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06|2011

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

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This Bulletin was produced under the responsibility of the Executive Board of the ECB. Translations are prepared and published by the national central banks.

The cut-off date for the statistics included in this issue was 8 June 2011.

ISSN 1561-0136 (print)
ISSN 1725-2822 (online)

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ABBREVIATIONS

COUNTRIES

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

OTHERS

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

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

EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council decided at its meeting on 9 June 2011 to keep the key ECB interest rates unchanged. The information that has become available since its meeting on 5 May 2011 confirms continued upward pressure on overall inflation, mainly owing to energy and commodity prices. The underlying pace of monetary expansion is gradually recovering. Monetary liquidity remains ample, with the potential to accommodate price pressures in the euro area. Furthermore, the most recent data confirm the positive underlying momentum of economic activity in the euro area, while uncertainty remains elevated. Overall, the monetary policy stance remains accommodative, lending support to economic activity. On balance, risks to the outlook for price stability are on the upside. Accordingly, strong vigilance is warranted. On the basis of its assessment, the Governing Council will act in a firm and timely manner. It will do all that is needed to prevent recent price developments giving rise to broad-based inflationary pressures. The Governing Council remains strongly determined to secure a firm anchoring of inflation expectations in the euro area in line with the aim of maintaining inflation rates below, but close to, 2% over the medium term. This is a prerequisite for monetary policy to make an ongoing contribution towards supporting growth and job creation in the euro area.

The Governing Council also decided at its meeting on 9 June to continue conducting its main refinancing operations (MROs) as fixed rate tender procedures with full allotment for as long as necessary, and at least until the end of the ninth maintenance period of 2011 on 11 October 2011. This procedure will also remain in use for the Eurosystem's special-term refinancing operations with a maturity of one maintenance period, which will continue to be conducted for as long as needed, and at least until the end of the third quarter of 2011. The fixed rate in these special-term refinancing operations will be the same as the MRO rate prevailing at the time. Furthermore, the Governing Council decided to conduct the three-month longer-term refinancing operations (LTROs) to be allotted on 27 July, 31 August and 28 September 2011 as fixed rate tender procedures with full allotment. The rates in these three-month operations will be fixed at the average rate of the MROs over the life of the respective LTRO.

As stated on previous occasions, the provision of liquidity and the allotment modes for refinancing operations will be adjusted when appropriate, taking into account the fact that all the non-standard measures taken during the period of acute financial market tensions are, by construction, temporary in nature.

With regard to the economic analysis, in the first quarter of 2011 the euro area recorded strong real GDP growth of 0.8% quarter on quarter, following the 0.3% increase of the fourth quarter of 2010. Recent statistical releases and survey-based indicators point towards a continued expansion of economic activity in the euro area in the second quarter of this year, albeit at a slower pace. This easing reflects the fact that the strong growth in the first quarter was partly due to special factors, which will cease to play a role in the second quarter. Hence, it is appropriate to look through such short-term volatility and to emphasise the positive underlying momentum of economic activity in the euro area. Looking ahead, euro area exports should be supported by the ongoing expansion in the world economy. At the same time, taking into account the favourable level of business confidence in the euro area, private sector domestic demand should contribute increasingly to economic growth, benefiting from the still accommodative monetary policy stance and the measures adopted to improve the functioning of the financial system. However, activity is expected to continue to be dampened somewhat by the process of balance sheet adjustment in various sectors.

This assessment is also reflected in the June 2011 Eurosystem staff macroeconomic projections for the euro area, which foresee annual real GDP growth in a range between 1.5% and 2.3% in 2011 and between 0.6% and 2.8% in 2012.

Compared with the March 2011 ECB staff macroeconomic projections, the range for 2011 has been revised upwards, while the range for 2012 remains broadly unchanged. The June 2011 Eurosystem staff projections are broadly in line with recent forecasts by international organisations.

In the Governing Council's assessment, the risks to this economic outlook remain broadly balanced in an environment of elevated uncertainty. On the one hand, favourable business confidence could provide more support to domestic economic activity in the euro area than currently expected and higher foreign demand could also contribute more strongly to growth than expected. On the other hand, downside risks relate to the ongoing tensions in some segments of the financial markets that may potentially spill over to the euro area real economy. Downside risks also relate to further increases in energy prices, protectionist pressures and the possibility of a disorderly correction of global imbalances.

As regards price developments, euro area annual HICP inflation was 2.7% in May according to Eurostat's flash estimate, after 2.8% in April. The relatively high inflation rates seen over the past few months largely reflect higher energy and commodity prices. Looking ahead, inflation rates are likely to stay clearly above 2% over the coming months. Upward pressure on inflation, mainly from energy and commodity prices, is also discernible in the earlier stages of the production process. It remains of paramount importance that the rise in HICP inflation does not translate into second-round effects in price and wage-setting behaviour and lead to broad-based inflationary pressures. Inflation expectations must remain firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2% over the medium term.

The June 2011 Eurosystem staff macroeconomic projections for the euro area foresee annual HICP inflation in a range between 2.5% and 2.7% for 2011 and between 1.1% and 2.3% for 2012. In comparison with the March 2011 ECB staff macroeconomic projections, the range for HICP inflation in 2011 has been revised upwards, largely reflecting higher energy prices. The projection range for 2012 has narrowed somewhat. It is appropriate to recall that the staff projections are conditional on a number of purely technical assumptions, including oil prices, interest rates and exchange rates. In particular, it is assumed that oil prices will decline somewhat and that short-term interest rates will rise, in accordance with market expectations. Overall the projections embody the view that the recent high rates of inflation do not lead to broader-based inflationary pressure in the euro area.

Risks to the medium-term outlook for price developments remain on the upside. They relate, in particular, to higher than assumed increases in energy prices. Furthermore, there is a risk of increases in indirect taxes and administered prices that may be greater than currently assumed, owing to the need for fiscal consolidation in the coming years. Finally, upside risks may come from stronger than expected domestic price pressures in the context of increasing capacity utilisation in the euro area.

Turning to the monetary analysis, the annual growth rate of M3 was 2.0% in April 2011, after 2.3% in March. Looking through the recent volatility in broad money growth, M3 growth has continued to edge up over recent months. The annual growth rate of loans to the private sector strengthened slightly to 2.6% in April, after 2.5% in March. Overall, the underlying pace of monetary expansion is gradually recovering. At the same time, monetary liquidity accumulated prior to the period of financial market tensions remains ample, with the potential to accommodate price pressures in the euro area.

Looking at M3 components, the annual growth rate of M1 decreased in April, while that of other short-term deposits increased. The development partly reflects the gradual increase in the remuneration of these deposits over recent months. At the same time, the steep yield curve implies a dampening impact on overall M3 growth, as it reduces the attractiveness of monetary assets compared with more highly remunerated longer-term instruments outside M3. However, available information suggests that this impact may be waning.

On the counterpart side, there has been a further slight strengthening in the growth of loans to non-financial corporations, which rose to 1.0% in April, after 0.8% in March. The growth of loans to households was 3.4% in April, unchanged from the previous month. The latest data confirm a continued gradual strengthening in the annual growth of lending to the non-financial private sector.

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

To sum up, based on its regular economic and monetary analyses, the Governing Council decided to keep the key ECB interest rates unchanged. The information that has become available since its meeting on 5 May 2011 confirms continued upward pressure on overall inflation, mainly owing to energy and commodity prices. A cross-check of the outcome of the economic analysis with that of the monetary analysis indicates that the underlying pace of monetary expansion is gradually recovering. Monetary liquidity remains ample, with the potential to accommodate price pressures in the euro area. Furthermore, the most recent data confirm the positive underlying momentum of economic activity in the euro area, while uncertainty remains elevated. Overall, the monetary policy stance remains accommodative, lending support to economic activity. On balance, risks to the outlook for price stability are on the upside. Accordingly, strong vigilance is warranted. On the basis of its assessment, the Governing Council will act in a firm and timely manner. It will do all that is needed to prevent recent price developments giving rise to broad-based inflationary pressures. The Governing Council remains strongly determined to secure a firm anchoring of inflation expectations in the euro area in line with the aim of maintaining inflation rates below, but close to, 2% over the medium term. This is a prerequisite for monetary policy to make an ongoing contribution towards supporting growth and job creation in the euro area.

Turning to fiscal policies, all parties involved in the preparation of the 2012 national budgets must ensure that they are fully in line with the requirement to support confidence in fiscal policies. A comparison between the latest economic forecasts by the European Commission and the fiscal plans embodied in the stability programmes points to the need for many countries to underpin their budget targets with concrete consolidation measures in order to correct their excessive deficits by the commonly agreed deadlines. The implementation of credible fiscal adjustment strategies is crucial in view of ongoing financial market pressures.

At the same time, the implementation of ambitious and far-reaching structural reforms is urgently required in the euro area to strengthen substantially its competitiveness, flexibility and longer-term growth potential. In particular, countries which have high fiscal and external deficits or which are suffering from a loss of competitiveness should rapidly carry out comprehensive economic reforms.

In the case of product markets, policies that enhance competition and innovation should be vigorously pursued to facilitate productivity growth. Regarding the labour market, the priority must be to enhance wage flexibility and incentives to work, and to remove labour market rigidities.

