EUROPEAN CENTRAL BANK

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Address
Kaiserstrasse 29
60311 Frankfurt am Main
Germany

Postal address
Postfach 16 03 19
60066 Frankfurt am Main
Germany

Telephone
+49 69 1344 0

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

Fax
+49 69 1344 6000

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ABBREVIATIONS

COUNTRIES

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

In pursuing its price stability mandate, the Governing Council decided at its meeting on 5 June 2014 on a combination of measures to provide additional monetary policy accommodation and to support lending to the real economy. This package includes further reductions in the key ECB interest rates, targeted longer-term refinancing operations, preparatory work related to outright purchases of asset-backed securities and a prolongation of fixed rate, full allotment tender procedures. In addition, the Governing Council decided to suspend the weekly fine-tuning operation sterilising the liquidity injected under the Securities Markets Programme.

The decisions are based on the Governing Council's economic analysis, taking into account the latest macroeconomic projections by Eurosystem staff, and the signals coming from the monetary analysis. Together, the measures will contribute to a return of inflation rates to levels closer to 2%. Inflation expectations for the euro area over the medium to long term continue to be firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2%. Looking ahead, the Governing Council is strongly determined to safeguard this anchoring. Concerning its forward guidance, the key ECB interest rates will remain at present levels for an extended period of time in view of the current outlook for inflation. This expectation is further underpinned by the Governing Council's decisions of 5 June 2014. Moreover, if required, it will act swiftly with further monetary policy easing. The Governing Council is unanimous in its commitment to using also unconventional instruments within its mandate should it become necessary to further address risks of too prolonged a period of low inflation.

Regarding the individual measures announced on 5 June 2014, first, the Governing Council decided to lower the interest rate on the main refinancing operations of the Eurosystem by 10 basis points to 0.15% and the rate on the marginal lending facility by 35 basis points to 0.40%. The rate on the deposit facility was lowered by 10 basis points to -0.10%. These changes came into effect on 11 June 2014. The negative rate also applies to reserve holdings in excess of the minimum reserve requirements and certain other deposits held with the Eurosystem.

Second, in order to support bank lending to households and non-financial corporations, excluding loans to households for house purchase, the Governing Council decided that the Eurosystem will conduct a series of targeted longer-term refinancing operations (TLTROs). All TLTROs will mature in September 2018, i.e. in around four years. Counterparties will be entitled to borrow, initially, 7% of the total amount of their loans to the euro area non-financial private sector, excluding loans to households for house purchase, outstanding on 30 April 2014. Lending to the public sector will not be considered in this calculation. The combined initial entitlement amounts to some €400 billion. To that effect, two successive TLTROs will be conducted in September and December 2014. In addition, from March 2015 to June 2016, all counterparties will be able to borrow, quarterly, up to three times the amount of their net lending to the euro area non-financial private sector, excluding loans to households for house purchase, over a specific period in excess of a specified benchmark. Net lending will be measured in terms of new loans minus redemptions. Loan sales, securitisations and write-downs do not affect the net lending measure. The interest rate on the TLTROs will be fixed over the life of each operation, at the rate on the Eurosystem's main refinancing operations (MROs) prevailing at the time of take-up, plus a fixed spread of 10 basis points. Starting 24 months after each TLTRO, counterparties will have the option to make repayments. A number of provisions will aim to ensure that the funds support the real economy. Those counterparties that have not fulfilled certain conditions regarding the volume of their net lending to the real economy will be required to pay back borrowings in September 2016.

In addition, the Governing Council decided to extend the existing eligibility of additional assets as collateral, notably under the additional credit claims framework, at least until September 2018.

Third, the Governing Council decided to intensify preparatory work related to outright purchases in the ABS market to enhance the functioning of the monetary policy transmission mechanism. Under this initiative, the Eurosystem will consider purchasing simple and transparent asset-backed securities with underlying assets consisting of claims against the euro area non-financial private sector, taking into account the desirable changes in the regulatory environment, and will work with other relevant institutions to that effect.

Fourth, in line with both its forward guidance and its determination to maintain a high degree of monetary accommodation, as well as to contain volatility in money markets, the Governing Council decided to continue conducting the MROs as fixed rate tender procedures with full allotment for as long as necessary, and at least until the end of the reserve maintenance period ending in December 2016. Furthermore, it decided to conduct the three-month longer-term refinancing operations (LTROs) to be allotted before the end of the reserve maintenance period ending in December 2016 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. In addition, the Governing Council decided to suspend the weekly fine-tuning operation sterilising the liquidity injected under the Securities Markets Programme.

Regarding the economic analysis, real GDP in the euro area rose by 0.2%, quarter on quarter, in the first quarter of this year. This confirmed the ongoing gradual recovery, while the outcome was somewhat weaker than expected. The most recent survey results signal moderate growth also in the second quarter of 2014. Looking ahead, domestic demand should continue to be supported by a number of factors, including the accommodative monetary policy stance, ongoing improvements in financing conditions working their way through to the real economy, the progress made in fiscal consolidation and structural reforms, and gains in real disposable income resulting from falls in energy prices. At the same time, although labour markets have shown some further signs of improvement, unemployment remains high in the euro area and, overall, unutilised capacity continues to be sizeable. Moreover, the annual rate of change of MFI loans to the private sector remained negative in April and the necessary balance sheet adjustments in the public and private sectors are likely to continue to weigh on the pace of the economic recovery.

This assessment of a moderate recovery is also reflected in the June 2014 Eurosystem staff macroeconomic projections for the euro area, which foresee annual real GDP increasing by 1.0% in 2014, 1.7% in 2015 and 1.8% in 2016. Compared with the March 2014 ECB staff macroeconomic projections, the projection for real GDP growth for 2014 has been revised downwards and the projection for 2015 has been revised upwards.

The risks surrounding the economic outlook for the euro area continue to be on the downside. Geopolitical risks, as well as developments in emerging market economies and global financial markets, may have the potential to affect economic conditions negatively. Other downside risks include weaker than expected domestic demand and insufficient implementation of structural reforms in euro area countries, as well as weaker export growth.

According to Eurostat's flash estimate, euro area annual HICP inflation was 0.5% in May 2014, after 0.7% in April. This outcome was lower than expected. On the basis of the information available to the Governing Council at its meeting on 5 June 2014, annual HICP inflation is expected to remain at low levels over the coming months, before increasing only gradually during 2015 and 2016, thereby underpinning the case for the decisions taken. Meanwhile, inflation expectations for the euro area over the medium to long term continue to be firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2%. Looking ahead, the Governing Council is strongly determined to safeguard this anchoring.

The Governing Council's assessment has been supported by the June 2014 Eurosystem staff macroeconomic projections for the euro area. The projections foresee annual HICP inflation at 0.7% in 2014, 1.1% in 2015 and 1.4% in 2016. In the last quarter of 2016, annual HICP inflation is projected to be 1.5%. In comparison with the March 2014 ECB staff macroeconomic projections, the projections for inflation for 2014, 2015 and 2016 have been revised downwards. It should be stressed that the projections are conditional on a number of technical assumptions, including exchange rates and oil prices, and that the uncertainty surrounding each projection increases with the length of the projection horizon.

The Governing Council sees both upside and downside risks to the outlook for price developments as limited and broadly balanced over the medium term. In this context, it will closely monitor the possible repercussions of geopolitical risks and exchange rate developments.

Turning to the monetary analysis, data for April 2014 continue to point to subdued underlying growth in broad money (M3). Annual growth in M3 moderated further to 0.8% in April, from 1.0% in March. The growth of the narrow monetary aggregate M1 moderated to 5.2% in April, after 5.6% in March. In the recent past, the increase in the MFI net external asset position, reflecting in part the continued interest of international investors in euro area assets, has been the main factor supporting annual M3 growth.

The annual rate of change of loans to non-financial corporations (adjusted for loan sales and securitisation) was -2.7% in April 2014, compared with -3.1% in March. Weak loan dynamics for non-financial corporations continue to reflect their lagged relationship with the business cycle, credit risk and the ongoing adjustment of financial and non-financial sector balance sheets. The annual growth rate of loans to households (adjusted for loan sales and securitisation) was 0.4% in April 2014, broadly unchanged since the beginning of 2013.

To sum up, a cross-check of the outcome of the economic analysis with the signals coming from the monetary analysis led the Governing Council to decide on a combination of measures to provide further monetary policy accommodation and to support lending to the real economy.

In order to strengthen the economic recovery, banks and policy-makers in the euro area must step up their efforts. Against the background of weak credit growth, the ongoing comprehensive assessment of banks' balance sheets is of key importance. Banks should take full advantage of this exercise to improve their capital and solvency position, thereby contributing to overcome any existing credit supply restriction that could hamper the recovery. At the same time, policy-makers in the euro area should push ahead in the areas of fiscal policies and structural reforms.

As regards fiscal policies, the June 2014 Eurosystem staff macroeconomic projections indicate continued progress in restoring sound public finances in the euro area. The aggregate euro area general government deficit is projected to decline gradually from 3.0% of GDP in 2013 to 2.5% of GDP in 2014. For 2015 and 2016, a further decline to 2.3% and 1.9%, respectively, is projected. General government debt is projected to peak at 93.4% of GDP this year. Thereafter, it is projected to decline, reaching around 91% in 2016. As regards structural reforms, important steps have been taken to increase the competitiveness and the adjustment capacity of countries' labour and product markets, although progress has been uneven and is far from complete. In this context, the Governing Council takes note of the European Commission's recommendations on fiscal and structural policies, published on 2 June 2014, to continue the path of reducing budgetary and macroeconomic imbalances. The recommendation to the EU Council to abrogate the excessive deficit procedures for four euro area countries indicates continued progress in restoring sound public finances. However, euro area countries should not unravel progress made with fiscal consolidation. A full and consistent implementation of the euro area's macroeconomic surveillance framework, together with the necessary policy actions by euro area countries, will help to raise potential growth, increase the euro area's resilience to shocks and facilitate job creation.

This issue of the Monthly Bulletin contains one article, entitled "June 2014 Eurosystem staff macroeconomic projections for the euro area".

ECONOMIC AND MONETARY DEVELOPMENTS

1 THE EXTERNAL ENVIRONMENT OF THE EURO AREA

The global economy remains on a gradual recovery path, although the growth momentum moderated somewhat in the first quarter of 2014 as a result of temporary factors mainly affecting the United States and China. As the adverse effects of these factors are gradually waning, global activity should gather pace in the period ahead, supported by both advanced and emerging market economies. Nevertheless, the underlying trends continue to suggest a shift in growth dynamics in favour of advanced economies, with the global economic recovery remaining modest overall. Global trade momentum has softened since the beginning of the year, in line with the slowdown in activity. Global inflation picked up slightly in the first quarter, but remains low, reflecting muted energy price developments and persistent economic slack.

1.1 GLOBAL ECONOMIC ACTIVITY AND TRADE

Global economic activity is continuing to recover gradually, notwithstanding some moderate weakness in the first quarter of 2014. Provisional estimates for the first quarter suggest that GDP growth in the G20 excluding the euro area stood at 0.7% quarter on quarter, which is slightly lower than in the second half of 2013, although developments continued to diverge across countries (see Table 1). Temporary factors, notably the unusually cold winter in the United States and the shutdown of heavy-industry plants in China to limit air pollution, adversely affected consumption and investment in the respective countries. Meanwhile, in Japan the anticipated increase in consumption tax on 1 April 2014 resulted in the frontloading of consumption and stronger GDP growth in the first quarter of the year. In the United Kingdom, economic activity has remained strong on the back of robust domestic demand. Elsewhere, geopolitical tensions between Russia and Ukraine have taken a toll on the short-term growth outlook of the region, raising concerns about potentially broader spillovers to the world economy should these tensions escalate (see Box 3 in the article in this issue of the Monthly Bulletin).

Table 1 Real GDP growth in selected economies

	Annual growth rates					Quarterly growth rates		
	2012	2013	2013 Q3	2013 Q4	2014 Q1	2013 Q3	2013 Q4	2014 Q1
G20[1)]	2.9	2.8	3.1	3.3	3.4	1.0	0.8	0.6
G20 excluding euro area[1)]	3.6	3.4	3.8	3.9	3.9	1.2	0.9	0.7
United States	2.8	1.9	2.0	2.6	2.0	1.0	0.7	-0.2
Japan	1.4	1.6	2.5	2.5	2.7	0.3	0.1	1.5
United Kingdom	0.3	1.7	1.8	2.7	3.1	0.8	0.7	0.8
Denmark	-0.4	0.4	0.9	0.5	1.5	0.3	-0.5	0.9
Sweden	1.3	1.6	0.6	3.0	1.8	0.3	1.6	-0.1
Switzerland	1.0	2.0	2.1	1.9	1.7	0.5	0.2	0.5
Brazil	1.0	2.5	2.4	2.2	1.9	-0.3	0.4	0.2
China	7.7	7.7	7.8	7.7	7.4	2.3	1.7	1.4
India	4.9	4.7	5.2	4.4	6.1	2.0	1.2	2.0
Russia[2)]	3.4	1.3	1.3	2.0	0.9	0.6	0.9	-
Turkey	2.1	4.0	4.3	4.4	-	0.8	0.5	-
Poland	2.1	1.6	2.0	2.5	3.5	0.8	0.7	1.1
Czech Republic	-0.9	-0.9	-1.0	1.1	2.5	0.4	1.5	0.4
Hungary	-1.7	1.2	1.8	2.9	3.2	1.1	0.7	1.1

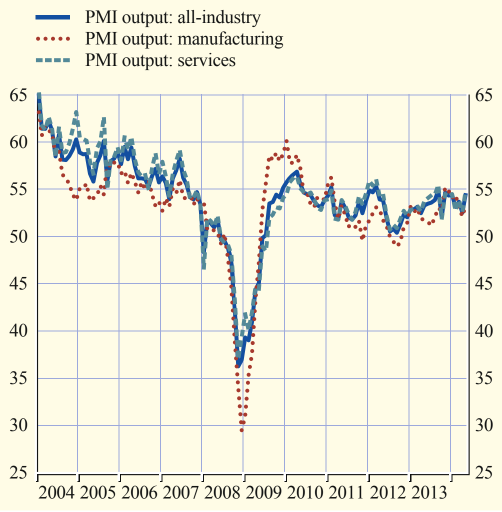
Sources: National data, BIS, Eurostat, OECD and ECB calculations.
1) The figure for Q1 2014 is an estimate based on the latest available data.
2) The seasonally adjusted figure for Russia for Q1 2014 is not available.

Recent sentiment indicators suggest improved prospects for the world economy in the remainder of the year, amid continuing growth rotation across regions. While momentum is firming up in advanced economies on the back of increased confidence, improved private sector balance sheets and accommodative policies, prospects in emerging market economies remain rather subdued, as weaker domestic demand, tighter financial conditions and, for some economies, capital flow reversals and political uncertainties weigh on activity. Global financial conditions have remained broadly stable and should continue to support the recovery. The global all-industry output Purchasing Managers' Index (PMI) excluding the euro area edged up in May as a result of a significant improvement in the indices for the United States and Japan. This partly reflected the waning impact of the aforementioned temporary disruptions to economic activity in the United States, suggesting renewed momentum for the global economy as a whole in the second quarter of the year (see Chart 1). At the same time, the OECD's composite leading indicator in March 2014 and the Ifo World Economic Climate indicator for the second quarter of 2014 are consistent with the view that the global recovery will be very gradual and uneven (see Chart 2).

After picking up in the second half of 2013, world trade lost momentum in the first quarter of 2014 amid the slowdown in global activity. According to the CPB Netherlands Bureau for Economic Policy Analysis, the volume of world imports of goods slightly decreased by 0.1% quarter on quarter in the first quarter of 2014, compared with an increase of 1.3% in the last quarter of 2013, which is well below long-term averages. The decrease in the first quarter of 2014, in line with the pattern of decelerating world trade growth observed since December 2013, was concentrated in the emerging market economies, triggered by significant falls in Asia and central and eastern Europe. In advanced economies, the negative momentum in the United States was offset by a strong

Chart 1 Global PMI (excluding the euro area)

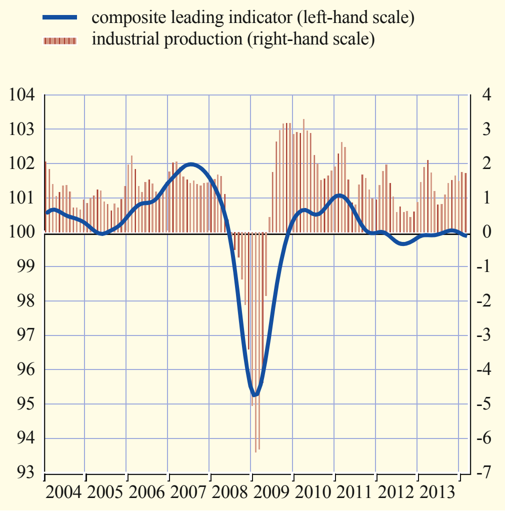
(seasonally adjusted monthly data)



Source: Markit.

Chart 2 Composite leading indicator and industrial production

(left-hand scale: normalised index average=100; right-hand scale: three month-on-three month percentage change)



Sources: OECD and ECB calculations.
Notes: The composite leading indicator refers to the OECD countries plus Brazil, China, India, Indonesia, Russia and South Africa. The horizontal line at 100 represents the trend of economic activity. Industrial production refers to the same sample excluding Indonesia.

Table 2 Price developments in selected economies

(annual percentage changes)

	2012	2013	2013 Dec.	2014 Jan.	2014 Feb.	2014 Mar.	2014 Apr.	2014 May
OECD	2.3	1.6	1.6	1.7	1.4	1.6	2.0	-
United States	2.1	1.5	1.5	1.6	1.1	1.5	2.0	-
Japan	0.0	0.4	1.6	1.4	1.5	1.6	3.4	-
United Kingdom	2.8	2.6	2.0	1.9	1.7	1.6	1.8	-
Denmark	2.4	0.5	0.4	0.8	0.3	0.2	0.5	-
Sweden	0.9	0.4	0.4	0.2	0.1	-0.4	0.3	-
Switzerland	-0.7	-0.2	0.1	0.1	-0.1	-0.1	0.2	-
Brazil	5.4	6.2	5.9	5.6	5.7	6.2	6.3	-
China	2.6	2.6	2.5	2.5	2.0	2.4	1.8	-
India	9.7	10.1	9.9	8.8	8.0	8.3	8.6	-
Russia	5.1	6.8	6.5	6.0	6.2	6.9	7.3	7.6
Turkey	8.9	7.5	7.4	7.8	7.9	8.4	9.4	9.7
Poland	3.7	0.8	0.6	0.6	0.7	0.6	0.3	-
Czech Republic	3.5	1.4	1.5	0.3	0.3	0.3	0.2	-
Hungary	5.7	1.7	0.6	0.8	0.3	0.2	-0.2	-
Memo item:								
OECD excluding food and energy	1.8	1.6	1.6	1.6	1.6	1.7	2.0	-

Sources: OECD, national data, BIS, Eurostat and ECB calculations.

increase in Japan's imports, possibly driven by frontloaded consumption in anticipation of the sales tax increase on 1 April. However, the global PMI for new manufacturing export orders rebounded in May 2014, showing some signs of stabilisation in global trade in the second quarter of the year.

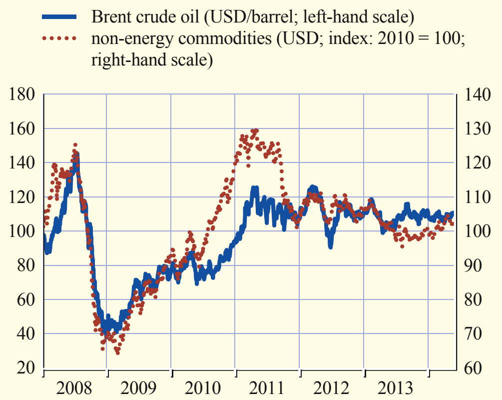
Looking ahead, according to the June 2014 Eurosystem staff macroeconomic projections (see the article in this issue of the Monthly Bulletin), global activity is expected to strengthen gradually over the forecast horizon but the recovery is likely to remain modest. Advanced economies should benefit from diminishing headwinds, as waning private sector deleveraging and fiscal consolidation bolster confidence and support domestic demand and labour markets improve slowly. Strengthened external demand in advanced economies should support exports in emerging market economies, partly offsetting the constraints imposed on growth by structural impediments, possible rebalancing needs and the adjustment to the prospect of a normalisation of monetary policy in the United States. Overall, the global growth profile is slightly weaker in the short term but unchanged thereafter compared with the March 2014 ECB staff macroeconomic projections.

The balance of risks to the global outlook remains tilted to the downside. Geopolitical risks as well as developments in emerging market economies and global financial markets may have the potential to affect economic conditions negatively.

1.2 GLOBAL PRICE DEVELOPMENTS

Global inflation remains low compared with historical averages, reflecting muted energy price developments and abundant global spare capacity. Following a decrease in the last quarter of 2013 headline consumer price inflation in the OECD area picked up slightly in the first quarter of 2014. The upward trend continued at the beginning of the second quarter, with OECD headline consumer price inflation reaching 2.0% year on year in April, from 1.6% in March, as a result of increases in all components. Excluding food and energy, the OECD annual inflation rate also edged up to 2.0% in April. The pick-up in inflation was evident in the majority of advanced and emerging market economies, with the most notable exception being China (see Table 2). Looking ahead, global inflation is expected to remain contained, particularly in advanced economies, in an environment of moderate commodity prices and persistent economic slack. In most advanced economies, although headline inflation is now below central bank target levels, inflation expectations as reported in survey data and financial market indicators over the medium to long term have remained anchored.

Chart 3 Main developments in commodity prices



Sources: Bloomberg and HWWI.

The outlook for global inflation is strongly influenced by developments in commodity prices and, more importantly, in energy prices. Brent crude oil prices have been relatively stable in a range of USD 106-111 per barrel over the last couple of months (see Chart 3). The price of Brent crude oil stood at USD 109 per barrel on 4 June, which is about 7% higher than the level one year ago. The continued stability in Brent oil prices reflects the interplay of oil demand and supply factors. Growth in global oil demand remains sluggish according to the International Energy Agency, in line with moderate global growth. Meanwhile, political conflicts and technical issues continue to weigh on oil production in both OPEC and non-OPEC countries, although global supply recovered in April from the low levels observed in March. Looking ahead, oil market participants expect slightly lower oil prices over the medium term, with December 2015 Brent futures contracts trading at USD 101 per barrel.

Non-energy commodity prices declined in May on average, mainly on the back of lower food prices. Driven by more favourable weather conditions, declines in wheat and coffee prices in particular offset part of the increases observed in food prices in April. In aggregate terms, the non-energy commodity price index (denominated in US dollars) is currently about 1.3% higher than the level one year ago.

1.3 DEVELOPMENTS IN SELECTED ECONOMIES

UNITED STATES

In the United States, real GDP contracted in the first quarter of 2014, following a pick-up in activity in the second half of 2013. This was the first negative quarterly growth rate in three years and largely reflected unusually severe weather conditions that depressed economic activity (see Table 1). According to the second estimate by the US Bureau of Economic Analysis, real GDP declined at an annualised rate of 1.0% (-0.2% quarter on quarter), after having increased by 2.6% (0.7% quarter on quarter) in the fourth quarter of 2013. Real GDP was revised downwards from the 0.1% increase reported in the first estimate, owing to a larger negative contribution from inventories and net exports, which was partially offset by a smaller decline in private fixed investment. The contraction in the first quarter of 2014, compared with the previous quarter, reflected mainly a negative contribution to growth from inventory building and a decline in exports, as well as a retrenchment of private fixed investment. On a more positive note, personal consumption expenditure held up relatively strongly, while government spending declined at a slower pace than in the previous quarter.

Available indicators for the second quarter are consistent with an acceleration in growth. Private consumption is expected to remain robust, as evidenced by the solid momentum in retail sales and improving consumer confidence. The continued recovery in the job market is another factor supporting private consumption in the near term. On the supply side, recent gains in industrial production and factory orders also point to a pick-up in activity in the second quarter, in line with the business survey indicators for May. On the other hand, downside risks to residential investment appear to have increased, related to the continued weakness in some housing indicators, despite some recent signs of a bottoming-out. For instance, credit standards on mortgages remain tight, and housing starts and home sales, despite some signs of recovery in April, have lost some momentum in recent months. Looking further ahead, the recovery is expected to accelerate during the second half of the year, on the back of a decline in fiscal drag, supportive financial conditions, continued accommodative monetary policy conditions, and a gradual recovery in housing and labour markets. Moreover, dissipating downward pressures from household balance sheet deleveraging and increases in household wealth should sustain the recovery in private consumption.

Annual CPI inflation rose to 2.0% in April 2014, from 1.5% in March, mainly as a result of a surge in energy prices and a sustained increase in food prices. Annual inflation excluding food and energy rose to 1.8% in April, from 1.7% in March. Although annual CPI inflation rose markedly in April, this figure was influenced by strong year-on-year base effects in the energy component, which are expected to fade away in the coming months. Looking ahead, abundant spare capacity is expected to keep underlying price pressures contained.

In the context of generally improving economic prospects, at its meeting on 30 April 2014 the Federal Open Market Committee (FOMC) announced that it would reduce the pace of its monthly asset purchases by a further USD 10 billion, to USD 45 billion, starting from May. The reduction is divided equally between purchases of mortgage-backed securities (from USD 25 billion to USD 20 billion) and longer-term Treasury securities (from USD 30 billion to USD 25 billion). The FOMC reaffirmed that, in determining how long to maintain the 0% to ¼% target range for the federal funds rate, it "will take into account a wide range of information, including measures of labour market conditions, indicators of inflation pressures and inflation expectations, and readings on financial developments".

JAPAN

The slowdown in economic activity during the second half of 2013 was reversed during the first quarter of 2014, as GDP surged by 1.5% quarter on quarter according to the Cabinet Office's first preliminary estimate. This acceleration was higher than market expectations and was driven by private consumption, as spending was frontloaded in advance of the consumption tax increase on 1 April. Imports and exports also recorded strong increases of 6.3% and 6.0% quarter on quarter respectively, but this coincided with a reclassification of the way they are recorded. However, some of the increase in imports also reflects the frontloading in private spending in advance of the consumption tax increase. Following the surge in GDP in the first quarter, a contraction in output is expected in the second quarter, led by lower levels of private consumption as spending rebalances. The latest hard data and survey data are consistent with this outlook. April retail sales decreased sharply by 4.4% year on year. Although the manufacturing PMI increased marginally in May, it remains well below the more robust readings recorded in the previous two quarters. A return to more modest levels of growth is expected in the second half of 2014.

Annual CPI inflation increased strongly to 3.4% in April from 1.6% in March, with the CPI excluding food, beverages and energy increasing by 1.6 percentage points to 2.3% in April. The pick-up in inflation in April was due to the increase in the consumption tax, which rose to 8% from 5% on 1 April. The Bank of Japan has estimated that, after allowing for transitory measures, the full pass-through of the consumption tax hike contributed 1.9 percentage points to the increase in CPI inflation in April. At the same time, long-term inflation expectations, as measured by the QUICK survey, remained stable at 1.5% in May.

At its meeting on 21 May 2014, the Bank of Japan kept its targets for the monetary base unchanged.

UNITED KINGDOM

In the United Kingdom, the strong economic performance observed throughout 2013 has continued in 2014. Real GDP increased by 0.8% quarter on quarter in the first quarter of 2014. Growth has been driven by robust domestic demand, which, in turn, reflects improvements in employment, low inflation and the sustained momentum of investment. Several activity and confidence indicators have continued to improve and suggest that the strong pace of expansion persisted in the second quarter of the year. In the medium term, however, relatively weak productivity gains, coupled with the need for public and private sector balance sheet adjustment, may constrain output growth for some time. The robustness of output growth has been matched by improvements in the labour market, with unemployment declining further, to 6.8%, in the three months to March 2014.

Reflecting seasonal effects owing to the timing of Easter, annual CPI inflation increased by 0.2 percentage point to 1.8% in April 2014 but remained below the central bank's target of 2%. Looking ahead, inflationary pressures are likely to be contained for some time, reflecting the spare capacity in the economy and the lagged effects of the recent currency appreciation. At its meeting on 5 June 2014 the Bank of England's Monetary Policy Committee maintained the policy rate at 0.5% and the size of its asset purchase programme at GBP 375 billion.

OTHER EUROPEAN ECONOMIES

In Sweden, economic activity declined moderately at the beginning of 2014, at a quarterly rate of 0.1%, following surprisingly high growth in the fourth quarter of last year. In Denmark, economic activity was robust at the beginning of 2014 and grew by 0.9% quarter on quarter after a weak performance at the end of last year. These dynamics were driven mainly by domestic demand in both countries. Looking ahead, in 2014 as a whole real GDP growth is likely to gain strength in both countries. Turning to price developments, HICP inflation has remained broadly subdued over the last few months and stood at 0.5% in Denmark and 0.3% in Sweden in April.

In the largest central and eastern European (CEE) EU Member States, the recovery in economic activity has continued. According to preliminary data, real GDP increased strongly in the first quarter of 2014 in Poland and Hungary, growing at a quarterly rate of 1.1%, while it remained broadly unchanged in the Czech Republic and Romania. Looking ahead, the economic recovery in these countries is likely to continue to strengthen in 2014, increasingly supported by domestic demand. Notwithstanding risks associated with potential geopolitical tensions in the region, exports are likely to perform well, reflecting the impact of several foreign direct investment projects that are expected to reach full capacity in 2014. Over the past few months annual HICP inflation has continued to decline in the largest CEE economies, reaching historical lows in several countries. Inflation has been dampened by low food and energy price inflation, dissipating base effects from previous increases – or, more recently, cuts in indirect taxes and administered prices – and subdued domestic cost pressures. Looking ahead, inflation is likely to accelerate moderately amid narrowing output gaps and higher imported inflation.

Growth in Turkey continued to slow in the fourth quarter of 2013, falling to 0.5% quarter on quarter, but remained comparatively robust despite a less favourable domestic and external financing environment. Economic indicators available for 2014 point to a cooling of activity, reflecting tighter monetary policy and retail lending conditions as well as intensifying political tensions in the run-up to local elections, while foreign demand is likely to have supported output in the first quarter of 2014. Despite the central bank's interest rate hike in January, annual CPI inflation has accelerated further and remains considerably above the central bank's target on the back of the pass-through of the lira's depreciation, elevated inflation expectations and adverse food price developments

In Russia, growth in the fourth quarter of 2013 was relatively strong, at 0.9% quarter on quarter, bolstered by a robust expansion of exports, while imports contracted as a result of weak domestic demand. In the first quarter of 2014 repercussions from the crisis in Ukraine may have substantially affected activity, as repeated policy tightening by the central bank and a pick-up in capital outflows raised financing costs for households and corporations. At the same time, heightened political risk and uncertainty are likely to have had a negative impact on investment and consumption decisions. Against the background of the rouble's significant depreciation since the second half of 2013, inflation rose beyond the central bank's target band in the first quarter of 2014.

EMERGING ASIA

In China, growth continued on the downward trend observed since late last year. In the first quarter of 2014, real GDP growth slowed to 7.4% year on year from 7.7% in the previous quarter. On a quarter-on-quarter basis, growth declined to 1.4% from 1.7% in the previous quarter, on the back of temporary factors and weakness in investment, particularly housing. Looking ahead, growth momentum should firm on the back of stronger external demand from advanced economies and modest fiscal and monetary stimulus. The authorities continued to emphasise that China was moving towards a lower, but more sustainable, growth path and that growth expectations should be adapted accordingly.

Price pressures remain subdued, with annual CPI inflation continuing to fluctuate around 2%, while PPI inflation remains negative. Credit growth continues to decelerate, in particular because of lower volumes of short-term loans and non-bank lending, which suggests that the quality of credit could be improving. External trade is stabilising in year-on-year terms, after the sharp drop earlier in the year. As a result, the trade surplus has recovered somewhat but remains low from a historical perspective.

Turning to other economies in emerging Asia, following an upturn in the second half of last year, growth in emerging Asia moderated in early 2014 as lower growth in China had knock-on effects, particularly for other Asian economies with close economic and financial links. However, prospects are improving in India and other emerging Asia economies which have undertaken reforms and reduced imbalances. Therefore, the prospect of an economic recovery remains firm, particularly for export-oriented economies that will benefit from the gradual acceleration in demand from advanced economies.

Looking at some economies in greater detail, growth in India in 2013 was overall subdued but picked up in the first quarter of 2014 to 6.1% on an expenditure basis. This increase in GDP was driven by a pick-up in consumption, but exports have also remained robust, reflecting competitiveness gains and increased demand from advanced economies. At the same time, imports were weak owing to restrictions on gold imports, leading to significant improvements in the current account balance. Prices fell fairly rapidly across the board in the first quarter of 2014, but higher food prices and a pick-up in activity could put upward pressure on prices. Indonesia's economy grew by 1.0% in the first quarter of 2014, which was significantly weaker than the 1.5% growth recorded in the fourth quarter of 2013. This slowdown was primarily due to weaker exports and domestic demand, as the interest rate increases amounting to 175 basis points during the course of 2013 started to affect investment. Lower oil prices and weak demand led to a further fall in CPI inflation, which declined to 7.3% in April but is still significantly higher than the inflation target range (3.5% to 5.5%). In Korea, strong investment and exports continued to support GDP growth, which stood at 0.9% in the first quarter of 2014. The stronger growth is feeding through to higher inflation, which increased to 1.5% in April 2014 but was still below the Bank of Korea's 2% to 4% target range.

MIDDLE EAST AND AFRICA

The growth performance of countries in the Middle East remained mixed towards the end of 2013 and in early 2014. Oil-exporting economies continued to enjoy robust expansion of activity, whereas output in parts of the region affected by the Arab spring was held back by persistent political tensions and social unrest, delaying the implementation of policies conducive to higher growth and postponing a more vigorous recovery in private sector spending. In sub-Saharan Africa, growth remained strong, supported by a moderate pick-up in activity in Nigeria and South Africa and ongoing investment in infrastructure and extractive industries.

LATIN AMERICA

Economic activity in Latin America gained some traction towards the end of 2013 but remained subdued in the first few months of 2014, with major differences across key economies in the region. Supply-side constraints and limited room for counter-cyclical policy actions in a high inflation environment are constraining output in Brazil, while mounting domestic imbalances and foreign exchange rate pressures are weighing on confidence and economic performance in Argentina. By contrast, activity in Mexico is benefiting from a pick-up in external demand, particularly from the United States, and the normalisation of public expenditure, as the transitory factors that depressed demand last year continue to wane. Looking ahead, growth is expected to pick up gradually in 2014, benefiting from improved global demand, but to remain below its historical trend.

In Brazil, real GDP growth decelerated in the first quarter of 2014 to 0.2% quarter on quarter, after 0.4% in the previous three months. The deceleration reflected the decline in domestic demand and the negative contribution from net trade, which were partly compensated for by high inventory accumulation. Despite subdued growth rates, inflationary pressures have re-intensified in recent months, reflecting to some extent a food supply shock owing to a severe drought in the south of Brazil that affected crops and led to a rise in food prices. This factor together with high inflation expectations prompted the central bank to increase further the monetary policy rate, by 25 basis points to 11%, in April. However, the central bank decided in May to end the tightening cycle, leaving the interest rate unchanged, after a cumulated increase of 375 basis points since April 2013. In Mexico, real GDP growth accelerated in the first quarter of 2014 to 0.3% quarter on quarter after 0.1% in the previous quarter. On the supply side, the pick-up in growth reflected some improvements in industry and services activities, whereas the agriculture sector stagnated. In Argentina, growth continued to fall sharply in the first quarter of 2014, as suggested by the economic activity indicator, which decreased by 0.7% quarter on quarter. Elevated inflation is eroding consumers' purchasing power, while the policy adjustment measures undertaken to restore macroeconomic stability in the country, together with historically low levels of confidence, are depressing growth.

1.4 EXCHANGE RATES

From early March to 4 June 2014, the euro slightly depreciated against the currencies of most of the euro area's main trading partners. In an environment of low volatility overall, movements in exchange rates were largely related to developments in expectations about future monetary policy, as well as to adjustments in market expectations regarding the economic outlook for the euro area relative to other major economies. On 4 June the nominal effective exchange rate of the euro, as measured against the currencies of 20 of the euro area's most important trading partners, stood at 0.6% below its level at the beginning of March, but at 2.3% above the level one year earlier (see Chart 4 and Table 3).

Chart 4 Nominal effective exchange rates of the euro, the US dollar and the Japanese yen

(daily data; index: Q1 1999 = 100)

Source: ECB.
The nominal effective exchange rate of the euro is calculated against the currencies of 20 of the most important trading partners of the euro area. The nominal effective exchange rates of the US dollar and the Japanese yen are calculated against the currencies of 39 of the most important trading partners of the United States and Japan.

The contained movements of the effective exchange rate mirror the relatively low volatility in the bilateral exchange rates of the euro during that period. In bilateral terms, over the past three months the euro has weakened against the US dollar (by 1.0%) and the pound sterling (by 1.2%), while appreciating marginally vis-à-vis the Japanese yen (by 0.2%). During that period the euro also depreciated against the currencies of commodity-exporting countries as well as of emerging economies in Asia – with the exception of the Chinese renminbi, against which it strengthened by 0.7%.

Table 3 Euro exchange rate developments

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

	Weight in the effective exchange rate of the euro (EER-20)	Change in the exchange rate of the euro as at 4 June 2014 with respect to	
		3 March 2014	4 June 2013
EER-20		-0.6	2.3
Chinese renminbi	18.7	0.7	6.2
US dollar	16.8	-1.0	4.1
Pound sterling	14.8	-1.2	-5.0
Japanese yen	7.2	0.2	6.5
Swiss franc	6.4	0.6	-1.6
Polish zloty	6.2	-1.1	-2.2
Czech koruna	5.0	0.4	6.5
Swedish krona	4.7	2.4	5.9
Korean won	3.9	-5.1	-4.8
Hungarian forint	3.2	-2.3	4.8
Danish krone	2.6	0.0	0.1
Romanian leu	2.0	-2.5	0.2
Croatian kuna	0.6	-1.1	0.4

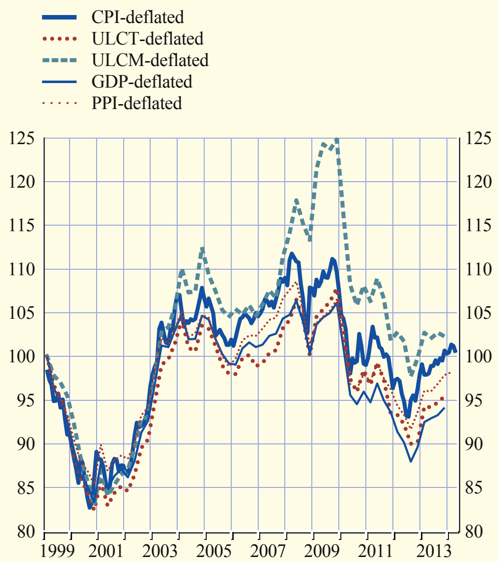
Source: ECB.
Note: The nominal effective exchange rate is calculated against the currencies of 20 of the most important trading partners of the euro area.

As far as the currencies of the remaining non-euro area EU Member States are concerned, the exchange rate of the euro mostly weakened: it depreciated against the Romanian leu (by 2.5%), the Hungarian forint (by 2.3%), the Polish zloty (by 1.1%) and the Croatian kuna (by 1.1%). Meanwhile, it appreciated against the Swedish krona (by 2.4%) and, to a lesser extent, against the Czech koruna (by 0.4%). The Lithuanian litas and the Danish krone, which are participating in ERM II, remained broadly stable against the euro, trading at, or close to, their respective central rates.

With regard to indicators of the international price and cost competitiveness of the euro area, in May 2014 the real effective exchange rate of the euro based on consumer prices was 2.4% above its level one year earlier (see Chart 5). This increase reflected the nominal appreciation of the euro over the same period, which was partly offset by a lower rate of consumer price inflation in the euro area compared with its main trading partners.

Chart 5 Real effective exchange rates of the euro

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



Source: ECB.
The real effective exchange rates of the euro are calculated against the currencies of 20 of the most important trading partners of the euro area.

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

Information available for the first quarter and April 2014 confirms the underlying weakness of money and credit growth. Annual growth in M3 moderated further, reflecting money-holders' weaker preference for monetary liquidity, with funds being shifted towards better remunerated assets outside broad money. Lending to the non-financial private sector remained weak in the first four months of 2014, with stable but subdued growth in loans to households and further net redemption of loans to non-financial corporations. MFIs' accumulation of net external assets continued to be the main source of money creation in the euro area in the first quarter of 2014, while April then saw only a modest monthly inflow. There are no strong signs that the overall deleveraging trend has started levelling off, as MFIs' main assets continued to decline in the first four months of 2014, falling at broadly the same pace as in the recent past.

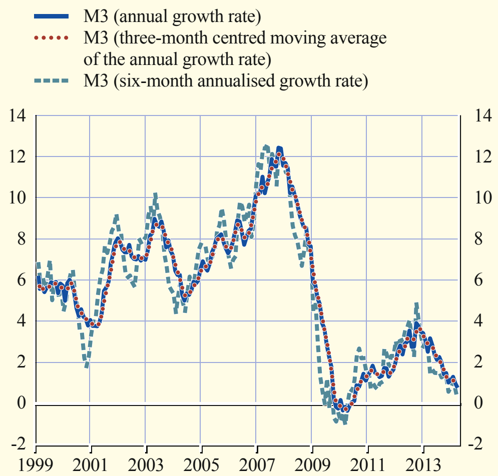
Annual M3 growth moderated further in March and April 2014, after recovering slightly at the beginning of the year. The annual growth rate of M3 stood at 0.8% in April, down from 1.5% in the fourth quarter of 2013 and 1.1% in the first quarter of 2014 (see Chart 6 and Table 4).

The most recent developments in M3 continue to reflect money-holders' reduced preference for monetary liquidity in the context of a search for yield. On the one hand, money-holders prefer to hold highly liquid overnight deposits, rather than other short-term deposits and marketable instruments (which has been supporting the robust – albeit declining – annual growth observed for M1). On the other hand, though, risk-return considerations have also led investors to shift some of their assets into better remunerated and less liquid instruments outside M3, such as investment funds.

Loans to general government continued to decline in the first quarter and April 2014. Loans to the non-financial private sector also contracted further in the first quarter of the year, with the pace of that decline falling somewhat in April. The net redemption of loans to non-financial corporations and the weak growth of lending to households reflected a combination of factors, such as continued weak economic conditions, the need to deleverage following past excesses and credit constraints in some euro area countries. At the same time, the April 2014 bank lending survey confirmed the stabilisation of bank credit conditions for euro area firms and households, with tentative signs of easing for some borrowing sectors (see Box 1 in the May 2014 issue of the Monthly Bulletin). That survey also shows that demand for loans may have started to pick up after years of contraction.

Chart 6 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

MFIs' accumulation of net external assets remained the primary source of money creation in the euro area in the first quarter of 2014, but April then saw only a modest monthly inflow. At the same time, MFIs' longer-term financial liabilities continued to record outflows in the first four months of 2014.

Table 4 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					
		2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Mar.	2014 Apr.
M1	**55.7**	**8.0**	**6.9**	**6.4**	**6.0**	**5.6**	**5.2**
Currency in circulation	9.4	2.7	2.6	4.1	6.0	6.5	5.3
Overnight deposits	46.3	9.2	7.8	6.9	6.0	5.4	5.2
M2-M1 (=other short-term deposits)	38.4	0.2	0.3	-1.2	-2.4	-2.3	-2.3
Deposits with an agreed maturity of up to two years	16.9	-5.8	-5.0	-6.3	-6.8	-6.4	-6.0
Deposits redeemable at notice of up to three months	21.5	5.8	5.0	3.3	1.4	1.1	0.7
M2	**94.0**	**4.5**	**4.0**	**3.1**	**2.4**	**2.2**	**2.0**
M3-M2 (=marketable instruments)	6.0	-14.9	-17.2	-17.1	-13.9	-14.6	-15.2
M3	**100.0**	**2.8**	**2.2**	**1.5**	**1.1**	**1.0**	**0.8**
Credit to euro area residents		**-0.1**	**-0.5**	**-1.2**	**-1.9**	**-2.2**	**-2.2**
Credit to general government		3.3	2.0	0.1	-0.2	-0.9	-0.9
Loans to general government		-2.6	-6.0	-6.7	-4.0	-3.1	-3.9
Credit to the private sector		-1.0	-1.2	-1.6	-2.3	-2.5	-2.5
Loans to the private sector		-1.1	-1.9	-2.2	-2.2	-2.2	-1.8
Loans to the private sector adjusted for sales and securitisation[2]		-0.6	-1.4	-1.8	-2.0	-2.0	-1.5
Longer-term financial liabilities (excluding capital and reserves)		**-4.6**	**-4.2**	**-3.6**	**-3.4**	**-3.3**	**-3.5**

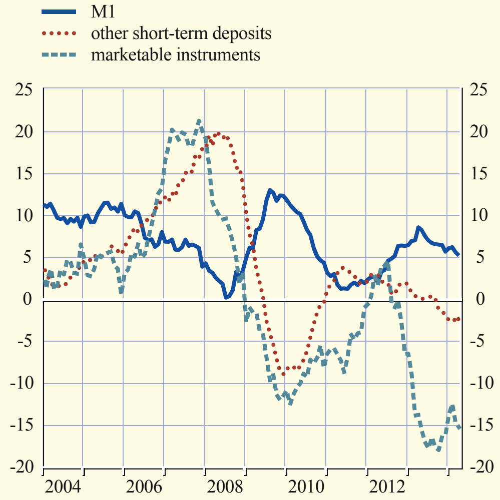
Source: ECB.
1) As at the end of the last month available. Figures may not add up due to rounding.
2) Adjusted for the derecognition of loans from the MFI statistical balance sheet owing to their sale or securitisation.

With deleveraging forces remaining at play within the euro area banking system, the decline in MFIs' main assets continued at broadly the same pace, with a decline of €66 billion being recorded in the first four months of the year.

Taken together, monetary developments in the period to April 2014 confirm the weakness of money and credit dynamics in an environment characterised by low inflation, moderate growth and exceptionally low interest rates.

Chart 7 Main components of M3

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



Source: ECB.

MAIN COMPONENTS OF M3

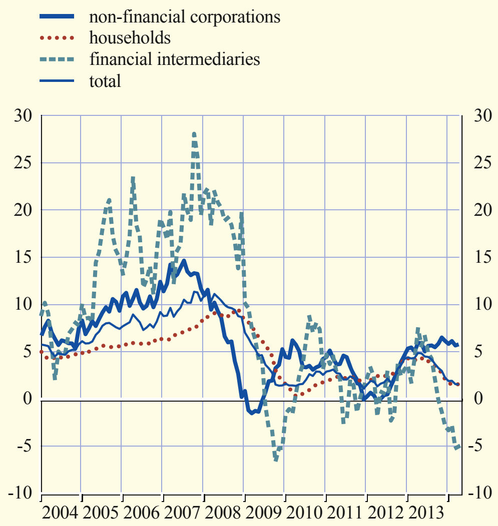
The moderation seen in the annual growth rate of M3 mainly reflected a further decline in the contribution made by overnight deposits and other short-term deposits. Narrow money (M1) remained the primary driver of M3 growth in the first quarter and April (see Chart 7). The contribution made by marketable instruments (i.e. M3 minus M2) remained in negative territory, albeit somewhat less so than in the fourth quarter of 2013.

As regards the components of M3, the annual growth rate of M1 moderated further, standing at 6.0% in the first quarter of 2014 and 5.2%

in April, down from 6.4% in the fourth quarter of 2013 (see Table 4). The deceleration seen in the first quarter reflected reduced inflows for overnight deposits, which mainly reflected a withdrawal of deposits from non-monetary financial intermediaries other than insurance corporations and pension funds (i.e the OFI sector), a highly volatile component of overnight deposits. The growth rate of currency in circulation increased in the first quarter of 2014, but then decreased in April.

Chart 8 Short-term deposits and repurchase agreements

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



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

The annual growth rate of short-term deposits other than overnight deposits fell from -1.2% in the fourth quarter of 2013 to -2.4% in the first quarter of 2014, before broadly stabilising in April. Sizeable outflows continued to be observed for short-term time deposits (i.e. deposits with an agreed maturity of up to two years) in the first quarter, with the annual growth rate standing at -6.8% (down from -6.3% in the fourth quarter), while the annual growth rate of short-term savings deposits (i.e. deposits redeemable at notice of up to three months) declined strongly, standing at 1.4% in the first quarter (compared with 3.3% in the fourth quarter). Short-term time deposits declined further, with their annual growth rate standing at -6.0% in April, while the annual growth rate of short-term savings deposits stood at 0.7% in that month. Developments for these types of investment are being driven mainly by their exceptionally low returns relative to other forms of investment (see Sections 2.4 and 2.5).

The annual growth rate of marketable instruments increased in the first quarter, but remained strongly negative at -13.9%, before declining again to stand at -15.2% in April. There was a further reduction in the money-holding sector's holdings of short-term MFI debt securities (i.e. securities with an original maturity of up to two years), with their annual growth rate stabilising at very low levels (standing at -33.1% in the first quarter, broadly unchanged from the fourth quarter), before declining further to stand at -38.8% in April. Similarly, the annual growth rate of money market fund shares/units stood at -9.4% in the first quarter and -10.8% in April, compared with -12.1% in the fourth quarter. The annual growth rate of repurchase agreements stood at -7.1% in the first quarter and -7.9% in April, compared with -11.2% in the fourth quarter. Investors' search for yield probably explains the continued outflows seen for money market funds. Investors continue to reallocate their funds to other types of investment with better remuneration prospects, as the very low interest rates are reducing the attractiveness of marketable instruments contained within M3. By comparison, since late 2012 the rates of return on investment funds have been persistently positive and relatively high (see Section 2.2 for details). In parallel, it has become increasingly difficult for money market funds to generate significant positive returns for investors. Moreover, regulatory incentives encouraging deposit-based funding for banks have also contributed to the weak issuance of MFI debt securities (at all maturities) and money market fund shares/units.

The annual growth rate of M3 deposits – which comprise all short-term deposits and repurchase agreements – declined further to stand at 1.8% in the first quarter of 2014, down from 2.9% in the fourth quarter of 2013, before decreasing further to stand at 1.5% in April (see Chart 8). At the sectoral level, the annual growth rate of M3 deposits held by households stood at 1.5% in April, while that of M3 deposits held by non-financial corporations stood at 5.8%. The annual growth rate of overnight deposits held by non-financial corporations declined slightly relative to the fourth quarter of 2013, standing at 8.0% in the first quarter and 7.9% in April. The robust annual growth of M3 deposits held by non-financial corporations probably reflects their preference for keeping a large part of their earnings in liquid assets and is likely to be a major counterpart of the strong capital inflows seen in the euro area. When looking at the geographical dispersion of M3 deposit flows, the strengthening of the deposit base seen in stressed countries in recent months seems to have lost steam, with growth rates stabilising in line with the moderation observed for the euro area as a whole.

MAIN COUNTERPARTS OF M3

As regards the counterparts of M3, the annual growth rate of MFI credit to euro area residents declined further in the first quarter and April. MFIs' accumulation of net external assets remained the primary source of money creation in the euro area in the first quarter, but April then saw only a modest monthly inflow.

The annual growth rate of MFI credit to the private sector fell further to stand at -2.3% in the first quarter and -2.5% in April, down from -1.6% in the fourth quarter of 2013. Among its components, the annual growth rate of securities other than shares also continued its strong decline in April, standing at -9.8%, down from -5.0% in the first quarter and 0.5% in the fourth quarter. The annual growth rate of shares and other equity also declined further (albeit remaining positive), standing at 0.2% in April and 1.2% in the first quarter, down from 3.4% in the fourth quarter. The annual growth rate of loans to the private sector remained unchanged at -2.2% in the first quarter of 2014, before increasing to stand at -1.8% in April.

When adjusted for loan sales and securitisation, the annual growth rate of loans to the private sector declined to -2.0% in the first quarter, down from -1.8% in the fourth quarter (see Table 4). That annual growth rate became less negative in April, standing at -1.5%, albeit the increase seen in April was driven largely by specific operations affecting a few individual MFIs. From a sectoral perspective, loans to households continued to record modestly positive annual growth in the first quarter, while growth in loans to non-financial corporations and loans to non-monetary financial intermediaries became slightly more negative. In April, annual growth in loans to households remained stable, while increases were observed for loans to non-financial corporations and non-monetary financial intermediaries.

The annual growth rate of MFI loans to households (adjusted for loan sales and securitisation) has remained stable in recent months. It stood at 0.4% in April, broadly in line with the rates observed since the second quarter of 2012 (see Section 2.7 for more details). In the first four months of 2014, inflows for lending for house purchase remained the primary driver of total lending to households, while total flows for consumer credit and other lending to households were negative in the first four months of 2014. Indications derived from the bank lending survey and house prices are consistent with expectations of a gradual strengthening of activity in the housing loan market. According to banks participating in the April 2014 bank lending survey, credit standards applied to housing loans were eased in net terms in the first quarter, while net demand for these loans increased substantially (see Box 1 in the May 2014 issue of the Monthly Bulletin). These developments were broadly based across large countries. Banks reported that the main drivers of the net increase in demand for housing loans were improvements in housing market prospects and consumer confidence.

The annual growth rate of MFI loans to non-financial corporations (adjusted for loan sales and securitisation) stood at -2.7% in April, slightly higher than the rates observed in the fourth quarter of 2013 and the first quarter of 2014. This reflected an increase in the contribution made by loans with medium to long-term maturities, while the contribution made by loans with short-term maturities declined further. From a longer-term perspective, following the stabilisation seen in the annual growth rate of loans to non-financial corporations since mid-2013, a turning point in the dynamics of such loans over the next few months would be consistent with the historical lead-lag relationship between loans to non-financial corporations and real GDP over the business cycle. On a more disaggregated basis, Box 1 below briefly presents recent developments in MFI loans to non-financial corporations, broken down by economic sector.

Box 1

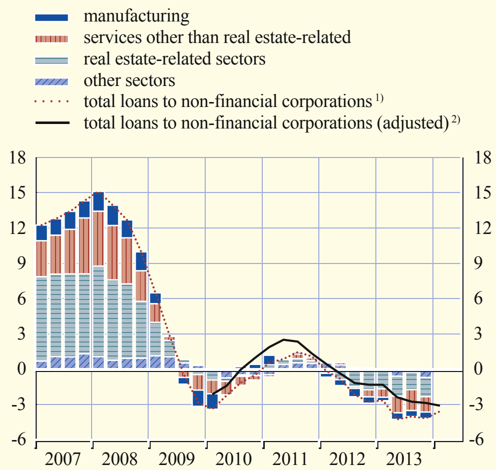
RECENT DEVELOPMENTS IN MFI LOANS TO NON-FINANCIAL CORPORATIONS, BROKEN DOWN BY ECONOMIC SECTOR

The annual rate of change in MFI loans to non-financial corporations (NFCs) has been negative since early 2012, largely reflecting the deleveraging needs of both the financial and the non-financial sectors. Recent months saw a stabilisation of the pace of contraction, but no clear signs of a turning point can be detected as yet.[1] Against this background, the box provides an update on sectoral developments in MFI loans to NFCs, broken down by economic sector (based on the NACE classification), in order to assess the contributions of the most important sectors to the dynamics of total NFC loans.[2] These sectoral data are available up to the fourth quarter of 2013.[3]

In the second half of 2013, the annual rate of change in total outstanding MFI loans to NFCs remained stable at slightly below -4%. The data, however, are not adjusted for reclassifications, valuation changes or sales and securitisation, factors that need to be taken into account to gauge the actual flow of financing received by euro area companies.

Chart A Annual growth rate of loans to non-financial corporations, broken down by economic sector

(annual percentage changes)



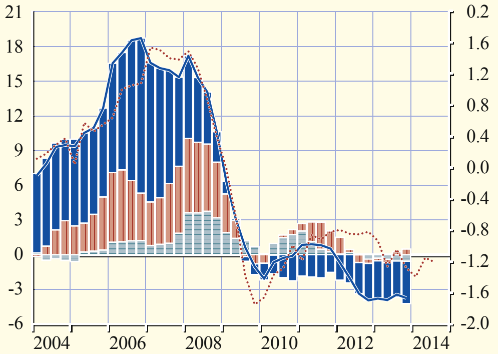
Source: ECB.
Notes: Latest observation: first quarter of 2014 for aggregated data and fourth quarter of 2013 for sectoral data. Sectoral data adjusted for the impact of the transfer of assets to SAREB carried out by Spanish MFIs in the fourth quarter of 2012 and the first quarter of 2013.
1) Growth rates derived from outstanding amounts, adjusted solely for asset transfers to SAREB.
2) Growth rates derived from monthly transactions, adjusted for sales and securitisations.

1 See main text of Section 2.1 of this Monthly Bulletin.
2 For previous analysis, see the box entitled "Recent developments in MFI loans to non-financial corporations, broken down by economic sector", *Monthly Bulletin*, ECB, November 2013.
3 For details of the latest data release, see the ECB's website (www.ecb.europa.eu). Data for the sectoral breakdown of MFI loans to NFCs should be interpreted with caution, as they are based on national data that are not fully harmonised and are partly estimated. For instance, data in recent years have been affected by various special factors, including operations linked to the restructuring of the banking sector in a number of countries, which need to be given due consideration.

Chart B Real estate-related loans to non-financial corporations and country contributions to growth

(annual percentage changes; percentage points)

- contribution of "strong growth" countries (left-hand scale)
- contribution of "moderate growth" countries (left-hand scale)
- contribution of "weak growth" countries (left-hand scale)
- real estate-related loan growth (left-hand scale)
- construction confidence indicator (shifted [1], right-hand scale)

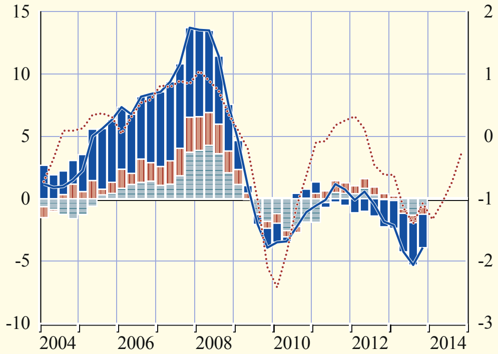


Source: ECB.
Notes: "Real estate-related loans" comprise loans to non-financial corporations that engage in construction and real estate services activities (based on data for those countries that have reported the corresponding series since 2003). Countries are considered to exhibit "strong growth" (Italy, Spain, Ireland and Greece), "moderate growth" (France, Belgium, Finland and Luxembourg) or "weak growth" (Germany, the Netherlands, Austria and Portugal) on the basis of growth rates recorded at the country level in 2006. Adjusted for the impact of the transfer of assets to SAREB carried out by Spanish MFIs in the fourth quarter of 2012 and the first quarter of 2013.
1) Construction confidence indicator shifted ahead by two quarters according to maximum correlation.

Chart C Loans to non-financial corporations in services sectors other than real estate services and country contributions to growth

(annual percentage changes; percentage points)

- contribution of "strong growth" countries (left-hand scale)
- contribution of "moderate growth" countries (left-hand scale)
- contribution of "weak growth" countries (left-hand scale)
- other services loan growth (left-hand scale)
- services confidence indicator (shifted [1], right-hand scale)



Source: ECB.
Notes: Loans to services excluding real estate-related services. Sectoral data adjusted for the impact of the transfer of assets to SAREB carried out by Spanish MFIs in the fourth quarter of 2012 and the first quarter of 2013. For the classification of countries, see the notes to Chart B.
1) Services confidence indicator shifted ahead by three quarters according to maximum correlation.

When adjusted for those factors, the aggregate series continues to show a decline in the annual rate of change also in the first quarter of 2014 (see Chart A). However, such adjustments are not available at the sectoral level.

The negative rate for total (unadjusted) NFC loans outstanding in the second half of 2013 is explained mainly by developments in real estate-related loans (i.e. the aggregate of the construction and real estate services sectors) and in loans to the services sector (excluding real estate services). The negative contribution of loans to companies operating in the manufacturing and other sectors remained contained. Overall, the contributions of all of these sectors remained broadly stable in the last two quarters of 2013.

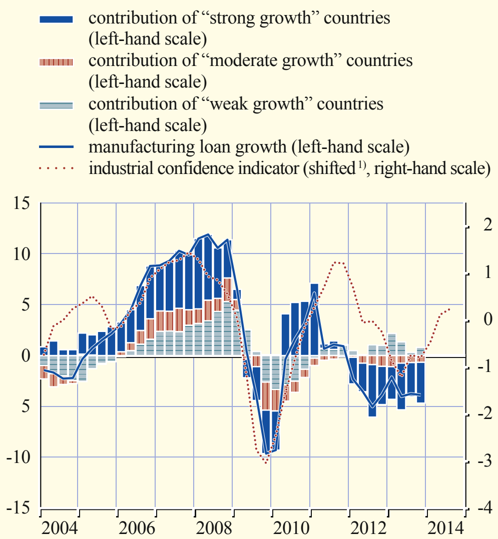
While no strong divergence can be detected in recent loan growth developments across sectors, significant heterogeneity is still visible across countries. This heterogeneity can be illustrated by grouping euro area countries into three categories, based on the average growth rate of lending to the real estate-related sectors (which had experienced the most marked expansion of loans to companies before the crisis) in the peak year of 2006. Countries with "strong growth", which drove most of the credit boom prior to 2007, as well as the subsequent decline, are still responsible for most of the contraction of lending in all main sectors (see Charts B, C and D). Nevertheless, the slowdown in such lending can also be explained by the subdued contributions across all sectors of countries with both "weak growth" and "moderate growth", with the possible exception of slightly positive contributions to loans in the manufacturing sectors of countries classified as having "weak growth".

Overall, from a medium-term perspective, the weakness in MFI loan growth to NFCs observed up to the fourth quarter of 2013 was broadly based across sectors, but stemmed mainly from developments in specific countries that had registered very high loan growth rates prior to the crisis in the real estate-related sectors ("strong growth" countries).

Looking ahead, simple correlations suggest a relationship between confidence indicators and loan dynamics (see Charts B, C and D). In this respect, confidence indicators for sectoral activity would point to different loan dynamics across the most important sectors going forward. More precisely, should the statistical relationships observed in recent years continue to hold, the construction confidence indicator does not point to an imminent recovery of real estate-related lending, while the corresponding confidence indicators for the manufacturing and the other services sectors suggest that 2014 could see a decrease in the pace of contraction in lending in these two sectors. However, the crisis period may have affected the reliability of the leading properties of confidence indicators with respect to loan dynamics, implying significant uncertainty as regards the outlook for credit.

Chart D Loans to non-financial corporations in the manufacturing sector and country contributions to growth

(annual percentage changes; percentage points)



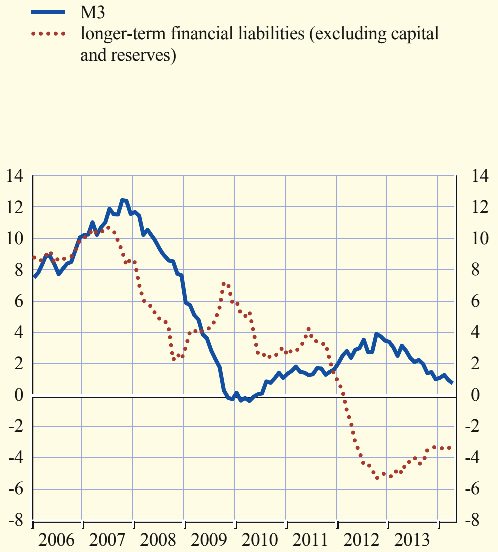
Source: ECB.
Note: For the classification of countries, see the notes to Chart B.
1) Industrial confidence indicator shifted ahead by two quarters according to maximum correlation.

From a more general perspective, the weakness of bank lending continues to reflect both supply and demand factors, although their impact varies considerably from country to country. Moreover, the fragmentation of financial markets and the elevated borrowing costs experienced by non-financial sectors in some countries continue to weigh on spending and capital expenditure. Excessive indebtedness in the private sector may also be dampening demand for bank credit in a number of countries. Furthermore, firms have increasingly replaced bank credit with alternative sources of funding – such as internal funds and, for larger non-financial corporations, direct access to capital markets (see Section 2.6). The April 2014 bank lending survey confirmed the stabilisation of bank credit conditions for euro area firms: the net percentage of banks reporting a tightening of credit standards for loans to enterprises remained broadly unchanged at 1%, while banks foresaw a net easing of credit standards in the second quarter of 2014. On the demand side, the net percentage of banks reporting increased demand for loans was positive for all sectors for the first time since mid-2011. Banks also expected increased demand for all categories of loan in the second quarter of 2014.

The annual growth rate of MFI credit to general government turned negative to stand at -0.2% in the first quarter of 2014, down from 0.1% in the fourth quarter of 2013. It then remained negative in April, standing at -0.9%.

Chart 9 M3 and MFI longer-term financial liabilities

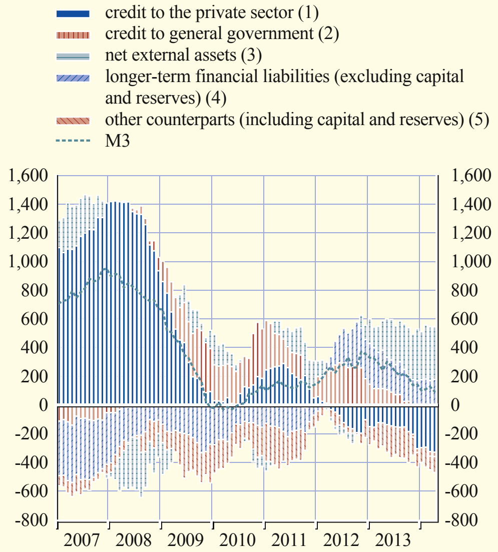
(annual percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

Chart 10 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.

Turning to the other counterparts of M3, the annual growth rate of MFIs' longer-term financial liabilities (excluding capital and reserves) was broadly stable, standing at -3.5% in April, compared with -3.4% in the first quarter and -3.6% in the fourth quarter (see Chart 9). The contraction observed for MFIs' longer-term financial liabilities continues to reflect their reduced funding needs in the context of continued deleveraging and the shift to deposit-based funding that is being encouraged under the current regulatory regime.

MFIs' net external assets increased by €4 billion in April, much less than in previous months. A quarterly inflow of €81 billion was observed in the first quarter, down from €155 billion in the fourth quarter of 2013 (see Chart 10). The net external asset position of euro area MFIs captures the capital flows of the money-holding sector where they are routed via MFIs, as well as transfers of assets issued by the money-holding sector (see Box 2).

Box 2

RECENT DEVELOPMENTS IN THE FINANCIAL ACCOUNT OF THE EURO AREA BALANCE OF PAYMENTS

This box analyses developments in the financial account of the euro area balance of payments up to the first quarter of 2014. Aggregate euro area net financial outflows increased in the 12 months to March 2014 compared with the previous 12-month period, reflecting a strong increase in net other investment outflows which was partially offset by an increase in net inflows in the combined direct and portfolio investment balance (see the table below).

Net inflows in the combined direct and portfolio investment balance increased from €86 billion to €142 billion in the 12 months to March 2014. This increase was driven by a shift in direct investment from recording net outflows to balanced, owing to a decline in direct investment abroad by euro area residents. In line with the ongoing improvement in financial market sentiment towards the euro area, net portfolio investment inflows continued to be sizeable at €142 billion – albeit declining slightly compared with the previous 12-month period – as foreign investors continued to increase their exposure to euro area equity and debt securities. The composition of portfolio investment inflows changed somewhat with foreign investors increasing their net purchases of equity instruments, while the inflows of debt instruments declined. In fact, foreign investors turned into net sellers of euro area money market instruments in the 12-month period to March 2014, while net purchases of bonds and notes continued to be sizeable. Euro area investors slightly increased their net acquisitions of both foreign equity and debt instruments. The composition of net acquisitions of debt instruments changed as euro area investors switched from being net sellers to net purchasers of money market instruments, while net purchases of bonds and notes declined.

Net outflows of other investment rose from €296 billion to €412 billion in the 12 months to March 2014, owing to a switch by euro area MFIs from decreasing to increasing their foreign other investment assets. Non-residents continued to withdraw deposits and loans from euro area MFIs, albeit at a slower pace than in the previous 12 months. There was a substantial shift in the maturity structure of euro area MFIs' other investment assets held abroad as holdings of long-term assets continued to be reduced, while euro area MFIs expanded their net acquisitions

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

(EUR billions; non-seasonally adjusted data)

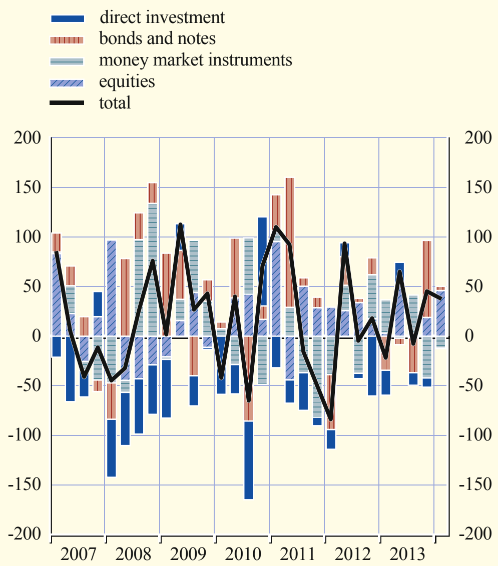
	Three-month cumulated figures						12-month cumulated figures					
	2013 December			2014 March			2013 March			2014 March		
	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance
Financial account[1]			-95.6			-41.5			-202.7			-265.2
Combined direct and portfolio investment	-202.2	247.7	45.5	-24.3	62.2	37.9	-542.9	628.7	85.8	-440.1	581.7	141.6
Direct investment	-151.9	142.8	-9.1	21.6	-22.0	-0.4	-363.2	286.4	-76.8	-250.3	250.2	-0.1
Portfolio investment	-50.4	104.9	54.6	-45.9	84.2	38.3	-179.7	342.3	162.6	-189.8	331.5	141.7
Equities	-39.4	58.4	19.0	-8.8	54.8	46.0	-102.7	183.6	80.9	-108.3	224.3	116.0
Debt instruments	-11.0	46.5	35.6	-37.1	29.3	-7.8	-76.9	158.7	81.7	-81.5	107.2	25.7
Bonds and notes	-12.6	90.4	77.7	-26.2	30.4	4.2	-112.5	128.4	15.9	-70.2	110.4	40.2
Money market instruments	1.7	-43.8	-42.2	-10.9	-1.0	-11.9	35.5	30.3	65.9	-11.3	-3.2	-14.5
Other investment	20.6	-165.7	-145.1	-146.2	67.5	-78.7	72.6	-369.0	-296.4	-41.6	-370.1	-411.8
Of which: MFIs												
Direct investment	-4.5	2.7	-1.8	-4.3	-1.4	-5.7	2.2	9.8	12.0	-12.1	4.0	-8.0
Portfolio investment	-1.0	-8.2	-9.2	16.4	8.4	24.8	75.5	-57.0	18.5	12.1	-26.8	-14.7
Equities	-5.7	-7.0	-12.7	17.0	14.4	31.4	-14.5	-34.8	-49.3	-9.0	1.7	-7.3
Debt instruments	4.7	-1.2	3.5	-0.7	-5.9	-6.6	90.0	-22.2	67.8	21.1	-28.5	-7.5
Other investment	21.1	-144.2	-123.0	-137.7	47.5	-90.1	144.2	-363.8	-219.6	-57.1	-323.1	-380.3

Source: ECB.
Note: Figures may not add up owing to rounding.
1) A positive (negative) sign indicates inflows (outflows).

of short-term assets. In the 12 months to March 2014 the increase in the net external asset position of euro area MFIs had a positive impact on euro area liquidity and was partly reflected in the evolution of the broad monetary aggregate M3. As can be seen from the monetary presentation of the balance of payments, the increase in MFIs' net external asset position over this period was mainly a result of transactions by the non-MFI sector related to the current account surplus of the euro area, as well as net portfolio investment inflows.

Combined direct and portfolio investment

(EUR billions; quarterly net flows)



Source: ECB.

Net inflows of €38 billion were recorded in the combined direct and portfolio investment balance in the first quarter of 2014, compared with net inflows of €46 billion in the fourth quarter of 2013 (see the chart below). The decline was due to lower net inflows of portfolio investment, which were only partly offset by lower net outflows of direct investment. Within portfolio investment, foreign investors bought less euro area equity and debt instruments than in the previous quarter, while domestic investors reduced their net purchases of foreign equity but increased their net purchases of foreign debt securities. At the same time, there was a substantial decline in net outflows of other investment, which can be partly attributed to seasonal effects.

In the first quarter of 2014, non-euro area residents became net buyers of equity securities issued by euro area MFIs, while they continued to reduce their holdings of debt instruments issued by euro area MFIs. Euro area MFIs, on the other hand, switched from net purchases to net sales of foreign equity securities, while starting to increase their holdings of foreign debt securities. Net external assets of euro area MFIs continued to increase in the first quarter of 2014, owing to net inflows of portfolio investment in the euro area non-MFI sector and the transactions of the money-holding sector associated with the current account surplus of the euro area.

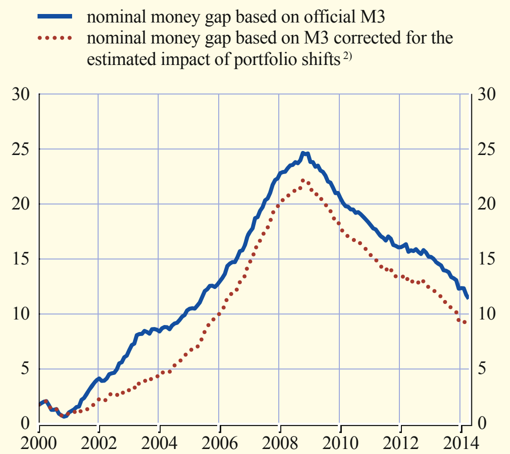
GENERAL ASSESSMENT OF MONETARY LIQUIDITY CONDITIONS

Recent developments in M3 have resulted in further declines in the monetary liquidity accumulated in the euro area prior to the financial crisis (see Charts 11 and 12). Some indicators of monetary liquidity monitored by the ECB suggest that the excess liquidity accumulated prior to the crisis has been reduced significantly. Liquidity conditions in the euro area appear at present to be more balanced than they have been in the past. These indicators should be interpreted with caution, since the assessment of equilibrium money holdings is surrounded by considerable uncertainty.

Overall, underlying money and credit growth remained weak in the first quarter and April 2014. M3 growth moderated further on account of the weak credit dynamics in the euro area and a reduced preference for monetary liquidity. Subdued growth in credit to the private sector continued

Chart 11 Estimates of the nominal money gap[1)]

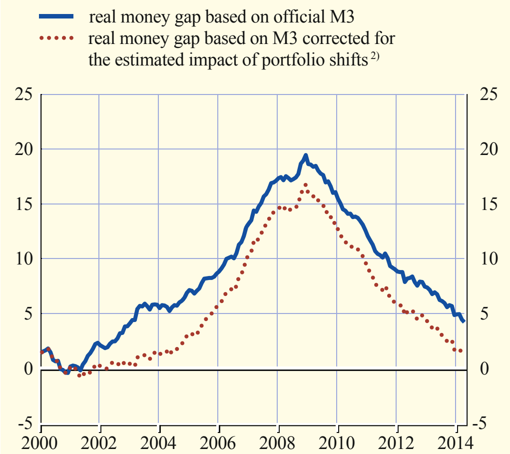
(as a percentage of the stock of M3; adjusted for seasonal and calendar effects; December 1998 = 0)



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 12 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.

to reflect both cyclical and structural demand factors, as well as tight supply conditions in some countries, in the context of ongoing deleveraging.

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 marginally in the fourth quarter of 2013, continuing the downward trend observed since the beginning of 2011 on account of weak economic conditions and subdued developments in disposable income. The increase in the annual growth rate of financial investment by insurance corporations and pension funds in the same quarter was driven mainly by investment in debt securities and mutual fund shares.

NON-FINANCIAL SECTORS

In the fourth quarter of 2013 (the most recent quarter for which integrated euro area accounts data are available), the annual growth rate of total financial investment by the non-financial sectors declined marginally to stand at 1.6%, down from 1.7% in the third quarter (see Table 5). This represents a continuation of the downward trend observed since the beginning of 2011 on account of weak economic conditions and subdued developments in disposable income. A breakdown by financial instrument shows that the growth rates of currency and deposits, shares and other equity (excluding mutual fund shares) and mutual fund shares all declined in the fourth quarter of 2013. These developments were only partially offset by a less negative annual growth

Table 5 Financial investment of the euro area non-financial sectors

	Outstanding amount as a percentage of financial assets[1]	Annual growth rates										
		2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4
Financial investment	**100**	**3.4**	**3.0**	**2.2**	**2.4**	**2.3**	**2.4**	**2.5**	**2.4**	**1.9**	**1.7**	**1.6**
Currency and deposits	23	3.9	3.3	3.1	4.1	3.5	3.6	3.5	2.7	3.0	2.9	2.5
Debt securities, excluding financial derivatives	5	7.1	8.5	2.1	1.5	1.1	-0.4	-4.5	-6.4	-7.5	-7.8	-7.3
of which: short-term	0	5.8	1.7	19.6	18.3	21.5	20.5	-3.6	-18.4	-26.4	-31.4	-26.0
of which: long-term	5	7.2	9.0	0.7	0.2	-0.5	-1.9	-4.6	-5.3	-5.8	-5.7	-5.7
Shares and other equity, excluding mutual fund shares	30	3.0	2.6	2.8	3.0	2.6	2.4	2.1	2.5	1.8	1.9	1.6
of which: quoted shares	5	0.4	2.4	2.0	2.6	3.1	0.8	0.9	0.9	1.9	1.7	0.7
of which: unquoted shares and other equity	25	3.5	2.7	2.9	3.1	2.5	2.8	2.4	2.8	1.8	2.0	1.7
Mutual fund shares	5	-2.9	-4.9	-5.1	-3.9	-3.4	-1.5	0.7	3.2	2.9	2.4	2.0
Insurance technical reserves	15	3.1	2.6	2.0	1.8	1.9	2.0	2.3	2.6	2.7	2.8	2.9
Other[2]	21	4.0	3.8	2.5	1.5	2.5	2.9	4.0	4.0	2.6	1.7	1.7
M3[3]		1.3	1.7	1.6	2.8	3.0	2.8	3.5	2.5	2.4	2.0	1.0

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.

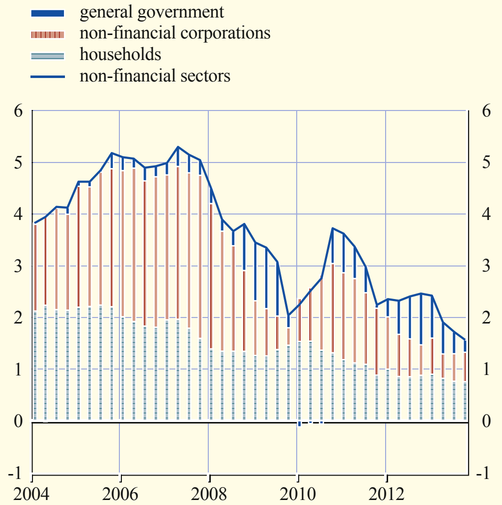
rate for investment in debt securities (-7.3%, compared with -7.8% in the previous quarter) and a marginal increase in the annual growth rate of investment in insurance technical reserves.

A breakdown by sector (see Chart 13) reveals that the annual growth rate of households' investment in financial assets remained unchanged in the fourth quarter of 2013. The main development observed for this sector was a decline in the rates at which households invested in shares and other equity (excluding mutual funds) and mutual funds. This decline in the annual growth rates of riskier assets was compensated for by a less negative annual growth rate for investment in debt securities (indicating that the pace at which households sold debt securities declined in the fourth quarter of 2013) and a marginal increase in the annual growth rate of insurance technical reserves. Viewed in conjunction with the marginal increase in households' acquisition of insurance technical reserves (which refers to investment in life insurance and pension products), the decline in the annual growth rate of investment in shares and mutual funds suggests that the household sector's appetite for risk moderated in the fourth quarter.

Turning to non-financial corporations, the annual growth rate of financial investment by non-financial corporations increased marginally

Chart 13 Financial investment of non-financial sectors

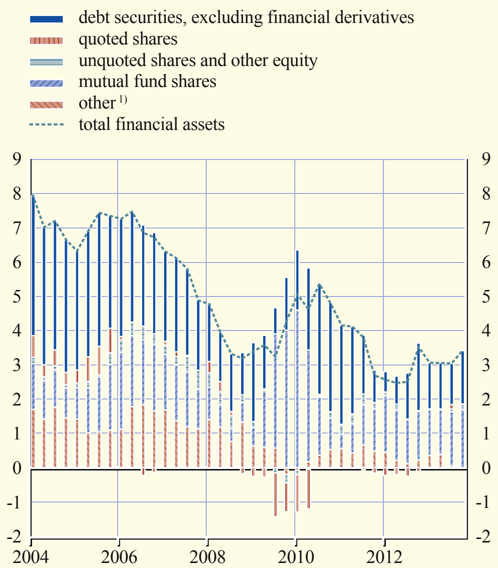
(annual percentage changes; contributions in percentage points)



Source: ECB.

Chart 14 Financial investment of insurance corporations and pension funds

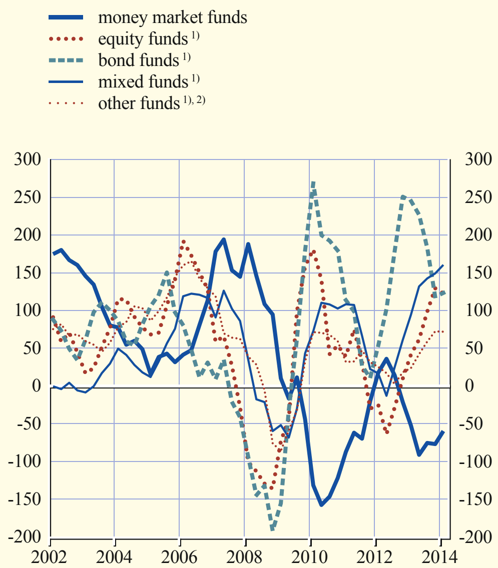
(annual percentage changes; contributions in percentage points)



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

Chart 15 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.

in the fourth quarter of 2013 to stand at 1.4% (up from 1.3% in the previous quarter). This was driven mainly by increases in the annual growth rates of currency and deposits and shares and other equity, which were only partially offset by a decline in the annual growth rate of other financial assets. 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.

The annual growth rate of financial investment by the general government sector declined further in the fourth quarter of 2013. This reduction in the pace of asset accumulation reflects a further decline in the annual growth rate of currency and deposits, as well as a decline in the annual growth rate of shares and other equity (excluding mutual funds). The annual growth rate of investment in other financial assets, which includes loans and other accounts receivable, also declined in the fourth quarter.

INSTITUTIONAL INVESTORS

The annual growth rate of financial investment by insurance corporations and pension funds increased to 3.4% in the fourth quarter of 2013, up from 3.0% in the previous quarter (see Chart 14). The breakdown by financial instrument reveals that this increase in the annual growth rate of total financial assets was driven mainly by investment in debt securities and mutual fund shares.

Investment fund data, which are already available for the first quarter of 2014, reveal an inflow of €170 billion for euro area investment funds other than money market funds. This was €59 billion higher than in the previous quarter. On an annualised basis, the net inflow for investment funds totalled €478 billion. The breakdown of transactions by type of investment shows that the inflow for bond funds, which was just under €50 billion more than in the previous quarter, accounted for the majority of the total inflow for euro area funds other than money market funds. Investment in mixed funds stood at €60 billion, up from €31 billion in the fourth quarter of 2013, while inflows for equity funds declined by €12.5 billion relative to the fourth quarter. As a result, annual inflows for equity funds declined for the first time since mid-2012, standing at €123 billion in the first quarter of 2014, down from €129 billion in the fourth quarter of 2013. Owing to the large increase observed in the first quarter of 2014, annual inflows for bond funds increased slightly (see Chart 15). As regards money market funds, the latest developments indicate that the reduction in net selling that began in the second quarter of 2012 continued in the first quarter of 2014. Viewed in annual terms, net sales of money market fund shares/units by institutional investors stood at €60 billion, down from €77 billion in the previous quarter.

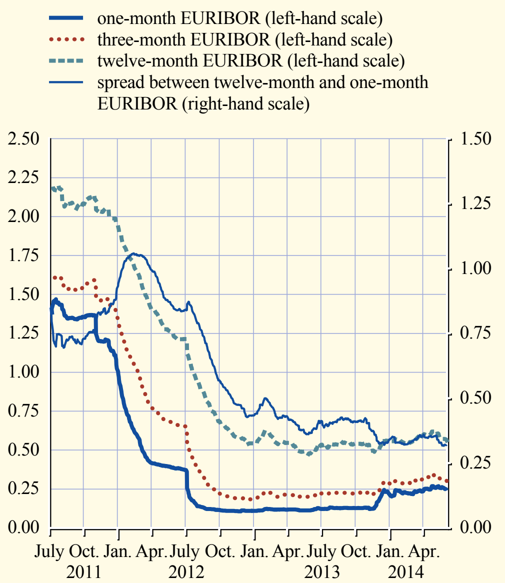
2.3 MONEY MARKET INTEREST RATES

Between end-February and early June 2014 money market interest rates rose very marginally and displayed some volatility, mainly reflecting fluctuations in excess liquidity and month-end effects. As a result of early repayments, counterparties have now repaid €557 billion of the €1,018.7 billion of liquidity originally provided in December 2011 and February 2012 through the two three-year longer-term refinancing operations (LTROs).

Unsecured money market interest rates rose very marginally between end-February and early June 2014, and on 4 June the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.24%, 0.30%, 0.39% and 0.56% respectively, representing increases of around 1 basis point on average. As a result, the spread between the twelve-month and one-month EURIBOR – an indicator of the slope of the money market yield curve – remained broadly unchanged over the review period, standing at 32 basis points on 4 June. Unsecured money market interest rates exhibited little volatility during the review period, with daily changes never exceeding 2 basis points across the four maturities (see Chart 16).

Chart 16 Money market interest rates

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

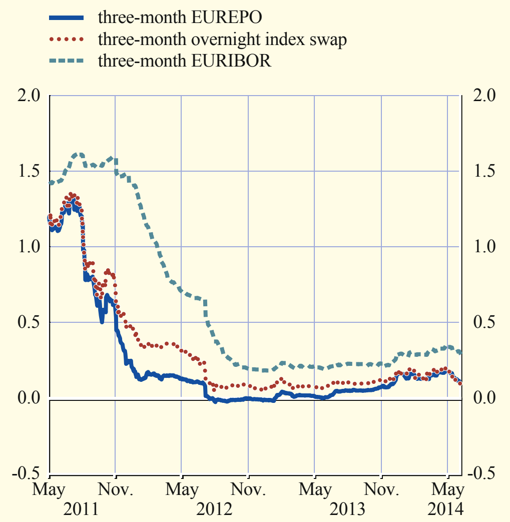


Sources: ECB and Thomson Reuters.

