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EUROPEAN CENTRAL BANK

EUROSYSTEM

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MONTHLY BULLETIN

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In 2013 all ECB publications feature a motif taken from the €5 banknote.

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ABBREVIATIONS

COUNTRIES

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

OTHERS

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

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

EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council decided at its meeting on 5 September to keep the key ECB interest rates unchanged. Incoming information and analysis have further underpinned the Governing Council's previous assessment. Underlying price pressures in the euro area are expected to remain subdued over the medium term. In keeping with this picture, monetary and, in particular, credit dynamics remain subdued. Inflation expectations for the euro area continue to be firmly anchored in line with the aim of maintaining inflation rates below, but close to, 2% over the medium term. At the same time, real GDP growth in the second quarter was positive, after six quarters of negative output growth, and confidence indicators up to August confirm the expected gradual improvement in economic activity from low levels. The monetary policy stance continues to be geared towards maintaining the degree of monetary accommodation warranted by the outlook for price stability and promoting stable money market conditions. It thereby provides support to a gradual recovery in economic activity. Looking ahead, the monetary policy stance will remain accommodative for as long as necessary, in line with the forward guidance provided in July. The Governing Council confirms that it expects the key ECB interest rates to remain at present or lower levels for an extended period of time. This expectation continues to be based on an unchanged overall subdued outlook for inflation extending into the medium term, given the broad-based weakness in the economy and subdued monetary dynamics. In the period ahead, the Governing Council will monitor all incoming information on economic and monetary developments and assess any impact on the medium-term outlook for price stability. With regard to money market conditions, these have also been influenced by a gradual reduction in excess liquidity. Repayments of funds taken up in the context of the three-year longer-term refinancing operations reflect improvements in financial market confidence, some reduction in financial market fragmentation and the ongoing deleveraging by euro area banks. The Governing Council will remain particularly attentive to the implications that these developments may have for the stance of monetary policy.

With regard to the economic analysis, following six quarters of negative output growth, euro area real GDP rose, quarter on quarter, by 0.3% in the second quarter of 2013. This increase is partly explained by transitory effects related to weather conditions in the first half of this year. Since then, survey-based confidence indicators up to August have improved further from low levels, overall confirming the Governing Council's previous expectations of a gradual recovery in economic activity. Looking ahead to the remainder of the year and to 2014, in line with the baseline scenario, output is expected to recover at a slow pace, in particular owing to a gradual improvement in domestic demand supported by the accommodative monetary policy stance. Euro area economic activity should, in addition, benefit from a gradual strengthening of external demand for exports. Furthermore, the overall improvements in financial markets seen since last summer appear to be gradually working their way through to the real economy, as should the progress made in fiscal consolidation. In addition, real incomes have benefited recently from generally lower inflation. This being said, unemployment in the euro area remains high, and the necessary balance sheet adjustments in the public and private sectors will continue to weigh on economic activity.

This assessment is also reflected in the September 2013 ECB staff macroeconomic projections for the euro area, which foresee annual real GDP declining by 0.4% in 2013 and increasing by 1.0% in 2014. Compared with the June 2013 Eurosystem staff macroeconomic projections, the projection for 2013 has been revised upwards by 0.2 percentage point, largely reflecting incoming data. For 2014 there has been a downward revision of 0.1 percentage point.

The risks surrounding the economic outlook for the euro area continue to be on the downside. Recent developments in global money and financial market conditions and related uncertainties may have the potential to negatively affect economic conditions. Other downside risks include higher commodity prices in the context of renewed geopolitical tensions, weaker than expected global demand and slow or insufficient implementation of structural reforms in euro area countries.

According to Eurostat's flash estimate, as expected, euro area annual HICP inflation was 1.3% in August 2013, down from 1.6% in June and July. On the basis of current assumptions for energy and exchange rate developments, annual inflation rates are expected to remain low in the coming months, owing in particular to energy price developments. Taking the appropriate medium-term perspective, underlying price pressures are expected to remain subdued, reflecting the broad-based weakness in aggregate demand and the modest pace of the recovery. Medium to long-term inflation expectations continue to be firmly anchored in line with price stability.

This assessment is also reflected in the September 2013 ECB staff macroeconomic projections for the euro area, which foresee annual HICP inflation at 1.5% in 2013 and 1.3% in 2014. In comparison with the June 2013 Eurosystem staff macroeconomic projections, the projection for inflation for 2013 has been revised upwards by 0.1 percentage point, while the projection for 2014 remains unchanged.

The risks to the outlook for price developments are expected to be still broadly balanced over the medium term, with upside risks relating in particular to higher commodity prices as well as stronger than expected increases in administered prices and indirect taxes, and downside risks stemming from weaker than expected economic activity.

Turning to the monetary analysis, data for July confirm that underlying broad money (M3) and, in particular, credit growth remained subdued. Annual growth in M3 decreased further in July to 2.2%, from 2.4% in June. Annual growth in M1 remained strong but decreased to 7.1% in July, from 7.5% in June. M3 growth continued to be mainly supported by net capital inflows into the euro area, while the annual rate of change of loans to the private sector weakened further. The annual growth rate of loans to households (adjusted for loan sales and securitisation) remained at 0.3% in July, broadly unchanged since the turn of the year. The annual rate of change of loans to non-financial corporations (adjusted for loan sales and securitisation) was -2.8% in July, compared with -2.3% in June. Weak loan dynamics continue to reflect primarily the current stage of the business cycle, heightened credit risk and the ongoing adjustment of financial and non-financial sector balance sheets.

Since the summer of 2012 substantial progress has been made in improving the funding situation of banks and, in particular, in strengthening the domestic deposit base in a number of stressed countries. In order to ensure an adequate transmission of monetary policy to the financing conditions in euro area countries, it is essential that the fragmentation of euro area credit markets declines further and that the resilience of banks is strengthened where needed. Further decisive steps to establish a banking union will help to accomplish this objective.

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

In order to further reduce imbalances and to foster competitiveness, growth and job creation, euro area countries need to continue with their reform agenda. As regards fiscal policies, governments should not unravel their efforts to reduce deficits and put debt ratios on a downward path.

The composition of fiscal consolidation should be geared towards growth-friendly measures which have a medium-term perspective and combine improving the quality and efficiency of public services with minimising distortionary effects of taxation. In terms of economic policies, product market reforms to increase competitiveness will facilitate the creation of new businesses, support the tradable goods sector and foster job creation, while high unemployment rates require decisive structural reforms to reduce rigidities in labour markets and to increase labour demand.

ECONOMIC AND MONETARY DEVELOPMENTS

1 THE EXTERNAL ENVIRONMENT OF THE EURO AREA

The global recovery remains muted and diverse across regions. Survey indicators appear to have recovered, although sentiment remains weak, suggesting that the world economy is likely to recover only slowly. In most major non-euro area advanced economies, there are signs that the outlook for growth is improving, but a number of factors will continue to restrain growth in the medium term. In emerging market economies, growth prospects appear to be losing some momentum, although growth in these economies is still expected to outpace that in advanced economies and to make a significant contribution to global activity in the period ahead. Meanwhile, world trade growth remains weak and survey indicators continue to point towards a subdued recovery. With regard to consumer prices, inflation was broadly stable in advanced economies in July, while developments have been more mixed in emerging markets.

1.1 GLOBAL ECONOMIC ACTIVITY AND TRADE

The global recovery is proceeding, but it remains muted and uneven. While survey indicators have improved in recent months, the recent volatility in financial markets underscores the fragility of the recovery and the uncertainty surrounding the global outlook. Provisional estimates show that economic activity in the G20 (excluding the euro area) grew by 0.8% quarter on quarter in the second quarter of 2013, up slightly from the preceding quarter, amid continued divergence across countries (see Table 1). In advanced economies, growth accelerated in the United States and the United Kingdom, mostly owing to strong private consumption and investment in both countries. Despite a dip in growth in the second quarter, underlying activity in Japan remained reasonably resilient, supported by expansionary monetary and fiscal policies. In emerging market economies, GDP growth was robust in the final months of 2012 but slowed in the first half of this year, particularly in India and China. While growth in emerging markets is expected to outperform that in advanced economies, there are increasing signs that growth prospects in emerging markets have softened recently, as weaker domestic demand, tightening financial conditions in some countries and lower external demand have weighed on activity.

Table 1 Real GDP growth in selected economies

(percentage changes)

	Annual growth rates					Quarterly growth rates		
	2011	2012	2012 Q4	2013 Q1	2013 Q2	2012 Q4	2013 Q1	2013 Q2
G20[1)]	3.8	2.8	2.5	2.2	2.5	0.6	0.5	0.7
G20 excluding euro area[1)]	4.4	3.7	3.2	2.9	3.1	0.8	0.7	0.8
United States	1.8	2.8	2.0	1.3	1.6	0.0	0.3	0.6
Japan	-0.6	2.0	0.3	0.1	0.9	0.3	0.9	0.6
United Kingdom	1.1	0.2	0.0	0.3	1.5	-0.2	0.3	0.7
Denmark	1.1	-0.4	-0.4	-0.8	0.5	-0.7	-0.2	0.5
Sweden	3.8	1.1	1.5	1.6	0.6	0.0	0.6	-0.1
Switzerland	1.8	1.0	1.4	1.5	2.1	0.3	0.6	0.5
Brazil	2.7	0.9	1.4	1.9	3.3	0.8	0.6	1.5
China	9.3	7.7	7.9	7.7	7.5	1.9	1.6	1.7
India	7.7	3.8	4.1	3.0	2.4	2.3	0.1	-0.5
Russia[2)]	4.3	3.4	2.1	1.6	1.2	0.6	-0.1	-
Turkey	8.8	2.2	1.4	3.0	-	0.1	1.6	-
Poland	4.5	2.0	0.8	0.7	1.1	0.1	0.2	0.4
Czech Republic	1.8	-1.2	-1.6	-2.4	-1.3	-0.3	-1.3	0.6
Hungary	1.6	-1.8	-2.5	-0.5	0.1	-0.5	0.6	0.1

Sources: National data, BIS, Eurostat, OECD and ECB calculations.
1) The figure for 2013 Q2 is an estimate based on the latest available data.
2) The 2013 Q2 seasonally adjusted figure for Russia is not available.

World trade growth was weak in the second quarter of 2013. According to the CPB Netherlands Bureau for Economic Policy Analysis, world trade in goods grew by 0.3% in quarter-on-quarter terms, down from 0.8% growth in the first quarter. The slowdown in the pace of headline growth masked diverging developments at the regional level, with trade dynamics improving in advanced economies while the growth of imports and exports decelerated or declined in some emerging market regions. This is in sharp contrast to recent quarters, when emerging economies were the principal drivers of world trade growth.

Looking ahead, survey indicators appear to have broadly recovered in recent months following a decline during the second quarter of 2013. However, sentiment remains subdued, suggesting that the world economy will continue to grow at only a modest pace. The latest Purchasing Managers' Index (PMI) for global manufacturing (excluding the euro area) picked up in August to stand at 51.7, after remaining stable in July (see Chart 1). Survey-based evidence suggests that consumer confidence is continuing to improve to varying degrees across countries, albeit from low levels. Although global trade growth has recorded a slowdown in recent months, survey indicators have remained consistent with a gradual recovery. At the same time, many trade indicators remain at historically low levels, suggesting that trade will remain subdued in the near term. The global PMI for new manufacturing export orders (excluding the euro area) deteriorated slightly to stand at 49.9 in August.

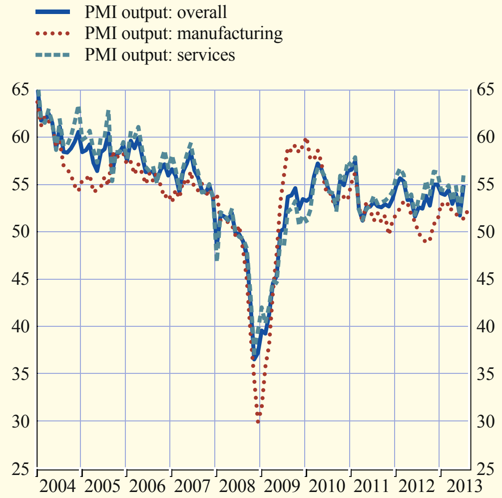
According to the September 2013 ECB staff macroeconomic projections (see Box 10), global growth is expected to accelerate gradually, although with considerable dispersion in growth rates across countries, broadly confirming the global growth profile depicted in the June 2013 projections. Since the June projection round financial conditions have tightened, especially in emerging economies, which is likely to weigh on global activity. The tightening reflects in part a revised assessment of the extent of future US monetary stimulus and changes in capital flow patterns between advanced and emerging economies. At the same time, the OECD composite leading indicator, which is designed to anticipate turning points in economic activity relative to the trend, increased for the tenth consecutive month in June, suggesting that growth is firming up in the OECD area as a whole (see Chart 2). However, the composite leading indicators for the largest emerging economies point towards stabilising or slowing momentum. The Ifo World Economic Climate Indicator fell slightly in the third quarter of 2013, as unfavourable developments in Asia more than offset a more positive outlook in North America and Europe. Overall, country level indicators suggest that, while there are signs that the outlook for growth is improving in key advanced economies, growth prospects in emerging markets appear to be slightly weaker.

The pace of the global recovery is expected to remain very gradual, as the medium-term outlook for advanced economies will continue to be constrained by a number of factors, including weak labour markets, still incomplete private sector deleveraging and on-going fiscal consolidation. Meanwhile, increasing structural challenges make it unlikely that emerging economies will return to the rapid rate of expansion recorded earlier this century. Moreover, in a number of countries, short-term growth prospects continue to be boosted by additional fiscal stimulus, which cannot be sustained indefinitely against the backdrop of high and rising government debt levels.

The outlook for the global economy continues to be surrounded by considerable uncertainty and the balance of risks for world activity remains tilted to the downside. Recent developments in global money and financial market conditions and related uncertainties may have the potential to affect

Chart 1 Global PMI (excluding the euro area)

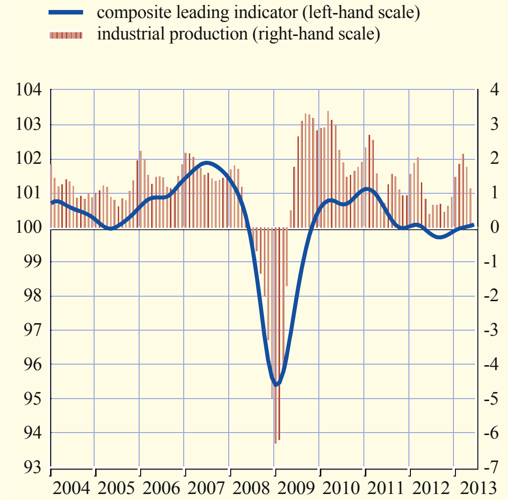
(seasonally adjusted monthly data)



Source: Markit.

Chart 2 Composite leading indicator and industrial production

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



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

economic conditions negatively. Other downside risks include higher commodity prices in the context of renewed geopolitical tensions and weaker than expected global demand.

1.2 GLOBAL PRICE DEVELOPMENTS

Global inflation was broadly stable in July. Annual consumer price inflation in the OECD area was 1.9% in July 2013, up from the 1.8% recorded in June (see Table 2). Although this implies a certain rebound compared with the first half of the year, inflation remained below the levels reached the previous year. Excluding food and energy, annual consumer price inflation in the OECD area remained stable in July compared with both May and June, standing at 1.5%. This may suggest a bottoming out of the recent downward trend. In emerging markets, inflation developments were mixed, with consumer price inflation decelerating in Brazil and Russia, while it remained unchanged in China.

Turning to energy price developments, Brent crude oil prices have increased by 14% since the beginning of June 2013. After trading between USD 100 and USD 106 per barrel since mid-April, Brent crude oil prices rose in early July to reach USD 115 per barrel on 4 September. Brent prices currently stand at about the same level as one year ago.

The recent rise in oil prices was due to a combination of intensifying geopolitical tensions, a decline in OPEC supply and stronger oil refinery demand. On the supply side, recent developments in Egypt and Syria lifted oil prices higher owing to concerns about potential supply disruptions. These concerns came against a background of supply reductions in Libya, Iraq and Nigeria which

Table 2 Price developments in selected economies

(annual percentage changes)

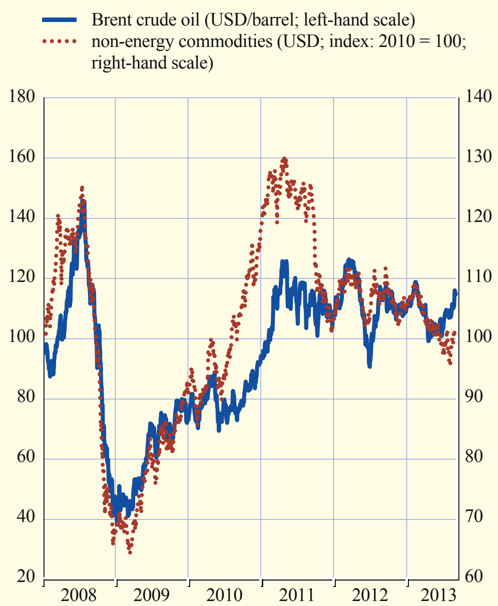
	2011	2012	2013 Feb.	2013 Mar.	2013 Apr.	2013 May	2013 June	2013 July
OECD	2.9	2.3	1.8	1.6	1.3	1.5	1.8	1.9
United States	3.2	2.1	2.0	1.5	1.1	1.4	1.8	2.0
Japan	-0.3	0.0	-0.6	-0.9	-0.7	-0.3	0.2	0.7
United Kingdom	4.5	2.8	2.8	2.8	2.4	2.7	2.9	2.8
Denmark	2.7	2.4	1.0	0.7	0.4	0.6	0.6	0.4
Sweden	1.4	0.9	0.5	0.5	0.0	0.3	0.5	0.8
Switzerland	0.2	-0.7	-0.3	-0.6	-0.7	-0.5	-0.1	0.0
Brazil	6.6	5.4	6.3	6.6	6.5	6.5	6.7	6.3
China	5.4	2.6	3.2	2.1	2.4	2.1	2.7	2.7
India[1]	9.5	7.5	7.3	5.7	4.8	4.6	4.9	5.8
Russia	8.4	5.1	7.3	7.0	7.2	7.4	6.9	6.5
Turkey	6.5	8.9	7.0	7.3	6.1	6.5	8.3	8.9
Poland	3.9	3.7	1.2	1.0	0.8	0.5	0.2	0.9
Czech Republic	2.1	3.5	1.8	1.5	1.7	1.2	1.6	1.4
Hungary	3.9	5.7	2.9	2.3	1.8	1.8	2.0	1.7
Memo item:								
OECD core inflation[2]	1.7	1.8	1.6	1.6	1.4	1.5	1.5	1.5

Sources: OECD, national data, BIS, Eurostat and ECB calculations.
1) WPI inflation for India.
2) Excluding food and energy.

could not be offset by higher oil production in Saudi Arabia, leading to a fall in overall OPEC supply. On the demand side, stronger than expected global oil refinery demand, mainly driven by non-OECD countries, put further upward pressure on oil prices. Looking ahead, market participants expect lower oil prices over the medium term, with December 2014 futures prices trading at USD 103 per barrel. Box 1 briefly presents the effects of the US shale gas revolution on gas prices.

Amid some volatility, prices of non-energy commodities have fallen by 1.5% on aggregate since the beginning of June (see Chart 3). The decline was broad-based but stronger in food commodities, as grain prices in particular fell sharply owing to favourable supply prospects. In aggregate terms, the price index for non-energy commodities (denominated in US dollars) was about 7% lower at the end of August 2013 compared with the same period a year earlier.

Chart 3 Main developments in commodity prices



Sources: Bloomberg and HWWI.

Box 1

TOWARDS A GLOBAL CONVERGENCE OF NATURAL GAS PRICES?

Natural gas is an increasingly important source of global energy.[1] Over the past decade the outlook for natural gas markets has changed drastically, as technological advances have led to the exploitation of large volumes of shale gas that were previously uneconomical to produce, mainly in the United States.[2] This box discusses the effects of the US shale gas revolution on US gas prices and evaluates the implications for global gas price convergence.

Shale gas production in the United States increased more than 20-fold between 2000 and 2011 and is expected to account for about half of natural gas production in the United States by 2035. At these levels of production, it will more than offset the decline in conventional gas sources and the United States will become a net exporter of natural gas by 2022 (see Chart A). US gas prices fell following the 2008 financial crisis and the increase in US shale gas production has played a part in keeping prices at low levels, amid some volatility. Current US gas prices are almost 80% below the peak levels they reached in 2005 (see Chart B).

As gas markets are largely regional, the impact of the US shale gas revolution on gas prices in regions outside the United States has so far been limited (see Chart B). This global gas market segmentation is the result of transport difficulties, differences in regional price formation and regulatory factors. First, natural gas is more difficult to transport than oil, which is a liquid. If the distance is too large to bridge via pipelines, natural gas has to be transformed into liquefied natural gas (LNG) for transportation, for which the infrastructure is very costly. Second, concerning price formation, natural gas prices are determined by supply and demand conditions in regional gas spot markets in the United States, the United Kingdom and Australia. In contrast, in continental Europe gas is mainly imported through pipelines and sold on long-term contracts linked to the price of oil, although in some European countries market-based pricing is gaining ground.[3] Asia fulfils its gas needs by importing expensive LNG, with the trades being mainly settled through long-term contracts indexed to oil prices. Finally, regarding regulation, the construction and operation of natural gas export facilities in the United States, as well as US gas exports themselves, have to be approved by the regulatory authorities, which limits the ability of US facilities to respond rapidly to gas supply developments. As a result of these factors, arbitrage at the global level driven by regional gas price differences has so far been limited.

However, large divergences in regional gas prices combined with rapid growth in LNG markets could shift gas price formation towards a more market-based system, supporting the convergence of global gas prices. In this regard, the large differential between spot and oil-linked gas prices since 2009 has been putting pressure on gas suppliers to accept changes to the contractual terms. As a result, gas prices in Europe are increasingly linked to gas spot prices instead of oil prices, a growing share of globally traded gas is sold directly on a spot basis and the average length of contracts is tending to fall. In addition to the increased pressure on gas producers, a second factor likely to contribute to greater price flexibility and market integration is the increasing trade

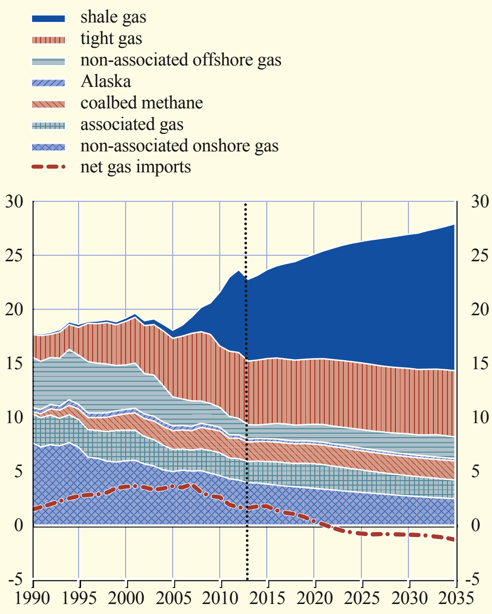
1 In 2010 natural gas accounted for around 20% of the global energy supply and 20% of total final energy consumption by OECD countries.
2 Shale gas is an unconventional source of natural gas trapped in permeable shale formations, which can be extracted using horizontal drilling techniques together with hydraulic fracturing.
3 Since gas spot markets are developing faster in north-west Europe, there is currently no single European gas market, as the degree of market-based pricing relative to long-term contract-pricing varies across countries.

in LNG. This is because LNG shipments do not require a physical link between the supplier and the customer, unlike in the case of a gas pipeline. Although currently only a small fraction of the LNG supply is freely tradable at the global level, trade in LNG has doubled in volume terms over the past decade as it has become more competitive compared with gas supplied by traditional pipelines. As a result, the prospect of increased LNG exports from the US driven by the country's shale gas revolution could foster global gas price convergence. The outlook for US natural gas is however subject to regulatory and political challenges. For example, US regulations prevent the rapid conversion of US LNG import facilities into export facilities as gas exports need to be approved on a case-by-case basis, and political debates concerning energy supply security and environmental issues further increase the uncertainties surrounding the outlook for US LNG exports.

Despite these uncertainties, global natural gas production is projected to increase steadily over the next two decades, mainly due to the shale gas revolution in the US, the potential of shale gas exploration in other regions and the discovery of a large gas field in Qatar. The rise in natural gas supply from conventional and non-conventional sources is expected to more than offset increases in natural gas demand. Depending on the degree of global price convergence, this is likely to keep gas prices competitive. The International Energy Agency projects natural gas prices in the US, Europe and Japan to reach respectively USD 8, 12 and 14 per million British thermal units

Chart A US natural gas production and net gas imports in the period 1990-2035

(trillion cubic feet per year)



Source: US Energy Information Administration's Annual Energy Outlook 2012.
Notes: Yearly data. The last observation refers to 2035. The dotted vertical line indicates the start of the projection period.

Chart B Regional natural gas prices and Brent crude oil prices

(USD per MMBtu and USD per barrel)

Sources: Bloomberg, Haver and Fame.
Notes: The Russian gas export price is a proxy for European long-term contract prices. MMBtu denotes one million British thermal units. For the monthly data on gas benchmark prices, the last observation refers to July 2013, except for LNG in Japan, which refers to May 2013. In the case of the quarterly data on Russia's gas export prices, the last observation refers to the first quarter of 2013.

(MMBtu) in 2035, which is fairly close to the levels at which gas in those regions is currently traded (see Chart B).[4] Due to relatively competitive natural gas prices, global consumption of gas will grow faster than consumption of crude oil over the next two decades and the share of natural gas in the global energy supply will continue to rise.[5]

4 See IEA (2012), "Golden Rules for a Golden Age of Gas".
5 In Europe, for example, oil demand over the period 2010-2035 is expected to decline on average by 1% year on year, whereas natural gas demand is projected to rise by 0.7%, see IEA (2012), "World Energy Outlook 2012".

1.3 DEVELOPMENTS IN SELECTED ECONOMIES

UNITED STATES

In the United States, real GDP growth accelerated in the second quarter of 2013. According to the second estimate by the Bureau of Economic Analysis, real GDP increased at an annualised quarterly rate of 2.5%, up from 1.1% in the first quarter. Real GDP growth was revised upwards by 0.8 percentage point compared with the advance estimate, mainly on account of upward revisions to the change in inventories and the contribution of net trade. The increase in the second quarter was driven by personal consumption expenditure, although the pace of growth was slower than in the first quarter, by strong private fixed investment, both non-residential and residential, and by an upturn in exports. The change in inventories added an annualised 0.6 percentage point to growth. In contrast, government consumption continued to be a drag on activity, although the decline in the second quarter of 2013 was relatively small, following two consecutive quarters of substantial declines. The contribution of net exports to GDP growth was neutral, reflecting buoyant export and import growth. Real disposable personal income rose by an annualised 3.2%, following a decline of 7.9% in the previous quarter, lifting the personal saving rate to 4.5%.

Looking ahead, the economic recovery is expected to gather pace in the second half of 2013, supported by improvements in business and consumer confidence, a gradual recovery in the labour and housing markets and reduced drag from fiscal policy and household balance sheet repair. Although banks have reported looser credit standards and increased demand for loans in the third quarter, there is a risk that financial conditions could continue to tighten in the coming months as a result of higher short and long-term interest rates, which could have a negative impact on economic activity. However, higher house and stock prices should help to offset the tightening in financial conditions to some extent. The latest releases provided mixed indications regarding the strength of the labour market in the United States. Job creation appears to have lost some momentum, as 162,000 jobs were created in July, which is the lowest level recorded since March, well below the average of around 200,000 jobs a month recorded over the last six months. By contrast, the unemployment rate declined further, to stand at 7.4% in July – its lowest level since the crisis. Resilient consumer confidence and significant positive wealth effects owing to the continued improvement in the housing market and rising stock prices are expected to support private consumption. On the supply side, survey-based business indicators point to a gradual strengthening of the momentum in manufacturing activity.

Annual CPI inflation rose by 0.2 percentage point to 2.0% in July, from 1.8% in June, which is the largest year-on-year increase since February 2012. The increase was primarily driven by a strong base effect stemming from energy prices, which rose by 4.7% in July, and by higher prices for transportation services. Food price inflation remained stable at 1.4%, whereas core inflation increased slightly to 1.7%, from 1.6% in June. Looking ahead, even though annual inflation has risen in the last three months, it was mainly due to base effects which are expected to be reversed in the coming months. Moreover, considerable spare capacity in the economy is expected to keep underlying price pressures low.

On 31 July 2013 the Federal Open Market Committee (FOMC) decided to keep the target range for the federal funds rate at 0% to 0.25% and anticipated that exceptionally low levels for the federal funds rate will be appropriate at least as long as the unemployment rate remains above 6.5%, inflation between one and two years ahead is not projected to be above 2.5%, and longer-term inflation expectations continue to be well anchored. As previously announced, the FOMC will continue to purchase additional agency mortgage-backed securities at a pace of USD 40 billion per month and longer-term Treasury securities at a pace of USD 45 billion per month. The FOMC is expected to slow the current pace of asset purchases later in the year, should the economy continue to improve as expected. The asset purchase programme is expected to end in mid-2014.

JAPAN

In Japan, underlying activity remained reasonably resilient, supported by expansionary monetary and fiscal policies. According to the first preliminary release of national accounts data, real GDP continued to grow robustly, increasing by 0.6% quarter on quarter in the second quarter of 2013, following a marginally revised growth rate of 0.9% recorded in the first three months of the year. Both public and private consumption made a positive contribution to growth, as did net exports, while private sector investment was stagnant in the second quarter and inventories made a negative contribution. Looking ahead, high frequency indicators point, overall, to unchanged momentum in economic activity. Industrial production increased by 3.2% month on month in July and the synthetic consumption index fell by 0.7% in June. Meanwhile, real imports and exports of goods decreased in July by 1.5% and 4.9% month on month respectively. Consumer and business confidence indicators expanded somewhat in August in both the manufacturing and the services sectors, with the manufacturing PMI rising to 52.2 from 50.7.

Consumer price inflation has maintained an upward trend since the beginning of the year, with the headline index moving out of negative territory in June 2013. Annual consumer price inflation increased to 0.7% in July, compared with 0.2% in the previous month, largely owing to increasing energy prices. Annual core consumer price inflation (excluding food, beverages and energy) increased to -0.1% in July from -0.3% in the previous month.

At its latest monetary policy meeting on 5 September 2013 the Bank of Japan decided to keep its target for the monetary base unchanged.

UNITED KINGDOM

In the United Kingdom, economic growth gained momentum in the first half of 2013. Real GDP increased by 0.7% quarter on quarter in the second quarter of the year, driven by broad-based gains in domestic and external demand. Looking ahead, the strong improvement in the main survey indicators in July and August suggests that robust growth will continue in the short term. However, in the medium term the pace of the economic recovery is likely to remain slow. Despite continued steady progress, private and public sector balance sheet adjustment is set to constrain domestic demand for some time, while prospects for export growth remain relatively modest. Labour markets have remained resilient, with employment growth remaining steady and the unemployment rate standing at 7.8% in the three months to June. Buoyed by recent policy measures, both activity and price indicators have continued to pick up in the housing market, but credit growth dynamics have remained weak.

Annual CPI inflation has been relatively high in recent months. In July 2013 the headline inflation rate declined by 0.1 percentage point to 2.8%, as higher energy price inflation was offset by lower inflation in the prices of other goods and services. Looking ahead, it is expected that inflationary pressures will be contained by existing spare capacity in labour and capital utilisation in the medium term. However, rises in administered and regulated prices, as well as the pound sterling's depreciation earlier this year, could put some upward pressure on inflation. At its meeting on 1 August 2013 the Bank of England's Monetary Policy Committee (MPC) maintained the policy rate at 0.5% and the size of its asset purchase programme at GBP 375 billion. In addition, the MPC introduced a forward guidance policy by committing not to raise the policy rate at least until the unemployment rate has fallen to a threshold of 7%, subject to its CPI inflation forecast staying below 2.5% 18 to 24 months ahead, medium-term inflation expectations remaining anchored and the stance of monetary policy not posing a significant threat to financial stability that cannot be contained by other policy actions.

OTHER EUROPEAN ECONOMIES

In Sweden, real GDP declined by 0.1% quarter on quarter in the second quarter of 2013, owing to weakness in both domestic demand and exports, while in Denmark, real GDP increased by 0.5%, supported mainly by strong export performance. Real GDP growth in Switzerland remained robust in the second quarter of 2013, increasing by 0.5% quarter on quarter. Looking ahead, real GDP growth is likely to gain gradually some momentum in Denmark, Sweden and Switzerland. Turning to price developments, annual HICP inflation has picked up slightly in Sweden, but has remained low at around 0.5% in Denmark in recent months. Meanwhile, in Switzerland, annual consumer price inflation was flat in July 2013 following 21 months of negative inflation rates, largely owing to lower energy prices and, more generally, to persistently lower import prices.

In the largest central and eastern European (CEE) EU Member States, economic activity has picked up. According to preliminary data, in the second quarter of 2013 real GDP increased in the Czech Republic, Hungary, Poland and Romania. Looking ahead, economic activity is likely to continue recovering gradually in the medium term. However, short-term growth prospects are heterogeneous across countries, with exports driving growth in some countries and domestic demand, supported, for example, by a good harvest, contributing to growth in others. Annual HICP inflation has, on average, stayed low in the largest CEE countries over the past few months. Inflation has been dampened by low commodity price inflation and favourable base effects stemming from previous increases in indirect tax and administered prices, as well as subdued domestic demand pressures.

In Turkey, real GDP increased by 1.6% quarter on quarter in the first quarter of 2013, supported by domestic demand. In contrast, in Russia, output declined by 0.1% quarter on quarter in the first three months of the year, with investment and net exports making negative contributions to growth. As in other emerging markets, financing conditions have tightened considerably since May in both countries. There are signs that economic activity weakened somewhat in the second quarter in Turkey and remained subdued in Russia. However, a gradual improvement is expected in the coming months. Annual CPI inflation has risen considerably in Turkey since May, partly as a result of the weakening Turkish lira. In Russia, inflation declined over the same period on account of lower food prices, but remains above the Bank of Russia's target range for 2013.

EMERGING ASIA

Economic growth in emerging Asia was slightly weaker than expected in the second quarter of 2013, mainly owing to lower growth in China and India. Weak external demand and private consumption contributed to the slowdown. In most other countries of the region, growth tended to accelerate moderately. Looking ahead, emerging Asia's economic growth is anticipated to accelerate slightly on the back of a gradual improvement in the external environment and strengthening domestic demand.

In China, real GDP growth decelerated to 7.5% year on year in the second quarter of 2013, down from 7.7% in the first quarter (see also Box 2). Growth was mainly driven by investment, which contributed 5.9 percentage points in the second quarter, while net trade made a negative contribution. Export growth decelerated sharply to 3.7% in the second quarter of 2013, from 18.3% in the first three months of the year, owing to a decline in exports to Hong Kong, which are widely believed to have been overstated in the first quarter. Data releases for July and August showed a broad-based improvement in activity and trade indicators, confirming an expected gradual resumption of growth. At the same time, government efforts to rein in rapid bank and non-bank credit growth seem to be paying off. The housing market remained strong in July and house prices continued to rise for the fifth consecutive month.

Annual CPI inflation remained unchanged at 2.7% in July. As a percentage of GDP, the current account surplus dropped to 2.1% in the second quarter of 2013, driven by the declining trade surplus, but it is expected to rise again in the third quarter owing to the recent pick-up in exports. The gradual appreciation of the Renminbi against the US dollar came to a halt in June 2013 with the exchange rate hovering around CNY 6.17 per US dollar since then. Total reserves stood at USD 3.497 trillion at the end of June, which is USD 257 billion higher than a year earlier.

Turning to other key Asian countries, India's economic activity remained subdued with increasing inflationary pressures. Annual real GDP growth decelerated to 2.4% in the second quarter of 2013 from 3.0% in the first quarter, driven by weaker private consumption and investment. Annual wholesale price inflation – the Reserve Bank of India's preferred measure of inflation – increased to 5.8% in July 2013. The Reserve Bank of India has kept its key policy rate unchanged at 7.25% since May 2013 on account of substantial depreciation pressures in the foreign exchange market and increased capital outflows. Between May and August 2013, the Indian rupee depreciated by more than 23% against the US dollar owing to weak macro fundamentals, including high current account and fiscal deficits, sluggish growth and delays in the reform agenda. In Korea, annual real GDP growth accelerated to 2.3% in the second quarter of 2013 from 1.5% in the first quarter. Government consumption increased substantially, while construction investment and higher exports also contributed to the acceleration. Annual CPI inflation increased to 1.4% in July, which is still below the Bank of Korea's 2.5-3.5% target band. The Bank of Korea has held its policy rate at 2.5% since May 2013.

Box 2

CHINA – SHORT-TERM PROSPECTS AND MEDIUM-TERM POLICY INTENTIONS

Growth in China has been slowing recently. This box reviews the factors that have been driving the slowdown, as well as China's medium-term growth prospects, particularly in the light of the new government's policy intentions so far.

Consistent with the historical experience of other economies, China's economic growth potential is on a long-term downward path as its GDP per capita increases. The momentum generated by a number of traditional drivers of buoyant Chinese growth and one-off factors (China's demographics, its accession to the World Trade Organisation and its adoption of foreign technology) has weakened. These factors are unlikely to be fully replaced by new drivers, such as rapid urbanisation or a rise in private consumption, in the context of the need to rebalance the economy. Recent government statements also suggest that growth might be lower in the medium term than previously expected, as part of policy efforts to put growth on a lower but more sustainable path.

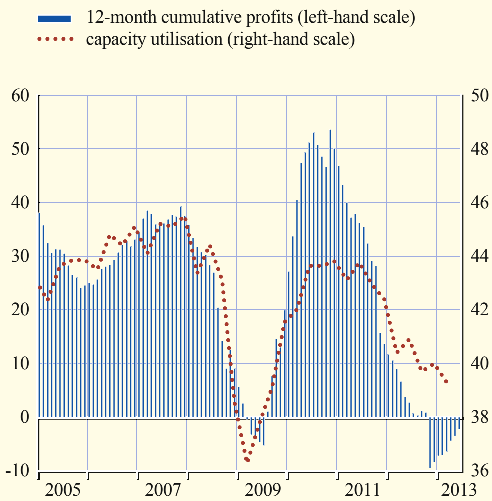
Growth has already moderated substantially. While China remains a cornerstone of global growth, the pace of economic expansion has eased. After reaching a peak of 12.1% in the first quarter of 2010, year-on-year growth gradually slowed to stand at 7.9% at the end of 2012 and at 7.5% in the second quarter of this year. That contrasts with an average annual growth rate of 10.3% over the period 2000-10.

Lower export growth has been one factor behind the recent slowdown. Having rebounded after the 2008-09 crisis to reach levels of over 30%, annual export growth since 2010 has trended downwards and is now in single digits, as GDP growth in key markets has weakened. Improving growth prospects in the European Union and the United States are likely to support exports in the coming quarters, but a return to the very high growth rates seen following China's entry into the World Trade Organisation in 2001 seems unlikely. China's gains in market share have gradually moderated as the appreciation of the renminbi (RMB) and the emergence of other low-cost competitors, such as in South-East Asia, have constrained China's export growth.

In turn, lower export growth is spilling over into the domestic economy. Growing exports are no longer absorbing the capacity created by continuous investment in export-oriented manufacturing industries. This is leading to overcapacity in some industries, which bodes ill for future investment growth. According to the entrepreneur survey of the People's Bank of China, capacity utilisation is dropping at the fastest pace seen since the 2008-09 crisis. Overcapacity already seems to have had an impact on industrial profits, which have also declined (see Chart A). The emergence of deflationary pressures is another indicator pointing to overcapacity. Annual PPI inflation has been negative since March 2012 – the longest such period since 2001-02. Heavy industries, such as coal mining and steel production, which suffer the most from overcapacity according to anecdotal evidence, have seen much larger price falls (see Chart B). In response, the government ordered banks earlier this year to reduce loans to industries suffering from overcapacity.

Chart A Industrial profits and capacity utilisation

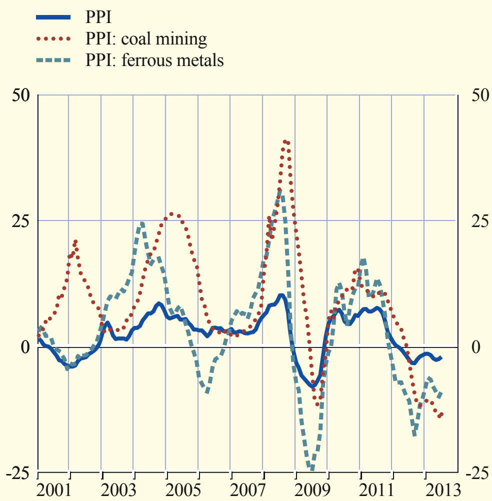
(annual percentage changes; diffusion index, neutral=50)



Sources: CEIC, People's Bank of China, National Bureau of Statistics of China and ECB calculations.

Chart B Annual PPI inflation

(annual percentage changes)



Sources: CEIC and National Bureau of Statistics of China.

Despite lower growth, downside domestic risks have continued to build up. Credit has been expanding rapidly, growing at about double the pace of nominal GDP since 2009. As a result, China's credit-to-GDP ratio has risen to about 170%, which is much higher than for other countries at a similar level of development. To a certain extent, this reflects a financial deepening of the economy against the background of increasing financial sector liberalisation. However, there are fears that some of the credit growth is linked to inefficient investment, raising concerns about risks in the financial sector. In particular, some of the local government investment projects that were part of the RMB 4 trillion stimulus package implemented in 2008-09 (equivalent to 12% of GDP at that time) to counter the effects of the global downturn have yielded poor returns. According to a report by the National Audit Office in 2011, over half of the projects, many of which were financed through so-called "shadow banking", generate insufficient cash flow to repay debts. In addition, a fundamental re-assessment of GDP growth prospects and hence future household income growth could trigger a correction in house prices, which have risen very strongly over the last 15 years. While strict prudential measures, such as high initial deposit requirements, discourage speculative activity, a sudden fall in house prices, even if only temporary, could lead to a decline in real estate investment, which would have a negative impact on the overall economy.

Authorities are aware of the need to rebalance the economy and moderate growth. The new government, which came to power in March this year, has recognised that the current high-growth economic model based on manufacturing investment and exports is unsustainable, and has repeatedly stated the need to put growth on a lower but more sustainable path by reducing misallocations in the Chinese economy and by increasing the role of pricing signals. It has already ordered a reduction in the number of administrative permits linked to corporate investment activities and has replaced the services sector business tax with a uniform value added tax. Furthermore, it has pledged to continue reforms in many areas, including the financial sector (covering interest rate, exchange rate and capital account liberalisation) and the labour market (to facilitate migration from rural areas to urban areas), as well as the liberalisation of fuel and electricity pricing and property tax reforms. Detailed policy plans should become available by the autumn of 2013. In addition, the growth target for 2013 has been lowered to 7.5% from 8% last year. Government statements throughout the year suggest that this new target seems more credible than previous targets, which were typically beaten by a sizeable margin.

A large-scale stimulus to prop up growth is therefore increasingly unlikely. Moreover, the 2008-09 stimulus package has led to a large increase in local government debt, raising the outstanding debt stock to about 20% of GDP and reducing the government's appetite for further fiscal stimulus. In addition, rapid credit growth precludes a substantial loosening of the monetary stance, even though inflation is low. At the same time, growth will not be allowed to decline rapidly. With growth dipping during the first half of 2013, the government announced at the end of July that it would implement targeted stimulus measures to ensure that the 7.5% target is met. For 2014-15, Premier Li Keqiang has pledged to keep growth at a reasonable level, which likely means that growth will remain above the 7% growth target specified in the current five-year plan.

Growth rates tend to decline as a country's GDP per capita increases, reflecting the waning effect of one-off gains, such as the start of a process of moving idle, agricultural labour into more productive activities and the adoption of foreign technology. At around USD 8,000 (in purchasing power parity terms), China's GDP per capita has reached a level at which growth rates in Japan, Korea and other Asian economies also started to trend down. Demographics also play a role: China's working-age population declined in 2012, if only marginally, having risen continuously since the start of reforms in 1978.[1] In addition, the initial effects of China's accession to the World Trade Organisation in 2001, which led to a six-fold increase in its exports by the end of 2008, are also thought to be waning.

Overall, although China's growth is likely to moderate further in the medium term, a dramatic decline seems unlikely. Declining growth rates are part of the catching-up process that China is undergoing. In addition, reducing the economy's reliance on credit and investment will inevitably entail lower growth.

1 Even so, the shift of agricultural labour into more productive activities seems likely to continue, given that it still accounts for a high share of employment (34%) compared with its share of value added (10%).

MIDDLE EAST AND AFRICA

In the first half of 2013 economic activity in oil exporting economies remained robust. Despite supply disruptions in some countries and weaker demand for OPEC oil, growth was supported by high oil prices, strong government spending and the robust performance of the non-oil private sector. By contrast, Arab countries in transition faced renewed bouts of instability, which dampened output and further delayed necessary reform. Elsewhere in the region, growth was sustained at comparatively high levels, notwithstanding headwinds from weak external demand and lower non-oil commodity prices. Looking ahead, GDP is expected to pick up somewhat towards the end of 2013, reflecting the gradual recovery in advanced economies and healthy domestic demand.

LATIN AMERICA

Economic activity in Latin America continued to recover to some extent in the first half of 2013, although the recent tightening of financial conditions is expected to have dampened the growth momentum somewhat. The recovery has been driven by domestic demand, whereas net exports continued to act as a drag on growth. Looking ahead, economic performance in the region is expected to benefit from the gradual strengthening in external demand and the lagged effects of the past monetary policy easing in major economies, particularly in Brazil, and the implementation of structural reforms in Mexico. However, potential growth is expected to be somewhat lower than previously thought in a number of countries, especially in Brazil, following a prolonged period of weak investment.

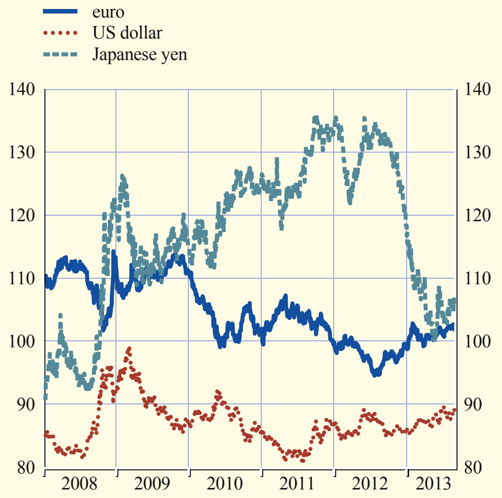
In Brazil, real GDP growth accelerated in the second quarter of 2013 to 1.5% quarter on quarter, from 0.6% in the previous quarter. The pick-up in growth was mainly driven by a strong increase in gross fixed capital formation, albeit slightly decelerating, and by a rebound in exports of goods and services, whereas both public and private consumption remained subdued. In Mexico, real GDP declined by 0.7% quarter on quarter in the second quarter of 2013, after flat growth in the previous quarter following a downward revision. On the supply side, the contraction was attributed to a decline in both secondary and tertiary activities. In Argentina, real GDP growth is expected to have remained strong in the second quarter of 2013, as suggested by the Economic Activity Monthly Estimator released by the national statistics bureau, which increased 2% quarter on quarter in the second quarter, up from 1.6% in the previous quarter. As regards price developments, annual inflation remained elevated in Brazil, although it fell to 6.3% in July, from 6.7% in the previous month, with the food products component of the index recording its first monthly decline in prices since July 2011. The central bank maintained the pace of monetary tightening by increasing the policy rate by a further 50 basis points in August (to 9%). In Mexico, annual headline inflation dropped from 4.1% in June to 3.5% in July and re-entered the central bank's fluctuation band of ±1% around the 3% target. Annual core inflation also decelerated, albeit to a lesser extent, falling from 2.8% in June to 2.5% in July.

1.4 EXCHANGE RATES

Over the past three months the effective exchange rate of the euro has appreciated slightly in an environment of low volatility. Movements in exchange rates were largely related to changing market expectations about the economic outlook for the euro area relative to other major economies, as well as developments in interest rate expectations. As a result, the euro appreciated slightly in early June, but weakened during the second half of the month and early July, before appreciating again until late August. On 4 September 2013 the nominal effective exchange rate of the euro, as measured against

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

(daily data; index: Q1 1999 = 100)



Source: ECB.
Note: The nominal effective exchange rate of the euro is calculated against the currencies of 21 of the most important trading partners of the euro area.

Table 3 Euro exchange rate developments

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

	Weight in the effective exchange rate of the euro (EER-21)	Change in the exchange rate of the euro as at 4 September 2013 with respect to	
		3 June 2013	4 September 2012
EER-21		0.6	5.5
Chinese renminbi	18.6	1.1	1.0
US dollar	16.8	1.3	4.7
Pound sterling	14.8	-0.9	6.5
Japanese yen	7.1	0.5	32.9
Swiss franc	6.4	-0.9	2.8
Polish zloty	6.1	0.0	1.6
Czech koruna	5.0	0.1	3.6
Swedish krona	4.7	1.7	3.7
Korean won	3.9	-1.8	1.1
Hungarian forint	3.2	2.0	5.8
Danish krone	2.6	0.1	0.1
Romanian leu	2.0	1.1	-0.8
Croatian kuna	0.6	1.1	1.4

Source: ECB.
Note: The nominal effective exchange rate is calculated against the currencies of 21 of the most important trading partners of the euro area.

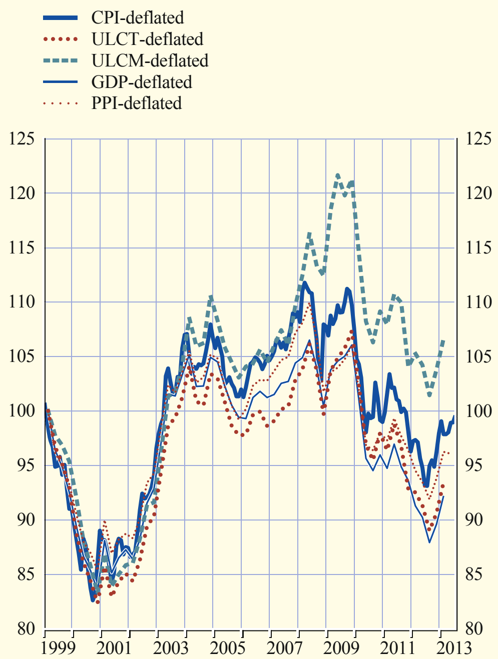
the currencies of 21 of the euro area's most important trading partners, stood 0.6% above its level at the beginning of June and 5.5% above the level one year ago (see Chart 4 and Table 3).

In bilateral terms, over the past three months the euro has strengthened against the US dollar (by 1.3%) and the Japanese yen (by 0.5%) but has depreciated against the pound sterling (by 0.9%). The euro also strengthened against most other European currencies and against the currencies of commodity-exporting countries and emerging economies in Asia. The currencies participating in ERM II remained broadly stable against the euro, trading at, or close to, their respective central rates.

With regard to indicators of the international price and cost competitiveness of the euro area, in August 2013 the real effective exchange rate of the euro based on consumer prices was 6.9% above its level one year earlier (see Chart 5). This largely reflected the nominal appreciation of the euro since then, which was only partly offset by a lower rate of consumer price inflation in the euro area compared with its main trading partners.

Chart 5 Real effective exchange rates of the euro

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



Source: ECB.
Note: The real effective exchange rates of the euro are calculated against the currencies of 21 of the most important trading partners of the euro area.

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

Annual growth in broad money moderated further in the second quarter and July 2013, albeit partly owing to base effects. At the same time, signs of receding – but still substantial – financial fragmentation were observed in the euro area. Improved funding conditions for banks, continued inflows of capital from non-resident investors and the reallocation of funds from abroad to stressed countries within the euro area supported the decline in fragmentation and allowed substantial reductions in excess central bank liquidity. At the same time, such improvements in financial markets and bank funding have not yet led to increases in loans to the non-financial private sector. In particular, while loans to households seem to have broadly stabilised in the second quarter of the year, loans to non-financial corporations declined considerably further in the second quarter and July 2013.

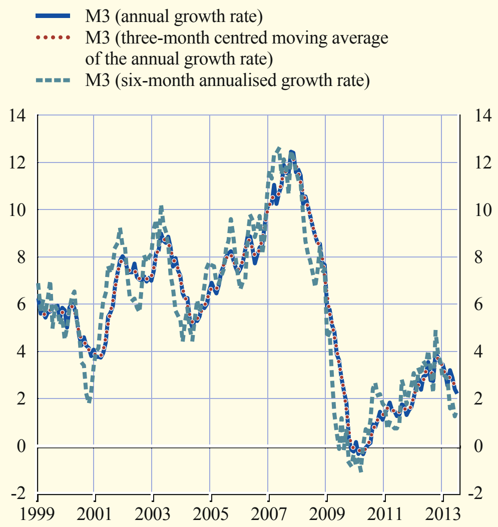
The annual growth rate of M3 declined to 2.2% in July 2013, down from 2.8% in the second quarter and 3.2% in the first quarter (see Chart 6 and Table 4), albeit a strong monthly inflow was observed. Developments in M3 continued to be driven by strong growth in M1, which was the main contributor to overall M3 growth.

These developments in annual M1 growth continue to reflect a persistent preference for liquidity in the context of low (and declining) levels of remuneration for other monetary assets. The most recent developments in M1 mainly reflected the sizeable inflows seen for overnight deposits, which offset the outflows observed for marketable instruments and the moderation seen in other short-term deposits. Such continuous declines in the growth rates of the less liquid components of M3 are not unusual in the present circumstances. A variety of factors contribute to such an outcome, among them risk/return considerations favouring assets outside M3, the receding – but still substantial – financial fragmentation and a search for yield on the part of investors. The interplay between the aforementioned effects was reflected, for instance, in developments in various stock market indices, the continued capital inflows in the euro area (particularly in stressed countries), the improved bank deposit funding in most stressed countries in the second quarter of 2013, and the sizeable inflows for equity, bond and mixed funds in the first half of the year.

However, those improvements in banks' funding conditions have not yet led to increased dynamism in the provision of loans to the non-financial private sector. Loans to the private sector declined further in the second quarter and July. That reflected the net redemption of loans to non-financial corporations and subdued lending to households on account of weak demand, the need to deleverage following past excesses and – especially in certain euro area countries – continued supply-side constraints.

Chart 6 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

Table 4 Summary table of monetary variables

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

	Outstanding amounts as a percentage of M3[1]	Annual growth rates					
		2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 June	2013 July
M1	**53.8**	**4.6**	**6.2**	**6.8**	**8.1**	**7.5**	**7.1**
Currency in circulation	9.0	5.3	3.0	1.7	2.7	2.1	2.4
Overnight deposits	44.8	4.5	6.9	7.8	9.3	8.7	8.1
M2-M1 (=other short-term deposits)	39.2	1.3	1.6	1.3	0.1	0.1	0.0
Deposits with an agreed maturity of up to two years	17.6	-0.9	-1.8	-3.7	-5.9	-5.6	-5.7
Deposits redeemable at notice of up to three months	21.6	3.5	4.8	6.0	5.8	5.4	5.3
M2	**93.0**	**3.2**	**4.2**	**4.3**	**4.6**	**4.3**	**4.0**
M3-M2 (=marketable instruments)	7.0	1.9	-2.3	-8.5	-14.9	-17.0	-16.6
M3	**100.0**	**3.1**	**3.6**	**3.2**	**2.8**	**2.4**	**2.2**
Credit to euro area residents		**0.9**	**0.5**	**0.0**	**-0.1**	**-0.3**	**-0.5**
Credit to general government		9.2	8.3	4.2	3.3	2.7	2.2
Loans to general government		1.5	1.9	-0.8	-2.6	-6.0	-5.7
Credit to the private sector		-1.0	-1.3	-1.0	-1.0	-1.1	-1.2
Loans to the private sector		-0.6	-0.8	-0.8	-1.1	-1.6	-1.9
Loans to the private sector adjusted for sales and securitisation[2]		-0.1	-0.4	-0.3	-0.6	-1.0	-1.4
Longer-term financial liabilities (excluding capital and reserves)		**-4.3**	**-5.1**	**-5.1**	**-4.6**	**-4.3**	**-4.0**

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

The main counterparts supporting M3 growth were a considerable improvement in MFIs' net external asset position and continued outflows for longer-term financial liabilities in the second quarter and July.

Taken together, monetary developments in the first seven months of 2013 confirm the subdued nature of underlying money growth. That subdued growth stems, in particular, from weak MFI lending to the private sector.

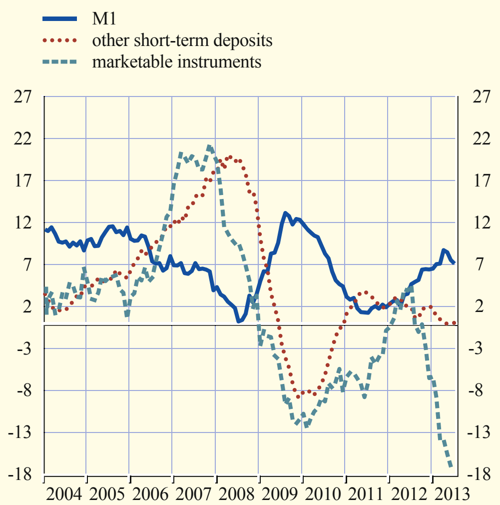
MAIN COMPONENTS OF M3

Developments in liquid monetary instruments contained in M1 remained the primary driver of the inflows observed for M3 in the second quarter and July 2013 (see Chart 7).

The annual growth rate of M1 increased further to stand at 8.1% in the second quarter of 2013, up from 6.8% in the first quarter. More recently, however, a deceleration has been observed, resulting in an annual growth rate of 7.1% in July (see Table 4). These strong growth rates occurred despite the quarterly inflow for overnight deposits weakening in the second quarter, with a somewhat stronger

Chart 7 Main components of M3

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

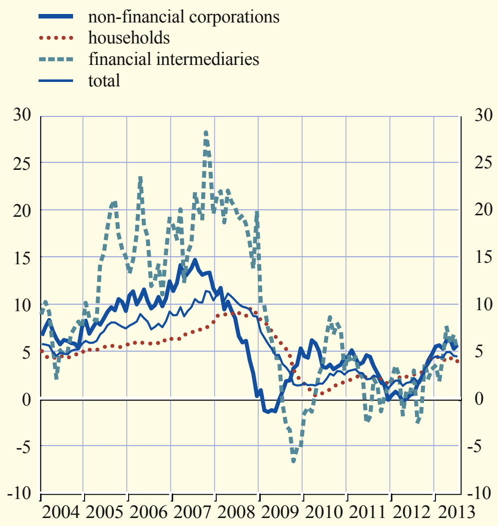


Source: ECB.

inflow being observed in July. The robust growth of M1 reflects a continued preference for liquid deposits on the part of households and non-financial corporations in the presence of low levels of remuneration for assets contained in M3. In this context, it is worth noting that money holders' underlying motivation for shifting funds into M1 is different from that observed in late 2011 and early 2012, when investors – mostly institutional investors – reacted to the prevailing uncertainties in financial markets by accumulating substantial buffers. Ignoring these motives associated with the creation of liquidity buffers by institutional investors, and thus focusing on the annual growth of M1 held by the non-financial private sector, narrow money shows leading indicator properties for output growth over a period of around three to four quarters, particularly as regards turning points.[1]

Chart 8 Short-term deposits and repurchase agreements

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



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

The annual growth rate of short-term deposits other than overnight deposits (i.e. M2 minus M1) declined to 0.1% in the second quarter, down from 1.3% in the first quarter, before decreasing further to stand at 0.0% in July (see Chart 8). Sizeable outflows were recorded for short-term time deposits (i.e. deposits with an agreed maturity of up to two years) in the second quarter, while inflows for short-term savings deposits (i.e. deposits redeemable at notice of up to three months) remained weak, a development that continued in July.

The annual growth rate of marketable instruments (i.e. M3 minus M2) declined further, standing at -14.9% in the second quarter, down from -8.5% in the first quarter, before declining further to stand at -16.6% in July. The second quarter saw a sizeable reduction in the money-holding sector's holdings of short-term MFI debt securities (i.e. debt securities with an original maturity of up to two years), the annual growth rate of which fell to -32.6%, down from -17.8% in the first quarter. That annual growth rate then fell further to stand at -34.9% in July. Similarly, strong declines were also recorded for money market fund shares/units (the annual growth rate of which stood at -9.7% in the second quarter and -11.4% in July, down from -4.3% in the first quarter) and – albeit to a lesser extent – repurchase agreements (the annual growth rate of which stood at -7.1% in the second quarter and -6.5% in July, compared with -9.5% in the first quarter). Overall, the outflows for money market funds in the second quarter continued to be related to remuneration considerations and the ongoing reallocation of funds to other types of investment, although June saw an increase in financial market volatility (see Section 2.2 for details). Money market funds have found it increasingly difficult to generate significant positive returns for investors in the presence of very low short-term interest rates. Such very low interest rates are also affecting the attractiveness of short-term MFI debt securities. At the same time, the weak issuance of MFI debt securities (at all maturities) and money market fund shares/units also has a structural dimension, as regulatory incentives in particular encourage deposit-based funding for banks, as opposed to market-based funding.

1 For more details, see the box entitled "The informational content of real M1 growth for real GDP growth in the euro area", *Monthly Bulletin*, ECB, October 2008.

The annual growth rate of M3 deposits – which comprise short-term deposits and repurchase agreements and represent the broadest monetary aggregate for which reliable information is available at a sectoral level – rose to 4.5% in the second quarter, up from 4.3% in the first quarter, before declining again to stand at 3.9% in July (see Chart 8). As in the past, households continued to make the largest contribution to that growth rate. Developments in M3 deposit flows, particularly in July, were probably related to a decline in the risk aversion of the money-holding sectors in the context of low interest rates and an increasing search for yield. Demand for money on the part of non-monetary financial intermediaries other than insurance corporations and pension funds (i.e. OFIs, which include investment funds and securitisation vehicles) can sometimes be very erratic, being strongly affected by volatile conditions in financial markets and shifts in relative yields across a broad range of financial assets. Looking at the geographical dispersion of households' M3 deposit flows, a number of stressed countries have seen improvements in their deposit bases in recent months, contributing to further easing of financial fragmentation in the euro area.

MAIN COUNTERPARTS OF M3

As regards the counterparts of M3, the annual growth rate of MFI credit to euro area residents fell to -0.1% in the second quarter of 2013, down from 0.0% in the first quarter, before becoming even more negative in July (see Table 4). These developments reflected, in particular, further contractions in credit to the private sector and further declines in the annual growth rate of credit to general government.

MFI credit to general government continued to have a positive impact on money growth, albeit its annual growth rate fell to 2.2% in July, down from 3.3% in the second quarter and 4.2% in the first quarter. The weakening observed in the second quarter was driven largely by a decline in loans to general government, while the annual growth rate of MFIs' purchases of government debt securities remained positive.

The annual growth rate of MFI credit to the private sector stood at -1.2% in July, down from -1.0% in both the second and first quarters of 2013. That masked divergent trends in the various sub-components. The annual growth rate of securities other than shares continued to increase and moved into positive territory (standing at 1.1% in July, up from -3.9% in the second quarter and -6.0% in the first quarter), while that of shares and other equities remained strong (standing at 6.2% in the second quarter and 5.7% in July, up from 5.5% in the first quarter). By contrast, the annual growth rate of loans to the private sector continued to decline, falling from -0.8% in the first quarter to -1.1% in the second quarter and -1.9% in July – reflecting, in particular, strong net redemption of MFI loans to non-financial corporations.

The annual growth rate of loans to the private sector (adjusted for loan sales and securitisation) declined to -1.4% in July, down from -0.6% in the second quarter and -0.3% in the first quarter (see Table 4). From a sectoral perspective, loans to non-financial corporations (adjusted for sales and securitisation) dragged the total for the second quarter down, with limited positive growth being recorded for loans to households. Loans to non-monetary financial intermediaries also declined. Those sectoral trends continued in July.

The annual growth rate of MFI loans to households (adjusted for loan sales and securitisation) remained stable around the levels reached at the turn of the year. It stood at 0.3% in July, unchanged from the second quarter and down only marginally from the 0.4% recorded in the first quarter (see Section 2.7 for more details).

The annual growth rate of MFI loans to non-financial corporations (adjusted for loan sales and securitisation) declined to -2.8% in July, down from -1.9% in the second quarter and -1.4% in the first quarter. Looking at a breakdown by maturity, both in the second quarter and in July the majority of redemptions were for shorter maturities and were broadly based across the countries of the euro area (see Section 2.6 for more details).

Overall, the improvement seen in banks' funding conditions has not led to increases in the provision of loans to the non-financial private sector. In fact, credit to the non-financial private sector has declined further in recent months. The weakness of bank lending appears mainly to reflect cyclical and structural demand factors, although supply constraints remain in a number of countries.

From a more cyclical perspective, factors such as the general weakness of economic activity, the continued high levels of uncertainty, and the continued (albeit receding) fragmentation of financial markets are tending to weigh negatively on demand for loans. When interpreting the impact of these factors on developments in loans to different sectors, one should bear in mind the typical differences between growth in household loans and growth in loans to enterprises over the business cycle. Indeed, the former tends to move broadly in line with the business cycle, while the latter tends to lag the cycle by three to four quarters. Various factors lie behind these different cyclical patterns. For example, the typical pattern for loans to non-financial corporations may reflect firms initially using their internal funds and previously agreed credit lines, and only later turning to external financing. On the supply side, banks may initially prefer to increase their lending to households – rather than firms – during a recovery, as household loans (notably loans for house purchase) are better collateralised.[2]

From a more medium-term perspective, the need to reduce household and corporate indebtedness in a number of countries can be expected to exert a negative influence on demand for loans. Finally, as a result of a variety of factors, among them country and business-specific characteristics, firms have increasingly turned to alternative sources of financing (including internally generated resources and direct access to capital markets through the issuance of debt securities).

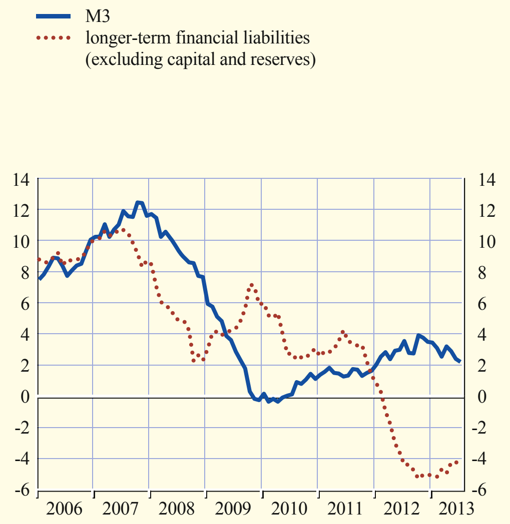
Supply-side factors continue to weigh on growth in loans to households and non-financial corporations, especially in stressed countries. In this context, the results from the bank lending survey for the euro area suggest that risk perceptions are the main determinants of tighter credit standards. In the same vein, credit institutions' relative reluctance to lend may also reflect attempts by banks to align their lending behaviour with new regulatory requirements.

Turning to the other counterparts of M3, the annual growth rate of MFIs' longer-term financial liabilities (excluding capital and reserves) stood at -4.0% in July, compared with -4.6% in the second quarter and -5.1% in the first quarter (see Chart 9). This notwithstanding, another substantial quarterly outflow was recorded in the second quarter, driven mainly by outflows for holdings of long-term debt securities issued by euro area MFIs. These developments are related to the general deleveraging materialising in the financial sector, particularly in stressed countries, as well as regulatory considerations, which encourage banks to replace debt funding with deposit funding. The net redemption of longer-term debt securities issued by euro area MFIs continued both in the second quarter and in July. At the same time, a tendency by households to shift funds into longer-term

2 For more detailed analysis, see the article entitled "Recent developments in loans to the private sector", *Monthly Bulletin*, ECB, January 2011.

Chart 9 M3 and MFI longer-term financial liabilities

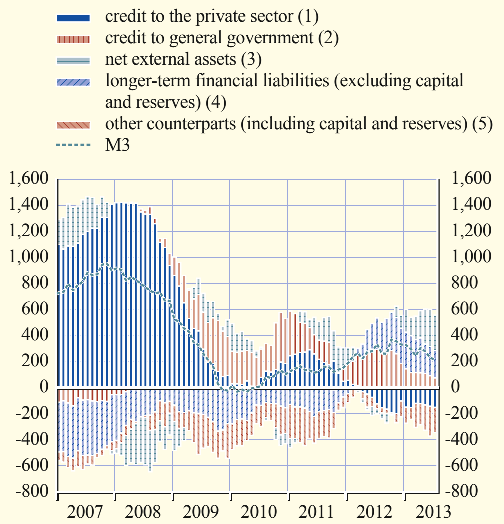
(annual percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

Chart 10 Counterparts of M3

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



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

deposits could be observed in some stressed countries, possibly related to changes in the regulatory environment in those countries.

Improved confidence in the euro area continued to be demonstrated on the counterpart side by capital inflows, as signalled by improvements in MFIs' net external asset position. Indeed, the net external asset position of euro area MFIs – which captures the capital flows of the money-holding sector where these are routed via MFIs, as well as the transfer of assets issued by the money-holding sector – saw a further quarterly inflow in the second quarter, with a further inflow in July (see Chart 10). These continued the series of large inflows observed since July 2012, with a total of €273 billion being accumulated in that period (see also Box 3).

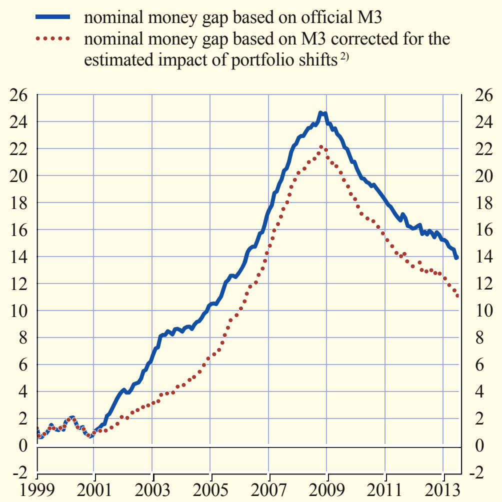
GENERAL ASSESSMENT OF MONETARY LIQUIDITY CONDITIONS IN THE EURO AREA

The monetary developments observed for M3 between end-December 2012 and end-July 2013 resulted in further declines in the monetary liquidity accumulated in the euro area prior to the crisis (see Charts 11 and 12). Some indicators of monetary liquidity monitored by the ECB suggest that a significant amount of the ample liquidity that was accumulated prior to the crisis has now been reabsorbed. Looking ahead, some indicators may move closer to levels suggestive of balanced liquidity conditions in the economy. Nevertheless, it should be recalled that these indicators need to be interpreted with caution, as they rely on the assessment of equilibrium money holdings, which is surrounded by considerable uncertainty.

Overall, underlying money and credit growth remained subdued in the second quarter and July. M3 growth moderated in the second quarter on account of some normalisation of portfolio behaviour in

Chart 11 Estimates of the nominal money gap [1]

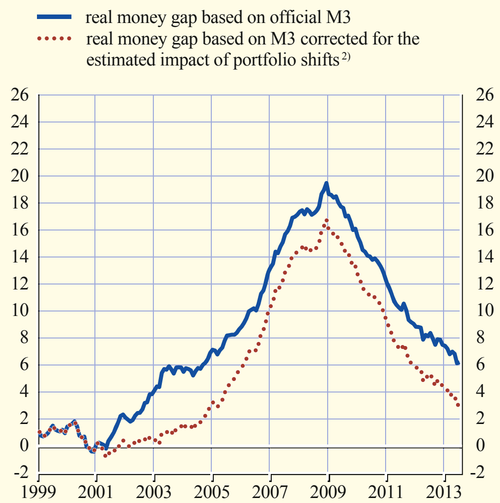
(as a percentage of the stock of M3; adjusted for seasonal and calendar effects; December 1998 = 0)



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

Chart 12 Estimates of the real money gap [1]

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



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

the context of receding financial fragmentation, with investors seeking higher yields. At the same time, the weakness of growth in credit to the private sector mainly reflects cyclical and structural demand factors – and, to a lesser extent, supply factors. From a medium-term perspective, a key prerequisite for a sustained recovery in lending to the private sector is the restoration of banks' risk-taking capacity and the return of private sector demand for bank credit.

Given the downward impact that the correction of past excesses is having on underlying money and credit growth, aggregate monetary dynamics for the euro area as a whole do not point to risks to price stability over the medium term.

Box 3

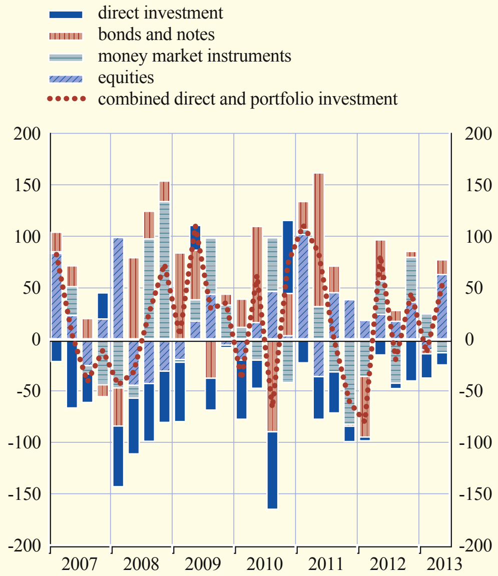
RECENT DEVELOPMENTS IN THE FINANCIAL ACCOUNT OF THE EURO AREA BALANCE OF PAYMENTS

This box analyses developments in the financial account of the euro area balance of payments up to the second quarter of 2013. In the 12-month period to June 2013, the combined balance for direct and portfolio investment in the euro area recorded net inflows of €64.5 billion, compared with net outflows of €60.0 billion a year earlier (see table). These inflows were more than offset by net outflows of €324.5 billion in other investment, against the background of a sizeable surplus in the current account of the euro area. After the announcement of the Outright Monetary Transactions (OMTs) in September 2012, financial market conditions improved and foreign investors substantially increased their exposure to euro area equity and debt securities.

The shift in the combined balance for direct and portfolio investment in the euro area over the 12-month period to June 2013 was due to an increase in net inflows in portfolio investment. Since the announcement of OMTs, foreign investors have substantially increased their purchases of securities issued by euro area non-MFIs. At the same time, euro area investors also increased their acquisition of foreign securities, albeit to a lesser extent. This increase was mainly due to the purchase by euro area non-MFIs of both foreign equity and debt securities, whereas euro area MFIs remained net sellers of foreign debt instruments against the backdrop of their balance sheet restructuring. Net other investment turned negative and more than offset portfolio investment inflows, reflecting a substantial withdrawal of deposits and loans from euro area MFIs by non-euro area residents.

Main items in the financial account

(EUR billions; quarterly net flows)



Source: ECB.

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

(EUR billions; non-seasonally adjusted data)

	2013		Three-month cumulated figures 2012		2013		12-month cumulated figures 2012	2013
	May	June	Sep.	Dec.	Mar.	June	June	June
Financial account [1]	-9.8	-24.8	-41.6	-87.8	-37.8	-53.1	-68.9	-220.2
Combined net direct and portfolio investment	39.5	18.1	-19.7	44.9	-13.0	52.3	-60.0	64.5
Net direct investment	0.2	-5.1	-4.9	-40.4	-23.6	-11.7	-73.3	-80.6
Net portfolio investment	39.2	23.2	-14.8	85.3	10.7	64.0	13.3	145.1
Equities	41.9	26.7	17.5	36.0	-10.3	62.9	126.4	106.1
Debt instruments	-2.7	-3.5	-32.3	49.3	20.9	1.1	-113.1	39.0
Bonds and notes	-2.6	-5.4	10.5	5.5	-3.7	14.2	5.2	26.5
Money market instruments	-0.1	1.9	-42.8	43.8	24.7	-13.1	-118.3	12.5
Net other investment	-41.5	-56.5	-24.6	-158.0	-34.1	-107.8	40.3	-324.5
Of which: non-MFIs [2]								
Net direct investment	-0.6	-3.2	-6.9	-41.3	-27.4	-11.2	-77.9	-86.8
Net portfolio investment	43.3	23.2	0.9	89.2	8.8	65.2	-5.7	164.1
Equities	44.5	40.4	20.6	56.5	11.4	80.6	88.3	169.1
Debt instruments	-1.2	-17.1	-19.7	32.7	-2.7	-15.3	-94.0	-5.0
Net other investment	21.5	-4.4	9.5	-50.2	3.4	15.6	8.9	-21.6

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

In the second quarter of 2013, net inflows of €52.3 billion were recorded in the combined balance for direct and portfolio investment, compared with net outflows of €13.0 billion in the first quarter of 2013. Flows in portfolio investment were lower in the second quarter, with both domestic and foreign investors being net buyers of cross-border equity and debt securities. In June 2013 – the latest month for which data are available – euro area investors made net sales of foreign equity securities, while foreign investors were net purchasers of euro area equity securities. Foreign investors reduced their holdings of euro area debt securities in the same month, however, with this reduction being partly counterbalanced by euro area investors' net sales of foreign bonds and notes. Euro area MFIs' other investment liabilities recorded net outflows in the second quarter of 2013, following small net inflows in the first quarter of 2013. Furthermore, euro area MFIs expanded their purchases of foreign other investment assets in the second quarter of 2013, but became net sellers in June 2013. The change in direction observed for some of the flows in June 2013, compared to the headline quarterly numbers, might have been driven by investor uncertainty about the tapering-off of quantitative easing in the United States.

Euro area MFIs continued to scale down their holdings of foreign debt securities on account of balance sheet restructuring in the second quarter of 2013, but still purchased foreign equity securities. Non-euro area residents seem to have partly shifted funds previously invested in equity securities and bonds and notes issued by euro area MFIs into money market instruments of euro area MFIs, resulting in net sales of securities issued by euro area MFIs. Euro area non-MFIs slightly increased their net purchases of foreign money market instruments, while considerably reducing their acquisition of foreign equity securities as well as bonds and notes. Foreign investors' net acquisition of domestic securities issued by euro area non-MFIs remained on a high level, but declined compared to the previous quarter, despite an increase in investment in equity securities, owing to lower investment in bonds and notes and net outflows in money market instruments.

All in all, net inflows in portfolio investment in the second quarter contributed to an increase in euro area liquidity, which was partly reflected in the developments in the broad monetary aggregate M3. As can be seen from the monetary presentation of the balance of payments, transactions by the non-MFI sector were an important determinant of the increase in MFIs' net external asset position in the second quarter of 2013.

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

The annual growth rate of financial investment by the non-financial sectors declined moderately to stand at 2.3% in the first quarter of 2013, reflecting the continued weakness of the economic environment and reduced income opportunities. Mirroring this, the annual growth rate of financial investment by insurance corporations and pension funds also decreased, falling to 3.3% in the first quarter. Finally, investment funds recorded a further inflow in the second quarter of 2013. However, this inflow was smaller than those observed in the two previous quarters, mainly reflecting a monthly outflow in June (which has to be seen in the context of the temporary increase in financial market volatility in that month).

NON-FINANCIAL SECTORS

In the first quarter of 2013 (the most recent quarter for which data from the euro area accounts are available) the annual growth rate of total financial investment by the non-financial sectors declined

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

	Outstanding amount as a percentage of financial assets[1)]	Annual growth rates									
		2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1
Financial investment	**100**	**3.6**	**3.6**	**3.7**	**3.3**	**2.6**	**2.7**	**2.3**	**2.2**	**2.5**	**2.3**
Currency and deposits	24	3.2	3.8	4.2	3.8	3.3	4.1	3.4	3.6	3.7	2.9
Debt securities, excluding financial derivatives	5	5.0	6.1	7.1	7.6	3.0	2.0	1.2	0.2	-5.5	-8.3
of which: short-term	0	-7.7	0.0	7.5	1.9	20.4	17.1	19.7	19.9	-5.6	-18.6
of which: long-term	4	6.1	6.7	7.1	8.1	1.7	0.8	-0.3	-1.3	-5.5	-7.4
Shares and other equity, excluding mutual fund shares	30	3.1	2.6	2.7	2.5	2.5	2.7	2.2	1.9	1.8	2.0
of which: quoted shares	5	2.9	0.9	0.7	2.5	1.8	2.5	3.0	1.0	0.9	0.5
of which: unquoted shares and other equity	25	3.2	3.0	3.1	2.4	2.6	2.7	2.0	2.1	2.0	2.3
Mutual fund shares	5	-3.6	-4.4	-3.1	-4.8	-5.2	-3.8	-3.0	-1.0	0.8	2.6
Insurance technical reserves	16	4.4	3.7	3.1	2.6	2.0	1.7	1.7	1.7	2.1	2.4
Other[2)]	21	5.8	6.0	5.6	5.6	4.1	3.5	2.9	2.6	4.8	4.9
M3[3)]		1.1	1.8	1.3	1.7	1.6	2.8	3.0	2.7	3.5	2.5

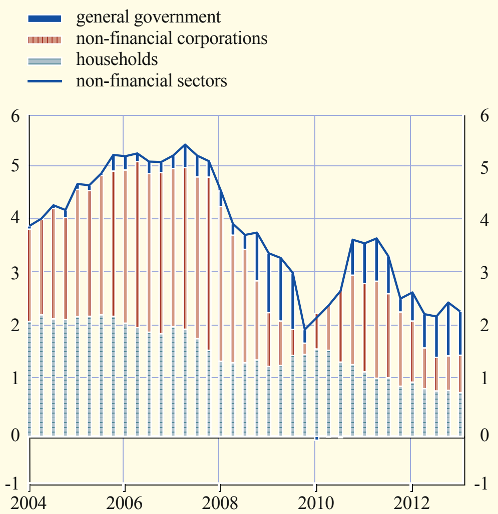
Source: ECB.
1) As at the end of the last quarter available. Figures may not add up due to rounding.
2) Other financial assets comprise loans and other accounts receivable, which in turn include trade credit granted by non-financial corporations.
3) End of quarter. The monetary aggregate M3 includes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

moderately to stand at 2.3%, down from 2.5% in the fourth quarter of 2012 (see Table 5). This decline was driven by weaker annual growth in currency and deposits and a further contraction in debt securities. The quarterly declines in the annual growth rates of these two categories of investment were partly offset by marginal increases in the annual growth rates of mutual fund shares and insurance technical reserves.

A sectoral breakdown reveals that households' accumulation of financial assets weakened further in the first quarter, continuing the trend observed since late 2010. The annual growth rate of financial investment by the general government sector also decreased, albeit remaining high. Since mid-2010, developments in financial investment by general government have been significantly affected by asset transfers to "bad bank" schemes and the recapitalisation of certain national banking systems (see Chart 13). The continuing moderate growth in the stock of financial assets held by households mirrors weak developments in income and efforts to reduce indebtedness in some countries. The composition of this investment suggests that households are searching for yield in the context of poorly remunerated monetary assets – as illustrated, for instance, by households' increased investment in mutual fund shares and weaker growth in M3 deposits in the first quarter of 2013.

Chart 13 Financial investment of non-financial sectors

(annual percentage changes; contributions in percentage points)



Source: ECB.

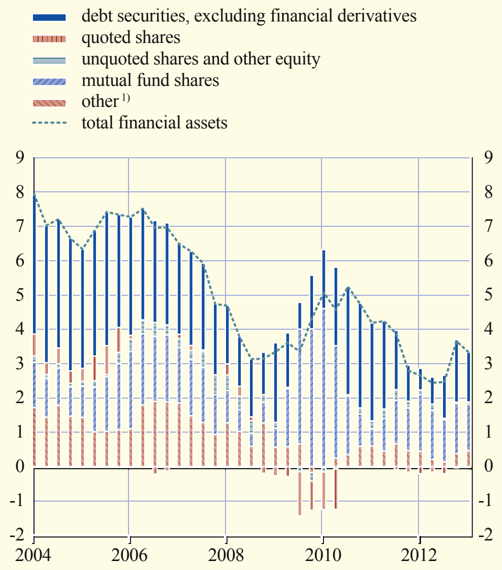
Non-financial corporations, by contrast, increased their accumulation of financial assets in the first quarter of 2013. This was driven entirely by growth in holdings of unquoted shares and other equities, which is likely to reflect firms' retained earnings. There was no parallel increase in deposits, which could indicate that non-financial corporations have used these internally generated funds for financing purposes, instead of having recourse to MFI loans. More detailed information on developments in the financial flows and balance sheets of the non-financial private sector is provided in Sections 2.6 and 2.7. Information can also be found – for all institutional sectors – in the box entitled "Integrated euro area accounts for the fourth quarter of 2012" in the August 2013 issue of the Monthly Bulletin.

INSTITUTIONAL INVESTORS

The annual growth rate of financial investment by insurance corporations and pension funds decreased to 3.3% in the first quarter of 2013 (the most recent quarter for which data are available from the integrated euro area accounts; see Chart 14). This decline followed the substantial increase observed in the fourth quarter of 2012 (when the annual growth rate stood at 3.6%). Developments in the first quarter of 2013 reflect declines in the annual growth rates of both debt securities and, to a lesser extent, mutual fund shares. By contrast, the annual growth rates of investment in quoted and unquoted shares increased. Despite decreases in their annual growth rates, mutual fund shares and debt securities remained the primary contributors to total financial investment by insurance corporations and pension funds.

Chart 14 Financial investment of insurance corporations and pension funds

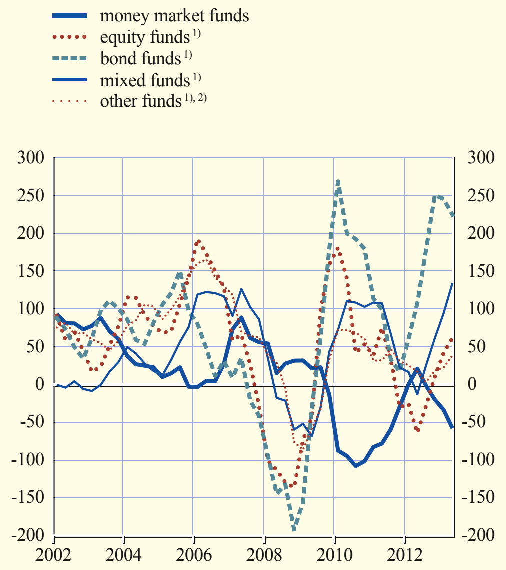
(annual percentage changes; contributions in percentage points)



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

Chart 15 Net annual flows into money market and investment funds

(EUR billions)



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

For investment funds, data are already available for the second quarter of 2013. The issuance of shares/units by euro area investment funds other than money market funds recorded a quarterly inflow of €92 billion in that quarter, compared with €160 billion in the first quarter of the year. That further positive flow in the second quarter points to a continued search for yield on the part of investors in the context of the normalisation of portfolio investment and low interest rates. The reduction in the quarterly flow relative to the first quarter is mainly explained by the strong monthly decline observed in June, which is likely to reflect the temporary increase in financial market volatility in that month. Adopting a longer-term perspective, the net annual inflows for this type of investment remained large, standing at €458 billion in the second quarter of 2013 (equivalent to an annual growth rate of 7.3%). When broken down by type of investment, issuance by bond funds continued to grow most strongly in annual terms, with an accumulated net annual inflow of €225 billion, whereas issuance by mixed and equity funds recorded net annual inflows of €134 billion and €61 billion respectively (see Chart 15). Looking at transactions in the second quarter of 2013 reveals a considerably stronger preference for funds that have all or part of their investments in bonds, with bond and mixed funds registering significant quarterly inflows of a similar magnitude (€38 billion and €34 billion respectively) and equity funds registering negligible quarterly inflows. Nonetheless, the tensions in financial markets in June weighed on the amount of investment channelled through both equity and bond funds.

By contrast with the robust inflows for investment fund shares/units in the second quarter of 2013, money market fund shares/units continued to see outflows in that quarter, with net sales by investors totalling €55 billion in the context of low interest rates and poor returns on this type of investment.

2.3 MONEY MARKET INTEREST RATES

Money market interest rates increased slightly between June and early September 2013. At the same time, this period saw the ECB's forward guidance exert some downward pressure on expectations regarding money market interest rates (e.g. EURIBOR futures), as well as their volatility. With the exception of a slight temporary increase at the end of July, the EONIA remained stable at low levels, reflecting the historically low key ECB interest rates and the fact that large amounts of excess liquidity continued to be observed in the overnight money market.

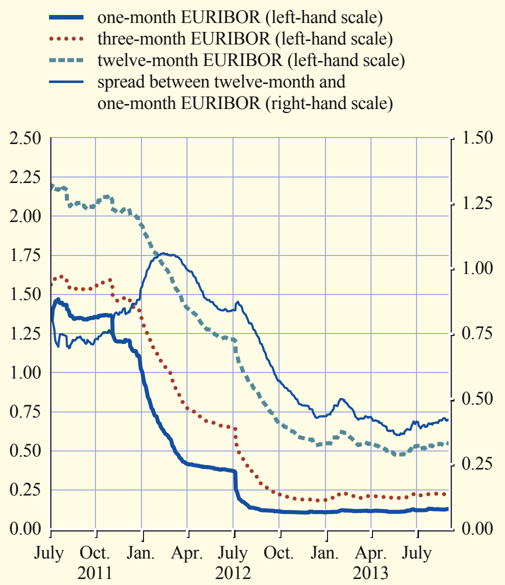
Unsecured money market interest rates increased slightly between 5 June and 4 September 2013. On 4 September the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.13%, 0.23%, 0.34% and 0.55% respectively – i.e. 2, 3, 4 and 7 basis points higher respectively than the levels observed on 5 June. Accordingly, the spread between the twelve-month and one-month EURIBOR – an indicator of the slope of the money market yield curve – increased by 5 basis points over that period to stand at 42 basis points on 4 September (see Chart 16).

The interest rate on the three-month overnight index swap stood at 0.10% on 4 September, 3 basis points higher than on 5 June. As the corresponding EURIBOR also increased by 3 basis points, the spread between the two remained unchanged. The three-month secured EUREPO stood at 0.05% on 4 September, 4 basis points higher than on 5 June (see Chart 17).