ECONOMIC AND MONETARY DEVELOPMENTS

1 THE EXTERNAL ENVIRONMENT OF THE EURO AREA

Economic activity has continued to expand at a robust pace along a more self-sustained path amid improving global financial conditions. However, the strong momentum in global economic growth has moderated somewhat in recent months. At the same time, regional differences with respect to cyclical positions persist. World trade continued to see substantial growth in the few first months of the year. Inflationary pressures have remained strong, mainly on account of higher commodity prices. Emerging economies are confronted with more pronounced inflationary pressures than advanced economies given increasing capacity constraints and the higher weight of commodities in their consumption basket.

1.1 DEVELOPMENTS IN THE WORLD ECONOMY

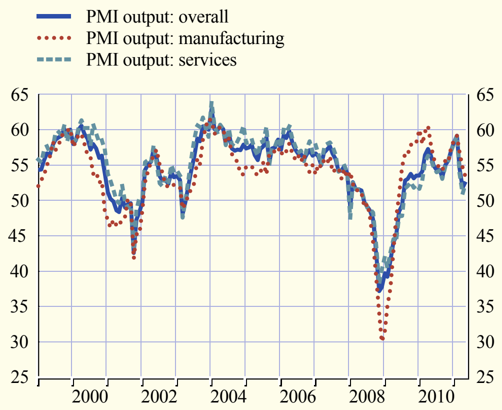
Global economic activity has continued to expand at a robust pace and proceed along a more self-sustained path amid improving global financial conditions. According to the latest survey indicators, however, the momentum in global economic growth has recently moderated somewhat from the buoyant growth rates recorded at the turn of this year. At the same time, regional differences with respect to cyclical positions persist. In advanced economies, the impact of natural disasters, the need for firmer fiscal consolidation and continued private balance sheet repair have contributed to the dampening of growth. In more detail, in the United States, the speed of the economic recovery has remained rather subdued, given the severity of the downturn resulting from the global financial crisis, but growth is increasingly supported by private domestic demand. In Japan, the impact of the Great East Japan Earthquake led to a sharp contraction in economic activity in the short term, but the global repercussions should be rather limited, provided disruptions in major global supply chains remain contained. In the United Kingdom, economic growth was restrained by adverse weather conditions at the turn of the year and has continued to be rather sluggish since then amid fiscal restraint. In emerging economies, by contrast, activity has remained vigorous. Overheating pressures continue to prevail – particularly in Asia – notwithstanding efforts to restrain growth by engaging in more restrictive monetary and fiscal policies. In Latin America, economic activity has been further supported by high commodity prices.

The latest survey data signalled a slowdown in the momentum of global economic activity. The Purchasing Managers' Index (PMI) for global all-industry output recovered slightly in May, following the marked decline in the index recorded in the previous month. At a level of 52.6, it has remained above the expansion/contraction threshold of 50, but well below this year's peak level of 59.1, recorded in February. While the index suggested that the momentum in the global manufacturing sector eased further in May, it also signalled a slight rebound in service sector activity, following the pronounced slowdown recorded in the previous month (see Chart 1). The weakening of global economic expansion in recent months signalled by the decline in the PMI mainly reflected steep contractions in Japanese output as well as a cooling of the dynamics in the United States. The global all-industry new orders index stood at 53.0 in May – compared with levels above 58 in the first two months of the year – suggesting that growth in new business has also moderated.

World trade growth continued at a rather sustained pace in the first few months of the year. On a three-month-on-three-month basis, global trade volumes expanded by 3.6% in March 2011, implying continued strong growth momentum. The latest increase largely reflects strong external trade growth in the United States, Asia and central and eastern Europe which more than offset the collapse in trade in Japan following the natural disaster and the decline in exports in Africa and the Middle East. Survey indicators signal some loss of momentum in global trade dynamics,

Chart 1 Global PMI output

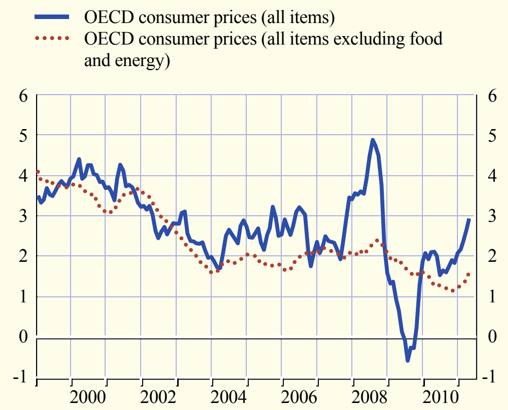
(diffusion index; seasonally adjusted; monthly data)



Source: Markit.

Chart 2 International price developments

(monthly data; annual percentage changes)



Source: OECD.

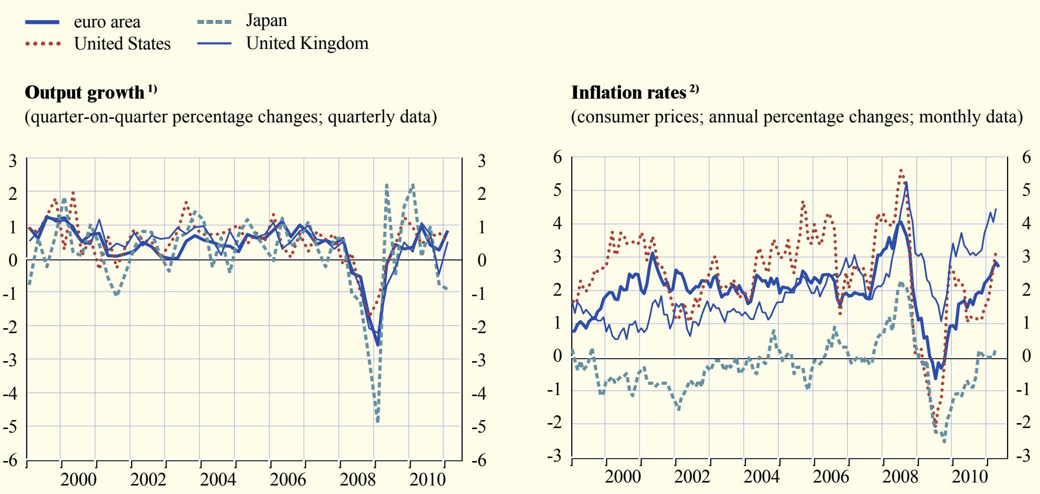
but to a smaller extent than for global activity. In May the PMI for global new export orders stood at 52.4 compared with an average level of 55.6 in the first quarter of the year.

Global headline inflation continued to increase amid mounting pipeline price pressures, mainly associated with high commodity prices. Although the latest survey indicators suggested some moderation in global inflationary pressures in line with the recent correction in commodity prices and less buoyant activity growth, in May the global PMI for input prices remained at 63.2, which is still well above the long-run average for this indicator, albeit below its level of 66.3 in the first quarter of the year. In advanced economies, inflation rates steadily increased in the second half of 2010 and have continued to do so in 2011, primarily on account of high oil and non-oil commodity prices. In the OECD area, consumer prices rose by 2.9% on an annual basis in April 2011, compared with 2.7% in March, which is the highest rate of inflation since October 2008 (see Chart 2). At the same time, inflation excluding food and energy crept up to 1.6%. In advanced countries, the more contained increase in inflation excluding food and energy has been associated with lingering spare capacity and subdued compensation growth in most countries. In fast-growing emerging market economies, by contrast, inflationary pressures have been more pronounced. In March annual consumer price inflation rose, on average, to around 6.5% in emerging economies, amid increasing capacity constraints and the higher weight of commodities in their consumption basket.

UNITED STATES

In the United States, the economy is continuing its recovery, albeit at a slower pace than in the fourth quarter of 2010. The second estimate by the Bureau of Economic Analysis confirmed that real GDP increased by 1.8% in annualised terms in the first quarter of 2011, as reported in the advance estimate, decelerating from the 3.1% pace recorded in the last quarter of 2010. The composition of this increase, however, was revised. The slowdown compared with the previous quarter reflects much softer growth in personal consumption expenditure, while the deceleration in structures investment was slightly less marked. The sharp decrease in government spending was confirmed. Moreover, both imports and exports have been revised substantially upwards, although the negative net trade contribution persists. Real GDP growth continued to be supported by an even more significant positive contribution from inventory accumulation.

Chart 3 Main developments in major industrialised economies



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

As regards price developments, annual CPI inflation rose to 3.2% in April from 2.7% in March. This increase mainly reflected a further acceleration in the energy index to 19.0%, a level not seen since early 2010, and to a lesser extent also in food prices (to 3.2%). Excluding food and energy, annual CPI inflation continued to increase at a relatively subdued pace, reaching 1.3% in April compared with 1.2% in March. Developments in housing costs continued to weigh down on overall inflation, as annual CPI inflation excluding shelter reached 4.2% in April.

Looking ahead, the recent slowdown in real GDP growth is expected to be transitory, and the recovery is expected to proceed, albeit at a less robust pace compared with other recovery episodes. The recovery in the near term is likely to remain supported by moderate improvements in the labour market and accommodative monetary and fiscal policies, together with increasingly supportive financing conditions. On the other hand, developments in housing activity and prices are likely to remain weak for some time and are thus expected to weigh on the recovery. Thereafter, fading support from some temporary fiscal measures might bring about some moderation in the pace of economic expansion. In addition, ongoing discussions about increasing the debt ceiling, which was recently reached, may contribute to higher uncertainty or translate into additional public spending cuts, thus reducing further the positive impulse from the fiscal side. More generally, the fiscal outlook continues to be a source of concern in the medium term. As regards price developments, the upward pressure from energy and food prices on headline CPI may start to ease, while the small but ongoing rise in core inflation suggests that the pass-through of costs will continue to push up prices as the economic recovery strengthens (see also Box 1).