The interest rates implied by the prices of three-month EURIBOR futures contracts maturing in June, September and December 2014 and March 2015 decreased relative to the levels observed at the end of February, declining by between 2 and 15 basis points to stand at 0.24%, 0.19%, 0.17% and 0.17% respectively on 4 June (see Chart 18). Market uncertainty, as measured by the implied volatility derived from short-term options on three-month EURIBOR futures, rose marginally in the two months to end-April, before gradually

Chart 17 Three-month EUREPO, EURIBOR and overnight index swap

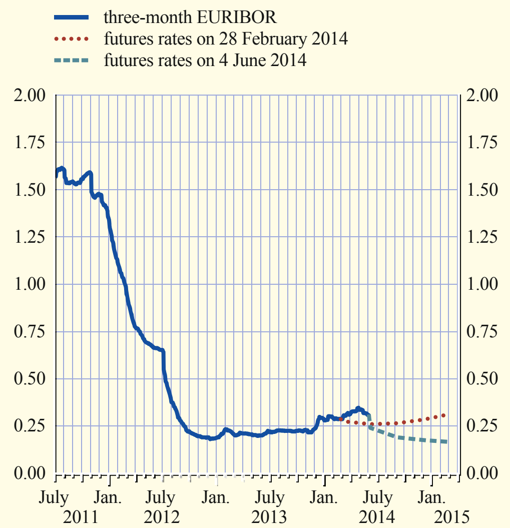
(percentages per annum; daily data)



Sources: ECB, Bloomberg and Thomson Reuters.

Chart 18 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.

declining again, ending the review around the levels observed at end-February (see Chart 19). The three-month EONIA swap rate stood slightly below 0.1% on 4 June, some 4 basis points lower than on 28 February. Thus, the spread between the three-month EURIBOR and the three-month EONIA swap rate rose by 5 basis points to stand at 20 basis points on 4 June (see Chart 17).

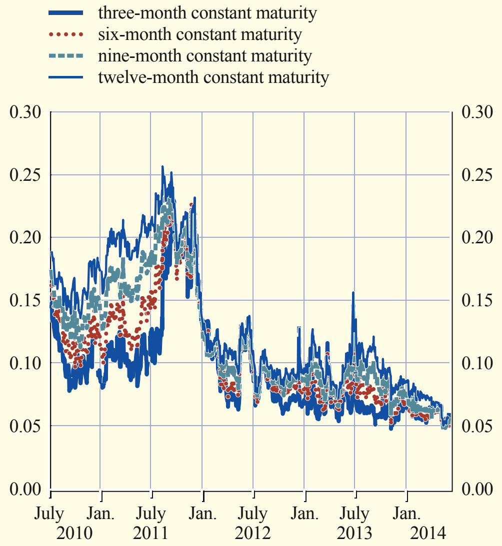
Between end-February and early June the EONIA declined by around 11 basis points, amid some volatility. That volatility mainly reflected lower levels of excess liquidity and end-of-month increases, which were probably driven by liquidity demand stemming from “window dressing” (see Chart 20). In particular, in the course of March the EONIA fluctuated within a narrow band around the level of 0.17%, before spiking to stand at just below 0.7% on the last day of March. In early April, the EONIA went back to moving within a narrow range, fluctuating between 0.20% and 0.22%. However, in the last week of April it began steadily increasing again, ending the month at around 0.45%, before declining again during the first week of May. Around 20 May the EONIA began to rise again, peaking at 0.47% on 27 May, on account of market expectations of a tightening of liquidity towards the end of the month. By 29 May, following the settlement of the Eurosystem’s weekly liquidity operations, as well as on account of liquidity allotted through a three-month LTRO, the EONIA had declined to 24 basis points. The rate edged further downwards in the remainder of the review period, mainly reflecting increased liquidity after the month-end effect. On 4 June the EONIA stood at 14 basis points.

The ECB continued 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 (see also Box 3).

The ECB also conducted weekly one-week liquidity-absorbing operations with a variable rate tender procedure and a maximum bid rate of 0.25% in the third, fourth and fifth maintenance

Chart 19 Implied volatilities with constant maturities derived from options on three-month EURIBOR futures

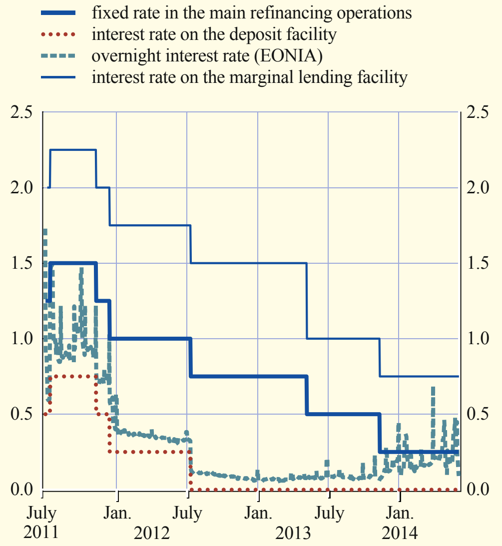
(percentages per annum; daily data)



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

Chart 20 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Thomson Reuters.

periods of 2014. In five of these operations, the ECB absorbed an amount equal to the outstanding value of the purchases made under the Securities Markets Programme. However, as of the second week of the fourth maintenance period, the ECB absorbed less than that outstanding value, against the background of lower average levels of excess liquidity.

The period under review was characterised by a continuation of the trend decline in the level of excess liquidity, albeit with considerable fluctuations around month-end. Most of the volatility observed in liquidity conditions was due to counterparties altering their recourse to Eurosystem operations against the background of a strong and mostly steady stream of repayments for the two three-year LTROs and pronounced fluctuations in autonomous factors. As a result, excess liquidity fluctuated strongly, standing at a low of €70 billion and a high of €179.5 billion over that period. It averaged €115.8 billion in the three maintenance periods in question, down from €165.4 billion in the previous three maintenance periods. On 4 June excess liquidity stood at €125 billion. Daily recourse to the deposit facility averaged €28 billion, while current account holdings in excess of reserve requirements averaged €88 billion and recourse to the marginal lending facility averaged €0.34 billion. Thus far, counterparties have voluntarily repaid €557 billion of the €1,018.7 billion obtained in the two three-year LTROs.

Box 3

LIQUIDITY CONDITIONS AND MONETARY POLICY OPERATIONS IN THE PERIOD FROM 12 FEBRUARY 2014 TO 13 MAY 2014

This box describes the ECB's monetary policy operations during the reserve maintenance periods ending on 11 March 2014, 8 April 2014 and 13 May 2014, i.e. the second, third and fourth maintenance periods of the year.

During the review period the main refinancing operations (MROs) continued to be conducted as fixed rate tender procedures with full allotment. The same procedure remained in use for the special-term refinancing operations with a maturity of one maintenance period. The fixed rate was the same as the MRO rate prevailing at the time.

Furthermore, the three-month longer-term refinancing operations (LTROs) allotted in the review period were also conducted as fixed rate tender procedures with full allotment. The interest rate in each of these operations was fixed at the average of the MRO rates over the respective LTRO's lifetime. Finally, the Governing Council decided to keep the key ECB rates unchanged during the period under review.

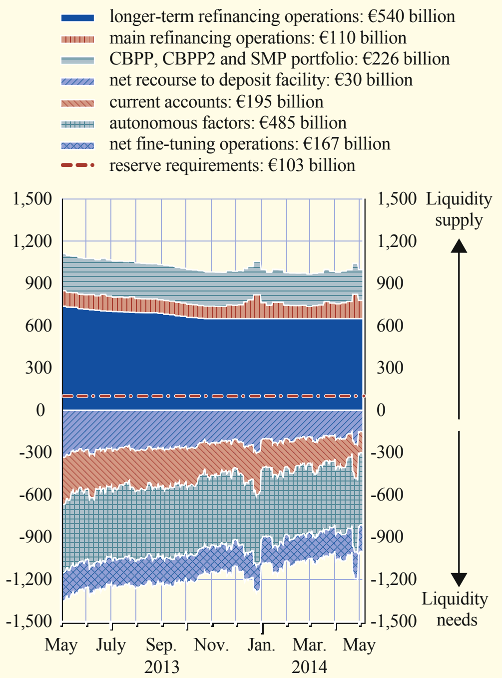
Liquidity needs

During the review period, the aggregate daily liquidity needs of the banking system, defined as the sum of autonomous factors and reserve requirements, averaged €588.1 billion, €17.0 billion lower than the daily average in the previous review period (from 13 November 2013 to 11 February 2014). Autonomous factors declined significantly from an average of €501.8 billion to an average of €484.8 billion in the period under review. Reserve requirements remained broadly unchanged, averaging €103.3 billion in the period under review (see Chart A).

Looking at individual contributions to the change in average autonomous factors, net assets denominated in euro had the strongest liquidity-providing effect, increasing on average by €31.0 billion, from an average of €447.0 billion in the previous review period to an average of €478.0 billion in the period currently under review. The increase in net assets denominated in euro reflects, among other things, lower deposits denominated in euro held with the Eurosystem by foreign central banks.

Chart A 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.

The liquidity-providing effect resulting from this factor was partially offset by an increase in government deposits and banknotes in circulation. Government deposits increased by €7.7 billion during the review period, from an average of €73.9 billion to an average of €81.6 billion. This component also continued to exhibit significant volatility, fluctuating by as much as €59.4 billion during the period under review. Such fluctuations have a substantial impact on the volatility of autonomous factors; in particular, significant increases in government deposits are observed between the 19th and 23rd of each month during the tax collection cycle, and declines are observed at the beginning of each month with the payment of salaries, pensions and social benefits. Nevertheless, the impact on the average level of autonomous factors is normally less significant. Banknotes in circulation increased, on average, by €4.0 billion, from an average of €936.1 billion in the previous review period to an average of €940.1 billion in the period currently under review. More specifically, banknotes in circulation increased by €6.3 billion in the third maintenance period to an average of €938.4 billion and peaked in the fourth maintenance period at an average of €947.9 billion, largely reflecting a seasonal demand pattern during the Easter period.

Finally, net foreign assets and other autonomous factors almost offset each other from a liquidity point of view, as the main changes to these items resulted from the quarterly amortisation exercise that affects each item in the opposite way. Net foreign assets absorbed liquidity in an amount of €8.4 billion during the period under review, with the average decreasing from €531.4 billion to €523.0 billion, whereas other autonomous factors provided additional liquidity as a result of their decline of €6.1 billion, to an average of €463.7 billion.

Daily current account holdings in excess of reserve requirements averaged €92.2 billion during the period under review, a reduction of €34.1 billion compared with the previous review period. This decline is in line with the downward trend in excess reserves recorded since early 2013. Daily current account holdings in excess of reserve requirements continued to decline on a monthly basis, from a peak of €98.3 billion in the second maintenance period of 2014 to €87.7 billion in the fourth maintenance period of 2014.

The decline in current account holdings was gradual during the second and third maintenance periods. However, higher volatility was observed in the fourth maintenance period, with current account holdings in excess of reserve requirements fluctuating between a peak of €145.4 billion and a trough of €46.5 billion, as banks were increasing their recourse to the refinancing operations amid higher tensions in overnight money markets, while excess liquidity reached levels below €100 billion.

Liquidity supply

The average amount of liquidity provided through open market operations continued to decline, from €782.1 billion during the previous review period to €709.4 billion. The main reason for this decline comprised the repayments of the three-year LTROs, while liquidity provided in the other refinancing operations increased on average, slightly offsetting the decline in excess liquidity. Tender operations [1] provided an average of €483.2 billion of liquidity, marking a decline of €62.0 billion compared with the previous review period. The liquidity provided through the weekly MROs stood on average at €109.9 billion, just €0.4 billion lower than in the previous review period. The weekly allotted amount was, however, more volatile than in

1 Tender operations include main refinancing operations, longer-term refinancing operations and fine-tuning operations (both liquidity-providing and liquidity-absorbing).

previous periods, fluctuating in a range between a low of €87.0 billion on 5 March 2014 and a high of €172.6 billion on 30 April 2014, as banks adjusted their demand according to the developments in liquidity and money market conditions.

During the review period, LTROs with a duration of three months and of one maintenance period contributed, on average, €43.4 billion to the liquidity supply, €11.8 billion higher than in the previous review period. Such a high level of average recourse to these operations had not been seen since the beginning of 2013. The three-year LTROs provided on average €496.5 billion, as counterparties repaid €82.6 billion during the review period, an amount similar to that repaid in the previous period. Weekly repayments amounted to €8.7 billion during the second maintenance period, an amount significantly lower than those repaid in the previous months. However, weekly repayments accelerated in the third and fourth maintenance periods, totalling €41.9 billion and €32.0 billion respectively, after both three-year LTROs fell below one year maturity. At the end of March, repayments increased significantly ahead of the presentation of the quarterly financial statements.

The combined outstanding amount of securities held for monetary policy purposes – comprising the first and second covered bond purchase programmes (CBPP and CBPP2) and the Securities Markets Programme (SMP) – stood on average at €226.3 billion, a decrease of €10.6 billion.

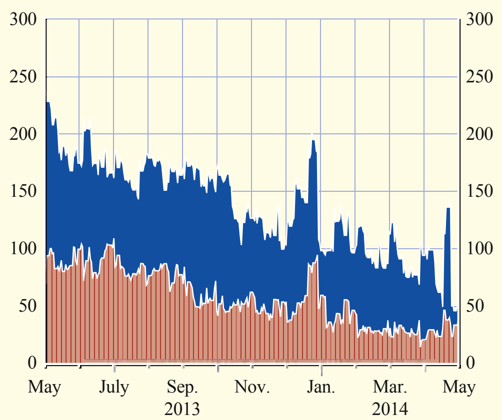
The outstanding amount of securities purchased under the CBPP, which was completed in June 2010, stood at €37.8 billion at the end of the review period, €1.9 billion lower than in the previous review period, on account of maturing securities. Outstanding amounts under CBPP2, which ended on 31 October 2012, stood at €14.4 billion at the end of the review period, €0.6 billion lower than in the previous review period, also on account of maturing securities. The outstanding value of the SMP decreased by €8.3 billion during the review period, reflecting redemptions in the portfolio. The outstanding amount at the end of the review period was €167.4 billion. The weekly liquidity-absorbing fine-tuning operations sterilised the liquidity injected through the SMP, although, in the last four operations of the review period, the bids received were lower than the intended amount of absorption. These episodes reflected greater tensions in the money market rates as a consequence of lower excess liquidity, which was sometimes accompanied by rate spikes above the maximum bid rates on these liquidity-absorbing operations. Chart A summarises the developments of the liquidity needs of the banking system and the liquidity supply.

Excess liquidity

Excess liquidity continued to decline, averaging €121.3 billion in the period under review, compared with €176.9 billion in the previous review period. At the same time, it remained volatile, especially during the last maintenance period, fluctuating within the review period between €179.5 billion (6 May 2014) and €74.0 billion (7 May 2014). As described above, the main drivers were the increase in and fluctuation of government deposits, as well as the increase in banknotes in circulation, the significant amount of repayments during the period under review and the higher volatility in the amounts allotted through MROs. Since the rate on the deposit facility stood at 0%, and was thereby equal to the remuneration of excess reserve holdings, counterparties were largely indifferent regarding the disposition of their excess liquidity. For the three maintenance periods under review, the pattern was fairly stable, with about 24% of excess liquidity held in the deposit facility and 76% held in the form of excess reserves. However, it can be observed that in the

Chart B Evolution of excess liquidity and the distribution between excess reserves and the standing facilities

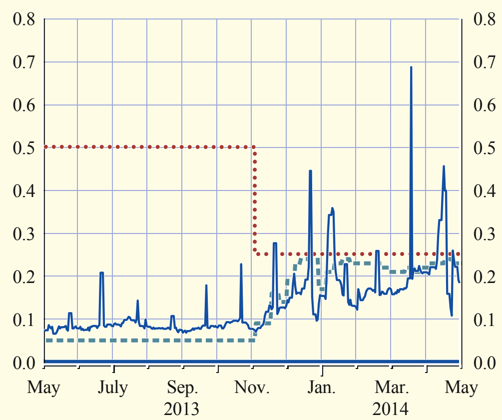
(EUR billions; daily data)



Source: ECB.

Chart C Selected ECB interest rates, EONIA and the weighted average rate of fine-tuning operations

(percentages; daily data)



Source: ECB.

last week of maintenance periods, when more counterparties have already fulfilled their reserve requirements, the share of excess liquidity in the deposit facility increases. This was especially notable in the case of the fourth maintenance period of 2014 when, on average, 39% of excess liquidity was held in the deposit facility during the last week (see Chart B).

Interest rate developments

During the review period, the ECB rates on the marginal lending facility, the MROs and the deposit facility remained unchanged at 0.75%, 0.25% and 0%, respectively. In light of declining excess liquidity, both the level and the volatility of the EONIA increased compared with the previous period under review. The EONIA averaged 20.7 basis points, compared with 16.9 basis points in the previous three maintenance periods. Within the period under review, the EONIA fluctuated in a range between 10.8 and 68.8 basis points. The average EONIA in the second maintenance period was 17.2 basis points. It increased to 20.1 basis points in the third maintenance period and to 24 basis points in the fourth maintenance period. The rates in the weekly liquidity-absorbing fine-tuning operations also reached significantly higher levels than in the previous period under review, with the weighted average allotment rate ranging between 21 and 24 basis points within the review period (see Chart C).

2.4 BOND MARKETS

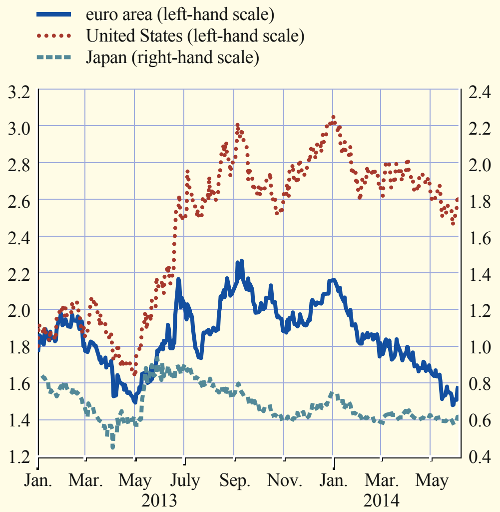
Between end-February and early June 2014, euro area and US government bond yields went down. The decline gained pace in the second half of May and was followed by a partial reversal in early June. Lower government bond yields reflected the impact of mixed economic data and the heightened tensions that market participants were experiencing on account of geopolitical turbulences. In the first part of the review period, announcements by the Federal Open Market Committee (FOMC) on the quantitative easing programme in the United States may also have *brought downward pressure to bear on yields. Spreads between euro area sovereign bond yields and the overnight indexed swap rate fell in an environment characterised by returning confidence and broadly stable expectations with respect to bond market uncertainty. Financial indicators of long-term inflation expectations in the euro area did not change significantly and remained fully consistent with price stability.*

Between the end of February and 4 June 2014, AAA-rated ten-year euro area government bond yields decreased by around 25 basis points, to 1.6% (see Chart 21). Over the same period, ten-year government bond yields in the United States declined by 5 basis points, to 2.6%, while those in Japan remained broadly stable at around 0.6%. In the euro area, the whole term structure shifted downwards, with yields on AAA-rated government bonds with maturities of five and two years also declining over the period under consideration. For these maturities, the declines were less sizeable than for the ten-year maturity, amounting to 20 and 10 basis points respectively. As a result, the slope of the term structure, as measured by the gap between the ten-year and the two-year bond yield, decreased by around 15 basis points over the review period.

In early March, AAA-rated long-term euro area government bond yields rose, although less markedly than long-term US bond yields following the release of solid labour market data in the United States. After some reversal, euro area yields rose anew on account of, among other factors, the additional tapering decided upon by the Federal Open Market Committee (FOMC), as well as releases of purchasing managers' index data for both the United States and the euro area. From around 20 March to mid-April, however, euro area yields declined, primarily on account of mixed economic data – especially the release of weak labour market data in the United States. Between mid-April and mid-May, long-term bond yields on both sides of the Atlantic remained somewhat volatile without any particular trend, as markets weighed positive data releases, notably for industrial production in both economic areas, against evolving concerns about geopolitical risks in connection with the political crisis in Ukraine. However, the decline in long-term government bond yields resumed in the two main economic areas around mid-May, mainly as a result of weaker than expected GDP data releases both for some euro area countries and for the area as a whole, as well as of a rise in market expectations regarding monetary policy actions by the ECB. The electoral results in Ukraine, which had contributed to easing geopolitical tensions and restoring confidence, may have played a role in compressing yields in this period. All in all, such factors seem to have outweighed positive economic data released over the same period in the United States, which instead probably had a positive influence on equity markets. In early June long-term government bond yields in the euro area and the United States increased by, overall, 10 and 15 basis points respectively. This

Chart 21 Long-term government bond yields

(percentages per annum; daily data)



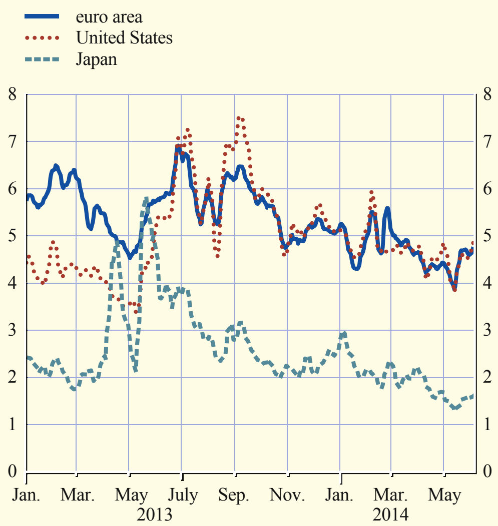
Sources: EuroMTS, ECB, Bloomberg and Thomson Reuters.
Notes: Long-term government bond yields refer to ten-year bonds or to the closest available bond maturity. The euro area bond yield is based on the ECB's data on AAA-rated bonds, which currently include bonds from Austria, Finland, Germany and the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

reversal took place mainly on account of a further improvement in US economic conditions, while weaker than expected euro area data releases on inflation and manufacturing activity seemed to have played an only marginal role.

Investor uncertainty about near-term developments in the bond market, as measured by the implied volatility extracted from bond options with a short maturity, remained broadly stable in the euro area over the reference period, while it rose marginally in the United States (Chart 22). Overall, in both economic areas, implied volatility has tended to decline since early March and reached a relative low around mid-May. In the remainder of the month, it reverted back to values slightly below those prevailing at the end of February, but it rose at a faster pace in early June, also on account of rising long-term government bond yields, standing at approximately 4.9% in the two economic areas on 4 June.

Chart 22 Implied government bond market volatility

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



Source: Bloomberg.
Notes: Implied government bond market volatility is a measure of uncertainty surrounding the short term (up to three months) for German and US ten-year government bond prices. It is based on the market values of related traded options contracts. Bloomberg uses implied volatility of the closest-to at-the-money strikes for both puts and calls using near-month expiry futures.

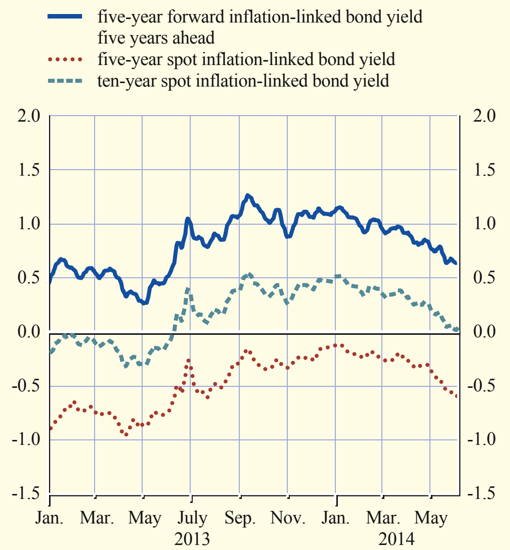
In line with the broad stability of implied bond volatility, tensions in the euro area sovereign bond markets remained subdued overall. Some temporary volatile episodes mainly reflected developments in geopolitical factors throughout the review period and, around mid-May, the impact of the above-mentioned data releases relating to GDP. Since end-May, as AAA-rated euro area government bond yields were rising, increases have also been recorded in many sovereign bond markets within the euro area, by between 6 and 30 basis points, all in all. Long-term bond yields generally decreased in most euro area countries, by between 10 and 120 basis points from end-February to 4 June. Over the same period, long-term bond yield spreads vis-à-vis the overnight indexed swap (OIS) rate also declined for most countries, by between 15 and 100 basis points. The narrowing of spreads is consistent with the return of investors' confidence, as underpinned by successful government bond issuance in a number of countries that had previously been strongly affected by the crisis and by positive credit rating news.

Overall, euro area real bond yields, as measured by the yields on inflation-linked government bonds, declined marginally in the period under review, broadly in line with the downturn in nominal long-term interest rates[1] (see Chart 23). Between end-February and early June, real five and ten-year bond yields decreased by between 30 and 35 basis points respectively, to -0.57% and 0.04%. The decline was more limited in March, namely to around 5 basis points for the two maturity horizons, but gained pace in April and May, when it averaged some 10 basis points per month in both cases. A slight reversal took place in early June. Given the changes in real yields on five and ten-year bonds, the long-term forward real interest rate in the euro area declined by 30 basis points, standing slightly below 0.7% at the end of the period under review.

1 The real yield on inflation-linked euro area government bonds is calculated as the GDP-weighted average yield on French and German inflation-linked government bonds. For more details, see the box entitled "Estimating real yields and break-even inflation rates following the recent intensification of the sovereign debt crisis", *Monthly Bulletin*, ECB, December 2011.

Chart 23 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.
Note: Real rates have been computed as a GDP-weighted average of separate real rates for France and Germany.

Chart 24 Euro area zero coupon break-even inflation rates and inflation-linked swap rates

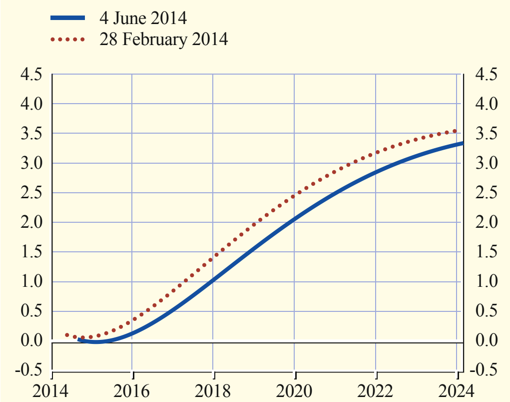
(percentages per annum; five-day moving averages of daily data; seasonally adjusted)

Sources: Thomson Reuters and ECB calculations.
Note: Break-even inflation rates have been computed as a GDP-weighted average of separately estimated break-even rates for France and Germany.

As the decline in nominal and real yields over the review period was broadly similar, financial market indicators of long-term inflation expectations in the euro area have not changed significantly since end-February. The ten-year break-even inflation rate implied by inflation-linked bonds rose marginally, namely by 6 basis points, to 1.65%. By contrast, the five-year break-even inflation rate implied by inflation-linked bonds rose more markedly, by 13 basis points, to around 1.15%. Accordingly, the five-year forward break-even inflation rate five years ahead declined marginally, by 2 basis points, between end-February and 4 June, to stand at slightly below 2.2% on the latter date (see Chart 24). The somewhat less volatile long-term forward break-even inflation rates calculated from inflation-linked swaps decreased as well, namely by 3 basis points over the period under review, to stand at 2.1% in early June. Overall, taking into account inflation and liquidity premia embedded in inflation-linked bonds, as well

Chart 25 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.

as the historical volatility of yields on such bonds, market-based indicators suggest that long-term inflation expectations remain fully consistent with price stability.[2]

The term structure of implied forward overnight interest rates in the euro area shifted downwards, by between 7 and 35 basis points, between end-February and 4 June. The decline was rather small for maturity horizons of up to one year, namely around 10 basis points, but sharper for longer ones, with a peak of 35 basis points being recorded for maturities of around six years and more (see Chart 25).

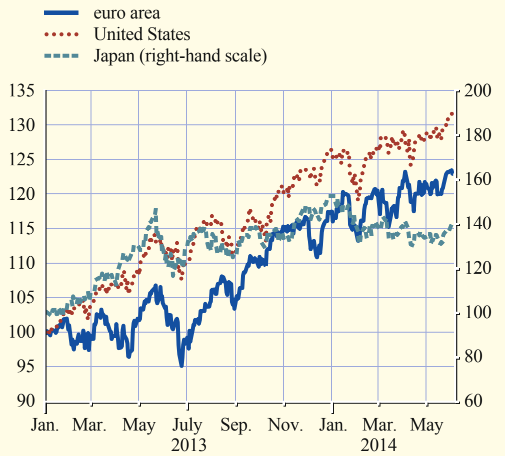
In the period under review, the yields on investment-grade bonds issued by corporations in the euro area decreased in line with the decline recorded by long-term government bond yields, for both non-financial and for financial issuers, as well as across the whole spectrum of ratings. Looking at non-financial issuers, yields declined by between 19 and 30 basis points, all in all, and ranged between 0.92% for AAA-rated issuers and 2.4% for BBB-rated issuers in early June. The spreads of these bonds (relative to the Merrill Lynch EMU AAA-rated government bond index) generally also decreased for both financial and non-financial issuers and across all rating classes, namely by between 3 and 20 basis points. Overall, for most rating classes, corporate bond spreads remained low compared with the relative peaks recorded at the beginning of 2013.

2.5 EQUITY MARKETS

Between the end of February and early June 2014, stock prices increased in both the euro area and the United States, on account of generally positive earnings data and some signs of a rebound in economic activity, although data releases were rather mixed over the review period. However, especially in the first two months of the period under review, heightened geopolitical tensions and the decision of the Federal Open Market Committee (FOMC) in the United States to scale down purchases of assets further weighed on stock prices.

Chart 26 Stock price indices

(index: 1 January 2013 = 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.

During the period under review, equity prices increased in the two main economic areas. In the euro area, the broad-based Dow Jones EURO STOXX index rose by 2.0% between the end of February and 4 June, while the Standard & Poor's 500 index in the United States rose by 3.7%. Equity prices in Japan, as measured by the Nikkei 225 index, rose as well, by 1.5% over the same period (see Chart 26).

Throughout March and April, stock prices in the euro area and the United States rose only marginally, by around 0.7% and 1.3% respectively, with limited volatility reflecting

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

the relative effects of economic data releases and geopolitical tensions arising from the Ukrainian political crisis. The FOMC announcement in March of an additional reduction of asset purchases and revised forward guidance may also have weighed on equity price developments. However, the FOMC's similar decision of 30 April had been widely anticipated, and thus had a muted impact on global stock markets. Equity prices in Japan, as measured by the Nikkei 225 index, lost around 4% in March and April. Most of the gains posted by euro area and US equity markets over the period under review took place in the last month thereof, thanks to positive data released around mid-May on manufacturing activity, the labour market and home sales in the United States, and also on account of the outcome of the elections for the European Parliament. The electoral results in Ukraine also contributed to easing geopolitical tensions and restoring confidence. Further positive data releases since end-May in the United States also supported equity markets further. In May and early June, euro area equity prices rose by 1.2%, while US equity prices increased by 2.3%. Equity prices in Japan rose as well, also benefiting from domestic factors such as a better than expected PMI and a strong rebound in capital spending, and from market expectations that the central bank could prolong its monetary easing.

In line with the increase in the overall index, stock prices also rose across most euro area sectors (see Table 6). Limited declines, however, were recorded in prices for financial and technology stocks, as well as for equities in the consumer services sector. With respect to the financial sector more specifically, European banks' stock prices reacted positively to the publication by the European Banking Authority in late April 2014 of the methodology and macroeconomic scenarios for the forthcoming 2014 stress test of bank balance sheets, but the sectoral index nonetheless declined by, as a whole, 1% over the reference period. At the same time, above-average gains were observed for equities in the utilities sector, in the oil and energy sector and in the telecommunications sector.

Stock market uncertainty, as measured by implied volatility, remained broadly flat in the euro area between the end of February and early June, while it dropped by around 0.8 percentage points in the United States over the same period. Overall, implied volatility did not exhibit significant swings in the course of the period under review, except around mid-March when a temporary spike occurred in connection with rising geopolitical tensions and, possibly, the FOMC's tapering decision, as well as – in the case of the euro area – in early June, amid rising sovereign yields and higher expected bond market volatility.

Table 6 Price changes in the Dow Jones EURO STOXX economic sector indices

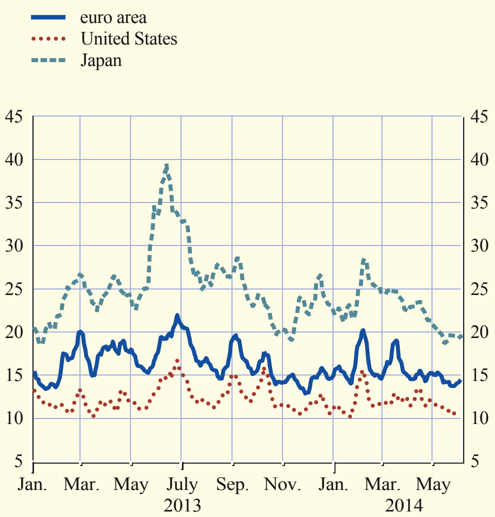
(percentages of end-of-period prices)

	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	9.9	6.7	16.8	6.6	23.4	5.1	15.6	5.1	4.6	6.2
Price changes (end-of-period data)											
Q1 2013	2.0	1.1	10.1	7.9	-3.7	-5.1	10.9	4.9	3.9	-3.1	-4.4
Q2 2013	-1.1	-2.0	-1.3	-2.2	-4.2	1.9	-0.7	-2.2	1.0	-1.9	-1.4
Q3 2013	11.3	6.8	9.6	8.9	12.0	16.7	-3.7	14.5	13.3	19.1	11.1
Q4 2013	7.3	9.5	7.1	3.4	0.9	12.5	6.0	7.5	7.2	6.8	4.3
Q1 2014	2.9	-1.2	2.1	1.9	5.1	5.0	-1.4	1.9	-0.8	3.0	13.4
Apr. 2014	0.5	1.8	-2.2	1.2	6.2	-0.3	1.8	0.1	-3.4	3.9	-2.5
May 2014	1.5	2.6	1.9	2.4	-0.3	-0.2	0.8	1.3	3.3	2.1	4.2
28 Feb. 2014 – 04 June 2014	2.0	2.1	-0.7	3.5	7.0	-0.7	1.9	1.2	-0.4	8.2	6.8

Sources: Thomson Reuters and ECB calculations.

Chart 27 Implied stock market volatility

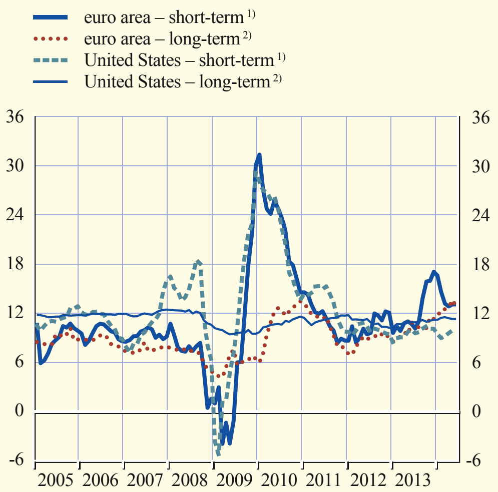
(percentages per annum; five-day moving averages of daily data)



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.

Chart 28 Expected growth in corporate earnings per share in the United States and the euro area

(percentages per annum; monthly data)



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

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

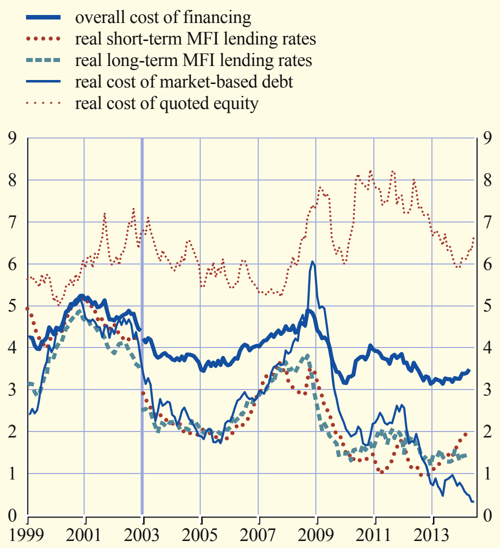
Between December 2013 and April 2014, the real cost of financing for non-financial corporations in the euro area rose slightly. This reflected an increasing real cost of both equity and bank loans that was partially compensated for by a declining real cost of market debt. With regard to financial flows, bank lending to non-financial corporations continued to contract in the first four months of 2014. The still fragile economic recovery in the first quarter of 2014 continued to exert some dampening pressure on the demand for loans. On the supply side, the need for banks to improve their capital ratios limited their ability to extend credit to non-financial corporations. In this context, survey evidence for the first quarter of 2014 suggests that banks' credit standards for loans to non-financial corporations remained tight on a net basis, broadly unchanged from the levels recorded in the previous quarter. Nevertheless, the issuance of debt securities, and – to a lesser extent – of quoted equity, continued to support external financing flows to the euro area non-financial corporations. In the first quarter of 2014, firms in the euro area continued to be in an overall net lending position.

FINANCING CONDITIONS

In April 2014 the real cost of external financing for non-financial corporations in the euro area – as calculated by weighting the costs of different types of financing on the basis of the respective amounts outstanding and correcting them for valuation effects – increased slightly to 3.5%, from 3.3% in December 2013 (see Chart 29). Compared with the last month of last year, developments in the overall index reflected an increase of 45 basis points in the real cost of equity, while the real cost of market debt declined by 31 basis points. Over the same period, real bank lending rates on both short and long-term loans to non-financial corporations increased by 21 and 7 basis points respectively. Data available until May 2014 suggest that the real cost of equity has increased further, while the real cost of market-based debt has declined to a new historical low since January 1999.

Chart 29 Real cost of the external financing of euro area non-financial corporations

(percentages per annum; monthly data)



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

Looking at the components of external financing in more detail, in the period from December 2013 to April 2014, MFIs' nominal interest rates on new loans to non-financial corporations remained virtually unchanged in the case of small loans (amounts of up to €1 million). Over the same period, nominal interest rates on new large loans (amounts in excess of €1 million) with shorter periods of initial rate fixation declined marginally, while those on large loans with longer periods of initial rate fixation remained unchanged (see Table 7). Between December 2013 and April 2014, the spreads between lending rates on small and large loans increased marginally, namely by 5 basis points, for loans with shorter periods of initial rate fixation and remained stable for loans with an initial period of rate fixation of more than five years.

From December 2013 to April 2014, perceptions of high credit risk among borrowers and declining euro area sovereign bond yields put upward pressure on the spread between banks' lending rates and market rates. For instance, the spread between long-term lending rates for large loans and the yield on AAA-rated seven-year government bonds increased from 137 basis points in December 2013 to 184 basis points in April 2014. However, at short maturities, the spread between banks' lending rates and market rates continued to decline. For small loans, in April 2014, the spread between the bank interest rate and the three-month EURIBOR declined to 346 basis points (from 350 basis points in December 2013). A similar decline was recorded for large loans, where the bank interest rate spread over the three-month EURIBOR declined to 191 basis points (from 200 basis points in December 2013).

With respect to survey evidence on the supply of, and demand for, bank loans to the euro area non-financial corporations, the April 2014 bank lending survey for the first quarter of 2014 showed that credit standards for loans to non-financial corporations remained tight and broadly unchanged as compared with the last quarter of 2013. However, the level of net tightening remains at the

Table 7 MFI interest rates on new loans to non-financial corporations

(percentages per annum; basis points)

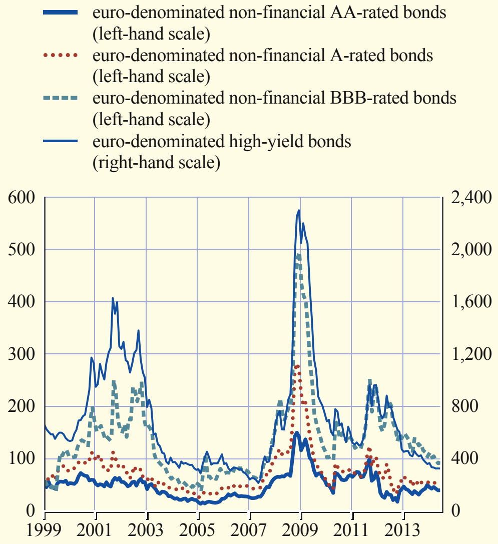
	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Mar. 2014	Apr. 2014	Change in basis points up to April 2014[1] Jan. 2013	Jan. 2014	Mar. 2014
MFI interest rates on loans									
Bank overdrafts to non-financial corporations	3.94	3.89	3.86	3.79	3.78	3.81	-17	-4	3
Loans to non-financial corporations of up to €1 million									
with a floating rate and an initial rate fixation of up to one year	3.75	3.73	3.76	3.79	3.79	3.80	1	-5	1
with an initial rate fixation of over five years	3.49	3.29	3.26	3.27	3.28	3.27	-12	-1	-1
Loans to non-financial corporations of over €1 million									
with a floating rate and an initial rate fixation of up to one year	2.12	2.17	2.15	2.29	2.26	2.25	5	0	-1
with an initial rate fixation of over five years	2.85	2.93	3.06	2.96	2.98	2.97	1	-6	-1
Memo items									
Three-month money market interest rate	0.21	0.22	0.23	0.29	0.31	0.34	11	4	3
Two-year government bond yield	0.07	0.30	0.22	0.25	0.17	0.16	-15	5	-1
Seven-year government bond yield	1.10	1.51	1.42	1.58	1.21	1.13	-30	-12	-8

Source: ECB.
Note: Government bond yields refer to the euro area bond yields based on the ECB's data on AAA-rated bonds (based on Fitch ratings), which currently include bonds from Austria, Finland, France, Germany and the Netherlands.
1) Figures may not add up due to rounding.

historically lowest level recorded since the start of the bank lending survey. Perceptions of declining borrowers' credit risk, in combination with a moderate improvement in the economic outlook, led to a marginal net easing of banks' credit standards for loans to enterprises. From the credit supply point of view, some mitigation of banks' balance sheet constraints and lower costs of banks' funding also contributed slightly to a net easing of credit standards for loans to enterprises. For the second quarter of 2014, banks expect a continuation of the net easing of credit standards for loans to enterprises.[3] Turning to market funding conditions, from December 2013 to April 2014 (the latest month when data are fully available), the spreads between non-financial corporations' cost of market debt and AAA-rated government bond yields continued to decline. The decline was widespread across the various corporate bond rating categories, but more sizeable in the case of bonds with lower ratings ("high yields"), where it amounted to 35 basis points (see Chart 30).

Chart 30 Corporate bond spreads of non-financial corporations

(basis points; monthly averages)



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

3 For details, see the box entitled "The results of the euro area bank lending survey for the first quarter of 2014", *Monthly Bulletin*, ECB, May 2014.

FINANCIAL FLOWS

From December 2013 to March 2014, the weakness of economic activity and low inflation, in combination with a relatively strong share issuance by non-financial corporations, led to a further decline in the earnings per share of euro area non-financial corporations. Specifically, the annual rate of change in the earnings per share of listed euro area companies was -6.7% in May 2014, up from -7.7% in December 2013 (see Chart 31). Looking ahead, based on indicators from market providers, market participants expect the pace of contraction in earnings per share to moderate gradually until it returns to positive territory in the fourth quarter of this year.

In the first quarter of 2014, the dynamics of firms' external financing remained rather weak. These developments reflected both demand factors, as embedded in a still fragile recovery of corporate investment, and some persistent financing supply constraints, notably on the side of small and medium-sized enterprises (SMEs). Adjusted for sales and securitisation, MFI loans contracted by 3.1% in comparison with the same quarter last year, i.e. at a rate unchanged from that recorded in the fourth quarter of 2013. In April 2014, the pace of contraction moderated slightly, with the annual growth rate standing at -2.7% (see also Box 1). The ongoing contraction in MFI loans to large non-financial corporations was partially compensated for by their ability to tap other sources of external financing. Even though the annual growth of net corporate debt securities issuance was below the mark of 8.1% recorded in the fourth quarter of 2013 (see Chart 32), it remained elevated at 7.6% in the first quarter of 2014, and thus clearly higher than the growth rate in equity issuance. The latter amounted to 1.2%, up from 0.7% in the fourth quarter of 2013 (see Table 8).

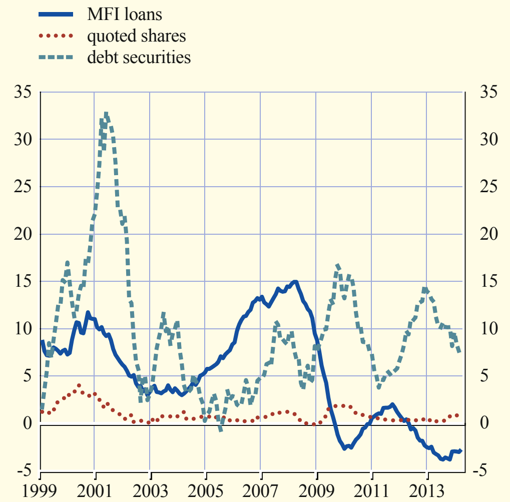
Chart 31 Earnings per share of listed non-financial corporations in the euro area

(annual percentage changes; monthly data)

Sources: Thomson Reuters and ECB calculations.

Chart 32 External financing of non-financial corporations broken down by instrument

(annual percentage changes)



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

Table 8 Financing of non-financial corporations

(percentage changes; end of quarter)

	Annual growth rates				
	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1
MFI loans	-2.5	-3.4	-3.6	-3.0	-3.0
Up to one year	1.5	-2.1	-3.1	-4.0	-4.9
Over one and up to five years	-6.3	-6.2	-5.6	-5.7	-4.7
Over five years	-2.9	-3.0	-3.2	-1.7	-1.7
Debt securities issued	13.1	10.3	10.2	8.2	7.6
Short-term	7.9	-9.3	0.6	-8.7	-8.6
Long-term, *of which:* 1)	13.7	12.6	11.2	9.7	9.2
Fixed rate	15.1	13.7	11.3	9.5	8.8
Variable rate	-0.2	4.9	11.1	11.1	12.9
Quoted shares issued	0.1	0.4	0.3	0.7	1.2
Memo items 2)					
Total financing	1.2	0.7	0.7	0.7	-
Loans to non-financial corporations	0.2	-0.7	-1.3	-1.1	-
Insurance technical reserves 3)	1.2	1.1	1.0	1.0	-

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

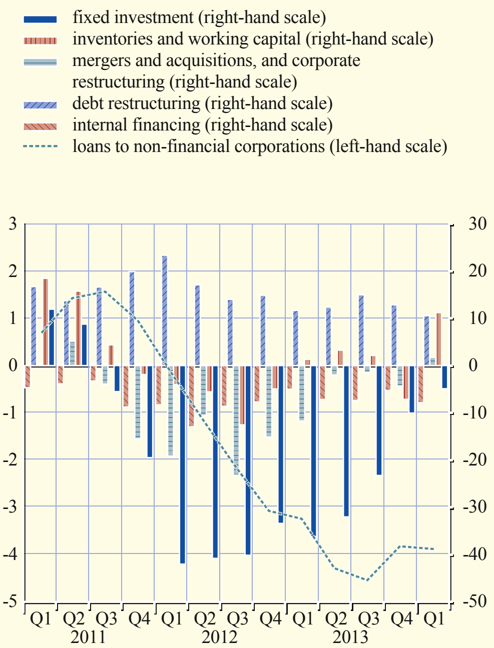
Traditionally, the market for corporate debt in the euro area is concentrated on large firms with high ratings in relatively few countries. Monthly data on net issuance of debt securities, available until March 2014, confirm this pattern, so that SMEs have benefited only indirectly from the strong issuance of corporate debt. Moreover, issuance of debt securities by non-financial corporations has been skewed towards instruments with longer maturities since 2007. This development continued in March 2014, with the share of long-term debt instruments issued by non-financial corporations increasing to 92% (up from 84% in 2007).

In the first quarter of 2014, the most severe contraction in MFI loans to non-financial corporations was recorded for loans with an interest rate fixation period of up to one year. However, the pace of contraction moderated – although remaining rather high – in the case of loans with an interest rate fixation period of between one and five years (see Table 8).

The April 2014 bank lending survey for the first quarter of 2014 showed that the net loan demand of non-financial corporations (i.e. the difference between the sum of the percentages of banks reporting an increase and that of banks reporting a decline in demand) returned to positive territory across all loan categories. The net demand for loans to enterprises increased to 2% in the first quarter of 2014, from -11% in the previous quarter, making it positive for the first time since the second quarter of 2011, and reaching a level above its historical average. Inventories and working capital, as well as debt restructuring, were the main contributors to firms' loan demand in the first quarter of 2014. Fixed investment remained a drag – although less so than in the previous quarter – on loan demand. The accumulation of large liquid buffers caused internal financing to become a more negative contributor to loan demand in the first quarter of 2014 than in the previous quarter (see Chart 33).

Chart 33 Loan growth and factors contributing to non-financial corporations' demand for loans

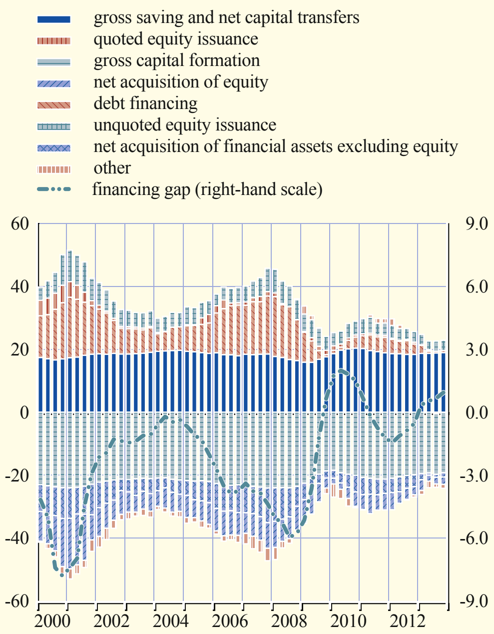
(annual percentage changes; net percentages)



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. The variables on the right-hand scale are in net-percentages.

Chart 34 Savings, financing and investment of non-financial corporations

(four-quarter moving sum; 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.

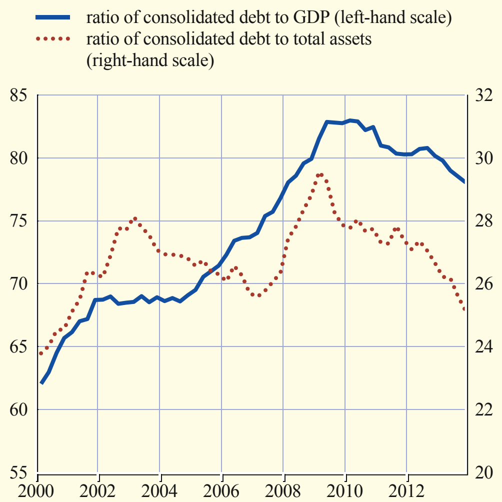
The financing gap of non-financial corporations – i.e. the difference between their internal funds (gross saving) and their gross capital formation, in relation to the gross value added that they generated – remained positive and increased to 0.9% in the last quarter of 2013, from 0.7% in the previous quarter (see Chart 34). This was the result of both a slight increase in internally generated funds and a marginal decrease in gross capital formation. On the financial side, non-financial corporations increased their deposit holdings significantly further in comparison with the level in the third quarter of 2013.

FINANCIAL POSITION

According to euro area integrated accounts data, the indebtedness of the non-financial corporate sector declined slightly in the fourth quarter of 2013. The ratio of debt to GDP decreased further, from 78.5% in the third quarter of 2013 to 78.0% in the last quarter of the same year. The pace of adjustment in non-financial corporations' balance sheets from the peaks recorded at the height of the financial crisis remained rather slow, also on account of the persistent weakness of the economic recovery. Over the same period, the debt-to-total assets ratio likewise declined slightly, from 25.6% to 25.1% (see Chart 35). The debt sustainability of non-financial corporations continued to improve in the fourth quarter of 2013. Their gross interest burden – in relation to their gross operating surplus – declined to 11.7%, from 12.1% in the third quarter of 2013. In net terms, the interest burden of

Chart 35 Debt ratios of non-financial corporations

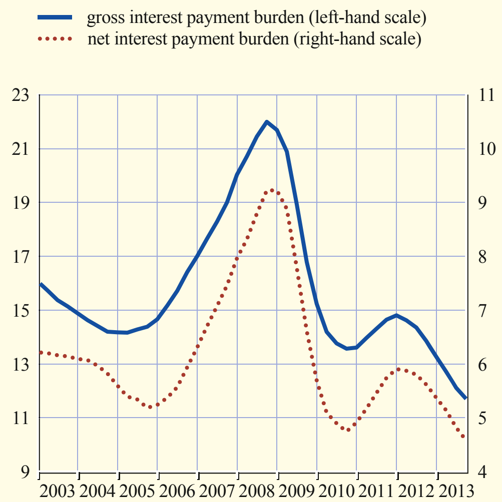
(percentages)



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

Chart 36 Interest payment burden of non-financial corporations

(4-quarter moving sum; percentage of gross operating surplus)



Source: ECB.
Note: The net interest payment burden is defined as the difference between interest payments and interest receipts of non-financial corporations, in relation to their gross operating surplus.

non-financial corporations declined to 4.6% in the last quarter of 2013, which is 0.2 percentage points lower than in the previous quarter and half the peak level recorded in the last quarter of 2008, when it had stood at 9.2% (see Chart 36).

2.7 FINANCIAL FLOWS AND FINANCIAL POSITION OF THE HOUSEHOLD SECTOR

In the first quarter of 2014 euro area households' financing conditions were characterised by stable bank lending rates, amid continued strong heterogeneity across countries and instruments. The persistently subdued developments in household borrowing are the result of a combination of factors, including the sluggish dynamics of households' disposable income, high levels of unemployment, the weakness of housing markets and uncertainty about economic prospects. Estimates for the first quarter of 2014 suggest that the annual growth rate of total loans to households remained in negative territory in that quarter. The ratio of household debt to gross disposable income is estimated to have decreased marginally in the first quarter of 2014.

FINANCING CONDITIONS

The financing costs of euro area households remained broadly unchanged in the first quarter of 2014 and continued to vary depending on the type and maturity of the loan and the country of origin. Looking at the individual components, the latest available evidence indicates that interest rates on loans for house purchase declined marginally in April 2014. As regards the breakdown of mortgage financing costs by maturity, while interest rates on short-term loans (i.e. loans with floating rates or an initial rate fixation period of up to one year) remained unchanged, interest rates on both medium-term loans (i.e. loans with an initial rate fixation period of between one and

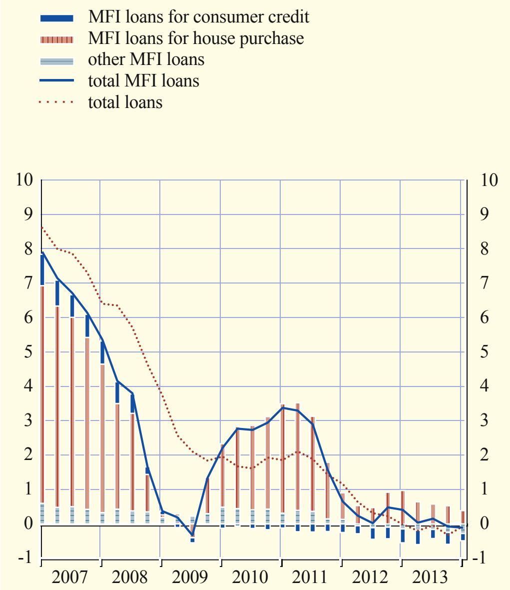
Chart 37 MFI interest rates on loans to households for house purchase

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

Source: ECB.

Chart 38 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 2014, 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.

five years) and long-term loans (i.e. loans with initial rate fixation periods of between five and ten years and over ten years) declined by 10 basis points relative to the levels recorded in the fourth quarter (see Chart 37). In April 2014 interest rates on short-term loans for house purchase declined by 10 basis points relative to the levels recorded in March. As for new consumer loans, interest rates on both short-term loans (i.e. loans with an initial rate fixation period of up to one year) and long-term loans (i.e. loans with an initial rate fixation period of over five years) increased marginally in the first quarter of 2014. By contrast, interest rates on medium-term loans (i.e. loans with an initial rate fixation period of between one and five years) declined slightly in the first quarter. The latest available evidence indicates that interest rates on short-term consumer loans declined slightly in April 2014 relative to the levels recorded in March.

According to the April 2014 bank lending survey, in the first quarter of 2014 euro area banks reported a net easing of credit standards applied to loans to households for house purchase (-5%, compared with 0% in the previous quarter). Competitive pressures contributed to the net easing of credit standards, while banks' perception of risk had a marginal net tightening impact.

As for loans for consumer credit and other lending to households, the results of the April 2014 survey suggest that credit standards were eased slightly in net terms in the first quarter of 2014 (-2%, compared with a net tightening of 2% in the previous quarter). The net easing of credit standards reported in this sector of the credit market can be attributed to competition and a decline in banks' perception of risk. For more details, see the box entitled "The results of the euro area bank lending survey for the first quarter of 2014" in the May 2014 issue of the Monthly Bulletin.

FINANCING FLOWS

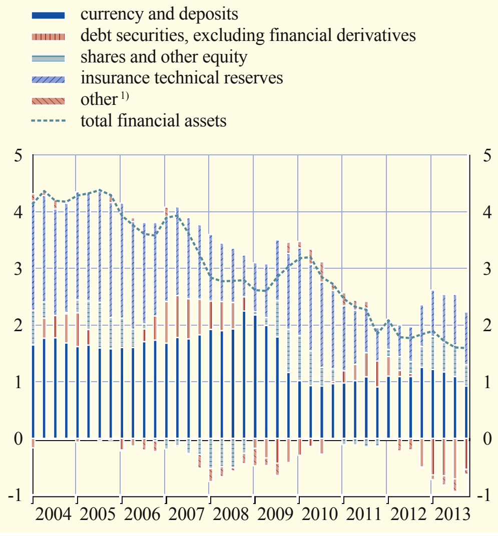
In the fourth quarter of 2013 (the most recent quarter for which data from the euro area accounts are available) the annual growth rate of total loans granted to households reached a historical low. The negative annual growth rate recorded in that quarter (-0.3%, down from 0% in the previous quarter) was due to a marginal contraction in total MFI lending (which grew at an annual rate of -0.1%, compared with 0.1% in the previous quarter), as well as a further reduction in non-MFI lending, the annual growth rate of which stood at -1.7%, down from -1.1% in the previous quarter. Non-MFI loans normally capture loan sales and securitisation activity, which result in household loans being shifted between MFIs and non-monetary financial intermediaries other than insurance corporations and pension funds (i.e. the OFI sector). Estimates for the first quarter of 2014 suggest that the annual growth rate of total loans to households remained in negative territory in that quarter (see Chart 38).

As regards MFI lending, the annual growth rate of loans to households stood at -0.1% in the first quarter of 2014 (unchanged from the previous quarter). More specifically, the annual growth rate of MFI lending to households stood at 0% in April, up from -0.1% in March. Looking at a breakdown of MFI lending by purpose, the annual growth rate of MFI lending for house purchase declined marginally to stand at 0.6% in the first quarter of 2014, down from 0.7% in the previous quarter. In April 2014, the annual growth rate of MFI lending for house purchase stood at 0.7%, up from 0.6% in March, and the latest available evidence indicates that the inflow for loans for house purchase increased relative to the level recorded in the previous month. Consumer credit continued to decline in the first quarter of 2014, albeit at a slower pace (with its annual growth rate standing at -1.9%, compared with -3.0% in the fourth quarter of 2013). The annual growth rate of consumer credit remained negative in April 2014. Transaction data indicate that the quarterly flow of loans for consumer credit remained in negative territory in the first quarter of 2014 and was slightly positive in April 2014. Similarly, the annual growth rate of other lending, which includes lending to unincorporated businesses, declined further to stand at -1.9% in the first quarter of 2014 (down from -1.6% in the previous quarter), before increasing to -1.7% in April 2014 (up from -1.9% in the previous month). The quarterly flow of loans for other purposes remained negative in the first quarter of 2014 and was slightly positive in April 2014.

Turning to the asset side of the euro area household sector's balance sheet, the annual growth rate of total financial investment by households stood at 1.6% in the fourth quarter of 2013 (unchanged from the previous quarter; see Chart 39). This stemmed from reductions in the contribution made by investment in shares and other equity, which were offset by the less

Chart 39 Financial investment of households

(annual percentage changes; contributions in percentage points)

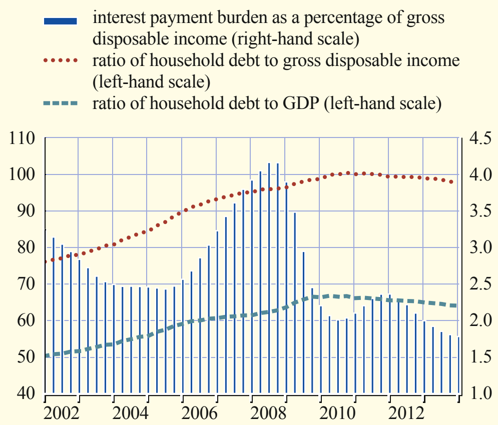


Sources: ECB and Eurostat.
1) Includes loans and other accounts receivable.

negative contribution made by investment in debt securities. Furthermore, the annual growth rate of investment in currency and deposits declined to 2.6%, down from 3.1% in the third quarter. By contrast, the contribution made by investment in insurance technical reserves increased slightly. Viewed in conjunction with this marginal increase in the annual growth rate of insurance technical reserves, the decline in the annual growth rate of investment in riskier assets suggests that, relative to the developments reported in the previous quarter, the household sector's appetite for risk moderated in the fourth quarter of 2013. Overall, the need for deleveraging, the high level of unemployment and the weakness of the business cycle (all of which hamper disposable income growth and force households to dissave) are the main factors explaining the prolonged slowdown seen in households' accumulation of financial assets since mid-2010.

Chart 40 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.

FINANCIAL POSITION

Household indebtedness remains at a high level in the euro area, although it has continued to gradually decline. More specifically, the ratio of household debt to nominal gross disposable income declined to 98% in the fourth quarter of 2013, down from 98.5% in the third quarter. Households' debt-to-GDP ratio also declined slightly, standing at 64.2% in the fourth quarter, down from 64.6% in the previous quarter. The household sector's interest payment burden also declined further to stand at 1.8% of total disposable income, which is the lowest value on record.

Estimates for the first quarter of 2014 indicate that household indebtedness declined marginally (see Chart 40), reaching a level last observed in mid-2009. Similarly, the household sector's interest payment burden is estimated to have declined further, albeit only marginally, in the first quarter of 2014.

3 PRICES AND COSTS

According to Eurostat's flash estimate, euro area annual HICP inflation was 0.5% in May 2014, after 0.7% in April. This outcome was lower than expected. The decrease in inflation reflected lower annual rates of change in the services, food and non-energy industrial goods components, which were only partially offset by an increase in the annual rate of change in the energy component on account of an upward base effect. On the basis of current information, annual HICP inflation is expected to remain at low levels over the coming months, before increasing only gradually during 2015 and 2016. Meanwhile, inflation expectations for the euro area over the medium to long term continue to be firmly anchored in line with the ECB's aim of maintaining inflation rates below, but close to, 2%.

This assessment is also reflected in the June 2014 Eurosystem staff macroeconomic projections for the euro area, which foresee annual HICP inflation at 0.7% in 2014, 1.1% in 2015 and 1.4% in 2016. In the last quarter of 2016, annual HICP inflation is projected to be 1.5%. In comparison with the March 2014 ECB staff macroeconomic projections, the projections for inflation for 2014, 2015 and 2016 have been revised downwards and are conditional on a number of technical assumptions, including exchange rates and oil prices, and the uncertainty surrounding each projection increasing with the length of the projection horizon.

Both upside and downside risks to the outlook for price developments are seen as limited and broadly balanced over the medium term.

3.1 CONSUMER PRICES

Euro area HICP inflation declined strongly from late 2011 to October last year, but has fluctuated at very low levels below 1% ever since. According to Eurostat's flash estimate, inflation stood at 0.5% in May 2014, after standing at 0.7% in April. The decrease reflected lower annual rates of change in the services, food and non-energy industrial goods components, which were only partially offset by an increase in the annual rate of change in the energy component on account of an upward base effect (see Table 9).

The low inflation outcomes for the euro area since October 2013, some of which were lower than expected, are due to a range of factors, in particular negative contributions from the energy

Table 9 Price developments

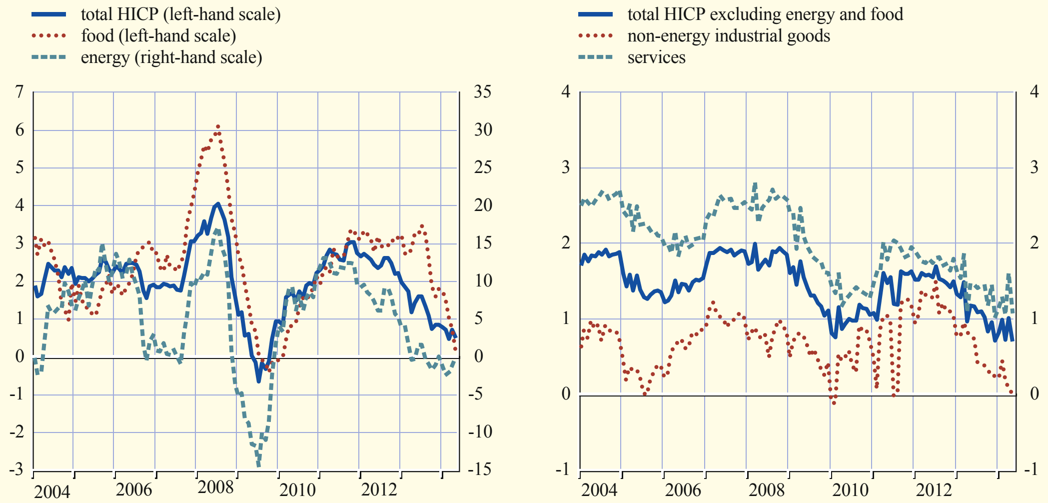
(annual percentage changes, unless otherwise indicated)

	2012	2013	2013 Dec.	2014 Jan.	2014 Feb.	2014 Mar.	2014 Apr.	2014 May
HICP and its components 1)								
Overall index	2.5	1.4	0.8	0.8	0.7	0.5	0.7	0.5
Energy	7.6	0.6	0.0	-1.2	-2.3	-2.1	-1.2	0.0
Food	3.1	2.7	1.8	1.7	1.5	1.0	0.7	0.1
Unprocessed food	3.0	3.5	1.5	1.3	0.9	-0.1	-0.7	.
Processed food	3.1	2.2	2.0	2.0	1.8	1.7	1.6	.
Non-energy industrial goods	1.2	0.6	0.3	0.2	0.4	0.2	0.1	0.0
Services	1.8	1.4	1.0	1.2	1.3	1.1	1.6	1.1
Other price indicators								
Industrial producer prices	2.8	-0.2	-0.7	-1.3	-1.7	-1.6	-1.2	.
Oil prices (EUR per barrel)	86.6	81.7	80.8	78.8	79.4	77.8	78.2	79.4
Non-energy commodity prices	0.5	-8.2	-11.4	-9.3	-7.8	-8.2	-4.1	-3.2

Sources: Eurostat, ECB and ECB calculations based on Thomson Reuters data.
1) HICP inflation and its components (excluding unprocessed food and processed food) in May 2014 refer to Eurostat's flash estimates.

Chart 41 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

component and lower contributions from the food components. These have been amplified by the appreciation of the euro exchange rate. In addition, part of the muted price pressures in the euro area reflects the high amount of slack in the economy. Aggregate inflation has also remained subdued owing to local factors linked to the sovereign debt crisis and the process of relative price adjustment in countries under financial stress. In addition, energy price base effects have contributed to some volatility in the monthly pattern of inflation. In January and February, these had an estimated cumulative downward impact of around 0.2 percentage point on annual HICP inflation, whereas in April and May positive base effects are estimated to have pushed annual HICP inflation up by 0.3 percentage point.

With regard to the main components of the HICP, energy prices have, overall, contributed negatively to HICP inflation since October last year, mainly reflecting lower oil prices in euro terms.

Food price inflation (comprising both processed and unprocessed food prices) has continued to decline markedly from around 2.0% in October 2013 to 0.1% in May 2014, according to Eurostat's flash estimate. No official information is yet available with regard to the breakdown of the food component for May. The fall in food prices is mainly the result of the mild winter this year compared with more adverse weather conditions last year, which has pushed down the year-on-year rate of change in unprocessed food prices (from 1.4% in October 2013 to -0.7% in April 2014). The annual rates of change in all unprocessed food items have decreased, although the weather conditions seem to have had a particularly strong impact on fruit and vegetable prices. In April 2014, the annual rate of change in the prices of fruit and vegetables stood at -1.0% and -4.0% respectively, compared with 2.6% and -0.8% in October 2013. Processed food price inflation has eased at a slower pace, from 2.2% in October 2013 to 1.6% in April 2014. The main contributors to the lower price increases were bread and cereals and oils and fats.

The annual rate of change in HICP inflation excluding the volatile food and energy components has also remained low since October last year, fluctuating in the range 0.7% to 1.0%. According to

Eurostat's flash estimate for May 2014, the annual rate of change was 0.7%, after standing at 1.0% in April. The long-term average of this measure, since the euro's inception in 1999, is 1.5%.

Both components of the HICP basket excluding food and energy items, i.e. non-energy industrial goods and services prices, have recorded relatively low inflation rates as of late. Non-energy industrial goods price annual inflation has remained broadly stable at very low levels since the last quarter of 2013 and continues to reflect weak consumer demand and overall modest wage developments, as well as the dampening impact from prices of imported goods (associated with the past appreciation of the euro exchange rate and low global inflation).

Annual inflation in the services component, which is the largest component of the HICP, has also remained low, mainly as a result of lacklustre domestic demand. The component has displayed strong monthly volatility in recent months, partly owing to the timing of Easter this year. This calendar effect is likely to have brought about the lower annual rate of change in travel-related prices (such as package holidays, air transport and hotel accommodation) in March 2014, as well as the rebound in these prices observed in April.

Low underlying inflationary pressures also reflect a muted impact from indirect tax measures. First, in a number of Member States, the measures implemented in previous years relating to fiscal consolidation needs have dropped out from the annual rate calculation. Second, in some countries, the pass-through of recent indirect tax increases, in an environment of weak demand, has been lower than before.

Box 4 looks at the strong decline in euro area inflation rates since late 2011. It shows that the fall has been due largely to the influence of external factors, such as subdued developments in commodity prices and an appreciation of the exchange rate. Beyond the external influences, the disinflationary path also reflects weak domestic demand in the euro area, especially in countries that have been under pressure from macroeconomic adjustments.

Box 4

THE ROLE OF GLOBAL FACTORS IN RECENT DEVELOPMENTS IN EURO AREA INFLATION

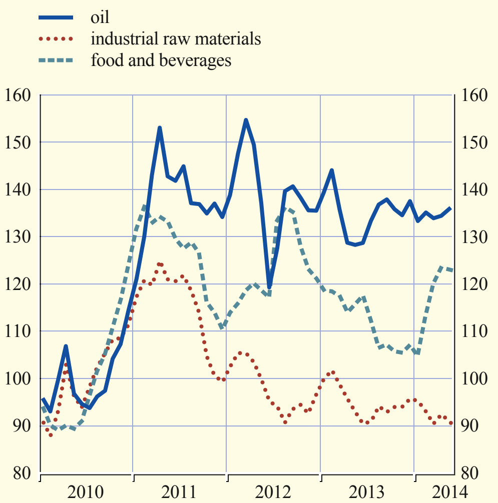
Euro area inflation has declined by more than 2 percentage points since its latest peak in October 2011, to stand at 0.5% in May 2014. This decline took place in an environment of modest global economic activity and relatively subdued developments in commodity prices, with the ensuing disinflationary effects on euro area price developments being further exacerbated by a nominal appreciation of the euro. Against this background, this box discusses recent developments in relevant global determinants and their potential impact on the inflation rate in the euro area.

Recent developments in global determinants of euro area inflation

The disinflationary impact on euro area price developments stemming from the external environment over the past two years reflects different factors. Oil prices and food commodity prices have, on balance, been relatively stable in US dollars terms after having surged in the

Chart A Oil and non-oil commodity prices

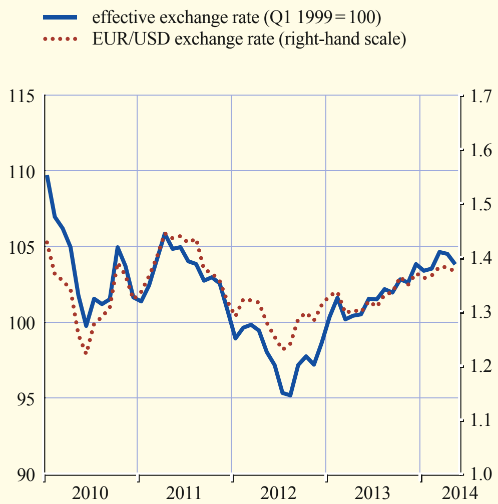
(monthly data, in USD, 2010 = 100)



Sources: DataStream and HWWI.
Note: Latest observation: May 2014.

Chart B Nominal exchange rate of the euro

(monthly data)

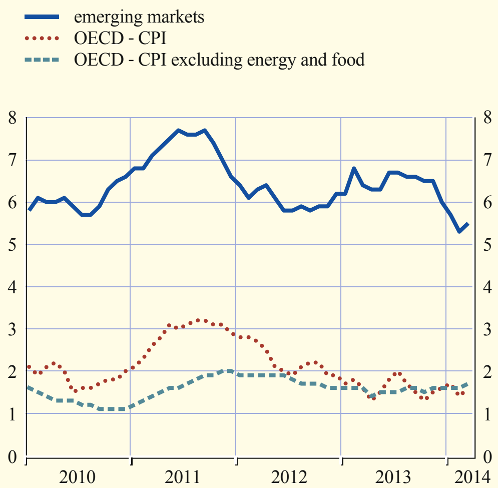


Sources: ECB and Bloomberg.
Notes: Latest observation: May 2014.
The effective exchange rate of the euro is computed vis-à-vis 19 trading partners.

preceding years, and industrial raw material prices have even been declining since end-2011 (see Chart A). The fading-out of upward pressures on inflation arising from these factors has been exacerbated by a nominal appreciation of the euro since mid-2012, both vis-à-vis the US dollar and in effective terms vis-à-vis the main trading partners (see Chart B). In addition, inflation has declined in both the emerging and advanced economies since the end of 2011 (see Chart C). While much of this decline across economies is associated with the downward impact on inflation rates arising from relatively stable commodity prices, the more subdued price pressures at the global level also reflect spare capacity in different parts of the world.[1] This may have led to downward pressures on the prices of both intermediate and final goods imported to the euro area, beyond those downward pressures originating from developments in commodity prices and exchange rates.

Chart C Global inflation rates

(monthly data; annual percentage changes)



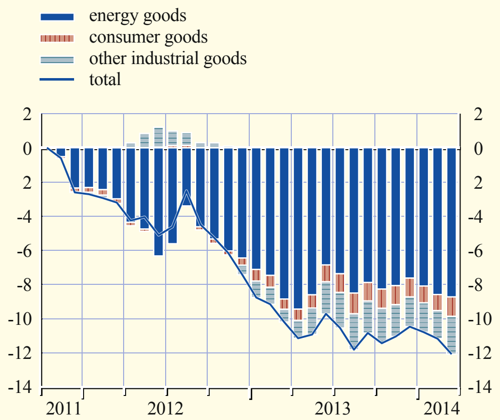
Sources: OECD, IMF-IFS and Haver Analytics.
Notes: Latest observation: March 2014.
The emerging market series is a GDP-weighted average of 23 large emerging market economies.

1 For a discussion of developments in global inflation, see the box entitled "Drivers of recent global inflation developments", *Monthly Bulletin*, ECB, February 2014.

The combined influence of the different external factors is reflected, to a large extent, in the developments in import prices (measured in euro) of industrial goods (see Chart D). The annual growth rate of the prices of imports from outside the euro area has decreased markedly since October 2011, in fact, by around 12 percentage points. This was mainly driven by the energy component (accounting for around 70% of the decline), but, particularly more recently, also by other components. For instance, the annual growth rate of import prices for consumer goods declined by around 5 percentage points in the period between October 2011 and March 2014, and, given their weight in the total imports of industrial goods (approximately one-fourth), this component made a noticeable contribution to the recent fall in import price inflation.

Chart D Contributions to the decline in import price inflation of industrial goods since October 2011

(monthly data; annual percentage changes; percentage point contributions)



Sources: Eurostat and ECB calculations.
Notes: Latest observation: March 2014. The product coverage is provided by the Statistical Classification of Products by Activity (CPA) 2008, Sections B, C and D and refers to imports from outside the euro area.

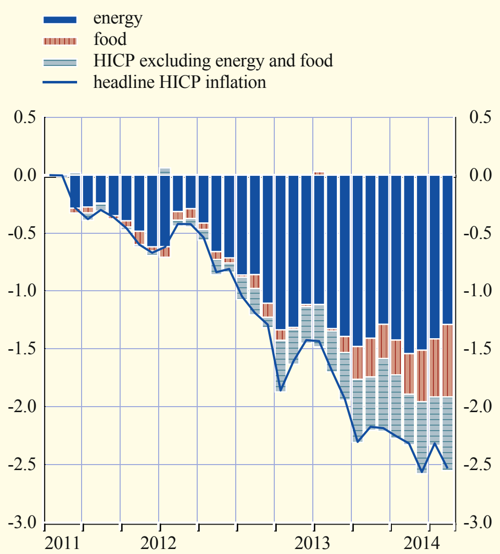
The impact of external factors on euro area HICP inflation

Gauging the importance of global factors in relation to the decline in euro area consumer price inflation is difficult. First, the various factors can be interrelated and affect domestic variables through multiple channels. Second, the impact of global factors on euro area consumer prices depends on how producers and/or retailers adjust their margins as a result of changes in costs.

To some extent, the relevance of global factors can be gauged from the contributions of the individual HICP components to overall HICP inflation (see Chart E), as certain components, most notably energy, are more sensitive to global factors than others. In this respect, a large part of the decline in headline inflation in the euro area since the end of 2011 has been on account of the HICP energy component (around 50%).

Chart E Contributions to the decline in headline HICP inflation since October 2011

(monthly data; annual percentage changes; percentage point contributions)

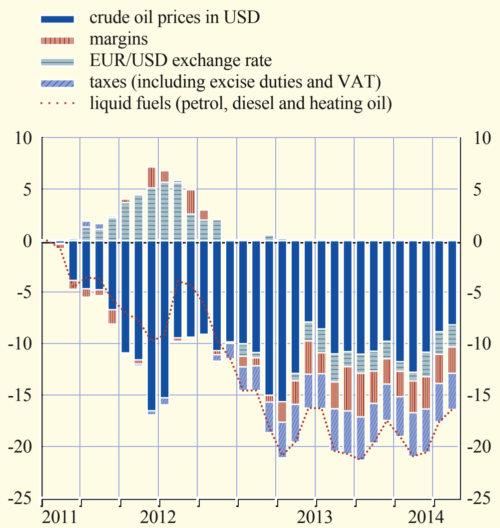


Sources: Eurostat and ECB calculations.
Note: Latest observation: May 2014.

Within the energy component, it is, in particular, liquid fuels that are heavily influenced by external factors via oil prices and the EUR/USD exchange rate. Chart F illustrates that crude oil prices explain a large part of the fall in the annual growth rate of the prices of liquid fuels, reflecting the change from a strong positive contribution at the end of 2011 to a negligible contribution for the latest readings, as crude oil prices have remained rather stable lately. Disinflationary effects on fuel price inflation were also exerted by the nominal appreciation of the euro vis-à-vis the US dollar, the decrease in the refining and distribution costs and margins, as well as the fading-out of the impact of changes in taxes.[2]

Chart F Contributions to the decline in price inflation in liquid fuels since October 2011

(monthly data; percentage changes; percentage point contributions)



Sources: Bloomberg, European Commission's Weekly Oil Bulletin and ECB calculations.
Notes: Latest observation: May 2014. Margins include costs and margins arising from the refining and distribution processes.

Turning to the HICP food component, this has accounted for 25% of the decline in euro area HICP inflation since October 2011. This also reflects the downward impact of external factors, such as international commodity prices, in particular on processed food items in the HICP.[3] However, the strong downward path of HICP food price inflation in recent months rather reflects the unwinding of the weather-related price hikes seen in unprocessed food in 2013.

While the slowdown in inflation over the past two years has been driven predominantly by developments in energy and food prices, the most recent period reveals a significant contribution from the services and non-energy industrial goods price components as well. In particular, prices in the latter component are more sensitive to external factors, as a number of items are either directly imported or are produced domestically with a high import content. By contrast, services – albeit with a few exceptions – tend to be more influenced by domestic factors such as labour costs.[4] Moreover, domestic prices may also be affected by structural factors in the global economy, such as those related to increased factor mobility, the greater integration of low-cost countries into the global markets, cost-efficiency gains associated with the fragmentation of production processes, and the generally increased tradability and substitutability of goods and services.[5]

2 For a more extensive discussion of the decomposition, see the box entitled "The evolution of consumer prices for oil products in 2011", *Monthly Bulletin*, ECB, January 2012.
3 See the box entitled "Food commodities and the common agricultural policy" in the article entitled "Commodity prices and their role in assessing euro area growth and inflation", *Monthly Bulletin,* ECB, October 2013.
4 See the box entitled "Impact of services and non-energy industrial goods prices on the recent decline in HICP inflation", *Monthly Bulletin*, ECB, March 2014.
5 There is increasing empirical evidence that the high interconnectedness of the global economy has led to a stronger influence of global factors on national inflation. See Borio, C. and Filardo, A. (2007), "Globalisation and inflation: new cross-country evidence on the global determinants of domestic inflation", *Working Papers* No 227, BIS; Ciccarelli, M. and Mojon, B. (2010), "Global inflation", *The Review of Economics and Statistics*, Vol. 92, No 3, pp. 524-535.

Conclusion

The decline in euro area inflation since the end of 2011 has largely been due to the influence of external factors, such as subdued developments in commodity prices and the appreciation of the euro. Understanding the nature of the disinflation process is important, as a low level of inflation due to lower commodity prices can be associated with a positive impact on purchasing power and output in the euro area, while a low level of inflation resulting from an appreciation of the exchange rate, whilst strengthening real disposable income in the short run, may have a negative impact on competitiveness. In any case, beyond the external influences, the disinflationary path since the end of 2011 also reflects weak domestic demand within the euro area.

3.2 INDUSTRIAL PRODUCER PRICES

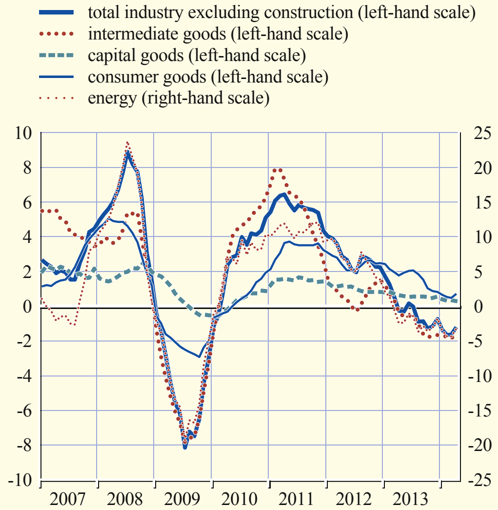
Pipeline pressures in the pricing chain receded further in the first four months of 2014 (see Table 9 and Chart 42). The moderation of inflationary pressures at the producer level reflects weak demand, as well as contained energy and non-energy commodity price developments. Survey-based measures of excess capacity among euro area manufacturing producers have eased slowly over the past few quarters, but remain substantial. The subdued producer price developments in early 2014 suggest a somewhat delayed price response to the reduced slack, at least compared with historical regularities. In addition, efforts by euro area producers to maintain their market shares on the back of the appreciation of the euro since mid-2012 may have further dampened producer prices.

Headline industrial producer price inflation (excluding construction) continued to record negative annual growth rates in 2014 and stood at -1.2% in April. Excluding both construction and energy, the annual rate of change in industrial producer prices was -0.3% in April, broadly unchanged from previous months.

Pipeline pressures for HICP non-energy industrial goods inflation continue to remain broadly stable at subdued levels. Producer price inflation for non-food consumer goods industries followed a steady downward trend in 2012 and early 2013, but has stabilised at a low, albeit slightly positive, level since April last year. Recent survey data also imply subdued stable pipeline pressures. The Purchasing Managers Index (PMI) retail survey index of input prices for non-food stores hovered (on a three-month moving average basis) around its historical average between October 2013 and April 2014, before declining below the average in May. At the earlier price stages, pipeline pressures have also remained broadly stable at subdued levels, with the annual rates of change in PPI intermediate goods prices and raw material commodity prices continuing to oscillate in negative territory and in relatively narrow bands.

Chart 42 Breakdown of industrial producer prices

(annual percentage changes; monthly data)

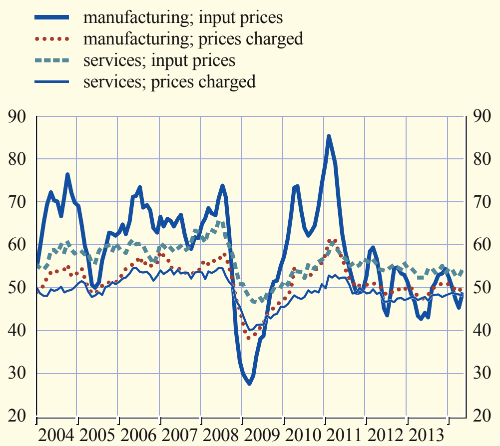


Sources: Eurostat and ECB calculations.

Pipeline pressures for HICP food inflation have been on a downward trend for a long time. However, recently some tentative signs have emerged that indicate that such pressures have stopped falling at the later stages of the price chain. Annual producer price inflation for consumer food rose to 0.7% in April 2014 from 0.3% in March. Moreover, survey-based data from the PMI for input prices for food retailers, which have declined in 2014 overall compared with late 2013, rebounded in May. Earlier in the price chain, the annual rate of change in EU farm gate prices declined in May, interrupting the upward trend observed in the first few months of 2014, which had nevertheless left the annual rate of change in negative territory. The annual rate of change in international food commodity prices in euro terms declined in May but remained positive, following 12 months of negative annual rates until last March.

Chart 43 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.

From a sectoral perspective, the latest survey-based evidence confirms subdued pipeline price pressures in both the manufacturing and services sectors. In May, both input and selling price PMI indices increased for the manufacturing sector. For the services sector, the PMI index for input prices also increased, while the index for output prices declined marginally. All sub-indices continue to hover close to the threshold value of 50 and below their long-term averages (see Chart 43). According to the European Commission survey, selling price expectations for both the industry (excluding construction) and services sectors increased slightly in May to stand at levels below their long-term averages.

3.3 LABOUR COST INDICATORS

The latest data on labour costs confirm moderate domestic price pressures, which are consistent with the weak labour market situation in the euro area (see Table 10 and Chart 44). In the fourth quarter of 2013, annual wage growth slowed at the euro area level, both when measured in terms

Table 10 Labour cost indicators

(annual percentage changes, unless otherwise indicated)

	2012	2013	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1
Negotiated wages	2.2	1.8	2.0	1.7	1.7	1.7	2.0
Compensation per employee	1.9	1.6	1.7	1.7	1.8	1.5	.
Compensation per hour	2.6	1.9	3.1	1.6	1.8	1.3	.
Memo items:							
Labour productivity	0.0	0.4	0.0	0.5	0.6	1.0	.
Unit labour costs	1.9	1.2	1.8	1.2	1.2	0.5	.