The interest rates implied by the prices of three-month EURIBOR futures contracts maturing in September and December 2013 and March and June 2014 stood at 0.23%, 0.29%, 0.38% and 0.47% respectively on 4 September. In comparison with the levels observed on 5 June, these represented

Chart 16 Money market interest rates

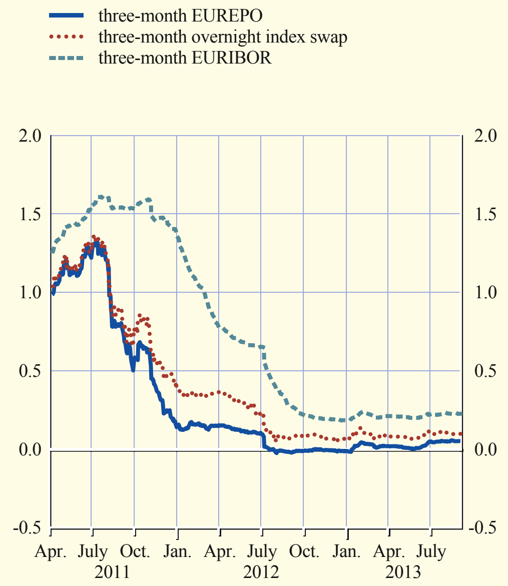
(percentages per annum; spread in percentage points; daily data)



Sources: ECB and Thomson Reuters.

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

(percentages per annum; daily data)



Sources: ECB, Bloomberg and Thomson Reuters.

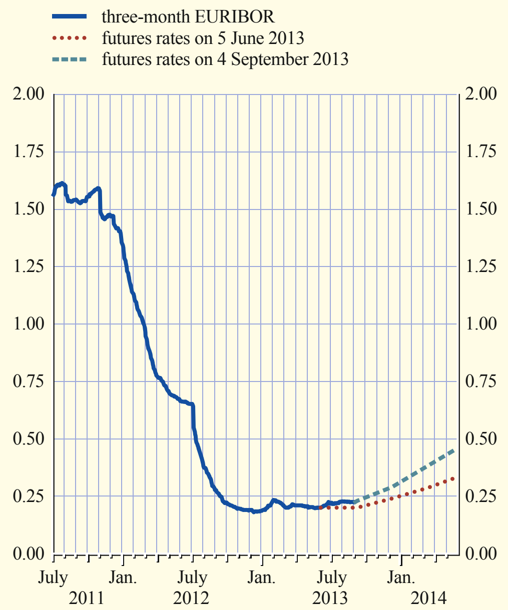
increases of 3, 5, 9 and 13 basis points respectively (see Chart 18). However, they were still lower (5, 5, 4 and 1 basis points lower respectively) than the levels observed on 4 July prior to the provision of forward guidance. Implied volatilities with constant maturities of three, six, nine and twelve months derived from options on three-month EURIBOR futures contracts decreased following the ECB's provision of forward guidance and remained broadly stable thereafter (see Chart 19).

Looking at the overnight maturity, the EONIA averaged 0.09% between 5 June and 4 September, up 1 basis point from the average recorded between 6 March and 5 June. On 4 September the EONIA stood at 0.07% (see Chart 20).

The ECB continued to provide liquidity through refinancing operations with maturities of one week, one maintenance period and three months. All of these operations were conducted as fixed rate tender procedures with full allotment (see Box 4).

Chart 18 Three-month interest rates and futures rates in the euro area

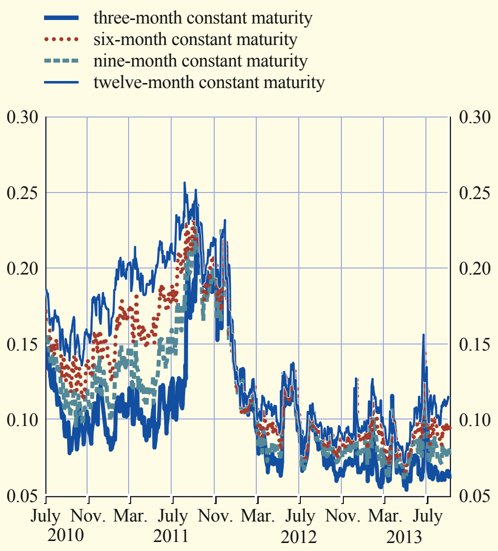
(percentages per annum; daily data)



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

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

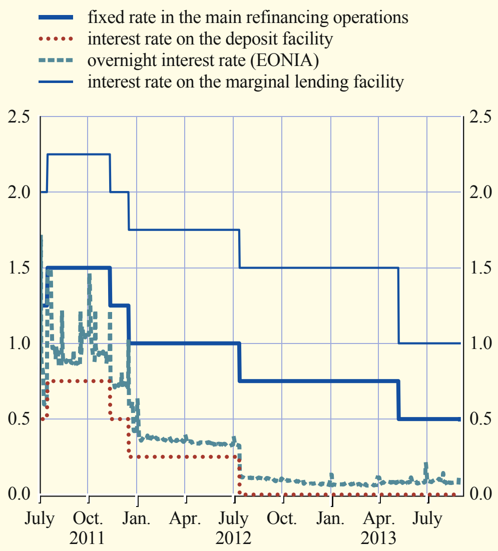
(percentages per annum; daily data)



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

Chart 20 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Thomson Reuters.

Box 4

LIQUIDITY CONDITIONS AND MONETARY POLICY OPERATIONS IN THE PERIOD FROM 8 MAY TO 6 AUGUST 2013

This box describes the ECB's monetary policy operations during the reserve maintenance periods ending on 11 June, 9 July and 6 August 2013 – the fifth, sixth and seventh maintenance periods of the year.

Following the Governing Council's decisions of 6 December 2012 and 2 May 2013, main refinancing operations (MROs) in the review period continued to be conducted as fixed rate tender procedures with full allotment. The same procedure was also used for the special-term refinancing operations with a maturity of one maintenance period. The fixed rate was the same as the MRO rate prevailing at the time.

Furthermore, the three-month longer-term refinancing operations (LTROs) allotted in the review period were likewise conducted as fixed rate tender procedures with full allotment. The interest rates in these operations were fixed at the average of the rates used in the MROs over the lifetime of the respective LTRO. Finally, the MRO rate was reduced by 25 basis points and the rate on the marginal lending facility was reduced by 50 basis points, following a decision by the Governing Council on 2 May 2013.

Liquidity needs

During the review period, the average aggregate daily liquidity needs of the banking system, defined as the sum of autonomous factors and reserve requirements, averaged €609.8 billion. This was €14.7 billion higher than the daily average in the previous three maintenance periods. Reserve requirements remained broadly stable at €105.0 billion, while autonomous factors increased by €14.9 billion, rising from €490.0 billion to €504.9 billion, thus accounting for the bulk of the increase in liquidity needs.

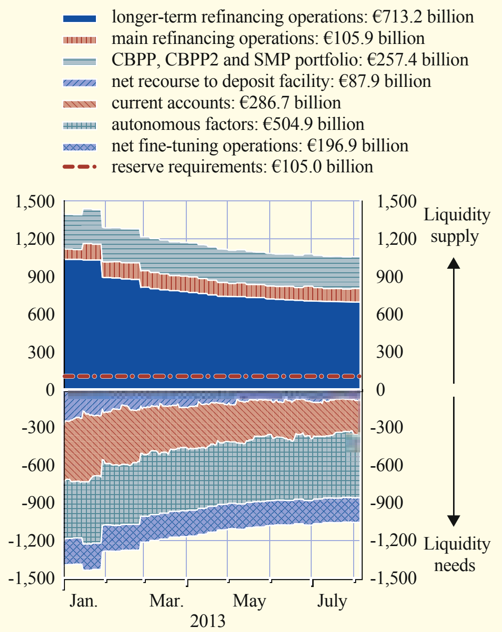
Looking at individual contributions to the increase in average autonomous factors, two components account for the bulk of this change. Banknotes in circulation increased at a faster pace during this review period than during the previous review period, owing to normal seasonal developments in the summer months. The greater public demand for banknotes during the maintenance periods ending in July and August led to an increase of €16 billion in this component. In addition, changes in the component "other autonomous factors" increased the liquidity needs of the banking system. This component includes balance sheet item A6 ("other claims on euro area credit institutions denominated in euro") and encompasses, among other things, emergency liquidity assistance (ELA). A decrease in ELA increases autonomous factors. To the extent that the decline in ELA is compensated for by increased recourse to Eurosystem operations, the effect on excess liquidity is neutral, as rising outstanding amounts in monetary policy operations and increasing autonomous factors offset one another.

Changes in aggregate government deposits with the Eurosystem also contributed to the developments in autonomous factors during the maintenance periods under review. Changes in this component have a significant impact on the volatility of autonomous factors, but only a lesser effect on their average level. In the review period, this component fluctuated by as much as €60.2 billion. Some NCBs showed a regular monthly pattern, with the Banca d'Italia reporting the most significant variations. These variations reflected the monthly collection of taxes (between the 19th and 23rd day of each month) and the payment of salaries, pensions and social benefits (around the 1st day of each month).[1]

Daily current account holdings in excess of reserve requirements averaged €181.6 billion in the period under review. A clear declining trend can be observed: average excess reserves declined from €195.0 billion in the fifth maintenance period of the year to €181.4 billion and €165.1 billion in the sixth

Chart A Liquidity needs of the banking system and the liquidity supply

(EUR billions; daily data)



Source: ECB.

1 For further details, see the article entitled "The Eurosystem's experience with forecasting autonomous factors and excess reserves", *Monthly Bulletin*, ECB, January 2008.

and seventh maintenance periods respectively. This reduction, as well as the decline in average net recourse to the standing facilities, was largely linked to the ongoing repayment of liquidity obtained in the three-year LTROs and an overall reduction in outstanding liquidity, as described in the next subsection.

Liquidity supply

As in the previous three maintenance periods, the average amount of liquidity provided through open market operations continued to decline, falling from €977.5 billion to €879.4 billion, a fall of €98.1 billion. Liquidity provided through tender operations[2] provided an average of €622 billion over the review period, a decline of €87 billion. The amounts provided in the weekly MROs remained fairly stable during the review period, averaging €105.9 billion, although they were slightly lower than during the three previous maintenance periods.

During the review period, LTROs with maturities of three months and one maintenance period contributed an average of €22.8 billion to the liquidity supply – a decline of €4 billion relative to the previous review period and a continuation of the trend seen since the beginning of the year, when these LTROs contributed €43.8 billion. The three-year LTROs provided an average of €689.9 billion, as counterparties repaid €41.4 billion in the course of the review period. The average size of the weekly repayments has declined in recent maintenance periods, averaging €4.3 billion in the fifth maintenance period of the year, €3.1 billion in the sixth and €1.8 billion in the seventh.

The total outstanding amount of securities held for monetary policy purposes – i.e. those acquired through the first and second covered bond purchase programmes (the CBPP and CBPP2) and through the Securities Markets Programme (SMP) – averaged €257.4 billion, a decrease of €10.9 billion.

The outstanding amount of securities purchased under the CBPP, which was completed in June 2010, stood at €44.1 billion at the end of the review period, €2.1 billion lower than in the previous review period, on account of maturing securities. Outstanding amounts under CBPP2, which ended on 31 October 2012, totalled €15.8 billion, while €0.2 billion of securities matured. The value of settled purchases under the SMP decreased by €8.4 billion, likewise on account of maturing securities, so the total outstanding amount at the end of the review period was €192.6 billion. The weekly liquidity-absorbing fine-tuning operations successfully neutralised the liquidity injected through the SMP.

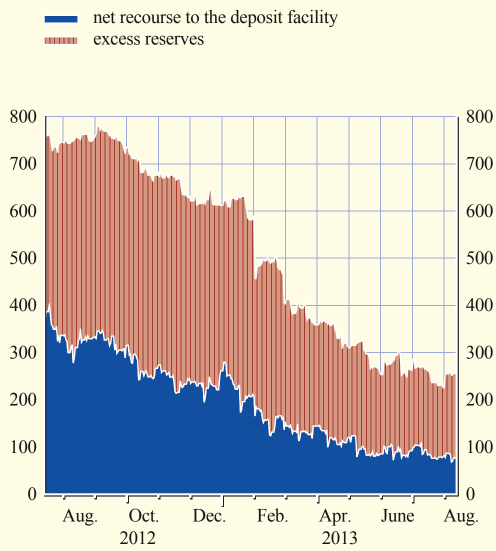
Excess liquidity

Excess liquidity fluctuated between a minimum of €225.7 billion (on 30 July) and a maximum of €328.0 billion (on 13 May). As described above, the main drivers were fluctuations in government deposits, increases in banknotes in circulation and a decline in the outstanding liquidity provided through open market operations. Since the interest rate on the deposit facility stands at 0% and is thus the same as the remuneration of excess reserve holdings, counterparties remain fairly neutral with respect to the distribution of their excess liquidity. Over the three maintenance periods under review, the pattern was fairly stable, with about 33% of the excess liquidity being held in the deposit facility and 67% being held as excess reserves (see Chart B).

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

Chart B Evolution of excess liquidity and its distribution between excess reserves and the standing facilities since 11 July 2012

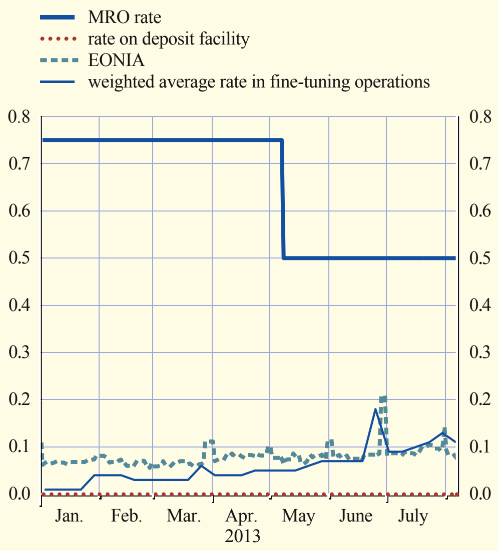
(EUR billions; daily data)



Source: ECB.

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

(percentages per annum; daily data)



Source: ECB.

Interest rate developments

During the review period, the rate on the marginal lending facility was lowered from 1.50% to 1.00% and the MRO rate was lowered to 0.50%. The rate on the deposit facility remained unchanged at 0%. These changes took place with effect from 8 May 2013.

In light of the ample liquidity conditions during the review period, the EONIA remained close to the rate on the deposit facility, averaging 8.6 basis points, a slight increase from the 7.4 basis points averaged in the three preceding maintenance periods. In the maintenance period ending on 6 August 2013, the EONIA averaged 9.4 basis points, reflecting variations in the liquidity conditions. The average level of excess liquidity over that maintenance period was the lowest since the settlement of the first three-year LTRO. The rates in the weekly liquidity-absorbing fine-tuning operations increased, with the weighted average allotment rate rising to 13 basis points at the end of the review period, up from around 1 basis point at the beginning of the year (see Chart C).

The ECB also conducted weekly one-week liquidity-absorbing operations with a variable rate tender procedure and a maximum bid rate of 0.50% in the sixth, seventh and eighth reserve maintenance periods of 2013. In all of these operations, the ECB absorbed an amount equal to the residual value of the purchases made under the Securities Markets Programme (which totalled €190.5 billion on 4 September).

The review period continued to be characterised by high, but declining, levels of excess liquidity. The decline during the sixth, seventh and eighth maintenance periods was due to the voluntary early repayment of some of the liquidity obtained in the two three-year LTROs and reduced demand in refinancing operations. At the same time, within those maintenance periods, autonomous factors accounted for most of the intra-maintenance period fluctuations. As a result, excess liquidity averaged €251.4 billion in the sixth, seventh and eighth maintenance periods of 2013, down from €327.3 billion in the previous three maintenance periods. Daily recourse to the deposit facility averaged €86.1 billion, while current account holdings in excess of reserve requirements averaged €173.2 billion. Counterparties have so far voluntarily repaid €325.2 billion of the €1,018.7 billion obtained in the two three-year LTROs. Box 5 looks at developments in central banks' balance sheets and financial strength during the crisis, focusing on the Eurosystem.

Box 5

CENTRAL BANK BALANCE SHEET EXPANSION AND FINANCIAL STRENGTH IN CRISIS TIMES: THE CASE OF THE EUROSYSTEM

The exceptional nature and scope of central bank liquidity support in the context of the global financial crisis has prompted questions about the implications for the financial risks on central bank balance sheets. If a central bank is perceived to be taking excessive risk, its credibility and the public's perception of its ability to deliver on its mandate may be affected.

In the wake of the crisis central banks have significantly expanded their balance sheets. This reflected the stepping up of liquidity provision and an increased intermediation role, with central banks acting as a backstop to banks and financial markets at times when the interbank market and more generally financial market functioning were impaired. To different extents depending on the central banks' operational frameworks, liquidity provision to the economy took the form of temporary lending or outright operations, with those central banks engaging mainly in outright asset purchases seeking to further ease the monetary policy stance (as a substitute for policy rate cuts in a zero lower bound environment), and those central banks primarily using lending operations, such as the Eurosystem, aiming to address the malfunctioning of the monetary policy transmission mechanism. Increased intermediation via central banks' balance sheets operates either through a change in the composition of assets and liabilities or through an expansion of total assets and liabilities, or a combination of both, as has been the case for all major central banks recently, altering the quantity and type of risk to which they are exposed.[1]

Financial risk exposure and financial strength

The implementation of monetary policy is inevitably associated with financial risk because it involves the provision of central bank money against assets or collateral from private agents. Subject to the magnitude of shocks and risks to the monetary policy transmission mechanism, central banks may increase their risk exposure in crisis times so as to ensure the fulfilment of their mandate. Whereas in normal times the risk profile of the Eurosystem is mainly dominated by risks associated with holdings of foreign exchange reserves and gold, in times of tensions in domestic markets, the consequent increase in Eurosystem intermediation implies a more prominent role for the risks associated with monetary policy operations.

1 See, for instance, the analysis in Durré, A. and Pill, H., "Central bank balance sheets as policy tools", *BIS Papers*, Vol. 66, 2012, pp. 193-213, as well as Cour-Thimann, P. and Winkler, B., "The ECB's non-standard monetary policy measures: the role of institutional factors and financial structure", *Oxford Review of Economic Policy*, Volume 28, Number 4, 2012, pp. 765-803.

Both in normal and in crisis times, central banks must preserve their financial strength, which means that they must always have sufficient financial resources available over time to conduct monetary policy in an independent manner, and hence deliver their policy objectives in all circumstances. Central banks typically generate income through the stream of seignorage accruing over time (e.g. from issuance of banknotes as a non-interest-bearing liability) and from the returns on their asset holdings. In assessing the financial strength of a central bank, a recent report by the Bank for International Settlements (BIS) not only considers its financial resources, but also the "transfer or insurance arrangements and, importantly, institutional design features that help maintain financial resources over time".[2] In other words, what matters in ensuring the credibility of the central bank is its financial strength across time, and thus also its institutional framework.

In the case of the Eurosystem, the institutional setting reinforces the integrity of the Eurosystem balance sheet in specific Treaty provisions. Article 130 of the Treaty on the Functioning of the European Union states that the Eurosystem independently exercises its powers and carries out its tasks and duties. In addition, Article 123 prohibits monetary financing. These provisions preclude the monetising of sovereign debt, e.g. by providing Member States with financial contributions in excess of their shares in the profits realised in the respective financial year. Through promoting price stability in the long term, they indirectly contribute to the financial health of the Eurosystem balance sheet.

In turn, the central bank's stand-alone financial strength reinforces credibility in its capacity to always deliver on its mandate while avoiding exposure to political pressures. This helps to anchor expectations among the general public and financial market participants that the central bank is in a position to effectively deliver on its mandate and that its monetary policy decisions will not be unduly constrained by concerns about financial resources.

Developments in the Eurosystem balance sheet during the crisis

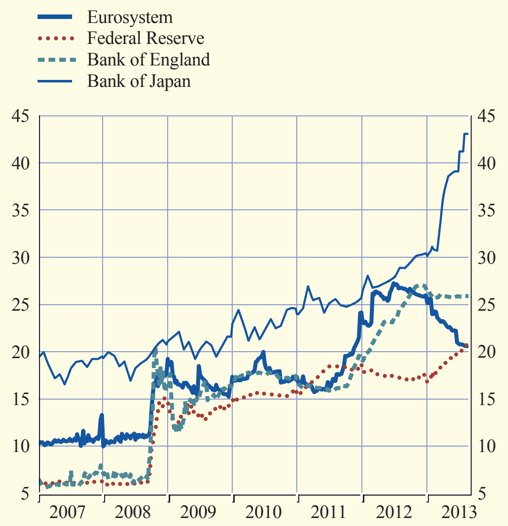
All major central banks have seen their balance sheet expand overall during the recent crisis (see Chart A). While the Eurosystem had increased its intermediation in bank funding markets after tensions in the money market emerged in August 2007, it initially did so only on a short-term basis through reverse repo transactions, while avoiding the emergence of excess liquidity by conducting frequent liquidity-absorbing fine-tuning operations. The increase in the size of the Eurosystem balance sheet was relatively limited until September 2008 but became significant after the fall of Lehman Brothers. Indeed the Governing Council decided, as of October 2008, to fully accommodate the liquidity demand of solvent banks that are counterparties in its refinancing operations (under a fixed rate full-allotment tender procedure), while ceasing to absorb excess liquidity. A limited covered bond purchase programme supporting a key bank funding channel in the euro area added to the excess liquidity conditions generated by the new allotment procedures in the refinancing operations.

The sovereign debt crisis later resulted in increased fragmentation in the bank funding markets and significant further problems for the transmission of monetary policy to the real economy. The Eurosystem further expanded its intermediation role – through purchases under the Securities

2 According to this report, such arrangements may, among other things, take the form of fiscal backing or stand-alone financial strength. See Archer, D. and Moser-Boehm, P., "Central bank finances", *BIS Papers,* No 71, April 2013.

Chart A Size of simplified balance sheet

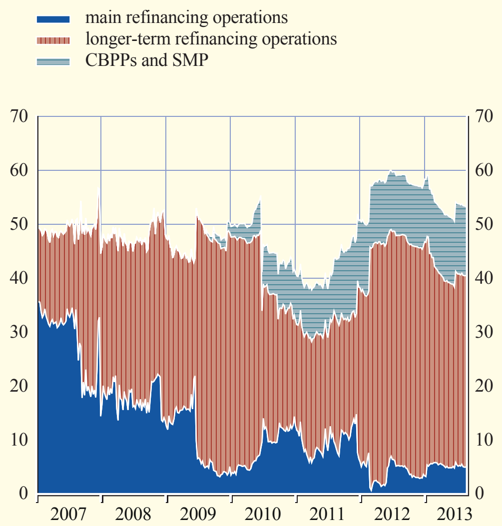
(as a percentage of GDP)



Source: Respective central banks.
Notes: ECB calculations. For the simplified balance sheet definition, see the box entitled "Simplified balance sheets: methodology", *Monthly Bulletin*, ECB, October 2009.

Chart B Eurosystem main liquidity-providing measures

(as a percentage of the simplified balance sheet size)



Source: ECB.
Note: CBPPs refers to the covered bond purchase programmes and SMP to the Securities Markets Programme.

Markets Programme, a second edition of its covered bond purchase programme, and, notably, through two three-year longer-term refinancing operations (LTROs) conducted under a fixed rate full-allotment tender procedure.[3]

While the balance sheet expansion of other major central banks has mainly resulted from large-scale outright asset purchases, the expansion of the Eurosystem balance sheet largely reflects the increase in the size and maturity of temporary lending operations under the fixed rate full-allotment tender procedure (Chart B).[4] Given that there was on aggregate no shortage of eligible collateral, this procedure has made Eurosystem liquidity provision endogenous to banks' aggregate demand for central bank liquidity. De facto, the fixed rate full-allotment tender procedure has allowed the accumulation of liquidity in excess of banks' aggregate liquidity needs.

As of mid-2012, excess liquidity and concomitantly the size of the Eurosystem balance sheet have started to decline again. This reflects growing confidence among market participants, particularly in view of the Governing Council's announcement on Outright Monetary Transactions (OMTs), but also follows progress on the part of national governments in addressing domestic imbalances and implementing the necessary structural and fiscal reforms. The activation of an early repayment option for the three-year longer-term refinancing operations as of January 2013 further contributed to the decline in the size of the Eurosystem's balance sheet.

3 For related analysis, see the boxes entitled "The Eurosystem's balance sheet in times of financial market tension", *Monthly Bulletin*, ECB, September 2011, and "The impact of non-standard measures decided upon on 8 December 2011", *Annual Report*, ECB, 2012.
4 See, for instance, Mercier, P. and Papadia, F., "The Concrete Euro: Implementing Monetary Policy in the Euro Area", Oxford: Oxford University Press, 2011, as well as Eser, F., Carmona Amaro, M., Iacobelli, S. and Rubens, M., "The use of the Eurosystem's monetary policy instruments and operational framework since 2009", *Occasional Paper Series*, No 135, ECB, August 2012.

Beyond the implications of such a repayment option, the initial balance sheet expansion of the Eurosystem is set to unwind naturally. The Eurosystem non-standard measures are temporary in nature and the liquidity provided in refinancing operations is returned to the Eurosystem as the term of those operations expires. Today the size of the consolidated balance sheet of the Eurosystem has declined to a level of around 20% of the euro area GDP.

Managing financial risk exposure: the case of the Eurosystem

The Eurosystem ensures its financial protection by building up financial buffers, implementing prudent risk management and accounting frameworks and cautiously allocating its invested assets.

In practice, looking at one of the key components of Eurosystem risk exposure, all of the Eurosystem's monetary policy credit operations are secured by adequate collateral and can only be accessed by financially sound credit institutions subject to supervision in accordance with harmonised EU requirements. Eligible collateral must meet appropriate credit quality standards and is in turn subject to valuation and haircuts. The haircuts depend on the market, credit and liquidity risk characteristics of the assets. The general aim of their application is to protect the Eurosystem balance sheet, while ensuring that the residual risk after a possible counterparty default is equally spread across the different collateral types from the Eurosystem's perspective.[5] As a result of these risk control measures, the risk profile of the Eurosystem's balance sheet has been kept contained, despite the implementation of the various non-standard measures since August 2007.

Over time, the Eurosystem as a whole has also built up relatively large financial buffers, including from part of the stream of seignorage revenues generated by banknote issuance. Those buffers are mainly in the form of capital and reserves (i.e. paid-up capital, legal reserves and other reserves), revaluation accounts (i.e. unrealised gains on certain assets like gold) and certain provisions. As at end-2012, these items stood at €88 billion, €407 billion and €57 billion respectively.[6]

Notwithstanding the significant increase in its balance sheet during the financial crisis, the financial strength of the Eurosystem has been preserved. This reinforces the financial independence of the Eurosystem as a whole (including that of the ECB). At the same time, the perception of financial strength underpins the public's understanding that monetary policy, including the implementation of non-standard measures, remains firmly focused on price stability.

5 During the crisis, the average haircut on the collateral posted has increased at the same time as the pool of collateral eligible has been enlarged overall. For a related analysis, see, for instance, the article entitled "The Eurosystem collateral framework throughout the crisis", *Monthly Bulletin*, ECB, July 2013. See the ECB press release entitled "ECB further reviews its risk control framework allowing for a new treatment of asset-backed securities", 18 July 2013.

6 In addition to the financial buffers on their balance sheets, some Eurosystem central banks enjoy financial guarantees from their shareholders.

2.4 BOND MARKETS

Between the end of May and 4 September 2013, AAA-rated long-term government bond yields in the euro area increased overall by around 40 basis points to 2.1%. The overall increase reflected a spillover from the United States as well as positive economic data releases for the euro area. In the United States, long-term government bond yields increased by around 80 basis points to *stand at 2.9% on 4 September, amid positive economic data releases and intensified expectations of a forthcoming tapering-off of bond purchases under the Federal Reserve's quantitative easing programme. In the euro area, most differentials vis-à-vis yields on German government bonds declined slightly. Uncertainty about future bond market developments in the euro area, as measured by implied volatility, increased slightly. Market-based indicators of long-term inflation expectations remained fully consistent with price stability.*

Between the end of May and 4 September, AAA-rated long-term government bond yields in the euro area increased by around 40 basis points to around 2.1%. At the same time, long-term government bond yields in the United States increased by almost 80 basis points to around 2.9% (see Chart 21). In Japan, long-term government bond yields declined by around ten basis points to stand at around 0.8% at the end of the review period.

In June the sharp increases in long-term government bond yields in the euro area marked a continuation of the upward trend that had started at the beginning of May, when markets began to contemplate the possibility that the Federal Reserve might taper-off its bond purchase programme in the near future. During most of July long-term euro area government bond yields declined following the Governing Council's decision on forward guidance on key ECB interest rates. Economic data releases continued to be mixed, but some data were better than expected by market participants, including the results of consumer confidence surveys and purchasing managers' indices (PMIs). These surprises led to a rise in yields towards the end of July. Part of the decline in AAA-rated long-term government bond yields in July was technical, and derived from the exclusion of French government bonds from the computation of the yield curve after the rating downgrade by Fitch Ratings (see Section 2.4 in the ECB's Monthly Bulletin of August 2013). In August long-term euro area government bond yields increased sharply once again. In particular, a number of data releases including PMIs and data on industrial production and second quarter euro area GDP, were seen as surprisingly strong, and contributed to the increase in yields.

The increase by almost 80 basis points recorded for yields on US long-term government bonds was consistent with the fact that, on average, economic releases were on the positive side of expectations. Moreover, in June the Federal Reserve revised its projections for unemployment downwards, and announced that it would be appropriate to moderate the pace of its purchases under the quantitative easing programme later this year, if the economy were to progress broadly as forecast. This triggered sharp increases in yields. The upward trend in yields was interrupted only temporarily, after Federal Reserve Chairman Bernanke commented that the Federal Reserve's asset purchases depend on economic and financial

Chart 21 Long-term government bond yields

(percentages per annum; daily data)

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

developments, and are therefore by no means on a pre-set course. However, from late July and throughout August, yields increased again, against the background of broadly positive economic data releases and renewed expectations of an imminent tapering-off of the Federal Reserve's bond purchases.

In Japan, ten-year government bond yields declined by around ten basis points to stand at around 0.8% at the end of the review period. Bond market developments reflected a gradual return to the level of yields and volatility observed before the Bank of Japan introduced substantial changes to its monetary policy framework earlier this year.

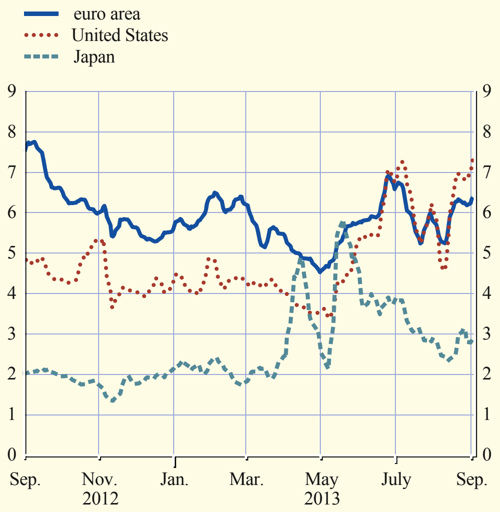
During the period under review, developments for most stressed segments of the euro area government bond market were positive, as spreads vis-à-vis German government bond yields declined. Spreads increased in June amid heightened financial market volatility. During July and the first half of August most spreads narrowed considerably. The developments over this period were supported by some data releases, including PMIs, which suggested a stabilisation in economic activity for some of the countries that have recently experienced the sharpest economic recessions. Importantly, domestic uncertainties in a few euro area countries had limited spillover effects on broader market sentiment. The contraction in yield spreads took place against a background of low market activity and an absence of primary market bond issuance, attributable to the summer period.

In the period under review, investor uncertainty about near-term bond market developments, as measured by option-implied volatility, tended first to increase in both the euro area and the United States until late June, in the wake of the Federal Reserve's statement that it might be appropriate to moderate the pace of its bond purchases later this year (see Chart 22). Afterwards, implied volatility declined in both areas, before increasing again in the second half of August, particularly in the United States, following renewed speculation about an imminent tapering-off of bond purchases by the Federal Reserve. In total, implied volatility increased slightly in the euro area, and more strongly in the United States. By contrast, implied bond market volatility in Japan decreased for most of the period, before increasing towards the end of the period, concurrent with higher volatility in many emerging Asian financial markets related to market participants' worries about cessation of unconventional monetary policies, particularly in the United States.

Nominal yields on some long-term euro area government bonds can be broken down into real yields and inflation expectations. In this regard, the real yields on five-year and ten-year inflation-linked euro area government bonds increased by around 50 and 60 basis points respectively over the review period, against

Chart 22 Implied government bond market volatility

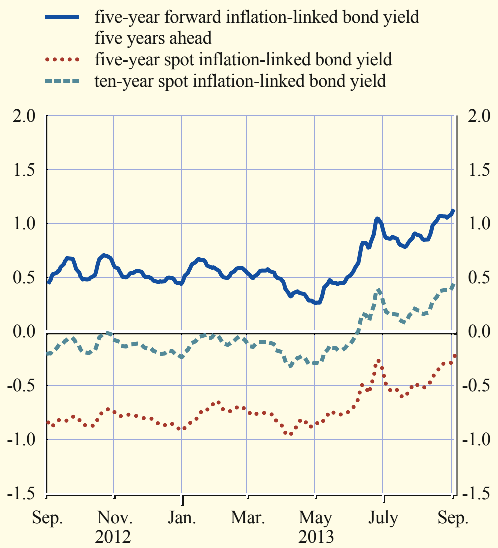
(percentages per annum; five-day moving averages of daily data)



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

Chart 23 Euro area zero coupon inflation-linked bond yields

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



Sources: Thomson Reuters and ECB calculations.
Note: Real rates have been computed as a GDP-weighted average of separate real rates for France and Germany.

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

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

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

the background of broadly positive economic data releases. Accordingly, ten-year real yields turned positive for the first time since summer 2012 and ended the period at around 0.5%, while five-year real yields continued to be negative at around -0.2% (see Chart 23). As a consequence, implied forward real interest rates for longer maturities in the euro area (five-year forward five years ahead) increased by 60 basis points to stand at around 1.2% on 4 September.

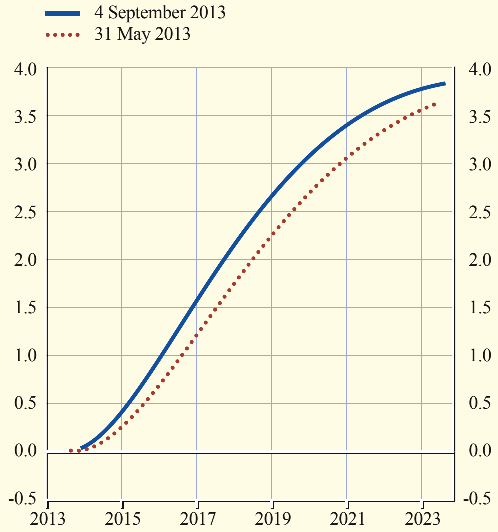
Regarding market indicators of long-term inflation expectations in the euro area, both the five-year and the ten-year break-even inflation rates implied by the difference in yields on nominal and inflation-linked bonds decreased to stand at around 1.3% and 1.9% respectively on 4 September. This was the net result of real yields increasing slightly more than nominal yields. The five-year forward break-even inflation rate five years ahead consequently decreased slightly to stand at around 2.4% at the end of the period under review (see Chart 24). In the first part of the period, it exhibited relatively sharp but short-lived moves owing to technical factors resulting from the elevated bond market volatility. It stabilised thereafter, reflecting a normalisation of market conditions, and ended the period with only minor overall changes. The five-year forward inflation swap rate five years ahead was more stable throughout the period, standing slightly lower at around 2.2% at the end of the period, thus also supporting the view that no significant changes in long-term inflation expectations occurred in the review period. Overall, taking into account not only market volatility but also inflation risk premia, market-based indicators suggest that long-term inflation expectations remain fully consistent with price stability.

Long-term euro area government bond yields can also be broken down into expectations of future short-term interest rates, e.g. overnight interest rates, and risk premia (see Chart 15). In this regard, the term structure of implied forward overnight interest rates in the euro area shifted upwards across all maturities in the period under review, but it was mostly long-term rates that increased, contributing to a steepening of the yield curve. As mentioned earlier, these developments mainly reflected upward adjustments to the outlook for economic activity. The exclusion of French government bonds from the estimation of the yield curve shifted the curve slightly downward.

Between the end of May and 4 September, spreads on investment-grade corporate bonds issued by non-financial corporations in the euro area (relative to the Merrill Lynch EMU AAA-rated government bond index) increased slightly across rating classes. In relative terms, spreads of bonds with BBB-ratings issued by non-financial companies increased most. For financial issuers, spreads increased relatively sharply in the first part of the period in line with a pronounced decline in stock prices of financial companies (see Section 2.5), but following the contraction in spreads taking place in the latter part those spreads finished the period overall unchanged. Box 6 reviews the main challenges faced by the European asset-backed securities market.

Chart 25 Implied forward euro area overnight interest rates

(percentages per annum; daily data)



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

Box 6

REACTIVATING THE EUROPEAN ABS MARKET: CHALLENGES AND POSSIBLE REMEDIES

The European market for asset-backed securities (ABSs) is at an important crossroads. This box addresses the main challenges currently faced by the market and discusses possible remedies and progress to date.

Despite the role of ABSs in the global financial crisis, triggered by the US subprime mortgage market, it is generally recognised that well-regulated, high-quality and transparent securitised products can play an important role in capital markets. These products can satisfy investor demand for secured, highly rated, and liquid debt instruments, and can provide maturity-matched funding for a bank's assets. In addition, the structured nature of ABSs can attract a variety of market participants and help to transfer risks across the financial system, provided these are sufficiently understood, which in turn can help to build resilience against unexpected market shocks. More broadly, ABSs can also stimulate real economy funding, including financing for small and medium-sized enterprises (SMEs).

An efficient and liquid ABS market would also be welcome from a central bank perspective: ABSs' role in "liquefying" difficult-to-sell assets provides an important collateral asset class. This can be crucial in times of crisis for ensuring that sufficient liquidity is provided to counterparties while adequately safeguarding the central bank balance sheet. Chart A below illustrates the sharp increase in the mobilisation of ABSs by Eurosystem counterparties (mainly by the originating banks themselves) during the 2007/08 global financial crisis and the euro area sovereign debt crisis.

Nevertheless, the European ABS market is facing many challenges that could jeopardise its long-term viability, notably its regulatory treatment, a declining investor base, and lastly unfavourable "deal economics" amid a difficult economic environment. These aspects are discussed in turn below.

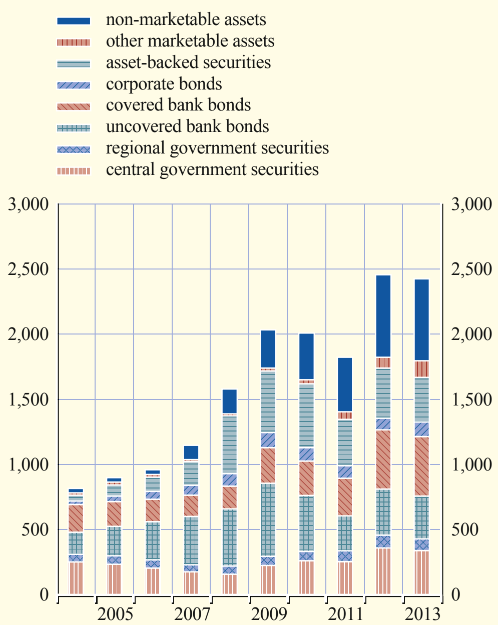
Regulatory measures and central bank actions

There are numerous regulatory and policy initiatives currently affecting ABS markets, including capital requirements, liquidity, governance, due diligence and leverage requirements – these will affect all classes of investors in securitised products (i.e. banks, insurers, pension funds, and asset managers). These regulations aim to correct for deficiencies observed since 2007/08, in particular the lack of due diligence from investors, who often failed to grasp the risks inherent in such products. It must be recognised that designing effective regulations at the global and EU levels that also account for regional differences and variety of ABS products, while at the same time ensuring risk sensitivity and avoiding complexity, is a complicated endeavour.

The current proposals on capital charges for securitisations may have the greatest potential to affect the market. For example, the Basel Committee on Banking Supervision (BCBS) aims to make the banking capital framework more prudent and risk-sensitive, reduce reliance on external credit ratings, and reduce cliff effects.[1] The proposals put forward for consultation in late 2012 would lead to a significant increase in capital requirements, particularly for the most highly rated senior ABS tranches. Elsewhere, the Solvency II Directive establishes a new regulatory capital framework for the European insurance and reinsurance industry, currently expected to be implemented in early 2016. According to this framework, insurer capital requirements for any ABS take into account the credit rating, duration, and a corresponding change

Chart A Collateral pledged with the Eurosystem after valuation and haircuts

(EUR billions)



Source: ECB.
Notes: Non-marketable assets consist of credit claims and fixed-term and cash deposits. Data for 2013 refer to the period January-June 2013.

1 Defined as large jumps in the required capital across small movements along a securitised exposure's tranche structure.

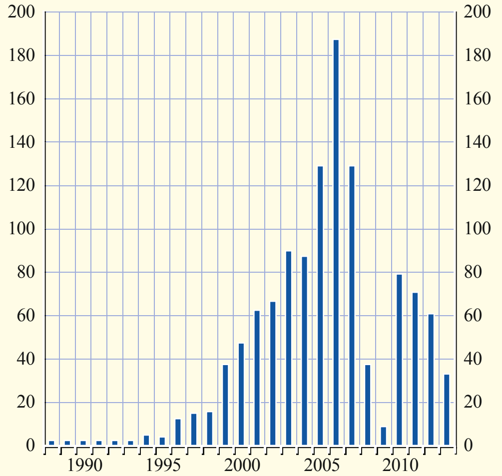
in spreads, calibrated to a once-in-200 years shock. Finally, the European Commission's proposed revisions to the Institutions for Occupational Retirement Provision (IORP) Directive also explore the possibility of introducing similar Solvency II capital requirements for IORPs – though this was put on hold in May 2013 pending further analysis.

There are some concerns that these proposed capital charges may not sufficiently differentiate between high-quality and low-quality products and do not accurately consider ABSs' own historical performance. Indeed, studies of global ABS performance – since both the mid-1990s and also the start of financial tensions in 2007 – suggest that European ABSs have enjoyed far lower default rates (especially at the senior tranche level) and performed far more strongly than similar ABS classes in other jurisdictions.[2] There may also be differences in the legal and institutional treatment of ABSs across jurisdictions that are important to recognise. Furthermore, it is also important to ensure that the proposed capital charges achieve a level playing field compared with alternative asset classes carrying potentially comparable levels of risk (e.g. wholesale loan portfolios, corporate bonds or covered bonds).

Capital charges must of course be set sufficiently high to ensure that banks and other regulated investors set aside sufficient funds to insulate themselves from unforeseen events. However, it is important that the specific performance and features of European ABSs are taken into account. Unless this is done, these capital charges could unfavourably skew risk-adjusted returns on capital. If this occurs, banks, insurers, and pension funds, who have been some of the main investors in European ABSs, may demand higher yields, which may result in the issuance becoming uneconomic from the originator's perspective. Alternatively, these investors may decide to exit the market due to insufficient risk-adjusted returns on capital. If so, there are unlikely to be enough alternative investors to fill the gap.

Chart B European ABS placed issuance since 1988

(EUR billions; up to 23 August 2013)



Sources: DB Research, JPMorgan and ECB calculations.

Other hindrances: investor uncertainty and the challenging economic environment

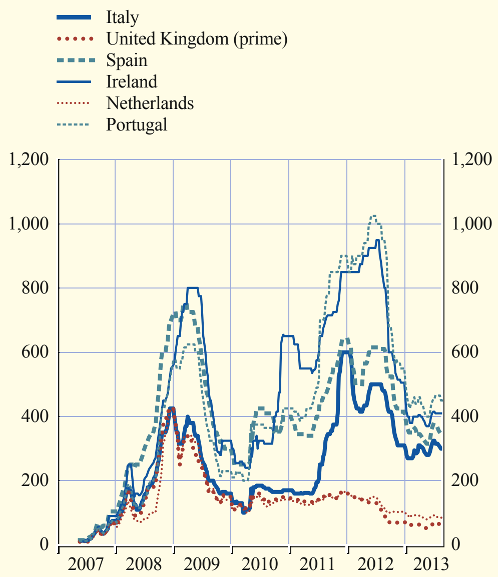
After steady and rapid growth since the late 1990s, ABS issuance placed with market participants fell sharply following the outbreak of financial tensions in 2007, as shown in Chart B. Although issuance recovered somewhat from 2010, declining volumes since then illustrate the weak conditions in this market. Chart C below further illustrates the divergence in spreads for similar products across jurisdictions.

2 For example, Standard & Poor's has analysed cumulative rating transitions and default rates on European structured finance assets from July 2007 to July 2012 and found a cumulative default rate of 1.1% since 2007 on an original outstanding amount of €1,884 billion, in comparison with an overall default rate of 14.8% in the United States. Earlier analysis by Fitch obtained similar results, calculating realised losses of just 1.9% on USD 5.2 trillion of securitised bonds rated by the firm in July 2007. See: Standard & Poor's *"Five Years On – The European Structured Finance Cumulative Default Rate is only 1.1 per cent"*, August 2012; Fitch Ratings *"The Credit Crisis Four Years On…Structured Finance Research Compendium"*, June 2012; and *"EMEA Structured Finance Losses"*, August 2011; as well as reports by Moody's Investor Service covering performance from 1993 to 2011.

Investor uncertainty continues to present a major hurdle in the reactivation of European ABS markets. Such uncertainty exists on a number of fronts, which in turn has suppressed demand for all but the highest quality ABS tranches and has increased secondary market spreads. At the macroeconomic level, a lack of confidence in official data – such as the extent of loans in arrears in certain weak economies – and uncertainty over developments in variables such as property prices and unemployment, have continued to penalise ABSs across the EU, with particular emphasis on economies hard-hit by the sovereign debt crisis.

Chart C Five-year AAA RMBS spreads

(basis points; up to 23 August 2013)



Source: JPMorgan.
Note: Italy RMBS series is 6-7 year maturity; Spain RMBS series is 5-6 year maturity.

There has also been a lack of confidence in the quality of the underlying assets, in turn raising the information cost required of potential investors. This is now beginning to be addressed by the ECB's loan-level data initiative, which has established requirements for transparency and standardisation as necessary preconditions for any ABS to be considered eligible as Eurosystem collateral.[3] It will of course be some time before a sufficient time series of data is built up which can be used for developing credit models for individual loans. Nevertheless, the presence of loan-level requirements has already been recognised by the Eurosystem as reducing some potential risks from accepting ABSs as collateral. This is illustrated by the reduction, announced in July 2013, of both the haircuts (from 16% to 10%) and the minimum rating thresholds (lowered from two triple-A to two single-A) for ABSs subject to these requirements.[4]

The challenging economic environment, as well as low demand for loans and credit supply constraints, also continues to weigh on ABS market activity, and issuance to date in 2013 remains subdued. Spreads have also increased significantly since 2007/08, particularly in weak economies (see Chart C). Although spreads have come down in recent months, many potential ABS transactions remain uneconomic. This is because an originator would have to charge high and unfeasible interest rates to potential loan customers in order to cover the yields paid to investors further along the ABS securitisation chain. Furthermore, many successful issuances appear to have necessitated significant compromise on the part of issuers, for example by providing greater credit enhancement for a comparable securitisation.[5] The difficult issuing environment may have had an impact on new loan origination, particularly among SMEs in

3 The loan-level data initiative is currently being implemented for RMBS, SME ABS, CMBS, Consumer Finance, Leasing, and Auto ABS. The loan-level requirements relate to the assets underlying the ABSs, requiring detailed information on borrower and loan characteristics which can then be used by investors to carry out their own credit analysis.
4 "Triple A" means a long-term rating of "AAA" by Fitch, Standard & Poor's or DBRS, or "Aaa" by Moody's. "Single A" means a minimum long-term rating of "A-" by Fitch or Standard & Poor's, "A3" by Moody's, or "AL" by DBRS.
5 For example, in late July 2013, an Italian SME ABS deal worth €1.6 billion necessitated a 38% credit enhancement (and despite this a senior tranche coupon of three-month EURIBOR plus 240 basis points). Although the size of credit enhancement will be a function of deal characteristics, these high numbers nevertheless indicate a need to provide very large reassurance to investors in order to ensure marketability.

certain weak economies, a challenge recently highlighted in the European Commission's Green Paper on the long-term financing of the European economy.

In this context, several EU institutions have been exploring joint policy initiatives to promote lending to SMEs that would be based on reactivating the ABS market for such loans. The institutions could leverage their respective expertise (for example by providing guarantees to ABS transactions or ring-fencing public funds for specific purposes) to play a catalytic role in this regard. Such initiatives may be helpful for reducing spreads in certain jurisdictions, for facilitating new issuance and the transfer of risks from bank balance sheets, and finally for stimulating lending to firms and households, where this has become severely impaired. In addition, it is important to make further efforts in developing simple and standardised ABS products, which can benefit investors and provide regulators with comfort from a prudential perspective. However, all these initiatives are not a silver bullet for restoring loan growth and reactivating the ABS market, and their success will also depend on wider economic developments and the return to health of the EU banking sector.

Conclusion

The European ABS market has the potential to play a long-lasting and important role in European funding markets and real economy financing. Nevertheless, the turbulence in recent years has led to a number of regulatory initiatives that will play a key role in the viability of the market. These warrant careful consideration in order to ensure that important distinctions across jurisdictions and relative to other assets are sufficiently taken into account. Investor uncertainty and the challenging economic circumstances in many countries continue to present additional challenges. In this context, initiatives to improve transparency and standardisation, with the aim of enabling investors to better assess risk, and to support the real economy are crucial to attract market participants and reactivate the European ABS market.

2.5 EQUITY MARKETS

Between the end of May and 4 September 2013, stock prices rose by around 1% in the euro area and in the United States. On both sides of the Atlantic, positive economic data releases supported stock markets. They were, however, partially countered by expectations of a less accommodative monetary policy stance, notably in the United States. In June equity prices declined in both areas as a result of the financial market uncertainty relating to expectations of an immediate tapering-off of bond purchases by the Federal Reserve. In a context of the Governing Council's communication on forward guidance and some clarification by the Federal Reserve, stock prices increased in both areas in July. They continued to increase in the euro area during most of August amid positive economic data releases. Stock market uncertainty in the euro area, as measured by implied volatility, increased slightly over the review period.

Between the end of May and 4 September, the composite equity price index increased by around 1% in the euro area, while the comparable US index also rose by 1% (see Chart 26). In the euro area, stock prices increased by 1% in both the financial and non-financial sectors. At the same time, in the United States, stock prices in the financial sector (-1%) were outperformed by those of non-financial sector companies (2%). The broad equity index in Japan increased by around 2% in the three months to early September.

Euro area equity prices decreased sharply for most of June. This was mainly a result of the Federal Reserve's announcement of its intention to moderate the pace of its bond purchases under the quantitative easing programme later this year, if the economy were to progress as forecast. However, from late June, euro area equity prices started to increase, in a context of the Governing Council's communication on forward guidance on key ECB interest rates as well as the Federal Reserve's comment that its purchases are by no means on a pre-set course. By mid-August the composite euro area equity index had reached its highest level since 2011, amid positive economic data releases, for example better than expected GDP growth in the second quarter of the year and better than expected PMIs. Towards the end of the period, geopolitical tensions relating to the situation in Syria limited risk appetite, and stock prices declined.

In the United States, equity prices broadly followed the same pattern, but exhibited less pronounced movements. The composite index reached an all-time high in early August. Later in August, however, equity prices in the United States declined slightly against the background of broadly positive economic data releases – which triggered renewed expectations of an imminent tapering-off of bond purchases – and geopolitical tensions. In Japan, stock prices increased by 2% over the period, amid high volatility, thereby adding to its significant outperformance of markets in Europe and the United States this year, with an increase of 35%, reflecting in part the substantial changes to the fiscal policy and Bank of Japan's monetary policy framework. Stock price indices in most emerging markets displayed large declines as a result of market participants' concerns about possible consequences for emerging economies of the cessation of unconventional monetary policies, particularly in the United States.

Stock market uncertainty in the euro area, as measured by implied volatility, increased in the period under review (to 20%, from 18% at the

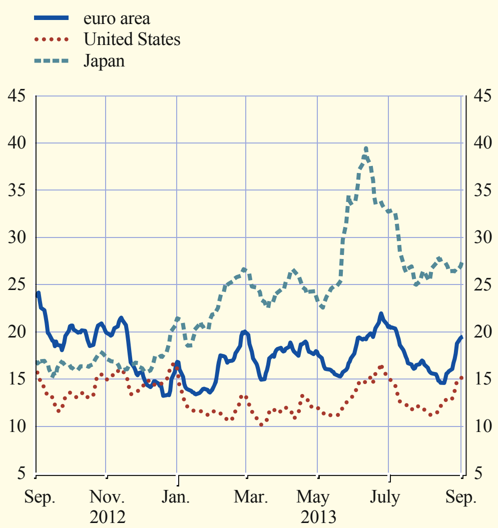
Chart 26 Stock price indices

(index: 1 September 2012 = 100; daily data)

Source: Thomson Reuters.
Notes: 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 27 Implied stock market volatility

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

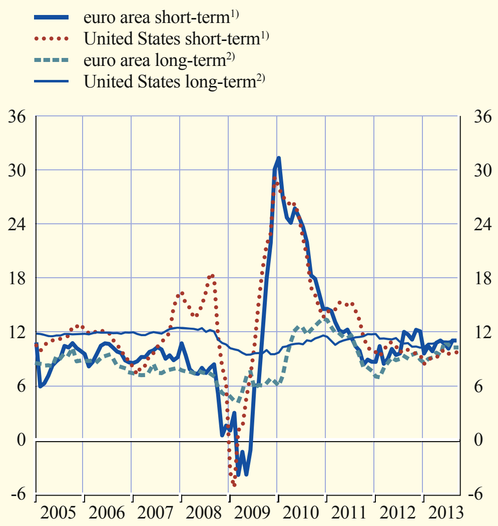


Source: Bloomberg.
Notes: The implied volatility series reflects the expected standard deviation of percentage changes in stock prices over a period of up to three months, as implied in the prices of options on stock price indices. The equity indices to which the implied volatilities refer are the Dow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

end of May). In the United States, it was broadly unchanged at around 14% (see Chart 27). In June, uncertainty increased in both currency areas in response to the speculation about the Federal Reserve tapering off its asset purchases. However, uncertainty declined thereafter, notably in the euro area, following the Governing Council's communication on forward guidance and the comment of the Federal Reserve that its asset purchases are not on a pre-set course. Despite increases in both economic areas towards the end of the period under review, implied stock market volatility is below its 2012 average. It is also significantly below the average over the previous three years. Implied volatility in Japan contracted sharply, but remains elevated by historical standards.

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

(percentages per annum; monthly data)



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

Most sectoral sub-indices of the euro area equity markets rose in the review period, with the notable exception of the healthcare and utility sectors. The increases were most marked in the technology and telecommunication sectors, where stock prices rose by around 6% and 5% respectively. Euro area financial stock prices dropped sharply in June (by -9%) on account of declining financial asset prices, but regained the ground lost and ended the review period slightly higher than at the end of May. In the United States, changes in sectoral sub-indices were led by the healthcare sector which was up by around 4%.

Data on the corporate earnings of the financial and non-financial euro area corporations that are included in the Dow Jones EURO STOXX index show that the decline of actual earnings,

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

(percentages of end-of-period prices)

	EURO STOXX	Basic materials	Consumer services	Consumer goods	Oil and gas	Financial	Health-care	Industrial	Tech-nology	Tele-communi-cations	Utility
Share of sector in market capitalisation											
(end-of-period data)	100.0	10.2	7.2	17.7	6.8	21.8	5.9	15.3	5.3	4.2	5.5
Price changes (end-of-period data)											
Q2 2012	-8.4	-8.3	-5.3	-4.6	-9.3	-13.7	5.0	-8.5	-16.1	-10.6	-8.2
Q3 2012	7.9	13.2	8.3	5.7	7.7	12.0	7.4	6.5	10.8	-1.0	2.1
Q4 2012	6.8	6.0	9.4	8.8	0.8	11.5	4.2	9.7	12.1	-8.1	-4.0
Q1 2013	2.0	1.1	10.1	7.9	-3.7	-5.1	10.9	4.9	3.9	-3.1	-4.4
Q2 2013	-1.1	-2.0	-1.3	-2.2	-4.2	1.9	-0.7	-2.2	1.0	-1.9	-1.4
July 2013	6.2	2.9	5.9	6.6	6.9	9.8	1.0	7.5	4.2	5.2	3.0
Aug. 2013	-1.0	-0.7	-1.8	-2.5	3.8	-0.1	-6.3	-1.1	0.6	1.2	-1.7
31 May 13 – 04 Sep.13	0.7	-1.9	3.2	-0.6	4.0	1.2	-7.3	2.6	5.8	4.8	-3.2

Sources: Thomson Reuters and ECB calculations.

computed over the previous 12 months, moderated slightly over the review period, from around -6% in May to around -3% in August. In the financial sector the earnings growth rate, albeit still negative, improved over the past three months (to -11%, from -21% in May). Despite the negative earnings growth, earnings announcements by financial companies tended to support stock prices, as they were better than expected by the market. For non-financial companies, the earnings growth rate was only slightly negative and generally matched market expectations. For the next 12 months, market participants expect a recovery in companies' earnings per share (growth of 11%), while they forecast long-term (five-year) growth in earnings per share to be around 10% per annum, a slight increase compared with May 2013 (see Chart 28). Box 7 reviews asset price developments in the euro area.

Box 7

ECB MONETARY POLICY DURING THE FINANCIAL CRISIS AND ASSET PRICE DEVELOPMENTS

The ECB has responded swiftly and decisively to the financial crisis and the subsequent deterioration in economic, monetary and financial conditions with the aim of maintaining price stability over the medium term.[1] A range of measures adopted by the ECB made ample liquidity available to the banking system and aimed at safeguarding the transmission of monetary policy at times of impairment and fragmentation in financial markets, thereby helping to sustain financial intermediation and the availability of credit to the real economy. At the same time, the historically low interest rates and the unprecedented scope of liquidity support could give rise to concerns about renewed asset price misalignments and financial imbalances. This box looks at asset price developments in the euro area and concludes that there is currently little evidence of broad-based asset price misalignments in the euro area.

The impact of standard and non-standard monetary policy measures on asset prices

Adjustments in the monetary policy stance of the ECB are normally achieved through changes in the key ECB interest rates. These changes in policy interest rates and the associated adjustments in expectations of future policy interest rates directly affect short-term interbank market rates and the entire spectrum of returns on financial market instruments of different maturities. Aside from the effects on debt instrument prices, the prices of all other asset classes – such as stock market prices, real estate prices and exchange rates – are also affected by changes in policy interest rates, owing to arbitrage. Therefore, asset price variations are a natural channel through which changes in the monetary policy stance affect the wider economy. Money and credit developments are also affected by interest rates – via changes in the opportunity cost of holding money vis-à-vis alternative assets and via asset prices in the context of portfolio reallocations across asset classes as well as through the bank lending channel operating via adjustments in prices and quantities on bank and borrower balance sheets.

Against this background, most non-standard measures implemented by the ECB can also be seen to operate via asset price channels. For example, the fixed rate full allotment procedure in

1 For a comprehensive overview, see the article entitled "The ECB's response to the financial crisis", *Monthly Bulletin*, ECB, October 2010; and the article entitled "The ECB's non-standard measures – impact and phasing out", *Monthly Bulletin*, ECB, July 2011.

refinancing operations attenuated stress on the availability and the cost of financing for banks, while the ECB's covered bond purchase programmes provided support to a specific bank funding channel, which had become impaired following the collapse of Lehman Brothers in the autumn of 2008 and the ensuing breakdown in the smooth functioning of interbank markets. In addition, the Securities Markets Programme and the announcement of Outright Monetary Transactions (OMTs) aimed to restore appropriate functioning of the monetary policy transmission mechanism by focusing on the secondary market for sovereign bonds. By providing support and backstops to specific asset markets, non-standard measures can also contribute to indirectly alleviating borrowing and liquidity constraints and can thereby help to overcome impairments to the monetary transmission mechanism and ensure that the ECB's monetary policy stance is smoothly transmitted to the real economy.

Conditions that could lead to asset price misalignments

Besides affecting asset prices in a normal or "desirable" way, standard and non-standard monetary policy measures can, under certain circumstances, also carry the risk of creating an environment that is conducive to asset price misalignments and the emergence of financial imbalances. For example, interest rates that are low for too long may have the potential to induce excessive risk-taking and an underpricing of risk if investors start buying higher-yielding assets, irrespective of their risk profile, in a search for yield induced by low interest rates on low-risk assets. Concerns about asset price misalignments may also emerge from high amounts of excess liquidity resulting from the ECB's non-standard measures. In such a situation and subject to demand and the capacity to absorb risks, banks may be more inclined to expand lending to households, governments, non-financial corporations or other financial institutions for the purpose of asset purchases or they could purchase assets directly. In this case, demand for these assets would increase and push up their prices. Therefore, concerns about potential asset price misalignments should relate to the strength in money and credit growth and not to the rise in bank reserves per se.

Although asset price misalignments are inherently difficult to detect, it is possible to extract vsignals about the true fundamental value of assets by looking at valuations of stocks and real estate in relation to their potential earning capacity in terms of dividends/earnings and rents, respectively. Once such valuations depart too far and for too long from certain benchmarks, it is usually a sign of future or imminent risk of unsustainable asset price developments. In the same vein, spreads between yields on highly rated corporate bonds and sovereign bonds should reflect the magnitude of uncertainties associated with the economic outlook and the expected default frequency for firms. A sharp compression of corporate bond yield spreads divorced from improvements in the economic outlook could thus provide a signal of misaligned developments in bond prices.

There is evidence that certain indicator variables can provide information regarding boom/bust cycles in specific asset markets. Money and credit developments stand out in this regard as a number of theoretical channels link these variables to asset prices and, ultimately, consumer prices.[2] Indeed, looking at empirical regularities, boom/bust cycles in asset markets seem, historically, to have been closely associated with large fluctuations in money and credit

2 For a detailed discussion of this line of research, see "Asset price bubbles and monetary policy", *Monthly Bulletin*, ECB, April 2005 and "Asset price bubbles and monetary policy revisited", *Monthly Bulletin*, ECB, November 2010.

aggregates, particularly in periods of either: (i) asset price busts; or (ii) asset price booms that end in financial distress. One robust finding across a number of recent studies is that various measures of excessive credit creation are good leading indicators of a build-up of financial imbalances in the economy. The ECB's monetary analysis therefore considers, among others, money and credit developments to assess whether asset price misalignments appear to be present in the euro area.

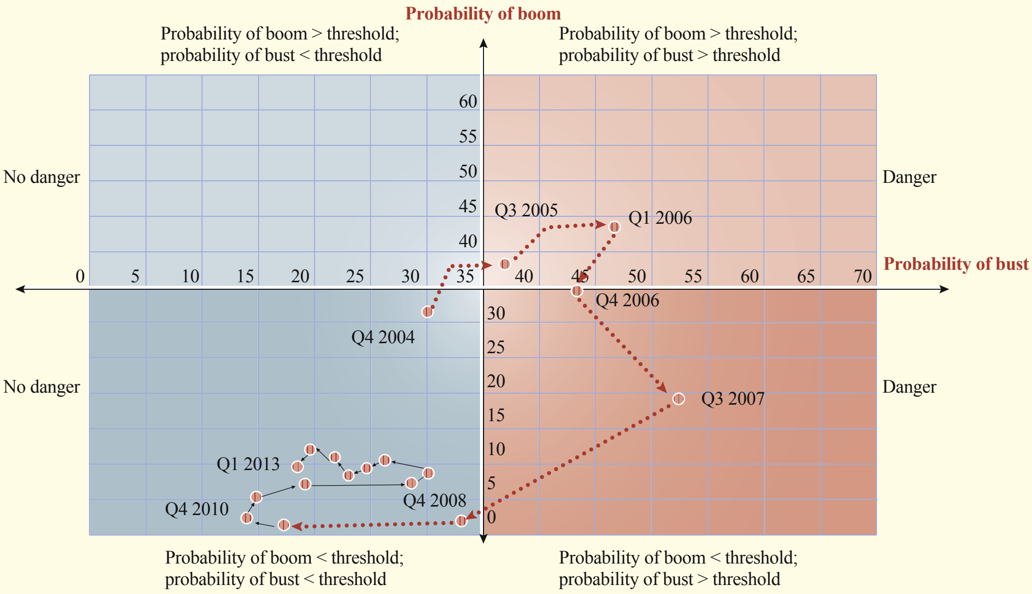
Little evidence of broad-based asset price misalignments in the euro area

In general, even though aggregate liquidity provision by the ECB has increased substantially in recent years as a result of various non-standard measures, money and in particular credit dynamics have remained subdued.[3] This suggests that, currently, the continued high amounts of excess liquidity in money markets are not fuelling credit-driven asset price misalignments. The amounts of excess liquidity are rather a sign of the continuing fragmentation in euro area financial markets.

Specifically, growth in money and credit has been subdued since mid-2010, with average annual growth in the broad monetary aggregate M3 having fallen from 11.2% in 2007 to 2.3% in the second quarter of 2013, and growth in loans to the private sector having declined from 10.8% to -0.9% over the same period. Early warning models based on money, credit and real developments can provide an assessment of the risk of asset price booms or busts. Chart A shows that in the last four years the probability of a boom or bust in an asset market combining euro area stock and house prices over the next two years has remained below the critical threshold that would signal

Chart A Assessment of the risk of booms and busts in euro area composite asset prices

(percentages)



Sources: ECB staff estimates based on Gerdesmeier, Reimers and Roffia (2010, 2011) (see footnote 3 in this box).

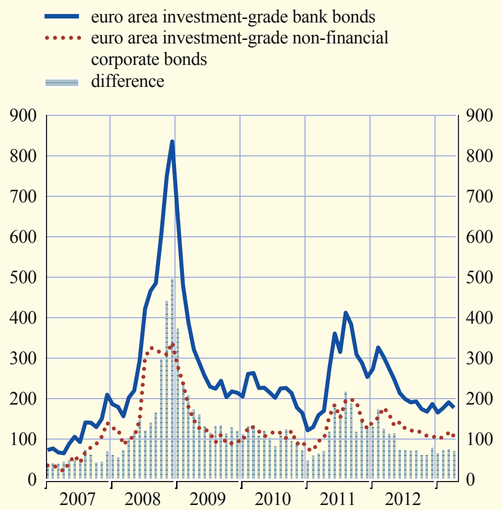
3 On the relationship between excess liquidity and money growth, see the box entitled "The relationship between base money, broad money and risks to price stability", *Monthly Bulletin*, ECB, May 2012.

risk based on historical experience (as indicated by the fact that the latest estimates are situated in the lower left quadrant of Chart A). Yet the subdued signals emerging from this indicator may mask differences in boom and bust risks across euro area countries and asset segments owing to financial fragmentation.

As regards bond markets, spreads of non-financial corporate bonds and bank bonds over the corresponding swap rates increased markedly in autumn 2008 as a result of the severe tensions in financial markets. From mid-2009 and following the unprecedented monetary policy response, they decreased considerably. After surging again in the context of the sovereign debt crisis, these spreads have declined significantly as financial market participants' confidence has improved since the ECB's implementation of the two three-year LTROs in winter 2011/12 and the announcement of OMTs in mid-2012. In addition, significant progress in terms of governance at the national and European level has supported this development. For example, the recapitalisation of banks and the decision to establish a banking union have contributed to the more positive sentiment of investors. As a result, at the end of July 2013 spreads of investment-grade non-financial corporate bonds and bank bonds over the corresponding swap rates stood, on average, at 107 and 177 basis points respectively, close to their lowest levels in two years (see Chart B). In addition, the difference between spreads of bank bonds and non-financial corporate bonds decreased as well. Both groups of spreads remain, however, well above the levels witnessed prior to the financial crisis, in part reflecting higher risk perceptions in a weak economic environment and the continued need to repair corporate balance sheets in the wake of the crisis.[4]

Chart B Spreads on euro area investment-grade non-financial corporate bonds and bank bonds, and the difference between the two

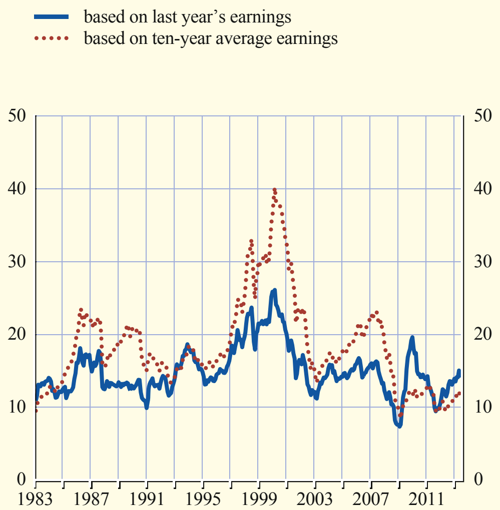
(basis points)



Sources: Merrill Lynch and ECB calculations.
Notes: The latest observation is for July 2013. Spreads are calculated against swap rates taking into account maturity adjustment. Average time to maturity is between three and six years.

Chart C Price-earnings ratios in the euro area based on the previous year's earnings and ten-year average earnings

(ratios)



Sources: DataStream, OECD, Eurostat and ECB calculations.
Notes: The indices used are the DataStream broad indices. Price-earnings ratios based on ten-year average earnings are calculated using the average of the last ten years' earnings measured at the current period's price level.

4 For more details, see the box entitled "Recent developments in spreads on corporate bonds issued by euro area non-financial corporations", *Monthly Bulletin*, ECB, June 2013.

As regards equity markets, euro area stock prices have been on a steady upward trend since July 2012. This upward trend reflects improvements in risk appetite on the part of investors, who have shifted their preferences towards stocks in an attempt to search for yield in the current environment of low real interest rates. However, stock prices are still far from pre-financial crisis levels in most euro area countries. Furthermore, price-earnings ratios for the euro area remain relatively low in a historical context (see Chart C).[5]

Conclusion

Low interest rates and non-standard monetary policy measures have, under certain circumstances, the potential to create an environment that is conducive to asset price misalignments and the emergence of financial imbalances. However, the review of a selected set of asset price indicators has shown that, in the case of the euro area, there is currently little evidence of broad-based asset price misalignments or of a build-up of financial imbalances. Asset prices by and large continue to reflect an elevated perception of risk and continued financial market fragmentation across euro area countries. The medium-term outlook for inflation remains subdued owing to weak aggregate demand and subdued growth in money and credit.

5 For more details, see the box entitled "Stock market developments in the light of the current low yield environment", *Monthly Bulletin*, ECB, August 2013.

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

Between April and July 2013, the real cost of financing for non-financial corporations in the euro area remained stable, reflecting a decline in the cost of equity and long-term bank loans, which was offset by increases in the cost of market debt and short-term bank loans. With regard to financial flows, bank lending to non-financial corporations continued to contract in the second quarter of 2013. The decline in loans primarily reflects weak economic activity in a context of tight bank lending conditions in parts of the euro area. Corporate debt security issuance remained strong, but has significantly decelerated since the beginning of the year.

FINANCING CONDITIONS

The real cost of external financing for non-financial corporations in the euro area – as calculated by weighting the costs of different sources of financing on the basis of their outstanding amounts, corrected for valuation effects – remained stable at 3.2% between April and July 2013 (see Chart 29), as declines in the costs of equity and long-term bank loans were compensated for by increases in the cost of market debt and short-term bank loans. The real cost of both equity and long-term bank loans fell by around 25 basis points over the period, to 6.3% and 1.3% respectively. By contrast, the real cost of market debt and short-term bank loans to non-financial corporations increased by 26 and 18 basis points respectively between April and July 2013, to 0.9% and 1.5%. More recent data indicate that the cost of market financing has stabilised. From a historical perspective, in July 2013 the real overall cost of financing for euro area non-financial corporations stood at the lowest level recorded since 1999. This is also true for the real cost of market debt and the real cost of bank loans.

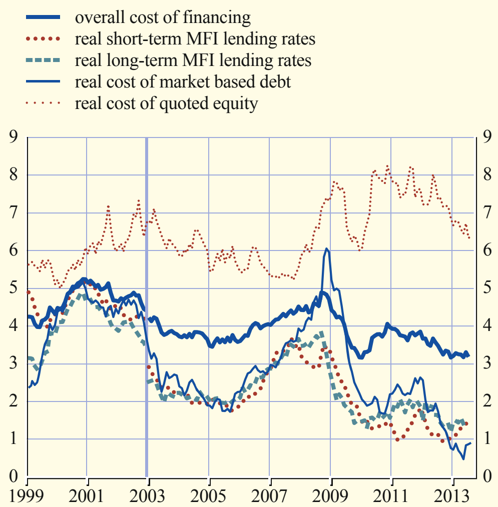
In the period from April to July 2013, MFIs' nominal interest rates on new loans to non-financial corporations decreased slightly for small loans (up to €1 million) and increased slightly for large loans (over €1 million) (see Table 7). During the period under review, developments in lending rates to non-financial corporations in the euro area as a whole suggest that the most recent changes in the monetary policy stance have not yet been fully reflected in the marginal cost of bank lending. Empirical evidence points to significant lags in the transmission of monetary policy actions to lending rates. Moreover, other factors including elevated borrowers' risk and weak economic conditions may explain the resistance of bank lending rates to easing further. At the same time, the evolution of lending rates for the euro area as a whole masks a significant degree of heterogeneity at the country level.

In the period under review, three-month money market rates, two-year government bond yields and seven-year AAA-rated euro area government bond yields increased by 2, 14 and 39 basis points respectively (see the note to Table 7). Moreover, in the period under review, the spread between lending rates on small loans and those on large loans narrowed for both short and long maturities.

Spreads between non-financial corporations' overall cost of market debt and seven-year government bond yields narrowed by 52 basis points between April and July 2013, driven

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

(percentages per annum; monthly data)



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

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

(percentages per annum; basis points)

	Q2 2012	Q3 2012	Q4 2012	Q1 2013	June 2013	July 2013	Change in basis points up to July 2013 [1] Apr. 2012	Apr. 2013	June 2013
MFI interest rates on loans									
Bank overdrafts to non-financial corporations	4.19	3.96	3.94	3.93	3.86	3.81	-44	-10	-5
Loans to non-financial corporations of up to €1 million									
with a floating rate and an initial rate fixation of up to one year	4.08	3.87	3.79	3.75	3.73	3.86	-33	0	13
with an initial rate fixation of over five years	4.00	3.64	3.41	3.49	3.29	3.27	-94	-15	-2
Loans to non-financial corporations of over €1 million									
with a floating rate and an initial rate fixation of up to one year	2.56	2.21	2.28	2.12	2.16	2.23	-31	2	7
with an initial rate fixation of over five years	3.28	3.01	2.90	2.85	2.93	3.06	-48	8	13
Memo items									
Three-month money market interest rate	0.65	0.22	0.19	0.21	0.22	0.23	-48	2	1
Two-year government bond yield	0.27	0.07	-0.01	0.07	0.30	0.18	-14	14	-12
Seven-year government bond yield	1.69	1.26	1.07	1.10	1.51	1.34	-46	-39	-17

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

mostly by an increase in government bond yields. At the same time, risk aversion in the financial markets remained significant, as depicted by the increase in spreads on BBB-rated corporate bonds of 10 basis points (see Chart 30).

FINANCIAL FLOWS

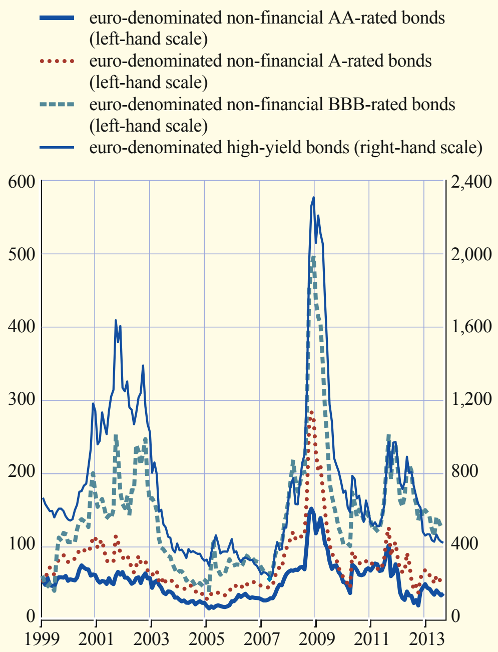
In a context of subdued economic activity in the first quarter of 2013 and despite its rebound in the second quarter of 2013, the profitability – as measured by the growth rate of earnings per share – of euro area non-financial corporations remained in negative territory in the second quarter of 2013 and in both July and August 2013 (see Chart 31). Looking ahead, based on indicators from market providers, market participants expect a gradual improvement, with a move into positive territory at the beginning of next year.

Turning to the external financing of firms, the annual rate of change of MFI loans granted to non-financial corporations continued to contract, to -3.2% in the second quarter of 2013 compared with -2.4% in the first quarter of 2013. On the demand side, this reflected subdued business confidence as well as the availability of alternative sources of internal and external funding (such as debt securities). At the same time, bank-lending conditions in countries under stress remained tight, weighing on the supply of credit to the real economy.

For the euro area as a whole, the relatively high issuance of debt securities compensated for the decline in MFI loans to non-financial corporations, thereby suggesting some substitution of bank funding with market funding (see Chart 32). However, the country and sectoral composition of issuance activity shows that the greater recourse to market financing has not strongly benefited countries under significant financial stress. Moreover, while remaining at an elevated level, notably owing to favourable price conditions, the annual growth of debt securities issuance by non-financial corporations has declined

Chart 30 Corporate bond spreads of non-financial corporations

(basis points; monthly averages)



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

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

(annual percentage changes; monthly data)

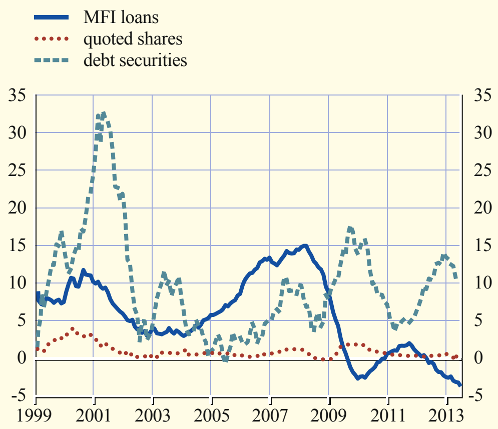
Sources: Thomson Reuters and ECB calculations.

somewhat since the beginning of 2013, falling to 9.8% in June 2013. The slowdown in debt security issuance was mainly due to a slowdown in issuance of long-term fixed rate debt securities by non-financial corporations, which was partly compensated for by some recovery in issuance of short-term debt securities. As previously mentioned, given the high degree of concentration in the European corporate debt market, movements recorded at the aggregate level can indeed reflect the issuance in some countries. Over the same period, the annual growth rate of issuance of quoted shares by non-financial corporations rose to 0.4%.

In the second quarter of 2013, the decline in the annual growth rate of bank lending to non-financial corporations resulted from a decline in the annual growth rate of loans extended with a maturity of less than one year – from 1.7% in the first quarter of 2013 to -2.1% in the second quarter of 2013 – and from a further decline in the annual growth rates of loans with medium and longer-term maturities (see Table 8).

Chart 32 External bank and market-based financing of non-financial corporations

(annual percentage changes)



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

Table 8 Financing of non-financial corporations

(percentage changes; end of quarter)

	Annual growth rates				
	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2
MFI loans	-0.6	-1.5	-2.3	-2.4	-3.2
Up to one year	-1.3	-1.7	0.6	1.7	-1.8
Over one and up to five years	-3.2	-4.7	-6.0	-6.3	-6.2
Over five years	0.5	-0.4	-2.3	-2.9	-2.9
Debt securities issued	10.6	12.6	14.1	12.5	9.8
Short-term	28.8	3.3	2.8	8.6	-8.6
Long-term, *of which:* 1)	8.8	13.6	15.2	12.8	11.9
Fixed rate	9.7	14.5	16.6	14.4	13.0
Variable rate	-2.1	0.7	-2.1	-1.0	4.6
Quoted shares issued	0.3	0.4	0.5	0.1	0.4
Memo items 2)					
Total financing	1.4	1.1	1.0	1.0	-
Loans to non-financial corporations	0.8	0.9	0.2	-0.1	-
Insurance technical reserves 3)	1.4	1.4	1.1	1.1	-

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

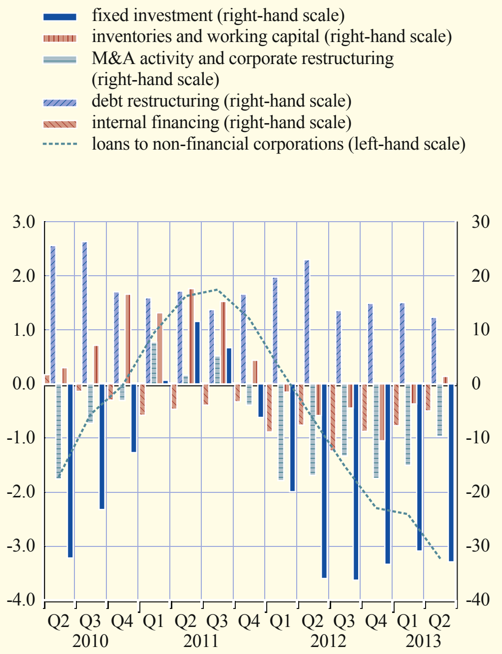
The results of the bank lending survey for the euro area for the second quarter of 2013 display a broadly unchanged decline in net demand for loans to non-financial corporations in comparison with the first quarter of 2013 (see Chart 33). However, the factor contribution analysis suggests that the need to finance fixed investment and the financing needs for mergers and acquisitions and internal financing continued to weigh on loan demand, while the need to fund debt restructuring, inventories and working capital contributed positively to loan demand.

At the same time, the net tightening of credit standards for loans to non-financial corporations remained broadly stable in the second quarter of 2013. The developments in credit standards reflected a somewhat reduced contribution from banks' risk perceptions as well as from the cost of funds and balance sheet constraints. This notwithstanding, borrowers' risk and macroeconomic uncertainty remained the main factors motivating lending policies. Looking ahead to the third quarter of 2013, banks expect a slight decrease in the net tightening of credit standards for loans to enterprises.

The financing gap of (or net borrowing by) non-financial corporations – i.e. the difference between their internal funds (gross saving) and their gross capital formation, in relation to the gross value added that they generated – remained in positive territory and increased from 0.4% in the fourth quarter of 2012 to 1% in the first quarter of 2013 (see Chart 34). This increase mainly reflected a decline in fixed investment and the increase in savings, which remain elevated.

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

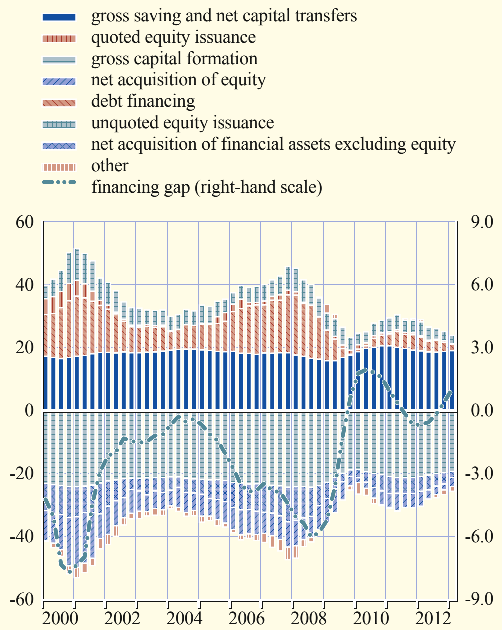
(annual percentage changes; net percentages)



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

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

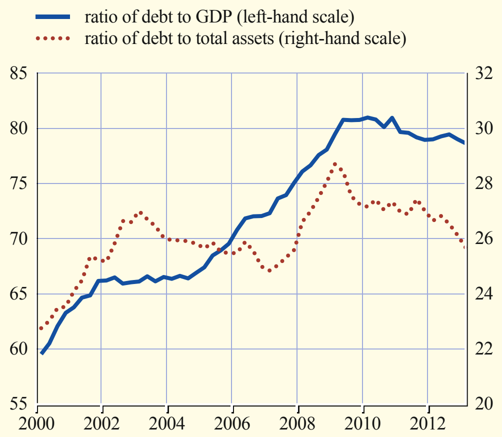
(four-quarter moving sum; percentages of gross value added)



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

Chart 35 Debt ratios of non-financial corporations

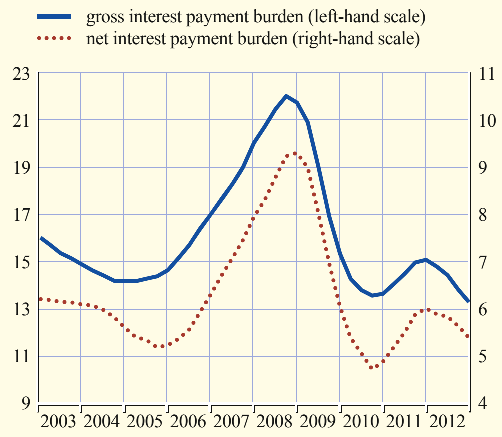
(percentages)



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

Chart 36 Interest payment burden of non-financial corporations

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



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

FINANCIAL POSITION

According to euro area integrated accounts data, the indebtedness of the non-financial corporate sector declined slightly in the fourth quarter of 2012. The ratio of debt to GDP decreased further from 79.0% in the fourth quarter of 2012 to 78.6% in the first quarter of 2013, and the debt-to-total assets ratio declined from 26.1% to 25.7%. Although the declines are relatively limited, when compared with the peaks recorded, they have occurred despite the weakness of economic activity. At the same time, the gross interest burden of non-financial corporations continued to moderate somewhat in the first quarter of 2013, to 13.3% in relation to their gross operating surplus (see Chart 36).

2.7 FINANCIAL FLOWS AND FINANCIAL POSITION OF THE HOUSEHOLD SECTOR

In the second quarter of 2013 euro area households' financing conditions were characterised by a slight decline in bank lending rates, particularly for medium and long-term loans, as well as persistently strong cross-country heterogeneity. The annual growth rate of MFI lending to euro area households (adjusted for loan sales and securitisation) has stabilised at marginally positive levels since the turn of the year and stood at 0.3% in July 2013. Thus, the latest data continue to point to subdued developments in household borrowing, partly reflecting the need for households to reduce their debt levels in a number of countries. However, the ratio of household debt to gross disposable income is estimated to have increased slightly further in the second quarter, with income stalling and debt increasing slightly. At the same time, households' interest payment burden remained broadly unchanged.

FINANCING CONDITIONS

Euro area households' financing costs decreased slightly in the second quarter of 2013, driven by declines in interest rates for medium and long-term loans. By contrast, interest rates on short-term loans remained unchanged or increased slightly, possibly reflecting the typical lagged pass-through of past changes in market rates, as well as the continued impairment of the transmission of key ECB interest rates in parts of the euro area. At the euro area level, developments in the MFI interest rates charged on loans to households continued to vary depending on the type and maturity of the loan, with cross-country heterogeneity also remaining considerable. At the same time, most euro area countries saw declines in households' overall financing costs, leading to a slight further decline in cross-country heterogeneity.

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

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

Source: ECB.

As regards new lending for house purchase, interest rates on short-term loans (i.e. loans with floating rates or an initial rate fixation period of up to one year) were broadly unchanged from the levels observed in the first quarter of 2013 and the fourth quarter of 2012. In contrast, for medium and long-term loans (i.e. loans with an initial rate fixation period of between one and five years and loans with an initial rate fixation period of between five and ten years), interest rates continued to decline and reached historical lows (see Chart 37). In July interest rates for all maturities remained unchanged compared with June.

As regards new consumer loans, the second quarter of 2013 saw slight increases in interest rates for shorter-term loans, while interest rates on longer-term loans decreased slightly and interest rates on medium-term loans remained broadly unchanged. In July interest rates on shorter-term loans decreased slightly compared with June, while rates for other maturities remained broadly unchanged.

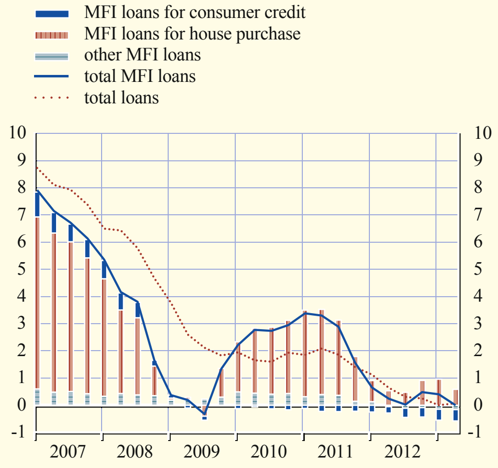
The results of the July 2013 bank lending survey show that the net tightening of credit standards applied by euro area banks to loans to households for house purchase was weaker in the second quarter than it had been in the previous quarter, as well as being weaker than had been expected. Similar developments were recorded for credit standards applied to consumer credit, which were eased slightly on a net basis in the second quarter – the first time this had been observed since the end of 2007. For more details, see the box entitled "The results of the euro area bank lending survey for the second quarter of 2013" in the August 2013 issue of the Monthly Bulletin. According to the bank lending survey, expectations regarding the general economic outlook and housing market prospects were the main factors contributing to these developments in credit standards, for both types of loan. Most price and non-price terms and conditions applied to housing loans tightened in the second quarter, with margins widening for both average and riskier loans, while terms and conditions applied to consumer credit changed less, with a narrowing of margins on average loans and smaller increases for margins on riskier loans.

FINANCIAL FLOWS

Growth in overall lending to households has been subdued since mid-2012. Total lending to the euro area household sector weakened further in the first quarter of 2013 (the most recent quarter for which data from the euro area accounts are available) on account of a moderation in MFI lending. As a result, the annual growth rate of total loans to households declined to 0.0%, down from 0.2% in the previous quarter. Estimates for the second quarter of 2013 point to a marginal increase in the annual growth rate of total loans to households (see Chart 38). The annual growth rate of total MFI loans to households (not adjusted for loan sales or securitisation) decreased to 0.2% in the first quarter, down from 0.5% in the previous quarter. Loan sales and securitisation activity – which frequently result in household loans being shifted between the MFI and OFI sectors – declined further in the first quarter, with the result that the annual growth rate of non-MFI loans to households declined further to stand at -1.9%, down from -1.0% in the previous quarter.

Chart 38 Total loans granted to households

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



Source: ECB.
Notes: Total loans comprise loans to households from all institutional sectors, including the rest of the world. For the second quarter of 2013, total loans to households have been estimated on the basis of transactions reported in money and banking statistics. For information on differences between MFI loans and total loans in terms of the calculation of growth rates, see the relevant technical notes.

Turning to MFI data that are already available for the second quarter and July 2013, growth in loans to euro area households appears to have stabilised at marginally positive levels since the turn of the year. More specifically, the annual growth rate of lending to households (adjusted for loan sales and securitisation) stood at 0.3% in both the second quarter and July, broadly unchanged from the turn of the year, which points to origination activity remaining broadly stable at a subdued level (see Section 2.1 for details).