On 27 April 2011 the US Federal Open Market Committee (FOMC) decided to maintain its target range for the federal funds rate at 0.0% to 0.25%. In addition, the Committee decided to continue expanding its holdings of securities as announced in November 2010. As mentioned in the inaugural post-FOMC meeting press conference, the FOMC continues to anticipate that economic conditions, including low rates of resource utilisation, subdued inflation trends and stable inflation expectations, are likely to warrant exceptionally low levels for the federal funds rate for an extended period.

Box 1

INFLATION IN THE EURO AREA AND THE UNITED STATES: AN ASSESSMENT BASED ON THE PHILLIPS CURVE

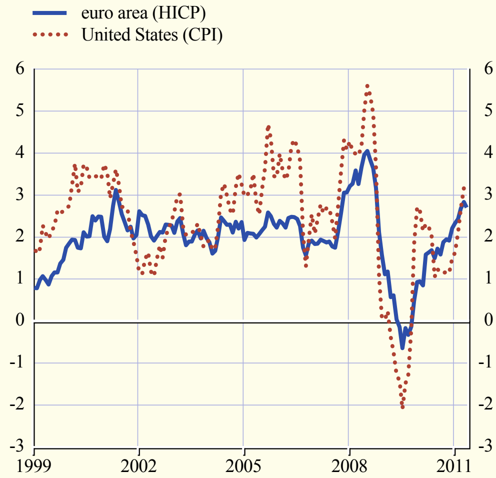
Inflation in the euro area and in the United States has in recent years been shaped very much by global commodity prices. At the same time, inflation developments differed because the ultimate impact of commodity prices varies across economies and because there are different degrees of domestic price pressures due to the economic situation. Against this background, this box uses a simple Phillips curve model to explain the different roles of some of the fundamental determinants of recent inflation developments, including inflation expectations, economic slack and commodity prices.

Recent developments in inflation and its main components

Headline inflation in the euro area and in the United States has followed similar patterns in recent years: from high rates in mid-2008 (4.0% in the euro area and more than 5.5% in the United States), inflation fell sharply to reach negative rates by mid-2009 (-0.6% in the euro area and around -2% in the United States). Since then, inflation has gained momentum in both the euro area and the United States, with inflation rates of around 3% in the spring of 2011 (see Chart A). Energy and food prices played a significant role in this acceleration of headline inflation, reflecting the surge in global commodity prices. In fact, just over 90% of the increase in inflation in both economies since the trough of July 2009 was due to the energy and food components, with the bulk (over 80%) stemming from energy. Excluding food and energy, inflation has likewise increased in both economies in the last few months, to around 1.5% (see Chart B).

Chart A Overall consumer price inflation

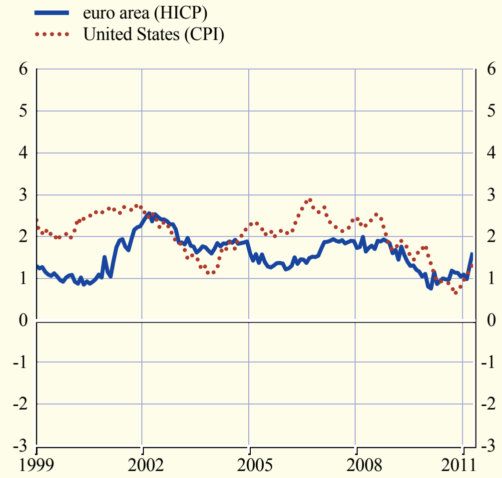
(year-on-year percentage changes)



Sources: Eurostat and US Bureau of Labor Statistics.
Note: Latest observation refers to April 2011 for the United States and to May 2011 for the euro area.

Chart B Consumer price inflation excluding energy and food

(year-on-year percentage changes)

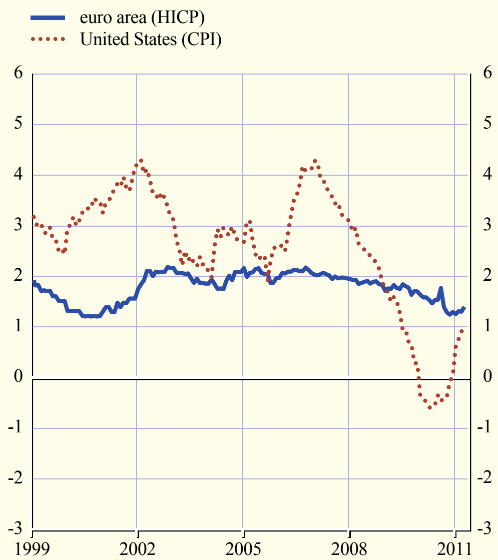


Sources: Eurostat and US Bureau of Labor Statistics.
Note: Latest observation refers to April 2011.

During 2008 and 2009, the declines in inflation rates excluding energy and food were considerably stronger in the United States than in the euro area. Housing rents contributed considerably to this difference (see Chart C). In the United States, the housing rent component of inflation has decreased markedly as a result of weak housing markets since 2007 and has only increased again in the last few months. By comparison, the rate of growth of euro area housing rents saw a far more moderate and gradual decline over the same period. The stronger impact of housing rent developments on US inflation is reinforced by its significant weight in the US consumer price index (CPI). Besides actual rents, the US CPI rent component also includes owner-occupied housing (estimated, using owner-occupier's rent equivalents). The combined weight of these components is 31% in the US CPI. The euro area HICP, by contrast, only covers actual rents with a weight of 6%.

Chart C Consumer price inflation – housing rents

(year-on-year percentage changes)



Sources: Eurostat and US Bureau of Labor Statistics.
Note: Latest observation refers to April 2011.

Assessment based on the Phillips curve

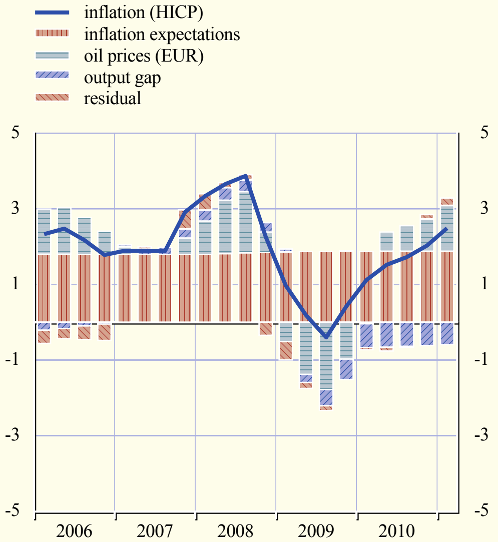
A crude but widely used tool for assessing the relative importance of different drivers of the overall inflationary process is the Phillips curve.[1] For the purpose of this box, headline inflation developments are modelled for the period since 1991, using a simple reduced-form specification including a number of explanatory factors: (i) survey measures of five-year inflation expectations to capture the mean of inflation; (ii) past inflation terms to capture persistence in the inflation process; (iii) the output gap as a measure of economic slack;[2] and (iv) oil price developments as a measure of supply-side influences. The estimates are mainly illustrative, and the assessment of inflation developments based thereon cannot replace a comprehensive analysis of the whole range of factors affecting inflation in the two economies. Indeed, specific factors such as those often influencing housing rents are not explicitly modelled in this framework and would implicitly enter the residual of the equation.

Charts D and E provide a decomposition of the impact that the different factors had in the United States and the euro area in the past years. The impact reflects a combination of the size of the coefficient that each factor has in the estimated relationship and the magnitude of the change in the factor itself. The decomposition confirms the strong impact of energy price developments on headline inflation in both economies. The impact is somewhat larger in the United States. That could be partly explained by the higher energy intensity of the US economy and the lower level of indirect taxes on fuel.[3] The results also suggest a somewhat stronger impact of the

1 See the box entitled "The links between economic activity and inflation in the euro area", *Monthly Bulletin*, ECB, September 2009.
2 For a discussion of various measures of economic slack, see the box entitled "A cross-check of output gap estimates for the euro area with other cyclical indicators" in this issue of the Monthly Bulletin.
3 See, for example, Barrell, R., Kirby, S. and Liadze, I., "The Oil Intensity of Output", *National Institute Economic Review*, No 205, National Institute of Economic and Social Research, July 2008.

Chart D Euro area inflation

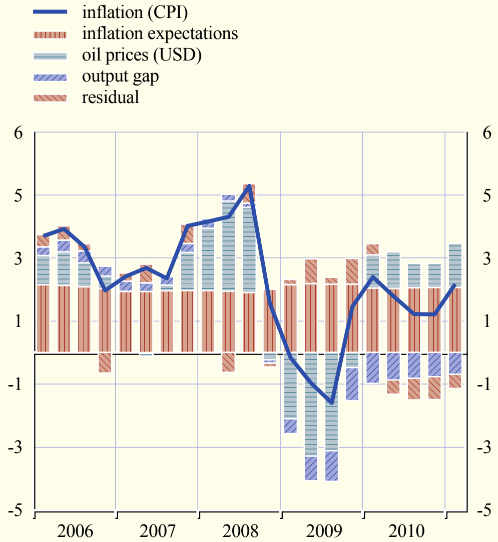
(year-on-year percentage changes and percentage change contributions)



Source: ECB calculations based on data from the Bureau of Labor Statistics, Consensus Economics and Thomson Reuters.
Note: Latest observation refers to the first quarter of 2011.