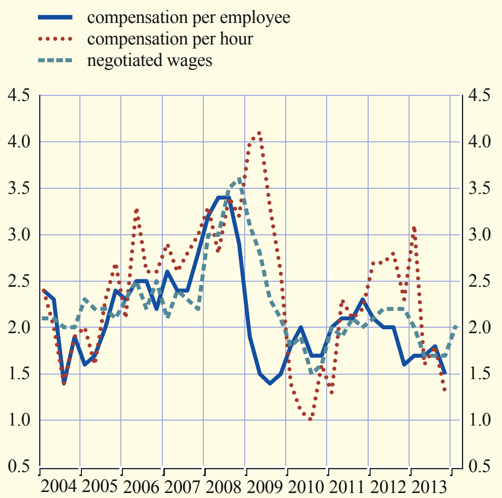
Sources: Eurostat, national data and ECB calculations.
Note: Data refer to the Euro 18.

of compensation per employee and per hour worked. The pattern of wage growth in the euro area continues to conceal substantial divergences in wage developments across countries.

Compensation per employee increased at an annual rate of 1.5% in the fourth quarter of 2013, following an increase of 1.8% in the third quarter. Across sectors, the slowdown was broadly based, with the exception of non-market services (see Chart 45). The rise in the growth rate of compensation per employee in non-market services essentially reflects a reversal of temporary wage-reducing measures taken in 2012 in the public sectors of some euro area countries. Looking beyond this effect, growth in compensation per employee has remained relatively stable over recent quarters and is broadly in line with that of euro area negotiated wages, which saw unchanged growth of 1.7% in the third and fourth quarters of 2013. The annual rate of change in negotiated wages in the first quarter of 2014 was 2.0%, which can be explained largely by one-off factors in Germany. Wage growth as measured by compensation per hour declined to 1.3% in the fourth quarter of 2013, compared with 1.8% in the third quarter.

Chart 44 Selected labour cost indicators

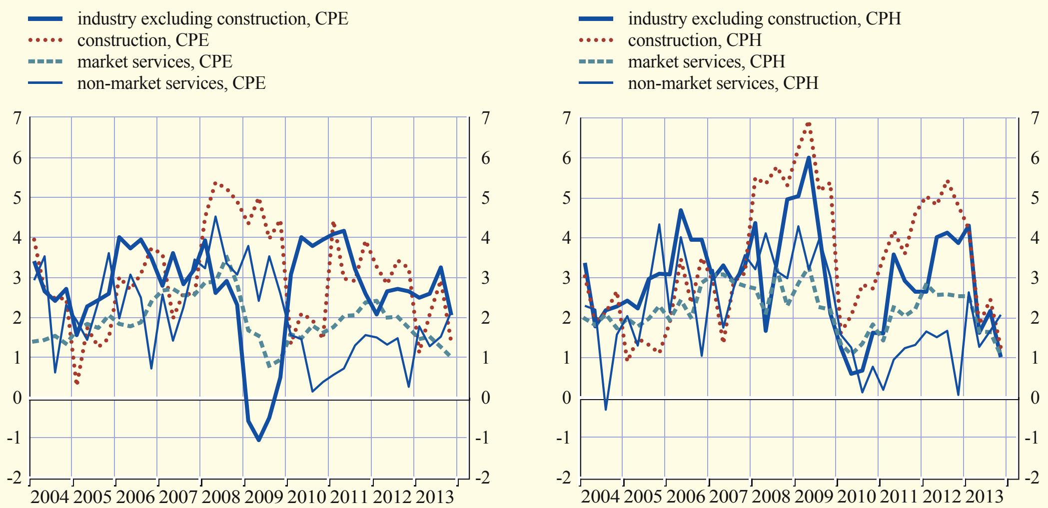
(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.
Note: Data refer to the Euro 18.

Chart 45 Sectoral labour cost developments

(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.
Note: Data refer to the Euro 18. CPE stands for compensation per employee and CPH stands for compensation per hour. Non-market services cover activities by government and private non-profit institutions in fields such as public administration, education or health care (approximated by the sum of sections O to Q of the NACE Revision 2 breakdown). Market services are defined as the difference remaining vis-à-vis total services (sections G to U of the NACE Revision 2 breakdown).

This continued moderate wage growth, coupled with a pick-up in productivity, resulted in a gradual decline in the annual rate of change in unit labour costs over 2013. In the fourth quarter, the annual rate of change in labour productivity stood at 1.0%, following 0.6% in the previous quarter. Higher productivity growth, together with the lower increase in compensation per employee, pushed the annual growth rate of unit labour costs down to 0.5% in the fourth quarter of 2013.

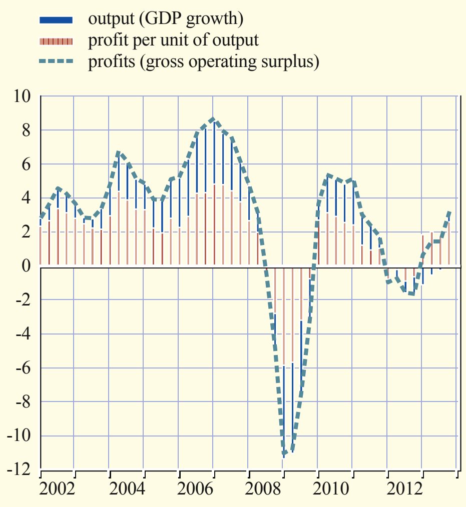
3.4 CORPORATE PROFIT DEVELOPMENTS

Growth in corporate profits (measured in terms of gross operating surplus) strengthened in the course of 2013 following a decline in profits in 2012 (see Chart 46). In year-on-year terms, profit growth increased to 3.1% in the fourth quarter of the year from 1.4% in the previous two quarters. The increase in profit growth in the course of the year reflected both a rise in GDP growth and, more substantially, growth in unit profits (i.e. profits per unit of output).

Across the main economic sectors, the profit growth increase in the course of 2013 was driven by a gradual strengthening of the market services sector and, more recently, by a strong rebound in the industrial sector. Profit growth in the market services sector amounted to 2.4% in the fourth quarter of 2013, and the level of profits returned to its pre-recession peak recorded in the first quarter of 2008. Growth in profits in the industrial sector surged to 4.8% in the fourth quarter of 2013, but given more moderate and volatile developments in previous quarters the level of profits has not yet returned to its pre-recession peak.

Chart 46 Breakdown of euro area profit growth into output and profit per unit of output

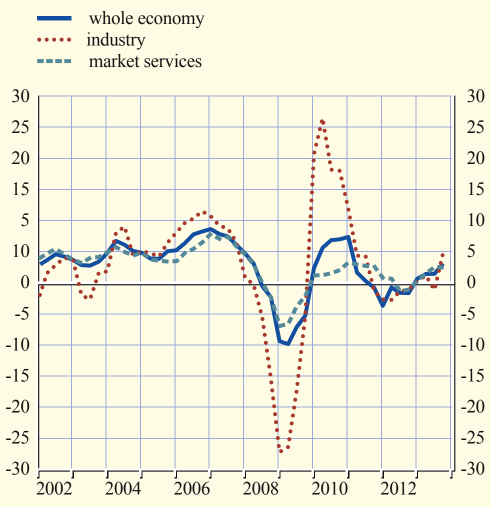
(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.
Note: Data refer to the Euro 18.

Chart 47 Euro area profit developments by main branch of activity

(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.
Note: Data refer to the Euro 18.

3.5 THE OUTLOOK FOR INFLATION

On the basis of current information, annual HICP inflation is expected to remain at low levels over the coming months before increasing only gradually during 2015 and 2016.

This outlook is consistent with a view that the risk of deflation in the euro area appears remote at the current juncture. In particular, there is no evidence of sustained and generalised price declines and medium to long-term expectations remain firmly anchored in line with the ECB's objective of maintaining inflation rates at levels below, but close to, 2% over the medium term (see Box 5).

As regards the short-term outlook for the main HICP components, the annual rate of change in energy prices is projected to remain close to zero or negative throughout this year. This mainly reflects the assumed fall in oil prices in euro terms. Assumed declines in consumer gas prices, following declines in wholesale gas markets as well as administrative or tax-related reductions in several countries, will also dampen energy price inflation in the near term.

Unprocessed food inflation has been strongly influenced by recent weather conditions. The annual rate of change in unprocessed food prices is expected to fall until early summer but increase again in the latter part of the year, supported by positive base effects, to reach levels close to 2% in the second quarter of next year.

Processed food price inflation is projected to decline in the coming months before stabilising at levels around 1.3% in the second half of this year. The initial downward trend reflects a delayed pass-through of the decline in EU farm gate prices observed since May 2013. The broad stability in the outlook for processed food price inflation over the next year conceals downward pressure following recent declines in farm gate prices for dairy products, while prices for cereals and import prices for coffee and cocoa are a source of upward pressure.

Non-energy industrial goods price inflation is expected to pick up gradually in the second half of 2014 and reach levels close to its long-term average in the second quarter of 2015. The low inflation level of this component continues to reflect weak consumer demand and overall modest wage developments, as well as the dampening impact from prices of imported goods (associated with the recent stronger exchange rate of the euro and low global inflation). The moderate acceleration from the second half of 2014 onwards reflects the expected improvements in private consumption and wage growth.

Services price inflation is projected to remain at levels below 1.5% in the coming months, before rising moderately in the fourth quarter of 2014. The somewhat higher level in the latter part of 2014 and onwards mainly reflects the moderate improvement in demand and higher wage increases in some countries.

The June 2014 Eurosystem staff macroeconomic projections for the euro area foresee annual HICP inflation to stand at 0.7% in 2014, 1.1% in 2015 and 1.4% in 2016. In the last quarter of 2016, annual HICP inflation is projected to be 1.5%. In comparison with the March 2014 ECB staff macroeconomic projections, the projections for inflation in 2014, 2015 and 2016 have been revised downwards. The projections are conditional on a number of technical assumptions, including exchange rates and oil prices, and the uncertainty surrounding each projection increasing with the length of the projection horizon (see the article entitled "June 2014 Eurosystem staff macroeconomic projections").

Both upside and downside risks to the outlook for price developments are seen as limited and broadly balanced over the medium term. In this context, the possible repercussions of geopolitical risks and exchange rate developments will be monitored closely.

Box 5

RISK OF DEFLATION?

Overall annual HICP inflation in the euro area has declined significantly in recent years, from 3.0% in November 2011 to 0.5% in May 2014.[1] In an environment of subdued economic growth and weak money and credit creation, this decline has triggered discussions about the extent to which there is a risk of deflation in the euro area.

In this context, it is important to distinguish between the different definitions of the term deflation. Taking a very narrow definition, some observers speak of deflation when the annual rate of inflation has been negative for a period of one quarter. On this basis, the IMF recently estimated the risk of deflation in the euro area by the end of 2014 to be at about 20%.[2] However, such estimates are highly misleading, as they do not make a distinction between the nature of shocks driving inflation, or examine the persistency of price dynamics.

In a more meaningful broader perspective, it is preferable to take into account the nature of the shocks driving down inflation, the wider economic context and the behaviour of inflation expectations. Indeed, sustained negative rates of inflation are of concern if they create negative feedback loops with the real economy. For example, prolonged deflation raises the burden for debt servicing, and the reaction of banks, households and firms potentially creates additional negative feedback loops between the real economy and the price level.[3]

In assessing the risk of deflation, it is crucial to identify the nature and persistence of the determining factors and, in particular, to assess the degree to which inflation developments can be attributed to supply-side or demand-side forces. The overall price index may turn negative for a short period on the back of transitory supply-side shocks, such as commodity price movements. This occurred in the euro area and in other countries, for example, in 2009. However, a period of negative annual inflation does not in itself imply deflation, in a meaningful economic sense, unless the price declines become generalised and entrenched in inflation expectations.[4] For instance, if longer-term inflation expectations remain stable, the ebbs and flows in commodity prices are bound to exert only transitory effects on inflation. Furthermore, it is crucial to disentangle the impact of supply-side shocks resulting from structural reforms, which may have implications for inflation developments over the policy-relevant horizon.[5] While structural reforms may initially lead to downward pressures on inflation rates, reflecting also supply-side improvements in the economy, inflation can be expected to pick up over time as aggregate demand gradually recovers.

1 Based on Eurostat's flash estimate for May 2014.
2 *IMF World Economic Outlook*, April 2014, p.15.
3 For more on the debt deflation channel, see the box entitled "Financial stability challenges posed by very low rates of consumer price inflation", *Financial Stability Review*, ECB, May 2014.
4 A similar definition of deflation was presented in "*The Monetary Policy of the ECB*", ECB, Frankfurt am Main, 2011.
5 Annual inflation may temporarily turn negative as a result of cost-saving developments on the supply side. Examples include strong improvements in productivity not matched by proportional increases in wages, tariff cuts or terms of trade changes owing, for instance, to a fall in oil prices. See also the box entitled "The current period of disinflation in the euro area" *Monthly Bulletin*, ECB, March 2009.

Empirical criteria, which distinguish outright deflation from subdued price developments of a less malign nature, would include:

- a negative annual rate of consumer price inflation over a prolonged period;
- a negative rate of change in the prices of a broad set of items in the basket of goods and services;
- longer-term inflation expectations becoming unanchored and falling clearly below levels consistent with the central bank's definition of price stability;
- persistently very low or negative GDP growth rates and/or high and rising unemployment rates.

In the case of the euro area, one should not confuse relative price adjustments with overall changes in the price level: to speak meaningfully of deflation, the generalised and prolonged fall in the price level should be broadly based across countries. There is no risk of outright deflation as long as euro area HICP inflation is in line with price stability. Negative inflation rates in individual countries may, on occasion, be consistent with the normal functioning of a monetary union, as they help to restore competitiveness, i.e. they may be symptomatic of supply-side induced relative price adjustments.

Historical episodes of deflation

The historical perspective supports the notion that deflation should be viewed as a broad-based and protracted fall in the price level that becomes entrenched in inflation expectations, thereby reinforcing negative price tendencies.

Since the 1950s, some advanced economies have experienced periods of negative annual inflation, including Canada, Hong Kong, Israel, Japan, Norway, Switzerland and the United States. However, these rarely turn into episodes of outright deflation, as many of these periods were short-lived, with rather benign effects on the real economy. In general, supply-side induced periods of negative inflation tended to have smaller economic costs, if any, compared with those that were mainly demand-side induced.

The periods of negative inflation in the United States, Canada and Norway in the late 1940s to mid-1950s, Israel in 2003 and 2004, and Switzerland in 2009 and end-2011 to mid-2013, can be seen as qualifying as deflationary only in a narrow technical sense. The decline in prices was concentrated on a low share of items and had no major impact on GDP growth or, where data are available, medium to long-term inflation expectations. While in recent years the case of Switzerland stands out in terms of persistently negative or zero inflation rates, the drivers of these price developments were due to external factors rather than weak domestic demand. Indeed, the Swiss economy grew at a robust pace during this period.

There are very few recent cases among advanced economies of outright deflation. The two most pronounced deflationary episodes since the end of the Second World War have been Japan (1995-2013) and Hong Kong (1999-2004). In both cases, deflation was prompted by an unwinding of inflated asset prices. Indeed, following unsustainable debt-financed booms, asset

Chart A Share of items with negative annual rate of inflation during the deflation episodes in Japan and Hong Kong

(as a percentage of total items)

a) Japan

b) Hong Kong

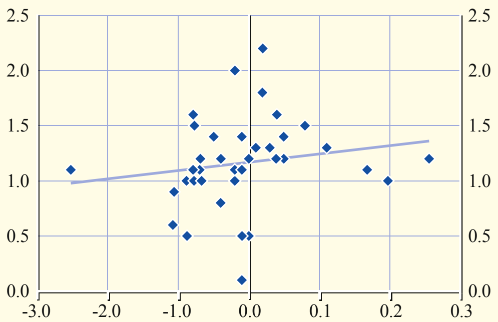
Sources: Japan's Ministry of Internal Affairs and Communications and ECB calculations.
Notes: The CPI is decomposed into 62 items. Monthly data.

Sources: Hong Kong's Census and Statistics Department and ECB calculations.
Notes: The CPI is decomposed into nine items. Quarterly data.

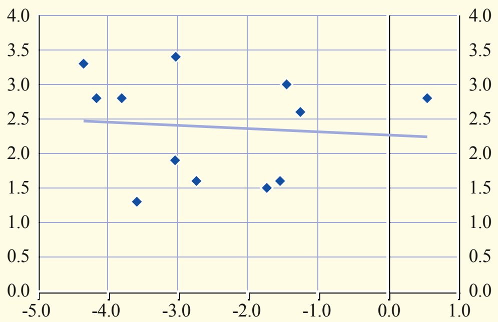
Chart B Long-term inflation expectations and actual inflation in Japan and Hong Kong

(year-on-year percentage changes; semi-annual data; x-axis = actual inflation; y-axis = long-term inflation expectations)

a) Japan



b) Hong Kong



Sources: Consensus Economics, Japan's Ministry of Internal Affairs and Communications and ECB calculations.
Note: Data period is 1995-2013.

Sources: Consensus Economics, Hong Kong's Census and Statistics Department and ECB calculations.
Note: Data period is 1999-2004.

price busts – and the associated private and public sector balance sheet adjustments – can be a more important source of persistent deflation than conventional supply and demand shocks.[6] In both episodes, deflation was broadly based, with continuously negative contributions from a large number of the underlying price components for goods and services (see Chart A). At the same time, both of these episodes of prolonged negative inflation rates were accompanied by stagnating economic activity. Furthermore, in the case of Japan, long-term inflation expectations suffered from some unanchoring, although they remained in positive territory (see Chart B). It is worth noting that Hong Kong is a small open economy and that Japan may serve as a more useful point of reference for other advanced economies.

6 See also Bordo, M. and Filardo, A., "Deflation in a historical perspective", *Working Papers*, 186, BIS, 2005.

Is there a risk of deflation in the euro area?

The low inflation rates in the euro area are the result of a confluence of both supply and demand-side factors. Global supply-side factors, including a deceleration in energy and food prices, have played the most important role. The appreciation in the euro effective exchange rate has also contributed to the decline in inflation, amplifying the effect of commodity prices. Local factors, such as the impact of structural reforms in labour and product markets, have contributed to weakening price pressures as well. At the same time, demand-side factors have weighed on inflation, particularly in those countries where pre-crisis excesses are still unwinding. However, at the euro area aggregate level, the current situation does not suggest that an outright deflationary episode is imminent for the following reasons:

- the share of items with negative annual growth rates is not exceptionally high compared with earlier episodes of disinflation (see Chart C);

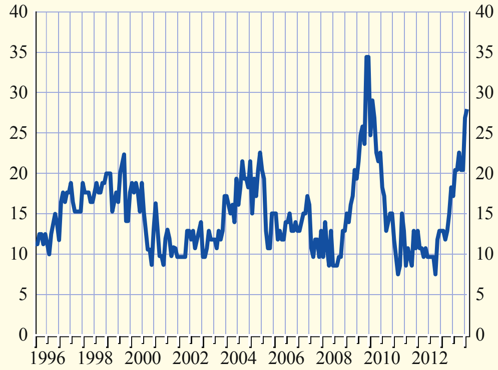
- there is no evidence of an unanchoring of medium to long-term inflation expectations. Both survey and market-based measures – bonds or swap contracts alike – have remained at levels consistent with the ECB's inflation objective (see Chart D);[7]

- the latest Eurosystem staff macroeconomic projections for the euro area suggest that, although price pressures will remain subdued for a prolonged period, HICP inflation is projected to increase gradually;

- in addition, economic growth is projected to gradually pick up, while unemployment is falling slowly from high levels.[8]

Chart C Share of HICP items showing negative annual rate of change

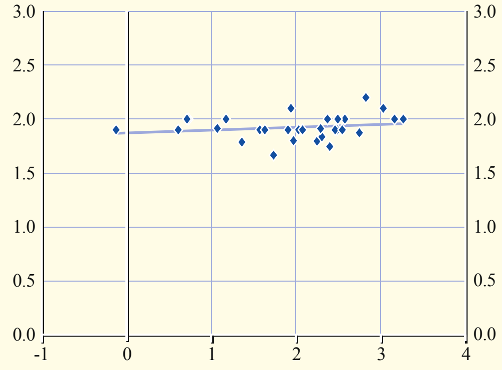
(as a percentage of total items)



Sources: Eurostat and ECB calculations.
Notes: Shares of 85 items with annual rates of change below zero (unweighted). The data are monthly and cover the period up to April 2014.

Chart D Long-term inflation expectations and actual inflation in the euro area

(year-on-year percentage changes)



Sources: Consensus Economics, Eurostat and ECB calculations.
Notes: The x-axis corresponds to year-on-year actual inflation and the y-axis to six to ten-year-ahead inflation expectations from Consensus Economics. Sample period is April 1999 to April 2014. Semi-annual data.

7 See also the box entitled "Results of the ECB Survey of Professional Forecasters for the second quarter of 2014", *Monthly Bulletin*, ECB, May 2014.
8 See the article entitled "Eurosystem staff macroeconomic projections for the euro area", *Monthly Bulletin*, June 2014.

While significant relative price adjustments are taking place in some euro area countries, it is highly unlikely that those processes will result in a downward deflationary spiral, as the competitiveness gains can already be seen as supporting exports.

Conclusion

The term deflation refers to a broad-based and lasting decline in prices, with negative effects on economic growth. In the euro area context, deflation risks must be analysed for the euro area as a whole, taking into consideration that, within a monetary union, negative inflation in individual countries may reflect relative price changes in order to regain competitiveness.

When compared with historical episodes of outright deflation in advanced economies, the risk of deflation in the euro area appears remote at the current juncture. In particular, there is no evidence of an emergence of sustained and generalised price declines, and medium to long-term expectations remain well anchored. In addition, the economic recovery is proceeding in the euro area, contributing to a gradual absorption of slack. Although the risk of outright deflation in the euro area can thus be considered to be, at present, remote, too prolonged periods of positive but low rates of inflation may, under certain circumstances, also be a source of concern requiring an appropriate policy response.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

Real GDP in the euro area rose by 0.2%, quarter on quarter, in the first quarter of this year. This confirmed the ongoing gradual recovery, while the outcome was somewhat weaker than expected. Most recent survey results signal moderate growth also in the second quarter of 2014. Looking ahead, domestic demand should continue to be supported by a number of factors, including the accommodative monetary policy stance, ongoing improvements in financing conditions working their way through to the real economy, the progress made in fiscal consolidation and structural reforms, and gains in real disposable income resulting from falls in energy prices. At the same time, although labour markets have shown some further signs of improvement, unemployment remains high in the euro area and, overall, unutilised capacity continues to be sizeable. Moreover, the annual rate of change of MFI loans to the private sector remained negative in April and the necessary balance sheet adjustments in the public and private sectors are likely to continue to weigh on the pace of the economic recovery.

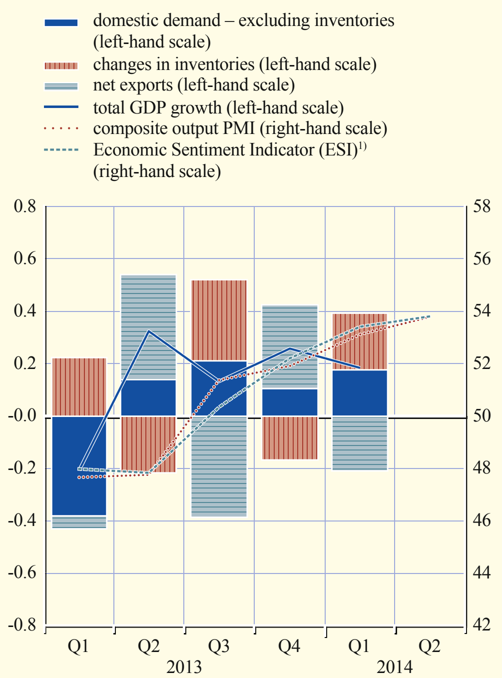
This assessment of a moderate recovery is also reflected in the June 2014 Eurosystem staff macroeconomic projections for the euro area, which foresee annual real GDP increasing by 1.0% in 2014, 1.7% in 2015 and 1.8% in 2016. Compared with the March 2014 ECB staff macroeconomic projections, the projection for real GDP growth for 2014 has been revised downwards and the projection for 2015 has been revised upwards. The risks surrounding the economic outlook for the euro area continue to be on the downside.

4.1 REAL GDP AND DEMAND COMPONENTS

Real GDP increased further by 0.2%, quarter on quarter, in the first quarter of 2014 following positive growth in the three previous quarters (see Chart 48). This outcome reflected positive contributions from domestic demand and changes in inventories following the latter's negative contribution in the final quarter of last year. Although domestic demand contributed positively to growth at the euro area level, it displayed more feeble developments in a few countries, largely due to weaker than expected developments in private consumption and investment. However, part of this weakness is assessed as being temporary, and is explained by low energy consumption (due to the mild winter) as well as the implementation of fiscal measures (affecting the profile of private consumption growth). Net trade made a negative contribution to growth in the first quarter, as import growth outpaced export growth.

Chart 48 Real GDP growth and contributions, composite output PMI and European Commission economic sentiment

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



Sources: Eurostat, Markit, European Commission Business and Consumer Surveys and ECB calculations.
1) The ESI is normalised with the mean and standard deviation of the PMI over the period shown in the chart.

Despite somewhat lower growth than expected in the first quarter, recent economic indicators are in line with a continuation of the ongoing moderate recovery. In particular, the factors which explained the extended period of negative growth observed between end-2011 and the beginning of 2013 are reversing and increasingly starting to support growth. Business confidence has been on the rise since end-2012, while consumer sentiment has displayed even stronger gains and is now at pre-crisis levels. These developments have taken place in an environment characterised by diminishing macroeconomic uncertainty, improving financing conditions as well as increasing real income growth. The economic recovery has also benefited from the accommodative monetary policy stance and the progress made so far in fiscal consolidation and structural reforms.

Recent survey data are consistent with continued moderate growth in the second quarter of 2014. Both the European Commission's Economic Sentiment Indicator (ESI) and the composite output Purchasing Managers' Index (PMI) stood on average in April and May at levels above their averages in the first quarter of this year. Growth is expected to remain moderate in the course of 2014, before edging up somewhat in 2015 (see the article entitled "June 2014 Eurosystem staff macroeconomic projections for the euro area").

PRIVATE CONSUMPTION

Private consumption edged up by 0.1% in the first quarter of 2014, following three quarters of modest growth. This increase entirely reflects a rise in the consumption of retail goods, which was partly offset by declining consumption of services and car purchases. Parts of the weakness in consumer spending in the first quarter appear to be of a temporary nature. First, services consumption was negatively affected by weak consumption of energy due to the very mild winter in Europe. Second, a VAT rate increase in one country alongside tax-related stimulus to car sales in a couple of countries also affected consumption growth in the first quarter and thus also its profile. Indeed, recent developments in short-term indicators and surveys point, on balance, towards a slight pick-up in consumption, which would be consistent with modest growth in household spending in the second quarter of this year.

Looking at developments over a longer period, the strengthening in underlying private consumption dynamics that started in the second quarter of 2013 has largely mirrored developments in real disposable income. Aggregate income, which for an extended period has been dampened by shrinking employment, is increasingly benefiting from the stabilisation in labour markets and a moderation in fiscal drag. In addition, real incomes have been supported by low inflation, in turn largely reflecting declining energy prices (see Box 6). Indeed, in the last quarter of 2013, real disposable income stood 0.6% above its level one year earlier. This is the first annual increase since the second quarter of 2011 and represents a clear improvement compared with the end of 2012 and the beginning of 2013, when income declined on average by almost 2% on an annual basis. As a result of the latest developments, households increased their savings rate, which nevertheless remained close to record lows.

Box 6

RECENT TRENDS IN HOUSEHOLD REAL DISPOSABLE INCOME

Following a protracted period of decline, real household disposable income in the euro area posted its first positive annual growth in the fourth quarter of 2013, increasing by 0.6%, compared with a fall of 0.3% in the third quarter. Among the key factors contributing to the improvement were the increases in the compensation of employees and in net property income earned.

The recent slowdown in consumer price inflation has also had a positive impact on the latest developments in real household disposable income.

Household disposable income increased recently

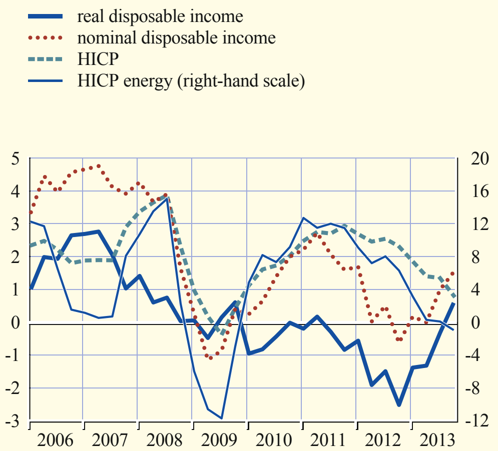
After an extended period of negative or stagnant developments in both nominal and real household disposable income, the former returned to positive growth in the course of 2013. The annual growth rate in euro area household nominal disposable income stood at 1.5% in the fourth quarter of 2013, compared with 1.0% in the third, benefiting from the recovery in real GDP (see Chart A).

Owing to the protracted fall in employment and the negative or subdued developments in real wages, real household disposable income in the euro area had been on a downward trend from the first quarter of 2010 to the third quarter of 2013, when it stood 2.5% below its value in the third quarter of 2009. However, supported by positive developments in the main components of gross income and a less negative effect from direct taxes, as well as by the slowdown in consumer price inflation, the annual growth rate of real household disposable income has recently been positive, increasing by 0.6% in the fourth quarter of 2013.

The strengthening of nominal gross disposable income growth in the fourth quarter of 2013 mostly benefited the household sector through an acceleration in the compensation of employees (with its positive contribution to the growth in disposable income increasing by 0.4 percentage point), a higher contribution stemming from the property income earned and net social benefits (with the respective contribution increasing by 0.1 percentage point). These, coupled with a less negative effect from direct taxes (by 0.2 percentage point), more than offset the smaller positive contribution from the gross operating surplus and mixed income[1] (by 0.2 percentage point) and the marginally lower net interest income in the context of overall low interest rates (see Chart B).

Chart A Euro area household disposable income, HICP and HICP energy

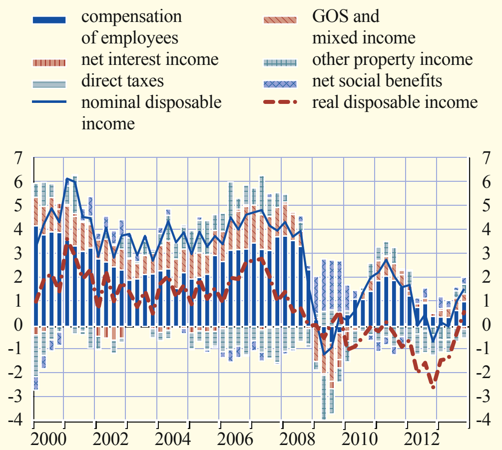
(year-on-year percentage changes)



Sources: Eurostat and ECB calculations.

Chart B Household disposable income and components

(year-on-year growth rate; percentage point contributions)

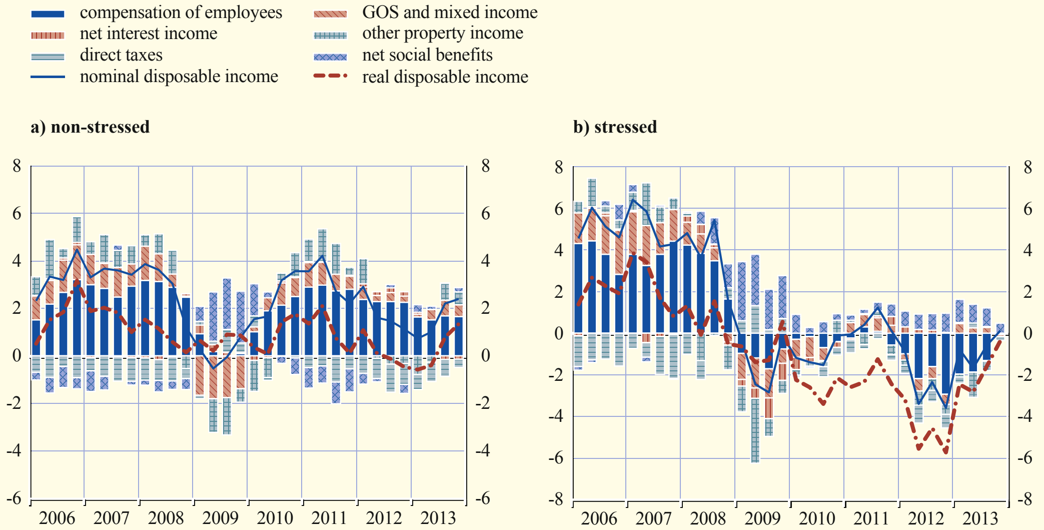


Source: Eurostat and ECB calculations.

1 The main components of household gross operating surplus and mixed income are profits of self-employed business owners and imputed rental income from owner-occupied housing.

Chart C Household disposable income and components in stressed and non-stressed countries

(year-on-year growth rate; percentage point contributions)



Sources: Eurostat and ECB calculations.
Notes: National quarterly sector accounts data are not available for all euro area countries. Thus, the aggregate for non-stressed economies refers to Germany, France, the Netherlands, Austria and Finland, and that for stressed economies to Italy, Spain, Greece, Ireland, Portugal and Slovenia.

In addition, the slowdown in consumer price inflation accounted for approximately 40% of the recovery in real household disposable income. Euro area HICP inflation has gradually fallen from the elevated levels observed in late 2011. The decline in euro area inflation has to a large extent been driven by external factors such as lower energy and commodity prices and exchange rate developments. The purchasing power of households has also been strengthened by these factors which, other things being equal, should support consumption.

Heterogeneous patterns at country level

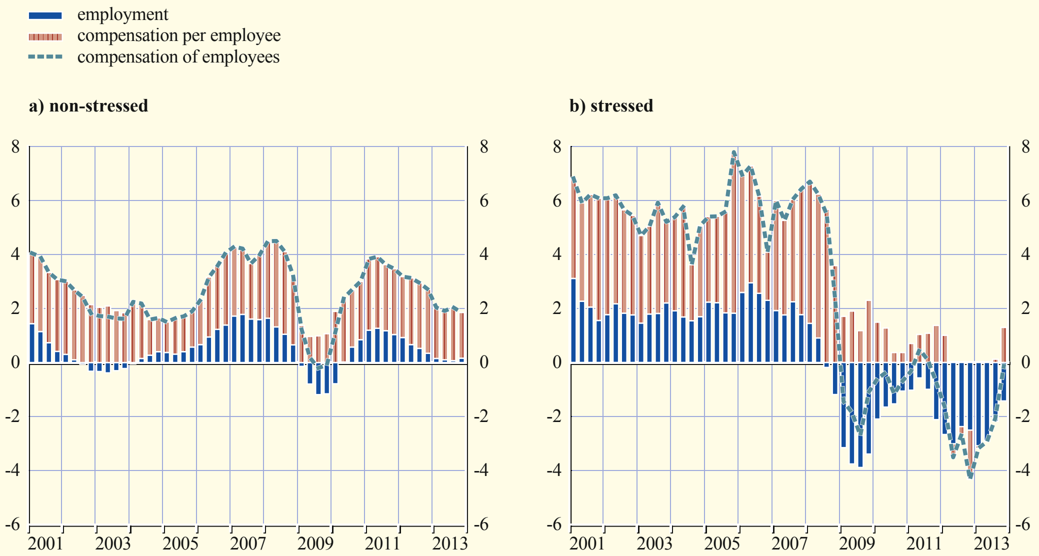
Across countries, patterns have been markedly different. Non-stressed countries (namely Germany, France, the Netherlands, Austria and Finland[2]) have experienced solid growth in household disposable income since 2010, while stressed countries (namely Italy, Spain, Greece, Ireland, Portugal and Slovenia) experienced a protracted decline in income from 2009 until the third quarter of 2013. This decline was only briefly interrupted by gross operating surplus and mixed income-driven increases between the second and fourth quarters of 2011 (see Chart C). In these stressed countries, nominal cost rebalancing was supported by a downward adjustment of wages in 2012 and only a moderate increase at the end of 2013.

Recently, household disposable income in stressed countries has shown signs of stabilisation, with nominal income growth turning positive in the fourth quarter of 2013 for the first time since the end of 2011, driven by the fact that the large negative contributions from the compensation of employees and property income came to an end. Although the pace of the decline in real

2 Note that national quarterly sector accounts data are not available for all euro area countries.

Chart D Employment and nominal compensation in stressed and non-stressed countries

(year-on-year growth rates)



Sources: Eurostat and ECB calculations.
Notes: National quarterly sector accounts data are not available for all euro area countries. Thus, the aggregate for non-stressed economies refers to Germany, France, the Netherlands, Austria and Finland, and that for stressed economies to Italy, Spain, Greece, Ireland, Portugal and Slovenia.

household disposable income in stressed countries has slowed sharply since the middle of 2013, its growth was still slightly negative in the fourth quarter of 2013 (-0.4% on an annual basis).

Breaking down labour income developments into contributions of employment and wages (compensation per employee) shows that this stabilisation of income in stressed countries at the end of 2013 resulted from a significant slowdown in the decline in employment and an increase in nominal wages (see Chart D). Nevertheless, the increase in compensation per employee in stressed economies on an annual basis is also driven by a base effect, reflecting the unwinding of measures taken in some countries in 2012. Hence, the rebalancing within the euro area, i.e. the remaining competitiveness adjustment needs, might not be over yet. This is also suggested by recent analysis from a sectoral perspective of the ongoing current account rebalancing within the euro area[3].

Labour cost adjustment in stressed countries improving competitiveness

The pattern of a protracted decline in labour costs in stressed countries from 2009 to 2013 may in fact have lent support to developments in overall income in the medium term. In spite of the direct negative impact on household income from the downward wage adjustment between the second quarters of 2012 and 2013, the decline may have helped to avoid an even stronger fall in employment. Furthermore, by helping countries to regain competitiveness, the adjustment is likely to have prevented a more prolonged decline in household disposable income. Similarly,

3 See the boxes entitled "Sectoral contributions to rebalancing within the euro area", *Monthly Bulletin*, ECB, December 2013, and "To what extent has the current account adjustment in the stressed euro area countries been cyclical or structural?", *Monthly Bulletin*, ECB, January 2014.

such nominal adjustment may also have supported the deleveraging process by mitigating the job losses. Available evidence shows that deleveraging in the private non-financial sector is taking place[4]. Notably, it seems to have proceeded faster in those countries where debt accumulation was greater in the run-up to the crisis and the impact of the crisis was more severe.

Conclusion

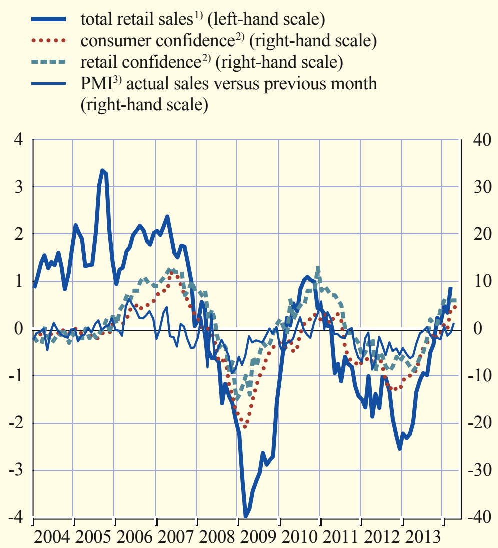
Following four years of declines, real household disposable income in the euro area increased in the fourth quarter of 2013. The weak trend in euro area household disposable income in recent years reflects heterogeneous patterns at country level. Positive developments in the main income components at the end of 2013 which benefited from the recovery in real GDP were coupled with a slowdown in consumer price inflation. In particular, low energy and commodity prices are strengthening the purchasing power of households and, other things being equal, should support consumption going forward. A continued recovery in real disposable income growth should help to strengthen household balance sheets (i.e. it would allow households to further reduce their indebtedness) and may provide an additional boost to private consumption. Signals of this may already be reflected in the recent rise in consumer confidence and retail sales.

4 See the boxes entitled "Integrated euro area accounts for the fourth quarter of 2013", *Monthly Bulletin*, ECB, May 2014, and "Deleveraging patterns in the euro area corporate sector", *Monthly Bulletin*, ECB, February 2014.

Regarding short-term dynamics in the second quarter of 2014, hard and soft data suggest, on balance, modest growth in consumer spending. Retail sales rose further by 0.3%, month on month, in March, which generated a positive carry-over effect on growth in the second quarter of 0.2%. Moreover, the PMI for retail sales rose in April 2014 to a level consistent with growth, its highest reading since April 2011. This represents a clear improvement compared with the first quarter, when the index still indicated contracting sales. Over the first two months of the second quarter, the European Commission's indicator on retail sector confidence was, on average, broadly unchanged compared with the previous quarter and above its long-term average. Moreover, new passenger car registrations rose by more than 2% month on month in April, representing a positive start to the second quarter. This moderate rebound follows a weak first quarter and a strong fourth quarter of last year, a profile largely explained by various fiscal measures in some euro area countries. Surveys indicate that purchases of cars and other expensive goods are likely to stay weak in the period ahead. In April and May the European Commission's indicator on expected major purchases was on average only slightly above its first-quarter outcome, thus remaining at a level well below its long-term average. However, some caution is warranted when

Chart 49 Retail sales, retail sector PMI and measures of confidence

(monthly data)



Sources: Eurostat, European Commission Business and Consumer Surveys, Markit and ECB calculations.
1) Annual percentage changes; three-month moving averages; working day-adjusted; including fuel.
2) Percentage balances; seasonally and mean-adjusted.
3) Purchasing Managers' Index; deviations from an index value of 50.

interpreting developments in this indicator as it appears that its correlation with actual consumption of durables has declined since the onset of the crisis. Finally, the European Commission's indicator on euro area consumer confidence, which provides a reasonably good steer on trend developments in household spending, improved further in May. The index, which has been on an upward trend since the beginning of 2013, currently stands at its highest reading since October 2007, suggesting further modest improvements in underlying consumer dynamics (see Chart 49).

INVESTMENT

Gross fixed capital formation in the euro area continued to recover in the first quarter of 2014, rising by 0.3% quarter on quarter, having thereby grown for four consecutive quarters. The gradual recovery of investment follows improvements in demand, profit and financing conditions, as well as confidence. However, similarly to recoveries following past financial crises, the pick-up is rather subdued; the investment level in the first quarter remained almost 20% lower than the peak registered in the first quarter of 2008.

The breakdown of capital formation for the first quarter of 2014 is not yet available. However, short-term indicators for the euro area suggest some increase in non-construction investment, which accounts for half of total investment, as the production of capital goods increased and the capacity utilisation rate rose further in the first quarter. Survey data, such as the PMI index for the manufacturing sector and the European Commission's confidence indicator for the capital goods sector, improved overall between January and March 2014. Nevertheless, the likely overall increase masks divergent developments across the largest euro area countries, with non-construction investment increasing in Germany but declining in France and the Netherlands.

As for residential and non-residential construction investment, it is likely to have increased significantly for the euro area as a whole, as evidenced by a strong quarter-on-quarter increase in construction production in the first quarter, particularly on account of building construction. The growth in construction investment in the first quarter of the year was nevertheless mainly supported by the very mild weather conditions in certain euro area countries. The evolution of construction investment was still very divergent across countries, reflecting differing conditions in real estate markets.

Regarding the second quarter of 2014, the few early indicators available for the euro area point to modest growth in non-construction capital formation. The capacity utilisation rate declined marginally in the second quarter. The May values of the manufacturing PMI and its new orders component declined somewhat, while remaining above their long-term averages, and survey data from the European Commission on firms' assessment of order books and their production expectations posted a further improvement up to May. Moreover, the euro area bank lending survey conducted in the second quarter of 2014 points to a further easing of the financing conditions of lending for investment purposes. For 2014 as a whole, the European Commission's biannual survey on real industrial investment suggests that companies project euro area industrial investment to grow by 5%, with investment expectations improving on balance both for large companies and for small and medium-sized enterprises, while marked cross-country heterogeneity remains (see Box 7).

Box 7

SURVEY EVIDENCE ON INVESTMENT DEVELOPMENTS ACROSS SMEs AND LARGE FIRMS

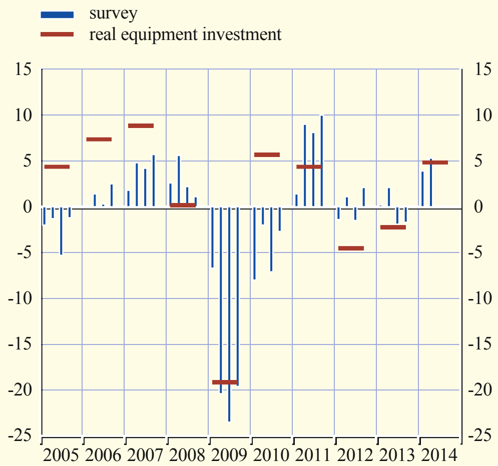
This box reports on euro area and cross-country investment developments, focusing on surveys, notably the European Commission's latest biannual industrial investment survey. It also looks at the drivers of euro area investment across SMEs and large firms based on the results of the ECB survey on access to finance. While the economic and financial situation in the euro area has improved, which should pave the way for a recovery in real industrial investment, the conditions for SMEs remain less favourable than for larger firms.

Current investment developments in the euro area and euro area countries

According to the European Commission's recent biannual industrial investment survey, euro area real manufacturing investment declined by approximately 3% in 2013, and is expected to increase by about 5% in 2014 (see Chart A). The results of the survey, released at the end of April 2014, point to a slightly more optimistic assessment for 2014 than in the previous survey, which was published in November 2013 and suggested a 4% increase[1]. This latest assessment is broadly in line with the projection for real equipment investment contained in the European Commission's spring 2014 forecast for this year and somewhat higher than the forecast for real total investment contained in the Eurosystem's Broad Macroeconomic Projection Exercise of June 2014 (see the article entitled "June 2014 Eurosystem staff macroeconomic projections for the euro area").

Chart A Euro area industrial investment plans and real equipment investment

(annual percentage changes; volume)



Sources: European Commission and European Commission investment survey.
Notes: For each year, the four European Commission surveys are represented by light blue bars. Data for real equipment investment relate to the actual outcome up to 2013 and a projection for 2014.

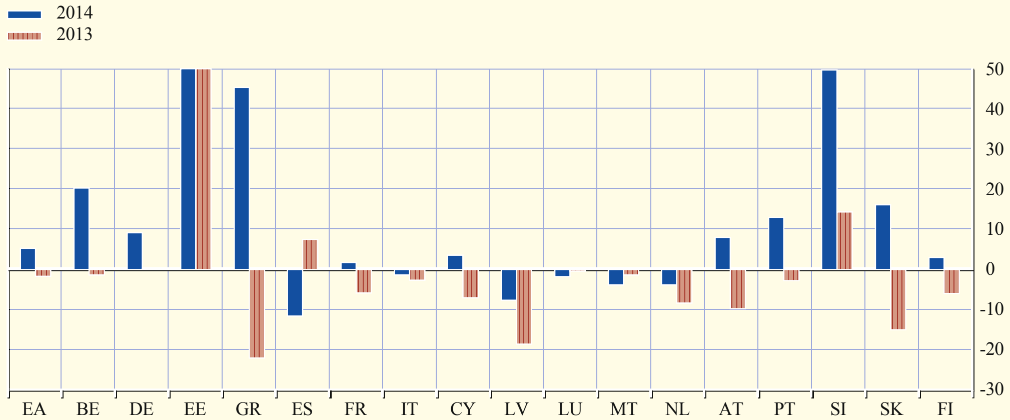
Turning to the individual euro area countries, while the European Commission's investment survey suggests that most countries foresee an increase in investment in 2014 compared with 2013, large cross-country heterogeneity remains (see Chart B). For most countries, there are similarities overall between the industrial investment plans and the projection for real equipment investment from the European Commission in terms of expected investment developments.

The European Commission's survey also shows that, compared with the preceding survey from November 2013, there was a strong upward revision (from -3% to 8%) in the figure for investment expectations for 2014 among euro area SMEs, i.e. firms employing less than 250 people (see Chart C). The figure for the investment plans of large firms has also continued to increase, albeit at a more modest pace, reaching around 7% for the year 2014 as a whole.

1 For an analysis of the European Commission's previous biannual industrial investment survey, see the box entitled "Business investment – signs of a modest recovery ahead", *Monthly Bulletin,* January 2014.

Chart B Industrial investment plans across euro area countries

(annual percentage changes; volume)



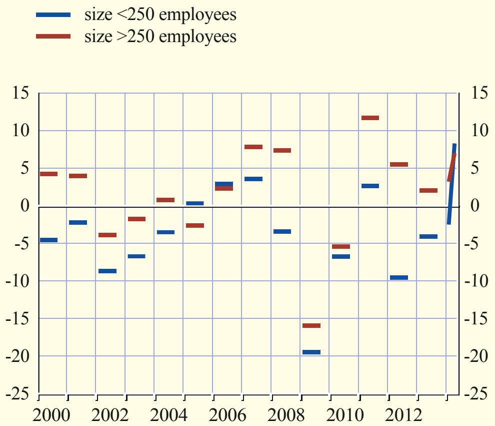
Source: European Commission investment survey, April 2014.
Notes: EE: 378 (2014) and 168 (2013). SI: 68 (2014).

This appears to signal that conditions are gradually returning to normal for both categories of firms in terms of recovering profits, signs of diminishing slack, lower uncertainty and improving access to finance[2].

Indeed, gross operating surplus in the euro area is growing at a slightly faster pace than long-term average growth rates (see Chart D), pointing to increasing availability of internal funding for

Chart C Euro area industrial investment plans by firm size

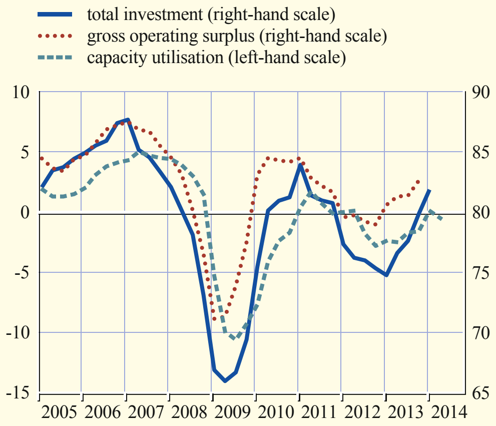
(annual percentage changes; volume)



Source: European Commission investment survey.
Note: The horizontal lines represent averages across the four survey results for every year. Only for 2014 are the individual results from the November 2013 and April 2014 surveys shown.

Chart D Total investment, capacity utilisation and gross operating surplus

(annual percentage changes; volume; percentage)

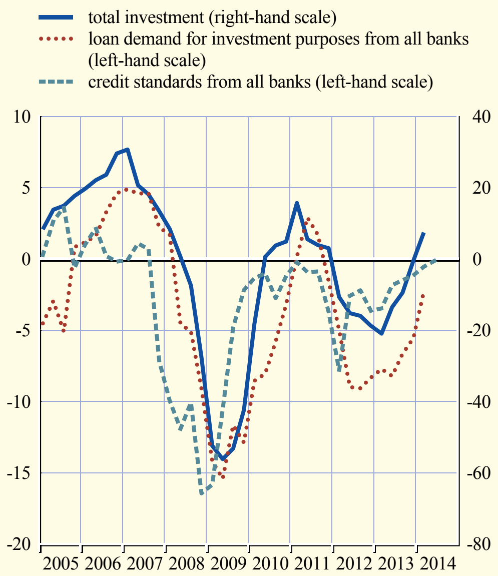


Sources: Eurostat and European Commission.

2 For a detailed analysis of the factors behind the weakness in investment, see the box entitled "Factors behind the fall and recovery in business investment", *Monthly Bulletin*, April 2014.

Chart E Total investment, credit standards and loan demand for investment purposes

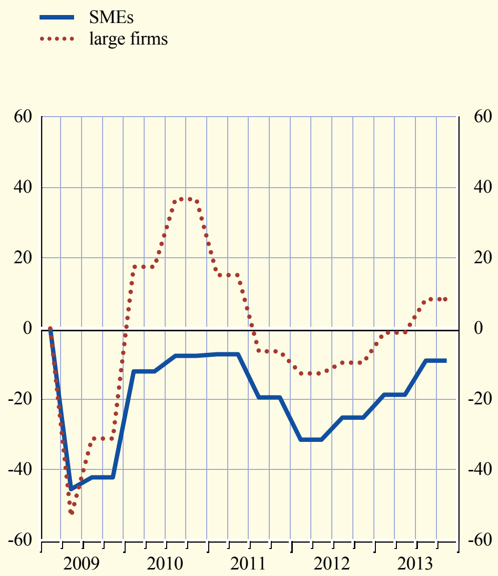
(annual percentage changes; net percentage of respondents)



Sources: Eurostat and ECB (bank lending survey).

Chart F Profits as a relevant factor for income generation for firms in the industrial sector

(over the preceding six months; net percentage of respondents)



Source: ECB SAFE.

investment projects. Moreover, slack in the industrial sector is diminishing as capacity utilisation in the manufacturing industry is perceived to gradually increase towards long-term averages.

The increase in capacity utilisation points to a growing need among firms to expand their capital stock[3]. According to the April 2014 bank lending survey conducted by the ECB, financing conditions have also gradually improved, with credit standards set by banks easing and demand for loans for investment purposes increasing significantly over the past quarters (see Chart E).

Previous investment developments across SMEs and large firms

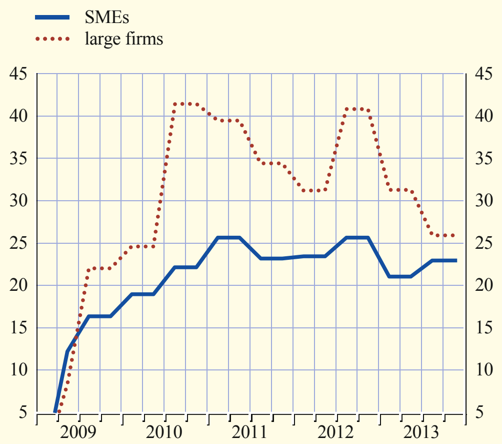
Looking more closely at the real industrial investment plans of SMEs versus large firms over a longer period, the European Commission's investment survey suggests that the investment plans of euro area SMEs have overall been more subdued than those of larger firms (see Chart C). In 2009 the decline in investment plans was associated with firms of all sizes scaling back their plans. In contrast, in 2011 and 2012 weak investment seems to have coincided mostly with smaller firms planning to reduce their investment, while larger firms' investment plans overall continued to be dynamic.

The biannual survey on access to finance (SAFE)[4] carried out by the ECB using data available up to the second half of 2013 sheds some light on the drivers of the differences in investment

3 See the box entitled "Business investment, capacity utilisation and demand", *Monthly Bulletin,* April 2010.
4 See the survey on the access to finance of small and medium-sized enterprises in the euro area October 2013 to March 2014: http://www.ecb.europa.eu/pub/pdf/other/accesstofinancesmallmediumsizedenterprises201404en.pdf??da920468528300ff549d8cc95522eb81 and the box entitled "Survey on the access to finance of small and medium-sized enterprises in the euro area: October 2013 to March 2014" in the May 2014 issue of the Monthly Bulletin.

Chart G External financing needs for investment purposes for firms in the industrial sector

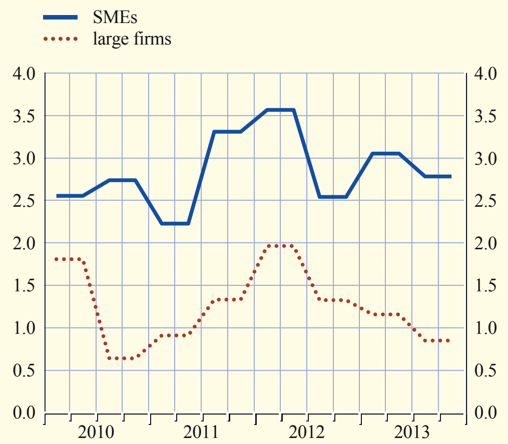
(over the preceding six months; net percentage of respondents)



Source: ECB SAFE.

Chart H Bank loans applied for but rejected for firms in all sectors

(over the preceding six months; net percentage of respondents)



Source: ECB SAFE.

plans over recent years. The differences between the growth in investment foreseen in large firms (i.e. those employing more than 250 people) and that in small and medium-sized firms in the course of 2011 and 2012 may be partly associated with the fact that profit developments as a source of income generation were much weaker in SMEs than in larger euro area firms. While, on balance, larger firms expected profits to increase considerably in relevance as a source of income after 2009 and only fall somewhat in 2012, SMEs continued to see profit conditions playing a limited role, throughout this period (see Chart F).

The net percentage of respondents to the SAFE who indicated a need for external finance for investment purposes among SMEs improved only modestly in the wake of the financial crisis (see Chart G). Meanwhile, for larger euro area firms, the perceived need for external finance for investment increased considerably after 2009 and has remained higher than that of SMEs ever since.

In addition, SMEs in the euro area appear to have been exposed to credit constraints in the years following the outbreak of the financial crisis to a greater extent than larger firms. Such constraints when attempting to obtain external financing could have impeded fixed investment, especially in the case of weak profits and internal funding. The SAFE shows that, according to the weighted responses, more SMEs than larger firms have seen their loan applications rejected by banks (see Chart H). Since the first half of 2012 banks' loan rejection rates have fallen, primarily those for larger firms.

Conclusions

The European Commission's biannual industrial investment survey shows expectations of an increase in real industrial investment in the euro area in 2014 for all firms, which is supported by its contributory factors – such as profits, capacity utilisation and access to finance – returning to normal levels. The European Commission's most recent industrial investment survey suggests that small firms expect to significantly increase investment in 2014. Nevertheless, a number of fundamental factors that determine investment – such as profits and credit conditions – appear to have remained weaker for SMEs than for larger firms recently, as evidenced by the survey on access to finance. Therefore, the actual pick-up in investment among euro area SMEs may be relatively contained, also keeping in mind that it starts from low levels following depressed investment over recent years.

Construction investment is expected to be subdued in the second quarter of 2014, in part owing to the protracted adjustment in some euro area housing markets and remaining low demand in the sector. The boost to activity caused by very favourable weather conditions in the first quarter of the year has equally unwound. This subdued outlook is also reflected in the April values of the PMI indicators for construction output, housing activity and new orders, and the average value of the April and May European Commission survey for new orders in construction. These indicators all declined compared with their average values in the first quarter and still stood significantly below their respective long-term averages. The need for a further correction of imbalances in the construction and real estate sectors of certain euro area countries would suggest relatively weak developments in construction investment during the rest of the year as well.

GOVERNMENT CONSUMPTION

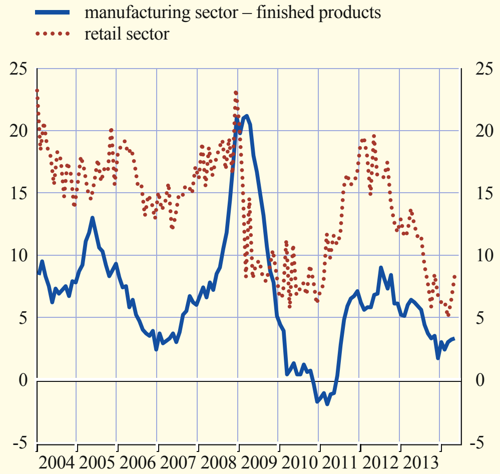
Growth in government consumption turned positive in real terms in the first quarter of 2014 (rising by 0.3% on a quarterly basis). Looking at the underlying trends in the main individual components, all of them appeared to have increased compared with the previous quarter. In particular, intermediate consumption expenditure, which accounts for slightly less than a quarter of total government consumption expenditure, increased strongly, thereby largely reversing the sharp decline in the previous quarter. Moreover, social transfers in kind, which encompass items such as healthcare expenditure, continued to grow at a stable rate, whereas compensation of public employees, which accounts for almost half of total government consumption, expanded only marginally. Looking ahead, the contribution of government consumption to domestic demand is projected to remain limited in the coming quarters, as there is still a need for further fiscal consolidation in a number of countries (see Section 5).

INVENTORIES

In the first quarter of 2014, changes in inventories contributed 0.2 percentage point to quarterly GDP growth, following a negative contribution of the same size in the fourth quarter of 2013. The latest releases confirm the lack of clear direction in the contribution of changes in inventories to GDP growth over the last year or so, in contrast with the mostly negative trend observed between the third quarter of 2011 and fourth quarter of 2012 (a cumulative -1.0 percentage point). Recent European Commission surveys indicate that inventories in manufacturing (finished goods) and in the retail sector are assessed by firms to be rather lean (not much above the recent lows of 2010-11), despite the increase recorded in April and May 2014 (see Chart 50, panel a). Thus, a neutral or modest restocking later in 2014 is quite likely against the background of the ongoing economic recovery. Furthermore, recent PMI survey evidence for April and May 2014, in particular for changes in inputs and finished goods in manufacturing, suggests that inventories may make a broadly neutral contribution to real GDP growth in the near future (see Chart 50, panel b).

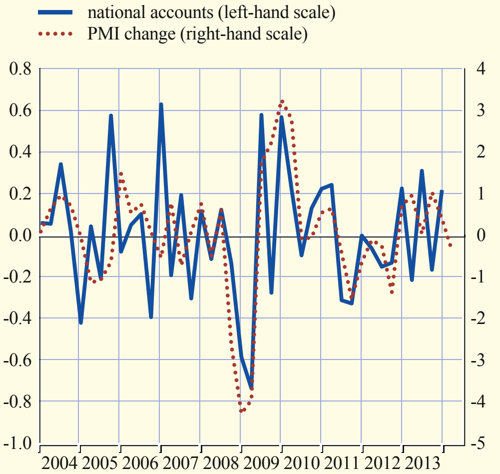
Chart 50 Euro area inventories

a) Perception of inventory levels
(percentage balances; seasonally adjusted, not working day-adjusted)



Sources: European Commission Business and Consumer Surveys.

b) Changes in inventories: perception and contributions to GDP growth
(change in diffusion indices; percentage points)



Sources: Markit and Eurostat.
Notes: National accounts: contribution of the change in inventories to quarterly real GDP growth. PMI: average of the absolute change in input and finished goods inventories in manufacturing.

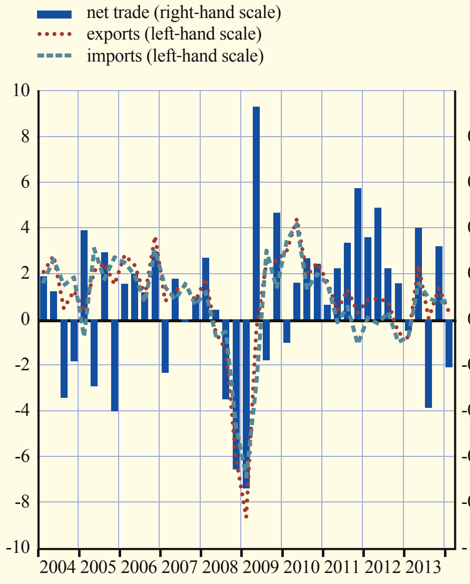
EXTERNAL TRADE

Euro area exports of goods and services moderately increased in the first quarter of 2014, rising by 0.3% quarter on quarter (see Chart 51). This increase followed the marked rebound in the fourth quarter, which was driven by robust foreign demand. Exports to the United States, Japan and China have continued to strengthen, while exports to the European countries outside the euro area, other Asian economies and Latin America have been subdued.

Euro area imports displayed a relatively strong quarterly increase, of 0.8%, in the first quarter, following a rebound in the previous three quarters which mirrored the gradual improvement in domestic demand in the euro area. With the exception of China, imports have been weak across most trading partners (particularly from the United States). As import growth was stronger than export growth, the contribution of net trade to GDP growth turned negative in the first quarter (-0.2 percentage point).

Chart 51 Real imports, exports and net trade contribution to GDP growth

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



Sources: Eurostat and ECB.

Available survey indicators point to an increase in euro area exports in the near term. The PMI for new export orders improved on average in the first quarter, remaining well above the expansion threshold of 50. However, the decline that started in February 2014 continued in the next months; in May the PMI for new export orders stood at 52.6, somewhat below the figure for April (53.3). After reaching its highest level since early 2012 in February 2014, the European Commission's indicator on export order books declined slightly in the following three months, but remains above its long-term average. Both indicators stand at levels consistent with moderate export growth in the near term, which is also supported by the gradual strengthening in external demand. Euro area imports are also likely to grow in the near term, albeit at a subdued pace, broadly in line with a recovery in domestic demand.

4.2 SECTORAL OUTPUT

Looking at the production side of national accounts, total value added continued to expand in the first quarter of 2014, up by 0.1% quarter on quarter. All main economic sectors, with the exception of industry excluding construction, contributed to the latest increase.

In terms of the level of activity, the differences across sectors remain. Services real value added was at a record high in the first quarter of 2014, whereas real value added of the construction sector was only around three-quarters of its early 2008 peak. At the same time, value added in industry excluding construction was 6% below its pre-crisis peak. Short-term indicators point to a further rise in total value added in the second quarter of 2014, somewhat higher than the growth rate in the first quarter.

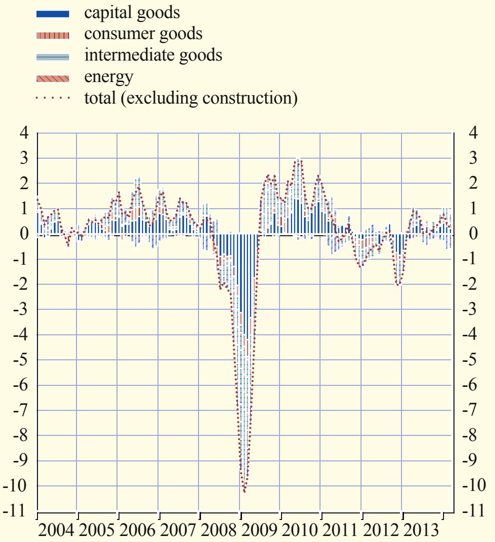
INDUSTRY EXCLUDING CONSTRUCTION

Value added in the industrial sector excluding construction contracted by 0.2% in the first quarter of 2014, quarter on quarter, following a large increase in the previous quarter. In contrast, production rose moderately, after expanding by 0.5% quarter on quarter in the previous quarter (see Chart 52). This quarterly rise in production was driven by capital goods, intermediate goods and consumer goods – the latter especially owing to fast growth in the durable component. Energy production fell markedly because of mild winter weather. The latest developments in the industrial sector have taken place alongside marginally improved demand conditions, as indicated by the European Commission's business surveys.

Looking ahead, short-term indicators overall signal a moderate expansion in activity in the industrial sector during the second quarter of 2014. The ECB indicator on industrial new orders excluding heavy transport equipment, which is less influenced by large-scale orders than total new orders, accelerated to 1.0%, quarter on quarter, in the first quarter of 2014. European Commission survey data indicate that the order book level, which has been on the rise since the beginning of 2013, improved further in May. Moreover, in April and May, the PMI indices for manufacturing output and new orders fell below the levels recorded in the first quarter, while still exceeding the theoretical no-growth threshold of 50 (see Chart 53). In addition, the European Commission's industrial confidence indicator recorded in the period from April to May a value slightly higher than its average for the first quarter.

Chart 52 Industrial production growth and contributions

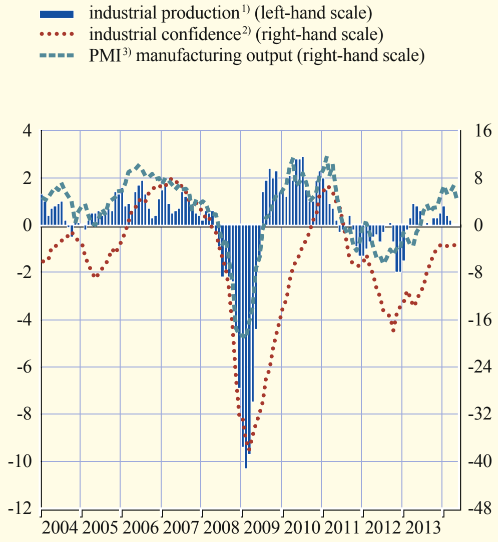
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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

Chart 53 Industrial production, industrial confidence and PMI manufacturing output

(monthly data; seasonally adjusted)



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

CONSTRUCTION

Continuing the positive trend that started in mid-2013, construction value added increased by 0.5% quarter on quarter in the first quarter of 2014. This development is in line with the robust increase in construction production of 2.4% quarter on quarter in the first quarter of 2014, mainly spurred by very mild weather in several euro area countries. Looking ahead, short-term indicators generally point to overall weaker developments during the second quarter of this year. Despite a slight increase in the European Commission's construction confidence indicator in May, its average for April and May still stands below its first-quarter value and significantly below its historical average. Moreover, the increase was solely due to slightly improved employment prospects, while order books for construction were assessed to have deteriorated further, indicating that future developments in construction are likely to be subdued. Other surveys paint a similar picture: the PMI indices for construction output, housing activity and new orders stood in April at the lowest level since May 2013 and significantly below their average levels in the past two quarters. Moreover, these indicators all recorded levels below 50, thereby indicating a contraction in activity.

SERVICES

Services value added continued to expand in the first quarter, by 0.2%, which is a similar pace as in the previous two quarters. Services sector activity grew in the first quarter for market services as well as non-market services (the latter include public administration, education, healthcare and social work). The expansion was also broad-based at the sub-sectoral level, with the exception of declining real estate activities. The strongest positive contributions came from market services, in particular from trade, transport, accommodation and food services as well as financial and insurance services. The European Commission's quarterly survey about the factors that limit services business provides indications regarding the driving factors behind the latest developments in services business activity. In the three-month period up to April, the proportion of services firms that reported that insufficient demand was a limit for their business stood at its long-term average, suggesting that there were no specific constraints on the demand side. At the same time, however, financial constraints were reported to have remained an important limit to services business, albeit having improved since the third quarter of 2013. Among the largest euro area countries, financial constraints are most severe in Italy and Spain.

Looking ahead, surveys point to further positive growth in services value added in the second quarter of this year. Further ahead, the recovery in the services sector is expected to continue at a slow pace. On the basis of the data available for the first two months of the second quarter, the PMI services business activity index rose further to the highest level since the second quarter of 2011. Similarly, the European Commission's services confidence indicator also improved further, reaching levels not seen since the summer of 2011. Confidence remained comparatively high for employment activities and computer programming, consultancy and related activities. Expected demand in the months ahead declined in the first two months of the second quarter compared with the previous quarter according to the European Commission services survey. The PMI index for future business activity (in twelve months' time) also decreased compared with the first quarter to a level somewhat below its long-term average. These developments are in line with a proceeding, but moderate, recovery ahead.

4.3 LABOUR MARKET

Euro area labour market data show some signs of improvement, in line with the modest recovery in economic activity that has emerged since the spring of 2013. Labour markets typically follow economic activity with some lag as firms primarily increase capacity utilisation through productivity increases and increases in hours worked before they start hiring again. Despite the overall slight improvement in the euro area, labour market outcomes continue to differ substantially across countries and age groups.

The number of persons employed in the euro area grew by 0.1% quarter on quarter in the fourth quarter of 2013, after being stable in the previous two quarters (see Table 11). While there are marked cross-country differences, the observed employment growth was to a large extent driven by improvements in severely affected countries like Spain, Ireland and Portugal. In the main economic sectors, only services showed positive growth in the fourth quarter, while industry (excluding construction), agriculture and construction all posted negative quarter-on-quarter employment changes.

Total hours worked remained stable, quarter on quarter, in the third and fourth quarters of 2013, after having increased by 0.6% in the second quarter of the year. The developments in hours worked may thus reflect cyclical improvements in labour market conditions, as a normalisation of hours worked typically precedes re-hiring activity.

Although survey results are still at low levels, they nevertheless indicate a continuing, albeit slight, improvement in employment in the first quarter of 2014 and the beginning of the second quarter (see Chart 54). Forward-looking indicators also point to some further slight improvements in labour market conditions.

Table 11 Employment growth

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

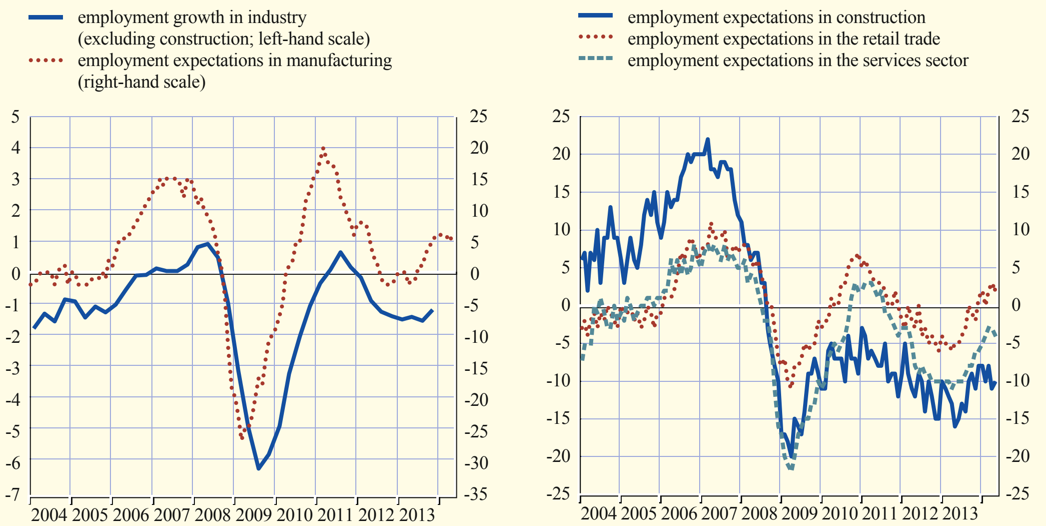
	Persons					Hours				
	Annual rates		Quarterly rates			Annual rates		Quarterly rates		
	2012	2013	2013 Q2	2013 Q3	2013 Q4	2012	2013	2013 Q2	2013 Q3	2013 Q4
Whole economy	-0.6	-0.8	0.0	0.0	0.1	-1.4	-1.1	0.6	0.0	0.0
of which:										
Agriculture and fishing	-1.9	-1.6	1.6	-0.5	-0.5	-2.9	-1.0	0.8	-0.4	-0.6
Industry	-2.1	-2.3	-0.6	-0.4	-0.2	-3.3	-2.4	1.0	-0.3	-0.4
Excluding construction	-0.9	-1.4	-0.4	-0.4	-0.1	-2.0	-1.2	1.2	-0.1	-0.3
Construction	-4.7	-4.5	-1.0	-0.4	-0.4	-6.1	-4.9	0.5	-0.6	-0.7
Services	-0.1	-0.4	0.0	0.1	0.2	-0.7	-0.7	0.5	0.1	0.1
Trade and transport	-0.8	-0.8	0.1	-0.1	0.2	-1.6	-1.3	0.6	0.1	0.0
Information and communication	1.2	0.3	0.1	0.0	0.5	0.6	0.0	0.5	-0.4	0.6
Finance and insurance	-0.4	-0.8	-0.2	0.0	0.0	-0.9	-0.9	0.3	0.0	-0.1
Real estate activities	-0.4	-1.7	0.1	0.7	-0.9	-1.2	-2.3	0.4	-0.4	-0.7
Professional services	0.7	0.3	0.3	0.7	0.2	0.5	0.0	0.7	0.6	0.0
Public administration	-0.3	-0.3	-0.1	0.1	0.3	-0.5	-0.5	0.4	0.1	0.6
Other services [1]	0.6	-0.2	0.1	-0.1	-0.4	-0.1	-0.6	0.5	0.0	-0.4

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

Labour productivity per person employed continued to rise, with a 1.0% increase in annual terms in the fourth quarter of 2013, after a 0.6% increase in the third quarter (see Chart 55). Productivity per hour worked rose by 0.8%, which is in line with zero growth in total hours worked and the slight increase in employment. Productivity growth is expected to have remained stable, or increased marginally, in the first quarter of 2014, as employment growth has started to react slightly to the ongoing recovery in economic activity.

Chart 54 Employment growth and employment expectations

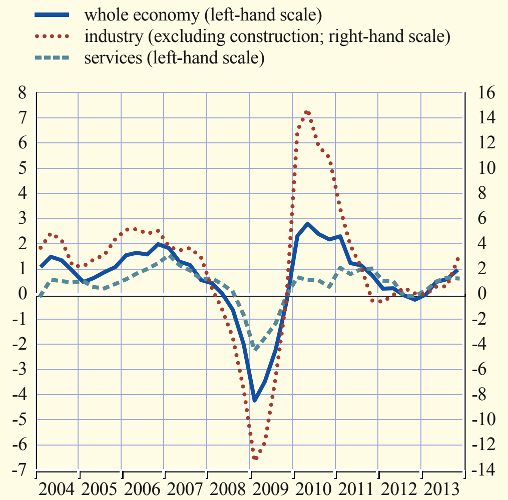
(annual percentage changes; percentage balances; seasonally adjusted)



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

Chart 55 Labour productivity per person employed

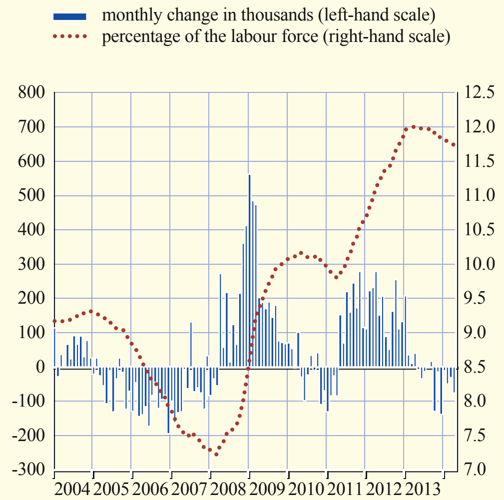
(annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart 56 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

In line with developments in employment, the unemployment rate in the euro area has started to decline slightly (see Chart 56). After a decline by 0.1 percentage point in the first quarter of 2014, it declined further in April by 0.1 percentage point to 11.7%. One encouraging sign is that, despite substantial ongoing level differences, the recent declines have been relatively broad-based across age groups. Nevertheless, in April 2014 the overall unemployment rate stood 1.9 percentage points above its trough of April 2011, but 0.3 percentage point below the 2013 average, at 12%. Looking ahead, the unemployment rate is expected to gradually decline further, albeit at a slow pace.

4.4 THE OUTLOOK FOR ECONOMIC ACTIVITY

Most recent survey results signal continued moderate growth in the second quarter of 2014. Looking ahead, domestic demand should continue to be supported by a number of factors, including the accommodative monetary policy stance, ongoing improvements in financing conditions working their way through to the real economy, the progress made in fiscal consolidation and structural reforms, and gains in real disposable income resulting from falls in energy prices. At the same time, although labour markets have shown some further signs of improvement, unemployment remains high in the euro area and, overall, unutilised capacity continues to be sizeable. Moreover, the annual rate of change of MFI loans to the private sector remained negative in April and the necessary balance sheet adjustments in the public and private sectors are likely to continue to weigh on the pace of the economic recovery.

This assessment of a moderate recovery is also reflected in the June 2014 Eurosystem staff macroeconomic projections for the euro area, which foresee annual real GDP increasing by 1.0% in 2014, 1.7% in 2015 and 1.8% in 2016. Compared with the March 2014 ECB staff macroeconomic projections, the projection for real GDP growth for 2014 has been revised downwards and the projection for 2015 has been revised upwards (see the article entitled "June 2014 Eurosystem staff macroeconomic projections for the euro area").

The risks surrounding the economic outlook for the euro area continue to be on the downside. Geopolitical risks, as well as developments in emerging market economies and global financial markets, may have the potential to affect economic conditions negatively. Other downside risks include weaker than expected domestic demand and insufficient implementation of structural reforms in euro area countries, as well as weaker export growth.

5 FISCAL DEVELOPMENTS

The June 2014 Eurosystem staff macroeconomic projections expect the euro area fiscal deficit to continue declining, although the pace of structural fiscal adjustment is expected to slow. The euro area general government debt ratio is projected to increase further until 2014, before declining in 2015 for the first time since the outbreak of the economic and financial crisis. The considerable fiscal consolidation over recent years is increasingly bearing fruit, as evidenced by the European Commission's recommendation on 2 June 2014 that the excessive deficit procedures (EDPs) for Belgium, the Netherlands, Austria and Slovakia be abrogated. These positive developments notwithstanding, several countries still under EDPs risk missing the deadlines for correcting their excessive deficits and need to step up adjustment to ensure full compliance with their respective EDP recommendations. Looking ahead, as more and more countries exit the corrective arm and enter the preventive arm of the Stability and Growth Pact (SGP), it will be important to ensure continued progress towards medium-term budgetary objectives (MTOs) and safer debt levels. In this respect, the mostly newly established fiscal councils can play an important role in fostering national ownership of European fiscal rules in the individual euro area countries.

FISCAL DEVELOPMENTS IN 2013 AND BEYOND

According to Eurostat's spring 2014 EDP notifications, the euro area general government deficit declined further to 3.0% of GDP in 2013, from 3.7% in 2012 (see Table 12). About half of the decline in the deficit ratio was due to a smaller impact from government support for financial institutions. Beyond that, the improvement was mainly the result of higher revenues in relation to GDP.

General government debt for the euro area continued to increase in 2013, reaching 95% of GDP, i.e. 2.3 percentage points higher than in 2012 (see Table 12). The rise in public debt can be ascribed mainly to an adverse interest rate-growth differential and interest expenditure, whereas the contributions from the primary deficit and the stock-flow adjustment were limited.

The Eurosystem staff macroeconomic projections, on the basis of a no-policy-change assumption, expect the euro area general government fiscal deficit to continue declining, although the pace of structural fiscal adjustment is expected to slow.[1] The deficit-to-GDP ratio is seen declining to 2.5% in 2014 and slightly further to 2.3% in 2015. This profile is in line with the European Commission's spring 2014 forecast (see Table 12), which projects the reduction of the fiscal deficit to be fully expenditure-driven. Over the projection horizon the expenditure-to-GDP ratio is projected to decline by 1.2 percentage points compared with 2013, reaching 48.7% in 2015, which significantly exceeds the expected decline in revenues. The revenue-to-GDP ratio is projected to fall slightly to 46.5% in 2015, reflecting expiring temporary tax increases and limited new tax cut plans.

General government debt in the euro area is projected in the June 2014 Eurosystem staff macroeconomic projections to increase further until 2014, before declining in 2015 for the first time since the outbreak of the economic and financial crisis. According to the European Commission's spring 2014 forecast, the debt-to-GDP ratio is expected to increase to 96% in 2014 on account of the debt-increasing impact of the stock-flow adjustment and high interest expenditure, and to decline in 2015 to a level of 95.4%.[2] The fall in the debt ratio is explained mainly by the expected rise in the primary surplus, while the adverse impact from the interest rate-growth differential becomes very small.

1 See the article entitled "June 2014 Eurosystem staff macroeconomic projections for the euro area" in this issue of the Monthly Bulletin.
2 The level of the debt ratio is higher in the European Commission forecasts than in the Eurosystem staff macroeconomic projections. While the former publishes debt data on a non-consolidated basis, the Eurosystem projections correct the euro area aggregate for intergovernmental loans, in line with the practice followed by Eurostat.

Table 12 Fiscal developments in the euro area

(percentages of GDP)

	2011	2012	2013	2014	2015
a. Total revenue	45.3	46.2	46.8	46.7	46.5
b. Total expenditure	49.5	49.9	49.8	49.2	48.7
of which:					
c. Interest expenditure	3.1	3.1	2.9	2.9	2.9
d. Primary expenditure (b-c)	46.4	46.8	46.9	46.3	45.9
Budget balance (a-b)	-4.1	-3.7	-3.0	-2.5	-2.3
Primary budget balance (a-d)	-1.1	-0.6	-0.1	0.4	0.6
Cyclically adjusted budget balance	-3.5	-2.5	-1.4	-1.1	-1.3
Structural budget balance	-3.5	-2.1	-1.3	-1.1	-1.2
Gross debt	88.1	92.7	95.0	96.0	95.4
Memo item: real GDP (percentage changes)	1.6	-0.7	-0.4	1.2	1.7

Sources: Eurostat, European Commission's spring 2014 European Economic Forecast and ECB calculations.
Note: The data refer to the aggregate general government sector of the euro area. The figures for 2014 and 2015 are forecasts. Owing to rounding, figures may not add up.

FISCAL DEVELOPMENTS IN SELECTED COUNTRIES

The continued progress made by euro area countries in reducing their budgetary imbalances is illustrated by the rising number of countries exiting their EDPs. In recent years first Finland, then Germany, Italy and Latvia have achieved a sustainable correction of their excessive deficits. On 2 June 2014 the European Commission recommended abrogating the EDPs for Belgium, Austria and Slovakia (which had deadlines to correct their excessive deficits by 2013) as well as, one year ahead of the 2014 deadline, for the Netherlands, as these countries have made important progress in correcting their excessive deficits. Moreover, Malta is expected to achieve a sustainable correction of its excessive deficit by its 2014 deadline.

Nonetheless, six years after the start of the financial crisis a sizeable group of countries have not yet corrected their excessive deficits, despite EDP deadlines which in some cases have been significantly extended. In particular, several countries with deadlines in 2015 (and beyond) are at risk of missing their EDP targets. On the basis of the European Commission's spring 2014 forecast, Ireland, France and Slovenia, all with an EDP deadline in 2015, are likely to record budget deficits above the 3% of GDP reference value in that year (see Table 13). In the light of the risk of France and Slovenia not complying with their EDP commitments, the European Commission made use of its new powers under the EU's strengthened economic governance framework and on 5 March issued autonomous recommendations to these countries, in line with Article 11(2) of Regulation (EU) 473/2013 (part of the "two-pack"), requesting the necessary measures to correct the excessive deficits by the deadlines. On 2 June the Commission said it considered France to have broadly and Slovenia to have partially responded to the autonomous recommendations. The Commission recommended additional measures beyond those mentioned in the countries' stability programmes but refrained from stepping up their EDPs.

Looking at countries under the preventive arm of the SGP, structural efforts are stalling. According to the European Commission's spring 2014 forecast, in the countries that are not yet at their MTOs the structural effort falls short of what is required under the preventive arm of the SGP (i.e. an annual improvement in the structural balance of 0.5% of GDP as a benchmark) to reach the MTOs by the deadlines committed to. Some of the countries under the preventive arm that have government debt ratios above 60% of GDP risk failing to comply with the debt benchmark. The debt benchmark requires that – after a transition period with lower requirements – the excess of general government debt above 60% of GDP be reduced by 1/20th on average over three years.

Recent budgetary developments and the prospects for meeting the fiscal targets set in the 2014 stability programme updates are described below for the largest euro area countries and the countries that are under or have recently concluded an EU-IMF adjustment programme.

In Germany, the general government budget was balanced in 2013 and the debt ratio fell noticeably to 78.4% of GDP – a more favourable outcome than targeted in the 2013 update of the country's stability programme. According to the 2014 stability programme update and the revised draft budgetary plan of 8 April 2014, the government's targets are broadly unchanged and foresee a balanced budget in nominal terms from 2014 to 2016 and surpluses of 0.5% of GDP in 2017 and 2018. In structural terms, a constant surplus of 0.5% of GDP is expected. The most important change compared with last year's stability programme is the lower nominal target for 2016 (a balanced budget instead of a surplus of 0.5% of GDP). The plans of the German government comply fully with the requirements of the national "debt brake", the country's MTO and the debt reduction benchmark.

In France, the general government deficit reached 4.3% of GDP in 2013, well above the revised EDP target of 3.9%. In the 2014 stability programme update, the deficit targets have been increased to above the EDP targets for 2014 (from 3.6% to 3.8% of GDP) and 2015 (from 2.8% to 3% of GDP). In its spring 2014 projections the European Commission puts the deficit at 3.9% of GDP in 2014 and 3.4% in 2015, significantly above the EDP targets. Likewise, the cumulative improvement in the structural balance over the period 2013-15 is expected to fall significantly short of the requirement set in the June 2013 EDP recommendation (1.8 percentage points of GDP instead of 2.9 percentage points). Thus there is a clear risk that the 2015 deadline for correcting the excessive deficit will be missed, unless additional measures are identified and implemented in a timely fashion. In line with this, the European Commission on 2 June called for a reinforcement of the budgetary strategy in 2014 and beyond. Moreover, the government debt-to-GDP ratio is projected to remain on an upward path until the end of the Commission's projection horizon, reaching 96.6% of GDP in 2015.