When loans are broken down by purpose, the annual growth rate of MFI lending for house purchase (adjusted for loan sales and securitisation) declined to 0.7% in July, continuing the gradual moderation observed since January (when it stood at 1.4%), which put an end to the short, mild recovery seen in the fourth quarter of 2012. This moderation reflected the further subdued (adjusted) monthly flows observed for mortgage loans in recent months. Nevertheless, flows of loans for house purchase continued to account for the bulk of MFI lending to households. All other types of loan to households continued to contract. The annual growth rate of consumer credit, despite increasing in July (standing at -2.6%, up from -3.1% in March), remained in negative territory, where it has been since April 2009. Similarly, the annual growth rate of other lending, which includes lending to unincorporated businesses, stood at -0.8% in July, broadly unchanged from March and thus remaining in negative territory (where it has been since June 2012).

As regards the underlying causes of the weak growth seen for MFI lending to households, high levels of indebtedness, weak housing markets and the need, in the medium term, to correct for past excesses (especially in certain euro area countries) continue to weigh on loan demand. At the same time, the July 2013 bank lending survey reveals weaker contractions in net demand for housing loans and consumer credit in the second quarter relative to the previous quarter. According to the bank lending survey, a large number of factors contributed to the smaller contractions in net demand, including a weaker deterioration in housing market prospects, increased consumer confidence and consumer spending on non-housing-related items. Looking ahead, banks expect only a very mild deterioration in net demand for housing loans and consumer credit in the third quarter.

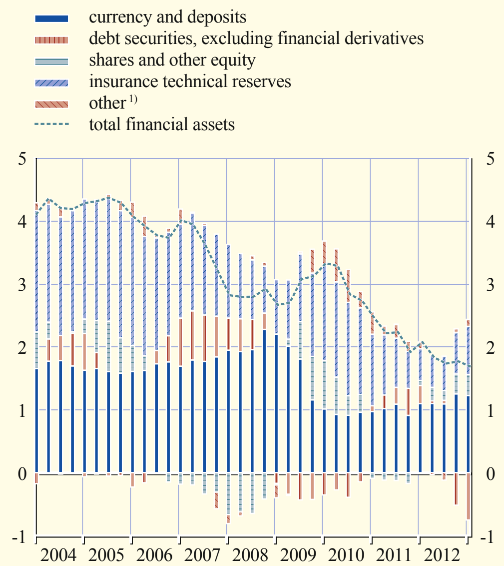
Turning to the asset side of the euro area household sector's balance sheet, the annual growth rate of total financial investment by households stood at 1.7% in the first quarter of 2013 (down slightly from the 1.8% observed in the previous quarter; see Chart 39). As in the previous quarter, the decline in growth in the first quarter was driven by a significant fall in the contribution made by investment in debt securities. By contrast, the contributions made by investment in insurance technical reserves and other assets increased slightly, while those made by shares and other equity and currency and deposits remained unchanged. Overall, the prolonged slowdown observed since mid-2010 for households' accumulation of financial assets mirrors weak income developments and, especially in some countries, deleveraging pressures.

FINANCIAL POSITION

Household indebtedness has stabilised at a high level in the euro area, suggesting that households are experiencing difficulties on the deleveraging front. More specifically, the ratio of household debt to nominal gross disposable income was estimated at 99.6% in the second quarter of 2013 (see Chart 40) – up slightly from the previous quarter, but in line with the levels observed since mid-2010. This increase reflected slight increases in total household debt, combined with stagnating disposable income, reflecting the persistent weakness of economic activity. The household sector's interest payment burden is estimated to have remained broadly unchanged at 2.0% of disposable income in the second quarter of 2013, having gradually decreased between early 2012 and early 2013. Households' debt-to-GDP ratio is estimated at 65.0%, up only marginally from the previous quarter.

Chart 39 Financial investment of households

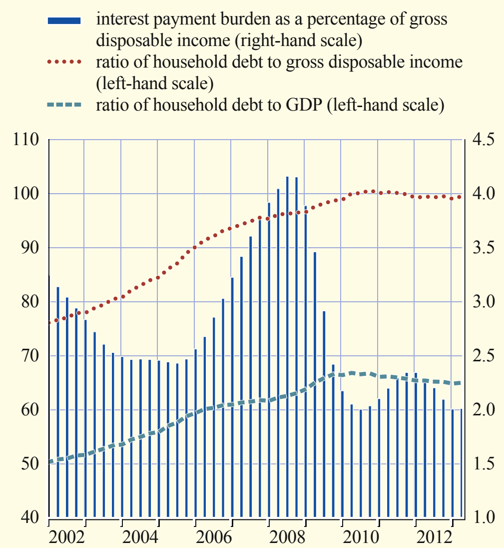
(annual percentage changes; contributions in percentage points)



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

Chart 40 Household debt and interest payments

(percentages)



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

3 PRICES AND COSTS

According to Eurostat's flash estimate, euro area annual HICP inflation was 1.3% in August 2013, down from 1.6% in July. On the basis of current assumptions for energy and exchange rate developments, annual inflation rates are expected to remain low in the coming months, owing particularly to energy price developments. Taking the appropriate medium-term perspective, underlying price pressures are expected to remain subdued, reflecting the broad-based weakness in aggregate demand and the modest pace of recovery. Medium to long-term inflation expectations continue to be firmly anchored in line with price stability.

This assessment is also reflected in the September 2013 ECB staff macroeconomic projections for the euro area, which foresee annual HICP inflation at 1.5% in 2013 and at 1.3% in 2014. By comparison with the June 2013 Eurosystem staff macroeconomic projections, the projection for inflation for 2013 has been revised upwards by 0.1 percentage point, while the projection for 2014 remains unchanged. Risks to the outlook for price developments are expected to be still broadly balanced over the medium term.

3.1 CONSUMER PRICES

Euro area annual HICP inflation decreased markedly in the first half of 2013, owing primarily to a strong decline in energy price inflation from the elevated levels seen in 2012. Underlying inflationary pressures, as measured by various HICP exclusion measures, have also eased in 2013, thus far, reflecting weak developments in economic activity. By contrast, increases in indirect taxes and administered prices have continued to keep inflation rates elevated in some euro area countries. According to Eurostat's flash estimate, headline HICP inflation decreased in August 2013 to 1.3%, reflecting a decline in the annual rates of change of the energy, food and non-energy industrial goods components, which were only partly counterbalanced by an increase in services price inflation (see Table 9).

As regards the main components of the HICP, energy price inflation fell substantially over the first eight months of 2013, exhibiting, however, some volatility relating to oil price developments and positive and negative base effects. This overall path of decline reflected a combination of falling oil prices in US dollars and the appreciation of the euro over the past year, as well as negative

Table 9 Price developments

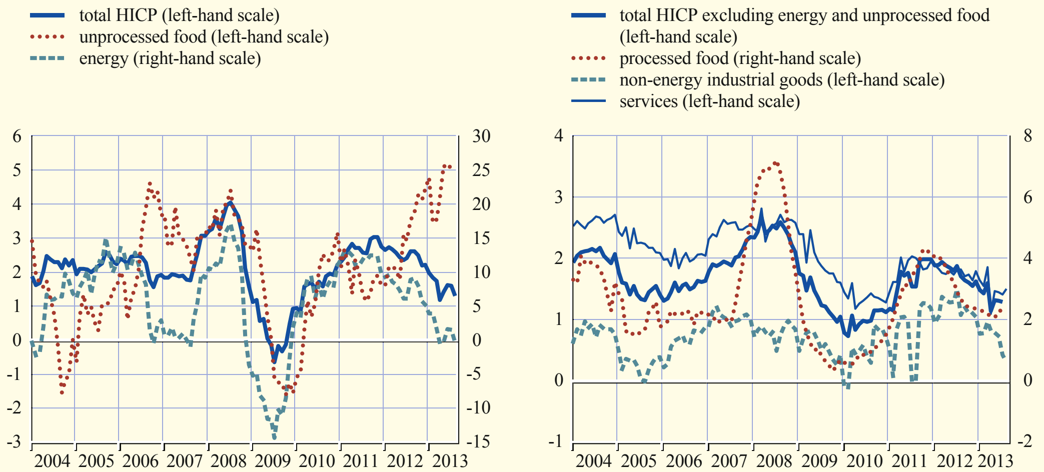
(annual percentage changes, unless otherwise indicated)

	2011	2012	2013 Mar.	2013 Apr.	2013 May	2013 June	2013 July	2013 Aug.
HICP and its components [1]								
Overall index	2.7	2.5	1.7	1.2	1.4	1.6	1.6	*1.3*
Energy	11.9	7.6	1.7	-0.4	-0.2	1.6	1.6	*-0.4*
Food	2.7	3.1	2.7	2.9	3.2	3.2	3.5	*3.3*
Unprocessed food	1.8	3.0	3.5	4.2	5.1	5.0	5.1	.
Processed food	3.3	3.1	2.2	2.1	2.1	2.1	2.5	.
Non-energy industrial goods	0.8	1.2	1.0	0.8	0.8	0.7	0.4	*0.3*
Services	1.8	1.8	1.8	1.1	1.5	1.4	1.4	*1.5*
Other price indicators								
Industrial producer prices	5.8	3.0	0.6	-0.2	-0.2	0.3	0.2	.
Oil prices (EUR per barrel)	79.7	86.6	84.2	79.3	79.2	78.3	81.9	82.6
Non-energy commodity prices	12.2	0.5	-1.6	-3.5	-4.8	-7.3	.	.

Sources: Eurostat, ECB and ECB calculations based on Thomson Reuters data.
1) HICP inflation and its components (excluding unprocessed food and processed food) in August 2013 refer to Eurostat's flash estimates.

Chart 41 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

base effects owing to the fading away of the impact of past increases in oil prices. During the summer months of 2012, the rebound in oil prices and a lower exchange rate of the euro vis-à-vis the US dollar had brought about higher oil prices in euro terms and pushed annual energy price inflation up until September 2012, when it stood at 9.1%. Since October 2012 energy price inflation rates declined gradually, eventually turning negative in April and May 2013, when energy prices fell by 0.4% and 0.2%, year on year. In June 2013, a strong base effect pushed up the annual rate of change of the energy component to 1.6%. In July, the last month for which a detailed breakdown is available, the annual rate of change of the energy component remained unchanged, despite a negative base effect. Looking at the main energy items, the annual rate of change in car fuels prices increased substantially in July, turning positive for the first time since February 2013, whereas electricity and gas prices recorded lower annual rates of increase compared with June. Eurostat's flash estimate points to a drop of 0.4% in energy price inflation in August 2013, down from 1.6% in the previous two months, mainly owing to a negative base effect.

Annual food price inflation continued at a high level of around 3% throughout the first eight months of 2013, reflecting developments in international food commodity prices as well as local supply conditions. On balance, food prices have had relatively little effect on the pattern of HICP inflation in recent quarters, as the impact of the upward movement in unprocessed food price inflation on the headline figure was offset by the effect of the downward movement in processed food price inflation on the aggregate index. Unprocessed food prices have recently been the strongest growing main component of the overall HICP, increasing at an annual rate of around 5%. In July, the last month for which an official breakdown of food price inflation is available, unprocessed food price inflation bounced back to 5.1%, the same rate as that seen in May and the highest level in more than a decade. The slight increase in unprocessed food price inflation in July, from 5.0% in June, was largely determined by an upward base effect. The monthly rate in seasonally adjusted terms was only slightly positive, 0.1%, and was in clear contrast with the high month-on-month rates observed in recent months, which mainly originated from strong increases in fruit and vegetable prices owing to adverse weather conditions. Fruit prices registered a higher annual rate of increase in July 2013 than in June, whereas that of vegetables declined somewhat. Box 8 entitled "Recent developments in unprocessed food prices" examines the nature of the recent upward pressures and assesses its implications for the outlook. Contrary to the unprocessed food subcomponent, processed food price inflation declined gradually, from 2.4% in December 2012 to 2.1% in April 2013. It remained flat at this level in May and June, thus gradually unwinding the effects of the food commodity price shock that had occurred during the summer months of 2012. The increase in processed food price inflation to 2.5% in July mostly mirrored a strong rise in the annual rate of change in tobacco prices of 4.9%, compared with 3.7% observed in June. Eurostat's flash estimate for total food, which refers to inflation of processed and unprocessed food taken together, decreased to 3.3% in August, from 3.5% in July 2013.

Excluding food and energy items, which represent around 30% of the HICP basket, annual HICP inflation was 1.2%, on average, in the first seven months of 2013, and hence slightly lower than the average of 1.5% observed for 2012 as a whole. After increasing temporarily to 1.5% in March 2013, annual HICP inflation excluding food and energy has been hovering around 1.1% since April. The HICP basket excluding these latter items consists of two main components, namely non-energy industrial goods and services, which have developed differently over recent months. Non-energy industrial goods price inflation, which had come down to slightly above 1.0% in the last quarter of 2012, continued to decline as of January 2013. Throughout the first half of 2013, non-energy industrial goods price inflation remained at lower levels than those observed in 2012 and 2011. It decreased further to 0.8% in April and May and further again to 0.7% in June and 0.4% in July. The drop in the annual rate of change in this component by 0.3 percentage point in July was driven by a stronger impact of the summer sales in some countries and is also related to a downward base effect for pharmaceutical products in Spain. In general, the declining trend over the past couple of months has largely reflected that of the annual rates of change in the price of garments and footwear, which is associated with the impact of the sales periods. Non-energy industrial goods inflation in August 2013 decreased further to 0.3%, according to Eurostat's flash estimate.

Services price inflation, the largest HICP component, was relatively flat throughout the latter part of 2011 and 2012, right up until March 2013, despite upward bouts from hikes in indirect taxes in a number of countries, in the context of a general slowdown in both demand and, to a lesser extent, in labour costs. In April 2012, services inflation had declined to 1.7%, its lowest level since March 2011, and it hovered around that level for the remainder of 2012. Some of the volatility in the inflation rates in spring 2013 was related to the impact of the prices of travel-related services. Due to the early timing of the Easter holidays in 2013, the annual rate of change in recreational and personal services (in particular, package holidays) was higher in March, but lower in April. Services price inflation decreased to 1.4% in June and July 2013 and stood at 1.5% in August, according to Eurostat's flash estimate.

Box 8

RECENT DEVELOPMENTS IN UNPROCESSED FOOD PRICES

Of the main components of the HICP, unprocessed food prices have recently recorded the strongest growth rates. However, next to energy prices, unprocessed food prices are the most volatile component of the HICP and upward pressures that have accumulated over a stretch of months often tend to unwind quickly over subsequent months. This box examines the nature of the recent upward pressures and assesses the implications for the inflation outlook.

Putting the recent developments into perspective

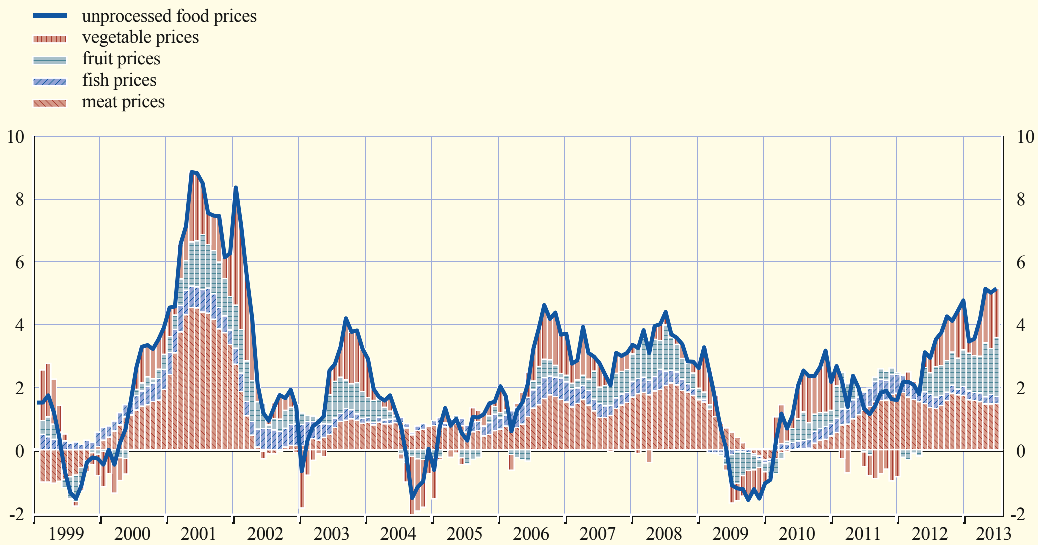
Unprocessed food prices rose at an annual rate of around 5% in the months from May to July 2013 and despite their relatively low weight (7.3%) in the total HICP basket thus made a significant contribution to overall HICP inflation. Looking back over the period since 1999 the annual rate of change of this component has only been higher on one occasion, namely in 2001 and early 2002, when health concerns associated with animal diseases led to upward pressure on beef prices and – via substitution – the prices of other meat items.[1] The recent high rates of unprocessed food price inflation have instead been due mainly to rising contributions from vegetable and fruit prices (see Chart A).

Vegetable and fruit prices account for most of the volatility in unprocessed food price inflation, largely reflecting shifts in the intra-annual pattern of the month-on-month changes. Such shifts are often due to supply disruptions related to the effects of the weather on agricultural production. As a result of changes in the methodology for the treatment of seasonal products in the HICP,[2] the volatility in month-on-month changes has increased at the euro area level and comparisons with historical intra-annual patterns are surrounded by greater uncertainty. Looking beyond this uncertainty, the cumulative change in vegetable and fruit prices since August 2012 has been greater than that observed in earlier corresponding periods. More specifically, it has been greater than the 1999-2012 average of the cumulative change observed from the August of the previous year and has moved above the range of one standard deviation either side of this

1 See the box entitled "Recent unprocessed food price developments: the impact of BSE and foot-and-mouth disease", *Monthly Bulletin*, ECB, May 2001.
2 See the box entitled "Methodological changes in the compilation of the HICP and their impact on recent data", *Monthly Bulletin*, ECB, April 2011.

Chart A Unprocessed food price inflation and contributions from its sub-components

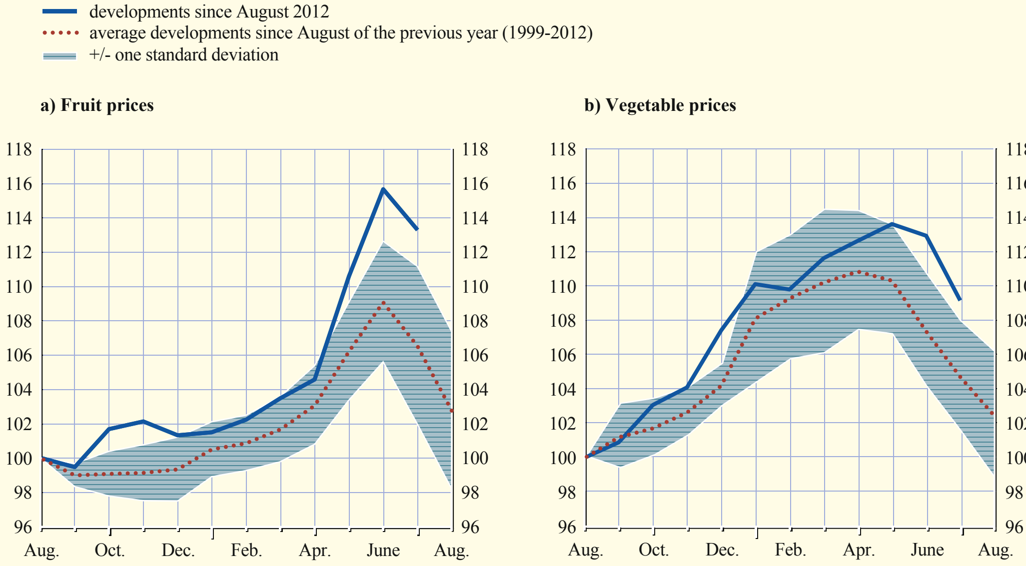
(annual percentage changes; percentage points)



Sources: Eurostat and ECB calculations.

Chart B Intra-annual pattern of euro area fruit and vegetable prices

(index: August of the previous year = 100)



Sources: Eurostat and ECB calculations.
Note: The shaded areas indicate +/- one standard deviation in the index levels for each month relative to their level in the August of the previous year over the period from 1999 to 2012.

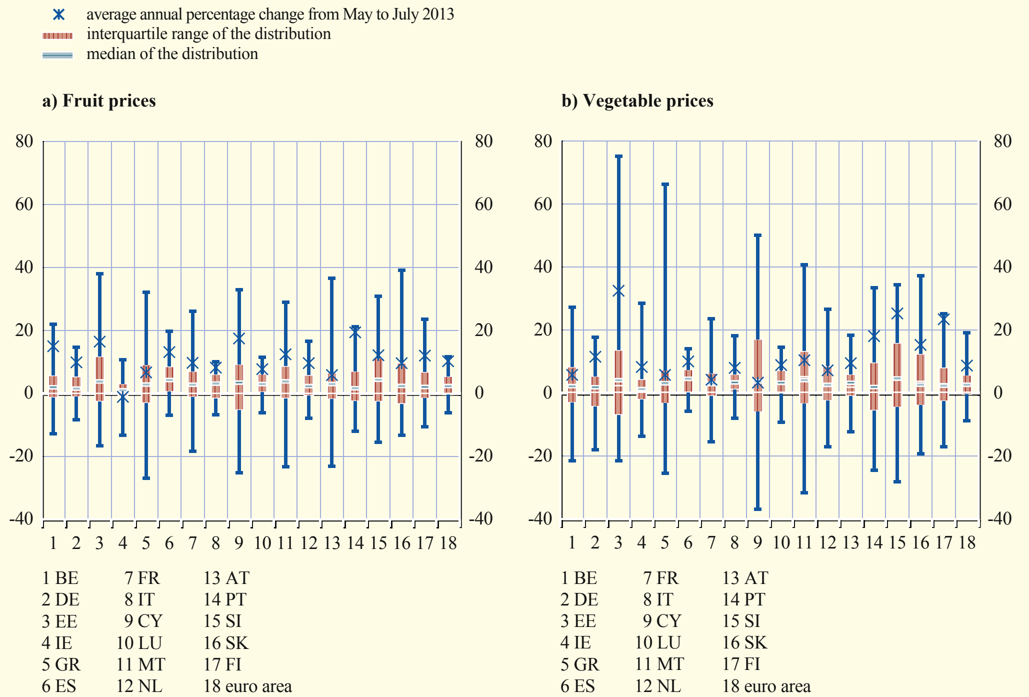
historical average (see Chart B). This greater change has been due mainly to developments in May and June 2013. By contrast, data for July 2013 show some easing in both vegetable and fruit prices, which is broadly in line with their normal seasonal patterns. In the case of vegetable prices, the recent increase in the annual growth rates is also due to base effects, as the seasonal summer decline set in somewhat later than usual in 2013, while in 2012 it had set in somewhat earlier.

Assessing the nature of the recent upward pressures

The strong upward movement in fruit and vegetable prices in spring 2013 is likely to be due to supply shortages as a result of bad weather conditions. Owing to the longer winter and excessive rainfall, countries in both northern and southern Europe experienced poor or delayed harvests for some seasonal fruit and vegetable items. As the production and consumption of vegetables and fruit have a relatively high regional dimension, this is likely to have resulted in higher prices in the countries concerned. Upward pressures from vegetable and fruit prices have been observed in nearly all euro area countries, albeit to different extents. The annual rates of change for these two sub-components over the period from May to July 2013 have been above the third quartile of the historical distribution of annual rates of change since 1999 in 13 out of the 17 euro area countries in the case of fruit prices and 11 countries in the case of vegetable prices (see Chart C). Differences in the size of the increase across countries and between fruit and vegetable prices lends support to the interpretation that regional weather conditions are the main reason for the recent surge in these prices. Other factors such as different shares of imported vegetables and fruits, or differences in the transmission of the weather-related supply shock to final consumer prices may also have played a role.

Chart C Box plots summarising the distribution of the annual rates of change in fruit and vegetable prices since 1999 and the average annual rate of change from May to July 2013 in the euro area and individual euro area countries

(annual percentage changes)



Sources: Eurostat and ECB calculations.
Notes: The vertical lines indicate the minimum and maximum values since 1999. Data are adjusted for distortions in the annual rates of change as a result of the regulation on the treatment of seasonal products in the HICP (see footnote 2).

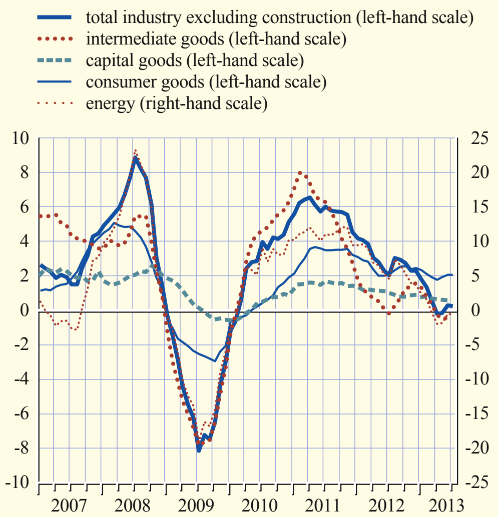
Overall, the recent high rates of unprocessed food inflation are likely to be temporary in nature and to reflect the inherent volatility of developments in fruit and vegetable prices rather than medium-term trends. In the absence of further supply shocks, vegetable and fruit prices should follow their usual seasonal patterns. Indeed, the available preliminary consumer price data for August already indicate a decline in the annual rate of change of unprocessesd food prices. The recent developments, therefore, do not comprise the current outlook for subdued underlying price pressures in the euro area.

3.2 INDUSTRIAL PRODUCER PRICES

In the course of 2012 and the first half of 2013, pipeline pressures in the supply chain further receded (see Table 9 and Chart 42). Industrial producer price inflation came down to 0.6%, on average, in the first half of 2013, from 3.0% on average in 2012. The somewhat volatile pattern from the second half of 2012 was shaped by the energy component, which is closely related to developments in oil prices. PPI (excluding construction) inflation dropped by 0.2%, year on year, in April 2013 and entered negative territory for the first time since February 2010. It remained negative at -0.2% in May, before increasing marginally to 0.3% in June and 0.2% in July. Excluding construction and energy, the annual rate of change in the PPI for industry remained unchanged at 0.6% in July 2013.

Chart 42 Breakdown of industrial producer prices

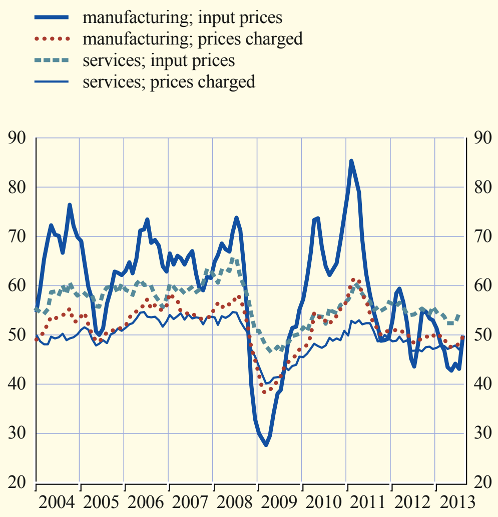
(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

Chart 43 Producer input and output price surveys

(diffusion indices; monthly data)



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

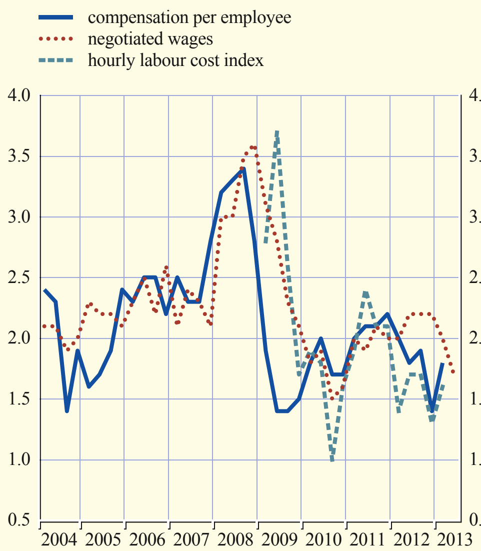
Pipeline pressures for HICP non-energy industrial goods inflation have remained subdued at the later stages of the price chain. The annual PPI non-food consumer goods inflation stood at 0.3% in July – unchanged for the sixth consecutive month – while the PMI retail survey index of input prices for non-food stores increased to 57.5 in August (from 54.1 in July), signalling that input costs increased over the last month at a pace very close to the long-term average. The PMI index for profit margins in non-food stores increased last month to a level slightly above the long-term average. By contrast, at the earlier price stages, pressures are easing, as the annual rates of change of PPI intermediate goods prices, intermediate goods import prices, commodity prices and oil crude prices in euro have remained negative.

Pipeline pressures for HICP food inflation at the later price stages have remained stable and are below the elevated levels seen during the first few months of the year. Pressures have started to diminish at the earlier stages. Annual producer price inflation for food marginally declined to 3.2% in July, from 3.3% in June, while the PMI surveys show input prices for food stores rising at a higher pace in August than in July, but more moderately than in June. Moreover, profit margins continued to diminish in August at a stronger rate than in July. Earlier in the price chain, the annual rate of increase in EU farm gate prices dropped to 4.7% in July, from rates close to 10% in the previous three months; moreover, international food commodity prices in euro terms continued to decline strongly in August, dropping by 27.2%. This strong decline in annual terms partially reflects the dropping-out from the annual comparison of the surge in commodity prices recorded in the summer of 2012.

The latest information derived from both the PMI and the European Commission surveys up to August confirms contained pipeline pressures for HICP non-energy industrial goods prices and moderate pressures for HICP processed food prices. With regard to the headline PMI (see Chart 43), the input price index for the manufacturing sector increased from 43.1 in July to 49.9 in August and the output price index rose from 48.4 to 49.6. Both indices increased to just below the threshold value of 50 and remained below their long-term averages. Forward-looking European Commission survey data on selling price expectations for total industry remained unchanged in August reflecting increases in selling price expectations in the intermediate and consumer goods industries, which were fully offset by a decrease in selling price expectations in the capital goods industries.

Chart 44 Selected labour cost indicators

(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.

3.3 LABOUR COST INDICATORS

As evidenced by the latest releases of labour cost indicators, domestic cost pressures stemming from labour costs remained contained in the first quarter of 2013 (see Table 10 and Chart 44). After wage data showed some signs of moderation throughout 2012, compared with 2011, nominal and real wages picked up moderately in 2013 at the euro area level. The resilience of wage growth in 2013 is mostly related to the reversal of temporary wage-reducing measures in the public sector taken in 2012, which, marginally, more than offset a decline in the private sector. At the same time, labour cost indicators exhibited significant divergences at the country level. While nominal wages and unit labour costs are growing very little, or are even declining in some euro area countries, wage growth remains robust in others.

At the aggregate euro area level, compensation per employee grew at 1.8%, year on year, in the first quarter of 2013, after increasing by 1.4% in the previous quarter. Part of this recent increase reflects wage developments in the public sector. As compensation per employee grew at a faster pace than productivity, unit labour costs rose further, from 1.7% in the fourth quarter of 2012 to 1.9% in the first quarter of 2013.

Table 10 Labour cost indicators

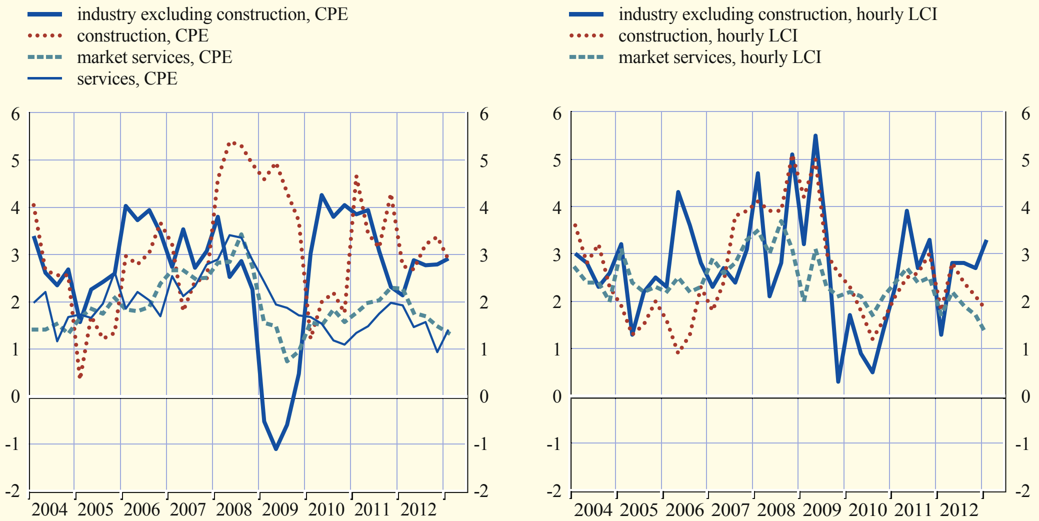
(annual percentage changes, unless otherwise indicated)

	2011	2012	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2
Negotiated wages	2.0	2.1	2.2	2.2	2.2	2.0	1.7
Hourly labour cost index	2.1	1.5	1.7	1.7	1.3	1.6	.
Compensation per employee	2.1	1.7	1.8	1.9	1.4	1.8	.
Memo items:							
Labour productivity	1.2	0.0	0.3	-0.1	-0.2	-0.1	.
Unit labour costs	0.9	1.7	1.5	1.9	1.7	1.9	.

Sources: Eurostat, national data and ECB calculations.

Chart 45 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.

Euro area negotiated wages, the only labour cost indicator that is available for the second quarter of 2013, grew at 1.7%, year on year, in the period under review, down from 2.0% in the previous quarter. This slowdown is, however, expected to be temporary when taking into account negotiated wage developments in the German manufacturing sector, where the relevant 2013 settlements foresee pay increases only from the second half of 2013. The annual rate of change in hourly labour costs increased from 1.3% in the fourth quarter of 2012 to 1.6% in the first quarter of 2013, owing to a decline in hours worked. This acceleration reflected, primarily, developments in the non-business economy, which are dominated by changes in the government sector, whereas wage growth in the business economy sector remained stable.

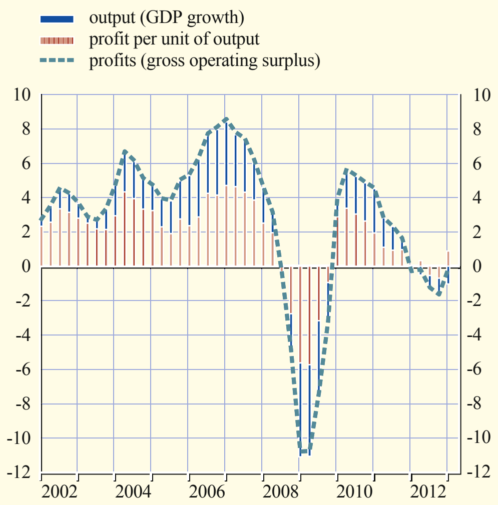
3.4 CORPORATE PROFIT DEVELOPMENTS

Reflecting the increase in unit labour costs and the adverse economic conditions, corporate profits (measured in terms of gross operating surplus) dropped substantially in 2012. In the first quarter of 2013, the indicator remained in negative territory, however, declining only by 0.1% year on year. This contraction was accounted for by the decrease in the annual rate of change of GDP, which was partly offset by an increase in unit profits (margin per unit of output). Overall, following the rebound in mid-2009, the level of profits remained broadly unchanged in 2011 and 2012 (see Chart 46).

With regard to the main economic sectors, year-on-year corporate profit growth in the market services sector increased by 0.5% in the first quarter of 2013, after shrinking by 0.7% in both the third and the fourth quarters of 2012. In the industrial sector (excluding construction), profits dropped again by 1.6% in the first quarter of 2013, hence remaining in negative territory for the fifth quarter in a row (see Chart 47). The quarter-on-quarter rate of change in corporate profits was positive for the second quarter in a row in market services, while it remained negative for the second consecutive quarter in the industrial sector.

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

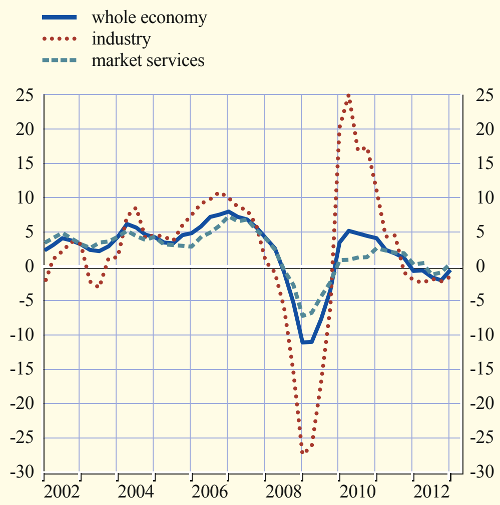
(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.

Chart 47 Euro area profit developments by main branch of activity

(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.

3.5 THE OUTLOOK FOR INFLATION

On the basis of current assumptions for energy and exchange rate developments, annual inflation rates are expected to remain low in the coming months, owing particularly to energy price developments. Taking the appropriate medium-term perspective, underlying price pressures are expected to remain subdued, reflecting the broad-based weakness in aggregate demand and the modest pace of recovery. Medium to long-term inflation expectations continue to be firmly anchored in line with price stability.

In more detail, the short-term inflation outlook continues to depend on the contribution of the energy component. Energy price inflation is assumed to remain subdued in 2013 and 2014, owing to the assumption that oil prices, as currently embedded in futures prices, will weaken further. The profile for the energy component will show some volatility, mainly due to positive and negative base effects. The contribution of the energy component to overall HICP inflation is expected to be significantly below historical averages, leading, if it were to materialise, to a modest profile for headline inflation.

Annual unprocessed food price inflation is expected to gradually normalise downwards in the second half of 2013 and to stabilise at lower levels by mid-2014. The recent upward shocks to unprocessed food prices have mainly been caused by supply disruptions for fruit and vegetables related to poor weather, which are expected to be temporary in nature and to reflect the inherent volatility of fruit and vegetable price developments, rather than a medium-term trend (see also Box 8). Processed food price inflation may increase somewhat in the next few months, before easing later in the year. The initial increase reflects hikes in tobacco prices in several countries, together with some delayed pass-through from the increase in EU farm gate prices observed during the autumn of 2012. The downward trend expected in the latter part of the year is driven by base effects and is related to lower cost pressures and subdued demand conditions in some euro area countries.

Non-energy industrial goods price inflation is expected to remain subdued for the remainder of 2013, on account of downward pressures on imported non-energy industrial goods prices and overall moderate wage developments. In 2014, improved economic activity and VAT increases in some euro area countries may lead to a renewed pick-up in non-energy industrial goods price inflation.

Services price inflation is anticipated to remain broadly stable at its current level over the coming months, before picking up in the course of 2014. In addition to the improved activity prospects and VAT increases, the expected rise in services price inflation in 2014 is also attributed to higher wage increases and rising housing rents in some countries.

The latest data on labour cost indicators suggest that domestic cost pressures may increase only gradually, reflecting the gradual pick-up in activity. The rather smooth pattern of wage growth at the euro area level conceals substantial divergences across countries. In euro area countries with relatively resilient labour markets, wage growth is expected to accelerate, while it should remain subdued in countries facing further fiscal consolidation efforts and persistently high unemployment. Driven by the expected cyclical pick-up in productivity growth, unit labour cost growth will most likely decelerate in 2013 and 2014. Corporate profit growth is expected to stagnate in 2013, reflecting the weakness of economic activity. In the medium term, lower unit labour cost growth and gradually improving economic conditions are expected to support a recovery in profit margins.

The September 2013 ECB staff macroeconomic projections for the euro area foresee annual HICP inflation at 1.5% in 2013 and at 1.3% in 2014, respectively. By comparison with the June 2013 Eurosystem staff macroeconomic projections, the projection for inflation for 2013 has been revised upwards by 0.1 percentage point, while the projection for 2014 remains unchanged.

Risks to the outlook for price developments are expected to be still broadly balanced over the medium term, with upside risks relating to stronger than expected increases in administered prices and indirect taxes, as well as higher commodity prices, and downside risks stemming from weaker economic activity.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

Following six quarters of negative output growth, euro area real GDP rose, quarter on quarter, by 0.3% in the second quarter of 2013. This increase is partly explained by transitory effects related to weather conditions in the first half of this year. Since then, survey-based confidence indicators up to August have improved further from low levels, overall confirming previous expectations of a gradual recovery in economic activity. Looking ahead to the remainder of the year and to 2014, in line with the baseline scenario, output is expected to recover at a slow pace, in particular owing to a gradual improvement in domestic demand supported by the accommodative monetary policy stance. Euro area economic activity should, in addition, benefit from a gradual strengthening of external demand for exports. Furthermore, the overall improvements in financial markets seen since last summer appear to be gradually working their way through to the real economy, as should the progress made in fiscal consolidation. In addition, real incomes have benefited recently from generally lower inflation. This being said, unemployment in the euro area remains high, and the necessary balance sheet adjustments in the public and private sectors will continue to weigh on economic activity.

This assessment is also reflected in the September 2013 ECB staff macroeconomic projections for the euro area, which foresee annual real GDP declining by 0.4% in 2013 and increasing by 1.0% in 2014. Compared with the June 2013 Eurosystem staff macroeconomic projections, the projection for 2013 has been revised upwards by 0.2 percentage point, largely reflecting incoming data. For 2014 there has been a downward revision of 0.1 percentage point. The risks surrounding the economic outlook for the euro area continue to be on the downside.

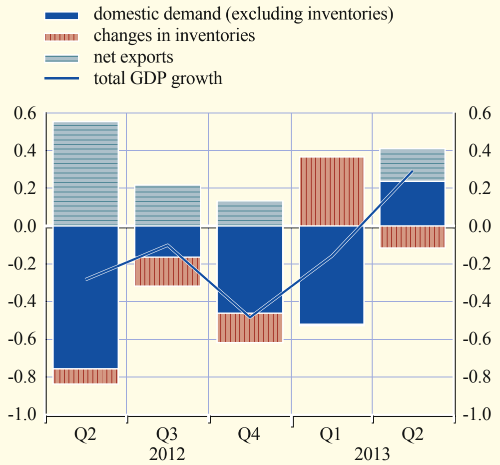
4.1 REAL GDP AND DEMAND COMPONENTS

Real GDP rose by 0.3%, quarter on quarter, in the second quarter of 2013, following six consecutive quarters of declines (see Chart 48). This outcome reflected positive contributions from domestic demand as well as net exports. The increase in GDP in the second quarter is partly attributable to temporary factors affecting output in some countries; notably a rebound of construction activity from its weakness in the first quarter on account of weather conditions, as well as high energy consumption in response to an unusually cold spring.

The latest increase in GDP brings to an end the long period of negative output growth in the euro area, which can be explained mainly by developments in domestic demand. Investment has been heavily affected by fiscal retrenchment, the ongoing deleveraging process in some countries and increased uncertainty. In addition, consumer spending has been affected by the impact of falling employment on aggregate income in the context of weak labour markets, while public consumption has remained weak owing to fiscal consolidation efforts in several euro area countries.

Chart 48 Real GDP growth and contributions

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



Sources: Eurostat and ECB calculations.

The rise in output in the second quarter of 2013 is not only attributable to temporary factors. Recent confidence indicators based on survey data have improved somewhat further, albeit at low levels. Looking ahead, euro area economic activity should continue to slowly recover. In the short term, domestic demand should benefit from the drop in commodity price inflation, which in turn is expected to support real domestic income. Domestic demand is also expected to benefit from less fiscal drag. In addition, export growth should benefit from a gradual strengthening of external demand.

PRIVATE CONSUMPTION

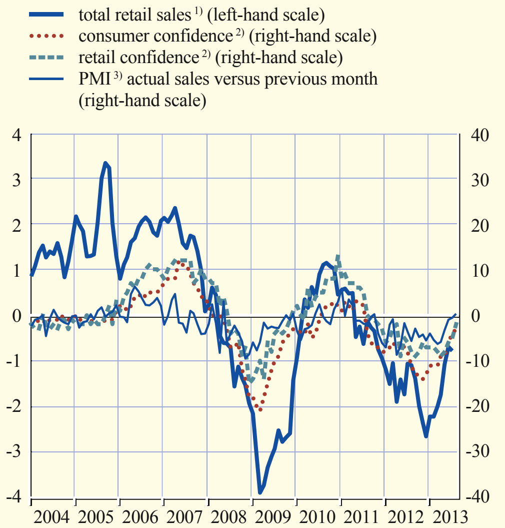
Private consumption increased by 0.2% in the second quarter of 2013, displaying positive growth for the first time since the third quarter of 2011. The outcome for the second quarter reflects a rise in the consumption of retail goods and passenger cars. By contrast, it appears that, quarter on quarter, consumption of services declined. On balance, recent developments in short-term indicators and surveys point towards flat, or possibly muted, growth in household spending in the period ahead.

The prolonged weakness in consumer spending over recent years largely reflects developments in real disposable income, which has been eroded by high inflation as a result of rising commodity and energy prices. Falling employment has exerted additional pressures on aggregate real household income. More recently, however, private consumption has benefited from lower commodity price inflation and some moderation in fiscal drag. As a result, the pace of decline in household real income slowed significantly to -1.0% year on year in the first quarter of 2013, down from -2.5% in the previous quarter. At the same time, the household savings ratio increased between the last quarter of 2012 and the first quarter of 2013. The latest rebound in savings, which reflected rising nominal income coupled with falling nominal consumption, was from record low levels.

Regarding short-term dynamics in the third quarter of 2013, hard and soft data suggest, on balance, continued stable developments in consumer spending. Retail sales rose by 0.1% month on month in July to stand at the same level as the average in the second quarter of 2013. Moreover, the Purchasing Managers' Index (PMI) for retail sales stood at 49.9 on average in July and August, an improvement compared with the second quarter. Over the first two months of the third quarter, the European Commission's indicator on retail sector confidence remained, on average, above the level recorded in the second quarter, albeit slightly below its long-term average (see Chart 49). In addition, new passenger car registrations rose by 1.0% month on month in June, thus providing a positive starting point for the third quarter. However, purchases of cars and other expensive goods are likely to stay weak in

Chart 49 Retail sales, confidence and PMI in the retail trade and household sectors

(monthly data)



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

the period ahead. In July and August, the European Commission's indicator on expected major purchases was slightly below its levels in the first and second quarters of 2013, thus continuing at a depressed level consistent with ongoing sluggishness in the consumption of durable goods. Finally, euro area consumer confidence rose further in August, having therefore improved for nine consecutive months. This period of improvement can mainly be explained by households' assessment of both the future unemployment situation and the general economic situation. Nevertheless, although the latest upturn more than compensates for the decline registered during the latter half of 2012, the index still stands somewhat below its historical average.

INVESTMENT

The decline in gross fixed capital formation observed over the last two years came to an end in the second quarter of 2013. Investment increased by 0.3% quarter on quarter, following a contraction of 2.2% in the first quarter. The full breakdown of capital formation for the second quarter of 2013 was not available by the time the Monthly Bulletin was finalised. However, available data from the largest euro area countries on non-construction investment, which accounts for half of total investment, point to a recovery in the second quarter. Short-term indicators for the euro area as a whole also suggest that the past decline in non-construction investment may have reversed as business sentiment improved over recent months, the production of capital goods increased and the capacity utilisation rate stabilised in the second quarter. Survey data, such as the PMI index for the manufacturing sector and the EC confidence indicators for manufacturing and for the capital goods sectors, improved in the second quarter. Residential and non-residential construction investment is also likely to have stabilised in the second quarter of 2013, given the increases in the construction production index in May and June.

Regarding the third quarter of 2013, the few early indicators available point in general to some continued modest growth in non-construction capital formation in the euro area. Capacity utilisation increased in the third quarter. The July and August values of the manufacturing PMI and its new orders component moved above 50, compatible with expansion in the sector, and the survey data from the European Commission on the assessment of order books and production expectations, available up to August, continued to improve. Regarding construction investment, survey data suggest that it is likely to remain flat or post a slight increase in the third quarter.

Looking further ahead, non-construction investment is expected to recover, albeit at a slow pace. Overall uncertainty and ongoing deleveraging in a number of euro area countries will continue to weigh on non-construction investment. Construction investment is expected to be weak throughout 2013, owing to the continued adjustment in many euro area housing markets and the prevailing low confidence in the sector.

GOVERNMENT CONSUMPTION

Government consumption increased in real terms in the second quarter of 2013, compared with a flat profile in the first quarter. Looking at the underlying trends in the individual components, the increase in government consumption seemed to be driven mainly by strong growth in intermediate consumption expenditure (which comprises slightly less than a quarter of total government consumption expenditure). Moreover, growth in social transfers in kind, which also accounts for almost a quarter of government consumption, was broadly unchanged from the previous quarter, in line with empirical regularities. This is due to items which tend to grow at a relatively stable rate over time, such as healthcare expenditure. By contrast, compensation of government employees, which accounts for almost half of total government consumption, continued to decrease, albeit at a slower pace. The continued decline reflects ongoing public sector wage adjustment and cuts in government employment in a number of euro area countries. Looking ahead, the contribution of government consumption to domestic demand is projected to remain limited in the coming quarters, as significant fiscal consolidation needs persist in a number of countries (see Section 5).

INVENTORIES

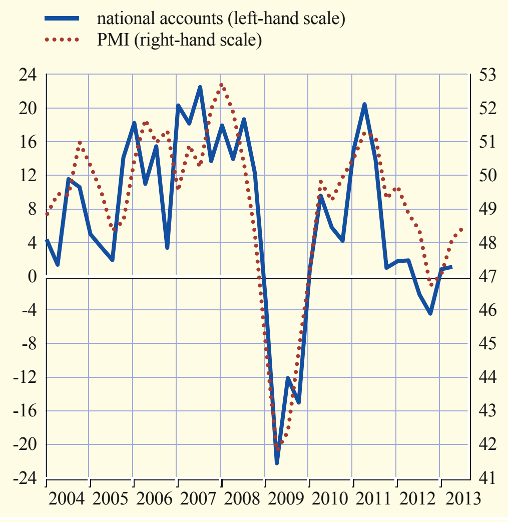
In the second quarter of 2013, as the pace of restocking moderated somewhat in volume terms, changes in inventories made a small negative contribution of 0.1 percentage point to quarterly GDP growth, following a strong (upwardly revised) positive contribution in the first quarter of 0.4 percentage point. Overall, developments in the first half of 2013 bring to an end the sequence of almost uninterrupted negative contributions of inventories to growth observed over six quarters since mid-2011, which amounted to a cumulated -1.0 percentage point (hence accounting for most of the cumulated fall in GDP during that period).

The marked deterioration in the business outlook in the summer of 2011, coupled with a pronounced tightening of financing conditions in a number of euro area countries, led to a rapid moderation of the strong restocking observed during the first semester of 2011, resulting in inventories making a substantial negative contribution to GDP growth of -0.6 percentage point in the second half of 2011. In subsequent quarters, the pace of stocking continued to decelerate, albeit at a more moderate rate, implying further negative contributions to growth amounting to 0.4 percentage point over the four quarters of 2012. These significant negative contributions, cumulated over six quarters, transformed the strong restocking observed in the second quarter of 2011 (0.9% of GDP in value terms) into a mild destocking in the last quarter of 2012 (-0.2% of GDP), which returned to limited stocking in the first semester of 2013 (0.0% of GDP in both the first and second quarters).

Recent survey evidence from the PMI for July and August confirms the significantly slower pace of destocking than at the end of last year and the beginning of this year, as reported in previous surveys, and points to a somewhat slower pace of destocking than in the second quarter of 2013, affecting all sorts of inventories: input and finished goods in manufacturing, as well as stocks held by retailers (see Chart 50). Furthermore, the European Commission survey indicates that inventories in manufacturing (finished goods) and in the retail sector are assessed by firms to be rather lean compared with historical averages. This suggests that inventories may therefore be neutral to mildly positive in supporting growth in the near future.

Chart 50 Changes in euro area inventories

(EUR billions; diffusion indices; end-of-quarter monthly data)



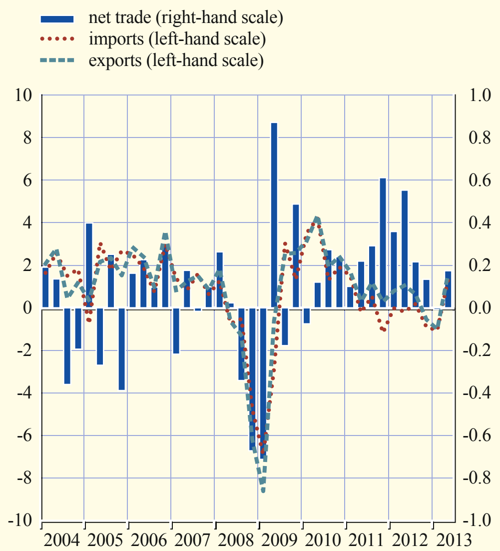
Sources: Markit, Eurostat and ECB calculations.
Notes: National accounts: change in inventories in value terms. PMI: average of input and finished goods inventories in manufacturing and of retail inventories.

EXTERNAL TRADE

Following two consecutive quarters of negative growth, euro area exports increased by 1.6% in the second quarter of 2013 (see Chart 51). This rebound reflects a strengthening of foreign demand, which was only partly offset by the impact of the appreciation of the euro in nominal effective terms since mid-2012. Stronger demand from the advanced economies appears to have stimulated euro area exports, whereas demand from the emerging economies lost momentum. This marks a notable change in the geographical composition of foreign demand compared with the previous two years, which saw relatively robust demand from the emerging economies and weak demand from the most advanced economies. The composition of global demand in the second quarter of 2013 was more favourably aligned with the relative importance of markets for euro area exports, around two-thirds of which are shipped to the advanced economies.

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

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



Sources: Eurostat and ECB.

Euro area imports increased by 1.4% in the second quarter of 2013, broadly in line with the gradual recovery in domestic demand. As imports were outpaced by exports, the contribution of net trade to GDP growth was positive (0.2 percentage point), as was the case throughout the past three years. However, the net trade contribution in the second quarter of 2013 remained below the average for that three-year period. This reflects the narrowing of the demand growth gap between the euro area and its main trading partners and, to a lesser extent, the appreciation of the euro in nominal effective terms since mid-2012.

Available survey indicators suggest that euro area exports will continue to expand in the near term, propelled by a gradual recovery in external demand. Following a temporary slowdown at the beginning of the year, the PMI for new export orders has picked up markedly over recent months. The reading in August, at 53.6, was the highest in more than two years. The European Commission's indicator on export order books has also regained momentum in recent months. Both indicators stand at levels consistent with moderate export growth in the near term. Euro area imports are also likely to increase in the second half of the year, albeit at a subdued pace, broadly in line with a gradual recovery in domestic demand.

In the years leading up to the global financial crisis, current account imbalances had built up inside the euro area. Box 9 takes a closer look at the external adjustment under way in a number of euro area countries, focusing on the role of the income account.

Box 9

RECENT DEVELOPMENTS IN THE INCOME ACCOUNT OF SELECTED EURO AREA COUNTRIES

A number of euro area countries which recorded large current account deficits prior to the financial crisis are currently undergoing a process of external adjustment.[1] However, most of these countries also accumulated large net foreign liabilities, which are typically associated with payments to foreign residents, for instance in the form of interest payments or dividends.[2] These flows are recorded in the (investment) income account, which, in turn, is part of the current account. In other words, the income account represents a feedback loop through which stock imbalances built up in the past lead to income payments which complicate the correction of current account deficits. Against this backdrop, this box sheds some light on the recent developments in the income account of euro area countries undergoing external rebalancing. The box also looks at the implications of these developments for the sustainability of the ongoing external adjustment in the euro area.

The role of the income balance in external adjustment

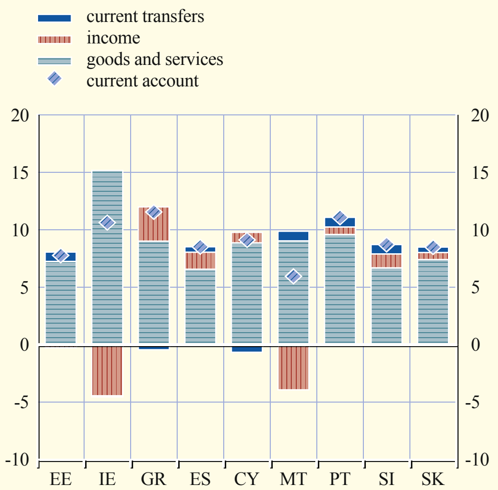
Between 2008 and 2012, all euro area countries with pre-crisis current account deficits in excess of 4% of GDP recorded significant improvements in their current account balance. However, the contribution of the income balance to this external rebalancing was, in most cases, either small or negative (see Chart A). More specifically, among the countries with large pre-crisis current

1 Large current account deficits above 4% of GDP correspond to the threshold used in the scoreboard for the Macroeconomic Imbalance Procedure. In 2008, large current account deficits were recorded in Cyprus, Estonia, Greece, Ireland, Malta, Portugal, Slovakia, Slovenia and Spain.

2 Investment income may also take other forms, such as remittances of branch profits and retained earnings of direct investment enterprises. By contrast, capital gains and losses (e.g. on account of price changes affecting the market value of foreign investments) should be recorded as a valuation effect in the international investment position. While the income balance also includes compensation of employees, this item typically plays a marginal role in the euro area. For an analysis of recent developments in net international investment positions, see the box entitled "Net foreign liabilities in selected euro area countries", *Monthly Bulletin*, ECB, April 2013.

Chart A Contributions to the change in the current account balance between 2008 and 2012

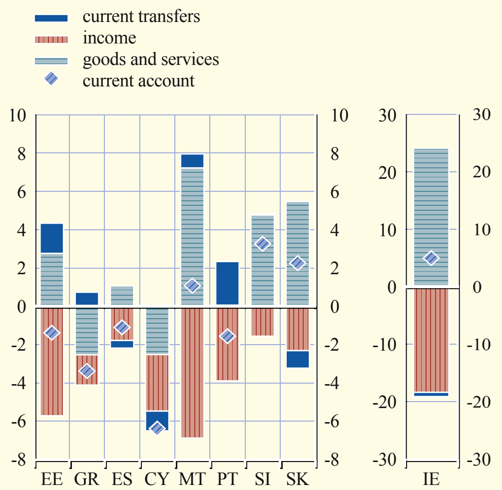
(percentages of GDP)



Sources: Eurostat and national statistical institutes.

Chart B Breakdown of the current account balance in 2012

(percentages of GDP)



Sources: Eurostat and national statistical institutes.

account deficits, Ireland and Malta (and to some extent Estonia) witnessed a deterioration in the income account, whereas Spain, Cyprus, Portugal, Slovenia and Slovakia saw some small improvements. In Greece the improvement was larger, partly as a result of the so-called private sector involvement (PSI). All of these countries continued to record deficits in the income balance in 2012 (see Chart B).

Dissecting the recent developments in the income balance

To shed some light on the factors driving the developments in the income balance, it is useful to break down its change – relative to GDP – between 2008 and 2012 into four main components. First, changes in the income balance may arise from a decline or an increase in the stock of foreign assets and liabilities from which income is derived ("stock effect"). Second, investors may shift their funds between various investment categories (for example equity or debt securities) exhibiting different average yields ("composition effect"). Third, average yields on individual investment categories may vary over time ("yield effect"). For instance, remittances of branch profits may decline on the back of weak economic activity, leading to a lower yield on direct investments. Fourth, changes in nominal GDP mechanically alter the income-to-GDP ratio ("GDP effect"). For some of these effects, it is useful to study the assets and liabilities sides separately.

It turns out that the improvements in the income balance between 2008 and 2012 in Greece, Spain, Portugal and Slovenia predominantly reflected a decline in yields on external liabilities (see Chart C).[3] (Data for Cyprus and Slovakia are not available.) This effect more than offset the negative contributions resulting from the worsening of the net international investment position (i.i.p.), lower yields received on foreign assets and the decline in nominal GDP. As a result, the income account and the net i.i.p. moved in opposite directions in these four countries (see table), which is rather exceptional.

By contrast, in Ireland and Malta the decline in yields on foreign liabilities – particularly in the field of direct investment – was not large enough to compensate for the effects of the worsening net i.i.p. and other adverse effects. As a result, the income account deteriorated significantly in these two countries. At the same time, Estonia witnessed a slight deterioration in its income account, partly owing to adverse composition effects.

Overall, euro area countries with large pre-crisis current account deficits benefited from a decline in yields on their external liabilities. This was generally more pronounced than

Net international investment position and investment income balance

(percentages of GDP)

	Net international investment position		Investment income balance	
	2008	2012	2008	2012
Estonia	-76.7	-55.3	-6.3	-6.9
Ireland	-75.6	-108.2	-13.6	-18.3
Greece	-76.8	-114.5	-4.5	-1.4
Spain	-79.3	-91.4	-3.3	-1.8
Cyprus	-15.1	-87.7	-2.7	-1.7
Malta	2.6	8.5	-3.0	-5.6
Portugal	-96.2	-116.7	-4.5	-3.8
Slovenia	-35.9	-44.7	-2.8	-2.6
Slovakia	-59.5	-63.8	-4.9	-4.2

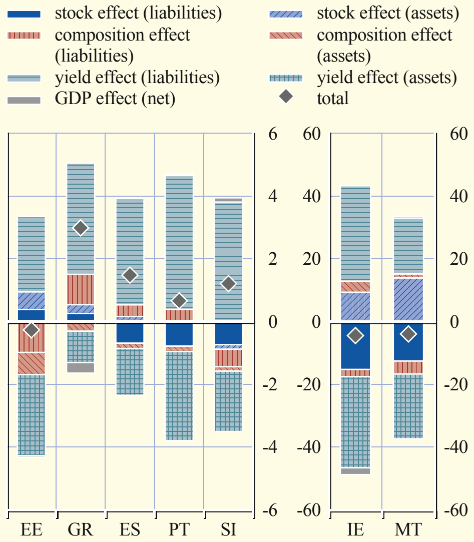
Sources: Eurostat and national statistical institutes.

3 Yields in year t are calculated as the ratio of the income payments in t and the outstanding stock at the end of t-1. In an environment of rapidly declining (increasing) stocks, the implied yield will be underestimated (overestimated).

the decline in yields on the assets side, partly reflecting the weakness of economic activity and strained financial conditions in stressed euro area countries, which put downward pressure on dividends, remittances of branch profits and other liabilities to foreign residents. In addition, the decline in yields on external liabilities was partly driven by idiosyncratic factors, such as the PSI in Greece, which led to a reduction in the interest paid on Greek sovereign bonds held by foreign residents.

Chart C Contributions to the change in the investment income balance between 2008 and 2012

(percentages of GDP)



Sources: Eurostat, national statistical institutes and ECB calculations.
Note: Cyprus and Slovakia are excluded owing to the unavailability of data from these countries.

Implications for the sustainability of external adjustment

This analysis shows that, in most cases, the income account has so far made only a small contribution, if any, to the ongoing rebalancing in those euro area countries with large pre-crisis current account deficits. In countries where the income balance has improved, this contribution largely reflected a decline in yields on external liabilities. To prevent a marked deterioration in the income balance, and therefore in the current account, once yields on foreign liabilities increase again, a reduction in net foreign liabilities through sustained improvements in the trade balance is indispensable in euro area countries undergoing external adjustment.

4.2 SECTORAL OUTPUT

Looking at the production side of national accounts, total value added rebounded, growing by 0.3% quarter on quarter in the second quarter of 2013, following a 0.1% contraction in the first quarter. The latest rebound comes after six consecutive quarter-on-quarter contractions, and is attributable to developments in both the industrial sector (excluding construction) and the services sector.

Taking a longer-term perspective, developments have been markedly different across sectors since the peak levels seen in 2007-08. In the second quarter of 2013, value added in the industrial sector (excluding construction) still stood more than 7% below its end-2007 peak, whereas value added in the construction sector was some 23% below its peak. By contrast, value added in the services sector was slightly above its 2008 pre-crisis peak.

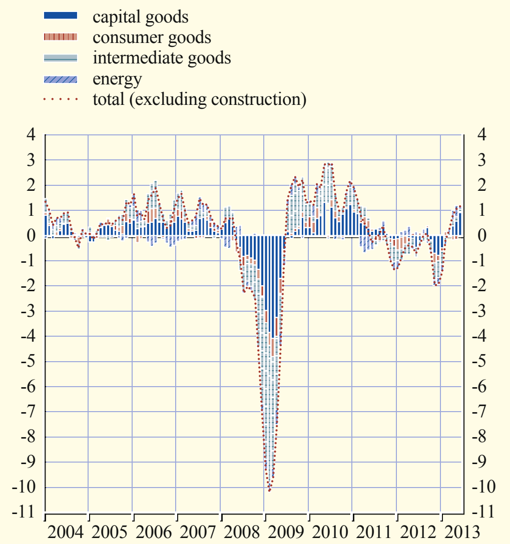
Short-term indicators point to a further broad-based improvement in the third quarter of 2013, approximately in line with, or slightly lower than, the modest growth rates seen in the second quarter of the year.

INDUSTRY EXCLUDING CONSTRUCTION

Value added in the industrial sector excluding construction increased by 0.4%, quarter on quarter, in the second quarter of 2013, following a decline of 0.2% in the previous quarter. Production

Chart 52 Industrial production growth and contributions

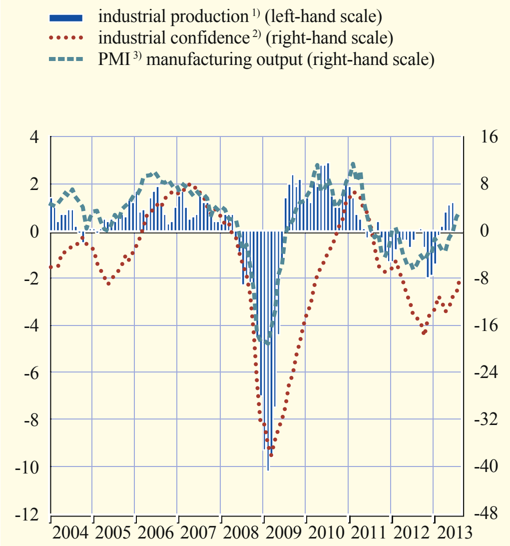
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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

Chart 53 Industrial production, industrial confidence and PMI manufacturing output

(monthly data; seasonally adjusted)



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

increased in the second quarter, after a modest expansion in the previous quarter (see Chart 52). The latest quarterly increase in production was mostly driven by developments in capital goods and, to a lesser extent, contributions of intermediate goods and energy production. The European Commission's survey data indicate that, in the three-month period to July, demand was stronger, albeit from a relatively low base. Temporary factors, such as the catch-up effects resulting from the unusually cold winter, also contributed to the quarter-on-quarter increase in production.

Looking ahead, short-term indicators suggest a modest expansion in activity in the industrial sector during the third quarter of 2013. The ECB indicator on industrial new orders (excluding heavy transport equipment) rose by 0.7%, quarter on quarter, in the second quarter, following a decline of the same magnitude in the previous quarter. The PMI manufacturing output index and firms' assessment of new orders also made substantial gains in July and August, and both now stand somewhat above the theoretical no-growth threshold of 50 (see Chart 53). Moreover, the European Commission's industrial confidence indicator increased in July and August from the relatively low average value recorded in the second quarter.

CONSTRUCTION

Construction activity declined by 0.3%, quarter on quarter, in the second quarter of 2013, marking the ninth consecutive quarter of decline. The latest figures are likely to include a technical improvement in construction activity following the cold weather conditions in parts of the euro area in the first quarter of the year.

Short-term indicators confirm the weak momentum in the construction sector. Although monthly data on construction production registered a 0.7% month-on-month increase in June, forward-looking indicators remain mixed for the third quarter. At the beginning of the quarter, the PMI construction output and housing activity indices improved slightly compared with the second quarter, as did the European Commission's construction survey. However, forward-looking indicators from the European Commission's construction confidence indicator and on new construction orders in the PMI survey have continued to deteriorate, signalling a possible further contraction in activity in the quarters ahead.

SERVICES

Services sector value added grew by 0.3% quarter on quarter in the second quarter of 2013, following a slight contraction in the first quarter. The latest data suggest that the recent improvement in services sector activity was broadly based across both market and non-market services (which include public administration, education, healthcare and social work). Despite ongoing moves towards fiscal consolidation in many euro area economies, euro area value added in non-market services rebounded, to grow at 0.4% quarter on quarter in the second quarter, following a contraction in the first quarter. Meanwhile, market services' value added grew by 0.3% quarter on quarter in the second quarter, after having stabilised in the first three months of the year. This improvement is mainly due to further robust growth in the professional and business services sub-sector, as well as to a rebound in growth for real estate activities and the large trade, transport, accommodation and food services sector.

Looking ahead, surveys point to continued positive, albeit modest, growth in services sector activity in the third quarter of 2013. On the basis of the readings available for the first two months of the third quarter, the PMI services activity index rose further above its second quarter average, posting the first reading above the theoretical benchmark of 50 for zero growth since the third quarter of 2011. Similarly, the European Commission's services confidence indicator also improved modestly between July and August, with the latest reading showing a marked improvement compared with the second quarter of 2013.

4.3 LABOUR MARKET

Most of the euro area labour market data suggest that employment conditions have deteriorated steadily in recent quarters, on the back of the weakness in economic activity and ongoing labour market adjustments in several euro area countries. Employment developments typically lag behind economic activity, and forward-looking indicators, such as those based on surveys, foresee a further decline in euro area employment in the second half of 2013, despite the improving economic conditions. However, recent monthly data on unemployment suggest a slightly more favourable outlook, as the euro area unemployment rate has been stable since March.

Headcount employment fell by 0.5% quarter on quarter in the first quarter of 2013, following a somewhat smaller decline of 0.3% in the previous quarter (see Table 11). Employment losses in the services sector (in particular real estate services) contributed the most to the decline in employment. Since the beginning of the crisis in 2008, more than four million jobs have been lost in the euro area.

At the same time, total hours worked fell by 0.9% the first quarter of 2013 after a decline of 0.7% in the fourth quarter of 2012. This is partly due to the stronger decline in employment but also to a stronger decrease in hours worked per employee.

Table 11 Employment growth

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

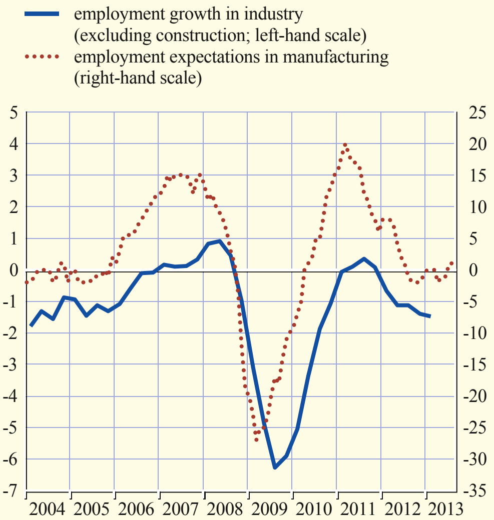
	Persons					Hours				
	Annual rates		Quarterly rates			Annual rates		Quarterly rates		
	2011	2012	2012 Q3	2012 Q4	2013 Q1	2011	2012	2012 Q3	2012 Q4	2013 Q1
Whole economy	0.3	-0.7	-0.1	-0.3	-0.5	0.3	-1.3	0.1	-0.7	-0.9
of which:										
Agriculture and fishing	-2.1	-1.6	-0.6	-0.7	-1.5	-2.8	-2.2	-0.7	-0.5	-0.7
Industry	-1.1	-2.2	-0.5	-0.9	-0.8	-0.7	-3.3	-0.5	-1.1	-1.5
Excluding construction	0.1	-1.1	0.0	-0.6	-0.5	0.9	-2.0	0.0	-0.7	-1.2
Construction	-3.8	-4.8	-1.7	-1.6	-1.6	-3.9	-6.1	-1.6	-2.0	-2.2
Services	0.8	-0.1	0.1	-0.1	-0.3	0.9	-0.6	0.4	-0.5	-0.7
Trade and transport	0.8	-0.8	-0.1	-0.4	-0.3	0.6	-1.4	0.2	-1.0	-0.6
Information and communication	1.3	1.5	-0.3	1.1	-0.2	1.4	1.4	0.6	0.2	-0.3
Finance and insurance	-0.4	-0.7	-0.8	0.2	0.0	-0.3	-0.8	-0.1	-0.6	-0.6
Real estate activities	3.1	0.4	-1.2	0.6	-1.4	3.8	-0.4	-0.2	-1.8	-1.7
Professional services	2.7	0.7	0.8	-0.2	-0.7	2.8	0.5	0.8	-0.6	-0.9
Public administration	0.3	-0.3	-0.1	-0.1	-0.2	0.4	-0.5	0.1	0.1	-0.9
Other services [1]	0.0	0.6	0.7	-0.1	0.0	0.0	-0.1	1.2	-0.7	-0.7

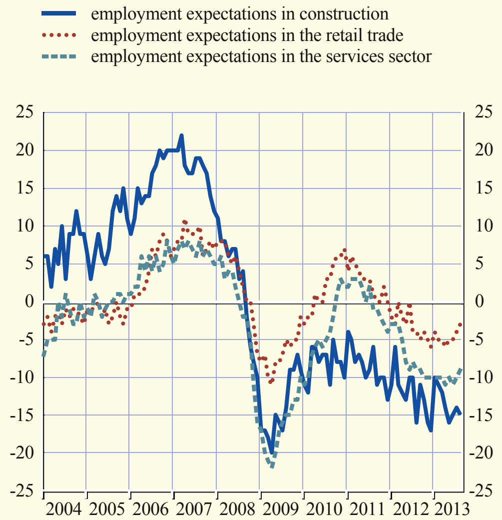
Sources: Eurostat and ECB calculations.
1) Also includes household services, the arts and activities of extraterritorial organisations.

Surveys suggest that employment is likely to have fallen further in the second quarter of 2013 and a decline is also foreseen for the third quarter (see Chart 54). The PMI survey results continue to be recorded at levels below 50 for both industry and services. The European Commission's surveys paint a broadly similar picture.

Chart 54 Employment growth and employment expectations

(annual percentage changes; percentage balances; seasonally adjusted)

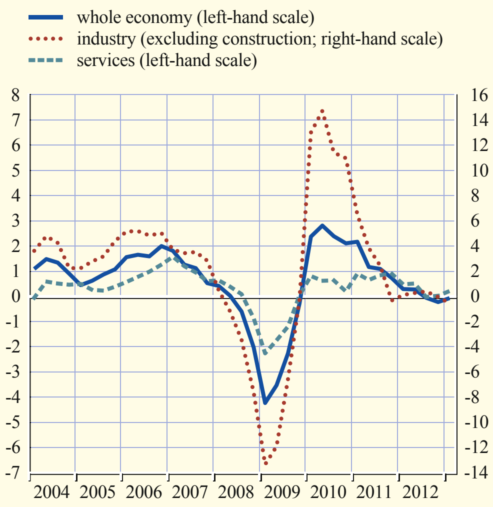




Sources: Eurostat and European Commission Business and Consumer Surveys.
Note: Percentage balances are mean-adjusted.

Chart 55 Labour productivity per person employed

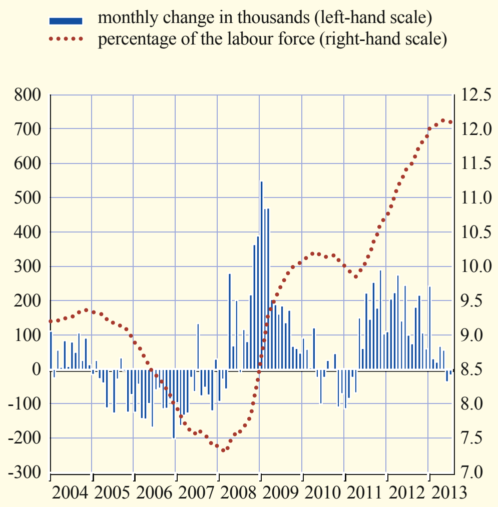
(annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart 56 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

Labour productivity per person declined by 0.1% in annual terms in the first quarter of 2013, after decreasing by similar rates in the two previous quarters (see Chart 55). Growth in productivity per hour worked increased considerably, in line with the sharp fall in total hours worked. Productivity growth is expected to have been low in the second quarter of 2013, on the back of subdued economic activity.

In line with the fall in employment, the unemployment rate rose to 12.0% in the first quarter of the year. However, monthly data on unemployment suggest that the recent rise in the unemployment rate might have come to a halt, with the euro area unemployment rate having remained unchanged at 12.1% since March (see Chart 56).

4.4 THE OUTLOOK FOR ECONOMIC ACTIVITY

Survey-based confidence indicators up to August have improved further from low levels, overall confirming previous expectations of a gradual recovery in economic activity. Looking ahead to the remainder of the year and to 2014, in line with the baseline scenario, output is expected to recover at a slow pace, in particular owing to a gradual improvement in domestic demand supported by the accommodative monetary policy stance. Euro area economic activity should, in addition, benefit from a gradual strengthening of external demand for exports. Furthermore, the overall improvements in financial markets seen since last summer appear to be gradually working their way through to the real economy, as should the progress made in fiscal consolidation. In addition, real incomes have benefited recently from generally lower inflation. This being said, unemployment in the euro area remains high, and the necessary balance sheet adjustments in the public and private sectors will continue to weigh on economic activity.

This assessment is also reflected in the September 2013 ECB staff macroeconomic projections for the euro area, which foresee annual real GDP declining by 0.4% in 2013 and increasing by 1.0% in 2014. Compared with the June 2013 Eurosystem staff macroeconomic projections, the projection for 2013 has been revised upwards by 0.2 percentage point, largely reflecting incoming data. For 2014 there has been a downward revision of 0.1 percentage point (see Box 10).

The risks surrounding the economic outlook for the euro area continue to be on the downside. Recent developments in global money and financial market conditions and related uncertainties may have the potential to negatively affect economic conditions. Other downside risks include higher commodity prices in the context of renewed geopolitical tensions, weaker than expected global demand and slow or insufficient implementation of structural reforms in euro area countries.

Box 10

ECB STAFF MACROECONOMIC PROJECTIONS FOR THE EURO AREA

On the basis of the information available up to 23 August 2013, ECB staff have prepared projections for macroeconomic developments in the euro area.[1] Real GDP is projected to decline by 0.4% in 2013 and to increase by 1.0% in 2014. HICP inflation is projected to average 1.5% in 2013 and 1.3% in 2014.

Technical assumptions about interest rates, exchange rates, commodity prices and fiscal policies

The technical assumptions about interest rates and commodity prices are based on market expectations, with a cut-off date of 15 August 2013.

The assumption about short-term interest rates is of a purely technical nature. Short-term rates are measured by the three-month EURIBOR, with market expectations derived from futures rates. The methodology gives an average level for these short-term interest rates of 0.2% for 2013 and 0.5% for 2014. The market expectations for euro area ten-year nominal government bond yields imply an average level of 3.0% for 2013 and 3.5% for 2014. Reflecting the path of forward market interest rates and the gradual pass-through of changes in market rates to lending rates, composite bank lending rates on loans to the euro area non-financial private sector are expected to bottom out in the second half of 2013 and to rise gradually thereafter. Credit supply conditions are expected to weigh negatively on economic growth in the euro area in 2013 and to be more neutral in 2014.

As regards commodity prices, on the basis of the path implied by futures markets in the two-week period ending on the cut-off date, the price of a barrel of Brent crude oil is assumed to

1 The ECB staff macroeconomic projections complement the Eurosystem staff macroeconomic projections that are produced jointly by experts from the ECB and from the euro area national central banks on a biannual basis. The techniques used are consistent with those of the Eurosystem staff projections as described in *A guide to Eurosystem staff macroeconomic projection exercises*, ECB, June 2001, which is available on the ECB's website. The ranges shown around the projections are based on the differences between actual outcomes and previous projections carried out over a number of years. The width of the ranges is twice the average absolute value of these differences. The method used, involving a correction for exceptional events, is documented in *New procedure for constructing Eurosystem and ECB staff projection ranges*, ECB, December 2009, also available on the ECB's website.

average USD 107.8 in 2013 and USD 102.8 in 2014. The prices of non-energy commodities in US dollars[2] are assumed to decrease by 5.4% in 2013 and by 0.1% in 2014.

Bilateral exchange rates are assumed to remain unchanged over the projection horizon at the average levels prevailing in the two-week period ending on the cut-off date. This implies an average exchange rate of USD per EUR of 1.32 for 2013 and USD per EUR of 1.33 for 2014, which is up from USD per EUR of 1.29 in 2012. The average annual effective exchange rate of the euro is assumed to increase by 3.6% in 2013 and by 0.7% in 2014.

Fiscal policy assumptions are based on individual euro area countries' national budget plans that were available on 23 August 2013. They include all policy measures that have already been approved by national parliaments or that have been specified in detail by governments and are likely to pass the legislative process.

Projections for the international environment

World real GDP growth (excluding the euro area) is projected to pick up gradually over the projection horizon, rising from 3.4% in 2013 to 4.0% in 2014. Largely in line with the projections published in the June 2013 Monthly Bulletin, growth gained some momentum in advanced economies in the first half of 2013. By contrast, growth in emerging markets has softened somewhat, owing to weaker domestic demand, and as lower commodity prices (affecting commodity exporters) and slow external demand have weighed on export activity. In the short term, sentiment indicators signal continued modest global activity. Some tightening of financing conditions since the previous projection exercise, in part reflecting a revised market assessment of the extent of future US monetary stimulus, also weighs on near-term growth prospects, particularly in some emerging economies. Further ahead, the pace of recovery is expected to be gradual. Private sector rebalancing – which is progressing but still incomplete – and fiscal consolidation will weigh on growth in advanced economies. The upturns in certain major emerging markets, in particular in China, are also expected to be muted as structural factors restrain activity. With demand from the euro area's main trading partners growing at a slower pace than in the rest of the world, euro area foreign demand is somewhat weaker and is projected to grow by 2.9% in 2013, accelerating to 5.0% in 2014.

Real GDP growth projections

Real GDP rose by 0.3% in the second quarter of 2013, following six consecutive quarterly declines. Domestic demand and net trade contributed positively to real GDP growth in the second quarter, while the contribution of changes in inventories was slightly negative. The relatively strong increase in activity in the second quarter is to some extent explained by temporary, mostly weather-related, effects.

As these temporary factors vanish, real GDP growth is expected to be lower in the third quarter of 2013, albeit remaining positive. Abstracting from the impact of these temporary factors, activity will be supported over the entire projection horizon by the favourable impact of a gradual strengthening of external demand on exports. In the shorter term, domestic demand will

2 Oil and food price assumptions are based on futures prices up to the end of the projection horizon. For other commodities, prices are assumed to follow futures until the second quarter of 2014 and thereafter to evolve in line with global economic activity.

benefit from a drop in commodity price inflation that should support real incomes. In addition, the accommodative monetary policy stance, further strengthened by the recent forward guidance provided by the ECB's Governing Council, and improving confidence in an environment of declining uncertainty are expected to bolster domestic demand. Beyond the short term, domestic demand is also expected to benefit from a less restrictive fiscal policy stance and the weakening of credit supply constraints. However, the adverse impact on domestic demand stemming from limited labour market developments and remaining deleveraging needs in some countries is expected to diminish only gradually over the projection horizon. Overall, the recovery is projected to remain subdued by historical standards, resulting in an output gap remaining in negative territory. In annual average terms, real GDP is expected to decline by 0.4% in 2013, largely reflecting a negative carry-over effect, before increasing by 1.0% in 2014. This growth pattern reflects a steadily rising contribution from domestic demand combined with positive but declining contributions from net trade.

Considering the demand components in more detail, extra-euro area exports are projected to be modest in the remainder of 2013 and to gain somewhat more momentum in 2014, mostly reflecting the fairly gradual strengthening of euro area foreign demand. Business investment is projected to gain momentum from late 2013 onwards. The expected gradual strengthening in domestic and external demand, the very low level of interest rates, the need to gradually replace the capital stock after several years of subdued investment, less adverse credit supply effects and a strengthening of profit mark-ups as activity recovers are expected to support business investment. However, the combined adverse impact of low levels of capacity utilisation, of the need for further corporate balance sheet restructuring and of adverse financing conditions in some euro area countries and sectors is projected to diminish only gradually. Residential investment is expected to stay weak this year and next year, mostly owing to further adjustment needs in the housing markets of some countries, weak growth in disposable income, and expectations of further house price falls. The adverse impact of these factors is expected to more than offset the effect of the relative attractiveness of housing investment in some other countries, where residential investment is supported by historically low mortgage rates and rising house prices. Government investment is expected to remain weak over the projection horizon owing to the expected fiscal consolidation measures in several euro area countries.

Private consumption is expected to be moderate for the remainder of the year, in the context of a flat coincident pattern of real disposable income and a broadly unchanged saving ratio. Private consumption is expected to gain some momentum in 2014, supported by a weakening of the adverse impact of fiscal consolidation and by a pick-up in labour income, as labour market conditions improve, despite a slight rise in the saving ratio. Over the projection horizon, the share of households which are expected to increase their saving ratio against the backdrop of rising disposable income and the need for deleveraging is projected to more than outweigh the share of households which continue to lower their saving ratio in an environment of falling disposable incomes and a low return on savings. Government consumption is projected to broadly stagnate in 2013, owing to fiscal consolidation efforts, and to increase modestly in 2014.

Extra-euro area imports are projected to recover over the projection horizon, albeit remaining constrained by the still subdued total demand. The current account surplus is expected to increase in 2013 and 2014.

Table A Macroeconomic projections for the euro area

(average annual percentage changes)[1), 2)]

	2012	2013	2014
HICP	2.5	1.5	1.3
		[1.4 – 1.6]	[0.7 – 1.9]
Real GDP	-0.6	-0.4	1.0
		[-0.6 – -0.2]	[0.0 – 2.0]
Private consumption	-1.4	-0.7	0.7
		[-0.9 – -0.5]	[-0.2 – 1.6]
Government consumption	-0.5	-0.1	0.6
		[-0.6 – 0.4]	[0.0 – 1.2]
Gross fixed capital formation	-4.0	-3.6	1.8
		[-4.4 – -2.8]	[-0.7 – 4.3]
Exports (goods and services)	2.7	0.9	3.6
		[-0.4 – 2.2]	[0.1 – 7.1]
Imports (goods and services)	-0.9	-0.6	3.8
		[-1.9 – 0.7]	[0.3 – 7.3]

1) The projections for real GDP and its components refer to working day-adjusted data. The projections for imports and exports include intra-euro area trade.
2) Latvia is included in the projections for 2014. The average annual percentage changes for 2014 are based on a euro area composition in 2013 that already includes Latvia.

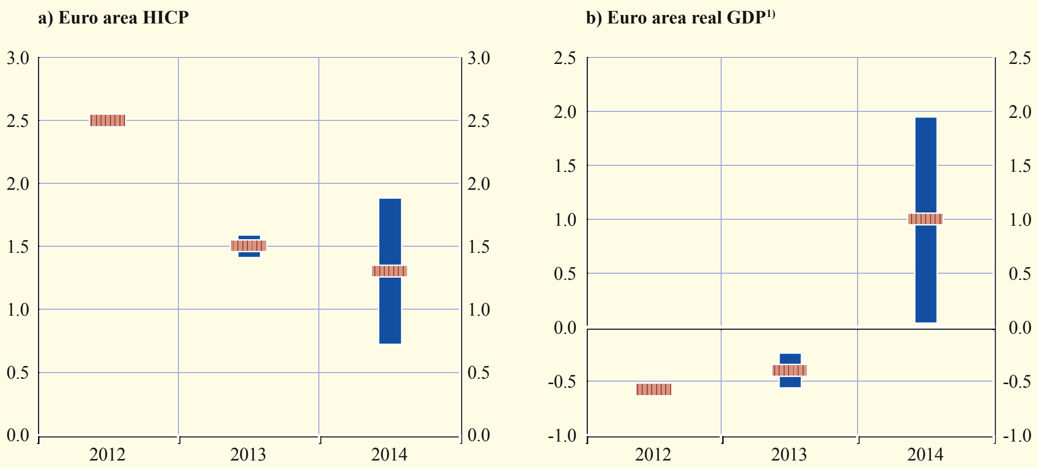
Price and cost projections

The headline HICP inflation rate, which in August 2013 stood at 1.3% according to Eurostat's flash estimate, is projected to average 1.5% in 2013 and 1.3% in 2014. HICP inflation decreased markedly in the first half of 2013, owing to a strong decline in energy price inflation from its elevated levels of 2012. The drop in energy price inflation reflected in turn the decline in oil prices and the appreciation of the euro over the past year, as well as downward base effects owing to the fading away of the impact of past increases in oil prices. Looking ahead, energy prices are expected to decline somewhat over the projection horizon, reflecting the assumed path of oil prices. Over the projection horizon, the contribution of the energy component to overall HICP inflation is expected to be negligible, and thereby significantly lower than its historical average, explaining to some extent the modest profile for headline inflation. Food price inflation remained broadly unchanged in the first half of 2013, despite unusual spikes in unprocessed food prices. Looking ahead, food price inflation is expected to decline somewhat owing to downward base effects and the expected initial decline in international and European food commodity prices. HICP inflation excluding food and energy eased during the first half of 2013, reflecting weak developments in economic activity. It is expected to edge up slightly in 2014, reflecting the modest recovery in activity and increasing external price pressures.

In more detail, external price pressures eased during the first half of 2013, owing to the effective appreciation of the euro and to declines in oil and non-oil commodity prices, leading to a drop in the import deflator. The latter is, however, expected to increase gradually in 2014, as the downward impact of the previous appreciation of the euro fades away, non-energy commodity prices are assumed to increase and import demand gains momentum. Turning to domestic price pressures, the annual growth rate of compensation per employee is expected to remain subdued in 2013 and 2014 on account of the weakness of the labour market. Given the projected steep decline in consumer price inflation this year, growth in real compensation per employee is expected to rise in 2013 and to continue to recover moderately over the projection horizon, following declines in 2011 and 2012. Annual growth rates of real compensation per employee are expected to remain well below those of productivity in 2014, reflecting the weakness of

Macroeconomic projections

(average annual percentage changes)



1) The projections for real GDP refer to working day-adjusted data.

the labour market. Unit labour cost growth is projected to decelerate in 2013 and in 2014, as a cyclical increase in productivity growth more than offsets the small pick-up in the growth rate of compensation per employee. Following a strong decline in 2012, the profit margin indicator (as measured by the ratio between the GDP deflator at basic prices and unit labour costs) is expected to stagnate in 2013, reflecting the weakness in domestic activity. Thereafter, lower unit labour cost growth and gradually improving economic conditions are expected to support a recovery in profit margins. Increases in administered prices and indirect taxes that are included in fiscal consolidation plans are expected to make significant contributions to HICP inflation in 2013 and 2014, albeit slightly less than in 2012.