Chart E US inflation

(year-on-year percentage changes and percentage change contributions)



Source: ECB calculations based on data from the Bureau of Labor Statistics, Consensus Economics and Thomson Reuters.
Note: Latest observation refers to the first quarter of 2011.

output gap on inflation.[4] This reflects, first, that estimates of the output gap after the crisis in the United States are larger than in the euro area and, second, that the coefficient on the output gap is larger in the United States than in the euro area, implying that inflation appears to react more swiftly and strongly to changes in economic slack in the United States. Finally, the decomposition also shows the important role played by inflation expectations in anchoring inflation at close to 2% in both economies. However, the estimated coefficients in the equation also suggest some differences in the impact of inflation expectations and past periods of inflation in the two economies.[5] The coefficient on inflation expectations is stronger in the United States than in the euro area, while the coefficient on lagged inflation is higher in the euro area. That would suggest a higher persistence of inflation in the euro area than in the United States.[6]

Analysis of the residuals in this simple Philips curve framework also suggests that while euro area inflation was broadly in line with the estimates generated from the Phillips curve in 2010 and early 2011, it was slightly lower than would have been expected in the United States.

4 While the estimated results suggest some differences in the short-run impact of the output gap on inflation in the two economies, past inflation plays a more important role in the euro area in this specification, so that the effects of a shock to the output gap are longer-lasting there. If account is taken of this difference in the persistence of inflation in the two economic regions, the cumulative effect on inflation over several periods is fairly similar in the two economies.

5 Although the equations were estimated including past (or lagged) inflation and inflation expectations, the impact of past inflation was removed for presentational purposes in these charts by calculating the contributions of the other components recursively (i.e. by giving due consideration to the fact that past inflation reflected previous movements in the output gap, commodity prices and inflation expectations).

6 See, for example, Angeloni, I., Aucremanne, L., Ehrmann, M., Gali, J., Levin, A. and Smets, F., "Inflation persistence in the euro area: preliminary summary of findings", report presented at the conference on "Inflation Persistence in the Euro Area" hosted by the ECB in December 2004, and Barkbu, B., Cassino, V., Gosselin-Lotz, A. and Piscitelli, L., "The New Keynesian Phillips Curve in the United States and the euro area: aggregation bias, stability and robustness", *Working Paper Series*, No 285, Bank of England, December 2005.

The negative residual in the United States could partly be due, as discussed earlier, to the downward impact of developments in housing rents.

Overall, the analysis of the Phillips curve framework sheds some light on the question why inflation rates in the United States and the euro area react differently to similar shocks. While exact numerical results such as those shown in Charts D and E are model-specific, a general conclusion that can be derived from these kind of exercises is that US inflation reacts more strongly to movements in oil prices and the output gap than euro area inflation does. At the same time, the exercises confirm the higher persistence of inflation in the euro area and underline the importance for monetary policy to anchor inflation expectations in a manner which is compatible with price stability over the medium term.

JAPAN

In Japan, recent data releases confirmed that the immediate impact on economic activity of the March 2011 Great East Japan Earthquake and the ensuing tsunami was severe. According to the first preliminary release by the Cabinet Office, real GDP contracted by 0.9% quarter on quarter in the first quarter of 2011, a stronger decline than expected by the market, following a decline of 0.8% in the previous quarter (revised down from a decline of 0.3%). This corresponds to two consecutive quarters of negative growth for the Japanese economy. As a result of the recent events, private inventories declined sharply, making the biggest contribution to negative growth (-0.5 percentage point). In addition, private consumption contracted by 0.6%, while private business investment declined by 0.9% (after a revised 0.1% gain in the previous quarter). Moreover, net exports also contributed negatively to growth (by -0.2 percentage point), as imports increased at a faster pace than exports in the first quarter of 2011 (by 2.0% and 0.7%, respectively). Looking ahead, while economic activity in the second quarter of this year is still expected to be negatively affected by the recent events, the experience of past natural disasters suggests that reconstruction demand, together with a gradual normalisation of supply conditions, are likely to provide support to economic activity from the second half of this year. The uncertainty surrounding the outlook for the Japanese economy remains considerably high, and partly linked to the extent and duration of the power shortages and the disruptions to supply chains, as well as the size and timing of the policy response.

With regard to price developments, annual CPI inflation rose to 0.3% in April, after remaining flat in the previous month. Annual CPI inflation excluding fresh food also increased, standing at 0.6% in April (compared with -0.1% in March), the first positive reading since the beginning of 2009. These developments largely reflect the end of a negative base effect related to the elimination/reduction of high-school tuition fees in April 2010 and recent energy price developments. Annual CPI inflation excluding fresh food and energy stood at -0.1% in April compared with -0.7% in the previous month. At its meeting on 20 May 2011, the Bank of Japan decided to maintain its target range for the uncollateralised overnight call rate at 0.0% to 0.1%.

UNITED KINGDOM

In the United Kingdom, economic activity recovered in the first quarter of 2011. Real GDP increased by 0.5% in the first quarter of 2011, after declining by 0.5% in the fourth quarter of 2010 and increasing by 0.7% in the third quarter of 2010 (see Chart 3). On the expenditure side, growth was driven almost exclusively by net exports, while household consumption and capital investment declined. House prices have remained subdued in recent months against the background of sluggish demand in the housing market. Looking ahead, monetary stimulus, external demand and the past depreciation of the pound sterling should support economic activity. However, growth in domestic demand is expected to remain constrained by tight credit conditions, household balance sheet adjustment and substantial fiscal tightening.

Annual CPI inflation has remained elevated in recent months, increasing to 4.5% in April 2011, up from 4.0% in March, mainly reflecting continued strong import price growth, higher commodity prices and the increase in the rate of VAT in January 2011. Looking ahead, these factors are likely to continue to exert upward pressure on annual CPI inflation in the near future, but the gradual fading of these factors, as well as the existence of large spare capacity, are expected to contribute to a dampening of inflationary pressures later on. In recent quarters the Bank of England's Monetary Policy Committee has maintained the official Bank Rate paid on commercial bank reserves at 0.5%. The Committee has also continued to vote for maintaining the stock of asset purchases financed by the issuance of central bank reserves at GBP 200 billion.

OTHER EU COUNTRIES

On balance, the economic situation has continued to improve in recent quarters in the other non-euro area EU countries, while HICP inflation has tended to increase in the majority of countries. Real GDP increased by 0.8% quarter on quarter in Sweden in the first quarter of 2011, following an increase of 1.6% in the last quarter of 2010. The robust recovery of the Swedish economy was supported both by external demand and private consumption. By contrast, real GDP contracted by 0.5% in Denmark in the first quarter of 2011 following a 0.2% decline in the last quarter of 2010. This weaker activity was mainly driven by broad-based slack in domestic demand. Annual inflation rates have been broadly stable in recent months in both countries, standing at 1.8% in Sweden and 2.8% in Denmark in April 2011.

The recovery in economic activity in the largest central and eastern European EU countries has gained further strength in recent quarters, mainly driven by external demand. However, at the same time, domestic demand has been restrained by weak labour market conditions, higher commodity prices, the need for deleveraging – not least in the banking sector – and the short-term effects of fiscal consolidation. In the Czech Republic and Hungary, real GDP has been recovering steadily, expanding quarter on quarter by 0.9% and 0.7% respectively during the first quarter. In Romania, real GDP growth increased in the first quarter of 2011 by 0.7% quarter on quarter, suggesting that the economy has started to recover following a contraction in 2010. In all three countries, external demand has played a prominent role in the recovery so far. In Poland, real GDP continued to expand at a quarterly rate of 1.0% in the first quarter of 2011. In contrast to most other countries in the region, output growth in Poland was largely driven by domestic demand, although export growth was also robust. Looking ahead, short-term indicators suggest that the recovery is likely to continue in most countries, with an increasing role for domestic demand as a driving factor. Overall, inflation has picked up in recent months, reflecting higher energy and food prices. While in the Czech Republic annual HICP inflation stood at 1.6% in April 2011, in Hungary and Poland it reached 4.4% and 4.1% respectively. Romania has registered the highest inflation rates in recent months, reaching 8.4% in April 2011. Looking ahead, inflation is likely to remain elevated as higher commodity prices and tax changes feed through into consumer prices. At the same time, existing spare capacity may dampen inflationary pressures.

In the smaller non-euro area EU countries, i.e. Bulgaria, Latvia and Lithuania, economic activity is recovering, mainly owing to strong external demand (see also Box 2 entitled "The experience of macroeconomic adjustment in the Baltic States"). At the same time, domestic demand remains relatively subdued, but is strengthening in some counties. Looking ahead, short-term indicators suggest a continuation of the economic recovery. Inflation has also increased in recent months, standing at 3.3% in Bulgaria, 4.3% in Latvia and 4.4% in Lithuania in April 2011.

Box 2

THE EXPERIENCE OF MACROECONOMIC ADJUSTMENT IN THE BALTIC STATES

Driven by strong growth in exports, the economies of the Baltic States (i.e. Estonia, Latvia and Lithuania) are currently recovering from a deep economic downturn. Although the severity of the macroeconomic imbalances accumulated during the boom years differed across the three countries, there have been important similarities in economic developments over the past few years and the policy strategies addressing these imbalances.[1] This box describes some key elements of the adjustment strategies undertaken in the region. Although this process is still incomplete, the Baltic experience thus far may provide useful lessons for macroeconomic adjustments in other countries lacking nominal exchange rate flexibility as an adjustment mechanism.

