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

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ABBREVIATIONS

COUNTRIES

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

OTHERS

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

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

EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council decided at its meeting on 6 June to keep the key ECB interest rates unchanged. While inflation rates are likely to stay above 2% for the remainder of 2012, over the policy-relevant horizon the Governing Council expects price developments to remain in line with price stability. Consistent with this picture, the underlying pace of monetary expansion remains subdued. Inflation expectations for the euro area economy continue to be firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2% over the medium term. At the same time, economic growth in the euro area remains weak, with heightened uncertainty weighing on confidence and sentiment, giving rise to increased downside risks to the economic outlook.

In previous months the Eurosystem has implemented both standard and non-standard monetary policy measures. This combination of measures has supported the transmission of monetary policy. On 6 June, the Governing Council decided to continue conducting the main refinancing operations (MROs) as fixed rate tender procedures with full allotment for as long as necessary, and at least until the end of the 12th maintenance period of 2012 on 15 January 2013. This procedure will also remain in use for the Eurosystem's special-term refinancing operations with a maturity of one maintenance period, which will continue to be conducted for as long as needed. The fixed rate in these special-term refinancing operations will be the same as the MRO rate prevailing at the time. Furthermore, the Governing Council has decided to conduct the three-month longer-term refinancing operations (LTROs) to be allotted until the end of 2012 as fixed rate tender procedures with full allotment. The rates in these three-month operations will be fixed at the average rate of the MROs over the life of the respective LTRO. Keeping in mind that all non-standard monetary policy measures are temporary in nature, the Governing Council will monitor further developments closely and ensure medium-term price stability for the euro area by acting in a firm and timely manner.

As regards the economic analysis, on a quarterly basis, euro area real GDP growth was flat in the first quarter of 2012. Available indicators for the second quarter of the year point to a weakening of growth and highlight prevailing uncertainty. Looking beyond the short term, the Governing Council continues to expect the euro area economy to recover gradually. However, ongoing tensions in some euro area sovereign debt markets and their impact on credit conditions, the process of balance sheet adjustment in the financial and non-financial sectors and high unemployment are expected to continue to dampen the underlying growth momentum.

The June 2012 Eurosystem staff macroeconomic projections for the euro area foresee annual real GDP growth in a range between -0.5% and 0.3% for 2012 and between 0.0% and 2.0% for 2013. Compared with the March 2012 ECB staff macroeconomic projections, the range for 2012 remains unchanged, while there is a slight narrowing of the range for 2013.

In the Governing Council's assessment, the economic outlook for the euro area is subject to increased downside risks relating, in particular, to a further increase in the tensions in several euro area financial markets and their potential spillover to the euro area real economy. Downside risks also relate to possibly renewed increases in commodity prices over the medium term.

Euro area annual HICP inflation was 2.4% in May 2012, according to Eurostat's flash estimate, after 2.6% in the previous month. Inflation is likely to stay above 2% for the remainder of the year, mainly owing to developments in energy prices and indirect taxes. However, on the basis of current futures prices for commodities, annual inflation rates should fall below 2% again in early 2013. Looking ahead, in an environment of modest growth in the euro area and well-anchored long-term inflation expectations, underlying price pressures should remain subdued.

The June 2012 Eurosystem staff macroeconomic projections for the euro area foresee annual HICP inflation in a range between 2.3% and 2.5%

for 2012 and between 1.0% and 2.2% for 2013. In comparison with the March 2012 ECB staff macroeconomic projections, there is a narrowing of the projection ranges for 2012 and 2013.

The Governing Council continues to view the risks to the medium-term outlook for price developments as broadly balanced. Upside risks pertain to further increases in indirect taxes, owing to the need for fiscal consolidation, and higher than expected commodity prices over the medium term. The main downside risks relate to the impact of weaker than expected growth in the euro area.

The monetary analysis indicates that the underlying pace of monetary expansion remained subdued in the first four months of 2012. The annual growth rate of M3 fell to 2.5% in April, down from 3.1% in March, following strong inflows into money in the first quarter of the year. The moderation in annual M3 growth in April was mainly driven by outflows from overnight deposits belonging to non-monetary financial intermediaries (which includes entities like central counterparties, investment funds and securitisation vehicles).

The annual growth rate of loans to the private sector (adjusted for loan sales and securitisation) declined to 0.8% in April (from 1.2% in March), owing to negative loan flows to non-monetary financial intermediaries. At the same time, monthly flows of loans to non-financial corporations and households were moderately positive in April and the annual rates of growth (adjusted for loan sales and securitisation) stood at 0.7% and 1.5% respectively in April, broadly unchanged from March.

Money and credit data up to April provide evidence that, as intended by the Governing Council's policy measures, an abrupt and disorderly adjustment in the balance sheets of credit institutions has not materialised. Given the current cyclical situation and the ongoing adjustment in the balance sheets of households and enterprises, subdued credit demand is likely to prevail in the period ahead.

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

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

With regard to fiscal and economic policies, significant progress has been achieved with fiscal consolidation over recent years. It is of crucial importance to continue with the efforts to restore sound fiscal positions and to regain competitiveness. These are pre-conditions for stable economic growth. As a natural complement, the implementation of the new macroeconomic surveillance framework under the EU semester is necessary. In several euro area countries, excessive imbalances exist and need to be corrected. To this end, comprehensive product, labour and financial sector reforms will help foster sustainable growth. Competition should be strengthened in product markets, not least by the completion of the Single Market, and wages should adjust in a flexible manner, reflecting labour market conditions and productivity. These growth-enhancing reforms would accelerate the necessary adjustment process and enhance job creation.

Finally, the Governing Council very much welcomes leaders at the last European Council meeting agreeing to step up their reflections on the long-term vision for Economic and Monetary Union. The Governing Council considers this a highly important step.

ECONOMIC AND MONETARY DEVELOPMENTS

1 THE EXTERNAL ENVIRONMENT OF THE EURO AREA

The recovery of the world economy remains fragile. Information that has become available over the past few months confirms that there has been a gradual pick-up in global activity. In most major non-euro area advanced economies there has been further evidence of a modest expansion, but structural impediments continue to restrain the medium-term growth outlook. In emerging economies growth has recently moderated somewhat, but it remains solid overall, thereby contributing significantly to global growth. Consistent with global activity, world trade picked up modestly in the first quarter of 2012. In most countries, inflation has continued to ease in the last few months, mainly reflecting developments in energy prices.

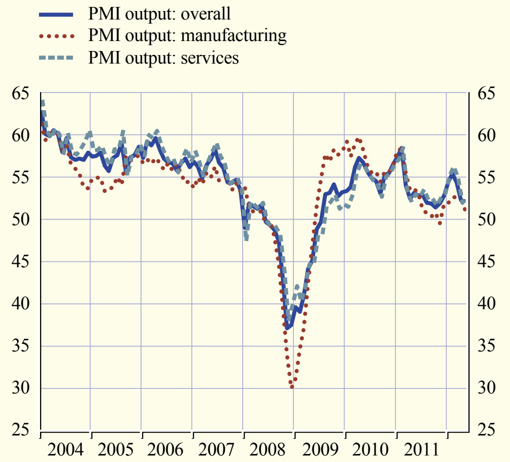
1.1 DEVELOPMENTS IN THE WORLD ECONOMY

The recovery of the world economy remains fragile. At the same time, information that has become available over the past few months confirms that there has been a gradual pick-up in global activity. For the OECD area, provisional estimates show that – amid continued divergence – quarterly GDP grew by 0.4% in the first quarter of 2012, up from 0.3% in the previous quarter. In the first quarter, global activity was temporarily supported by improving global financial conditions, which have nevertheless deteriorated in recent weeks amid concerns about certain euro area economies. The weakness in the labour and housing markets in major advanced economies as well as the need to repair balance sheets are likely to continue to act as an impediment to the pace of growth in the global economy. While a rebalancing of private sector indebtedness is progressing, the debt levels of households remain elevated in a number of major advanced economies. In emerging economies, while growth has been moderating somewhat on account of past policy tightening and weaker internal and external demand, it remains solid overall, thereby contributing significantly to global economic growth.

In all major non-euro area advanced economies – with the exception of the United Kingdom – there has been further evidence of a modest expansion in overall economic activity. At the global level, growth in industrial production also rebounded in the first quarter of 2012. The latest survey

Chart 1 Global PMI output

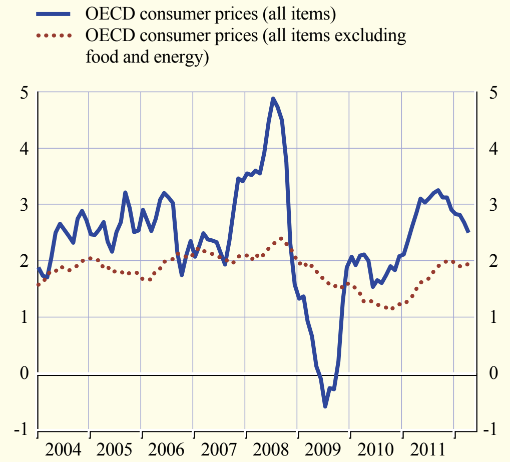
(diffusion index; seasonally adjusted; monthly data)



Source: Markit.

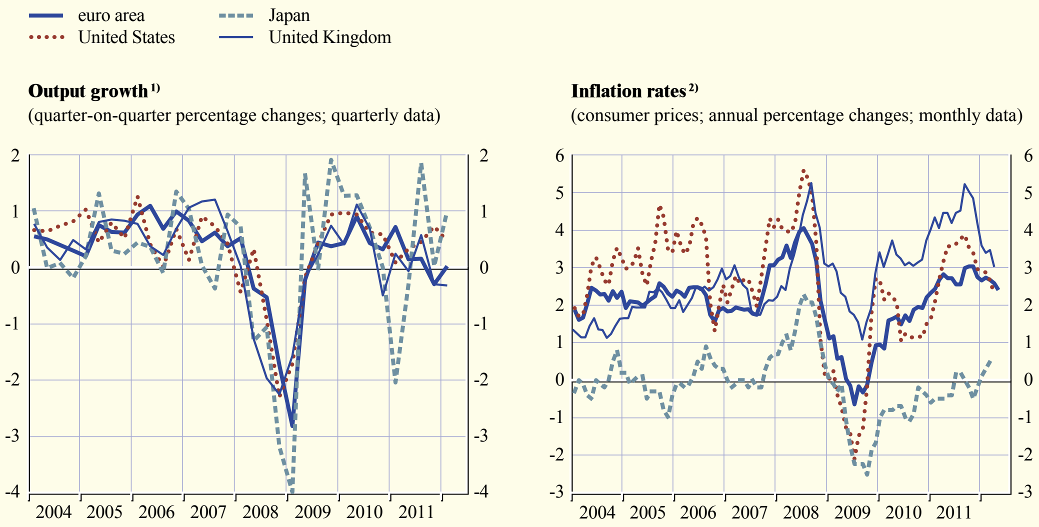
Chart 2 International price developments

(monthly data; annual percentage changes)



Source: OECD.

Chart 3 Main developments in major industrialised economies



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

evidence also continues to be consistent with a gradual recovery of the world economy. Although the global Purchasing Managers' Index (PMI) for output posted another small decrease to 52.1 in May (see Chart 1), this followed some very strong readings in the first quarter. The decline in the composite PMI for output reflects a significant slowdown in the PMI manufacturing output index, which was partly offset by an improvement in the services activity index. Across countries, the decline in the PMI mainly reflected weak readings for the euro area while the index remained steady for the United States and improved for a number of key emerging economies. On the consumer side, indicators of consumer confidence tended to improve across countries. For advanced economies, however, these indicators remain below historical norms, while confidence in emerging markets has held up quite well.

Consistent with global activity, world trade picked up modestly in the first quarter of 2012. According to data from the CPB Netherlands Bureau for Economic Policy Analysis, world trade in goods increased by 1.6% in the first quarter (quarter on quarter), after stalling in the last quarter of 2011. This recovery was supported by fairly buoyant growth in major emerging market regions, partly reflecting a normalisation of supply-chain linkages, which were disrupted following the floods in Thailand. At the same time, external trade dynamics in the main advanced economies remained rather sluggish. The latest survey indicators point towards some loss in momentum of global trade in the near term. The global PMI for new export orders, which had risen to above the expansion-contraction threshold of 50 in January, declined to 49.7 in May.

Inflation in advanced economies has continued to ease over recent months. In the year to April, consumer prices in the OECD area rose by 2.5%, compared with 2.7% in the year to March. The easing in the annual OECD rate of inflation mainly reflects developments in energy prices, which slowed to 4.8% in April, from 6.5% in the previous month. Annual inflation excluding food and energy was broadly stable at 2.0% in the OECD area. In emerging markets, annual rates of inflation tended to decline further overall, to stand in April below their 2011 average levels in the major economies.

UNITED STATES

In the United States, the expansion in economic activity is proceeding at a moderate pace. According to the second estimate by the Bureau of Economic Analysis, real GDP increased at an annual rate of 1.9% (0.5% quarter on quarter) in the first quarter of 2012, down from 3% in the previous quarter. Compared with the "advance" estimate of 2.2%, the downward revision was due mainly to a lower contribution of inventories, partly offset by upward revisions to private fixed investment. Growth in the first quarter was primarily supported by personal consumption expenditures, which were in part financed via a drawdown of the personal saving rate, given subdued income growth. Survey-based indicators and high-frequency data point to an ongoing moderate expansion in the second quarter of 2012. While industrial production and consumer spending have continued to advance, the slowdown in the pace of job creation in April and May has raised some concerns about the momentum of the recovery, compounded by persistent uncertainties in global financial markets. Box 1 briefly reviews developments in participation rates in the euro area and the United States.

Price pressures have continued to ease. In April annual CPI inflation slowed further to 2.3%, down from 2.7% in the previous month and well below a peak of 3.9% in September 2011. The deceleration continued to reflect the easing in the annual rate of change in both energy and food prices. Excluding these components, annual inflation held steady at 2.3%, the same rate as in March. The resilience of underlying inflation has been sustained lately by increases in the cost of medical care, vehicles and apparel, supported by firming demand.

Looking ahead, in a context of stimulative macroeconomic policies and gradually easing lending conditions, the recovery is expected to continue at a moderate pace with the support of domestic demand. In particular, housing activity appears to have stabilised, the labour market has generally turned more supportive over recent quarters, despite some loss of momentum as of late, and energy prices have moderated. At the same time, the vigour of consumer spending will continue to be restrained by deleveraging pressures, forcing households to rebuild their savings in the context of weak income growth. Reflecting sluggish global demand, export growth is likely to remain subdued in the near term. Notable downside risks remain, including uncertainties about the path of future fiscal consolidation. As regards price developments, the recent easing in fuel prices has alleviated upside risks stemming from energy price dynamics. Abundant spare capacity is expected to keep underlying price pressures contained, in a context of stable inflation expectations.

On 25 April 2012 the Federal Open Market Committee (FOMC) stated that the economy has been expanding moderately and acknowledged the improvement in labour market conditions in recent months. The FOMC decided to keep the target range for the federal funds rate at 0% to 0.25% and anticipated that economic conditions are likely to warrant exceptionally low levels for the federal funds rate at least until late 2014.

Box 1

RECENT DEVELOPMENTS IN LABOUR FORCE PARTICIPATION IN THE EURO AREA AND THE UNITED STATES

Since the onset of recession in 2008 the US unemployment rate has risen from around 5% to 8.1% at the start of the second quarter of 2012 – although it is now some way below its 10.0% peak, reached in the final quarter of 2009. The aggregate euro area unemployment rate rose from 7.2% in the first quarter of 2008 to 10.9% in the first quarter of 2012. While part of the euro area increase reflects ongoing labour market adjustments in several member countries, some of the difference in euro area unemployment developments relative to the United States reflects very different labour force participation developments in the two economies. Indeed, since the onset of the financial crisis, the participation rate has increased in the euro area, while it has declined significantly in the United States. This box investigates differences in participation rates in the euro area and the United States since 2000, with particular attention to age and gender developments.

Euro area and US participation behaviour and population dynamics

The labour force participation rate is defined as the proportion of the population that is employed or actively seeking work as a percentage of the total working age population.[1] The chart compares developments in the euro area and US aggregate participation rates for the working age population – shown by the solid blue line in each panel – since 2000 (the first year for which euro area data are available).[2] Two striking differences are immediately apparent: first, the higher level of the US participation rate (which averaged just over 75% between 2000 and 2011) compared with the euro area rate (which averaged just under 70% over the same period); and second, the very different nature of the developments since 2000, with US participation rates having declined notably, but with euro area participation rates having risen over much of the period.

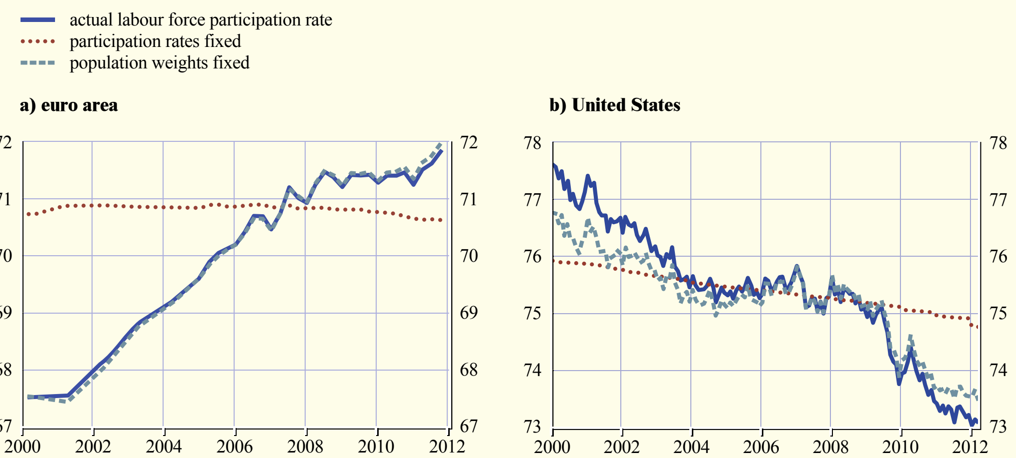
Between 2000 and 2011 the aggregate euro area participation rate rose from 68% of the total working age population to 72%, while the US participation rate fell from 78% to 73%. The participation rate is influenced both by the participation rates of the various segments of the

1 Typically, participation rates are reported for the population over 15 (or 16) years. However, as the relevant group is the working age population, this box refers to the latter concept (looking at the population between 15/16 and 64), which is more comparable across economic areas and over time.

2 Euro area data to 2004 are available only for one quarter per year.

Recent developments in euro area and US labour force participation rates

(percentages)



Sources: Eurostat, US Bureau of Labor Statistics, National Bureau of Economic Research and ECB calculations.
Notes: Participation rates are expressed as a percentage of the working age population (15-64 for the euro area; 16-64 for the United States). "Actual labour force participation rate" refers to the observed labour force participation rate; "participation rates fixed" refers to a hypothetical labour force participation rate calculated using 2007 participation rates for ten sub-groups, weighted by their changing shares in the total working population; "population weights fixed" uses 2007 population shares as weights and applies changing participation rates. Euro area figures between 2000 and 2004 have been extrapolated from quarterly data.

population and the weights of these segments in the overall population. A simple way of separating the roles played by participation behaviour versus population dynamics consists of fixing the participation rates or population weights across age and gender groups in a precise period and then assessing the evolution of the resulting adjusted series. The chart shows the results of this exercise, fixing each variable in turn at its 2007 pre-crisis level.

Keeping population weights fixed (as shown by the dashed teal green line in each panel) isolates the developments in the aggregate participation rate that are entirely due to changes in participation decisions within age and gender groups. Changing participation decisions – particularly among certain groups within the labour market, as discussed in the next section – account for almost all of the change in the observed aggregate euro area participation rate over the 2000-11 period. Participation effects were also important in the United States over this interval, but they were not the exclusive driver. The gap between the observed aggregate US participation rate and the rate measuring changes in participation propensities of the various sub-groups is explained by the impact of changes in population composition (obtained by fixing the participation rates at their 2007 levels, as shown by the dotted red lines in the chart). As the chart indicates, since the early 2000s population composition effects have resulted in a reduction of around 1 percentage point in the aggregate US participation rate.[3] The main driver of this effect can be traced to the impact of the US "baby boomers" (born between 1946 and 1964) and their transition from the prime-age group to the older groups, which have a lower attachment to the labour market. In the euro area, by contrast, population effects had very little impact on the overall participation rate over the period.

The pattern of participation: gender and age developments

In both economies, changes in participation decisions within groups have had an important influence on aggregate participation rates. Over the period 2000-11, the gap between the aggregate participation rates for the working age populations of the euro area and the United States narrowed substantially. This was due to both an increase in aggregate participation in the euro area and a decline in aggregate participation in the United States (see Table).

Men comprise the bulk of the labour force in both economies. Since 2000 the male participation rate for the euro area as a whole has remained remarkably constant (averaging around 78% between 2000 and 2011, as shown in the table, albeit with a slight decline since the downturn). In the United States, by contrast, male participation rates have shown a relatively sustained downward trend (equivalent to a decline of around 0.2 percentage point per year, on average) since the early 1970s. Factors behind this trend include a decline in the real wages of low-skilled workers and increased access to social-security benefits, which make work less attractive financially. Developments in the 2000s are rather mixed, with some stabilisation of this trend during the period of stronger employment growth in the middle years of the decade (2003-07). However, since the recession, male participation has begun to decline again. As a result of these distinct developments across the two economies, male participation rates had by 2011 reached remarkably similar levels in the euro area and the United States.

Behind the male participation rate in aggregate there are distinct differences across the age-groups. For younger males, while euro area participation was typically much lower over the period

3 Indeed, a longer-term analysis for the United States indicates that the composition of the population had started to exert downward pressure on aggregate US labour force participation in the mid-1990s.

Labour force participation rates in the euro area and the United States, 2000-11

(percentages)

	2000	2007	2008	2009	2010	2011	2000-07 (average)	2000-11 (average)
Total working age population (men and women combined)								
Euro area	67.5	70.9	71.3	71.4	71.4	71.5	69.1	69.9
United States	77.2	75.3	75.3	74.6	73.9	73.3	76.0	75.4
Men								
all men								
Euro area	77.2	78.6	78.7	78.4	78.2	78.1	77.8	77.9
United States	83.9	81.7	81.5	80.4	79.5	78.9	82.5	81.7
young (under 25)								
Euro area	47.7	47.8	47.8	46.7	45.5	44.9	47.6	46.9
United States	68.6	61.6	61.0	58.5	56.8	56.6	64.6	62.4
prime-age (25-54)								
Euro area	93.0	93.0	93.0	92.6	92.4	92.2	92.9	92.7
United States	91.7	90.9	90.6	89.8	89.3	88.7	90.9	90.5
older (55-64)								
Euro area	48.4	55.6	56.5	57.5	58.2	59.0	51.8	54.0
United States	77.2	75.3	75.3	74.6	73.9	73.3	76.0	75.4
Women								
all women								
Euro area	57.9	63.1	63.8	64.3	64.6	65.0	60.4	61.8
United States	70.7	69.1	69.3	69.0	68.4	67.8	69.7	69.3
young (under 25)								
Euro area	40.9	40.9	41.0	40.5	39.5	39.4	40.4	40.2
United States	63.0	57.2	56.5	55.2	53.6	53.3	59.7	58.0
prime-age (25-54)								
Euro area	71.1	76.3	77.1	77.5	77.9	78.2	73.7	75.1
United States	76.7	75.4	75.8	75.7	75.2	74.7	75.8	75.6
older (55-64)								
Euro area	26.5	37.0	38.1	39.8	41.0	42.9	31.1	34.6
United States	51.8	58.3	59.1	60.0	60.2	59.6	55.8	57.1

Sources: European Commission, US Bureau of Labor Statistics and ECB calculations.
Notes: Aggregate participation rates refer to the working age population (15-64 for the euro area; 16-64 for the United States). Participation rates for sub-groups are expressed as percentages of the age and gender-specific populations. Euro area data to 2004 are only available for one quarter per year.

considered, it remained broadly stable, while US participation rates declined. In part, this strong downward trend is likely to reflect increasing school enrolment rates for younger cohorts generally, but it seems to have been exacerbated to a much greater degree by the 2008-09 crisis in the United States than in the euro area. For prime-age men, euro area participation rates exceeded those in the United States throughout the 2000-11 period, and this gap has increased further since the recession. In part, this is likely to reflect the strong growth of euro area employment in the middle years of the period in sectors traditionally associated with prime-age male workers. In addition, structural reforms in many euro area countries, which specifically targeted increased labour force participation, are also likely to have played a role. Finally, stronger employment protection legislation in the euro area is also likely to have helped mitigate job losses among prime-age males in hard-hit sectors to a greater extent than in the United States.

The US-euro area gap in participation rates is particularly large for older workers (at roughly 14 percentage points in 2011). Nevertheless, this represents some considerable narrowing on the almost 30 percentage point gap evident for this age group in 2000. Participation rates among older people (of both sexes) have continued to increase in the euro area since 2000, but have steadily declined through much of the period in the United States – albeit from a significantly higher starting level. In the United States, higher participation rates among older people are likely to be primarily linked to improved health and longevity and the increasing need to build retirement savings.[4] The fact that older age-group participation rates have become more similar across the two economies owes more to the strong increase seen in the euro area than to the modest decline seen in the United States. The increase in the euro area can be ascribed to a number of factors, including the changing sectoral composition of employment, which is likely to have made it (physically) easier to remain in the labour force than for previous generations; reversals of the early retirement schemes which had been introduced in some euro area countries in the 1980s and 1990s; and efforts to reform pension systems in a number of euro area countries in the 2000s.

One of the most widely-reported developments in euro area labour markets over the course of the 2000s has been the marked increase in female participation.[5] The table shows that this has been common to all age groups other than the under 25s, and that this upward trend continued even in the aftermath of the financial crisis. As with men, participation among prime-age women in the euro area now exceeds that of US women in the same age-group, though both groups still exhibit rates significantly below those of men. However, strong growth in female participation over the period helped erode the male-female differential in the euro area to around 14 percentage points in 2011, compared with almost 22 percentage points in 2000. Over the same period, the US differential barely changed. In the euro area, the rise in participation rates has been particularly strong for older women (from just over 25% in 2000 to around 43% in 2011). US rates rose by much less over this period. Indeed, since the financial crisis of 2007-08, the participation rate among older women has declined slightly in the United States, while it has continued to increase in the euro area. Female participation rates in the youngest group have shown a sustained decline in both economies, a trend which appears to have been reinforced since the 2007-08 crisis.

Overall, participation rates among young females are now almost at the level of those of young males in both economies. Factors behind the upward trend in female participation in the euro area reflect the increasing integration of women in the labour market and their growing labour market attachment; the impact of earlier anti-discrimination legislation; structural reforms to tax and benefit systems, which help to increase the returns from employment; and reforms to employment law and working hour legislation, which have helped increase the proportion of part-time and flexible working arrangements – of particular interest to women aiming to combine work with family life. Ongoing growth in female participation rates in the euro area may also reflect increased financial needs of households in the aftermath of the financial crisis. For the youngest women, the long-term decline in participation is likely to reflect, as for younger men, the extension of years devoted to education in order to gain access to higher skilled jobs.

Concluding remarks

Over the period 2000-11 US labour force participation rates fell – as a result of both a long-term decline in participation rates among most labour force groups and the impact of demographic changes affecting the overall composition of the labour force (in particular, the US "baby boomers" starting to reach retirement age). In the euro area, by contrast, participation rates have risen continually since 2000. This development has been heavily influenced by strong increases in

4 For a detailed analysis including a forward looking perspective, see Toossi, M., "Labor force projections to 2020: a more slowly growing workforce", *Monthly Labor Review*, US Bureau of Labor Statistics, January 2012.

5 See, for instance, Task force of the Monetary Policy Committee of the European System of Central Banks, "Labour supply and employment in the euro area countries – developments and challenges", *Occasional Paper Series*, No 87, ECB, Frankfurt am Main, 2008.

participation by two groups over the period – namely women and older people. Both groups have benefited in particular from structural reforms – to employment legislation and tax and benefit systems, including reforms to pension systems and legislation on working hours – which have been introduced in many euro area countries with a view to encouraging greater flexibility within the labour market and increasing the economic incentives for working.

JAPAN

In Japan, the first preliminary release for national accounts in the first quarter of 2012 showed that real GDP growth expanded by 1% quarter on quarter (in seasonally adjusted terms), after stagnating in the previous quarter (growth for the last quarter of 2011 was revised upwards by 0.2 percentage point to 0%). The main contributions to growth came from private consumption and public spending, together with changes in private inventories. Private consumption increased by 1.1%, partly reflecting the reintroduction of government incentives to purchase environmentally-friendly cars as well as pent-up demand, while the strength in public spending mainly reflected robust growth in public investment, confirming that reconstruction-related public spending is picking up. On the other hand, private investment contributed negatively to growth, as both private business and residential investment fell on a quarterly basis. Net exports of goods and services contributed modestly to growth, with solid growth in exports reflecting to some extent the recovery from the supply-side disruptions caused by the floods in Thailand.

Recent economic data releases point to continued growth into the second quarter of this year, albeit at a more moderate pace, in line with a recent softening in survey-based indicators. Reconstruction-related spending is nevertheless expected to continue to support growth in the near term, mainly through rising public spending and private investment. A gradual pick-up in external demand is also expected to have a positive impact on exports and overall growth over time.

Annual CPI inflation in April stood at 0.4% (compared with 0.5% in the previous month), while annual CPI inflation excluding food and energy was -0.3% in April, after standing at -0.5% in March. At its latest monetary policy meeting on 23 May, the Bank of Japan decided to maintain its target for the uncollateralised overnight call rate at around 0% to 0.1%.

UNITED KINGDOM

In the United Kingdom, business survey indicators during the second quarter of 2012 declined from relatively high levels, while consumer confidence remained weak. Real GDP declined by 0.3% quarter on quarter in the first quarter of 2012, with both investment and household consumption making a negative contribution to growth. The labour market situation has shown signs of stabilisation, but the unemployment rate is still relatively high (8.2% on average in the three months to March) and employment growth has been subdued. Looking ahead, the economic recovery is likely to gather pace only gradually, as domestic demand is expected to remain constrained by tight credit conditions, ongoing household balance sheet adjustments and substantial fiscal tightening.

Annual CPI inflation slowed to 3% in April from 3.5% in March, while CPI inflation excluding energy and unprocessed food also declined by 0.5 percentage point to 2.4%. The decline in CPI inflation was due mainly to base effects, and inflation is likely to remain persistent in the short term. However, looking further ahead, the existence of spare capacity and the sluggish recovery in economic activity should contribute to a dampening of inflationary pressures. On 10 May, the Bank of England's Monetary Policy Committee maintained the official Bank Rate paid on commercial bank reserves at 0.5% and the stock of asset purchases financed by the issuance of central bank reserves at a total of GBP 325 billion.

OTHER EU COUNTRIES

In the other non-euro area EU countries, growth is expected to be relatively subdued in the near term, with some countries already experiencing a recession. However, there are significant differences in the economic outlook across countries.

In Sweden and Denmark, the recovery in economic activity gained some momentum after fading in the fourth quarter of 2011. In Sweden, real GDP increased by 0.8% quarter on quarter in the first quarter of 2012 and in Denmark by 0.3%, driven by domestic demand in both countries. In April 2012, HICP inflation stood at 2.3% in Denmark and 1% in Sweden.

In the largest central and eastern European (CEE) countries, economic activity has been weak recently. In the first quarter of 2012, real GDP declined in the Czech Republic, Hungary and Romania (by 1%, 1.3% and 0.1% quarter on quarter, respectively), while growth continued in Poland (0.8%). Overall, the economic outlook has stabilised somewhat in the largest CEE countries after worsening during the winter; however, the recovery is likely to be very gradual, and the situation varies from country to country. Weak foreign demand, sluggish recovery in labour markets and ongoing fiscal consolidation are likely to weigh on activity in the short term. There are also downside risks related to financial sector deleveraging needs in the EU, which are likely to have an adverse effect on credit growth and external financing conditions in many CEE countries.

Annual HICP inflation has continued to ease off in Romania (to 1.9% in April), but has stayed relatively stable in the Czech Republic, Hungary and Poland (at 4%, 5.6% and 4% in April, respectively). Generally, inflationary pressures have been dampened by lower commodity prices, while increases in indirect taxes and administered prices have contributed positively to inflation.

In the smaller CEE countries, the economic recovery has continued, but risks related to the external environment still prevail. Quarterly real GDP growth stayed almost unchanged in the first quarter of 2012 in Bulgaria, Latvia and Lithuania. However, survey-based indicators have generally pointed to weakening sentiment in recent months and unemployment has remained high in all three countries. Inflation has continued to decline in Latvia and Lithuania (to 2.8% and 3.3% in April, respectively) and stayed relatively stable in Bulgaria (at 2% in April). Box 2 discusses the evolution, drivers and adequacy of international reserves in CEE countries.

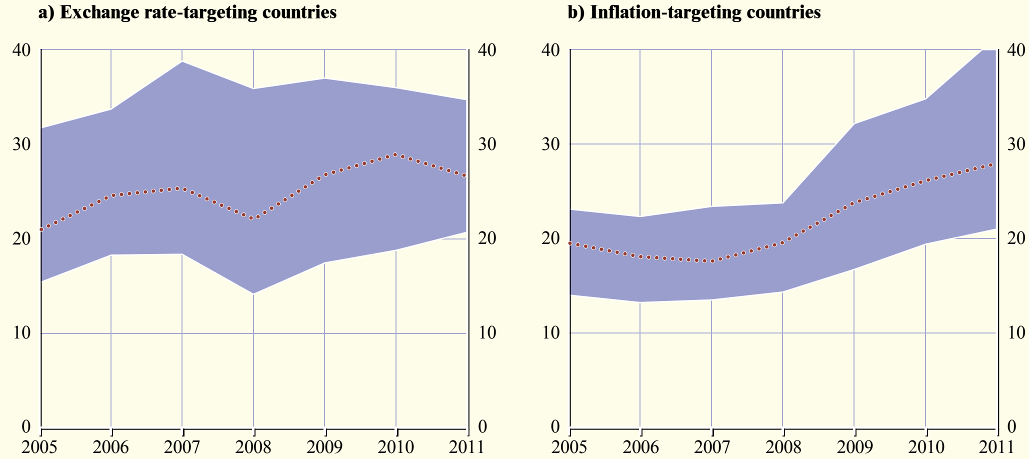
Box 2

RECENT DEVELOPMENTS IN INTERNATIONAL RESERVE HOLDINGS OF CENTRAL AND EASTERN EUROPEAN NON-EURO AREA EU COUNTRIES

In recent years, several central and eastern European non-euro area EU countries (hereafter: CEE countries) have stepped up their accumulation of international reserves for precautionary purposes. The experience of the 2008-09 global financial crisis demonstrated the importance of international reserve buffers as an insurance against current and capital account shocks. While international reserve holdings not only provide important benefits, they also entail

Chart A International reserves as a share of GDP in CEE countries

(percentages)



Sources: Eurostat, national data and ECB staff estimates.
Notes: Official reserve assets from balance of payments statistics in national currency as a ratio of GDP. A similar pattern is observed using official reserve assets in EUR over GDP in EUR. The lines represent unweighted averages, while the shaded areas indicate the range between the minimum and maximum values observed. The exchange rate-targeting countries are Bulgaria, Latvia and Lithuania; the inflation-targeting countries are the Czech Republic, Hungary, Poland and Romania.

significant opportunity costs. Against this backdrop, this box discusses the evolution, drivers and adequacy of international reserves in the CEE countries.

Recent trends

The accumulation of international reserves in the CEE countries since the late 1990s was only briefly interrupted by the 2008-09 global financial crisis. All CEE countries experienced a decline in reserves in at least one quarter between March 2008 and June 2009, with the size of the loss from peak to trough over the same period ranging from -0.3% (in Poland) to -7.7% of GDP (in Bulgaria). In subsequent years, the CEE countries rebuilt their reserve buffers, in some cases bringing them significantly above pre-crisis levels (Chart A). Some countries also entered into multilateral financial assistance arrangements, not least with a view to strengthening the confidence of markets in their capacity to endure future shocks. One interesting feature has been the increase in the international reserves of inflation-targeting CEE countries, which has brought their average holdings closer to those of their exchange rate-targeting peers.

Underlying factors

International reserves[1] can be accumulated for precautionary reasons as a buffer against external shocks, as well as in the pursuit of exchange rate or monetary policy objectives or for structural reasons (e.g. inter-generational savings from non-renewable resources). Regardless of

1 According to the IMF's definition, international reserves are "*...those external assets that are readily available to and controlled by monetary authorities for meeting balance of payments financing needs, for intervention in exchange markets to affect the currency exchange rate, and for other related purposes (such as maintaining confidence in the currency and the economy and serving as a basis for foreign borrowing)*". See *Balance of Payments and International Investment Position Manual*, sixth edition, IMF, Washington, DC, 2009 (available on the IMF's website at http://www.imf.org).

the original motives for amassing reserves, there is evidence that higher international reserve holdings can help shield consumption in periods of foreign exchange market pressure[2] through: (1) their outright use to counteract a foreign currency liquidity squeeze and to finance imports; (2) the defence of an exchange rate peg or the prevention of a disorderly depreciation to contain the negative wealth effects on spending stemming from private sector balance sheet exposure to foreign exchange risk; and (3) the pre-emption of a deterioration in investor confidence in the creditworthiness of the economy.

In the case of the CEE countries, the temporary dip in international reserves in 2008-09 can be attributed to the severe disruptions in international trade and cross-border financial flows brought about by the global financial crisis. The subsequent build-up of international reserves is likely to reflect a reassessment by both central banks and financial markets of the capacity needed by all economies – including those which can rely on the exchange rate as a partial shock absorber – to withstand future shocks of a similar magnitude. This has led to a proportionately larger increase in the reserves of inflation-targeting countries, as their exchange rate-targeting peers have already been holding reserves to support their exchange rate pegs.[3] As international reserve holdings entail opportunity costs and are subject to diminishing returns with respect to the benefits they bring, the question of their appropriate level is an important one for policy-makers.

Reserve adequacy

From a precautionary standpoint, the adequacy of international reserves can be judged against a set of benchmarks calibrated by the collective experience of countries in past crises or modelled on the basis of a cost-benefit analysis. The most well-known reserve adequacy metrics call for coverage by international reserves of at least: (1) three months of imports; (2) 100% of short-term debt at remaining maturity (known as the Greenspan-Guidotti rule[4]); (3) the expanded Greenspan-Guidotti rule, which also includes the current account balance; and (4) 20% of broad money (M2). The IMF has recently proposed a fifth metric, which would involve benchmarking international reserves against a "risk-weighted liability stock" that should capture all potential drains on reserves, weighted by the likelihood of their occurrence, derived from a tail-event analysis of past periods of foreign exchange market pressure.[5] In the IMF approach, potential drains are proxied by short-term debt at remaining maturity, M2, exports and "other external liabilities", which are defined as portfolio external liability stock plus other external investment liability stock minus short-term debt at remaining maturity. Different weights are used for floating and fixed exchange rate regimes, reflecting the heightened vulnerability to speculative attacks of the latter. The proposed coverage of the risk-weighted metric by international reserves is between 100% and 150%, with appropriate adjustments to reflect country circumstances. Finally, it should be noted that one of the most widely used models of optimal reserve holdings[6], when applied to

2 See *Assessing Reserve Adequacy*, staff paper, IMF, Washington, DC, February 2011, p.10 (available on the IMF's website at http://www.imf.org).

3 The reserve accumulation in inflation-targeting CEE countries does not appear to have been driven by policies aimed at keeping their currencies undervalued to gain a competitive advantage (see the latest IMF Article IV country reports, available on the IMF's website at www.imf.org).

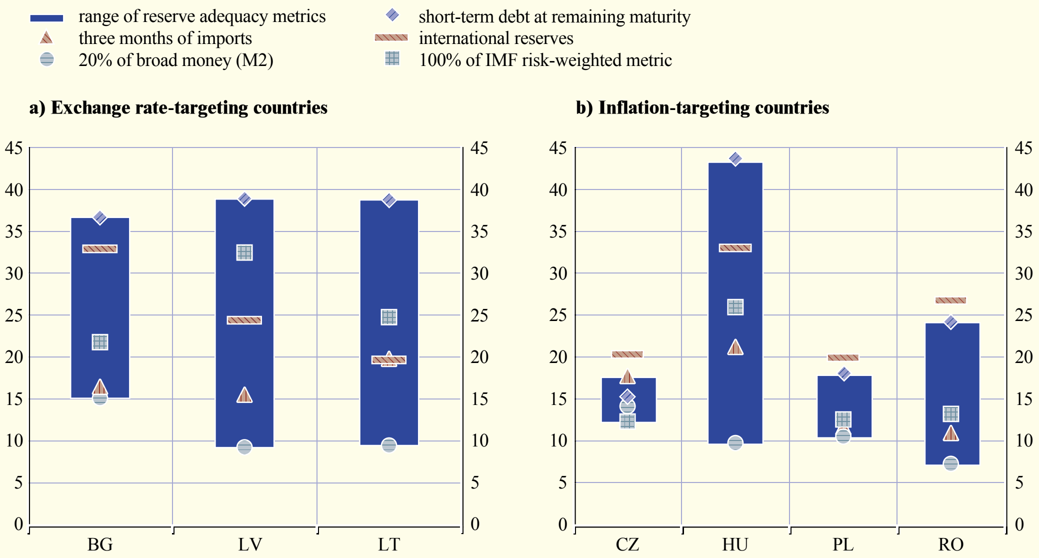
4 See Guidotti, P., remarks at G33 seminar in Bonn, Germany, 11 March 1999; Greenspan, A., *Currency reserves and debt*, remarks before the World Bank Conference on Recent Trends in Reserves Management, Washington, DC, 29 April 1999 (available at http://www.federalreserve.gov).

5 See *Assessing Reserve Adequacy*, staff paper, IMF, Washington, DC, February 2011, pp. 24-27 (available on the IMF's website at http://www.imf.org).

6 See Jeanne, O. and Rancière, R., "The Optimal Level of International Reserves For Emerging Market Countries: A New Formula and Some Applications", *CEPR Discussion Papers*, No 6723, February 2008.

Chart B Reserve adequacy indicators for CEE countries

(as a percentage of GDP in 2011)



Sources: IMF country reports, IMF Special Data Dissemination Standard, Eurostat, national data and ECB staff estimates.
Notes: Data on international reserves are as at end-April 2012 and are taken from data on official reserve assets, as reported in the data template on international reserves and foreign currency liquidity under the Special Data Dissemination Standard. All other variables are for 2011 or the latest available year. Data on short-term debt at residual maturity are sourced from IMF country reports, available on the IMF's website at http://www.imf.org.

the CEE countries with baseline calibration assumptions, produces results that are very close to the traditional metric of 100% of short-term debt.

Chart B presents the relative standings of the international reserve holdings of the CEE countries against a set of reserve adequacy metrics. All CEE countries meet or exceed at least two of the considered benchmarks. Moreover, all inflation-targeting CEE countries and Bulgaria satisfy the lower bound of the IMF's risk-weighted reserve adequacy metric. The ability of the Baltic CEE countries to maintain lower international reserves relative to their peers, as captured by the IMF's risk-weighted adequacy metric, could be due to country-specific factors or could imply that the analysis of central banks and financial markets of the vulnerabilities of these economies, based on an assessment of their internal and external imbalances and the strength of corrective policies, results in different estimates of the likelihood of tail events from those implied by the IMF's risk-weighted adequacy metric.

Thus, overall, all CEE countries currently display levels of international reserves which are in line with several standard reserve adequacy measures. At the same time, while adequate international reserve holdings and contingent safety nets can help reduce external pressures, they are by no means a substitute for sound macroeconomic and prudential policies.

OTHER EUROPEAN COUNTRIES

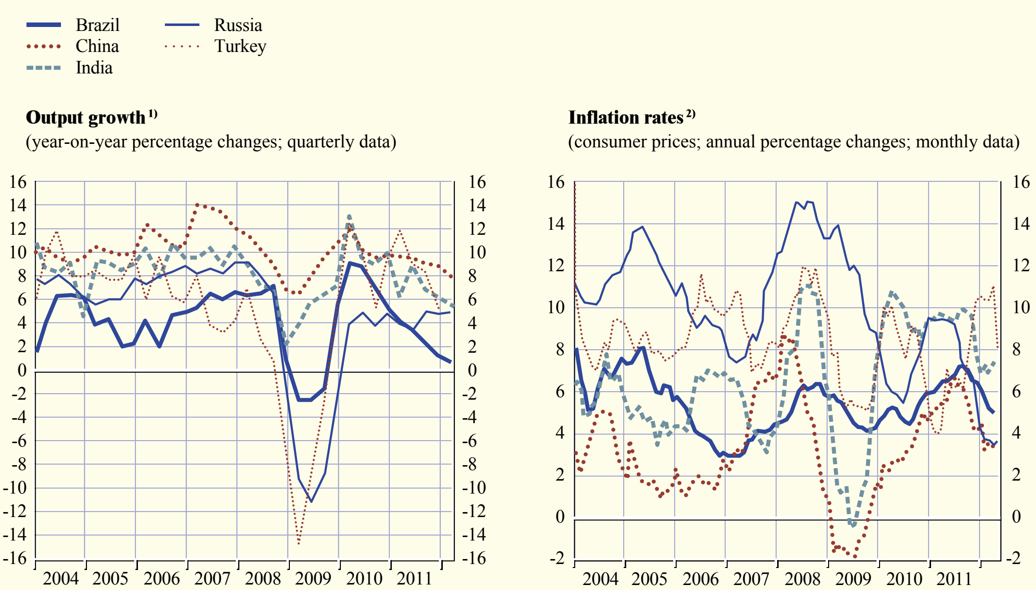
The Turkish economy continued to slow in the fourth quarter of 2011, recording a real GDP growth of 5.2% year on year. This follows growth rates of 9.1% and 8.4% in the second quarter and third quarter, respectively, resulting in an annual average growth of 8.5% for 2011. Moreover, data confirmed a continued moderate rebalancing of growth from domestic demand towards net exports, which provided an increasing positive contribution to growth. Annual inflation dropped to 8.3% in May 2012, driven partly by favourable base effects, following a peak of 11.1% in April. The Central Bank of the Republic of Turkey maintained the key policy rate unchanged in its April and May meetings, but kept the effective funding rate above it. Looking ahead, GDP growth is expected to slow further owing to tighter external financial conditions and weaker euro area demand.

In Russia, real GDP expanded by 4.9% year on year in the first quarter of 2012, according to the flash estimate of the statistical office. This follows a similarly strong performance in the second half of 2011. Growth continued to be driven by domestic demand, with the growth in investments accelerating at the end of last year, while net exports contributed negatively to growth. Industrial production expanded strongly in the first months of 2012, but moderated substantially thereafter, posting a year-on-year increase of 1.3% in April. Inflation remained unchanged at a record low year-on-year rate of 3.6% in May, aided by favourable food price developments and the postponement of the administrative price hikes to the middle of the year. The Bank of Russia has so far left its monetary policy rates unchanged this year, referring to the temporary factors driving the substantial deceleration of inflation. Looking ahead, the economy is expected to expand at rates similar to those of recent years, provided that commodity prices hold up well.

EMERGING ASIA

In emerging Asia, economic activity slowed in the first quarter of 2012, led by weakening exports and investment. Export growth moderated in the first quarter, mainly reflecting sluggish demand from Europe, while investment remained weak as a result of a heightened volatility of capital flows and the lagged effects of a tightening of domestic monetary policies. Nonetheless, the adverse impact from the global headwinds was partly offset by resilient consumption.

Chart 4 Main developments in major emerging economies



Sources: National data.
1) Seasonally adjusted data for Brazil and China. Non-seasonally adjusted data for India, Russia and Turkey. Last observation: fourth quarter of 2011 for Turkey and first quarter of 2012 otherwise.
2) WPI inflation for India. Last observation: May 2012 for Russia and Turkey and April 2012 otherwise.

Annual inflation rates moderated further in the first quarter, owing to the weak economic activity and the stabilisation of global commodity prices. In the light of decreasing inflationary pressures and downside risks to the economic outlook, some central banks in the region recently took measures to ease monetary policy.

In China, real GDP growth decelerated to 8.1% year on year in the first quarter of 2012, down from 8.9% in the last quarter of 2011. External conditions remained weak, mainly on account of sluggish demand from the euro area. Accordingly, export growth fell to 8.9% year on year in the first quarter and to 4.9% year on year by end-April. The current account surplus declined to 1.4% of GDP in the first quarter of 2012, from 2.7% in 2011. Domestic demand growth also slowed, with data indicating an increasing role for consumption as the main source of growth. The property sector appears to be cooling off on account of the tightening policies, although the authorities' social housing programme is partially compensating for lower private sector investment. Inflationary pressures have eased significantly since late 2011, owing to a slowdown in economic activity and the stabilisation of global commodity prices. Annual CPI inflation fell to 3.4% in April 2012 from 3.6% in the previous month. Against this background and amid increasing downward risks stemming from worsening external demand conditions, China's monetary policy stance eased further. In May, the People's Bank of China cut its reserve requirement ratio twice, lowering it to 20% for large banks and to 18% for smaller institutions. Foreign exchange reserve accumulation rebounded in the first quarter of the year after falling at the end of 2011, increasing by USD 124 billion in the first three months of 2012 to stand at USD 3.3 trillion in March.

In India, real GDP growth moderated to 5.6%, year on year, in the first quarter of 2012 (from 6.2% in the fourth quarter of 2011). Private consumption growth decelerated to 6.1%, while growth in investment and exports accelerated to 3.6% and 18.1%, respectively. Annual wholesale price inflation – the Reserve Bank of India's preferred measure of inflation – stood at 7.2% in April 2012, down from 9.5% in 2011. Consequently, the Reserve Bank of India cut its key policy rate by 50 basis points to 8% in April.

In Korea, real GDP growth moderated to 2.8%, year on year, in the first quarter of 2012, compared with 3.4% in the fourth quarter of 2011. Net exports contributed significantly to the deceleration, while growth in investment and government expenditure accelerated to 5.1% and 4.4%, respectively. Annual CPI inflation fell further to 2.5% in April (from 2.6% in March), i.e. within the Bank of Korea's target band of 2% to 4%. The Bank of Korea has maintained its policy rate at 3.25% since June 2011.

Within the group of the ASEAN-5 countries (Indonesia, Malaysia, the Philippines, Singapore and Thailand), Indonesia's economy continued to grow strongly by 6.3% year on year in the first quarter of 2012, on account of resilient investment and private consumption. GDP growth in Malaysia and Singapore decelerated to 4.7% and 1.6% respectively, year on year, in the first quarter, driven mainly by net exports and government expenditure. Economic activity in Thailand rebounded to 0.4% year on year in the first quarter of 2012 from the significant contraction (-8.9% year on year) in the fourth quarter of 2011, following the worst floods in recent history.

Looking ahead, emerging Asia's economic growth is expected to remain resilient, with subdued external demand being compensated for by solid private consumption. Inflation pressures are likely to decrease further owing to diminishing overheating risks. The main downside risks to economic activity relate to strong spillovers from major advanced economies, as well as a rapid unwinding of domestic imbalances in some emerging Asian countries.

MIDDLE EAST AND AFRICA

Despite the strong gains in oil production in a number of countries, high oil prices persisted in the first quarter of 2012 and supported economic activity in the oil-exporting countries in the Middle East and Africa. In addition to higher oil output, expansionary fiscal policies and stronger private consumption contributed to growth. Consumer price inflation in several of these countries was slightly higher in the first three months of 2012 compared with the previous quarter.

In response to the heightened uncertainty about global oil supply in recent months, Saudi Arabia held production at a very high level. Moreover, the economy continued to gain momentum, not only on account of strong oil exports but also on account of robust consumer demand and public spending. Consumer price inflation increased to 5.4% year on year in the first quarter of 2012, from 5.2% in the previous quarter, driven by food prices.

Elsewhere in the region, with a few exceptions, strong economic performance also continued, despite the weaker external environment. The factors that supported growth were still strong (non-oil) commodity prices and generally accommodative macroeconomic policies. In most oil-importing countries, inflation remained stable in the first quarter of 2012.

Looking ahead, economic activity in most countries in the region is expected to remain resilient. Relatively subdued growth is expected in a few countries with closer trade and financial links with Europe as well as in the economies still affected by social unrest and political uncertainty.

LATIN AMERICA

Growth in Latin America decelerated in 2011 and is expected to have been modest at the start of 2012. This mainly reflects the impact from external conditions and the lagged effects of the tightening of the domestic policy stance. At the same time, inflationary pressures showed signs of stabilisation across most countries in the region in early 2012, at rather elevated levels.

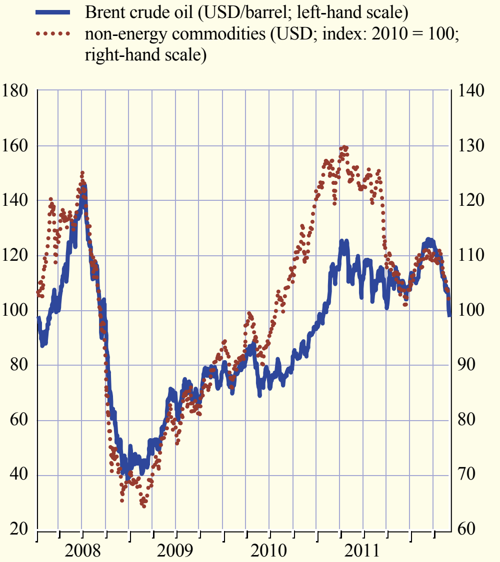
In Brazil, economic activity cooled down at the start of 2012, following a trend that started in early 2010. Real GDP grew by 0.7% year on year in the first quarter of 2012, from a peak of 9.1% at the start of 2010 and an average of 2.7% in 2011. The slowdown was particularly pronounced in the manufacturing sector in the second half of last year, followed by a significant decline at the start of 2012. Inflationary pressures, albeit declining, remain elevated, with annual inflation standing at 5.7% in the first quarter of 2012. In Argentina, indicators of economic activity also showed increasing signs of a slowdown after the exceptionally high growth rates recorded over the past two years. Indeed, real GDP growth stood at 7% in the fourth quarter of 2011, having stood at rates of around 10% in many previous quarters. At the same time, annual CPI inflation remained close to double-digit levels in the first quarter of 2012. In Mexico, real GDP growth increased to 4.7% in the first quarter of 2012, compared with 3.9% in the last quarter of 2011. Growth was supported by favourable labour market developments, external demand from the United States and, more generally, gains in competitiveness. Annual consumer price inflation stood at somewhat higher levels than in the preceding quarters, averaging 3.8% in the first quarter of 2012.

Looking ahead, the expected improvement in global demand should support growth dynamics in the region. Domestic demand is anticipated to be the main engine of growth, while south-south trade dynamics are expected to support export growth.

1.2 COMMODITY MARKETS

Oil prices have declined strongly since late March, thereby more than offsetting the strong gains posted in the first quarter of 2012. Brent crude oil prices stood at USD 97.7 per barrel on 5 June, a level 9% lower compared with the beginning of the year and 23% below this year's peak on 14 March 2012. Looking ahead, market participants expect slightly lower oil prices over the medium term, with futures contracts for December 2013 trading at USD 94.6 per barrel.

Chart 5 Main developments in commodity prices



Sources: Bloomberg and HWWI.

Between end-March and early June, Brent crude oil prices declined by more than USD 25 per barrel. This recent downward correction came amid heightened uncertainty over global growth prospects, which was further amplified by renewed tensions in some euro area sovereign debt markets. In addition, robust OPEC production in anticipation of the EU embargo on oil imports from Iran, in combination with somewhat more sluggish oil demand, has recently caused OECD oil inventories to rise to their five-year average in March for the first time since mid-2011. Finally, ongoing discussions about a release from the strategic petroleum reserve in case of further supply disruptions, recently reinforced by a G8 statement, has significantly dampened upward price pressures in relation to geopolitical tensions with Iran. Still, supply-side upward pressures on prices remain, primarily on account of sluggish non-OPEC supply projections and the unfolding of the EU embargo on oil imports from Iran in the second half of the year.

Prices of non-energy commodities also declined strongly in April and May, thus also eliminating the increases since the beginning of the year. Heightened uncertainty about global growth prospects is mainly responsible for these recent declines, particularly for metal prices. For the same reason prices of oilseeds and oils have also receded significantly recently, although supply-related upside pressures remain and prices are still 11% higher than at the beginning of the year. In aggregate terms, the price index for non-energy commodities (denominated in US dollars) was 2.1% lower in early June than at the beginning of the year.

1.3 EXCHANGE RATES

EFFECTIVE EXCHANGE RATE OF THE EURO

Since late February 2012, the euro has generally depreciated in an environment of mostly relatively low volatility. On 5 June, the euro exchange rate – expressed in nominal effective terms, as measured against the currencies of 20 of the euro area's most important trading partners – stood 3.3% below its level at the end of February, and 6.0% below its average level in 2011 (see Table 1 and Chart 6).

Table 1 Euro exchange rate developments [1]

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

	Weight in EER-20	Level on 5 June 2012	Appreciation (+)/depreciation (-) of the euro as at 5 June 2012 since: 29 February 2012	since: 2 January 2012	compared with: average for 2011
Chinese renminbi	18.8	7.915	-6.4	-2.9	-12.0
US dollar	16.9	1.243	-7.5	-3.9	-10.7
Pound sterling	14.9	0.810	-4.0	-3.0	-6.7
Japanese yen	7.2	97.3	-9.9	-2.3	-12.4
Swiss franc	6.5	1.201	-0.3	-1.2	-2.6
Polish zloty	6.2	4.382	6.3	-2.0	6.3
Czech koruna	5.0	25.72	3.5	0.8	4.6
Swedish krona	4.7	8.969	1.8	0.5	-0.7
Korean won	3.9	1,467	-2.3	-1.8	-4.8
Hungarian forint	3.2	302.2	4.7	-3.9	8.2
NEER [2]		97.2	-3.3	-2.3	-6.0

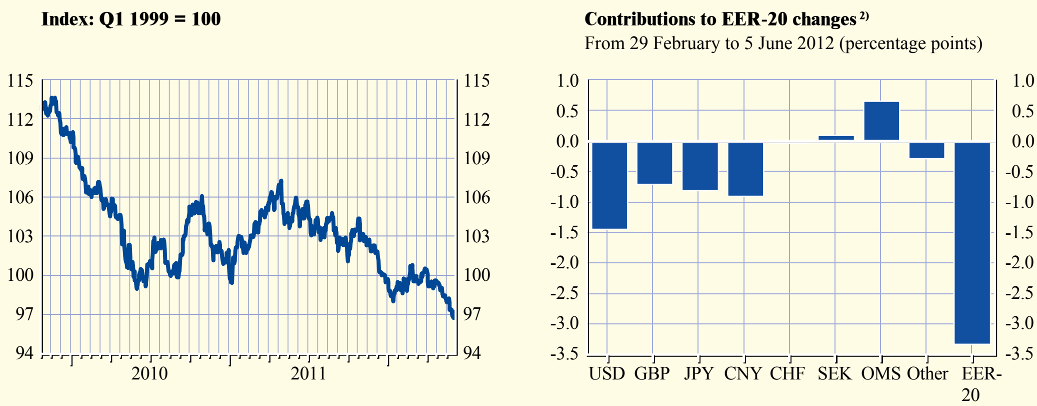
Source: ECB.
1) Bilateral exchange rates in descending order based on the corresponding currencies' trade weights in the EER-20 index.
2) Euro nominal effective exchange rate against the currencies of 20 of the most important trading partners of the euro area (EER-20).

Since early March, movements in the euro exchange rate continued to be largely related to changing market perceptions of the fiscal and economic prospects for euro area countries relative to those of other major economies, as well as to developments in expected yield differentials between the euro area and other advanced economies. After an improvement in financial market sentiment during March, the euro has continued to depreciate since April, owing to persistent concerns about the fiscal outlook for some euro area countries.

Volatility in the euro foreign exchange market continued to decline in March and April, to levels below historical averages. Since then, implied volatility – in particular in the euro-dollar

Chart 6 Euro effective exchange rate (EER-20) and its decomposition [1]

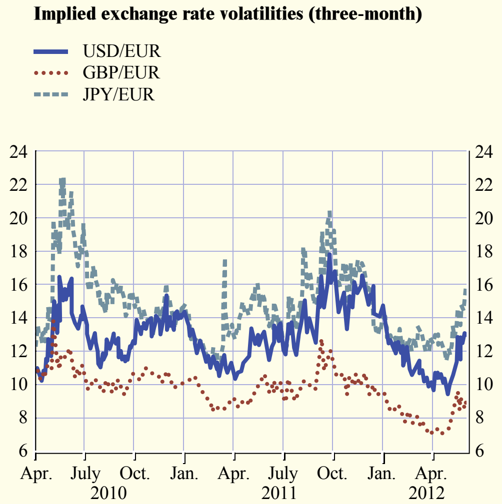
(daily data)



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

Chart 7 Patterns in exchange rates and implied volatilities

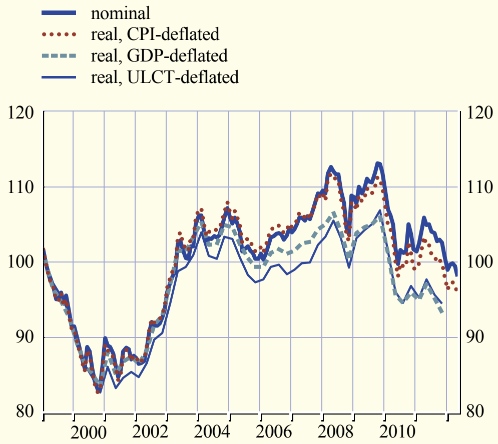
(daily data)



Source: Bloomberg.

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

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



Source: ECB.
1) An upward movement of the EER-20 indices represents an appreciation of the euro. The latest observations for monthly data are for May 2012. In the case of the GDP and ULCT-based real EER-20, the latest observation is for the fourth quarter of 2011 and is partly based on estimates.

currency pair – has increased again amid the worsening financial market sentiment, although it has remained close to historical averages (see Chart 7).

With regard to indicators of the international price and cost competitiveness of the euro area, in May 2012 the real effective exchange rate of the euro based on consumer prices (as measured against the currencies of 20 of the euro area's most important trading partners) was 3.6% below its average level in 2011 (see Chart 8). This largely reflected the nominal depreciation of the euro since early 2011, as well as to a lesser extent a lower rate of consumer price inflation in the euro area compared with that in its main trading partner countries.

BILATERAL EXCHANGE RATES

Since early March 2012, and in particular from late April onwards, the single currency has depreciated against the US dollar. From 29 February 2012 to 5 June 2012, the euro weakened by 7.5% vis-à-vis the US dollar, thus trading 10.7% below its 2011 average (see Chart 6 and Table 1). As mentioned earlier, the main factors behind these developments were changes in the perception of the sustainability of public finances in some euro area countries and movements in yield differentials between the two economies.

Over the period under review, the euro also depreciated against the Japanese yen. On 5 June 2012 the euro traded 9.9% below the level recorded at the end of February and 12.4% below the average level in 2011. This largely reflected a renewed strengthening of the Japanese yen which, after declining from the record highs reached towards the end of last year, has appreciated strongly against most major currencies since mid-March.

As regards other currencies, the exchange rate of the euro against the pound sterling broadly followed a pattern similar to that against other major currencies, depreciating in particular from April onwards. On 5 June 2012 the euro exchange rate vis-à-vis the pound sterling was 4.0% below the level recorded at the end of February and 6.7% below the average level of 2011 (see Table 1). Over the period under review, the euro also weakened against the Swiss franc, by 0.3%, and on 5 June 2012 traded 2.6% lower than the average level of 2011. The euro strengthened against some other European currencies, most notably against the Czech koruna (by 3.5%), the Hungarian forint (by 4.7%) and the Polish zloty (by 6.3%), as the increase in the risk aversion of global investors since April this year has negatively affected financial market sentiment towards this region.

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

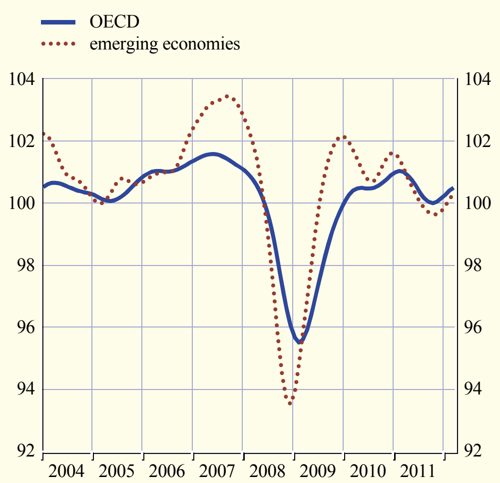
1.4 OUTLOOK FOR THE EXTERNAL ENVIRONMENT

Overall, the June 2012 Eurosystem staff macroeconomic projections broadly confirm the global growth profile depicted in the March 2012 projections in which global growth was expected to gradually pick up. This is consistent with the OECD's composite leading indicator (CLI), which regained some further momentum in March. In particular, the CLI points to some further improvements in economic activity in the United States and Japan. In the main emerging markets (except Russia), the CLIs have also strengthened further. The results of the Ifo World Economic Climate Indicator also suggest that the trend towards a recovery in the world economy is continuing. The improvement in the index was driven primarily by more positive expectations for the next six months, while the current situation was also deemed somewhat better than in the last survey. Notwithstanding this near-term outlook for the global economy, the medium-term global growth prospects are expected to remain subdued as advanced economies are expected to continue to face significant growth impediments.

The global outlook remains highly uncertain. Tensions in key financial market segments could spread globally, thereby triggering adverse feedback loops and disrupting financial markets. Fiscal imbalances in large advanced economies constitute another downside risk to activity. A rapid change in market sentiment could also aggravate the risk of a disorderly unwinding of global imbalances. Moreover, geopolitical tensions in the Middle East pose an upside risk to oil prices and another downside risk to the global economy.

Chart 9 OECD composite leading indicators

(monthly data; amplitude-adjusted)



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

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

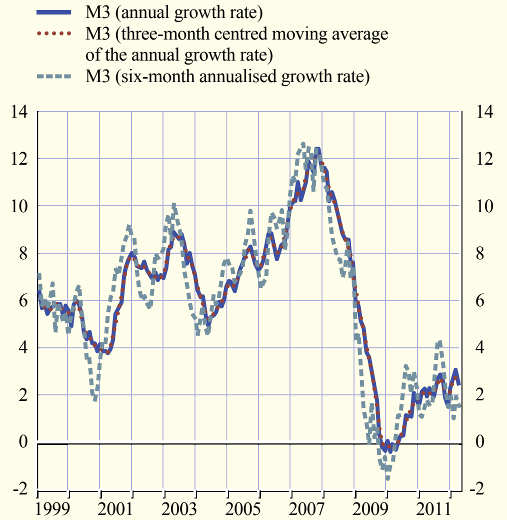
The contractionary forces affecting developments in money and credit in the fourth quarter of 2011 were offset in the first quarter of 2012, supported by the impact of the non-standard monetary policy measures announced in December 2011. As a result, M3 growth recovered in the first quarter of 2012 on the back of large monthly inflows. The stronger M3 growth marked a decoupling from developments in credit to the private sector, which registered only a small inflow and thus remained weak. Instead, the inflows for M3 were largely mirrored on the counterpart side by purchases of government bonds. The strengthening seen in M3 growth in the first quarter was partly reversed in April, reflecting a sizeable monthly outflow. This was, however, due to transactions within the financial sector, rather than the behaviour of households and non-financial corporations. Moreover, April's outflow occurred in the context of increased lending to the non-financial private sector and limited outflows for net external assets, in contrast to the developments observed in late 2011. Overall, with underlying monetary expansion remaining at moderate levels, monetary analysis suggests that risks to price stability over the medium term are broadly balanced. At the same time, uncertainty regarding the outlook for inflation remains elevated.

THE BROAD MONETARY AGGREGATE M3

The annual growth rate of M3 stood at 2.5% in April 2012, somewhat lower than the average of the rates for the first three months of the year (see Chart 10). However, annual M3 growth recovered strongly in the first quarter, as can be seen when comparing the annual growth rate at end-December (1.5%) with that observed at end-March (3.1%). Large monthly inflows were seen throughout the first quarter of 2012 and are likely to reflect the sizeable impact of increased recourse to Eurosystem funding in the context of the two three-year longer-term refinancing operations (LTROs). These inflows reversed the sharp decline observed in monetary dynamics in the fourth quarter of 2011, when M3 sustained three consecutive monthly outflows. While the decline in the annual growth rate in April reflects a significant outflow in the course of the month, the sectoral contributions to that outflow and developments in the counterparts of M3 suggest that this is likely to be temporary and different from the outflows seen in the fourth quarter of 2011.

Chart 10 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

The inflows observed for M3 throughout the first quarter of 2012 were broadly based in terms of the components of M3, but particularly strong for short-term deposits. Households substantially increased their holdings of short-term deposits other than overnight deposits in view of the attractive levels of remuneration on offer for these deposits, particularly in certain euro area countries. Credit institutions in those countries are increasingly competing for stable funding, thus prompting an increase in the remuneration of those deposits and rendering short-term time and savings deposits more attractive than would typically be the case given the current level of key ECB interest rates. At the same time, non-monetary financial intermediaries – particularly investment funds – have reduced their holdings of government securities and placed some of the proceeds in short-term deposits. The outflow recorded for M3 in April was predominantly driven by a reduction in overnight deposits held by non-monetary financial intermediaries other than insurance corporations and pension funds (OFIs). Given the volatility of OFIs' money-holding behaviour and the special transitory factors that often drive it, April's outflow should not be over-interpreted.

The recovery in M3 growth in the first quarter of 2012 marked a decoupling from developments in credit to the private sector, which registered only a small inflow and thus remained weak. Instead, the inflows for M3 were largely mirrored on the counterpart side by purchases of government bonds, particularly in certain euro area countries. Moreover, reductions in longer-term financial liabilities also partly mirrored the inflows for M3, as MFIs bought back longer-term debt securities. In addition, the central bank funding obtained through the two three-year LTROs supported the redemption of maturing longer-term MFI debt securities. In April, the main counterparts of the outflow observed for M3 were sales of MFIs' holdings of private sector securities (partly due to the reversal of previous securitisation activity) and the redemption of loans to non-monetary financial intermediaries (mostly linked to reductions in reverse repo operations conducted through central counterparties (CCPs)) and credit to general government, while an inflow was observed for loans to the non-financial private sector.

The main assets held by euro area MFIs (excluding the Eurosystem) increased substantially in the first quarter of 2012, before declining in April. Funding obtained in the context of the two three-year LTROs allowed the acquisition of assets by euro area MFIs, most notably debt securities issued by euro area governments and MFIs. Funds borrowed from the Eurosystem by euro area credit institutions circulate mechanically within a closed system comprising those entities that hold deposits with the Eurosystem – i.e. euro area credit institutions themselves and governments. It is therefore natural for the increase in borrowing from the Eurosystem to be mirrored predominantly by an increase in deposits held with the Eurosystem (albeit mostly deposits held by credit institutions other than those that borrowed from it). The contraction observed in MFIs' main assets in April was driven primarily by reductions in external assets, but also by declines in inter-MFI business, such as inter-MFI lending (including lending conducted through CCPs) and holdings of government and private sector securities.

Overall, data up to April suggest that the contractionary forces affecting developments in money and credit in the fourth quarter of 2011 were offset in the first quarter of 2012, supported by the impact of the non-standard monetary policy measures announced in December 2011. Those measures prevented abrupt deleveraging, which could have had severe consequences for the economy. The decline in M3 in April is likely to reflect temporary transactions and thus differ from that observed in late 2011, as it occurred in the context of increased lending to the non-financial private sector and limited outflows for net external assets, in contrast to the developments observed in late 2011. Moreover, the reduction in April was due to transactions within the financial sector, rather than the behaviour of households and non-financial corporations. At the same time, the outflow observed for M3 in April was accompanied by the interruption of the extension of credit to general government, which had been the main source of money creation in the first quarter of 2012.

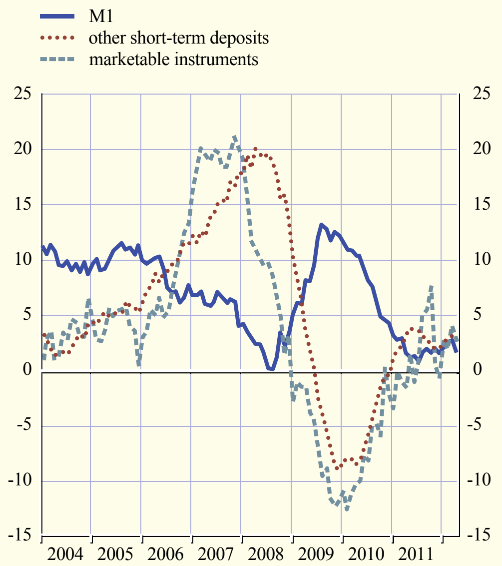
MAIN COMPONENTS OF M3

In the first quarter of 2012 increases in both the annual growth rate of the narrow monetary aggregate M1 (particularly overnight deposits) and that of short-term deposits other than overnight deposits were the driving force behind the higher annual growth rate of M3. By contrast, strong declines in the annual growth rates of overnight deposits and marketable instruments caused the weakening of annual M3 growth in April (see Chart 11).

The annual growth rate of M1 increased to 2.3% in the first quarter of 2012, up from 1.9% in the fourth quarter of 2011, owing to significant inflows for overnight deposits. A sizeable monthly outflow for M3 in April (with the month-on-month growth rate standing at -0.6%) followed the series of large inflows observed in the first quarter (see Table 2). This outflow was attributable to reductions in overnight deposits held by OFIs. However, the money holdings of the OFI sector typically display

Chart 11 Main components of M3

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



Source: ECB.

Table 2 Summary table of monetary variables

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

	Outstanding amounts as a percentage of M3[1]	Annual growth rates					
		2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Mar.	2012 Apr.
M1	**48.8**	**1.7**	**1.4**	**1.9**	**2.3**	**2.8**	**1.8**
Currency in circulation	8.6	4.2	4.5	6.2	6.1	5.5	5.5
Overnight deposits	40.1	1.1	0.8	1.0	1.5	2.2	1.0
M2-M1 (=other short-term deposits)	39.7	3.4	3.4	2.3	2.7	3.2	3.2
Deposits with an agreed maturity of up to two years	19.5	2.3	3.1	2.0	3.4	3.9	3.8
Deposits redeemable at notice of up to three months	20.2	4.5	3.7	2.5	2.1	2.5	2.7
M2	**88.4**	**2.4**	**2.3**	**2.1**	**2.5**	**3.0**	**2.4**
M3-M2 (=marketable instruments)	11.6	-0.3	2.7	3.4	2.2	4.1	2.9
M3	**100.0**	**2.1**	**2.4**	**2.2**	**2.4**	**3.1**	**2.5**
Credit to euro area residents		**3.1**	**2.4**	**1.4**	**1.4**	**1.8**	**1.4**
Credit to general government		6.5	5.2	1.4	5.1	7.5	7.7
Loans to general government		10.7	7.0	-2.2	-4.7	-4.4	-2.9
Credit to the private sector		2.3	1.8	1.4	0.6	0.5	0.0
Loans to the private sector		2.6	2.5	2.1	0.9	0.6	0.3
Loans to the private sector adjusted for sales and securitisation[2]		2.9	2.7	2.3	1.3	1.2	0.8
Longer-term financial liabilities (excluding capital and reserves)		**3.4**	**3.6**	**2.7**	**0.5**	**-0.9**	**-1.8**

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

considerable volatility over time. The significant outflow observed in April should therefore be seen in conjunction with the large inflows seen for overnight deposits held by OFIs in the first quarter of 2012.

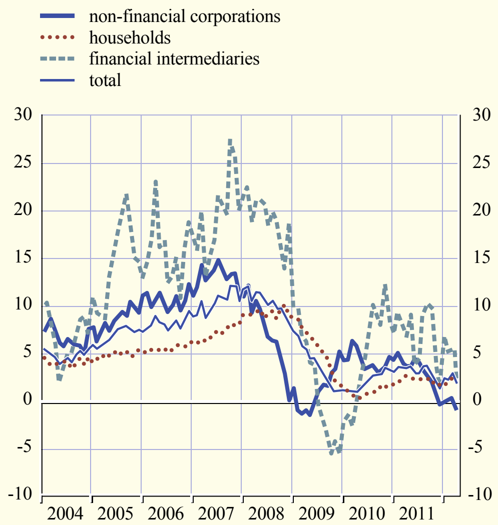
The annual growth rate of short-term deposits other than overnight deposits increased to 2.7% in the first quarter of 2012, up from 2.3% in the fourth quarter of 2011. Inflows for these instruments were accounted for mainly by households, who shifted funds out of overnight deposits, as well as instruments outside M3. Funds were predominantly directed towards short-term time deposits (i.e. deposits with an agreed maturity of up to two years), reflecting credit institutions' attempts, particularly in certain euro area countries, to attract stable deposits by offering attractive interest rates. In April, these flows were partly reversed. Notably, households shifted funds from short-term time deposits to short-term savings deposits (i.e. deposits redeemable at notice of up to three months) and overnight deposits.

The annual growth rate of marketable instruments continued to fluctuate, in line with the pattern seen in recent quarters, and declined to 2.2% in the first quarter of 2012, down from 3.4% in the fourth quarter of 2011. However, this masked significant inflows in February and March. As in previous quarters, developments in marketable instruments were driven primarily by repurchase agreements conducted via CCPs, which largely reflect secured interbank transactions. The large outflows seen for repurchase agreements in the fourth quarter of 2011 in the context of financial market tensions were partly reversed in the first quarter of 2012, with significant inflows in the first two months of the year. Since March, however, flows for repurchase agreements have turned negative again. An inflow was recorded for holdings of short-term MFI debt securities (i.e. debt securities with an original maturity of up to two years) in the first quarter of 2012, which was due to improved market conditions, notably in the market for short-term debt, following the implementation of the two three-year LTROs. This may, to some extent, also have reflected the Eurosystem's new definition of money market funds. This new definition resulted in an increase in the number of investment funds (i.e. funds that are part of the money-holding sector) purchasing short-term bonds. Flows for money market fund shares/units turned positive towards the end of the quarter. As money market funds (which are part of the money-issuing sector) used some of those funds in order to purchase short-term MFI debt securities, this contributed to the negative flows seen in April for short-term MFI debt securities held by the money-holding sector.

The annual growth rate of M3 deposits – which comprise short-term deposits and repurchase agreements and represent the broadest monetary aggregate for which reliable information is available at a sectoral level – declined to 2.3% in the first quarter of 2012, down from 2.6% in the previous quarter (see Chart 12). This masks broadly based inflows in the first quarter of the year, with the exception of non-financial

Chart 12 Short-term deposits and repurchase agreements

(annual percentage changes; not adjusted for seasonal or calendar effects)



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

corporations, which reduced their holdings of M3 deposits. The largest increase was by households, reflecting their increased holdings of short-term deposits. April saw outflows for M3 deposits, predominantly on account of developments in the OFI sector. Moreover, non-financial corporations reduced their deposit holdings, whereas deposits held by households continued to increase.

MAIN COUNTERPARTS OF M3

As regards the counterparts of M3, the annual growth rate of total MFI credit to euro area residents was unchanged at 1.4% both in the first quarter of 2012 and in April (see Table 2). However, the first four months of the year saw divergent developments in the annual growth rates of credit to general government and credit to the private sector.

The annual growth rate of MFI lending to general government increased to 5.1% in the first quarter of 2012, up from 1.4% in the fourth quarter of 2011. This was mainly the result of MFIs purchasing large amounts of government debt securities. While in the fourth quarter of 2011 these purchases were carried out by Eurosystem central banks in the context of the Securities Markets Programme, in the first quarter they were conducted by MFIs other than central banks. This was, to a large extent, probably a reflection of the need to invest – at least in the short term – the substantial amounts of liquidity held by these MFIs following the two three-year LTROs, as banks prefunded future payment obligations on account of uncertainty regarding the availability of funding when these fall due. This view is supported by the fact that holdings of government debt declined in April, after five consecutive months of net purchases – albeit in the context of negative net issuance of such securities in some countries where purchases had been concentrated in previous months.

The annual growth rate of MFI credit to the private sector declined to 0.6% in the first quarter of 2012, down from 1.4% in the previous quarter, before decreasing further to stand at zero in April 2012. The first quarter of 2012 saw a substantial inflow for credit to the private sector. This was almost entirely reversed in April on account of a strong monthly outflow. However, this outflow was driven by various transactions with financial sector counterparties. First, euro area MFIs' purchases of private sector shares held by investment funds were weaker than in previous years (with such purchases typically being observed around the time of non-financial corporations' shareholder meetings), thereby contributing to net sales of such securities. Second, there was some unwinding of retained securitisation transactions, which was responsible for the majority of the decline in the holdings of private sector securities other than shares. And finally, there was a contraction in loans to OFIs, mainly reflecting reverse repo transactions with CCPs, leading to the redemption of loans to the private sector.

The annual growth rate of loans to the private sector adjusted for loan sales and securitisation declined to 1.3% in the first quarter of 2012, down from 2.3% in the previous quarter (see Table 2). The significant growth in loans to the private sector in January was largely offset by net redemption of loans from February to April. These outflows resulted in the annual growth rate falling further to stand at 0.8% in April, down from 1.2% in March. However, from a sectoral perspective, the first quarter of 2012 saw significantly smaller contractions both in loans to insurance corporations and pension funds and in loans to non-financial corporations relative to the previous quarter. Loans to households and OFIs grew relatively strongly, with the latter linked to reverse repo transactions conducted via CCPs. By contrast, developments in loans in April show that borrowing by the non-financial private sector increased, whereas lending to the financial private sector declined.

The annual growth rate of MFI loans to households adjusted for loan sales and securitisation declined to 1.9% in the first quarter of 2012, down from 2.3% in the previous quarter, thereby continuing the weakening observed since the second quarter of 2011. This mainly reflected the deterioration of economic and housing market prospects, as well as balance sheet adjustment needs. The annual growth rate of loans to households adjusted for loan sales and securitisation declined slightly further in April 2012 (standing at 1.5% in that month, down from 1.7% in March), despite a significant monthly inflow. Lending for house purchase remains the main driving force behind MFI loans to households. Data adjusted for securitisation point to a robust quarterly inflow for housing loans in the first quarter of 2012, similar to that observed in the previous quarter. April 2012 saw a further monthly inflow for loans for house purchase, with continued net redemption of consumer credit (see Section 2.7 for more details).

The annual growth rate of MFI loans to non-financial corporations adjusted for loan sales and securitisation declined to 0.9% in the first quarter of 2012, down from 2.1% in the previous quarter. This reflected base effects and moderate net redemption of corporate borrowing. The annual growth rate of loans to non-financial corporations moderated further to stand at 0.7% in April, despite a sizeable monthly inflow. The inflow observed in April was entirely concentrated in short-term loans (i.e. those with a maturity of up to one year), while there was net redemption of longer-term loans (see Section 2.6 for more details).

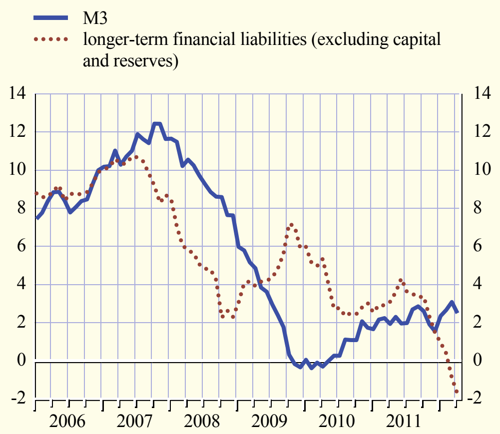
Overall, lending to the non-financial private sector remains weak by historical standards. Significant cross-country heterogeneity continues to be observed in the levels and dynamics of the annual growth rates of both loans to households and loans to non-financial corporations. This is likely to reflect differences in the various countries' economic and housing market prospects, as well as sectoral debt levels. The adjustment of these debt levels is contributing to the weakness in lending as previous excess loan growth is corrected.

Looking ahead, given the projections for economic activity, continued moderate growth in household loans and a further weakening of growth in loans to non-financial corporations would be in line with historical regularities for these two sectors – with loans to households moving in line with economic activity and loans to non-financial corporations responding with a lag – as well as with the assessment that it will take several quarters for the full impact of the three-year LTROs to materialise.

Turning to the other counterparts of M3, the annual growth rate of MFIs' longer-term financial liabilities (excluding capital and reserves) declined to -1.8% in April 2012, down from 0.5% in the first quarter and 2.7% in the fourth quarter of 2011 (see Chart 13). A substantial outflow was observed for the second quarter in a row, thereby contributing positively to monetary dynamics. To a large extent, this outflow was the result of a further sizeable contraction, on a consolidated basis, in holdings of longer-term MFI debt securities,

Chart 13 M3 and MFI longer-term financial liabilities

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



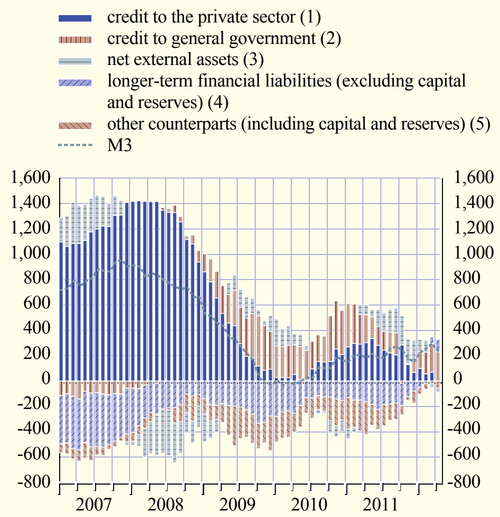
Source: ECB.

as MFIs purchased such securities in the context of buyback programmes in order to improve their capital position, partly facilitated by liquidity obtained in the three-year LTROs. Moreover, this liquidity partly replaced funding obtained from debt securities that were redeemed during this period. To a lesser extent, this outflow was related to a reduction in longer-term deposits as previous securitisation operations, in which loans had not been derecognised from the banks' balance sheets, were unwound. Data for April show a further contraction in longer-term MFI debt securities, which was driven by a decline in the stock of debt securities issued, rather than an increase in purchases by MFIs.

The first quarter of 2012 saw an outflow for the net external asset position of euro area MFIs, which captures capital flows into and out of the euro area money-holding sector where these are routed via MFIs, as well as transfers of assets issued by the money-holding sector. Box 3, entitled "Developments in the financial account of the euro area balance of payments until March 2012", provides detailed analysis of the transactions resulting in these capital flows. A modest outflow was also recorded in April (see Chart 14). These outflows reflected further net acquisition of foreign assets by the money-holding sector, which was financed using instruments contained in M3.

Chart 14 Counterparts of M3

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



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

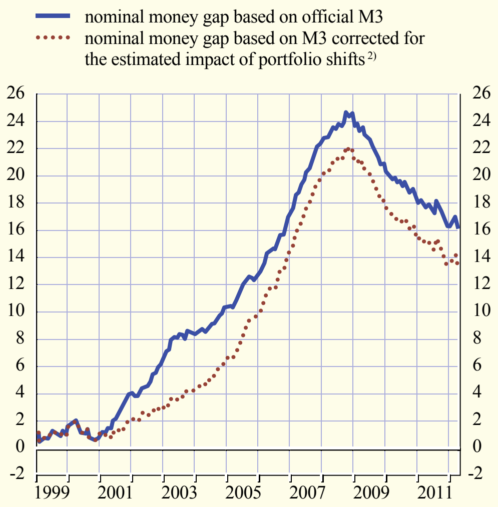
GENERAL ASSESSMENT OF MONETARY LIQUIDITY CONDITIONS IN THE EURO AREA

The inflows observed for M3 in the first quarter of 2012 interrupted the absorption of the monetary liquidity that had accumulated prior to the financial crisis (see Charts 15 and 16). However, data for April suggest that there was some further absorption in that month. On balance, indicators of monetary liquidity continue to suggest that past excesses in money and credit growth have not yet been fully corrected, despite the substantial adjustment that has taken place over the last three years. The correction of the remaining excess growth can therefore be expected to weigh on the recovery of money and credit in the euro area. Nevertheless, these kinds of liquidity measure need to be interpreted with caution, as they rely on the assessment of equilibrium money holdings, which is surrounded by considerable uncertainty. In this respect, it should be noted that some measures already indicate that levels of excess liquidity are fairly low.

