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EUROSYSTEM

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CONTENTS

ABBREVIATIONS

COUNTRIES

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

OTHERS

BIS	Bank for International Settlements
b.o.p.	balance of payments
BPM5	IMF Balance of Payments Manual (5th edition)
CD	certificate of deposit
c.i.f.	cost, insurance and freight at the importer's border
CPI	Consumer Price Index
ECB	European Central Bank
EER	effective exchange rate
EMI	European Monetary Institute
EMU	Economic and Monetary Union
ESA 95	European System of Accounts 1995
ESCB	European System of Central Banks
EU	European Union
EUR	euro
f.o.b.	free on board at the exporter's border
GDP	gross domestic product
HICP	Harmonised Index of Consumer Prices
HWWI	Hamburg Institute of International Economics
ILO	International Labour Organization
IMF	International Monetary Fund
MFI	monetary financial institution
NACE Rev. 1	Statistical classification of economic activities in the European Community
NCB	national central bank
OECD	Organisation for Economic Co-operation and Development
PPI	Producer Price Index
SITC Rev. 4	Standard International Trade Classification (revision 4)
ULCM	unit labour costs in manufacturing
ULCT	unit labour costs in the total economy

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

EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council decided at its meeting on 14 January 2010 to leave the key ECB interest rates unchanged. The current rates remain appropriate. Taking into account all the information and analyses that have become available since the Governing Council meeting on 3 December 2009, price developments are expected to remain subdued over the policy-relevant horizon. The latest information has also confirmed that towards the end of 2009 euro area economic activity continued to expand. However, some of the factors supporting the growth in real GDP are of a temporary nature. Overall, the Governing Council expects the euro area economy to grow at a moderate pace in 2010, recognising that the recovery process is likely to be uneven and that the outlook remains subject to uncertainty. The outcome of the monetary analysis confirms the assessment of low inflationary pressure over the medium term, given the ongoing parallel decline in money and credit growth. All in all, the Governing Council expects price stability to be maintained over the medium term, thereby supporting the purchasing power of euro area households. Medium to longer-term inflation expectations remain firmly anchored in line with the Governing Council's aim of keeping inflation rates below, but close to, 2% over the medium term.

Starting with the economic analysis, following the 0.4% quarter-on-quarter increase in real GDP in the third quarter of 2009, the latest information confirms that towards the end of last year economic activity in the euro area continued to expand. The euro area has been benefiting from a turn in the inventory cycle and a recovery in exports, as well as from the significant macroeconomic stimulus under way and the measures adopted to restore the functioning of the financial system. However, a number of the supporting factors are of a temporary nature. Furthermore, there is likely to be a drag on activity for some time to come on account of the ongoing process of balance sheet adjustment in the financial and non-financial sectors, both inside and outside the euro area. In addition, low capacity utilisation rates are likely to dampen investment, and unemployment in the euro area is expected to increase somewhat further, thereby lowering consumption growth. For these reasons, the euro area economy is expected to grow only at a moderate pace in 2010 and the recovery process could be uneven.

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

With regard to price developments, as expected, euro area annual HICP inflation increased further in December 2009 to stand at 0.9%, after 0.5% in November. The rise mainly reflects upward base effects stemming mostly from the drop in global energy prices a year ago. Inflation is expected to remain around 1% in the near term. Looking further ahead, inflation is expected to remain moderate over the policy-relevant horizon, with overall price, cost and wage developments staying subdued in line with a slow recovery in demand in the euro area and elsewhere. In this context, it is important to emphasise, once again, that inflation expectations over the medium to longer term remain firmly anchored in line with the Governing Council's aim of keeping inflation rates below, but close to, 2% over the medium term.

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

Turning to the monetary analysis, both the annual growth rates of M3 and loans to the private sector were negative in November, standing at -0.2% and -0.7% respectively. The concurrent declines to historically low growth rates recorded in these two series over the past months support the assessment of a decelerating underlying pace of monetary expansion and low inflationary pressures over the medium term. Looking ahead, M3 and credit growth are likely to remain very weak or negative for some time to come.

The decline in actual monetary growth is likely to overstate the deceleration in the underlying pace of monetary expansion. This is due to the continued steep slope of the yield curve, which explains shifts of funds out of M3 into longer-term deposits and securities. At the same time, the interest rate constellation continues to foster divergent developments in the main components of M3, as the narrow spreads between the rates on different short-term bank deposits reduce the opportunity costs of shifting funds from, for instance, short-term time deposits into overnight deposits. As a result, M1 continued to grow at a robust annual rate of 12.6% in November, when annual M3 growth turned negative.

The negative annual growth of bank loans to the private sector conceals a return to positive annual rates of growth in the case of loans to households, while the annual growth of loans to non-financial corporations became more negative. Such divergence remains in line with business cycle regularities, with turning points in the growth of loans to enterprises typically lagging those in economic activity. In the case of households, the latest data provide further confirmation of a levelling-off at low rates. In the case of non-financial corporations, the decline in loans continues to reflect mainly a strong net redemption of loans with a shorter maturity, while lending and borrowing at longer maturities remained positive. The subdued levels of production and trade, as well as the ongoing uncertainty surrounding the business outlook, will probably continue to dampen firms' demand for bank financing in the months to come. In the meantime, financing conditions for enterprises have improved over recent months in terms of the cost of both bank credit and market financing. In this respect, the continued negative flows in short-term bank loans to non-financial corporations observed in recent months may partly reflect better possibilities for substitution with different sources of longer-term financing.

Banks have continued to reduce the size of their overall balance sheets, mainly through downsizing the assets held vis-à-vis other banks. The challenge remains to adjust the size and structure of balance sheets while ensuring the availability of credit to the non-financial sector. To address this challenge, banks should use the improved funding conditions to strengthen further their capital bases and, where necessary, take full advantage of government support measures for recapitalisation.

To sum up, the current key ECB interest rates remain appropriate. Taking into account all the information and analyses that have become available since the Governing Council meeting on 3 December 2009, price developments are expected to remain subdued over the policy-relevant horizon. The latest information has also confirmed that towards the end of 2009 euro area economic activity continued to expand. However, some of the factors supporting the growth in real GDP are of a temporary nature. Overall, the Governing Council expects the euro area economy to grow at a moderate pace in 2010, recognising that the recovery process is likely to be uneven and that the outlook remains subject to uncertainty. A cross-check of the outcome of the economic analysis with that of the monetary analysis confirms the assessment of low inflationary pressure over the medium term, given the ongoing parallel decline in money and credit growth. All in all, the Governing Council expects price stability to be maintained over the medium term, thereby supporting the purchasing power of euro area households. Medium to longer-term inflation expectations remain firmly anchored in line with the Governing Council's aim of keeping inflation rates below, but close to, 2% over the medium term.

The Governing Council will continue its enhanced credit support to the banking system, while taking into account the ongoing improvement in financial market conditions and avoiding distortions associated with maintaining non-standard measures for too long. The Governing Council will also continue to implement the gradual phasing-out of the extraordinary liquidity measures that are not needed to the same extent as in the past. In order to counter effectively any threat to price stability over the medium to longer term, the liquidity provided will be absorbed when necessary. Accordingly, the Governing Council will continue to monitor very closely all developments over the period ahead.

As regards fiscal policies, many euro area governments are faced with high and sharply rising fiscal imbalances. The very large government borrowing requirements carry the risk of triggering rapid changes in market sentiment, leading to less favourable medium and long-term market interest rates. This, in turn, would dampen private investment and thereby weaken the foundations for sustained growth. Moreover, high levels of public deficit and debt would place an additional burden on monetary policy and undermine the credibility of the provisions of both the Treaty on the Functioning of the European Union and the Stability and Growth Pact as a key pillar of Economic and Monetary Union. The Governing Council therefore calls upon governments to decide and implement in a timely fashion ambitious fiscal exit and consolidation strategies based on realistic growth assumptions, with a strong focus on expenditure reforms. Tax cuts should only be considered over the medium term, when countries have regained sufficient room for budgetary manoeuvre. In this regard, current government commitments to start consolidation in 2011 at the latest and to go well beyond the structural benchmark for adjustment of 0.5% of GDP per annum represent the minimum requirement for all euro area countries. The success of fiscal adjustment strategies will also depend, crucially, on appropriate national budgetary rules and institutions and requires transparent budgetary procedures, as well as reliable and complete government finance statistics.

Turning to structural reforms, an appropriate restructuring of the banking sector should play an important role. Sound balance sheets, effective risk management, and transparent as well as robust business models are key to strengthening banks' resilience to shocks, thereby laying the foundations for sustainable economic growth and financial stability.

The Eurosystem will submit its response to the European Commission's public consultation on the EU 2020 strategy, which is designed as a successor to the current Lisbon strategy. To address future challenges, the EU 2020 strategy should focus on raising potential growth and creating high levels of employment through well-functioning labour and product markets, sound financial systems and sustainable fiscal policies. The aim is to achieve a highly competitive social market economy, as spelled out in the Treaty.

This issue of the Monthly Bulletin contains three articles. The first article describes the way in which the ECB has assessed, signalled and implemented the monetary policy stance in the context of the recent financial crisis. The second article reviews the relations of the ECB with the other relevant institutions and bodies in the European Union which have been established since the launch of the euro. The third article presents an overview and estimates of household entitlements under government pension schemes in the euro area.

ECONOMIC AND MONETARY DEVELOPMENTS

1 THE EXTERNAL ENVIRONMENT OF THE EURO AREA

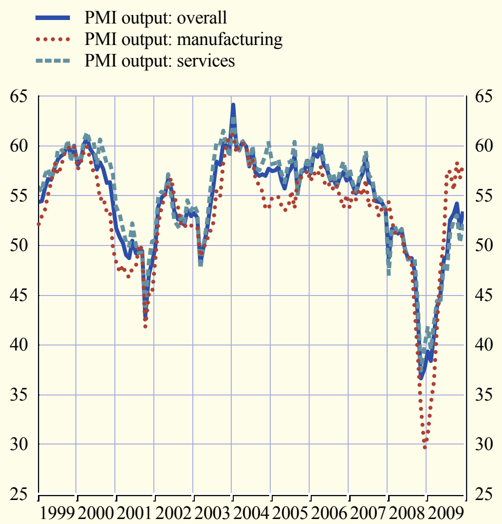
The global economy is exhibiting stronger signs of a return to growth. At the same time, owing to base effects related to commodity prices, global inflation rates have returned to positive territory. Risks to the global economic outlook are viewed to be broadly balanced.

1.1 DEVELOPMENTS IN THE WORLD ECONOMY

There is increasing evidence that global economic activity, supported by the monetary and fiscal policy stimuli, as well as by the inventory cycle, is expanding. The global Purchasing Managers' Index (PMI), which has continued to signal an expansion in global economic activity, increased to 53.4 in December from 51.7 in the previous month (see Chart 1). The increase in the global PMI in December was mainly driven by a recovery in the manufacturing sector, but the service sector also recovered further. The pick-up in activity has been accompanied by sustained growth in the PMI new orders component, especially in the manufacturing sector, suggesting that this sector is likely to expand further in the near term.

Chart 1 Global PMI output

(diffusion index; SA; monthly data)

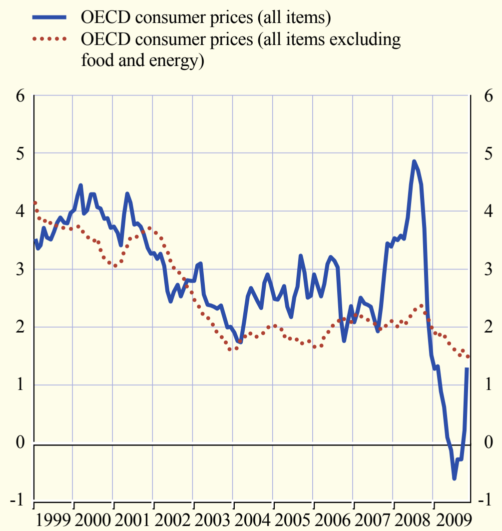


Source: Markit.

Having remained slightly negative for a few months, mainly owing to base effects related to commodity prices and elevated spare capacity, headline annual CPI inflation in OECD countries returned to positive territory in October and stood at 1.3% in November (see Chart 2). Excluding food and energy, annual CPI inflation was 1.5% in November, slightly lower than one month earlier. The global PMI of manufacturing input prices also showed marked increases in purchasing prices in December, recording the largest increase since August, partly as a result of the recent increases in commodity prices.

Chart 2 International price developments

(monthly data; annual percentage changes)



Source: OECD.

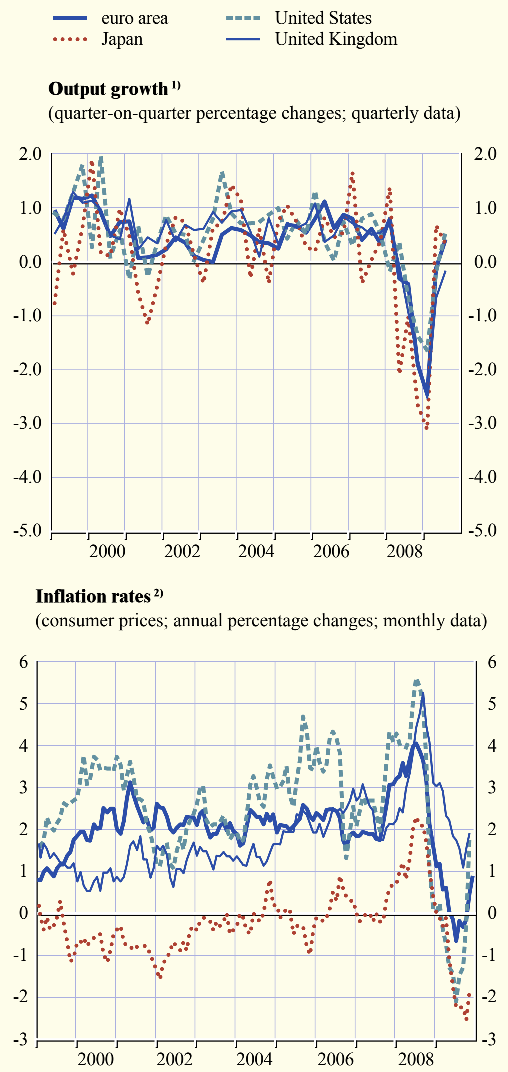
UNITED STATES

In the United States, growth in economic activity turned positive in the third quarter of 2009 as economic conditions improved. According to the third estimate by the Bureau of Economic Analysis, real GDP increased in the same quarter, rising by 2.2% in annualised terms instead of the 2.8% previously estimated. The main drivers of the pick-up in activity were gains in consumer spending, a strong rebound in both residential investment and exports, and a less pronounced pace of inventory liquidation. Government stimulus measures temporarily supported demand, particularly in the automobile and housing sectors. Meanwhile, GDP growth was dampened by surging imports and declining investment in non-residential structures.

As regards price developments, annual CPI inflation rose to 1.8% in November 2009, the first positive change since February 2009. This follows a decline of 0.2% in the CPI index in the year to October (see Chart 3). The rise in headline inflation was largely driven by a rise in energy costs in November, as well as by base effects stemming from past developments in energy prices. The annual rate of inflation excluding food and energy remained stable at 1.7% in November.

On 16 December 2009 the US Federal Open Market Committee (FOMC) decided to maintain its target range for the federal funds rate at 0% to 0.25%. The FOMC continues to anticipate that economic conditions, including low rates of resource utilisation, subdued inflation trends and stable inflation expectations, are likely to warrant exceptionally low levels of the federal funds rate for an extended period. The FOMC also continues to conduct non-conventional measures to support the functioning of financial markets and stimulate the economy, although the pace of asset purchases is gradually being reduced and most special liquidity facilities are expected to expire over the next few months.

Chart 3 Main developments in major industrialised economies



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

JAPAN

In Japan, economic activity is recovering. In particular, the Bank of Japan's December 2009 Tankan Survey indicated that sentiment among large manufacturers in Japan has improved over recent months. The outlook for capital expenditure, however, remains less favourable, as firms appear to remain cautious concerning the medium-term perspectives. According to the second preliminary estimate released by Japan's Cabinet Office in December, the quarterly real GDP growth rate was revised downwards substantially, from 1.2% to 0.3% for the third quarter of 2009. This mainly reflected a significant downward revision of business investment and, to a lesser extent, inventories, as private consumption was revised slightly upwards.

Price indices continued to decrease in November 2009 owing to considerable economic slack. Annual CPI inflation fell by 1.9% in November, following a decline of 2.5% in October. The negative contribution from the energy component, however, continued to shrink. The annual change in the CPI excluding food and energy was -1.0% in November, compared with -1.1% in October. At its meeting on 18 December 2009, the Bank of Japan decided to leave its target for the uncollateralised overnight call rate unchanged at 0.1%.

UNITED KINGDOM

In the United Kingdom, the economic situation is improving gradually. Real GDP growth in the third quarter of 2009 was revised slightly upwards to -0.2% (from -0.3% in the first release), with upward revisions in the construction sector being partly offset by downward revisions to services. Short-term indicators suggest that real GDP may have returned to positive territory in the fourth quarter of 2009. House prices rose for the fifth consecutive month, by 1.4% (month on month) in December 2009, but nevertheless remained slightly lower than a year ago. Annual HICP inflation for November 2009 turned out higher than expected by markets, standing at 1.9% year on year (up from 1.5% in October). This partly reflects the weakness of the pound sterling. In the short term, HICP inflation is likely to be higher, to some extent also driven by base effects (temporary VAT reduction in December 2008).

At its meeting on 9 and 10 December, the Monetary Policy Committee of the Bank of England voted unanimously for keeping the key policy interest rate at 0.5% and maintaining the quantitative easing strategy of asset purchases. In addition, a new measure was introduced, namely that the Bank of England will offer to sell corporate bonds as part of the Corporate Bond Secondary Market Scheme. At its meeting on 7 January, the Bank of England's Monetary Policy Committee kept these policies unchanged.

OTHER EUROPEAN COUNTRIES

In most other non-euro area EU countries, the economic situation also seems to have stabilised recently. In Sweden, real GDP increased by 0.2% (quarter on quarter) in the third quarter of 2009, which is somewhat weaker than the 0.3% increase recorded in the second quarter. In Denmark, output increased by 0.6% in the third quarter after a marked decrease of 2.3% in the second quarter, which mainly reflected one-off factors. In December 2009 HICP inflation increased to 2.8% in Sweden and to 1.2% in Denmark. On 11 December 2009 Danmarks Nationalbank reduced its main policy rate by 0.05 percentage point to 1.2%.

In the largest central and eastern European EU Member States, recent economic indicators suggest some improvement. Compared with the second quarter, real GDP contracted at a somewhat slower pace in Hungary and Romania in the third quarter, by 1.8% and 0.6% quarter on quarter respectively, and increased by 0.5% and 0.8% in Poland and the Czech Republic respectively. Short-term indicators generally suggest a further improvement in the economic situation in most central and eastern European EU Member States. In particular, indicators related to exports and manufacturing have improved significantly, while indicators related to domestic demand show a more mixed picture. In the majority of countries, HICP inflation rose somewhat in December, moving up to 0.5% in the Czech Republic and 4.7% in Romania (year on year). In Poland, it remained unchanged at 3.8%. Box 1 briefly reviews the external adjustment process that is unfolding in central and eastern Europe.

Box 1

EXTERNAL ADJUSTMENT IN CENTRAL AND EASTERN EUROPE

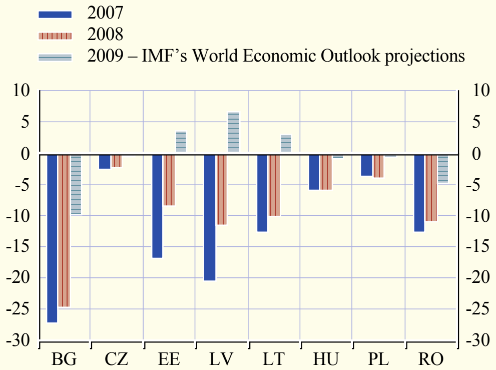
Since the end of 2007 several EU countries of central and eastern Europe have been experiencing an unwinding of domestic and external imbalances, a process which was exacerbated when the global financial turmoil intensified. Over the past two years most countries in the region have seen a significant fall in GDP and domestic demand, which has fostered a rapid contraction in the sizeable current account deficits that had prevailed in some of these countries in previous years. This box briefly examines the formation and subsequent unwinding of external imbalances in this region.

In the course of their increasing integration into the world economy, most central and eastern European countries have been going through a rapid catching-up process, accompanied by large current account deficits. While this is, to some extent, a normal feature of the catching-up process, several central and eastern European countries have recorded deficits much larger than that which could typically be explained from an intertemporal perspective.[1] In 2007 current account deficits amounted to more than 10% of GDP in Estonia, Lithuania and Romania and exceeded 20% of GDP in Bulgaria and Latvia, raising questions about their medium-term sustainability. These external imbalances were generally also a reflection of internal imbalances. In particular, in countries with no or limited exchange rate flexibility, relatively low interest rates fuelled domestic credit growth and economic overheating. Accordingly, current account deficits widened as a result of strong domestic demand fuelling import growth, while export competitiveness was negatively affected by rising unit labour costs.

Since the end of 2007 current and capital account deficits have narrowed in all of the countries under consideration. In the Baltic States, they even turned positive in 2009 (see Chart A).[2] The unwinding of current account deficits has occurred amid a significant decline in house prices and credit growth, especially in those countries that had previously shown strong signs of overheating. Although the correction of the imbalances had already started prior to the intensification of the financial turmoil in September 2008, heightened global risk aversion amplified the speed and magnitude of the adjustment and led to a sharp contraction in economic activity and domestic demand. The decline in activity was particularly pronounced in the Baltic States,

Chart A Current and capital account balances in central and eastern Europe

(percentages of GDP)



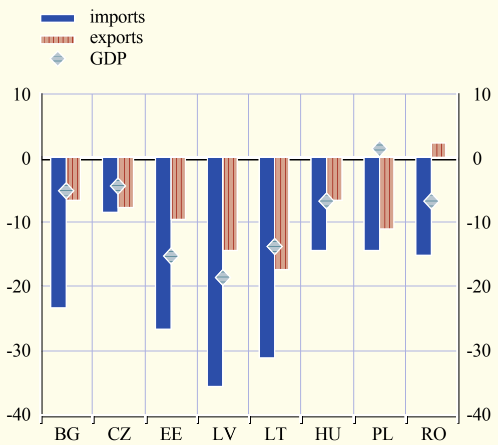
Sources: ECB and the IMF's World Economic Outlook projections.

1 For evidence relating to this, see M. Ca' Zorzi, A. Chudik and A. Dieppe, "Current account benchmarks for central and eastern Europe: a desperate search?", *Working Paper Series*, No 995, ECB, 2009.

2 Please note that, for some countries, income debits in the current account entail the provisioning by loss-making foreign-owned banks. Excluding this provisioning from the calculation would result in lower losses by foreign-owned banks, implying lower current account surpluses.

Chart B GDP, imports and exports

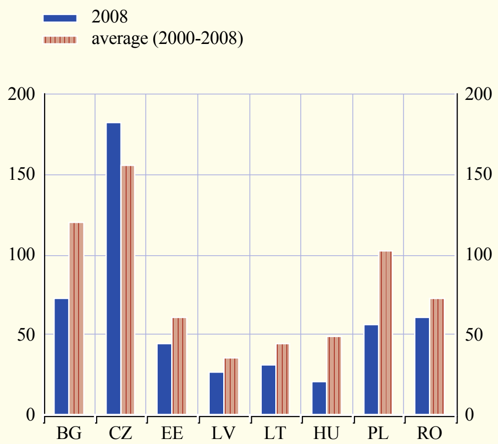
(annual percentage change in the third quarter of 2009, at constant prices)



Source: ECB staff calculations.

Chart C FDI coverage of the current and capital account

(net inflows of FDI as a percentage of the combined current and capital account)



Source: ECB staff calculations.

partially because the exchange rate could not depreciate and thereby mitigate the downturn in these countries. As the adjustment process was accompanied by a sharp contraction in global trade, both exports and imports fell sharply in each country in the region. However, in all of the countries under consideration, between the third quarter of 2008 and the third quarter of 2009 the decline in imports was stronger than that of exports, in both nominal and real terms, leading to a sharp correction of current account deficits (see Chart B).

The magnitude of the overall current account adjustment in each of these countries seems to have also been related to the financing of the current account deficit prior to the turmoil. In contrast to countries in which foreign direct investment (FDI) accounted for a large proportion of the financial account, such as the Czech Republic and Poland, countries that relied more heavily on "other investment" inflows, such as the Baltic States, have generally experienced a sharper contraction in their deficits (see Chart C). Heavy net outflows of "other investment" from these countries during the turmoil can be partly attributed to the global deleveraging that stemmed from the notable increase in investors' risk aversion and to a lower demand for credit, as some of these countries adjusted in response to previous credit-driven domestic demand booms. With respect to "other investment" flows, there are also differences between countries regarding cross-border flows between banks. In some countries, such as Estonia, Hungary and Poland, local subsidiaries received substantial liquidity support from their parent banks, which might have played a stabilising role.

To summarise, external imbalances in several central and eastern European countries have been undergoing strong and rapid adjustment, the speed and magnitude of which has been amplified by the effects of the turmoil. The strength of the unwinding in each country appears to have been partly related to the magnitude of the imbalances that had been built up before the crisis. In addition, the financing structure of the current account deficit also seems to have played a role in the adjustment dynamics, as countries with higher FDI coverage appear to have been relatively less vulnerable to the global turmoil.

In the second half of December, Česká národní banka and the Magyar Nemzeti Bank both cut their main policy rate by 25 basis points to 1% and 6.25% respectively. In early January Banca Națională a României cut its main policy rate by 50 basis points to 7.5%.

EMERGING ASIA

The upturn in the economies of emerging Asia has also continued, driven by ongoing expansionary fiscal and monetary policies, as well as the rise in asset market valuations partly as a result of foreign capital inflows. Furthermore, the most recent labour market data indicate that, in a number of countries, the unemployment rate, which had been rising since the fourth quarter of 2008, has started to decline. In addition, foreign trade has continued to recover. Inflation is gradually picking up in this region, even though annual changes in consumer prices are still low in most countries, with India being the main exception, where (wholesale) inflation stood at 4.8% in November 2009.

In China, economic growth continued to be strong in the last quarter of 2009. Reflecting the vast number of infrastructural projects set in motion by the fiscal package and the upbeat outlook in the real estate sector, fixed asset investment grew by 32% in the period between January and November 2009 relative to the same period in the previous year. With consumption continuing to grow, strong domestic demand contributed to the rise in imports, whereas the recovery of exports remained moderate. As a result, the trade surplus decreased by one-third in 2009 compared with the previous year. In November the annual changes in consumer prices turned slightly positive for the first time since the beginning of 2009. While the loan stock was still 34% larger at the end of November than a year earlier, the most recent monthly figures indicate that credit growth has started to slow down.

LATIN AMERICA

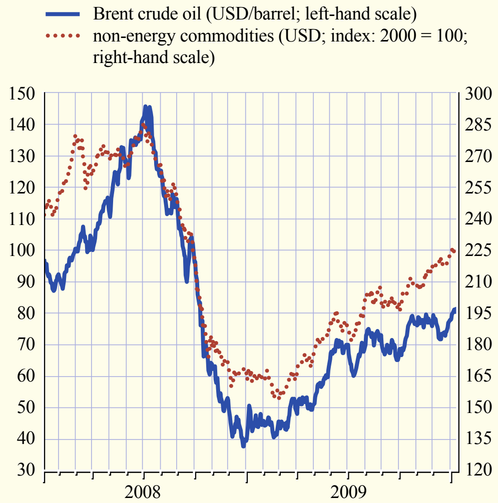
In Latin America, economic activity has continued to show signs of improvement in most countries. In Brazil, industrial production increased at an annual rate of 5.1% in November 2009, after declining by 3.1% in October. Annual CPI inflation rose to 4.2% in November, 0.1 percentage point above the previous month. In Argentina, economic activity accelerated in November, with industrial production increasing by 4% on an annual basis, up from 1.4% in October. Meanwhile, CPI inflation increased further in November, to 7.1% from 6.5% in the previous month. In Mexico, economic activity remained weak, though showing some signs of improvement, with industrial production contracting by 1.7% year on year in November, compared with 5.0% in October. Meanwhile, annual inflation continued to decline to 3.6% in December from 3.9% in November.

1.2 COMMODITY MARKETS

At the beginning of December oil prices declined somewhat and stabilised thereafter. Since the last week of December, as the Northern Hemisphere has experienced an unusual spell of cold weather, oil prices have rebounded. On 13 January 2010 Brent crude oil stood at USD 78 per barrel, which is about twice the level of that at the beginning of 2009 (see Chart 4). Looking ahead, market participants are expecting higher oil prices in the medium term, with futures contracts for December 2011 trading at around USD 88 per barrel.

Looking at fundamentals, oil demand in 2009 was much stronger than expected at the beginning of the year. The supply side responded to the improvement in demand conditions by increasing its output by 200,000 barrels per day in November, two-thirds of which came from OPEC. Looking ahead, the International Energy Agency has continued to revise its oil demand projections for 2010 upwards. The medium-term projections for the period 2010-14 have also been revised upwards by almost two million barrels per day, amid a more optimistic outlook for the global economy.

Chart 4 Main developments in commodity markets



Sources: Bloomberg and HWWI.

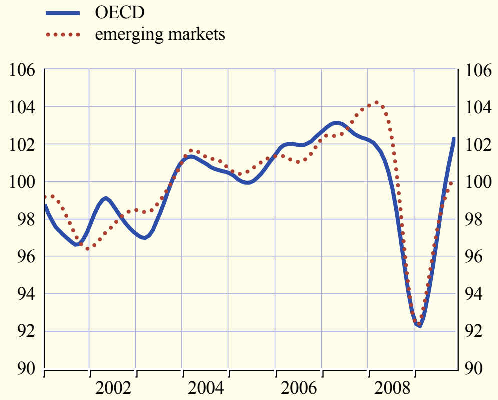
The prices of non-energy commodities have increased since the end of November. Increases in aggregate food prices have been driven by corn, wheat and sugar. Prices of non-ferrous metals have increased across the board by around 10-20% as a result of a strong restocking, particularly in emerging markets. In aggregate terms, on 8 January the price index for non-energy commodities (denominated in US dollars) was about 33% higher than at the beginning of 2009.

1.3 OUTLOOK FOR THE EXTERNAL ENVIRONMENT

Leading indicators point to stronger evidence that the global economic outlook has improved further. The OECD's composite leading indicator has been rising since its trough in 2009, suggesting that economic activity is on a path of recovery in most advanced OECD countries (see Chart 5), as well as in major emerging economies. This more favourable outlook is also supported by the continued rise in consumer and business confidence in most OECD countries in recent months. Moreover, equity market valuations have risen significantly worldwide, possibly reflecting both a noticeable easing in financial markets tensions – as signalled by falling volatility measures across all asset classes – and a more positive global growth outlook. The recovery of the world economy also bodes well for the prospects for global trade and euro area foreign demand. At the same time, there remains uncertainty surrounding the sustainability of the global recovery as some of the factors sustaining economic activity in the near term – such as the inventory cycle and the policy stimuli measures – are of a temporary nature.

Chart 5 OECD composite leading indicators

(monthly data; amplitude-adjusted)



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

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

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

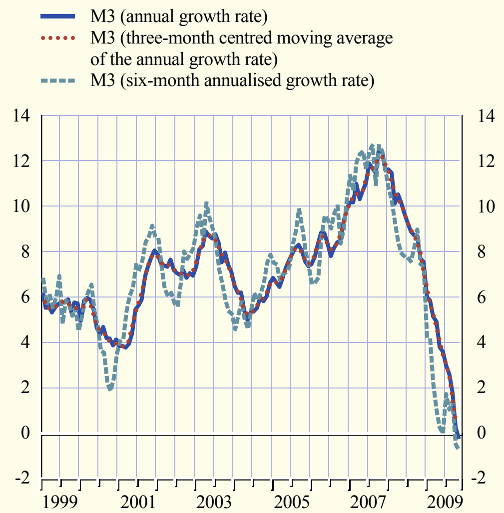
The annual growth rates of M3 and MFI loans to the private sector were both negative in November 2009, having declined in parallel over a protracted period of time. This underpins the assessment that the pace of underlying monetary expansion is declining and medium-term inflationary pressures are low. The subdued developments observed in headline M3 continue to understate the pace of underlying monetary expansion owing to the downward impact of the steep yield curve. The fact that the annual growth rate of MFI loans to the private sector remained negative in November masked an increase in the annual growth rate of loans to households, whereas the annual growth rate of loans to non-financial corporations continued to decline. The pattern of growth in loans to households and non-financial corporations remains consistent with business cycle regularities. The deleveraging of euro area MFIs continued in November, being driven mainly by the reduction of inter-MFI positions.

THE BROAD MONETARY AGGREGATE M3

The annual growth rate of M3 declined further in November 2009, reaching -0.2%, down from 0.3% in October (see Chart 6). This reflected a third consecutive negative month-on-month growth rate (-0.6% in November, following -0.2% in October and -0.1% in September). These subdued monetary dynamics continue, to a large extent, to reflect the current steepness of the yield curve and the recovery observed in the stock market and other asset classes in recent months, both of which encourage shifts from monetary assets into less liquid and riskier instruments. (For more information on the allocation behaviour of institutional investors, see Box 2, entitled "New statistics on euro area investment funds".) As a result, the decline in M3 growth overstates the decline in underlying monetary growth. At the same time, with the current interest rate configuration, the opportunity cost of holding overnight deposits as opposed to short-term time deposits and marketable instruments remains low. This has underpinned the substantial inflows recorded for overnight deposits in the course of 2009, boosting the annual growth of M1 (albeit an outflow was observed for these deposits in November).

Chart 6 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

In November the annual growth rate of MFI loans to the private sector remained negative, while the monthly flow was positive. Annual loan growth adjusted for the derecognition of loans (i.e. their removal from MFI balance sheets) in the context of securitisation declined further, albeit remaining slightly positive. The pattern of loan growth remains consistent with business cycle regularities and appears, to a large extent, to reflect reduced demand on the part of borrowers. MFIs' main assets declined further in November, and the deleveraging process continued to be driven mainly by the reduction of MFIs' positions vis-à-vis one another, rather than by declines in loans to the private sector.

Box 2

NEW STATISTICS ON EURO AREA INVESTMENT FUNDS

For the first time, this issue of the Monthly Bulletin includes harmonised statistics on the assets and liabilities of investment funds resident in the euro area. These are available for the period from December 2008 onwards.[1] Investment funds are the most important category in the financial corporation sub-sector entitled "other financial intermediaries, except insurance corporations and pension funds" (OFIs) in the ESA 95, accounting for nearly half of total OFI assets. Alongside insurance corporations and pension funds, investment funds play an important role in financial intermediation in the euro area and the interpretation of developments in money and credit.[2] Against this background, this box indicates the main features of the new euro area investment fund statistics,[3] looks at the potential use of these statistics for monetary and financial analysis and highlights a number of characteristics observed in the new data.[4]

Main features of the new euro area investment fund data

The data on euro area investment funds published on a quarterly basis by the ECB between 2003 and October 2009 were not harmonised and were partly estimated. By contrast, the statistics now available have the following features: (i) harmonised concepts that comply with international statistical standards such as the ESA 95 and ensure a high degree of comparability; (ii) full coverage across the euro area countries; (iii) data on transactions during the reference period (in addition to the data available previously on outstanding amounts at the end of the period); (iv) more detailed breakdowns of assets and liabilities (e.g. breakdowns by geographical location and sector for issuers of debt securities and shares held by euro area investment funds, and a breakdown by geographical location for holders of shares issued by euro area investment funds); (v) new breakdowns for the investment fund sector, now also providing details of hedge funds and open/closed-end funds; (vi) the publication of key information on a monthly basis and more detailed information on a quarterly basis; and (vii) the release of data in a more timely manner (i.e. seven weeks after the reference period, instead of fifteen).

Use of investment fund statistics for monetary and financial analysis

Detailed and timely data on investment funds can enhance the ECB's monetary and financial analysis in several respects.

First, investment funds are financial intermediaries that manage funds on behalf of other investors. As a result, the liability side of investment funds' balance sheet statistics provides important information on the behaviour of resident and non-resident sectors holding investment fund shares/units. For instance, a breakdown of purchases of investment fund shares/units by investment policy can provide indications regarding changes in investors' confidence and risk appetite. In particular, it may help to identify and quantify portfolio shifts between monetary

1 See Sections 2.9 and 2.10 of the "Euro area statistics" section.
2 See "The role of other financial intermediaries in money and credit developments in the euro area", ECB Occasional Paper No 75, October 2007.
3 The ECB's monthly press release on investment fund statistics also includes new information on euro area money market funds, which are analysed in the context of MFI balance sheet statistics in view of their monetary character and are not discussed further in this box.
4 The latest data on investment funds can be downloaded from the ECB's Statistical Data Warehouse (http://sdw.ecb.europa.eu/browse.do?node=17066). More details regarding the latest investment fund data, together with explanatory notes, are available in the "Statistics" section of the ECB's website (http://www.ecb.europa.eu/stats/money/funds/html/index.en.html).

assets and other asset classes that are driven by factors over and above changes in the relative returns on those assets. Moreover, changes in the value of the assets held by investment funds are transmitted through the valuation of their shares/units to the net worth of households, non-financial corporations, insurance corporations and pension funds and may then have implications for the level of economic and financial activity. In addition, the structure of the financial assets held by investment funds provides information regarding the financial risks borne indirectly by investors via their holdings of investment fund shares/units.

Second, investment funds are large institutional investors and thus influence capital market developments, which can be seen from the asset side of their aggregated balance sheet. They do so: (a) by channelling funding to other sectors – mainly MFIs, non-financial corporations and general government – through the purchase of shares and debt securities issued by these sectors, thereby having an impact on the quantity of financing available; and (b) by influencing prices in capital markets. Thus, investment funds play an important role in helping various institutional sectors to finance their activities and spending, while also influencing the price that these sectors have to pay for external financing.

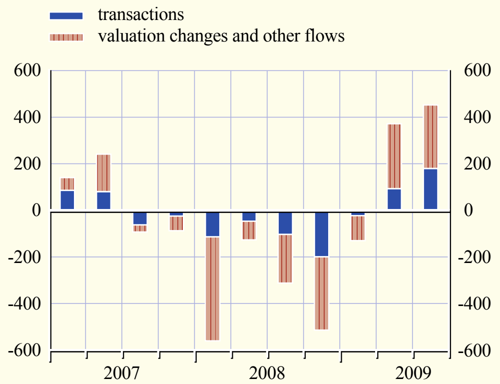
Some characteristics of the euro area investment fund industry

The value of euro area investment funds' total outstanding assets stood at €5,150 billion at the end of the third quarter of 2009. On the basis of the euro area accounts and the new investment fund statistics, investment funds accounted for around 10% of the assets held by the euro area financial corporation sector in the second quarter of that year (the most recent period for which the euro area accounts data are available). By comparison, euro area MFIs' aggregated (non-consolidated) balance sheet accounted for 68% of such assets at the same point in time.

In the case of euro area investment funds, changes in outstanding shares/units issued have, in the past three years, been driven more by changes in prices than by transactions (see Chart A). This is in contrast to the MFI sector, where changes in stocks are due mainly to transactions. This difference can be explained mainly by the fact that MFIs' asset portfolios are dominated by loans (which are measured at nominal value), while those of investment funds are dominated by securities (which are measured at market value). At the same time, the significant net issuance observed for shares/units in the second and third quarters of 2009 – the proceeds of which were mainly invested in debt securities (in the second quarter of 2009) and shares and other equity (in the third quarter of 2009) – suggests a recovery in the investment fund industry (a suggestion which is further supported by monthly data up to and including October 2009). This recovery follows a prolonged period of contraction in investment fund shares/units between the second quarter of 2007 and the second quarter of 2009. This is consistent with the improved market

Chart A Changes in outstanding shares/units issued by euro area investment funds

(EUR billions; quarterly data; not adjusted for seasonal effects)



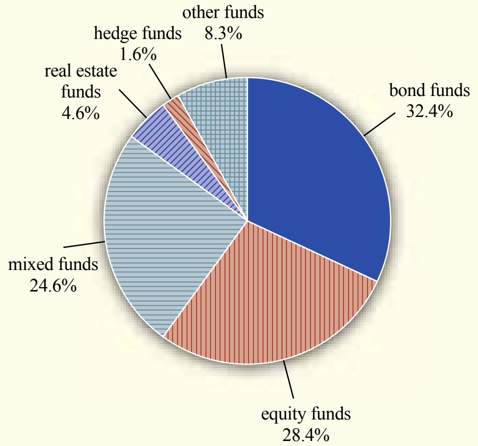
Source: ECB.

sentiment and steep yield curve observed over recent quarters, which have fostered shifts from safer and more liquid monetary assets into riskier and longer-term assets.[5]

Breaking down the issuance of euro area investment fund shares/units by investment policy shows that bond, equity and mixed funds accounted for a total of 85% of investment fund shares/units in the third quarter of 2009 (see Chart B).[6] Bond funds were the most important, followed closely by equity funds, with both accounting for around 30% of total investment fund shares/units. Mixed funds accounted for around 25%, while hedge funds accounted for a mere 2% of total investment fund shares/units. It is worth noting that even if a hedge fund manager operates from within the euro area, the fund is not covered by the ECB's statistics if it is domiciled outside the euro area, which tends to be the case in this industry. Overall, this suggests that investment in euro area investment funds was split equally between the main types of fund in the third quarter of 2009. However, these relative shares can change over time, given that they depend heavily on asset price developments and investors' demand for different types of investment fund. For instance, in the third quarter of 2009 equity funds' share of total investment fund shares/units was 5 percentage points higher than it had been in the first quarter of that year.

Chart B Shares/units issued by euro area investment funds, broken down by investment policy

(data for the end of the third quarter of 2009; outstanding amounts)



Source: ECB.

As regards the main assets held by investment funds, euro area investment funds held €2,224 billion worth of shares and other equity (including shares/units issued by investment funds and money market funds) and €1,998 billion worth of debt securities at the end of the third quarter of 2009. This suggests that, broadly speaking, holders of shares/units issued by euro area investment funds are as exposed to changes in stock prices as they are to variations in bond yields.

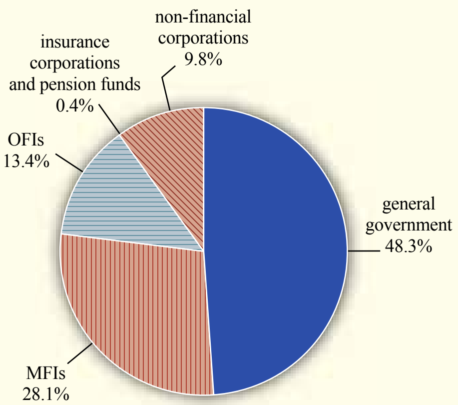
The majority of the debt securities (around 70%) and shares and other equity (around 60%) held by investment funds were issued in the euro area. Of the holdings of debt securities issued by euro area residents, almost half were government bonds and almost a third were bank bonds, while bonds issued by OFIs and non-financial corporations accounted for around 10% each (see Chart C). Of the holdings of shares and other equity issued by euro area residents, the majority were issued by other euro area investment funds or non-financial corporations, with both accounting for around 40% (see Chart D). The remainder were mainly MFI shares (which accounted for 14%).

5 It should, however, be noted that these large net inflows include sizeable purchases of investment fund shares by two Dutch pension funds. Purchases with a value of around €70 billion were made in June 2009, and purchases with a value in excess of €97 billion were made in July 2009. These accounted for three-quarters and half of the euro area's net inflows in the second and third quarters of 2009 respectively.

6 Definitions of different investment fund types can be found in the glossary in Guideline ECB/2007/9 on monetary, financial institutions and markets statistics (recast).

Chart C Securities other than shares issued by euro area residents and held by investment funds, broken down by sector

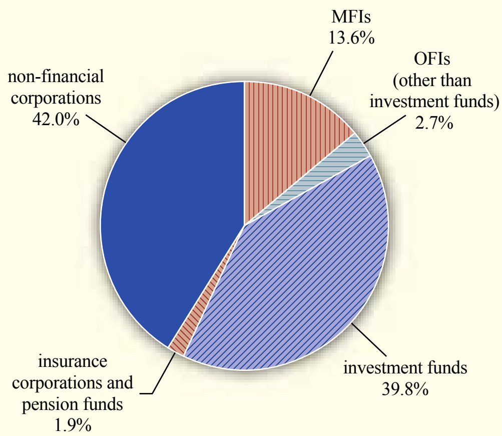
(data for the end of the third quarter of 2009; outstanding amounts)



Source: ECB.

Chart D Shares and other equity issued by euro area residents and held by investment funds, broken down by sector

(data for the end of the third quarter of 2009; outstanding amounts)



Source: ECB.

On the basis of the euro area accounts and the new investment fund statistics, investment funds held around 10% and 15% of the total outstanding debt securities issued by MFIs and non-financial corporations respectively in the second quarter of 2009. They also held some 15% of the total quoted shares issued by each of these sectors. This shows that investment funds play a relatively important role in the provision of financing to banks and firms.

Overall, these new data significantly improve the euro area's statistical framework with regard to financial intermediaries other than MFIs and act as an important complement to MFI statistics. They enable, in particular, more detailed analysis of changes in investors' behaviour and the allocation of investment funds' portfolios. Statistical enhancements are also under way with regard to both financial vehicle corporations engaged in securitisation transactions (which are also part of the OFI sector) and the insurance corporation and pension fund sector.

MAIN COMPONENTS OF M3

The further decline observed in annual M3 growth reflected a continuation of the weakening seen in the annual growth rates of short-term time deposits other than overnight deposits (i.e. M2-M1) and marketable instruments (i.e. M3-M2), whereas the annual growth rate of M1 increased somewhat. In terms of monthly flows, outflows were recorded in November for all major sub-aggregates. While for both short-term time deposits other than overnight deposits and marketable instruments this was a continuation of past trends, for M1 it followed a series of strong inflows.

Notwithstanding that monthly outflow, the annual growth rate of M1 increased to stand at 12.6% in November, up from 11.8% in the previous month on account of base effects (see Table 1). That outflow concealed a relatively strong inflow for currency in circulation, which was more than offset by the strong outflow observed for overnight deposits (with the latter potentially reflecting an unwinding of funds parked in this instrument in the course of 2009).

Table 1 Summary table of monetary variables

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

	Outstanding amount as a percentage of M3 1)	Annual growth rates					
		2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Oct.	2009 Nov.
M1	**47.8**	**2.7**	**5.3**	**8.0**	**12.3**	**11.8**	**12.6**
Currency in circulation	8.1	12.4	13.6	13.2	12.8	6.5	6.8
Overnight deposits	39.7	0.8	3.7	7.0	12.2	12.9	13.8
M2 - M1 (= other short-term deposits)	39.7	15.8	9.3	3.0	-3.1	-7.2	-8.6
Deposits with an agreed maturity of up to two years	20.5	29.0	13.0	-0.7	-13.1	-21.6	-23.8
Deposits redeemable at notice of up to three months	19.2	-0.5	4.5	8.6	12.8	16.2	16.3
M2	**87.5**	**8.9**	**7.3**	**5.5**	**4.5**	**2.3**	**1.9**
M3 - M2 (= marketable instruments)	12.5	4.2	-0.7	-2.5	-7.5	-11.8	-12.9
M3	**100.0**	**8.2**	**6.1**	**4.4**	**2.8**	**0.3**	**-0.2**
Credit to euro area residents		**7.4**	**5.9**	**4.3**	**3.3**	**2.9**	**2.5**
Credit to general government		1.7	5.6	8.4	11.5	15.2	13.3
Loans to general government		2.9	2.3	1.5	2.7	3.6	3.4
Credit to the private sector		8.6	5.9	3.5	1.6	0.5	0.4
Loans to the private sector		7.3	4.6	2.1	0.4	-0.8	-0.7
Loans to the private sector adjusted for sales and securitisation		8.4	6.1	3.6	1.6	0.3	0.1
Longer-term financial liabilities (excluding capital and reserves)		**1.1**	**1.7**	**2.7**	**3.6**	**6.3**	**6.9**

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

The annual growth rate of short-term deposits other than overnight deposits declined further to stand at -8.6% in November, down from -7.2% in October. This reflected further outflows for deposits with an agreed maturity of up to two years (i.e. short-term time deposits), some of which continued to be directed towards deposits redeemable at notice of up to three months (i.e. short-term savings deposits). These developments in the various types of short-term deposit are consistent with the relative interest rates paid on these deposits. In this respect, the fact that short-term savings deposits are currently better remunerated than short-term time deposits may explain the inflows consistently observed for the former. The opportunity cost of holding overnight deposits remains low, a factor which continues to provide incentives to move funds into this instrument (although a monthly outflow was recorded in November).

The annual growth rate of marketable instruments declined further to stand at -12.9% in November, down from -11.8% in October, with the strongest outflow being recorded for money market fund shares/units. Likewise, the money-holding sector continued to drive down its holdings of MFI debt securities with a maturity of up to two years, albeit more slowly than in the previous month.

The annual growth rate of M3 deposits – which comprise short-term deposits and repurchase agreements and represent the broadest group of monetary assets for which a sectoral breakdown is reported – continued to decline in November, reaching 1.0%, down from 1.4% in October. This conceals heterogeneous developments in the various sectors: the contribution made by households declined further, despite continuing to exceed the annual growth rate of total M3 deposits, while the slightly positive contribution made by non-financial corporations continued to increase. The decline observed for household deposits is consistent both with the fact that household income typically lags economic recoveries and with the shifting of funds into longer-term assets. At the same time, the sustained accumulation of liquidity observed for non-financial corporations is consistent with firms rebuilding liquidity buffers in the wake of the crisis, as well as with the improvement typically seen in firms' cash flows early in an economic recovery.

MAIN COUNTERPARTS OF M3

Turning to the counterparts of M3, the annual growth rate of total MFI credit to euro area residents was 2.5% in November, down from 2.9% in October (see Table 1). This mainly reflected a decline (albeit from a very high rate) in the annual growth rate of credit to the government sector, a decline that was driven by its main component – government debt securities – and was the first since the intensification of the financial turmoil. The annual growth rate of credit to the private sector remained broadly unchanged, with a positive monthly flow being recorded in November.

The annual growth rate of MFI loans to the private sector, the largest component of credit to the private sector, stood at -0.7% in November, up from -0.8% in the previous month, ending a series of declines which began in December 2007. However, the annual growth rate adjusted for the impact of the derecognition of loans in the context of true-sale securitisation decreased further to stand at 0.1% in November, down from 0.3% in October, despite a positive adjusted flow in November. Securitisation activity has been subdued in recent months, which has led to a decline in the difference between the unadjusted and adjusted series (with a difference of 0.8 percentage point in November, down from 1.1 percentage points in October). Looking ahead, the difference between the two series is expected to decline significantly further once the strong securitisation flows observed in the past (especially in December 2008) drop out of the calculation of the annual growth rate. This muted retained securitisation activity could be attributable to the easing of credit institutions' demand for central bank liquidity in view of the one-year longer-term refinancing operations conducted by the Eurosystem.

The annual growth of loans to the private sector concealed heterogeneous developments in the various sectors, with the increase observed in the annual growth rate of loans to households more than compensating for the further decline recorded in the annual growth rate of loans to non-financial corporations (see Table 2). While the annual growth rate of MFI loans to non-financial corporations continued to decline (reaching -1.9% in November, down from -1.2% in October), the

Table 2 MFI loans to the private sector

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

	Outstanding amount as a percentage of the total [1]	Annual growth rates					
		2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Oct.	2009 Nov.
Non-financial corporations	**43.9**	**11.3**	**8.1**	**4.6**	**1.1**	**-1.2**	**-1.9**
Up to one year	25.7	9.0	4.0	-2.6	-8.7	-11.7	-12.1
Over one and up to five years	19.9	16.0	12.4	9.8	4.7	0.9	-1.2
Over five years	54.4	10.8	8.8	6.8	5.3	3.8	3.6
Households [2]	**45.9**	**2.8**	**1.0**	**0.0**	**-0.1**	**-0.1**	**0.5**
Consumer credit [3]	12.8	3.1	1.2	-0.4	-1.0	-1.3	-1.0
Lending for house purchase [3]	71.5	2.9	0.7	-0.2	-0.3	-0.2	0.3
Other lending	15.7	2.2	1.7	1.5	1.4	1.6	2.5
Insurance corporations and pension funds	**0.8**	**-6.7**	**-6.2**	**-2.9**	**-5.4**	**-11.9**	**-13.4**
Other non-monetary financial intermediaries	**9.4**	**14.3**	**7.9**	**1.3**	**-0.0**	**-1.4**	**0.3**

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

outflow in November was half the size of that seen in October. This negative flow continued to be accounted for primarily by the substantial outflows recorded for loans with a maturity of up to one year (with a somewhat smaller outflow being seen for loans with a maturity of between one and five years), reflecting a reduction in the need for short-term financing for working capital. By contrast, flows for loans with a maturity of over five years remained positive and even increased somewhat further in November. This combination of subdued developments for short-term loans and continued positive flows for loans with longer maturities could, in part, reflect firms shifting towards long-term loans in order to lock in the low level of long-term interest rates. In addition, the declining spreads between market-based rates and those applied to bank loans have made it more attractive for firms – particularly larger firms – to obtain market-based financing.

The annual growth rate of loans to households became positive in November (standing at 0.5% in that month, up from -0.1% in October), following four months in negative territory. This increase reflected both the inflow seen in November, which continued the series of positive monthly flows observed since May 2009, and the fact that the large negative flow recorded in November 2008 on account of strong securitisation activity dropped out of the calculation of the annual growth rate. Developments in the annual growth rate of loans to households were again driven by the annual growth rate of loans for house purchase, which rose to 0.3% in November, up from -0.2% in October, although the annual growth rate of other lending also increased considerably in November. While the recovery in the annual growth rate of loans to households appears substantially weaker once the distortion introduced by that previous securitisation activity is taken into account, the latest data support the view that the downward momentum of loans to households has levelled off in recent months.

Overall, the pattern of sectoral loan developments remains consistent with business cycle regularities: growth in loans to households tends to improve early in the economic cycle, whereas growth in loans to non-financial corporations typically lags improvements in economic activity.[1] Thus, corporate borrowing is likely to remain subdued for some time – especially in an environment that remains characterised by considerable uncertainty as regards future economic prospects.

Turning to the other counterparts of M3, the annual growth rate of MFI longer-term financial liabilities excluding capital and reserves increased further in November, reaching 6.9%, up from 6.3% in October, thereby continuing the positive trend observed since the beginning of 2009. This further increase reflected monthly inflows for both longer-term deposits with an agreed maturity of over two years (which attracted at least some of the funds flowing out of short-term time deposits) and longer-term MFI debt securities with a maturity of over two years as a result of the steep yield curve. Credit institutions continued to attract longer-term funding, especially in the form of long-term deposits from households. The annual growth rate of capital and reserves declined further in November, reaching 6.9%, down from 7.3% in October.

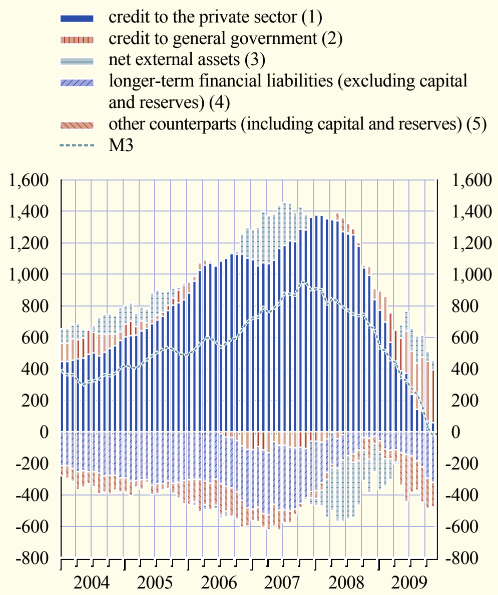
Finally, the annual inflow for MFIs' net external asset position was €58 billion in November, down from €62 billion in October (see Chart 7). This decline mainly reflected a small monthly net outflow (of €2 billion), with external assets and external liabilities increasing by similar amounts.

1 See Box 1, entitled "Loans to the non-financial private sector over the business cycle in the euro area", in the October 2009 issue of the Monthly Bulletin.

To sum up, the fact that M3 growth and the growth of loans to the private sector have declined in parallel over a protracted period of time, with both standing in negative territory in November, underpins the assessment that the pace of underlying monetary expansion is declining and medium-term inflationary pressures stemming from monetary developments are low. Nonetheless, headline money growth continues to understate the pace of underlying monetary expansion owing to the strong downward impact of the steep yield curve. Despite a positive monthly flow in November, lending to the private sector remains subdued from a longer-term perspective on account of muted economic activity and uncertainty regarding future developments. The deleveraging of euro area MFIs – having come to a temporary halt in summer 2009 – has subsequently resumed, being driven mainly by the reduction of MFIs' positions vis-à-vis one another.

Chart 7 Counterparts of M3

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



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

2.2 SECURITIES ISSUANCE

All in all, the annual growth of debt securities issuance shows signs of stabilisation at a high level, edging down to 11% in October 2009. In the course of 2009, issuance of longer-term debt securities benefited from favourable market conditions. In the non-financial corporate sector, the momentum of securities issuance remained strong in October, driven mainly by long-term debt securities issuance. This positive trend in the corporate sector is likely to some extent to reflect the substitution of market-based financing for bank financing, supported by the rapid decline in the cost of market-based debt after the first quarter of 2009.

DEBT SECURITIES

The annual growth rate of debt securities issued by euro area residents edged downwards to 11% in October 2009, from 12% in the previous month (see Table 3), indicating a stabilisation in the growth of debt securities issuance at a high level. This is also reflected in the seasonally adjusted annualised six-month growth rate of debt securities issuance, which has been signalling a slight moderation of the ongoing robust growth of overall debt securities issued in recent months (see Chart 8). The overall figure, however, conceals some differences across maturities and types of issuer, with a preponderance of long-term debt securities issuance, owing to favourable long-term financing conditions.

In terms of maturities, the annual growth rate of issuance of short-term debt securities dropped to 5.1% in October, from 15.8% in the previous month. At the same time, the growth in issuance of long-term debt securities rose slightly, standing at 11.7%. Issuance of longer-term debt securities

Table 3 Securities issued by euro area residents

Issuing sector	Amount outstanding (EUR billions) 2009 October	Annual growth rates [1] 2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 September	2009 October
Debt securities	14,183	7.7	10.6	12.0	11.5	12.0	11.0
MFIs	5,382	5.7	5.9	5.9	4.1	4.2	3.1
Non-monetary financial corporations	2,151	23.5	30.8	32.5	28.7	27.1	26.1
Non-financial corporations	793	5.2	7.8	10.3	13.3	15.3	16.2
General government	5,857	5.6	9.6	12.1	13.4	14.5	13.2
of which:							
Central government	5,493	5.7	9.9	12.3	13.7	14.8	13.4
Other general government	363	3.0	6.0	9.6	9.5	10.6	10.4
Quoted shares	**4,086**	**0.8**	**1.2**	**1.9**	**2.7**	**2.8**	**2.7**
MFIs	568	4.9	7.2	8.7	9.4	8.4	9.0
Non-monetary financial corporations	322	2.6	3.1	3.4	3.8	3.6	0.8
Non-financial corporations	3,195	-0.1	0.0	0.7	1.6	1.9	1.9

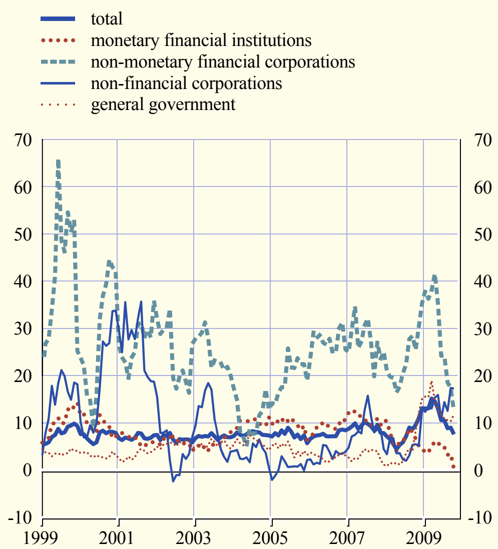
Source: ECB.
1) For details, see the technical notes for Sections 4.3 and 4.4 of the "Euro area statistics" section.

can be broken down further into securities issued at floating rates and those issued at fixed rates. In recent months, the positive trend in the issuance of fixed rate long-term debt securities has persisted, with the annual growth rate of such issuance surging from 5.4% at the beginning of the year to 12.7% in October 2009. At the same time, the annual growth rate of issuance of floating rate long-term debt securities continued to decrease, falling to 9.6%.

Regarding sectoral issuance, the pace of debt securities issuance by non-financial corporations continued to be very high, with a 16.2% annual growth rate in October 2009. Since the beginning of 2009, the rebound in net issuance by non-financial corporations has been driven by long-term debt securities, particularly at fixed rates, which grew at an annual rate of 25.2% in October 2009. Net issuance of short-term debt securities, by contrast, decreased sharply, at an annual rate of 29% in October 2009. Euro area companies are currently taking advantage of the significant decline in the relative cost of market-based debt financing after the first quarter of 2009 in order to secure long-term financing, with corporate spreads currently below the levels observed immediately prior to the intensification of the financial crisis in September 2008. At the same time, the momentum of debt issuance could also partly reflect the tightening of terms and conditions for obtaining bank loans.

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

(six-month annualised growth rates; seasonally adjusted)



Source: ECB.

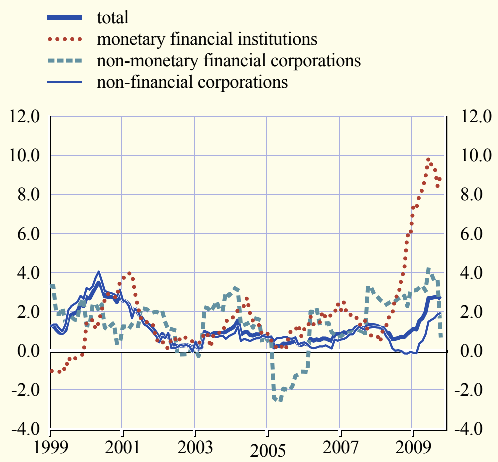
Turning to the financial sector, there was a further slowdown in the annual growth of debt securities issuance by MFIs, to 3.1% in October, from 4.2% in September. It was driven by a rapid decline in the annual growth rate of short-term debt securities issued, which reached -8.4% in October, while the annual growth of long-term debt securities issuance stabilised at around 5%.

Similarly, the annual growth rate of debt securities issued by non-monetary financial institutions declined to 26.1% in October 2009 due to a sharp contraction in issuance of short-term debt. The issuance activity of non-monetary financial institutions, as for other types of issuers, continued to focus on longer-term maturities.

Finally, the annual growth of debt securities issued by the general government sector remained strong, but declined in comparison with the previous month, to stand at 13.4% in October 2009. A sharp drop in the annual growth rate of short-term debt securities issuance was partly offset by a rise in the annual growth rate of longer-term debt securities issued. The strong momentum in the issuance of government debt securities reflects the persistently substantial funding needs of the euro area public sector.

Chart 9 Sectoral breakdown of quoted shares issued by euro area residents

(annual growth rates)



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

QUOTED SHARES

The annual growth rate of quoted shares issued by euro area residents remained unchanged at 2.7% in October 2009 (see Chart 9). The annual growth rate of equity issuance by MFIs remained high at 9.5%, reflecting continued efforts on the part of many euro area banks to strengthen their balance sheets by bolstering their capital bases. Another notable feature was the annual growth rate of quoted shares issued by non-financial corporations, which rose further to 1.9% in October 2009, possibly fostered by increased confidence and positive stock market developments in recent months.

2.3 MONEY MARKET INTEREST RATES

The money market yield curve steepened slightly in December 2009 and early January 2010 as a result of a moderate decline in short-term rates. This reflected the continued ample liquidity conditions in the euro area, particularly following the allotment of the final one-year longer-term refinancing operation on 16 December 2009. That operation was conducted by means of a tender procedure with full allotment at a rate fixed at the average minimum bid rate in the main refinancing operations over the life of the operation. The Eurosystem also continued to conduct outright purchases of covered bonds in the context of the covered bond purchase programme that began on 6 July 2009.

Unsecured money market rates were broadly stable in December 2009 and early January 2010. On 13 January the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.44%, 0.68%, 0.98% and 1.24% respectively. The one-month and three-month EURIBOR were slightly lower than the levels observed on 2 December, having both declined by 4 basis points, while the six-month and twelve-month EURIBOR were broadly unchanged. As a result, the slope of the money market yield curve steepened slightly, with the spread between the twelve-month and one-month EURIBOR standing at 80 basis points on 13 January – up 4 basis points from the level observed on 2 December (see Chart 10).

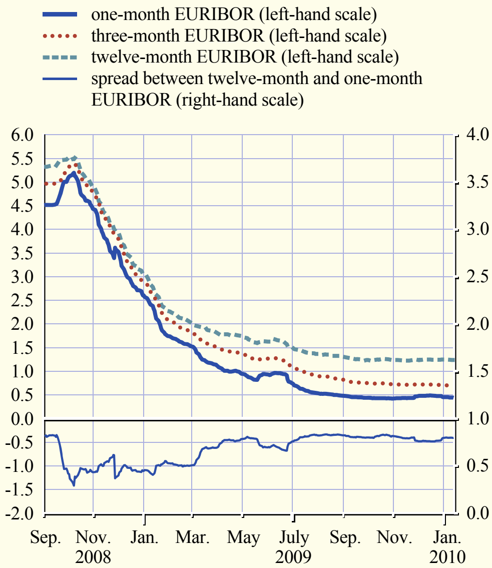
Between 2 December 2009 and 13 January 2010 the secured money market rate derived from the three-month EONIA swap index declined more than the corresponding EURIBOR, resulting in an increase of 3 basis points in the spread between the unsecured and secured rates. This spread stood at 31 basis points on 13 January, compared with 28 basis points on 2 December.

The interest rates implied by the prices of three-month EURIBOR futures contracts maturing in March, June, September and December 2010 declined to stand at 0.700%, 0.980%, 1.300% and 1.595% respectively on 13 January. The rates implied by contracts maturing in the first half of the year (which were 17 and 19 basis points lower than their levels on 2 December) declined more than those implied by contracts maturing in the second half of the year (which were 16 and 14 basis points lower).

The EONIA was broadly stable in December and early January. It remained at levels around 10 basis points above the deposit facility rate of 0.25% (see Chart 11), with the exception of 7, 30 and 31 December. The first of these dates was the final day of the eleventh maintenance period of the year, when the EONIA rose to 0.64% as a result of the Eurosystem conducting a liquidity-absorbing fine-tuning operation by means of a variable rate tender procedure. The operation absorbed €129.7 billion, with a maximum rate of 1.00%, a marginal rate of 0.76% and a weighted average rate of 0.74%. On the last two days of December the EONIA temporarily rose to 0.41%, reflecting end-of-year effects. On 13 January the EONIA stood at 0.33%.

Chart 10 Money market interest rates

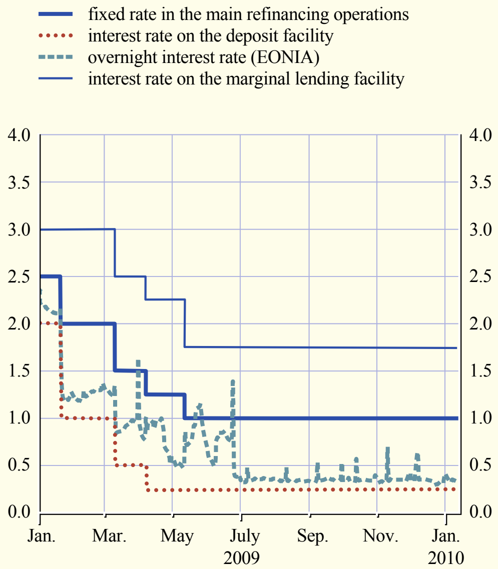
(percentages per annum; spread in percentage points; daily data)



Sources: ECB and Reuters.

Chart 11 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Reuters.

Having steadily declined to stand at €651 billion in the first half of December, the volume of outstanding open market operations rose to €776 billion by the end of the year on account of both the settlement of the final one-year longer-term refinancing operation (LTRO) on 17 December and the larger main refinancing operation covering the end of the year. The liquidity provided in all other operations – particularly LTROs – declined in December as counterparties reduced their demand ahead of the one-year LTRO. Overall, the term structure of liquidity remained unchanged, with the main refinancing operations accounting for around 8% of total outstanding liquidity on 13 January.

In the main refinancing operations conducted on 1, 7, 15, 22 and 29 December and 5 January the ECB allotted €58.1 billion, €55.8 billion, €52.9 billion, €58.6 billion, €78.6 billion and €54.0 billion respectively. As regards longer-term operations, the ECB conducted three special LTROs in December with maturities of one, three and six months, as well as one regular three-month LTRO. The ECB allotted €2.7 billion in the special one-month LTRO on 7 December, and €2.9 billion and €1.7 billion respectively in the special three and six-month LTROs on 9 December. In the regular three-month LTRO on 16 December the ECB allotted €2.6 billion. On the same day, the ECB allotted €96.9 billion in the final one-year LTRO at a rate fixed at the average minimum bid rate in the main refinancing operations over the life of the operation. The amount allotted exceeded the €75.2 billion in the second one-year LTRO on 30 September 2009, but was significantly lower than the €442.2 billion in the first one-year LTRO on 24 June 2009. The one-year LTROs in June and September were conducted at the fixed rate in the main refinancing operations.

In line with the increase in the liquidity surplus in the euro area money market following the settlement of the final one-year LTRO, average daily recourse to the deposit facility rose to stand at €138.7 billion in the period from 9 December to 13 January – up from €65.7 billion in the previous maintenance period, which ended on 8 December.

December and early January also saw the Eurosystem continue to provide US dollar funding in one-week operations against collateral eligible for Eurosystem operations, as well as Swiss franc funding in one-week swap operations.

The covered bond purchase programme that began on 6 July 2009 has also proceeded further. The total value of purchases of euro-denominated covered bonds issued in the euro area stood at €29.6 billion on 13 January – i.e. almost half of the €60 billion worth of bonds set to be purchased by the end of June 2010.

2.4 BOND MARKETS

Yields on long-term euro area government bonds increased slightly from the end of November 2009 to early January 2010, partly on account of some further improvements in the macroeconomic outlook. Long-term US government bond yields increased more sharply. Apart from improved macroeconomic conditions, this increase probably also reflected some concerns about the potential impact of the strongly increasing effective supply of US bonds on yields. Inflation expectations for the euro area derived from inflation-linked bonds increased somewhat, but this appeared to be attributable mainly to non-fundamental demand factors, which affected the inflation-linked bond market over the period under review. Euro area corporate bond spreads continued to decline across all rating categories in December and early January.

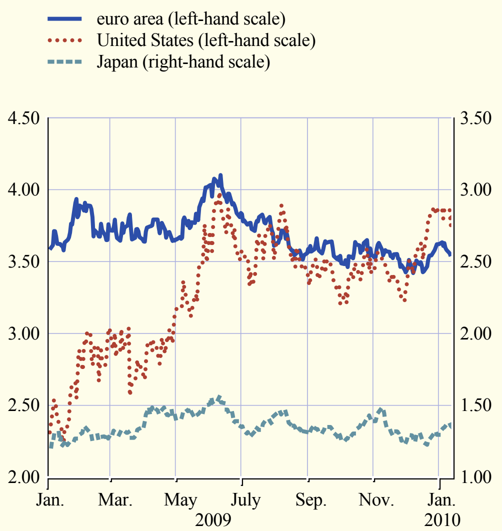
Compared with end-November 2009, ten-year government bond yields in the euro area increased by around 10 basis points to stand at around 3.5% on 13 January 2010 (see Chart 12). In the United States, ten-year government bond yields increased by around 60 basis points to stand at around 3.8% on 13 January. Accordingly, the interest rate differential between ten-year nominal US and euro area government bonds changed sign to stand at 30 basis points. The modest increase in long-term euro area government bond yields appears to mainly reflect the further improvements in the macroeconomic outlook observed over the period under review. The more pronounced increases in ten-year government bond yields in the United States seem likewise to reflect a continuation of positive macroeconomic news, as well as investor concerns about the potential impact on yields of the expected sharp increase in the effective supply of US Treasury securities to be absorbed by investors in 2010 and beyond. Implied bond market volatility increased slightly in the euro area, and somewhat more in the United States, following the larger movements in US yields.

With the exceptions of Greece and Portugal, intra-euro area sovereign bond spreads vis-à-vis Germany remained either broadly unchanged or declined slightly in the period under review. In December and early January, credit default swap (CDS) spreads edged up somewhat across most euro area countries, partly in response to the downgrading of Greek sovereign debt by several rating agencies.

Yields on five-year inflation-linked euro area government bonds declined by around 5 basis points to stand at around 0.6% on 13 January, and ten-year real yields remained broadly unchanged at 1.4% (see Chart 13). In turn, the real five-year forward yield five years ahead rose slightly to stand at 2.2%. Although the improvement in the macroeconomic outlook over the review period probably exerted some upward pressure on real yields, this appears to have been offset by a temporary

Chart 12 Long-term government bond yields

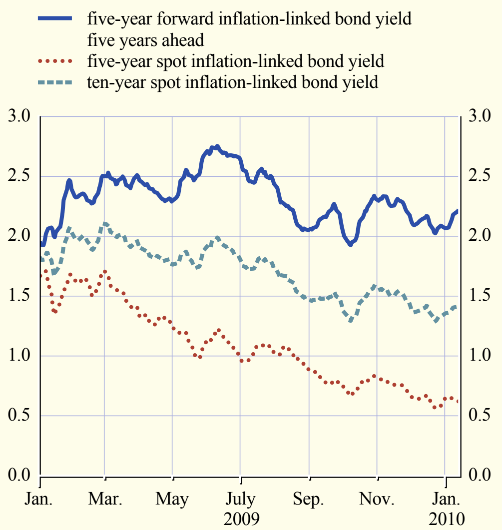
(percentages per annum; daily data)



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

Chart 13 Euro area zero coupon inflation-linked bond yields

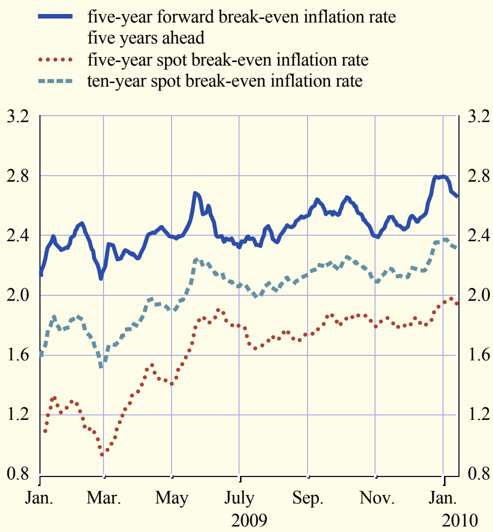
(percentages per annum; five-day moving averages of daily data; seasonally adjusted)



Sources: Reuters and ECB calculations.

Chart 14 Euro area zero coupon break-even inflation rates

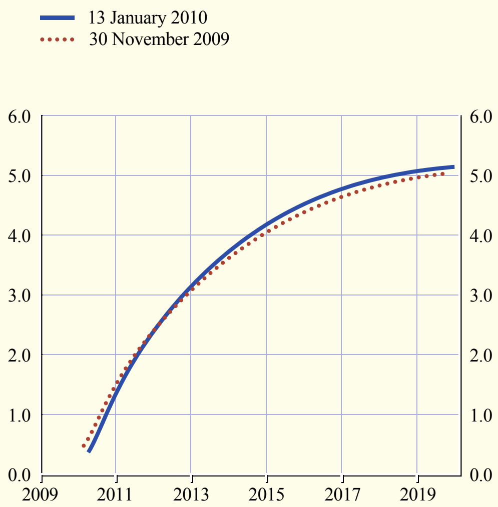
(percentages per annum; five-day moving averages of daily data; seasonally adjusted)



Sources: Reuters and ECB calculations.

Chart 15 Implied forward euro area overnight interest rates

(percentages per annum; daily data)



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

increase in the demand for highly rated inflation-linked bonds that is largely unrelated to changes in expectations about future inflation.

Inflation expectations derived from inflation-linked bonds increased somewhat in the euro area from the end of November 2009 to early January 2010. On 13 January the five-year and ten-year spot break-even inflation rates stood at 1.9% and 2.3% respectively, up somewhat from the levels observed at the end of November (see Chart 14). The implied five-year forward break-even inflation rate five years ahead increased by 20 basis points to stand at 2.7%. The most recent volatility and upward movement of long-term forward break-even inflation rates appear, however, to mainly reflect the above-mentioned non-fundamental factors, which affected the inflation-linked bond market over the period under review.

The term structure of forward rates in the euro area shows how the overall behaviour of long-term yields in the euro area can be decomposed into changes in interest rate expectations (and related risk premia) at different horizons (see Chart 15). The implied forward overnight interest rate curve for euro area government bonds shifted up slightly at medium to longer-term maturities in comparison with the situation at the end of November.

As regards corporate bond markets, spreads continued to narrow across all rating classes and for both financial and non-financial firms, especially in early January. This reflected the improving expectations regarding the future economic outlook, increased risk appetite among investors and lower uncertainty, as measured by implied stock market volatility. In the euro area, covered bond spreads generally remained broadly stable throughout the period under review.

2.5 INTEREST RATES ON LOANS AND DEPOSITS

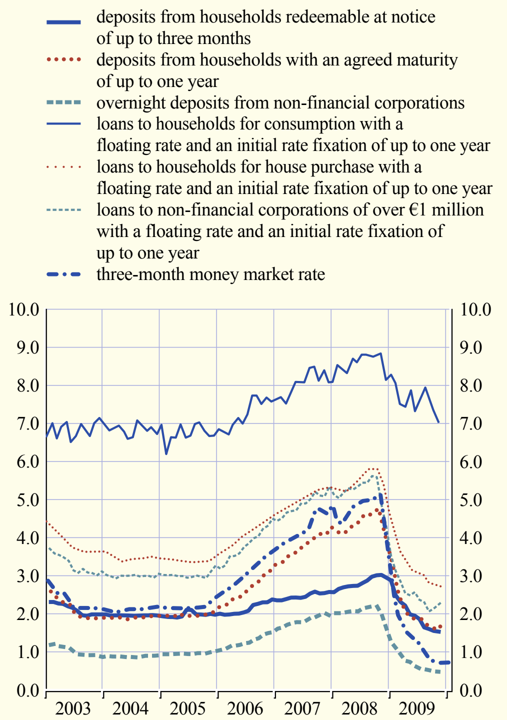
All in all, developments in MFI loan and deposit rates in November 2009 pointed towards stabilisation at historically low levels. Some of the rates on loans to non-financial corporations increased slightly in that month, while most of the rates on loans to households continued the decline recorded in previous months, although they remained somewhat above the lows observed in 2005 in most cases. Overall, these developments suggest that euro area banks continued to pass on the reduction in key ECB policy rates that has taken place since October 2008, broadly in line with historical pattern.

Short-term MFI interest rates on loans to, and deposits from, households declined or remained unchanged in November 2009, whereas short-term MFI interest rates on loans to non-financial corporations increased slightly (see Chart 16), with deposit rates broadly unchanged.

In November 2009, for instance, the average rates on households' overdrafts and the short-term rates on loans to households for house purchase decreased by 8 and 6 basis points respectively (to 9.0% and 2.7% respectively), the lowest levels recorded since 2003 in both cases. The more volatile short-term rates on loans for consumption declined to 7.0%, a drop of 29 basis points, but remained above the historical average since 2003. Whereas banks' rates on overdrafts for non-financial corporations fell by another 6 basis points to reach 4.1% in November 2009, short-term rates on large loans to non-financial corporations increased by 9 basis points, to 2.2%. Short-term rates on small loans to non-financial corporations remained broadly unchanged around their historical lows at 3.3%.

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

(percentages per annum; rates on new business)



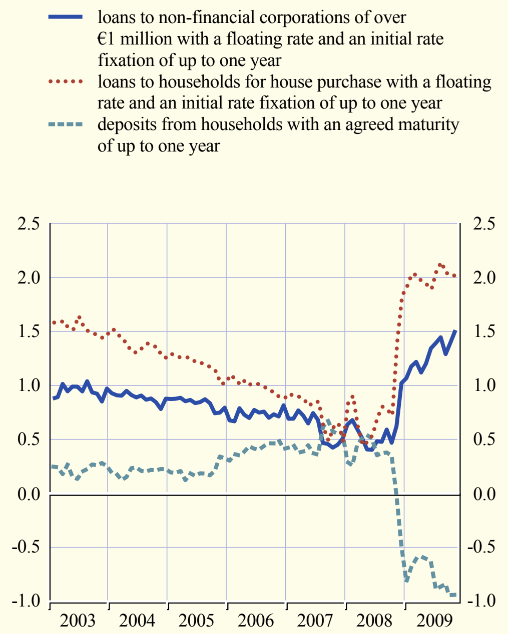
Source: ECB.

Given that the three-month EURIBOR declined by 2 basis points in November 2009, the spreads between short-term MFI interest rates and the three-month money market rate declined somewhat for loans to households, while it increased for loans to non-financial corporations (see Chart 17). Overall, these developments suggest that the pass-through of the reduction in key ECB policy rates that has taken place since October 2008 is close to coming to an end.

Taking a longer-term perspective, between September 2008 (i.e. immediately prior to the beginning of the cycle of monetary policy

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

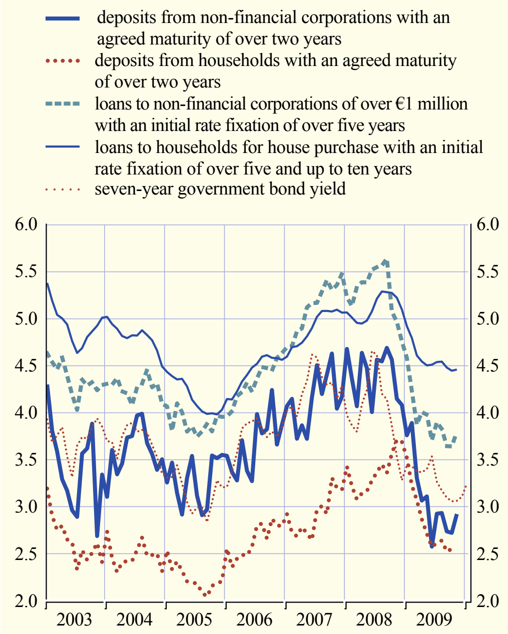
(percentage points; rates on new business)



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

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

(percentages per annum; rates on new business)



Source: ECB.

easing) and November 2009, short-term rates on both loans to households for house purchase and loans to non-financial corporations have declined by some 300 to 340 basis points. This compares with a decline of 430 basis points in the three-month EURIBOR and indicates a considerable pass-through of market rate changes to bank lending rates. The typically more “sticky” rates on bank overdrafts and short-term consumer loans have been adjusted to a far lesser extent over the same period.

Taking into account concerns regarding borrowers’ balance sheets and uncertainty on borrowers’ income and ability to service their debts, which are raising credit risk premia, reductions in policy rates appear to have been feeding through to retail lending and deposit rates with a degree of inertia broadly similar to that observed in the past.

Turning to MFI loans with longer initial rate fixation periods, the rates on loans to households for house purchase with a rate fixation period of between five and ten years were unchanged at 4.5% in November 2009 (see Chart 18). Average rates on small loans to non-financial corporations with over five years’ rate fixation declined further, by 8 basis points to 4.1%. At the same time, the rates on large loans to non-financial corporations with over five years’ rate fixation increased by 15 basis points (to 3.80%) in November 2009, after having reached their lowest level since 2003 in the previous month.

Viewed from a longer-term perspective, between September 2008 and November 2009, euro area banks adjusted their rates on long-term loans to non-financial corporation more or less in line with the decline in long-term government bond yields. By contrast, longer-term rates on loans to households for house purchase have not fallen as much over this period, most probably reflecting an incomplete and more sluggish pass-through, in the absence of alternative financing sources for households, as well as concerns about credit risk and the value of housing collateral.

Euro area banks' profitability depends, among other things, on loan-deposit margins on both outstanding amounts and new business. The former measure remained broadly unchanged between October and November 2009. The latter, however, edged up by 22 basis points (to 2.2%), but remained below the average recorded since 2003.

2.6 EQUITY MARKETS

Euro area and US stock prices continued to rise in December 2009 and early January 2010. At the same time, implied stock market volatility decreased noticeably on both sides of the Atlantic. Overall, stock prices were supported by the release of generally positive economic news in major markets, by upward revisions of earnings expectations over the period under review and by a further increase in risk appetite at the beginning of the new year. In the euro area, expected growth in earnings per share 12 months ahead improved further in December 2009, reflecting upgraded expectations for both the financial and the non-financial sector.