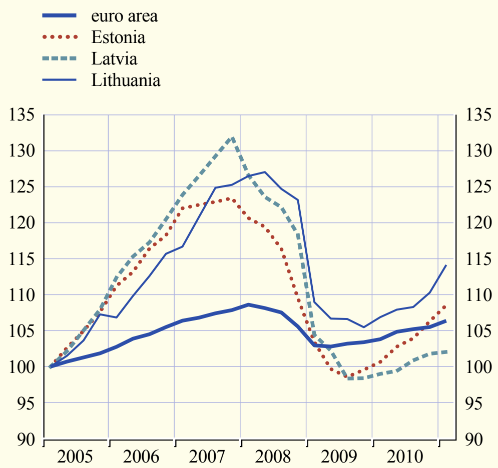
In the years directly preceding the global financial and economic crisis, the Baltic economies grew extremely rapidly, in a period characterised by strong capital inflows and accommodative macroeconomic policies.[2] Although the rapid pace of economic growth partly also reflected the catching-up process, over-optimistic expectations and excessive credit growth resulted in a strong boom in domestic demand, which ultimately proved to be unsustainable. This boom led to high inflation, wage increases substantially above gains in labour productivity, very high increases in real estate prices and large current account deficits.

Signs of a correction were becoming visible just before the global financial crisis. Then, when the crisis hit the three countries in late 2008, their imbalances made the Baltic region vulnerable to higher risk aversion and an abrupt decline in capital inflows. At the same time, the collapse in global trade weighed on Baltic exports. As a result of these financial and trade shocks, the Baltic economies recorded severe losses in output, setting their real GDP back by mid-2009 to approximately the same levels as in 2005 (see Chart A). The banking systems in all three countries experienced varying degrees of funding difficulties. In Latvia these tensions led to a run on a large domestically-owned bank, which prompted the authorities to seek international financial assistance in the form of an adjustment programme led by the EU and the IMF.

Although there were differences in the severity of the macroeconomic, fiscal and financial imbalances, all three countries embarked on similar adjustment strategies. A key element of these was the maintenance of the strict exchange

Chart A Real GDP

(seasonally and working day adjusted; index: Q1 2005 = 100)



Source: Eurostat.

1 Estonia adopted the euro on 1 January 2011. It was outside the euro area during most of the adjustment process described in this box.
2 See the box entitled "The impact of the global financial and economic crisis on public finances in central and eastern Europe" in this issue of the Monthly Bulletin for more details on the role of fiscal policies before, during and after the crisis.

rate peg vis-à-vis the euro.[3] Furthermore, all economies benefited from the fact that the degree of flexibility in labour and product markets was rather high before the onset of the crisis, thus facilitating the adjustment. The adjustment was achieved by a mix of policies and market mechanisms that hinged, to varying degrees, on the following four elements.

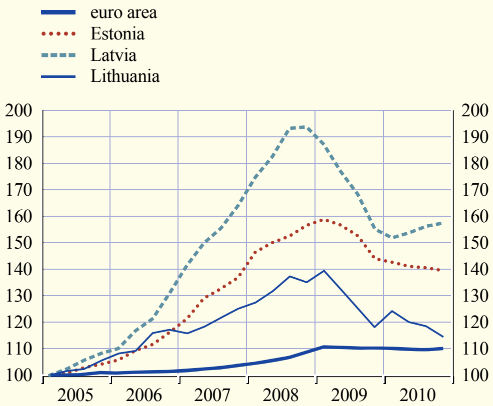
- First, in the absence of nominal exchange rate flexibility, any real exchange rate adjustment had to be delivered via cuts in wage costs and prices combined with enhancements in labour productivity. The adjustment in wages was both market driven, owing to a sharp decline in the demand for labour, and supported by policies aimed at reducing public sector wage costs. The labour market adjustment was not only achieved through wage cuts, but also through employment cuts, reductions in hours worked and a restructuring of production processes. As a result, unit labour costs declined significantly, partly offsetting their previous excessive gains (see Chart B).

- Second, sizeable fiscal consolidations were targeted at bringing fiscal positions back to a sustainable path, lowering sovereign funding needs and regaining market confidence. The fiscal adjustment relied mainly on expenditure cuts, although the authorities also implemented tax increases. Further efforts focused on strengthening budgetary frameworks and procedures. Following a sharp increase in fiscal deficits, fiscal positions have started to improve, but remain at very high levels in Latvia and Lithuania, while Estonia recorded a small fiscal surplus in 2010 (see Chart C). During the economic downturn, Estonia's fiscal position deteriorated less than that of the other Baltic countries, as its fiscal policy was prudent, involving deficit-reducing measures of around 9% of GDP in a single year, and benefiting from a strong medium-term-oriented fiscal framework comprising, for example, a balanced-budget rule and an efficient tax collection system.

3 The currencies of all three countries were participating in ERM II when the adjustment process started, while maintaining stricter unilateral commitments. Estonia had a currency board until it adopted the euro on 1 January 2011, Latvia maintains a fluctuation band of ±1% around the central rate and Lithuania has a currency board.

Chart B Unit labour costs

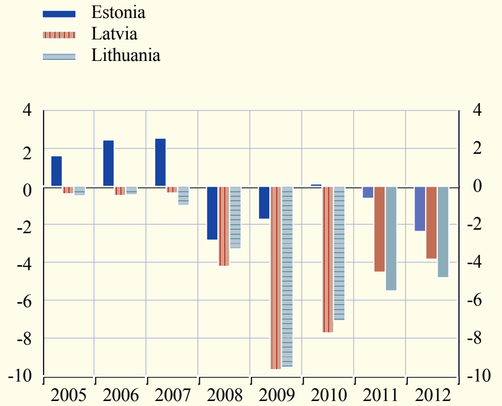
(seasonally adjusted; index: Q1 2005 = 100)



Source: Eurostat.

Chart C General government balance

(as a percentage of GDP)



Sources: Eurostat and European Commission Spring Forecasts for 2011 and 2012.

- While the Baltic economies were already regarded as rather flexible before the crisis, a third element of the adjustment strategy comprised structural reforms to enhance market flexibility further and medium-term growth. Measures focused on both labour and product markets, such as amending labour market legislation to strengthen labour market flexibility, improving the business climate by streamlining start-up procedures and tax administration, supporting exporting firms and combating the informal economy.

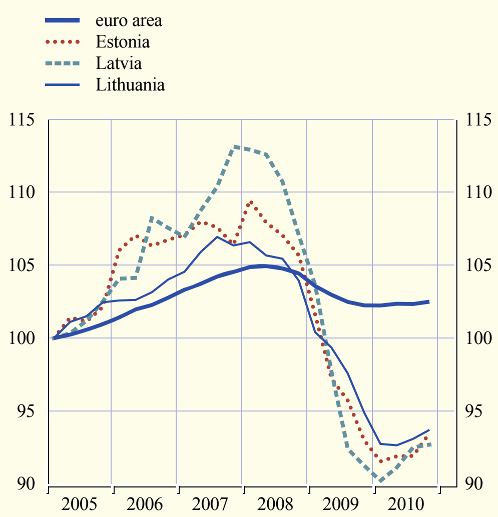
- Fourth, the strategy comprised measures to strengthen financial stability and reduce private sector debt burdens. The authorities initially focused on securing liquidity in banks and on (temporarily) relaxing supervisory requirements in order to relieve the immediate strain on the banks. Subsequently, adequate capitalisation became increasingly important, given the deterioration in the quality of banks' loan portfolios in the wake of the economic downturn. As a result, financial stability was maintained, although more time is still needed to repair private sector balance sheets.

To sum up, the macroeconomic adjustment process in the Baltic States thus far shows that large macroeconomic imbalances can be reduced without adjusting the nominal exchange rate, a message which is also important for other countries inside the euro area. Such an adjustment benefits from a high degree of flexibility of the economy and needs to rely on a determined and strong policy response to rebalance the economy, regain competitiveness and lay the foundations for sustainable output growth. A sizeable fiscal adjustment was essential for strengthening fiscal sustainability and critical in regaining market confidence. Cuts in wage costs and prices were necessary to create the conditions for the subsequent export-led recovery in economic activity. Two and a half years after the crisis hit the Baltic region, Latvia now seems close to concluding its EU/IMF programme.

The adjustment process is not over, however, and important challenges remain. In the near term, although economic activity is picking up again, employment levels remain substantially lower than before the downturn despite recent signs of recovery (see Chart D). Employment levels are unlikely to return to pre-crisis levels owing to structural changes reducing the supply of labour, such as emigration. It is a key challenge for the countries concerned to bring down high structural unemployment. However, in the medium term, it will be important for these economies to avoid the re-emergence of large macroeconomic imbalances such as those seen in the middle of the past decade, in the absence of an independent monetary policy. To this end, it is imperative that other policy areas are geared to supporting a path for the economy that does not lead to a new phase of overheating but rather is sustainable in the long run.

Chart D Employment

(in persons; seasonally and working day adjusted; index: Q1 2005 = 100)



Source: Eurostat.

OTHER EUROPEAN COUNTRIES

The Turkish economy rebounded in 2010, surpassing by the end of the year the real GDP level that had been achieved before the start of the financial crisis. Real GDP rose by around 9% in 2010, led by buoyant domestic demand, in particular household consumption and domestic investment, and supported by strong credit growth. Inflation bottomed out to 4% in March 2011 and rose to 7.2% in May. The Central Bank of the Republic of Turkey expects the inflation rate to measure 6.9% by the end of 2011. In the first few months of 2011 the central bank continued to tighten its monetary policy stance by raising reserve requirements, while keeping the policy (one-week repo) rate on hold at 6.25%. The economy is expected to continue to grow rapidly in 2011, albeit more slowly than in 2010.