Overall, the pace of underlying monetary and credit expansion remains moderate. The fact that the acceleration in M3 growth in the first quarter of the year was accompanied by decoupling from developments in credit to the private sector suggests that caution should be shown when interpreting the potential implications of this tentative rebound as regards risks to price stability. In the past, developments in headline broad money have been reflected in underlying monetary growth (and have therefore tended to have implications for price developments) when they have been protracted and have coincided with similar developments in credit to the private sector. While the three-year

Chart 15 Estimates of the nominal money gap [1]

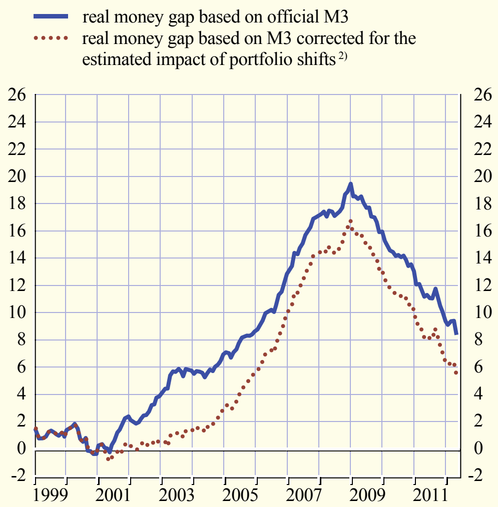
(as a percentage of the stock of M3; adjusted for seasonal and calendar effects; December 1998 = 0)



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

Chart 16 Estimates of the real money gap [1]

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



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

LTROs substantially alleviated banks' liquidity pressures, a sustained recovery in credit to the private sector would also require the restoration of banks' risk-taking capacity and a recovery in demand for bank credit.

Box 3

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

This box analyses recent developments in the financial account of the euro area balance of payments until the first quarter of 2012. Net outflows were recorded for combined net direct and portfolio investment in the 12-month period to March 2012 and were broadly offset by net inflows in other investment (see table and chart). Following the reduction of cross-border holdings of securities by both domestic and foreign investors in the second half of 2011, signs of normalisation in portfolio investment emerged in the first quarter of 2012 with the resumption of net purchases of both euro area and foreign securities. In particular, euro area MFIs invested in foreign securities for the first time since the pre-Lehman collapse period and were able to raise liquidity in the form of loans and deposits.

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

(EUR billions; non-seasonally adjusted data)

	2012		Three-month cumulated figures 2011			2012	12-month cumulated figures 2011	2012
	Feb.	Mar.	June	Sep.	Dec.	Mar.	Mar.	Mar.
Financial account[1]	0.3	-19.0	21.2	3.5	-44.0	-8.3	-15.0	-27.6
Combined net direct and portfolio investment	16.0	-53.8	107.2	15.8	-59.1	-87.6	168.9	-23.6
Net direct investment	-3.4	-18.4	-31.8	-19.2	-57.3	-28.2	-111.7	-136.5
Net portfolio investment	19.4	-35.4	139.1	35.0	-1.8	-59.4	280.7	112.8
Equities	-1.6	13.4	-31.1	31.4	79.0	18.8	201.2	98.2
Debt instruments	21.0	-48.8	170.1	3.6	-80.8	-78.2	79.5	14.7
Bonds and notes	22.3	-25.6	145.3	19.9	-9.9	-55.8	66.7	99.5
Money market instruments	-1.3	-23.2	24.9	-16.4	-70.9	-22.4	12.8	-84.9
Net other investment	-18.9	38.5	-94.1	-1.2	31.0	84.5	-183.9	20.1
Of which: money-holding sector[2]								
Net direct investment	-7.7	-17.4	-25.2	-18.8	-56.0	-28.6	-99.8	-128.6
Net portfolio investment	22.0	-4.7	79.7	19.9	-11.3	-16.9	30.9	71.4
Equities	1.6	16.6	-23.5	29.1	40.9	20.4	198.1	67.0
Debt instruments	20.4	-21.3	103.2	-9.2	-52.2	-37.3	-167.2	4.4
Net other investment	-0.5	-12.3	-17.3	24.6	10.1	-11.3	-5.4	6.2

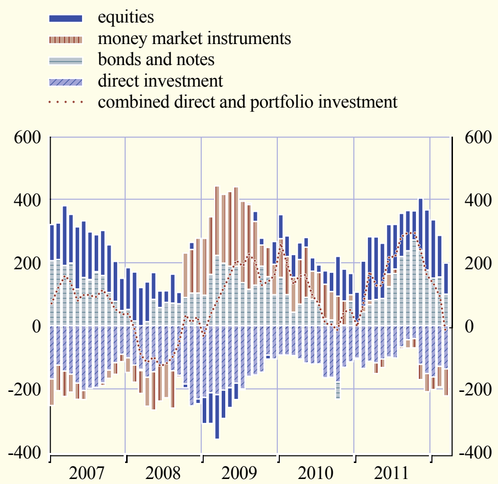
Source: ECB.
Note: Figures may not add up, owing to rounding.
1) Figures refer to balances (net flows). A positive (negative) sign indicates a net inflow (outflow).
2) General government and other sectors of the balance of payments.

Net outflows of €23.6 billion were recorded for combined net direct and portfolio investment in the 12-month period to March 2012, which stands in contrast to net inflows of €168.9 billion a year earlier. This shift was mainly due to lower net inflows in portfolio investment in the second half of that year, most notably in the last quarter – a period characterised by exceptionally high volatility and abrupt changes in market sentiment and investor behaviour. A two-way repatriation process then emerged, whereby euro area investors repatriated funds previously invested in foreign securities and non-residents moved out of euro area securities, mostly out of debt securities issued by the general government sector. As the repatriation by foreign investors somewhat exceeded that by domestic investors, net inflows in portfolio investment shifted to net outflows. The emergence of this two-way repatriation process should be seen against the backdrop of mounting financial market tensions, as well as volatile and declining stock market prices at the global level. These factors seem to have weighed on market sentiment amid increasing concerns about the global economic outlook and to have caused heightened risk aversion.

In the first quarter of 2012, however, investment by euro area residents in foreign securities resumed. Net purchases of euro area securities by foreign investors also resumed but were lower than the net purchases

Main items in the financial account

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



Source: ECB.

of foreign securities by euro area investors. As a consequence, there was an increase in net outflows from portfolio investment. An easing of financial market tensions, on the back of policy measures taken to address the sovereign debt crisis, seems to have had a positive impact on market sentiment and to have led to some reduction in risk aversion. Whereas both the MFI and the private non-MFI sectors in the euro area resumed investing, foreign investors in the euro area mainly targeted securities issued by the non-MFI sector. Moreover, the net outflows recorded for portfolio investment by the euro area non-MFI sector have contributed negatively to the liquidity available in the euro area, as is partly reflected in the evolution of the broad monetary aggregate M3. In fact, as can be seen from the monetary presentation of the balance of payments, these transactions involving the money-holding sector are a mirror image of the decrease observed in the MFI's net external asset position at the beginning of 2012.[1]

Turning to the MFI sector, in the first quarter of 2012 euro area banks interrupted their continued and sustained net sales of foreign securities for the first time since the pre-Lehman collapse period. The easing of the pressures on euro area banks to sell foreign assets is probably the result of two factors. On the one hand, the introduction of the Eurosystem's unconventional liquidity measures as well as the coordinated interventions by the ECB and five other central banks – in the form of reciprocal currency arrangements (swap lines) – aimed at providing liquidity to the global financial system. On the other hand, the interruption in net sales of foreign securities by euro area banks presumably also reflects the resumption of foreign investment in euro area MFIs. Most notably, MFIs' other investment liabilities increased considerably in the first quarter of 2012. The fact that euro area banks were able to roll over maturing short-term deposits and loans together with the resumption of foreign investment in securities issued by euro area banks – although still at subdued levels – suggests an easing of the funding conditions. Both factors therefore seem to have mitigated the need for euro area MFIs to mobilise funds by shedding non-core foreign assets, in a context of balance sheet restructuring.

1 To the extent that they are settled via resident banks, transactions carried out by the money-holding sector have an impact on the external assets and liabilities of the banking sector, which is one of the counterparts of M3. The money-holding sector comprises households, non-financial corporations, non-MFI financial intermediaries and general government other than central government. For more information on the monetary presentation of the balance of payments, see Duc, L. B., Mayerlen, F. and Sola, P., "The monetary presentation of the euro area balance of payments", *Occasional Paper Series*, No 96, ECB, 2008. See also "The external dimension of monetary analysis", *Monthly Bulletin*, ECB, August 2008.

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

The annual growth rate of financial investment by the non-financial sectors declined significantly in the fourth quarter of 2011, partly reflecting weaker household income growth and a low saving ratio by historical standards. The annual growth rate of financial investment by insurance corporations and pension funds fell markedly, mirroring the substantial reduction in households' investment in insurance technical reserves. The heightened tensions in financial markets in the fourth quarter of 2011 led to further significant net redemption for all major types of investment fund. However, this was then reversed in the first quarter of 2012 on the back of the supportive impact of the Eurosystem's non-standard monetary policy measures.

NON-FINANCIAL SECTORS

In the fourth quarter of 2011 (the most recent quarter for which data are available) the annual growth rate of total financial investment by the non-financial sectors declined to 2.6% (down from 3.3% in the third quarter of 2011), thereby reaching levels close to the trough recorded between late 2009 and

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

	Outstanding amount as a percentage of financial assets[1)]	Annual growth rates									
		2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4
Financial investment	**100**	**3.4**	**2.5**	**2.5**	**2.6**	**2.7**	**3.4**	**3.2**	**3.5**	**3.3**	**2.6**
Currency and deposits	24	5.9	3.3	2.0	1.7	2.3	3.1	3.6	3.8	3.0	2.7
Debt securities, excluding financial derivatives	6	-0.4	-3.2	-2.7	-2.8	-3.7	4.1	6.8	8.2	8.2	4.4
of which: short-term	0	-32.8	-35.9	-26.3	-23.2	-8.8	-5.9	0.0	8.2	0.4	20.0
of which: long-term	5	4.5	1.9	0.5	-0.5	-3.2	5.1	7.4	8.2	8.9	3.2
Shares and other equity, excluding mutual fund shares	28	4.0	2.7	2.5	2.4	2.7	3.1	2.5	2.7	2.9	2.5
of which: quoted shares	5	4.7	4.6	5.3	3.8	3.3	3.9	1.5	1.9	3.6	2.5
of which: unquoted shares and other equity	22	3.8	2.2	1.8	2.1	2.5	2.8	2.8	2.9	2.7	2.5
Mutual fund shares	5	-0.7	2.8	1.1	-1.1	-1.6	-2.5	-3.2	-2.7	-4.8	-5.1
Insurance technical reserves	16	3.6	4.4	5.0	4.8	4.7	4.3	3.5	3.1	2.5	1.9
Other[2)]	22	1.6	1.6	3.4	4.7	4.5	4.9	4.3	4.8	5.4	4.7
M3[3)]		**1.8**	**-0.4**	**-0.1**	**0.3**	**1.1**	**1.7**	**2.2**	**1.9**	**2.8**	**1.5**

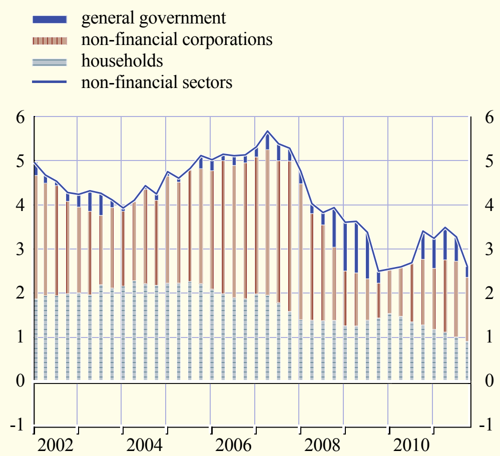
Source: ECB.
1) As at the end of the last quarter available. Figures may not add up due to rounding.
2) Other financial assets comprise loans and other accounts receivable, which in turn include trade credit granted by non-financial corporations.
3) End of quarter. The monetary aggregate M3 includes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

early 2010 (see Table 3). The weaker developments observed in the fourth quarter of 2011 were due to declines in the growth rates of almost all individual instruments, reflecting the private sector's general reluctance to invest in the presence of economic and financial market uncertainty. Only short-term debt securities recorded a significant increase, with these potentially being used to park liquidity.

The sectoral breakdown reveals that all sectors contributed to the weaker annual growth in financial investment in the fourth quarter of 2011 (see Chart 17). The slowdown in households' accumulation of financial assets reflects the continued shedding of mutual fund shares and reduced investment in insurance technical reserves in the context of weakening nominal disposable income growth and a low saving ratio by historical standards. According to investment fund statistics, investment funds (particularly bond funds) saw strong inflows at the beginning of the year, suggesting that households may have increased their mutual fund holdings in the first quarter of 2012.

Chart 17 Financial investment of non-financial sectors

(annual percentage changes; contributions in percentage points)



Source: ECB.

The annual growth rate of financial investment by the general government sector declined considerably in the fourth quarter. This largely reflected a base effect, as the impact of asset transfers from MFIs to "bad bank" schemes in the fourth quarter of 2010 dropped out of the annual growth rate.

The slowdown in non-financial corporations' accumulation of financial assets in the fourth quarter was mainly driven by declines in purchases of quoted shares. More detailed information on developments in the financial flows and balance sheets of the non-financial private sector is provided in Sections 2.6 and 2.7. Information can also be found – for all institutional sectors – in the box entitled "Integrated euro area accounts for the fourth quarter of 2011" in the May 2012 issue of the Monthly Bulletin.

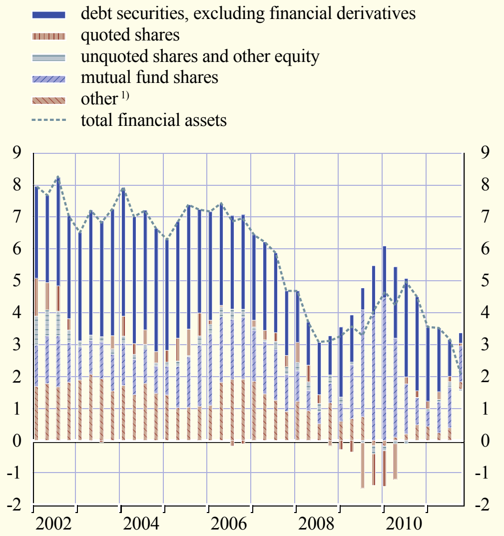
INSTITUTIONAL INVESTORS

The slowdown in households' investment in insurance technical reserves, the main factor determining the funds that can be invested by insurance corporations and pension funds, explains the decline in the annual growth rate of financial investment by insurance corporations and pension funds, which stood at 2.1% in the fourth quarter of 2011 (the most recent quarter for which data are available from the integrated euro area accounts; see Chart 18). This was the lowest rate of growth since 1999. From an instrument perspective, mutual fund shares remained the most important contributor to the annual growth rate of financial investment by insurance corporations and pension funds. This reflected their preference for investing funds – obtained from new investment by households in life insurance and pension-type products, as well as the sale of directly held debt securities – largely in mutual funds, rather than investing directly in securities. At the same time, insurance corporations and pension funds further increased their currency and deposit holdings, potentially reflecting the uncertainty in financial markets.

The annual inflow for investment fund shares/units (excluding money market funds) increased to €85 billion in the first quarter of 2012, up from €55 billion in the previous quarter. The annual growth rate increased to 1.4%, up from 0.7% in the fourth quarter. Annual inflows increased for bond funds, while net annual flows for mixed funds remained positive (see Chart 19). However,

Chart 18 Financial investment of insurance corporations and pension funds

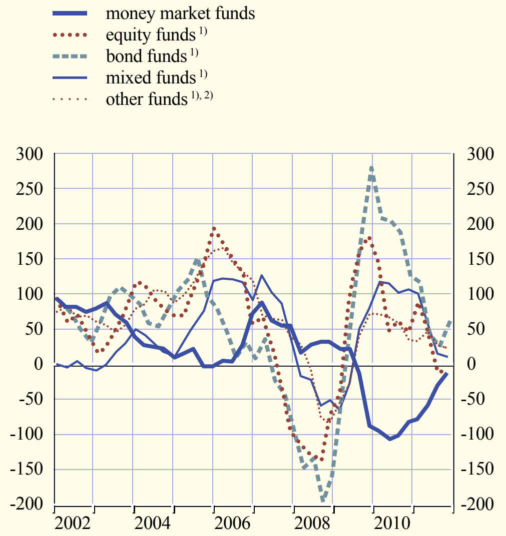
(annual percentage changes; contributions in percentage points)



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

Chart 19 Net annual flows into money market and investment funds

(EUR billions)



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

outflows continued to be observed for equity funds and money market funds. On the back of the supportive impact of the Eurosystem's non-standard monetary policy measures, this reflected a general reversal of the developments observed in the fourth quarter of 2011, when assets were shunned in the context of heightened economic and financial market uncertainty. Money market funds also benefited from the ample liquidity, with inflows increasing in the first quarter of 2012 relative to the previous quarter. The inflows observed in recent quarters have almost offset previous outflows (which were probably related to the relatively limited returns offered by these funds).

Looking specifically at developments in the first quarter of 2012, an inflow of €95 billion was observed for investment fund shares/units (excluding money market funds) on the basis of non-seasonally adjusted data. This more than reversed the outflows of the previous two quarters. Bond funds and mixed funds recorded the largest inflows, accounting for three-quarters of the total quarterly flow. This partly reflects the easing observed in bond markets following the Eurosystem's three-year LTROs settled on 22 December 2011 and 1 March 2012, as well as the completion of Greece's liability management exercise. Indeed, the largest increase in bond funds was recorded in March, when its annual growth rate reached 3.0%, the highest rate since September 2011.

2.3 MONEY MARKET INTEREST RATES

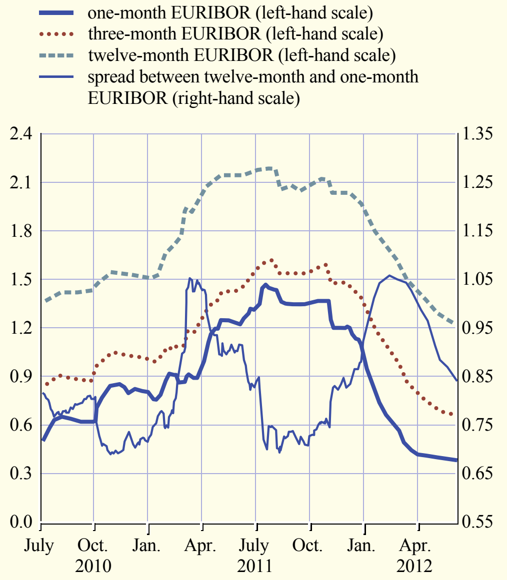
Money market interest rates generally declined between 7 March and 5 June 2012. This is in line with the decline observed in the EONIA, which has fluctuated at low levels since the beginning of the year, reflecting significant excess liquidity in the overnight money market. Volatility in money market interest rates at longer maturities increased during the review period.

Unsecured money market interest rates decreased between 7 March and 5 June 2012. On 5 June the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.38%, 0.66%, 0.94% and 1.22% respectively – i.e. 12, 25, 28 and 33 basis points lower than the levels observed on 7 March. The spread between the twelve-month and one-month EURIBOR – an indicator of the slope of the money market yield curve – decreased by 21 basis points over that period to stand at 84 basis points on 5 June (see Chart 20).

Secured money market interest rates have stabilised at very low levels since the beginning of the year (see Chart 21). The interest rate on the three-month overnight index swap stood at 0.27% on 5 June, around 7 basis points lower than on 7 March. As the corresponding unsecured EURIBOR decreased even more markedly, the spread between these two rates decreased from 57 basis points on 7 March to 40 basis points on 5 June.

Chart 20 Money market interest rates

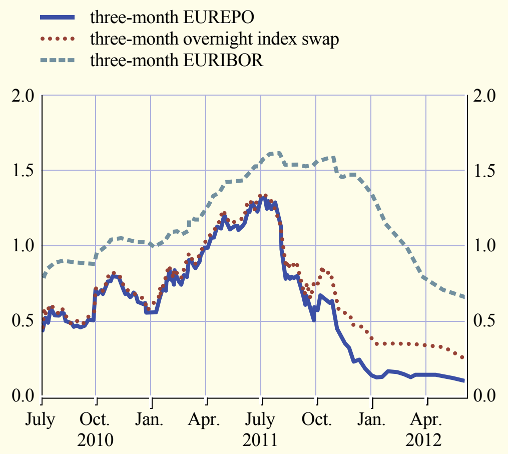
(percentages per annum; spread in percentage points; daily data)



Sources: ECB and Thomson Reuters.

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

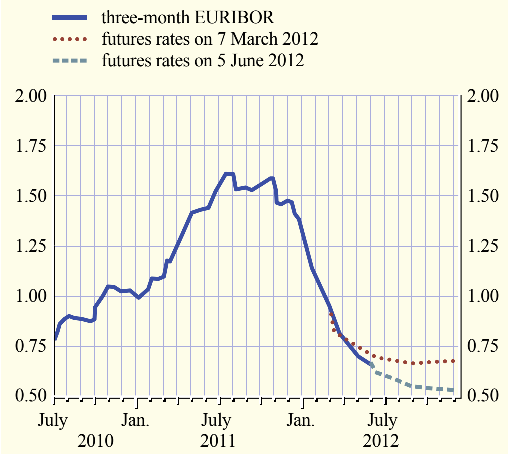
(percentages per annum; daily data)



Sources: ECB, Bloomberg and Thomson Reuters.

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

(percentages per annum; daily data)



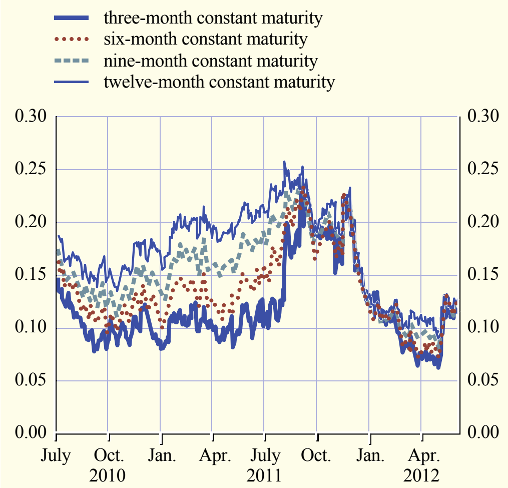
Source: Thomson Reuters.
Note: Three-month futures contracts for delivery at the end of the current and next three quarters as quoted on Liffe.

The interest rates implied by the prices of three-month EURIBOR futures contracts maturing in September and December 2012 and March 2013 stood at 0.55%, 0.53% and 0.52% respectively on 5 June, representing decreases of 12, 15 and 18 basis points by comparison with the levels observed on 7 March, partly reflecting expectations of lower key ECB interest rates (see Chart 22). Implied volatilities with constant maturities of three, six, nine and twelve months derived from options on three-month EURIBOR futures contracts peaked at the end of the review period (see Chart 23). The strongest increases were observed for implied volatilities at longer maturities, while rates on long-dated EONIA swaps reached historically low levels.

Looking at the overnight maturity, the EONIA declined slightly overall to stand at 0.335% on 5 June (the sole exception being a very modest spike on the last day of the first quarter, when it stood at 0.388%). The very large amounts of excess liquidity in the overnight money market – a result mainly of the two three-year LTROs settled in December 2011 and March 2012 – continued to be reflected in strong recourse to the deposit facility. In this environment, the spread between the EONIA and the main refinancing rate remained negative throughout the review period.

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

(percentages per annum; daily data)



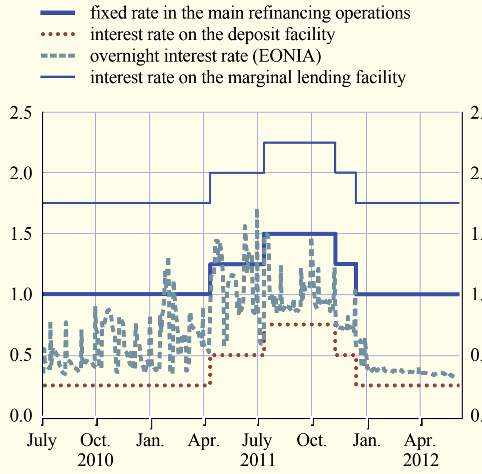
Sources: Thomson Reuters and ECB calculations.
Notes: This measure is calculated in two stages. First, implied volatilities derived from options on three-month EURIBOR futures are converted by expressing them in terms of logged prices instead of logged yields. Second, the resulting implied volatilities,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

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

The ECB also conducted weekly one-week liquidity-absorbing operations with a variable rate tender procedure and maximum bid rates of 1% in the third, fourth and fifth maintenance periods of 2012. With these liquidity-absorbing operations, the ECB offered to absorb an amount equal to the value of the purchases made under the Securities Markets Programme, which totalled €212.1 billion on 5 June.

Chart 24 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Thomson Reuters.

The review period was characterised by very high levels of excess liquidity, with average daily recourse to the deposit facility in the third, fourth and fifth maintenance periods of 2012 standing at €770 billion. By comparison, average daily recourse to the deposit facility totalled €495 billion in the three previous maintenance periods (see also Box 4 below).

Box 4

LIQUIDITY CONDITIONS AND MONETARY POLICY OPERATIONS IN THE PERIOD FROM 15 FEBRUARY TO 8 MAY 2012

This box describes the ECB's open market operations during the reserve maintenance periods ending on 13 March, 10 April and 8 May. Over these periods, all euro refinancing operations continued to be conducted by means of fixed rate tender procedures with full allotment.

Following a decision by the Governing Council on 8 December 2011, two liquidity-providing longer-term refinancing operations were conducted, each having a maturity of approximately three years and the option of early repayment after one year. While the first operation was allotted on 21 December 2011, the allotment of the second operation was on 29 February 2012, i.e. during the period under review.

In addition, in view of the fact that the maturity dates of other operations were close to the launch of the two three-year longer-term refinancing operations, the Governing Council decided to conduct two one-day liquidity-providing fine-tuning operations, on 20 December 2011 and 28 February 2012. The latter operation took place during the period covered by this box.

During the period under review, the Governing Council decided to keep the key ECB interest rates unchanged.

Liquidity needs of the banking system

During the period under review, the banking system's aggregate daily liquidity needs – defined as the sum of autonomous factors, reserve requirements and excess reserves (i.e. current account holdings in excess of reserve requirements) – averaged €426.0 billion. This amount was €7.5 billion lower than the daily average recorded in the previous three maintenance periods (i.e. the period from 9 November 2011 to 14 February 2012).

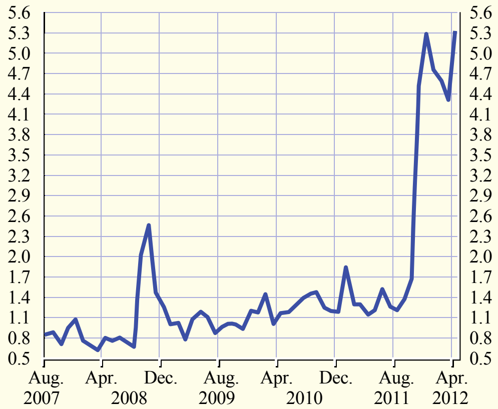
This decline in liquidity needs was the combined result of a decrease in reserve requirements (reflecting a decision by the Governing Council to reduce the reserve ratio from 2% to 1% as of 18 January 2012) and an increase in liquidity needs stemming from autonomous factors. Reserve requirements stood at €105.0 billion on average over the last three maintenance periods, down from €177.7 billion in the previous three maintenance periods. At the same time, autonomous factors increased by €65.3 billion to €316.3 billion on average. Excess reserves averaged €4.7 billion over the last three maintenance periods, broadly in line with the level observed in the previous three maintenance periods[1] (see Chart A). Excess reserves thus continued to be elevated by comparison with the first half of 2011 and earlier periods.

Liquidity supply

During the period under review, total net liquidity supplied by means of open market operations averaged €1,145.1 billion. This amount represents an increase of €343.1 billion relative to the previous three maintenance periods. Tender operations[2] provided an average of €863.4 billion, €333.1 billion more than in the previous review period, mainly as a result of the increase in liquidity provided through the second three-year longer-term refinancing operation (see Chart B).

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

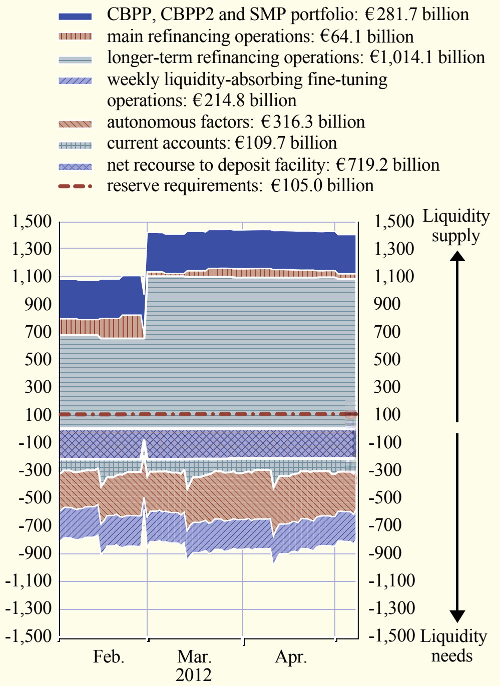
(EUR billions; average level in each maintenance period)



Source: ECB.

Chart B Liquidity needs of the banking system and liquidity supply

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



Source: ECB.

1 For further information on the factors that influence excess reserves, see the box entitled "Excess reserves and the ECB's implementation of monetary policy", *Monthly Bulletin*, ECB, October 2005.
2 Tender operations include main refinancing operations, longer-term refinancing operations and fine-tuning operations, the last of which can be either liquidity-providing or liquidity-absorbing.

The average amount of liquidity provided by longer-term refinancing operations increased by €455.8 billion with respect to the previous period. The average amount of liquidity supplied by one-week main refinancing operations decreased by €115.8 billion, while the average amount of liquidity absorbed by the weekly fine-tuning operations increased by €6.9 billion.

Together, the first and second covered bond purchase programmes (the CBPP and CBPP2) and the Securities Markets Programme (SMP) resulted in liquidity that averaged €281.7 billion during the review period. This figure was slightly higher than the average of the previous three maintenance periods.

The liquidity provided through the CBPP, under which the last purchases were made on 30 June 2010, stood at €56.6 billion on 8 May 2012, down marginally from the previous review period, on account of maturing amounts. On 8 May 2012 settled purchases under CBPP2 – which was launched on 3 November 2011 – reached a level of €11.1 billion, while the net value of settled purchases under the SMP stood at €214.2 billion, compared with €219.3 billion on 14 February 2012, on account of maturing amounts. The weekly fine-tuning operations absorbed all the liquidity provided by the SMP.

Use of standing facilities

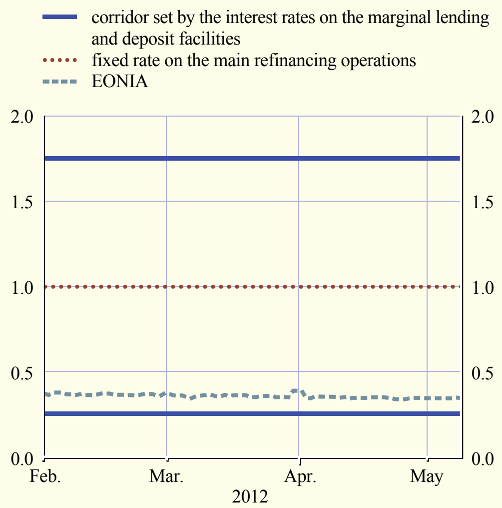
Overall, the increase in the supply of liquidity combined with the marginal decrease in liquidity needs resulted in a rise in average excess liquidity to €725.9 billion in the period under review (up from €373.4 billion in the previous review period). Recourse to the marginal lending facility decreased from an average of €4.4 billion in the previous three maintenance periods to an average of €2.1 billion in the period under review. At the same time, in line with the ample liquidity conditions, average recourse to the deposit facility increased to €721.2 billion, up from €372.9 billion. Average net recourse[3] to the deposit facility amounted to €719.2 billion. The increase in both gross and net recourse to the deposit facility, which was recorded from 1 March onwards, reflected, as expected, the additional liquidity provided by the second three-year longer-term refinancing operation.

Interest rates

During the period under review, following decisions by the Governing Council, the rates on the main refinancing operations, the deposit

Chart C The EONIA and ECB interest rates

(daily interest rates in percentages)



Source: ECB.

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

facility and the marginal lending facility were left unchanged at 1.00%, 0.25% and 1.75% respectively.

As liquidity remained ample in the period under review, the EONIA and other very short-term money market rates remained broadly stable and well below the main refinancing rate (see Chart C). In the period under review, the EONIA averaged 0.35%.

2.4 BOND MARKETS

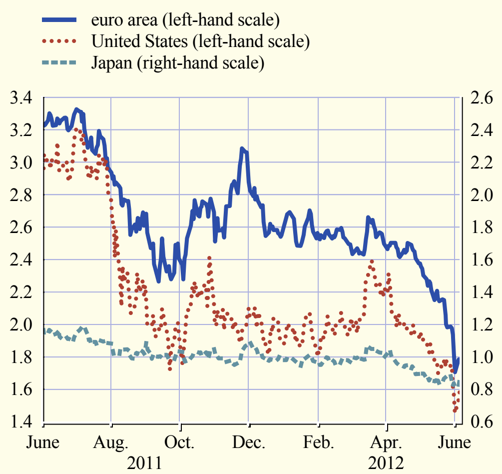
Between 1 March and 5 June 2012 yields on AAA-rated long-term government bonds declined overall by around 70 basis points in the euro area and 50 points in the United States. Long-term government bond yields in the euro area tended to rise in the first part of March but subsequently entered a prolonged phase of decline, driven primarily by increasing market concerns about the near-term economic outlook, declining confidence and negative developments in the euro area debt crisis. Long-term government bond yields in the United States evolved broadly in line with those in the euro area over the whole review period. In the euro area, differentials vis-à-vis yields on German bonds tended to rise overall, especially in April and May, against the background of sizeable declines recorded by yields on AAA-rated government bonds. Uncertainty about future bond market developments, as measured by implied bond market volatility, has risen somewhat in the euro area since the beginning of March, while it has not changed notably in the United States over the same period. Market-based indicators have continued to suggest that medium to long-term inflation expectations remain fully consistent with price stability.

Between 1 March and 5 June yields on AAA-rated long-term government bonds declined overall in the euro area and in the United States, by around 70 and 50 basis points respectively (see Chart 25). On 5 June yields had reached 1.8% in the euro area and 1.6% in the United States – values which are close to the lowest seen in the two areas since 1999.

The downward movement of yields on AAA-rated long-term government bonds in the euro area and in the United States between March and early June was almost continuous, apart from an increase in yields in both areas in early March. In this period yields were supported by economic releases still pointing to a benign growth outlook and developments related to the provision of liquidity to the banking system by the Eurosystem through the three-year LTRO carried out on 29 February, as well as the agreement of 9 March on the Greek sovereign debt restructuring. These factors contributed

Chart 25 Long-term government bond yields

(percentages per annum; daily data)



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

to easing the tensions prevailing in financial markets and to lowering the perceived likelihood of extreme events occuring in the euro area.

Yields on AAA-rated euro area long-term government bonds started to decline in the second half of March, amid data releases pointing to a weakening economic outlook. US long-term bond yields also declined in this period, albeit to a lesser extent, despite the fact that macroeconomic releases confirmed overall that the US economy continued to recover. In April, whereas bond yields in the euro area declined by approximately 10 basis points, to around 2.4%, they registered a more sizeable drop of around 30 basis points, to 1.9%, in the United States, a significant acceleration in the pace of their decline relative to March. Overall, the decline in long-term bond yields in the United States in April, which returned to the levels prevailing in early March, was consistent with both the releases of mixed economic data and a reassessment of economic growth prospects. By contrast, yields on AAA-rated euro area long-term government bonds exhibited a much lower sensitivity in this period to both increasing growth-related concerns and renewed financial and political tensions in some euro area countries.

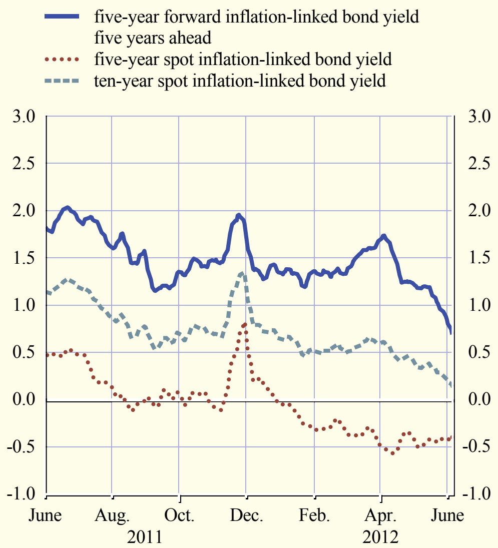
Between early May and early June long-term bond yields declined significantly, by around 60 basis points in the euro area and by 40 basis points in the United States, mainly on account of additional evidence of a deceleration in the pace of economic expansion in advanced economies over the short term. In addition, US bond yields may also have been affected by higher uncertainty induced by economic releases which continued to provide mixed signals about the expected strength of the US economy, while in the euro area the presence of cross-country heterogeneity in current economic growth may have exacerbated the impact of growth expectations on yields. Furthermore, the decline in yields on AAA-rated bonds in the euro area since May has taken place against the background of renewed tensions, both in the political environment and in financial markets.

Despite a sizeable decline in long-term bond yields over the review period, investors' uncertainty about near-term bond market developments, as measured by option-implied volatility, rose to only a limited extent in the euro area in the period under review, while it remained broadly stable in the United States. From a somewhat longer perspective, implied bond market volatility has remained significantly lower than the peaks recorded in November 2011, when it rose to around 12% in the euro area and 9.5% in the United States. However, bond market volatility in the euro area remains high by historical standards. The current level for the euro area is around 2 percentage points higher than the value prevailing just before the default of Lehman Brothers, while the volatility of the corresponding US bonds is around 3 percentage points below that peak. Overall, this seems to suggest that market participants' concerns have recently been more focused on developments in the euro area. Moreover, the demand for "safe-haven" assets, as proxied by liquidity premia on German government bonds relative to those on agency bonds, was again elevated in the period under review, reaching a peak at the end of April, supporting the view that, overall, bond market sentiment remained fragile.

From the beginning of March to 5 June bond yields in all AAA-rated countries within the euro area declined by between 60 and 90 basis points, on account of, among other factors, lower growth expectations as well as flight-to-safety flows. Changes in the perceptions of default risk do not seem to have played a role in lowering yields on AAA-rated sorvereign bonds, as five-year euro area sovereign credit default swap premia rose overall in the euro area, quite irrespective of countries' ratings. Developments among the other euro area countries were rather diverse, with long-term

Chart 26 Euro area zero coupon inflation-linked bond yields

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



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

Chart 27 Euro area zero coupon break-even inflation rates and inflation-linked swap rates

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

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

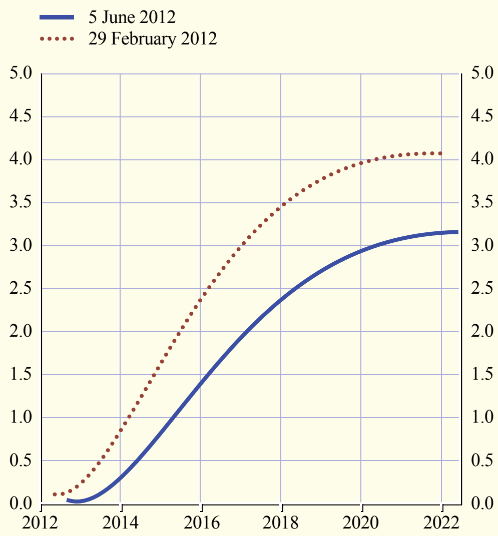
yields declining in Belgium, Portugal and Greece, by between 70 and 600 basis points, and increasing conversely in Ireland, Italy and Spain, by between 40 and 145 basis points. The spreads of sovereign ten-year bond yields vis-à-vis those of German sovereign bonds have risen overall since early March, with the exception of Austria and Finland, where they declined by around 20 and 15 basis points respectively, and of Greece and Portugal, where they declined by 550 and 110 basis points respectively.

The yield on five-year inflation-linked euro area government bonds remained broadly stable in the period under review, with the real yield standing at -0.4% in early June, while the yield on those with a maturity of ten years declined by around 40 basis points, with a real yield of zero (see Chart 26). Reflecting the different movements of five-year and ten-year nominal spot and real yields, the implied forward break-even inflation rates in the euro area (five-year forward five years ahead) declined by around 25 basis points, to 2.1%, in the period under review (see Chart 27). The inflation swap rate with the same time horizon also declined by 25 basis points over the same period, to stand at around 2.1% in early June. Overall, taking into account not only market volatility and distortions amid high liquidity premia, but also inflation risk premia, market-based indicators suggest that inflation expectations remain fully consistent with price stability.

The general pattern of AAA-rated long-term euro area bond yields can be decomposed into changes in interest rate expectations (and related risk premia) at different horizons (see Chart 28). However, with short-term rates having remained broadly stable over the review period, most of the movements

Chart 28 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.

in the term structure of forward rates originated from declines in medium and long-term yields, which amounted to between 50 and 80 basis points between the beginning of March and early June.

Overall, between early March and early June spreads on investment-grade corporate bonds issued by non-financial corporations (relative to the Merrill Lynch EMU AAA-rated government bond index) recorded a slight decline for AAA-rated issuers, while they rose for issuers rated AA, A and BBB. In the case of bonds issued by financial corporations, spreads widened for all rating classes.

In the initial part of the review period bond spreads tended overall to decline for both financial and non-financial corporate issuers. The compression of the spreads in this period prolonged the tendency that started around the beginning of 2012 and may have reflected the overall decline in risk perceptions, as signalled by the marked decline in the VIX index, reduced funding pressures for financial institutions after the Eurosystem's two three-year LTROs in December 2011 and February 2012 and the exchange of the Greek debt at the auction on 9 March. The decline in spreads started to become less uniform in April. In this month, in fact, spreads rose by around 10 basis points for AAA and BBB-rated non-financial corporate issuers, and by around 10 and 60 basis points for A and BBB-rated financial corporate issuers respectively, while between May and early June, in line with the renewed increase in global uncertainty and the higher cost attached to liquidity, spreads rose for all rating classes and sectors, by between 15 and 55 basis points for non-financial corporate issuers and by between 15 and 180 basis points for financial corporate issuers.

2.5 EQUITY MARKETS

Between 1 March and 5 June 2012 stock prices declined by around 17% in the euro area and by approximately 6.5% in the United States. Similarly to long-term bond yields, equity prices in the euro area increased in the first part of March, on account of positive data releases and improved market sentiment in the aftermath of the second three-year LTRO and the completion of the Greek debt restructuring. Thereafter, however, stock prices in the euro area followed a declining trend, which was particularly sharp in the financial sector, amid data releases pointing to a weakening short-term economic outlook and a re-emergence of financial and political concerns. In the United States, the composite index of equity prices has also declined since mid-March, with the financial sector and the non-financial sector contributing to a broadly comparable extent. Stock market uncertainty, as measured by implied volatility, rose notably in both economic areas and currently stands near the levels prevailing around mid-December 2011.

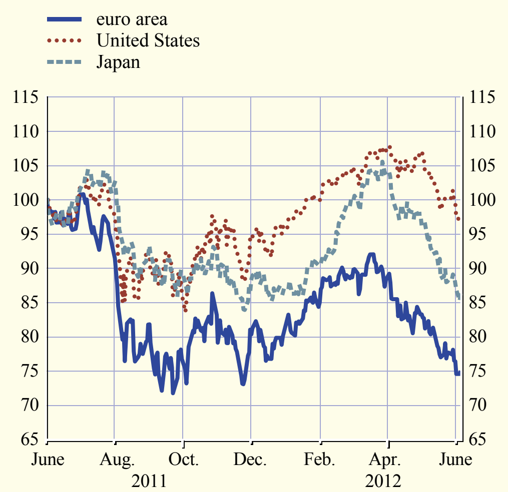
Between 1 March and 5 June 2012 the composite equity price index fell by around 17% in the euro area, while the comparable US index declined by 6.5% (see Chart 29). In the euro area, stock prices declined sharply in the financial sector (-25%). In the United States, by contrast, both the financial and the non-financial sub-indices declined by around 7%, thus contributing to a broadly similar extent to the decline in the composite US equity market index. In comparison, broad equity indices declined by around 11% in the United Kingdom and by 14% in Japan in the three months to early June. The losses recorded by the equity indices in the euro area and the United States took place in a context characterised by increasing risk perceptions, as signalled by the rise in volatility implied in equity index options (see Chart 21). The heightened risk perceptions reflected a re-assessment of global growth as well as the re-emergence of political and financial market tensions within the euro area and market perceptions of the likelihood of their spillover to global financial markets. Overall, over the three months to early June the implied volatility of equity price indices rose by 13 percentage points in the euro area and by 7 percentage points in the United States, to 32% and 22% respectively.

In the initial part of the review period stock prices in both economic areas rose, as positive sentiment was supported by a decline in market perceptions of the likelihood of extreme adverse events in the euro area as well as by continuing positive economic data releases in the United States. In particular, equity prices in the euro area rose by around 4% between 29 February – when the second three-year LTRO was carried out by the Eurosystem – and 19 March, in the aftermath of the completion of the Greek debt restructuring.

In that period, against the background of rising equity valuations, stock market uncertainty, as measured by implied volatility, tended to decrease marginally in the euro area and in the

Chart 29 Stock price indices

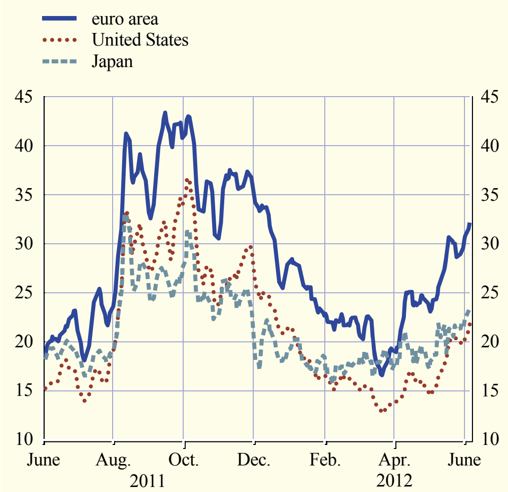
(index: 1 June 2011 = 100; daily data)



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

Chart 30 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, reaching in early April levels as low as last seen in May 2011 (see Chart 30). While such levels of uncertainty were still elevated in historical terms, reflecting, among other factors, the existence of downward risks to global growth as well as the presence of concerns about the evolution of the euro area sovereign debt crisis, they were close to the values recorded at the beginning of 2007, when the turbulences in the US sub-prime mortgage market had yet to affect financial markets.

In the initial part of the review period the financial sub-indices of the equity markets in the two economic areas overall tended to lead the movements of the respective composite indices. In particular, the financial sub-indices in the two areas recorded larger rises than the composite indices until approximately 19 March, primarily on account of the positive results of the stress-testing exercise carried out among major US banks, the easing of tensions in financial markets and the releases of economic data signalling a continuing economic recovery in the United States.

In late March stock prices started to decline, initially at a quicker pace in the euro area relative to the United States and subsequently at approximately the same speed in the two areas. In fact, equity prices dropped by around 6.5% in the euro area in April, while the corresponding loss in the United States was only around 0.5%. The different developments in equity prices in the two economic areas in this period may have reflected, among other factors, renewed market concerns about fiscal developments and political uncertainty in some euro area countries, as well as the expected effects of the review by one credit rating agency of the ratings of a large number of European banks. In this part of the review period equity prices declined in a majority of euro area countries in both the financial sector and the non-financial sector, although the former tended to lead the movements of the composite index, falling by around 10%. In the United States, developments in the financial and non-financial sub-indices were by contrast much more similar, posting declines of around 1.5% and 0.5% respectively.

In May and early June the decline recorded by the equity price indices in the two economic areas became more uniform (around -10% in the euro area and -9% in the United States between the beginning of May and 5 June). During that period share prices were affected by further signs of a deceleration in global economic activity and a loss in confidence, as well as increasing perceptions of sovereign and corporate default risks within the euro area and their likely effects on the global financial market.

The sectoral sub-indices of the euro area equity market overall recorded a broad-based decline in the three months to 5 June, although with some notable differences (see Table 4). Relative to the euro area composite index, which declined by 17% over the review period, losses were particularly sharp in the financial, the oil and gas, and the utility sectors, where prices retrenched by between 20% and 25%. By contrast, in the industrial sector as well as in the consumer goods and services sectors, losses were more or less in line with the decline in the composite index. In the United States, where the composite index declined by 7% in the review period, sectoral developments were also broadly negative, although much more diverse than in the euro area.

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

(percentages of end-of-period prices)

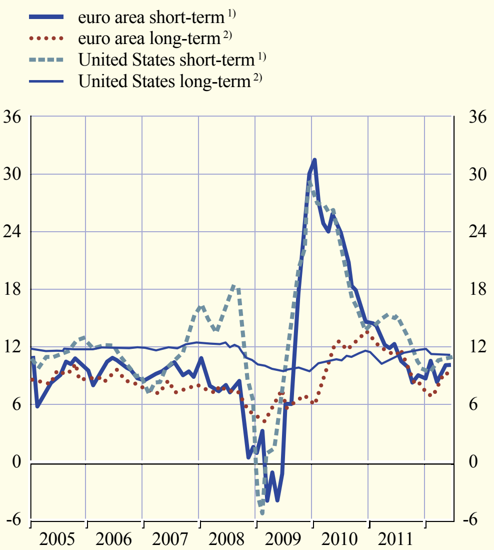
	EURO STOXX	Basic materials	Consumer services	Consumer goods	Oil and gas	Financial	Health-care	Industrial	Tech-nology	Tele-communi-cations	Utility
Share of sector in market capitalisation *(end-of-period data)*	100.0	10.6	6.8	18.5	7.9	18.5	6.4	14.6	4.8	5.4	6.6
Price changes *(end-of-period data)*											
Q1 2011	3.6	-0.3	-1.8	-3.2	8.4	8.5	4.8	4.4	5.0	6.0	3.5
Q2 2011	-1.7	3.0	-2.9	7.0	-6.2	-5.0	11.5	-1.3	-8.8	-6.5	-6.8
Q3 2011	-23.1	-28.9	-17.4	-20.0	-19.1	-30.9	-9.2	-27.4	-15.9	-14.4	-18.5
Q4 2011	5.1	13.1	5.6	9.1	18.6	-1.8	11.3	6.5	1.9	-3.6	-4.3
Q1 2012	9.5	14.2	5.2	15.3	1.4	11.3	5.5	12.7	21.6	-5.0	1.3
Apr. 2012	-5.7	-3.0	-5.0	-0.3	-6.3	-12.2	0.6	-4.1	-8.4	-8.8	-8.7
May 2012	-8.2	-7.7	-6.0	-5.2	-7.9	-13.0	-1.9	-8.3	-7.7	-10.2	-10.7
29 Feb. 12 – 5 June 12	-15.5	-14.9	-12.7	-7.7	-18.2	-24.7	1.8	-14.4	-15.9	-18.3	-19.5

Sources: Thomson Reuters and ECB calculations.

The largest losses were recorded for the oil and gas and the basic materials sectors, where valuations declined by 18% and 15% respectively, while financial stocks declined by 8% and the consumer goods and services sectors by only 4% and 2% respectively.

Chart 31 Expected growth in corporate earnings per share in the United States and the euro area

(percentages per annum; monthly data)



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

For euro area corporations that are included in the Dow Jones EURO STOXX index, data on corporate earnings show that the rate of growth of actual earnings, computed over the previous twelve months, continued to decline over the review period, from around -7% in March to -10% at the end of May. At the same time, the growth in earnings per share projected by market participants for the period 12 months ahead remained broadly stable at around 9% between March and May while, over the same period, long-term expected growth in earnings per share rose by around 1 percentage point, to 9% (see Chart 31).

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

Between January and April 2012 the real cost of financing for euro area non-financial corporations declined, reflecting a decline in the cost of market-based debt and in short-term lending rates. With regard to financial flows, the annual growth of lending to non-financial corporations moderated to 0.3% in the first *quarter of 2012. Weak loan growth rates owe much to weak economic conditions, elevated credit risk and subdued loan demand. Debt securities issuance by non-financial corporations increased further in the first quarter of 2012.*

FINANCING CONDITIONS

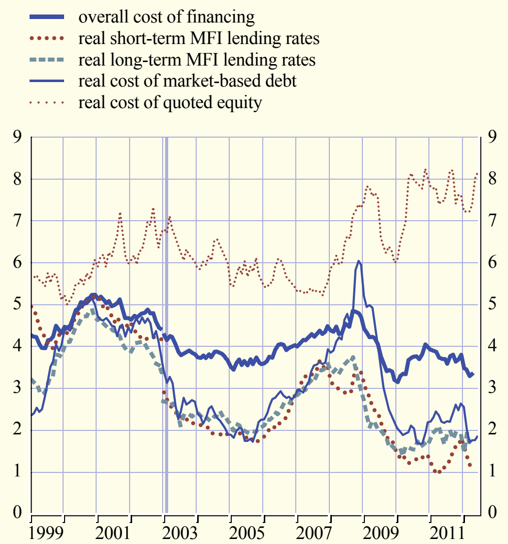
The real cost of external financing for euro area non-financial corporations – as calculated by weighting the costs of different sources of financing on the basis of their outstanding amounts, corrected for valuation effects – declined by about 15 basis points between January and April 2012, to stand at 3.35% in April (see Chart 32).

The decline in the overall cost of financing is due to the particularly pronounced contraction in the real cost of market-based debt and short-term borrowing rates. The real cost of market-based debt declined by about 80 basis points, to 1.8%, while real short-term lending rates fell by 53 basis points, to 1.1%. Over the period under review the real cost of quoted equity and real long-term lending rates increased by about 16 and 30 basis points respectively, to 7.0% and 1.8%. More recent data up to the end of May indicate a sharp increase in the real cost of quoted equity of about 80 basis points, owing to the fall in equity prices, while the real cost of market-based debt increased by about 10 basis points. Taking a longer-term perspective, in April 2012 the overall real cost of financing for euro area non-financial corporations remained at low levels by historical standards. This applies to all sources of financing, with the exception of the real cost of equity.

In the period between January and April 2012 nominal MFI interest rates on new loans to non-financial corporations tended to decline across most loan sizes and maturities, with the exception of long-term interest rates on large loans (see Table 5). More specifically, short-term interest rates declined by 26 basis points for large loans (over €1 million), while those on small loans (up to €1 million) decreased by 19 basis points. Long-term MFI interest rates on large loans increased by 57 basis points, while rates on small loans remained broadly unchanged. The decline in short-term lending rates to non-financial corporations reflects to some extent the lagged pass-through of the cuts in the key ECB interest rates and the effectiveness of the most recent non-standard measures in addressing bank funding constraints. However, the divergence in the dynamics of short and long-term bank lending rates reflects the recent re-emergence of tensions in financial markets. In the period under review seven-year government bond yields fell by 18 basis points for the euro area as a whole, although with significant heterogeneity across countries.

Chart 32 Real cost of the external financing of euro area non-financial corporations

(percentages per annum; monthly data)



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

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

(percentages per annum; basis points)

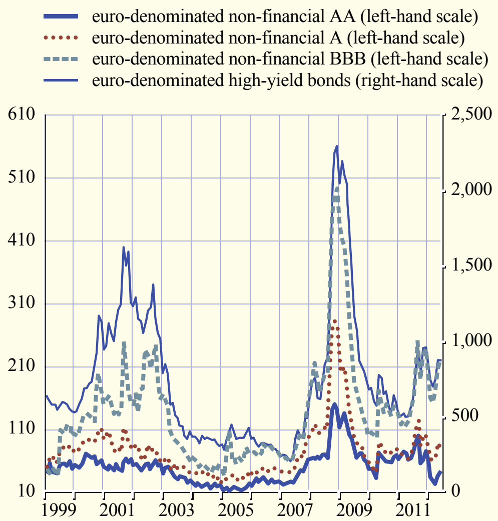
	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Mar. 2012	Apr. 2012	Change in basis points up to April 2012[1] Jan. 2011	Jan. 2012	Mar. 2012
MFI interest rates on loans									
Bank overdrafts to non-financial corporations	4.01	4.27	4.40	4.47	4.40	4.25	25	-21	-15
Loans to non-financial corporations of up to €1 million									
with a floating rate and an initial rate fixation of up to one year	3.69	3.94	4.18	4.43	4.20	4.19	74	-19	-1
with an initial rate fixation of over five years	4.19	4.39	4.19	4.17	4.21	4.21	35	1	0
Loans to non-financial corporations of over €1 million									
with a floating rate and an initial rate fixation of up to one year	2.63	2.92	2.91	3.16	2.52	2.54	9	-26	2
with an initial rate fixation of over five years	3.84	3.29	3.69	3.74	3.46	3.54	-20	57	8
Memo items									
Three-month money market interest rate	1.24	1.55	1.55	1.36	0.78	0.71	-36	-42	-7
Two-year government bond yield	1.79	1.65	0.74	0.41	0.39	0.32	-116	-13	-7
Seven-year government bond yield	3.19	2.89	1.96	2.08	1.90	1.80	-116	-18	-10

Source: ECB.
1) Figures may not add up due to rounding.

Spreads between non-financial corporate bond yields and government bond yields continued to be volatile across all rating classes between December 2011 and May 2012. Corporate bond spreads fell in the period to March 2012 in the case of corporate bonds with intermediate and lower ratings, and in the period to April 2012 in the case of bonds with high ratings. Spreads on high-yield and BBB-rated corporate bonds narrowed by 257 and 85 basis points respectively between December 2011 and March 2012. Those on AA and A-rated bonds fell by 49 and 40 basis points respectively in the period to April 2012. Narrower corporate bond spreads reflected a positive tone set in the market after the two three-year LTROs in particular. Corporate bond spreads have nevertheless increased again recently for all rating categories, reflecting tensions in financial markets amid a weaker economic outlook and the re-emergence of political concerns. Spreads on corporate bonds widened particularly in the case of BBB-rated corporate bonds and high-yield bonds.

Chart 33 Corporate bond spreads of non-financial corporations

(basis points; monthly averages)



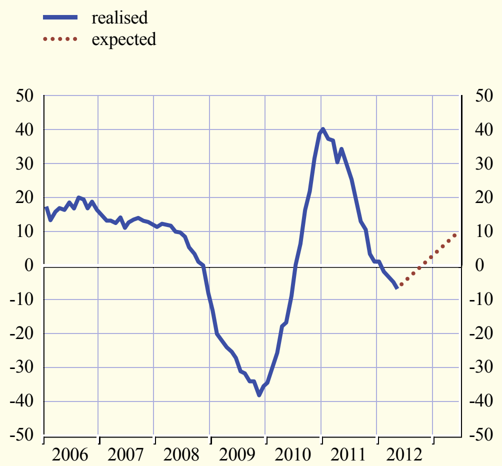
Sources: Thomson Reuters and ECB calculations.
Note: Non-financial bond spreads are calculated against the AAA-rated government bond yields.

FINANCIAL FLOWS

Indicators of the profitability of euro area non-financial corporations point to a still positive performance in the first quarter of 2012. At the same time, the annual growth rate of earnings per share for listed non-financial corporations in the euro area fell substantially, from about 34%

Chart 34 Earnings per share of listed non-financial corporations in the euro area

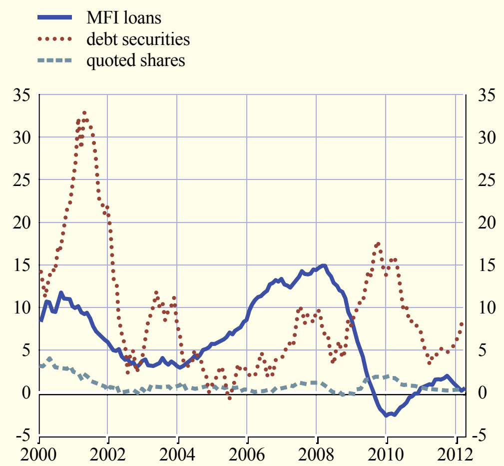
(annual percentage changes; monthly data)



Sources: Thomson Reuters and ECB calculations.

Chart 35 External financing of non-financial corporations broken down by instrument

(annual percentage changes)



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

in May last year, to -6.3% in May 2012. For the first time since the summer of 2010 negative growth rates were recorded in February and March 2012 (see Chart 34). Looking ahead, market participants expect a smooth recovery over the coming months.

With regard to external financing, the recovery in MFI lending to non-financial corporations observed since 2010 has lost momentum since the fourth quarter of 2011. The decline in the rate of growth of MFI lending to non-financial corporations has been concomitant with an increase in issuance activity of debt securities over the same period (see Chart 35). The more buoyant issuance activity of non-financial corporations was mainly driven by issuance of long-term fixed rate debt securities, while issuance of short-term debt securities made only a very small contribution. In contrast, issuance of long-term floating rate securities continued to decline. In the same period the annual growth rate of issuance of quoted shares by non-financial corporations increased somewhat, driven by the decline in the cost of quoted equity. According to data provided by market participants, issuance activity in the first quarter of 2012 was mainly related to companies in the industrial and automotive sectors.

The annual growth rate of bank lending to non-financial corporations slowed to 0.3% in the first quarter of 2012 (see Table 6), reflecting a significant decline in the annual growth rate of short-term lending (with maturities of up to one year) and a moderate decline in the annual growth rate of long-term lending (with maturities of over five years). Weak loan growth rates owe much to subdued economic activity and the associated credit risk, although supply-side constraints may be playing a role as well.

The results of the euro area bank lending survey for the first quarter of 2012 show a decline in demand for loans to non-financial corporations, which fell at a much faster rate than in the previous quarter (see Chart 36). This decline was driven primarily by a fall in the financing needs of firms for fixed investment and, to a lesser extent, for mergers and acquisitions. A slight decline in financing needs linked to inventories and working capital also contributed, together with a

Table 6 Financing of non-financial corporations

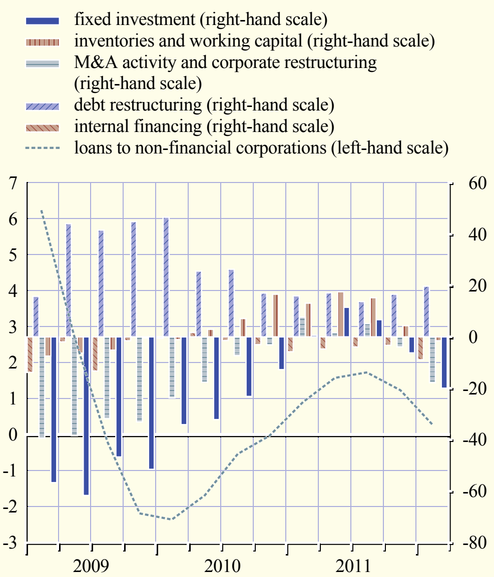
(percentage changes; end of quarter)

	Annual growth rates				
	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1
MFI loans	0.9	1.6	1.7	1.2	0.3
Up to one year	0.0	4.2	4.0	1.9	-0.4
Over one and up to five years	-2.3	-3.0	-3.0	-2.3	-2.9
Over five years	2.4	2.0	2.3	2.1	1.6
Debt securities issued	4.8	4.2	4.8	5.4	8.0
Short-term	-4.2	2.9	19.3	17.0	13.0
Long-term, *of which:*[1)]	5.7	4.4	3.4	4.4	7.5
Fixed rate	7.3	5.4	4.3	5.0	8.0
Variable rate	-1.0	-1.9	-3.8	-1.0	-0.9
Quoted shares issued	0.5	0.4	0.3	0.3	0.4
Memo items[2)]					
Total financing	2.2	2.5	2.6	2.3	-
Loans to non-financial corporations	2.0	2.8	2.6	2.3	-
Insurance technical reserves[3)]	0.3	0.3	0.3	0.2	-

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

Chart 36 Loan growth and factors contributing to non-financial corporations' demand for loans

(annual percentage changes; net percentages)



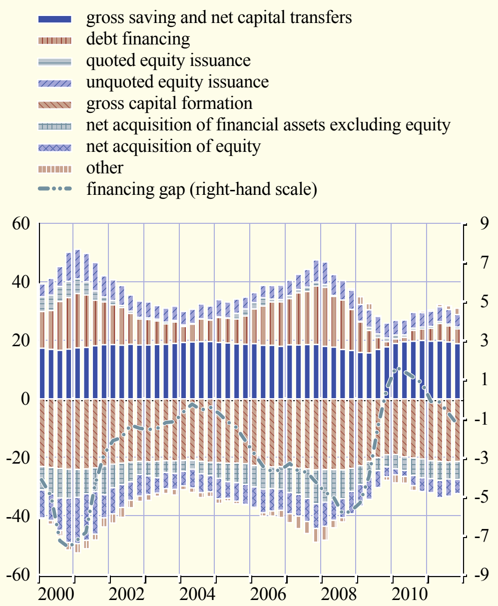
Source: ECB.
Notes: The net percentages refer to the difference between the percentage of banks reporting that the given factor contributed to an increase in demand and the percentage reporting that it contributed to a decrease.

moderate decline related to higher availability of internal funds. According to banks, the decline in net demand for loans was about the same for small and medium-sized companies and for large firms. At the same time, the net tightening of credit standards on loans to non-financial corporations declined substantially in the first quarter of 2012, reflecting milder funding cost pressures and balance sheet constraints, particularly regarding banks' access to funding and their liquidity position. Looking ahead, banks expect a further decline in the net tightening of credit standards and a rise in demand for corporate loans.

The financing gap of (or net borrowing by) non-financial corporations – i.e. the difference between their outlays for real investment and their internally generated funds (gross savings) – declined in the fourth quarter of 2011 on the basis of four-quarter moving sums of euro area accounts data (see Chart 37). At -1.3%, the financing gap remained relatively small by historical standards, despite signs of normalisation over the previous quarters, on

Chart 37 Savings, financing and investment of non-financial corporations

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



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

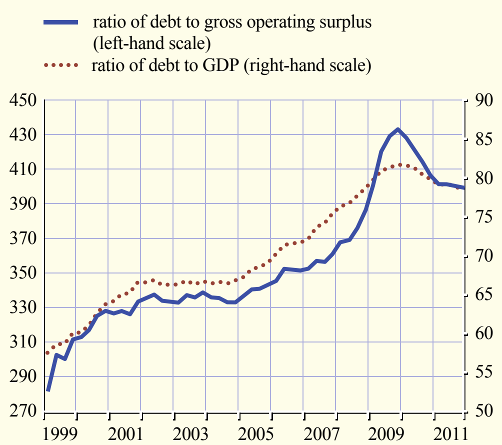
the back of relatively low capital formation and high internally generated funds. Looking at the breakdown of euro area enterprises' saving, financing and investment, it appears that corporate real investment (gross fixed capital formation) remains predominantly financed through internal funds at the current juncture.

FINANCIAL POSITION

In the fourth quarter of 2011, on the basis of euro area accounts statistics, indebtedness in the non-financial corporate sector continued to decline, both in terms of the ratio of debt to GDP, which fell to 78%, and in terms of the ratio of debt to gross operating surplus, which fell to just below 400% (see Chart 38). For the non-financial corporate sector, the reversal in the leveraging process started in 2010 and is continuing, although in most countries rather gradually. After the sharp drop recorded in the period from the end of 2008 to the first half of 2010, the interest burden of non-financial corporations increased again in the period to the third quarter of 2011 (see Chart 39). After stabilising in the fourth quarter of 2011, the interest burden declined in January 2012, albeit remaining above its long-term average.

Chart 38 Debt ratios of non-financial corporations

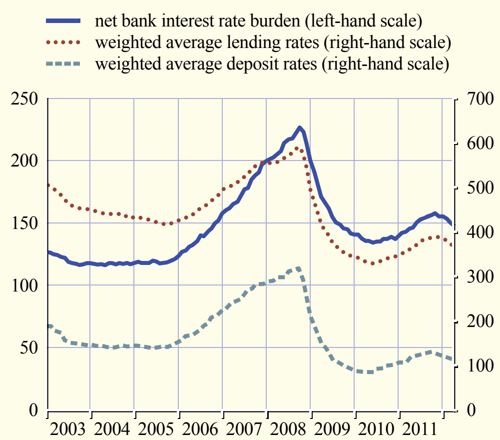
(percentages)



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

Chart 39 Net bank interest rate burden of non-financial corporations

(basis points)



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

2.7 FINANCIAL FLOWS AND FINANCIAL POSITION OF THE HOUSEHOLD SECTOR

Euro area households' financing conditions in the first quarter and April 2012 were characterised by a decline in the majority of bank lending rates. Moreover, according to the April 2012 bank lending survey, banks reduced their net tightening of credit standards on loans to households. The annual growth rate of MFI lending to households adjusted for loan sales and securitisation declined gradually further in the first four months of 2012. Thus, the latest data continue to point to subdued developments in household borrowing. Households' interest payment burden and the ratio of household debt to gross disposable income are estimated to have remained broadly unchanged in the first quarter of 2012.

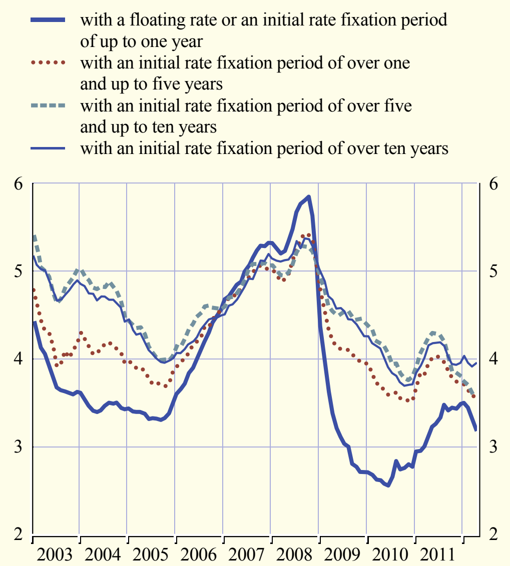
FINANCING CONDITIONS

The financing costs of the euro area household sector declined slightly both in the first quarter of 2012 and in April, being driven mainly by declines in MFI interest rates on new loans for house purchase, while those on other lending decreased only marginally. By contrast, MFI interest rates on new loans for consumer credit increased slightly. Overall, the latest data indicate that interest rates on new loans to households have benefited from the Eurosystem's liquidity-providing measures – particularly the three-year LTROs conducted in December 2011 and February 2012 – which allowed banks to secure medium-term funding at low cost.

Looking at a breakdown of new loans to households by purpose, the first four months of 2012 saw declining interest rates for all of the main categories of loan for house purchase, from loans with floating rates or short initial rate fixation periods (i.e. loans with rate fixation periods of up to one year) to loans with medium and long initial rate fixation periods (i.e. loans with rate fixation periods of over one and up to five years and those with rate fixation periods of more than five years; see Chart 40). These declines were especially noticeable from February to April, resulting partly from the pass-through of declines in banks' overall financing costs (i.e. financing via both deposits and debt securities) from December 2011 onwards. Although declines in interest rates on new loans for house purchase were observed for most euro area countries, especially from February to April, considerable cross-country heterogeneity remained.

Chart 40 MFI interest rates on loans to households for house purchase

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



Source: ECB.

As regards new loans to households for consumer credit in the first four months of 2012, increases in interest rates were somewhat larger for loans with long initial rate fixation periods than for loans with floating rates or short initial rate fixation periods, while interest rates on loans with medium initial rate fixation periods remained broadly stable. At the same time, the share of loans with long initial rate fixation periods increased at the expense of loans with floating rates or short initial rate fixation periods, suggesting that a significant part of the change in the composition of consumer credit may have been demand-driven. As regards interest rates on other new lending to households, slight declines were observed for loans with floating rates or short initial rate fixation periods, while rates for loans with medium to long initial rate fixation periods remained broadly stable.

According to the April 2012 bank lending survey, euro area banks reduced their net tightening of credit standards on loans to households in the first quarter of 2012. Declining pressures stemming from the cost of market-based funding and balance sheet constraints – which can, to some extent, be associated with the positive impact of the two three-year LTROs on banks' funding conditions – were the main factors reported by banks as driving this decline in net tightening. Other factors included an improvement in banks' expectations regarding general economic activity and housing market prospects. However, the decline reported in the net tightening of credit standards translated into only a slight moderation in the net tightening of price-related terms and conditions.

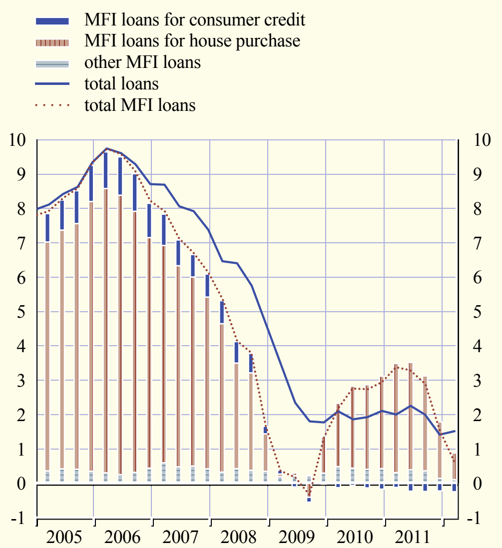
FINANCIAL FLOWS

Total lending to the euro area household sector weakened further in the fourth quarter of 2011 (the most recent quarter for which data from the euro area accounts are available), mirroring subdued lending activity in both the MFI and non-MFI sectors. As a result, the annual growth rate of total loans to households declined to 1.4%, down from 2.0% in the third quarter. The annual growth rate of total MFI credit to households (not adjusted for loan sales or securitisation) declined to 1.6% in the fourth quarter, having stood at 3.0% in the third quarter. Loan sales and securitisation activity – which frequently result in household loans being shifted between the MFI and OFI sectors – were particularly strong in October, reflecting the creation of collateral eligible for Eurosystem operations. As a result, the annual growth rate of non-MFI loans to households increased to 0.6%, up from -2.9% in the previous quarter. Estimates for the first quarter of 2012 point to the annual growth rate of total loans to households stabilising at a low level (see Chart 41).

Looking at MFI data that are available for the first quarter and April 2012, annual growth in lending to households has weakened further in recent months. The annual growth rate of MFI loans to households declined further to stand at 0.5% in April 2012, down from 1.6% in December 2011, reflecting a gradual moderation in the monthly flows of loans to households. Since loan sales and securitisation activity were limited in the first four months of 2012, a decline – albeit a less significant decline – can also be seen in the annual growth rate of MFI loans to households adjusted for the impact of loan sales and securitisation.

Chart 41 Total loans granted to households

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



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

Indeed, in April 2012 that adjusted rate stood at 1.5% (see Section 2.1 for details), down from 1.9% in December 2011. At the same time, significant cross-country heterogeneity has continued to characterise loan developments in the euro area in recent months.

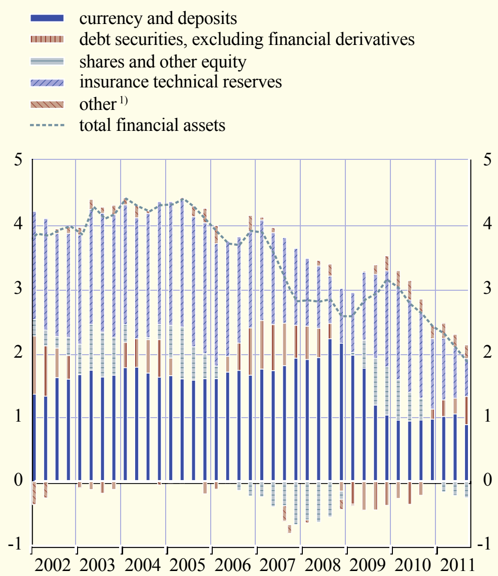
The annual growth rate of MFI loans for house purchase adjusted for loan sales and securitisation declined gradually further, continuing the trend observed since mid-2011, and stood at 2.4% in April 2012, down from 2.8% in December 2011. This reflected the further subdued (adjusted) monthly flows observed for mortgage loans in recent months, although March and April saw some signs of increases relative to the levels observed since mid-2011. However, loans for house purchase continued to account for the bulk of MFIs' lending to households. Loans to households for consumer credit and other lending also contributed to the weakening in total MFI loans to households. Indeed, monthly outflows were observed for both loan categories, particularly from February to April. As a result, the annual growth rates of these two categories declined gradually further, with the annual growth rate of consumer credit standing at -2.4% in April (down from -1.8% in December), while that of other lending stood at 0.5% in April (down from 0.9% in December).

Looking at the underlying causes of the fairly weak growth seen for MFI lending to households, the April 2012 bank lending survey revealed a further strong contraction in net demand for all types of credit in the first quarter of 2012. The ongoing deterioration of housing market prospects and consumer confidence were the main factors explaining the reduced demand for loans for house purchase, while respondents reported that reduced household spending on consumer durables, increased savings and declining consumer confidence had depressed consumer credit. This assessment is confirmed by developments in indicators of consumer confidence. Despite signs of a modest recovery in the first quarter of 2012, these point to a further decline in April and suggest that confidence remains at low levels. Looking ahead, banks expect further – albeit significantly smaller – declines in net demand for both loans for house purchase and consumer credit in the second quarter of 2012.

Turning to the asset side of the euro area household sector's balance sheet, the annual growth rate of total financial investment by households declined further to stand at 1.9% in the fourth quarter of 2011 (down from 2.1% in the previous quarter), thereby continuing the downward trend observed since mid-2010 (see Chart 42). This moderation was driven largely by declines in the contributions made by currency and deposits and insurance technical reserves. By contrast, the contribution made by debt securities (excluding financial derivatives) increased somewhat, while that made by shares and other equity was broadly unchanged (thus remaining negative). These developments may partially reflect households' attempts to shift funds towards better remunerated assets,

Chart 42 Financial investment of households

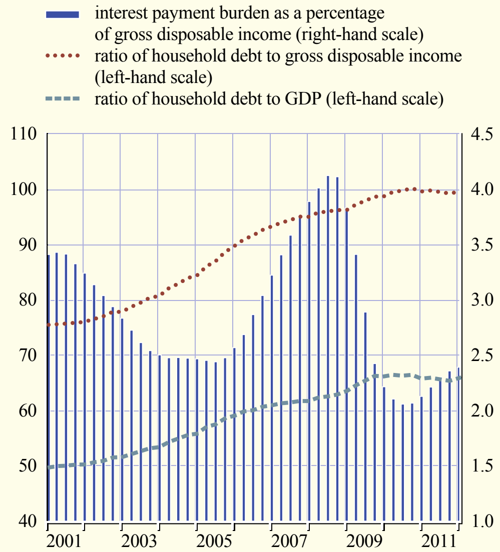
(annual percentage changes; contributions in percentage points)



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

Chart 43 Household debt and interest payments

(percentages)



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

as well as their reluctance to hold risky assets in the context of persistent economic and financial market uncertainty.

FINANCIAL POSITION

The ratio of household debt to nominal gross disposable income is estimated to have stood at 99.7% in the first quarter of 2012 (see Chart 43), broadly unchanged from mid-2010, as only minor changes were observed for both disposable income and total indebtedness. The household sector's interest payment burden is estimated to have remained broadly unchanged at 2.4% of disposable income in the first quarter of 2012, after increasing marginally in the previous three quarters, reflecting the above-mentioned minor changes in households' disposable income and total indebtedness and a marginal decline in interest rates. As a result, households' interest payment burden remains low by historical standards. Households' debt-to-GDP ratio is estimated to have increased slightly in the quarter under review, standing at 65.9%, up from 65.4% in the previous quarter.

3 PRICES AND COSTS

Euro area annual HICP inflation was 2.4% in May 2012, according to Eurostat's flash estimate, after 2.6% in the previous month. Inflation is likely to stay above 2% for the remainder of the year, mainly owing to developments in energy prices and indirect taxes. However, on the basis of current futures prices for commodities, annual inflation rates should fall below 2% again in early 2013. Looking ahead, in an environment of modest growth in the euro area and well-anchored long-term inflation expectations, underlying price pressures should remain subdued. The June 2012 Eurosystem staff macroeconomic projections for the euro area foresee annual HICP inflation in a range between 2.3% and 2.5% for 2012 and between 1.0% and 2.2% for 2013. In comparison with the March 2012 ECB staff macroeconomic projections, there is a narrowing of the projection ranges for 2012 and 2013. The risks to the medium-term outlook for price developments remain broadly balanced. Upside risks pertain to further increases in indirect taxes, owing to the need for fiscal consolidation, and higher than expected commodity prices over the medium term. The main downside risks relate to the impact of weaker than expected growth in the euro area.

3.1 CONSUMER PRICES

According to Eurostat's flash estimate, headline HICP inflation declined from 2.6% in April 2012 to 2.4% in May, its lowest level since March 2011 (see Table 7). Since the end of 2010 the annual inflation rate has been clearly above 2%, driven mainly by the strong growth in prices for energy and food, as well as by pronounced increases in indirect taxes and administered prices in some euro area economies. In the first four months of this year energy prices were pushed up by higher oil prices and excise taxes on fuel in some countries, as well as by the effects of the past depreciation of the euro.

In April 2012, the last month for which an official breakdown of the HICP is available (see Chart 44), the annual rate of change in the energy component fell to 8.1%, from 8.5% in March, thus continuing the downward trend that had started in December 2011, when it declined to 9.7% from the double-digit rates of increase observed over the previous 12 months. Contrary to expectations, crude oil prices in euro terms rose further at the beginning of 2012, peaking at €94.2 per barrel on average in March. Hence, the annual rate of change in energy prices remained just below 10% in January and February 2012, reflecting strong month-on-month increases that were

Table 7 Price developments

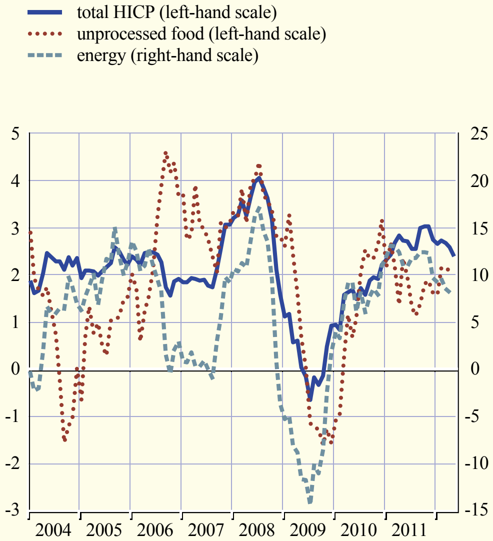
(annual percentage changes, unless otherwise indicated)

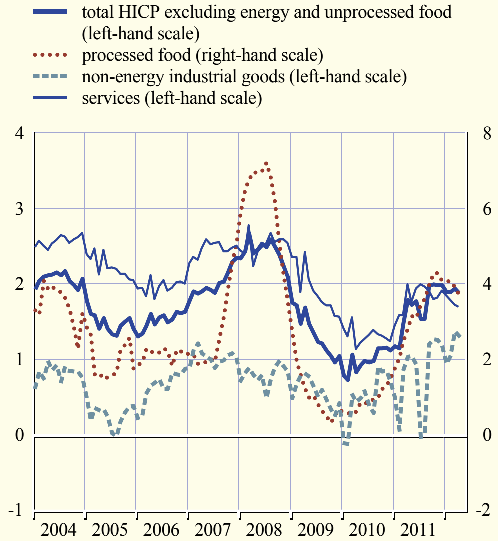
	2010	2011	2011 Dec.	2012 Jan.	2012 Feb.	2012 Mar.	2012 Apr.	2012 May
HICP and its components								
Overall index [1]	1.6	2.7	2.7	2.7	2.7	2.7	2.6	*2.4*
Energy	7.4	11.9	9.7	9.2	9.5	8.5	8.1	.
Unprocessed food	1.3	1.8	1.6	1.6	2.2	2.2	2.1	.
Processed food	0.9	3.3	4.1	4.1	4.1	3.9	3.7	.
Non-energy industrial goods	0.5	0.8	1.2	0.9	1.0	1.4	1.3	.
Services	1.4	1.8	1.9	1.9	1.8	1.8	1.7	.
Other price indicators								
Industrial producer prices	2.9	5.9	4.3	3.9	3.7	3.5	2.6	.
Oil prices (EUR per barrel)	60.7	79.7	81.7	86.2	89.7	94.2	91.4	86.0
Non-energy commodity prices	44.6	12.2	-6.7	-4.6	-7.5	-5.2	-3.8	-0.2

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

Chart 44 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)





Source: Eurostat.

partly counterbalanced by the downward base effects stemming from energy price increases at the beginning of 2011. The further declines in the annual rate of change in energy prices in March and April were driven by rather strong downward base effects, which more than offset an increase in energy prices on a month-on-month basis. In particular, the annual rate of increase in prices for liquid fuels, fuels and lubricants for personal transport equipment and gas declined in April, while that in prices for electricity increased.

The annual rate of change in the food component of the HICP rose steadily in the course of 2011, to over 3% as of September. In April 2012 it was 3.1%, down from 3.3% in February and March. The upward trend in food price inflation over the course of 2011 was particularly visible in the processed food component (excluding tobacco), owing to increases in the prices of commodity-intensive items, such as dairy products, oils and fats and, in particular, coffee and tea. Recent developments in EU internal market prices for food commodities suggest that the impact of the food price shock subsided at the beginning of 2012. This should reduce pipeline pressures in the food production chain in the near term. In addition, the annual rate of change in producer prices for food items slowed to 2.8% in April, from its peak of 8.1% in April and May 2011.

Excluding all food and energy items, which represent around 30% of the HICP basket, annual HICP inflation was 1.6% in April 2012 and has hovered around this level since September 2011. HICP inflation excluding total food and energy is determined predominantly by domestic factors, such as wages, profit mark-ups and indirect taxes, and it consists of two main components, namely non-energy industrial goods and services. Since 2011 annual inflation rates in both these components have been affected by increases in value added tax (VAT) in several euro area countries. Nevertheless, the developments in these two components have been very different.

In 2011 non-energy industrial goods inflation was on an upward trend. This had started in the second quarter of 2010, owing to the pass-through of the previous exchange rate depreciation and commodity price increases, as well as to the impact of hikes in indirect taxes. In the last few months of 2011 non-energy industrial goods inflation stood at around 1.2%, following a high degree of volatility earlier in the year as result of the introduction of a new regulation on the treatment of seasonal products in the HICP. In the first two months of 2012 the annual rate of change in non-energy industrial goods prices hovered around 1.0%. Following the end of the winter sales, however, it rose again, standing at 1.4% in March and 1.3% in April.

Following weaker developments in 2010, services price inflation rose notably in the first few months of 2011. From April of that year, it then stabilised around 1.9%, until the beginning of 2012. In April 2012 services inflation declined to 1.7%, its lowest level since March 2011. This decline is attributable to lower annual rates of change in communication, transport and miscellaneous services, which more than offset increases in the prices of recreation and personal services.