In Italy, the 2013 deficit-to-GDP ratio was unchanged at 3%, whereas the debt-to-GDP ratio rose to 132.6%. In its 2014 stability programme update, the government significantly raised the 2014 deficit target (to 2.6% from 1.8% of GDP in the 2013 stability programme update), whereas it left the target for 2015 broadly unchanged at 1.8% of GDP. The European Commission's spring 2014 forecast projects a gradual decline in the deficit-to-GDP ratio in 2014 (2.6%) and 2015 (2.2%). The government also postponed the achievement of its MTO from 2014 to 2016. The planned structural effort falls short of the requirements of the preventive arm of the SGP in 2014, while it would be broadly compliant in 2015. Italy is in a three-year transition period (2013-15) for compliance with the debt benchmark, which, according to the Commission's spring 2014 forecast requires an annual, minimum, linear structural adjustment of 0.7% of GDP until the end of that period. On 2 June, the European Commission indicated that Italy should reinforce its budgetary measures for 2014 in the light of the emerging gap relative to the SGP requirements, in particular the debt benchmark. Looking ahead, it is important that Italy's consolidation efforts are stepped up to ensure sufficient progress towards the MTO and compliance with the debt benchmark, with priority given to putting the large debt-to-GDP ratio on a stable downward path.

Table 13 Fiscal targets and outlook in euro area countries under an excessive deficit procedure

(percentages of GDP)

Country	Year	Headline budget balance			Structural effort					
		Target	Stability programme	European Commission spring 2014 forecast	EDP recommendation		Stability programme		European Commission spring 2014 forecast	
					Annual	Cumulative	Annual	Cumulative	Annual	Cumulative
2014 EDP deadline										
MT	2013	-3.4	-2.8	-2.8	0.7	-	-	-	1.0	-
	2014[1)]	-2.7	-2.1	-2.5	0.7	1.4	0.5	-	0.1	1.1
	2015	-	-1.6	-2.5	-	-	0.5	-	-0.1	1.0
	2016	-	-0.7	-	-	-	0.8	-	-	-
	2017	-	-0.3	-	-	-	0.5	-	-	-
	2018	-	-	-	-	-	-	-	-	-
2015 EDP deadline										
FR	2013	-3.9	-4.3	-4.3	1.3	-	1.1	-	0.8	-
	2014	-3.6	-3.8	-3.9	0.8	2.1	0.8	1.9	0.6	1.5
	2015	-2.8	-3.0	-3.4	0.8	2.9	0.9	2.7	0.4	1.8
	2016	-	-2.2	-	-	-	0.4	-	-	-
	2017	-	-1.3	-	-	-	0.5	-	-	-
	2018	-	-	-	-	-	-	-	-	-
SI	2013	-4.9	-14.7	-14.7	0.7	-	-0.1	-	0.2	-
	2014	-3.3	-4.1	-4.3	0.5	1.2	0.6	0.5	0.0	0.2
	2015	-2.5	-2.4	-3.1	0.5	1.7	0.5	1.0	0.2	0.4
	2016	-	-1.5	-	-	-	0.5	1.5	-	-
	2017	-	-0.7	-	-	-	0.3	1.8	-	-
	2018	-	0.3	-	-	-	0.6	2.4	-	-
PT	2013	-5.5	-4.9	-4.9	0.6	-	-	-	0.8	-
	2014	-4.0	-4.0	-4.0	1.4	2.0	0.7	-	-	-
	2015	-2.5	-2.5	-2.5	0.5	2.5	0.8	-	-	-
	2016	-	-1.5	-	-	-	0.5	-	-	-
	2017	-	-0.7	-	-	-	0.3	-	-	-
	2018	-	0.0	-	-	-	0.3	-	-	-
IE	2013	-7.5	-7.2	-7.2	-	5.7	-	-	1.7	3.0
	2014	-5.1	-4.8	-4.8	-	7.6	1.5	-	1.7	4.7
	2015	-2.9	-2.9	-4.2	-	9.5	1.9	-	0.4	5.0
	2016	-	-2.2	-	-	-	0.7	-	-	-
	2017	-	-1.2	-	-	-	0.9	-	-	-
	2018	-	0.0	-	-	-	1.2	-	-	-
2016 EDP deadline										
CY	2013	-6.5	-	-5.4	1.3	-	-	-	3.1	-
	2014	-8.4	-	-5.8	0.3	1.6	-	-	-0.5	2.6
	2015	-6.3	-	-6.1	0.7	2.3	-	-	-0.3	2.3
	2016	-	-	-	1.8	4.1	-	-	-	-
	2017	-	-	-	-	-	-	-	-	-
	2018	-	-	-	-	-	-	-	-	-
ES	2013	-6.5	-7.1	-7.1	1.1	-	-	-	1.3	-
	2014	-5.8	-5.5	-5.6	0.8	1.9	0.7	-	0.4	1.7
	2015	-4.2	-4.2	-6.1	0.8	2.7	0.3	-	-1.1	0.7
	2016	-2.8	-2.8	-	1.2	3.9	0.5	-	-	-
	2017	-	-1.1	-	-	-	0.6	-	-	-
	2018	-	-	-	-	-	-	-	-	-
GR	2013	-5.4	-	-12.7	2.0	-	-	-	3.0	-
	2014	-4.5	-	-1.6	-0.3	1.7	-	-	-1.0	2.0
	2015	-3.4	-	-1.0	-0.4	1.3	-	-	-1.4	0.6
	2016	-	-	-	-	-	-	-	-	-
	2017	-	-	-	-	-	-	-	-	-
	2018	-	-	-	-	-	-	-	-	-

Table 13 Fiscal targets and outlook in euro area countries under an excessive deficit procedure (cont'd)

(percentages of GDP)

Country	Year	Headline budget balance			Structural effort					
		Target	Stability programme	European Commission spring 2014 forecast	EDP recommendation		Stability programme		European Commission spring 2014 forecast	
					Annual	Cumulative	Annual	Cumulative	Annual	Cumulative
Potential abrogation of EDP										
BE	2013	-2.7	-2.6	-2.6	1.0	-	-	-	0.7	-
	2014	-	-2.2	-2.6	-	-	0.5	0.5	0.0	0.7
	2015	-	-1.4	-2.8	-	-	0.7	1.2	-0.2	0.5
	2016	-	-0.4	-	-	-	0.7	1.9	-	-
	2017	-	0.6	-	-	-	0.7	2.6	-	-
	2018	-	-	-	-	-	-	-	-	-
AT	2013	-2.9	-1.5	-1.5	0.8	2.3	-	-	0.5	2.1
	2014	-	-2.7	-2.8	-	-	0.1	0.1	-0.1	2.0
	2015	-	-1.4	-1.5	-	-	0.1	0.2	0.1	2.1
	2016	-	-0.7	-	-	-	0.5	0.7	-	-
	2017	-	-0.6	-	-	-	0.0	0.7	-	-
	2018	-	-0.5	-	-	-	0.1	0.8	-	-
SK	2013	≥-3.0	-2.8	-2.8	1.0	4.0	-	-	2.0	5.9
	2014	-	-2.6	-2.9	-	-	-0.3	-0.3	-0.2	5.7
	2015	-	-2.5	-2.8	-	-	0.4	0.1	0.4	6.1
	2016	-	-1.6	-	-	-	0.5	0.6	-	-
	2017	-	-0.5	-	-	-	0.6	1.2	-	-
	2018	-	-	-	-	-	-	-	-	-
NL	2013	-3.6	-2.5	-2.5	0.6	-	1.5	-	1.4	-
	2014	-2.8	-2.9	-2.8	0.7	1.3	-0.1	1.4	0.0	1.4
	2015	-	-2.1	-1.8	-	-	0.4	-	0.5	1.9
	2016	-	-1.9	-	-	-	-0.3	-	-	-
	2017	-	-1.4	-	-	-	0.1	-	-	-
	2018	-	-	-	-	-	-	-	-	-

Sources: European Commission's spring 2014 European Economic Forecast, updated 2014 stability programmes and ECB calculations.
1) Figures include the 2014 budget.

In Spain, the general government deficit-to-GDP ratio was 7.1% in 2013, down from 10.6% in 2012. Excluding capital transfers related to support provided to financial institutions, the decline was from 6.8% to 6.6%, i.e. to slightly above the EDP target (6.5%). In the 2014 stability programme update, the government has lowered the 2014 deficit-to-GDP target (from 5.8% to 5.5%), while maintaining the targets as set in the EDP recommendation for 2015 (4.2%) and 2016 (2.8%). In the European Commission's spring 2014 forecast, the deficit-to-GDP ratio is projected to decline to 5.6% in 2014 but then to rise to 6.1% in 2015. On 2 June, the European Commission said that the budgetary strategy should be reinforced as of 2014, in particular by fully specifying the underlying measures for the year 2015 and beyond, to ensure the correction of the excessive deficit in a sustainable manner by 2016. The fiscal plans in the stability programme are built on the assumption that economic growth will continue to accelerate, the direct costs of an imminent tax reform will be offset by a positive behavioural effect on the evolution of tax bases, and savings from ongoing reforms (especially a local government reform) will be substantial. Looking ahead, it is important that medium-term consolidation plans are fully adhered to, with a view to putting the government debt-to-GDP ratio on a downward path and thereby further supporting financial market confidence.

Greece achieved a primary surplus of 0.8% of GDP in 2013 (according to the definition for the EU-IMF economic adjustment programme, which excludes the cost of financial sector support), thereby outperforming the programme target of a balanced primary budget. The EDP primary and overall balance outturns for 2013 were, however, considerably worse (-8.7% and -12.7% of GDP respectively), primarily reflecting large costs from the provision of financial sector support (10.6% of GDP). Following the successful completion of the fourth review of the second economic adjustment programme, Greece is on track to meet its 2014 target of a 1.5% of GDP primary surplus. However, fiscal gaps exist for the following years, for which more ambitious primary surplus targets have been set (3.0% of GDP in 2015 and 4.5% in 2016). In its recent update of the Medium-Term Fiscal Strategy (2015-18), the government has committed to meeting these targets and extending expiring measures if necessary.

In Portugal, the deficit-to-GDP ratio declined to 4.9% in 2013, from 6.4% in 2012. During the 12th and final review mission visit by staff teams from the European Commission, ECB and IMF, the Portuguese authorities identified additional consolidation measures to achieve the 2.5% deficit target for 2015 and to correct the excessive deficit by the deadline. These measures amount to 0.8% of GDP in 2015, mainly on the expenditure side, as communicated in the 2014 Fiscal Strategy Document published at the end of April. Subsequently, on 30 May the Portuguese Constitutional Court ruled unconstitutional consolidation measures estimated to alter the budgetary results in 2014 by around 0.4% of GDP, with possible follow-on effects in 2015. Looking ahead, Portugal must ensure continued progress with fiscal consolidation to ensure a rapid reduction of its still high public gross debt ratio, which stood at 129% of GDP in 2013.

In Ireland, the general government deficit declined to 7.2% of GDP in 2013, and was thus well below the target of 7.5% of GDP. The deficit-to-GDP targets set in the 2014 stability programme update of 4.8% in 2014 and 2.9% in 2015 are unchanged from last year's stability programme. The European Commission's spring 2014 forecast projects the deficit to decline to 4.7% of GDP in 2014 and 4.2% of GDP in 2015, which points to a risk that, while the 2014 EDP target would be met, the 2015 deadline for correcting the excessive deficit would be missed by a wide margin in the absence of further consolidation measures. According to the 2014 stability programme update, measures of about €2 billion (1.2% of GDP), which, however, still need to be specified (at the latest in the context of the 2015 budget) will be required to meet the 2015 deficit target. The Commission projects the general government debt-to-GDP ratio to gradually fall from its peak of 123.7% in 2013 to 120% in 2015.

In Cyprus, the 2013 general government deficit was 5.4% of GDP and the primary deficit target of 3.6% of GDP under the EU-IMF adjustment programme was exceeded by 1.6 percentage points. In its spring 2014 forecast, the European Commission projected the fiscal deficit to widen to 5.8% of GDP in 2014 and 6.1% of GDP in 2015. After this forecast was published, the fourth review mission for the EU-IMF adjustment programme concluded that fiscal targets for the first quarter of 2014 were met by a comfortable margin, reflecting a better than projected revenue performance and prudent budget execution. The programme targets a general government deficit of 2.8% of GDP in 2016, in accordance with the EDP deadline for Cyprus, and a primary surplus of 4% of GDP by 2018 in order to put public debt on a sustained downward path.

FISCAL POLICY CHALLENGES

Although substantial progress has been made with fiscal consolidation, further adjustment efforts are needed to ensure sustainable public finances in the euro area as a whole. A number of countries are still in EDPs, and some appear to be at risk of not correcting their excessive deficits within the set deadline, despite the deadline extensions granted last year. In view of an improving macroeconomic outlook, there are no grounds to further postpone the correction of excessive deficits. Instead, countries should, where needed, strengthen their fiscal efforts to meet the requirements of the SGP.

As more and more countries exit their EDP and become subject to the preventive arm of the SGP, it will be important that the MTOs are achieved by the deadlines to which countries have committed. The fact that structural consolidation is expected to come to a near-standstill in 2014 and 2015 is worrying in this respect, as SGP requirements would clearly not be met. On the basis of the European Commission's spring 2014 forecast, none of the countries not yet at their MTO are expected to comply with the requirement to reduce their structural balance by at least 0.5% of GDP per year. In an environment of lower market pressure and economic recovery, it will be a challenge to sustain the fiscal consolidation effort over the medium term. In this respect, the lessons from pre-crisis times need to be kept in mind, namely that good economic times must be used to build up a sufficient fiscal buffer for bad times. In fact, in several countries the general government debt level is still high and not yet on a descending path. Moreover, explicit and contingent liabilities, sometimes considerable, pose a challenge to the long-term sustainability of public finances in a number of countries.

Particularly in view of rising spending pressures over the long term due to the ageing of populations, fiscal consolidation strategies need to focus on reducing public expenditure while preserving productive spending. To this end, consolidation strategies must safeguard growth-enhancing government expenditure on education, R&D and infrastructure. At the same time, spending reviews can increase spending efficiency in these and other areas and make social spending better targeted. High priority should be given to measures that help to increase the efficiency of public services, improve the sustainability of social spending (including unemployment benefits, pensions and healthcare) and reduce the public wage bill. Regarding the revenue side of government budgets, reforms should reduce the distortionary effects of taxation and tax avoidance. For some countries there still seems to be room to shift tax structures further towards indirect, property and energy taxation. Efforts should also be made to eliminate unwarranted tax exemptions and broaden tax bases. Any tax reform targeted at reducing the fiscal burden in order to raise work incentives must be solidly financed. Furthermore, in many countries there seem to be substantial potential gains from further improving tax administration.

Countries are currently refining their efforts to adjust their national fiscal frameworks in line with the strengthened EU governance framework. The European Commission will carefully analyse and report in the second half of this year on whether the legal requirements under the fiscal compact have been fully transposed into national legislation. Moreover, according to the two-pack (Regulation 473/2013), euro area countries are obliged to establish an independent body – a fiscal council – to monitor compliance with national fiscal rules, and, where appropriate, assess the need to activate the correction mechanism. If fully independent, equipped with a comprehensive mandate and able to exert peer pressure, fiscal councils can play an important role in fostering budgetary discipline and increasing national ownership of European fiscal rules. While all euro area countries have either already established a fiscal council or are in the process of doing so, the features of the councils vary across countries, which in some cases might raise concerns regarding their effectiveness in fostering budgetary discipline (see Box 8).

Box 8

FISCAL COUNCILS IN EU COUNTRIES

The recently enhanced EU fiscal governance framework inter alia broadened the role and tasks of national fiscal watchdogs in an attempt to foster budgetary discipline and to increase national ownership of EU fiscal rules.[1] Fiscal councils are generally defined as independent public institutions that are aimed at strengthening commitments to sustainable public finances. According to the so-called two-pack[2], euro area countries should have in place an independent body, such as a fiscal council, which is in charge of monitoring compliance with numerical fiscal rules and, where appropriate, assessing the need to activate the correction mechanism foreseen under the Fiscal Compact.[3] Moreover, macroeconomic projections should be produced or endorsed by an independent body, although this does not necessarily have to be the fiscal council. The deadline for setting up a fiscal council was October 2013.

The requirement to have a fiscal council in place is a major step towards strengthening national budgetary frameworks. Experience with such independent institutions, although still limited, shows that they can improve budgetary discipline when they monitor governments' compliance with fiscal targets, critically assess the appropriateness of fiscal policy-making and, as an independent voice, provide recommendations on specific fiscal policy questions.[4]

Generally, in order for fiscal councils to have a positive impact on fiscal policy-making, four features appear to be essential. Fiscal councils should: i) be strictly independent from political interference in order to build up or maintain institutional credibility; ii) have a comprehensive mandate, which also allows them to initiate their own assessments; iii) have sufficient resources to deliver their mandate; and iv) have a public voice, so that they are able, if necessary, to effectively mobilise public opinion in order to counteract political incentives for unsound fiscal policies. The requirements set out in the two-pack broadly meet these features.

This box provides an overview of recent efforts by EU Member States to establish fiscal councils and the specific forms these have taken.

Many fiscal councils have been set up recently

Today, 19 EU Member States have an operational fiscal council in place, which is almost four times as many as in 2007. Of these countries, 13 have recently established a new fiscal council (see table). In five countries, the mandate of existing public institutions – in most cases, a fiscal council – has been broadened to account for the requirements of the enhanced fiscal framework.

1 See the box entitled "Stronger EU economic governance framework comes into force" *Monthly Bulletin*, ECB, Frankfurt am Main, December 2011.
2 See the Official Journal of the European Union, OJ L 140, 27.05.2013, and the box entitled "The 'two-pack' regulations to strengthen economic governance in the euro area", *Monthly Bulletin*, ECB, Frankfurt am Main, April 2013.
3 The requirements for fiscal councils are primarily spelled out in the two-pack, which relates only to euro area countries. However, references to fiscal councils are also made in the Fiscal Compact, affecting all contracting parties, and in the European Commission's common principles, which were issued in June 2012.
4 See, for example, Debrun, X., Hauner, D. and Kumar, M.S., "Independent Fiscal Agencies", *Journal of Economic Surveys*, Vol. 23, 2009, pp. 44-81 for an assessment of the impact of fiscal rules and fiscal councils on fiscal performance, in which it is found that fiscal councils tend to have a positive impact on fiscal performance through the introduction or better enforcement of fiscal rules. See "The functions and impact of fiscal councils", IMF, 2013 for an analysis of how some of the key characteristics of fiscal councils, such as (functional) independence and an effective communication strategy, are correlated with better fiscal performance.

Overview of fiscal councils in the EU and their mandates

	Name	Year of establishment[1)]	Attached institution[2)]	Mandate					Appointment[4)]	Comply or explain
				Compliance fiscal rules	Correction mechanism	Macroeconomic projections				
						Produced[3)]	Endorsed	Assessed[3)]		
Belgium	High Council of Finance	2014 [1989]		x	x	S			G	x
Bulgaria		draft		x	x				P	
Czech Republic	--									
Denmark	Danish Economic Council	2014 [1962]		x		x			G	x
Germany	Stability Council/ Council of independent experts	2013 [2010]		x					G/O	
Estonia	Fiscal Council	2014	Central bank	x	x		x		O	x
Ireland	Irish Fiscal Advisory Council	2012		x			x		G	x
Greece		draft		x						x
Spain	Independent Authority of Fiscal Responsibility	2014		x	x		x		P	x
France	High Council on Public Finances	2013	National audit office	x	x			x	P/O	x
Croatia	Fiscal Policy Committee	2013		x	x			x	P	x
Italy	Parliamentary Budget Office	2014		x	x			x	P	x
Cyprus	Fiscal Council	2014		x	x		x		G	
Latvia	Fiscal Council	2014		x		x			P	
Lithuania		draft	National audit office	x	x		x			x
Luxembourg	Fiscal Council	draft		x	x			x	P/G/O	
Hungary	Fiscal Council	2008							O	
Malta	Fiscal Council	draft	National audit office	x				x		
Netherlands	Independent Budgetary Authority	2014	Council of State	x		S			G	x
Austria	Fiscal Advisory Council	2013 [1970]	Central bank	x	x	S			G/O	
Poland	--									
Portugal	Public Finance Council	2012		x	x				G/O	
Romania	Fiscal Council	2010		x	x		x		P	x
Slovenia		draft				S				
Slovakia	Council for Budget Responsibility	2012			x				P	
Finland	National Audit Office	2013		x				x	G	x
Sweden	Fiscal Policy Council	2007		x					G	
United Kingdom	Office of Budget Responsibility	2010		x		x			G	x

Source: ESCB.
1) Year of creation of the fiscal council, with the year given in brackets if the mandate has been broadened.
2) In case the fiscal council is attached to another public institution, such as the central bank, national audit office, etc.
3) Marked with "S", if done by a separate institution. For example, in Belgium, the Netherlands, Austria and Slovenia, macroeconomic projections are produced by a separate independent institution.
4) The column "Appointment" relates only to appointments of fiscal council members. "G" stands for appointed by the government/ministry; "P" stands for appointed by the parliament; "O" stands for others (e.g. the central bank).

The number of operational fiscal councils will increase further in the coming months. In several countries, a fiscal council has either already been legislated for, but the process of establishing the council still needs to be finalised and council members are being recruited, or draft legislation is currently being prepared or discussed. The only EU Member States in which no concrete legislative initiatives to establish a fiscal watchdog are currently being discussed are the Czech Republic and Poland; these two countries are not bound by the two-pack regulations.

In most countries, the fiscal councils are separate, independent public institutions that have their tasks and degree of functional autonomy defined in national legislation. In a few countries, however, fiscal councils are attached to another public institution, such as the central bank, the national audit office or the parliament (see table). Moreover, in some countries, the different tasks are assigned to various independent public institutions, such as in Belgium, the Netherlands and Austria, where a separate independent institution is in charge of conducting the macroeconomic projections.

What are the mandates of the fiscal councils in the EU?

The mandate of the fiscal councils in the EU differs considerably across countries. Not all fiscal councils in the euro area countries seem to have mandates that are fully in line with the requirements set out in the two-pack (which is not binding for non-euro area EU Member States). In most countries, the mandate of the fiscal council typically focuses on monitoring compliance with fiscal rules. In less than half of the EU Member States, fiscal councils also play a role in monitoring or assessing the activation of the correction mechanism, as spelled out in the Fiscal Compact, in case of considerable deviation from fiscal rules.

However, the involvement of fiscal councils in the preparation of macroeconomic and budgetary projections is less widespread. Only in some countries are own macroeconomic forecasts produced by fiscal councils or separate independent institutions (see table),[5] while, in a few countries, fiscal councils are expected to endorse the government's macroeconomic projections.[6] In turn, budgetary projections, which are produced in all countries by the government, are only scrutinised by an independent body for endorsement in Romania, Slovakia and the United Kingdom.[7] In several countries, the fiscal council is obliged to assess the government's projections, which as a tool is less strong than endorsement. Public assessments can play an important role in influencing public opinion. For example, in its advice of 23 April 2014 the High Council on Public Finances in France considered that, although the GDP growth assumptions of the government for 2014 were seen as realistic, the scenario for 2015, which also included substantial planned spending cuts, was regarded as being too optimistic, as it was based on the simultaneous realisation of several favourable assumptions.

In addition, in some countries, the tasks which fiscal councils have been assigned go beyond the requirements under the two-pack. In particular, almost half of the euro area fiscal councils or independent institutions assess the long-term sustainability of fiscal policy, while several of them

5 These countries include Belgium, Denmark, Latvia, the Netherlands, Austria, Slovenia and the United Kingdom. However, in Denmark and Latvia, the government is not obliged to use the forecast prepared by the fiscal council.

6 If fiscal councils are expected to endorse the projections, a procedure should be specified, including a deadline for action and provision of details on the potential consequences. Thus, a negative decision by the fiscal council should trigger a review of the forecasts, which would go beyond the "comply or explain" principle.

7 According to the two-pack regulations, governments may decide to involve an independent body in the preparation of the budgetary projections, but there is no obligation to do so.

also assess compliance with the debt/expenditure rules, the economic and financial situation of public enterprises, the cost of fiscal measures or the quality of public finances. Moreover, in some countries, fiscal councils are in charge of guiding the allocation of fiscal targets across different government layers, with the Independent Authority of Fiscal Responsibility in Spain being a recent example.

How effective will the fiscal councils be in fostering budgetary discipline?

Since, in most EU countries, fiscal councils have either only been created recently or their mandate has just been amended, and as there is considerable variation across countries in the precise set-up of fiscal councils and their (potential) influence on fiscal policy, it is difficult to assess their effectiveness at this stage.

Nevertheless, for a preliminary assessment of their effectiveness, it is already informative to look at how much potential room for manoeuvre they have. On average, the fiscal councils' room for manoeuvre and their leverage seem to be rather limited. The government is not obliged in any of the euro area countries to take into account the policy recommendations of the fiscal council.[8] In a number of countries, however, a softer tool for peer pressure is in place in the form of the "comply or explain" principle.[9] This requires that governments either comply with the fiscal councils' recommendations or publicly explain the reasons for deviating from them. In the majority of euro area countries, no corrective follow-up is foreseen in case of non-compliance. Nevertheless, even without any legal requirement for the government to react to the recommendations, fiscal councils can make effective use of the possibility to exert peer pressure on the government through their influence on public opinion. One recent example in this respect is the critical assessment issued by Austria's Fiskalrat (Fiscal Advisory Council) on 19 May 2014 of the government's budgetary plans, which was cited widely in the national media.

Moreover, the effectiveness of fiscal councils will largely depend on whether they are independent from political interference and whether they have functional autonomy. A fully independent and credible fiscal council increases the political cost for the government to deviate from its commitments. It is thus important that political interference is legally prohibited and that the council members are appointed based on competence and experience rather than political preference. Indeed, there are some encouraging examples among EU Member States with regard to the way in which the fiscal councils are set up. For example, in most countries the fiscal council members are academics or experts outside of the government. Also, their staff is mostly recruited on the basis of competence and experience. However, in some countries, there are also risks related to political interference, in particular where the government appoints fiscal council members rather than the parliament, and the supporting staff members are seconded from public entities (see the table). Moreover, in some countries, the resources of expert-level staff may not always be sufficient, which could prevent the fiscal councils from carrying out their tasks to a high quality. In most cases, the number of expert staff supporting the fiscal council members ranges from between two and ten staff members. However, there are also notable exceptions, with some councils having considerably more staff (in particular where the fiscal council is also involved in the projections).

8 Outside the euro area, the fiscal council of Croatia has, for example, a high degree of leverage.
9 These countries include Belgium, Germany, Ireland, Spain, France, Italy, Lithuania, the Netherlands and Finland. One important weakness of the two-pack legislation is that it neither requires the countries to establish the "comply or explain" principle (with the exception of macroeconomic projections, which need to be produced or endorsed) nor obliges governments to take the council's recommendations on board.

Conclusions

The revised EU fiscal framework requires Member States to establish a fiscal council that is in charge of monitoring compliance with numerical fiscal rules and assessing the need to activate the correction mechanism. This is an important step towards achieving better fiscal discipline and increasing national ownership of EU fiscal rules. It is very encouraging that all euro area countries have already set up a fiscal council or are in the process of doing so. Those countries that have not yet legislated for a fiscal council, should complete the process as quickly as possible. There is heterogeneity across countries in the way in which the fiscal councils are set up. While this also reflects country-specific circumstances, in some countries the features of the fiscal councils might raise concerns regarding their independence from government interference, their resources and mandate, as well as their room for manoeuvre. However, it will only be possible to perform a full assessment in order to determine their effectiveness once they have been operational for a few years.

ARTICLE

JUNE 2014 EUROSYSTEM STAFF MACROECONOMIC PROJECTIONS FOR THE EURO AREA[1]

The economic recovery in the euro area is projected to strengthen gradually over the projection horizon, supported by increases in domestic and, to a lesser extent, external demand. Domestic demand is benefiting from the accommodative monetary policy stance, a return to a broadly neutral fiscal stance, improving financing conditions and rising confidence in an environment of reduced uncertainty. In addition, real disposable income is being supported by gradually increasing wage growth and falling energy prices. At the same time, the adverse impact on the economic outlook stemming from the need for further balance sheet adjustment and from high unemployment is expected to diminish only gradually over the projection horizon. External demand is expected to benefit from a gradual global recovery, although initially its positive impact on euro area exports is likely to be partially offset by the effects of the stronger exchange rate of the euro. Real GDP is projected to increase by 1.0% in 2014, 1.7% in 2015 and 1.8% in 2016. These increases are at rates above estimated potential growth, thereby contributing to a gradual reduction in the negative output gap, with the unemployment rate declining slightly.

Euro area HICP inflation is projected to rise gradually over the projection horizon but to remain low. Headline inflation is expected to increase from 0.7% in the first quarter of 2014 to 1.5% in the last quarter of 2016, and to average 0.7% in 2014, 1.1% in 2015 and 1.4% in 2016. The projected pick-up in overall HICP inflation reflects the gradual strengthening of the economic recovery, which is leading to rising growth in domestic wages and profits. The assumption of increasing prices of non-energy commodities and imported manufactured goods also implies an upward impact on inflation. At the same time, the projected increase in inflation should be contained by assumed declines in oil prices, the lagged impact of the marked appreciation in the exchange rate of the euro since mid-2012 and the remaining slack in the economy. HICP inflation excluding food and energy is projected to rise gradually from 1.0% in 2014 to 1.2% in 2015 and to 1.5% in 2016, reaching 1.7% by the end of 2016.

Compared with the macroeconomic projections published in the March 2014 issue of the Monthly Bulletin, the real GDP growth projection for 2014 has been revised down from 1.2% to 1.0%, reflecting the weaker than expected outcome for the first quarter. In contrast, the projection for 2015 has been revised up from 1.5% to 1.7%, against the background of a stronger recovery in real disposable income. HICP inflation in 2014 has been revised down from 1.0% to 0.7%, largely reflecting the lower than expected outcomes for HICP inflation in recent months. For 2015 and 2016, the HICP inflation projections have been revised down from 1.3% to 1.1% and from 1.5% to 1.4% respectively.

The article summarises the macroeconomic projections for the euro area for the period 2014-16. Projections for a period over such a long horizon are subject to very high uncertainty.[2] This should be borne in mind when interpreting them.

THE INTERNATIONAL ENVIRONMENT

World real GDP growth (excluding the euro area) is projected to pick up gradually over the projection horizon, rising from 3.6% in 2014 to 4.0% in 2015 and to 4.1% in 2016. Available data releases point to a slowing of momentum in advanced economies in the first quarter of the

1 Eurosystem staff macroeconomic projections are an input to the Governing Council's assessment of economic developments and the risks to price stability. 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. The cut-off date for including the latest information in this exercise was 21 May 2014.

2 See the article entitled "An assessment of Eurosystem staff macroeconomic projections" in the May 2013 issue of the Monthly Bulletin.

year, partly related to temporary factors such as the extremely cold weather experienced in North America. Nevertheless, looking through the short-term volatility, surveys indicate reasonably robust growth momentum. Growth in emerging markets has declined, owing to weak domestic demand, the reversal of capital inflows to these economies and more limited leeway for further supportive domestic policies. Financial markets have stabilised in emerging economies since the episode of volatility in early 2014, but in many countries financial conditions have tightened quite considerably since mid-2013, weighing on activity. Looking ahead, global activity is expected to strengthen. Moderating private sector deleveraging and less fiscal consolidation, combined with improving labour markets, should support domestic demand in advanced economies. In turn, stronger demand in advanced economies should foster a rebound in the rest of the world. Growth in some emerging economies is, however, likely to be restrained by structural factors, including infrastructure bottlenecks and capacity constraints, while in those countries that were highly dependent on capital inflows and strong credit growth, activity is likely to be dampened as their economies rebalance and adjust to the changing monetary policy stance in the United States.

Global trade has lost some momentum since late last year. Looking ahead, the pick-up in activity in advanced economies – particularly in investment, which has a high import content – should spur an acceleration in global trade over the projection horizon. However, global trade is judged unlikely to expand at the same pace as in the 1990s and 2000s, when large emerging economies were being integrated into the global economy. Consequently, compared with the previous projection exercise, the baseline projection assumes a lower long-run elasticity of global trade to world activity than that seen before the global financial crisis. Global trade (excluding the euro area) is projected to grow by 4.3% in 2014, 5.7% in 2015 and 5.9% in 2016. With import demand from the euro area's main trading partners expected to expand at a slower pace than that from the rest of the world, euro area foreign demand growth is projected to be slightly weaker than global trade growth (see Table 1).

Compared with the macroeconomic projections published in the March 2014 issue of the Monthly Bulletin, global real GDP growth for 2014 has been revised down from 3.9% to 3.6%. The outlook for euro area foreign demand has been revised downwards over the entire projection horizon.

Table 1 The international environment

(annual percentage changes)

	June 2014				March 2014			Revisions since March 2014		
	2013	2014	2015	2016	2014	2015	2016	2014	2015	2016
World (excluding euro area) real GDP	3.4	3.6	4.0	4.1	3.9	4.0	4.1	-0.3	0.0	0.0
Global (excluding euro area) trade [1]	3.5	4.3	5.7	5.9	5.1	6.2	6.2	-0.8	-0.5	-0.3
Euro area foreign demand [2]	3.0	3.7	5.2	5.6	4.5	5.6	5.8	-0.7	-0.4	-0.2

1) Calculated as a weighted average of imports.
2) Calculated as a weighted average of imports of euro area trade partners.
Note: Revisions are calculated from unrounded data.

Box 1

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 14 May 2014. 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 0.3% for 2014, 0.3% for 2015 and 0.4% for 2016. The market expectations for euro area ten-year nominal government bond yields imply an average level of 2.4% in 2014, 2.6% in 2015 and 3.0% in 2016[1]. Reflecting the path of forward market interest rates and the gradual pass-through of changes in market rates to lending rates, composite bank lending rates on loans to the euro area non-financial private sector are expected to remain broadly stable in 2014 and 2015, before rising gradually thereafter.

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 fall from USD 108.8 in 2013 to USD 98.2 in 2016. The prices of non-energy commodities in US dollars are assumed to increase marginally in 2014, before rising somewhat faster in 2015 and 2016.[2]

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 of 14 May 2014. This implies an exchange rate of USD 1.38 per euro between 2014 and 2016, which is 4.2% higher than in 2013. Over the projection horizon, the effective exchange rate of the euro is assumed to be 2.7% stronger than in 2013.

Technical assumptions

	June 2014				March 2014			Revisions since March 2014[1)]		
	2013	2014	2015	2016	2014	2015	2016	2014	2015	2016
Three-month EURIBOR (percentage per annum)	0.2	0.3	0.3	0.4	0.3	0.4	0.8	0.0	-0.1	-0.3
Ten-year government bond yields (percentage per annum)	2.9	2.4	2.6	3.0	2.8	3.2	3.6	-0.5	-0.6	-0.6
Oil price (in USD/barrel)	108.8	107.2	102.2	98.2	105.8	101.1	96.9	1.3	1.2	1.3
Non-energy commodity prices, in USD (annual percentage change)	-5.2	0.3	1.7	4.6	-2.5	3.1	4.8	2.8	-1.4	-0.2
USD/EUR exchange rate	1.33	1.38	1.38	1.38	1.36	1.36	1.36	1.7	2.0	2.0
Euro nominal effective exchange rate (EER20) (annual percentage change)	3.8	2.6	0.1	0.0	1.6	0.0	0.0	1.0	0.1	0.0

1) Revisions are expressed as percentages for levels, differences for growth rates and percentage points for interest rates and bond yields.
Note: Revisions are calculated from unrounded data.

1 The assumption for euro area ten-year nominal government bond yields is based on the weighted average of countries' ten-year benchmark bond yields, weighted by annual GDP figures and extended by the forward path derived from the ECB's euro area all-bonds ten-year par yield, with the initial discrepancy between the two series kept constant over the projection horizon. The spreads between country-specific government bond yields and the corresponding euro area average are assumed to be constant over the projection horizon.

2 Oil and food commodity 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 2015 and thereafter to evolve in line with global economic activity. EU farm gate prices (in euro), which are used for forecasting food consumer prices, are projected on the basis of an econometric model that takes into account developments in international food commodity prices.

The fiscal policy assumptions reflect the approved budget laws of euro area countries, their medium-term budgetary plans and well-specified measures from the updates of the stability programmes that were available as of 21 May 2014. They include all policy measures that have already been approved by national parliaments or that have been defined in sufficient detail by governments and are likely to pass the legislative process. Overall, these assumptions imply, on average, only a small amount of fiscal consolidation over the projection horizon, based on budgetary plans for 2014 and only limited information for 2015 and 2016. The assumed fiscal consolidation over the projection horizon is significantly below that observed in recent years.

Compared with the March 2014 issue of the Monthly Bulletin, the main changes in the technical assumptions include lower short-term and long-term interest rates in the euro area. While US dollar-denominated oil prices are somewhat higher than in March, there has also been a moderate appreciation in the exchange rate of the euro.

REAL GDP GROWTH PROJECTIONS

Euro area real GDP rose by 0.2% in the first quarter of 2014, recording its fourth consecutive quarterly increase. Survey data indicate a stabilisation of business confidence across sectors and across countries in recent months, at levels close to or above their long-term averages, pointing to a further increase in activity in the second quarter of 2014. The underlying growth momentum is projected to increase, particularly in some of the stressed economies. The projected pick-up in activity should be supported mainly by a strengthening of domestic demand, owing to the accommodative monetary policy stance, a return to a broadly neutral fiscal stance following years of substantial fiscal tightening, a return to neutral credit supply conditions, and the improved confidence of both businesses and households in an environment of reduced uncertainty. In particular, private consumption should benefit from the favourable impact of rising wage growth and declining energy prices on real disposable income. Moreover, activity is expected to be increasingly supported by a gradual strengthening of external demand, although initially growth in exports is likely to be hampered by the appreciation in the effective exchange rate of the euro. At the same time, the adverse impact on the outlook for domestic demand, stemming from the need for further adjustment of private and public sector balance sheets and, in particular, from high unemployment in some countries, is expected to diminish only gradually over the projection horizon, while labour supply constraints may emerge in other countries. In annual average terms, real GDP is expected to increase by 1.0% in 2014, 1.7% in 2015 and 1.8% in 2016. This growth pattern reflects a steadily rising contribution from domestic demand combined with a small positive contribution from net exports. As actual growth is projected to exceed the estimated potential growth rate, the output gap is expected to narrow but to still remain negative at the end of the projection horizon.

Looking at the components of demand in more detail, growth in extra-euro area exports is projected to gain momentum in the course of 2014 and 2015, reflecting the gradual strengthening of euro area foreign demand and the fading away of the adverse impact of the euro's recent appreciation. Euro area export market shares are projected to decline marginally over the projection horizon, albeit with rather heterogeneous developments across the euro area countries, reflecting diverse competitiveness developments. Intra-euro area exports are projected to grow more slowly than extra-euro area exports, owing to the still relative weakness of domestic demand within the euro area.

Business investment is projected to pick up gradually during the projection horizon, supported by the strengthening of domestic and external demand in the context of accumulated needs for replacement

Table 2 Macroeconomic projections for the euro area[1]

(annual percentage changes)

		June 2014			March 2014			Revisions since March 2014[2]		
	2013	2014	2015	2016	2014	2015	2016	2014	2015	2016
Real GDP[3]	-0.4	1.0	1.7	1.8	1.2	1.5	1.8	-0.1	0.2	0.0
		[0.6 - 1.4][4]	[0.6 - 2.8][4]	[0.5 - 3.1][4]	[0.8 - 1.6][4]	[0.4 - 2.6][4]	[0.7 - 2.9][4]			
Private consumption	-0.6	0.7	1.5	1.6	0.7	1.2	1.4	0.0	0.2	0.2
Government consumption	0.2	0.4	0.4	0.4	0.4	0.4	0.7	0.0	0.0	-0.3
Gross fixed capital formation	-2.7	1.7	3.1	3.5	2.1	2.7	3.7	-0.4	0.4	-0.2
Exports[5]	1.7	3.6	4.8	5.3	3.6	4.7	5.1	0.1	0.1	0.2
Imports[5]	0.5	3.6	4.8	5.5	3.5	4.7	5.2	0.1	0.1	0.3
Employment	-0.8	0.3	0.5	0.7	0.2	0.5	0.7	0.1	0.1	0.0
Unemployment rate (percentage of labour force)	12.0	11.8	11.5	11.0	11.9	11.7	11.4	-0.2	-0.3	-0.4
HICP	1.4	0.7	1.1	1.4	1.0	1.3	1.5	-0.3	-0.1	-0.1
		[0.6 - 0.8][4]	[0.5 - 1.7][4]	[0.6 - 2.2][4]	[0.7 - 1.3][4]	[0.6 - 2.0][4]	[0.7 - 2.3][4]			
HICP excluding energy	1.4	1.0	1.3	1.6	1.2	1.5	1.7	-0.2	-0.1	-0.1
HICP excluding energy and food	1.1	1.0	1.2	1.5	1.1	1.4	1.7	-0.1	-0.2	-0.1
HICP excluding energy. food and changes in indirect taxes[6]	1.0	0.9	1.2	1.5	1.0	1.4	1.7	-0.1	-0.2	-0.2
Unit labour costs	1.2	0.9	0.7	1.1	0.8	1.0	1.2	0.1	-0.3	-0.1
Compensation per employee	1.7	1.6	1.9	2.2	1.7	2.0	2.3	-0.1	-0.1	-0.1
Labour productivity	0.5	0.7	1.1	1.0	0.9	1.0	1.1	-0.2	0.1	-0.1
General government budget balance	-3.0	-2.5	-2.3	-1.9	-2.7	-2.5	-2.1	0.2	0.2	0.2
Structural budget balance (percentage of GDP)[7]	-2.2	-2.0	-2.0	-1.9	-2.2	-2.2	-2.0	0.3	0.2	0.1
General government gross debt	92.6	93.4	92.6	91.1	93.5	93.2	92.2	0.0	-0.7	-1.1
Current account balance (percentage of GDP)	2.4	2.6	2.6	2.8	2.4	2.6	2.7	0.2	0.0	0.1

1) The data refer to the euro area including Latvia, except for the HICP data in 2013. The average annual percentage change in the HICP for 2014 is based on a euro area composition in 2013 that already includes Latvia.
2) Revisions are calculated from unrounded figures.
3) Working day-adjusted data.
4) The ranges shown around the projections 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 for calculating the ranges, involving a correction for exceptional events, is documented in *New procedure for constructing Eurosystem and ECB staff projection ranges*, ECB, December 2009, available on the ECB's website.
5) Including intra-euro area trade.
6) The sub-index is based on estimates of actual impacts of indirect taxes. This may differ from Eurostat data, which assume a full and immediate pass-through of tax impacts to the HICP.
7) Calculated as the government balance net of transitory effects of the economic cycle and temporary measures taken by governments. The calculation follows the ESCB approach to cyclically adjusted budget balances (see Bouthevillain, C. et al., "Cyclically adjusted budget balances: an alternative approach", *Working Paper Series*, No 77, ECB, September 2001) and the ESCB definition of temporary measures (see Kremer, J. et al., "A disaggregated framework for the analysis of structural developments in public finances", *Working Paper Series*, No 579, ECB, January 2006). The projection of the structural balance is not derived from an aggregate measure of the output gap. Under the ESCB methodology, cyclical components are calculated separately for different revenue and spending items. For a discussion, also with reference to the Commission's methodology, see the box entitled "Cyclical adjustment of the government budget balance" in the March 2012 issue of the Monthly Bulletin.

investment, the very low level of interest rates, a strengthening of profits, reduced uncertainty and the easing of adverse credit supply effects. However, the combined adverse impact of lower trend growth and the need for further corporate balance sheet restructuring in some euro area countries is assessed to dampen the recovery of business investment over the projection horizon.

Residential investment is projected to pick up gradually as activity recovers in an environment of low mortgage rates. However, over the next few quarters, further adjustment needs in the housing markets in some countries and weak growth in real disposable income will continue to weigh on the outlook. Government investment is expected to remain weak throughout the projection horizon, owing to the planned fiscal consolidation measures in several euro area countries that outweigh the more expansionary public investment profile in others.

Employment in terms of persons stabilised in the second half of 2013 and is projected to pick up modestly thereafter. The weak recovery in employment reflects the slow pick-up in activity, the lagged response of employment to output growth and further cuts in the public sector headcount in some countries. These factors are likely to outweigh the positive impact of labour market reforms, which have increased flexibility and supported private sector job creation, especially in some stressed countries. The labour force is expected to increase moderately over the projection horizon, owing to immigration and increases in the participation of certain segments of the population amid an improving labour market situation. The unemployment rate has edged down in recent months and is expected to decline further over the projection horizon but to remain above the levels recorded before the crisis. Labour productivity (measured as output per person employed) is projected to improve, reflecting the expected pick-up in real GDP growth and the lagged response of employment to developments in activity.

Private consumption is expected to gain some momentum during the course of 2014 and to increase further in 2015 and 2016, closely following real disposable income growth, as the saving ratio remains flat. Growth in real disposable income is projected to be supported by stronger labour income, reflecting rising employment and higher wage growth, a less adverse impact of fiscal consolidation and low inflation developments. Government consumption is assumed to increase moderately over the projection horizon.

Extra-euro area imports are projected to grow moderately over the projection horizon, while remaining constrained by the subdued growth of total euro area demand. Net trade is expected to contribute moderately to real GDP growth over the projection horizon. The current account surplus is expected to rise slightly, reaching 2.8% of GDP in 2016.

Compared with the macroeconomic projections published in the March 2014 issue of the Monthly Bulletin, the real GDP growth projection for 2014 has been revised down from 1.2% to 1.0%, reflecting the weaker than expected outcome for the first quarter. The real GDP growth projection for 2015 has been revised up from 1.5% to 1.7%, on account of lower interest rate assumptions and lower commodity price inflation supporting real incomes. The projection for 2016 is broadly unchanged.

PRICE AND COST PROJECTIONS

According to Eurostat's flash estimate, overall HICP inflation stood at 0.5% in May 2014. The subdued current rate of inflation reflects a stagnation of energy prices, food prices and non-energy industrial goods prices, as well as a subdued trend in services prices.

Headline HICP inflation is expected to remain at low levels until the third quarter of 2014. It is then projected to rise gradually and to reach 1.5% by the end of the projection horizon. This projected gradual pick-up in overall HICP inflation reflects the gradual strengthening of the economic recovery and its implications in terms of a narrowing of the negative output gap and a pick-up in wage and profit growth. The assumption of increasing prices of non-energy commodities and imported manufactured goods also implies an upward impact on inflation. Nonetheless, the projected increase in inflation should be modest, contained in particular by the assumption of declining oil prices according to futures markets, the lagged impact of the marked appreciation in the exchange rate of the euro since mid-2012 and the fact that, despite a narrowing of the output gap, there is still likely to be slack in the economy until 2016.

In more detail, energy price inflation is expected to rise from its very negative rate in early 2014 but to remain slightly negative over most of the projection horizon, in line with the downward sloping path of the oil price futures curve. The marginally negative contribution from energy prices to HICP inflation over the projection horizon compares with an average contribution of around 0.5 percentage point over the period 1999-2013 and explains, to a large extent, the moderate inflation outlook.

Food price inflation is projected to continue to decline until the third quarter of 2014, owing to the delayed pass-through of past declines in food commodity prices and to downward base effects. Given the assumed increase in EU farm gate prices and the gradual economic recovery, food price inflation is expected to rise continually over the projection horizon and to average 1.9% in 2016. The average contribution from food price inflation to headline inflation is 0.3 percentage point over the projection horizon, compared with an average contribution of around 0.5 percentage point since 1999.

HICP inflation excluding food and energy is expected to have bottomed out during the fourth quarter of 2013 and the first few months of 2014. It is projected to pick up over the projection horizon as the recovery gains momentum, leading to rising growth rates for wages and profits, and to reach 1.7% in the last quarter of 2016. The average contribution from HICP inflation excluding food and energy to headline inflation over the projection horizon is expected to amount to 0.9 percentage point, which is only slightly below its average since 1999.

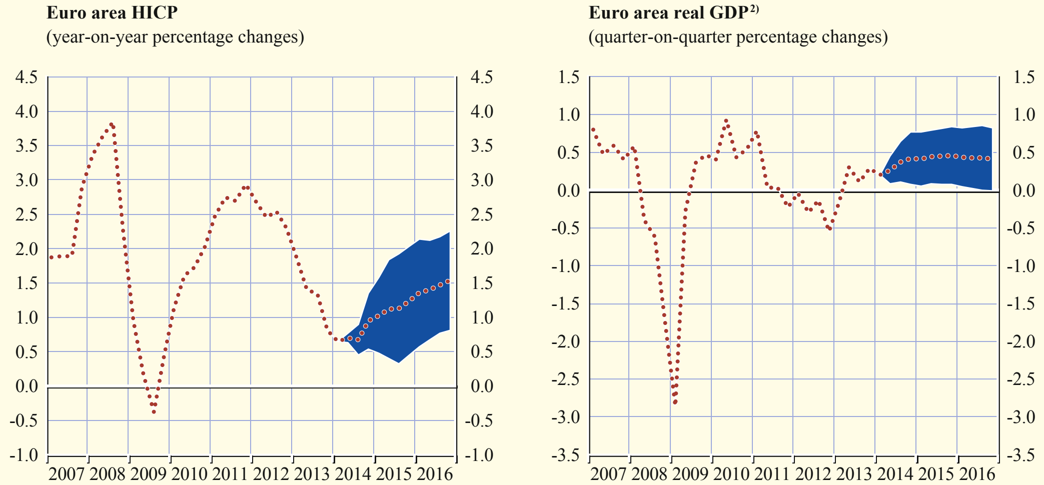
Increases in indirect taxes that are included in fiscal consolidation plans are expected to make a small upward contribution of around 0.1 percentage point to HICP inflation in 2014. The magnitude of this contribution is slightly smaller than that recorded in 2013. In 2015 and 2016, the contributions are currently expected to be negligible, given the lack of information on approved fiscal measures for those years.

External price pressures weakened substantially in the course of 2013, reflecting the impact of sluggish global growth on global prices, the appreciation of the euro and declines in oil and non-oil commodity prices. Looking ahead, the annual growth rate of the import deflator is expected to rise gradually over the projection horizon and to turn positive at the beginning of 2015. It is projected to average 1.2% in 2016, a rate close to its long-term average growth rate. The increase in the growth rate of the import deflator reflects the assumed strengthening of global growth and thus increasing global manufacturing prices, the expected pick-up in non-energy commodity prices and the fading effects from the past appreciation of the euro.

With regard to domestic price pressures, the gradual improvement in euro area labour market conditions is expected to lead to a pick-up in compensation per employee. However, unit labour cost growth is projected to be dampened in the first two years of the projection horizon by a stronger increase in productivity than nominal wage growth, reflecting the cyclical recovery in productivity. In 2016, a continued strengthening of wage growth, together with a weakening of productivity growth, is expected to contribute to a pick-up in unit labour cost growth.

Chart 1 Macroeconomic projections[1]

(quarterly data)



1) The ranges shown around the central projections 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 for calculating the ranges, involving a correction for exceptional events, is documented in *New procedure for constructing Eurosystem and ECB staff projection ranges*, ECB, December 2009, available on the ECB's website.
2) Working day-adjusted data.

Profit margins (as measured by the difference between the GDP deflator at factor cost and unit labour cost growth) are expected to increase over the projection horizon, supported by the cyclical recovery of the economy.

Compared with the macroeconomic projections published in the March 2014 issue of the Monthly Bulletin, the projection for headline HICP inflation in 2014 has been revised down from 1.0% to 0.7%, largely reflecting the lower than expected outcomes in recent months. The projections for HICP inflation in 2015 and 2016 have been revised down from 1.3% to 1.1% and from 1.5% to 1.4% respectively, mainly reflecting lower unit labour cost growth.

FISCAL OUTLOOK

On the basis of the assumptions outlined in Box 1, the general government deficit-to-GDP ratio for the euro area is projected to decrease from 3.0% in 2013 to 2.5% in 2014 and to fall further to 1.9% in 2016. This reduction mainly reflects an improvement in the cyclical position. In addition, an improvement in the cyclically adjusted primary balance is expected on account of fiscal consolidation efforts in some euro area countries and only negligible government assistance to the financial sector. The structural budget balance is projected to improve somewhat throughout the projection period, albeit at a slower pace than in recent years. This improvement is mainly driven by assumed continued moderate growth in government expenditure. The euro area general government gross debt-to-GDP ratio is projected to peak at 93.4% in 2014, declining thereafter to 91.1% in 2016.

The following boxes include certain sensitivity analyses (Box 2), comments on the euro area's exposure to the crisis in Ukraine (Box 3) and a comparison with other available forecasts (Box 4).

Box 2

SENSITIVITY ANALYSES

Projections rely heavily on technical assumptions regarding the evolution of certain key variables. Given that some of these variables can have a large impact on the projections of the euro area, the sensitivity of the latter with respect to alternative paths of these underlying assumptions can help in the analysis of risks around the projections. This box discusses the uncertainty around three key underlying assumptions and the sensitivity of the projections with respect to these assumptions.[1]

1) An alternative oil price path

The assumptions for oil prices in the current Eurosystem staff projections are taken from market expectations as measured by oil futures prices, which predict a fall of oil prices over the projection horizon (see Box 1). However, uncertainty remains regarding this profile. There is uncertainty over the evolution of developments in both supply and demand.

The expected fall in oil prices may reflect a market view that oil production in several OPEC countries, which has been reduced recently due to political instability or geopolitical tensions, will partly recover and/or will be compensated by an increase in US production of shale oil. However, higher oil prices might emerge in the event of unexpected geopolitical events in major oil-producing countries in the short term or of a stronger global recovery in the medium term.

Overall, in the context of a global recovery, an oil price higher than the one assumed in the baseline projection appears to be plausible. Therefore, an increasing upward adjustment of the path of oil price futures is considered in this sensitivity analysis.[2] The alternative path assumes oil prices to be 1%, 7% and 13% above futures prices for 2014, 2015 and 2016, respectively. Based on Eurosystem staff macroeconomic models, the higher oil price would cause HICP inflation to be 0.2 percentage point above the baseline projection for 2015 and 2016. At the same time, higher oil prices would also dampen real GDP growth, which would be 0.1 percentage point lower in 2015 and 2016.

2) Lower foreign demand

The linkage between global trade and global GDP growth seems to have changed in recent years. Before the financial crisis, global imports typically rose considerably faster than activity (the historical elasticity of trade to activity growth between 1982 and 2007 was 1.8). However, since 2011, global GDP and imports have grown at a similar pace (with the elasticity between 2011 and 2013 averaging 1.1). Continuing this period of relative trade weakness, global trade has softened slightly at the start of 2014.

The baseline projection assumes a gradual recovery in global trade momentum over the projection horizon, albeit to a somewhat lower long-term elasticity to activity than before

1 All simulations have been conducted under the assumption of no policy change and no change to any other variable concerning the technical assumptions and the international environment of the euro area.

2 For a detailed description of the model that was used to derive this upward adjustment, see Pagano, P. and Pisani, M., "Risk-adjusted forecasts of oil prices", *The B.E. Journal of Macroeconomics*, Vol. 9, Issue 1, Art. 24, 2009.

the financial crisis. In this sensitivity analysis, the implications of a lower profile for global imports and euro area foreign demand are considered. It is assumed that global trade elasticity remains at a level similar to that in the recent past, i.e. at 1.1. This implies a reduction in the growth of euro area foreign demand of 0.3 percentage point in 2014 and 1.4 percentage points in both 2015 and 2016.

The results from Eurosystem staff macroeconomic models point to lower real GDP growth (-0.2 percentage point in 2015 and 2016) and lower HICP inflation in 2016 (-0.1 percentage point).

3) Additional fiscal consolidation

As stated in Box 1, the fiscal policy assumptions include all policy measures that have already been approved by national parliaments or that have been specified in sufficient detail by governments and are likely to pass the legislative process. For most countries, the measures included in the baseline projection fall short of the fiscal consolidation requirements under the corrective and preventive arms of the Stability and Growth Pact. The commitment to comply with these requirements is broadly reflected in the 2014 stability programmes and in EU-IMF programme documents. However, the underlying measures to achieve these targets are often either missing or not sufficiently well specified. Accordingly, they are not taken into account in the baseline projection, especially over the period 2015-2016, which in most countries is not covered by the current budgets. It is therefore not only necessary but also likely that additional fiscal consolidation measures, as compared with those embedded in the baseline, will be adopted by most governments by 2016.

Assumptions underlying the fiscal sensitivity analysis

The fiscal sensitivity analysis takes as a starting point the “fiscal gap” between governments’ budgetary targets and the baseline budget projections. Country-specific conditions and information in terms of both size and composition are used to gauge the likely additional fiscal consolidation. In particular, country-specific information aims to capture uncertainties surrounding fiscal targets, the likelihood of additional fiscal consolidation measures and the associated macroeconomic feedback effects.

On the basis of this approach, the additional consolidation for the euro area is assessed to be about 0.1% of GDP in 2014, while further additional measures are assessed to be likely in 2015 (about 0.4% of GDP) and somewhat fewer in 2016 (about 0.2% of GDP), bringing the cumulative amount of additional consolidation to around 0.7% of GDP by the end of 2016. As regards the composition of fiscal measures, the sensitivity analysis seeks to incorporate country and time-specific profiles of the most likely additional consolidation efforts. In this exercise, at the euro area aggregate level, fiscal consolidation is assessed to be tilted to the expenditure side of the budget, but it also includes increases in indirect and direct taxes and social security contributions.

The estimated macroeconomic impact of additional fiscal consolidation on GDP growth and HICP inflation in the euro area

(percentage of GDP)

	2014	2015	2016
Government budget targets 1)	-2.5	-1.8	-1.2
Baseline fiscal projections	-2.5	-2.3	-1.9
Additional fiscal consolidation (cumulative) 2)	0.1	0.5	0.7
Effects of additional fiscal consolidation (percentage points) 3)			
Real GDP growth	-0.1	-0.3	-0.2
HICP inflation	0.0	0.1	0.0

1) Nominal targets, as included in the latest EU-IMF programme documents for the relevant countries and 2014 stability programme updates for the remaining countries.
2) Sensitivity analysis based on assessments by Eurosystem staff.
3) Deviations from the baseline in percentage points for real GDP growth and HICP inflation (both on an annual basis). The macroeconomic impact is simulated using the ECB's New Area-Wide Model.

Macroeconomic impact from additional fiscal consolidation

The simulation results of the impact from the fiscal sensitivity analysis on real GDP growth and HICP inflation for the euro area using the ECB's New Area-Wide Model (NAWM[3]) are summarised in the table below.

The impact on real GDP growth from the additional fiscal consolidation is limited in 2014 but estimated to be at about -0.3 percentage point in 2015 and -0.2 percentage point in 2016. The impact on HICP inflation is estimated at around 0.1 percentage point in 2015.

The current analysis therefore points to some downside risks to the baseline projection for real GDP growth, especially in 2015 and 2016, since not all of the intended fiscal consolidation measures have been included in the baseline. At the same time, there are also small upside risks to inflation, as part of the additional consolidation is assessed to originate from increases in indirect taxes.

It should be stressed that this fiscal sensitivity analysis focuses only on the potential short-term effects of likely additional fiscal consolidation. While even well-designed fiscal consolidation measures often have negative short-term effects on real GDP growth, there are positive longer-term effects on activity that are not evident over the horizon of this analysis.[4] Therefore, the results of this analysis should not be interpreted as calling into question the need for additional fiscal consolidation efforts over the projection horizon. Indeed, further consolidation efforts are necessary to restore sound public finances in the euro area. Without such consolidation, there is a risk that the pricing of sovereign debt could be adversely affected. Furthermore, effects on confidence may be negative, hindering the economic recovery.

3 For a description of the New Area-Wide Model, see Christoffel, K., Coenen, G. and Warne, A., "The New Area-Wide Model of the euro area: a micro-founded open-economy model for forecasting and policy analysis", *Working Paper Series*, No 944, ECB, October 2008.
4 For a more detailed analysis of the macroeconomic effects of fiscal consolidation, see the article entitled "Fiscal multipliers and the timing of consolidation", *Monthly Bulletin*, ECB, April 2014.

Box 3

THE EURO AREA'S EXPOSURE TO THE CRISIS IN UKRAINE

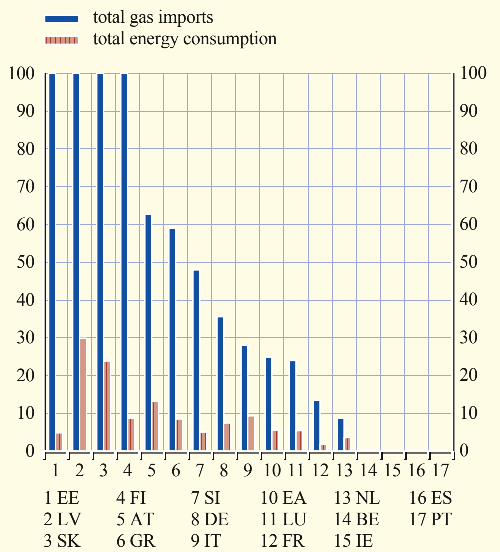
Concerns about a possible escalation of the tensions between Ukraine and Russia have increased lately. This box reviews the exposure of the euro area to Russia and Ukraine and describes the main channels through which the euro area could be affected should the crisis escalate further with the imposition of additional sanctions on Russia.

So far, the crisis has had a notable adverse impact on the Ukrainian and Russian economies but only a limited impact on the euro area economy. While euro area "hard" data appear to be largely unaffected, there is anecdotal evidence of possibly increased uncertainty related to the crisis. However, equity and commodity prices have so far remained relatively stable.

The main potential channels of adverse spillovers to the euro area are trade and financial linkages with Russia, rather than with Ukraine. The euro area imports a considerable amount of energy from Russia, with around 25% of its gas imports and almost 30% of oil imports coming from that country (see Charts A and B). Some euro area countries import gas almost exclusively from Russia. Russia and, to a lesser extent, Ukraine are also destinations for euro area exports. Around 5% of extra-euro area merchandise exports go to Russia, while extra-euro area merchandise exports to Ukraine amount to around 1% (see Chart C). In terms of financial exposure, the claims on Russia

Chart A Gas imports from Russia (in 2011)

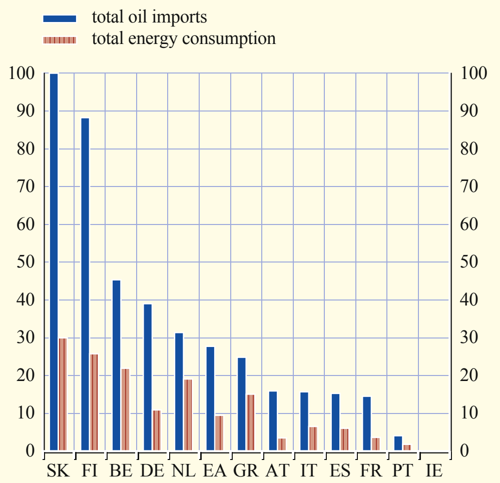
(percentage)



Source: Eurostat.
Notes: Data for Cyprus and Malta are unavailable. Countries are ordered according to the percentage share of gas imports from Russia in their total gas imports.

Chart B Oil imports from Russia (in 2011)

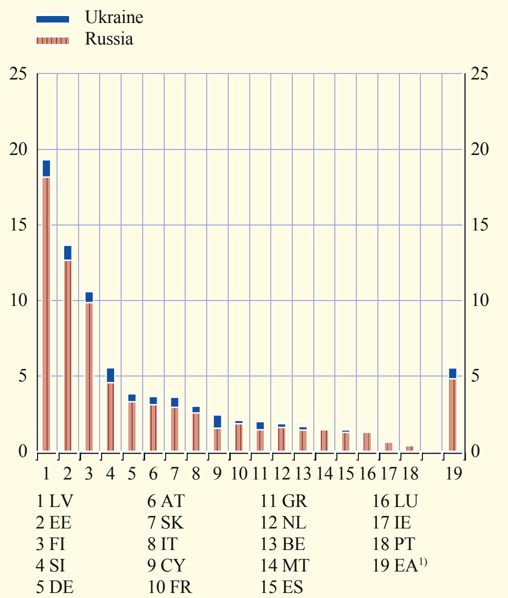
(percentage)



Source: Eurostat.
Notes: Data for Estonia, Cyprus, Latvia, Luxembourg, Malta and Slovenia are unavailable. Countries are ordered according to the percentage share of oil imports from Russia in their total oil imports.

Chart C Merchandise exports to Russia and Ukraine (2013 Q3)

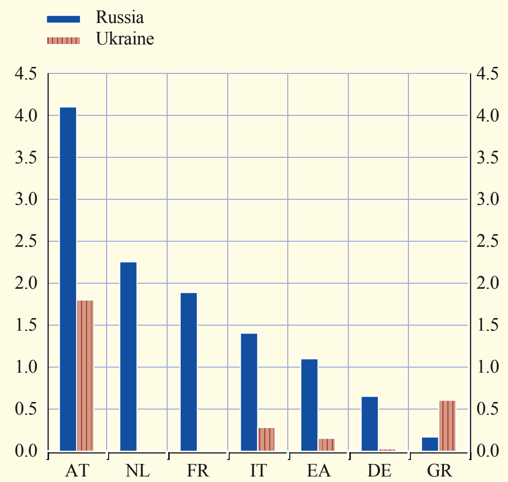
(percentage of total merchandise exports)



Sources: IMF and ECB calculations.
1) Net of intra-euro area merchandise exports.
Notes: Countries are ordered according to the percentage share of merchandise exports to Russia and Ukraine in their total merchandise exports

Chart D Foreign claims of selective euro area banks (by country) on Ukraine and Russia

(percentage of GDP)



Sources: BIS consolidated banking statistics and ECB.
Notes: Countries are ordered according to the foreign claims of euro area banks on Russia as a percentage of 2013 GDP. Data generally refer to 2013 Q4; only euro area countries that are reporting foreign claims of their banks against Russia and Ukraine are shown in the chart; France and the Netherlands have recently not reported their claims against Ukraine; latest data available from Austria are as of 2012 Q3. The euro area figure is indicative as it is based on country data at various points in time.

by euro area banks are equivalent to around 1% of euro area GDP (see Chart D). However, trade and financial linkages exhibit large heterogeneity across euro area countries.

The potential adverse impact from an escalation of the conflict on the euro area economy depends on the type of sanctions imposed by the European Union and the United States on Russia and the retaliatory measures likely to be adopted by Russia. While the specifics of such sanctions are uncertain, such sanctions could lead to a rise in oil prices, a decline in Russia's exports to the euro area, with adverse effects on activity in Russia, and capital outflows leading to a depreciation of the rouble. Unfavourable effects for the euro area could also stem from a drop in equity prices and a fall in confidence as agents become concerned about the intensity of the crisis and its implications.

In the euro area, these channels would likely dampen GDP mainly through the impact on trade and oil prices. At the same time, higher oil prices would lead to higher HICP inflation in the euro area than entailed in the baseline.

In the light of euro area countries' disparate trade exposures and financial links to Russia and Ukraine, any impact from the crisis would be heterogeneous, with those countries that are most exposed to Russia and Ukraine, such as the Baltic States, experiencing the largest adverse impacts.

There may also be a negative impact on some euro area countries as a result of indirect effects from adversely affected third countries, for instance in eastern Europe. Sectors and industries specifically important to some euro area countries, such as agriculture, food, real estate, tourism and certain banking sectors, might be particularly affected by a prolonged or escalated crisis. Finally, those euro area countries that import a large share of their gas and oil from Russia would be particularly negatively affected by a potential disruption in energy supplies from that country.

Box 4

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 growth in 2014 is projected to be slightly higher than entailed in the Eurosystem staff projections. Projections for real GDP growth in 2015 and 2016 are similar or slightly lower than the Eurosystem staff projections. As regards inflation, the forecasts from most other institutions point to average annual HICP inflation in 2014 and 2015 close to or slightly higher than the Eurosystem staff projections. HICP inflation in 2016 is expected to average between 1.3% and 1.7% according to the other available projections, compared with 1.4% in the Eurosystem staff projection. At present, all available forecasts are inside the ranges of the Eurosystem projections, which are indicated in the table.

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

(annual percentage changes)

	Date of release	GDP growth			HICP inflation		
		2014	2015	2016	2014	2015	2016
Eurosystem staff projections	June 2014	1.0	1.7	1.8	0.7	1.1	1.4
		[0.6-1.4]	[0.6-2.8]	[0.5-3.1]	[0.6-0.8]	[0.5-1.7]	[0.6-2.2]
European Commission	May 2014	1.2	1.7	-	0.8	1.2	-
OECD	May 2014	1.2	1.7	-	0.7	1.1	-
Euro Zone Barometer	May 2014	1.2	1.6	1.6	0.8	1.2	1.7
Consensus Economics Forecasts	May 2014	1.1	1.4	1.6	0.8	1.3	1.5
Survey of Professional Forecasters	May 2014	1.1	1.5	1.7	0.9	1.3	1.5
IMF	April 2014	1.2	1.5	1.5	0.9	1.2	1.3

Sources: European Commission's European Economic Forecast, Spring 2014; IMF World Economic Outlook, April 2014; OECD Economic Outlook, May 2014; Consensus Economics Forecasts; MJEconomics; 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.

ENLARGEMENT OF THE EURO AREA ON 1 JANUARY 2014 TO INCLUDE LATVIA

In January 2014 Latvia joined the euro area, bringing the number of euro area countries to 18.

Unless otherwise indicated, all data series including observations for 2014 relate to the "Euro 18" (i.e. the euro area including Latvia) for the whole time series. For interest rates, monetary statistics, the HICP and reserve assets (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), euro area statistical series take into account the changing composition of the euro area.

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

Conventions used in the tables

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

EURO AREA OVERVIEW

Summary of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

1. Monetary developments and interest rates [1]

	M1 [2]	M2 [2]	M3 [2), 3)]	M3 [2), 3)] 3-month moving average (centred)	MFI loans to euro area residents excluding MFIs and general government [2]	Securities other than shares issued in euro by non-MFI corporations [2]	3-month interest rate (EURIBOR; % per annum; period averages)	10-year spot rate (% per annum; end of period) [4]
	1	2	3	4	5	6	7	8
2012	4.0	3.1	2.9	-	-0.2	0.7	0.58	1.72
2013	7.0	4.0	2.4	-	-1.5	1.0	0.22	2.24
2013 Q2	8.0	4.5	2.8	-	-1.1	-0.2	0.21	2.14
Q3	6.9	4.0	2.2	-	-1.9	1.5	0.22	2.05
Q4	6.4	3.1	1.5	-	-2.2	1.5	0.24	2.24
2014 Q1	6.0	2.4	1.1	-	-2.2	-1.1	0.30	1.82
2013 Dec.	5.7	2.5	1.0	1.2	-2.3	-1.4	0.27	2.24
2014 Jan.	6.1	2.4	1.1	1.1	-2.3	-1.1	0.29	1.89
Feb.	6.2	2.4	1.3	1.1	-2.2	-0.9	0.29	1.88
Mar.	5.6	2.2	1.0	1.0	-2.2	-1.0	0.31	1.82
Apr.	5.2	2.0	0.8	.	-1.8	.	0.33	1.72
May	.	.	.	.	.	.	0.32	1.56

2. Prices, output, demand and labour markets

	HICP [1]	Industrial producer prices	Hourly labour costs [5]	Real GDP (s.a.) [5]	Industrial production excluding construction	Capacity utilisation in manufacturing (%)	Employment (s.a.) [5]	Unemployment (% of labour force; s.a.)
	1	2	3	4	5	6	7	8
2012	2.5	2.8	1.8	-0.7	-2.5	78.6	-0.6	11.3
2013	1.4	-0.2	1.4	-0.4	-0.7	78.3	-0.8	12.0
2013 Q3	1.3	-0.6	1.1	-0.3	-1.1	78.4	-0.9	12.0
Q4	0.8	-1.1	1.4	0.5	1.5	79.3	-0.5	11.9
2014 Q1	0.7	-1.5	.	0.9	1.1	79.8	.	11.8
2013 Dec.	0.8	-0.7	-	-	1.4	-	-	11.8
2014 Jan.	0.8	-1.3	-	-	1.7	80.1	-	11.8
Feb.	0.7	-1.7	-	-	1.7	-	-	11.8
Mar.	0.5	-1.6	-	-	-0.1	-	-	11.8
Apr.	0.7	-1.2	-	-	.	79.5	-	11.7
May	0.5	.	-	-	.	-	-	.

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
2012	139.6	89.0	23.9	689.4	-13.2	128.8	97.9	95.6	1.2848
2013	247.8	165.2	80.9	542.1	-12.1	121.0	101.7	98.9	1.3281
2013 Q2	65.6	49.9	65.9	564.3	-13.7	128.0	100.8	98.3	1.3062
Q3	56.0	38.1	-7.7	586.8	-13.3	125.2	101.9	99.2	1.3242
Q4	95.5	48.0	45.5	542.1	-12.1	121.0	103.1	100.0	1.3610
2014 Q1	47.2	35.1	37.9	570.2	.	.	103.9	100.7	1.3696
2013 Dec.	35.5	12.7	-5.7	542.1	-	-	103.9	100.7	1.3704
2014 Jan.	8.0	0.7	10.3	570.8	-	-	103.4	100.3	1.3610
Feb.	16.5	15.5	57.4	578.6	-	-	103.6	100.5	1.3659
Mar.	22.8	18.9	-29.7	570.2	-	-	104.6	101.4	1.3823
Apr.	.	.	.	568.0	-	-	104.5	101.2	1.3813
May	.	.	.	.	-	-	103.8	100.4	1.3732

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 18.
6) For a definition of the trading partner groups and other information, please refer to the General Notes.

1 MONETARY POLICY STATISTICS

1.1 Consolidated financial statement of the Eurosystem
(EUR millions)

1. Assets

	2 May 2014	9 May 2014	16 May 2014	23 May 2014	30 May 2014
Gold and gold receivables	326,544	326,544	326,544	326,545	326,477
Claims on non-euro area residents in foreign currency	245,601	246,266	244,518	245,305	245,902
Claims on euro area residents in foreign currency	23,485	23,185	24,212	24,457	23,788
Claims on non-euro area residents in euro	18,744	18,597	19,539	20,317	19,592
Lending to euro area credit institutions in euro	688,342	642,356	651,477	640,039	679,749
Main refinancing operations	172,621	129,140	137,302	131,907	174,002
Longer-term refinancing operations	514,965	513,215	514,162	508,007	505,682
Fine-tuning reverse operations	0	0	0	0	0
Structural reverse operations	0	0	0	0	0
Marginal lending facility	751	0	11	125	64
Credits related to margin calls	4	0	3	0	1
Other claims on euro area credit institutions in euro	61,263	60,637	68,425	61,160	57,409
Securities of euro area residents in euro	581,631	583,136	583,634	576,643	573,745
Securities held for monetary policy purposes	219,621	219,578	219,578	216,669	215,260
Other securities	362,010	363,558	364,056	359,973	358,485
General government debt in euro	27,273	27,273	27,273	27,273	27,267
Other assets	244,246	239,725	239,388	241,989	243,166
Total assets	2,217,128	2,167,718	2,185,009	2,163,727	2,197,095

2. Liabilities

	2 May 2014	9 May 2014	16 May 2014	23 May 2014	30 May 2014
Banknotes in circulation	950,285	948,883	947,718	947,155	953,817
Liabilities to euro area credit institutions in euro	383,269	349,528	363,185	329,792	352,187
Current accounts (covering the minimum reserve system)	240,192	150,019	201,415	168,545	209,392
Deposit facility	39,078	33,844	17,482	23,774	39,910
Fixed-term deposits	103,946	165,533	144,281	137,465	102,878
Fine-tuning reverse operations	0	0	0	0	0
Deposits related to margin calls	53	133	7	7	7
Other liabilities to euro area credit institutions in euro	2,757	2,900	2,546	2,793	1,687
Debt certificates issued	0	0	0	0	0
Liabilities to other euro area residents in euro	147,698	139,579	142,444	157,695	163,008
Liabilities to non-euro area residents in euro	78,380	79,772	79,714	77,055	76,456
Liabilities to euro area residents in foreign currency	1,470	1,166	1,050	1,232	1,005
Liabilities to non-euro area residents in foreign currency	4,486	5,100	4,868	5,788	5,342
Counterpart of special drawing rights allocated by the IMF	52,830	52,830	52,830	52,830	52,830
Other liabilities	214,041	206,251	209,125	207,840	209,205
Revaluation accounts	288,913	288,913	288,913	288,913	288,913
Capital and reserves	92,999	92,797	92,617	92,635	92,644
Total liabilities	2,217,128	2,167,718	2,185,009	2,163,727	2,197,095

Source: ECB.

1.2 Key ECB interest rates

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

With effect from: [1]	Deposit facility		Main refinancing operations			Marginal lending facility	
			Fixed rate tenders	Variable rate tenders			
			Fixed rate	Minimum bid rate			
	Level	Change	Level	Level	Change	Level	Change
	1	2	3	4	5	6	7
1999 1 Jan.	2.00	-	3.00	-	-	4.50	-
4 [2]	2.75	0.75	3.00	-	...	3.25	-1.25
22	2.00	-0.75	3.00	-	...	4.50	1.25
9 Apr.	1.50	-0.50	2.50	-	-0.50	3.50	-1.00
5 Nov.	2.00	0.50	3.00	-	0.50	4.00	0.50
2000 4 Feb.	2.25	0.25	3.25	-	0.25	4.25	0.25
17 Mar.	2.50	0.25	3.50	-	0.25	4.50	0.25
28 Apr.	2.75	0.25	3.75	-	0.25	4.75	0.25
9 June	3.25	0.50	4.25	-	0.50	5.25	0.50
28 [3]	3.25	...	-	4.25	...	5.25	...
1 Sep.	3.50	0.25	-	4.50	0.25	5.50	0.25
6 Oct.	3.75	0.25	-	4.75	0.25	5.75	0.25
2001 11 May	3.50	-0.25	-	4.50	-0.25	5.50	-0.25
31 Aug.	3.25	-0.25	-	4.25	-0.25	5.25	-0.25
18 Sep.	2.75	-0.50	-	3.75	-0.50	4.75	-0.50
9 Nov.	2.25	-0.50	-	3.25	-0.50	4.25	-0.50
2002 6 Dec.	1.75	-0.50	-	2.75	-0.50	3.75	-0.50
2003 7 Mar.	1.50	-0.25	-	2.50	-0.25	3.50	-0.25
6 June	1.00	-0.50	-	2.00	-0.50	3.00	-0.50
2005 6 Dec.	1.25	0.25	-	2.25	0.25	3.25	0.25
2006 8 Mar.	1.50	0.25	-	2.50	0.25	3.50	0.25
15 June	1.75	0.25	-	2.75	0.25	3.75	0.25
9 Aug.	2.00	0.25	-	3.00	0.25	4.00	0.25
11 Oct.	2.25	0.25	-	3.25	0.25	4.25	0.25
13 Dec.	2.50	0.25	-	3.50	0.25	4.50	0.25
2007 14 Mar.	2.75	0.25	-	3.75	0.25	4.75	0.25
13 June	3.00	0.25	-	4.00	0.25	5.00	0.25
2008 9 July	3.25	0.25	-	4.25	0.25	5.25	0.25
8 Oct.	2.75	-0.50	-	-	-	4.75	-0.50
9 [4]	3.25	0.50	-	-	-	4.25	-0.50
15 [5]	3.25	...	3.75	-	-0.50	4.25	...
12 Nov.	2.75	-0.50	3.25	-	-0.50	3.75	-0.50
10 Dec.	2.00	-0.75	2.50	-	-0.75	3.00	-0.75
2009 21 Jan.	1.00	-1.00	2.00	-	-0.50	3.00	...
11 Mar.	0.50	-0.50	1.50	-	-0.50	2.50	-0.50
8 Apr.	0.25	-0.25	1.25	-	-0.25	2.25	-0.25
13 May	0.25	...	1.00	-	-0.25	1.75	-0.50
2011 13 Apr.	0.50	0.25	1.25	-	0.25	2.00	0.25
13 July	0.75	0.25	1.50	-	0.25	2.25	0.25
9 Nov.	0.50	-0.25	1.25	-	-0.25	2.00	-0.25
14 Dec.	0.25	-0.25	1.00	-	-0.25	1.75	-0.25
2012 11 July	0.00	-0.25	0.75	-	-0.25	1.50	-0.25
2013 8 May	0.00	...	0.50	-	-0.25	1.00	-0.50
13 Nov.	0.00	...	0.25	-	-0.25	0.75	-0.25
2014 11 June	-0.10	-0.10	0.15	-	-0.10	0.40	-0.35

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					
2014 26 Feb.	94,036	112	94,036	0.25	-	-	-	7
5 Mar.	87,047	96	87,047	0.25	-	-	-	7
12	92,565	99	92,565	0.25	-	-	-	7
19	96,906	103	96,906	0.25	-	-	-	7
26	121,305	121	121,305	0.25	-	-	-	7
2 Apr.	110,643	113	110,643	0.25	-	-	-	7
9	104,619	142	104,619	0.25	-	-	-	7
16	112,165	172	112,165	0.25	-	-	-	7
23	121,816	155	121,816	0.25	-	-	-	7
30	172,621	266	172,621	0.25	-	-	-	7
7 May	129,140	177	129,140	0.25	-	-	-	7
14	137,302	199	137,302	0.25	-	-	-	7
21	131,957	193	131,957	0.25	-	-	-	7
28	174,002	267	174,002	0.25	-	-	-	7
4 June	149,351	229	149,351	0.25	-	-	-	7
			Longer-term refinancing operations [5)]					
2013 11 Dec.	10,143	31	10,143	0.25	-	-	-	35
19	20,914	76	20,914	0.25	-	-	-	98
2014 15 Jan.	7,092	28	7,092	0.25	-	-	-	28
30	4,955	69	4,955	0.25	-	-	-	92
12 Feb.	6,480	30	6,480	0.25	-	-	-	28
27	6,297	63	6,297	0.25	-	-	-	91
12 Mar.	7,522	30	7,522	0.25	-	-	-	28
27 [6)]	11,617	83	11,617	.	-	-	-	91
9 Apr.	28,023	35	28,023	0.25	-	-	-	35
2 May [6)]	13,193	97	13,193	.	-	-	-	90
14	32,335	54	32,335	0.25	-	-	-	28
29 [6)]	10,949	89	10,949	.	-	-	-	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
2014 26 Feb.	Collection of fixed-term deposits	195,520	159	175,500	-	-	0.25	0.24	0.23	7
5 Mar.	Collection of fixed-term deposits	219,131	165	175,500	-	-	0.25	0.23	0.22	7
12	Collection of fixed-term deposits	219,077	159	175,500	-	-	0.25	0.23	0.21	7
19	Collection of fixed-term deposits	223,227	160	175,500	-	-	0.25	0.22	0.21	7
26	Collection of fixed-term deposits	180,901	138	175,500	-	-	0.25	0.25	0.22	7
2 Apr.	Collection of fixed-term deposits	199,721	152	175,500	-	-	0.25	0.23	0.21	7
9	Collection of fixed-term deposits	192,515	156	172,500	-	-	0.25	0.24	0.22	7
16	Collection of fixed-term deposits	153,364	139	153,364	-	-	0.25	0.25	0.23	7
23	Collection of fixed-term deposits	166,780	139	166,780	-	-	0.25	0.25	0.23	7
30	Collection of fixed-term deposits	103,946	121	103,946	-	-	0.25	0.25	0.24	7
7 May	Collection of fixed-term deposits	165,533	158	165,533	-	-	0.25	0.25	0.23	7
14	Collection of fixed-term deposits	144,281	141	144,281	-	-	0.25	0.25	0.24	7
21	Collection of fixed-term deposits	137,465	148	137,465	-	-	0.25	0.25	0.24	7
28	Collection of fixed-term deposits	102,878	119	102,878	-	-	0.25	0.25	0.25	7
4 June	Collection of fixed-term deposits	119,200	140	119,200	-	-	0.25	0.25	0.24	7

Source: ECB.

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

1.4 Minimum reserve and liquidity statistics

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

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at (end of period):	Total	Liabilities to which a positive reserve coefficient is applied [1]		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2010	18,948.1	9,962.6	644.3	2,683.3	1,335.4	4,322.5
2011	18,970.0	9,790.9	687.7	2,781.2	1,303.5	4,406.8
2012	18,564.7	9,971.7	637.5	2,583.9	1,163.1	4,208.4
2013	17,847.1	9,811.6	518.8	2,447.1	1,152.6	3,917.1
2013 Nov. [2]	18,160.4	9,856.1	552.0	2,479.2	1,305.5	3,967.6
Dec. [2]	17,847.1	9,811.6	518.8	2,447.1	1,152.6	3,917.1
2014 Jan.	18,010.5	9,834.5	569.0	2,436.0	1,233.4	3,937.5
Feb.	17,994.9	9,825.2	572.2	2,409.7	1,281.0	3,906.9
Mar.	17,978.0	9,885.5	553.4	2,395.7	1,232.6	3,910.7

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
2010	211.8	212.5	0.7	0.5	1.00
2011	207.7	212.2	4.5	0.0	1.25
2012	106.4	509.9	403.5	0.0	0.75
2013	103.3	220.2	116.9	0.0	0.25
2014 14 Jan. [3]	103.4	248.1	144.8	0.0	0.25
11 Feb.	103.6	216.0	112.4	0.0	0.25
11 Mar.	102.8	201.1	98.3	0.0	0.25
8 Apr.	103.6	195.2	91.6	0.0	0.25
13 May	103.5	191.2	87.7	0.0	0.25
10 June	103.9	.	.	.	.