In Russia, economic activity rebounded in 2010 as real GDP rose by 4%. Preliminary GDP figures released for the first quarter of 2011 suggest that the pace of recovery slowed down compared with the fourth quarter of 2010, mainly reflecting weak investment demand. Industrial production figures suggest that this trend has so far continued into the second quarter of 2011 as industrial production growth moderated to 4.5% year on year in April (from around 6% year on year in previous months). Annual inflation continued to increase and stood at 9.6% year on year in May 2011. At the same time, the Bank of Russia continued to gradually tighten monetary policy conditions, increasing its main policy rate by 25 basis points to 8.25%, effective from 3 May 2011. Looking ahead, with Russia being one of the most important oil and gas exporters, the pace of the recovery is likely to depend on commodity price developments, which mainly affect Russia's economy via wealth effects given that oil production is running close to full capacity.

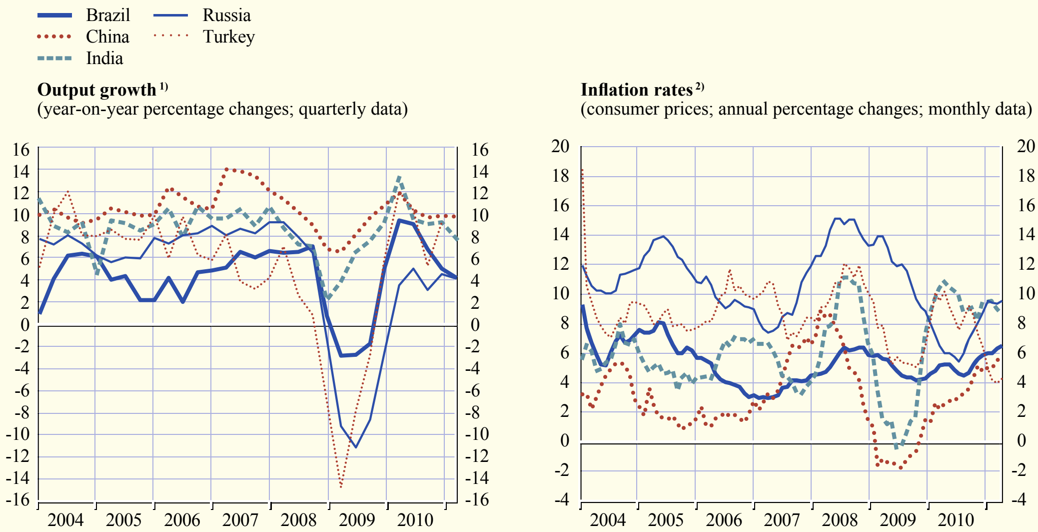
EMERGING ASIA

In emerging Asia, the robust growth momentum of 2010 continued in the first quarter of 2011. Economic growth in the region was driven by both sustained domestic demand and external demand. In a context of ongoing expansionary fiscal and monetary policies as well as persistent net capital inflows, both private consumption and investment continued to be strong. However, inflation pressures increased further in the first few months of 2011, owing initially to high food and commodity prices, but increasingly also as a result of domestic demand pressures. In this environment, gradual monetary tightening by way of interest rate hikes and quantitative measures has continued, while administrative measures to contain food inflation have been implemented in a number of countries.

In China, in the first quarter of 2011 annual real GDP showed robust growth of 9.7% year on year. Growth was mainly driven by strong consumption spending, while the contribution of net exports to GDP growth turned negative. The cumulated trade surplus in the first four months of the year declined to USD 10.7 billion, about 30% below the level of the same period last year, owing to higher commodity prices and stronger construction activity. CPI inflation in China has stayed at elevated levels, recording a 5.3% increase year on year in April, mainly on account of rising food prices and positive base effects. Domestic liquidity expansion has started to slow down in response to the tightening of monetary policy as the People's Bank of China further raised the reserve requirement ratio (RRR) by 50 basis points in May 2011. The RRRs now stand at 21% for large banks and 19% for medium and small financial institutions. This is the fifth hike in the RRRs in 2011, following six RRR hikes in 2010, each by 50 basis points.

In India, real GDP grew by 7.7% in the first quarter of 2011 relative to one year earlier, compared with 9.2% in the last quarter of 2010. Private consumption growth remained strong at 8.1% year on year, while gross fixed investment growth slowed to 0.4% year on year. Annual wholesale price

Chart 4 Main developments in major emerging economies



Source: Haver Analytics.
1) Seasonally adjusted data for Brazil and China. Non-seasonally adjusted data for India, Russia and Turkey. The last observation refers to the first quarter of 2011 (Turkey: fourth quarter of 2010).
2) WPI inflation for India. The last observation refers to April 2011.

inflation – the Reserve Bank of India's preferred measure of inflation – remained high, surging to 9.5% in February 2011 before falling to 8.7% in April. The increase in the inflation rate was initially driven by food and commodity prices, while more recently increasing inflationary pressures have also been coming from the manufacturing sector. As a result, the Reserve Bank of India raised its key policy rate by 25 basis points in March 2011 and by 50 basis points in May, bringing the repo rate to 7.25%.

In South Korea, real GDP increased by 4.0% year on year in the first quarter of 2011, compared with 4.7% in the fourth quarter of 2010. The economic expansion continued to be broad based with the major contributions coming from private consumption and net exports. From January to April 2011 annual CPI inflation stayed above the target band of 2% to 4%, rising to 4.7% in March before falling to 4.2% in April. Inflation has mainly been driven by agricultural and manufactured products. The Bank of Korea raised its policy rate in both January and March 2011 by 25 basis points to its current level of 3.0%.

The economic performance of the ASEAN-5 countries (i.e. Indonesia, Malaysia, the Philippines, Singapore and Thailand) continued to be buoyant in the first quarter of 2011. Real GDP in Indonesia – the group's largest economy – increased by 6.5% year on year in the first quarter, after 6.9% in the fourth quarter of 2010. In Indonesia and Malaysia, GDP growth was driven mainly by private consumption and fixed investment, while Singapore and Thailand experienced an increase in net exports. In the context of rising inflation, policy rates have been raised by the central banks of Indonesia, Malaysia and Thailand over the last six months.

The outlook for emerging Asia suggests a sustained growth momentum throughout 2011, led by China and India. In this context, concerns about overheating might arise, given closing output gaps and the persistence of inflationary pressures. On the other hand, potential downside risks are related to uncertainties about external demand on account of the turmoil in the Middle East and North Africa as well as the earthquake-related disruptions in Japan, a further rise in commodity prices and financial vulnerability associated with capital flow volatility.

MIDDLE EAST AND AFRICA

Since the beginning of 2011 the performance of many economies in the Middle East and North Africa has been affected by political unrest. Industrial activity in the countries facing prolonged protests, strikes and internal conflicts has fallen; financial markets and distribution networks have been disrupted; tourist arrivals have dropped; and net capital inflows have decreased. At the same time, oil-exporting economies in the region (except Libya) have benefited from the increase in oil prices driven by the heightened geopolitical risk as well as, in some cases, from higher oil production. Inflationary pressures have risen across the region on account of increasing energy and food prices.

In the first quarter of 2011 Saudi Arabia's oil production increased as it used some of its spare capacity to compensate for the shortfall in Libyan oil output. In addition, private demand received a boost from the spending of a salary bonus given to public employees as part of a large fiscal package, but suffered somewhat from the increase in uncertainty. Consumer price inflation in Saudi Arabia was 5.0% year on year in the first quarter of 2011.

As regards the oil importing countries that have not been directly affected by the political upheaval, recent positive economic developments have stemmed from fiscal and monetary policies remaining accommodative on the whole, higher export growth in some cases, and the rise in the prices of (non-oil) commodities. On the other hand, the increase in the cost of fuel and food may have dampened growth in several countries. In addition, in the first quarter of 2011 higher energy and food prices contributed to a gradual pick-up in inflation in the oil importing countries.

The economic outlook for the Middle East and Africa remains largely positive despite the economic impact of the political unrest in several countries. However, downside risks to growth include the possibility of prolonged political tensions and their potential spillover to other countries and adverse effects of high global food prices and, for the oil importing countries, energy prices.

LATIN AMERICA

In Latin America, economic activity continued to expand at a rapid pace in the first quarter of 2011, although signs of some moderation became apparent in some economies. The moderation in growth is a result of the gradual unwinding of policy stimulus measures and a normalisation of the global inventory cycle. Meanwhile, inflationary pressures have been increasing across most countries in the region.

In Mexico, annual real GDP growth stood at 4.4% in the first quarter of 2011, compared with 4.2% in the fourth quarter of 2010. Annual consumer price inflation was somewhat lower than in the preceding quarters, averaging 3.5% in the first quarter of 2011. In Argentina, economic activity continued to benefit from very favourable terms of trade and strong demand from Brazil, while the policy stance remained accommodative. As a result, industrial production continued to expand rapidly, at an annual rate of 9.2% in the first quarter of 2011. However, the incipient demand pressures coupled with high commodity prices have resulted in rising inflationary pressures, with annual CPI inflation standing at 10.1% in the first quarter of 2011.