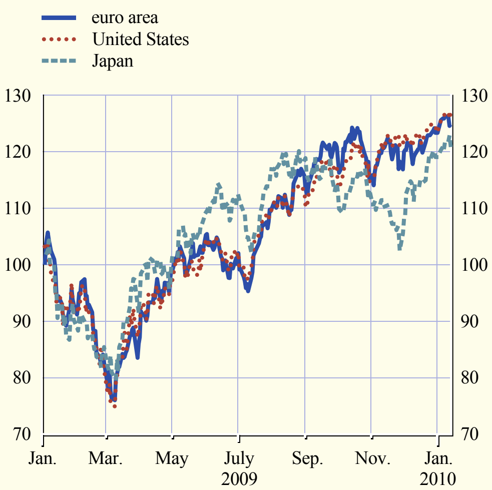
In December 2009 and early January 2010, stock price indices in the euro area and the United States continued the upward trend that had established itself since March 2009. In the early part of the period under review, non-financial stock prices performed somewhat better than those of financial firms, which had previously led the recovery in stock prices. Towards the end of the review period, however, the upward momentum became more broad-based and stocks in most economic sectors recorded robust gains. Euro area stock prices, as measured by the Dow Jones EURO STOXX index, and US stock prices, as measured by the Standard & Poor's 500 index, increased by 6.8% and 4.6% respectively between the end of November 2009 and 13 January 2010 (see Chart 19). Over the same period, stock prices in Japan, as measured by the Nikkei 225 index, rose even more sharply by about 15%, after the significant decline in preceding months. Short-term stock market uncertainty, as measured by implied volatility, declined further to stand below the lowest levels observed throughout 2009 in early January 2010 (see Chart 20).

For euro area listed companies, the growth of actual earnings per share remained depressed in December 2009. The actual earnings per share of firms covered by the Dow Jones EURO STOXX index declined by 36%, a slight improvement in comparison with November. A more marked improvement was observed in the expected growth of earnings per share 12 months ahead, which was forecast to improve to 30%, from 22% in November. The improvement in expected earnings per share has been sustained since the beginning of the third quarter of 2009.

The robust increases in euro area stock prices over the period under review reflected the continued release of better-than-expected macroeconomic data, which prompted some market participants to revise the growth prospects for the major economies further upwards. Moreover, the turn of the year has seen a further increase in risk appetite among institutional investors, as reflected in generally broad-based gains for risky assets, including lower-grade corporate debt and commodities.

Chart 19 Stock price indices

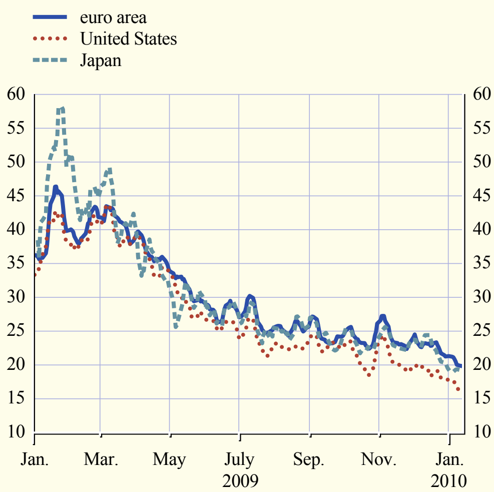
(index: 1 January 2009 = 100; daily data)



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

Chart 20 Implied stock market volatility

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



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

Taking a somewhat longer perspective, the rather swift and broad-based increase in the prices of risky assets since March 2009 appears so far to have been mainly a correction of previous sharp declines in prices. Further sharp asset price appreciation at this point could however increase the risk of abrupt future market corrections.

3 PRICES AND COSTS

According to Eurostat's flash estimate, annual HICP inflation increased further in December to stand at 0.9%, up from 0.5% in November. The December outcome was in line with expectations and mainly reflected global energy price movements a year ago. Near-term developments in annual HICP inflation continue to be heavily influenced by upward base effects stemming from past changes in food and energy prices. At the same time, economic fundamentals, such as modest consumer demand and lower labour cost growth are projected to weigh down on developments in HICP inflation. All in all, annual HICP inflation is expected to stay close to 1% in early 2010 and to remain subdued over the medium term as a result of the expected slow recovery in demand in the euro area and elsewhere, thereby supporting the purchasing power of euro area households. It is important to emphasise that inflation expectations over the medium to longer term remain firmly anchored in line with the Governing Council's aim of keeping inflation rates below, but close to 2% over the medium term. Risks to the inflation outlook remain broadly balanced.

3.1 CONSUMER PRICES

Euro area annual HICP inflation stood at 0.9% in December, up from 0.5% in November, according to Eurostat's flash estimate (see Table 4). Official estimates of the breakdown of the December HICP have not yet been published, but it is known that the December outcome was affected by a sizeable upward base effect in the energy component that stemmed from the drop in global oil prices 12 months earlier.

Looking at HICP developments at the sectoral level, the year-on-year change in the energy component moved sharply to -2.4% in November 2009, the last month for which breakdown data are available, from -8.5% in October. This partly emanated from a strong upward base effect related to last year's oil price changes. In addition, energy prices rose in month-on-month terms in November 2009, mainly owing to increases in the prices of fuel and lubricants for personal transportation.

The annual rate of change in the unprocessed food component of the euro area HICP stood at -1.3% in November, up from -1.6% in October. This largely reflected a base effect stemming from developments in fruit and vegetable prices, which are usually volatile as they are influenced

Table 4 Price developments

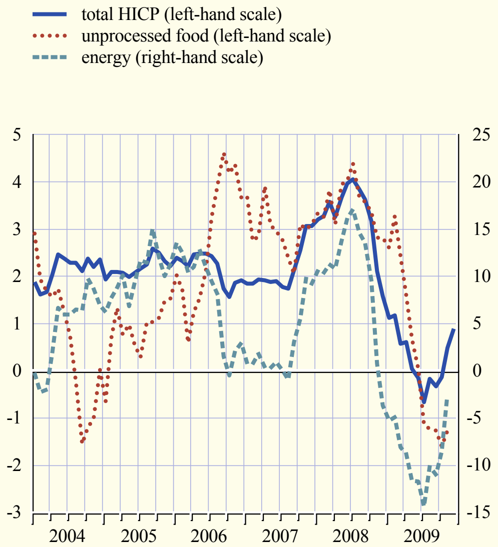
(annual percentage changes, unless otherwise indicated)

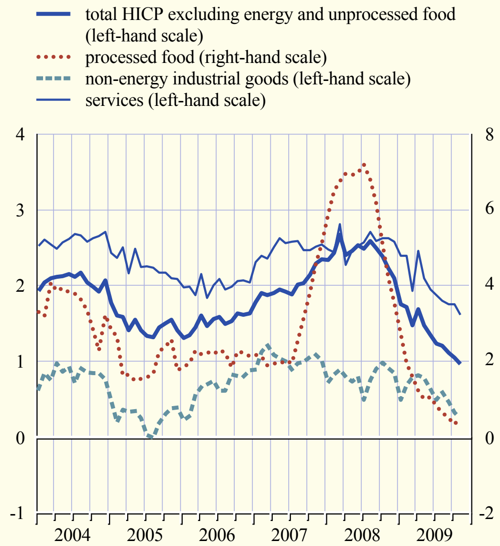
	2008	2009	2009 July	2009 Aug.	2009 Sep.	2009 Oct.	2009 Nov.	2009 Dec.
HICP and its components								
Overall index [1)]	3.3	.	-0.7	-0.2	-0.3	-0.1	0.5	*0.9*
Energy	10.3	.	-14.4	-10.2	-11.0	-8.5	-2.4	.
Unprocessed food	3.5	.	-1.1	-1.2	-1.3	-1.6	-1.3	.
Processed food	6.1	.	0.8	0.6	0.5	0.3	0.5	.
Non-energy industrial goods	0.8	.	0.5	0.6	0.5	0.3	0.2	.
Services	2.6	.	1.9	1.8	1.8	1.8	1.6	.
Other price indicators								
Industrial producer prices	6.1	.	-8.4	-7.5	-7.6	-6.6	-4.5	.
Oil prices (EUR per barrel)	65.9	44.6	46.5	51.1	46.9	49.8	52.1	51.6
Non-energy commodity prices	2.1	-18.6	-22.9	-16.4	-17.0	-7.3	-0.9	18.4

Sources: Eurostat, ECB and ECB calculations based on Thomson Financial Datastream data.
Note: The non-energy commodity price index is weighted according to the structure of euro area imports in the period 2004-06.
1) HICP inflation in December 2009 refers to Eurostat's flash estimate.

Chart 21 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)





Source: Eurostat.

by weather conditions. At the same time, the dynamics in unprocessed food prices over recent months have been heavily affected by a slowdown in the annual growth rate of meat prices. The unwinding of last year's food commodity price shock has also reduced the annual rate of change in processed food prices over recent months. In November, however, it increased slightly to 0.5%, indicating some tentative stabilisation. Nevertheless, strong competition in food retailing and weak consumer demand are still exerting downward pressures on processed food prices.

Excluding all food and energy items, or about 30% of the HICP basket, HICP inflation decreased by 0.2 percentage point to 1.0% in November. This reflected a slight decline in the annual rate of change in non-energy industrial goods prices and a further drop in services price inflation.

The annual rate of change in non-energy industrial goods prices slowed down further to 0.2% in November, from 0.3% in October. The annual rate of change in non-energy industrial goods prices has thus continued its slight downward trend observed over the past year. This has been driven primarily by durable goods, mainly cars, and to a lesser extent by the semi-durable goods sub-component, which mainly mirrors movements in the prices of clothing and footwear.

Services price inflation decreased to 1.6% in November, from 1.8% in October, reaching its lowest rate since November 2000. The declining trend in this component of HICP in 2009 was mainly driven by the downward adjustment in the prices of items related to leisure travel, which has been affected by the weak economic environment and depressed demand.

According to the European Commission's Consumer Survey, euro area consumers' inflation perceptions and expectations rose again in December, indicating a further stabilisation of inflation sentiment. This stabilisation trend is likely to continue over the coming months.

3.2 INDUSTRIAL PRODUCER PRICES

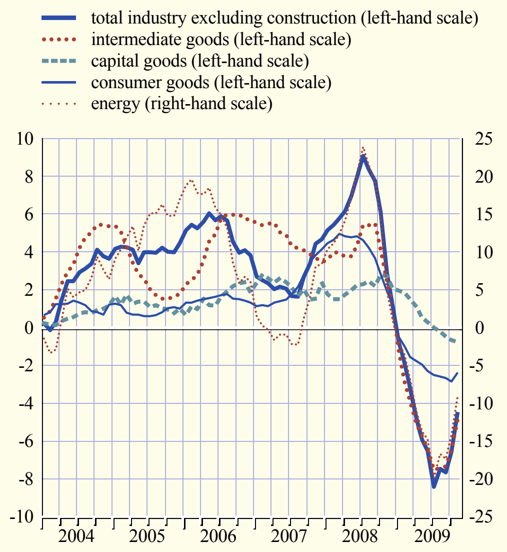
The annual rate of change in industrial producer prices (excluding construction) rose in November to -4.4%, from -6.6% in October. While this moderation was broadly based, it was driven by the energy and intermediate goods components. The annual rate of change in the energy component moved up to -8.7% in November, from -14.2% in October, mainly on account of positive base effects. Similarly, the annual rate of change in intermediate goods prices increased from -6.4% in October to -5.0% in November, mainly as a consequence of base effects.

At the latter stages of the production chain, the annual rate of change in capital goods prices remained stable, while the annual growth rate of consumer goods prices, which broadly follow the food component, increased in November. The annual growth rates of the two components are, however, still in negative territory. Looking ahead, it is likely that the past few months' increases in energy and intermediate goods prices will be passed on to capital and consumer goods prices. The pace and magnitude of such a pass-through is, however, uncertain.

Survey data on the price-setting behaviour of firms over recent months have indicated that downward price pressures are moderating (see Chart 23). With regard to the Purchasing Managers' Index (PMI), the input price index for manufacturing and the services sector rose further in December. The readings stood above the 50 threshold for both sectors, indicating rising input prices, possibly linked to higher commodity prices. Likewise, indices of prices charged in the manufacturing and services sectors also rose, but remained below the 50 threshold. These developments indicate that, while companies are still offering discounts to stimulate sales of goods and services in the face of weak underlying demand, pressures for further downward price movements are moderating.

Chart 22 Breakdown of industrial producer prices

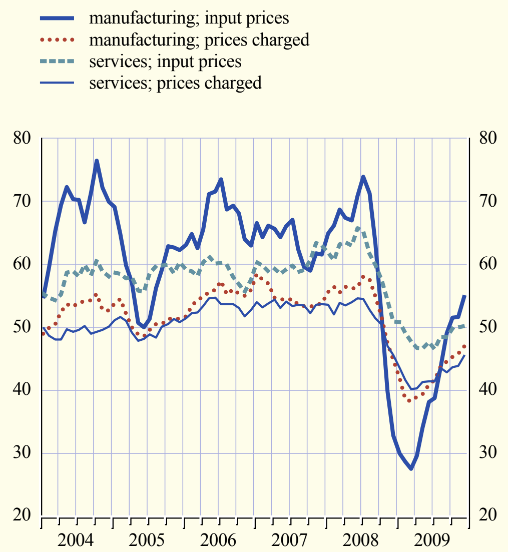
(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

Chart 23 Producer input and output price surveys

(diffusion indices; monthly data)



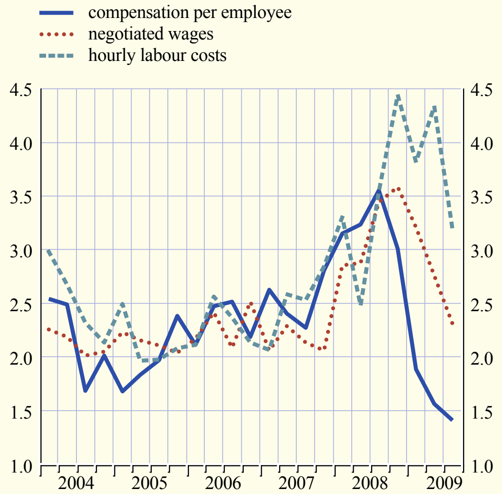
Source: Markit.
Note: An index value above 50 indicates an increase in prices, whereas a value below 50 indicates a decrease.

3.3 LABOUR COST INDICATORS

Labour cost indicators that have become available since the previous issue of the Monthly Bulletin suggest lower labour cost growth. On the whole, the drop in annual labour cost growth in the third quarter of 2009 reflected both lower wage growth per hour and fewer hours worked. Developments in these two variables have caused some differences in the behaviour of the annual rates of growth in negotiated wages, compensation per employee and hourly labour costs (see Chart 24 and Table 5).

Chart 24 Selected labour cost indicators

(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.

The annual rate of growth in negotiated wages in the euro area fell from 2.8% in the second quarter of 2009 to 2.3% in the third quarter. This substantial decline is likely to be a consequence of the sharp downturn in economic activity, the persistent increase in unemployment and the significant drop in inflation. As negotiated wages capture settled wage increases through concluded collective agreements, this indicator tends to react to changes in economic conditions with a time-lag. Available information signals that the annual rate of growth in negotiated wages may have slowed further in the fourth quarter of 2009.

The annual growth rate of compensation per employee decelerated further to 1.4% in the third quarter of 2009, from 1.6% one quarter earlier. The additional moderation in the annual growth rate of this indicator resulted from lower wage growth per hour, shorter working hours and cuts in flexible pay elements. The sectoral decomposition indicates that the deceleration was mainly driven by the market services component (see Chart 25).

Consistent with the recent slowdown in growth in negotiated wages and compensation per employee, hourly labour costs also declined in the third quarter to 3.2%, down from 4.3% in the second quarter of the year. The annual growth rate of this indicator is, however, still high in comparison with other labour cost indicators. The persistently strong growth in hourly labour costs is, apparently, still

Table 5 Labour cost indicators

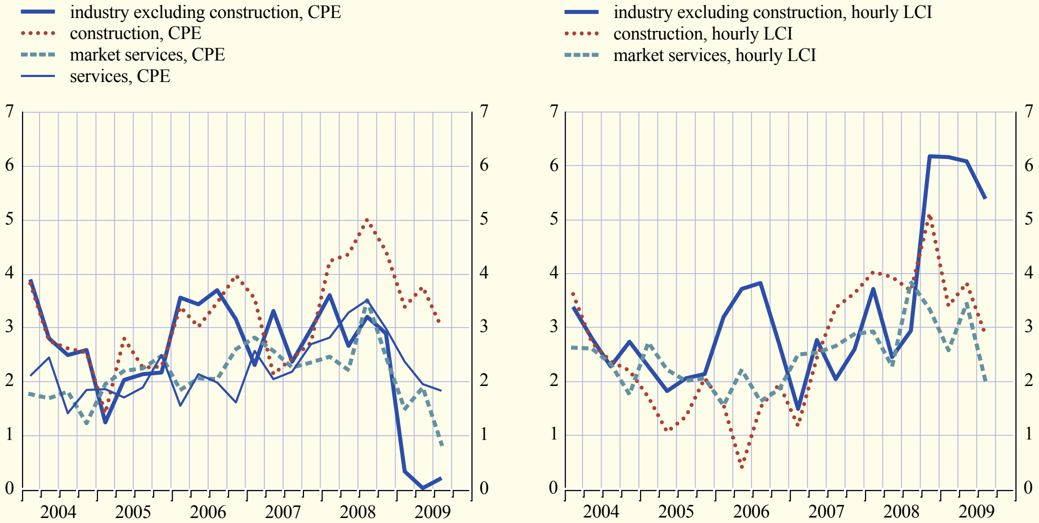
(annual percentage changes, unless otherwise indicated)

	2007	2008	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3
Negotiated wages	2.1	3.2	3.4	3.6	3.2	2.8	2.3
Total hourly labour costs	2.5	3.4	3.5	4.4	3.8	4.3	3.2
Compensation per employee	2.5	3.2	3.6	3.0	1.9	1.6	1.4
Memo items:							
Labour productivity	1.0	-0.1	-0.1	-1.7	-3.8	-3.1	-2.0
Unit labour costs	1.6	3.3	3.6	4.8	5.9	4.8	3.5

Sources: Eurostat, national data and ECB calculations.

Chart 25 Sectoral labour cost developments

(annual percentage changes; quarterly data)



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

being driven by the impact of the various measures taken in several euro area economies to reduce the number of hours worked per employee. Owing to the fact that the industrial sector is most strongly affected by such adjustment measures, the year-on-year increase in hourly labour costs of 5.4% was highest in this sector in the third quarter of 2009.

Annual productivity in terms of output per employee registered another strong decline in the third quarter, falling by 2.0% compared with the same quarter last year. This decline was, however, weaker than the 3.1% contraction observed in the second quarter and thus helped to ease the annual growth rate of unit labour costs to 3.5%. Given that its average level since the start of EMU has been around 1.8%, annual unit labour cost growth still remains very high.

3.4 THE OUTLOOK FOR PRICE DEVELOPMENTS

Over the short term, the outlook for annual HICP inflation will continue to be shaped by upward base effects arising from changes in food and energy prices (see Box 3). At the same time, economic fundamentals, such as weak consumer demand and lower labour cost growth are expected to weigh down on developments in the HICP. Looking further ahead, over the policy-relevant horizon, overall price and cost developments are expected to remain subdued in an environment of sluggish demand in the euro area and elsewhere. It is important to emphasise that inflation expectations over the medium to longer term remain firmly anchored in line with the Governing Council's aim of keeping inflation rates below, but close to 2% over the medium term.

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

Box 3

BASE EFFECTS AND THEIR IMPACT ON HICP INFLATION IN 2010

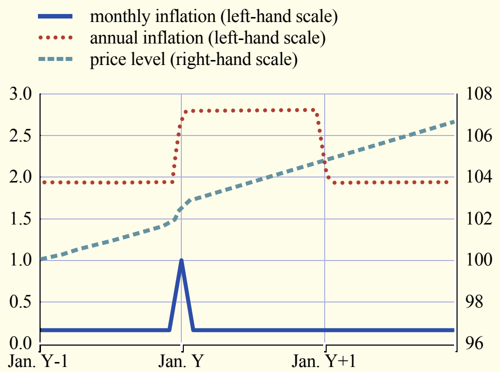
Movements in HICP inflation are often analysed in terms of annual rates of change, which show by how much the index has changed in 12 months by comparing the value attained in one month with the value it had in the same month one year earlier. The use of such a statistical measure implies that annual HICP inflation fluctuations are very much affected by index movements taking place 12 months earlier, commonly known as "base effects". As a result, when assessing changes in annual HICP inflation, it is useful to decompose them into a base effect component and a component related to recent month-on-month inflationary developments. The base effect component tends to be particularly influential during periods when inflation volatility was high one year earlier, for instance induced by sharp movements in commodity prices. Over the past two years, energy and food prices have accounted for much of the sharp fluctuations in HICP inflation, as the wide swings in oil and food commodity prices in global markets have been passed on to consumer prices. Base effects in these two components are likely to continue to have a significant influence on headline inflation in the months to come, as the large energy price falls towards the end of 2008 and the food price declines in the course of 2009 drop out of the annual comparison only one year later. As discussed in this box, the contributions of such base effects need to be taken into account when assessing prospective developments in HICP inflation in the course of 2010.

Definition

Base effects are a recurring feature when analysing changes in annual growth rates. They occur when variations in the annual growth rate of an economic indicator depend on some atypical influence that affected the indicator's movement 12 months earlier, rather than being caused by month-on-month developments.[1] To illustrate this distinction with a simple example, month-on-month inflation is assumed to be 0.16% in every month except in January of the year Y, when, owing to a one-off event, such as a hike in the VAT rate, it rises to 1.0% (see Chart A). As a consequence, inflation calculated in year-on-year terms increases from 1.9% in December Y-1 to 2.8% in January Y, staying there for one year before falling back to 1.9% in January Y+1. The fall in the annual inflation rate in January Y+1 is said to be explained by a downward base effect due to the unusual increase in the price level one year earlier dropping out of the annual comparison.

Chart A The base effect: an illustration

(percentage changes and index: January Y-1 = 100)



Source: ECB calculations.

Although this concept is intuitive, identifying and estimating base effects in practice is not straightforward. Defining a base effect as

1 Technically, a base effect can be defined as the contribution to the change in the year-on-year inflation rate in a particular month that stems from a deviation of the month-on-month rate of change in the base month (i.e. the same month one year earlier) from its usual or normal pattern, taking account of seasonal fluctuations. See the box entitled "Accounting for recent and prospective movements in HICP inflation: the role of base effects" in the December 2008 issue of the Monthly Bulletin, and the references therein.

being driven by atypical influences one year earlier involves the calculation of a deviation of the month-on-month rate of change in the base period from its usual pattern, but there is usually no particular way of distinguishing between typical and atypical effects. For the purposes of this box, the usual pattern of month-on-month changes in the HICP is computed for each month by adding an estimated seasonal effect to the average month-on-month change observed since January 1995.

Impact of base effects on the profile of euro area inflation in 2010

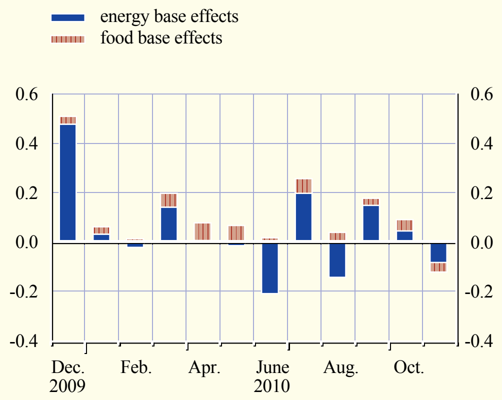
In 2010, base effects are expected to make a non-negligible contribution to overall inflation developments, although more moderate than in the previous year. Chart B shows the expected contributions of base effects from the energy and food components to the monthly changes in the annual inflation rate in the 12 months to November 2010.

Some notable features can be inferred from the chart. Overall, the contribution of food and energy base effects to monthly changes in annual inflation is expected to be positive. Base effects from the energy component are estimated to be the strongest in terms of the monthly change in annual HICP inflation between November 2009 and December 2009 (around 0.5 percentage point). Thereafter, they are expected to reflect the volatile pattern in energy price developments observed in the course of 2009. At the same time, base effects from (both processed and unprocessed) food prices are expected to make a positive contribution to monthly developments in annual HICP inflation in each month up to October 2010, as a consequence of the subdued developments in the month-on-month rates of growth in processed food prices and in meat prices within the unprocessed food component in the course of 2009, reflecting the unwinding of the global food commodity price shock.

Chart C cumulates the base effect contribution to the changes in the annual growth rates of the HICP over the next 12 months, starting in November 2009. As seen in the chart, total base effects from the energy and food components are projected to have a cumulated upward

Chart B Contribution of energy and food base effects to the monthly changes in annual HICP inflation

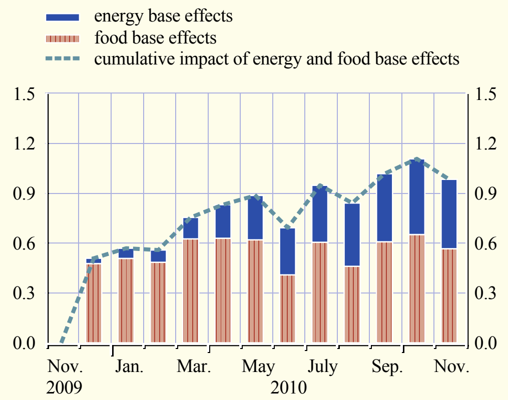
(percentage points)



Sources: Eurostat and ECB calculations.

Chart C Cumulative impact of energy and food base effects

(percentage points)



Sources: Eurostat and ECB calculations.

impact of around 1.0 percentage point on annual HICP inflation from November 2009 to November 2010. While the base effect initially stems mainly from changes in energy prices, over time the relevance of the food price base effect increases, almost matching that of the energy prices at the end of that period.

Overall, these upward base effects arising from changes in food and energy prices are likely to contribute to shaping the outlook for developments in annual HICP inflation over the coming months. However, the extent of the rise in inflation is uncertain and cannot be assessed mechanically on the basis of base effects alone. The profile of the annual growth rate in the HICP will depend on the impact of changes in economic fundamentals, such as the strength of consumer demand and labour cost growth, as well as future developments in commodity prices and how these are passed on to euro area consumers. Should the pace of the recovery in activity remain subdued in the euro area and elsewhere, as is currently envisaged, economic fundamentals will contribute to keeping headline HICP inflation moderate in the near term. Therefore, the expected increase in headline HICP inflation in 2010, from an estimated annual rate of 0.9% in December 2009, should not be interpreted as a resurgence of underlying inflationary pressures.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

Euro area real GDP expanded by 0.4% in the third quarter of 2009, after having recorded a small contraction in the previous quarter. The latest information indicates that euro area economic activity continued to expand at the end of 2009. The euro area has been benefiting from the inventory cycle and a recovery in exports, as well as from the significant macroeconomic stimulus under way and the measures adopted to restore the functioning of the financial system. However, as domestic demand remains subdued and a number of the supporting factors are of a temporary nature, the outlook is subject to uncertainty. Looking through the volatility of incoming data, the euro area economy is expected to grow at a moderate pace in 2010 and the recovery process could be uneven. The euro area economy is likely to be affected by the process of ongoing balance sheet adjustment in the financial and the non-financial sector, both inside and outside the euro area. The risks to this outlook remain broadly balanced.

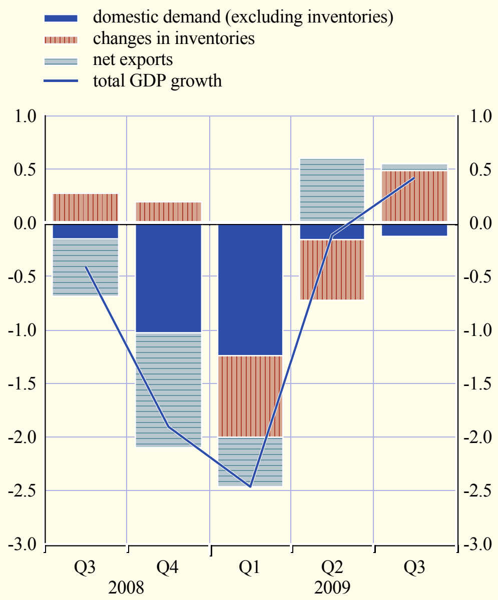
4.1 REAL GDP AND DEMAND COMPONENTS

Economic activity started to expand again in the third quarter of 2009, after having contracted for five consecutive quarters. Eurostat's second estimate confirmed that real GDP grew by 0.4%, quarter on quarter, in the period from July to September 2009, after a small decline in the previous quarter. The GDP growth rate for the second quarter was revised upwards marginally, from -0.2% to -0.1% (see Chart 26). Surveys and monthly indicators suggest that economic activity continued to expand in the euro area in the last few months of 2009.

The breakdown of expenditure for the third quarter shows a slightly negative contribution from domestic demand (excluding inventories) and positive contributions from inventories and, to a lesser extent, from net exports. The negative contribution from domestic demand reflected declines in investment and private consumption, which were partly offset by an increase in government consumption.

Chart 26 Real GDP growth and contributions

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



Sources: Eurostat and ECB calculations.

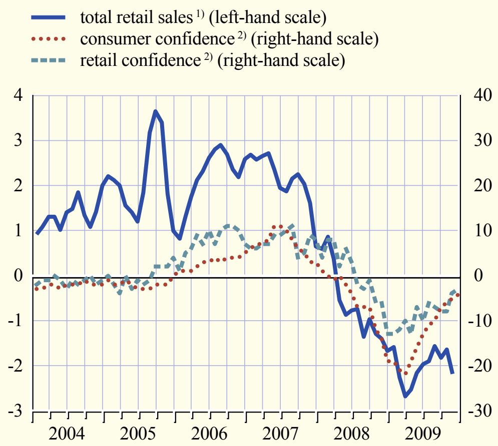
Private consumption contracted slightly in the third quarter of 2009, declining by 0.1% quarter on quarter, after having recorded modest growth in the previous quarter. Household spending remained subdued in the third quarter, with retail sales falling by 0.5% quarter on quarter.

As regards the last quarter of 2009, available information on retail sales together with data on consumer confidence and car registrations provides a somewhat mixed picture of household spending. On the one hand, surveys with a bearing on consumption suggest a gradual improvement. For instance, the European Commission's indicator of euro area consumer confidence increased in each month of the last quarter of 2009, continuing the upward trend that started in the first half of the year. On the other hand, retail sales (including sales of fuels) contracted by 1.2% in November, following an increase of 0.2% in the previous month. On a three-month moving average basis, retail sales fell by 0.9%, which is more than in the third quarter of the year (see Chart 27). On the same basis, growth in new passenger car registrations stood at 1.7% in November, compared with 3.0% in the third quarter. This development clearly suggests that the impact of fiscal incentives for car purchase in some countries is falling.

All in all, while consumer surveys have continued to point to an improvement in consumer confidence, recent developments in retail sales and car registrations, in combination with weak labour markets and a further weakening in the impact of fiscal incentives for car purchase, suggest that consumer spending continued to be subdued throughout the fourth quarter of 2009.

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

(monthly data)



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

Gross fixed capital formation declined by 0.8% quarter on quarter in the third quarter of 2009, following a contraction of 1.6% in the previous three-month period. This development confirms that the pace of the decline in investment is moderating, from the high quarterly rates seen in the fourth quarter of 2008 and the first quarter of 2009 when investment dropped by 4.0% and 5.4% respectively. The breakdown of investment in the third quarter of 2009 indicates that the decline was almost entirely explained by construction investment, which decreased by 1.8% quarter on quarter, while non-construction investment declined by only 0.1%.

As regards available indicators of investment in the euro area in the fourth quarter, both construction production and industrial new orders declined marginally in October; however, the three-month moving average growth rate of new orders remained very high by historical standards. Investment is expected to improve further in the coming quarters but to remain subdued as a result of low capacity utilisation, continued weak demand, high uncertainty and adjustments in housing markets in some euro area countries.

The rebound in trade flows in the third quarter of 2009 was stronger than estimated in Eurostat's first release. Exports increased by 3.1%, quarter on quarter, compared with a contraction of 1.2% in the second quarter, while imports increased by 3.0%, after a decline of 2.8% in the previous quarter. The contribution of net trade to the quarterly GDP growth rate, of 0.1 percentage point, remained unchanged compared with the first release.

Changes in inventories made a 0.5 percentage point contribution to GDP growth in the third quarter of 2009, after having detracted from growth in the first two quarters of the year. The contribution of inventories to GDP growth in the third quarter appears to be explained by a slowdown in the pace of destocking, rather than by the beginning of a restocking phase.

4.2 OUTPUT, SUPPLY AND LABOUR MARKET DEVELOPMENTS

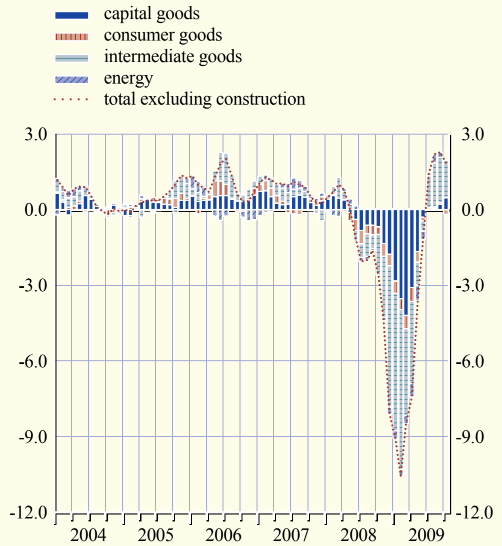
Eurostat's second estimate confirms that the 0.4% increase in real value added in the third quarter of 2009 was fuelled by a sharp rebound in the output of the industrial sector, while activity remained unchanged in the services sector and continued to contract in construction. In particular, value added in the industrial sector (excluding construction) increased by 2.3% quarter on quarter in the third quarter, after contracting by 1.5% in the second quarter. Services value added recorded no growth in the third quarter, whereas it had increased by 0.2% in the previous quarter, while value added in construction contracted by 0.8% in the third quarter, which is slightly more than the contraction of 0.7% seen in the second quarter.

As regards developments in the fourth quarter of 2009, industrial production increased by 1.0%, month on month, in November, after a decline of 0.3% in October. Developments in production have shown a clear recovery over recent months and in November production was 4.7% higher than the trough reached in April 2009. On average in the two months of the fourth quarter for which data are available production was 0.8% above its level in the third quarter (see Chart 28).

Surveys indicate that business activity increased in the last few months of 2009 and continue to point towards economic expansion, albeit from a low level (see Chart 29). The Purchasing Managers' Index (PMI) for the manufacturing sector rose again in December, to 51.6. In the last quarter of the year the index stood above 51 on average, up from less than 48 in the third quarter, and was therefore firmly in the expansion range for the first time since the second quarter of 2008. The PMI survey

Chart 28 Industrial production growth and contributions

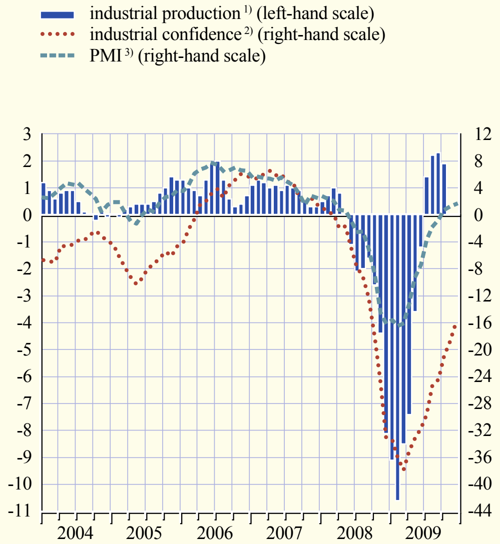
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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

Chart 29 Industrial production, industrial confidence and the PMI

(monthly data; seasonally adjusted)



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

also indicates that the pace of inventory destocking is slowing in the euro area. This development suggests that, all else being equal, inventories should have made a further positive contribution to GDP growth in the final quarter of 2009. Other business surveys, such as the European Commission Business Surveys, confirm the improved sentiment shown in the PMI data. Survey indicators for activity in the services sector have also followed an upward path and suggest that activity continued to expand in the last quarter of 2009.

Available information on recent economic developments suggests that, overall, activity continued to expand in the fourth quarter of 2009. Survey indicators in particular have continued to follow the upward trend that began in the second quarter. However, the economic outlook continues to be characterised by uncertainty. Box 4 examines trends in perceptions of uncertainty, using information from the ECB Survey of Professional Forecasters.

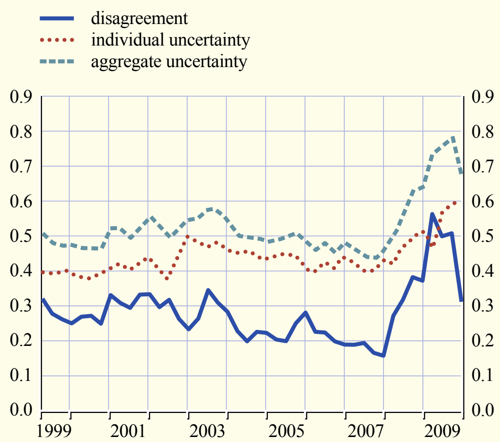
Box 4

MEASURING PERCEPTIONS OF MACROECONOMIC UNCERTAINTY

Since the collapse of Lehman Brothers in September 2008, the macroeconomic outlook has been characterised by greater than usual uncertainty. In addition to complicating the task of assessing the economic outlook, higher uncertainty may have an impact on corporate decisions and household savings choices, thus affecting investment and consumption. However, it is not straightforward to gauge the extent to which uncertainty has increased and whether it has started to return to more typical levels. To shed some light on the issue, this box considers information provided by respondents to the ECB Survey of Professional Forecasters (SPF) concerning the amount of uncertainty they perceive to be surrounding their forecasts.[1]

Chart A Alternative measures of uncertainty surrounding one-year-ahead inflation forecasts from the SPF

(percentage points)



Sources: ECB SPF and ECB calculations.

The SPF provides several dimensions for measuring forecast uncertainty, drawing on the fact that SPF respondents provide both a precise forecast, or point estimate, and a probability distribution around this point estimate. One approach is to rely on information provided by individual point estimates and consider "disagreement" among the differing forecasters' views to be an indication of uncertainty. This measure of uncertainty is a very narrow one and ignores the extra information provided by SPF respondents concerning the probability distributions they assign to their forecasts. There are two ways to use this extra information. One is to

1 For a view of forecast uncertainty over a longer time span using primarily data from Consensus Economics, see the box entitled "Uncertainty and the economic prospects for the euro area" in the August 2009 issue of the Monthly Bulletin. The analysis in the current box updates that analysis, considers a number of alternative measures of forecast uncertainty and discusses macroeconomic uncertainty more generally, including the perceived uncertainty surrounding both HICP inflation and unemployment rate forecasts in addition to that surrounding the outlook for economic activity (GDP growth).

calculate the average standard deviation of the individual probability distributions supplied by the forecasters, which is known as "individual uncertainty". While this is informative, there is evidence that individual forecasters tend to underestimate the degree of uncertainty surrounding their forecasts.[2] For a broader measure of uncertainty, one can calculate "aggregate uncertainty", which combines both disagreement and individual uncertainty.[3] Chart A illustrates the evolution of, and relationship between, the different measures of uncertainty surrounding the one-year-ahead inflation forecasts from the SPF. Aggregate uncertainty is the measure that is focused on in this box as it seems to capture a broader notion of macroeconomic uncertainty.

Charts B-D show aggregate uncertainty for HICP inflation, GDP growth and the unemployment rate, as perceived by respondents to the ECB SPF at various horizons. The charts show the average uncertainty for the years 1999-2009, with the shaded area denoting a range of plus and minus one standard deviation. Unsurprisingly, for each variable, as respondents are asked to forecast further ahead, average perceived uncertainty typically increases.[4] The average level of

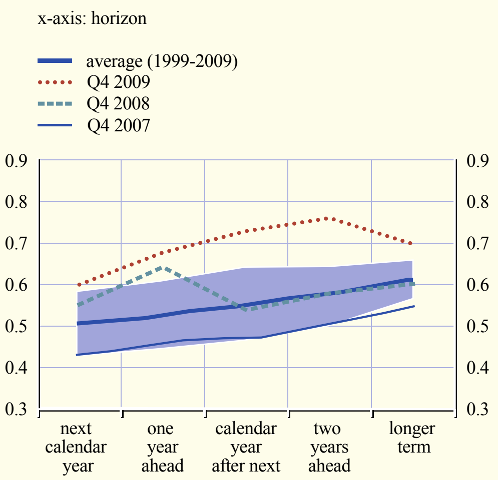
2 See, for example, C. Bowles, R. Friz, V. Genre, G. Kenny, A. Meyler and T. Rautanen (2007), "The ECB Survey of Professional Forecasters (SPF): A review after eight years' experience", ECB Occasional Paper No 59, April.

3 "Disagreement" is calculated as the standard deviation of individual point forecasts. "Individual uncertainty" is calculated as the average standard deviation (or dispersion) of each individual probability distribution. "Aggregate uncertainty" is calculated as the standard deviation of the aggregated distribution (which is constructed simply by adding up the individual probabilities reported in the SPF and dividing the sum total by the number of respondents providing probability distributions). It is possible to show that aggregate uncertainty is a function of, and hence captures, both disagreement and individual uncertainty. For further details, see K. F. Wallis, "Combining Density and Interval Forecasts: A Modest Proposal", *Oxford Bulletin of Economics and Statistics,* 67 (2005 Supplement), 983-94.

4 SPF respondents are asked for their forecasts for specific "rolling horizons" (one year and two years ahead of the latest available data, at the time the survey is conducted, for each variable) and "calendar-year horizons". These latter horizons are the current calendar year, next calendar year, calendar year after next (only in the Q3 and Q4 rounds) and a longer-term horizon (of four calendar years ahead in the Q1 and Q2 rounds and five calendar years ahead in the Q3 and Q4 rounds). The perceived uncertainty surrounding the current calendar year forecasts is not shown in the charts as it is very much affected by the timing of the SPF round and the amount of data available to the forecasters. For example, in the Q4 2009 SPF round, forecasters had data on HICP inflation up to September 2009, whereas in the Q1 2009 round they only had data up to December 2008.

Chart B Aggregate uncertainty surrounding HICP inflation from the SPF

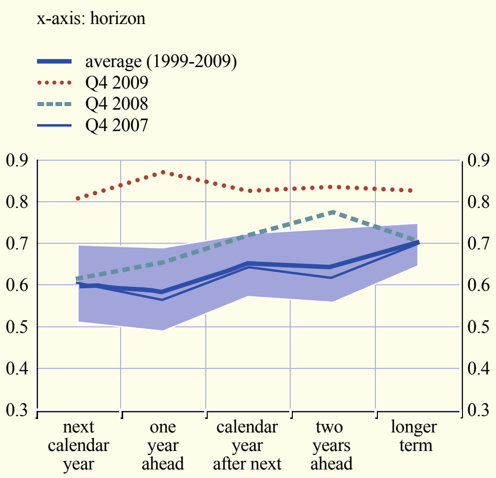
(percentage points)



Sources: ECB SPF and ECB calculations.
Note: The light-blue shaded area represents plus and minus one standard deviation from the average observed over the period 1999-2009.

Chart C Aggregate uncertainty surrounding GDP growth from the SPF

(percentage points)



Sources: ECB SPF and ECB calculations.
Note: The light-blue shaded area represents plus and minus one standard deviation from the average observed over the period 1999-2009.

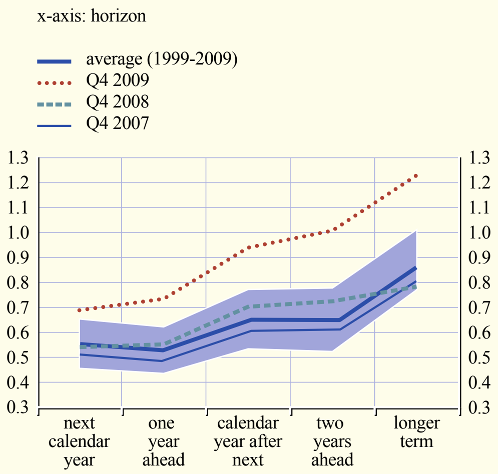
uncertainty, particularly at longer horizons, is highest for the unemployment rate. This may reflect the "non-stationary" nature of the unemployment rate (i.e. in the presence of labour market rigidities, shocks to the unemployment rate tend to persist). On the other hand, longer-term expectations for real GDP growth and inflation are likely to be "anchored" respectively by views concerning the potential growth rate of the economy and the credibility of monetary policy.

Charts B-D also show the degree of uncertainty perceived by SPF respondents for each variable in the Q4 2009, Q4 2008 and Q4 2007 rounds.[5] For HICP inflation, aggregate uncertainty, as reported by SPF respondents, was at a relatively low level in the fourth quarter of 2007, mainly reflecting a low level of disagreement. It had risen noticeably, particularly for the short-term horizons, by the fourth quarter of 2008, mainly reflecting increased disagreement but also high individual uncertainty. In the latest (Q4 2009) round, aggregate uncertainty was considerably above historical average levels. Although disagreement about the inflation outlook has declined from its peak (in the first half of 2009), it remains relatively high. Average individual uncertainty was at historically high levels in the fourth quarter of 2009. For GDP growth, aggregate uncertainty about the forecast outlook, as reported by SPF respondents, was also clearly above historical averages in the fourth quarter of 2009. However, although uncertainty about the growth outlook is still relatively high, it has fallen substantially compared with its peak recorded in the Q1 2009 round. For the unemployment rate, uncertainty as reported by SPF respondents was also high in the Q4 2009 round, particularly for longer-term horizons, but was below the peak levels observed in the Q2 2009 round.

5 The Q4 rounds are reported as the latest available SPF is the Q4 2009 round conducted in October 2009 and to avoid the possible problem of seasonality, particularly for the calendar-year horizons (see also footnote 4).

Chart D Aggregate uncertainty surrounding the unemployment rate from the SPF

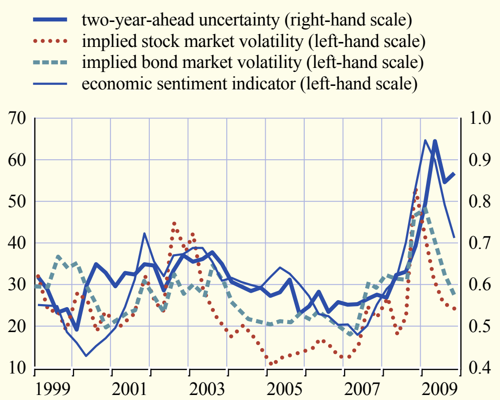
(percentage points)



Sources: ECB SPF and ECB calculations.
Note: The light-blue shaded area represents plus and minus one standard deviation from the average observed over the period 1999-2009.

Chart E Cross-checking against selected indicators of macroeconomic uncertainty

(percentage points)



Sources: Bloomberg, European Commission (DG-ECFIN), ECB SPF and ECB calculations.
Notes: Two-year-ahead uncertainty refers to the arithmetic average of the aggregate uncertainty measures for the two-year-ahead forecasts of HICP inflation, GDP growth and the unemployment rate. The implied bond market volatility measure has been scaled upwards by a multiple of five. The economic sentiment indicator has been inverted and the scale has been adjusted.

Chart E presents the average of the two-year-ahead aggregate uncertainty measures for HICP inflation, GDP growth and the unemployment rate, alongside other possible indicators of macroeconomic uncertainty, such as implied stock market volatility (for the Dow Jones EURO STOXX 50 index), implied bond market volatility (for the Eurex Generic 1st "RX" future) and the European Commission (DG-ECFIN) Economic Sentiment Indicator. Generally, a degree of co-movement among the different indicators is present. It also seems that although the level of uncertainty moderated somewhat during the course of 2009, having reached strong highs at the beginning of the year, it remained elevated. This pattern is stronger for the SPF measure and the economic sentiment indicator. Implied stock and bond market volatilities were closer to historical averages, but also remained higher than the levels observed in recent years.

In summary, macroeconomic forecast uncertainty, as reported by SPF respondents, has increased substantially since the second half of 2008. However, the peak seems to have been reached in the first half of 2009. Thereafter, perceived uncertainty in the SPF has unwound to some extent, even though it remained elevated up to the last quarter of 2009.

LABOUR MARKET

Conditions in euro area labour markets have continued to deteriorate in recent months. Eurostat's second estimate confirms that euro area employment decreased by 0.5% quarter on quarter in the third quarter of 2009. This is the same quarterly rate of decline as recorded in the second quarter, but less than in the first quarter of the year (see Table 6). At the sectoral level, industry and construction continued to bear the brunt of the contraction in employment. While the 1.6% quarter-on-quarter decline in industrial employment (excluding construction) in the third quarter suggests some moderation in the rate of contraction compared with the previous quarter, the contraction in construction employment shows a further clear deterioration for that quarter, after some signs of improvement in the second quarter. Conversely, employment in the services sector appears to have held up somewhat better, declining by only 0.1% quarter on quarter in the third quarter, which was the same rate as recorded in the previous quarter (see Chart 30).

Together with the recent recovery in euro area output growth, the job losses seen in recent quarters have contributed to an improvement in productivity developments. In year-on-year terms, aggregate euro area productivity (in terms of output per employee) nevertheless dropped by 2.0% in the third

Table 6 Employment growth

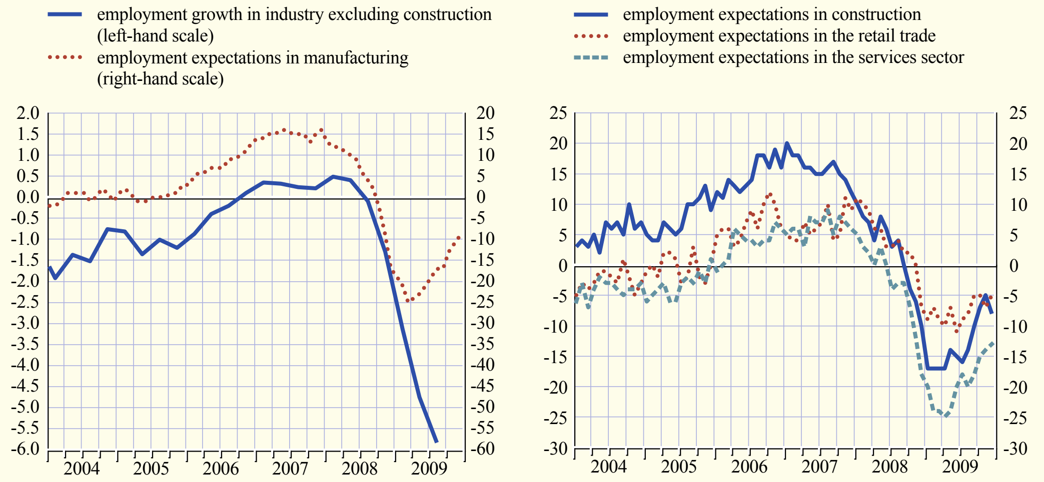
(percentage changes compared with the previous period; seasonally adjusted)

	Annual rates		Quarterly rates				
	2007	2008	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3
Whole economy	1.8	0.7	-0.2	-0.4	-0.7	-0.5	-0.5
of which:							
Agriculture and fishing	-1.5	-1.4	-0.6	0.1	-0.8	-0.8	-1.1
Industry	1.3	-0.8	-0.9	-1.4	-1.7	-1.7	-1.7
Excluding construction	0.3	-0.1	-0.5	-1.1	-1.5	-1.8	-1.6
Construction	3.8	-2.2	-1.9	-2.2	-2.3	-1.4	-2.0
Services	2.1	1.4	0.0	0.0	-0.4	-0.1	-0.1
Trade and transport	2.0	1.3	-0.1	-0.4	-0.8	-0.4	-0.1
Finance and business	4.0	2.3	0.0	-0.5	-0.9	-0.7	-0.5
Public administration [1]	1.2	1.0	0.2	0.6	0.2	0.6	0.3

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

Chart 30 Employment growth and employment expectations

(annual percentage changes; percentage balances; seasonally adjusted)



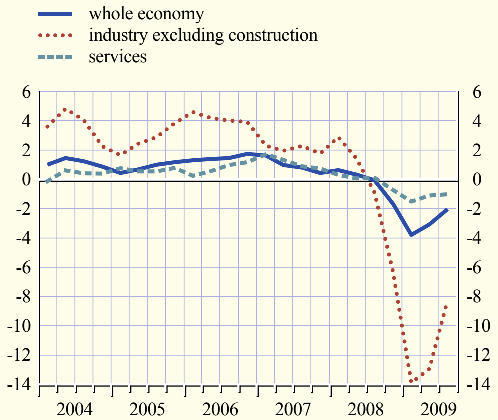
Sources: Eurostat and European Commission Business and Consumer Surveys.
Note: Percentage balances are mean-adjusted.

quarter of 2009, but this rate is a substantial improvement on the record contractions seen in the first half of the year (see Chart 31). The latest survey indicators suggest that productivity should have continued to improve in the fourth quarter.

The euro area unemployment rate increased to 10.0% in November, from 9.9% in October, which was revised upwards by 0.1 percentage point compared with Eurostat's first release. The slow increase in the euro area unemployment rate masks diverse developments across the euro area, as unemployment has reached much higher rates in some euro area countries (see Chart 32). Looking

Chart 31 Labour productivity

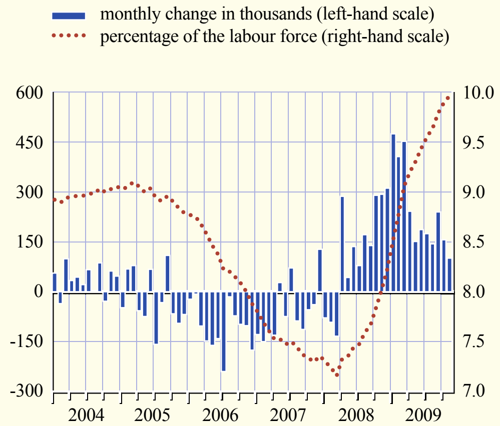
(annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart 32 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

ahead, survey indicators have improved from their lows, but still suggest that further increases in euro area unemployment are likely in the months ahead, albeit at a slower pace than was observed and expected earlier in 2009.

4.3 THE OUTLOOK FOR ECONOMIC ACTIVITY

Euro area real GDP expanded by 0.4% in the third quarter of 2009, after having recorded a small contraction in the previous quarter. The latest information indicates that the euro area economic activity continued to expand in the last few months of 2009, although consumption appears to have remained subdued. The euro area has been benefiting from the inventory cycle and a recovery in exports, as well as from the significant macroeconomic stimulus under way and the measures adopted to restore the functioning of the financial system.

However, future developments remain uncertain, as a number of the supporting factors are of a temporary nature and domestic demand is expected to remain weak. Looking through the volatility of incoming data, the euro area economy is expected to grow at a moderate pace in 2010 and the recovery process could be uneven. The euro area economy is likely to be affected by the process of ongoing balance sheet adjustment in the financial and the non-financial sector, both inside and outside the euro area. In addition, low capacity utilisation rates are likely to dampen investment and unemployment in the euro area is expected to increase somewhat further, thereby dampening consumption growth.

The risks to the outlook for economic activity remain broadly balanced. On the upside, there may be stronger than anticipated effects stemming from the extensive macroeconomic stimulus being provided as well as from other policy measures taken. Confidence may also improve further and foreign demand may prove to be stronger than projected. On the downside, concerns remain relating to a stronger or more protracted negative feedback loop between the real economy and the financial sector, renewed increases in oil and other commodity prices, the intensification of protectionist pressures and the possibility of a disorderly correction of global imbalances.

5 EXCHANGE RATE AND BALANCE OF PAYMENTS DEVELOPMENTS

5.1 EXCHANGE RATES

The euro exchange rate has weakened somewhat in nominal effective terms over the past three months, reaching levels close to its 2009 average. The weakening of the euro has been relatively broad based and primarily took place in December.

EFFECTIVE EXCHANGE RATE OF THE EURO

Following some fluctuation in October and November, the nominal effective exchange rate of the euro – as measured against the currencies of 21 of the euro area's most important trading partners – weakened in December. On 13 January it was 1% weaker than at the end of September and close to its average 2009 level. Over the last three months the depreciation of the euro has been rather broad based, and only slightly reduced by the appreciation of the euro vis-à-vis the Japanese yen (see Chart 33). Box 5 briefly introduces a revised set of effective exchange rate indices that take into account the changes in the geographical structure of euro area trade.

US DOLLAR/EURO

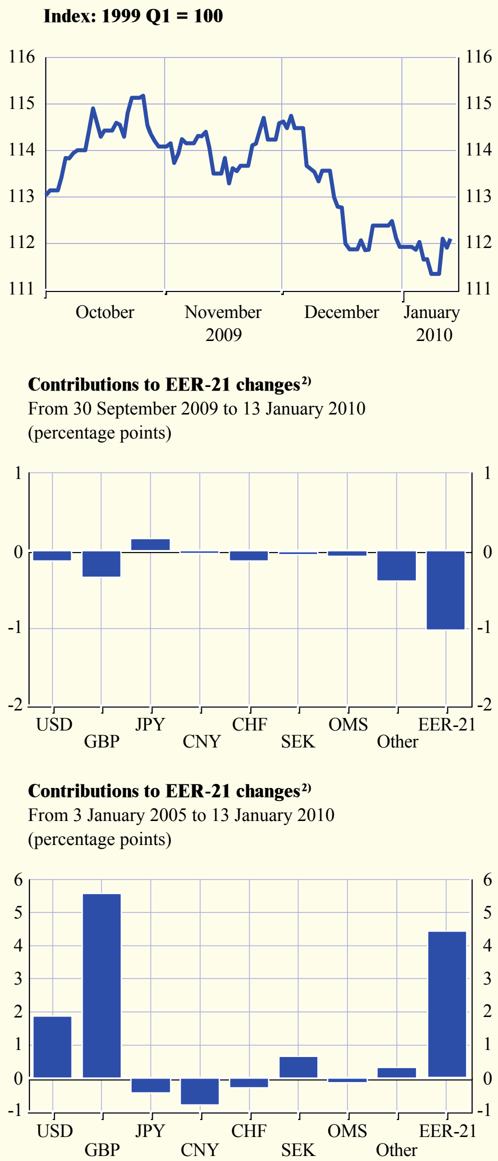
While in October and November the euro continued to appreciate against the dollar, in December and early January it weakened. This was part of a relatively broad-based appreciation of the US dollar against major currencies. Market uncertainty, as measured by the implied volatility at the three-month horizon, initially increased, stabilised somewhat in late 2009 and subsequently declined in January towards the 10-year average (see Chart 34). On 13 January the euro was trading at USD 1.46, broadly unchanged compared with the end of September but 4.5% above its 2009 average.

JAPANESE YEN/EURO

Over the last three months the exchange rate of the euro vis-à-vis the Japanese yen has continued to fluctuate within a range of JPY 129 to JPY 138 to the euro (see Chart 34). After increasing in October and November, the implied

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

(daily data)



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

volatility of the JPY/EUR exchange rate fell, reaching values closer to its long-term average (see Chart 34). On 13 January the euro stood at JPY 133, 1.5% stronger than at the end of September and 2.1% stronger than its 2009 average.

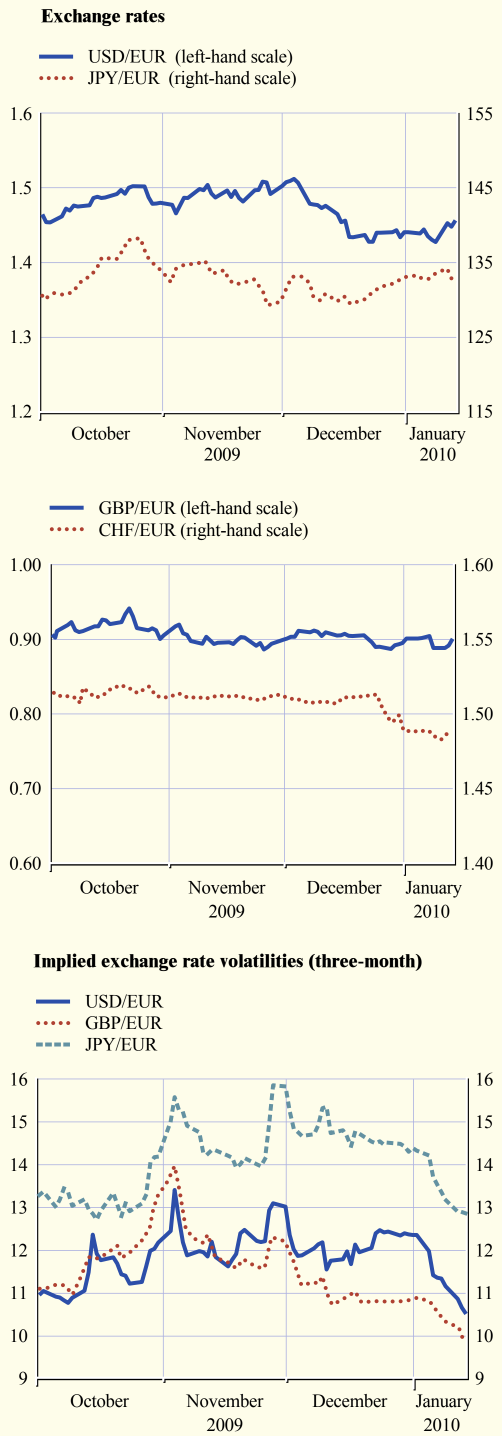
EU MEMBER STATES' CURRENCIES

Over the three months to 13 January most currencies participating in ERM II remained broadly stable against the euro, trading at, or close to, their respective central rates (see Chart 35). The Latvian lats, however, remained on the weak side of the ±1% unilaterally set fluctuation band.

As regards the currencies of the EU Member States not participating in ERM II, the euro weakened slightly against the pound sterling in the fourth quarter. On 13 January the euro was 1.6% weaker vis-à-vis the pound sterling than at the end of September and close to its 2009 average. Since November the implied volatility

Chart 34 Patterns in exchange rates and implied volatilities

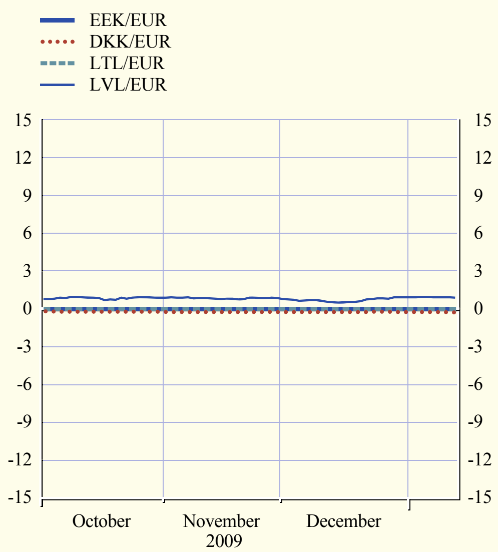
(daily data)



Source: Bloomberg and ECB.

Chart 35 Patterns in exchange rates in ERM II

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



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

of the GBP/EUR exchange rate has decreased sharply, particularly at the one and three-month horizons (see Chart 34). Since the end of September the euro has weakened against the Polish zloty (by 4.1%), the Romanian leu (by 2.4%) and the Hungarian forint (by 1.1%), strengthened against the Czech koruna (by 4.0%) and remained broadly unchanged vis-à-vis the Swedish krona.

OTHER CURRENCIES

In October and November the euro remained rather stable vis-à-vis the Swiss franc, at around CHF 1.51. In December, following a change in its communication on exchange rate policy by the Swiss National Bank, the Swiss franc strengthened against the euro, by around 2%, to reach CHF 1.48 to the euro on 13 January. Over the same period the bilateral euro exchange rates vis-à-vis the Chinese renminbi and the Hong Kong dollar followed the developments in the USD/EUR exchange rate. The euro also weakened against major commodity currencies, such as the Canadian dollar (by 4.1%), the Australian dollar (by 5.2%) and the Norwegian krone (by 3.3%).

Box 5

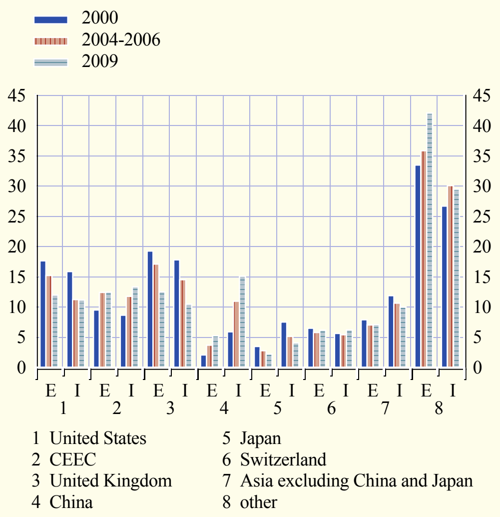
INTERNATIONAL TRADE DEVELOPMENTS AND REVISION OF THE EFFECTIVE EXCHANGE RATES OF THE EURO

The geographical structure of euro area trade has undergone significant changes over the past decade, with the weight of emerging economies increasing progressively. This box briefly discusses these developments and introduces a revised set of effective exchange rates (EERs) of the euro that result from an update of the underlying trade weights.

The main development in extra-euro area geographical trade patterns in the last decade has been the progressive increase in the share of China and of the central and eastern European countries (CEECs)[1] in the EU, paralleled by a gradual decrease in the shares of advanced economies such as the United States, the United Kingdom, Japan and Switzerland. The increase in the share of China since the beginning of the decade has been especially evident in euro area imports, while the CEECs have seen their shares in exports and imports increase at broadly similar rates (see Chart A). The EER weights are updated regularly to reflect these developments; however, they can only be computed with a lag of a few years owing to limitations in data availability, so that the most recent set of weights is based on the average trade values for 2004-06. Simple value shares of total trade for the available months of 2009 show that the overall trend of a progressive increase in the trade shares of

Chart A Shares of various countries and regions in euro area imports and exports

(shares based on values in euro; percentages)



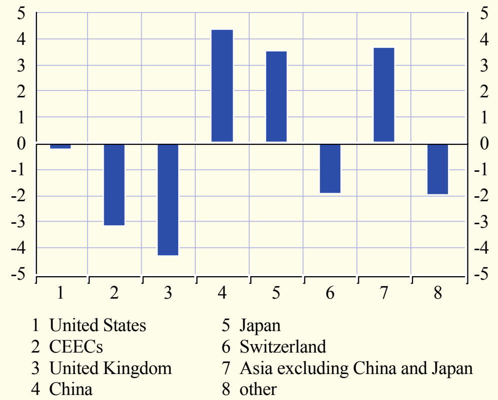
Source: Eurostat.
Note: E = exports; I = imports.

1 These countries are Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland and Romania.

emerging markets at the expense of advanced economies has continued: China's share of euro area trade continues to grow, while the United Kingdom and Japan are seeing their shares reduced in both euro area imports and exports. The share of the United States in euro area imports has remained relatively stable since 2004-06, while its share in exports has fallen further. In addition, the share of the rest of the world as a euro area export market increased significantly in 2009, reflecting, among other things, the increasing importance of oil-exporting countries (see Chart A).

Chart B Impact of third-market effect on the 2004-06 EER-41 export weights of selected country groups

(percentage points)



Source: ECB.

The ECB computes and publishes nominal and real EERs of the euro against three groups of trading partners: the EER-12, for a group consisting of 12 trading partners of the euro area; the EER-21, comprising the EER-12 plus China and the eight non-euro area EU Member States not included in the EER-12; and the EER-41, comprising the EER-21 plus 20 additional relevant trading partners (see Table A for the complete lists).

The EERs are constructed using moving weights, calculated on the basis of manufacturing trade data,[2] which in 2009 accounted for around 82% of total exports and 66% of total imports. Manufacturing was chosen as the trade basis for the weights, in accordance with common practice, because i) such trade is typically responsive to changes in competitiveness and ii) relatively good data are available for almost all industrial countries. The revised EER weights reflect the changes in the composition of euro area trade outlined above: for example, compared with the weights used for constructing the index up to 1997, the 2004-06 weights of the United Kingdom and Japan have decreased in all groups of trading partners. The weight of the United States has also decreased, except in the narrowest group of partner countries (see Table A). China has emerged as the third largest trading partner of the euro area, after the United States and the United Kingdom. As a group, however, the eight EU CEECs have a larger weight than China.[3]

The EERs are constructed by applying the weights to the bilateral nominal exchange rates of the euro against the currencies of selected trading partners. The weights combine information on imports and exports and are designed to capture not only the direct bilateral flows, but also the effect of competition from trading partners faced by euro area exporters in third markets.

The difference between the simple export weights and the double export weights illustrates the importance of the third-market competition effect. Most strikingly, this competition effect

2 The recently updated EERs are calculated on the basis of manufacturing trade data referring to four periods: averages for 1995-97 are used in the construction of the series up to 1997; data from 1998-2000 and 2001-03 are used in the corresponding periods; and weights based on data for 2004-06 are used in the calculation of the series from 2004 to the current period. The trade weights used to construct euro EER indices were previously updated once, in 2004 (for details, see Box 10 of the September 2004 issue of the Monthly Bulletin). The two sets of weights calculated at that time were based on manufacturing trade data for the periods 1995-97 (used for constructing the indices up to 1999) and 1999-2001 (used to calculate the series from 1999 onwards).

3 For more details, see the press release published on 15 December 2009 and the methodological note referred to in the press release.

increases the weights of Asian trading partners in the EER. For China and the rest of Asia, the increase is 4.4 and 3.7 percentage points respectively. By contrast, the weights of European trading partners are reduced and that of the United States is largely unaffected (see Chart B). This means that, for example, when only direct trade flows are considered, the export weight of

Table A Updated trade weights used in the calculation of the EERs of the euro

	EER-12				EER-21				EER-41			
Partner countries	1995-1997[1)]	1998-2000	2001-2003	2004-2006	1995-1997[1)]	1998-2000	2001-2003	2004-2006	1995-1997[1)]	1998-2000	2001-2003	2004-2006
EER-41									**100.0**	**100.0**	**100.0**	**100.0**
EER-21					**100.0**	**100.0**	**100.0**	**100.0**	**81.1**	**82.0**	**81.8**	**80.6**
EER-12	**100.0**	**100.0**	**100.0**	**100.0**	**85.5**	**83.6**	**77.9**	**71.3**	**69.3**	**68.4**	**63.6**	**57.2**
Australia	1.1	1.2	1.3	1.5	0.9	0.9	1.0	1.0	0.8	0.7	0.8	0.8
Canada	2.1	2.4	2.6	2.5	1.8	2.0	2.0	1.7	1.5	1.6	1.6	1.3
Denmark	3.7	3.4	3.5	3.7	3.1	2.8	2.8	2.7	2.5	2.3	2.2	2.2
Hong Kong	3.0	2.6	2.6	3.1	2.6	2.1	1.9	2.0	2.1	1.7	1.5	1.6
Japan	14.1	12.8	11.8	11.6	12.0	10.8	9.2	8.3	9.8	8.9	7.6	6.7
Norway	1.9	1.8	1.7	1.9	1.6	1.5	1.3	1.3	1.3	1.2	1.0	1.0
Singapore	2.6	2.3	2.2	2.5	2.2	1.9	1.7	1.8	1.8	1.6	1.4	1.4
South Korea	4.1	3.9	4.4	5.4	3.5	3.3	3.4	3.9	2.8	2.7	2.7	3.2
Sweden	6.7	6.1	5.7	6.5	5.7	5.2	4.5	4.8	4.7	4.3	3.8	3.9
Switzerland	9.4	8.6	8.6	8.7	8.1	7.2	6.9	6.4	6.5	6.0	5.7	5.3
United Kingdom	26.4	25.7	25.9	24.7	22.6	21.6	20.3	17.8	18.3	17.8	16.7	14.3
United States	24.9	29.3	29.8	27.9	21.3	24.3	22.9	19.6	17.2	19.8	18.6	15.6
Additional countries in EER-21					**14.5**	**16.4**	**22.1**	**28.7**	**11.8**	**13.6**	**18.3**	**23.4**
Bulgaria					0.4	0.3	0.5	0.6	0.3	0.3	0.4	0.4
Czech Republic					2.7	2.6	3.6	4.1	2.2	2.2	3.0	3.4
Estonia					0.2	0.2	0.3	0.3	0.2	0.2	0.2	0.2
Hungary					1.9	2.3	3.0	3.1	1.6	1.9	2.5	2.5
Latvia					0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.1
Lithuania					0.2	0.2	0.3	0.3	0.1	0.2	0.2	0.3
Poland					2.9	3.4	4.0	4.9	2.4	2.7	3.3	3.9
Romania					0.9	1.0	1.4	1.7	0.7	0.8	1.1	1.4
China					5.3	6.3	9.1	13.6	4.3	5.3	7.5	11.1
Additional countries in EER-41									**18.9**	**18.0**	**18.2**	**19.4**
Algeria									0.3	0.3	0.3	0.4
Argentina									0.5	0.5	0.3	0.3
Brazil									1.5	1.4	1.2	1.2
Chile									0.3	0.3	0.3	0.4
Croatia									0.5	0.4	0.5	0.5
Iceland									0.0	0.1	0.1	0.1
India									1.4	1.3	1.5	1.8
Indonesia									0.9	0.8	0.7	0.6
Israel									1.1	1.0	0.9	0.7
Malaysia									1.2	1.1	1.2	1.1
Mexico									0.8	1.2	1.3	1.2
Morocco									0.6	0.6	0.6	0.6
New Zealand									0.1	0.1	0.1	0.1
Philippines									0.4	0.5	0.5	0.4
Russia									2.2	1.9	2.2	2.9
South Africa									1.0	0.8	0.9	1.0
Taiwan									2.2	2.3	2.0	1.8
Thailand									1.2	1.0	1.0	1.0
Turkey									2.1	2.3	2.3	3.0
Venezuela									0.2	0.2	0.2	0.2

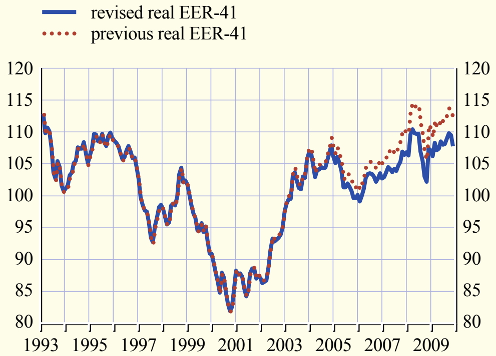
1) Non-revised.

China in the EER-41 index is 4.4% instead of 8.8%. Hence, considering the importance of China also as a competitor in non-euro area markets doubles its weight in the index.

The update of the weights shifts the EER indices computed vis-à-vis broader groups of trading partners very slightly downwards in nominal terms and somewhat more noticeably in real terms.[4] In December 2009 the updated and the previously published nominal EER-41 stood 26% and 28% respectively above their 1999 average levels (see Chart C).

Chart C Previous and revised real EERs of the euro against the broadest group of trading partners

(index: 1999 Q1 = 100; monthly data)



Source: ECB.
Note: Deflated on the basis of the CPI.

Looking at real EERs, which are more appropriate for gauging price and cost competitiveness, a difference between developments in the revised indices and those in the earlier indices is noticeable for the broader measures based on 21 and 41 trading partners. From 1999 to December 2009, the updated real EER-41 of the euro deflated by consumer prices appreciated by 13%. Using the previous weighting structure, this appreciation would have been 17% (see Chart C).

Against the background of the rather dynamic evolution of geographical trade patterns in the past decade, the real EERs of the euro better reflect current developments in euro area price and cost competitiveness following the weight update.

4 Real EER indices are derived by adjusting the nominal indices for relative price and cost developments between the euro area and its trading partners. They are calculated on the basis of consumer price indices, producer price indices, GDP deflators and unit labour cost indices – the latter for the total economy as well as for the manufacturing sector.

5.2 BALANCE OF PAYMENTS

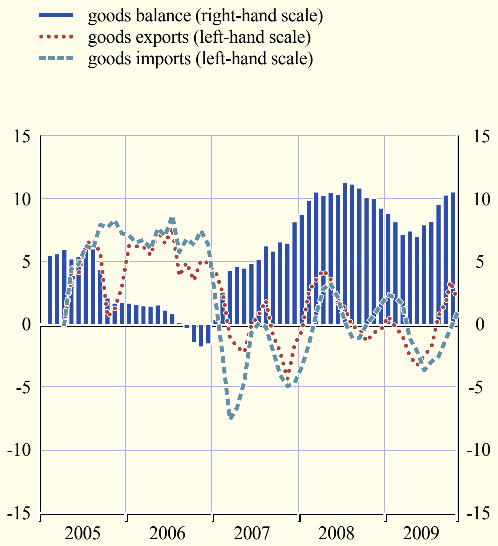
Extra-euro area trade has continued to show signs of improvement. Both exports and imports of goods and services picked up in the three-month period to October 2009 and the 12-month cumulated current account deficit of the euro area narrowed to €86.5 billion (1.0% of GDP). In the financial account, the euro area recorded net inflows in both bonds and notes and money market instruments, and marginal net outflows in equities in the three-month period to October. This reflected the ongoing reversal of euro area residents' repatriation of funds and a shift in non-residents' investment in the euro area from equities to debt securities.

TRADE AND THE CURRENT ACCOUNT

Extra-euro area trade continued to show signs of improvement in the three-month period to October 2009. While extra-euro area exports of goods had already started to rebound in the preceding few months, imports of extra-euro area goods also picked up, increasing by 0.9% in the three-month period to October, compared with the previous three-month period (see Chart 36). This was in line with increases in euro area industrial production and also reflected lower destocking by euro area firms. Extra-euro area exports of goods continued to be supported by strengthening foreign demand. The geographical breakdown, available for most

Chart 36 Extra-euro area trade in goods

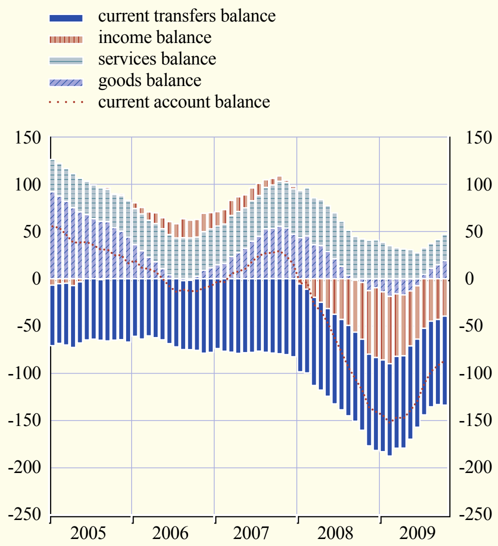
(three-month-on-three-month percentage changes; EUR billions; three-month moving averages; monthly data; working day and seasonally adjusted)



Source: ECB.

Chart 37 Main items of the current account

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



Source: ECB.

countries up to September 2009, shows a rebound in export volumes to some major non-euro area EU countries, while the export momentum to Asia weakened. Exports to OPEC countries and Japan continued to decline in the three-month period to October 2009. At the same time the boost in foreign demand was somewhat dampened by the negative impact of losses in export price competitiveness owing to the broad-based appreciation of the euro from March 2009. Trade in services also rebounded in the three-month period to October, with imports and exports rising by 1.5% and 1.0% respectively compared with the previous three months (see Table 7).

As a result of these developments in extra-euro area trade, the 12-month cumulated goods balance improved further in October 2009, recording a surplus for the fourth consecutive month (see Chart 37). As regards the trade balance, this improvement was only partly offset by a decrease in the surplus in services. Together with lower deficits in the income account and current transfers, the improved trade balance resulted in a further narrowing of the euro area current account deficit, to €86.5 billion (about 1.0% of GDP) in 12-month cumulated terms, compared with a deficit of €118.0 billion a year earlier.

Looking ahead, available indicators suggest that the gradual recovery in extra-euro area exports will continue in the near term. In December 2009, the Purchasing Managers' Index (PMI) of new export orders in the euro area manufacturing sector posted a further increase, remaining well above the expansion/contraction threshold of 50 for the fifth consecutive month. Extra-euro area imports are also expected to rise further, supported by strengthening final domestic demand and additional demand for imported inputs. However, given that the recent rebound in world and extra-euro area trade has partly reflected the impact of temporary factors – such as fiscal stimuli and support from the inventory cycle – some loss of momentum may be expected, as the impact of those factors fades.

Table 7 Main items of the euro area balance of payments

(seasonally adjusted data, unless otherwise indicated)

			Three-month moving average figures ending				12-month cumulated figures ending	
	2009 Sep.	2009 Oct.	2009 Jan.	2009 Apr.	2009 July	2009 Oct.	2008 Oct.	2009 Oct.
				EUR billions				
Current account	**-5.0**	**-4.6**	**-16.3**	**-9.6**	**0.1**	**-3.1**	**-118.0**	**-86.5**
Goods balance	3.8	8.3	-3.8	-0.9	5.3	5.9	-3.9	19.5
Exports	106.1	111.7	114.4	105.2	106.2	107.7	1,593.0	1,300.3
Imports	102.3	103.4	118.1	106.1	100.9	101.8	1,596.8	1,280.9
Services balance	2.0	2.6	2.9	1.9	2.1	2.3	42.2	27.6
Exports	38.9	38.3	41.2	39.3	38.0	38.6	511.0	471.2
Imports	36.8	35.7	38.4	37.3	35.9	36.3	468.8	443.6
Income balance	-4.4	-2.2	-6.7	-2.9	-1.2	-2.4	-60.0	-39.4
Current transfers balance	-6.5	-13.4	-8.6	-7.7	-6.1	-8.9	-96.3	-94.1
Financial account [1]	10.4	14.4	20.2	13.3	-5.2	6.4	154.0	104.3
Combined net direct and portfolio investment	27.3	17.7	-11.3	41.1	26.7	31.3	173.6	263.3
Net direct investment	-26.2	-1.5	-26.4	-10.4	1.0	-8.3	-137.4	-132.1
Net portfolio investment	53.5	19.2	15.0	51.5	25.6	39.6	311.0	395.4
Equities	-4.3	-29.3	-12.4	4.9	27.2	-0.7	-16.7	57.1
Debt instruments	57.8	48.5	27.5	46.6	-1.6	40.3	327.8	338.3
Bonds and notes	33.2	27.6	20.9	36.1	-4.0	20.6	133.8	220.9
Money market instruments	24.7	20.9	6.6	10.5	2.4	19.7	193.9	117.4
				Percentage changes from previous period				
Goods and Services								
Exports	0.8	3.5	-11.7	-7.1	-0.2	1.5	5.7	-15.8
Imports	2.3	0.0	-9.4	-8.4	-4.7	1.0	9.4	-16.5
Goods								
Exports	0.8	5.3	-14.3	-8.0	0.9	1.5	5.6	-18.4
Imports	2.5	1.1	-10.8	-10.2	-4.9	0.9	9.9	-19.8
Services								
Exports	0.8	-1.4	-3.7	-4.8	-3.3	1.5	5.9	-7.8
Imports	1.7	-3.1	-5.1	-2.7	-3.9	1.0	7.8	-5.4

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

FINANCIAL ACCOUNT

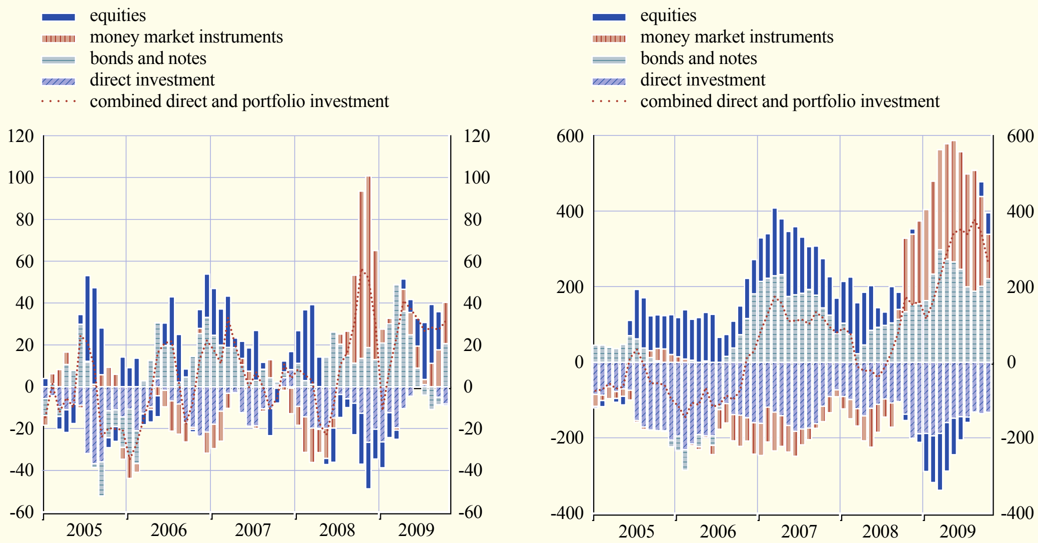
In the three-month period to October 2009 euro area residents continued to make net purchases of foreign equities and debt securities, gradually reversing the repatriation of funds that had occurred as the financial crisis intensified. At the same time non-residents increased their portfolio investment in the euro area, with their preference shifting to debt securities. These developments resulted in net inflows in debt securities, which were almost equally distributed between bonds and notes and money market instruments, and marginal net outflows in equities in the three-month period to October 2009 (see Chart 38).

The shift in non-residents' demand away from euro area equities towards euro area bonds and notes appears to be in line with developments in yield spreads and stock market valuations. While the positive yield spread between euro area bonds and bonds of other major economies, e.g. the United States, seems to have encouraged foreign investors to increase their purchases of euro area bonds and notes, lower net purchases of euro area equities may be related to market perceptions of a somewhat less favourable outlook for euro area firms, as reflected in declining stock market

Chart 38 Main items of the financial account

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

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



Source: ECB.

valuations in October 2009. Furthermore, the euro area continued to record net inflows in money market instruments, although they remained well below the peak levels observed last year.

Direct investment activity picked up somewhat in the three-month period to October, particularly euro area investment abroad. As a result, the euro area recorded average net outflows of direct investment in the three-month period to October compared with net inflows in the previous three month period. This development, resulting both from increasing net outflows in equity capital and reinvested earnings and in other capital, could partly reflect the fact that euro area firms have been taking advantage of the strengthening of the euro to buy assets abroad.