3.2 INDUSTRIAL PRODUCER PRICES

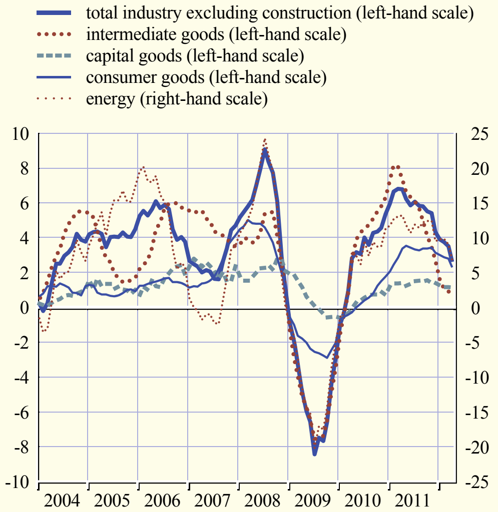
Owing primarily to greater global demand for raw materials, supply chain pressures rose steadily from their trough in the summer of 2009 until recently. As a result, industrial producer price inflation increased in late 2010 and the first half of 2011. Since then, the annual rate of change in producer prices has declined, mainly reflecting the fluctuations in commodity prices (see Table 7 and Chart 45). Excluding construction, industrial producer price inflation fell to 2.6% in April 2012, down from 3.5% in March. This decline was due to both downward base effects and subdued monthly rates of change in the energy, intermediate goods and non-food consumer goods components. Over the same period, producer price inflation excluding construction and energy fell to 1.3%, down from 1.6%.

Focusing on the later stages of the production chain, the annual rate of change in consumer food prices has been on a gradual downward trend since the second half of 2011, falling further from 3.6% in March 2012 to 3.2% in April. Further decreases are expected in the short term as a lagged response to ongoing declines in the annual rate of change in EU food commodity prices. The annual rate of change in the non-food consumer goods component also fell in April, to 1.0% from 1.4% in the previous month, thus continuing its decline from the historically elevated levels reached at the end of 2011. This decrease, together with lower import price inflation, signals some easing of pipeline pressures in the non-energy industrial goods component of the HICP.

Survey indicators for selling prices in industry, which lead PPI developments, decreased further in May 2012 (see Chart 46). European Commission survey data on selling price expectations eased, owing to declines in expectations in the intermediate goods industries. With regard to the Purchasing Managers' Index, the output price index for the manufacturing sector decreased marginally, from 50.5 in April 2012 to 50.4 in May, while the input price index fell more strongly, from 56.7 in April to 52.3 in May, in line with the recent declines in commodity prices. Over the same period, in the services sector, the input price index continued its downward trend, while the output price index increased slightly, but nevertheless remained below the threshold value of 50.

Chart 45 Breakdown of industrial producer prices

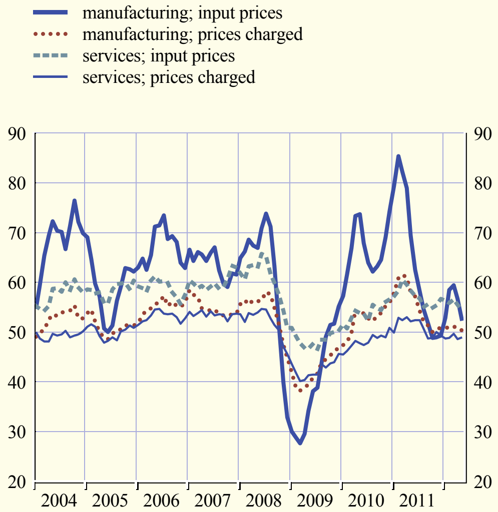
(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

Chart 46 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.

3.3 LABOUR COST INDICATORS

Reflecting the improvement in labour market conditions, labour cost indicators in the euro area increased gradually in the first few months of 2011 (see Table 8 and Chart 47). Later in the year they stabilised at a somewhat higher level than in 2010.

Euro area negotiated wages – the only indicator that is available for the first quarter of 2012 – grew by 2.0% year on year in March 2012, compared with 2.1% in February. Focusing on quarterly developments, negotiated wages grew by 1.9% in the first quarter of 2012, compared with 2.0% in the fourth quarter of 2011. This implies a broad stabilisation after the acceleration witnessed up to September 2011.

Other wage indicators also showed some signs of stabilisation towards the end of 2011. Growth in compensation per employee stood at 2.2% year on year in the fourth quarter of the year, virtually

Table 8 Labour cost indicators

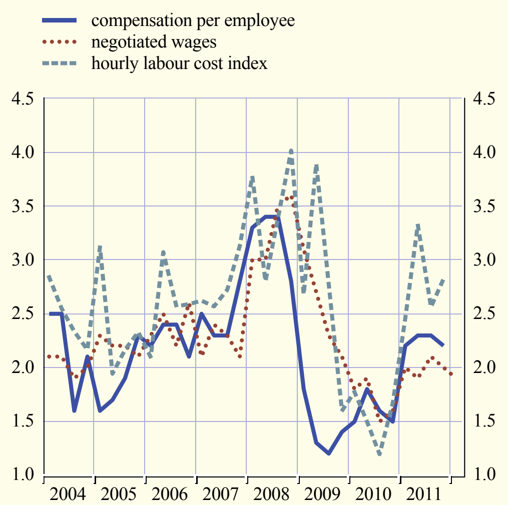
(annual percentage changes, unless otherwise indicated)

	2010	2011	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1
Negotiated wages	1.7	2.0	2.0	1.9	2.1	2.0	1.9
Hourly labour cost index	1.5	2.8	2.5	3.3	2.6	2.8	.
Compensation per employee	1.6	2.3	2.2	2.3	2.3	2.2	.
Memo items:							
Labour productivity	2.5	1.3	2.2	1.3	1.1	0.9	.
Unit labour costs	-0.9	0.9	0.0	1.0	1.2	1.3	.

Sources: Eurostat, national data and ECB calculations.

Chart 47 Selected labour cost indicators

(annual percentage changes; quarterly data)



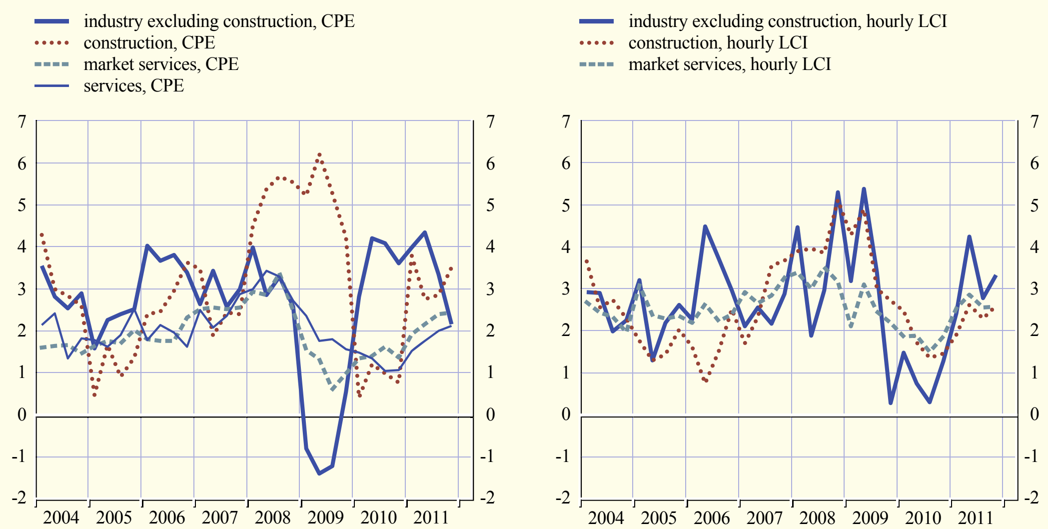
Sources: Eurostat, national data and ECB calculations.

unchanged from the previous three quarters. At the same time, unit labour cost growth increased further to 1.3% year on year, slightly up from the 1.2% observed in the third quarter. This was due primarily to a decline in the annual growth rate of labour productivity, from 1.1% in the third quarter to 0.9% in the fourth quarter, on the back of slower output growth. The annual rate of growth in hourly labour costs increased to 2.8% in the fourth quarter, compared with 2.6% in the previous quarter, mainly reflecting developments in the industrial sector and the construction sector (see Chart 48). Non-wage costs continued to grow at a faster rate than the wages and salaries component of euro area hourly labour costs.

Since 1999 several euro area countries have experienced substantial losses in competitiveness. These losses in relative price and cost competitiveness are reflected, inter alia, in HICP inflation rates or in growth rates of unit labour costs that have been persistently above the euro area average. Box 5 reviews the developments in price and cost competitiveness within the euro area and their implications.

Chart 48 Sectoral labour cost developments

(annual percentage changes; quarterly data)



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

Box 5

REBALANCING OF COMPETITIVENESS WITHIN THE EURO AREA AND ITS IMPLICATIONS FOR INFLATION

The need for a rebalancing of competitiveness positions

The period since 1999 has seen substantial losses in the price and cost competitiveness of several euro area countries.[1] These losses in relative price and cost competitiveness are, for instance, reflected in HICP inflation rates or in growth rates of unit labour costs that have been persistently above the euro area average (see Charts A and B). Such above average increases in prices and costs can be attributed partly to the normal process of real and nominal convergence that was triggered by the different levels of economic development at the start of Stage Three of EMU.[2] In several euro area countries, however, these increases reflected losses in competitiveness which were, and still are, associated with nominal excesses fuelled, for instance, by wage growth that has been persistently out of line with sustainable productivity gains, or by increases in public and private sector debt that have been persistently out of line with income developments and created excess demand.[3] With the start of the crisis, the losses in competitiveness turned out to be particularly detrimental to employment wherever they were associated with large current account or fiscal deficits, or with housing bubbles. In this respect, the losses in price and cost competitiveness in a number of countries are part of a wider set of macroeconomic imbalances (see Box 7, entitled "The 2012 macroeconomic imbalance procedure").

The bursting of the housing bubble in several countries and the more general reassessment of growth prospects and fiscal positions by markets in the wake of the financial crisis revealed the need for a process of major economic adjustment. Chart A shows that, when comparing developments up to 2007 with those up to 2011, average differentials in annual unit labour cost growth relative to the euro area have already come down somewhat in a few countries which recorded losses in competitiveness. However, while part of the correction seen thus far reflects countries' structural measures to correct relative price and cost developments on a more lasting basis, part of it also reflects labour shedding in low productivity sectors, which pushed up aggregate productivity in several countries. Chart B demonstrates a similar pattern for average annual HICP inflation differentials, which rose in the years up to 2007, but have adjusted more recently towards lower differentials.

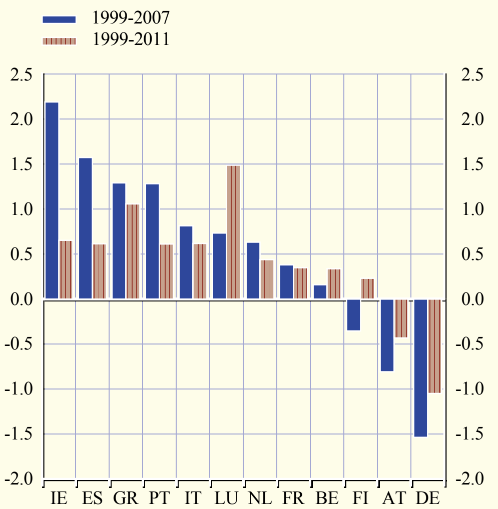
1 The box mainly refers to the 12 EU Member States that had joined the euro area by 2001, i.e. Belgium, Germany, Ireland, Greece, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Those Member States that have joined the euro area more recently are excluded, given that issues of real and nominal convergence play an important role in explaining inflation differentials in those countries.

2 Empirical work that has tried to quantify catching-up effects (in the form of Balassa-Samuelson effects) has been unable to find unambiguous evidence of such effects at play after the start of Stage Three of EMU. Earlier studies on the Balassa-Samuelson effect in the euro area (e.g. Hofmann, B. and Remsperger, H. "Inflation differentials among the euro area countries: potential causes and consequences", conference paper presented at the 2005 ASSA annual meeting; and Katsimi, M., "Inflation divergence in the euro area: the Balassa-Samuelson effect", *Applied Economics Letters*, Vol. 11, No 5, pp. 329-332) did not find any significant contribution of cross-country price convergence to national inflation rates in Stage Three of EMU. Some Balassa-Samuelson effects in a group of euro area countries between 1992 and 2001 were set out in Wagner, M., "The Balassa-Samuelson effect in East and West, differences and similarities", *Economic Series*, No 180, Institute for Advanced Studies, Vienna, 2005.

3 See the article entitled "Monitoring labour cost developments across euro area countries", *Monthly Bulletin*, ECB, November 2008; and, for a sectoral view, the box entitled "A sectoral account perspective of imbalances in the euro area", *Monthly Bulletin*, ECB, February 2012.

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

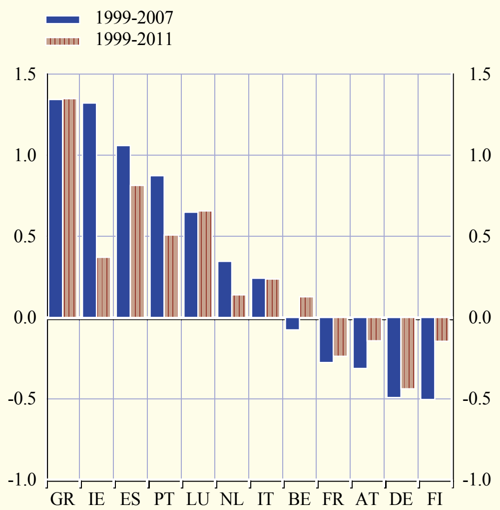
(percentage points)



Sources: Eurostat and ECB calculations.
Notes: Countries are grouped in descending order for the period 1999-07. The data for Greece only cover the periods 2001-07 and 2001-11. The chart only covers the 12 EU Member States that had joined the euro area by 2001.

Chart B Average annual HICP inflation differentials relative to the euro area average

(percentage points)



Sources: Eurostat and ECB calculations.
Notes: Countries are grouped in descending order for the period 1999-2007. The data for Greece only cover the periods 2001-07 and 2001-11. The chart only covers the 12 EU Member States that had joined the euro area by 2001.

Charts A and B also show that there is still a substantial need for rebalancing in order to restore competitiveness positions. To continue the rebalancing process, countries will need to engage in courageous measures to enhance both price and non-price competitiveness. In this respect, the set of measures, and the degree to which they are used, may vary across countries. A significant genuine reduction in unit labour costs (lower wages and/or higher productivity) and excess profit margins are particularly urgent in countries with high unemployment and low competition.

First, flexibility in the wage determination process has to be strengthened in several euro area countries. Second, permanent increases in labour productivity strengthen competitiveness adjustment, as they lower unit labour costs and increase potential output at the same time. Productivity gains strengthen not only price competitiveness, but also non-price competitiveness. However, raising productivity (by way of process and product innovation, labour force skills, or business environment factors) typically requires courageous policy action on structural reforms (e.g. the liberalisation of closed professions and immigration, the reorientation of spending towards education and research and development, reforms of key framework conditions, such as amending judicial and regulatory frameworks to enhance their business friendliness, etc.). Such reforms are often hindered by privileged groups and vested interests, and can take considerable time to have visible effects. Third, excessive profit margins, which are particularly prevalent in domestically oriented sectors (predominantly services sectors), limit competition. Structural reform measures can address excessive rents by removing obstacles to both domestic and international competition, in particular in the sheltered professions, for instance by removing high entry barriers for new firms (and generally reducing red tape).

Rebalancing competitiveness across euro area countries implies that price and cost growth in countries that have previously seen excesses in this respect need to be significantly lower than the euro area average during a transition phase. At the same time, several of the euro area economies that increased their competitiveness in the past are likely to temporarily experience price and cost growth above the euro area average. However, the more competitive countries need to avoid – also in this transition phase – excessive wage increases that would lead to higher unemployment.

Maintaining price stability in the euro area as a whole

It is the ECB's mandate to keep prices in the euro area as a whole stable over the medium term. Inflation rates in individual countries, or specific inflation differentials resulting from the rebalancing of individual euro area countries' positions in terms of competitiveness, cannot be tackled by the single monetary policy. However, by focusing on its primary objective of maintaining price stability for the euro area as a whole, the ECB's monetary policy contributes to an anchoring of longer-term inflation expectations in individual euro area countries.

The design of the ECB's monetary policy framework takes the existence of inflation differentials across countries into account. The Governing Council of the ECB has defined price stability as a year-on-year increase in the HICP for the euro area of below 2%. It aims to keep annual HICP inflation below, but close to, 2% over the medium term. The definition of price stability provides a sufficient margin for inflation differentials in the euro area.

As noted above, national policy-makers need to introduce structural reforms to restore competitiveness positions. As a natural consequence of the rebalancing of competitiveness positions, relative prices between competitors inside the monetary union will change over time and return the euro area to a more stable equilibrium. This is a desirable process, during which the Governing Council's aim of keeping inflation below, but close to, 2% over the medium term, will provide a clear anchor for medium-term inflation expectations throughout the euro area as a whole. Maintaining price stability in the euro area as a whole over the medium term is the best possible contribution the ECB can make to a smooth adjustment process.

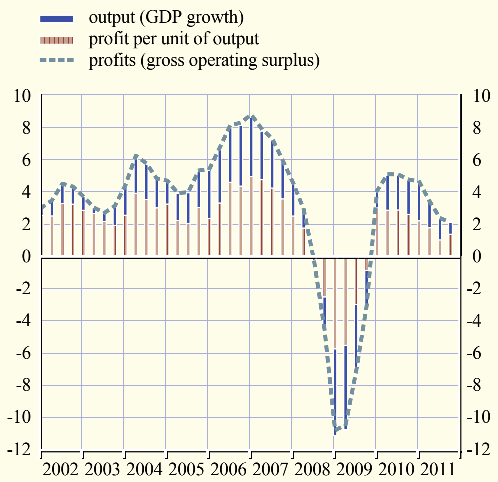
3.4 CORPORATE PROFIT DEVELOPMENTS

Growth in corporate profits (measured in terms of gross operating surplus) declined marginally further in the fourth quarter of 2011, to 2.1% year on year, after standing at around 3.5% on average in the first three quarters of the year (see Chart 49). The marked slowdown in corporate profit growth in the course of 2011 reflects the moderation in annual GDP growth and unit profit growth (margin per unit of output) as a result of the notable decline in productivity growth. The level of profits remained about 2% below its peak before the 2008-09 recession, during which profits had declined by about 11%.

With regard to the large economic sectors, year-on-year corporate profit growth in the market services sector was 1.0% in the fourth quarter, unchanged from the third quarter and lower than in the first and second quarters, when it stood at 2.5% and 2.2% respectively. In the industrial sector (excluding construction), it fell to 4.2%, which is markedly below the average rate of

Chart 49 Breakdown of euro area profit growth into output and profit per unit of output

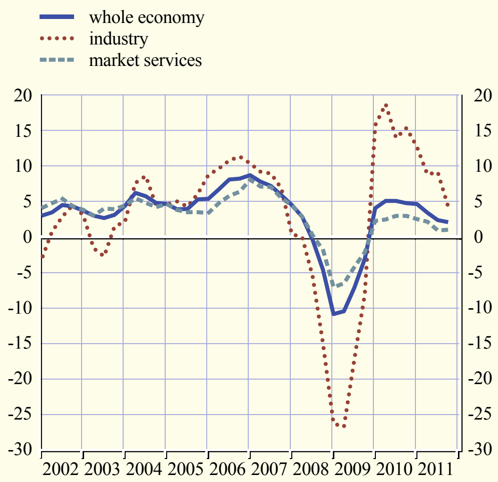
(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.

Chart 50 Euro area profit developments by main branch of activity

(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.

growth observed in the previous three quarters (see Chart 50). Quarter on quarter, corporate profit growth remained broadly unchanged in the market services sector, but decreased strongly in the industrial sector.

3.5 THE OUTLOOK FOR INFLATION

Euro area annual HICP inflation was 2.4% in May 2012, according to Eurostat's flash estimate, after 2.6% in the previous month. Inflation is likely to stay above 2% for the remainder of the year, mainly owing to developments in energy prices and indirect taxes. However, on the basis of current futures prices for commodities, annual inflation rates should fall below 2% again in early 2013. Looking ahead, in an environment of modest growth in the euro area and well-anchored long-term inflation expectations, underlying price pressures should remain subdued.

In more detail, the short-term inflation outlook continues to depend heavily on oil prices. Oil prices have fallen significantly since March 2012. At the end of May they were – in US dollar terms – around 7% below the levels reached in March. In euro terms, however, the decline was smaller, as the euro depreciated vis-à-vis the US dollar during that period. Nevertheless, as suggested by oil futures prices, the annual rate of change in the energy component of the HICP is expected to decline moderately in the coming months.

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

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

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

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

The June 2012 Eurosystem staff macroeconomic projections for the euro area foresee annual HICP inflation in a range between 2.3% and 2.5% for 2012 and between 1.0% and 2.2% for 2013. Compared with the March 2012 ECB staff macroeconomic projections, there is a narrowing of the projection ranges for 2012 and 2013.

The risks to the medium-term outlook for price developments remain broadly balanced. Upside risks pertain to further increases in indirect taxes, owing to the need for fiscal consolidation and higher than expected commodity prices. The main downside risks relate to the impact of weaker than expected growth in the euro area.

Over the last few years forecasts for euro area headline HICP inflation from international organisations and private sector institutions have frequently been revised upwards. Box 6 reviews official forecasts of euro area headline inflation from a longer-term perspective and discusses the sources of the bias.

Box 6

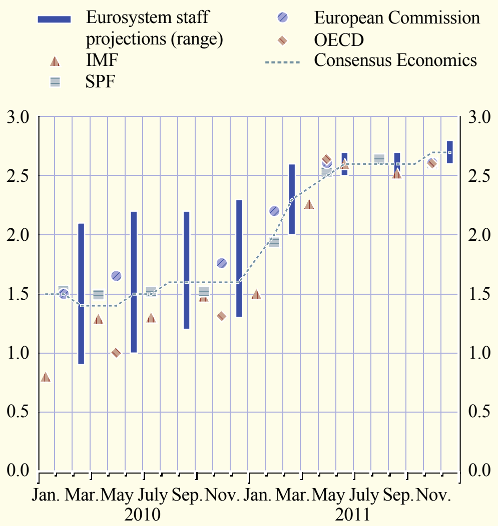
THE FORECAST BIAS FOR EURO AREA HICP INFLATION

Over the last few years forecasts for euro area headline HICP inflation, from both international organisations and private sector institutions, have frequently been revised upwards.[1] As can be seen from Chart A, which shows the evolution of HICP inflation forecasts for the calendar year 2011 from the IMF, the ECB Survey of Professional Forecasters (SPF), Consensus Economics, the OECD and the European Commission, as well as the corresponding Eurosystem staff projection ranges, the inflation outcome of 2.7% was underpredicted in all the forecasts. Chart B shows that forecasts for the calendar year 2012 have also been subject to significant upward revisions.

1 For simplicity, the HICP predictions analysed in this box are typically referred to as “forecasts”, although technically they may be better described as “projections”.

Chart A Evolution of official forecasts for average annual euro area HICP inflation in 2011

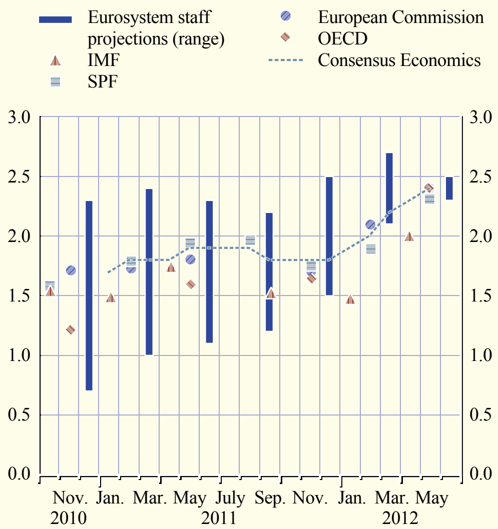
(average annual percentage changes)



Sources: IMF, ECB, Consensus Economics, OECD and European Commission.
Note: The x-axis refers to the date when the respective forecasts were finalised.

Chart B Evolution of official forecasts for average annual euro area HICP inflation in 2012

(average annual percentage changes)



Sources: IMF, ECB, Consensus Economics, OECD and European Commission.
Note: The x-axis refers to the date when the respective forecasts were finalised.

Taking a longer-term perspective, this box shows that official forecasts have tended to systematically underpredict euro area headline HICP inflation and discusses the sources of this bias.

Bias in HICP inflation forecasts over the period 2002-11

The following analysis is based on various forecasts for annual euro area headline HICP inflation over the period 2002-11. For each calendar year, four forecast rounds are separately evaluated, namely the spring and autumn rounds of the preceding and current year. For example, for 2011, the spring and autumn forecasts from 2010 and 2011 are considered. The forecast bias is understood as the average difference between the forecast and the final outcome. A systematic underprediction thus results in a negative bias. Chart C presents the bias in the forecasts by the five international organisations and private sector institutions mentioned above. Since the Eurosystem staff macroeconomic projections only provide ranges, the table reports the percentage of the rounds in which actual HICP inflation was either above the upper end or below the lower end of the range.

HICP inflation outside the Eurosystem staff projection ranges over the period 2002-11

(percentage of the rounds with actual inflation either above or below the published ranges)

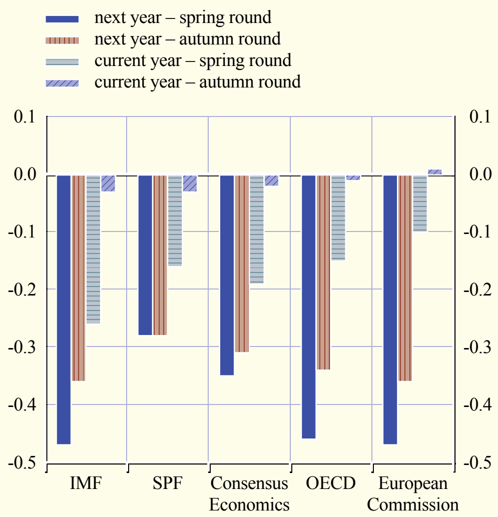
	Next year		Current year	
	Spring round	Autumn round	Spring round	Autumn round
Above the range	50	30	0	0
Below the range	10	10	0	0

Source: ECB.

Across the forecasts considered, HICP inflation tended to be underpredicted for all forecast horizons. This is especially true for the earliest forecasts in the spring rounds for the next calendar year, i.e. around 20 months before the end of the forecast period. Moving closer towards the end of the forecast period, the bias in all the forecasts decreases in absolute terms, but remains sizeable. The bias is only negligible in the autumn forecasts for the current year, which are based largely on actual data (with only two to four months of HICP data missing to "close" the target period). The means of the inflation expectations collected by Consensus Economics, and in particular of those collected through the SPF[2], appear to have performed somewhat better in terms of bias than those of international organisations such as the IMF, OECD and European Commission. However, it should be noted that the results are not strictly comparable, as the corresponding forecasts were finalised at different points in time and based on different assumptions.

Chart C Forecast bias for euro area HICP inflation by various organisations and institutions over the period 2002-11

(percentage points)



Sources: European Commission Economic Forecasts April 2001 to November 2011; IMF World Economic Outlook, April 2001 to September 2011; OECD Economic Outlook, April 2001 to November 2011; Consensus Economics Forecasts, May 2001 to November 2011; the ECB Survey of Professional Forecasters, May 2001 to November 2011.
Notes: The forecast bias is defined as the average difference between the forecast and the final outcome. The forecasts considered are those described in the box entitled "Forecasts by other institutions" in the June and December issues of the Monthly Bulletin (in this box both the outcomes and the forecasts are rounded up to the first decimal point). In the earlier years of the period under review, the forecasts of some institutions referred to the personal consumption deflator or the CPI. The evaluation period corresponds to the outcomes and not to when the forecasts were performed. For example, the bias for the forecasts denoted "next year – spring round" would correspond to the spring 2001 exercise through to the spring 2010 exercise.

The usual measure of bias, which is based on point forecasts, cannot be derived for the Eurosystem staff projections. However, the results reported in the table also point to a downward bias: for 50% of the spring forecasts for HICP inflation for the next calendar year, actual HICP inflation was above the upper limit of the estimated ranges, while for the autumn forecasts for the next year this was true for 30% of the rounds. In both cases, actual inflation was below the lower end of the range in only one out of ten rounds. Notably, however, for all projections for the current year, which also had narrower ranges (from, on average, 1.2 percentage points in the spring forecast for the next year to 0.2 percentage point in the autumn forecasts for the current year), actual inflation was within the range.

Factors behind the forecast bias for HICP inflation

The period 2002-11 witnessed, on balance, large increases in commodity prices, in particular those for crude oil. In turn, the rising crude oil prices affected consumer prices, impacting significantly on energy prices and, in particular, consumer prices for oil products.[3] Energy

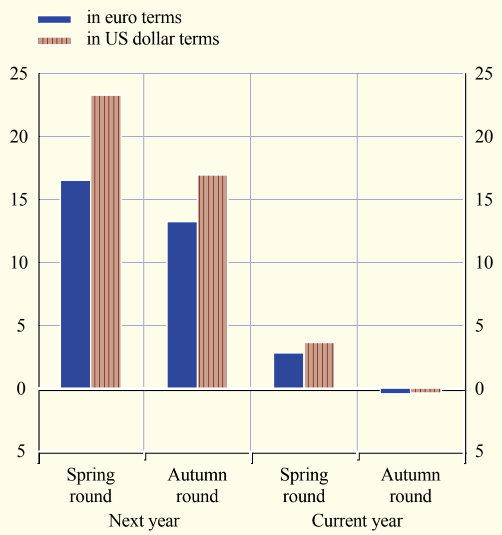
2 The survey collects information on expectations for euro area inflation, real GDP growth and unemployment, on a quarterly basis, from experts affiliated with financial or non-financial institutions that are based in the EU. Data are available on the ECB's website at http://www.ecb.europa.eu/stats/prices/indic/forecast/html/index.en.html.

3 See the box entitled "The evolution of consumer prices for oil products in 2011", *Monthly Bulletin*, ECB, January 2012; and the article entitled "The development of prices and costs during the 2008-09 recession", *Monthly Bulletin*, ECB, April 2012.

price inflation averaged 4.9% per annum and contributed, on average, 0.45 percentage point to headline inflation over the period 2002-11 (while the average weight of energy prices in the HICP basket was 9.1%). Hence, unexpected increases in crude oil prices may have been an important factor behind the bias in the forecasts for HICP inflation.

Chart D Deviations from the technical assumptions for oil prices over the period 2002-11

(average annual percentage deviations)



Sources: ECB and IMF.

Indeed, private and institutional forecasts for consumer prices are often based on the assumption that oil prices will develop according to the path implied by oil futures prices (this is the case for the Eurosystem staff projections, for example), which is usually fairly flat over the forecast horizon. Consequently, in the event of large increases in spot prices, these assumptions can quickly become outdated and a downward bias in the HICP inflation forecasts may arise. Chart D gives an idea of the average deviation of actual oil prices from the technical assumptions underlying the Eurosystem staff projections during the period under review. More precisely, it shows the average annual percentage deviation of the actual oil price from the assumed oil price, both in US dollar and euro terms. Oil prices for the next year were, on average, significantly higher than assumed, both in the spring and autumn rounds, with actual prices in US dollar terms being 23% and 17% higher respectively. As with the HICP inflation forecasts, the "bias" in the oil price assumptions improves for the current year, with, on average, a 3% deviation in the case of the spring forecasts and only negligible deviations, on average, in the autumn forecasts.

The deviations from the assumptions of the magnitude just described have clearly contributed to the forecast bias for headline HICP inflation. For example, the estimates available in the ECB's 2010 Structural Issues Report, entitled "Energy markets and the euro area macroeconomy", indicate that a 20% increase in crude oil prices, depending on the level of the oil price, has an overall impact of between 0.4 percentage point and 0.8 percentage point on headline HICP inflation through the direct effect that it has on the energy component of the HICP alone.

Another relevant factor behind the biases over the period 2002-11 is unanticipated increases in indirect taxes. Particularly recently, given the need for fiscal consolidation in many euro area countries, there have been several cases of unanticipated increases in indirect taxes, which have subsequently been passed through to consumer prices. A recent assessment of the impact of changes in indirect taxes on HICP inflation over the period 2006-11 shows that they had, on balance, a sizeable upward impact, amounting to ¼ percentage point in 2011, for example.[4] The forecast bias can arise because there is either no or only limited information available on tax changes over the forecast period when forecasts are finalised. As forecasts typically only take into account

4 See the box entitled "The impact of recent changes in indirect taxes on the HICP", *Monthly Bulletin*, ECB, March 2012; and the box entitled "Gauging the impact of indirect taxation on euro area HICP inflation", *Monthly Bulletin*, ECB, March 2011.

information on fiscal measures that have already been announced, the forecasts over the period under review tended to underestimate the impact of indirect taxes in recent years.

HICP projection bias and monetary policy implications

When making monetary policy decisions, the Governing Council of the ECB takes into account not only the baseline projections, but also the risks surrounding the available projections and forecasts. For example, upward risks related to oil price developments and increases in indirect taxes have often been mentioned as relevant risk factors by the ECB's Governing Council in its presentation of the Eurosystem staff macroeconomic projections.

In addition, the ECB's monetary policy strategy provides a comprehensive framework within which decisions on the monetary policy stance are taken. In particular, the ECB's approach to evaluating and cross-checking the information relevant for assessing the risks to price stability is based on both an economic analysis and a monetary analysis. The macroeconomic projections are an important part of the economic analysis. The monetary analysis focuses on money and credit, and more broadly on balance sheet developments, with a particular emphasis on monetary trends associated with price developments over the medium to longer term. Indeed, there is evidence that the monetary analysis has made the ECB's assessment more robust than it would have been had the focus been solely on the economic analysis.[5]

Conclusion

Overall, over the period 2002-11 inflation forecasts systematically underpredicted actual inflation outcomes, notably over longer horizons. The main reason for this forecast bias was large increases in crude oil prices, which were not reflected in the assumptions underlying the forecasts. These assumptions are often based on prices for futures contracts, which typically imply a fairly flat path for oil prices over the forecast horizon. In addition, increases in indirect taxes, which had a sizeable upward impact on HICP inflation, also contributed to a bias in inflation forecasts towards the end of the period under review.

The comprehensive monetary policy strategy of the ECB has prevented such a bias from translating into an excessively accommodative monetary policy stance. Indeed, over the last 13 years the average inflation rate in the euro area has remained very much in line with the aim of the Governing Council of the ECB to maintain inflation rates below, but close to, 2% over the medium term. This is explained by the fact that the Governing Council does not focus exclusively on baseline inflation projections, but also takes into account the risks surrounding the baseline projections, as well as the information from the monetary analysis. This more robust way of analysing and cross-checking information has been conducive to maintaining price stability in the euro area.

5 See, for instance, Fischer B., Lenza M., Pill H. and Reichlin, L., "Monetary analysis and monetary policy in the euro area 1999-2006", *Journal of International Money and Finance*, Vol. 28, No 7, 2009, pp.1138-1164.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

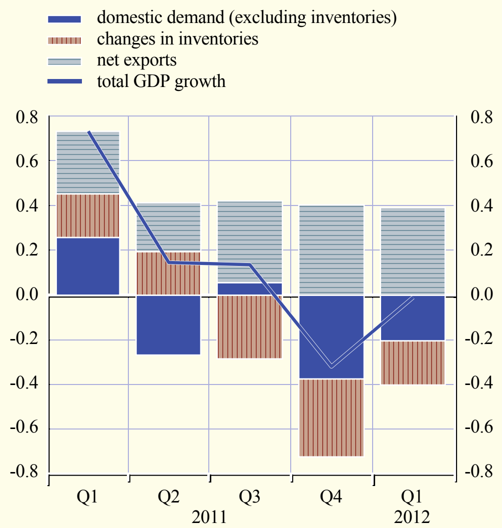
On a quarterly basis, euro area real GDP growth was flat in the first quarter of 2012. Available indicators for the second quarter of the year point to a weakening of growth and highlight prevailing uncertainty. Looking beyond the short term, the euro area economy is still expected to recover gradually. However, ongoing tensions in some euro area sovereign debt markets and their impact on credit conditions, the process of balance sheet adjustment in the financial and non-financial sectors and high unemployment are expected to continue to dampen the underlying growth momentum. The June 2012 Eurosystem staff macroeconomic projections for the euro area foresee annual real GDP growth ranging between -0.5% and 0.3% in 2012 and between 0.0% and 2.0% in 2013. Compared with the March 2012 ECB staff macroeconomic projections, the range predicted for 2012 remains unchanged, while there is a slight narrowing of the range predicted for 2013. The economic outlook for the euro area is subject to increased downside risks.

4.1 REAL GDP AND DEMAND COMPONENTS

Euro area GDP remained stable between the fourth quarter of 2011 and the first quarter of 2012, following a contraction of 0.3% in the previous quarter (see Chart 51). Continued positive impetus from external trade was offset by negative developments in domestic demand and changes in inventories. This stabilisation in the level of output was in line with developments in short-term indicators, notably surveys. The latest outcome represents a moderate improvement compared with the decline in GDP growth that took place in the course of 2011, particularly in the latter half of the year. Although this decline was partly explained by the fall in foreign demand, it was primarily the result of weak domestic demand, which was driven by a combination of factors: the adverse effect of the euro area sovereign debt crisis on consumer and business confidence, high oil prices, adverse credit supply conditions and a tightening in the fiscal stance of some euro area countries.

Chart 51 Real GDP growth and contributions

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



Sources: Eurostat and ECB calculations.
Note: The latest observation for total GDP growth refers to Eurostat's flash estimate.

In the second quarter of 2012, real GDP growth is expected to weaken. However, looking ahead, and assuming that the recent intensification of the financial crisis will be short-lived, real GDP is expected to pick up in the second half of 2012 (see also Section 6).

On 30 May 2012 the European Commission concluded in the context of the first Macroeconomic Imbalance Procedure that all twelve EU countries identified for an in-depth review are experiencing – to varying degrees – macroeconomic imbalances. However, none of them were considered by the Commission to be excessive. Box 7 provides an overview of the Procedure.

Box 7

THE 2012 MACROECONOMIC IMBALANCE PROCEDURE

This year's "European Semester" (i.e. the framework for EU policy coordination introduced in 2011) includes, for the first time, the implementation of the Macroeconomic Imbalance Procedure (MIP).[1] The MIP, which was introduced by the "six-pack"[2] of economic governance reforms, aims to strengthen economic surveillance within the EU and the euro area in order to ensure that Member States conduct policies that prevent the emergence of harmful macroeconomic imbalances and correct such imbalances where they become excessive.

The need to monitor imbalances in the EU and the euro area is one of the key lessons learned from the ongoing crisis. In the years preceding the crisis, several Member States (not least in the euro area) did indeed accumulate excessive imbalances, which can be regarded as one of the root causes of the current situation. These included substantial losses in cost and price competitiveness, unsustainable domestic demand, growing current account deficits and the accumulation of excessive debt levels in the public and private sectors.[3]

Overview of the MIP

As laid down in two Council regulations,[4] the MIP begins with the publication of the Alert Mechanism Report (AMR). In this report, the European Commission provides a reading of the scoreboard of ten economic indicators[5] and corresponding thresholds for all 27 EU Member States, seeking to capture the major sources of macroeconomic imbalances. Countries currently the subject of EU/IMF programmes are excluded from the MIP, given that enhanced macroeconomic surveillance is already conducted as part of the respective programmes.

On the basis of the AMR, the Commission decides which countries require an in-depth review, with those countries then being assessed in greater detail to see whether early indications regarding macroeconomic imbalances are confirmed. The in-depth reviews include fact-finding missions to the countries in question and go beyond that initial reading of the scoreboard indicators. They should involve, among other things, a thorough analysis of (i) the sub-components and drivers of scoreboard variables, (ii) financial market vulnerabilities, and (iii) the potential implications of imbalances for the proper functioning of EMU. The Commission may, if appropriate, invite representatives of the ECB to participate in surveillance missions.

On the basis of each in-depth review, the Commission makes an assessment as to whether the country in question is (a) not experiencing any imbalances, (b) experiencing imbalances, or (c) experiencing excessive imbalances. In the first case, the MIP is terminated. Where it is decided that imbalances exist, the country concerned receives policy recommendations under

1 See the article entitled "The reform of economic governance in the euro area – essential elements", *Monthly Bulletin*, ECB, March 2011.
2 The "six-pack" is a legislative package of six legal texts adopted to strengthen the EU economic governance framework, and it entered into force in December 2011. It includes the reform of both the preventive and corrective arms of the Stability and Growth Pact (SGP), the new minimum requirements for national budgetary frameworks and the new Macroeconomic Imbalance Procedure (MIP).
3 See the article entitled "Monitoring labour cost developments across euro area countries", *Monthly Bulletin*, ECB, November 2008.
4 The MIP is laid down in Regulations (EU) No 1176/2011 of 16 November 2011 and No 1174/2011 of 16 November 2011.
5 See Table A for the ten scoreboard variables capturing indicators of external imbalances, competitiveness, and internal imbalances. For a detailed description of all indicators and thresholds, see "Scoreboard for the surveillance of macroeconomic imbalances", European Commission Occasional Papers, No 92, February 2012.

the "preventive arm" of the procedure with a view to averting potentially harmful developments. Where macroeconomic imbalances are found to be so severe that they are considered excessive, the Excessive Imbalance Procedure is triggered under the "corrective arm" of the procedure. In this case, the country concerned has to submit a corrective action plan outlining policy measures aimed at addressing the excessive imbalances, which have to be agreed by the Council of the European Union. In order to ensure the implementation of such corrective action, financial sanctions in the form of an interest-bearing deposit (with a rate of 0.1% of GDP) can be imposed by the Council where a euro area country does not comply with the agreed policy measures. Where a euro area country repeatedly fails to comply with policy recommendations or repeatedly submits an insufficient corrective action plan, an annual fine can be imposed.

Conclusions from the current stage of the 2012 MIP

The 2012 MIP was launched on 14 February 2012 with the publication of the AMR, in which the Commission identified twelve EU countries for which an in-depth review was warranted in order to verify the existence of macroeconomic imbalances. In this report, seven euro area countries (Belgium, Spain, France, Italy, Cyprus, Slovenia and Finland) and five non-euro area EU countries (Bulgaria, Denmark, Hungary, Sweden and the UK) were identified for an in-depth review.

On 30 May 2012 the Commission published the results of the twelve in-depth reviews, concluding that all countries identified are, to varying degrees, currently experiencing macroeconomic imbalances and should therefore be given country-specific recommendations under the preventive arm of the procedure. The Commission concluded that none of the twelve countries are currently experiencing excessive macroeconomic imbalances. As a result, the Commission did not initiate the corrective arm of the procedure for any country.

The scoreboard of ten indicators used for the surveillance of macroeconomic imbalances (Table A) depicts the indicator thresholds breached by the individual EU countries, applying 2010 annual data as in the Commission's AMR. While the absolute number of breaches is taken into consideration by the Commission, alleviating and aggravating country-specific factors are also taken into account. Thus, some countries have been identified for an in-depth review owing to the underlying developments pointing to more serious imbalances, despite their number of breaches being lower than in other Member States (see Table B).

In order to put the current level of imbalances into perspective, Table B shows how many of the scoreboard indicators' thresholds have been breached by EU countries since 2001. It shows that the scoreboard identified several macroeconomic imbalances in those countries that are now the subject of EU/IMF programmes (i.e. Ireland, Greece, Portugal and Romania) or that were the subject of such programmes in the past (e.g. Hungary and Latvia). In this sense, it indicates that the scoreboard would have provided the right signals for taking corrective action in these countries at an early stage.

The scoreboard also signals that in several other countries a significant number of imbalances existed and partly still exist. Most recently, in 2010, two countries – Spain and Cyprus – breached six thresholds, by far the highest number among all 27 EU Member States.

Table A The scoreboard for the surveillance of macroeconomic imbalances

2010	External imbalances: 3-year average current account balance as percentage of GDP	External imbalances: Net investment position as percentage of GDP	Competitiveness: Percentage change (3 years) in real effective exchange rates (REERs) with HICP deflators	Competitiveness: Percentage change (5 years) in export market shares	Competitiveness: Percentage change (3 years) in nominal unit labour costs
Countries[1]	EU27	EU27	EA and NEA	EU27	EA and NEA
Thresholds	**<-4 >6**	**<-35**	**±11 and ±5**	**<-6**	**>9 and >12**
1 Belgium	-0.6	77.8	1.3	-15.4	8.5
2 Germany	5.9	38.4	-2.9	-8.3	6.6
3 Estonia	-0.8	-72.8	5.9	-0.9	9.3
4 Ireland	-2.7	-90.9	-5.0	-12.8	-2.3
5 Greece	-12.1	-92.5	3.9	-20.0	12.8
6 Spain	-6.5	-89.5	0.6	-11.6	3.3
7 France	-1.7	-10.0	-1.4	-19.4	7.2
8 Italy	-2.8	-23.9	-1.0	-19.0	7.8
9 Cyprus	-12.1	-43.4	0.8	-19.4	7.2
10 Luxembourg	6.4	96.5	1.9	3.2	17.3
11 Malta	-5.4	9.2	-0.6	6.9	7.7
12 Netherlands	5.0	28.0	-1.0	-8.1	7.4
13 Austria	3.5	-9.8	-1.3	-14.8	8.9
14 Portugal	-11.2	-107.5	-2.4	-8.6	5.1
15 Slovenia	-3.0	-35.7	2.3	-5.9	15.7
16 Slovakia	-4.1	-66.2	12.1	32.6	10.1
17 Finland	2.1	9.9	0.3	-18.7	12.3
18 Bulgaria	-11.1	-97.7	10.4	15.8	27.8
19 Czech Republic	-2.5	-49.0	12.7	12.3	5.1
20 Denmark	3.9	10.3	0.9	-15.3	11.0
21 Latvia	-0.5	-80.2	8.5	14.0	-0.1
22 Lithuania	-2.3	-55.9	9.1	13.9	0.8
23 Hungary	-2.1	-112.5	-0.5	1.4	3.9
24 Poland	-5.0	-64.0	-0.5	20.1	12.3
25 Romania	-6.6	-64.2	-10.4	21.4	22.1
26 Sweden	7.5	-6.7	-2.5	-11.1	6.0
27 United Kingdom	-2.1	-23.8	-19.7	-24.3	11.3

2010	Internal imbalances: Percentage year-on-year change in house prices	Internal imbalances: Private sector credit flow as percentage of GDP	Internal imbalances: Private sector debt as percentage of GDP	Internal imbalances: Public sector debt as percentage of GDP	Internal imbalances: 3-year average unemployment rate
Countries[1]	EU27	EU27	EU27	EU27	EU27
Thresholds	**>6**	**>15**	**>160**	**>60**	**>10**
1 Belgium	0.4	13.1	232.8	96.2	7.7
2 Germany	-1.0	3.1	128.1	83.2	7.5
3 Estonia	-2.1	-8.6	176.1	6.7	12.0
4 Ireland	-10.5	-4.5	341.3	92.5	10.6
5 Greece	-6.8	-0.7	124.1	144.9	9.9
6 Spain	-4.3	1.4	227.3	61.0	16.5
7 France	3.6	2.4	159.8	82.3	9.0
8 Italy	-1.5	3.6	126.4	118.4	7.6
9 Cyprus	-6.6	30.5	289.2	61.5	5.1
10 Luxembourg	3.0	-41.8	253.9	19.1	4.9
11 Malta	-1.6	6.9	212.0	69.1	6.6
12 Netherlands	-2.9	-0.7	223.4	62.9	3.8
13 Austria	-1.5	6.4	165.7	71.8	4.3
14 Portugal	0.1	3.3	248.5	93.4	10.4
15 Slovenia	0.7	1.8	128.8	38.8	5.9
16 Slovakia	-4.9	3.3	69.0	41.0	12.0
17 Finland	6.6	6.8	177.7	48.3	7.7

Table A The scoreboard for the surveillance of macroeconomic imbalances (cont'd)

2010	Internal imbalances				
	Percentage year-on-year change in house prices	Private sector credit flow as percentage of GDP	Private sector debt as percentage of GDP	Public sector debt as percentage of GDP	3-year average unemployment rate
18 Bulgaria	-11.1	-0.2	169.2	16.3	7.5
19 Czech Republic	-2.6	1.7	77.2	37.6	6.1
20 Denmark	0.6	5.8	244.2	43.4	5.6
21 Latvia	-3.9	-8.8	140.9	44.7	14.3
22 Lithuania	-8.7	-5.3	80.8	38.0	12.5
23 Hungary	-6.7	-18.7	155.1	81.3	9.7
24 Poland	-6.1	3.8	74.2	54.9	8.3
25 Romania	-14.5	1.7	77.7	30.5	6.6
26 Sweden	6.3	2.6	236.9	39.7	7.6
27 United Kingdom	3.0	3.3	212.2	79.6	7.0

Source: European Commission Alert Mechanism Report February 2012.
Note: Light blue background denotes that the indicator exceeds the respective threshold.
1) Indicates the area to which a given threshold refers: EU27 – all EU countries; EA – euro area; NEA – non-euro area EU countries.

Table B Number of scoreboard indicators breaching the threshold

(simple sum of breaches in a given year)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Belgium	3	2	4	4	3	3	4	4	4	3
Germany	1	2	2	2	2	2	3	2	2	2
Estonia	4	4	5	5	5	5	4	6	5	5
Ireland	1	3	3	4	5	5	5	7	6	(6)
Greece	5	4	6	6	5	5	4	4	6	(5)
Spain	4	5	6	6	7	6	6	6	6	6
France	2	2	4	4	4	3	2	2	2	2
Italy	4	3	4	4	2	2	2	2	3	2
Cyprus	2	3	3	4	5	5	5	4	3	6
Luxembourg	3	3	3	3	3	3	3	3	3	3
Malta	2	2	3	4	5	6	5	7	5	3
Netherlands	4	2	3	2	2	2	2	3	3	3
Austria	1	1	1	1	1	1	2	1	4	3
Portugal	6	4	5	4	5	5	5	6	5	6
Slovenia	2	1	1	2	1	1	2	3	4	2
Slovakia	3	4	3	3	5	5	5	5	5	5
Finland	2	2	3	2	1	1	1	2	4	4
Bulgaria	5	3	4	4	5	6	6	6	6	4
Czech Republic	1	3	3	2	1	1	3	3	2	2
Denmark	2	1	1	3	3	3	3	4	2	2
Latvia	4	4	4	4	5	5	6	(4)	(5)	(2)
Lithuania	4	4	3	3	5	5	5	4	4	2
Hungary	4	5	5	4	5	4	4	(5)	(5)	(2)
Poland	4	3	2	3	2	3	4	4	3	3
Romania	1	3	2	2	3	6	6	4	(3)	(3)
Sweden	3	2	2	4	3	3	4	4	4	4
United Kingdom	2	4	4	4	3	3	4	2	4	4

Sources: European Commission (Statistical Annex of the Alert Mechanism Report, February 2012) and ECB calculations.
Notes: The European Commission's scoreboard lacks data for some indicators in some countries, particularly prior to 2006. Where data are not available, the country is regarded as not being in breach of the relevant threshold. Consequently, the total number of breaches could be revised upwards, since an increase in availability of data would mean that more breaches would be possible. Light blue background denotes country selected for an in-depth review. For the years in which a country was the subject of an EU/IMF programme, the number of breaches is shown in parentheses. The EU/IMF programme for Portugal started only in 2011.

While this mechanical reading of the scoreboard should be interpreted with caution and important caveats apply[6], it does provide some indications (broadly confirmed by more detailed economic analysis) as to the extent of the macroeconomic imbalances currently present in the countries concerned. Against this background, it is clear that several EU countries are currently in a state where they have to correct imbalances looking ahead.

Given the developments observed prior to the crisis, the strengthening of the framework for economic governance through the "six-pack" (particularly the MIP) has been a necessary step on the road towards a stronger euro area. However, the newly created MIP can only be successful in correcting current imbalances and preventing future imbalances if it is rigorously applied.

6 See Notes in Table B.

PRIVATE CONSUMPTION

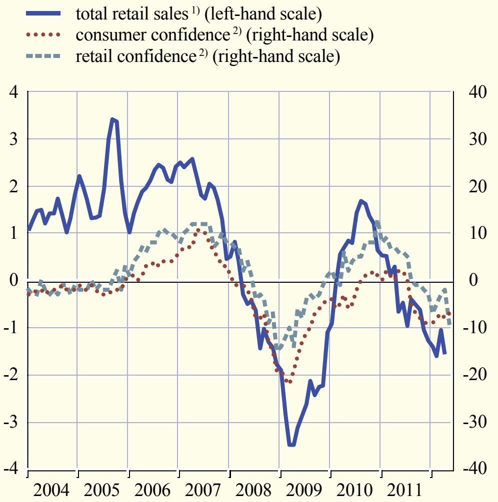
After a decline of 0.5% in the final quarter of 2011, private consumption displayed flat growth in the first quarter of 2012. Consumption thus stayed below its pre-recession peak of the first quarter of 2008. The outcome for the first quarter of 2012 is likely to reflect a higher consumption of services and a decline in car purchases, with the contribution from consumption of retail goods remaining broadly neutral. Recent information from short-term indicators and surveys points to a continuation of weak euro area consumer spending in the period ahead.

The sluggish developments in consumption largely reflect movements in real income, which is among the main determinants of consumer spending trends. Growth in aggregate real income started to decline in the course of 2011, on the back of weaker employment growth, and was further eroded by rising inflation. Household income in real terms declined year on year in the fourth quarter of 2011 for the second consecutive quarter. This, combined with continued elevated inflation, renewed uncertainty regarding the economic outlook and fiscal retrenchment, led to the household savings ratio rebounding somewhat from near pre-crisis lows.

For the second quarter of 2012, "hard" as well as "soft" data point towards a continuation of weak consumer spending. Retail sales in April declined by 1.0% compared with the previous month and the level therefore stood 0.8% below the average level recorded in the first quarter of 2012. The Purchasing Managers' Index (PMI) for retail sales increased from 41.3 in April to 43.3 in May. Even though the index improved, it still points to falling sales, as these figures are well below the no-growth threshold of 50. According to the European Commission, on average, retail confidence over these two months was somewhat below the average level recorded in the first quarter of 2012 as well as the long-term average. Euro area new passenger car registrations declined month on

Chart 52 Retail sales and confidence in the retail trade and household sectors

(monthly data)



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

month by 5.0% in April – an outcome that chiefly reflected extreme numbers in some countries – and stood 1.8% below the average level recorded in the first quarter of 2012. This represents an improvement compared with the first quarter, when registrations contracted, quarter on quarter, by 6.7%. The European Commission's indicator for expected major purchases rose somewhat between April and May 2012, remaining nonetheless at a historically low level and thereby pointing towards a continued lack of dynamism in the consumption of consumer durables. The consumer confidence index also improved slightly in May. This index, which appears to have broadly stabilised following its sharp decline during the latter half of 2011, is still at a level below its long-term average, thus remaining consistent with the continuation of weak consumer spending (see Chart 52).

INVESTMENT

The recovery in gross fixed capital formation observed in 2010 and early 2011 was interrupted in the spring of 2011. Since the second quarter of 2011, quarter-on-quarter investment growth has been increasingly negative, shrinking by 1.4% in the first quarter of 2012.

The full breakdown of capital formation for the first quarter of 2012 is not yet available. Short-term indicators suggest that non-construction investment – which accounts for half of total investment – is likely to have contracted, having been dampened by subdued overall economic and profit developments. The production of capital goods was weak and the PMI survey for the manufacturing sector exhibited levels corresponding to a contraction. Available country data also point to falling investment. Residential and non-residential construction investment is likely to have fallen in the first quarter of 2012, as suggested by the decline exhibited by monthly production indicators, weak confidence in the construction sector and the deteriorating situation of housing markets. Generally tight financing conditions may also have dampened construction investment in the first quarter. Furthermore, government investment is likely to have shrunk owing to ongoing fiscal consolidation in many euro area countries.

The few early indicators available for the second quarter of 2012 point to further contraction in non-construction capital formation in the euro area. New orders of capital goods from the euro area continued declining in the first quarter, looking at data up to March. In spite of a slight improvement, the availability of financing remains tight and discourages productive capital formation. Meanwhile, according to survey data such as the manufacturing PMI and its new orders component, industrial confidence worsened significantly in April and May 2012, indicating a further contraction in the sector. The outlook for construction investment is slightly more favourable for the second quarter of 2012 than for the previous quarter, though activity is expected to decline further owing to the ongoing adjustments in those regions where investment had expanded extraordinarily in the pre-crisis period. Survey data also suggest subdued activity in the sector.

Looking at 2012 as a whole, both non-construction and construction investment are expected to start growing again towards the end of the year in line with a modest recovery in overall economic activity, subject to downside risks due to the sovereign debt crisis (see Box 8 below).

Box 8

BUSINESS INVESTMENT IN 2012: EVIDENCE FROM SHORT-TERM INDICATORS AND SURVEYS

Investment plays an important role in determining the euro area business cycle, both as a factor of aggregate supply and as an important component of aggregate demand. An understanding of the determinants and an evaluation of the short-term indicators of investment plans are therefore important for the assessment of macroeconomic developments.

In the rebound following the global economic downturn of 2008-09, euro area total investment has grown moderately. After peaking at a rate of 3.3% year on year in the first quarter of 2011, total investment growth decelerated throughout 2011, broadly stabilised towards the end of the year around a level close to 1% year on year, and fell to -2.2% year on year in the first quarter of 2012 (see Chart A).

This box examines recent hard-data and survey-based indicators of business investment (total investment excluding public and residential investment) – capturing supply and demand conditions – which have helped to shape the outlook for investment growth this year.

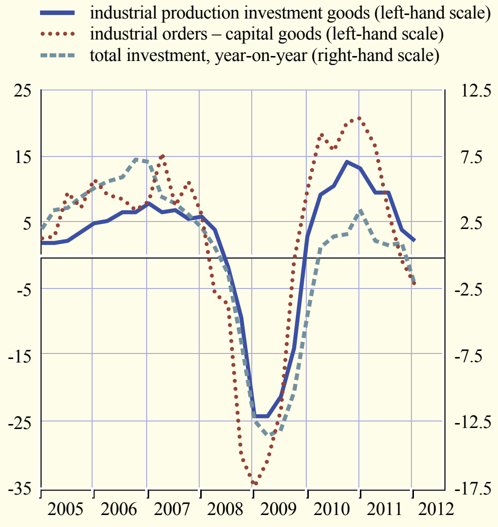
Short-term indicators of business investment – hard data

The most important determinants of business investment identified by the academic literature are the level of output and, to a lesser extent, the user cost of capital. The financing structure and, more specifically, the share of internal finance in firms' investment spending also play a role: companies tend to prefer to finance investment projects using internally generated funds so as to avoid the premia associated with external finance.[1] In this context, the literature has shown there to be a high correlation between movements in gross operating surplus or cash flow and total investment.[2]

A number of leading short-term indicators, such as industrial production of capital goods and industrial orders for capital goods, suggest a further weakening of euro area investment growth in the first half of 2012. Another indicator, gross operating surplus, suggests that the weakening may remain contained, provided that business confidence does not deteriorate. Gross operating surplus – which gives an indication of internally generated funds and is highly correlated with investment – is growing at a positive, albeit decreasing, pace (see Chart B).

Chart A Total investment and short-term indicators

(year-on-year percentage changes)

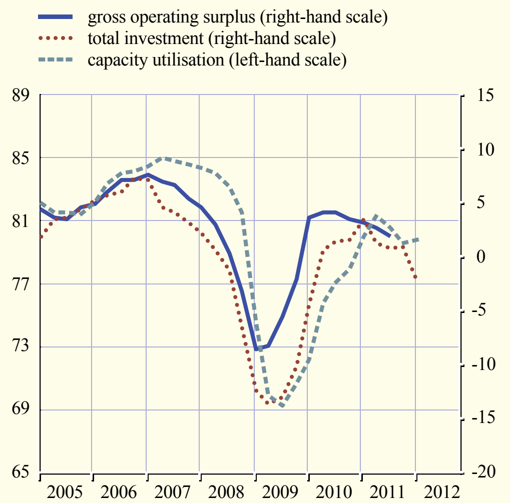


Source: Eurostat.

1 See the article entitled "Business investment in the euro area and the role of firms' investment positions", *Monthly Bulletin*, ECB, Frankfurt am Main, April 2008.
2 Ibid.

Chart B Total investment, gross operating surplus and capacity utilisation

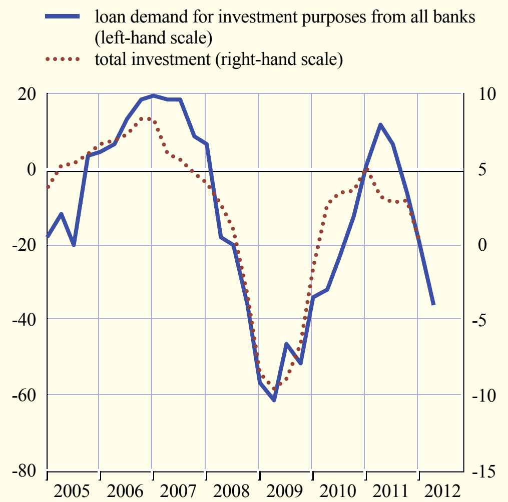
(year-on-year percentages changes; percentages for capacity utilisation)



Sources: Eurostat and European Commission (DG ECFIN business survey in manufacturing).

Chart C Total investment and demand for loans for investment purposes

(year-on-year percentage changes; balances)



Sources: Eurostat and ECB (euro area bank lending survey up to April 2012).
Note: Demand for loans refers to the weighted balances of responses by banks regarding the direction of the impact on demand from the contribution of fixed investment.

Short-term indicators of business investment – surveys

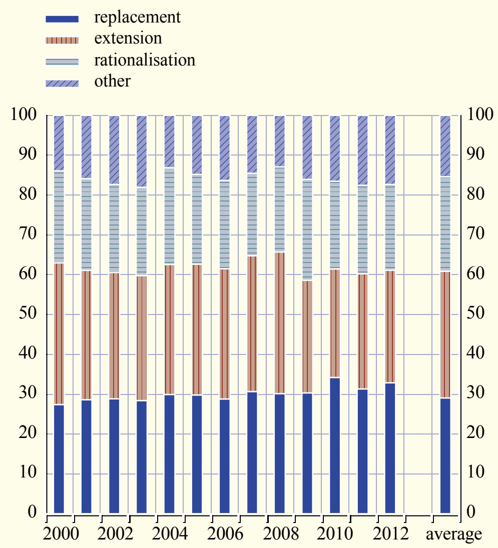
A number of surveys also give indications about firms' investment plans for the current year. An increase in capacity utilisation gives an indication of firms' need to expand their capital stock. According to the European Commission's business survey, the increase in capacity utilisation in the manufacturing sector was interrupted in early 2011 (see Chart B). This may reflect a drop in demand against the existing level of production capacity, as reflected in the capital stock.[3]

In addition, the results of the euro area bank lending survey conducted in April 2012 suggest that demand for loans for investment purposes, which also helps to predict total investment, continued to decrease in the first quarter of 2012 and is projected to weaken further in the second quarter (see Chart C). The lower demand for external financing may indicate that companies are adopting a wait-and-see approach with respect to their investment decisions in the context of still elevated general macroeconomic uncertainty.[4] Heightened uncertainty may raise the threshold level of return for undertaking certain types of investment project, for given levels of demand, cost of financing and other determinants.[5] A deterioration in confidence among companies appears consistent with the latest data from the DG ECFIN survey on the structure of investment. The survey results indicate that a higher than average share of investment is being used to replace obsolete capital stock, whereas investment for the extension of production capacities, which may imply greater

3 See the box entitled "Business investment, capacity utilisation and demand", *Monthly Bulletin*, ECB, Frankfurt am Main, April 2010.
4 See the box entitled "Developments in longer-term growth expectations for the euro area", *Monthly Bulletin*, ECB, Frankfurt am Main, June 2012.
5 For an overview of the effect of uncertainty on aggregate and disaggregate investment, see Carruth A., Dickerson, A. and Henley, A., "What do we know about investment under uncertainty?", *Journal of Economic Surveys*, Vol. 14, No 2, Blackwell Publishers Ltd, Oxford, April 2000.

Chart D Structure of industrial investment

(percentages of respondents)



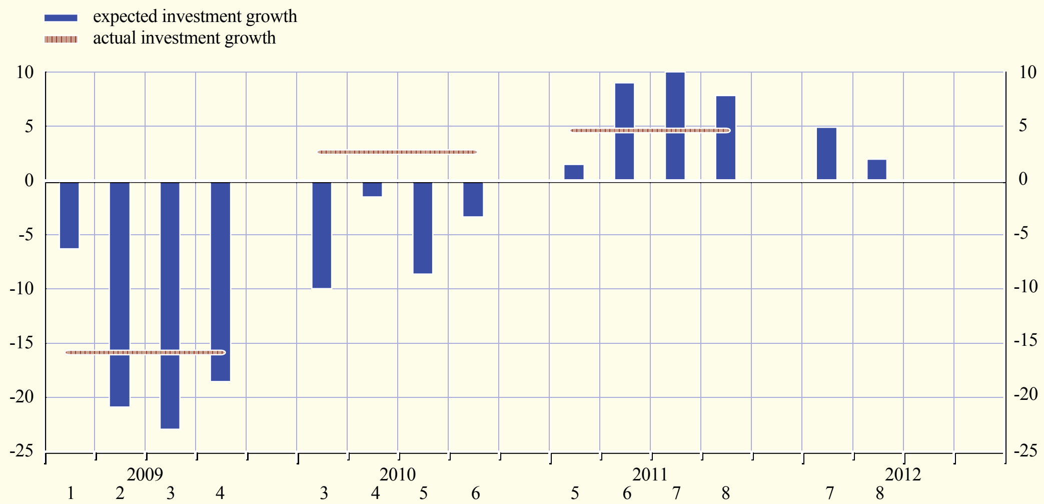
Source: European Commission (DG ECFIN investment survey).

recourse to external financing, is expected to remain relatively limited in 2012 (see Chart D).

According to the European Commission's latest biannual industrial investment survey, investment growth is expected to be weaker in 2012 than was expected in the previous survey conducted in October 2011 (see Chart E); the expected growth rate has been reduced in annual real terms from 5% to 2%. The replies to the question on factors influencing industrial investment, which bring to light what companies perceive to be the main constraints on investment activity, suggest that demand and financial factors, on balance, remain supportive of investment (see Chart F). In spite of a small decrease since 2011 in the net number of firms reporting demand conditions as being stimulating, real demand conditions remain favourable overall, with the balance of answers returning to levels

Chart E Industrial investment survey and outcome

(annual percentage changes in volume)

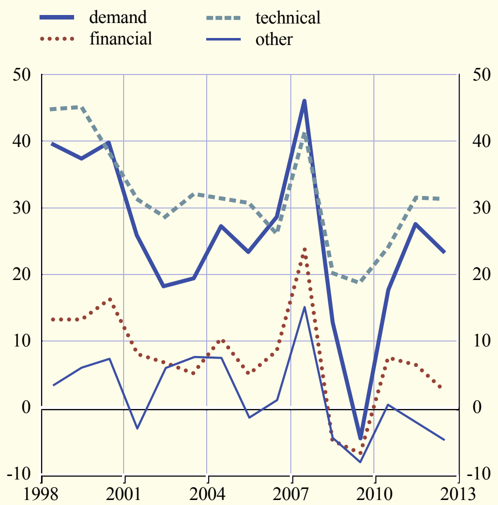


1 Q4 2008
2 Q2 2009
3 Q4 2009
4 Q2 2010
5 Q4 2010
6 Q2 2011
7 Q4 2011
8 Q2 2012

Sources: Eurostat and European Commission (DG ECFIN investment survey).
Notes: The numbers on the x-axis refer to when the survey was carried out. Investment in metal and machinery is used as a proxy for industrial investment growth.

Chart F Factors influencing industrial investment

(balances)



Source: European Commission (DG ECFIN investment survey).
Note: Balances are the weighted averages of the percentages of answers describing each factor as "very stimulating" (coefficient 1), "stimulating" (coefficient 0.5), "limiting" (coefficient -0.5) and "very limiting" (coefficient -1).

associated with "normal" times after the extreme oscillations witnessed in the crisis and post-crisis periods. Financial factors, despite a recent deterioration, remain in positive territory on balance, and far from the levels registered during the global crisis of 2008-09. This would suggest that the decline in investment is not mainly related to external financing constraints faced by companies, but is rather a result of the behaviour of companies in an environment of heightened uncertainty.

Outlook

In general, short-term indicators suggest a continuously slow momentum in investment in the near term. This may be related to cautious investment behaviour of companies in the face of persisting high levels of uncertainty. At the same time, survey indicators show that fundamental determinants (i.e. demand prospects and financing conditions) are still assessed to be relatively favourable and clearly more favourable than in the period following the bankruptcy of Lehman Brothers in September 2008. Looking further ahead, business investment – although subject to downside risks should the sovereign debt crisis deepen – is expected to start growing modestly towards the end of 2012, in line with the expected weak rebound in domestic demand and exports.

GOVERNMENT CONSUMPTION

Recently, growth in government consumption has been moderate, reflecting fiscal consolidation efforts in a number of countries. Following slight quarter-on-quarter declines in the third and fourth quarters of 2011, real government consumption increased marginally in the first quarter of 2012.

Looking at individual components, restraint in the compensation of government employees, which accounts for close to half of total government consumption, has been a major dampening force on total nominal government consumption. This restraint stems from moderate wage developments and employment reductions in several countries. Intermediate government consumption expenditure (which absorbs slightly less than a quarter of the total) has also been declining, owing to the ongoing consolidation efforts of governments. Growth in social transfers in kind, which also amount to almost a quarter of government consumption, has been more in line with historical averages. This is because social transfers in kind include items which have a somewhat autonomous dynamic, such as health expenditure.

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

INVENTORIES

The contribution of inventories to growth is expected to remain close to zero in the period ahead. The negative contributions recorded in the second half of 2011 and the first quarter of 2012 reflected a significant reduction in the pace of restocking (compared with that observed in early 2011), which the ongoing slowdown in activity required. A starting point of fairly lean inventory levels may have reduced the scope for a strong destocking similar to that observed after the bankruptcy of Lehman Brothers.

Indeed, the pronounced inventory depletion that accompanied the deep recession of 2008 and 2009 and the subsequent limited replenishment thereof during the recovery left firms with fairly lean inventories. Thus, the restocking reported in national accounts since the third quarter of 2010 has been more a reflection of the stronger than anticipated recovery in activity rather than a deliberate attempt by firms to relax the tight inventory policies they had gradually put in place, notably after the bankruptcy of Lehman Brothers. Surveys and other anecdotal evidence point towards tightly managed inventory levels along the supply chain from 2010 to mid-2011.

The substantial net additions of inventories observed in mid-2011 (0.8% of GDP in the second quarter) in conjunction with the marked deterioration in business perspectives in summer 2011 led firms to swiftly reassess inventory levels in a matter of months. According to the European Commission's business surveys, these levels were considered to have returned to close to their historical norms by autumn 2011. PMI surveys also tended to confirm a pattern of accelerated reduction in input inventories by manufacturers and in retail inventories in the fourth quarter of 2011 and, to a lesser extent, in finished goods inventories by manufacturers (which is consistent with involuntary additions of the latter). This configuration led to the negative contribution of inventories to growth of -0.3 percentage point in both the third and fourth quarters of 2011 and a further -0.2 percentage point in the first quarter of 2012, which reversed the sequence of mostly positive contributions of inventories observed in the previous eight quarters.

As destocking was significant in early 2012, the bulk of the inventory adjustment process may have already taken place, with contributions of inventories to growth expected to be more neutral or slightly positive for the rest of the year. Indeed, recent survey evidence from February to May 2012 (from both the European Commission and the PMI) signals a stabilisation in the pace of stocking/destocking in the first half of 2012.

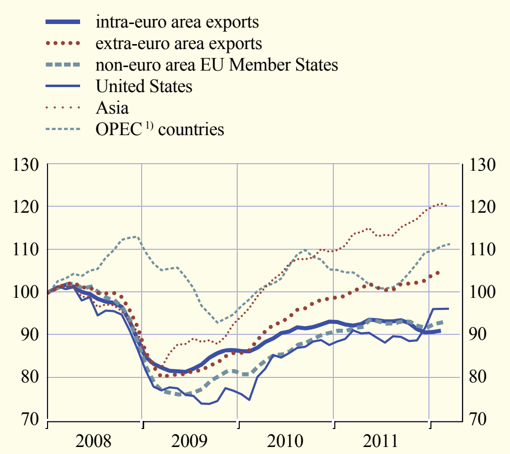
EXTERNAL TRADE

Exports of goods and services staged a modest recovery in the first quarter of 2012 (with a 1.0% increase quarter on quarter), following the small contraction recorded in the previous quarter. The rebound in exports was mainly driven by a strengthening of foreign demand. Exports to Latin America and the United States grew particularly strongly, at least in terms of trade in goods. Meanwhile, exports to Asia lost momentum, after having experienced robust growth over the previous months. Intra-euro area exports remained rather weak (see Chart 53).

Imports of goods and services stabilised in the first quarter of 2012 (with a 0.1% increase quarter on quarter), having declined by 1.7% in the previous quarter. Overall, the underlying growth momentum of imports has been sluggish since the beginning of 2011, broadly in line with the developments in the overall level of domestic demand. As imports continued to be outpaced by exports in the first quarter of 2012, the contribution of net trade to euro area real GDP growth was again positive (0.4 percentage point).

Chart 53 Euro area export volumes to selected trading partners

(indices: January 2008 = 100; seasonally adjusted; three-month moving averages)



Sources: Eurostat and ECB calculations.
1) The Organization of the Petroleum Exporting Countries.

Looking ahead, available indicators suggest that euro area export growth is likely to lose momentum in the near term. In May 2012, the euro area PMI new export orders declined to 45.1, the lowest level since November 2011. As this indicator has developed less favourably than the global PMI new export orders indicator over recent months, this may signal that the recent deterioration in euro area new export orders is primarily related to softening import demand in markets whose weight in euro area exports is heavier than that in world exports (which applies particularly to European countries). Meanwhile, export order book levels, as reported by the European Commission, also deteriorated in April 2012, while remaining close to the longer-term average. Going forward, growth in foreign demand and euro area exports is expected to pick up again in the second half of 2012 on the back of a gradual, if modest, strengthening of global economic activity. The short-term outlook for imports continues to be somewhat subdued, which is broadly consistent with the prospects for economic activity in the euro area.

4.2 SECTORAL OUTPUT

Looking at the production side of national accounts, total value added declined by 0.1% in the first quarter of 2012, which for a second quarter in a row reversed the upward trend that had prevailed since the end of the recession in the second quarter of 2009. Short-term indicators point to a further slowdown in the second quarter of 2012. However, there have been marked differences across sectors since the end of the 2009 recession. In the first quarter of 2012, value added in the industrial sector (excluding construction) still stood almost 9% below its pre-recession peak. By contrast, services value added was close to its pre-recession peak. The value added in the construction sector continued to decline, standing almost 16% below pre-recession levels in the first quarter of 2012.

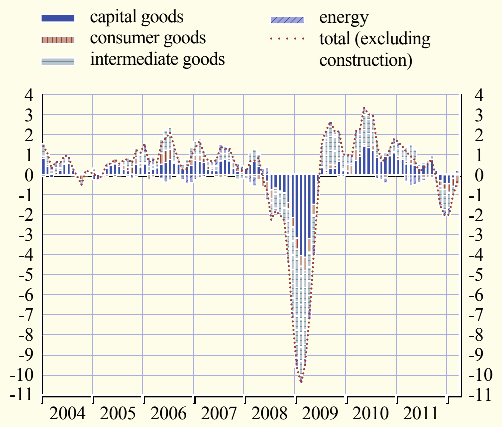
INDUSTRY (EXCLUDING CONSTRUCTION)

Value added in the industrial sector excluding construction, which declined, quarter on quarter, by 1.7% in the last quarter of 2011, displayed flat growth in the first quarter of 2012. Broadly in line with developments in value added in the industrial sector, production continued to shrink for the second quarter in a row (see Chart 54): after declining by 2.0% in the fourth quarter of 2011, industrial production (excluding construction) declined by 0.4% in the first quarter of 2012. This contraction was broadly based across main industrial groupings, with the strongest drop recorded for consumer goods (-1.9%). The European Commission's survey data indicate that a weakening of demand and a worsening of the financial situation had a negative impact on production in the three-month period up to April.

Looking ahead, short-term indicators suggest that the weak activity in the industrial sector is likely to have continued in the second quarter of 2012. This trend is reflected in the European Commission's industrial confidence indicator, which declined further in May (see Chart 55), mainly owing to a

Chart 54 Industrial production growth and contributions

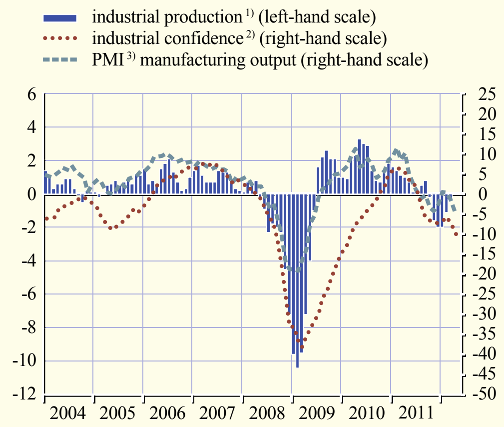
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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

Chart 55 Industrial production, industrial confidence and PMI manufacturing output

(monthly data; seasonally adjusted)



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

more negative assessment of production expectations and order books. Past production was also assessed more negatively. In the first two months of the second quarter of 2012, the manufacturing PMI output index was lower than in the first quarter and stayed below the theoretical no-growth threshold of 50, indicating a further reduction in industrial production. In particular, industrial new orders, most of which should subsequently appear in production, decreased. This downturn in new orders was broadly based across industrial groupings. The European Commission survey and Markit reported a declining trend in the assessment of firms' overall order books and new orders in the first two months of the second quarter of 2012. In both months, order books were somewhat below their long-term average. The manufacturing PMI new orders index also deteriorated in both months and continued to indicate further declines in industrial new orders.

CONSTRUCTION

The construction sector made a negative contribution to growth in total value added in the first quarter of 2012, in part owing to adverse weather conditions in some countries in February. The underlying growth momentum remained weak, confirming the fragility of the construction sector.

Short-term indicators still show weak numbers and signal negative changes in construction going forward. Compared with the first quarter of 2012 the construction PMI and PMI new orders moved sideways in the first month of the second quarter, remaining in contraction territory. In slight contrast, the European Commission's business confidence indicator for the construction sector, which remains significantly below its long-term average, declined in the first two months of the second quarter of 2012.

SERVICES

Services value added displayed flat growth in the first quarter of 2012, following ten quarters of positive growth. Between the third quarter of 2009 and the first quarter of 2012, i.e. after the start of the recovery, quarterly growth in services averaged 0.3%.

Looking ahead, surveys point to weak developments in the services sector in the second quarter of 2012. The average level of the PMI output index for the services sector in April and May was below that of the first quarter and below the theoretical growth threshold of 50. The European Commission's survey of business confidence in the services sector provides a similar picture.

4.3 LABOUR MARKET

The situation of euro area labour markets has further weakened in recent quarters, as a result of sluggish economic activity. Employment is steadily declining and the unemployment rate has reached historically high levels, reflecting ongoing labour market adjustments in several euro area countries.[1] Forward-looking indicators, such as surveys, have deteriorated further in recent months.

Improvements in labour market conditions in the course of 2010 and at the beginning of 2011 led to a rise in hours worked, although labour hoarding during the 2008-09 crisis and the slow recovery of economic activity limited this increase. After having increased slightly in the third quarter of 2011, total hours worked declined again in the fourth quarter by 0.4%. At the sectoral level, hours worked fell in the services sector as well as in industry (excluding construction). In contrast, hours worked increased in real estate activities and professional services.

Headcount employment declined in the fourth quarter of 2011 for the second consecutive quarter. Employment losses were particularly heavy in the construction sector, which registered a 1.6% quarter-on-quarter decline. Total employment in industry (excluding construction) and in services declined by less – by 0.3% and 0.1% respectively – the services sector having been boosted by strong employment growth in real estate activities (see Table 9).

1 Box 1 in Section 1 reviews developments in labour force participation in the euro area and the United States.

Table 9 Employment growth

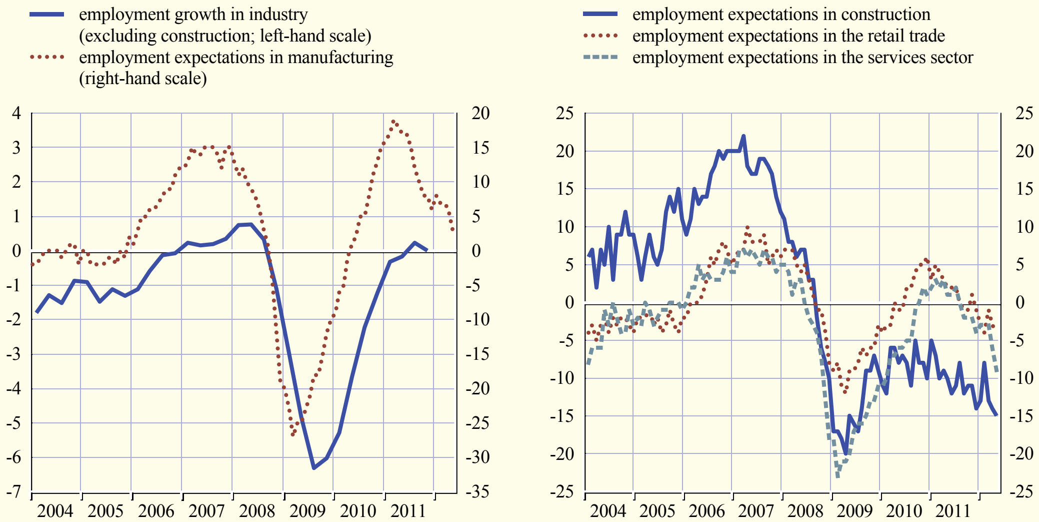
(percentage changes compared with the previous period; seasonally adjusted)

	Persons					Hours				
	Annual rates		Quarterly rates			Annual rates		Quarterly rates		
	2010	2011	2011 Q2	2011 Q3	2011 Q4	2010	2011	2011 Q2	2011 Q3	2011 Q4
Whole economy										
of which:	-0.5	0.1	0.2	-0.2	-0.2	0.0	0.2	-0.3	0.2	-0.4
Agriculture and fishing	-0.9	-2.6	0.4	-1.0	-0.8	-0.9	-1.9	-0.9	-1.2	-0.3
Industry	-3.3	-1.2	-0.2	-0.5	-0.7	-1.9	-0.8	-0.7	-0.1	-1.0
Excluding construction	-3.1	-0.1	0.0	0.1	-0.3	-0.8	0.6	-0.4	0.4	-0.2
Construction	-3.8	-3.8	-0.5	-1.6	-1.6	-3.9	-3.6	-1.3	-1.1	-2.6
Services	0.4	0.7	0.3	-0.1	-0.1	0.7	0.7	-0.1	0.3	-0.2
Trade and transport	-0.7	0.6	0.6	-0.1	-0.4	-0.3	0.4	0.2	0.5	-0.8
Information and communication	-1.1	1.6	0.5	-0.3	0.0	-0.8	1.4	-0.1	0.4	-0.7
Finance and insurance	-1.0	-0.2	-0.3	0.1	0.0	-0.6	0.2	-0.5	0.2	-0.3
Real estate activities	-0.4	2.6	-0.5	-0.5	2.2	0.6	2.1	-0.7	0.8	1.2
Professional services	2.0	2.6	0.9	-0.2	0.4	2.8	3.0	0.5	0.1	0.5
Public administration	1.0	0.1	-0.1	0.1	-0.1	1.1	0.1	-0.3	0.1	0.1
Other services[1)]	0.8	-0.2	-0.5	0.0	-0.1	0.6	-0.5	-1.3	1.0	-0.3

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

Chart 56 Employment growth and employment expectations

(annual percentage changes; percentage balances; seasonally adjusted)



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

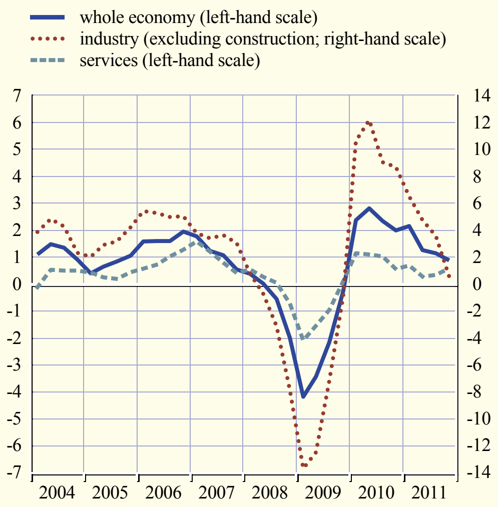
Surveys on employment suggest that employment creation is likely to have deteriorated further in the first half of 2012, partly reflecting sluggish euro area activity. In particular, the euro area composite PMI for employment expectations (encompassing both manufacturing and services) remained below the no-growth threshold in the first quarter of 2012 as well as in the first two months of the second quarter. The European Commission's business surveys exhibit similar expectations (see Chart 56).

Labour productivity growth declined in the course of 2011, as annual growth in GDP dropped more than employment growth. Annual growth in labour productivity per person employed slowed to 0.9% in the fourth quarter of 2011, down from 2.2% in the first quarter of the year. Furthermore, over the same period annual growth in hourly labour productivity declined from 1.8% to 0.7% (see Chart 57). Productivity growth is expected to remain broadly stable in the near term in line with the low economic activity and expected further reductions in employment.

The unemployment rate has continued to increase and stood at 11.0% in April 2012 – the highest level recorded in the history of the series, exceeding the peak of late 1996. The latest figure represents a rise in the unemployment rate of 1.1 percentage points compared with one year ago (see Chart 58). Slow growth in employment and weak survey results point to further increases in the short term.

Chart 57 Labour productivity per person employed

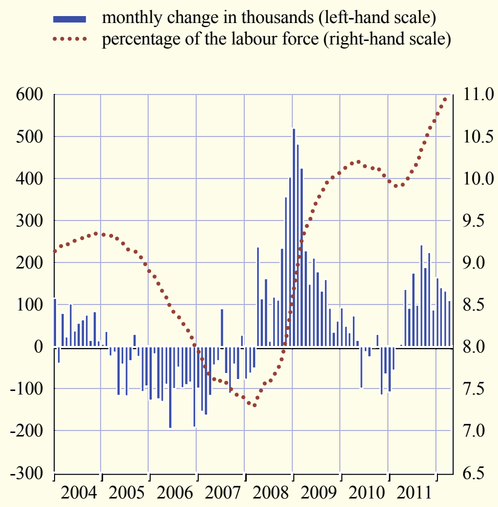
(annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart 58 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

4.4 THE OUTLOOK FOR ECONOMIC ACTIVITY

Available indicators for the second quarter of 2012 point to a weakening of growth and highlight prevailing uncertainty. Looking beyond the short term, the euro area economy is still expected to recover gradually. However, ongoing tensions in some euro area sovereign debt markets and their impact on credit conditions, the process of balance sheet adjustment in the financial and non-financial sectors and high unemployment are expected to continue to dampen the underlying growth momentum.

The June 2012 Eurosystem staff macroeconomic projections for the euro area foresee annual real GDP growth ranging between -0.5% and 0.3% in 2012 and between 0.0% and 2.0% in 2013. Compared with the March 2012 ECB staff macroeconomic projections, the range for 2012 remains unchanged, while there is a slight narrowing of the range for 2013 (see also Section 6).