In Brazil, the pace of growth moderated in the first quarter of this year to more sustainable levels. In more detail, average year-on-year industrial production growth stood at 2.3% in the first quarter, down from 3.3% in the fourth quarter of 2010. At the same time, inflationary pressures continued to rise and annual inflation in Brazil reached 6.6% in the first quarter of 2011, 0.5 percentage point higher than during the final quarter of 2010.

Looking ahead, economic activity in Latin America is expected to continue to grow vigorously, albeit at more sustainable rates. Domestic demand is expected to be the primary driver of growth, and in particular gross fixed investment. Favourable external conditions, strong levels of confidence, and, in some cases, ongoing accommodative policies will further contribute to the economic performance of this region.

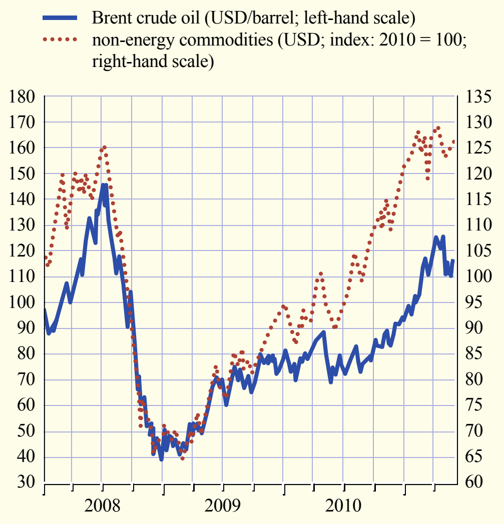
1.2 COMMODITY MARKETS

Oil prices increased substantially in March and April, thereby continuing the upward trend that started in September 2010, but then declined in May (see Chart 5). Brent crude oil prices stood at USD 115.5 per barrel on 8 June, which is 24% higher than at the beginning of 2011. Looking ahead, market participants are expecting slightly lower oil prices in the medium term, with futures contracts for December 2012 trading at USD 113 per barrel.

During March and April 2011 oil prices continued to surge, peaking at USD 125.5 per barrel on 2 May. On 5 May 2011 prices underwent a massive downward correction, and have since then traded in the range of USD 110-115 per barrel. Although most market commentators attributed the downward correction to technical factors, it is still noteworthy that the downward correction came in parallel with a substantial downward reassessment of global demand by the International Energy Agency. Yet, the supply side of the market is still showing weakness, and OPEC supply has indeed declined over the past few months. Hence, although some signs of demand contraction have emerged, the market tightness may persist in the upcoming months.

Prices of non-energy commodities have moderated somewhat over the last few months, and now stand at roughly the same level as at the beginning of 2011. In spite of demand remaining robust, positive planting prospects and favourable expectations regarding the 2011 crop are placing downward pressure on food prices. Metal prices have also decreased in the last three months, driven in particular by copper. In aggregate terms, the price index for non-energy commodities (denominated in US dollars) was 3.4% higher at the beginning of June than at the beginning of 2011.

Chart 5 Main developments in commodity prices



Sources: Bloomberg and HWWI.

1.3 EXCHANGE RATES

EFFECTIVE EXCHANGE RATE OF THE EURO

The euro experienced some volatility in the first five months of 2011. It appreciated rather significantly between January and April, recouping the losses of late 2010. Following renewed volatility in May and early June 2011, on 8 June the euro stood – in nominal effective terms, as measured against the currencies of 20 of the euro area's most important trading partners – about 2.8% higher than at the end of February 2011 and 2.2% above its average level in 2010.

Movements in the euro exchange rate in early 2011 seem to have been largely driven by changes in market views over the fiscal and economic prospects of some euro area countries and by expected yield differentials between the euro area and the other main economic areas. The appreciation of the euro from January to early May 2011 appears to have been linked to an easing of concerns about the sustainability of public finances in some euro area countries and to a progressive increase in interest rate differentials in favour of the euro. Conversely, its depreciation in May seems to have been related to renewed risk aversion on the back of heightened concerns about the fiscal prospects of some euro area countries. This was in turn largely reversed in early June. In the past three months the appreciation of the euro in nominal effective terms was mainly the result of its strengthening against the US dollar, the pound sterling, the Chinese renminbi and the Japanese yen. This was only partly counterbalanced by the depreciation of the euro vis-à-vis the Swiss franc and the Hungarian forint (see Table 1). The implied volatility of the bilateral exchange rates of the euro vis-à-vis the US dollar, the pound sterling and the Swiss franc broadly decreased until April 2011, both at the short and long horizons, indicating an easing of exchange rate market uncertainty. An exception was the episode of heightened foreign exchange market volatility following the Japanese earthquake in March, in particular in the Japanese yen and Swiss franc currency pairs. In May volatility increased again in all main euro currency pairs, in line with the general increase in market uncertainty amid renewed concerns about sovereign debt sustainability in the euro area, but it decreased again towards its long-term average in June (see Chart 8).

Table 1 Euro exchange rate developments [1]

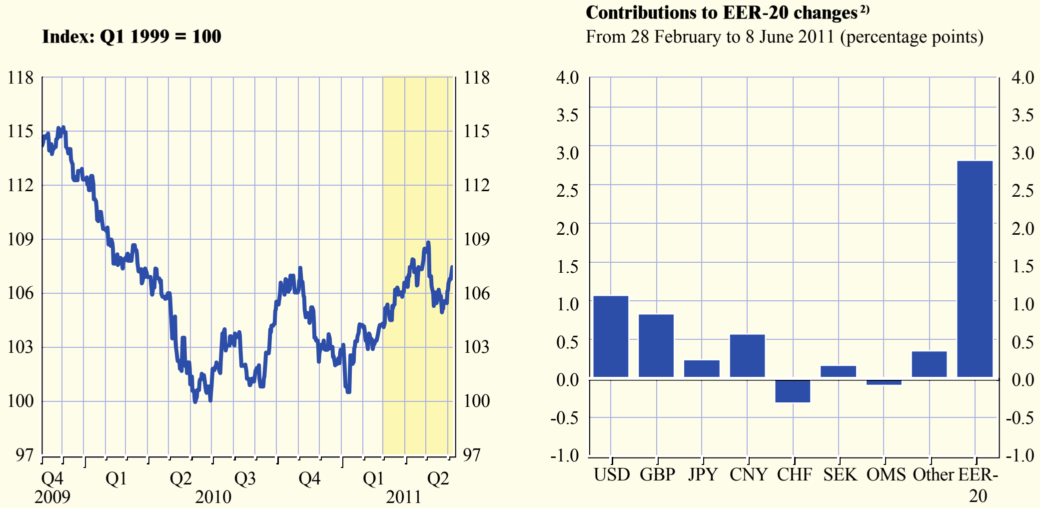
(daily data; units of national currency per euro; percentage changes)

			Appreciation (+)/depreciation(-) of the euro as at 8 June 2011		
			since:		*compared with:*
	Weight in EER-20	Level on 8 June 2011	28 February 2011	1 January 2010	average for 2010
US dollar	19.4	1.46	5.6	1.5	10.2
Pound sterling	17.8	0.893	4.7	0.2	4.1
Chinese renminbi	13.6	9.46	4.1	-3.7	5.4
Japanese yen	8.3	116.6	2.9	-12.7	0.3
Swiss franc	6.4	1.22	-4.8	-17.8	-11.4
Polish zloty	4.9	3.96	0.1	-3.6	-0.9
Swedish krona	4.9	9.04	3.4	-11.3	-5.2
Czech koruna	4.1	24.21	-0.6	-7.9	-4.3
Korean won	3.9	1,586.32	1.8	-4.6	3.6
Hungarian forint	3.1	266.15	-1.7	-1.4	-3.4
NEER [2]		107.1	2.8	-4.3	2.2

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

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

(daily data)

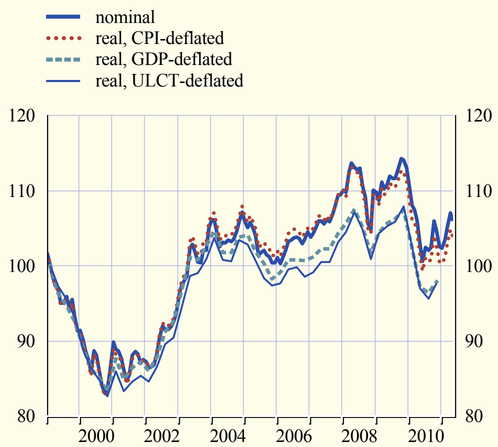


Source: ECB.
1) An upward movement of the index represents an appreciation of the euro against the currencies of 20 of the most important trading partners of the euro area (including all non-euro area EU Member States).
2) Contributions to EER-20 changes are displayed individually for the currencies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

With regard to indicators of the international price and cost competitiveness of the euro area, in May 2011 the real effective exchange rate of the euro based on consumer prices (as measured against the currencies of 20 of the euro area's most important trading partners) was 0.8% higher than its average 2010 level (see Chart 7). This real effective appreciation was due to the nominal appreciation of the euro (by 1.3%), which was partly counterbalanced by a lower consumer price inflation rate in the euro area than in the trading partner countries.

Chart 7 Euro nominal and real effective exchange rates (EER-20) [1)]

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



Source: ECB.
1) An upward movement of the EER-20 indices represents an appreciation of the euro. The latest observations for monthly data are for May 2011. In the case of the GDP and ULCT-based real EER-20, the latest observation is for the fourth quarter of 2010 and is partly based on estimates.