Overall, the euro area recorded a slight increase in the average net inflows in combined direct and portfolio investment in the three-month period to October 2009 compared with the previous three-month period. In 12-month cumulated terms, net inflows in combined direct and portfolio investment reached €263.3 billion in October 2009, compared with €173.6 billion a year earlier (see Chart 38).

ARTICLES

THE ECB'S MONETARY POLICY STANCE DURING THE FINANCIAL CRISIS

The ECB's assessment of its monetary policy stance is essential for the preparation of its monetary policy decisions. That assessment aims to determine whether monetary policy is contributing to economic, financial and monetary developments in a way that maintains price stability over the medium term. It is one of the important inputs that are examined by the Governing Council of the ECB when deciding on its monetary policy.

The ECB's response to the intensification of the financial crisis in the autumn of 2008 is a good illustration of this process – from the assessment of the monetary policy stance to the decision to adjust it, followed by the signalling and implementation of the appropriate stance. The ECB's broad-based and medium-term-oriented monetary policy strategy has guided the design and implementation of the monetary policy stance during the crisis. Specifically, maintaining price stability over the medium term has required the rapid lowering of the key ECB interest rates, as well as non-standard measures to ensure their effective transmission to the economy, with a view to tackling the financial crisis and cushioning its impact on the real economy. Thus, the ECB has embarked on a policy of enhanced credit support. These exceptional measures are of a temporary nature and will be phased out gradually, progressively and in a timely manner when financial conditions improve or if these measures begin to pose risks to the ECB's primary objective of maintaining price stability.

1 INTRODUCTION

Good decisions rely on comprehensive information, sound analysis and good judgement. Central banks' decisions rely on an assessment of their monetary policy stance. That stance can be defined as the contribution made by monetary policy to economic, financial and monetary developments. Monetary policy actions affect the setting of market interest rates and prices in the economy through various channels, thereby influencing economic activity and/or inflation in a process known as "monetary policy transmission". Thus, the assessment of the monetary policy stance can be defined as determining whether the contribution made by monetary policy actions is appropriate in view of the central bank's objectives. It is on the basis of its assessment of the monetary policy stance that a central bank calibrates its actions.

In the case of the ECB, the primary objective, as assigned by the Treaty on the Functioning of the European Union, is to maintain price stability. Thus, the Governing Council of the ECB assesses whether the impact that monetary policy is having on the economy and ultimately price stability – i.e. its monetary policy stance – is appropriate in order to achieve its primary objective, taking into account all the factors that affect the medium-term inflation outlook. The stance deemed appropriate at the previous monetary policy meeting may require adjustment, with new information having become available. The Governing Council then decides on the monetary policy course that will realign its stance with the price stability objective.

The severity of the financial crisis since the autumn of 2008 and its spillover to the real economy, together with the resulting high levels of uncertainty, have complicated both the assessment of risks to price stability and the way in which monetary policy is able to influence the euro area economy in order to ensure price stability. In such circumstances, the maintenance of price stability over the medium term has required both the rapid lowering of the key ECB interest rates and the introduction of temporary measures to ensure their effective transmission to the economy, with a view to tackling the financial crisis and cushioning its impact on the real economy. As economic and financial conditions have now improved, not all exceptional measures are needed to the same extent as in the past. Indeed, continuing them could even have adverse economic and financial effects.

Against this background, this article describes the way in which the ECB has assessed, signalled and implemented the monetary policy stance in the context of the recent financial crisis. Section 2 describes the ECB's assessment of the monetary policy stance in normal times, and Section 3 shows how the financial crisis has complicated both the assessment of that stance and the signalling and implementation of the desired stance. Section 4 discusses the need for the progressive, gradual and timely phasing-out of the extraordinary measures adopted in response to the crisis against the background of the assessment of the monetary policy stance. Section 5 concludes.

2 THE MONETARY POLICY STANCE IN NORMAL TIMES

2.1 THE ECB'S MONETARY POLICY DECISIONS ARE BASED ON AN ASSESSMENT OF ITS STANCE

With the monetary policy stance defined as the contribution made by monetary policy to economic, financial and monetary developments, the assessment of that stance involves looking at whether this contribution is in line with the central bank's objective. In the case of the ECB, therefore, this assessment involves two elements: i) the formation of a view on the medium-term inflation outlook, and risks to price stability in particular; and ii) the identification of the contribution that monetary policy (i.e. its current and, given transmission lags, past conduct) makes to the euro area economy and the maintenance of price stability.

Assessing the monetary policy stance in real time is always a challenging exercise. The assessment must take account of the uncertainty surrounding current and future economic conditions and the functioning of the economy, including the transmission of monetary policy itself. Given the uncertainty surrounding any such judgements in real time, the assessment must be broad-based and forward-looking, encompassing all the information relevant to the formation of a view on the risks to price stability in the medium term, including the potential influence of monetary policy. The monetary policy strategy of the ECB ensures a broad-based and medium-term-oriented assessment of the monetary policy stance. In particular, the strategy has a two-pillar structure – comprising both an economic analysis and a monetary analysis – which provides two complementary perspectives on the determination of price developments.[1] The Governing Council decides on the appropriate monetary policy stance by cross-checking the indications regarding risks to price stability that stem from the economic analysis with those derived from the monetary analysis. In this cross-checking, all complementarities between the two pillars are exploited. Thus, the assessment of the monetary policy stance takes account of a broad range of economic, financial and monetary data, using a variety of models and analyses. An element of judgement, based on accumulated experience, is also essential.

This broad-based and medium-term-oriented assessment of the monetary policy stance ensures the robustness of policy decisions. It reduces the risk of policy error as a result of over-reliance either on a single forecast or model or on summary indicators of the monetary policy stance (such as indicators derived from natural interest rates, Taylor rules, and monetary and financing conditions indices). The approach adopted by the Governing Council ensures that all the information relevant for the assessment of future prices is used in a consistent and efficient manner, facilitating both the decision-making process and its communication.

2.2 SIGNALLING AND IMPLEMENTING THE DESIRED STANCE

In order to achieve the monetary policy stance that is appropriate for maintaining price stability over the medium term, the Governing Council first sets the key ECB interest rates. Under normal circumstances, these key rates are the

1 See Chapter 3 of the special edition of the Monthly Bulletin (entitled "10th anniversary of the ECB") published in May 2008.

minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility, which form a corridor around the minimum bid rate. The Eurosystem then steers short-term market interest rates within this corridor, and normally towards the minimum bid rate, by means of its monetary policy operations. The transmission of monetary policy to the economy begins with these short-term interest rates and ultimately influences price developments. The ECB's communication supports the signalling and achievement of the desired stance.

SEPARATION BETWEEN MONETARY POLICY DECISIONS AND OPERATIONS

The overriding principle underlying the Eurosystem's operational framework for the implementation of the monetary policy stance is the concept of operational efficiency. The operational framework supports monetary policy's fulfilment of the ECB's price stability mandate by letting monetary policy decisions feed through as quickly and precisely as possible to short-term money market rates. It implies a dividing line between monetary policy decisions and the implementation of the desired stance through monetary policy operations. In line with the ECB's mandate, monetary policy decisions are geared towards the maintenance of price stability (and include, in particular, the setting of key ECB rates that signal the monetary policy stance). Following the monetary policy decisions, the monetary policy operations keep short-term money market interest rates in line with the level determined by monetary policy decisions. In normal times, the separation principle calls for the euro overnight index average (EONIA) to be very close to the main policy rate. In exceptional circumstances, when spreads in the money market (e.g. those between the euro interbank offered rate (EURIBOR) and the rates on overnight index swaps (OISs)) were abnormally high, the Governing Council decided to adopt a fixed-rate full-allotment approach in all refinancing operations. This has helped to offset anomalies in money market interest rate spreads and contributed to the EONIA fluctuating at levels closer to the deposit rate (see Section 3).

IMPLEMENTATION AND TRANSMISSION

The implementation of the monetary policy stance takes place via the Eurosystem's operational framework. Monetary policy operations mark the start of the transmission of the monetary policy stance by steering the marginal cost of banks' refinancing. Broadly speaking, the Eurosystem does so by allocating an amount of liquidity that allows euro area credit institutions to fulfil their liquidity needs at a price that is in line with the key interest rates set by monetary policy-makers. These liquidity needs comprise the liquidity necessary in order to accommodate the reserve requirements that the ECB imposes on credit institutions, as well as changes in factors which cannot be directly influenced by the Eurosystem, called "autonomous factors" (e.g. banknotes in circulation and government deposits held with the Eurosystem). More precisely, the ECB usually conducts its main refinancing operations as variable rate tender procedures for which the minimum bid rate applies.

Short-term money market interest rates such as the EONIA are normally steered in line with the minimum bid rate, following the allotment in the main refinancing operations of an amount of liquidity that allows credit institutions to smoothly fulfil their reserve requirements in the course of a maintenance period (which is a period of around a month). This allotment amount in the main refinancing operations takes into account not only liquidity needs resulting from "autonomous factors", but also liquidity supplied by means of other operations, normally longer-term refinancing operations. The interest rates on the ECB's standing facilities effectively limit the range of variation in overnight interest rates: the marginal lending facility allows credit institutions to receive ECB liquidity on an overnight basis, while the deposit facility allows them to deposit liquidity surpluses overnight.[2]

2 The implementation of monetary policy both in normal times and in the various phases of the crisis is described in detail in the article entitled "The implementation of monetary policy since August 2007" in the July 2009 issue of the Monthly Bulletin.

The transmission of monetary policy to the real economy begins with those short-term money market interest rates. Ultimately, monetary policy influences price developments. Changes in money market interest rates are thus transmitted to bank lending rates. This affects variables such as money, credit growth and asset prices. These in turn, together with external factors, lead to changes in macroeconomic demand and supply, and ultimately changes in inflation.

THE ECB'S COMMUNICATION ON THE MONETARY POLICY STANCE

The ECB's communication policy forms an essential element of the transmission of monetary policy. The ECB's transparent communication contributes to the effective and efficient implementation of the monetary policy stance.

First, explaining the assessment of the monetary policy stance that underlies the decisions taken raises the general public's and the markets' awareness and understanding of the ECB's monetary policy decisions. In this respect, the two-pillar structure used in the assessment provides a systematic framework not only for internal decision-making (as indicated above), but also for external communication with the public. Using the same framework for internal and external purposes has helped the ECB to ensure that its monetary policy remains consistent, credible and effective.

A second, related point is that good communication helps private agents to understand the contribution that monetary policy is intended to make to economic and price developments over time. Indeed, to the extent that communication helps markets to better understand monetary policy responses to economic developments and shocks, it also assists them in anticipating the broad direction of monetary policy over the medium term. This implicit guidance tends to reinforce the predictability of policy developments over time. It affects expectations regarding the future path of interest rates, thereby making policy more effective.

Third, credible communication on the ECB's firm commitment to its objective serves to anchor inflation expectations, thereby facilitating the conduct of monetary policy.[3] The ECB's readiness to act (its "credible alertness"), its steady-handed approach and its communication together facilitate the efficient use of its interest rate instrument.

Overall, communication explains the rationale underlying monetary policy decisions, guides expectations in a manner consistent with the assessment of the central bank and helps to anchor expectations in line with price stability. Thus, the ECB's communication is instrumental in the implementation of the desired stance, as it helps to align the understanding and expectations of the public and the markets with this desired stance and the ultimate price stability objective.

3 THE MONETARY POLICY STANCE DURING THE RECENT CRISIS

The financial crisis has complicated both the assessment determining the monetary policy stance that is appropriate for the maintenance of price stability and the signalling and implementation of that stance.[4]

3.1 ASSESSING THE MONETARY POLICY STANCE DURING THE CRISIS

AN ASSESSMENT IN THE PRESENCE OF HEIGHTENED UNCERTAINTY

Assessing the monetary policy stance is already challenging in normal times. It is even more

3 At the same time, this anchoring minimises costs in contractual relationships (by reducing inflation risk premia). More generally, by providing an anchor of stability in a world of economic fluctuation, the ECB should have a positive effect on the confidence of economic agents at times of uncertainty, possibly also allowing for a more sustainable and rapid correction of economic downturns. This anchoring of inflation expectations thereby fosters an environment which is conducive to sustainable economic growth and employment in the euro area.

4 For more details concerning the information in this section, see the speeches given by the President of the ECB on 13 July 2009 in Munich, on 22 August 2009 in Jackson Hole and on 4 September 2009 in Frankfurt am Main.

challenging when the economic situation is changing rapidly and there is a high degree of uncertainty. When the financial turmoil emerged, and especially when it intensified in the aftermath of the collapse of Lehman Brothers in September 2008, the assessment of the monetary policy stance had to be conducted in an environment of heightened uncertainty. Given the exceptional circumstances, regularities observed in normal times could not be relied upon when interpreting developments in many economic and financial variables. This meant that standard models and projections based on such regularities were less reliable than in the past.[5] Uncertainty surrounded both the nature of the shocks affecting the euro area economy and the functioning of the economy itself. Notably, it was difficult to gauge in real time the nature and extent of financial developments and their spillover to the real economy. With confidence evaporating in the interbank market and the money market becoming dysfunctional, the transmission of monetary policy itself was disrupted. Indeed, in the euro area, the first phase of the transmission process relies to a large extent on intermediation within the banking sector. As a result, it was more difficult to gauge the two central elements of the stance assessment as described in Section 2.1, namely: i) the outlook for price stability over the medium term; and ii) the contribution that monetary policy ultimately makes to that outlook.

ITS BROAD-BASED APPROACH HAS SERVED THE ECB PARTICULARLY WELL

The benefits of the ECB's broad-based two-pillar approach to the assessment of the monetary policy stance have been particularly visible during the financial crisis. To ensure the appropriate policy response, it is essential to look beyond volatility in economic and financial data and understand underlying developments. In the presence of such heightened uncertainty, the ECB's broad-based approach in its monetary policy strategy has allowed policy-makers to obtain a more comprehensive and accurate overall picture of underlying developments and the associated risks to price stability. In particular, the economic analysis has helped the ECB to understand the impact that external factors (e.g. developments in oil prices and specific market segments such as the US sub-prime market) have on the euro area economy, as well as the links between the financial sphere and the real economy. The economic analysis has also helped the ECB to understand and anticipate the reversal of the inflationary trend associated with previous large increases in energy prices. This has avoided any possibility of the disinflation observed in 2009 being confused with outright deflation and triggering inappropriate policy reactions. The monetary analysis has helped to maintain a medium-term perspective, given the fundamental link between money and inflation over longer horizons. It has also helped to improve the understanding of developments in monetary aggregates, banks' balance sheets, money markets, asset prices and credit flows, which have been of crucial interest given the financial origins of the economic downturn.[6]

The picture of underlying developments included in the ECB's assessment of the monetary policy stance has, in turn, formed the basis for the interest rate decisions taken and the non-standard measures adopted. Notably, that understanding of the distortions affecting the transmission mechanism and the identification of the channels through which the financial turmoil could potentially spill over to the real economy have guided the design of the monetary policy action taken in order to contain these spillovers and the related risks to price stability over the medium term.

3.2 THE MONETARY POLICY RESPONSE

In the exceptional circumstances created by the financial crisis, the ECB's signalling and implementation of its monetary policy stance has involved not only interest rate decisions, but also non-standard measures.

5 See the article entitled "The latest euro area recession in a historical context" in the November 2009 issue of the Monthly Bulletin.

6 See the article entitled "Monetary analysis in an environment of financial turmoil" in the November 2009 issue of the Monthly Bulletin.

At the beginning of the financial turmoil, when access to liquidity in money markets became severely hampered in August 2007, the Eurosystem reacted swiftly to ensure that this did not lead to a major systemic financial crisis. It reacted mainly by amending the timing and maturity of its liquidity-providing operations to accommodate the funding needs of banks. In addition, it provided liquidity in foreign currencies. Following the collapse of Lehman Brothers, the turmoil escalated into a financial crisis, which rapidly spread to the global financial system and caused a severe downturn in the euro area economy, resulting in subdued inflationary pressures. In response to these developments, the Governing Council adopted a number of standard and non-standard measures. Thus, given the changes in the assessment of risks to price stability, the Governing Council cut the ECB's key interest rates by 325 basis points to 1%, a level not seen in the countries of the euro area since at least the Second World War.

As the functioning of the financial system – and the money market in particular – was severely hampered, the Governing Council adopted a number of non-standard measures to guard further against a systemic liquidity crisis in the euro area financial system, to support the transmission of its interest rate decisions and to enhance the flow of credit to households and corporations.

ENHANCED CREDIT SUPPORT

The ECB's "enhanced credit support" comprises non-standard measures that support financing conditions and credit flows above and beyond what could be achieved through reductions in key ECB interest rates alone.

This approach has been tailored to the financial structure of the euro area economy and the specific circumstances of the global financial crisis. It has focused on banks, as in the euro area banks are the primary source of financing for the real economy. Indeed, the bulk of the external financing of non-financial corporations comes from the banking sector. The banking sector is especially important when it comes to providing financing to small and medium-sized enterprises, which in turn play a key role in the euro area economy. As regards the specific circumstances of the crisis, two factors have been particularly important. First, given the systemic liquidity threat posed by the crisis, the measures have focused on ensuring that banks have broad and deep access to central bank liquidity in these exceptional circumstances. Second, with euro area banks' access to foreign currency interbank markets severely impaired, the ECB has decided to provide liquidity to the euro area banking sector in US dollars in exchange for euro-denominated collateral. This is backed by the swap facility that the ECB has arranged with the US Federal Reserve.[7] More specifically, the enhanced credit support comprises a set of five measures:

1. the provision to euro area banks of unlimited liquidity at a fixed rate in all refinancing operations against adequate collateral;

2. the lengthening of the maximum maturity of refinancing operations from three months prior to the crisis to one year;

3. the extension of the list of assets accepted as collateral;

4. the provision of liquidity in foreign currencies (notably US dollars); and

5. outright purchases in the covered bond market.

These measures focus on the banking sector, with the first four dealing with the provision of liquidity in euro and foreign currencies. The decision to purchase covered bonds outright was taken in order to support the covered bond market, which is a very important financial market in Europe and a primary source of financing for banks. This measure has fostered primary issuance and reduced the particularly elevated spreads in this market.

7 The ECB has also established swap facilities for Swiss francs and Swedish kronor.

These enhanced credit support measures constitute the ECB's approach to non-standard policy-making in the context of the recent financial crisis. They are not comparable with the US Federal Reserve's "credit easing" and the "quantitative easing" conducted by the Bank of Japan and the Bank of England. The major central banks of the world are all united in purpose, but they act in economies and institutional contexts that are very different. In the United States, for example, it is financial markets – and not banks – that are the primary source of external financing for firms. This explains why there is a much stronger focus on outright financial market purchases in the United States. In addition, differences in institutional arrangements may have an impact on the operational frameworks of central banks.

TEMPORARY LOOSENING OF THE CLOSE LINK BETWEEN POLICY AND MARKET INTEREST RATES

In these exceptional circumstances, the signalling of the monetary policy stance has become more complex. The close relationship that normally exists between the main refinancing rate and money market rates has taken on a different and more complex form. The decision to shift to a fixed rate tender procedure with full allotment in refinancing operations (rather than providing liquidity through competitive auctions) and the lengthening of the maximum maturity of operations to one year for a temporary – but extended – period have been necessary in order to mitigate the effects of the impaired functioning of the money market. Market participants' strong demand for liquidity, which has been fully accommodated by the Eurosystem, has caused overnight money market rates to fall significantly below the main refinancing rate and relatively close to the deposit rate. In this respect, the non-standard measures have temporarily led to a different relationship between monetary policy decisions and monetary policy operations. The new positioning of the overnight money market rate was considered acceptable in these exceptional circumstances as a means of helping to offset the impaired functioning of the money market and, in particular, the abnormally high level of spreads on the term money market rates. In this context, the deposit rate has played a more prominent role than in the past with respect to the EONIA and other very short-term money market interest rates.

A STANCE GEARED TOWARDS PRICE STABILITY

Monetary policy's response to the financial crisis has been geared towards the achievement of the ECB's price stability objective. The firm anchoring of medium-term inflation expectations is essential in order to support sustainable growth and employment and contribute to financial stability.

The ECB's actions have supported both the banking sector's access to liquidity and the recovery of the euro area economy, thereby allowing the implementation of a monetary policy stance which is appropriate for maintaining price stability over the medium term. The measures adopted in response to the intensification of the financial crisis have contributed to the normalisation of economic and financial conditions. In particular, the measures implemented by the Eurosystem have supported credit flows to the economy through both supply factors (notably by alleviating funding pressures in the banking sector) and demand factors (owing to the very low level of interest rates). In addition, by emphasising its firm focus on the price stability objective and its readiness to act, and by acting accordingly, the ECB has presented itself as an anchor of stability in times of heightened uncertainty. This has been instrumental in fostering confidence in the context of the very weak economic activity foreseen in the short term. Throughout the crisis, medium to longer-term inflation expectations in the euro area have remained firmly anchored in line with the Governing Council's definition of price stability, with inflation rates below, but close to, 2% over the medium term.

4 THE PHASING-OUT OF NON-STANDARD MEASURES

The primary objective of price stability – which has led to monetary policy being implemented by means of both standard and non-standard measures in response to the subdued inflationary pressures observed during the financial crisis – also means that a return to a more normal monetary policy framework is a natural aim.

All of the non-standard measures adopted have been designed with their phasing-out in mind. Most of the measures unwind naturally in the absence of an explicit decision to prolong them. In addition, the ECB has the ability to act whenever it deems this necessary. In particular, the ECB's high degree of institutional independence means that it is unrestricted in its ability to implement the appropriate decisions, and the operational framework incorporates the necessary flexibility. In part as a result of the measures adopted by the ECB, financial conditions have first stabilised and then improved. The extraordinary conditions that led the Governing Council to adopt the non-standard measures will gradually fade away, and the extraordinary liquidity measures will not be needed to the same extent as in the past.

Consequently, the Governing Council decided at its meeting on 3 December 2009 to gradually phase out those non-standard measures that were no longer needed, beginning in the first quarter of 2010, while continuing with some other components. In particular, the number and frequency of longer-term refinancing operations is gradually being scaled back. The last one-year operation was conducted in December 2009, one final six-month operation will be conducted in March 2010, and the number of three-month operations is being reduced as of the first quarter of 2010.

The decision to initiate the gradual phasing-out of these measures reflects, as indicated, the improvements observed in financial conditions. Money markets are performing better, and the past reductions in the ECB's key policy rates are increasingly being reflected in the interest rates on bank loans to households and corporations, indicating that the transmission process is broadly functioning. In such an environment, the gradual phasing-out of some non-standard measures is not expected to have a negative impact on financing conditions.

At the same time, the timing of the decision to begin phasing out those measures reflects the fact that there would have been an increased risk of adverse side effects had all measures been extended in the current circumstances. Improvements in financial conditions allow banks to begin performing part of their "normal" role in the money market, thereby reducing the intermediation role of the Eurosystem. Keeping all of the non-standard measures in place when they are no longer needed could induce distortions such as excessive reliance on exceptional central bank liquidity and associated moral hazard problems. In addition, the continuation of all elements of the enhanced credit support in the context of improving financial conditions could result in weak financial incentives to restructure banks' balance sheets and delay the necessary adjustments. In the presence of accommodative interest rates, excess liquidity could also lead to excessive risk-taking.

The decision to phase out some of the non-standard measures reflects the gradual approach that the ECB has adopted. These initial steps allow account to be taken of the way in which financial conditions and financial market participants react to the ECB taking on a smaller role as a money market intermediary. In addition, the continued high degree of uncertainty and the ECB's steady-handedness argue in favour of a gradual approach.

In particular, the fact that non-standard measures have begun to be phased out does not mean the discontinuation of enhanced credit support. The Eurosystem will continue to provide liquidity to the banking system at very favourable conditions. At the same time, the economy is continuing to benefit from the gradual pass-through of past decreases in key ECB interest rates. Against the background of improving financial and economic conditions, the phasing-out of non-standard measures should not necessarily imply a tightening of the monetary policy stance.

Looking to the future, the gradual phasing-out of non-standard measures will allow a gradual return to a more standard implementation of monetary policy. The main refinancing rate should regain its key role in the signalling and implementation of the monetary policy stance – and, in turn, in the assessment of the monetary policy stance itself. This would allow a full return to the clear distinction between monetary policy decisions and their implementation. This will facilitate the implementation of monetary policy, as it enables monetary policy decisions to feed through as quickly and precisely as possible to short-term money market rates as the first stage of the transmission process. It should be noted that the operational framework is flexible, allowing control over interest rates even without the phasing-out of non-standard measures. From a forward-looking perspective, extraordinary liquidity measures that are not needed to the same extent as before will gradually and progressively be phased out at the appropriate time. In order to effectively counter any threat to price stability over the medium to longer term, relevant measures will be phased out when necessary. In this way, the Governing Council will continue to ensure the firm anchoring of medium-term inflation expectations.

5 CONCLUSION

The ECB assesses the monetary policy stance by adopting a broad-based, forward-looking approach. The benefits of applying this approach have been particularly visible during the financial crisis. In particular, it has allowed policy-makers to obtain a meaningful assessment of underlying developments and associated risks to price stability in an environment marked by a high level of uncertainty. The outlook for price stability has changed fundamentally in the course of the crisis. The ECB has responded to this change by strongly and rapidly lowering its key interest rates. In addition, dysfunctional money markets have weakened the ability of monetary policy to influence this outlook by means of interest rate decisions alone. Thus, with a view to supporting the effective transmission of monetary policy and cushioning the impact on the real economy and the medium-term inflation outlook, the ECB has adopted a number of non-standard measures. The ECB's enhanced credit support has aimed to ensure the flow of credit to households and corporations.

Because of their exceptional nature, these non-standard measures have to be gradually phased out once the situation in financial markets normalises and the transmission of monetary policy begins to function normally again. Keeping these measures in place for too long would lead to distortions and would not provide the banking sector with appropriate incentives conducive to sustainable economic growth and stable price developments in the longer term. At the same time, the effects of the sizeable policy interest rate cuts and the enhanced credit support will continue to feed through to the economy even after the phasing-out of the non-standard measures has begun.

THE ECB'S RELATIONS WITH EUROPEAN UNION INSTITUTIONS AND BODIES – TRENDS AND PROSPECTS

More than one decade has passed since the launch of the euro and the creation of the European Central Bank (ECB). This article reviews the evolution of the relations of the ECB – against the background of its independent status and its responsibility for the single monetary policy of the euro area – with each of the relevant European Union (EU) institutions and bodies over this period. It identifies four common trends: an increased frequency of interaction; a broadening of the topics discussed; a deepening of the discussions, with an increased number of contributions by the ECB; and an increase in the number of specific deliberations in euro area composition. The institutional setting of Economic and Monetary Union (EMU), put in place by the Maastricht Treaty and solidly based on the independence of the ECB, has thus proved sound. The Treaty of Lisbon provides opportunities to further enhance economic governance, and should be fully exploited by the parties involved.

1 INTRODUCTION

With the creation of the euro, those EU Member States that have introduced the single currency have achieved what the Lisbon Treaty lists as an objective of the Union: "an economic and monetary union whose currency is the euro". EMU marks a break in the traditional link between a currency and the nation state. The construction of EMU involves the transfer of monetary and exchange rate policies to the EU level, while economic policies largely remain within the remit of Member States and are subject to coordination procedures. In order to ensure a smooth functioning of EMU via effective interaction between the relevant national and supranational economic policy-makers, a tailor-made institutional framework – equivalent to the arrangements that exist within a nation state – has been put into place. The Treaty establishing the European Community – since 1 December 2009 the Treaty on the Functioning of the European Union (TFEU) referred to hereinafter as "the Treaty" – provides for close interaction between the ECB, in full respect of its prerogatives and independence, and other EU economic policy-makers, ranging from consultation through policy dialogue to regulatory competences. Within the boundaries set by the Treaty, these relations have evolved over time in response to the challenges that have arisen, thus contributing to the smooth functioning of EMU.

This article presents an overview of the ECB's relations with EU institutions and bodies to date.[1] It first briefly describes their underlying political, economic and financial basis. It then reviews how the ECB's interactions with each of the relevant EU institutions and bodies have developed over the past decade and identifies certain common trends. Particular attention is devoted to changes observed since the beginning of the financial turmoil in summer 2007. In conclusion, the article considers the future prospects of the ECB's relations with EU institutions and bodies, in particular in the light of the implications of the Treaty of Lisbon.

2 THE RATIONALE BEHIND THE ECB'S RELATIONS WITH EU INSTITUTIONS AND BODIES

The ECB occupies a special position within the institutional framework of the EU, given its specific tasks and independent status. Its interactions with EU institutions and bodies are built on clear principles and legal provisions reflecting their political, economic and financial basis.

2.1 POLITICAL RATIONALE: INDEPENDENCE

The Treaty assigns a clear and unambiguous mandate to the ECB to maintain price stability. It grants the ECB full independence from

1 See also the article entitled "The ECB's relations with institutions and bodies of the European Community" in the October 2000 issue of the Monthly Bulletin as well as the relevant part of the special issue of the Monthly Bulletin on the occasion of the 10th anniversary of the ECB.

political inference to fulfil this mandate. Given that these provisions have been enshrined in both the Treaty and the Statute of the European System of Central Banks (ESCB) and of the ECB, rather than in ordinary legislation, they have gained "constitutional" status. An independent central bank, removed from the political decision-making process, is indeed in a better position to achieve the primary objective of price stability, as it can look ahead over a longer horizon, while politicians have shorter-term objectives in line with the election cycles. Empirical evidence across countries and long time spans confirms that greater central bank independence is associated with lower average inflation.[2] The respect for the ECB's independence implies that the ECB's relations with other policy-making bodies cannot go beyond a non-binding dialogue. Notably, there cannot be any ex ante coordination of monetary policy with economic policy, as this would blur the allocation of responsibilities between policy-makers, which in turn would dilute accountability.

The Treaty confers on the ECB exclusive competence for the monetary policy of the euro area. The ECB has therefore been entrusted with the core aspect of monetary sovereignty. Just like any other independent central bank, the ECB is required to subject its actions and decisions to public scrutiny and demonstrate that it "acts within the limits of the powers conferred upon it by the Treaties" (Article 13 of the Treaty on European Union). It is therefore called upon to explain and justify to European citizens and their elected representatives how it uses the powers and prerogatives with which it has been entrusted to pursue its objectives – in short, it must be held accountable. Transparency serves accountability. A strong commitment to transparency imposes self-discipline on policy-makers, which helps to ensure that their public policy decisions and explanations are consistent over time. This, in turn, also supports the credibility of public policies. It is therefore in the ECB's self-interest to safeguard the public acceptance of the ECB's independent status and to ensure that its decisions are properly explained.

Consequently, both the Treaty and the Statute of the ESCB and of the ECB contain a number of provisions that lay down the ECB's reporting obligations (for more details see the box, which presents the main legal provisions governing the ECB's relations with EU institutions and bodies). The ECB is required to address an annual report on its monetary policy and other activities to the European Parliament, the Council of the European Union (EU Council), the European Commission and the European Council. Moreover, the President of the ECB and the other members of the Executive Board may be heard by the competent committees of the European Parliament, either at the Parliament's or their own request.

Finally, the ECB goes beyond the reporting obligations laid down in the Treaty and strives towards effective and regular communication vis-à-vis the general public, via press conferences, speeches by Executive Board members, the Monthly Bulletin and a range of other task-related publications.

2.2 ECONOMIC RATIONALE: THE PROPER FULFILMENT OF THE ECB'S TASKS

Beyond these reporting requirements, the relations between the ECB and EU institutions and bodies also have an economic and functional basis. The ECB – as the central bank of the euro area – is in contact, at the European level, with the authorities and the social partners. In the European context, this interaction is rendered more complex owing to the allocation of policy responsibilities to the different levels of government, both supranational and national. Economic actors operating at the national level have a significant impact on price developments

2 See, inter alia, A. Alesina, and L. Summers, "Central Bank Independence and Macroeconomic Performance: Some Comparative Evidence", *Journal of Money, Credit and Banking*, 25:2, 1993.

through mechanisms such as wage bargaining or fiscal policy. Regular dialogue between the ECB and other relevant economic policy-makers provides an opportunity for the ECB to enrich its information set and explain its course of monetary policy, and for its counterparts to improve their understanding of the ECB's actions and how their own actions feed into the monetary policy transmission process. In this way, the ECB can provide a reliable reference parameter for the decisions of individual actors. Moreover, for those tasks where the ECB shares competences with other EU institutions or bodies, for instance in the field of statistics, the Treaty explicitly calls for cooperation between the ECB and the institutions or bodies concerned.

Box

RELEVANT LEGAL TEXTS CONCERNING THE ECB'S RELATIONS WITH EUROPEAN UNION INSTITUTIONS AND BODIES

The Treaty on the Functioning of the European Union

Article 284

1. The President of the Council and a Member of the Commission may participate, without having the right to vote, in meetings of the Governing Council of the ECB.

The President of the Council may submit a motion for deliberation to the Governing Council of the ECB.

2. The President of the ECB shall be invited to participate in Council meetings when the Council is discussing matters relating to the objectives and tasks of the ESCB.

3. The ECB shall address an annual report on the activities of the ESCB and on the monetary policy of both the previous and current year to the European Parliament, the Council and the Commission, and also to the European Council. The President of the ECB shall present this report to the Council and to the European Parliament, which may hold a general debate on that basis.

The President of the ECB and the other members of the Executive Board may, at the request of the European Parliament or on their own initiative, be heard by the competent committees of the European Parliament.

Article 134

1. In order to promote coordination of the policies of Member States to the full extent needed for the functioning of the internal market, an Economic and Financial Committee is hereby set up.

2. (…) The Member States, the Commission and the ECB shall each appoint no more than two members of the Committee.

Resolution of the European Council of 13 December 1997 on economic policy coordination in Stage Three of EMU and on Articles 138, 219 and 284 of the Treaty (ex Articles 111 and 113)

(…) The Ministers of the States participating in the euro area may meet informally among themselves to discuss issues connected with their shared specific responsibilities for the single currency. The Commission, and the European Central Bank when appropriate, will be invited to take part in the meetings.

(…) The Economic and Financial Committee, which will bring together senior officials from the national central banks and the ECB as well as from finance ministries, will provide the framework within which the dialogue can be prepared and continued at the level of senior officials.

Presidency conclusions of the Cologne European Council (June 1999)

(…) The European Council deems it necessary, in addition to the Luxembourg and the Cardiff processes, to set up a regular Macroeconomic Dialogue (the Cologne process) within the framework of the ECOFIN Council in co-operation with the Labour and Social Affairs Council and with the participation of representatives of both formations of the Council, the Commission, the European Central Bank and the social partners.

2.3 FINANCIAL RATIONALE: ENSURING SOUND FINANCIAL MANAGEMENT

Scrutiny of the ECB's financial management and integrity is of crucial importance, as the functions performed by the ECB involve taxpayers' money. The Statute of the ESCB and of the ECB provides for two layers of external control: on the one hand, an independent external auditor is appointed to audit the annual accounts of the ECB (Article 27.1); on the other hand, the European Court of Auditors examines the operational efficiency of the management of the ECB (Article 27.2). The annual report of the European Court of Auditors, together with the ECB's reply, is published on the ECB's website and in the Official Journal of the European Union.

In addition, the ECB falls within the scope of the anti-fraud scheme that was set up by the European Parliament and the EU Council at the end of the 1990s. The "OLAF Regulation"[3] provides, inter alia, for the internal investigation of suspected fraud within EU institutions and bodies by the European Anti-Fraud Office (OLAF), which is an independent investigation service within the European Commission. In June 2004 the Governing Council of the ECB adopted a decision laying down the rules according to which OLAF would carry out internal investigations. According to those provisions, OLAF's investigative powers are applicable to all ECB tasks, and the ECB is committed to fully cooperate with OLAF in combating fraud.

3 A DECADE OF RELATIONS

Against the background of the political, economic, financial and legal basis for interaction between an independent ECB and the relevant institutions and bodies of the European Union, this section presents these relations and reviews their development over time.

3.1 THE EUROPEAN PARLIAMENT

The European Parliament – as the body which derives its legitimacy directly from the citizens of the European Union – is the key focus of the ECB's reporting obligations. The President of the ECB appears four times a year before the

3 Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF).

Committee on Economic and Monetary Affairs (the ECON Committee). In addition, the President and other members of the ECB's Executive Board appear before the ECON Committee to discuss specific issues.[4] Furthermore, and most importantly, the President appears at least once a year before the Parliament's plenary session to present the ECB's Annual Report. Finally, the European Parliament is consulted on the appointment of the President, Vice-President and other members of the ECB's Executive Board.

Over the past decade, the ECB's relations with the European Parliament have widened in scope and deepened in intensity. Besides the regular assessment of the economic situation in the euro area and the monetary policy stance, the various exchanges of views have covered an increasing number of topics, such as enlargement of the euro area, international cooperation, payment and settlement systems, and financial stability and supervision. The latter theme has increased in prominence, especially since the start of the financial crisis. In its various resolutions on economic and financial developments in the European Union, the European Parliament has recognised the timely and decisive actions taken by the ECB in managing the financial turmoil and advocated the enhancement of the ECB's role in the field of financial stability.

Furthermore, these relations have deepened over time. Beyond the interaction and exchange of views with the members of the ECON Committee itself, the ECB has maintained constructive relations with the European Parliament at the highest level, for example through regular meetings between the Presidents of the two institutions. The ECB has also been supportive of the European Parliament's efforts to enhance inter-parliamentary cooperation involving the national parliaments of the EU Member States, for example by explaining the ECB's actions during the financial crisis to a Joint Parliamentary Meeting.

Moreover, the ECB has established a voluntary practice of replying in writing to questions from all members of the European Parliament – channelled via the chairperson of the ECON Committee – on issues related to the ECB's fields of competence. The ECB considers this practice to be fundamental, insofar as it provides feedback on topical issues from the representatives of EU citizens and, thus, from the public at large. This continuous interaction also offers an opportunity to respond to EU citizens' concerns and to convey key messages to members of the European Parliament. The ECB also informs the European Parliament of the actions taken in following up suggestions contained in the European Parliament resolution on the ECB's Annual Report. In recent years, the hearings of the President of the ECB in the plenary session have also included the Commissioner for Economic and Monetary Affairs and the Eurogroup President and have thus become an opportunity for a comprehensive discussion on euro area economic policy issues. Finally, a delegation of the ECON Committee has regularly visited the ECB over the last few years to exchange views with the members of the Executive Board on a variety of issues.

In addition to these formal institutional relations at the policy level, the ECB and the European Parliament have developed close working relations. In this context, ECB staff have provided the European Parliament, upon request, with expertise on technical issues (e.g. euro counterfeiting, capital requirements and statistics), in the spirit of mutual sincere cooperation among EU institutions.

3.2 THE ECOFIN COUNCIL, THE EUROGROUP AND THEIR PREPARATORY COMMITTEES

3.2.1 THE ECOFIN COUNCIL

The ECOFIN Council is the key forum for the coordination of Member States' economic policies (as stated in the European Council Resolution of 13 December 1997). The ECB is invited to participate in meetings of the ECOFIN Council whenever matters relating to the objectives and tasks of the ECB are discussed. Such topics include, among others, the Broad Economic Policy Guidelines (BEPGs), the reform of the

4 For more information, see the ECB's Annual Report.

European financial supervisory and regulatory framework or the external representation of the European Union in international fora. Moreover, the President of the ECB presents the ECB's Convergence Report to the ECOFIN Council in the context of the biennial examination of the state of convergence of the countries still outside the euro area and provides information on the preparation for the introduction of euro banknotes and coins.

The relations between the ECOFIN Council and the ECB are not a one-way street. The Treaty (and the Statute of the ESCB and of the ECB) explicitly provides for the possibility of the President of the ECOFIN Council participating in meetings of the Governing Council and the General Council of the ECB. In practice, the Eurogroup President attends the meetings of the Governing Council. At the same time the Treaty expressly excludes any voting rights on the part of the President of the ECOFIN Council when participating in meetings of the ECB's Governing Council. This interaction at the highest level enhances the flow of information between all parties involved, promotes mutual understanding of each other's policy views and allows for a dialogue on issues of common interest, in full respect of the respective responsibilities.

In addition to its formal monthly meetings, the ECOFIN Council also meets on an informal basis every six months, offering an opportunity for frank and open discussion on topical issues. The President and Vice-President of the ECB attend these informal meetings, alongside the governors of the national central banks (NCBs) of the ESCB, who accompany the economics and finance ministers of their respective Member States.

Looking back over how the interaction has developed over the past ten years, the start of the financial turmoil in August 2007 marks a discernible intensification. From the creation of the ECB in 1998 until the start of the financial turmoil, participation of the ECB at Executive Board level in the meetings of the ECOFIN Council took place on an ad hoc basis, linked to the discussion of specific topics close to the ECB's field of competence (e.g. in addition to the aforementioned themes, issues related to the introduction of euro banknotes and coins, the introduction of the Lamfalussy framework for financial regulation and supervision, and the implementation and reform of the Stability and Growth Pact). Since the start of the financial turmoil in August 2007, a more intense dialogue between the ECB and the ECOFIN Council has become necessary, which has been reflected in a more frequent attendance of the President and/or Vice-President of the ECB at ECOFIN Council meetings. On average, they have attended at least one out of two formal ECOFIN Council meetings, as well as the additional informal meetings called by the relevant Presidency of the EU Council in the context of the financial crisis.[5] Besides the more frequent attendance at meetings, on several occasions the ECOFIN Council has called on the ECB, sometimes together with the European Commission, to provide expertise and analysis in connection with, for instance, common EU guidelines on the design of national bank rescue packages, government guarantees for bank debt and asset relief schemes.

A further example of the intensification of the interaction between the ECB and the European institutions and bodies is the creation of a "financial crisis cell" (comprising the President of the ECB, in conjunction with the NCBs; the President of the European Commission; the President of the Eurogroup; the Presidency-in-office; and the governments of the Member States) to enable the EU to take rapid and effective crisis response measures.

3.2.2 THE EUROGROUP

The Eurogroup is an informal body composed of the finance ministers of the euro area countries that provides a forum for the discussion among governments of "issues connected with their shared specific responsibilities for the single

5 Such as the one called by the French Presidency in December 2008 and the one called by the Swedish Presidency of the EU in September 2009 in the run up to the Pittsburgh summit on 24-25 September 2009.

currency." (Luxembourg European Council Conclusions 1997). Generally, the Eurogroup meets once a month on the eve of the ECOFIN Council meeting. The Commissioner for Economic and Monetary Affairs and the President of the ECB, normally accompanied by the Vice-President, attend the Eurogroup meetings on a regular basis. The meetings of the Eurogroup set the stage for an open dialogue in a climate of mutual trust and respect.

Notwithstanding this informal nature, a number of changes have been introduced over the last ten years in order to enhance the organisation of the meetings and boost the Eurogroup's visibility. For instance, since 2005 the Eurogroup has elected a President with a two-year mandate, thus ensuring greater continuity both internally and externally. Moreover, press conferences are organised immediately following the meetings, during which the Eurogroup President – joined by the Commissioner for Economic and Monetary Affairs and, when appropriate, the President of the ECB – communicates the results of the Eurogroup meeting. Especially on those issues where a consistent message from all participants of the meetings is of particular importance, the Eurogroup endeavours also to decide on key aspects of the external communication of its deliberations. Finally, a regular dialogue between the Eurogroup President and the European Parliament has been instituted.

Over time, the agenda of the Eurogroup has gradually expanded. In addition to the discussions on the economic situation and fiscal policies, the Eurogroup also examines increasingly frequently structural policies, with a particular focus on issues of crucial importance for the euro area and the smooth and sustainable functioning of monetary union (such as wage and competitiveness developments, inflation and growth differentials and commodity price developments). Moreover, the Eurogroup has also recently addressed issues related to the financial sector, mostly against the background of the financial crisis. The frequency, scope and depth of the discussions on these issues have increased over the years.

The Eurogroup has also proved to be an appropriate medium for preparing a common euro area approach for ECOFIN Council decisions on matters closely related to the euro area, such as the appointment of ECB Executive Board members, the specific part of the BEPGs that is dedicated to the euro area, Council decisions in the context of an Excessive Deficit Procedure (EDP) concerning a euro area country, etc. Eurogroup meetings have also served as a platform for strategic discussions on euro area enlargement. The Eurogroup President takes part in the main international financial fora, in particular the meetings of the G7 and the International Monetary and Financial Committee, alongside the President of the ECB.

3.2.3 THE ECONOMIC AND FINANCIAL COMMITTEE

The Economic and Financial Committee (EFC) is a consultative committee, established by the Treaty itself (see box), which contributes to the preparation of the work of the ECOFIN Council. The EU Member States, the European Commission and the ECB each appoint no more than two members and two alternates of the Committee. The ECB members of the EFC are members of the Executive Board of the ECB. The EFC Alternates meet before the meetings of the EFC in order to prepare the discussions of the parent committee. The EFC has a very broad mandate, ranging from discussion of the economic situation and the BEPGs to the surveillance of fiscal policy (including the annual updates of the stability and convergence programmes and the preparation of European positions on various international issues). For the purposes of discussions and decisions in the context of the Exchange Rate Mechanism (ERM II), the EFC meets in a special format consisting of the EFC members from national administrations, the EFC members from non-euro area central banks, two ECB representatives, two European Commission representatives and the President of the Alternates.

Two major developments can be identified during the past decade. First, in response to the 2004 enlargement of the European Union, and the concomitant increase in its membership, the EFC has acted to improve the efficiency of its work. Since this enlargement, the EFC has met in two compositions, namely a restricted composition (without the representatives of the NCBs of the EU Member States) and a full composition (including the NCBs).[6] Second, the EFC has significantly stepped up its analysis and discussion of key policy areas, in particular as new issues have emerged, e.g. in connection with the enlargement of the European Union and the euro area (including competitiveness and balance of payments programmes) and the emergence of financial stability issues.

For the latter, special formats have been established, the most prominent one being the Financial Stability Table (FST). The EFC-FST meets twice a year, ahead of the two informal ECOFIN meetings, and prepares the discussions of the ECOFIN Council on the assessment of financial stability in the EU. For the purpose of an appropriately informed debate, additional stakeholders are invited to these deliberations: the chairpersons of the Committee of European Banking Supervisors, the Committee of European Securities Regulators, the Committee of European Insurance and Occupational Pensions Supervisors and the ESCB Banking Supervision Committee. Finally, the EFC also benefits from the input of the Financial Services Committee, in which the ECB also participates. During the financial crisis, and particularly at its height, following the demise of Lehman Brothers in September 2008, the ECB's relations with the EFC intensified in frequency and scope – mirroring the developments at the level of the ECOFIN Council – as the EFC played a key role in monitoring and coordinating, on a daily basis at times, the preparation and implementation of Member States' national rescue plans and EU and IMF support programmes.

The Eurogroup Working Group (EWG) is a consultative sub-committee of the EFC, restricted to representatives of the euro area countries, the European Commission and the ECB, which contributes to the preparation of the work of the Eurogroup.

3.2.4 THE ECONOMIC POLICY COMMITTEE

The Economic Policy Committee (EPC) is another consultative Union body which contributes to the preparation of the work of the ECOFIN Council, in close cooperation with the EFC, with a specific focus on structural policies aimed at improving growth potential and employment in the European Union. The EU Member States, the European Commission and the ECB each appoint two members of the Committee. The ECB attaches the utmost importance to the implementation of structural reforms in the Member States as a means to increase the flexibility of the economy, enhance its resilience to economic shocks and ultimately achieve a higher, sustainable long-term growth rate and a higher level of employment. In addition, structural reforms are key to the smooth functioning of EMU, as the countries can no longer resort to some of the pre-EMU adjustment mechanisms to restore their competitiveness. The ECB's participation in this Committee therefore represents an opportunity to contribute to the ongoing work in this field at the European and the national level, fully respecting the respective competencies of all the parties involved.

The EPC's work, since the start of EMU, was initially focused on a limited number of topics, essentially related to structural reforms, productivity and labour market reforms. Over time, the Committee has also started to address topics such as energy and climate change, developments in commodity prices, the reduction of administrative burdens and competitiveness issues in a currency union. Since August 2005, the EPC has also been meeting in a Eurogroup composition with the aim of

6 For further details see G. Grosche and U. Puetter, "Preparing the Economic and Financial Committee and the Economic Policy Committee for Enlargement", *Journal of European Integration*, 30:4, 527-543.

contributing to discussions of the Eurogroup on issues within the competence of the EPC. These include structural reforms related to the Lisbon agenda and structural aspects of macroeconomic policy-making, such as population ageing and the quality of public finances.

3.3 THE EUROPEAN COMMISSION

Given its core functions as the initiator of EU legislation and guardian of the EU Treaties, the European Commission is naturally a key actor in the dialogue between the ECB and economic policy-makers within the Eurogroup and the ECOFIN Council. The Commissioner for Economic and Monetary Affairs attends Eurogroup and ECOFIN Council meetings. In addition, the Treaty (see box) states that a member of the European Commission (generally the Commissioner for Economic and Monetary Affairs) can participate in the meetings of the ECB's Governing Council – although without having either the right to vote or, unlike the President of the EU Council, to submit a motion for deliberation. The Commissioner attends around half of the meetings of the ECB's Governing Council. This dialogue is particularly important in the light of the crucial role played by the European Commission in EU economic policy-making and the fact that the European Commission is entrusted with several specific tasks relating to EMU (such as the formulation of the BEPGs, the monitoring of budgetary matters and reporting to the EU Council thereon, and the assessment of the state of convergence in the EU Member States with a derogation).

Finally, the two institutions have developed a close working relationship and a wide variety of regular and ad hoc contacts at the working level (e.g. in the fields of statistics and payment systems and in relation to the preparation of the Convergence Reports). Mirroring the intensification of relations with the bodies and committees mentioned above, relations with the European Commission have also deepened and broadened over time, particularly since the start of the crisis, during which the European Commission has played an important role in the coordination of the policy response at the European level and in preventing a fragmentation of the single market.

3.4 THE EUROPEAN COUNCIL AND THE EU COUNCIL IN THE COMPOSITION OF HEADS OF STATE OR GOVERNMENT

The European Council – bringing together Heads of State or Government and the President of the European Commission and, since 1 December 2009, the newly created President of the European Council and the High Representative for Foreign Affairs and Security Policy – plays a crucial steering role in European affairs in that it gives political guidance and impetus to the European Union, takes the most important decisions and puts the seal of approval on significant documents. The European Council is distinct from the EU Council meeting in the composition of Heads of State or Government, which is a specific format of the EU Council. Unlike the latter, the European Council has not until now been recognised as a formal European institution. The Treaty of Lisbon, however, changes the status of the European Council by formally recognising it as a Union institution and by introducing a "permanent" President of the European Council, who will chair its meetings during a once-renewable term of two and a half years.

The President of the ECB has been invited to several meetings of the European Council, as well as to the ad hoc informal summits at the level of EU Heads of State or Government that have been called since the beginning of the financial crisis, such as the informal European Council meetings on 1 March and 17 September 2009 and the summit of euro area Heads of State in Paris on 12 October 2008. The aim of the latter was to coordinate the response to the crisis by the euro area countries.

3.5 THE MACROECONOMIC DIALOGUE

The Macroeconomic Dialogue (MED) was established by the European Council in June 1999. The MED is an institutionalised dialogue among the European monetary authorities, the EU Council, the European Commission and the social partners at European level, which is intended to enhance understanding of the policy requirements entailed by EMU. The Dialogue is based on full respect for the independence of all actors involved, in particular the independence of the social partners in the wage formation process and that of the ECB in relation to the single monetary policy. The MED takes place twice a year, first at the technical level and then at the political level, and provides a forum for an exchange of views about the economic situation, as well as discussions on special topics related to labour market conditions and developments in fiscal and structural policies. The ECB is represented in the MED at political level by the President.

4 COMMON TRENDS

On the basis of the above overview, four common trends can be identified that characterise the developments in the ECB's relations with EU institutions and bodies since its creation:

(i) an increased frequency of interactions (as illustrated by the increasing number of meetings attended by the ECB – see chart below);

(ii) a widening of the topics discussed;

(iii) a deepening of the discussions, with an increased number of written contributions by the ECB;

(iv) an increase in the number of specific deliberations in euro area composition.

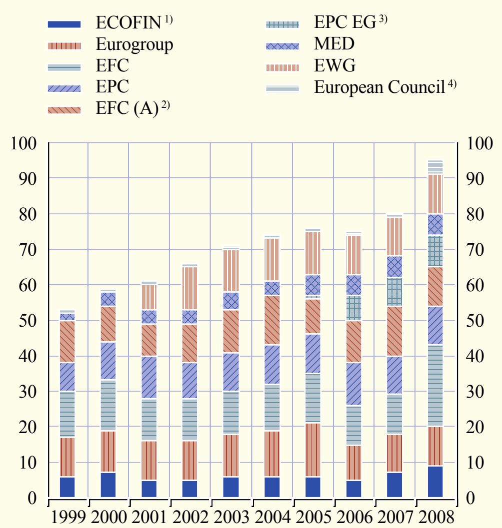
This has fostered the creation of a climate of mutual trust and understanding between the relevant policy-makers, which is conducive to a smooth functioning of EMU.

In particular, the period since the start of the financial market turmoil in August 2007 has been characterised by an increased focus of the discussions on issues related to the financial sector and has thus engendered an intensification of the ECB's relations with EU institutions and bodies at all levels.

This enhanced interaction is likely to continue and to further develop in the context of the creation of two new European bodies, namely the European Systemic Risk Board and the European System of Financial Supervisors (a network of supervisors consisting of the European Banking Authority, the European Securities and Markets Authority and the European Insurance and Occupational Pensions Authority), which are going to be established to enhance the framework for macro and micro-prudential supervision in the European Union.

Finally, a discernible trend towards a more clearly defined euro area focus of deliberations can be observed from the increased number of meetings in euro area composition only, together with a widening and deepening of

Number of attended meetings per year and per body



Source: ECB.
1) Includes informal ECOFIN.
2) EFC Alternates.
3) EPC Eurogroup Working Group.
4) The European Council and the EU Council in the composition of Heads of State or Government.

those discussions. This means, for instance, that in addition to its initial focus on the economic situation and fiscal policies, the Eurogroup now also examines structural policies more often, with a particular focus on issues of crucial importance for the euro area, such as competitiveness developments in euro area Member States.

The analysis has shown that the institutional setting put in place by the Maastricht Treaty is fundamentally sound. The ECB's relations with EU institutions and bodies have evolved over the past decade within the existing framework, without there being any urgent need for a fundamental overhaul of the system.

5 IMPLICATIONS OF THE TREATY OF LISBON

In line with this positive assessment of the institutional setting of EMU, the Treaty of Lisbon makes no fundamental change to the provisions of the previous Treaties.[7] Nevertheless, it introduces some noteworthy changes with a view to, on the one hand, consolidating the monetary pillar and, on the other hand, improving the functioning of the economic pillar, in particular with regard to the euro area.

5.1 CONSOLIDATION OF THE PROVISIONS ON MONETARY UNION

As far as the monetary union pillar is concerned, the ECB's mandate is reinforced by the elevation of the primary objective of the ECB, i.e. price stability, to an objective of the European Union as a whole. This implies that Member States should work towards this objective in framing their economic policies. The ECB welcomes this change. In addition, an "economic and monetary union whose currency is the euro" is also considered to be an EU objective.

Moreover, the ECB, initially established as a Community body of a sui generis nature, becomes a Union institution. This is a step to simplify and enhance the transparency of the Union's institutional framework – the institution that is responsible for the single currency will be listed as a Union institution, rendering its status and position in the European Union's overall institutional architecture more accessible to European citizens. Important as this step will undoubtedly be for the Bank's external perception, in practice, little is expected to change for the ECB, as it retains all its special institutional features such as its independence, regulatory powers and legal personality. The firm anchoring of these features in the new Treaty is essential to the successful performance of the ECB's tasks. The Treaty of Lisbon actually further strengthens the ECB's independence by explicitly referring for the first time to the ECB's financial independence. Finally, whilst being an EU institution entails a duty of mutual sincere cooperation between all Union institutions, this was already applicable to the ECB.

Another noteworthy change in the new Treaty is that the term "Eurosystem" is introduced for the first time into primary legislation. This should further clarify the distinction between the Eurosystem and the ESCB.

Moreover, the members of the ECB's Executive Board will be appointed by the European Council acting by a qualified majority rather than, as now, by common accord of the governments of Member States. The appointment procedure will thus become more supranational and be brought into line with the decision-making procedures for other key nominations.

Finally, the euro area members will be entitled to make recommendations on euro area enlargement: the final decision on the introduction of the euro in a Member State will still be taken by the EU Council as a whole, but it will take into account the specific views expressed by the euro area members.

While the overall functioning of the monetary union pillar is left untouched by the Treaty

7 See the box entitled "The Treaty of Lisbon" in the December 2007 issue of the Monthly Bulletin.

of Lisbon[8], the institutional position of the ECB is strengthened in several respects. This goes hand in hand with a number of innovations in the area of economic governance.

5.2 ENHANCEMENT OF THE PROVISIONS ON ECONOMIC POLICIES

The Treaty of Lisbon provides a number of opportunities to enhance the economic governance of the euro area. The Eurogroup is for the first time recognised in the Treaties. Nevertheless, it retains its current informal status and thus does not have any formal decision-making powers. The Eurogroup's President will serve a two-and-a-half year term.

Moreover, the role of euro area Member States and of the European Commission is strengthened with regard to both the BEPGs and the EDP. The Treaty of Lisbon will confer on the European Commission the power to directly address an opinion to a Member State in the event of non-compliance. Once the ECOFIN Council becomes involved, during the subsequent step of the procedure, the Member State concerned will be allowed to take part in the discussions on the necessary recommendations but will no longer have a vote. Most importantly, decisions on non-compliance with the BEPGs or the EDP by euro area countries will be taken by euro area countries only.

The specific shared responsibilities for the management of the single currency are also recognised in the possibility of "enhanced cooperation" among euro area Member States. A new provision allows them, by a qualified majority, to adopt new measures to enhance the coordination and surveillance of their budgetary discipline and to set out specific economic policy guidelines for themselves. Any such measure, provided it is compatible with the Treaty and adopted in accordance with the relevant procedures on the BEPGs and EDPs, will be legally binding on euro area countries.

These noteworthy innovations are welcome as they should contribute to enhancing the economic governance framework for the euro area. In order for their full potential to be realised, they need to be fully implemented in line with the Treaty of Lisbon.

Finally, as regards the external representation of the euro area, the Treaty of Lisbon clarifies and improves the current provisions, but does not bring about fundamental changes. As is currently the case, the euro area countries, should they wish to do so, can decide, by a qualified majority, to mandate a particular body or person to represent the euro area in a unified way in international fora. The new Treaty explicitly provides for the EU Council to have the means to take "appropriate measures to ensure unified representation". It remains to be seen whether, and if so how, the creation of new EU foreign policy posts by the Treaty of Lisbon will affect the international representation of the euro area.

6 CONCLUSIONS

This article has described the institutional framework of EMU as established by the Treaty, and specifically the interactions between the ECB, in full respect of its independent status, and economic policy-makers. It has functioned well over the last decade: EU economic policy-makers have been able to respond flexibly and pragmatically within the current framework to the unprecedented challenges that have arisen, including the financial crisis. The Treaty of Lisbon provides a number of opportunities to further enhance economic governance, which should be fully exploited by all parties involved. The euro area is thus well equipped to face the economic policy challenges that lie ahead (such as fiscal consolidation, population ageing, climate change financing, etc.). A challenge of immediate importance will be to have an equally well-functioning and effective set-up for financial supervision: the ECB stands ready to take an active part in this regard.

8 Under the Treaty of Lisbon, the former Article 111 of the Treaty, on exchange rate policy and the conclusion of monetary and exchange rate agreements, has been moved from the title on economic and monetary policy to a new part on EU external action. However, the allocation of responsibilities in this field has been left unchanged.

ENTITLEMENTS OF HOUSEHOLDS UNDER GOVERNMENT PENSION SCHEMES IN THE EURO AREA – RESULTS ON THE BASIS OF THE NEW SYSTEM OF NATIONAL ACCOUNTS

This article presents the results obtained when household entitlements under government pension schemes in the euro area are recorded on the basis of the System of National Accounts, 2008 (2008 SNA). While the treatment of government pension schemes in the core accounts has hardly changed, the 2008 SNA provides an international statistical standard for compiling supplementary data on pension entitlements under unfunded defined-benefit schemes managed by the general government and also social security schemes. The rough magnitude of unfunded entitlements vis-à-vis general government is known owing to various studies undertaken by international organisations such as the IMF, the OECD and the World Bank. However, the 2008 SNA makes provision for more detailed information in terms of pension entitlements as outstanding amounts, their accumulation and the impact of pension reforms. It increases the transparency of household and general government finance, allows a better comparison across countries and economic areas and is particularly relevant in view of the far-reaching implications of population ageing in the euro area and many industrial economies.

Household entitlements under government pension schemes as presented in this article cannot be used as an indicator to assess the fiscal sustainability of unfunded pension schemes. For that purpose the concept of pension entitlements needs to be extended to include entitlements that will be accrued in the future, while at the same time comparing these "claims" with future social contributions and tax payments.

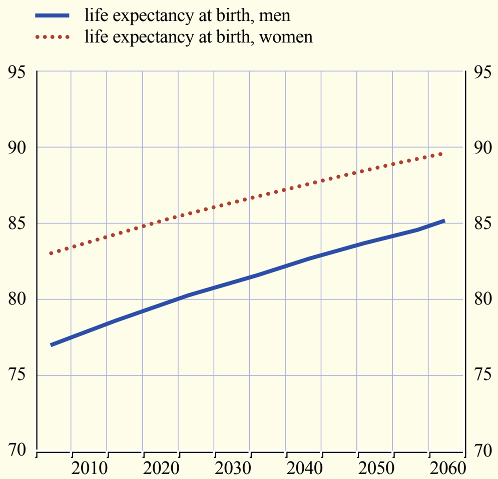
1 INTRODUCTION AND POLICY CHALLENGES

Owing to increasing life expectancy and low birth rates, the population in the euro area is ageing and is expected to decline. According to the central scenario prepared by Eurostat, life expectancy at birth in the euro area is projected to increase in the period from 2008 to 2060 by 7.5 years for men (from 77.5 years in 2008 to 85.0 years in 2060) and by 6.1 years for women (from 83.4 years in 2008 to 89.5 years in 2060). As shown in Chart 1, this implies a continuation of the gradual convergence of the life expectancy of men and women. As regards the birth rate in the euro area, although it is expected to rise slightly, from 1.55 births per woman in 2008 to 1.67 births per woman in 2060, this is still substantially below the rate of 2.1 births per woman that would be needed for each generation to replace itself.[1]

To assess the policy challenges arising from the above demographic projections for the financing of pay-as-you-go government pension schemes, it is useful to analyse the implications by taking stock of pension entitlements already accrued to date, from both a national accounts perspective and a forward-looking economic perspective.

Chart 1 Projected life expectancy at birth in the euro area

(age in years)



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

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

From a forward-looking economic perspective, according to the 2009 Ageing Report by the European Commission and Economic Policy Committee, government expenditure on pensions in the euro area is projected to rise from the level of 11.1% of GDP in 2007 to 13.9% of GDP in 2060, with significant differences across the euro area countries. In conjunction with the euro area's weak structural fiscal position, this overall rise in ageing-related costs in an environment in which potential GDP growth is declining to some extent would contribute to significant risks to the long-term sustainability of public finances identified in the Sustainability Report 2009.[2] Reducing these risks requires the implementation of the so-called three-pronged strategy agreed upon by the Stockholm European Council in 2001 which consists of (i) fostering fiscal consolidation, (ii) increasing productivity and employment and (iii) reforming social security systems including pensions.

The above-mentioned stocktaking approach is based on the recording of pension entitlements which pensioners and employees have accrued through their past social contributions. These household pension entitlements are obligations of general government. Even though they are not recorded as government debt, governments are expected to fulfil their commitments to (current and future) pensioners. In the light of the projected demographic developments, it is of interest to record the size of these obligations and monitor their development over time.

It must be stressed that gauging general government accrued-to-date pension obligations does not suffice in itself to allow an assessment of the sustainability of public finances. This is because the evolution of future contributions to pay-as-you-go government pension schemes is not taken into account. Notwithstanding, if recorded systematically and over a long time horizon, data on accrued obligations may contribute usefully to assessing, inter alia, to what extent the size of pension obligations changes in response to reforms of government pension schemes, e.g. increases in the statutory retirement age. According to the literature, the size of these accrued-to-date pension entitlements of households or obligations of general governments is very significant, although differing widely across countries.[3]

The recently adopted 2008 SNA recommends that the accrued-to-date pension entitlements of households be recorded under unfunded defined-benefit schemes managed by government and social security schemes in a supplementary table on pensions.[4] Moreover, the European System of Accounts, which is currently being revised, will be amended in line with this approach. These amendments aim to allow pension data of countries with different types of pension scheme to be compared, especially in the case of major economic areas, such as the euro area, the United States and Japan. Against this background, the aim of this article is to survey the changes in the 2008 SNA with respect to accrued-to-date pension entitlements and to present estimates for the euro area prepared by the European Commission (Eurostat)/ECB Task Force on Pensions established by the Committee for Monetary, Financial and Balance of Payments Statistics.[5]

The article is structured as follows. Section 2 provides an overview of how pension

2 See European Commission, "Sustainability Report 2009", *European Economy*, No 9, 2009.

3 For a survey of estimates, including those of the OECD and IMF, see R. Holzmann, P. Palacios and A. Zviniene, "On the economics and scope of implicit pension debt: an international perspective", *Empirica*, No 28, 2001, pp. 97-129. The studies surveyed date back to the mid-1990s and find implicit pension liabilities of between 200% and 350% of GDP for individual euro area countries.

4 The 2008 SNA, the most important international statistical standard, is an updated version of the System of National Accounts, 1993 (1993 SNA). It is the fifth version of the SNA, the first of which was published over fifty years ago, and it was adopted by the United Nations Statistical Commission in 2008 and 2009. The 2008 SNA was prepared under the auspices of the Inter-Secretariat Working Group on National Accounts (ISWGNA), which consists of five organisations: Eurostat, the IMF, the OECD, the United Nations Statistics Division and regional commissions of the United Nations Secretariat and the World Bank. The 2008 SNA is published jointly by the five organisations. It is available at the website of the United Nations Statistics Division (http://unstats.un.org/unsd/sna1993/snarev1.asp).

5 The estimates refer to accrued-to-date pension entitlements of households vis-à-vis unfunded employment-related government pension schemes, including social security schemes. See also R. Mink, M. Rodriguez, E. Barredo and J. Verrinder, "Reflecting pensions in National Accounts – Work of the Eurostat/ECB Task Force", a paper prepared for the 30th General Conference of the International Association for Research in Income and Wealth (IARIW), August 2008.

entitlements of households are currently recorded in national accounts and introduces the new way of recording pension data recommended in the 2008 SNA. Section 3 presents estimates of pension entitlements under government pension schemes in the euro area in comparison with data provided for the United States. It describes these data from the perspective of households and also from a general government perspective. Section 4 briefly considers the projections published in the 2009 Ageing Report for all EU Member States. Their methodological basis is also compared with the concept of accrued-to-date pension entitlements. Section 5 concludes.

2 PENSION ENTITLEMENTS OF HOUSEHOLDS UNDER GOVERNMENT SCHEMES, AS COMPARED WITH HOUSEHOLD ASSETS

Pension entitlements of households can be recorded either as financial assets in the national accounts or as contingent assets.[6] Those treated as financial assets constitute financial claims that beneficiaries have vis-à-vis either their employer or a pension manager designated by the employer to pay pension benefits earned as part of a compensation agreement concluded between the employer and the employee. Those treated as contingent assets usually represent "conditional claims" on unfunded pension schemes managed by general government, including social security schemes. As counterparts, they are recorded as contingent liabilities of the government, the obligations of which cover these contingencies together with government debt.

SOCIAL INSURANCE PENSION SCHEMES

Under social insurance pension schemes, beneficiaries are obliged or encouraged to take out insurance to cover their risks and needs in old age. The most important pension benefit covered by social insurance pension schemes is income in retirement, but other contingencies may also be covered. For example, pensions may be payable to widows and widowers, or to people who have suffered an injury at work and are no longer able to work. Social assistance benefits may be provided independently of participation in a social insurance scheme. A third form of pension is that provided under individual insurance policies.

As shown in Box 1, there are different types of social insurance pension scheme in the euro area: they may be managed by general government, as is predominantly the case, or by non-government entities; they may be designed as employment-related pension schemes, such as defined-contribution, defined-benefit or hybrid schemes, or as social security schemes. Employment-related schemes may be funded or unfunded, while social security schemes tend to be financed on a pay-as-you-go basis, through social contributions or government transfers.

In the System of National Accounts, 1993 (1993 SNA), obligations to provide pension benefits were recognised as liabilities for employment-related defined-contribution and funded defined-benefit schemes, but not for unfunded defined-benefit and social security schemes. The recently adopted 2008 SNA recommends that pension entitlements under unfunded defined-benefit schemes managed by general government and social security schemes be recorded as supplementary data.[7] This will allow pension data of countries with different types of pension scheme to be compared, especially in the case of major economic areas, such as the euro area, the United States and Japan.

Social security pension schemes and unfunded defined-benefit schemes managed by general government are particularly important for the euro area. Accordingly, there is an interest in comprehensive information on accrued-to-date government obligations that will need to be financed in future, in view of demographic developments and the foreseeable fiscal burden owing to ageing populations.

6 As contingent assets and liabilities do not give rise to unconditional obligations either to make payments or to provide other objects of value, they are not recorded as financial assets and liabilities in the national accounts. For details, see paragraph 2.29 of the 2008 SNA.

7 For details, see Chapter 17 of the 2008 SNA.

Box 1

SOCIAL INSURANCE, SOCIAL ASSISTANCE AND INDIVIDUAL INSURANCE POLICIES

Social insurance is the predominant form of pension scheme in the euro area, covering social security pension schemes (classified as belonging to the general government sector) which, in many cases, are organised for major parts of the population, and employment-related pension schemes established by employers, including government, for their own employees.[1] The distinction between social security schemes and employment-related schemes varies considerably from country to country, with the consequence that the coverage and, therefore, the national perception of what the term "social security" means also vary considerably, especially between European and non-European countries.

In contrast to social insurance benefits, social assistance benefits are payable without qualifying contributions having been made to a social insurance scheme.

Individual insurance policies are policies that beneficiaries take out in their own names without being members of a scheme organised collectively for groups of employees, as in the case of social insurance.

Employment-related social insurance pension schemes may be managed by general government or by non-government entities, and they may be funded or unfunded. Funded schemes finance pension benefits by drawing down segregated and earmarked assets. Their design calls for them to hold assets equal to their liabilities. These schemes can be exactly funded, under-funded or over-funded, depending on the size of the accumulated assets in relation to the pension entitlements. Unfunded schemes finance current pension payments with the ongoing contributions paid by future pensioners and/or other ongoing revenue, such as taxes or transfers; unfunded schemes may nevertheless hold assets (for liquidity reasons, for example, or as buffer funds).

1 Chapter 17 of the 2008 SNA describes the recording of pension schemes in the form of social insurance, social assistance and individual insurance schemes. A new chapter on pensions will also be part of the revised European System of Accounts.

Social insurance pension schemes

Characteristics	Social insurance			
	The beneficiary is obliged or encouraged to take out insurance against contingencies (old age, unemployment, illness, long-term care) by intervention of a third party.			
	Social security		Employment-related social insurance	
Form of organisation	Organised by general government via social security schemes		Organised by employers on behalf of their employees and their dependants or by others on behalf of a specified group	
Type of social insurance	Social security pension schemes	Other social security	Employment-related pension schemes	Other employment-related social insurance
Sector	Social security funds		Sector or sub-sector of employer or pension funds	

Employment-related pension schemes are broken down further into defined-contribution pension schemes and defined-benefit pension schemes. In a defined-contribution scheme, the benefits are defined exclusively in terms of the level of the fund built up from the contributions made over the employee's working life and the increases in value that result from the investment of these funds. These schemes are organised like accounts owned by the scheme participants, as the level of benefits on retirement depends on the balance in the defined-contribution scheme account. The entire risk of the scheme to provide an adequate income in retirement is thus borne by the employee. In a defined-benefit scheme, the benefits payable to the employee on retirement are determined through the use of a formula, either alone or in combination with a guaranteed minimum amount payable. This formula typically considers the length of service and some measure of final or average pay. The risk of a defined-benefit scheme to provide an adequate income in retirement is borne by the employer. Hybrid schemes with both a defined-benefit and a defined-contribution element are usually classified as defined-benefit schemes.

DIFFERENT RECORDING OF DEFINED-CONTRIBUTION AND DEFINED-BENEFIT SCHEMES

Institutional differences across countries with respect to pension schemes (e.g. a relatively large proportion of defined-contribution schemes in the United States, the Netherlands and the United Kingdom, as opposed to relatively large social security and government-managed unfunded defined-benefit schemes in most euro area countries) result in significant differences across the national accounts, making international comparisons difficult. In particular, household pension entitlements in countries with mainly defined-contribution schemes are recorded as household assets, while rather small amounts of pension entitlements are recorded in countries in which pension schemes are predominantly organised as government-managed unfunded schemes, as in Germany, France and Italy.

Looking at the data currently reported in household balance sheets on life insurance and pension assets, euro area countries with a large proportion of defined-contribution schemes show rather high ratios of household life insurance and pension assets as a percentage of household gross disposable income (GDI) (see Table 1). The opposite is the case for euro area countries with social security pension schemes for the majority of the population and also unfunded defined-benefit schemes managed by general government.

In the euro area, defined-contribution pension entitlements (including life insurance products) totalled €4.8 trillion in 2008, covering 80% of household GDI (see also Table 5) or 11% of household assets, held predominantly with pension funds.[8] In the United States, life insurance and pension assets amounted to USD 10.4 trillion in 2008, which corresponds

8 See Table 3.3 under the Euro area accounts sub-section of the Euro area statistics section in this issue of the Monthly Bulletin.

Table 1 Household life insurance and pension assets

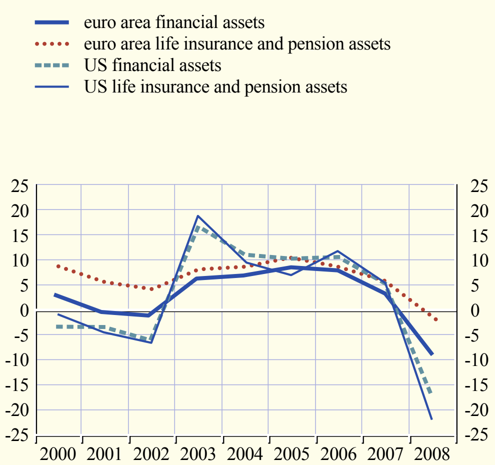
(percentages of household GDI at the end of the year)

Country/area	1999	2007	2008
Euro area	64.4	84.0	79.7
of which: Germany	*64.2*	*82.8*	*84.8*
France	*69.6*	*96.7*	*94.5*
Italy	*33.6*	*54.1*	*51.3*
The Netherlands	*296.0*	*324.4*	*268.7*
United Kingdom	261.5	247.9	201.8
United States	138.4	129.2	98.0
Japan	103.3	119.5	.

Sources: ECB, European Commission (Eurostat), UK Office for National Statistics, US Federal Reserve Board, US Bureau of Economic Analysis, Bank of Japan, Economic and Social Research Institute and the Cabinet Office of the Government of Japan.
Notes: End-of-year figures. Data include life insurance and pension assets; they refer predominantly to defined-contribution schemes.

Chart 2 Household life insurance and pension assets, and financial assets

(annual percentage changes)



Sources: ECB and US Federal Reserve Board.

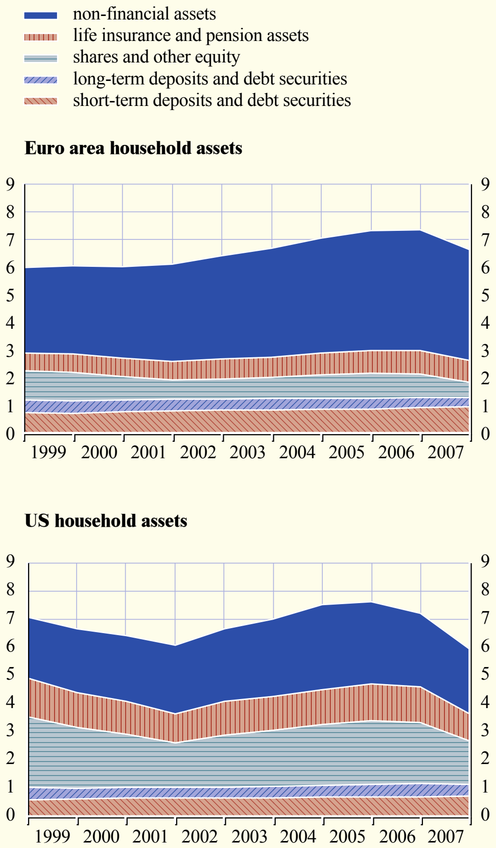
to 98% of household GDI or some 16% of household assets.

In the euro area, the annual growth rate of household life insurance and pension assets declined from 10% in 2005 to 6% in 2007, mainly on account of diminishing holding gains (see Chart 2). In 2008 the assets decreased by more than 1%. This was relatively moderate in comparison with the 8% drop in euro area household financial assets, mainly as a result of valuation losses in the course of the financial crisis.

By contrast, US household financial assets dropped by about 17% in 2008. Most of the loss in assets was accounted for by shares and other equity, which fell by 27% in 2008. Pension fund assets in the United States also declined sharply, falling by 22% in 2008. This relatively large negative impact on household life insurance and pension assets in the United States, as compared with the rather moderate decline in the euro area, is related to the fact that defined-contribution schemes in the United States are far more exposed to the financial crisis via their heavy financial investment in equity than schemes in the euro area, which hold mainly debt securities.

Chart 3 Household assets in the euro area and in the United States

(multiples of annual household GDI)



Sources: ECB, US Bureau of Economic Analysis and US Federal Reserve Board.
Note: Household non-financial assets in the euro area refer to residential real estate and in the United States to residential real estate and tangible assets.

In general, the growth rates of US household life insurance and pension assets have been more volatile than those of corresponding investments of euro area households since 2000 (see Chart 3).

A BROADER VIEW OF HOUSEHOLD PENSION ENTITLEMENTS

In order to make it possible to provide a comprehensive view on social insurance pension entitlements, the 2008 SNA recommends that a supplementary table be compiled in which all pension entitlements are recorded in balance sheets on an accrued-to-date basis. Entitlements under unfunded defined-benefit schemes managed by government are not recorded in the standard national accounts, but in this supplementary table. The same applies to social security pension entitlements.

The supplementary table on social insurance pension schemes provides a framework for compiling and presenting balance sheet, transaction and other flow data for all pension entitlements from the perspective of both debtors (pension funds) and creditors (households). The table shows stock and flow data for specific pension schemes, such as government-managed unfunded defined-benefit schemes and social security pension schemes, that are not fully recorded in the standard national accounts. In principle, the supplementary table covers the pension part of social insurance only. Social assistance, health or long-term care insurance and individual insurance policies (related to pensions) are not included. However, it contains elements of social assistance that are covered indistinguishably within pension schemes that are generally organised as social insurance. Entitlements for survivors (e.g. dependent spouses, children and orphans), as well as benefits for disability and invalidity are included in the supplementary table if they are an integral part of the pension scheme.

Table 2 presents the supplementary table as included in Chapter 17 of the 2008 SNA. The rows show the opening and closing balance sheet positions of the various social insurance pension schemes, and also the transactions and other flows during an accounting period. In essence, the table reconciles the opening and closing positions of pension entitlements (rows 1 and 10) for all social insurance pension schemes that exist in an economy. Transactions shown in the table are social contributions received (row 2), pension benefits paid (row 4), transfers of pension entitlements (row 6) and consequences of pension reforms (row 7). Other economic flows cover revaluations and other changes in volume (rows 8 and 9) during an accounting period. The columns distinguish between different types of pension scheme according to various criteria – the principle of recording (in the standard national accounts, or not in the standard accounts), the pension manager and the sector of the scheme (government or non-government), and the type of the scheme (defined-contribution, defined-benefit or social security) – with separate columns (G and H) for the "non-standard account" schemes – unfunded government-managed defined-benefit and social security pension schemes. Column J shows all household pension entitlements.

Only the items in the table that are shaded in yellow add to the transaction data on social contributions and pension benefits that are already recorded. The additional flow data are essential to derive data on pension entitlements. They comprise data on imputed social contributions paid by employers (row 2.2) and household supplementary contributions (row 2.4), other actuarial changes in social security pension entitlements (row 3) and changes arising from revaluations and other changes in volume. Together with the transaction data on both employers' and household actual social contributions (rows 2.1 and 2.3) and pension benefits (row 4), which are also recorded in the standard national accounts, they permit a full and consistent set of stock and flow data to be compiled for pension schemes, as shown in columns G and H.

In the absence of data from other sources or reporting agents, national statistical institutes, in cooperation with other national agencies, perform the actuarial calculations underlying columns G and H on pension schemes managed by government. This is a new task for statisticians, which requires extensive experience in handling financial models for pension annuities and life insurance.

Table 2 Supplementary table on pension schemes in social insurance

	Recording	**Standard national accounts**			
	Pension manager	**Non-general government**			
		Defined-contribution schemes	**Defined-benefit schemes and other [1] non-defined-contribution schemes**	**Total**	**Defined-contribution schemes**
Row No	**Column number**	**A**	**B**	**C**	**D**
		Opening balance sheet			
1	Pension entitlements				
		Changes in pension entitlements due to transactions			
2	Increase in pension entitlements due to social contributions				
2.1	Employer actual social contributions				
2.2	Employer imputed social contributions				
2.3	Household actual social contributions				
2.4	Household social contribution supplements [5]				
3	Other (actuarial) changes in pension entitlements in social security pension schemes				
4	Reduction in pension entitlements due to payment of pension benefits				
5	Changes in pension entitlements due to social contributions and pension benefits				
6	Transfers of pension entitlements between schemes				
7	Changes in pension entitlements due to pension scheme reforms				
		Changes in pension entitlements due to other flows			
8	Changes in pension entitlements due to revaluations [6]				
9	Changes in pension entitlements due to other changes in volume [6]				
		Closing balance sheet			
10	Pension entitlements				

Notes:
1) Other non-defined-contribution schemes, often described as hybrid schemes, have both a defined-benefit and a defined-contribution element.
2) Schemes organised by general government for its current and former employees.
3) These are non-autonomous defined-benefit schemes the pension entitlements of which are recorded in the standard national accounts.
4) Counterpart data for non-resident households will only be shown separately when pension relationships with the rest of the world are significant.

3 ENTITLEMENTS TO GOVERNMENT PENSIONS IN THE EURO AREA

SUPPLEMENTARY DATA ON PENSION SCHEMES MANAGED BY GOVERNMENT

In order to obtain a complete picture of the pension entitlements of households in the euro area, data on transactions and other economic flows in the course of 2007 as well as outstanding positions in pension entitlements at the end of 2006 (the opening amounts) and the end of 2007 were estimated with the assistance of the European Commission (Eurostat)/ECB Task Force on Pensions (see Box 2). These estimates were based on national pension models, and also on benchmark calculations provided by

Standard national accounts		Not in the standard national accounts		Total pension schemes	Counterparts: pension entitlements of resident households[4)]
General government					
Defined-benefit schemes for general government employees[2)]			Social security pension schemes		
Classified in financial corporations	Classified in general government[3)]	Classified in general government			
E	F	G	H	I	J
Opening balance sheet					
Changes in pension entitlements due to transactions					
Changes in pension entitlements due to other flows					
Closing balance sheet					

5) These supplements represent the return on members' claims on pension schemes through investment income on defined-contribution schemes' assets and, for defined-benefit schemes, through the unwinding of the discount rate applied.
6) A more detailed split of these positions should be provided for columns G and H based on the model calculations carried out for these schemes. The cells shown as are not applicable; the cells in will contain different data from the standard national accounts.

the Forschungszentrum Generationenverträge (Research Centre for Generational Contracts at Freiburg University).

Table 3 provides an overview of these benchmark calculations, covering about 54% of the government-managed unfunded defined-benefit schemes and 73% of the social security schemes in 2007. According to these estimates, pension entitlements under government-managed unfunded defined-benefit schemes accounted for about 79% and pension entitlements under social security schemes for 415% of household GDI at the end of 2007 (see also Table 5). These results are broadly in line with the findings in the literature on estimating the size of accrued-to-date pension entitlements. Differences relate mainly to the reference

Table 3 Pension entitlements under government-managed pension schemes in the euro area

(percentages of annual household GDI in 2007; projected-benefit-obligation valuation 1))

Position	Column No: Government-managed unfunded defined-benefit schemes	Social security pension schemes
	G	H
Pension entitlements (opening balance sheet)	77.4	406.0
Increase in pension entitlements due to social contributions	4.1	29.7
Other (actuarial) change of pension entitlements		-2.3
Reduction in pension entitlements due to payment of pension benefits	3.0	14.4
Changes in pension entitlements due to social contributions and pension benefits	1.1	13.1
Changes in pension entitlements due to pension reforms	-0.0	-4.1
Pension entitlements (closing balance sheet)	78.5	415.0
Memo: Pension entitlements (closing balance sheet) in EUR billions	*2,270*	*17,404*

Sources: ECB and Research Centre for Generational Contracts, Freiburg University.
Notes: The row and column numbers refer to the corresponding row and column numbers in Table 2.
1) See Box 2 for details on the valuation methods.

year, the proportion of pension schemes included in the estimates, the denominator (household GDI in this case, but GDP in other studies), as well as methodological specifications that follow the new international standards, and macroeconomic assumptions. Moreover, the approach applied in this article provides a coherent set of stock and flow data, as outlined in Table 2. In 2007, the reference year of the estimates presented in this article, accrued pension entitlements in the euro area totalled about 490% of annual household GDI (330% of GDP), with government-managed unfunded defined-benefit schemes amounting to about 79% of household GDI (52% of GDP) and pension entitlements under social security schemes for 415% of household GDI (278% of GDP).