The economic outlook for the euro area is subject to increased downside risks, relating in particular to a further increase in tensions in several euro area financial markets and their potential spillover to the euro area real economy. Downside risks also relate to possibly renewed increases in commodity prices over the medium term.

Box 9 shows that longer-term growth expectations for the euro area have been on a broad downward trend since the early 2000s and that the uncertainty surrounding them has increased considerably since the 2009 recession.

Box 9

DEVELOPMENTS IN LONGER-TERM GROWTH EXPECTATIONS FOR THE EURO AREA

Several economic surveys for the euro area ask participants about their expectations for real GDP growth four or more years ahead. This horizon is long enough to not be influenced by cyclical considerations and, therefore, to represent long-term average (potential) growth prospects. Changes in such prospects can, for instance, reflect expectations of permanent changes in the factors determining long-run growth, such as labour force or productivity growth. However, they can also be triggered by excessive cyclical movements and protracted adjustment processes, as they may occur after boom/bust episodes. In this respect, economic developments since the onset of the financial crisis, and the adjustment processes that were set in motion subsequently, may have impacted the longer-term growth outlook and/or the uncertainty surrounding it. Against this background, this box reviews developments in longer-term expectations for real GDP growth in the euro area.

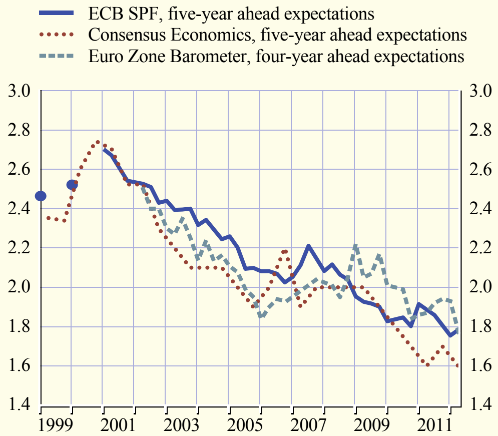
Developments in the mean of longer-term growth expectations

Over the period since 1999, the results from the ECB Survey of Professional Forecasters[1] (SPF), Consensus Economics and the Euro Zone Barometer all point to a broad downward trend in longer-term growth expectations for the euro area (see Chart A). This is consistent with developments in the estimates of euro area potential output growth provided by international organisations, which have also generally followed a downward trend over the same period (see Chart B). In the pre-crisis period, this downward trend was mostly due to a lower contribution from so-called total factor productivity, which, together with the growth of available labour and capital, accounts for potential output growth. The financial crisis and the subsequent recession then also had a strong negative impact on the longer-term growth of labour and capital, for instance, via a higher structural rate of unemployment, and protracted adverse investment dynamics. More generally, euro area longer-term growth prospects are affected by population ageing, which dampens the rate of growth of the future working population.[2]

Within the downward trend of survey expectations for the level of longer-term real

Chart A Longer-term growth expectations for the euro area

(annual percentage changes)



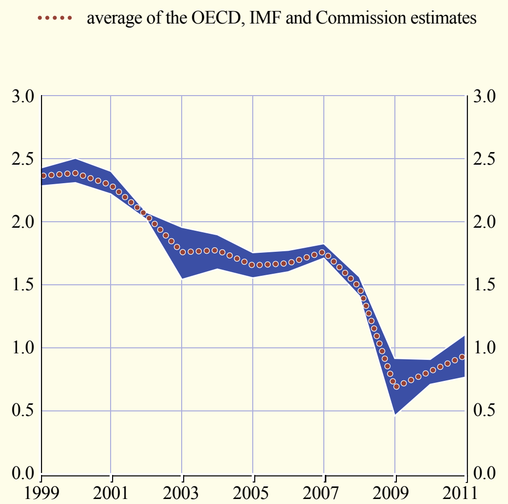
Sources: ECB, Consensus Economics, and the Euro Zone Barometer.
Notes: In 1999 and 2000 the SPF collected five-years ahead inflation expectations only in the first quarter. The Euro Zone Barometer and Consensus Economics started collecting data for the euro area in 2002 and 2003, respectively. Consensus Forecasts prior to 2003 have been constructed as averages of country forecasts for Germany, France, Italy, the Netherlands and Spain using GDP weights.

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

2 For a discussion of the concept of potential output and of developments in potential output estimates for the euro area, see the article entitled "Trends in potential output", *Monthly Bulletin*, ECB, January 2011.

Chart B Potential output estimates

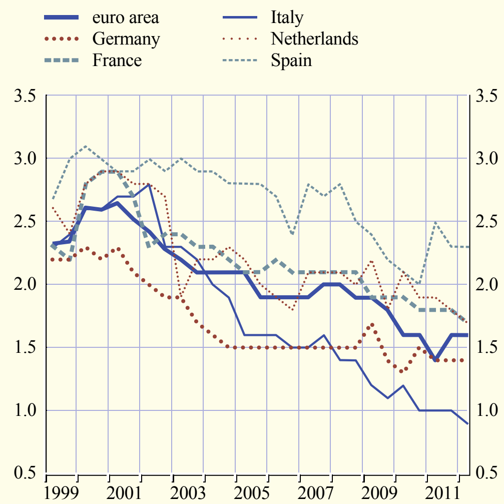
(year-on-year percentage changes)



Sources: Economic Outlook, OECD, November 2011; World Economic Outlook, IMF, April 2012; and European Commission, AMECO database, spring 2012.
Note: The shaded area indicates the range of estimates.

Chart C Longer-term growth expectations for the euro area and the larger euro area economies

(annual percentage changes)



Source: Consensus Economics.
Note: Expectations for the average growth rate between six and ten years ahead are available only at one decimal.

GDP growth, there were different phases of developments. In particular, expectations increased visibly during 2000/2001, when expectations were for permanently higher productivity growth related to progress in IT technology. Longer-term growth expectations reached an all-time high of 2.7% at the beginning of 2001. Subsequently, they decreased steadily, to stabilise and rebound somewhat in the pre-crisis period. The pick-up to 2.2% recorded just before the onset of the crisis coincided with a boom period, recording continued actual real GDP growth rates of around and sometimes well above 3%. With the onset of the crisis, longer-term growth expectations resumed the earlier downward trend and currently stand at around 1.7%.

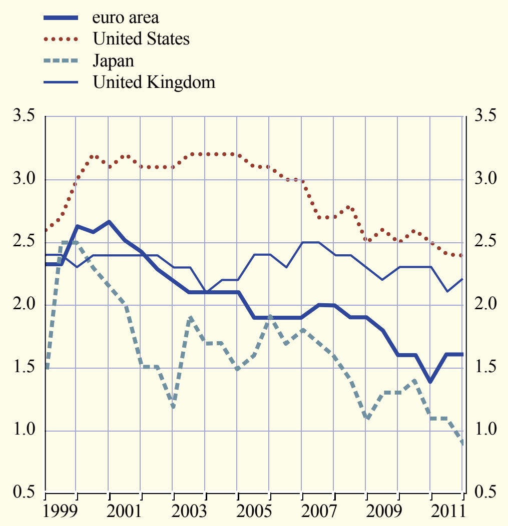
The parallelism between specific actual business cycle phases and movements in longer-term growth expectations suggests that expectations have not only been determined by structural factors but have also been influenced by waves of growth optimism and pessimism.

Similar observations for the euro area as a whole can be made for developments in longer-term growth expectations for the larger euro area countries. Consensus Economics data show that all of the countries under review, with the exception of Germany, shared an improvement in longer-term growth expectations in the early 2000s related to the expectation of an IT-driven “New Economy” and possibly also to the economic impact of Monetary Union (see Chart C). The subsequent deterioration in longer-term growth prospects took place at a different pace depending on the country in question, with the sharpest declines being recorded in Italy and the Netherlands (which observed a housing boom in the early 2000s). The stabilisation of aggregate expectations prior to the crisis appears to have been mostly due to a stabilisation in expectations for France and Germany, while the resumption of the downward trend after the crisis was driven mainly by expectations for Spain, reflecting the bust phase of the economic cycle.

Looking at the entire period, as of 1999, longer-term growth expectations for Germany have been consistently below the average expectations for the euro area as a whole, remaining relatively stable at around 1.5%. Longer-term growth expectations for Italy have been below the euro area average as well, but on a downward trend. At the same time, longer-term growth expectations for the Netherlands and France have been broadly in line with expectations for the euro area, while expectations for Spain have been at a considerably higher level compared with other large euro area countries and with the euro area as a whole.

Chart D Longer-term growth expectations for the euro area, the United States, Japan and the United Kingdom

(annual percentage changes)



Source: Consensus Economics.
Notes: Expectations for the average growth rate between six and ten years ahead are available only at one decimal. The observation for Japan in April 2001 has been interpolated.

Developments in longer-term growth expectations in other advanced economies share some of the features displayed for the euro area. The upward movement in the early 2000s is also visible for the United States and Japan, and is steeper than that of the euro area (see Chart D). While growth expectations for the United Kingdom remained stable in that period, they rose in the run-up to the crisis, when expectations for the United States were already on the decline.

In the period since 1999, longer-term growth expectations for the United States have been consistently higher than those for the other economies. This is consistent with potential output growth estimates for the United States, which have always been higher than those of the euro area. With regard to Japan, the relatively low level of longer-term growth expectations might be related to the protracted adjustment phase following the excessive asset price movements in the 1990s, and to the ageing population.

Developments in uncertainty surrounding longer-term growth expectations

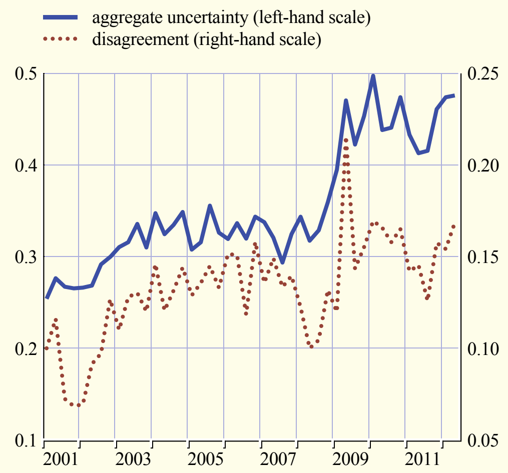
Since the onset of the financial crisis, the degree of macroeconomic uncertainty surrounding the economic outlook has heightened considerably. An increase in uncertainty surrounding longer-term growth prospects can, for example, be reflected in an increase in disagreement among survey participants about the outcome they consider most likely. In this respect, the coefficient of variation[3] of the distribution of SPF individual point forecasts represents a measure of disagreement amongst participants (see Chart E). Disagreement peaked in the second quarter of 2009, in the midst of the recession, but then reverted back to a level slightly above the pre-crisis level. Another indicator of uncertainty is the coefficient of variation derived from the aggregate probability distribution (averaging out the individual distributions that SPF respondents are asked to provide together with their point forecasts). This measure started to increase at the end of 2008

3 The coefficient of variation corresponds to the standard deviation of the distribution divided by the mean of the distribution. It is appropriate to normalise the standard deviation because longer-term growth expectations display a trend.

and has fluctuated around relatively high levels since 2009 (see Chart E). Taken together, the two indicators of uncertainty suggest that respondents are now less confident about their point estimates than before.

Chart E Uncertainty and disagreement about longer-term growth expectations from the SPF

(percentages)



Source: ECB.
Note: Aggregate uncertainty is defined as the coefficient of variation of the aggregate probability distribution, while disagreement is defined as the coefficient of variation of the distribution of point forecasts.

Overall, longer-term expectations for euro area real GDP growth have been on a broad downward trend since the early 2000s. This is consistent with lower contributions from total factor productivity growth, but more recently also lower growth in labour and capital emerging from estimates of euro area potential output growth. At the same time, hiccups in the downward trend of longer-term survey expectations were observed around times of particularly favourable economic developments. In addition, it is notable that following the 2009 recession, uncertainty surrounding longer-term growth developments increased considerably. Since overall uncertainty is likely to have a negative impact on economic outcomes, inducing for example a deferral of firms' investment decisions, as well as a more cautious attitude on the part of households, higher uncertainty surrounding longer-term growth prospects may in itself also be a factor contributing towards worsening longer-term growth expectations for the euro area in recent times.

5 FISCAL DEVELOPMENTS

Progress with fiscal consolidation in the euro area was sizeable in 2011, but further efforts need to be made to restore fiscal sustainability and market confidence. According to the European Commission's spring 2012 economic forecast, the euro area government deficit will continue to decline this year and will fall below the reference value in 2013, notwithstanding large differences across countries. Countries subject to an excessive deficit procedure (EDP) need to ensure a timely correction of their excessive deficits in line with their respective deadlines. For some countries, this will require further consolidation measures.

FISCAL DEVELOPMENTS IN 2011

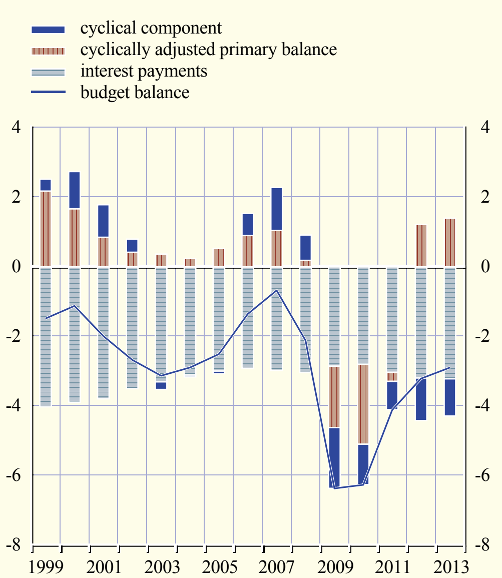
According to Eurostat's spring 2012 EDP notification figures, the euro area general government deficit declined to 4.1% of GDP in 2011, compared with 6.2% in 2010 (see Table 10). Progress with fiscal consolidation in the euro area was sizeable in 2011, largely reflecting expenditure-reducing measures, which were mainly of a permanent nature. Nevertheless, budget deficits remained above the 3% of GDP reference value in all euro area countries except Germany, Estonia, Luxembourg, Malta, Austria and Finland.

General government debt for the euro area continued to increase in 2011, albeit at a declining pace, reaching 88.0% of GDP compared with 85.6% in 2010. The primary budget deficit, although declining, continued to be the main driver of debt dynamics in 2011. Only five euro area countries recorded debt ratios below the reference value of 60% of GDP, while debt ratios were close to or even above 100% of GDP in Belgium, Ireland, Greece, Italy and Portugal (see Table 11).

FISCAL DEVELOPMENTS IN 2012 AND BEYOND

The consolidation process is expected to continue in 2012, although at a slower pace. According to the European Commission's spring 2012 economic forecast, the euro area general government deficit is expected to decline to 3.2% of GDP in 2012, which is broadly unchanged from last autumn's forecast, and to fall slightly below the reference value in 2013 (see Table 10). The expected improvement in fiscal balances, in particular in 2012, with a structural adjustment of almost 1.3 percentage points for the euro area as a whole, is largely attributable to revenue-increasing measures, while the expenditure ratio is predicted to remain broadly unchanged over the projection horizon. Moreover, the cyclical component of the euro area general government deficit is projected to remain broadly unchanged over the projection horizon; therefore, the adverse impact on growth of the consolidation efforts can be expected to be limited (see Chart 59).

Chart 59 The decomposition of fiscal consolidation in the euro area



Source: European Commission's spring 2012 economic forecast.

Table 10 Fiscal developments in the euro area

(percentages of GDP)

	2009	2010	2011	2012	2013
a. Total revenue	44.8	44.7	45.3	46.2	46.1
b. Total expenditure	51.2	51.0	49.4	49.4	49.0
of which:					
c. Interest expenditure	2.9	2.8	3.1	3.2	3.2
d. Primary expenditure (b-c)	48.4	48.1	46.3	46.2	45.8
Budget balance (a-b)	-6.4	-6.2	-4.1	-3.2	-2.9
Primary budget balance (a-d)	-3.5	-3.4	-1.1	0.0	0.3
Cyclically adjusted budget balance	-4.6	-5.1	-3.3	-2.0	-1.8
Structural budget balance	-4.6	-4.4	-3.4	-2.1	-1.9
Gross debt	79.9	85.6	88.0	91.8	92.6
Memo item: real GDP (percentage changes)	-4.3	1.9	1.5	-0.3	1.0

Sources: European Commission's spring 2012 economic forecast and ECB calculations.
Note: Figures may not add up due to rounding.

The overall improvement in budget balances masks notable differences across countries. Although in most euro area countries fiscal balances are expected to improve, the speed of adjustment varies considerably across countries. According to the Commission's spring 2012 forecast, in Greece, Spain, Italy, Cyprus and Portugal structural consolidation efforts in 2012 will be particularly substantial, amounting to 2.5 percentage points or more.

The Commission's latest forecast sees the average ratio of general government debt to GDP for the euro area increasing further to 91.8% of GDP in 2012 and 92.6% in 2013, which is a slightly stronger increase than foreseen in its autumn 2011 forecast. The expected continued rise in the debt ratio is largely the result of countries facing a negative impact from the growth-interest rate differential and a marked worsening of the stock-flow adjustment. However, in 2013 these two debt-increasing factors are projected to weaken, and to be partly compensated by the euro area primary balance recording a surplus, which explains the expected slower increase in the debt ratio for the euro area as a whole.

ASSESSMENT OF THE 2012 UPDATES OF THE STABILITY PROGRAMMES

According to the updated 2012 stability programmes provided by governments, the euro area general government deficit is expected to decline to 3.0% of GDP in 2012, 1.9% in 2013 and 1.0% in 2014 (see Table 11). The updated stability programmes are broadly in line with the Commission's forecast for 2012, but are considerably more optimistic for 2013. The difference can be mainly explained by the different assumptions on consolidation, with the Commission's forecast only taking into account policy measures which have already passed the legislative process or been specified in sufficient detail. As 2013 budgets have not yet been approved, many consolidation assumptions underlying the updated stability programmes for 2013 have not been taken into account in the Commission's spring 2012 forecast. This points to the need for governments to underpin their consolidation plans with well-specified measures in preparing their 2013 budgets.

While the updated stability programmes foresee that all countries subject to an EDP with 2012 or 2013 deadlines will correct their excessive deficits by the agreed deadlines, the Commission's forecast differs from this assessment for a number of countries, partly because at present there is a lack of sufficiently well-specified measures. Of the countries with EDP deadlines in 2012, the Commission considers Belgium and Italy to be broadly on track to correct their excessive deficits in line with their EDP commitments, whereas additional measures will need to be specified by Cyprus to close its consolidation gap. Of the countries with EDP deadlines in 2013, the Commission's

Table 11 The updated 2012 stability programmes of the euro area countries

	Budget balance (percentages of GDP)					Gross debt (percentages of GDP)					Real GDP (percentage changes)				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Belgium															
EC spring 2012 forecast	-3.8	-3.7	-3.0	-3.3	-	96.0	98.0	100.5	100.8	-	2.3	1.9	0.0	1.2	-
Update of April 2012	-	-3.7	-2.8	-2.2	-1.1	-	98.0	99.4	97.8	95.5	-	1.9	0.1	1.3	1.7
Germany															
EC spring 2012 forecast	-4.3	-1.0	-0.9	-0.7	-	83.0	81.2	82.2	80.7	-	3.7	3.0	0.7	1.7	-
Update of April 2012	-4.3	-1.0	-1.0	-0.5	0.0	83.0	81.2	82.0	80.0	78.0	-	3.0	0.7	1.6	1.6
Estonia															
EC spring 2012 forecast	0.2	1.0	-2.4	-1.3	-	6.7	6.0	10.4	11.7	-	2.3	7.6	1.6	3.8	-
Update of April 2012	-	1.0	-2.6	-0.7	0.1	-	6.0	8.8	11.0	10.6	-	7.6	1.7	3.0	3.4
Ireland															
EC spring 2012 forecast	-31.2	-13.1	-8.3	-7.5	-	92.5	108.2	116.1	120.2	-	-0.4	0.7	0.5	1.9	-
Update of April 2012	-	-13.1	-8.3	-7.5	-4.8	-	108.2	117.5	120.3	119.5	-	0.7	0.7	2.2	3.0
Greece															
EC spring 2012 forecast	-10.3	-9.1	-7.3	-8.4	-	145.0	165.3	160.6	168.0	-	-3.5	-6.9	-4.7	0.0	-
EU/IMF programme	-10.3	-9.1	-7.3	-4.7	-2.2	165.3	160.5	160.3	164.2	161.1	-	-	-	-	-
Spain															
EC spring 2012 forecast	-9.3	-8.5	-6.4	-6.3	-	61.2	68.5	80.9	87.0	-	-0.1	0.7	-1.8	-0.3	-
Update of April 2012	-	-8.5	-5.3	-3.0	-2.2	-	68.5	79.8	82.3	81.5	-	0.7	-1.7	0.2	1.4
France															
EC spring 2012 forecast	-7.1	-5.2	-4.5	-4.2	-	82.3	85.8	90.5	92.5	-	1.5	1.7	0.5	1.3	-
Update of April 2012	-7.1	-5.2	-4.4	-3.0	-2.0	-	85.8	89.0	89.2	88.4	1.5	1.7	0.7	1.8	2.0
Italy															
EC spring 2012 forecast	-4.6	-3.9	-2.0	-1.1	-	118.6	120.1	123.5	121.8	-	1.8	0.4	-1.4	0.4	-
Update of April 2012	-4.6	-3.9	-1.7	-0.5	-0.1	118.6	120.1	123.4	121.5	118.2	-	0.4	-1.2	0.5	1.0
Cyprus															
EC spring 2012 forecast	-5.3	-6.3	-3.4	-2.5	-	61.5	71.6	76.5	78.1	-	1.1	0.5	-0.8	0.3	-
Update of April 2012	-5.3	-6.3	-2.6	-0.6	0.0	61.5	71.6	72.1	70.2	67.8	-	0.5	-0.5	0.5	1.0
Luxembourg															
EC spring 2012 forecast	-0.9	-0.6	-1.8	-2.2	-	19.1	18.2	20.3	21.6	-	2.7	1.6	1.1	2.1	-
Update of April 2012	-	-0.6	-1.5	-1.2	-0.9	-	18.2	20.9	23.6	24.4	-	1.6	1.0	2.1	3.3
Malta															
EC spring 2012 forecast	-3.7	-2.7	-2.6	-2.9	-	69.4	72.0	74.8	75.2	-	2.3	2.1	1.2	1.9	-
Update of April 2012	-	-2.7	-2.2	-1.7	-1.1	-	72.0	70.3	68.7	67.4	-	-	-	-	-
Netherlands															
EC spring 2012 forecast	-5.1	-4.7	-4.4	-4.6	-	62.9	65.2	70.1	73.0	-	1.7	1.2	-0.9	0.7	-
Update of April 2012	-	-4.7	-4.2	-3.0	-	-	65.2	70.2	73.0	75.0	-	1.2	-0.8	1.3	1.5
Austria															
EC spring 2012 forecast	-4.5	-2.6	-3.0	-1.9	-	71.9	72.2	74.2	74.3	-	2.3	3.1	0.8	1.7	-
Update of April 2012	-4.5	-2.6	-3.0	-2.1	-1.5	71.9	72.2	74.7	75.3	74.6	-	3.1	0.4	1.4	2.0
Portugal															
EC spring 2012 forecast	-9.8	-4.2	-4.7	-3.1	-	93.3	107.8	113.9	117.1	-	1.4	-1.6	-3.3	0.3	-
Update of April 2012	-	-4.2	-4.5	-3.0	-1.8	-	107.8	113.1	115.7	113.4	-	-1.6	-3.0	0.6	2.0
Slovenia															
EC spring 2012 forecast	-6.0	-6.4	-4.3	-3.8	-	38.8	47.6	54.7	58.1	-	1.4	-0.2	-1.4	0.7	-
Update of April 2012	-	-6.4	-3.5	-2.5	-1.5	-	47.6	51.9	53.1	52.6	-	-0.2	-0.9	1.2	2.2
Slovakia															
EC spring 2012 forecast	-7.7	-4.8	-4.7	-4.9	-	41.1	43.3	49.7	53.5	-	4.2	3.3	1.8	2.9	-
Update of April 2012	-	-4.8	-4.6	-2.9	-2.3	-	43.3	50.2	52.0	53.0	-	3.3	1.1	2.7	3.6
Finland															
EC spring 2012 forecast	-2.5	-0.5	-0.7	-0.4	-	48.4	48.6	50.5	51.7	-	3.7	2.9	0.8	1.6	-
Update of April 2012	-2.5	-0.5	-1.1	-0.5	-0.1	48.4	48.6	50.7	51.8	51.9	-	2.9	0.8	1.5	2.1

Table 11 The updated 2012 stability programmes of the euro area countries (cont'd)

	Budget balance (percentages of GDP)					Gross debt (percentages of GDP)					Real GDP (percentage changes)				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Euro area															
EC spring 2012 forecast	-6.2	-4.1	-3.2	-2.9	-	85.6	88.0	91.8	92.6	-	1.9	1.5	-0.3	1.1	-
Based on update of April 2012	-	-4.1	-3.0	-1.9	-1.0	-	87.8	91.2	91.0	89.5	-	1.7	-0.1	1.2	1.6

Sources: European Commission's spring 2012 economic forecast, April 2012 updated stability programmes, national sources and ECB calculations.
Notes: The euro area aggregate is calculated as a weighted average of all euro area countries for which data are available. As the April 2012 update of Greece's stability programme is not yet available, the figures reported here are the latest EU/IMF programme targets (2012-14). The shaded areas correspond to EDP deadlines. For Ireland, the EDP deadline is 2015.

forecast points to consolidation gaps in Spain, France, the Netherlands, Slovakia and Slovenia and, to a lesser extent, in Portugal; conversely, Germany and Austria have already reached this target, achieving deficits below the 3% of GDP reference value in 2011.

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

In Germany, the general government deficit-to-GDP ratio fell steeply, from 4.3% in 2010 to 1.0% in 2011, which is around 1½ percentage points below the target set in last year's stability programme update. This better than expected development was mainly due to favourable macroeconomic developments, higher than expected tax revenues and lower than planned expenditures, partly related to the phasing-out of substantial financial sector support. In its April 2012 stability programme update, the German government slightly tightened the budget deficit targets for 2012-15 by ½% of GDP in each year. The deficit (rounded to ½ percentage point) is now projected to remain at around 1% of GDP in 2012 and to decline to ½% of GDP in 2013. For 2014 and 2015 the government expects a broadly balanced budget.

In France, the 2011 general government deficit declined by almost 2 percentage points to 5.2% of GDP, which is somewhat lower than the government's target of 5.7% of GDP. The improvement was driven by higher than projected revenues and better control of expenditures, including lower transfers and subsidies and the phasing-out of a temporary employment support scheme. In April 2012 the outgoing government submitted the updated stability programme, which sets a target for the deficit-to-GDP ratio of 3.0% of GDP in 2013, in line with the EDP requirements for correcting the excessive deficit. Moreover, a balanced budget is foreseen in 2016. The newly elected government has confirmed that the 2013 deficit target will be adhered to, whereas achieving a balanced budget will likely be postponed to 2017. A stability programme update will be submitted by the new government in July 2012.

In Italy, the general government deficit fell to 3.9% of GDP in 2011, down from 4.6% in 2010. The updated 2012 stability programme sets the targets for the deficit-to-GDP ratio of 1.7% in 2012 and 0.5% in 2013. These targets are now considerably more ambitious compared with the deficit targets presented in last year's stability programme (by 1 percentage point in both years). The target of achieving a broadly balanced budget is set for 2014. On 17 April 2012 the Italian parliament approved a law which introduces a balanced budget rule from 2014 onwards at the constitutional level.

In Spain, the latest information suggests that the general government deficit in 2011 amounted to 8.9% of GDP, which is higher than the deficit of 8.5% of GDP notified to Eurostat in March 2012 and considerably higher than the deficit target set in the 2011 stability programme update (6.0% of GDP). The latest revision is due to additional regional government spending discovered during an audit of unpaid bills in the context of a financial mechanism that has been put in place to pay off regional and local government arrears. According to the updated 2012 stability programme, the general government deficit should be reduced to 5.3% of GDP this year and 3.0% of GDP next year. This is to be achieved partly by a combination of wide-ranging revenue measures but mainly by deep spending cuts, particularly in 2012. The draft central government and social security budget for 2012 was presented to parliament in early April. In mid-April the government approved two laws paving the way for a significant rationalisation of health and education spending in regional government budgets. Spain's regional governments have made adjustments to their 2012 budgets and presented "rebalancing plans" in May for the period 2012-14. Spain's new budgetary stability law, which provides, inter alia, for significantly strengthened monitoring and control of regional governments' budgets, came into force at the beginning of May and is now fully applicable for the present budget year.

In Greece, the general government deficit stood at 9.1% of GDP in 2011 – 1.2 percentage points above the target set in the original EU/IMF economic adjustment programme. This reflected strong headwinds from the recession, but also a loss of momentum in the reform process. The successor EU/IMF programme, agreed in March 2012, targets a decline in the general government deficit to 7.3% of GDP in 2012 and 4.7% in 2013. The government debt burden was substantially relieved through a voluntary exchange of private sector-held government bonds involving a 53.5% haircut on the nominal value. The participating eligible old bonds were exchanged partly for European Financial Stability Facility notes with one- and two-year maturity (15%) and partly for new government bonds with a thirty-year maturity carrying lower coupon rates (31.5%). Successful completion of the government bond exchange, together with substantially scaled-up official support at low interest rates, improved the prospects for debt sustainability. Under the assumption of rigorous programme implementation, the debt-to-GDP ratio is estimated to decline to below 120% of GDP by 2020. The fiscal outlook is, however, subject to very large risks originating from the timing and pace of the recovery and, most importantly, from uncertainty regarding political support for a continuation of necessary fiscal and structural reforms.

In Portugal, the deficit-to-GDP ratio declined by more than 5 percentage points to 4.2% in 2011 – which is lower than the 2011 stability programme target of 5.9% – mainly on account of temporary measures (namely pension transfers from the banking sector amounting to 3.5% of GDP). According to the updated 2012 stability programme/Fiscal Strategy Document, the deficit is expected to meet the EU/IMF programme targets of 4.5% of GDP in 2012 and 3% in 2013. Significant progress has been made with the implementation of the far-reaching and ambitious fiscal and structural reform agenda. In particular, major improvements in the public financial management framework have been achieved, notably regarding the adoption of a law ensuring sufficient funding of spending commitments to avoid an accumulation of arrears, the full implementation of the budgetary framework law at all levels of government, and the establishment of an independent Fiscal Council.

In Ireland, the general government deficit stood at 13.1% of GDP in 2011. The underlying deficit, i.e. net of the financial support granted to the banking sector (about 3.7% of GDP in 2011), was estimated at 9.4% of GDP, which is well below the 10.6% of GDP target set in the EU/IMF programme. The updated 2012 stability programme, which includes projections until 2015, forecasts a deficit of 8.3% of GDP in 2012, which is 0.3 percentage point lower than the EU/IMF programme target. In the latest review of the EU/IMF financial assistance programme, it was concluded that the 2012 programme target is achievable, while the 2013 deficit forecast is estimated to be just in line with the target (of 7.5% of GDP); therefore, it is of the utmost importance that the authorities remain committed to do everything necessary to meet the target. Ireland is making progress in the implementation of structural fiscal reforms. The latest development on this front concerns the publication by the Irish government of draft legislation to transcribe the provisions of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union into national law, following the successful referendum on 31 May regarding the ratification of the Treaty.

FISCAL POLICY CHALLENGES

Although progress with fiscal consolidation in the euro area has been sizeable, further efforts need to be made to restore fiscal sustainability and market confidence. Uncertainty regarding future economic, fiscal and financial sector developments remains high in many countries and could be further inflamed by the increasing consolidation and reform fatigue in a growing number of countries. It therefore remains crucial for euro area countries to correct remaining fiscal imbalances, urgently implement structural reforms and restore confidence in the functioning of EMU.

To restore confidence in fiscal sustainability, in particular in countries receiving EU/IMF financial support and countries under financial market pressure, there is no viable alternative to rigorous fiscal adjustment. It is particularly crucial that fiscal consolidation strategies in the euro area ensure a timely correction of excessive deficits in line with all commitments under the enhanced Stability and Growth Pact. Thus, for those countries with consolidation gaps, additional measures need to be implemented urgently.

The negative consequences of a slower pace of fiscal adjustment should not be underestimated. Relaxing consolidation efforts is likely to increase market uncertainty and risk premia, which would pass through to private sector borrowing conditions and affect economic prospects. This, however, would be a much greater drag on short-term and longer-term growth than continued determined efforts to achieve fiscal consolidation.

6 EUROSYSTEM STAFF MACROECONOMIC PROJECTIONS FOR THE EURO AREA

On the basis of the information available up to 24 May 2012, Eurosystem staff have prepared projections for macroeconomic developments in the euro area.[1] Assuming that the financial crisis does not intensify further, real GDP growth is projected to recover gradually over the projection horizon, reflecting stronger foreign demand and a gradual strengthening of domestic demand. The recovery in domestic demand is expected to be increasingly supported by the favourable impact of the very low level of short-term interest rates and by a decline in energy and food price inflation, benefiting real incomes. Moreover, measures to restore the functioning of the financial system should support domestic demand. However, the recovery in activity is expected to be dampened by ongoing balance sheet restructuring in many sectors. Average annual real GDP growth is projected to be between -0.5% and 0.3% in 2012 and between 0.0% and 2.0% in 2013.

Euro area HICP inflation is projected to average between 2.3% and 2.5% in 2012, reflecting pressures from elevated energy prices, a lower exchange rate of the euro and rises in indirect taxes. As the impact of high commodity prices gradually fades away, headline inflation is expected to decline, averaging between 1.0% and 2.2% in 2013. HICP inflation excluding food and energy is projected to remain broadly stable in 2012 and in 2013, as the expected increases in indirect taxes and administered prices should offset downward pressures stemming from weak domestic demand and modest labour cost increases.

1 The Eurosystem staff macroeconomic projections are produced jointly by experts from the ECB and the euro area NCBs. They are a biannual input into the Governing Council's assessment of economic developments and the risks to price stability. More information on the procedures and techniques used is given in "A guide to Eurosystem staff macroeconomic projection exercises", ECB, June 2001, which is available on the ECB's website. To reflect the uncertainty surrounding the projections, ranges are used to present the results for each variable. The ranges are based on the differences between actual outcomes and previous projections carried out over a number of years. The width of the ranges is twice the average absolute value of these differences. The method used, involving a correction for exceptional events, is documented in "New procedure for constructing Eurosystem and ECB staff projection ranges", ECB, December 2009, also available on the ECB's website.

Box 10

TECHNICAL ASSUMPTIONS ABOUT INTEREST RATES, EXCHANGE RATES, COMMODITY PRICES AND FISCAL POLICIES

The technical assumptions about interest rates and commodity prices are based on market expectations, with a cut-off date of 15 May 2012.[1] The assumption about short-term interest rates is of a purely technical nature. Short-term rates are measured by the three-month EURIBOR, with market expectations derived from futures rates. The methodology gives an average level for these short-term interest rates of 0.8% for 2012 and 0.7% for 2013. The market expectations for euro area ten-year nominal government bond yields imply an average level of 4.2% in 2012 and 4.5% in 2013. Reflecting the path of forward market interest rates and the gradual pass-through of changes in market rates to lending rates, short-term bank lending rates are expected to remain broadly unchanged over the projection horizon, while long-term bank lending rates are assumed to increase slightly in 2013. Credit supply conditions for the euro area as a whole are expected to overall weigh negatively on activity in 2012 and to be neutral in 2013. As regards commodity prices, on the basis of the path implied by futures markets in the two-week period ending on the cut-off date, the price of a barrel of Brent crude oil is assumed to average USD 114.6 in 2012 and USD 107.9 in 2013. The prices of non-energy commodities in US dollars are assumed to fall by 8.0% in 2012 and to increase by 1.6% in 2013.

1 Oil and food price assumptions are based on futures prices up to the end of the projection horizon. The prices of other non-energy hard commodities are assumed to follow futures until the second quarter of 2013 and thereafter to evolve in line with global economic activity.

Bilateral exchange rates are assumed to remain unchanged over the projection horizon at the average levels prevailing in the two-week period ending on the cut-off date. This implies an exchange rate of USD per EUR of 1.30 in 2012 and 2013. On average, the effective exchange rate of the euro is assumed to depreciate by 4.4% in 2012 and by 0.3% in 2013.

Fiscal policy assumptions are based on individual euro area countries' national budget plans that were available on 24 May 2012. They include all policy measures that have already been approved by national parliaments or that have been specified in detail by governments and are likely to pass the legislative process.

THE INTERNATIONAL ENVIRONMENT

A gradual acceleration in world economic activity over the projection horizon is expected to be supported by improving financial conditions in an environment of accommodative monetary policies. In addition, reconstruction and the easing of supply chain disruptions following the natural disasters in Japan and Thailand should also provide some impetus to global activity in 2012. Over the medium term, the pace of growth in the external environment of the euro area is expected to be dampened by considerable weakness in the labour and housing markets, as well as by the need to further repair both public and private sector balance sheets. In emerging markets, growth has moderated recently but remains solid, thereby making an important contribution to global economic growth. World real GDP growth outside the euro area is projected to fall from 4.1% in 2011 to 3.8% in 2012, before picking up to 4.3% in 2013. Euro area foreign demand is estimated to grow by 4.0% in 2012 and by 6.4% in 2013.

REAL GDP GROWTH PROJECTIONS

Euro area real GDP stagnated in the first quarter of 2012, having declined by 0.3% in the fourth quarter of 2011. Real GDP growth is expected to weaken in the second quarter of this year. The fragility of activity seen lately is due primarily to weak domestic demand, reflecting the combined adverse effect of the euro area sovereign debt crisis on consumer and business confidence, high oil prices, adverse credit supply conditions and a tightening in the fiscal stance in some euro area countries.

Looking ahead, assuming that the financial crisis does not intensify further, real GDP growth is projected to pick up over the projection horizon. The recovery reflects the acceleration of growth in global trade, and therefore in foreign demand, as well as a gradual strengthening of domestic demand. For its part, domestic demand is expected to be supported by the very low level of short-term interest rates and by the favourable impact of a decline in energy and food price inflation on households' real disposable income. Moreover, measures to restore the functioning of the financial system should support domestic demand. Overall, the recovery is likely to be rather muted by historical standards owing to the ongoing need for public and private sector balance sheet restructuring in several euro area countries. In annual terms, euro area real GDP is expected to grow by between -0.5% and 0.3% in 2012 and between 0.0% and 2.0% in 2013.

In more detail, extra-euro area export growth is projected to gain momentum over the projection horizon, mainly reflecting the strengthening of foreign demand and the effects of past gains in export price competitiveness. Euro area export market shares, which have been recovering of late, are projected to stabilise over the projection horizon.

Table 12 Macroeconomic projections for the euro area

(average annual percentage changes)[1]

	2011	2012	2013
HICP	2.7	2.3 – 2.5	1.0 – 2.2
Real GDP	1.5	-0.5 – 0.3	0.0 – 2.0
Private consumption	0.2	-0.7 – -0.1	-0.4 – 1.4
Government consumption	-0.3	-0.7 – 0.3	-0.7 – 0.7
Gross fixed capital formation	1.6	-3.2 – -1.0	-0.8 – 3.8
Exports (goods and services)	6.3	1.2 – 5.0	1.1 – 8.9
Imports (goods and services)	4.1	-0.7 – 2.9	0.9 – 7.9

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

Euro area non-residential private investment is expected to further decline in the near term, before recovering over the projection horizon, supported by the strengthening of demand, low interest rates and improving profit mark-ups. Residential investment is expected to recover only marginally over the projection horizon. Ongoing adjustments in the housing markets in some countries continue to dampen the recovery in residential investment. However, these adverse developments are partly offset by the enhanced attractiveness of housing investment, relative to other forms of investment, in some other countries, where residential investment should also be fuelled by low mortgage rates. Government investment is expected to decline throughout the projection horizon, as indicated in the fiscal consolidation packages in several euro area countries.

Private consumption is projected to remain subdued throughout 2012, as a large fall in real disposable income is only partly compensated by a decline in the saving ratio, reflecting inter-temporal consumption smoothing. The large decline in real disposable income is due to a decrease in both employment and real compensation per employee, fiscal consolidation measures and weak non-labour income. In 2013, private consumption is expected to increase moderately, mainly reflecting a recovery in real disposable income as the adverse impact of the aforementioned factors gradually fades, while it should also be supported by a decline in commodity price pressures. Government consumption in real terms is projected to remain broadly stable in both 2012 and 2013.

The pace of extra-euro area import growth is expected to gain momentum over the projection horizon, albeit still constrained by weak domestic demand. Reflecting stronger growth in exports, net trade is expected to make a significant positive contribution to real GDP growth over the whole projection horizon.

The ongoing crisis is expected to have adversely affected potential growth, although the exact magnitude of the impact remains highly uncertain. It is likely that the continued weakness in employment and investment will further weigh on potential output growth. Given the weak outlook for growth, the negative output gap is projected to widen in 2012 before narrowing somewhat in 2013.

PRICE AND COST PROJECTIONS

HICP inflation is expected to average between 2.3% and 2.5% in 2012. This relatively elevated level reflects the effects of the hikes in oil prices, the impact of a weakened exchange rate of the euro and increases in indirect taxes. Inflation is expected to ease considerably, averaging between 1.0% and 2.2% in 2013. This deceleration in inflation will be driven largely by the projected developments in the energy component. As crude oil prices are assumed to decline gradually over the projection horizon and the impact of past increases fades away, the contribution from energy prices to the headline inflation rate is expected to decline in 2013. The contribution from the food component is also expected to decline, albeit by much less. HICP inflation excluding food and energy is projected to remain broadly stable in 2012 and 2013 as the expected increases in indirect taxes and administered prices exert upward pressures on inflation, offsetting the downward pressures stemming from weak domestic demand and moderate labour cost increases.

In more detail, external price pressures increased at the turn of the year, driven by rising oil prices and a weaker exchange rate of the euro. However, the technical assumptions about exchange rates and commodity prices imply that these external pressures should ease over the projection horizon. In addition, the annual growth rate of the import deflator will be subject to large downward base effects as the increases of the past year drop out of annual comparisons. Its annual growth rate is therefore expected to decline sharply over the projection horizon. Turning to domestic price pressures, the annual growth rate in compensation per employee is projected to decrease slightly in 2012 and somewhat further in 2013, on the back of deteriorating labour market conditions. Given the elevated average inflation rate in 2012, real compensation per employee is expected to decline. It is expected to pick up in 2013, reflecting the projected decline in the inflation rate, but to grow more slowly than productivity over the entire projection horizon. The annual growth rate of unit labour costs is expected to bounce back in 2012, mirroring the cyclical weakness in productivity growth. Thereafter, it is expected to moderate in 2013, as productivity picks up and wage pressures remain contained. Profit margins are expected to decline in 2012, cushioning the sharp rise in unit labour costs, against the backdrop of subdued aggregate demand. A rebound in profit margins is projected for 2013, on the back of weaker growth in unit labour costs, owing to stronger growth in productivity and a recovery in demand. Reflecting the ongoing fiscal consolidation in many euro area countries, increases in administered prices and indirect taxes are expected to make an above-average contribution to HICP inflation both in 2012 and in 2013.

COMPARISON WITH THE MARCH 2012 PROJECTIONS

Compared with the ECB staff macroeconomic projections published in the March 2012 issue of the Monthly Bulletin, the range of the real GDP growth projection for 2012 remains unchanged, while there is a slight narrowing of the range for 2013. With regard to HICP inflation, there is a narrowing of the projection ranges for both 2012 and 2013.

Table 13 Comparison with the March 2012 projections

(average annual percentage changes)

	2012	2013
Real GDP – March 2012	-0.5 – 0.3	0.0 – 2.2
Real GDP – June 2012	-0.5 – 0.3	0.0 – 2.0
HICP – March 2012	2.1 – 2.7	0.9 – 2.3
HICP – June 2012	2.3 – 2.5	1.0 – 2.2

Box 11

FORECASTS BY OTHER INSTITUTIONS

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

In the forecasts currently available from other institutions, euro area real GDP is expected to decline by between 0.1% and 0.4% in 2012, which is within the range of the Eurosystem staff projections. In 2013, real GDP is projected to increase by between 0.8% and 1.0%, which is also within the range of the Eurosystem staff projections.

As regards inflation, the forecasts from other institutions point to an average annual HICP inflation of between 2.0% and 2.4% in 2012, which is within or somewhat below the range of the Eurosystem staff projections. In 2013, HICP inflation is expected to average between 1.6% and 1.9%, which is within the Eurosystem staff projection ranges.

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

(average annual percentage changes)

	Date of release	GDP growth		HICP inflation	
		2012	2013	2012	2013
IMF	April 2012	-0.3	0.9	2.0	1.6
Survey of Professional Forecasters	May 2012	-0.2	1.0	2.3	1.8
Consensus Economics Forecasts	May 2012	-0.4	0.8	2.4	1.8
OECD	May 2012	-0.1	0.9	2.4	1.9
European Commission	May 2012	-0.3	1.0	2.4	1.8
Eurosystem staff projections	June 2012	-0.5 – 0.3	0.0 – 2.0	2.3 – 2.5	1.0 – 2.2

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

EURO AREA STATISTICS

CONTENTS[1]

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

Conventions used in the tables

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

EURO AREA OVERVIEW

Summary of economic indicators for the euro area
(annual percentage changes, unless otherwise indicated)

1. Monetary developments and interest rates [1)]

	M1 [2)]	M2 [2)]	M3 [2), 3)]	M3 [2), 3)] 3-month moving average (centred)	MFI loans to euro area residents excluding MFIs and general government [2)]	Securities other than shares issued in euro by non-MFI corporations [2)]	3-month interest rate (EURIBOR; % per annum; period averages)	10-year spot rate (% per annum; end of period) [4)]
	1	2	3	4	5	6	7	8
2010	8.5	1.8	0.5	-	0.6	4.2	0.81	3.36
2011	2.0	2.3	2.2	-	2.4	0.9	1.39	2.65
2011 Q2	1.7	2.4	2.1	-	2.6	1.3	1.42	3.41
Q3	1.4	2.3	2.4	-	2.5	0.5	1.56	2.48
Q4	1.9	2.1	2.2	-	2.1	-0.4	1.50	2.65
2012 Q1	2.3	2.5	2.4	-	0.9	0.4	1.04	2.60
2011 Dec.	1.6	1.8	1.5	1.9	1.1	-0.6	1.43	2.65
2012 Jan.	2.1	2.3	2.3	2.2	1.2	0.2	1.22	2.67
Feb.	2.6	2.8	2.7	2.7	0.8	0.7	1.05	2.59
Mar.	2.8	3.0	3.1	2.7	0.6	1.3	0.86	2.60
Apr.	1.8	2.4	2.5	.	0.3	.	0.74	2.47
May	.	.	.	.	.	.	0.68	1.89

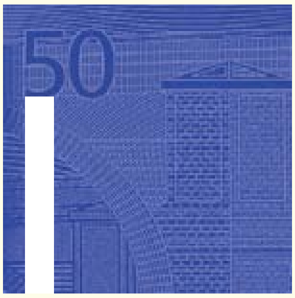
2. Prices, output, demand and labour markets [5)]

	HICP [1)]	Industrial producer prices	Hourly labour costs	Real GDP (s.a.)	Industrial production excluding construction	Capacity utilisation in manufacturing (%)	Employment (s.a.)	Unemployment (% of labour force; s.a.)
	1	2	3	4	5	6	7	8
2010	1.6	2.9	1.5	2.0	7.3	76.7	-0.5	10.1
2011	2.7	5.9	2.8	1.5	3.5	80.3	0.1	10.2
2011 Q3	2.7	5.9	2.6	1.3	3.9	80.0	0.2	10.2
Q4	2.9	5.1	2.8	0.7	-0.2	79.7	-0.2	10.6
2012 Q1	2.7	3.7	.	-0.1	-1.7	79.8	.	10.9
2011 Dec.	2.7	4.3	-	-	-1.6	-	-	10.7
2012 Jan.	2.7	3.9	-	-	-1.8	79.8	-	10.8
Feb.	2.7	3.7	-	-	-1.5	-	-	10.9
Mar.	2.7	3.5	-	-	-1.8	-	-	11.0
Apr.	2.6	2.6	-	-	.	79.7	-	11.0
May	2.4	.	-	-	.	-	-	.

3. External statistics
(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)			Reserve assets (end-of-period positions)	Net international investment position (as a % of GDP)	Gross external debt (as a % of GDP)	Effective exchange rate of the euro: EER-20 [6)] (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Combined direct and portfolio investment				Nominal	Real (CPI)	
	1	2	3	4	5	6	7	8	9
2010	-0.4	15.1	51.2	591.2	-13.4	120.3	103.6	101.6	1.3257
2011	7.6	4.6	157.1	667.1	-12.1	120.5	103.4	100.7	1.3920
2011 Q2	-17.9	-2.4	107.2	580.9	-13.5	118.9	105.2	102.6	1.4391
Q3	4.4	2.8	15.8	646.6	-13.1	122.5	103.5	100.6	1.4127
Q4	39.9	14.3	-59.1	667.1	-12.1	120.5	102.1	99.4	1.3482
2012 Q1	-6.2	1.9	-87.6	671.3	.	.	99.5	96.9	1.3108
2011 Dec.	23.3	8.2	-43.7	667.1	.	.	100.8	98.1	1.3179
2012 Jan.	-10.0	-9.2	-49.8	702.4	.	.	98.9	96.3	1.2905
Feb.	-4.0	2.3	16.0	696.4	.	.	99.6	97.2	1.3224
Mar.	7.9	8.7	-53.8	671.3	.	.	99.8	97.3	1.3201
Apr.	.	.	.	679.7	.	.	99.5	97.0	1.3162
May	.	.	.	.	.	.	98.0	95.6	1.2789

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

	4 May 2012	11 May 2012	18 May 2012	25 May 2012
Gold and gold receivables	432,705	432,705	432,704	432,704
Claims on non-euro area residents in foreign currency	241,977	242,113	242,223	242,850
Claims on euro area residents in foreign currency	51,965	51,525	50,962	48,242
Claims on non-euro area residents in euro	20,108	19,512	18,992	17,485
Lending to euro area credit institutions in euro	1,117,090	1,124,082	1,127,017	1,101,736
Main refinancing operations	34,420	39,287	42,988	37,852
Longer-term refinancing operations	1,081,584	1,083,183	1,083,183	1,061,818
Fine-tuning reverse operations	0	0	0	0
Structural reverse operations	0	0	0	0
Marginal lending facility	1,086	1,613	845	2,065
Credits related to margin calls	0	0	1	1
Other claims on euro area credit institutions in euro	204,691	208,356	212,494	246,582
Securities of euro area residents in euro	607,223	607,585	604,688	605,103
Securities held for monetary policy purposes	281,749	281,983	280,192	280,555
Other securities	325,473	325,603	324,496	324,548
General government debt in euro	30,589	30,589	30,589	30,583
Other assets	253,970	255,047	255,592	255,026
Total assets	2,960,317	2,971,515	2,975,261	2,980,310

2. Liabilities

	4 May 2012	11 May 2012	18 May 2012	25 May 2012
Banknotes in circulation	876,143	875,178	878,293	879,746
Liabilities to euro area credit institutions in euro	1,112,812	1,125,042	1,107,179	1,062,773
Current accounts (covering the minimum reserve system)	96,860	146,815	102,482	90,035
Deposit facility	801,489	763,119	789,715	760,102
Fixed-term deposits	214,000	213,992	214,000	212,000
Fine-tuning reverse operations	0	0	0	0
Deposits related to margin calls	463	1,116	982	637
Other liabilities to euro area credit institutions in euro	2,322	7,557	8,515	3,274
Debt certificates issued	0	0	0	0
Liabilities to other euro area residents in euro	119,887	110,610	125,123	153,945
Liabilities to non-euro area residents in euro	77,540	82,115	84,974	107,201
Liabilities to euro area residents in foreign currency	4,638	4,086	4,451	6,699
Liabilities to non-euro area residents in foreign currency	10,032	10,091	9,089	7,149
Counterpart of special drawing rights allocated by the IMF	54,716	54,716	54,716	54,716
Other liabilities	217,237	217,130	217,938	219,816
Revaluation accounts	399,445	399,445	399,445	399,445
Capital and reserves	85,545	85,545	85,539	85,548
Total liabilities	2,960,317	2,971,515	2,975,261	2,980,310

Source: ECB.

1.2 Key ECB interest rates

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

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

Source: ECB.

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

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

(EUR millions; interest rates in percentages per annum)

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

Date of settlement	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures			Running for (...) days
				Fixed rate	Minimum bid rate	Marginal rate [4)]	Weighted average rate	
	1	2	3	4	5	6	7	8
	Main refinancing operations							
2012 29 Feb.	29,469	83	29,469	1.00	-	-	-	7
7 Mar.	17,541	65	17,541	1.00	-	-	-	7
14	42,178	75	42,178	1.00	-	-	-	7
21	59,543	78	59,543	1.00	-	-	-	7
28	61,078	81	61,078	1.00	-	-	-	7
4 Apr.	62,625	80	62,625	1.00	-	-	-	7
11	55,362	82	55,362	1.00	-	-	-	7
18	51,775	85	51,775	1.00	-	-	-	7
25	46,369	82	46,369	1.00	-	-	-	7
2 May	34,420	77	34,420	1.00	-	-	-	7
9	39,287	80	39,287	1.00	-	-	-	7
16	42,988	84	42,988	1.00	-	-	-	7
23	37,852	84	37,852	1.00	-	-	-	7
30	51,176	87	51,176	1.00	-	-	-	7
6 June	119,370	96	119,370	1.00	-	-	-	7
	Longer-term refinancing operations							
2011 22 Dec. [5) 6)]	489,191	523	489,191	.	-	-	-	1,134
2012 18 Jan.	38,734	44	38,734	1.00	-	-	-	28
26	19,580	54	19,580	1.00	-	-	-	91
15 Feb.	14,325	18	14,325	1.00	-	-	-	28
1 Mar.	6,496	30	6,496	1.00	-	-	-	91
1 [5) 6)]	529,531	800	529,531	.	-	-	-	1,092
14	9,754	19	9,754	1.00	-	-	-	28
29 [5)]	25,127	48	25,127	.	-	-	-	91
11 Apr.	11,389	20	11,389	1.00	-	-	-	28
26 [5)]	21,338	39	21,338	.	-	-	-	91
9 May	12,988	20	12,988	1.00	-	-	-	35
31 [5)]	8,307	33	8,307	.	-	-	-	91

2. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures				Running for (...) days
					Fixed rate	Minimum bid rate	Maximum bid rate	Marginal rate [4)]	Weighted average rate	
	1	2	3	4	5	6	7	8	9	10
2012 29 Feb.	Collection of fixed-term deposits	331,939	79	219,500	-	-	1.00	0.27	0.26	7
7 Mar.	Collection of fixed-term deposits	452,118	106	219,500	-	-	1.00	0.26	0.26	7
14	Collection of fixed-term deposits	437,434	91	218,000	-	-	1.00	0.26	0.26	7
21	Collection of fixed-term deposits	429,702	92	218,000	-	-	1.00	0.26	0.26	7
28	Collection of fixed-term deposits	322,943	82	213,500	-	-	1.00	0.26	0.26	7
4 Apr.	Collection of fixed-term deposits	415,044	78	213,500	-	-	1.00	0.26	0.26	7
11	Collection of fixed-term deposits	365,273	66	214,000	-	-	1.00	0.26	0.26	7
18	Collection of fixed-term deposits	438,325	75	214,000	-	-	1.00	0.26	0.26	7
25	Collection of fixed-term deposits	411,451	70	214,000	-	-	1.00	0.26	0.26	7
2 May	Collection of fixed-term deposits	389,405	58	214,000	-	-	1.00	0.26	0.26	7
9	Collection of fixed-term deposits	441,270	74	214,000	-	-	1.00	0.26	0.26	7
16	Collection of fixed-term deposits	468,092	75	214,000	-	-	1.00	0.26	0.26	7
23	Collection of fixed-term deposits	459,846	70	212,000	-	-	1.00	0.26	0.26	7
30	Collection of fixed-term deposits	420,004	66	212,000	-	-	1.00	0.26	0.26	7
6 June	Collection of fixed-term deposits	420,651	71	212,000	-	-	1.00	0.26	0.26	7

Source: ECB.

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

1.4 Minimum reserve and liquidity statistics

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

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at (end of period):	Total	Liabilities to which a positive reserve coefficient is applied [1]		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2007	17,394.7	9,438.8	815.0	2,143.1	1,364.0	3,633.9
2008	18,169.6	10,056.8	848.7	2,376.9	1,243.5	3,643.7
2009	18,318.2	9,808.5	760.4	2,475.7	1,170.1	4,103.5
2010	18,948.1	9,962.6	644.3	2,683.3	1,335.4	4,322.5
2011 Nov.	19,073.0	9,708.5	673.6	2,776.0	1,509.5	4,405.4
Dec.	18,970.0	9,790.9	687.7	2,781.2	1,303.5	4,406.8
2012 Jan.	19,111.4	9,901.1	684.7	2,784.2	1,343.8	4,397.7
Feb.	19,090.1	9,870.4	700.9	2,768.7	1,356.6	4,393.6
Mar.	19,178.8	9,981.7	725.5	2,758.8	1,336.0	4,376.8

2. Reserve maintenance

Maintenance period ending on:	Required reserves	Credit institutions' current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
2008	217.2	218.7	1.5	0.0	3.25
2009	210.2	211.4	1.2	0.0	1.00
2010	211.8	212.5	0.7	0.5	1.00
2011	207.7	212.2	4.5	0.0	1.25
2012 17 Jan.	207.0	212.3	5.3	0.0	1.00
14 Feb.	103.3	108.1	4.7	0.0	1.00
13 Mar.	104.3	108.9	4.6	0.0	1.00
10 Apr.	105.4	109.6	4.3	0.0	1.00
8 May	105.2	110.5	5.3	0.0	1.00
12 June	106.6	.	.	.	.

3. Liquidity

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money
		Monetary policy operations of the Eurosystem										
	Eurosystem's net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations [2]	Deposit facility	Other liquidity-absorbing operations [3]	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)		
	1	2	3	4	5	6	7	8	9	10	11	12
2008	580.5	337.3	457.2	2.7	0.0	200.9	4.9	731.1	107.8	114.3	218.7	1,150.7
2009	407.6	55.8	593.4	0.7	24.6	65.7	9.9	775.2	150.1	-130.2	211.4	1,052.3
2010	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1
2011	622.1	238.0	389.0	4.4	260.3	253.7	200.5	869.4	63.8	-85.9	212.2	1,335.3
2011 13 Dec.	622.1	238.0	389.0	4.4	260.3	253.7	200.5	869.4	63.8	-85.9	212.2	1,335.3
2012 17 Jan.	683.9	169.4	627.3	6.0	278.6	399.3	210.8	883.7	67.7	-8.7	212.3	1,495.3
14 Feb.	698.3	120.6	683.6	2.3	282.4	489.0	218.5	870.1	100.1	1.6	108.1	1,467.1
13 Mar.	688.2	89.1	860.1	2.2	288.1	621.0	219.5	868.8	129.0	-19.4	108.9	1,598.6
10 Apr.	667.6	56.4	1,093.4	3.0	280.6	771.3	215.8	871.2	146.3	-13.3	109.6	1,752.1
8 May	659.3	47.0	1,088.7	1.0	281.3	771.4	214.0	872.7	137.1	-28.5	110.5	1,754.6

Source: ECB.

1) A coefficient of 1% is applied as of the maintenance period beginning on 18 January 2012. A coefficient of 2% is applied to all previous maintenance periods.

2) Includes liquidity provided under the Eurosystem's covered bond purchase programmes and the Eurosystem's Securities Markets Programme.

3) Includes liquidity absorbed as a result of the Eurosystem's foreign exchange swap operations.
For more information, please see: http://www.ecb.europa.eu/mopo/liq/html/index.en.html

MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

2.1 Aggregated balance sheet of euro area MFIs [1]

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Money market fund shares/ units [2]	Holdings of shares/ other equity issued by euro area residents	External assets	Fixed assets	Remaining assets [3]
		Total	General government	Other euro area residents	MFIs	Total	General government	Other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Eurosystem													
2010	3,212.4	1,566.8	18.6	0.9	1,547.3	573.6	425.4	9.4	138.7	-	18.6	684.1	8.0	361.4
2011	4,700.4	2,728.5	18.0	1.0	2,709.5	717.2	556.9	10.9	149.5	-	20.3	779.2	8.1	447.0
2011 Q4	4,700.4	2,728.5	18.0	1.0	2,709.5	717.2	556.9	10.9	149.5	-	20.3	779.2	8.1	447.0
2012 Q1	5,238.2	3,289.9	18.0	1.0	3,270.9	744.4	578.0	10.6	155.9	-	21.0	774.4	8.1	400.5
2012 Jan.	4,740.8	2,762.7	18.0	1.0	2,743.7	731.3	571.9	11.0	148.4	-	20.7	809.4	8.1	408.6
Feb.	4,821.7	2,789.0	18.0	1.0	2,770.0	738.0	578.0	11.2	148.8	-	21.0	803.2	8.0	462.4
Mar.	5,238.2	3,289.9	18.0	1.0	3,270.9	744.4	578.0	10.6	155.9	-	21.0	774.4	8.1	400.5
Apr. (p)	5,252.9	3,345.0	17.4	1.0	3,326.6	738.3	572.2	10.9	155.2	-	21.1	789.9	8.1	350.6
	MFIs excluding the Eurosystem													
2010	32,199.5	17,765.0	1,221.8	11,026.0	5,517.1	4,938.6	1,524.2	1,528.6	1,885.8	59.9	1,233.1	4,321.5	223.5	3,657.9
2011	33,539.1	18,482.1	1,160.0	11,161.8	6,160.3	4,765.3	1,395.8	1,517.8	1,851.6	50.2	1,212.0	4,252.6	232.5	4,544.4
2011 Q4	33,539.1	18,482.1	1,160.0	11,161.8	6,160.3	4,765.3	1,395.8	1,517.8	1,851.6	50.2	1,212.0	4,252.6	232.5	4,544.4
2012 Q1	33,774.7	18,629.6	1,137.0	11,161.7	6,330.9	4,961.5	1,527.5	1,516.8	1,917.3	60.5	1,231.2	4,256.3	220.9	4,414.7
2012 Jan.	33,722.3	18,505.2	1,156.3	11,194.9	6,154.0	4,839.1	1,447.0	1,521.4	1,870.6	51.7	1,229.5	4,232.5	230.2	4,634.1
Feb.	33,710.0	18,477.8	1,140.5	11,164.1	6,173.3	4,929.6	1,496.9	1,527.8	1,904.8	55.8	1,222.9	4,208.9	224.8	4,590.3
Mar.	33,774.7	18,629.6	1,137.0	11,161.7	6,330.9	4,961.5	1,527.5	1,516.8	1,917.3	60.5	1,231.2	4,256.3	220.9	4,414.7
Apr. (p)	33,899.4	18,630.6	1,141.6	11,155.4	6,333.6	4,932.7	1,526.7	1,510.2	1,895.9	60.9	1,242.2	4,267.4	221.5	4,544.1

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/ units [4]	Debt securities issued [5]	Capital and reserves	External liabilities	Remaining liabilities [3]
			Total	Central government	Other general government/ other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
	Eurosystem										
2010	3,212.4	863.7	1,394.8	68.0	8.7	1,318.1	-	0.0	428.5	153.8	371.7
2011	4,700.4	913.7	2,609.0	63.8	12.1	2,533.1	-	0.0	481.2	285.3	411.1
2011 Q4	4,700.4	913.7	2,609.0	63.8	12.1	2,533.1	-	0.0	481.2	285.3	411.1
2012 Q1	5,238.2	894.8	3,219.6	136.0	9.2	3,074.4	-	0.0	508.8	208.1	407.0
2012 Jan.	4,740.8	893.6	2,666.9	108.7	9.8	2,548.4	-	0.0	521.5	243.3	415.5
Feb.	4,821.7	892.1	2,752.7	135.6	12.4	2,604.6	-	0.0	526.3	241.2	409.4
Mar.	5,238.2	894.8	3,219.6	136.0	9.2	3,074.4	-	0.0	508.8	208.1	407.0
Apr. (p)	5,252.9	898.8	3,212.9	100.7	10.6	3,101.6	-	0.0	517.4	212.9	410.9
	MFIs excluding the Eurosystem										
2010	32,199.5	-	16,497.6	196.2	10,526.4	5,774.9	612.3	4,847.4	2,045.5	4,218.2	3,978.5
2011	33,539.1	-	17,266.8	195.5	10,752.3	6,319.0	570.5	5,008.2	2,230.5	3,803.0	4,660.2
2011 Q4	33,539.1	-	17,266.8	195.5	10,752.3	6,319.0	570.5	5,008.2	2,230.5	3,803.0	4,660.2
2012 Q1	33,774.7	-	17,468.5	192.5	10,805.3	6,470.7	554.7	5,066.5	2,259.7	3,936.7	4,488.6
2012 Jan.	33,722.3	-	17,259.2	210.5	10,763.0	6,285.7	544.7	5,015.8	2,254.2	3,863.5	4,784.8
Feb.	33,710.0	-	17,283.5	206.6	10,776.7	6,300.2	539.0	5,042.4	2,263.5	3,829.7	4,751.9
Mar.	33,774.7	-	17,468.5	192.5	10,805.3	6,470.7	554.7	5,066.5	2,259.7	3,936.7	4,488.6
Apr. (p)	33,899.4	-	17,498.2	189.2	10,806.5	6,502.6	564.3	5,037.2	2,250.7	3,972.8	4,576.1

Source: ECB.

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

2.2 Consolidated balance sheet of euro area MFIs [1]

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

1. Assets

	Total	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/ other equity issued by other euro area residents	External assets	Fixed assets	Remaining assets [2]
		Total	General government	Other euro area residents	Total	General government	Other euro area residents				
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2010	25,756.7	12,267.4	1,240.4	11,027.0	3,487.7	1,949.7	1,538.1	800.4	5,005.6	231.5	3,964.1
2011	26,769.2	12,340.8	1,178.0	11,162.8	3,481.4	1,952.7	1,528.7	739.4	5,031.8	240.6	4,935.2
2011 Q4	26,769.2	12,340.8	1,178.0	11,162.8	3,481.4	1,952.7	1,528.7	739.4	5,031.8	240.6	4,935.2
2012 Q1	26,730.8	12,317.7	1,155.0	11,162.7	3,632.8	2,105.4	1,527.4	755.3	5,030.7	229.0	4,765.3
2012 Jan.	26,941.2	12,370.1	1,174.3	11,195.8	3,551.3	2,018.9	1,532.4	747.5	5,041.9	238.3	4,992.1
Feb.	26,930.6	12,323.5	1,158.5	11,165.1	3,614.0	2,074.9	1,539.0	745.1	5,012.1	232.8	5,003.1
Mar.	26,730.8	12,317.7	1,155.0	11,162.7	3,632.8	2,105.4	1,527.4	755.3	5,030.7	229.0	4,765.3
Apr. (p)	26,832.6	12,315.3	1,159.0	11,156.4	3,619.9	2,098.9	1,521.1	766.9	5,057.3	229.6	4,843.4
	Transactions										
2010	577.2	412.8	206.3	206.5	137.9	140.4	-2.5	5.7	-112.5	2.3	130.8
2011	1,029.5	57.2	-58.8	116.1	132.0	150.1	-18.1	-30.0	-37.5	8.0	899.8
2011 Q4	-256.0	-101.3	13.5	-114.8	80.2	41.3	38.9	-9.1	-173.8	3.6	-55.6
2012 Q1	109.3	-0.8	-22.0	21.2	156.9	152.6	4.3	18.9	70.2	-12.4	-123.0
2012 Jan.	239.4	37.4	-3.0	40.4	76.8	67.5	9.2	8.1	17.4	-3.2	103.6
Feb.	41.2	-36.4	-16.2	-20.2	52.9	47.1	5.8	-1.4	18.7	-5.5	12.9
Mar.	-171.3	-1.8	-2.8	1.0	27.2	37.9	-10.7	12.3	34.1	-3.7	-239.5
Apr. (p)	143.9	0.1	6.9	-6.8	-8.6	-3.2	-5.4	21.4	-9.5	0.6	139.7

2. Liabilities

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Money market fund shares/ units [3]	Debt securities issued [4]	Capital and reserves	External liabilities	Remaining liabilities [2]	Excess of inter-MFI liabilities over inter-MFI assets
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2010	25,756.7	808.6	264.2	10,535.1	552.4	2,822.9	2,022.6	4,372.0	4,350.2	28.6
2011	26,769.2	857.5	259.3	10,764.4	520.3	3,007.1	2,218.8	4,088.4	5,071.2	-17.7
2011 Q4	26,769.2	857.5	259.3	10,764.4	520.3	3,007.1	2,218.8	4,088.4	5,071.2	-17.7
2012 Q1	26,730.8	844.9	328.5	10,814.5	494.1	2,993.4	2,271.6	4,144.8	4,895.5	-56.7
2012 Jan.	26,941.2	843.0	319.2	10,772.8	493.0	2,996.7	2,273.0	4,106.8	5,200.3	-63.6
Feb.	26,930.6	842.5	342.2	10,789.1	483.2	2,988.8	2,291.0	4,070.9	5,161.3	-38.4
Mar.	26,730.8	844.9	328.5	10,814.5	494.1	2,993.4	2,271.6	4,144.8	4,895.5	-56.7
Apr. (p)	26,832.6	847.6	289.8	10,817.0	503.5	2,986.2	2,271.8	4,185.7	4,987.0	-56.0
	Transactions									
2010	577.2	38.6	11.8	331.6	-98.5	39.5	99.6	-26.2	145.4	35.3
2011	1,029.5	49.1	-0.8	174.1	-29.1	50.8	137.6	-199.4	893.3	-46.2
2011 Q4	-256.0	26.4	-2.2	-31.4	-6.6	-48.7	46.8	-115.1	-102.9	-22.2
2012 Q1	109.3	-12.4	69.3	57.1	10.6	-1.1	17.9	130.8	-152.6	-10.3
2012 Jan.	239.4	-14.4	59.9	11.5	-5.8	-14.2	8.4	74.2	130.8	-10.9
Feb.	41.2	-0.4	23.2	21.5	2.0	6.3	0.1	-3.0	-32.4	24.0
Mar.	-171.3	2.4	-13.8	24.1	14.4	6.8	9.5	59.5	-250.9	-23.3
Apr. (p)	143.9	2.7	-36.2	-6.3	12.1	-14.1	3.8	12.4	169.9	-0.3

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

2.3 Monetary statistics [1]

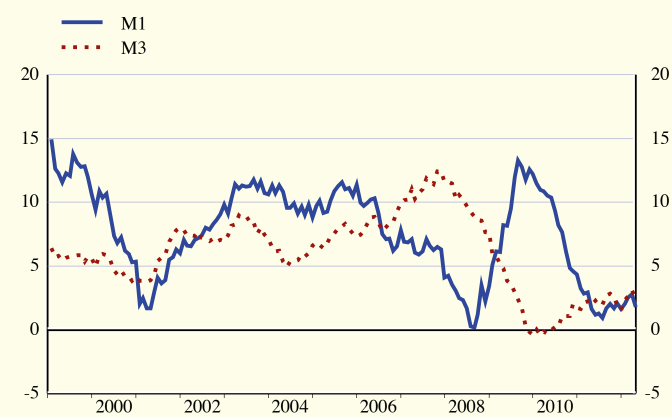
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

1. Monetary aggregates [2] and counterparts

	M3					M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents			Net external assets [3]
	M2			M3-M2						Loans	Loans adjusted for sales and securitisation [4]	
	M1	M2-M1										
	1	2	3	4	5	6	7	8	9	10	11	12
Outstanding amounts												
2010	4,702.1	3,707.3	8,409.4	1,130.5	9,539.9	-	7,276.6	3,216.8	13,384.8	11,048.7	-	619.5
2011	4,785.8	3,804.8	8,590.6	1,149.7	9,740.3	-	7,681.6	3,157.0	13,451.2	11,185.4	-	929.3
2011 Q4	4,785.8	3,804.8	8,590.6	1,149.7	9,740.3	-	7,681.6	3,157.0	13,451.2	11,185.4	-	929.3
2012 Q1	4,848.3	3,877.3	8,725.6	1,152.9	9,878.5	-	7,662.0	3,257.6	13,472.9	11,183.3	-	904.2
2012 Jan.	4,790.6	3,836.2	8,626.8	1,134.0	9,760.8	-	7,737.9	3,194.5	13,485.2	11,214.3	-	932.9
Feb.	4,818.6	3,866.2	8,684.9	1,137.8	9,822.6	-	7,727.5	3,231.8	13,474.1	11,192.6	-	935.6
Mar.	4,848.3	3,877.3	8,725.6	1,152.9	9,878.5	-	7,662.0	3,257.6	13,472.9	11,183.3	-	904.2
Apr. (p)	4,794.7	3,897.3	8,692.1	1,135.8	9,827.9	-	7,669.9	3,244.9	13,414.5	11,164.3	-	902.7
Transactions												
2010	195.9	-10.0	185.9	-23.8	162.2	-	249.9	347.0	210.0	207.7	264.6	-85.7
2011	77.5	76.4	153.9	-6.5	147.4	-	213.9	89.9	68.9	116.9	143.3	161.7
2011 Q4	3.9	-11.3	-7.4	-70.9	-78.3	-	-12.2	70.1	-57.8	-63.2	-26.5	-52.2
2012 Q1	65.8	74.0	139.8	33.1	172.8	-	-32.0	101.4	51.8	19.3	28.2	-28.0
2012 Jan.	6.3	32.2	38.5	-3.2	35.4	-	16.9	39.5	47.0	36.4	41.3	-44.7
Feb.	30.4	30.9	61.3	15.7	77.0	-	-12.1	28.0	-0.4	-11.2	-8.1	18.3
Mar.	29.0	10.9	39.9	20.5	60.4	-	-36.8	33.9	5.2	-5.9	-5.0	-1.6
Apr. (p)	-55.2	16.2	-38.9	-12.1	-51.0	-	-1.0	-6.3	-48.6	-19.5	-20.1	-9.0
Growth rates												
2010	4.4	-0.3	2.3	-2.1	1.7	1.8	3.6	12.0	1.6	1.9	2.4	-85.7
2011	1.6	2.1	1.8	-0.7	1.5	1.9	2.9	3.0	0.5	1.1	1.3	161.7
2011 Q4	1.6	2.1	1.8	-0.7	1.5	1.9	2.9	3.0	0.5	1.1	1.3	161.7
2012 Q1	2.8	3.2	3.0	4.1	3.1	2.7	1.3	7.5	0.5	0.6	1.2	-33.1
2012 Jan.	2.1	2.5	2.3	3.0	2.3	2.2	2.7	4.5	0.7	1.2	1.6	91.6
Feb.	2.6	3.0	2.8	1.9	2.7	2.7	2.1	5.6	0.4	0.8	1.2	93.1
Mar.	2.8	3.2	3.0	4.1	3.1	2.7	1.3	7.5	0.5	0.6	1.2	-33.1
Apr. (p)	1.8	3.2	2.4	2.9	2.5	.	0.8	7.7	0.0	0.3	0.8	-34.1

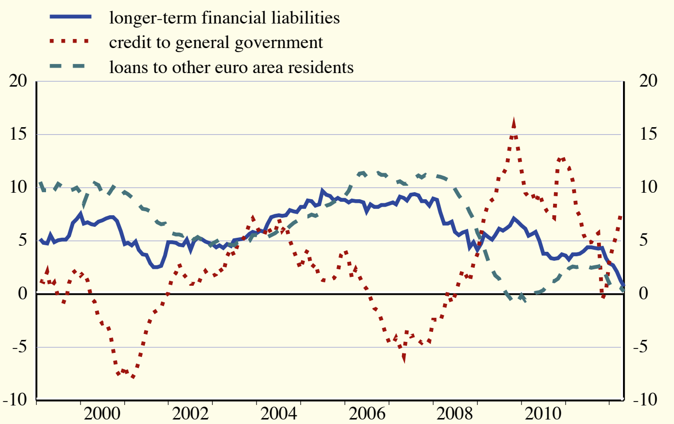
C1 Monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C2 Counterparts [1]

(annual growth rates; seasonally adjusted)



Source: ECB.

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

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

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

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

2.3 Monetary statistics [1]

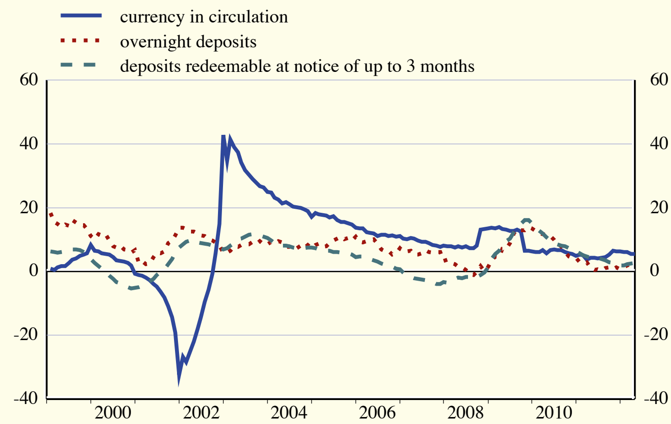
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

	Currency in circulation	Overnight deposits	Deposits with an agreed maturity of up to 2 years	Deposits redeemable at notice of up to 3 months	Repos	Money market fund shares/units	Debt securities with a maturity of up to 2 years	Debt securities with a maturity of over 2 years	Deposits redeemable at notice of over 3 months	Deposits with an agreed maturity of over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
						Outstanding amounts					
2010	794.0	3,908.2	1,794.7	1,912.6	438.6	568.7	123.1	2,719.0	118.9	2,432.1	2,006.6
2011	843.2	3,942.6	1,846.3	1,958.4	407.7	535.4	206.6	2,821.7	115.4	2,544.1	2,200.3
2011 Q4	843.2	3,942.6	1,846.3	1,958.4	407.7	535.4	206.6	2,821.7	115.4	2,544.1	2,200.3
2012 Q1	847.8	4,000.5	1,901.4	1,975.9	417.7	493.1	242.1	2,749.8	113.1	2,522.4	2,276.7
2012 Jan.	849.9	3,940.7	1,876.9	1,959.3	431.8	496.7	205.5	2,808.8	114.4	2,548.9	2,265.7
Feb.	852.6	3,966.0	1,897.6	1,968.6	437.0	481.5	219.2	2,774.6	114.0	2,550.9	2,288.0
Mar.	847.8	4,000.5	1,901.4	1,975.9	417.7	493.1	242.1	2,749.8	113.1	2,522.4	2,276.7
Apr. (p)	850.1	3,944.7	1,914.5	1,982.9	410.0	496.5	229.3	2,753.3	113.8	2,513.9	2,289.0
						Transactions					
2010	36.5	159.5	-122.1	112.1	96.3	-101.6	-18.5	59.9	-14.1	107.9	96.2
2011	49.4	28.1	39.8	36.6	-9.8	-29.9	33.2	19.6	-2.5	61.8	135.0
2011 Q4	11.2	-7.3	-8.0	-3.3	-99.3	6.2	22.1	-45.5	-3.0	9.1	27.3
2012 Q1	4.8	61.0	55.1	18.8	9.9	-5.3	28.5	-52.2	-3.2	-18.2	41.7
2012 Jan.	6.8	-0.5	31.0	1.2	23.8	-17.1	-9.9	-7.8	-0.9	5.9	19.7
Feb.	2.8	27.7	20.5	10.4	5.5	-3.4	13.7	-19.8	-1.5	4.8	4.3
Mar.	-4.8	33.8	3.6	7.3	-19.3	15.1	24.7	-24.6	-0.8	-28.9	17.6
Apr. (p)	2.2	-57.4	9.3	6.9	-10.4	6.1	-7.8	-8.2	0.7	-9.3	15.9
						Growth rates					
2010	4.8	4.3	-6.4	6.2	28.3	-15.2	-13.6	2.3	-10.6	4.7	5.2
2011	6.2	0.7	2.2	1.9	-2.3	-5.2	24.0	0.8	-2.1	2.5	6.6
2011 Q4	6.2	0.7	2.2	1.9	-2.3	-5.2	24.0	0.8	-2.1	2.5	6.6
2012 Q1	5.5	2.2	3.9	2.5	4.2	-2.2	20.0	-2.5	-5.2	1.2	7.0
2012 Jan.	6.2	1.2	3.2	1.9	11.6	-5.2	11.9	-0.3	-2.9	2.5	7.4
Feb.	6.2	1.8	3.9	2.3	4.3	-5.4	21.8	-1.4	-4.4	2.6	6.6
Mar.	5.5	2.2	3.9	2.5	4.2	-2.2	20.0	-2.5	-5.2	1.2	7.0
Apr. (p)	5.5	1.0	3.8	2.7	-1.0	-0.2	20.6	-3.4	-4.6	0.3	7.2

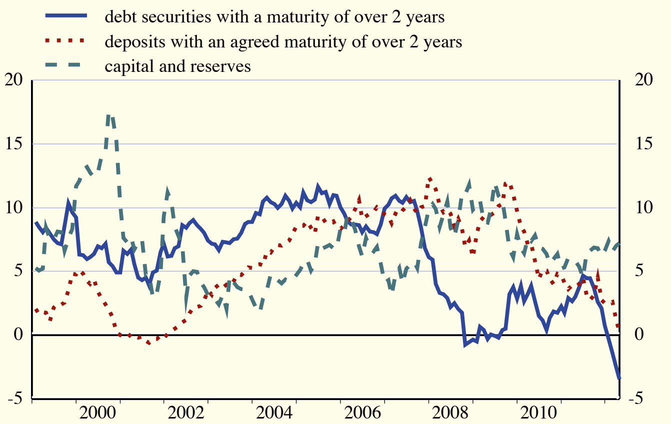
C3 Components of monetary aggregates [1]

(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)]

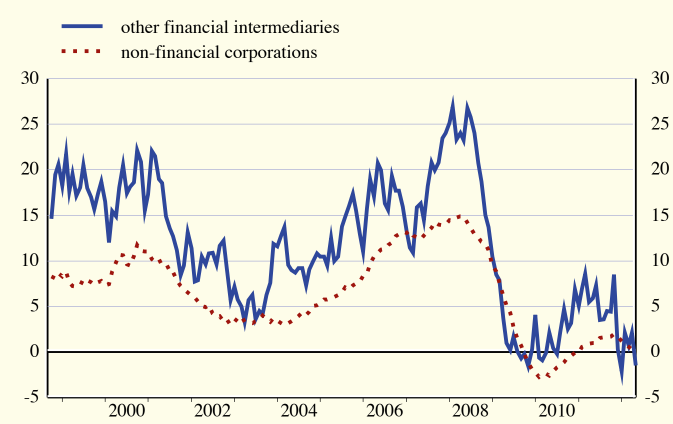
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

	Insurance corporations and pension funds	Other financial inter-mediaries	Non-financial corporations					Households [3)]				
	Total	Total	Total	Loans adjusted for sales and securitisation [4)]	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Loans adjusted for sales and securitisation [4)]	Consumer credit	Loans for house purchase	Other loans
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2010	93.7	1,128.5	4,668.5	-	1,127.6	899.0	2,641.9	5,158.0	-	638.5	3,700.6	819.0
2011	91.1	1,139.2	4,722.6	-	1,146.8	860.9	2,714.9	5,232.4	-	626.2	3,777.5	828.7
2011 Q4	91.1	1,139.2	4,722.6	-	1,146.8	860.9	2,714.9	5,232.4	-	626.2	3,777.5	828.7
2012 Q1	88.0	1,153.8	4,699.9	-	1,136.5	848.1	2,715.3	5,241.7	-	620.6	3,792.7	828.4
2012 Jan.	87.7	1,168.2	4,718.6	-	1,146.4	853.7	2,718.5	5,239.8	-	626.7	3,781.9	831.3
Feb.	84.2	1,162.0	4,709.8	-	1,141.9	849.7	2,718.2	5,236.6	-	624.0	3,782.9	829.7
Mar.	88.0	1,153.8	4,699.9	-	1,136.5	848.1	2,715.3	5,241.7	-	620.6	3,792.7	828.4
Apr. (p)	81.3	1,130.4	4,703.7	-	1,152.6	847.2	2,703.9	5,248.9	-	620.0	3,800.4	828.5
	Transactions											
2010	6.3	56.3	-1.9	45.9	-37.5	-26.3	61.9	146.9	155.5	-8.5	133.7	21.7
2011	1.4	-23.0	58.4	64.2	22.1	-20.7	57.0	80.2	100.8	-11.6	84.6	7.2
2011 Q4	-4.5	-9.1	-32.4	-29.9	-26.8	-8.3	2.7	-17.2	17.4	-1.2	-11.8	-4.2
2012 Q1	-2.9	17.3	-9.7	-7.0	-7.0	-8.7	6.0	14.6	20.4	-2.7	16.4	0.9
2012 Jan.	-3.2	30.1	0.8	1.1	1.0	-6.5	6.3	8.7	13.3	1.4	4.3	3.0
Feb.	-3.5	-4.4	-2.6	-0.9	-2.7	-2.0	2.2	-0.7	0.8	-2.1	2.1	-0.7
Mar.	3.8	-8.4	-7.9	-7.2	-5.3	-0.2	-2.4	6.6	6.3	-2.0	10.1	-1.4
Apr. (p)	-6.7	-29.7	10.1	10.1	19.9	-0.1	-9.7	6.9	6.2	-1.6	8.7	-0.2
	Growth rates											
2010	7.2	5.1	0.0	1.0	-3.2	-2.8	2.4	2.9	3.1	-1.3	3.8	2.8
2011	1.6	-2.0	1.2	1.4	2.0	-2.3	2.1	1.6	1.9	-1.8	2.3	0.9
2011 Q4	1.6	-2.0	1.2	1.4	2.0	-2.3	2.1	1.6	1.9	-1.8	2.3	0.9
2012 Q1	-0.2	2.3	0.3	0.5	-0.4	-2.9	1.6	0.6	1.7	-2.1	1.1	0.7
2012 Jan.	-1.3	2.3	0.9	1.0	0.7	-2.9	2.2	1.3	2.0	-1.6	1.8	1.1
Feb.	-8.3	0.8	0.6	0.7	0.1	-3.2	2.0	1.2	1.8	-1.9	1.8	0.8
Mar.	-0.2	2.3	0.3	0.5	-0.4	-2.9	1.6	0.6	1.7	-2.1	1.1	0.7
Apr. (p)	-6.5	-1.5	0.5	0.7	1.1	-2.2	1.1	0.5	1.5	-2.4	1.0	0.5

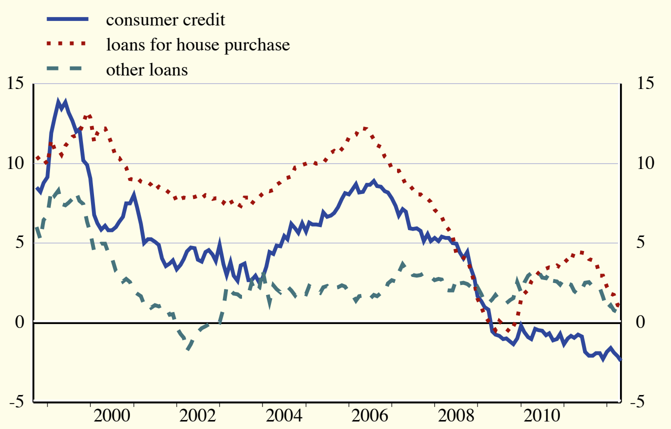
C5 Loans to other financial intermediaries and non-financial corporations [2)]

(annual growth rates; not seasonally adjusted)



C6 Loans to households [2)]

(annual growth rates; not seasonally adjusted)



Source: ECB.
1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.
2) Data refer to the changing composition of the euro area. For further information, see the General Notes.
3) Including non-profit institutions serving households.
4) Adjustment for the derecognition of loans on the MFI balance sheet on account of their sale or securitisation.