Comparison with the June 2013 Eurosystem staff projections

Compared with the Eurosystem staff macroeconomic projections published in the June 2013 issue of the Monthly Bulletin, the projection for real GDP growth has been revised upwards by 0.2 percentage point for 2013, largely on the basis of incoming data. The projection for 2014 has been revised downwards by 0.1 percentage point, reflecting the impact of lower foreign demand, the stronger effective exchange rate of the euro and higher interest rates. The projection for

Table B Comparison with the June 2013 projections

(average annual percentage changes)

	2013	2014
Real GDP – June 2013	-0.6	1.1
	[-1.0 – -0.2]	[0.0 – 2.2]
Real GDP – September 2013	0.4	1.0
	[-0.6 – -0.2]	[0.0 – 2.0]
HICP – June 2013	1.4	1.3
	[1.3 – 1.5]	[0.7 – 1.9]
HICP – September 2013	1.5	1.3
	[1.4 – 1.6]	[0.7 – 1.9]

headline HICP inflation has been revised upwards by 0.1 percentage point for 2013, reflecting higher than expected food prices and higher oil price assumptions. The inflation projection for 2014 remains unchanged.

Comparison with forecasts by other institutions

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

The ranges of the forecasts currently available from other organisations and institutions for euro area real GDP growth in both 2013 and 2014 are within the uncertainty ranges of the ECB staff projections, and close to the midpoints of the latter. As regards inflation, the range of forecasts from other organisations and institutions for HICP inflation in 2013 is slightly higher than the uncertainty range of the ECB staff projections, and also higher than their midpoint. For 2014, the range of forecasts for HICP inflation from other institutions is within the range of the ECB staff projections, and close to their midpoint.

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

(average annual percentage changes)

		GDP growth		HICP inflation	
	Date of release	2013	2014	2013	2014
OECD	May 2013	-0.6	1.1	1.5	1.2
European Commission	May 2013	-0.4	1.2	1.6	1.5
IMF	July 2013	-0.6	0.9	1.7	1.5
Survey of Professional Forecasters	August 2013	-0.6	0.9	1.5	1.5
Consensus Economics Forecasts	August 2013	-0.6	0.9	1.5	1.5
Euro Zone Barometer	August 2013	-0.6	0.9	1.5	1.5
ECB staff projections	September 2013	-0.4	1.0	1.5	1.3
		[-0.6 – -0.2]	[0.0 – 2.0]	[1.4 – 1.6]	[0.7 – 1.9]

Sources: European Commission Economic Forecasts, Spring 2013; IMF World Economic Outlook Update, July 2013, for real GDP growth and World Economic Outlook, April 2013, for inflation; OECD Economic Outlook, May 2013; Consensus Economics Forecasts; MJEconomics; and the ECB's Survey of Professional Forecasters.
Notes: The ECB staff macroeconomic projections and the OECD forecasts both report working day-adjusted annual growth rates, whereas the European Commission and the IMF report annual growth rates that are not adjusted for the number of working days per annum. Other forecasts do not specify whether they report working day-adjusted or non-working day-adjusted data.

5 FISCAL DEVELOPMENTS

According to the latest euro area government finance statistics, the downward trend in the euro area government deficit-to-GDP ratio in place since mid-2010 came to a halt in the first quarter of 2013, while the increase in the government debt-to-GDP ratio accelerated slightly. In June 2013 the ECOFIN Council decided to grant a number of countries an extension of the deadline for correction of their excessive deficit, for the majority of countries by more than one year. Determined fiscal consolidation efforts are needed to bring public finances back on a sustainable path. The implementation of the "two-pack" regulations, under which the European Commission will scrutinise draft budgetary plans, will be an important tool to further strengthen fiscal surveillance.

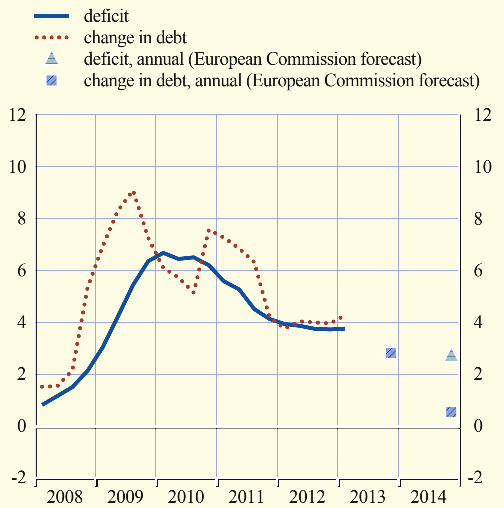
FISCAL DEVELOPMENTS IN 2013

According to the latest euro area government finance statistics, the downward trend in the euro area government deficit in place since mid-2010 came to a halt in the first quarter of 2013. As shown in Chart 57, the four-quarter moving sum of the euro area deficit, i.e. the deficit accumulated over the last four quarters, amounted to 3.8% of GDP in the first quarter of 2013, slightly higher than in the previous quarter. The figure is well above the European Commission's spring 2013 economic forecast, which projected the euro area deficit to fall from 3.7% of GDP in 2012 to 2.9% of GDP in 2013. The increase in the euro area budget deficit in the first quarter of 2013 is mainly due to a continued decline in government revenue and a slight increase in government spending (see Chart 58a).

As regards the latest data on gross general government debt in the euro area, the four-quarter moving sum of the debt-to-GDP ratio indicated a stronger increase in the first quarter of 2013 (by 4.3%) than in the previous quarter (see Chart 57). Moreover, the increase is well above that projected for the full year in the European Commission's spring 2013 economic forecast. According to the European Commission, the 2013 debt ratio is expected to rise to 95.5% of GDP on account of a positive interest rate-growth differential and a large deficit-debt adjustment, including the effect of support provided to the financial sector.

Chart 57 Euro area government deficit and change in debt

(four-quarter moving sums as a percentage of GDP)



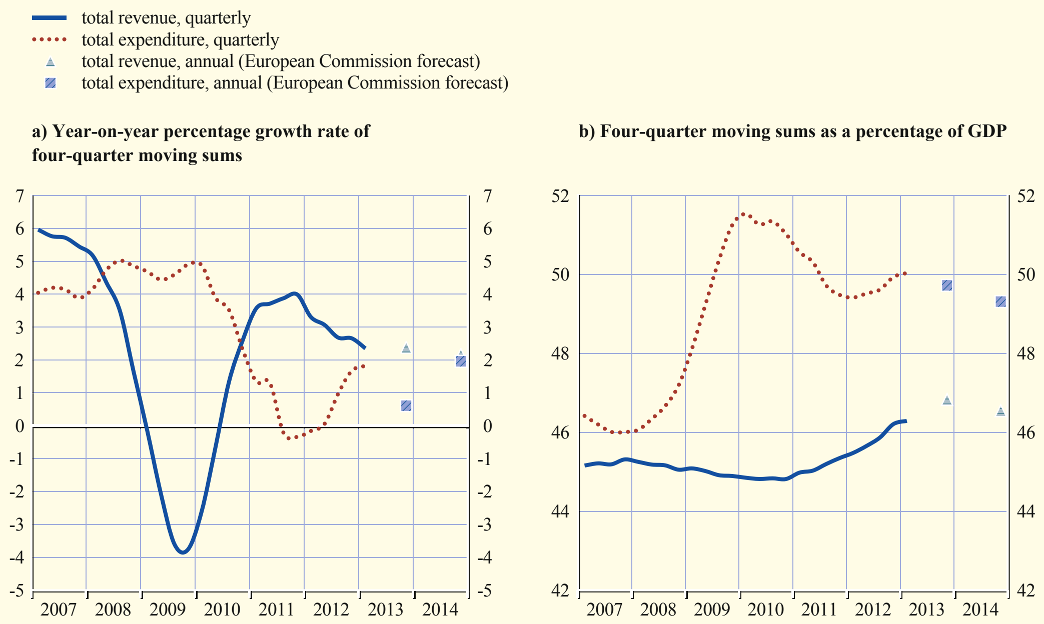
Sources: ECB calculations based on Eurostat and national data, and the European Commission's spring 2013 European Economic Forecast.

BUDGETARY DEVELOPMENTS AND PLANS IN SELECTED COUNTRIES

In mid-July 2013 the EU Council concluded the European Semester by issuing recommendations on 23 EU countries' stability and convergence programmes, as well as on their national reform programmes. For the euro area as a whole, the Council recommended "pursuing differentiated, growth-friendly fiscal consolidation policies while boosting the growth potential of the euro area" in order to "put the debt-to-GDP ratio on a steadily declining path".[1] Moreover, in June 2013, on the basis of proposals by the

1 See the "Council recommendation on the implementation of the broad guidelines for the economic policies of the Member States whose currency is the euro", 8 July 2013, available on the EU Council's website at http://register.consilium.europa.eu/pdf/en/13/st11/st11216.en13.pdf

Chart 58 Quarterly government finance statistics and projections for the euro area



Sources: ECB calculations based on Eurostat, national data and the European Commission's spring 2013 European Economic Forecast.
Notes: Data refer to general government. The charts show the evolution of total revenue and total expenditure in terms of four-quarter moving sums for the period from the first quarter of 2007 to the first quarter of 2013, plus the annual projections for 2013 and 2014 from the European Commission's spring 2013 European Economic Forecast.

European Commission, the Council issued new recommendations for eight euro area countries on their excessive deficit procedures (EDPs). For six countries, the new recommendations foresee extensions – for the majority of them by more than one year – and a reduction of the recommended corrective effort. In particular, Spain, France and Slovenia were granted a two-year extension, to 2015 for France and Slovenia and 2016 for Spain. The deadline for Cyprus was extended by four years, to 2016, while for the Netherlands and Portugal the deadline was extended by one year to 2014 and 2015, respectively. Moreover, the Council decided to give notice to Belgium as it did not take effective action in order to correct its excessive deficit by 2012. It granted Belgium an extra year to correct its excessive deficit by 2013. For Malta, the EDP was re-opened in June 2013, only half a year after a procedure had been closed, with a deadline for correcting the excessive deficit by 2014. Italy's EDP was closed in June 2013. For an assessment of the implementation of the EDP under the reinforced Stability and Growth Pact, see Box 11.

A brief review of the main recent budgetary developments in the four largest euro area countries and the EU-IMF programme countries is provided below.

In Germany, the general government sector recorded a surplus of 0.6% of GDP in the first half of 2013. A government support programme to compensate for damages resulting from the recent floods came into force on 16 August 2013. The total cost is expected to be €8 billion (0.3% of GDP), spread over 2013-16. The programme is expected to have very limited effects on the fiscal outlook, as additional spending will be, on average, below 0.1% of GDP per year in that period. The government's fiscal targets as given in the 2013 stability programme remain realistic.

In France, the two-year extension of the EDP deadline is based on a revised path for the general government deficit (3.9% of GDP in 2013, 3.6% in 2014 and 2.8% in 2015). This is a slower correction than targeted in the 2013 stability programme update, in which the government projected the fiscal deficit to fall below the 3% of GDP threshold in 2014. The 2014 budget law will be presented by the end of September 2013. It will be important for the law to specify credible adjustment measures, in particular on the expenditure side, to reverse the increase in the government debt-to-GDP ratio, which exceeded 90% in 2012. The government recently announced a pension reform, which is expected to contribute towards balancing the country's pension system by 2020.

In Italy, preliminary state budget execution in cash terms up to July 2013 points to a cumulative borrowing requirement of €51 billion (3.3% of GDP), up from almost €28 billion (1.8% of GDP) in the same period of 2012. The deterioration, mainly owing to the provision of financial sector support and repayment of arrears, highlights the increasing risks surrounding the achievement of the 2013 general government deficit target (2.9% of GDP). In August the government announced the abolition of the first instalment of the tax on owner-occupied dwellings for 2013. The revenue loss (of about €2.4 billion, i.e. 0.1% of GDP) will be compensated for via lower spending and higher revenues. The parliament also decided in August to postpone the 1 percentage point increase in the standard VAT rate by three months to 1 October. The revenue loss from this postponement will be offset by higher excise taxes on selected products and temporarily higher direct taxes. Finally, the government passed into law the "Decree of Doing", which foresees a series of measures aimed at increasing investment in infrastructure, reducing red tape, increasing credit to firms (especially small and medium-sized enterprises) and improving the efficiency of civil justice.

In Spain, at the end of June 2013 the government approved revenue-increasing changes to corporation tax and excise duties, as well as draft laws to establish an independent fiscal authority and to streamline local government. Regarding budget outturns, in the first quarter of 2013 the general government deficit was 1.2% of annual GDP, down from 1.4% one year earlier. More recent budget outturns for the central government, social security and regional government up to the end of June/July are also generally better than a year ago, but the effects of a number of consolidation measures are set to fade out or unwind in the last few months of the year. All in all, the likelihood of compliance with this year's general government deficit target is difficult to gauge and will depend on a stronger recovery of tax bases in the second half of the year. At the end of June 2013 general government debt stood at around 90% of annual GDP, up from around 84% at the end of 2012, partly reflecting the frontloading of government debt issuance this year.

In Greece, the state budget recorded a primary surplus of around €0.5 billion (excluding the transfers from other euro area countries in relation to the Eurosystem's holdings of Greek government bonds) or around €2.6 billion (including such transfers) in the period January-July 2013. This outcome is significantly better than targeted under the second EU-IMF macroeconomic adjustment programme. The better-than-expected performance, however, largely reflected temporary factors, such as higher-than-programmed revenues on account of receipts of structural EU funds in July and under-execution of the investment budget. Overall, the execution data suggest that Greece is on track to meet the 2013 target of a balanced primary budget. In July 2013, following the implementation of several prior actions by Greece, the Eurogroup Working Group endorsed the disbursement of €3.0 billion under the programme. However, €0.5 billion of this amount is expected to be paid out to Greece only in early October, and is conditional on the achievement of certain milestones in various areas. At the end of August, the Executive Board of the IMF completed its programme review and released an additional €1.7 billion.

In Portugal, the eighth quarterly review of the EU-IMF adjustment programme has been postponed to September and will be combined with the ninth review. Regarding the 2013 budget, the execution appears so far aligned with expectations, in particular with respect to tax collection. As concerns the consolidation package announced by the government in May 2013 to meet the fiscal target in 2014, a recently adopted law which aimed to enhance mobility of civil servants has been deemed unconstitutional by the Constitutional Court. The Portuguese authorities have committed to finding an alternative measure.

In Ireland, the eleventh review of the EU-IMF adjustment programme took place in July. Fiscal data for the first eight months of the year show that budget implementation is well on track to meet the deficit target of 7.5% of GDP in 2013. Ireland's tax base has been broadened by the new local property tax. Public spending, including expenditure on health care and social welfare, remained under control and within government targets. Moreover, the broadly accepted public sector pay agreement will facilitate the needed savings while protecting core public services at the same time.

In Cyprus, the first review of the EU-IMF adjustment programme concluded that the fiscal targets had been fully met. The general government deficit for the first half of 2013 was better than the programme target, mainly as a result of prudent execution of spending. However, the 2013 deficit outturn is likely to be affected by a significant deficit-increasing, one-off factor related to the compensation for provident and retirement funds in Cyprus Popular Bank (amounting to around 1.8% of GDP).

FISCAL POLICY CHALLENGES

Euro area countries have progressed considerably in reducing their fiscal imbalances, notwithstanding large differences across countries. However, further consolidation efforts are necessary to bring public finances onto a sustainable downward path. While financial market tensions have receded over the past 12 months, there is a need to avoid complacency, given large remaining consolidation gaps in a number of countries. The composition of fiscal consolidation should be geared towards growth-friendly measures, with priority being given to restraint in unproductive government spending. Countries which have been granted EDP deadline extensions should undertake determined structural reforms to increase the growth potential of their economies, thereby contributing to fiscal sustainability.

Following the adoption of the two-pack regulations,[2] euro area countries are expected to prepare draft budgetary plans by mid-October. These plans will be scrutinised by the European Commission, which by the end of November will issue opinions on whether they are in compliance with the budgetary policy obligations laid down in the Stability and Growth Pact. In the event that the European Commission arrives at an assessment of "particularly serious non-compliance", it is expected – after consultation with the country concerned – to publicly request a revised draft budgetary plan. If strictly applied, the two-pack regulations will be an important tool to further strengthen the effectiveness of fiscal surveillance in the euro area.

2 See also the box entitled "The 'two-pack' regulations to strengthen economic governance in the euro area", *Monthly Bulletin*, ECB, April 2013.

Box 11

IMPLEMENTATION OF THE EXCESSIVE DEFICIT PROCEDURE UNDER THE REINFORCED STABILITY AND GROWTH PACT IN EURO AREA MEMBER STATES

Over the last two years the Stability and Growth Pact (SGP) has been substantially reinforced by European governance reforms, including the "six-pack", the "two-pack" and the fiscal compact.[1] The main goal of this reinforcement has been to strengthen fiscal discipline and restore fiscal sustainability – especially for the euro area Member States.[2] At the core of the corrective arm of the SGP remains the excessive deficit procedure (EDP), the purpose of which is to avoid and correct deficits above 3% of GDP and debt ratios above 60% of GDP. This box presents some important aspects of the implementation of the EDP under the reinforced SGP in euro area Member States and offers some lessons in the light of recent experiences during the 2013 European Semester.

Setting deadlines and specifying adjustment efforts for the correction of excessive deficits

The corrective arm of the SGP specifies that an EDP shall be opened for a Member State if the government deficit exceeds 3% of GDP and the excess over the reference value cannot be viewed as temporary and exceptional. Based on the six-pack, an EDP shall, under certain conditions, also be opened if the debt criterion has been breached, even if the deficit remains below the reference value. The excessive deficit shall be corrected in the year following its identification (which typically means two years after its first occurrence) – unless there are special circumstances. The minimum required annual fiscal adjustment effort under the EDP shall be, as a benchmark, at least 0.5% of GDP in terms of improvement of the structural balance.

In the context of the financial crisis, excessive deficits were diagnosed in all euro area Member States except for Luxembourg and Estonia. Most of the EDPs started in 2009 and 2010. With the exception of Greece and Finland, the initial deadlines for correction of the excessive deficit were not set at the year following the identification of the excessive deficit as foreseen in the SGP but, in some cases, much later. The Commission diagnosed special circumstances, justifying the deviation from the SGP rule based on the strong deficit-increasing impact of the financial crisis and the need to implement coordinated fiscal stimuli in the context of the European Economic Recovery Plan.

The time granted to individual countries for correcting the excessive deficit varied markedly across countries, as did the required adjustment effort. While Greece was supposed to correct the excessive deficit in the year following its identification (2010), Austria, Spain, France, Belgium and the Netherlands were granted three years for the adjustment. Slovenia, Slovakia, Portugal and Ireland received four years for the necessary fiscal adjustment (see the chart). While countries diagnosed with larger adjustment needs tended to receive longer deadlines for the correction, the required fiscal efforts do not appear to have followed a clear rule. It has to be recognised, in this respect, that the SGP – even its 2011 version – offers little guidance on the specification of adjustment efforts and the setting of deadlines in case of deviation from the "year-following-identification" rule. The crisis has revealed that deficits can go far above the 3%

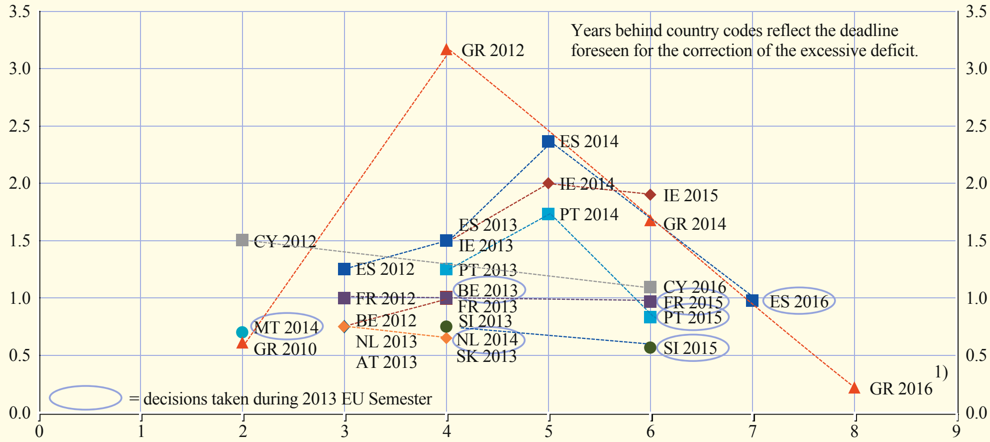
1 See the articles entitled "The reform of economic governance in the euro area – essential elements", *Monthly Bulletin*, ECB, March 2011, and "A fiscal compact for a stronger Economic and Monetary Union", *Monthly Bulletin*, ECB, May 2012, as well as the box entitled "The 'two-pack' regulations to strengthen economic governance in the euro area", *Monthly Bulletin*, ECB, April 2013.

2 For a discussion of the importance of sound fiscal policies for a stability-oriented monetary policy, see the article entitled "Monetary and fiscal policy interactions in a monetary union", *Monthly Bulletin*, ECB, July 2012.

Number of years for correction of the excessive deficit and average annual structural adjustment required under each EDP recommendation at different EDP vintages for ongoing procedures

(percentage of GDP)

x-axis: number of years for correction of the excessive deficit
y-axis: average annual structural adjustment required in each EDP recommendation



1) The data point "GR 2016" reflects the improvement of the cyclically-adjusted government deficit to GDP ratio as specified in the 2012 EDP recommendation to Greece.
Notes: The graph shows, for example, that the EDP recommendation "BE 2012" for Belgium required a structural adjustment of 0.75% of GDP per year and a correction of the excessive deficit within three years (2010-2012). The deadline was subsequently extended by one year (to 2013) and the required structural adjustment was increased to 1% for this additional year.

Source: ECB.

of GDP reference value. In this case, the minimum required adjustment effort foreseen under the SGP is clearly insufficient to ensure correction of the excessive deficits in a sufficiently short time frame. Going forward, the implementation of the SGP would benefit from further clarification of the methodology for specifying adjustment efforts and setting deadlines – this would also help to ensure cross-country consistency in the application of the rules.

Assessing effective action and extending deadlines

Despite initial EDP deadlines going – sometimes far – beyond the year-following-identification rule, several Member States still missed their nominal targets by a large margin. Since the 2005 reform[3], the SGP allows for a revision of the recommendation and an extension of the initial deadline for the correction of the excessive deficit, provided two conditions are met. First, the government has taken "effective action" to correct the deficit in line with recommendations issued under the EDP and, second, "unexpected adverse economic events with major unfavourable consequences for government finances" – when compared with the economic forecast underlying the initial Council recommendation – have occurred.[4] The corrective arm of the SGP foresees that, as a rule, the deadline shall be extended by one year.

Effective action is assessed by the Commission and the Council with a focus on the improvement of the structural balance, which is calculated by an adjustment of the headline balance by cyclical, one-off and other temporary measures. If the improvement of the structural balance

3 See the article entitled "The reform of the Stability and Growth Pact", *Monthly Bulletin*, ECB, August 2005.
4 See Article 3(5) of Regulation (EU) No 1467/97.

falls significantly short of the adjustment required under the EDP recommendation, the SGP foresees a "careful analysis of the reasons for the shortfall".[5] Recently, the Commission presented a three-step methodology operationalising the analysis of effective action under the SGP, which was first applied during the 2013 European Semester.[6]

In a first step, the observed change in the structural balance is evaluated against the required improvement as specified in the EDP recommendation. In a second step, the observed structural improvement is adjusted for revisions of potential output, for revenue windfalls or shortfalls when compared with the time at which the recommendation was issued and for the effects of other unexpected events, e.g. natural disasters or statistical revisions. In a third step, a "bottom-up" analysis to determine the fiscal effort is applied. This is based on the budgetary impact of discretionary measures implemented by governments. Only if the bottom-up analysis also shows that the fiscal effort has fallen short of the requirements of the EDP recommendation, non-effective action is diagnosed and the procedure can be stepped up.

This three-step approach for assessing effective action under the EDP raises several issues. First, under the three-step approach, it is possible that Member States are repeatedly assessed to have taken effective action, while nominal deficits stay far above the reference value and show little tendency to converge towards it. As a consequence, government debt ratios can keep rising. Second, the approach is not fully transparent, as not all calculations and underlying data are made public. Third, there is a risk that the approach will not be applied in a fully symmetric way, thereby introducing a deficit bias. In bad times especially, the adjustment of structural balances for revenue shortfalls and downward revisions of potential growth are likely to downplay fiscal adjustment needs. There is a risk that the weakening of the adjustment path in bad times is not followed by an analogous strengthening of the adjustment path in good times. This is a key lesson from the lenient application of the SGP after its 2005 reform and before the crisis. Fourth, downward revisions of potential growth do – from a fiscal sustainability perspective – require stronger fiscal adjustment over the medium term. This aspect seems not to be taken into account in the approach. Fifth, especially the "bottom-up" approach – which so far does not rely on a commonly agreed methodology – does not seem to be sufficiently robust to ensure a reliable assessment of the fiscal effort. In this respect, it remains unclear, for example, how governments' estimates of discretionary tax and expenditure measures can and should be validated and how governments' incentives to over-report these efforts can be contained. It seems necessary to ensure an accurate disentanglement of the share of discretionary measures that reflects improvements in the structural balance and the share that is just necessary to compensate for a worsening of the structural balance resulting, for example, from spending increases inherent to existing policies. Just summing up the fiscal effects of discretionary measures might overestimate the fiscal effort. Furthermore, possible interaction between different measures needs to be taken into account. Finally, it remains unclear how a consistent application of the bottom-up approach across countries can be ensured.

All in all, it is important that the concept of effective action is interpreted in a way that ensures the timely correction of excessive deficits and is not used as a tool undermining the intentions of the reinforced EU fiscal rules to restore and safeguard fiscal sustainability.

5 See European Commission, "Specifications on the implementation of the Stability and Growth Pact and guidelines on the format and content of Stability and Convergence Programmes", 3 September 2012.

6 For a detailed discussion, see European Commission, "Vade mecum on the Stability and Growth Pact", Occasional Papers 151, May 2013, p. 65 ff.

Decisions during the 2013 European Semester

During the 2013 European Semester, the Council abrogated the EDP for Italy. However, most of the EDPs started in the context of the fiscal-financial crisis are still ongoing. Currently 12 out of 17 euro area Member States are subject to an EDP (see also the chart).

Based on the Commission's assessment – which followed the three-step approach – all countries currently under an EDP took effective action (except for Belgium[7]). France, for example, did not make the required structural effort under the first two steps of the procedure, but was attested to have taken effective action based on a bottom-up assessment of discretionary measures taken.[8]

As discussed above, if effective action has been taken and unexpected adverse economic events have occured, the regulations of the SGP foresee the possibility of an extension of the deadline for the correction of the excessive deficit by "one year as a rule".[9] However, deadline extensions of one year were only granted to the Netherlands and Portugal – in the latter case on top of the one-year extension granted in October 2012. Two-year deadline extensions were granted to France, Slovenia and Spain. Against the background of the regulations of the SGP specifying an extension by one year as a rule, these two-year EDP deadline extensions should only be considered under exceptional circumstances, such as in the event of excessive macroeconomic or financial sector imbalances that have major unfavourable consequences for public finances. Looking ahead, these two-year extensions should therefore be accompanied by intensified monitoring to ensure that the additional time granted to correct the excessive deficit is effectively used to implement growth-enhancing and imbalance-reducing structural reforms.

The new EDP recommendations put in place during the 2013 European Semester not only implement far-reaching deadline extensions, they also imply a marked slowing-down of the required fiscal adjustment. When compared with previous EDP recommendations, they reduce – as shown in the chart – the required average structural annual adjustment efforts for all countries but Belgium. In several cases, the reduction of the required average annual structural adjustment is substantial. For some countries (notably Portugal and Spain), even the cumulative future structural adjustment effort has been scaled back under the latest EDP recommendations. This could increase the risks to fiscal sustainability.

Taken together, the experiences from the 2013 European Semester demonstrate the challenge for the European Commission and the Council to apply the reinforced fiscal framework in a transparent and consistent way. This application needs to be guided by the main goal of the fiscal governance framework: restoring and safeguarding fiscal sustainability. Against this background, further improvements are called for with respect to the clarification of the applied methodologies as well as with respect to the strict implementation of the rules in order to effectively ensure the correction of unsound fiscal policies and the credibility of the reinforced SGP.

7 The reinforced framework foresees – based on Regulation (EU) No 1173/2011 – that in such a case the Commission recommends sanctions within 20 days of the Council's decision that a Member State has not taken effective action under Article 126(8) of the Treaty on the Functioning of the European Union.

8 See Commission staff working document on France, available at http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/30_edps/other_documents/2013-05-29_fr_126-7_commission_-_swd_en.pdf.

9 See Article 3(5) of Regulation (EU) No 1467/97.

EURO AREA STATISTICS

CONTENTS[1]

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

Conventions used in the tables

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

EURO AREA OVERVIEW

Summary of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

1. Monetary developments and interest rates [1)]

	M1 [2)]	M2 [2)]	M3 [2), 3)]	M3 [2), 3)] 3-month moving average (centred)	MFI loans to euro area residents excluding MFIs and general government [2)]	Securities other than shares issued in euro by non-MFI corporations [2)]	3-month interest rate (EURIBOR; % per annum; period averages)	10-year spot rate (% per annum; end of period) [4)]
	1	2	3	4	5	6	7	8
2011	2.1	2.3	1.5	-	2.2	0.6	1.39	2.65
2012	4.0	3.1	2.9	-	-0.2	1.2	0.58	1.72
2012 Q3	4.6	3.2	3.1	-	-0.6	1.0	0.36	1.94
Q4	6.2	4.2	3.6	-	-0.8	0.8	0.20	1.72
2013 Q1	6.8	4.3	3.2	-	-0.8	1.5	0.21	1.76
Q2	8.1	4.6	2.8	-	-1.1	0.3	0.21	2.14
2013 Mar.	7.1	4.2	2.5	2.9	-0.7	0.1	0.21	1.76
Apr.	8.7	4.9	3.2	2.9	-0.9	-0.1	0.21	1.55
May	8.4	4.7	2.9	2.8	-1.1	0.3	0.20	1.84
June	7.5	4.3	2.4	2.5	-1.6	1.1	0.21	2.14
July	7.1	4.0	2.2	.	-1.9	.	0.22	1.95
Aug.	.	.	.	.	.	.	0.23	2.17

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

	HICP [1)]	Industrial producer prices	Hourly labour costs	Real GDP (s.a.)	Industrial production excluding construction	Capacity utilisation in manufacturing (%)	Employment (s.a.)	Unemployment (% of labour force; s.a.)
	1	2	3	4	5	6	7	8
2011	2.7	5.8	2.1	1.5	3.2	80.6	0.3	10.2
2012	2.5	3.0	1.5	-0.6	-2.4	78.6	-0.7	11.4
2012 Q4	2.3	2.4	1.3	-1.0	-3.1	77.4	-0.7	11.8
2013 Q1	1.9	1.2	1.6	-1.0	-2.3	77.6	-1.0	12.0
Q2	1.4	0.0	.	-0.5	-0.5	77.9	.	12.1
2013 Mar.	1.7	0.6	-	-	-1.4	-	-	12.1
Apr.	1.2	-0.2	-	-	-0.5	77.5	-	12.1
May	1.4	-0.2	-	-	-1.3	-	-	12.1
June	1.6	0.3	-	-	0.3	-	-	12.1
July	1.6	0.2	-	-	.	78.3	-	12.1
Aug.	1.3	.	-	-	.	-	-	.

3. External statistics

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)			Reserve assets (end-of-period positions)	Net international investment position (as a % of GDP)	Gross external debt (as a % of GDP)	Effective exchange rate of the euro: EER-21 [6)] (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Combined direct and portfolio investment				Nominal	Real (CPI)	
	1	2	3	4	5	6	7	8	9
2011	26.0	6.8	133.9	667.1	-13.9	121.3	103.4	100.6	1.3920
2012	137.5	98.9	26.3	689.4	-13.1	126.0	97.9	95.5	1.2848
2012 Q3	44.9	30.3	-19.7	733.8	-11.9	126.0	95.9	93.7	1.2502
Q4	72.5	36.2	44.9	689.4	-13.1	126.0	97.9	95.5	1.2967
2013 Q1	34.2	32.5	-13.0	687.8	-12.4	127.3	100.8	98.2	1.3206
Q2	56.4	52.2	52.3	564.3	.	.	100.9	98.2	1.3062
2013 Mar.	25.2	22.9	-20.3	687.8	-	-	100.2	97.8	1.2964
Apr.	17.9	16.3	-5.3	640.0	-	-	100.5	97.8	1.3026
May	11.6	17.3	39.5	621.4	-	-	100.6	98.0	1.2982
June	26.9	18.6	18.1	564.3	-	-	101.6	98.9	1.3189
July	.	.	.	588.7	-	-	101.5	98.9	1.3080
Aug.	.	.	.	.	-	-	102.2	99.5	1.3310

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

Note: For more information on the data, see the relevant tables later in this section.

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

1 MONETARY POLICY STATISTICS

1.1 Consolidated financial statement of the Eurosystem
(EUR millions)

1. Assets

	2 August 2013	9 August 2013	16 August 2013	23 August 2013	30 August 2013
Gold and gold receivables	319,968	319,968	319,968	319,968	319,969
Claims on non-euro area residents in foreign currency	247,320	250,097	250,113	250,429	249,648
Claims on euro area residents in foreign currency	25,825	24,230	22,691	22,806	23,960
Claims on non-euro area residents in euro	21,660	20,846	21,876	22,275	22,304
Lending to euro area credit institutions in euro	804,920	793,600	790,931	790,349	790,549
Main refinancing operations	109,163	99,413	97,561	97,729	97,126
Longer-term refinancing operations	695,734	693,974	693,258	692,604	693,292
Fine-tuning reverse operations	0	0	0	0	0
Structural reverse operations	0	0	0	0	0
Marginal lending facility	19	212	111	15	131
Credits related to margin calls	3	0	0	0	0
Other claims on euro area credit institutions in euro	86,813	84,322	82,123	80,848	79,674
Securities of euro area residents in euro	600,712	602,661	603,863	602,535	603,118
Securities held for monetary policy purposes	252,499	252,499	252,499	250,597	250,139
Other securities	348,213	350,162	351,364	351,938	352,979
General government debt in euro	28,356	28,356	28,356	28,356	28,356
Other assets	255,517	255,242	248,601	243,266	243,062
Total assets	2,391,090	2,379,322	2,368,521	2,360,832	2,360,639

2. Liabilities

	2 August 2013	9 August 2013	16 August 2013	23 August 2013	30 August 2013
Banknotes in circulation	922,288	922,944	924,226	918,346	919,379
Liabilities to euro area credit institutions in euro	555,384	553,550	555,261	535,929	533,479
Current accounts (covering the minimum reserve system)	272,329	284,035	281,539	256,148	272,260
Deposit facility	87,348	76,997	81,202	87,224	70,569
Fixed-term deposits	195,500	192,500	192,500	192,500	190,500
Fine-tuning reverse operations	0	0	0	0	0
Deposits related to margin calls	208	17	20	56	149
Other liabilities to euro area credit institutions in euro	6,519	6,431	6,476	6,139	5,565
Debt certificates issued	0	0	0	0	0
Liabilities to other euro area residents in euro	99,748	91,206	81,443	109,457	108,765
Liabilities to non-euro area residents in euro	135,923	135,755	136,797	131,783	135,006
Liabilities to euro area residents in foreign currency	1,387	1,895	1,422	1,590	1,840
Liabilities to non-euro area residents in foreign currency	4,761	5,156	5,797	5,870	5,762
Counterpart of special drawing rights allocated by the IMF	54,240	54,240	54,240	54,240	54,240
Other liabilities	235,742	233,047	227,759	222,378	221,504
Revaluation accounts	284,680	284,680	284,680	284,680	284,680
Capital and reserves	90,418	90,419	90,419	90,419	90,419
Total liabilities	2,391,090	2,379,322	2,368,521	2,360,832	2,360,639

Source: ECB.

1.2 Key ECB interest rates

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

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

Source: ECB.

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

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

(EUR millions; interest rates in percentages per annum)

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

Date of settlement	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures			Running for (...) days
				Fixed rate	Minimum bid rate	Marginal rate [4)]	Weighted average rate	
	1	2	3	4	5	6	7	8
	Main refinancing operations							
2013 29 May	103,192	63	103,192	0.50	-	-	-	7
5 June	103,020	70	103,020	0.50	-	-	-	7
12	108,332	70	108,332	0.50	-	-	-	7
19	102,040	73	102,040	0.50	-	-	-	7
26	117,310	99	117,310	0.50	-	-	-	7
3 July	107,696	78	107,696	0.50	-	-	-	7
10	102,064	70	102,064	0.50	-	-	-	7
17	104,427	73	104,427	0.50	-	-	-	7
24	102,302	76	102,302	0.50	-	-	-	7
31	109,163	78	109,163	0.50	-	-	-	7
7 Aug.	99,413	73	99,413	0.50	-	-	-	7
14	97,561	71	97,561	0.50	-	-	-	7
21	97,729	64	97,729	0.50	-	-	-	7
28	97,126	63	97,126	0.50	-	-	-	7
4 Sep.	95,621	66	95,621	0.50	-	-	-	7
	Longer-term refinancing operations [5)]							
2013 13 Mar.	4,208	19	4,208	0.75	-	-	-	28
28	9,113	46	9,113	0.61	-	-	-	91
10 Apr.	5,159	17	5,159	0.75	-	-	-	28
25	2,977	40	2,977	0.53	-	-	-	98
8 May	5,230	17	5,230	0.50	-	-	-	35
30	5,830	36	5,830	0.50	-	-	-	91
12 June	3,591	20	3,591	0.50	-	-	-	28
27 [6)]	9,477	50	9,477	.	-	-	-	91
10 July	3,536	21	3,536	0.50	-	-	-	28
1 Aug. [6)]	2,683	43	2,683	.	-	-	-	91
7	3,910	24	3,910	0.50	-	-	-	35
29 [6)]	6,823	38	6,823	.	-	-	-	91

2. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures				Running for (...) days
					Fixed rate	Minimum bid rate	Maximum bid rate	Marginal rate [4)]	Weighted average rate	
	1	2	3	4	5	6	7	8	9	10
2013 29 May	Collection of fixed-term deposits	235,125	89	197,000	-	-	0.50	0.15	0.07	7
5 June	Collection of fixed-term deposits	276,043	106	197,000	-	-	0.50	0.09	0.07	7
12	Collection of fixed-term deposits	278,426	101	195,000	-	-	0.50	0.08	0.07	7
19	Collection of fixed-term deposits	251,866	102	195,000	-	-	0.50	0.08	0.07	7
26	Collection of fixed-term deposits	215,280	83	195,000	-	-	0.50	0.45	0.18	7
3 July	Collection of fixed-term deposits	239,734	91	195,000	-	-	0.50	0.13	0.09	7
10	Collection of fixed-term deposits	250,588	105	195,500	-	-	0.50	0.13	0.09	7
17	Collection of fixed-term deposits	239,283	102	195,500	-	-	0.50	0.12	0.10	7
24	Collection of fixed-term deposits	231,318	106	195,500	-	-	0.50	0.14	0.11	7
31	Collection of fixed-term deposits	229,883	112	195,500	-	-	0.50	0.20	0.13	7
7 Aug.	Collection of fixed-term deposits	269,313	123	192,500	-	-	0.50	0.13	0.11	7
14	Collection of fixed-term deposits	259,301	126	192,500	-	-	0.50	0.12	0.10	7
21	Collection of fixed-term deposits	283,979	123	192,500	-	-	0.50	0.11	0.10	7
28	Collection of fixed-term deposits	287,539	123	190,500	-	-	0.50	0.13	0.11	7
4 Sep.	Collection of fixed-term deposits	314,840	133	190,500	-	-	0.50	0.10	0.09	7

Source: ECB.

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

1.4 Minimum reserve and liquidity statistics

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

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at (end of period):	Total	Liabilities to which a positive reserve coefficient is applied [1]		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2009	18,318.2	9,808.5	760.4	2,475.7	1,170.1	4,103.5
2010	18,948.1	9,962.6	644.3	2,683.3	1,335.4	4,322.5
2011	18,970.0	9,790.9	687.7	2,781.2	1,303.5	4,406.8
2012	18,564.7	9,971.7	637.5	2,583.9	1,163.1	4,208.4
2013 Feb.	18,689.3	9,899.3	635.7	2,562.3	1,368.4	4,223.7
Mar.	18,689.6	9,951.8	626.1	2,580.0	1,382.3	4,149.5
Apr.	18,676.1	9,928.0	626.5	2,574.1	1,437.0	4,110.5
May	18,639.0	9,884.9	610.0	2,571.8	1,496.7	4,075.6
June	18,540.3	9,948.3	593.5	2,531.5	1,426.0	4,041.1

2. Reserve maintenance

Maintenance period ending on:	Required reserves	Credit institutions' current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
2009	210.2	211.4	1.2	0.0	1.00
2010	211.8	212.5	0.7	0.5	1.00
2011	207.7	212.2	4.5	0.0	1.25
2012	106.4	509.9	403.5	0.0	0.75
2013 9 Apr.	104.9	346.0	241.1	0.0	0.75
7 May	104.9	322.2	217.3	0.0	0.75
11 June	105.3	300.3	195.0	0.0	0.50
9 July	105.1	286.5	181.4	0.0	0.50
6 Aug.	104.5	269.6	165.1	0.0	0.50
10 Sep.	104.9	.	.	.	.

3. Liquidity

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money
		Monetary policy operations of the Eurosystem										
	Eurosystem's net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations [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
2009	407.6	55.8	593.4	0.7	24.6	65.7	9.9	775.2	150.1	-130.2	211.4	1,052.3
2010	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1
2011	622.1	238.0	389.0	4.4	260.3	253.7	200.5	869.4	63.8	-85.9	212.2	1,335.3
2012	708.0	74.0	1,044.1	1.6	277.3	231.8	208.5	889.3	121.1	144.5	509.9	1,631.0
2013 12 Mar.	655.7	130.5	843.2	0.9	269.9	145.3	205.5	880.5	78.8	187.1	403.0	1,428.8
9 Apr.	656.8	123.7	782.9	0.5	269.1	133.8	205.5	889.2	89.7	168.7	346.0	1,369.1
7 May	657.3	113.0	749.9	0.9	265.7	114.5	204.3	897.1	82.5	166.2	322.2	1,333.8
11 June	656.0	104.7	728.4	0.5	259.9	90.5	199.4	904.1	83.1	172.3	300.3	1,294.9
9 July	615.9	108.8	708.0	1.3	256.4	92.1	195.0	909.3	92.5	115.1	286.5	1,287.9
6 Aug.	532.3	104.5	698.6	0.2	255.0	82.6	195.5	917.6	97.1	28.2	269.6	1,269.8

Source: ECB.

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

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

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

2 MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

2.1 Aggregated balance sheet of euro area MFIs [1]

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Money market fund shares/ units [2]	Holdings of shares/ other equity issued by euro area residents	External assets	Fixed assets	Remaining assets [3]
		Total	General government	Other euro area residents	MFIs	Total	General government	Other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Eurosystem													
2011	4,700.4	2,780.5	18.0	1.0	2,761.5	717.2	556.9	10.1	150.2	-	20.3	779.2	8.1	395.0
2012	5,287.6	3,351.2	16.9	1.0	3,333.3	723.1	568.3	10.5	144.3	-	23.4	799.9	8.3	381.8
2013 Q1	4,675.5	2,727.4	16.9	1.2	2,709.4	747.5	590.6	24.6	132.4	-	23.9	791.7	8.2	376.7
Q2	4,399.4	2,572.6	15.1	1.2	2,556.3	741.7	588.8	25.3	127.5	-	23.6	665.0	8.3	388.4
2013 Apr.	4,648.1	2,749.4	15.9	1.2	2,732.3	744.3	588.8	25.3	130.1	-	24.2	744.2	8.2	377.8
May	4,489.5	2,612.9	15.9	1.2	2,595.8	741.4	587.1	25.5	128.7	-	24.3	723.2	8.2	379.5
June	4,399.4	2,572.6	15.1	1.2	2,556.3	741.7	588.8	25.3	127.5	-	23.6	665.0	8.3	388.4
July (p)	4,364.2	2,508.6	15.0	1.2	2,492.4	737.8	586.7	25.9	125.2	-	23.9	693.9	8.3	391.6
	MFIs excluding the Eurosystem													
2011	33,533.5	18,476.5	1,159.6	11,163.1	6,153.8	4,765.1	1,395.9	1,517.3	1,852.0	50.2	1,212.0	4,253.5	232.3	4,543.9
2012	32,700.4	17,995.3	1,153.4	11,044.9	5,796.9	4,901.6	1,627.0	1,423.3	1,851.4	66.8	1,227.8	4,044.3	214.6	4,250.0
2013 Q1	32,761.3	17,781.1	1,124.3	11,045.8	5,611.1	4,936.5	1,704.1	1,407.5	1,825.0	64.0	1,234.1	4,051.4	210.1	4,484.1
Q2	32,005.8	17,532.3	1,101.8	10,981.2	5,449.3	4,956.6	1,785.2	1,406.6	1,764.8	50.9	1,246.3	4,000.5	209.5	4,009.6
2013 Apr.	32,913.0	17,745.4	1,135.1	11,012.1	5,598.1	4,952.0	1,720.4	1,414.3	1,817.3	56.5	1,260.1	4,075.7	210.0	4,613.4
May	32,479.9	17,587.0	1,109.4	10,993.0	5,484.5	4,983.1	1,766.4	1,421.1	1,795.6	59.2	1,269.2	4,073.9	208.9	4,298.7
June	32,005.8	17,532.3	1,101.8	10,981.2	5,449.3	4,956.6	1,785.2	1,406.6	1,764.8	50.9	1,246.3	4,000.5	209.5	4,009.6
July (p)	31,677.7	17,428.2	1,105.3	10,897.6	5,425.3	4,911.9	1,752.6	1,406.3	1,753.0	52.1	1,249.7	3,929.3	210.1	3,896.5

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/ units [4]	Debt securities issued [5]	Capital and reserves	External liabilities	Remaining liabilities [3]
			Total	Central government	Other general government/ other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
	Eurosystem										
2011	4,700.4	913.6	2,609.0	63.8	12.1	2,533.1	-	0.0	481.3	284.3	412.2
2012	5,287.6	938.2	3,062.2	81.4	64.5	2,916.4	-	0.0	536.1	298.7	452.4
2013 Q1	4,675.5	921.9	2,500.3	93.4	38.0	2,368.9	-	0.0	539.6	268.2	445.5
Q2	4,399.4	936.8	2,350.7	107.9	45.7	2,197.1	-	0.0	421.4	241.3	449.3
2013 Apr.	4,648.1	927.1	2,510.1	71.8	66.5	2,371.8	-	0.0	500.6	264.9	445.4
May	4,489.5	931.0	2,378.0	97.4	57.7	2,222.8	-	0.0	483.9	251.8	444.9
June	4,399.4	936.8	2,350.7	107.9	45.7	2,197.1	-	0.0	421.4	241.3	449.3
July (p)	4,364.2	944.3	2,281.6	114.7	50.6	2,116.3	-	0.0	449.5	232.9	455.8
	MFIs excluding the Eurosystem										
2011	33,533.5	-	17,312.0	195.5	10,752.1	6,364.4	570.6	5,008.2	2,230.8	3,803.4	4,608.3
2012	32,700.4	-	17,204.1	170.8	10,871.5	6,161.9	534.7	4,849.2	2,345.7	3,489.6	4,277.0
2013 Q1	32,761.3	-	17,120.4	209.0	11,018.2	5,893.3	523.6	4,733.2	2,349.8	3,525.1	4,509.1
Q2	32,005.8	-	17,076.4	236.7	11,086.3	5,753.5	485.3	4,590.9	2,394.2	3,402.2	4,056.7
2013 Apr.	32,913.0	-	17,102.9	180.0	11,008.6	5,914.4	515.5	4,695.2	2,360.0	3,562.5	4,676.8
May	32,479.9	-	17,062.2	216.8	11,037.8	5,807.5	514.9	4,646.1	2,378.8	3,498.0	4,380.0
June	32,005.8	-	17,076.4	236.7	11,086.3	5,753.5	485.3	4,590.9	2,394.2	3,402.2	4,056.7
July (p)	31,677.7	-	16,952.1	203.9	11,006.4	5,741.9	485.5	4,537.9	2,406.7	3,346.4	3,949.1

Source: ECB.

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

2.2 Consolidated balance sheet of euro area MFIs [1]

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

1. Assets

	Total	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/ other equity issued by other euro area residents	External assets	Fixed assets	Remaining assets [2]
		Total	General government	Other euro area residents	Total	General government	Other euro area residents				
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2011	26,718.7	12,341.7	1,177.6	11,164.1	3,480.2	1,952.8	1,527.4	741.0	5,032.7	240.4	4,882.7
2012	26,249.7	12,216.2	1,170.3	11,045.9	3,629.0	2,195.3	1,433.7	767.0	4,844.2	222.9	4,570.4
2013 Q1	26,567.4	12,188.1	1,141.2	11,046.9	3,726.7	2,294.7	1,432.0	784.7	4,843.2	218.2	4,806.5
Q2	25,928.0	12,099.3	1,116.9	10,982.4	3,805.9	2,374.0	1,431.9	792.5	4,665.5	217.7	4,347.1
2013 Apr.	26,705.6	12,164.4	1,151.1	11,013.3	3,748.8	2,309.2	1,439.7	815.4	4,820.0	218.2	4,938.8
May	26,371.0	12,119.6	1,125.4	10,994.2	3,800.2	2,353.5	1,446.7	810.3	4,797.1	217.1	4,626.8
June	25,928.0	12,099.3	1,116.9	10,982.4	3,805.9	2,374.0	1,431.9	792.5	4,665.5	217.7	4,347.1
July (p)	25,654.2	12,019.0	1,120.3	10,898.7	3,771.4	2,339.2	1,432.2	785.5	4,623.2	218.4	4,236.6
	Transactions										
2011	993.1	60.3	-55.6	115.9	127.7	151.8	-24.1	-29.9	-37.2	7.8	864.3
2012	86.2	-36.9	-4.7	-32.2	113.0	183.6	-70.5	38.6	-153.2	-14.0	138.6
2013 Q1	-73.7	-8.0	-29.6	21.6	98.6	100.1	-1.5	18.4	7.9	-3.5	-187.1
Q2	-442.7	-67.3	-23.6	-43.7	80.7	79.9	0.8	8.1	-0.4	-0.3	-463.6
2013 Apr.	204.2	-13.9	10.0	-23.9	-1.9	-8.8	7.0	27.0	61.1	0.1	131.8
May	-304.2	-41.5	-25.6	-15.9	59.5	52.0	7.4	-5.7	-2.5	-1.0	-313.0
June	-342.6	-11.8	-8.0	-3.9	23.1	36.7	-13.6	-13.2	-59.0	0.7	-282.5
July (p)	-274.9	-73.9	2.3	-76.3	-37.4	-38.3	0.9	-10.9	-41.8	0.7	-111.6

2. Liabilities

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Money market fund shares/ units [3]	Debt securities issued [4]	Capital and reserves	External liabilities	Remaining liabilities [2]	Excess of inter-MFI liabilities over inter-MFI assets
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2011	26,718.7	857.5	259.3	10,764.3	520.4	3,006.1	2,220.8	4,087.7	5,020.5	-17.9
2012	26,249.7	876.8	252.1	10,936.0	467.9	2,853.5	2,397.7	3,788.3	4,729.4	-52.0
2013 Q1	26,567.4	867.5	302.4	11,056.2	459.6	2,775.9	2,416.1	3,793.3	4,954.6	-58.3
Q2	25,928.0	885.9	344.6	11,132.0	434.4	2,698.6	2,338.2	3,643.5	4,506.0	-55.1
2013 Apr.	26,705.6	874.7	251.7	11,075.1	459.1	2,747.8	2,391.8	3,827.4	5,122.2	-44.3
May	26,371.0	879.6	314.3	11,095.5	455.6	2,721.8	2,379.5	3,749.8	4,824.9	-50.0
June	25,928.0	885.9	344.6	11,132.0	434.4	2,698.6	2,338.2	3,643.5	4,506.0	-55.1
July (p)	25,654.2	892.8	318.6	11,057.0	433.4	2,659.6	2,368.0	3,579.3	4,405.0	-59.5
	Transactions									
2011	993.1	49.1	-0.8	168.1	-29.0	49.9	141.4	-200.0	860.6	-46.1
2012	86.2	19.5	-5.1	187.3	-18.2	-124.6	155.5	-253.6	147.8	-22.4
2013 Q1	-73.7	-9.3	50.3	114.6	7.6	-65.8	25.5	-25.7	-174.4	3.4
Q2	-442.7	18.4	42.2	83.7	-24.9	-65.3	54.6	-110.6	-436.7	-4.1
2013 Apr.	204.2	7.2	-50.7	24.8	-0.5	-15.0	3.8	63.4	158.6	12.6
May	-304.2	4.9	62.6	19.7	-3.4	-26.8	12.2	-77.8	-288.4	-7.1
June	-342.6	6.3	30.3	39.2	-21.1	-23.5	38.7	-96.2	-306.8	-9.5
July (p)	-274.9	6.9	-26.1	-71.0	-1.0	-33.0	-0.6	-37.8	-108.0	-4.3

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

2.3 Monetary statistics [1]

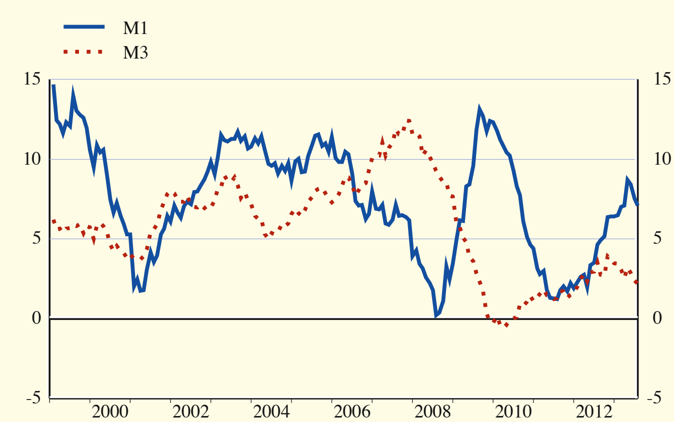
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

1. Monetary aggregates [2] and counterparts

	M3					M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents [3]			Net external assets [4]
	M2			M3-M2						Loans	Loans adjusted for sales and securitisation [5]	
	M1	M2-M1										
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2011	4,803.1	3,802.6	8,605.6	894.1	9,499.8	-	7,680.6	3,165.2	13,283.4	11,016.6	-	929.1
2012	5,105.4	3,884.9	8,990.3	792.5	9,782.9	-	7,570.9	3,406.1	13,058.2	10,858.9	-	1,038.6
2013 Q1	5,204.1	3,885.8	9,089.8	718.8	9,808.6	-	7,564.0	3,430.6	13,049.9	10,833.2	-	1,062.8
Q2	5,255.9	3,874.7	9,130.6	683.5	9,814.1	-	7,388.4	3,455.3	12,936.2	10,705.3	-	1,011.0
2013 Apr.	5,233.4	3,878.0	9,111.4	710.2	9,821.6	-	7,501.8	3,450.4	13,008.2	10,795.2	-	1,023.7
May	5,283.8	3,862.8	9,146.6	702.0	9,848.6	-	7,477.9	3,466.6	12,988.7	10,758.6	-	1,068.2
June	5,255.9	3,874.7	9,130.6	683.5	9,814.1	-	7,388.4	3,455.3	12,936.2	10,705.3	-	1,011.0
July (p)	5,304.3	3,866.6	9,170.9	690.7	9,861.6	-	7,374.9	3,448.6	12,881.2	10,651.9	-	1,043.6
	Transactions											
2011	89.5	70.3	159.8	-7.5	152.3	-	211.6	95.8	48.9	103.7	130.3	162.3
2012	307.6	78.7	386.3	-55.3	330.9	-	-117.0	184.5	-102.1	-69.9	-15.9	98.9
2013 Q1	95.3	0.5	95.8	-45.0	50.8	-	-2.2	24.8	13.1	-5.1	0.7	63.9
Q2	56.9	-11.5	45.4	-35.1	10.2	-	-27.6	25.8	-91.5	-107.1	-99.2	86.3
2013 Apr.	32.8	-6.7	26.1	-7.7	18.4	-	-20.3	-3.3	-36.2	-28.3	-28.2	16.0
May	50.9	-15.4	35.5	-9.0	26.5	-	-0.2	23.9	-16.4	-33.4	-27.3	65.0
June	-26.8	10.6	-16.2	-18.4	-34.7	-	-7.1	5.2	-38.9	-45.4	-43.7	5.3
July (p)	50.0	-6.7	43.3	6.2	49.5	-	-35.9	-11.2	-51.0	-46.0	-37.9	6.8
	Growth rates											
2011	1.9	1.9	1.9	-0.9	1.6	1.7	2.9	3.2	0.4	0.9	1.2	162.3
2012	6.4	2.1	4.5	-6.5	3.5	3.6	-1.5	5.8	-0.8	-0.6	-0.1	98.9
2013 Q1	7.1	0.5	4.2	-13.9	2.5	2.9	-1.2	3.5	-0.9	-0.7	-0.3	180.0
Q2	7.5	0.1	4.3	-17.0	2.4	2.5	-0.9	2.7	-1.1	-1.6	-1.0	284.9
2013 Apr.	8.7	0.1	4.9	-13.8	3.2	2.9	-1.4	3.5	-0.9	-0.9	-0.5	208.0
May	8.4	-0.1	4.7	-15.6	2.9	2.8	-0.9	3.3	-1.0	-1.1	-0.7	269.5
June	7.5	0.1	4.3	-17.0	2.4	2.5	-0.9	2.7	-1.1	-1.6	-1.0	284.9
July (p)	7.1	0.0	4.0	-16.6	2.2	.	-0.9	2.2	-1.2	-1.9	-1.4	271.5

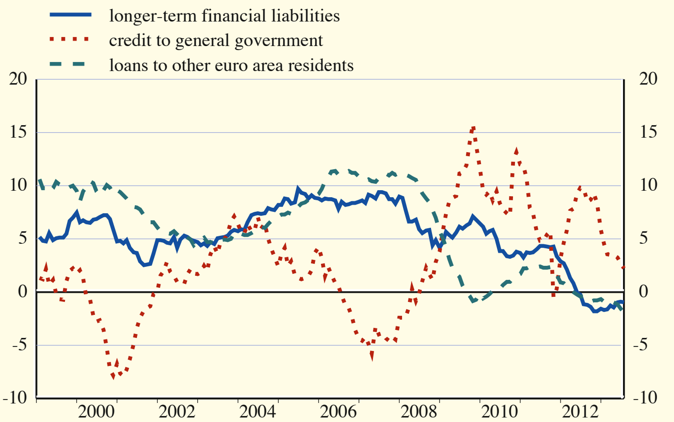
C1 Monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C2 Counterparts [1]

(annual growth rates; seasonally adjusted)



Source: ECB.
1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) Monetary liabilities of MFIs and central government (post office, treasury, etc.) vis-à-vis non-MFI euro area residents excluding central government. For definitions of M1, M2 and M3, see glossary.
3) Excludes reverse repos to central counterparties as of June 2010; transactions and growth rates are adjusted for this effect.
4) Values in the section “growth rates” are sums of the transactions during the 12 months ending in the period indicated.
5) Adjustment for the derecognition of loans on the MFI balance sheet on account of their sale or securitisation.

2.3 Monetary statistics [1]

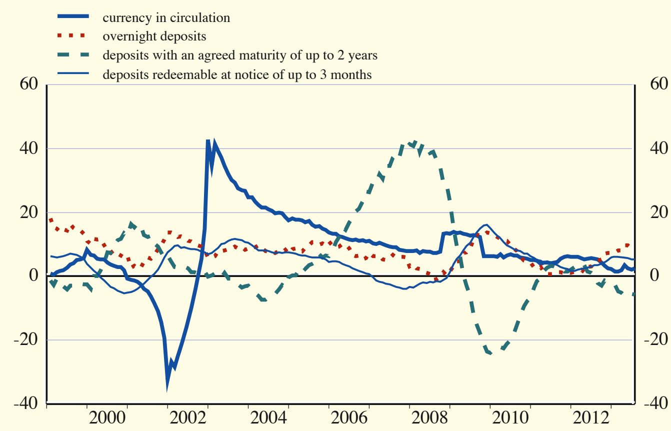
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

	Currency in circulation	Overnight deposits	Deposits with an agreed maturity of up to 2 years	Deposits redeemable at notice of up to 3 months	Repos [2]	Money market fund shares/units	Debt securities with a maturity of up to 2 years	Debt securities with a maturity of over 2 years	Deposits redeemable at notice of over 3 months	Deposits with an agreed maturity of over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
					Outstanding amounts						
2011	844.2	3,958.9	1,841.6	1,961.0	147.4	536.8	209.9	2,815.7	115.3	2,543.5	2,206.1
2012	864.0	4,241.4	1,805.4	2,079.5	124.8	482.2	185.5	2,688.2	106.0	2,394.5	2,382.2
2013 Q1	869.1	4,334.9	1,784.3	2,101.5	122.2	458.7	137.9	2,632.1	100.8	2,408.5	2,422.5
Q2	879.3	4,376.6	1,751.9	2,122.8	116.9	436.6	130.0	2,561.9	96.6	2,399.4	2,330.5
2013 Apr.	880.0	4,353.3	1,767.3	2,110.7	121.7	451.6	136.8	2,598.9	99.5	2,395.5	2,407.9
May	879.6	4,404.2	1,744.0	2,118.8	122.3	446.3	133.4	2,580.5	97.6	2,407.2	2,392.5
June	879.3	4,376.6	1,751.9	2,122.8	116.9	436.6	130.0	2,561.9	96.6	2,399.4	2,330.5
July (p)	884.3	4,420.0	1,736.8	2,129.8	121.3	434.0	135.5	2,513.0	95.7	2,403.6	2,362.6
					Transactions						
2011	49.2	40.4	36.9	33.4	-16.7	-29.7	38.9	18.0	-2.5	55.9	140.2
2012	20.0	287.6	-35.8	114.5	-17.0	-20.0	-18.3	-105.3	-10.2	-156.1	154.7
2013 Q1	5.1	90.2	-21.5	22.0	-2.8	-7.6	-34.5	-56.7	-5.2	12.3	47.3
Q2	10.1	46.8	-32.9	21.4	-5.1	-21.8	-8.2	-58.0	-4.2	-6.1	40.7
2013 Apr.	10.9	21.9	-16.0	9.3	-0.3	-6.9	-0.5	-20.8	-1.3	-12.0	13.8
May	-0.4	51.4	-23.4	8.0	0.6	-5.3	-4.3	-18.3	-1.9	10.7	9.2
June	-0.3	-26.5	6.6	4.0	-5.4	-9.6	-3.4	-18.9	-1.0	-4.8	17.6
July (p)	5.0	44.9	-14.3	7.6	4.5	-2.5	4.1	-41.6	-1.0	5.0	1.7
					Growth rates						
2011	6.2	1.0	2.1	1.7	-9.7	-5.1	29.0	0.7	-2.1	2.3	6.9
2012	2.4	7.3	-1.9	5.8	-11.6	-4.0	-9.5	-3.8	-8.8	-6.1	6.9
2013 Q1	1.9	8.2	-5.2	5.9	-7.8	-6.7	-33.9	-4.2	-11.7	-5.0	7.0
Q2	2.1	8.7	-5.6	5.4	-9.3	-11.5	-34.9	-4.8	-14.8	-3.2	6.8
2013 Apr.	3.4	9.8	-6.1	5.9	-6.8	-8.5	-31.0	-4.6	-13.3	-5.1	6.9
May	2.6	9.7	-6.3	5.7	-6.0	-11.3	-32.3	-4.4	-14.4	-3.6	6.7
June	2.1	8.7	-5.6	5.4	-9.3	-11.5	-34.9	-4.8	-14.8	-3.2	6.8
July (p)	2.4	8.1	-5.7	5.3	-6.5	-11.4	-34.9	-6.3	-14.9	-1.0	6.0

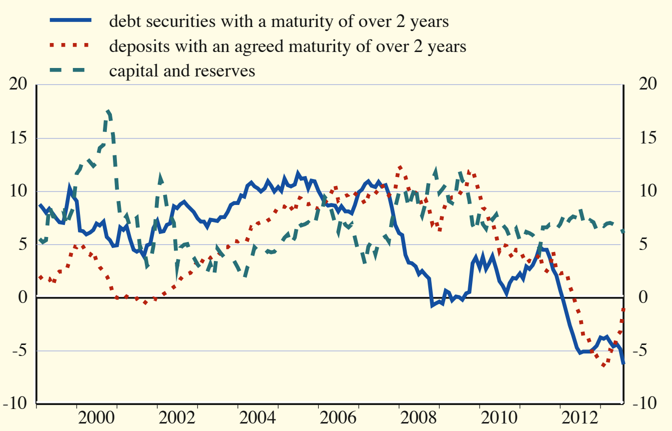
C3 Components of monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C4 Components of longer-term financial liabilities [1]

(annual growth rates; seasonally adjusted)



Source: ECB.
1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) Excludes repurchase agreements with central counterpaties as of June 2010; transactions and growth rates are adjusted for this effect.

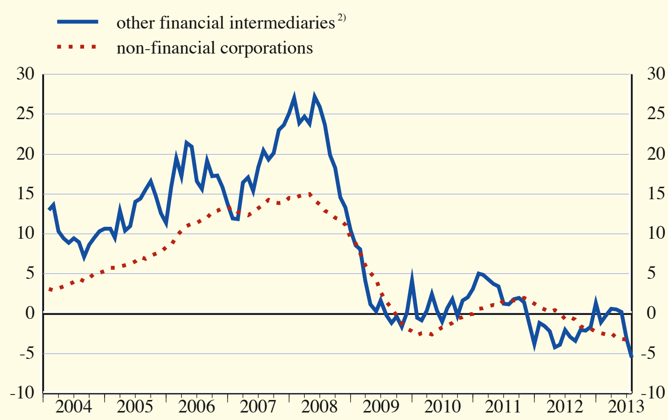
2.3 Monetary statistics [1]

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

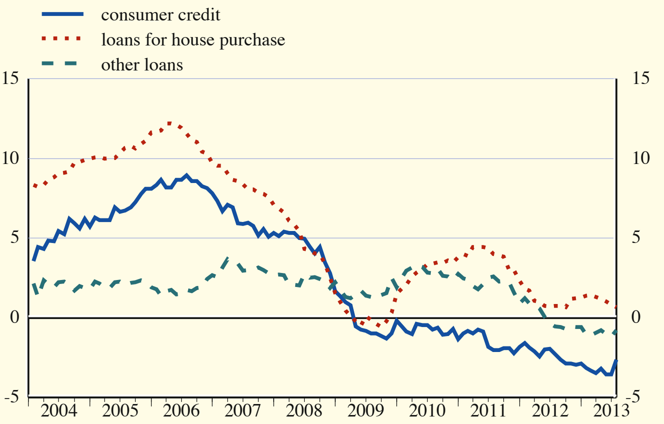
3. Loans as counterpart to M3

	Insurance corporations and pension funds	Other financial inter-mediaries [2]	Non-financial corporations					Households [3]				
	Total	Total	Total	Loans adjusted for sales and securitisation [4]	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Loans adjusted for sales and securitisation [4]	Consumer credit	Loans for house purchase	Other loans
	1	2	3	4	5	6	7	8	9	10	11	12
						Outstanding amounts						
2011	91.0	969.6	4,723.7	-	1,147.7	860.7	2,715.2	5,232.3	-	626.2	3,777.2	828.9
2012	88.9	981.7	4,545.6	-	1,134.8	795.9	2,614.9	5,242.7	-	602.0	3,824.1	816.5
2013 Q1	92.5	978.5	4,511.7	-	1,137.6	778.5	2,595.5	5,250.5	-	593.2	3,843.1	814.1
Q2	93.4	929.3	4,447.9	-	1,111.6	770.0	2,566.3	5,234.7	-	586.5	3,840.0	808.1
2013 Apr.	95.4	961.9	4,489.1	-	1,130.1	772.2	2,586.8	5,248.8	-	592.4	3,842.5	813.9
May	93.1	955.8	4,468.9	-	1,116.0	774.3	2,578.6	5,240.8	-	591.2	3,838.2	811.5
June	93.4	929.3	4,447.9	-	1,111.6	770.0	2,566.3	5,234.7	-	586.5	3,840.0	808.1
July (p)	95.7	903.5	4,424.0	-	1,094.6	772.0	2,557.4	5,228.7	-	587.7	3,830.8	810.2
						Transactions						
2011	1.3	-37.1	58.0	63.9	24.0	-22.9	56.8	81.6	102.3	-11.6	85.7	7.4
2012	-2.0	13.2	-106.8	-61.2	7.1	-51.3	-62.6	25.7	34.3	-17.8	48.2	-4.8
2013 Q1	3.6	-3.4	-14.9	-5.4	7.3	-13.6	-8.6	9.7	4.3	-6.7	17.3	-0.9
Q2	0.9	-49.4	-47.6	-48.0	-24.7	-5.7	-17.2	-11.0	-2.6	-5.3	-1.3	-4.5
2013 Apr.	2.9	-15.0	-17.6	-18.2	-8.3	-4.8	-4.5	1.4	2.1	0.2	0.6	0.6
May	-2.3	-5.8	-17.5	-18.0	-13.4	2.1	-6.1	-7.7	-1.2	-1.7	-3.3	-2.7
June	0.4	-28.6	-12.5	-11.8	-3.0	-3.0	-6.6	-4.6	-3.5	-3.8	1.4	-2.3
July (p)	2.3	-24.2	-19.4	-21.1	-15.3	2.8	-6.9	-4.8	4.8	1.7	-9.0	2.5
						Growth rates						
2011	1.5	-3.8	1.2	1.4	2.1	-2.6	2.1	1.6	2.0	-1.8	2.3	0.9
2012	-2.2	1.3	-2.3	-1.3	0.6	-6.0	-2.3	0.5	0.7	-2.9	1.3	-0.6
2013 Q1	6.2	0.6	-2.4	-1.3	1.7	-6.3	-2.9	0.4	0.3	-3.5	1.3	-0.9
Q2	11.3	-3.2	-3.2	-2.3	-1.8	-6.2	-2.9	0.0	0.3	-3.6	0.8	-1.2
2013 Apr.	16.0	0.6	-3.0	-1.9	-0.6	-6.7	-2.8	0.4	0.3	-3.2	1.2	-0.8
May	12.0	0.3	-3.1	-2.1	-1.4	-6.3	-2.9	0.2	0.3	-3.6	1.0	-1.0
June	11.3	-3.2	-3.2	-2.3	-1.8	-6.2	-2.9	0.0	0.3	-3.6	0.8	-1.2
July (p)	14.4	-5.5	-3.7	-2.8	-4.0	-5.5	-3.0	0.1	0.3	-2.6	0.7	-0.8

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



C6 Loans to households [1]
(annual growth rates; seasonally adjusted)



Source: ECB.
1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) Excludes reverse repos to central counterparties as of June 2010; transactions and growth rates are adjusted for this effect.
3) Including non-profit institutions serving households.
4) Adjusted for the derecognition of loans on the MFI balance sheet on account of their sale or securitisation.

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

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

1. Loans to financial intermediaries and non-financial corporations

	Insurance corporations and pension funds				Other financial intermediaries					Non-financial corporations			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Reverse repos to central counterparties	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2012	81.6	64.2	4.5	12.9	1,169.7	196.2	599.7	229.5	340.5	4,541.1	1,126.4	794.7	2,620.0
2013 Q1	91.5	75.4	3.9	12.2	1,203.9	234.9	630.6	219.6	353.7	4,510.0	1,138.7	778.9	2,592.4
Q2	94.7	78.7	3.8	12.2	1,188.3	252.6	628.4	218.7	341.2	4,456.8	1,121.1	770.9	2,564.8
2013 May	94.8	78.8	3.8	12.1	1,195.9	238.1	629.7	219.4	346.9	4,470.8	1,120.0	776.0	2,574.7
June	94.7	78.7	3.8	12.2	1,188.3	252.6	628.4	218.7	341.2	4,456.8	1,121.1	770.9	2,564.8
July (p)	97.2	81.3	3.6	12.3	1,133.1	223.0	580.1	216.6	336.4	4,434.3	1,100.5	773.0	2,560.7
	Transactions												
2012	-1.7	0.6	-1.8	-0.5	52.0	38.7	21.2	13.1	17.7	-107.7	6.4	-51.4	-62.7
2013 Q1	9.9	11.2	-0.6	-0.7	33.9	38.6	30.8	-4.8	7.9	-12.1	16.8	-12.1	-16.8
Q2	3.3	3.3	-0.1	0.1	-15.9	17.8	-1.1	-2.9	-12.0	-37.0	-16.1	-5.1	-15.7
2013 May	0.3	0.5	-0.2	0.1	3.5	10.2	6.0	-1.4	-1.1	-13.8	-12.0	3.2	-5.0
June	-0.1	-0.1	-0.1	0.1	-9.8	14.5	-1.2	-2.9	-5.7	-5.5	2.6	-3.8	-4.3
July (p)	2.5	2.6	-0.1	0.1	-53.5	-29.7	-47.6	0.9	-6.8	-18.0	-18.8	2.9	-2.0
	Growth rates												
2012	-2.0	0.9	-28.6	-3.5	4.6	24.7	3.6	6.1	5.5	-2.3	0.6	-6.0	-2.3
2013 Q1	6.1	11.7	-27.3	-8.8	4.6	25.7	6.6	0.3	4.1	-2.4	1.7	-6.3	-2.9
Q2	11.1	16.7	-29.4	-2.2	3.9	42.7	8.8	-0.7	-1.5	-3.2	-1.8	-6.2	-2.9
2013 May	11.9	19.5	-29.8	-8.6	5.2	31.6	9.2	1.8	0.6	-3.1	-1.3	-6.3	-2.9
June	11.1	16.7	-29.4	-2.2	3.9	42.7	8.8	-0.7	-1.5	-3.2	-1.8	-6.2	-2.9
July (p)	14.3	20.2	-26.7	-1.4	-3.3	6.4	-4.6	0.3	-3.2	-3.7	-4.1	-5.5	-3.0

2. Loans to households [3)]

	Total	Consumer credit				Loans for house purchase				Other loans				
		Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Sole proprietors	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts													
2012	5,252.6	604.3	136.4	175.2	292.7	3,830.9	14.4	56.6	3,759.9	817.4	419.4	139.8	80.7	596.9
2013 Q1	5,240.4	590.9	130.0	172.2	288.7	3,837.9	13.5	56.0	3,768.4	811.5	415.1	139.2	78.5	593.8
Q2	5,241.5	589.6	131.0	171.3	287.3	3,838.5	13.7	55.7	3,769.2	813.4	414.0	144.7	78.5	590.2
2013 May	5,231.5	590.2	129.3	173.0	287.9	3,831.3	13.6	55.9	3,761.9	810.0	414.5	137.7	79.1	593.2
June	5,241.5	589.6	131.0	171.3	287.3	3,838.5	13.7	55.7	3,769.2	813.4	414.0	144.7	78.5	590.2
July (p)	5,233.0	589.1	129.6	171.8	287.6	3,834.6	12.7	56.1	3,765.8	809.4	413.3	141.9	78.7	588.8
	Transactions													
2012	25.1	-17.8	-3.2	-6.2	-8.4	47.8	0.2	0.2	47.4	-4.9	-5.7	-0.3	-6.9	2.3
2013 Q1	-10.1	-11.2	-5.0	-3.5	-2.7	5.5	-0.6	-0.9	6.9	-4.4	-4.2	-0.8	-1.9	-1.6
Q2	5.9	0.1	1.7	-1.0	-0.6	2.4	0.2	-0.3	2.5	3.5	-2.0	3.7	0.1	-0.3
2013 May	-5.9	-1.3	-0.8	0.0	-0.5	-4.0	0.0	-0.1	-3.9	-0.6	-0.3	-2.3	0.1	1.5
June	11.5	0.2	1.9	-1.4	-0.3	6.8	0.1	-0.2	6.9	4.5	-0.5	6.6	0.1	-2.2
July (p)	-7.3	0.1	-1.2	0.3	0.9	-3.7	-0.9	0.4	-3.2	-3.7	-0.7	-2.9	0.2	-0.9
	Growth rates													
2012	0.5	-2.8	-2.2	-3.4	-2.8	1.3	1.3	0.3	1.3	-0.6	-1.4	-0.3	-7.8	0.4
2013 Q1	0.4	-3.5	-2.7	-4.2	-3.4	1.3	0.0	-1.4	1.4	-0.9	-1.8	-0.7	-8.4	0.1
Q2	0.0	-3.6	-2.2	-5.0	-3.3	0.8	-0.1	-2.1	0.9	-1.2	-1.7	-1.1	-7.2	-0.3
2013 May	0.2	-3.5	-3.4	-4.0	-3.3	1.0	0.0	-2.0	1.1	-1.0	-1.6	-2.1	-7.9	0.2
June	0.0	-3.6	-2.2	-5.0	-3.3	0.8	-0.1	-2.1	0.9	-1.2	-1.7	-1.1	-7.2	-0.3
July (p)	0.1	-2.7	-2.5	-4.2	-1.8	0.7	-7.8	-2.1	0.8	-0.8	-1.5	0.3	-5.5	-0.4

Source: ECB.

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

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

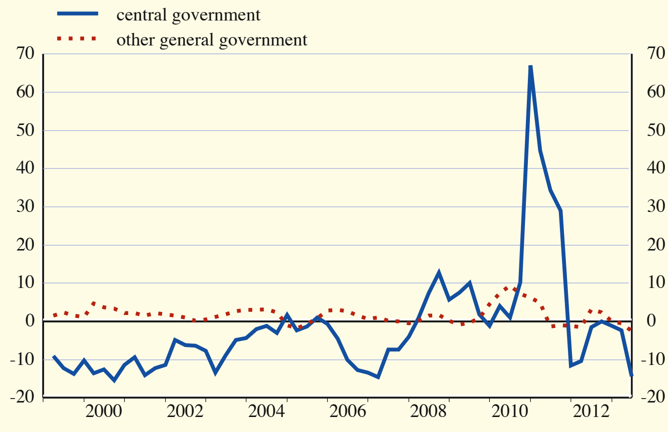
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

3. Loans to government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2011	1,159.6	348.9	221.7	567.4	21.7	3,021.6	2,022.7	998.9	62.4	936.4
2012	1,153.4	341.8	221.6	565.9	24.1	2,866.9	1,908.0	958.8	60.7	898.1
2012 Q3	1,163.0	341.4	231.5	564.0	26.2	3,006.3	1,988.5	1,017.8	59.7	958.1
Q4	1,153.4	341.8	221.6	565.9	24.1	2,866.9	1,908.0	958.8	60.7	898.1
2013 Q1	1,124.3	312.4	217.0	568.8	26.0	2,890.1	1,891.3	998.8	60.0	938.8
Q2 (p)	1,101.8	290.3	218.1	565.1	28.0	2,875.9	1,895.0	979.8	58.0	921.8
	Transactions									
2011	-54.9	-45.9	-0.4	14.6	-23.3	15.6	-26.2	41.6	13.0	28.7
2012	-3.6	-4.1	-4.9	2.9	2.4	-130.3	-102.3	-28.0	-1.0	-27.0
2012 Q3	-7.9	1.8	-9.5	-1.3	1.1	-54.9	-59.9	5.0	2.3	2.7
Q4	-9.5	0.6	-9.9	1.9	-2.1	-103.4	-57.4	-45.9	1.9	-47.8
2013 Q1	-29.5	-29.5	-4.5	2.5	1.9	11.2	-26.3	37.5	-1.0	38.6
Q2 (p)	-22.1	-21.8	1.1	-3.7	2.0	17.7	24.7	-8.1	-1.3	-6.8
	Growth rates									
2011	-4.5	-11.6	-0.2	2.7	-51.6	0.6	-1.1	4.4	26.7	3.2
2012	-0.3	-1.2	-2.2	0.5	11.2	-4.2	-5.0	-2.8	-1.8	-2.9
2012 Q3	1.7	0.0	2.8	2.1	6.9	-5.6	-7.1	-2.6	-7.0	-2.3
Q4	-0.3	-1.2	-2.2	0.5	11.2	-4.2	-5.0	-2.8	-1.8	-2.9
2013 Q1	-1.1	-2.4	-3.5	0.2	8.3	-5.2	-7.2	-1.4	0.1	-1.4
Q2 (p)	-5.9	-14.4	-9.5	-0.1	11.5	-4.2	-5.8	-1.1	3.1	-1.4

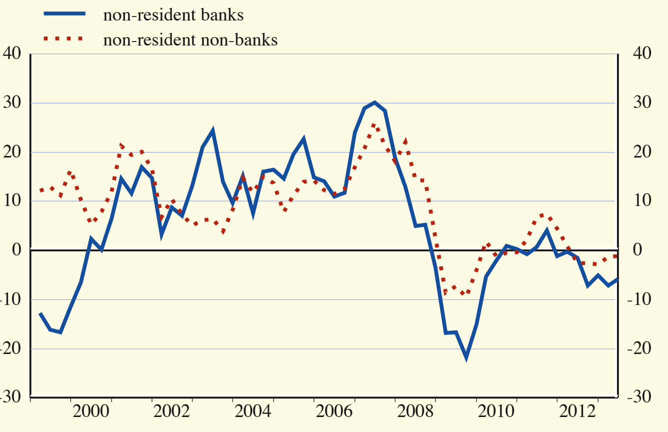
C7 Loans to government [2)]

(annual growth rates; not seasonally adjusted)



C8 Loans to non-euro area residents [2)]

(annual growth rates; not seasonally adjusted)



Source: ECB.

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

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

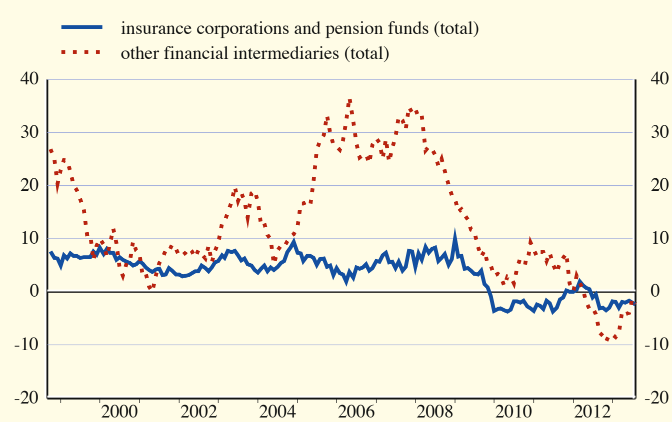
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries							
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		With central counter-parties
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
							Outstanding amounts								
2011	703.8	91.9	79.9	512.4	4.0	0.2	15.5	2,221.0	390.0	284.9	1,190.7	14.7	0.5	340.2	260.0
2012	692.0	107.1	81.4	484.4	6.4	0.2	12.5	2,015.7	410.3	236.6	1,020.7	13.6	0.3	334.4	256.7
2013 Q1	697.5	114.3	83.3	480.3	7.9	0.3	11.5	2,109.4	442.2	237.8	1,014.8	15.0	0.2	399.3	314.1
Q2	678.8	104.2	79.5	477.9	7.9	0.3	9.0	2,122.4	455.5	230.7	992.8	16.9	0.2	426.3	343.4
2013 Apr.	702.7	119.1	83.0	478.7	8.1	0.3	13.6	2,083.5	447.6	231.2	1,003.1	15.8	0.2	385.6	299.8
May	696.5	112.6	82.6	481.3	8.3	0.3	11.6	2,085.2	443.9	231.8	996.5	15.4	0.2	397.3	310.2
June	678.8	104.2	79.5	477.9	7.9	0.3	9.0	2,122.4	455.5	230.7	992.8	16.9	0.2	426.3	343.4
July (p)	683.5	109.0	80.4	475.0	8.3	0.3	10.5	2,049.2	435.3	233.1	986.2	17.5	0.2	376.9	287.1
							Transactions								
2011	0.0	11.5	4.2	-14.2	1.1	-0.1	-2.6	2.4	28.8	-29.2	5.7	-2.6	0.1	-0.4	5.5
2012	-12.0	15.7	2.6	-27.6	2.0	0.0	-4.7	-177.2	23.4	-49.5	-166.0	-2.0	-0.3	17.2	13.3
2013 Q1	6.9	8.1	1.9	-4.3	1.5	0.1	-0.4	88.8	29.0	0.8	-6.6	1.5	-0.1	64.1	57.3
Q2	-18.7	-10.0	-4.3	-2.0	0.0	0.0	-2.5	15.7	14.9	-7.0	-21.2	1.8	0.0	27.2	29.4
2013 Apr.	5.3	4.9	-0.4	-1.6	0.2	0.0	2.1	-23.7	6.1	-6.3	-10.7	0.7	0.0	-13.6	-14.2
May	-6.3	-6.5	-0.5	2.6	0.1	0.0	-2.0	0.8	-3.3	0.3	-7.6	-0.4	0.0	11.8	10.4
June	-17.8	-8.3	-3.4	-3.0	-0.3	0.0	-2.6	38.6	12.1	-1.1	-2.9	1.5	0.0	29.0	33.2
July (p)	4.9	4.9	1.0	-2.9	0.3	0.0	1.6	-71.5	-19.4	2.5	-5.8	0.6	0.0	-49.3	-56.2
							Growth rates								
2011	0.0	14.1	5.6	-2.7	43.3	-	-13.1	0.2	8.1	-9.3	0.4	-10.0	-	-0.2	2.1
2012	-1.7	17.1	3.4	-5.4	50.8	-	-32.1	-8.1	6.0	-17.4	-14.0	-14.0	-	4.3	4.2
2013 Q1	-1.8	17.7	-2.4	-4.9	65.3	-	-40.0	-3.7	5.1	-11.4	-11.5	-9.6	-	17.2	20.3
Q2	-1.9	6.6	1.3	-4.4	27.2	-	-8.2	-1.2	12.1	-9.0	-9.1	12.4	-	11.5	16.3
2013 Apr.	-2.0	14.0	-3.2	-5.1	62.2	-	-27.7	-4.2	10.7	-14.9	-11.8	-4.0	-	11.3	14.0
May	-1.6	10.0	-2.2	-4.2	43.0	-	-13.9	-3.9	7.9	-12.7	-9.8	-0.9	-	6.4	7.4
June	-1.9	6.6	1.3	-4.4	27.2	-	-8.2	-1.2	12.1	-9.0	-9.1	12.4	-	11.5	16.3
July (p)	-2.4	3.9	-0.6	-4.6	26.6	-	5.1	-2.2	4.7	-5.3	-4.8	28.5	-	-2.1	-2.6

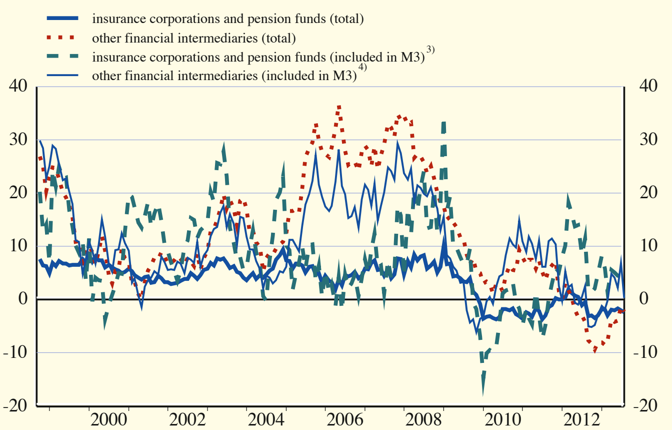
C9 Total deposits by sector [2)]

(annual growth rates)



C10 Total deposits and deposits included in M3 by sector [2)]

(annual growth rates)



Source: ECB.