Estimates of accrued contingent pension entitlements have been provided for France and Germany in recent years. The estimates for France, which were carried out by INSEE, put implicit social security pension entitlements at 259% of GDP in 2003. The figure is broadly in line with the results published in a study by the Banque de France, in cooperation with the US Bureau of Economic Analysis. According to the calculations undertaken for Germany by DESTATIS, social security pension entitlements amounted to about 230% of GDP in 2005. The entitlements derived for social security pension schemes in these country studies compare well with the estimates provided for the euro area (278% of GDP in 2007). Preliminary estimates for pension schemes established for civil servants have been carried out recently in some country studies. For the euro area, they amounted to 52% of GDP in 2007.[9]

These estimates should be considered from two perspectives, namely that of households and that of the government. From the household perspective, they provide additional information on household assets, including contingent pension entitlements. From the government's perspective, they add to the data on government liabilities, including contingent pension obligations. However, as set out in Box 3, these

9 See R. Holzmann et al. 2001; D. Blanchet and S. Le Minez, "Assessing implicit pension liabilities for the French pension system: a micro-founded approach", a paper prepared for the 30th General Conference of the IARIW, August 2008; D. Durant and M. Reinsdorf, "Implicit social security and pension wealth in household assets in the US and France", a paper prepared for the 30th General Conference of the IARIW, August 2008; and A. Braakmann, J. Grütz and T. Haug, "Das Renten- und Pensionsvermögen in den Volkswirtschaftlichen Gesamtrechnungen", Statistisches Bundesamt, *Wirtschaft und Statistik* 12/2007, pp. 1167-79.

Table 4 Sensitivity analysis of household entitlements under government pension schemes in the euro area

(percentages of household GDI)

Real discount rate as a percentage	Real wage growth rate as a percentage: 1		1.5		2	
Schemes	G	H	G	H	G	H
2.6	79.2	419.1	83.9	446.3	89.2	477.2
2.8	76.6	404.6	81.1	430.2	86.1	459.3
3.0	74.2	390.8	78.5	415.0	83.2	442.4
3.2	71.9	377.8	75.9	400.7	80.4	426.5
3.4	69.7	365.5	73.5	387.2	77.8	411.6

Sources: ECB and Research Centre for Generational Contracts, Freiburg University.
Notes: Pension entitlements as percentages of household GDI; end-2007; projected-benefit-obligation valuation; sensitivity analysis based on varying the real discount rate and real wage growth; baseline scenario: a real discount rate of 3% and real wage growth of 1.5%; G – government-managed unfunded defined-benefit schemes; H – social security pension schemes.

figures do not allow a direct assessment of fiscal sustainability, which would need to be based on a more comprehensive approach, including revenue projections.

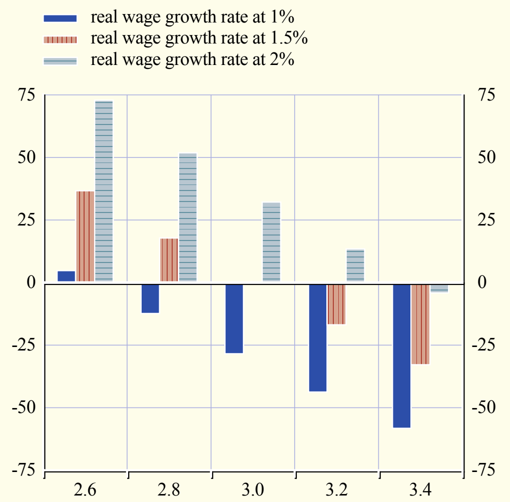
Similar actuarial calculations have been carried out by the US Bureau of Economic Analysis for private and government-managed defined-benefit schemes and for social security pension schemes in the United States.[10] Currently, both defined-benefit and defined-contribution schemes play important roles in financing retirement for households.[11] While government-managed unfunded defined-benefit schemes are virtually non-existent in the United States, pension entitlements from private defined-benefit pension schemes add the equivalent of about 80% of US household GDI to US household assets (see also Table 5, row 5). Moreover, US household have contingent social security pension entitlements of about 160% of household GDI (see also Table 5, row 10).[12]

In order to account for the uncertainty surrounding the actuarial estimates of contingent pension entitlements of euro area households, sensitivity analyses were carried out. The calculations shown

Chart 4 Sensitivity analysis by varying the real discount rate and the real wage growth rate

(percentages of household GDI)

Government-managed unfunded defined-benefit schemes and social security pension schemes



Sources: ECB and Research Centre for Generational Contracts, Freiburg University.
Notes: Pension entitlements as deviations from the baseline scenario as percentages of household GDI; end-2007; projected-benefit-obligation valuation; sensitivity analysis based on varying the percentage of the real discount rate (x-axis) and the real wage growth rate; baseline scenario: a real discount rate of 3% and a real wage growth rate of 1.5%.

10 See M. B. Reinsdorf and D. G. Lenze, “Defined benefit pensions and household income and wealth”, Survey of Current Business, August 2009; and D. Durant and M. Reinsdorf, op. cit.

11 In the US private sector, newly established pension schemes are almost always defined-contribution schemes. The number of private sector defined-benefit schemes is declining very slowly but remains above 40,000. The population covered is ageing rapidly, so that benefit payments are rising faster than contributions. Moreover, the United States also has over 2,500 defined-benefit pension schemes for employees of state and local governments, while the federal government manages about 40 defined-benefit schemes for its employees.

12 Social security is covered in the estimates for the United States. It is a social insurance programme, not a social assistance programme. It is not very different from social security in Europe, except that the benefits are generally lower relative to average earnings because of the expectation that the retiree will also have income from employer schemes or from individual insurance schemes.

in Table 4 and Chart 4 are based on various model assumptions, with a baseline scenario assuming a long-term real discount rate of 3% and an annual real wage growth of 1.5%. To check the robustness of the results, the baseline assumptions were changed as indicated in the table and in the chart. For these calculations, the projected-benefit-obligation (PBO) method was applied (see Box 2).

As shown in Chart 4, the impact of a change in the real discount rate on the amount of pension entitlements is substantially higher than that of changes in the real wage growth. The calculations based on the PBO valuation lead to stocks of pension entitlements that are usually 10% to 20% higher than entitlements valued on the basis of the accrued benefit obligations (ABO). Moreover, the sensitivities in the case of PBO valuation are more pronounced than in the case of ABO valuation. Hence, accrued-to-date pension entitlements related to government-managed pension schemes amounted to between 430% and 570% of household GDI in the euro area at the end of 2007.

Box 2

ACTUARIAL ESTIMATES OF PENSION ENTITLEMENTS

All pension entitlements of households are assessed as part of the extended household balance sheet in the national accounts (showing assets and contingent assets) at a certain point in time, usually at the year-end. The pension entitlements under unfunded social insurance are recorded in gross terms, meaning that no accrued-to-date obligations of households reflecting future social contributions to finance the pension entitlements are taken into account; instead only the accrued-to-date pension entitlements for current and future pension benefits are covered, i.e. the pension entitlements accrued by current workers (including deferred pension entitlements) and the remaining pension entitlements of existing pensioners. As for all national accounts data, the data are measured ex post, as they include only the current values of the entitlements that arise from already accrued pension rights. The method is based on observable past events and transactions, such as membership of the pension scheme and contributions paid. However, these ex post measures also rely on some assumptions in the modelling process. The probability that current contributors may die or become disabled before reaching pensionable age needs to be estimated. The approach also covers future changes to the (defined) pension benefits owing to any legislation enacted prior to the year for which pension entitlements are calculated. Finally, the method requires assumptions about future developments, notably the development of the discount rate for future pension disbursements.

As with all other assets, the pension entitlements are entered into the extended household balance sheet at their value on the balance sheet date. Since actuarial values for pension entitlements related to unfunded social insurance in the euro area are typically not made available by the manager of the pension scheme, compilers of national accounts have to estimate the actuarial value.

The real discount rate applied has a relatively large impact on the overall amount estimated. Sensitivity analyses using several different discount rates (or discount rate differentials) are strongly recommended. Three choices may be considered for a discount rate to be applied to government-managed pension schemes: (i) a discount rate based on the yield on (central) government bonds; (ii) a discount rate based on the yield on high quality corporate bonds; and (iii) a risk-free rate reflecting the time value of money. The preferred discount rate is the yield on central government bonds (or, exceptionally, high quality corporate bonds). These should, ideally, have a residual maturity of the same order as the pension entitlements (e.g. 30 years, which corresponds to the average length of pension entitlement payments).

Another important aspect is the assumption about real wage growth used in the calculations of entitlements under defined-benefit pension schemes, where the level of pensions is determined by applying a formula to the member's salary. One approach is to assume that there is no future real wage growth – the accrued-benefit-obligation method. The alternative approach is to make an explicit non-zero assumption for wage growth – the projected-benefit-obligation method – which would take account of expected promotions and other factors driving real wages.

A COMPREHENSIVE VIEW OF HOUSEHOLD PENSION ENTITLEMENTS AND GOVERNMENT PENSION OBLIGATIONS

The data provided in balance sheets for the euro area and in these preliminary compilations allow a more comprehensive picture of household assets – including household contingent pension assets – and liabilities, to be drawn. Household wealth is broken down into non-financial assets (housing) and financial assets. Table 5 illustrates that household assets in the euro area (excluding contingent pension entitlements) were more than seven times annual household GDI at the end of 2007; the same calculation for the United States shows that household entitlements were more than eight times larger than annual household GDI. Contingent pension entitlements of households in the euro area are larger than those in the United States – at approximately five times and two times annual household GDI respectively. There are

Table 5 Household assets, liabilities, net worth and contingent pension entitlements in the euro area and the United States

(multiples of household GDI; end-2007)

Item	Euro area	United States
Assets	**7.3**	**8.3**
Non-financial assets	4.4	2.8
Financial assets	3.0	5.5
Of which:		
Life insurance and pension assets (as currently reported)	0.8	1.3
Of which:		
Pension entitlements under private defined-benefit schemes [1]	.	0.8
Liabilities	**0.9**	**1.4**
Net worth (assets minus liabilities)	**6.4**	**6.9**
Memo items:		
Contingent pension entitlements	*4.9*	*1.6*
Under government-managed defined-benefit schemes [2]	*0.8*	*0.0* [3]
Under social security pension schemes	*4.2*	*1.6* [4]

Sources: ECB, European Commission (Eurostat), Research Centre for Generational Contracts, Freiburg University, US Bureau of Economic Analysis and US Federal Reserve Board.
1) For the euro area, data are not yet available; for the United States, data refer to end-2006.
2) Government-managed defined-benefit schemes are predominantly unfunded in the euro area, but are predominantly funded in the United States.
3) Government-managed unfunded defined-benefit schemes are practically non-existent in the United States although the pre-1983 federal government scheme was unfunded and still supports many retirees.
4) US households have contingent social security pension entitlements.

Table 6 General government debt and contingent pension entitlements in the euro area and the United States

(multiples of GDP; end-2007)

Item	Euro area	United States
Maastricht debt	**0.7**	**0.6** [1]
Memo items:		
Contingent pension obligations	***3.3***	***1.1***
Government-managed defined-benefit schemes [2]	*0.5*	*0.0* [3]
Social security pension schemes	*2.8*	*1.1* [4]
Debt including contingent pension obligations	***4.0***	***1.7***

Sources: ECB, European Commission (Eurostat), Research Centre for Generational Contracts, Freiburg University, US Bureau of Economic Analysis and US Federal Reserve Board.
1) Currency and deposits, loans and debt securities incurred by general government (consolidated).
2) Government-managed defined-benefit schemes are predominantly unfunded in the euro area, but are predominantly funded in the United States.
3) Government-managed unfunded defined-benefit schemes are practically non-existent in the United States.
4) US households have contingent social security pension entitlements.

practically no pension entitlements recorded under US government-managed unfunded defined-benefit schemes, but many under social security pension schemes.

From the figures shown in Table 5 information can be derived on government pension obligations arising from government-managed pension schemes at the end of 2007. Table 6 provides an overview of gross government debt in the euro area and in the United States as conventionally measured. It shows that government debt was between 60% and 70% of GDP (see Table 6). If all contingent pension liabilities are taken into account, government obligations in the euro area at the end of 2007 were more than five times higher than gross government debt (see Table 6). The associated increase in government obligations is less significant in the United States.

ASSESSING THE IMPACT OF PENSION REFORMS ON ENTITLEMENTS UNDER GOVERNMENT PENSION SCHEMES

The calculations presented above may have substantial implications for future rates of benefits, taxes and social contributions. Reforms of government-managed defined-benefit pension schemes are on the agenda of most governments in the euro area as these schemes are far more strongly affected by demographic changes than defined-contribution pension schemes. A demographic change that reduces the number of contributors relative to the beneficiaries will require a reduction in average pension benefits if contribution rates are to remain constant. Alternatively, for constant pension benefits, contribution rates (or tax payments) would have to be increased. To avoid an unbalanced burden either on beneficiaries or on contributors, different strategies of pension reform are typically considered.

Reforms may take the form of adjusting the existing scheme arrangements with regard to the level of pension benefits and social contributions (parametric reforms). Alternatively, fundamental changes may be made to the structure of the financing of pension benefits (systemic reforms). They may be carried out by setting up a new scheme for new contributions or new contributors, while largely maintaining the current scheme for accrued entitlements. Policy simulations based on pension models are useful for broadly assessing the impact of parametric pension reforms by modifying parameters and input data for existing schemes. In this context, several important determining factors of the accrued pension entitlements can be identified. The levels of pension benefits actually paid are regarded as quite important as they are a direct determinant of the stock of pension entitlements. The retirement age is an additional determining factor. Other factors are the indexation of pension benefits, as well as reductions in future pension benefits on account of pension reforms already enacted.

In several euro area countries, pension reforms have been carried out in recent years by, inter alia, gradually raising the statutory retirement age. If the effective retirement age rises in line with the increase in the statutory retirement age, pension benefits will decrease as eligible individuals will draw pension payments for a shorter period of time. In parallel, the payment of pension contributions over a longer period adds to the revenue of pension schemes.

According to policy simulations, the impact of raising the effective retirement age for the euro area by one year would lower pension entitlements by 2.7%, and by 5.2% if it is increased by two years (relative to the baseline scenario shown in Table 4). A further aspect to be considered when modelling such an increase in the retirement age is that the outcome of the reform depends also on the behavioural assumptions regarding new beneficiaries with respect to changes in the retirement age, the penalty for early retirement and legislation on, for example, granting disability benefits.

4 PROJECTIONS OF THE IMPACT OF AGEING POPULATIONS ON GOVERNMENT PENSION EXPENDITURE – THE 2009 AGEING REPORT

In April 2009 the ECOFIN Council endorsed the 2009 Ageing Report for the EU-27 Member States (2008-2060), which had been prepared by the European Commission and the Economic Policy Committee on the basis of commonly agreed demographic and macroeconomic assumptions. As explained in Box 3, the concept of implicit pension liabilities, as applied in the Ageing Report, differs from that of estimating accrued-to-date pension entitlements in the national accounts as it projects total age-related government expenditure including pensions over a long horizon.

Both concepts are linked to each other: accrued-to-date pension entitlements are compiled ex post taking into consideration all "claims" accrued by current workers and the remaining pension entitlements of existing pensioners. In this respect, they are only a sub-set of implicit pension liabilities. Implicit pension liabilities also include, in addition to pension entitlements that have accrued to date, inter alia, pensions to be paid to people who are not yet in the labour market, some of whom have not even been born yet. To this extent, implicit pension liabilities are a forward-looking concept that is based on a broader set of projections.[13]

13 The amount of such implicit liabilities may be much higher than the amount of accrued-to-date pension entitlements. In an empirical study undertaken with data for the social security pension scheme in Germany, these implicit pension liabilities (open-system gross pension obligations) were calculated at 622% of GDP in 2006 of which less than half were accrued-to-date pension obligations. Future social contributions and taxes added up to 535% of GDP in 2006 leading to a relatively low balancing item, the "financing gap" of approximately 88% of GDP. See C. Müller, B. Raffelhueschen and O. Weddige, "Measuring pension liabilities and the perspective of sustainability: the case of the reformed German statutory pension scheme", Discussion Paper No 39, Research Centre for Generational Contracts, Freiburg University, September 2009.

Box 3

PENSION ENTITLEMENTS ACCRUED TO DATE AND IMPLICIT PENSION LIABILITIES

The concepts of accrued-to-date pension entitlements and implicit pension liabilities, as applied in the 2009 Ageing Report for the EU-27 Member States (2008-2060), are linked to each other. Accrued-to-date contingent pension entitlements are compiled on the basis of a national accounts concept. They are derived ex post as they only include the pension entitlements accrued by current workers and the remaining pension entitlements of existing pensioners.

Pension entitlements accrued to date are a component of a broader definition of implicit pension liabilities. They represent only a fraction of the pensions to be paid in the future. According to the 2009 Ageing Report, government pension expenditure in the euro area is projected to increase by 2.8 percentage points to nearly 14% of GDP by 2060 if it is assumed that policies remain unchanged.[1] These future payments can be divided into four groups: (a) for each year, pensions have to be paid to people who have already retired today. Given the mortality of pensioners, this group of payments is expected to progressively decline in importance and will become zero upon the death of the last people who have already retired today; (b) pensions have to be paid in future to people working today, in relation to the entitlement they have already acquired up to the present moment. This share of payments will increase for several years, as people currently working will progressively retire; it will then decrease in line with mortality; (c) pensions have to be paid to people already in the labour market, in relation to the entitlements they will accumulate from the present moment until their retirement; and (d) pensions have to be paid in the distant future to people who are not yet in the labour market, some of whom are yet to be born.

Accrued-to-date pension entitlements, as measured in national accounts, correspond to (a) and (b) if account is taken of the necessary modelling assumptions such as the discount rate or wage growth. The concept that is relevant for assessing sustainability, by contrast, corresponds to (a) to (d), together with the related government revenues. However, implicit pension liabilities are also derived by making corresponding assumptions related to the discount rate and other parameters of pension models.

Accordingly, accrued-to-date pension entitlements are based on a backward-looking actuarial estimation, even though the estimation requires projections on the future development of interest rates, wages and the population. By contrast, implicit pension liabilities are a forward-looking concept based on a broader set of projections, and they are set to be used in the EU's new medium-term budgetary objectives. For reasons of consistency, it is appropriate to harmonise the data input for calculations of accrued-to-date contingent pension entitlements and also for projections of government pension expenditure.

In practice, there are cases in which the results derived for accrued-to-date pension entitlements and for implicit pension liabilities appear to point in different directions. Countries may have large accrued-to-date contingent pension entitlements, but their implicit pension liabilities are not expected to increase in the future. These countries have mature pension systems, so that large accrued-to-date contingent pension entitlements have been accumulated over time.

1 The results of the 2009 Ageing Report are described in Box 7 of the June 2009 issue of the Monthly Bulletin.

On account of both demographic developments and the design of the pension system, however, future pension expenditures are not under strain. On the other hand, there are also countries that may have small accrued-to-date contingent pension entitlements, but their implicit pension liabilities are expected to increase in the future. These are typically countries that have a new pension system, so that the accrued-to-date contingent pension entitlements are still small. These countries will have obligations for the future pensioners in the future, and these are reflected in their implicit pension liabilities.

5 CONCLUSION

As described in the article, the 2008 SNA foresees supplementary data on pension entitlements of households under government pension schemes, as will the European System of Accounts, which is currently being revised. Following this approach, the European Commission (Eurostat)/ECB Task Force on Pensions has already undertaken preparatory work to provide estimates of these pension entitlements under unfunded defined-benefit schemes managed by government and under social security schemes. In the absence of data from other sources or reporting agents, the national statistical institutes have carried out these estimates in cooperation with other national agencies. This was a rather new and challenging task, requiring extensive experience in actuarial finance.

The data compiled in accordance with the new, globally agreed and harmonised methodology confirm that accrued-to-date contingent pension entitlements are very significant in the euro area, even exceeding the portfolio of all financial assets or that of non-financial assets owned by households. They total approximately 490% of households' annual gross disposable income (or 330% of GDP). In terms of government obligations, they are about five times higher than government debt. The results are in line with those of earlier studies reviewed by the World Bank for a wide range of countries, including several euro area countries, and with estimates calculated by the national statistical offices of Germany and France.

It must be stressed that the compilation of general government accrued-to-date pension obligations does not allow an assessment of the sustainability of public finances. This would only be possible if the evolution of future contributions to the pension schemes were fully accounted for. Nevertheless, if recorded systematically over a long time horizon, data on accrued-to-date pension obligations may contribute usefully to gauging, inter alia, to what extent the size of pension obligations changes in response to reforms of government pension schemes, e.g. increases in the statutory retirement age.

Given the size of the ageing-related fiscal burden, it is necessary for countries to find an intergenerational balance between securing appropriate pensions in the future and maintaining the social security burden for members of the labour force within tolerable limits. The same also applies to other types of government obligations in the form of health care and long-term care. The implementation of the so-called three-pronged strategy agreed upon by the Stockholm European Council in 2001 is essential. It comprises (i) fostering fiscal consolidation, (ii) increasing productivity and employment and (iii) reforming social security systems including pensions.

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 2009 TO INCLUDE SLOVAKIA

Unless otherwise indicated, all data series including observations for 2009 and beyond relate to the Euro 16 (the euro area including Slovakia) for the whole time series. For interest rates, monetary statistics and the HICP (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), the statistical series relating to the euro area cover the EU Member States that had adopted the euro at the time to which the statistics relate. Where applicable, this is indicated in the tables by means of a footnote. In such cases, where underlying data are available, absolute and percentage changes for the respective year of entry into the euro area of Greece (2001), Slovenia (2007), Cyprus (2008), Malta (2008) and Slovakia (2009), calculated from bases covering the year prior to the year of entry, use a series in which the impact of these countries' joining the euro area is taken into account. Historical data referring to the euro area before the entry of Slovakia are available on the ECB's website at: http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html

Conventions used in the tables

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

EURO AREA OVERVIEW

Summary of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

1. Monetary developments and interest rates [1]

	M1 [2]	M2 [2]	M3 [2], [3]	M3 [2], [3] 3-month moving average (centred)	MFI loans to euro area residents excluding MFIs and general government [2]	Securities other than shares issued in euro by non-MFI corporations [2]	3-month interest rate (EURIBOR; % per annum; period averages)	10-year spot rate (% per annum; end of period) [4]
	1	2	3	4	5	6	7	8
2008	2.4	9.6	9.7	-	9.5	18.9	4.64	3.69
2009	.	.	.	-	.	.	1.22	3.76
2009 Q1	5.3	7.3	6.1	-	4.6	26.1	2.01	3.77
Q2	8.0	5.5	4.4	-	2.1	27.8	1.31	3.99
Q3	12.3	4.5	2.8	-	0.4	25.3	0.87	3.64
Q4	.	.	.	-	.	.	0.72	3.76
2009 July	12.2	4.7	3.0	3.1	0.6	26.9	0.97	3.74
Aug.	13.6	4.6	2.6	2.5	0.1	24.0	0.86	3.68
Sep.	12.8	3.6	1.8	1.6	-0.3	24.3	0.77	3.64
Oct.	11.8	2.3	0.3	0.6	-0.8	23.6	0.74	3.68
Nov.	12.6	1.9	-0.2	.	-0.7	19.7	0.72	3.57
Dec.	.	.	.	.	.	.	0.71	3.76

2. Prices, output, demand and labour markets

	HICP [1]	Industrial producer prices	Hourly labour costs	Real GDP	Industrial production excluding construction	Capacity utilisation in manufacturing (percentages)	Employment	Unemployment (% of labour force)
	1	2	3	4	5	6	7	8
2008	3.3	6.1	3.4	0.6	-1.7	81.8	0.7	7.5
2009	.	.	.	.	.	.	.	.
2009 Q2	0.2	-5.7	4.3	-4.8	-18.6	70.0	-1.8	9.3
Q3	-0.4	-7.8	3.2	-4.0	-14.5	70.1	-2.1	9.7
Q4	.	.	.	.	.	.	.	.
2009 July	-0.7	-8.4	-	-	-15.8	69.6	-	9.5
Aug.	-0.2	-7.5	-	-	-15.1	-	-	9.6
Sep.	-0.3	-7.6	-	-	-12.7	-	-	9.8
Oct.	-0.1	-6.6	-	-	-10.9	70.7	-	9.9
Nov.	0.5	-4.5	-	-	.	-	-	10.0
Dec.	0.9	.	-	-	.	-	-	.

3. Balance of payments, reserve assets and exchange rates

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)				Reserve assets (end-of-period positions)	Effective exchange rate of the euro: EER-21 [5] (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Direct investment	Portfolio investment		Nominal	Real (CPI)	
	1	2	3	4	5	6	7	8
2008	-133.3	-11.4	-189.0	350.5	374.2	110.5	110.1	1.4708
2009	.	.	.	.	.	111.7	110.6	1.3948
2009 Q1	-36.6	-7.7	-58.8	129.9	395.7	109.9	109.2	1.3029
Q2	-17.4	12.5	-0.6	98.1	381.5	111.1	110.2	1.3632
Q3	3.2	13.5	-14.9	96.6	430.9	112.1	110.9	1.4303
Q4	.	.	.	.	.	113.8	112.2	1.4779
2009 July	10.7	12.6	8.5	-3.0	386.5	111.6	110.5	1.4088
Aug.	-2.8	-1.0	2.8	46.1	428.0	111.7	110.6	1.4268
Sep.	-4.6	1.9	-26.2	53.5	430.9	112.9	111.6	1.4562
Oct.	-3.6	7.5	-1.5	19.2	437.9	114.3	112.8	1.4816
Nov.	.	.	.	.	464.2	114.0	112.5	1.4914
Dec.	.	.	.	.	.	113.0	111.4	1.4614

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

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

MONETARY POLICY STATISTICS

1.1 Consolidated financial statement of the Eurosystem
(EUR millions)

1. Assets

	18 December 2009	25 December 2009	1 January 2010	8 January 2010
Gold and gold receivables	238,147	238,147	266,919	266,919
Claims on non-euro area residents in foreign currency	192,094	191,909	195,480	196,138
Claims on euro area residents in foreign currency	33,260	31,708	32,151	31,434
Claims on non-euro area residents in euro	15,733	15,696	15,198	16,190
Lending to euro area credit institutions in euro	722,935	728,584	749,906	724,030
Main refinancing operations	53,574	59,221	79,293	54,652
Longer-term refinancing operations	669,288	669,296	669,297	669,303
Fine-tuning reverse operations	0	0	0	0
Structural reverse operations	0	0	0	0
Marginal lending facility	45	40	1,289	46
Credits related to margin calls	28	27	27	30
Other claims on euro area credit institutions in euro	24,752	25,765	26,281	26,890
Securities of euro area residents in euro	329,221	329,546	328,652	329,637
Securities held for monetary policy purposes	27,679	28,504	28,782	29,112
Other securities	301,542	301,042	299,870	300,526
General government debt in euro	36,183	36,188	36,161	36,171
Other assets	250,027	254,921	254,188	252,181
Total assets	1,842,352	1,852,463	1,904,935	1,879,590

2. Liabilities

	18 December 2009	25 December 2009	1 January 2010	8 January 2010
Banknotes in circulation	797,502	807,191	806,522	796,391
Liabilities to euro area credit institutions in euro	389,312	368,683	395,614	387,831
Current accounts (covering the minimum reserve system)	252,825	204,594	233,490	160,684
Deposit facility	136,477	164,088	162,117	227,141
Fixed-term deposits	0	0	0	0
Fine-tuning reverse operations	0	0	0	0
Deposits related to margin calls	10	1	6	6
Other liabilities to euro area credit institutions in euro	292	330	340	497
Debt certificates issued	0	0	0	0
Liabilities to other euro area residents in euro	113,295	133,760	129,749	123,371
Liabilities to non-euro area residents in euro	47,391	46,459	46,759	46,338
Liabilities to euro area residents in foreign currency	3,310	3,703	4,032	4,710
Liabilities to non-euro area residents in foreign currency	9,345	9,567	9,616	9,560
Counterpart of special drawing rights allocated by the IMF	50,906	50,906	51,249	51,249
Other liabilities	165,782	166,647	167,840	166,468
Revaluation accounts	192,254	192,254	220,212	220,213
Capital and reserves	72,963	72,964	73,001	72,962
Total liabilities	1,842,352	1,852,463	1,904,935	1,879,590

Source: ECB.

1.2 Key ECB interest rates
(levels in percentages per annum; changes in percentage points)

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

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

1.3 Eurosystem monetary policy operations allotted through tender procedures [1), 2)]
(EUR millions; interest rates in percentages per annum)

1. Main and longer-term refinancing operations [3), 4)]

Date of settlement	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures			Running for (...) days
				Fixed rate	Minimum bid rate	Marginal rate [5)]	Weighted average rate	
	1	2	3	4	5	6	7	8
	Main refinancing operations							
2009 16 Sep.	87,800	318	87,800	1.00	-	-	-	7
23	85,004	332	85,004	1.00	-	-	-	7
30	66,767	244	66,767	1.00	-	-	-	7
7 Oct.	62,620	224	62,620	1.00	-	-	-	7
14	61,565	218	61,565	1.00	-	-	-	7
21	49,803	224	49,803	1.00	-	-	-	7
28	48,660	188	48,660	1.00	-	-	-	7
4 Nov.	46,201	170	46,201	1.00	-	-	-	7
11	51,250	160	51,250	1.00	-	-	-	7
18	52,580	177	52,580	1.00	-	-	-	7
25	59,066	168	59,066	1.00	-	-	-	7
2 Dec.	58,128	137	58,128	1.00	-	-	-	6
8	55,779	111	55,779	1.00	-	-	-	8
16	52,899	125	52,899	1.00	-	-	-	7
23	58,575	109	58,575	1.00	-	-	-	7
30	78,647	132	78,647	1.00	-	-	-	7
2010 6 Jan.	54,023	100	54,023	1.00	-	-	-	7
13	60,077	102	60,077	1.00	-	-	-	7
	Longer-term refinancing operations							
2009 8 Oct.	1,128	8	1,128	1.00	-	-	-	98
8	2,368	22	2,368	1.00	-	-	-	182
14	7,741	19	7,741	1.00	-	-	-	28
29	3,284	25	3,284	1.00	-	-	-	91
11 Nov.	2,536	12	2,536	1.00	-	-	-	27
12	10,794	9	10,794	1.00	-	-	-	91
12	782	21	782	1.00	-	-	-	182
26	2,065	19	2,065	1.00	-	-	-	91
8 Dec.	2,655	8	2,655	1.00	-	-	-	43
10	2,933	9	2,933	1.00	-	-	-	91
10	1,728	21	1,728	1.00	-	-	-	182
17	2,558	21	2,558	1.00	-	-	-	105
17 [6)]	96,937	224	96,937	.	-	-	-	371

2. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures				Running for (...) days
					Fixed rate	Minimum bid rate	Maximum bid rate	Marginal rate [5)]	Weighted average rate	
	1	2	3	4	5	6	7	8	9	10
2008 9 Oct.	Reverse transaction	24,682	99	24,682	3.75	-	-	-	-	6
11 Nov.	Collection of fixed-term deposits	149,656	117	79,940	-	-	3.75	3.60	3.51	1
9 Dec.	Collection of fixed-term deposits	152,655	95	137,456	-	-	3.25	3.05	2.94	1
2009 20 Jan.	Collection of fixed-term deposits	143,835	103	140,013	-	-	2.50	2.30	2.15	1
10 Feb.	Collection of fixed-term deposits	130,435	119	129,135	-	-	2.00	1.80	1.36	1
10 Mar.	Collection of fixed-term deposits	111,502	119	110,832	-	-	2.00	1.80	1.52	1
7 Apr.	Collection of fixed-term deposits	105,486	114	103,876	-	-	1.50	1.30	1.12	1
12 May	Collection of fixed-term deposits	109,091	128	108,056	-	-	1.25	1.05	0.93	1
9 June	Collection of fixed-term deposits	91,551	101	57,912	-	-	1.00	0.80	0.77	1
7 July	Collection of fixed-term deposits	279,477	165	275,986	-	-	1.00	0.80	0.64	1
11 Aug.	Collection of fixed-term deposits	238,847	159	238,345	-	-	1.00	0.80	0.70	1
8 Sep.	Collection of fixed-term deposits	196,299	157	195,099	-	-	1.00	0.80	0.73	1
13 Oct.	Collection of fixed-term deposits	170,131	160	169,680	-	-	1.00	0.80	0.74	1
10 Nov.	Collection of fixed-term deposits	191,883	165	191,379	-	-	1.00	0.80	0.76	1
7 Dec.	Collection of fixed-term deposits	130,896	147	129,709	-	-	1.00	0.80	0.76	1

Source: ECB.

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

1.4 Minimum reserve and liquidity statistics

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

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at: [1]	Total	Liabilities to which a 2% reserve coefficient is applied		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2007	17,394.7	9,438.8	815.0	2,143.1	1,364.0	3,633.9
2008	18,169.6	10,056.8	848.7	2,376.9	1,243.5	3,643.7
2009 June	18,518.3	10,003.9	818.8	2,432.6	1,207.0	4,056.0
July	18,432.9	9,891.2	818.9	2,436.0	1,204.6	4,082.1
Aug.	18,319.0	9,817.8	799.7	2,427.1	1,172.3	4,102.1
Sep.	18,280.1	9,752.0	786.1	2,453.9	1,206.6	4,081.5
Oct.	18,260.1	9,766.9	763.3	2,420.9	1,224.8	4,084.2

2. Reserve maintenance

Maintenance period ending on:	Required reserves	Credit institutions' current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
2008	217.2	218.7	1.5	0.0	3.25
2009	210.2	211.4	1.2	0.0	1.00
2009 11 Aug.	216.0	216.9	0.9	0.0	1.00
8 Sep.	215.9	216.9	1.0	0.0	1.00
13 Oct.	213.7	214.7	1.1	0.0	1.00
10 Nov.	211.8	212.8	1.0	0.0	1.00
7 Dec.	210.2	211.4	1.2	0.0	1.00
2010 19 Jan.	210.1	.	.	.	.

3. Liquidity

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money
		Monetary policy operations of the Eurosystem										
	Eurosystem's net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations [2]	Deposit facility	Other liquidity-absorbing operations [3]	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)		
	1	2	3	4	5	6	7	8	9	10	11	12
2008	580.5	337.3	457.2	2.7	0.0	200.9	4.9	731.1	107.8	114.3	218.7	1,150.7
2009	407.6	55.8	593.4	0.7	24.6	65.7	9.9	775.2	150.1	-130.2	211.4	1,052.3
2009 7 July	457.1	221.4	504.9	1.3	0.0	119.7	9.9	763.1	137.9	-65.1	219.2	1,102.0
11 Aug.	433.6	94.1	694.0	0.3	2.8	185.1	22.1	770.8	133.9	-103.9	216.9	1,172.8
8 Sep.	427.6	74.8	645.4	0.3	8.4	136.7	18.5	769.1	125.7	-110.4	216.9	1,122.7
13 Oct.	421.4	79.1	616.9	0.3	14.3	109.6	12.9	768.8	139.0	-113.1	214.7	1,093.1
10 Nov.	413.0	52.3	626.1	0.3	20.1	86.5	12.0	770.7	148.7	-118.9	212.8	1,070.0
7 Dec.	407.6	55.8	593.4	0.7	24.6	65.7	9.9	775.2	150.1	-130.2	211.4	1,052.3

Source: ECB.
1) End of period.
2) Includes liquidity provided under the Eurosystem's covered bond purchase programme.
3) Includes liquidity absorbed as a result of the Eurosystem's foreign exchange swap operations.
For more information, please see: http://www.ecb.europa.eu/mopo/liq/html/index.en.html

2 MONEY, BANKING AND INVESTMENT FUNDS

2.1 Aggregated balance sheet of euro area MFIs [1]

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Money market fund shares/ units [2]	Holdings of shares/ other equity issued by euro area residents	External assets	Fixed assets	Remaining assets
		Total	General government	Other euro area residents	MFIs	Total	General government	Other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Eurosystem													
2007	2,046.2	1,031.7	17.8	0.6	1,013.3	268.6	225.1	1.9	41.6	-	17.4	395.3	15.2	318.0
2008	2,982.9	1,809.4	18.6	0.6	1,790.1	350.8	308.0	2.4	40.3	-	14.4	476.7	15.7	316.1
2009 Q1	2,783.6	1,555.3	18.7	0.7	1,535.9	374.1	322.7	2.5	48.9	-	13.9	490.2	15.7	334.3
Q2	2,893.4	1,671.5	17.7	0.7	1,653.1	385.4	327.0	2.7	55.7	-	15.0	480.7	16.4	324.4
2009 July	2,734.4	1,500.7	17.7	0.7	1,482.4	391.8	327.8	3.0	60.9	-	15.3	483.6	16.5	326.6
Aug.	2,723.6	1,451.3	17.6	0.7	1,433.1	400.6	332.1	3.3	65.3	-	15.7	518.4	16.4	321.2
Sep.	2,746.8	1,465.9	17.6	0.7	1,447.7	408.4	336.0	3.3	69.2	-	16.1	517.5	16.6	322.2
Oct.	2,693.0	1,405.3	17.6	0.7	1,387.1	410.6	333.7	3.6	73.3	-	16.0	529.4	16.6	315.0
Nov. (p)	2,659.4	1,340.1	17.6	0.7	1,321.9	416.1	334.3	3.7	78.2	-	16.1	555.8	16.6	314.7
	MFIs excluding the Eurosystem													
2007	29,440.2	16,893.0	954.5	10,144.3	5,794.2	3,890.6	1,197.1	953.2	1,740.3	93.5	1,293.8	4,878.9	205.7	2,184.7
2008	31,835.8	18,052.0	967.7	10,771.7	6,312.6	4,630.9	1,244.7	1,406.7	1,979.5	98.7	1,199.5	4,754.3	211.4	2,888.9
2009 Q1	31,750.6	17,913.7	970.6	10,815.0	6,128.1	4,920.1	1,387.3	1,446.9	2,085.8	104.1	1,185.5	4,545.7	215.0	2,866.5
Q2	31,815.0	18,050.7	998.2	10,836.2	6,216.3	5,085.8	1,466.2	1,496.1	2,123.5	95.6	1,198.9	4,431.3	215.0	2,737.8
2009 July	31,720.2	17,945.9	998.9	10,799.5	6,147.6	5,110.5	1,475.8	1,493.9	2,140.8	95.3	1,204.8	4,390.3	215.8	2,757.5
Aug.	31,498.3	17,783.0	1,003.8	10,734.8	6,044.4	5,104.0	1,475.6	1,492.8	2,135.6	94.8	1,213.0	4,343.4	215.9	2,744.3
Sep.	31,274.2	17,665.6	994.3	10,770.5	5,900.9	5,115.4	1,504.9	1,491.9	2,118.6	90.6	1,222.0	4,266.6	216.3	2,697.6
Oct.	31,207.7	17,649.0	1,014.3	10,724.2	5,910.5	5,102.3	1,517.5	1,490.0	2,094.9	88.7	1,225.2	4,263.5	217.1	2,661.9
Nov. (p)	31,330.9	17,664.0	1,007.6	10,752.8	5,903.6	5,106.3	1,519.4	1,489.1	2,097.8	88.2	1,239.1	4,243.8	218.1	2,771.6

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/ units [3]	Debt securities issued [4]	Capital and reserves	External liabilities	Remaining liabilities
			Total	Central government	Other general government/ other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
	Eurosystem										
2007	2,046.2	697.0	714.7	23.9	19.1	671.8	-	0.1	238.0	113.9	282.5
2008	2,982.9	784.7	1,217.5	68.8	16.6	1,132.1	-	0.1	273.8	377.8	329.0
2009 Q1	2,783.6	768.9	1,114.9	135.6	23.3	956.0	-	0.1	296.4	296.0	307.4
Q2	2,893.4	785.9	1,257.5	125.1	23.6	1,108.7	-	0.1	283.3	202.6	364.0
2009 July	2,734.4	795.1	1,106.7	128.2	20.2	958.2	-	0.1	286.7	187.1	358.8
Aug.	2,723.6	790.0	1,097.0	124.0	21.7	951.3	-	0.1	288.6	177.2	370.8
Sep.	2,746.8	789.7	1,149.0	138.4	23.0	987.6	-	0.1	292.7	154.1	361.1
Oct.	2,693.0	794.1	1,095.2	152.8	26.0	916.4	-	0.1	297.3	144.9	361.4
Nov. (p)	2,659.4	798.7	1,037.0	129.3	27.7	880.0	-	0.1	321.4	143.9	358.4
	MFIs excluding the Eurosystem										
2007	29,440.2	-	15,081.8	126.9	8,867.4	6,087.5	754.1	4,630.9	1,683.6	4,538.6	2,751.1
2008	31,835.8	-	16,741.8	190.8	9,689.8	6,861.2	825.1	4,848.3	1,767.2	4,402.7	3,250.6
2009 Q1	31,750.6	-	16,597.4	216.2	9,772.1	6,609.1	885.2	4,936.1	1,778.2	4,349.8	3,203.7
Q2	31,815.0	-	16,771.6	227.1	9,917.5	6,626.9	837.5	4,984.9	1,839.8	4,236.9	3,144.2
2009 July	31,720.2	-	16,605.9	170.0	9,888.0	6,547.8	853.6	5,008.7	1,854.3	4,198.7	3,199.0
Aug.	31,498.3	-	16,444.2	148.9	9,873.2	6,422.2	854.4	5,004.0	1,875.4	4,133.9	3,186.4
Sep.	31,274.2	-	16,348.5	156.7	9,903.8	6,287.9	831.4	4,961.6	1,879.4	4,084.9	3,168.5
Oct.	31,207.7	-	16,323.4	164.8	9,877.7	6,280.8	823.8	4,928.3	1,883.6	4,093.6	3,155.0
Nov. (p)	31,330.9	-	16,356.0	174.8	9,900.5	6,280.7	809.7	4,930.9	1,896.4	4,073.3	3,264.6

Source: ECB.

1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) Amounts issued by euro area residents. Amounts issued by non-euro area residents are included in external assets.
3) Amounts held by euro area residents.
4) Amounts issued with a maturity of up to two years and held by non-euro area residents are included in external liabilities.

2.2 Consolidated balance sheet of euro area MFIs [1]

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

1. Assets

	Total	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/ other equity issued by other euro area residents	External assets	Fixed assets	Remaining assets
		Total	General government	Other euro area residents	Total	General government	Other euro area residents				
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2007	22,316.2	11,117.3	972.3	10,144.9	2,377.3	1,422.2	955.1	882.2	5,274.2	220.9	2,444.3
2008	24,108.0	11,758.6	986.3	10,772.3	2,961.8	1,552.7	1,409.1	786.1	5,231.0	227.1	3,143.3
2009 Q1	24,152.9	11,804.9	989.3	10,815.6	3,159.5	1,710.1	1,449.4	770.0	5,035.9	230.7	3,151.9
Q2	24,080.1	11,852.7	1,015.9	10,836.8	3,292.1	1,793.2	1,498.9	780.7	4,911.9	231.3	3,011.3
2009 July	24,035.6	11,816.7	1,016.6	10,800.1	3,300.6	1,803.7	1,496.9	777.7	4,873.9	232.3	3,034.5
Aug.	23,945.6	11,756.8	1,021.4	10,735.4	3,303.8	1,807.7	1,496.0	774.2	4,861.8	232.4	3,016.6
Sep.	23,897.6	11,783.0	1,011.9	10,771.1	3,336.1	1,840.9	1,495.2	790.7	4,784.1	232.9	2,970.8
Oct.	23,849.2	11,756.7	1,031.8	10,724.9	3,344.9	1,851.2	1,493.6	792.7	4,793.0	233.6	2,928.3
Nov. (p)	24,009.5	11,778.6	1,025.2	10,753.4	3,346.4	1,853.7	1,492.7	812.7	4,799.6	234.7	3,037.6
	Transactions										
2007	2,572.2	1,014.5	-9.9	1,024.4	232.2	-46.3	278.5	55.5	806.6	-0.5	464.4
2008	1,598.3	597.9	12.4	585.5	372.5	58.1	314.5	-56.1	-81.6	-2.2	768.9
2009 Q1	-139.8	7.4	2.0	5.4	178.9	141.9	37.0	-4.3	-274.1	2.1	-49.8
Q2	-224.3	68.5	27.0	41.5	144.2	89.3	54.8	6.0	-63.1	0.6	-381.5
Q3	-156.0	-49.2	-3.9	-45.3	32.6	39.5	-6.9	-6.2	-91.9	1.8	-42.9
2009 July	-49.5	-29.5	0.7	-30.2	3.2	6.2	-3.0	-7.0	-39.2	1.2	21.9
Aug.	-102.0	-56.9	4.8	-61.7	1.9	3.5	-1.6	-7.1	-22.9	0.1	-17.2
Sep.	-4.5	37.2	-9.4	46.6	27.5	29.8	-2.4	7.9	-29.7	0.5	-47.6
Oct.	-37.4	-18.6	20.0	-38.6	7.7	11.4	-3.7	3.6	13.5	0.8	-44.3
Nov. (p)	153.1	25.8	-4.9	30.7	0.8	1.1	-0.3	12.6	5.0	1.0	107.9

2. Liabilities

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Money market fund shares/ units [2]	Debt securities issued [3]	Capital and reserves	External liabilities	Remaining liabilities	Excess of inter-MFI liabilities over inter-MFI assets
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2007	22,316.2	638.6	150.8	8,886.5	660.4	2,849.1	1,492.7	4,652.5	3,033.6	-48.2
2008	24,108.0	722.9	259.6	9,706.5	726.1	2,828.6	1,613.3	4,780.5	3,579.6	-109.5
2009 Q1	24,152.9	719.9	351.8	9,795.4	780.8	2,801.4	1,645.2	4,645.9	3,511.1	-98.9
Q2	24,080.1	735.0	352.3	9,941.1	741.7	2,805.9	1,690.0	4,439.5	3,508.2	-133.9
2009 July	24,035.6	745.5	298.2	9,908.3	758.0	2,807.1	1,698.6	4,385.8	3,557.8	-123.9
Aug.	23,945.6	741.2	272.8	9,894.9	759.3	2,803.2	1,709.6	4,311.1	3,557.1	-104.0
Sep.	23,897.6	740.6	295.1	9,926.8	740.5	2,774.0	1,724.7	4,239.0	3,529.6	-73.0
Oct.	23,849.2	745.4	317.6	9,903.8	734.9	2,760.3	1,732.4	4,238.5	3,516.4	-100.4
Nov. (p)	24,009.5	750.1	304.0	9,928.2	721.2	2,755.0	1,775.4	4,217.1	3,623.0	-64.8
	Transactions									
2007	2,572.2	45.8	-13.4	838.7	54.5	269.3	150.2	847.6	450.0	-70.7
2008	1,598.3	83.3	106.1	603.8	29.8	-30.1	142.3	93.3	595.3	-25.6
2009 Q1	-139.8	-4.3	89.3	32.8	55.8	-37.4	17.6	-212.8	-93.5	12.8
Q2	-224.3	15.0	0.5	154.1	-20.0	18.1	53.5	-167.7	-240.0	-37.9
Q3	-156.0	5.7	-45.7	-1.1	-2.4	-15.4	15.0	-122.8	-50.2	60.9
2009 July	-49.5	10.5	-54.1	-32.6	16.0	0.4	2.5	-50.7	42.7	15.8
Aug.	-102.0	-4.3	-14.0	-10.9	1.1	2.2	5.9	-49.2	-50.1	17.3
Sep.	-4.5	-0.5	22.3	42.5	-19.5	-18.0	6.6	-22.8	-42.9	27.7
Oct.	-37.4	4.8	22.5	-8.1	-4.8	-11.0	4.9	9.2	-26.8	-28.1
Nov. (p)	153.1	4.7	-13.6	13.8	-15.5	0.5	21.4	2.7	104.4	34.7

Source: ECB.
1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) Amounts held by euro area residents.
3) Amounts issued with a maturity of up to two years and held by non-euro area residents are included in external liabilities.

2.3 Monetary statistics [1]

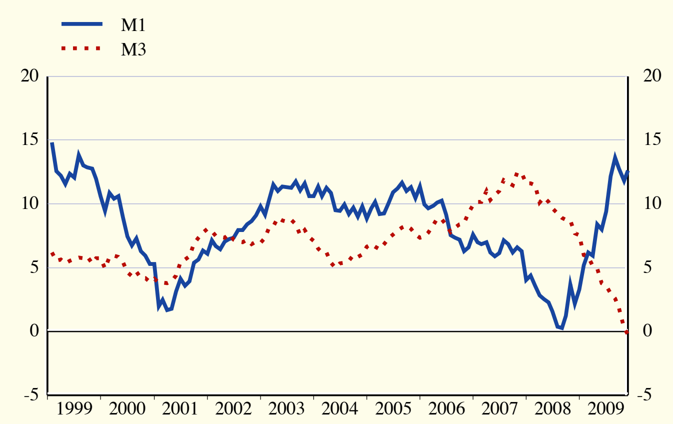
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

1. Monetary aggregates [2] and counterparts

	M3: M2: M1	M3: M2: M2-M1	M3: M2	M3: M3-M2	M3	M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents	Credit to other euro area residents: Loans	Credit to other euro area residents: Memo item: Loans adjusted for sales and securitisation [4]	Net external assets [3]
	1	2	3	4	5	6	7	8	9	10	11	12
						Outstanding amounts						
2007	3,830.5	3,509.8	7,340.3	1,305.6	8,645.9	-	5,968.3	2,416.4	12,009.7	10,161.9	-	596.0
2008	3,974.2	4,035.5	8,009.7	1,376.8	9,386.5	-	6,294.2	2,562.3	12,989.5	10,788.1	-	423.4
2009 Q1	4,118.8	3,956.5	8,075.3	1,310.9	9,386.2	-	6,443.4	2,687.5	13,034.1	10,813.5	-	389.9
Q2	4,236.8	3,894.4	8,131.2	1,275.4	9,406.6	-	6,550.8	2,792.5	13,077.8	10,810.1	-	473.9
2009 July	4,332.6	3,846.5	8,179.1	1,249.7	9,428.8	-	6,577.8	2,815.3	13,048.8	10,767.3	-	488.1
Aug.	4,399.1	3,822.8	8,221.8	1,214.8	9,436.6	-	6,634.7	2,845.0	13,055.5	10,761.4	-	564.6
Sep.	4,402.7	3,784.3	8,187.1	1,228.5	9,415.6	-	6,650.3	2,870.3	13,080.6	10,762.8	-	551.1
Oct.	4,484.0	3,730.7	8,214.7	1,184.6	9,399.2	-	6,638.8	2,895.7	13,035.3	10,738.3	-	536.8
Nov. (p)	4,462.1	3,711.6	8,173.7	1,166.0	9,339.7	-	6,728.4	2,881.9	13,064.2	10,753.5	-	560.8
						Transactions						
2007	148.7	529.7	678.4	221.4	899.8	-	469.1	-59.6	1,361.7	1,028.2	1,119.6	-42.8
2008	125.3	484.8	610.1	46.5	656.7	-	169.2	70.4	839.3	584.2	746.1	-176.3
2009 Q1	109.0	-95.6	13.5	-62.1	-48.6	-	115.4	108.8	15.2	-12.6	8.9	-34.3
Q2	137.7	-71.5	66.1	-18.1	48.0	-	129.5	111.6	64.8	16.8	36.0	106.2
Q3	167.5	-100.9	66.6	-49.2	17.4	-	99.9	69.7	3.4	-27.0	-23.7	35.4
2009 July	95.7	-47.7	48.0	-26.8	21.2	-	20.9	18.6	-27.5	-36.3	-34.7	10.1
Aug.	67.3	-22.9	44.4	-35.3	9.1	-	58.7	29.2	5.2	-3.0	2.3	40.3
Sep.	4.5	-30.3	-25.8	12.9	-12.9	-	20.3	21.9	25.6	12.3	8.7	-15.0
Oct.	81.6	-52.6	29.0	-43.9	-14.9	-	2.9	26.6	-38.1	-16.8	-12.2	-19.3
Nov. (p)	-21.2	-18.4	-39.6	-19.1	-58.7	-	60.4	-13.4	24.1	17.3	16.0	-1.7
						Growth rates						
2007 Dec.	4.0	17.9	10.2	20.2	11.6	11.9	8.6	-2.6	12.8	11.2	12.1	-42.8
2008 Dec.	3.3	13.7	8.3	3.5	7.5	7.1	2.8	2.9	7.0	5.7	7.2	-176.3
2009 Mar.	6.0	6.5	6.2	-1.1	5.1	5.3	4.2	7.6	4.6	3.1	4.7	-128.2
June	9.4	0.4	4.9	-4.0	3.6	3.5	5.2	10.7	2.9	1.4	2.7	126.0
2009 July	12.2	-2.7	4.7	-6.7	3.0	3.1	5.2	10.9	1.9	0.6	1.8	143.8
Aug.	13.6	-4.1	4.6	-9.3	2.6	2.5	5.5	11.5	1.1	0.1	1.3	172.7
Sep.	12.8	-5.3	3.6	-8.8	1.8	1.6	5.6	13.6	1.0	-0.3	0.9	138.1
Oct.	11.8	-7.2	2.3	-11.8	0.3	0.6	6.5	15.2	0.5	-0.8	0.3	62.3
Nov. (p)	12.6	-8.6	1.9	-12.9	-0.2	.	6.9	13.3	0.4	-0.7	0.1	58.3

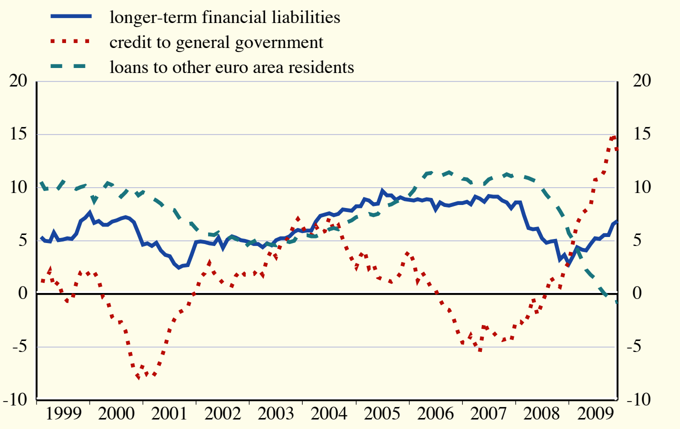
C1 Monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C2 Counterparts [1]

(annual growth rates; seasonally adjusted)



Source: ECB.

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

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

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

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

2.3 Monetary statistics [1]

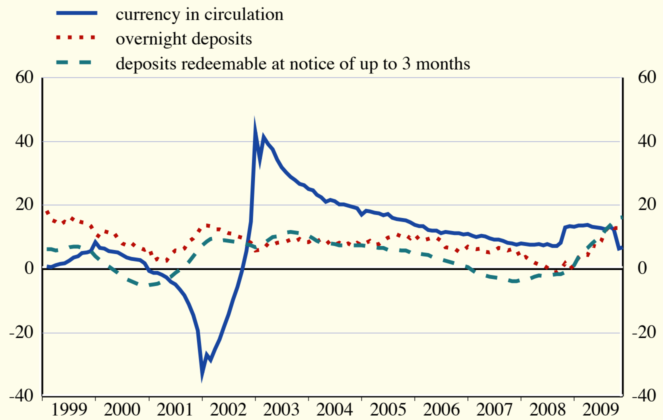
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

	Currency in circulation	Overnight deposits	Deposits with an agreed maturity of up to 2 years	Deposits redeemable at notice of up to 3 months	Repos	Money market fund shares/units	Debt securities with a maturity of up to 2 years	Debt securities with a maturiy of over 2 years	Deposits redeemable at notice of over 3 months	Deposits with an agreed maturity of over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
						Outstanding amounts					
2007	625.6	3,204.9	1,969.3	1,540.5	307.6	685.9	312.2	2,549.6	119.3	1,812.8	1,486.6
2008	709.9	3,264.3	2,468.5	1,567.0	354.3	755.6	266.8	2,575.5	121.2	1,990.7	1,606.7
2009 Q1	727.5	3,391.4	2,314.8	1,641.8	340.6	776.0	194.4	2,607.8	124.2	2,071.8	1,639.5
Q2	734.2	3,502.6	2,199.6	1,694.8	351.3	742.2	182.0	2,607.9	129.4	2,118.4	1,695.1
2009 July	733.6	3,599.0	2,125.3	1,721.2	328.9	747.0	173.8	2,618.7	130.9	2,133.9	1,694.3
Aug.	742.8	3,656.3	2,080.9	1,741.9	308.2	747.1	159.4	2,636.8	132.2	2,151.3	1,714.3
Sep.	747.3	3,655.4	2,025.0	1,759.4	326.9	750.8	150.8	2,622.2	133.5	2,174.9	1,719.7
Oct.	745.2	3,738.8	1,946.2	1,784.5	300.6	744.7	139.3	2,613.4	134.9	2,161.1	1,729.5
Nov. (p)	753.6	3,708.5	1,918.2	1,793.5	310.3	726.6	129.1	2,626.4	134.0	2,188.1	1,779.9
						Transactions					
2007	46.7	102.1	582.2	-52.5	42.1	58.7	120.6	149.5	9.7	160.4	149.5
2008	83.3	42.0	464.8	20.0	48.0	33.3	-34.7	6.2	0.6	20.6	141.8
2009 Q1	16.2	92.9	-170.0	74.4	-13.8	21.5	-69.7	19.1	2.2	75.5	18.5
Q2	6.8	130.9	-125.3	53.8	10.9	-15.0	-14.0	15.3	4.5	45.3	64.4
Q3	13.1	154.4	-165.6	64.7	-24.3	7.4	-32.4	32.0	4.1	58.9	4.8
2009 July	-0.6	96.3	-74.2	26.5	-22.4	4.5	-9.0	10.8	1.5	15.5	-6.9
Aug.	9.2	58.1	-43.6	20.7	-20.6	-0.2	-14.5	24.2	1.3	18.3	14.9
Sep.	4.6	-0.1	-47.8	17.5	18.7	3.0	-8.9	-3.0	1.3	25.2	-3.1
Oct.	-2.2	83.8	-77.8	25.1	-26.3	-5.3	-12.3	-5.3	1.5	-0.3	7.0
Nov. (p)	8.5	-29.6	-27.4	9.0	9.7	-19.9	-8.9	17.6	-0.9	14.9	28.8
						Growth rates					
2007 Dec.	8.1	3.3	41.3	-3.4	15.8	9.2	62.1	6.3	9.5	9.7	11.4
2008 Dec.	13.3	1.3	23.4	1.3	15.5	4.8	-11.6	0.3	0.5	1.1	9.7
2009 Mar.	13.8	4.4	6.6	6.6	8.2	4.1	-26.9	0.7	3.7	4.9	9.1
June	12.8	8.7	-6.1	10.3	5.3	2.8	-33.7	0.2	9.3	6.4	12.1
2009 July	12.5	12.1	-12.1	12.2	-3.5	3.8	-38.3	-0.1	10.9	7.2	11.2
Aug.	13.2	13.7	-15.2	13.6	-7.9	1.9	-41.9	0.5	12.8	7.8	10.7
Sep.	12.5	12.8	-17.8	14.9	-2.9	3.1	-47.2	0.7	15.0	9.4	8.4
Oct.	6.5	12.9	-21.6	16.2	-11.8	2.7	-50.3	3.4	14.3	9.6	7.3
Nov. (p)	6.8	13.8	-23.8	16.3	-6.3	-1.0	-53.0	4.1	11.4	10.2	6.9

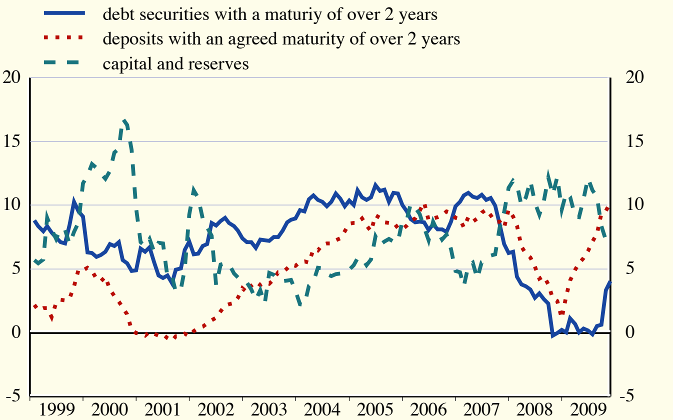
C3 Components of monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C4 Components of longer-term financial liabilities [1]

(annual growth rates; seasonally adjusted)



Source: ECB.

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

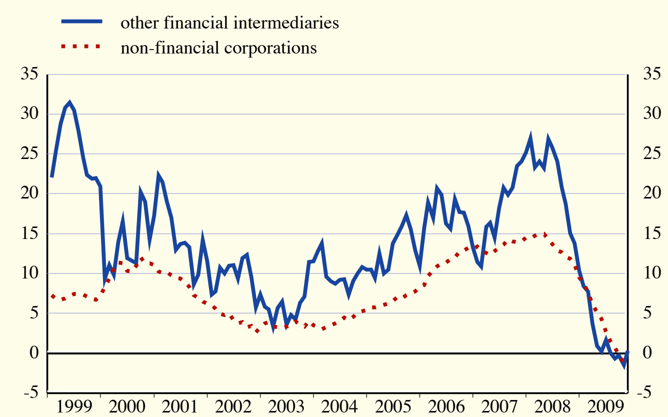
2.4 MFI loans: breakdown [1), 2)]

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

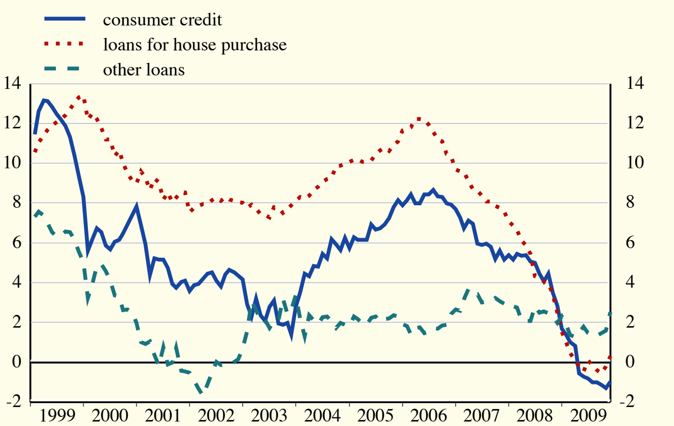
1. Loans to financial intermediaries, non-financial corporations and households

	Insurance corporations and pension funds	Other financial intermediaries [3)]	Non-financial corporations				Households [4)]			
	Total	Total	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Consumer credit	Loans for house purchase	Other loans
	1	2	3	4	5	6	7	8	9	10
					Outstanding amounts					
2007	107.5	881.5	4,384.0	1,281.1	860.2	2,242.7	4,788.9	616.5	3,425.2	747.1
2008	103.6	978.8	4,823.1	1,381.2	961.6	2,480.3	4,882.6	630.8	3,487.6	764.3
2009 Q1	102.5	975.5	4,847.0	1,338.5	981.4	2,527.1	4,888.5	640.7	3,486.3	761.5
Q2	103.3	1,026.8	4,788.7	1,282.7	974.7	2,531.4	4,891.3	635.6	3,487.5	768.2
2009 July	97.5	1,012.8	4,764.7	1,250.8	968.3	2,545.5	4,892.4	632.3	3,493.6	766.5
Aug.	94.6	1,000.4	4,766.2	1,251.8	962.7	2,551.6	4,900.2	630.7	3,500.9	768.6
Sep.	97.7	1,003.7	4,751.5	1,242.4	955.4	2,553.7	4,909.9	630.5	3,510.0	769.4
Oct.	91.9	997.1	4,730.4	1,224.5	948.3	2,557.6	4,918.9	628.3	3,520.3	770.4
Nov. (p)	88.2	1,008.4	4,721.5	1,211.8	940.6	2,569.0	4,935.5	629.5	3,529.2	776.8
					Transactions					
2007	16.7	177.2	554.8	145.2	155.9	253.8	279.5	31.5	228.0	20.0
2008	-4.4	88.6	419.3	87.1	120.1	212.2	80.7	10.5	53.0	17.2
2009 Q1	-4.4	-10.4	10.3	-41.7	13.8	38.2	-8.0	2.2	-8.6	-1.6
Q2	2.2	51.7	-41.0	-50.6	-1.4	11.0	4.0	-4.7	2.4	6.2
Q3	-5.6	-20.7	-27.6	-38.1	-15.9	26.5	26.9	1.9	21.2	3.7
2009 July	-5.8	-14.7	-21.0	-31.1	-5.1	15.1	5.2	-0.3	6.5	-0.9
Aug.	-2.9	-11.5	2.9	2.1	-6.1	6.9	8.5	0.6	5.9	2.0
Sep.	3.1	5.5	-9.4	-9.1	-4.8	4.5	13.1	1.6	8.9	2.6
Oct.	-5.7	-5.2	-16.0	-18.3	-5.4	7.7	10.1	-1.4	10.0	1.5
Nov. (p)	-3.7	12.4	-8.2	-11.9	-6.7	10.4	16.9	0.5	8.9	7.4
					Growth rates					
2007 Dec.	18.2	24.9	14.5	12.7	22.0	12.8	6.2	5.4	7.1	2.7
2008 Dec.	-4.1	10.1	9.5	6.8	13.9	9.4	1.7	1.7	1.5	2.3
2009 Mar.	-6.0	3.8	6.1	-0.5	11.0	8.1	0.4	0.8	0.1	1.3
June	-0.2	1.8	2.7	-5.8	7.1	5.9	0.2	-0.8	0.1	1.4
2009 July	-4.2	-0.1	1.5	-8.7	5.9	5.6	0.0	-1.0	-0.1	1.3
Aug.	-8.5	-0.7	0.7	-9.3	3.7	5.2	-0.2	-1.0	-0.4	1.3
Sep.	-6.5	-0.2	-0.2	-10.2	2.2	4.5	-0.3	-1.1	-0.6	1.4
Oct.	-11.9	-1.4	-1.2	-11.7	0.9	3.8	-0.1	-1.3	-0.2	1.6
Nov. (p)	-13.4	0.3	-1.9	-12.1	-1.2	3.6	0.5	-1.0	0.3	2.5

C5 Loans to other financial intermediaries and non-financial corporations [2)] (annual growth rates; not seasonally adjusted)



C6 Loans to households [2)] (annual growth rates; not seasonally adjusted)



Source: ECB.

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

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

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

2. Loans to financial intermediaries and non-financial corporations

	Insurance corporations and pension funds				Other financial intermediaries [3)]				Non-financial corporations			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2008	92.4	68.6	5.7	18.0	961.2	554.1	169.0	238.0	4,829.4	1,379.1	961.3	2,489.0
2009 Q1	102.0	75.6	6.2	20.2	991.4	572.3	181.2	237.9	4,842.7	1,335.7	981.9	2,525.1
Q2	107.4	82.8	7.3	17.2	1,026.2	600.3	184.4	241.5	4,803.3	1,296.6	974.8	2,531.9
2009 Aug.	94.5	69.6	7.7	17.2	985.7	554.5	184.0	247.2	4,752.9	1,240.0	962.2	2,550.8
Sep.	97.6	73.1	7.7	16.8	1,015.3	579.9	188.8	246.6	4,740.6	1,236.0	954.7	2,549.9
Oct.	93.7	68.4	7.9	17.5	987.9	564.5	176.0	247.5	4,720.2	1,218.0	948.9	2,553.2
Nov. (p)	89.3	64.5	7.6	17.1	1,005.5	586.7	173.0	245.9	4,718.1	1,213.1	940.8	2,564.2
	Transactions											
2008	-4.0	-3.1	-1.8	0.9	89.5	26.9	20.3	42.4	420.0	86.8	120.1	213.0
2009 Q1	6.2	5.6	0.6	0.1	23.2	13.5	12.2	-2.5	-0.4	-42.4	14.5	27.6
Q2	6.8	7.3	1.1	-1.6	35.2	30.0	1.9	3.3	-22.1	-33.9	-1.7	13.5
Q3	-9.7	-9.7	0.3	-0.4	-8.5	-18.2	4.0	5.7	-53.0	-58.4	-16.7	22.1
2009 Aug.	-5.9	-6.6	0.5	0.2	-24.0	-22.3	-3.4	1.7	-31.5	-23.9	-9.9	2.2
Sep.	3.2	3.6	0.0	-0.4	31.8	26.7	5.3	-0.2	-7.1	-3.7	-4.9	1.5
Oct.	-3.8	-4.7	0.2	0.7	-25.9	-20.1	-6.7	0.9	-15.2	-18.4	-4.1	7.2
Nov. (p)	-4.5	-3.8	-0.2	-0.4	18.7	22.9	-2.9	-1.4	-1.4	-4.3	-7.1	10.0
	Growth rates											
2008 Dec.	-4.1	-4.3	-23.7	5.0	10.4	5.3	13.7	22.0	9.5	6.8	13.9	9.4
2009 Mar.	-5.6	-7.7	-18.0	10.3	3.7	-4.7	19.4	17.2	6.2	-0.5	11.0	8.1
June	0.2	0.7	-3.7	0.6	1.7	-4.4	13.2	11.0	2.7	-5.8	7.2	5.9
2009 Aug.	-8.5	-11.6	17.1	-3.2	-0.7	-6.8	10.2	7.4	0.7	-9.3	3.7	5.2
Sep.	-6.2	-8.2	21.5	-6.4	-0.3	-5.7	10.6	6.5	-0.2	-10.2	2.2	4.5
Oct.	-12.0	-17.3	38.1	-2.3	-1.5	-8.2	8.4	9.6	-1.2	-11.7	0.9	3.8
Nov. (p)	-13.6	-18.2	37.5	-8.5	0.3	-3.6	3.8	8.2	-1.9	-12.1	-1.2	3.5

3. Loans to households [4)]

	Total	Consumer credit				Loans for house purchase				Other loans			
		Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2008	4,888.7	633.1	138.8	196.2	298.0	3,490.3	17.2	67.5	3,405.7	765.3	155.0	90.5	519.7
2009 Q1	4,878.9	637.7	136.2	199.8	301.6	3,480.9	16.3	65.6	3,399.0	760.3	150.7	88.7	520.9
Q2	4,899.2	639.1	136.6	198.6	303.9	3,487.4	15.8	64.1	3,407.5	772.8	154.4	88.3	530.1
2009 Aug.	4,901.7	631.2	133.6	196.6	301.0	3,503.0	15.7	64.1	3,423.2	767.4	146.3	88.1	533.1
Sep.	4,917.0	632.0	134.5	195.9	301.7	3,515.3	15.7	64.3	3,435.3	769.7	149.1	88.0	532.6
Oct.	4,922.3	630.3	133.1	195.3	301.8	3,522.9	15.6	64.2	3,443.1	769.2	146.6	87.7	534.8
Nov. (p)	4,939.9	628.9	132.8	194.7	301.4	3,531.6	15.5	64.3	3,451.8	779.4	151.7	87.5	540.2
	Transactions												
2008	80.0	10.4	1.0	-9.1	18.6	52.4	1.1	-3.8	55.1	17.2	2.5	-5.3	20.1
2009 Q1	-23.7	-3.0	-2.6	-2.2	1.7	-16.8	-0.9	-3.3	-12.5	-3.9	-4.2	-1.5	1.9
Q2	21.6	1.8	0.7	-0.9	2.0	7.7	-0.8	-1.5	10.0	12.1	4.0	-0.1	8.1
Q3	26.1	0.0	-1.4	-0.1	1.4	26.8	0.0	0.2	26.5	-0.7	-5.0	-0.1	4.5
2009 Aug.	-0.3	-2.6	-0.9	-1.6	-0.1	2.2	-0.1	0.0	2.3	0.1	-0.9	-0.5	1.5
Sep.	18.7	2.6	1.2	0.8	0.6	12.1	0.0	0.1	11.9	4.0	3.0	0.0	1.0
Oct.	6.4	-0.9	-1.2	-0.3	0.5	7.3	-0.1	-0.3	7.7	0.0	-2.4	-0.1	2.5
Nov. (p)	17.9	-2.1	-0.1	-0.5	-1.5	8.7	-0.1	0.1	8.7	11.2	5.0	-0.2	6.4
	Growth rates												
2008 Dec.	1.7	1.7	0.7	-4.4	6.7	1.5	7.0	-5.2	1.6	2.3	1.7	-5.1	4.0
2009 Mar.	0.4	0.8	0.0	-4.5	5.0	0.1	1.0	-9.0	0.3	1.3	-0.2	-7.2	3.5
June	0.2	-0.8	-1.8	-5.5	3.0	0.1	-2.4	-11.2	0.3	1.5	-1.7	-5.7	3.8
2009 Aug.	-0.2	-1.0	-1.9	-5.4	2.5	-0.4	-3.2	-11.0	-0.1	1.3	-2.9	-4.4	3.7
Sep.	-0.3	-1.1	-2.5	-4.4	1.7	-0.5	-8.5	-9.7	-0.3	1.5	-2.8	-3.8	3.7
Oct.	-0.1	-1.3	-3.2	-4.0	1.4	-0.2	-9.6	-9.3	0.0	1.6	-2.8	-3.5	3.8
Nov. (p)	0.5	-1.0	-1.3	-3.8	1.1	0.3	-9.7	-8.1	0.5	2.5	-2.0	-2.6	4.8

Source: ECB.