3. Liquidity

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money
		Monetary policy operations of the Eurosystem										
	Eurosystem's net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations [4]	Deposit facility	Other liquidity-absorbing operations [5]	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)		
	1	2	3	4	5	6	7	8	9	10	11	12
2010	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1
2011	622.1	238.0	389.0	4.4	260.3	253.7	200.5	869.4	63.8	-85.9	212.2	1,335.3
2012	708.0	74.0	1,044.1	1.6	277.3	231.8	208.5	889.3	121.1	144.5	509.9	1,631.0
2013	550.8	91.6	625.3	0.1	241.5	48.3	177.4	925.9	80.2	57.2	220.2	1,194.4
2013 10 Dec.	550.8	91.6	625.3	0.1	241.5	48.3	177.4	925.9	80.2	57.2	220.2	1,194.4
2014 14 Jan.	532.7	129.3	592.1	0.3	236.8	60.1	149.3	947.9	61.2	24.7	248.1	1,256.0
11 Feb.	510.3	105.4	576.4	0.3	232.5	42.1	164.4	931.8	83.4	-12.9	216.0	1,190.0
11 Mar.	510.4	91.8	570.4	0.3	229.5	29.5	175.5	932.1	81.8	-17.6	201.1	1,162.8
8 Apr.	518.9	105.4	534.6	0.7	227.5	29.2	175.5	938.4	73.8	-25.0	195.2	1,162.8
13 May	536.4	128.1	519.6	0.2	222.6	29.7	152.4	947.9	87.7	-2.1	191.2	1,168.8

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 the reserve bases of credit institutions in Latvia. On a transitional basis, credit institutions located in the euro area may decide to deduct from their own reserve bases any liabilities vis-à-vis credit institutions located in Latvia. Starting from the reserve base as at end-January 2014, the standard treatment applies (see Decision ECB/2013/41 of the ECB of 22 October 2013 on transitional provisions for the application of minimum reserves by the ECB following the introduction of the euro in Latvia).
3) Owing to the adoption of the euro by Latvia on 1 January 2014, the reserve requirement is an average - weighted by the number of calendar days - of the reserve requirements for the then 17 countries of the euro area for the period 11-31 December 2013 and the reserve requirements for the 18 countries now in the euro area for the period 1-14 January 2014.
4) Includes liquidity provided under the Eurosystem's covered bond purchase programmes and the Eurosystem's Securities Markets Programme.
5) Includes liquidity absorbed as a result of the Eurosystem's foreign exchange swap operations.
For more information, please see: http://www.ecb.europa.eu/mopo/liq/html/index.en.html

2 MONEY, BANKING AND 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
		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													
2012	5,288.1	3,351.2	16.9	1.0	3,333.3	723.1	568.4	10.5	144.2	-	23.4	799.9	8.3	382.3
2013	4,073.0	2,283.2	15.0	1.2	2,267.1	715.3	567.6	24.9	122.8	-	25.0	632.4	8.3	408.7
2013 Q4	4,073.0	2,283.2	15.0	1.2	2,267.1	715.3	567.6	24.9	122.8	-	25.0	632.4	8.3	408.7
2014 Q1	3,916.5	2,087.4	15.0	1.2	2,071.2	721.9	578.0	22.9	121.0	-	26.6	658.0	8.4	414.2
2014 Jan.	4,022.3	2,197.1	15.0	1.2	2,181.0	718.1	568.6	26.6	122.9	-	25.6	663.1	8.3	410.1
Feb.	3,988.8	2,156.6	15.0	1.2	2,140.5	717.8	571.4	25.2	121.2	-	26.5	668.5	8.3	411.0
Mar.	3,916.5	2,087.4	15.0	1.2	2,071.2	721.9	578.0	22.9	121.0	-	26.6	658.0	8.4	414.2
Apr. (p)	3,926.5	2,101.1	14.1	1.2	2,085.9	712.3	567.6	22.7	122.0	-	26.7	662.3	8.0	416.2
	MFIs excluding the Eurosystem													
2012	32,694.6	17,987.2	1,153.4	11,038.4	5,795.4	4,901.6	1,627.0	1,423.3	1,851.3	66.8	1,227.8	4,045.7	214.7	4,250.9
2013	30,444.7	16,983.1	1,082.4	10,650.6	5,250.1	4,671.4	1,694.3	1,334.4	1,642.7	58.1	1,232.8	3,856.0	210.6	3,432.8
2013 Q4	30,444.7	16,983.1	1,082.4	10,650.6	5,250.1	4,671.4	1,694.3	1,334.4	1,642.7	58.1	1,232.8	3,856.0	210.6	3,432.8
2014 Q1	30,587.1	16,943.9	1,092.9	10,642.0	5,208.9	4,697.9	1,774.5	1,305.9	1,617.6	54.0	1,249.4	3,981.3	202.3	3,458.4
2014 Jan.	30,887.9	17,058.3	1,103.5	10,645.2	5,309.5	4,759.1	1,751.6	1,340.9	1,666.7	60.4	1,240.3	4,018.3	209.3	3,542.2
Feb.	30,744.6	16,974.8	1,095.3	10,640.9	5,238.6	4,752.0	1,768.8	1,317.3	1,665.9	53.2	1,238.0	4,003.8	208.4	3,514.3
Mar.	30,587.1	16,943.9	1,092.9	10,642.0	5,208.9	4,697.9	1,774.5	1,305.9	1,617.6	54.0	1,249.4	3,981.3	202.3	3,458.4
Apr. (p)	30,747.0	16,959.4	1,093.7	10,653.2	5,212.5	4,678.3	1,790.9	1,271.4	1,616.0	54.0	1,267.7	4,035.7	202.8	3,549.2

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/ units 3)	Debt securities issued 4)	Capital and reserves	External liabilities	Remaining liabilities
			Total	Central government	Other general government/ other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
	Eurosystem										
2012	5,288.1	938.2	3,062.2	81.4	64.5	2,916.4	-	0.0	536.6	298.7	452.5
2013	4,073.0	982.4	2,004.3	62.3	40.1	1,901.9	-	0.0	406.3	202.2	477.9
2013 Q4	4,073.0	982.4	2,004.3	62.3	40.1	1,901.9	-	0.0	406.3	202.2	477.9
2014 Q1	3,916.5	965.6	1,860.3	86.3	38.4	1,735.7	-	0.0	440.5	166.5	483.5
2014 Jan.	4,022.3	958.6	1,953.4	87.5	41.2	1,824.7	-	0.0	432.3	194.0	484.1
Feb.	3,988.8	960.0	1,921.4	94.9	42.7	1,783.7	-	0.0	445.6	177.5	484.4
Mar.	3,916.5	965.6	1,860.3	86.3	38.4	1,735.7	-	0.0	440.5	166.5	483.5
Apr. (p)	3,926.5	975.4	1,859.4	112.4	50.2	1,696.8	-	0.0	440.0	167.5	484.1
	MFIs excluding the Eurosystem										
2012	32,694.6	-	17,195.3	169.6	10,866.2	6,159.5	534.7	4,848.9	2,344.0	3,494.5	4,277.2
2013	30,444.7	-	16,647.0	152.5	10,934.1	5,560.4	462.9	4,352.6	2,399.6	3,106.4	3,476.3
2013 Q4	30,444.7	-	16,647.0	152.5	10,934.1	5,560.4	462.9	4,352.6	2,399.6	3,106.4	3,476.3
2014 Q1	30,587.1	-	16,654.6	181.1	10,955.7	5,517.9	458.1	4,297.8	2,453.1	3,224.9	3,498.6
2014 Jan.	30,887.9	-	16,704.8	149.0	10,923.6	5,632.2	483.0	4,372.5	2,423.5	3,279.5	3,624.5
Feb.	30,744.6	-	16,687.9	177.6	10,941.2	5,569.1	475.0	4,344.7	2,431.6	3,250.2	3,555.2
Mar.	30,587.1	-	16,654.6	181.1	10,955.7	5,517.9	458.1	4,297.8	2,453.1	3,224.9	3,498.6
Apr. (p)	30,747.0	-	16,660.6	144.1	10,925.4	5,591.1	463.1	4,284.1	2,462.7	3,302.3	3,574.3

Source: ECB.

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

2) Amounts issued by euro area residents. Amounts issued by non-euro area residents are included in external assets.

3) Amounts held by euro area residents.

4) Amounts issued with a maturity of up to two years and held by non-euro area residents are included in external liabilities.

2.2 Consolidated balance sheet of euro area MFIs 1)

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

1. Assets

	Total	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/ other equity issued by other euro area residents	External assets	Fixed assets	Remaining assets 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										
2012	26,246.1	12,209.7	1,170.3	11,039.4	3,629.2	2,195.4	1,433.8	767.0	4,845.6	222.9	4,571.8
2013	24,650.0	11,749.1	1,097.4	10,651.8	3,621.2	2,261.8	1,359.4	792.0	4,488.4	218.9	3,780.3
2013 Q4	24,650.0	11,749.1	1,097.4	10,651.8	3,621.2	2,261.8	1,359.4	792.0	4,488.4	218.9	3,780.3
2014 Q1	24,910.7	11,751.2	1,108.0	10,643.2	3,681.3	2,352.5	1,328.7	804.8	4,639.3	210.6	3,823.5
2014 Jan.	25,048.7	11,764.9	1,118.5	10,646.4	3,687.7	2,320.2	1,367.5	795.2	4,681.4	217.5	3,901.9
Feb.	24,992.4	11,752.3	1,110.2	10,642.1	3,682.7	2,340.2	1,342.5	793.0	4,672.3	216.7	3,875.5
Mar.	24,910.7	11,751.2	1,108.0	10,643.2	3,681.3	2,352.5	1,328.7	804.8	4,639.3	210.6	3,823.5
Apr. (p)	25,060.8	11,762.2	1,107.8	10,654.4	3,652.5	2,358.4	1,294.0	825.6	4,698.0	210.8	3,911.8
	Transactions										
2012	87.5	-38.0	-4.7	-33.4	113.1	183.6	-70.5	38.5	-151.1	-14.0	139.0
2013	-1,613.1	-272.1	-73.7	-198.4	-27.9	46.1	-74.1	13.9	-79.3	-2.2	-1,245.6
2013 Q4	-668.3	-96.7	-8.0	-88.7	-137.7	-75.2	-62.5	-5.2	-13.8	0.5	-415.3
2014 Q1	187.1	-1.0	9.1	-10.1	34.7	58.3	-23.6	13.4	119.2	-8.3	29.1
2014 Jan.	287.4	-5.0	19.6	-24.7	44.6	42.8	1.8	8.0	126.4	-1.5	115.0
Feb.	-22.9	-1.1	-8.3	7.2	1.0	12.2	-11.2	-5.4	16.2	-0.8	-32.9
Mar.	-77.5	5.1	-2.3	7.4	-10.9	3.4	-14.2	10.8	-23.4	-6.0	-53.0
Apr. (p)	149.5	13.9	0.1	13.8	-36.3	0.1	-36.4	19.5	64.5	0.1	87.9

2. Liabilities

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Money market fund shares/ units 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									
2012	26,246.1	876.8	251.0	10,930.7	467.9	2,853.4	2,396.4	3,793.2	4,729.6	-52.9
2013	24,650.0	921.2	214.8	10,974.3	404.8	2,587.0	2,340.1	3,308.6	3,954.1	-54.9
2013 Q4	24,650.0	921.2	214.8	10,974.3	404.8	2,587.0	2,340.1	3,308.6	3,954.1	-54.9
2014 Q1	24,910.7	916.5	267.3	10,994.1	404.1	2,559.2	2,422.5	3,391.5	3,982.1	-26.5
2014 Jan.	25,048.7	908.3	236.5	10,964.8	422.6	2,582.9	2,385.1	3,473.5	4,108.6	-33.6
Feb.	24,992.4	910.2	272.6	10,983.9	421.8	2,557.5	2,405.6	3,427.6	4,039.5	-26.3
Mar.	24,910.7	916.5	267.3	10,994.1	404.1	2,559.2	2,422.5	3,391.5	3,982.1	-26.5
Apr. (p)	25,060.8	921.8	256.4	10,975.6	409.1	2,546.1	2,434.0	3,469.8	4,058.5	-10.4
	Transactions									
2012	87.5	19.5	-5.1	184.1	-18.2	-124.8	156.0	-251.7	151.0	-23.3
2013	-1,613.1	44.4	-37.0	161.1	-46.6	-198.9	78.4	-441.7	-1,187.2	14.3
2013 Q4	-668.3	27.2	-58.9	22.3	-12.7	-25.7	-2.3	-179.2	-426.0	-13.1
2014 Q1	187.1	-5.3	52.1	15.7	-0.6	-27.1	38.4	70.7	13.8	29.5
2014 Jan.	287.4	-13.6	20.4	-28.9	17.8	-13.0	13.6	123.5	147.1	20.5
Feb.	-22.9	1.9	36.9	34.6	-0.7	-16.3	5.1	-16.4	-77.3	9.4
Mar.	-77.5	6.3	-5.2	10.0	-17.6	2.1	19.6	-36.3	-56.0	-0.3
Apr. (p)	149.5	5.3	-10.9	-17.7	5.1	-11.6	7.4	81.5	73.9	16.4

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]

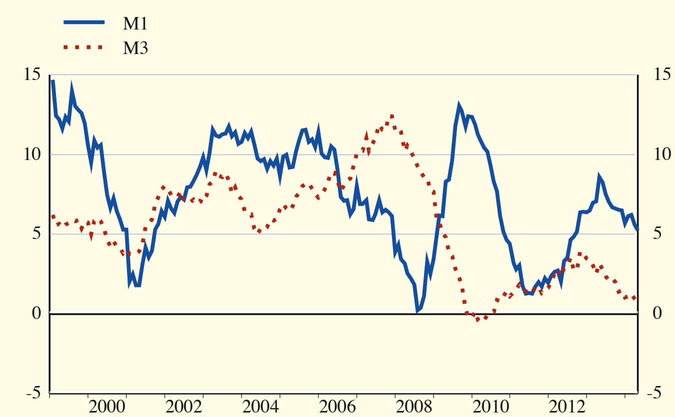
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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 [3]			Net external assets [4]
	M2			M3-M2						Loans	Loans adjusted for sales and securitisation [5]	
	M1	M2-M1										
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2012	5,107.1	3,882.3	8,989.4	790.1	9,779.5	-	7,569.0	3,406.0	13,055.3	10,854.0	-	1,035.6
2013	5,390.0	3,812.4	9,202.4	625.2	9,827.6	-	7,303.2	3,402.2	12,694.3	10,541.7	-	1,162.3
2013 Q4	5,390.0	3,812.4	9,202.4	625.2	9,827.6	-	7,303.2	3,402.2	12,694.3	10,541.7	-	1,162.3
2014 Q1	5,488.3	3,791.7	9,280.0	602.4	9,882.4	-	7,349.0	3,452.9	12,661.2	10,534.5	-	1,263.0
2014 Jan.	5,447.2	3,793.5	9,240.7	643.1	9,883.8	-	7,345.2	3,450.1	12,710.3	10,550.3	-	1,199.8
Feb.	5,492.0	3,783.0	9,275.1	637.9	9,912.9	-	7,329.1	3,455.1	12,678.1	10,545.1	-	1,240.7
Mar.	5,488.3	3,791.7	9,280.0	602.4	9,882.4	-	7,349.0	3,452.9	12,661.2	10,534.5	-	1,263.0
Apr. (p)	5,498.8	3,788.7	9,287.5	589.7	9,877.1	-	7,328.6	3,458.9	12,633.6	10,553.7	-	1,264.6
	Transactions											
2012	307.4	78.1	385.5	-55.4	330.0	-	-116.4	184.9	-102.6	-70.8	-15.1	99.3
2013	291.2	-66.7	224.5	-123.8	100.6	-	-90.0	-25.2	-305.6	-246.1	-220.3	361.7
2013 Q4	48.7	-39.2	9.5	-20.1	-10.6	-	-18.3	-50.7	-153.1	-63.3	-57.6	155.2
2014 Q1	90.5	-23.9	66.6	-22.4	44.2	-	8.4	16.8	-27.1	-8.7	-5.9	81.2
2014 Jan.	46.6	-22.8	23.9	18.0	41.9	-	-4.1	30.8	-4.9	-10.7	-10.6	12.3
Feb.	47.8	-9.7	38.0	-4.9	33.1	-	-10.9	-2.8	-10.0	6.4	8.5	36.7
Mar.	-3.9	8.6	4.7	-35.5	-30.8	-	23.3	-11.2	-12.2	-4.3	-3.8	32.2
Apr. (p)	10.9	-2.8	8.2	-10.6	-2.4	-	-25.0	0.5	-27.9	21.8	23.1	4.2
	Growth rates											
2012	6.4	2.1	4.5	-6.5	3.5	3.5	-1.5	5.9	-0.8	-0.6	-0.1	99.3
2013	5.7	-1.7	2.5	-16.2	1.0	1.2	-1.2	-0.7	-2.3	-2.3	-2.0	361.7
2013 Q4	5.7	-1.7	2.5	-16.2	1.0	1.2	-1.2	-0.7	-2.3	-2.3	-2.0	361.7
2014 Q1	5.6	-2.3	2.2	-14.6	1.0	1.0	-1.0	-0.9	-2.5	-2.2	-2.0	376.9
2014 Jan.	6.1	-2.5	2.4	-13.7	1.1	1.1	-1.2	0.2	-2.3	-2.3	-2.0	333.0
Feb.	6.2	-2.6	2.4	-12.4	1.3	1.1	-1.3	0.1	-2.3	-2.2	-2.0	377.2
Mar.	5.6	-2.3	2.2	-14.6	1.0	1.0	-1.0	-0.9	-2.5	-2.2	-2.0	376.9
Apr. (p)	5.2	-2.3	2.0	-15.2	0.8	.	-1.1	-0.9	-2.5	-1.8	-1.5	366.6

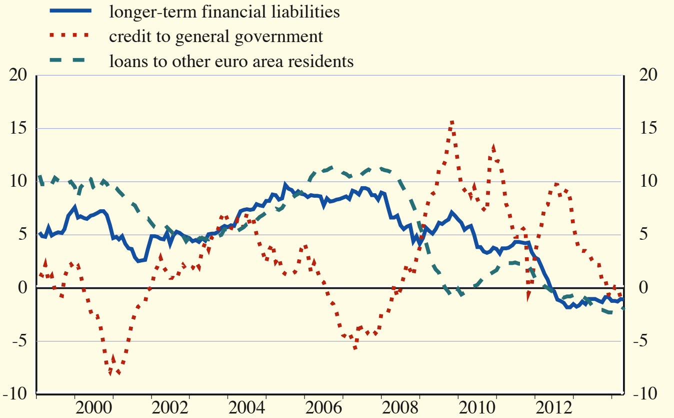
C1 Monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C2 Counterparts [1]

(annual growth rates; seasonally adjusted)



Source: ECB.

1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
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) Excludes reverse repos to central counterparties as of June 2010; transactions and growth rates are adjusted for this effect.
4) Values in the section "growth rates" are sums of the transactions during the 12 months ending in the period indicated.
5) Adjustment for the derecognition of loans on the MFI balance sheet on account of their sale or securitisation.

2.3 Monetary statistics [1]

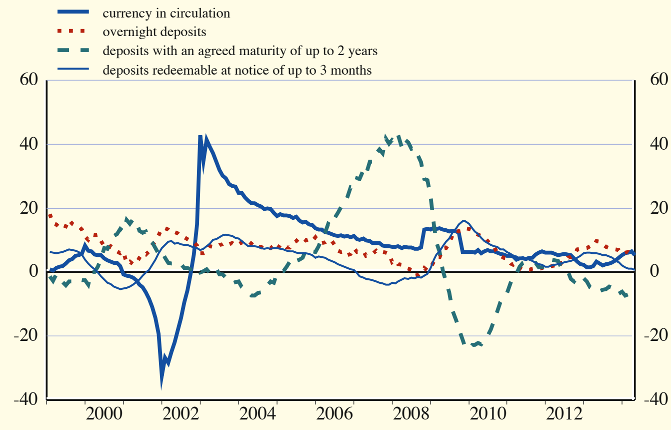
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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 [2]	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										
2012	863.9	4,243.1	1,801.8	2,080.6	123.7	483.3	183.2	2,685.0	106.1	2,395.2	2,382.7
2013	909.6	4,480.4	1,690.8	2,121.6	118.8	417.9	88.5	2,510.7	91.7	2,372.8	2,328.1
2013 Q4	909.6	4,480.4	1,690.8	2,121.6	118.8	417.9	88.5	2,510.7	91.7	2,372.8	2,328.1
2014 Q1	926.3	4,561.9	1,667.4	2,124.3	116.8	402.0	83.6	2,472.6	91.2	2,358.7	2,426.5
2014 Jan.	913.7	4,533.5	1,674.1	2,119.4	124.7	427.5	91.0	2,498.9	90.9	2,375.6	2,379.8
Feb.	919.1	4,572.9	1,664.3	2,118.8	130.1	421.2	86.6	2,470.8	91.3	2,360.4	2,406.5
Mar.	926.3	4,561.9	1,667.4	2,124.3	116.8	402.0	83.6	2,472.6	91.2	2,358.7	2,426.5
Apr. (p)	925.7	4,573.1	1,664.8	2,123.9	119.2	401.8	68.7	2,469.6	91.1	2,321.0	2,446.8
	Transactions										
2012	20.2	287.2	-36.5	114.6	-17.0	-20.0	-18.4	-105.8	-10.2	-156.1	155.7
2013	45.6	245.5	-109.9	43.2	-11.9	-48.6	-63.3	-137.2	-14.3	-18.4	79.9
2013 Q4	15.9	32.9	-28.6	-10.6	9.6	-3.4	-26.3	17.2	-1.8	-18.2	-15.5
2014 Q1	16.1	74.4	-26.1	2.2	-2.1	-15.8	-4.6	-37.8	-0.5	-7.9	54.5
2014 Jan.	3.6	43.1	-20.1	-2.7	5.6	9.6	2.9	-21.1	-0.8	-2.6	20.4
Feb.	5.3	42.4	-9.2	-0.5	5.6	-6.3	-4.3	-19.1	0.5	-3.5	11.2
Mar.	7.2	-11.1	3.1	5.5	-13.3	-19.1	-3.2	2.5	-0.2	-1.8	22.8
Apr. (p)	-0.7	11.6	-2.5	-0.3	2.4	-0.2	-12.8	-3.6	-0.1	-37.5	16.2
	Growth rates										
2012	2.4	7.2	-2.0	5.8	-11.8	-3.9	-9.6	-3.8	-8.8	-6.1	6.9
2013	5.3	5.8	-6.1	2.1	-9.5	-10.4	-37.4	-5.1	-13.5	-0.8	3.4
2013 Q4	5.3	5.8	-6.1	2.1	-9.5	-10.4	-37.4	-5.1	-13.5	-0.8	3.4
2014 Q1	6.5	5.4	-6.4	1.1	-9.9	-12.0	-28.4	-4.6	-9.6	-1.7	3.9
2014 Jan.	5.8	6.2	-7.3	1.5	-9.1	-7.8	-34.2	-5.3	-12.5	-0.7	3.7
Feb.	6.2	6.2	-7.0	1.1	-2.4	-9.2	-31.8	-5.8	-10.7	-0.7	3.6
Mar.	6.5	5.4	-6.4	1.1	-9.9	-12.0	-28.4	-4.6	-9.6	-1.7	3.9
Apr. (p)	5.3	5.2	-6.0	0.7	-7.9	-10.8	-38.8	-4.0	-8.3	-2.8	4.2

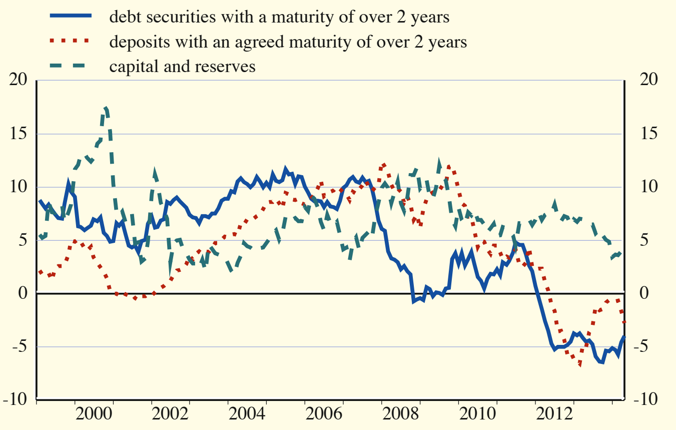
C3 Components of monetary aggregates [1]

(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) Excludes repurchase agreements with central counterpaties as of June 2010; transactions and growth rates are adjusted for this effect.

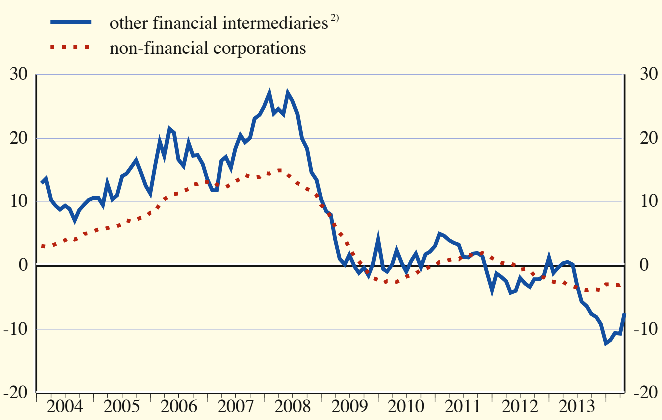
2.3 Monetary statistics [1]

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

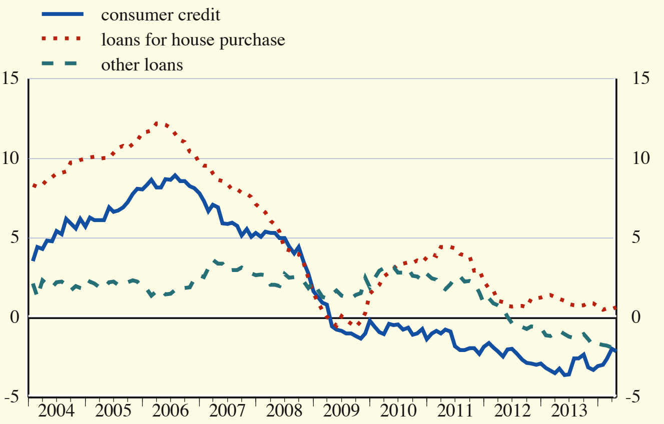
3. Loans as counterpart to M3

	Insurance corporations and pension funds	Other financial inter-mediaries [2]	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						
2012	89.0	977.0	4,546.5	-	1,129.8	795.7	2,621.1	5,241.4	-	601.8	3,823.5	816.1
2013	98.3	866.8	4,355.9	-	1,067.8	740.4	2,547.7	5,220.6	-	573.3	3,851.6	795.7
2013 Q4	98.3	866.8	4,355.9	-	1,067.8	740.4	2,547.7	5,220.6	-	573.3	3,851.6	795.7
2014 Q1	101.1	861.6	4,339.7	-	1,058.7	734.7	2,546.3	5,232.1	-	572.6	3,867.2	792.2
2014 Jan.	99.9	850.0	4,374.0	-	1,061.3	743.2	2,569.5	5,226.5	-	572.6	3,858.3	795.7
Feb.	102.5	863.2	4,348.2	-	1,048.0	741.7	2,558.5	5,231.2	-	571.9	3,865.5	793.8
Mar.	101.1	861.6	4,339.7	-	1,058.7	734.7	2,546.3	5,232.1	-	572.6	3,867.2	792.2
Apr. (p)	100.0	885.7	4,331.6	-	1,047.7	740.9	2,543.0	5,236.6	-	571.2	3,872.0	793.3
						Transactions						
2012	-2.0	12.9	-107.3	-60.1	6.5	-51.4	-62.4	25.6	34.3	-17.7	48.5	-5.1
2013	9.6	-119.3	-133.1	-127.9	-44.2	-45.0	-43.9	-3.4	14.1	-18.0	27.8	-13.1
2013 Q4	3.0	-33.2	-25.6	-27.2	-8.6	-17.8	0.8	-7.5	-0.6	-6.3	7.0	-8.2
2014 Q1	2.8	6.9	-26.0	-25.0	-7.1	-4.2	-14.7	7.6	9.1	0.5	10.3	-3.1
2014 Jan.	1.5	-2.6	-8.9	-8.7	-8.8	-0.5	0.4	-0.8	-0.9	-0.5	1.3	-1.6
Feb.	2.6	11.0	-13.2	-12.9	-10.3	2.2	-5.1	5.9	7.7	-0.4	7.3	-1.0
Mar.	-1.4	-1.5	-4.0	-3.4	12.0	-5.9	-10.1	2.5	2.2	1.4	1.7	-0.5
Apr. (p)	-1.2	24.3	-6.7	-3.7	-10.4	6.6	-2.8	5.4	3.3	-1.1	5.0	1.4
						Growth rates						
2012	-2.2	1.3	-2.3	-1.3	0.6	-6.0	-2.3	0.5	0.7	-2.9	1.3	-0.6
2013	10.8	-12.2	-2.9	-2.8	-3.9	-5.7	-1.7	-0.1	0.3	-3.0	0.7	-1.6
2013 Q4	10.8	-12.2	-2.9	-2.8	-3.9	-5.7	-1.7	-0.1	0.3	-3.0	0.7	-1.6
2014 Q1	9.0	-10.6	-3.0	-3.1	-4.9	-4.7	-1.7	-0.1	0.4	-1.9	0.6	-1.9
2014 Jan.	7.6	-11.7	-2.9	-2.8	-4.4	-5.4	-1.6	-0.2	0.2	-2.9	0.5	-1.7
Feb.	11.0	-10.5	-3.0	-3.1	-5.7	-4.5	-1.3	-0.1	0.4	-2.6	0.6	-1.8
Mar.	9.0	-10.6	-3.0	-3.1	-4.9	-4.7	-1.7	-0.1	0.4	-1.9	0.6	-1.9
Apr. (p)	5.4	-7.4	-2.8	-2.7	-5.1	-3.4	-1.6	0.0	0.4	-2.1	0.7	-1.7

C5 Loans to other financial intermediaries and non-financial corporations [1] (annual growth rates; seasonally adjusted)



C6 Loans to households [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) Excludes reverse repos to central counterparties as of June 2010; transactions and growth rates are adjusted for this effect.
3) Including non-profit institutions serving households.
4) Adjusted 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)

1. 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												
2013	90.0	72.6	4.1	13.3	985.8	122.6	439.0	223.7	323.0	4,344.8	1,059.6	739.3	2,545.9
2013 Q4	90.0	72.6	4.1	13.3	985.8	122.6	439.0	223.7	323.0	4,344.8	1,059.6	739.3	2,545.9
2014 Q1	99.4	82.0	4.0	13.4	980.3	117.8	440.3	221.2	318.8	4,338.9	1,061.0	733.9	2,544.0
2014 Feb.	100.4	83.0	3.9	13.4	971.9	114.7	431.3	221.1	319.5	4,347.4	1,050.2	739.6	2,557.6
Mar.	99.4	82.0	4.0	13.4	980.3	117.8	440.3	221.2	318.8	4,338.9	1,061.0	733.9	2,544.0
Apr. (p)	99.4	82.5	4.1	12.8	995.8	104.8	437.1	227.2	331.6	4,331.1	1,051.9	739.5	2,539.7
	Transactions												
2013	8.8	8.8	-0.3	0.3	-69.8	49.4	-50.2	3.9	-23.5	-133.6	-44.1	-45.0	-44.5
2013 Q4	-8.4	-9.4	0.6	0.4	-44.1	0.9	-48.5	9.3	-4.8	-36.2	-14.1	-20.4	-1.7
2014 Q1	9.3	9.4	-0.1	0.1	6.7	-4.8	5.0	-3.7	5.4	-15.6	3.5	-3.8	-15.3
2014 Feb.	3.2	3.4	-0.1	-0.1	17.4	8.5	17.7	-2.2	1.9	-11.3	-10.3	3.6	-4.6
Mar.	-1.0	-1.0	0.1	-0.1	8.5	3.1	9.1	0.3	-0.9	-3.8	12.2	-4.5	-11.5
Apr. (p)	0.0	0.5	0.1	-0.6	15.6	-13.0	-3.2	6.0	12.9	-6.4	-8.6	5.9	-3.7
	Growth rates												
2013	10.7	13.7	-7.0	2.2	-6.2	28.2	-9.6	1.9	-6.7	-3.0	-4.0	-5.7	-1.7
2013 Q4	10.7	13.7	-7.0	2.2	-6.2	28.2	-9.6	1.9	-6.7	-3.0	-4.0	-5.7	-1.7
2014 Q1	8.9	9.1	3.9	9.7	-8.2	2.9	-13.1	2.3	-7.2	-3.0	-4.9	-4.7	-1.7
2014 Feb.	11.0	13.2	-4.7	3.6	-8.6	-0.4	-13.7	1.9	-7.4	-3.0	-5.7	-4.5	-1.3
Mar.	8.9	9.1	3.9	9.7	-8.2	2.9	-13.1	2.3	-7.2	-3.0	-4.9	-4.7	-1.7
Apr. (p)	5.3	5.4	1.4	5.6	-6.0	-5.6	-12.9	4.4	-2.0	-2.8	-5.1	-3.4	-1.6

2. 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													
2013	5,230.0	575.7	128.6	169.4	277.7	3,857.8	12.7	55.4	3,789.7	796.4	408.6	136.5	76.3	583.6
2013 Q4	5,230.0	575.7	128.6	169.4	277.7	3,857.8	12.7	55.4	3,789.7	796.4	408.6	136.5	76.3	583.6
2014 Q1	5,223.4	570.1	127.0	166.5	276.6	3,863.1	13.1	54.7	3,795.3	790.1	408.3	135.1	75.8	579.2
2014 Feb.	5,221.2	567.9	124.6	166.7	276.6	3,860.7	12.8	55.0	3,792.8	792.6	408.0	133.7	76.2	582.7
Mar.	5,223.4	570.1	127.0	166.5	276.6	3,863.1	13.1	54.7	3,795.3	790.1	408.3	135.1	75.8	579.2
Apr. (p)	5,227.0	570.0	126.5	165.6	277.9	3,866.4	13.1	54.7	3,798.5	790.6	406.0	134.6	76.1	579.8
	Transactions													
2013	-3.8	-18.1	-4.0	-6.8	-7.3	27.5	-1.4	-1.5	30.4	-13.3	-10.7	-3.5	-3.7	-6.1
2013 Q4	0.0	-4.7	-0.5	-1.4	-2.8	11.6	0.1	-0.4	11.8	-6.9	-3.1	-0.5	-1.1	-5.3
2014 Q1	-10.5	-4.5	-1.5	-1.6	-1.3	0.0	0.2	-1.0	0.8	-6.0	-1.4	-1.2	-0.5	-4.2
2014 Feb.	-2.1	-3.2	-1.8	-0.8	-0.6	2.6	-0.1	-0.4	3.1	-1.5	0.2	-1.6	0.6	-0.5
Mar.	3.8	2.8	2.5	0.0	0.4	2.4	0.3	-0.4	2.5	-1.5	0.2	1.4	-0.3	-2.6
Apr. (p)	4.5	0.3	-0.4	0.6	0.1	3.4	0.0	0.0	3.4	0.8	-1.5	-0.4	0.3	0.9
	Growth rates													
2013	-0.1	-3.0	-2.9	-3.9	-2.5	0.7	-9.9	-2.6	0.8	-1.6	-2.6	-2.5	-4.6	-1.0
2013 Q4	-0.1	-3.0	-2.9	-3.9	-2.5	0.7	-9.9	-2.6	0.8	-1.6	-2.6	-2.5	-4.6	-1.0
2014 Q1	-0.1	-1.9	-0.4	-2.8	-2.1	0.6	-4.7	-2.8	0.6	-1.9	-1.9	-2.8	-2.9	-1.5
2014 Feb.	-0.1	-2.6	-3.6	-2.7	-2.0	0.6	-9.6	-3.0	0.7	-1.8	-2.3	-3.3	-3.0	-1.2
Mar.	-0.1	-1.9	-0.4	-2.8	-2.1	0.6	-4.7	-2.8	0.6	-1.9	-1.9	-2.8	-2.9	-1.5
Apr. (p)	0.0	-2.1	-1.1	-2.7	-2.1	0.7	-5.0	-2.9	0.7	-1.7	-2.0	-2.7	-2.3	-1.4

Source: ECB.

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

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

3) Including non-profit institutions serving households.

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

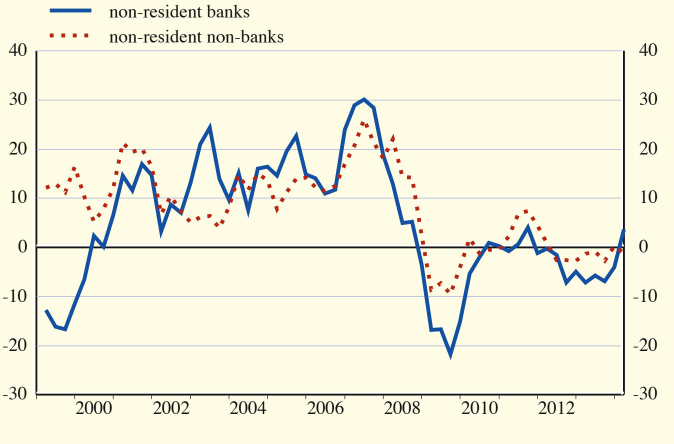
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

3. 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									
2012	1,153.4	341.8	221.6	565.9	24.1	2,868.2	1,906.7	961.5	60.7	900.7
2013	1,082.4	279.6	213.8	560.7	28.3	2,726.4	1,788.5	937.8	56.5	881.3
2013 Q2	1,101.8	290.3	218.1	565.3	28.0	2,877.8	1,893.7	984.1	58.0	926.1
Q3	1,090.4	285.1	213.8	560.0	31.6	2,767.3	1,807.6	959.7	59.3	900.5
Q4	1,082.4	279.6	213.8	560.7	28.3	2,726.4	1,788.5	937.8	56.5	881.3
2014 Q1 (p)	1,092.9	289.2	213.6	561.7	28.3	2,864.7	1,905.4	961.0	58.6	902.4
	Transactions									
2012	-3.6	-4.1	-4.9	2.9	2.4	-128.3	-100.8	-27.5	-1.0	-26.5
2013	-72.1	-61.7	-7.9	-6.7	4.2	-72.3	-75.5	3.2	-2.1	5.3
2013 Q2	-22.1	-21.8	1.1	-3.5	2.0	18.6	25.2	-6.6	-1.3	-5.2
Q3	-12.4	-5.1	-4.5	-6.4	3.5	-91.4	-77.3	-14.0	2.4	-16.4
Q4	-8.0	-5.4	0.0	0.7	-3.3	-10.4	3.5	-13.9	-2.2	-11.8
2014 Q1 (p)	9.1	8.5	-0.3	0.6	0.0	136.4	115.3	22.8	2.3	20.5
	Growth rates									
2012	-0.3	-1.2	-2.2	0.5	11.2	-4.2	-4.9	-2.8	-1.8	-2.8
2013	-6.2	-18.1	-3.5	-1.2	17.2	-2.6	-4.0	0.3	-3.6	0.5
2013 Q2	-5.9	-14.4	-9.5	-0.1	11.6	-4.1	-5.7	-0.9	3.2	-1.1
Q3	-6.3	-16.3	-7.7	-1.0	20.1	-5.5	-6.9	-2.8	3.3	-3.2
Q4	-6.2	-18.1	-3.5	-1.2	17.2	-2.6	-4.0	0.3	-3.6	0.5
2014 Q1 (p)	-3.0	-7.6	-1.7	-1.5	8.9	1.9	3.7	-1.1	2.2	-1.4

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.

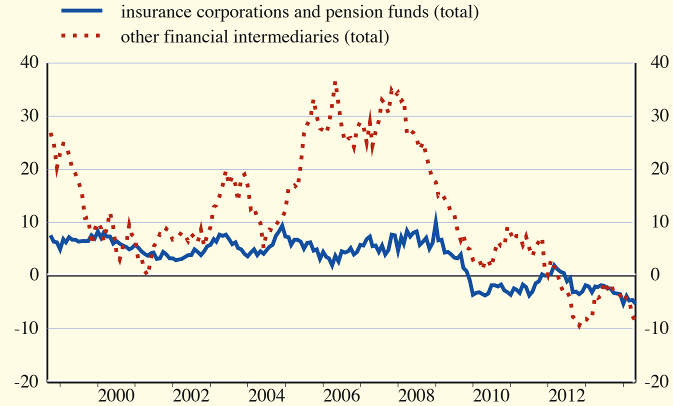
2.5 Deposits held with MFIs: breakdown [1), 2)]

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

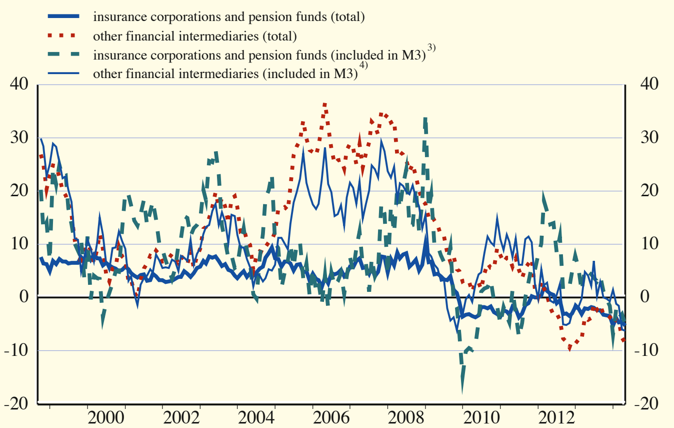
1. Deposits by financial intermediaries

	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								
2012	691.4	106.5	81.4	484.4	6.4	0.2	12.5	2,015.9	410.1	236.6	1,021.0	13.6	0.3	334.4	256.7
2013	653.5	96.1	76.5	462.8	7.0	0.1	11.0	1,855.4	424.0	221.5	943.0	16.4	0.5	249.9	178.0
2013 Q4	653.5	96.1	76.5	462.8	7.0	0.1	11.0	1,855.4	424.0	221.5	943.0	16.4	0.5	249.9	178.0
2014 Q1	665.6	111.4	78.0	456.0	8.0	0.1	12.0	1,843.2	439.6	215.3	915.3	18.5	0.5	254.0	177.1
2014 Jan.	677.4	119.0	77.3	461.4	8.1	0.1	11.5	1,858.5	437.2	218.9	941.0	19.8	0.5	241.2	160.5
Feb.	666.6	111.4	77.1	458.7	8.3	0.1	11.0	1,858.1	438.6	216.8	921.9	17.7	0.5	262.6	178.6
Mar.	665.6	111.4	78.0	456.0	8.0	0.1	12.0	1,843.2	439.6	215.3	915.3	18.5	0.5	254.0	177.1
Apr. (p)	665.0	113.6	77.8	452.8	8.0	0.1	12.7	1,801.8	434.6	220.2	887.5	17.7	0.5	241.3	162.8
							Transactions								
2012	-12.5	15.2	2.6	-27.6	2.0	0.0	-4.7	-177.2	23.4	-49.5	-166.0	-2.0	-0.3	17.2	13.3
2013	-36.0	-9.2	-5.3	-21.9	1.3	-0.1	-0.8	-56.3	14.8	-14.7	-76.2	3.0	0.3	16.6	30.6
2013 Q4	-15.8	-10.3	1.9	-7.7	-1.1	0.0	1.5	-82.1	-17.6	-13.3	-25.3	-0.5	0.2	-25.6	-16.1
2014 Q1	11.4	15.1	1.2	-6.8	0.9	0.0	1.0	-6.5	14.9	-6.5	-21.0	2.0	-0.1	4.1	-0.9
2014 Jan.	23.2	22.5	0.6	-1.4	1.1	0.0	0.4	-4.6	11.5	-3.5	-7.0	3.3	0.0	-8.9	-17.5
Feb.	-10.7	-7.4	-0.2	-2.7	0.1	0.0	-0.4	13.0	2.4	-1.4	-7.4	-2.0	0.0	21.5	18.1
Mar.	-1.1	0.0	0.9	-2.7	-0.3	0.0	1.0	-15.0	1.0	-1.6	-6.6	0.8	0.0	-8.6	-1.5
Apr. (p)	-0.1	2.3	-0.2	-2.8	0.0	0.0	0.7	-40.7	-4.8	5.2	-27.6	-0.7	0.1	-12.8	-14.3
							Growth rates								
2012	-1.8	16.5	3.4	-5.4	50.8	-	-32.1	-8.1	6.0	-17.4	-14.0	-14.0	-	4.3	4.2
2013	-5.2	-8.8	-6.5	-4.5	18.7	-	-7.3	-3.0	3.6	-6.2	-7.5	21.8	-	2.1	9.9
2013 Q4	-5.2	-8.8	-6.5	-4.5	18.7	-	-7.3	-3.0	3.6	-6.2	-7.5	21.8	-	2.1	9.9
2014 Q1	-4.5	-1.8	-7.1	-5.1	9.3	-	4.8	-7.5	0.1	-9.3	-9.1	23.5	-	-12.9	-10.6
2014 Jan.	-3.9	-0.1	-7.2	-4.6	27.4	-	-4.3	-4.3	2.0	-8.6	-7.6	39.5	-	-4.0	-1.6
Feb.	-4.6	-2.2	-6.9	-4.9	24.6	-	-12.7	-4.4	2.1	-7.9	-7.2	21.7	-	-3.3	-1.7
Mar.	-4.5	-1.8	-7.1	-5.1	9.3	-	4.8	-7.5	0.1	-9.3	-9.1	23.5	-	-12.9	-10.6
Apr. (p)	-5.3	-3.9	-7.2	-5.3	5.2	-	-6.5	-8.5	-2.3	-4.6	-10.9	13.0	-	-14.4	-13.9

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)]

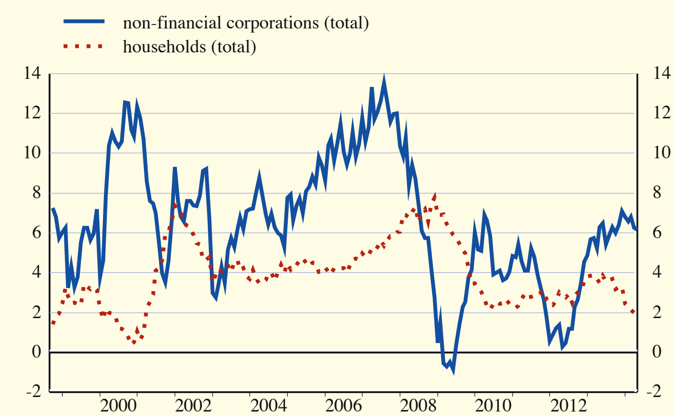
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

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													
2012	1,761.8	1,148.8	408.3	106.5	85.4	2.0	10.9	6,118.9	2,346.2	979.1	747.8	1,937.3	98.0	10.4
2013	1,873.5	1,236.4	404.3	122.9	91.7	1.8	16.5	6,263.3	2,521.5	877.4	806.7	1,969.3	83.9	4.5
2013 Q4	1,873.5	1,236.4	404.3	122.9	91.7	1.8	16.5	6,263.3	2,521.5	877.4	806.7	1,969.3	83.9	4.5
2014 Q1	1,852.6	1,214.8	400.2	126.4	95.8	1.8	13.6	6,287.3	2,538.5	869.7	813.7	1,976.0	83.7	5.7
2014 Jan.	1,830.1	1,192.6	401.9	123.8	94.1	1.8	16.0	6,270.3	2,521.5	873.9	811.8	1,974.4	83.7	5.0
Feb.	1,832.2	1,189.5	404.0	125.4	95.1	1.8	16.3	6,282.3	2,532.1	873.1	814.3	1,973.4	83.8	5.8
Mar.	1,852.6	1,214.8	400.2	126.4	95.8	1.8	13.6	6,287.3	2,538.5	869.7	813.7	1,976.0	83.7	5.7
Apr. (p)	1,854.7	1,213.5	399.7	126.5	96.4	1.8	16.8	6,300.1	2,562.4	863.2	811.2	1,974.3	83.5	5.5
	Transactions													
2012	82.2	99.6	-35.5	12.9	9.5	0.0	-4.3	224.6	90.1	33.7	21.8	100.7	-9.6	-12.3
2013	119.5	92.4	-3.8	17.8	7.5	-0.1	5.7	148.3	176.8	-100.1	59.5	32.2	-14.1	-5.9
2013 Q4	83.9	63.8	12.1	4.0	-3.0	0.1	6.8	61.5	62.0	-25.5	23.7	4.2	-1.0	-1.8
2014 Q1	-25.4	-25.1	-4.8	3.3	4.1	0.1	-2.9	20.9	14.9	-8.4	6.8	6.4	-0.2	1.3
2014 Jan.	-50.2	-49.1	-3.6	0.8	2.3	0.0	-0.6	3.0	-2.4	-4.4	4.9	4.7	-0.3	0.5
Feb.	4.4	-1.2	2.6	1.5	1.1	0.1	0.3	12.9	11.0	-0.5	2.5	-1.0	0.2	0.7
Mar.	20.5	25.2	-3.8	1.0	0.7	0.0	-2.6	4.9	6.3	-3.4	-0.5	2.7	-0.1	0.0
Apr. (p)	2.1	-1.1	-0.7	0.1	0.6	0.0	3.2	12.6	23.9	-6.4	-2.6	-1.7	-0.3	-0.3
	Growth rates													
2012	4.9	9.5	-8.0	13.4	13.0	-1.4	-26.5	3.8	4.0	3.6	3.0	5.5	-8.9	-54.2
2013	6.8	8.1	-0.9	16.8	8.7	-3.7	52.4	2.4	7.5	-10.2	8.0	1.7	-14.4	-57.0
2013 Q4	6.8	8.1	-0.9	16.8	8.7	-3.7	52.4	2.4	7.5	-10.2	8.0	1.7	-14.4	-57.0
2014 Q1	6.3	8.4	-2.5	15.4	5.6	16.7	23.4	2.0	6.8	-9.9	7.5	0.6	-10.1	-30.8
2014 Jan.	6.6	7.6	0.6	16.4	7.8	0.9	15.1	2.3	7.8	-11.0	8.3	1.0	-13.0	-52.7
Feb.	6.8	8.4	-0.1	15.6	6.4	6.0	18.0	2.1	7.4	-10.6	8.3	0.7	-11.1	-33.6
Mar.	6.3	8.4	-2.5	15.4	5.6	16.7	23.4	2.0	6.8	-9.9	7.5	0.6	-10.1	-30.8
Apr. (p)	6.2	7.8	-1.6	14.1	5.5	26.4	51.2	2.0	6.9	-9.4	6.6	0.3	-8.8	-21.9

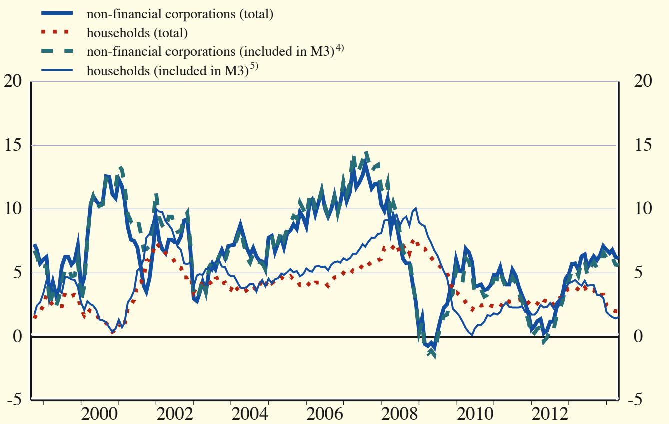
C11 Total deposits by sector [2)]

(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)]

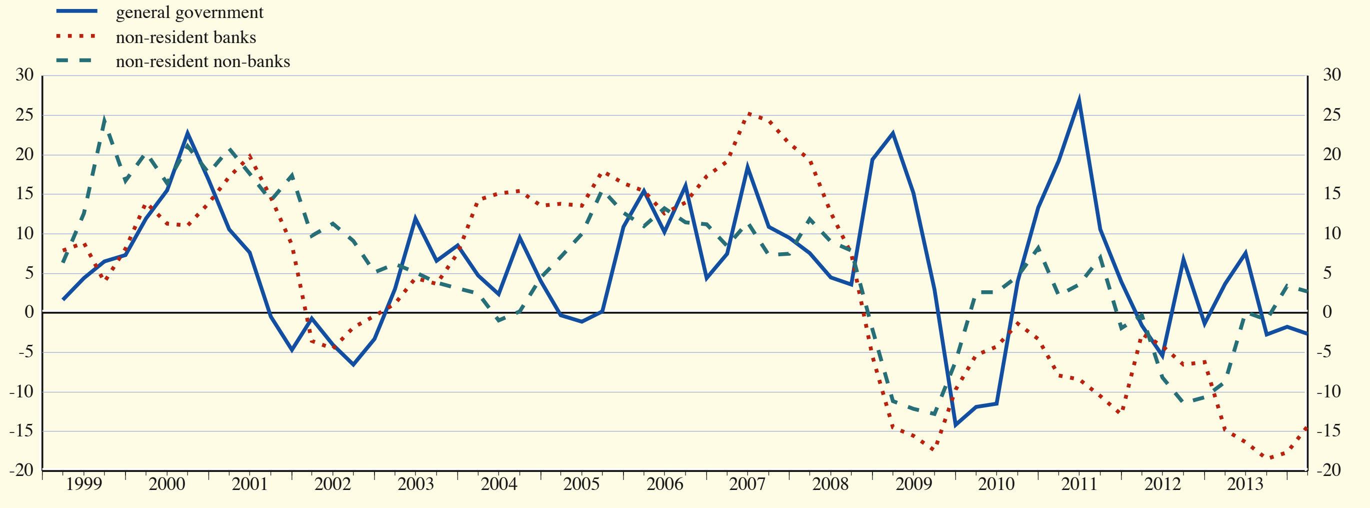
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

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									
2012	447.9	169.6	62.8	111.7	103.8	2,895.4	2,016.8	878.6	39.8	838.7
2013	441.0	152.5	64.1	109.2	115.3	2,519.8	1,626.0	893.8	29.8	864.0
2013 Q2	546.0	235.6	70.9	115.4	124.2	2,806.4	1,873.5	933.0	35.4	897.6
Q3	495.5	190.9	70.7	113.6	120.2	2,666.1	1,737.5	928.6	43.0	885.6
Q4	441.0	152.5	64.1	109.2	115.3	2,519.8	1,626.0	893.8	29.8	864.0
2014 Q1 (p)	488.0	181.1	73.1	110.6	123.2	2,594.9	1,667.7	926.7	33.8	892.9
	Transactions									
2012	-7.9	-22.6	-0.3	-0.4	15.5	-240.2	-135.6	-104.6	-5.1	-99.5
2013	-8.0	-17.9	1.1	-2.6	11.3	-324.7	-355.1	30.4	-8.9	39.2
2013 Q2	46.7	27.7	3.8	3.6	11.7	-68.9	-99.2	30.3	-1.8	32.1
Q3	-49.8	-44.7	-0.1	-1.7	-3.3	-128.8	-127.6	-1.2	7.9	-9.1
Q4	-55.2	-39.1	-6.6	-4.5	-5.0	-124.7	-95.7	-29.0	-13.0	-16.0
2014 Q1 (p)	45.5	28.5	9.0	1.3	6.7	63.3	38.1	24.7	4.0	20.7
	Growth rates									
2012	-1.4	-11.7	10.3	-0.4	18.2	-7.5	-6.2	-10.7	-11.9	-10.6
2013	-1.8	-10.5	1.8	-2.3	10.8	-11.3	-17.7	3.4	-22.7	4.6
2013 Q2	7.6	23.9	-28.2	2.9	16.5	-11.6	-16.3	0.1	-14.4	0.8
Q3	-2.8	-5.4	-24.1	2.1	16.3	-13.1	-18.4	-0.9	2.0	-1.0
Q4	-1.8	-10.5	1.8	-2.3	10.8	-11.3	-17.7	3.4	-22.7	4.6
2014 Q1 (p)	-2.6	-13.5	9.0	-1.2	9.0	-9.0	-14.4	2.7	-7.7	3.2

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.

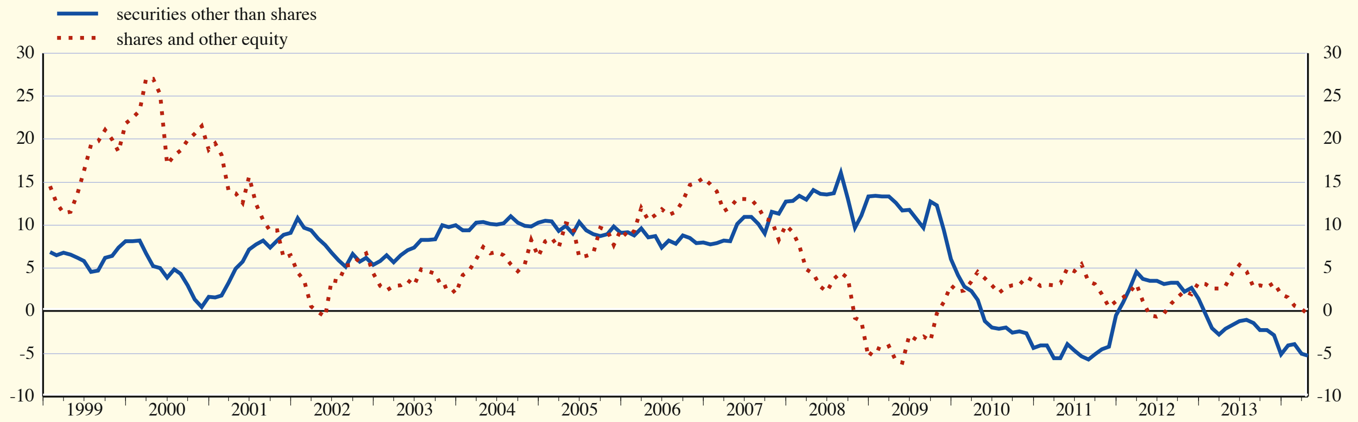
2.6 MFI holdings of securities: breakdown [1), 2)]

(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											
2012	5,774.4	1,748.4	102.9	1,594.2	32.8	1,399.6	23.6	872.8	1,528.5	475.7	752.1	300.7
2013	5,469.9	1,540.0	102.7	1,674.0	20.3	1,305.7	28.7	798.4	1,561.7	457.3	775.5	328.9
2013 Q4	5,469.9	1,540.0	102.7	1,674.0	20.3	1,305.7	28.7	798.4	1,561.7	457.3	775.5	328.9
2014 Q1	5,501.5	1,503.8	113.7	1,755.3	19.2	1,276.5	29.4	803.6	1,560.3	462.2	787.1	310.9
2014 Jan.	5,570.2	1,557.9	108.8	1,731.6	20.0	1,310.9	30.0	811.0	1,566.6	462.1	778.2	326.3
Feb.	5,563.0	1,552.7	113.2	1,749.7	19.1	1,288.3	29.0	811.0	1,546.6	462.7	775.4	308.5
Mar.	5,501.5	1,503.8	113.7	1,755.3	19.2	1,276.5	29.4	803.6	1,560.3	462.2	787.1	310.9
Apr. (p)	5,488.5	1,504.5	111.5	1,772.2	18.7	1,242.7	28.7	810.2	1,577.2	459.8	807.9	309.6
	Transactions											
2012	82.5	-17.8	15.9	191.7	10.5	-67.5	-3.9	-46.3	49.8	6.6	37.9	5.3
2013	-290.2	-220.7	-0.3	65.4	-11.3	-94.3	5.9	-35.0	29.6	-12.2	13.2	28.6
2013 Q4	-184.2	-62.8	1.6	-51.0	-9.0	-61.1	0.1	-2.1	1.8	2.3	-5.3	4.8
2014 Q1	10.3	-38.2	10.4	58.0	-1.4	-20.9	0.5	1.9	-4.5	-0.6	12.6	-16.5
2014 Jan.	71.1	16.8	4.0	46.9	-0.9	0.5	0.7	3.1	8.0	2.1	7.3	-1.4
Feb.	7.5	-5.7	5.7	11.9	-0.6	-9.0	-0.6	5.8	-26.7	-3.1	-5.6	-18.0
Mar.	-68.4	-49.3	0.7	-0.8	0.1	-12.4	0.4	-7.1	14.2	0.4	10.9	2.9
Apr. (p)	-19.7	0.3	-2.3	12.5	-0.5	-35.5	-0.7	6.5	15.8	-2.2	19.5	-1.5
	Growth rates											
2012	1.5	-1.0	18.1	14.1	47.7	-4.6	-14.2	-4.9	3.3	1.3	5.2	1.8
2013	-5.0	-12.5	-0.4	4.1	-35.2	-6.7	25.2	-4.1	1.9	-2.6	1.8	9.6
2013 Q4	-5.0	-12.5	-0.4	4.1	-35.2	-6.7	25.2	-4.1	1.9	-2.6	1.8	9.6
2014 Q1	-5.0	-11.7	-6.4	2.6	-36.8	-7.1	11.0	-2.4	0.2	-0.6	1.0	-0.4
2014 Jan.	-4.0	-11.2	-13.1	5.1	-37.7	-5.5	27.6	-2.4	1.5	-2.1	0.9	9.1
Feb.	-3.9	-10.5	-7.2	4.6	-38.5	-6.2	20.3	-1.6	0.6	-1.2	0.9	2.5
Mar.	-5.0	-11.7	-6.4	2.6	-36.8	-7.1	11.0	-2.4	0.2	-0.6	1.0	-0.4
Apr. (p)	-5.2	-11.4	-6.1	3.4	-37.8	-9.9	1.8	-0.8	-0.3	-0.4	0.0	-1.1

C14 MFI holdings of securities [2)]

(annual growth rates)



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

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

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

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

	MFIs [3)]							Non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total							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														
2012	5,795.4	-	-	-	-	-	-	12,191.8	96.4	3.6	1.7	0.2	0.9	0.5
2013	5,250.1	-	-	-	-	-	-	11,733.0	96.8	3.2	1.7	0.1	0.9	0.4
2013 Q4	5,250.1	-	-	-	-	-	-	11,733.0	96.8	3.2	1.7	0.1	0.9	0.4
2014 Q1 (p)	5,208.9	-	-	-	-	-	-	11,734.9	96.8	3.2	1.7	0.1	0.9	0.3
To non-euro area residents														
2012	1,906.7	47.3	52.7	31.9	1.9	3.5	10.1	961.5	40.1	59.9	38.2	2.0	2.9	9.9
2013	1,788.5	41.0	59.0	38.7	1.8	3.4	9.5	937.8	40.2	59.8	38.1	3.0	2.7	9.3
2013 Q4	1,788.5	41.0	59.0	38.7	1.8	3.4	9.5	937.8	40.2	59.8	38.1	3.0	2.7	9.3
2014 Q1 (p)	1,905.4	39.1	60.9	39.0	2.6	3.6	10.1	961.0	40.5	59.5	37.9	2.7	2.6	9.4
Holdings of securities other than shares														
Issued by euro area residents														
2012	1,851.3	94.4	5.6	2.7	0.1	0.4	2.0	3,050.3	98.1	1.9	1.2	0.1	0.1	0.4
2013	1,642.7	93.7	6.3	2.6	0.1	0.3	2.8	3,028.7	98.4	1.6	0.8	0.2	0.1	0.5
2013 Q4	1,642.7	93.7	6.3	2.6	0.1	0.3	2.8	3,028.7	98.4	1.6	0.8	0.2	0.1	0.5
2014 Q1 (p)	1,617.6	93.0	7.0	2.9	0.1	0.2	3.3	3,080.4	98.4	1.6	0.8	0.1	0.1	0.5
Issued by non-euro area residents														
2012	434.0	54.9	45.1	19.8	0.3	0.3	19.1	438.8	34.1	65.9	39.1	5.4	0.9	11.8
2013	421.5	52.4	47.6	20.2	0.2	0.6	20.0	376.9	38.2	61.8	37.5	4.1	1.0	10.7
2013 Q4	421.5	52.4	47.6	20.2	0.2	0.6	20.0	376.9	38.2	61.8	37.5	4.1	1.0	10.7
2014 Q1 (p)	423.4	52.9	47.1	20.0	0.2	0.4	19.8	380.0	37.4	62.6	37.6	5.0	0.7	10.3
Deposits														
By euro area residents														
2012	6,159.5	93.8	6.2	3.9	0.2	1.1	0.6	11,035.9	97.0	3.0	2.0	0.1	0.1	0.4
2013	5,560.4	93.4	6.6	4.2	0.2	1.0	0.7	11,086.6	96.8	3.2	2.2	0.1	0.1	0.4
2013 Q4	5,560.4	93.4	6.6	4.2	0.2	1.0	0.7	11,086.6	96.8	3.2	2.2	0.1	0.1	0.4
2014 Q1 (p)	5,517.9	93.0	7.0	4.4	0.2	1.1	0.7	11,136.7	96.8	3.2	2.2	0.1	0.1	0.4
By non-euro area residents														
2012	2,016.8	58.3	41.7	27.7	1.6	1.0	7.3	878.6	52.4	47.6	31.3	1.9	1.1	6.3
2013	1,626.0	51.3	48.7	33.1	1.7	1.5	7.8	893.8	53.9	46.1	29.7	2.1	1.2	6.4
2013 Q4	1,626.0	51.3	48.7	33.1	1.7	1.5	7.8	893.8	53.9	46.1	29.7	2.1	1.2	6.4
2014 Q1 (p)	1,667.7	51.5	48.5	33.8	1.6	1.5	7.2	926.7	53.9	46.1	29.9	2.2	1.0	6.6

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
2012	5,068.0	81.8	18.2	9.6	1.6	1.9	2.5
2013	4,582.7	81.0	19.0	10.7	1.3	1.8	2.7
2013 Q4	4,582.7	81.0	19.0	10.7	1.3	1.8	2.7
2014 Q1 (p)	4,550.7	80.5	19.5	11.0	1.3	1.8	2.8

Source: ECB.
1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.
2) Data refer to the changing composition of the euro area. For further information, see the General Notes.
3) 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			
2013 Sep.	7,774.4	515.1	3,095.2	2,228.8	1,064.0	251.0	620.2
Oct.	7,933.4	530.6	3,116.1	2,303.5	1,098.9	250.7	633.5
Nov.	7,976.9	520.9	3,129.4	2,335.5	1,106.5	252.2	632.5
Dec.	7,937.5	514.5	3,110.3	2,370.2	1,117.4	254.5	570.6
2014 Jan.	8,037.6	533.7	3,169.6	2,342.5	1,119.9	255.8	616.1
Feb.	8,198.8	541.2	3,212.1	2,422.6	1,143.4	256.0	623.5
Mar. (p)	8,354.2	550.2	3,279.6	2,416.2	1,178.2	258.4	671.7
				Transactions			
2013 Q3	57.8	-8.4	58.6	28.4	28.7	2.2	-51.7
Q4	60.9	3.3	6.3	43.6	51.5	3.4	-47.2
2014 Q1 (p)	282.4	38.9	104.7	41.6	19.9	3.1	74.1

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			
2013 Sep.	7,774.4	170.8	7,041.7	5,150.3	837.5	1,891.3	561.9
Oct.	7,933.4	172.1	7,194.4	5,272.1	871.1	1,922.3	566.9
Nov.	7,976.9	174.8	7,239.9	5,310.3	881.0	1,929.6	562.2
Dec.	7,937.5	169.6	7,259.2	5,327.4	885.7	1,931.8	508.7
2014 Jan.	8,037.6	180.6	7,291.6	5,359.9	887.1	1,931.7	565.4
Feb.	8,198.8	183.8	7,442.5	5,475.3	906.8	1,967.2	572.5
Mar. (p)	8,354.2	187.9	7,524.5	5,560.9	925.1	1,962.3	641.8
				Transactions			
2013 Q3	57.8	3.7	102.0	67.9	28.3	34.1	-47.9
Q4	60.9	0.6	111.4	96.1	43.8	23.9	-55.9
2014 Q1 (p)	282.4	21.3	170.0	128.3	16.6	40.0	90.2

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					
2013 Aug.	6,893.7	2,405.2	1,820.5	1,720.1	332.5	154.2	461.3	6,805.9	87.8	869.6
Sep.	7,041.7	2,423.2	1,908.6	1,747.8	334.3	157.3	470.6	6,951.3	90.4	846.2
Oct.	7,194.4	2,443.6	1,978.4	1,795.6	335.6	159.9	481.3	7,103.8	90.6	835.9
Nov.	7,239.9	2,448.5	2,006.3	1,804.4	336.6	158.6	485.6	7,147.5	92.4	836.7
Dec.	7,259.2	2,468.8	2,043.2	1,805.8	342.2	155.2	444.0	7,163.9	95.3	819.3
2014 Jan.	7,291.6	2,499.1	2,015.0	1,822.8	344.0	158.2	452.4	7,190.4	101.2	855.0
Feb.	7,442.5	2,529.1	2,084.3	1,864.8	345.2	158.9	460.2	7,340.6	101.9	854.9
Mar. (p)	7,524.5	2,558.9	2,092.6	1,891.5	349.0	162.3	470.2	7,418.1	106.4	835.2
					Transactions					
2013 Sep.	41.8	-2.1	21.3	13.8	1.0	3.8	4.0	39.8	2.0	-22.9
Oct.	51.0	8.7	21.6	14.8	0.8	2.2	2.9	51.2	-0.1	-5.7
Nov.	22.1	12.1	7.7	2.2	1.8	-3.7	1.9	20.6	1.5	-2.8
Dec.	38.2	-9.5	19.5	13.7	4.2	7.3	3.0	34.5	3.7	-14.7
2014 Jan.	46.4	8.7	13.1	20.2	0.8	1.1	2.5	45.0	1.4	29.6
Feb.	58.1	22.7	13.3	19.6	0.1	1.8	0.5	57.5	0.6	4.9
Mar. (p)	65.6	28.5	9.9	20.6	2.7	1.8	2.1	65.9	-0.4	-19.6

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										
2013 Q2	3,043.8	1,649.4	404.3	770.9	247.9	8.4	218.0	1,394.3	324.9	551.1	15.2
Q3	3,095.2	1,686.8	394.4	798.5	257.4	9.0	227.4	1,408.4	343.5	548.7	14.9
Q4	3,110.3	1,708.1	390.3	807.3	264.5	10.4	235.5	1,402.2	346.4	547.9	13.7
2014 Q1 (p)	3,279.6	1,843.7	412.7	858.4	299.0	12.1	261.4	1,434.6	394.5	553.9	14.6
	Transactions										
2013 Q3	58.6	30.0	-11.6	24.1	8.5	0.5	8.5	28.7	20.4	2.7	-0.3
Q4	6.3	9.3	-6.0	2.0	5.9	1.1	6.3	-3.0	6.1	-5.7	-0.6
2014 Q1 (p)	104.7	63.7	9.5	27.1	12.4	0.8	13.8	40.5	12.9	19.1	0.4

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										
2013 Q2	2,095.3	738.7	58.9	-	52.5	28.1	599.1	1,356.6	181.7	482.2	109.5
Q3	2,228.8	817.6	72.6	-	56.5	30.4	658.1	1,411.3	197.8	502.6	112.8
Q4	2,370.2	886.6	85.4	-	64.9	35.5	700.8	1,483.6	215.4	536.0	123.2
2014 Q1 (p)	2,416.2	920.3	91.4	-	53.3	33.8	741.8	1,497.0	215.4	552.9	117.2
	Transactions										
2013 Q3	28.4	13.0	1.3	-	0.4	0.6	10.7	15.4	3.3	12.2	0.9
Q4	43.6	18.2	3.6	-	2.2	1.6	10.8	23.5	8.7	0.6	10.0
2014 Q1 (p)	41.6	20.1	2.7	-	1.4	-0.5	16.6	21.5	4.8	21.9	0.3

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										
2013 Q2	1,018.4	880.2	86.8	-	793.4	-	-	138.3	31.4	46.0	0.6
Q3	1,064.0	923.8	86.2	-	837.5	-	-	140.3	33.8	47.6	0.5
Q4	1,117.4	970.8	85.1	-	885.7	-	-	146.6	36.6	49.3	0.5
2014 Q1 (p)	1,178.2	1,013.0	87.9	-	925.1	-	-	165.2	40.6	61.9	0.4
	Transactions										
2013 Q3	28.7	27.0	-1.3	-	28.3	-	-	1.7	1.5	1.3	0.0
Q4	51.5	43.5	-0.3	-	43.8	-	-	8.0	3.9	2.0	0.0
2014 Q1 (p)	19.9	18.0	1.4	-	16.6	-	-	1.9	0.5	1.5	0.0

Source: ECB.
1) Other than money market funds. For further details, see the General Notes.
2) Investment fund shares (other than money market fund shares) are issued by other financial intermediaries. Money market fund shares are issued by MFIs.

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

1. Assets

	Total	Deposits and loan claims	Securitised loans							Securities other than shares	Other securitised assets	Shares and other equity	Other assets
			Total	Originated in euro area					Originated outside euro area				
				MFIs		Other financial intermediaries, insurance corporations and pension funds	Non-financial corporations	General government					
					Remaining on the MFI balance sheet [1]								
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2013 Q1	2,031.7	287.2	1,366.4	1,049.8	462.7	163.6	25.8	4.0	123.1	192.3	86.4	37.8	61.9
Q2	1,998.9	271.7	1,349.0	1,041.5	456.5	162.1	24.3	3.6	117.5	193.2	88.5	35.9	60.7
Q3	1,960.0	264.6	1,326.7	1,031.8	449.9	156.2	19.9	3.5	115.2	180.8	87.6	36.2	64.3
Q4	1,914.8	252.7	1,291.2	1,009.3	442.9	145.4	19.5	3.1	114.0	179.2	90.2	37.8	64.2
2014 Q1	1,881.6	253.9	1,253.2	974.7	430.4	150.4	14.1	3.1	110.9	164.0	103.5	44.2	63.4
	Transactions												
2013 Q1	-29.5	6.0	-30.6	-28.3	-	-0.7	-0.1	0.0	-1.5	-0.1	-1.5	0.1	-3.5
Q2	-32.5	-15.3	-16.5	-8.0	-	-1.5	-1.4	-0.4	-5.3	1.4	2.7	-1.7	-3.0
Q3	-40.2	-6.5	-22.1	-9.6	-	-5.8	-4.3	0.0	-2.3	-12.8	-0.7	0.5	1.3
Q4	-47.2	-11.6	-35.5	-22.7	-	-10.7	-0.6	-0.4	-1.1	-0.8	2.5	1.1	-2.8
2014 Q1	-39.3	0.5	-30.3	-28.5	-	-0.5	0.0	0.0	-1.3	-3.2	-3.5	-1.1	-1.7

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						
2013 Q1	2,031.7	141.5	1,631.3	56.1	1,575.2	31.2	227.8
Q2	1,998.9	129.1	1,615.5	56.2	1,559.3	29.4	225.0
Q3	1,960.0	123.9	1,580.9	56.1	1,524.8	28.8	226.3
Q4	1,914.8	117.2	1,540.3	59.8	1,480.6	29.0	228.4
2014 Q1	1,881.6	134.1	1,480.6	85.0	1,395.6	28.5	238.5
	Transactions						
2013 Q1	-29.5	1.9	-34.6	2.3	-36.9	-0.3	3.5
Q2	-32.5	-12.2	-15.0	0.0	-15.1	-1.6	-3.7
Q3	-40.2	-4.2	-35.5	-0.1	-35.4	-0.7	0.2
Q4	-47.2	-6.1	-40.9	3.5	-44.4	0.6	-0.8
2014 Q1	-39.3	-0.7	-43.1	-3.7	-39.4	0.0	4.4

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												
2013 Q1	1,049.8	751.7	231.7	20.9	0.2	5.7	29.5	192.3	111.8	32.8	79.0	31.5	80.5
Q2	1,041.5	759.7	226.0	20.9	0.2	5.5	29.3	193.2	114.7	33.3	81.4	31.6	78.5
Q3	1,031.8	757.9	216.2	21.5	0.2	5.5	30.5	180.8	110.1	29.5	80.6	30.1	70.7
Q4	1,009.3	740.9	204.9	25.6	0.2	5.4	32.3	179.2	108.0	29.2	78.8	32.8	71.2
2014 Q1	974.7	725.4	192.4	23.7	0.2	5.2	27.7	164.0	99.9	26.9	73.0	33.4	64.1
	Transactions												
2013 Q1	-28.3	-20.6	-3.4	-2.4	0.0	0.0	-0.9	-0.1	-1.5	-1.3	-0.1	-0.4	1.4
Q2	-8.0	7.7	-5.6	0.2	0.0	-0.2	0.0	1.4	3.2	0.7	2.5	0.0	-1.8
Q3	-9.6	-2.1	-9.0	0.7	0.0	0.0	0.8	-12.8	-4.8	-4.0	-0.9	-1.5	-8.0
Q4	-22.7	-17.2	-11.2	4.1	0.0	-0.1	1.8	-0.8	-1.9	-0.1	-1.8	1.9	1.1
2014 Q1	-28.5	-15.1	-8.9	-0.7	0.0	-0.1	-3.7	-3.2	-2.5	-0.6	-1.9	-1.3	-0.5

Source: ECB.

1) Loans (to non-MFIs) 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
2011 Q1	7,142.0	772.4	456.3	2,735.4	846.7	1,621.3	76.5	261.8	221.2	150.5
Q2	7,154.9	775.6	463.7	2,745.1	843.2	1,625.1	79.7	254.2	219.4	148.9
Q3	7,155.8	792.4	462.4	2,769.2	788.2	1,585.1	87.4	255.6	267.1	148.4
Q4	7,165.4	785.2	472.0	2,727.8	793.1	1,618.7	91.2	253.6	273.6	150.1
2012 Q1	7,451.6	797.5	470.8	2,870.9	806.0	1,715.6	103.2	258.2	280.9	148.4
Q2	7,475.1	786.3	470.0	2,884.1	801.3	1,719.6	107.0	261.4	296.3	149.2
Q3	7,689.5	785.8	479.0	2,999.0	819.1	1,798.7	109.1	263.0	286.4	149.4
Q4	7,776.2	788.5	477.9	3,045.2	817.2	1,840.0	110.4	261.8	283.9	151.3
2013 Q1	7,913.5	797.5	477.1	3,077.0	833.9	1,912.9	115.0	266.7	281.4	152.0
Q2	7,855.5	776.9	476.2	3,067.5	831.4	1,907.0	99.6	265.7	277.2	153.9
Q3	7,952.2	769.5	479.9	3,085.9	852.6	1,979.2	95.0	265.3	269.2	155.5
Q4 (p)	8,022.6	756.1	481.1	3,144.2	867.3	2,013.6	85.7	263.4	255.0	156.2

2. Holdings of securities other than shares

	Total	Issued by euro area residents						Issued by non-euro area residents
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations	
	1	2	3	4	5	6	7	8
2011 Q1	2,735.4	2,318.3	624.9	1,286.3	236.1	17.2	153.7	417.1
Q2	2,745.1	2,328.2	629.8	1,289.2	235.1	16.7	157.4	416.8
Q3	2,769.2	2,350.3	635.9	1,311.4	227.3	16.8	158.9	418.9
Q4	2,727.8	2,304.7	634.3	1,266.3	223.6	16.4	164.2	423.1
2012 Q1	2,870.9	2,419.9	667.7	1,322.2	235.1	16.9	178.0	451.0
Q2	2,884.1	2,414.8	672.6	1,306.2	237.2	16.7	182.1	469.3
Q3	2,999.0	2,504.6	704.3	1,344.8	244.5	17.1	193.8	494.4
Q4	3,045.2	2,538.2	689.4	1,383.1	249.7	17.8	198.3	507.0
2013 Q1	3,077.0	2,584.2	714.3	1,389.2	253.9	17.4	209.5	492.8
Q2	3,067.5	2,565.0	681.5	1,402.7	255.0	17.4	208.4	502.4
Q3	3,085.9	2,575.1	680.6	1,407.2	259.1	17.7	210.4	510.8
Q4 (p)	3,144.2	2,619.3	657.5	1,480.6	258.8	17.9	204.5	524.8

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
2011 Q1	6,921.6	263.4	39.9	465.9	5,976.8	3,288.1	1,863.5	825.2	175.6	220.4
Q2	6,943.4	263.0	42.4	454.6	6,006.9	3,309.9	1,874.7	822.3	176.4	211.5
Q3	7,052.5	270.7	41.6	409.9	6,139.5	3,292.3	2,026.4	820.8	190.7	103.3
Q4	7,068.8	263.7	41.3	408.8	6,167.1	3,302.3	2,050.8	813.9	188.0	96.6
2012 Q1	7,227.3	271.3	43.4	440.1	6,282.0	3,336.7	2,111.6	833.7	190.5	224.3
Q2	7,292.2	280.8	42.2	421.5	6,349.1	3,334.0	2,178.2	836.8	198.6	182.9
Q3	7,365.7	292.0	44.1	452.6	6,388.4	3,379.5	2,173.6	835.4	188.7	323.8
Q4	7,467.6	266.4	49.0	480.7	6,459.9	3,412.9	2,218.0	828.9	211.6	308.6
2013 Q1	7,568.8	281.3	48.4	497.8	6,526.7	3,456.2	2,219.4	851.1	214.7	344.7
Q2	7,617.9	280.6	45.4	506.7	6,561.7	3,470.4	2,243.2	848.1	223.4	237.7
Q3	7,642.4	279.1	45.9	522.7	6,579.3	3,509.5	2,223.3	846.5	215.4	309.7
Q4 (p)	7,722.1	268.9	46.4	550.3	6,645.0	3,555.3	2,247.1	842.7	211.5	300.5

Source: ECB.

3 EURO AREA ACCOUNTS

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

Uses 2013 Q4	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						654
Trade balance [1]						-72
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,272	129	805	64	274	
Other taxes less subsidies on production	34	13	10	5	6	
Consumption of fixed capital	383	103	218	11	52	
Net operating surplus and mixed income [1]	519	269	226	27	-3	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						8
Taxes less subsidies on production						
Property income	608	31	236	268	72	108
Interest	313	28	52	162	72	44
Other property income	294	3	185	106	0	63
Net national income [1]	2,112	1,728	96	42	247	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	348	268	68	12	0	2
Social contributions	490	490				1
Social benefits other than social transfers in kind	504	1	18	36	448	1
Other current transfers	210	75	28	51	56	12
Net non-life insurance premiums	47	34	11	1	1	2
Non-life insurance claims	48			48		1
Other	114	40	16	2	55	9
Net disposable income [1]	2,085	1,492	17	43	533	
Use of income account						
Net disposable income						
Final consumption expenditure	1,962	1,399			564	
Individual consumption expenditure	1,743	1,399			345	
Collective consumption expenditure	219				219	
Adjustment for the change in the net equity of households in pension fund reserves	14	0	1	13	0	0
Net saving/current external account [1]	123	108	16	30	-31	-80
Capital account						
Net saving/current external account						
Gross capital formation	426	137	221	11	57	
Gross fixed capital formation	452	137	247	11	57	
Changes in inventories and acquisitions less disposals of valuables	-26	0	-26	0	0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	0	-1	3	0	-2	0
Capital transfers	48	11	2	1	34	11
Capital taxes	9	8	1	0		0
Other capital transfers	40	3	2	1	34	11
Net lending (+)/net borrowing (-) (from capital account) [1]	89	74	33	32	-51	-89
Statistical discrepancy	0	-13	13	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 2013 Q4	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Imports of goods and services						581
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,209	514	1,259	108	329	
Taxes less subsidies on products	251					
Gross domestic product (market prices)[2)]	2,460					
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	519	269	226	27	-3	
Compensation of employees	1,276	1,276				4
Taxes less subsidies on production	300				300	-14
Property income	624	213	106	283	22	91
Interest	307	49	33	216	9	51
Other property income	317	164	73	66	13	40
Net national income						
Secondary distribution of income account						
Net national income	2,112	1,728	96	42	247	
Current taxes on income, wealth, etc.	349				349	1
Social contributions	489	1	19	52	417	2
Social benefits other than social transfers in kind	503	503				3
Other current transfers	183	94	16	49	25	38
Net non-life insurance premiums	48			48		1
Non-life insurance claims	46	36	9	1	0	2
Other	89	58	6	0	24	35
Net disposable income						
Use of income account						
Net disposable income	2,085	1,492	17	43	533	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	14	14				0
Net saving/current external account						
Capital account						
Net saving/current external account	123	108	16	30	-31	-80
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	383	103	218	11	52	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	57	11	25	3	18	2
Capital taxes	9				9	0
Other capital transfers	49	11	25	3	9	2
Net lending (+)/net borrowing (-) (from capital account)						
Statistical discrepancy						

Sources: ECB and Eurostat.

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

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

Assets 2013 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		20,210	18,054	32,535	18,078	7,647	4,509	18,688
Monetary gold and special drawing rights (SDRs)				391				
Currency and deposits		7,143	2,077	9,850	2,206	792	786	3,039
Short-term debt securities		39	60	481	412	56	26	669
Long-term debt securities		1,262	270	6,250	3,106	3,053	428	4,186
Loans		87	3,146	12,867	4,549	489	858	2,756
of which: Long-term		66	2,017	10,139	3,420	369	776	.
Shares and other equity		4,757	8,654	1,927	7,357	2,863	1,597	7,199
Quoted shares		837	1,237	441	2,388	426	264	.
Unquoted shares and other equity		2,468	7,057	1,201	3,765	440	1,134	.
Mutual fund shares		1,452	360	285	1,204	1,997	199	.
Insurance technical reserves		6,416	179	3	0	244	8	265
Other accounts receivable and financial derivatives		506	3,667	765	448	150	806	574
Net financial worth								
Financial account, transactions in financial assets								
Total transactions in financial assets		87	139	-703	141	70	43	83
Monetary gold and SDRs				0				0
Currency and deposits		82	89	-357	-103	-10	-81	-144
Short-term debt securities		-3	-4	-69	-23	0	8	-58
Long-term debt securities		-27	-10	-127	74	48	-7	102
Loans		-1	-3	-110	-10	4	67	-33
of which: Long-term		0	17	-44	6	5	48	.
Shares and other equity		-3	24	38	225	33	12	219
Quoted shares		-5	-10	20	14	-2	-1	.
Unquoted shares and other equity		6	28	7	175	6	15	.
Mutual fund shares		-4	6	10	36	29	-2	.
Insurance technical reserves		43	-2	0	0	-1	0	8
Other accounts receivable and financial derivatives		-3	44	-77	-22	-3	44	-12
Changes in net financial worth due to transactions								
Other changes account, financial assets								
Total other changes in financial assets		241	274	-37	30	28	11	-177
Monetary gold and SDRs				-39				
Currency and deposits		-2	2	-18	-21	0	1	-23
Short-term debt securities		0	-1	0	-5	0	0	-8
Long-term debt securities		-2	3	44	-21	5	1	-60
Loans		0	-10	-47	-9	0	11	-13
of which: Long-term		0	-12	-11	-3	0	14	.
Shares and other equity		196	286	21	88	24	3	14
Quoted shares		74	105	1	103	15	15	.
Unquoted shares and other equity		89	179	18	-41	-2	-16	.
Mutual fund shares		33	1	3	26	11	4	.
Insurance technical reserves		42	0	0	0	0	0	1
Other accounts receivable and financial derivatives		7	-5	2	-3	0	-6	-88
Other changes in net financial worth								
Closing balance sheet, financial assets								
Total financial assets		20,538	18,468	31,795	18,249	7,745	4,563	18,595
Monetary gold and SDRs				352				
Currency and deposits		7,224	2,168	9,476	2,082	781	706	2,873
Short-term debt securities		36	55	412	383	56	34	604
Long-term debt securities		1,232	264	6,166	3,159	3,105	422	4,228
Loans		86	3,134	12,710	4,530	493	936	2,710
of which: Long-term		66	2,023	10,085	3,423	374	837	.
Shares and other equity		4,950	8,964	1,985	7,670	2,920	1,612	7,433
Quoted shares		906	1,332	462	2,505	439	278	.
Unquoted shares and other equity		2,563	7,264	1,225	3,899	443	1,133	.
Mutual fund shares		1,481	367	298	1,266	2,038	200	.
Insurance technical reserves		6,500	178	3	0	243	8	274
Other accounts receivable and financial derivatives		510	3,707	689	423	147	844	474
Net financial worth								

Source: ECB.