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

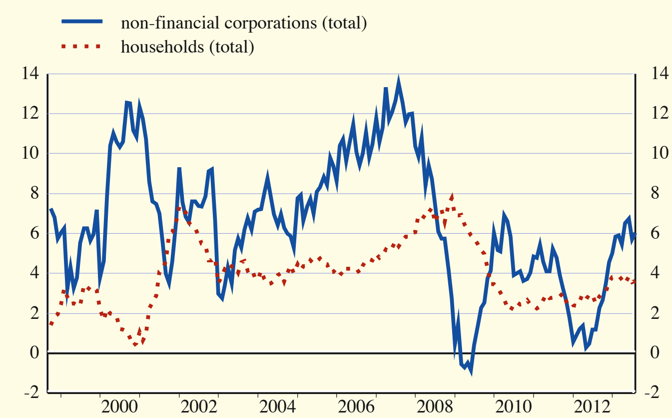
2.5 Deposits held with MFIs: breakdown [1), 2)]

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

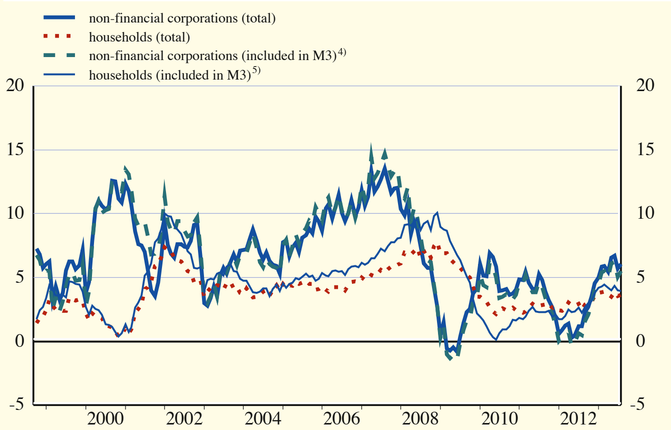
2. Deposits by non-financial corporations and households

	Non-financial corporations							Households [3)]						
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Outstanding amounts														
2011	1,686.9	1,054.3	444.3	97.7	72.3	2.0	16.3	5,894.0	2,255.7	948.1	723.7	1,837.1	106.7	22.7
2012	1,766.4	1,153.1	408.3	106.8	85.4	2.0	10.9	6,119.1	2,346.5	979.1	747.8	1,937.3	98.0	10.4
2013 Q1	1,753.4	1,128.2	409.7	110.8	91.8	1.7	11.2	6,166.3	2,377.3	966.0	758.1	1,963.5	93.1	8.3
Q2	1,764.8	1,154.2	389.7	116.2	92.4	1.7	10.6	6,209.9	2,446.4	928.9	770.3	1,970.0	88.2	6.1
2013 Apr.	1,754.2	1,131.7	404.5	112.9	92.2	1.5	11.2	6,176.3	2,395.5	952.0	762.6	1,967.9	91.5	7.0
May	1,764.3	1,149.2	392.0	115.6	92.6	1.6	13.2	6,188.0	2,410.0	942.5	768.7	1,970.7	89.4	6.7
June	1,764.8	1,154.2	389.7	116.2	92.4	1.7	10.6	6,209.9	2,446.4	928.9	770.3	1,970.0	88.2	6.1
July (p)	1,763.3	1,148.2	392.3	117.3	93.3	1.9	10.3	6,212.3	2,451.6	916.6	779.2	1,971.0	87.1	6.9
Transactions														
2011	9.5	10.0	-4.6	8.8	-5.0	0.4	-0.2	139.0	7.4	42.4	55.3	43.6	-2.6	-7.0
2012	84.5	101.9	-35.5	12.9	9.5	0.0	-4.3	224.8	90.4	33.7	21.8	100.7	-9.6	-12.3
2013 Q1	-13.5	-25.6	1.6	4.2	6.4	-0.3	0.2	46.6	30.7	-12.5	9.5	26.0	-4.9	-2.1
Q2	14.9	28.7	-20.4	6.6	0.6	0.0	-0.5	45.3	69.7	-36.7	12.9	6.6	-4.9	-2.2
2013 Apr.	3.4	5.7	-4.8	2.2	0.5	-0.1	0.1	11.0	18.7	-13.7	4.5	4.5	-1.6	-1.3
May	10.4	17.5	-12.2	2.7	0.4	0.1	2.0	11.6	14.5	-9.4	6.1	2.8	-2.1	-0.2
June	1.0	5.5	-3.4	1.7	-0.2	0.0	-2.6	22.7	36.4	-13.5	2.3	-0.7	-1.2	-0.7
July (p)	0.0	-5.5	2.9	1.1	1.4	0.2	-0.2	3.1	5.5	-12.0	8.8	1.2	-1.1	0.8
Growth rates														
2011	0.6	1.0	-1.0	10.0	-6.5	28.9	-3.4	2.4	0.3	4.7	8.3	2.4	-2.4	-23.6
2012	5.0	9.7	-8.0	13.4	13.0	-1.4	-26.5	3.8	4.0	3.6	3.0	5.5	-8.9	-54.2
2013 Q1	5.5	9.8	-7.5	12.9	16.4	-22.8	-11.8	3.7	6.9	-2.6	2.4	5.2	-11.7	-58.3
Q2	5.7	8.8	-5.2	15.9	10.6	-4.2	-12.8	3.5	7.0	-3.9	3.2	4.9	-15.4	-57.7
2013 Apr.	6.5	11.0	-6.5	13.3	15.8	-15.5	-12.1	3.5	6.7	-3.4	2.4	5.3	-13.4	-60.2
May	6.7	10.8	-6.1	15.4	12.5	-5.5	-3.6	3.8	7.5	-3.4	3.0	5.2	-15.0	-58.3
June	5.7	8.8	-5.2	15.9	10.6	-4.2	-12.8	3.5	7.0	-3.9	3.2	4.9	-15.4	-57.7
July (p)	6.0	8.6	-3.5	13.6	12.9	22.3	-13.3	3.6	7.6	-5.2	4.2	4.6	-16.0	-50.8

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)]

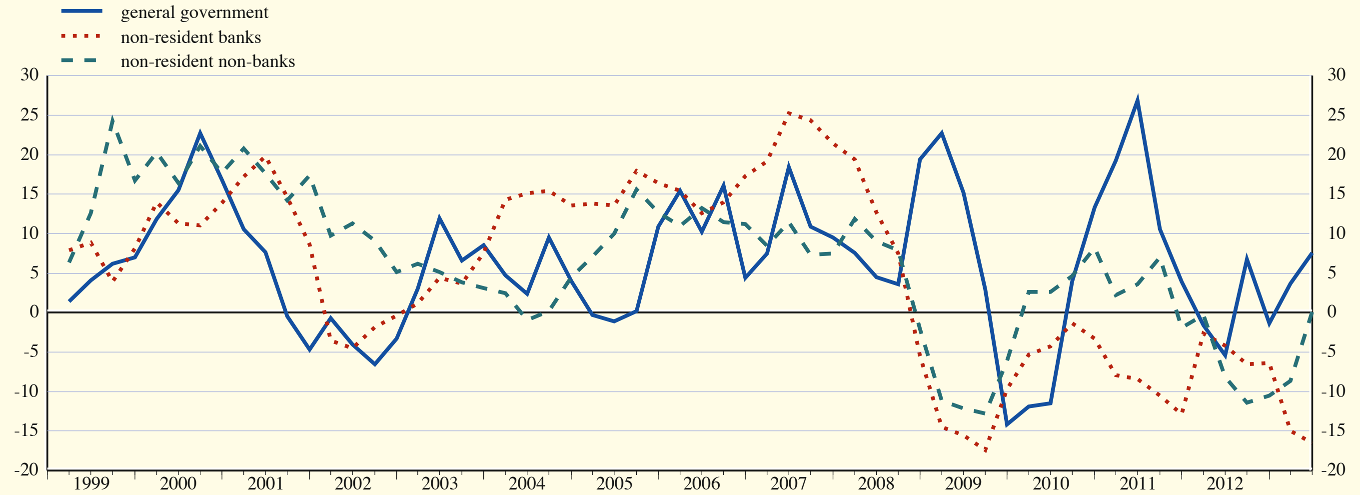
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

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									
2011	442.0	195.5	48.6	112.6	85.4	3,153.6	2,175.0	978.6	44.3	934.3
2012	449.1	170.8	62.8	111.7	103.8	2,892.3	2,013.9	878.3	38.7	839.6
2012 Q3	510.1	202.6	93.1	111.3	103.1	3,131.0	2,176.6	954.4	42.5	912.0
Q4	449.1	170.8	62.8	111.7	103.8	2,892.3	2,013.9	878.3	38.7	839.6
2013 Q1	500.6	209.0	67.2	111.8	112.6	2,901.9	1,987.0	914.8	36.5	878.3
Q2 (p)	547.1	236.7	70.9	115.2	124.5	2,803.9	1,870.6	933.3	34.4	899.0
	Transactions									
2011	17.1	3.3	0.6	2.3	10.8	-334.9	-314.6	-20.3	-2.1	-18.2
2012	-7.9	-22.6	-0.3	-0.4	15.5	-242.1	-138.5	-103.6	-5.1	-98.5
2012 Q3	2.8	11.8	-5.5	-0.9	-2.7	-93.1	-101.2	8.0	1.1	6.9
Q4	-61.5	-32.3	-30.2	0.4	0.6	-208.8	-141.6	-67.2	-3.4	-63.8
2013 Q1	50.5	38.3	4.1	0.1	8.0	-2.3	-32.8	30.6	-2.0	32.6
Q2 (p)	46.6	27.6	3.8	3.3	11.8	-70.3	-99.4	29.1	-1.7	30.8
	Growth rates									
2011	3.9	1.3	1.3	2.1	14.6	-9.8	-12.8	-1.9	-4.4	-1.8
2012	-1.4	-11.7	10.3	-0.4	18.2	-7.6	-6.4	-10.6	-11.9	-10.5
2012 Q3	6.7	-2.9	45.5	1.1	14.0	-7.9	-6.5	-11.4	-16.4	-11.2
Q4	-1.4	-11.7	10.3	-0.4	18.2	-7.6	-6.4	-10.6	-11.9	-10.5
2013 Q1	3.6	9.7	-12.3	-1.5	13.0	-13.0	-15.0	-8.6	-33.1	-7.2
Q2 (p)	7.5	23.7	-28.2	2.6	16.7	-11.7	-16.5	0.1	-14.6	0.8

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

(annual growth rates)



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

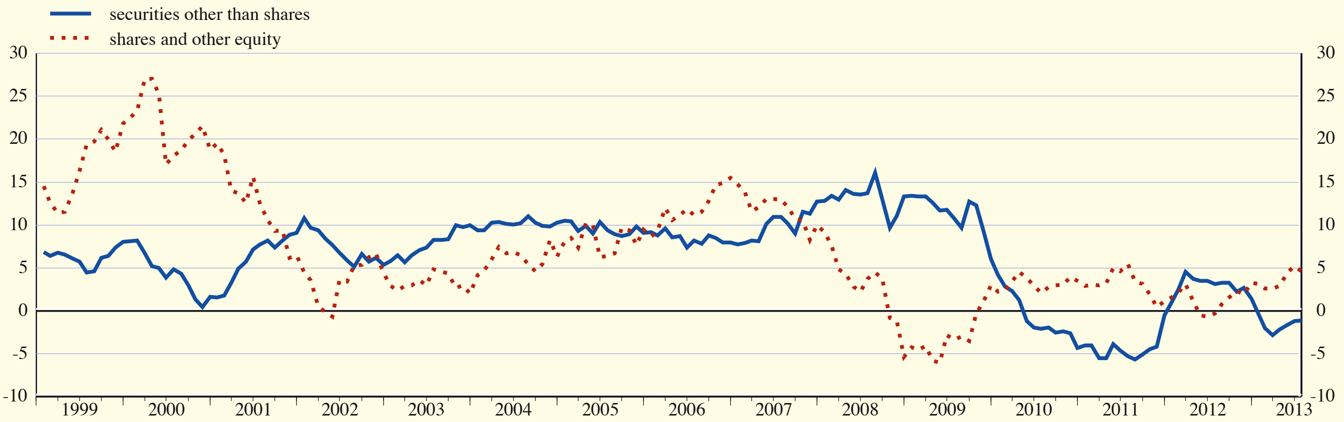
2.6 MFI holdings of securities: breakdown [1), 2)]

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

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2011	5,697.6	1,764.2	87.8	1,373.0	22.9	1,489.0	28.3	932.5	1,507.4	484.0	728.0	295.4
2012	5,774.4	1,748.5	102.9	1,594.2	32.8	1,399.6	23.6	872.8	1,528.5	475.7	752.1	300.7
2013 Q1	5,784.0	1,704.1	120.8	1,672.4	31.7	1,380.4	27.1	847.5	1,544.0	464.8	769.3	309.9
Q2	5,769.8	1,649.3	115.5	1,755.9	29.3	1,379.9	26.6	813.3	1,554.7	468.9	777.4	308.4
2013 Apr.	5,785.6	1,700.2	117.0	1,689.5	30.9	1,385.8	28.6	833.6	1,570.7	460.4	799.7	310.6
May	5,818.1	1,680.3	115.2	1,735.9	30.5	1,392.6	28.5	834.9	1,583.5	474.7	794.5	314.3
June	5,769.8	1,649.3	115.5	1,755.9	29.3	1,379.9	26.6	813.3	1,554.7	468.9	777.4	308.4
July (p)	5,714.0	1,637.6	115.4	1,723.9	28.7	1,378.9	27.4	802.1	1,560.8	479.7	770.1	311.1
	Transactions											
2011	-29.2	45.1	7.8	-2.6	5.5	-24.8	-0.1	-60.1	17.0	60.2	-31.5	-11.7
2012	82.5	-17.8	15.9	191.7	10.5	-67.6	-3.9	-46.3	49.9	6.6	38.0	5.3
2013 Q1	7.8	-59.2	17.8	78.8	-1.4	-18.9	3.4	-12.7	21.6	-9.9	18.0	13.6
Q2	5.2	-49.1	-6.5	83.7	-1.7	0.0	0.0	-21.0	18.2	9.6	8.2	0.4
2013 Apr.	-10.1	-5.7	-2.8	-0.1	-0.4	4.5	1.7	-7.4	24.5	-3.0	26.9	0.5
May	42.5	-18.9	-1.0	52.2	-0.2	7.3	-0.1	3.1	13.7	15.3	-5.6	4.0
June	-27.1	-24.5	-2.8	31.5	-1.1	-11.8	-1.7	-16.7	-19.9	-2.6	-13.1	-4.2
July (p)	-50.5	-12.2	1.8	-34.5	-0.2	-0.8	1.1	-5.8	0.8	10.0	-10.9	1.7
	Growth rates											
2011	-0.5	2.7	7.7	-0.2	33.7	-1.6	-0.8	-6.2	1.1	13.8	-4.1	-3.8
2012	1.5	-1.0	18.1	14.1	47.7	-4.6	-14.2	-4.9	3.3	1.3	5.2	1.8
2013 Q1	-2.8	-7.5	20.9	8.7	-4.3	-6.2	4.8	-9.3	2.6	-3.3	5.0	6.5
Q2	-1.2	-7.6	18.3	10.4	-8.8	-3.6	7.3	-7.4	5.3	-1.4	8.0	9.7
2013 Apr.	-2.1	-6.6	18.9	8.5	-6.8	-5.7	18.0	-7.6	2.9	-4.0	5.7	7.1
May	-1.6	-7.1	18.3	9.7	-6.1	-5.2	18.9	-6.9	4.4	-1.2	6.4	8.8
June	-1.2	-7.6	18.3	10.4	-8.8	-3.6	7.3	-7.4	5.3	-1.4	8.0	9.7
July (p)	-1.1	-9.4	20.1	9.5	-13.3	-0.3	13.9	-6.5	4.6	0.4	5.7	9.1

C14 MFI holdings of securities [2)]

(annual growth rates)



Source: ECB.

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

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

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

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

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

	MFIs [3)]							Non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total							Total				
				USD	JPY	CHF	GBP				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Loans														
To euro area residents														
2011	6,153.8	-	-	-	-	-	-	12,322.7	96.2	3.8	1.9	0.3	1.1	0.4
2012	5,796.9	-	-	-	-	-	-	12,198.3	96.4	3.6	1.7	0.2	0.9	0.5
2013 Q1	5,611.1	-	-	-	-	-	-	12,170.0	96.4	3.6	1.8	0.2	0.9	0.5
Q2 (p)	5,449.3	-	-	-	-	-	-	12,083.0	96.5	3.5	1.8	0.2	0.9	0.4
To non-euro area residents														
2011	2,022.7	44.5	55.5	35.6	2.5	2.7	9.3	998.9	38.2	61.8	41.2	2.6	3.3	7.8
2012	1,908.0	47.3	52.7	31.8	1.9	3.5	10.3	958.8	40.2	59.8	38.3	2.0	2.9	9.7
2013 Q1	1,891.3	45.7	54.3	33.1	2.2	3.1	9.8	998.8	39.4	60.6	39.5	2.6	2.6	8.8
Q2 (p)	1,895.0	44.1	55.9	35.8	2.1	2.8	9.5	979.8	39.7	60.3	39.4	2.6	2.6	9.0
Holdings of securities other than shares														
Issued by euro area residents														
2011	1,852.0	95.3	4.7	2.5	0.1	0.3	1.5	2,913.1	98.2	1.8	1.0	0.2	0.1	0.4
2012	1,851.4	94.4	5.6	2.7	0.1	0.4	2.0	3,050.2	98.1	1.9	1.2	0.1	0.1	0.4
2013 Q1	1,825.0	93.4	6.6	3.1	0.1	0.3	2.7	3,111.5	98.1	1.9	1.1	0.1	0.1	0.5
Q2 (p)	1,764.8	93.5	6.5	2.9	0.1	0.3	2.8	3,191.7	98.2	1.8	1.0	0.1	0.1	0.5
Issued by non-euro area residents														
2011	457.0	56.4	43.6	21.1	0.3	0.3	16.0	475.5	32.2	67.8	39.4	5.8	0.7	13.7
2012	434.0	54.9	45.1	19.8	0.3	0.3	19.1	438.8	34.1	65.9	39.1	5.4	0.9	11.8
2013 Q1	418.9	55.4	44.6	22.2	0.2	0.3	15.9	428.6	32.8	67.2	41.8	4.6	1.0	10.6
Q2 (p)	406.2	55.2	44.8	21.0	0.2	0.2	16.9	407.3	34.7	65.3	40.5	4.8	0.9	10.4
Deposits														
By euro area residents														
2011	6,364.4	92.1	7.9	5.1	0.2	1.2	0.7	10,947.6	97.0	3.0	2.0	0.1	0.1	0.4
2012	6,161.9	93.8	6.2	3.9	0.2	1.0	0.6	11,042.3	97.0	3.0	2.0	0.1	0.1	0.4
2013 Q1	5,893.3	93.3	6.7	4.2	0.2	1.1	0.6	11,227.2	96.9	3.1	2.1	0.1	0.1	0.4
Q2 (p)	5,753.5	93.1	6.9	4.4	0.2	1.0	0.6	11,323.0	96.9	3.1	2.1	0.1	0.1	0.4
By non-euro area residents														
2011	2,175.0	59.2	40.8	25.6	2.1	1.8	7.2	978.6	56.1	43.9	30.0	2.0	1.5	5.1
2012	2,013.9	58.3	41.7	27.7	1.6	1.0	7.3	878.3	52.3	47.7	31.3	1.9	1.2	6.3
2013 Q1	1,987.0	56.3	43.7	29.5	1.9	1.0	6.7	914.8	51.3	48.7	32.7	1.9	1.0	5.7
Q2 (p)	1,870.6	56.4	43.6	28.9	1.3	0.9	7.4	933.3	50.2	49.8	33.3	2.5	1.0	6.4

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
2011	5,236.8	82.0	18.0	9.4	1.7	2.0	2.6
2012	5,068.3	81.8	18.2	9.6	1.6	1.9	2.5
2013 Q1	4,969.7	81.0	19.0	10.6	1.4	1.8	2.5
Q2 (p)	4,825.5	81.0	19.0	10.9	1.2	1.8	2.6

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

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

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

1. Assets

	Total	Deposits and loan claims	Securities other than shares	Shares and other equity (excl. investment fund/ money market fund shares)	Investment fund/ money market fund shares	Non-financial assets	Other assets (incl. financial derivatives)
	1	2	3	4	5	6	7
	Outstanding amounts						
2012 Dec.	7,180.7	476.0	2,968.2	1,986.0	962.8	247.2	540.5
2013 Jan.	7,290.6	494.1	2,952.8	2,035.9	975.4	247.8	584.7
Feb.	7,464.9	511.2	3,006.4	2,084.4	996.1	248.3	618.4
Mar.	7,607.0	503.7	3,069.6	2,142.1	1,026.1	247.9	617.7
Apr.	7,759.1	519.8	3,133.9	2,160.1	1,039.8	248.6	656.9
May	7,816.5	519.7	3,128.7	2,190.5	1,046.4	248.1	683.1
June (p)	7,585.5	523.9	3,044.1	2,094.3	1,016.5	248.4	658.3
	Transactions						
2012 Q4	42.7	-23.4	82.9	21.6	29.2	2.9	-70.4
2013 Q1	227.3	25.4	82.1	34.2	32.3	0.4	52.9
Q2 (p)	150.2	32.7	52.3	16.1	1.8	1.0	46.3

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						
2012 Dec.	7,180.7	148.6	6,560.8	4,797.7	757.5	1,763.1	471.3
2013 Jan.	7,290.6	153.0	6,625.3	4,849.7	770.5	1,775.7	512.3
Feb.	7,464.9	157.4	6,743.4	4,915.2	785.5	1,828.2	564.1
Mar.	7,607.0	158.1	6,890.1	5,000.8	814.2	1,889.3	558.8
Apr.	7,759.1	166.1	6,999.5	5,079.2	826.5	1,920.3	593.5
May	7,816.5	169.0	7,027.8	5,089.2	828.9	1,938.6	619.8
June (p)	7,585.5	164.3	6,811.9	4,985.4	792.4	1,826.5	609.3
	Transactions						
2012 Q4	42.7	-5.8	124.9	64.4	32.9	60.6	-76.4
2013 Q1	227.3	9.4	159.7	95.6	31.1	64.1	58.2
Q2 (p)	150.2	8.6	92.0	89.0	-8.1	3.1	49.6

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

	Total	Funds by investment policy						Funds by type		Memo item: Money market funds
		Bond funds	Equity funds	Mixed funds	Real estate funds	Hedge funds	Other funds	Open-end funds	Closed-end funds	
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2012 Nov.	6,465.4	2,354.0	1,665.7	1,574.4	319.8	136.6	414.9	6,382.2	83.2	947.5
Dec.	6,560.8	2,378.2	1,705.1	1,597.7	320.4	141.2	418.2	6,477.2	83.5	912.9
2013 Jan.	6,625.3	2,371.2	1,750.3	1,620.2	322.8	140.0	420.8	6,539.8	85.6	896.9
Feb.	6,743.4	2,406.9	1,792.0	1,645.6	325.5	143.7	429.7	6,657.8	85.6	901.2
Mar.	6,890.1	2,447.1	1,840.7	1,685.4	327.6	150.3	438.9	6,804.0	86.1	910.3
Apr.	6,999.5	2,504.0	1,853.8	1,716.0	330.0	151.6	444.1	6,913.2	86.4	899.8
May	7,027.8	2,496.8	1,873.6	1,721.7	331.0	153.9	450.7	6,939.4	88.4	893.1
June (p)	6,811.9	2,413.3	1,780.2	1,683.1	330.9	153.4	451.0	6,724.7	87.2	849.0
	Transactions									
2012 Dec.	53.6	17.9	18.2	11.4	0.7	3.9	1.5	52.8	0.8	-29.5
2013 Jan.	60.4	22.5	25.5	13.3	1.9	-1.2	-1.7	59.5	0.9	-2.9
Feb.	46.2	13.9	10.7	15.8	0.9	-0.1	5.1	46.2	0.0	-0.9
Mar.	53.1	18.6	6.6	19.8	0.7	2.8	4.5	52.5	0.6	1.3
Apr.	66.7	39.1	5.9	17.6	0.9	-0.7	3.9	66.6	0.1	-0.9
May	43.1	24.2	6.1	6.3	1.6	0.9	3.9	43.0	0.0	-5.9
June (p)	-17.7	-25.1	-11.6	10.4	2.3	1.1	5.3	-18.3	0.6	-42.2

Source: ECB.

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

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

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

1. Securities other than shares

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2012 Q3	2,857.7	1,568.9	414.5	713.9	232.7	6.0	201.8	1,288.7	323.8	493.8	18.3
Q4	2,968.2	1,623.6	416.1	747.1	241.6	7.7	211.0	1,344.6	332.2	510.2	16.2
2013 Q1	3,069.6	1,632.9	407.4	752.7	245.2	8.2	219.3	1,436.6	332.6	563.4	16.0
Q2 (p)	3,044.1	1,649.6	404.7	771.2	246.9	8.4	218.4	1,394.4	323.9	551.5	15.2
	Transactions										
2012 Q4	82.9	30.4	-3.1	22.1	3.5	1.2	6.6	52.5	7.8	16.5	-1.3
2013 Q1	82.1	18.9	-9.9	7.9	7.5	0.5	12.9	63.2	-1.0	32.8	-0.4
Q2 (p)	52.3	26.5	-0.5	22.7	3.9	0.1	0.4	25.7	2.4	12.3	0.1

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

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2012 Q3	1,920.3	685.5	52.8	-	45.1	24.1	563.4	1,234.8	172.0	412.5	72.1
Q4	1,986.0	721.7	60.8	-	50.9	27.6	582.3	1,264.3	175.6	407.8	78.1
2013 Q1	2,142.1	738.8	56.4	-	49.9	27.0	605.6	1,403.2	187.7	479.0	95.0
Q2 (p)	2,094.3	738.9	58.9	-	51.2	28.2	600.6	1,355.4	182.2	480.9	109.6
	Transactions										
2012 Q4	21.6	1.0	2.0	-	4.0	0.5	-5.6	20.6	0.7	6.4	4.5
2013 Q1	34.2	-4.4	-0.5	-	-1.7	-1.2	-0.9	38.5	3.7	16.8	5.8
Q2 (p)	16.1	0.0	1.4	-	-1.5	0.2	-0.1	16.2	1.2	5.5	13.7

3. Investment fund/money market fund shares

	Total	Euro area						Rest of the world			
		Total	MFIs [2]	General government	Other financial intermediaries [2]	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2012 Q3	926.2	792.5	75.1	-	717.4	-	-	133.7	27.4	41.3	0.6
Q4	962.8	829.6	72.1	-	757.5	-	-	133.2	28.9	41.3	0.6
2013 Q1	1,026.1	888.7	74.5	-	814.2	-	-	137.5	32.5	43.5	0.6
Q2 (p)	1,016.5	879.4	87.0	-	792.4	-	-	137.2	31.0	45.3	0.6
	Transactions										
2012 Q4	29.2	29.5	-3.4	-	32.9	-	-	-0.3	1.2	0.6	0.0
2013 Q1	32.3	33.2	2.0	-	31.1	-	-	-0.8	2.1	0.9	0.0
Q2 (p)	1.8	3.8	11.9	-	-8.1	-	-	-2.0	-0.7	-0.1	0.0

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

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

1. Assets

	Total	Deposits and loan claims	Securitised loans							Securities other than shares	Other securitised assets	Shares and other equity	Other assets
			Total	Originated in euro area					Originated outside euro area				
				MFIs		Other financial intermediaries, insurance corporations and pension funds	Non-financial corporations	General government					
					Remaining on the MFI balance sheet [1]								
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2012 Q2	2,161.8	307.7	1,459.7	1,150.9	513.2	154.1	22.9	4.4	127.4	209.3	85.2	33.4	66.4
Q3	2,084.5	303.4	1,399.8	1,087.6	476.1	158.7	23.9	4.4	125.3	195.7	86.3	31.4	68.0
Q4	2,051.3	285.5	1,380.7	1,065.6	469.8	163.4	24.9	4.0	122.8	199.6	88.4	30.4	66.6
2013 Q1	2,020.6	293.5	1,349.6	1,037.0	462.7	163.3	24.8	4.0	120.4	195.1	87.0	30.5	64.9
Q2	1,986.2	277.3	1,332.6	1,032.1	456.5	158.0	23.2	3.6	115.8	195.2	89.7	28.5	62.8
	Transactions												
2012 Q2	-81.4	-14.8	-49.4	-50.4	-	4.0	-0.7	-0.4	-1.9	-2.0	-1.3	-5.3	-8.5
Q3	-81.1	-3.8	-61.3	-64.2	-	4.5	0.5	0.0	-2.0	-14.9	1.3	-2.0	-0.4
Q4	-36.8	-17.6	-17.7	-21.1	-	4.7	1.2	-0.4	-2.0	2.7	2.4	-0.8	-5.8
2013 Q1	-29.9	8.1	-30.7	-28.0	-	-0.2	0.2	0.0	-2.7	-2.1	-1.2	0.1	-4.0
Q2	-34.0	-16.1	-16.2	-4.8	-	-5.2	-1.5	-0.4	-4.4	0.9	2.7	-2.0	-3.3

2. Liabilities

	Total	Loans and deposits received	Debt securities issued			Capital and reserves	Other liabilities
			Total	Up to 2 years	Over 2 years		
	1	2	3	4	5	6	7
	Outstanding amounts						
2012 Q2	2,161.8	151.0	1,754.3	54.3	1,700.1	28.9	227.5
Q3	2,084.5	145.2	1,685.4	52.2	1,633.2	27.5	226.5
Q4	2,051.3	139.5	1,661.7	53.1	1,608.7	27.5	222.5
2013 Q1	2,020.6	140.2	1,625.6	55.4	1,570.2	27.1	227.8
Q2	1,986.2	128.0	1,608.8	54.2	1,554.6	23.7	225.6
	Transactions						
2012 Q2	-81.4	-5.3	-71.2	-4.6	-66.6	-5.8	1.0
Q3	-81.1	-5.6	-71.0	-2.4	-68.6	-1.3	-3.2
Q4	-36.8	-5.4	-23.6	0.0	-23.6	-0.1	-7.6
2013 Q1	-29.9	1.7	-34.1	2.3	-36.4	-0.9	3.5
Q2	-34.0	-11.7	-15.9	-1.1	-14.8	-3.2	-3.1

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

	Securitised loans originated by euro area MFIs							Securities other than shares					
	Total	Euro area borrowing sector [2]					Non-euro area borrowing sector	Total	Euro area residents				Non-euro area residents
		Households	Non-financial corporations	Other financial intermediaries	Insurance corporations and pension funds	General government			Total	MFIs	Non-MFIs		
												Financial vehicle corporations	
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2012 Q2	1,150.9	833.0	245.8	18.7	0.2	6.3	33.3	209.3	116.2	42.9	73.3	29.1	93.1
Q3	1,087.6	787.5	233.1	17.1	0.2	5.5	31.6	195.7	109.9	38.9	71.0	27.8	85.8
Q4	1,065.6	770.2	230.0	17.5	0.2	5.4	31.3	199.6	114.5	39.4	75.0	29.6	85.2
2013 Q1	1,037.0	750.9	226.6	14.9	0.2	5.4	28.9	195.1	110.9	36.9	74.1	30.0	84.2
Q2	1,032.1	762.1	221.4	15.0	0.2	5.1	28.3	195.2	113.1	38.8	74.2	29.9	82.2
	Transactions												
2012 Q2	-50.4	-48.5	-0.5	0.5	0.0	-0.1	0.3	-2.0	0.7	1.0	-0.2	-1.4	-2.8
Q3	-64.2	-47.0	-12.6	-1.0	0.0	-0.8	-1.8	-14.9	-6.9	-4.3	-2.6	-1.1	-8.0
Q4	-21.1	-17.8	-2.3	0.4	0.0	-0.1	0.3	2.7	5.3	1.0	4.3	1.8	-2.6
2013 Q1	-28.0	-19.1	-3.6	-2.3	0.0	0.0	-1.9	-2.1	-2.5	-2.5	0.0	-0.6	0.4
Q2	-4.8	10.9	-5.1	0.2	0.0	-0.3	-0.4	0.9	2.3	2.1	0.2	-0.1	-1.4

Source: ECB.

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

2) Excludes securitisations of inter-MFI loans.

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

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Currency and deposits	Loans	Securities other than shares	Shares and other equity	Investment fund shares	Money market fund shares	Prepayments of insurance premiums and reserves for outstanding claims	Other accounts receivable/ payable and financial derivatives	Non-financial assets
	1	2	3	4	5	6	7	8	9	10
2010 Q2	6,885.8	781.8	439.0	2,645.8	776.8	1,515.0	88.3	251.0	241.9	146.2
Q3	7,061.0	780.2	447.4	2,734.7	792.6	1,555.5	86.1	253.1	264.9	146.5
Q4	7,034.7	768.3	453.1	2,672.9	825.7	1,611.4	76.9	253.8	223.6	149.0
2011 Q1	7,137.3	769.2	454.7	2,733.7	842.7	1,623.2	76.2	261.7	225.2	150.8
Q2	7,153.6	772.1	462.4	2,744.6	840.7	1,626.9	79.3	254.1	223.9	149.5
Q3	7,153.7	789.2	461.8	2,770.0	785.9	1,583.1	88.5	255.5	270.7	149.1
Q4	7,162.9	781.8	471.2	2,730.8	794.9	1,614.6	91.3	253.4	274.2	150.7
2012 Q1	7,449.6	793.1	468.4	2,873.5	809.0	1,716.8	98.3	255.1	284.8	150.6
Q2	7,477.0	782.4	468.3	2,884.7	805.5	1,717.3	102.9	258.1	306.4	151.5
Q3	7,696.2	782.5	478.8	3,000.2	825.7	1,792.7	106.5	259.9	298.1	151.9
Q4	7,787.8	786.2	481.1	3,042.4	828.2	1,837.3	105.7	258.7	294.9	153.4
2013 Q1 (p)	7,996.9	790.3	483.9	3,130.1	859.4	1,911.7	111.5	261.4	294.2	154.4

2. Holdings of securities other than shares

	Total	Issued by euro area residents						Issued by non-euro area residents
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations	
	1	2	3	4	5	6	7	8
2010 Q2	2,645.8	2,223.6	583.2	1,227.2	245.5	16.2	151.5	422.2
Q3	2,734.7	2,307.9	601.5	1,279.8	254.5	18.6	153.5	426.9
Q4	2,672.9	2,249.3	599.0	1,242.6	234.2	17.5	155.9	423.6
2011 Q1	2,733.7	2,317.2	624.0	1,285.8	236.6	17.2	153.6	416.4
Q2	2,744.6	2,328.4	629.1	1,290.0	235.5	16.8	157.1	416.2
Q3	2,770.0	2,349.1	640.1	1,305.2	227.1	16.9	159.8	420.9
Q4	2,730.8	2,307.0	635.5	1,266.7	223.9	16.5	164.3	423.8
2012 Q1	2,873.5	2,423.5	665.6	1,329.1	231.5	17.0	180.3	450.0
Q2	2,884.7	2,420.7	666.9	1,315.7	234.5	16.8	186.7	464.0
Q3	3,000.2	2,506.0	696.8	1,347.0	243.6	17.4	201.2	494.3
Q4	3,042.4	2,534.0	676.0	1,384.3	246.8	17.9	208.9	508.4
2013 Q1 (p)	3,130.1	2,614.2	698.4	1,430.7	251.9	17.6	215.7	515.9

3. Liabilities and net worth

	Liabilities									Net worth
	Total	Loans received	Securities other than shares	Shares and other equity	Insurance technical reserves				Other accounts receivable/ payable and financial derivatives	
					Total	Net equity of households in life insurance reserves	Net equity of households in pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims		
	1	2	3	4	5	6	7	8	9	10
2010 Q2	6,710.7	251.1	39.5	431.7	5,796.2	3,156.9	1,826.1	813.2	192.2	175.2
Q3	6,873.6	276.2	38.6	441.4	5,938.5	3,220.7	1,908.4	809.4	178.9	187.4
Q4	6,867.6	250.3	39.6	451.7	5,957.4	3,257.8	1,889.6	809.9	168.6	167.1
2011 Q1	6,914.0	262.7	39.4	466.2	5,970.6	3,283.7	1,861.0	825.9	175.2	223.3
Q2	6,935.8	262.1	42.0	455.0	6,000.7	3,304.6	1,874.1	822.0	176.0	217.8
Q3	7,044.7	269.5	41.0	410.4	6,134.4	3,286.5	2,026.6	821.3	189.3	109.1
Q4	7,065.9	263.8	40.9	409.2	6,164.0	3,297.9	2,050.4	815.7	188.1	96.9
2012 Q1	7,228.9	271.8	45.0	438.9	6,281.7	3,339.7	2,108.6	833.4	191.5	220.6
Q2	7,296.3	279.1	43.7	420.9	6,346.4	3,340.9	2,172.1	833.4	206.2	180.7
Q3	7,373.4	290.3	45.3	452.7	6,388.2	3,388.8	2,163.6	835.8	196.9	322.9
Q4	7,478.9	267.3	49.7	481.0	6,459.4	3,422.4	2,200.7	836.3	221.5	309.0
2013 Q1 (p)	7,588.5	280.7	49.6	495.0	6,535.6	3,472.0	2,201.4	862.2	227.6	408.4

Source: ECB.

3 EURO AREA ACCOUNTS

3.1 Integrated economic and financial accounts by institutional sector

(EUR billions)

Uses 2013 Q1	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						608
Trade balance [1]						-47
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,116	110	707	57	242	
Other taxes less subsidies on production	21	8	5	5	4	
Consumption of fixed capital	377	100	215	11	51	
Net operating surplus and mixed income [1]	558	274	254	31	0	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						7
Taxes less subsidies on production						
Property income	627	32	249	281	65	114
Interest	336	30	58	183	65	48
Other property income	291	2	191	98	0	67
Net national income [1]	1,960	1,596	109	33	222	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	258	219	31	8	0	1
Social contributions	437	437				1
Social benefits other than social transfers in kind	469	1	18	37	413	1
Other current transfers	205	70	24	49	62	10
Net non-life insurance premiums	46	35	10	1	1	2
Non-life insurance claims	47			47		1
Other	113	35	14	1	62	8
Net disposable income [1]	1,919	1,423	67	40	388	
Use of income account						
Net disposable income						
Final consumption expenditure	1,852	1,358			495	
Individual consumption expenditure	1,669	1,358			312	
Collective consumption expenditure	183				183	
Adjustment for the change in the net equity of households in pension fund reserves	15	0	1	14	0	0
Net saving/current external account [1]	67	81	67	25	-107	-26
Capital account						
Net saving/current external account						
Gross capital formation	418	129	234	13	42	
Gross fixed capital formation	402	125	222	13	42	
Changes in inventories and acquisitions less disposals of valuables	16	4	12	0	0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	2	-1	7	0	-3	-2
Capital transfers	35	8	0	2	25	4
Capital taxes	6	6	0	0		0
Other capital transfers	28	2	-1	2	25	4
Net lending (+)/net borrowing (-) (from capital account) [1]	25	55	56	28	-114	-25
Statistical discrepancy	0	36	-36	0	0	0

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

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

Resources 2013 Q1	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Imports of goods and services						561
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,073	491	1,182	104	297	
Taxes less subsidies on products	243					
Gross domestic product (market prices)[2)]	2,317					
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	558	274	254	31	0	
Compensation of employees	1,121	1,121				2
Taxes less subsidies on production	264				264	1
Property income	645	234	103	284	24	97
Interest	330	54	33	234	8	54
Other property income	315	179	70	50	15	43
Net national income						
Secondary distribution of income account						
Net national income	1,960	1,596	109	33	222	
Current taxes on income, wealth, etc.	259				259	1
Social contributions	436	1	18	52	365	2
Social benefits other than social transfers in kind	467	467				3
Other current transfers	166	86	13	48	18	50
Net non-life insurance premiums	47			47		1
Non-life insurance claims	45	35	8	1	0	3
Other	74	51	5	0	18	46
Net disposable income						
Use of income account						
Net disposable income	1,919	1,423	67	40	388	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	15	15				0
Net saving/current external account						
Capital account						
Net saving/current external account	67	81	67	25	-107	-26
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	377	100	215	11	51	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	36	10	14	7	5	3
Capital taxes	6				6	0
Other capital transfers	29	10	14	7	-1	3
Net lending (+)/net borrowing (-) (from capital account)						
Statistical discrepancy						

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

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

Assets 2013 Q1	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		19,731	17,215	34,676	16,737	7,417	4,279	18,136
Monetary gold and special drawing rights (SDRs)				490				
Currency and deposits		7,041	2,157	11,240	2,234	805	748	3,335
Short-term debt securities		47	81	553	388	68	37	612
Long-term debt securities		1,282	257	6,488	2,891	2,984	432	4,143
Loans		83	2,966	13,213	4,061	492	818	2,409
of which: Long-term		63	1,878	10,306	2,807	364	720	.
Shares and other equity		4,519	7,973	1,844	6,841	2,683	1,513	6,814
Quoted shares		777	1,101	367	2,157	408	210	.
Unquoted shares and other equity		2,344	6,488	1,176	3,578	410	1,131	.
Mutual fund shares		1,399	384	300	1,106	1,865	173	.
Insurance technical reserves		6,210	175	3	0	235	4	276
Other accounts receivable and financial derivatives		549	3,606	845	321	151	726	547
Net financial worth								
Financial account, transactions in financial assets								
Total transactions in financial assets		91	63	-717	370	123	80	189
Monetary gold and SDRs				0				0
Currency and deposits		39	-30	-847	114	9	31	-34
Short-term debt securities		-2	-14	5	29	-3	0	42
Long-term debt securities		-53	-2	28	84	47	-12	29
Loans		1	-11	28	29	5	16	25
of which: Long-term		0	-13	-31	16	2	18	.
Shares and other equity		22	92	19	74	44	10	89
Quoted shares		-5	8	26	34	-4	-1	.
Unquoted shares and other equity		0	79	-4	12	2	9	.
Mutual fund shares		27	5	-4	28	46	3	.
Insurance technical reserves		63	5	0	0	12	0	-3
Other accounts receivable and financial derivatives		21	24	50	40	9	34	40
Changes in net financial worth due to transactions								
Other changes account, financial assets								
Total other changes in financial assets		100	275	-1	110	44	6	150
Monetary gold and SDRs				-4				
Currency and deposits		-5	7	9	2	-2	2	14
Short-term debt securities		-5	0	12	-4	1	0	-9
Long-term debt securities		-28	2	-29	-3	0	0	29
Loans		0	13	-17	-39	0	-7	-9
of which: Long-term		0	10	-4	-39	-1	-9	.
Shares and other equity		101	222	26	151	56	13	113
Quoted shares		21	47	4	113	9	-2	.
Unquoted shares and other equity		60	172	24	18	4	9	.
Mutual fund shares		20	3	-1	20	44	5	.
Insurance technical reserves		42	0	0	0	-8	0	3
Other accounts receivable and financial derivatives		-5	30	3	2	-2	-1	9
Other changes in net financial worth								
Closing balance sheet, financial assets								
Total financial assets		19,922	17,553	33,958	17,217	7,585	4,365	18,474
Monetary gold and SDRs				485				
Currency and deposits		7,076	2,134	10,401	2,350	811	781	3,315
Short-term debt securities		40	66	570	413	66	37	646
Long-term debt securities		1,200	258	6,487	2,973	3,032	420	4,201
Loans		84	2,967	13,224	4,051	496	827	2,425
of which: Long-term		63	1,874	10,271	2,784	365	728	.
Shares and other equity		4,642	8,286	1,888	7,067	2,783	1,536	7,015
Quoted shares		793	1,155	397	2,305	413	207	.
Unquoted shares and other equity		2,403	6,739	1,197	3,608	416	1,149	.
Mutual fund shares		1,446	392	295	1,154	1,955	180	.
Insurance technical reserves		6,316	181	3	0	238	4	276
Other accounts receivable and financial derivatives		565	3,660	898	364	158	759	596
Net financial worth								

Source: ECB.

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

Liabilities 2013 Q1	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		6,827	26,674	33,629	16,416	7,387	10,529	16,239
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			32	24,513	37	0	281	2,697
Short-term debt securities			83	634	101	3	670	295
Long-term debt securities			964	4,677	2,857	52	6,723	3,205
Loans		6,186	8,334		3,784	282	2,273	3,184
of which: Long-term		5,834	6,104		2,108	109	1,972	.
Shares and other equity		8	13,292	2,620	9,594	466	4	6,202
Quoted shares			3,747	403	234	133	0	.
Unquoted shares and other equity		8	9,545	1,304	3,015	332	4	.
Mutual fund shares				913	6,345			.
Insurance technical reserves		36	349	65	1	6,452	1	
Other accounts payable and financial derivatives		597	3,621	1,120	41	131	579	656
Net financial worth [1]	-1,407	12,904	-9,459	1,047	321	30	-6,250	
Financial account, transactions in liabilities								
Total transactions in liabilities		0	43	-732	366	113	193	214
Monetary gold and SDRs								
Currency and deposits			2	-694	-3	0	-10	-12
Short-term debt securities			9	-3	26	0	21	3
Long-term debt securities			14	-101	4	1	173	32
Loans		-21	-14		80	15	-22	55
of which: Long-term		-15	-21		15	1	-8	.
Shares and other equity		0	40	4	186	1	0	119
Quoted shares			-13	0	0	0	0	.
Unquoted shares and other equity		0	53	6	22	1	0	.
Mutual fund shares				-3	164			.
Insurance technical reserves		0	1	0	0	77	0	
Other accounts payable and financial derivatives		22	-9	63	74	20	32	17
Changes in net financial worth due to transactions [1]	25	91	20	15	3	10	-114	-25
Other changes account, liabilities								
Total other changes in liabilities		-7	376	-48	181	50	-39	176
Monetary gold and SDRs								
Currency and deposits			0	18	0	0	0	8
Short-term debt securities			0	1	0	0	0	-6
Long-term debt securities			-2	-19	1	0	-38	27
Loans		-3	-13		-18	-1	0	-24
of which: Long-term		-1	-8		-12	0	0	.
Shares and other equity		0	385	-38	166	13	0	157
Quoted shares			156	-23	7	3	0	.
Unquoted shares and other equity		0	228	-15	-7	10	0	.
Mutual fund shares				0	166			.
Insurance technical reserves		0	0	0	0	37	0	
Other accounts payable and financial derivatives		-4	7	-11	32	0	-2	14
Other changes in net financial worth [1]	22	107	-102	47	-71	-5	45	-26
Closing balance sheet, liabilities								
Total liabilities		6,820	27,093	32,849	16,963	7,550	10,684	16,629
Monetary gold and SDRs								
Currency and deposits			33	23,837	33	0	271	2,694
Short-term debt securities			93	632	128	3	691	292
Long-term debt securities			975	4,557	2,863	53	6,858	3,264
Loans		6,161	8,306		3,846	296	2,251	3,215
of which: Long-term		5,817	6,076		2,111	110	1,963	.
Shares and other equity		8	13,717	2,586	9,946	480	4	6,477
Quoted shares			3,891	381	241	136	0	.
Unquoted shares and other equity		8	9,827	1,295	3,030	343	4	.
Mutual fund shares				911	6,675			.
Insurance technical reserves		36	349	64	1	6,566	1	
Other accounts payable and financial derivatives		615	3,619	1,172	148	151	609	686
Net financial worth [1]	-1,360	13,102	-9,541	1,109	253	35	-6,319	

Source: ECB.

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

Uses	2009	2010	2011	2011 Q2-2012 Q1	2011 Q3-2012 Q2	2011 Q4-2012 Q3	2012 Q1-2012 Q4	2012 Q2-2013 Q1
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,448	4,508	4,621	4,638	4,650	4,663	4,668	4,677
Other taxes less subsidies on production	85	83	95	103	110	115	124	124
Consumption of fixed capital	1,387	1,419	1,467	1,477	1,485	1,493	1,500	1,505
Net operating surplus and mixed income [1]	2,099	2,203	2,250	2,246	2,232	2,214	2,193	2,180
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	2,964	2,819	3,019	3,033	3,019	2,989	2,926	2,877
Interest	1,596	1,386	1,556	1,570	1,555	1,524	1,473	1,426
Other property income	1,369	1,433	1,463	1,462	1,465	1,465	1,453	1,451
Net national income [1]	7,540	7,761	7,968	7,993	7,998	8,003	8,026	8,032
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	1,028	1,055	1,111	1,123	1,139	1,154	1,175	1,180
Social contributions	1,677	1,704	1,753	1,762	1,772	1,778	1,787	1,795
Social benefits other than social transfers in kind	1,768	1,813	1,840	1,850	1,861	1,873	1,884	1,896
Other current transfers	773	777	787	790	792	793	789	790
Net non-life insurance premiums	180	181	185	186	186	187	186	185
Non-life insurance claims	182	182	186	187	188	189	189	188
Other	410	413	416	417	418	418	415	417
Net disposable income [1]	7,432	7,650	7,859	7,882	7,884	7,889	7,916	7,919
Use of income account								
Net disposable income								
Final consumption expenditure	7,151	7,317	7,477	7,506	7,517	7,524	7,528	7,530
Individual consumption expenditure	6,382	6,542	6,700	6,728	6,738	6,744	6,750	6,751
Collective consumption expenditure	769	774	777	778	779	780	778	779
Adjustment for the change in the net equity of households in pension fund reserves	61	56	59	60	60	58	58	58
Net saving [1]	281	333	382	376	367	365	388	389
Capital account								
Net saving								
Gross capital formation	1,705	1,785	1,870	1,852	1,820	1,789	1,768	1,737
Gross fixed capital formation	1,752	1,762	1,825	1,822	1,808	1,791	1,771	1,742
Changes in inventories and acquisitions less disposals of valuables	-48	22	44	30	12	-2	-3	-6
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	1	1	0	0	1	1	0	3
Capital transfers	184	222	176	171	177	184	197	205
Capital taxes	34	25	31	30	29	29	26	26
Other capital transfers	150	197	145	141	148	155	171	179
Net lending (+)/net borrowing (-) (from capital account) [1]	-28	-23	-10	10	42	81	131	167

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

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

Resources	2009	2010	2011	2011 Q2-2012 Q1	2011 Q3-2012 Q2	2011 Q4-2012 Q3	2012 Q1-2012 Q4	2012 Q2-2013 Q1
Generation of income account								
Gross value added (basic prices)	8,019	8,212	8,433	8,463	8,477	8,485	8,485	8,486
Taxes less subsidies on products	894	943	974	976	974	973	978	976
Gross domestic product (market prices) [2]	8,914	9,154	9,407	9,439	9,450	9,458	9,463	9,462
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	2,099	2,203	2,250	2,246	2,232	2,214	2,193	2,180
Compensation of employees	4,459	4,520	4,634	4,651	4,663	4,677	4,682	4,691
Taxes less subsidies on production	997	1,038	1,080	1,089	1,093	1,098	1,112	1,112
Property income	2,950	2,819	3,023	3,040	3,029	3,004	2,965	2,926
Interest	1,551	1,337	1,504	1,521	1,513	1,490	1,447	1,404
Other property income	1,399	1,482	1,519	1,519	1,516	1,514	1,518	1,522
Net national income								
Secondary distribution of income account								
Net national income	7,540	7,761	7,968	7,993	7,998	8,003	8,026	8,032
Current taxes on income, wealth, etc.	1,033	1,059	1,117	1,129	1,144	1,158	1,179	1,184
Social contributions	1,675	1,702	1,752	1,761	1,770	1,775	1,784	1,793
Social benefits other than social transfers in kind	1,762	1,807	1,834	1,844	1,855	1,867	1,878	1,890
Other current transfers	668	669	678	680	682	685	684	682
Net non-life insurance premiums	182	182	186	187	188	189	189	188
Non-life insurance claims	178	178	180	181	182	182	181	180
Other	308	309	312	312	312	313	314	314
Net disposable income								
Use of income account								
Net disposable income	7,432	7,650	7,859	7,882	7,884	7,889	7,916	7,919
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	61	56	59	60	60	59	58	58
Net saving								
Capital account								
Net saving	281	333	382	376	367	365	388	389
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,387	1,419	1,467	1,477	1,485	1,493	1,500	1,505
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	193	232	187	181	189	197	210	217
Capital taxes	34	25	31	30	29	29	26	26
Other capital transfers	159	207	155	151	160	168	184	191
Net lending (+)/net borrowing (-) (from capital account)								

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

3.3 Households

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

	2009	2010	2011	2011 Q2-2012 Q1	2011 Q3-2012 Q2	2011 Q4-2012 Q3	2012 Q1-2012 Q4	2012 Q2-2013 Q1
Income, saving and changes in net worth								
Compensation of employees (+)	4,459	4,520	4,634	4,651	4,663	4,677	4,682	4,691
Gross operating surplus and mixed income (+)	1,441	1,440	1,477	1,482	1,481	1,481	1,478	1,482
Interest receivable (+)	233	201	229	232	231	228	223	219
Interest payable (-)	146	124	146	146	142	137	130	125
Other property income receivable (+)	726	724	747	758	754	750	747	741
Other property income payable (-)	10	10	10	10	10	10	10	10
Current taxes on income and wealth (-)	842	848	881	891	906	920	935	943
Net social contributions (-)	1,672	1,699	1,749	1,757	1,767	1,773	1,782	1,790
Net social benefits (+)	1,757	1,801	1,829	1,839	1,850	1,862	1,873	1,885
Net current transfers receivable (+)	72	71	70	69	70	68	70	70
= Gross disposable income	6,016	6,076	6,201	6,226	6,223	6,225	6,215	6,221
Final consumption expenditure (-)	5,156	5,293	5,439	5,463	5,471	5,474	5,479	5,476
Changes in net worth in pension funds (+)	60	55	58	60	60	58	58	57
= Gross saving	921	839	820	823	813	809	793	802
Consumption of fixed capital (-)	379	386	396	397	399	400	401	401
Net capital transfers receivable (+)	10	13	9	7	7	5	5	3
Other changes in net worth (+)	-126	805	-54	-88	-520	-397	-233	-609
= Changes in net worth	426	1,271	380	345	-99	17	164	-204
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	554	555	576	573	567	561	555	548
Consumption of fixed capital (-)	379	386	396	397	399	400	401	401
Main items of financial investment (+)								
Short-term assets	6	38	124	156	167	170	189	165
Currency and deposits	121	118	118	155	164	175	224	226
Money market fund shares	-40	-60	-21	-15	-13	-28	-33	-49
Debt securities [1]	-75	-20	28	16	15	23	-3	-11
Long-term assets	471	410	210	220	189	175	131	133
Deposits	81	58	55	53	45	29	12	9
Debt securities	0	-7	53	39	-7	-13	-94	-133
Shares and other equity	160	110	-11	29	53	58	92	114
Quoted and unquoted shares and other equity	118	101	38	67	88	59	55	35
Mutual fund shares	42	9	-50	-38	-35	-1	37	79
Life insurance and pension fund reserves	230	249	113	99	97	101	122	143
Main items of financing (-)								
Loans	107	114	86	69	40	19	15	3
of which: From euro area MFIs	65	147	81	34	13	1	25	21
Other changes in assets (+)								
Non-financial assets	-410	707	306	13	-344	-967	-884	-1,090
Financial assets	250	138	-415	-169	-223	514	595	412
Shares and other equity	82	45	-347	-267	-286	324	368	314
Life insurance and pension fund reserves	186	124	12	97	96	180	173	150
Remaining net flows (+)	40	-77	60	17	-17	-17	-4	32
= Changes in net worth	426	1,271	380	345	-99	17	164	-204
Balance sheet								
Non-financial assets (+)	25,291	26,167	26,654	26,472	26,404	26,117	25,923	25,528
Financial assets (+)								
Short-term assets	5,771	5,813	5,951	5,978	6,029	6,031	6,116	6,132
Currency and deposits	5,474	5,596	5,727	5,755	5,821	5,838	5,948	5,980
Money market fund shares	247	189	172	166	155	136	120	113
Debt securities [1]	51	28	52	57	54	57	47	40
Long-term assets	11,596	12,121	11,924	12,272	12,187	12,436	12,684	12,832
Deposits	972	1,029	1,079	1,089	1,101	1,096	1,093	1,096
Debt securities	1,376	1,318	1,309	1,371	1,309	1,289	1,282	1,200
Shares and other equity	4,131	4,284	3,920	4,098	4,034	4,222	4,399	4,530
Quoted and unquoted shares and other equity	2,988	3,062	2,811	2,923	2,868	2,988	3,121	3,196
Mutual fund shares	1,143	1,222	1,110	1,175	1,166	1,234	1,278	1,333
Life insurance and pension fund reserves	5,117	5,490	5,615	5,713	5,742	5,830	5,911	6,007
Remaining net assets (+)	294	297	330	294	306	330	290	298
Liabilities (-)								
Loans	5,939	6,115	6,195	6,180	6,193	6,183	6,186	6,161
of which: From euro area MFIs	4,976	5,220	5,281	5,269	5,294	5,283	5,291	5,279
= Net worth	37,012	38,283	38,663	38,835	38,733	38,731	38,827	38,630

Sources: ECB and Eurostat.

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

3.4 Non-financial corporations

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

	2009	2010	2011	2011 Q2-2012 Q1	2011 Q3-2012 Q2	2011 Q4-2012 Q3	2012 Q1-2012 Q4	2012 Q2-2013 Q1
Income and saving								
Gross value added (basic prices) (+)	4,519	4,669	4,829	4,848	4,857	4,863	4,867	4,863
Compensation of employees (-)	2,787	2,827	2,923	2,938	2,950	2,962	2,970	2,975
Other taxes less subsidies on production (-)	40	34	42	44	47	48	51	51
= Gross operating surplus (+)	1,691	1,808	1,863	1,866	1,860	1,854	1,846	1,837
Consumption of fixed capital (-)	782	800	830	837	842	847	852	856
= Net operating surplus (+)	910	1,008	1,033	1,029	1,018	1,006	994	981
Property income receivable (+)	528	560	576	574	573	570	563	562
Interest receivable	168	160	169	169	166	159	151	145
Other property income receivable	360	400	407	405	408	411	412	417
Interest and rents payable (-)	299	259	295	298	292	285	273	263
= Net entrepreneurial income (+)	1,139	1,309	1,314	1,306	1,299	1,292	1,284	1,280
Distributed income (-)	927	933	980	984	995	994	975	968
Taxes on income and wealth payable (-)	151	168	188	190	192	193	199	196
Social contributions receivable (+)	71	69	73	73	73	73	73	73
Social benefits payable (-)	68	69	69	69	70	70	70	70
Other net transfers (-)	47	45	49	49	48	49	48	48
= Net saving	16	163	101	86	67	59	65	71
Investment, financing and saving								
Net acquisition of non-financial assets (+)	70	155	202	185	162	136	113	91
Gross fixed capital formation (+)	901	933	989	991	988	980	969	950
Consumption of fixed capital (-)	782	800	830	837	842	847	852	856
Net acquisition of other non-financial assets (+)	-50	22	43	31	16	3	-3	-3
Main items of financial investment (+)								
Short-term assets	95	34	-28	4	7	32	68	50
Currency and deposits	88	68	6	16	16	39	77	85
Money market fund shares	38	-32	-46	-29	-24	-12	-2	-5
Debt securities [1]	-31	-1	12	16	14	5	-7	-30
Long-term assets	130	415	480	445	357	288	197	180
Deposits	0	20	87	80	52	1	15	-16
Debt securities	24	4	-5	-16	0	-4	-8	-8
Shares and other equity	96	236	265	258	161	144	96	146
Other (mainly intercompany loans)	11	156	133	124	144	148	94	58
Remaining net assets (+)	61	2	-22	-36	-12	40	65	66
Main items of financing (-)								
Debt	15	160	236	213	165	183	137	100
of which: Loans from euro area MFIs	-108	-17	73	-2	-43	-89	-143	-123
of which: Debt securities	90	66	49	73	90	105	115	103
Shares and other equity	240	217	226	232	213	181	168	139
Quoted shares	59	31	27	19	15	16	27	11
Unquoted shares and other equity	181	185	199	213	198	166	142	128
Net capital transfers receivable (-)	82	66	69	67	68	69	68	71
= Net saving	16	163	101	86	67	59	65	71
Financial balance sheet								
Financial assets								
Short-term assets	1,932	1,957	1,931	1,919	1,923	1,933	1,994	1,962
Currency and deposits	1,632	1,695	1,706	1,681	1,697	1,717	1,782	1,766
Money market fund shares	213	182	134	140	134	130	132	130
Debt securities [1]	87	80	91	98	91	86	81	66
Long-term assets	10,239	10,703	10,679	11,079	10,979	11,311	11,440	11,750
Deposits	239	249	319	369	367	365	376	369
Debt securities	228	240	249	253	259	262	257	258
Shares and other equity	7,145	7,462	7,221	7,556	7,381	7,683	7,841	8,157
Other (mainly intercompany loans)	2,628	2,753	2,890	2,901	2,972	3,001	2,966	2,967
Remaining net assets	312	147	165	228	171	226	192	255
Liabilities								
Debt	9,213	9,482	9,632	9,670	9,745	9,792	9,729	9,724
of which: Loans from euro area MFIs	4,708	4,682	4,718	4,684	4,689	4,630	4,496	4,476
of which: Debt securities	815	883	886	943	969	1,025	1,047	1,068
Shares and other equity	12,425	12,977	12,299	12,830	12,442	12,892	13,292	13,717
Quoted shares	3,502	3,799	3,281	3,569	3,331	3,550	3,747	3,891
Unquoted shares and other equity	8,922	9,179	9,018	9,261	9,111	9,342	9,545	9,827

Sources: ECB and Eurostat.

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

3.5 Insurance corporations and pension funds

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

	2009	2010	2011	2011 Q2-2012 Q1	2011 Q3-2012 Q2	2011 Q4-2012 Q3	2012 Q1-2012 Q4	2012 Q2-2013 Q1
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	-47	-6	52	79	67	52	44	25
Currency and deposits	-33	-9	14	29	15	3	16	12
Money market fund shares	0	-8	14	39	39	39	34	15
Debt securities [1]	-14	11	24	12	13	10	-6	-1
Long-term assets	297	287	140	105	100	109	191	192
Deposits	14	-4	9	-4	-5	-15	-16	-18
Debt securities	105	183	47	31	41	75	129	104
Loans	8	32	11	8	3	16	13	19
Quoted shares	-50	-2	-11	-14	-11	-14	-3	1
Unquoted shares and other equity	-14	11	14	10	13	4	2	4
Mutual fund shares	234	68	70	74	60	44	65	82
Remaining net assets (+)	18	9	-43	-51	-10	-5	-41	-25
Main items of financing (-)								
Debt securities	5	1	3	5	1	3	7	6
Loans	-4	7	11	3	7	9	-12	4
Shares and other equity	5	7	3	2	4	3	1	1
Insurance technical reserves	246	281	115	104	109	124	152	178
Net equity of households in life insurance and pension fund reserves	240	262	110	102	100	112	130	151
Prepayments of insurance premiums and reserves for outstanding claims	6	19	5	2	9	12	22	27
= Changes in net financial worth due to transactions	16	-4	18	20	36	18	46	2
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	199	117	-105	4	-11	216	171	124
Other net assets	38	-1	25	146	113	153	225	128
Other changes in liabilities (-)								
Shares and other equity	13	-1	-46	-30	-36	40	66	48
Insurance technical reserves	165	141	13	101	102	187	178	147
Net equity of households in life insurance and pension fund reserves	192	130	12	98	103	190	183	153
Prepayments of insurance premiums and reserves for outstanding claims	-28	11	1	3	0	-3	-5	-5
= Other changes in net financial worth	60	-24	-48	79	36	141	153	57
Financial balance sheet								
Financial assets (+)								
Short-term assets	324	323	363	385	376	394	399	405
Currency and deposits	195	190	193	208	195	200	209	219
Money market fund shares	90	84	96	110	113	121	121	120
Debt securities [1]	39	49	74	66	68	74	68	66
Long-term assets	5,669	6,059	6,065	6,349	6,347	6,556	6,633	6,783
Deposits	613	607	612	611	609	605	595	592
Debt securities	2,467	2,637	2,658	2,812	2,821	2,930	2,984	3,032
Loans	434	467	478	478	477	488	492	496
Quoted shares	399	423	377	387	375	393	408	413
Unquoted shares and other equity	413	417	420	434	438	440	410	416
Mutual fund shares	1,342	1,508	1,519	1,626	1,627	1,699	1,744	1,834
Remaining net assets (+)	222	245	266	257	269	266	254	245
Liabilities (-)								
Debt securities	42	43	46	49	48	50	55	56
Loans	275	286	295	293	299	309	282	296
Shares and other equity	437	442	400	431	413	442	466	480
Insurance technical reserves	5,574	5,995	6,122	6,241	6,274	6,369	6,452	6,566
Net equity of households in life insurance and pension fund reserves	4,795	5,186	5,308	5,413	5,446	5,539	5,621	5,717
Prepayments of insurance premiums and reserves for outstanding claims	778	808	814	828	828	829	831	850
= Net financial wealth	-112	-139	-169	-24	-42	46	30	35

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.

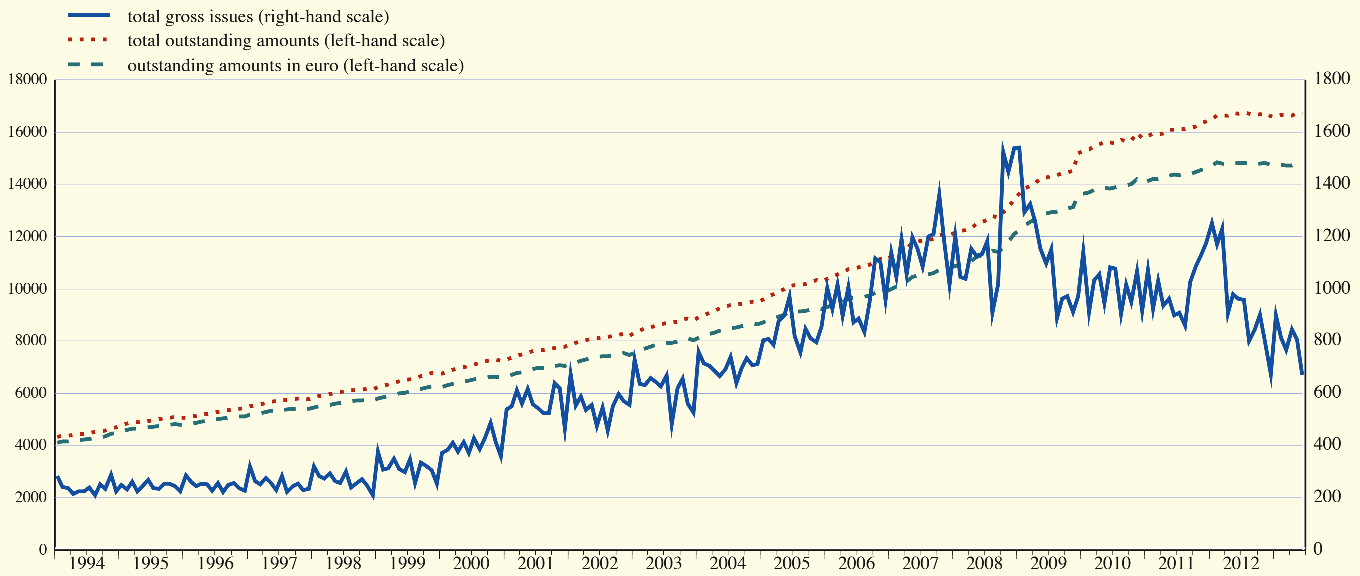
FINANCIAL MARKETS

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						
2012 June	17,119.7	933.2	6.5	14,820.1	872.0	-1.2	16,703.5	962.4	-18.0	3.7	26.7	3.0
July	17,115.1	891.3	-4.3	14,811.7	834.1	-8.0	16,755.7	958.4	29.3	4.0	46.4	2.8
Aug.	17,097.2	752.8	-20.2	14,801.3	708.8	-12.6	16,702.5	800.8	-35.9	3.6	-2.0	1.5
Sep.	17,080.1	809.9	-7.9	14,780.3	758.0	-11.8	16,653.5	844.0	-24.5	3.4	22.7	0.8
Oct.	17,077.1	817.9	-1.5	14,787.3	778.8	8.6	16,673.5	901.9	28.6	3.2	13.2	1.1
Nov.	17,108.6	720.9	28.2	14,818.5	681.2	27.9	16,720.9	796.1	47.6	2.8	-16.6	1.1
Dec.	17,027.3	631.6	-115.4	14,734.2	591.8	-118.5	16,605.7	673.4	-135.2	1.7	-32.5	0.4
2013 Jan.	17,018.0	816.5	-8.8	14,730.3	768.3	-3.4	16,581.1	898.2	5.3	1.2	-17.6	-0.4
Feb.	17,028.2	706.3	-4.4	14,749.9	666.0	4.7	16,654.4	811.9	40.5	0.4	-19.2	-0.6
Mar.	16,957.7	683.4	-68.0	14,725.6	634.3	-21.8	16,650.3	766.1	-19.1	-0.1	-15.6	-1.1
Apr.	.	.	.	14,717.7	707.7	-8.0	16,634.0	845.6	-1.0	-0.1	-6.8	-1.3
May	.	.	.	14,799.7	665.9	83.2	16,731.6	804.5	101.8	0.1	22.5	-0.8
June	.	.	.	14,754.0	556.2	-45.3	16,673.2	671.9	-55.7	-0.1	-17.2	-0.6
						Long-term						
2012 June	15,658.3	278.6	35.3	13,464.0	246.3	38.9	15,105.6	262.4	20.9	3.8	27.9	3.6
July	15,638.1	264.9	-20.2	13,435.6	233.1	-28.3	15,126.2	271.7	0.0	3.9	35.6	3.1
Aug.	15,629.6	147.0	-10.2	13,428.8	126.8	-8.6	15,089.5	142.0	-21.2	3.9	20.5	2.1
Sep.	15,644.9	256.1	23.4	13,444.8	224.7	24.0	15,091.1	251.1	23.0	4.1	65.7	1.9
Oct.	15,671.6	237.3	27.0	13,467.9	212.5	23.4	15,122.8	249.8	38.7	3.8	28.8	2.4
Nov.	15,726.1	219.9	53.7	13,514.7	195.1	46.1	15,180.0	223.3	59.8	3.6	2.7	2.4
Dec.	15,685.5	197.3	-62.6	13,472.0	173.3	-64.6	15,113.1	193.0	-76.0	2.7	-19.9	1.8
2013 Jan.	15,680.9	257.1	-4.2	13,468.5	226.9	-3.1	15,079.0	259.7	-7.2	2.2	1.7	1.3
Feb.	15,685.9	229.8	-6.6	13,479.2	204.5	-1.1	15,132.3	244.4	25.3	1.4	-31.1	0.6
Mar.	15,628.7	246.6	-54.4	13,477.1	216.4	0.7	15,146.6	249.5	2.2	0.9	7.7	-0.1
Apr.	.	.	.	13,467.5	216.5	-9.7	15,135.8	248.0	2.9	0.9	-4.0	-0.6
May	.	.	.	13,548.5	223.9	82.2	15,227.3	261.0	95.7	1.1	27.8	-0.2
June	.	.	.	13,545.2	177.9	-2.7	15,211.3	196.4	-13.7	0.9	-6.5	-0.1

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						
2011	16,421	5,525	3,173	881	6,217	625	1,001	609	99	62	191	39
2012	16,606	5,427	3,226	1,000	6,268	684	956	587	82	67	187	32
2012 Q3	16,654	5,559	3,116	980	6,299	699	868	538	64	64	177	26
Q4	16,606	5,427	3,226	1,000	6,268	684	790	463	74	64	164	25
2013 Q1	16,650	5,286	3,222	1,028	6,425	690	825	439	81	61	212	32
Q2	16,673	5,146	3,254	1,037	6,559	678	774	408	64	66	202	34
2013 Mar.	16,650	5,286	3,222	1,028	6,425	690	766	368	96	69	197	36
Apr.	16,634	5,244	3,248	1,041	6,410	691	846	469	63	69	202	43
May	16,732	5,204	3,271	1,039	6,532	685	804	404	75	62	230	33
June	16,673	5,146	3,254	1,037	6,559	678	672	350	53	68	175	25
						Short-term						
2011	1,595	702	103	79	634	77	748	511	48	53	107	29
2012	1,493	601	136	81	610	64	702	489	37	52	104	21
2012 Q3	1,562	667	103	89	626	77	646	455	25	48	100	17
Q4	1,493	601	136	81	610	64	568	392	27	46	88	16
2013 Q1	1,504	582	139	90	624	68	574	361	31	47	112	23
Q2	1,462	560	135	88	624	54	539	338	25	51	102	23
2013 Mar.	1,504	582	139	90	624	68	517	307	25	51	105	29
Apr.	1,498	581	144	93	613	66	598	398	27	51	97	25
May	1,504	575	145	98	625	61	543	329	25	50	113	27
June	1,462	560	135	88	624	54	476	287	24	52	95	18
						Long-term [2]						
2011	14,826	4,823	3,070	802	5,583	548	253	98	51	9	84	10
2012	15,113	4,826	3,089	919	5,658	621	254	99	45	16	83	12
2012 Q3	15,091	4,892	3,013	891	5,673	622	222	82	38	16	77	8
Q4	15,113	4,826	3,089	919	5,658	621	222	71	47	18	77	9
2013 Q1	15,147	4,704	3,083	938	5,801	621	251	78	50	14	100	9
Q2	15,211	4,585	3,119	948	5,934	624	235	70	39	15	101	10
2013 Mar.	15,147	4,704	3,083	938	5,801	621	250	61	71	18	92	7
Apr.	15,136	4,663	3,104	947	5,797	624	248	71	37	18	105	18
May	15,227	4,630	3,126	941	5,906	624	261	75	50	12	118	6
June	15,211	4,585	3,119	948	5,934	624	196	64	30	16	80	7
						of which: Long-term fixed rate						
2011	9,987	2,764	1,115	705	4,994	408	150	54	12	8	70	7
2012	10,544	2,838	1,292	821	5,149	444	165	54	18	15	71	7
2012 Q3	10,471	2,860	1,242	795	5,132	442	139	37	14	15	68	4
Q4	10,544	2,838	1,292	821	5,149	444	143	36	21	17	64	6
2013 Q1	10,679	2,791	1,343	838	5,257	450	165	41	25	12	80	7
Q2	10,789	2,739	1,388	847	5,360	455	154	34	20	13	79	8
2013 Mar.	10,679	2,791	1,343	838	5,257	450	153	28	24	16	83	2
Apr.	10,697	2,779	1,364	847	5,254	453	157	33	16	16	78	14
May	10,772	2,757	1,382	841	5,338	455	169	37	26	10	91	5
June	10,789	2,739	1,388	847	5,360	455	136	32	17	14	68	5
						of which: Long-term variable rate						
2011	4,340	1,789	1,806	93	513	139	85	37	32	1	11	3
2012	4,142	1,734	1,702	94	437	175	77	38	24	1	8	5
2012 Q3	4,177	1,767	1,671	93	467	179	72	40	23	1	4	4
Q4	4,142	1,734	1,702	94	437	175	70	30	25	1	10	4
2013 Q1	4,021	1,660	1,642	96	453	170	69	30	22	1	13	3
Q2	3,986	1,606	1,630	98	483	169	68	31	16	2	17	2
2013 Mar.	4,021	1,660	1,642	96	453	170	79	22	45	2	4	5
Apr.	4,007	1,639	1,639	97	461	171	78	32	16	2	24	4
May	4,021	1,630	1,642	97	483	168	79	33	21	2	22	1
June	3,986	1,606	1,630	98	483	169	47	27	10	3	6	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

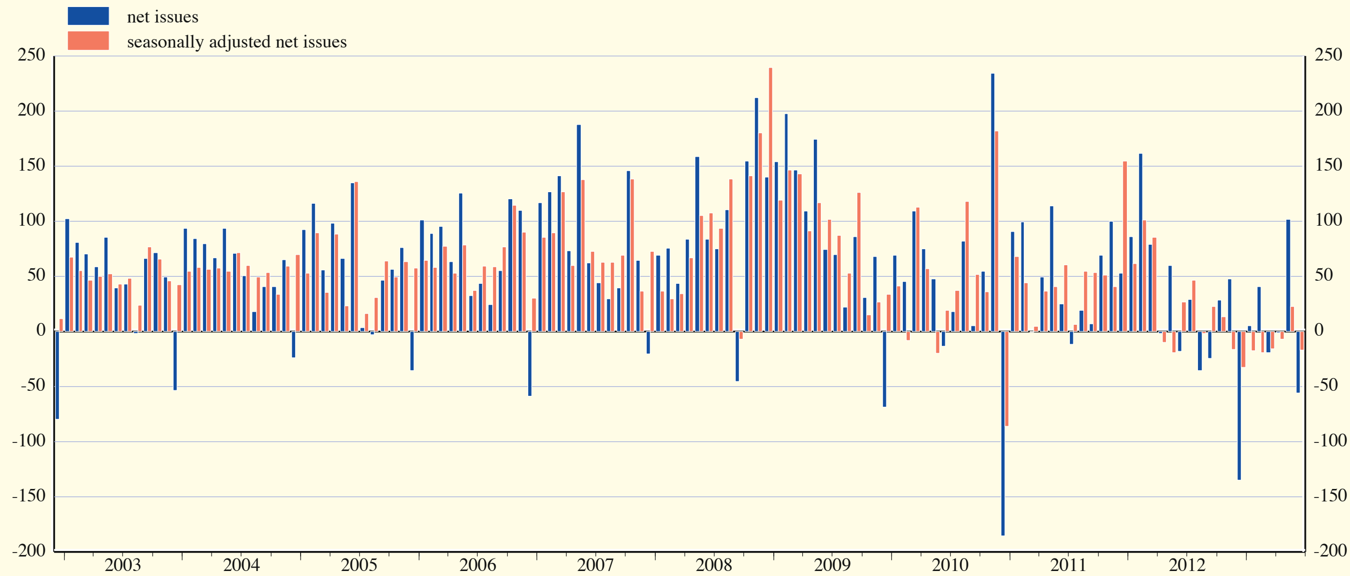
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

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											
2011	51.1	22.3	-3.6	3.7	23.2	5.6	-	-	-	-	-	-
2012	23.0	-6.5	3.0	10.3	13.1	3.1	-	-	-	-	-	-
2012 Q3	-10.4	-4.8	-21.3	10.7	4.3	0.8	22.4	-3.1	-8.0	11.3	20.4	1.8
Q4	-19.6	-39.5	26.2	8.1	-9.5	-4.9	-12.0	-27.6	6.0	11.1	4.7	-6.2
2013 Q1	8.9	-47.1	-6.3	9.0	51.9	1.5	-17.5	-61.8	1.3	6.5	35.9	0.7
Q2	15.0	-41.5	11.1	3.3	45.4	-3.3	-0.5	-40.4	10.4	2.1	30.4	-3.0
2013 Mar.	-19.1	-75.2	-11.9	9.0	50.0	8.9	-15.6	-67.1	-11.1	7.8	51.9	2.9
Apr.	-1.0	-33.6	28.8	14.9	-13.3	2.2	-6.8	-38.4	14.4	8.5	5.1	3.5
May	101.8	-37.0	22.8	-0.9	122.3	-5.5	22.5	-50.5	13.4	-4.4	69.5	-5.5
June	-55.7	-53.9	-18.3	-4.2	27.2	-6.5	-17.2	-32.3	3.3	2.4	16.5	-7.2
	Long-term											
2011	47.0	11.6	-2.3	2.8	31.0	3.9	-	-	-	-	-	-
2012	32.7	2.1	1.1	10.1	15.1	4.2	-	-	-	-	-	-
2012 Q3	0.6	-2.0	-16.8	13.3	3.4	2.7	40.6	2.0	-6.0	13.9	25.7	5.0
Q4	7.5	-17.1	18.8	10.5	-4.1	-0.7	3.8	-6.7	0.8	11.3	-1.5	-0.1
2013 Q1	6.8	-40.1	-5.7	5.9	46.7	0.0	-7.2	-47.8	1.5	5.7	34.9	-1.5
Q2	28.3	-34.7	12.6	4.0	45.1	1.4	5.8	-40.7	12.7	3.0	31.0	-0.2
2013 Mar.	2.2	-63.2	8.8	8.6	47.6	0.4	7.7	-55.9	12.4	7.2	47.6	-3.5
Apr.	2.9	-33.8	23.3	12.0	-2.6	3.9	-4.0	-39.2	12.8	8.4	11.6	2.4
May	95.7	-30.0	22.2	-5.8	109.5	-0.2	27.8	-42.9	14.1	-5.0	61.9	-0.3
June	-13.7	-40.2	-7.8	5.8	28.2	0.3	-6.5	-40.0	11.1	5.5	19.6	-2.7

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

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



Source: ECB.

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

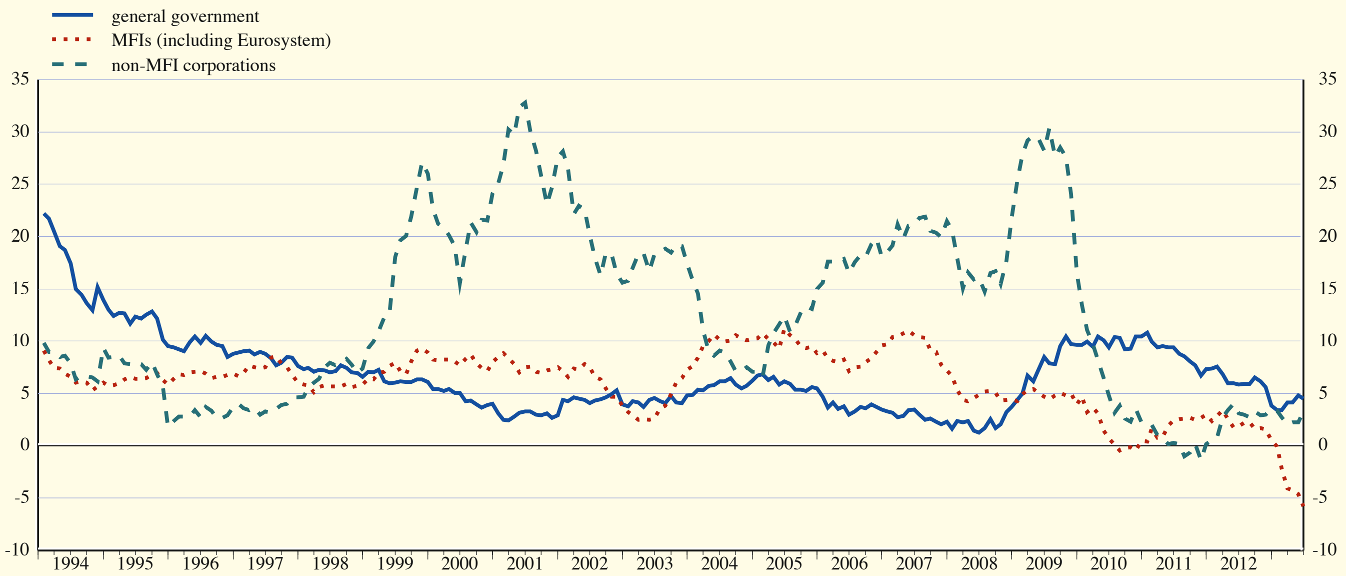
4.3 Growth rates of securities other than shares issued by euro area residents [1)]

(percentage changes)

	Annual growth rates (non-seasonally adjusted)						6-month seasonally adjusted growth rates					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2012 June	3.7	3.3	1.5	10.6	3.5	11.7	3.0	0.4	2.9	13.2	2.6	17.5
July	4.0	4.1	1.2	10.5	3.4	14.7	2.8	1.7	1.6	12.4	1.9	14.3
Aug.	3.6	3.6	0.6	10.9	3.3	12.4	1.5	0.1	-1.0	12.7	1.9	7.5
Sep.	3.4	2.4	0.5	12.6	3.9	10.9	0.8	-2.3	-2.7	13.7	3.2	3.2
Oct.	3.2	2.0	0.0	12.7	3.8	10.8	1.1	-1.3	-3.8	13.5	3.7	3.4
Nov.	2.8	1.1	0.2	12.5	3.9	8.0	1.1	-0.7	-4.4	13.2	3.7	2.0
Dec.	1.7	-1.4	1.2	14.1	2.5	6.1	0.4	-3.3	-0.4	14.7	2.4	-3.8
2013 Jan.	1.2	-2.1	0.9	13.5	2.2	4.6	-0.4	-5.7	0.2	14.6	2.4	-4.0
Feb.	0.4	-4.2	0.8	13.2	2.6	0.3	-0.6	-8.3	2.7	13.6	3.3	-6.1
Mar.	-0.1	-5.9	-0.7	12.5	3.6	-0.8	-1.1	-9.4	1.4	11.2	3.9	-4.7
Apr.	-0.1	-6.0	-0.7	12.3	3.5	0.4	-1.3	-10.5	2.4	10.8	3.5	-2.7
May	0.1	-6.3	-0.3	10.7	4.5	-0.4	-0.8	-11.4	3.8	8.4	5.3	-2.9
June	-0.1	-7.2	0.9	9.8	4.4	-2.6	-0.6	-10.9	2.2	5.2	6.4	-2.1
	Long-term											
2012 June	3.8	1.9	1.6	8.8	5.4	10.7	3.6	1.6	2.1	11.8	4.0	13.8
July	3.9	2.2	1.2	9.8	5.3	12.1	3.1	1.8	1.0	11.8	3.1	13.8
Aug.	3.9	2.2	0.7	10.7	5.3	11.4	2.1	0.4	-1.0	12.1	3.4	8.1
Sep.	4.1	1.6	0.6	13.6	6.0	11.8	1.9	-1.5	-2.2	13.7	5.0	7.6
Oct.	3.8	1.7	0.0	14.0	5.7	10.7	2.4	-0.1	-3.1	16.6	5.3	6.8
Nov.	3.6	1.6	0.1	14.0	5.2	9.5	2.4	1.0	-4.0	17.7	4.6	7.0
Dec.	2.7	0.5	0.5	15.2	3.3	9.2	1.8	-0.6	-1.0	18.6	2.6	4.9
2013 Jan.	2.2	-0.1	0.3	14.8	2.8	8.6	1.3	-2.0	-0.4	17.9	2.5	3.8
Feb.	1.4	-2.2	-0.3	13.9	3.3	4.5	0.6	-4.7	0.5	15.7	3.2	1.0
Mar.	0.9	-4.1	-0.9	12.8	4.3	2.9	-0.1	-6.6	0.5	11.8	3.6	-1.6
Apr.	0.9	-4.2	-0.9	13.8	4.3	3.2	-0.6	-8.2	1.3	10.9	3.3	-0.1
May	1.1	-4.6	-0.5	12.6	5.0	2.9	-0.2	-9.9	2.9	7.7	5.5	-1.0
June	0.9	-5.8	0.9	11.9	4.8	1.6	-0.1	-10.7	2.8	5.7	7.1	-1.7

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

(annual percentage changes)



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

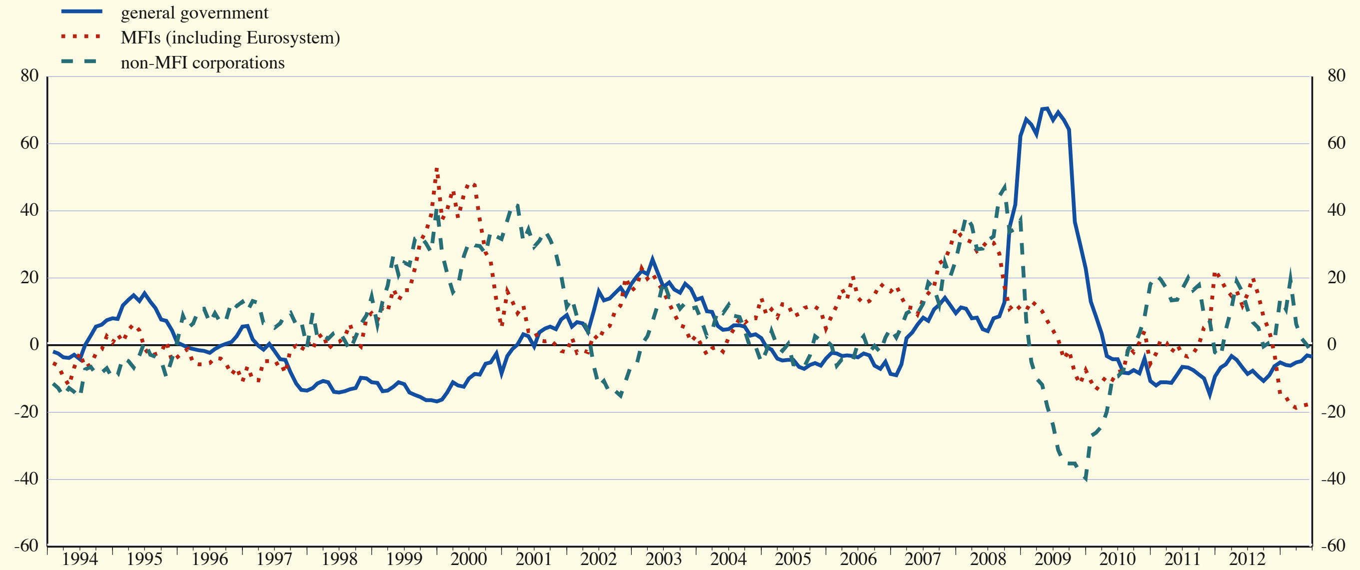
4.3 Growth rates of securities other than shares issued by euro area residents [1] (cont'd)

(percentage changes)

	Long-term fixed rate						Long-term variable rate					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	13	14	15	16	17	18	19	20	21	22	23	24
	In all currencies combined											
2011	6.4	4.8	3.5	6.4	7.8	7.7	-0.9	-1.4	-6.1	-2.1	22.3	16.1
2012	5.4	4.4	2.3	10.5	5.8	7.3	-0.8	-0.2	-4.9	-1.1	6.6	23.3
2012 Q3	5.1	4.0	1.2	11.3	5.5	6.9	-0.1	-0.2	-3.6	0.0	6.6	25.5
Q4	5.7	3.5	3.9	15.4	5.9	6.8	-3.3	-0.7	-8.1	-1.4	-2.4	20.3
2013 Q1	4.5	0.8	6.5	15.7	4.3	6.0	-6.8	-4.2	-10.6	-1.4	-7.6	7.8
Q2	3.8	-2.9	7.7	14.4	5.0	4.5	-7.6	-6.7	-11.0	1.2	-1.8	-0.8
2013 Jan.	4.9	2.3	5.9	16.3	4.2	7.5	-6.2	-3.1	-9.8	-1.7	-10.4	11.6
Feb.	4.1	0.0	7.0	15.2	4.0	5.1	-7.5	-4.8	-11.9	-1.1	-5.7	3.9
Mar.	3.8	-2.6	7.6	14.4	5.0	4.1	-7.8	-6.3	-11.2	-1.0	-5.0	0.7
Apr.	3.9	-2.6	8.0	15.3	4.8	4.6	-7.6	-6.4	-10.9	0.6	-3.9	0.5
May	3.8	-3.1	7.2	14.1	5.2	5.0	-7.4	-6.4	-11.6	1.4	1.3	-1.6
June	3.6	-3.7	8.2	13.0	5.1	3.9	-7.7	-8.6	-9.9	4.6	-0.6	-3.5
	In euro											
2011	6.5	4.0	3.6	6.7	8.1	7.3	-0.4	0.1	-6.7	-3.0	22.2	15.3
2012	5.7	5.0	2.0	10.8	5.9	7.2	-0.5	2.1	-6.6	-1.9	6.3	22.9
2012 Q3	5.3	4.9	0.7	11.4	5.5	6.4	0.2	2.6	-5.9	-0.1	6.3	25.5
Q4	5.8	3.9	3.3	16.4	5.9	6.3	-3.3	1.4	-10.1	-1.7	-2.9	20.5
2013 Q1	4.3	0.6	4.8	17.6	4.3	5.3	-7.0	-2.9	-12.3	-1.2	-8.4	7.9
Q2	3.6	-3.6	5.3	16.3	5.0	4.4	-7.8	-6.0	-12.3	2.9	-2.4	-1.4
2013 Jan.	4.7	2.3	4.7	18.2	4.2	6.4	-6.4	-1.7	-11.2	-1.6	-11.2	11.4
Feb.	3.8	-0.6	5.0	17.3	4.0	4.7	-8.0	-3.7	-14.1	-1.1	-6.4	4.2
Mar.	3.6	-3.3	5.3	16.6	4.9	3.6	-7.9	-5.1	-12.5	0.3	-5.7	0.4
Apr.	3.7	-3.0	5.9	17.4	4.8	4.6	-7.7	-5.3	-12.3	2.7	-4.6	-0.3
May	3.5	-3.8	4.9	15.8	5.1	4.9	-7.5	-5.8	-12.7	3.0	0.8	-1.9
June	3.3	-4.7	5.2	15.0	5.1	3.9	-8.1	-8.3	-11.1	5.6	-1.0	-4.1

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

(annual percentage changes)



Source: ECB.