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

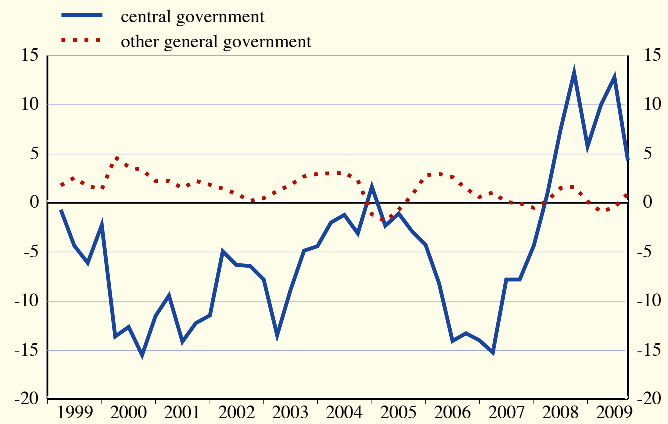
2.4 MFI loans: breakdown [1), 2)]

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

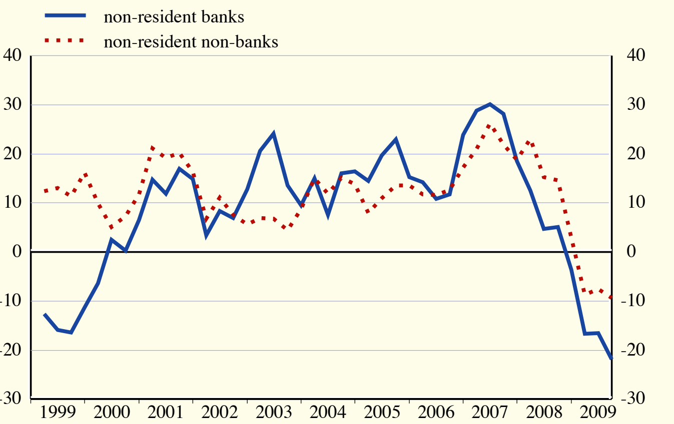
4. Loans to government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2006	809.0	104.0	232.5	446.6	25.8	2,931.8	2,070.6	861.2	63.1	798.1
2007	954.5	213.4	217.6	494.1	29.4	3,300.2	2,344.5	955.7	59.8	895.9
2008 Q4	967.7	227.0	210.1	508.4	22.2	3,247.8	2,282.0	965.8	57.8	908.1
2009 Q1	970.6	232.8	205.6	511.2	21.0	3,057.1	2,101.0	956.1	59.2	896.9
Q2	998.2	249.2	206.5	513.9	28.6	2,949.3	1,999.7	949.6	57.2	892.3
Q3 (p)	994.3	235.5	209.7	518.2	30.7	2,807.7	1,893.6	914.2	48.6	865.6
	Transactions									
2007	-8.0	-4.5	-13.0	6.0	3.6	540.7	381.4	159.3	0.3	159.0
2008	13.2	12.3	-8.1	16.2	-7.2	-59.3	-85.8	26.4	0.3	26.1
2008 Q4	-9.5	1.1	-0.2	12.8	-23.2	-257.6	-182.6	-75.0	-0.7	-74.3
2009 Q1	2.0	5.4	-4.4	2.2	-1.2	-234.0	-208.5	-25.7	0.3	-26.0
Q2	28.1	16.9	0.9	2.7	7.6	-72.1	-79.0	7.2	-1.0	8.2
Q3 (p)	-3.7	-13.6	3.2	4.3	2.1	-74.8	-69.8	-4.9	1.5	-6.4
	Growth rates									
2006 Dec.	-1.6	-14.0	-5.8	5.2	-11.6	21.9	23.9	17.2	-0.1	18.8
2007 Dec.	-1.0	-4.3	-5.6	1.3	13.8	18.6	18.5	18.8	0.5	20.2
2008 Dec.	1.4	5.8	-3.7	3.3	-24.5	-1.8	-3.6	2.8	0.5	3.0
2009 Mar.	1.5	10.0	-3.6	3.5	-43.5	-14.3	-16.7	-8.7	-3.6	-9.0
June	2.6	12.8	-4.1	3.9	-31.9	-13.8	-16.5	-7.5	-7.6	-7.5
Sep. (p)	1.7	4.3	-0.2	4.4	-32.3	-18.2	-21.9	-9.3	0.2	-9.9

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



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



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

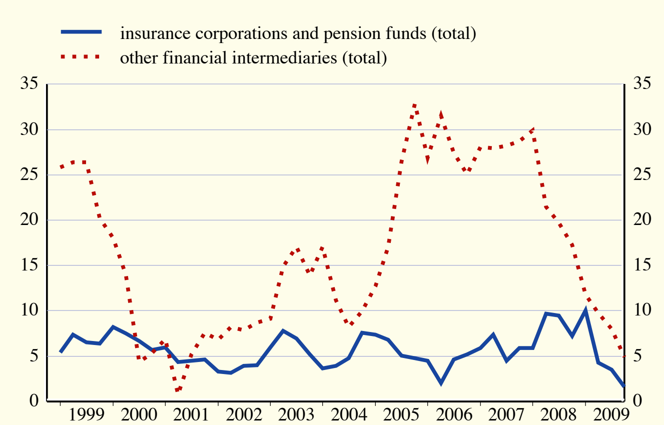
2.5 Deposits held with MFIs: breakdown [1), 2)]

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

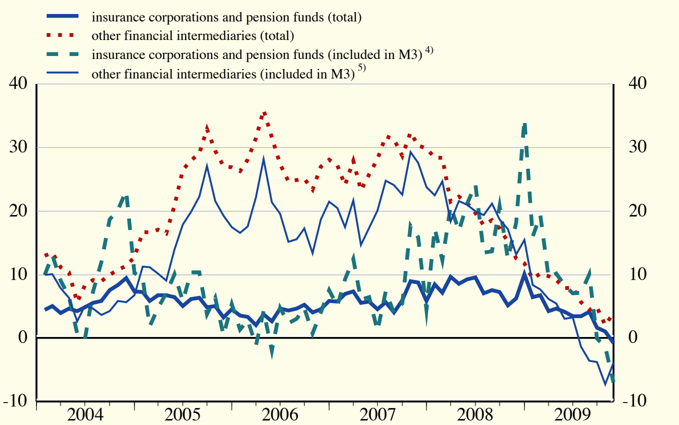
1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries [3)]						
	Total	Overnight	With an agreed maturity of: Up to 2 years	With an agreed maturity of: Over 2 years	Redeemable at notice of: Up to 3 months	Redeemable at notice of: Over 3 months	Repos	Total	Overnight	With an agreed maturity of: Up to 2 years	With an agreed maturity of: Over 2 years	Redeemable at notice of: Up to 3 months	Redeemable at notice of: Over 3 months	Repos
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Outstanding amounts														
2007	689.5	70.8	69.6	526.4	0.8	1.1	20.8	1,465.0	311.8	345.5	648.1	12.2	0.3	147.1
2008	760.9	83.7	114.1	537.5	1.1	1.5	23.1	1,802.3	320.2	419.8	852.9	12.3	0.1	197.0
2009 Q1	760.8	91.5	98.3	545.7	2.3	1.5	21.4	1,839.9	335.4	350.2	905.0	14.4	0.0	234.7
Q2	749.4	85.1	91.4	550.6	1.7	1.5	19.0	1,896.8	337.2	342.6	947.8	14.1	0.0	255.0
2009 July	748.0	85.8	91.3	550.7	1.8	1.5	16.9	1,858.8	316.8	345.6	950.3	14.6	0.0	231.4
Aug.	748.0	86.8	87.9	551.2	1.8	1.5	18.7	1,840.8	305.3	349.8	945.5	14.5	0.1	225.5
Sep.	742.8	83.1	86.7	550.5	1.9	1.4	19.2	1,865.0	314.5	333.9	948.7	14.4	0.2	253.3
Oct.	745.2	85.6	90.0	548.0	2.0	1.4	18.3	1,820.7	320.6	324.3	926.0	15.8	0.1	233.9
Nov. (p)	736.5	84.6	82.0	545.7	2.0	1.4	20.8	1,849.6	324.9	331.5	939.2	16.1	0.0	237.8
Transactions														
2007	38.5	0.8	10.4	31.9	-0.3	-0.3	-4.1	338.9	33.9	98.7	180.4	1.7	0.1	24.1
2008	69.4	12.4	42.8	12.3	-0.3	0.1	2.2	172.4	4.5	71.0	46.6	-0.3	-0.3	51.0
2009 Q1	-5.0	5.4	-17.2	8.0	0.5	0.0	-1.7	33.8	11.6	-68.3	50.7	2.1	0.0	37.7
Q2	-11.3	-6.3	-6.9	4.9	-0.5	0.0	-2.4	61.0	19.5	-20.0	41.4	-0.2	0.0	20.4
Q3	-6.3	-1.9	-4.5	-0.1	0.1	-0.1	0.1	-22.3	-22.8	-1.5	3.2	0.4	0.1	-1.7
2009 July	-1.3	0.7	-0.1	0.1	0.1	0.0	-2.1	-37.9	-20.3	3.1	2.5	0.5	0.0	-23.6
Aug.	0.1	1.0	-3.3	0.5	0.0	0.0	1.8	-16.5	-11.2	4.6	-4.1	-0.1	0.1	-5.9
Sep.	-5.0	-3.6	-1.1	-0.7	0.0	-0.1	0.5	32.1	8.8	-9.2	4.7	0.0	0.0	27.8
Oct.	2.5	2.5	3.3	-2.6	0.1	0.0	-0.8	-30.4	6.4	-9.3	-9.4	1.4	0.0	-19.4
Nov. (p)	-8.9	-0.9	-8.1	-2.4	0.0	0.0	2.4	17.5	4.5	7.6	1.2	0.3	-0.1	3.9
Growth rates														
2007 Dec.	5.9	1.1	17.5	6.4	-25.3	-	-16.4	29.9	12.0	39.7	38.5	16.4	-	19.1
2008 Dec.	10.0	17.3	60.0	2.3	-23.4	-	10.5	11.8	1.4	20.7	7.2	-2.5	-	34.6
2009 Mar.	4.3	8.8	13.6	2.4	-3.4	-	-2.2	9.7	-1.3	-2.4	13.6	6.3	-	39.4
June	3.5	12.6	5.2	2.4	-13.3	-	-4.0	8.0	3.7	-14.5	13.2	15.4	-	39.9
2009 July	3.4	19.7	2.5	2.2	-3.3	-	-15.9	5.7	9.2	-21.9	13.5	1.7	-	30.3
Aug.	4.1	27.1	0.2	2.3	3.7	-	-4.3	4.4	10.7	-24.2	13.5	11.5	-	23.0
Sep.	1.6	7.8	-5.4	2.3	7.6	-	-5.9	4.9	1.7	-25.3	15.7	24.0	-	36.3
Oct.	1.0	1.1	-1.1	1.9	16.2	-	-12.7	2.0	0.9	-26.6	13.7	32.9	-	20.4
Nov. (p)	-0.8	-1.6	-14.7	1.6	31.1	-	5.6	3.9	7.5	-24.8	13.3	37.9	-	23.0

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



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



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

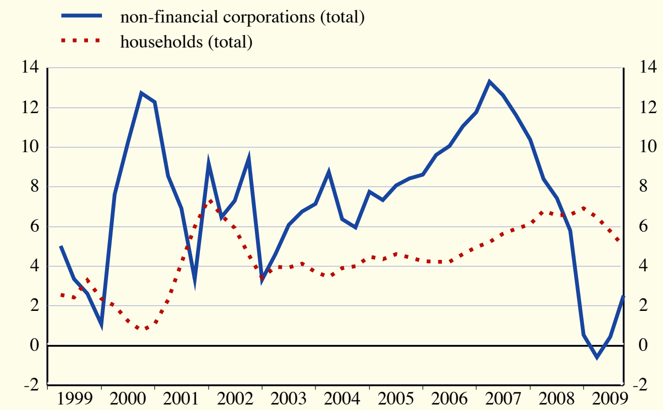
2.5 Deposits held with MFIs: breakdown [1), 2)]

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

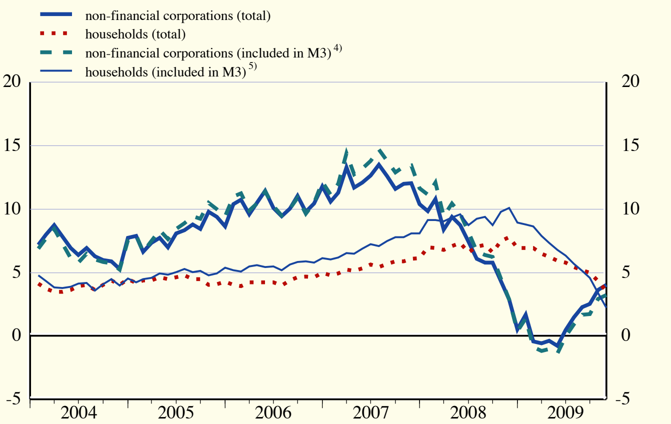
2. Deposits by non-financial corporations and households

	Non-financial corporations							Households [3)]						
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts													
2007	1,477.2	884.0	479.4	59.5	29.3	1.4	23.7	4,989.0	1,777.4	993.3	561.5	1,458.6	111.1	87.1
2008	1,504.4	884.4	502.7	64.4	27.9	1.3	23.7	5,368.6	1,813.3	1,350.0	517.9	1,490.2	113.6	83.7
2009 Q1	1,477.2	873.3	476.1	70.7	38.0	1.3	17.9	5,446.6	1,899.2	1,281.2	524.4	1,565.5	114.9	61.4
Q2	1,516.9	916.1	459.4	71.9	48.4	1.5	19.6	5,505.7	2,010.8	1,185.5	536.2	1,604.1	118.2	50.9
2009 July	1,517.6	912.5	458.8	74.0	52.4	1.5	18.4	5,515.7	2,028.7	1,154.2	544.5	1,618.0	119.4	50.9
Aug.	1,528.7	928.1	451.9	76.1	54.7	1.5	16.5	5,507.5	2,032.0	1,121.9	552.7	1,632.7	120.1	48.1
Sep.	1,549.4	950.6	445.0	78.0	57.0	1.5	17.4	5,501.1	2,052.9	1,084.8	561.1	1,637.7	121.4	43.2
Oct.	1,558.6	962.2	442.6	78.6	58.5	1.5	15.1	5,513.7	2,085.0	1,040.7	573.6	1,650.8	123.8	39.9
Nov. (p)	1,562.3	970.1	435.2	80.2	59.6	1.6	15.7	5,511.7	2,098.9	1,010.8	584.3	1,654.4	124.7	38.5
	Transactions													
2007	140.2	34.1	126.8	-8.1	-10.8	-0.7	-1.1	282.9	22.4	320.9	-45.4	-43.2	11.2	17.1
2008	7.8	-5.0	13.3	3.2	-3.4	-0.3	0.0	347.5	28.7	335.5	-43.1	28.1	1.7	-3.4
2009 Q1	-37.3	-16.5	-30.7	5.0	10.7	0.0	-5.8	41.5	64.7	-80.4	4.0	75.1	0.5	-22.2
Q2	43.4	45.5	-15.6	1.3	10.4	0.1	1.7	59.8	110.9	-94.4	11.8	39.3	2.7	-10.6
Q3	35.0	35.8	-13.4	6.2	8.6	0.0	-2.2	-3.6	42.4	-100.0	24.9	33.7	3.1	-7.7
2009 July	0.8	-3.6	-0.6	2.2	4.0	0.0	-1.2	10.1	17.8	-31.2	8.3	14.0	1.1	0.0
Aug.	11.8	15.9	-6.6	2.1	2.3	0.0	-1.9	-8.0	3.4	-32.2	8.2	14.7	0.8	-2.8
Sep.	22.3	23.4	-6.2	1.9	2.3	0.0	0.9	-5.6	21.2	-36.5	8.4	5.0	1.3	-5.0
Oct.	9.9	12.1	-2.1	0.6	1.4	0.0	-2.2	13.5	32.1	-43.7	12.8	13.1	2.5	-3.3
Nov. (p)	4.3	8.2	-7.2	1.6	1.1	0.0	0.6	-1.9	14.1	-29.9	10.8	3.7	0.9	-1.4
	Growth rates													
2007 Dec.	10.4	4.0	35.1	-11.8	-26.3	-31.6	-4.4	6.1	1.3	47.7	-7.5	-3.3	11.2	24.4
2008 Dec.	0.5	-0.6	2.8	5.3	-11.0	-16.2	0.0	6.9	1.6	33.2	-7.7	1.9	1.5	-3.9
2009 Mar.	-0.6	1.2	-6.2	13.2	31.2	-9.5	-21.9	6.5	6.8	15.1	-4.6	6.6	4.7	-35.8
June	0.4	4.6	-11.4	12.1	76.5	1.0	-13.0	5.8	11.3	-0.6	0.0	9.6	10.5	-48.4
2009 July	1.5	7.1	-13.1	12.9	102.7	5.4	-20.0	5.5	13.3	-6.8	2.3	11.3	12.1	-52.5
Aug.	2.3	9.6	-15.1	16.2	114.4	5.1	-28.8	5.2	15.1	-11.5	4.0	12.3	14.0	-56.5
Sep.	2.5	8.3	-14.0	20.2	126.2	8.4	-30.8	5.0	15.9	-15.4	6.4	13.3	16.3	-60.1
Oct.	3.6	11.9	-15.4	18.5	137.1	13.0	-47.7	4.3	17.3	-22.1	10.6	14.3	15.4	-60.6
Nov. (p)	4.0	11.5	-15.3	21.4	131.9	19.4	-37.1	3.5	16.8	-25.5	13.5	14.3	12.2	-59.5

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



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



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

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

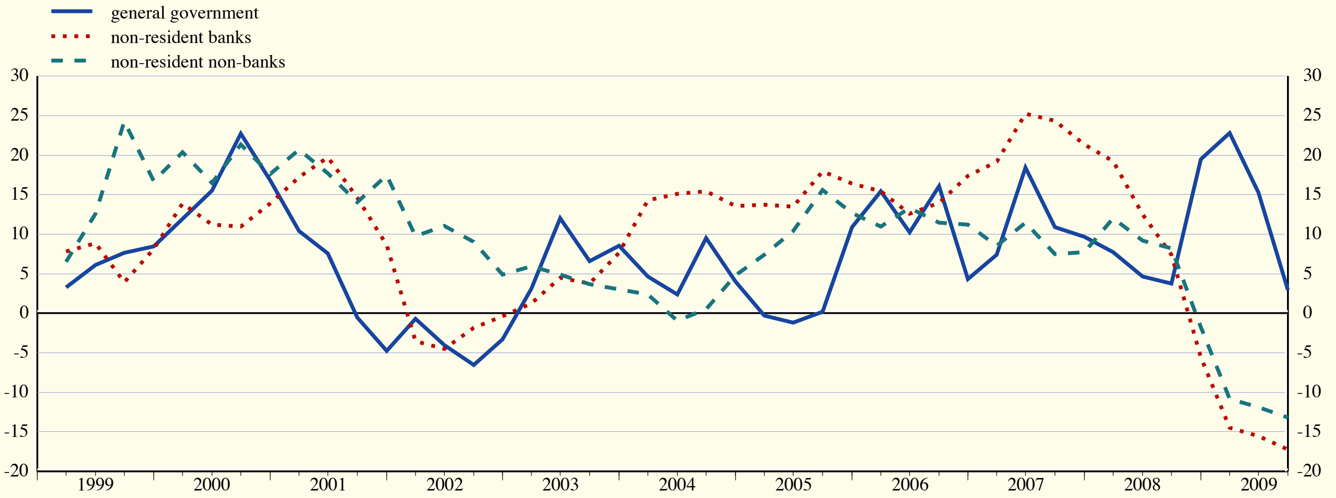
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

3. Deposits by government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2006	329.6	124.1	45.4	91.4	68.8	3,430.0	2,561.5	868.6	128.5	740.1
2007	373.7	126.9	59.0	107.6	80.3	3,862.1	2,953.9	908.2	143.3	764.9
2008 Q4	444.4	190.8	52.3	115.5	85.8	3,713.9	2,816.9	897.0	65.8	831.2
2009 Q1	463.8	216.2	50.6	114.0	83.0	3,665.7	2,786.7	879.0	63.6	815.4
Q2	476.0	227.1	48.9	118.5	81.4	3,565.2	2,685.4	879.9	64.3	815.6
Q3 (p)	402.3	156.7	51.2	122.6	71.7	3,422.7	2,569.7	853.2	62.5	790.8
	Transactions									
2007	31.9	-3.1	13.6	9.8	11.6	609.4	542.6	66.8	20.2	46.6
2008	72.8	63.5	-6.5	8.7	7.1	-185.1	-167.0	-18.0	-36.9	18.9
2008 Q4	46.2	50.8	-9.2	3.0	1.5	-427.8	-332.1	-95.8	-35.3	-60.4
2009 Q1	15.6	22.5	-1.7	-2.3	-2.9	-108.9	-77.7	-31.3	-2.6	-28.7
Q2	11.7	10.9	-1.6	4.4	-2.0	-60.5	-67.6	7.1	0.9	6.1
Q3 (p)	-62.2	-58.9	2.3	4.2	-9.8	-78.7	-66.5	-12.0	-1.2	-10.8
	Growth rates									
2006 Dec.	4.3	-16.6	18.4	9.3	52.1	15.7	17.3	11.2	5.3	12.4
2007 Dec.	9.7	-2.4	29.9	10.7	16.9	17.9	21.3	7.7	15.8	6.3
2008 Dec.	19.5	49.9	-11.0	8.1	8.8	-4.7	-5.6	-1.8	-25.6	2.6
2009 Mar.	22.8	52.6	2.2	5.7	6.5	-13.6	-14.5	-10.9	-24.1	-8.8
June	15.3	43.7	-13.0	5.3	-4.9	-14.7	-15.6	-11.9	-21.9	-10.4
Sep. (p)	2.9	18.6	-16.6	8.3	-15.6	-16.3	-17.2	-13.2	-28.2	-10.7

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

(annual growth rates)



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

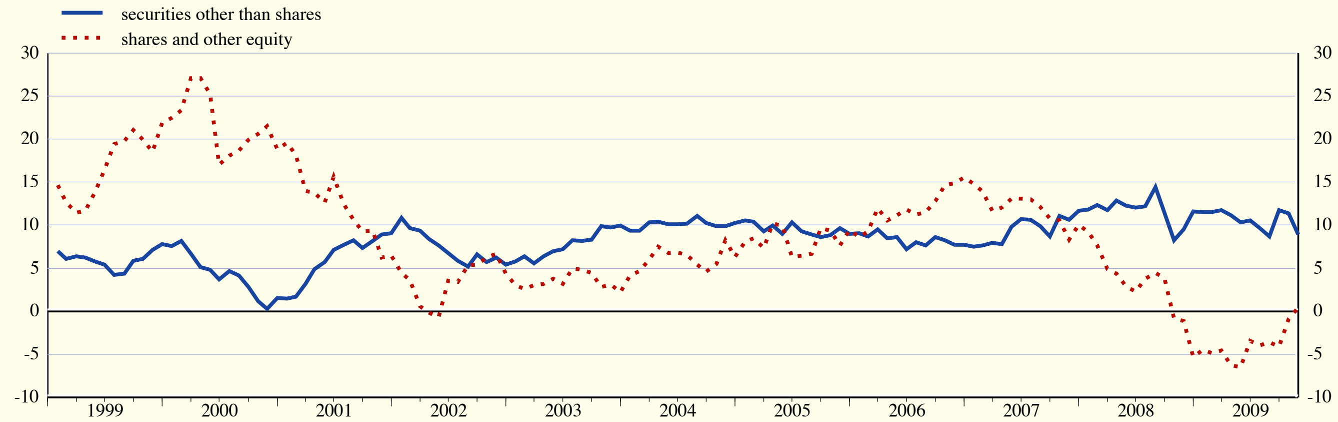
2.6 MFI holdings of securities: breakdown [1), 2)]

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

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2007	5,125.3	1,656.4	84.0	1,180.5	16.6	919.9	33.3	1,234.7	1,636.5	424.5	869.3	342.7
2008	5,858.4	1,887.1	92.4	1,225.4	19.3	1,355.5	51.2	1,227.5	1,476.9	423.2	776.3	277.4
2009 Q1	6,135.8	1,982.3	103.5	1,366.7	20.6	1,396.3	50.6	1,215.7	1,456.8	424.6	760.9	271.3
Q2	6,289.9	2,016.8	106.7	1,445.8	20.4	1,448.4	47.7	1,204.1	1,475.0	428.3	770.6	276.1
2009 July	6,302.5	2,033.1	107.7	1,456.7	19.2	1,445.4	48.5	1,192.0	1,486.6	437.6	767.2	281.8
Aug.	6,305.1	2,030.2	105.4	1,457.7	17.9	1,445.5	47.3	1,201.1	1,496.0	449.5	763.5	283.1
Sep.	6,295.6	2,015.6	103.0	1,486.8	18.1	1,445.8	46.1	1,180.1	1,498.5	442.5	779.5	276.5
Oct.	6,271.4	1,992.0	102.8	1,500.2	17.3	1,447.6	42.4	1,169.1	1,502.2	443.6	781.6	277.1
Nov. (p)	6,255.8	1,994.8	103.0	1,503.6	15.7	1,447.4	41.6	1,149.6	1,515.1	437.6	801.4	276.0
	Transactions											
2007	543.7	136.0	18.1	-86.2	1.5	269.5	9.5	195.2	147.8	51.3	55.4	41.0
2008	597.1	212.4	5.9	36.5	1.9	295.0	19.0	26.4	-84.2	22.9	-56.6	-50.5
2009 Q1	252.0	95.1	8.4	133.8	0.4	39.7	-2.8	-22.6	-4.7	3.2	-4.4	-3.4
Q2	176.6	34.6	4.1	83.7	0.5	56.2	-1.6	-0.9	16.6	7.2	5.7	3.6
Q3	19.6	-4.2	-0.3	34.4	-1.8	-7.0	-0.4	-1.1	7.8	15.7	-6.3	-1.6
2009 July	14.1	18.5	1.0	7.9	-1.3	-3.8	0.5	-8.9	4.6	6.8	-7.0	4.8
Aug.	7.4	-4.6	-1.2	0.6	-1.1	-1.1	-0.7	15.6	3.6	10.1	-7.1	0.6
Sep.	-1.8	-18.1	-0.1	25.9	0.6	-2.1	-0.2	-7.8	-0.5	-1.2	7.8	-7.0
Oct.	-22.7	-22.2	0.1	13.7	-0.7	-0.6	-3.5	-9.6	6.7	2.1	3.5	1.1
Nov. (p)	-9.5	-0.1	1.4	2.3	-1.6	-0.1	-0.3	-11.1	14.0	2.4	12.5	-0.9
	Growth rates											
2007 Dec.	11.7	8.7	25.4	-6.8	10.7	43.3	33.4	17.7	10.0	13.7	6.9	13.9
2008 Dec.	11.6	12.7	8.1	3.1	9.9	32.2	57.2	2.2	-5.3	5.4	-6.7	-15.3
2009 Mar.	11.7	14.4	10.4	12.5	16.1	30.2	2.8	-5.4	-4.5	0.5	-6.6	-6.4
June	10.6	11.9	1.4	18.0	19.8	24.9	-5.8	-7.7	-3.4	0.7	-5.5	-4.0
2009 July	9.7	11.8	-1.8	18.2	13.5	22.7	-5.5	-9.4	-4.0	2.0	-8.6	0.5
Aug.	8.7	10.7	-2.0	18.3	13.8	19.6	-7.1	-9.4	-3.6	5.6	-9.4	-0.2
Sep.	11.8	11.3	4.1	24.3	15.5	22.0	-5.1	-5.8	-4.2	4.2	-8.9	-2.6
Oct.	11.4	8.5	5.7	26.8	-0.2	17.5	-9.5	-2.5	-0.9	7.9	-5.0	-2.3
Nov. (p)	8.9	5.8	10.9	23.1	-3.8	13.4	-9.4	-3.4	0.4	9.0	-2.8	-3.4

C14 MFI holdings of securities [2)]

(annual growth rates)



Source: ECB.

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

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

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

(EUR billions)

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

	Consumer credit				Lending for house purchase				Other lending			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12
2007	-4.2	-1.2	-1.4	-1.6	-2.7	-0.2	-0.2	-2.3	-6.9	-0.8	-2.3	-3.7
2008	-4.6	-1.1	-1.5	-1.9	-2.7	0.0	-0.2	-2.5	-6.7	-1.2	-2.3	-3.2
2009 Q1	-1.8	-0.5	-0.5	-0.8	-1.2	0.0	-0.1	-1.1	-2.3	-0.7	-0.2	-1.3
Q2	-1.5	-0.3	-0.5	-0.7	-1.0	0.0	0.0	-0.9	-1.2	-0.1	-0.2	-0.9
Q3	-1.6	-0.3	-0.5	-0.9	-0.8	0.0	0.0	-0.7	-1.6	-0.3	-0.2	-1.0
2009 July	-0.7	-0.1	-0.2	-0.3	-0.2	0.0	0.0	-0.2	-0.6	-0.1	-0.1	-0.4
Aug.	-0.4	-0.1	-0.1	-0.2	-0.2	0.0	0.0	-0.2	-0.4	-0.1	0.0	-0.2
Sep.	-0.5	-0.1	-0.2	-0.3	-0.4	0.0	0.0	-0.3	-0.5	-0.1	-0.1	-0.4
Oct.	-0.7	-0.1	-0.3	-0.4	-0.2	0.0	0.0	-0.2	-0.4	0.0	-0.1	-0.2
Nov. (p)	-0.4	-0.1	-0.1	-0.2	-0.2	0.0	0.0	-0.2	-0.4	0.0	0.0	-0.3

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

	Non-financial corporations				Non-euro area residents		
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 year
	1	2	3	4	5	6	7
2007	-12.5	-2.1	-5.4	-4.9	-5.2	-3.4	-1.8
2008	-17.8	-4.1	-9.1	-4.6	-6.6	-3.4	-3.2
2009 Q1	-7.2	-3.5	-1.7	-2.1	-2.7	-1.3	-1.3
Q2	-5.9	-1.7	-2.4	-1.8	-1.1	-0.3	-0.8
Q3	-7.0	-2.2	-2.1	-2.7	-1.0	-0.5	-0.5
2009 July	-2.5	-0.7	-0.9	-0.9	-0.4	-0.2	-0.2
Aug.	-1.4	-0.7	-0.4	-0.3	-0.1	-0.1	0.0
Sep.	-3.1	-0.8	-0.8	-1.5	-0.5	-0.2	-0.3
Oct.	-3.4	-0.7	-1.3	-1.4	-0.4	-0.1	-0.3
Nov. (p)	-1.4	-0.2	-0.5	-0.6	-0.2	0.1	-0.2

3. Revaluation of securities held by MFIs

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
2007	-14.2	-3.3	0.1	-0.4	-0.2	-3.2	-0.6	-6.7	27.6	3.8	11.7	12.1
2008	-56.4	-8.0	0.0	5.2	0.0	-20.1	-2.2	-31.2	-60.6	-8.2	-44.1	-8.2
2009 Q1	-14.1	-0.3	-0.1	-3.2	0.0	-2.9	0.4	-8.1	-16.0	-3.5	-11.5	-1.0
Q2	-2.4	2.0	0.1	-2.0	-0.1	-1.7	0.3	-1.0	8.2	2.3	4.7	1.3
Q3	17.3	4.6	0.1	3.6	0.0	3.4	0.2	5.3	15.9	4.8	9.2	1.9
2009 July	8.2	1.9	0.1	2.9	0.0	0.5	0.2	2.5	7.0	2.5	3.6	0.9
Aug.	4.9	1.5	0.0	0.4	0.0	1.1	0.0	1.9	5.8	1.8	3.3	0.7
Sep.	4.2	1.2	0.0	0.2	0.0	1.8	0.0	1.0	3.1	0.4	2.2	0.4
Oct.	2.3	1.5	0.0	-0.3	0.0	0.4	0.0	0.7	-3.2	-1.0	-1.7	-0.5
Nov. (p)	2.3	1.0	0.0	1.2	0.1	-0.1	0.0	0.0	-1.2	-0.8	-0.2	-0.2

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

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

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

1. Deposits

	MFIs [3)]							Non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total	USD	JPY	CHF	GBP			Total	USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	By euro area residents													
2006	5,239.3	90.7	9.3	5.6	0.4	1.5	1.2	8,025.9	96.4	3.6	2.2	0.3	0.1	0.6
2007	6,087.5	92.1	7.9	4.8	0.4	1.1	1.0	8,994.4	96.4	3.6	2.2	0.4	0.1	0.5
2008 Q4	6,861.2	89.7	10.3	7.3	0.4	1.2	0.8	9,880.6	96.9	3.1	1.9	0.5	0.1	0.4
2009 Q1	6,609.1	90.9	9.1	6.3	0.3	1.2	0.7	9,988.3	96.9	3.1	1.9	0.4	0.1	0.5
Q2	6,626.9	92.2	7.8	5.1	0.3	1.1	0.8	10,144.7	97.0	3.0	1.9	0.3	0.1	0.5
Q3 (p)	6,287.9	92.4	7.6	4.8	0.4	1.1	0.8	10,060.5	97.0	3.0	1.9	0.3	0.1	0.4
	By non-euro area residents													
2006	2,561.5	45.4	54.6	35.0	2.3	2.7	11.5	868.6	50.8	49.2	31.9	1.3	2.0	10.4
2007	2,953.9	47.0	53.0	33.5	2.9	2.4	11.0	908.2	50.1	49.9	32.9	1.6	1.8	9.9
2008 Q4	2,816.9	48.2	51.8	33.4	2.8	2.6	10.2	897.0	54.9	45.1	28.7	1.4	1.9	9.4
2009 Q1	2,786.7	47.2	52.8	34.8	2.1	2.6	10.4	879.0	52.7	47.3	31.6	1.2	1.9	8.4
Q2	2,685.4	49.0	51.0	33.2	1.6	2.6	10.7	879.9	51.9	48.1	32.5	1.8	1.8	7.8
Q3 (p)	2,569.7	49.1	50.9	34.3	1.5	2.5	9.5	853.2	54.3	45.7	30.5	1.4	1.6	7.7

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
2006	4,470.8	80.6	19.4	10.0	1.6	1.9	3.5
2007	4,933.2	81.5	18.5	9.2	1.7	1.9	3.4
2008 Q4	5,111.7	83.3	16.7	8.4	2.0	1.9	2.5
2009 Q1	5,197.9	83.3	16.7	8.7	1.9	1.9	2.5
Q2	5,225.0	83.6	16.4	8.3	1.8	1.8	2.7
Q3 (p)	5,202.2	84.0	16.0	8.2	1.8	1.9	2.3

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

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

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

3. Loans

	MFIs [3)]							Non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total	USD	JPY	CHF	GBP			Total	USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	To euro area residents													
2006	4,938.0	-	-	-	-	-	-	9,943.7	96.4	3.6	1.6	0.2	1.1	0.5
2007	5,794.2	-	-	-	-	-	-	11,098.9	96.2	3.8	1.8	0.2	0.9	0.6
2008 Q4	6,312.6	-	-	-	-	-	-	11,739.4	95.9	4.1	2.1	0.3	1.0	0.4
2009 Q1	6,128.1	-	-	-	-	-	-	11,785.6	95.9	4.1	2.1	0.3	1.0	0.5
Q2	6,216.3	-	-	-	-	-	-	11,834.4	96.1	3.9	2.0	0.2	1.0	0.5
Q3 (p)	5,900.9	-	-	-	-	-	-	11,764.8	96.2	3.8	1.9	0.2	1.0	0.4
	To non-euro area residents													
2006	2,070.6	50.9	49.1	28.7	2.0	2.3	11.0	861.2	39.3	60.7	43.1	1.1	4.0	8.6
2007	2,344.5	48.2	51.8	28.8	2.3	2.4	12.7	955.7	40.9	59.1	41.2	1.2	3.7	8.2
2008 Q4	2,282.0	45.8	54.2	31.8	3.0	2.6	11.3	965.8	40.5	59.5	41.9	1.4	4.3	7.4
2009 Q1	2,101.0	44.8	55.2	31.2	2.7	3.1	12.7	956.1	38.1	61.9	44.5	1.0	4.2	7.8
Q2	1,999.7	45.2	54.8	29.6	2.8	3.2	13.5	949.6	40.2	59.8	42.6	1.1	3.9	7.6
Q3 (p)	1,893.6	45.4	54.6	29.9	2.7	3.1	12.6	914.2	40.5	59.5	41.7	1.5	3.8	7.6

4. Holdings of securities other than shares

	Issued by MFIs [3)]							Issued by non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total	USD	JPY	CHF	GBP			Total	USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Issued by euro area residents													
2006	1,636.9	95.6	4.4	2.3	0.2	0.3	1.3	1,924.6	97.6	2.4	1.3	0.3	0.1	0.7
2007	1,740.3	95.2	4.8	2.4	0.3	0.3	1.5	2,150.3	97.7	2.3	1.4	0.2	0.1	0.5
2008 Q4	1,979.5	95.3	4.7	2.6	0.4	0.2	1.2	2,651.4	97.3	2.7	1.7	0.3	0.1	0.4
2009 Q1	2,085.8	95.0	5.0	2.7	0.2	0.4	1.3	2,834.3	97.5	2.5	1.7	0.2	0.1	0.4
Q2	2,123.5	95.0	5.0	2.5	0.5	0.4	1.4	2,962.4	97.7	2.3	1.5	0.2	0.1	0.3
Q3 (p)	2,118.6	95.1	4.9	2.9	0.2	0.3	1.3	2,996.9	97.9	2.1	1.4	0.2	0.1	0.4
	Issued by non-euro area residents													
2006	515.3	52.3	47.7	28.8	0.7	0.4	14.5	594.5	38.9	61.1	36.5	4.9	0.8	14.2
2007	582.4	53.9	46.1	27.3	0.7	0.4	14.4	652.3	35.9	64.1	39.3	4.5	0.8	12.6
2008 Q4	580.7	54.1	45.9	28.6	0.9	0.5	13.3	646.8	39.0	61.0	37.1	6.4	0.8	11.0
2009 Q1	597.9	52.1	47.9	27.6	0.3	1.6	13.9	617.9	34.1	65.9	40.5	4.3	0.8	15.3
Q2	571.0	55.3	44.7	24.6	1.7	1.4	14.6	633.1	33.5	66.5	41.4	4.0	0.9	15.0
Q3 (p)	562.1	56.2	43.8	25.3	0.6	0.5	14.7	618.0	34.8	65.2	39.3	4.2	0.9	15.1

Source: ECB.

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

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

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

1. Assets

	Total	Deposits and loan claims	Securities other than shares	Shares and other equity (excl. investment fund/ money market fund shares)	Investment fund/ money market fund shares	Non-financial assets	Other assets (incl. financial derivatives)
	1	2	3	4	5	6	7
	Outstanding amounts						
2009 Apr.	4,482.1	403.5	1,737.2	1,190.5	611.9	193.4	345.6
May	4,596.4	414.7	1,773.4	1,240.1	620.1	194.1	354.1
June	4,710.0	378.1	1,872.8	1,251.5	627.6	200.7	379.2
July	4,987.0	370.8	1,937.6	1,441.3	655.6	201.7	379.9
Aug.	5,088.1	374.5	1,968.7	1,495.8	662.4	202.0	384.7
Sep.	5,150.4	347.6	1,997.8	1,542.8	681.1	197.3	383.8
Oct. (p)	5,131.9	346.4	2,017.8	1,507.3	681.0	198.5	380.9
	Transactions						
2009 Q1	-76.2	-23.1	-0.2	-9.1	-5.3	2.8	-41.4
Q2	106.7	-0.7	99.8	19.5	2.2	9.7	-23.8
Q3	163.3	-10.1	68.7	109.0	10.3	-3.1	-11.5

2. Liabilities

	Total	Loans and deposits received	Investment fund shares issued				Other liabilities (incl. financial derivatives)
			Total	Held by euro area residents		Held by non-euro area residents	
					Investment funds		
	1	2	3	4	5	6	7
	Outstanding amounts						
2009 Apr.	4,482.1	104.4	4,085.0	3,343.1	426.8	742.0	292.5
May	4,596.4	105.9	4,195.0	3,427.3	437.1	767.7	295.5
June	4,710.0	98.6	4,276.9	3,494.6	457.2	782.3	334.4
July	4,987.0	103.1	4,528.2	3,701.7	483.3	826.4	355.6
Aug.	5,088.1	106.1	4,633.0	3,784.3	493.3	848.7	348.9
Sep.	5,150.4	96.4	4,729.4	3,860.0	514.0	869.5	324.6
Oct. (p)	5,131.9	95.7	4,717.6	3,848.0	518.3	869.6	318.7
	Transactions						
2009 Q1	-76.2	-15.7	-22.8	-13.9	24.1	-8.8	-37.7
Q2	106.7	0.3	93.0	74.7	20.8	18.3	13.5
Q3	163.3	0.7	179.5	86.5	17.6	93.0	-16.8

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

	Total	Funds by investment policy						Funds by type		Memo item: Money market funds
		Bond funds	Equity funds	Mixed funds	Real estate funds	Hedge funds	Other funds	Open-end funds	Closed-end funds	
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2009 Mar.	3,904.8	1,265.9	909.8	1,071.2	214.9	78.2	364.9	3,839.4	65.5	1,307.6
Apr.	4,085.0	1,294.2	1,015.6	1,101.1	218.5	81.7	373.8	4,018.2	66.8	1,315.6
May	4,195.0	1,348.1	1,078.9	1,087.4	221.1	79.2	380.3	4,128.2	66.7	1,295.4
June	4,276.9	1,425.5	1,077.6	1,093.0	221.0	79.2	380.6	4,209.3	67.6	1,269.1
July	4,528.2	1,485.2	1,242.1	1,111.6	222.9	78.1	388.3	4,462.9	65.2	1,285.4
Aug.	4,633.0	1,510.2	1,290.7	1,139.9	225.5	78.1	388.6	4,567.9	65.1	1,285.2
Sep.	4,729.4	1,531.0	1,344.7	1,165.0	219.3	77.3	392.1	4,664.0	65.4	1,253.0
Oct. (p)	4,717.6	1,545.0	1,315.8	1,175.9	224.1	75.7	381.0	4,652.2	65.3	1,246.2
	Transactions									
2009 Apr.	4.8	6.4	6.7	-0.3	1.4	-3.3	-6.1	3.5	1.3	5.1
May	18.3	12.1	12.4	-2.9	1.0	-3.1	-1.3	18.4	-0.1	-1.6
June	69.9	60.8	2.3	-13.8	7.7	7.4	5.5	69.5	0.3	-28.2
July	128.0	40.6	85.1	0.4	-1.4	-1.8	4.9	130.3	-2.4	16.4
Aug.	28.2	11.8	9.8	7.4	1.6	-0.8	-1.4	28.4	-0.1	3.9
Sep.	23.3	4.1	8.8	13.1	-1.6	-0.1	-0.9	22.8	0.5	-29.2
Oct. (p)	26.3	10.2	3.2	13.9	3.2	0.4	-4.6	26.3	0.0	-5.8

Source: ECB.

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

2.10 Securities held by investment funds [1] broken down by issuer of securities
(EUR billions; outstanding amounts at end of period; transactions during period)

1. Securities other than shares

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2008 Q4	1,708.4	1,206.2	335.0	617.3	150.2	3.2	100.4	502.1	130.7	163.6	25.5
2009 Q1	1,710.6	1,233.9	340.9	628.6	151.6	4.0	108.7	476.6	142.3	183.5	22.6
Q2	1,872.8	1,293.7	357.9	635.7	173.2	3.9	122.9	579.1	161.9	234.6	21.8
Q3 (p)	1,997.8	1,383.3	388.5	668.1	185.8	4.9	135.9	614.5	180.1	234.6	22.0
	Transactions										
2009 Q1	-0.2	24.3	7.4	7.2	2.6	1.1	6.0	-24.4	13.2	14.7	-2.4
Q2	99.8	32.0	3.5	10.1	11.3	-0.8	7.9	67.8	6.8	48.7	-2.6
Q3 (p)	68.7	46.2	10.7	19.4	6.1	0.4	9.6	22.5	11.2	3.6	-0.8

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										
2008 Q4	1,156.0	582.4	67.6	-	31.1	26.3	456.1	573.5	103.3	183.7	60.6
2009 Q1	1,070.5	502.9	48.1	-	26.1	19.8	408.7	567.5	89.3	190.8	47.9
Q2	1,251.5	566.0	69.8	-	28.6	16.8	450.1	685.5	110.8	210.9	59.7
Q3 (p)	1,542.8	700.1	97.1	-	35.1	24.7	543.0	842.7	126.9	265.0	61.7
	Transactions										
2009 Q1	-9.1	-30.9	-14.3	-	-4.8	-2.3	-9.1	22.0	-5.7	20.3	-6.2
Q2	19.5	-4.2	1.3	-	-1.4	-3.4	-1.3	23.6	4.3	1.0	7.1
Q3 (p)	109.0	31.6	7.1	-	3.3	2.3	19.6	77.4	2.3	33.9	1.4

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										
2008 Q4	621.9	494.6	93.9	-	400.7	-	-	127.3	13.3	19.4	0.4
2009 Q1	594.6	492.9	85.1	-	407.8	-	-	101.8	9.5	15.9	0.3
Q2	627.6	540.1	82.9	-	457.2	-	-	87.5	12.9	16.2	0.4
Q3 (p)	681.1	592.5	78.5	-	514.0	-	-	88.5	14.4	19.4	0.3
	Transactions										
2009 Q1	-5.3	17.2	-6.9	-	24.1	-	-	-22.5	-3.1	-3.7	0.0
Q2	2.2	15.8	-5.1	-	20.8	-	-	-13.6	2.1	0.2	0.0
Q3 (p)	10.3	11.8	-5.8	-	17.6	-	-	-1.5	0.9	-0.3	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.

EURO AREA ACCOUNTS

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

Uses 2009 Q2	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						424.5
Trade balance [1]						-20.8
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,113.9	109.6	708.4	54.4	241.5	
Other taxes less subsidies on production	33.6	3.5	22.7	3.6	3.8	
Consumption of fixed capital	355.1	96.8	200.7	11.6	46.0	
Net operating surplus and mixed income [1]	517.0	281.8	203.1	32.7	-0.6	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						4.7
Taxes less subsidies on production						
Property income	1,016.8	37.5	492.0	418.7	68.6	115.8
Interest	425.5	35.2	67.1	254.6	68.5	64.7
Other property income	591.3	2.3	424.9	164.0	0.0	51.1
Net national income [1]	1,862.3	1,673.3	-59.7	33.1	215.6	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	258.4	212.5	37.0	8.6	0.3	4.3
Social contributions	414.6	414.6				0.8
Social benefits other than social transfers in kind	438.4	1.5	15.9	31.0	390.0	0.7
Other current transfers	182.8	69.3	25.8	46.2	41.6	7.8
Net non-life insurance premiums	44.6	32.4	10.7	0.8	0.7	1.1
Non-life insurance claims	44.5			44.5		0.5
Other	93.7	36.9	15.1	0.8	40.9	6.2
Net disposable income [1]	1,843.1	1,502.2	-110.8	40.2	411.5	
Use of income account						
Net disposable income						
Final consumption expenditure	1,784.5	1,294.5			490.1	
Individual consumption expenditure	1,591.5	1,294.5			297.0	
Collective consumption expenditure	193.0				193.0	
Adjustment for the change in the net equity of households in pension fund reserves	17.0	0.1	0.5	16.4	0.0	0.0
Net saving/current external account [1]	58.6	224.6	-111.3	23.8	-78.6	17.7
Capital account						
Net saving/current external account						
Gross capital formation	431.4	142.9	216.8	12.6	59.2	
Gross fixed capital formation	462.4	143.9	247.0	12.4	59.1	
Changes in inventories and acquisitions less disposals of valuables	-31.0	-1.1	-30.3	0.2	0.1	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	0.3	-1.8	1.3	0.3	0.6	-0.3
Capital transfers	45.1	8.4	3.3	6.7	26.6	4.8
Capital taxes	11.2	5.6	0.3	5.3		0.0
Other capital transfers	33.9	2.8	3.0	1.4	26.6	4.8
Net lending (+)/net borrowing (-) (from capital account) [1]	-15.3	183.3	-113.2	20.6	-106.0	15.3
Statistical discrepancy	0.0	-31.4	31.4	0.0	0.0	0.0

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

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

Resources 2009 Q2	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Imports of goods and services						403.7
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,019.6	491.6	1,135.0	102.3	290.7	
Taxes less subsidies on products	217.1					
Gross domestic product (market prices)[2]	2,236.7					
Compensation of employees						
Other taxes less subsidies on production						
Consumption of fixed capital						
Net operating surplus and mixed income						
Allocation of primary income account						
Net operating surplus and mixed income	517.0	281.8	203.1	32.7	-0.6	
Compensation of employees	1,116.0	1,116.0				2.7
Taxes less subsidies on production	252.9				252.9	-2.3
Property income	993.2	313.1	229.1	419.1	31.8	139.4
Interest	413.3	63.5	43.3	297.8	8.6	76.9
Other property income	579.9	249.6	185.8	121.4	23.2	62.5
Net national income						
Secondary distribution of income account						
Net national income	1,862.3	1,673.3	-59.7	33.1	215.6	
Current taxes on income, wealth, etc.	262.0				262.0	0.6
Social contributions	414.4	1.2	17.0	47.4	348.9	1.0
Social benefits other than social transfers in kind	436.5	436.5				2.7
Other current transfers	162.2	89.1	10.6	45.5	17.0	28.4
Net non-life insurance premiums	44.5			44.5		1.1
Non-life insurance claims	43.8	34.9	8.0	0.6	0.3	1.2
Other	73.9	54.2	2.6	0.4	16.7	26.1
Net disposable income						
Use of income account						
Net disposable income	1,843.1	1,502.2	-110.8	40.2	411.5	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	17.0	17.0				0.0
Net saving/current external account						
Capital account						
Net saving/current external account	58.6	224.6	-111.3	23.8	-78.6	17.7
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	355.1	96.8	200.7	11.6	46.0	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	47.8	11.4	18.6	4.8	12.9	2.1
Capital taxes	11.2				11.2	0.0
Other capital transfers	36.6	11.4	18.6	4.8	1.8	2.1
Net lending (+)/net borrowing (-) (from capital account)						
Statistical discrepancy						

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

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

Assets 2009 Q2	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		16,592.7	13,849.2	23,623.5	9,709.5	5,915.4	3,216.5	14,773.4
Monetary gold and special drawing rights (SDRs)				245.2				
Currency and deposits		6,242.5	1,706.8	2,181.1	1,820.2	871.1	736.1	4,077.6
Short-term debt securities		60.4	107.0	137.5	371.0	345.3	25.5	795.5
Long-term debt securities		1,310.7	220.5	4,442.4	1,664.5	2,035.0	316.8	3,037.4
Loans		67.5	2,631.3	12,765.8	2,266.8	367.8	444.3	1,811.4
of which: Long-term		49.5	1,460.0	9,724.0	1,757.0	304.9	355.9	.
Shares and other equity		3,493.2	5,812.9	1,541.0	3,399.0	1,826.1	1,111.3	4,353.1
Quoted shares		523.7	998.2	412.8	1,373.1	395.2	223.3	.
Unquoted shares and other equity		1,694.2	4,496.2	909.1	1,493.0	391.2	764.1	.
Mutual fund shares		1,275.3	318.5	219.0	532.9	1,039.7	123.9	.
Insurance technical reserves		5,178.3	140.5	1.9	0.0	154.4	3.1	134.6
Other accounts receivable and financial derivatives		240.2	3,230.3	2,308.8	187.9	315.8	579.4	563.7
Net financial worth								
Financial account, transactions in financial assets								
Total transactions in financial assets		193.0	60.2	-123.2	164.7	42.9	112.3	-8.8
Monetary gold and SDRs				-0.4				0.4
Currency and deposits		74.1	41.6	-54.2	27.3	-13.3	17.1	-151.6
Short-term debt securities		-14.0	-28.5	-13.7	17.8	6.5	-0.8	64.9
Long-term debt securities		16.1	-44.7	147.8	113.8	-16.0	35.9	23.0
Loans		0.3	14.0	61.8	-55.7	5.6	23.5	-56.5
of which: Long-term		0.0	7.7	58.7	-61.2	5.1	1.6	.
Shares and other equity		31.5	64.9	21.9	32.1	60.1	26.9	121.2
Quoted shares		18.9	37.9	-0.5	-1.6	5.0	10.0	.
Unquoted shares and other equity		12.4	31.1	13.2	15.5	-3.4	17.0	.
Mutual fund shares		0.1	-4.1	9.2	18.2	58.4	-0.1	.
Insurance technical reserves		56.5	0.2	0.0	0.0	0.3	0.0	-2.3
Other accounts receivable and financial derivatives		28.5	12.7	-286.3	29.3	-0.3	9.6	-7.9
Changes in net financial worth due to transactions								
Other changes account, financial assets								
Total other changes in financial assets		306.0	310.5	231.5	331.2	86.4	20.4	55.5
Monetary gold and SDRs				-10.8				
Currency and deposits		0.0	-4.5	-21.0	-5.8	0.0	0.9	-42.0
Short-term debt securities		-0.7	18.0	-1.3	5.4	0.5	0.5	-20.0
Long-term debt securities		17.2	-5.4	-3.5	19.4	11.1	-1.0	-1.8
Loans		0.0	-3.6	-34.2	-19.2	-1.5	0.3	-19.6
of which: Long-term		0.0	-3.6	-17.2	-21.7	-0.9	-0.4	.
Shares and other equity		233.3	361.8	62.2	317.8	65.2	21.6	196.8
Quoted shares		90.7	95.8	43.1	188.3	39.3	21.2	.
Unquoted shares and other equity		91.1	250.0	35.8	110.3	5.2	-3.3	.
Mutual fund shares		51.5	16.0	-16.7	19.2	20.6	3.7	.
Insurance technical reserves		53.9	3.5	0.0	0.0	28.5	0.0	-46.1
Other accounts receivable and financial derivatives		2.3	-59.4	240.2	13.6	-17.4	-1.9	-11.8
Other changes in net financial worth								
Closing balance sheet, financial assets								
Total financial assets		17,091.7	14,219.9	23,731.9	10,205.4	6,044.7	3,349.2	14,819.7
Monetary gold and SDRs				234.0				
Currency and deposits		6,316.6	1,743.8	2,105.9	1,841.7	857.8	754.1	3,883.9
Short-term debt securities		45.7	96.5	122.4	394.2	352.3	25.2	840.5
Long-term debt securities		1,344.0	170.3	4,586.7	1,797.6	2,030.1	351.7	3,058.6
Loans		67.8	2,641.7	12,793.4	2,192.0	371.9	468.1	1,735.3
of which: Long-term		49.5	1,464.1	9,765.5	1,674.0	309.1	357.1	.
Shares and other equity		3,758.0	6,239.6	1,625.0	3,748.9	1,951.3	1,159.7	4,671.0
Quoted shares		633.3	1,131.9	455.4	1,559.8	439.5	254.5	.
Unquoted shares and other equity		1,797.8	4,777.3	958.1	1,618.8	393.1	777.8	.
Mutual fund shares		1,326.9	330.4	211.5	570.4	1,118.7	127.5	.
Insurance technical reserves		5,288.7	144.2	1.9	0.0	183.2	3.2	86.3
Other accounts receivable and financial derivatives		271.0	3,183.6	2,262.6	230.8	298.1	587.2	544.0
Net financial worth								

Source: ECB.

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

(EUR billions)

Liabilities 2009 Q2	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		6,339.0	21,856.3	23,014.5	9,398.4	6,083.0	7,713.7	13,030.3
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			26.3	14,856.7	21.0	0.0	245.6	2,485.8
Short-term debt securities			308.5	255.5	96.2	10.7	943.3	228.0
Long-term debt securities			481.7	2,800.0	2,193.5	31.5	4,859.7	2,660.8
Loans		5,716.4	8,205.0		1,828.2	214.7	1,260.3	3,130.4
of which: Long-term		5,344.4	5,687.8		826.8	80.4	1,068.8	.
Shares and other equity			9,621.7	2,446.1	5,043.6	387.4	4.2	4,033.4
Quoted shares			2,514.0	318.1	93.8	122.0	0.0	.
Unquoted shares and other equity			7,107.7	924.9	1,152.2	265.4	4.2	.
Mutual fund shares				1,203.1	3,797.6			.
Insurance technical reserves		33.7	330.9	62.9	0.8	5,184.0	0.5	
Other accounts payable and financial derivatives		588.8	2,882.1	2,593.3	215.3	254.8	400.0	491.8
Net financial worth [1]	-1,497.9	10,253.8	-8,007.0	609.1	311.1	-167.6	-4,497.2	
Financial account, transactions in liabilities								
Total transactions in liabilities		41.2	142.0	-153.0	193.8	23.0	218.3	-24.1
Monetary gold and SDRs								
Currency and deposits			0.5	14.8	-0.9	0.0	8.2	-81.5
Short-term debt securities			8.1	-49.5	-0.2	-1.0	68.5	6.4
Long-term debt securities			25.1	47.9	67.4	-1.1	113.6	22.9
Loans		31.1	12.3		-61.4	-0.2	50.3	-39.1
of which: Long-term		27.8	40.3		-75.5	-0.2	29.1	.
Shares and other equity			78.1	3.6	188.5	0.3	0.0	88.0
Quoted shares			26.2	12.0	1.4	0.0	0.0	.
Unquoted shares and other equity			51.9	9.4	29.5	0.3	0.0	.
Mutual fund shares				-17.8	157.6			.
Insurance technical reserves		0.1	0.6	2.1	0.0	52.0	0.0	
Other accounts payable and financial derivatives		9.9	17.5	-171.9	0.4	-26.9	-22.3	-20.9
Changes in net financial worth due to transactions [1]	-15.3	151.9	-81.8	29.8	-29.1	19.9	-106.0	15.3
Other changes account, liabilities								
Total other changes in liabilities		-1.3	503.2	305.5	305.0	77.0	13.5	149.3
Monetary gold and SDRs								
Currency and deposits			0.0	-50.3	0.0	0.0	0.0	-22.2
Short-term debt securities			11.3	0.6	0.6	0.0	-1.0	-9.3
Long-term debt securities			-2.0	2.0	24.9	-0.1	-20.5	31.6
Loans		-0.6	-19.2		-40.5	-1.4	-2.6	-13.6
of which: Long-term		-0.1	-5.1		-44.5	-1.5	-2.7	.
Shares and other equity			628.0	134.6	312.1	27.2	0.3	156.5
Quoted shares			302.9	119.5	25.5	19.4	0.0	.
Unquoted shares and other equity			325.0	27.2	55.6	7.8	0.3	.
Mutual fund shares				-12.1	231.0			.
Insurance technical reserves		0.0	0.0	0.0	0.0	39.9	0.0	
Other accounts payable and financial derivatives		-0.7	-114.9	218.6	7.8	11.4	37.2	6.2
Other changes in net financial worth [1]	83.0	307.3	-192.7	-74.0	26.2	9.3	6.9	-93.8
Closing balance sheet, liabilities								
Total liabilities		6,378.8	22,501.5	23,167.0	9,897.2	6,183.1	7,945.5	13,155.4
Monetary gold and SDRs								
Currency and deposits			26.8	14,821.2	20.1	0.0	253.8	2,382.1
Short-term debt securities			327.9	206.6	96.6	9.7	1,010.8	225.1
Long-term debt securities			504.8	2,849.9	2,285.8	30.3	4,952.9	2,715.4
Loans		5,746.9	8,198.1		1,726.3	213.0	1,308.1	3,077.7
of which: Long-term		5,372.1	5,723.0		706.8	78.7	1,095.3	.
Shares and other equity			10,327.7	2,584.3	5,544.2	414.9	4.5	4,277.9
Quoted shares			2,843.1	449.5	120.6	141.4	0.0	.
Unquoted shares and other equity			7,484.6	961.5	1,237.4	273.5	4.5	.
Mutual fund shares				1,173.3	4,186.3			.
Insurance technical reserves		33.8	331.5	65.1	0.8	5,275.8	0.5	
Other accounts payable and financial derivatives		598.0	2,784.7	2,640.0	223.4	239.3	414.9	477.1
Net financial worth [1]	-1,430.3	10,713.0	-8,281.6	564.9	308.2	-138.4	-4,596.3	

Source: ECB.

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

Uses	2005	2006	2007	2007 Q3-2008 Q2	2007 Q4-2008 Q3	2008 Q1-2008 Q4	2008 Q2-2009 Q1	2008 Q3-2009 Q2
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	3,907.1	4,070.1	4,255.9	4,356.9	4,403.1	4,438.5	4,444.9	4,441.1
Other taxes less subsidies on production	130.0	128.8	137.1	136.3	137.1	133.8	131.7	126.3
Consumption of fixed capital	1,186.7	1,247.2	1,315.2	1,347.5	1,363.9	1,378.2	1,390.3	1,400.0
Net operating surplus and mixed income [1]	2,072.1	2,189.5	2,331.7	2,375.2	2,379.2	2,358.6	2,293.3	2,211.7
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	2,618.2	3,056.3	3,617.1	3,838.5	3,923.1	3,929.5	3,824.1	3,588.7
Interest	1,345.8	1,644.0	2,055.4	2,226.3	2,296.2	2,307.2	2,222.5	2,062.9
Other property income	1,272.4	1,412.3	1,561.7	1,612.3	1,626.9	1,622.3	1,601.6	1,525.8
Net national income [1]	6,970.7	7,317.8	7,695.2	7,783.9	7,819.7	7,803.3	7,720.6	7,631.1
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	935.9	1,028.2	1,111.8	1,140.2	1,142.1	1,124.2	1,113.7	1,077.3
Social contributions	1,477.8	1,540.5	1,595.9	1,627.7	1,645.3	1,660.4	1,669.2	1,671.4
Social benefits other than social transfers in kind	1,505.5	1,553.2	1,597.1	1,627.1	1,647.5	1,665.1	1,688.9	1,717.4
Other current transfers	712.0	722.8	753.5	775.5	781.7	790.1	784.3	775.3
Net non-life insurance premiums	179.6	179.6	184.2	186.5	187.7	188.3	185.7	182.6
Non-life insurance claims	180.5	179.9	183.9	186.6	188.0	189.3	186.6	183.3
Other	351.8	363.3	385.4	402.4	406.1	412.5	412.0	409.3
Net disposable income [1]	6,884.3	7,225.6	7,599.7	7,680.2	7,717.1	7,697.7	7,615.7	7,526.8
Use of income account								
Net disposable income								
Final consumption expenditure	6,355.7	6,631.5	6,891.7	7,044.4	7,119.0	7,156.8	7,164.8	7,157.6
Individual consumption expenditure	5,691.0	5,946.4	6,180.3	6,313.6	6,378.6	6,407.4	6,405.2	6,391.1
Collective consumption expenditure	664.7	685.1	711.3	730.8	740.4	749.4	759.6	766.4
Adjustment for the change in the net equity of households in pension fund reserves	60.8	62.9	59.7	62.3	63.7	64.2	64.8	64.5
Net saving [1]	528.9	594.3	708.2	635.8	598.2	540.9	450.9	369.2
Capital account								
Net saving								
Gross capital formation	1,717.1	1,876.7	2,021.7	2,056.2	2,072.2	2,066.3	2,003.1	1,910.5
Gross fixed capital formation	1,709.9	1,854.9	1,995.5	2,034.3	2,048.2	2,029.3	1,976.4	1,907.2
Changes in inventories and acquisitions less disposals of valuables	7.3	21.8	26.1	21.9	24.0	37.0	26.7	3.2
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	-0.4	-0.5	-1.2	0.1	0.3	0.7	1.2	0.7
Capital transfers	183.6	170.0	151.2	159.6	163.7	164.1	161.4	169.9
Capital taxes	24.4	22.5	24.3	23.9	24.1	23.6	23.5	28.6
Other capital transfers	159.2	147.4	126.9	135.7	139.6	140.5	137.9	141.3
Net lending (+)/net borrowing (-) (from capital account) [1]	12.1	-20.2	16.8	-57.8	-97.1	-136.3	-153.9	-132.9

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

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

(EUR billions; four-quarter cumulated flows)

Resources	2005	2006	2007	2007 Q3-2008 Q2	2007 Q4-2008 Q3	2008 Q1-2008 Q4	2008 Q2-2009 Q1	2008 Q3-2009 Q2
Generation of income account								
Gross value added (basic prices)	7,295.9	7,635.5	8,039.8	8,216.0	8,283.2	8,309.1	8,260.3	8,179.0
Taxes less subsidies on products	845.1	913.7	959.1	954.1	952.5	945.6	928.9	912.6
Gross domestic product (market prices)[2]	8,141.1	8,549.3	8,998.9	9,170.1	9,235.7	9,254.7	9,189.2	9,091.6
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	2,072.1	2,189.5	2,331.7	2,375.2	2,379.2	2,358.6	2,293.3	2,211.7
Compensation of employees	3,914.4	4,077.6	4,264.0	4,365.4	4,411.6	4,447.0	4,453.2	4,449.4
Taxes less subsidies on production	988.2	1,054.0	1,103.2	1,095.8	1,095.0	1,084.5	1,065.7	1,045.4
Property income	2,614.3	3,053.1	3,613.5	3,786.1	3,857.0	3,842.8	3,732.6	3,513.4
Interest	1,320.3	1,614.5	2,014.6	2,172.5	2,241.0	2,251.0	2,164.3	2,009.0
Other property income	1,294.0	1,438.6	1,598.9	1,613.6	1,616.0	1,591.8	1,568.3	1,504.4
Net national income								
Secondary distribution of income account								
Net national income	6,970.7	7,317.8	7,695.2	7,783.9	7,819.7	7,803.3	7,720.6	7,631.1
Current taxes on income, wealth, etc.	939.5	1,032.9	1,119.2	1,148.4	1,150.4	1,132.5	1,121.9	1,083.8
Social contributions	1,477.0	1,539.7	1,595.0	1,626.9	1,644.6	1,659.5	1,668.2	1,670.4
Social benefits other than social transfers in kind	1,497.9	1,545.1	1,588.1	1,618.4	1,639.1	1,657.0	1,680.7	1,709.4
Other current transfers	630.4	634.7	660.5	673.1	680.0	685.1	680.4	673.4
Net non-life insurance premiums	180.5	179.9	183.9	186.6	188.0	189.3	186.6	183.3
Non-life insurance claims	178.3	176.8	181.3	183.7	184.9	185.7	183.0	179.9
Other	271.6	278.1	295.3	302.7	307.2	310.1	310.8	310.1
Net disposable income								
Use of income account								
Net disposable income	6,884.3	7,225.6	7,599.7	7,680.2	7,717.1	7,697.7	7,615.7	7,526.8
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	61.0	63.1	59.9	62.4	63.7	64.2	64.8	64.6
Net saving								
Capital account								
Net saving	528.9	594.3	708.2	635.8	598.2	540.9	450.9	369.2
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,186.7	1,247.2	1,315.2	1,347.5	1,363.9	1,378.2	1,390.3	1,400.0
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	196.8	184.5	165.1	174.6	177.0	175.7	170.6	179.0
Capital taxes	24.4	22.5	24.3	23.9	24.1	23.6	23.5	28.6
Other capital transfers	172.4	162.0	140.8	150.8	152.9	152.1	147.1	150.4
Net lending (+)/net borrowing (-) (from capital account)								

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

3.3 Households

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

	2005	2006	2007	2007 Q3-2008 Q2	2007 Q4-2008 Q3	2008 Q1-2008 Q4	2008 Q2-2009 Q1	2008 Q3-2009 Q2
Income, saving and changes in net worth								
Compensation of employees (+)	3,914.4	4,077.6	4,264.0	4,365.4	4,411.6	4,447.0	4,453.2	4,449.4
Gross operating surplus and mixed income (+)	1,332.8	1,409.6	1,492.9	1,524.8	1,538.7	1,544.8	1,539.4	1,529.5
Interest receivable (+)	227.0	262.5	306.1	328.4	338.2	338.6	326.3	302.8
Interest payable (-)	130.7	163.9	209.6	227.1	234.1	232.9	217.2	192.6
Other property income receivable (+)	722.7	771.5	808.8	826.3	830.2	819.1	814.1	791.4
Other property income payable (-)	9.5	9.8	9.9	9.9	9.9	9.8	10.0	9.9
Current taxes on income and wealth (-)	741.7	794.1	852.7	882.4	889.4	891.8	889.2	876.2
Net social contributions (-)	1,473.8	1,536.5	1,591.6	1,623.4	1,640.9	1,655.9	1,664.7	1,666.9
Net social benefits (+)	1,492.6	1,539.7	1,582.5	1,612.6	1,633.3	1,651.2	1,674.9	1,703.5
Net current transfers receivable (+)	66.5	66.5	69.1	70.6	70.2	71.1	72.4	74.7
= Gross disposable income	5,400.1	5,623.2	5,859.4	5,985.3	6,047.9	6,081.3	6,099.1	6,105.7
Final consumption expenditure (-)	4,691.4	4,898.4	5,088.0	5,195.4	5,249.2	5,263.4	5,245.6	5,220.3
Changes in net worth in pension funds (+)	60.6	62.7	59.5	61.9	63.2	63.8	64.3	64.1
= Gross saving	769.4	787.5	830.8	851.9	862.0	881.7	917.8	949.5
Consumption of fixed capital (-)	319.9	338.6	359.0	368.7	373.1	376.4	379.2	381.6
Net capital transfers receivable (+)	24.1	18.9	11.9	14.2	14.8	15.7	15.4	17.3
Other changes in net worth [1] (+)	524.3	563.8	45.4	-1,150.4	-1,321.4	-1,768.7	-1,361.8	-752.7
= Changes in net worth [1]	997.9	1,031.7	529.0	-653.0	-817.9	-1,247.8	-807.8	-167.5
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	546.9	601.5	638.9	644.6	644.2	633.0	615.1	591.9
Consumption of fixed capital (-)	319.9	338.6	359.0	368.7	373.1	376.4	379.2	381.6
Main items of financial investment (+)								
Short-term assets	206.4	307.5	425.9	426.9	433.0	440.8	384.5	283.4
Currency and deposits	246.9	284.3	349.8	387.6	392.4	437.0	397.6	335.4
Money market fund shares	-20.2	0.9	40.0	10.5	13.5	-9.1	-4.0	-24.9
Debt securities [2]	-20.3	22.2	36.0	28.7	27.1	12.9	-9.1	-27.0
Long-term assets	422.9	364.3	160.6	109.0	61.9	77.0	118.5	214.6
Deposits	-5.3	-1.2	-29.8	-37.2	-40.0	-32.9	-17.9	10.5
Debt securities	-1.7	76.6	13.9	73.8	83.4	72.1	65.2	47.9
Shares and other equity	137.5	-27.6	-86.6	-149.5	-189.5	-137.0	-98.4	-17.8
Quoted and unquoted shares and other equity	71.1	-9.8	-5.7	-24.8	-41.9	-7.9	3.4	30.6
Mutual fund shares	66.4	-17.9	-81.0	-124.7	-147.6	-129.1	-101.8	-48.4
Life insurance and pension fund reserves	292.5	316.5	263.2	221.9	208.0	174.8	169.7	174.1
Main items of financing (-)								
Loans	397.2	393.5	350.5	287.8	252.2	205.4	147.7	112.1
of which: From euro area MFIs	358.5	355.3	283.7	199.0	183.2	81.6	18.8	9.1
Other changes in financial assets (+)								
Shares and other equity	443.3	510.7	7.9	-1,007.0	-1,051.3	-1,403.6	-1,090.8	-624.5
Life insurance and pension fund reserves	105.5	50.6	28.1	-127.8	-180.3	-259.3	-203.8	-115.2
Remaining net flows (+)	-10.1	-70.9	-22.8	-42.2	-100.0	-153.9	-104.3	-24.0
= Changes in net worth [1]	997.9	1,031.7	529.0	-653.0	-817.9	-1,247.8	-807.8	-167.5
Financial balance sheet								
Financial assets (+)								
Short-term assets	4,482.0	4,748.0	5,212.3	5,488.3	5,546.3	5,724.5	5,792.7	5,798.3
Currency and deposits	4,174.0	4,454.4	4,843.3	5,055.2	5,104.7	5,312.9	5,374.4	5,430.1
Money market fund shares	296.4	257.6	296.0	346.5	348.5	328.0	346.5	312.0
Debt securities [2]	11.6	36.0	72.9	86.6	93.0	83.6	71.7	56.2
Long-term assets	10,994.7	11,966.2	12,112.0	11,173.5	10,843.7	10,371.0	10,148.5	10,609.9
Deposits	1,023.3	1,031.1	966.8	903.6	887.0	890.6	868.0	886.6
Debt securities	1,209.3	1,283.1	1,279.2	1,306.2	1,287.2	1,280.5	1,299.3	1,333.4
Shares and other equity	4,514.7	5,037.4	4,960.3	4,078.7	3,790.5	3,378.7	3,146.7	3,445.9
Quoted and unquoted shares and other equity	3,192.0	3,634.3	3,612.9	2,949.6	2,736.5	2,406.1	2,218.0	2,431.1
Mutual fund shares	1,322.7	1,403.2	1,347.4	1,129.1	1,054.0	972.6	928.7	1,014.8
Life insurance and pension fund reserves	4,247.5	4,614.5	4,905.7	4,885.1	4,878.8	4,821.2	4,834.5	4,943.9
Remaining net assets (+)	95.2	72.2	74.2	49.0	67.4	37.8	29.0	51.7
Liabilities (-)								
Loans	4,788.1	5,180.0	5,512.6	5,628.4	5,683.8	5,723.1	5,716.4	5,746.9
of which: From euro area MFIs	4,201.0	4,553.1	4,825.5	4,887.7	4,938.7	4,901.9	4,879.5	4,899.9
= Net financial wealth	10,783.9	11,606.3	11,885.9	11,082.5	10,773.4	10,410.1	10,253.8	10,713.0

Sources: ECB and Eurostat.
1) Excluding changes in net worth which are due to other changes in non-financial assets, such as revaluations of residential property.
2) Securities issued by MFIs with a maturity of less than two years and securities issued by other sectors with a maturity of less than one year.

3.4 Non-financial corporations

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

	2005	2006	2007	2007 Q3-2008 Q2	2007 Q4-2008 Q3	2008 Q1-2008 Q4	2008 Q2-2009 Q1	2008 Q3-2009 Q2
Income and saving								
Gross value added (basic prices) (+)	4,178.2	4,387.2	4,635.4	4,739.5	4,777.6	4,781.9	4,724.9	4,644.5
Compensation of employees (-)	2,479.0	2,592.9	2,720.8	2,789.4	2,820.4	2,841.9	2,838.5	2,828.6
Other taxes less subsidies on production (-)	73.1	75.2	80.6	80.9	81.8	79.1	77.6	73.7
= Gross operating surplus (+)	1,626.2	1,719.2	1,833.9	1,869.2	1,875.4	1,860.9	1,808.8	1,742.1
Consumption of fixed capital (-)	672.7	704.8	741.9	759.6	768.8	777.3	784.6	790.2
= Net operating surplus (+)	953.5	1,014.4	1,092.0	1,109.6	1,106.6	1,083.5	1,024.2	951.9
Property income receivable (+)	440.2	508.5	581.8	598.7	602.3	599.7	582.2	557.8
Interest receivable	141.1	169.7	199.0	219.3	225.9	227.9	218.2	203.6
Other property income receivable	299.1	338.8	382.8	379.4	376.4	371.7	364.1	354.2
Interest and rents payable (-)	237.3	284.6	346.2	382.1	397.1	403.8	386.2	356.4
= Net entrepreneurial income (+)	1,156.4	1,238.3	1,327.6	1,326.2	1,311.7	1,279.4	1,220.2	1,153.3
Distributed income (-)	887.7	961.5	1,016.5	1,050.5	1,064.6	1,059.5	1,055.0	1,024.7
Taxes on income and wealth payable (-)	149.1	190.0	211.1	215.3	212.2	195.2	188.9	169.4
Social contributions receivable (+)	72.8	74.9	64.3	64.1	64.9	65.4	65.6	66.2
Social benefits payable (-)	60.7	60.6	61.7	62.4	62.7	62.9	63.0	63.1
Other net transfers (-)	61.7	66.0	57.0	59.6	59.8	60.0	60.1	61.3
= Net saving	70.1	35.1	45.5	2.5	-22.7	-32.8	-81.3	-99.1
Investment, financing and saving								
Net acquisition of non-financial assets (+)	256.4	313.6	367.7	371.7	376.8	367.6	313.0	232.7
Gross fixed capital formation (+)	920.7	993.9	1,084.2	1,111.1	1,123.6	1,109.8	1,073.1	1,022.2
Consumption of fixed capital (-)	672.7	704.8	741.9	759.6	768.8	777.3	784.6	790.2
Net acquisition of other non-financial assets (+)	8.4	24.5	25.4	20.2	22.0	35.1	24.6	0.7
Main items of financial investment (+)								
Short-term assets	128.6	160.3	158.9	119.6	93.5	49.4	-37.4	-18.1
Currency and deposits	113.7	146.3	154.5	114.2	89.4	15.6	-5.3	9.8
Money market fund shares	8.3	2.5	-19.1	-10.1	6.6	30.6	27.7	33.0
Debt securities [1]	6.6	11.5	23.5	15.5	-2.5	3.2	-59.8	-60.9
Long-term assets	393.5	489.5	518.7	522.6	544.2	631.3	644.3	536.3
Deposits	34.2	35.7	28.4	-19.7	3.1	9.4	14.0	29.4
Debt securities	-34.9	5.9	-27.4	-80.0	-44.3	-25.3	30.3	-5.9
Shares and other equity	255.9	265.5	346.4	380.0	339.1	332.9	326.3	281.7
Other (mainly intercompany loans)	138.3	182.5	171.2	242.2	246.3	314.4	273.7	231.0
Remaining net assets (+)	83.7	156.3	211.5	63.7	-9.4	-59.8	-149.8	-120.1
Main items of financing (-)								
Debt	440.3	750.3	787.7	743.5	760.6	692.5	579.6	393.7
of which: Loans from euro area MFIs	271.8	453.1	556.8	543.1	495.0	400.0	273.0	119.3
of which: Debt securities	13.8	41.8	37.3	12.3	41.7	55.1	68.4	82.9
Shares and other equity	291.3	262.2	355.6	259.4	191.0	248.5	189.8	255.3
Quoted shares	104.1	42.4	42.9	-12.1	-29.7	2.2	12.1	45.2
Unquoted shares and other equity	187.2	219.9	312.6	271.5	220.7	246.3	177.8	210.0
Net capital transfers receivable (-)	60.4	72.1	68.8	75.7	79.0	78.3	79.3	76.9
= Net saving	70.1	35.1	45.5	2.5	-22.7	-32.8	-81.3	-99.1
Financial balance sheet								
Financial assets								
Short-term assets	1,505.2	1,670.9	1,808.4	1,837.7	1,851.4	1,869.7	1,849.6	1,882.2
Currency and deposits	1,229.3	1,367.2	1,507.6	1,521.7	1,536.6	1,540.9	1,510.4	1,550.5
Money market fund shares	176.5	184.8	161.0	182.2	182.8	187.8	210.5	213.7
Debt securities [1]	99.4	118.8	139.8	133.8	132.0	141.0	128.7	118.0
Long-term assets	8,634.3	10,024.2	10,744.1	9,903.2	9,634.1	8,871.6	8,628.8	9,009.8
Deposits	109.5	147.7	200.4	169.8	192.0	206.6	196.4	193.3
Debt securities	284.5	284.2	252.4	188.2	192.4	208.8	198.8	148.9
Shares and other equity	6,350.0	7,533.7	8,032.9	7,125.0	6,771.0	5,907.2	5,602.4	6,025.9
Other (mainly intercompany loans)	1,890.4	2,058.5	2,258.4	2,420.1	2,478.6	2,548.9	2,631.3	2,641.7
Remaining net assets	407.8	453.3	606.9	542.6	578.6	578.1	515.0	569.9
Liabilities								
Debt	7,046.1	7,771.6	8,518.4	8,900.5	9,088.0	9,229.5	9,326.2	9,362.3
of which: Loans from euro area MFIs	3,527.9	3,980.9	4,525.1	4,764.1	4,853.6	4,918.8	4,902.9	4,874.8
of which: Debt securities	675.4	695.1	692.4	698.7	721.4	745.9	790.3	832.7
Shares and other equity	10,994.5	12,966.9	14,011.7	12,209.5	11,427.7	10,300.7	9,621.7	10,327.7
Quoted shares	3,711.1	4,491.5	5,010.2	4,000.1	3,454.4	2,864.2	2,514.0	2,843.1
Unquoted shares and other equity	7,283.5	8,475.3	9,001.5	8,209.4	7,973.3	7,436.5	7,107.7	7,484.6

Sources: ECB and Eurostat.

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

3.5 Insurance corporations and pension funds

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

	2005	2006	2007	2007 Q3-2008 Q2	2007 Q4-2008 Q3	2008 Q1-2008 Q4	2008 Q2-2009 Q1	2008 Q3-2009 Q2
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	25.5	67.4	92.3	105.8	90.9	107.0	55.8	39.0
Currency and deposits	7.2	10.6	6.4	35.2	32.4	57.0	18.2	12.5
Money market fund shares	-0.5	3.6	3.1	14.3	21.7	20.3	16.8	9.4
Debt securities [1]	18.9	53.3	82.8	56.2	36.8	29.8	20.8	17.1
Long-term assets	284.6	319.2	202.3	144.9	119.7	101.9	95.2	129.9
Deposits	17.4	76.9	47.8	13.5	-0.4	0.0	10.1	10.5
Debt securities	132.9	129.3	77.0	70.6	80.7	65.8	80.6	37.8
Loans	-3.7	2.7	-8.7	11.9	13.5	23.2	0.6	15.2
Quoted shares	30.7	-3.4	-2.2	-2.1	-10.9	-11.5	-8.2	-10.3
Unquoted shares and other equity	19.9	28.2	25.3	22.1	22.9	14.9	10.8	7.7
Mutual fund shares	87.5	85.4	63.0	28.7	13.9	9.4	1.4	69.1
Remaining net assets (+)	2.7	3.4	-34.7	-18.6	1.7	30.8	0.6	25.6
Main items of financing (-)								
Debt securities	-0.4	5.7	3.9	5.1	5.4	9.3	9.9	7.0
Loans	17.3	44.8	6.7	3.5	-7.4	22.2	-10.4	6.3
Shares and other equity	10.6	11.6	3.1	-3.1	-8.7	-1.4	0.9	0.8
Insurance technical reserves	335.2	319.9	279.8	246.5	233.1	191.6	168.6	163.7
Net equity of households in life insurance and pension fund reserves	291.6	313.6	277.8	236.5	217.8	177.1	160.4	157.5
Prepayments of insurance premiums and reserves for outstanding claims	43.6	6.2	2.0	10.0	15.4	14.5	8.2	6.3
= Changes in net financial worth due to transactions	-49.9	8.0	-33.6	-20.1	-10.1	18.1	-17.4	16.5
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	190.5	182.0	1.3	-342.0	-415.9	-549.8	-432.7	-319.7
Other net assets	82.0	-37.1	-56.7	-16.5	-7.9	32.2	9.3	74.9
Other changes in liabilities (-)								
Shares and other equity	117.9	37.0	-37.6	-150.4	-146.4	-185.1	-188.3	-121.4
Insurance technical reserves	137.7	55.3	26.8	-128.3	-183.3	-260.5	-205.9	-130.7
Net equity of households in life insurance and pension fund reserves	146.8	51.8	26.9	-124.2	-176.4	-252.2	-199.8	-126.3
Prepayments of insurance premiums and reserves for outstanding claims	-9.1	3.5	-0.1	-4.1	-6.9	-8.3	-6.1	-4.4
= Other changes in net financial worth	16.8	52.6	-44.6	-79.7	-94.2	-71.9	-29.2	7.3
Financial balance sheet								
Financial assets (+)								
Short-term assets	437.3	512.9	598.3	665.3	670.2	709.8	719.8	708.2
Currency and deposits	146.6	156.6	163.1	180.5	188.4	222.9	214.7	198.5
Money market fund shares	75.6	81.6	82.5	94.8	99.0	100.2	113.0	103.7
Debt securities [1]	215.0	274.7	352.7	390.0	382.8	386.6	392.1	406.0
Long-term assets	4,623.6	5,064.0	5,214.5	5,020.0	4,954.1	4,773.6	4,725.4	4,855.3
Deposits	523.7	601.3	647.0	649.4	644.9	646.1	656.4	659.3
Debt securities	1,778.2	1,851.7	1,880.9	1,914.8	1,960.3	1,950.9	1,988.2	1,976.4
Loans	356.1	355.6	341.5	355.5	356.7	366.0	367.8	371.9
Quoted shares	653.2	736.4	728.3	598.0	538.4	427.2	395.2	439.5
Unquoted shares and other equity	404.7	483.6	513.4	459.3	444.6	420.2	391.2	393.1
Mutual fund shares	907.7	1,035.5	1,103.4	1,043.1	1,009.1	963.3	926.7	1,015.1
Remaining net assets (+)	180.7	205.2	165.7	171.6	180.5	216.2	215.4	242.0
Liabilities (-)								
Debt securities	21.3	35.9	35.2	36.5	36.7	43.2	42.2	40.0
Loans	142.1	183.7	186.9	204.3	195.5	209.2	214.7	213.0
Shares and other equity	618.8	667.4	632.8	535.5	514.9	446.3	387.4	414.9
Insurance technical reserves	4,559.9	4,935.0	5,241.7	5,242.8	5,239.8	5,172.8	5,184.0	5,275.8
Net equity of households in life insurance and pension fund reserves	3,892.2	4,257.6	4,562.4	4,554.2	4,550.4	4,487.3	4,495.6	4,585.4
Prepayments of insurance premiums and reserves for outstanding claims	667.6	677.4	679.3	688.5	689.5	685.5	688.4	690.4
= Net financial wealth	-100.5	-39.9	-118.1	-162.2	-182.1	-172.0	-167.6	-138.4

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

FINANCIAL MARKETS

4

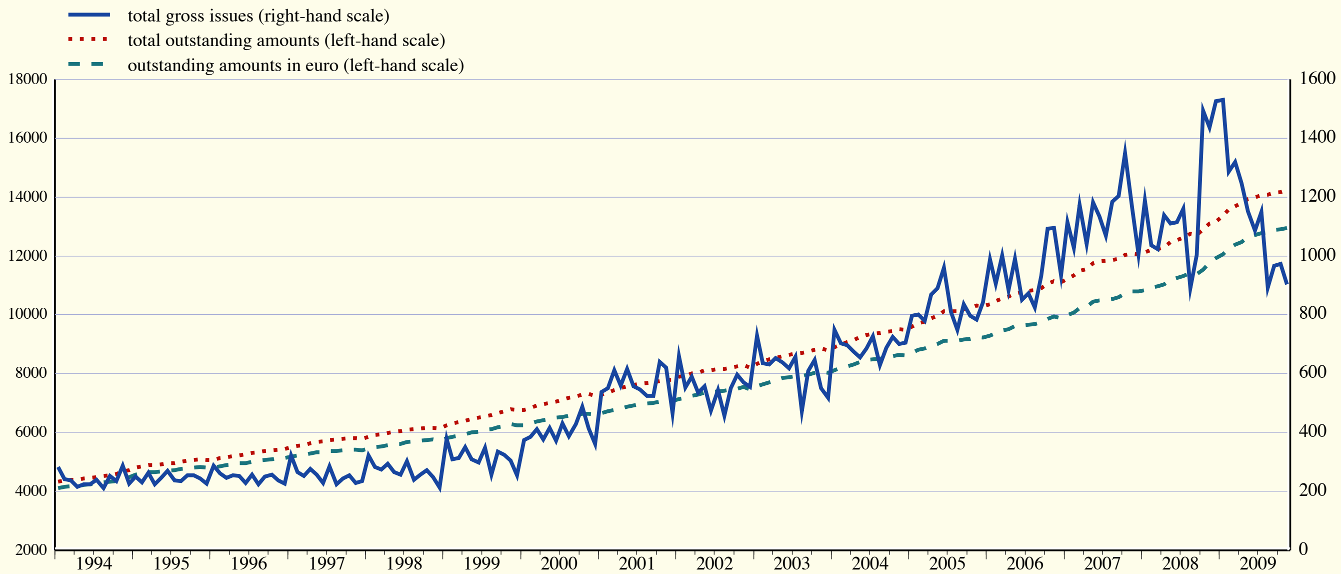
4.1 Securities other than shares by original maturity, residency of the issuer and currency

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

	Total in euro [1]			By euro area residents								
				In euro			In all currencies					
	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Annual growth rates	Seasonally adjusted [2]	
											Net issues	6-month growth rates
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2008 Nov.	13,952.9	1,421.9	217.9	11,763.7	1,369.3	227.3	13,095.9	1,436.7	212.6	8.1	192.0	11.0
Dec.	14,139.0	1,538.6	189.6	11,916.4	1,450.0	156.4	13,169.1	1,527.2	143.3	9.5	229.5	13.1
2009 Jan.	14,237.7	1,500.6	94.1	12,055.8	1,451.3	135.7	13,369.9	1,530.1	145.1	10.1	103.1	13.0
Feb.	14,430.9	1,260.0	190.9	12,242.9	1,200.8	184.9	13,574.4	1,286.3	204.5	11.0	157.2	13.1
Mar.	14,603.0	1,318.0	170.5	12,379.0	1,229.8	134.7	13,680.1	1,318.6	150.0	11.9	134.5	15.2
Apr.	14,680.2	1,233.6	79.9	12,479.1	1,167.3	102.8	13,791.8	1,247.8	109.3	12.1	91.5	14.6
May	14,888.3	1,159.9	208.0	12,653.3	1,070.6	174.2	13,934.7	1,151.0	173.0	12.1	113.1	13.1
June	14,977.9	1,088.8	89.1	12,713.2	1,006.6	59.2	13,999.5	1,086.7	68.8	11.9	87.4	10.6
July	15,006.8	1,124.2	31.6	12,766.1	1,069.5	55.8	14,063.2	1,148.7	67.4	11.8	101.2	10.5
Aug.	15,055.6	882.3	47.8	12,796.1	826.4	29.0	14,083.5	892.5	22.3	11.0	60.4	8.9
Sep.	15,163.6	965.3	106.9	12,876.8	882.1	79.6	14,155.6	965.8	83.7	12.0	145.1	9.0
Oct.	.	.	.	12,900.4	900.8	24.2	14,179.3	972.1	27.0	11.0	1.3	7.5
Nov.	.	.	.	12,955.7	843.4	55.5	14,233.4	903.9	59.7	9.6	35.7	6.3
	Long-term											
2008 Nov.	12,392.1	275.2	174.1	10,323.7	253.6	174.8	11,483.7	262.5	165.1	6.2	137.4	8.0
Dec.	12,571.1	363.3	180.2	10,495.1	328.8	173.0	11,578.5	340.6	153.9	7.3	165.7	9.7
2009 Jan.	12,647.4	291.6	74.1	10,584.6	276.7	88.3	11,712.7	300.2	88.9	8.1	115.4	10.5
Feb.	12,817.8	301.4	169.3	10,747.0	270.4	161.4	11,886.2	297.5	173.6	9.2	136.4	10.6
Mar.	12,998.2	319.8	150.6	10,917.3	280.2	140.6	12,021.0	301.8	141.7	10.3	139.0	13.2
Apr.	13,074.5	292.2	79.5	10,985.7	257.4	71.6	12,099.2	276.2	75.0	10.3	71.7	14.0
May	13,277.7	339.1	204.3	11,155.8	281.3	171.4	12,250.1	301.6	175.5	10.6	112.8	13.3
June	13,398.3	313.1	119.0	11,264.5	274.5	106.7	12,377.9	308.3	126.9	10.8	99.7	11.9
July	13,421.9	269.3	25.9	11,294.6	247.9	32.5	12,416.3	272.8	41.4	10.8	82.7	11.2
Aug.	13,478.4	130.7	56.3	11,336.1	108.1	41.3	12,456.3	121.0	45.4	10.5	93.6	10.3
Sep.	13,553.4	223.5	72.6	11,413.0	196.9	74.6	12,521.9	222.3	74.7	11.5	120.3	9.9
Oct.	.	.	.	11,470.5	215.3	55.9	12,575.8	234.6	57.8	11.7	54.9	9.6
Nov.	.	.	.	11,551.5	176.6	80.0	12,653.8	191.6	83.6	10.8	49.9	8.4

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											
2007	12,066	5,048	1,505	653	4,534	327	1,138	841	59	109	116	12
2008	13,169	5,267	1,924	701	4,937	340	1,177	816	74	100	162	24
2008 Q4	13,169	5,267	1,924	701	4,937	340	1,486	1,006	136	107	209	28
2009 Q1	13,680	5,390	2,032	723	5,191	343	1,378	922	78	92	250	35
Q2	13,999	5,431	2,112	757	5,348	351	1,162	749	62	90	241	20
Q3	14,156	5,424	2,137	785	5,452	358	1,002	651	43	84	212	12
2009 Aug.	14,083	5,437	2,141	768	5,383	354	892	628	27	74	155	8
Sep.	14,156	5,424	2,137	785	5,452	358	966	610	30	83	230	14
Oct.	14,179	5,375	2,149	793	5,498	363	972	599	44	79	229	21
Nov.	14,233	5,382	2,159	795	5,532	366	904	590	34	69	191	20
	Short-term											
2007	1,287	788	36	100	345	18	946	754	18	101	64	9
2008	1,591	822	62	116	566	25	961	722	26	92	101	19
2008 Q4	1,591	822	62	116	566	25	1,220	911	38	96	152	23
2009 Q1	1,659	839	42	98	663	18	1,078	806	17	74	154	27
Q2	1,622	785	37	85	699	16	866	631	14	69	139	13
Q3	1,634	751	31	82	752	19	797	569	10	71	139	8
2009 Aug.	1,627	752	34	84	742	16	771	567	10	72	117	5
Sep.	1,634	751	31	82	752	19	743	525	10	63	134	11
Oct.	1,604	710	35	80	760	18	738	513	14	62	134	13
Nov.	1,580	706	34	75	746	19	712	515	9	58	115	15
	Long-term [2]											
2007	10,779	4,260	1,468	553	4,189	309	191	86	41	8	52	3
2008	11,579	4,445	1,862	585	4,371	316	216	95	48	8	61	4
2008 Q4	11,579	4,445	1,862	585	4,371	316	266	95	98	12	57	5
2009 Q1	12,021	4,552	1,991	625	4,529	325	300	116	61	18	96	8
Q2	12,378	4,645	2,075	672	4,650	335	295	118	48	21	102	7
Q3	12,522	4,673	2,106	703	4,700	339	205	82	33	14	72	4
2009 Aug.	12,456	4,684	2,108	685	4,641	339	121	61	17	2	38	3
Sep.	12,522	4,673	2,106	703	4,700	339	222	85	19	20	95	2
Oct.	12,576	4,665	2,114	713	4,739	345	235	85	29	17	95	8
Nov.	12,654	4,676	2,124	721	4,786	347	192	75	25	11	76	5
	of which: Long-term fixed rate											
2007	7,324	2,264	594	419	3,797	250	107	44	10	5	45	3
2008	7,613	2,326	635	448	3,955	250	120	49	9	6	53	3
2008 Q4	7,613	2,326	635	448	3,955	250	121	42	13	10	53	2
2009 Q1	7,933	2,393	702	491	4,094	253	208	72	27	18	86	5
Q2	8,248	2,492	747	539	4,211	260	210	72	23	20	90	5
Q3	8,375	2,527	768	569	4,251	259	139	49	14	13	61	3
2009 Aug.	8,297	2,521	764	551	4,201	260	65	33	4	1	26	1
Sep.	8,375	2,527	768	569	4,251	259	174	55	13	20	86	1
Oct.	8,436	2,535	768	580	4,289	264	168	56	8	16	83	5
Nov.	8,504	2,549	772	589	4,329	265	140	47	11	11	68	2
	of which: Long-term variable rate											
2007	3,001	1,621	856	123	342	58	69	31	30	3	4	0
2008	3,476	1,725	1,198	127	363	64	81	36	38	1	5	1
2008 Q4	3,476	1,725	1,198	127	363	64	129	39	83	1	3	2
2009 Q1	3,585	1,757	1,264	124	369	70	75	32	34	0	5	3
Q2	3,614	1,740	1,302	124	374	74	65	30	24	1	7	2
Q3	3,611	1,725	1,313	123	372	79	48	21	18	0	7	1
2009 Aug.	3,634	1,747	1,318	123	368	78	40	17	12	0	9	2
Sep.	3,611	1,725	1,313	123	372	79	27	16	5	1	5	1
Oct.	3,602	1,710	1,321	123	369	80	57	24	21	1	8	3
Nov.	3,609	1,707	1,326	122	373	81	42	21	13	0	5	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.