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

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

2. Loans to financial intermediaries and non-financial corporations

	Insurance corporations and pension funds				Other financial intermediaries					Non-financial corporations			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Total: Reverse repos to central counterparties	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2011	83.4	63.7	6.3	13.4	1,115.4	155.6	579.6	213.4	322.4	4,720.4	1,139.0	860.9	2,720.5
2011 Q4	83.4	63.7	6.3	13.4	1,115.4	155.6	579.6	213.4	322.4	4,720.4	1,139.0	860.9	2,720.5
2012 Q1	86.1	67.5	5.4	13.2	1,145.0	184.8	590.1	220.7	334.2	4,699.3	1,136.9	849.0	2,713.4
2012 Feb.	82.7	63.4	6.1	13.2	1,142.4	182.7	593.8	222.9	325.7	4,710.9	1,143.5	849.0	2,718.4
Mar.	86.1	67.5	5.4	13.2	1,145.0	184.8	590.1	220.7	334.2	4,699.3	1,136.9	849.0	2,713.4
Apr. (p)	81.6	63.0	5.4	13.2	1,134.8	176.7	577.6	219.5	337.7	4,704.5	1,155.3	847.4	2,701.8
	Transactions												
2011	1.9	2.8	1.1	-2.0	-23.8	12.8	-19.4	-10.3	6.0	57.2	21.2	-20.7	56.6
2011 Q4	-15.0	-15.2	1.0	-0.8	-55.9	-22.6	-54.6	4.4	-5.7	-31.4	-33.7	-9.0	11.3
2012 Q1	3.0	3.9	-0.9	0.0	32.3	29.1	12.7	7.5	12.1	-8.0	1.2	-7.7	-1.5
2012 Feb.	-1.7	-1.7	0.1	-0.1	-7.4	4.4	-9.2	0.0	1.7	-5.3	-4.8	-0.7	0.2
Mar.	3.4	4.1	-0.8	0.1	2.5	2.0	-3.6	-2.4	8.5	-9.5	-6.5	1.4	-4.5
Apr. (p)	-4.5	-4.6	0.0	0.0	-16.6	-11.2	-17.9	-1.6	2.9	11.5	22.2	-0.9	-9.9
	Growth rates												
2011	2.1	3.9	21.7	-13.3	-2.1	8.9	-3.2	-4.9	1.9	1.2	1.9	-2.3	2.1
2011 Q4	2.1	3.9	21.7	-13.3	-2.1	8.9	-3.2	-4.9	1.9	1.2	1.9	-2.3	2.1
2012 Q1	-0.3	1.2	-0.6	-7.6	2.1	34.4	0.0	3.8	5.0	0.3	-0.4	-2.9	1.6
2012 Feb.	-8.2	-8.5	12.4	-14.2	0.7	15.1	-1.3	2.9	3.2	0.6	0.1	-3.2	2.0
Mar.	-0.3	1.2	-0.6	-7.6	2.1	34.4	0.0	3.8	5.0	0.3	-0.4	-2.9	1.6
Apr. (p)	-6.7	-7.3	4.6	-7.8	-1.5	18.4	-7.0	3.1	6.2	0.5	1.1	-2.2	1.1

3. Loans to households [3)]

	Total	Consumer credit				Loans for house purchase				Other loans				
		Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Total: Sole proprietors	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts													
2011	5,242.7	628.4	140.9	183.8	303.7	3,784.3	14.5	56.6	3,713.2	830.0	419.7	142.8	87.5	599.7
2011 Q4	5,242.7	628.4	140.9	183.8	303.7	3,784.3	14.5	56.6	3,713.2	830.0	419.7	142.8	87.5	599.7
2012 Q1	5,231.3	617.9	136.1	180.1	301.7	3,787.1	14.0	56.6	3,716.4	826.3	417.4	141.8	85.9	598.6
2012 Feb.	5,228.1	619.2	137.7	180.8	300.7	3,780.7	14.0	56.6	3,710.2	828.3	418.2	143.1	86.2	598.9
Mar.	5,231.3	617.9	136.1	180.1	301.7	3,787.1	14.0	56.6	3,716.4	826.3	417.4	141.8	85.9	598.6
Apr. (p)	5,234.5	618.3	137.2	180.1	301.0	3,790.8	14.0	56.8	3,720.0	825.4	418.5	140.2	85.7	599.4
	Transactions													
2011	80.7	-11.7	-3.7	-6.4	-1.6	85.1	-0.2	2.7	82.6	7.3	8.8	-6.4	-2.5	16.2
2011 Q4	-12.5	-0.7	2.1	-2.0	-0.8	-8.9	0.3	0.4	-9.6	-2.9	10.1	-4.8	-0.1	2.0
2012 Q1	-6.1	-7.6	-4.5	-2.1	-1.0	4.0	-0.4	0.1	4.3	-2.5	-2.5	-0.8	-1.0	-0.7
2012 Feb.	-5.8	-4.5	-2.3	-1.5	-0.7	-0.4	-0.2	-0.1	-0.1	-0.9	-0.3	0.1	-0.9	-0.1
Mar.	4.7	0.1	-1.5	0.1	1.5	6.6	0.1	0.2	6.4	-2.1	-1.4	-1.4	-0.1	-0.7
Apr. (p)	2.9	-0.6	0.4	0.0	-1.0	4.7	0.0	0.4	4.4	-1.2	-1.6	-0.6	0.0	-0.6
	Growth rates													
2011	1.6	-1.8	-2.5	-3.4	-0.5	2.3	-1.7	5.0	2.3	0.9	2.1	-4.3	-2.9	2.7
2011 Q4	1.6	-1.8	-2.5	-3.4	-0.5	2.3	-1.7	5.0	2.3	0.9	2.1	-4.3	-2.9	2.7
2012 Q1	0.6	-2.1	-1.7	-3.7	-1.3	1.1	1.1	5.2	1.0	0.7	2.0	-4.2	-2.1	2.3
2012 Feb.	1.2	-1.9	-1.6	-3.2	-1.1	1.8	0.1	4.8	1.7	0.8	2.1	-2.8	-2.6	2.2
Mar.	0.6	-2.1	-1.7	-3.7	-1.3	1.1	1.1	5.2	1.0	0.7	2.0	-4.2	-2.1	2.3
Apr. (p)	0.5	-2.4	-1.1	-3.8	-2.1	1.0	0.9	5.5	1.0	0.5	1.7	-3.1	-0.6	1.6

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

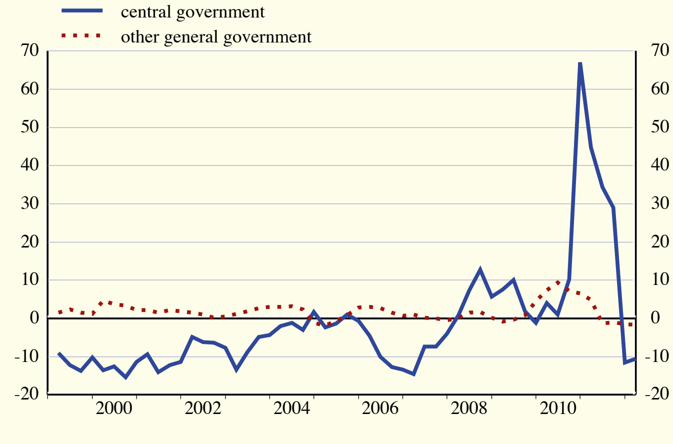
2.4 MFI loans: breakdown [1), 2)]

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

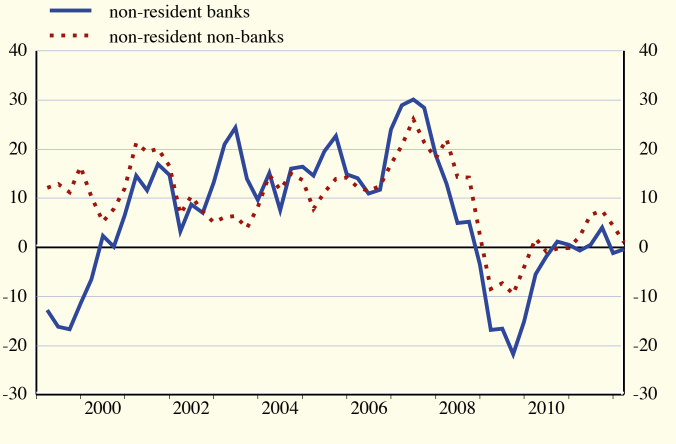
4. Loans to government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2010	1,221.8	397.5	225.2	553.0	46.1	2,963.0	2,010.9	952.1	49.5	902.6
2011	1,160.0	348.4	221.9	567.9	21.7	3,020.5	2,022.2	998.3	62.4	935.9
2011 Q2	1,152.7	346.4	223.4	555.9	27.0	3,006.5	2,012.0	994.5	60.1	934.4
Q3	1,145.8	343.5	224.0	553.7	24.7	3,155.7	2,133.1	1,022.7	62.7	960.0
Q4	1,160.0	348.4	221.9	567.9	21.7	3,020.5	2,022.2	998.3	62.4	935.9
2012 Q1 (p)	1,137.0	321.4	224.0	567.4	24.0	3,004.9	1,995.9	1,007.9	59.6	948.4
	Transactions									
2010	207.2	156.3	14.9	24.1	11.9	6.3	8.3	-2.3	0.6	-2.9
2011	-58.2	-46.0	-0.1	11.2	-23.6	15.6	-26.4	42.0	12.9	29.1
2011 Q2	-36.5	-13.0	-6.5	-2.1	-14.9	44.5	21.8	22.7	6.1	16.6
Q3	-7.1	-3.3	0.6	-2.0	-2.4	65.9	59.6	6.3	1.4	5.0
Q4	13.5	4.6	1.4	10.4	-3.2	-151.1	-108.1	-43.1	-1.4	-41.6
2012 Q1 (p)	-22.0	-26.1	-1.9	4.0	2.7	40.7	15.7	23.9	-2.0	25.9
	Growth rates									
2010	20.6	67.1	7.1	4.6	35.1	0.6	0.5	-0.1	0.8	-0.2
2011	-4.8	-11.6	-0.1	2.0	-52.2	0.6	-1.2	4.4	26.6	3.2
2011 Q2	7.1	34.4	-1.1	1.4	-38.6	2.6	0.5	6.6	30.4	5.4
Q3	6.2	28.9	0.2	1.8	-43.3	5.2	4.0	7.4	24.6	6.4
Q4	-4.8	-11.6	-0.1	2.0	-52.2	0.6	-1.2	4.4	26.6	3.2
2012 Q1 (p)	-4.4	-10.5	-2.8	1.8	-42.4	0.1	-0.4	1.0	7.5	0.6

C7 Loans to government [2)]
(annual growth rates; not seasonally adjusted)



C8 Loans to non-euro area residents [2)]
(annual growth rates; not seasonally adjusted)



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

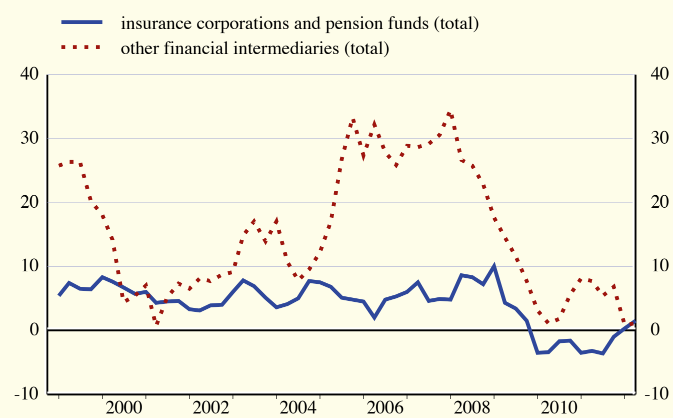
2.5 Deposits held with MFIs: breakdown [1), 2)]

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

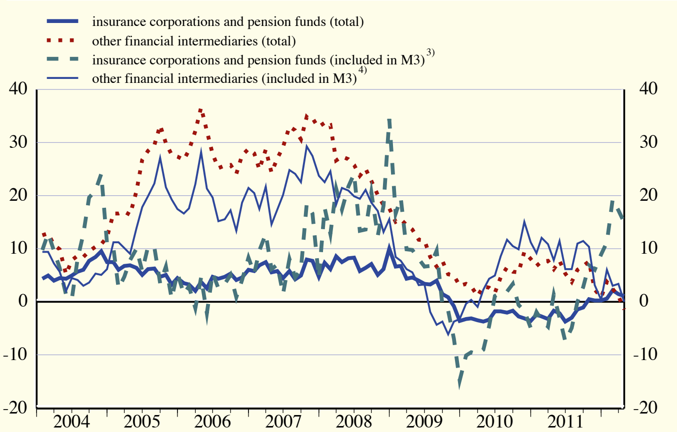
1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries							
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		With central counter-parties
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts														
2010	716.9	84.6	79.3	528.3	2.6	0.3	21.9	2,168.3	358.5	305.7	1,132.6	10.7	0.5	360.3	255.0
2011	704.3	92.1	79.9	512.7	4.0	0.2	15.5	2,220.7	389.8	284.9	1,190.9	14.7	0.5	339.9	260.0
2011 Q4	704.3	92.1	79.9	512.7	4.0	0.2	15.5	2,220.7	389.8	284.9	1,190.9	14.7	0.5	339.9	260.0
2012 Q1	711.3	98.4	86.8	504.6	4.5	0.2	16.9	2,210.9	420.0	265.9	1,148.9	15.5	0.4	360.3	275.9
2012 Jan.	720.4	109.1	83.4	510.0	4.0	0.2	13.7	2,253.7	415.8	275.1	1,188.0	14.0	0.3	360.4	270.6
Feb.	721.5	107.0	87.1	506.9	4.2	0.2	16.1	2,250.6	408.2	277.4	1,175.9	14.1	0.3	374.7	286.2
Mar.	711.3	98.4	86.8	504.6	4.5	0.2	16.9	2,210.9	420.0	265.9	1,148.9	15.5	0.4	360.3	275.9
Apr. (p)	718.6	106.1	87.5	503.7	4.7	0.2	16.5	2,199.3	405.4	268.9	1,141.2	15.1	0.5	368.2	280.7
	Transactions														
2010	-26.5	-3.3	-8.4	-16.6	0.2	0.0	1.6	156.9	45.1	-37.6	52.8	-8.0	0.4	104.2	-
2011	2.2	11.7	4.2	-13.9	1.1	-0.1	-0.9	19.7	28.8	-29.1	16.4	3.9	0.1	-0.3	5.5
2011 Q4	-8.2	3.6	-5.2	-6.1	0.1	0.0	-0.7	-98.9	4.5	-23.7	19.0	3.3	0.1	-102.1	-79.6
2012 Q1	7.6	6.4	6.7	-7.4	0.5	0.0	1.4	-6.6	31.2	-18.2	-40.8	0.8	-0.2	20.5	15.5
2012 Jan.	16.0	17.1	3.2	-2.7	0.1	0.0	-1.8	35.0	26.4	-9.0	-2.0	-0.8	-0.2	20.5	10.2
Feb.	2.0	-2.0	3.8	-2.4	0.1	0.0	2.4	-1.2	-6.8	2.5	-11.4	0.1	0.0	14.4	15.6
Mar.	-10.4	-8.7	-0.4	-2.3	0.3	0.0	0.7	-40.4	11.6	-11.7	-27.3	1.4	0.0	-14.4	-10.3
Apr. (p)	7.1	7.8	0.1	-0.7	0.2	0.0	-0.4	-16.0	-15.2	2.7	-8.5	-0.4	0.1	5.2	2.1
	Growth rates														
2010	-3.6	-3.4	-9.6	-3.0	9.7	-	7.8	8.1	14.4	-11.1	4.9	-48.5	-	41.1	-
2011	0.3	14.4	5.6	-2.6	43.3	-	-5.2	0.9	8.0	-9.3	1.4	36.1	-	-0.2	2.1
2011 Q4	0.3	14.4	5.6	-2.6	43.3	-	-5.2	0.9	8.0	-9.3	1.4	36.1	-	-0.2	2.1
2012 Q1	1.5	17.9	14.8	-3.8	43.3	-	18.9	1.1	11.8	-13.2	-1.0	31.5	-	8.1	14.6
2012 Jan.	0.7	17.8	9.1	-3.1	39.2	-	-18.3	3.8	8.7	-9.6	1.9	28.3	-	16.6	23.7
Feb.	2.2	25.8	14.4	-3.6	38.3	-	4.2	2.5	7.9	-9.7	2.1	26.8	-	8.0	13.5
Mar.	1.5	17.9	14.8	-3.8	43.3	-	18.9	1.1	11.8	-13.2	-1.0	31.5	-	8.1	14.6
Apr. (p)	1.1	23.6	10.1	-3.9	14.4	-	-4.1	-1.4	6.1	-14.6	-2.6	35.4	-	5.1	12.5

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



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



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

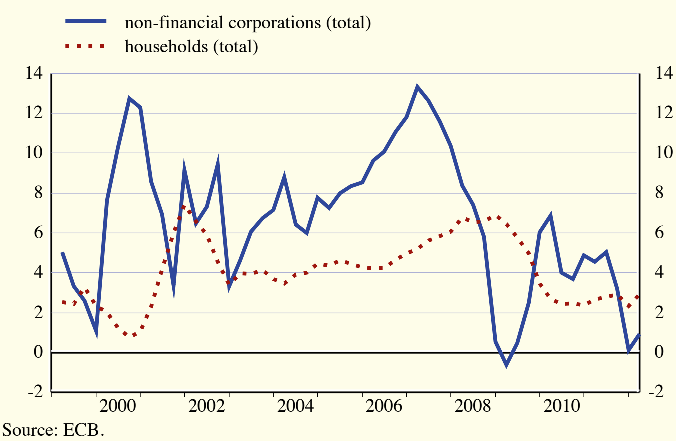
2.5 Deposits held with MFIs: breakdown [1), 2)]

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

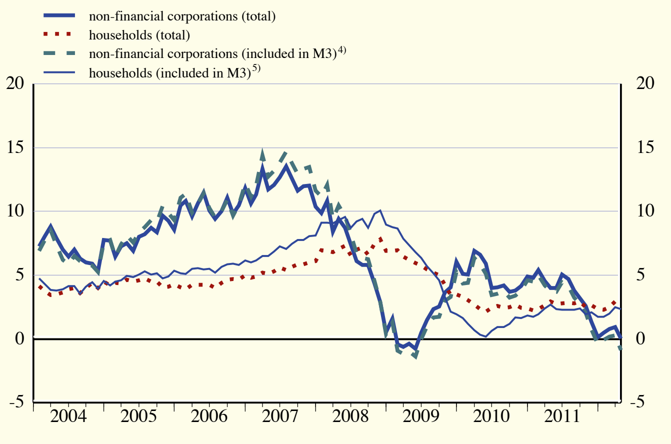
2. Deposits by non-financial corporations and households

	Non-financial corporations							Households [3)]						
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts													
2010	1,670.7	1,036.4	455.5	87.2	75.8	1.5	14.2	5,739.1	2,244.5	901.0	665.0	1,788.5	110.3	29.8
2011	1,686.0	1,044.2	453.5	97.7	72.3	2.0	16.3	5,894.0	2,255.7	948.3	723.7	1,837.0	106.7	22.7
2011 Q4	1,686.0	1,044.2	453.5	97.7	72.3	2.0	16.3	5,894.0	2,255.7	948.3	723.7	1,837.0	106.7	22.7
2012 Q1	1,663.7	1,019.6	451.6	100.6	76.0	2.2	13.8	5,945.1	2,223.2	995.4	736.9	1,864.7	105.0	19.9
2012 Jan.	1,631.3	993.7	448.1	98.6	73.8	2.0	15.1	5,903.6	2,229.0	966.8	726.9	1,852.6	105.9	22.5
Feb.	1,628.8	989.8	448.5	100.3	74.1	2.1	14.1	5,919.3	2,218.2	982.2	734.0	1,858.4	105.6	20.8
Mar.	1,663.7	1,019.6	451.6	100.6	76.0	2.2	13.8	5,945.1	2,223.2	995.4	736.9	1,864.7	105.0	19.9
Apr. (p)	1,651.8	1,013.2	440.9	105.1	77.0	1.8	14.0	5,967.2	2,246.1	992.4	737.9	1,868.1	105.0	17.6
	Transactions													
2010	78.1	40.3	23.2	9.0	7.8	-0.2	-2.1	132.9	81.7	-98.9	58.7	113.6	-14.6	-7.5
2011	2.5	3.7	-2.7	8.7	-7.3	0.4	-0.5	134.3	7.4	42.6	50.5	43.5	-2.6	-7.0
2011 Q4	21.7	46.6	-17.2	0.8	-6.5	0.3	-2.4	56.7	14.4	26.0	13.7	15.1	-1.3	-11.2
2012 Q1	-20.8	-23.2	-2.8	4.3	3.2	0.2	-2.4	52.3	-32.0	47.2	13.6	29.0	-2.6	-2.8
2012 Jan.	-54.2	-49.8	-5.2	0.9	1.0	0.0	-1.2	10.1	-26.4	18.1	3.5	15.8	-0.7	-0.2
Feb.	-1.0	-3.0	-0.5	3.0	0.3	0.1	-0.9	16.5	-10.3	15.8	7.1	6.8	-1.2	-1.7
Mar.	34.5	29.6	2.9	0.3	1.9	0.0	-0.3	25.8	4.8	13.3	2.9	6.3	-0.7	-0.9
Apr. (p)	-11.7	-6.2	-10.7	4.4	1.0	-0.4	0.1	20.7	21.6	-3.1	1.0	3.4	0.1	-2.3
	Growth rates													
2010	4.9	4.1	5.3	11.2	11.4	-10.1	-12.8	2.4	3.8	-9.9	9.7	6.8	-11.7	-20.2
2011	0.1	0.4	-0.6	9.9	-9.3	29.0	-5.2	2.3	0.3	4.7	7.5	2.4	-2.4	-23.6
2011 Q4	0.1	0.4	-0.6	9.9	-9.3	29.0	-5.2	2.3	0.3	4.7	7.5	2.4	-2.4	-23.6
2012 Q1	0.9	1.8	-1.8	12.0	-6.5	3.5	-4.0	2.9	0.0	9.6	7.3	2.8	-4.8	-36.6
2012 Jan.	0.5	0.5	0.3	9.7	-11.5	36.5	13.3	2.3	-0.3	6.6	7.2	2.4	-2.7	-25.4
Feb.	0.8	1.2	-0.5	11.0	-8.7	0.6	4.2	2.5	-0.4	7.8	7.4	2.6	-4.0	-32.8
Mar.	0.9	1.8	-1.8	12.0	-6.5	3.5	-4.0	2.9	0.0	9.6	7.3	2.8	-4.8	-36.6
Apr. (p)	0.0	1.1	-3.7	14.7	-5.3	-13.1	-20.2	2.7	-0.2	9.4	6.5	2.8	-4.0	-45.7

C11 Total deposits by sector [2)]
(annual growth rates)



C12 Total deposits and deposits included in M3 by sector [2)]
(annual growth rates)



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

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

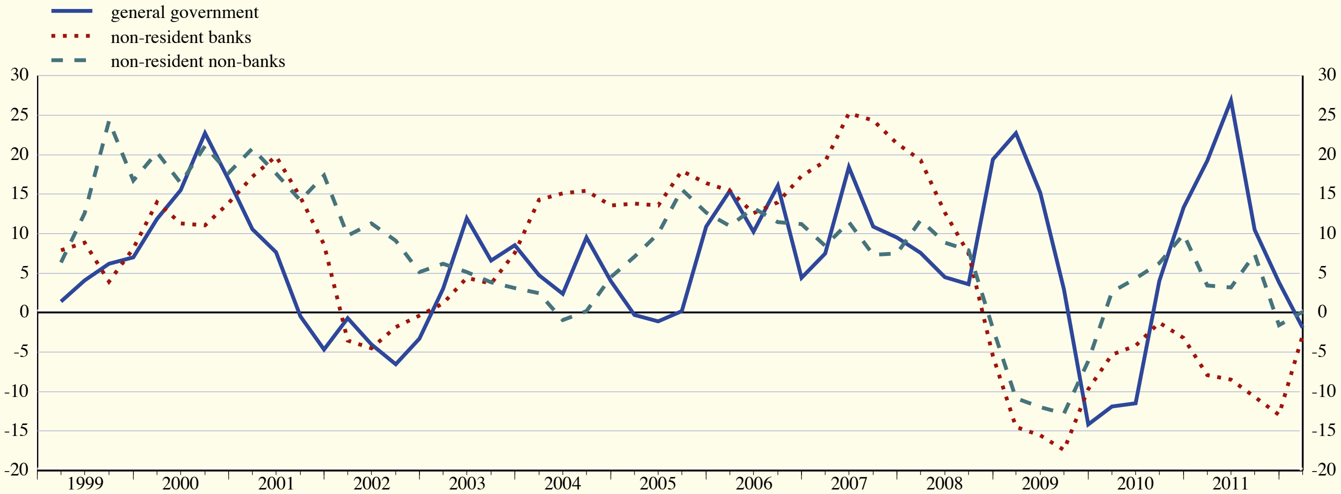
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

3. Deposits by government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2010	427.6	196.2	47.7	109.6	74.1	3,488.8	2,492.0	996.9	45.9	950.9
2011	442.7	195.5	48.6	113.5	85.2	3,153.0	2,175.4	977.5	44.3	933.2
2011 Q2	521.5	266.4	55.0	112.6	87.5	3,276.4	2,291.6	984.8	47.7	937.1
Q3	464.8	211.4	54.3	111.4	87.8	3,343.0	2,295.3	1,047.7	50.0	997.7
Q4	442.7	195.5	48.6	113.5	85.2	3,153.0	2,175.4	977.5	44.3	933.2
2012 Q1 (p)	466.7	192.5	65.0	113.4	95.9	3,311.7	2,328.6	981.4	54.8	926.6
	Transactions									
2010	49.9	47.4	4.3	-5.0	2.9	0.8	-83.9	84.7	7.5	77.1
2011	16.9	3.3	0.6	2.3	10.6	-334.6	-318.0	-16.7	-2.1	-14.6
2011 Q2	45.7	30.9	2.7	3.9	8.2	-19.7	-41.5	21.8	6.4	15.4
Q3	-56.9	-55.1	-1.0	-1.2	0.2	0.6	-49.1	49.7	1.4	48.3
Q4	-22.3	-15.9	-5.9	2.1	-2.5	-234.1	-151.5	-82.6	-6.2	-76.4
2012 Q1 (p)	24.6	-2.9	16.5	0.5	10.9	190.4	176.9	11.7	11.1	0.6
	Growth rates									
2010	13.3	32.2	9.9	-4.4	4.1	0.3	-3.2	9.9	12.7	9.6
2011	3.9	1.3	1.3	2.1	14.3	-9.7	-13.0	-1.6	-4.3	-1.5
2011 Q2	26.8	61.3	1.2	-2.6	14.0	-5.2	-8.5	3.2	5.0	3.1
Q3	10.5	21.6	-7.8	-1.9	17.0	-5.6	-10.7	7.4	3.3	7.6
Q4	3.9	1.3	1.3	2.1	14.3	-9.7	-13.0	-1.6	-4.3	-1.5
2012 Q1 (p)	-1.9	-18.3	23.5	4.8	21.2	-1.9	-2.9	0.1	30.0	-1.2

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

(annual growth rates)



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

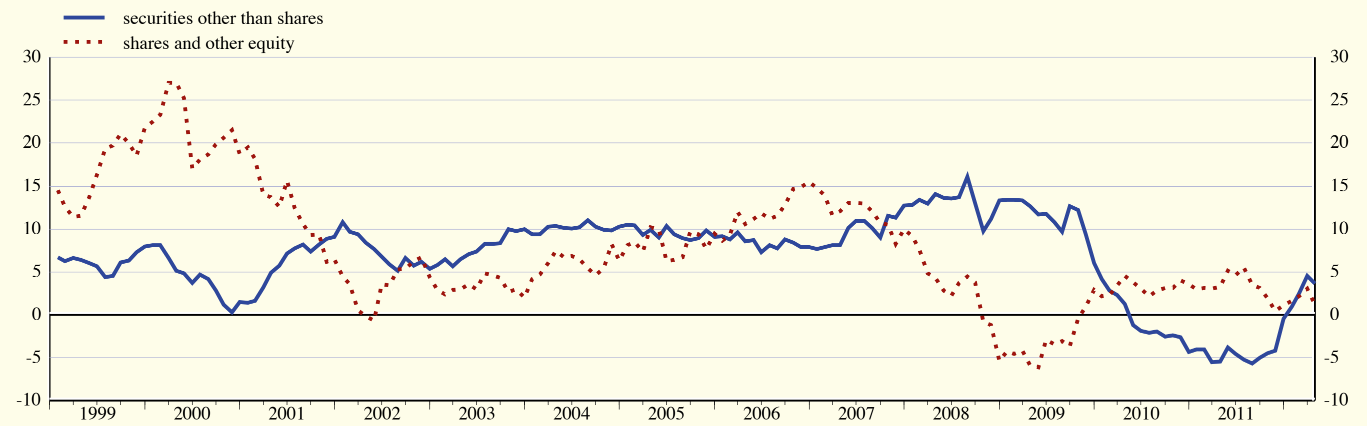
2.6 MFI holdings of securities: breakdown [1), 2)]

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

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2010	5,991.2	1,778.4	107.4	1,507.8	16.4	1,500.9	27.8	1,052.6	1,535.9	445.3	787.8	302.8
2011	5,697.8	1,763.8	87.8	1,373.0	22.9	1,489.5	28.3	932.5	1,507.4	485.7	726.4	295.4
2011 Q4	5,697.8	1,763.8	87.8	1,373.0	22.9	1,489.5	28.3	932.5	1,507.4	485.7	726.4	295.4
2012 Q1	5,914.7	1,819.3	98.0	1,495.4	32.1	1,491.9	24.9	953.1	1,526.0	489.6	741.6	294.8
2012 Jan.	5,763.3	1,782.0	88.6	1,423.7	23.3	1,497.6	23.8	924.2	1,525.6	495.4	734.1	296.1
Feb.	5,852.4	1,813.8	91.0	1,465.9	31.0	1,504.2	23.6	922.8	1,515.3	491.5	731.4	292.4
Mar.	5,914.7	1,819.3	98.0	1,495.4	32.1	1,491.9	24.9	953.1	1,526.0	489.6	741.6	294.8
Apr. (p)	5,867.4	1,797.3	98.6	1,493.6	33.1	1,486.3	23.9	934.7	1,535.0	489.0	753.2	292.9
	Transactions											
2010	-270.8	-167.1	-6.9	42.8	-2.0	10.1	-14.8	-132.9	54.4	28.2	5.2	20.9
2011	-25.9	45.4	8.0	-4.4	5.5	-19.9	0.4	-60.9	17.0	60.1	-31.7	-11.4
2011 Q4	75.1	66.4	0.5	-14.6	-0.2	36.5	2.3	-15.9	-8.1	5.2	-9.7	-3.6
2012 Q1	257.9	60.1	12.8	138.2	10.7	6.7	-1.8	31.2	30.4	11.8	18.9	-0.3
2012 Jan.	111.2	27.5	3.0	56.9	1.2	12.3	-3.1	13.4	16.5	8.8	8.1	-0.4
Feb.	93.4	31.0	3.7	39.2	8.0	5.6	0.1	5.8	-4.0	0.6	-1.4	-3.1
Mar.	53.3	1.6	6.2	42.1	1.5	-11.2	1.2	12.0	17.9	2.3	12.3	3.2
Apr. (p)	-53.8	-23.7	-0.7	2.2	0.5	-4.4	-1.4	-26.3	21.2	0.8	21.1	-0.7
	Growth rates											
2010	-4.3	-8.5	-5.5	2.9	-11.1	0.7	-35.4	-11.2	3.6	6.5	0.6	7.5
2011	-0.4	2.7	7.8	-0.4	33.8	-1.3	0.8	-6.2	1.1	13.8	-4.2	-3.7
2011 Q4	-0.4	2.7	7.8	-0.4	33.8	-1.3	0.8	-6.2	1.1	13.8	-4.2	-3.7
2012 Q1	4.6	7.6	22.8	9.1	56.5	1.3	-12.9	-4.3	3.1	16.3	-2.5	-1.7
2012 Jan.	1.0	4.6	11.3	2.6	28.6	0.1	-7.3	-7.5	1.6	15.6	-4.7	-2.3
Feb.	2.5	6.0	19.1	5.1	63.9	0.1	-12.3	-6.1	2.2	15.6	-3.8	-2.0
Mar.	4.6	7.6	22.8	9.1	56.5	1.3	-12.9	-4.3	3.1	16.3	-2.5	-1.7
Apr. (p)	3.7	7.3	16.8	8.6	61.7	0.4	-7.5	-6.5	1.2	16.0	-4.8	-4.2

C14 MFI holdings of securities [2)]

(annual growth rates)



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

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

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

1. Loans, holdings of securities other than shares, and deposits

	MFIs [3)]							Non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total							Total				
				USD	JPY	CHF	GBP				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Loans														
To euro area residents														
2010	5,517.1	-	-	-	-	-	-	12,247.8	96.0	4.0	2.1	0.2	1.1	0.4
2011	6,160.3	-	-	-	-	-	-	12,321.8	96.2	3.8	1.9	0.3	1.1	0.4
2011 Q4	6,160.3	-	-	-	-	-	-	12,321.8	96.2	3.8	1.9	0.3	1.1	0.4
2012 Q1 (p)	6,330.9	-	-	-	-	-	-	12,298.7	96.3	3.7	1.8	0.2	1.1	0.4
To non-euro area residents														
2010	2,010.9	44.9	55.1	30.7	2.9	3.2	11.6	952.1	39.9	60.1	42.8	1.4	3.7	6.7
2011	2,022.2	44.5	55.5	35.6	2.5	2.7	9.3	998.3	38.2	61.8	41.2	2.6	3.3	7.8
2011 Q4	2,022.2	44.5	55.5	35.6	2.5	2.7	9.3	998.3	38.2	61.8	41.2	2.6	3.3	7.8
2012 Q1 (p)	1,995.9	47.9	52.1	32.9	2.5	2.6	8.5	1,007.9	39.1	60.9	41.0	2.4	3.1	7.6
Holdings of securities other than shares														
Issued by euro area residents														
2010	1,885.8	94.3	5.7	3.3	0.1	0.3	1.7	3,052.8	98.6	1.4	0.8	0.1	0.1	0.4
2011	1,851.6	95.3	4.7	2.5	0.1	0.3	1.5	2,913.7	98.2	1.8	1.0	0.2	0.1	0.4
2011 Q4	1,851.6	95.3	4.7	2.5	0.1	0.3	1.5	2,913.7	98.2	1.8	1.0	0.2	0.1	0.4
2012 Q1 (p)	1,917.3	94.9	5.1	2.6	0.1	0.3	1.8	3,044.3	98.1	1.9	1.1	0.1	0.1	0.4
Issued by non-euro area residents														
2010	545.9	49.9	50.1	27.6	0.3	0.5	16.8	506.6	33.3	66.7	40.5	3.9	0.9	13.6
2011	457.0	56.4	43.6	21.1	0.3	0.3	16.0	475.5	32.3	67.7	39.3	5.8	0.7	13.7
2011 Q4	457.0	56.4	43.6	21.1	0.3	0.3	16.0	475.5	32.3	67.7	39.3	5.8	0.7	13.7
2012 Q1 (p)	486.5	55.2	44.8	19.9	0.3	0.3	20.3	466.1	33.7	66.3	36.1	4.5	0.9	13.6
Deposits														
By euro area residents														
2010	5,774.9	92.9	7.1	4.1	0.3	1.3	0.8	10,722.6	97.1	2.9	1.9	0.2	0.1	0.4
2011	6,319.0	92.1	7.9	5.2	0.2	1.2	0.7	10,947.7	97.0	3.0	2.0	0.1	0.1	0.4
2011 Q4	6,319.0	92.1	7.9	5.2	0.2	1.2	0.7	10,947.7	97.0	3.0	2.0	0.1	0.1	0.4
2012 Q1 (p)	6,470.7	93.4	6.6	3.9	0.2	1.2	0.6	10,997.8	97.1	2.9	1.9	0.1	0.1	0.4
By non-euro area residents														
2010	2,492.0	52.1	47.9	31.8	2.2	1.8	8.6	996.9	58.8	41.2	29.3	1.2	1.4	5.1
2011	2,175.4	59.2	40.8	25.6	2.1	1.8	7.2	977.5	56.1	43.9	30.0	2.0	1.5	5.1
2011 Q4	2,175.4	59.2	40.8	25.6	2.1	1.8	7.2	977.5	56.1	43.9	30.0	2.0	1.5	5.1
2012 Q1 (p)	2,328.6	60.4	39.6	25.4	1.8	1.6	6.9	981.4	55.4	44.6	29.8	2.0	1.3	5.2

2. Debt securities issued by euro area MFIs

	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total				
				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7
2010	5,082.6	81.6	18.4	9.7	1.8	2.1	2.5
2011	5,236.8	82.0	18.0	9.4	1.7	2.0	2.6
2011 Q4	5,236.8	82.0	18.0	9.4	1.7	2.0	2.6
2012 Q1 (p)	5,295.7	82.5	17.5	9.3	1.5	2.0	2.4

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

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

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

1. Assets

	Total	Deposits and loan claims	Securities other than shares	Shares and other equity (excl. investment fund/ money market fund shares)	Investment fund/ money market fund shares	Non-financial assets	Other assets (incl. financial derivatives)
	1	2	3	4	5	6	7
	Outstanding amounts						
2011 Sep.	6,080.9	420.9	2,383.9	1,632.8	830.9	235.5	576.8
Oct.	6,177.9	422.7	2,371.2	1,736.1	844.5	234.6	568.9
Nov.	6,082.4	418.8	2,345.8	1,703.8	827.0	235.0	552.1
Dec.	6,210.3	415.3	2,504.1	1,734.4	836.6	236.2	483.7
2012 Jan.	6,495.6	437.6	2,587.3	1,823.8	864.8	239.7	542.4
Feb.	6,654.1	447.2	2,639.5	1,882.3	884.4	241.2	559.5
Mar. (p)	6,679.5	442.4	2,674.5	1,884.1	888.4	241.7	548.3
	Transactions						
2011 Q3	-4.7	29.0	-21.2	-41.9	-15.8	2.9	42.3
Q4	-185.9	-34.5	-2.6	-24.8	-12.9	2.4	-113.5
2012 Q1 (p)	150.1	17.6	68.7	1.8	13.8	4.1	44.1

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						
2011 Sep.	6,080.9	126.7	5,423.0	4,175.4	604.2	1,247.6	531.1
Oct.	6,177.9	127.9	5,531.6	4,243.5	615.7	1,288.1	518.4
Nov.	6,082.4	128.8	5,447.6	4,162.7	597.5	1,284.9	506.0
Dec.	6,210.3	117.6	5,662.1	4,263.4	613.3	1,398.7	430.6
2012 Jan.	6,495.6	124.8	5,891.6	4,421.2	649.9	1,470.4	479.2
Feb.	6,654.1	134.3	6,027.4	4,528.3	676.0	1,499.2	492.3
Mar. (p)	6,679.5	127.5	6,068.7	4,553.0	685.0	1,515.7	483.2
	Transactions						
2011 Q3	-4.7	6.5	-44.0	-55.1	-31.0	11.0	32.9
Q4	-185.9	-13.4	-41.7	-59.6	-3.3	19.1	-130.8
2012 Q1 (p)	150.1	8.6	94.5	54.9	31.3	38.8	46.9

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

	Total	Funds by investment policy						Funds by type		Memo item: Money market funds
		Bond funds	Equity funds	Mixed funds	Real estate funds	Hedge funds	Other funds	Open-end funds	Closed-end funds	
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2011 Aug.	5,551.2	1,807.2	1,495.4	1,381.8	290.8	114.0	462.0	5,462.8	88.4	1,060.3
Sep.	5,423.0	1,786.1	1,414.2	1,387.7	290.9	119.0	425.1	5,333.8	89.2	1,066.9
Oct.	5,531.6	1,789.0	1,503.9	1,406.0	293.5	115.6	423.5	5,449.6	81.9	1,051.6
Nov.	5,447.6	1,757.7	1,473.5	1,384.2	292.9	118.7	420.5	5,365.0	82.5	1,083.5
Dec.	5,662.1	1,920.2	1,496.4	1,403.1	296.4	120.1	426.0	5,577.4	84.7	991.9
2012 Jan.	5,891.6	2,026.0	1,583.8	1,457.6	304.3	129.6	390.2	5,802.4	89.2	938.6
Feb.	6,027.4	2,062.2	1,639.1	1,490.2	305.7	130.2	400.0	5,940.4	87.0	924.3
Mar. (p)	6,068.7	2,090.1	1,640.7	1,497.8	309.2	132.4	398.6	5,980.3	88.4	950.5
	Transactions									
2011 Sep.	-32.3	-16.4	-11.1	-4.2	0.9	0.6	-2.1	-32.5	0.3	-12.2
Oct.	-18.5	1.4	-2.5	-6.2	1.0	-0.7	-11.5	-11.7	-6.8	-5.7
Nov.	-21.7	-8.7	-8.5	-5.8	-0.1	0.1	1.3	-22.4	0.6	19.1
Dec.	-1.5	10.6	-6.7	-2.8	2.7	-2.3	-3.0	-3.6	2.1	0.7
2012 Jan.	22.7	14.7	3.5	-0.2	3.0	3.0	-1.2	18.4	4.3	6.1
Feb.	33.0	11.4	3.3	11.7	1.6	0.2	4.9	35.3	-2.3	2.8
Mar. (p)	38.8	27.9	5.3	5.2	1.7	-0.2	-1.0	38.2	0.6	23.3

Source: ECB.

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

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

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

1. Securities other than shares

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2011 Q2	2,387.6	1,430.3	386.4	671.6	196.3	5.8	170.1	957.3	252.3	358.6	17.8
Q3	2,383.9	1,414.2	380.7	682.4	184.2	4.7	162.1	969.7	252.4	369.7	18.7
Q4	2,504.1	1,423.1	390.9	674.4	185.5	4.5	167.6	1,081.1	270.5	436.8	20.4
2012 Q1 (p)	2,674.5	1,502.5	426.5	676.6	208.9	5.7	184.7	1,172.0	313.2	454.4	15.5
	Transactions										
2011 Q3	-21.2	-16.8	-5.9	1.3	-7.6	-0.4	-4.3	-4.4	6.0	-4.1	5.3
Q4	-2.6	0.3	3.4	-6.2	-1.1	-0.3	4.4	-1.4	-3.2	1.7	-0.3
2012 Q1 (p)	68.7	11.0	10.7	-24.3	14.8	0.5	9.2	57.5	21.0	14.5	-4.3

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

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2011 Q2	1,958.6	773.6	84.5	-	41.2	26.1	621.9	1,185.0	166.4	362.8	77.0
Q3	1,632.8	615.7	53.3	-	35.8	20.4	506.3	1,017.0	141.8	323.7	72.5
Q4	1,734.4	636.5	51.2	-	36.4	21.5	527.5	1,097.9	154.6	356.7	71.2
2012 Q1 (p)	1,884.1	687.7	56.2	-	41.9	24.0	565.6	1,196.4	162.3	388.7	75.4
	Transactions										
2011 Q3	-41.9	-8.8	-4.9	-	-0.7	0.2	-3.4	-33.0	-5.1	-11.8	-3.2
Q4	-24.8	-9.5	-1.6	-	-2.4	0.4	-5.9	-15.5	-0.9	-7.4	0.9
2012 Q1 (p)	1.8	-4.6	3.9	-	0.7	-1.2	-7.9	6.3	-2.7	-0.8	-1.0

3. Investment fund/money market fund shares

	Total	Euro area						Rest of the world			
		Total	MFIs [2]	General government	Other financial intermediaries [2]	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2011 Q2	886.8	752.0	79.3	-	672.7	-	-	134.8	22.1	42.8	0.5
Q3	830.9	698.7	94.5	-	604.2	-	-	132.2	20.1	42.6	0.5
Q4	836.6	708.2	94.9	-	613.3	-	-	128.4	20.8	40.2	0.6
2012 Q1 (p)	888.4	754.0	68.9	-	685.0	-	-	134.5	25.3	41.6	0.6
	Transactions										
2011 Q3	-15.8	-15.1	16.0	-	-31.0	-	-	-0.8	-0.5	-0.4	0.0
Q4	-12.9	-3.0	0.3	-	-3.3	-	-	-9.9	-0.8	-9.1	0.0
2012 Q1 (p)	13.8	12.4	-18.9	-	31.3	-	-	1.3	2.2	-0.2	-0.1

Source: ECB.

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

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

2.10 Aggregated balance sheet of euro area financial vehicle corporations

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

1. Assets

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

2. Liabilities

	Total	Loans and deposits received	Debt securities issued			Capital and reserves	Other liabilities
			Total	Up to 2 years	Over 2 years		
	1	2	3	4	5	6	7
	Outstanding amounts						
2011 Q1	2,255.4	135.1	1,884.4	70.0	1,814.4	36.3	199.6
Q2	2,217.9	135.9	1,841.7	66.4	1,775.3	35.2	205.2
Q3	2,201.7	134.1	1,823.0	63.8	1,759.2	34.7	210.0
Q4	2,273.2	150.8	1,883.7	66.7	1,817.0	33.9	204.7
2012 Q1	2,226.8	152.6	1,824.7	59.8	1,764.9	32.7	216.7
	Transactions						
2011 Q1	-96.5	-1.1	-82.7	-6.6	-76.1	-6.0	-6.7
Q2	-43.0	1.4	-47.0	-7.5	-39.5	-0.8	3.3
Q3	-26.1	-2.2	-24.3	-3.0	-21.3	-1.7	2.1
Q4	69.9	16.5	62.0	2.9	59.1	-1.0	-7.6
2012 Q1	-54.0	1.1	-56.4	-7.9	-48.5	-0.9	2.2

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

	Securitised loans originated by euro area MFIs							Securities other than shares					
	Total	Euro area borrowing sector [2]					Non-euro area borrowing sector	Total	Euro area residents				Non-euro area residents
		Households	Non-financial corporations	Other financial intermediaries	Insurance corporations and pension funds	General government			Total	MFIs	Non-MFIs		
												Financial vehicle corporations	
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2011 Q1	1,184.8	803.6	261.3	17.9	0.2	7.2	34.0	241.6	124.3	42.3	82.0	36.5	117.4
Q2	1,166.7	788.6	253.1	19.3	0.4	9.8	35.5	232.6	124.2	41.0	83.2	35.4	108.4
Q3	1,178.9	795.4	254.2	18.7	0.4	9.6	32.9	232.3	122.2	42.1	80.1	33.8	110.1
Q4	1,244.2	828.0	262.5	17.9	0.2	6.6	33.6	229.0	120.1	40.7	79.4	33.4	108.9
2012 Q1	1,209.6	818.9	239.6	17.8	0.2	6.4	29.9	217.3	115.3	40.3	75.0	30.5	102.1
	Transactions												
2011 Q1	-44.3	-52.2	3.2	-0.4	0.0	0.0	-1.6	-9.9	-5.7	-3.1	-2.7	-0.1	-4.2
Q2	-21.4	-20.8	0.2	0.8	0.2	2.6	-3.8	-7.9	0.4	-0.4	0.7	-0.7	-8.3
Q3	11.4	6.2	-0.4	-0.7	0.0	-0.2	-1.2	-2.2	-3.1	-0.2	-2.9	-1.2	1.0
Q4	64.1	32.0	8.1	-0.7	-0.1	-3.0	0.3	-2.9	-1.6	-1.5	0.0	-0.2	-1.4
2012 Q1	-19.5	-13.1	-7.8	0.0	0.0	-0.2	0.0	-13.2	-5.5	-0.8	-4.8	-2.8	-7.7

Source: ECB.

1) Loans securitised using euro area financial vehicle corporations which remain on the balance sheet of the relevant MFI - i.e. which have not been derecognised. Whether or not loans are derecognised from the balance sheet of the MFI depends on the relevant accounting rules. For further information, see the General Notes.

2) Excludes securitisations of inter-MFI loans.

2.11 Aggregated balance sheet of euro area insurance corporations and pension funds

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Currency and deposits	Loans	Securities other than shares	Shares and other equity	Investment fund shares	Money market fund shares	Prepayments of insurance premiums and reserves for outstanding claims	Other accounts receivable/ payable and financial derivatives	Non-financial assets
	1	2	3	4	5	6	7	8	9	10
2009 Q1	6,181.0	797.2	493.6	2,359.3	774.9	1,061.2	108.0	243.6	186.9	156.3
Q2	6,318.2	782.7	487.2	2,381.9	807.4	1,187.3	97.8	247.8	170.8	155.2
Q3	6,515.5	784.0	482.9	2,429.4	788.6	1,362.6	95.3	250.4	168.0	154.1
Q4	6,646.8	786.8	476.5	2,469.5	809.7	1,442.2	95.2	254.8	158.9	153.2
2010 Q1	6,872.8	784.0	483.8	2,580.7	825.8	1,518.7	93.0	263.3	175.5	148.1
Q2	6,899.2	785.3	487.3	2,614.3	807.9	1,504.7	90.3	269.5	190.3	149.7
Q3	7,071.5	783.1	495.4	2,702.8	825.5	1,545.4	86.0	271.3	212.8	149.1
Q4	7,005.6	774.2	498.9	2,643.7	848.6	1,574.3	76.8	271.7	166.2	151.2
2011 Q1	7,062.5	774.9	496.4	2,667.3	856.0	1,589.5	74.9	278.0	172.1	153.4
Q2	7,075.0	776.7	504.6	2,682.0	849.5	1,594.7	77.9	268.5	168.8	152.4
Q3	7,070.8	793.6	498.3	2,707.4	799.0	1,544.4	84.8	268.1	223.3	151.8
Q4	7,134.3	787.4	501.9	2,693.9	813.8	1,593.4	87.7	269.0	232.6	154.6

2. Holdings of securities other than shares

	Total	Issued by euro area residents						Issued by non-euro area residents
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations	
	1	2	3	4	5	6	7	8
2009 Q1	2,359.3	1,936.5	530.3	1,037.9	218.7	13.5	136.1	422.8
Q2	2,381.9	1,984.0	544.0	1,058.6	227.6	15.0	138.9	397.8
Q3	2,429.4	2,025.0	555.0	1,090.8	226.3	15.1	137.7	404.4
Q4	2,469.5	2,060.6	545.4	1,120.0	238.9	16.7	139.7	408.9
2010 Q1	2,580.7	2,161.6	576.6	1,190.2	232.2	16.2	146.4	419.1
Q2	2,614.3	2,190.8	581.5	1,198.9	243.3	16.7	150.5	423.5
Q3	2,702.8	2,274.1	592.9	1,248.1	261.1	19.7	152.3	428.7
Q4	2,643.7	2,216.5	590.3	1,222.4	230.6	18.0	155.2	427.2
2011 Q1	2,667.3	2,249.5	609.8	1,214.4	253.9	19.0	152.5	417.8
Q2	2,682.0	2,254.4	630.3	1,234.3	215.2	16.3	158.4	427.6
Q3	2,707.4	2,276.8	637.4	1,229.8	230.6	17.9	161.2	430.6
Q4	2,693.9	2,261.3	626.9	1,170.5	280.5	20.6	162.7	432.7

3. Liabilities and net worth

	Liabilities									Net worth
	Total	Loans received	Securities other than shares	Shares and other equity	Insurance technical reserves				Other accounts receivable/ payable and financial derivatives	
					Total	Net equity of households in life insurance reserves	Net equity of households in pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims		
	1	2	3	4	5	6	7	8	9	10
2009 Q1	6,128.1	346.9	31.7	377.8	5,230.9	2,777.5	1,608.8	844.6	140.9	52.9
Q2	6,181.1	320.6	33.0	395.4	5,295.2	2,849.7	1,599.5	846.0	136.8	137.1
Q3	6,342.5	302.5	36.1	442.1	5,420.8	2,939.4	1,637.5	844.0	141.0	172.9
Q4	6,444.9	283.2	39.5	438.8	5,537.2	3,008.0	1,686.6	842.7	146.2	202.0
2010 Q1	6,639.5	291.2	39.5	456.8	5,703.2	3,096.9	1,742.9	863.4	148.9	233.3
Q2	6,717.5	295.5	40.9	428.6	5,802.3	3,123.1	1,811.4	867.8	150.3	181.7
Q3	6,876.0	311.1	39.8	437.5	5,943.1	3,185.4	1,892.5	865.2	144.5	195.5
Q4	6,828.5	279.6	42.3	445.1	5,922.6	3,220.4	1,834.6	867.6	138.8	177.2
2011 Q1	6,885.6	297.6	40.1	461.4	5,947.9	3,250.9	1,808.9	888.1	138.5	176.9
Q2	6,909.7	300.2	43.0	449.1	5,977.1	3,270.8	1,825.5	880.8	140.3	165.3
Q3	7,018.3	306.2	41.9	402.9	6,113.1	3,259.9	1,974.8	878.4	154.2	52.5
Q4	7,029.7	302.6	41.6	405.1	6,130.6	3,268.3	1,989.5	872.7	149.9	104.6

Source: ECB.

3 EURO AREA ACCOUNTS

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

Uses 2011 Q4	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						605
Trade balance [1]						-32
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,244	128	778	65	273	
Other taxes less subsidies on production	25	8	7	4	5	
Consumption of fixed capital	364	97	206	11	49	
Net operating surplus and mixed income [1]	533	271	233	30	-2	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						7
Taxes less subsidies on production						
Property income	709	40	275	321	73	117
Interest	403	37	74	219	73	53
Other property income	306	3	201	102	0	64
Net national income [1]	2,075	1,705	81	51	238	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	322	246	64	12	0	0
Social contributions	476	476				1
Social benefits other than social transfers in kind	485	1	18	35	431	1
Other current transfers	205	75	26	49	55	10
Net non-life insurance premiums	46	33	11	1	1	2
Non-life insurance claims	46			46		1
Other	112	42	15	1	55	8
Net disposable income [1]	2,045	1,484	6	54	501	
Use of income account						
Net disposable income						
Final consumption expenditure	1,934	1,380			554	
Individual consumption expenditure	1,718	1,380			338	
Collective consumption expenditure	216				216	
Adjustment for the change in the net equity of households in pension fund reserves	15	0	0	15	0	0
Net saving/current external account [1]	111	119	6	39	-53	-25
Capital account						
Net saving/current external account						
Gross capital formation	450	146	231	11	61	
Gross fixed capital formation	472	146	254	11	61	
Changes in inventories and acquisitions less disposals of valuables	-23	0	-23	0	0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	0	0	7	0	-7	0
Capital transfers	64	9	3	17	35	10
Capital taxes	10	6	1	3		0
Other capital transfers	54	3	1	14	35	10
Net lending (+)/net borrowing (-) (from capital account) [1]	32	74	-4	30	-69	-32
Statistical discrepancy	0	-8	8	0	0	0

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

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

(EUR billions)

Resources 2011 Q4	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Imports of goods and services						573
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,164	504	1,225	110	326	
Taxes less subsidies on products	251					
Gross domestic product (market prices)[2]	2,416					
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	533	271	233	30	-2	
Compensation of employees	1,247	1,247				3
Taxes less subsidies on production	289				289	-13
Property income	715	227	123	342	23	111
Interest	390	62	47	269	11	67
Other property income	326	165	76	73	12	44
Net national income						
Secondary distribution of income account						
Net national income	2,075	1,705	81	51	238	
Current taxes on income, wealth, etc.	322				322	1
Social contributions	475	1	18	52	404	1
Social benefits other than social transfers in kind	484	484				3
Other current transfers	178	92	15	47	23	37
Net non-life insurance premiums	46			46		1
Non-life insurance claims	45	35	9	1	0	2
Other	86	57	6	0	23	34
Net disposable income						
Use of income account						
Net disposable income	2,045	1,484	6	54	501	
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	111	119	6	39	-53	-25
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	364	97	206	11	49	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	71	12	25	9	25	3
Capital taxes	10				10	0
Other capital transfers	61	12	25	9	15	3
Net lending (+)/net borrowing (-) (from capital account)						
Statistical discrepancy						

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

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

Assets 2011 Q4	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		18,548	16,196	33,644	15,185	6,715	3,750	16,985
Monetary gold and special drawing rights (SDRs)				469				
Currency and deposits		6,726	1,934	10,349	2,471	823	712	3,673
Short-term debt securities		43	83	512	350	54	32	710
Long-term debt securities		1,336	240	6,015	2,441	2,650	448	4,004
Loans		77	3,184	13,524	3,658	464	534	1,936
of which: Long-term		58	1,802	10,555	2,589	348	460	.
Shares and other equity		3,995	7,108	1,787	5,987	2,352	1,322	5,884
Quoted shares		648	1,200	317	1,808	518	215	.
Unquoted shares and other equity		2,086	5,529	1,178	3,219	290	958	.
Mutual fund shares		1,260	379	292	959	1,543	148	.
Insurance technical reserves		5,834	169	3	0	232	4	241
Other accounts receivable and financial derivatives		535	3,478	986	278	140	698	540
Net financial worth								
Financial account, transactions in financial assets								
Total transactions in financial assets		84	97	725	-6	-33	61	-110
Monetary gold and SDRs				0				0
Currency and deposits		84	48	758	-106	-8	3	-146
Short-term debt securities		12	9	63	-3	10	6	-64
Long-term debt securities		29	3	83	27	-34	-2	-24
Loans		6	49	-144	56	2	10	37
of which: Long-term		6	43	-8	50	-2	15	.
Shares and other equity		-6	22	-7	59	3	5	86
Quoted shares		3	-2	-3	-31	2	-2	.
Unquoted shares and other equity		25	25	8	104	-11	3	.
Mutual fund shares		-33	-1	-12	-14	12	4	.
Insurance technical reserves		6	-2	0	0	-6	0	5
Other accounts receivable and financial derivatives		-47	-32	-28	-38	1	38	-4
Changes in net financial worth due to transactions								
Other changes account, financial assets								
Total other changes in financial assets		46	278	-60	168	23	-9	251
Monetary gold and SDRs				7				
Currency and deposits		2	-1	-24	-4	-5	0	48
Short-term debt securities		1	2	-12	52	-1	-1	-4
Long-term debt securities		-26	21	-40	-25	-18	-5	56
Loans		0	6	0	34	1	0	7
of which: Long-term		0	2	-6	26	1	5	.
Shares and other equity		3	170	18	108	42	2	196
Quoted shares		3	38	9	114	10	-7	.
Unquoted shares and other equity		-27	137	9	-24	3	6	.
Mutual fund shares		27	-5	0	17	29	4	.
Insurance technical reserves		52	0	0	0	0	0	6
Other accounts receivable and financial derivatives		14	79	-9	2	4	-6	-58
Other changes in net financial worth								
Closing balance sheet, financial assets								
Total financial assets		18,678	16,571	34,310	15,347	6,705	3,802	17,126
Monetary gold and SDRs				476				
Currency and deposits		6,811	1,982	11,083	2,361	810	715	3,575
Short-term debt securities		57	94	563	399	63	37	641
Long-term debt securities		1,340	264	6,057	2,443	2,598	442	4,036
Loans		83	3,239	13,380	3,748	467	544	1,979
of which: Long-term		64	1,847	10,542	2,665	347	480	.
Shares and other equity		3,992	7,299	1,797	6,154	2,397	1,330	6,165
Quoted shares		655	1,236	323	1,891	530	206	.
Unquoted shares and other equity		2,084	5,691	1,194	3,300	283	967	.
Mutual fund shares		1,253	373	280	963	1,583	156	.
Insurance technical reserves		5,892	168	3	0	226	4	252
Other accounts receivable and financial derivatives		503	3,525	949	242	144	730	478
Net financial worth								

Source: ECB.

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

Liabilities 2011 Q4	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		6,728	25,413	32,611	14,627	6,865	9,323	14,987
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			30	23,561	33	0	262	2,802
Short-term debt securities			94	639	71	1	749	229
Long-term debt securities			827	4,585	2,803	32	6,013	2,874
Loans		6,180	8,580		3,430	308	1,741	3,138
of which: Long-term		5,821	6,093		1,883	116	1,431	.
Shares and other equity		7	11,955	2,529	8,069	382	6	5,485
Quoted shares			3,142	348	181	97	0	.
Unquoted shares and other equity		7	8,813	1,114	2,658	283	6	.
Mutual fund shares				1,067	5,230			.
Insurance technical reserves		35	336	71	1	6,039	1	
Other accounts payable and financial derivatives		505	3,591	1,226	220	104	552	457
Net financial worth [1]	-1,529	11,820	-9,217	1,033	558	-150	-5,574	
Financial account, transactions in liabilities								
Total transactions in liabilities		19	93	676	-11	-9	129	-78
Monetary gold and SDRs								
Currency and deposits			0	728	0	0	11	-107
Short-term debt securities			-9	65	-4	0	-36	16
Long-term debt securities			14	-39	40	0	88	-20
Loans		14	6		-23	-11	62	-32
of which: Long-term		16	8		35	1	59	.
Shares and other equity		0	29	26	38	1	0	67
Quoted shares			3	4	1	0	0	.
Unquoted shares and other equity		0	26	8	80	1	0	.
Mutual fund shares				14	-43			.
Insurance technical reserves		0	0	0	0	3	0	
Other accounts payable and financial derivatives		4	52	-104	-63	-3	5	-1
Changes in net financial worth due to transactions [1]	32	66	4	49	5	-24	-69	-32
Other changes account, liabilities								
Total other changes in liabilities		-20	205	-54	317	54	-155	343
Monetary gold and SDRs								
Currency and deposits			0	30	0	0	0	-13
Short-term debt securities			1	5	4	0	1	28
Long-term debt securities			0	10	16	-2	-132	72
Loans		-2	0		12	0	1	36
of which: Long-term		-2	1		7	0	1	.
Shares and other equity		0	221	-120	277	3	0	157
Quoted shares			154	-20	8	0	0	.
Unquoted shares and other equity		0	67	-11	-13	3	0	.
Mutual fund shares				-89	281			.
Insurance technical reserves		0	0	0	0	58	0	
Other accounts payable and financial derivatives		-18	-17	21	7	-4	-26	63
Other changes in net financial worth [1]	100	66	73	-6	-148	-32	146	-93
Closing balance sheet, liabilities								
Total liabilities		6,726	25,710	33,233	14,932	6,910	9,298	15,252
Monetary gold and SDRs								
Currency and deposits			29	24,319	33	0	274	2,683
Short-term debt securities			86	710	71	1	714	272
Long-term debt securities			841	4,556	2,859	30	5,968	2,925
Loans		6,191	8,586		3,419	297	1,804	3,142
of which: Long-term		5,835	6,102		1,926	117	1,491	.
Shares and other equity		7	12,205	2,435	8,385	386	6	5,709
Quoted shares			3,300	333	191	97	0	.
Unquoted shares and other equity		7	8,905	1,111	2,725	287	6	.
Mutual fund shares				992	5,469			.
Insurance technical reserves		35	336	71	1	6,100	1	
Other accounts payable and financial derivatives		492	3,626	1,142	164	96	530	520
Net financial worth [1]	-1,398	11,952	-9,139	1,076	415	-206	-5,496	

Source: ECB.

3.2 Euro area non-financial accounts

(EUR billions; four-quarter cumulated flows)

Uses	2007	2008	2009	2010 Q1-2010 Q4	2010 Q2-2011 Q1	2010 Q3-2011 Q2	2010 Q4-2011 Q3	2011 Q1-2011 Q4
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,279	4,461	4,442	4,491	4,518	4,551	4,580	4,606
Other taxes less subsidies on production	99	94	85	82	84	87	92	95
Consumption of fixed capital	1,294	1,361	1,385	1,416	1,426	1,436	1,443	1,451
Net operating surplus and mixed income [1]	2,401	2,365	2,111	2,213	2,241	2,260	2,273	2,272
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	3,698	3,945	2,976	2,816	2,862	2,939	2,997	3,037
Interest	2,129	2,383	1,607	1,411	1,442	1,487	1,535	1,577
Other property income	1,568	1,561	1,369	1,404	1,419	1,452	1,463	1,461
Net national income [1]	7,768	7,804	7,533	7,754	7,814	7,876	7,927	7,957
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	1,136	1,145	1,029	1,054	1,072	1,083	1,100	1,109
Social contributions	1,596	1,671	1,676	1,701	1,712	1,724	1,739	1,755
Social benefits other than social transfers in kind	1,586	1,657	1,774	1,821	1,826	1,832	1,840	1,848
Other current transfers	738	771	776	776	776	779	779	779
Net non-life insurance premiums	183	187	181	181	180	180	180	180
Non-life insurance claims	184	188	182	181	181	180	180	180
Other	370	395	413	413	415	418	418	419
Net disposable income [1]	7,675	7,703	7,424	7,641	7,700	7,764	7,817	7,845
Use of income account								
Net disposable income								
Final consumption expenditure	6,887	7,140	7,143	7,304	7,353	7,400	7,441	7,466
Individual consumption expenditure	6,188	6,404	6,373	6,532	6,580	6,626	6,666	6,691
Collective consumption expenditure	698	736	771	772	773	774	775	775
Adjustment for the change in the net equity of households in pension fund reserves	61	70	61	56	56	56	58	59
Net saving [1]	788	562	280	337	347	364	376	379
Capital account								
Net saving								
Gross capital formation	2,066	2,075	1,715	1,790	1,835	1,856	1,874	1,873
Gross fixed capital formation	1,989	2,010	1,763	1,772	1,797	1,812	1,825	1,833
Changes in inventories and acquisitions less disposals of valuables	76	65	-48	18	38	44	50	41
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	-1	1	1	1	1	1	1	0
Capital transfers	153	152	185	227	214	205	169	162
Capital taxes	24	24	34	25	26	26	27	31
Other capital transfers	129	128	151	202	188	180	142	132
Net lending (+)/net borrowing (-) (from capital account) [1]	32	-143	-42	-27	-52	-47	-45	-32

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

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

Resources	2007	2008	2009	2010 Q1-2010 Q4	2010 Q2-2011 Q1	2010 Q3-2011 Q2	2010 Q4-2011 Q3	2011 Q1-2011 Q4
Generation of income account								
Gross value added (basic prices)	8,072	8,281	8,023	8,202	8,269	8,334	8,388	8,423
Taxes less subsidies on products	960	946	894	940	956	960	967	972
Gross domestic product (market prices)2)	9,032	9,227	8,917	9,143	9,225	9,294	9,355	9,395
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	2,401	2,365	2,111	2,213	2,241	2,260	2,273	2,272
Compensation of employees	4,287	4,468	4,452	4,503	4,530	4,563	4,593	4,618
Taxes less subsidies on production	1,067	1,047	996	1,036	1,053	1,060	1,072	1,078
Property income	3,712	3,868	2,950	2,818	2,851	2,932	2,988	3,026
Interest	2,092	2,327	1,563	1,367	1,398	1,440	1,485	1,523
Other property income	1,620	1,541	1,388	1,450	1,453	1,492	1,503	1,503
Net national income								
Secondary distribution of income account								
Net national income	7,768	7,804	7,533	7,754	7,814	7,876	7,927	7,957
Current taxes on income, wealth, etc.	1,144	1,154	1,034	1,059	1,077	1,089	1,107	1,115
Social contributions	1,595	1,670	1,674	1,699	1,710	1,722	1,737	1,753
Social benefits other than social transfers in kind	1,578	1,649	1,768	1,815	1,820	1,825	1,833	1,841
Other current transfers	644	671	669	666	665	669	671	670
Net non-life insurance premiums	184	188	182	181	181	180	180	180
Non-life insurance claims	180	184	178	178	177	177	177	176
Other	280	298	308	307	308	312	314	313
Net disposable income								
Use of income account								
Net disposable income	7,675	7,703	7,424	7,641	7,700	7,764	7,817	7,845
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	61	70	61	56	56	56	58	59
Net saving								
Capital account								
Net saving	788	562	280	337	347	364	376	379
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,294	1,361	1,385	1,416	1,426	1,436	1,443	1,451
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	168	161	194	237	225	215	179	175
Capital taxes	24	24	34	25	26	26	27	31
Other capital transfers	144	137	160	212	199	189	152	144
Net lending (+)/net borrowing (-) (from capital account)								

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

3.3 Households

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

	2007	2008	2009	2010 Q1-2010 Q4	2010 Q2-2011 Q1	2010 Q3-2011 Q2	2010 Q4-2011 Q3	2011 Q1-2011 Q4
Income, saving and changes in net worth								
Compensation of employees (+)	4,287	4,468	4,452	4,503	4,530	4,563	4,593	4,618
Gross operating surplus and mixed income (+)	1,484	1,522	1,446	1,454	1,466	1,481	1,491	1,496
Interest receivable (+)	316	351	241	214	221	230	239	246
Interest payable (-)	220	249	146	126	130	137	143	147
Other property income receivable (+)	789	786	718	719	728	735	747	752
Other property income payable (-)	10	10	10	10	10	10	10	10
Current taxes on income and wealth (-)	834	872	841	848	855	861	872	875
Net social contributions (-)	1,592	1,667	1,671	1,696	1,707	1,719	1,734	1,750
Net social benefits (+)	1,573	1,644	1,763	1,809	1,814	1,820	1,827	1,835
Net current transfers receivable (+)	63	70	71	70	68	69	69	69
= Gross disposable income	5,854	6,043	6,022	6,089	6,125	6,172	6,206	6,234
Final consumption expenditure (-)	5,081	5,241	5,156	5,291	5,335	5,379	5,418	5,439
Changes in net worth in pension funds (+)	60	69	61	55	55	56	58	59
= Gross saving	833	871	927	853	846	848	847	854
Consumption of fixed capital (-)	358	372	376	380	382	384	386	387
Net capital transfers receivable (+)	12	-1	10	11	11	10	10	8
Other changes in net worth (+)	1,310	-1,776	-799	731	711	586	-192	-720
= Changes in net worth	1,797	-1,278	-238	1,215	1,185	1,061	279	-246
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	661	646	554	560	568	571	577	580
Consumption of fixed capital (-)	358	372	376	380	382	384	386	387
Main items of financial investment (+)								
Short-term assets	421	460	-13	38	104	125	132	125
Currency and deposits	351	438	123	119	139	137	147	117
Money market fund shares	37	-4	-43	-57	-36	-27	-17	-21
Debt securities [1]	33	27	-93	-24	1	15	2	29
Long-term assets	171	25	500	392	299	251	217	193
Deposits	-31	-29	85	56	41	50	51	50
Debt securities	85	17	16	-14	28	32	44	53
Shares and other equity	-104	-97	170	119	35	-3	-23	-26
Quoted and unquoted shares and other equity	39	76	119	103	53	23	28	36
Mutual fund shares	-143	-173	52	17	-18	-26	-51	-62
Life insurance and pension fund reserves	221	133	228	231	195	172	145	115
Main items of financing (-)								
Loans	384	257	103	126	119	136	121	87
of which: From euro area MFIs	283	83	65	147	170	168	148	81
Other changes in assets (+)								
Non-financial assets	1,227	-372	-1,101	620	665	298	262	-269
Financial assets	102	-1,459	303	136	44	238	-466	-477
Shares and other equity	79	-1,209	109	75	71	222	-373	-457
Life insurance and pension fund reserves	8	-239	173	105	35	48	-43	25
Remaining net flows (+)	-42	52	-2	-26	6	97	65	75
= Changes in net worth	1,797	-1,278	-238	1,215	1,185	1,061	279	-246
Balance sheet								
Non-financial assets (+)	28,117	28,018	27,096	27,896	27,932	27,980	28,242	27,820
Financial assets (+)								
Short-term assets	5,264	5,813	5,788	5,829	5,870	5,911	5,907	5,970
Currency and deposits	4,851	5,321	5,476	5,600	5,598	5,650	5,658	5,730
Money market fund shares	280	317	241	185	209	199	194	169
Debt securities [1]	133	175	71	44	63	63	54	70
Long-term assets	12,200	10,718	11,555	12,080	12,160	12,167	11,699	11,799
Deposits	965	913	970	1,027	1,037	1,055	1,068	1,081
Debt securities	1,284	1,307	1,375	1,314	1,336	1,355	1,325	1,327
Shares and other equity	5,152	3,806	4,118	4,311	4,319	4,261	3,801	3,823
Quoted and unquoted shares and other equity	3,761	2,877	3,000	3,107	3,149	3,093	2,735	2,739
Mutual fund shares	1,391	929	1,118	1,204	1,170	1,168	1,066	1,084
Life insurance and pension fund reserves	4,798	4,692	5,092	5,428	5,468	5,496	5,505	5,569
Remaining net assets (+)	308	312	306	315	309	390	394	375
Liabilities (-)								
Loans	5,569	5,820	5,942	6,102	6,103	6,162	6,180	6,191
of which: From euro area MFIs	4,831	4,914	4,968	5,213	5,256	5,304	5,313	5,281
= Net worth	40,320	39,041	38,803	40,018	40,168	40,287	40,063	39,773

Sources: ECB and Eurostat.

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

3.4 Non-financial corporations

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

	2007	2008	2009	2010 Q1-2010 Q4	2010 Q2-2011 Q1	2010 Q3-2011 Q2	2010 Q4-2011 Q3	2011 Q1-2011 Q4
Income and saving								
Gross value added (basic prices) (+)	4,648	4,759	4,497	4,635	4,684	4,730	4,769	4,792
Compensation of employees (-)	2,711	2,833	2,776	2,807	2,830	2,859	2,884	2,906
Other taxes less subsidies on production (-)	49	46	39	33	34	37	40	41
= Gross operating surplus (+)	1,888	1,880	1,682	1,794	1,820	1,835	1,845	1,845
Consumption of fixed capital (-)	726	767	784	803	810	816	820	824
= Net operating surplus (+)	1,162	1,113	899	991	1,010	1,019	1,025	1,021
Property income receivable (+)	639	637	549	552	554	572	577	572
Interest receivable	218	239	174	157	161	168	175	181
Other property income receivable	421	398	376	395	393	404	402	391
Interest and rents payable (-)	366	421	299	263	270	281	292	301
= Net entrepreneurial income (+)	1,436	1,329	1,149	1,280	1,295	1,310	1,311	1,292
Distributed income (-)	1,005	1,027	936	944	959	964	974	977
Taxes on income and wealth payable (-)	248	236	152	168	176	179	184	190
Social contributions receivable (+)	64	68	70	69	70	70	71	71
Social benefits payable (-)	63	65	68	69	70	70	70	70
Other net transfers (-)	43	48	47	46	46	44	44	45
= Net saving	141	21	17	123	114	124	109	82
Investment, financing and saving								
Net acquisition of non-financial assets (+)	409	369	78	159	191	200	210	210
Gross fixed capital formation (+)	1,058	1,077	911	944	963	976	988	996
Consumption of fixed capital (-)	726	767	784	803	810	816	820	824
Net acquisition of other non-financial assets (+)	77	60	-50	18	37	39	43	39
Main items of financial investment (+)								
Short-term assets	167	72	91	43	28	41	-2	-33
Currency and deposits	153	15	87	67	63	66	45	0
Money market fund shares	-20	33	40	-23	-27	-27	-43	-44
Debt securities [1]	34	24	-35	-2	-7	2	-4	10
Long-term assets	763	664	242	471	480	544	559	554
Deposits	-8	39	0	12	23	22	24	53
Debt securities	51	-42	18	-9	2	14	17	23
Shares and other equity	412	331	110	238	249	304	321	275
Other (mainly intercompany loans)	308	336	114	230	206	204	197	203
Remaining net assets (+)	209	-27	56	-35	-32	-41	-66	-111
Main items of financing (-)								
Debt	928	664	79	181	209	280	261	243
of which: Loans from euro area MFIs	538	394	-113	-11	27	75	79	50
of which: Debt securities	32	48	88	65	44	43	48	46
Shares and other equity	413	315	284	260	272	271	266	232
Quoted shares	62	5	58	31	30	28	29	28
Unquoted shares and other equity	350	310	227	229	242	242	237	203
Net capital transfers receivable (-)	69	74	83	73	70	68	66	65
= Net saving	141	21	17	123	114	124	109	82
Financial balance sheet								
Financial assets								
Short-term assets	1,788	1,879	1,959	1,992	1,958	1,946	1,944	1,968
Currency and deposits	1,507	1,538	1,631	1,693	1,668	1,674	1,680	1,704
Money market fund shares	163	192	214	192	183	171	158	146
Debt securities [1]	118	149	114	107	107	102	107	118
Long-term assets	10,813	9,370	10,282	10,953	11,134	11,268	10,604	10,910
Deposits	213	255	232	258	237	239	254	278
Debt securities	230	180	195	197	219	215	216	240
Shares and other equity	8,026	6,278	7,075	7,474	7,625	7,706	6,950	7,153
Other (mainly intercompany loans)	2,344	2,657	2,779	3,024	3,052	3,108	3,184	3,239
Remaining net assets	253	204	190	41	141	92	86	96
Liabilities								
Debt	8,644	9,326	9,423	9,588	9,655	9,761	9,837	9,849
of which: Loans from euro area MFIs	4,465	4,870	4,711	4,695	4,726	4,751	4,766	4,725
of which: Debt securities	647	702	824	882	859	878	921	927
Shares and other equity	14,376	11,123	12,436	13,148	13,427	13,417	11,955	12,205
Quoted shares	5,068	2,941	3,502	3,813	3,923	3,914	3,142	3,300
Unquoted shares and other equity	9,308	8,182	8,934	9,334	9,504	9,503	8,813	8,905

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

3.5 Insurance corporations and pension funds

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

	2007	2008	2009	2010 Q1- 2010 Q4	2010 Q2- 2011 Q1	2010 Q3- 2011 Q2	2010 Q4- 2011 Q3	2011 Q1- 2011 Q4
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	22	73	-48	-19	-24	-35	2	50
Currency and deposits	7	57	-33	-9	-9	-15	5	16
Money market fund shares	4	12	0	-17	-24	-23	-12	11
Debt securities [1]	11	3	-14	7	9	3	9	23
Long-term assets	240	119	286	282	246	268	220	100
Deposits	47	-9	19	-8	8	11	17	10
Debt securities	108	72	105	180	144	128	69	3
Loans	-15	25	6	26	19	22	14	4
Quoted shares	21	-10	-57	13	16	16	11	7
Unquoted shares and other equity	14	16	-15	1	4	5	12	-4
Mutual fund shares	64	25	229	70	56	86	98	81
Remaining net assets (+)	2	13	24	20	2	-47	-48	-37
Main items of financing (-)								
Debt securities	3	4	5	0	0	2	3	3
Loans	-2	32	-2	11	17	13	8	7
Shares and other equity	3	8	4	7	6	1	1	1
Insurance technical reserves	247	121	234	273	217	180	139	103
Net equity of households in life insurance and pension fund reserves	224	119	230	249	197	168	132	103
Prepayments of insurance premiums and reserves for outstanding claims	22	1	4	24	21	12	7	-1
= Changes in net financial worth due to transactions	13	40	21	-7	-16	-11	23	-1
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	-9	-515	207	99	33	60	-122	-113
Other net assets	-32	53	27	-13	-63	-44	-62	33
Other changes in liabilities (-)								
Shares and other equity	-21	-172	12	-10	-8	12	-43	-44
Insurance technical reserves	28	-254	186	107	40	50	-31	41
Net equity of households in life insurance and pension fund reserves	16	-244	183	107	42	55	-30	40
Prepayments of insurance premiums and reserves for outstanding claims	12	-10	3	0	-2	-5	-2	0
= Other changes in net financial worth	-47	-35	37	-12	-62	-46	-110	-76
Financial balance sheet								
Financial assets (+)								
Short-term assets	318	393	340	326	319	319	350	361
Currency and deposits	163	224	195	190	181	181	199	193
Money market fund shares	91	101	93	77	75	75	81	87
Debt securities [1]	63	67	51	58	63	63	70	81
Long-term assets	5,470	5,080	5,650	6,015	6,069	6,100	5,993	5,974
Deposits	594	599	617	611	624	624	624	617
Debt securities	2,202	2,265	2,441	2,604	2,617	2,631	2,634	2,581
Loans	410	433	437	463	462	467	464	467
Quoted shares	750	491	523	563	576	570	518	530
Unquoted shares and other equity	348	321	301	293	292	290	290	283
Mutual fund shares	1,166	971	1,331	1,481	1,497	1,517	1,463	1,496
Remaining net assets (+)	174	237	212	242	252	239	268	274
Liabilities (-)								
Debt securities	20	23	31	33	31	33	32	31
Loans	244	281	273	293	297	300	308	297
Shares and other equity	580	416	432	429	445	429	382	386
Insurance technical reserves	5,290	5,156	5,576	5,957	6,013	6,035	6,039	6,100
Net equity of households in life insurance and pension fund reserves	4,481	4,356	4,769	5,126	5,168	5,196	5,203	5,269
Prepayments of insurance premiums and reserves for outstanding claims	809	800	807	831	844	839	836	830
= Net financial wealth	-173	-168	-110	-129	-146	-141	-150	-206

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

FINANCIAL MARKETS

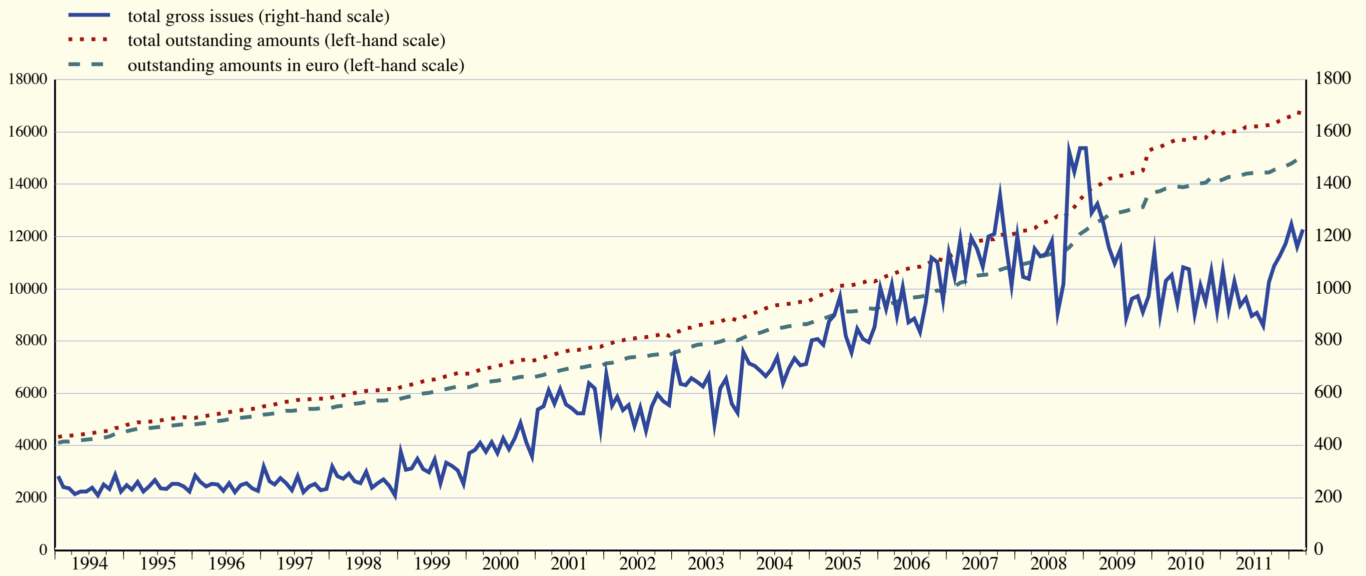
4.1 Securities other than shares by original maturity, residency of the issuer and currency

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

	Total in euro [1]			By euro area residents								
				In euro			In all currencies					
	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Annual growth rates	Seasonally adjusted [2] Net issues	Seasonally adjusted [2] 6-month growth rates
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2011 Mar.	16,463.9	986.9	-2.4	14,269.8	919.9	-9.7	16,015.3	1,028.0	-0.5	3.3	9.0	3.5
Apr.	16,484.6	889.7	21.4	14,316.7	850.3	47.5	16,041.2	934.9	50.9	3.2	25.0	3.3
May	16,587.9	922.6	101.6	14,409.3	866.0	91.0	16,189.6	963.8	118.1	3.6	41.7	1.8
June	16,619.3	852.3	31.4	14,432.1	800.4	22.7	16,205.9	897.3	23.3	3.8	49.5	3.2
July	16,589.6	852.6	-30.3	14,422.4	825.3	-10.4	16,219.4	907.2	-11.1	3.6	14.4	2.4
Aug.	16,621.2	808.3	31.9	14,454.9	773.9	32.8	16,228.7	859.8	20.5	3.2	49.2	2.4
Sep.	16,652.6	1,002.0	31.8	14,460.0	926.1	5.6	16,273.4	1,026.6	7.4	3.3	59.8	3.0
Oct.	16,703.5	1,034.5	51.6	14,538.4	992.9	79.1	16,316.9	1,086.5	69.5	3.3	59.3	3.4
Nov.	16,786.3	1,061.8	82.2	14,628.6	1,014.6	89.3	16,443.7	1,125.8	97.5	2.4	8.8	3.0
Dec.	16,850.5	1,125.0	64.2	14,691.6	1,082.6	63.0	16,533.9	1,173.8	61.8	4.0	187.5	4.7
2012 Jan.	16,957.7	1,190.6	107.3	14,790.5	1,117.4	99.1	16,616.1	1,246.5	91.6	3.9	77.6	5.5
Feb.	17,141.1	1,116.2	174.0	14,934.5	1,043.4	144.5	16,759.7	1,160.7	162.1	4.3	107.6	6.2
Mar.	17,115.7	1,200.2	69.4	14,843.8	1,091.3	3.5	16,711.6	1,225.8	41.7	4.6	51.1	6.1
	Long-term											
2011 Mar.	15,030.8	313.5	10.1	12,928.3	277.4	16.7	14,460.8	311.7	14.1	4.2	19.6	5.1
Apr.	15,084.2	303.3	53.7	12,992.6	278.4	64.6	14,507.1	308.9	67.8	4.2	48.4	4.8
May	15,160.4	275.9	75.0	13,060.3	243.5	66.6	14,612.8	266.5	80.2	4.4	14.9	3.4
June	15,212.3	259.5	51.4	13,110.3	228.2	49.4	14,660.5	257.1	52.5	4.6	42.7	3.7
July	15,194.1	203.3	-20.4	13,099.3	192.1	-13.3	14,671.9	213.8	-12.8	4.4	25.9	2.7
Aug.	15,190.4	123.1	-3.7	13,099.8	113.5	0.5	14,653.4	123.5	-8.1	4.0	29.9	2.5
Sep.	15,180.7	229.2	-9.0	13,086.4	189.8	-12.7	14,680.7	213.9	-5.4	4.0	41.3	2.8
Oct.	15,254.1	278.3	75.4	13,165.8	250.9	81.4	14,726.6	268.0	69.8	4.0	73.8	3.2
Nov.	15,324.6	210.8	70.2	13,247.3	191.6	81.0	14,843.5	212.2	91.3	3.3	8.6	3.1
Dec.	15,375.0	237.5	49.3	13,311.7	228.2	63.3	14,934.6	245.9	65.5	4.0	135.5	4.4
2012 Jan.	15,472.3	347.7	97.7	13,385.7	301.8	74.5	14,990.0	330.8	63.3	4.0	89.9	5.2
Feb.	15,636.9	347.8	154.3	13,518.8	305.3	132.6	15,117.6	336.0	143.3	4.3	92.6	6.1
Mar.	15,608.5	355.9	66.9	13,446.9	282.3	22.9	15,072.7	332.6	47.6	4.5	51.1	6.2

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

(EUR billions)



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

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

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

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

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

1. Outstanding amounts and gross issues

	Outstanding amounts						Gross issues [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
						Total						
2010	15,873	5,246	3,291	851	5,932	554	1,007	625	80	69	205	29
2011	16,534	5,530	3,295	868	6,216	624	1,000	609	98	62	191	39
2011 Q2	16,206	5,364	3,246	833	6,167	597	932	551	86	60	192	43
Q3	16,273	5,426	3,227	854	6,160	607	931	580	79	60	180	33
Q4	16,534	5,530	3,295	868	6,216	624	1,129	714	136	70	172	36
2012 Q1	16,712	5,635	3,299	900	6,207	670	1,211	765	105	70	223	49
2011 Dec.	16,534	5,530	3,295	868	6,216	624	1,174	785	157	60	139	34
2012 Jan.	16,616	5,541	3,293	878	6,271	633	1,246	764	118	65	249	51
Feb.	16,760	5,605	3,303	883	6,314	654	1,161	742	82	65	218	53
Mar.	16,712	5,635	3,299	900	6,207	670	1,226	788	116	79	202	41
						Short-term						
2010	1,540	572	122	67	724	54	759	534	34	57	115	19
2011	1,599	702	110	77	634	77	747	511	47	53	107	29
2011 Q2	1,545	582	124	72	702	65	654	440	31	51	102	32
Q3	1,593	613	113	83	712	72	747	512	42	53	114	26
Q4	1,599	702	110	77	634	77	887	629	75	60	94	28
2012 Q1	1,639	713	115	81	640	91	878	609	61	54	124	29
2011 Dec.	1,599	702	110	77	634	77	928	679	89	52	78	29
2012 Jan.	1,626	709	109	80	649	79	916	622	67	53	139	34
Feb.	1,642	716	117	82	644	83	825	572	52	53	122	27
Mar.	1,639	713	115	81	640	91	893	633	64	57	113	26
						Long-term [2]						
2010	14,332	4,674	3,168	784	5,207	499	248	91	46	12	90	9
2011	14,935	4,827	3,185	792	5,583	547	252	98	51	9	84	10
2011 Q2	14,660	4,781	3,123	760	5,465	532	277	111	55	9	90	12
Q3	14,681	4,813	3,114	771	5,448	535	184	67	36	7	66	7
Q4	14,935	4,827	3,185	792	5,583	547	242	85	61	10	78	8
2012 Q1	15,073	4,922	3,184	820	5,567	580	333	156	44	16	98	20
2011 Dec.	14,935	4,827	3,185	792	5,583	547	246	106	67	8	61	4
2012 Jan.	14,990	4,833	3,183	798	5,622	554	331	141	51	12	110	17
Feb.	15,118	4,889	3,186	802	5,671	571	336	171	30	12	97	27
Mar.	15,073	4,922	3,184	820	5,567	580	333	155	52	22	89	15
						of which: Long-term fixed rate						
2010	9,479	2,633	1,099	672	4,697	377	156	50	13	10	77	6
2011	10,029	2,777	1,151	698	4,994	408	151	54	12	8	70	7
2011 Q2	9,864	2,743	1,141	667	4,912	401	173	62	20	8	74	8
Q3	9,889	2,773	1,149	679	4,887	400	112	35	8	6	58	5
Q4	10,029	2,777	1,151	698	4,994	408	123	41	7	9	61	5
2012 Q1	10,209	2,891	1,169	725	5,003	421	228	103	17	14	83	11
2011 Dec.	10,029	2,777	1,151	698	4,994	408	119	48	8	7	53	3
2012 Jan.	10,092	2,799	1,158	704	5,021	409	218	96	16	11	86	9
Feb.	10,213	2,845	1,166	708	5,076	417	241	107	18	12	88	16
Mar.	10,209	2,891	1,169	725	5,003	421	226	106	17	20	75	7
						of which: Long-term variable rate						
2010	4,383	1,761	1,964	106	432	121	78	34	29	1	10	4
2011	4,403	1,781	1,881	90	513	139	84	37	32	1	11	3
2011 Q2	4,296	1,765	1,836	89	477	129	84	42	23	1	13	4
Q3	4,286	1,767	1,806	88	491	133	56	26	21	0	5	3
Q4	4,403	1,781	1,881	90	513	139	106	36	51	1	15	3
2012 Q1	4,353	1,764	1,855	92	486	156	89	45	23	1	10	8
2011 Dec.	4,403	1,781	1,881	90	513	139	117	53	55	1	7	1
2012 Jan.	4,389	1,766	1,870	90	519	143	92	37	30	1	16	8
Feb.	4,398	1,775	1,862	90	520	151	81	56	11	0	5	10
Mar.	4,353	1,764	1,855	92	486	156	92	42	30	2	11	7

Source: ECB.