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

4.4 Quoted shares issued by euro area residents [1)]

(EUR billions, unless otherwise indicated; market values)

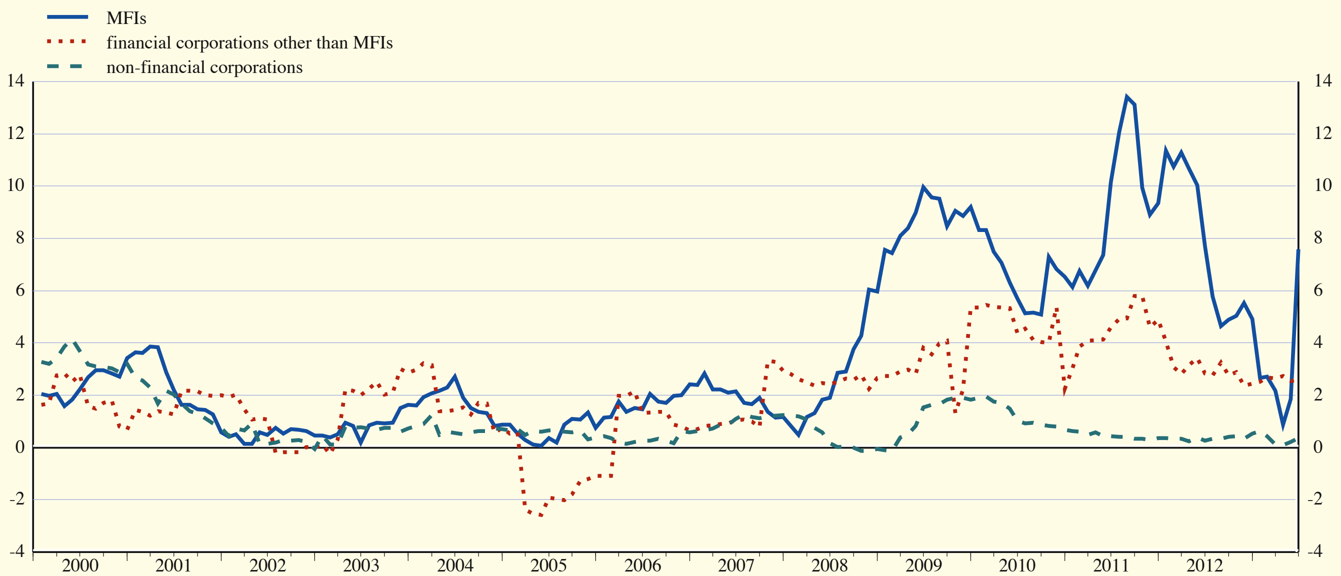
1. Outstanding amounts and annual growth rates

(outstanding amounts as at end of period)

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 2008 = 100	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)
	1	2	3	4	5	6	7	8	9
2011 June	4,703.3	105.5	1.7	491.5	10.2	350.5	4.6	3,861.3	0.4
July	4,485.9	105.7	1.9	458.6	12.1	325.5	4.9	3,701.7	0.4
Aug.	3,958.3	105.9	2.1	382.9	13.4	281.6	4.9	3,293.9	0.4
Sep.	3,724.7	105.9	2.0	350.5	13.1	264.1	5.8	3,110.1	0.3
Oct.	4,017.0	105.9	1.7	360.5	9.9	287.6	5.8	3,369.0	0.3
Nov.	3,866.3	106.0	1.5	329.8	8.9	271.2	4.6	3,265.3	0.3
Dec.	3,878.2	106.1	1.6	339.3	9.3	270.4	4.9	3,268.5	0.4
2012 Jan.	4,091.3	106.3	1.7	375.5	11.4	297.7	4.0	3,418.2	0.4
Feb.	4,257.4	106.3	1.5	394.7	10.7	310.9	3.1	3,551.9	0.3
Mar.	4,241.3	106.4	1.5	373.1	11.3	310.7	2.8	3,557.5	0.3
Apr.	4,068.4	106.5	1.4	327.3	10.7	291.6	3.1	3,449.5	0.2
May	3,762.9	106.5	1.5	280.9	10.0	259.8	3.4	3,222.1	0.4
June	3,925.6	106.6	1.1	317.6	7.7	279.9	2.8	3,328.0	0.3
July	4,051.7	106.8	1.0	309.9	5.8	287.1	2.8	3,454.7	0.3
Aug.	4,176.4	106.8	0.9	349.7	4.6	304.3	3.3	3,522.5	0.3
Sep.	4,242.3	106.9	0.9	365.0	4.9	319.2	2.8	3,558.1	0.4
Oct.	4,309.6	107.0	1.0	383.6	5.0	329.5	2.9	3,596.5	0.4
Nov.	4,397.5	106.9	0.9	395.7	5.5	337.8	2.4	3,664.0	0.3
Dec.	4,497.8	107.2	1.0	402.4	4.9	352.9	2.4	3,742.5	0.5
2013 Jan.	4,644.2	107.3	0.9	441.6	2.7	365.5	2.5	3,837.1	0.6
Feb.	4,629.2	107.1	0.8	416.1	2.7	359.1	2.7	3,854.0	0.4
Mar.	4,632.1	106.9	0.5	380.4	2.2	363.4	2.6	3,888.3	0.1
Apr.	4,731.5	106.8	0.3	410.8	0.9	383.7	2.7	3,936.9	0.1
May	4,852.6	107.1	0.5	443.0	1.9	396.5	2.5	4,013.1	0.2
June	4,651.5	107.9	1.2	418.8	7.6	382.3	2.6	3,850.4	0.4

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

(annual percentage changes)



Source: ECB.

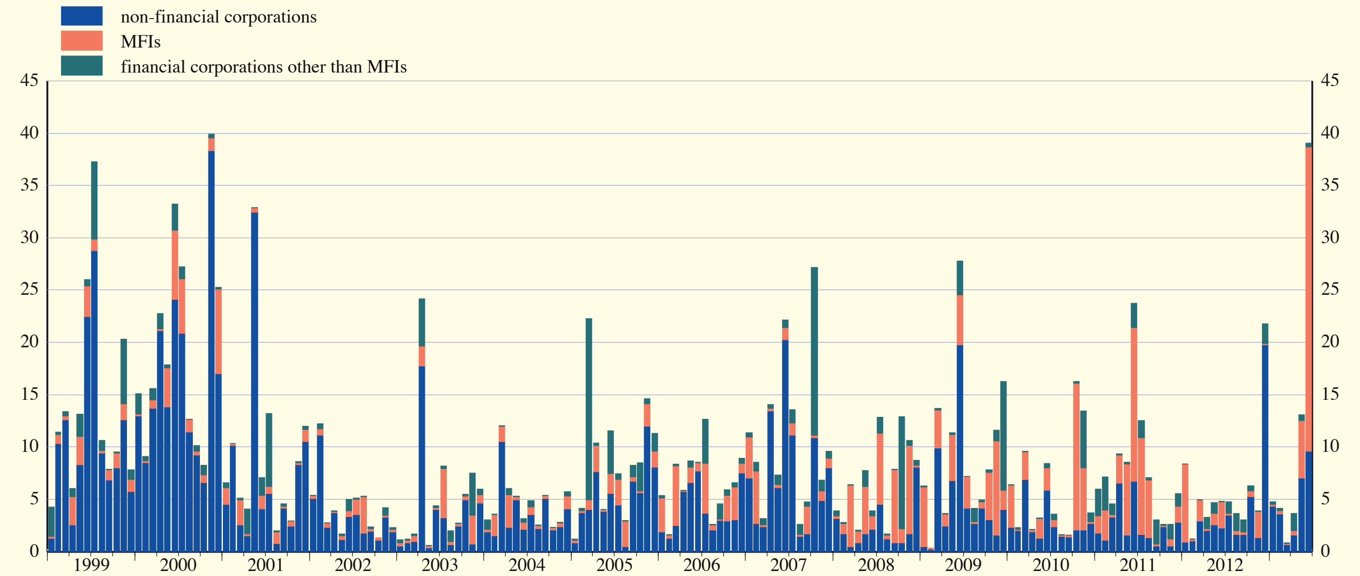
1) For details of the calculation of the index and the growth rates, see the Technical Notes.

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

2. Transactions during the month

	Total			MFIs			Financial corporations other than MFIs			Non-financial corporations		
	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues
	1	2	3	4	5	6	7	8	9	10	11	12
2011 June	23.7	1.3	22.5	14.7	0.0	14.7	2.3	0.3	2.0	6.7	1.0	5.7
July	12.5	0.7	11.8	9.3	0.0	9.3	1.6	0.0	1.6	1.6	0.7	0.9
Aug.	7.1	1.0	6.1	5.5	0.0	5.5	0.3	0.2	0.1	1.3	0.8	0.5
Sep.	2.9	2.9	0.0	0.0	0.9	-0.9	2.3	0.0	2.3	0.5	2.0	-1.4
Oct.	2.4	0.4	2.0	0.0	0.0	0.0	0.1	0.0	0.1	2.3	0.4	1.9
Nov.	2.6	1.5	1.1	0.7	0.0	0.7	1.4	0.0	1.4	0.6	1.5	-1.0
Dec.	5.5	1.1	4.4	1.5	0.0	1.5	1.2	0.0	1.2	2.8	1.1	1.7
2012 Jan.	8.4	0.4	7.9	7.5	0.0	7.5	0.0	0.1	-0.1	0.9	0.3	0.6
Feb.	1.1	1.4	-0.3	0.0	0.0	0.0	0.0	0.2	-0.2	1.0	1.2	-0.1
Mar.	4.9	0.7	4.3	2.0	0.0	2.0	0.0	0.1	-0.1	2.9	0.6	2.3
Apr.	3.1	0.3	2.8	0.0	0.0	0.0	1.1	0.0	1.1	2.0	0.3	1.7
May	4.7	1.8	2.9	1.1	0.0	1.1	1.0	0.1	1.0	2.5	1.7	0.8
June	4.8	1.2	3.6	2.6	0.0	2.6	0.0	0.1	-0.1	2.2	1.1	1.1
July	4.7	0.3	4.4	0.2	0.0	0.2	1.1	0.0	1.1	3.5	0.3	3.2
Aug.	3.7	1.8	1.8	0.4	0.0	0.4	1.6	0.1	1.5	1.6	1.7	-0.1
Sep.	2.9	0.5	2.3	0.1	0.0	0.1	1.2	0.1	1.0	1.7	0.4	1.3
Oct.	6.3	1.8	4.5	0.5	0.0	0.5	0.5	0.1	0.4	5.3	1.7	3.6
Nov.	3.9	5.9	-2.0	2.5	0.0	2.5	0.1	0.1	0.0	1.3	5.8	-4.5
Dec.	21.6	11.4	10.2	0.0	0.5	-0.5	1.8	0.0	1.8	19.7	10.8	8.9
2013 Jan.	4.6	0.3	4.3	0.0	0.0	0.0	0.2	0.1	0.1	4.3	0.2	4.1
Feb.	4.2	11.4	-7.2	0.3	0.0	0.3	0.3	0.0	0.3	3.6	11.4	-7.8
Mar.	0.7	10.6	-9.9	0.0	0.1	-0.1	0.0	0.3	-0.3	0.6	10.1	-9.4
Apr.	3.6	5.9	-2.3	0.4	5.2	-4.8	1.7	0.0	1.6	1.6	0.7	0.9
May	13.1	1.8	11.3	5.5	0.0	5.5	0.6	0.0	0.5	7.0	1.8	5.2
June	39.0	1.7	37.4	29.2	0.0	29.1	0.3	0.1	0.3	9.6	1.6	8.0

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



Source: ECB.

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

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

1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight	With an agreed maturity of:			Redeemable at notice of: [2]		Overnight	With an agreed maturity of:			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9	10	11
2012 Aug.	0.44	2.66	2.76	2.51	1.68	1.82	0.46	1.10	2.12	2.42	1.01
Sep.	0.42	2.80	2.83	2.43	1.65	1.78	0.46	1.11	2.37	2.53	1.41
Oct.	0.41	2.74	2.56	2.50	1.62	1.73	0.45	1.05	2.18	2.21	1.50
Nov.	0.40	2.73	2.46	2.35	1.61	1.65	0.43	1.03	2.03	2.21	1.12
Dec.	0.39	2.73	2.59	2.25	1.59	1.59	0.42	1.08	1.92	2.16	1.53
2013 Jan.	0.37	2.61	2.37	2.42	1.53	1.53	0.39	1.09	2.00	2.16	1.17
Feb.	0.36	2.44	2.23	2.29	1.39	1.48	0.40	1.05	1.99	2.08	0.63
Mar.	0.36	2.29	2.17	2.28	1.37	1.43	0.40	0.93	1.85	1.99	1.00
Apr.	0.34	2.33	2.10	2.25	1.36	1.36	0.38	0.96	1.70	1.90	0.68
May	0.33	2.04	2.06	2.25	1.31	1.30	0.38	0.83	1.86	1.98	0.48
June	0.32	1.88	1.88	2.12	1.30	1.27	0.38	0.83	1.65	1.77	0.72
July	0.31	1.88	1.90	2.09	1.28	1.23	0.37	0.82	1.61	1.78	0.88

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

	Revolving loans and overdrafts	Extended credit card debt [3]	Consumer credit				Lending for house purchase					Lending to sole proprietors and unincorporated partnerships		
			By initial rate fixation			APRC [4]	By initial rate fixation				APRC [4]	By initial rate fixation		
			Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2012 Aug.	8.12	16.96	5.79	6.28	7.67	7.37	2.94	3.33	3.21	3.52	3.48	3.43	4.45	3.32
Sep.	8.14	16.96	5.78	6.18	7.62	7.25	2.92	3.27	3.21	3.49	3.45	3.23	4.48	3.31
Oct.	8.04	16.97	5.62	6.13	7.67	7.15	2.88	3.24	3.15	3.49	3.42	3.24	4.25	3.33
Nov.	7.96	16.95	5.62	6.09	7.67	7.13	2.87	3.18	3.14	3.40	3.35	3.33	4.23	3.23
Dec.	7.94	16.93	5.35	6.05	7.55	6.94	2.87	3.25	3.25	3.45	3.41	3.15	4.12	3.01
2013 Jan.	7.97	17.06	5.76	6.11	7.88	7.26	2.87	3.17	3.03	3.35	3.34	3.19	4.06	3.08
Feb.	7.97	17.04	5.89	6.03	7.83	7.25	2.88	3.17	3.05	3.35	3.35	3.16	4.07	3.21
Mar.	7.95	17.06	5.86	5.98	7.75	7.15	2.86	3.19	3.13	3.34	3.38	3.16	4.16	3.17
Apr.	7.93	17.08	5.73	5.92	7.75	7.06	2.87	3.13	3.06	3.34	3.38	3.26	3.97	3.11
May	7.91	17.08	6.00	6.09	7.71	7.20	2.87	3.09	2.95	3.22	3.32	3.32	4.11	3.14
June	7.84	17.04	5.85	6.02	7.56	7.07	2.82	2.99	2.87	3.16	3.25	3.10	4.08	3.01
July	7.75	16.93	5.61	6.11	7.64	7.11	2.84	2.97	2.90	3.17	3.28	3.19	3.75	3.18

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

	Revolving loans and overdrafts	Other loans of up to EUR 0.25 million by initial rate fixation						Other loans of over EUR 1 million by initial rate fixation					
		Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years	Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
2012 Aug.	4.20	4.84	4.95	4.31	4.50	3.92	3.88	2.05	2.96	3.08	3.21	3.16	3.01
Sep.	4.18	4.69	4.75	4.26	4.45	3.88	3.93	2.15	2.57	2.93	2.73	2.95	3.06
Oct.	4.21	4.74	4.89	4.29	4.31	3.79	3.94	2.12	2.91	3.30	3.01	2.93	3.20
Nov.	4.17	4.65	4.82	4.16	4.31	3.79	3.78	2.11	2.68	3.76	3.26	2.90	2.91
Dec.	4.18	4.62	4.55	4.24	4.24	3.68	3.51	2.17	2.79	2.84	3.32	2.79	3.01
2013 Jan.	4.21	4.68	4.70	4.03	4.16	3.62	3.68	2.09	2.88	3.32	4.29	2.92	3.02
Feb.	4.20	4.70	4.69	4.05	4.25	3.70	3.66	2.02	2.85	3.13	4.42	2.93	3.14
Mar.	4.16	4.56	4.71	4.11	4.25	3.75	3.61	2.00	2.91	3.07	4.06	2.85	2.85
Apr.	4.15	4.78	4.73	4.16	4.07	3.62	3.58	2.14	2.77	3.21	4.16	3.00	2.94
May	4.10	4.76	4.76	4.12	4.12	3.61	3.48	2.10	2.71	3.21	3.52	2.68	2.79
June	4.11	4.54	4.60	4.40	4.34	3.56	3.41	2.05	2.59	3.01	2.96	2.71	3.12
July	4.09	4.65	4.82	4.34	4.09	3.48	3.45	2.13	2.72	2.72	2.82	2.98	3.17

Source: ECB.

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

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

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

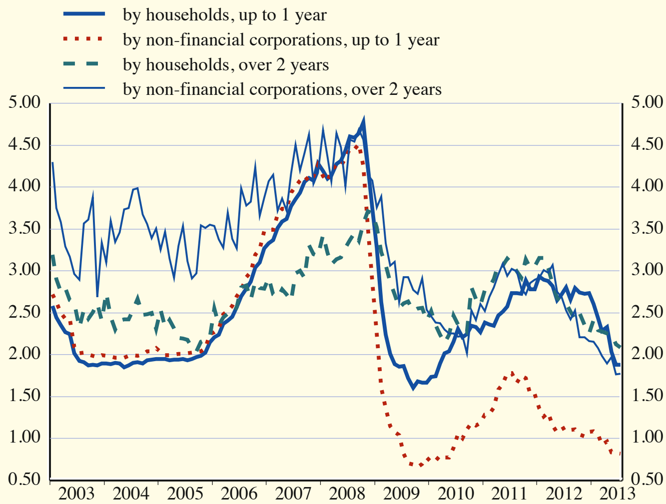
4. Interest rates on deposits (outstanding amounts)

	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight [2]	With an agreed maturity of:		Redeemable at notice of: [2),3)]		Overnight [2]	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2012 Aug.	0.44	2.70	2.78	1.68	1.82	0.46	1.84	3.01	2.46
Sep.	0.42	2.69	2.79	1.65	1.78	0.46	1.82	3.02	2.61
Oct.	0.41	2.67	2.74	1.62	1.73	0.45	1.78	2.95	2.55
Nov.	0.40	2.66	2.75	1.61	1.65	0.43	1.79	2.96	2.54
Dec.	0.39	2.64	2.73	1.59	1.59	0.42	1.80	2.91	2.65
2013 Jan.	0.37	2.58	2.71	1.53	1.53	0.39	1.75	2.88	2.32
Feb.	0.36	2.58	2.75	1.39	1.48	0.40	1.72	2.93	1.99
Mar.	0.36	2.53	2.70	1.37	1.43	0.40	1.65	2.89	2.18
Apr.	0.34	2.47	2.70	1.36	1.36	0.38	1.60	2.83	1.99
May	0.33	2.41	2.67	1.31	1.30	0.38	1.57	2.79	1.62
June	0.32	2.36	2.67	1.30	1.27	0.38	1.51	2.80	1.72
July	0.31	2.28	2.65	1.28	1.23	0.37	1.46	2.77	1.66

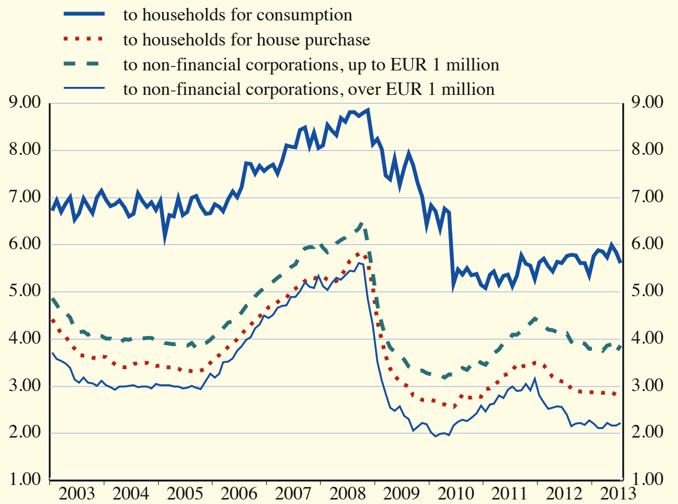
5. Interest rates on loans (outstanding amounts)

	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
2012 Aug.	3.73	3.52	3.67	7.77	6.23	5.05	3.81	3.41	3.36
Sep.	3.71	3.51	3.67	7.80	6.30	5.03	3.78	3.40	3.34
Oct.	3.64	3.45	3.61	7.75	6.25	4.97	3.76	3.29	3.26
Nov.	3.53	3.42	3.60	7.59	6.23	4.95	3.72	3.30	3.25
Dec.	3.49	3.39	3.56	7.75	6.18	4.92	3.71	3.28	3.22
2013 Jan.	3.46	3.36	3.52	7.76	6.21	4.89	3.73	3.26	3.17
Feb.	3.45	3.35	3.51	7.77	6.24	4.91	3.72	3.26	3.19
Mar.	3.50	3.36	3.49	7.79	6.21	4.89	3.68	3.25	3.16
Apr.	3.49	3.33	3.49	7.74	6.19	4.88	3.66	3.25	3.15
May	3.47	3.30	3.46	7.65	6.14	4.86	3.65	3.24	3.13
June	3.50	3.29	3.43	7.62	6.18	4.87	3.61	3.24	3.14
July	3.51	3.24	3.40	7.62	6.18	4.84	3.62	3.26	3.15

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



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



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

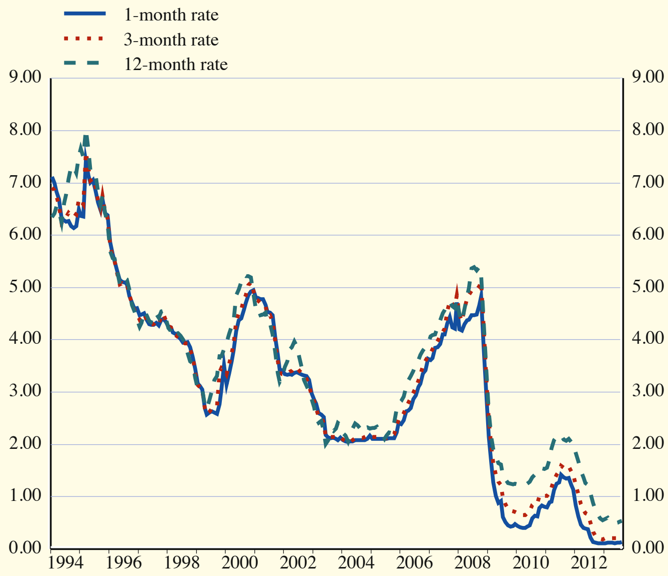
4.6 Money market interest rates

(percentages per annum; period averages)

	Euro area [1), 2)]					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2010	0.44	0.57	0.81	1.08	1.35	0.34	0.23
2011	0.87	1.18	1.39	1.64	2.01	0.34	0.19
2012	0.23	0.33	0.58	0.83	1.11	0.43	0.19
2012 Q2	0.34	0.39	0.69	0.98	1.28	0.47	0.20
Q3	0.13	0.16	0.36	0.63	0.90	0.43	0.19
Q4	0.08	0.11	0.20	0.37	0.60	0.32	0.19
2013 Q1	0.07	0.12	0.21	0.34	0.57	0.29	0.16
Q2	0.08	0.12	0.21	0.31	0.51	0.28	0.16
2012 Aug.	0.11	0.13	0.33	0.61	0.88	0.43	0.19
Sep.	0.10	0.12	0.25	0.48	0.74	0.39	0.19
Oct.	0.09	0.11	0.21	0.41	0.65	0.33	0.19
Nov.	0.08	0.11	0.19	0.36	0.59	0.31	0.19
Dec.	0.07	0.11	0.19	0.32	0.55	0.31	0.18
2013 Jan.	0.07	0.11	0.20	0.34	0.58	0.30	0.17
Feb.	0.07	0.12	0.22	0.36	0.59	0.29	0.16
Mar.	0.07	0.12	0.21	0.33	0.54	0.28	0.16
Apr.	0.08	0.12	0.21	0.32	0.53	0.28	0.16
May	0.08	0.11	0.20	0.30	0.48	0.27	0.16
June	0.09	0.12	0.21	0.32	0.51	0.27	0.15
July	0.09	0.13	0.22	0.34	0.53	0.27	0.16
Aug.	0.08	0.13	0.23	0.34	0.54	0.26	0.15

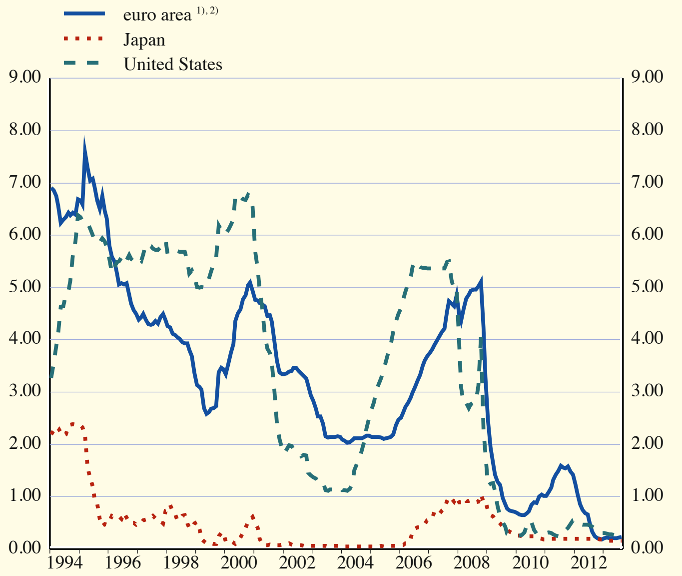
C23 Euro area money market rates [1), 2)]

(monthly averages; percentages per annum)



C24 3-month money market rates

(monthly averages; percentages per annum)

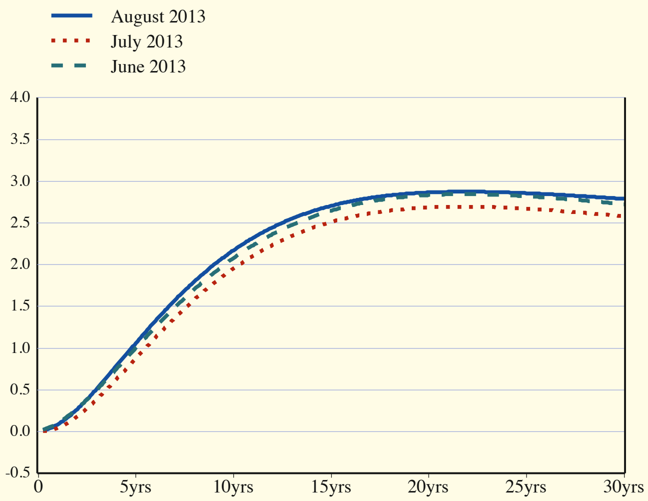


Source: ECB.
1) Before January 1999 synthetic euro area rates were calculated on the basis of national rates weighted by GDP. For further information, see the General Notes.
2) Data refer to the changing composition of the euro area. For further information, see the General Notes.

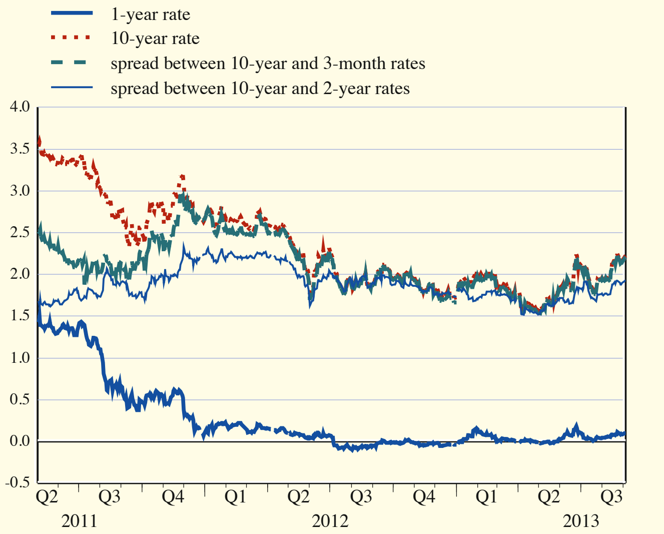
4.7 Euro area yield curves [1]
(AAA-rated euro area central government bonds; end of period; rates in percentages per annum; spreads in percentage points)

	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
2010	0.49	0.60	0.93	2.15	2.78	3.36	2.87	2.43	0.85	1.70	3.99	4.69
2011	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2012	0.06	-0.04	-0.01	0.58	1.09	1.72	1.66	1.74	-0.09	0.17	1.84	3.50
2012 Q2	0.04	0.08	0.27	1.17	1.73	2.32	2.27	2.05	0.20	0.76	2.69	3.82
Q3	0.02	-0.01	0.07	0.76	1.29	1.94	1.92	1.87	0.00	0.36	2.10	3.75
Q4	0.06	-0.04	-0.01	0.58	1.09	1.72	1.66	1.74	-0.09	0.17	1.84	3.50
2013 Q1	0.04	0.00	0.07	0.65	1.12	1.76	1.72	1.69	0.01	0.29	1.83	3.60
Q2	0.03	0.11	0.30	1.05	1.54	2.14	2.11	1.84	0.27	0.73	2.35	3.78
2012 Aug.	0.03	-0.05	0.01	0.75	1.29	1.91	1.88	1.90	-0.08	0.30	2.17	3.55
Sep.	0.02	-0.01	0.07	0.76	1.29	1.94	1.92	1.87	0.00	0.36	2.10	3.75
Oct.	0.01	-0.01	0.09	0.78	1.31	1.95	1.94	1.86	0.02	0.39	2.13	3.72
Nov.	0.04	-0.02	0.04	0.65	1.15	1.80	1.76	1.76	-0.03	0.27	1.91	3.60
Dec.	0.06	-0.04	-0.01	0.58	1.09	1.72	1.66	1.74	-0.09	0.17	1.84	3.50
2013 Jan.	0.07	0.15	0.32	0.99	1.45	2.02	1.95	1.71	0.28	0.70	2.18	3.62
Feb.	0.03	0.01	0.10	0.74	1.24	1.88	1.86	1.78	0.05	0.38	1.99	3.72
Mar.	0.04	0.00	0.07	0.65	1.12	1.76	1.72	1.69	0.01	0.29	1.83	3.60
Apr.	0.03	-0.01	0.04	0.54	0.96	1.55	1.52	1.51	-0.01	0.23	1.58	3.28
May	0.02	0.03	0.13	0.75	1.22	1.84	1.82	1.71	0.08	0.41	1.95	3.62
June	0.03	0.11	0.30	1.05	1.54	2.14	2.11	1.84	0.27	0.73	2.35	3.78
July	0.01	0.04	0.18	0.88	1.36	1.95	1.95	1.77	0.14	0.54	2.14	3.59
Aug.	0.02	0.09	0.27	1.06	1.58	2.17	2.16	1.90	0.23	0.71	2.43	3.78

C25 Euro area spot yield curves [2]
(percentages per annum; end of period)



C26 Euro area spot rates and spreads [2]
(daily data; rates in percentages per annum; spreads in percentage points)

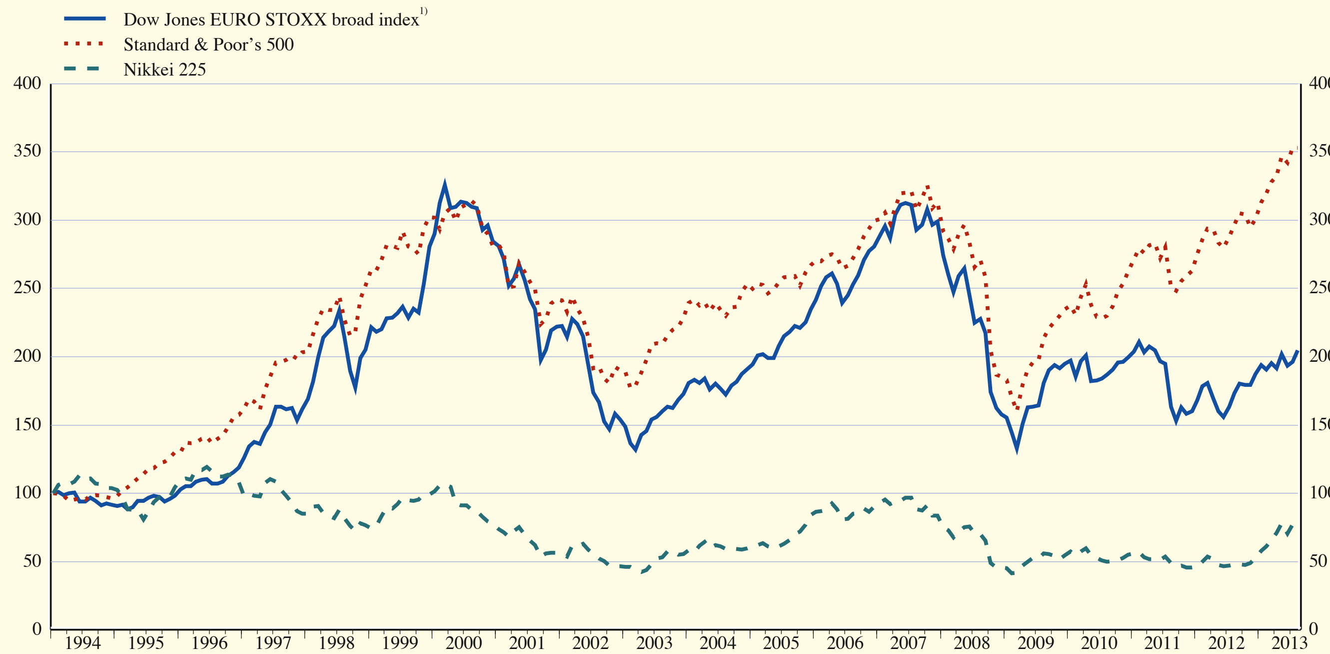


Sources: ECB calculations based on underlying data provided by EuroMTS and ratings provided by Fitch Ratings.
1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) Data cover AAA-rated euro area central government bonds.

4.8 Stock market indices
(index levels in points; period averages)

	Dow Jones EURO STOXX indices[1]												United States	Japan
	Benchmark		Main industry indices											
	Broad index	50	Basic materials	Consumer services	Consumer goods	Oil and gas	Financials	Industrials	Technology	Utilities	Telecoms	Health care	Standard & Poor's 500	Nikkei 225
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2010	265.5	2,779.3	463.1	166.2	323.4	307.2	182.8	337.6	224.1	344.9	389.6	408.4	1,140.0	10,006.5
2011	256.0	2,611.0	493.4	158.1	351.2	311.6	152.6	349.4	222.5	301.7	358.4	432.7	1,267.6	9,425.4
2012	239.7	2,411.9	503.7	151.9	385.7	307.2	122.1	330.2	219.2	235.9	268.5	523.3	1,379.4	9,102.6
2012 Q2	224.0	2,226.2	472.5	140.8	370.7	285.3	108.2	311.6	207.4	223.4	261.9	493.2	1,349.7	9,026.5
Q3	238.7	2,400.9	505.9	152.7	392.3	307.8	117.2	327.7	215.9	234.0	265.6	548.5	1,400.9	8,886.4
Q4	252.0	2,543.3	536.8	163.6	407.4	310.5	133.0	347.7	231.6	232.0	245.4	570.7	1,418.1	9,208.6
2013 Q1	268.2	2,676.6	568.7	181.2	443.1	309.8	144.1	378.1	257.2	222.9	241.3	600.1	1,514.0	11,457.6
Q2	271.8	2,696.1	574.6	188.6	458.8	303.7	141.5	383.0	259.3	226.1	239.3	653.6	1,609.5	13,629.3
2012 Aug.	240.5	2,424.5	509.4	154.6	399.7	313.0	116.8	330.3	220.8	231.8	265.7	552.5	1,403.4	8,949.9
Sep.	250.1	2,530.7	531.4	158.2	398.1	321.0	129.5	339.8	223.0	247.2	274.6	559.7	1,443.4	8,948.6
Oct.	248.7	2,503.5	528.4	159.1	398.3	311.7	130.2	340.2	219.9	241.9	255.9	567.6	1,437.8	8,827.4
Nov.	248.7	2,514.0	526.1	162.8	403.8	308.0	131.2	343.7	230.6	226.9	239.0	563.3	1,394.5	9,059.9
Dec.	259.7	2,625.6	559.5	170.0	422.7	312.0	138.5	361.5	246.8	225.8	240.2	583.1	1,422.3	9,814.4
2013 Jan.	269.1	2,715.3	568.4	176.4	434.1	319.7	148.6	373.9	255.3	228.5	251.7	588.6	1,480.4	10,750.9
Feb.	264.7	2,630.4	561.0	180.7	439.1	301.4	143.2	372.7	256.0	218.5	231.1	586.7	1,512.3	11,336.4
Mar.	270.8	2,680.2	576.6	187.2	457.1	307.4	140.1	388.2	260.6	221.0	240.2	626.1	1,550.8	12,244.0
Apr.	265.9	2,636.3	560.9	187.0	449.8	299.6	136.0	374.1	250.5	225.2	238.6	650.8	1,570.7	13,224.1
May	280.2	2,785.8	590.1	192.5	472.0	315.0	147.5	392.7	267.1	232.0	248.7	668.7	1,639.8	14,532.4
June	268.3	2,655.8	571.1	185.9	453.0	294.9	140.4	381.3	259.5	220.4	229.2	639.2	1,618.8	13,106.6
July	272.4	2,686.5	569.6	193.1	465.9	298.7	142.0	389.5	268.1	215.1	231.5	642.5	1,668.7	14,317.5
Aug.	284.2	2,803.8	581.8	198.2	482.8	314.9	153.2	407.0	276.1	223.8	245.6	636.8	1,670.1	13,726.7

C27 Dow Jones EURO STOXX broad index, Standard & Poor's 500 and Nikkei 225
(January 1994 = 100; monthly averages)



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

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

5

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

1. Harmonised Index of Consumer Prices [1)]

	Total					Total (s.a.; percentage change vis-à-vis previous period)						Memo item: Administered prices [2)]	
	Index: 2005 = 100	Total		Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
			Total excl. unprocessed food and energy										
% of total in 2012	100.0	100.0	81.7	57.7	42.3	100.0	12.0	7.3	27.4	11.0	42.3	87.9	12.3
	1	2	3	4	5	6	7	8	9	10	11	12	13
2009	108.1	0.3	1.3	-0.9	2.0	-	-	-	-	-	-	0.1	1.7
2010	109.8	1.6	1.0	1.8	1.4	-	-	-	-	-	-	1.6	1.7
2011	112.8	2.7	1.7	3.3	1.8	-	-	-	-	-	-	2.6	3.6
2012	115.6	2.5	1.8	3.0	1.8	-	-	-	-	-	-	2.3	3.8
2012 Q2	115.9	2.5	1.8	3.0	1.8	0.5	0.6	0.7	0.3	1.0	0.5	2.3	3.5
Q3	115.7	2.5	1.7	3.1	1.8	0.5	0.4	1.1	0.1	1.2	0.5	2.3	4.0
Q4	116.7	2.3	1.6	2.7	1.7	0.4	0.7	1.6	0.3	-0.1	0.3	2.0	4.1
2013 Q1	116.4	1.9	1.5	2.0	1.7	0.4	0.6	0.6	0.1	1.0	0.4	1.7	3.1
Q2	117.5	1.4	1.3	1.5	1.3	0.1	0.5	1.5	0.1	-1.8	0.2	1.3	2.2
2013 Mar.	117.5	1.7	1.6	1.7	1.8	0.1	0.2	0.3	0.1	-0.6	0.3	1.5	3.1
Apr.	117.4	1.2	1.1	1.2	1.1	-0.3	0.1	0.6	0.0	-1.0	-0.5	1.0	2.3
May	117.5	1.4	1.3	1.4	1.5	0.2	0.2	0.8	0.0	-1.2	0.5	1.3	2.2
June	117.6	1.6	1.3	1.7	1.4	0.1	0.2	0.7	0.0	0.1	0.2	1.5	2.1
July	117.0	1.6	1.3	1.7	1.4	0.2	0.4	0.2	-0.2	0.8	0.2	1.6	1.7
Aug. [3)]	117.1	1.3	.	.	1.5	.	.	.	.	0.4	.	.	.

	Goods						Services					
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal	Miscellaneous
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy		Rents				
% of total in 2012	19.4	12.0	7.3	38.3	27.4	11.0	10.3	6.0	7.2	3.1	14.7	7.1
	14	15	16	17	18	19	20	21	22	23	24	25
2009	0.7	1.1	0.2	-1.7	0.6	-8.1	2.0	1.8	2.9	-1.0	2.1	2.1
2010	1.1	0.9	1.3	2.2	0.5	7.4	1.8	1.5	2.3	-0.8	1.0	1.5
2011	2.7	3.3	1.8	3.7	0.8	11.9	1.8	1.4	2.9	-1.3	2.0	2.1
2012	3.1	3.1	3.0	3.0	1.2	7.6	1.8	1.5	2.9	-3.2	2.2	2.0
2012 Q2	3.0	3.5	2.3	2.9	1.3	7.2	1.7	1.4	2.7	-3.1	2.2	2.0
Q3	3.0	2.7	3.4	3.2	1.3	8.0	1.9	1.5	3.0	-3.1	2.2	1.9
Q4	3.1	2.4	4.3	2.5	1.1	6.3	1.8	1.5	3.1	-3.8	2.1	1.9
2013 Q1	2.9	2.3	3.9	1.5	0.8	3.2	1.8	1.5	3.1	-4.6	2.8	0.7
Q2	3.1	2.1	4.8	0.6	0.8	0.3	1.6	1.3	2.5	-4.5	2.0	0.9
2013 Mar.	2.7	2.2	3.5	1.2	1.0	1.7	1.8	1.5	3.0	-5.0	3.4	0.8
Apr.	2.9	2.1	4.2	0.5	0.8	-0.4	1.7	1.3	2.4	-4.8	1.5	0.8
May	3.2	2.1	5.1	0.5	0.8	-0.2	1.6	1.4	2.8	-4.2	2.2	1.0
June	3.2	2.1	5.0	1.0	0.7	1.6	1.6	1.3	2.4	-4.6	2.4	0.9
July	3.5	2.5	5.1	0.8	0.4	1.6	1.8	1.7	2.3	-4.0	2.1	0.8
Aug. [3)]	3.3	.	.	.	0.3	-0.4	.	.	.	.	.	.

Sources: Eurostat and ECB calculations.

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

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

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

2. Industry, construction and residential property prices

	Industrial producer prices excluding construction										Construct-ion [1]	Residential property prices [2]
	Total (index: 2010 = 100)	Total		Industry excluding construction and energy						Energy		
			Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods					
							Total	Durable	Non-durable			
% of total in 2010	100.0	100.0	75.4	68.1	27.5	18.7	21.9	2.2	19.7	31.9		
	1	2	3	4	5	6	7	8	9	10	11	12
2009	97.4	-4.8	-5.1	-2.8	-5.4	0.4	-2.1	1.2	-2.5	-10.9	0.3	-3.4
2010	100.0	2.7	3.3	1.7	3.6	0.3	0.4	0.7	0.4	5.5	2.0	1.2
2011	105.8	5.8	5.4	3.9	5.9	1.5	3.3	1.9	3.4	11.0	3.3	1.3
2012	108.9	3.0	2.1	1.4	0.8	1.0	2.5	1.6	2.6	6.4	1.7	-1.7
2012 Q2	108.7	2.7	1.7	1.2	0.4	1.1	2.1	1.7	2.2	6.2	1.8	-1.2
Q3	109.3	2.7	1.9	1.1	0.3	0.9	2.3	1.5	2.4	6.1	1.4	-2.8
Q4	109.4	2.4	2.0	1.6	1.4	0.8	2.5	1.1	2.6	4.3	1.3	-2.2
2013 Q1	109.7	1.2	0.8	1.2	0.8	0.8	2.1	0.7	2.3	1.2	1.0	-2.9
Q2	108.7	0.0	-0.1	0.6	-0.4	0.6	1.9	0.7	2.1	-1.5	.	.
2013 Feb.	109.8	1.3	1.0	1.3	0.8	0.8	2.1	0.6	2.3	1.6	-	-
Mar.	109.6	0.6	0.2	1.0	0.4	0.7	1.9	0.6	2.1	-0.3	-	-
Apr.	108.9	-0.2	-0.5	0.6	-0.3	0.6	1.8	0.7	1.9	-2.0	-	-
May	108.6	-0.2	-0.2	0.5	-0.5	0.6	1.9	0.8	2.1	-1.8	-	-
June	108.6	0.3	0.4	0.6	-0.4	0.6	2.1	0.7	2.3	-0.5	-	-
July	108.9	0.2	0.3	0.6	-0.5	0.5	2.0	0.6	2.2	-0.6	-	-

3. Commodity prices and gross domestic product deflators

	Oil prices [3] (EUR per barrel)	Non-energy commodity prices						GDP deflators							
		Import-weighted [4]			Use-weighted [5]			Total (s.a.; index: 2005 = 100)	Total	Domestic demand				Exports [6]	Imports [6]
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consump-tion	Government consump-tion	Gross fixed capital formation		
% of total		100.0	35.0	65.0	100.0	45.0	55.0								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2009	44.6	-18.5	-8.9	-23.1	-18.0	-11.4	-22.8	107.2	0.9	-0.2	-0.4	2.1	-0.3	-3.4	-6.3
2010	60.7	44.6	21.4	57.9	42.1	27.1	54.5	108.0	0.8	1.5	1.6	0.8	0.8	3.1	5.0
2011	79.7	12.2	22.4	7.7	12.8	20.7	7.5	109.4	1.2	2.1	2.5	0.8	1.7	3.6	5.8
2012	86.6	0.5	1.1	0.3	2.6	6.4	-0.3	110.8	1.3	1.6	2.1	1.1	1.1	1.6	2.4
2012 Q2	84.6	-1.1	-3.4	0.1	1.1	4.1	-1.2	110.6	1.3	1.6	2.1	1.2	1.1	1.4	2.3
Q3	87.3	5.3	10.4	2.7	7.8	16.0	1.6	110.9	1.3	1.6	2.0	1.4	0.9	1.6	2.3
Q4	84.4	4.4	6.0	3.7	7.0	10.2	4.5	111.4	1.4	1.5	1.8	0.6	0.8	1.4	1.6
2013 Q1	85.0	-3.0	-2.4	-3.3	-1.6	0.0	-2.8	111.9	1.6	1.3	1.5	1.8	0.5	0.3	-0.4
Q2	79.0	-5.2	-4.1	-5.8	-4.3	-2.1	-6.2	112.5	1.8	1.3	1.5	1.2	0.6	0.2	-0.9
2013 Mar.	84.2	-1.6	-0.4	-2.2	-0.7	1.2	-2.2	-	-	-	-	-	-	-	-
Apr.	79.3	-3.5	-3.1	-3.7	-2.0	0.3	-3.8	-	-	-	-	-	-	-	-
May	79.2	-4.8	-3.3	-5.5	-4.0	-1.5	-6.0	-	-	-	-	-	-	-	-
June	78.3	-7.4	-5.8	-8.2	-6.9	-4.8	-8.6	-	-	-	-	-	-	-	-
July	81.9	-12.2	-16.7	-9.8	-11.8	-13.4	-10.3	-	-	-	-	-	-	-	-
Aug.	82.6	-12.8	-20.3	-8.7	-12.2	-15.9	-8.9	-	-	-	-	-	-	-	-

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

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

5.1 HICP, other prices and costs

(annual percentage changes)

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

(quarterly data seasonally adjusted; annual data unadjusted)

	Total (index: 2005 = 100)	Total	By economic activity									
			Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12
	Unit labour costs [1]											
2011	110.5	0.9	-0.6	0.4	1.6	0.8	0.6	0.3	3.3	2.9	0.3	1.2
2012	112.4	1.7	4.6	2.6	2.5	1.4	3.2	1.3	0.6	2.0	0.5	2.2
2012 Q2	112.3	1.5	4.1	2.6	1.8	0.8	2.3	1.2	1.3	1.6	0.7	1.5
Q3	112.6	1.9	6.1	2.4	2.0	1.7	3.2	0.7	0.7	2.6	1.1	2.6
Q4	113.0	1.7	6.8	2.9	3.8	1.9	5.2	-0.8	-0.8	1.9	-0.5	3.1
2013 Q1	113.8	1.9	2.1	3.5	2.3	2.2	3.9	-1.0	-1.6	1.9	0.6	1.1
	Compensation per employee											
2011	114.3	2.1	2.0	3.3	3.9	1.6	2.6	1.3	2.3	2.9	1.1	1.7
2012	116.2	1.7	1.3	2.6	2.9	1.5	2.1	1.3	1.1	2.1	0.9	1.8
2012 Q2	116.1	1.8	1.3	2.9	2.7	1.6	2.1	0.9	0.7	2.3	1.0	1.7
Q3	116.5	1.9	1.1	2.8	3.2	1.7	2.1	1.1	0.5	2.2	1.4	1.4
Q4	116.8	1.4	1.1	2.8	3.4	1.4	1.9	1.5	1.4	1.5	0.1	1.7
2013 Q1	117.8	1.8	1.9	2.9	2.9	1.1	1.3	1.9	0.8	1.9	1.5	0.7
	Labour productivity per person employed [2]											
2011	103.4	1.2	2.6	2.9	2.2	0.8	2.0	1.0	-0.9	0.0	0.8	0.5
2012	103.4	0.0	-3.2	0.0	0.4	0.1	-1.1	0.0	0.4	0.1	0.4	-0.4
2012 Q2	103.5	0.3	-2.7	0.3	0.9	0.8	-0.2	-0.3	-0.5	0.6	0.2	0.2
Q3	103.4	-0.1	-4.7	0.4	1.2	0.0	-1.1	0.4	-0.2	-0.5	0.3	-1.2
Q4	103.3	-0.2	-5.3	-0.1	-0.4	-0.6	-3.2	2.3	2.2	-0.4	0.6	-1.4
2013 Q1	103.6	-0.1	-0.2	-0.6	0.6	-1.1	-2.5	2.9	2.4	0.0	1.0	-0.4
	Compensation per hour worked											
2011	115.8	1.9	0.5	2.4	4.4	1.8	2.5	1.1	1.6	2.7	1.0	1.7
2012	118.6	2.4	3.1	3.6	4.7	2.2	2.1	1.4	1.6	2.2	1.0	2.5
2012 Q2	118.8	2.6	2.4	4.1	4.9	2.4	1.8	0.9	0.3	2.2	1.3	2.5
Q3	118.9	2.6	2.4	4.0	5.1	2.5	1.9	1.1	0.5	2.2	1.7	1.9
Q4	119.5	2.1	3.6	3.9	4.9	2.1	2.1	2.1	3.9	1.9	0.0	2.7
2013 Q1	121.1	3.1	3.8	4.8	5.8	2.3	1.9	3.3	3.8	2.6	2.3	2.0
	Hourly labour productivity [2]											
2011	105.4	1.2	3.4	2.1	2.3	1.0	1.8	0.9	-1.6	-0.1	0.7	0.5
2012	106.0	0.7	-2.6	1.0	1.8	0.8	-1.0	0.0	1.2	0.3	0.6	0.3
2012 Q2	106.3	1.0	-2.3	1.4	2.7	1.5	-0.2	-0.3	-0.3	0.7	0.6	1.1
Q3	106.1	0.5	-4.5	1.6	2.7	0.4	-1.4	0.3	0.4	-0.5	0.5	-0.6
Q4	106.3	0.5	-4.6	1.1	0.8	0.2	-2.7	2.9	4.0	0.3	0.6	-0.3
2013 Q1	107.1	1.2	-0.3	1.3	3.3	-0.3	-1.8	4.1	4.5	1.1	1.8	1.1

5. Labour cost indices [3]

	Total (index: 2008 = 100)	Total	By component		For selected economic activities			Memo item: Indicator of negotiated wages [4]
			Wages and salaries	Employers' social contributions	Mining, manufacturing and energy	Construction	Services	
% of total in 2008	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2011	106.5	2.1	2.0	2.8	3.1	2.6	2.5	2.0
2012	108.2	1.5	1.7	1.2	2.4	2.3	1.9	2.1
2012 Q3	105.7	1.7	1.9	1.2	2.8	2.4	1.9	2.2
Q4	114.4	1.3	1.4	0.9	2.7	2.1	1.7	2.2
2013 Q1	102.1	1.6	1.7	1.4	3.3	1.8	1.3	2.0
Q2	.	.	.	.	.	.	.	1.7

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

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

5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

1. GDP and expenditure components

	GDP								
	Total	Domestic demand					External balance [1]		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories [2]	Total	Exports [1]	Imports [1]
	1	2	3	4	5	6	7	8	9
	Current prices (EUR billions)								
2009	8,921.8	8,803.9	5,135.3	1,988.2	1,730.6	-50.3	117.8	3,287.1	3,169.2
2010	9,168.4	9,046.0	5,271.4	2,016.2	1,737.5	20.9	122.4	3,786.6	3,664.2
2011	9,423.7	9,293.4	5,418.8	2,029.6	1,795.6	49.4	130.3	4,173.0	4,042.7
2012	9,484.6	9,233.7	5,453.2	2,039.0	1,744.6	-3.0	250.8	4,344.5	4,093.7
2012 Q2	2,369.9	2,308.7	1,360.4	510.3	436.1	1.9	61.2	1,085.2	1,024.1
Q3	2,374.9	2,306.3	1,362.7	510.5	435.2	-2.2	68.7	1,097.2	1,028.6
Q4	2,372.7	2,299.8	1,363.3	510.2	430.8	-4.4	72.9	1,090.9	1,018.0
2013 Q1	2,381.4	2,303.4	1,366.3	514.8	421.5	0.8	78.0	1,079.6	1,001.6
Q2	2,400.6	2,315.6	1,373.1	518.1	423.3	1.1	85.0	1,095.7	1,010.7
	percentage of GDP								
2012	100.0	97.4	57.5	21.5	18.4	0.0	2.6	-	-
	Chain-linked volumes (prices for the previous year)								
	quarter-on-quarter percentage changes								
2012 Q2	-0.3	-0.9	-0.6	-0.3	-1.9	-	-	1.1	-0.2
Q3	-0.1	-0.3	-0.1	-0.2	-0.4	-	-	0.6	0.2
Q4	-0.5	-0.6	-0.5	0.1	-1.2	-	-	-0.5	-0.9
2013 Q1	-0.2	-0.2	-0.2	0.0	-2.2	-	-	-1.0	-1.1
Q2	0.3	0.1	0.2	0.4	0.3	-	-	1.6	1.4
	annual percentage changes								
2009	-4.4	-3.7	-1.0	2.6	-12.8	-	-	-12.5	-11.0
2010	2.0	1.2	1.0	0.6	-0.4	-	-	11.7	10.1
2011	1.5	0.7	0.3	-0.1	1.6	-	-	6.4	4.3
2012	-0.6	-2.2	-1.4	-0.6	-3.9	-	-	2.5	-1.1
2012 Q2	-0.5	-2.4	-1.3	-0.7	-3.7	-	-	3.4	-0.8
Q3	-0.7	-2.5	-1.7	-0.6	-3.9	-	-	2.8	-1.2
Q4	-1.0	-2.3	-1.5	-0.7	-4.5	-	-	2.0	-0.9
2013 Q1	-1.0	-2.0	-1.3	-0.4	-5.6	-	-	0.1	-1.9
Q2	-0.5	-1.0	-0.6	0.3	-3.5	-	-	0.7	-0.4
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2012 Q2	-0.3	-0.8	-0.3	-0.1	-0.4	-0.1	0.6	-	-
Q3	-0.1	-0.3	0.0	0.0	-0.1	-0.2	0.2	-	-
Q4	-0.5	-0.6	-0.3	0.0	-0.2	-0.2	0.1	-	-
2013 Q1	-0.2	-0.2	-0.1	0.0	-0.4	0.4	0.0	-	-
Q2	0.3	0.1	0.1	0.1	0.0	-0.1	0.2	-	-
	contributions to annual percentage changes in GDP; percentage points								
2009	-4.4	-3.7	-0.5	0.5	-2.7	-0.9	-0.7	-	-
2010	2.0	1.2	0.6	0.1	-0.1	0.6	0.7	-	-
2011	1.5	0.7	0.2	0.0	0.3	0.2	0.9	-	-
2012	-0.6	-2.2	-0.8	-0.1	-0.7	-0.5	1.6	-	-
2012 Q2	-0.5	-2.4	-0.8	-0.2	-0.7	-0.7	1.8	-	-
Q3	-0.7	-2.4	-1.0	-0.1	-0.7	-0.6	1.8	-	-
Q4	-1.0	-2.2	-0.8	-0.2	-0.9	-0.4	1.3	-	-
2013 Q1	-1.0	-1.9	-0.8	-0.1	-1.0	0.0	0.9	-	-
Q2	-0.5	-1.0	-0.3	0.1	-0.6	-0.1	0.5	-	-

Sources: Eurostat and ECB calculations.

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

5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

2. Value added by economic activity

	Gross value added (basic prices)											Taxes less subsidies on products
	Total	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services	
	1	2	3	4	5	6	7	8	9	10	11	12
	Current prices (EUR billions)											
2009	8,028.5	124.0	1,464.5	530.2	1,532.5	370.1	421.4	902.8	806.4	1,581.7	294.8	893.3
2010	8,226.9	136.2	1,578.7	498.4	1,547.9	370.4	438.2	917.7	826.5	1,612.6	300.2	941.5
2011	8,450.9	141.2	1,640.4	500.9	1,589.9	372.0	436.5	964.7	860.1	1,637.1	308.1	972.7
2012	8,507.5	143.8	1,642.1	490.2	1,602.3	367.8	429.7	981.5	878.5	1,657.5	314.1	977.0
2012 Q2	2,125.8	35.3	411.1	123.1	399.7	92.3	108.4	244.3	218.7	415.0	78.0	244.1
Q3	2,130.6	36.0	412.8	122.2	400.9	91.9	106.2	245.8	220.5	415.5	78.8	244.3
Q4	2,129.6	37.0	409.8	120.9	402.3	90.8	106.7	247.9	221.0	413.9	79.2	243.1
2013 Q1	2,140.2	37.1	410.9	120.2	401.9	89.9	109.0	248.9	221.8	420.8	79.7	241.1
Q2	2,154.1	37.2	414.9	120.3	404.3	89.7	110.2	251.0	224.0	422.3	80.2	246.4
	percentage of value added											
2012	100.0	1.7	19.3	5.8	18.8	4.3	5.1	11.5	10.3	19.5	3.7	-
	Chain-linked volumes (prices for the previous year)											
	quarter-on-quarter percentage changes											
2012 Q2	-0.2	-1.7	-0.2	-1.3	-0.4	-0.2	0.8	0.1	-0.3	0.1	-0.6	-1.1
Q3	-0.1	-1.5	0.0	-1.0	-0.5	0.1	0.1	0.3	0.3	0.0	0.1	-0.2
Q4	-0.4	-0.3	-1.6	-1.6	-0.9	-0.9	1.0	0.5	-0.3	0.5	0.3	-1.0
2013 Q1	-0.1	0.8	-0.2	-1.1	-0.3	-0.5	-0.4	0.0	0.5	0.0	0.2	-0.3
Q2	0.3	-0.4	0.4	-0.3	0.4	0.0	-1.0	0.5	0.5	0.4	0.0	0.7
	annual percentage changes											
2009	-4.4	1.3	-12.9	-8.0	-5.1	2.9	0.4	0.4	-7.9	1.5	-0.6	-4.2
2010	2.0	-3.0	9.5	-5.7	0.7	1.9	0.2	-0.1	2.3	1.3	0.4	1.4
2011	1.7	0.5	3.0	-1.7	1.6	3.3	0.6	2.1	2.7	1.1	0.5	0.1
2012	-0.5	-4.7	-1.1	-4.4	-0.6	0.4	-0.8	0.8	0.8	0.1	0.2	-2.0
2012 Q2	-0.3	-4.2	-0.9	-3.8	-0.2	1.1	-0.8	0.7	0.9	0.0	0.3	-2.1
Q3	-0.6	-6.1	-0.8	-3.9	-0.9	0.4	-0.7	0.7	0.8	-0.2	0.1	-1.9
Q4	-0.8	-6.6	-1.4	-5.3	-1.6	-1.2	1.2	0.9	0.1	0.3	-0.1	-2.2
2013 Q1	-0.8	-2.7	-2.0	-4.9	-2.1	-1.5	1.6	1.0	0.2	0.7	0.0	-2.7
Q2	-0.4	-1.3	-1.5	-4.0	-1.3	-1.3	-0.3	1.4	1.0	0.9	0.6	-0.9
	contributions to quarter-on-quarter percentage changes in value added; percentage points											
2012 Q2	-0.2	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	-
Q3	-0.1	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	-
Q4	-0.4	0.0	-0.3	-0.1	-0.2	0.0	0.1	0.1	0.0	0.1	0.0	-
2013 Q1	-0.1	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	-
Q2	0.3	0.0	0.1	0.0	0.1	0.0	-0.1	0.1	0.1	0.1	0.0	-
	contributions to annual percentage changes in value added; percentage points											
2009	-4.4	0.0	-2.6	-0.5	-1.0	0.1	0.0	0.0	-0.8	0.3	0.0	-
2010	2.0	0.0	1.7	-0.4	0.1	0.1	0.0	0.0	0.2	0.3	0.0	-
2011	1.7	0.0	0.6	-0.1	0.3	0.1	0.0	0.2	0.3	0.2	0.0	-
2012	-0.5	-0.1	-0.2	-0.3	-0.1	0.0	0.0	0.1	0.1	0.0	0.0	-
2012 Q2	-0.3	-0.1	-0.2	-0.2	0.0	0.0	0.0	0.1	0.1	0.0	0.0	-
Q3	-0.6	-0.1	-0.1	-0.2	-0.2	0.0	0.0	0.1	0.1	0.0	0.0	-
Q4	-0.8	-0.1	-0.3	-0.3	-0.3	-0.1	0.1	0.1	0.0	0.1	0.0	-
2013 Q1	-0.8	0.0	-0.4	-0.3	-0.4	-0.1	0.1	0.1	0.0	0.1	0.0	-
Q2	-0.4	0.0	-0.3	-0.2	-0.3	-0.1	0.0	0.2	0.1	0.2	0.0	-

Sources: Eurostat and ECB calculations.

5.2 Output and demand

(annual percentage changes, unless otherwise indicated)

3. Industrial production

	Total	Industry excluding construction										Construction
		Total (s.a.; index: 2010 = 100)	Total		Industry excluding construction and energy						Energy	
				Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
% of total in 2010	100.0	79.4	79.4	68.3	67.7	26.7	23.2	17.8	2.3	15.5	11.7	20.6
	1	2	3	4	5	6	7	8	9	10	11	12
2010	4.0	100.0	7.3	7.7	7.7	10.0	8.9	2.8	2.7	2.9	3.9	-7.8
2011	2.1	103.2	3.2	4.4	4.5	3.8	8.2	0.8	0.6	0.9	-4.7	-2.1
2012	-3.0	100.8	-2.4	-2.6	-2.7	-4.3	-1.1	-2.4	-4.5	-2.1	-0.2	-5.4
2012 Q3	-2.7	101.2	-2.2	-2.3	-2.5	-4.2	-0.8	-2.2	-5.4	-1.8	0.0	-4.7
Q4	-3.3	99.2	-3.1	-3.4	-3.6	-4.8	-3.3	-2.0	-5.1	-1.6	-0.3	-4.3
2013 Q1	-2.9	99.4	-2.3	-2.7	-2.9	-3.6	-3.6	-0.9	-4.5	-0.5	0.0	-5.7
Q2	-1.7	100.6	-0.5	-0.4	-0.5	-2.1	1.4	-0.7	-3.8	-0.2	-0.7	-5.0
2013 Feb.	-2.3	99.2	-3.2	-2.5	-2.7	-2.9	-3.9	-0.5	-4.9	-0.1	-6.7	2.1
Mar.	-2.5	100.1	-1.4	-3.0	-3.3	-4.1	-3.1	-2.4	-1.9	-2.6	8.7	-7.6
Apr.	-1.7	100.5	-0.5	-0.4	-0.5	-2.5	1.5	-0.2	-4.5	0.6	-0.7	-6.3
May	-1.6	100.3	-1.3	-1.4	-1.4	-2.6	-0.6	-0.9	-6.1	-0.1	0.2	-3.8
June	-0.5	101.0	0.3	0.6	0.5	-1.3	3.3	-1.1	-1.0	-1.1	-1.7	-3.0
	month-on-month percentage changes (s.a.)											
2013 Feb.	0.4	-	0.2	0.1	-0.2	-0.2	0.8	-1.4	0.8	-1.5	1.7	0.7
Mar.	0.1	-	0.9	0.2	0.3	0.0	1.0	0.1	1.8	0.0	3.7	-1.8
Apr.	0.7	-	0.4	1.0	0.7	0.1	2.2	0.4	-1.6	0.9	-1.4	1.3
May	-0.3	-	-0.2	-0.2	-0.1	0.6	-1.1	0.3	-1.9	0.7	0.1	0.5
June	0.6	-	0.7	1.1	1.2	0.5	2.5	0.2	4.9	-0.6	-1.6	0.7

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

	Indicator on industrial new orders[1]		Industrial turnover		Retail sales (including automotive fuel)								New passenger car registrations	
	Manufacturing		Manufacturing (current prices)		Current prices	Constant prices								
	Total (s.a.; index: 2010 = 100)	Total	Total (s.a.; index: 2010 = 100)	Total	Total	Total (s.a.; index: 2010 = 100)	Total	Food, beverages, tobacco	Non-food			Fuel	Total (s.a.; thousands)[2]	Total
										Textiles, clothing, footwear	Household equipment			
% of total in 2010	100.0	100.0	100.0	100.0	100.0	100.0	100.0	40.1	51.1	9.4	11.9	8.8		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2010	100.0	17.7	100.0	10.3	2.1	100.0	0.6	0.3	1.4	2.2	0.2	-3.0	843	-8.5
2011	108.6	8.6	109.2	9.1	1.8	99.7	-0.3	-1.0	0.5	1.3	-0.2	-3.3	838	-1.1
2012	104.6	-3.7	108.7	-0.5	0.5	98.0	-1.7	-1.2	-1.7	-4.2	-2.6	-5.2	744	-11.0
2012 Q3	104.7	-2.9	109.2	-0.7	0.8	98.2	-1.4	-0.8	-1.4	-2.6	-1.9	-4.6	721	-12.7
Q4	103.2	-2.3	107.2	-1.7	-0.8	96.8	-2.7	-2.0	-2.8	-4.7	-4.3	-5.7	709	-14.2
2013 Q1	102.9	-2.3	106.9	-2.7	-1.2	97.1	-2.0	-1.7	-2.2	-3.6	-4.6	-3.6	688	-11.3
Q2	103.8	-1.2	106.8	-1.7	-0.2	97.3	-0.7	-1.7	0.1	2.3	-3.1	-0.9	708	-7.2
2013 Mar.	103.8	-2.3	107.4	-2.8	-1.7	96.8	-2.2	-0.6	-3.4	-9.4	-5.6	-2.1	700	-10.9
Apr.	102.7	-2.5	106.7	-2.0	-0.7	96.8	-1.1	-2.5	0.1	3.3	-3.6	0.3	710	-6.5
May	103.6	-1.9	106.5	-2.7	0.5	97.9	0.1	-0.8	0.6	0.5	-1.9	-0.4	704	-8.0
June	105.1	0.8	107.1	-0.5	-0.4	97.2	-1.1	-1.8	-0.3	3.0	-3.8	-2.5	711	-7.2
July	.	.	.	.	-0.5	97.4	-1.3	-0.6	-1.6	.	.	-4.9	.	.
	month-on-month percentage changes (s.a.)													
2013 Mar.	-	1.3	-	0.7	-0.1	-	-0.2	0.8	-0.7	-3.1	-0.5	1.0	-	0.3
Apr.	-	-1.0	-	-0.6	-0.1	-	0.0	-1.5	1.0	2.5	-0.1	0.6	-	1.5
May	-	0.9	-	-0.2	1.2	-	1.1	1.2	0.8	0.9	1.0	0.3	-	-1.0
June	-	1.4	-	0.6	-0.5	-	-0.7	-0.5	-0.6	1.3	-1.0	0.6	-	1.0
July	-	.	-	.	0.2	-	0.1	1.0	-0.4	.	.	-1.0	-	.

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

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

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

5.2 Output and demand

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

5. Business and Consumer Surveys

	Economic sentiment indicator[2] (long-term average = 100)	Manufacturing industry					Consumer confidence indicator				
		Industrial confidence indicator				Capacity utilisation[3] (%)	Total[4]	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
		Total[4]	Order books	Stocks of finished products	Production expectations						
	1	2	3	4	5	6	7	8	9	10	11
2009	80.7	-28.7	-56.6	14.8	-14.9	71.0	-24.8	-7.0	-26.1	55.3	-10.7
2010	101.1	-4.5	-24.2	1.0	11.7	77.1	-14.2	-5.3	-12.3	31.2	-8.0
2011	101.8	0.3	-6.4	2.3	9.4	80.6	-14.5	-7.4	-18.1	23.2	-9.1
2012	90.4	-11.7	-24.3	6.8	-4.0	78.6	-22.3	-11.3	-27.6	38.4	-12.0
2012 Q2	92.3	-10.5	-21.9	6.5	-3.0	79.2	-19.5	-10.3	-24.2	32.3	-10.9
Q3	87.4	-14.9	-28.6	8.1	-8.1	77.7	-23.8	-11.8	-30.4	40.7	-12.4
Q4	86.8	-15.4	-32.0	6.8	-7.4	77.4	-26.2	-12.9	-31.7	46.3	-13.7
2013 Q1	90.1	-12.2	-29.6	5.4	-1.6	77.6	-23.7	-11.4	-27.3	42.6	-13.3
Q2	89.8	-12.6	-30.9	6.1	-0.9	77.9	-20.9	-10.2	-24.9	35.9	-12.8
2013 Mar.	90.1	-12.2	-30.2	6.0	-0.4	-	-23.5	-11.3	-26.6	42.0	-14.0
Apr.	88.6	-13.7	-33.5	6.3	-1.4	77.5	-22.2	-10.9	-26.4	37.9	-13.7
May	89.5	-13.0	-30.9	6.2	-1.9	-	-21.8	-10.3	-26.8	36.5	-13.7
June	91.3	-11.2	-28.4	5.9	0.7	-	-18.8	-9.5	-21.5	33.3	-11.0
July	92.5	-10.6	-27.8	5.5	1.5	78.3	-17.4	-8.9	-20.9	30.4	-9.4
Aug.	95.2	-7.9	-23.8	4.4	4.6	-	-15.6	-8.0	-15.8	30.4	-8.2

	Construction confidence indicator			Retail trade confidence indicator				Services confidence indicator			
	Total[4]	Order books	Employment expectations	Total[4]	Present business situation	Volume of stocks	Expected business situation	Total[4]	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
2009	-33.1	-42.1	-24.1	-15.5	-21.4	9.8	-15.4	-16.1	-21.2	-18.0	-9.3
2010	-28.8	-39.4	-18.2	-4.1	-6.6	7.2	1.6	4.0	1.5	3.1	7.4
2011	-26.2	-33.9	-18.5	-5.4	-5.6	11.1	0.6	5.3	2.2	5.3	8.3
2012	-28.4	-34.9	-22.0	-15.2	-18.9	14.2	-12.6	-6.9	-11.9	-7.8	-1.1
2012 Q2	-26.9	-32.0	-21.7	-14.4	-18.1	14.8	-10.4	-4.5	-10.1	-4.8	1.3
Q3	-29.4	-36.6	-22.2	-16.8	-21.8	14.5	-14.1	-10.6	-15.8	-11.7	-4.2
Q4	-32.7	-40.2	-25.2	-16.0	-21.3	11.4	-15.4	-11.1	-15.4	-13.0	-5.0
2013 Q1	-29.1	-37.0	-21.2	-16.2	-24.4	10.7	-13.6	-7.8	-12.7	-9.0	-1.8
Q2	-31.9	-38.8	-24.9	-16.6	-24.7	11.1	-13.9	-10.0	-14.6	-13.4	-2.0
2013 Mar.	-29.9	-37.9	-21.9	-17.1	-25.2	10.5	-15.6	-7.1	-11.2	-7.9	-2.1
Apr.	-31.1	-38.7	-23.5	-18.4	-26.4	12.1	-16.8	-11.1	-16.0	-14.8	-2.7
May	-33.0	-39.8	-26.2	-16.7	-25.9	11.0	-13.2	-9.3	-13.2	-12.9	-1.7
June	-31.5	-38.0	-25.1	-14.6	-21.9	10.2	-11.6	-9.6	-14.7	-12.5	-1.5
July	-32.6	-41.3	-23.8	-14.0	-21.1	10.3	-10.4	-7.8	-11.6	-10.4	-1.3
Aug.	-33.5	-42.1	-24.8	-10.7	-17.9	8.3	-5.9	-5.3	-7.7	-8.4	0.2

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

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

5.3 Labour markets [1]
(quarterly data seasonally adjusted; annual data unadjusted)

1. Employment

	Total	Employees	Self-employed	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	By employment status			**By economic activity**									
	1	2	3	4	5	6	7	8	9	10	11	12	13
Persons employed													
levels (thousands)													
2012	146,197	125,044	21,153	4,991	22,922	9,489	35,931	4,076	4,053	1,322	18,225	34,365	10,822
percentage of total persons employed													
2012	100.0	85.5	14.5	3.4	15.7	6.5	24.6	2.8	2.8	0.9	12.5	23.5	7.4
annual percentage changes													
2010	-0.5	-0.5	-0.4	-1.0	-2.9	-3.8	-0.6	-1.4	-0.9	-0.1	1.6	1.0	0.8
2011	0.3	0.4	-0.4	-2.1	0.1	-3.8	0.8	1.3	-0.4	3.1	2.7	0.3	0.0
2012	-0.7	-0.7	-0.3	-1.6	-1.1	-4.8	-0.8	1.5	-0.7	0.4	0.7	-0.3	0.6
2012 Q2	-0.8	-0.8	-0.6	-1.5	-1.1	-4.7	-1.0	1.3	-0.5	1.2	0.2	-0.3	0.1
Q3	-0.6	-0.8	0.2	-1.5	-1.1	-5.1	-0.9	1.5	-1.1	0.9	1.2	-0.5	1.3
Q4	-0.7	-0.8	-0.3	-1.4	-1.4	-5.0	-1.0	2.1	-1.2	-1.3	0.5	-0.3	1.4
2013 Q1	-1.0	-1.0	-0.9	-2.5	-1.5	-5.5	-1.0	1.1	-1.2	-1.4	0.2	-0.3	0.4
quarter-on-quarter percentage changes													
2012 Q2	-0.1	0.0	-0.5	0.3	-0.4	-0.8	-0.1	0.5	-0.7	0.6	0.3	0.0	-0.2
Q3	-0.1	-0.1	0.1	-0.6	0.0	-1.7	-0.1	-0.3	-0.8	-1.2	0.8	-0.1	0.7
Q4	-0.3	-0.3	-0.4	-0.7	-0.6	-1.6	-0.4	1.1	0.2	0.6	-0.2	-0.1	-0.1
2013 Q1	-0.5	-0.5	-0.1	-1.5	-0.5	-1.6	-0.3	-0.2	0.0	-1.4	-0.7	-0.2	0.0
Hours worked													
levels (millions)													
2012	230,222	185,189	45,033	10,036	36,090	16,552	59,918	6,562	6,416	2,029	28,410	49,005	15,204
percentage of total hours worked													
2012	100.0	80.4	19.6	4.4	15.7	7.2	26.0	2.9	2.8	0.9	12.3	21.3	6.6
annual percentage changes													
2010	0.0	0.1	-0.4	-1.2	-0.4	-3.9	-0.3	-0.8	-0.4	0.9	2.5	1.0	0.5
2011	0.3	0.6	-0.7	-2.8	0.9	-3.9	0.6	1.4	-0.3	3.8	2.8	0.4	0.0
2012	-1.3	-1.3	-1.0	-2.2	-2.0	-6.1	-1.4	1.4	-0.8	-0.4	0.5	-0.5	-0.1
2012 Q2	-1.5	-1.5	-1.3	-1.9	-2.3	-6.4	-1.6	1.3	-0.6	1.0	0.1	-0.6	-0.8
Q3	-1.2	-1.4	-0.1	-1.7	-2.3	-6.4	-1.3	1.8	-1.0	0.2	1.2	-0.7	0.7
Q4	-1.5	-1.5	-1.5	-2.1	-2.5	-6.1	-1.8	1.6	-1.7	-3.0	-0.2	-0.3	0.3
2013 Q1	-2.2	-2.2	-2.0	-2.4	-3.3	-8.0	-1.8	0.3	-2.4	-3.3	-0.8	-1.1	-1.1
quarter-on-quarter percentage changes													
2012 Q2	-0.8	-0.8	-0.5	-0.6	-1.5	-2.5	-0.4	-0.1	-1.2	0.3	-0.2	-0.5	-1.0
Q3	0.1	0.0	0.5	-0.7	0.0	-1.6	0.2	0.6	-0.1	-0.2	0.8	0.1	1.2
Q4	-0.7	-0.5	-1.3	-0.5	-0.7	-2.0	-1.0	0.2	-0.6	-1.8	-0.6	0.1	-0.7
2013 Q1	-0.9	-1.0	-0.6	-0.7	-1.2	-2.2	-0.6	-0.3	-0.6	-1.7	-0.9	-0.9	-0.7
Hours worked per person employed													
levels (thousands)													
2012	1,575	1,481	2,129	2,011	1,574	1,744	1,668	1,610	1,583	1,535	1,559	1,426	1,405
annual percentage changes													
2010	0.5	0.6	0.0	-0.2	2.5	-0.1	0.2	0.6	0.5	1.1	0.8	0.1	-0.3
2011	0.0	0.2	-0.2	-0.7	0.7	-0.1	-0.2	0.1	0.1	0.7	0.2	0.1	0.0
2012	-0.6	-0.6	-0.7	-0.6	-1.0	-1.3	-0.7	-0.1	-0.1	-0.8	-0.2	-0.2	-0.7
2012 Q2	-0.7	-0.7	-0.7	-0.4	-1.2	-1.8	-0.7	0.0	0.0	-0.3	-0.1	-0.4	-0.9
Q3	-0.6	-0.7	-0.3	-0.2	-1.2	-1.4	-0.4	0.3	0.1	-0.6	0.0	-0.2	-0.6
Q4	-0.8	-0.7	-1.2	-0.8	-1.1	-1.2	-0.8	-0.5	-0.5	-1.7	-0.7	0.0	-1.1
2013 Q1	-1.2	-1.3	-1.0	0.1	-1.9	-2.6	-0.8	-0.8	-1.2	-2.0	-1.0	-0.8	-1.5
quarter-on-quarter percentage changes													
2012 Q2	-0.7	-0.8	0.0	-0.9	-1.1	-1.7	-0.3	-0.6	-0.5	-0.4	-0.5	-0.5	-0.8
Q3	0.2	0.2	0.4	0.0	0.0	0.1	0.4	0.9	0.7	1.0	0.1	0.2	0.5
Q4	-0.3	-0.2	-0.9	0.2	-0.2	-0.4	-0.6	-0.9	-0.8	-2.4	-0.4	0.2	-0.6
2013 Q1	-0.5	-0.5	-0.6	0.8	-0.6	-0.6	-0.3	-0.1	-0.6	-0.3	-0.2	-0.7	-0.6

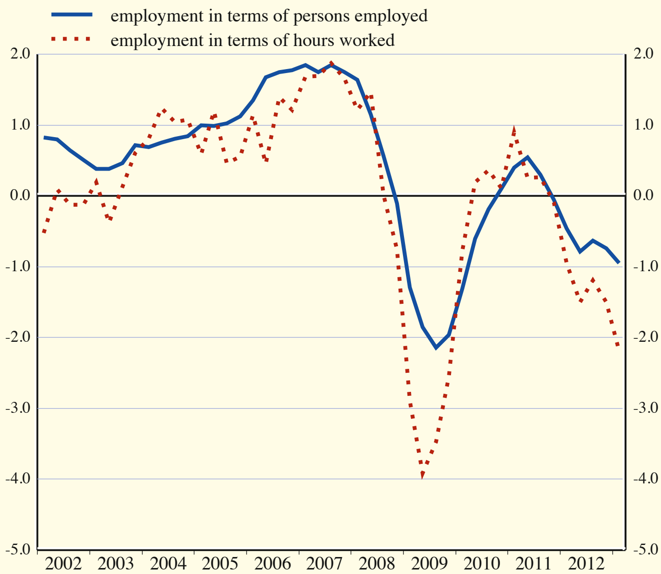
Source: ECB calculations based on Eurostat data.
1) Data for employment are based on the ESA 95.

5.3 Labour markets
(seasonally adjusted, unless otherwise indicated)

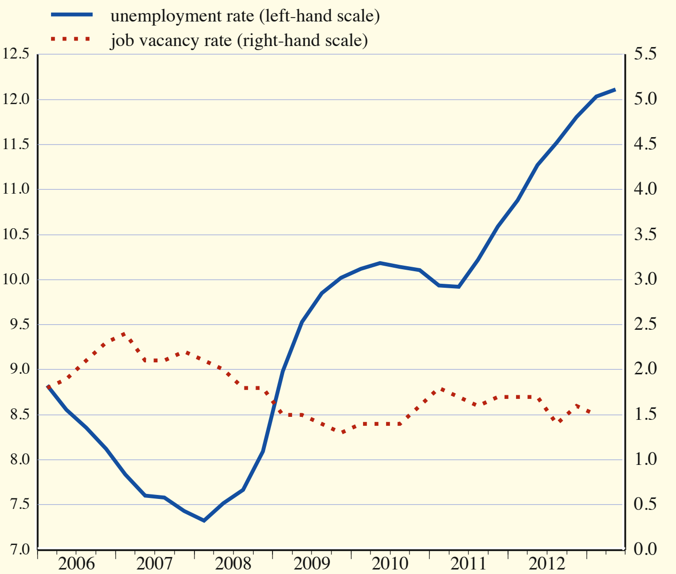
2. Unemployment and job vacancies [1]

	Unemployment										Job vacancy rate [2]
	Total		By age [3]				By gender [4]				
			Adult		Youth		Male		Female		
	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	% of total posts
% of total in 2010	100.0		79.4		20.6		54.0		46.0		
	1	2	3	4	5	6	7	8	9	10	11
2009	15.054	9.6	11.767	8.4	3.288	20.3	8.146	9.4	6.908	9.8	1.4
2010	15.938	10.1	12.657	8.9	3.281	20.9	8.605	10.0	7.333	10.3	1.5
2011	16.037	10.2	12.825	9.0	3.212	20.9	8.547	9.9	7.490	10.5	1.7
2012	18.069	11.4	14.580	10.1	3.489	23.1	9.703	11.2	8.366	11.6	1.6
2012 Q2	17.912	11.3	14.452	10.1	3.461	22.9	9.640	11.1	8.273	11.4	1.7
Q3	18.333	11.5	14.804	10.3	3.529	23.4	9.851	11.4	8.483	11.7	1.4
Q4	18.786	11.8	15.197	10.5	3.589	23.8	10.082	11.7	8.704	12.0	1.6
2013 Q1	19.132	12.0	15.539	10.8	3.593	24.0	10.272	11.9	8.860	12.2	1.5
Q2	19.251	12.1	15.727	10.9	3.524	23.9	10.302	12.0	8.949	12.3	.
2013 Feb.	19.135	12.0	15.533	10.8	3.602	24.1	10.282	11.9	8.853	12.2	-
Mar.	19.157	12.1	15.606	10.8	3.551	23.9	10.272	11.9	8.885	12.2	-
Apr.	19.225	12.1	15.685	10.9	3.540	23.9	10.285	11.9	8.940	12.3	-
May	19.281	12.1	15.766	10.9	3.516	23.8	10.317	12.0	8.964	12.3	-
June	19.246	12.1	15.731	10.9	3.516	23.9	10.304	12.0	8.942	12.3	-
July	19.231	12.1	15.730	10.9	3.500	24.0	10.277	11.9	8.953	12.3	-

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



C29 Unemployment and job vacancy [2] rates



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

6 GOVERNMENT FINANCE

6.1 Revenue, expenditure and deficit/surplus 1)

(as a percentage of GDP)

1. Euro area – revenue

	Total	Current revenue										Capital revenue		Memo item:
			Direct taxes	Households	Corporations	Indirect taxes	Received by EU institutions	Social contributions	Employers	Employees	Sales		Capital taxes	Fiscal burden 2)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2004	44.5	44.0	11.5	8.5	2.9	13.2	0.3	15.5	8.1	4.5	2.2	0.5	0.4	40.6
2005	44.8	44.3	11.7	8.6	3.0	13.3	0.3	15.4	8.1	4.5	2.3	0.5	0.3	40.7
2006	45.3	45.0	12.3	8.7	3.4	13.4	0.3	15.3	8.0	4.5	2.3	0.3	0.3	41.3
2007	45.3	45.1	12.7	8.9	3.6	13.3	0.3	15.1	8.0	4.4	2.3	0.3	0.3	41.3
2008	45.1	44.9	12.5	9.1	3.2	12.9	0.3	15.3	8.1	4.5	2.3	0.2	0.3	40.9
2009	44.9	44.6	11.6	9.2	2.3	12.8	0.3	15.8	8.3	4.5	2.5	0.3	0.4	40.6
2010	44.8	44.5	11.5	8.9	2.5	12.9	0.3	15.7	8.2	4.5	2.6	0.3	0.3	40.4
2011	45.3	45.0	11.9	9.1	2.7	13.0	0.3	15.7	8.2	4.5	2.6	0.3	0.3	40.9
2012	46.2	46.0	12.4	9.6	2.7	13.3	0.3	15.9	8.3	4.7	2.6	0.2	0.3	41.8

2. Euro area – expenditure

	Total	Current expenditure								Capital expenditure				Memo item:
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments	Subsidies	Paid by EU institutions		Investment	Capital transfers	Paid by EU institutions	Primary expenditure 3)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2004	47.4	43.5	10.5	5.0	3.1	24.9	22.1	1.7	0.5	3.9	2.5	1.5	0.1	44.3
2005	47.3	43.4	10.5	5.0	3.0	24.9	22.1	1.7	0.5	3.9	2.5	1.4	0.0	44.3
2006	46.7	42.8	10.3	5.0	2.9	24.6	21.8	1.6	0.5	3.9	2.5	1.4	0.0	43.8
2007	46.0	42.2	10.1	5.0	3.0	24.2	21.4	1.6	0.4	3.8	2.6	1.2	0.0	43.1
2008	47.3	43.3	10.3	5.2	3.0	24.8	21.9	1.6	0.4	3.9	2.6	1.3	0.0	44.2
2009	51.3	47.0	11.1	5.7	2.9	27.4	24.3	1.8	0.4	4.3	2.8	1.4	0.0	48.4
2010	51.0	46.6	10.9	5.7	2.8	27.2	24.2	1.8	0.4	4.4	2.6	1.8	0.0	48.1
2011	49.5	46.0	10.6	5.5	3.0	26.9	23.9	1.7	0.4	3.5	2.3	1.2	0.0	46.5
2012	49.9	46.2	10.5	5.5	3.1	27.1	24.3	1.6	0.4	3.7	2.1	1.6	0.1	46.9

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
2004	-2.9	-2.5	-0.4	-0.3	0.2	0.2	20.4	10.5	5.0	5.1	1.9	2.2	8.1	12.3
2005	-2.5	-2.3	-0.3	-0.2	0.2	0.5	20.5	10.5	5.0	5.2	1.9	2.3	8.0	12.5
2006	-1.4	-1.5	-0.1	-0.2	0.4	1.5	20.3	10.3	5.0	5.3	1.9	2.3	7.9	12.5
2007	-0.7	-1.2	0.0	0.0	0.6	2.3	20.1	10.1	5.0	5.2	1.9	2.3	7.7	12.3
2008	-2.1	-2.3	-0.2	-0.2	0.5	0.9	20.6	10.3	5.2	5.4	1.9	2.3	8.0	12.7
2009	-6.4	-5.2	-0.5	-0.3	-0.4	-3.5	22.4	11.1	5.7	5.9	2.1	2.5	8.6	13.7
2010	-6.2	-5.1	-0.7	-0.3	-0.1	-3.4	22.1	10.9	5.7	5.9	2.1	2.6	8.4	13.6
2011	-4.1	-3.3	-0.7	-0.2	0.0	-1.1	21.6	10.6	5.5	5.8	2.1	2.6	8.2	13.4
2012	-3.7	-3.4	-0.3	0.0	0.0	-0.6	21.6	10.5	5.5	5.9	2.1	2.6	8.2	13.4

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

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2009	-5.6	-3.1	-2.0	-13.9	-15.6	-11.2	-7.5	-5.5	-6.1	-0.8	-3.7	-5.6	-4.1	-10.2	-6.2	-8.0	-2.5
2010	-3.8	-4.1	0.2	-30.8	-10.7	-9.7	-7.1	-4.5	-5.3	-0.9	-3.6	-5.1	-4.5	-9.8	-5.9	-7.7	-2.5
2011	-3.7	-0.8	1.2	-13.4	-9.5	-9.4	-5.3	-3.8	-6.3	-0.2	-2.8	-4.5	-2.5	-4.4	-6.4	-5.1	-0.8
2012	-3.9	0.2	-0.3	-7.6	-10.0	-10.6	-4.8	-3.0	-6.3	-0.8	-3.3	-4.1	-2.5	-6.4	-4.0	-4.3	-1.9

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

1) The concepts "revenue", "expenditure" and "deficit/surplus" are based on the ESA 95. Transactions involving the EU budget are included and consolidated. Transactions among Member States' governments are not consolidated.
2) The fiscal burden comprises taxes and social contributions.
3) Comprises total expenditure minus interest expenditure.
4) Corresponds to final consumption expenditure (P.3) of general government in the ESA 95.
5) Includes settlements under swaps and forward rate agreements.