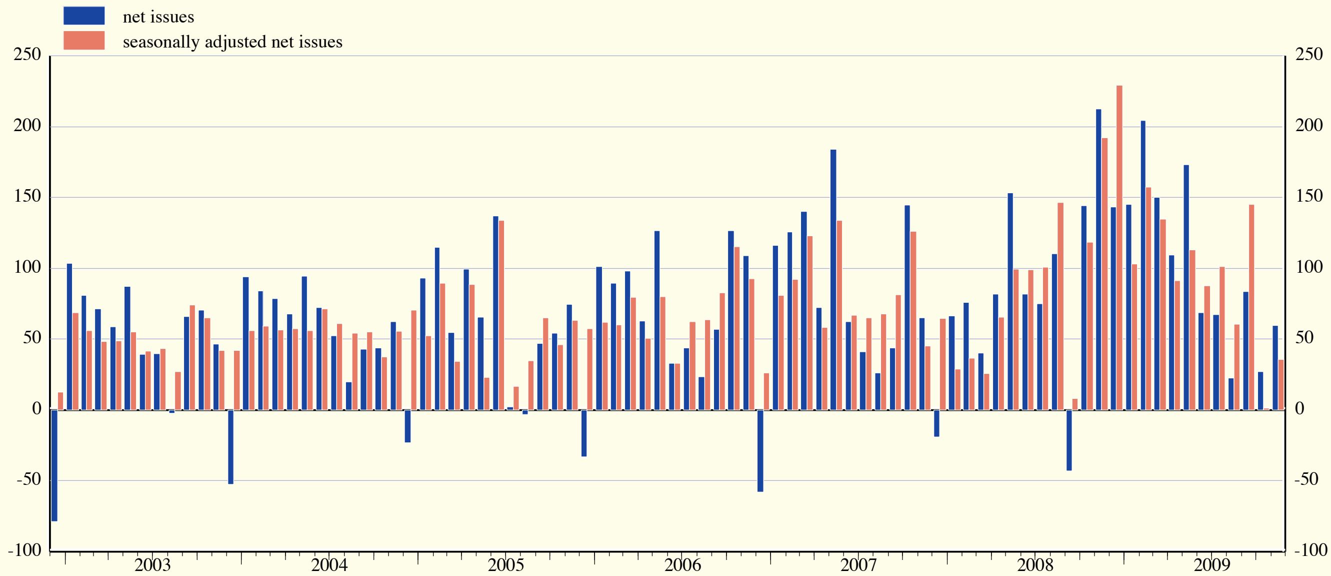
2) The residual difference between total long-term debt securities and fixed and variable rate long-term debt securities consists of zero coupon bonds and revaluation effects.

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											
2007	83.5	40.7	27.6	4.2	9.9	1.2	83.7	41.3	27.0	4.3	10.0	1.1
2008	95.1	23.1	34.9	4.2	31.7	1.1	95.8	23.3	34.1	4.4	33.1	1.0
2008 Q4	166.7	11.3	80.7	6.2	63.0	5.5	179.9	21.4	55.7	9.3	90.6	2.9
2009 Q1	166.6	39.7	35.1	7.0	83.9	0.9	131.6	20.3	45.1	5.2	58.7	2.4
Q2	117.1	21.7	27.3	11.5	53.8	2.8	97.3	21.1	27.1	7.3	39.0	2.8
Q3	57.8	0.2	9.9	10.1	35.4	2.3	102.2	9.7	29.1	12.8	47.1	3.5
2009 Aug.	22.3	-9.6	-4.3	-1.7	37.0	0.9	60.4	-0.5	7.3	2.8	48.9	1.9
Sep.	83.7	-7.7	-1.5	18.1	71.1	3.7	145.1	16.0	31.1	21.8	70.3	5.7
Oct.	27.0	-47.9	13.3	8.9	47.3	5.5	1.3	-73.1	-7.7	7.0	71.3	3.9
Nov.	59.7	9.3	10.8	2.8	34.1	2.7	35.7	12.0	1.5	2.3	19.5	0.3
	Long-term											
2007	61.7	23.9	26.9	2.4	7.8	0.7	61.3	24.1	26.4	2.4	7.7	0.7
2008	65.7	16.2	32.8	2.8	13.3	0.6	65.0	16.3	32.0	2.9	13.2	0.5
2008 Q4	116.0	2.8	80.9	4.5	26.2	1.6	111.4	12.4	56.3	4.8	37.0	0.8
2009 Q1	134.7	24.9	41.9	12.9	52.0	3.0	130.3	16.2	52.0	14.4	44.7	2.9
Q2	125.8	36.1	28.8	15.9	41.3	3.7	94.8	25.4	27.9	12.2	25.7	3.5
Q3	53.9	12.1	12.0	11.0	17.4	1.4	98.9	22.3	31.4	12.9	29.8	2.5
2009 Aug.	45.4	21.2	-3.2	-0.3	25.5	2.1	93.6	37.5	10.1	2.7	40.4	2.9
Sep.	74.7	-8.1	1.4	19.8	61.0	0.7	120.3	7.0	31.6	21.8	57.2	2.6
Oct.	57.8	-6.2	8.6	10.6	39.2	5.6	54.9	-9.1	-12.5	10.7	61.4	4.4
Nov.	83.6	13.4	11.6	8.2	47.8	2.6	49.9	17.9	2.2	7.6	22.1	0.2

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



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

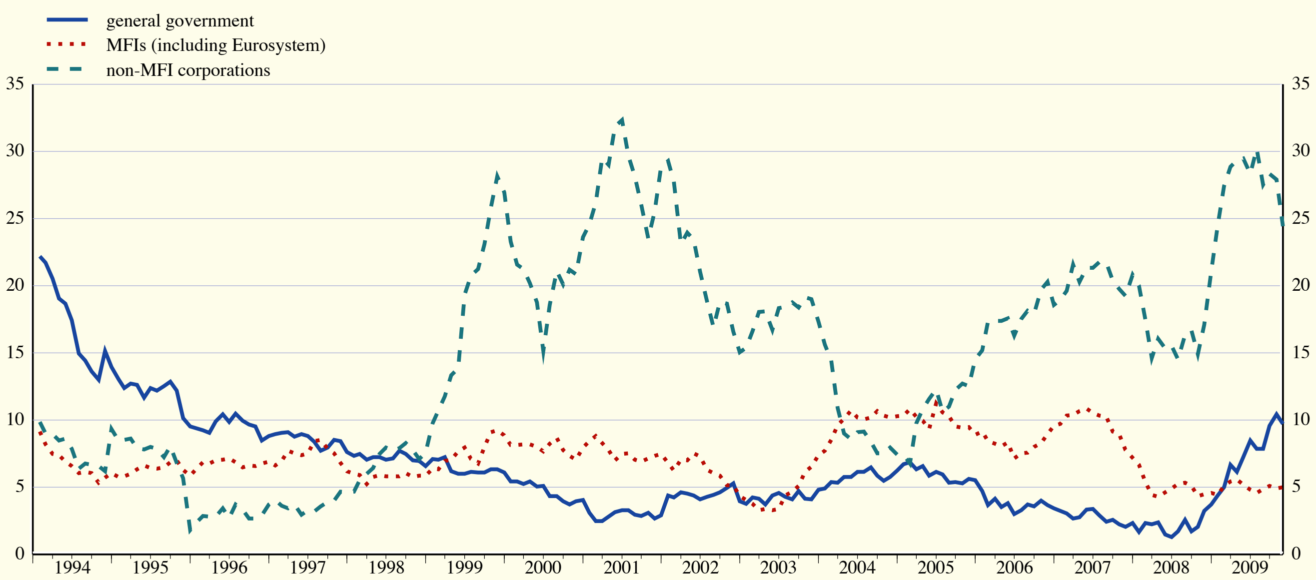
4.3 Growth rates of securities other than shares issued by euro area residents [1]

(percentage changes)

	Annual growth rates (non-seasonally adjusted)						6-month seasonally adjusted growth rates					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
						Total						
2008 Nov.	8.1	5.7	23.8	4.9	6.7	2.8	11.0	5.1	30.4	5.1	12.5	7.1
Dec.	9.5	5.5	27.8	7.8	8.4	4.1	13.1	4.8	35.4	12.9	15.5	9.8
2009 Jan.	10.1	5.3	30.0	7.1	9.6	5.5	13.0	3.6	37.9	12.3	16.0	8.6
Feb.	11.0	6.3	32.1	8.1	10.1	6.5	13.1	3.8	36.3	13.3	16.0	7.2
Mar.	11.9	6.4	33.2	9.1	11.6	7.9	15.2	4.8	38.1	13.0	19.8	10.0
Apr.	12.1	6.3	33.4	10.1	11.7	10.6	14.6	6.0	41.6	15.3	15.1	11.3
May	12.1	5.5	32.9	10.2	12.8	9.5	13.1	5.8	35.3	15.9	13.0	11.9
June	11.9	4.8	29.7	11.8	13.7	9.6	10.6	4.7	24.2	10.8	12.0	9.6
July	11.8	4.2	30.8	13.2	13.5	9.4	10.5	4.8	24.2	14.3	11.0	10.3
Aug.	11.0	3.5	26.9	12.8	13.4	9.0	8.9	3.1	18.6	12.5	10.7	10.8
Sep.	12.0	4.2	27.2	15.2	14.9	10.6	9.0	3.5	17.4	17.3	10.2	11.3
Oct.	11.0	3.0	26.1	16.1	13.6	10.4	7.5	0.1	12.3	17.2	12.1	9.4
Nov.	9.6	2.5	21.5	15.8	12.0	10.5	6.3	-0.7	9.3	15.7	11.1	9.3
						Long-term						
2008 Nov.	6.2	4.5	22.4	3.8	3.4	1.3	8.0	4.6	29.2	3.6	5.2	3.0
Dec.	7.3	4.6	26.8	6.1	3.8	2.2	9.7	3.9	35.5	9.7	7.1	4.6
2009 Jan.	8.1	4.4	30.7	8.3	4.4	3.4	10.5	3.0	42.2	16.1	7.1	4.2
Feb.	9.2	5.1	33.9	10.5	5.1	3.9	10.6	3.0	41.0	19.5	7.4	3.0
Mar.	10.3	5.4	34.8	13.0	6.7	5.8	13.2	3.9	42.9	21.0	11.8	7.3
Apr.	10.3	5.6	34.8	14.8	6.0	8.7	14.0	5.1	46.9	26.0	10.0	11.8
May	10.6	5.2	34.4	16.3	7.2	8.5	13.3	5.7	39.6	30.5	9.1	14.2
June	10.8	4.8	31.7	19.0	8.4	8.4	11.9	5.6	28.0	29.1	9.8	12.6
July	10.8	4.6	33.4	21.2	7.8	8.0	11.2	6.1	25.4	26.6	8.6	12.0
Aug.	10.5	4.8	29.9	20.8	7.8	8.0	10.3	6.7	19.7	22.1	8.3	13.2
Sep.	11.5	5.1	30.2	23.2	9.6	9.3	9.9	6.4	18.8	25.4	7.5	11.4
Oct.	11.7	4.9	28.9	25.2	10.4	10.4	9.6	4.7	13.1	24.4	11.0	9.0
Nov.	10.8	5.0	23.9	26.1	9.6	10.8	8.4	4.3	10.0	21.9	10.1	7.5

C17 Annual growth rates of long-term debt securities, by sector of the issuer, in all currencies combined

(annual percentage changes)



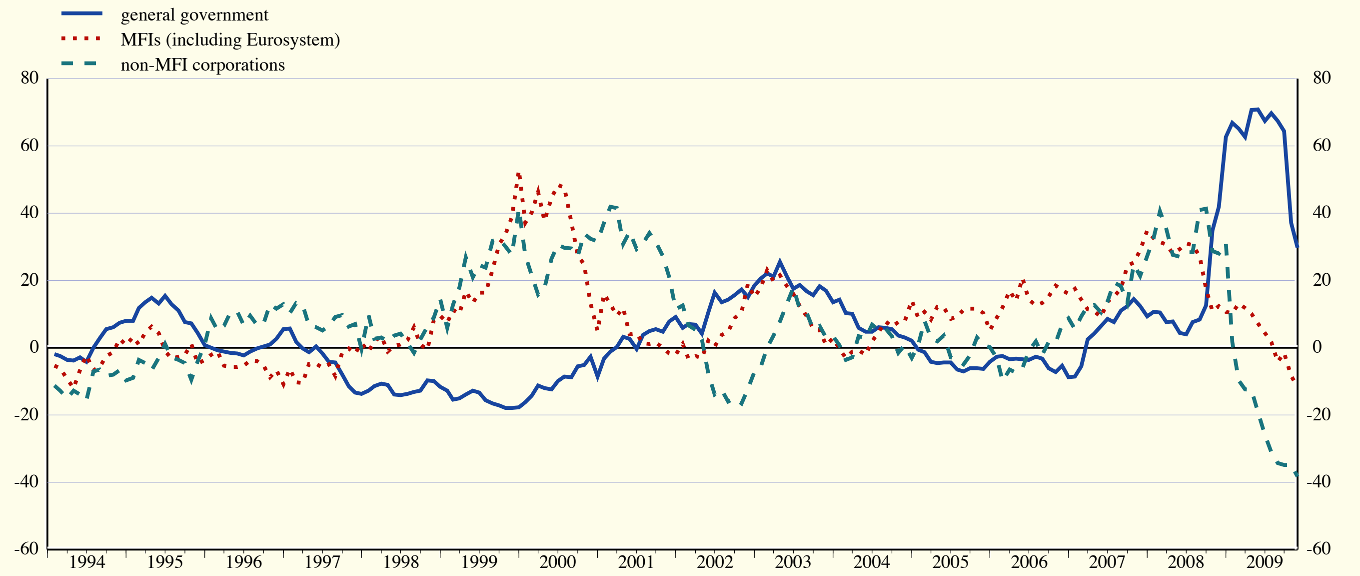
Source: ECB.

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											
2007	5.1	7.1	17.1	4.0	2.5	6.6	15.8	11.2	37.7	18.6	3.8	-1.8
2008	3.1	4.9	5.7	4.9	1.5	1.4	12.8	5.6	33.4	7.1	7.6	3.2
2008 Q4	3.2	4.5	4.8	5.3	2.3	-0.8	13.0	5.7	33.8	4.5	3.8	10.3
2009 Q1	6.1	4.9	13.0	12.5	5.3	1.6	15.8	5.3	44.8	0.6	0.8	11.1
Q2	9.0	6.8	20.3	21.2	7.5	4.8	14.6	3.3	44.1	-1.3	-0.6	19.9
Q3	10.6	7.2	24.7	28.4	9.0	3.9	11.6	1.0	36.6	-3.4	-1.6	25.1
2009 June	10.3	6.9	22.4	25.3	9.1	4.4	12.4	1.3	38.5	-1.3	0.1	23.4
July	10.4	6.7	25.8	28.6	8.6	3.9	12.4	1.5	39.3	-3.2	-2.3	23.7
Aug.	10.5	7.4	24.7	28.2	8.7	3.5	10.6	0.9	34.1	-3.9	-3.8	25.9
Sep.	11.7	8.2	24.6	31.8	10.0	4.4	11.2	0.1	34.7	-5.0	2.9	28.2
Oct.	12.7	8.5	26.0	34.1	11.1	6.4	9.6	-1.1	31.6	-4.5	1.3	26.1
Nov.	12.5	9.4	25.3	35.2	10.1	7.1	7.1	-1.9	23.8	-4.4	1.7	25.8
	In euro											
2007	4.6	6.4	13.7	2.3	2.7	6.7	15.2	10.4	35.4	18.2	3.9	-2.4
2008	2.9	4.7	6.1	3.0	1.7	1.3	14.3	6.6	35.1	7.2	7.9	2.0
2008 Q4	3.4	4.7	7.2	3.2	2.5	-1.3	15.4	7.7	36.5	5.2	4.0	9.3
2009 Q1	6.5	6.1	16.4	9.8	5.6	0.9	18.7	7.9	47.7	0.6	0.9	10.9
Q2	9.6	8.8	23.4	19.5	7.7	4.2	17.3	5.3	47.1	-2.0	-0.7	21.7
Q3	11.3	9.4	26.6	27.4	9.2	3.3	13.8	2.8	39.0	-4.0	-2.4	27.4
2009 June	10.9	8.8	24.5	24.1	9.4	3.8	14.9	3.1	41.5	-2.0	-0.2	25.5
July	11.0	8.8	27.8	27.4	8.9	3.3	14.8	3.4	41.9	-3.7	-3.0	25.9
Aug.	11.2	9.6	26.7	27.5	9.0	2.8	12.6	2.6	36.2	-4.4	-4.9	28.3
Sep.	12.3	10.7	25.8	30.6	10.1	3.7	13.3	2.0	36.6	-5.9	1.7	30.5
Oct.	13.3	11.0	27.2	33.5	11.2	5.7	11.4	0.5	33.1	-5.4	0.0	26.9
Nov.	12.9	11.8	25.6	34.6	10.2	6.8	8.6	-0.6	25.0	-5.1	0.4	25.9

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



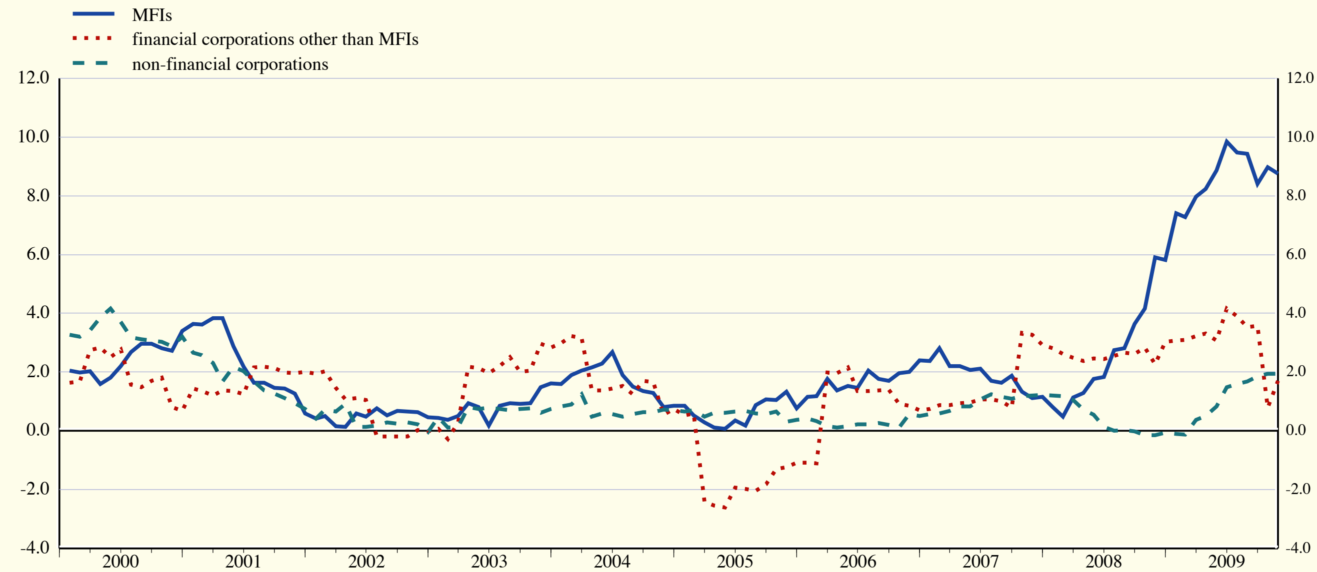
Source: ECB.
1) Annual percentage changes for monthly data refer to the end of the month, whereas those for quarterly and yearly data refer to the annual change in the period average. See the Technical Notes for details.

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

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

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 2001 = 100	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)
	1	2	3	4	5	6	7	8	9
2007 Nov.	6,631.8	104.3	1.4	1,034.6	1.1	578.6	3.3	5,018.6	1.2
Dec.	6,588.7	104.4	1.4	1,019.0	1.2	578.4	2.9	4,991.3	1.2
2008 Jan.	5,766.2	104.4	1.3	889.8	0.8	497.0	2.8	4,379.4	1.2
Feb.	5,820.8	104.5	1.2	860.1	0.5	492.0	2.6	4,468.7	1.2
Mar.	5,567.1	104.5	1.2	860.5	1.1	501.0	2.5	4,205.6	1.1
Apr.	5,748.0	104.4	1.0	837.2	1.3	519.1	2.4	4,391.7	0.7
May	5,729.4	104.5	0.9	771.0	1.8	496.7	2.5	4,461.7	0.6
June	5,081.0	104.5	0.6	665.3	1.8	435.5	2.4	3,980.3	0.1
July	4,972.7	104.6	0.6	691.6	2.8	427.9	2.5	3,853.2	0.0
Aug.	4,999.3	104.6	0.6	665.5	2.8	438.0	2.7	3,895.7	0.0
Sep.	4,430.0	104.7	0.7	612.2	3.6	381.8	2.6	3,436.1	0.0
Oct.	3,743.8	105.0	0.7	451.9	4.2	280.2	2.8	3,011.8	-0.1
Nov.	3,489.3	105.2	0.9	394.5	5.9	265.1	2.3	2,829.7	-0.2
Dec.	3,482.6	105.4	1.0	377.0	5.8	269.1	3.0	2,836.5	-0.1
2009 Jan.	3,286.9	105.6	1.1	342.8	7.4	243.9	3.1	2,700.3	-0.1
Feb.	2,922.2	105.6	1.1	275.0	7.3	192.4	3.1	2,454.8	-0.1
Mar.	3,010.5	106.1	1.5	314.5	8.0	209.7	3.2	2,486.4	0.4
Apr.	3,435.6	106.2	1.7	412.8	8.2	256.4	3.3	2,766.4	0.5
May	3,580.6	106.5	2.0	453.2	8.9	262.3	3.1	2,865.1	0.8
June	3,530.7	107.3	2.7	448.5	9.8	257.9	4.2	2,824.3	1.5
July	3,815.2	107.5	2.7	509.4	9.5	278.3	3.9	3,027.5	1.6
Aug.	4,044.3	107.5	2.7	572.4	9.4	301.0	3.5	3,171.0	1.7
Sep.	4,213.3	107.6	2.8	593.0	8.4	327.6	3.6	3,292.7	1.9
Oct.	4,085.6	107.8	2.7	568.1	9.0	322.1	0.8	3,195.4	1.9
Nov.	4,098.6	108.1	2.7	567.6	8.8	313.5	1.7	3,217.5	1.9

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



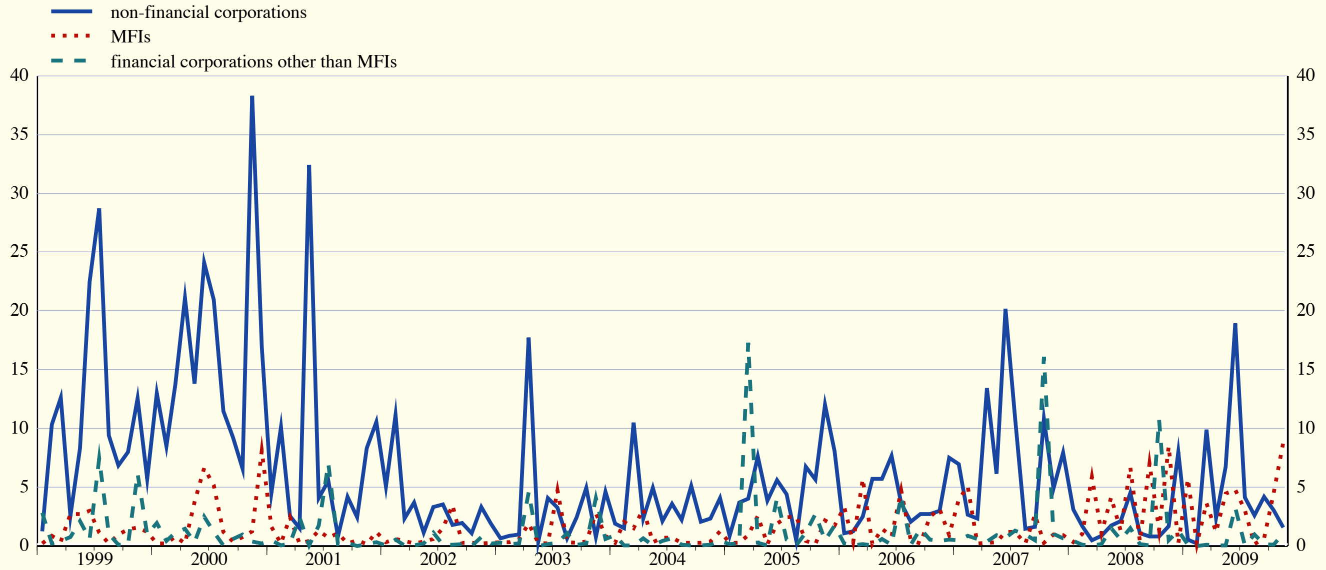
Source: ECB.
1) For details of the calculation of the index and the growth rates, see the Technical Notes.

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

2. Transactions during the month

	Total			MFIs			Financial corporations other than MFIs			Non-financial corporations		
	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues
	1	2	3	4	5	6	7	8	9	10	11	12
2007 Nov.	6.8	3.3	3.5	0.9	0.0	0.9	1.0	1.3	-0.3	4.9	2.0	2.9
Dec.	9.5	4.6	4.9	0.9	0.0	0.9	0.7	2.2	-1.5	7.9	2.5	5.5
2008 Jan.	3.6	1.4	2.3	0.1	0.0	0.1	0.4	0.7	-0.2	3.1	0.7	2.4
Feb.	2.8	1.9	0.9	1.0	0.0	1.0	0.1	0.3	-0.2	1.7	1.6	0.1
Mar.	6.4	6.0	0.3	5.9	0.0	5.9	0.0	0.5	-0.4	0.4	5.6	-5.1
Apr.	2.0	3.0	-0.9	1.1	0.0	1.1	0.1	0.5	-0.3	0.8	2.5	-1.7
May	7.3	6.0	1.4	4.1	0.1	4.1	1.5	0.3	1.2	1.7	5.6	-3.9
June	3.9	4.8	-0.9	1.3	0.0	1.3	0.5	0.1	0.4	2.1	4.7	-2.6
July	12.7	3.4	9.4	6.7	0.0	6.7	1.5	0.5	1.0	4.5	2.9	1.6
Aug.	1.5	3.0	-1.4	0.3	0.0	0.3	0.1	0.0	0.1	1.1	3.0	-1.9
Sep.	7.8	2.9	5.0	7.0	0.0	7.0	0.0	0.1	-0.1	0.8	2.8	-2.0
Oct.	12.8	0.6	12.2	1.4	0.0	1.4	10.7	0.0	10.7	0.8	0.6	0.1
Nov.	10.6	2.9	7.7	8.4	0.5	8.0	0.5	2.1	-1.6	1.7	0.3	1.4
Dec.	9.3	2.6	6.8	0.0	0.0	0.0	1.3	0.0	1.2	8.0	2.5	5.5
2009 Jan.	6.3	0.5	5.8	5.7	0.0	5.7	0.1	0.0	0.0	0.5	0.4	0.1
Feb.	0.2	0.9	-0.7	0.0	0.0	0.0	0.0	0.1	-0.1	0.2	0.8	-0.6
Mar.	13.6	0.2	13.4	3.6	0.0	3.6	0.1	0.0	0.1	9.9	0.2	9.7
Apr.	3.7	0.3	3.4	1.2	0.0	1.2	0.1	0.0	0.0	2.4	0.3	2.1
May	11.2	0.3	10.9	4.4	0.0	4.4	0.0	0.0	0.0	6.7	0.3	6.5
June	27.0	2.0	25.0	4.8	0.0	4.8	3.3	0.3	3.0	18.9	1.8	17.2
July	7.2	0.2	7.0	3.0	0.0	3.0	0.0	0.0	0.0	4.1	0.2	3.9
Aug.	3.6	3.3	0.2	0.0	0.0	0.0	1.0	1.9	-0.9	2.6	1.4	1.2
Sep.	5.0	0.3	4.7	0.6	0.0	0.6	0.2	0.0	0.1	4.2	0.2	3.9
Oct.	7.6	0.3	7.4	4.5	0.0	4.5	0.1	0.0	0.1	3.0	0.2	2.8
Nov.	11.4	0.2	11.2	8.8	0.0	8.8	1.0	0.0	1.0	1.6	0.2	1.4

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



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

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

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

1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight [2]	With an agreed maturity of:			Redeemable at notice of: [2,3]		Overnight [2]	With an agreed maturity of:			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9	10	11
2008 Dec.	1.16	3.75	4.35	3.69	2.95	4.17	1.61	2.87	4.23	4.08	2.63
2009 Jan.	1.02	3.28	3.90	3.52	2.88	4.08	1.26	2.24	3.81	3.76	2.05
Feb.	0.90	2.62	3.38	3.23	2.49	3.98	1.10	1.61	3.21	3.89	1.55
Mar.	0.80	2.24	2.94	3.07	2.31	3.87	0.93	1.36	2.96	3.30	1.23
Apr.	0.66	2.01	2.69	2.87	2.22	3.75	0.77	1.15	2.64	3.06	1.12
May	0.61	1.89	2.39	2.71	1.98	3.62	0.74	1.08	2.38	3.11	1.02
June	0.56	1.86	2.38	2.57	1.95	3.52	0.63	1.04	2.17	2.58	0.93
July	0.52	1.86	2.41	2.61	1.86	3.38	0.56	0.82	2.47	2.93	0.68
Aug.	0.50	1.72	2.32	2.64	1.64	3.23	0.54	0.71	2.06	2.93	0.57
Sep.	0.49	1.61	2.27	2.52	1.60	3.12	0.52	0.69	2.10	2.74	0.58
Oct.	0.46	1.68	2.11	2.55	1.55	2.97	0.49	0.66	1.99	2.72	0.56
Nov.	0.46	1.67	2.23	2.56	1.52	2.76	0.48	0.70	2.10	2.92	0.58

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

	Bank overdrafts [2]	Consumer credit				Lending for house purchase					Other lending by initial rate fixation		
		By initial rate fixation			Annual percentage rate of charge [4]	By initial rate fixation				Annual percentage rate of charge [4]			
		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
2008 Dec.	10.45	8.16	7.03	8.39	8.48	5.09	5.06	5.10	5.13	5.30	4.99	5.75	5.29
2009 Jan.	10.14	8.27	7.03	8.63	8.66	4.37	4.77	4.92	5.00	4.86	4.43	5.44	5.23
Feb.	10.15	8.06	6.65	8.49	8.35	3.97	4.54	4.80	4.89	4.60	4.08	5.03	5.16
Mar.	9.94	7.51	6.51	8.31	8.05	3.65	4.34	4.61	4.72	4.38	3.83	4.72	5.05
Apr.	9.71	7.43	6.50	8.27	8.05	3.38	4.21	4.55	4.68	4.22	3.54	4.69	4.90
May	9.62	7.87	6.44	8.17	8.08	3.22	4.15	4.50	4.58	4.12	3.60	4.71	4.90
June	9.55	7.30	6.36	8.03	7.83	3.12	4.12	4.51	4.58	4.07	3.54	4.76	4.95
July	9.31	7.67	6.49	8.04	8.02	3.03	4.09	4.54	4.54	4.02	3.35	4.77	4.91
Aug.	9.26	7.96	6.54	7.96	8.17	3.00	4.10	4.54	4.45	4.06	3.21	4.74	4.82
Sep.	9.25	7.69	6.45	7.91	8.00	2.81	4.05	4.48	4.45	3.92	3.13	4.66	4.74
Oct.	9.16	7.32	6.38	7.94	7.87	2.78	4.02	4.45	4.40	3.85	3.21	4.73	4.72
Nov.	9.08	7.03	6.29	7.87	7.76	2.72	3.97	4.46	4.32	3.78	3.16	4.56	4.62

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

	Bank overdrafts [2]	Other loans of up to EUR 1 million by initial rate fixation			Other loans of over EUR 1 million by initial rate fixation		
		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years	Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7
2008 Dec.	6.24	5.38	5.78	5.32	4.28	4.50	4.76
2009 Jan.	5.65	4.73	5.46	5.24	3.52	3.95	4.58
Feb.	5.38	4.32	5.24	4.96	3.12	3.51	4.23
Mar.	5.08	4.03	5.06	4.74	2.85	3.22	3.87
Apr.	4.72	3.82	5.00	4.60	2.54	3.34	4.01
May	4.64	3.73	5.00	4.52	2.48	3.21	3.98
June	4.55	3.64	4.85	4.49	2.57	3.08	3.71
July	4.34	3.56	4.78	4.32	2.37	2.89	3.90
Aug.	4.24	3.42	4.67	4.24	2.31	2.80	3.83
Sep.	4.25	3.36	4.54	4.16	2.06	2.89	3.64
Oct.	4.18	3.33	4.49	4.18	2.14	2.73	3.64
Nov.	4.12	3.34	4.49	4.10	2.23	2.74	3.80

Source: ECB.
1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) For this instrument category, new business and outstanding amounts coincide. End of period.
3) For this instrument category, households and non-financial corporations are merged and allocated to the household sector, since the outstanding amounts of non-financial corporations are negligible compared with those of the household sector when all participating Member States are combined.
4) The annual percentage rate of charge covers the total cost of a loan. The total cost comprises both an interest rate component and a component incorporating other (related) charges, such as the cost of inquiries, administration, preparation of documents and guarantees.

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

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

4. Interest rates on deposits (outstanding amounts)

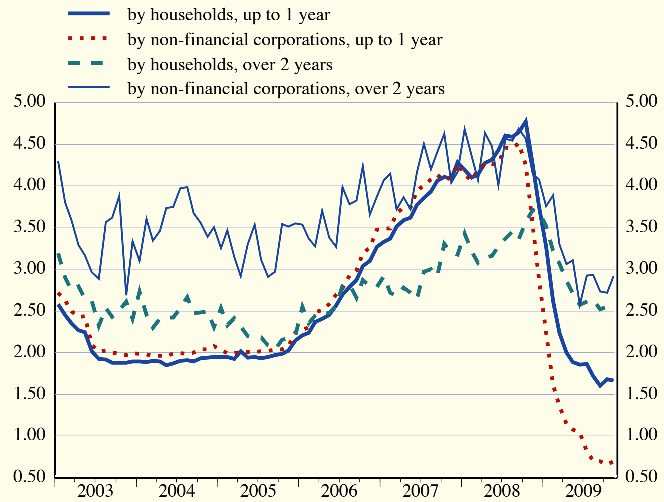
	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight [2]	With an agreed maturity of:		Redeemable at notice of: [2,3]		Overnight [2]	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2008 Dec.	1.16	4.41	3.07	2.95	4.17	1.61	4.01	4.30	3.56
2009 Jan.	1.02	4.16	3.10	2.88	4.08	1.26	3.48	4.11	3.09
Feb.	0.90	3.98	3.17	2.49	3.98	1.10	3.17	4.00	2.68
Mar.	0.80	3.78	3.06	2.31	3.87	0.93	2.80	3.87	2.29
Apr.	0.66	3.54	3.11	2.22	3.75	0.77	2.50	3.84	1.95
May	0.61	3.38	3.04	1.98	3.62	0.74	2.36	3.70	1.79
June	0.56	3.25	3.07	1.95	3.52	0.63	2.19	3.65	1.63
July	0.52	3.07	3.03	1.86	3.38	0.56	1.97	3.53	1.53
Aug.	0.50	2.94	3.01	1.64	3.23	0.54	1.90	3.39	1.53
Sep.	0.49	2.83	3.01	1.60	3.12	0.52	1.80	3.39	1.45
Oct.	0.46	2.64	2.96	1.55	2.97	0.49	1.70	3.34	1.35
Nov.	0.46	2.52	2.95	1.52	2.76	0.48	1.62	3.37	1.27

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
2008 Dec.	5.49	4.90	5.08	9.02	7.38	6.38	5.71	5.42	5.27
2009 Jan.	5.22	4.72	4.93	8.72	7.22	6.22	5.10	4.89	4.89
Feb.	5.14	4.75	4.91	8.61	7.27	6.21	4.75	4.59	4.74
Mar.	4.92	4.63	4.78	8.43	7.08	6.07	4.40	4.28	4.48
Apr.	4.70	4.49	4.65	8.19	7.00	5.92	4.10	3.97	4.25
May	4.59	4.45	4.56	8.09	6.92	5.84	4.00	3.84	4.12
June	4.50	4.40	4.46	7.97	6.91	5.79	3.91	3.72	4.00
July	4.31	4.31	4.36	7.82	6.79	5.70	3.72	3.59	3.81
Aug.	4.23	4.25	4.28	7.81	6.74	5.65	3.65	3.50	3.73
Sep.	4.19	4.26	4.25	7.80	6.72	5.63	3.62	3.44	3.68
Oct.	4.06	4.19	4.18	7.69	6.66	5.54	3.56	3.37	3.60
Nov.	4.03	4.16	4.13	7.57	6.66	5.51	3.53	3.36	3.59

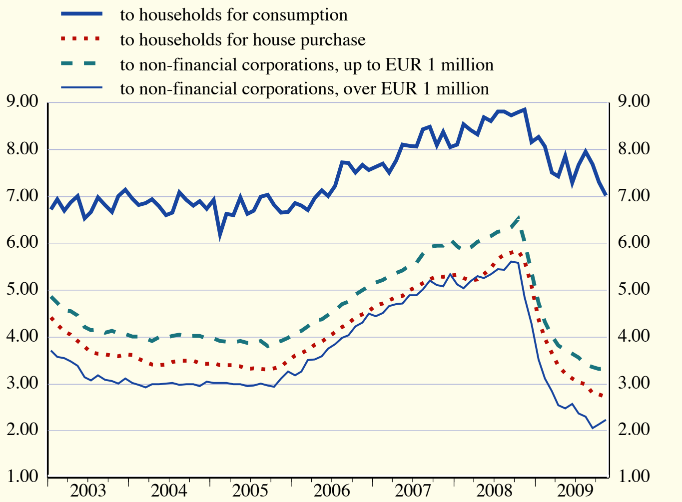
C21 New deposits with an agreed maturity

(percentages per annum excluding charges; period averages)



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

(percentages per annum excluding charges; period averages)

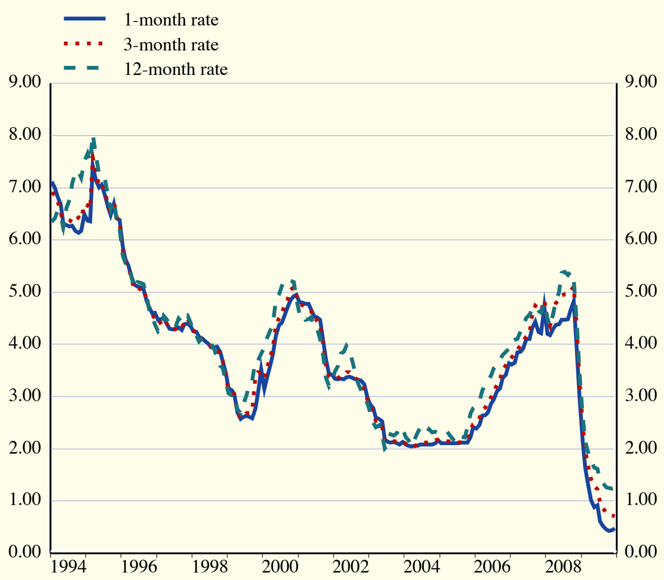


Source: ECB.
1) Data refer to the changing composition of the euro area. For further information, see the General Notes.

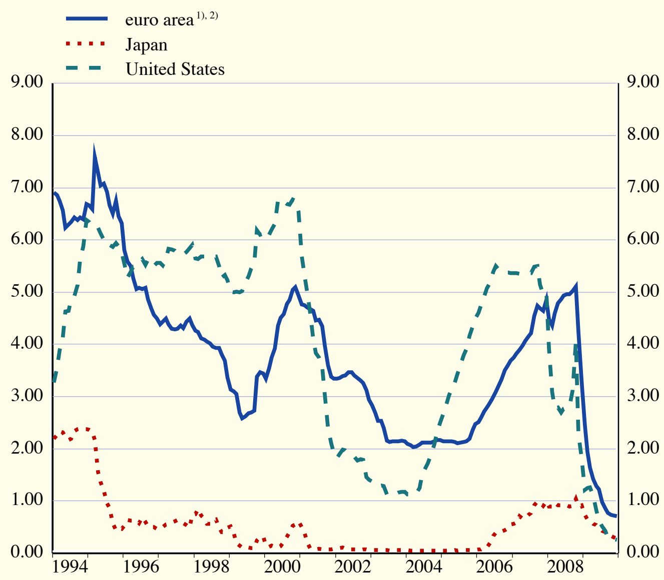
4.6 Money market interest rates
(percentages per annum; period averages)

	Euro area [1), 2)]					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2007	3.87	4.08	4.28	4.35	4.45	5.30	0.79
2008	3.87	4.28	4.64	4.73	4.83	2.93	0.93
2009	0.71	0.89	1.22	1.43	1.61	0.69	0.47
2008 Q4	3.17	3.92	4.24	4.31	4.38	2.77	0.96
2009 Q1	1.37	1.67	2.01	2.11	2.22	1.24	0.67
Q2	0.77	0.94	1.31	1.51	1.67	0.84	0.53
Q3	0.36	0.53	0.87	1.13	1.34	0.41	0.40
Q4	0.36	0.45	0.72	1.00	1.24	0.27	0.31
2008 Dec.	2.49	2.99	3.29	3.37	3.45	1.83	0.92
2009 Jan.	1.81	2.14	2.46	2.54	2.62	1.21	0.73
Feb.	1.26	1.63	1.94	2.03	2.14	1.24	0.64
Mar.	1.06	1.27	1.64	1.77	1.91	1.27	0.62
Apr.	0.84	1.01	1.42	1.61	1.77	1.11	0.57
May	0.78	0.88	1.28	1.48	1.64	0.82	0.53
June	0.70	0.91	1.23	1.44	1.61	0.62	0.49
July	0.36	0.61	0.97	1.21	1.41	0.52	0.43
Aug.	0.35	0.51	0.86	1.12	1.33	0.42	0.40
Sep.	0.36	0.46	0.77	1.04	1.26	0.30	0.36
Oct.	0.36	0.43	0.74	1.02	1.24	0.28	0.33
Nov.	0.36	0.44	0.72	0.99	1.23	0.27	0.31
Dec.	0.35	0.48	0.71	1.00	1.24	0.25	0.28

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.

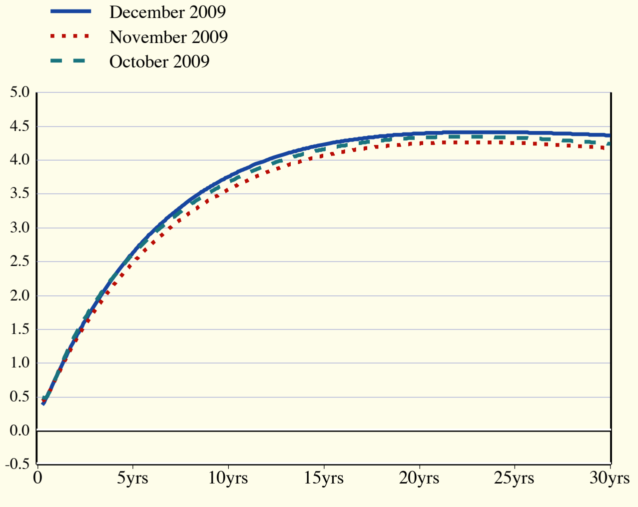
4.7 Euro area yield curves [1)]

(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
2006	3.44	3.76	3.82	3.83	3.86	3.91	0.47	0.09	3.92	3.85	3.88	4.08
2007	3.85	4.00	4.01	4.11	4.23	4.38	0.52	0.36	4.06	4.02	4.40	4.78
2008	1.75	1.85	2.14	2.95	3.32	3.69	1.94	1.55	2.09	2.76	4.04	4.60
2008 Q3	3.71	3.60	3.59	3.88	4.09	4.34	0.63	0.75	3.52	3.67	4.45	5.00
Q4	1.75	1.85	2.14	2.95	3.32	3.69	1.94	1.55	2.09	2.76	4.04	4.60
2009 Q1	0.78	0.88	1.46	2.70	3.23	3.77	3.00	2.31	1.41	2.58	4.24	5.19
Q2	0.62	0.90	1.50	2.85	3.42	3.99	3.37	2.49	1.47	2.67	4.54	5.42
Q3	0.41	0.70	1.33	2.59	3.12	3.64	3.23	2.31	1.34	2.47	4.14	4.96
2008 Dec.	1.75	1.85	2.14	2.95	3.32	3.69	1.94	1.55	2.09	2.76	4.04	4.60
2009 Jan.	1.19	1.27	1.79	3.02	3.53	4.02	2.83	2.24	1.70	2.85	4.53	5.26
Feb.	0.93	1.01	1.56	2.79	3.31	3.85	2.93	2.30	1.48	2.64	4.32	5.25
Mar.	0.78	0.88	1.46	2.70	3.23	3.77	3.00	2.31	1.41	2.58	4.24	5.19
Apr.	0.74	0.96	1.53	2.72	3.25	3.79	3.05	2.26	1.52	2.58	4.24	5.19
May	0.79	0.93	1.53	3.00	3.60	4.18	3.39	2.65	1.43	2.77	4.81	5.61
June	0.62	0.90	1.50	2.85	3.42	3.99	3.37	2.49	1.47	2.67	4.54	5.42
July	0.49	0.74	1.43	2.68	3.21	3.74	3.26	2.31	1.49	2.62	4.21	5.13
Aug.	0.44	0.74	1.46	2.69	3.19	3.68	3.24	2.22	1.55	2.66	4.16	4.95
Sep.	0.41	0.70	1.33	2.59	3.12	3.64	3.23	2.31	1.34	2.47	4.14	4.96
Oct.	0.50	0.81	1.43	2.61	3.13	3.68	3.18	2.25	1.49	2.50	4.12	5.11
Nov.	0.44	0.80	1.34	2.49	3.01	3.57	3.13	2.23	1.38	2.32	4.00	5.04
Dec.	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20

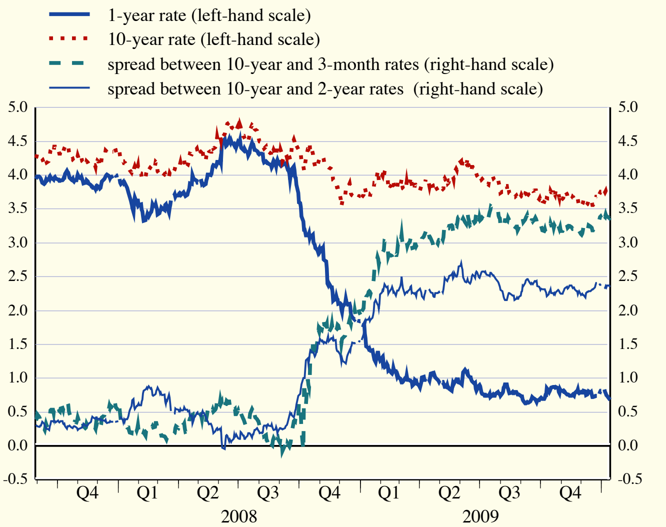
C25 Euro area spot yield curves

(percentages per annum; end of period)



C26 Euro area spot rates and spreads

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



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

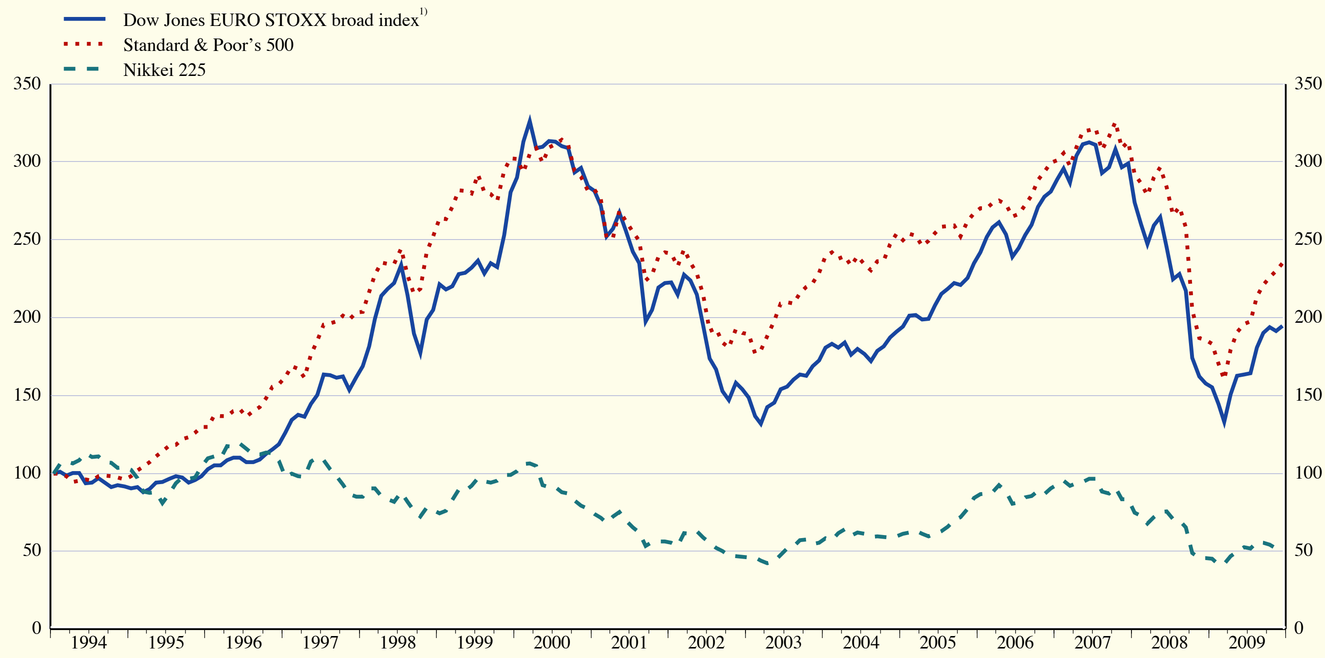
4.8 Stock market indices

(index levels in points; period averages)

	Dow Jones EURO STOXX indices[1]												United States	Japan
	Benchmark		Main industry indices											
	Broad index	50	Basic materials	Consumer services	Consumer goods	Oil and gas	Financials	Industrials	Technology	Utilities	Telecoms	Health care	Standard & Poor's 500	Nikkei 225
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2007	416.4	4,315.8	543.8	235.4	366.5	449.6	408.3	488.4	383.4	561.4	492.7	519.2	1,476.5	16,984.4
2008	313.7	3,319.5	480.4	169.3	290.7	380.9	265.0	350.9	282.5	502.0	431.5	411.5	1,220.7	12,151.6
2009	234.2	2,521.0	353.2	140.5	244.5	293.5	172.1	269.7	200.7	353.7	380.4	363.5	946.2	9,321.6
2008 Q4	228.7	2,497.7	320.7	136.5	236.9	287.6	169.3	238.1	200.0	384.7	387.0	358.1	910.9	8,700.4
2009 Q1	200.2	2,166.4	293.6	131.6	207.9	272.5	126.3	223.0	175.7	340.6	367.2	345.7	810.1	7,968.8
Q2	220.5	2,376.6	326.9	136.6	229.5	287.3	158.6	251.0	201.1	337.7	351.5	343.8	892.0	9,274.8
Q3	247.2	2,660.6	369.0	142.0	257.1	296.8	192.7	286.0	211.3	361.1	386.0	365.1	994.2	10,117.3
Q4	268.1	2,872.7	422.1	151.5	282.8	316.9	209.7	317.7	214.1	375.3	416.5	399.3	1,088.7	9,969.2
2008 Dec.	219.0	2,407.0	304.0	137.8	224.2	281.0	152.5	238.7	189.4	369.2	396.6	349.4	877.2	8,492.1
2009 Jan.	215.5	2,344.9	309.7	136.8	220.8	280.5	143.4	236.4	188.1	376.5	384.1	364.8	866.6	8,402.5
Feb.	200.4	2,159.8	299.2	132.7	208.0	280.9	123.3	226.1	175.7	341.0	361.7	354.1	806.3	7,707.3
Mar.	184.6	1,993.9	272.5	125.3	194.9	256.9	111.8	206.8	163.5	304.2	355.2	319.1	757.1	7,772.8
Apr.	209.3	2,256.3	308.4	134.6	219.0	268.1	145.0	237.9	196.0	323.2	356.8	327.7	848.5	8,755.5
May	225.7	2,426.7	331.6	140.1	233.8	296.0	164.5	259.8	203.1	346.3	348.0	346.7	901.7	9,257.7
June	226.7	2,449.0	341.0	135.3	235.9	298.3	166.8	255.5	204.3	343.8	349.6	357.0	926.1	9,810.3
July	228.0	2,462.1	337.9	134.8	243.7	288.6	170.6	256.8	198.8	334.7	364.8	352.9	934.1	9,678.3
Aug.	250.7	2,702.7	377.6	142.1	261.8	293.2	198.6	290.3	208.5	365.7	387.2	364.1	1,009.7	10,430.4
Sep.	264.0	2,827.9	393.3	149.5	266.5	308.7	210.2	312.5	227.2	384.4	407.0	378.8	1,044.6	10,302.9
Oct.	268.7	2,865.5	403.7	150.1	277.5	314.2	216.0	318.4	221.3	375.4	415.0	393.6	1,067.7	10,066.2
Nov.	265.4	2,843.8	415.4	149.5	280.0	315.3	208.7	313.6	209.9	369.8	414.5	391.5	1,088.1	9,641.0
Dec.	270.1	2,907.6	447.0	155.0	290.9	321.1	204.3	321.0	211.0	380.5	419.8	412.4	1,110.4	10,169.0

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 [3]	100.0	100.0	83.0	58.6	41.4	100.0	11.9	7.5	29.7	9.6	41.4	89.3	10.7
	1	2	3	4	5	6	7	8	9	10	11	12	13
2005	100.0	2.2	1.5	2.1	2.3	-	-	-	-	-	-	2.1	2.5
2006	102.2	2.2	1.5	2.3	2.0	-	-	-	-	-	-	2.1	2.7
2007	104.4	2.1	2.0	1.9	2.5	-	-	-	-	-	-	2.1	2.1
2008	107.8	3.3	2.4	3.8	2.6	-	-	-	-	-	-	3.3	3.0
2008 Q3	108.4	3.8	2.5	4.7	2.6	0.8	0.8	1.1	0.2	2.1	0.7	3.9	3.3
Q4	108.2	2.3	2.2	2.1	2.6	-0.6	0.3	0.2	0.3	-8.7	0.5	2.1	3.4
2009 Q1	107.4	1.0	1.6	0.1	2.2	-0.3	-0.1	0.3	0.0	-4.9	0.4	0.7	2.9
Q2	108.3	0.2	1.5	-1.2	2.2	0.2	0.1	-0.9	0.2	0.7	0.4	0.0	1.7
Q3	108.0	-0.4	1.2	-1.9	1.8	0.2	0.4	-0.9	0.0	0.8	0.4	-0.6	1.1
2009 July	107.8	-0.7	1.2	-2.4	1.9	-0.1	0.1	-0.5	0.0	-1.8	0.1	-0.9	1.2
Aug.	108.1	-0.2	1.2	-1.5	1.8	0.3	0.1	-0.2	0.1	1.8	0.2	-0.3	1.1
Sep.	108.2	-0.3	1.1	-1.8	1.8	-0.1	0.0	0.1	0.0	-1.2	0.1	-0.5	1.0
Oct.	108.4	-0.1	1.0	-1.4	1.8	0.0	0.0	-0.1	0.0	-0.2	0.2	-0.2	0.8
Nov.	108.5	0.5	1.0	-0.3	1.6	0.2	0.2	0.2	0.0	1.4	0.1	0.4	0.8
Dec. [4]	.	0.9	.	.	.	.	.	.	.	.	.	.	.

	Goods						Services					
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal	Miscellaneous
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy		Rents				
% of total [3]	19.3	11.9	7.5	39.3	29.7	9.6	10.1	6.0	6.3	3.2	14.9	6.8
	14	15	16	17	18	19	20	21	22	23	24	25
2005	1.6	2.0	0.8	2.4	0.3	10.1	2.6	2.0	2.7	-2.2	2.3	3.1
2006	2.4	2.1	2.8	2.3	0.6	7.7	2.5	2.1	2.5	-3.3	2.3	2.3
2007	2.8	2.8	3.0	1.4	1.0	2.6	2.7	2.0	2.6	-1.9	2.9	3.2
2008	5.1	6.1	3.5	3.1	0.8	10.3	2.3	1.9	3.9	-2.2	3.2	2.5
2008 Q3	5.6	6.7	3.9	4.2	0.7	15.1	2.3	1.9	4.4	-2.4	3.4	2.3
Q4	3.8	4.3	3.0	1.2	0.9	2.1	2.2	1.9	4.5	-2.0	3.3	2.2
2009 Q1	2.4	2.1	2.8	-1.1	0.7	-6.1	2.0	1.7	3.6	-1.7	2.7	2.1
Q2	1.0	1.1	0.8	-2.3	0.7	-10.7	2.1	1.8	3.1	-1.2	2.7	2.0
Q3	-0.1	0.6	-1.2	-2.8	0.5	-11.9	2.0	1.8	2.5	-0.6	1.8	2.1
2009 June	0.7	1.1	0.0	-2.7	0.6	-11.7	2.1	1.8	2.7	-0.9	2.2	1.9
July	0.0	0.8	-1.1	-3.6	0.5	-14.4	2.1	1.8	2.6	-0.8	1.9	2.0
Aug.	-0.1	0.6	-1.2	-2.3	0.6	-10.2	2.0	1.8	2.5	-0.7	1.8	2.0
Sep.	-0.2	0.5	-1.3	-2.6	0.5	-11.0	2.0	1.8	2.3	-0.3	1.7	2.1
Oct.	-0.4	0.3	-1.6	-2.0	0.3	-8.5	1.9	1.6	2.6	-0.3	1.6	2.1
Nov.	-0.1	0.5	-1.3	-0.4	0.2	-2.4	1.9	1.7	2.4	-0.7	1.3	2.2

Sources: Eurostat and ECB calculations.

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

2) ECB estimates based on Eurostat data; 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 http://www.ecb.europa.eu/stats/prices/hicp/html/index.en.html for a note explaining the methodology used in the compilation of this indicator.

3) Weighting used in 2009.

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

2. Industry, construction and residential property prices

	Industrial producer prices excluding construction										Construct-ion [1]	Residential property prices [2]
	Total (index: 2005 = 100)	Total		Industry excluding construction and energy						Energy		
			Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods					
							Total	Durable	Non-durable			
% of total [3]	100.0	100.0	83.0	75.8	30.1	21.9	23.7	2.7	21.0	24.2		
	1	2	3	4	5	6	7	8	9	10	11	12
2005	100.0	4.1	3.1	1.9	2.8	1.2	0.9	1.3	0.8	13.5	3.4	7.5
2006	105.1	5.1	3.5	2.8	4.6	1.6	1.5	1.4	1.5	13.4	4.6	6.5
2007	107.9	2.7	3.0	3.2	4.6	2.2	2.2	2.4	2.1	1.2	4.1	4.4
2008	114.4	6.1	4.8	3.5	4.0	2.1	3.9	2.8	4.1	14.1	3.8	1.7
2008 Q3	117.2	8.4	6.7	4.2	5.4	2.3	4.2	2.7	4.4	21.5	5.2	-
Q4	113.7	3.4	0.7	2.4	2.6	2.5	2.0	2.6	1.9	6.7	3.4	0.6 [4]
2009 Q1	109.8	-2.0	-4.3	-1.1	-2.7	1.8	-1.0	1.9	-1.4	-4.1	2.6	-
Q2	108.3	-5.7	-6.8	-3.0	-5.7	0.6	-2.0	1.5	-2.5	-13.2	-0.2	.
Q3	108.0	-7.8	-7.4	-4.2	-7.4	-0.2	-2.6	1.0	-3.1	-18.0	-1.6	-
2009 June	108.5	-6.5	-7.3	-3.5	-6.4	0.3	-2.3	1.6	-2.9	-14.7	-	-
July	107.8	-8.4	-8.2	-4.1	-7.5	0.0	-2.5	1.2	-3.0	-19.8	-	-
Aug.	108.3	-7.5	-7.0	-4.2	-7.4	-0.2	-2.6	1.1	-3.1	-16.7	-	-
Sep.	108.0	-7.6	-6.9	-4.2	-7.3	-0.5	-2.7	0.7	-3.2	-17.3	-	-
Oct.	108.3	-6.6	-5.2	-3.9	-6.4	-0.7	-2.8	0.4	-3.3	-14.2	-	-
Nov.	108.4	-4.5	-2.8	-3.1	-4.8	-0.8	-2.4	0.5	-2.7	-9.0	-	-

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

	Oil prices [5] (EUR per barrel)	Non-energy commodity prices						GDP deflators							
		Import-weighted [6]			Use-weighted [7]			Total (s.a.; index: 2000 = 100)	Total	Domestic demand				Exports [8]	Imports [8]
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consump-tion	Government consump-tion	Gross fixed capital formation		
% of total		100.0	35.0	65.0	100.0	44.3	55.7								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2006	52.9	27.5	5.8	37.6	24.4	5.9	38.1	113.8	1.9	2.4	2.2	2.0	2.9	2.6	3.8
2007	52.8	7.5	14.3	5.0	5.1	9.4	2.7	116.5	2.4	2.3	2.3	1.7	2.6	1.6	1.4
2008	65.9	2.1	18.5	-4.3	-1.7	9.7	-8.5	119.0	2.2	2.7	2.9	2.8	2.4	2.4	3.7
2009	44.6	-18.6	-9.0	-23.2	-18.1	-11.5	-22.8	.	.	.	.	.	.	.	.
2008 Q4	43.5	-9.9	-7.2	-11.2	-14.5	-12.9	-15.8	120.0	2.4	2.0	2.0	2.2	1.8	1.3	0.4
2009 Q1	35.1	-29.2	-15.0	-36.0	-28.7	-17.7	-36.8	120.1	1.8	1.1	0.3	2.8	0.6	-2.6	-4.4
Q2	43.8	-24.5	-11.2	-31.0	-22.5	-10.0	-31.4	120.2	1.1	0.1	-0.3	1.6	-0.8	-4.4	-6.8
Q3	48.1	-18.8	-12.7	-21.8	-18.9	-15.3	-21.5	120.4	0.9	-0.3	-0.7	2.4	-1.5	-5.4	-8.1
Q4	51.2	2.7	5.3	1.4	2.3	-1.1	4.9	.	.	.	.	.	.	.	.
2009 July	46.5	-22.9	-15.3	-26.6	-21.6	-14.3	-26.8	-	-	-	-	-	-	-	-
Aug.	51.1	-16.4	-10.9	-19.1	-17.6	-16.2	-18.7	-	-	-	-	-	-	-	-
Sep.	46.9	-17.0	-11.6	-19.6	-17.5	-15.4	-18.9	-	-	-	-	-	-	-	-
Oct.	49.8	-7.3	-1.2	-10.1	-9.3	-10.3	-8.6	-	-	-	-	-	-	-	-
Nov.	52.1	-0.9	3.0	-2.8	-1.0	-3.0	0.5	-	-	-	-	-	-	-	-
Dec.	51.6	18.4	14.5	20.5	19.5	10.4	27.1	-	-	-	-	-	-	-	-

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

1) Input prices for residential buildings.
2) Experimental data based on non-harmonised national sources (see http://www.ecb.int/stats/intro/html/experiment.en.html for further details).
3) In 2005.
4) The quarterly data for the second and fourth quarters refer to biannual averages for the first and second halves of the year respectively. Since some national data are only available annually, the biannual estimate is partially derived from annual results; consequently, the accuracy of biannual data is lower than the accuracy of annual data.
5) Brent Blend (for one-month forward delivery).
6) Refers to prices expressed in euro. Weighted according to the structure of euro area imports in the period 2004-06.
7) Refers to prices expressed in euro. Weighted according to euro area domestic demand (domestic production plus imports minus exports) in the period 2004-06. Experimental data (see http://www.ecb.int/stats/intro/html/experiment.en.html for details).
8) Deflators for exports and imports refer to goods and services and include cross-border trade within the euro area.

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

4. Unit labour costs, compensation per employee and labour productivity

(seasonally adjusted)

	Total (index: 2000 = 100)	Total	By economic activity: Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
	1	2	3	4	5	6	7	8
	Unit labour costs [1]							
2005	109.0	1.2	8.5	-0.5	3.2	0.7	2.1	2.1
2006	110.0	1.0	1.3	-0.5	3.4	0.6	2.2	2.0
2007	111.7	1.6	2.6	0.7	4.1	0.7	2.3	1.8
2008	115.4	3.3	0.1	3.6	2.8	3.2	3.1	3.1
2008 Q3	115.8	3.6	-0.9	4.1	3.0	4.4	3.6	2.5
Q4	118.2	4.8	-0.4	9.9	2.5	5.2	2.4	3.2
2009 Q1	120.3	5.9	0.6	16.5	2.2	6.8	0.3	3.6
Q2	120.4	4.8	1.3	14.9	0.7	5.5	1.0	2.1
Q3	119.9	3.5	0.0	9.2	-0.7	3.5	0.0	3.6
	Compensation per employee							
2005	112.3	2.0	2.6	1.9	2.2	1.9	2.3	1.9
2006	114.9	2.3	3.2	3.4	3.5	1.7	2.3	1.7
2007	117.8	2.5	4.1	2.8	2.7	2.1	2.5	2.5
2008	121.6	3.2	3.3	3.1	4.5	2.7	2.5	3.7
2008 Q3	122.1	3.6	3.5	3.2	5.0	3.9	3.0	3.5
Q4	122.8	3.0	3.0	2.9	4.4	2.9	2.0	3.5
2009 Q1	122.7	1.9	3.2	0.3	3.4	2.2	0.7	3.2
Q2	123.2	1.6	3.6	0.0	3.8	1.9	1.9	1.9
Q3	123.8	1.4	2.8	0.2	3.0	0.5	1.4	2.9
	Labour productivity [2]							
2005	103.1	0.7	-5.5	2.4	-1.1	1.3	0.2	-0.2
2006	104.5	1.4	1.8	3.9	0.1	1.2	0.1	-0.3
2007	105.5	1.0	1.4	2.1	-1.4	1.4	0.2	0.7
2008	105.4	-0.1	3.2	-0.5	1.6	-0.5	-0.6	0.6
2008 Q3	105.5	-0.1	4.4	-0.9	1.9	-0.5	-0.6	1.0
Q4	103.8	-1.7	3.4	-6.4	1.8	-2.2	-0.4	0.3
2009 Q1	102.0	-3.8	2.5	-13.9	1.2	-4.3	0.4	-0.4
Q2	102.4	-3.1	2.3	-12.9	3.0	-3.4	0.9	-0.2
Q3	103.3	-2.0	2.8	-8.3	3.7	-2.9	1.4	-0.7

5. Hourly labour costs [3]

	Total (s.a.; index: 2008 = 100)	Total	By component: Wages and salaries	Employers' social contributions	For selected economic activities: Mining, manufacturing and energy	Construction	Services	Memo item: indicator of negotiated wages [4]
% of total [5]	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2005	92.2	2.1	2.2	2.0	2.1	1.6	2.3	2.1
2006	94.3	2.3	2.3	2.2	3.4	1.4	1.8	2.3
2007	96.6	2.5	2.8	1.5	2.2	2.7	2.6	2.1
2008	99.9	3.4	3.5	3.3	3.8	4.2	3.1	3.2
2008 Q3	100.5	3.5	3.6	3.5	2.9	3.7	3.8	3.4
Q4	101.7	4.4	4.3	4.9	6.2	5.1	3.3	3.6
2009 Q1	102.3	3.8	3.7	4.5	6.2	3.4	2.6	3.2
Q2	103.3	4.3	4.2	4.6	6.1	3.8	3.5	2.8
Q3	103.8	3.2	3.1	3.6	5.4	2.9	2.0	2.3

Sources: Eurostat, ECB calculations based on Eurostat data (Table 4 in Section 5.1 and column 7 in Table 5 in Section 5.1) and ECB calculations (column 8 in Table 5 in Section 5.1).
1) Compensation (at current prices) per employee divided by value added (volumes) per person employed.
2) Value added (volumes) per person employed.
3) Hourly labour costs for the whole economy, excluding agriculture, public administration, education, health and services not classified elsewhere. Owing to differences in coverage, the estimates for the components may not be consistent with the total.
4) Experimental data (see http://www.ecb.int/stats/intro/html/experiment.en.html for further details).
5) In 2008.

1. GDP and expenditure components

	GDP								
	Total	Domestic demand					External balance [1]		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories [2]	Total	Exports [1]	Imports [1]
	1	2	3	4	5	6	7	8	9
	Current prices (EUR billions; seasonally adjusted)								
2005	8,140.6	8,021.3	4,666.2	1,664.2	1,683.1	7.9	119.2	3,094.0	2,974.7
2006	8,558.9	8,461.2	4,870.0	1,733.2	1,831.2	26.7	97.7	3,451.6	3,353.9
2007	9,005.7	8,864.7	5,062.2	1,803.4	1,968.5	30.6	141.0	3,732.8	3,591.8
2008	9,259.6	9,162.9	5,228.8	1,892.1	2,001.8	40.2	96.8	3,858.7	3,761.9
2008 Q3	2,324.7	2,309.6	1,316.9	474.7	504.0	14.0	15.1	984.0	968.9
Q4	2,294.7	2,281.4	1,304.6	480.7	481.8	14.3	13.3	900.6	887.3
2009 Q1	2,239.7	2,231.4	1,288.3	487.8	453.5	1.8	8.3	801.3	793.0
Q2	2,238.4	2,218.8	1,292.1	493.2	444.3	-10.7	19.6	783.0	763.4
Q3	2,251.9	2,232.4	1,294.1	498.2	439.8	0.3	19.4	805.4	785.9
	percentage of GDP								
2008	100.0	99.0	56.5	20.4	21.6	0.4	1.0	-	-
	Chain-linked volumes (prices for the previous year; seasonally adjusted [3])								
	quarter-on-quarter percentage changes								
2008 Q3	-0.4	0.1	0.0	0.5	-1.2	-	-	-1.3	0.0
Q4	-1.9	-0.8	-0.5	0.6	-4.0	-	-	-7.2	-4.8
2009 Q1	-2.5	-2.0	-0.4	0.6	-5.4	-	-	-8.6	-7.4
Q2	-0.1	-0.7	0.1	0.6	-1.6	-	-	-1.2	-2.8
Q3	0.4	0.4	-0.1	0.6	-0.8	-	-	3.1	3.0
	annual percentage changes								
2005	1.7	1.9	1.8	1.6	3.2	-	-	5.1	5.8
2006	3.0	2.9	2.0	2.1	5.5	-	-	8.5	8.5
2007	2.8	2.4	1.6	2.3	4.8	-	-	6.3	5.5
2008	0.6	0.6	0.4	2.0	-0.4	-	-	1.0	1.0
2008 Q3	0.4	0.4	0.0	2.1	-0.6	-	-	1.0	0.9
Q4	-1.8	-0.5	-0.7	2.4	-5.8	-	-	-6.9	-4.0
2009 Q1	-5.0	-3.2	-1.3	2.5	-11.5	-	-	-16.6	-12.8
Q2	-4.8	-3.4	-0.9	2.5	-11.7	-	-	-17.2	-14.3
Q3	-4.0	-3.2	-1.0	2.5	-11.4	-	-	-13.5	-11.8
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2008 Q3	-0.4	0.1	0.0	0.1	-0.3	0.3	-0.5	-	-
Q4	-1.9	-0.8	-0.3	0.1	-0.9	0.2	-1.1	-	-
2009 Q1	-2.5	-2.0	-0.2	0.1	-1.1	-0.8	-0.5	-	-
Q2	-0.1	-0.7	0.0	0.1	-0.3	-0.6	0.6	-	-
Q3	0.4	0.4	-0.1	0.1	-0.2	0.5	0.1	-	-
	contributions to annual percentage changes in GDP; percentage points								
2005	1.7	1.8	1.1	0.3	0.6	-0.2	-0.2	-	-
2006	3.0	2.9	1.2	0.4	1.1	0.1	0.1	-	-
2007	2.8	2.4	0.9	0.5	1.0	0.0	0.4	-	-
2008	0.6	0.6	0.2	0.4	-0.1	0.1	0.0	-	-
2008 Q3	0.4	0.3	0.0	0.4	-0.1	0.1	0.1	-	-
Q4	-1.8	-0.5	-0.4	0.5	-1.3	0.6	-1.3	-	-
2009 Q1	-5.0	-3.2	-0.7	0.5	-2.5	-0.5	-1.8	-	-
Q2	-4.8	-3.4	-0.5	0.5	-2.5	-0.8	-1.5	-	-
Q3	-4.0	-3.2	-0.6	0.5	-2.5	-0.6	-0.9	-	-

Sources: Eurostat and ECB calculations.

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

5.2 Output and demand

2. Value added by economic activity

	Gross value added (basic prices): Total	Agriculture, hunting, forestry and fishing activities	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services	Taxes less subsidies on products
	1	2	3	4	5	6	7	8
	Current prices (EUR billions; seasonally adjusted)							
2005	7,295.9	143.7	1,481.7	439.8	1,541.3	2,018.4	1,671.1	844.7
2006	7,645.0	141.2	1,563.3	476.3	1,598.0	2,134.6	1,731.6	913.9
2007	8,046.8	151.7	1,638.9	509.3	1,672.7	2,271.0	1,803.1	959.0
2008	8,313.6	146.7	1,660.2	533.3	1,726.8	2,364.6	1,882.1	946.0
2008 Q3	2,087.5	35.9	418.0	134.8	433.8	594.0	471.0	237.2
Q4	2,064.5	34.9	395.7	132.0	428.8	594.9	478.2	230.2
2009 Q1	2,016.1	34.4	359.1	130.4	417.9	589.7	484.7	223.5
Q2	2,016.2	33.4	353.2	129.3	418.6	592.5	489.2	222.2
Q3	2,029.8	32.4	361.1	128.9	420.2	594.7	492.4	222.1
	percentage of value added							
2008	100.0	1.8	20.0	6.4	20.8	28.4	22.6	-
	Chain-linked volumes (prices for the previous year; seasonally adjusted [1])							
	quarter-on-quarter percentage changes							
2008 Q3	-0.4	0.3	-1.8	-1.4	-0.4	-0.1	0.5	-0.2
Q4	-1.9	0.3	-6.4	-1.8	-2.0	-0.6	0.3	-2.0
2009 Q1	-2.5	-0.3	-8.3	-1.0	-2.8	-0.7	-0.1	-2.5
Q2	-0.2	-0.2	-1.5	-0.7	-0.1	0.1	0.7	0.3
Q3	0.4	0.4	2.3	-0.8	0.2	-0.1	0.1	0.8
	annual percentage changes							
2005	1.7	-6.1	1.3	1.6	2.0	2.7	1.3	1.9
2006	3.0	0.0	3.6	2.9	2.8	4.1	1.4	3.3
2007	3.0	-0.1	2.4	2.3	3.4	4.3	2.0	0.9
2008	0.9	1.7	-0.6	-0.6	0.8	1.7	1.6	-1.2
2008 Q3	0.6	2.8	-1.0	-1.0	0.4	1.3	1.8	-1.5
Q4	-1.7	2.2	-7.6	-3.4	-2.0	0.2	1.5	-2.6
2009 Q1	-4.9	0.1	-16.6	-5.9	-5.5	-1.0	1.1	-5.6
Q2	-4.9	0.1	-17.1	-4.7	-5.1	-1.2	1.3	-4.4
Q3	-4.1	0.1	-13.6	-4.2	-4.6	-1.3	1.0	-3.5
	contributions to quarter-on-quarter percentage changes in value added; percentage points							
2008 Q3	-0.4	0.0	-0.4	-0.1	-0.1	0.0	0.1	-
Q4	-1.9	0.0	-1.3	-0.1	-0.4	-0.2	0.1	-
2009 Q1	-2.5	0.0	-1.6	-0.1	-0.6	-0.2	0.0	-
Q2	-0.2	0.0	-0.3	0.0	0.0	0.0	0.2	-
Q3	0.4	0.0	0.4	-0.1	0.0	0.0	0.0	-
	contributions to annual percentage changes in value added; percentage points							
2005	1.7	-0.1	0.3	0.1	0.4	0.7	0.3	-
2006	3.0	0.0	0.7	0.2	0.6	1.1	0.3	-
2007	3.0	0.0	0.5	0.1	0.7	1.2	0.4	-
2008	0.9	0.0	-0.1	0.0	0.2	0.5	0.4	-
2008 Q3	0.6	0.1	-0.2	-0.1	0.1	0.4	0.4	-
Q4	-1.7	0.0	-1.5	-0.2	-0.4	0.1	0.3	-
2009 Q1	-4.9	0.0	-3.4	-0.4	-1.1	-0.3	0.3	-
Q2	-4.9	0.0	-3.5	-0.3	-1.1	-0.3	0.3	-
Q3	-4.1	0.0	-2.7	-0.3	-1.0	-0.4	0.2	-

Sources: Eurostat and ECB calculations.

1) Annual data are not working day-adjusted.

5.2 Output and demand

(annual percentage changes, unless otherwise indicated)

3. Industrial production

	Total	Industry excluding construction										Construction
		Total (s.a.;index: 2005 = 100)	Total		Industry excluding construction and energy						Energy	
				Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
% of total [1]	100.0	78.0	78.0	69.4	68.8	28.2	22.1	18.5	2.6	15.9	9.1	22.0
	1	2	3	4	5	6	7	8	9	10	11	12
2006	4.1	104.3	4.2	4.6	4.7	4.9	6.0	3.0	4.7	2.7	0.6	3.5
2007	3.2	108.2	3.7	4.2	4.3	3.7	6.7	2.3	1.4	2.5	-0.9	1.1
2008	-2.2	106.3	-1.7	-1.8	-1.9	-3.3	-0.1	-2.0	-5.7	-1.4	0.3	-4.4
2008 Q4	-8.9	98.6	-8.9	-9.2	-9.4	-13.3	-8.4	-4.7	-11.9	-3.5	-4.1	-8.1
2009 Q1	-17.0	90.3	-18.5	-20.2	-20.7	-25.4	-23.9	-7.4	-19.8	-5.5	-4.5	-10.3
Q2	-16.7	89.2	-18.6	-19.5	-19.9	-24.3	-24.2	-6.0	-21.3	-3.4	-8.9	-7.4
Q3	-13.8	91.2	-14.5	-15.3	-15.8	-18.4	-21.1	-4.0	-18.2	-1.9	-6.3	-9.5
2009 May	-16.2	89.2	-17.8	-18.7	-18.9	-23.4	-23.0	-5.4	-19.9	-2.8	-7.5	-8.7
June	-15.2	90.1	-16.7	-17.8	-18.3	-22.2	-22.2	-5.3	-23.6	-2.3	-6.2	-7.6
July	-15.1	90.5	-15.8	-16.9	-17.8	-20.2	-23.5	-4.0	-20.4	-1.3	-5.6	-10.2
Aug.	-14.7	91.5	-15.1	-16.1	-16.1	-19.4	-22.0	-5.4	-19.5	-3.8	-6.1	-10.8
Sep.	-12.0	91.8	-12.7	-13.1	-13.7	-15.7	-18.3	-2.8	-15.3	-0.9	-7.3	-7.8
Oct.	-10.6	91.5	-10.9	-11.5	-12.1	-12.2	-16.7	-4.5	-14.3	-2.8	-6.0	-6.8
	month-on-month percentage changes (s.a.)											
2009 May	0.5	-	1.1	1.0	1.0	1.3	1.2	0.3	-2.3	0.6	1.8	-2.0
June	0.7	-	1.0	0.9	-0.2	0.6	0.2	-0.2	-3.5	0.2	1.8	-0.1
July	-0.2	-	0.4	0.4	-0.2	1.2	-1.3	0.5	0.9	0.4	0.5	-1.7
Aug.	0.6	-	1.1	1.4	1.1	0.9	1.6	-0.4	5.7	-1.1	0.2	0.0
Sep.	0.5	-	0.3	0.6	0.0	0.8	1.6	0.2	-4.8	0.8	-1.6	-0.7
Oct.	-0.6	-	-0.3	-0.6	-0.3	1.1	-0.3	-1.4	-1.2	-1.3	0.4	-0.3

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

	Industrial new orders		Industrial turnover		Retail sales (excluding automotive fuel)							New passenger car registrations	
	Manufacturing [2] (current prices)		Manufacturing (current prices)		Current prices	Constant prices							
	Total (s.a.; index: 2005 = 100)	Total	Total (s.a.: index: 2005 = 100)	Total	Total	Total (s.a.; index: 2005 = 100)	Total	Food, beverages, tobacco	Non-food			Total (s.a., thousands) [3]	Total
										Textiles, clothing, footwear	Household equipment		
% of total [1]	100.0	100.0	100.0	100.0	100.0	100.0	100.0	42.9	57.1	9.9	13.9		
	1	2	3	4	5	6	7	8	9	10	11	12	13
2006	110.7	10.3	108.3	8.0	3.3	102.5	2.4	1.0	3.5	3.1	5.3	975	2.4
2007	120.0	8.7	115.0	6.5	2.6	104.3	1.8	0.0	3.2	4.0	3.0	968	-0.5
2008	113.4	-5.2	116.9	1.9	1.7	103.5	-0.8	-1.8	-0.1	-1.8	-1.9	896	-7.0
2008 Q4	94.6	-22.3	107.1	-7.5	-0.4	102.7	-1.7	-2.4	-1.1	-3.1	-2.7	825	-17.4
2009 Q1	83.1	-31.8	95.1	-21.6	-2.8	102.0	-2.7	-3.7	-1.9	-0.5	-6.1	828	-12.6
Q2	84.5	-30.6	94.1	-23.2	-2.8	101.6	-2.0	-1.6	-2.2	-2.0	-5.3	933	-0.2
Q3	91.1	-21.4	96.0	-18.8	-3.2	101.2	-1.8	-1.4	-2.2	-2.7	-2.9	961	9.6
2009 June	86.5	-25.8	93.7	-20.4	-2.8	101.5	-1.7	-1.6	-1.5	-1.7	-4.5	974	11.6
July	90.3	-24.9	95.0	-20.6	-2.6	101.5	-1.2	-1.7	-1.1	0.3	-3.3	977	6.8
Aug.	90.8	-23.2	96.9	-18.8	-3.2	101.3	-1.8	-0.8	-2.6	-4.2	-2.9	935	14.5
Sep.	92.3	-16.4	96.1	-16.9	-3.8	100.9	-2.5	-1.9	-3.0	-4.7	-2.4	972	9.6
Oct.	90.4	-14.4	96.5	-16.4	-1.9	101.2	-0.6	-1.6	-0.2	2.5	-0.5	984	10.8
Nov.	.	.	.	.	-3.3	100.0	-3.4	-2.8	-4.0	.	.	979	33.6
	month-on-month percentage changes (s.a.)												
2009 July	-	4.4	-	1.4	-0.1	-	0.0	-0.3	0.2	1.3	0.3	-	0.2
Aug.	-	0.5	-	2.0	-0.2	-	-0.2	0.6	-0.8	-2.6	-0.1	-	-4.3
Sep.	-	1.6	-	-0.8	-0.5	-	-0.4	-0.7	-0.2	0.4	0.1	-	4.1
Oct.	-	-2.1	-	0.4	0.3	-	0.3	-0.3	0.6	2.3	0.4	-	1.2
Nov.	-	.	-	.	-0.7	-	-1.1	-0.3	-1.6	.	.	-	-0.5

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

1) In 2005.

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

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

5.2 Output and demand

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

5. Business and Consumer Surveys

	Economic sentiment indicator [2] (long-term average = 100)	Manufacturing industry: Industrial confidence indicator: Total [4]	Order books	Stocks of finished products	Production expectations	Capacity utilisation [3] (percentages)	Consumer confidence indicator: Total [4]	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
	1	2	3	4	5	6	7	8	9	10	11
2006	106.9	2	0	6	13	83.1	-9	-3	-9	15	-9
2007	108.9	4	5	5	13	84.1	-5	-2	-4	5	-8
2008	91.1	-9	-15	11	-2	81.8	-18	-10	-25	23	-14
2009	76.1	-29	-56	14	-15	.	-25	-7	-26	55	-10
2008 Q4	75.6	-25	-36	18	-22	78.1	-27	-11	-34	49	-14
2009 Q1	65.7	-36	-56	20	-31	72.5	-33	-11	-41	64	-14
Q2	70.2	-33	-62	18	-21	70.0	-28	-9	-34	59	-11
Q3	79.9	-26	-58	12	-9	70.1	-21	-5	-20	51	-9
Q4	88.7	-19	-50	7	1	.	-17	-3	-11	48	-7
2009 July	76.0	-30	-61	14	-13	69.6	-23	-6	-23	53	-10
Aug.	80.8	-25	-56	13	-8	-	-22	-5	-21	53	-9
Sep.	82.8	-24	-56	10	-7	-	-19	-4	-15	48	-10
Oct.	86.1	-21	-53	8	-2	70.7	-18	-3	-12	48	-8
Nov.	88.8	-19	-51	8	2	-	-17	-3	-10	50	-7
Dec.	91.3	-16	-47	5	4	-	-16	-3	-10	46	-5

	Construction confidence indicator: Total [4]	Order books	Employment expectations	Retail trade confidence indicator: Total [4]	Present business situation	Volume of stocks	Expected business situation	Services confidence indicator: Total [4]	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
2006	1	-4	6	1	3	14	13	18	13	18	24
2007	0	-8	7	1	4	15	12	19	16	19	23
2008	-14	-20	-7	-7	-6	16	1	2	-5	4	7
2009	-31	-40	-22	-15	-21	11	-15	-16	-22	-16	-9
2008 Q4	-23	-31	-16	-15	-16	17	-13	-12	-20	-9	-6
2009 Q1	-31	-36	-26	-19	-21	15	-20	-24	-33	-21	-18
Q2	-34	-42	-25	-17	-23	9	-19	-22	-29	-23	-15
Q3	-32	-41	-22	-14	-19	10	-13	-12	-19	-13	-5
Q4	-28	-40	-16	-12	-20	10	-7	-4	-8	-8	3
2009 July	-33	-41	-25	-13	-16	10	-14	-18	-24	-19	-9
Aug.	-32	-40	-23	-14	-20	10	-12	-11	-16	-10	-5
Sep.	-30	-42	-19	-15	-21	11	-14	-9	-15	-10	-2
Oct.	-29	-42	-16	-15	-24	10	-12	-7	-10	-10	0
Nov.	-26	-39	-14	-11	-19	10	-4	-4	-7	-8	4
Dec.	-28	-40	-17	-10	-15	9	-6	-3	-7	-6	5

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

1) Difference between the percentages of respondents giving positive and negative replies.
2) The economic sentiment indicator is composed of the industrial, services, consumer, construction and retail trade confidence indicators; the industrial confidence indicator has a weight of 40%, the services confidence indicator a weight of 30%, the consumer confidence indicator a weight of 20% and the two other indicators a weight of 5% each. Values for the economic sentiment indicator of above (below) 100 indicate above-average (below-average) economic sentiment, calculated for the period 1990 to 2008.
3) Data are collected in January, April, July and October each year. The quarterly figures shown are averages of two successive surveys. Annual data are derived from quarterly averages.
4) The confidence indicators are calculated as simple averages of the components shown; the assessments of stocks (columns 4 and 17) and unemployment (column 10) are used with inverted signs for the calculation of confidence indicators.