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

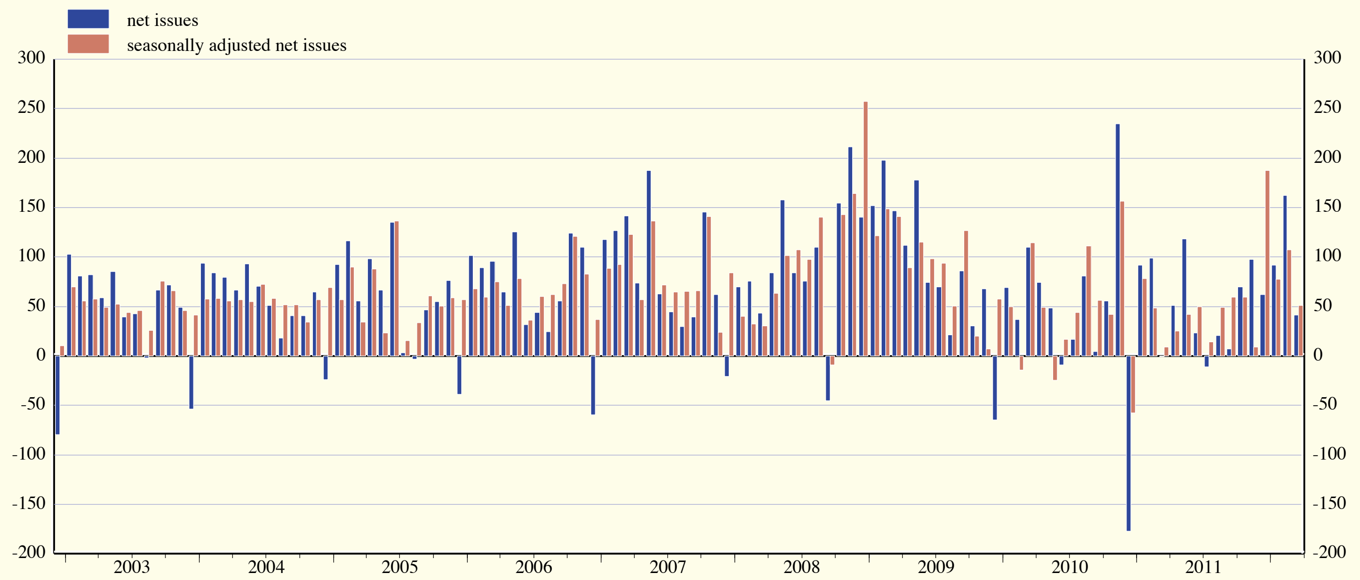
2) The residual difference between total long-term debt securities and fixed and variable rate long-term debt securities consists of zero coupon bonds and revaluation effects.

4.2 Securities other than shares issued by euro area residents, by sector of the issuer and instrument type
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

2. Net issues

	Non-seasonally adjusted [1]						Seasonally adjusted [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2010	45.4	-1.2	4.7	5.0	31.6	5.3	45.3	-1.4	4.8	5.0	31.8	5.1
2011	52.3	22.7	-3.0	3.7	23.4	5.6	52.6	23.1	-2.8	3.8	23.1	5.3
2011 Q2	64.1	5.2	-2.3	2.7	47.5	11.0	38.7	0.8	-7.5	-0.2	34.2	11.5
Q3	5.6	12.8	-10.0	4.5	-3.8	2.0	41.1	20.4	5.2	6.2	5.6	3.7
Q4	76.3	29.7	20.9	3.2	17.6	4.9	85.2	47.1	-4.6	6.4	36.1	0.3
2012 Q1	98.4	39.0	2.5	11.7	29.3	15.9	78.7	17.8	18.2	9.9	14.5	18.4
2011 Dec.	61.8	58.2	23.8	-5.8	-15.6	1.3	187.5	109.9	11.3	5.4	65.2	-4.2
2012 Jan.	91.6	16.8	-1.0	10.9	55.5	9.4	77.6	-7.2	18.6	7.2	39.3	19.7
Feb.	162.1	74.2	13.7	7.5	45.0	21.8	107.6	40.9	22.7	5.3	16.3	22.3
Mar.	41.7	26.0	-5.1	16.8	-12.6	16.5	51.1	19.7	13.3	17.1	-12.3	13.3
	Long-term											
2010	54.0	1.9	2.0	5.3	41.3	3.5	54.3	2.0	2.2	5.3	41.4	3.5
2011	47.9	12.0	-1.8	2.7	31.0	3.9	48.4	12.2	-1.6	2.8	31.1	3.9
2011 Q2	66.8	16.9	-5.7	2.4	46.7	6.5	35.3	5.8	-10.0	-0.6	35.1	5.0
Q3	-8.8	3.1	-6.4	0.9	-6.9	0.6	32.4	10.9	7.4	2.2	9.1	2.7
Q4	75.5	0.8	22.0	5.4	43.8	3.6	72.6	14.9	-1.5	7.0	48.9	3.2
2012 Q1	84.7	35.2	0.7	10.4	27.3	11.1	77.9	24.4	14.7	10.5	17.4	10.8
2011 Dec.	65.5	9.5	19.1	1.2	36.6	-0.8	135.5	40.7	9.8	5.4	80.5	-0.9
2012 Jan.	63.3	9.2	-0.6	7.5	40.7	6.6	89.9	5.8	20.6	9.1	46.0	8.4
Feb.	143.3	64.3	5.9	5.8	49.7	17.7	92.6	39.2	9.6	4.6	20.3	18.9
Mar.	47.6	32.1	-3.3	18.0	-8.4	9.1	51.1	28.3	13.9	17.8	-14.1	5.2

C16 Net issues of securities other than shares: seasonally adjusted and non-seasonally adjusted
(EUR billions; transactions during the month; nominal values)



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

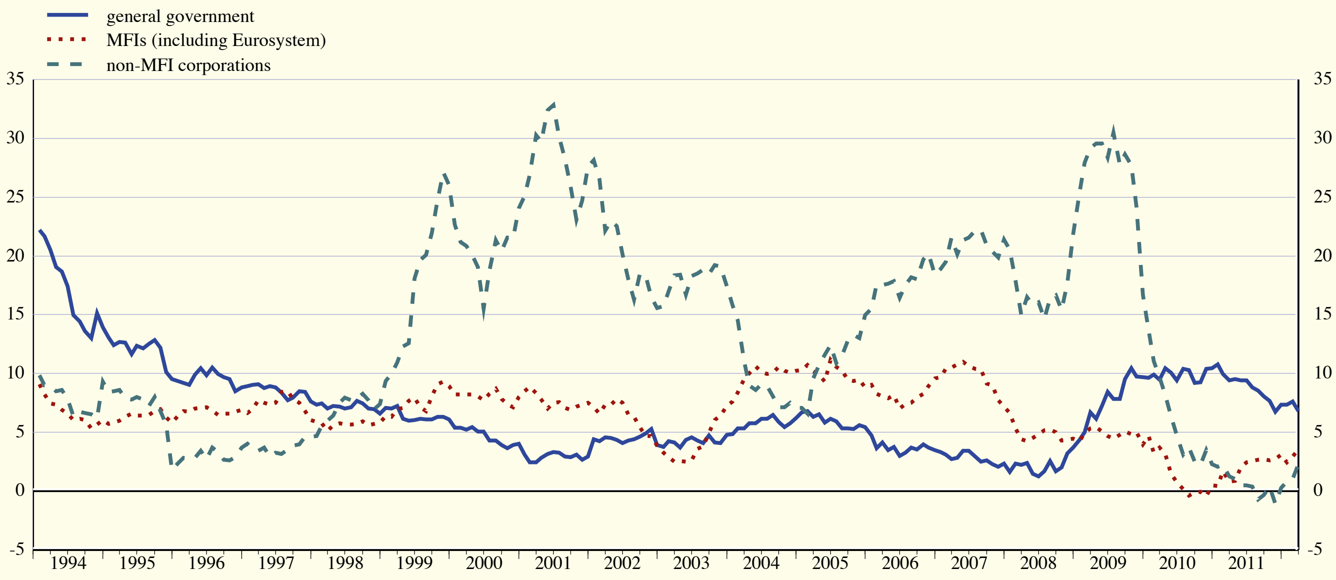
4.3 Growth rates of securities other than shares issued by euro area residents [1]

(percentage changes)

	Annual growth rates (non-seasonally adjusted)						6-month seasonally adjusted growth rates					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2011 Mar.	3.3	0.8	1.1	4.8	5.9	14.5	3.5	2.2	-1.1	5.2	6.3	12.1
Apr.	3.2	0.4	1.0	3.4	6.0	14.6	3.3	2.9	-0.8	2.5	5.3	12.3
May	3.6	1.7	0.2	4.3	6.1	17.4	1.8	3.0	-4.2	3.7	2.7	15.8
June	3.8	1.8	0.4	4.2	6.5	16.1	3.2	2.8	-2.1	1.8	5.2	20.1
July	3.6	1.8	0.3	4.9	6.2	13.3	2.4	1.2	-3.0	2.9	5.1	16.0
Aug.	3.2	2.0	-1.3	5.2	5.6	15.3	2.4	1.3	-3.9	4.4	4.9	22.0
Sep.	3.3	2.4	-0.7	4.8	5.1	14.2	3.0	2.4	-0.4	4.4	4.0	16.8
Oct.	3.3	2.9	-0.3	4.7	4.7	12.8	3.4	3.0	0.3	7.1	4.2	12.9
Nov.	2.4	3.2	-2.3	5.1	3.0	13.6	3.0	3.4	-0.5	6.5	3.4	11.0
Dec.	4.0	5.2	-1.1	5.4	4.7	12.1	4.7	7.7	0.1	9.3	4.1	4.0
2012 Jan.	3.9	4.4	-0.8	6.2	4.8	15.4	5.5	7.6	1.4	9.6	4.5	14.9
Feb.	4.3	4.5	-0.1	6.6	4.8	19.8	6.2	7.8	3.9	8.8	4.7	17.7
Mar.	4.6	4.8	1.0	8.0	4.5	17.9	6.1	7.3	2.5	11.7	5.0	19.1
	Long-term											
2011 Mar.	4.2	0.8	0.2	5.7	9.4	9.0	5.1	3.3	-2.1	5.6	11.0	9.4
Apr.	4.2	0.9	0.1	5.0	9.5	9.5	4.8	3.4	-1.6	4.0	10.0	8.7
May	4.4	2.0	-0.6	5.2	9.1	12.1	3.4	3.6	-4.9	3.1	7.9	11.0
June	4.6	2.4	-0.4	4.4	9.4	9.4	3.7	2.9	-2.3	1.5	7.8	11.9
July	4.4	2.6	-0.6	4.8	8.7	9.8	2.7	1.4	-3.0	2.1	6.6	12.2
Aug.	4.0	2.7	-1.9	4.4	8.4	10.2	2.5	1.2	-3.9	2.8	6.8	12.1
Sep.	4.0	2.7	-1.2	3.4	7.9	9.4	2.8	2.1	-0.5	1.3	5.0	9.3
Oct.	4.0	2.6	-0.4	3.5	7.6	8.7	3.2	1.8	0.9	3.0	5.3	8.5
Nov.	3.3	2.7	-2.3	4.0	6.4	10.0	3.1	1.9	0.2	4.8	4.9	9.1
Dec.	4.0	3.1	-0.7	4.4	7.2	9.4	4.4	3.3	1.1	7.4	6.5	6.9
2012 Jan.	4.0	2.4	-0.3	5.7	7.0	11.1	5.2	3.5	2.5	9.4	7.3	10.1
Feb.	4.3	2.9	-0.1	6.0	7.0	13.5	6.1	4.7	3.9	9.4	7.3	15.2
Mar.	4.5	3.5	1.0	7.5	6.2	12.7	6.2	5.0	2.5	14.1	7.4	16.3

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.

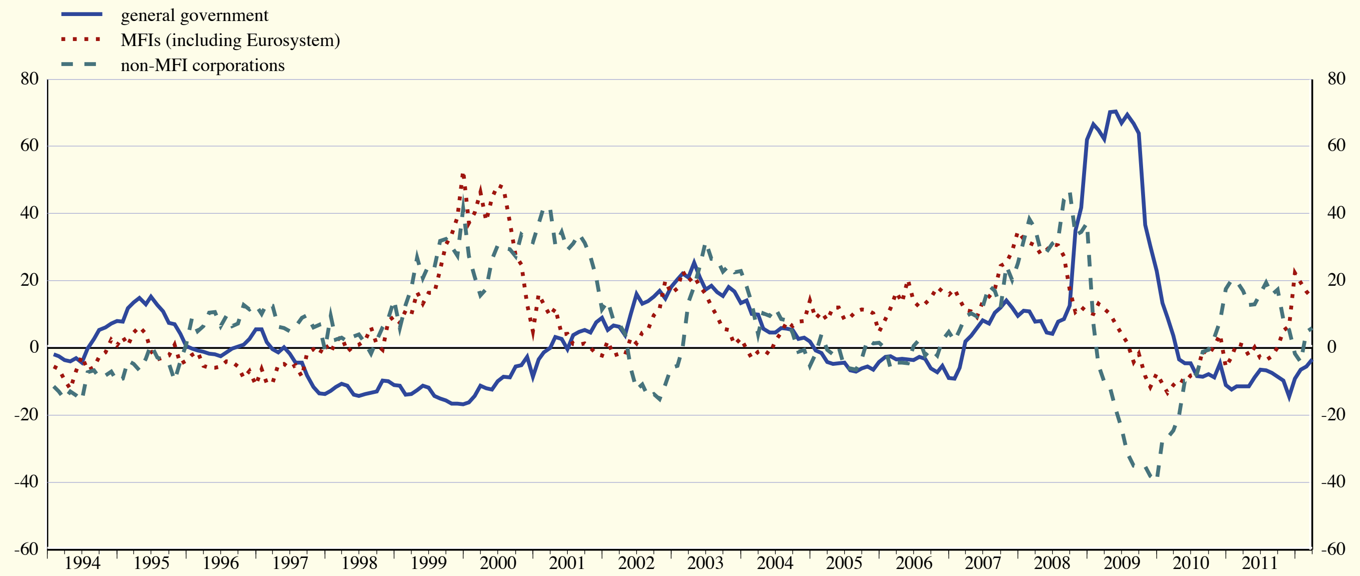
4.3 Growth rates of securities other than shares issued by euro area residents [1] (cont'd)

(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											
2010	8.8	5.7	6.4	19.7	9.9	8.8	-0.6	-4.0	0.7	-2.0	6.4	27.5
2011	6.4	5.0	3.4	6.3	7.8	7.6	-0.7	-1.4	-5.4	-1.9	22.3	16.1
2011 Q2	6.5	4.6	3.7	6.4	8.2	7.9	-0.5	-2.0	-4.7	-1.5	23.5	18.4
Q3	6.6	6.3	4.2	5.2	7.4	8.9	-1.5	-1.3	-7.8	-2.3	25.7	13.0
Q4	5.6	5.7	2.6	4.5	6.1	8.1	-1.1	-0.5	-7.0	-2.6	21.0	13.9
2012 Q1	5.8	5.7	2.1	6.4	6.4	9.0	0.1	0.2	-4.7	-0.9	15.3	21.5
2011 Oct.	5.7	5.8	3.5	4.2	6.2	7.5	-0.7	-1.0	-6.4	-2.9	25.8	12.7
Nov.	5.2	5.2	1.6	4.6	5.8	8.5	-1.8	0.0	-8.0	-2.3	14.6	15.1
Dec.	5.5	5.7	0.9	5.0	6.3	8.0	0.2	0.3	-4.8	-1.0	18.7	14.3
2012 Jan.	5.6	5.3	2.0	6.4	6.4	8.7	-0.3	-0.5	-4.9	-0.9	15.6	19.3
Feb.	6.1	5.7	3.0	6.5	6.7	10.1	0.0	0.4	-5.3	-0.8	15.3	24.4
Mar.	5.9	6.5	2.2	8.0	5.9	8.3	0.9	0.9	-3.2	-0.9	11.4	27.0
	In euro											
2010	9.1	5.6	7.4	20.1	10.0	8.3	-0.4	-3.3	0.4	-2.5	5.9	26.2
2011	6.5	4.2	3.6	6.6	8.1	7.2	-0.2	0.0	-6.0	-2.9	22.2	15.3
2011 Q2	6.6	3.8	4.0	6.5	8.5	7.3	0.3	-0.6	-4.8	-2.7	23.5	18.1
Q3	6.7	5.5	4.4	5.9	7.6	8.6	-1.2	-0.2	-8.6	-3.5	25.6	11.1
Q4	5.7	5.5	2.6	4.7	6.4	8.5	-0.7	0.9	-7.8	-3.6	20.8	12.3
2012 Q1	6.2	6.0	2.6	6.3	6.6	9.8	0.7	2.1	-5.3	-2.1	15.0	20.2
2011 Oct.	5.8	5.4	3.5	4.5	6.4	8.2	-0.2	0.5	-7.0	-4.0	25.6	10.9
Nov.	5.5	5.3	1.8	4.7	6.1	9.0	-1.4	1.5	-8.5	-3.4	14.3	13.7
Dec.	5.7	5.7	0.8	5.0	6.5	8.6	0.4	1.8	-5.8	-2.1	18.4	13.1
2012 Jan.	6.1	5.5	2.6	6.1	6.6	10.0	0.5	1.5	-5.2	-2.2	15.3	18.2
Feb.	6.4	6.1	3.5	6.1	6.8	10.7	0.8	2.5	-5.6	-2.1	15.1	22.6
Mar.	6.2	7.0	2.4	8.3	6.1	9.1	1.1	2.7	-4.7	-2.2	11.3	26.1

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

(annual percentage changes)



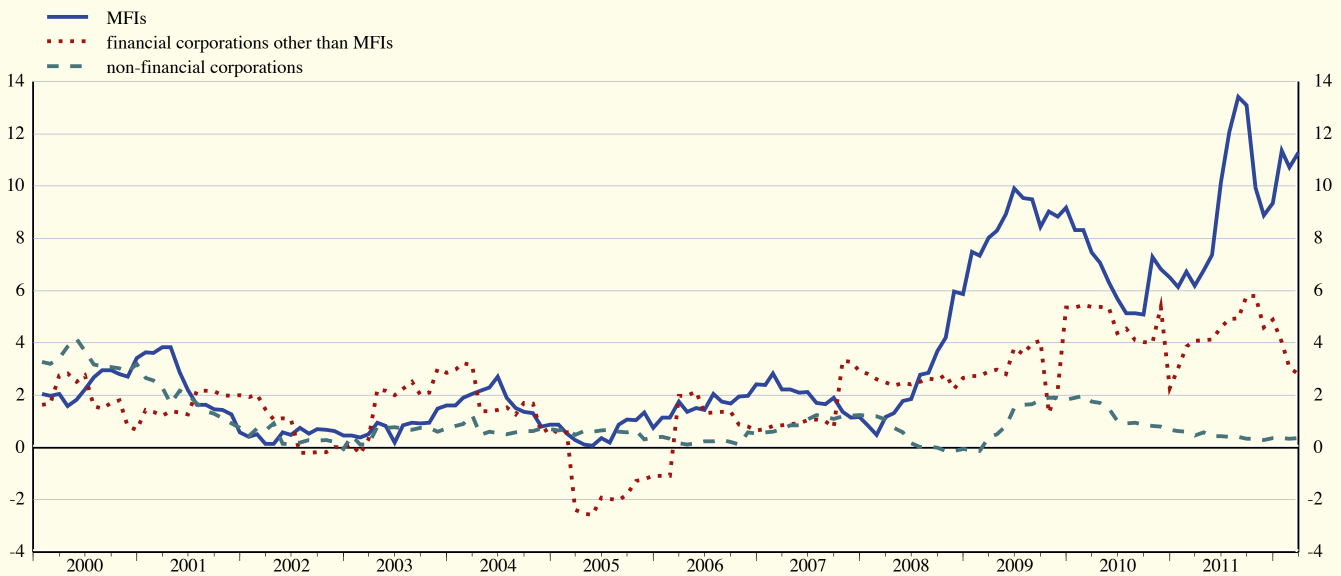
Source: ECB.
1) Annual percentage changes for monthly data refer to the end of the month, whereas those for quarterly and yearly data refer to the annual change in the period average. See the Technical Notes for details.

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

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

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 2008 = 100	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)
	1	2	3	4	5	6	7	8	9
2010 Mar.	4,474.4	103.4	2.8	543.6	7.5	365.3	5.4	3,565.5	1.8
Apr.	4,409.1	103.4	2.7	508.4	7.1	345.8	5.4	3,555.0	1.7
May	4,093.4	103.5	2.4	445.9	6.3	322.7	5.3	3,324.8	1.5
June	4,054.6	103.7	1.9	446.4	5.7	315.6	4.4	3,292.6	1.0
July	4,256.1	103.7	1.7	519.8	5.1	338.1	4.5	3,398.2	0.9
Aug.	4,121.2	103.7	1.7	479.3	5.1	314.4	4.1	3,327.5	0.9
Sep.	4,345.2	103.8	1.6	487.0	5.1	326.6	4.0	3,531.6	0.9
Oct.	4,531.0	104.2	1.8	514.4	7.3	333.6	4.0	3,683.0	0.8
Nov.	4,413.3	104.4	1.8	437.8	6.8	316.6	5.4	3,658.9	0.8
Dec.	4,596.2	104.4	1.4	458.4	6.5	334.0	2.3	3,803.8	0.7
2011 Jan.	4,759.8	104.5	1.4	514.3	6.1	365.8	3.0	3,879.7	0.6
Feb.	4,845.8	104.7	1.5	535.0	6.7	379.0	3.9	3,931.9	0.6
Mar.	4,767.3	104.8	1.4	491.7	6.2	363.3	4.1	3,912.4	0.5
Apr.	4,891.8	105.0	1.5	497.5	6.8	371.5	4.1	4,022.7	0.6
May	4,777.5	105.0	1.4	475.9	7.4	356.3	4.1	3,945.3	0.4
June	4,722.7	105.5	1.7	491.6	10.2	350.6	4.6	3,880.5	0.4
July	4,504.3	105.7	1.9	458.8	12.1	325.6	4.9	3,720.0	0.4
Aug.	3,975.3	105.9	2.0	383.0	13.4	281.7	4.9	3,310.6	0.4
Sep.	3,749.2	105.9	2.0	350.7	13.1	264.4	5.8	3,134.2	0.3
Oct.	4,043.3	105.9	1.7	360.6	9.9	288.0	5.8	3,394.7	0.3
Nov.	3,892.8	105.9	1.4	330.0	8.9	271.5	4.6	3,291.3	0.3
Dec.	3,906.3	106.1	1.6	339.6	9.3	270.7	4.9	3,296.0	0.3
2012 Jan.	4,120.5	106.3	1.7	375.8	11.3	298.1	4.0	3,446.7	0.4
Feb.	4,285.7	106.3	1.5	395.0	10.7	311.3	3.1	3,579.4	0.3
Mar.	4,271.5	106.4	1.6	373.3	11.3	311.1	2.8	3,587.1	0.4

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



Source: ECB.

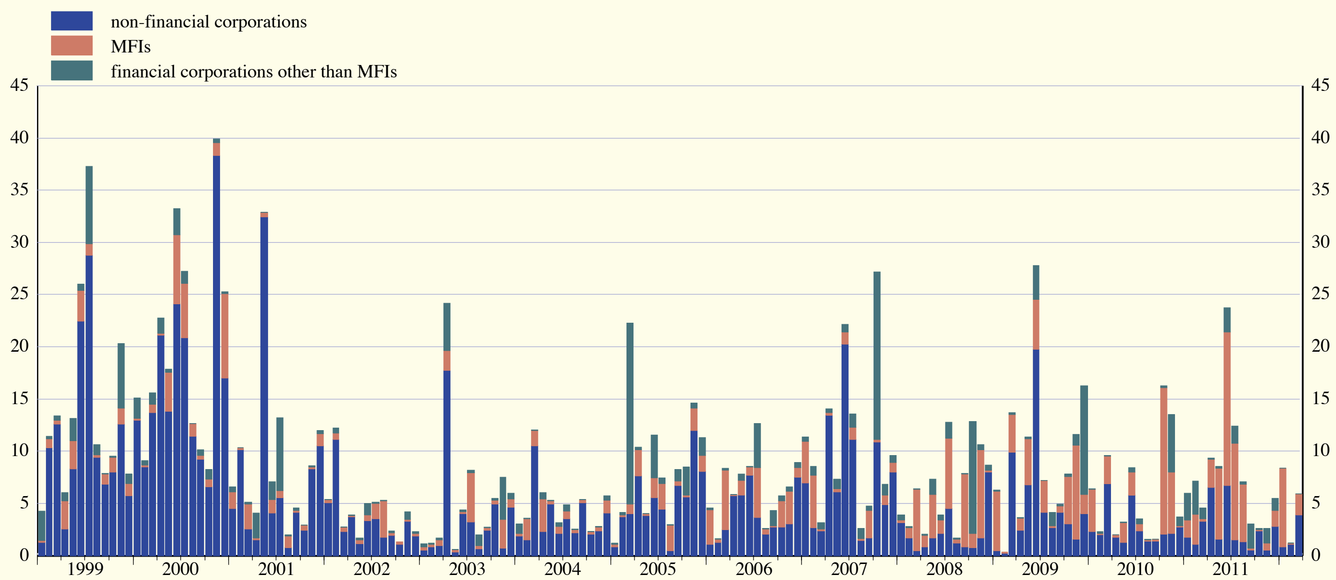
1) For details of the calculation of the index and the growth rates, see the Technical Notes.

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

2. Transactions during the month

	Total			MFIs			Financial corporations other than MFIs			Non-financial corporations		
	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues
	1	2	3	4	5	6	7	8	9	10	11	12
2010 Mar.	9.6	0.6	9.0	2.6	0.0	2.6	0.1	0.0	0.1	6.9	0.6	6.3
Apr.	1.8	0.4	1.5	0.1	0.0	0.0	0.0	0.0	0.0	1.8	0.3	1.5
May	3.2	0.8	2.4	1.9	0.0	1.9	0.1	0.0	0.1	1.3	0.8	0.4
June	8.4	0.4	8.0	2.2	0.0	2.2	0.4	0.0	0.4	5.8	0.4	5.4
July	3.6	0.8	2.7	0.7	0.0	0.7	0.5	0.0	0.5	2.4	0.8	1.6
Aug.	1.4	1.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	1.4	1.2	0.2
Sep.	1.6	0.2	1.4	0.2	0.0	0.2	0.0	0.0	0.0	1.4	0.2	1.2
Oct.	16.3	0.2	16.0	14.0	0.0	14.0	0.2	0.1	0.1	2.0	0.2	1.9
Nov.	13.5	1.5	12.0	5.9	0.0	5.9	5.5	0.1	5.4	2.1	1.4	0.7
Dec.	3.7	3.5	0.2	0.2	0.0	0.2	0.9	0.3	0.5	2.7	3.2	-0.5
2011 Jan.	6.0	1.3	4.7	1.6	0.0	1.6	2.6	0.0	2.6	1.8	1.3	0.5
Feb.	7.1	0.2	6.9	2.9	0.0	2.9	3.2	0.0	3.2	1.1	0.2	0.8
Mar.	4.4	1.0	3.5	0.1	0.0	0.1	1.0	0.2	0.8	3.3	0.7	2.6
Apr.	9.4	0.5	8.8	2.7	0.0	2.7	0.1	0.0	0.1	6.5	0.5	6.0
May	8.6	8.8	-0.2	6.8	2.1	4.6	0.2	0.0	0.2	1.6	6.6	-5.0
June	23.7	1.3	22.5	14.7	0.0	14.7	2.3	0.3	2.0	6.7	1.0	5.7
July	12.4	0.7	11.7	9.3	0.0	9.3	1.6	0.0	1.6	1.5	0.7	0.8
Aug.	7.1	1.1	6.0	5.5	0.0	5.5	0.3	0.2	0.1	1.3	0.9	0.4
Sep.	2.9	2.9	0.0	0.0	0.9	-0.9	2.3	0.0	2.3	0.5	2.0	-1.4
Oct.	2.4	0.4	2.0	0.0	0.0	0.0	0.1	0.0	0.1	2.3	0.4	1.9
Nov.	2.6	1.5	1.1	0.7	0.0	0.7	1.4	0.0	1.4	0.5	1.5	-1.0
Dec.	5.5	1.0	4.5	1.5	0.0	1.5	1.2	0.0	1.2	2.8	1.0	1.8
2012 Jan.	8.3	0.4	7.9	7.5	0.0	7.5	0.0	0.1	-0.1	0.9	0.3	0.5
Feb.	1.1	1.4	-0.3	0.0	0.0	0.0	0.0	0.2	-0.2	1.0	1.2	-0.1
Mar.	5.9	0.7	5.2	2.0	0.0	2.0	0.0	0.1	-0.1	3.9	0.6	3.3

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



Source: ECB.

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

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

1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight	With an agreed maturity of:			Redeemable at notice of: [2]		Overnight	With an agreed maturity of:			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9	10	11
2011 May	0.49	2.52	2.96	3.07	1.65	1.91	0.63	1.65	2.78	3.08	1.30
June	0.49	2.58	3.25	3.15	1.67	1.92	0.67	1.78	2.82	2.94	1.47
July	0.52	2.74	3.16	3.10	1.67	1.93	0.66	1.77	2.66	3.03	1.41
Aug.	0.54	2.73	3.16	2.99	1.74	1.93	0.68	1.64	2.69	2.99	1.42
Sep.	0.55	2.73	3.15	2.92	1.76	1.94	0.69	1.71	2.72	2.79	1.47
Oct.	0.55	2.88	3.17	3.14	1.77	1.96	0.69	1.67	2.74	3.23	1.65
Nov.	0.55	2.78	3.08	3.03	1.78	1.96	0.66	1.46	2.61	2.85	1.62
Dec.	0.54	2.78	3.20	3.06	1.79	1.97	0.65	1.50	2.76	2.90	1.38
2012 Jan.	0.53	2.94	3.48	3.15	1.81	1.96	0.61	1.27	2.95	2.92	1.23
Feb.	0.52	2.90	3.38	3.16	1.81	1.96	0.59	1.22	2.96	3.01	1.05
Mar.	0.51	2.88	3.04	3.03	1.79	1.95	0.59	1.25	2.75	2.98	0.97
Apr.	0.49	2.82	2.92	2.84	1.76	1.95	0.55	1.09	2.70	3.07	1.28

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

	Revolving loans and overdrafts	Extended credit card debt [3]	Consumer credit				Lending for house purchase					Lending to sole proprietors and unincorporated partnerships		
			By initial rate fixation			APRC [4]	By initial rate fixation				APRC [4]	By initial rate fixation		
			Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011 May	8.19	16.91	5.35	6.37	7.99	7.49	3.23	4.01	4.30	4.18	4.09	3.75	4.81	4.60
June	8.24	16.95	5.37	6.47	7.87	7.42	3.26	4.04	4.29	4.18	4.09	3.82	4.78	4.62
July	8.28	16.94	5.13	6.53	7.98	7.43	3.33	4.02	4.26	4.19	4.10	3.83	4.82	4.60
Aug.	8.31	17.10	5.34	6.54	7.97	7.57	3.47	3.96	4.20	4.15	4.16	3.95	4.96	4.39
Sep.	8.41	17.18	5.77	6.57	7.94	7.64	3.41	3.86	4.02	4.02	4.02	3.97	4.86	4.20
Oct.	8.43	17.17	5.60	6.53	7.94	7.54	3.44	3.79	3.86	3.94	3.95	3.98	4.76	4.16
Nov.	8.41	17.11	5.56	6.47	7.78	7.39	3.43	3.74	3.84	3.94	3.96	4.22	4.93	4.02
Dec.	8.37	17.08	5.26	6.44	7.64	7.16	3.49	3.74	3.81	3.95	4.02	4.13	4.84	3.92
2012 Jan.	8.46	17.06	5.61	6.58	8.08	7.57	3.50	3.71	3.75	4.03	4.03	3.89	4.76	3.93
Feb.	8.41	17.05	5.70	6.58	8.09	7.62	3.44	3.64	3.70	3.95	3.92	3.87	4.71	4.04
Mar.	8.39	16.98	5.55	6.44	7.94	7.45	3.31	3.57	3.61	3.91	3.83	3.74	4.74	3.90
Apr.	8.26	17.10	5.38	6.31	7.95	7.34	3.20	3.58	3.59	3.95	3.79	3.66	4.68	3.89

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

	Revolving loans and overdrafts	Other loans of up to EUR 0.25 million by initial rate fixation						Other loans of over EUR 1 million by initial rate fixation					
		Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years	Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
2011 May	4.30	4.18	4.65	4.79	5.14	4.67	4.19	2.65	3.37	3.17	3.63	3.65	4.11
June	4.41	4.23	4.68	4.74	5.16	4.67	4.44	2.78	3.49	3.50	3.61	2.77	4.00
July	4.43	4.38	4.79	4.79	5.10	4.68	4.44	2.87	3.45	3.46	3.98	4.09	3.24
Aug.	4.49	4.44	4.94	4.85	5.03	4.58	4.35	2.79	3.56	3.64	3.99	3.87	4.06
Sep.	4.54	4.59	4.94	4.79	4.94	4.46	4.31	2.84	3.44	3.69	3.63	3.64	3.74
Oct.	4.61	4.70	5.10	4.86	4.99	4.56	4.27	2.98	3.54	3.78	3.89	3.60	3.71
Nov.	4.61	4.77	5.26	4.98	5.10	4.65	4.26	2.80	3.66	3.42	3.92	3.60	3.71
Dec.	4.67	4.89	5.15	4.98	5.05	4.58	4.27	3.04	3.74	3.11	3.95	3.73	3.75
2012 Jan.	4.64	4.93	5.35	4.78	5.04	4.40	4.33	2.66	3.70	3.06	3.45	2.70	3.80
Feb.	4.59	4.86	5.25	4.74	5.02	4.65	4.41	2.50	3.76	3.36	3.89	3.77	3.64
Mar.	4.61	4.81	5.17	4.66	5.00	4.63	4.32	2.39	3.43	3.06	3.09	3.37	3.57
Apr.	4.47	4.96	5.09	4.61	4.85	4.58	4.39	2.39	3.52	3.43	3.40	3.51	3.59

Source: ECB.

1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) For this instrument category, households and non-financial corporations are merged and allocated to the household sector, since the outstanding amounts of non-financial corporations are negligible compared with those of the household sector when all participating Member States are combined.
3) This instrument category excludes convenience credit card debt, i.e. credit granted at an interest rate of 0% during the billing cycle.
4) The annual percentage rate of charge (APRC) covers the total cost of a loan. The total cost comprises both an interest rate component and a component incorporating other (related) charges, such as the cost of inquiries, administration, preparation of documents and guarantees.

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

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

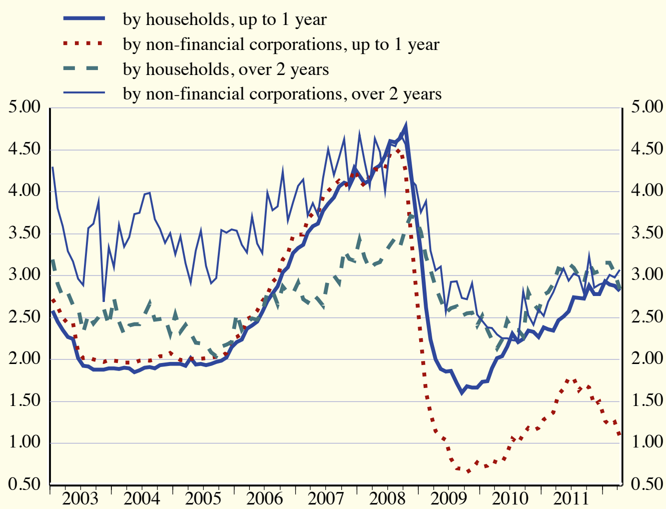
4. Interest rates on deposits (outstanding amounts)

	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight [2)]	With an agreed maturity of:		Redeemable at notice of: [2),3)]		Overnight [2)]	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2011 May	0.49	2.45	2.74	1.65	1.91	0.63	1.99	3.12	1.76
June	0.49	2.49	2.75	1.67	1.92	0.67	2.07	3.11	1.93
July	0.52	2.54	2.77	1.67	1.93	0.66	2.13	3.13	1.94
Aug.	0.54	2.59	2.77	1.74	1.93	0.68	2.12	3.14	1.97
Sep.	0.55	2.62	2.79	1.76	1.94	0.69	2.14	3.15	2.07
Oct.	0.55	2.66	2.78	1.77	1.96	0.69	2.16	3.14	2.15
Nov.	0.55	2.70	2.80	1.78	1.96	0.66	2.17	3.16	2.24
Dec.	0.54	2.73	2.78	1.79	1.97	0.65	2.14	3.13	2.37
2012 Jan.	0.53	2.76	2.78	1.81	1.96	0.61	2.10	3.16	2.46
Feb.	0.52	2.79	2.80	1.81	1.96	0.59	2.08	3.20	2.62
Mar.	0.51	2.81	2.81	1.79	1.95	0.59	2.00	3.13	2.58
Apr.	0.49	2.78	2.81	1.76	1.95	0.55	1.95	3.10	2.56

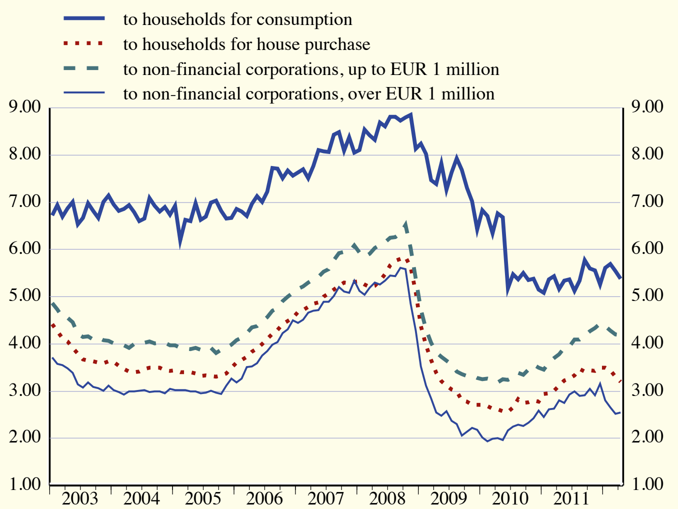
5. Interest rates on loans (outstanding amounts)

	Loans to households						Loans to non-financial corporations		
	Lending for house purchase with a maturity of:			Consumer credit and other loans with a maturity of:			With a maturity of:		
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9
2011 May	3.81	3.78	3.85	7.96	6.38	5.24	3.84	3.65	3.56
June	3.87	3.78	3.86	7.95	6.45	5.28	3.93	3.73	3.63
July	4.03	3.79	3.90	8.03	6.42	5.30	4.00	3.80	3.69
Aug.	4.06	3.78	3.89	8.07	6.42	5.31	4.06	3.84	3.72
Sep.	4.13	3.79	3.92	8.14	6.48	5.32	4.11	3.85	3.73
Oct.	4.12	3.78	3.91	8.17	6.44	5.33	4.19	3.86	3.74
Nov.	4.12	3.77	3.91	8.09	6.44	5.34	4.20	3.89	3.75
Dec.	4.12	3.74	3.89	8.11	6.43	5.31	4.26	3.87	3.72
2012 Jan.	4.06	3.71	3.87	8.14	6.40	5.28	4.24	3.81	3.68
Feb.	4.04	3.69	3.86	8.09	6.39	5.27	4.18	3.78	3.67
Mar.	4.03	3.68	3.85	8.07	6.37	5.25	4.16	3.66	3.60
Apr.	3.92	3.64	3.80	7.97	6.31	5.20	4.05	3.61	3.54

C21 New deposits with an agreed maturity
(percentages per annum excluding charges; period averages)



C22 New loans with a floating rate and up to 1 year's initial rate fixation
(percentages per annum excluding charges; period averages)

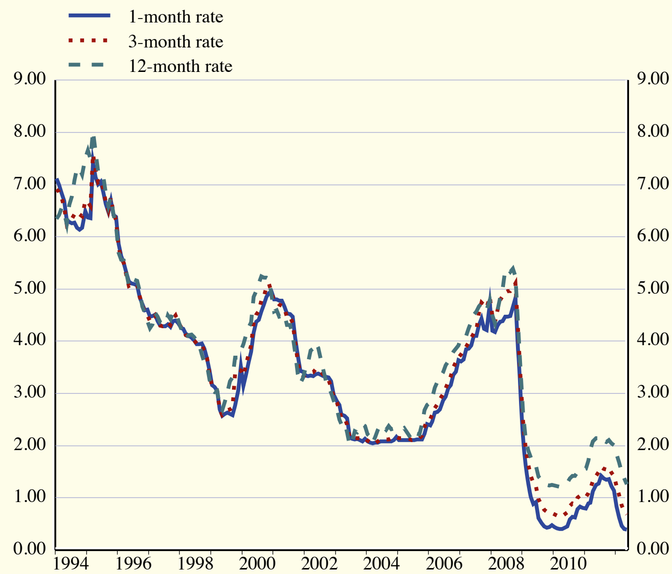


Source: ECB.
* For the source of the data in the table and the related footnotes, please see page S42.

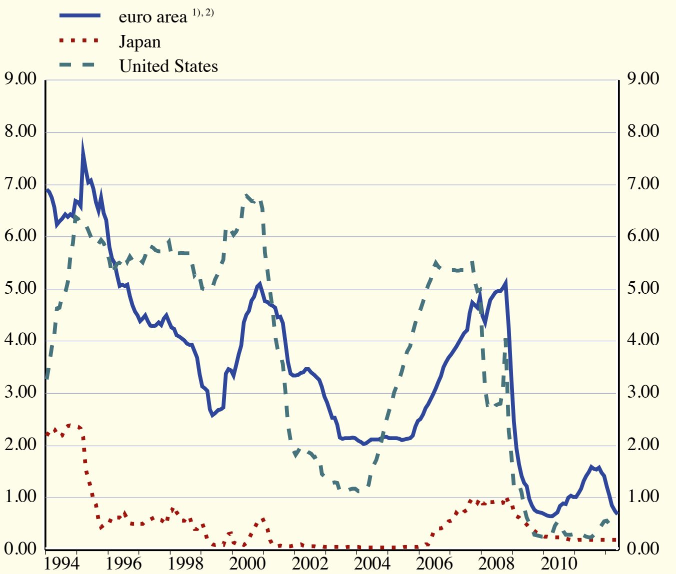
4.6 Money market interest rates
(percentages per annum; period averages)

	Euro area [1), 2)]					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2009	0.71	0.89	1.22	1.43	1.61	0.69	0.47
2010	0.44	0.57	0.81	1.08	1.35	0.34	0.23
2011	0.87	1.18	1.39	1.64	2.01	0.34	0.19
2011 Q1	0.67	0.86	1.10	1.37	1.74	0.31	0.19
Q2	1.04	1.22	1.42	1.70	2.13	0.26	0.20
Q3	0.97	1.38	1.56	1.77	2.11	0.30	0.19
Q4	0.79	1.24	1.50	1.72	2.05	0.48	0.20
2012 Q1	0.37	0.64	1.04	1.34	1.67	0.51	0.20
2011 May	1.03	1.24	1.43	1.71	2.15	0.26	0.20
June	1.12	1.28	1.49	1.75	2.14	0.25	0.20
July	1.01	1.42	1.60	1.82	2.18	0.25	0.20
Aug.	0.91	1.37	1.55	1.75	2.10	0.29	0.19
Sep.	1.01	1.35	1.54	1.74	2.07	0.35	0.19
Oct.	0.96	1.36	1.58	1.78	2.11	0.41	0.19
Nov.	0.79	1.23	1.48	1.71	2.04	0.48	0.20
Dec.	0.63	1.14	1.43	1.67	2.00	0.56	0.20
2012 Jan.	0.38	0.84	1.22	1.50	1.84	0.57	0.20
Feb.	0.37	0.63	1.05	1.35	1.68	0.50	0.20
Mar.	0.36	0.47	0.86	1.16	1.50	0.47	0.20
Apr.	0.35	0.41	0.74	1.04	1.37	0.47	0.20
May	0.34	0.39	0.68	0.97	1.27	0.47	0.20

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



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



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

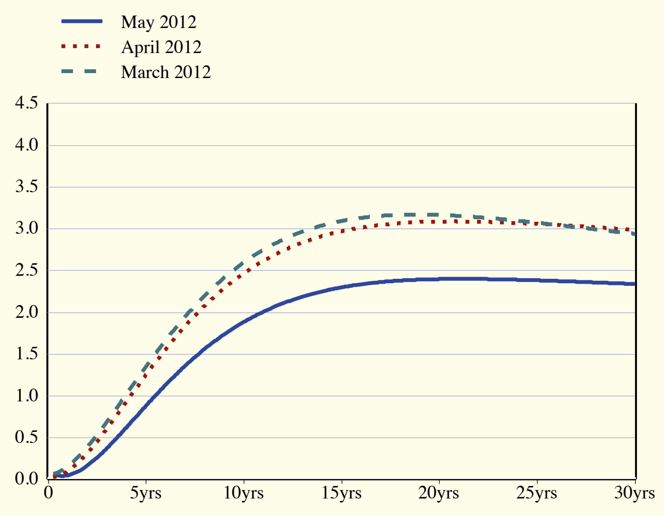
4.7 Euro area yield curves [1)]

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

	Spot rates								Instantaneous forward rates			
	3 months	1 year	2 years	5 years	7 years	10 years	10 years - 3 months (spread)	10 years - 2 years (spread)	1 year	2 years	5 years	10 years
	1	2	3	4	5	6	7	8	9	10	11	12
2009	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20
2010	0.49	0.60	0.93	2.15	2.78	3.36	2.87	2.43	0.85	1.70	3.99	4.69
2011	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2011 Q2	1.24	1.39	1.65	2.50	2.94	3.41	2.17	1.75	1.63	2.22	3.76	4.60
Q3	0.27	0.47	0.75	1.55	1.99	2.48	2.21	1.74	0.74	1.31	2.77	3.79
Q4	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2012 Q1	0.07	0.16	0.39	1.36	1.95	2.60	2.53	2.21	0.34	0.95	2.97	4.26
2011 May	1.03	1.32	1.67	2.52	2.93	3.37	2.34	1.69	1.69	2.34	3.69	4.51
June	1.24	1.39	1.65	2.50	2.94	3.41	2.17	1.75	1.63	2.22	3.76	4.60
July	1.01	1.11	1.32	2.09	2.55	3.06	2.05	1.74	1.28	1.79	3.34	4.39
Aug.	0.61	0.67	0.86	1.69	2.21	2.76	2.15	1.90	0.80	1.33	3.09	4.22
Sep.	0.27	0.47	0.75	1.55	1.99	2.48	2.21	1.74	0.74	1.31	2.77	3.79
Oct.	0.38	0.54	0.81	1.71	2.22	2.79	2.41	1.98	0.78	1.39	3.12	4.29
Nov.	0.20	0.38	0.74	1.92	2.51	3.07	2.87	2.33	0.69	1.53	3.64	4.41
Dec.	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2012 Jan.	0.11	0.21	0.45	1.44	2.03	2.67	2.55	2.22	0.39	1.03	3.07	4.26
Feb.	0.11	0.15	0.37	1.39	1.99	2.59	2.49	2.22	0.29	0.95	3.06	4.06
Mar.	0.07	0.16	0.39	1.36	1.95	2.60	2.53	2.21	0.34	0.95	2.97	4.26
Apr.	0.03	0.10	0.32	1.26	1.84	2.47	2.44	2.15	0.26	0.85	2.84	4.10
May	0.07	0.05	0.17	0.89	1.36	1.89	1.82	1.72	0.10	0.52	2.17	3.23

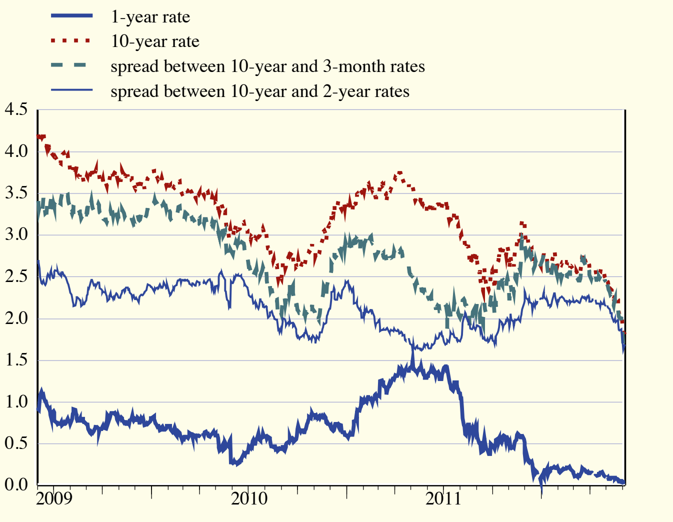
C25 Euro area spot yield curves [2)]

(percentages per annum; end of period)



C26 Euro area spot rates and spreads [2)]

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



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

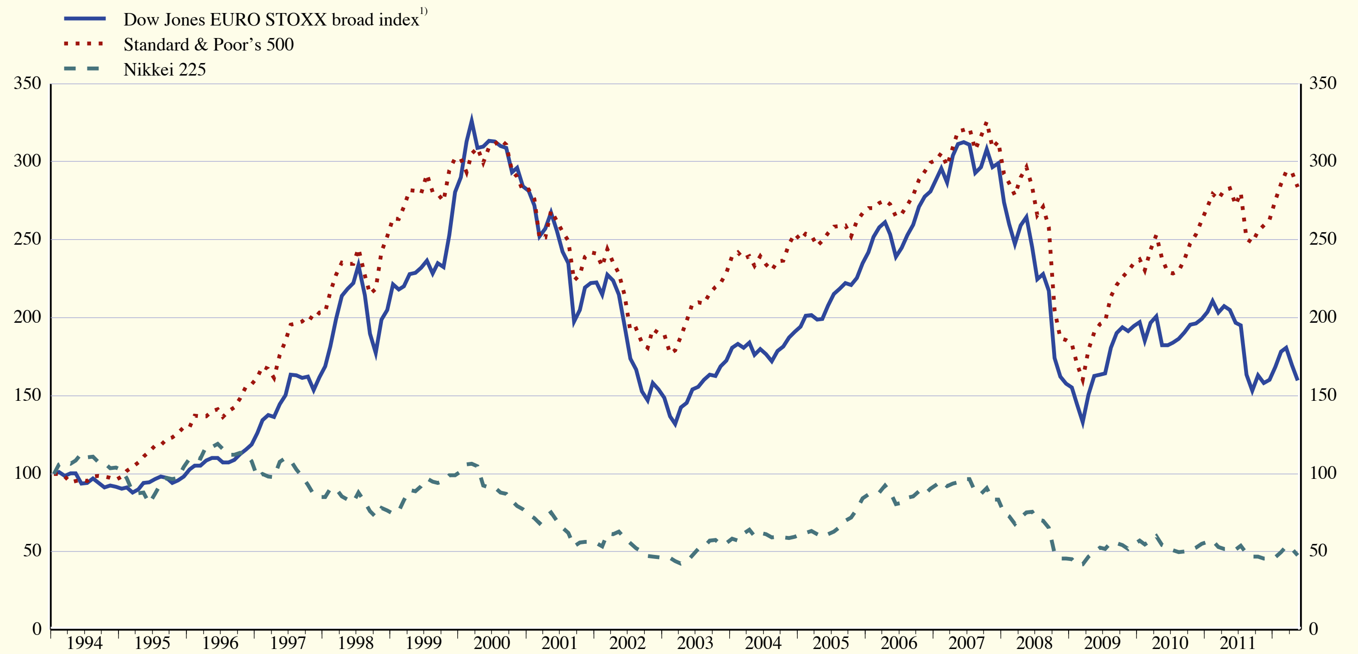
4.8 Stock market indices

(index levels in points; period averages)

	Dow Jones EURO STOXX indices [1]												United States	Japan
	Benchmark		Main industry indices											
	Broad index	50	Basic materials	Consumer services	Consumer goods	Oil and gas	Financials	Industrials	Technology	Utilities	Telecoms	Health care	Standard & Poor's 500	Nikkei 225
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009	234.2	2,521.0	353.2	140.5	244.5	293.5	172.1	269.7	200.7	353.7	380.4	363.5	946.2	9,321.6
2010	265.5	2,779.3	463.1	166.2	323.4	307.2	182.8	337.6	224.1	344.9	389.6	408.4	1,140.0	10,006.5
2011	256.0	2,611.0	493.4	158.1	351.2	311.6	152.6	349.4	222.5	301.7	358.4	432.7	1,267.6	9,425.4
2011 Q1	285.5	2,932.9	532.7	175.5	366.3	341.1	185.0	388.0	249.6	347.7	396.7	415.0	1,302.5	10,285.3
Q2	281.2	2,862.7	552.0	169.6	370.7	328.8	175.2	391.5	239.7	333.7	385.0	448.4	1,318.3	9,609.4
Q3	236.0	2,381.6	463.7	146.0	341.5	282.0	133.8	323.0	199.8	270.2	333.0	435.0	1,225.3	9,246.3
Q4	222.4	2,277.8	427.1	142.1	327.1	295.5	117.2	296.6	201.8	256.5	320.3	432.4	1,225.7	8,580.6
2012 Q1	243.7	2,473.6	499.1	150.3	372.3	324.6	129.7	333.3	221.7	253.7	300.6	480.6	1,348.8	9,295.3
2011 May	284.0	2,885.8	557.0	171.7	374.9	330.4	176.3	395.5	246.5	337.8	386.4	457.8	1,338.3	9,650.8
June	272.9	2,766.6	542.5	164.9	370.0	314.3	168.0	382.0	224.1	318.3	368.2	450.3	1,287.3	9,541.5
July	270.5	2,743.5	550.7	160.8	384.4	317.4	160.6	375.7	221.0	307.8	360.0	467.4	1,325.2	9,996.7
Aug.	226.9	2,297.2	443.7	141.1	329.7	268.6	129.0	307.3	189.7	258.4	329.3	420.7	1,185.3	9,072.9
Sep.	212.6	2,124.3	401.4	137.0	312.8	262.4	113.3	289.2	190.1	246.7	311.1	419.0	1,173.9	8,695.4
Oct.	226.1	2,312.3	424.8	142.4	325.6	290.2	123.1	302.3	203.0	269.9	334.1	426.1	1,207.2	8,733.6
Nov.	219.2	2,239.6	423.6	141.5	325.9	293.5	112.8	292.2	205.7	250.6	316.6	423.3	1,226.4	8,506.1
Dec.	222.2	2,283.3	433.2	142.4	329.9	302.9	115.9	295.5	196.6	249.3	310.3	448.4	1,243.3	8,506.0
2012 Jan.	233.4	2,382.1	477.6	146.9	351.8	317.3	120.4	319.2	206.9	248.8	305.0	473.6	1,300.6	8,616.7
Feb.	247.2	2,508.2	507.2	152.1	377.3	327.0	134.4	336.3	223.9	254.6	300.1	477.6	1,352.5	9,242.3
Mar.	250.7	2,532.2	512.9	152.0	388.0	329.5	134.6	344.6	234.3	257.7	296.7	490.5	1,389.2	9,962.3
Apr.	235.0	2,340.8	497.6	145.9	380.9	301.1	116.8	327.8	221.2	237.7	275.2	488.5	1,386.4	9,627.4
May	221.9	2,198.5	469.5	139.7	373.7	281.6	105.0	310.4	204.5	218.9	261.4	492.0	1,341.3	8,842.5

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

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 2012	100.0	100.0	81.8	58.5	41.5	100.0	11.9	7.2	28.5	11.0	41.5	88.2	11.8
	1	2	3	4	5	6	7	8	9	10	11	12	13
2008	107.8	3.3	2.4	3.8	2.6	-	-	-	-	-	-	3.4	2.7
2009	108.1	0.3	1.3	-0.9	2.0	-	-	-	-	-	-	0.1	1.8
2010	109.8	1.6	1.0	1.8	1.4	-	-	-	-	-	-	1.6	1.5
2011	112.8	2.7	1.7	3.3	1.8	-	-	-	-	-	-	2.6	3.5
2011 Q1	111.3	2.5	1.3	3.1	1.6	1.0	0.9	0.4	0.2	6.3	0.5	2.4	3.3
Q2	113.1	2.8	1.8	3.3	1.9	0.8	1.2	0.4	0.3	2.8	0.6	2.6	3.6
Q3	112.9	2.7	1.7	3.2	2.0	0.3	1.1	0.0	-0.3	0.4	0.5	2.6	3.5
Q4	114.1	2.9	2.0	3.7	1.9	0.8	1.1	0.9	1.1	1.5	0.3	2.9	3.5
2012 Q1	114.3	2.7	1.9	3.3	1.8	0.8	0.7	0.6	0.2	4.1	0.5	2.6	3.4
2011 Dec.	114.4	2.7	2.0	3.3	1.9	0.1	0.2	0.1	0.0	-0.1	0.2	2.7	3.5
2012 Jan.	113.4	2.7	1.9	3.2	1.9	0.4	0.2	-0.2	0.0	2.6	0.2	2.5	3.5
Feb.	114.0	2.7	1.9	3.4	1.8	0.3	0.3	0.8	0.1	1.1	0.1	2.6	3.4
Mar.	115.5	2.7	1.9	3.3	1.8	0.3	0.3	0.2	0.2	1.6	0.1	2.6	3.3
Apr.	116.0	2.6	1.9	3.2	1.7	0.3	0.2	-0.1	0.0	1.1	0.3	2.5	3.3
May [3)]	.	2.4	.	.	.	.	.	.	.	.	.	.	.

	Goods						Services					
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal	Miscellaneous
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy		Rents				
% of total in 2012	19.1	11.9	7.2	39.5	28.5	11.0	10.1	6.0	6.5	3.1	14.5	7.3
	14	15	16	17	18	19	20	21	22	23	24	25
2008	5.1	6.1	3.5	3.1	0.8	10.3	2.3	1.9	3.9	-2.2	3.2	2.5
2009	0.7	1.1	0.2	-1.7	0.6	-8.1	2.0	1.8	2.9	-1.0	2.1	2.1
2010	1.1	0.9	1.3	2.2	0.5	7.4	1.8	1.5	2.3	-0.8	1.0	1.5
2011	2.7	3.3	1.8	3.7	0.8	11.9	1.8	1.4	2.9	-1.3	2.0	2.1
2011 Q1	2.2	2.1	2.3	3.6	0.5	12.7	1.8	1.3	2.0	-0.4	1.5	1.9
Q2	2.6	3.0	1.9	3.7	1.0	11.5	1.9	1.4	3.2	-1.0	2.0	2.1
Q3	2.8	3.7	1.3	3.4	0.4	12.0	1.8	1.5	3.3	-1.8	2.3	2.1
Q4	3.3	4.2	1.8	3.9	1.2	11.5	1.7	1.4	3.0	-1.8	2.2	2.1
2012 Q1	3.2	4.0	2.0	3.3	1.1	9.1	1.7	1.5	2.9	-2.7	2.1	2.4
2011 Nov.	3.4	4.3	1.9	4.1	1.3	12.3	1.7	1.3	2.9	-1.7	2.1	2.2
Dec.	3.1	4.1	1.6	3.4	1.2	9.7	1.7	1.4	3.2	-1.9	2.2	2.3
2012 Jan.	3.1	4.1	1.6	3.2	0.9	9.2	1.8	1.5	2.8	-2.4	2.1	2.6
Feb.	3.3	4.1	2.2	3.4	1.0	9.5	1.7	1.5	2.8	-3.0	2.2	2.4
Mar.	3.3	3.9	2.2	3.4	1.4	8.5	1.7	1.4	3.1	-2.8	2.0	2.2
Apr.	3.1	3.7	2.1	3.2	1.3	8.1	1.7	1.5	2.5	-3.1	2.3	2.1

Sources: Eurostat and ECB calculations.

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

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

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

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

2. Industry, construction and residential property prices

	Industrial producer prices excluding construction										Construct-ion [1]	Residential property prices [2]
	Total (index: 2005 = 100)	Total		Industry excluding construction and energy						Energy		
			Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods					
							Total	Durable	Non-durable			
% of total in 2005	100.0	100.0	82.8	75.6	30.0	22.0	23.7	2.7	21.0	24.4		
	1	2	3	4	5	6	7	8	9	10	11	12
2008	114.4	6.1	4.8	3.4	3.9	2.1	3.9	2.8	4.1	14.2	3.8	1.9
2009	108.6	-5.1	-5.4	-2.9	-5.3	0.4	-2.1	1.2	-2.5	-11.8	0.1	-3.2
2010	111.7	2.9	3.4	1.6	3.5	0.3	0.4	0.9	0.3	6.4	1.9	1.1
2011	118.3	5.9	5.5	3.8	5.9	1.4	3.1	2.1	3.3	11.9	3.3	1.0
2011 Q1	116.7	6.5	6.3	4.4	7.9	1.3	2.5	1.8	2.6	12.5	4.1	2.0
Q2	118.5	6.3	5.8	4.3	6.8	1.3	3.4	1.9	3.7	11.9	3.0	1.1
Q3	118.9	5.9	5.5	3.8	5.6	1.5	3.3	2.2	3.5	11.8	3.3	1.0
Q4	119.3	5.1	4.5	2.9	3.4	1.5	3.3	2.5	3.4	11.4	2.9	-0.2
2012 Q1	121.0	3.7	3.0	1.7	1.2	1.2	2.9	2.3	3.0	9.5	.	.
2011 Nov.	119.5	5.4	4.7	3.0	3.5	1.4	3.4	2.5	3.6	12.4	-	-
Dec.	119.2	4.3	3.7	2.5	2.7	1.4	3.1	2.3	3.3	9.5	-	-
2012 Jan.	120.3	3.9	3.3	2.0	1.6	1.3	3.0	2.3	3.1	9.7	-	-
Feb.	121.0	3.7	3.0	1.7	1.1	1.2	2.9	2.4	3.0	9.8	-	-
Mar.	121.7	3.5	2.6	1.6	0.9	1.2	2.8	2.3	2.9	9.0	-	-
Apr.	121.7	2.6	2.0	1.3	0.6	1.1	2.3	2.0	2.4	6.8	-	-

3. Commodity prices and gross domestic product deflators

	Oil prices [3] (EUR per barrel)	Non-energy commodity prices						GDP deflators							
		Import-weighted [4]			Use-weighted [5]			Total (s.a.; index: 2005 = 100)	Total	Domestic demand				Exports [6]	Imports [6]
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consump-tion	Government consump-tion	Gross fixed capital formation		
% of total		100.0	35.0	65.0	100.0	45.0	55.0								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2008	65.9	2.0	18.4	-4.4	-1.7	9.7	-8.6	106.2	2.0	2.6	2.7	2.8	2.3	2.4	3.9
2009	44.6	-18.5	-8.9	-23.0	-18.0	-11.4	-22.8	107.2	0.9	-0.1	-0.4	2.0	-0.4	-3.5	-6.2
2010	60.7	44.6	21.4	57.9	42.1	27.1	54.5	108.0	0.8	1.5	1.7	0.8	1.0	2.9	4.9
2011	79.7	12.2	22.4	7.7	12.9	20.7	7.5	109.4	1.3	2.1	2.5	1.0	2.0	3.7	5.9
2011 Q1	77.3	42.9	46.1	41.4	41.0	47.2	36.6	108.8	1.1	2.2	2.5	0.7	2.2	5.1	7.9
Q2	81.3	11.6	28.8	4.6	13.3	26.2	5.1	109.2	1.3	2.0	2.5	0.9	2.0	3.7	5.8
Q3	79.3	3.8	16.7	-1.6	4.9	11.7	0.3	109.6	1.3	2.1	2.5	1.0	2.0	3.1	5.4
Q4	80.7	-2.5	3.6	-5.2	-1.7	4.4	-6.0	109.8	1.3	2.1	2.4	1.3	1.9	2.7	4.6
2012 Q1	90.1	-5.8	-7.6	-4.9	-4.8	-3.6	-5.6	110.1	1.1	1.5	2.2	1.0	1.4	1.9	2.9
2011 Dec.	81.7	-6.7	-3.7	-8.1	-6.3	-2.5	-9.0	-	-	-	-	-	-	-	-
2012 Jan.	86.2	-4.6	-4.1	-4.8	-4.1	-1.9	-5.8	-	-	-	-	-	-	-	-
Feb.	89.7	-7.5	-10.5	-6.0	-6.5	-6.5	-6.5	-	-	-	-	-	-	-	-
Mar.	94.2	-5.2	-8.1	-3.8	-3.6	-2.3	-4.6	-	-	-	-	-	-	-	-
Apr.	91.4	-3.8	-5.1	-3.1	-2.5	0.3	-4.5	-	-	-	-	-	-	-	-
May	86.0	-0.2	-2.8	1.1	2.5	5.4	0.2	-	-	-	-	-	-	-	-

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

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

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

4. Unit labour costs, compensation per labour input and labour productivity
(quarterly data seasonally adjusted; annual data unadjusted)

	Total (index: 2005 = 100)	Total	By economic activity									
			Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12
	Unit labour costs [1]											
2010	109.2	-0.9	-0.4	-5.9	1.3	-1.9	-1.5	-0.2	2.8	1.5	0.9	1.4
2011	110.2	0.9	-1.9	0.0	0.3	0.5	3.0	1.5	3.9	3.1	0.8	1.7
2011 Q1	109.6	0.0	0.5	-2.1	0.3	-1.2	1.6	2.4	4.7	2.7	0.8	1.0
Q2	110.3	1.0	-1.8	-0.2	1.5	0.3	3.3	3.2	4.0	3.2	0.7	2.3
Q3	110.2	1.2	-2.8	-0.1	0.5	1.8	3.6	0.4	2.0	2.8	0.9	1.9
Q4	110.8	1.3	-3.3	1.7	-1.3	1.3	3.2	0.1	4.8	3.5	0.8	1.7
	Compensation per employee											
2010	111.5	1.6	1.5	3.7	0.8	1.3	2.4	2.2	3.5	1.5	0.8	1.1
2011	114.0	2.3	2.5	3.5	3.2	2.0	2.1	2.2	2.1	3.0	1.4	1.5
2011 Q1	113.3	2.2	3.6	4.0	3.8	1.7	1.8	1.8	2.2	2.9	1.0	0.7
Q2	113.9	2.3	2.1	4.4	2.7	1.6	1.9	3.2	2.4	3.0	1.3	1.4
Q3	114.2	2.3	2.4	3.4	2.9	2.3	2.4	2.5	1.8	2.9	1.5	1.6
Q4	114.7	2.2	2.0	2.2	3.5	2.2	2.3	1.5	2.0	3.2	1.7	2.5
	Labour productivity per person employed [2]											
2010	102.1	2.5	1.9	10.2	-0.4	3.3	3.9	2.4	0.7	0.0	-0.1	-0.2
2011	103.4	1.3	4.5	3.5	2.9	1.4	-0.8	0.7	-1.7	-0.2	0.5	-0.2
2011 Q1	103.4	2.2	3.1	6.2	3.5	3.0	0.2	-0.5	-2.4	0.1	0.2	-0.3
Q2	103.3	1.3	4.0	4.5	1.2	1.3	-1.4	-0.1	-1.5	-0.2	0.6	-0.9
Q3	103.6	1.1	5.3	3.4	2.3	0.5	-1.1	2.1	-0.2	0.1	0.5	-0.3
Q4	103.5	0.9	5.5	0.5	4.9	0.9	-0.9	1.4	-2.7	-0.3	0.9	0.8
	Compensation per hour worked											
2010	113.3	1.1	0.1	1.2	1.3	1.1	2.0	1.8	2.5	0.6	0.8	1.3
2011	115.6	2.1	0.3	2.5	3.2	2.0	2.4	1.8	2.4	2.4	1.4	1.8
2011 Q1	114.6	1.6	-1.1	1.6	2.7	2.0	1.9	1.6	1.5	2.1	1.0	1.1
Q2	115.8	2.5	1.4	3.7	3.4	2.1	3.1	3.0	3.6	2.8	1.6	2.1
Q3	115.6	2.2	0.4	2.8	3.0	2.0	2.1	1.9	1.4	2.3	1.7	1.9
Q4	116.5	1.9	0.5	1.9	3.8	1.9	2.4	0.8	2.9	2.3	1.3	2.2
	Hourly labour productivity [2]											
2010	104.1	2.0	1.9	7.6	-0.3	2.9	3.7	1.9	-0.3	-0.8	-0.1	-0.1
2011	105.4	1.2	3.7	2.8	2.8	1.5	-0.6	0.3	-1.3	-0.6	0.5	0.1
2011 Q1	105.1	1.8	0.1	4.3	2.5	3.4	0.3	-0.9	-2.4	-0.3	0.2	0.2
Q2	105.5	1.6	4.3	4.2	1.8	1.9	-0.4	-0.2	-0.2	-0.3	0.8	-0.1
Q3	105.5	1.0	5.3	3.2	2.1	0.3	-1.5	1.6	-0.7	-0.4	0.7	-0.3
Q4	105.5	0.7	5.0	0.3	5.0	0.7	-0.8	0.9	-1.7	-0.9	0.5	0.6

5. Labour cost indices [3]

	Total (s.a.; index: 2008 = 100)	Total	By component		For selected economic activities			Memo item: Indicator of negotiated wages [4]
			Wages and salaries	Employers' social contributions	Mining, manufacturing and energy	Construction	Services	
% of total in 2008	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2010	104.3	1.5	1.4	1.8	1.0	1.8	1.8	1.7
2011	107.2	2.8	2.6	3.5	3.2	2.4	2.6	2.0
2011 Q2	107.2	3.3	3.1	3.8	4.2	2.6	2.9	1.9
Q3	107.3	2.6	2.5	3.1	2.8	2.3	2.6	2.1
Q4	108.1	2.8	2.6	3.5	3.3	2.6	2.6	2.0
2012 Q1	.	.	.	.	.	.	.	1.9

Sources: Eurostat, ECB calculations based on Eurostat data (Table 4 in Section 5.1) and ECB calculations (column 8 in Table 5 in Section 5.1).
1) Compensation (at current prices) per employee divided by labour productivity per person employed.
2) Total GDP and value added by economic activity (volumes) per labour input (persons employed and hours worked).
3) Hourly labour cost indices for the whole economy, excluding agriculture, public administration, education, health and services not classified elsewhere. Owing to differences in coverage, the estimates for the components may not be consistent with the total.
4) Experimental data (see http://www.ecb.europa.eu/stats/intro/html/experiment.en.html for further details).

5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

1. GDP and expenditure components

	GDP								
	Total	Domestic demand					External balance [1]		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories [2]	Total	Exports [1]	Imports [1]
	1	2	3	4	5	6	7	8	9
	Current prices (EUR billions)								
2008	9,244.5	9,159.2	5,207.1	1,898.8	1,989.5	63.7	85.3	3,882.1	3,796.8
2009	8,919.8	8,802.0	5,126.6	1,986.6	1,735.9	-47.1	117.8	3,273.3	3,155.5
2010	9,162.8	9,045.4	5,262.4	2,015.3	1,753.1	14.5	117.3	3,749.2	3,631.9
2011	9,414.5	9,283.9	5,402.5	2,029.8	1,813.8	37.9	130.6	4,125.6	3,995.0
2011 Q1	2,338.7	2,315.4	1,342.1	506.6	452.0	14.6	23.3	1,010.1	986.8
Q2	2,351.3	2,325.5	1,345.6	507.6	453.8	18.4	25.9	1,024.5	998.6
Q3	2,361.9	2,324.7	1,354.9	507.1	453.5	9.3	37.2	1,045.9	1,008.7
Q4	2,358.7	2,315.9	1,357.8	508.2	452.9	-3.0	42.8	1,041.0	998.2
2012 Q1	2,364.2	2,316.8	1,364.4	510.4	448.1	-6.1	47.4	1,059.5	1,012.1
	percentage of GDP								
2011	100.0	98.6	57.4	21.6	19.3	0.4	1.4	-	-
	Chain-linked volumes (prices for the previous year)								
	quarter-on-quarter percentage changes								
2011 Q1	0.7	0.5	-0.1	-0.1	1.8	-	-	1.4	0.8
Q2	0.1	-0.1	-0.4	0.0	-0.1	-	-	1.1	0.6
Q3	0.1	-0.2	0.3	-0.3	-0.3	-	-	1.5	0.7
Q4	-0.3	-0.7	-0.5	-0.1	-0.4	-	-	-0.7	-1.7
2012 Q1	0.0	-0.4	0.0	0.2	-1.4	-	-	1.0	0.1
	annual percentage changes								
2008	0.4	0.3	0.4	2.3	-1.1	-	-	1.0	0.9
2009	-4.4	-3.8	-1.2	2.6	-12.4	-	-	-12.7	-11.5
2010	2.0	1.2	0.9	0.7	0.0	-	-	11.2	9.6
2011	1.5	0.5	0.2	-0.3	1.4	-	-	6.2	3.9
2011 Q1	2.4	1.6	0.8	0.1	3.5	-	-	10.1	8.2
Q2	1.6	0.8	0.3	-0.1	1.2	-	-	6.4	4.4
Q3	1.3	0.4	0.2	-0.4	0.8	-	-	5.7	3.6
Q4	0.7	-0.6	-0.7	-0.6	1.0	-	-	3.3	0.3
2012 Q1	-0.1	-1.5	-0.6	-0.3	-2.2	-	-	2.9	-0.3
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2011 Q1	0.7	0.5	-0.1	0.0	0.3	0.2	0.3	-	-
Q2	0.1	-0.1	-0.2	0.0	0.0	0.2	0.2	-	-
Q3	0.1	-0.2	0.2	-0.1	-0.1	-0.3	0.4	-	-
Q4	-0.3	-0.7	-0.3	0.0	-0.1	-0.3	0.4	-	-
2012 Q1	0.0	-0.4	0.0	0.0	-0.3	-0.2	0.4	-	-
	contributions to annual percentage changes in GDP; percentage points								
2008	0.4	0.3	0.2	0.5	-0.2	-0.1	0.1	-	-
2009	-4.4	-3.8	-0.7	0.5	-2.7	-1.0	-0.6	-	-
2010	2.0	1.2	0.5	0.2	0.0	0.6	0.7	-	-
2011	1.5	0.5	0.1	-0.1	0.3	0.2	1.0	-	-
2011 Q1	2.4	1.6	0.5	0.0	0.7	0.4	0.8	-	-
Q2	1.6	0.8	0.1	0.0	0.2	0.4	0.8	-	-
Q3	1.3	0.4	0.1	-0.1	0.2	0.2	0.9	-	-
Q4	0.7	-0.6	-0.4	-0.1	0.2	-0.2	1.3	-	-
2012 Q1	-0.1	-1.5	-0.3	-0.1	-0.4	-0.7	1.4	-	-

Sources: Eurostat and ECB calculations.

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

5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

2. Value added by economic activity

	Gross value added (basic prices)											Taxes less subsidies on products
	Total	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services	
	1	2	3	4	5	6	7	8	9	10	11	12
	Current prices (EUR billions)											
2008	8,299.2	141.9	1,652.6	561.5	1,597.7	356.5	385.3	930.7	859.8	1,521.1	291.9	945.3
2009	8,026.5	126.1	1,469.9	536.2	1,522.1	358.3	427.5	903.0	804.4	1,581.2	297.8	893.3
2010	8,222.3	138.8	1,557.8	514.2	1,564.0	357.9	441.4	918.7	817.5	1,610.0	302.0	940.4
2011	8,439.8	144.5	1,631.2	521.5	1,618.0	355.1	440.3	947.1	845.3	1,631.0	305.8	974.7
2011 Q1	2,096.2	36.8	403.6	130.9	401.6	88.9	109.3	233.7	209.1	406.2	76.2	242.5
Q2	2,106.1	36.8	406.7	129.9	404.1	88.6	109.5	236.4	210.7	407.8	75.5	245.3
Q3	2,117.3	35.6	412.0	129.6	405.2	89.1	110.8	237.8	212.3	408.4	76.6	244.6
Q4	2,116.0	35.3	406.7	130.7	406.0	88.3	110.5	239.3	213.3	408.6	77.4	242.7
2012 Q1	2,119.3	37.4	405.8	129.2	407.7	88.7	109.9	238.1	213.0	411.8	77.7	244.9
	percentage of value added											
2011	100.0	1.7	19.3	6.2	19.2	4.2	5.2	11.2	10.0	19.3	3.6	-
	Chain-linked volumes (prices for the previous year)											
	quarter-on-quarter percentage changes											
2011 Q1	0.7	1.6	1.3	1.7	0.9	-0.4	1.3	-0.3	1.0	0.3	-0.1	0.8
Q2	0.2	0.4	0.5	-0.8	0.0	0.4	0.0	0.4	0.4	0.2	-1.0	0.1
Q3	0.2	0.0	0.3	-0.9	0.1	0.2	0.8	0.2	0.3	0.2	0.9	-0.5
Q4	-0.3	0.2	-1.7	-0.1	0.0	0.3	-0.7	0.5	-0.1	0.1	0.3	-0.8
2012 Q1	-0.1	1.5	0.0	-1.1	0.1	-0.5	0.6	-0.3	0.0	-0.2	0.2	0.6
	annual percentage changes											
2008	0.6	1.8	-2.3	-1.1	1.1	2.8	1.2	1.2	1.6	1.9	1.7	-1.3
2009	-4.4	-0.4	-13.2	-7.0	-5.7	1.2	3.9	0.5	-7.4	1.4	0.2	-4.2
2010	2.1	1.0	6.8	-4.2	2.6	2.9	1.3	0.2	2.0	0.9	0.5	0.8
2011	1.5	1.7	3.4	-1.0	2.0	0.7	0.6	0.8	2.5	0.6	-0.4	1.3
2011 Q1	2.3	0.4	5.9	0.0	3.3	1.3	-0.7	0.8	3.4	0.6	0.0	3.6
Q2	1.7	1.7	4.4	-1.8	2.4	0.6	-0.4	1.0	2.9	0.6	-1.4	1.5
Q3	1.4	2.6	3.6	-1.8	1.4	0.6	2.0	0.7	2.2	0.6	-0.4	0.6
Q4	0.8	2.2	0.5	-0.2	1.0	0.5	1.4	0.8	1.7	0.8	0.0	-0.4
2012 Q1	0.0	2.0	-0.9	-2.9	0.2	0.5	0.7	0.8	0.7	0.3	0.4	-0.6
	contributions to quarter-on-quarter percentage changes in value added; percentage points											
2011 Q1	0.7	0.0	0.3	0.1	0.2	0.0	0.1	0.0	0.1	0.1	0.0	-
Q2	0.2	0.0	0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Q3	0.2	0.0	0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Q4	-0.3	0.0	-0.3	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	-
2012 Q1	-0.1	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
	contributions to annual percentage changes in value added; percentage points											
2008	0.6	0.0	-0.5	-0.1	0.2	0.1	0.1	0.1	0.2	0.3	0.1	-
2009	-4.4	0.0	-2.6	-0.5	-1.1	0.1	0.2	0.1	-0.8	0.2	0.0	-
2010	2.1	0.0	1.2	-0.3	0.5	0.1	0.1	0.0	0.2	0.2	0.0	-
2011	1.5	0.0	0.7	-0.1	0.4	0.0	0.0	0.1	0.2	0.1	0.0	-
2011 Q1	2.3	0.0	1.1	0.0	0.6	0.1	0.0	0.1	0.3	0.1	0.0	-
Q2	1.7	0.0	0.8	-0.1	0.4	0.0	0.0	0.1	0.3	0.1	0.0	-
Q3	1.4	0.0	0.7	-0.1	0.3	0.0	0.1	0.1	0.2	0.1	0.0	-
Q4	0.8	0.0	0.1	0.0	0.2	0.0	0.1	0.1	0.2	0.2	0.0	-
2012 Q1	0.0	0.0	-0.2	-0.2	0.0	0.0	0.0	0.1	0.1	0.1	0.0	-

Sources: Eurostat and ECB calculations.