6.2 Debt [1]

(as a percentage of GDP)

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

	Total	Financial instruments				Holders				
		Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [2]				Other creditors [3]
						Total	MFIs	Other financial corporations	Other sectors	
	1	2	3	4	5	6	7	8	9	10
2003	69.2	2.1	12.5	5.1	49.6	40.2	20.5	11.3	8.4	29.1
2004	69.7	2.2	12.2	4.8	50.5	38.7	19.7	11.2	7.9	30.9
2005	70.5	2.4	12.3	4.5	51.3	37.0	19.0	11.3	6.8	33.5
2006	68.7	2.5	11.9	4.0	50.3	34.9	19.1	9.3	6.5	33.7
2007	66.4	2.2	11.3	3.9	48.9	32.7	17.8	8.6	6.3	33.6
2008	70.2	2.3	11.6	6.5	49.8	33.2	18.4	7.9	6.9	37.0
2009	80.0	2.5	12.7	8.3	56.5	37.4	21.4	9.2	6.8	42.6
2010	85.4	2.4	15.4	7.3	60.2	40.5	24.3	10.6	5.6	44.9
2011	87.3	2.4	15.4	7.4	62.1	42.8	24.7	11.3	6.9	44.5
2012	90.7	2.6	17.4	6.8	63.9	46.6	26.5	12.4	7.7	44.0

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

	Total	Issued by: [4]				Original maturity			Residual maturity			Currencies	
		Central gov.	State gov.	Local gov.	Social security funds	Up to 1 year	Over 1 year		Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currencies	Other currencies
								Variable interest rate					
	1	2	3	4	5	6	7	8	9	10	11	12	13
2003	69.2	56.7	6.5	5.1	1.0	7.9	61.4	5.0	14.9	26.1	28.3	68.4	0.9
2004	69.7	56.7	6.6	5.1	1.3	7.7	61.9	4.7	14.7	26.3	28.6	68.7	1.0
2005	70.5	57.2	6.7	5.2	1.4	7.8	62.8	4.6	14.8	25.8	29.9	69.4	1.1
2006	68.7	55.4	6.5	5.3	1.4	7.3	61.4	4.3	14.3	24.2	30.1	67.9	0.7
2007	66.4	53.5	6.3	5.3	1.4	7.1	59.2	4.2	14.5	23.6	28.2	65.8	0.5
2008	70.2	56.9	6.7	5.3	1.3	10.0	60.2	4.9	17.7	23.5	29.1	69.3	1.0
2009	80.0	64.8	7.7	5.8	1.7	12.0	68.0	5.0	19.5	27.3	33.2	78.8	1.2
2010	85.4	69.2	8.3	5.9	1.9	13.0	72.3	5.1	21.2	29.3	34.9	84.2	1.2
2011	87.3	70.7	8.5	5.9	2.2	12.6	74.7	6.0	20.8	30.4	36.1	85.6	1.7
2012	90.7	73.6	8.9	6.0	2.3	11.7	78.9	7.0	20.6	32.1	37.9	88.7	2.0

3. Euro area countries

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2009	95.7	74.5	7.2	64.8	129.7	53.9	79.2	116.4	58.5	15.3	66.4	60.8	69.2	83.7	35.0	35.6	43.5
2010	95.5	82.4	6.7	92.1	148.3	61.5	82.4	119.3	61.3	19.2	67.4	63.1	72.0	94.0	38.6	41.0	48.6
2011	97.8	80.4	6.2	106.4	170.3	69.3	85.8	120.8	71.1	18.3	70.3	65.5	72.5	108.3	46.9	43.3	49.0
2012	99.6	81.9	10.1	117.6	156.9	84.2	90.2	127.0	85.8	20.8	72.1	71.2	73.4	123.6	54.1	52.1	53.0

Sources: ECB for euro area aggregated data; European Commission for data relating to countries' debt.
1) Gross general government debt at nominal value and consolidated between sub-sectors of government. Holdings by non-resident governments are not consolidated. Intergovernmental lending in the context of the financial crisis is consolidated. Data are partially estimated.
2) Holders resident in the country whose government has issued the debt.
3) Includes residents of euro area countries other than the country whose government has issued the debt.
4) Excludes debt held by general government in the country whose government has issued it.

6.3 Change in debt [1]

(as a percentage of GDP)

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

	Total	Source of change			Financial instruments				Holders			
		Borrowing requirement [2]	Valuation effects [3]	Other changes in volume [4]	Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [5]	MFIs	Other financial corporations	Other creditors [6]
	1	2	3	4	5	6	7	8	9	10	11	12
2004	3.2	3.3	-0.1	0.0	0.2	0.1	-0.1	2.9	0.2	0.0	0.3	3.0
2005	3.3	3.1	0.2	0.0	0.3	0.5	-0.1	2.6	-0.4	0.0	0.5	3.7
2006	1.6	1.5	0.1	0.0	0.2	0.2	-0.3	1.5	-0.3	1.1	-1.4	1.9
2007	1.2	1.2	0.0	0.0	-0.1	0.0	0.1	1.2	-0.4	-0.4	-0.3	1.6
2008	5.3	5.2	0.1	0.0	0.1	0.5	2.7	2.0	1.3	1.0	-0.5	4.1
2009	7.3	7.5	-0.2	0.0	0.1	0.7	1.6	4.9	3.0	2.3	1.0	4.3
2010	7.6	7.7	-0.1	0.0	0.0	3.0	-0.7	5.2	4.1	3.5	1.6	3.4
2011	4.2	4.0	0.1	0.0	0.0	0.4	0.2	3.5	3.4	1.0	1.0	0.8
2012	4.0	5.4	-1.4	0.0	0.2	2.1	-0.5	2.2	4.1	2.0	1.2	-0.2

2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+)	Deficit-debt adjustment [7]											
			Total	Transactions in main financial assets held by general government							Valuation effects		Other changes in volume	Other [8]
				Total	Currency and deposits	Loans	Securities [9]	Shares and other equity	Privatisations	Equity injections		Exchange rate effects		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2004	3.2	-2.9	0.3	0.2	0.2	0.0	0.1	0.0	-0.5	0.2	-0.1	0.0	0.0	0.1
2005	3.3	-2.5	0.8	0.6	0.3	0.0	0.1	0.1	-0.3	0.2	0.2	0.0	0.0	0.0
2006	1.6	-1.4	0.2	0.2	0.3	-0.1	0.2	-0.2	-0.4	0.1	0.1	0.0	0.0	-0.1
2007	1.2	-0.7	0.5	0.6	0.2	0.0	0.2	0.1	-0.3	0.2	0.0	0.0	0.0	-0.1
2008	5.3	-2.1	3.2	3.0	0.8	0.7	0.7	0.9	-0.1	0.7	0.1	0.0	0.0	0.0
2009	7.3	-6.4	0.9	1.0	0.3	0.0	0.3	0.4	-0.3	0.5	-0.2	0.0	0.0	0.1
2010	7.6	-6.2	1.4	1.8	0.0	0.5	1.0	0.2	0.0	0.2	-0.1	0.0	0.0	-0.3
2011	4.2	-4.1	0.0	-0.3	0.2	-0.2	-0.2	-0.1	-0.1	0.2	0.1	0.0	0.0	0.2
2012	4.0	-3.7	0.2	1.4	0.3	0.6	-0.1	0.6	-0.1	0.3	-1.4	0.0	0.0	0.3

Source: ECB.

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

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

1. Euro area – quarterly revenue

	Total	Current revenue						Capital revenue		Memo item: Fiscal burden [2]
			Direct taxes	Indirect taxes	Social contributions	Sales	Property income		Capital taxes	
	1	2	3	4	5	6	7	8	9	10
2007 Q1	42.2	41.9	10.4	12.8	14.7	2.2	0.9	0.4	0.3	38.3
Q2	45.8	45.4	13.0	13.0	15.0	2.2	1.4	0.4	0.3	41.2
Q3	43.6	43.2	12.3	12.4	14.8	2.2	0.7	0.5	0.3	39.7
Q4	49.2	48.7	14.8	13.8	15.7	2.5	1.0	0.6	0.3	44.6
2008 Q1	42.4	42.1	10.9	12.3	14.8	2.2	1.1	0.3	0.2	38.2
Q2	45.3	45.0	12.9	12.4	15.1	2.3	1.5	0.4	0.3	40.6
Q3	43.4	43.0	12.2	12.0	15.0	2.3	0.8	0.4	0.3	39.5
Q4	48.8	48.3	13.9	13.4	16.4	2.6	1.1	0.5	0.3	43.9
2009 Q1	42.5	42.3	10.4	12.0	15.6	2.4	1.1	0.1	0.2	38.2
Q2	45.4	44.8	11.8	12.5	15.7	2.5	1.4	0.6	0.5	40.5
Q3	42.8	42.5	10.9	12.0	15.5	2.5	0.7	0.3	0.3	38.7
Q4	48.7	47.8	13.0	13.6	16.4	2.7	1.0	0.8	0.5	43.5
2010 Q1	42.2	42.0	10.1	12.2	15.5	2.4	0.9	0.2	0.3	38.1
Q2	45.1	44.7	11.9	12.6	15.4	2.6	1.3	0.5	0.3	40.2
Q3	43.0	42.6	10.9	12.5	15.2	2.5	0.7	0.3	0.3	38.9
Q4	48.5	47.8	13.2	13.4	16.4	2.8	1.0	0.7	0.3	43.3
2011 Q1	42.9	42.7	10.6	12.5	15.3	2.5	1.0	0.3	0.3	38.7
Q2	45.3	45.0	12.1	12.7	15.4	2.5	1.5	0.3	0.3	40.4
Q3	43.7	43.4	11.4	12.5	15.3	2.5	0.8	0.3	0.3	39.5
Q4	49.2	48.2	13.3	13.4	16.7	2.8	1.0	1.0	0.4	43.8
2012 Q1	43.3	43.2	10.9	12.6	15.4	2.4	1.0	0.2	0.2	39.1
Q2	46.2	45.8	12.6	12.8	15.6	2.5	1.4	0.3	0.3	41.3
Q3	44.7	44.3	11.9	12.6	15.5	2.6	0.8	0.4	0.3	40.4
Q4	50.6	49.9	14.2	13.9	16.9	2.8	1.0	0.7	0.3	45.3
2013 Q1	43.9	43.7	11.2	12.6	15.7	2.5	1.0	0.2	0.3	39.7

2. Euro area – quarterly expenditure and deficit/surplus

	Total	Current expenditure							Capital expenditure			Deficit (-)/ surplus (+)	Primary deficit (-)/ surplus (+)
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers				Investment	Capital transfers		
							Social benefits	Subsidies					
	1	2	3	4	5	6	7	8	9	10	11	12	13
2007 Q1	44.9	41.4	9.9	4.5	2.9	24.1	20.7	1.1	3.5	2.3	1.2	-2.6	0.3
Q2	45.0	41.6	10.0	4.8	3.2	23.6	20.6	1.1	3.4	2.5	0.9	0.8	4.0
Q3	44.6	41.0	9.6	4.8	2.9	23.8	20.6	1.2	3.6	2.6	0.9	-1.0	1.9
Q4	49.3	44.7	10.8	5.9	2.9	25.1	21.2	1.5	4.5	2.8	1.7	0.0	2.9
2008 Q1	45.4	41.8	9.9	4.5	3.0	24.4	20.8	1.2	3.6	2.3	1.2	-3.0	0.0
Q2	46.0	42.4	10.2	5.0	3.3	23.9	20.8	1.1	3.6	2.6	1.0	-0.6	2.7
Q3	45.7	42.1	9.8	5.0	3.0	24.4	21.2	1.2	3.7	2.7	1.0	-2.4	0.6
Q4	51.4	46.7	11.2	6.3	2.9	26.3	22.3	1.4	4.6	2.9	1.7	-2.5	0.4
2009 Q1	49.3	45.5	10.7	5.1	2.8	26.9	22.9	1.3	3.8	2.6	1.2	-6.9	-4.1
Q2	50.7	46.5	11.1	5.5	3.0	26.9	23.3	1.3	4.2	2.8	1.3	-5.3	-2.3
Q3	50.1	46.0	10.6	5.5	2.8	27.1	23.5	1.3	4.1	2.9	1.1	-7.2	-4.4
Q4	54.7	49.8	11.8	6.7	2.8	28.4	24.0	1.5	4.9	3.0	1.9	-6.0	-3.2
2010 Q1	50.4	46.5	10.8	5.1	2.7	27.9	23.6	1.4	3.9	2.4	1.5	-8.2	-5.5
Q2	49.6	46.1	11.0	5.5	3.0	26.7	23.2	1.3	3.5	2.5	1.1	-4.5	-1.5
Q3	50.4	45.2	10.3	5.4	2.7	26.8	23.1	1.3	5.2	2.6	2.6	-7.4	-4.7
Q4	53.4	48.7	11.4	6.6	2.9	27.7	23.6	1.5	4.7	2.7	2.0	-4.9	-2.0
2011 Q1	48.5	45.4	10.4	5.0	2.9	27.2	23.1	1.3	3.1	2.1	1.0	-5.6	-2.7
Q2	48.5	45.3	10.6	5.3	3.2	26.2	22.8	1.2	3.3	2.3	0.9	-3.3	0.0
Q3	48.0	44.6	10.1	5.2	2.9	26.4	22.9	1.2	3.5	2.3	1.1	-4.4	-1.5
Q4	52.6	48.7	11.2	6.5	3.2	27.7	23.6	1.5	3.9	2.5	1.7	-3.4	-0.2
2012 Q1	48.1	45.5	10.3	4.9	3.0	27.3	23.3	1.2	2.7	1.9	0.8	-4.8	-1.8
Q2	49.1	45.8	10.5	5.3	3.3	26.7	23.2	1.2	3.3	2.1	1.2	-3.0	0.3
Q3	48.5	44.9	10.0	5.3	2.9	26.7	23.4	1.2	3.6	2.2	1.4	-3.9	-1.0
Q4	53.9	48.8	11.0	6.5	3.2	28.1	24.1	1.4	5.0	2.3	2.8	-3.3	-0.1
2013 Q1	48.8	46.1	10.4	4.9	2.8	27.9	23.8	1.2	2.7	1.8	1.1	-4.9	-2.1

Sources: ECB calculations based on Eurostat and national data.
1) The concepts "revenue", "expenditure" and "deficit/surplus" are based on the ESA 95. Transactions between the EU budget and entities outside the government sector are not included. Otherwise, except for different data transmission deadlines, the quarterly data are consistent with the annual data.
2) The fiscal burden comprises taxes and social contributions.

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

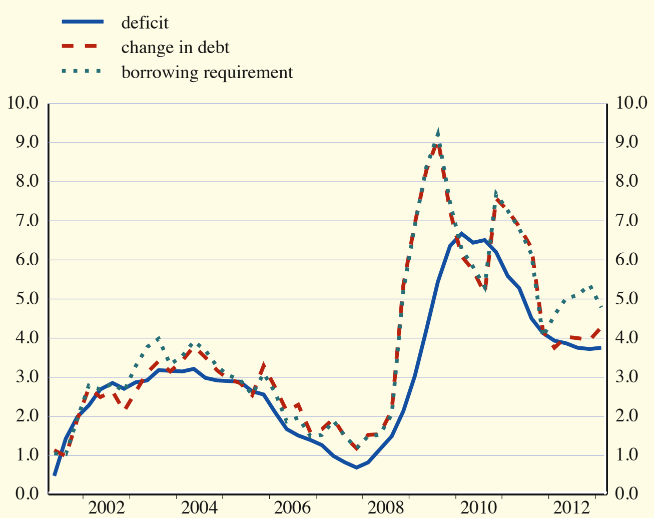
1. Euro area – Maastricht debt by financial instrument

	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2010 Q2	82.9	2.4	13.5	7.8	59.2
Q3	83.0	2.4	13.4	7.9	59.3
Q4	85.4	2.4	15.4	7.3	60.2
2011 Q1	86.3	2.4	15.2	7.4	61.2
Q2	87.2	2.4	15.0	7.5	62.3
Q3	86.8	2.4	15.1	7.8	61.4
Q4	87.3	2.4	15.4	7.4	62.1
2012 Q1	88.2	2.5	15.8	7.6	62.3
Q2	89.9	2.5	16.7	7.3	63.4
Q3	89.9	2.5	16.5	7.2	63.6
Q4	90.7	2.6	17.4	6.8	63.9
2013 Q1	92.3	2.6	16.9	7.0	65.7

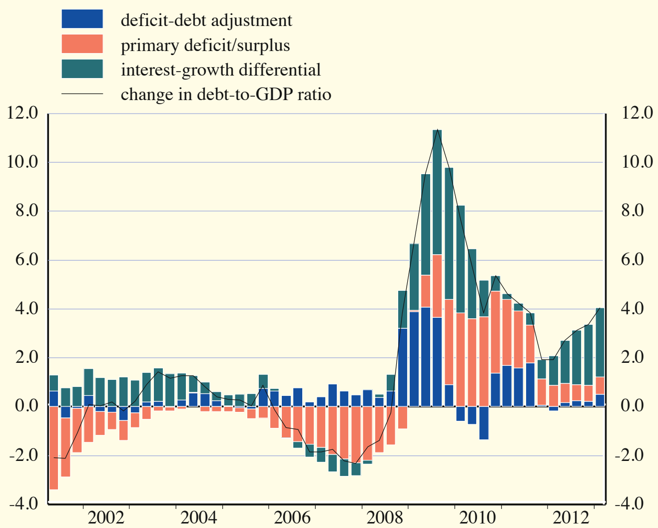
2. Euro area – deficit-debt adjustment

	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
2010 Q2	7.7	-4.5	3.2	3.3	2.0	1.1	-0.2	0.4	-0.1	0.0	7.7
Q3	2.7	-7.4	-4.7	-2.9	-2.3	-0.6	-0.1	0.1	0.0	-1.8	2.8
Q4	11.6	-4.9	6.7	5.6	-0.4	1.6	4.4	0.0	0.0	1.1	11.6
2011 Q1	6.9	-5.6	1.3	0.7	2.1	-0.8	-0.6	-0.1	0.2	0.4	6.7
Q2	6.0	-3.3	2.8	2.6	2.8	0.6	-0.3	-0.5	0.1	0.1	5.9
Q3	0.7	-4.4	-3.6	-3.7	-3.7	-0.4	0.2	0.2	0.5	-0.4	0.3
Q4	3.2	-3.4	-0.2	-0.6	-0.3	-0.2	-0.1	0.1	-0.1	0.5	3.3
2012 Q1	5.1	-4.8	0.3	3.8	4.2	0.0	-0.4	0.0	-3.9	0.4	8.9
Q2	7.1	-3.0	4.1	3.8	1.6	1.1	0.4	0.7	-0.5	0.8	7.6
Q3	0.6	-3.9	-3.3	-1.3	-1.7	0.6	-0.4	0.1	0.0	-2.0	0.6
Q4	3.0	-3.3	-0.2	-0.7	-2.9	0.5	0.1	1.6	-1.3	1.8	4.4
2013 Q1	6.4	-4.9	1.5	1.6	1.7	-0.2	-0.3	0.4	-0.2	0.1	6.6

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



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



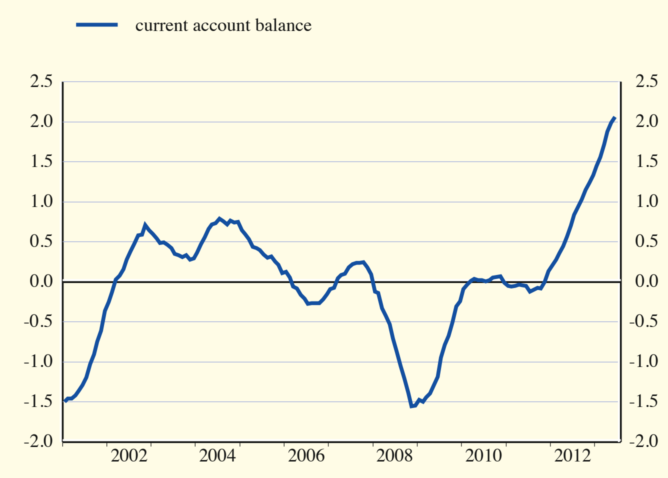
Sources: ECB calculations based on Eurostat and national data.
1) Intergovernmental lending in the context of the financial crisis is consolidated.

EXTERNAL TRANSACTIONS AND POSITIONS

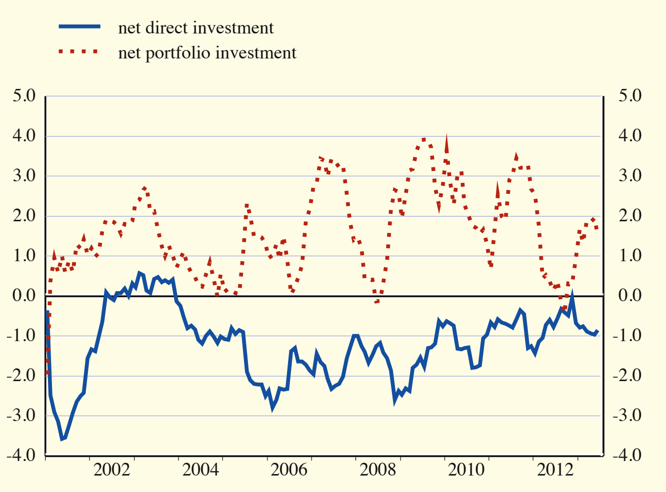
7.1 Summary balance of payments [1)]
(EUR billions; net transactions)

	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
2010	3.5	17.2	56.5	38.9	-109.2	5.7	9.2	9.1	-88.8	119.5	18.4	-29.5	-10.5	-18.3
2011	14.9	6.8	73.2	42.1	-107.2	11.2	26.0	-42.7	-118.7	252.5	-5.3	-161.0	-10.2	16.6
2012	122.4	98.9	92.2	38.5	-107.2	15.1	137.5	-146.8	-64.1	90.4	17.8	-176.8	-14.1	9.3
2012 Q2	18.3	25.7	26.3	-8.6	-25.1	1.4	19.8	-19.5	-15.2	96.7	-8.0	-84.0	-9.0	-0.3
Q3	40.8	30.3	27.0	13.0	-29.4	4.0	44.9	-41.6	-4.9	-14.8	2.8	-24.6	-0.1	-3.2
Q4	66.1	36.2	22.3	21.6	-14.0	6.4	72.5	-87.8	-40.4	85.3	28.3	-158.0	-3.0	15.3
2013 Q1	32.5	32.5	18.9	22.7	-41.6	1.7	34.2	-37.8	-23.6	10.7	9.3	-34.1	0.0	3.5
Q2	52.1	52.2	26.8	0.4	-27.3	4.3	56.4	-53.1	-11.7	64.0	3.4	-107.8	-1.0	-3.3
2012 June	18.2	13.9	9.9	2.1	-7.7	-0.2	18.0	-16.7	-16.1	63.2	-2.2	-57.0	-4.5	-1.3
July	21.8	14.5	9.9	5.2	-7.9	0.7	22.4	-17.5	2.5	4.8	-1.7	-23.6	0.5	-5.0
Aug.	8.8	5.6	7.9	5.9	-10.6	1.6	10.5	-7.7	12.6	-19.1	6.2	-5.9	-1.6	-2.8
Sep.	10.2	10.2	9.1	1.9	-11.0	1.7	11.9	-16.4	-20.0	-0.5	-1.7	4.9	1.0	4.5
Oct.	15.0	10.5	7.0	6.4	-8.8	2.4	17.4	-19.0	-7.7	60.4	10.3	-79.3	-2.6	1.5
Nov.	22.4	14.0	5.7	7.5	-4.8	2.3	24.7	-34.3	11.1	18.3	7.4	-70.0	-1.0	9.6
Dec.	28.6	11.8	9.5	7.6	-0.3	1.7	30.4	-34.5	-43.8	6.6	10.6	-8.7	0.7	4.1
2013 Jan.	-4.2	-2.3	4.7	6.7	-13.2	0.1	-4.0	-3.9	-10.0	24.7	5.0	-18.8	-4.8	7.9
Feb.	11.9	11.9	6.4	9.2	-15.6	1.2	13.1	-9.0	11.0	-18.4	3.0	-7.2	2.6	-4.1
Mar.	24.8	22.9	7.8	6.8	-12.7	0.4	25.2	-24.9	-24.6	4.4	1.2	-8.1	2.2	-0.3
Apr.	16.6	16.3	7.5	2.4	-9.5	1.3	17.9	-18.5	-6.9	1.5	-3.4	-9.7	-0.1	0.6
May	9.3	17.3	8.2	-7.5	-8.7	2.3	11.6	-9.8	0.2	39.2	-7.2	-41.5	-0.6	-1.8
June	26.1	18.6	11.1	5.6	-9.1	0.7	26.9	-24.8	-5.1	23.2	14.0	-56.5	-0.3	-2.1
	12-month cumulated transactions													
2013 June	191.5	151.2	95.0	57.6	-112.3	16.4	208.0	-220.2	-80.6	145.1	43.8	-324.5	-4.0	12.3
	12-month cumulated transactions as a percentage of GDP													
2013 June	2.0	1.6	1.0	0.6	-1.2	0.2	2.2	-2.3	-0.8	1.5	0.5	-3.4	0.0	0.1

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



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



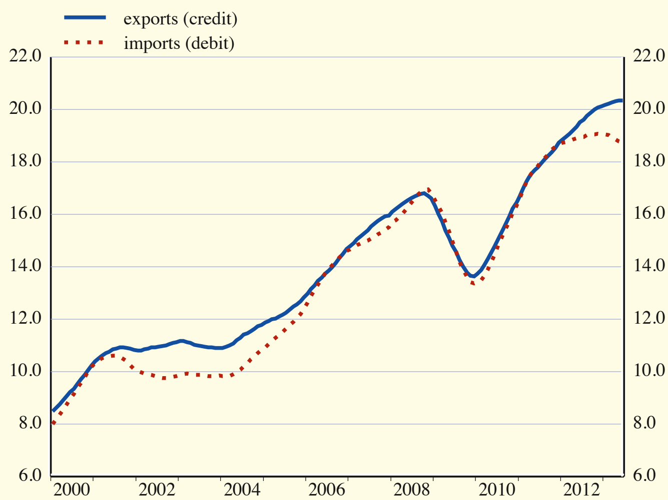
Source: ECB.
1) The sign convention is explained in the General Notes.

7.2 Current and capital accounts
(EUR billions; transactions)

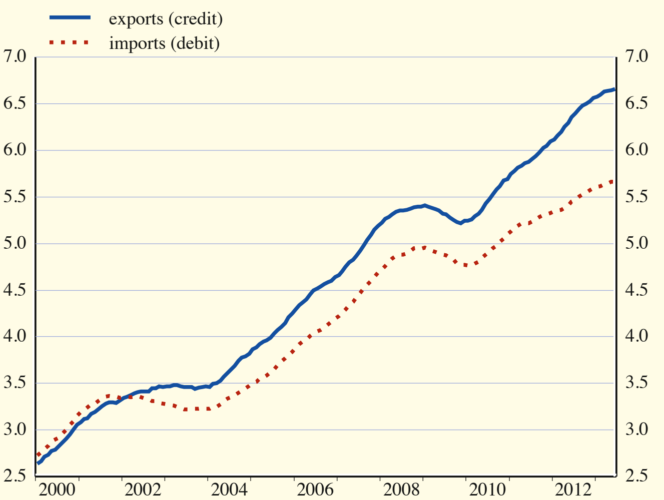
1. Summary current and capital accounts

	Current account													Capital account	
	Total			Goods		Services		Income		Current transfers					
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit		Debit		Credit	Debit
											Workers' remit-tances		Workers' remit-tances		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2010	2,710.8	2,707.3	3.5	1,576.9	1,559.6	543.9	487.5	502.8	463.9	87.1	6.3	196.3	27.1	20.3	14.7
2011	2,985.1	2,970.2	14.9	1,787.9	1,781.1	581.5	508.4	521.2	479.1	94.5	6.6	201.7	27.8	25.4	14.2
2012	3,150.0	3,027.6	122.4	1,918.3	1,819.4	626.0	533.8	507.6	469.1	98.1	6.8	205.3	26.2	29.0	13.9
2012 Q2	791.5	773.1	18.3	480.5	454.8	156.8	130.4	133.0	141.6	21.2	1.6	46.3	6.6	5.8	4.3
Q3	789.7	748.9	40.8	480.1	449.8	167.2	140.2	125.1	112.2	17.3	1.9	46.7	6.6	7.0	2.9
Q4	812.4	746.3	66.1	489.5	453.3	161.5	139.2	127.9	106.3	33.5	1.7	47.5	6.7	10.8	4.4
2013 Q1	764.3	731.8	32.5	471.0	438.5	145.0	126.1	120.4	97.6	28.0	1.6	69.6	5.9	5.8	4.2
Q2	804.9	752.8	52.1	489.7	437.5	159.9	133.1	134.1	133.7	21.2	.	48.5	.	7.1	2.8
2013 Apr.	265.1	248.5	16.6	165.4	149.1	50.9	43.4	42.2	39.9	6.5	-	16.1	-	2.3	0.9
May	266.1	256.8	9.3	162.9	145.6	52.3	44.1	43.9	51.4	7.0	-	15.7	-	3.1	0.8
June	273.6	247.5	26.1	161.4	142.8	56.6	45.5	48.0	42.4	7.6	-	16.7	-	1.7	1.0
	Seasonally adjusted														
2012 Q4	794.1	750.6	43.5	483.7	451.5	158.6	135.3	126.2	112.5	25.6	-	51.3	-	-	-
2013 Q1	792.8	735.6	57.2	483.5	440.2	158.7	132.9	125.5	108.0	25.0	-	54.5	-	-	-
Q2	800.1	740.0	60.1	486.8	438.8	159.9	136.5	128.1	112.0	25.3	-	52.7	-	-	-
2013 Apr.	268.2	244.5	23.8	163.3	145.4	53.1	44.9	43.6	38.4	8.2	-	15.7	-	-	-
May	264.5	245.0	19.5	163.0	144.7	52.6	46.1	41.6	37.1	7.3	-	17.2	-	-	-
June	267.3	250.5	16.9	160.5	148.7	54.2	45.5	42.9	36.5	9.7	-	19.8	-	-	-
	12-month cumulated transactions														
2013 June	3,181.7	2,985.6	196.1	1,938.9	1,786.2	634.6	539.6	507.6	449.6	100.7	-	210.2	-	-	-
	12-month cumulated transactions as a percentage of GDP														
2013 June	33.4	31.3	2.1	20.3	18.7	6.7	5.7	5.3	4.7	1.1	-	2.2	-	-	-

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



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



Source: ECB.

7.2 Current and capital accounts
(EUR billions)

2. Income account
(transactions)

	Compensation of employees		Investment income													
	Credit	Debit	Total		Direct investment						Portfolio investment				Other investment	
			Credit	Debit	Equity				Debt		Equity		Debt		Credit	Debit
					Credit		Debit		Credit	Debit	Credit	Debit	Credit	Debit		
						Reinv. earnings		Reinv. earnings								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2010	25.1	12.4	477.7	451.5	245.8	48.6	154.7	45.2	23.4	24.3	28.8	84.0	102.1	123.8	77.6	64.7
2011	27.1	13.0	494.1	466.1	248.9	25.6	154.0	53.2	24.7	23.0	35.3	97.6	103.3	127.0	81.9	64.6
2012	28.6	13.2	478.9	455.9	233.4	51.1	153.7	24.1	25.5	24.0	42.4	104.1	98.5	118.8	79.2	55.3
2012 Q1	6.9	2.5	114.7	106.5	55.4	23.1	36.8	17.5	5.7	5.4	8.9	16.8	24.2	32.3	20.6	15.3
Q2	7.2	3.5	125.8	138.1	59.1	-0.4	44.2	8.0	6.3	5.8	15.6	45.4	24.7	28.7	20.1	14.1
Q3	7.1	3.9	118.0	108.2	56.9	15.7	38.7	13.9	6.7	5.5	9.9	21.2	24.9	29.8	19.5	13.0
Q4	7.5	3.3	120.4	103.0	61.9	12.7	34.1	-15.3	6.9	7.3	8.0	20.7	24.7	27.9	18.9	12.9
2013 Q1	7.1	2.4	113.3	95.2	57.3	24.5	32.4	15.5	6.2	5.3	7.5	17.6	24.6	28.2	17.6	11.7

3. Geographical breakdown
(cumulated transactions)

2012 Q2 to 2013 Q1	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 [1]	EU insti-tutions									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Credits															
Current account	3,157.9	1,001.0	54.6	90.9	481.8	309.3	64.3	62.4	46.8	151.6	39.4	72.2	123.7	251.4	420.3	989.2
Goods	1,921.2	590.8	35.3	57.2	253.3	244.8	0.2	32.9	23.1	117.7	29.4	44.7	90.6	134.7	227.3	630.0
Services	630.4	190.1	12.3	17.4	118.9	34.7	6.8	10.3	10.5	22.1	7.4	15.3	21.4	62.1	95.5	195.8
Income	506.3	155.2	6.1	14.0	98.4	26.7	10.1	18.8	12.3	11.1	2.4	11.3	11.2	45.2	90.3	148.4
Investment income	477.5	147.5	5.3	13.9	96.7	25.9	5.7	18.7	12.2	11.1	2.4	11.3	11.1	30.2	88.7	144.3
Current transfers	100.0	65.0	1.0	2.3	11.2	3.2	47.3	0.4	0.9	0.7	0.2	0.8	0.5	9.4	7.1	15.1
Capital account	29.4	25.4	0.0	0.0	2.4	0.7	22.2	0.1	0.0	0.0	0.0	0.0	0.2	0.9	0.4	2.4
	Debits															
Current account	3,000.1	947.6	48.8	88.8	419.6	279.9	110.3	38.1	31.4	-	34.6	95.2	155.9	210.5	395.3	-
Goods	1,796.5	507.2	29.9	50.4	201.0	225.8	0.0	28.7	13.9	201.9	26.0	46.1	137.8	107.4	149.4	578.2
Services	535.9	154.2	9.0	14.6	91.3	39.0	0.3	5.6	7.1	15.5	6.8	9.7	11.1	48.3	110.4	167.1
Income	457.7	160.2	8.8	21.9	114.9	9.9	4.6	2.4	8.3	-	0.9	38.8	6.2	45.0	128.8	-
Investment income	444.6	153.1	8.7	21.8	113.3	4.6	4.6	2.4	8.1	-	0.7	38.7	6.0	44.5	127.6	-
Current transfers	210.1	126.0	1.1	1.9	12.3	5.3	105.4	1.3	2.0	4.1	1.0	0.6	0.9	9.9	6.6	57.6
Capital account	15.9	4.0	0.1	0.1	3.2	0.5	0.2	0.2	0.1	0.4	0.2	0.0	0.1	0.6	3.5	6.8
	Net															
Current account	157.8	53.5	5.8	2.1	62.2	29.4	-46.0	24.3	15.4	-	4.8	-23.0	-32.2	40.9	25.0	-
Goods	124.7	83.6	5.4	6.8	52.2	19.0	0.2	4.2	9.1	-84.2	3.4	-1.3	-47.2	27.3	77.9	51.8
Services	94.5	35.9	3.3	2.8	27.6	-4.3	6.4	4.7	3.4	6.6	0.6	5.7	10.2	13.8	-14.9	28.7
Income	48.6	-4.9	-2.8	-7.9	-16.5	16.8	5.4	16.3	4.0	-	1.5	-27.5	5.1	0.3	-38.4	-
Investment income	32.9	-5.6	-3.5	-7.9	-16.6	21.3	1.1	16.4	4.1	-	1.7	-27.4	5.1	-14.3	-38.9	-
Current transfers	-110.1	-61.1	-0.1	0.4	-1.2	-2.1	-58.1	-0.9	-1.1	-3.4	-0.7	0.2	-0.3	-0.5	0.5	-42.6
Capital account	13.5	21.4	0.0	0.0	-0.9	0.2	22.0	-0.2	0.0	-0.4	-0.2	0.0	0.1	0.4	-3.1	-4.4

Source: ECB.
1) Excluding Croatia.

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)													
2009	13,739.1	15,225.6	-1,486.4	154.0	170.7	-16.7	4,412.8	3,532.5	4,340.9	6,863.8	-1.3	4,527.2	4,829.3	459.6
2010	15,216.8	16,479.1	-1,262.3	166.0	179.7	-13.8	4,946.7	3,908.6	4,907.3	7,470.9	-32.6	4,807.6	5,099.5	587.8
2011	15,843.0	17,152.6	-1,309.6	168.1	182.0	-13.9	5,564.7	4,392.0	4,762.6	7,628.4	-24.3	4,876.7	5,132.3	663.4
2012 Q3	16,469.2	17,596.5	-1,127.3	173.8	185.7	-11.9	5,645.1	4,254.9	5,187.8	8,122.4	-21.2	4,923.7	5,219.2	733.8
Q4	16,587.8	17,827.3	-1,239.6	174.9	188.0	-13.1	5,830.0	4,421.6	5,266.7	8,316.4	-19.5	4,821.2	5,089.3	689.4
2013 Q1	16,993.9	18,171.3	-1,177.4	179.3	191.7	-12.4	5,919.9	4,457.6	5,523.6	8,558.5	-31.4	4,894.0	5,155.2	687.8
	Changes to outstanding amounts													
2009	504.2	387.6	116.6	5.7	4.3	1.3	497.0	272.5	513.7	896.9	-0.9	-591.0	-781.8	85.4
2010	1,477.7	1,253.5	224.2	16.1	13.7	2.4	533.9	376.1	566.4	607.1	-31.2	280.4	270.2	128.2
2011	626.2	673.6	-47.3	6.6	7.1	-0.5	618.0	483.3	-144.7	157.5	8.3	69.1	32.8	75.6
2012	744.7	674.7	70.1	7.9	7.1	0.7	265.4	29.7	504.1	688.0	4.8	-55.5	-43.0	26.0
2012 Q4	118.5	230.8	-112.3	4.9	9.5	-4.6	185.0	166.7	78.8	194.0	1.7	-102.5	-130.0	-44.4
2013 Q1	406.1	344.0	62.1	17.5	14.8	2.7	89.8	36.0	256.9	242.1	-11.9	72.8	65.9	-1.5
	Transactions													
2009	-89.4	-74.4	-15.0	-1.0	-0.8	-0.2	352.9	285.9	96.0	342.8	-19.0	-514.7	-703.1	-4.6
2010	657.7	666.8	-9.1	7.2	7.3	-0.1	362.4	273.6	134.2	253.7	-18.4	169.0	139.5	10.5
2011	583.2	540.6	42.7	6.2	5.7	0.5	447.0	328.4	-55.9	196.6	5.3	176.6	15.6	10.2
2012	429.9	283.0	146.8	4.5	3.0	1.5	268.4	204.3	184.1	274.5	-17.8	-19.0	-195.8	14.1
2012 Q4	-3.5	-91.3	87.8	-0.1	-3.8	3.6	70.0	29.6	79.7	165.0	-28.3	-127.9	-285.9	3.0
2013 Q1	227.0	189.2	37.8	9.8	8.1	1.6	65.9	42.3	105.6	116.3	-9.3	64.7	30.6	0.0
Q2	9.3	-43.8	53.1	0.4	-1.8	2.2	14.7	3.0	13.0	76.9	-3.4	-16.0	-123.8	1.0
2013 Feb.	100.7	91.7	9.0	-	-	-	24.8	35.8	43.8	25.3	-3.0	37.7	30.5	-2.6
Mar.	8.2	-16.7	24.9	-	-	-	24.9	0.3	31.3	35.7	-1.2	-44.5	-52.6	-2.2
Apr.	139.4	120.9	18.5	-	-	-	12.9	6.1	41.9	43.4	3.4	81.2	71.4	0.1
May	-10.9	-20.7	9.8	-	-	-	-0.1	0.2	18.0	57.3	7.2	-36.6	-78.2	0.6
June	-119.2	-144.0	24.8	-	-	-	1.9	-3.2	-46.9	-23.7	-14.0	-60.5	-117.0	0.3
	Other changes													
2009	593.6	462.0	131.6	6.7	5.2	1.5	144.1	-13.4	417.6	554.1	18.2	-76.3	-78.7	90.0
2010	819.9	586.7	233.3	8.9	6.4	2.5	171.5	102.5	432.2	353.5	-12.8	111.4	130.7	117.7
2011	43.0	133.0	-90.0	0.5	1.4	-1.0	170.9	154.9	-88.8	-39.2	3.0	-107.5	17.2	65.4
2012	314.9	391.6	-76.7	3.3	4.1	-0.8	-3.0	-174.6	320.0	413.5	22.6	-36.5	152.8	11.8
	Other changes due to exchange rate changes													
2009	-49.3	-56.1	6.8	-0.6	-0.6	0.1	-5.3	5.6	-29.8	-34.5	.	-11.6	-27.2	-2.7
2010	537.3	325.5	211.8	5.9	3.5	2.3	165.6	50.1	199.0	115.1	.	159.8	160.3	12.9
2011	221.9	172.3	49.6	2.4	1.8	0.5	64.0	23.0	87.9	60.1	.	62.4	89.1	7.6
2012	-	-	188.7	.	.	2.0	-	-	-	-	.	-	-	16.7
	Other changes due to price changes													
2009	634.8	492.7	142.1	7.1	5.5	1.6	147.4	29.4	423.5	463.4	18.2	.	.	45.8
2010	300.8	153.8	147.0	3.3	1.7	1.6	47.0	2.1	165.1	151.8	-12.8	.	.	101.5
2011	-442.5	-250.9	-191.6	-4.7	-2.7	-2.0	-95.5	0.0	-409.2	-250.9	3.0	.	.	59.3
2012	-	-	568.0	.	.	6.0	-	-	-	-	22.6	.	.	30.0
	Other changes due to other adjustments													
2009	8.4	25.5	-17.1	0.1	0.3	-0.2	2.0	-48.3	24.0	124.6	.	-64.4	-50.8	46.9
2010	-18.2	107.4	-125.6	-0.2	1.2	-1.4	-41.2	50.3	68.1	86.6	.	-48.4	-29.5	3.3
2011	263.6	211.6	52.0	2.8	2.2	0.6	202.4	131.9	232.5	151.5	.	-169.9	-71.9	-1.5
2012	-820.6	-407.8	-412.8	-8.7	-4.3	-4.4	-201.3	-217.9	-391.2	182.3	.	-215.0	-372.2	-13.1
	Growth rates of outstanding amounts													
2008	3.0	3.6	-	.	.	.	9.2	3.7	-0.2	3.9	.	-0.2	3.3	1.0
2009	-0.7	-0.5	-	.	.	.	8.9	8.8	2.4	5.6	.	-10.1	-12.5	-1.3
2010	4.6	4.3	-	.	.	.	7.9	7.5	3.0	3.6	.	3.7	2.8	2.0
2011	3.9	3.3	-	.	.	.	9.1	8.5	-1.2	2.6	.	3.8	0.4	1.6
2012 Q4	2.7	1.7	-	.	.	.	4.8	4.7	3.8	3.5	.	-0.4	-3.8	2.1
2013 Q1	2.2	1.0	-	.	.	.	4.5	3.8	3.1	4.3	.	-0.8	-6.5	1.8
Q2	1.8	0.4	.	.	.	.	3.6	2.8	4.6	4.7	.	-2.0	-8.0	0.6

Source: ECB.
1) Net financial derivatives are included in assets.

7.3 Financial account

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

2. Direct investment

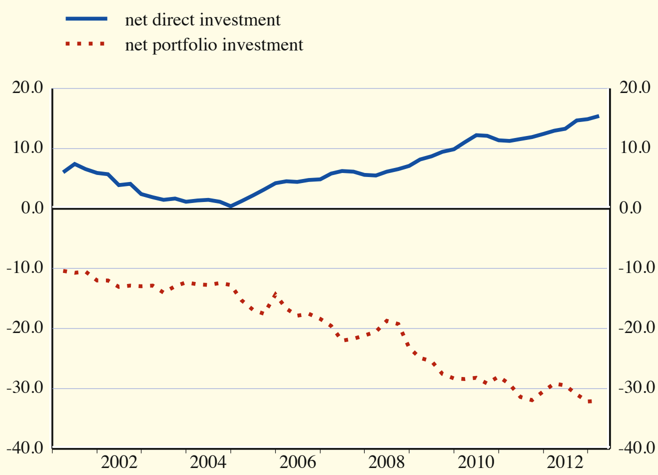
	By resident units abroad							By non-resident units in the euro area						
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	Into MFIs	Into non-MFIs	Total	To MFIs	To non-MFIs
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Oustanding amounts (international investment position)													
2010	4,946.7	3,825.3	275.3	3,550.0	1,121.4	17.0	1,104.4	3,908.6	2,940.6	90.4	2,850.3	968.0	14.7	953.2
2011	5,564.7	4,230.1	287.6	3,942.5	1,334.6	13.5	1,321.0	4,392.0	3,337.2	92.6	3,244.6	1,054.7	11.2	1,043.5
2012 Q4	5,830.0	4,376.0	289.1	4,086.9	1,454.1	13.5	1,440.6	4,421.6	3,154.5	108.3	3,046.2	1,267.1	11.3	1,255.8
2013 Q1	5,919.9	4,461.4	283.8	4,177.6	1,458.5	14.6	1,443.9	4,457.6	3,203.5	110.8	3,092.7	1,254.1	12.2	1,241.9
	Transactions													
2010	362.4	231.2	21.2	210.0	131.2	1.6	129.6	273.6	294.8	8.8	286.0	-21.2	-7.7	-13.5
2011	447.0	380.7	22.5	358.2	66.3	-3.5	69.8	328.4	332.5	5.1	327.4	-4.1	-0.9	-3.3
2012	268.4	208.0	-1.1	209.1	60.4	0.3	60.1	204.3	201.2	6.6	194.6	3.1	0.6	2.5
2012 Q4	70.0	58.9	-0.2	59.1	11.2	0.2	11.0	29.6	52.7	1.3	51.4	-23.2	-0.6	-22.6
2013 Q1	65.9	58.5	-0.9	59.4	7.4	1.1	6.4	42.3	41.1	3.3	37.8	1.2	0.7	0.5
Q2	14.7	11.9	2.3	9.6	2.8	-0.8	3.6	3.0	4.4	0.8	3.6	-1.4	0.2	-1.6
2013 Feb.	24.8	21.8	0.0	21.8	3.0	0.3	2.8	35.8	15.1	1.1	14.0	20.7	0.2	20.6
Mar.	24.9	7.1	-0.8	7.8	17.8	0.1	17.7	0.3	10.6	1.2	9.3	-10.3	-0.6	-9.6
Apr.	12.9	10.5	2.0	8.5	2.4	-0.6	3.1	6.1	2.2	0.5	1.6	3.9	1.4	2.5
May	-0.1	8.6	0.1	8.5	-8.7	-0.9	-7.8	0.2	2.9	-0.1	3.0	-2.7	0.1	-2.8
June	1.9	-7.2	0.3	-7.4	9.0	0.7	8.3	-3.2	-0.6	0.4	-1.1	-2.6	-1.3	-1.3
	Growth rates													
2010	7.9	6.4	8.9	6.2	13.2	10.6	13.3	7.5	11.0	11.1	11.0	-2.5	-37.9	-1.8
2011	9.1	10.1	8.4	10.2	6.0	-21.4	6.4	8.5	11.3	5.7	11.5	-0.6	-7.6	-0.5
2012 Q4	4.8	4.9	-0.4	5.3	4.4	1.4	4.5	4.7	6.3	7.2	6.2	0.5	6.0	0.5
2013 Q1	4.5	4.7	-0.1	5.1	3.9	2.0	3.9	3.8	5.6	8.1	5.5	-0.6	19.1	-0.7
Q2	3.6	3.7	0.9	3.9	3.1	4.3	3.1	2.8	4.3	7.4	4.2	-1.1	19.6	-1.2

C36 Euro area international investment position

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

C37 Euro area direct and portfolio investment position

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



Source: ECB.

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

3. Portfolio investment assets

	Total	Equity					Debt instruments									
							Bonds and notes					Money market instruments				
		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs	
				Euro-system		General government			Euro-system		General government			Euro-system		General government
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Outstanding amounts (international investment position)															
2010	4,907.3	1,907.7	81.2	3.6	1,826.5	47.6	2,579.3	807.6	15.6	1,771.7	74.5	420.3	316.3	41.7	104.0	0.2
2011	4,762.6	1,703.4	62.5	3.1	1,640.8	39.6	2,592.9	725.7	16.0	1,867.2	94.2	466.3	300.6	57.5	165.7	0.5
2012 Q4	5,266.7	1,947.5	70.7	2.8	1,876.7	42.4	2,852.4	674.9	15.6	2,177.5	97.8	466.8	288.0	53.8	178.8	1.5
2013 Q1	5,523.6	2,141.8	88.2	3.1	2,053.5	48.3	2,915.8	655.7	16.6	2,260.1	98.3	466.0	279.9	51.1	186.0	0.5
	Transactions															
2010	134.2	77.3	4.1	-0.2	73.2	1.7	103.0	-126.3	-0.8	229.3	51.5	-46.1	-64.9	-11.7	18.8	-1.9
2011	-55.9	-70.8	-15.7	-0.2	-55.1	-7.3	-15.7	-55.1	0.3	39.4	-3.0	30.6	24.3	10.5	6.4	0.2
2012	184.1	58.3	4.9	0.1	53.4	0.0	123.4	-39.5	-0.9	162.8	-8.0	2.5	-18.0	2.3	20.5	0.2
2012 Q4	79.7	59.7	10.1	0.0	49.6	0.9	38.5	7.1	0.5	31.5	-3.5	-18.5	-20.6	5.6	2.1	0.3
2013 Q1	105.6	62.1	13.9	0.1	48.3	3.4	35.0	-15.6	1.1	50.6	0.7	8.5	4.5	0.6	3.9	-0.2
Q2	13.0	8.1	2.3	0.0	5.9	.	-16.4	-19.1	-6.3	2.7	.	21.3	12.7	19.9	8.5	.
2013 Feb.	43.8	17.3	0.6	0.0	16.8	-	17.7	-5.7	-0.3	23.4	-	8.7	4.9	1.3	3.8	-
Mar.	31.3	27.2	12.4	0.1	14.9	-	6.7	-2.4	0.4	9.1	-	-2.7	0.2	-3.4	-2.8	-
Apr.	41.9	17.3	-0.1	0.0	17.4	-	5.7	-9.8	-6.4	15.5	-	18.8	11.3	15.5	7.6	-
May	18.0	9.2	4.6	0.0	4.6	-	5.6	-1.0	0.1	6.5	-	3.3	3.8	1.1	-0.5	-
June	-46.9	-18.4	-2.2	0.0	-16.2	-	-27.7	-8.3	0.0	-19.3	-	-0.9	-2.4	3.3	1.5	-
	Growth rates															
2010	3.0	4.9	5.6	-5.1	4.8	4.8	4.1	-13.6	-4.9	14.7	124.1	-10.3	-17.9	-25.4	22.3	-91.7
2011	-1.2	-4.1	-20.3	-6.0	-3.4	-15.9	-0.6	-7.0	2.2	2.2	-3.1	7.5	8.0	26.6	6.1	120.7
2012 Q4	3.8	3.2	8.0	2.8	3.0	-0.2	4.6	-5.5	-5.5	8.5	-7.8	0.6	-5.5	3.4	12.4	37.9
2013 Q1	3.1	5.2	21.4	5.8	4.6	13.0	3.6	-6.6	4.8	7.2	-6.0	-6.7	-12.0	12.8	3.4	55.1
Q2	4.6	7.1	39.7	5.2	6.0	.	3.3	-5.6	-33.9	6.2	.	2.7	-1.5	63.0	10.5	.

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)											
2010	7,470.9	3,175.5	665.8	2,509.7	3,841.4	1,189.9	2,651.5	1,648.3	454.0	69.5	384.6	347.4
2011	7,628.4	3,042.7	556.9	2,485.7	4,142.3	1,273.5	2,868.7	1,772.1	443.5	87.2	356.2	316.5
2012 Q4	8,316.4	3,499.3	539.4	2,959.8	4,353.0	1,181.4	3,171.6	1,963.4	464.2	90.6	373.6	301.0
2013 Q1	8,558.5	3,648.9	523.6	3,125.3	4,415.9	1,184.9	3,231.0	2,009.6	493.7	94.5	399.2	326.3
	Transactions											
2010	253.7	123.1	-13.1	136.2	175.1	55.8	119.3	186.8	-44.5	15.0	-59.5	-38.9
2011	196.6	78.7	19.5	59.2	165.4	78.5	87.0	89.1	-47.5	2.2	-49.7	-37.5
2012	274.5	154.4	-18.3	172.8	120.4	-52.7	173.2	154.8	-0.3	3.4	-3.8	-25.5
2012 Q4	165.0	95.7	-10.4	106.1	44.0	-5.1	49.1	32.0	25.3	8.1	17.2	-7.3
2013 Q1	116.3	51.9	-7.8	59.7	31.3	-1.1	32.4	45.4	33.2	13.7	19.5	24.5
Q2	76.9	71.0	-15.4	86.4	-2.2	-11.4	9.2	.	8.1	21.4	-13.3	.
2013 Feb.	25.3	7.4	3.8	3.6	4.0	2.8	1.2	-	14.0	11.3	2.7	-
Mar.	35.7	15.0	-2.9	17.9	10.7	-12.4	23.1	-	9.9	2.7	7.3	-
Apr.	43.4	11.6	-1.6	13.2	27.9	0.8	27.1	-	3.9	5.0	-1.1	-
May	57.3	51.1	2.0	49.1	2.9	-0.2	3.1	-	3.2	1.6	1.7	-
June	-23.7	8.3	-15.8	24.1	-33.0	-11.9	-21.1	-	1.0	14.8	-13.9	-
	Growth rates											
2010	3.6	4.3	-2.0	6.2	4.9	4.9	4.8	12.4	-8.8	18.5	-13.4	-9.8
2011	2.6	2.5	3.1	2.2	4.4	6.9	3.3	5.5	-9.1	5.2	-12.1	-10.9
2012 Q4	3.5	4.8	-3.4	6.5	2.9	-4.2	6.0	8.7	-0.1	3.5	-1.0	-7.7
2013 Q1	4.3	5.0	-6.2	7.3	3.7	-2.6	6.3	9.9	4.9	14.6	2.5	-2.2
Q2	4.7	7.1	-7.0	9.9	2.8	-2.1	4.8	.	5.1	28.2	-0.4	.

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)														
2010	4,807.6	32.9	32.2	0.7	2,972.0	2,932.7	39.4	161.9	7.6	115.4	19.8	1,640.7	213.3	1,279.5	441.6
2011	4,876.7	35.7	35.4	0.3	3,067.6	3,006.6	61.0	162.8	6.7	116.4	30.2	1,610.6	228.4	1,214.6	506.9
2012 Q4	4,821.2	40.1	39.9	0.3	2,923.3	2,853.2	70.1	166.2	5.1	121.4	29.2	1,691.5	263.0	1,227.3	580.9
2013 Q1	4,894.0	33.0	32.7	0.3	2,954.5	2,884.5	70.0	152.4	5.1	107.4	23.5	1,754.1	262.4	1,249.9	606.1
	Transactions														
2010	169.0	-2.9	-2.8	0.0	10.1	1.3	8.9	41.5	-0.3	41.1	4.9	120.3	8.7	87.8	53.6
2011	176.6	-2.7	-2.8	0.1	50.4	20.6	29.9	4.4	-0.2	4.2	10.3	124.4	8.1	91.2	47.7
2012	-19.0	10.7	10.7	0.0	-121.3	-130.5	9.2	4.7	-1.6	6.4	-1.0	86.8	8.9	61.7	28.4
2012 Q4	-127.9	5.8	5.8	0.0	-114.5	-107.2	-7.3	18.4	0.1	17.9	4.2	-37.7	-1.1	-23.3	-24.5
2013 Q1	64.7	-6.9	-6.9	0.0	11.8	12.6	-0.8	-11.0	-0.2	-11.0	-5.1	70.8	0.4	44.0	26.2
Q2	-16.0	-11.2	.	.	20.1	.	.	-4.4	.	.	-0.1	-20.4	.	.	0.3
2013 Feb.	37.7	1.3	-	-	-9.6	-	-	-0.8	-	-	2.8	46.7	-	-	2.8
Mar.	-44.5	-6.6	-	-	-39.3	-	-	-1.3	-	-	-1.7	2.7	-	-	12.4
Apr.	81.2	-3.1	-	-	65.0	-	-	1.4	-	-	1.9	17.9	-	-	22.2
May	-36.6	-5.2	-	-	-1.7	-	-	-3.9	-	-	-1.4	-25.8	-	-	-7.9
June	-60.5	-2.9	-	-	-43.1	-	-	-1.9	-	-	-0.6	-12.5	-	-	-13.9
	Growth rates														
2010	3.7	-12.7	-12.5	-9.9	0.4	0.1	23.6	33.9	-3.1	53.7	32.8	7.8	4.2	7.3	13.0
2011	3.8	-5.4	-5.5	40.4	1.8	0.8	76.6	3.0	-3.2	4.2	51.5	7.8	3.8	7.4	11.1
2012 Q4	-0.4	31.2	31.5	-0.7	-3.9	-4.3	15.6	3.1	-23.5	5.8	-3.3	5.5	4.3	5.2	5.9
2013 Q1	-0.8	5.2	5.2	-1.0	-4.6	-5.1	25.0	3.1	-25.1	5.3	-1.9	5.8	-2.1	6.6	5.0
Q2	-2.0	-25.8	.	.	-3.9	.	.	-3.8	.	.	-20.0	2.0	.	.	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)														
2010	5,099.5	269.1	266.1	3.0	3,491.0	3,445.0	46.0	148.0	0.0	141.8	6.2	1,191.5	202.7	842.1	146.7
2011	5,132.3	411.3	408.5	2.8	3,208.3	3,140.6	67.6	223.9	0.1	217.1	6.8	1,288.8	224.0	871.7	193.2
2012 Q4	5,089.3	428.9	428.0	0.9	2,958.0	2,875.1	83.0	227.4	0.1	219.8	7.5	1,475.0	230.2	1,013.3	231.5
2013 Q1	5,155.2	398.6	397.8	0.9	2,977.2	2,893.6	83.6	224.3	0.1	217.5	6.8	1,555.0	233.9	1,046.4	274.7
	Transactions														
2010	139.5	9.4	6.8	2.6	-8.7	-14.6	5.9	65.1	0.0	64.6	0.5	73.7	15.9	31.6	26.2
2011	15.6	135.1	135.3	-0.2	-289.1	-327.7	38.7	74.1	0.0	74.1	0.0	95.4	10.4	65.2	19.9
2012	-195.8	19.0	20.9	-1.8	-238.7	-255.9	17.2	4.4	0.0	3.4	1.0	19.5	4.6	3.2	11.7
2012 Q4	-285.9	-0.2	0.2	-0.3	-216.4	-219.1	2.7	-5.6	0.0	-5.9	0.3	-63.8	1.1	-42.6	-22.2
2013 Q1	30.6	-33.2	-33.2	0.0	0.6	1.3	-0.7	-0.4	0.0	-0.1	-0.3	63.6	2.2	25.8	35.6
Q2	-123.8	-21.5	.	.	-93.0	.	.	1.2	.	.	.	-10.4	.	.	.
2013 Feb.	30.5	-10.3	-	-	13.5	-	-	-1.9	-	-	-	29.3	-	-	-
Mar.	-52.6	-0.7	-	-	-47.6	-	-	-0.3	-	-	-	-4.0	-	-	-
Apr.	71.4	-1.1	-	-	54.6	-	-	-1.7	-	-	-	19.6	-	-	-
May	-78.2	-11.3	-	-	-58.6	-	-	-0.6	-	-	-	-7.6	-	-	-
June	-117.0	-9.1	-	-	-89.1	-	-	3.6	-	-	-	-22.4	-	-	-
	Growth rates														
2010	2.8	3.6	2.6	.	-0.2	-0.3	15.5	78.8	.	83.7	5.8	6.4	8.8	3.7	17.8
2011	0.4	50.4	51.0	.	-8.3	-9.6	89.7	50.5	.	52.6	0.2	8.2	5.1	7.9	13.7
2012 Q4	-3.8	4.8	5.2	.	-7.4	-8.1	25.6	2.0	.	1.6	15.4	1.5	2.1	0.3	6.5
2013 Q1	-6.5	18.3	19.0	.	-12.5	-13.3	31.5	-1.4	.	-1.7	11.0	1.5	-0.2	0.2	8.7
Q2	-8.0	-8.3	.	.	-12.1	.	.	-3.9	.	.	.	0.8	.	.	.

Source: ECB.

7.3 Financial account

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

7. Reserve assets [1]

	Reserve assets														Memo items		
	Total	Monetary gold		SDR holdings	Reserve position in the IMF	Foreign exchange								Other claims	Other foreign currency assets	Pre-determined short-term net drains on foreign currency	SDR allo-cations
		In EUR billions	In fine troy ounces (millions)			Total	Currency and deposits		Securities				Financial derivatives				
							With monetary authorities and the BIS	With banks	Total	Equity	Bonds and notes	Money market instruments					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	Outstanding amounts (international investment position)																
2009	462.4	266.1	347.180	50.8	10.5	134.9	11.7	8.1	115.2	0.5	92.0	22.7	-0.1	0.0	32.1	-24.2	51.2
2010	591.2	366.2	346.962	54.2	15.8	155.0	7.7	16.0	131.3	0.5	111.2	19.5	0.0	0.0	26.3	-24.4	54.5
2011	667.1	422.1	346.846	54.0	30.2	160.9	5.3	7.8	148.1	0.8	134.1	13.3	-0.4	0.0	97.4	-86.0	55.9
2012 Q3	733.8	476.4	346.827	53.8	34.2	168.9	5.4	8.2	155.2	0.2	136.1	18.9	0.2	0.5	39.9	-39.5	56.2
Q4	689.4	437.2	346.693	52.8	31.9	166.8	6.1	8.8	151.3	0.2	130.9	20.2	0.6	0.6	32.8	-35.0	55.0
2013 Q1	687.8	432.7	346.696	52.5	32.4	169.6	5.3	10.0	154.4	0.2	132.6	21.6	-0.1	0.6	31.2	-35.8	55.1
2013 June	564.3	315.9	346.672	51.3	31.5	164.7	5.5	7.6	151.6	0.2	133.9	17.6	0.0	0.8	27.3	-31.0	54.2
July	588.7	343.3	346.674	50.7	31.4	162.5	7.8	5.0	149.5	0.2	132.0	17.3	0.2	0.9	26.3	-28.6	53.8
	Transactions																
2010	10.5	0.0	-	-0.1	4.9	5.6	-5.4	6.6	4.3	0.0	10.6	-6.3	0.0	0.0	-	-	-
2011	10.2	0.1	-	-1.6	12.9	-1.2	-2.3	-8.3	9.3	0.1	15.9	-6.8	0.1	0.0	-	-	-
2012	14.1	0.0	-	-0.3	3.4	10.3	0.8	1.2	8.0	-0.4	-0.7	9.1	0.4	0.7	-	-	-
2012 Q4	3.0	0.0	-	0.3	-1.5	4.2	0.6	1.0	2.4	0.0	-0.5	2.9	0.1	0.1	-	-	-
2013 Q1	0.0	0.0	-	-0.5	0.3	0.2	-1.1	0.8	0.9	0.0	-0.8	1.7	-0.5	0.0	-	-	-
Q2	1.0	.	-	.	.	.	.	.	.	.	.	.	.	.	-	-	-
	Growth rates																
2009	-1.3	-0.9	-	-2.6	45.5	-4.4	41.1	-21.3	-7.3	1.0	-12.8	25.3	-	-	-	-	-
2010	2.0	0.0	-	-0.1	46.7	3.7	-43.3	75.9	3.6	-5.2	10.3	-24.5	-	-	-	-	-
2011	1.6	0.0	-	-3.0	82.3	-1.2	-30.0	-52.7	6.9	27.4	14.3	-45.2	-	-	-	-	-
2012 Q4	2.1	0.0	-	-0.5	11.1	6.6	15.1	15.2	5.6	-53.5	-0.6	82.8	-	-	-	-	-
2013 Q1	1.8	0.0	-	-0.9	7.5	6.2	-4.1	30.5	5.6	-50.1	-0.4	68.3	-	-	-	-	-
Q2	0.6	.	-	.	.	.	.	.	.	.	.	.	-	-	-	-	-

8. Gross external debt

	Total	By instrument						By sector (excluding direct investment)			
		Loans, currency and deposits	Money market instruments	Bonds and notes	Trade credits	Other debt liabilities	Direct investment: inter-company lending	General government	Eurosystem	MFIs (excluding Eurosystem)	Other sectors
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts (international investment position)										
2009	10,341.7	4,469.0	525.7	3,523.2	176.9	184.9	1,462.1	1,966.1	253.4	4,579.8	2,080.3
2010	10,919.2	4,696.9	454.0	3,841.4	202.7	201.9	1,522.3	2,143.7	271.0	4,750.4	2,231.8
2011	11,421.3	4,637.9	443.5	4,142.3	224.0	270.4	1,703.3	2,312.6	411.3	4,569.0	2,425.2
2012 Q3	11,939.1	4,661.4	434.6	4,324.5	230.5	327.3	1,960.8	2,453.3	432.0	4,504.5	2,588.4
Q4	11,947.9	4,536.2	464.2	4,353.0	230.2	322.9	2,041.5	2,491.7	428.9	4,229.9	2,755.9
2013 Q1	12,096.5	4,555.3	493.7	4,415.9	233.9	366.0	2,031.7	2,560.2	398.6	4,256.6	2,849.3
	Outstanding amounts as a percentage of GDP										
2009	115.9	50.1	5.9	39.5	2.0	2.1	16.4	22.0	2.8	51.3	23.3
2010	119.2	51.3	5.0	41.9	2.2	2.2	16.6	23.4	3.0	51.9	24.4
2011	121.3	49.2	4.7	44.0	2.4	2.9	18.1	24.6	4.4	48.5	25.7
2012 Q3	126.0	49.2	4.6	45.6	2.4	3.5	20.7	25.9	4.6	47.5	27.3
Q4	126.0	47.8	4.9	45.9	2.4	3.4	21.5	26.3	4.5	44.6	29.1
2013 Q1	127.3	48.0	5.2	46.5	2.5	3.9	21.4	27.0	4.2	44.8	30.0

Source: ECB.

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

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

9. Geographical breakdown

	Total	EU Member States outside the euro area						Canada	China	Japan	Switzer-land	United States	Offshore financial centres	Interna-tional organisa-tions	Other countries
		Total	Denmark	Sweden	United Kingdom	Other EU countries [1]	EU institutions								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2011	Outstanding amounts (international investment position)														
Direct investment	1,172.7	260.7	-10.6	-13.0	11.4	274.1	-1.3	84.4	73.2	-22.1	125.2	40.0	-146.5	-0.3	758.2
Abroad	5,564.7	1,541.1	28.7	142.2	1,049.2	321.1	0.0	183.8	85.1	74.5	526.0	1,082.9	487.1	0.0	1,584.3
Equity/reinvested earnings	4,230.1	1,128.4	23.9	78.5	776.0	249.9	0.0	146.2	68.4	53.7	394.6	743.1	402.2	0.0	1,293.5
Other capital	1,334.6	412.8	4.7	63.7	273.2	71.1	0.0	37.5	16.6	20.8	131.4	339.8	84.9	0.0	290.7
In the euro area	4,392.0	1,280.4	39.2	155.2	1,037.8	47.0	1.3	99.4	11.9	96.6	400.8	1,042.9	633.5	0.4	826.0
Equity/reinvested earnings	3,337.2	1,052.4	26.1	142.6	855.5	27.0	1.2	83.4	6.3	76.9	236.0	789.1	370.2	0.1	722.7
Other capital	1,054.7	228.0	13.2	12.6	182.2	20.0	0.0	16.0	5.6	19.7	164.8	253.8	263.3	0.3	103.3
Portfolio investment assets	4,762.6	1,536.9	84.5	199.5	1,005.5	99.4	148.0	100.7	52.5	208.0	124.3	1,557.1	384.9	35.2	763.0
Equity	1,703.4	341.8	10.9	41.6	275.9	13.2	0.1	39.1	48.7	90.4	102.0	553.1	215.8	1.4	311.0
Debt instruments	3,059.2	1,195.1	73.6	157.9	729.6	86.2	147.9	61.6	3.9	117.6	22.2	1,004.0	169.1	33.8	452.0
Bonds and notes	2,592.9	1,050.8	68.5	124.8	629.5	83.8	144.2	56.8	2.7	46.3	15.4	828.0	155.1	32.7	405.1
Money market instruments	466.3	144.3	5.1	33.0	100.1	2.4	3.7	4.8	1.2	71.3	6.9	175.9	13.9	1.0	46.9
Other investment	-255.6	-287.7	45.5	-30.0	-154.0	71.4	-220.6	-10.1	-13.5	10.9	-75.1	63.8	82.5	-71.6	45.2
Assets	4,876.7	2,159.9	92.3	91.0	1,777.6	182.7	16.3	26.8	46.1	99.5	257.4	763.5	588.8	36.7	898.0
General government	162.8	63.9	1.5	4.1	44.3	1.3	12.7	1.8	3.2	2.3	1.0	8.5	2.4	30.4	49.3
MFIs	3,103.3	1,497.4	71.9	49.7	1,225.7	147.2	2.9	14.7	20.9	80.2	130.1	473.3	439.6	5.7	441.4
Other sectors	1,610.6	598.7	19.0	37.2	507.7	34.2	0.7	10.2	22.0	17.0	126.3	281.6	146.8	0.6	407.4
Liabilities	5,132.3	2,447.6	46.8	121.0	1,931.6	111.3	236.9	36.8	59.6	88.6	332.5	699.7	506.3	108.3	852.8
General government	223.9	118.2	0.1	0.4	53.5	0.1	64.1	0.1	0.1	0.1	1.2	33.2	1.4	66.6	3.1
MFIs	3,619.5	1,758.6	36.4	84.8	1,436.3	86.2	115.0	24.8	30.8	61.4	256.7	416.0	414.0	38.8	618.3
Other sectors	1,288.8	570.8	10.3	35.8	441.8	25.0	57.8	11.9	28.8	27.0	74.6	250.4	91.0	3.0	231.4
2012 Q2 to 2013 Q1	Cumulated transactions														
Direct investment	84.1	46.1	-7.6	-11.0	50.1	14.6	0.0	-8.1	6.1	-1.6	5.5	-39.3	14.7	0.1	60.8
Abroad	254.4	113.5	1.7	14.5	81.8	15.4	0.0	5.1	7.2	4.3	-2.5	34.9	-4.9	0.0	96.7
Equity/reinvested earnings	200.8	119.4	1.9	16.4	88.2	12.9	0.0	7.9	6.0	1.7	-7.1	29.0	-17.1	0.0	61.0
Other capital	53.5	-5.9	-0.1	-1.9	-6.4	2.6	0.0	-2.8	1.2	2.7	4.7	5.9	12.1	0.0	35.7
In the euro area	170.2	67.4	9.3	25.5	31.8	0.9	0.0	13.2	1.1	6.0	-7.9	74.2	-19.6	0.0	35.9
Equity/reinvested earnings	178.3	35.3	11.0	18.8	3.8	1.8	0.0	16.4	0.9	6.7	7.3	91.1	-0.7	0.0	21.3
Other capital	-8.1	32.1	-1.7	6.7	28.0	-0.9	0.0	-3.2	0.2	-0.7	-15.3	-16.9	-18.9	0.0	14.6
Portfolio investment assets	165.2	-37.5	7.0	7.4	-72.2	7.3	13.0	7.3	3.0	12.4	-6.7	68.5	-14.2	-1.4	133.7
Equity	99.6	30.9	1.4	3.2	25.4	0.9	0.0	3.3	3.0	10.6	3.7	30.9	-11.1	0.0	28.4
Debt instruments	65.5	-68.4	5.6	4.2	-97.6	6.5	13.0	4.0	0.0	1.8	-10.3	37.6	-3.1	-1.4	105.3
Bonds and notes	100.0	-40.1	3.7	3.2	-68.6	7.7	13.9	1.6	0.1	-4.1	-1.6	39.8	-1.9	-1.8	108.0
Money market instruments	-34.5	-28.3	1.8	1.0	-29.0	-1.3	-0.9	2.4	0.0	5.9	-8.8	-2.3	-1.1	0.4	-2.7
Other investment	300.7	251.1	-20.7	9.9	291.5	-22.9	-6.7	4.1	32.6	-20.7	0.0	17.4	-4.4	-17.1	37.8
Assets	-40.2	-17.4	-5.2	10.2	-4.5	-17.3	-0.6	5.0	3.0	-23.3	8.1	-11.5	-34.6	0.5	30.0
General government	4.6	2.8	1.3	0.2	1.2	-0.4	0.6	0.1	-0.1	-1.3	0.4	0.7	0.6	0.1	1.2
MFIs	-140.8	-54.9	-9.0	6.0	-34.0	-16.6	-1.3	0.3	6.2	-18.9	10.5	-28.3	-44.6	0.4	-11.5
Other sectors	96.0	34.7	2.6	4.1	28.3	-0.3	0.1	4.7	-3.2	-3.1	-2.9	16.1	9.4	0.0	40.3
Liabilities	-340.9	-268.4	15.6	0.3	-296.0	5.6	6.1	1.0	-29.6	-2.6	8.1	-28.9	-30.2	17.6	-7.8
General government	-3.1	-20.8	0.1	0.3	-27.1	0.0	5.8	0.3	0.0	0.0	-0.1	-3.6	-0.1	20.0	1.2
MFIs	-365.3	-234.2	12.6	1.9	-250.0	3.6	-2.4	-5.8	-29.5	-4.6	-8.4	-36.7	-36.9	-3.0	-6.1
Other sectors	27.5	-13.4	2.8	-1.9	-19.0	2.0	2.7	6.5	-0.1	2.0	16.6	11.4	6.8	0.6	-2.9

Source: ECB.
1) Excluding Croatia.

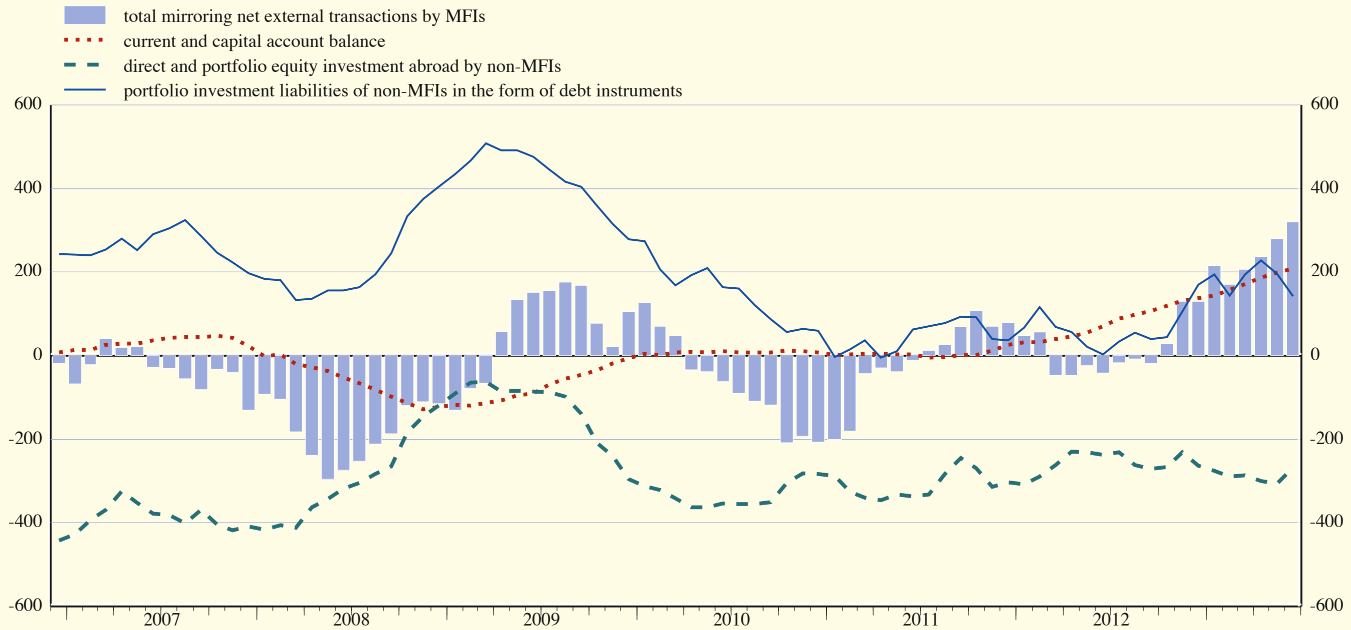
7.4 Monetary presentation of the balance of payments [1)]

(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
2010	-207.0	7.8	-339.3	272.2	-73.0	-248.0	136.2	59.8	-160.9	138.6	18.3	-18.8
2011	80.0	26.0	-428.0	324.1	55.1	-45.8	59.2	37.3	-128.8	169.6	-5.3	16.6
2012	130.3	137.5	-269.2	197.0	-53.4	-183.3	172.8	169.4	-91.5	23.9	17.8	9.3
2012 Q2	13.7	19.8	-67.5	49.2	19.1	-16.7	9.6	47.6	-46.7	7.7	-8.0	-0.3
Q3	48.0	44.9	-50.9	44.0	-6.0	-48.2	26.6	28.5	-13.3	22.8	2.8	-3.2
Q4	113.8	72.5	-70.1	28.8	-49.6	-33.6	106.1	66.2	19.2	-69.4	28.3	15.3
2013 Q1	31.8	34.2	-65.8	38.4	-48.3	-54.5	59.7	51.8	-59.8	63.2	9.3	3.5
Q2	126.1	56.4	-13.2	2.0	-5.9	-11.2	86.4	-4.1	24.9	-9.2	3.4	-3.3
2012 June	14.3	18.0	-22.3	5.1	12.5	0.2	15.7	19.1	-22.3	-8.2	-2.2	-1.3
July	12.8	22.4	-15.8	20.0	3.5	-19.2	-0.2	10.8	-28.4	26.2	-1.7	-5.0
Aug.	25.5	10.5	-24.4	38.2	-0.2	-15.6	3.2	3.4	10.3	-3.3	6.2	-2.8
Sep.	9.7	11.9	-10.7	-14.1	-9.4	-13.4	23.7	14.2	4.8	-0.1	-1.7	4.5
Oct.	8.8	17.4	-11.7	6.2	-8.7	-12.3	41.6	5.1	-27.1	-13.6	10.3	1.5
Nov.	66.4	24.7	-15.6	23.1	-8.3	-21.2	24.9	37.8	-6.9	-9.1	7.4	9.6
Dec.	38.6	30.4	-42.9	-0.5	-32.6	-0.1	39.6	23.3	53.2	-46.6	10.6	4.1
2013 Jan.	43.1	-4.0	-15.7	4.1	-16.6	-21.0	38.2	17.5	-12.5	40.1	5.0	7.9
Feb.	-33.1	13.1	-24.6	34.6	-16.8	-27.2	3.6	4.0	-46.0	27.4	3.0	-4.1
Mar.	21.7	25.2	-25.6	-0.3	-14.9	-6.3	17.9	30.4	-1.4	-4.3	1.2	-0.3
Apr.	4.9	17.9	-11.6	4.1	-17.4	-23.1	13.2	26.1	-19.3	17.9	-3.4	0.6
May	66.9	11.6	-0.7	0.2	-4.6	-6.0	49.1	4.8	29.8	-8.2	-7.2	-1.8
June	54.3	26.9	-0.9	-2.3	16.2	17.8	24.1	-35.0	14.4	-18.8	14.0	-2.1
	12-month cumulated transactions											
2013 June	319.6	208.0	-200.0	113.2	-109.8	-147.5	278.9	142.5	-29.1	7.4	43.8	12.3

C38 Main b.o.p. items mirroring developments in MFI net external transactions [1)]

(EUR billions; 12-month cumulated transactions)



Source: ECB.

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

7.5 Trade in goods

1. Values and volumes by product group 1)

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)					Imports (c.i.f.)					
	Exports	Imports	Total				Memo item:	Total				Memo items:	
				Intermediate	Capital	Consumption	Manufacturing		Intermediate	Capital	Consumption	Manufacturing	Oil
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Values (EUR billions; annual percentage changes for columns 1 and 2)												
2011	13.0	13.3	1,746.1	880.5	353.1	474.3	1,426.9	1,762.5	1,129.2	241.0	367.6	1,104.8	324.3
2012	7.4	1.7	1,870.7	928.9	384.7	516.1	1,524.5	1,791.1	1,147.7	245.1	368.4	1,091.6	360.6
2012 Q3	7.5	0.4	474.0	233.4	96.6	131.9	386.6	448.0	285.3	62.0	92.8	273.8	90.3
Q4	5.7	1.0	466.2	230.8	96.5	129.1	379.5	439.4	281.2	58.9	91.7	268.6	89.8
2013 Q1	1.2	-5.1	475.6	236.2	95.6	133.3	384.3	436.6	278.4	58.9	90.6	268.3	86.0
Q2	1.9	-3.3	475.0	.	.	.	385.0	431.3	.	.	.	265.2	.
2013 Jan.	5.2	2.0	157.1	78.1	31.4	44.3	127.5	148.1	93.5	20.8	30.6	91.4	29.7
Feb.	-1.2	-6.9	157.2	77.7	31.1	44.3	125.0	145.0	93.8	19.0	30.0	86.5	28.9
Mar.	0.1	-10.0	161.4	80.4	33.1	44.7	131.8	143.4	91.1	19.0	30.0	90.5	27.4
Apr.	9.0	1.7	159.6	77.9	32.9	44.4	127.4	144.6	91.8	20.0	30.2	87.8	28.3
May	-0.2	-5.7	155.4	75.9	31.6	43.2	130.3	141.6	89.5	19.2	29.7	90.1	27.5
June	-2.5	-5.8	160.0	.	.	.	127.4	145.2	.	.	.	87.3	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2011	7.5	3.5	148.6	143.3	153.4	155.5	145.3	126.4	119.5	136.2	144.6	133.5	102.6
2012	3.3	-3.1	153.0	146.1	160.8	161.2	150.2	122.3	116.0	130.0	137.9	127.1	103.6
2012 Q2	3.6	-3.0	153.2	145.5	162.3	161.9	151.0	123.4	116.7	133.0	138.8	129.5	103.3
Q3	2.9	-5.6	154.0	146.3	159.3	163.4	151.3	121.2	114.7	129.5	136.4	125.7	104.9
Q4	2.4	-2.5	151.9	144.8	161.1	160.4	149.0	120.2	114.2	125.2	136.3	124.5	104.4
2013 Q1	0.2	-4.4	155.7	148.7	159.4	167.2	151.7	120.5	114.5	124.3	135.9	125.5	100.8
2012 Dec.	-6.0	-7.4	149.6	141.9	159.0	158.5	146.8	118.0	112.6	122.2	133.7	122.9	101.5
2013 Jan.	3.5	2.0	154.0	147.4	157.2	165.7	150.6	123.0	115.9	132.4	137.4	128.2	105.2
Feb.	-1.4	-6.1	154.8	147.1	156.0	167.3	148.7	120.0	115.0	122.0	135.6	121.7	100.0
Mar.	-1.2	-8.9	158.5	151.7	164.9	168.5	156.0	118.6	112.6	118.7	134.8	126.5	97.3
Apr.	8.5	3.0	156.8	147.4	163.3	167.6	150.5	120.2	115.0	123.2	135.0	122.0	103.9
May	0.0	-3.6	153.0	144.9	156.1	162.2	154.2	119.4	114.0	120.9	133.3	126.7	104.2

2. Prices 2)

(annual percentage changes, unless otherwise indicated)

	Industrial producer export prices (f.o.b.) 3)							Industrial import prices (c.i.f.)						
	Total (index: 2010 = 100)	Total					Memo item: Manufac-turing	Total (index: 2010 = 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	30.1	42.0	18.5	9.4	96.4	100.0	100.0	29.0	25.4	23.3	22.4	80.4
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011	104.1	4.1	5.6	1.3	1.5	23.0	3.8	108.2	8.1	4.8	-0.7	3.6	25.5	3.5
2012	106.8	2.6	1.0	1.8	2.2	9.8	2.4	111.4	3.0	0.0	1.5	2.5	7.2	1.8
2012 Q4	106.6	1.6	0.6	1.2	2.0	3.7	1.6	110.5	1.2	0.4	0.5	2.0	2.0	1.3
2013 Q1	106.5	0.1	-0.5	0.4	1.3	-4.2	0.0	110.2	-1.4	-0.9	-0.6	0.9	-3.9	-0.5
Q2	105.8	-0.9	-1.7	0.2	1.1	-8.2	-0.7	108.4	-2.6	-2.1	-1.1	0.4	-5.7	-1.3
2013 Jan.	106.4	0.3	-0.3	0.3	1.4	-1.7	0.2	110.0	-0.8	-0.5	-1.3	0.7	-1.7	-0.5
Feb.	106.6	0.1	-0.6	0.2	1.2	-2.2	0.1	110.3	-1.3	-1.2	-0.9	0.8	-2.9	-0.6
Mar.	106.6	-0.3	-0.6	0.6	1.4	-8.2	-0.3	110.3	-2.2	-1.0	0.3	1.2	-6.9	-0.3
Apr.	106.1	-0.9	-1.3	0.6	1.4	-11.6	-0.8	109.0	-3.1	-1.5	-0.3	1.1	-8.9	-0.9
May	105.9	-1.0	-1.8	0.2	1.1	-9.1	-0.7	108.3	-2.9	-2.1	-1.2	0.6	-6.6	-1.4
June	105.5	-0.8	-1.9	-0.3	0.7	-3.5	-0.7	107.9	-1.9	-2.8	-1.7	-0.4	-1.5	-1.6

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.

(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 [1]						China	Japan			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Exports (f.o.b.)														
2011	1,746.1	32.9	60.5	213.5	241.6	79.9	109.2	56.8	200.6	405.6	115.7	39.4	112.3	84.6	148.8
2012	1,870.7	34.0	59.1	230.4	245.1	90.0	116.4	59.4	224.0	439.3	120.7	44.7	126.2	97.3	149.3
2012 Q1	463.3	8.4	15.0	56.5	61.3	22.1	29.3	14.6	55.7	108.4	31.4	10.6	31.1	23.6	37.3
Q2	467.3	8.6	14.9	57.1	61.3	22.8	29.2	14.6	56.0	109.0	30.3	11.3	31.5	24.5	37.9
Q3	474.0	8.5	14.8	58.4	61.6	22.8	29.2	15.0	58.3	110.6	29.9	11.6	31.2	24.5	39.1
Q4	466.2	8.6	14.4	58.5	60.9	22.4	28.7	15.2	53.9	111.4	29.1	11.2	32.5	24.8	35.0
2013 Q1	475.6	8.6	14.5	58.6	61.9	23.2	28.2	15.7	55.6	111.1	29.6	11.0	34.2	25.0	39.2
Q2	475.0	.	.	.	.	22.6	27.4	15.6	54.8	109.9	29.8	10.7	33.2	24.7	.
2013 Jan.	157.1	2.9	5.1	19.5	20.9	8.0	9.8	5.4	18.3	37.0	10.1	3.7	11.5	8.2	10.4
Feb.	157.2	2.8	4.6	18.9	20.4	7.6	8.9	5.1	17.6	35.4	9.3	3.5	11.5	7.8	16.5
Mar.	161.4	2.9	4.7	20.1	20.6	7.6	9.6	5.2	19.7	38.7	10.1	3.8	11.2	8.9	12.2
Apr.	159.6	2.8	4.8	19.0	20.0	7.6	9.2	5.1	18.4	36.7	10.0	3.5	11.0	8.0	17.0
May	155.4	2.9	5.0	20.1	20.5	7.7	9.3	5.3	18.8	37.3	10.0	3.6	11.1	8.6	8.9
June	160.0	.	.	.	.	7.3	8.9	5.2	17.7	36.0	9.8	3.6	11.0	8.1	.
	Percentage share of total exports														
2012	100.0	1.8	3.2	12.3	13.1	4.8	6.2	3.2	12.0	23.5	6.5	2.4	6.7	5.2	8.0
	Imports (c.i.f.)														
2011	1,762.5	29.9	53.2	166.9	226.8	138.7	81.6	35.0	140.8	553.5	218.5	52.6	129.1	91.2	115.7
2012	1,791.1	29.0	52.9	168.0	229.8	143.2	81.0	33.9	150.3	538.7	213.6	48.5	157.0	92.8	114.6
2012 Q1	454.4	7.2	13.3	42.6	57.4	37.5	20.1	8.4	37.7	137.8	53.2	12.6	39.7	23.8	28.8
Q2	449.3	7.3	13.1	41.3	57.0	34.9	19.7	8.4	37.6	137.2	55.9	12.6	38.5	23.1	31.1
Q3	448.0	7.3	13.7	42.4	57.8	33.9	21.2	8.4	39.0	133.2	53.5	12.1	39.3	23.2	28.5
Q4	439.4	7.2	12.9	41.7	57.6	36.8	20.0	8.6	35.9	130.6	51.0	11.2	39.5	22.5	26.1
2013 Q1	436.6	7.4	13.2	41.8	58.0	38.7	20.2	8.8	35.5	127.2	51.7	10.7	38.5	21.2	26.0
Q2	431.3	.	.	.	.	33.9	20.4	8.7	37.3	126.2	50.6	10.6	36.3	20.2	.
2013 Jan.	148.1	2.5	4.3	14.2	19.5	13.2	7.0	2.9	11.9	44.2	17.6	3.7	13.4	7.2	7.6
Feb.	145.0	2.4	4.3	13.7	18.9	12.8	6.3	2.9	11.7	41.2	16.5	3.5	12.9	6.9	11.0
Mar.	143.4	2.5	4.6	13.9	19.6	12.7	6.8	2.9	11.9	41.8	17.5	3.5	12.2	7.1	7.4
Apr.	144.6	2.3	4.4	13.1	18.9	12.1	6.3	2.9	12.3	42.2	16.4	3.5	12.6	6.6	10.9
May	141.6	2.4	4.5	14.1	19.1	11.4	7.1	2.9	12.6	43.0	17.7	3.7	11.7	6.8	5.9
June	145.2	.	.	.	.	10.3	7.1	2.9	12.4	41.0	16.4	3.4	12.0	6.8	.
	Percentage share of total imports														
2012	100.0	1.6	3.0	9.4	12.8	8.0	4.5	1.9	8.4	30.1	11.9	2.7	8.8	5.2	6.4
	Balance														
2011	-16.4	3.0	7.2	46.6	14.7	-58.9	27.6	21.7	59.8	-147.9	-102.9	-13.2	-16.9	-6.5	33.2
2012	79.6	5.0	6.2	62.4	15.2	-53.1	35.5	25.5	73.7	-99.4	-92.9	-3.8	-30.8	4.6	34.8
2012 Q1	8.9	1.2	1.8	13.8	3.9	-15.5	9.3	6.2	18.0	-29.4	-21.9	-2.0	-8.6	-0.3	8.5
Q2	18.0	1.3	1.7	15.8	4.2	-12.1	9.4	6.2	18.4	-28.2	-25.5	-1.2	-7.1	1.3	6.8
Q3	25.9	1.2	1.2	16.0	3.8	-11.2	8.0	6.6	19.3	-22.6	-23.7	-0.5	-8.1	1.3	10.6
Q4	26.8	1.4	1.5	16.7	3.3	-14.4	8.8	6.6	18.1	-19.2	-21.9	0.0	-7.1	2.3	8.9
2013 Q1	39.1	1.2	1.3	16.7	3.8	-15.5	8.0	6.9	20.1	-16.2	-22.1	0.3	-4.3	3.8	13.2
Q2	43.7	.	.	.	.	-11.2	6.9	6.9	17.6	-16.2	-20.7	0.1	-3.1	4.5	.
2013 Jan.	8.9	0.5	0.8	5.3	1.4	-5.2	2.8	2.5	6.3	-7.2	-7.5	0.1	-1.9	1.0	2.8
Feb.	12.2	0.4	0.4	5.2	1.5	-5.2	2.5	2.2	6.0	-5.8	-7.2	0.0	-1.4	1.0	5.5
Mar.	18.0	0.3	0.1	6.2	0.9	-5.1	2.7	2.3	7.8	-3.1	-7.4	0.3	-1.0	1.8	4.9
Apr.	15.0	0.5	0.4	5.9	1.1	-4.6	2.9	2.2	6.1	-5.6	-6.4	0.0	-1.6	1.5	6.0
May	13.8	0.4	0.5	6.0	1.4	-3.7	2.2	2.4	6.2	-5.7	-7.7	0.0	-0.6	1.7	3.0
June	14.9	.	.	.	.	-3.0	1.8	2.3	5.3	-5.0	-6.6	0.2	-0.9	1.3	.

Source: Eurostat.
1) Excluding Croatia.