5.3 Labour markets [1]

(annual percentage changes, unless otherwise indicated)

1. Employment

	Whole economy		By employment status		By economic activity					
	Millions (s.a.)		Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
% of total [2]	100.0	100.0	85.2	14.8	3.9	17.1	7.5	25.6	16.0	29.9
	1	2	3	4	5	6	7	8	9	10
2005	141.875	1.0	1.0	0.4	-0.7	-1.1	2.7	0.7	2.5	1.5
2006	144.168	1.6	1.8	0.8	-1.8	-0.3	2.7	1.6	4.0	1.8
2007	146.728	1.8	1.9	0.8	-1.5	0.3	3.8	2.0	4.0	1.2
2008	147.816	0.7	0.9	-0.3	-1.4	-0.1	-2.2	1.3	2.3	1.0
2008 Q3	147.794	0.5	0.8	-0.9	-1.7	-0.1	-2.7	0.9	2.0	0.8
Q4	147.261	0.0	0.1	-0.8	-1.1	-1.2	-5.0	0.4	0.7	1.3
2009 Q1	146.200	-1.2	-1.0	-2.3	-2.3	-3.0	-7.2	-1.2	-1.2	1.6
Q2	145.499	-1.8	-1.7	-2.2	-2.3	-4.7	-7.5	-1.8	-2.1	1.7
Q3	144.788	-2.1	-2.0	-2.4	-2.8	-6.1	-7.8	-1.7	-2.5	1.7
	quarter-on-quarter percentage changes (s.a.)									
2008 Q3	-0.352	-0.2	-0.2	-0.6	-0.6	-0.5	-1.9	-0.1	0.0	0.2
Q4	-0.533	-0.4	-0.3	-0.5	0.1	-1.1	-2.2	-0.4	-0.5	0.6
2009 Q1	-1.062	-0.7	-0.7	-0.9	-0.8	-1.5	-2.3	-0.8	-0.9	0.2
Q2	-0.700	-0.5	-0.5	-0.5	-0.8	-1.8	-1.4	-0.4	-0.7	0.6
Q3	-0.712	-0.5	-0.5	-0.7	-1.1	-1.6	-2.0	-0.1	-0.5	0.3

2. Unemployment

(seasonally adjusted)

	Total		By age [3]				By gender [4]			
	Millions	% of labour force	Adult		Youth		Male		Female	
			Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force
% of total [2]	100.0		77.9		22.1		50.4		49.6	
	1	2	3	4	5	6	7	8	9	10
2005	13.710	9.0	10.668	7.9	3.042	17.5	6.914	8.1	6.796	10.0
2006	12.876	8.3	10.053	7.3	2.823	16.4	6.387	7.5	6.489	9.4
2007	11.673	7.5	9.124	6.6	2.549	14.9	5.736	6.7	5.937	8.5
2008	11.891	7.6	9.263	6.6	2.627	15.4	5.999	6.9	5.892	8.3
2008 Q3	11.938	7.6	9.284	6.6	2.654	15.6	6.059	7.0	5.879	8.3
Q4	12.677	8.0	9.867	7.0	2.810	16.6	6.554	7.6	6.123	8.6
2009 Q1	13.878	8.8	10.812	7.7	3.067	18.2	7.347	8.5	6.531	9.2
Q2	14.721	9.3	11.493	8.1	3.228	19.3	7.907	9.1	6.814	9.5
Q3	15.247	9.7	11.934	8.4	3.313	20.0	8.252	9.6	6.995	9.8
2009 June	14.896	9.4	11.658	8.2	3.238	19.5	8.012	9.3	6.884	9.6
July	15.071	9.5	11.805	8.4	3.265	19.8	8.135	9.4	6.935	9.7
Aug.	15.215	9.6	11.911	8.4	3.304	20.0	8.219	9.5	6.996	9.8
Sep.	15.454	9.8	12.084	8.6	3.370	20.3	8.400	9.7	7.054	9.9
Oct.	15.610	9.9	12.154	8.6	3.457	20.8	8.478	9.8	7.132	10.0
Nov.	15.712	10.0	12.215	8.7	3.497	21.0	8.564	9.9	7.147	10.0

Source: Eurostat.
1) Data for employment refer to persons and are based on the ESA 95. Data for unemployment refer to persons and follow ILO recommendations.
2) In 2008.
3) Adult: 25 years of age and over; youth: below 25 years of age; rates are expressed as a percentage of the labour force for the relevant age group.
4) Rates are expressed as a percentage of the labour force for the relevant gender.

GOVERNMENT FINANCE

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

1. Euro area − revenue

	Total	Current revenue										Capital revenue		Memo item: Fiscal burden [2]
			Direct taxes	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
2000	46.5	46.2	12.6	9.6	3.0	13.9	0.6	15.8	8.2	4.8	2.2	0.3	0.3	42.6
2001	45.7	45.4	12.2	9.4	2.7	13.5	0.5	15.6	8.2	4.7	2.1	0.2	0.3	41.6
2002	45.1	44.8	11.8	9.2	2.5	13.5	0.4	15.6	8.2	4.6	2.1	0.3	0.3	41.2
2003	45.0	44.4	11.4	9.0	2.3	13.5	0.4	15.7	8.3	4.6	2.1	0.6	0.5	41.1
2004	44.5	44.0	11.3	8.7	2.5	13.5	0.3	15.5	8.2	4.5	2.1	0.5	0.4	40.7
2005	44.8	44.4	11.5	8.8	2.6	13.7	0.3	15.4	8.1	4.5	2.2	0.5	0.3	40.9
2006	45.3	45.0	12.1	8.9	3.0	13.9	0.3	15.3	8.1	4.5	2.1	0.3	0.3	41.5
2007	45.5	45.2	12.4	9.1	3.1	13.8	0.3	15.1	8.0	4.4	2.1	0.3	0.3	41.6
2008	44.9	44.7	12.2	9.3	2.7	13.3	0.3	15.3	8.1	4.4	2.1	0.2	0.3	41.0

2. Euro area − expenditure

	Total	Current expenditure								Capital expenditure				Memo item: Primary expenditure [3]
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments	Subsidies	Paid by EU institutions		Investment	Capital transfers	Paid by EU institutions	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2000	46.6	43.8	10.4	4.8	3.9	24.7	21.6	2.0	0.5	2.8	2.5	1.3	0.0	42.7
2001	47.6	43.7	10.3	4.8	3.8	24.8	21.7	1.9	0.5	3.9	2.5	1.4	0.0	43.8
2002	47.7	43.9	10.4	4.9	3.5	25.1	22.2	1.9	0.5	3.8	2.4	1.4	0.0	44.2
2003	48.1	44.1	10.5	5.0	3.3	25.4	22.5	1.9	0.5	3.9	2.5	1.4	0.1	44.8
2004	47.5	43.6	10.4	5.0	3.1	25.1	22.3	1.8	0.5	3.9	2.5	1.5	0.1	44.4
2005	47.4	43.5	10.4	5.0	3.0	25.0	22.3	1.7	0.5	3.9	2.5	1.4	0.0	44.4
2006	46.7	42.8	10.2	5.0	2.9	24.8	22.0	1.7	0.5	3.8	2.5	1.4	0.0	43.8
2007	46.1	42.3	10.0	5.0	3.0	24.4	21.6	1.6	0.4	3.8	2.6	1.2	0.0	43.1
2008	46.9	43.0	10.1	5.1	3.0	24.8	22.0	1.6	0.4	3.9	2.5	1.3	0.0	43.9

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

	Deficit (-)/surplus (+)					Primary deficit (-)/ surplus (+)	Government consumption [4]							
	Total	Central gov.	State gov.	Local gov.	Social security funds		Total	Compensation of employees	Intermediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Collective consumption	Individual consumption
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2000	-0.1	-0.5	-0.1	0.1	0.5	3.8	19.7	10.4	4.8	4.9	1.8	2.2	8.2	11.6
2001	-1.9	-1.7	-0.4	-0.1	0.3	1.9	19.8	10.3	4.8	4.9	1.8	2.1	8.2	11.7
2002	-2.6	-2.1	-0.5	-0.2	0.2	0.9	20.2	10.4	4.9	5.1	1.8	2.1	8.3	12.0
2003	-3.1	-2.4	-0.5	-0.2	0.0	0.2	20.5	10.5	5.0	5.2	1.8	2.1	8.3	12.2
2004	-3.0	-2.5	-0.4	-0.3	0.2	0.2	20.4	10.4	5.0	5.1	1.9	2.1	8.3	12.1
2005	-2.6	-2.2	-0.3	-0.2	0.2	0.4	20.4	10.4	5.0	5.1	1.9	2.2	8.2	12.3
2006	-1.3	-1.4	-0.1	-0.2	0.4	1.6	20.3	10.2	5.0	5.2	1.9	2.1	8.0	12.2
2007	-0.6	-1.2	0.0	0.0	0.5	2.4	20.0	10.0	5.0	5.2	1.9	2.1	7.9	12.1
2008	-2.0	-2.0	-0.2	-0.2	0.4	1.0	20.4	10.1	5.1	5.3	1.9	2.1	8.1	12.3

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

	BE	DE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2005	-2.7	-3.3	1.7	-5.2	1.0	-2.9	-4.3	-2.4	0.0	-2.9	-0.3	-1.6	-6.1	-1.4	-2.8	2.8
2006	0.3	-1.6	3.0	-2.9	2.0	-2.3	-3.3	-1.2	1.3	-2.6	0.5	-1.6	-3.9	-1.3	-3.5	4.0
2007	-0.2	0.2	0.3	-3.7	1.9	-2.7	-1.5	3.4	3.7	-2.2	0.2	-0.6	-2.6	0.0	-1.9	5.2
2008	-1.2	0.0	-7.2	-7.7	-4.1	-3.4	-2.7	0.9	2.5	-4.7	0.7	-0.4	-2.7	-1.8	-2.3	4.5

Sources: ECB for euro area aggregated data; European Commission for data relating to countries' deficit/surplus.
1) Data refer to the Euro 16. The concepts 'revenue', 'expenditure' and 'deficit/surplus' are based on the ESA 95. Transactions involving the EU budget are included and consolidated. Transactions among Member States' governments are not consolidated.
2) The fiscal burden comprises taxes and social contributions.
3) Comprises total expenditure minus interest expenditure.
4) Corresponds to final consumption expenditure (P.3) of general government in the ESA 95.
5) Includes proceeds from the sale of UMTS licences and settlements under swaps and forward rate agreements.

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

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

	Total	Financial instruments				Holders				
		Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [2]				Other creditors [3]
						Total	MFIs	Other financial corporations	Other sectors	
	1	2	3	4	5	6	7	8	9	10
1999	72.0	2.9	14.5	4.3	50.4	48.7	25.4	13.7	9.7	23.3
2000	69.2	2.7	13.2	3.7	49.6	44.0	22.1	12.3	9.6	25.2
2001	68.2	2.8	12.4	4.0	49.0	41.8	20.6	11.0	10.2	26.4
2002	68.0	2.7	11.8	4.6	48.9	40.0	19.4	10.6	10.0	28.0
2003	69.1	2.1	12.4	5.0	49.6	39.3	19.6	11.0	8.6	29.8
2004	69.5	2.2	12.0	5.0	50.3	37.5	18.5	10.7	8.3	31.9
2005	70.0	2.4	11.8	4.7	51.2	35.5	17.2	11.1	7.1	34.6
2006	68.2	2.4	11.4	4.1	50.2	33.8	17.4	9.4	7.0	34.4
2007	65.9	2.2	10.8	4.2	48.8	32.1	16.8	8.6	6.7	33.9
2008	69.3	2.3	10.9	6.7	49.4	32.5	17.2	8.2	7.1	36.8

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

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

3. Euro area countries

	BE	DE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2005	92.1	68.0	27.6	100.0	43.0	66.4	105.8	69.1	6.1	70.2	51.8	63.9	63.6	27.0	34.2	41.8
2006	88.1	67.6	25.0	97.1	39.6	63.7	106.5	64.6	6.6	63.6	47.4	62.2	64.7	26.7	30.5	39.3
2007	84.2	65.0	25.1	95.6	36.1	63.8	103.5	58.3	6.6	62.0	45.5	59.5	63.6	23.3	29.3	35.2
2008	89.8	65.9	44.1	99.2	39.7	67.4	105.8	48.4	13.5	63.8	58.2	62.6	66.3	22.5	27.7	34.1

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

1) Data refer to the Euro 16. Gross general government debt at nominal value and consolidated between sub-sectors of government. Holdings by non-resident governments are not consolidated. Data are partially estimated.
2) Holders resident in the country whose government has issued the debt.
3) Includes residents of euro area countries other than the country whose government has issued the debt.
4) Excludes debt held by general government in the country whose government has issued it.

6.3 Change in debt [1]
(as a percentage of GDP)

1. Euro area − by source, financial instrument and sector of the holder

	Total	Source of change			Financial instruments				Holders			
		Borrowing requirement [2]	Valuation effects [3]	Other changes in volume [4]	Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [5]	MFIs	Other financial corporations	Other creditors [6]
	1	2	3	4	5	6	7	8	9	10	11	12
2000	1.1	1.2	0.0	-0.1	0.0	-0.5	-0.3	1.9	-2.1	-2.0	-0.6	3.2
2001	1.9	1.9	-0.1	0.1	0.2	-0.2	0.5	1.5	-0.3	-0.5	-0.8	2.2
2002	2.1	2.7	-0.5	-0.1	0.0	-0.2	0.7	1.6	-0.4	-0.5	-0.1	2.5
2003	3.1	3.3	-0.2	0.0	-0.6	0.9	0.6	2.1	0.5	0.8	0.8	2.6
2004	3.1	3.2	-0.1	0.0	0.2	0.1	0.1	2.7	-0.2	-0.3	0.1	3.3
2005	3.1	3.0	0.0	0.0	0.3	0.3	-0.1	2.6	-0.7	-0.6	0.8	3.8
2006	1.5	1.4	0.1	0.0	0.2	0.2	-0.4	1.5	0.0	1.0	-1.2	1.5
2007	1.1	1.1	0.0	0.0	-0.1	-0.1	0.3	1.0	0.0	0.2	-0.3	1.1
2008	5.2	5.1	0.1	0.0	0.1	0.4	2.6	2.0	1.3	0.9	-0.2	3.8

2. Euro area − deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+) [7]	Deficit-debt adjustment [8]											
			Total	Transactions in main financial assets held by general government							Valuation effects		Other changes in volume	Other [9]
				Total	Currency and deposits	Loans	Securities [10]	Shares and other equity	Privatisations	Equity injections		Exchange rate effects		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2000	1.1	-0.1	1.0	1.0	0.7	0.1	0.2	0.0	-0.3	0.2	0.0	0.1	-0.1	0.1
2001	1.9	-1.9	0.0	-0.5	-0.6	0.1	0.1	-0.1	-0.3	0.1	-0.1	0.0	0.1	0.6
2002	2.1	-2.6	-0.5	0.1	0.1	0.0	0.0	-0.1	-0.4	0.1	-0.5	-0.1	-0.1	0.0
2003	3.1	-3.1	0.0	0.1	0.1	0.0	0.0	0.1	-0.2	0.1	-0.2	-0.1	0.0	0.1
2004	3.1	-3.0	0.2	0.2	0.2	0.0	0.1	0.0	-0.5	0.2	-0.1	0.0	0.0	0.1
2005	3.1	-2.6	0.5	0.6	0.3	0.1	0.1	0.1	-0.3	0.2	0.0	0.0	0.0	-0.1
2006	1.5	-1.3	0.2	0.3	0.3	-0.1	0.3	-0.2	-0.4	0.1	0.1	0.0	0.0	-0.2
2007	1.1	-0.6	0.5	0.6	0.3	0.0	0.3	0.1	-0.2	0.2	0.0	0.0	0.0	-0.1
2008	5.2	-2.0	3.2	3.1	0.8	0.7	0.7	0.8	-0.1	0.7	0.1	0.0	0.0	0.0

Source: ECB.
1) Data refer to the Euro 16 and are partially estimated. Annual change in gross nominal consolidated debt is expressed as a percentage of GDP, i.e. [debt(t) - debt(t-1)] ÷ GDP(t).
2) The borrowing requirement is by definition equal to transactions in debt.
3) Includes, in addition to the impact of foreign exchange movements, effects arising from measurement at nominal value (e.g. premia or discounts on securities issued).
4) Includes, in particular, the impact of the reclassification of units and certain types of debt assumption.
5) Holders resident in the country whose government has issued the debt.
6) Includes residents of euro area countries other than the country whose government has issued the debt.
7) Including proceeds from sales of UMTS licences.
8) The difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.
9) Mainly composed of transactions in other assets and liabilities (trade credits, other receivables/payables and financial derivatives).
10) Excluding financial derivatives.

6.4 Quarterly revenue, expenditure and deficit/surplus [1]
(as a percentage of GDP)

1. Euro area – quarterly revenue

	Total	Current revenue						Capital revenue		Memo item: Fiscal burden [2]
			Direct taxes	Indirect taxes	Social contributions	Sales	Property income		Capital taxes	
	1	2	3	4	5	6	7	8	9	10
2003 Q2	45.8	44.3	11.9	12.7	15.7	2.0	1.4	1.4	1.2	41.4
Q3	42.7	42.2	10.8	12.6	15.5	1.9	0.6	0.5	0.2	39.1
Q4	49.2	48.2	13.1	14.1	16.2	2.9	0.8	1.0	0.3	43.7
2004 Q1	41.4	40.9	9.6	12.9	15.3	1.7	0.6	0.4	0.3	38.1
Q2	44.8	44.0	12.0	12.9	15.3	2.0	1.1	0.8	0.6	40.7
Q3	42.8	42.3	10.6	12.8	15.4	1.9	0.7	0.5	0.3	39.1
Q4	49.0	48.0	12.9	14.2	16.2	2.9	0.7	1.0	0.4	43.7
2005 Q1	42.0	41.5	9.9	13.0	15.2	1.7	0.6	0.5	0.3	38.4
Q2	44.4	43.8	11.7	13.2	15.1	2.0	1.1	0.6	0.3	40.2
Q3	43.4	42.7	11.0	13.0	15.2	1.9	0.7	0.7	0.3	39.5
Q4	49.1	48.3	13.4	14.2	16.1	2.9	0.8	0.7	0.3	43.9
2006 Q1	42.4	41.9	10.2	13.4	15.1	1.6	0.8	0.4	0.3	38.9
Q2	45.5	45.0	12.4	13.5	15.1	1.9	1.3	0.5	0.3	41.2
Q3	43.7	43.2	11.5	13.0	15.2	2.0	0.8	0.5	0.3	39.9
Q4	49.4	48.8	14.0	14.2	15.8	2.9	0.9	0.6	0.3	44.4
2007 Q1	42.2	41.8	10.3	13.5	14.8	1.7	0.8	0.4	0.3	38.8
Q2	45.8	45.4	12.8	13.5	15.0	1.9	1.5	0.4	0.3	41.5
Q3	43.7	43.2	12.0	12.8	14.9	1.9	0.8	0.5	0.3	40.0
Q4	49.7	49.2	14.4	14.2	15.8	3.0	0.9	0.5	0.3	44.6
2008 Q1	42.2	41.9	10.6	12.9	14.8	1.7	1.0	0.3	0.2	38.6
Q2	45.1	44.7	12.8	12.8	15.0	1.9	1.5	0.4	0.3	40.9
Q3	43.1	42.7	11.8	12.4	15.1	1.9	0.8	0.4	0.3	39.5
Q4	48.8	48.3	13.6	13.6	16.2	3.0	1.0	0.5	0.3	43.6
2009 Q1	42.2	42.0	10.5	12.4	15.5	1.8	1.0	0.2	0.2	38.7
Q2	44.6	44.0	11.7	12.5	15.6	2.0	1.4	0.6	0.5	40.3

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
2003 Q2	47.1	43.6	10.4	4.7	3.4	25.1	21.6	1.3	3.5	2.3	1.2	-1.3	2.1
Q3	47.1	43.4	10.2	4.8	3.3	25.1	21.6	1.3	3.7	2.5	1.2	-4.4	-1.1
Q4	51.0	46.2	11.1	5.7	3.1	26.4	22.8	1.5	4.8	3.3	1.6	-1.9	1.2
2004 Q1	46.4	43.0	10.3	4.6	3.2	24.9	21.3	1.2	3.4	1.9	1.5	-5.0	-1.8
Q2	46.6	43.2	10.4	4.8	3.3	24.7	21.4	1.3	3.4	2.3	1.1	-1.8	1.5
Q3	46.1	42.7	9.9	4.7	3.1	24.9	21.5	1.3	3.4	2.4	1.0	-3.3	-0.1
Q4	50.9	45.6	11.0	5.7	2.9	26.1	22.6	1.4	5.2	3.1	2.1	-1.9	1.0
2005 Q1	46.8	43.1	10.2	4.6	3.1	25.1	21.3	1.2	3.7	1.9	1.8	-4.9	-1.7
Q2	46.1	42.7	10.2	4.9	3.2	24.4	21.3	1.1	3.4	2.3	1.1	-1.7	1.5
Q3	45.8	42.3	9.9	4.8	3.0	24.7	21.3	1.2	3.4	2.5	1.0	-2.4	0.6
Q4	50.5	45.7	11.1	5.8	2.7	26.1	22.5	1.3	4.8	3.1	1.7	-1.5	1.3
2006 Q1	45.3	42.1	10.0	4.5	2.9	24.6	21.1	1.2	3.1	1.9	1.2	-2.9	0.0
Q2	45.4	42.2	10.2	4.9	3.1	24.0	21.0	1.1	3.2	2.3	1.0	0.0	3.1
Q3	45.3	41.9	9.8	4.7	2.9	24.5	21.1	1.2	3.4	2.4	1.0	-1.6	1.3
Q4	50.3	45.0	10.7	5.7	2.7	25.9	22.2	1.4	5.3	3.2	2.2	-1.0	1.7
2007 Q1	44.3	41.2	9.8	4.5	2.9	23.9	20.5	1.2	3.2	2.0	1.2	-2.1	0.8
Q2	44.6	41.4	9.9	4.8	3.2	23.5	20.5	1.1	3.2	2.3	0.8	1.2	4.3
Q3	44.6	41.2	9.6	4.7	3.0	23.9	20.7	1.2	3.4	2.5	0.9	-0.9	2.0
Q4	50.3	45.2	10.7	5.8	2.8	26.0	22.2	1.5	5.1	3.4	1.8	-0.6	2.2
2008 Q1	44.7	41.5	9.8	4.6	2.9	24.2	20.5	1.2	3.2	2.0	1.2	-2.5	0.5
Q2	45.3	41.9	10.1	4.9	3.1	23.7	20.6	1.1	3.4	2.3	1.1	-0.2	3.0
Q3	45.4	41.9	9.7	4.8	3.0	24.4	21.2	1.2	3.5	2.5	1.1	-2.3	0.7
Q4	51.8	46.7	11.0	6.1	2.8	26.9	23.0	1.4	5.1	3.4	1.7	-3.0	-0.2
2009 Q1	48.3	44.9	10.6	5.2	2.9	26.2	22.3	1.3	3.4	2.1	1.2	-6.1	-3.1
Q2	49.7	45.9	10.8	5.5	3.2	26.4	23.0	1.3	3.9	2.6	1.2	-5.1	-2.0

Source: ECB calculations based on Eurostat and national data.

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

2) The fiscal burden comprises taxes and social contributions.

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

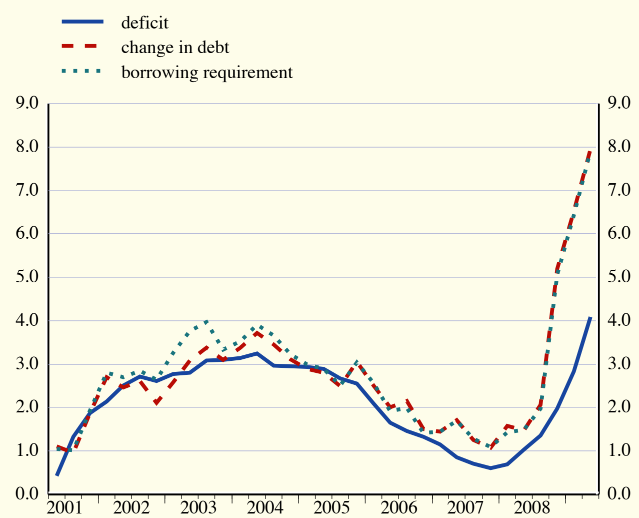
1. Euro area − Maastricht debt by financial instrument [1]

	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2006 Q3	69.9	2.5	11.6	4.7	51.1
Q4	68.2	2.4	11.4	4.1	50.2
2007 Q1	68.4	2.4	11.5	4.7	49.9
Q2	68.6	2.2	11.2	5.1	50.2
Q3	67.6	2.1	11.0	5.1	49.4
Q4	65.9	2.2	10.8	4.2	48.8
2008 Q1	66.9	2.1	11.1	5.0	48.7
Q2	67.2	2.1	11.0	4.9	49.1
Q3	67.1	2.1	10.8	5.5	48.6
Q4	69.3	2.3	10.9	6.7	49.4
2009 Q1	72.7	2.3	11.0	7.9	51.5
Q2	75.8	2.3	11.5	8.4	53.5

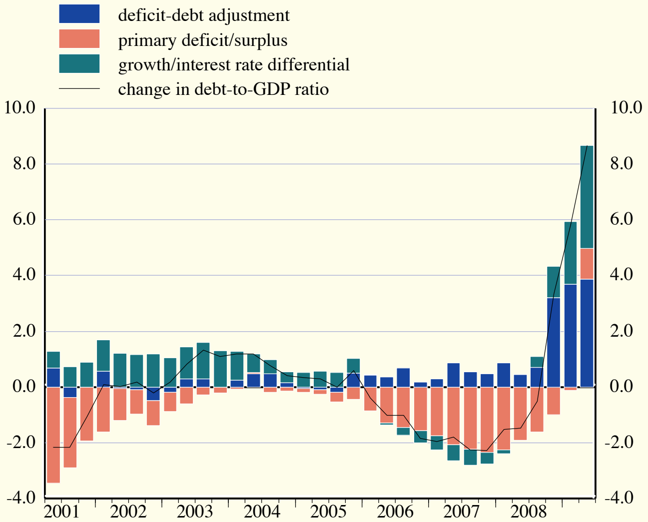
2. Euro area − deficit-debt adjustment

	Change in debt	Deficit (-)/ surplus (+)	Deficit-debt adjustment								Memo item: Borrowing requirement
			Total	Transactions in main financial assets held by general government					Valuation effects and other changes in volume	Other	
				Total	Currency and deposits	Loans	Securities	Shares and other equity			
	1	2	3	4	5	6	7	8	9	10	11
2006 Q3	1.2	-1.6	-0.4	-0.9	-0.7	-0.2	0.2	-0.2	0.3	0.2	0.9
Q4	-2.9	-1.0	-3.9	-2.4	-1.5	-0.5	-0.2	-0.2	-0.2	-1.3	-2.8
2007 Q1	4.4	-2.1	2.3	2.0	1.0	0.0	0.6	0.2	-0.7	1.0	5.1
Q2	4.2	1.2	5.3	5.0	4.1	0.0	0.6	0.4	0.6	-0.3	3.5
Q3	-0.6	-0.9	-1.5	-1.5	-2.1	0.1	0.4	0.0	0.1	-0.1	-0.7
Q4	-3.4	-0.6	-3.9	-2.8	-1.9	-0.2	-0.6	-0.2	0.0	-1.0	-3.3
2008 Q1	6.3	-2.5	3.8	3.1	1.9	0.0	0.9	0.3	-0.1	0.7	6.3
Q2	3.7	-0.2	3.5	3.4	1.8	0.3	1.1	0.1	0.0	0.0	3.7
Q3	1.9	-2.3	-0.5	-0.9	-1.6	0.0	0.1	0.6	0.5	0.0	1.4
Q4	8.9	-3.0	5.9	6.5	1.1	2.6	0.8	2.0	0.1	-0.7	8.8
2009 Q1	11.9	-6.1	5.8	5.4	4.8	-0.1	-0.2	0.9	-0.3	0.7	12.2
Q2	9.3	-5.1	4.2	3.4	1.9	-0.8	1.0	1.2	-0.2	1.0	9.6

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



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



Source: ECB calculations based on Eurostat and national data.

1) The stock data in quarter t are expressed as a percentage of the sum of GDP in t and the previous three quarters.

EXTERNAL TRANSACTIONS AND POSITIONS

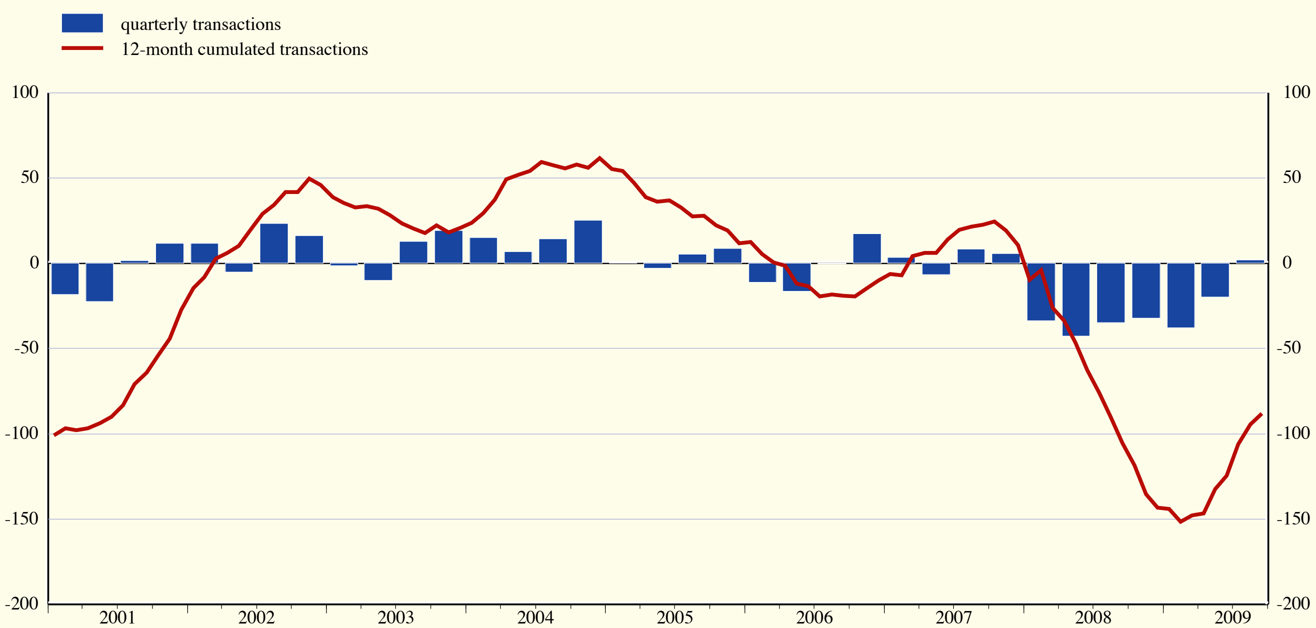
7.1 Summary balance of payments [1]

(EUR billions; net transactions)

	Current account					Capital account	Net lending/ borrowing to/from rest of the world (columns 1+6)	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers			Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2006	-10.2	10.7	41.6	17.3	-79.8	9.1	-1.1	-9.1	-160.2	188.7	-0.6	-35.7	-1.3	10.2
2007	10.6	46.0	48.3	2.8	-86.4	5.0	15.7	-1.2	-72.9	151.3	-64.6	-9.9	-5.1	-14.4
2008	-143.3	-11.4	40.6	-74.4	-98.1	10.0	-133.3	163.9	-189.0	350.5	-65.7	72.1	-3.9	-30.7
2008 Q3	-34.7	-10.4	12.9	-12.8	-24.4	1.7	-32.9	58.3	-23.6	114.7	-8.2	-26.1	1.6	-25.4
Q4	-32.2	-1.9	7.1	-11.7	-25.7	1.7	-30.5	41.5	-61.1	152.7	-13.3	-36.1	-0.5	-11.0
2009 Q1	-38.0	-7.7	0.5	-2.3	-28.4	1.4	-36.6	55.8	-58.8	129.9	-5.3	-15.7	5.7	-19.1
Q2	-19.8	12.5	7.4	-24.7	-15.0	2.4	-17.4	10.2	-0.6	98.1	20.3	-105.3	-2.4	7.3
Q3	1.9	13.5	11.4	-1.4	-21.6	1.4	3.2	-4.8	-14.9	96.6	0.0	-86.3	-0.2	1.6
2008 Oct.	-9.1	3.2	1.4	-2.7	-11.0	0.2	-9.0	12.8	-4.8	101.1	0.6	-76.2	-8.0	-3.8
Nov.	-17.4	-4.8	1.9	-5.3	-9.2	1.6	-15.8	12.7	-53.5	50.2	-10.3	26.7	-0.4	3.2
Dec.	-5.7	-0.2	3.8	-3.8	-5.5	-0.1	-5.7	16.1	-2.8	1.4	-3.7	13.4	7.9	-10.3
2009 Jan.	-24.0	-10.6	0.2	-3.2	-10.4	0.2	-23.8	31.8	-22.8	-6.4	3.4	52.4	5.3	-8.0
Feb.	-5.4	-0.1	0.4	0.0	-5.6	0.5	-4.9	11.2	-11.7	67.3	-1.3	-44.3	1.2	-6.3
Mar.	-8.6	3.0	-0.2	0.9	-12.3	0.7	-7.9	12.7	-24.3	69.0	-7.3	-23.8	-0.8	-4.9
Apr.	-10.2	4.0	1.8	-7.8	-8.1	1.9	-8.2	16.1	4.8	18.2	8.9	-16.0	0.1	-7.9
May	-13.2	2.0	3.1	-12.2	-6.1	0.2	-13.0	5.3	6.0	37.9	9.2	-45.5	-2.2	7.7
June	3.5	6.5	2.5	-4.7	-0.8	0.2	3.8	-11.2	-11.4	42.0	2.3	-43.8	-0.4	7.5
July	10.1	12.6	4.4	-0.4	-6.6	0.6	10.7	-9.7	8.5	-3.0	7.7	-19.9	-3.0	-1.0
Aug.	-3.5	-1.0	3.2	2.0	-7.7	0.7	-2.8	-5.5	2.8	46.1	-6.1	-48.5	0.2	8.4
Sep.	-4.7	1.9	3.8	-3.1	-7.3	0.1	-4.6	10.4	-26.2	53.5	-1.6	-17.9	2.6	-5.8
Oct.	-3.9	7.5	2.8	0.4	-14.6	0.3	-3.6	14.4	-1.5	19.2	0.8	-3.5	-0.6	-10.8
	12-month cumulated transactions													
2009 Oct.	-82.9	20.8	27.7	-37.1	-94.3	6.9	-76.0	104.3	-132.1	395.4	1.9	-170.7	9.8	-28.3

C30 B.o.p. current account balance

(EUR billions)



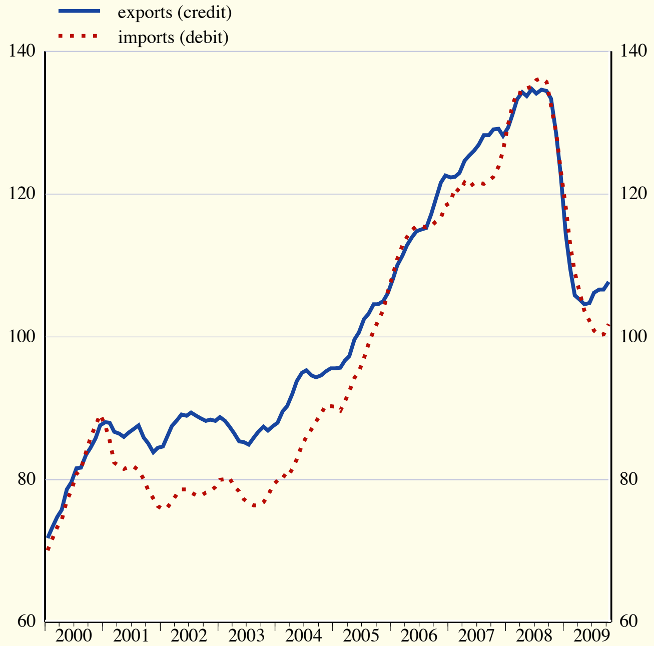
Source: ECB.
1) The sign convention is explained in the General Notes.

7.2 Current and capital accounts
(EUR billions; transactions)

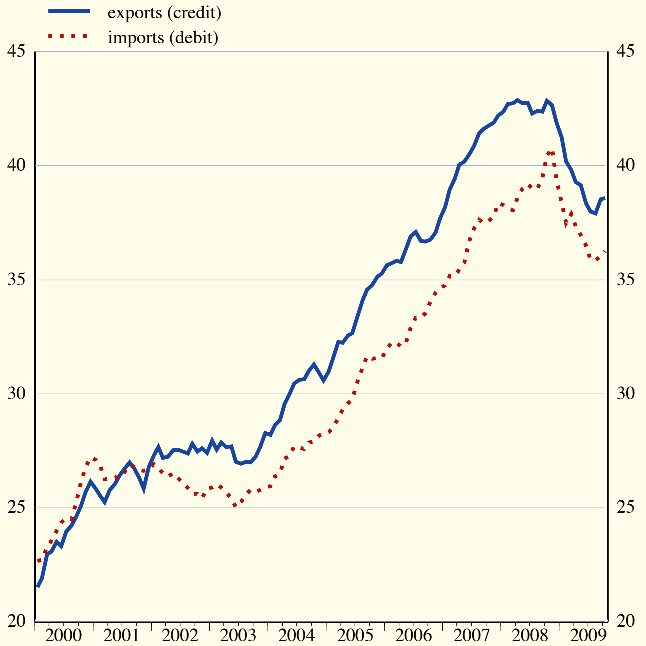
1. Summary current and capital accounts

	Current account: Total: Credit	Current account: Total: Debit	Current account: Total: Net	Goods: Credit	Goods: Debit	Services: Credit	Services: Debit	Income: Credit	Income: Debit	Current transfers: Credit	Current transfers: Credit: Workers' remittances	Current transfers: Debit	Current transfers: Debit: Workers' remittances	Capital account: Credit	Capital account: Debit
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2006	2,429.1	2,439.3	-10.2	1,396.4	1,385.7	441.2	399.6	499.9	482.7	91.6	5.4	171.4	17.4	23.8	14.7
2007	2,697.0	2,686.3	10.6	1,516.5	1,470.5	491.8	443.5	597.4	594.7	91.3	6.4	177.7	20.6	25.7	20.7
2008	2,744.9	2,888.1	-143.3	1,581.0	1,592.4	509.9	469.2	565.1	639.6	88.8	6.7	186.9	21.4	24.2	14.2
2008 Q3	692.4	727.0	-34.7	403.0	413.4	137.2	124.2	138.2	150.9	14.0	1.8	38.4	5.4	4.9	3.2
Q4	674.0	706.2	-32.2	379.5	381.3	128.0	120.9	139.6	151.3	27.0	1.8	52.7	5.6	5.3	3.7
2009 Q1	561.1	599.1	-38.0	307.8	315.6	108.8	108.3	118.8	121.1	25.7	1.4	54.1	5.0	4.1	2.7
Q2	560.1	579.9	-19.8	312.3	299.7	113.3	106.0	113.7	138.4	20.8	1.5	35.8	5.4	4.8	2.5
Q3	564.9	563.0	1.9	323.0	309.5	125.1	113.7	103.2	104.6	13.6	.	35.2	.	3.8	2.4
2009 Aug.	173.4	176.9	-3.5	93.7	94.8	41.0	37.8	33.8	31.7	4.9	.	12.6	.	1.4	0.7
Sep.	191.9	196.6	-4.7	111.9	110.0	41.4	37.7	34.2	37.2	4.4	.	11.8	.	1.0	0.9
Oct.	195.2	199.1	-3.9	118.4	110.9	40.0	37.1	32.8	32.4	4.0	.	18.6	.	1.1	0.8
Seasonally adjusted															
2008 Q3	692.1	729.6	-37.5	403.4	407.0	127.1	118.4	141.1	160.9	20.4	.	43.3	.	.	.
Q4	650.5	693.2	-42.8	368.4	370.2	125.7	118.1	134.7	156.5	21.7	.	48.4	.	.	.
2009 Q1	581.5	618.9	-37.4	317.6	327.2	119.4	113.7	123.1	132.2	21.5	.	45.8	.	.	.
Q2	564.7	576.5	-11.8	314.2	306.6	115.1	109.5	112.4	118.0	23.1	.	42.4	.	.	.
Q3	560.0	559.9	0.1	319.8	301.0	115.5	108.1	104.7	111.1	19.9	.	39.6	.	.	.
2009 May	188.2	191.5	-3.3	104.0	101.8	38.8	36.3	38.5	39.2	6.9	.	14.3	.	.	.
June	188.8	189.9	-1.2	106.1	101.9	37.0	36.4	37.0	38.4	8.7	.	13.3	.	.	.
July	189.3	184.4	4.9	108.4	99.0	38.1	35.0	36.2	37.6	6.6	.	12.8	.	.	.
Aug.	186.3	186.0	0.3	105.3	99.8	38.6	36.2	35.6	36.2	6.9	.	13.8	.	.	.
Sep.	184.4	189.4	-5.0	106.1	102.3	38.9	36.8	32.9	37.3	6.5	.	13.0	.	.	.
Oct.	188.8	193.4	-4.6	111.7	103.4	38.3	35.7	33.1	35.3	5.6	.	19.0	.	.	.

C31 B.o.p. goods
(EUR billions; seasonally adjusted; three-month moving average)



C32 B.o.p. services
(EUR billions; seasonally adjusted; three-month moving average)



Source: ECB.

7.2 Current and capital accounts
(EUR billions)

2. Income account
(transactions)

	Compensation of employees		Investment income													
	Credit	Debit	Total		Direct investment						Portfolio investment				Other investment	
			Credit	Debit	Equity				Debt		Equity		Debt		Credit	Debit
					Credit		Debit		Credit	Debit	Credit	Debit	Credit	Debit		
						Reinv. earnings		Reinv. earnings								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2006	17.4	9.8	482.5	472.8	184.3	40.3	114.5	37.5	20.6	20.2	39.2	96.3	103.6	91.5	134.9	150.4
2007	18.8	10.2	578.6	584.5	208.8	72.7	139.1	46.1	26.4	24.9	45.4	113.2	118.8	110.9	179.3	196.4
2008	19.1	10.5	546.0	629.1	163.6	30.5	153.8	58.2	30.3	25.5	42.9	120.5	123.9	127.8	185.3	201.4
2008 Q2	4.7	2.6	140.7	184.4	42.9	2.2	39.4	7.7	7.6	6.9	14.5	56.6	30.4	31.3	45.3	50.3
Q3	4.6	3.1	133.5	147.8	39.0	10.7	37.7	20.3	7.1	6.2	10.2	23.2	32.1	31.0	45.1	49.8
Q4	4.9	2.7	134.7	148.6	38.4	2.9	38.4	12.8	8.7	6.4	8.3	20.2	30.8	33.6	48.4	50.0
2009 Q1	4.7	2.0	114.1	119.1	37.9	12.1	28.4	17.2	5.5	5.9	6.5	13.0	25.8	36.3	38.3	35.6
Q2	4.6	2.7	109.1	135.7	35.9	2.7	28.4	5.8	5.7	5.8	8.7	36.5	24.2	35.5	34.5	29.6

3. Geographical breakdown
(cumulated transactions)

2008 Q3 to 2009 Q2	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzer-land	United States	Other
		Total	Den-mark	Sweden	United Kingdom	Other EU countries	EU insti-tutions									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Credits															
Current account	2,487.5	883.2	53.3	73.3	446.9	252.2	57.7	37.2	33.0	82.4	28.8	51.5	85.9	176.0	356.4	753.0
Goods	1,402.6	472.0	32.0	45.3	201.4	193.2	0.0	20.4	17.1	64.1	21.6	30.7	64.7	87.4	172.3	452.3
Services	487.2	162.0	11.8	12.6	104.6	27.5	5.4	7.3	6.6	14.1	5.4	10.8	12.7	48.4	75.9	144.1
Income	510.2	186.6	8.7	13.8	128.7	28.4	7.0	9.3	8.6	3.9	1.7	9.7	8.1	33.5	101.9	147.0
Investment income	491.4	180.1	8.6	13.7	127.0	27.7	3.1	9.2	8.5	3.8	1.7	9.7	8.0	26.5	100.0	143.7
Current transfers	87.5	62.7	0.7	1.5	12.1	3.1	45.2	0.2	0.7	0.3	0.1	0.4	0.4	6.8	6.4	9.7
Capital account	19.1	17.0	0.0	0.0	1.1	0.1	15.7	0.0	0.0	0.0	0.0	0.0	0.1	0.4	0.5	1.1
	Debits															
Current account	2,612.2	826.0	44.2	75.8	392.9	214.2	99.0	-	28.5	-	-	91.5	-	168.3	370.1	-
Goods	1,410.1	387.2	28.4	42.2	152.3	164.3	0.0	24.6	12.7	172.1	19.7	47.7	90.0	76.5	135.0	444.6
Services	459.4	140.0	7.9	11.5	87.2	33.2	0.2	5.4	6.2	11.0	4.5	7.9	8.5	38.3	99.8	137.9
Income	561.8	189.3	7.0	21.0	141.3	12.1	7.9	-	7.9	-	-	35.3	-	47.8	128.3	-
Investment income	551.2	183.1	6.9	20.9	139.7	7.6	7.9	-	7.8	-	-	35.2	-	47.2	127.4	-
Current transfers	181.0	109.7	0.9	1.1	12.1	4.6	90.8	1.5	1.8	2.8	0.7	0.6	0.5	5.8	6.9	50.8
Capital account	12.0	2.3	0.0	0.1	1.1	0.2	0.9	0.1	0.1	0.1	0.2	0.1	0.1	0.5	0.8	7.6
	Net															
Current account	-124.7	57.2	9.1	-2.5	53.9	38.0	-41.3	-	4.5	-	-	-40.0	-	7.7	-13.6	-
Goods	-7.5	84.8	3.6	3.1	49.2	28.9	0.0	-4.2	4.4	-108.0	1.9	-17.1	-25.3	10.9	37.3	7.7
Services	27.8	22.0	3.9	1.2	17.4	-5.7	5.2	1.9	0.5	3.0	1.0	2.9	4.2	10.1	-23.9	6.2
Income	-51.6	-2.7	1.7	-7.1	-12.7	16.3	-0.9	-	0.7	-	-	-25.6	-	-14.3	-26.5	-
Investment income	-59.9	-3.0	1.7	-7.2	-12.7	20.1	-4.8	-	0.8	-	-	-25.5	-	-20.7	-27.4	-
Current transfers	-93.4	-47.0	-0.2	0.3	0.0	-1.5	-45.6	-1.2	-1.1	-2.5	-0.6	-0.2	-0.1	1.0	-0.6	-41.1
Capital account	7.2	14.7	0.0	-0.1	0.0	0.0	14.8	-0.1	-0.1	-0.1	-0.2	-0.1	0.0	-0.2	-0.3	-6.5

Source: ECB.

7.3 Financial account

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

1. Summary financial account

	Total [1]			Total as a % of GDP			Direct investment		Portfolio investment		Net financial derivatives	Other investment		Reserve assets
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts (international investment position)													
2005	10,838.5	11,554.1	-715.6	133.1	141.8	-8.8	2,790.8	2,444.3	3,887.5	5,057.8	-21.4	3,861.5	4,052.0	320.1
2006	12,384.0	13,399.8	-1,015.8	144.8	156.6	-11.9	3,153.4	2,729.4	4,372.1	5,950.0	-20.8	4,553.4	4,720.4	325.8
2007	13,906.9	15,155.8	-1,248.9	154.5	168.4	-13.9	3,572.8	3,130.7	4,631.6	6,556.5	-26.0	5,381.3	5,468.6	347.2
2008	13,312.5	14,949.2	-1,636.7	143.7	161.3	-17.7	3,744.4	3,217.0	3,763.9	6,078.6	-36.2	5,466.1	5,653.6	374.2
2009 Q1	13,110.5	14,763.2	-1,652.8	142.7	160.7	-18.0	3,837.7	3,237.8	3,638.4	6,015.7	-50.7	5,289.4	5,509.8	395.7
Q2	13,248.6	14,820.6	-1,572.0	145.9	163.2	-17.3	3,958.1	3,318.5	3,859.5	6,300.3	-57.9	5,107.3	5,201.8	381.5
	Changes to outstanding amounts													
2005	2,209.7	2,070.3	139.3	27.1	25.4	1.7	522.1	209.0	842.5	1,012.3	16.0	790.0	849.1	39.1
2006	1,545.5	1,845.7	-300.2	18.1	21.6	-3.5	362.6	285.1	484.6	892.2	0.6	691.9	668.4	5.7
2007	1,522.9	1,756.0	-233.1	16.9	19.5	-2.6	419.4	401.3	259.5	606.5	-5.2	827.9	748.1	21.4
2008	-594.4	-206.6	-387.8	-6.4	-2.2	-4.2	171.7	86.3	-867.7	-478.0	-10.2	84.8	185.1	27.0
2009 Q1	-202.0	-186.0	-16.1	-9.2	-8.5	-0.7	93.2	20.7	-125.5	-62.9	-14.5	-176.8	-143.8	21.6
Q2	138.1	57.3	80.8	6.2	2.6	3.6	120.5	80.7	221.1	284.6	-7.2	-182.0	-308.0	-14.2
	Transactions													
2005	1,358.3	1,320.7	37.6	16.7	16.2	0.5	358.4	152.4	416.2	524.5	17.3	584.3	643.7	-18.0
2006	1,728.3	1,719.1	9.1	20.2	20.1	0.1	417.6	257.4	519.8	708.5	0.6	788.9	753.2	1.3
2007	1,940.9	1,939.7	1.2	21.6	21.5	0.0	481.2	408.3	436.7	587.9	64.6	953.4	943.4	5.1
2008	480.6	644.5	-163.9	5.2	7.0	-1.8	326.5	137.5	-9.0	341.5	65.7	93.4	165.5	3.9
2009 Q1	-204.1	-148.4	-55.8	-9.3	-6.8	-2.5	100.1	41.3	-71.2	58.7	5.3	-232.7	-248.4	-5.7
Q2	-23.2	-13.0	-10.2	-1.0	-0.6	-0.5	92.8	92.3	41.1	139.2	-20.3	-139.2	-244.5	2.4
Q3	-15.5	-20.3	4.8	-0.7	-0.9	0.2	58.0	43.1	28.6	125.3	0.0	-102.4	-188.7	0.2
2009 June	-5.5	-16.7	11.2	.	.	.	15.2	3.8	14.8	56.8	-2.3	-33.5	-77.3	0.4
July	-35.3	-45.0	9.7	.	.	.	9.5	18.0	6.5	3.5	-7.7	-46.7	-66.6	3.0
Aug.	25.5	19.9	5.5	.	.	.	16.7	19.5	31.6	77.7	6.1	-28.8	-77.3	-0.2
Sep.	-5.7	4.7	-10.4	.	.	.	31.7	5.5	-9.5	44.0	1.6	-26.9	-44.8	-2.6
Oct.	82.1	96.5	-14.4	.	.	.	27.3	25.7	15.1	34.3	-0.8	40.0	36.4	0.6
	Other changes													
2005	851.4	749.6	101.7	10.5	9.2	1.2	163.7	56.5	426.3	487.7	-1.4	205.7	205.4	57.1
2006	-182.7	126.6	-309.3	-2.1	1.5	-3.6	-55.0	27.7	-35.2	183.7	0.0	-97.0	-84.8	4.4
2007	-418.0	-183.7	-234.3	-4.6	-2.0	-2.6	-61.8	-7.0	-177.2	18.6	-69.8	-125.5	-195.3	16.3
2008	-1,075.0	-851.1	-223.9	-11.6	-9.2	-2.4	-154.9	-51.2	-858.7	-819.5	-75.9	-8.6	19.6	23.1
	Other changes due to exchange rate changes													
2005	394.2	245.0	149.2	4.8	3.0	1.8	89.8	5.7	158.3	101.4	.	129.2	137.9	17.0
2006	-343.3	-227.3	-116.0	-4.0	-2.7	-1.4	-72.1	-4.2	-151.7	-99.9	.	-105.7	-123.2	-13.9
2007	-533.1	-293.0	-240.1	-5.9	-3.3	-2.7	-113.3	-5.9	-221.2	-107.5	.	-185.0	-179.5	-13.7
2008	-43.6	64.7	-108.2	-0.5	0.7	-1.2	-17.3	-0.2	-1.5	47.4	.	-34.0	17.5	9.2
	Other changes due to price changes													
2005	284.5	430.3	-145.8	3.5	5.3	-1.8	45.0	40.8	199.0	389.5	-1.4	.	.	41.9
2006	288.6	298.4	-9.8	3.4	3.5	-0.1	45.4	33.5	226.0	264.9	0.0	.	.	17.1
2007	82.4	124.7	-42.4	0.9	1.4	-0.5	46.5	12.5	75.0	112.2	-69.8	.	.	30.7
2008	-1,013.8	-1,102.1	88.3	-10.9	-11.9	1.0	-155.6	-138.4	-803.6	-963.7	-75.9	.	.	21.2
	Other changes due to other adjustments													
2005	172.7	74.3	98.3	2.1	0.9	1.2	29.0	10.0	69.0	-3.1	.	76.5	67.4	-1.8
2006	-128.0	55.5	-183.5	-1.5	0.6	-2.1	-28.3	-1.6	-109.6	18.6	.	8.7	38.4	1.2
2007	32.7	-15.4	48.1	0.4	-0.2	0.5	5.0	-13.6	-31.0	13.9	.	59.5	-15.7	-0.8
2008	-17.6	186.3	-203.9	-0.2	2.0	-2.2	18.0	87.4	-53.6	96.8	.	25.4	2.1	-7.3
	Growth rates of outstanding amounts													
2005	15.2	13.4	-	.	.	.	15.2	6.8	13.1	12.1	.	18.5	19.5	-5.9
2006	16.1	14.8	-	.	.	.	15.0	10.5	13.6	13.7	.	20.5	18.7	0.3
2007	15.7	14.4	-	.	.	.	15.3	14.9	10.0	9.8	.	21.0	20.0	1.6
2008	3.4	4.3	-	.	.	.	9.2	4.4	-0.5	5.4	.	1.7	3.1	1.1
2009 Q1	-2.3	-0.8	-	.	.	.	7.7	2.8	-4.4	3.8	.	-7.8	-7.5	-1.8
Q2	-3.1	-1.7	-	.	.	.	9.3	6.1	-6.1	3.8	.	-8.9	-11.5	-1.2
Q3	-4.2	-3.7	.	.	.	.	8.0	5.1	-3.9	3.7	.	-12.4	-15.9	-0.7

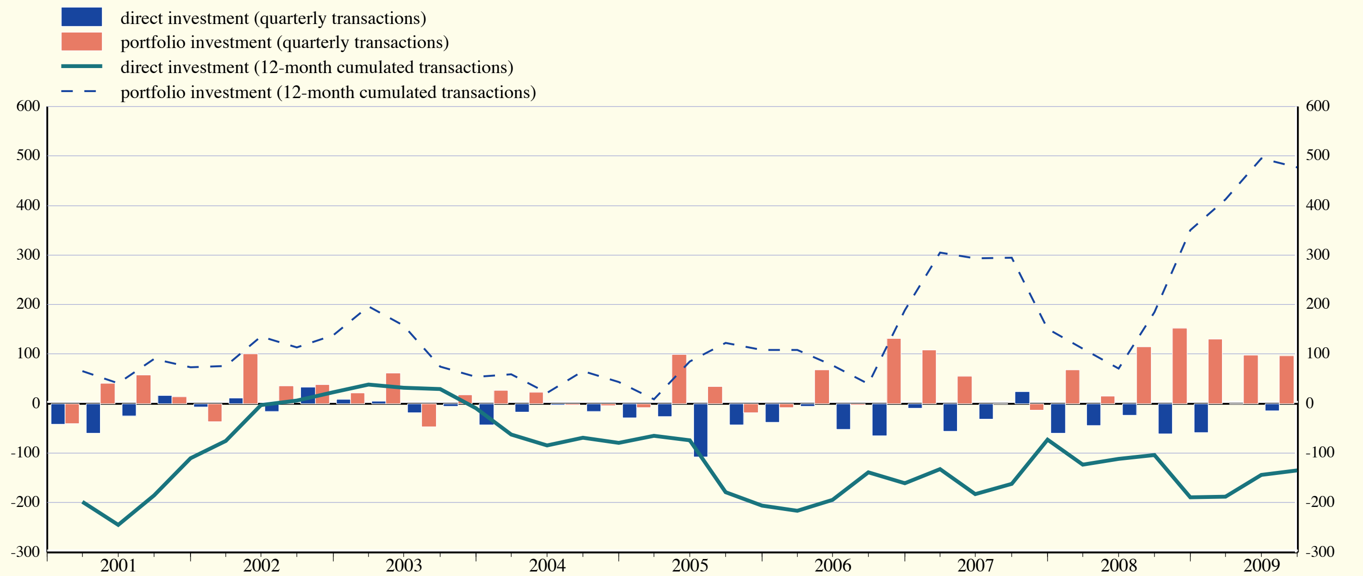
Source: ECB.
1) Net financial derivatives are included in assets.

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

2. Direct investment

	By resident units abroad							By non-resident units in the euro area						
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	In MFIs	In non-MFIs	Total	To MFIs	To non-MFIs
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts (international investment position)													
2007	3,572.8	2,886.7	240.8	2,645.9	686.1	6.4	679.7	3,130.7	2,401.0	69.5	2,331.5	729.8	15.4	714.4
2008	3,744.4	2,946.9	234.8	2,712.1	797.5	9.3	788.2	3,217.0	2,405.5	77.0	2,328.5	811.6	16.4	795.1
2009 Q1	3,837.7	2,988.9	253.9	2,735.1	848.7	10.6	838.1	3,237.8	2,427.6	78.7	2,348.9	810.1	16.8	793.4
Q2	3,958.1	3,092.0	266.5	2,825.5	866.1	10.4	855.7	3,318.5	2,492.7	80.9	2,411.9	825.8	16.6	809.1
	Transactions													
2007	481.2	373.0	25.5	347.4	108.2	-0.1	108.4	408.3	310.5	5.1	305.4	97.8	1.4	96.4
2008	326.5	198.1	2.2	195.9	128.4	-0.2	128.6	137.5	91.3	-1.0	92.2	46.2	1.6	44.6
2009 Q1	100.1	55.6	20.4	35.2	44.6	0.9	43.7	41.3	44.0	1.2	42.8	-2.7	0.1	-2.8
Q2	92.8	75.4	9.5	65.9	17.4	0.6	16.8	92.3	71.0	1.3	69.7	21.2	0.4	20.8
Q3	58.0	21.3	1.8	19.4	36.7	0.2	36.5	43.1	32.7	1.1	31.6	10.4	0.2	10.2
2009 June	15.2	14.2	2.8	11.4	1.0	-1.1	2.0	3.8	5.1	0.0	5.1	-1.3	0.9	-2.2
July	9.5	2.3	3.0	-0.7	7.3	-0.1	7.3	18.0	14.1	0.3	13.8	3.9	0.9	3.1
Aug.	16.7	11.7	2.2	9.5	5.0	0.3	4.8	19.5	13.7	0.3	13.3	5.9	-0.6	6.5
Sep.	31.7	7.3	-3.4	10.6	24.4	0.0	24.4	5.5	5.0	0.5	4.5	0.5	-0.1	0.6
Oct.	27.3	24.3	-0.5	24.9	2.9	0.3	2.6	25.7	16.4	0.3	16.1	9.3	0.1	9.2
	Growth rates													
2007	15.3	14.6	11.3	14.9	18.5	-55.0	18.7	14.9	14.8	8.3	15.0	15.3	6.3	15.5
2008	9.2	6.9	0.8	7.5	18.8	-1.6	19.1	4.4	3.8	-1.4	4.0	6.4	9.9	6.3
2009 Q1	7.7	5.4	5.9	5.3	16.8	-20.9	17.3	2.8	4.1	-0.1	4.2	-0.8	9.8	-1.1
Q2	9.3	7.9	7.8	7.9	14.5	5.7	14.6	6.1	7.4	4.6	7.5	2.1	4.9	2.1
Q3	8.0	6.1	12.8	5.5	15.2	14.0	15.2	5.1	7.1	4.8	7.1	-0.7	3.6	-0.8

C33 B.o.p. net direct and portfolio investment
(EUR billions)



Source: ECB.

7.3 Financial account

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

3. Portfolio investment assets

	Total	Equity					Debt instruments									
							Bonds and notes					Money market instruments				
		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs	
				Euro-system		General government			Euro-system		General government			Euro-system		General government
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Outstanding amounts (international investment position)															
2007	4,631.6	1,961.8	136.7	2.8	1,825.1	44.6	2,279.7	990.2	16.4	1,289.5	17.2	390.1	297.3	34.6	92.8	0.5
2008	3,763.9	1,162.7	68.4	3.0	1,094.3	27.3	2,179.1	970.9	19.9	1,208.2	18.4	422.1	353.3	61.6	68.8	1.3
2009 Q1	3,638.4	1,068.8	60.8	2.9	1,008.0	27.3	2,139.5	946.9	17.1	1,192.6	17.4	430.1	360.5	58.9	69.6	1.7
Q2	3,859.5	1,209.2	66.7	3.0	1,142.4	29.2	2,220.2	927.7	17.3	1,292.5	18.2	430.2	353.1	55.3	77.0	1.5
	Transactions															
2007	436.7	64.2	26.7	0.0	37.5	8.2	291.5	148.3	4.9	143.2	3.3	81.0	63.4	26.3	17.6	0.8
2008	-9.0	-101.8	-37.9	0.6	-63.9	0.1	95.4	43.9	3.3	51.5	2.6	-2.5	26.8	15.1	-29.4	0.4
2009 Q1	-71.2	-38.1	-5.7	0.0	-32.4	0.1	-56.1	-49.1	-2.4	-7.0	-1.2	23.0	21.6	-0.5	1.4	0.4
Q2	41.1	9.4	-0.4	0.0	9.8	0.3	11.7	-34.9	0.1	46.6	0.2	20.1	12.5	-1.8	7.6	-0.3
Q3	28.6	10.6	3.3	0.0	7.3	.	14.9	-13.6	-0.7	28.5	.	3.1	8.7	-3.9	-5.6	.
2009 June	14.8	12.5	-0.5	0.0	13.1	.	-2.7	3.6	-0.3	-6.3	.	5.0	5.1	-1.5	-0.1	.
July	6.5	6.4	1.1	0.0	5.3	.	-0.3	-10.6	0.7	10.2	.	0.4	-1.4	0.8	1.8	.
Aug.	31.6	4.0	1.2	0.0	2.8	.	21.9	12.0	-0.2	9.8	.	5.8	4.1	-3.0	1.7	.
Sep.	-9.5	0.2	0.9	0.0	-0.7	.	-6.6	-15.1	-1.2	8.4	.	-3.1	6.0	-1.8	-9.0	.
Oct.	15.1	8.2	1.8	0.0	6.3	.	5.9	-2.4	0.6	8.3	.	1.0	-0.2	3.3	1.2	.
	Growth rates															
2007	10.0	3.3	22.2	-0.5	2.0	21.3	14.0	16.7	38.9	12.0	23.3	23.1	23.7	272.7	25.8	277.4
2008	-0.5	-6.1	-29.7	24.6	-4.4	0.2	4.3	4.5	20.4	4.0	15.6	-0.5	9.1	41.9	-32.1	70.8
2009 Q1	-4.4	-7.9	-22.0	18.8	-7.0	1.3	-0.9	-3.8	14.4	1.5	5.3	-10.5	-2.3	43.6	-38.8	36.6
Q2	-6.1	-8.5	-15.5	14.9	-8.1	-0.9	-4.0	-10.4	-12.9	1.3	-3.1	-10.4	-7.0	-18.6	-24.2	39.2
Q3	-3.9	-5.1	-9.0	12.5	-4.9	.	-4.0	-11.4	-19.6	1.9	.	-1.1	5.5	-18.4	-26.0	.

4. Portfolio investment liabilities

	Total	Equity			Debt instruments							
					Bonds and notes				Money market instruments			
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	MFIs	Non-MFIs	
								General government				General government
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts (international investment position)											
2007	6,556.5	3,272.5	594.6	2,677.9	3,041.1	1,143.5	1,897.6	1,118.5	243.0	141.5	101.5	76.1
2008	6,078.6	2,168.7	640.7	1,528.0	3,466.5	1,263.8	2,202.8	1,357.1	443.3	108.9	334.4	272.9
2009 Q1	6,015.7	1,986.4	649.7	1,336.8	3,557.5	1,248.9	2,308.5	1,402.3	471.8	91.9	379.9	320.4
Q2	6,300.3	2,231.5	680.2	1,551.2	3,558.6	1,212.7	2,345.9	1,430.9	510.2	81.3	428.9	359.8
	Transactions											
2007	587.9	157.9	24.3	133.6	367.1	156.5	210.6	141.7	62.9	52.9	10.0	20.4
2008	341.5	-124.8	93.4	-218.2	250.0	31.5	218.6	199.2	216.3	-2.5	218.9	185.7
2009 Q1	58.7	-51.3	-4.4	-46.8	90.4	-11.0	101.4	67.6	19.6	-11.4	31.0	51.6
Q2	139.2	49.2	4.8	44.4	38.4	-7.5	45.8	56.9	51.7	-0.1	51.8	51.0
Q3	125.3	65.3	30.2	35.1	3.9	15.7	-11.7	.	56.0	-3.4	59.4	.
2009 June	56.8	37.9	0.5	37.4	8.8	-16.1	24.9	.	10.1	12.4	-2.2	.
July	3.5	33.8	12.3	21.6	-45.5	3.8	-49.3	.	15.2	-16.5	31.7	.
Aug.	77.7	35.6	18.3	17.3	22.9	14.8	8.1	.	19.3	4.7	14.6	.
Sep.	44.0	-4.1	-0.3	-3.8	26.6	-3.0	29.5	.	21.6	8.5	13.1	.
Oct.	34.3	-21.2	-3.1	-18.0	33.5	12.8	20.7	.	22.0	1.9	20.1	.
	Growth rates											
2007	9.8	5.2	4.4	5.3	13.5	15.9	12.2	14.2	31.2	54.5	13.7	33.2
2008	5.4	-5.4	16.0	-10.5	8.3	2.8	11.5	17.8	88.3	-2.0	202.0	246.5
2009 Q1	3.8	-10.0	2.1	-13.6	9.0	1.1	13.6	18.5	83.0	-18.5	208.0	250.6
Q2	3.8	-7.0	-0.2	-9.0	4.6	-5.0	10.4	17.7	99.0	-17.9	230.7	297.0
Q3	3.7	-4.8	7.1	-9.0	3.1	-3.8	7.2	.	66.1	-21.1	118.2	.

Source: ECB.

7.3 Financial account

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

5. Other investment assets

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other assets	Total	Loans/ currency and deposits	Other assets		Trade credits	Loans/currency and deposits			Trade credits	Loans/currency and deposits	
											Currency and deposits				Currency and deposits
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2007	5,381.3	36.9	35.6	1.4	3,354.4	3,283.2	71.2	107.8	12.7	48.8	13.7	1,882.1	196.2	1,518.5	476.5
2008	5,466.1	28.8	27.7	1.0	3,280.7	3,221.6	59.1	101.0	12.1	40.9	7.2	2,055.6	186.1	1,644.9	474.5
2009 Q1	5,289.4	21.7	21.4	0.3	3,094.0	3,037.2	56.8	108.3	12.2	46.9	16.3	2,065.4	185.5	1,647.2	458.1
Q2	5,107.3	27.9	27.7	0.3	2,972.6	2,936.8	35.9	103.1	12.1	42.1	11.2	2,003.7	189.3	1,575.9	437.7
	Transactions														
2007	953.4	22.0	22.0	0.0	546.8	539.6	7.2	-7.7	-1.4	-7.2	-5.5	392.2	14.1	335.3	55.3
2008	93.4	-9.4	-9.4	0.0	-50.2	-65.5	15.3	-6.6	-1.1	-6.8	-5.8	159.6	2.5	97.6	-31.9
2009 Q1	-232.7	-8.2	-8.2	0.0	-236.4	-234.6	-1.8	6.5	0.0	5.8	9.1	5.3	-3.5	8.7	1.1
Q2	-139.2	7.0	7.0	0.0	-82.8	-69.2	-13.6	-3.8	0.0	-4.5	-5.1	-59.6	5.7	-69.5	-19.2
Q3	-102.4	-4.1	.	.	-90.5	.	.	-5.0	.	.	-4.0	-2.8	.	7.5	11.1
2009 June	-33.5	5.3	.	.	-53.1	.	.	2.0	.	.	1.3	12.2	.	.	4.2
July	-46.7	-2.2	.	.	-35.4	.	.	-4.5	.	.	-4.4	-4.6	.	.	1.2
Aug.	-28.8	-0.1	.	.	-31.9	.	.	1.3	.	.	2.2	1.9	.	.	16.2
Sep.	-26.9	-1.8	.	.	-23.2	.	.	-1.7	.	.	-1.8	-0.1	.	.	-6.2
Oct.	40.0	1.9	.	.	13.6	.	.	-0.3	.	.	-0.5	24.8	.	.	3.7
	Growth rates														
2007	21.0	157.3	173.7	-1.7	18.6	18.8	11.4	-6.4	-9.8	-12.4	-28.6	26.6	7.5	28.8	14.0
2008	1.7	-26.2	-26.9	5.0	-1.5	-2.0	21.6	-6.2	-8.9	-14.0	-44.4	8.6	1.2	6.5	-6.9
2009 Q1	-7.8	-57.3	-58.7	6.0	-14.1	-14.6	11.2	4.6	-6.7	9.2	39.1	4.3	-3.1	3.6	-11.3
Q2	-8.9	-28.7	-30.3	5.6	-13.8	-13.9	-16.5	-4.9	-3.2	-13.2	-35.7	0.0	-4.6	-1.0	-3.8
Q3	-12.4	-35.5	.	.	-18.3	.	.	-2.2	.	.	-21.3	-1.9	.	-1.5	-1.8

6. Other investment liabilities

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other liabilities	Total	Loans/ currency and deposits	Other liabilities	Total	Trade credits	Loans	Other liabilities	Total	Trade credits	Loans	Other liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2007	5,468.6	201.7	201.4	0.2	3,935.1	3,872.6	62.5	52.3	0.0	46.9	5.4	1,279.5	156.9	1,009.7	112.8
2008	5,653.6	482.3	481.9	0.4	3,751.8	3,698.1	53.6	61.9	0.0	58.0	3.9	1,357.6	170.2	1,069.6	117.8
2009 Q1	5,509.8	404.2	400.9	3.3	3,702.6	3,649.0	53.6	58.7	0.0	55.5	3.2	1,344.3	180.5	1,043.6	120.2
Q2	5,201.8	313.5	308.4	5.1	3,579.1	3,542.7	36.4	56.6	0.0	53.3	3.2	1,252.6	182.6	953.7	116.3
	Transactions														
2007	943.4	91.4	91.4	0.0	625.3	620.5	4.8	-1.0	0.0	-2.0	1.0	227.8	10.0	218.9	-1.1
2008	165.5	280.7	280.6	0.1	-181.0	-191.9	10.9	9.5	0.0	11.0	-1.5	56.3	10.5	46.1	-0.3
2009 Q1	-248.4	-82.2	-85.1	2.9	-112.7	-111.4	-1.3	-3.7	0.0	-2.7	-0.9	-49.9	-5.1	-40.2	-4.6
Q2	-244.5	-89.3	-91.1	1.8	-82.2	-70.9	-11.4	-2.6	0.0	-3.1	0.5	-70.3	4.7	-74.5	-0.5
Q3	-188.7	-46.6	.	.	-80.2	.	.	1.4	.	.	.	-63.2	.	.	.
2009 June	-77.3	-40.2	.	.	-52.4	.	.	-2.4	.	.	.	17.8	.	.	.
July	-66.6	-15.7	.	.	-30.8	.	.	-0.4	.	.	.	-19.6	.	.	.
Aug.	-77.3	-10.0	.	.	-43.3	.	.	0.4	.	.	.	-24.4	.	.	.
Sep.	-44.8	-21.0	.	.	-6.0	.	.	1.4	.	.	.	-19.1	.	.	.
Oct.	36.4	-8.3	.	.	17.8	.	.	5.9	.	.	.	21.0	.	.	.
	Growth rates														
2007	20.0	79.2	79.4	-6.9	18.0	18.2	9.5	-1.9	27.4	-4.1	20.7	20.7	6.8	26.2	0.5
2008	3.1	141.3	141.4	20.8	-4.6	-4.9	17.3	18.3	-20.1	23.6	-27.9	4.3	6.6	4.5	-0.8
2009 Q1	-7.5	82.4	81.3	439.8	-13.5	-13.9	10.3	12.5	-11.4	14.2	-12.6	-4.1	-0.4	-4.4	-7.7
Q2	-11.5	19.1	17.3	1,123.2	-15.0	-15.1	-9.6	10.1	41.1	11.3	-6.0	-7.7	-3.3	-9.2	-1.5
Q3	-15.9	-28.5	.	.	-16.4	.	.	7.8	.	.	.	-11.7	.	.	.

Source: ECB.

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

7. Reserve assets

	Reserve assets														Memo items	
	Total	Monetary gold		Special drawing rights	Reserve position in the IMF	Foreign exchange								Other claims	Other foreign currency assets	Predetermined short-term net drains on foreign currency
		In EUR billions	In fine troy ounces (millions)			Total	Currency and deposits		Securities				Financial derivatives			
							With monetary authorities and the BIS	With banks	Total	Equity	Bonds and notes	Money market instruments				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Outstanding amounts (international investment position)															
2005	320.1	163.4	375.861	4.3	10.6	141.7	12.6	21.4	107.9	0.6	69.4	38.0	-0.2	0.0	25.6	-17.9
2006	325.8	176.3	365.213	4.6	5.2	139.7	6.3	22.5	110.7	0.5	79.3	30.8	0.3	0.0	24.6	-21.5
2007	347.2	201.0	353.688	4.6	3.6	138.0	7.2	22.0	108.5	0.4	87.8	20.3	0.3	0.0	44.3	-38.5
2008 Q4	374.2	217.0	349.190	4.7	7.3	145.1	7.6	8.0	129.5	0.6	111.3	17.6	0.0	0.1	262.8	-245.7
2009 Q1	395.7	240.4	349.059	4.8	8.4	142.1	8.4	3.7	129.9	0.6	108.6	20.7	0.1	0.1	155.4	-141.4
Q2	381.5	229.8	347.546	4.2	11.3	136.1	9.5	6.5	119.9	0.5	99.3	20.0	0.2	0.1	77.6	-65.6
2009 Sep.	430.9	236.1	347.200	49.8	11.7	133.2	12.7	7.1	113.2	-	-	-	0.2	0.0	56.7	-42.4
Oct.	437.9	244.0	347.197	49.5	11.6	132.8	11.7	9.1	111.7	-	-	-	0.2	0.0	43.4	-36.0
Nov.	464.2	271.7	347.169	49.6	10.3	132.6	11.8	8.4	112.2	-	-	-	0.2	0.0	39.5	-32.0
	Transactions															
2006	1.3	-4.2	-	0.5	-5.2	10.2	-6.1	2.7	13.7	0.0	19.4	-5.7	0.0	0.0	-	-
2007	5.1	-3.2	-	0.3	-0.9	8.8	1.0	1.6	6.2	0.0	14.5	-8.3	0.0	0.0	-	-
2008	3.9	-2.1	-	-0.1	3.8	2.3	5.0	-15.8	11.8	0.1	15.8	-4.1	1.3	0.1	-	-
2009 Q1	-5.7	-0.9	-	0.0	0.9	-5.7	2.2	-4.9	-3.7	0.0	-6.6	2.9	0.6	0.0	-	-
Q2	2.4	0.1	-	-0.5	3.3	-0.5	-0.4	2.9	-3.2	0.0	-2.0	-1.2	0.2	0.0	-	-
Q3	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Growth rates															
2006	0.3	-2.4	-	11.6	-49.0	7.7	-48.4	12.7	13.4	0.0	29.2	-15.3	-	-	-	-
2007	1.6	-1.7	-	7.3	-18.3	6.3	14.9	6.4	5.7	1.1	18.6	-27.6	-	-	-	-
2008	1.1	-1.0	-	-2.6	105.3	1.7	67.7	-69.1	10.8	28.0	17.9	-20.6	-	-	-	-
2009 Q1	-1.8	-1.1	-	4.6	135.1	-6.3	142.1	-90.5	6.7	2.6	3.7	25.5	-	-	-	-
Q2	-1.2	-0.9	-	-6.6	174.2	-6.5	106.0	-80.8	2.1	2.6	0.0	15.5	-	-	-	-
Q3	-0.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: ECB.

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

8. Geographical breakdown

	Total	EU Member States outside the euro area						Canada	China	Japan	Switzer-land	United States	Offshore financial centres	Interna-tional organisa-tions	Other countries
		Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2008	Outstanding amounts (international investment position)														
Direct investment	527.4	-93.0	-2.1	-30.2	-293.9	233.6	-0.3	41.1	35.2	-9.5	126.2	-68.7	-7.1	-0.2	503.3
Abroad	3,744.4	1,255.3	34.9	93.9	865.7	260.8	0.0	104.1	38.8	71.7	384.5	734.6	418.5	0.1	736.8
Equity/reinvested earnings	2,946.9	967.5	30.1	60.3	660.1	216.9	0.0	83.3	32.0	53.6	335.3	551.3	386.7	0.0	537.4
Other capital	797.5	287.9	4.8	33.6	205.7	43.8	0.0	20.7	6.9	18.1	49.2	183.4	31.9	0.0	199.4
In the euro area	3,217.0	1,348.3	37.0	124.1	1,159.7	27.1	0.3	63.0	3.6	81.2	258.3	803.3	425.6	0.3	233.4
Equity/reinvested earnings	2,405.5	1,096.8	28.3	97.4	956.9	13.9	0.2	50.6	0.8	68.7	191.1	590.8	284.1	0.1	122.5
Other capital	811.6	251.5	8.7	26.7	202.8	13.2	0.1	12.4	2.9	12.5	67.2	212.5	141.6	0.2	110.9
Portfolio investment assets	3,763.9	1,242.2	63.7	122.4	895.5	80.7	80.0	82.8	25.6	213.4	95.4	1,225.8	458.4	30.5	389.8
Equity	1,162.7	228.7	6.4	19.9	191.7	9.8	0.9	18.2	22.8	84.5	81.3	378.8	197.8	2.0	148.6
Debt instruments	2,601.3	1,013.6	57.3	102.5	703.7	71.0	79.1	64.6	2.9	128.8	14.1	847.0	260.6	28.5	241.3
Bonds and notes	2,179.1	849.1	50.3	81.5	569.1	70.3	77.8	61.6	2.3	61.7	12.6	705.4	238.2	28.4	219.9
Money market instruments	422.1	164.5	6.9	21.0	134.6	0.6	1.3	3.0	0.6	67.1	1.5	141.5	22.4	0.1	21.4
Other investment	-187.5	-91.1	51.1	28.0	-110.4	108.8	-168.6	-6.2	-16.0	-10.2	-131.2	-286.3	2.1	1.8	349.6
Assets	5,466.1	2,419.7	100.9	83.3	2,020.2	201.8	13.4	25.7	34.0	109.4	276.5	852.5	640.7	58.7	1,048.8
General government	101.0	15.0	0.7	0.4	3.6	0.7	9.7	0.0	1.8	0.2	0.1	3.4	1.4	40.1	39.1
MFIs	3,309.5	1,731.1	83.9	58.3	1,419.1	167.9	1.9	16.8	14.5	79.0	164.5	418.9	367.7	18.2	498.8
Other sectors	2,055.6	673.5	16.4	24.6	597.5	33.3	1.8	8.9	17.7	30.3	111.9	430.2	271.7	0.5	510.9
Liabilities	5,653.6	2,510.8	49.8	55.3	2,130.6	93.0	182.0	32.0	50.0	119.5	407.7	1,138.8	638.6	57.0	699.1
General government	61.9	32.5	0.0	0.1	2.5	0.0	29.7	0.0	0.0	0.6	0.5	7.0	0.3	17.7	3.3
MFIs	4,234.1	1,907.6	38.9	33.5	1,664.9	70.0	100.2	24.4	32.1	91.2	328.7	751.1	535.1	36.8	527.2
Other sectors	1,357.6	570.8	10.8	21.7	463.2	23.0	52.0	7.5	17.9	27.8	78.6	380.8	103.2	2.5	168.7
2008 Q3 to 2009 Q2	Cumulated transactions														
Direct investment	144.1	73.8	-0.2	8.6	50.9	14.4	0.0	-2.3	1.8	-4.7	-34.3	31.6	64.5	0.0	13.6
Abroad	337.2	132.7	1.8	23.7	98.1	9.2	0.0	6.8	2.3	0.7	-11.3	91.6	67.2	0.0	47.2
Equity/reinvested earnings	227.5	76.7	1.1	12.9	57.8	4.9	0.0	6.9	3.1	1.8	-5.7	62.7	48.0	0.0	34.0
Other capital	109.7	56.0	0.7	10.8	40.3	4.4	0.0	-0.2	-0.7	-1.1	-5.6	28.9	19.2	0.0	13.2
In the euro area	193.1	58.9	1.9	15.0	47.2	-5.2	0.0	9.0	0.5	5.4	23.0	60.0	2.8	0.0	33.5
Equity/reinvested earnings	176.1	50.7	1.0	12.7	35.0	2.0	0.0	9.9	0.2	2.5	12.9	63.9	12.7	0.0	23.2
Other capital	16.9	8.2	1.0	2.3	12.1	-7.2	0.0	-0.9	0.3	2.8	10.1	-3.9	-9.9	0.0	10.3
Portfolio investment assets	-265.6	9.1	4.4	12.3	-18.8	-6.9	18.2	14.9	2.7	-45.9	4.4	-107.6	-103.3	-1.1	-38.9
Equity	-128.4	-22.8	0.3	-0.7	-21.8	-0.5	0.0	7.4	3.7	-19.4	4.0	-41.5	-40.8	0.0	-19.0
Debt instruments	-137.2	31.9	4.1	13.0	3.0	-6.4	18.2	7.5	-1.0	-26.4	0.4	-66.1	-62.5	-1.1	-19.9
Bonds and notes	-90.8	46.7	3.7	10.8	24.6	-6.7	14.2	2.5	-0.5	-17.9	-0.1	-47.6	-55.4	-1.5	-17.0
Money market instruments	-46.4	-14.7	0.4	2.2	-21.6	0.2	4.0	5.0	-0.5	-8.5	0.4	-18.5	-7.1	0.4	-2.9
Other investment	183.2	-258.8	-2.9	-17.7	-268.7	46.6	-16.1	-5.4	-5.3	69.9	54.8	64.6	179.0	11.1	73.3
Assets	-499.0	-294.5	-17.1	-12.7	-305.5	39.4	1.4	0.7	-8.3	-4.4	-62.9	-140.9	34.6	-6.7	-16.4
General government	-5.2	-5.8	-0.2	-0.1	-5.8	-0.4	0.7	0.0	0.0	0.0	0.1	0.1	0.0	1.2	-0.9
MFIs	-492.1	-280.8	-14.3	-11.6	-291.9	36.3	0.7	0.0	-9.9	1.7	-58.1	-53.5	-18.4	-7.9	-65.3
Other sectors	-1.7	-7.9	-2.6	-1.0	-7.8	3.4	0.0	0.6	1.7	-6.1	-5.0	-87.5	52.9	0.0	49.7
Liabilities	-682.2	-35.7	-14.3	5.0	-36.8	-7.2	17.5	6.1	-3.0	-74.4	-117.8	-205.4	-144.4	-17.8	-89.8
General government	5.0	2.0	0.0	-0.1	0.6	0.0	1.4	0.0	0.0	-0.1	0.0	0.3	0.0	3.0	-0.2
MFIs	-582.1	-22.5	-14.0	6.9	-18.2	-5.1	7.9	3.0	-3.2	-76.4	-102.1	-95.5	-151.8	-20.6	-112.8
Other sectors	-105.1	-15.2	-0.2	-1.8	-19.2	-2.1	8.1	3.0	0.2	2.2	-15.6	-110.2	7.4	-0.2	23.3

Source: ECB.