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

Liabilities 2013 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		6,878	27,829	31,652	17,573	7,683	10,841	16,876
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			33	23,023	35	0	284	2,519
Short-term debt securities			91	583	111	2	680	276
Long-term debt securities			992	4,300	3,151	50	6,913	3,148
Loans		6,165	8,480		4,144	295	2,291	3,378
of which: Long-term		5,821	6,246		2,428	109	2,032	.
Shares and other equity		8	14,449	2,612	9,889	516	4	6,875
Quoted shares			4,202	493	284	148	0	.
Unquoted shares and other equity		8	10,247	1,274	2,710	367	4	.
Mutual fund shares				846	6,896			.
Insurance technical reserves		37	351	70	1	6,656	1	
Other accounts payable and financial derivatives		668	3,433	1,063	241	165	667	679
Net financial worth [1]	-1,422	13,332	-9,775	883	505	-36	-6,332	
Financial account, transactions in liabilities								
Total transactions in liabilities		26	93	-689	121	44	94	172
Monetary gold and SDRs								
Currency and deposits			0	-503	0	0	-4	-16
Short-term debt securities			-13	-76	-14	0	-52	8
Long-term debt securities			29	-36	-14	2	64	7
Loans		-4	-14		-96	-12	81	-40
of which: Long-term		-2	8		-37	1	65	.
Shares and other equity		0	68	-7	260	3	0	221
Quoted shares			22	3	2	1	0	.
Unquoted shares and other equity		0	47	13	141	2	0	.
Mutual fund shares				-23	117			.
Insurance technical reserves		0	1	0	0	48	0	
Other accounts payable and financial derivatives		30	22	-67	-15	4	5	-9
Changes in net financial worth due to transactions [1]	89	61	47	-14	20	26	-51	-89
Other changes account, liabilities								
Total other changes in liabilities		-9	502	1	-60	68	31	-125
Monetary gold and SDRs								
Currency and deposits			0	-43	0	0	0	-19
Short-term debt securities			0	-3	-2	0	0	-8
Long-term debt securities			-13	-10	-17	0	47	-37
Loans		-9	-4		-68	2	4	8
of which: Long-term		-6	-6		-27	1	-1	.
Shares and other equity		0	501	72	52	21	0	-14
Quoted shares			292	75	24	12	0	.
Unquoted shares and other equity		0	209	1	-66	9	0	.
Mutual fund shares				-4	94			.
Insurance technical reserves		0	0	0	0	42	0	
Other accounts payable and financial derivatives		0	18	-16	-24	3	-19	-55
Other changes in net financial worth [1]	12	249	-227	-38	89	-40	-20	-52
Closing balance sheet, liabilities								
Total liabilities		6,895	28,423	30,964	17,634	7,796	10,966	16,923
Monetary gold and SDRs								
Currency and deposits			33	22,477	35	0	280	2,484
Short-term debt securities			77	503	95	2	627	277
Long-term debt securities			1,008	4,255	3,121	51	7,024	3,118
Loans		6,152	8,462		3,980	285	2,375	3,346
of which: Long-term		5,813	6,248		2,364	110	2,096	.
Shares and other equity		8	15,018	2,678	10,201	540	5	7,083
Quoted shares			4,515	570	310	161	0	.
Unquoted shares and other equity		8	10,503	1,288	2,785	378	4	.
Mutual fund shares				819	7,107			.
Insurance technical reserves		37	353	70	1	6,746	1	
Other accounts payable and financial derivatives		699	3,473	981	202	171	654	615
Net financial worth [1]	-1,320	13,643	-9,955	831	614	-51	-6,402	

Source: ECB.

3.2 Euro area non-financial accounts

(EUR billions; four-quarter cumulated flows)

Uses	2009	2010	2011	2012 Q1-2012 Q4	2012 Q2-2013 Q1	2012 Q3-2013 Q2	2012 Q4-2013 Q3	2013 Q1-2013 Q4
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,449	4,510	4,622	4,673	4,678	4,683	4,693	4,709
Other taxes less subsidies on production	88	85	99	128	126	128	126	129
Consumption of fixed capital	1,388	1,419	1,462	1,496	1,503	1,509	1,516	1,523
Net operating surplus and mixed income [1]	2,089	2,187	2,245	2,175	2,167	2,173	2,191	2,203
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	2,969	2,804	3,017	2,878	2,819	2,767	2,731	2,702
Interest	1,593	1,381	1,546	1,463	1,407	1,359	1,317	1,282
Other property income	1,376	1,423	1,472	1,415	1,412	1,407	1,413	1,420
Net national income [1]	7,534	7,754	7,977	8,008	8,014	8,031	8,062	8,096
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	1,027	1,056	1,114	1,171	1,178	1,195	1,203	1,211
Social contributions	1,678	1,704	1,752	1,786	1,793	1,799	1,808	1,815
Social benefits other than social transfers in kind	1,771	1,815	1,843	1,885	1,897	1,908	1,920	1,930
Other current transfers	773	776	781	790	794	801	810	816
Net non-life insurance premiums	181	181	182	184	184	185	186	186
Non-life insurance claims	182	182	183	186	186	187	188	188
Other	410	413	415	419	423	430	437	442
Net disposable income [1]	7,427	7,644	7,869	7,899	7,902	7,913	7,940	7,972
Use of income account								
Net disposable income								
Final consumption expenditure	7,147	7,306	7,471	7,512	7,515	7,528	7,551	7,576
Individual consumption expenditure	6,380	6,537	6,699	6,741	6,742	6,754	6,774	6,796
Collective consumption expenditure	767	769	772	770	773	775	777	780
Adjustment for the change in the net equity of households in pension fund reserves	61	56	58	58	57	56	57	57
Net saving [1]	280	338	398	387	387	385	390	396
Capital account								
Net saving								
Gross capital formation	1,703	1,780	1,873	1,777	1,747	1,731	1,730	1,722
Gross fixed capital formation	1,752	1,761	1,817	1,767	1,739	1,726	1,719	1,719
Changes in inventories and acquisitions less disposals of valuables	-50	19	56	10	8	5	12	3
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	1	1	1	9	2	0	0	2
Capital transfers	183	221	173	193	199	206	201	166
Capital taxes	34	25	31	26	27	30	31	33
Other capital transfers	149	196	142	167	172	176	170	133
Net lending (+)/net borrowing (-) (from capital account) [1]	-27	-15	-8	109	153	176	189	213

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	2009	2010	2011	2012 Q1-2012 Q4	2012 Q2-2013 Q1	2012 Q3-2013 Q2	2012 Q4-2013 Q3	2013 Q1-2013 Q4
Generation of income account								
Gross value added (basic prices)	8,014	8,201	8,428	8,472	8,474	8,493	8,525	8,563
Taxes less subsidies on products	894	942	974	978	977	982	988	990
Gross domestic product (market prices)[2]	8,908	9,143	9,402	9,450	9,451	9,476	9,514	9,553
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	2,089	2,187	2,245	2,175	2,167	2,173	2,191	2,203
Compensation of employees	4,459	4,521	4,634	4,686	4,692	4,698	4,708	4,724
Taxes less subsidies on production	1,000	1,040	1,084	1,117	1,115	1,121	1,125	1,130
Property income	2,956	2,809	3,031	2,908	2,860	2,805	2,769	2,741
Interest	1,556	1,334	1,492	1,426	1,374	1,327	1,285	1,251
Other property income	1,400	1,475	1,539	1,482	1,487	1,479	1,485	1,490
Net national income								
Secondary distribution of income account								
Net national income	7,534	7,754	7,977	8,008	8,014	8,031	8,062	8,096
Current taxes on income, wealth, etc.	1,032	1,059	1,119	1,176	1,183	1,199	1,208	1,216
Social contributions	1,676	1,705	1,753	1,783	1,790	1,796	1,805	1,812
Social benefits other than social transfers in kind	1,764	1,809	1,837	1,879	1,890	1,902	1,914	1,924
Other current transfers	668	669	673	683	685	688	693	696
Net non-life insurance premiums	182	182	183	186	186	187	188	188
Non-life insurance claims	178	176	177	179	179	180	181	182
Other	308	310	313	318	319	322	324	326
Net disposable income								
Use of income account								
Net disposable income	7,427	7,644	7,869	7,899	7,902	7,913	7,940	7,972
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	61	56	58	58	57	56	57	57
Net saving								
Capital account								
Net saving	280	338	398	387	387	385	390	396
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,388	1,419	1,462	1,496	1,503	1,509	1,516	1,523
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	192	230	180	205	211	219	215	184
Capital taxes	34	25	31	26	27	30	31	33
Other capital transfers	158	205	148	179	184	190	184	151
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)

	2009	2010	2011	2012 Q1-2012 Q4	2012 Q2-2013 Q1	2012 Q3-2013 Q2	2012 Q4-2013 Q3	2013 Q1-2013 Q4
Income, saving and changes in net worth								
Compensation of employees (+)	4,459	4,521	4,634	4,686	4,692	4,698	4,708	4,724
Gross operating surplus and mixed income (+)	1,440	1,449	1,491	1,494	1,498	1,504	1,512	1,517
Interest receivable (+)	234	202	228	222	217	213	207	203
Interest payable (-)	148	124	147	131	125	120	116	114
Other property income receivable (+)	729	721	748	745	737	728	732	739
Other property income payable (-)	10	10	10	10	10	10	10	10
Current taxes on income and wealth (-)	842	849	883	932	940	948	956	962
Net social contributions (-)	1,673	1,699	1,747	1,781	1,788	1,795	1,803	1,810
Net social benefits (+)	1,759	1,804	1,832	1,874	1,885	1,897	1,908	1,918
Net current transfers receivable (+)	70	70	68	71	74	74	73	74
= Gross disposable income	6,019	6,083	6,214	6,238	6,240	6,240	6,255	6,280
Final consumption expenditure (-)	5,157	5,290	5,441	5,474	5,471	5,478	5,491	5,507
Changes in net worth in pension funds (+)	61	55	58	57	56	56	57	57
= Gross saving	923	849	831	820	826	818	821	829
Consumption of fixed capital (-)	379	386	395	402	403	404	405	407
Net capital transfers receivable (+)	9	13	2	1	0	-1	-3	-4
Other changes in net worth (+)	-381	625	-295	-187	-593	-444	-216	-189
= Changes in net worth	171	1,101	143	233	-170	-30	198	229
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	555	558	573	554	549	543	542	540
Consumption of fixed capital (-)	379	386	395	402	403	404	405	407
Main items of financial investment (+)								
Short-term assets	1	43	124	192	173	167	135	97
Currency and deposits	121	118	118	224	228	218	189	130
Money market fund shares	-46	-59	-23	-31	-39	-30	-27	-15
Debt securities [1]	-74	-16	29	-2	-16	-21	-28	-18
Long-term assets	492	430	224	151	198	187	213	228
Deposits	82	58	54	12	7	8	24	53
Debt securities	0	24	57	-94	-109	-106	-112	-89
Shares and other equity	178	99	-3	101	151	130	135	89
Quoted and unquoted shares and other equity	126	93	44	63	70	42	46	27
Mutual fund shares	52	7	-47	38	81	88	89	62
Life insurance and pension fund reserves	232	249	116	132	149	156	166	175
Main items of financing (-)								
Loans	107	114	88	14	-1	-12	-3	-20
of which: From euro area MFIs	65	147	81	25	21	1	7	-4
Other changes in assets (+)								
Non-financial assets	-643	480	194	-773	-1,009	-953	-668	-717
Financial assets	291	188	-405	525	337	434	389	473
Shares and other equity	87	54	-347	288	233	284	323	444
Life insurance and pension fund reserves	191	120	15	182	164	130	83	70
Remaining net flows (+)	-39	-98	-84	-1	-15	-17	-11	-5
= Changes in net worth	171	1,101	143	233	-170	-30	198	229
Balance sheet								
Non-financial assets (+)	29,221	29,873	30,244	29,625	29,183	29,197	29,312	29,041
Financial assets (+)								
Short-term assets	5,768	5,820	5,957	6,128	6,141	6,182	6,159	6,209
Currency and deposits	5,474	5,597	5,728	5,950	5,980	6,032	6,019	6,076
Money market fund shares	242	184	166	121	112	109	101	97
Debt securities [1]	51	39	63	58	48	42	39	36
Long-term assets	11,647	12,230	12,007	12,703	12,897	12,908	13,140	13,417
Deposits	970	1,027	1,082	1,096	1,103	1,113	1,125	1,148
Debt securities	1,443	1,447	1,394	1,358	1,276	1,311	1,262	1,232
Shares and other equity	4,109	4,261	3,907	4,310	4,485	4,444	4,656	4,853
Quoted and unquoted shares and other equity	2,982	3,060	2,823	3,068	3,176	3,134	3,305	3,469
Mutual fund shares	1,127	1,201	1,083	1,242	1,309	1,310	1,351	1,384
Life insurance and pension fund reserves	5,125	5,494	5,625	5,939	6,034	6,039	6,098	6,184
Remaining net assets (+)	279	266	218	195	158	187	198	169
Liabilities (-)								
Loans	5,936	6,110	6,205	6,196	6,169	6,168	6,165	6,152
of which: From euro area MFIs	4,968	5,213	5,281	5,290	5,279	5,282	5,276	5,268
= Net worth	40,978	42,079	42,222	42,455	42,210	42,305	42,644	42,684

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)

	2009	2010	2011	2012 Q1-2012 Q4	2012 Q2-2013 Q1	2012 Q3-2013 Q2	2012 Q4-2013 Q3	2013 Q1-2013 Q4
Income and saving								
Gross value added (basic prices) (+)	4,520	4,663	4,823	4,846	4,842	4,852	4,870	4,893
Compensation of employees (-)	2,790	2,834	2,932	2,977	2,979	2,984	2,990	2,999
Other taxes less subsidies on production (-)	44	36	45	53	53	54	54	56
= Gross operating surplus (+)	1,686	1,793	1,846	1,815	1,810	1,814	1,826	1,838
Consumption of fixed capital (-)	782	800	827	849	853	857	861	865
= Net operating surplus (+)	904	993	1,019	966	957	957	965	972
Property income receivable (+)	533	550	565	545	544	533	529	523
Interest receivable	172	158	164	150	143	137	133	131
Other property income receivable	361	392	401	396	402	396	396	392
Interest and rents payable (-)	296	257	286	270	259	249	240	234
= Net entrepreneurial income (+)	1,140	1,286	1,298	1,242	1,243	1,241	1,254	1,261
Distributed income (-)	932	923	977	954	946	938	944	944
Taxes on income and wealth payable (-)	151	169	192	201	200	205	204	206
Social contributions receivable (+)	71	69	74	74	74	73	73	74
Social benefits payable (-)	68	69	70	70	70	70	70	70
Other net transfers (-)	47	45	48	49	49	51	52	51
= Net saving	13	150	85	42	52	50	57	63
Investment, financing and saving								
Net acquisition of non-financial assets (+)	65	145	211	133	102	90	88	83
Gross fixed capital formation (+)	899	927	982	964	945	939	936	939
Consumption of fixed capital (-)	782	800	827	849	853	857	861	865
Net acquisition of other non-financial assets (+)	-52	19	55	18	11	8	13	10
Main items of financial investment (+)								
Short-term assets	95	34	-28	63	47	39	53	73
Currency and deposits	88	67	6	75	80	81	91	110
Money market fund shares	39	-32	-46	-7	-5	-15	-13	-10
Debt securities [1]	-31	-1	12	-5	-27	-27	-25	-27
Long-term assets	149	433	489	241	209	82	91	105
Deposits	-1	22	72	-4	-35	-32	-1	2
Debt securities	22	24	-28	7	6	-2	-5	-14
Shares and other equity	104	249	298	132	172	105	117	125
Other (mainly intercompany loans)	24	138	147	106	67	11	-19	-8
Remaining net assets (+)	82	5	-64	25	59	101	52	55
Main items of financing (-)								
Debt	31	164	238	160	123	35	-22	-6
of which: Loans from euro area MFIs	-105	1	137	-136	-127	-158	-145	-126
of which: Debt securities	90	66	48	119	105	90	87	83
Shares and other equity	262	237	218	191	170	154	182	190
Quoted shares	64	31	27	27	11	21	23	30
Unquoted shares and other equity	198	206	191	164	159	134	159	159
Net capital transfers receivable (-)	82	65	67	64	67	66	63	66
= Net saving	13	150	85	42	52	50	57	63
Financial balance sheet								
Financial assets								
Short-term assets	1,933	1,958	1,931	1,990	1,953	1,940	1,969	2,052
Currency and deposits	1,632	1,695	1,705	1,777	1,757	1,765	1,798	1,880
Money market fund shares	213	182	134	130	127	113	111	117
Debt securities [1]	87	81	92	83	69	62	60	55
Long-term assets	10,376	10,852	10,886	11,640	11,947	11,768	12,239	12,531
Deposits	161	174	236	283	269	263	280	287
Debt securities	236	253	240	267	281	261	270	264
Shares and other equity	7,234	7,544	7,360	7,962	8,257	8,103	8,542	8,846
Other (mainly intercompany loans)	2,745	2,880	3,049	3,128	3,140	3,142	3,146	3,134
Remaining net assets	465	382	465	392	444	455	447	444
Liabilities								
Debt	9,460	9,709	9,864	9,991	9,979	9,936	9,914	9,899
of which: Loans from euro area MFIs	4,684	4,659	4,698	4,474	4,446	4,403	4,360	4,289
of which: Debt securities	814	882	876	1,035	1,055	1,052	1,083	1,085
Shares and other equity	12,588	13,149	12,459	13,378	13,789	13,654	14,449	15,018
Quoted shares	3,509	3,805	3,287	3,748	3,891	3,853	4,202	4,515
Unquoted shares and other equity	9,080	9,344	9,172	9,630	9,898	9,801	10,247	10,503

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)

	2009	2010	2011	2012 Q1-2012 Q4	2012 Q2-2013 Q1	2012 Q3-2013 Q2	2012 Q4-2013 Q3	2013 Q1-2013 Q4
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	-41	-6	54	44	20	-18	-39	-66
Currency and deposits	-33	-9	14	15	11	8	3	-14
Money market fund shares	6	-8	16	32	10	-12	-19	-34
Debt securities [1]	-14	11	24	-3	0	-13	-22	-18
Long-term assets	293	294	131	187	176	210	244	301
Deposits	15	-5	9	-17	-19	-15	-18	-9
Debt securities	104	191	41	137	96	109	110	133
Loans	9	32	12	9	11	10	1	4
Quoted shares	-49	-1	-11	-8	0	0	10	1
Unquoted shares and other equity	-14	12	13	2	2	1	6	11
Mutual fund shares	228	66	68	64	85	105	135	160
Remaining net assets (+)	17	7	-30	-43	-25	-28	-33	-2
Main items of financing (-)								
Debt securities	5	1	3	7	5	3	3	0
Loans	-4	7	11	-15	0	-7	-23	-5
Shares and other equity	5	6	4	1	2	2	1	5
Insurance technical reserves	247	281	115	155	170	175	183	197
Net equity of households in life insurance and pension fund reserves	241	262	111	139	155	164	170	181
Prepayments of insurance premiums and reserves for outstanding claims	6	19	4	16	15	12	13	16
= Changes in net financial worth due to transactions	15	1	22	41	-6	-9	8	37
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	197	119	-105	197	148	132	97	98
Other net assets	34	-6	14	236	133	94	3	-64
Other changes in liabilities (-)								
Shares and other equity	13	-1	-48	67	55	84	72	65
Insurance technical reserves	169	136	16	190	168	130	82	69
Net equity of households in life insurance and pension fund reserves	197	125	19	188	165	129	81	68
Prepayments of insurance premiums and reserves for outstanding claims	-28	11	-3	2	2	1	1	1
= Other changes in net financial worth	49	-22	-59	176	59	12	-54	-100
Financial balance sheet								
Financial assets (+)								
Short-term assets	331	330	371	408	413	366	356	335
Currency and deposits	195	190	193	209	218	201	201	193
Money market fund shares	95	88	102	125	125	107	99	87
Debt securities [1]	41	52	76	74	69	59	56	56
Long-term assets	5,649	6,041	6,046	6,643	6,774	6,769	6,897	7,020
Deposits	612	605	611	594	595	596	591	589
Debt securities	2,467	2,638	2,660	3,000	3,030	3,031	3,053	3,105
Loans	436	469	481	491	490	487	489	493
Quoted shares	397	422	377	404	413	410	426	439
Unquoted shares and other equity	412	417	421	433	435	435	440	443
Mutual fund shares	1,325	1,489	1,496	1,722	1,812	1,810	1,898	1,951
Remaining net assets (+)	225	247	262	252	249	240	230	219
Liabilities (-)								
Debt securities	42	43	46	55	55	52	52	53
Loans	281	292	301	284	302	300	295	285
Shares and other equity	441	447	403	471	491	499	516	540
Insurance technical reserves	5,586	6,003	6,134	6,479	6,593	6,597	6,656	6,746
Net equity of households in life insurance and pension fund reserves	4,801	5,188	5,318	5,645	5,742	5,745	5,804	5,895
Prepayments of insurance premiums and reserves for outstanding claims	785	815	816	834	851	851	852	851
= Net financial wealth	-146	-168	-204	13	-5	-73	-36	-51

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

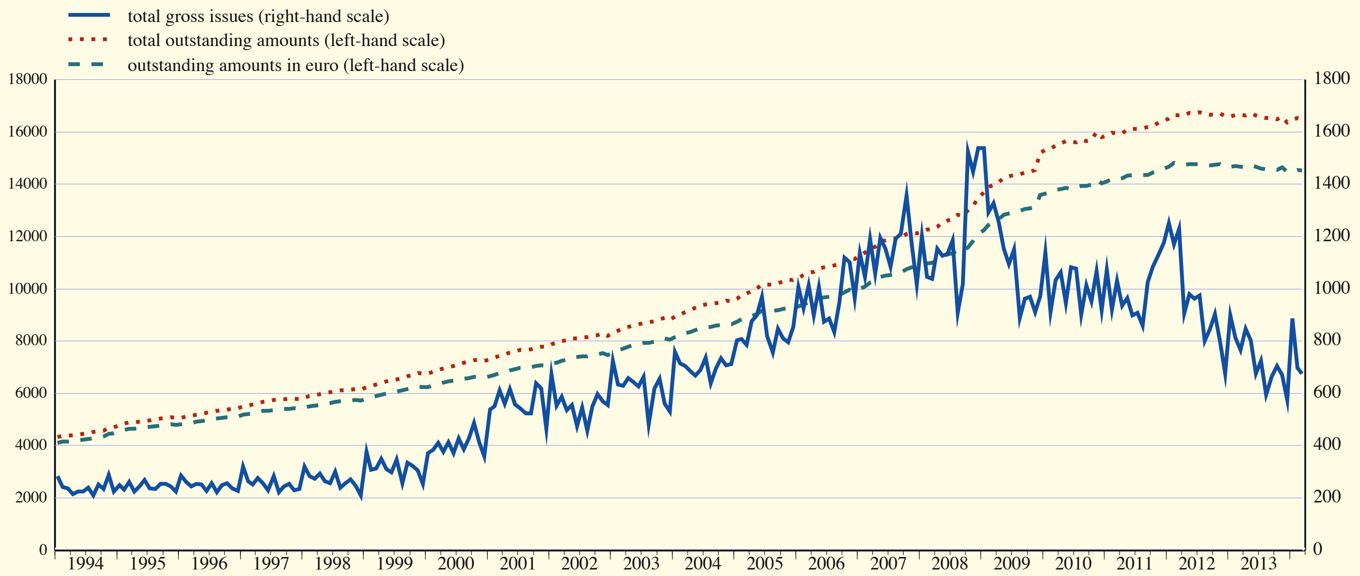
4.1 Securities other than shares by original maturity, residency of the issuer and currency

(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											
2013 Mar.	16,895.9	686.2	-69.3	14,661.9	635.6	-24.5	16,645.9	767.4	-19.3	-0.2	-15.7	-1.1
Apr.	16,887.9	757.6	-7.7	14,647.9	709.0	-13.6	16,622.5	847.1	-6.8	-0.3	-12.7	-1.4
May	16,955.2	710.0	68.5	14,720.7	664.0	74.0	16,710.9	803.1	92.6	0.0	13.3	-1.0
June	16,892.6	600.3	-62.2	14,669.1	557.6	-51.1	16,641.9	674.8	-62.3	-0.3	-23.7	-0.9
July	16,826.4	639.4	-66.0	14,596.3	590.7	-72.3	16,549.5	725.4	-79.9	-0.9	-57.2	-1.4
Aug.	16,803.2	515.6	-23.4	14,571.5	482.0	-25.0	16,535.6	594.2	-17.1	-0.8	18.4	-0.9
Sep.	16,813.2	606.3	10.4	14,564.5	555.6	-6.5	16,522.8	666.5	-4.9	-0.7	41.5	-0.2
Oct.	16,816.9	642.1	4.8	14,555.8	571.9	-7.5	16,491.6	705.0	-20.0	-1.0	-35.8	-0.5
Nov.	16,927.1	597.6	110.4	14,637.3	538.8	81.7	16,578.4	670.0	85.5	-0.7	19.1	-0.5
Dec.	16,753.7	515.5	-183.2	14,466.4	477.3	-180.7	16,362.4	575.2	-217.0	-1.2	-115.8	-1.6
2014 Jan.	16,776.2	793.1	21.4	14,496.4	735.1	28.9	16,469.0	886.1	87.8	-0.7	67.1	-0.1
Feb.	16,848.9	629.9	68.5	14,556.4	577.0	55.9	16,527.7	697.6	67.6	-0.6	7.1	-0.2
Mar.	16,829.6	647.3	-19.2	14,524.8	578.3	-31.5	16,479.2	675.7	-48.6	-0.7	-46.3	-1.3
	Long-term											
2013 Mar.	15,566.8	246.9	-57.6	13,415.4	216.5	-2.6	15,143.9	249.6	1.4	0.8	7.0	-0.2
Apr.	15,562.0	247.7	-4.4	13,399.7	217.2	-15.4	15,125.9	248.9	-3.0	0.8	-9.9	-0.7
May	15,629.4	254.5	68.6	13,473.3	223.3	74.9	15,209.9	260.9	88.4	1.0	20.5	-0.4
June	15,609.0	208.2	-19.8	13,467.1	181.6	-5.6	15,186.7	201.4	-17.4	0.7	-10.1	-0.2
July	15,537.4	204.7	-71.6	13,381.8	173.1	-85.0	15,082.1	195.3	-94.3	0.1	-54.8	-1.1
Aug.	15,531.9	117.2	-5.7	13,372.8	97.6	-9.2	15,080.6	112.9	-5.6	0.2	37.3	-0.1
Sep.	15,548.5	223.7	17.0	13,378.5	190.6	6.1	15,086.9	216.7	15.7	0.2	56.5	0.5
Oct.	15,577.6	249.1	29.3	13,389.2	199.0	10.8	15,082.9	228.2	5.1	0.0	-6.7	0.6
Nov.	15,694.2	251.9	115.4	13,480.6	210.0	90.4	15,190.2	240.1	105.7	0.2	45.7	0.9
Dec.	15,597.3	153.8	-97.5	13,392.0	132.9	-89.1	15,081.2	148.4	-100.4	0.1	-41.3	0.5
2014 Jan.	15,562.4	275.2	-34.9	13,357.8	236.9	-34.2	15,089.7	289.9	-6.3	0.1	0.0	1.2
Feb.	15,628.0	233.3	65.3	13,413.6	199.3	55.7	15,140.4	231.9	63.1	0.3	7.2	0.8
Mar.	15,589.4	255.7	-38.4	13,370.8	207.9	-42.8	15,094.9	237.2	-45.6	0.0	-41.2	-0.5

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

(EUR billions)



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

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

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

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

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

1. Outstanding amounts and gross issues

	Outstanding amounts						Gross issues [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2012	16,596	5,399	3,254	988	6,271	684	958	589	81	68	187	32
2013	16,362	4,887	3,189	1,060	6,554	674	728	385	64	64	187	29
2013 Q2	16,642	5,122	3,260	1,023	6,559	678	775	408	65	67	201	34
Q3	16,523	5,004	3,242	1,055	6,552	671	662	350	52	64	171	25
Q4	16,362	4,887	3,189	1,060	6,554	674	650	341	57	65	162	25
2014 Q1	16,479	4,829	3,192	1,083	6,694	681	753	371	71	69	201	41
2013 Dec.	16,362	4,887	3,189	1,060	6,554	674	575	356	48	52	100	19
2014 Jan.	16,469	4,925	3,211	1,084	6,579	669	886	467	67	84	228	40
Feb.	16,528	4,892	3,215	1,080	6,659	681	698	333	60	60	199	44
Mar.	16,479	4,829	3,192	1,083	6,694	681	676	311	86	64	175	39
	Short-term											
2012	1,488	601	136	82	606	64	703	490	37	53	103	21
2013	1,281	474	110	75	570	52	511	315	26	48	102	21
2013 Q2	1,455	558	134	90	620	54	538	337	25	52	100	23
Q3	1,436	539	132	90	627	47	487	294	25	46	104	18
Q4	1,281	474	110	75	570	52	445	269	22	45	90	18
2014 Q1	1,384	530	136	83	579	56	500	289	34	50	99	27
2013 Dec.	1,281	474	110	75	570	52	427	285	20	41	66	15
2014 Jan.	1,379	533	119	87	587	53	596	372	22	57	115	29
Feb.	1,387	544	124	85	581	52	466	260	35	48	100	23
Mar.	1,384	530	136	83	579	56	438	234	46	45	83	29
	Long-term [2]											
2012	15,108	4,798	3,119	906	5,665	621	255	99	45	16	83	12
2013	15,081	4,413	3,078	985	5,983	622	217	69	38	17	85	8
2013 Q2	15,187	4,564	3,126	934	5,939	624	237	71	40	16	101	10
Q3	15,087	4,465	3,110	964	5,925	623	175	56	26	18	67	8
Q4	15,081	4,413	3,078	985	5,983	622	206	72	34	20	72	7
2014 Q1	15,095	4,299	3,056	1,000	6,115	624	253	82	37	19	102	14
2013 Dec.	15,081	4,413	3,078	985	5,983	622	148	71	29	12	34	4
2014 Jan.	15,090	4,392	3,093	997	5,992	616	290	95	45	26	113	11
Feb.	15,140	4,348	3,091	995	6,078	629	232	74	25	12	100	21
Mar.	15,095	4,299	3,056	1,000	6,115	624	237	77	40	19	92	9
	of which: Long-term fixed rate											
2012	10,434	2,811	1,210	814	5,154	444	165	54	18	15	71	7
2013	10,681	2,648	1,316	883	5,382	452	144	36	18	14	69	6
2013 Q2	10,676	2,719	1,300	839	5,363	455	154	34	20	13	79	8
Q3	10,655	2,671	1,315	863	5,353	454	121	32	12	14	59	5
Q4	10,681	2,648	1,316	883	5,382	452	137	37	18	18	59	5
2014 Q1	10,754	2,570	1,311	894	5,517	461	183	46	20	16	90	11
2013 Dec.	10,681	2,648	1,316	883	5,382	452	89	27	15	11	34	2
2014 Jan.	10,686	2,633	1,316	892	5,396	448	211	59	24	23	97	8
Feb.	10,745	2,603	1,314	890	5,477	461	170	39	9	11	93	18
Mar.	10,754	2,570	1,311	894	5,517	461	168	39	27	15	79	7
	of which: Long-term variable rate											
2012	4,246	1,733	1,812	88	439	175	78	38	25	1	8	5
2013	3,987	1,562	1,658	98	501	169	61	28	17	2	11	2
2013 Q2	4,075	1,606	1,724	92	484	169	70	31	17	2	17	2
Q3	4,016	1,580	1,692	97	477	169	43	20	13	3	4	2
Q4	3,987	1,562	1,658	98	501	169	61	31	16	2	10	2
2014 Q1	3,927	1,533	1,629	101	501	163	57	31	14	2	8	3
2013 Dec.	3,987	1,562	1,658	98	501	169	56	40	13	1	0	1
2014 Jan.	3,994	1,558	1,664	101	504	167	67	31	18	4	11	3
Feb.	3,981	1,546	1,661	100	507	168	47	29	12	0	4	3
Mar.	3,927	1,533	1,629	101	501	163	58	33	11	3	8	2

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

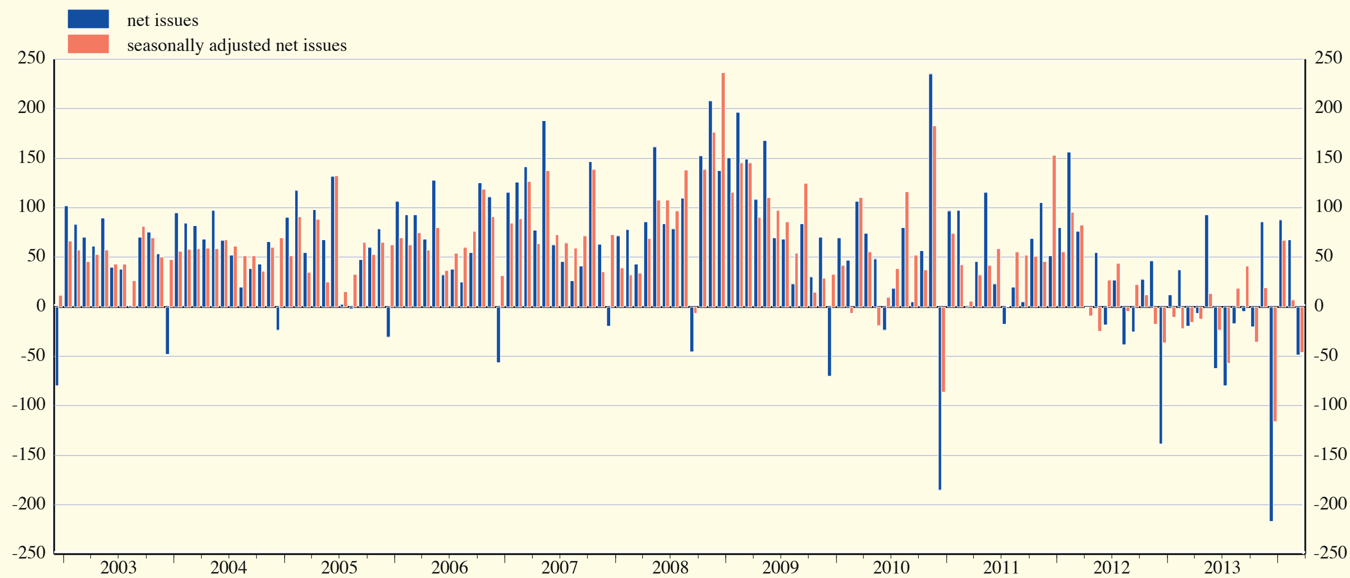
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

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												
2012	20.4	-8.1	1.9	10.5	13.0	3.1	-	-	-	-	-	-
2013	-16.7	-39.8	-6.9	6.7	24.0	-0.6	-	-	-	-	-	-
2013 Q2	7.8	-40.8	3.6	3.5	44.7	-3.3	-7.7	-39.7	2.9	2.4	29.7	-3.0
Q3	-34.0	-36.7	-4.8	11.2	-1.6	-2.1	0.9	-35.5	9.3	11.7	16.0	-0.6
Q4	-50.5	-35.5	-20.6	3.2	0.9	1.4	-44.2	-24.4	-41.1	6.0	14.5	0.9
2014 Q1	35.6	-20.8	-0.5	7.8	46.9	2.2	9.3	-34.1	6.7	5.4	30.2	1.1
2013 Dec.	-217.0	-79.6	-61.7	-12.1	-63.3	-0.4	-115.8	-52.3	-80.1	-3.0	18.3	1.2
2014 Jan.	87.8	27.7	19.2	22.0	24.1	-5.3	67.1	9.7	32.3	20.5	5.7	-1.2
Feb.	67.6	-27.4	2.5	-1.7	81.3	12.8	7.1	-56.9	10.0	-5.1	47.6	11.5
Mar.	-48.6	-62.8	-23.2	3.1	35.2	-0.8	-46.3	-55.1	-22.3	1.0	37.2	-7.1
Long-term												
2012	30.4	0.5	0.0	10.4	15.4	4.2	-	-	-	-	-	-
2013	1.4	-29.4	-3.6	7.3	26.8	0.3	-	-	-	-	-	-
2013 Q2	22.7	-33.1	5.3	4.0	45.1	1.3	0.2	-39.1	5.4	3.0	31.0	-0.2
Q3	-28.1	-30.8	-4.1	10.9	-4.2	0.1	13.0	-27.6	6.8	11.5	19.9	2.5
Q4	3.5	-14.6	-9.8	8.3	19.8	-0.2	-0.8	-5.0	-27.6	9.0	22.2	0.6
2014 Q1	3.7	-38.5	-7.6	5.0	44.0	0.7	-11.4	-45.4	-0.9	4.7	31.2	-0.9
2013 Dec.	-100.4	-40.6	-37.4	0.3	-21.4	-1.3	-41.3	-22.2	-49.5	3.9	25.2	1.2
2014 Jan.	-6.3	-28.1	10.8	9.5	7.9	-6.4	0.0	-32.1	23.0	11.8	3.2	-5.9
Feb.	63.1	-38.7	1.5	0.3	86.5	13.4	7.2	-62.6	6.6	-0.9	52.1	11.9
Mar.	-45.6	-48.7	-35.2	5.3	37.8	-4.8	-41.2	-41.7	-32.2	3.1	38.4	-8.9

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.

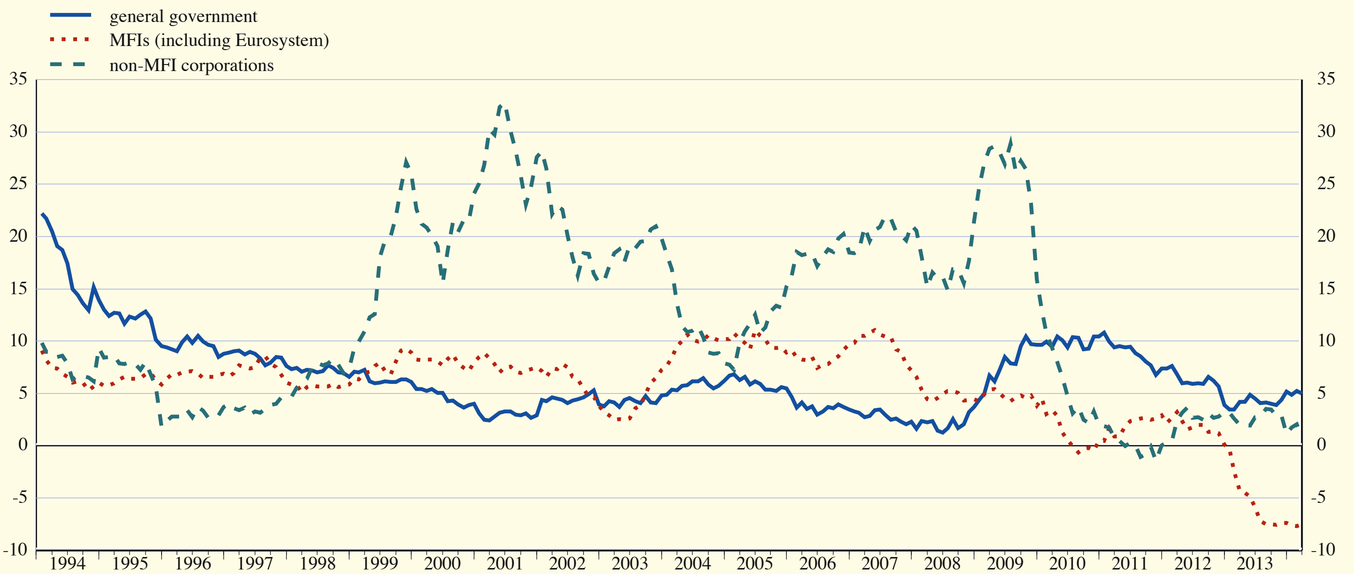
4.3 Growth rates of securities other than shares issued by euro area residents [1]

(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											
2013 Mar.	-0.2	-6.1	-0.8	13.1	3.6	-0.8	-1.1	-9.5	1.1	11.9	3.9	-4.7
Apr.	-0.3	-6.2	-1.0	12.8	3.5	0.4	-1.4	-10.6	1.9	11.6	3.5	-2.7
May	0.0	-6.5	-0.8	11.2	4.4	-0.4	-1.0	-11.5	2.9	8.4	5.2	-2.9
June	-0.3	-7.3	0.2	10.3	4.3	-2.6	-0.9	-10.8	0.8	5.5	6.3	-2.1
July	-0.9	-8.7	0.5	10.1	4.1	-4.7	-1.4	-11.6	0.7	5.7	5.9	-5.6
Aug.	-0.8	-9.2	1.3	10.7	4.1	-3.6	-0.9	-9.9	0.2	7.3	5.1	-1.4
Sep.	-0.7	-8.9	1.7	10.2	4.1	-3.8	-0.2	-8.4	2.3	8.5	4.3	-3.2
Oct.	-1.0	-9.0	0.7	10.1	3.8	-4.1	-0.5	-7.4	-0.3	8.6	4.2	-5.0
Nov.	-0.7	-8.8	0.7	10.2	4.0	-2.6	-0.5	-5.9	-1.4	12.0	2.8	-2.2
Dec.	-1.2	-8.9	-2.6	8.2	4.6	-1.1	-1.6	-6.9	-5.8	10.7	2.8	0.2
2014 Jan.	-0.7	-8.1	-1.6	9.6	4.4	-2.0	-0.1	-4.5	-3.9	13.7	3.0	2.0
Feb.	-0.6	-7.8	-1.7	8.4	4.5	0.7	-0.2	-5.5	-3.6	9.5	3.9	2.9
Mar.	-0.7	-7.7	-2.0	7.6	4.2	-0.8	-1.3	-6.9	-6.2	6.6	4.1	1.8
	Long-term											
2013 Mar.	0.8	-4.3	-1.1	13.7	4.3	2.9	-0.2	-6.7	0.1	12.8	3.6	-1.6
Apr.	0.8	-4.5	-1.3	14.6	4.3	3.2	-0.7	-8.3	0.7	11.8	3.3	-0.1
May	1.0	-4.9	-1.0	13.3	5.1	2.9	-0.4	-10.0	2.0	7.7	5.5	-1.0
June	0.7	-5.9	0.1	12.6	4.8	1.6	-0.2	-10.4	1.3	5.9	7.1	-1.7
July	0.1	-7.2	0.2	12.1	4.5	0.3	-1.1	-11.9	0.9	5.7	6.5	-3.1
Aug.	0.2	-7.5	1.1	12.4	4.5	0.7	-0.1	-10.0	1.9	8.4	5.8	0.3
Sep.	0.2	-7.5	1.2	11.2	4.4	0.3	0.5	-8.4	2.4	9.6	5.3	2.2
Oct.	0.0	-7.5	0.6	10.9	4.2	0.8	0.6	-6.8	0.4	10.0	5.1	1.7
Nov.	0.2	-7.4	0.6	10.9	4.8	0.4	0.9	-4.7	-0.8	14.2	4.2	1.7
Dec.	0.1	-7.4	-1.4	9.7	5.7	0.6	0.5	-4.3	-4.0	13.6	4.3	3.0
2014 Jan.	0.1	-7.6	-0.7	10.2	5.5	-1.1	1.2	-3.2	-2.3	14.9	4.4	1.2
Feb.	0.3	-7.7	-0.2	9.7	5.6	1.8	0.8	-5.4	-2.3	11.2	5.4	3.3
Mar.	0.0	-7.5	-1.6	9.2	5.4	0.9	-0.5	-6.7	-5.4	8.7	5.5	-0.3

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.

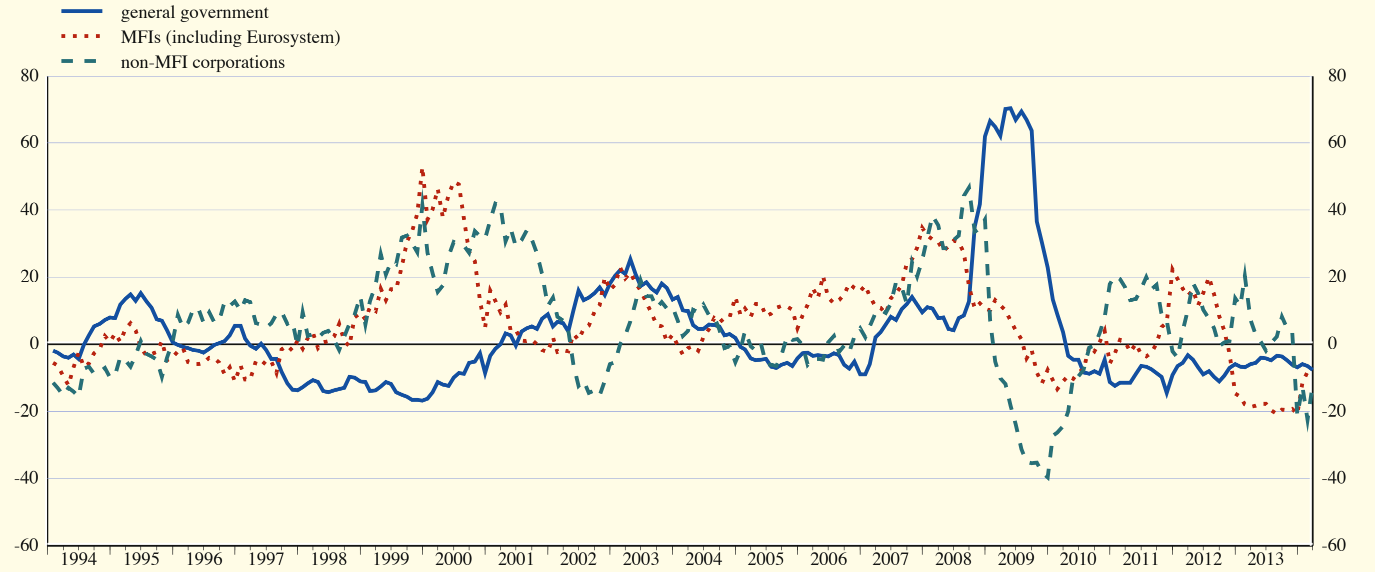
4.3 Growth rates of securities other than shares issued by euro area residents [1] (cont'd)

(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											
2012	5.3	4.1	1.9	10.6	5.9	7.3	-0.9	-0.3	-4.9	-0.4	6.6	23.3
2013	3.3	-3.2	6.7	13.6	4.6	4.1	-7.2	-7.5	-9.4	5.0	-1.3	-0.8
2013 Q2	3.7	-3.3	7.5	15.0	5.1	4.5	-7.5	-6.7	-10.7	2.0	-1.8	-0.8
Q3	3.0	-4.8	7.8	12.9	4.8	3.4	-8.0	-9.6	-8.9	6.9	-1.9	-5.4
Q4	2.3	-5.0	5.2	10.7	4.2	2.6	-6.5	-9.8	-7.8	11.7	6.5	-4.1
2014 Q1	1.8	-5.9	1.4	9.7	4.8	1.8	-4.9	-8.5	-6.9	12.6	12.8	-2.5
2013 Oct.	2.4	-5.1	5.4	10.9	4.4	3.3	-7.4	-9.9	-7.7	11.2	-0.9	-4.9
Nov.	2.1	-4.8	4.9	10.7	3.9	2.0	-5.6	-9.8	-7.3	12.8	13.2	-3.2
Dec.	2.1	-5.1	3.7	9.5	4.5	2.2	-6.2	-9.3	-9.2	11.1	14.2	-2.9
2014 Jan.	1.7	-5.8	2.0	10.0	4.6	0.0	-5.0	-8.8	-7.5	13.4	15.8	-3.0
Feb.	1.8	-6.2	0.0	9.9	5.2	2.9	-4.1	-8.4	-5.0	12.5	10.5	-0.9
Mar.	1.7	-6.4	0.6	8.8	5.0	3.0	-4.8	-7.2	-7.3	12.9	10.2	-4.3
	In euro											
2012	5.5	4.6	0.6	10.9	6.0	7.2	-0.6	2.0	-6.5	-1.4	6.3	22.9
2013	3.1	-4.0	4.1	14.7	4.6	4.1	-7.5	-7.2	-10.7	6.2	-1.8	-1.2
2013 Q2	3.4	-4.0	4.6	16.4	5.0	4.4	-7.7	-5.9	-12.0	4.0	-2.4	-1.4
Q3	2.7	-5.9	5.0	14.0	4.8	3.8	-8.4	-9.7	-9.9	8.4	-2.3	-5.8
Q4	2.0	-6.0	2.8	11.4	4.3	2.8	-7.0	-10.3	-8.7	12.8	6.4	-4.5
2014 Q1	1.6	-7.1	-1.2	9.6	4.9	1.7	-5.6	-9.3	-8.1	11.7	12.9	-2.8
2013 Oct.	2.2	-6.0	2.7	11.5	4.5	3.6	-7.9	-10.4	-8.4	13.8	-1.4	-5.4
Nov.	1.9	-5.8	2.7	11.7	3.9	2.2	-6.0	-10.3	-8.0	13.2	13.4	-3.5
Dec.	2.0	-6.2	2.4	10.3	4.6	2.4	-6.8	-10.2	-10.4	11.2	14.1	-3.4
2014 Jan.	1.4	-6.9	-1.4	9.7	4.6	0.0	-5.8	-9.6	-9.1	12.1	16.0	-3.1
Feb.	1.6	-7.4	-2.7	9.7	5.2	2.7	-4.8	-9.2	-5.9	11.4	10.7	-1.5
Mar.	1.5	-7.8	-1.4	8.4	5.0	2.6	-5.4	-8.1	-8.2	12.2	10.3	-4.1

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)

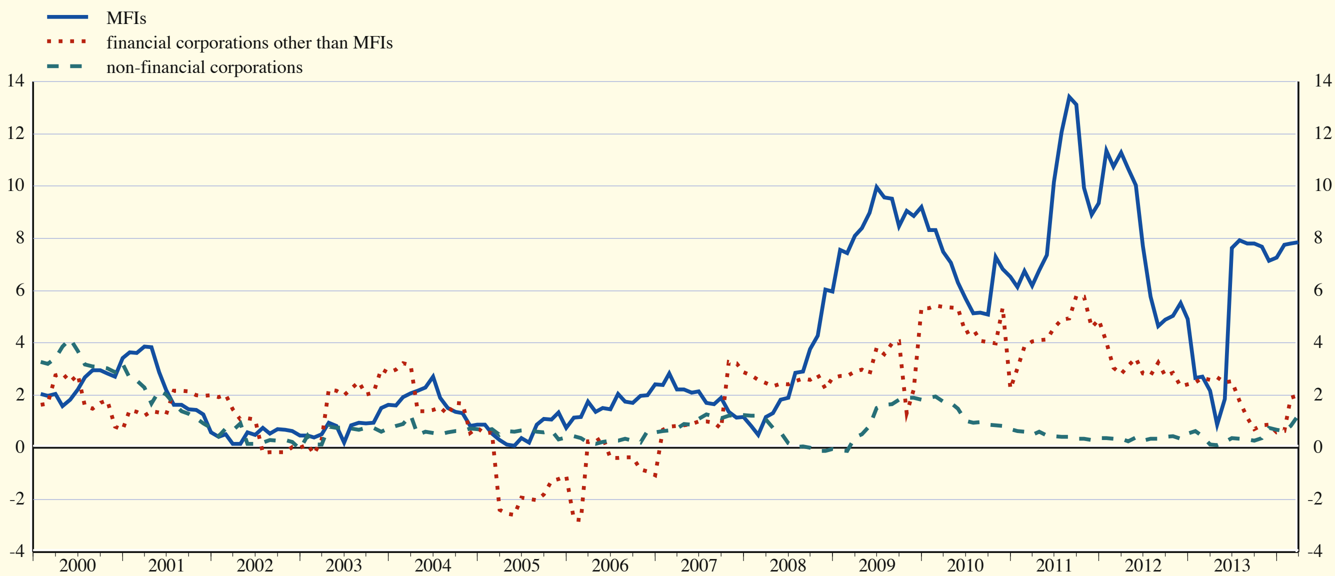
1. Outstanding amounts and annual growth rates

(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
2012 Mar.	4,245.4	106.4	1.5	373.0	11.3	311.4	2.8	3,561.0	0.3
Apr.	4,071.1	106.5	1.4	327.2	10.7	292.3	3.1	3,451.6	0.2
May	3,765.4	106.6	1.5	280.8	10.0	265.5	3.4	3,219.1	0.4
June	3,928.0	106.7	1.1	317.6	7.7	285.0	2.8	3,325.4	0.3
July	4,054.1	106.8	1.0	309.9	5.8	292.1	2.7	3,452.1	0.3
Aug.	4,178.8	106.8	0.9	349.6	4.6	309.4	3.2	3,519.7	0.3
Sep.	4,235.1	106.9	0.9	364.9	4.9	323.9	2.7	3,546.2	0.4
Oct.	4,311.8	107.0	1.0	383.5	5.0	333.8	2.8	3,594.4	0.4
Nov.	4,399.7	106.9	0.9	395.7	5.5	342.3	2.3	3,661.8	0.3
Dec.	4,503.7	107.2	1.0	402.4	4.9	357.3	2.4	3,743.9	0.5
2013 Jan.	4,658.5	107.3	0.9	441.5	2.7	370.7	2.5	3,846.3	0.6
Feb.	4,643.2	107.1	0.8	416.1	2.7	364.5	2.7	3,862.6	0.4
Mar.	4,645.2	106.9	0.5	380.3	2.2	369.0	2.6	3,895.9	0.1
Apr.	4,747.4	106.8	0.3	410.4	0.9	394.9	2.7	3,942.1	0.1
May	4,864.1	107.1	0.5	440.2	1.9	408.0	2.5	4,016.0	0.2
June	4,663.9	107.9	1.2	413.5	7.6	394.5	2.5	3,855.9	0.4
July	4,903.7	108.0	1.1	446.6	7.9	418.7	1.8	4,038.5	0.3
Aug.	4,892.0	107.9	1.1	461.5	7.8	416.1	1.1	4,014.5	0.3
Sep.	5,136.7	107.9	1.0	491.7	7.8	427.6	0.7	4,217.3	0.3
Oct.	5,411.0	108.1	1.1	557.2	7.7	445.1	0.8	4,408.7	0.4
Nov.	5,502.3	108.4	1.3	562.8	7.1	454.6	0.9	4,484.9	0.7
Dec.	5,567.9	108.6	1.3	569.0	7.3	465.8	0.6	4,533.1	0.7
2014 Jan.	5,485.2	108.7	1.3	597.7	7.8	456.1	0.6	4,431.4	0.6
Feb.	5,757.5	108.8	1.5	637.8	7.8	475.3	1.9	4,644.4	0.8
Mar.	5,809.2	108.9	1.9	642.6	7.8	477.1	2.0	4,689.5	1.2

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

(annual percentage changes)



Source: ECB.

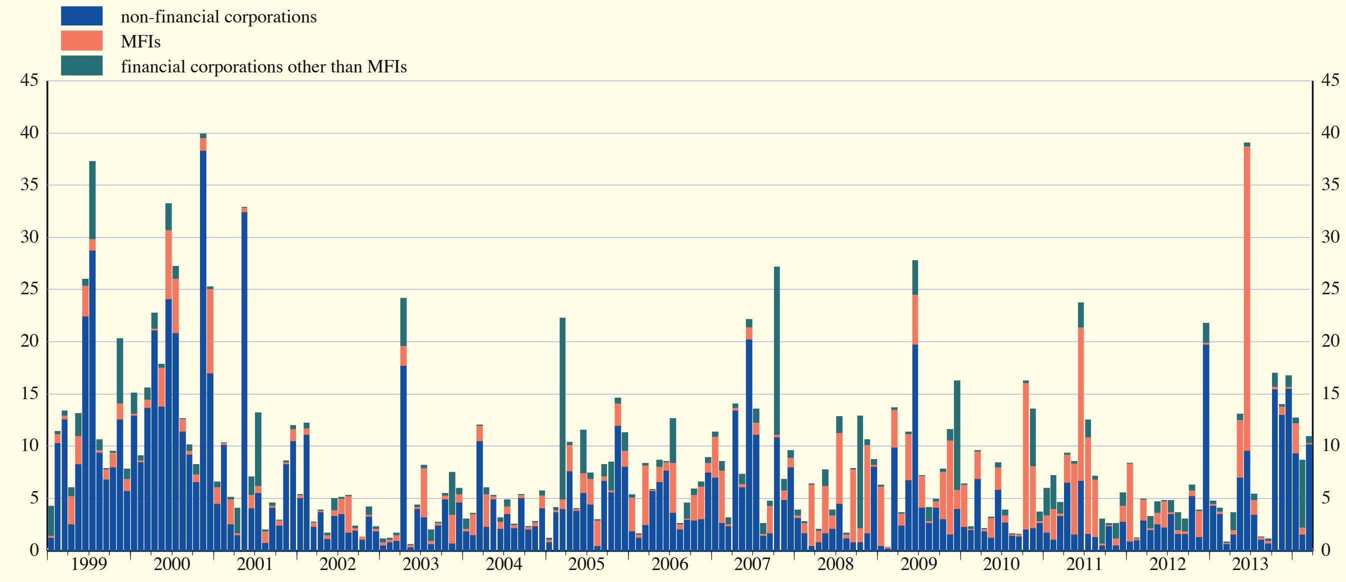
1) For details of the calculation of the index and the growth rates, see the Technical Notes.

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
2012 Mar.	4.9	0.7	4.3	2.0	0.0	2.0	0.0	0.1	-0.1	2.9	0.6	2.3
Apr.	3.1	0.3	2.8	0.0	0.0	0.0	1.1	0.0	1.1	2.0	0.3	1.7
May	4.7	1.8	2.9	1.1	0.0	1.1	1.0	0.1	1.0	2.5	1.7	0.8
June	4.8	1.2	3.6	2.6	0.0	2.6	0.0	0.1	-0.1	2.2	1.1	1.1
July	4.8	0.3	4.5	0.2	0.0	0.2	1.1	0.0	1.1	3.6	0.3	3.2
Aug.	3.7	1.8	1.8	0.4	0.0	0.4	1.6	0.1	1.5	1.6	1.7	-0.1
Sep.	2.9	0.5	2.3	0.1	0.0	0.1	1.2	0.1	1.0	1.7	0.4	1.3
Oct.	6.3	1.8	4.5	0.5	0.0	0.5	0.5	0.1	0.4	5.3	1.7	3.6
Nov.	3.9	5.9	-2.0	2.5	0.0	2.5	0.1	0.1	0.0	1.3	5.8	-4.5
Dec.	21.6	11.4	10.2	0.0	0.5	-0.5	1.8	0.0	1.8	19.8	10.8	8.9
2013 Jan.	4.6	0.3	4.3	0.0	0.0	0.0	0.2	0.1	0.1	4.3	0.2	4.1
Feb.	4.1	11.4	-7.3	0.3	0.0	0.3	0.3	0.0	0.3	3.5	11.4	-7.8
Mar.	0.7	10.6	-9.9	0.0	0.1	-0.1	0.0	0.3	-0.3	0.6	10.1	-9.4
Apr.	3.6	5.9	-2.3	0.4	5.2	-4.8	1.7	0.0	1.6	1.6	0.7	0.9
May	13.1	1.8	11.3	5.5	0.0	5.5	0.6	0.0	0.5	7.0	1.8	5.2
June	39.1	1.9	37.1	29.2	0.0	29.1	0.3	0.3	0.1	9.6	1.7	7.9
July	5.4	3.0	2.4	1.4	0.0	1.4	0.6	1.9	-1.4	3.5	1.1	2.4
Aug.	1.1	2.3	-1.2	0.0	0.0	0.0	0.0	0.5	-0.5	1.1	1.8	-0.7
Sep.	1.0	1.7	-0.7	0.1	0.0	0.1	0.1	0.6	-0.4	0.7	1.1	-0.4
Oct.	16.9	7.5	9.4	0.1	0.0	0.1	1.3	0.1	1.2	15.5	7.4	8.1
Nov.	14.0	2.1	11.9	0.8	0.0	0.8	0.2	0.1	0.1	13.0	2.0	11.0
Dec.	16.6	7.0	9.6	0.0	0.0	0.0	1.1	0.0	1.1	15.6	7.0	8.6
2014 Jan.	12.7	7.8	4.9	2.9	0.3	2.6	0.5	0.1	0.3	9.4	7.4	1.9
Feb.	8.7	2.3	6.4	0.7	0.0	0.7	6.4	0.3	6.1	1.6	2.0	-0.4
Mar.	10.8	2.5	8.3	0.0	0.0	0.0	0.6	0.6	0.0	10.2	1.9	8.3

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
2013 May	0.33	2.04	2.06	2.25	1.31	1.31	0.38	0.83	1.86	1.98	0.48
June	0.32	1.88	1.88	2.12	1.30	1.28	0.38	0.83	1.65	1.77	0.72
July	0.31	1.88	1.90	2.08	1.28	1.23	0.37	0.82	1.63	1.78	0.85
Aug.	0.30	1.81	1.87	2.05	1.15	1.21	0.37	0.70	1.57	1.85	0.51
Sep.	0.30	1.71	1.86	2.06	1.15	1.17	0.35	0.81	1.68	1.87	0.56
Oct.	0.29	1.72	1.83	2.07	1.13	1.15	0.34	0.78	1.65	2.28	0.29
Nov.	0.29	1.60	1.76	2.02	1.12	1.11	0.34	0.75	1.57	1.73	0.47
Dec.	0.29	1.58	1.66	1.91	1.11	1.07	0.34	0.79	1.52	1.63	0.71
2014 Jan.	0.28	1.66	1.64	1.95	1.09	1.05	0.33	0.71	1.42	1.81	0.58
Feb.	0.28	1.60	1.62	1.93	1.10	1.03	0.33	0.63	1.42	1.75	0.83
Mar.	0.28	1.57	1.50	1.86	1.07	1.01	0.35	0.65	1.37	1.58	0.87
Apr.	0.27	1.56	1.44	1.83	1.06	0.99	0.34	0.72	1.24	1.60	0.28

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
2013 May	7.90	17.08	5.62	6.12	7.81	7.20	2.87	3.09	2.95	3.22	3.32	3.32	4.11	3.14
June	7.84	17.03	5.51	6.06	7.65	7.07	2.82	3.00	2.87	3.15	3.25	3.10	4.07	3.01
July	7.75	16.96	5.63	6.12	7.63	7.13	2.84	2.97	2.90	3.17	3.28	3.19	3.75	3.18
Aug.	7.74	17.01	5.62	6.15	7.64	7.15	2.80	3.01	2.97	3.18	3.31	3.00	4.06	3.15
Sep.	7.77	17.02	5.80	6.07	7.62	7.20	2.83	3.05	3.05	3.25	3.35	3.04	3.99	3.16
Oct.	7.67	17.02	5.71	6.04	7.63	7.13	2.77	3.04	3.12	3.27	3.35	3.10	3.95	3.26
Nov.	7.64	16.96	5.81	6.05	7.75	7.21	2.79	3.06	3.15	3.31	3.37	3.30	4.08	3.19
Dec.	7.63	16.94	5.63	6.20	7.44	7.05	2.78	3.00	3.15	3.32	3.37	3.07	3.86	3.05
2014 Jan.	7.69	17.08	5.73	6.08	7.73	7.34	2.76	3.01	3.12	3.31	3.36	3.24	3.81	3.01
Feb.	7.65	17.08	5.87	6.01	7.68	7.38	2.79	2.95	3.09	3.27	3.35	3.29	3.98	3.08
Mar.	7.65	17.08	5.83	5.95	7.55	7.29	2.78	2.90	3.03	3.23	3.29	3.29	4.03	3.11
Apr.	7.60	17.24	5.66	5.83	7.51	7.18	2.72	2.91	3.00	3.24	3.29	3.10	3.87	3.07

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
2013 May	4.14	4.76	4.76	4.12	4.12	3.61	3.48	2.09	2.70	3.21	3.52	2.68	2.79
June	4.14	4.54	4.60	4.40	4.34	3.56	3.41	2.05	2.60	3.01	2.96	2.71	3.12
July	4.12	4.65	4.80	4.34	4.09	3.48	3.45	2.13	2.71	2.72	2.82	2.98	3.17
Aug.	4.10	4.50	4.81	4.41	4.06	3.41	3.39	2.03	2.56	2.82	3.00	2.88	3.10
Sep.	4.13	4.53	4.67	4.39	4.16	3.41	3.42	2.08	2.54	2.86	2.75	2.89	3.28
Oct.	4.14	4.60	4.83	4.39	4.14	3.51	3.50	2.19	2.64	3.14	2.86	3.28	3.38
Nov.	4.08	4.56	4.71	4.34	4.29	3.56	3.50	2.23	2.62	2.96	2.90	2.98	3.10
Dec.	4.12	4.53	4.49	4.20	4.19	3.43	3.41	2.17	2.73	2.67	2.81	2.82	3.13
2014 Jan.	4.15	4.61	4.68	4.25	3.99	3.40	3.48	2.15	2.75	2.76	2.94	2.97	3.13
Feb.	4.11	4.53	4.59	4.26	4.07	3.48	3.45	2.09	2.79	2.91	2.78	2.79	3.16
Mar.	4.08	4.60	4.49	4.24	4.11	3.54	3.47	2.18	2.76	2.83	2.98	2.77	3.23
Apr.	4.12	4.59	4.49	4.10	3.95	3.45	3.45	2.20	2.57	2.88	2.59	2.82	3.20

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)

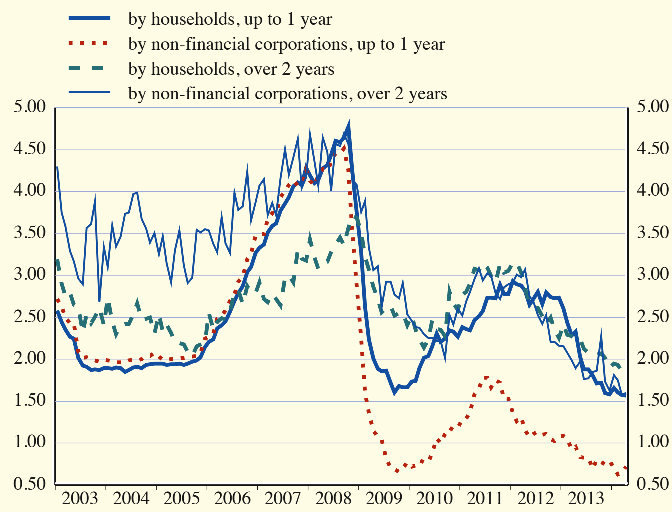
	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight	With an agreed maturity of:		Redeemable at notice of: [2]		Overnight	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2013 May	0.33	2.41	2.67	1.31	1.31	0.38	1.57	2.79	1.62
June	0.32	2.36	2.67	1.30	1.28	0.38	1.52	2.80	1.73
July	0.31	2.28	2.64	1.28	1.23	0.37	1.46	2.77	1.67
Aug.	0.30	2.22	2.63	1.15	1.21	0.37	1.44	2.82	1.50
Sep.	0.30	2.16	2.63	1.15	1.17	0.35	1.41	2.84	1.66
Oct.	0.29	2.09	2.60	1.13	1.15	0.34	1.34	2.83	1.35
Nov.	0.29	2.02	2.60	1.12	1.11	0.34	1.32	2.84	1.34
Dec.	0.29	1.94	2.57	1.11	1.07	0.34	1.29	2.79	1.05
2014 Jan.	0.28	1.88	2.55	1.09	1.05	0.33	1.24	2.77	1.01
Feb.	0.28	1.84	2.59	1.10	1.03	0.33	1.23	2.78	1.08
Mar.	0.28	1.79	2.53	1.07	1.01	0.35	1.20	2.76	1.11
Apr.	0.27	1.75	2.52	1.06	0.99	0.34	1.18	2.73	1.02

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
2013 May	3.47	3.30	3.46	7.65	6.14	4.86	3.66	3.24	3.13
June	3.50	3.29	3.43	7.62	6.18	4.87	3.63	3.24	3.14
July	3.51	3.24	3.40	7.59	6.18	4.84	3.64	3.26	3.14
Aug.	3.52	3.22	3.37	7.58	6.16	4.82	3.63	3.26	3.12
Sep.	3.55	3.22	3.37	7.64	6.16	4.83	3.65	3.24	3.13
Oct.	3.50	3.20	3.35	7.61	6.10	4.80	3.62	3.27	3.12
Nov.	3.51	3.22	3.34	7.52	6.11	4.79	3.59	3.28	3.12
Dec.	3.59	3.24	3.33	7.49	6.08	4.77	3.61	3.29	3.14
2014 Jan.	3.60	3.17	3.31	7.58	6.11	4.76	3.67	3.30	3.13
Feb.	3.59	3.21	3.37	7.64	6.23	4.83	3.63	3.33	3.17
Mar.	3.57	3.18	3.33	7.61	6.14	4.76	3.62	3.31	3.13
Apr.	3.63	3.16	3.31	7.50	6.14	4.78	3.63	3.30	3.14

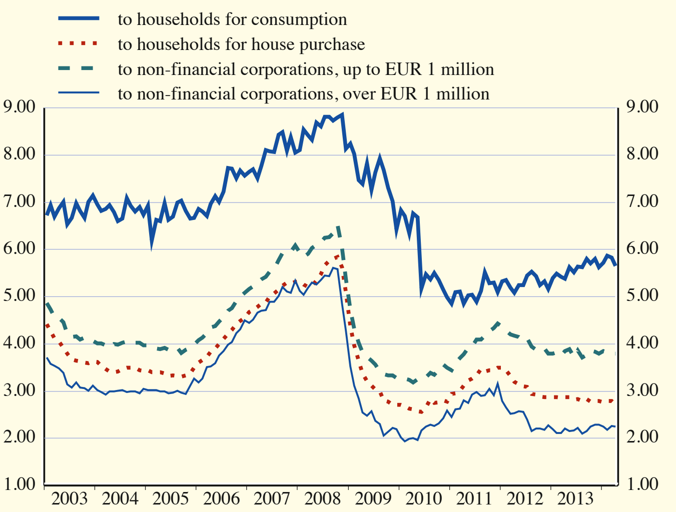
C21 New deposits with an agreed maturity

(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)



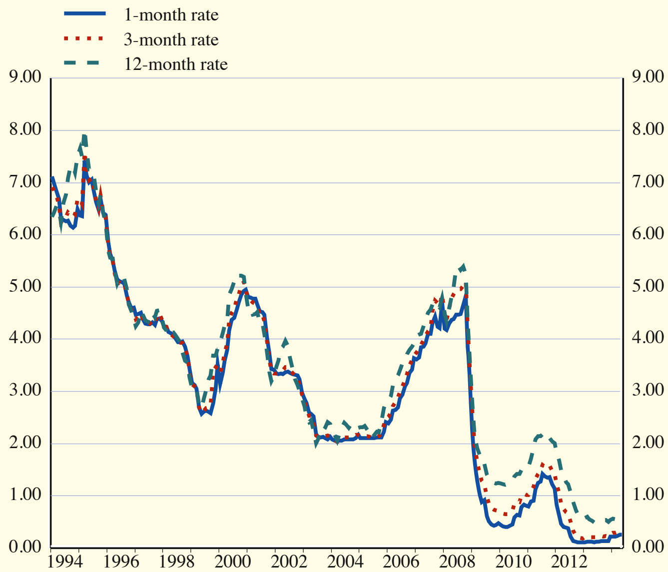
Source: ECB.

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

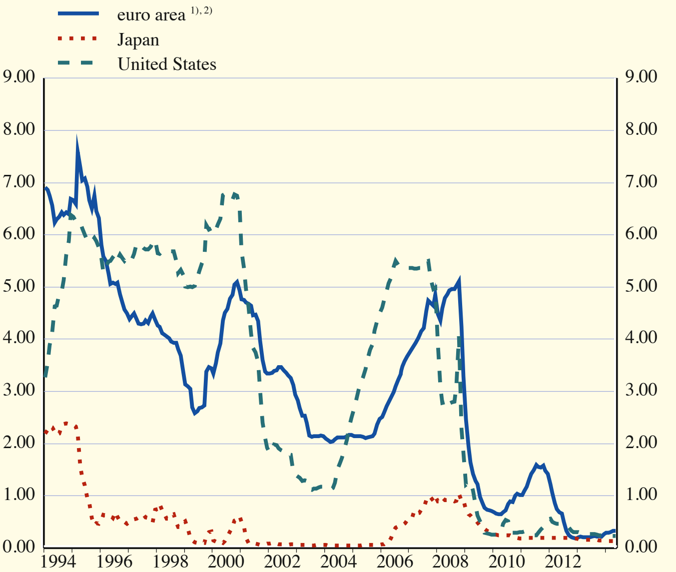
4.6 Money market interest rates
(percentages per annum; period averages)

	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
2011	0.87	1.18	1.39	1.64	2.01	0.34	0.19
2012	0.23	0.33	0.58	0.83	1.11	0.43	0.19
2013	0.09	0.13	0.22	0.34	0.54	0.27	0.15
2013 Q1	0.07	0.12	0.21	0.34	0.57	0.29	0.16
Q2	0.08	0.12	0.21	0.31	0.51	0.28	0.16
Q3	0.09	0.13	0.22	0.34	0.54	0.26	0.15
Q4	0.12	0.16	0.24	0.35	0.53	0.24	0.14
2014 Q1	0.18	0.23	0.30	0.40	0.56	0.24	0.14
2013 May	0.08	0.11	0.20	0.30	0.48	0.27	0.16
June	0.09	0.12	0.21	0.32	0.51	0.27	0.15
July	0.09	0.13	0.22	0.34	0.53	0.27	0.16
Aug.	0.08	0.13	0.23	0.34	0.54	0.26	0.15
Sep.	0.08	0.13	0.22	0.34	0.54	0.25	0.15
Oct.	0.09	0.13	0.23	0.34	0.54	0.24	0.15
Nov.	0.10	0.13	0.22	0.33	0.51	0.24	0.14
Dec.	0.17	0.21	0.27	0.37	0.54	0.24	0.15
2014 Jan.	0.20	0.22	0.29	0.40	0.56	0.24	0.14
Feb.	0.16	0.22	0.29	0.39	0.55	0.24	0.14
Mar.	0.19	0.23	0.31	0.41	0.58	0.23	0.14
Apr.	0.25	0.25	0.33	0.43	0.60	0.23	0.14
May	0.25	0.26	0.32	0.42	0.59	0.23	0.14

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



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

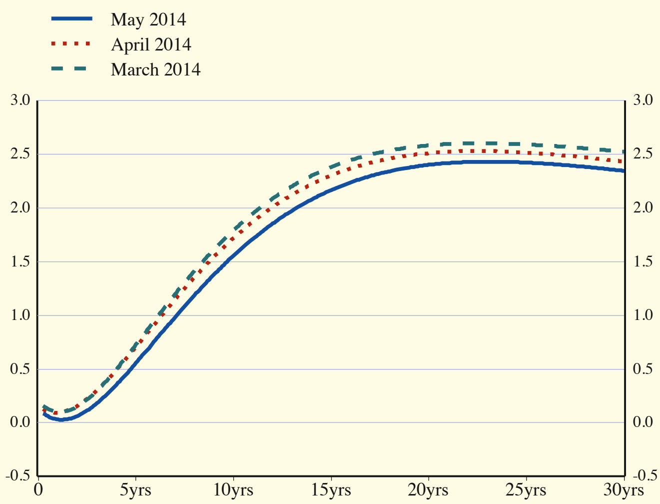


Source: ECB.
1) Before January 1999 synthetic euro area rates were calculated on the basis of national rates weighted by GDP. For further information, see the General Notes.
2) Data refer to the changing composition of the euro area. For further information, see the General Notes.

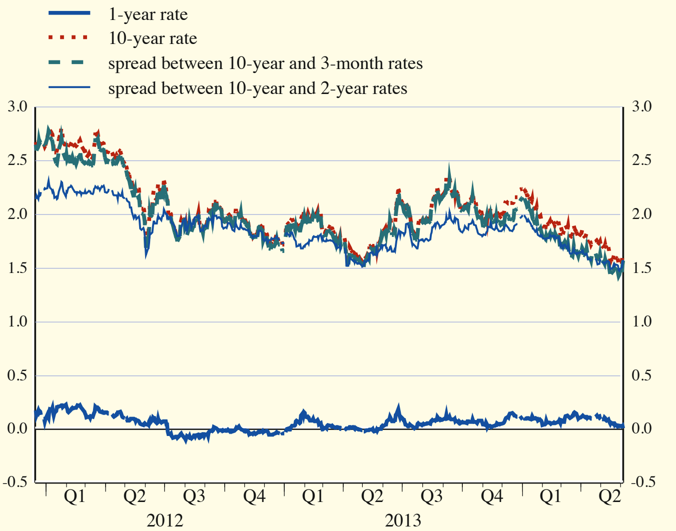
4.7 Euro area yield curves [1]
(AAA-rated euro area central government bonds; end of period; rates in percentages per annum; spreads in percentage points)

	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
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
2012	0.06	-0.04	-0.01	0.58	1.09	1.72	1.66	1.74	-0.09	0.17	1.84	3.50
2013	0.08	0.09	0.25	1.07	1.62	2.24	2.16	1.99	0.18	0.67	2.53	3.88
2013 Q1	0.04	0.00	0.07	0.65	1.12	1.76	1.72	1.69	0.01	0.29	1.83	3.60
Q2	0.03	0.11	0.30	1.05	1.54	2.14	2.11	1.84	0.27	0.73	2.35	3.78
Q3	0.02	0.07	0.22	0.94	1.45	2.05	2.03	1.84	0.17	0.60	2.25	3.74
Q4	0.08	0.09	0.25	1.07	1.62	2.24	2.16	1.99	0.18	0.67	2.53	3.88
2014 Q1	0.16	0.11	0.17	0.76	1.23	1.82	1.66	1.65	0.11	0.40	1.94	3.50
2013 May	0.02	0.03	0.13	0.75	1.22	1.84	1.82	1.71	0.08	0.41	1.95	3.62
June	0.03	0.11	0.30	1.05	1.54	2.14	2.11	1.84	0.27	0.73	2.35	3.78
July	0.01	0.04	0.18	0.88	1.36	1.95	1.95	1.77	0.14	0.54	2.14	3.59
Aug.	0.02	0.09	0.27	1.06	1.58	2.17	2.16	1.90	0.23	0.71	2.43	3.78
Sep.	0.02	0.07	0.22	0.94	1.45	2.05	2.03	1.84	0.17	0.60	2.25	3.74
Oct.	0.05	0.05	0.15	0.82	1.32	1.95	1.90	1.80	0.09	0.45	2.10	3.74
Nov.	0.08	0.05	0.14	0.82	1.34	1.99	1.91	1.84	0.08	0.43	2.14	3.79
Dec.	0.08	0.09	0.25	1.07	1.62	2.24	2.16	1.99	0.18	0.67	2.53	3.88
2014 Jan.	0.09	0.04	0.11	0.77	1.27	1.89	1.80	1.79	0.04	0.37	2.06	3.61
Feb.	0.14	0.09	0.16	0.79	1.27	1.88	1.74	1.72	0.09	0.41	2.03	3.56
Mar.	0.16	0.11	0.17	0.76	1.23	1.82	1.66	1.65	0.11	0.40	1.94	3.50
Apr.	0.13	0.09	0.16	0.71	1.15	1.72	1.60	1.56	0.10	0.38	1.81	3.36
May	0.09	0.03	0.06	0.56	0.98	1.56	1.47	1.49	0.01	0.23	1.60	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.

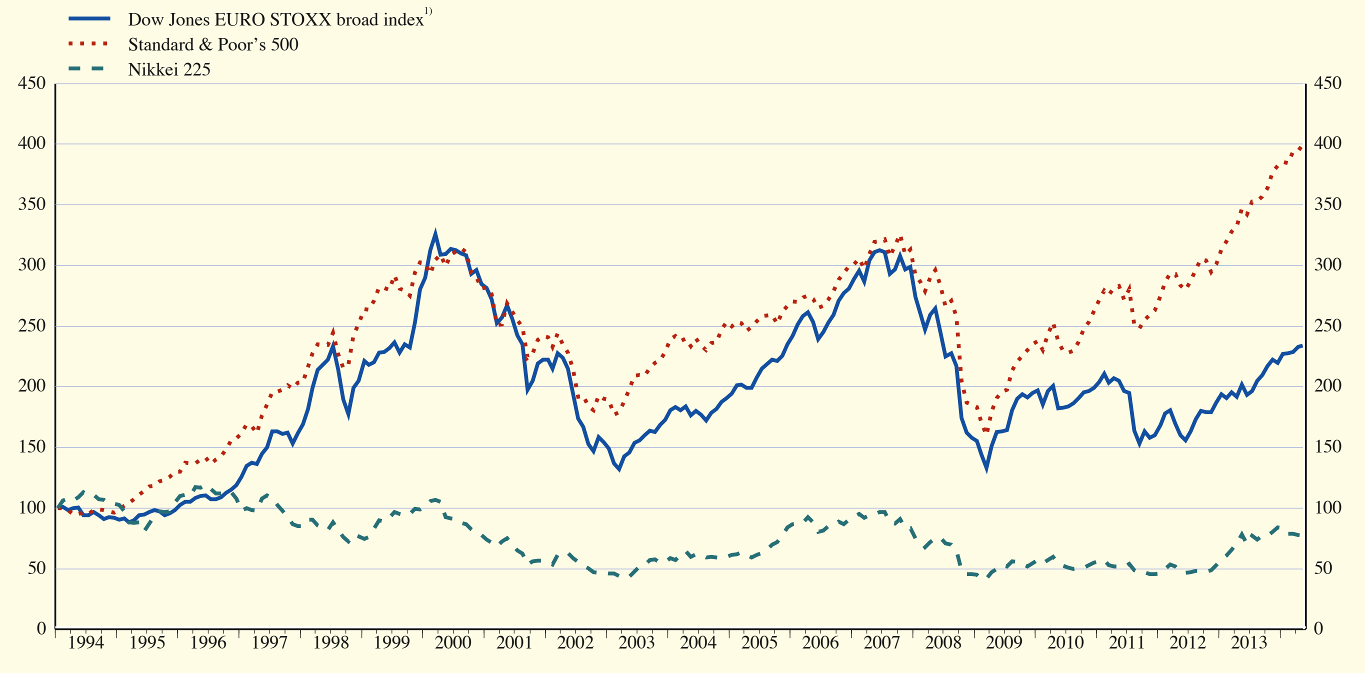
4.8 Stock market indices

(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
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
2012	239.7	2,411.9	503.7	151.9	385.7	307.2	122.1	330.2	219.2	235.9	268.5	523.3	1,379.4	9,102.6
2013	281.9	2,794.0	586.3	195.0	468.2	312.8	151.5	402.7	274.1	230.6	253.4	629.4	1,643.8	13,577.9
2013 Q1	268.2	2,676.6	568.7	181.2	443.1	309.8	144.1	378.1	257.2	222.9	241.3	600.1	1,514.0	11,457.6
Q2	271.8	2,696.1	574.6	188.6	458.8	303.7	141.5	383.0	259.3	226.1	239.3	653.6	1,609.5	13,629.3
Q3	282.1	2,782.3	581.1	197.7	477.6	312.1	150.4	406.2	277.3	224.0	245.3	631.3	1,674.9	14,127.7
Q4	304.9	3,017.6	620.6	211.9	492.2	325.7	169.9	442.8	301.9	249.5	287.4	631.8	1,768.7	14,951.3
2014 Q1	315.9	3,090.8	639.0	218.7	500.1	323.4	182.2	461.0	306.3	262.3	293.9	640.7	1,834.9	14,958.9
2013 May	280.2	2,785.8	590.1	192.5	472.0	315.0	147.5	392.7	267.1	232.0	248.7	668.7	1,639.8	14,532.4
June	268.3	2,655.8	571.1	185.9	453.0	294.9	140.4	381.3	259.5	220.4	229.2	639.2	1,618.8	13,106.6
July	272.4	2,686.5	569.6	193.1	465.9	298.7	142.0	389.5	268.1	215.1	231.5	642.5	1,668.7	14,317.5
Aug.	284.2	2,803.8	581.8	198.2	482.8	314.9	153.2	407.0	276.1	223.8	245.6	636.8	1,670.1	13,726.7
Sep.	290.6	2,864.6	592.8	202.3	485.0	323.9	156.8	423.6	288.6	234.1	260.0	613.1	1,687.2	14,372.1
Oct.	301.4	2,988.9	602.2	210.0	487.3	329.2	168.4	436.3	293.4	249.6	290.6	616.5	1,720.0	14,329.0
Nov.	308.7	3,056.0	630.5	214.1	498.7	330.9	171.1	448.8	306.1	253.7	289.1	646.6	1,783.5	14,931.7
Dec.	304.7	3,010.2	631.3	211.7	490.9	316.3	170.3	443.9	307.2	245.0	282.0	633.9	1,807.8	15,655.2
2014 Jan.	314.7	3,092.4	640.7	217.4	497.9	318.8	181.3	462.3	308.2	251.3	297.4	647.6	1,822.4	15,578.3
Feb.	315.9	3,085.9	643.7	219.2	502.0	318.9	183.0	460.0	304.3	261.1	291.9	638.3	1,817.0	14,617.6
Mar.	317.0	3,094.0	632.7	219.5	500.7	332.4	182.5	460.6	306.2	275.0	292.2	635.8	1,863.5	14,694.8
Apr.	323.2	3,171.5	637.8	219.9	518.8	348.9	185.8	470.5	304.1	278.7	298.6	642.4	1,864.3	14,475.3
May	324.7	3,197.4	660.9	217.7	521.7	362.3	181.9	470.2	300.4	280.6	315.0	657.2	1,889.8	14,343.1

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

(January 1994 = 100; monthly averages)



Source: ECB.

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

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

1. Harmonised Index of Consumer Prices [1]

	Total					Total (s.a.; percentage change vis-à-vis previous period)						Memo item: Administered prices [2]	
	Index: 2005 = 100	Total	Total excl. unprocessed food and energy	Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
% of total in 2014	100.0	100.0	81.7	57.2	42.8	100.0	12.3	7.5	26.7	10.8	42.8	87.3	12.7
	1	2	3	4	5	6	7	8	9	10	11	12	13
2010	109.8	1.6	1.0	1.8	1.4	-	-	-	-	-	-	1.6	1.7
2011	112.8	2.7	1.7	3.3	1.8	-	-	-	-	-	-	2.6	3.5
2012	115.6	2.5	1.8	3.0	1.8	-	-	-	-	-	-	2.3	3.8
2013	117.2	1.4	1.3	1.3	1.4	-	-	-	-	-	-	1.2	2.1
2013 Q1	116.4	1.9	1.5	2.0	1.7	0.4	0.5	0.5	0.1	1.0	0.4	1.7	3.2
Q2	117.5	1.4	1.3	1.5	1.3	0.1	0.5	1.6	0.1	-1.8	0.2	1.3	2.3
Q3	117.3	1.3	1.3	1.3	1.4	0.4	0.7	0.4	0.0	1.0	0.5	1.3	1.8
Q4	117.6	0.8	1.0	0.5	1.2	-0.1	0.3	-1.2	0.1	-1.1	0.1	0.7	1.4
2014 Q1	117.2	0.7	1.0	0.3	1.2	0.2	0.3	0.0	0.1	0.0	0.3	0.5	2.0
2013 Dec.	117.9	0.8	0.9	0.7	1.0	0.1	0.1	0.8	0.0	0.6	-0.1	0.8	1.4
2014 Jan.	116.6	0.8	1.0	0.5	1.2	0.1	0.2	0.0	0.0	0.0	0.2	0.6	2.0
Feb.	116.9	0.7	1.1	0.3	1.3	0.1	0.0	-0.3	0.1	0.1	0.2	0.5	2.0
Mar.	118.0	0.5	0.9	0.0	1.1	0.0	0.1	-0.5	-0.1	-0.3	0.1	0.2	2.0
Apr.	118.2	0.7	1.1	0.1	1.6	0.0	0.0	-0.1	-0.1	-0.1	0.1	0.5	2.3
May [3]	118.1	0.5	.	.	1.1	.	.	.	.	-0.1	.	.	.