3. Industrial production

	Total	Industry excluding construction										Construction
		Total (s.a.; index: 2005 = 100)	Total		Industry excluding construction and energy						Energy	
				Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
% of total in 2005	100.0	77.8	77.8	69.2	68.7	28.1	22.3	18.3	2.6	15.7	9.1	22.2
	1	2	3	4	5	6	7	8	9	10	11	12
2009	-13.7	90.5	-14.9	-16.0	-16.1	-19.2	-20.9	-5.0	-17.4	-3.0	-5.4	-7.8
2010	4.1	97.1	7.3	7.7	7.7	10.0	9.2	3.0	2.7	3.1	3.8	-8.0
2011	2.5	100.5	3.5	4.7	4.7	4.2	8.9	0.5	0.6	0.5	-4.4	-0.9
2011 Q2	2.1	100.7	4.0	5.2	5.3	4.4	9.4	1.6	1.2	1.7	-5.5	-4.8
Q3	3.5	101.5	3.9	4.7	4.7	3.7	9.7	0.5	2.0	0.3	-2.6	1.9
Q4	0.0	99.4	-0.2	1.0	1.0	-0.2	4.0	-0.8	-3.1	-0.5	-7.7	2.0
2012 Q1	-2.5	99.0	-1.7	-1.4	-1.3	-2.9	2.0	-3.6	-5.0	-3.3	-3.3	-6.2
2011 Oct.	0.3	100.0	1.0	1.8	1.7	0.0	5.0	0.1	-3.0	0.6	-4.5	-1.8
Nov.	0.4	99.6	0.0	0.8	0.9	-0.5	4.7	-1.9	-3.2	-1.7	-5.4	1.4
Dec.	0.1	98.6	-1.6	0.4	0.4	-0.1	2.2	-0.7	-3.0	-0.5	-12.2	10.0
2012 Jan.	-1.8	98.6	-1.8	-0.7	-0.7	-1.6	1.6	-2.2	-3.0	-2.1	-7.3	-2.0
Feb.	-3.4	99.3	-1.5	-2.3	-2.3	-4.3	1.6	-4.9	-5.7	-4.6	4.0	-14.9
Mar.	-1.9	99.2	-1.8	-1.2	-1.0	-2.7	2.7	-3.7	-6.2	-3.3	-5.9	-2.2
	month-on-month percentage changes (s.a.)											
2011 Oct.	-0.2	-	-0.1	0.0	0.2	-0.8	0.9	0.5	-1.1	0.5	-1.3	-1.0
Nov.	0.2	-	-0.4	-0.5	-0.2	0.0	-0.1	-1.4	0.0	-1.6	0.5	1.9
Dec.	-1.0	-	-1.0	-0.6	-0.4	-0.9	-1.0	0.1	-0.1	0.0	-3.2	-1.9
2012 Jan.	0.0	-	0.0	-0.1	-0.3	0.7	-0.4	-0.9	0.2	-0.8	0.3	-0.4
Feb.	-0.7	-	0.8	-0.4	-0.3	-1.4	1.5	-1.5	-1.7	-1.3	8.8	-9.9
Mar.	1.2	-	-0.1	1.0	1.1	1.0	1.3	0.8	0.0	0.9	-7.7	12.1

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

	Industrial new orders		Industrial turnover		Retail sales (including automotive fuel)								New passenger car registrations	
	Manufacturing 1) (current prices)		Manufacturing (current prices)		Current prices	Constant prices								
	Total (s.a.; index: 2005 = 100)	Total	Total (s.a.; index: 2005 = 100)	Total	Total	Total (s.a.; index: 2005 = 100)	Total	Food, beverages, tobacco	Non-food			Fuel	Total (s.a.; thousands) 2)	Total
										Textiles, clothing, footwear	Household equipment			
% of total in 2005	100.0	100.0	100.0	100.0	100.0	100.0	100.0	38.4	51.0	9.0	12.8	10.6		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009	87.4	-22.7	95.6	-18.3	-4.3	100.5	-2.4	-1.7	-2.4	-1.9	-4.2	-5.8	924	3.3
2010	102.8	17.7	105.2	10.2	2.1	101.5	0.9	0.5	1.8	2.2	1.1	-2.8	843	-8.5
2011	111.6	8.6	114.7	8.9	1.6	100.9	-0.6	-1.0	0.1	-1.3	0.0	-3.5	838	-1.1
2011 Q2	114.2	11.7	114.5	9.6	1.8	101.0	-0.5	-0.5	0.0	1.8	-1.2	-3.6	824	-1.8
Q3	110.9	5.4	115.7	8.8	1.8	101.3	-0.5	-0.8	0.1	-2.2	-0.1	-4.4	822	2.9
Q4	108.6	-0.6	114.5	4.0	1.0	100.0	-1.3	-1.7	-0.8	-4.1	-0.3	-4.2	831	-1.7
2012 Q1	107.9	-4.1	115.4	1.2	1.1	100.1	-1.1	-1.0	-0.6	-0.8	-2.1	-5.7	775	-11.4
2011 Nov.	107.2	-2.3	114.8	3.9	1.1	100.4	-1.3	-1.6	-1.0	-4.1	-1.3	-4.2	823	-3.3
Dec.	110.6	-0.3	114.8	3.4	0.2	99.0	-1.7	-2.9	-0.6	-3.8	0.6	-3.6	852	-1.2
2012 Jan.	107.6	-4.1	114.8	1.6	1.1	100.2	-1.1	-1.6	-0.4	0.1	-2.5	-3.9	760	-13.2
Feb.	107.2	-5.2	115.5	0.8	0.2	99.9	-2.0	-0.4	-2.1	-6.1	-3.4	-7.6	763	-14.8
Mar.	108.8	-3.2	115.9	1.3	2.0	100.3	-0.2	-0.8	0.7	3.0	-0.5	-5.6	801	-7.2
Apr.	.	.	.	.	-1.0	99.3	-2.5	-2.3	-2.1	.	.	-9.8	761	-7.6
	month-on-month percentage changes (s.a.)													
2011 Dec.	-	3.2	-	0.1	-1.0	-	-1.3	-1.5	-0.9	-1.7	0.6	-1.0	-	3.5
2012 Jan.	-	-2.7	-	0.0	1.1	-	1.1	1.0	1.0	2.4	-1.2	0.8	-	-10.8
Feb.	-	-0.4	-	0.6	-0.1	-	-0.2	0.7	-0.4	-1.6	-1.0	-3.3	-	0.5
Mar.	-	1.5	-	0.3	0.6	-	0.3	-0.5	0.6	4.7	0.9	-0.5	-	5.0
Apr.	-	.	-	.	-0.9	-	-1.0	0.3	-1.4	.	.	-1.7	-	-5.0

Sources: Eurostat, except columns 13 and 14 in Table 4 in Section 5.2 (which comprise ECB calculations based on data from the European Automobile Manufacturers' Association).
1) Includes manufacturing industries working mainly on the basis of orders, which represented 61.2% of total manufacturing in 2005.
2) Annual and quarterly figures are averages of monthly figures in the period concerned.

5.2 Output and demand

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

5. Business and Consumer Surveys

	Economic sentiment indicator [2] (long-term average = 100)	Manufacturing industry					Consumer confidence indicator				
		Industrial confidence indicator				Capacity utilisation [3] (%)	Total [4]	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
		Total [4]	Order books	Stocks of finished products	Production expectations						
	1	2	3	4	5	6	7	8	9	10	11
2008	93.5	-8.4	-13.4	10.8	-1.0	82.0	-18.4	-10.1	-25.4	23.9	-14.1
2009	80.2	-28.7	-56.7	14.8	-14.7	70.8	-24.8	-7.0	-26.1	55.3	-10.7
2010	100.5	-4.7	-24.7	0.8	11.4	76.7	-14.2	-5.3	-12.3	31.2	-8.1
2011	101.0	0.1	-6.9	2.3	9.4	80.3	-14.5	-7.5	-18.2	23.3	-9.2
2011 Q1	106.9	6.1	-2.1	-1.8	18.7	80.7	-11.0	-6.2	-10.0	20.1	-7.5
Q2	105.2	4.0	-2.0	-0.7	13.1	80.9	-10.7	-6.7	-12.6	15.2	-8.3
Q3	98.4	-2.8	-9.0	4.5	5.2	80.0	-15.9	-7.4	-21.8	24.1	-10.1
Q4	93.6	-7.0	-14.6	7.0	0.6	79.7	-20.6	-9.7	-28.4	33.8	-10.8
2012 Q1	94.1	-6.6	-15.8	6.1	2.1	79.8	-20.0	-10.1	-24.2	34.7	-11.2
2011 Dec.	92.8	-7.2	-16.2	7.4	2.0	-	-21.3	-10.7	-27.7	34.8	-12.2
2012 Jan.	93.4	-7.0	-16.4	6.5	1.9	79.8	-20.7	-10.9	-27.4	33.1	-11.6
Feb.	94.5	-5.7	-14.2	5.9	3.0	-	-20.3	-10.0	-24.2	36.2	-10.7
Mar.	94.5	-7.1	-16.8	6.0	1.5	-	-19.1	-9.4	-21.0	34.7	-11.3
Apr.	92.9	-9.0	-19.3	6.1	-1.6	79.7	-19.9	-10.5	-24.0	33.5	-11.7
May	90.6	-11.3	-23.4	7.1	-3.3	-	-19.3	-10.8	-23.7	30.8	-11.8

	Construction confidence indicator			Retail trade confidence indicator				Services confidence indicator			
	Total [4]	Order books	Employment expectations	Total [4]	Present business situation	Volume of stocks	Expected business situation	Total [4]	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
2008	-14.2	-20.7	-7.7	-10.0	-11.0	15.8	-3.3	0.4	-3.8	0.5	4.7
2009	-33.1	-42.1	-24.1	-15.5	-21.4	9.8	-15.4	-15.8	-20.8	-18.2	-8.5
2010	-28.8	-39.3	-18.4	-4.1	-6.6	7.2	1.6	4.5	1.9	3.5	8.0
2011	-27.4	-34.9	-20.0	-5.5	-5.8	11.1	0.5	5.4	2.2	5.4	8.6
2011 Q1	-27.8	-38.2	-17.3	-0.9	-0.5	8.1	5.9	10.1	7.6	9.8	12.9
Q2	-26.9	-33.8	-20.0	-2.4	-1.6	9.7	4.1	9.5	7.1	9.7	11.6
Q3	-27.7	-35.0	-20.4	-7.5	-7.3	12.8	-2.3	3.5	0.3	3.7	6.5
Q4	-27.4	-32.5	-22.3	-11.1	-13.6	14.0	-5.7	-1.6	-6.4	-1.7	3.3
2012 Q1	-26.5	-31.7	-21.2	-13.8	-14.7	16.2	-10.6	-0.6	-6.6	-0.4	5.1
2011 Dec.	-28.9	-33.5	-24.4	-12.2	-14.5	14.4	-7.6	-2.6	-8.4	-2.6	3.3
2012 Jan.	-28.1	-33.2	-22.9	-15.5	-18.3	16.3	-11.9	-0.7	-7.3	0.6	4.7
Feb.	-24.6	-31.4	-17.9	-14.0	-14.3	16.8	-11.0	-0.9	-6.9	-1.3	5.4
Mar.	-26.7	-30.6	-22.8	-12.0	-11.6	15.5	-8.9	-0.3	-5.5	-0.6	5.2
Apr.	-27.5	-30.9	-24.0	-11.1	-11.8	12.9	-8.5	-2.4	-8.1	-2.3	3.2
May	-30.1	-34.9	-25.3	-18.1	-24.4	16.9	-13.1	-4.9	-11.0	-4.4	0.6

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

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

5.3 Labour markets [1]

(quarterly data seasonally adjusted; annual data unadjusted)

1. Employment

	Total	By employment status: Employees	By employment status: Self-employed	By economic activity: Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12	13
Persons employed													
levels (thousands)													
2011	146,684	125,631	21,053	4,951	23,066	9,901	35,996	4,022	4,127	1,322	18,088	34,487	10,724
percentage of total persons employed													
2011	100.0	85.6	14.4	3.4	15.7	6.8	24.5	2.7	2.8	0.9	12.3	23.5	7.3
annual percentage changes													
2009	-1.8	-1.8	-1.8	-2.2	-5.0	-6.8	-1.7	-0.7	0.1	-2.8	-2.5	1.4	1.0
2010	-0.5	-0.5	-0.7	-0.9	-3.1	-3.8	-0.7	-1.1	-1.0	-0.4	2.0	1.0	0.8
2011	0.1	0.3	-1.0	-2.6	-0.1	-3.8	0.6	1.6	-0.2	2.6	2.6	0.1	-0.2
2011 Q1	0.2	0.4	-0.7	-2.6	-0.3	-3.3	0.3	1.1	-0.2	3.3	3.2	0.4	0.3
Q2	0.4	0.5	-0.7	-2.2	-0.2	-3.0	1.0	2.0	-0.4	2.6	3.2	0.0	-0.4
Q3	0.2	0.4	-1.1	-2.5	0.2	-4.0	0.9	1.7	-0.1	1.0	2.1	0.1	-0.1
Q4	-0.2	0.0	-1.3	-3.1	0.0	-4.9	0.1	1.5	0.0	3.6	2.0	-0.1	-0.7
quarter-on-quarter percentage changes													
2011 Q1	0.0	0.0	0.1	-1.7	0.2	-1.2	0.0	1.3	0.3	2.4	0.9	0.0	-0.2
Q2	0.2	0.3	-0.5	0.4	0.0	-0.5	0.6	0.5	-0.3	-0.5	0.9	-0.1	-0.5
Q3	-0.2	-0.1	-0.5	-1.0	0.1	-1.6	-0.1	-0.3	0.1	-0.5	-0.2	0.1	0.0
Q4	-0.2	-0.2	-0.4	-0.8	-0.3	-1.6	-0.4	0.0	0.0	2.2	0.4	-0.1	-0.1
Hours worked													
levels (millions)													
2011	231,690	186,577	45,113	10,305	36,637	17,590	60,292	6,436	6,519	2,011	27,723	49,073	15,103
percentage of total hours worked													
2011	100.0	80.5	19.5	4.4	15.8	7.6	26.0	2.8	2.8	0.9	12.0	21.2	6.5
annual percentage changes													
2009	-3.4	-3.6	-2.7	-3.0	-8.9	-7.8	-3.0	-1.2	-1.5	-3.6	-3.7	1.1	-0.6
2010	0.0	0.0	-0.3	-0.9	-0.8	-3.9	-0.3	-0.8	-0.6	0.6	2.8	1.1	0.6
2011	0.2	0.5	-1.0	-1.9	0.6	-3.6	0.4	1.4	0.2	2.1	3.0	0.1	-0.5
2011 Q1	0.6	0.9	-0.6	0.3	1.6	-2.3	-0.1	1.0	0.2	3.3	3.7	0.4	-0.2
Q2	0.0	0.3	-1.3	-2.5	0.1	-3.5	0.5	1.0	-0.2	1.2	3.2	-0.2	-1.3
Q3	0.3	0.6	-0.9	-2.6	0.5	-3.8	1.1	2.2	0.4	1.5	2.6	-0.1	-0.1
Q4	0.0	0.3	-1.3	-2.7	0.2	-4.9	0.3	1.3	0.5	2.5	2.6	0.3	-0.6
quarter-on-quarter percentage changes													
2011 Q1	0.5	0.6	0.0	-0.4	0.4	0.1	0.4	1.7	1.1	1.2	1.5	0.4	0.0
Q2	-0.3	-0.1	-0.8	-0.9	-0.4	-1.3	0.2	-0.1	-0.5	-0.7	0.5	-0.3	-1.3
Q3	0.2	0.2	-0.1	-1.2	0.4	-1.1	0.5	0.4	0.2	0.8	0.1	0.1	1.0
Q4	-0.4	-0.4	-0.4	-0.3	-0.2	-2.6	-0.8	-0.7	-0.3	1.2	0.5	0.1	-0.3
Hours worked per person employed													
levels (thousands)													
2011	1,580	1,485	2,143	2,081	1,588	1,777	1,675	1,600	1,580	1,521	1,533	1,423	1,408
annual percentage changes													
2009	-1.7	-1.8	-1.0	-0.8	-4.1	-1.0	-1.4	-0.5	-1.6	-0.8	-1.3	-0.3	-1.6
2010	0.5	0.5	0.4	0.0	2.4	-0.1	0.4	0.3	0.5	1.0	0.8	0.0	-0.2
2011	0.1	0.2	-0.1	0.8	0.6	0.2	-0.1	-0.2	0.4	-0.5	0.4	0.0	-0.3
2011 Q1	0.4	0.5	0.1	3.0	1.9	1.0	-0.3	-0.1	0.4	0.1	0.5	0.0	-0.5
Q2	-0.3	-0.2	-0.6	-0.3	0.3	-0.6	-0.6	-1.0	0.2	-1.4	0.0	-0.2	-0.8
Q3	0.1	0.2	0.2	0.0	0.2	0.2	0.2	0.4	0.5	0.5	0.5	-0.2	0.0
Q4	0.2	0.3	0.0	0.4	0.2	-0.1	0.2	-0.1	0.5	-1.0	0.6	0.4	0.2
quarter-on-quarter percentage changes													
2011 Q1	0.5	0.8	-1.1	-0.9	0.3	0.0	0.4	1.1	1.8	0.2	0.2	1.6	0.3
Q2	-2.3	-3.1	1.3	3.9	-2.8	0.6	-1.9	-4.8	-4.1	-3.4	-3.7	-3.8	-1.8
Q3	-1.1	-0.9	-1.4	-0.6	-1.7	-0.7	-1.3	0.7	-0.8	1.2	-1.5	-1.0	-0.4
Q4	2.8	3.2	0.9	-2.1	4.1	-0.3	2.6	2.7	3.2	1.0	5.4	3.3	1.9

Source: ECB calculations based on Eurostat data.

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

5.3 Labour markets

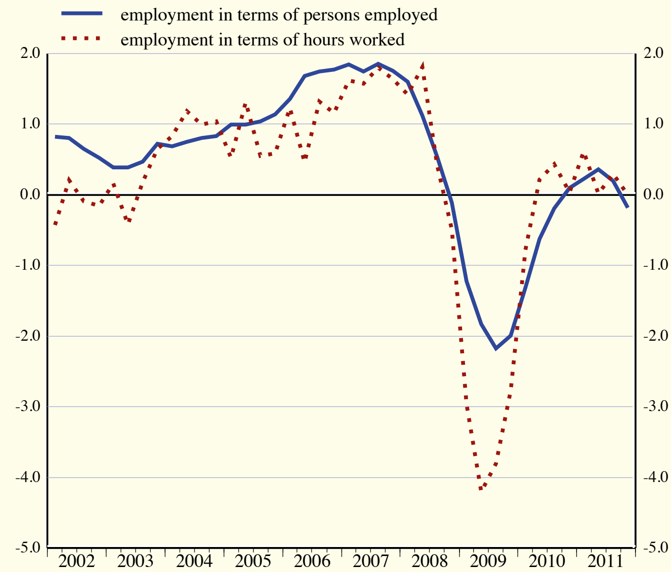
(seasonally adjusted, unless otherwise indicated)

2. Unemployment and job vacancies [1)]

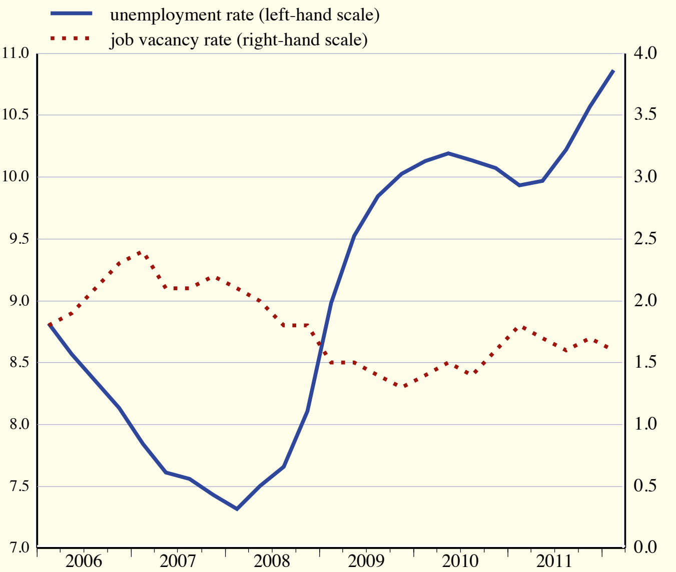
	Unemployment										Job vacancy rate [2)]
	Total		By age [3)]				By gender [4)]				
			Adult		Youth		Male		Female		
	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	% of total posts
% of total in 2010	100.0		79.5		20.5		54.0		46.0		
	1	2	3	4	5	6	7	8	9	10	11
2008	11.966	7.6	9.293	6.6	2.674	16.0	6.042	7.0	5.924	8.5	1.9
2009	15.056	9.6	11.773	8.4	3.283	20.2	8.148	9.4	6.908	9.8	1.4
2010	15.929	10.1	12.659	8.9	3.270	20.9	8.596	10.0	7.332	10.3	1.5
2011	16.058	10.2	12.854	9.0	3.203	20.8	8.558	9.9	7.499	10.5	1.7
2011 Q1	15.619	9.9	12.437	8.8	3.181	20.6	8.315	9.7	7.304	10.3	1.8
Q2	15.730	10.0	12.581	8.8	3.149	20.5	8.386	9.7	7.344	10.3	1.7
Q3	16.160	10.2	12.967	9.1	3.193	20.8	8.588	9.9	7.571	10.6	1.6
Q4	16.723	10.6	13.433	9.4	3.291	21.5	8.945	10.4	7.778	10.8	1.7
2012 Q1	17.159	10.9	13.828	9.7	3.331	21.9	9.181	10.7	7.978	11.1	1.6
2011 Nov.	16.769	10.6	13.449	9.4	3.320	21.6	8.947	10.4	7.822	10.9	-
Dec.	16.857	10.7	13.559	9.5	3.298	21.6	9.033	10.5	7.824	10.9	-
2012 Jan.	17.021	10.8	13.706	9.6	3.315	21.8	9.106	10.6	7.914	11.0	-
Feb.	17.162	10.9	13.839	9.7	3.323	21.9	9.174	10.7	7.988	11.1	-
Mar.	17.295	11.0	13.939	9.8	3.356	22.2	9.264	10.8	8.032	11.1	-
Apr.	17.405	11.0	14.047	9.8	3.358	22.2	9.346	10.9	8.059	11.2	-

C28 Employment - persons employed and hours worked

(annual percentage changes)



C29 Unemployment and job vacancy [2)] rates



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

6 GOVERNMENT FINANCE

6.1 Revenue, expenditure and deficit/surplus [1]
(as a percentage of GDP)

1. Euro area – revenue

	Total	Current revenue										Capital revenue		Memo item: Fiscal burden [2]
			Direct taxes	Households	Corporations	Indirect taxes	Received by EU institutions	Social contributions	Employers	Employees	Sales		Capital taxes	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2003	44.9	44.2	11.5	8.8	2.7	13.2	0.4	15.7	8.2	4.6	2.3	0.6	0.5	40.9
2004	44.5	44.0	11.5	8.5	2.9	13.2	0.3	15.5	8.1	4.5	2.2	0.5	0.4	40.6
2005	44.8	44.3	11.7	8.6	3.0	13.3	0.3	15.4	8.1	4.5	2.3	0.5	0.3	40.7
2006	45.3	45.0	12.3	8.7	3.4	13.4	0.3	15.3	8.0	4.5	2.3	0.3	0.3	41.3
2007	45.3	45.1	12.7	8.9	3.6	13.3	0.3	15.1	8.0	4.4	2.3	0.3	0.3	41.3
2008	45.1	44.8	12.5	9.1	3.2	12.9	0.3	15.3	8.1	4.5	2.3	0.2	0.3	40.9
2009	44.9	44.5	11.6	9.2	2.3	12.8	0.3	15.8	8.3	4.5	2.5	0.3	0.4	40.6
2010	44.7	44.5	11.6	8.9	2.5	12.9	0.3	15.6	8.2	4.5	2.6	0.3	0.3	40.4
2011	45.3	45.0	11.9	9.1	2.7	13.0	0.3	15.7	8.2	4.6	2.6	0.3	0.3	40.9

2. Euro area – expenditure

	Total	Current expenditure								Capital expenditure				Memo item: Primary expenditure [3]
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments	Subsidies	Paid by EU institutions		Investment	Capital transfers	Paid by EU institutions	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2003	48.0	44.1	10.6	5.0	3.3	25.2	22.3	1.8	0.5	4.0	2.6	1.4	0.1	44.7
2004	47.4	43.5	10.5	5.0	3.1	24.9	22.1	1.7	0.5	3.9	2.5	1.5	0.1	44.3
2005	47.3	43.4	10.5	5.0	3.0	24.9	22.1	1.7	0.5	3.9	2.5	1.4	0.0	44.3
2006	46.7	42.8	10.3	5.0	2.9	24.6	21.8	1.6	0.5	3.9	2.5	1.4	0.0	43.8
2007	46.0	42.2	10.1	5.0	3.0	24.2	21.4	1.6	0.4	3.8	2.6	1.2	0.0	43.1
2008	47.2	43.3	10.3	5.2	3.0	24.8	21.9	1.6	0.4	3.9	2.6	1.3	0.0	44.2
2009	51.3	47.0	11.0	5.7	2.9	27.4	24.3	1.8	0.4	4.3	2.8	1.4	0.0	48.4
2010	51.0	46.6	10.8	5.7	2.8	27.3	24.2	1.8	0.4	4.4	2.5	1.9	0.0	48.2
2011	49.4	46.0	10.6	5.5	3.0	26.9	23.9	1.7	0.4	3.4	2.3	1.2	0.0	46.4

3. Euro area – deficit/surplus, primary deficit/surplus and government consumption

	Deficit (-)/surplus (+)					Primary deficit (-)/ surplus (+)	Government consumption [4]							
	Total	Central gov.	State gov.	Local gov.	Social security funds		Total	Compensation of employees	Intermediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Collective consumption	Individual consumption
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2003	-3.2	-2.5	-0.5	-0.2	0.1	0.2	20.5	10.6	5.0	5.2	1.9	2.3	8.1	12.3
2004	-2.9	-2.5	-0.4	-0.3	0.2	0.2	20.4	10.5	5.0	5.1	1.9	2.2	8.1	12.3
2005	-2.6	-2.3	-0.3	-0.2	0.2	0.5	20.4	10.5	5.0	5.1	1.9	2.3	8.0	12.4
2006	-1.4	-1.5	-0.1	-0.2	0.4	1.5	20.3	10.3	5.0	5.2	1.9	2.3	7.9	12.4
2007	-0.7	-1.2	0.0	0.0	0.6	2.3	20.0	10.1	5.0	5.1	1.9	2.3	7.7	12.3
2008	-2.1	-2.3	-0.2	-0.2	0.5	0.9	20.5	10.3	5.2	5.3	2.0	2.3	8.0	12.6
2009	-6.4	-5.2	-0.5	-0.3	-0.4	-3.5	22.3	11.0	5.7	5.8	2.1	2.5	8.6	13.6
2010	-6.2	-5.1	-0.7	-0.3	-0.1	-3.4	22.0	10.8	5.7	5.8	2.1	2.6	8.4	13.6
2011	-4.1	-3.2	-0.7	-0.2	0.0	-1.1	21.5	10.6	5.5	5.8	2.1	2.6	8.2	13.3

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

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2008	-1.0	-0.1	-2.9	-7.3	-9.8	-4.5	-3.3	-2.7	0.9	3.0	-4.6	0.5	-0.9	-3.6	-1.9	-2.1	4.3
2009	-5.6	-3.2	-2.0	-14.0	-15.6	-11.2	-7.5	-5.4	-6.1	-0.8	-3.8	-5.6	-4.1	-10.2	-6.1	-8.0	-2.5
2010	-3.8	-4.3	0.2	-31.2	-10.3	-9.3	-7.1	-4.6	-5.3	-0.9	-3.7	-5.1	-4.5	-9.8	-6.0	-7.7	-2.5
2011	-3.7	-1.0	1.0	-13.1	-9.1	-8.5	-5.2	-3.9	-6.3	-0.6	-2.7	-4.7	-2.6	-4.2	-6.4	-4.8	-0.5

Sources: ECB for euro area aggregated data; European Commission for data relating to countries' deficit/surplus.
1) Data refer to the Euro 17. The concepts "revenue", "expenditure" and "deficit/surplus" are based on the ESA 95. Transactions involving the EU budget are included and consolidated. Transactions among Member States' governments are not consolidated.
2) The fiscal burden comprises taxes and social contributions.
3) Comprises total expenditure minus interest expenditure.
4) Corresponds to final consumption expenditure (P.3) of general government in the ESA 95.
5) Includes proceeds from the sale of UMTS licences and settlements under swaps and forward rate agreements.

6.2 Debt [1]
(as a percentage of GDP)

1. Euro area – by financial instrument and sector of the holder

	Total	Financial instruments				Holders				
		Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [2]				Other creditors [3]
						Total	MFIs	Other financial corporations	Other sectors	
	1	2	3	4	5	6	7	8	9	10
2002	68.0	2.7	11.9	4.6	48.8	40.9	19.6	10.8	10.5	27.2
2003	69.2	2.1	12.5	5.1	49.6	40.1	19.8	11.3	9.1	29.1
2004	69.6	2.2	12.1	4.8	50.5	38.7	18.9	11.1	8.7	30.9
2005	70.5	2.4	12.2	4.5	51.3	37.0	18.1	11.2	7.7	33.5
2006	68.6	2.5	11.9	4.0	50.3	34.9	18.3	9.3	7.3	33.8
2007	66.3	2.2	11.3	3.9	48.9	32.6	17.1	8.5	7.0	33.7
2008	70.1	2.3	11.5	6.5	49.8	33.0	17.7	7.8	7.5	37.1
2009	79.9	2.5	12.6	8.3	56.5	37.2	20.7	8.9	7.6	42.7
2010	85.3	2.4	15.3	7.4	60.2	40.5	23.4	9.7	7.3	44.9
2011	87.3	2.4	15.4	7.4	62.1	42.5	23.8	10.5	8.3	44.7

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

	Total	Issued by: [4]				Original maturity			Residual maturity			Currencies	
		Central gov.	State gov.	Local gov.	Social security funds	Up to 1 year	Over 1 year		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
2002	68.0	56.3	6.2	4.7	0.8	7.6	60.4	5.3	15.5	25.3	27.2	66.9	1.1
2003	69.2	56.7	6.5	5.0	1.0	7.8	61.4	5.1	14.9	26.0	28.3	68.3	0.9
2004	69.6	56.6	6.6	5.1	1.3	7.7	62.0	4.7	14.7	26.3	28.6	68.6	1.0
2005	70.5	57.1	6.7	5.2	1.4	7.7	62.8	4.6	14.8	25.8	29.9	69.4	1.1
2006	68.6	55.4	6.5	5.4	1.4	7.3	61.3	4.4	14.3	24.2	30.1	67.9	0.7
2007	66.3	53.4	6.2	5.3	1.4	7.1	59.2	4.3	14.5	23.6	28.2	65.8	0.5
2008	70.1	56.9	6.6	5.3	1.3	10.0	60.1	5.0	17.6	23.4	29.1	69.2	0.9
2009	79.9	64.8	7.7	5.8	1.7	12.0	67.9	5.0	19.4	27.3	33.1	78.8	1.1
2010	85.3	69.3	8.3	5.8	1.9	12.9	72.4	5.2	22.6	28.6	34.2	84.1	1.3
2011	87.3	70.7	8.5	5.8	2.2	12.5	74.8	6.2	22.6	29.4	35.3	85.7	1.6

3. Euro area countries

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2008	89.3	66.7	4.5	44.2	113.0	40.2	68.2	105.7	48.9	13.7	62.3	58.5	63.8	71.6	21.9	27.9	33.9
2009	95.8	74.4	7.2	65.1	129.4	53.9	79.2	116.0	58.5	14.8	68.1	60.8	69.5	83.1	35.3	35.6	43.5
2010	96.0	83.0	6.7	92.5	145.0	61.2	82.3	118.6	61.5	19.1	69.4	62.9	71.9	93.3	38.8	41.1	48.4
2011	98.0	81.2	6.0	108.2	165.3	68.5	85.8	120.1	71.6	18.2	72.0	65.2	72.2	107.8	47.6	43.3	48.6

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

1) Data refer to the Euro 17. Gross general government debt at nominal value and consolidated between sub-sectors of government. Holdings by non-resident governments are not consolidated. Intergovernmental lending in the context of the financial crisis is consolidated. Data are partially estimated.
2) Holders resident in the country whose government has issued the debt.
3) Includes residents of euro area countries other than the country whose government has issued the debt.
4) Excludes debt held by general government in the country whose government has issued it.

6.3 Change in debt [1)]

(as a percentage of GDP)

1. Euro area − by source, financial instrument and sector of the holder

	Total	Source of change			Financial instruments				Holders			
		Borrowing requirement [2)]	Valuation effects [3)]	Other changes in volume [4)]	Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [5)]	MFIs	Other financial corporations	Other creditors [6)]
	1	2	3	4	5	6	7	8	9	10	11	12
2003	3.1	3.3	-0.2	0.0	-0.6	1.0	0.6	2.1	0.5	0.8	0.8	2.7
2004	3.2	3.3	-0.1	0.0	0.2	0.1	-0.1	2.9	0.2	-0.1	0.3	3.0
2005	3.3	3.1	0.2	0.0	0.3	0.5	-0.1	2.6	-0.4	-0.1	0.5	3.7
2006	1.6	1.5	0.1	0.0	0.2	0.2	-0.3	1.5	-0.3	1.1	-1.4	1.9
2007	1.2	1.2	0.0	0.0	-0.1	0.0	0.1	1.2	-0.5	-0.3	-0.3	1.6
2008	5.3	5.2	0.1	0.0	0.1	0.5	2.7	2.0	1.1	1.1	-0.6	4.2
2009	7.2	7.4	-0.2	0.0	0.1	0.7	1.6	4.9	3.0	2.3	0.9	4.3
2010	7.5	7.7	-0.1	0.0	0.0	3.0	-0.7	5.2	4.2	3.3	1.0	3.3
2011	4.2	4.0	0.2	0.0	0.0	0.5	0.2	3.5	3.2	1.0	1.0	1.1

2. Euro area − deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+) [7)]	Deficit-debt adjustment [8)]											
			Total	Transactions in main financial assets held by general government							Valuation effects		Other changes in volume	Other [9)]
				Total	Currency and deposits	Loans	Securities [10)]	Shares and other equity	Privatisations	Equity injections		Exchange rate effects		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2003	3.1	-3.2	0.0	0.1	0.1	0.0	0.0	0.1	-0.2	0.1	-0.2	-0.1	0.0	0.1
2004	3.2	-2.9	0.3	0.2	0.2	0.0	0.1	0.0	-0.5	0.2	-0.1	0.0	0.0	0.1
2005	3.3	-2.6	0.8	0.6	0.3	0.0	0.1	0.1	-0.3	0.2	0.2	0.0	0.0	0.0
2006	1.6	-1.4	0.2	0.2	0.3	-0.1	0.2	-0.2	-0.4	0.1	0.1	0.0	0.0	-0.1
2007	1.2	-0.7	0.5	0.6	0.2	0.0	0.2	0.1	-0.3	0.2	0.0	0.0	0.0	-0.1
2008	5.3	-2.1	3.2	3.0	0.8	0.7	0.7	0.9	-0.1	0.7	0.1	0.0	0.0	0.0
2009	7.2	-6.4	0.9	1.0	0.3	0.0	0.3	0.4	-0.3	0.5	-0.2	0.0	0.0	0.1
2010	7.5	-6.2	1.3	1.8	0.0	0.5	1.1	0.1	0.0	0.1	-0.1	0.0	0.0	-0.3
2011	4.2	-4.1	0.1	-0.3	0.2	-0.2	-0.2	0.0	-0.1	0.2	0.2	0.0	0.0	0.2

Source: ECB.

1) Data refer to the Euro 17 and are partially estimated. Annual change in gross nominal consolidated debt is expressed as a percentage of GDP, i.e. [debt(t) - debt(t-1)] ÷ GDP(t). Intergovernmental lending in the context of the financial crisis is consolidated.
2) The borrowing requirement is by definition equal to transactions in debt.
3) Includes, in addition to the impact of foreign exchange movements, effects arising from measurement at nominal value (e.g. premia or discounts on securities issued).
4) Includes, in particular, the impact of the reclassification of units and certain types of debt assumption.
5) Holders resident in the country whose government has issued the debt.
6) Includes residents of euro area countries other than the country whose government has issued the debt.
7) Including proceeds from sales of UMTS licences.
8) The difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.
9) Mainly composed of transactions in other assets and liabilities (trade credits, other receivables/payables and financial derivatives).
10) Excluding financial derivatives.

6.4 Quarterly revenue, expenditure and deficit/surplus [1)]
(as a percentage of GDP)

1. Euro area – quarterly revenue

	Total	Current revenue						Capital revenue		Memo item: Fiscal burden [2)]
			Direct taxes	Indirect taxes	Social contributions	Sales	Property income		Capital taxes	
	1	2	3	4	5	6	7	8	9	10
2005 Q4	48.6	47.9	13.7	14.0	16.1	2.4	0.8	0.8	0.3	44.0
2006 Q1	42.4	42.0	10.4	12.8	15.1	2.1	0.8	0.4	0.3	38.5
Q2	45.5	45.0	12.5	13.1	15.1	2.2	1.4	0.5	0.3	41.0
Q3	43.7	43.1	11.8	12.4	15.1	2.3	0.8	0.5	0.3	39.5
Q4	49.2	48.6	14.4	14.1	15.8	2.5	0.9	0.6	0.3	44.5
2007 Q1	42.1	41.7	10.4	12.8	14.8	2.1	0.9	0.4	0.3	38.2
Q2	45.7	45.3	13.0	13.0	14.9	2.2	1.4	0.4	0.3	41.2
Q3	43.7	43.2	12.3	12.4	14.8	2.3	0.7	0.5	0.3	39.7
Q4	49.4	48.8	14.8	13.9	15.7	2.6	1.0	0.6	0.3	44.7
2008 Q1	42.2	41.9	10.8	12.3	14.8	2.1	1.1	0.3	0.2	38.2
Q2	45.2	44.8	12.9	12.3	15.0	2.2	1.5	0.4	0.3	40.5
Q3	43.5	43.1	12.2	12.0	15.0	2.3	0.8	0.4	0.3	39.5
Q4	48.9	48.4	13.9	13.4	16.4	2.7	1.1	0.5	0.3	44.0
2009 Q1	42.3	42.1	10.4	12.0	15.5	2.3	1.1	0.1	0.2	38.2
Q2	45.2	44.6	11.8	12.5	15.7	2.4	1.4	0.6	0.5	40.5
Q3	42.9	42.6	11.0	12.0	15.5	2.5	0.7	0.3	0.3	38.8
Q4	48.8	47.9	13.0	13.6	16.5	2.8	1.0	0.8	0.5	43.6
2010 Q1	42.0	41.8	10.1	12.1	15.5	2.3	0.9	0.2	0.3	38.0
Q2	45.0	44.6	11.8	12.7	15.4	2.5	1.3	0.4	0.3	40.3
Q3	43.0	42.7	11.0	12.4	15.2	2.5	0.7	0.3	0.3	38.9
Q4	48.6	47.9	13.2	13.4	16.4	2.9	1.0	0.7	0.3	43.3
2011 Q1	42.7	42.5	10.6	12.4	15.3	2.4	1.0	0.3	0.3	38.6
Q2	45.1	44.8	12.0	12.6	15.4	2.5	1.5	0.3	0.3	40.3
Q3	43.8	43.5	11.4	12.5	15.3	2.6	0.8	0.3	0.3	39.6
Q4	49.3	48.3	13.3	13.4	16.7	2.9	1.0	1.0	0.4	43.9

2. Euro area – quarterly expenditure and deficit/surplus

	Total	Current expenditure							Capital expenditure			Deficit (-)/ surplus (+)	Primary deficit (-)/ surplus (+)
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers				Investment	Capital transfers		
							Social benefits	Subsidies					
	1	2	3	4	5	6	7	8	9	10	11	12	13
2005 Q4	49.4	45.0	11.3	5.8	2.8	25.2	21.6	1.3	4.4	2.7	1.7	-0.8	2.0
2006 Q1	45.7	42.3	10.1	4.3	3.0	24.9	21.4	1.1	3.4	2.2	1.3	-3.3	-0.3
Q2	45.6	42.2	10.3	4.7	3.1	24.1	21.1	1.1	3.4	2.5	1.0	-0.1	3.0
Q3	45.5	41.9	9.8	4.8	2.9	24.3	20.9	1.2	3.6	2.6	1.0	-1.8	1.1
Q4	49.7	44.7	10.8	6.1	2.7	25.1	21.3	1.3	4.9	2.8	2.2	-0.5	2.2
2007 Q1	44.8	41.3	9.9	4.3	2.9	24.1	20.7	1.1	3.5	2.3	1.2	-2.7	0.3
Q2	44.8	41.4	10.0	4.6	3.2	23.6	20.6	1.1	3.4	2.5	0.9	0.9	4.1
Q3	44.8	41.2	9.6	4.8	3.0	23.8	20.6	1.1	3.6	2.6	0.9	-1.1	1.9
Q4	49.4	44.8	10.8	6.1	2.8	25.1	21.2	1.5	4.5	2.8	1.7	0.0	2.9
2008 Q1	45.3	41.7	9.9	4.4	3.0	24.4	20.8	1.2	3.6	2.3	1.2	-3.0	0.0
Q2	45.8	42.2	10.2	4.8	3.3	23.9	20.8	1.1	3.6	2.6	1.0	-0.6	2.7
Q3	45.9	42.2	9.8	5.0	3.0	24.4	21.2	1.1	3.7	2.7	1.0	-2.4	0.6
Q4	51.4	46.8	11.2	6.5	2.8	26.3	22.2	1.4	4.6	2.9	1.7	-2.5	0.3
2009 Q1	49.3	45.4	10.7	4.9	2.9	26.9	22.9	1.3	3.8	2.6	1.2	-7.0	-4.1
Q2	50.5	46.3	11.1	5.4	3.0	26.9	23.3	1.3	4.2	2.8	1.3	-5.4	-2.3
Q3	50.2	46.1	10.5	5.6	2.9	27.1	23.5	1.3	4.1	2.8	1.1	-7.3	-4.4
Q4	54.7	49.7	11.8	6.9	2.6	28.5	24.0	1.5	4.9	3.0	1.9	-5.9	-3.3
2010 Q1	50.2	46.4	10.7	4.9	2.8	27.9	23.6	1.4	3.9	2.3	1.5	-8.2	-5.4
Q2	49.4	45.9	10.9	5.3	2.9	26.7	23.2	1.3	3.5	2.5	1.2	-4.4	-1.4
Q3	50.6	45.4	10.2	5.5	2.8	26.9	23.2	1.3	5.2	2.6	2.6	-7.6	-4.9
Q4	53.4	48.7	11.4	6.8	2.7	27.7	23.6	1.5	4.8	2.7	2.1	-4.8	-2.1
2011 Q1	48.4	45.3	10.4	4.8	3.0	27.2	23.1	1.3	3.1	2.1	0.9	-5.7	-2.7
Q2	48.4	45.2	10.6	5.1	3.2	26.2	22.8	1.2	3.2	2.3	0.9	-3.3	-0.1
Q3	48.3	44.9	10.0	5.3	3.0	26.5	23.0	1.2	3.4	2.3	1.1	-4.5	-1.5
Q4	52.4	48.6	11.3	6.7	3.0	27.6	23.6	1.4	3.8	2.5	1.5	-3.0	0.0

Sources: ECB calculations based on Eurostat and national data.

1) Data refer to the Euro 17. The concepts "revenue", "expenditure" and "deficit/surplus" are based on the ESA 95. Transactions between the EU budget and entities outside the government sector are not included. Otherwise, except for different data transmission deadlines, the quarterly data are consistent with the annual data. The data are not seasonally adjusted.

2) The fiscal burden comprises taxes and social contributions.

6.5 Quarterly debt and change in debt [1]
(as a percentage of GDP)

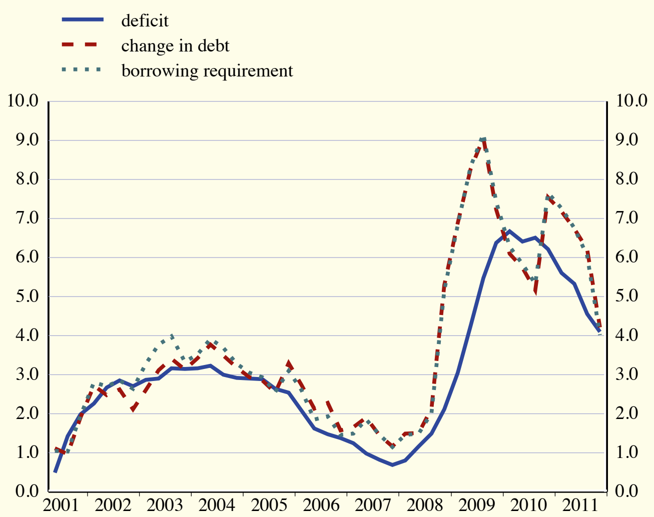
1. Euro area – Maastricht debt by financial instrument [2]

	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2009 Q1	73.9	2.3	11.8	7.7	52.1
Q2	77.1	2.4	12.2	8.2	54.3
Q3	79.0	2.4	12.4	9.0	55.3
Q4	79.9	2.5	12.6	8.3	56.5
2010 Q1	81.6	2.4	12.8	8.2	58.2
Q2	82.9	2.4	13.4	7.8	59.2
Q3	83.0	2.4	13.3	7.9	59.3
Q4	85.3	2.4	15.3	7.4	60.2
2011 Q1	86.2	2.4	15.1	7.4	61.2
Q2	87.1	2.4	14.9	7.5	62.3
Q3	86.7	2.4	15.1	7.8	61.4
Q4	87.3	2.4	15.4	7.4	62.1

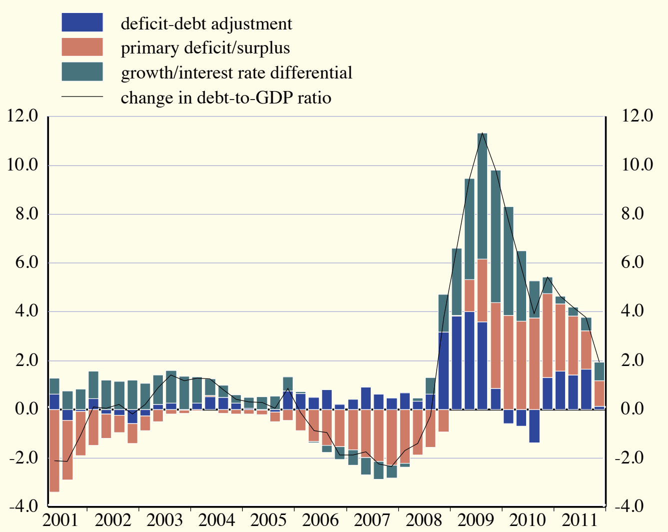
2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-)/ surplus (+)	Deficit-debt adjustment								Memo item: Borrowing requirement
			Total	Transactions in main financial assets held by general government					Valuation effects and other changes in volume	Other	
				Total	Currency and deposits	Loans	Securities	Shares and other equity			
	1	2	3	4	5	6	7	8	9	10	11
2009 Q1	12.9	-7.0	5.8	6.6	5.2	-0.1	0.8	0.7	-0.5	-0.3	13.3
Q2	9.2	-5.4	3.9	3.2	2.3	-0.4	0.2	1.1	-0.4	1.0	9.6
Q3	5.1	-7.3	-2.2	-2.8	-3.1	0.6	-0.1	-0.2	0.2	0.4	4.8
Q4	2.1	-5.9	-3.8	-2.8	-2.9	-0.1	0.0	0.2	-0.2	-0.8	2.3
2010 Q1	8.2	-8.2	0.0	0.7	0.9	-0.1	-0.3	0.2	-0.4	-0.4	8.5
Q2	7.7	-4.4	3.4	3.3	2.0	1.1	-0.2	0.5	-0.1	0.1	7.8
Q3	2.8	-7.6	-4.9	-2.9	-2.3	-0.6	0.0	0.0	0.0	-1.9	2.8
Q4	11.4	-4.8	6.6	5.7	-0.4	1.7	4.7	-0.3	0.0	0.8	11.4
2011 Q1	6.7	-5.7	1.0	0.7	2.0	-0.7	-0.3	-0.2	-0.2	0.5	6.9
Q2	6.0	-3.3	2.7	2.9	2.8	0.5	-0.4	-0.1	0.2	-0.5	5.7
Q3	0.7	-4.5	-3.8	-3.8	-3.7	-0.3	0.2	0.1	0.6	-0.6	0.1
Q4	3.6	-3.0	0.5	-0.8	-0.5	-0.3	-0.3	0.2	0.2	1.2	3.4

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



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



Sources: ECB calculations based on Eurostat and national data.
1) Data refer to the Euro 17. Intergovernmental lending in the context of the financial crisis is consolidated.
2) The stock data in quarter t are expressed as a percentage of the sum of GDP in t and the previous three quarters.

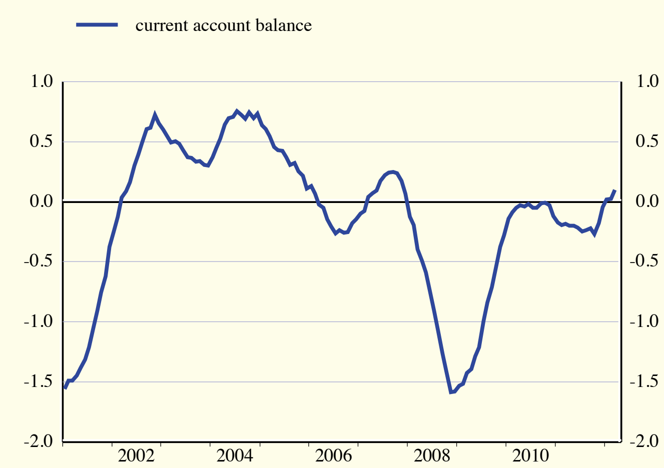
EXTERNAL TRANSACTIONS AND POSITIONS

7

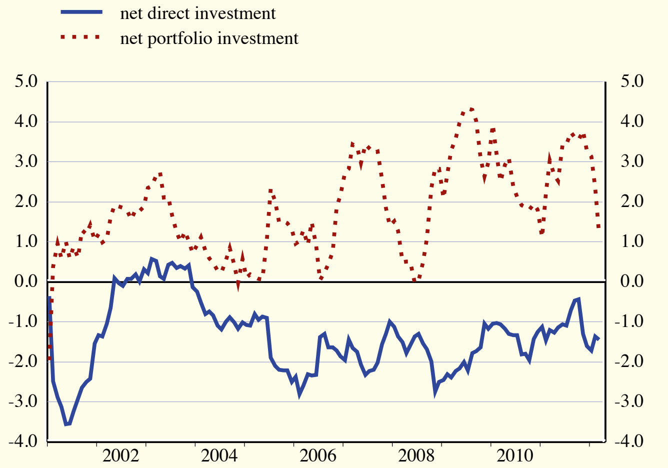
7.1 Summary balance of payments [1]
(EUR billions; net transactions)

	Current account					Capital account	Net lending/ borrowing to/from rest of the world (columns 1+6)	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers			Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009	-21.9	31.3	36.4	3.5	-93.1	6.7	-15.2	9.4	-105.1	265.7	20.0	-175.7	4.6	5.8
2010	-6.8	15.1	49.6	31.8	-103.3	6.4	-0.4	-2.5	-113.9	165.1	18.5	-61.7	-10.5	3.0
2011	-3.2	4.6	61.1	31.7	-100.6	10.8	7.6	-24.6	-151.1	308.3	-20.8	-150.7	-10.2	17.0
2011 Q1	-21.3	-10.1	7.9	14.9	-33.9	2.3	-18.9	-5.3	-42.8	136.0	-0.4	-86.4	-11.7	24.2
Q2	-18.6	-2.4	16.4	-11.7	-20.9	0.8	-17.9	21.2	-31.8	139.1	3.6	-94.1	4.5	-3.3
Q3	2.7	2.8	19.6	8.8	-28.5	1.7	4.4	3.5	-19.2	35.0	-14.8	-1.2	3.7	-7.9
Q4	33.9	14.3	17.2	19.8	-17.3	6.0	39.9	-44.0	-57.3	-1.8	-9.2	31.0	-6.8	4.1
2012 Q1	-8.2	1.9	9.2	14.5	-33.8	2.0	-6.2	-8.3	-28.2	-59.4	-4.0	84.5	-1.2	14.4
2011 Mar.	1.0	3.4	1.9	6.0	-10.3	-0.1	0.9	-8.1	-10.4	72.8	-1.4	-62.3	-6.9	7.2
Apr.	-5.0	-3.6	3.9	1.4	-6.7	-0.1	-5.1	-4.7	-31.2	5.3	3.3	11.9	6.0	9.8
May	-13.9	0.5	6.2	-14.4	-6.2	0.4	-13.5	18.9	-4.2	44.5	-1.6	-16.6	-3.1	-5.4
June	0.3	0.8	6.3	1.3	-8.0	0.4	0.8	7.0	3.6	89.2	1.9	-89.3	1.6	-7.7
July	3.4	4.2	7.2	2.7	-10.7	-0.1	3.2	-6.2	-17.3	-24.0	0.3	36.0	-1.2	3.0
Aug.	-1.4	-4.3	5.2	5.6	-7.9	2.1	0.6	-0.6	7.2	26.2	-8.0	-29.4	3.4	-0.1
Sep.	0.8	3.0	7.2	0.5	-9.9	-0.2	0.6	10.3	-9.0	32.7	-7.1	-7.9	1.6	-10.9
Oct.	3.4	0.4	6.0	6.1	-9.1	1.8	5.2	-1.3	-6.5	-1.4	-2.2	9.9	-1.1	-3.9
Nov.	8.9	5.7	4.4	5.5	-6.7	2.6	11.5	-21.9	-42.6	35.2	-3.8	-10.4	-0.2	10.4
Dec.	21.6	8.2	6.8	8.2	-1.5	1.6	23.3	-20.8	-8.2	-35.6	-3.2	31.5	-5.4	-2.4
2012 Jan.	-10.1	-9.2	2.2	4.1	-7.3	0.1	-10.0	10.4	-6.4	-43.4	-4.1	64.8	-0.5	-0.4
Feb.	-5.6	2.3	3.1	4.9	-15.9	1.6	-4.0	0.3	-3.4	19.4	4.9	-18.9	-1.8	3.8
Mar.	7.5	8.7	3.9	5.5	-10.6	0.3	7.9	-19.0	-18.4	-35.4	-4.8	38.5	1.1	11.1
	12-month cumulated transactions													
2012 Mar.	9.8	16.6	62.4	31.4	-100.6	10.5	20.4	-27.6	-136.5	112.8	-24.4	20.1	0.3	7.2
	12-month cumulated transactions as a percentage of GDP													
2012 Mar.	0.1	0.2	0.7	0.3	-1.1	0.1	0.2	-0.3	-1.4	1.2	-0.3	0.2	0.0	0.1

C32 Euro area b.o.p.: current account
(seasonally adjusted; 12-month cumulated transactions as a percentage of GDP)



C33 Euro area b.o.p.: direct and portfolio investment
(12-month cumulated transactions as a percentage of GDP)



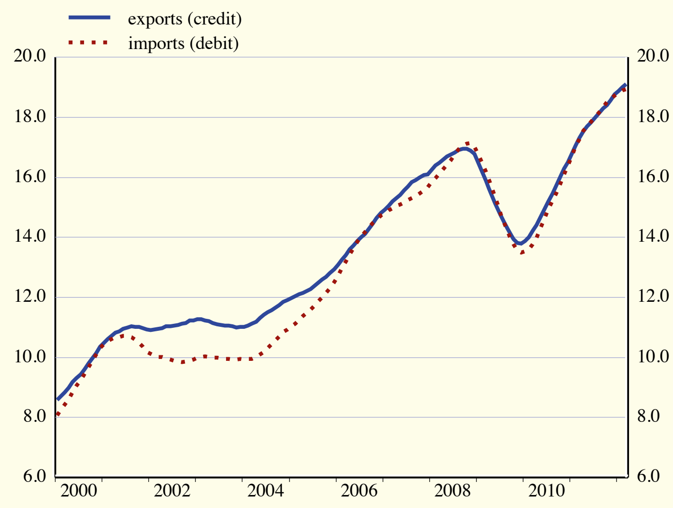
Source: ECB.
1) The sign convention is explained in the General Notes.

7.2 Current and capital accounts
(EUR billions; transactions)

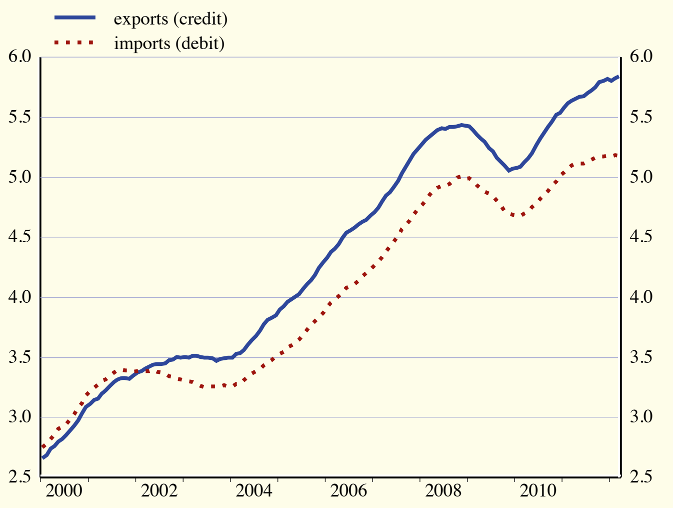
1. Summary current and capital accounts

	Current account													Capital account	
	Total			Goods		Services		Income		Current transfers					
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit		Debit		Credit	Debit
											Workers' remit-tances		Workers' remit-tances		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2009	2,307.2	2,329.2	-21.9	1,304.1	1,272.8	478.9	442.5	429.9	426.5	94.3	6.4	187.4	22.5	20.5	13.7
2010	2,657.8	2,664.6	-6.8	1,566.8	1,551.7	524.0	474.4	479.4	447.6	87.6	6.3	190.9	22.3	21.4	15.0
2011	2,930.5	2,933.7	-3.2	1,773.8	1,769.1	550.1	489.0	513.9	482.2	92.7	6.4	193.4	22.3	25.5	14.7
2011 Q1	698.0	719.3	-21.3	427.8	437.9	124.6	116.8	121.1	106.2	24.5	1.5	58.4	5.4	5.0	2.7
Q2	727.8	746.4	-18.6	438.7	441.0	134.4	118.0	135.5	147.3	19.1	1.6	40.0	5.6	4.0	3.2
Q3	732.7	730.0	2.7	444.6	441.8	147.3	127.7	124.0	115.3	16.8	1.8	45.3	5.7	5.2	3.5
Q4	772.0	738.1	33.9	462.7	448.4	143.7	126.6	133.3	113.5	32.3	1.5	49.6	5.6	11.3	5.3
2012 Q1	743.5	751.7	-8.2	464.4	462.6	126.8	117.6	125.7	111.1	26.7	.	60.5	.	5.0	3.0
2012 Jan.	235.8	245.9	-10.1	142.9	152.1	41.1	38.9	42.3	38.1	9.5	.	16.8	.	1.0	0.9
Feb.	244.0	249.6	-5.6	153.2	150.9	41.3	38.1	38.3	33.5	11.2	.	27.1	.	2.4	0.8
Mar.	263.7	256.2	7.5	168.3	159.5	44.4	40.5	45.1	39.5	5.9	.	16.6	.	1.6	1.3
	Seasonally adjusted														
2011 Q3	735.2	735.4	-0.2	443.7	442.5	138.5	122.8	129.4	121.9	23.6	.	48.2	.	.	.
Q4	747.2	742.9	4.3	452.4	450.1	139.9	122.9	131.1	121.1	23.8	.	48.7	.	.	.
2012 Q1	762.6	751.0	11.6	470.4	457.0	138.0	122.5	129.1	120.8	25.1	.	50.5	.	.	.
2012 Jan.	253.2	249.5	3.7	154.7	151.4	44.6	40.5	45.7	41.5	8.2	.	16.2	.	.	.
Feb.	251.5	252.6	-1.2	156.3	155.0	46.7	41.6	40.7	39.7	7.7	.	16.4	.	.	.
Mar.	257.9	248.8	9.1	159.3	150.7	46.7	40.5	42.7	39.7	9.2	.	17.9	.	.	.
	12-month cumulated transactions														
2012 Mar.	2,967.8	2,958.2	9.6	1,803.1	1,787.7	551.3	488.8	518.6	486.2	95.0	.	195.6	.	.	.
	12-month cumulated transactions as a percentage of GDP														
2012 Mar.	31.5	31.3	0.1	19.1	18.9	5.8	5.2	5.5	5.2	1.0	.	2.1	.	.	.

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



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



Source: ECB.

7.2 Current and capital accounts
(EUR billions)

2. Income account
(transactions)

	Compensation of employees		Investment income													
	Credit	Debit	Total		Direct investment						Portfolio investment				Other investment	
			Credit	Debit	Equity				Debt		Equity		Debt		Credit	Debit
					Credit		Debit		Credit	Debit	Credit	Debit	Credit	Debit		
						Reinv. earnings		Reinv. earnings								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2009	22.2	12.0	407.7	414.4	156.8	20.7	100.6	15.4	25.0	24.7	24.5	77.5	100.9	121.3	100.4	90.3
2010	24.2	12.0	455.1	435.6	220.5	41.6	137.7	32.7	23.9	22.1	28.7	86.6	102.2	124.0	79.9	65.2
2011	25.1	12.3	488.8	469.9	239.8	65.5	153.1	53.1	25.0	21.9	35.9	96.3	102.6	131.7	85.5	66.8
2010 Q4	6.6	2.9	117.7	107.8	57.1	1.6	34.0	0.7	6.3	7.8	6.3	18.7	26.9	30.0	21.1	17.3
2011 Q1	6.0	2.2	115.1	104.0	55.4	16.0	35.4	20.6	5.8	4.8	7.4	14.4	25.7	32.7	20.7	16.7
Q2	6.1	3.3	129.4	144.0	65.5	13.7	42.3	9.9	5.4	5.5	12.3	46.6	25.7	32.3	20.5	17.2
Q3	6.0	3.7	118.0	111.5	54.5	21.3	37.6	17.7	6.8	5.5	9.0	18.7	25.9	33.2	21.9	16.5
Q4	7.0	3.1	126.3	110.4	64.3	14.5	37.8	4.8	6.9	6.1	7.2	16.6	25.3	33.5	22.5	16.4

3. Geographical breakdown
(cumulated transactions)

2011 Q1 to 2011 Q4	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	2,930.5	959.1	53.5	91.0	445.7	307.5	61.3	58.8	40.1	149.6	41.2	64.2	107.9	228.5	376.2	904.9
Goods	1,773.8	565.8	33.7	59.1	232.0	240.9	0.2	30.3	20.7	115.7	30.9	39.6	80.6	123.6	199.1	567.5
Services	550.1	170.6	11.2	15.4	105.2	32.2	6.6	8.9	9.1	17.8	6.9	13.0	18.2	55.2	81.5	168.9
Income	513.9	160.6	7.5	14.8	97.8	31.4	9.0	19.3	9.6	15.4	3.2	10.6	8.6	40.9	89.2	156.5
Investment income	488.8	153.3	6.7	14.7	96.3	30.8	4.8	19.2	9.5	15.4	3.2	10.6	8.5	28.6	87.5	153.0
Current transfers	92.7	62.0	1.1	1.7	10.7	3.0	45.5	0.4	0.7	0.7	0.3	1.0	0.5	8.7	6.5	12.0
Capital account	25.5	20.8	0.0	0.1	1.4	0.4	19.0	0.1	0.0	0.0	0.0	0.2	0.1	0.6	0.4	3.2
	Debits															
Current account	2,933.7	901.4	46.0	89.6	386.7	272.8	106.4	-	32.7	-	-	95.7	-	189.3	374.7	-
Goods	1,769.1	490.3	30.3	51.5	185.5	223.0	0.0	31.2	15.0	210.1	28.4	52.7	134.5	99.7	142.4	564.9
Services	489.0	140.5	8.3	12.8	83.7	35.5	0.3	5.4	6.5	13.1	6.1	9.3	10.1	42.8	100.5	154.6
Income	482.2	152.2	6.6	23.8	105.9	9.8	6.2	-	9.3	-	-	33.0	-	39.3	125.4	-
Investment income	469.9	146.1	6.5	23.6	104.3	5.4	6.2	-	9.1	-	-	32.8	-	38.9	124.1	-
Current transfers	193.4	118.4	0.8	1.5	11.6	4.5	100.0	1.5	1.8	4.1	0.7	0.6	0.7	7.5	6.4	51.6
Capital account	14.7	2.1	0.3	0.1	1.1	0.4	0.2	0.2	0.3	0.4	0.3	0.1	0.1	0.6	1.8	8.8
	Net															
Current account	-3.2	57.7	7.6	1.4	59.0	34.8	-45.2	-	7.4	-	-	-31.4	-	39.1	1.5	-
Goods	4.6	75.6	3.4	7.6	46.5	17.9	0.2	-0.9	5.6	-94.3	2.4	-13.1	-53.9	23.9	56.7	2.6
Services	61.1	30.0	3.0	2.6	21.5	-3.3	6.3	3.5	2.6	4.7	0.8	3.6	8.1	12.4	-19.0	14.2
Income	31.7	8.4	0.9	-8.9	-8.0	21.6	2.8	-	0.3	-	-	-22.3	-	1.6	-36.2	-
Investment income	18.9	7.2	0.2	-9.0	-8.0	25.4	-1.4	-	0.4	-	-	-22.2	-	-10.3	-36.6	-
Current transfers	-100.6	-56.3	0.4	0.2	-0.9	-1.5	-54.5	-1.1	-1.1	-3.4	-0.5	0.3	-0.2	1.2	0.0	-39.5
Capital account	10.8	18.7	-0.3	-0.1	0.3	0.0	18.8	-0.1	-0.2	-0.4	-0.2	0.1	0.1	0.0	-1.4	-5.6

Source: ECB.

7.3 Financial account

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

1. Summary financial account

	Total [1)]			Total as a % of GDP			Direct investment		Portfolio investment		Net financial derivatives	Other investment		Reserve assets
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts (international investment position)													
2008	13,377.1	14,961.4	-1,584.3	144.7	161.8	-17.1	3,878.4	3,247.8	3,834.9	5,976.8	-0.5	5,290.0	5,736.7	374.2
2009	13,764.1	15,170.3	-1,406.2	154.3	170.1	-15.8	4,287.2	3,403.0	4,341.3	6,781.9	0.2	4,675.9	4,985.4	459.6
2010	15,234.8	16,461.7	-1,226.9	166.3	179.7	-13.4	4,798.2	3,714.8	4,907.5	7,442.9	-61.6	5,002.9	5,304.0	587.8
2011 Q2	15,377.0	16,636.0	-1,259.0	165.1	178.6	-13.5	5,030.5	3,837.6	4,762.1	7,646.7	-48.3	5,051.8	5,151.6	580.9
Q3	15,558.2	16,782.4	-1,224.2	166.0	179.0	-13.1	5,089.1	3,896.4	4,573.8	7,523.4	-45.9	5,294.5	5,362.6	646.6
Q4	15,786.0	16,922.4	-1,136.4	167.7	179.7	-12.1	5,238.8	3,938.1	4,744.0	7,677.3	-30.4	5,166.5	5,307.0	667.1
	Changes to outstanding amounts													
2008	-615.7	-305.5	-310.3	-6.7	-3.3	-3.4	151.7	25.9	-796.2	-561.3	28.4	-26.7	229.9	27.0
2009	387.1	208.9	178.1	4.3	2.3	2.0	408.8	155.2	506.4	805.1	0.7	-614.1	-751.4	85.4
2010	1,470.7	1,291.5	179.3	16.1	14.1	2.0	511.0	311.8	566.2	661.0	-61.7	327.1	318.7	128.2
2011	551.2	460.7	90.5	5.9	4.9	1.0	440.7	223.3	-163.5	234.5	31.2	163.5	3.0	79.3
2011 Q3	181.2	146.4	34.8	7.7	6.2	1.5	58.7	58.7	-188.3	-123.3	2.4	242.7	211.0	65.8
Q4	227.8	140.0	87.8	9.4	5.8	3.6	149.7	41.8	170.2	153.9	15.4	-128.0	-55.6	20.5
	Transactions													
2008	429.9	551.3	-121.3	4.7	6.0	-1.3	336.6	105.5	5.0	266.4	84.5	0.5	179.4	3.4
2009	-131.4	-121.9	-9.4	-1.5	-1.4	-0.1	337.0	231.9	90.4	356.1	-20.0	-534.2	-709.9	-4.6
2010	589.9	587.4	2.5	6.4	6.4	0.0	275.8	161.8	143.0	308.1	-18.5	179.1	117.4	10.5
2011	491.0	466.5	24.6	5.2	5.0	0.3	348.3	197.2	-47.2	261.1	20.8	158.9	8.2	10.2
2011 Q3	133.0	136.5	-3.5	5.7	5.8	-0.1	56.6	37.4	-63.1	-28.1	14.8	128.4	127.2	-3.7
Q4	-78.5	-122.5	44.0	-3.2	-5.1	1.8	106.9	49.5	-46.8	-48.6	9.2	-154.5	-123.5	6.8
2012 Q1	232.9	224.6	8.3	10.0	9.7	0.4	66.9	38.7	117.6	58.2	4.0	43.3	127.7	1.2
2011 Nov.	-15.5	-37.4	21.9	.	.	.	47.8	5.2	-30.2	5.0	3.8	-37.2	-47.6	0.2
Dec.	-22.5	-43.3	20.8	.	.	.	38.7	30.5	17.0	-18.6	3.2	-86.7	-55.2	5.4
2012 Jan.	74.2	84.6	-10.4	.	.	.	26.8	20.4	28.3	-15.1	4.1	14.4	79.3	0.5
Feb.	62.2	62.4	-0.3	.	.	.	14.5	11.1	29.6	49.0	-4.9	21.2	2.3	1.8
Mar.	96.5	77.6	19.0	.	.	.	25.6	7.2	59.7	24.2	4.8	7.7	46.1	-1.1
	Other changes													
2007	-332.3	-84.4	-247.9	-3.7	-0.9	-2.7	59.9	64.3	-180.8	25.1	-75.1	-152.6	-173.8	16.3
2008	-1,045.7	-856.7	-188.9	-11.3	-9.3	-2.0	-184.9	-79.5	-801.2	-827.7	-56.0	-27.2	50.5	23.7
2009	518.4	330.8	187.6	5.8	3.7	2.1	71.8	-76.7	416.0	449.0	20.7	-80.0	-41.5	89.9
2010	880.8	704.1	176.7	9.6	7.7	1.9	235.2	150.0	423.2	352.9	-43.2	147.9	201.2	117.7
	Other changes due to exchange rate changes													
2007	-522.0	-339.7	-182.3	-5.8	-3.8	-2.0	-104.2	-17.1	-217.4	-146.8	.	-186.6	-175.8	-13.7
2008	-49.8	27.9	-77.7	-0.5	0.3	-0.8	-25.0	-34.0	6.6	41.9	.	-40.7	20.1	9.3
2009	-49.6	-55.1	5.5	-0.6	-0.6	0.1	-4.6	5.7	-30.5	-32.9	.	-11.9	-27.9	-2.7
2010	535.4	323.9	211.5	5.8	3.5	2.3	160.8	57.6	179.4	101.7	.	182.2	164.6	13.0
	Other changes due to price changes													
2007	78.7	113.4	-34.6	0.9	1.3	-0.4	45.2	5.8	77.3	107.6	-75.1	.	.	31.3
2008	-1,002.7	-975.7	-27.1	-10.8	-10.6	-0.3	-159.2	-60.7	-809.5	-915.0	-56.0	.	.	22.0
2009	634.2	483.5	150.7	7.1	5.4	1.7	142.5	28.4	425.2	455.2	20.7	.	.	45.8
2010	296.3	153.8	142.5	3.2	1.7	1.6	50.2	2.2	187.3	151.7	-43.2	.	.	102.0
	Other changes due to other adjustments													
2007	110.9	142.0	-31.0	1.2	1.6	-0.3	118.8	75.6	-40.7	64.3	.	34.1	2.0	-1.3
2008	6.8	91.0	-84.1	0.1	1.0	-0.9	-0.7	15.2	1.8	45.4	.	13.4	30.4	-7.7
2009	-66.2	-97.6	31.4	-0.7	-1.1	0.4	-66.2	-110.8	21.2	26.8	.	-68.1	-13.6	46.8
2010	49.1	226.4	-177.3	0.5	2.5	-1.9	24.2	90.1	56.5	99.6	.	-34.3	36.7	2.7
	Growth rates of outstanding amounts													
2007	15.6	14.3	-	.	.	.	15.8	15.1	10.0	9.4	.	20.2	20.2	1.6
2008	3.0	3.6	-	.	.	.	9.2	3.3	-0.2	4.2	.	0.0	3.3	1.0
2009	-1.0	-0.8	-	.	.	.	8.7	7.3	2.3	5.9	.	-10.1	-12.3	-1.2
2010	4.1	3.8	-	.	.	.	6.2	4.6	3.2	4.4	.	3.8	2.3	2.0
2011 Q3	4.5	4.2	-	.	.	.	5.7	6.3	0.9	5.3	.	6.9	1.2	0.9
Q4	3.2	2.9	-	.	.	.	7.2	5.3	-1.1	3.5	.	3.3	0.2	1.6
2012 Q1	3.1	2.7	.	.	.	.	5.8	4.0	0.9	2.1	.	2.4	2.7	-0.2

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

7.3 Financial account

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

2. Direct investment

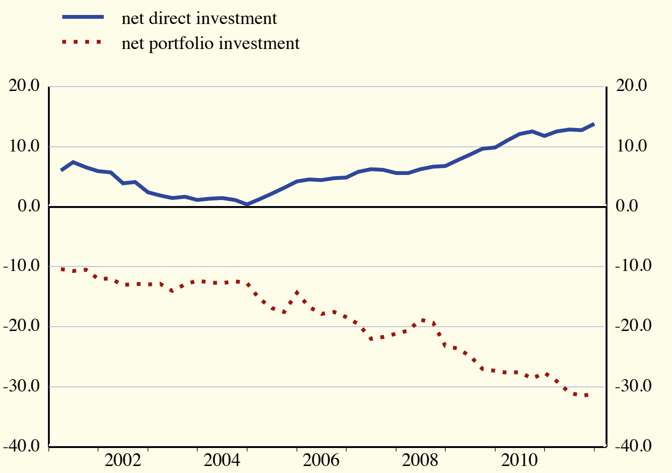
	By resident units abroad							By non-resident units in the euro area						
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	Into MFIs	Into non-MFIs	Total	To MFIs	To non-MFIs
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Oustanding amounts (international investment position)													
2009	4,287.2	3,305.5	236.2	3,069.3	981.7	14.8	966.9	3,403.0	2,501.9	74.2	2,427.7	901.1	18.1	883.0
2010	4,798.2	3,667.1	277.9	3,389.2	1,131.1	17.8	1,113.3	3,714.8	2,820.2	83.2	2,737.0	894.6	12.7	881.9
2011 Q3	5,089.1	3,926.1	287.7	3,638.4	1,163.0	13.2	1,149.8	3,896.4	3,019.1	85.4	2,933.7	877.2	8.7	868.5
Q4	5,238.8	4,067.8	291.3	3,776.6	1,171.0	14.2	1,156.8	3,938.1	3,056.9	85.3	2,971.6	881.2	8.2	873.0
	Transactions													
2009	337.0	258.1	21.6	236.5	78.9	2.6	76.3	231.9	236.3	5.6	230.7	-4.4	-0.6	-3.8
2010	275.8	157.0	14.9	142.2	118.7	1.2	117.5	161.8	203.2	6.1	197.1	-41.3	-7.5	-33.8
2011	348.3	303.1	16.6	286.4	45.2	-3.3	48.5	197.2	208.0	3.5	204.5	-10.8	-3.4	-7.4
2011 Q3	56.6	35.9	2.3	33.5	20.7	-1.7	22.5	37.4	58.7	1.0	57.7	-21.3	-0.8	-20.5
Q4	106.9	105.8	1.2	104.6	1.1	1.0	0.1	49.5	41.7	0.7	41.0	7.9	0.2	7.7
2012 Q1	66.9	52.0	-1.6	53.6	14.9	0.8	14.1	38.7	45.0	1.5	43.5	-6.3	-1.8	-4.5
2011 Nov.	47.8	54.4	0.0	54.4	-6.6	0.3	-6.8	5.2	9.5	0.8	8.7	-4.3	-0.1	-4.1
Dec.	38.7	30.5	0.7	29.8	8.1	0.5	7.7	30.5	19.9	-0.4	20.3	10.5	0.4	10.1
2012 Jan.	26.8	27.1	2.4	24.7	-0.4	0.2	-0.6	20.4	23.8	0.2	23.5	-3.4	-0.5	-2.8
Feb.	14.5	13.7	-3.0	16.7	0.8	0.2	0.7	11.1	8.9	1.3	7.6	2.2	0.2	2.0
Mar.	25.6	11.2	-1.0	12.2	14.4	0.4	14.0	7.2	12.4	-0.1	12.4	-5.2	-1.5	-3.7
	Growth rates													
2009	8.7	8.6	9.9	8.5	9.0	20.5	8.8	7.3	10.4	8.6	10.4	-0.5	-3.2	-0.4
2010	6.2	4.5	6.2	4.4	12.0	7.8	12.0	4.6	7.9	8.0	7.9	-4.6	-41.3	-3.8
2011 Q3	5.7	5.5	5.9	5.4	6.5	-24.0	7.0	6.3	6.9	5.2	6.9	4.5	-51.2	5.7
Q4	7.2	8.2	6.1	8.3	4.0	-19.6	4.4	5.3	7.3	4.2	7.4	-1.2	-27.6	-0.9
2012 Q1	5.8	6.4	3.9	6.6	3.8	-15.4	4.1	4.0	6.1	5.3	6.1	-2.8	-37.6	-2.3

C36 Euro area international investment position

(outstanding amounts at end of period; as a percentage of GDP)

C37 Euro area direct and portfolio investment position

(outstanding amounts at end of period; as a percentage of GDP)



Source: ECB.

7.3 Financial account

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

3. Portfolio investment assets

	Total	Equity					Debt instruments									
							Bonds and notes					Money market instruments				
		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs	
				Euro-system		General government			Euro-system		General government			Euro-system		General government
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Outstanding amounts (international investment position)															
2009	4,341.3	1,514.5	80.8	3.4	1,433.6	36.6	2,426.6	924.6	17.1	1,502.0	36.6	400.2	330.2	44.9	69.9	2.0
2010	4,907.5	1,914.2	93.8	3.6	1,820.5	47.6	2,588.8	810.7	15.6	1,778.1	75.7	404.5	314.9	41.7	89.6	0.2
2011 Q3	4,573.8	1,620.4	76.2	3.4	1,544.2	38.1	2,552.5	748.7	17.7	1,803.8	93.9	400.9	301.4	54.9	99.5	0.5
Q4	4,744.0	1,706.8	70.6	3.1	1,636.2	39.4	2,579.1	727.4	16.0	1,851.7	94.2	458.2	298.8	57.5	159.4	0.5
	Transactions															
2009	90.4	53.1	-1.3	0.0	54.4	2.5	42.9	-93.0	-3.8	135.9	17.5	-5.6	0.5	-12.9	-6.1	0.9
2010	143.0	76.7	5.6	-0.2	71.1	1.7	106.7	-125.3	-0.9	232.0	51.5	-40.4	-55.7	-11.7	15.3	-1.9
2011	-47.2	-69.0	-18.8	-0.6	-50.2	-7.3	-9.0	-54.1	0.3	45.1	-2.9	30.8	28.7	10.5	2.2	0.2
2011 Q3	-63.1	-53.7	-12.9	0.0	-40.8	-2.0	-17.8	-19.4	-0.1	1.6	0.1	8.4	8.1	3.5	0.4	0.0
Q4	-46.8	-36.8	-9.2	-0.3	-27.6	-0.9	-21.5	-17.3	-1.7	-4.2	-1.7	11.5	14.8	0.6	-3.3	0.0
2012 Q1	117.6	14.6	5.3	0.0	9.3	.	69.8	17.3	0.7	52.5	.	33.2	27.0	-4.4	6.2	.
2011 Nov.	-30.2	-19.8	-2.7	0.0	-17.1	.	-13.3	-14.6	0.6	1.3	.	2.9	3.6	-1.6	-0.7	.
Dec.	17.0	-7.7	-1.6	-0.2	-6.1	.	3.4	-1.9	-9.5	5.2	.	21.3	25.8	15.2	-4.5	.
2012 Jan.	28.3	2.9	-0.6	0.0	3.5	.	20.5	1.3	0.8	19.2	.	5.0	2.7	-7.2	2.2	.
Feb.	29.6	2.8	0.5	0.0	2.4	.	23.1	5.6	0.1	17.5	.	3.6	1.6	2.4	2.0	.
Mar.	59.7	8.9	5.5	0.0	3.4	.	26.2	10.4	-0.2	15.7	.	24.6	22.6	0.4	2.0	.
	Growth rates															
2009	2.3	3.8	-2.4	-0.6	4.2	8.5	1.8	-9.4	-19.0	10.5	93.4	-2.0	-0.9	-22.3	-7.9	67.2
2010	3.2	4.8	7.0	-5.2	4.7	4.8	4.2	-13.5	-4.9	14.8	122.5	-9.5	-16.0	-25.4	21.1	-91.9
2011 Q3	0.9	0.6	-7.3	-8.7	1.0	-16.4	0.5	-14.9	9.3	8.6	130.0	6.1	1.0	0.9	28.1	-4.8
Q4	-1.1	-4.0	-21.3	-16.7	-3.1	-15.8	-0.4	-6.9	2.0	2.6	-3.1	7.9	9.8	26.5	2.5	112.5
2012 Q1	0.9	-2.9	-15.5	-6.0	-2.2	.	2.1	-3.1	-4.0	4.4	.	9.4	13.7	12.7	-0.6	.

4. Portfolio investment liabilities

	Total	Equity			Debt instruments							
					Bonds and notes				Money market instruments			
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	MFIs	Non-MFIs	
								General government				General government
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts (international investment position)											
2009	6,781.9	2,781.9	686.2	2,095.7	3,493.1	1,093.2	2,399.9	1,481.2	506.9	66.2	440.7	409.3
2010	7,442.9	3,150.7	658.0	2,492.7	3,823.0	1,165.4	2,657.5	1,680.3	469.2	77.2	392.0	352.6
2011 Q3	7,523.4	2,842.5	618.0	2,224.5	4,148.9	1,222.6	2,926.3	1,844.4	532.0	110.1	421.9	376.8
Q4	7,677.3	3,078.2	553.6	2,524.6	4,141.2	1,235.2	2,906.0	1,836.6	457.9	98.2	359.8	315.1
	Transactions											
2009	356.1	124.6	10.7	113.9	140.5	-14.4	154.9	101.3	90.9	-18.5	109.4	144.3
2010	308.1	144.2	-16.3	160.4	184.2	59.1	125.1	194.5	-20.3	19.2	-39.5	-34.9
2011	261.1	120.5	19.9	100.6	167.0	57.5	109.6	100.5	-26.4	18.2	-44.7	-35.8
2011 Q3	-28.1	-22.3	-10.6	-11.7	2.1	14.2	-12.0	-22.9	-7.9	-12.7	4.8	17.9
Q4	-48.6	42.3	29.0	13.3	-31.5	-31.5	0.1	-4.1	-59.4	0.4	-59.8	-71.6
2012 Q1	58.2	33.4	3.7	29.7	14.0	0.0	14.0	.	10.8	3.4	7.4	.
2011 Nov.	5.0	26.6	18.1	8.5	-8.0	-4.2	-3.9	.	-13.5	6.8	-20.3	.
Dec.	-18.6	31.5	3.8	27.7	-20.6	-9.2	-11.3	.	-29.6	-4.5	-25.0	.
2012 Jan.	-15.1	9.9	4.1	5.8	-32.0	-6.6	-25.4	.	7.1	-3.4	10.4	.
Feb.	49.0	1.2	-2.7	3.9	45.5	6.0	39.5	.	2.3	1.9	0.4	.
Mar.	24.2	22.3	2.3	20.0	0.5	0.7	-0.1	.	1.4	4.8	-3.4	.
	Growth rates											
2009	5.9	5.4	1.7	6.8	4.1	-1.2	7.0	7.2	23.1	-29.1	33.1	53.5
2010	4.4	5.1	-2.4	7.5	5.1	5.2	5.1	12.9	-4.2	26.3	-9.1	-8.7
2011 Q3	5.3	4.5	-2.8	6.5	6.7	10.3	5.2	8.5	-0.4	9.3	-2.4	5.3
Q4	3.5	4.0	3.2	4.1	4.5	5.2	4.2	6.1	-4.9	24.6	-10.9	-10.7
2012 Q1	2.1	1.7	2.9	1.3	4.2	2.5	4.9	.	-8.2	-0.9	-10.3	.

Source: ECB.

7.3 Financial account

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

5. Other investment assets

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other assets	Total	Loans/ currency and deposits	Other assets		Trade credits	Loans/currency and deposits			Trade credits	Loans/currency and deposits	
											Currency and deposits				Currency and deposits
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2009	4,675.9	30.2	29.8	0.4	2,834.7	2,804.2	30.5	122.1	8.4	74.9	15.9	1,688.9	201.4	1,344.7	402.6
2010	5,002.9	32.6	32.0	0.7	2,972.3	2,939.9	32.4	166.3	7.6	117.6	21.0	1,831.8	214.4	1,468.5	428.6
2011 Q3	5,294.5	42.4	42.1	0.3	3,206.3	3,148.7	57.6	141.7	7.4	93.5	16.5	1,904.1	228.5	1,518.4	480.5
Q4	5,166.5	35.5	35.2	0.3	3,065.7	3,007.3	58.4	165.8	7.5	116.8	30.2	1,899.5	230.4	1,521.0	463.4
	Transactions														
2009	-534.2	0.1	0.0	0.1	-420.4	-399.9	-20.5	11.8	-0.4	10.4	0.2	-125.6	7.5	-129.0	-34.8
2010	179.1	-2.9	-2.9	0.0	8.6	-0.2	8.8	41.7	-0.3	41.3	4.9	131.7	7.6	101.7	46.7
2011	158.9	-2.6	-2.7	0.1	50.3	20.9	29.4	1.5	-0.2	0.9	9.9	109.7	8.3	79.9	53.0
2011 Q3	128.4	-2.7	-2.7	0.1	82.7	68.3	14.4	-6.0	-0.1	-6.0	-1.5	54.4	2.4	39.2	19.0
Q4	-154.5	-8.2	-8.2	0.0	-156.9	-157.2	0.3	17.0	0.0	17.0	13.3	-6.3	0.2	4.2	-4.1
2012 Q1	43.3	0.5	.	.	17.7	.	.	-10.5	.	.	-5.8	35.6	.	.	7.4
2011 Nov.	-37.2	-3.6	.	.	-39.6	.	.	11.4	.	.	6.9	-5.4	.	.	0.3
Dec.	-86.7	-1.4	.	.	-47.6	.	.	0.5	.	.	-1.3	-38.2	.	.	-20.8
2012 Jan.	14.4	1.8	.	.	5.5	.	.	-1.6	.	.	0.6	8.7	.	.	-2.0
Feb.	21.2	0.1	.	.	12.0	.	.	-8.3	.	.	-6.4	17.3	.	.	4.6
Mar.	7.7	-1.5	.	.	0.2	.	.	-0.6	.	.	0.0	9.6	.	.	4.8
	Growth rates														
2009	-10.1	-0.4	-1.4	23.4	-12.8	-12.4	-37.0	10.8	-3.5	17.1	3.5	-6.9	3.8	-8.6	-8.2
2010	3.8	-13.1	-13.0	-9.9	0.4	0.1	27.7	33.2	-3.1	53.2	30.6	7.7	3.7	7.4	11.3
2011 Q3	6.9	46.0	46.3	63.4	6.0	5.1	84.1	16.1	-3.6	25.0	9.1	7.2	4.5	7.0	18.0
Q4	3.3	-5.3	-5.4	40.4	1.8	0.9	88.4	1.2	-3.2	1.4	51.8	6.1	3.8	5.6	12.6
2012 Q1	2.4	-13.7	.	.	0.3	.	.	0.2	.	.	54.2	6.7	.	.	12.8

6. Other investment liabilities

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other liabilities	Total	Loans/ currency and deposits	Other liabilities	Total	Trade credits	Loans	Other liabilities	Total	Trade credits	Loans	Other liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2009	4,985.4	251.7	251.3	0.4	3,399.7	3,360.7	39.0	85.2	0.0	80.8	4.4	1,248.8	177.8	929.3	141.7
2010	5,304.0	268.8	265.7	3.1	3,508.6	3,462.6	46.0	153.9	0.0	147.2	6.6	1,372.8	200.8	1,016.2	155.8
2011 Q3	5,362.6	315.2	312.3	2.9	3,403.8	3,340.7	63.2	210.2	0.0	204.2	5.9	1,433.4	219.6	1,039.3	174.4
Q4	5,307.0	408.9	406.0	2.8	3,212.4	3,144.8	67.6	222.6	0.1	215.9	6.7	1,463.1	221.5	1,073.7	167.9
	Transactions														
2009	-709.9	-233.2	-233.4	0.2	-352.8	-341.6	-11.2	17.2	0.0	17.2	0.0	-141.1	0.8	-127.6	-14.3
2010	117.4	8.9	6.3	2.6	-10.8	-16.7	5.9	65.6	0.0	64.8	0.8	53.7	15.4	14.9	23.4
2011	8.2	134.6	134.8	-0.2	-288.9	-327.6	38.7	72.7	0.0	73.4	-0.6	89.8	10.5	47.1	32.2
2011 Q3	127.2	29.8	29.8	0.0	24.3	5.6	18.7	23.2	-0.1	23.2	0.1	49.8	6.3	24.2	19.4
Q4	-123.5	87.9	88.0	0.0	-232.2	-240.2	8.0	9.1	0.0	8.9	0.1	11.7	0.6	19.0	-7.9
2012 Q1	127.7	-71.3	.	.	185.2	.	.	6.6	.	.	.	7.2	.	.	.
2011 Nov.	-47.6	-2.8	.	.	-46.1	.	.	-0.2	.	.	.	1.5	.	.	.
Dec.	-55.2	98.2	.	.	-154.3	.	.	5.7	.	.	.	-4.8	.	.	.
2012 Jan.	79.3	-35.8	.	.	106.3	.	.	6.3	.	.	.	2.5	.	.	.
Feb.	2.3	0.1	.	.	-6.2	.	.	-2.1	.	.	.	10.5	.	.	.
Mar.	46.1	-35.6	.	.	85.1	.	.	2.4	.	.	.	-5.8	.	.	.
	Growth rates														
2009	-12.3	-48.1	-48.1	.	-9.4	-9.2	-19.8	24.9	.	26.5	-0.7	-9.9	0.3	-11.6	-9.2
2010	2.3	3.4	2.4	.	-0.2	-0.4	15.5	75.5	.	79.7	11.8	4.1	8.5	1.4	15.4
2011 Q3	1.2	25.9	25.6	.	-4.3	-5.4	79.4	104.6	.	111.8	-8.4	3.1	10.3	-0.5	19.4
Q4	0.2	50.6	51.2	.	-8.3	-9.5	89.7	48.5	.	51.2	-9.0	6.7	5.1	4.7	22.4
2012 Q1	2.7	20.0	.	.	-1.3	.	.	29.7	.	.	.	5.5	.	.	.