EXCHANGE RATES

8.1 Effective exchange rates [1]

(period averages; index: 1999 Q1=100)

	EER-21						EER-40	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM [2]	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2010	103.6	101.5	98.2	96.7	109.5	98.1	111.5	98.1
2011	103.4	100.6	97.6	95.0	108.2	96.1	112.2	97.6
2012	97.9	95.5	93.4	89.7	103.7	90.9	107.1	92.8
2012 Q2	98.2	95.8	93.5	90.2	104.2	91.3	107.5	93.2
Q3	95.9	93.7	91.9	87.9	101.5	89.0	105.0	91.2
Q4	97.9	95.5	93.8	89.5	103.8	90.6	107.4	92.9
2013 Q1	100.8	98.2	96.2	92.1	106.7	93.5	110.2	94.9
Q2	100.9	98.2	96.0	.	.	.	110.6	95.0
2012 Aug.	95.3	93.1	91.3	-	-	-	104.5	90.6
Sep.	97.2	94.9	93.2	-	-	-	106.6	92.5
Oct.	97.8	95.4	93.7	-	-	-	107.3	92.8
Nov.	97.3	94.8	93.1	-	-	-	106.7	92.3
Dec.	98.7	96.2	94.5	-	-	-	108.3	93.5
2013 Jan.	100.4	97.9	96.0	-	-	-	109.9	94.8
Feb.	101.7	99.0	97.1	-	-	-	111.2	95.7
Mar.	100.2	97.8	95.6	-	-	-	109.5	94.4
Apr.	100.5	97.8	95.8	-	-	-	109.8	94.3
May	100.6	98.0	95.7	-	-	-	110.0	94.6
June	101.6	98.9	96.6	-	-	-	112.0	96.1
July	101.5	98.9	96.5	-	-	-	112.0	96.1
Aug.	102.2	99.5	97.1	-	-	-	113.4	97.3
	Percentage change versus previous month							
2013 Aug.	0.7	0.6	0.6	-	-	-	1.3	1.2
	Percentage change versus previous year							
2013 Aug.	7.3	6.9	6.3	-	-	-	8.6	7.3

C39 Effective exchange rates

(monthly averages; index: 1999 Q1=100)

C40 Bilateral exchange rates

(monthly averages; index: 1999 Q1=100)

Source: ECB.
1) For a definition of the trading partner groups and other information, please refer to the General Notes.
2) ULCM-deflated series are available only for the EER-20 trading partner group.

8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	Bulgarian lev	Czech koruna	Danish krone	Croatian kuna	Latvian lats	Lithuanian litas	Hungarian forint	Polish zloty	New Romanian leu	Swedish krona	Pound sterling	New Turkish lira
	1	2	3	4	5	6	7	8	9	10	11	12
2010	1.9558	25.284	7.4473	7.2891	0.7087	3.4528	275.48	3.9947	4.2122	9.5373	0.85784	1.9965
2011	1.9558	24.590	7.4506	7.4390	0.7063	3.4528	279.37	4.1206	4.2391	9.0298	0.86788	2.3378
2012	1.9558	25.149	7.4437	7.5217	0.6973	3.4528	289.25	4.1847	4.4593	8.7041	0.81087	2.3135
2012 Q4	1.9558	25.167	7.4590	7.5290	0.6963	3.4528	283.25	4.1123	4.5288	8.6230	0.80740	2.3272
2013 Q1	1.9558	25.565	7.4589	7.5838	0.6996	3.4528	296.50	4.1558	4.3865	8.4965	0.85111	2.3577
Q2	1.9558	25.831	7.4555	7.5566	0.7009	3.4528	295.53	4.1982	4.3958	8.5652	0.85056	2.4037
2013 Feb.	1.9558	25.475	7.4598	7.5868	0.6999	3.4528	292.73	4.1700	4.3839	8.5083	0.86250	2.3738
Mar.	1.9558	25.659	7.4553	7.5909	0.7013	3.4528	303.01	4.1565	4.3923	8.3470	0.85996	2.3453
Apr.	1.9558	25.841	7.4553	7.6076	0.7006	3.4528	298.67	4.1359	4.3780	8.4449	0.85076	2.3406
May	1.9558	25.888	7.4536	7.5684	0.7002	3.4528	292.38	4.1799	4.3360	8.5725	0.84914	2.3739
June	1.9558	25.759	7.4576	7.4901	0.7019	3.4528	295.70	4.2839	4.4803	8.6836	0.85191	2.5028
July	1.9558	25.944	7.4579	7.5061	0.7024	3.4528	294.90	4.2745	4.4244	8.6609	0.86192	2.5274
Aug.	1.9558	25.818	7.4580	7.5372	0.7027	3.4528	299.46	4.2299	4.4371	8.7034	0.85904	2.6125
	Percentage change versus previous month											
2013 Aug.	0.0	-0.5	0.0	0.4	0.0	0.0	1.5	-1.0	0.3	0.5	-0.3	3.4
	Percentage change versus previous year											
2013 Aug.	0.0	3.2	0.2	0.7	0.9	0.0	7.4	3.3	-1.8	5.1	8.9	17.2

	Australian dollar	Brazilian real	Canadian dollar	Chinese yuan renminbi	Hong Kong dollar	Indian rupee 1)	Indonesian rupiah	Israeli shekel	Japanese yen	Malaysian ringgit
	13	14	15	16	17	18	19	20	21	22
2010	1.4423	2.3314	1.3651	8.9712	10.2994	60.5878	12,041.70	4.9457	116.24	4.2668
2011	1.3484	2.3265	1.3761	8.9960	10.8362	64.8859	12,206.51	4.9775	110.96	4.2558
2012	1.2407	2.5084	1.2842	8.1052	9.9663	68.5973	12,045.73	4.9536	102.49	3.9672
2012 Q4	1.2484	2.6671	1.2850	8.1036	10.0506	70.2047	12,473.53	4.9853	105.12	3.9632
2013 Q1	1.2714	2.6368	1.3313	8.2209	10.2428	71.5390	12,789.08	4.8969	121.80	4.0699
Q2	1.3203	2.6994	1.3368	8.0376	10.1383	73.0046	12,784.60	4.7407	129.07	4.0088
2013 Feb.	1.2951	2.6354	1.3477	8.3282	10.3608	71.9342	12,933.75	4.9359	124.40	4.1403
Mar.	1.2537	2.5694	1.3285	8.0599	10.0588	70.5579	12,590.61	4.7769	122.99	4.0309
Apr.	1.2539	2.6060	1.3268	8.0564	10.1110	70.7738	12,664.51	4.7164	127.54	3.9686
May	1.3133	2.6414	1.3257	7.9715	10.0766	71.4760	12,673.13	4.7223	131.13	3.9200
June	1.3978	2.8613	1.3596	8.0905	10.2349	77.0284	13,033.31	4.7865	128.40	4.1488
July	1.4279	2.9438	1.3619	8.0234	10.1455	78.1762	13,189.17	4.7153	130.39	4.1746
Aug.	1.4742	3.1170	1.3853	8.1477	10.3223	83.9480	14,168.72	4.7610	130.34	4.3631
	Percentage change versus previous month									
2013 Aug.	3.2	5.9	1.7	1.5	1.7	7.4	7.4	1.0	0.0	4.5
	Percentage change versus previous year									
2013 Aug.	24.5	23.8	12.5	3.3	7.3	21.9	20.3	-4.4	33.6	12.9

	Mexican peso	New Zealand dollar	Norwegian krone	Philippine peso	Russian rouble	Singapore dollar	South African rand	South Korean won	Swiss franc	Thai baht	US dollar
	23	24	25	26	27	28	29	30	31	32	33
2010	16.7373	1.8377	8.0043	59.739	40.2629	1.8055	9.6984	1,531.82	1.3803	42.014	1.3257
2011	17.2877	1.7600	7.7934	60.260	40.8846	1.7489	10.0970	1,541.23	1.2326	42.429	1.3920
2012	16.9029	1.5867	7.4751	54.246	39.9262	1.6055	10.5511	1,447.69	1.2053	39.928	1.2848
2012 Q4	16.7805	1.5751	7.3664	53.387	40.3064	1.5855	11.2766	1,414.42	1.2080	39.778	1.2967
2013 Q1	16.7042	1.5823	7.4290	53.769	40.1518	1.6345	11.8264	1,433.09	1.2284	39.361	1.3206
Q2	16.2956	1.5920	7.6114	54.620	41.3464	1.6311	12.3996	1,467.08	1.2315	39.031	1.3062
2013 Feb.	16.9872	1.5929	7.4232	54.355	40.3342	1.6546	11.8796	1,452.82	1.2298	39.839	1.3359
Mar.	16.2322	1.5657	7.4863	52.813	39.9332	1.6164	11.9169	1,430.31	1.2266	38.264	1.2964
Apr.	15.8895	1.5348	7.5444	53.649	40.7995	1.6120	11.8592	1,460.89	1.2199	37.857	1.3026
May	15.9776	1.5774	7.5589	53.693	40.6842	1.6219	12.1798	1,444.56	1.2418	38.667	1.2982
June	17.0716	1.6682	7.7394	56.658	42.6490	1.6613	13.2088	1,498.33	1.2322	40.664	1.3189
July	16.6893	1.6590	7.8837	56.698	42.8590	1.6595	12.9674	1,473.35	1.2366	40.714	1.3080
Aug.	17.1996	1.6829	7.9386	58.471	43.9748	1.6941	13.4190	1,485.93	1.2338	42.072	1.3310
	Percentage change versus previous month										
2013 Aug.	3.1	1.4	0.7	3.1	2.6	2.1	3.5	0.9	-0.2	3.3	1.8
	Percentage change versus previous year										
2013 Aug.	5.1	10.0	8.4	12.1	11.0	9.4	30.8	5.8	2.7	7.9	7.3

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

DEVELOPMENTS OUTSIDE THE EURO AREA

9.1 Economic and financial developments in other EU Member States

(annual percentage changes, unless otherwise indicated)

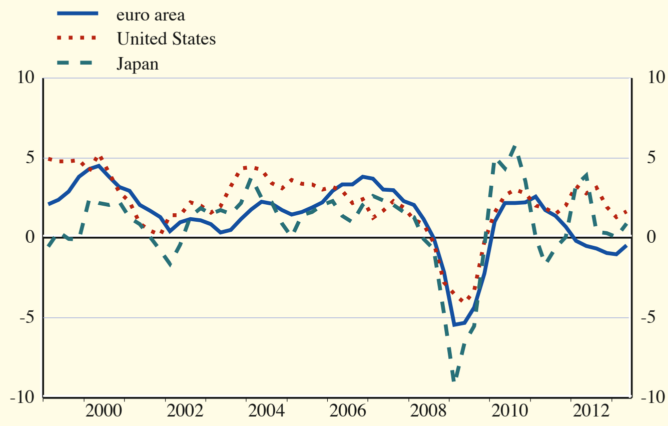
	Bulgaria	Czech Republic	Denmark	Croatia	Latvia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10	11
	HICP										
2011	3.4	2.1	2.7	2.2	4.2	4.1	3.9	3.9	5.8	1.4	4.5
2012	2.4	3.5	2.4	3.4	2.3	3.2	5.7	3.7	3.4	0.9	2.8
2013 Q1	2.1	1.7	0.9	4.2	0.4	2.2	2.7	1.3	4.8	0.6	2.8
Q2	1.1	1.5	0.5	2.3	-0.1	1.4	1.9	0.5	4.4	0.3	2.7
2013 May	1.0	1.2	0.6	1.8	-0.2	1.5	1.8	0.5	4.4	0.3	2.7
June	1.2	1.6	0.6	2.2	0.2	1.3	2.0	0.2	4.5	0.5	2.9
July	0.0	1.4	0.4	2.7	0.5	0.6	1.7	0.9	3.4	0.8	2.8
	General government deficit (-)/surplus (+) as a percentage of GDP										
2010	-3.1	-4.8	-2.5	.	-8.1	-7.2	-4.3	-7.9	-6.8	0.3	-10.2
2011	-2.0	-3.3	-1.8	.	-3.6	-5.5	4.3	-5.0	-5.6	0.2	-7.8
2012	-0.8	-4.4	-4.0	.	-1.2	-3.2	-1.9	-3.9	-2.9	-0.5	-6.3
	General government gross debt as a percentage of GDP										
2010	16.2	37.8	42.7	.	44.4	37.9	81.8	54.8	30.5	39.4	79.4
2011	16.3	40.8	46.4	.	41.9	38.5	81.4	56.2	34.7	38.4	85.5
2012	18.5	45.8	45.8	.	40.7	40.7	79.2	55.6	37.8	38.2	90.0
	Long-term government bond yield as a percentage per annum; period average										
2013 Feb.	3.25	2.01	1.73	4.28	3.22	4.06	6.29	3.99	5.72	2.00	1.92
Mar.	3.54	1.98	1.59	4.32	3.17	4.15	6.38	3.93	5.86	1.92	1.65
Apr.	3.47	1.82	1.42	4.34	3.15	3.95	5.65	3.50	5.46	1.66	1.46
May	3.36	1.67	1.45	4.38	3.10	3.54	5.08	3.28	5.23	1.79	1.62
June	3.40	2.14	1.72	4.63	3.17	3.54	6.02	3.95	5.43	2.05	1.96
July	3.46	2.23	1.77	4.91	3.25	3.54	5.78	3.97	5.26	2.16	2.09
	3-month interest rate as a percentage per annum; period average										
2013 Feb.	1.23	0.50	0.33	1.31	0.49	0.47	-	3.80	5.60	1.19	0.51
Mar.	1.23	0.49	0.27	1.17	0.47	0.47	-	3.48	5.10	1.25	0.51
Apr.	1.22	0.47	0.26	1.03	0.44	0.62	4.57	3.29	4.31	1.24	0.51
May	1.21	0.46	0.24	1.14	0.41	0.74	4.71	2.86	3.83	1.20	0.51
June	1.20	0.46	0.26	1.71	0.39	0.73	4.48	2.69	4.20	1.22	0.51
July	1.18	0.46	0.27	2.22	0.33	0.55	4.36	2.70	.	1.20	0.51
	Real GDP										
2011	1.8	1.8	1.1	0.0	5.5	5.9	1.6	4.5	2.3	3.7	1.1
2012	0.8	-1.2	-0.4	-2.0	5.6	3.7	-1.7	1.9	0.4	0.7	0.2
2012 Q4	0.6	-1.6	-0.4	-2.0	5.8	3.1	-2.5	0.8	0.8	1.5	0.0
2013 Q1	0.4	-2.4	-0.8	-1.2	6.0	4.2	-0.5	0.7	2.3	1.6	0.3
Q2	0.2	-1.3	0.5	.	.	4.2	0.1	1.1	1.4	0.6	1.5
	Current and capital account balance as a percentage of GDP										
2011	1.4	-2.3	5.9	-0.8	0.0	-1.3	3.1	-2.9	-4.0	6.9	-1.1
2012	0.0	-1.1	5.6	0.1	1.3	1.7	4.4	-1.3	-2.6	6.8	-3.5
2012 Q4	-1.7	0.8	5.9	-6.1	3.5	4.9	5.3	-0.8	-0.9	6.6	-3.0
2013 Q1	-4.3	1.6	2.2	-14.3	1.1	-2.8	5.1	-1.4	2.2	7.7	-3.8
Q2	6.8	-0.5	7.3	.	.	6.6	6.4	5.0	2.9	4.8	.
	Gross external debt as a percentage of GDP										
2011	94.1	59.6	183.2	102.9	145.0	77.8	147.7	71.7	77.2	195.3	419.6
2012	94.8	60.5	182.9	101.6	136.2	75.4	128.0	70.9	74.6	189.8	384.3
2012 Q3	96.5	60.1	187.2	103.6	139.2	78.8	128.8	70.8	78.0	202.6	388.4
Q4	94.8	60.5	182.9	101.6	136.2	75.4	128.0	70.9	74.6	189.8	384.3
2013 Q1	93.4	62.2	185.3	101.9	138.6	73.7	131.8	72.6	75.0	194.2	392.5
	Unit labour costs										
2011	2.5	0.5	-0.1	0.7	2.1	-0.1	1.8	1.1	0.7	-0.6	1.4
2012	-0.5	3.2	1.6	1.2	2.8	2.0	4.8	0.9	6.8	3.2	2.9
2012 Q4	0.3	3.3	1.4	1.2	1.0	0.4	4.2	-0.1	7.1	3.9	1.8
2013 Q1	12.9	1.1	1.7	3.5	0.6	-0.6	2.1	2.8	1.3	2.1	-0.4
Q2	.	1.1	0.9	.	.	.	.	.	.	.	.
	Standardised unemployment rate as a percentage of labour force (s.a.)										
2011	11.3	6.7	7.6	13.5	16.4	15.3	11.0	9.6	7.4	7.8	8.0
2012	12.3	7.0	7.5	15.9	14.9	13.3	10.9	10.1	7.0	8.0	7.9
2013 Q1	12.9	7.2	7.1	16.7	12.6	12.5	10.9	10.6	7.1	8.1	7.8
Q2	12.8	7.0	6.8	16.5	11.5	12.0	10.4	10.5	7.4	8.0	.
2013 May	12.7	7.1	6.8	16.4	11.5	11.9	10.4	10.6	7.3	7.9	7.7
June	12.7	6.8	6.7	16.5	11.5	11.9	10.4	10.5	7.5	7.9	.
July	12.7	6.8	6.7	16.7	.	12.1	.	10.4	7.5	7.8	.

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

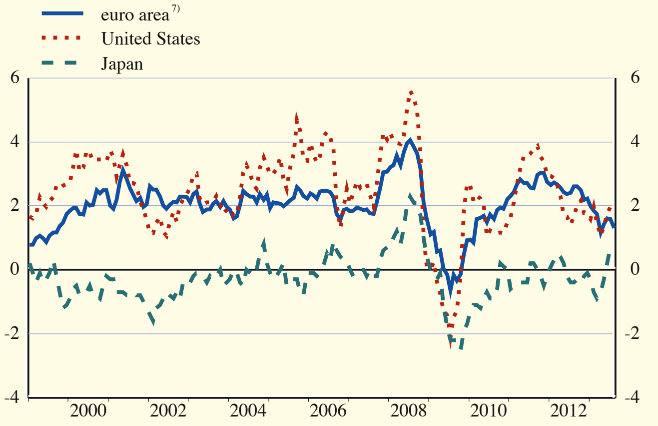
9.2 Economic and financial developments in the United States and Japan
(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs [1]	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force [2] (s.a.)	Broad money [3]	3-month interbank deposit rate [4]	10-year zero coupon government bond yield; [4] end of period	Exchange rate [5] as national currency per euro	Government deficit (-)/ surplus (+) as a % of GDP	Government debt [6] as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
					United States						
2009	-0.4	-2.0	-2.8	-13.6	9.3	8.0	0.69	4.17	1.3948	-11.9	73.3
2010	1.6	-1.2	2.5	6.6	9.6	2.5	0.34	3.57	1.3257	-11.4	82.1
2011	3.2	2.0	1.8	3.6	8.9	7.3	0.34	2.10	1.3920	-10.2	86.0
2012	2.1	1.1	2.8	4.2	8.1	8.5	0.43	1.88	1.2848	-8.7	90.0
2012 Q2	1.9	0.8	2.8	5.2	8.2	9.6	0.47	1.83	1.2814	-8.8	88.2
Q3	1.7	-0.4	3.1	3.9	8.0	7.0	0.43	1.77	1.2502	-8.6	88.7
Q4	1.9	4.3	2.0	3.3	7.8	7.5	0.32	1.88	1.2967	-8.5	90.0
2013 Q1	1.7	1.5	1.3	2.5	7.7	7.1	0.29	2.09	1.3206	.	.
Q2	1.4	1.7	1.6	1.9	7.6	6.9	0.28	2.82	1.3062	.	.
2013 Apr.	1.1	-	-	1.7	7.5	7.1	0.28	1.92	1.3026	-	-
May	1.4	-	-	2.1	7.6	6.9	0.27	2.40	1.2982	-	-
June	1.8	-	-	1.9	7.6	6.8	0.27	2.82	1.3189	-	-
July	2.0	-	-	1.5	7.4	7.0	0.27	2.91	1.3080	-	-
Aug.	.	-	-	.	.	.	0.26	3.11	1.3310	-	-
					Japan						
2009	-1.3	0.3	-5.5	-21.9	5.1	2.7	0.47	1.42	130.34	-8.8	180.1
2010	-0.7	-4.8	4.7	15.6	5.1	2.8	0.23	1.18	116.24	-8.3	188.3
2011	-0.3	0.8	-0.6	-2.8	4.6	2.7	0.19	1.00	110.96	-8.9	204.4
2012	0.0	-2.3	2.0	0.6	4.4	2.5	0.19	0.84	102.49	.	.
2012 Q2	0.1	-4.2	3.9	6.8	4.4	2.4	0.20	0.84	102.59	.	.
Q3	-0.4	-0.8	0.4	-3.9	4.3	2.4	0.19	0.78	98.30	.	.
Q4	-0.2	-1.1	0.3	-6.0	4.2	2.3	0.19	0.84	105.12	.	.
2013 Q1	-0.6	-0.5	0.1	-7.8	4.2	2.9	0.16	0.70	121.80	.	.
Q2	-0.3	.	0.9	-3.1	4.0	3.5	0.16	1.02	129.07	.	.
2013 Apr.	-0.7	-	-	-3.4	4.1	3.2	0.16	0.76	127.54	-	-
May	-0.3	-	-	-1.1	4.1	3.5	0.16	1.05	131.13	-	-
June	0.2	-	-	-4.7	3.9	3.8	0.15	1.02	128.40	-	-
July	0.7	-	-	1.6	.	3.7	0.16	1.01	130.39	-	-
Aug.	.	-	-	.	.	.	0.15	0.93	130.34	-	-

C41 Real gross domestic product
(annual percentage changes; quarterly data)



C42 Consumer price indices
(annual percentage changes; monthly data)



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

1) Seasonally adjusted. The data for the United States refer to the private non-agricultural business sector.
2) Japanese data from March to August 2011 include estimates for the three prefectures most affected by the earthquake in that country. Data collection was reinstated as of September 2011.
3) Period averages; M2 for the United States, M2+CDs for Japan.
4) Percentages per annum. For further information on the three-month interbank deposit rate, see Section 4.6.
5) For more information, see Section 8.2.
6) General government debt consists of deposits, securities other than shares and loans outstanding at nominal value and is consolidated within the general government sector (end of period).
7) Data refer to the changing composition of the euro area. For further information, see the General Notes.

LIST OF CHARTS

TECHNICAL NOTES

EURO AREA OVERVIEW

CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

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

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

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

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

SECTION 1.3

CALCULATION OF INTEREST RATES ON INDEXED LONGER-TERM REFINANCING OPERATIONS

The interest rate on an indexed longer-term refinancing operation (LTRO) is equal to the average of the minimum bid rates on the main refinancing operations (MROs) over the life of that LTRO. According to this definition, if an LTRO is outstanding for D number of days and the minimum bid rates prevailing in MROs are $R_{1,\,MRO}$ (over D_1 days), $R_{2,\,MRO}$ (over D_2 days), etc., until $R_{i,\,MRO}$ (over D_i days), where $D_1+D_2+\ldots+D_i=D$, the applicable annualised rate (R_{LTRO}) is calculated as:

$$\text{c)}\quad R_{LTRO} = \frac{D_1 R_{1,MRO} + D_2 R_{2,MRO} + \ldots + D_i R_{i,MRO}}{D}$$

SECTIONS 2.1 TO 2.6

CALCULATION OF TRANSACTIONS

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

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

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

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

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

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

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

CALCULATION OF GROWTH RATES FOR MONTHLY SERIES

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

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

The base of the index (for the non-seasonally adjusted series) is currently set as December 2010 = 100. Time series for the index of adjusted outstanding amounts are available on the ECB's website (www.ecb.europa.eu) in the "Monetary and financial statistics" sub-section of the "Statistics" section.

The annual growth rate a_t for month t – i.e. the change in the 12 months ending in month t – can be calculated using either of the following two formulae:

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

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

Unless otherwise indicated, the annual growth rates refer to the end of the indicated period. For example, the annual percentage change for the year 2002 is calculated in h) by dividing the index for December 2002 by the index for December 2001.

Growth rates for intra-annual periods can be derived by adapting formula h). For example, the month-on-month growth rate a_t^M can be calculated as:

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

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

CALCULATION OF GROWTH RATES FOR QUARTERLY SERIES

If F_t^Q and L_{t-3} are defined as above, the index I_t of adjusted outstanding amounts for the quarter ending in month t is defined as:

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

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

SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS[1]

The approach used is based on multiplicative decomposition using X-12-ARIMA.[2] The seasonal adjustment may include a day-of-the-week adjustment, and for some series it is carried out indirectly by means of a linear combination of components. This is the case for M3, which is derived by aggregating the seasonally adjusted series for M1, M2 less M1, and M3 less M2.

The seasonal adjustment procedures are first applied to the index of adjusted outstanding amounts.[3] The resulting estimates of seasonal factors are then applied to the levels and to the adjustments arising from reclassifications and revaluations, in turn yielding seasonally adjusted transactions. Seasonal (and trading day) factors are revised at annual intervals or as required.

SECTIONS 3.1 TO 3.5

EQUALITY OF USES AND RESOURCES

In Section 3.1 the data conform to a basic accounting identity. For non-financial transactions, total uses equal total resources for each transaction category. This accounting identity is also reflected in the financial account – i.e. for each financial instrument category, total transactions in financial assets equal total transactions in liabilities. In the other changes in assets account and the financial balance sheets, total financial assets equal total liabilities for each financial instrument category, with the exception of monetary gold and special drawing rights, which are by definition not a liability of any sector.

1 For details, see “Seasonal adjustment of monetary aggregates and HICP for the euro area”, ECB (August 2000) and the “Monetary and financial statistics” sub-section of the “Statistics” section of the ECB’s website (www.ecb.europa.eu).

2 For details, see Findley, D., Monsell, B., Bell, W., Otto, M. and Chen, B. C. (1998), “New Capabilities and Methods of the X-12-ARIMA Seasonal Adjustment Program”, Journal of Business and Economic Statistics, 16, 2, pp.127-152, or“X-12-ARIMA Reference Manual”, Time Series Staff, Bureau of the Census, Washington, D.C.
For internal purposes, the model-based approach of TRAMO-SEATS is also used. For details of TRAMO-SEATS, see Gomez, V. and Maravall, A. (1996), “Programs TRAMO and SEATS: Instructions for the User”, Banco de España, Working Paper No 9628, Madrid.

3 It follows that for the seasonally adjusted series, the level of the index for the base period (i.e. December 2010) generally differs from 100, reflecting the seasonality of that month.

CALCULATION OF BALANCING ITEMS

The balancing items at the end of each account in Sections 3.1, 3.2 and 3.3 are computed as follows.

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

Net operating surplus and mixed income is defined for resident sectors only and is calculated as gross value added (gross domestic product at market prices for the euro area) minus compensation of employees (uses) minus other taxes less subsidies on production (uses) minus consumption of fixed capital (uses).

Net national income is defined for resident sectors only and is computed as net operating surplus and mixed income plus compensation of employees (resources) plus taxes less subsidies on production (resources) plus net property income (resources minus uses).

Net disposable income is also defined only for resident sectors and equals net national income plus net current taxes on income and wealth (resources minus uses) plus net social contributions (resources minus uses) plus net social benefits other than social transfers in kind (resources minus uses) plus net other current transfers (resources minus uses).

Net saving is defined for resident sectors and is calculated as net disposable income plus the net adjustment for the change in the net equity of households in pension fund reserves (resources minus uses) minus final consumption expenditure (uses). For the rest of the world, the current external account is compiled as the trade balance plus all net income (resources minus uses).

Net lending/net borrowing is computed from the capital account as net saving plus net capital transfers (resources minus uses) minus gross capital formation (uses) minus acquisitions less disposals of non-produced non-financial assets (uses) plus consumption of fixed capital (resources). It can also be calculated in the financial account as total transactions in financial assets minus total transactions in liabilities (also known as changes in net financial worth (wealth) due to transactions). For the household and non-financial corporation sectors, there is a statistical discrepancy between the balancing items computed from the capital account and the financial account.

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

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

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

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

SECTIONS 4.3 AND 4.4

CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

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

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

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

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

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

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

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

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

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

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

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

SEASONAL ADJUSTMENT OF SECURITIES ISSUES STATISTICS [4]

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

The seasonal adjustment procedures are applied to the index of notional stocks. The resulting estimates of seasonal factors are then applied to the outstanding amounts, from which seasonally adjusted net issues are derived. Seasonal factors are revised at annual intervals or as required.

As in formulae l) and m), the growth rate a_t for month t, corresponding to the change in the six months ending in month t, can be calculated using either of the following two formulae:

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

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

TABLE 1 IN SECTION 5.1

SEASONAL ADJUSTMENT OF THE HICP [4]

The approach used is based on multiplicative decomposition using X-12-ARIMA (see footnote 2 on page S81). The seasonal adjustment of the overall HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy, and services. Energy is added without adjustment, since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

TABLE 2 IN SECTION 7.1

SEASONAL ADJUSTMENT OF THE BALANCE OF PAYMENTS CURRENT ACCOUNT

The approach used is based on multiplicative decomposition, using X-12-ARIMA or TRAMO-SEATS depending on the item. The raw data for goods, services, income and current transfers are

4 For details, see “Seasonal adjustment of monetary aggregates and HICP for the euro area”, ECB (August 2000) and the “Monetary and financial statistics” sub-section of the “Statistics” section of the ECB’s website (www.ecb.europa.eu).

pre-adjusted in order to take into account significant working day effects. The working day adjustment for goods and services takes account of national public holidays. The seasonal adjustment of these items is carried out using these pre-adjusted series. The seasonal adjustment of the total current account is carried out by aggregating the seasonally adjusted euro area series for goods, services, income and current transfers. Seasonal (and trading day) factors are revised at biannual intervals or as required.

SECTION 7.3

CALCULATION OF GROWTH RATES FOR THE QUARTERLY AND ANNUAL SERIES

The annual growth rate for quarter t is calculated on the basis of quarterly transactions (F_t) and positions (L_t) as follows:

r) $$a_t = \left(\prod_{i=t-3}^{t} \left(1 + \frac{F_i}{L_{i-1}} \right) - 1 \right) \times 100$$

The growth rate for the annual series is equal to the growth rate in the last quarter of the year.

GENERAL NOTES

The "Euro area statistics" section of the Monthly Bulletin focuses on statistics for the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available in the "Statistics" section of the ECB's website (www.ecb.europa.eu). This allows user-friendly access to data via the ECB's Statistical Data Warehouse (http://sdw.ecb.europa.eu), which includes search and download facilities. Further services available in the "Data services" sub-section include subscriptions to different datasets and a repository of compressed Comma Separated Value (CSV) files. For further information, please contact us at: statistics@ecb.europa.eu.

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the Governing Council of the ECB's first meeting of the month. For this issue, the cut-off date was 4 September 2013.

Unless otherwise indicated, all data series relate to the group of 17 countries that are members of the euro area (the Euro 17) for the whole time series. For interest rates, monetary statistics, the HICP and reserve assets (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), euro area statistical series take into account the changing composition of the euro area.

The composition of the euro area has changed a number of times over the years. When the euro was introduced in 1999, the euro area comprised the following 11 countries (the Euro 11): Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Greece then joined in 2001, forming the Euro 12. Slovenia joined in 2007, forming the Euro 13; Cyprus and Malta joined in 2008, forming the Euro 15; and Slovakia joined in 2009, forming the Euro 16. Estonia joined in 2011, bringing the number of euro area countries to 17. From October 2012, the euro area statistics also include the European Stability Mechanism, an international organisation resident in the euro area for statistical purposes.

EURO AREA SERIES WITH A FIXED COMPOSITION

Aggregated statistical series for fixed compositions of the euro area relate to a given fixed composition for the whole time series, regardless of the composition at the time to which the statistics relate. For example, aggregated series are calculated for the Euro 17 for all years, despite the fact that the euro area has only had this composition since 1 January 2011. Unless otherwise indicated, the ECB's Monthly Bulletin provides statistical series for the current composition.

EURO AREA SERIES WITH A CHANGING COMPOSITION

Aggregated statistical series with a changing composition take into account the composition of the euro area at the time to which the statistics relate. For example, euro area statistical series with a changing composition aggregate the data of the Euro 11 for the period up to the end of 2000, the Euro 12 for the period from 2001 to the end of 2006, and so on. With this approach, each individual statistical series covers all of the various compositions of the euro area.

For the HICP, as well as statistics based on the balance sheet of the MFI sector ("monetary statistics"), rates of change are compiled from chain-linked indices, with the new composition introduced by the linking factor at the point of enlargement. Thus, if a country joins the euro area in January of a given year, the factors contributing to the chain-linked indices relate to the previous composition of the euro area up to and including December of the previous year, and the enlarged composition of the euro area thereafter. For further details on monetary statistics, refer to the “Manual on MFI balance sheet statistics”, available in the “Statistics” section of the ECB’s website.

Given that the composition of the European currency unit (ECU) does not coincide with the former currencies of the countries that have adopted the single currency, pre-1999 amounts originally expressed in the participating currencies and converted into ECU at current ECU exchange rates are affected by movements in the currencies of EU Member States that have not adopted the euro. To avoid this effect on the monetary statistics, pre-1999 data [1] are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless otherwise indicated, price and cost statistics before 1999 are based on data expressed in national currency terms.

Methods of aggregation and/or consolidation (including cross-country consolidation) have been used where appropriate.

Recent data are often provisional and may be revised. Discrepancies between totals and their components may arise from rounding.

The group “Other EU Member States” comprises Bulgaria, the Czech Republic, Denmark, Croatia, Latvia, Lithuania, Hungary, Poland, Romania, Sweden and the United Kingdom.

In most cases, the terminology used within the tables follows international standards, such as those contained in the European System of Accounts 1995 and the IMF Balance of Payments Manual. Transactions refer to voluntary exchanges (measured directly or derived), while flows also encompass changes in outstanding amounts owing to price and exchange rate changes, write-offs and other changes.

In the tables, the wording “up to (x) years” means “up to and including (x) years”.

OVERVIEW

Developments in key indicators for the euro area are summarised in an overview table.

MONETARY POLICY STATISTICS

Section 1.4 shows statistics on minimum reserve and liquidity factors. Maintenance periods for minimum reserve requirements start every month on the settlement day of the main refinancing operation (MRO) following the Governing Council meeting for which the monthly assessment of the monetary policy stance is scheduled. They end on the day preceding the corresponding settlement day in the following month. Annual/quarterly observations refer to averages for the last reserve maintenance period of the year/quarter.

1 Data on monetary statistics in Sections 2.1 to 2.8 are available for periods prior to January 1999 on the ECB’s website (http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html) and in the SDW (http://sdw.ecb.europa.eu/browse.do?node=2018811).

Table 1 in Section 1.4 shows the components of the reserve base of credit institutions subject to reserve requirements. Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks are excluded from the reserve base. When a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years which are held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. The percentage used to calculate the reserve base was 10% until November 1999 and has been 30% since that date.

Table 2 in Section 1.4 contains average data for completed maintenance periods. First, the reserve requirement of each individual credit institution is calculated by applying the reserve ratios for the corresponding categories of liability to the eligible liabilities, using the balance sheet data from the end of each calendar month. Subsequently, each credit institution deducts from this figure a lump-sum allowance of €100,000. The resulting required reserves are then aggregated at the euro area level (column 1). Current account holdings (column 2) are the aggregate average daily current account holdings of credit institutions, including those that serve to fulfil reserve requirements. Excess reserves (column 3) are the average current account holdings over the maintenance period in excess of the required reserves. Deficiencies (column 4) are defined as the average shortfalls of current account holdings from required reserves over the maintenance period, computed on the basis of those credit institutions that have not fulfilled their reserve requirements. The interest rate on minimum reserves (column 5) is equal to the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's MROs (see Section 1.3).

Table 3 in Section 1.4 shows the banking system's liquidity position, which is defined as euro area credit institutions' current account holdings with the Eurosystem in euro. All amounts are derived from the consolidated financial statement of the Eurosystem. Other liquidity-absorbing operations (column 7) exclude the issuance of debt certificates initiated by NCBs in Stage Two of EMU. Net other factors (column 10) represent the netted remaining items in the consolidated financial statement of the Eurosystem. Credit institutions' current accounts (column 11) are equal to the difference between the sum of liquidity-providing factors (columns 1 to 5) and the sum of liquidity-absorbing factors (columns 6 to 10). Base money (column 12) is calculated as the sum of the deposit facility (column 6), banknotes in circulation (column 8) and credit institutions' current account holdings (column 11).

MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

Chapter 2 shows balance sheet statistics for MFIs and other financial corporations. Other financial corporations comprise investment funds (other than money market funds, which are part of the MFI sector), financial vehicle corporations, insurance corporations and pension funds.

Section 2.1 shows the aggregated balance sheet of the MFI sector, i.e. the sum of the harmonised balance sheets of all MFIs resident in the euro area. MFIs comprise central banks, credit institutions as defined under EU law, money market funds and other institutions whose business it is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or make investments in securities. A complete list of MFIs is published on the ECB's website.

Section 2.2 shows the consolidated balance sheet of the MFI sector, which is obtained by netting the aggregated balance sheet positions of MFIs in the euro area. Owing to a small amount of heterogeneity in recording practices, the sum of the inter-MFI positions is not necessarily zero; the balance is shown in column 10 of the liabilities side of Section 2.2. Section 2.3 sets out the euro area monetary aggregates and counterparts. These are derived from the consolidated MFI balance sheet and include positions of non-MFIs resident in the euro area held with MFIs resident in the euro area; they also take account of some monetary assets/liabilities of central government. Statistics on monetary aggregates and counterparts are adjusted for seasonal and trading day effects. The external liabilities item in Sections 2.1 and 2.2 shows the holdings by non-euro area residents of: (i) shares/units issued by money market funds located in the euro area; and (ii) debt securities issued with a maturity of up to two years by MFIs located in the euro area. In Section 2.3, however, these holdings are excluded from the monetary aggregates and contribute to the item "net external assets".

Section 2.4 provides analysis, broken down by sector, type and original maturity, of loans granted by MFIs other than the Eurosystem (i.e. the banking system) resident in the euro area. Section 2.5 provides analysis, broken down by sector and instrument, of deposits held with the euro area banking system. Section 2.6 shows the securities held by the euro area banking system, broken down by type of issuer. Section 2.7 shows a quarterly currency breakdown for selected MFI balance sheet items.

Sections 2.2 to 2.6 also provide growth rates based on those transactions in the form of annual percentage changes.

Since 1 January 1999 statistical information has been collected and compiled on the basis of various ECB regulations concerning the balance sheet of the monetary financial institution sector. Since July 2010 this has been carried out on the basis of Regulation ECB/2008/32[2]. Detailed sector definitions are set out in the third edition of the "Monetary financial institutions and markets statistics sector manual – Guidance for the statistical classification of customers" (ECB, March 2007).

Section 2.8 shows outstanding amounts and transactions on the balance sheet of euro area investment funds (other than money market funds, which are included in the MFI balance sheet statistics). An investment fund is a collective investment undertaking that invests capital raised from the public in financial and/or non-financial assets. A complete list of euro area investment funds is published on the ECB's website. The balance sheet is aggregated, so investment funds' assets include their holdings of shares/units issued by other investment funds. Shares/units issued by investment funds are also broken down by investment policy (i.e. into bond funds, equity funds, mixed funds, real estate funds, hedge funds and other funds) and by type (i.e. into open-end funds and closed-end funds). Section 2.9 provides further details on the main types of asset held by euro area investment funds. This section contains a geographical breakdown of the issuers of securities held by investment funds, as well as breaking issuers down by economic sector where they are resident in the euro area.

Since December 2008 harmonised statistical information has been collected and compiled on the basis of Regulation ECB/2007/8[3] concerning statistics on the assets and liabilities of investment funds. Further information on these investment fund statistics can be found in the "Manual on investment fund statistics" (ECB, May 2009).

2 OJ L 15, 20.01.2009, p. 14.
3 OJ L 211, 11.08.2007, p. 8.

Section 2.10 shows the aggregated balance sheet of financial vehicle corporations (FVCs) resident in the euro area. FVCs are entities which are set up in order to carry out securitisation transactions. Securitisation generally involves the transfer of an asset or pool of assets to an FVC, with such assets reported on the FVC's balance sheet as securitised loans, securities other than shares, or other securitised assets. Alternatively, the credit risk relating to an asset or pool of assets may be transferred to an FVC through credit default swaps, guarantees or other such mechanisms. Collateral held by the FVC against these exposures is typically a deposit held with an MFI or invested in securities other than shares. FVCs typically securitise loans which have been originated by the MFI sector. FVCs must report such loans on their statistical balance sheet, regardless of whether the relevant accounting rules allow the MFI to derecognise the loans. Data on loans which are securitised by FVCs but remain on the balance sheet of the relevant MFI (and thus remain in the MFI statistics) are provided separately. These quarterly data are collected under Regulation ECB/2008/30[4] as of December 2009.

Section 2.11 shows the aggregated balance sheet of insurance corporations and pension funds resident in the euro area. Insurance corporations cover both the insurance and reinsurance sectors, while pension funds include entities which have autonomy in terms of decision-making and keep a complete set of accounts (i.e. autonomous pension funds). This section also contains a geographical and sectoral breakdown of issuing counterparties for securities other than shares held by insurance corporations and pension funds.

EURO AREA ACCOUNTS

Section 3.1 shows quarterly integrated euro area accounts data, which provide comprehensive information on the economic activities of households (including non-profit institutions serving households), non-financial corporations, financial corporations and general government, as well as on the interaction between these sectors and both the euro area and the rest of the world. Non-seasonally adjusted data at current prices are displayed for the last available quarter, following a simplified sequence of accounts in accordance with the methodological framework of the European System of Accounts 1995.

In short, the sequence of accounts (transactions) comprises: (1) the generation of income account, which shows how production activity translates into various categories of income; (2) the allocation of primary income account, which records receipts and expenses relating to various forms of property income (for the economy as a whole; the balancing item of the primary income account is national income); (3) the secondary distribution of income account, which shows how the national income of an institutional sector changes because of current transfers; (4) the use of income account, which shows how disposable income is spent on consumption or saved; (5) the capital account, which shows how savings and net capital transfers are spent in the acquisition of non-financial assets (the balancing item of the capital account is net lending/net borrowing); and (6) the financial account, which records the net acquisitions of financial assets and the net incurrence of liabilities. As each non-financial transaction is mirrored by a financial transaction, the balancing item of the financial account conceptually also equals net lending/net borrowing as calculated from the capital account.

4 OJ L 15, 20.01.2009, p. 1.

In addition, opening and closing financial balance sheets are presented, which provide a picture of the financial wealth of each individual sector at a given point in time. Finally, other changes in financial assets and liabilities (e.g. those resulting from the impact of changes in asset prices) are also shown.

The sectoral coverage of the financial account and the financial balance sheets is more detailed for the financial corporation sector, which is broken down into MFIs, other financial intermediaries (including financial auxiliaries), and insurance corporations and pension funds.

Section 3.2 shows four-quarter cumulated flows (transactions) for the "non-financial accounts" of the euro area (i.e. accounts (1) to (5) above), also following the simplified sequence of accounts.

Section 3.3 shows four-quarter cumulated flows (transactions and other changes) for households' income, expenditure and accumulation accounts, as well as outstanding amounts in the financial and non-financial balance sheet accounts, presenting data in a more analytical manner. Sector-specific transactions and balancing items are arranged in a way that more clearly depicts the financing and investment decisions of households, while respecting the accounting identities presented in Sections 3.1 and 3.2.

Section 3.4 displays four-quarter cumulated flows (transactions) for non-financial corporations' income and accumulation accounts, as well as outstanding amounts for the financial balance sheet accounts, presenting data in a more analytical manner.

Section 3.5 shows four-quarter cumulated financial flows (transactions and other changes) and outstanding amounts for the financial balance sheets of insurance corporations and pension funds.

FINANCIAL MARKETS

The series on financial market statistics for the euro area cover those EU Member States that had adopted the euro at the time to which the statistics relate (i.e. a changing composition), with the exception of statistics on securities issues (Sections 4.1 to 4.4), which relate to the Euro 17 for the whole time series (i.e. a fixed composition).

Statistics on securities other than shares and statistics on quoted shares (Sections 4.1 to 4.4) are produced by the ECB using data from the ESCB and the BIS. Section 4.5 presents MFI interest rates on euro-denominated deposits from and loans to euro area residents. Statistics on money market interest rates, long-term government bond yields and stock market indices (Sections 4.6 to 4.8) are produced by the ECB using data from wire services.

Statistics on securities issues cover: (i) securities other than shares, excluding financial derivatives; and (ii) quoted shares. The former are presented in Sections 4.1, 4.2 and 4.3, while the latter are presented in Section 4.4. Debt securities are broken down into short-term and long-term securities. "Short-term" means securities with an original maturity of one year or less (in exceptional cases, two years or less). Securities with (i) a longer maturity, (ii) optional maturity dates, the latest of which is more than one year away, or (iii) indefinite maturity dates are classified as "long-term". Long-term debt securities issued by euro area residents are broken down further into fixed and variable rate issues. Fixed rate issues consist of issues where the coupon rate does not change during the life of the issue. Variable rate issues comprise all issues where the coupon is periodically refixed with reference to an independent interest rate or index. The euro-denominated securities indicated in Sections 4.1, 4.2 and 4.3 also include items expressed in national denominations of the euro.

Section 4.1 shows securities other than shares, broken down by original maturity, residency of the issuer and currency. It presents outstanding amounts, gross issues and net issues of securities other than shares, broken down into: (i) issues denominated in euro and issues in all currencies; (ii) issues by euro area residents and total issues; and (iii) total and long-term maturities. Net issues differ from the changes in outstanding amounts owing to valuation changes, reclassifications and other adjustments. This section also presents seasonally adjusted statistics, including six-month annualised seasonally adjusted growth rates for total and long-term debt securities. Seasonally adjusted data are derived from the index of notional stocks, from which the seasonal effects have been removed. See the Technical Notes for details.

Section 4.2 contains a sectoral breakdown of outstanding amounts, gross issues and net issues for issuers resident in the euro area in line with the ESA 95. The ECB is included in the Eurosystem.

The total outstanding amounts for total and long-term debt securities in column 1 of Table 1 in Section 4.2 correspond to the data on outstanding amounts for total and long-term debt securities issued by euro area residents in column 7 of Section 4.1. The outstanding amounts for total and long-term debt securities issued by MFIs in column 2 of Table 1 in Section 4.2 are broadly comparable with the data on debt securities issued on the liabilities side of the aggregated MFI balance sheet in column 8 of Table 2 in Section 2.1. The total net issues for total debt securities in column 1 of Table 2 in Section 4.2 correspond to the data on total net issues by euro area residents in column 9 of Section 4.1. The residual difference between long-term debt securities and total fixed and variable rate long-term debt securities in Table 1 of Section 4.2 consists of zero coupon bonds and revaluation effects.

Section 4.3 shows seasonally adjusted and non-seasonally adjusted growth rates for debt securities issued by euro area residents (broken down by maturity, type of instrument, sector of the issuer and currency), which are based on financial transactions that occur when an institutional unit incurs or redeems liabilities. The growth rates therefore exclude reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. The seasonally adjusted growth rates have been annualised for presentational purposes. See the Technical Notes for details.

Columns 1, 4, 6 and 8 in Table 1 of Section 4.4 show the outstanding amounts of quoted shares issued by euro area residents broken down by issuing sector. The monthly data for quoted shares issued by non-financial corporations correspond to the quarterly series shown in Section 3.4 (financial balance sheet; quoted shares).

Columns 3, 5, 7 and 9 in Table 1 of Section 4.4 show annual growth rates for quoted shares issued by euro area residents (broken down by the sector of the issuer), which are based on financial transactions that occur when an issuer issues or redeems shares for cash, excluding investments in the issuer's own shares. The calculation of annual growth rates excludes reclassifications, revaluations and any other changes that do not arise from transactions.

Section 4.5 presents statistics on all the interest rates that MFIs resident in the euro area apply to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area. Euro area MFI interest rates are calculated as a weighted average (by corresponding business volume) of the euro area countries' interest rates for each category.

MFI interest rate statistics are broken down by type of business coverage, sector, instrument category and maturity, period of notice or initial period of interest rate fixation. These MFI interest rate statistics replaced the ten transitional statistical series on euro area retail interest rates that had been published in the Monthly Bulletin as of January 1999.

Section 4.6 presents money market interest rates for the euro area, the United States and Japan. For the euro area, a broad spectrum of money market interest rates is covered, ranging from interest rates on overnight deposits to those on twelve-month deposits. Before January 1999, synthetic euro area interest rates were calculated on the basis of national rates weighted by GDP. With the exception of the overnight rate prior to January 1999, monthly, quarterly and yearly values are period averages. Overnight deposits are represented by end-of-period interbank deposit bid rates up to and including December 1998 and period averages for the euro overnight index average (EONIA) thereafter. As of January 1999, euro area interest rates on one, three, six and twelve-month deposits are euro interbank offered rates (EURIBOR); prior to that date, they are London interbank offered rates (LIBOR) where available. For the United States and Japan, interest rates on three-month deposits are represented by LIBOR.

Section 4.7 shows end-of-period rates estimated from nominal spot yield curves based on AAA-rated euro-denominated bonds issued by euro area central governments. The yield curves are estimated using the Svensson model[5]. Spreads between the ten-year rates and the three-month and two-year rates are also released. Additional yield curves (daily releases, including charts and tables) and the corresponding methodological information are available at: http://www.ecb.europa.eu/stats/money/yc/html/index.en.html. Daily data can also be downloaded.

Section 4.8 shows stock market indices for the euro area, the United States and Japan.

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

Most of the data described in this section are produced by the European Commission (mainly Eurostat) and national statistical authorities. Euro area results are obtained by aggregating data for individual countries. As far as possible, the data are harmonised and comparable. Statistics on labour costs indices, GDP and expenditure components, value added by economic activity, industrial production, retail sales passenger car registrations and employment in terms of hours worked are working day-adjusted.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 1 in Section 5.1) is available from 1995 onwards. It is based on national HICPs, which follow the same methodology in all euro area countries. The breakdown into goods and services components is derived from the classification of individual consumption by purpose (Coicop/HICP). The HICP covers monetary expenditure by households on final consumption in the economic territory of the euro area. The table includes seasonally adjusted HICP data, which are compiled by the ECB, and experimental HICP-based indices of administered prices.

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998

5 Svensson, L.E., "Estimating and Interpreting Forward Interest Rates: Sweden 1992-1994", CEPR Discussion Papers, No 1051. Centre for Economic Policy Research, London, 1994.

concerning short-term statistics[6]. Since January 2009 the revised classification of economic activities (NACE Revision 2), as covered by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90, as well as certain EC Regulations on specific statistical domains[7], has been applied in the production of short-term statistics. The breakdown by end use of product for industrial producer prices and industrial production is the harmonised sub-division of industry excluding construction (NACE Revision 2, sections B to E) into Main Industrial Groupings (MIGs) as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007[8]. Industrial producer prices reflect the ex-factory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

The two non-energy commodity price indices shown in Table 3 in Section 5.1 are compiled with the same commodity coverage, but using two different weighting schemes: one based on the respective commodity imports of the euro area (columns 2-4), and the other (columns 5-7) based on estimated euro area domestic demand, or "use", taking into account information on imports, exports and the domestic production of each commodity (ignoring, for the sake of simplicity, inventories, which are assumed to be relatively stable over the observed period). The import-weighted commodity price index is appropriate for analysing external developments, while the use-weighted index is suitable for the specific purpose of analysing international commodity price pressures on euro area inflation. The use-weighted commodity price indices are experimental data. For more details as regards the compilation of the ECB commodity price indices, see Box 1 in the December 2008 issue of the Monthly Bulletin.

The labour cost indices (Table 5 in Section 5.1) measure the changes in labour costs per hour worked in industry (including construction) and market services. Their methodology is laid down in Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index[9] and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003[10]. A breakdown of the labour cost indices for the euro area is available by labour cost component (wages and salaries, and employers' social contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 5 of Section 5.1) on the basis of non-harmonised, national-definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 3 in Section 5.1) and employment statistics (Table 1 in Section 5.3) are derived from the ESA 95[11] quarterly national accounts. The ESA 95 was amended by Commission Regulation (EU) No 715/2010 of 10 August 2010[12] introducing NACE Revision 2, the updated statistical classification of economic activities. The publication of euro area national accounts data applying this new classification began in December 2011.

Indices for turnover in industry and for the retail trade (Table 4 in Section 5.2) measure the turnover, including all duties and taxes (with the exception of VAT), invoiced during the reference period.

6 OJ L 162, 5.6.1998, p. 1.
7 OJ L 393, 30.12.2006, p. 1.
8 OJ L 155, 15.6.2007, p. 3.
9 OJ L 69, 13.3.2003, p. 1.
10 OJ L 169, 8.7.2003, p. 37.
11 OJ L 310, 30.11.1996, p. 1.
12 OJ L 210, 11.8.2010, p. 1.

Retail trade turnover covers all retail trade (excluding sales of motor vehicles and motorcycles), including automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars.

Qualitative business and consumer survey data (Table 5 in Section 5.2) draw on the European Commission Business and Consumer Surveys.

Unemployment rates (Table 4 in Section 5.3) conform to International Labour Organization guidelines. They refer to persons actively seeking work as a share of the labour force, using harmonised criteria and definitions. The labour force estimates underlying the unemployment rate are different from the sum of the employment and unemployment levels published in Section 5.3.

GOVERNMENT FINANCE

Sections 6.1 to 6.5 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The annual euro area aggregates in Sections 6.1 to 6.3 are compiled by the ECB on the basis of harmonised data provided by the NCBs, which are regularly updated. The annual deficit and debt data for the euro area aggregates may therefore differ from those published by the European Commission. The quarterly euro area aggregates in Sections 6.4 and 6.5 are compiled by the ECB on the basis of Eurostat and national data.

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000[13] amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include summary data for the individual euro area countries owing to their importance within the framework of the Stability and Growth Pact. The deficits/surpluses presented for the individual euro area countries correspond to excessive deficit procedure B.9, as defined by Council Regulation (EC) No 479/2009 as regards references to the ESA 95. Section 6.3 presents changes in general government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents non-seasonally adjusted quarterly figures on general government revenue and expenditure on the basis of definitions laid down in Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly non-financial accounts for general government[14]. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided by the Member States under Regulation (EC) No 501/2004 and Regulation (EC) No 222/2004 and data provided by the NCBs.

EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments

13 OJ L 172, 12.7.2000, p. 3.
14 OJ L 179, 9.7.2002, p. 1.

Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB (ECB/2004/15) [15] and the amending ECB Guideline of 31 May 2007 (ECB/2007/3) [16]. Additional information regarding the methodologies and sources used in the euro area b.o.p. and i.i.p. statistics can be found in the ECB publication entitled "European Union balance of payments/international investment position statistical methods" (May 2007) and in the reports of the Task Force on Portfolio Investment Collection Systems (June 2002), the Task Force on Portfolio Investment Income (August 2003) and the Task Force on Foreign Direct Investment (March 2004), all of which can be downloaded from the ECB's website. In addition, a report by the ECB/European Commission (Eurostat) Task Force on Quality looking at balance of payments and international investment position statistics (June 2004) is available on the website of the Committee on Monetary, Financial and Balance of Payments Statistics (www.cmfb.org). The annual quality report on the euro area b.o.p./i.i.p., which is based on the Task Force's recommendations and follows the basic principles of the ECB Statistics Quality Framework published in April 2008, is available on the ECB's website.

On 9 December 2011 the ECB Guideline on the statistical requirements of the European Central Bank in the field of external statistics (ECB/2011/23) [17] was adopted by the Governing Council of the ECB. This legal act lays down new reporting requirements in the field of external statistics, which mainly reflect methodological changes introduced in the sixth edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6). The ECB will begin publishing the euro area's b.o.p., i.i.p. and international reserves statistics in accordance with Guideline ECB/2011/23 and the BPM6 in 2014, with backdata. The tables in Sections 7.1 and 7.4 follow the sign convention in the IMF Balance of Payments Manual – i.e. surpluses in the current account and the capital account have a plus sign, while in the financial account a plus sign denotes an increase in liabilities or a decrease in assets. In the tables in Section 7.2, both credit and debit transactions are presented with a plus sign. Furthermore, as of the February 2008 issue of the Monthly Bulletin, the tables in Section 7.3 have been restructured in order to allow the data on the balance of payments, the international investment position and related growth rates to be presented together; in the new tables, transactions in assets and liabilities that correspond to increases in positions are shown with a plus sign.

The euro area b.o.p. is compiled by the ECB. Recent monthly figures should be regarded as provisional. Data are revised when figures for the following month and/or the detailed quarterly b.o.p. are published. Earlier data are revised periodically or as a result of methodological changes in the compilation of the source data.

Table 1 in Section 7.2 also contains seasonally adjusted data for the current account. Where appropriate, the adjustment also covers working day, leap year and/or Easter-related effects. Table 3 in Section 7.2 and Table 9 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis major partner countries, both individually and as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions and international organisations (which, with the exception of the ECB and the European Stability Mechanism, are considered to be outside the euro area for statistical purposes, regardless of their physical location) as well as offshore centres. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives or international reserves. In addition, separate data

15 OJ L 354, 30.11.2004, p. 34.
16 OJ L 159, 20.6.2007, p. 48.
17 OJ L 65, 3.3.2012, p. 1.

are not provided for investment income payable to Brazil, mainland China, India or Russia. The geographical breakdown is described in the article entitled "Euro area balance of payments and international investment position vis-à-vis main counterparts" in the February 2005 issue of the Monthly Bulletin.

The data on the euro area b.o.p. financial account and i.i.p. in Section 7.3 are based on transactions and positions vis-à-vis non-residents of the euro area, regarding the euro area as a single economic entity (see also Box 9 in the December 2002 issue of the Monthly Bulletin, Box 5 in the January 2007 issue of the Monthly Bulletin and Box 6 in the January 2008 issue of the Monthly Bulletin). The i.i.p. is valued at current market prices, with the exception of direct investment, where book values are used for unquoted shares, and other investments (e.g. loans and deposits). The quarterly i.i.p. is compiled on the basis of the same methodological framework as the annual i.i.p. As some data sources are not available on a quarterly basis (or are available with a delay), the quarterly i.i.p. is partly estimated on the basis of financial transactions, asset prices and foreign exchange developments.

Table 1 in Section 7.3 summarises the i.i.p. and financial transactions in the euro area b.o.p. The breakdown of the change in the annual i.i.p. is obtained by applying a statistical model to i.i.p. changes other than transactions, using information from the geographical breakdown and currency composition of assets and liabilities, as well as price indices for different financial assets. In this table, columns 5 and 6 refer to direct investment by resident units abroad and direct investment by non-resident units in the euro area.

In Table 5 in Section 7.3, the breakdown into "loans" and "currency and deposits" is based on the sector of the non-resident counterpart – i.e. assets vis-à-vis non-resident banks are classified as deposits, whereas assets vis-à-vis other non-resident sectors are classified as loans. This breakdown follows the distinction made in other statistics, such as the MFI consolidated balance sheet, and conforms to the IMF Balance of Payments Manual.

The outstanding amounts for the Eurosystem's international reserves and related assets and liabilities are shown in Table 7 of Section 7.3. These figures are not fully comparable with those in the Eurosystem's weekly financial statement owing to differences in coverage and valuation. The data in Table 7 are in line with the recommendations for the template on international reserves and foreign currency liquidity. By definition, the assets included in the Eurosystem's international reserves take account of the changing composition of the euro area. Before countries join the euro area, the assets of their national central banks are included in portfolio investment (in the case of securities) or other investment (in the case of other assets). Changes in the gold holdings of the Eurosystem (column 3) are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999, which was updated on 27 September 2009. More information on the statistical treatment of the Eurosystem's international reserves can be found in a publication entitled "Statistical treatment of the Eurosystem's international reserves" (October 2000), which can be downloaded from the ECB's website. The website also contains more comprehensive data in accordance with the template on international reserves and foreign currency liquidity.

The euro area's gross external debt statistics in Table 8 of Section 7.3 represent outstanding actual (rather than contingent) liabilities vis-à-vis non-euro area residents that require the payment of principal and/or interest by the debtor at one or more points in the future. Table 8 shows a breakdown of gross external debt by instrument and institutional sector.

Section 7.4 contains a monetary presentation of the euro area balance of payments, showing the transactions by non-MFIs that mirror the net external transactions by MFIs. Included in the transactions by non-MFIs are b.o.p. transactions for which a sectoral breakdown is not available. These concern the current and capital accounts (column 2) and financial derivatives (column 11). An up-to-date methodological note on the monetary presentation of the euro area balance of payments is available in the “Statistics” section of the ECB’s website. See also Box 1 in the June 2003 issue of the Monthly Bulletin.

Section 7.5 shows data on euro area external trade in goods. The source is Eurostat. Value data and volume indices are seasonally and working day-adjusted. The breakdown by product group in columns 4 to 6 and 9 to 11 of Table 1 in Section 7.5 is in line with the classification contained in the Broad Economic Categories and corresponds to the basic classes of goods in the System of National Accounts. Manufactured goods (columns 7 and 12) and oil (column 13) are in line with the SITC Rev. 4 definition. The geographical breakdown (Table 3 in Section 7.5) shows major trading partners both individually and in regional groups. China excludes Hong Kong. On account of differences in definitions, classification, coverage and time of recording, external trade data, in particular for imports, are not fully comparable with the goods item in the b.o.p. statistics (Sections 7.1 and 7.2). Part of the difference arises from the inclusion of insurance and freight services in the recording of imported goods in external trade data.

Industrial import prices and industrial producer export prices (or industrial output prices for the non-domestic market) shown in Table 2 in Section 7.5 were introduced by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98, which is the principal legal basis for short-term statistics. The industrial import price index covers industrial products imported from outside the euro area under sections B to E of the Statistical Classification of Products by Activity in the European Economic Community (CPA) and all institutional import sectors except households, governments and non-profit institutions. It reflects the cost, insurance and freight price excluding import duties and taxes, and refers to actual transactions in euro recorded at the point when ownership of the goods is transferred. The industrial producer export prices cover all industrial products exported directly by euro area producers to the extra-euro area market under sections B to E of NACE Revision 2. Exports from wholesalers and re-exports are not covered. The indices reflect the free on board price expressed in euro and calculated at the euro area frontier, including any indirect taxes except VAT and other deductible taxes. Industrial import prices and industrial producer export prices are available by Main Industrial Grouping as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007. For more details, see Box 11 in the December 2008 issue of the Monthly Bulletin.

EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro’s bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003, 2004-2006 and 2007-2009 and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these five sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-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-20 group excludes Croatia. The EER-40 group comprises the EER-21 plus the following countries: Algeria, Argentina, Brazil, Chile, Iceland, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela. Real EERs are calculated using consumer price indices (CPIs), producer price indices (PPIs), gross domestic product deflators and unit labour costs, both for the manufacturing sector (ULCM) and for the total economy (ULCT). ULCM-deflated EERs are available only for the EER-20.

For more detailed information on the calculation of the EERs, see the relevant methodological note and ECB Occasional Paper No 134 ("Revisiting the effective exchange rates of the euro" by Martin Schmitz, Maarten De Clercq, Michael Fidora, Bernadette Lauro and Cristina Pinheiro, June 2012), which can be downloaded from the ECB's website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies. The most recent rate for the Icelandic krona is 290.0 per euro and refers to 3 December 2008.

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. As a result, data on current and capital accounts and gross external debt include special-purpose vehicles. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

ANNEXES

CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSYSTEM[1]

13 JANUARY AND 3 FEBRUARY 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

3 MARCH 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 July 2011, notably to continue its fixed rate tender procedures with full allotment.

7 APRIL 2011

The Governing Council of the ECB decides to increase the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operation to be settled on 13 April 2011. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.00% and 0.50% respectively, both with effect from 13 April 2011.

5 MAY 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.25%, 2.00% and 0.50% respectively.

9 JUNE 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.25%, 2.00% and 0.50% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 11 October 2011, notably to continue its fixed rate tender procedures with full allotment.

7 JULY 2011

The Governing Council of the ECB decides to increase the interest rate on the main refinancing operations by 25 basis points to 1.50%, starting from the operation to be settled on 13 July 2011. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.25% and 0.75% respectively, both with effect from 13 July 2011.

1 The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2010 can be found in the ECB's Annual Report for the respective years.

4 AUGUST 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively. It also decides on several measures to address renewed tensions in some financial markets. In particular, it decides that the Eurosystem will conduct a liquidity-providing supplementary longer-term refinancing operation with a maturity of approximately six months as a fixed rate tender procedure with full allotment. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 17 January 2012, notably to continue its fixed rate tender procedures with full allotment.

8 SEPTEMBER 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively.

6 OCTOBER 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively. It also decides on the details of its refinancing operations from October 2011 to 10 July 2012, notably to conduct two longer-term refinancing operations – one with a maturity of approximately 12 months in October 2011, and another with a maturity of approximately 13 months in December 2011 – and to continue to apply fixed rate tender procedures with full allotment in all of its refinancing operations. In addition, the Governing Council decides to launch a new covered bond purchase programme in November 2011.

3 NOVEMBER 2011

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operation to be settled on 9 November 2011. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.00% and 0.50% respectively, both with effect from 9 November 2011.

8 DECEMBER 2011

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.00%, starting from the operation to be settled on 14 December 2011. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 1.75% and 0.25% respectively, both with effect from 14 December 2011. It also decides to adopt further non-standard measures, notably: (i) to conduct two longer-term refinancing operations with a maturity of approximately three years; (ii) to increase the availability of collateral; (iii) to reduce the reserve ratio to 1%; and (iv) to discontinue, for the time being, the fine-tuning operations carried out on the last day of each maintenance period.

12 JANUARY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

9 FEBRUARY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also approves specific national eligibility criteria and risk control measures for the temporary acceptance in a number of countries of additional credit claims as collateral in Eurosystem credit operations.

8 MARCH, 4 APRIL AND 3 MAY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

6 JUNE 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 15 January 2013, notably to continue its fixed rate tender procedures with full allotment.

5 JULY 2012

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.75%, starting from the operation to be settled on 11 July 2012. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 1.50% and 0.00% respectively, both with effect from 11 July 2012.

2 AUGUST 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

6 SEPTEMBER 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively. It also decides on the modalities for undertaking Outright Monetary Transactions (OMTs) in secondary markets for sovereign bonds in the euro area.

4 OCTOBER AND 8 NOVEMBER 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

6 DECEMBER 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 9 July 2013, notably to continue its fixed rate tender procedures with full allotment.

10 JANUARY, 7 FEBRUARY, 7 MARCH AND 4 APRIL 2013

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

2 MAY 2013

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.50%, starting from the operation to be settled on 8 May 2013. In addition, it decides to decrease the interest rate on the marginal lending facility by 50 basis points to 1.00%, with effect from 8 May 2013, and to keep the interest rate on the deposit facility unchanged at 0.00%. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 8 July 2014, notably to continue its fixed rate tender procedures with full allotment.

6 JUNE, 4 JULY, 1 AUGUST AND 5 SEPTEMBER 2013

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.50%, 1.00% and 0.00% respectively.

5

THE TARGET (TRANS-EUROPEAN AUTOMATED REAL-TIME GROSS SETTLEMENT EXPRESS TRANSFER) SYSTEM

TARGET2[1] is instrumental in promoting an integrated euro area money market, which is a prerequisite for the effective conduct of the single monetary policy. It also contributes to the integration of the euro area financial markets. TARGET2 is accessible to a large number of participants. Most credit institutions use it to make payments on their own behalf or on behalf of other (indirect) participants. Almost 1,000 banks in Europe use TARGET2 to initiate payments on their own behalf or on their customers' behalf. Taking into account branches and subsidiaries, almost 60,000 banks worldwide (and thus all the customers of these banks) can be reached via TARGET2.

TARGET2 is used to make large-value and time-critical payments, including payments to facilitate settlement in other interbank funds transfer systems (e.g. Continuous Linked Settlement or EURO1), and to settle money market, foreign exchange and securities transactions. It is also used for smaller-value customer payments. TARGET2 provides intraday finality for transactions and allows the funds credited to a participant's account to be available immediately for other payments.

PAYMENT FLOWS IN TARGET2

In the second quarter of 2013 TARGET2 settled 23,600,140 transactions, with a total value of €125,266 billion. This corresponds to a daily average of 374,605 transactions, with an average daily value of €1,988 billion. The highest level of TARGET2 traffic in this quarter was recorded on 2 April, when an all-time record number of 596,940 payments were processed. With a market share of 59% in terms of volume and 91% in terms of value, TARGET2 maintained its dominant position in the market for large-value payments in euro. The size of TARGET2's market share confirms banks' strong interest in settlement in central bank money, particularly in times of market turbulence. Interbank payments accounted for 35% of total payments in terms of volume and 91% in terms of value. The average value of an interbank payment processed in the system was €13.6 million, while that of a customer payment was €0.8 million. 68% of the payments had a value of less than €50,000, while 12% had a value of more than €1 million. On average, there were 231 payments per day with a value of more than €1 billion. All of these figures are similar to those recorded for the previous quarter.

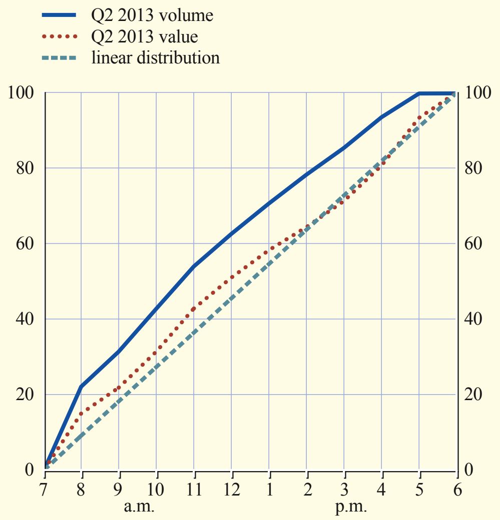
INTRADAY PATTERN OF VOLUMES AND VALUES

The chart shows the intraday distribution of TARGET2 traffic (i.e. the average percentage of daily volumes and values processed at different times of the day) for the second quarter of 2013. In volume terms, the curve is well above the linear distribution, with 71% of the volume exchanged by 1 p.m. CET and 99.7% exchanged by one hour before the system closes. In value terms, the curve is close to the linear distribution until the middle of the day, with around 60% of the value exchanged by 1 p.m. CET. The curve then moves slightly beneath the linear distribution, an indication that higher-value payments are settled towards the end of the TARGET2 business day.

1 TARGET2 is the second generation of TARGET and was launched in 2007.

Intraday pattern

(percentages)



Source: ECB.

TARGET2 AVAILABILITY AND BUSINESS PERFORMANCE

In the second quarter of 2013 TARGET2 achieved 100% availability. Incidents considered in the calculation of TARGET2's availability are those that completely prevent the processing of payments for ten minutes or more on TARGET2 business days between 7 a.m. and 6.45 p.m. CET. All payments were processed in less than five minutes; thus, the expectations set for the system were met in full.

Table 1 Payment instructions processed by TARGET2 and EURO1: volume of transactions

(number of payments)

	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2
TARGET2					
Total volume	22,565,695	22,301,632	23,167,441	22,321,754	23,600,140
Daily average	363,963	343,102	361,991	360,028	374,605
EURO1 (EBA Clearing)					
Total volume	16,900,076	16,269,790	16,667,334	15,800,866	16,614,190
Daily average	272,582	250,304	260,427	254,853	263,717

Note: In January 2013, in order to improve the quality of TARGET2 data, a new methodology was implemented for data collection and reporting. The change resulted in a decrease in the value-based indicators. This should be considered when comparing data from before and after the implementation date.

Table 2 Payment instructions processed by TARGET2 and EURO1: value of transactions

(EUR billions)

	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2
TARGET2					
Total value	170,300	146,625	139,527	122,916	125,266
Daily average	2,747	2,256	2,180	1,983	1,988
EURO1 (EBA Clearing)					
Total value	16,099	15,289	12,988	12,794	12,514
Daily average	248	247	203	206	199

Note: See note to Table 1.

PUBLICATIONS PRODUCED BY THE EUROPEAN CENTRAL BANK

The ECB produces a number of publications which provide information about its core activities: monetary policy, statistics, payment and securities settlement systems, financial stability and supervision, international and European cooperation, and legal matters. These include the following:

STATUTORY PUBLICATIONS

- Annual Report
- Convergence Report
- Monthly Bulletin

RESEARCH PAPERS

- Legal Working Paper Series
- Occasional Paper Series
- Research Bulletin
- Working Paper Series

OTHER/TASK-RELATED PUBLICATIONS

- Enhancing monetary analysis
- Financial integration in Europe
- Financial Stability Review
- Statistics Pocket Book
- The European Central Bank: history, role and functions
- The international role of the euro
- The implementation of monetary policy in the euro area ("General Documentation")
- The monetary policy of the ECB
- The payment system

The ECB also publishes brochures and information materials on a variety of topics, such as the euro banknotes and coins, as well as seminar and conference proceedings.

For a complete list of documents (in PDF format) published by the ECB and the European Monetary Institute, the ECB's forerunner from 1994 to 1998, please visit the ECB's website at http://www.ecb.europa.eu/pub/. Language codes indicate the languages in which each publication is available.

Unless otherwise indicated, hard copies can be obtained or subscribed to free of charge, stock permitting, by contacting info@ecb.europa.eu

GLOSSARY

This glossary contains selected items that are frequently used in the Monthly Bulletin. A more comprehensive and detailed glossary can be found on the ECB's website (www.ecb.europa.eu/home/glossary/html/index.en.html).

Autonomous liquidity factors: liquidity factors that do not normally stem from the use of monetary policy instruments. Such factors are, for example, banknotes in circulation, government deposits with the central bank and the net foreign assets of the central bank.

Balance of payments (b.o.p.): a statistical statement that summarises, for a specific period of time, the economic transactions of an economy with the rest of the world.

Bank lending survey (BLS): a quarterly survey on lending policies that has been conducted by the Eurosystem since January 2003. It addresses qualitative questions on developments in credit standards, terms and conditions of loans and loan demand for both enterprises and households to a predefined sample group of banks in the euro area.

Borrowing requirement (general government): net incurrence of debt by the general government.

Break-even inflation rate: the spread between the yield on a nominal bond and that on an inflation-linked bond of the same (or as similar as possible) maturity.

Capital account: a b.o.p. account that covers all capital transfers and acquisitions/disposals of non-produced, non-financial assets between residents and non-residents.

Capital accounts: part of the system of national (or euro area) accounts consisting of the change in net worth that is due to net saving, net capital transfers and net acquisitions of non-financial assets.

Central parity (or central rate): the exchange rate of each ERM II member currency vis-à-vis the euro, around which the ERM II fluctuation margins are defined.

Compensation per employee or per hour worked: the total remuneration, in cash or in kind, that is payable by employers to employees, i.e. gross wages and salaries, as well as bonuses, overtime payments and employers' social security contributions, divided by the total number of employees or by the total number of employees' hours worked.

Consolidated balance sheet of the MFI sector: a balance sheet obtained by netting out inter-MFI positions (e.g. inter-MFI loans and deposits) in the aggregated MFI balance sheet. It provides statistical information on the MFI sector's assets and liabilities vis-à-vis residents of the euro area not belonging to this sector (i.e. the general government and other euro area residents) and vis-à-vis non-euro area residents. It is the main statistical source for the calculation of monetary aggregates, and it provides the basis for the regular analysis of the counterparts of M3.

Collateral: assets pledged or transferred in some form as a guarantee for the repayment of loans, as well as assets sold under repurchase agreements. Collateral used in Eurosystem reverse transactions must fulfil certain eligibility criteria.

Current account: a b.o.p. account that covers all transactions in goods and services, income and current transfers between residents and non-residents.

Current transfers account: a technical b.o.p. account in which the value of real resources or financial items is recorded when these are transferred without receiving anything in exchange. Current transfers cover all transfers that are not capital transfers.

Debt (financial accounts): loans taken out by households, as well as the loans, debt securities and pension fund reserves (resulting from employers' direct pension commitments on behalf of their employees) of non-financial corporations, valued at market prices at the end of the period.

Debt (general government): the gross debt (currency and deposits, loans and debt securities) at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government.

Debt security: a promise on the part of the issuer (i.e. the borrower) to make one or more payment(s) to the holder (the lender) on a specified future date or dates. Such securities usually carry a specific rate of interest (the coupon) and/or are sold at a discount to the amount that will be repaid at maturity. Debt securities issued with an original maturity of more than one year are classified as long-term.

Debt-to-GDP ratio (general government): the ratio of general government debt to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit.

Deficit (general government): the general government's net borrowing, i.e. the difference between total government revenue and total government expenditure.

Deficit-debt adjustment (general government): the difference between the general government deficit and the change in general government debt.

Deficit ratio (general government): the ratio of the general government deficit to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit. It is also referred to as the budget deficit ratio or the fiscal deficit ratio.

Deflation: a significant and persistent decline in the prices of a very broad set of consumer goods and services that becomes entrenched in expectations.

Deposit facility: a standing facility of the Eurosystem enabling eligible counterparties to make, on their own initiative, overnight deposits with the NCB in their respective jurisdiction. Deposits are remunerated at a pre-specified rate that normally provides a floor for overnight market interest rates.

Disinflation: a process of decelerating inflation that may lead to negative inflation rates of a temporary nature.

Direct investment: cross-border investment for the purpose of obtaining a lasting interest in an enterprise resident in another economy (assumed, in practice, for ownership of at least 10% of the ordinary shares or voting power). Included are equity capital, reinvested earnings and other capital associated with inter-company operations. The direct investment account records net transactions/positions in assets abroad by euro area residents (as "direct investment abroad") and net transactions/positions in euro area assets by non-residents (as "direct investment in the euro area").

Effective exchange rates (EERs) of the euro (nominal/real): weighted averages of bilateral euro exchange rates against the currencies of the euro area's main trading partners. The EER indices of the euro are calculated against different groups of trading partners: the EER-20 comprises the ten non-euro area EU Member States and ten trading partners outside the EU, and the EER-40 encompasses the EER-20 and 20 additional countries. The weights used reflect the share of each partner country in the euro area's trade in manufactured goods and account for competition in third markets. Real EERs are nominal EERs deflated by a weighted average of foreign, relative to domestic, prices or costs. They are thus measures of price and cost competitiveness.

Enhanced credit support: the non-standard measures taken by the ECB/Eurosystem during the financial crisis with a view to supporting financing conditions and credit flows above and beyond what could be achieved through reductions in key ECB interest rates alone.

EONIA (euro overnight index average): a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks.

Equities: securities representing ownership of a stake in a corporation, e.g. shares traded on stock exchanges (quoted shares), unquoted shares and other forms of equity. Equities usually produce income in the form of dividends.

ERM II (exchange rate mechanism II): the exchange rate arrangement that provides the framework for exchange rate policy cooperation between the euro area countries and the EU Member States not participating in Stage Three of EMU.

EURIBOR (euro interbank offered rate): the rate at which what is known as a prime bank is willing to lend funds (denominated in euro) to another prime bank. The EURIBOR is computed daily, based on the rates of a sample of selected banks, for different maturities of up to 12 months.

Euro area: the area formed by those EU Member States in which the euro has been adopted as the single currency in accordance with the Treaty on the Functioning of the European Union.

European Commission surveys: harmonised surveys of business and/or consumer sentiment conducted on behalf of the European Commission in each of the EU Member States. Such questionnaire-based surveys are addressed to managers in the manufacturing, construction, retail and services industries, as well as to consumers. From each monthly survey, composite indicators are calculated that summarise the replies to a number of different questions in a single indicator (confidence indicators).

Eurosystem: the central banking system made up of the ECB and the NCBs of those EU Member States whose currency is the euro.

Eurozone Purchasing Managers' Surveys: surveys of business conditions in manufacturing and in services industries conducted for a number of countries in the euro area and used to compile indices. The Eurozone Manufacturing Purchasing Managers' Index (PMI) is a weighted indicator calculated from indices of output, new orders, employment, suppliers' delivery times and stocks of purchases. The services sector survey asks questions on business activity, expectations of future business activity, the amount of business outstanding, incoming new business, employment, input prices and prices charged. The Eurozone Composite Index is calculated by combining the results from the manufacturing and services sector surveys.

External trade in goods: exports and imports of goods with countries outside the euro area, measured in terms of value and as indices of volume and unit value. External trade statistics are not comparable with the exports and imports recorded in the national accounts, as the latter include both intra-euro area and extra-euro area transactions, and also combine goods and services. Nor are they fully comparable with the goods item in b.o.p. statistics. Besides methodological adjustments, the main difference is that imports in external trade statistics are recorded including insurance and freight services, whereas they are recorded free on board in the goods item in the b.o.p. statistics.

Financial account: a b.o.p. account that covers transactions between residents and non-residents in direct investment, portfolio investment, other investment, financial derivatives and reserve assets.

Financial accounts: part of the system of national (or euro area) accounts showing the financial positions (stocks or balance sheets), financial transactions and other changes of the different institutional sectors of an economy by type of financial asset.

Financial vehicle corporation (FVC): an entity whose principal activity is to carry out securitisation transactions. An FVC typically issues marketable securities that are offered for sale to the general public, or sold in the form of private placements. These securities are backed by a portfolio of assets (typically loans) which are held by the FVC. In some cases, a securitisation transaction may involve a number of FVCs, where one FVC holds the securitised assets and another issues the securities backed by those assets.

Fixed rate tender: a tender procedure in which the interest rate is specified in advance by the central bank and in which participating counterparties bid the amount of money they wish to transact at the fixed interest rate.

Fixed rate full-allotment tender procedure: a tender procedure in which the interest rate is pre-specified by the central bank (fixed rate) and in which counterparties bid the amount of money they want to transact at that rate, knowing in advance that all their bids will be satisfied (full allotment).

General government: a sector defined in the ESA 95 as comprising resident entities that are engaged primarily in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. Included are central, regional and local government authorities as well as social security funds. Excluded are government-owned entities that conduct commercial operations, such as public enterprises.

Gross domestic product (GDP): the value of an economy's total output of goods and services less intermediate consumption, plus net taxes on products and imports. GDP can be broken down by output, expenditure or income components. The main expenditure aggregates that make up GDP are household final consumption, government final consumption, gross fixed capital formation, changes in inventories, and imports and exports of goods and services (including intra-euro area trade).

Gross external debt: the outstanding amount of an economy's actual (i.e. non-contingent) current liabilities that require payment of principal and/or interest to non-residents at some point in the future.

Harmonised Index of Consumer Prices (HICP): a measure of the development of consumer prices that is compiled by Eurostat and harmonised for all EU Member States.

Hourly labour cost index: a measure of labour costs, including gross wages and salaries (in cash and in kind, including bonuses) and other labour costs (employers' social contributions plus employment-related taxes paid by the employer minus subsidies received by the employer), per hour actually worked (including overtime).

Implied volatility: the expected volatility (i.e. standard deviation) in the rates of change of the price of an asset (e.g. a share or a bond). It can be derived from the asset's price, maturity date and exercise price of its options, as well as from a riskless rate of return, using an option pricing model such as the Black-Scholes model.

Income account: a b.o.p. account that covers two types of transactions with non-residents, namely (i) those involving compensation of employees that is paid to non-resident workers (e.g., cross-border, seasonal, and other short-term workers) and (ii) those involving investment income receipts and payments on external financial assets and liabilities, with the latter including receipts and payments on direct investment, portfolio investment and other investment, as well as receipts on reserve assets.

Index of negotiated wages: a measure of the direct outcome of collective bargaining in terms of basic pay (i.e. excluding bonuses) at the euro area level. It refers to the implied average change in monthly wages and salaries.

Industrial producer prices: factory-gate prices (transportation costs are not included) of all products sold by industry, excluding construction, on the domestic markets of the euro area countries, excluding imports.

Industrial production: the gross value added created by industry at constant prices.

Inflation: an increase in the general price level, e.g. in the consumer price index.

Inflation-indexed government bonds: debt securities issued by the general government, the coupon payments and principal of which are linked to a specific consumer price index.

Insurance corporations and pension funds: financial corporations and quasi-corporations that are engaged primarily in financial intermediation as the consequence of the pooling of risks.

International investment position (i.i.p.): the value and composition of an economy's outstanding net financial claims on (or financial liabilities to) the rest of the world.

International reserves: external assets readily available to and controlled by monetary authorities for directly financing or regulating the magnitude of payment imbalances through intervention in exchange markets. The international reserves of the euro area comprise non-euro-denominated claims on non-euro area residents, gold, special drawing rights and the reserve positions in the IMF which are held by the Eurosystem.

Investment funds (except money market funds): financial institutions that pool capital raised from the public and invest it in financial and non-financial assets. See also MFIs.

Job vacancies: a collective term covering newly created jobs, unoccupied jobs or jobs about to become vacant in the near future, for which the employer has recently taken active steps to find a suitable candidate.

Key ECB interest rates: the interest rates, set by the Governing Council, which reflect the monetary policy stance of the ECB. They are the rates at the main refinancing operations, on the marginal lending facility and on the deposit facility.

Labour force: the sum total of persons in employment and the number of unemployed.

Labour productivity: the output that can be produced with a given input of labour. It can be measured in several ways, but is commonly measured as GDP (volume) divided by either total employment or total hours worked.

Liquidity-absorbing operation: an operation through which the Eurosystem absorbs liquidity in order to reduce excess liquidity, or to create a shortage of liquidity. Such operations can be conducted by issuing debt certificates or fixed-term deposits.

Longer-term refinancing operation (LTRO): an open market operation with a maturity of more than one week that is executed by the Eurosystem in the form of a reverse transaction. The regular monthly operations have a maturity of three months. During the financial market turmoil that started in August 2007, supplementary operations with maturities ranging from one maintenance period to 36 months were conducted, the frequency of which varied.

M1: a narrow monetary aggregate that comprises currency in circulation plus overnight deposits held with MFIs and central government (e.g. at the post office or treasury).

M2: an intermediate monetary aggregate that comprises M1 plus deposits redeemable at a period of notice of up to and including three months (i.e. short-term savings deposits) and deposits with an agreed maturity of up to and including two years (i.e. short-term time deposits) held with MFIs and central government.

M3: a broad monetary aggregate that comprises M2 plus marketable instruments, in particular repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs.

Main refinancing operation (MRO): a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

Marginal lending facility: a standing facility of the Eurosystem enabling eligible counterparties, on their own initiative, to receive overnight credit from the NCB in their jurisdiction at a pre-specified rate in the form of a reverse transaction. The rate on loans extended within the scope of the marginal lending facility normally provides an upper bound for overnight market interest rates.

MFI credit to euro area residents: MFI loans granted to non-MFI euro area residents (including general government and the private sector) and MFI holdings of securities (shares, other equity and debt securities) issued by non-MFI euro area residents.

MFI interest rates: the interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area.

MFI longer-term financial liabilities: deposits with an agreed maturity of over two years, deposits redeemable at a period of notice of over three months, debt securities issued by euro area MFIs with an original maturity of more than two years and the capital and reserves of the euro area MFI sector.

MFI net external assets: the external assets of the euro area MFI sector (such as gold, foreign currency banknotes and coins, securities issued by non-euro area residents and loans granted to non-euro area residents) minus the external liabilities of the euro area MFI sector (such as non-euro area residents' deposits and repurchase agreements, as well as their holdings of money market fund shares/units and debt securities issued by MFIs with a maturity of up to and including two years).

MFIs (monetary financial institutions): financial institutions which together form the money-issuing sector of the euro area. These include (i) the Eurosystem, (ii) resident credit institutions (as defined in EU law), (iii) other financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities, as well as electronic money institutions that are principally engaged in financial intermediation in the form of issuing electronic money, and (iv) money market funds, i.e. collective investment undertakings that invest in short-term and low-risk instruments.

Minimum bid rate: the lower limit to the interest rates at which counterparties may submit bids in the variable tenders.

Open market operation: a financial market operation executed on the initiative of the central bank. These operations include reverse transactions, outright transactions as well as the issuance of fixed-term deposits or debt certificates or foreign exchange swaps. The open market operations can be liquidity providing or liquidity absorbing.

Other investment: an item in the b.o.p. and the i.i.p. that covers the financial transactions/positions with non-residents in trade credits, deposits and loans, and other accounts receivable and payable.

Portfolio investment: euro area residents' net transactions and/or positions in securities issued by non-residents of the euro area ("assets") and non-residents' net transactions and/or positions in securities issued by euro area residents ("liabilities"). Included are equity securities and debt securities (bonds and notes, and money market instruments). Transactions are recorded at the effective price paid or received, less commissions and expenses. To be regarded as a portfolio asset, ownership in an enterprise must be equivalent to less than 10% of the ordinary shares or voting power.

Price stability: as defined by the Governing Council, a year-on-year increase in the HICP for the euro area of below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

Purchasing power parity (PPP): the rate at which one currency is converted into another so as to equalise the purchasing power of the two currencies by eliminating the differences in the price levels prevailing in the countries concerned. In their simplest form, PPPs show the ratio of the prices in national currency of the same good or service in different countries.

Reference value for M3 growth: the annual growth rate of M3 that is deemed to be compatible with price stability over the medium term.

Reserve requirement: the requirement for institutions to hold minimum reserves with the central bank over a maintenance period. Compliance with the requirement is determined on the basis of the average of the daily balances in the reserve accounts over the maintenance period.

Reverse transaction: an operation whereby the NCB buys or sells assets under a repurchase agreement or conducts credit operations against collateral.

Securitisation: a transaction or scheme whereby an asset or a pool of cash flow-producing assets, often consisting of loans (mortgages, consumer loans, etc.), is transferred from an originator (usually a credit institution) to a financial vehicle corporation (FVC). The FVC effectively converts these assets into marketable securities by issuing debt instruments with principal and interest serviced through the cash flows produced by the asset pool.

Survey of Professional Forecasters (SPF): a quarterly survey that has been conducted by the ECB since 1999 to collect macroeconomic forecasts on euro area inflation, real GDP growth and unemployment from a panel of experts affiliated to financial and non-financial organisations based in the EU.

Unit labour costs: a measure of total labour costs per unit of output calculated for the euro area as the ratio of total compensation per employee to labour productivity (defined as GDP (volume) per person employed).

Variable rate tender: a tender procedure where the counterparties bid both the amount of money they wish to transact with the central bank and the interest rate at which they wish to enter into the transaction.

Volatility: the degree of fluctuation in a given variable.

Write-down: a downward adjustment to the value of loans recorded in the balance sheets of MFIs when it is recognised that the loans have become partly unrecoverable.

Write-off: the removal of the value of loans from the balance sheets of MFIs when the loans are considered to be totally unrecoverable.

Yield curve: a graphical representation of the relationship between the interest rate or yield and the residual maturity at a given point in time for sufficiently homogenous debt securities with different maturity dates. The slope of the yield curve can be measured as the difference between the interest rates or yield at two selected maturities.

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