	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 2014	19.8	12.3	7.5	37.5	26.7	10.8	10.5	6.2	7.3	3.1	14.7	7.2
	14	15	16	17	18	19	20	21	22	23	24	25
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
2012	3.1	3.1	3.0	3.0	1.2	7.6	1.8	1.5	2.9	-3.2	2.2	2.0
2013	2.7	2.2	3.5	0.6	0.6	0.6	1.7	1.5	2.4	-4.2	2.2	0.7
2013 Q1	2.9	2.3	3.9	1.5	0.8	3.2	1.8	1.5	3.1	-4.6	2.8	0.7
Q2	3.1	2.1	4.8	0.6	0.8	0.3	1.6	1.3	2.5	-4.5	2.0	0.9
Q3	3.1	2.5	4.2	0.3	0.4	0.1	1.8	1.7	2.3	-4.0	2.2	0.8
Q4	1.8	2.1	1.3	-0.1	0.3	-0.9	1.7	1.4	1.8	-3.5	2.0	0.4
2014 Q1	1.4	1.8	0.7	-0.3	0.3	-1.9	1.8	1.4	1.6	-2.7	1.3	1.2
2013 Dec.	1.8	2.0	1.5	0.2	0.3	0.0	1.7	1.4	1.4	-3.4	1.5	0.5
2014 Jan.	1.7	2.0	1.3	-0.2	0.2	-1.2	1.7	1.4	1.6	-3.2	1.4	1.3
Feb.	1.5	1.8	0.9	-0.4	0.4	-2.3	1.8	1.4	1.8	-2.4	1.5	1.2
Mar.	1.0	1.7	-0.1	-0.5	0.2	-2.1	1.8	1.4	1.3	-2.4	1.1	1.2
Apr.	0.7	1.6	-0.7	-0.3	0.1	-1.2	1.8	1.4	2.5	-2.6	2.0	1.3
May [3]	0.1	.	.	.	0.0	0.0	.	.	.	.	.	.

Sources: Eurostat and ECB calculations.

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

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

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

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

2. Industry, construction and property prices

	Industrial producer prices excluding construction										Construction[1),2)]	Residential property prices[1),3)]	Experimental indicator of commercial property prices[1),3)]
	Total (index: 2010 = 100)	Total		Industry excluding construction and energy						Energy			
			Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods						
							Total	Durable	Non-durable				
% of total in 2010	100.0	100.0	78.1	72.1	29.4	20.1	22.6	2.3	20.3	27.9			
	1	2	3	4	5	6	7	8	9	10	11	12	13
2010	100.0	2.7	3.3	1.7	3.6	0.2	0.4	0.7	0.4	6.1	1.9	0.9	-0.3
2011	105.7	5.7	5.3	3.8	5.8	1.5	3.3	1.9	3.5	10.9	3.3	1.1	2.9
2012	108.6	2.8	2.0	1.4	0.7	1.0	2.5	1.6	2.6	6.6	1.6	-1.8	-0.2
2013	108.5	-0.2	-0.1	0.4	-0.6	0.6	1.7	0.7	1.8	-1.6	0.6	-2.1	.
2013 Q1	109.3	1.2	0.8	1.2	0.8	0.8	2.2	0.8	2.4	0.9	0.9	-2.8	-1.5
Q2	108.3	-0.1	-0.1	0.5	-0.5	0.6	1.9	0.8	2.1	-2.0	0.4	-2.5	-1.8
Q3	108.3	-0.6	-0.3	0.3	-1.1	0.6	1.8	0.6	2.0	-2.7	0.4	-1.5	-1.6
Q4	108.0	-1.1	-0.9	-0.3	-1.7	0.5	0.9	0.6	1.0	-2.8	0.6	-1.5	.
2014 Q1	107.6	-1.5	-1.1	-0.5	-1.8	0.4	0.6	0.8	0.5	-4.0	.	.	.
2013 Nov.	107.9	-1.2	-0.9	-0.4	-1.7	0.5	0.9	0.6	0.9	-3.1	-	-	-
Dec.	108.1	-0.7	-0.6	-0.3	-1.7	0.6	0.8	0.6	0.9	-1.8	-	-	-
2014 Jan.	107.8	-1.3	-0.9	-0.4	-1.7	0.4	0.7	0.9	0.6	-3.5	-	-	-
Feb.	107.6	-1.7	-1.3	-0.5	-1.8	0.3	0.5	0.8	0.5	-4.4	-	-	-
Mar.	107.3	-1.6	-1.2	-0.5	-1.9	0.3	0.5	0.8	0.4	-4.3	-	-	-
Apr.	107.2	-1.2	-0.5	-0.3	-1.5	0.3	0.7	0.8	0.7	-3.3	-	-	-

3. Commodity prices and gross domestic product deflators

	Oil prices[4)] (EUR per barrel)	Non-energy commodity prices						GDP deflators							
		Import-weighted[5)]			Use-weighted[6)]			Total (s.a.; index: 2005 = 100)	Total	Domestic demand				Exports[7)]	Imports[7)]
		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
2010	60.7	44.6	21.4	57.9	42.1	27.1	54.5	108.1	0.8	1.5	1.6	0.8	0.8	3.0	5.0
2011	79.7	12.2	22.4	7.7	12.8	20.7	7.5	109.4	1.2	2.0	2.4	0.8	1.5	3.6	5.8
2012	86.6	0.5	1.1	0.3	2.6	6.4	-0.3	110.9	1.3	1.6	2.1	1.0	1.1	1.6	2.4
2013	81.7	-8.2	-10.5	-7.0	-7.3	-7.3	-7.3	112.5	1.4	1.1	1.2	1.2	0.3	-0.3	-1.3
2013 Q1	85.0	-3.0	-2.4	-3.3	-1.6	0.0	-2.8	112.1	1.6	1.4	1.4	1.7	0.5	0.3	-0.3
Q2	79.0	-5.2	-4.1	-5.8	-4.3	-2.1	-6.2	112.5	1.6	1.1	1.2	1.0	0.2	0.0	-1.2
Q3	82.5	-12.7	-18.7	-9.4	-12.0	-14.4	-10.0	112.6	1.4	1.0	1.4	1.1	0.2	-0.6	-1.6
Q4	80.3	-11.8	-15.8	-9.7	-11.1	-11.8	-10.5	112.7	1.1	0.7	0.9	1.1	0.2	-0.9	-2.0
2014 Q1	78.6	-8.4	-6.9	-9.1	-7.5	-3.9	-10.3	113.2	0.9	0.5	0.8	0.6	0.3	-0.8	-1.9
2013 Dec.	80.8	-11.4	-13.5	-10.4	-11.2	-10.6	-11.7	-	-	-	-	-	-	-	-
2014 Jan.	78.8	-9.3	-11.4	-8.3	-8.9	-8.2	-9.5	-	-	-	-	-	-	-	-
Feb.	79.4	-7.8	-6.1	-8.6	-7.2	-3.6	-10.0	-	-	-	-	-	-	-	-
Mar.	77.8	-8.2	-3.4	-10.5	-6.3	0.3	-11.6	-	-	-	-	-	-	-	-
Apr.	78.2	-4.1	0.9	-6.6	-2.9	2.6	-7.3	-	-	-	-	-	-	-	-
May	79.4	-3.2	-1.0	-4.3	-1.3	2.7	-4.7	-	-	-	-	-	-	-	-

Sources: Eurostat, ECB calculations based on Eurostat data (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), ECB calculations based on IPD data and national sources (column 13 in Table 2 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) Data refer to the Euro 18.
2) Input prices for residential buildings.
3) Experimental data based on non-harmonised sources (see http://www.ecb.europa.eu/stats/intro/html/experiment.en.html for further details).
4) Brent Blend (for one-month forward delivery).
5) Refers to prices expressed in euro. Weighted according to the structure of euro area imports in the period 2004-06.
6) 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).
7) 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 [1)]

(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 [2)]											
2012	112.7	1.9	4.3	2.7	2.6	2.0	3.1	1.0	0.6	2.5	0.6	2.3
2013	114.0	1.2	0.9	1.7	1.1	0.7	2.1	1.2	-1.3	1.0	1.2	1.2
2013 Q1	114.0	1.8	3.0	2.5	0.8	1.9	2.2	0.3	-1.7	2.5	1.2	2.0
Q2	113.9	1.2	1.6	2.0	1.2	1.2	1.6	0.7	-1.4	1.2	0.8	1.4
Q3	114.2	1.2	1.3	2.6	2.2	0.2	2.9	0.7	-0.9	0.4	1.1	0.7
Q4	114.0	0.5	-1.7	-0.7	0.2	-0.7	1.4	3.2	-1.1	0.0	1.9	0.7
	Compensation per employee											
2012	116.6	1.9	1.1	2.5	3.1	1.9	2.5	1.1	1.7	2.5	1.1	1.6
2013	118.5	1.6	2.2	2.5	1.6	1.0	1.1	1.4	1.2	1.7	1.6	1.0
2013 Q1	118.1	1.7	3.1	2.5	1.1	1.2	1.4	1.7	1.2	2.1	1.8	0.8
Q2	118.5	1.7	2.1	2.6	2.1	1.3	1.2	1.1	2.4	2.2	1.3	1.1
Q3	119.0	1.8	3.0	3.2	2.9	1.1	1.2	1.1	0.8	1.6	1.5	1.1
Q4	119.0	1.5	1.0	2.1	1.4	0.6	0.6	1.9	0.7	1.2	2.2	1.3
	Labour productivity per person employed [3)]											
2012	103.5	0.0	-3.1	-0.2	0.5	-0.1	-0.6	0.1	1.1	-0.1	0.5	-0.6
2013	103.9	0.4	1.2	0.8	0.5	0.3	-1.0	0.2	2.5	0.7	0.4	-0.3
2013 Q1	103.6	0.0	0.1	0.0	0.4	-0.7	-0.8	1.4	3.0	-0.4	0.6	-1.2
Q2	104.0	0.5	0.5	0.6	0.9	0.1	-0.4	0.4	3.9	1.0	0.5	-0.4
Q3	104.2	0.6	1.6	0.6	0.7	0.8	-1.7	0.4	1.7	1.2	0.4	0.3
Q4	104.4	1.0	2.7	2.8	1.2	1.3	-0.8	-1.3	1.8	1.2	0.3	0.6
	Compensation per hour worked											
2012	119.3	2.6	2.9	3.6	4.9	2.6	3.1	1.6	1.9	2.6	1.2	2.6
2013	121.6	1.9	2.0	2.2	2.3	1.5	1.3	1.5	1.8	2.1	1.9	1.3
2013 Q1	121.9	3.1	4.5	4.3	4.2	2.3	2.1	2.7	1.6	2.7	2.6	2.6
Q2	121.5	1.6	1.9	1.6	1.8	1.6	0.9	1.2	2.4	2.3	1.3	1.2
Q3	122.0	1.8	2.1	2.2	2.5	1.4	1.8	1.2	2.2	2.1	1.7	1.3
Q4	122.0	1.3	0.0	1.0	1.3	0.7	0.7	1.6	1.0	1.5	2.1	0.8
	Hourly labour productivity [3)]											
2012	106.5	0.8	-2.1	0.9	2.0	0.7	0.1	0.5	1.9	0.2	0.7	0.1
2013	107.2	0.7	0.6	0.6	1.0	0.7	-0.7	0.3	3.1	1.1	0.6	0.1
2013 Q1	107.5	1.2	-0.3	1.8	2.9	0.3	-0.1	2.5	3.9	0.5	1.4	0.7
Q2	107.2	0.4	-0.5	-0.3	0.3	0.4	-0.7	0.4	3.9	0.9	0.4	-0.2
Q3	107.3	0.7	0.9	-0.3	0.3	1.3	-1.0	0.6	2.6	1.6	0.5	0.5
Q4	107.6	0.8	2.3	1.8	1.0	1.2	-0.9	-1.6	2.1	1.5	0.2	0.3

5. Labour cost indices [4)]

	Total (index: 2008 = 100)	Total	By component		For selected economic activities			Memo item: Indicator of negotiated wages [5)]
			Wages and salaries	Employers' social contributions	Mining, manufacturing and energy	Construction	Services	
% of total in 2008	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2012	108.6	1.8	1.9	1.7	2.4	2.3	2.1	2.2
2013	110.2	1.4	1.7	0.6	2.1	0.6	1.1	1.8
2013 Q2	114.1	1.2	1.5	0.3	1.8	0.7	1.0	1.7
Q3	107.2	1.1	1.3	0.5	1.6	-0.1	1.0	1.7
Q4	116.6	1.4	1.9	0.0	1.7	0.3	0.9	1.7
2014 Q1	.	.	.	.	.	.	.	2.0

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

1) Data refer to the Euro 18.
2) Compensation (at current prices) per employee divided by labour productivity per person employed.
3) Total GDP and value added by economic activity (volumes) per labour input (persons employed and hours worked).
4) Hourly labour cost indices for the whole economy, excluding agriculture, forestry and fishing. Owing to differences in coverage, the estimates for the components may not be consistent with the total.
5) Experimental data (see http://www.ecb.europa.eu/stats/intro/html/experiment.en.html for further details).

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)								
2010	9,185.8	9,064.9	5,282.7	2,019.9	1,741.2	21.1	120.8	3,793.9	3,673.1
2011	9,444.0	9,315.1	5,427.3	2,032.6	1,796.6	58.7	128.8	4,186.7	4,057.9
2012	9,505.4	9,259.4	5,464.4	2,041.9	1,744.8	8.3	246.0	4,362.7	4,116.7
2013	9,602.6	9,271.4	5,496.0	2,068.9	1,698.3	8.2	331.2	4,410.5	4,079.3
2013 Q1	2,385.4	2,311.5	1,367.7	516.2	422.8	4.8	73.9	1,085.1	1,011.2
Q2	2,400.9	2,311.8	1,371.5	516.9	422.8	0.7	89.1	1,107.8	1,018.7
Q3	2,406.5	2,326.4	1,377.8	519.3	425.7	3.6	80.2	1,105.3	1,025.1
Q4	2,415.2	2,325.2	1,380.2	516.7	430.6	-2.3	90.0	1,118.6	1,028.6
2014 Q1	2,429.0	2,341.6	1,384.5	520.5	432.0	4.5	87.4	1,120.6	1,033.1
	percentage of GDP								
2013	100.0	96.6	57.2	21.5	17.7	0.1	3.4	-	-
	Chain-linked volumes (prices for the previous year)								
	quarter-on-quarter percentage changes								
2013 Q1	-0.2	-0.2	-0.2	0.2	-1.6	-	-	-0.8	-0.8
Q2	0.3	-0.1	0.2	0.0	0.2	-	-	2.4	1.6
Q3	0.1	0.5	0.1	0.2	0.5	-	-	0.0	0.9
Q4	0.3	-0.1	0.0	-0.4	0.9	-	-	1.4	0.7
2014 Q1	0.2	0.4	0.1	0.3	0.3	-	-	0.3	0.8
	annual percentage changes								
2010	1.9	1.2	1.0	0.6	-0.4	-	-	11.6	10.0
2011	1.6	0.7	0.3	-0.1	1.6	-	-	6.5	4.5
2012	-0.7	-2.2	-1.3	-0.6	-4.0	-	-	2.5	-0.9
2013	-0.4	-0.9	-0.7	0.1	-2.9	-	-	1.4	0.4
2013 Q1	-1.1	-2.0	-1.4	-0.2	-5.2	-	-	0.2	-1.6
Q2	-0.6	-1.3	-0.7	0.0	-3.4	-	-	1.7	0.1
Q3	-0.3	-0.4	-0.4	0.5	-2.4	-	-	0.9	0.7
Q4	0.5	0.2	0.1	0.1	-0.1	-	-	2.9	2.5
2014 Q1	0.9	0.8	0.4	0.2	1.9	-	-	4.1	4.1
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2013 Q1	-0.2	-0.2	-0.1	0.0	-0.3	0.2	-0.1	-	-
Q2	0.3	-0.1	0.1	0.0	0.0	-0.2	0.4	-	-
Q3	0.1	0.5	0.1	0.1	0.1	0.3	-0.4	-	-
Q4	0.3	-0.1	0.0	-0.1	0.2	-0.2	0.3	-	-
2014 Q1	0.2	0.4	0.1	0.1	0.1	0.2	-0.2	-	-
	contributions to annual percentage changes in GDP; percentage points								
2010	1.9	1.2	0.6	0.1	-0.1	0.6	0.7	-	-
2011	1.6	0.7	0.2	0.0	0.3	0.3	0.9	-	-
2012	-0.7	-2.2	-0.8	-0.1	-0.8	-0.5	1.5	-	-
2013	-0.4	-0.9	-0.4	0.0	-0.5	0.0	0.5	-	-
2013 Q1	-1.1	-2.0	-0.8	0.0	-1.0	-0.1	0.8	-	-
Q2	-0.6	-1.3	-0.4	0.0	-0.6	-0.3	0.7	-	-
Q3	-0.3	-0.4	-0.3	0.1	-0.4	0.2	0.1	-	-
Q4	0.5	0.2	0.1	0.0	0.0	0.1	0.3	-	-
2014 Q1	0.9	0.8	0.3	0.0	0.3	0.1	0.1	-	-

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)											
2010	8,242.3	137.1	1,581.8	499.2	1,552.3	370.8	438.7	919.2	827.5	1,615.1	300.6	943.4
2011	8,468.0	142.0	1,643.3	502.0	1,593.2	374.5	440.1	965.5	859.6	1,639.7	308.1	975.9
2012	8,525.3	144.6	1,643.8	492.1	1,606.2	370.0	433.8	982.2	877.3	1,661.6	313.6	980.2
2013	8,610.6	143.9	1,660.8	478.1	1,622.3	358.1	439.9	1,004.8	895.7	1,686.8	320.3	992.0
2013 Q1	2,139.7	36.1	412.3	120.2	402.3	90.4	109.0	249.1	220.8	420.5	79.2	245.6
Q2	2,150.3	36.3	415.4	119.0	404.8	90.1	110.7	250.2	223.4	420.8	79.7	250.6
Q3	2,157.9	35.7	415.8	119.4	407.5	88.9	110.4	251.8	225.4	422.3	80.8	248.6
Q4	2,168.1	36.0	420.0	120.0	408.9	88.8	110.0	253.7	226.4	423.4	81.0	247.1
2014 Q1	2,176.6	36.7	418.0	120.5	410.0	88.5	112.4	254.5	226.7	427.6	81.7	252.5
	percentage of value added											
2013	100.0	1.7	19.3	5.6	18.8	4.2	5.1	11.7	10.4	19.6	3.7	-
	Chain-linked volumes (prices for the previous year)											
	quarter-on-quarter percentage changes											
2013 Q1	-0.2	0.3	0.3	-1.3	-0.2	-0.2	-1.3	-0.1	0.4	-0.4	-0.4	-0.5
Q2	0.3	0.2	0.5	-0.9	0.6	0.2	-0.4	0.1	0.9	0.1	0.1	0.5
Q3	0.2	0.1	0.1	0.2	0.3	-0.7	0.6	0.3	0.3	0.1	0.1	-0.2
Q4	0.3	1.3	0.6	0.1	0.3	0.1	-0.6	0.4	0.2	0.4	-0.1	-0.3
2014 Q1	0.1	1.8	-0.3	0.5	0.4	0.1	0.7	-0.2	0.1	0.1	0.2	0.7
	annual percentage changes											
2010	2.0	-2.9	9.5	-5.6	0.7	1.5	0.1	-0.1	2.6	1.1	0.4	1.4
2011	1.8	0.3	3.0	-1.6	1.7	3.6	1.6	2.1	2.7	0.9	0.4	0.1
2012	-0.5	-4.9	-1.1	-4.2	-0.9	0.6	-0.3	0.7	0.7	0.2	0.0	-1.9
2013	-0.3	-0.4	-0.6	-4.0	-0.5	-0.7	-0.6	0.8	1.0	0.1	-0.5	-1.4
2013 Q1	-1.0	-2.8	-1.6	-5.2	-1.9	-0.5	0.3	0.8	-0.1	0.1	-1.0	-2.8
Q2	-0.5	-0.9	-0.9	-4.9	-0.9	-0.3	-0.7	0.8	1.2	0.0	-0.3	-1.2
Q3	-0.2	0.5	-1.0	-3.6	-0.1	-1.3	0.0	0.8	1.3	0.2	-0.1	-0.9
Q4	0.6	1.9	1.5	-1.9	1.0	-0.5	-1.6	0.7	1.9	0.3	-0.2	-0.5
2014 Q1	0.9	3.4	0.9	-0.1	1.6	-0.3	0.4	0.6	1.6	0.7	0.4	0.6
	contributions to quarter-on-quarter percentage changes in value added; percentage points											
2013 Q1	-0.2	0.0	0.1	-0.1	0.0	0.0	-0.1	0.0	0.0	-0.1	0.0	-
Q2	0.3	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	-
Q3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Q4	0.3	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	-
2014 Q1	0.1	0.0	-0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-
	contributions to annual percentage changes in value added; percentage points											
2010	2.0	0.0	1.7	-0.4	0.1	0.1	0.0	0.0	0.3	0.2	0.0	-
2011	1.8	0.0	0.6	-0.1	0.3	0.2	0.1	0.2	0.3	0.2	0.0	-
2012	-0.5	-0.1	-0.2	-0.2	-0.2	0.0	0.0	0.1	0.1	0.0	0.0	-
2013	-0.3	0.0	-0.1	-0.2	-0.1	0.0	0.0	0.1	0.1	0.0	0.0	-
2013 Q1	-1.0	0.0	-0.3	-0.3	-0.4	0.0	0.0	0.1	0.0	0.0	0.0	-
Q2	-0.5	0.0	-0.2	-0.3	-0.2	0.0	0.0	0.1	0.1	0.0	0.0	-
Q3	-0.2	0.0	-0.2	-0.2	0.0	-0.1	0.0	0.1	0.1	0.0	0.0	-
Q4	0.6	0.0	0.3	-0.1	0.2	0.0	-0.1	0.1	0.2	0.1	0.0	-
2014 Q1	0.9	0.1	0.2	0.0	0.3	0.0	0.0	0.1	0.2	0.1	0.0	-

Sources: Eurostat and ECB calculations.

5.2 Output and demand

(annual percentage changes, unless otherwise indicated)

3. Industrial production

	Total	Industry excluding construction										Construction
		Total (s.a.; index: 2010 = 100)	Total		Industry excluding construction and energy						Energy	
				Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
% of total in 2010	100.0	79.4	79.4	68.3	67.7	26.7	23.2	17.8	2.3	15.5	11.7	20.6
	1	2	3	4	5	6	7	8	9	10	11	12
2011	2.2	103.5	3.4	4.7	4.8	4.2	8.5	1.0	0.7	1.0	-4.5	-2.4
2012	-3.1	100.9	-2.5	-2.7	-2.8	-4.5	-1.1	-2.4	-4.9	-2.1	-0.4	-5.4
2013	-1.1	100.2	-0.7	-0.7	-0.7	-1.0	-0.6	-0.5	-3.6	0.0	-0.8	-2.8
2013 Q2	-1.5	100.2	-1.1	-1.0	-1.1	-2.1	-0.3	-0.7	-3.9	-0.2	-1.0	-3.6
Q3	-1.1	100.2	-1.1	-1.1	-0.9	-0.7	-1.3	-0.8	-3.7	-0.4	-2.1	-1.0
Q4	1.0	100.7	1.5	1.9	2.1	2.5	2.7	0.4	-2.7	1.0	-1.3	-1.1
2014 Q1	2.5	100.9	1.1	2.9	3.0	3.1	3.9	1.5	0.4	1.6	-8.8	8.4
2013 Nov.	2.0	101.3	2.8	3.0	3.2	3.0	4.3	1.5	-1.4	2.1	0.3	-1.3
Dec.	1.3	101.0	1.4	1.8	2.1	3.3	2.2	-0.2	-1.6	0.1	-1.5	0.3
2014 Jan.	2.8	100.9	1.7	3.2	3.2	3.3	5.3	0.5	1.9	0.3	-5.8	7.5
Feb.	2.7	101.1	1.7	3.7	3.7	3.9	4.0	3.0	0.5	3.3	-8.8	7.5
Mar.	0.7	100.8	-0.1	1.9	2.1	2.2	2.6	1.1	-0.9	1.3	-11.9	5.2
	month-on-month percentage changes (s.a.)											
2013 Nov.	1.2	-	1.4	1.2	1.2	0.6	2.2	0.5	1.6	0.3	2.5	0.1
Dec.	0.0	-	-0.3	0.1	0.0	0.5	-0.6	0.0	0.8	0.0	-3.0	1.6
2014 Jan.	0.3	-	-0.1	0.3	0.3	0.3	0.5	0.5	2.1	0.3	-1.9	1.2
Feb.	0.0	-	0.2	0.5	0.4	0.4	0.0	0.7	-0.8	0.7	-1.3	0.4
Mar.	-0.6	-	-0.3	-0.6	-0.7	-0.8	-0.3	-0.6	0.0	-0.5	-0.4	-0.6

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

	Indicator on industrial new orders [1]		Industrial turnover		Retail sales (including automotive fuel)								New passenger car registrations	
	Manufacturing		Manufacturing (current prices)		Current prices	Constant prices								
	Total (s.a.; index: 2010 = 100)	Total	Total (s.a.; index: 2010 = 100)	Total	Total	Total (s.a.; index: 2010 = 100)	Total	Food, beverages, tobacco	Non-food			Fuel	Total (s.a.; thousands) [2]	Total
										Textiles, clothing, footwear	Household equipment			
% of total in 2010	100.0	100.0	100.0	100.0	100.0	100.0	100.0	39.3	51.5	9.2	12.0	9.1		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011	108.6	8.6	109.3	9.2	1.7	99.3	-0.7	-1.1	-0.3	-1.4	-0.3	-3.3	840	-0.9
2012	104.4	-3.8	108.8	-0.4	0.5	97.6	-1.7	-1.3	-1.6	-2.5	-2.8	-5.0	745	-11.1
2013	104.3	-0.1	107.3	-1.4	-0.4	96.7	-0.9	-1.0	-0.7	-1.4	-2.6	-1.0	713	-4.4
2013 Q2	103.3	-1.6	106.8	-1.9	-0.4	96.6	-1.1	-1.7	-0.5	0.0	-2.8	-0.6	710	-7.2
Q3	105.1	1.1	107.5	-1.5	-0.1	97.2	-0.5	-0.6	-0.4	-0.4	-2.5	0.0	709	-2.2
Q4	106.1	2.7	107.8	0.3	0.0	96.7	0.1	-0.3	0.6	0.4	-1.0	0.2	744	5.3
2014 Q1	107.1	4.3	108.7	1.5	0.5	97.4	0.9	-0.3	1.9	3.7	0.5	0.8	724	5.0
2013 Dec.	107.5	4.3	108.3	0.5	-0.4	96.3	-0.4	-1.4	0.3	-0.8	-1.5	0.0	774	6.9
2014 Jan.	107.3	5.1	109.0	2.0	0.5	97.2	0.7	-0.4	1.3	2.4	0.1	1.3	706	5.5
Feb.	107.2	4.5	108.8	2.2	0.6	97.4	1.0	0.0	1.8	2.5	1.1	0.2	735	6.0
Mar.	106.9	3.3	108.3	0.5	0.5	97.5	1.0	-0.5	2.7	6.5	0.3	0.9	731	4.0
Apr.	.	.	.	.	.	.	.	.	.	.	.	.	747	5.1
	month-on-month percentage changes (s.a.)													
2013 Dec.	-	1.5	-	0.1	-1.2	-	-1.2	-1.5	-0.9	-2.7	-1.3	-0.1	-	5.6
2014 Jan.	-	-0.2	-	0.6	0.9	-	1.0	0.7	0.9	1.4	1.7	0.3	-	-8.8
Feb.	-	-0.1	-	-0.2	0.0	-	0.2	0.3	0.7	0.8	0.1	-1.4	-	4.2
Mar.	-	-0.3	-	-0.5	0.1	-	0.1	0.3	0.0	-0.5	-0.7	0.7	-	-0.6
Apr.	-	.	-	.	.	-	.	.	.	.	.	.	-	2.2

Sources: Eurostat, except columns 1 and 2 in Table 4 (which show ECB experimental statistics based on national data) and columns 13 and 14 in Table 4 (which show ECB calculations based on data from the European Automobile Manufacturers' Association).

1) For further details, see de Bondt, G.J., Dieden, H.C., Muzikarova, S. and Vincze, I., "Introducing the ECB indicator on euro area industrial new orders", *Occasional Paper Series*, No 149, ECB, Frankfurt am Main, June 2013.

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
2010	101.4	-4.5	-24.2	1.0	11.6	77.0	-14.1	-5.2	-12.3	31.1	-8.0
2011	102.2	0.2	-6.4	2.3	9.4	80.6	-14.3	-7.3	-18.0	23.0	-9.0
2012	90.8	-11.7	-24.4	6.8	-3.9	78.6	-22.1	-11.1	-27.4	38.1	-11.7
2013	93.8	-9.3	-26.0	4.7	2.8	78.3	-18.6	-8.9	-20.1	34.4	-11.2
2013 Q1	90.5	-12.2	-29.6	5.4	-1.6	77.5	-23.5	-11.3	-27.2	42.3	-13.1
Q2	90.2	-12.7	-30.9	6.2	-0.9	77.9	-20.8	-10.1	-24.8	35.7	-12.6
Q3	95.3	-8.3	-24.9	4.6	4.4	78.4	-15.9	-7.9	-16.7	29.6	-9.2
Q4	99.1	-4.1	-18.6	2.8	9.1	79.3	-14.4	-6.3	-11.6	29.8	-9.8
2014 Q1	101.6	-3.5	-16.5	2.8	8.8	79.8	-11.2	-4.6	-7.0	23.8	-9.6
2013 Dec.	100.4	-3.4	-16.7	1.7	8.3	-	-13.5	-5.7	-9.8	29.0	-9.5
2014 Jan.	101.0	-3.8	-16.7	3.0	8.2	80.1	-11.7	-4.9	-7.6	24.6	-9.5
Feb.	101.2	-3.5	-16.3	2.4	8.3	-	-12.7	-4.8	-8.7	26.3	-11.0
Mar.	102.5	-3.3	-16.6	3.0	9.8	-	-9.3	-4.0	-4.6	20.4	-8.2
Apr.	102.0	-3.5	-15.3	3.2	8.2	79.5	-8.6	-4.1	-3.5	18.4	-8.6
May	102.7	-3.0	-14.6	3.3	9.0	-	-7.1	-3.4	-2.5	15.1	-7.4

	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
2010	-28.5	-39.3	-17.6	-4.0	-6.5	7.2	1.6	3.9	1.4	3.0	7.3
2011	-25.2	-33.1	-17.2	-5.3	-5.4	11.2	0.6	5.3	2.2	5.4	8.3
2012	-27.6	-34.3	-21.0	-15.1	-18.5	14.4	-12.4	-6.8	-11.8	-7.6	-1.0
2013	-30.0	-38.2	-21.7	-12.5	-18.9	9.3	-9.2	-6.1	-9.9	-8.6	0.2
2013 Q1	-28.7	-36.8	-20.7	-16.1	-24.0	10.8	-13.5	-7.7	-12.6	-8.9	-1.8
Q2	-31.5	-38.5	-24.3	-16.5	-24.5	11.2	-13.9	-9.9	-14.5	-13.3	-1.9
Q3	-31.0	-39.7	-22.3	-10.4	-16.4	8.7	-6.1	-5.3	-8.2	-8.6	0.8
Q4	-28.6	-37.7	-19.5	-6.8	-10.5	6.6	-3.5	-1.3	-4.2	-3.4	3.6
2014 Q1	-29.0	-39.6	-18.5	-3.0	-5.6	5.6	2.3	3.4	1.0	1.9	7.2
2013 Dec.	-26.4	-34.8	-18.0	-5.0	-9.1	6.4	0.3	0.4	-2.1	-0.4	3.6
2014 Jan.	-29.8	-41.3	-18.4	-3.4	-8.1	5.9	3.7	2.4	-0.6	-0.2	8.0
Feb.	-28.5	-37.5	-19.5	-3.0	-4.3	6.0	1.3	3.3	0.5	2.4	7.0
Mar.	-28.7	-39.9	-17.6	-2.5	-4.3	4.9	1.8	4.5	3.2	3.5	6.7
Apr.	-30.4	-40.0	-20.7	-2.5	-5.8	6.1	4.4	3.5	2.3	1.5	6.7
May	-30.0	-40.4	-19.7	-2.5	-3.1	7.7	3.4	3.8	3.2	2.1	6.0

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], [2]

(quarterly data seasonally adjusted; annual data unadjusted)

1. Employment

		By employment status		By economic activity									
	Total	Employees	Self-employed	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12	13
Persons employed													
levels (thousands)													
2013	145,835	124,672	21,163	4,965	22,786	9,116	35,874	4,079	4,044	1,280	18,389	34,475	10,827
percentage of total persons employed													
2013	100.0	85.5	14.5	3.4	15.6	6.3	24.6	2.8	2.8	0.9	12.6	23.6	7.4
annual percentage changes													
2011	0.3	0.4	-0.2	-2.0	0.1	-3.7	0.7	1.3	-0.4	0.6	2.5	0.3	0.1
2012	-0.6	-0.7	-0.1	-1.9	-0.9	-4.7	-0.8	1.2	-0.4	-0.4	0.7	-0.3	0.6
2013	-0.8	-0.8	-0.8	-1.6	-1.4	-4.5	-0.8	0.3	-0.8	-1.7	0.3	-0.3	-0.2
2013 Q1	-1.1	-1.1	-1.3	-2.9	-1.5	-5.5	-1.3	0.3	-1.1	-2.1	0.3	-0.5	0.1
Q2	-1.0	-1.1	-0.8	-1.5	-1.4	-5.7	-1.0	0.0	-1.2	-3.0	0.2	-0.4	0.1
Q3	-0.9	-0.9	-0.7	-1.1	-1.6	-4.3	-0.9	0.4	-0.4	-0.9	0.1	-0.2	-0.4
Q4	-0.5	-0.4	-0.7	-0.8	-1.2	-3.0	-0.3	0.3	-0.3	-1.1	0.7	0.0	-0.8
quarter-on-quarter percentage changes													
2013 Q1	-0.5	-0.5	-0.6	-1.3	-0.4	-1.4	-0.5	-0.4	-0.1	-1.0	-0.6	-0.3	-0.4
Q2	0.0	-0.1	0.1	1.6	-0.4	-1.0	0.1	0.1	-0.2	0.1	0.3	-0.1	0.1
Q3	0.0	0.0	-0.1	-0.5	-0.4	-0.4	-0.1	0.0	0.0	0.7	0.7	0.1	-0.1
Q4	0.1	0.1	0.0	-0.5	-0.1	-0.4	0.2	0.5	0.0	-0.9	0.2	0.3	-0.4
Hours worked													
levels (millions)													
2013	228,788	184,181	44,606	9,972	35,887	15,806	59,436	6,528	6,370	1,962	28,574	49,089	15,164
percentage of total hours worked													
2013	100.0	80.5	19.5	4.4	15.7	6.9	26.0	2.9	2.8	0.9	12.5	21.5	6.6
annual percentage changes													
2011	0.3	0.5	-0.7	-3.0	0.8	-3.8	0.4	1.4	-0.2	1.3	2.7	0.5	0.1
2012	-1.4	-1.4	-1.3	-2.9	-2.0	-6.1	-1.6	0.6	-0.9	-1.2	0.5	-0.5	-0.1
2013	-1.1	-1.1	-1.1	-1.0	-1.2	-4.9	-1.3	0.0	-0.9	-2.3	0.0	-0.5	-0.6
2013 Q1	-2.3	-2.4	-2.2	-2.5	-3.3	-7.8	-2.2	-0.4	-2.2	-3.0	-0.6	-1.3	-1.7
Q2	-0.9	-1.0	-0.6	-0.5	-0.6	-5.2	-1.3	0.3	-1.1	-3.0	0.3	-0.3	-0.1
Q3	-1.0	-0.9	-1.2	-0.4	-0.7	-3.9	-1.4	-0.3	-0.6	-1.8	-0.3	-0.4	-0.6
Q4	-0.3	-0.2	-0.4	-0.4	-0.2	-2.8	-0.2	0.4	0.0	-1.3	0.4	0.1	-0.5
quarter-on-quarter percentage changes													
2013 Q1	-0.9	-0.9	-0.9	-0.2	-1.0	-2.1	-0.8	-0.2	-0.2	-0.6	-0.9	-1.0	-0.6
Q2	0.6	0.6	0.8	0.8	1.2	0.5	0.6	0.5	0.3	0.4	0.7	0.4	0.5
Q3	0.0	0.0	0.1	-0.4	-0.1	-0.6	0.1	-0.4	0.0	-0.4	0.6	0.1	0.0
Q4	0.0	0.1	-0.4	-0.6	-0.3	-0.7	0.0	0.6	-0.1	-0.7	0.0	0.6	-0.4
Hours worked per person employed													
levels (thousands)													
2013	1,569	1,477	2,108	2,008	1,575	1,734	1,657	1,600	1,575	1,533	1,554	1,424	1,401
annual percentage changes													
2011	0.0	0.2	-0.5	-1.0	0.6	-0.1	-0.3	0.2	0.2	0.8	0.2	0.2	0.0
2012	-0.8	-0.7	-1.2	-1.0	-1.1	-1.5	-0.8	-0.7	-0.4	-0.8	-0.3	-0.2	-0.8
2013	-0.3	-0.3	-0.3	0.6	0.2	-0.5	-0.4	-0.3	-0.1	-0.6	-0.3	-0.2	-0.4
2013 Q1	-1.2	-1.3	-0.9	0.4	-1.8	-2.5	-0.9	-0.7	-1.1	-0.9	-0.9	-0.8	-1.8
Q2	0.1	0.1	0.2	1.0	0.8	0.6	-0.3	0.3	0.1	0.0	0.1	0.1	-0.2
Q3	-0.1	0.0	-0.5	0.7	0.9	0.4	-0.5	-0.7	-0.2	-0.9	-0.4	-0.2	-0.1
Q4	0.2	0.2	0.3	0.4	1.0	0.2	0.1	0.2	0.3	-0.3	-0.3	0.1	0.3
quarter-on-quarter percentage changes													
2013 Q1	-0.4	-0.5	-0.2	1.1	-0.7	-0.7	-0.3	0.2	-0.2	0.4	-0.3	-0.7	-0.2
Q2	0.7	0.7	0.7	-0.8	1.6	1.5	0.5	0.4	0.6	0.3	0.4	0.5	0.4
Q3	0.0	0.0	0.2	0.2	0.2	-0.2	0.2	-0.4	0.0	-1.2	-0.1	-0.1	0.1
Q4	-0.1	0.0	-0.4	-0.1	-0.2	-0.4	-0.3	0.0	0.0	0.2	-0.2	0.3	0.0

Source: ECB calculations based on Eurostat data.

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

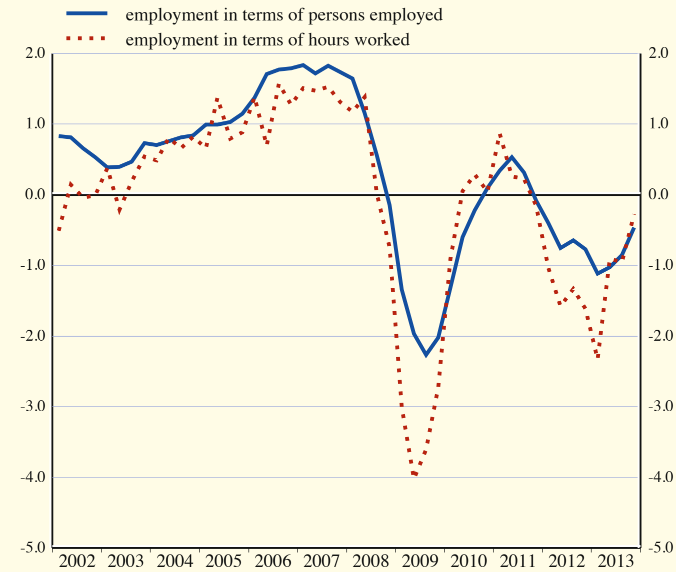
2) Data refer to the Euro 18.

5.3 Labour markets
(seasonally adjusted, unless otherwise indicated)

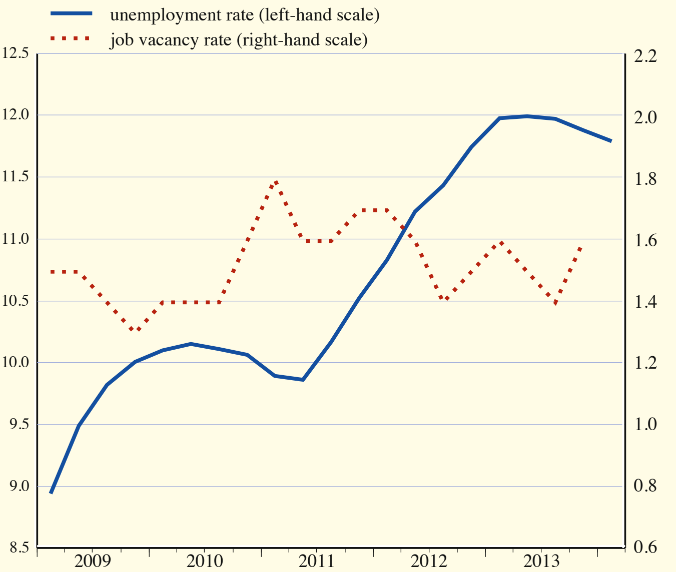
2. Unemployment and job vacancies [1]

	Unemployment										Job vacancy rate [2), 3)]
	Total		By age [4)]				By gender [5)]				
	Millions	% of labour force	Adult		Youth		Male		Female		
			Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	% of total posts
% of total in 2010	100.0		79.3		20.7		54.2		45.8		
	1	2	3	4	5	6	7	8	9	10	11
2010	15.999	10.1	12.692	8.9	3.307	21.0	8.671	10.0	7.328	10.2	1.5
2011	16.060	10.1	12.830	8.9	3.230	20.9	8.595	9.9	7.465	10.4	1.7
2012	18.094	11.3	14.585	10.1	3.508	23.1	9.746	11.2	8.348	11.4	1.6
2013	19.152	12.0	15.598	10.7	3.554	23.9	10.311	11.9	8.841	12.0	1.5
2013 Q1	19.180	12.0	15.566	10.7	3.614	24.0	10.352	11.9	8.828	12.0	1.6
Q2	19.222	12.0	15.656	10.8	3.566	23.9	10.347	11.9	8.875	12.1	1.5
Q3	19.190	12.0	15.641	10.7	3.548	24.0	10.367	11.9	8.823	12.0	1.4
Q4	19.016	11.9	15.528	10.7	3.488	23.8	10.179	11.7	8.836	12.0	1.6
2014 Q1	18.864	11.8	15.425	10.6	3.439	23.7	10.123	11.7	8.741	11.9	.
2013 Nov.	19.057	11.9	15.565	10.7	3.492	23.8	10.200	11.8	8.857	12.1	-
Dec.	18.919	11.8	15.453	10.6	3.466	23.7	10.121	11.7	8.798	12.0	-
2014 Jan.	18.908	11.8	15.435	10.6	3.472	23.8	10.121	11.7	8.786	12.0	-
Feb.	18.858	11.8	15.429	10.6	3.429	23.6	10.134	11.7	8.723	11.9	-
Mar.	18.827	11.8	15.410	10.6	3.417	23.6	10.114	11.7	8.713	11.9	-
Apr.	18.751	11.7	15.370	10.6	3.381	23.5	10.104	11.7	8.646	11.8	-

C28 Employment - persons employed and hours worked [2)]
(annual percentage changes)



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



Source: Eurostat.
1) Data for unemployment refer to persons and follow ILO recommendations.
2) Data refer to the Euro 18.
3) Industry, construction and services (excluding households as employers and extra-territorial organisations and bodies); non-seasonally adjusted.
4) Adult: 25 years of age and over; youth: below 25 years of age; rates are expressed as a percentage of the labour force for the relevant age group.
5) Rates are expressed as a percentage of the labour force for the relevant gender.

6 GOVERNMENT FINANCE

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

1. Euro area – revenue

	Total	Current revenue										Capital revenue		Memo item: Fiscal burden [2]
			Direct taxes	Households	Corporations	Indirect taxes	Received by EU institutions	Social contributions	Employers	Employees	Sales		Capital taxes	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2005	44.8	44.3	11.7	8.6	3.0	13.3	0.3	15.4	8.1	4.4	2.3	0.5	0.2	40.6
2006	45.3	45.0	12.3	8.7	3.4	13.4	0.3	15.3	8.0	4.4	2.3	0.3	0.2	41.2
2007	45.3	45.0	12.7	8.9	3.6	13.3	0.3	15.0	8.0	4.3	2.3	0.3	0.2	41.2
2008	45.1	44.8	12.5	9.1	3.2	12.9	0.3	15.3	8.1	4.4	2.3	0.2	0.2	40.8
2009	44.9	44.6	11.6	9.2	2.3	12.8	0.3	15.8	8.3	4.5	2.5	0.3	0.4	40.5
2010	44.8	44.6	11.5	8.9	2.5	13.0	0.3	15.7	8.2	4.5	2.6	0.2	0.3	40.5
2011	45.3	45.0	11.9	9.1	2.7	13.1	0.3	15.7	8.2	4.5	2.6	0.3	0.3	40.9
2012	46.2	46.0	12.4	9.5	2.7	13.3	0.3	15.9	8.3	4.6	2.6	0.2	0.3	41.8
2013	46.7	46.5	12.7	9.8	2.8	13.3	0.3	16.0	8.3	4.7	2.6	0.3	0.3	42.3

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
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	1.7	0.5	3.9	2.5	1.4	0.0	43.8
2007	46.0	42.2	10.1	5.0	3.0	24.1	21.4	1.6	0.4	3.8	2.6	1.2	0.0	43.0
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	51.2	47.0	11.1	5.7	2.9	27.3	24.3	1.8	0.5	4.3	2.8	1.4	0.0	48.4
2010	51.0	46.6	10.9	5.7	2.8	27.2	24.2	1.8	0.4	4.4	2.6	1.9	0.0	48.2
2011	49.5	45.9	10.6	5.5	3.0	26.8	23.8	1.7	0.4	3.5	2.4	1.2	0.0	46.4
2012	49.9	46.2	10.5	5.5	3.1	27.0	24.2	1.7	0.4	3.7	2.1	1.6	0.1	46.8
2013	49.7	46.4	10.5	5.5	2.9	27.6	24.6	1.7	0.4	3.3	2.1	1.2	0.1	46.8

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
2005	-2.5	-2.3	-0.3	-0.2	0.2	0.5	20.5	10.5	5.0	5.2	1.9	2.3	8.0	12.5
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	20.1	10.1	5.0	5.2	1.9	2.3	7.7	12.3
2008	-2.1	-2.3	-0.2	-0.2	0.5	0.9	20.6	10.3	5.2	5.4	2.0	2.3	8.0	12.7
2009	-6.4	-5.2	-0.5	-0.3	-0.4	-3.5	22.4	11.1	5.7	5.9	2.1	2.5	8.6	13.7
2010	-6.2	-5.1	-0.7	-0.3	-0.1	-3.4	22.0	10.9	5.7	5.8	2.1	2.6	8.4	13.6
2011	-4.1	-3.3	-0.7	-0.2	0.1	-1.1	21.5	10.6	5.5	5.8	2.1	2.6	8.2	13.3
2012	-3.7	-3.4	-0.3	0.0	0.0	-0.6	21.5	10.5	5.5	5.8	2.1	2.6	8.2	13.3
2013	-3.0	-2.6	-0.2	0.0	-0.2	-0.1	21.6	10.5	5.5	5.9	2.1	2.6	8.2	13.4

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

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LV	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	18
2010	-3.8	-4.2	0.2	-30.6	-10.9	-9.6	-7.0	-4.5	-5.3	-8.2	-0.8	-3.5	-5.1	-4.5	-9.8	-5.9	-7.5	-2.5
2011	-3.8	-0.8	1.1	-13.1	-9.6	-9.6	-5.2	-3.7	-6.3	-3.5	0.2	-2.7	-4.3	-2.5	-4.3	-6.4	-4.8	-0.7
2012	-4.1	0.1	-0.2	-8.2	-8.9	-10.6	-4.9	-3.0	-6.4	-1.3	0.0	-3.3	-4.1	-2.6	-6.4	-4.0	-4.5	-1.8
2013	-2.6	0.0	-0.2	-7.2	-12.7	-7.1	-4.3	-3.0	-5.4	-1.0	0.1	-2.8	-2.5	-1.5	-4.9	-14.7	-2.8	-2.1

Sources: ECB for euro area aggregated data; European Commission for data relating to countries' deficit/surplus.
1) 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 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
2004	69.6	2.2	12.2	4.7	50.5	38.7	19.4	11.2	8.1	30.9
2005	70.5	2.4	12.3	4.4	51.4	37.0	18.8	11.3	7.0	33.5
2006	68.6	2.5	11.9	3.8	50.5	34.9	18.9	9.3	6.7	33.7
2007	66.3	2.2	11.3	3.9	48.8	32.7	17.6	8.6	6.5	33.6
2008	70.1	2.3	11.6	6.5	49.7	33.4	18.4	7.9	7.1	36.7
2009	80.0	2.5	12.8	8.3	56.5	37.4	21.6	9.2	6.6	42.6
2010	85.5	2.5	15.5	7.3	60.2	41.4	24.3	10.6	6.5	44.1
2011	87.4	2.5	15.5	7.4	62.0	43.3	24.5	11.4	7.4	44.0
2012	90.7	2.6	17.4	6.8	63.9	46.2	26.4	12.6	7.2	44.5
2013	92.6	2.6	16.9	6.3	66.8	47.1	26.5	13.5	7.1	45.5

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

	Total	Issued by: [4]				Original maturity			Residual maturity			Currencies	
		Central gov.	State gov.	Local gov.	Social security funds	Up to 1 year	Over 1 year	Variable interest rate	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currencies	Other currencies
	1	2	3	4	5	6	7	8	9	10	11	12	13
2004	69.6	56.6	6.6	5.1	1.3	7.6	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	4.5	14.8	25.8	29.9	69.4	1.1
2006	68.6	55.4	6.5	5.4	1.4	7.2	61.5	4.3	14.3	24.2	30.1	67.9	0.7
2007	66.3	53.4	6.3	5.3	1.4	7.2	59.1	4.2	14.5	23.6	28.2	65.7	0.5
2008	70.1	56.8	6.7	5.3	1.3	10.1	60.1	4.9	17.7	23.4	29.0	69.2	1.0
2009	80.0	64.8	7.7	5.8	1.7	12.1	67.9	5.0	19.5	27.3	33.2	78.8	1.2
2010	85.5	69.3	8.4	5.9	1.9	13.1	72.4	5.2	21.3	29.3	34.9	84.3	1.2
2011	87.4	70.7	8.6	5.9	2.2	12.6	74.8	6.2	20.8	30.4	36.1	85.7	1.7
2012	90.7	73.6	8.9	6.0	2.3	11.8	78.9	7.3	20.1	32.2	38.4	88.7	2.0
2013	92.6	75.9	8.5	6.0	2.2	10.8	81.8	7.4	20.3	32.7	39.6	90.7	1.9

3. Euro area countries

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LV	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	18
2010	96.6	82.5	6.7	91.2	148.3	61.7	82.7	119.3	61.3	44.5	19.5	66.0	63.4	72.5	94.0	38.7	41.0	48.8
2011	99.2	80.0	6.1	104.1	170.3	70.5	86.2	120.7	71.5	42.0	18.7	68.8	65.7	73.1	108.2	47.1	43.6	49.3
2012	101.1	81.0	9.8	117.4	157.2	86.0	90.6	127.0	86.6	40.8	21.7	70.8	71.3	74.4	124.1	54.4	52.7	53.6
2013	101.5	78.4	10.0	123.7	175.1	93.9	93.5	132.6	111.7	38.1	23.1	73.0	73.5	74.5	129.0	71.7	55.4	57.0

Sources: ECB for euro area aggregated data; European Commission for data relating to countries' debt.
1) 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]			Other creditors [6]
										MFIs	Other financial corporations	
	1	2	3	4	5	6	7	8	9	10	11	12
2005	3.3	3.1	0.2	0.0	0.3	0.5	-0.1	2.6	-0.4	0.0	0.5	3.7
2006	1.6	1.5	0.1	0.0	0.2	0.3	-0.4	1.6	-0.3	1.1	-1.4	1.9
2007	1.2	1.2	0.0	0.0	-0.1	0.0	0.3	1.0	-0.4	-0.4	-0.3	1.6
2008	5.4	5.2	0.1	0.0	0.1	0.6	2.7	2.0	1.5	1.2	-0.5	3.9
2009	7.3	7.5	-0.2	0.0	0.1	0.7	1.6	4.9	2.7	2.5	1.0	4.6
2010	7.6	7.8	-0.1	0.0	0.1	3.1	-0.7	5.2	5.0	3.3	1.6	2.6
2011	4.2	4.0	0.1	0.0	0.0	0.4	0.2	3.5	3.0	0.9	1.1	1.2
2012	3.9	5.3	-1.4	0.0	0.1	2.0	-0.5	2.2	3.1	2.1	1.2	0.7
2013	2.8	2.8	-0.1	0.1	0.0	-0.3	-0.5	3.6	1.3	0.3	1.1	1.5

2. Euro area − deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+)	Deficit-debt adjustment [7]											
			Total	Transactions in main financial assets held by general government							Valuation effects		Other changes in volume	Other [8]
				Total	Currency and deposits	Loans	Securities [9]	Shares and other equity				Exchange rate effects		
									Privatisations	Equity injections				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2005	3.3	-2.5	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	5.4	-2.1	3.2	3.1	0.8	0.7	0.7	0.9	-0.1	0.7	0.1	0.0	0.0	0.0
2009	7.3	-6.4	1.0	1.0	0.3	0.0	0.3	0.5	-0.3	0.5	-0.2	0.0	0.0	0.1
2010	7.6	-6.2	1.4	1.8	0.0	0.5	1.0	0.2	0.0	0.2	-0.1	0.0	0.0	-0.2
2011	4.2	-4.1	0.1	-0.3	0.2	-0.2	-0.2	-0.1	-0.1	0.2	0.1	0.0	0.0	0.2
2012	3.9	-3.7	0.2	1.2	0.3	0.4	-0.1	0.6	-0.2	0.3	-1.4	0.0	0.0	0.4
2013	2.8	-3.0	-0.2	-0.5	-0.5	-0.3	-0.2	0.4	-0.1	0.4	-0.1	0.0	0.1	0.3

Source: ECB.

1) Data 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) The difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.
8) Mainly composed of transactions in other assets and liabilities (trade credits, other receivables/payables and financial derivatives).
9) 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
2007 Q4	49.1	48.5	14.7	13.8	15.7	2.5	1.0	0.6	0.3	44.5
2008 Q1	42.5	42.2	10.9	12.4	14.8	2.2	1.1	0.3	0.2	38.3
Q2	45.3	44.9	12.9	12.3	15.0	2.3	1.5	0.4	0.3	40.6
Q3	43.4	43.0	12.1	12.1	15.0	2.3	0.8	0.4	0.3	39.4
Q4	48.7	48.1	13.8	13.3	16.3	2.6	1.1	0.5	0.3	43.8
2009 Q1	42.6	42.5	10.5	12.0	15.6	2.4	1.1	0.1	0.2	38.4
Q2	45.3	44.8	11.8	12.5	15.7	2.5	1.4	0.6	0.5	40.5
Q3	42.8	42.5	10.9	12.1	15.5	2.4	0.7	0.3	0.3	38.7
Q4	48.5	47.7	12.9	13.6	16.4	2.7	1.0	0.8	0.5	43.4
2010 Q1	42.5	42.4	10.2	12.4	15.5	2.4	0.9	0.2	0.3	38.4
Q2	45.2	44.8	11.9	12.7	15.4	2.6	1.3	0.4	0.3	40.3
Q3	43.1	42.7	10.9	12.6	15.3	2.5	0.7	0.3	0.3	39.0
Q4	48.3	47.6	13.1	13.2	16.4	2.8	1.0	0.7	0.3	43.0
2011 Q1	43.2	42.9	10.7	12.6	15.3	2.4	1.0	0.3	0.3	38.9
Q2	45.3	45.0	12.1	12.7	15.4	2.5	1.5	0.3	0.3	40.4
Q3	43.7	43.4	11.4	12.6	15.3	2.5	0.8	0.3	0.3	39.5
Q4	49.0	47.9	13.3	13.2	16.6	2.8	1.0	1.1	0.4	43.6
2012 Q1	43.7	43.5	11.0	12.9	15.4	2.4	1.0	0.3	0.2	39.5
Q2	46.2	45.9	12.6	12.9	15.6	2.6	1.4	0.3	0.3	41.3
Q3	44.6	44.2	11.9	12.7	15.5	2.5	0.7	0.4	0.3	40.4
Q4	50.2	49.5	14.0	13.6	16.9	2.9	1.0	0.7	0.3	44.9
2013 Q1	44.3	44.0	11.3	12.8	15.6	2.4	1.0	0.2	0.3	40.0
Q2	47.4	46.9	13.1	13.0	15.7	2.6	1.5	0.4	0.4	42.2
Q3	45.1	44.6	12.1	12.7	15.5	2.5	0.7	0.5	0.4	40.7
Q4	50.2	49.5	14.2	13.7	16.9	2.8	0.9	0.7	0.3	45.1

2. Euro area – quarterly expenditure and deficit/surplus

	Total	Current expenditure							Capital expenditure			Deficit (-)/ surplus (+)	Primary deficit (-)/ surplus (+)
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers				Investment	Capital transfers		
							Social benefits	Subsidies					
	1	2	3	4	5	6	7	8	9	10	11	12	13
2007 Q4	49.2	44.7	10.8	5.9	2.9	25.0	21.2	1.5	4.5	2.8	1.7	-0.1	2.8
2008 Q1	45.3	41.8	9.8	4.5	3.0	24.4	20.7	1.2	3.6	2.3	1.2	-2.9	0.1
Q2	45.9	42.3	10.3	5.0	3.3	23.8	20.7	1.1	3.6	2.6	1.0	-0.7	2.6
Q3	45.7	42.0	9.8	5.0	3.0	24.3	21.1	1.2	3.7	2.7	1.0	-2.4	0.6
Q4	51.3	46.7	11.3	6.3	2.9	26.3	22.2	1.4	4.6	3.0	1.6	-2.7	0.2
2009 Q1	49.3	45.4	10.7	5.1	2.8	26.9	22.9	1.3	3.9	2.6	1.2	-6.7	-3.9
Q2	50.7	46.5	11.1	5.5	3.0	26.8	23.3	1.3	4.2	2.8	1.3	-5.3	-2.3
Q3	50.0	46.0	10.6	5.5	2.8	27.1	23.5	1.3	4.1	2.9	1.1	-7.2	-4.4
Q4	54.6	49.8	11.8	6.8	2.8	28.4	24.0	1.5	4.9	3.0	1.8	-6.1	-3.3
2010 Q1	50.4	46.5	10.7	5.1	2.7	27.9	23.6	1.4	3.9	2.4	1.5	-7.9	-5.1
Q2	49.6	46.1	11.0	5.5	3.0	26.7	23.2	1.3	3.5	2.6	1.1	-4.5	-1.5
Q3	50.5	45.2	10.3	5.4	2.7	26.8	23.1	1.3	5.3	2.6	2.6	-7.4	-4.7
Q4	53.5	48.8	11.5	6.7	2.9	27.7	23.6	1.5	4.7	2.7	2.0	-5.2	-2.3
2011 Q1	48.4	45.3	10.3	5.0	2.9	27.1	23.1	1.3	3.1	2.2	1.0	-5.2	-2.4
Q2	48.5	45.3	10.7	5.3	3.2	26.1	22.8	1.2	3.3	2.3	0.9	-3.2	0.0
Q3	48.0	44.5	10.1	5.3	2.9	26.3	22.9	1.2	3.5	2.3	1.1	-4.3	-1.4
Q4	52.7	48.7	11.3	6.6	3.2	27.7	23.6	1.5	4.0	2.5	1.8	-3.8	-0.6
2012 Q1	48.1	45.4	10.2	4.9	3.0	27.3	23.2	1.2	2.7	1.9	0.8	-4.3	-1.4
Q2	49.2	45.9	10.6	5.3	3.3	26.7	23.2	1.1	3.3	2.1	1.2	-2.9	0.4
Q3	48.4	44.9	10.1	5.3	2.9	26.7	23.3	1.2	3.5	2.2	1.3	-3.8	-0.9
Q4	53.9	48.7	11.1	6.5	3.2	27.9	24.0	1.4	5.2	2.4	2.8	-3.7	-0.5
2013 Q1	48.8	46.2	10.3	5.0	2.8	28.1	23.8	1.2	2.7	1.8	1.0	-4.6	-1.8
Q2	49.5	46.1	10.5	5.4	3.1	27.2	23.5	1.1	3.4	2.0	1.4	-2.2	0.9
Q3	48.5	45.3	10.0	5.3	2.8	27.2	23.5	1.2	3.2	2.1	1.0	-3.4	-0.6
Q4	52.2	48.6	11.1	6.3	2.9	28.3	24.2	1.5	3.6	2.3	1.4	-2.1	0.9

Sources: ECB calculations based on Eurostat and national data.

1) The concepts "revenue", "expenditure" and "deficit/surplus" are based on the ESA 95. Transactions between the EU budget and entities outside the government sector are not included. Otherwise, except for different data transmission deadlines, the quarterly data are consistent with the annual data.

2) The fiscal burden comprises taxes and social contributions.

6.5 Quarterly debt and change in debt [1)]
(as a percentage of GDP)

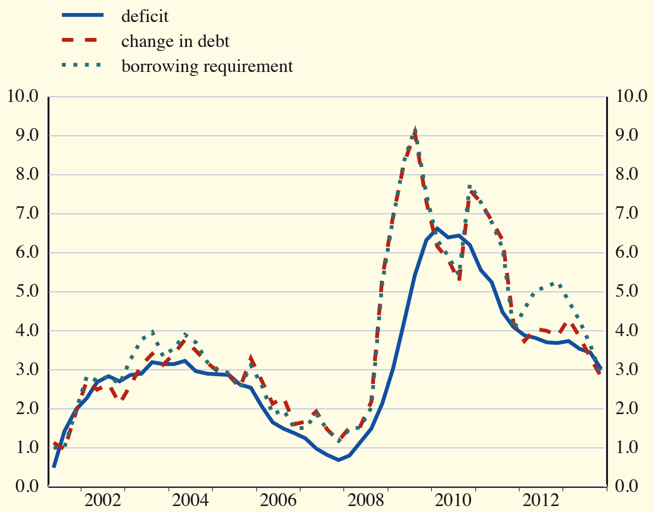
1. Euro area – Maastricht debt by financial instrument

	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2011 Q1	86.4	2.5	15.4	7.4	61.1
Q2	87.2	2.5	15.1	7.5	62.2
Q3	86.9	2.5	15.3	7.8	61.3
Q4	87.4	2.5	15.5	7.4	62.0
2012 Q1	88.3	2.6	15.9	7.6	62.3
Q2	90.0	2.5	16.8	7.3	63.3
Q3	90.1	2.6	16.7	7.2	63.6
Q4	90.7	2.6	17.4	6.8	63.9
2013 Q1	92.4	2.6	17.1	7.0	65.7
Q2	93.5	2.5	17.0	6.9	67.0
Q3	92.7	2.6	16.8	6.9	66.5
Q4	92.6	2.6	16.9	6.3	66.8

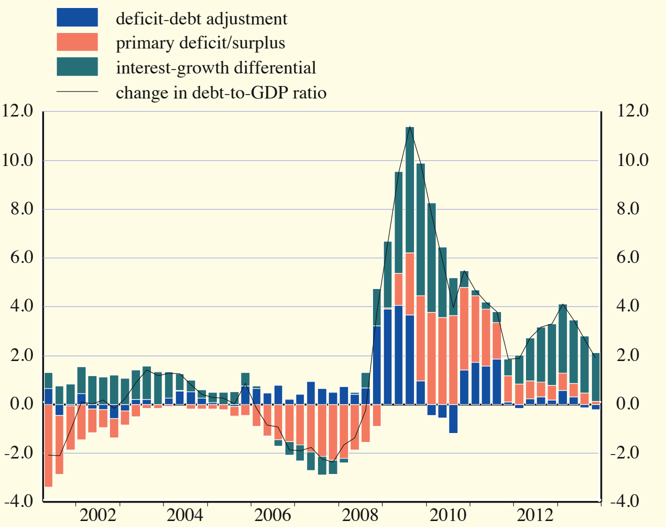
2. Euro area – deficit-debt adjustment

	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
2011 Q1	6.9	-5.2	1.7	0.8	2.1	-0.8	-0.6	0.0	0.2	0.7	6.7
Q2	5.9	-3.2	2.7	2.5	2.8	0.6	-0.3	-0.5	0.2	0.0	5.7
Q3	0.9	-4.3	-3.4	-3.8	-3.7	-0.4	0.1	0.2	0.5	-0.1	0.3
Q4	3.3	-3.8	-0.5	-0.6	-0.2	-0.3	-0.1	0.1	-0.2	0.3	3.5
2012 Q1	5.0	-4.3	0.6	3.4	4.1	-0.2	-0.5	0.0	-3.8	1.0	8.8
Q2	7.1	-2.9	4.2	4.0	1.8	1.0	0.5	0.7	-0.5	0.7	7.6
Q3	0.7	-3.8	-3.1	-2.1	-2.1	0.5	-0.6	0.1	-0.1	-0.9	0.7
Q4	2.7	-3.7	-1.0	-0.4	-2.4	0.3	0.2	1.5	-1.3	0.7	4.0
2013 Q1	6.8	-4.6	2.2	1.6	1.5	-0.6	-0.2	0.9	0.0	0.6	6.8
Q2	5.2	-2.2	3.1	3.7	3.2	0.2	0.0	0.3	-0.3	-0.3	5.5
Q3	-1.4	-3.4	-4.8	-4.3	-3.4	-0.9	0.0	0.0	0.3	-0.7	-1.7
Q4	0.8	-2.1	-1.3	-2.7	-3.1	0.2	-0.3	0.5	-0.1	1.6	0.9

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) Intergovernmental lending in the context of the financial crisis is consolidated.

EXTERNAL TRANSACTIONS AND POSITIONS

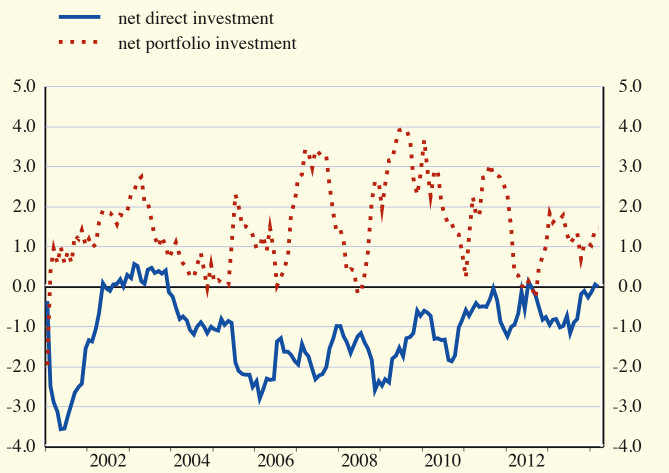
7

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
2011	12.1	0.9	77.9	39.6	-106.3	10.7	22.7	-50.9	-101.7	238.6	-5.6	-172.0	-10.3	28.2
2012	133.1	89.0	95.0	56.3	-107.3	6.5	139.6	-165.0	-71.6	95.4	5.3	-179.3	-15.0	25.5
2013	227.7	165.2	113.2	70.3	-121.1	20.1	247.8	-246.9	-24.9	105.8	18.2	-341.7	-4.4	-0.9
2013 Q1	28.6	29.3	19.0	22.3	-42.0	2.1	30.7	-23.2	-25.2	2.4	8.2	-8.6	-0.1	-7.5
Q2	60.1	49.9	30.3	10.0	-30.0	5.6	65.6	-72.2	22.0	44.0	-1.9	-135.1	-1.2	6.6
Q3	51.4	38.1	33.5	14.0	-34.1	4.6	56.0	-55.9	-12.7	4.9	7.6	-52.9	-2.9	-0.1
Q4	87.6	48.0	30.5	24.0	-14.9	7.9	95.5	-95.6	-9.1	54.6	4.3	-145.1	-0.3	0.2
2014 Q1	41.6	35.1	25.0	21.4	-39.8	5.6	47.2	-41.5	-0.4	38.3	1.1	-78.7	-1.8	-5.7
2013 Mar.	24.3	21.8	7.7	7.6	-12.9	0.7	25.1	-16.0	-15.5	-9.1	1.0	5.4	2.3	-9.1
Apr.	15.7	16.0	8.3	1.8	-10.4	1.8	17.4	-22.1	-7.5	-6.4	-5.6	-2.5	0.0	4.7
May	13.3	16.5	9.5	-3.0	-9.7	2.7	16.0	-19.3	43.7	24.7	-8.6	-78.5	-0.6	3.3
June	31.1	17.4	12.5	11.2	-10.0	1.1	32.2	-30.8	-14.3	25.7	12.4	-54.0	-0.6	-1.4
July	25.7	18.7	13.1	5.1	-11.2	2.5	28.3	-28.6	6.9	-31.3	-2.0	-2.6	0.2	0.4
Aug.	10.2	6.7	8.1	6.9	-11.6	1.5	11.7	-6.8	-0.3	18.8	6.7	-30.0	-2.0	-5.0
Sep.	15.5	12.7	12.2	1.9	-11.3	0.5	16.0	-20.4	-19.3	17.4	2.9	-20.3	-1.1	4.5
Oct.	26.3	17.7	10.0	6.6	-8.1	3.0	29.3	-18.8	20.4	-6.4	3.8	-37.5	0.9	-10.4
Nov.	28.4	17.6	9.0	6.5	-4.7	2.3	30.7	-30.3	-19.8	57.0	-1.3	-66.4	0.2	-0.5
Dec.	32.9	12.7	11.4	10.9	-2.1	2.6	35.5	-46.5	-9.7	3.9	1.8	-41.3	-1.3	11.0
2014 Jan.	7.0	0.7	8.8	7.5	-10.0	1.0	8.0	-4.7	-9.1	19.3	-0.1	-12.1	-2.7	-3.3
Feb.	13.8	15.5	9.0	6.5	-17.3	2.7	16.5	-12.2	30.8	26.6	2.7	-73.1	0.8	-4.3
Mar.	20.9	18.9	7.2	7.4	-12.5	1.9	22.8	-24.6	-22.2	-7.6	-1.5	6.5	0.1	1.9
	12-month cumulated transactions													
2014 Mar.	240.7	171.0	119.2	69.3	-118.9	23.6	264.3	-265.2	-0.1	141.7	11.1	-411.8	-6.2	0.9
	12-month cumulated transactions as a percentage of GDP													
2014 Mar.	2.5	1.8	1.2	0.7	-1.2	0.2	2.7	-2.7	0.0	1.5	0.1	-4.3	-0.1	0.0

C32 Euro area b.o.p.: current account
(seasonally adjusted; 12-month cumulated transactions as a percentage of GDP)

C33 Euro area b.o.p.: direct and portfolio investment
(12-month cumulated transactions as a percentage of GDP)



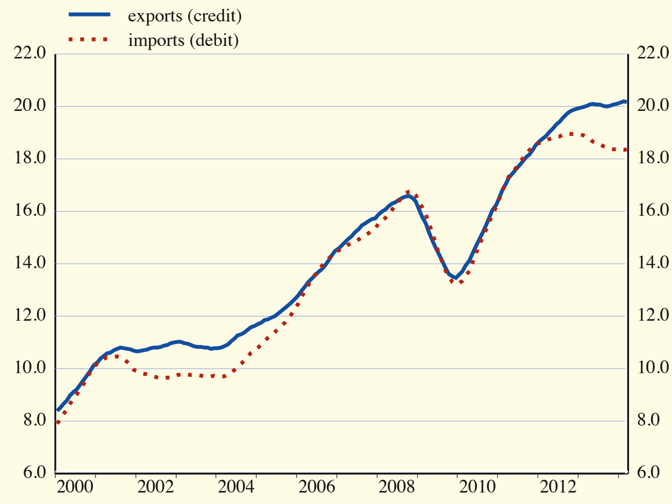
Source: ECB.
1) The sign convention is explained in the General Notes.

7.2 Current and capital accounts
(EUR billions; transactions)

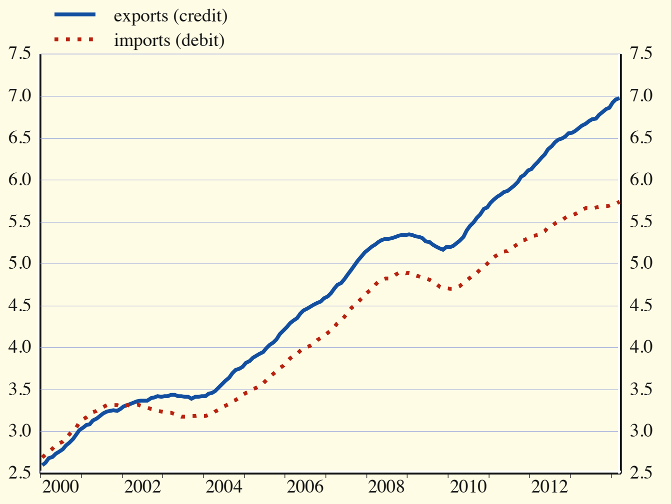
1. Summary current and capital accounts

	Current account													Capital account	
	Total			Goods		Services		Income		Current transfers					
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit		Debit		Credit	Debit
											Workers' remittances		Workers' remittances		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2011	3,028.7	3,016.6	12.1	1,792.9	1,792.1	590.8	512.9	549.1	509.5	95.8	6.5	202.1	27.1	25.8	15.1
2012	3,222.8	3,089.7	133.1	1,921.5	1,832.5	633.6	538.5	569.1	512.8	98.6	6.8	205.9	26.0	30.6	24.1
2013	3,247.0	3,019.3	227.7	1,935.8	1,770.6	662.9	549.7	548.6	478.3	99.7	6.7	220.8	24.4	32.4	12.3
2013 Q1	777.4	748.8	28.6	470.6	441.3	146.5	127.5	132.5	110.2	27.7	1.6	69.7	5.9	6.2	4.1
Q2	824.8	764.8	60.1	489.6	439.8	166.5	136.2	148.9	139.0	19.8	1.8	49.8	6.1	7.9	2.3
Q3	807.2	755.7	51.4	479.6	441.5	176.8	143.3	133.2	119.2	17.6	1.7	51.7	6.3	6.7	2.2
Q4	837.6	750.1	87.6	496.0	448.0	173.2	142.7	133.9	109.8	34.6	1.7	49.5	6.1	11.6	3.7
2014 Q1	786.4	744.8	41.6	476.7	441.6	156.1	131.1	125.0	103.6	28.6	.	68.5	.	8.0	2.4
2014 Jan.	256.0	249.0	7.0	152.6	151.9	53.0	44.3	39.8	32.3	10.5	-	20.5	-	1.7	0.7
Feb.	257.9	244.2	13.8	157.1	141.6	49.7	40.7	39.5	33.0	11.6	-	28.9	-	3.3	0.6
Mar.	272.5	251.6	20.9	166.9	148.1	53.3	46.2	45.7	38.3	6.5	-	19.0	-	3.0	1.1
	Seasonally adjusted														
2013 Q3	808.5	758.6	49.9	480.2	442.6	166.7	137.2	136.7	123.3	24.9	-	55.5	-	-	-
Q4	819.1	752.8	66.3	491.7	445.5	169.9	138.7	132.5	115.6	25.0	-	53.0	-	-	-
2014 Q1	817.3	751.3	66.0	489.8	444.8	171.2	139.6	130.5	112.7	25.8	-	54.2	-	-	-
2014 Jan.	273.2	247.8	25.4	164.3	148.6	57.5	45.9	42.9	35.7	8.5	-	17.6	-	-	-
Feb.	273.5	251.7	21.8	164.6	149.1	57.5	45.9	43.0	38.2	8.4	-	18.4	-	-	-
Mar.	270.6	251.8	18.8	160.9	147.1	56.2	47.8	44.6	38.8	8.8	-	18.1	-	-	-
	12-month cumulated transactions														
2014 Mar.	3,261.9	3,018.0	244.0	1,948.0	1,773.7	673.5	554.1	540.6	472.0	99.8	-	218.1	-	-	-
	12-month cumulated transactions as a percentage of GDP														
2014 Mar.	33.8	31.3	2.5	20.2	18.4	7.0	5.7	5.6	4.9	1.0	-	2.3	-	-	-

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
2011	27.4	12.8	521.7	496.7	269.2	58.8	171.1	57.3	40.4	35.2	36.2	99.5	98.2	121.9	77.7	69.0
2012	30.1	13.5	539.0	499.3	281.2	44.2	158.5	19.3	50.2	64.0	42.4	104.6	99.7	115.1	65.6	57.1
2013	29.9	13.9	518.6	464.3	268.2	46.0	143.2	36.7	45.8	58.8	44.8	104.4	99.2	107.9	60.6	49.9
2012 Q4	8.5	3.4	133.6	117.0	72.0	5.6	37.7	-11.5	13.6	17.9	7.9	20.7	24.8	27.3	15.3	13.5
2013 Q1	7.3	2.6	125.3	107.6	66.1	25.6	35.8	15.8	11.4	14.4	7.8	17.7	24.6	27.3	15.4	12.5
Q2	7.5	3.6	141.4	135.3	72.5	1.9	35.6	2.8	11.6	14.4	15.0	44.1	25.1	27.3	17.2	14.0
Q3	7.4	4.1	125.8	115.2	63.8	17.0	37.6	16.1	11.1	14.6	12.3	24.6	24.8	27.0	13.9	11.5
Q4	7.8	3.6	126.1	106.3	65.9	1.5	34.3	2.0	11.7	15.5	9.7	18.1	24.7	26.4	14.1	12.0

3. Geographical breakdown
(cumulated transactions)

2013 Q1 to 2013 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	3,247.0	1,012.9	55.9	100.4	490.7	301.3	64.6	66.0	47.8	161.6	38.3	69.0	124.6	274.2	443.0	1,009.7
Goods	1,935.8	601.0	36.4	58.9	267.8	237.6	0.2	34.0	24.4	121.3	27.5	43.7	86.7	128.1	224.2	644.8
Services	662.9	204.1	12.8	21.1	127.8	35.5	6.8	10.8	11.0	24.8	8.3	15.1	22.0	64.4	101.6	200.9
Income	548.6	143.7	5.7	18.2	83.7	24.8	11.4	20.8	11.7	14.8	2.2	9.3	15.0	72.2	110.7	148.2
Investment income	518.6	135.8	4.8	18.1	81.9	24.1	6.9	20.8	11.6	14.7	2.2	9.2	15.0	56.5	109.2	143.6
Current transfers	99.7	64.1	1.0	2.2	11.4	3.3	46.2	0.5	0.7	0.8	0.2	1.0	0.9	9.4	6.6	15.7
Capital account	32.4	27.7	0.0	0.0	1.2	0.2	26.3	0.0	0.0	0.0	0.0	0.1	0.1	1.1	0.4	2.9
	Debits															
Current account	3,019.3	947.6	48.1	95.3	407.2	278.7	118.3	40.4	30.4	-	35.1	91.1	156.7	230.1	397.1	-
Goods	1,770.6	501.7	31.0	52.1	198.1	220.6	0.0	26.2	14.6	197.2	26.0	43.3	140.1	106.2	150.9	564.4
Services	549.7	160.3	8.3	16.5	92.8	42.4	0.3	5.3	7.3	16.2	7.3	8.9	10.9	51.2	112.2	170.1
Income	478.3	151.1	7.6	24.8	104.4	9.8	4.6	7.6	6.7	-	0.9	38.1	4.5	63.0	127.2	-
Investment income	464.3	143.7	7.5	24.7	102.8	4.2	4.6	7.5	6.5	-	0.7	38.0	4.3	62.6	126.1	-
Current transfers	220.8	134.5	1.3	1.9	11.9	5.9	113.4	1.3	1.9	2.6	0.9	0.7	1.1	9.8	6.9	61.1
Capital account	12.3	5.2	0.0	0.0	4.4	0.5	0.3	0.2	0.4	0.3	0.1	0.1	0.1	0.7	0.5	4.8
	Net															
Current account	227.7	65.3	7.8	5.2	83.5	22.5	-53.7	25.6	17.3	-	3.1	-22.1	-32.1	44.0	45.9	-
Goods	165.2	99.3	5.4	6.9	69.8	17.1	0.2	7.8	9.8	-75.9	1.6	0.4	-53.4	21.9	73.3	80.4
Services	113.2	43.8	4.6	4.6	35.0	-6.9	6.5	5.4	3.7	8.6	1.0	6.2	11.0	13.3	-10.6	30.9
Income	70.3	-7.4	-1.9	-6.6	-20.7	14.9	6.8	13.2	5.0	-	1.3	-28.9	10.5	9.2	-16.5	-
Investment income	54.3	-7.9	-2.7	-6.6	-21.0	20.0	2.4	13.3	5.1	-	1.5	-28.8	10.6	-6.1	-16.9	-
Current transfers	-121.1	-70.4	-0.3	0.3	-0.5	-2.6	-67.2	-0.8	-1.2	-1.8	-0.7	0.2	-0.2	-0.4	-0.3	-45.4
Capital account	20.1	22.6	0.0	0.0	-3.2	-0.3	26.1	-0.2	-0.4	-0.2	-0.1	0.0	0.0	0.3	-0.1	-1.9

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)													
2010	15,183.6	16,453.3	-1,269.7	165.3	179.1	-13.8	4,928.8	3,895.5	4,901.4	7,429.6	-45.0	4,807.2	5,128.2	591.2
2011	15,986.5	17,440.9	-1,454.4	169.3	184.7	-15.4	5,708.5	4,414.6	4,738.4	7,741.7	-54.8	4,927.3	5,284.5	667.1
2012	16,920.5	18,174.3	-1,253.8	178.0	191.2	-13.2	6,125.7	4,634.2	5,254.8	8,423.6	-46.9	4,897.5	5,116.5	689.4
2013 Q2	17,005.4	18,309.3	-1,303.9	178.5	192.2	-13.7	6,230.1	4,739.6	5,351.8	8,539.6	-50.4	4,909.5	5,030.0	564.3
Q3	16,961.7	18,238.3	-1,276.7	177.3	190.7	-13.3	6,181.1	4,719.8	5,453.6	8,680.2	-41.5	4,781.8	4,838.3	586.8
Q4	16,970.8	18,135.2	-1,164.4	176.7	188.9	-12.1	6,266.8	4,764.7	5,537.9	8,801.1	-38.1	4,662.1	4,569.5	542.1
	Changes to outstanding amounts													
2010	1,447.9	1,226.4	221.6	15.8	13.4	2.4	518.3	359.3	557.8	585.9	-26.7	269.7	281.2	128.8
2011	802.9	987.6	-184.7	8.5	10.5	-2.0	779.7	519.1	-163.0	312.2	-9.7	120.0	156.4	75.9
2012	934.0	733.4	200.6	9.8	7.7	2.1	417.2	219.5	516.3	681.9	7.9	-29.7	-168.0	22.3
2013	50.4	-39.0	89.4	0.5	-0.4	0.9	141.1	130.5	283.2	377.4	8.7	-235.4	-547.0	-147.3
2013 Q3	-43.7	-70.9	27.2	-1.8	-3.0	1.1	-49.1	-19.8	101.7	140.6	8.9	-127.7	-191.7	22.4
Q4	9.2	-103.1	112.3	0.4	-4.2	4.5	85.8	44.9	84.4	120.9	3.4	-119.7	-268.9	-44.7
	Transactions													
2010	639.5	626.1	13.4	7.0	6.8	0.1	352.0	274.6	131.4	211.6	-10.2	155.8	139.9	10.5
2011	660.8	609.9	50.9	7.0	6.5	0.5	500.9	399.1	-53.7	184.9	5.6	197.8	25.8	10.3
2012	579.1	414.1	165.0	6.1	4.4	1.7	410.1	338.6	194.3	289.7	-5.3	-34.9	-214.2	15.0
2013	498.1	251.2	246.9	5.2	2.6	2.6	324.2	299.2	250.2	356.0	-18.2	-62.4	-404.0	4.4
2013 Q3	32.4	-23.5	55.9	1.3	-1.0	2.3	50.4	37.7	69.1	74.1	-7.6	-82.4	-135.3	2.9
Q4	177.6	82.0	95.6	7.2	3.3	3.9	151.9	142.8	50.4	104.9	-4.3	-20.6	-165.7	0.3
2014 Q1	171.2	129.7	41.5	7.2	5.5	1.8	-21.6	-22.0	45.9	84.2	-1.1	146.2	67.5	1.8
2013 Nov.	71.8	41.5	30.3	-	-	-	24.5	4.7	19.1	76.2	1.3	27.0	-39.4	-0.2
Dec.	-131.3	-177.9	46.5	-	-	-	-31.0	-40.7	20.6	24.5	-1.8	-120.4	-161.7	1.3
2014 Jan.	173.3	168.6	4.7	-	-	-	25.0	16.0	17.6	36.9	0.1	127.8	115.7	2.7
Feb.	11.8	-0.4	12.2	-	-	-	-46.5	-15.7	14.6	41.2	-2.7	47.3	-25.8	-0.8
Mar.	-13.9	-38.6	24.6	-	-	-	-0.1	-22.2	13.6	6.0	1.5	-28.8	-22.3	-0.1
	Other changes													
2009	571.4	503.0	68.4	6.4	5.6	0.8	146.5	29.8	417.6	552.1	1.1	-86.8	-78.9	93.0
2010	808.4	600.3	208.1	8.8	6.5	2.3	166.3	84.6	426.4	374.3	-16.5	113.9	141.4	118.3
2011	142.1	377.7	-235.7	1.5	4.0	-2.5	278.8	120.0	-109.3	127.2	-15.3	-77.8	130.5	65.6
2012	354.9	319.3	35.6	3.7	3.4	0.4	7.1	-119.1	322.1	392.2	13.2	5.2	46.2	7.3
	Other changes due to exchange rate changes													
2009	-49.2	-56.2	6.9	-0.6	-0.6	0.1	-5.3	5.3	-29.8	-34.3	.	-11.5	-27.2	-2.7
2010	477.9	325.2	152.7	5.2	3.5	1.7	143.4	35.0	160.0	128.7	.	161.3	161.5	13.3
2011	214.1	176.0	38.1	2.3	1.9	0.4	70.5	18.1	72.9	66.6	.	63.2	91.3	7.5
2012	-87.8	-91.6	3.8	-0.9	-1.0	0.0	-23.0	-6.0	-41.1	-37.1	.	-17.0	-48.5	-6.6
	Other changes due to price changes													
2009	618.1	491.5	126.6	6.9	5.5	1.4	147.5	29.4	423.6	462.1	1.2	.	.	45.8
2010	304.1	150.1	154.0	3.3	1.6	1.7	33.2	-0.8	185.5	150.9	-16.2	.	.	101.7
2011	-127.9	-253.3	125.4	-1.4	-2.7	1.3	-38.1	7.1	-133.7	-260.4	-15.3	.	.	59.3
2012	265.3	590.2	-324.9	2.8	6.2	-3.4	39.6	-6.5	195.6	596.7	13.2	.	.	16.9
	Other changes due to other adjustments													
2009	1.4	68.3	-66.9	0.0	0.8	-0.7	3.4	-4.6	24.0	124.5	.	-75.6	-51.6	49.7
2010	26.3	125.3	-99.1	0.3	1.4	-1.1	-10.6	50.7	80.9	95.0	.	-47.4	-20.3	3.4
2011	59.0	433.2	-374.2	0.6	4.6	-4.0	247.0	94.9	-45.7	299.3	.	-141.0	39.0	-1.2
2012	177.4	-157.3	334.7	1.9	-1.7	3.5	-9.5	-106.5	167.6	-145.7	.	22.3	94.9	-2.9
	Growth rates of outstanding amounts													
2009	-0.7	-0.5	-	.	.	.	8.8	8.8	2.4	5.7	.	-9.9	-12.5	-1.3
2010	4.5	4.0	-	.	.	.	7.7	7.5	2.9	3.0	.	3.4	2.8	2.0
2011	4.4	3.7	-	.	.	.	10.2	10.2	-1.2	2.5	.	4.2	0.6	1.6
2012	3.6	2.4	-	.	.	.	7.2	7.7	4.0	3.7	.	-0.7	-4.0	2.2
2013 Q3	1.9	0.4	-	.	.	.	4.4	4.2	5.6	5.1	.	-3.9	-9.9	1.1
Q4	3.0	1.4	-	.	.	.	5.3	6.5	4.8	4.2	.	-1.3	-7.9	0.7
2014 Q1	2.8	1.2	.	.	.	.	4.1	5.4	3.5	3.9	.	0.9	-7.1	1.1

Source: ECB.