Source: ECB.

7.3 Financial account

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

7. Reserve assets [1)]

	Reserve assets														Memo items		
	Total	Monetary gold		SDR holdings	Reserve position in the IMF	Foreign exchange								Other claims	Other foreign currency assets	Pre-determined short-term net drains on foreign currency	SDR allo-cations
		In EUR billions	In fine troy ounces (millions)			Total	Currency and deposits		Securities				Financial derivatives				
							With monetary authorities and the BIS	With banks	Total	Equity	Bonds and notes	Money market instruments					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	Outstanding amounts (international investment position)																
2008	374.2	217.0	349.207	4.7	7.3	145.1	7.6	8.1	129.5	0.6	111.3	17.6	0.0	0.0	262.8	-245.7	5.5
2009	462.4	266.1	347.180	50.8	10.5	134.9	11.7	8.1	115.2	0.5	92.0	22.7	-0.1	0.0	32.1	-24.2	51.2
2010	591.2	366.2	346.962	54.2	15.8	155.0	7.7	16.1	131.3	0.5	111.2	19.5	0.0	0.0	26.3	-24.4	54.5
2011 Q2	580.9	361.4	346.988	50.5	22.4	146.5	5.1	13.0	128.2	0.5	108.3	19.3	0.2	0.0	20.4	-18.1	52.2
Q3	646.7	416.3	346.989	52.9	26.1	151.4	5.5	11.1	135.1	0.6	120.5	14.0	-0.4	0.0	31.4	-24.5	54.5
Q4	667.1	422.1	346.846	54.0	30.2	160.9	5.3	7.8	148.1	0.6	134.3	13.3	-0.4	0.0	97.4	-86.0	55.9
2012 Mar.	671.3	431.7	346.847	52.5	30.9	155.8	4.5	7.6	143.6	-	-	-	0.1	0.3	55.2	-42.7	54.7
Apr.	679.7	433.4	346.847	53.1	32.2	160.7	5.0	8.9	146.8	-	-	-	0.0	0.3	52.7	-42.7	55.3
	Transactions																
2009	-4.6	-2.0	-	0.5	3.4	-6.4	3.1	-1.2	-9.5	0.0	-14.1	4.6	1.2	0.0	-	-	-
2010	10.5	0.0	-	-0.1	4.9	5.7	-5.4	6.7	4.3	0.0	10.6	-6.3	0.0	0.0	-	-	-
2011	10.2	0.1	-	-1.6	12.9	-1.1	-2.3	-8.2	9.3	-0.2	16.2	-6.8	0.0	0.0	-	-	-
2011 Q3	-3.7	0.0	-	0.2	2.4	-6.3	0.3	-2.9	-3.8	0.0	3.0	-6.7	0.0	0.0	-	-	-
Q4	6.8	0.0	-	-0.4	3.1	4.1	-0.5	-3.0	7.4	-0.2	8.8	-1.2	0.1	0.0	-	-	-
2012 Q1	1.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Growth rates																
2007	1.6	-1.7	-	7.3	-18.3	6.3	15.0	6.4	5.7	1.1	18.6	-27.6	-	-	-	-	-
2008	1.0	-1.3	-	-2.5	105.5	1.7	67.8	-68.9	10.8	28.0	17.9	-20.6	-	-	-	-	-
2009	-1.2	-0.9	-	-2.6	45.5	-4.4	41.1	-21.3	-7.3	1.0	-12.8	25.3	-	-	-	-	-
2010	2.0	0.0	-	-0.1	46.4	3.7	-43.3	76.2	3.6	-5.2	10.3	-24.5	-	-	-	-	-
2011 Q3	0.9	0.0	-	-2.0	64.6	-2.8	-27.0	-37.0	3.2	1.9	9.9	-42.4	-	-	-	-	-
Q4	1.6	0.0	-	-3.0	82.2	-1.1	-30.0	-52.4	6.9	-21.6	14.6	-45.3	-	-	-	-	-
2012 Q1	-0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

8. Gross external debt

	Total	By instrument						By sector (excluding direct investment)			
		Loans, currency and deposits	Money market instruments	Bonds and notes	Trade credits	Other debt liabilities	Direct investment: inter-company lending	General government	Eurosystem	MFIs (excluding Eurosystem)	Other sectors
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts (international investment position)										
2008	10,914.5	5,340.8	398.1	3,377.9	184.1	211.8	1,401.7	1,747.0	482.7	5,006.5	2,276.5
2009	10,391.3	4,622.0	506.9	3,493.1	177.8	185.6	1,405.9	1,975.7	251.7	4,559.1	2,198.9
2010	11,016.4	4,891.7	469.2	3,823.0	200.8	211.5	1,420.2	2,186.8	268.8	4,751.3	2,389.4
2011 Q2	11,057.2	4,729.2	522.7	3,961.4	209.6	212.9	1,421.5	2,329.9	278.0	4,604.5	2,423.3
Q3	11,464.2	4,896.6	532.0	4,148.9	219.7	246.4	1,420.7	2,431.3	315.2	4,736.6	2,560.4
Q4	11,338.1	4,840.4	457.9	4,141.2	221.5	245.0	1,432.0	2,374.3	408.9	4,545.7	2,577.2
	Outstanding amounts as a percentage of GDP										
2008	118.2	57.8	4.3	36.6	2.0	2.3	15.2	18.9	5.2	54.2	24.6
2009	116.5	51.8	5.7	39.2	2.0	2.1	15.8	22.2	2.8	51.1	24.7
2010	120.3	53.4	5.1	41.8	2.2	2.3	15.5	23.9	2.9	51.9	26.1
2011 Q2	118.9	50.8	5.6	42.6	2.3	2.3	15.3	25.0	3.0	49.5	26.0
Q3	122.4	52.3	5.7	44.3	2.3	2.6	15.2	26.0	3.4	50.6	27.3
Q4	120.5	51.4	4.9	44.0	2.4	2.6	15.2	25.2	4.3	48.3	27.4

Source: ECB.

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

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

9. Geographical breakdown

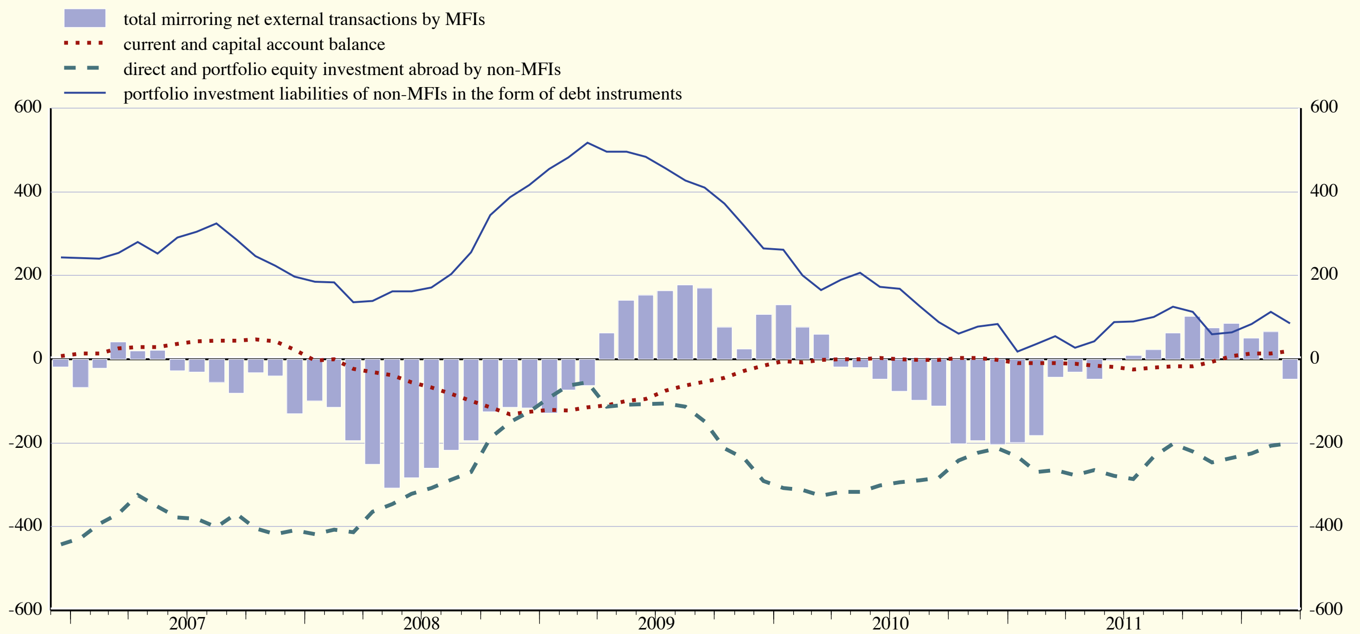
	Total	EU Member States outside the euro area						Canada	China	Japan	Switzer-land	United States	Offshore financial centres	Interna-tional organisa-tions	Other countries
		Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2010	Outstanding amounts (international investment position)														
Direct investment	1,083.3	116.9	3.8	-6.6	-170.8	291.8	-1.3	50.4	57.1	-3.9	178.9	-23.2	42.7	-0.3	664.8
Abroad	4,798.2	1,490.8	36.2	141.7	994.2	318.7	0.0	154.7	61.5	87.2	479.5	899.7	586.7	0.0	1,037.9
Equity/reinvested earnings	3,667.1	1,114.0	32.2	88.8	733.5	259.4	0.0	121.4	49.5	65.8	374.0	637.1	501.8	0.0	803.6
Other capital	1,131.1	376.8	4.0	52.9	260.7	59.2	0.0	33.3	12.0	21.4	105.6	262.7	85.0	0.0	234.3
In the euro area	3,714.8	1,374.0	32.5	148.4	1,165.0	26.9	1.3	104.3	4.4	91.1	300.6	922.9	544.1	0.4	373.1
Equity/reinvested earnings	2,820.2	1,121.1	22.5	133.9	958.4	4.9	1.3	91.7	3.4	73.5	201.8	702.5	387.3	0.1	238.8
Other capital	894.6	252.9	10.0	14.4	206.6	21.9	0.0	12.6	1.0	17.6	98.8	220.4	156.7	0.2	134.3
Portfolio investment assets	4,907.5	1,550.5	84.0	189.3	1,054.9	103.5	118.9	110.8	59.5	203.6	134.6	1,557.4	460.8	30.8	799.6
Equity	1,914.2	379.4	13.7	46.0	300.5	18.1	1.1	44.6	57.2	106.3	117.5	574.9	243.0	1.4	390.1
Debt instruments	2,993.3	1,171.1	70.3	143.3	754.4	85.3	117.8	66.3	2.2	97.3	17.1	982.5	217.8	29.4	409.6
Bonds and notes	2,588.8	1,031.4	63.0	121.3	646.1	83.8	117.2	61.8	1.4	44.3	11.7	836.1	208.6	29.0	364.5
Money market instruments	404.5	139.7	7.3	21.9	108.3	1.6	0.6	4.5	0.8	53.0	5.5	146.4	9.2	0.4	45.1
Other investment	-301.1	-241.1	54.8	1.5	-202.0	85.9	-181.2	-7.3	-8.0	19.9	-34.4	-94.6	-5.0	-25.2	94.7
Assets	5,002.9	2,295.1	112.6	96.9	1,869.7	198.5	17.4	28.5	38.7	103.7	275.2	713.1	588.7	48.8	911.2
General government	166.3	55.0	0.8	6.5	34.6	2.1	11.0	1.9	3.2	2.6	1.2	13.7	3.6	31.8	53.2
MFIs	3,004.9	1,576.0	90.7	52.9	1,268.2	160.9	3.3	15.6	12.1	72.6	136.3	375.8	367.6	16.5	432.4
Other sectors	1,831.8	664.0	21.1	37.5	566.9	35.5	3.1	11.0	23.4	28.5	137.7	323.6	217.4	0.6	425.5
Liabilities	5,304.0	2,536.1	57.9	95.4	2,071.7	112.6	198.6	35.8	46.7	83.8	309.6	807.8	593.6	74.0	816.5
General government	153.9	92.1	0.2	0.5	57.1	0.2	34.1	0.1	0.1	0.1	0.8	27.3	1.7	27.6	4.1
MFIs	3,777.4	1,855.6	45.5	63.8	1,555.6	84.5	106.1	27.6	22.1	50.4	233.4	491.5	475.5	43.4	577.9
Other sectors	1,372.8	588.4	12.2	31.1	458.9	27.9	58.3	8.2	24.6	33.2	75.4	289.0	116.5	3.0	234.5
2011 Q1 to 2011 Q4	Cumulated transactions														
Direct investment	151.1	78.1	-2.1	-5.5	64.1	21.5	0.0	2.5	11.5	-0.1	-13.4	1.9	25.8	0.0	44.8
Abroad	348.3	97.0	2.4	-0.3	71.0	23.9	0.0	10.7	14.6	0.5	19.2	85.9	41.9	0.0	78.3
Equity/reinvested earnings	303.1	80.3	1.9	-1.0	58.7	20.6	0.0	11.1	9.7	1.2	23.0	67.1	45.8	0.0	64.8
Other capital	45.2	16.7	0.5	0.6	12.3	3.3	0.0	-0.4	5.0	-0.7	-3.8	18.8	-3.9	0.0	13.5
In the euro area	197.2	18.9	4.5	5.1	6.9	2.4	0.0	8.2	3.2	0.6	32.6	84.0	16.1	0.0	33.5
Equity/reinvested earnings	208.0	26.9	0.9	7.1	17.2	1.8	0.0	14.7	0.4	1.3	15.8	90.6	21.6	0.0	36.6
Other capital	-10.8	-8.0	3.6	-1.9	-10.3	0.7	0.0	-6.5	2.8	-0.7	16.7	-6.6	-5.5	0.0	-3.0
Portfolio investment assets	-47.2	-5.8	-0.4	10.4	-40.1	2.0	22.4	-4.7	5.4	1.0	-5.4	0.4	-27.5	2.8	-13.4
Equity	-69.0	-13.1	-0.8	-0.2	-12.2	-0.3	0.4	3.3	4.0	-5.4	-7.3	-22.3	-9.1	-0.4	-18.8
Debt instruments	21.8	7.4	0.4	10.6	-28.0	2.3	22.0	-8.0	1.4	6.4	1.8	22.6	-18.4	3.2	5.4
Bonds and notes	-9.0	7.9	3.4	3.1	-15.8	1.3	15.9	-7.6	0.9	-5.2	1.3	-1.9	-20.4	2.4	13.7
Money market instruments	30.8	-0.5	-3.0	7.5	-12.1	0.9	6.1	-0.4	0.5	11.6	0.5	24.6	2.1	0.9	-8.3
Other investment	150.7	8.7	1.1	-26.5	86.8	-10.9	-41.9	1.1	0.7	-4.7	-33.4	147.2	127.6	-41.2	-55.3
Assets	158.9	-6.9	-7.5	3.2	3.9	-8.2	1.7	0.4	11.8	1.1	9.1	84.2	58.7	-12.5	13.0
General government	1.5	9.8	0.8	-1.9	10.5	-0.4	0.8	0.0	-0.1	-0.5	0.0	-4.9	-1.0	0.4	-2.2
MFIs	47.7	-81.4	-9.7	1.0	-64.5	-8.9	0.6	-1.2	9.5	3.2	0.2	80.8	49.8	-13.0	-0.2
Other sectors	109.7	64.7	1.4	4.0	57.9	1.0	0.4	1.6	2.4	-1.5	8.9	8.3	9.9	0.1	15.4
Liabilities	8.2	-15.6	-8.6	29.7	-83.0	2.6	43.6	-0.7	11.1	5.8	42.5	-63.0	-68.9	28.7	68.3
General government	72.7	29.3	0.0	-0.1	1.0	-0.1	28.5	0.0	0.0	0.0	0.3	7.2	-0.3	36.3	0.1
MFIs	-154.3	-90.0	-6.0	26.9	-124.2	4.2	9.2	-2.5	7.9	6.9	40.4	-72.4	-75.5	-7.9	38.8
Other sectors	89.8	45.1	-2.6	3.0	40.3	-1.5	5.9	1.9	3.2	-1.1	1.8	2.2	7.0	0.3	29.5

Source: ECB.

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

	B.o.p. items mirroring net transactions by MFIs											
	Total	Current and capital account balance	Transactions by non-MFIs								Financial derivatives	Errors and omissions
			Direct investment		Portfolio investment				Other investment			
			By resident units abroad	By non-resident units in euro area	Assets		Liabilities		Assets	Liabilities		
					Equity	Debt instruments	Equity	Debt instruments				
	1	2	3	4	5	6	7	8	9	10	11	12
2009	107.7	-15.7	-312.7	226.7	-54.4	-129.8	114.0	265.4	113.8	-123.6	20.0	4.1
2010	-203.6	-1.7	-259.9	163.1	-70.9	-247.3	160.5	84.8	-172.6	119.2	18.5	2.7
2011	85.7	7.6	-335.0	197.1	50.2	-47.3	100.6	64.9	-111.2	162.5	-20.8	17.0
2011 Q1	81.0	-18.9	-120.5	82.6	5.5	-24.0	98.8	-0.1	-16.3	50.2	-0.4	24.2
Q2	19.6	-17.9	-53.7	28.5	-23.7	-28.8	0.2	132.0	-35.8	18.5	3.6	-3.3
Q3	7.5	4.4	-56.0	37.2	40.8	-2.0	-11.7	-7.2	-48.4	73.1	-14.8	-7.9
Q4	-22.4	39.9	-104.7	48.7	27.6	7.5	13.3	-59.8	-10.7	20.8	-9.2	4.1
2012 Q1	-52.5	-6.2	-67.7	39.0	-9.3	-58.7	29.7	21.4	-25.1	13.9	-4.0	14.4
2011 Mar.	92.8	0.9	-40.1	35.4	7.7	-1.1	43.0	23.3	-0.3	18.1	-1.4	7.2
Apr.	-21.6	-5.1	-46.4	20.8	-14.2	-14.0	4.6	13.7	-0.1	6.0	3.3	9.8
May	-0.9	-13.5	-7.0	3.2	-2.1	-18.5	-15.4	73.4	-29.6	15.6	-1.6	-5.4
June	42.1	0.8	-0.3	4.5	-7.4	3.7	10.9	44.9	-6.1	-3.1	1.9	-7.7
July	-18.1	3.2	-31.0	12.2	3.9	-16.5	14.5	-21.4	-7.6	21.3	0.3	3.0
Aug.	10.7	0.6	1.0	7.7	27.2	1.8	-14.4	-17.1	-12.0	23.9	-8.0	-0.1
Sep.	14.9	0.6	-26.1	17.3	9.7	12.7	-11.7	31.3	-28.8	27.8	-7.1	-10.9
Oct.	-39.4	5.2	-19.7	13.7	4.4	8.9	-22.9	0.8	-42.4	18.6	-2.2	-3.9
Nov.	-28.8	11.5	-47.6	4.5	17.1	-0.6	8.5	-24.2	-6.0	1.3	-3.8	10.4
Dec.	45.9	23.3	-37.5	30.4	6.1	-0.8	27.7	-36.4	37.7	0.9	-3.2	-2.4
2012 Jan.	-50.6	-10.0	-24.2	20.7	-3.5	-21.5	5.8	-15.0	-7.2	8.8	-4.1	-0.4
Feb.	18.4	-4.0	-17.4	9.7	-2.4	-19.5	3.9	39.9	-9.0	8.5	4.9	3.8
Mar.	-20.3	7.9	-26.1	8.7	-3.4	-17.7	20.0	-3.6	-8.9	-3.4	-4.8	11.1
	12-month cumulated transactions											
2012 Mar.	-47.8	20.4	-282.1	153.5	35.5	-82.0	31.5	86.4	-120.0	126.2	-24.4	7.2

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



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

7.5 Trade in goods

1. Values and volumes by product group 1)

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)					Imports (c.i.f.)					
	Exports	Imports	Total				Memo item:	Total				Memo items:	
				Intermediate	Capital	Consumption	Manufacturing		Intermediate	Capital	Consumption	Manufacturing	Oil
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Values (EUR billions; annual percentage changes for columns 1 and 2)												
2010	20.0	22.5	1,533.6	764.2	311.5	419.8	1,268.7	1,547.7	948.1	230.0	348.3	1,019.7	250.1
2011	12.9	12.5	1,738.3	872.7	351.0	472.2	1,423.2	1,745.9	1,118.1	236.3	364.1	1,097.7	318.6
2011 Q2	13.2	13.0	429.9	215.9	87.5	116.0	351.0	436.8	280.8	59.1	90.1	276.4	78.1
Q3	9.6	9.8	437.1	219.7	87.6	118.9	358.4	441.3	283.8	59.4	91.7	276.0	82.4
Q4	8.4	4.7	444.6	222.1	90.3	121.3	363.6	432.6	276.4	58.5	90.5	268.0	83.7
2012 Q1	8.5	3.4	464.9	231.6	93.7	127.7	374.5	451.3	289.2	61.6	91.8	272.2	.
2011 Oct.	5.8	8.2	144.4	72.8	27.9	39.5	116.7	144.3	92.0	19.6	30.2	89.4	27.8
Nov.	10.3	4.7	149.1	74.2	31.3	40.3	122.0	144.1	92.3	19.6	30.1	88.6	28.4
Dec.	9.3	1.4	151.1	75.1	31.1	41.5	124.8	144.2	92.1	19.3	30.2	90.0	27.5
2012 Jan.	11.0	4.2	153.2	76.9	30.2	41.7	122.8	147.8	94.2	20.4	30.3	90.4	28.8
Feb.	11.0	7.1	156.6	78.2	31.9	42.7	126.6	152.6	99.1	20.3	30.8	92.0	28.8
Mar.	4.4	-0.4	155.2	76.6	31.5	43.4	125.1	150.9	95.9	20.9	30.7	89.8	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2010	14.9	10.7	136.8	132.4	138.5	143.6	133.9	121.1	113.3	131.7	143.3	128.1	104.8
2011	7.4	2.5	147.7	142.2	152.2	154.6	145.0	124.1	117.0	133.8	143.1	133.0	101.0
2011 Q1	13.5	7.9	146.0	141.6	148.6	152.3	143.2	125.2	118.2	132.6	145.2	133.7	99.9
Q2	8.4	3.0	147.1	140.9	153.3	153.9	144.2	124.3	117.0	135.1	143.9	134.9	96.5
Q3	5.4	2.9	148.2	142.7	152.5	155.4	146.1	125.3	118.5	136.3	143.3	134.0	104.0
Q4	3.2	-3.1	149.4	143.5	154.4	156.9	146.8	121.4	114.1	131.2	140.0	129.4	103.6
2011 Sep.	5.5	2.0	149.4	144.1	152.3	156.7	146.1	123.9	117.1	132.5	143.3	132.7	105.5
Oct.	0.3	0.2	145.7	140.5	144.9	153.3	141.3	122.0	114.1	134.2	140.5	129.7	104.5
Nov.	5.0	-3.9	151.1	144.9	160.7	156.8	148.5	121.8	114.9	132.2	140.0	128.9	105.4
Dec.	4.4	-5.4	151.6	145.0	157.5	160.5	150.5	120.5	113.3	127.4	139.5	129.5	100.9
2012 Jan.	7.0	-1.4	152.1	147.0	153.6	158.0	147.0	121.1	114.3	130.8	136.6	127.6	102.3
Feb.	6.2	0.5	153.5	147.3	161.7	159.9	150.1	124.0	118.3	130.4	139.8	130.2	97.8

2. Prices 2)

(annual percentage changes, unless otherwise indicated)

	Industrial producer export prices (f.o.b.) 3)							Industrial import prices (c.i.f.)						
	Total (index: 2005 = 100)	Total					Memo item:	Total (index: 2005 = 100)	Total					Memo item:
			Intermediate goods	Capital goods	Consumer goods	Energy	Manufacturing			Intermediate goods	Capital goods	Consumer goods	Energy	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
2010	106.2	4.1	4.8	1.4	2.2	26.4	4.1	108.8	9.8	9.7	1.4	2.9	26.1	5.8
2011	110.5	4.0	5.8	1.4	2.2	23.3	4.0	118.7	9.1	4.6	-0.1	3.8	26.1	4.2
2011 Q3	110.8	3.4	5.0	0.9	1.8	25.5	3.4	118.9	8.1	3.0	-1.5	2.9	26.4	3.0
Q4	111.1	3.5	3.8	1.8	2.3	20.3	3.4	119.8	7.6	0.4	0.5	3.4	24.0	2.8
2012 Q1	112.9	3.0	1.7	2.0	2.5	17.5	3.0	123.0	4.8	-1.3	1.3	2.2	14.8	1.5
2011 Nov.	111.1	3.7	3.8	1.8	2.4	22.3	3.6	119.9	8.2	0.8	0.5	3.4	26.6	3.0
Dec.	111.4	3.1	3.1	1.9	2.2	14.8	3.0	120.2	5.7	-1.0	0.6	2.8	17.8	1.8
2012 Jan.	112.6	3.2	2.2	2.0	2.5	17.7	3.2	121.9	5.3	-1.4	1.5	2.4	16.2	1.9
Feb.	112.9	3.1	1.6	2.0	2.5	18.7	3.0	123.0	4.7	-1.4	1.0	2.0	15.3	1.3
Mar.	113.3	2.9	1.3	2.1	2.4	16.4	2.8	124.3	4.5	-1.1	1.2	2.3	12.9	1.3
Apr.	113.5	2.8	1.1	2.5	2.5	12.0	2.7	.	.	.	1.5	.	7.3	.

Source: Eurostat.

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

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

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

7.5 Trade in goods
(EUR billions, unless otherwise indicated; seasonally adjusted)

3. Geographical breakdown

	Total	EU Member States outside the euro area				Russia	Switzer-land	Turkey	United States	Asia			Africa	Latin America	Other countries
		Denmark	Sweden	United Kingdom	Other EU countries						China	Japan			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Exports (f.o.b.)														
2010	1,533.6	30.2	52.6	194.8	208.2	63.0	92.8	47.4	180.6	356.6	94.8	34.6	104.0	73.4	130.1
2011	1,738.3	32.8	60.3	213.4	241.2	79.8	108.9	56.7	197.6	406.2	115.4	39.4	111.1	84.5	145.7
2010 Q4	406.1	8.3	14.2	50.4	56.0	17.4	24.8	13.3	46.3	93.6	25.5	9.0	27.2	19.0	35.6
2011 Q1	426.7	8.1	15.0	52.9	59.2	18.6	25.8	15.3	49.6	99.8	28.8	9.3	27.8	20.2	34.5
Q2	429.9	8.2	15.4	52.6	60.5	19.7	26.1	14.3	48.1	98.4	27.4	9.5	26.8	20.7	39.0
Q3	437.1	8.3	15.6	53.7	61.2	20.6	28.8	13.6	48.6	101.7	28.6	10.2	27.8	21.7	35.6
Q4	444.6	8.3	14.4	54.1	60.4	20.9	28.2	13.5	51.3	106.3	30.5	10.5	28.6	21.9	36.7
2012 Q1	464.9	.	.	.	.	22.2	29.4	14.6	55.3	109.3	31.6	10.5	31.0	24.0	.
2011 Oct.	144.4	2.7	4.7	17.7	19.7	6.6	9.3	4.4	15.7	34.5	10.2	3.6	9.2	6.8	12.8
Nov.	149.1	2.8	4.8	18.3	20.3	7.0	9.4	4.4	17.5	35.6	10.2	3.5	9.6	7.2	12.3
Dec.	151.1	2.8	4.9	18.1	20.3	7.2	9.5	4.7	18.1	36.2	10.1	3.4	9.8	7.9	11.6
2012 Jan.	153.2	2.8	5.0	18.7	20.3	7.1	9.9	4.7	18.3	35.9	10.5	3.5	9.7	7.7	13.0
Feb.	156.6	2.8	5.0	19.2	20.9	7.6	9.8	4.8	18.6	37.3	10.9	3.6	10.3	8.0	12.2
Mar.	155.2	.	.	.	.	7.5	9.6	5.1	18.5	36.1	10.2	3.5	11.0	8.3	.
	Percentage share of total exports														
2011	100.0	1.9	3.5	12.3	13.9	4.6	6.3	3.3	11.4	23.4	6.6	2.3	6.4	4.9	8.4
	Imports (c.i.f.)														
2010	1,547.7	27.4	47.3	147.8	195.4	112.2	72.8	30.7	129.9	494.9	208.7	51.4	118.8	75.3	95.3
2011	1,745.9	29.7	53.2	166.1	226.4	138.5	80.1	34.8	139.4	548.2	217.0	52.5	128.3	90.5	110.8
2010 Q4	408.6	7.0	12.5	38.7	52.4	30.3	17.9	8.1	34.2	128.6	54.2	13.0	32.6	20.9	25.4
2011 Q1	435.3	7.2	13.2	40.8	55.6	36.0	19.1	9.0	35.3	135.6	54.6	13.7	34.9	21.5	27.0
Q2	436.8	7.6	13.4	41.1	56.5	34.3	19.3	8.8	34.2	139.9	56.0	12.7	30.6	21.9	29.3
Q3	441.3	7.4	13.9	42.3	57.2	33.0	22.0	8.5	34.5	139.3	54.7	13.3	31.1	23.5	28.6
Q4	432.6	7.6	12.7	41.9	57.2	35.3	19.8	8.5	35.4	133.3	51.7	12.8	31.6	23.5	25.8
2012 Q1	451.3	.	.	.	.	37.5	19.9	8.4	37.5	134.8	52.8	12.4	38.4	23.6	.
2011 Oct.	144.3	2.4	4.2	13.9	18.8	12.1	6.6	2.9	11.9	44.8	17.5	4.3	10.7	7.7	8.4
Nov.	144.1	2.6	4.3	14.1	19.3	11.7	6.8	2.7	11.7	44.4	17.0	4.3	10.4	7.7	8.3
Dec.	144.2	2.5	4.2	14.0	19.1	11.4	6.4	2.9	11.8	44.1	17.2	4.3	10.6	8.1	9.1
2012 Jan.	147.8	2.4	4.4	14.1	19.0	11.7	6.8	2.7	12.3	44.4	17.6	4.1	12.0	7.8	10.4
Feb.	152.6	2.5	4.4	14.6	19.4	12.7	6.8	2.8	12.5	46.1	18.3	4.3	13.2	8.2	9.3
Mar.	150.9	.	.	.	.	13.1	6.4	2.8	12.7	44.3	16.9	4.0	13.2	7.7	.
	Percentage share of total imports														
2011	100.0	1.7	3.0	9.5	13.0	7.9	4.6	2.0	8.0	31.4	12.4	3.0	7.3	5.2	6.3
	Balance														
2010	-14.1	2.7	5.3	47.0	12.7	-49.1	20.0	16.8	50.7	-138.3	-113.9	-16.8	-14.8	-1.8	34.8
2011	-7.6	3.1	7.1	47.3	14.8	-58.7	28.8	21.9	58.2	-142.0	-101.7	-13.0	-17.1	-6.0	34.9
2010 Q4	-2.6	1.3	1.7	11.7	3.6	-12.9	6.9	5.2	12.1	-35.1	-28.7	-4.0	-5.3	-1.9	10.2
2011 Q1	-8.5	0.8	1.7	12.2	3.6	-17.4	6.8	6.3	14.3	-35.8	-25.8	-4.4	-7.1	-1.4	7.5
Q2	-6.9	0.7	2.0	11.5	4.0	-14.5	6.8	5.5	13.9	-41.5	-28.7	-3.2	-3.8	-1.2	9.6
Q3	-4.2	0.9	1.7	11.4	4.0	-12.4	6.8	5.1	14.1	-37.6	-26.0	-3.1	-3.3	-1.7	6.9
Q4	12.0	0.7	1.7	12.2	3.2	-14.4	8.5	5.1	15.9	-27.0	-21.2	-2.3	-3.0	-1.7	10.9
2012 Q1	13.7	.	.	.	.	-15.3	9.4	6.3	17.9	-25.6	-21.2	-1.9	-7.4	0.4	.
2011 Oct.	0.1	0.3	0.6	3.9	0.9	-5.5	2.8	1.5	3.8	-10.3	-7.3	-0.7	-1.4	-0.9	4.4
Nov.	5.0	0.1	0.4	4.2	1.0	-4.7	2.6	1.7	5.8	-8.8	-6.8	-0.8	-0.7	-0.5	3.9
Dec.	7.0	0.3	0.7	4.1	1.3	-4.2	3.1	1.8	6.3	-7.8	-7.1	-0.8	-0.8	-0.2	2.5
2012 Jan.	5.4	0.4	0.6	4.6	1.3	-4.5	3.1	2.0	6.0	-8.5	-7.1	-0.6	-2.3	-0.1	2.7
Feb.	4.0	0.3	0.6	4.6	1.5	-5.1	3.0	2.0	6.1	-8.8	-7.4	-0.7	-2.9	-0.2	2.8
Mar.	4.3	.	.	.	.	-5.6	3.3	2.3	5.8	-8.2	-6.7	-0.6	-2.3	0.7	.

Source: Eurostat.

EXCHANGE RATES

8.1 Effective exchange rates [1]

(period averages; index: 1999 Q1=100)

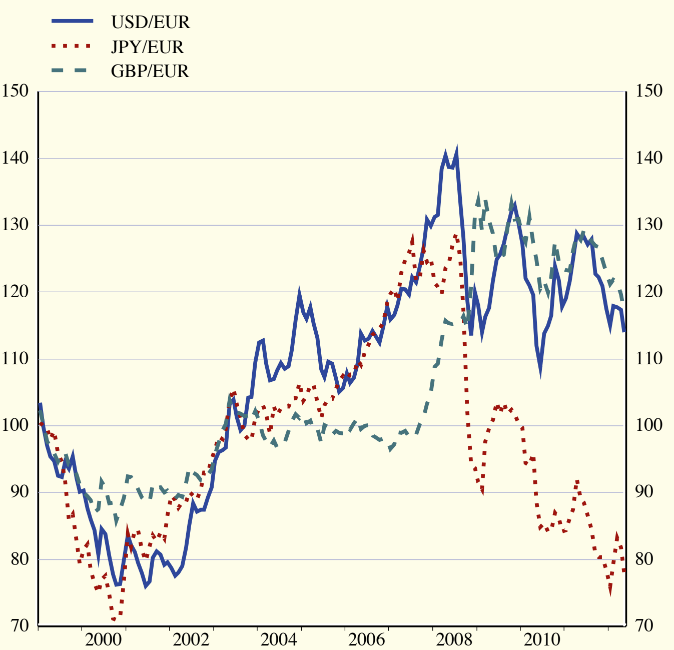
	EER-20						EER-40	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2009	110.6	109.2	104.3	104.9	118.7	104.8	119.7	106.8
2010	103.6	101.6	98.1	96.8	107.8	97.2	111.4	98.1
2011	103.4	100.7	97.6	95.1	107.4	95.8	112.1	97.6
2011 Q1	102.7	100.2	97.1	94.9	105.7	95.3	110.7	96.7
Q2	105.2	102.6	99.3	97.1	109.0	97.7	113.5	99.0
Q3	103.5	100.6	97.6	95.1	108.1	95.7	112.5	97.7
Q4	102.1	99.4	96.3	93.3	106.9	94.5	111.6	97.0
2012 Q1	99.5	96.9	94.3	.	.	.	108.3	94.1
2011 May	104.9	102.2	98.8	-	-	-	113.2	98.6
June	105.0	102.2	99.0	-	-	-	113.4	98.8
July	104.0	101.0	98.1	-	-	-	112.4	97.7
Aug.	103.9	100.8	97.9	-	-	-	112.9	98.0
Sep.	102.8	100.0	96.8	-	-	-	112.0	97.4
Oct.	103.0	100.3	97.0	-	-	-	112.6	97.8
Nov.	102.6	99.9	96.7	-	-	-	112.1	97.4
Dec.	100.8	98.1	95.1	-	-	-	110.3	95.8
2012 Jan.	98.9	96.3	93.6	-	-	-	108.0	93.7
Feb.	99.6	97.2	94.6	-	-	-	108.4	94.1
Mar.	99.8	97.3	94.8	-	-	-	108.6	94.3
Apr.	99.5	97.0	94.6	-	-	-	108.4	94.1
May	98.0	95.6	93.4	-	-	-	107.2	93.0
	Percentage change versus previous month							
2012 May	-1.4	-1.4	-1.3	-	-	-	-1.1	-1.2
	Percentage change versus previous year							
2012 May	-6.5	-6.4	-5.5	-	-	-	-5.3	-5.7

C39 Effective exchange rates

(monthly averages; index: 1999 Q1=100)

C40 Bilateral exchange rates

(monthly averages; index: 1999 Q1=100)



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

8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	Bulgarian lev	Czech koruna	Danish krone	Latvian lats	Lithuanian litas	Hungarian forint	Polish zloty	New Romanian leu	Swedish krona	Pound sterling	Croatian kuna	New Turkish lira
	1	2	3	4	5	6	7	8	9	10	11	12
2009	1.9558	26.435	7.4462	0.7057	3.4528	280.33	4.3276	4.2399	10.6191	0.89094	7.3400	2.1631
2010	1.9558	25.284	7.4473	0.7087	3.4528	275.48	3.9947	4.2122	9.5373	0.85784	7.2891	1.9965
2011	1.9558	24.590	7.4506	0.7063	3.4528	279.37	4.1206	4.2391	9.0298	0.86788	7.4390	2.3378
2011 Q3	1.9558	24.387	7.4506	0.7093	3.4528	275.10	4.1527	4.2587	9.1451	0.87760	7.4629	2.4535
Q4	1.9558	25.276	7.4398	0.7017	3.4528	303.47	4.4207	4.3365	9.0910	0.85727	7.4968	2.4759
2012 Q1	1.9558	25.084	7.4350	0.6985	3.4528	296.85	4.2329	4.3533	8.8529	0.83448	7.5568	2.3556
2011 Nov.	1.9558	25.464	7.4412	0.7015	3.4528	309.15	4.4324	4.3560	9.1387	0.85740	7.4923	2.4565
Dec.	1.9558	25.514	7.4341	0.6975	3.4528	304.19	4.4774	4.3282	9.0184	0.84405	7.5136	2.4632
2012 Jan.	1.9558	25.531	7.4353	0.6990	3.4528	307.33	4.3760	4.3417	8.8503	0.83210	7.5543	2.3759
Feb.	1.9558	25.042	7.4341	0.6988	3.4528	290.68	4.1835	4.3513	8.8196	0.83696	7.5815	2.3264
Mar.	1.9558	24.676	7.4354	0.6977	3.4528	292.26	4.1370	4.3668	8.8873	0.83448	7.5358	2.3631
Apr.	1.9558	24.809	7.4393	0.6993	3.4528	294.81	4.1782	4.3789	8.8650	0.82188	7.4991	2.3520
May	1.9558	25.313	7.4335	0.6981	3.4528	293.67	4.2937	4.4412	8.9924	0.80371	7.5383	2.3149
	Percentage change versus previous month											
2012 May	0.0	2.0	-0.1	-0.2	0.0	-0.4	2.8	1.4	1.4	-2.2	0.5	-1.6
	Percentage change versus previous year											
2012 May	0.0	3.8	-0.3	-1.6	0.0	10.0	9.0	7.9	0.4	-8.4	1.8	2.4

	Australian dollar	Brazilian real	Canadian dollar	Chinese yuan renminbi	Hong Kong dollar	Icelandic krona [1]	Indian rupee [2]	Indonesian rupiah	Israeli shekel	Japanese yen	Malaysian ringgit
	13	14	15	16	17	18	19	20	21	22	23
2009	1.7727	2.7674	1.5850	9.5277	10.8114	-	67.3611	14,443.74	5.4668	130.34	4.9079
2010	1.4423	2.3314	1.3651	8.9712	10.2994	-	60.5878	12,041.70	4.9457	116.24	4.2668
2011	1.3484	2.3265	1.3761	8.9960	10.8362	-	64.8859	12,206.51	4.9775	110.96	4.2558
2011 Q3	1.3459	2.3063	1.3841	9.0653	11.0105	-	64.7000	12,181.09	5.0174	109.77	4.2666
Q4	1.3316	2.4240	1.3788	8.5682	10.4879	-	68.5352	12,111.94	5.0172	104.22	4.2458
2012 Q1	1.2425	2.3169	1.3128	8.2692	10.1725	-	65.8991	11,901.67	4.9431	103.99	4.0121
2011 Nov.	1.3414	2.4210	1.3897	8.6154	10.5495	-	68.8330	12,214.99	5.0521	105.02	4.2756
Dec.	1.3003	2.4175	1.3481	8.3563	10.2496	-	69.2066	11,965.40	4.9725	102.55	4.1639
2012 Jan.	1.2405	2.3084	1.3073	8.1465	10.0187	-	66.0601	11,709.25	4.9141	99.33	4.0151
Feb.	1.2327	2.2729	1.3193	8.3314	10.2553	-	65.0589	11,913.82	4.9474	103.77	3.9978
Mar.	1.2538	2.3674	1.3121	8.3326	10.2474	-	66.5399	12,082.50	4.9679	108.88	4.0229
Apr.	1.2718	2.4405	1.3068	8.2921	10.2163	-	68.1939	12,068.69	4.9362	107.00	4.0277
May	1.2825	2.5357	1.2916	8.0806	9.9291	-	69.6407	11,913.51	4.8974	101.97	3.9688
	Percentage change versus previous month										
2012 May	0.8	3.9	-1.2	-2.6	-2.8	-	2.1	-1.3	-0.8	-4.7	-1.5
	Percentage change versus previous year										
2012 May	-4.5	9.6	-7.0	-13.3	-11.0	-	8.0	-3.1	-1.5	-12.4	-8.3

	Mexican peso	New Zealand dollar	Norwegian krone	Philippine peso	Russian rouble	Singapore dollar	South African rand	South Korean won	Swiss franc	Thai baht	US dollar
	24	25	26	27	28	29	30	31	32	33	34
2009	18.7989	2.2121	8.7278	66.338	44.1376	2.0241	11.6737	1,772.90	1.5100	47.804	1.3948
2010	16.7373	1.8377	8.0043	59.739	40.2629	1.8055	9.6984	1,531.82	1.3803	42.014	1.3257
2011	17.2877	1.7600	7.7934	60.260	40.8846	1.7489	10.0970	1,541.23	1.2326	42.429	1.3920
2011 Q3	17.3908	1.6976	7.7652	60.371	41.1734	1.7309	10.0898	1,532.60	1.1649	42.574	1.4127
Q4	18.3742	1.7353	7.7602	58.566	42.0737	1.7348	10.9209	1,542.87	1.2293	41.791	1.3482
2012 Q1	17.0195	1.6030	7.5868	56.421	39.5496	1.6573	10.1730	1,482.75	1.2080	40.630	1.3108
2011 Nov.	18.5646	1.7584	7.7868	58.743	41.8082	1.7476	11.0547	1,537.42	1.2307	41.969	1.3556
Dec.	18.1174	1.7102	7.7451	57.537	41.5686	1.7070	10.7829	1,513.26	1.2276	41.099	1.3179
2012 Jan.	17.3140	1.6132	7.6752	56.208	40.4394	1.6510	10.3405	1,474.96	1.2108	40.718	1.2905
Feb.	16.9159	1.5845	7.5522	56.419	39.4232	1.6585	10.1289	1,485.58	1.2071	40.614	1.3224
Mar.	16.8239	1.6104	7.5315	56.634	38.7804	1.6624	10.0475	1,487.83	1.2061	40.557	1.3201
Apr.	17.1900	1.6095	7.5698	56.145	38.8087	1.6459	10.3060	1,495.40	1.2023	40.639	1.3162
May	17.4237	1.6538	7.5655	54.908	39.5585	1.6152	10.4412	1,481.36	1.2012	40.077	1.2789
	Percentage change versus previous month										
2012 May	1.4	2.8	-0.1	-2.2	1.9	-1.9	1.3	-0.9	-0.1	-1.4	-2.8
	Percentage change versus previous year										
2012 May	4.2	-8.2	-3.5	-11.4	-1.2	-9.1	6.0	-4.8	-4.2	-7.7	-10.9

Source: ECB.

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

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

DEVELOPMENTS OUTSIDE THE EURO AREA

9.1 Economic and financial developments in other EU Member States

(annual percentage changes, unless otherwise indicated)

	Bulgaria	Czech Republic	Denmark	Latvia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10
	HICP									
2010	3.0	1.2	2.2	-1.2	1.2	4.7	2.7	6.1	1.9	3.3
2011	3.4	2.1	2.7	4.2	4.1	3.9	3.9	5.8	1.4	4.5
2011 Q4	2.5	2.8	2.5	4.1	4.0	4.1	4.2	3.4	0.9	4.7
2012 Q1	1.9	4.0	2.8	3.3	3.6	5.6	4.2	2.7	0.9	3.5
2012 Feb.	2.0	4.0	2.7	3.3	3.7	5.8	4.4	2.7	1.0	3.4
Mar.	1.7	4.2	2.7	3.2	3.7	5.5	3.9	2.5	1.1	3.5
Apr.	2.0	4.0	2.3	2.8	3.3	5.6	4.0	1.9	1.0	3.0
	General government deficit (-)/surplus (+) as a percentage of GDP									
2009	-4.3	-5.8	-2.7	-9.8	-9.4	-4.6	-7.4	-9.0	-0.7	-11.5
2010	-3.1	-4.8	-2.5	-8.2	-7.2	-4.2	-7.8	-6.8	0.3	-10.2
2011	-2.1	-3.1	-1.8	-3.5	-5.5	4.3	-5.1	-5.2	0.3	-8.3
	General government gross debt as a percentage of GDP									
2009	14.6	34.4	40.6	36.7	29.4	79.8	50.9	23.6	42.6	69.6
2010	16.3	38.1	42.9	44.7	38.0	81.4	54.8	30.5	39.4	79.6
2011	16.3	41.2	46.5	42.6	38.5	80.6	56.3	33.3	38.4	85.7
	Long-term government bond yield as a percentage per annum; period average									
2011 Nov.	5.27	3.67	2.01	5.73	5.25	8.53	5.80	7.43	1.69	1.96
Dec.	5.23	3.70	1.86	5.93	5.75	8.97	5.84	7.39	1.68	1.81
2012 Jan.	5.30	3.39	1.74	5.74	5.35	9.51	5.68	7.02	1.70	2.04
Feb.	5.31	3.12	1.84	5.45	5.15	8.60	5.46	6.99	1.89	2.13
Mar.	5.07	3.51	1.89	5.15	5.29	8.73	5.37	6.48	1.95	2.17
Apr.	5.11	3.51	1.71	5.10	5.30	8.77	5.49	6.24	1.82	2.03
	3-month interest rate as a percentage per annum; period average									
2011 Nov.	3.64	1.15	1.29	1.27	1.87	7.25	4.94	6.01	2.62	1.01
Dec.	3.64	1.16	1.08	1.86	1.78	6.50	4.98	6.05	2.69	1.06
2012 Jan.	3.34	1.17	1.01	1.79	1.48	8.54	4.99	5.26	2.61	1.09
Feb.	3.19	1.20	1.00	1.31	1.43	8.83	4.97	4.79	2.44	1.07
Mar.	2.91	1.23	0.99	1.19	1.31	-	4.95	4.25	2.30	1.04
Apr.	2.71	1.24	0.97	1.00	1.28	8.19	4.94	4.12	2.19	1.02
	Real GDP									
2010	0.4	2.7	1.3	-0.3	1.4	1.3	3.9	-1.7	6.2	2.1
2011	1.7	1.7	1.0	5.5	5.9	1.7	4.3	2.5	3.9	0.7
2011 Q3	1.6	1.3	0.0	5.9	6.7	1.4	4.0	3.4	4.0	0.3
Q4	1.6	0.6	0.4	5.9	5.2	1.2	4.2	2.2	1.2	0.5
2012 Q1	.	.	0.4	.	4.4	-1.5	3.8	.	1.5	-0.1
	Current and capital account balance as a percentage of GDP									
2010	-0.2	-3.0	5.6	4.9	4.2	3.0	-2.8	-4.2	6.7	-3.1
2011	2.2	-2.5	6.7	0.9	0.9	3.6	-2.1	-4.1	7.1	-1.7
2011 Q2	0.6	-5.9	7.0	-0.7	-2.1	3.2	-2.1	-7.5	6.7	-0.3
Q3	11.9	-5.7	8.4	0.8	5.7	4.4	-3.3	-4.3	8.6	-3.1
Q4	-4.1	-0.6	5.9	2.6	-1.6	3.2	-1.4	-1.8	5.3	-1.6
	Gross external debt as a percentage of GDP									
2009	108.3	51.6	188.5	156.5	87.0	144.9	59.4	68.5	210.5	416.9
2010	102.8	56.5	191.3	165.4	87.4	144.0	66.0	75.8	191.3	413.9
2011 Q2	95.9	55.6	181.8	154.6	85.4	137.2	68.7	76.5	188.2	418.5
Q3	93.3	57.9	183.5	151.4	82.0	146.9	73.5	76.9	196.4	435.6
Q4	92.0	58.4	182.8	145.9	80.8	145.3	72.2	73.5	194.9	426.0
	Unit labour costs									
2010	5.6	-0.7	-1.0	-9.8	-7.3	-3.2	2.3	7.9	-1.9	1.7
2011	1.1	0.2	0.3	2.1	-0.2	4.4	0.9	1.7	-0.9	1.6
2011 Q3	3.1	0.0	0.9	2.1	-0.9	6.0	2.0	3.9	-0.5	2.4
Q4	4.8	0.4	1.6	2.1	3.1	3.7	0.3	0.3	0.4	3.3
2012 Q1	.	.	1.3	.	.	.	.	.	.	3.6
	Standardised unemployment rate as a percentage of labour force (s.a.)									
2010	10.2	7.3	7.5	18.7	17.8	11.1	9.6	7.3	8.4	7.8
2011	11.2	6.7	7.6	16.2	15.4	10.9	9.7	7.4	7.5	8.0
2011 Q4	11.6	6.6	7.8	15.5	14.1	10.9	10.0	7.5	7.5	8.3
2012 Q1	12.3	6.7	7.5	15.2	13.6	11.1	9.9	7.2	7.4	.
2012 Feb.	12.4	6.8	7.6	15.2	13.6	11.0	10.0	7.1	7.5	8.1
Mar.	12.5	6.7	7.6	15.2	13.6	11.0	9.9	7.2	7.3	.
Apr.	12.6	6.6	7.6	.	13.8	10.7	9.9	7.4	7.3	.

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

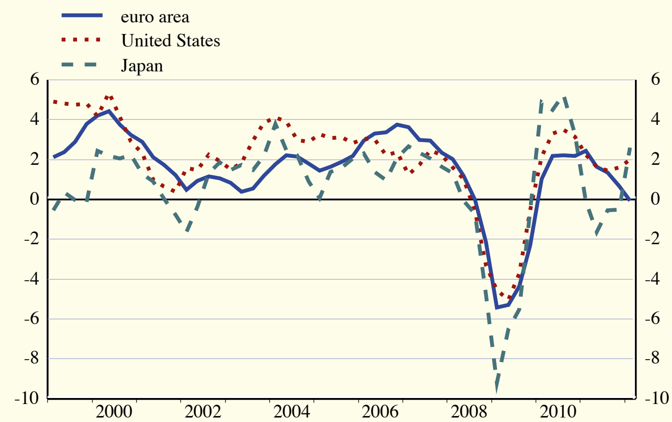
9.2 Economic and financial developments in the United States and Japan

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs [1]	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force [2] (s.a.)	Broad money [3]	3-month interbank deposit rate [4]	10-year zero coupon government bond yield; [4] end of period	Exchange rate [5] as national currency per euro	Fiscal deficit (-)/ surplus (+) as a % of GDP	Gross public debt [6] as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
					United States						
2008	3.8	2.8	-0.3	-4.8	5.8	6.8	2.93	2.70	1.4708	-6.6	61.5
2009	-0.4	-0.6	-3.5	-13.8	9.3	8.0	0.69	4.17	1.3948	-11.6	74.1
2010	1.6	-2.0	3.0	6.3	9.6	2.5	0.34	3.57	1.3257	-10.7	82.4
2011	3.2	1.9	1.7	4.8	9.0	7.3	0.34	2.10	1.3920	-9.7	86.4
2011 Q1	2.1	1.3	2.2	6.8	9.0	4.7	0.31	3.76	1.3680	-9.9	83.3
Q2	3.4	1.0	1.6	4.0	9.0	5.5	0.26	3.46	1.4391	-10.2	83.0
Q3	3.8	2.0	1.5	3.9	9.1	9.2	0.30	2.18	1.4127	-9.6	84.9
Q4	3.3	3.1	1.6	4.5	8.7	9.7	0.48	2.10	1.3482	-9.1	86.4
2012 Q1	2.8	2.2	2.0	5.3	8.3	10.1	0.51	2.38	1.3108	.	.
2012 Jan.	2.9	-	-	5.3	8.3	10.4	0.57	1.97	1.2905	-	-
Feb.	2.9	-	-	5.9	8.3	10.1	0.50	2.15	1.3224	-	-
Mar.	2.7	-	-	4.6	8.2	9.8	0.47	2.38	1.3201	-	-
Apr.	2.3	-	-	5.9	8.1	9.8	0.47	2.11	1.3162	-	-
May	.	-	-	.	8.2	.	0.47	1.79	1.2789	-	-
					Japan						
2008	1.4	1.3	-1.1	-3.4	4.0	2.1	0.93	1.21	152.45	-1.9	162.9
2009	-1.3	2.9	-5.5	-21.9	5.1	2.7	0.47	1.42	130.34	-8.8	180.0
2010	-0.7	-2.8	4.5	16.6	5.1	2.8	0.23	1.18	116.24	-8.4	188.4
2011	-0.3	.	-0.7	-2.5	4.6	2.8	0.19	1.00	110.96	.	.
2011 Q1	-0.5	0.4	-0.1	-1.3	4.8	2.5	0.19	1.33	112.57	.	.
Q2	-0.4	1.6	-1.7	-5.9	4.6	2.7	0.20	1.18	117.41	.	.
Q3	0.1	0.6	-0.5	-1.0	4.4	2.8	0.19	1.04	109.77	.	.
Q4	-0.3	.	-0.5	-1.7	4.5	3.0	0.20	1.00	104.22	.	.
2012 Q1	0.3	.	2.6	4.7	4.6	3.0	0.20	1.05	103.99	.	.
2012 Jan.	0.1	-	-	-1.6	4.7	3.1	0.20	0.98	99.33	-	-
Feb.	0.3	-	-	1.5	4.5	3.0	0.20	1.01	103.77	-	-
Mar.	0.5	-	-	14.3	4.5	3.0	0.20	1.05	108.88	-	-
Apr.	0.4	-	-	13.6	4.6	2.6	0.20	0.94	107.00	-	-
May	.	-	-	.	.	.	0.20	0.85	101.97	-	-

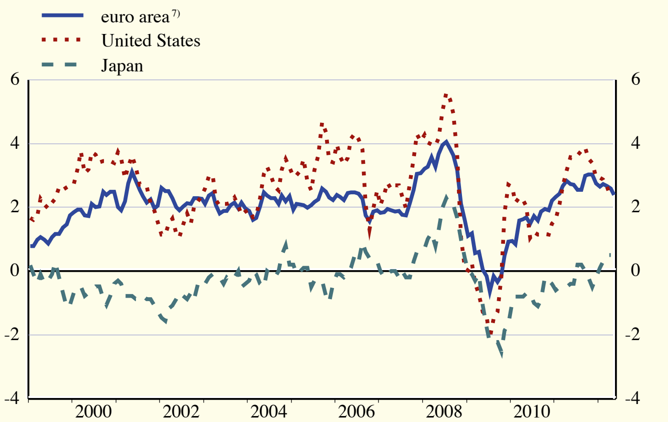
C41 Real gross domestic product

(annual percentage changes; quarterly data)



C42 Consumer price indices

(annual percentage changes; monthly data)



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

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

LIST OF CHARTS

TECHNICAL NOTES

EURO AREA OVERVIEW

CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

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

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

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:

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

SECTION 1.3

CALCULATION OF INTEREST RATES ON INDEXED LONGER-TERM REFINANCING OPERATIONS

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

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

SECTIONS 2.1 TO 2.6

CALCULATION OF TRANSACTIONS

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

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

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

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

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

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

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

CALCULATION OF GROWTH RATES FOR MONTHLY SERIES

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

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

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

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

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

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

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

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

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

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

CALCULATION OF GROWTH RATES FOR QUARTERLY SERIES

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

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

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

SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS[1]

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

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

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

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

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

SECTIONS 3.1 TO 3.5

EQUALITY OF USES AND RESOURCES

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

CALCULATION OF BALANCING ITEMS

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

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

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

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

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

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

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

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

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

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

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

SECTIONS 4.3 AND 4.4

CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

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

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

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

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

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

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

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

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

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

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

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

SEASONAL ADJUSTMENT OF SECURITIES ISSUES STATISTICS [4]

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

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

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

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

As in formulae l) and m), the growth rate a_t for month t, corresponding to the change in the six months ending in month t, can be calculated using either of the following two formulae:

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

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

TABLE 1 IN SECTION 5.1

SEASONAL ADJUSTMENT OF THE HICP [4]

The approach used is based on multiplicative decomposition using X-12-ARIMA (see footnote 2 on page S80). The seasonal adjustment of the overall HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy, and services. Energy is added without adjustment, since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

TABLE 2 IN SECTION 7.1

SEASONAL ADJUSTMENT OF THE BALANCE OF PAYMENTS CURRENT ACCOUNT

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

SECTION 7.3

CALCULATION OF GROWTH RATES FOR THE QUARTERLY AND ANNUAL SERIES

The annual growth rate for quarter t is calculated on the basis of quarterly transactions (F_t) and positions (L_t) as follows:

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

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

GENERAL NOTES

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

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the Governing Council of the ECB's first meeting of the month. For this issue, the cut-off date was 5 June 2012.

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

The composition of the euro area has changed a number of times over the years. When the euro was introduced in 1999, the euro area comprised the following 11 countries (the Euro 11): Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Greece then joined in 2001, forming the Euro 12. Slovenia joined in 2007, forming the Euro 13; Cyprus and Malta joined in 2008, forming the Euro 15; and Slovakia joined in 2009, forming the Euro 16. Finally, Estonia joined in 2011, bringing the number of euro area countries to 17.

EURO AREA SERIES WITH A FIXED COMPOSITION

Aggregated statistical series for fixed compositions of the euro area relate to a given fixed composition for the whole time series, regardless of the composition at the time to which the statistics relate. For example, aggregated series are calculated for the Euro 17 (i.e. aggregating the data of all 17 countries currently in the euro area) for all years, despite the fact that the euro area has only had this composition since 1 January 2011. Unless otherwise indicated, the ECB's Monthly Bulletin provides statistical series for the current composition.

EURO AREA SERIES WITH A CHANGING COMPOSITION

Aggregated statistical series with a changing composition take into account the composition of the euro area at the time to which the statistics relate. For example, euro area statistical series with a changing composition aggregate the data of the Euro 11 for the period up to the end of 2000, the Euro 12 for the period from 2001 to the end of 2006, and so on. With this approach, each individual statistical series covers all of the various compositions of the euro area.

For the HICP, as well as monetary aggregates and their counterparts, annual rates of change are compiled from chain-linked indices, with joining countries' series linked to the euro area series in the December index. Thus, if a country joins the euro area in January of a given year, annual rates of change relate to the previous composition of the euro area up to and including December of the previous year, and the enlarged composition of the euro area thereafter. Percentage changes are calculated on the basis of a chain-linked index, taking account of the changing composition of the euro area. Absolute changes for monetary aggregates and their counterparts (transactions) refer to the composition of the euro area at the time to which the statistics relate.

Given that the composition of the European currency unit (ECU) does not coincide with the former currencies of the countries that have adopted the single currency, pre-1999 amounts originally expressed in the participating currencies and converted into ECU at current ECU exchange rates are affected by movements in the currencies of EU Member States that have not adopted the euro. To avoid this effect on the monetary statistics, pre-1999 data [1] are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless otherwise indicated, price and cost statistics before 1999 are based on data expressed in national currency terms.

Methods of aggregation and/or consolidation (including cross-country consolidation) have been used where appropriate.

Recent data are often provisional and may be revised. Discrepancies between totals and their components may arise from rounding.

The group "Other EU Member States" comprises Bulgaria, the Czech Republic, Denmark, Latvia, Lithuania, Hungary, Poland, Romania, Sweden and the United Kingdom.

In most cases, the terminology used within the tables follows international standards, such as those contained in the European System of Accounts 1995 and the IMF Balance of Payments Manual. Transactions refer to voluntary exchanges (measured directly or derived), while flows also encompass changes in outstanding amounts owing to price and exchange rate changes, write-offs and other changes.

In the tables, the wording "up to (x) years" means "up to and including (x) years".

OVERVIEW

Developments in key indicators for the euro area are summarised in an overview table.

MONETARY POLICY STATISTICS

Section 1.4 shows statistics on minimum reserve and liquidity factors. Maintenance periods for minimum reserve requirements start every month on the settlement day of the main refinancing operation (MRO) following the Governing Council meeting for which the monthly assessment of the monetary policy stance is scheduled. They end on the day preceding the corresponding settlement day in the following month. Annual/quarterly observations refer to averages for the last reserve maintenance period of the year/quarter.

Table 1 in Section 1.4 shows the components of the reserve base of credit institutions subject to reserve requirements. Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks are excluded from the reserve base. When a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years which are held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. The percentage used to calculate the reserve base was 10% until November 1999 and has been 30% since that date.

Table 2 in Section 1.4 contains average data for completed maintenance periods. First, the reserve requirement of each individual credit institution is calculated by applying the reserve ratios for the corresponding categories of liability to the eligible liabilities, using the balance sheet data from the end of each calendar month. Subsequently, each credit institution deducts from this figure a lump-sum allowance of €100,000. The resulting required reserves are then aggregated at the euro area level (column 1). Current account holdings (column 2) are the

1 Data on monetary statistics in Sections 2.1 to 2.8 are available for periods prior to January 1999 on the ECB's website (http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html) and in the SDW (http://sdw.ecb.europa.eu/browse.do?node=2018811).

aggregate average daily current account holdings of credit institutions, including those that serve to fulfil reserve requirements. Excess reserves (column 3) are the average current account holdings over the maintenance period in excess of the required reserves. Deficiencies (column 4) are defined as the average shortfalls of current account holdings from required reserves over the maintenance period, computed on the basis of those credit institutions that have not fulfilled their reserve requirements. The interest rate on minimum reserves (column 5) is equal to the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's MROs (see Section 1.3).

Table 3 in Section 1.4 shows the banking system's liquidity position, which is defined as euro area credit institutions' current account holdings with the Eurosystem in euro. All amounts are derived from the consolidated financial statement of the Eurosystem. Other liquidity-absorbing operations (column 7) exclude the issuance of debt certificates initiated by NCBs in Stage Two of EMU. Net other factors (column 10) represent the netted remaining items in the consolidated financial statement of the Eurosystem. Credit institutions' current accounts (column 11) are equal to the difference between the sum of liquidity-providing factors (columns 1 to 5) and the sum of liquidity-absorbing factors (columns 6 to 10). Base money (column 12) is calculated as the sum of the deposit facility (column 6), banknotes in circulation (column 8) and credit institutions' current account holdings (column 11).

MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

Chapter 2 shows balance sheet statistics for MFIs and other financial corporations. Other financial corporations comprise investment funds (other than money market funds, which are part of the MFI sector), financial vehicle corporations, insurance corporations and pension funds.

Section 2.1 shows the aggregated balance sheet of the MFI sector, i.e. the sum of the harmonised balance sheets of all MFIs resident in the euro area. MFIs comprise central banks, credit institutions as defined under EU law, money market funds and other institutions whose business it is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or make investments in securities. A complete list of MFIs is published on the ECB's website.

Section 2.2 shows the consolidated balance sheet of the MFI sector, which is obtained by netting the aggregated balance sheet positions of MFIs in the euro area. Owing to a small amount of heterogeneity in recording practices, the sum of the inter-MFI positions is not necessarily zero; the balance is shown in column 10 of the liabilities side of Section 2.2. Section 2.3 sets out the euro area monetary aggregates and counterparts. These are derived from the consolidated MFI balance sheet and include positions of non-MFIs resident in the euro area held with MFIs resident in the euro area; they also take account of some monetary assets/liabilities of central government. Statistics on monetary aggregates and counterparts are adjusted for seasonal and trading day effects. The external liabilities item in Sections 2.1 and 2.2 shows the holdings by non-euro area residents of: (i) shares/units issued by money market funds located in the euro area; and (ii) debt securities issued with a maturity of up to two years by MFIs located in the euro area. In Section 2.3, however, these holdings are excluded from the monetary aggregates and contribute to the item "net external assets".

Section 2.4 provides analysis, broken down by sector, type and original maturity, of loans granted by MFIs other than the Eurosystem (i.e. the banking system) resident in the euro area. Section 2.5 provides analysis, broken down by sector and instrument, of deposits held with the euro area banking system. Section 2.6 shows the securities held by the euro area banking system, broken down by type of issuer. Section 2.7 shows a quarterly currency breakdown for selected MFI balance sheet items.

Sections 2.2 to 2.6 also provide growth rates based on those transactions in the form of annual percentage changes.

Since 1 January 1999 statistical information has been collected and compiled on the basis of various ECB regulations concerning the balance sheet of the monetary financial institution sector. Since July 2010 this has been carried out on the basis of Regulation ECB/2008/32[2]. Detailed sector definitions are set out in the third edition of the "Monetary financial institutions and markets statistics sector manual – Guidance for the statistical classification of customers" (ECB, March 2007).

Section 2.8 shows outstanding amounts and transactions on the balance sheet of euro area investment funds (other than money market funds, which are included in the MFI balance sheet statistics). An investment fund is a collective investment undertaking that invests capital raised from the public in financial and/or non-financial assets. A complete list of euro area investment funds is published on the ECB's website. The balance sheet is aggregated, so investment funds' assets include their holdings of shares/units issued by other investment funds. Shares/units issued by investment funds are also broken down by investment policy (i.e. into bond funds, equity funds, mixed funds, real estate funds, hedge funds and other funds) and by type (i.e. into open-end funds and closed-end funds). Section 2.9 provides further details on the main types of asset held by euro area investment funds. This section contains a geographical breakdown of the issuers of securities held by investment funds, as well as breaking issuers down by economic sector where they are resident in the euro area.

Since December 2008 harmonised statistical information has been collected and compiled on the basis of Regulation ECB/2007/8[3] concerning statistics on the assets and liabilities of investment funds. Further information on these investment fund statistics can be found in the "Manual on investment fund statistics" (ECB, May 2009).

Section 2.10 shows the aggregated balance sheet of financial vehicle corporations (FVCs) resident in the euro area. FVCs are entities which are set up in order to carry out securitisation transactions. Securitisation generally involves the transfer of an asset or pool of assets to an FVC, with such assets reported on the FVC's balance sheet as securitised loans, securities other than shares, or other securitised assets. Alternatively, the credit risk relating to an asset or pool of assets may be transferred to an FVC through credit default swaps, guarantees or other such mechanisms. Collateral held by the FVC against these exposures is typically a deposit held with an MFI or invested in securities other than shares. FVCs typically securitise loans which have been originated by the MFI sector. FVCs must report such loans on their statistical balance sheet, regardless of whether the relevant accounting rules allow the MFI to derecognise the loans. Data on loans which are securitised by FVCs but remain on the balance sheet of the relevant MFI (and thus remain in the MFI statistics) are provided separately. These quarterly data are collected under Regulation ECB/2008/30[4] as of December 2009.

Section 2.11 shows the aggregated balance sheet of insurance corporations and pension funds resident in the euro area. Insurance corporations cover both the insurance and reinsurance sectors, while pension funds include entities which have autonomy in terms of decision-making and keep a complete set of accounts (i.e. autonomous pension funds). This section also contains a geographical and sectoral breakdown of issuing counterparties for securities other than shares held by insurance corporations and pension funds.

2 OJ L 15, 20.01.2009, p. 14.
3 OJ L 211, 11.08.2007, p. 8.
4 OJ L 15, 20.01.2009, p. 1.

EURO AREA ACCOUNTS

Section 3.1 shows quarterly integrated euro area accounts data, which provide comprehensive information on the economic activities of households (including non-profit institutions serving households), non-financial corporations, financial corporations and general government, as well as on the interaction between these sectors and both the euro area and the rest of the world. Non-seasonally adjusted data at current prices are displayed for the last available quarter, following a simplified sequence of accounts in accordance with the methodological framework of the European System of Accounts 1995.

In short, the sequence of accounts (transactions) comprises: (1) the generation of income account, which shows how production activity translates into various categories of income; (2) the allocation of primary income account, which records receipts and expenses relating to various forms of property income (for the economy as a whole; the balancing item of the primary income account is national income); (3) the secondary distribution of income account, which shows how the national income of an institutional sector changes because of current transfers; (4) the use of income account, which shows how disposable income is spent on consumption or saved; (5) the capital account, which shows how savings and net capital transfers are spent in the acquisition of non-financial assets (the balancing item of the capital account is net lending/ net borrowing); and (6) the financial account, which records the net acquisitions of financial assets and the net incurrence of liabilities. As each non-financial transaction is mirrored by a financial transaction, the balancing item of the financial account conceptually also equals net lending/net borrowing as calculated from the capital account.

In addition, opening and closing financial balance sheets are presented, which provide a picture of the financial wealth of each individual sector at a given point in time. Finally, other changes in financial assets and liabilities (e.g. those resulting from the impact of changes in asset prices) are also shown.

The sectoral coverage of the financial account and the financial balance sheets is more detailed for the financial corporation sector, which is broken down into MFIs, other financial intermediaries (including financial auxiliaries), and insurance corporations and pension funds.

Section 3.2 shows four-quarter cumulated flows (transactions) for the "non-financial accounts" of the euro area (i.e. accounts (1) to (5) above), also following the simplified sequence of accounts.

Section 3.3 shows four-quarter cumulated flows (transactions and other changes) for households' income, expenditure and accumulation accounts, as well as outstanding amounts in the financial and non-financial balance sheet accounts, presenting data in a more analytical manner. Sector-specific transactions and balancing items are arranged in a way that more clearly depicts the financing and investment decisions of households, while respecting the accounting identities presented in Sections 3.1 and 3.2.

Section 3.4 displays four-quarter cumulated flows (transactions) for non-financial corporations' income and accumulation accounts, as well as outstanding amounts for the financial balance sheet accounts, presenting data in a more analytical manner.

Section 3.5 shows four-quarter cumulated financial flows (transactions and other changes) and outstanding amounts for the financial balance sheets of insurance corporations and pension funds.

FINANCIAL MARKETS

The series on financial market statistics for the euro area cover those EU Member States that had adopted the euro at the time to which the statistics relate (i.e. a changing composition), with the exception of statistics on securities issues (Sections 4.1 to 4.4), which relate to the Euro 16 for the whole time series (i.e. a fixed composition).

Statistics on securities other than shares and statistics on quoted shares (Sections 4.1 to 4.4) are produced by the ECB using data from the ESCB and the BIS. Section 4.5 presents MFI interest rates on euro-denominated deposits from and loans to euro area residents. Statistics on money market interest rates, long-term government bond yields and stock market indices (Sections 4.6 to 4.8) are produced by the ECB using data from wire services.

Statistics on securities issues cover: (i) securities other than shares, excluding financial derivatives; and (ii) quoted shares. The former are presented in Sections 4.1, 4.2 and 4.3, while the latter are presented in Section 4.4. Debt securities are broken down into short-term and long-term securities. "Short-term" means securities with an original maturity of one year or less (in exceptional cases, two years or less). Securities with (i) a longer maturity, (ii) optional maturity dates, the latest of which is more than one year away, or (iii) indefinite maturity dates are classified as "long-term". Long-term debt securities issued by euro area residents are broken down further into fixed and variable rate issues. Fixed rate issues consist of issues where the coupon rate does not change during the life of the issue. Variable rate issues comprise all issues where the coupon is periodically refixed with reference to an independent interest rate or index. The euro-denominated securities indicated in Sections 4.1, 4.2 and 4.3 also include items expressed in national denominations of the euro.

Section 4.1 shows securities other than shares, broken down by original maturity, residency of the issuer and currency. It presents outstanding amounts, gross issues and net issues of securities other than shares, broken down into: (i) issues denominated in euro and issues in all currencies; (ii) issues by euro area residents and total issues; and (iii) total and long-term maturities. Net issues differ from the changes in outstanding amounts owing to valuation changes, reclassifications and other adjustments. This section also presents seasonally adjusted statistics, including six-month annualised seasonally adjusted growth rates for total and long-term debt securities. Seasonally adjusted data are derived from the index of notional stocks, from which the seasonal effects have been removed. See the Technical Notes for details.

Section 4.2 contains a sectoral breakdown of outstanding amounts, gross issues and net issues for issuers resident in the euro area in line with the ESA 95. The ECB is included in the Eurosystem.

The total outstanding amounts for total and long-term debt securities in column 1 of Table 1 in Section 4.2 correspond to the data on outstanding amounts for total and long-term debt securities issued by euro area residents in column 7 of Section 4.1. The outstanding amounts for total and long-term debt securities issued by MFIs in column 2 of Table 1 in Section 4.2 are broadly comparable with the data on debt securities issued on the liabilities side of the aggregated MFI balance sheet in column 8 of Table 2 in Section 2.1. The total net issues for total debt securities in column 1 of Table 2 in Section 4.2 correspond to the data on total net issues by euro area residents in column 9 of Section 4.1. The residual difference between long-term debt securities and total fixed and variable rate long-term debt securities in Table 1 of Section 4.2 consists of zero coupon bonds and revaluation effects.

Section 4.3 shows seasonally adjusted and non-seasonally adjusted growth rates for debt securities issued by euro area residents (broken down by maturity, type of instrument, sector of the issuer and currency), which are based on financial transactions that occur when an institutional unit incurs or redeems liabilities. The growth rates therefore exclude reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. The seasonally adjusted growth rates have been annualised for presentational purposes. See the Technical Notes for details.

Columns 1, 4, 6 and 8 in Table 1 of Section 4.4 show the outstanding amounts of quoted shares issued by euro area residents broken down by issuing sector. The monthly data for quoted shares issued by non-financial corporations correspond to the quarterly series shown in Section 3.4 (financial balance sheet; quoted shares).

Columns 3, 5, 7 and 9 in Table 1 of Section 4.4 show annual growth rates for quoted shares issued by euro area residents (broken down by the sector of the issuer), which are based on financial transactions that occur when an issuer issues or redeems shares for cash, excluding investments in the issuer's own shares. The calculation of annual growth rates excludes reclassifications, revaluations and any other changes that do not arise from transactions.

Section 4.5 presents statistics on all the interest rates that MFIs resident in the euro area apply to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area. Euro area MFI interest rates are calculated as a weighted average (by corresponding business volume) of the euro area countries' interest rates for each category.

MFI interest rate statistics are broken down by type of business coverage, sector, instrument category and maturity, period of notice or initial period of interest rate fixation. These MFI interest rate statistics replaced the ten transitional statistical series on euro area retail interest rates that had been published in the Monthly Bulletin as of January 1999.

Section 4.6 presents money market interest rates for the euro area, the United States and Japan. For the euro area, a broad spectrum of money market interest rates is covered, ranging from interest rates on overnight deposits to those on twelve-month deposits. Before January 1999, synthetic euro area interest rates were calculated on the basis of national rates weighted by GDP. With the exception of the overnight rate prior to January 1999, monthly, quarterly and yearly values are period averages. Overnight deposits are represented by end-of-period interbank deposit bid rates up to and including December 1998 and period averages for the euro overnight index average (EONIA) thereafter. As of January 1999, euro area interest rates on one, three, six and twelve-month deposits are euro interbank offered rates (EURIBOR); prior to that date, they are London interbank offered rates (LIBOR) where available. For the United States and Japan, interest rates on three-month deposits are represented by LIBOR.

Section 4.7 shows end-of-period rates estimated from nominal spot yield curves based on AAA-rated euro-denominated bonds issued by euro area central governments. The yield curves are estimated using the Svensson model[5]. Spreads between the ten-year rates and the three-month and two-year rates are also released. Additional yield curves (daily releases, including charts and tables) and the corresponding methodological information are available at: http://www.ecb.europa.eu/stats/money/yc/html/index.en.html. Daily data can also be downloaded.

Section 4.8 shows stock market indices for the euro area, the United States and Japan.

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

Most of the data described in this section are produced by the European Commission (mainly Eurostat) and national statistical authorities. Euro area results are obtained by aggregating data for individual countries. As far as possible, the data are harmonised and comparable. Statistics on labour costs indices, GDP and expenditure components, value added by economic activity, industrial production, retail sales passenger car

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

registrations and employment in terms of hours worked are working day-adjusted.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 1 in Section 5.1) is available from 1995 onwards. It is based on national HICPs, which follow the same methodology in all euro area countries. The breakdown into goods and services components is derived from the classification of individual consumption by purpose (Coicop/HICP). The HICP covers monetary expenditure by households on final consumption in the economic territory of the euro area. The table includes seasonally adjusted HICP data and experimental HICP-based estimates of administered prices, which are compiled by the ECB.

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial new orders, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics[6]. Since January 2009 the revised classification of economic activities (NACE Revision 2), as covered by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90, as well as certain EC Regulations on specific statistical domains[7], has been applied in the production of short-term statistics. The breakdown by end use of product for industrial producer prices and industrial production is the harmonised sub-division of industry excluding construction (NACE Revision 2, sections B to E) into Main Industrial Groupings (MIGs) as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007[8]. Industrial producer prices reflect the ex-factory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

The two non-energy commodity price indices shown in Table 3 in Section 5.1 are compiled with the same commodity coverage, but using two different weighting schemes: one based on the respective commodity imports of the euro area (columns 2-4), and the other (columns 5-7) based on estimated euro area domestic demand, or "use", taking into account information on imports, exports and the domestic production of each commodity (ignoring, for the sake of simplicity, inventories, which are assumed to be relatively stable over the observed period). The import-weighted commodity price index is appropriate for analysing external developments, while the use-weighted index is suitable for the specific purpose of analysing international commodity price pressures on euro area inflation. The use-weighted commodity price indices are experimental data. For more details as regards the compilation of the ECB commodity price indices, see Box 1 in the December 2008 issue of the Monthly Bulletin.

The labour cost indices (Table 5 in Section 5.1) measure the changes in labour costs per hour worked in industry (including construction) and market services. Their methodology is laid down in Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index[9] and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003[10]. A breakdown of the labour cost indices for the euro area is available by labour cost component (wages and salaries, and employers' social contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 3 of Section 5.1) on the basis of non-harmonised, national-definition data.

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

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

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

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

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

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

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

GOVERNMENT FINANCE

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

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

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

by the Member States under Regulation (EC) No 501/2004 and Regulation (EC) No 222/2004 and data provided by the NCBs.

EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB (ECB/2004/15)[15] and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)[16]. Additional information regarding the methodologies and sources used in the euro area b.o.p. and i.i.p. statistics can be found in the ECB publication entitled "European Union balance of payments/international investment position statistical methods" (May 2007) and in the reports of the Task Force on Portfolio Investment Collection Systems (June 2002), the Task Force on Portfolio Investment Income (August 2003) and the Task Force on Foreign Direct Investment (March 2004), all of which can be downloaded from the ECB's website. In addition, a report by the ECB/European Commission (Eurostat) Task Force on Quality looking at balance of payments and international investment position statistics (June 2004) is available on the website of the Committee on Monetary, Financial and Balance of Payments Statistics (www.cmfb.org). The annual quality report on the euro area b.o.p./i.i.p., which is based on the Task Force's recommendations and follows the basic principles of the ECB Statistics Quality Framework published in April 2008, is available on the ECB's website.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro's bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003, 2004-2006 and 2007-2009 and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these five sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-20 group of trading partners is composed of the 10 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-40 group comprises the EER-20 plus the following countries: Algeria, Argentina, Brazil, Chile, Croatia, Iceland, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela. Real EERs are calculated using consumer price indices, producer price indices, gross domestic product deflators and unit labour costs, both for the manufacturing sector and for the total economy.

For more detailed information on the calculation of the EERs, see the relevant methodological note and ECB Occasional Paper No 2 ("The effective exchange rates of the euro" by Luca Buldorini, Stelios Makrydakis and Christian Thimann, February 2002), which can be downloaded from the ECB's website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies.

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. As a result, data on current and capital accounts and gross external debt include special-purpose vehicles. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

ANNEXES

CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSYSTEM[1]

14 JANUARY AND 4 FEBRUARY 2010

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

4 MARCH 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 October 2010, including a return to variable rate tender procedures in the regular three-month longer-term refinancing operations, starting with the operation to be allotted on 28 April 2010.

8 APRIL AND 6 MAY 2010

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

10 MAY 2010

The Governing Council of the ECB decides on several measures to address severe tensions in financial markets. In particular, it decides to conduct interventions in the euro area public and private debt securities markets (Securities Markets Programme) and to adopt a fixed rate tender procedure with full allotment in the regular three-month longer-term refinancing operations in May and June 2010.

10 JUNE 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. In addition, it decides to adopt a fixed rate tender procedure with full allotment in the regular three-month longer-term refinancing operations to be allotted during the third quarter of 2010.

8 JULY AND 5 AUGUST 2010

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

2 SEPTEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 18 January 2011, notably the adoption of a fixed rate tender procedure with full allotment in the three-month longer-term refinancing operations.

7 OCTOBER AND 4 NOVEMBER 2010

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

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

2 DECEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 April 2011, notably to continue its fixed rate tender procedures with full allotment.

13 JANUARY AND 3 FEBRUARY 2011

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

3 MARCH 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 July 2011, notably to continue its fixed rate tender procedures with full allotment.

7 APRIL 2011

The Governing Council of the ECB decides to increase the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operation to be settled on 13 April 2011. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.00% and 0.50% respectively, both with effect from 13 April 2011.

5 MAY 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.25%, 2.00% and 0.50% respectively.

9 JUNE 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.25%, 2.00% and 0.50% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 11 October 2011, notably to continue its fixed rate tender procedures with full allotment.

7 JULY 2011

The Governing Council of the ECB decides to increase the interest rate on the main refinancing operations by 25 basis points to 1.50%, starting from the operation to be settled on 13 July 2011. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.25% and 0.75% respectively, both with effect from 13 July 2011.

4 AUGUST 2011

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

8 SEPTEMBER 2011

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

6 OCTOBER 2011

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

3 NOVEMBER 2011

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

8 DECEMBER 2011

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

12 JANUARY 2012

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

9 FEBRUARY 2012

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

8 MARCH, 4 APRIL AND 3 MAY 2012

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

6 JUNE 2012

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

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

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

PAYMENT FLOWS IN TARGET2

In the first quarter of 2012 TARGET2 settled 22,636,610 transactions with a total value of €177,680 billion, which corresponds to a daily average of 348,256 transactions with a value of €2,734 billion. The highest level of TARGET2 traffic in this quarter was recorded on 30 March, when 502,534 payments were processed. With a market share of 57% in terms of volume and 92% in terms of value, TARGET2 maintained its dominant position in the market for large-value payments in euro. The size of TARGET2's market share confirms banks' strong interest in settlement in central bank money, particularly in times of market turbulence. The average proportion of interbank payments was 41% in terms of volume and 94% in terms of value. The average value of an interbank payment processed in the system was €18.2 million, while that of a customer payment was €0.7 million. 68% of the payments had a value of less than €50,000, while 11.1% had a value of more than €1 million. On average, there were 355 payments per day with a value of more than €1 billion.

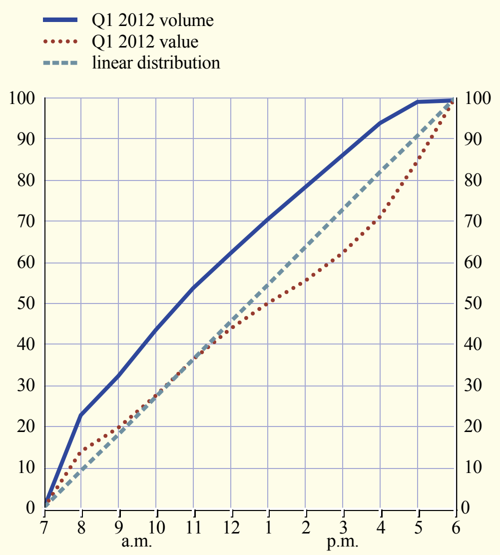
INTRADAY PATTERN OF VOLUMES AND VALUES

The chart shows the intraday distribution of TARGET2 traffic, i.e. the average percentage of daily volumes and values processed at different times of the day, for the first quarter of 2012. In volume terms, the curve is well above the linear distribution, with 71% of the volume already exchanged by 1 p.m. CET and 99.6% by one hour before the close of the system. By 1 p.m. CET, 50% of the value exchanged in TARGET2 had already been settled, a figure that rises to 85% one hour before the close of the system. In value terms, the curve is very close to the linear distribution. This indicates that turnover was evenly spread throughout the day and that liquidity circulated appropriately among participants, thereby ensuring the smooth settlement of TARGET2 transactions.

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

Intraday pattern

(percentages)



Source: ECB.

TARGET2 AVAILABILITY AND BUSINESS PERFORMANCE

In the first quarter of 2012 TARGET2 achieved 100% overall availability. Incidents considered in the calculation of TARGET2's availability are those that completely prevent the processing of payments for ten minutes or more on TARGET2 business days between 7 a.m. and 6.45 p.m. As a result, 99.99% of all payments, on average, were processed in less than five minutes; the expectations set for the system were thus met in full. On one occasion, TARGET2 closed one hour later (namely on 23 March). The extension was linked to technical difficulties faced by a critical ancillary system.

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

(number of payments)

	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1
TARGET2					
Total volume	21,856,960	22,410,209	22,362,663	22,935,865	22,636,610
Daily average	341,515	355,718	338,828	358,373	348,256
EURO1 (EBA CLEARING)					
Total volume	14,829,518	15,372,628	15,482,902	16,637,217	16,757,278
Daily average	231,711	244,010	234,589	259,957	257,804

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

(EUR billions)

	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1
TARGET2					
Total value	146,071	142,356	154,829	169,681	177,680
Daily average	2,282	2,260	2,346	2,651	2,734
EURO1 (EBA CLEARING)					
Total value	15,261	15,222	16,322	17,215	16,099
Daily average	238	242	247	269	248

PUBLICATIONS PRODUCED BY THE EUROPEAN CENTRAL BANK

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

STATUTORY PUBLICATIONS

- Annual Report
- Convergence Report
- Monthly Bulletin

RESEARCH PAPERS

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

OTHER/TASK-RELATED PUBLICATIONS

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

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

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

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GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Volatility: the degree of fluctuation in a given variable.

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

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

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

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