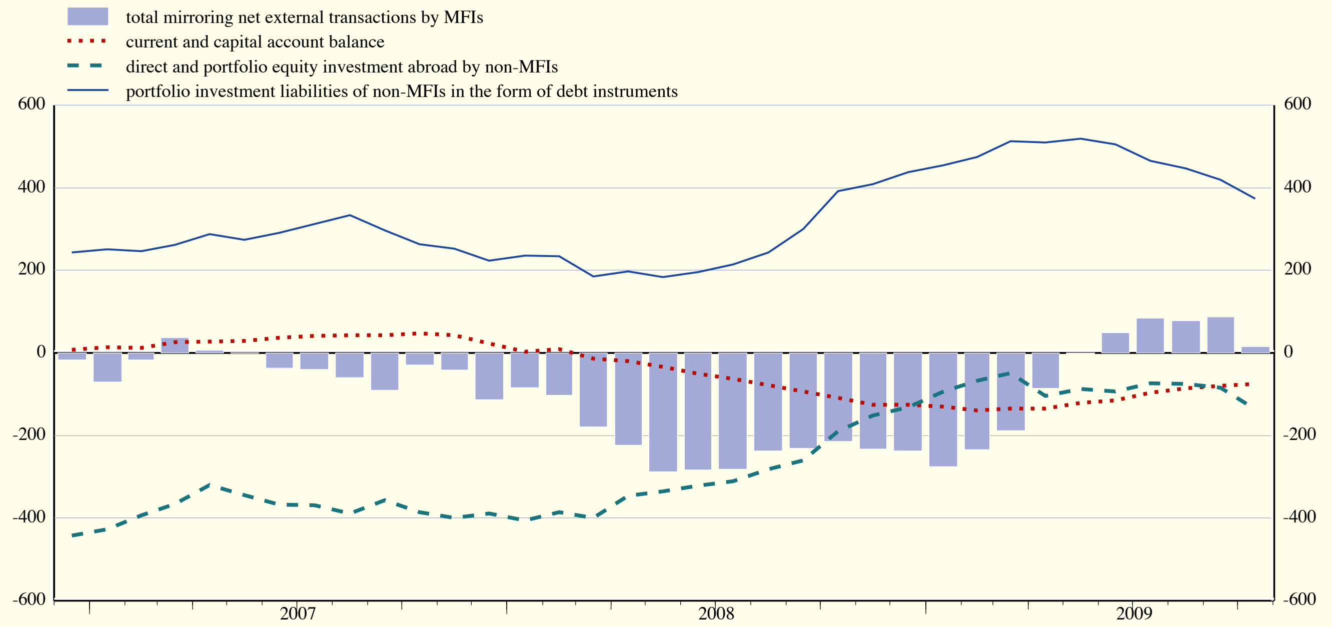
7.4 Monetary presentation of the balance of payments [1)]

(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
2006	-17.6	8.0	-391.6	256.4	-136.2	-135.5	151.6	243.3	-256.5	229.9	-0.3	13.3
2007	-112.5	22.8	-457.6	401.0	-38.3	-160.9	134.4	223.0	-384.8	226.8	-64.8	-14.1
2008	-237.6	-126.2	-325.0	136.6	63.8	-21.6	-218.5	438.0	-153.7	66.4	-65.6	-31.7
2008 Q3	-48.1	-31.2	-107.4	72.5	43.3	-16.1	-74.3	134.1	-27.3	-8.1	-8.3	-25.3
Q4	52.7	-28.9	-48.9	-14.7	50.0	73.2	-111.9	140.8	-18.1	34.8	-13.2	-10.4
2009 Q1	-41.7	-36.6	-78.8	40.0	32.4	5.6	-46.8	132.4	-11.8	-53.5	-5.3	-19.1
Q2	86.5	-17.4	-82.7	90.5	-9.8	-54.1	44.4	97.6	63.4	-72.9	20.3	7.3
Q3	-10.9	3.2	-55.9	41.8	-7.3	-23.0	35.1	47.7	7.8	-61.8	0.0	1.6
2008 Oct.	64.7	-8.4	-5.9	1.0	35.3	39.6	-66.1	85.6	-59.3	46.4	0.6	-4.2
Nov.	10.5	-15.4	-35.0	-18.5	6.4	10.0	-8.6	55.5	12.2	9.3	-10.4	4.9
Dec.	-22.5	-5.1	-8.0	2.8	8.3	23.6	-37.2	-0.3	28.9	-20.9	-3.4	-11.2
2009 Jan.	-74.5	-23.8	-21.1	9.3	2.4	-5.6	-35.1	51.6	-3.7	-43.7	3.4	-8.0
Feb.	31.0	-4.9	-19.5	12.4	18.8	0.8	3.4	38.1	6.8	-17.3	-1.3	-6.3
Mar.	1.8	-7.9	-38.2	18.3	11.3	10.4	-15.2	42.7	-15.0	7.6	-7.3	-4.9
Apr.	22.7	-8.2	-56.8	70.2	5.1	-26.9	-21.9	44.9	-6.4	21.8	8.9	-7.9
May	6.3	-13.0	-12.5	17.5	-1.8	-33.6	28.9	30.1	84.0	-110.1	9.2	7.7
June	57.5	3.8	-13.5	2.9	-13.1	6.4	37.4	22.6	-14.2	15.4	2.3	7.5
July	3.3	10.7	-6.6	16.9	-5.3	-12.0	21.6	-17.6	9.1	-20.0	7.7	-1.0
Aug.	3.5	-2.8	-14.3	19.8	-2.8	-11.5	17.3	22.7	-3.2	-24.0	-6.1	8.4
Sep.	-17.8	-4.6	-35.0	5.1	0.7	0.6	-3.8	42.6	1.9	-17.8	-1.6	-5.8
Oct.	-6.3	-3.6	-27.5	25.3	-6.3	-9.5	-18.0	40.8	-24.5	26.9	0.8	-10.8
	12-month cumulated transactions											
2009 Oct.	15.6	-74.9	-288.0	181.9	23.7	-47.4	-31.2	373.7	76.0	-173.0	2.0	-27.4

C34 Main b.o.p. items mirroring developments in MFI net external transactions [1)]

(EUR billions; 12-month cumulated transactions)



Source: ECB.

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

7.5 Trade in goods

1. Values and volumes by product group [1]

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)					Imports (c.i.f.)					
			Total				Memo item:	Total				Memo items:	
	Exports	Imports		Intermediate	Capital	Consumption	Manufacturing		Intermediate	Capital	Consumption	Manufacturing	Oil
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Values (EUR billions; annual percentage changes for columns 1 and 2)												
2007	11.0	8.4	1,507.8	739.7	326.6	401.3	1,282.6	1,491.7	913.9	234.4	323.2	1,019.7	227.5
2008	3.6	8.1	1,559.3	767.9	337.4	412.2	1,300.5	1,602.2	1,020.5	233.1	333.0	1,018.8	293.7
2008 Q4	-5.0	-2.1	366.1	174.1	81.5	95.8	302.5	373.0	228.9	56.7	81.7	239.0	55.4
2009 Q1	-20.9	-20.7	311.2	149.5	65.6	86.3	258.9	321.7	181.3	49.5	78.6	214.7	35.6
Q2	-23.2	-27.2	309.8	150.5	63.5	84.9	254.4	306.6	170.1	47.4	76.4	202.9	41.4
Q3	-19.3	-26.0	320.2	.	.	.	259.2	308.1	.	.	.	201.3	.
2009 May	-22.6	-27.7	102.4	49.2	21.2	28.0	84.6	101.2	55.8	15.6	25.2	67.6	13.7
June	-20.7	-26.4	103.4	50.2	21.2	28.4	83.3	101.7	56.7	15.6	25.5	66.6	14.7
July	-18.1	-28.9	108.0	52.4	22.6	29.6	89.4	102.5	58.0	15.6	25.9	67.2	15.8
Aug.	-21.1	-26.0	103.6	.	.	.	83.7	101.4	.	.	.	66.3	.
Sep.	-19.0	-23.1	108.6	.	.	.	86.1	104.2	.	.	.	67.9	.
Oct.	-16.8	-23.6	108.3	.	.	.	87.5	102.0	.	.	.	65.7	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2007	8.6	6.8	144.4	141.3	153.1	144.6	142.1	129.1	123.1	143.3	141.5	134.7	107.7
2008	1.2	0.4	146.0	141.2	157.6	146.9	142.6	128.8	122.6	143.7	143.2	133.1	108.4
2008 Q4	-7.5	-4.6	136.2	127.0	150.2	136.7	130.4	122.6	115.8	135.7	137.0	121.3	108.0
2009 Q1	-20.8	-14.7	117.7	112.5	120.1	124.4	112.1	113.8	104.5	117.8	130.9	110.3	99.4
Q2	-22.0	-19.3	118.5	115.2	117.3	122.5	111.7	109.4	97.9	113.8	130.9	106.7	97.2
Q3	-17.6	-15.0	121.5	.	.	.	113.4	109.2	.	.	.	107.0	.
2009 May	-21.6	-20.2	117.7	113.4	117.6	120.9	111.5	108.4	96.7	112.3	129.2	106.5	98.0
June	-19.2	-16.8	118.1	115.1	116.7	122.4	109.5	108.1	96.9	112.8	131.1	105.4	93.7
July	-16.2	-18.2	122.9	120.0	124.4	126.1	117.1	108.3	98.1	114.7	131.6	106.2	98.1
Aug.	-19.6	-14.1	118.2	.	.	.	110.2	108.8	.	.	.	106.2	.
Sep.	-17.2	-12.7	123.3	.	.	.	112.9	110.5	.	.	.	108.7	.
Oct.	.	.	.	.	.	.	.	.	.	.	.	.	.

2. Prices [2]

(annual percentage changes, unless otherwise indicated)

	Industrial producer export prices (f.o.b.) [3]							Industrial import prices (c.i.f.)						
	Total (index: 2005 = 100)	Total					Memo item: Manufac-turing	Total (index: 2005 = 100)	Total					Memo item: Manufac-turing
			Intermediate goods	Capital goods	Consumer goods	Energy				Intermediate goods	Capital goods	Consumer goods	Energy	
% of total	100.0	100.0	32.2	46.3	17.7	3.8	99.4	100.0	100.0	28.4	27.9	22.1	21.6	81.1
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2007	101.8	0.4	2.7	-0.5	0.9	1.8	0.4	105.9	0.1	2.3	-3.5	0.5	1.6	-0.3
2008	103.5	1.6	1.5	-0.4	2.4	25.2	1.5	112.7	6.5	0.2	-3.4	2.4	28.2	0.8
2009 Q1	101.2	-1.3	-1.1	1.3	1.4	-32.3	-1.4	101.4	-8.4	-4.0	-0.3	2.7	-27.9	-2.4
Q2	100.9	-2.8	-3.9	1.5	0.9	-36.4	-2.7	101.5	-12.4	-6.5	0.1	1.4	-35.3	-4.2
Q3	100.9	-4.0	-6.2	0.7	0.4	-34.0	-3.8	102.3	-13.0	-7.8	-1.0	-0.3	-33.8	-5.2
2009 June	101.1	-3.3	-4.8	1.4	0.7	-35.4	-3.2	102.8	-13.2	-7.3	-0.2	0.6	-34.9	-5.0
July	100.8	-4.0	-5.7	1.3	0.5	-38.9	-3.8	101.5	-15.0	-8.1	-0.6	0.7	-39.2	-5.4
Aug.	101.2	-3.6	-6.1	0.8	0.7	-30.1	-3.5	103.3	-12.2	-7.6	-1.0	-0.4	-31.4	-4.8
Sep.	100.6	-4.3	-6.7	0.0	0.0	-32.7	-4.2	102.0	-11.7	-7.9	-1.3	-1.3	-30.1	-5.3
Oct.	100.4	-3.6	-6.5	-1.0	-1.1	-13.6	-3.5	102.8	-7.7	-7.2	-2.3	-3.0	-16.7	-4.9
Nov.	100.8	-2.1	-5.2	-1.7	-0.6	10.8	-1.9	103.4	-3.5	-5.5	-2.5	-3.5	-2.4	-3.6

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.)														
2007	1,507.8	34.1	55.6	230.9	216.4	67.9	82.3	41.5	195.9	295.9	60.6	34.3	87.6	61.7	138.0
2008	1,559.3	35.0	53.6	220.2	232.1	78.4	86.5	42.8	187.5	307.9	65.7	33.5	100.5	68.1	146.8
2008 Q2	397.8	9.1	14.3	58.0	60.7	20.2	22.2	11.4	47.4	77.5	16.8	8.5	24.8	16.9	35.5
Q3	397.8	9.1	14.0	55.8	60.0	20.8	21.8	10.8	46.8	76.8	16.0	8.2	26.7	17.5	37.7
Q4	366.1	8.0	11.5	49.3	52.1	17.7	21.2	8.3	43.6	74.6	15.7	8.1	24.9	17.5	37.6
2009 Q1	311.2	7.4	10.0	42.4	43.6	12.6	20.0	7.7	40.0	65.2	15.4	7.1	23.4	12.8	26.2
Q2	309.8	6.4	9.6	42.4	42.2	12.1	19.2	8.3	37.7	70.3	16.8	7.1	22.8	12.5	26.3
Q3	320.2	6.9	10.5	44.6	45.0	12.1	19.6	8.9	36.0	70.9	17.0	7.2	22.3	13.9	29.5
2009 May	102.4	2.2	3.1	13.8	14.0	3.8	6.4	2.8	12.4	23.4	5.6	2.3	7.5	4.2	8.8
June	103.4	2.0	3.3	14.4	14.0	4.1	6.4	2.8	12.5	23.7	5.5	2.4	7.5	4.0	8.6
July	108.0	2.3	3.6	15.0	14.8	4.2	6.5	3.1	12.6	24.0	5.7	2.6	7.6	4.9	9.5
Aug.	103.6	2.3	3.4	14.3	14.8	3.8	6.4	2.9	11.5	23.4	5.6	2.2	7.3	4.4	9.1
Sep.	108.6	2.3	3.5	15.3	15.4	4.1	6.6	2.9	11.9	23.5	5.7	2.4	7.4	4.7	10.9
Oct.	108.3	.	.	.	.	4.1	6.5	3.0	13.0	23.5	5.9	2.3	7.4	4.6	.
	% share of total exports														
2008	100.0	2.2	3.4	14.1	14.9	5.0	5.6	2.7	12.0	19.8	4.2	2.2	6.5	4.4	9.4
	Imports (c.i.f.)														
2007	1,491.7	28.8	52.2	169.5	169.5	102.2	67.2	32.4	131.7	455.6	172.7	59.1	113.4	75.2	94.0
2008	1,602.2	30.6	52.0	164.2	184.3	122.0	69.9	32.4	137.7	481.4	184.3	56.9	141.0	81.7	104.9
2008 Q2	410.7	8.0	13.6	42.6	47.7	32.3	17.6	8.6	33.7	121.9	45.2	14.6	37.4	20.3	26.9
Q3	413.8	7.9	13.2	41.6	47.3	34.3	17.9	8.2	35.4	124.2	48.0	14.1	37.7	21.1	25.0
Q4	373.0	7.3	11.5	36.2	43.1	24.8	17.4	7.0	33.8	113.3	46.5	13.5	30.8	19.8	28.0
2009 Q1	321.7	6.9	9.4	31.6	39.3	17.8	16.7	6.7	33.1	98.9	42.2	11.5	24.0	14.9	22.4
Q2	306.6	6.3	8.9	30.4	38.5	18.1	16.1	6.3	28.3	92.8	39.7	10.3	23.0	14.2	23.6
Q3	308.1	6.7	9.8	31.4	40.5	21.6	16.0	6.5	26.6	92.0	38.0	10.2	22.0	14.5	20.3
2009 May	101.2	2.1	2.9	10.1	12.8	5.9	5.3	2.1	9.8	30.6	13.1	3.4	7.3	4.6	7.5
June	101.7	2.0	3.0	10.2	12.7	6.4	5.2	2.2	9.1	30.6	13.0	3.4	7.8	4.8	7.8
July	102.5	2.3	3.3	10.4	13.2	6.8	5.4	2.2	9.0	30.5	12.6	3.4	7.6	5.0	6.9
Aug.	101.4	2.3	3.2	10.4	13.5	6.6	5.3	2.1	8.6	30.5	12.6	3.3	7.2	4.7	7.1
Sep.	104.2	2.2	3.3	10.6	13.8	8.2	5.3	2.2	9.0	31.0	12.8	3.4	7.3	4.8	6.3
Oct.	102.0	.	.	.	.	7.6	5.2	2.3	8.8	30.5	12.6	3.4	6.9	4.8	.
	% share of total imports														
2008	100.0	1.9	3.2	10.2	11.5	7.6	4.4	2.0	8.6	30.1	11.5	3.6	8.8	5.1	6.6
	Balance														
2007	16.2	5.4	3.4	61.4	46.8	-34.3	15.1	9.0	64.2	-159.7	-112.1	-24.9	-25.8	-13.5	44.1
2008	-42.8	4.4	1.6	56.0	47.8	-43.6	16.7	10.4	49.8	-173.5	-118.7	-23.4	-40.5	-13.7	42.0
2008 Q2	-12.9	1.1	0.7	15.3	12.9	-12.2	4.5	2.8	13.7	-44.4	-28.4	-6.2	-12.6	-3.4	8.6
Q3	-16.0	1.2	0.7	14.1	12.7	-13.5	3.9	2.6	11.4	-47.4	-32.0	-5.9	-10.9	-3.6	12.8
Q4	-6.9	0.7	0.0	13.0	9.0	-7.1	3.8	1.3	9.8	-38.7	-30.8	-5.4	-5.9	-2.3	9.6
2009 Q1	-10.6	0.5	0.6	10.7	4.3	-5.2	3.3	1.0	6.8	-33.8	-26.8	-4.4	-0.6	-2.1	3.7
Q2	3.2	0.1	0.7	12.0	3.7	-6.0	3.2	2.1	9.4	-22.5	-22.9	-3.3	-0.3	-1.8	2.6
Q3	12.1	0.1	0.7	13.2	4.5	-9.5	3.5	2.4	9.4	-21.1	-21.1	-3.0	0.2	-0.6	9.2
2009 May	1.3	0.0	0.1	3.7	1.1	-2.1	1.1	0.7	2.6	-7.2	-7.4	-1.2	0.2	-0.4	1.3
June	1.7	0.0	0.3	4.2	1.3	-2.3	1.2	0.6	3.4	-6.9	-7.4	-1.0	-0.2	-0.8	0.8
July	5.5	0.0	0.2	4.6	1.7	-2.6	1.2	0.9	3.5	-6.5	-6.9	-0.8	0.0	-0.1	2.7
Aug.	2.3	0.0	0.2	3.9	1.2	-2.8	1.1	0.8	3.0	-7.1	-7.0	-1.1	0.2	-0.4	2.0
Sep.	4.3	0.2	0.2	4.7	1.6	-4.1	1.3	0.7	2.9	-7.5	-7.1	-1.1	0.1	-0.2	4.6
Oct.	6.3	.	.	.	.	-3.5	1.3	0.7	4.2	-6.9	-6.7	-1.1	0.4	-0.2	.

Source: Eurostat.

8 EXCHANGE RATES

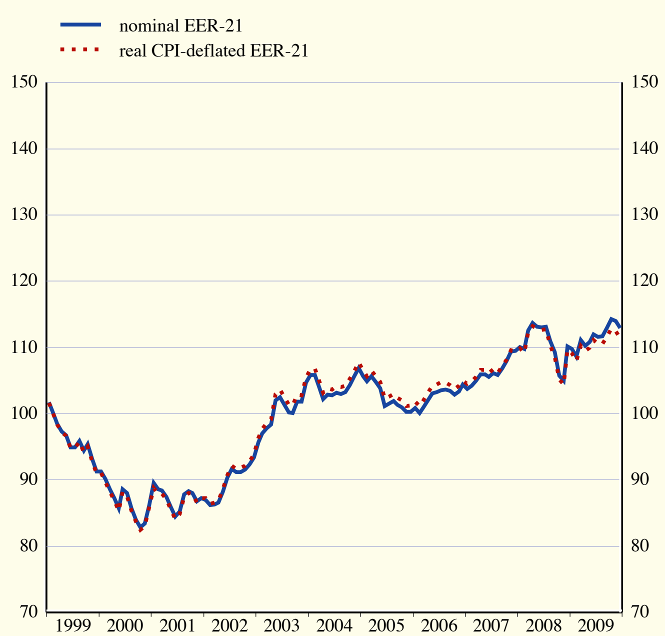
8.1 Effective exchange rates [1]

(period averages; index: 1999 Q1=100)

	EER-21						EER-41	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2007	106.3	106.8	105.2	102.7	107.0	100.6	113.0	104.2
2008	110.5	110.1	107.4	105.7	112.8	104.3	118.0	107.1
2009	111.7	110.6	105.9	.	.	.	120.6	107.9
2008 Q4	107.0	106.5	103.1	102.4	111.5	101.3	115.2	104.0
2009 Q1	109.9	109.2	104.8	104.9	118.0	105.2	119.0	107.0
Q2	111.1	110.2	105.4	106.3	121.2	106.5	119.8	107.5
Q3	112.1	110.9	106.2	107.4	118.5	106.6	121.0	108.1
Q4	113.8	112.2	107.2	.	.	.	122.5	109.0
2008 Dec.	110.2	109.7	106.0	-	-	-	118.7	107.2
2009 Jan.	109.8	109.2	105.0	-	-	-	118.6	106.9
Feb.	108.7	108.0	103.6	-	-	-	117.7	106.0
Mar.	111.1	110.3	105.6	-	-	-	120.4	108.1
Apr.	110.3	109.5	104.7	-	-	-	119.1	106.9
May	110.8	109.9	105.3	-	-	-	119.5	107.2
June	112.0	111.1	106.2	-	-	-	120.7	108.3
July	111.6	110.5	105.8	-	-	-	120.5	107.8
Aug.	111.7	110.6	106.0	-	-	-	120.6	107.9
Sep.	112.9	111.6	106.8	-	-	-	122.0	108.8
Oct.	114.3	112.8	108.0	-	-	-	123.0	109.6
Nov.	114.0	112.5	107.4	-	-	-	122.9	109.3
Dec.	113.0	111.4	106.1	-	-	-	121.7	108.1
	% change versus previous month							
2009 Dec.	-0.9	-1.0	-1.2	-	-	-	-1.0	-1.1
	% change versus previous year							
2009 Dec.	2.6	1.6	0.1	-	-	-	2.5	0.8

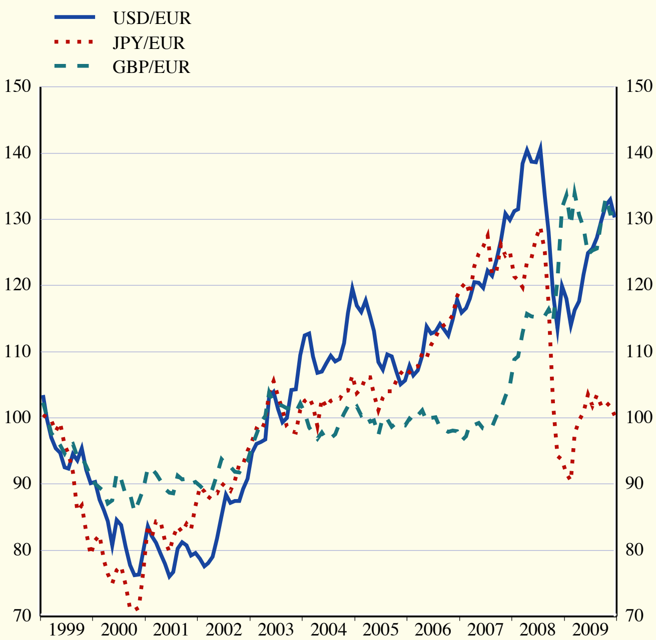
C35 Effective exchange rates

(monthly averages; index: 1999 Q1=100)



C36 Bilateral exchange rates

(monthly averages; index: 1999 Q1=100)



Source: ECB.

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

8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	Danish krone	Swedish krona	Pound sterling	US dollar	Japanese yen	Swiss franc	South Korean won	Hong Kong dollar	Singapore dollar	Canadian dollar	Norwegian krone	Australian dollar
	1	2	3	4	5	6	7	8	9	10	11	12
2007	7.4506	9.2501	0.68434	1.3705	161.25	1.6427	1,272.99	10.6912	2.0636	1.4678	8.0165	1.6348
2008	7.4560	9.6152	0.79628	1.4708	152.45	1.5874	1,606.09	11.4541	2.0762	1.5594	8.2237	1.7416
2009	7.4462	10.6191	0.89094	1.3948	130.34	1.5100	1,772.90	10.8114	2.0241	1.5850	8.7278	1.7727
2009 Q2	7.4471	10.7806	0.87883	1.3632	132.59	1.5138	1,747.10	10.5657	2.0050	1.5883	8.8431	1.7917
Q3	7.4442	10.4241	0.87161	1.4303	133.82	1.5195	1,772.14	11.0854	2.0570	1.5704	8.7397	1.7169
Q4	7.4424	10.3509	0.90483	1.4779	132.69	1.5088	1,725.91	11.4555	2.0604	1.5604	8.3932	1.6250
2009 June	7.4457	10.8713	0.85670	1.4016	135.39	1.5148	1,768.80	10.8638	2.0357	1.5761	8.9388	1.7463
July	7.4458	10.8262	0.86092	1.4088	133.09	1.5202	1,778.43	10.9182	2.0421	1.5824	8.9494	1.7504
Aug.	7.4440	10.2210	0.86265	1.4268	135.31	1.5236	1,768.99	11.0587	2.0577	1.5522	8.6602	1.7081
Sep.	7.4428	10.1976	0.89135	1.4562	133.14	1.5148	1,768.58	11.2858	2.0720	1.5752	8.5964	1.6903
Oct.	7.4438	10.3102	0.91557	1.4816	133.91	1.5138	1,739.94	11.4828	2.0714	1.5619	8.3596	1.6341
Nov.	7.4415	10.3331	0.89892	1.4914	132.97	1.5105	1,735.17	11.5588	2.0711	1.5805	8.4143	1.6223
Dec.	7.4419	10.4085	0.89972	1.4614	131.21	1.5021	1,703.03	11.3296	2.0392	1.5397	8.4066	1.6185
	% change versus previous month											
2009 Dec.	0.0	0.7	0.1	-2.0	-1.3	-0.6	-1.9	-2.0	-1.5	-2.6	-0.1	-0.2
	% change versus previous year											
2009 Dec.	-0.1	-3.2	-0.5	8.7	7.1	-2.4	-7.9	8.7	2.5	-7.2	-10.8	-19.5

	Czech koruna	Estonian kroon	Latvian lats	Lithuanian litas	Hungarian forint	Polish zloty	Bulgarian lev	New Romanian leu	Croatian kuna	New Turkish lira
	13	14	15	16	17	18	19	20	21	22
2007	27.766	15.6466	0.7001	3.4528	251.35	3.7837	1.9558	3.3353	7.3376	1.7865
2008	24.946	15.6466	0.7027	3.4528	251.51	3.5121	1.9558	3.6826	7.2239	1.9064
2009	26.435	15.6466	0.7057	3.4528	280.33	4.3276	1.9558	4.2399	7.3400	2.1631
2009 Q2	26.679	15.6466	0.7065	3.4528	285.71	4.4523	1.9558	4.1963	7.3528	2.1410
Q3	25.597	15.6466	0.7019	3.4528	271.35	4.1978	1.9558	4.2263	7.3232	2.1444
Q4	25.923	15.6466	0.7084	3.4528	270.88	4.1745	1.9558	4.2680	7.2756	2.2029
2009 June	26.545	15.6466	0.7015	3.4528	280.46	4.5084	1.9558	4.2131	7.2954	2.1675
July	25.793	15.6466	0.7006	3.4528	272.06	4.2965	1.9558	4.2184	7.3307	2.1378
Aug.	25.646	15.6466	0.7013	3.4528	270.05	4.1311	1.9558	4.2183	7.3287	2.1236
Sep.	25.346	15.6466	0.7039	3.4528	271.84	4.1584	1.9558	4.2420	7.3102	2.1711
Oct.	25.861	15.6466	0.7088	3.4528	268.49	4.2146	1.9558	4.2871	7.2419	2.1823
Nov.	25.812	15.6466	0.7088	3.4528	270.92	4.1646	1.9558	4.2896	7.2952	2.2262
Dec.	26.089	15.6466	0.7077	3.4528	273.22	4.1439	1.9558	4.2284	7.2907	2.2013
	% change versus previous month									
2009 Dec.	1.1	0.0	-0.2	0.0	0.8	-0.5	0.0	-1.4	-0.1	-1.1
	% change versus previous year									
2009 Dec.	-0.1	0.0	-0.1	0.0	3.1	3.5	0.0	7.8	0.9	5.4

	Brazilian real [1]	Chinese yuan renminbi	Icelandic krona [2]	Indian rupee [3]	Indonesian rupiah	Malaysian ringgit	Mexican peso [1]	New Zealand dollar	Philippine peso	Russian rouble	South African rand	Thai baht
	23	24	25	26	27	28	29	30	31	32	33	34
2007	2.6594	10.4178	87.63	56.4186	12,528.33	4.7076	14.9743	1.8627	63.026	35.0183	9.6596	44.214
2008	2.6737	10.2236	143.83	63.6143	14,165.16	4.8893	16.2911	2.0770	65.172	36.4207	12.0590	48.475
2009	2.7674	9.5277	-	67.3611	14,443.74	4.9079	18.7989	2.2121	66.338	44.1376	11.6737	47.804
2009 Q2	2.8245	9.3107	-	66.3982	14,334.53	4.8340	18.1648	2.2565	65.097	43.7716	11.5242	47.294
Q3	2.6699	9.7702	-	69.1909	14,285.93	5.0333	18.9695	2.1232	68.815	44.7703	11.1618	48.575
Q4	2.5703	10.0905	-	68.9088	13,999.42	5.0275	19.3003	2.0297	69.080	43.5740	11.0757	49.221
2009 June	2.7391	9.5786	-	66.9191	14,315.40	4.9305	18.6813	2.1967	67.036	43.5553	11.2718	47.844
July	2.7221	9.6246	-	68.2333	14,241.51	4.9963	18.8143	2.1873	67.724	44.3881	11.2007	47.969
Aug.	2.6314	9.7485	-	68.9570	14,270.78	5.0185	18.5571	2.1097	68.803	45.1972	11.3415	48.543
Sep.	2.6520	9.9431	-	70.4154	14,346.84	5.0862	19.5255	2.0691	69.967	44.7624	10.9495	49.239
Oct.	2.5771	10.1152	-	69.2160	14,057.25	5.0425	19.5856	2.0065	69.419	43.6188	11.0938	49.504
Nov.	2.5777	10.1827	-	69.4421	14,115.45	5.0553	19.5478	2.0450	70.165	43.1835	11.2134	49.634
Dec.	2.5566	9.9777	-	68.0924	13,830.84	4.9859	18.7787	2.0383	67.706	43.9019	10.9261	48.544
	% change versus previous month											
2009 Dec.	-0.8	-2.0	-	-1.9	-2.0	-1.4	-3.9	-0.3	-3.5	1.7	-2.6	-2.2
	% change versus previous year											
2009 Dec.	-20.8	8.2	-	4.5	-9.5	4.4	3.9	-15.5	5.0	15.8	-18.6	3.1

Source: ECB.

1) For these currencies the ECB computes and publishes euro reference exchange rates as from 1 January 2008. Previous data are indicative.

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

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

9 DEVELOPMENTS OUTSIDE THE EURO AREA

9.1 In other EU Member States

(annual percentage changes, unless otherwise indicated)

1. Economic and financial developments

	Bulgaria	Czech Republic	Denmark	Estonia	Latvia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10	11
					HICP						
2008	12.0	6.3	3.6	10.6	15.3	11.1	6.0	4.2	7.9	3.3	3.6
2009	2.5	0.6	1.1	0.2	3.3	4.2	.	.	5.6	1.9	.
2009 Q2	3.1	1.0	1.1	0.2	4.4	4.9	3.6	4.3	6.1	1.7	2.1
Q3	0.8	-0.1	0.6	-0.9	1.2	2.4	4.9	4.3	5.0	1.7	1.5
Q4	0.9	0.0	0.9	-2.0	-1.3	1.2	.	.	4.5	2.3	.
2009 Aug.	1.3	0.0	0.7	-0.7	1.5	2.2	5.0	4.3	4.9	1.9	1.6
Sep.	0.2	-0.3	0.5	-1.7	0.1	2.3	4.8	4.0	4.9	1.4	1.1
Oct.	0.3	-0.6	0.6	-2.1	-1.2	1.0	4.2	3.8	4.3	1.8	1.5
Nov.	0.9	0.2	0.9	-2.1	-1.4	1.3	5.2	3.8	4.6	2.4	1.9
Dec.	1.6	0.5	1.2	-1.9	-1.4	1.2	.	.	4.7	2.8	.
					General government deficit (-)/surplus (+) as a % of GDP						
2006	3.0	-2.6	5.2	2.3	-0.5	-0.4	-9.3	-3.6	-2.2	2.5	-2.7
2007	0.1	-0.7	4.5	2.6	-0.3	-1.0	-5.0	-1.9	-2.5	3.8	-2.7
2008	1.8	-2.1	3.4	-2.7	-4.1	-3.2	-3.8	-3.6	-5.5	2.5	-5.0
					General government gross debt as a % of GDP						
2006	22.7	29.4	31.3	4.5	10.7	18.0	65.6	47.7	12.4	45.9	43.2
2007	18.2	29.0	26.8	3.8	9.0	16.9	65.9	45.0	12.6	40.5	44.2
2008	14.1	30.0	33.5	4.6	19.5	15.6	72.9	47.2	13.6	38.0	52.0
					Long-term government bond yield as a % per annum; period average						
2009 July	7.56	5.41	3.74	-	12.75	14.50	8.81	6.19	11.46	3.37	3.55
Aug.	7.77	5.09	3.60	-	12.81	14.50	8.40	6.08	11.46	3.45	3.45
Sep.	7.45	5.01	3.65	-	13.27	14.50	7.91	6.17	11.00	3.38	3.42
Oct.	7.08	4.50	3.60	-	13.51	14.50	7.45	6.15	9.13	3.25	3.34
Nov.	6.53	4.19	3.62	-	13.75	14.50	7.37	6.14	8.24	3.27	3.46
Dec.	6.61	3.98	3.53	-	13.75	9.10	7.69	6.22	8.66	3.24	3.59
					3-month interest rate as a % per annum; period average						
2009 July	5.69	2.09	2.06	6.16	16.94	8.41	9.99	4.26	9.21	0.67	1.00
Aug.	5.30	1.92	1.94	5.85	13.06	7.98	9.02	4.16	9.06	0.62	0.78
Sep.	5.11	1.88	1.76	5.58	11.58	7.07	8.78	4.18	9.05	0.55	0.61
Oct.	4.84	1.87	1.58	5.44	13.49	6.59	7.34	4.18	10.03	0.50	0.57
Nov.	4.80	1.80	1.56	4.54	11.87	5.39	7.56	4.19	10.19	0.48	0.61
Dec.	4.71	1.64	1.55	3.28	8.39	4.54	7.47	4.23	10.18	0.48	0.61
					Real GDP						
2007	6.2	6.1	1.7	7.2	10.0	9.8	1.0	6.8	6.2	2.5	2.6
2008	6.0	2.5	-0.9	-3.6	-4.6	2.8	0.6	5.0	7.1	-0.2	0.5
2009 Q1	-3.5	-4.2	-3.9	-15.0	-18.7	-13.1	-5.5	1.5	-6.2	-6.3	-5.2
Q2	-4.9	-4.7	-7.0	-16.1	-17.3	-19.7	-7.2	1.3	-8.7	-5.8	-5.8
Q3	-5.4	-4.1	-5.4	-15.6	-19.3	-14.2	-7.9	1.0	-7.1	-5.2	-5.1
					Current and capital account balance as a % of GDP						
2007	-27.2	-2.6	1.5	-16.8	-20.4	-12.8	-6.1	-3.6	-12.8	8.7	-2.5
2008	-24.6	-2.2	2.2	-8.4	-11.5	-10.1	-6.0	-3.9	-11.1	6.1	-1.3
2009 Q1	-17.2	4.4	1.1	0.8	4.2	4.7	-0.3	2.6	-3.7	7.6	-0.3
Q2	-12.4	-2.6	4.6	7.9	16.8	3.6	4.4	-0.1	-5.4	9.1	-0.7
Q3	4.7	-1.6	5.7	9.6	11.8	6.8	4.7	-1.0	-2.1	6.9	-0.8
					Unit labour costs						
2007	14.2	2.9	4.9	17.3	27.3	6.5	5.4	2.6	15.2	4.7	3.0
2008	16.2	5.1	6.5	14.1	21.1	9.3	4.5	6.9	.	2.8	2.8
2009 Q1	16.1	5.5	7.1	10.0	8.2	14.2	-	5.2	-	8.2	4.5
Q2	14.2	4.3	9.4	3.4	-1.7	10.8	-	4.0	-	7.0	6.6
Q3	10.2	2.2	5.1	1.5	-13.0	-3.2	-	4.5	-	5.0	4.2
					Standardised unemployment rate as a % of labour force (s.a.)						
2007	6.9	5.3	3.8	4.6	6.0	4.3	7.4	9.6	6.4	6.2	5.3
2008	5.6	4.4	3.4	5.6	7.5	5.9	7.8	7.2	5.8	6.2	5.6
2009 Q1	5.9	5.6	4.7	10.9	13.2	10.9	9.2	7.7	6.2	7.5	7.0
Q2	6.3	6.4	5.9	13.3	16.4	13.5	9.7	8.1	6.4	8.2	7.7
Q3	7.0	7.3	6.2	15.2	19.0	14.6	10.5	8.4	7.2	8.6	7.8
2009 July	6.7	7.0	6.1	-	18.0	14.6	10.2	8.3	7.2	8.5	7.8
Aug.	7.0	7.3	6.0	-	18.9	14.6	10.5	8.4	7.2	8.6	7.8
Sep.	7.2	7.5	6.5	-	20.1	14.6	10.7	8.5	7.2	8.7	7.9
Oct.	7.5	7.7	6.9	-	21.3	.	10.8	8.7	.	8.8	.
Nov.	7.8	7.9	7.2	-	22.3	.	10.8	8.8	.	8.9	.

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

9.2 In the United States and Japan

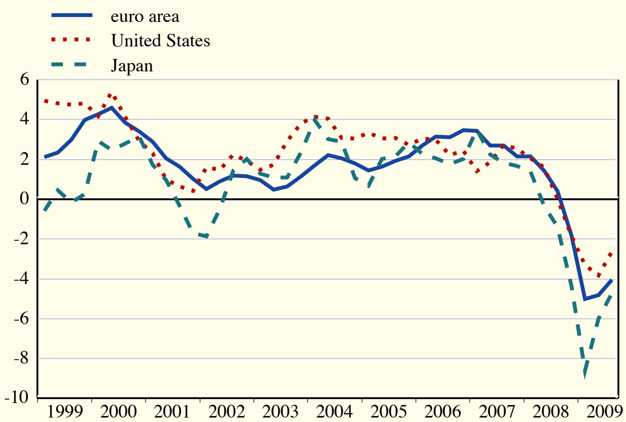
(annual percentage changes, unless otherwise indicated)

1. Economic and financial developments

	Consumer price index	Unit labour costs [1]	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force (s.a.)	Broad money [2]	3-month interbank deposit rate [3]	10-year zero coupon government bond yield; [3] end of period	Exchange rate [4] as national currency per euro	Fiscal deficit (-)/ surplus (+) as a % of GDP	Gross public debt [5] as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
					United States						
2006	3.2	2.8	2.7	2.7	4.6	5.0	5.20	5.26	1.2556	-2.2	47.7
2007	2.9	2.3	2.1	1.6	4.6	5.8	5.30	4.81	1.3705	-2.8	48.3
2008	3.8	1.0	0.4	-3.1	5.8	6.9	2.93	2.70	1.4708	-6.5	56.3
2009	.	.	.	.	9.3	.	0.69	4.17	1.3948	.	.
2008 Q4	1.6	1.7	-1.9	-8.7	7.0	8.3	2.77	2.70	1.3180	-8.1	56.3
2009 Q1	0.0	-0.1	-3.3	-13.9	8.2	9.4	1.24	2.96	1.3029	-9.9	60.0
Q2	-1.2	0.3	-3.8	-14.6	9.3	8.6	0.84	3.95	1.3632	-11.6	62.8
Q3	-1.6	-1.4	-2.6	-10.6	9.6	7.6	0.41	3.61	1.4303	-11.4	65.8
Q4	.	.	.	.	10.0	.	0.27	4.17	1.4779	.	.
2009 Aug.	-1.5	-	-	-11.3	9.7	7.9	0.42	3.77	1.4268	-	-
Sep.	-1.3	-	-	-7.0	9.8	6.7	0.30	3.61	1.4562	-	-
Oct.	-0.2	-	-	-7.6	10.1	5.4	0.28	3.71	1.4816	-	-
Nov.	1.8	-	-	-4.4	10.0	5.1	0.27	3.44	1.4914	-	-
Dec.	.	-	-	.	10.0	.	0.25	4.17	1.4614	-	-
					Japan						
2006	0.2	-0.5	2.0	4.5	4.1	1.0	0.30	1.85	146.02	-1.6	159.9
2007	0.1	-1.0	2.3	2.8	3.8	1.6	0.79	1.70	161.25	-2.4	156.3
2008	1.4	1.6	-1.2	-3.4	4.0	2.1	0.93	1.21	152.45	-2.1	162.2
2009	.	.	.	.	.	2.7	0.47	1.42	130.34	.	.
2008 Q4	1.0	3.9	-4.4	-14.6	4.0	1.8	0.96	1.21	126.71	.	.
2009 Q1	-0.1	3.9	-8.6	-34.6	4.5	2.1	0.67	1.33	122.04	.	.
Q2	-1.0	2.5	-6.0	-27.9	5.2	2.6	0.53	1.41	132.59	.	.
Q3	-2.2	.	-4.7	-20.1	5.5	2.8	0.40	1.45	133.82	.	.
Q4	.	.	.	.	.	3.3	0.31	1.42	132.69	.	.
2009 Aug.	-2.2	-	-	-19.0	5.5	2.8	0.40	1.44	135.31	-	-
Sep.	-2.2	-	-	-18.4	5.3	3.0	0.36	1.45	133.14	-	-
Oct.	-2.5	-	-	-15.1	5.1	3.4	0.33	1.58	133.91	-	-
Nov.	-1.9	-	-	-3.9	5.2	3.3	0.31	1.41	132.97	-	-
Dec.	.	-	-	.	.	3.1	0.28	1.42	131.21	-	-

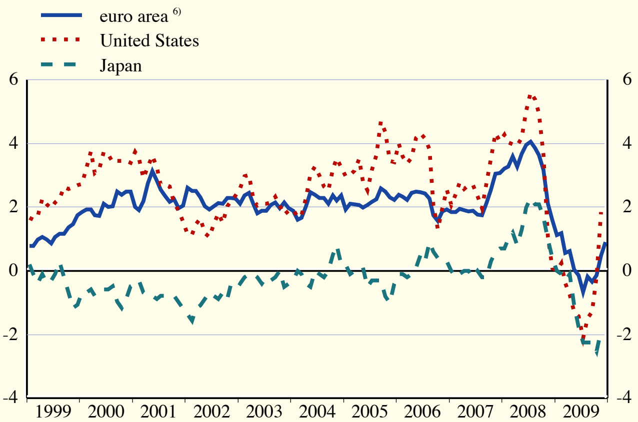
C37 Real gross domestic product

(annual percentage changes; quarterly data)



C38 Consumer price indices

(annual percentage changes; monthly data)



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

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

LIST OF CHARTS

TECHNICAL NOTES

EURO AREA OVERVIEW

CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

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

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

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:

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

SECTIONS 2.1 TO 2.6

CALCULATION OF TRANSACTIONS

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

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

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

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

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

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

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

CALCULATION OF GROWTH RATES FOR MONTHLY SERIES

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

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

The base of the index (for the non-seasonally adjusted series) is currently set as December 2006 = 100. Time series for the index of adjusted outstanding amounts are available on the ECB's website (www.ecb.europa.eu) in the "Monetary and financial statistics" sub-section of the "Statistics" section.

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

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

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

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

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

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

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

CALCULATION OF GROWTH RATES FOR QUARTERLY SERIES

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

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

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

SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS [1]

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

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

SECTIONS 3.1 TO 3.5

EQUALITY OF USES AND RESOURCES

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

CALCULATION OF BALANCING ITEMS

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

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

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

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

3 It follows that for the seasonally adjusted series, the level of the index for the base period (i.e. December 2001) generally differs from 100, reflecting the seasonality of that month.

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

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

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

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

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

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

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

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

SECTIONS 4.3 AND 4.4

CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

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

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

As a base, the index is set equal to 100 in December 2001. The growth rate a_t for month t, corresponding to the change in the 12 months ending in month t, can be calculated using either of the following two formulae:

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

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

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

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

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

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

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

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

SEASONAL ADJUSTMENT OF SECURITIES ISSUES STATISTICS [4]

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

The seasonal adjustment procedures are applied to the index of notional stocks. The resulting estimates of seasonal factors are then applied to the outstanding amounts, from which seasonally adjusted net issues are derived. Seasonal factors are revised at annual intervals or as required.

As in formulae k) and l), the growth rate a_t for month t, corresponding to the change in the six months ending in month t, can be calculated using either of the following two formulae:

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

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

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 S78). The seasonal adjustment of the overall HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy, and services. Energy is added without adjustment, since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

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

TABLE 2 IN SECTION 7.1

SEASONAL ADJUSTMENT OF THE BALANCE OF PAYMENTS CURRENT ACCOUNT

The approach used is based on multiplicative decomposition using X-12-ARIMA (see footnote 2 on page S78). The raw data for goods, services and income are preadjusted to take a working day effect into account. The working day adjustment in goods and services is corrected for national public holidays. The seasonal adjustment of these items is carried out using these preadjusted series. The seasonal adjustment of the total current account is carried out by aggregating the seasonally adjusted euro area series for goods, services, income and current transfers. Seasonal (and trading day) factors are revised at biannual intervals or as required.

SECTION 7.3

CALCULATION OF GROWTH RATES FOR THE QUARTERLY AND ANNUAL SERIES

The annual growth rate for quarter t is calculated on the basis of quarterly transactions (F_t) and positions (L_t) as follows:

$$a_t = \left(\prod_{i=t-3}^{t} \left(1 + \frac{F_i}{L_{i-1}} \right) - 1 \right) \times 100$$

The growth rate for the annual series is equal to the growth rate in the last quarter of the year.

GENERAL NOTES

The "Euro area statistics" section of the Monthly Bulletin focuses on statistics for the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available in the "Statistics" section of the ECB's website (www.ecb.europa.eu). This allows user-friendly access to data via the ECB's Statistical Data Warehouse (http://sdw.ecb.europa.eu), which includes search and download facilities. Further services available in the "Data services" sub-section include subscriptions to different datasets and a repository of compressed Comma Separated Value (CSV) files. For further information, please contact us at: statistics@ecb.europa.eu.

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the first meeting in the month of the Governing Council of the ECB. For this issue, the cut-off date was 13 January 2010.

Unless otherwise indicated, all data series including observations for 2009 relate to the Euro 16 (the euro area including Slovakia) for the whole time series. For interest rates, monetary statistics and the HICP (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), the statistical series refer to the changing composition of the euro area. Where applicable, this is indicated in the tables by means of a footnote. In such cases, where underlying data are available, absolute and percentage changes for the respective year of entry into the euro area of Greece (2001), Slovenia (2007), Cyprus (2008), Malta (2008) and Slovakia (2009), calculated from bases covering the year prior to the year of entry, use a series in which the impact of these countries' joining the euro area is taken into account. Historical data referring to the euro area before the entry of Slovakia are available on the ECB's website at: http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html.

The statistical series referring to the changing composition of the euro area are based on the euro area composition at the time to which the statistics relate. Thus, data prior to 2001 refer to the Euro 11, i.e. the following 11 EU Member States: Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Data from 2001 to 2006 refer to the Euro 12, i.e. the Euro 11 plus Greece. Data for 2007 refer to the Euro 13, i.e. the Euro 12 plus Slovenia. Data for 2008 refer to the Euro 15, i.e. the Euro 13 plus Cyprus and Malta, and data as of 2009 refer to the Euro 16, i.e. the Euro 15 plus Slovakia.

Given that the composition of the European currency unit (ECU) does not coincide with the former currencies of the countries that have adopted the single currency, pre-1999 amounts originally expressed in the participating currencies and converted into ECU at current ECU exchange rates are affected by movements in the currencies of EU Member States that have not adopted the euro. To avoid this effect on the monetary statistics, pre-1999 data[1] are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless otherwise indicated, price and cost statistics before 1999 are based on data expressed in national currency terms.

Methods of aggregation and/or consolidation (including cross-country consolidation) have been used where appropriate.

Recent data are often provisional and may be revised. Discrepancies between totals and their components may arise from rounding.

The group "Other EU Member States" comprises Bulgaria, the Czech Republic, Denmark, Estonia, Latvia, Lithuania, Hungary, Poland, Romania, Sweden and the United Kingdom.

In most cases, the terminology used within the tables follows international standards, such as those contained in the European System

1 Data on monetary statistics in Sections 2.1 to 2.8 are available for periods prior to January 1999 on the ECB's website (http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html) and in the SDW (http://sdw.ecb.europa.eu/browse.do?node=2018811).

of Accounts 1995 and the IMF Balance of Payments Manual. Transactions refer to voluntary exchanges (measured directly or derived), while flows also encompass changes in outstanding amounts owing to price and exchange rate changes, write-offs and other changes.

In the tables, the wording "up to (x) years" means "up to and including (x) years".

OVERVIEW

Developments in key indicators for the euro area are summarised in an overview table.

MONETARY POLICY STATISTICS

Section 1.4 shows statistics on minimum reserve and liquidity factors. Maintenance periods for minimum reserve requirements start every month on the settlement day of the main refinancing operation (MRO) following the Governing Council meeting for which the monthly assessment of the monetary policy stance is scheduled. They end on the day preceding the corresponding settlement day in the following month. Annual/quarterly observations refer to averages for the last reserve maintenance period of the year/quarter.

Table 1 in Section 1.4 shows the components of the reserve base of credit institutions subject to reserve requirements. Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks are excluded from the reserve base. When a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years which are held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. The percentage used to calculate the reserve base was 10% until November 1999 and has been 30% since that date.

Table 2 in Section 1.4 contains average data for completed maintenance periods. First, the reserve requirement of each individual credit institution is calculated by applying the reserve ratios for the corresponding categories of liability to the eligible liabilities, using the balance sheet data from the end of each calendar month. Subsequently, each credit institution deducts from this figure a lump-sum allowance of €100,000. The resulting required reserves are then aggregated at the euro area level (column 1). Current account holdings (column 2) are the aggregate average daily current account holdings of credit institutions, including those that serve to fulfil reserve requirements. Excess reserves (column 3) are the average current account holdings over the maintenance period in excess of the required reserves. Deficiencies (column 4) are defined as the average shortfalls of current account holdings from required reserves over the maintenance period, computed on the basis of those credit institutions that have not fulfilled their reserve requirements. The interest rate on minimum reserves (column 5) is equal to the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's MROs (see Section 1.3).

Table 3 in Section 1.4 shows the banking system's liquidity position, which is defined as euro area credit institutions' current account holdings with the Eurosystem in euro. All amounts are derived from the consolidated financial statement of the Eurosystem. Other liquidity-absorbing operations (column 7) exclude the issuance of debt certificates initiated by NCBs in Stage Two of EMU. Net other factors (column 10) represent the netted remaining items in the consolidated financial statement of the Eurosystem. Credit institutions' current accounts (column 11) are equal to the difference between the sum of liquidity-providing factors (columns 1 to 5) and the sum of liquidity-absorbing factors (columns 6 to 10). Base money (column 12) is calculated as the sum of the deposit facility (column 6), banknotes in circulation (column 8) and credit institutions' current account holdings (column 11).

MONEY, BANKING AND INVESTMENT FUNDS

Section 2.1 shows the aggregated balance sheet of the monetary financial institution sector, i.e. the sum of the harmonised balance sheets of all MFIs resident in the euro area. MFIs comprise central banks, credit institutions as defined under Community law, money market funds and other institutions whose business it is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or make investments in securities. A complete list of MFIs is published on the ECB's website.

Section 2.2 shows the consolidated balance sheet of the MFI sector, which is obtained by netting the aggregated balance sheet positions of MFIs in the euro area. Owing to a small amount of heterogeneity in recording practices, the sum of the inter-MFI positions is not necessarily zero; the balance is shown in column 10 of the liabilities side of Section 2.2. Section 2.3 sets out the euro area monetary aggregates and counterparts. These are derived from the consolidated MFI balance sheet and include positions of non-MFIs resident in the euro area held with MFIs resident in the euro area; they also take account of some monetary assets/ liabilities of central government. Statistics on monetary aggregates and counterparts are adjusted for seasonal and trading day effects. The external liabilities item in Sections 2.1 and 2.2 shows the holdings by non-euro area residents of: (i) shares/units issued by money market funds located in the euro area; and (ii) debt securities issued with a maturity of up to two years by MFIs located in the euro area. In Section 2.3, however, these holdings are excluded from the monetary aggregates and contribute to the item "net external assets".

Section 2.4 provides analysis, broken down by sector, type and original maturity, of loans granted by MFIs other than the Eurosystem (i.e. the banking system) resident in the euro area. Section 2.5 provides analysis, broken down by sector and instrument, of deposits held with the euro area banking system. Section 2.6 shows the securities held by the euro area banking system, broken down by type of issuer.

Sections 2.2 to 2.6 include data on transactions, which are derived as differences in outstanding amounts adjusted for reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. Section 2.7 shows selected revaluations that are used in the derivation of transactions. Sections 2.2 to 2.6 also provide growth rates based on those transactions in the form of annual percentage changes. Section 2.8 shows a quarterly currency breakdown of selected MFI balance sheet items.

Details of sector definitions are set out in the third edition of the "Monetary financial institutions and markets statistics sector manual – Guidance for the statistical classification of customers" (ECB, March 2007). The publication "Guidance Notes to the Regulation ECB/2001/13 on the MFI Balance Sheet Statistics" (ECB, November 2002) explains practices that NCBs are recommended to follow. Since 1 January 1999, statistical information has been collected and compiled on the basis of Regulation ECB/1998/16 of 1 December 1998 concerning the consolidated balance sheet of the monetary financial institutions sector,[2] as last amended by Regulation ECB/2003/10[3].

In line with this Regulation, the balance sheet item "money market paper" has been merged with the item "debt securities" on both the assets and liabilities sides of the MFI balance sheet.

Section 2.9 shows outstanding amounts and transactions on the balance sheet of euro area investment funds (other than money market funds, which are included in the MFI balance sheet statistics). An investment fund is a collective investment undertaking that invests capital raised from the public in financial and/ or non-financial assets. A complete list of euro

2 OJ L 356, 30.12.1998, p. 7.
3 OJ L 250, 2.10.2003, p. 19.

area investment funds is published on the ECB's website. The balance sheet is aggregated, so investment funds' assets include their holdings of shares/units issued by other investment funds. Shares/units issued by investment funds are also broken down by investment policy (i.e. into bond funds, equity funds, mixed funds, real estate funds, hedge funds and other funds) and by type (i.e. into open-end funds and closed-end funds). Section 2.10 provides further details on the main types of asset held by euro area investment funds. This Section contains a geographical breakdown of the issuers of securities held by investment funds, as well as breaking issuers down by economic sector where they are resident in the euro area.

Further information on these investment fund statistics can be found in the "Manual on investment fund statistics". Since December 2008 harmonised statistical information has been collected and compiled on the basis of Regulation ECB/2007/8 concerning statistics on the assets and liabilities of investment funds.

EURO AREA ACCOUNTS

Section 3.1 shows quarterly integrated euro area accounts data, which provide comprehensive information on the economic activities of households (including non-profit institutions serving households), non-financial corporations, financial corporations and general government, as well as on the interaction between these sectors and both the euro area and the rest of the world. Non-seasonally adjusted data on current prices are displayed for the last available quarter, following a simplified sequence of accounts in accordance with the methodological framework of the European System of Accounts 1995.

In short, the sequence of accounts (transactions) comprises: (1) the generation of income account, which shows how production activity translates into various categories of income; (2) the allocation of primary income account, which records receipts and expenses relating to various forms of property income (for the economy as a whole; the balancing item of the primary income account is national income); (3) the secondary distribution of income account, which shows how the national income of an institutional sector changes because of current transfers; (4) the use of income account, which shows how disposable income is spent on consumption or saved; (5) the capital account, which shows how savings and net capital transfers are spent in the acquisition of non-financial assets (the balancing item of the capital account is net lending/ net borrowing); and (6) the financial account, which records the net acquisitions of financial assets and the net incurrence of liabilities. As each non-financial transaction is mirrored by a financial transaction, the balancing item of the financial account conceptually also equals net lending/net borrowing as calculated from the capital account.

In addition, opening and closing financial balance sheets are presented, which provide a picture of the financial wealth of each individual sector at a given point in time. Finally, other changes in financial assets and liabilities (e.g. those resulting from the impact of changes in asset prices) are also shown.

The sectoral coverage of the financial account and the financial balance sheets is more detailed for the financial corporation sector, which is broken down into MFIs, other financial intermediaries (including financial auxiliaries), and insurance corporations and pension funds.

Section 3.2 shows four-quarter cumulated flows (transactions) for the "non-financial accounts" of the euro area (i.e. accounts (1) to (5) above), also following the simplified sequence of accounts.

Section 3.3 shows four-quarter cumulated flows (transactions and other changes) for households' income, expenditure and accumulation accounts, as well as outstanding amounts for the financial balance sheet accounts, presenting data in a more analytical manner. Sector-specific transactions and balancing items are arranged in a way that more clearly depicts the financing and investment decisions of households, while respecting the accounting identities presented in Sections 3.1 and 3.2.

Section 3.4 displays four-quarter cumulated flows (transactions) for non-financial corporations' income and accumulation accounts, as well as outstanding amounts for the financial balance sheet accounts, presenting data in a more analytical manner.

Section 3.5 shows four-quarter cumulated financial flows (transactions and other changes) and outstanding amounts for the financial balance sheets of insurance corporations and pension funds.

FINANCIAL MARKETS

The series on financial market statistics for the euro area cover those EU Member States that had adopted the euro at the time to which the statistics relate (i.e. a changing composition), with the exception of statistics on securities issues (Sections 4.1 to 4.4), which relate to the Euro 16 for the whole time series (i.e. a fixed composition).

Statistics on securities other than shares and statistics on quoted shares (Sections 4.1 to 4.4) are produced by the ECB using data from the ESCB and the BIS. Section 4.5 presents MFI interest rates on euro-denominated deposits from and loans to euro area residents. Statistics on money market interest rates, long-term government bond yields and stock market indices (Sections 4.6 to 4.8) are produced by the ECB using data from wire services.

Statistics on securities issues cover: (i) securities other than shares, excluding financial derivatives; and (ii) quoted shares. The former are presented in Sections 4.1, 4.2 and 4.3, while the latter are presented in Section 4.4. Debt securities are broken down into short-term and long-term securities. "Short-term" means securities with an original maturity of one year or less (in exceptional cases, two years or less). Securities with (i) a longer maturity, (ii) optional maturity dates, the latest of which is more than one year away, or (iii) indefinite maturity dates are classified as "long-term". Long-term debt securities issued by euro area residents are broken down further into fixed and variable rate issues. Fixed rate issues consist of issues where the coupon rate does not change during the life of the issue. Variable rate issues comprise all issues where the coupon is periodically refixed with reference to an independent interest rate or index. The statistics on debt securities are estimated to cover approximately 95% of total issues by euro area residents. The euro-denominated securities indicated in Sections 4.1, 4.2 and 4.3 also include items expressed in national denominations of the euro.

Section 4.1 shows securities other than shares, broken down by original maturity, residency of the issuer and currency. It presents outstanding amounts, gross issues and net issues of securities other than shares, broken down into: (i) issues denominated in euro and issues in all currencies; (ii) issues by euro area residents and total issues; and (iii) total and long-term maturities. Net issues differ from the changes in outstanding amounts owing to valuation changes, reclassifications and other adjustments. This section also presents seasonally adjusted statistics, including six-month annualised seasonally adjusted growth rates for total and long-term debt securities. Seasonally adjusted data are derived from the index of notional stocks, from which the seasonal effects have been removed. See the Technical Notes for details.

Section 4.2 contains a sectoral breakdown of outstanding amounts, gross issues and net issues for issuers resident in the euro area in line with the ESA 95. The ECB is included in the Eurosystem.

The total outstanding amounts for total and long-term debt securities in column 1 of Table 1 in Section 4.2 correspond to the data on outstanding amounts for total and long-term debt securities issued by euro area residents in column 7 of Section 4.1. The outstanding amounts for total and long-term debt securities issued by MFIs in column 2 of Table 1 in Section 4.2 are broadly comparable with the data on debt securities issued on the liabilities side of the aggregated MFI balance sheet in column 8 of Table 2 in Section 2.1. The total net issues for total debt securities in column 1 of Table 2 in Section 4.2 correspond to the data on total net issues by euro area residents in column 9 of Section 4.1. The residual difference between long-term debt securities and total fixed and variable rate long-term debt securities in Table 1 of Section 4.2 consists of zero coupon bonds and revaluation effects.

Section 4.3 shows seasonally adjusted and non-seasonally adjusted growth rates for debt securities issued by euro area residents (broken down by maturity, type of instrument, sector of the issuer and currency), which are based on financial transactions that occur when an institutional unit incurs or redeems liabilities. The growth rates therefore exclude reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. The seasonally adjusted growth rates have been annualised for presentational purposes. See the Technical Notes for details.

Columns 1, 4, 6 and 8 in Table 1 of Section 4.4 show the outstanding amounts of quoted shares issued by euro area residents broken down by issuing sector. The monthly data for quoted shares issued by non-financial corporations correspond to the quarterly series shown in Section 3.4 (financial balance sheet; quoted shares).

Columns 3, 5, 7 and 9 in Table 1 of Section 4.4 show annual growth rates for quoted shares issued by euro area residents (broken down by the sector of the issuer), which are based on financial transactions that occur when an issuer issues or redeems shares for cash, excluding investments in the issuer's own shares. The calculation of annual growth rates excludes reclassifications, revaluations and any other changes that do not arise from transactions.

Section 4.5 presents statistics on all the interest rates that MFIs resident in the euro area apply to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area. Euro area MFI interest rates are calculated as a weighted average (by corresponding business volume) of the euro area countries' interest rates for each category.

MFI interest rate statistics are broken down by type of business coverage, sector, instrument category and maturity, period of notice or initial period of interest rate fixation. These MFI interest rate statistics replaced the ten transitional statistical series on euro area retail interest rates that had been published in the Monthly Bulletin as of January 1999.

Section 4.6 presents money market interest rates for the euro area, the United States and Japan. For the euro area, a broad spectrum of money market interest rates is covered, ranging from interest rates on overnight deposits to those on twelve-month deposits. Before January 1999, synthetic euro area interest rates were calculated on the basis of national rates weighted by GDP. With the exception of the overnight rate prior to January 1999, monthly, quarterly and yearly values are period averages. Overnight deposits are represented by end-of-period interbank deposit bid rates up to and including December 1998 and period averages for the euro overnight index average (EONIA) thereafter. As of January 1999, euro area interest rates on one, three, six and twelve-month deposits are euro interbank offered rates (EURIBOR); prior to that date, they are London interbank offered rates (LIBOR) where available. For the United States and Japan, interest rates on three-month deposits are represented by LIBOR.

Section 4.7 shows end-of-period rates estimated from nominal spot yield curves based on AAA-rated euro-denominated bonds issued by euro area central governments. The yield curves are estimated using the Svensson model[4]. Spreads between the ten-year rates and the three-month and two-year rates are also released. Additional yield curves (daily releases, including charts and tables) and the corresponding methodological information are available at: http://www.ecb.europa.eu/stats/money/yc/html/index.en.html. Daily data can also be downloaded.

Section 4.8 shows stock market indices for the euro area, the United States and Japan.

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

Most of the data described in this section are produced by the European Commission (mainly Eurostat) and national statistical authorities. Euro area results are obtained by aggregating data for individual countries. As far as possible, the data are harmonised and comparable. Statistics on hourly labour costs, GDP and expenditure components, value added by economic activity, industrial production, retail sales and passenger car registrations are working day-adjusted.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 1 in Section 5.1) is available from 1995 onwards. It is based on national HICPs, which follow the same methodology in all euro area countries. The breakdown into goods and services components is derived from the classification of individual consumption by purpose (Coicop/HICP). The HICP covers monetary expenditure by households on final consumption in the economic territory of the euro area. The table includes seasonally adjusted HICP data and experimental HICP-based estimates of administered prices, which are compiled by the ECB.

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial new orders, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics[5]. Since January 2009 the revised classification of economic activities (NACE Revision 2), as covered by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90, as well as certain EC Regulations on specific statistical domains,[6] has been applied in the production of short-term statistics. The breakdown by end-use of product for industrial producer prices and industrial production is the harmonised sub-division of industry excluding construction (NACE Revision 2, sections B to E) into Main Industrial Groupings (MIGs) as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007[7]. Industrial producer prices reflect the ex-factory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

The two non-energy commodity price indices shown in Table 3 in Section 5.1 are compiled with the same commodity coverage, but using two different weighting schemes: one based on the respective commodity imports of the euro area (columns 2-4), and the other (columns 5-7) based on estimated euro area domestic demand, or "use", taking into account information on imports, exports and the domestic production of each commodity (ignoring, for the sake of simplicity, inventories, which are assumed to be relatively stable over the observed period). The import-weighted commodity price index is appropriate for analysing external developments, while the use-weighted index is suitable for the specific purpose of analysing international commodity price pressures on euro area inflation. The use-weighted commodity price indices are experimental data. For more details as regards the compilation of the ECB commodity price indices, see Box 1 in the December 2008 issue of the Monthly Bulletin.

4 Svensson, L. E., "Estimating and Interpreting Forward Interest Rates: Sweden 1992-1994", Centre for Economic Policy Research, Discussion Paper No 1051, 1994.
5 OJ L 162, 5.6.1998, p. 1.
6 OJ L 393, 30.12.2006, p. 1.
7 OJ L 155, 15.6.2007, p. 3.

The labour cost indices (Table 5 in Section 5.1) measure the changes in labour costs per hour worked in industry (including construction) and market services. Their methodology is laid down in Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index[8] and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003[9]. A breakdown of hourly labour costs for the euro area is available by labour cost component (wages and salaries, and employers' social contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 3 of Section 5.1) on the basis of non-harmonised, national-definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 3 in Section 5.1) and employment statistics (Table 1 in Section 5.3) are derived from the ESA 95 quarterly national accounts.

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

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

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

Unemployment rates (Table 2 in Section 5.3) conform to International Labour Organization guidelines. They refer to persons actively seeking work as a share of the labour force, using harmonised criteria and definitions. The labour force estimates underlying the unemployment rate are different from the sum of the employment and unemployment levels published in Section 5.3.

GOVERNMENT FINANCE

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

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000[10] amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include summary data for the individual euro area countries owing to their importance within the framework of the Stability and Growth Pact. The deficits/surpluses presented for the individual euro area countries correspond to excessive deficit procedure B.9, as defined by Council Regulation (EC) No 479/2009 as regards references to the ESA 95. Section 6.3 presents changes in general

8 OJ L 69, 13.3.2003, p. 1.
9 OJ L 169, 8.7.2003, p. 37.
10 OJ L 172, 12.7.2000, p. 3.

government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents quarterly figures on general government revenue and expenditure on the basis of definitions laid down in Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly non-financial accounts for general government[11]. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided by the Member States under Regulation (EC) No 501/2004 and Regulation (EC) No 222/2004 and data provided by the NCBs.

EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB (ECB/2004/15)[12] and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)[13]. Additional information regarding the methodologies and sources used in the euro area b.o.p. and i.i.p. statistics can be found in the ECB publication entitled "European Union balance of payments/international investment position statistical methods" (May 2007) and in the reports of the Task Force on Portfolio Investment Collection Systems (June 2002), the Task Force on Portfolio Investment Income (August 2003) and the Task Force on Foreign Direct Investment (March 2004), all of which can be downloaded from the ECB's website. In addition, a report by the ECB/European Commission (Eurostat) Task Force on Quality looking at balance of payments and international investment position statistics (June 2004) is available on the website of the Committee on Monetary, Financial and Balance of Payments Statistics (www.cmfb.org). The annual quality report on the euro area b.o.p./i.i.p., which is based on the Task Force's recommendations and follows the basic principles of the ECB Statistics Quality Framework published in April 2008, is available on the ECB's website.

The tables in Sections 7.1 and 7.4 follow the sign convention in the IMF Balance of Payments Manual – i.e. surpluses in the current account and the capital account have a plus sign, while in the financial account a plus sign denotes an increase in liabilities or a decrease in assets. In the tables in Section 7.2, both credit and debit transactions are presented with a plus sign. Furthermore, as of the February 2008 issue of the Monthly Bulletin, the tables in Section 7.3 have been restructured in order to allow the data on the balance of payments, the international investment position and related growth rates to be presented together; in the new tables, transactions in assets and liabilities that correspond to increases in positions are shown with a plus sign.

The euro area b.o.p. is compiled by the ECB. Recent monthly figures should be regarded as provisional. Data are revised when figures for the following month and/or the detailed quarterly b.o.p. are published. Earlier data are revised periodically or as a result of methodological changes in the compilation of the source data.

Table 1 in Section 7.2 also contains seasonally adjusted data for the current account. Where appropriate, the adjustment also covers working day, leap year and/or Easter-related effects. Table 3 in Section 7.2 and Table 8 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis major partner countries, both individually and as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions (which,

11 OJ L 179, 9.7.2002, p. 1.
12 OJ L 354, 30.11.2004, p. 34.
13 OJ L 159, 20.6.2007, p. 48.

with the exception of the ECB, are considered to be outside the euro area for statistical purposes, regardless of their physical location) and, for some purposes, offshore centres and international organisations. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives or international reserves. In addition, separate data are not provided for investment income payable to Brazil, mainland China, India or Russia. The geographical breakdown is described in the article entitled "Euro area balance of payments and international investment position vis-à-vis main counterparts" in the February 2005 issue of the Monthly Bulletin.

The data on the euro area b.o.p. financial account and i.i.p. in Section 7.3 are based on transactions and positions vis-à-vis non-residents of the euro area, regarding the euro area as a single economic entity (see also Box 9 in the December 2002 issue of the Monthly Bulletin, Box 5 in the January 2007 issue of the Monthly Bulletin and Box 6 in the January 2008 issue of the Monthly Bulletin). The i.i.p. is valued at current market prices, with the exception of direct investment, where book values are used for unquoted shares, and other investments (e.g. loans and deposits). The quarterly i.i.p. is compiled on the basis of the same methodological framework as the annual i.i.p. As some data sources are not available on a quarterly basis (or are available with a delay), the quarterly i.i.p. is partly estimated on the basis of financial transactions, asset prices and foreign exchange developments.

Table 1 in Section 7.3 summarises the i.i.p. and financial transactions in the euro area b.o.p. The breakdown of the change in the annual i.i.p. is obtained by applying a statistical model to i.i.p. changes other than transactions, using information from the geographical breakdown and currency composition of assets and liabilities, as well as price indices for different financial assets. In this table, columns 5 and 6 refer to direct investment by resident units abroad and direct investment by non-resident units in the euro area.

In Table 5 in Section 7.3, the breakdown into "loans" and "currency and deposits" is based on the sector of the non-resident counterpart – i.e. assets vis-à-vis non-resident banks are classified as deposits, whereas assets vis-à-vis other non-resident sectors are classified as loans. This breakdown follows the distinction made in other statistics, such as the MFI consolidated balance sheet, and conforms to the IMF Balance of Payments Manual.

The outstanding amounts for the Eurosystem's international reserves and related assets and liabilities are shown in Table 7 of Section 7.3. These figures are not fully comparable with those in the Eurosystem's weekly financial statement owing to differences in coverage and valuation. The data in Table 7 are in line with the recommendations for the template on international reserves and foreign currency liquidity. Changes in the gold holdings of the Eurosystem (column 3) are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999, which was updated on 27 September 2009. More information on the statistical treatment of the Eurosystem's international reserves can be found in a publication entitled "Statistical treatment of the Eurosystem's international reserves" (October 2000), which can be downloaded from the ECB's website. The website also contains more comprehensive data in accordance with the template on international reserves and foreign currency liquidity.

Section 7.4 contains a monetary presentation of the euro area balance of payments, showing the transactions by non-MFIs that mirror the net external transactions by MFIs. Included in the transactions by non-MFIs are b.o.p. transactions for which a sectoral breakdown is not available. These concern the current and capital accounts (column 2) and financial derivatives (column 11). An up-to-date methodological note on the monetary presentation of the euro area balance of payments is available in the "Statistics" section of the ECB's website. See also Box 1 in the June 2003 issue of the Monthly Bulletin.

Section 7.5 shows data on euro area external trade in goods. The source is Eurostat. Value data and volume indices are seasonally and working day-adjusted. The breakdown by product group in columns 4 to 6 and 9 to 11 of Table 1 in Section 7.5 is in line with the classification contained in the Broad Economic Categories and corresponds to the basic classes of goods in the System of National Accounts. Manufactured goods (columns 7 and 12) and oil (column 13) are in line with the SITC Rev. 4 definition. The geographical breakdown (Table 3 in Section 7.5) shows major trading partners both individually and in regional groups. China excludes Hong Kong. On account of differences in definitions, classification, coverage and time of recording, external trade data, in particular for imports, are not fully comparable with the goods item in the b.o.p. statistics (Sections 7.1 and 7.2). Part of the difference arises from the inclusion of insurance and freight services in the recording of imported goods in external trade data.

Industrial import prices and industrial producer export prices (or industrial output prices for the non-domestic market) shown in Table 2 in Section 7.5 were introduced by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98, which is the principal legal basis for short-term statistics. The industrial import price index covers industrial products imported from outside the euro area under sections B to E of the Statistical Classification of Products by Activity in the European Economic Community (CPA) and all institutional import sectors except households, governments and non-profit institutions. It reflects the cost, insurance and freight price excluding import duties and taxes, and refers to actual transactions in euro recorded at the point when ownership of the goods is transferred. The industrial producer export prices cover all industrial products exported directly by euro area producers to the extra-euro area market under sections B to E of NACE Revision 2. Exports from wholesalers and re-exports are not covered. The indices reflect the free on board price expressed in euro and calculated at the euro area frontier, including any indirect taxes except VAT and other deductible taxes. Industrial import prices and industrial producer export prices are available by Main Industrial Grouping as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007. For more details, see Box 11 in the December 2008 issue of the Monthly Bulletin.

EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro's bilateral exchange rates of the euro against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003 and 2004-2006, and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these four sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-21 group of trading partners is composed of the 11 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-41 group comprises the EER-21 plus the following countries: Algeria, Argentina, Brazil, Chile, Croatia, Iceland, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela. Real EERs are calculated using consumer price indices, producer price indices, gross domestic product deflators and unit labour costs, both for the manufacturing sector and for the total economy.

For more detailed information on the calculation of the EERs, see Box 5, entitled "International trade developments and revision of the effective exchange rates of the euro", in this issue of the Monthly Bulletin, the relevant methodological note and ECB Occasional Paper No 2 ("The effective exchange rates of the euro" by Luca Buldorini, Stelios Makrydakis and Christian Thimann, February 2002), which can be downloaded from the ECB's website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies.

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

ANNEXES

CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSYSTEM[1]

11 JANUARY AND 8 FEBRUARY 2007

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 3.50%, 4.50% and 2.50% respectively.

8 MARCH 2007

The Governing Council of the ECB decides to increase the minimum bid rate on the main refinancing operations by 25 basis points to 3.75%, starting from the operation to be settled on 14 March 2007. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 4.75% and 2.75%, both with effect from 14 March 2007.

12 APRIL AND 10 MAY 2007

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 3.75%, 4.75% and 2.75% respectively.

6 JUNE 2007

The Governing Council of the ECB decides to increase the minimum bid rate on the main refinancing operations by 25 basis points to 4%, starting from the operation to be settled on 13 June 2007. In addition, it decides to increase by 25 basis points the interest rates on both the marginal lending facility and the deposit facility, to 5% and 3% respectively, with effect from 13 June 2007.

5 JULY, 2 AUGUST, 6 SEPTEMBER, 4 OCTOBER, 8 NOVEMBER AND 6 DECEMBER 2007, AND 10 JANUARY, 7 FEBRUARY, 6 MARCH, 10 APRIL, 8 MAY AND 5 JUNE 2008

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.00%, 5.00% and 3.00% respectively.

3 JULY 2008

The Governing Council of the ECB decides to increase the minimum bid rate on the main refinancing operations by 25 basis points to 4.25%, starting from the operation to be settled on 9 July 2008. In addition, it decides to increase by 25 basis points the interest rates on both the marginal lending facility and the deposit facility, to 5.25% and 3.25% respectively, with effect from 9 July 2008.

7 AUGUST, 4 SEPTEMBER AND 2 OCTOBER 2008

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.25%, 5.25% and 3.25% respectively.

8 OCTOBER 2008

The Governing Council of the ECB decides to decrease the minimum bid rate on the main refinancing operations by 50 basis points to 3.75%, starting from the operations to be settled on 15 October 2008. In addition, it decides to decrease by 50 basis points the interest rates on

1 The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2006 can be found in the ECB's Annual Report for the respective years.

both the marginal lending facility and the deposit facility, to 4.75% and 2.75% respectively, with immediate effect. Moreover, the Governing Council decides that, as from the operation settled on 15 October, the weekly main refinancing operations will be carried out through a fixed-rate tender procedure with full allotment at the interest rate on the main refinancing operation. Furthermore, as of 9 October, the ECB will reduce the corridor of standing facilities from 200 basis points to 100 basis points around the interest rate on the main refinancing operation. The two measures will remain in place for as long as needed, and at least until the end of the first maintenance period of 2009, on 20 January.

15 OCTOBER 2008

The Governing Council of the ECB decides to further expand the collateral framework and enhance the provision of liquidity. To do so, the Governing Council decides: (i) to expand the list of assets eligible as collateral in Eurosystem credit operations, with this expansion remaining in force until the end of 2009, (ii) to enhance the provision of longer-term refinancing, with effect from 30 October 2008 and until the end of the first quarter of 2009, and (iii) to provide US dollar liquidity through foreign exchange swaps.

6 NOVEMBER 2008

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 3.25%, starting from the operations to be settled on 12 November 2008. In addition, it decides to decrease by 50 basis points the interest rates on both the marginal lending facility and the deposit facility, to 3.75% and 2.75% respectively, with effect from 12 November 2008.

4 DECEMBER 2008

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations of the Eurosystem by 75 basis points to 2.50%, starting from the operations to be settled on 10 December 2008. In addition, it decides to decrease by 75 basis points the interest rates on both the marginal lending and the deposit facility to 3.00% and 2.00% respectively, with effect from 10 December 2008.

18 DECEMBER 2008

The Governing Council of the ECB decides that the main refinancing operations will continue to be carried out through a fixed rate tender procedure with full allotment beyond the maintenance period ending on 20 January 2009. This measure will be in place for as long as needed, and at least until the last allotment of the third maintenance period in 2009 on 31 March. Moreover, as of 21 January 2009, the corridor of standing facility rates, which on 9 October 2008 was reduced to 100 basis points around the prevailing interest rate of the main refinancing operation, will be be re-widened symmetrically to 200 basis points.

15 JANUARY 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 2.00%, starting from the operations to be settled on 21 January 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 3.00% and 1.00% respectively, with effect from 21 January 2009, in line with the decision of 18 December 2008.

5 FEBRUARY 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.00%, 3.00% and 1.00% respectively.

5 MARCH 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 1.50%, starting from the operations to be settled on 11 March 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 2.50% and 0.50% respectively, with effect from 11 March 2009.

Moreover, the Governing Council decides to continue the fixed rate tender procedure with full allotment for all main refinancing operations, special-term refinancing operations and supplementary and regular longer-term refinancing operations for as long as needed, and in any case beyond the end of 2009. In addition, the Governing Council decides to continue with the current frequency and maturity profile of supplementary longer-term refinancing operations and special-term refinancing operations for as long as needed, and in any case beyond the end of 2009.

2 APRIL 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operations to be settled on 8 April 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 2.25% and 0.25% respectively, with effect from 8 April 2009.

7 MAY 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.00%, starting from the operation to be settled on 13 May 2009. In addition, it decides to decrease the interest rate on the marginal lending facility by 50 basis points to 1.75% with effect from 13 May 2009, and to leave the interest rate on the deposit facility unchanged at 0.25%.

In addition, the Governing Council of the ECB decides to proceed with its enhanced credit support approach. In particular, it decides that the Eurosystem will conduct liquidity-providing longer-term refinancing operations with a maturity of one year as fixed rate tender procedure with full allotment. In addition, it decides in principle that the Eurosystem will purchase euro-denominated covered bonds issued in the euro area.

4 JUNE 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. In addition, the Governing Council of the ECB decides upon the technical modalities related to the purchase of euro-denominated covered bonds issued in the euro area decided on 7 May 2009.

2 JULY, 6 AUGUST, 3 SEPTEMBER, 8 OCTOBER, 5 NOVEMBER AND 3 DECEMBER 2009, AND 14 JANUARY 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

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This list is designed to inform readers about selected documents published by the European Central Bank since January 2009. For Working Papers, which as of January 2009 (from Working Paper No 989 onwards) are available online only, the list only refers to publications released between October and December 2009. Unless otherwise indicated, hard copies can be obtained or subscribed to free of charge, stock permitting, by contacting info@ecb.europa.eu.

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GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deflation: a generalised, persistent and self-reinforcing decline in a broad set of prices that results from a drop in aggregate demand and becomes entrenched in expectations.

Deposit facility: a standing facility of the Eurosystem which counterparties may use to make overnight deposits, remunerated at a pre-specified interest rate, at an NCB.

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

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

Effective exchange rates (EERs) of the euro (nominal/real): weighted averages of bilateral euro exchange rates against the currencies of the euro area's main trading partners. The EER indices of the euro are calculated against two groups of trading partners: the EER-21 (comprising the 11 non-euro area EU Member States and 10 trading partners outside the EU) and the EER-41 (composed of the EER-21 and 20 additional countries). The weights used reflect the share of each partner country in the euro area's trade in manufactured goods and account for competition in third markets. Real EERs are nominal EERs deflated by a weighted average of foreign, relative to domestic, prices or costs. They are thus measures of price and cost competitiveness.

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

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

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

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

EURIBOR (euro interbank offered rate): the rate at which a prime bank is willing to lend funds in euro to another prime bank, computed daily for interbank deposits with different maturities of up to 12 months.

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

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

Eurosystem: the central banking system made up of the ECB and the NCBs of those EU Member States that have already adopted the euro.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Longer-term refinancing operations: credit operations with a maturity of more than one week that are executed by the Eurosystem in the form of reverse transactions. The regular monthly operations are conducted with a maturity of three months. During the financial market turmoil that started in August 2007, supplementary operations with maturities ranging from one maintenance period to one year were conducted, the frequency of which varied.

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

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

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

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

Marginal lending facility: a standing facility of the Eurosystem which counterparties may use to receive overnight credit from an NCB at a pre-specified interest rate against eligible assets.

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

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

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

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

MFIs (monetary financial institutions): financial institutions which together form the money-issuing sector of the euro area. These include the Eurosystem, resident credit institutions (as defined in Community law) and all other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities. The latter group consists predominantly of money market funds, i.e. funds that invest in short-term and low-risk instruments usually with a maturity of one year or less.

Minimum bid rate: the lower limit to the interest rates at which counterparties may submit bids in the variable tenders.

Other investment: an item in the b.o.p. and the i.i.p. that covers the financial transactions/positions with non-residents in trade credits, deposits and loans, and other accounts receivable and payable.

Portfolio investment: euro area residents' net transactions and/or positions in securities issued by non-residents of the euro area ("assets") and non-residents' net transactions and/or positions in securities issued by euro area residents ("liabilities"). Included are equity securities and debt securities (bonds and notes, and money market instruments). Transactions are recorded at the effective price paid or received, less commissions and expenses. To be regarded as a portfolio asset, ownership in an enterprise must be equivalent to less than 10% of the ordinary shares or voting power.

Price stability: the maintenance of price stability is the primary objective of the Eurosystem. The Governing Council defines price stability as a year-on-year increase in the HICP for the euro area of below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

Purchasing power parity (PPP): the rate at which one currency is converted into another so as to equalise the purchasing power of the two currencies by eliminating the differences in the price levels prevailing in the countries concerned. In their simplest form, PPPs show the ratio of the prices in national currency of the same good or service in different countries.

Reference value for M3 growth: the annual growth rate of M3 over the medium term that is consistent with the maintenance of price stability. At present, the reference value for annual M3 growth is 4½%.

Reserve requirement: the minimum amount of reserves a credit institution is required to hold with the Eurosystem over a predefined maintenance period. Compliance with the requirement is determined on the basis of the average of the daily balances in the reserve accounts over the maintenance period.

Survey of Professional Forecasters (SPF): a quarterly survey that has been conducted by the ECB since 1999 to collect macroeconomic forecasts on euro area inflation, real GDP growth and unemployment from a panel of experts affiliated to financial and non-financial organisations based in the EU.

Unit labour costs: a measure of total labour costs per unit of output calculated for the euro area as the ratio of total compensation per employee to labour productivity (defined as GDP (volume) per person employed).

Variable rate tender: a tender procedure where the counterparties bid both the amount of money they wish to transact with the central bank and the interest rate at which they wish to enter into the transaction.

Volatility: the degree of fluctuation in a given variable.

Write-down: a downward adjustment to the value of loans recorded in the balance sheets of MFIs when it is recognised that the loans have become partly unrecoverable.

Write-off: the removal of the value of loans from the balance sheets of MFIs when the loans are considered to be totally unrecoverable.

Yield curve: a graphical representation of the relationship between the interest rate or yield and the residual maturity at a given point in time for sufficiently homogenous debt securities with different maturity dates. The slope of the yield curve can be measured as the difference between the interest rates or yield at two selected maturities.

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