1) Net financial derivatives are included in assets.

7.3 Financial account

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

2. Direct investment

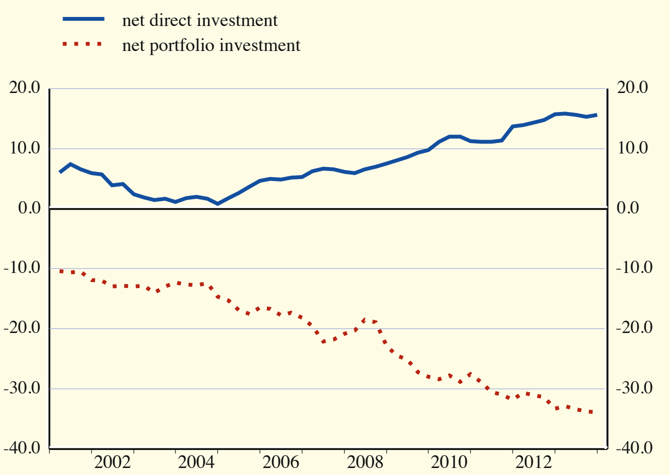
	By resident units abroad							By non-resident units in the euro area						
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	Into MFIs	Into non-MFIs	Total	To MFIs	To non-MFIs
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Oustanding amounts (international investment position)													
2011	5,708.5	4,281.3	283.1	3,998.2	1,427.2	13.3	1,413.9	4,414.6	3,135.2	101.6	3,033.6	1,279.5	11.3	1,268.2
2012	6,125.7	4,562.5	288.8	4,273.8	1,563.1	12.0	1,551.1	4,634.2	3,231.7	109.2	3,122.5	1,402.5	11.3	1,391.2
2013 Q3	6,181.1	4,584.5	275.1	4,309.4	1,596.6	12.2	1,584.4	4,719.8	3,279.8	110.4	3,169.5	1,439.9	12.0	1,427.9
Q4	6,266.8	4,686.1	273.1	4,413.0	1,580.7	12.6	1,568.1	4,764.7	3,357.2	109.5	3,247.7	1,407.5	12.3	1,395.2
	Transactions													
2011	500.9	430.1	25.1	405.0	70.7	-3.2	73.9	399.1	361.9	10.5	351.4	37.3	0.6	36.6
2012	410.1	275.7	-3.1	278.8	134.4	-0.3	134.7	338.6	253.1	8.0	245.2	85.4	0.1	85.4
2013	324.2	290.7	6.7	284.1	33.4	0.9	32.5	299.2	288.8	7.5	281.2	10.5	1.3	9.2
2013 Q3	50.4	53.7	1.1	52.6	-3.3	0.1	-3.4	37.7	36.2	1.8	34.4	1.5	-0.1	1.6
Q4	151.9	180.3	4.0	176.3	-28.4	0.5	-28.9	142.8	163.8	2.2	161.7	-21.0	0.5	-21.5
2014 Q1	-21.6	-38.8	3.3	-42.1	17.2	1.0	16.1	-22.0	-25.8	2.2	-28.0	3.8	-3.6	7.4
2013 Nov.	24.5	6.4	0.8	5.6	18.0	-0.1	18.1	4.7	66.0	1.3	64.7	-61.3	-0.2	-61.1
Dec.	-31.0	2.4	3.4	-1.0	-33.4	0.6	-34.0	-40.7	23.6	0.6	23.0	-64.3	0.7	-65.0
2014 Jan.	25.0	19.3	-0.4	19.8	5.7	0.4	5.2	16.0	14.9	1.2	13.7	1.1	-3.1	4.2
Feb.	-46.5	-50.8	4.2	-55.0	4.3	0.5	3.8	-15.7	-18.1	0.5	-18.6	2.4	-0.2	2.7
Mar.	-0.1	-7.3	-0.4	-6.9	7.2	0.1	7.1	-22.2	-22.6	0.4	-23.1	0.4	-0.2	0.6
	Growth rates													
2011	10.2	11.2	9.4	11.4	6.5	-20.1	6.9	10.2	12.3	10.9	12.3	3.8	0.9	3.8
2012	7.2	6.4	-1.1	7.0	9.5	-2.5	9.6	7.7	8.2	7.9	8.2	6.7	0.4	6.7
2013 Q3	4.4	3.6	0.7	3.8	7.0	4.1	7.0	4.2	5.4	6.1	5.4	1.3	1.9	1.3
Q4	5.3	6.4	2.4	6.7	2.1	7.5	2.0	6.5	9.0	7.0	9.1	0.7	11.5	0.6
2014 Q1	4.1	4.5	4.1	4.5	2.8	6.8	2.8	5.4	7.2	6.5	7.2	1.2	-25.4	1.4

C36 Euro area international investment position

(outstanding amounts at end of period; as a percentage of GDP)

C37 Euro area direct and portfolio investment position

(outstanding amounts at end of period; as a percentage of GDP)



Source: ECB.

(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)															
2011	4,738.4	1,703.8	59.3	2.6	1,644.5	39.4	2,569.1	721.4	16.1	1,847.7	96.0	465.5	302.5	58.8	163.1	0.5
2012	5,254.8	1,952.0	70.1	2.8	1,881.8	42.5	2,840.7	674.2	15.6	2,166.5	97.8	462.1	288.0	53.8	174.1	1.4
2013 Q3	5,453.6	2,172.4	114.1	3.1	2,058.2	48.5	2,817.9	617.0	16.5	2,200.8	94.2	463.3	290.0	58.4	173.3	0.1
Q4	5,537.9	2,284.3	123.0	3.4	2,161.3	48.3	2,803.8	601.9	17.0	2,201.9	89.1	449.9	288.5	55.0	161.4	0.0
	Transactions															
2011	-53.7	-66.3	-10.7	-0.2	-55.6	-7.3	-21.8	-60.6	0.1	38.8	-2.8	34.4	26.2	10.4	8.2	0.2
2012	194.3	58.0	3.0	0.1	55.0	0.2	133.9	-38.5	-1.0	172.4	-8.4	2.4	-18.0	2.3	20.4	0.1
2013	250.2	163.4	39.8	0.5	123.6	3.6	78.9	-47.7	1.7	126.6	-6.6	7.9	13.3	14.8	-5.4	-0.7
2013 Q3	69.1	45.9	16.4	0.0	29.5	0.1	21.0	-13.0	0.7	34.0	-1.6	2.2	8.5	-2.4	-6.3	0.0
Q4	50.4	39.4	5.7	0.3	33.7	-0.8	12.6	-10.3	0.6	22.9	-4.1	-1.7	5.7	2.0	-7.3	-0.1
2014 Q1	45.9	8.8	-17.0	-0.2	25.8	.	26.2	3.9	0.5	22.2	.	10.9	-3.3	1.0	14.2	.
2013 Nov.	19.1	9.2	5.3	0.3	3.9	-	10.9	-3.7	0.3	14.6	-	-1.0	2.2	5.2	-3.2	-
Dec.	20.6	14.5	-1.6	0.0	16.1	-	-0.3	-4.4	0.2	4.0	-	6.4	12.0	2.5	-5.6	-
2014 Jan.	17.6	6.8	-1.2	0.0	8.1	-	2.9	3.8	0.1	-0.9	-	7.9	3.0	2.1	4.9	-
Feb.	14.6	-4.1	-19.8	-0.1	15.7	-	9.7	2.4	0.1	7.3	-	9.0	-1.2	-1.7	10.2	-
Mar.	13.6	6.1	4.0	-0.2	2.1	-	13.6	-2.3	0.3	15.9	-	-6.0	-5.2	0.6	-0.9	-
	Growth rates															
2011	-1.2	-3.9	-15.2	-7.2	-3.4	-15.9	-0.9	-7.7	-0.2	2.2	-2.9	8.4	8.6	25.5	8.0	120.3
2012	4.0	3.2	5.0	3.0	3.1	0.1	5.1	-5.4	-6.3	9.0	-8.1	0.5	-5.5	3.7	12.6	29.8
2013 Q3	5.6	9.7	73.5	5.8	7.6	13.0	4.1	-4.6	10.8	6.8	-6.0	-1.9	-4.0	37.6	2.3	-56.3
Q4	4.8	8.2	54.2	16.1	6.4	8.4	2.8	-7.2	11.3	5.9	-6.8	1.7	4.7	29.3	-3.2	-90.8
2014 Q1	3.5	5.2	11.0	4.6	4.9	.	2.5	-4.1	7.2	4.5	.	2.5	1.8	30.2	3.7	.

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)											
2011	7,741.7	3,074.9	562.0	2,512.9	4,222.4	1,254.8	2,967.6	1,722.8	444.4	92.4	352.0	306.8
2012	8,423.6	3,524.4	543.2	2,981.1	4,446.3	1,202.4	3,243.9	1,930.5	452.9	91.7	361.2	286.2
2013 Q3	8,680.2	3,809.0	535.2	3,273.8	4,352.4	1,119.7	3,232.7	1,924.6	518.9	130.4	388.5	314.7
Q4	8,801.1	3,964.7	536.8	3,427.9	4,368.4	1,104.1	3,264.3	1,954.0	468.0	116.6	351.4	284.2
	Transactions											
2011	184.9	64.4	18.9	45.5	165.3	-15.9	181.2	101.1	-44.8	-4.5	-40.3	-42.1
2012	289.7	164.9	-16.3	181.3	128.8	-78.9	207.6	163.6	-4.0	5.9	-10.0	-27.4
2013	356.0	236.6	-21.3	257.9	80.6	-48.5	129.1	99.1	38.8	30.9	7.9	15.2
2013 Q3	74.1	44.4	11.2	33.2	-14.2	-22.0	7.9	6.3	43.8	23.5	20.2	20.5
Q4	104.9	58.4	-7.0	65.3	90.4	9.8	80.5	62.2	-43.8	-11.0	-32.8	-29.6
2014 Q1	84.2	54.8	14.4	40.5	30.4	-16.2	46.5	.	-1.0	10.3	-11.3	.
2013 Nov.	76.2	20.2	1.4	18.8	55.7	2.9	52.8	-	0.3	0.9	-0.6	-
Dec.	24.5	41.5	2.0	39.5	8.4	-4.0	12.3	-	-25.3	-10.6	-14.7	-
2014 Jan.	36.9	14.8	9.7	5.1	-4.5	-7.3	2.7	-	26.7	23.2	3.5	-
Feb.	41.2	9.3	7.6	1.7	52.1	-4.5	56.6	-	-20.2	-6.9	-13.3	-
Mar.	6.0	30.7	-2.9	33.7	-17.2	-4.5	-12.7	-	-7.5	-6.0	-1.4	-
	Growth rates											
2011	2.5	2.0	3.0	1.6	4.5	-1.2	7.2	6.5	-8.7	1.0	-10.2	-12.4
2012	3.7	5.2	-3.0	6.8	3.0	-6.3	7.0	9.5	-0.8	6.2	-2.7	-8.7
2013 Q3	5.1	7.4	-4.3	9.7	1.3	-5.5	3.8	4.4	25.4	60.2	16.8	14.9
Q4	4.2	6.6	-3.9	8.5	1.8	-4.0	4.0	5.2	8.4	32.2	2.1	5.1
2014 Q1	3.9	6.1	0.3	7.1	2.5	-4.3	5.0	.	-0.8	19.5	-7.0	.

Source: ECB.

7.3 Financial account

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

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)														
2011	4,927.3	36.2	35.5	0.7	3,069.9	3,008.1	61.8	162.5	6.8	116.1	30.2	1,658.7	248.5	1,217.4	520.9
2012	4,897.5	40.9	40.2	0.7	2,926.0	2,855.7	70.3	168.0	5.3	121.4	29.2	1,762.7	254.0	1,306.6	567.8
2013 Q3	4,781.8	25.2	24.5	0.7	2,848.5	2,764.3	84.3	149.1	5.0	101.9	22.7	1,759.0	246.6	1,259.1	543.1
Q4	4,662.1	16.1	15.5	0.6	2,754.5	2,723.4	31.1	156.6	4.1	109.4	26.9	1,734.9	246.3	1,259.4	538.0
	Transactions														
2011	197.8	-3.1	-3.1	0.1	51.7	21.7	29.9	4.3	-0.3	4.0	10.3	145.0	8.6	112.2	41.4
2012	-34.9	5.2	5.2	0.0	-121.0	-128.1	7.1	6.2	-1.5	6.3	-1.0	74.5	8.3	38.2	5.0
2013	-62.4	-19.8	-19.8	0.0	-53.1	-69.8	16.7	-10.7	-1.3	-11.8	-2.4	21.2	3.2	-20.7	5.9
2013 Q3	-82.4	6.2	6.2	0.0	-65.5	-88.4	22.9	-1.7	-0.1	-1.8	-1.2	-21.4	-2.2	-20.4	-12.1
Q4	-20.6	-8.3	-8.3	0.0	-12.8	-7.8	-5.0	5.9	-0.9	5.7	4.2	-5.4	1.3	-9.6	-10.8
2014 Q1	146.2	-6.7	.	.	144.3	.	.	0.5	.	.	5.2	8.1	.	.	25.1
2013 Nov.	27.0	-5.1	-	-	2.8	-	-	5.1	-	-	3.9	24.2	-	-	24.1
Dec.	-120.4	1.2	-	-	-92.6	-	-	-0.6	-	-	-1.7	-28.4	-	-	-34.4
2014 Jan.	127.8	-3.3	-	-	134.0	-	-	-2.0	-	-	-0.2	-0.9	-	-	7.8
Feb.	47.3	0.1	-	-	30.8	-	-	1.5	-	-	4.2	14.9	-	-	13.7
Mar.	-28.8	-3.5	-	-	-20.5	-	-	1.0	-	-	1.2	-5.9	-	-	3.7
	Growth rates														
2011	4.2	-6.3	-6.4	8.8	1.9	0.9	76.8	2.9	-3.3	4.1	51.5	9.1	4.0	9.0	9.8
2012	-0.7	13.0	13.2	1.0	-3.9	-4.2	12.2	4.0	-22.2	5.7	-3.3	4.5	3.4	3.2	1.1
2013 Q3	-3.9	-13.1	-13.4	3.3	-5.0	-5.6	19.1	2.3	-5.7	0.2	-9.5	-2.3	-0.3	-4.8	-7.4
Q4	-1.3	-49.5	-50.4	3.2	-1.8	-2.5	23.7	-6.3	-24.0	-9.7	-8.1	1.2	1.3	-1.6	0.8
2014 Q1	0.9	-64.4	.	.	2.8	.	.	0.0	.	.	33.1	-0.9	.	.	1.5

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)														
2011	5,284.5	410.3	407.5	2.8	3,221.8	3,154.9	66.9	229.3	0.1	222.3	6.9	1,423.2	227.2	1,014.5	181.5
2012	5,116.5	423.9	423.0	0.9	2,976.1	2,893.4	82.8	231.6	0.1	224.0	7.5	1,484.8	229.7	1,023.8	231.3
2013 Q3	4,838.3	360.7	359.2	1.6	2,740.9	2,659.9	81.0	229.6	0.2	222.8	6.6	1,507.1	229.3	1,006.6	271.3
Q4	4,569.5	340.6	340.1	0.6	2,531.2	2,512.9	18.4	222.5	0.2	215.1	7.3	1,475.1	230.5	1,003.8	240.7
	Transactions														
2011	25.8	134.8	135.0	-0.2	-289.9	-328.6	38.6	74.2	0.0	74.2	0.0	106.8	10.6	75.9	20.3
2012	-214.2	18.4	20.2	-1.8	-232.8	-250.0	17.2	2.5	0.0	1.5	1.0	-2.3	7.3	-10.0	0.4
2013	-404.0	-78.8	-78.4	-0.4	-321.6	-322.7	1.0	-4.4	0.0	-4.2	-0.2	0.8	5.2	0.2	-4.7
2013 Q3	-135.3	-10.2	-10.3	0.2	-102.0	-124.4	22.4	5.3	0.0	5.1	0.1	-28.3	0.6	-28.3	-0.7
Q4	-165.7	-17.6	-16.6	-1.0	-126.5	-123.5	-3.0	-8.9	0.0	-9.0	0.1	-12.6	2.3	-2.4	-12.5
2014 Q1	67.5	-30.1	.	.	77.7	.	.	2.0	.	.	.	18.0	.	.	.
2013 Nov.	-39.4	-9.4	-	-	-28.3	-	-	-0.7	-	-	-	-1.1	-	-	-
Dec.	-161.7	1.4	-	-	-149.3	-	-	-4.6	-	-	-	-9.3	-	-	-
2014 Jan.	115.7	-6.5	-	-	112.6	-	-	0.7	-	-	-	8.9	-	-	-
Feb.	-25.8	-13.3	-	-	-17.3	-	-	1.2	-	-	-	3.5	-	-	-
Mar.	-22.3	-10.4	-	-	-17.6	-	-	0.0	-	-	-	5.5	-	-	-
	Growth rates														
2011	0.6	50.4	51.0	.	-8.3	-9.6	90.6	48.8	.	50.9	-0.6	9.0	5.2	8.9	14.0
2012	-4.0	4.6	5.1	.	-7.2	-7.9	25.8	1.1	.	0.7	15.6	0.0	3.2	-0.9	1.4
2013 Q3	-9.9	-15.1	-15.2	.	-12.8	-13.3	9.2	-0.8	.	-0.9	1.6	-4.2	1.7	-4.5	-8.6
Q4	-7.9	-18.5	-18.5	.	-10.9	-11.2	1.8	-2.0	.	-2.0	-1.3	0.1	2.3	0.0	-0.9
2014 Q1	-7.1	-20.2	.	.	-8.1	.	.	-0.8	.	.	.	-2.9	.	.	.

Source: ECB.

7.3 Financial account

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

7. Reserve assets [1]

	Reserve assets: Total	Monetary gold: In EUR billions	Monetary gold: In fine troy ounces (millions)	SDR holdings	Reserve position in the IMF	Foreign exchange: Total	Currency and deposits: With monetary authorities and the BIS	Currency and deposits: With banks	Securities: Total	Securities: Equity	Securities: Bonds and notes	Securities: Money market instruments	Financial derivatives	Other claims	Memo items: Other foreign currency assets	Memo items: Pre-determined short-term net drains on foreign currency	Memo items: SDR allo-cations
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	Outstanding amounts (international investment position)																
2010	591.2	366.2	346.962	54.2	15.8	155.0	7.7	16.0	131.3	0.5	111.2	19.5	0.0	0.0	26.3	-24.4	54.5
2011	667.1	422.1	346.846	54.0	30.2	160.9	5.3	7.8	148.1	0.8	134.1	13.3	-0.4	0.0	97.4	-86.0	55.9
2012	689.4	437.2	346.693	52.8	31.9	166.8	6.1	8.8	151.3	0.2	130.9	20.2	0.6	0.6	32.8	-35.0	55.0
2013 Q2	564.3	315.9	346.672	51.3	31.5	164.7	5.3	7.8	151.6	0.2	133.8	17.6	0.0	0.8	27.3	-31.0	54.2
Q3	586.8	340.5	346.674	50.5	30.5	164.3	5.1	9.3	149.7	0.2	134.0	15.5	0.2	0.9	21.5	-29.4	53.6
Q4	542.0	301.9	346.566	50.1	28.9	160.0	6.6	5.7	147.4	0.2	135.8	11.4	0.3	1.0	22.5	-30.1	52.7
2014 Mar.	570.2	324.9	346.792	50.2	28.2	165.9	6.1	7.7	152.0	0.3	139.5	12.1	0.1	1.0	22.9	-31.1	52.8
Apr.	568.0	322.6	346.790	50.4	28.8	165.2	5.2	8.0	151.9	0.3	135.4	16.2	0.1	1.0	24.2	-32.2	52.8
	Transactions																
2011	10.3	0.0	-	-1.6	13.0	-1.2	-2.3	-8.3	9.3	0.1	15.9	-6.8	0.1	0.0	-	-	-
2012	15.0	0.0	-	-0.3	2.1	12.5	1.8	1.2	9.1	-0.4	0.4	9.1	0.4	0.7	-	-	-
2013	4.4	0.0	-	-0.6	-1.7	6.3	0.2	-2.6	9.6	0.0	15.8	-6.2	-1.0	0.4	-	-	-
2013 Q3	2.9	0.0	-	-0.2	-0.6	3.6	-0.2	1.7	2.2	0.0	4.0	-1.7	-0.1	0.0	-	-	-
Q4	0.3	0.0	-	0.4	-1.2	1.0	1.5	-3.3	2.9	0.0	6.1	-3.3	-0.1	0.1	-	-	-
2014 Q1	1.8	.	-	.	.	.	.	.	.	.	.	.	.	.	-	-	-
	Growth rates																
2010	2.0	0.0	-	-0.1	46.7	3.7	-43.3	75.9	3.5	-5.2	10.2	-24.6	-	-	-	-	-
2011	1.6	0.0	-	-3.0	83.3	-1.3	-30.0	-52.7	6.8	27.4	14.2	-45.3	-	-	-	-	-
2012	2.2	0.0	-	-0.5	7.1	8.0	41.6	15.2	6.3	-53.5	0.2	82.5	-	-	-	-	-
2013 Q3	1.1	0.0	-	-1.3	-6.2	5.8	-13.6	22.4	6.2	0.0	7.1	-0.6	-	-	-	-	-
Q4	0.7	0.0	-	-1.1	-5.5	3.8	2.2	-29.6	6.5	0.1	12.3	-33.1	-	-	-	-	-
2014 Q1	1.1	.	-	.	.	.	.	.	.	.	.	.	-	-	-	-	-

8. Gross external debt

	Total	By instrument: Loans, currency and deposits	By instrument: Money market instruments	By instrument: Bonds and notes	By instrument: Trade credits	By instrument: Other debt liabilities	By instrument: Direct investment: inter-company lending	By sector (excluding direct investment): General government	By sector: Eurosystem	By sector: MFIs (excluding Eurosystem)	By sector: Other sectors
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts (international investment position)										
2010	10,848.6	4,724.7	441.4	3,756.0	203.3	200.2	1,523.0	2,067.8	270.3	4,751.7	2,235.8
2011	11,972.5	4,799.2	444.4	4,222.4	227.3	258.0	2,021.1	2,258.8	410.3	4,569.0	2,713.2
2012	12,245.7	4,564.1	452.9	4,446.3	229.8	322.5	2,230.0	2,448.4	423.9	4,270.2	2,873.3
2013 Q2	12,211.3	4,451.7	483.8	4,406.0	230.5	347.8	2,291.5	2,454.0	374.2	4,134.7	2,956.9
Q3	11,982.3	4,248.5	518.9	4,352.4	229.4	360.4	2,272.7	2,468.8	360.7	3,991.0	2,889.0
Q4	11,625.6	4,071.9	468.0	4,368.4	230.7	266.9	2,219.8	2,460.8	340.6	3,751.9	2,852.6
	Outstanding amounts as a percentage of GDP										
2010	118.2	51.5	4.8	40.9	2.2	2.2	16.6	22.5	2.9	51.8	24.4
2011	126.8	50.8	4.7	44.7	2.4	2.7	21.4	23.9	4.3	48.4	28.7
2012	128.8	48.0	4.8	46.8	2.4	3.4	23.5	25.8	4.5	44.9	30.2
2013 Q2	128.0	46.7	5.1	46.2	2.4	3.6	24.0	25.7	3.9	43.3	31.0
Q3	125.2	44.4	5.4	45.5	2.4	3.8	23.7	25.8	3.8	41.7	30.2
Q4	121.0	42.4	4.9	45.5	2.4	2.8	23.1	25.6	3.5	39.0	29.7

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
2012	Outstanding amounts (international investment position)														
Direct investment	1,491.5	395.5	-12.0	14.7	106.8	287.3	-1.2	107.0	80.2	-23.3	165.7	178.3	-243.2	-0.2	831.6
Abroad	6,125.7	1,724.5	33.4	173.5	1,181.7	335.9	0.1	217.3	101.6	78.8	629.1	1,434.9	627.7	0.1	1,311.5
Equity/reinvested earnings	4,562.5	1,281.2	26.8	104.2	889.3	260.9	0.0	169.9	83.3	56.5	476.9	1,016.9	512.3	0.1	965.5
Other capital	1,563.1	443.4	6.6	69.2	292.5	75.0	0.1	47.4	18.4	22.2	152.3	418.0	115.5	0.0	346.0
In the euro area	4,634.2	1,329.1	45.5	158.8	1,074.9	48.6	1.3	110.3	21.4	102.0	463.4	1,256.7	871.0	0.3	479.9
Equity/reinvested earnings	3,231.7	1,034.9	36.6	142.8	821.9	32.3	1.3	88.1	7.8	88.7	280.9	951.7	443.1	0.1	336.3
Other capital	1,402.5	294.2	8.9	16.0	253.0	16.2	0.0	22.2	13.6	13.3	182.5	304.9	427.9	0.2	143.7
Portfolio investment assets	5,254.8	1,679.6	99.5	227.4	1,046.3	118.6	187.7	102.0	61.2	215.5	131.4	1,638.6	433.5	33.2	959.8
Equity	1,952.0	394.6	17.2	48.8	314.2	14.2	0.1	39.6	57.2	106.1	117.1	621.7	237.0	0.9	377.6
Debt instruments	3,302.8	1,284.9	82.3	178.6	732.1	104.4	187.5	62.4	4.0	109.4	14.3	1,016.8	196.6	32.3	582.2
Bonds and notes	2,840.7	1,133.8	75.6	148.2	620.1	103.5	186.4	58.1	2.6	36.7	11.3	855.4	184.8	31.7	526.4
Money market instruments	462.1	151.1	6.6	30.4	112.0	0.9	1.2	4.3	1.3	72.7	3.0	161.4	11.8	0.6	55.8
Other investment	-218.9	-247.6	11.3	-26.9	-48.9	44.9	-228.0	1.9	-15.2	5.1	-33.9	58.1	49.0	-77.5	41.2
Assets	4,897.5	2,194.5	78.1	87.2	1,847.7	162.2	19.4	28.2	49.4	81.8	268.2	684.6	541.3	37.3	1,012.3
General government	168.0	65.5	1.0	4.6	43.4	1.6	14.9	1.8	3.1	0.9	1.5	11.0	3.3	30.7	50.3
MFIs	2,966.9	1,530.1	58.4	50.8	1,293.2	125.3	2.2	16.4	24.3	65.9	147.1	396.0	393.1	5.2	388.7
Other sectors	1,762.7	599.0	18.7	31.8	511.0	35.3	2.2	10.0	21.9	15.0	119.6	277.6	144.9	1.4	573.3
Liabilities	5,116.5	2,442.1	66.8	114.1	1,896.5	117.3	247.3	26.3	64.6	76.8	302.0	626.5	492.3	114.8	971.1
General government	231.6	110.5	0.3	0.9	26.3	0.2	82.8	0.1	0.0	0.1	1.1	29.6	1.2	83.7	5.2
MFIs	3,400.1	1,647.7	56.3	88.7	1,309.1	89.6	104.0	17.1	38.3	50.7	239.4	338.7	392.7	28.3	647.2
Other sectors	1,484.8	683.9	10.2	24.6	561.1	27.5	60.5	9.1	26.3	25.9	61.6	258.2	98.3	2.8	318.7
2013 Q1 to 2013 Q4	Cumulated transactions														
Direct investment	24.9	24.3	2.9	-14.5	36.9	-1.0	0.0	1.3	7.6	-2.7	21.4	-135.0	63.2	0.0	44.8
Abroad	324.2	16.5	4.7	-10.4	18.8	3.4	0.0	1.2	10.9	1.8	25.8	161.4	30.2	0.0	76.5
Equity/reinvested earnings	290.7	23.3	6.5	1.1	11.4	4.3	0.0	14.6	9.0	1.2	6.0	172.2	15.8	0.0	48.5
Other capital	33.4	-6.9	-1.9	-11.5	7.4	-0.9	0.0	-13.4	1.9	0.6	19.8	-10.9	14.3	0.0	28.0
In the euro area	299.2	-7.8	1.7	4.1	-18.1	4.5	0.0	-0.1	3.3	4.5	4.3	296.4	-33.0	0.0	31.7
Equity/reinvested earnings	288.8	-1.7	0.8	1.3	-5.6	1.8	0.0	3.6	4.0	5.2	7.0	265.7	-17.5	0.0	22.5
Other capital	10.5	-6.1	0.9	2.8	-12.5	2.7	0.0	-3.7	-0.7	-0.7	-2.7	30.7	-15.5	0.0	9.2
Portfolio investment assets	250.2	31.4	-5.4	7.3	6.0	4.3	19.3	7.9	6.6	38.8	8.7	72.4	6.8	1.2	76.3
Equity	163.4	35.7	1.2	4.5	29.6	0.5	0.0	1.2	4.6	36.0	6.5	61.1	6.8	0.0	11.5
Debt instruments	86.8	-4.3	-6.6	2.8	-23.6	3.8	19.3	6.7	1.9	2.9	2.2	11.3	0.0	1.2	64.8
Bonds and notes	78.9	13.1	-5.7	7.6	-11.4	2.2	20.4	5.3	0.5	-3.6	1.0	8.7	-9.3	1.1	61.9
Money market instruments	7.9	-17.4	-0.9	-4.8	-12.2	1.5	-1.1	1.3	1.4	6.5	1.2	2.6	9.3	0.1	2.9
Other investment	341.7	67.9	14.1	9.6	48.0	-5.1	1.4	-2.2	22.4	39.4	25.9	16.5	97.7	-9.2	83.4
Assets	-62.4	-231.0	1.8	3.8	-229.0	-8.6	1.0	-1.8	11.4	38.0	11.2	24.2	56.7	1.6	27.2
General government	-10.7	-1.3	-0.3	-1.5	0.0	-0.6	1.1	0.0	-0.1	-0.3	-0.1	-4.4	-0.7	0.2	-4.0
MFIs	-72.9	-220.8	-2.0	-0.4	-209.1	-8.9	-0.3	1.7	11.5	33.3	2.7	21.9	61.3	1.1	14.3
Other sectors	21.2	-8.9	4.2	5.7	-19.9	1.0	0.1	-3.5	0.0	5.0	8.5	6.8	-3.9	0.3	16.8
Liabilities	-404.0	-298.9	-12.2	-5.8	-277.1	-3.5	-0.4	0.4	-11.0	-1.3	-14.7	7.7	-40.9	10.9	-56.2
General government	-4.4	-4.1	0.2	0.3	-6.5	0.0	1.9	0.0	0.0	0.0	0.4	-8.5	-0.2	8.7	-0.6
MFIs	-400.4	-264.7	-12.4	-6.5	-236.0	-6.0	-3.7	0.0	-12.0	-0.3	-16.5	-2.2	-46.8	2.4	-60.5
Other sectors	0.8	-30.1	-0.1	0.5	-34.6	2.6	1.4	0.4	1.0	-1.1	1.4	18.4	6.0	-0.2	4.9

Source: ECB.

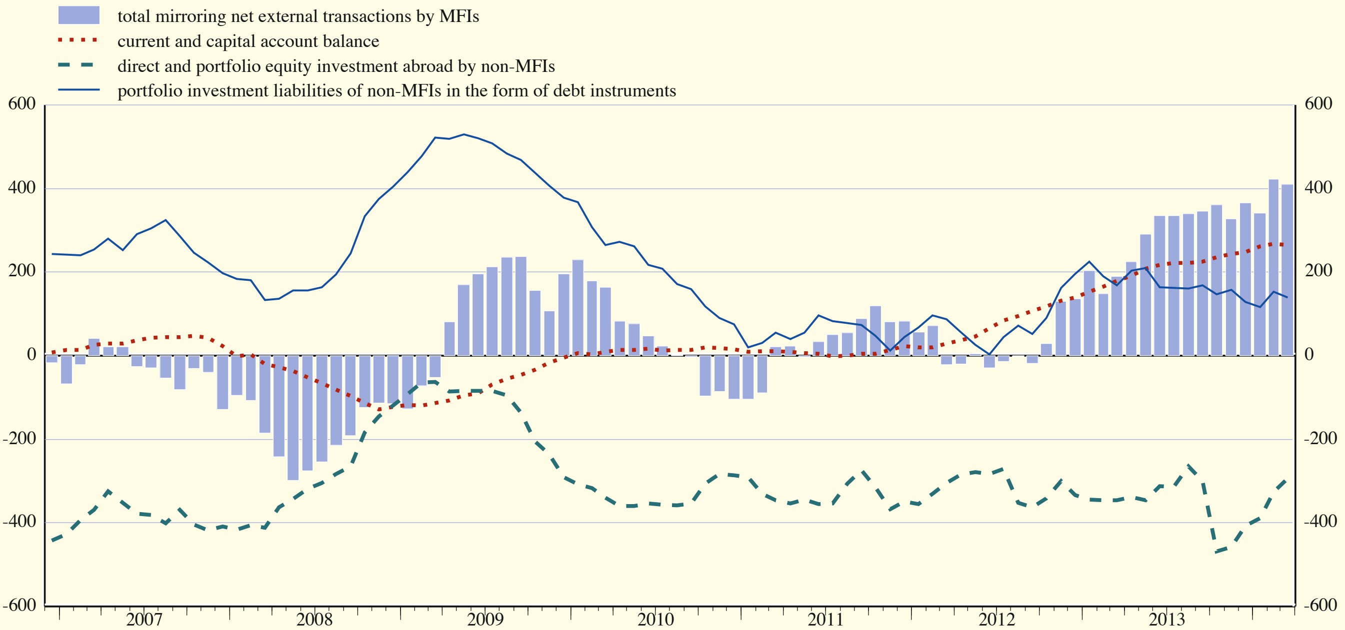
7.4 Monetary presentation of the balance of payments [1]

(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
2011	82.6	22.6	-479.1	387.4	55.7	-47.0	44.7	44.6	-149.3	180.7	-5.6	27.8
2012	136.4	139.9	-413.5	330.2	-55.0	-193.4	181.4	196.0	-81.2	1.4	5.2	25.5
2013	365.2	248.5	-316.6	290.0	-123.6	-121.3	258.9	128.5	-10.7	-3.3	18.1	-3.3
2013 Q1	27.7	30.8	-52.4	23.6	-50.1	-55.2	76.0	24.8	-34.8	63.7	8.3	-6.9
Q2	148.9	65.9	-67.6	90.5	-10.3	-22.8	84.7	27.3	1.6	-22.5	-1.9	3.8
Q3	53.8	56.3	-49.2	35.9	-29.5	-27.7	32.8	28.1	22.9	-23.0	7.6	-0.4
Q4	134.8	95.4	-147.4	140.0	-33.7	-15.6	65.4	48.4	-0.4	-21.5	4.1	0.2
2014 Q1	72.9	47.2	26.0	-20.6	-25.8	-36.4	40.5	35.3	-8.6	20.0	1.1	-5.7
2013 Mar.	25.3	25.0	-20.9	4.0	-14.8	-6.2	35.2	-0.8	-3.0	13.9	1.1	-8.1
Apr.	9.0	17.6	-21.7	14.5	-18.4	-27.2	16.0	30.4	-19.6	20.3	-5.6	2.8
May	84.7	16.0	-13.0	56.4	-6.4	-10.1	30.6	30.9	-10.0	-5.0	-8.7	4.0
June	55.2	32.3	-32.8	19.6	14.5	14.5	38.1	-34.0	31.2	-37.7	12.4	-2.9
July	12.5	28.5	-7.5	12.7	-13.2	-12.7	-0.6	9.5	10.3	-12.3	-2.0	-0.4
Aug.	28.3	11.8	-28.0	28.0	2.2	-1.1	9.2	0.9	8.2	-4.6	6.7	-5.0
Sep.	13.0	16.1	-13.8	-4.8	-18.6	-13.9	24.1	17.7	4.4	-6.1	2.9	5.0
Oct.	21.6	29.2	-158.7	178.6	-13.7	-5.7	7.1	-1.8	-0.2	-5.9	3.8	-11.1
Nov.	33.8	30.7	-23.7	3.4	-3.9	-11.5	18.8	52.4	-29.3	-1.7	-1.4	-0.1
Dec.	79.5	35.4	35.0	-42.1	-16.1	1.5	39.6	-2.3	29.1	-13.8	1.8	11.3
2014 Jan.	9.2	8.0	-25.0	17.9	-8.1	-4.0	5.1	6.2	2.9	9.6	-0.1	-3.3
Feb.	50.3	16.5	51.2	-16.0	-15.7	-17.4	1.7	43.3	-16.4	4.8	2.7	-4.3
Mar.	13.3	22.8	-0.2	-22.5	-2.1	-15.0	33.7	-14.2	4.9	5.6	-1.5	1.9
	12-month cumulated transactions											
2014 Mar.	410.4	264.8	-238.3	245.9	-99.3	-102.5	223.3	139.0	15.6	-47.0	10.9	-2.0

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)												
2012	7.6	1.9	1,879.4	933.8	386.0	516.6	1,522.8	1,796.8	1,151.9	247.9	371.2	1,092.8	360.9
2013	1.0	-3.3	1,896.0	932.2	384.7	532.0	1,536.8	1,736.5	1,097.1	236.0	373.6	1,075.6	336.3
2013 Q2	1.8	-3.2	474.8	232.5	97.2	132.2	384.7	433.7	275.6	58.9	91.9	267.6	84.9
Q3	0.3	-2.0	472.1	231.6	95.1	133.4	383.1	436.1	275.1	60.1	94.2	270.2	84.3
Q4	1.0	-2.6	473.8	231.5	96.2	133.7	386.3	429.6	267.8	57.8	95.4	270.5	80.0
2014 Q1	1.0	-0.1	478.4	.	.	.	388.7	434.6	.	.	.	275.6	.
2013 Oct.	1.4	-3.1	158.5	78.1	32.4	45.0	129.3	145.1	91.6	19.4	31.6	90.9	27.9
Nov.	-1.9	-5.1	158.5	77.3	32.2	44.7	128.8	142.6	87.9	19.7	32.1	90.1	26.0
Dec.	3.9	0.8	156.7	76.0	31.6	44.0	128.2	141.9	88.2	18.8	31.7	89.5	26.1
2014 Jan.	1.0	-2.6	158.6	78.9	31.4	45.5	128.1	145.0	91.7	19.8	31.2	91.4	26.5
Feb.	3.0	0.1	160.3	79.0	31.7	45.8	131.3	145.3	90.1	20.2	31.9	92.7	24.9
Mar.	-0.7	2.5	159.5	.	.	.	129.4	144.3	.	.	.	91.5	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2012	3.5	-3.1	111.8	110.1	116.9	111.7	111.9	99.7	100.8	99.6	96.2	99.1	99.6
2013	1.3	-0.8	113.2	111.2	115.6	114.7	113.0	98.9	99.9	95.1	97.0	98.4	98.1
2013 Q1	0.1	-4.4	113.3	111.9	116.3	115.2	112.8	98.2	99.3	94.8	96.0	97.5	98.2
Q2	1.6	-1.3	113.1	110.6	116.2	114.1	112.9	98.8	100.8	93.6	95.4	97.4	101.6
Q3	1.7	1.7	113.1	111.1	114.2	115.3	113.0	99.4	100.2	97.2	97.8	99.0	98.0
Q4	1.7	1.0	113.2	111.2	115.5	114.4	113.2	99.2	99.5	94.7	98.9	99.5	94.6
2013 Sep.	4.6	5.2	114.1	111.4	114.6	115.9	113.9	99.1	98.5	95.9	100.3	99.9	93.5
Oct.	2.4	0.7	113.8	112.6	117.4	115.5	114.0	100.1	101.6	94.2	98.8	100.2	97.5
Nov.	-1.4	-1.6	113.7	111.5	116.1	114.8	113.3	99.1	98.3	98.2	99.7	99.8	94.0
Dec.	4.6	4.2	112.2	109.5	113.0	112.8	112.4	98.3	98.5	91.9	98.2	98.6	92.2
2014 Jan.	1.3	-1.1	113.7	113.8	113.3	116.2	112.2	99.7	101.0	97.3	96.8	100.8	95.1
Feb.	3.5	1.6	115.3	114.2	115.0	117.9	115.6	99.7	99.3	97.4	99.2	102.2	88.6

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: 2010 = 100)	Total					Manufac-turing	Total (index: 2010 = 100)	Total					Manufac-turing
			Intermediate goods	Capital goods	Consumer goods	Energy				Intermediate goods	Capital goods	Consumer goods	Energy	
% of total	100.0	100.0	30.1	42.0	18.5	9.4	96.4	100.0	100.0	29.0	25.4	23.3	22.4	80.4
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2012	106.1	2.2	0.9	1.8	2.3	9.4	2.2	111.2	3.4	0.2	1.6	3.2	8.0	2.1
2013	105.0	-1.0	-1.5	-0.2	0.8	-7.9	-0.9	108.2	-2.7	-2.4	-1.9	0.0	-5.5	-1.7
2013 Q3	105.0	-1.4	-1.8	-0.6	0.5	-9.3	-1.3	108.1	-3.3	-3.2	-2.6	-0.8	-5.3	-2.5
Q4	104.3	-1.4	-2.1	-0.4	0.4	-8.2	-1.3	106.8	-3.2	-3.1	-2.1	-0.8	-5.6	-2.3
2014 Q1	104.1	-1.6	-1.8	-0.3	0.0	-9.2	-1.3	106.0	-3.6	-3.1	-2.3	-0.4	-7.3	-2.2
2013 Oct.	104.4	-1.6	-2.1	-0.5	0.5	-11.4	-1.4	106.8	-3.6	-3.1	-2.6	-0.8	-6.6	-2.7
Nov.	104.3	-1.4	-2.1	-0.4	0.3	-8.3	-1.3	107.0	-3.2	-3.3	-1.9	-0.8	-5.9	-2.3
Dec.	104.2	-1.2	-2.0	-0.4	0.4	-4.6	-1.0	106.7	-2.7	-3.1	-1.8	-0.8	-4.2	-2.0
2014 Jan.	104.2	-1.4	-1.6	-0.2	0.0	-7.9	-1.1	106.4	-3.0	-2.8	-1.9	-0.2	-5.9	-1.9
Feb.	104.2	-1.5	-1.6	0.0	0.2	-11.0	-1.2	106.3	-3.4	-2.7	-1.8	0.0	-7.7	-1.9
Mar.	103.9	-1.8	-2.2	-0.6	-0.2	-8.8	-1.5	105.2	-4.3	-3.7	-3.0	-0.8	-8.5	-2.8

Source: Eurostat.

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

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

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

7.5 Trade in goods
(EUR billions, unless otherwise indicated; seasonally adjusted)

3. Geographical breakdown

	Total	EU Member States outside the euro area				Russia	Switzer-land	Turkey	United States	Asia			Africa	Latin America	Other countries
		Denmark	Sweden	United Kingdom	Other EU countries						China	Japan			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Exports (f.o.b.)														
2012	1,879.4	34.2	59.5	230.0	249.3	92.1	116.3	59.5	223.3	440.1	120.5	44.6	126.4	97.4	151.3
2013	1,896.0	35.2	59.4	239.2	254.8	88.7	110.7	60.3	221.4	443.8	122.0	43.9	130.3	97.6	154.4
2012 Q4	469.0	8.6	14.5	58.1	61.7	23.1	28.5	15.2	53.7	110.7	28.9	11.2	32.5	24.8	37.7
2013 Q1	475.3	8.7	14.6	58.2	62.8	23.6	28.0	15.5	55.4	110.7	29.5	11.0	34.5	24.8	38.4
Q2	474.8	8.8	14.7	59.1	62.7	22.9	27.4	15.6	55.1	110.5	30.0	10.8	33.1	24.8	40.2
Q3	472.1	8.9	15.0	60.0	64.2	21.6	27.8	14.7	55.4	110.2	31.2	11.1	31.7	24.6	38.2
Q4	473.8	8.8	15.1	61.9	65.2	20.7	27.5	14.6	55.5	112.4	31.3	11.0	31.0	23.5	37.6
2014 Q1	478.4	.	.	.	.	20.3	26.8	14.7	57.9	111.9	32.0	11.0	32.8	23.5	.
2013 Oct.	158.5	2.9	5.2	20.6	22.0	7.1	9.4	4.7	18.6	37.3	10.4	3.6	10.2	8.2	12.2
Nov.	158.5	3.0	5.1	20.9	21.8	6.9	9.2	5.1	18.7	37.7	10.6	3.7	10.3	7.7	12.2
Dec.	156.7	2.9	4.9	20.4	21.5	6.6	8.8	4.7	18.2	37.4	10.3	3.7	10.5	7.7	13.1
2014 Jan.	158.6	3.1	5.1	20.7	22.8	6.9	9.3	5.0	18.7	37.1	10.7	3.9	10.6	7.8	11.5
Feb.	160.3	3.0	5.0	21.6	22.7	6.8	8.9	4.9	19.5	37.7	10.8	3.7	11.3	8.1	10.9
Mar.	159.5	.	.	.	.	6.6	8.6	4.8	19.7	37.1	10.5	3.5	10.9	7.6	.
	Percentage share of total exports														
2013	100.0	1.9	3.1	12.6	13.4	4.7	5.8	3.2	11.7	23.4	6.4	2.3	6.9	5.1	8.1
	Imports (c.i.f.)														
2012	1,796.8	29.0	53.1	167.4	232.7	144.8	82.3	34.1	151.2	540.8	213.9	49.1	157.5	92.6	111.2
2013	1,736.5	30.0	53.7	163.8	238.9	144.8	81.8	35.8	149.1	509.6	204.3	43.6	141.1	80.3	107.7
2012 Q4	441.5	7.2	12.9	41.6	58.1	36.6	20.2	8.7	35.9	131.0	51.4	11.4	40.4	22.3	26.6
2013 Q1	437.1	7.6	13.3	41.7	58.6	37.4	20.0	8.9	35.5	127.6	52.3	11.1	37.7	20.5	28.3
Q2	433.7	7.4	13.5	41.1	58.8	35.7	20.6	8.8	37.3	126.9	50.2	10.9	36.3	20.1	27.4
Q3	436.1	7.8	13.7	40.8	60.5	36.5	20.7	8.9	38.0	127.7	50.7	10.7	34.6	20.1	26.9
Q4	429.6	7.3	13.3	40.3	61.0	35.3	20.4	9.1	38.2	127.4	51.1	10.9	32.5	19.7	25.1
2014 Q1	434.6	.	.	.	.	35.0	21.1	9.1	36.9	130.7	53.7	10.6	32.5	19.3	.
2013 Oct.	145.1	2.5	4.5	13.3	20.4	11.9	6.9	3.0	13.1	43.0	16.6	3.6	11.4	6.7	8.5
Nov.	142.6	2.4	4.5	13.4	20.5	11.3	6.8	3.1	12.8	42.0	16.9	3.6	10.5	6.4	8.9
Dec.	141.9	2.4	4.3	13.6	20.1	12.1	6.7	3.1	12.3	42.4	17.5	3.7	10.6	6.6	7.8
2014 Jan.	145.0	2.6	4.6	13.3	20.8	11.8	6.7	3.1	12.3	43.3	17.4	3.6	11.1	6.5	8.8
Feb.	145.3	2.5	4.4	13.4	20.9	11.6	7.1	3.0	12.4	43.0	17.9	3.5	10.7	6.3	9.8
Mar.	144.3	.	.	.	.	11.6	7.2	3.0	12.1	44.4	18.4	3.5	10.7	6.5	.
	Percentage share of total imports														
2013	100.0	1.7	3.1	9.4	13.8	8.3	4.7	2.1	8.6	29.3	11.8	2.5	8.1	4.6	6.2
	Balance														
2012	82.7	5.2	6.4	62.6	16.6	-52.7	34.0	25.3	72.1	-100.7	-93.4	-4.6	-31.1	4.8	40.1
2013	159.5	5.2	5.8	75.4	16.0	-56.1	29.0	24.5	72.4	-65.8	-82.3	0.3	-10.9	17.3	46.8
2012 Q4	27.5	1.4	1.6	16.5	3.6	-13.5	8.2	6.5	17.8	-20.3	-22.4	-0.2	-7.9	2.4	11.1
2013 Q1	38.2	1.2	1.3	16.5	4.2	-13.8	8.0	6.6	19.9	-16.9	-22.7	0.0	-3.2	4.2	10.2
Q2	41.0	1.4	1.2	18.1	3.9	-12.8	6.9	6.8	17.8	-16.4	-20.2	-0.2	-3.2	4.7	12.8
Q3	36.0	1.1	1.3	19.2	3.7	-14.9	7.1	5.7	17.4	-17.5	-19.5	0.5	-2.9	4.5	11.3
Q4	44.2	1.5	1.9	21.6	4.2	-14.6	7.0	5.4	17.3	-15.0	-19.8	0.1	-1.5	3.8	12.4
2014 Q1	43.9	.	.	.	.	-14.7	5.8	5.5	21.0	-18.8	-21.7	0.4	0.3	4.2	.
2013 Oct.	13.4	0.4	0.7	7.3	1.6	-4.7	2.5	1.8	5.5	-5.7	-6.2	0.0	-1.2	1.5	3.7
Nov.	15.9	0.6	0.6	7.5	1.3	-4.5	2.4	2.0	5.8	-4.3	-6.3	0.1	-0.2	1.3	3.4
Dec.	14.8	0.5	0.6	6.8	1.4	-5.4	2.1	1.6	5.9	-5.0	-7.2	0.0	-0.1	1.0	5.4
2014 Jan.	13.7	0.5	0.5	7.4	2.0	-4.9	2.6	1.9	6.4	-6.2	-6.7	0.3	-0.5	1.3	2.7
Feb.	15.0	0.5	0.6	8.1	1.8	-4.8	1.8	1.9	7.1	-5.3	-7.1	0.2	0.5	1.8	1.1
Mar.	15.2	.	.	.	.	-5.0	1.4	1.7	7.6	-7.2	-7.9	0.0	0.2	1.1	.

Source: Eurostat.

8 EXCHANGE RATES

8.1 Effective exchange rates [1)]

(period averages; index: 1999 Q1=100)

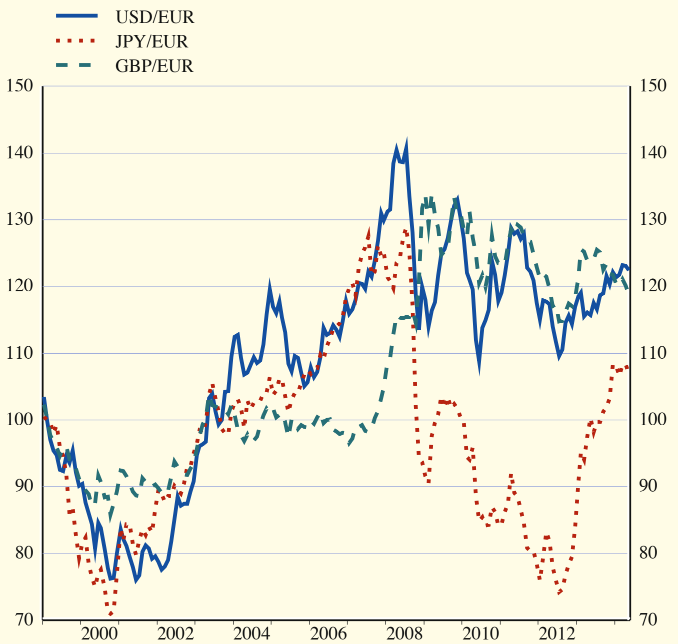
	EER-20						EER-39	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM [2)]	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2011	103.4	100.7	97.5	95.1	106.0	96.7	112.2	97.7
2012	97.9	95.6	93.2	89.8	100.6	91.4	107.1	92.9
2013	101.7	98.9	96.7	93.2	102.5	94.6	112.0	96.2
2013 Q1	100.7	98.3	96.1	92.5	102.8	94.3	110.2	95.0
Q2	100.8	98.3	96.0	92.9	102.2	94.2	110.6	95.0
Q3	101.9	99.2	96.9	93.3	102.8	94.7	112.9	96.8
Q4	103.1	100.0	97.8	94.1	102.4	95.4	114.7	97.8
2014 Q1	103.9	100.7	98.2	.	.	.	116.6	99.1
2013 May	100.5	98.0	95.7	-	-	-	110.0	94.6
June	101.6	98.9	96.6	-	-	-	112.0	96.1
July	101.5	98.9	96.5	-	-	-	112.0	96.2
Aug.	102.2	99.5	97.1	-	-	-	113.4	97.3
Sep.	102.0	99.1	96.9	-	-	-	113.3	97.0
Oct.	102.8	99.7	97.6	-	-	-	114.2	97.4
Nov.	102.6	99.5	97.4	-	-	-	114.2	97.3
Dec.	103.9	100.7	98.5	-	-	-	115.8	98.6
2014 Jan.	103.4	100.3	97.8	-	-	-	115.9	98.6
Feb.	103.6	100.5	97.9	-	-	-	116.3	98.9
Mar.	104.6	101.4	98.8	-	-	-	117.5	99.7
Apr.	104.5	101.2	98.5	-	-	-	117.0	99.1
May	103.8	100.4	97.8	-	-	-	116.1	98.1
	Percentage change versus previous month							
2014 May	-0.7	-0.7	-0.8	-	-	-	-0.8	-1.0
	Percentage change versus previous year							
2014 May	3.3	2.4	2.1	-	-	-	5.5	3.7

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.

2) ULCM-deflated series are available only for the EER-19 trading partner group.

8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	Bulgarian lev	Czech koruna	Danish krone	Croatian kuna	Lithuanian litas	Hungarian forint	Polish zloty	New Romanian leu	Swedish krona	Pound sterling	New Turkish lira
	1	2	3	4	5	6	7	8	9	10	11
2011	1.9558	24.590	7.4506	7.4390	3.4528	279.37	4.1206	4.2391	9.0298	0.86788	2.3378
2012	1.9558	25.149	7.4437	7.5217	3.4528	289.25	4.1847	4.4593	8.7041	0.81087	2.3135
2013	1.9558	25.980	7.4579	7.5786	3.4528	296.87	4.1975	4.4190	8.6515	0.84926	2.5335
2013 Q3	1.9558	25.853	7.4580	7.5459	3.4528	297.96	4.2477	4.4410	8.6798	0.85453	2.6092
Q4	1.9558	26.658	7.4593	7.6290	3.4528	297.43	4.1853	4.4506	8.8575	0.84074	2.7537
2014 Q1	1.9558	27.442	7.4625	7.6498	3.4528	307.93	4.1843	4.5023	8.8569	0.82787	3.0372
2013 Nov.	1.9558	26.927	7.4587	7.6326	3.4528	297.68	4.1887	4.4452	8.8802	0.83780	2.7316
Dec.	1.9558	27.521	7.4602	7.6365	3.4528	300.24	4.1760	4.4635	8.9597	0.83639	2.8276
2014 Jan.	1.9558	27.485	7.4614	7.6353	3.4528	302.48	4.1799	4.5205	8.8339	0.82674	3.0297
Feb.	1.9558	27.444	7.4622	7.6574	3.4528	310.20	4.1741	4.4918	8.8721	0.82510	3.0184
Mar.	1.9558	27.395	7.4638	7.6576	3.4528	311.49	4.1987	4.4933	8.8666	0.83170	3.0629
Apr.	1.9558	27.450	7.4656	7.6267	3.4528	307.37	4.1853	4.4620	9.0329	0.82520	2.9393
May	1.9558	27.437	7.4641	7.5952	3.4528	304.58	4.1800	4.4237	9.0298	0.81535	2.8736
	Percentage change versus previous month										
2014 May	0.0	0.0	0.0	-0.4	0.0	-0.9	-0.1	-0.9	0.0	-1.2	-2.2
	Percentage change versus previous year										
2014 May	0.0	6.0	0.1	0.4	0.0	4.2	0.0	2.0	5.3	-4.0	21.0

	Australian dollar	Brazilian real	Canadian dollar	Chinese yuan renminbi	Hong Kong dollar	Indian rupee	Indonesian rupiah	Israeli shekel	Japanese yen	Malaysian ringgit
	12	13	14	15	16	17	18	19	20	21
2011	1.3484	2.3265	1.3761	8.9960	10.8362	64.8859	12,206.51	4.9775	110.96	4.2558
2012	1.2407	2.5084	1.2842	8.1052	9.9663	68.5973	12,045.73	4.9536	102.49	3.9672
2013	1.3777	2.8687	1.3684	8.1646	10.3016	77.9300	13,857.50	4.7948	129.66	4.1855
2013 Q3	1.4465	3.0304	1.3760	8.1111	10.2696	82.3565	14,115.14	4.7459	131.02	4.2904
Q4	1.4662	3.0931	1.4275	8.2903	10.5522	84.4048	15,682.97	4.7994	136.48	4.3633
2014 Q1	1.5275	3.2400	1.5107	8.3576	10.6287	84.5794	16,179.21	4.7892	140.80	4.5184
2013 Nov.	1.4473	3.0959	1.4145	8.2221	10.4604	84.4990	15,575.06	4.7711	134.97	4.3176
Dec.	1.5243	3.2133	1.4580	8.3248	10.6254	84.7631	16,455.73	4.8019	141.68	4.4517
2014 Jan.	1.5377	3.2437	1.4884	8.2368	10.5586	84.5099	16,471.94	4.7569	141.47	4.5005
Feb.	1.5222	3.2581	1.5094	8.3062	10.6012	84.9503	16,270.18	4.8043	139.35	4.5194
Mar.	1.5217	3.2187	1.5352	8.5332	10.7283	84.2990	15,785.89	4.8087	141.48	4.5361
Apr.	1.4831	3.0864	1.5181	8.5984	10.7107	83.3624	15,801.66	4.8010	141.62	4.4989
May	1.4755	3.0512	1.4951	8.5658	10.6456	81.4318	15,830.12	4.7600	139.74	4.4337
	Percentage change versus previous month									
2014 May	-0.5	-1.1	-1.5	-0.4	-0.6	-2.3	0.2	-0.9	-1.3	-1.4
	Percentage change versus previous year									
2014 May	12.4	15.5	12.8	7.5	5.6	13.9	24.9	0.8	6.6	13.1

	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
	22	23	24	25	26	27	28	29	30	31	32
2011	17.2877	1.7600	7.7934	60.260	40.8846	1.7489	10.0970	1,541.23	1.2326	42.429	1.3920
2012	16.9029	1.5867	7.4751	54.246	39.9262	1.6055	10.5511	1,447.69	1.2053	39.928	1.2848
2013	16.9641	1.6206	7.8067	56.428	42.3370	1.6619	12.8330	1,453.91	1.2311	40.830	1.3281
2013 Q3	17.1005	1.6612	7.9303	57.813	43.4394	1.6795	13.2329	1,469.03	1.2348	41.675	1.3242
Q4	17.7331	1.6439	8.2375	59.354	44.2920	1.7006	13.8224	1,445.53	1.2294	43.151	1.3610
2014 Q1	18.1299	1.6371	8.3471	61.468	48.0425	1.7379	14.8866	1,465.34	1.2237	44.722	1.3696
2013 Nov.	17.6340	1.6327	8.2055	58.811	44.1581	1.6833	13.7626	1,434.06	1.2316	42.695	1.3493
Dec.	17.8278	1.6659	8.4053	60.552	45.0628	1.7244	14.2234	1,446.99	1.2245	44.323	1.3704
2014 Jan.	17.9964	1.6450	8.3927	61.263	46.0304	1.7327	14.8242	1,453.94	1.2317	44.822	1.3610
Feb.	18.1561	1.6466	8.3562	61.238	48.2554	1.7295	14.9820	1,462.51	1.2212	44.568	1.3659
Mar.	18.2447	1.6199	8.2906	61.901	49.9477	1.7513	14.8613	1,479.99	1.2177	44.765	1.3823
Apr.	18.0485	1.6049	8.2506	61.646	49.2978	1.7345	14.5815	1,441.28	1.2189	44.657	1.3813
May	17.7620	1.5957	8.1513	60.258	47.8403	1.7189	14.2995	1,407.13	1.2204	44.686	1.3732
	Percentage change versus previous month										
2014 May	-1.6	-0.6	-1.2	-2.3	-3.0	-0.9	-1.9	-2.4	0.1	0.1	-0.6
	Percentage change versus previous year										
2014 May	11.2	1.2	7.8	12.2	17.6	6.0	17.4	-2.6	-1.7	15.6	5.8

Source: ECB.

9

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	Croatia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10
	HICP									
2012	2.4	3.5	2.4	3.4	3.2	5.7	3.7	3.4	0.9	2.8
2013	0.4	1.4	0.5	2.3	1.2	1.7	0.8	3.2	0.4	2.6
2013 Q4	-1.0	1.1	0.4	0.6	0.5	0.7	0.6	1.3	0.3	2.1
2014 Q1	-1.8	0.3	0.4	0.1	0.3	0.4	0.6	1.3	0.0	1.8
2014 Feb.	-2.1	0.3	0.3	-0.2	0.3	0.3	0.7	1.3	0.1	1.7
Mar.	-2.0	0.3	0.2	-0.1	0.4	0.2	0.6	1.3	-0.4	1.6
Apr.	-1.3	0.2	0.5	-0.1	0.3	-0.2	0.3	1.6	0.3	1.8
	General government deficit (-)/surplus (+) as a percentage of GDP									
2011	-2.0	-3.2	-1.9	-7.8	-5.5	4.3	-5.1	-5.5	0.2	-7.6
2012	-0.8	-4.2	-3.8	-5.0	-3.2	-2.1	-3.9	-3.0	-0.6	-6.1
2013	-1.5	1.5	-0.8	-4.9	-2.2	-2.2	-4.3	-2.3	-1.1	-5.8
	General government gross debt as a percentage of GDP									
2011	16.3	41.4	46.4	52.0	38.3	82.1	56.2	34.7	38.6	84.3
2012	18.4	46.2	45.4	55.9	40.5	79.8	55.6	38.0	38.3	89.1
2013	18.9	46.0	44.5	67.1	39.4	79.2	57.0	38.4	40.6	90.6
	Long-term government bond yield as a percentage per annum; period average									
2013 Nov.	3.64	2.18	1.80	4.97	3.99	5.82	4.38	5.29	2.30	2.31
Dec.	3.43	2.20	1.89	5.10	3.69	5.78	4.42	5.29	2.39	2.50
2014 Jan.	3.56	2.43	1.86	5.11	3.42	5.60	4.42	5.22	2.37	2.48
Feb.	3.58	2.28	1.67	4.78	3.33	6.03	4.47	5.35	2.23	2.37
Mar.	3.54	2.20	1.61	4.51	3.33	5.83	4.25	5.31	2.16	2.34
Apr.	3.44	2.00	1.57	4.41	3.26	5.56	4.10	5.15	2.06	2.30
	3-month interest rate as a percentage per annum; period average									
2013 Nov.	0.97	0.40	0.25	1.35	0.40	3.33	2.65	2.44	1.16	0.52
Dec.	0.97	0.38	0.26	1.01	0.40	3.00	2.67	2.33	1.01	0.52
2014 Jan.	0.96	0.37	0.28	0.95	0.41	2.99	2.70	1.88	0.95	0.52
Feb.	0.89	0.37	0.27	0.88	0.41	2.99	2.71	3.29	0.94	0.52
Mar.	0.83	0.37	0.29	0.86	0.41	3.24	2.71	2.83	0.93	0.52
Apr.	0.83	0.37	0.31	0.83	0.41	2.94	2.72	2.74	0.91	0.53
	Real GDP									
2012	0.6	-1.0	-0.4	-1.9	3.7	-1.7	2.0	0.5	0.9	0.3
2013	0.9	-0.9	0.4	-1.0	3.3	1.1	1.6	3.5	1.6	1.7
2013 Q3	0.9	-1.0	0.9	-0.7	2.4	1.8	2.0	4.2	0.6	1.8
Q4	1.2	1.1	0.5	-0.9	3.4	2.9	2.5	5.1	3.0	2.7
2014 Q1	1.2	2.5	1.5	.	3.0	3.2	3.5	3.8	1.8	3.1
	Current and capital account balance as a percentage of GDP									
2012	0.5	0.0	6.0	0.2	2.0	3.5	-1.5	-3.0	5.8	-3.6
2013	3.1	0.5	7.3	1.3	3.7	6.5	1.0	1.2	6.0	-4.1
2013 Q3	11.5	1.2	8.6	25.0	3.0	7.2	0.2	1.2	6.5	-6.1
Q4	-2.7	1.1	8.8	-6.7	3.8	7.7	1.5	0.5	4.9	-4.8
2014 Q1	0.9	9.7	4.2	.	0.7	6.3	0.7	5.0	5.8	.
	Gross external debt as a percentage of GDP									
2011	94.3	59.6	183.3	103.4	77.4	150.0	72.3	77.1	200.0	419.6
2012	94.6	62.0	181.8	102.2	75.4	129.6	71.0	75.3	191.2	390.6
2013 Q2	93.8	65.6	175.1	106.4	70.5	128.6	73.7	73.5	197.6	395.1
Q3	93.9	64.6	174.3	102.6	69.5	121.5	72.8	71.9	196.9	363.5
Q4	93.5	71.0	176.7	104.9	67.1	118.9	69.8	68.6	196.4	354.2
	Unit labour costs									
2012	4.4	3.3	1.5	1.1	1.9	2.5	1.5	4.5	2.9	2.6
2013	5.2	-0.1	1.2	.	3.8	3.9	.	2.5	0.8	1.4
2013 Q3	3.8	1.4	0.8	0.5	4.9	3.4	1.5	1.4	1.4	2.0
Q4	1.9	.	1.1	.	2.9	3.2	.	0.9	-0.8	.
2014 Q1	1.4	.	0.3	.	.	.	.	.	1.1	.
	Standardised unemployment rate as a percentage of labour force (s.a.)									
2012	12.3	7.0	7.5	15.9	13.4	10.9	10.1	7.1	8.0	7.9
2013	12.9	7.0	7.0	17.2	11.8	10.2	10.3	7.3	8.0	7.5
2013 Q4	13.1	6.7	6.8	17.4	11.0	9.2	10.0	7.3	8.0	7.1
2014 Q1	13.0	6.6	.	17.3	11.7	8.0	9.9	7.2	8.1	.
2014 Feb.	13.0	6.6	6.9	17.4	11.7	7.9	9.9	7.2	8.1	6.6
Mar.	13.0	6.6	6.6	17.2	11.9	7.8	9.8	7.2	8.1	.
Apr.	12.8	6.5	6.5	16.8	11.2	.	9.7	7.1	8.2	.

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

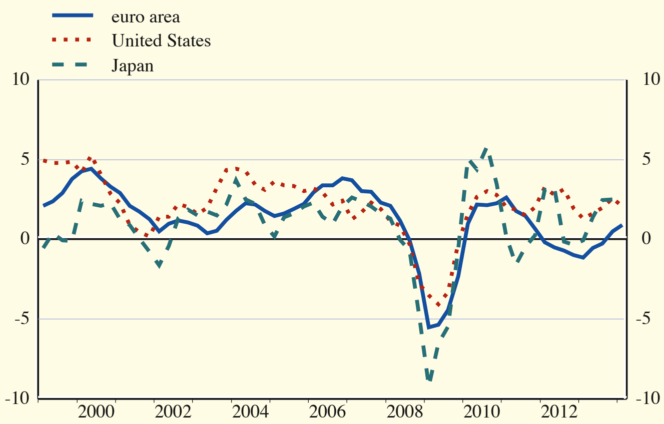
9.2 Economic and financial developments in the United States and Japan

(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	Government deficit (-)/ surplus (+) as a % of GDP	Govern-ment debt [6] as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
					United States						
2010	1.6	-1.2	2.5	6.6	9.6	2.5	0.34	3.57	1.3257	-12.2	79.2
2011	3.2	2.0	1.8	3.6	8.9	7.3	0.34	2.10	1.3920	-10.7	83.1
2012	2.1	1.1	2.8	4.4	8.1	8.6	0.43	1.88	1.2848	-9.3	86.5
2013	1.5	1.1	1.9	2.9	7.4	6.8	0.27	3.27	1.3275	-6.4	88.2
2013 Q1	1.7	1.7	1.3	3.2	7.7	7.3	0.29	2.09	1.3206	-7.2	88.0
Q2	1.4	2.0	1.6	2.7	7.5	7.1	0.28	2.82	1.3062	-5.7	87.2
Q3	1.6	1.9	2.0	2.7	7.2	6.6	0.26	2.91	1.3242	-7.0	86.9
Q4	1.2	-1.1	2.6	3.2	7.0	6.1	0.24	3.27	1.3638	-5.7	88.2
2014 Q1	1.4	0.9	2.0	2.5	6.7	6.0	0.24	2.97	1.3696	-6.1	.
2014 Jan.	1.6	-	-	1.8	6.6	5.5	0.24	2.93	1.3610	-	-
Feb.	1.1	-	-	2.6	6.7	6.4	0.24	2.90	1.3659	-	-
Mar.	1.5	-	-	3.2	6.7	6.0	0.23	2.97	1.3823	-	-
Apr.	2.0	-	-	3.1	6.3	6.2	0.23	2.87	1.3813	-	-
May	.	-	-	.	.	.	0.23	2.69	1.3732	-	-
					Japan						
2010	-0.7	-4.8	4.7	15.6	5.1	2.8	0.23	1.18	116.24	-8.3	186.7
2011	-0.3	0.8	-0.4	-2.8	4.6	2.7	0.19	1.00	110.96	-8.8	202.9
2012	0.0	-1.4	1.4	0.6	4.4	2.5	0.19	0.84	102.49	-8.7	211.0
2013	0.4	-0.8	1.6	-0.8	4.0	3.6	0.15	0.95	129.53	.	.
2013 Q1	-0.6	0.0	-0.1	-7.8	4.2	2.9	0.16	0.70	121.80	.	.
Q2	-0.3	-0.6	1.4	-3.1	4.0	3.5	0.16	1.02	129.07	.	.
Q3	0.9	-1.9	2.5	2.2	4.0	3.8	0.15	0.88	131.02	.	.
Q4	1.4	-1.0	2.5	5.9	3.9	4.3	0.14	0.95	137.01	.	.
2014 Q1	1.5	.	2.7	8.3	3.6	3.9	0.14	0.84	140.80	.	.
2014 Jan.	1.4	-	-	10.6	3.7	4.3	0.14	0.82	141.47	-	-
Feb.	1.5	-	-	7.1	3.6	4.0	0.14	0.81	139.35	-	-
Mar.	1.6	-	-	7.4	3.6	3.6	0.14	0.84	141.48	-	-
Apr.	3.4	-	-	4.1	3.6	3.4	0.14	0.81	141.62	-	-
May	.	-	-	.	.	.	0.14	0.75	139.74	-	-

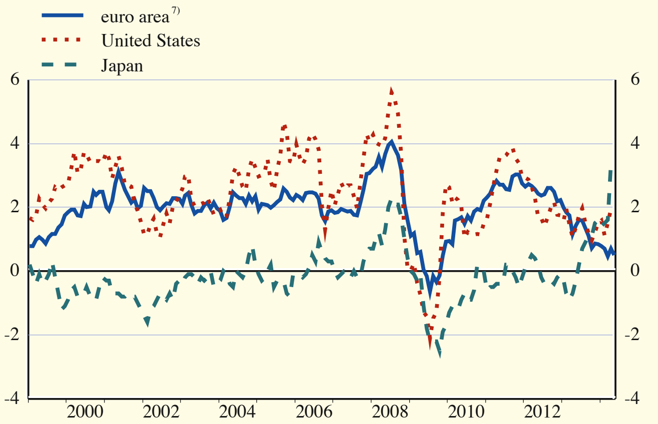
C41 Real gross domestic product

(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 include estimates for the three prefectures most affected by the earthquake in that country. Data collection was 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) General government debt consists of deposits, securities other than shares and loans outstanding at nominal value and is consolidated within the general government sector (end of period).
7) HICP data refer to the changing composition of the euro area. For further information, see the General Notes.

LIST OF CHARTS

TECHNICAL NOTES

EURO AREA OVERVIEW

CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

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

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

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

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

SECTION 1.3

CALCULATION OF INTEREST RATES ON INDEXED LONGER-TERM REFINANCING OPERATIONS

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

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

SECTIONS 2.1 TO 2.6

CALCULATION OF TRANSACTIONS

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

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

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

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

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

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:

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

The base of the index (for the non-seasonally adjusted series) is currently set as December 2010 = 100. Time series for the index of adjusted outstanding amounts are available on the ECB's website (www.ecb.europa.eu) in the "Monetary and financial statistics" sub-section of the "Statistics" section.

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

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

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

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

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

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

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

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.

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 2010) generally differs from 100, reflecting the seasonality of that month.

CALCULATION OF BALANCING ITEMS

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

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

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

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

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

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

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

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

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

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

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

SECTIONS 4.3 AND 4.4

CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

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

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

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

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

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

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

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

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

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

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

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

SEASONAL ADJUSTMENT OF SECURITIES ISSUES STATISTICS[4]

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

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

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

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

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 S81). 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

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).

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 4 June 2014.

Unless otherwise indicated, all data series relate to the group of 18 countries that are members of the euro area (the Euro 18) 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; Slovakia joined in 2009, forming the Euro 16; and Estonia joined in 2011, forming the Euro 17. Latvia joined in 2014, bringing the number of euro area countries to 18. From October 2012, the euro area statistics also include the European Stability Mechanism, an international organisation resident in the euro area for statistical purposes.

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 18 for all years, despite the fact that the euro area has only had this composition since 1 January 2014. 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 statistics based on the balance sheet of the MFI sector (“monetary statistics”), rates of change are compiled from chain-linked indices, with the new composition introduced by the linking factor at the point of enlargement. Thus, if a country joins the euro area in January of a given year, the factors contributing to the chain-linked indices 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. For further details on monetary statistics, refer to the "Manual on MFI balance sheet statistics", available in the "Statistics" section of the ECB's website.

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, Croatia, 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.

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).

Table 1 in Section 1.4 shows the components of the reserve base of credit institutions subject to reserve requirements. Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks are excluded from the reserve base. When a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years which are held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. The percentage used to calculate the reserve base was 10% until November 1999 and has been 30% since that date.

Table 2 in Section 1.4 contains average data for completed maintenance periods. First, the reserve requirement of each individual credit institution is calculated by applying the reserve ratios for the corresponding categories of liability to the eligible liabilities, using the balance sheet data from the end of each calendar month. Subsequently, each credit institution deducts from this figure a lump-sum allowance of €100,000. The resulting required reserves are then aggregated at the euro area level (column 1). Current account holdings (column 2) are the aggregate average daily current account holdings of credit institutions, including those that serve to fulfil reserve requirements. Excess reserves (column 3) are the average current account holdings over the maintenance period in excess of the required reserves. Deficiencies (column 4) are defined as the average shortfalls of current account holdings from required reserves over the maintenance period, computed on the basis of those credit institutions that have not fulfilled their reserve requirements. The interest rate on minimum reserves (column 5) is equal to the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's MROs (see Section 1.3).

Table 3 in Section 1.4 shows the banking system's liquidity position, which is defined as euro area credit institutions' current account holdings with the Eurosystem in euro. All amounts are derived from the consolidated financial statement of the Eurosystem. Other liquidity-absorbing operations (column 7) exclude the issuance of debt certificates initiated by NCBs in Stage Two of EMU. Net other factors (column 10) represent the netted remaining items in the consolidated financial statement of the Eurosystem. Credit institutions' current accounts (column 11) are equal to the difference between the sum of liquidity-providing factors (columns 1 to 5) and the sum of liquidity-absorbing factors (columns 6 to 10). Base money (column 12) is calculated as the sum of the deposit facility (column 6), banknotes in circulation (column 8) and credit institutions' current account holdings (column 11).

MONEY, BANKING AND 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).

2 OJ L 15, 20.01.2009, p. 14.
3 OJ L 211, 11.08.2007, p. 8.

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.

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.

4 OJ L 15, 20.01.2009, p. 1.

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 17 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 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, which are compiled by the ECB, and experimental HICP-based indices of administered prices.

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998

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.

concerning short-term statistics[6]. Since January 2009 the revised classification of economic activities (NACE Revision 2), as covered by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90, as well as certain EC Regulations on specific statistical domains[7], has been applied in the production of short-term statistics. The breakdown by end use of product for industrial producer prices and industrial production is the harmonised sub-division of industry excluding construction (NACE Revision 2, sections B to E) into Main Industrial Groupings (MIGs) as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007[8]. Industrial producer prices reflect the ex-factory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

The two non-energy commodity price indices shown in Table 3 in Section 5.1 are compiled with the same commodity coverage, but using two different weighting schemes: one based on the respective commodity imports of the euro area (columns 2-4), and the other (columns 5-7) based on estimated euro area domestic demand, or “use”, taking into account information on imports, exports and the domestic production of each commodity (ignoring, for the sake of simplicity, inventories, which are assumed to be relatively stable over the observed period). The import-weighted commodity price index is appropriate for analysing external developments, while the use-weighted index is suitable for the specific purpose of analysing international commodity price pressures on euro area inflation. The use-weighted commodity price indices are experimental data. For more details as regards the compilation of the ECB commodity price indices, see Box 1 in the December 2008 issue of the Monthly Bulletin.

The labour cost indices (Table 5 in Section 5.1) measure the changes in labour costs per hour worked in industry (including construction) and market services. Their methodology is laid down in Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index[9] and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003[10]. A breakdown of the labour cost indices for the euro area is available by labour cost component (wages and salaries, and employers’ social contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 5 of Section 5.1) on the basis of non-harmonised, national-definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 3 in Section 5.1) and employment statistics (Table 1 in Section 5.3) are derived from the ESA 95[11] quarterly national accounts. The ESA 95 was amended by Commission Regulation (EU) No 715/2010 of 10 August 2010[12] introducing NACE Revision 2, the updated statistical classification of economic activities. The publication of euro area national accounts data applying this new classification began in December 2011.

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.

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.
11 OJ L 310, 30.11.1996, p. 1.
12 OJ L 210, 11.8.2010, p. 1.

Retail trade turnover covers all retail trade (excluding sales of motor vehicles and motorcycles), including 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 statistical reporting requirements laid down in the ECB Guideline of 31 July 2009 on government finance statistics (ECB/2009/20)[13]. Harmonised data provided by the NCBs are regularly updated. The annual deficit and debt data for the euro area aggregates may therefore differ from those published by the European Commission. 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[14] 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 government deficit/surplus and debt data for the individual euro area countries as reported to the Commission under Council Regulation (EU) No 679/2010, owing to their importance within the framework of the Stability and Growth Pact. 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 non-seasonally adjusted 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[15]. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided by the Member States under Regulation (EC) No 501/2004 and Regulation (EC) No 222/2004 and data provided by the NCBs.

EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments

13 OJ L 228. 1.9.2009, p. 25.
14 OJ L 172, 12.7.2000, p. 3.
15 OJ L 179, 9.7.2002, p. 1.

Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB (ECB/2004/15)[16] and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)[17]. 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)[18] 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 and international organisations (which, with the exception of the ECB and the European Stability Mechanism, are considered to be outside the euro area for statistical purposes, regardless of their physical location) as well as offshore centres. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives or international reserves. In addition, separate data

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

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 investment (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-19 group excludes Croatia. The EER-39 group comprises the EER-20 plus the following countries: Algeria, Argentina, Brazil, Chile, 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 (CPIs), producer price indices (PPIs), gross domestic product deflators and unit labour costs, both for the manufacturing sector (ULCM) and for the total economy (ULCT). ULCM-deflated EERs are available only for the EER-19.

For more detailed information on the calculation of the EERs, see the relevant methodological note and ECB Occasional Paper No 134 ("Revisiting the effective exchange rates of the euro" by Martin Schmitz, Maarten De Clercq, Michael Fidora, Bernadette Lauro and Cristina Pinheiro, June 2012), which can be downloaded from the ECB's website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies. The most recent rate for the Icelandic krona is 290.0 per euro and refers to 3 December 2008.

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. However, data shown in this table on current and capital accounts and gross external debt follow the respective national concept and do not 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]

12 JANUARY 2012

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

9 FEBRUARY 2012

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

8 MARCH, 4 APRIL AND 3 MAY 2012

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

6 JUNE 2012

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

5 JULY 2012

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

2 AUGUST 2012

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

1 The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2011 can be found in the ECB's Annual Report for the respective years.

6 SEPTEMBER 2012

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

4 OCTOBER AND 8 NOVEMBER 2012

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

6 DECEMBER 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 9 July 2013, notably to continue its fixed rate tender procedures with full allotment.

10 JANUARY, 7 FEBRUARY, 7 MARCH AND 4 APRIL 2013

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

2 MAY 2013

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.50%, starting from the operation to be settled on 8 May 2013. In addition, it decides to decrease the interest rate on the marginal lending facility by 50 basis points to 1.00%, with effect from 8 May 2013, and to keep the interest rate on the deposit facility unchanged at 0.00%. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 8 July 2014, notably to continue its fixed rate tender procedures with full allotment.

6 JUNE, 4 JULY, 1 AUGUST, 5 SEPTEMBER AND 2 OCTOBER 2013

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.50%, 1.00% and 0.00% respectively.

7 NOVEMBER 2013

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.25%, starting from the operation to be settled on 13 November 2013. In addition, it decides to decrease the interest rate on the marginal lending facility by 25 basis points to 0.75%, with effect from 13 November 2013, and to keep the interest rate on the deposit facility unchanged at 0.00%. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 7 July 2015, notably to continue its fixed rate tender procedures with full allotment.

5 DECEMBER 2013, 9 JANUARY, 6 FEBRUARY, 6 MARCH, 3 APRIL AND 8 MAY 2014

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.25%, 0.75% and 0.00% respectively.

5 JUNE 2014

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations (MROs) by 10 basis points to 0.15%, starting from the operation to be settled on 11 June 2014. In addition, it decides to decrease the interest rate on the marginal lending facility by 35 basis points to 0.40% and the interest rate on the deposit facility by 10 basis points to -0.10%, both with effect from 11 June 2014. It also decides to adopt further non-standard measures, notably: (i) to conduct a series of targeted longer-term refinancing operations (TLTROs) maturing in September 2018 to support bank lending to the non-financial private sector, with an interest rate fixed over the life of each operation at the rate on the Eurosystem's main refinancing operations prevailing at the time of take-up, plus a fixed spread of 10 basis points; (ii) to continue conducting the MROs as fixed rate tender procedures with full allotment at least until the end of the reserve maintenance period ending in December 2016; (iii) to conduct the three-month longer-term refinancing operations (LTROs) to be allotted before the end of the reserve maintenance period ending in December 2016 as fixed rate tender procedures with full allotment; (iv) to suspend the weekly fine-tuning operation sterilising the liquidity injected under the Securities Markets Programme; (v) to intensify preparatory work related to outright purchases in the ABS market.

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

TARGET2[1] is instrumental in promoting an 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. TARGET2 is accessible to a large number of participants. More than 1,000 credit institutions in Europe use TARGET2 to make payments on their own behalf, on behalf of other (indirect) participants or on their customers' behalf. Taking into account branches and subsidiaries, almost 57,000 banks worldwide (and thus all the customers of these banks) can be reached via TARGET2.

TARGET2 is used to make large-value and time-critical payments, including payments to facilitate settlement in other interbank funds transfer systems (e.g. Continuous Linked Settlement or EURO1), and to settle money market, foreign exchange and securities transactions. It is also used for smaller-value customer payments. TARGET2 provides intraday finality for transactions and allows the funds credited to a participant's account to be available immediately for other payments.

PAYMENT FLOWS IN TARGET2

In the first quarter of 2014 TARGET2 settled 22,839,642 transactions, with a total value of €123,842 billion. This corresponds to a daily average of 362,534 transactions, with an average daily value of €1,966 billion. The highest level of TARGET2 traffic in this quarter was recorded on 31 March, when 504,852 payments were processed. With a market share of 61% in terms of volume and 91% 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. Interbank payments accounted for 39% of total payments in terms of volume and 91% in terms of value. The average value of an interbank payment processed in the system was €12.6 million, while that of a customer payment was €0.8 million. 67% of the payments had a value of less than €50,000, while 13% had a value of more than €1 million. On average, there were 215 payments per day with a value of more than €1 billion. All of these figures are similar to those recorded for the previous quarter.

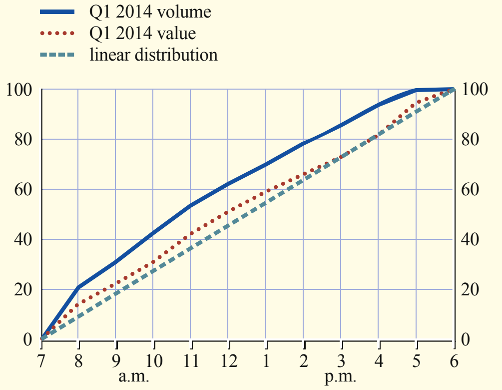
INTRADAY PATTERN OF VOLUMES AND VALUES

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 2014. In volume terms, the curve is well above the linear distribution, with 70% of the volume exchanged by 1 p.m. CET and 99.6% exchanged by one hour before the system closes. In value terms, the curve is slightly above the linear distribution until the middle of the day, with around 59% of the value exchanged by 1 p.m. CET. The curve then moves closer towards the linear distribution, an indication that higher-value payments are settled towards the end of the TARGET2 business day.

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

Chart 1 Intraday pattern

(percentages)



Source: ECB.

TARGET2 AVAILABILITY AND BUSINESS PERFORMANCE

In the first quarter of 2014 TARGET2 achieved 100% availability. The only 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. CET. All payments that are required to settle normally for the agreed service levels[2] to be met were processed in less than five minutes; thus, the expectations set for the system were met in full.

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

(number of payments)

	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1
TARGET2					
Total volume	22,321,754	23,600,140	22,827,447	23,840,793	22,839,642
Daily average	360,028	374,605	345,870	372,512	368,381
EURO1 (EBA Clearing)					
Total volume	15,800,866	16,614,190	15,919,832	15,802,209	14,491,603
Daily average	254,853	263,717	241,210	246,910	233,736

Notes: In January 2013, in order to improve the quality of TARGET2 data, a new methodology was implemented for data collection and reporting. The change resulted in a decrease in the value-based indicators. This should be considered when comparing data from before and after the implementation date.

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

(EUR billions)

	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1
TARGET2					
Total value	122,916	125,266	121,184	124,076	123,842
Daily average	1,983	1,988	1,836	1,939	1,966
EURO1 (EBA Clearing)					
Total value	12,794	12,514	11,676	11,695	11,757
Daily average	206	199	177	183	187

Note: See notes to Table 1.

2 Payments stemming from ancillary system interface settlement procedures are among those excluded from the performance measurement. More details on the performance-based indicators can be found via this link: http://www.ecb.europa.eu/paym/t2/professional/indicators/html/index.en.html

PUBLICATIONS PRODUCED BY THE EUROPEAN CENTRAL BANK

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

STATUTORY PUBLICATIONS

- Annual Report
- Convergence Report
- Monthly Bulletin

RESEARCH PAPERS

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

OTHER/TASK-RELATED PUBLICATIONS

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

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

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

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

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Excess liquidity: the amount of central bank reserves held by banks in excess of the aggregate needs of the banking system, which are determined by reserve requirements and autonomous factors.

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).

Forward guidance: communication by a central bank on the orientation of monetary policy with respect to the future path of policy interest rates.

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.

Maximum bid rate: the upper limit to the interest rates at which counterparties may submit bids in variable rate liquidity-absorbing tender operations.

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 variable rate liquidity-providing tender operations.

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.

Structural fiscal balance (general government): the actual budget balance corrected for cyclical factors (i.e. the cyclically adjusted balance) and one-off fiscal measures.

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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