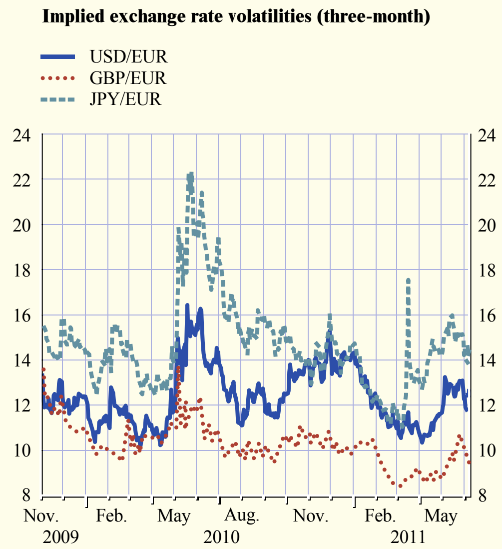
BILATERAL EXCHANGE RATES

After appreciating significantly against the US dollar from January to early May 2011, the euro experienced a rather broad swing in May and early June. Overall, from 28 February to 8 June 2011 the euro rose by 5.6% against the US dollar, thus trading at 10.2% above its 2010 average (see Chart 6 and Table 1). As mentioned above, the main driving factors were changes in the perception of the sustainability of finances in some euro area Member States and movements in yield differentials.

The euro appreciated vis-à-vis the Japanese yen from January to early April 2011, reaching a level not seen since early May 2010. The euro depreciated thereafter, losing part of its earlier gains. In March, following the Japanese earthquake, foreign exchange markets experienced a bout of very high volatility, culminating with the Japanese yen reaching its historical high against the US dollar. In response to these developments, and at the request of the Japanese authorities, the authorities of the United States, the United Kingdom, Canada, and the ECB joined with Japan, on 18 March 2011, in a concerted intervention in foreign exchange markets. After the intervention, volatility decreased and the Japanese yen exchange rate broadly stabilised. According to information derived from the prices of currency options, in the first three months of 2011 market expectations moved progressively from neutral territory to a euro-negative stance. The JPY/EUR exchange rate has been broadly responsive to movements in interest rate differentials between the euro area and Japan, as well as to market perceptions of global financial market risk. Indeed, the Japanese yen is widely used as a funding currency for carry trades, which are subject to sharp unwinding when market volatility surges. On 8 June 2011 the euro stood at JPY 116.6, 2.9% stronger than at the end of February and very close to its 2010 average.

Chart 8 Patterns in exchange rates and implied volatilities

(daily data)



Source: Bloomberg.

Since January 2011 the currencies participating in ERM II have remained broadly stable against the euro, trading at, or close to, their respective central rates. The Latvian lats moved closer to its central parity in January 2011, but went back towards the weaker side of its fluctuation band progressively until April and remained close to it thereafter.

As regards other currencies, after remaining broadly stable against the pound sterling in January and February, the euro appreciated rather strongly until early May, to then experience wide swings in May and early June, first depreciating and then appreciating strongly. On 8 June the euro traded at GBP 0.89, 4.7% higher than its end-February level (see Table 1). The euro also experienced some swings vis-à-vis the Swiss franc from January to April 2011, then it resumed its depreciation and reached a historical trough of CHF 1.215 on 30 May, trading at around 4.8% lower on 8 June than at the end of February 2011. The recent depreciation of the euro corresponds to the above-mentioned heightened market uncertainty, as the Swiss currency tends to benefit from flight-to-safety behaviour on the part of international investors. Over the period under review the bilateral euro exchange rates vis-à-vis the Chinese renminbi and the Hong Kong dollar appreciated, in line with the developments in the USD/EUR exchange rate. During this period the euro appreciated against the so-called commodity currencies, by 5.9% against the Canadian dollar and by 1.3% against the Australian dollar.

1.4 OUTLOOK FOR THE EXTERNAL ENVIRONMENT

Chart 9 OECD composite leading indicators

(monthly data; amplitude-adjusted)

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

Looking ahead, notwithstanding the latest moderation in the global growth momentum, world economic prospects remain favourable overall and the recovery is becoming increasingly self-sustained. This is in line with the latest OECD composite leading indicators for March 2011, which point to continued expansion in most countries and regions. The Ifo indicator for the world economic climate has also strengthened slightly further, but the indicators for North America and for Asia have fallen somewhat following their strong increase in the first quarter of this year. Against this background and taking into account the recent events in the Middle East and North Africa as well as in Japan, the Eurosystem staff macroeconomic projections imply a slightly more moderate growth performance for 2011 than in March 2011, while the projections for global growth in 2012 remain largely unchanged (see Section 6). The international environment outlook included in the Eurosystem staff macroeconomic projections is broadly in line with the IMF's April 2011 World Economic Outlook projections.

The risks to this economic outlook remain broadly balanced in an environment of elevated uncertainty. On the one hand, global activity may expand more rapidly than expected. On the other hand, downside risks relate to further increases in energy prices, protectionist pressures and the possibility of a disorderly correction of global imbalances.

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

Looking beyond short-term developments, monetary data up to April 2011 continue to point to a gradual recovery in the annual growth rates of both M3 and MFI loans to the private sector. These developments are in line with the assessment that the underlying pace of monetary expansion is gradually increasing, albeit remaining moderate. At the same time, monetary liquidity accumulated prior to the period of financial market tension remains ample and its unwinding may facilitate the accommodation of price pressures in the euro area. Sectoral developments in loans to the private sector point to gradual increases in the annual growth rates of both loans to non-financial corporations and loans to households.

THE BROAD MONETARY AGGREGATE M3

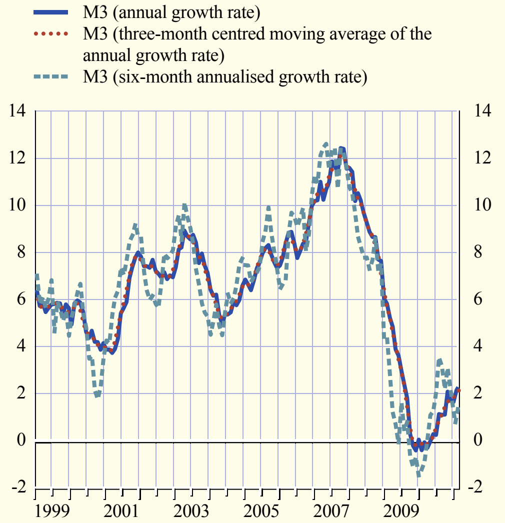
The annual growth rate of the broad monetary aggregate M3 declined to 2.0% in April, down from 2.3% in March, after increasing to 1.9% in the first quarter of 2011, up from 1.5% in the fourth quarter of 2010 (see Chart 10). Thus, looking beyond the short-term volatility characterising monetary developments, the data for the past few months are consistent with the view that M3 growth is gradually strengthening. At the same time, the levels of annual M3 growth observed in recent months remain weak by historical standards. In the past few months monetary developments have been significantly affected by interbank transactions conducted via central counterparties located in the money-holding sector. When this effect is adjusted for, the monetary expansion is somewhat weaker, but the profile is very similar.

On the component side, the gradual strengthening observed in annual M3 growth since summer 2010 continues to be driven mainly by the annual growth rate of short-term deposits other than overnight deposits (i.e. M2 minus M1), which increased further in April 2011, while that of marketable instruments is gradually becoming less negative. By contrast, the contribution made by M1 to the annual growth rate of M3 declined considerably further both in the first quarter of 2011 and in April (albeit remaining positive). These developments continue, to a large extent, to be driven by the interest rate constellation. In particular, the continued gradual steepening of the yield curve is increasing the opportunity cost of holding assets contained in M1, causing some of these to be shifted into the less liquid components of M3. At the same time, these changes to the yield curve also imply some reduction in the attractiveness of instruments contained in M3 relative to longer-term financial assets outside M3, which is one factor explaining the weak growth of broad money.

On the counterpart side, the annual growth of M3 in the first quarter and in April was accounted for mainly by credit to the euro area economy. The annual growth rate of credit to general government gradually declined in the

Chart 10 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

first four months of 2011, but remained at a high level, as the impact of the financing of asset transfers to "bad bank" schemes will remain visible in growth rates until September 2011. The annual growth of credit to the private sector gradually strengthened further in the first four months of 2011, albeit remaining moderate. The expansion seen in credit to the private sector during the first few months of 2011 was driven mainly by MFI loans, with the annual growth rates of both MFI loans to households and MFI loans to non-financial corporations continuing to gradually increase.

The main assets held by euro area MFIs declined in April, mainly reflecting sales of MFI debt securities. However, looking at the period from February to April as a whole, MFIs' main assets did not change significantly.

MAIN COMPONENTS OF M3

The general pattern observed in the annual growth rates of the main components of M3 continued both in the first quarter and in April. Thus, the growth rates of these components continued to converge, with M1 growth declining further. In fact, April saw M1 cease to be the main contributor to M3 growth, being replaced by short-term deposits other than overnight deposits. The annual growth rate of marketable instruments (i.e. M3 minus M2; see Chart 11) gradually became less negative in the first four months of the year. This convergence is broadly in line with the interest rates paid on the various instruments contained in M3.

The annual growth rate of M1 declined to 3.2% in the first quarter of 2011, down from 4.9% in the fourth quarter of 2010. It then declined further to stand at 1.7% in April (see Table 2). This gradual decline was driven mainly by decreases in the annual growth rate of overnight deposits, continuing a trend observed since the second half of 2010. The annual growth rate of currency in circulation

Table 2 Summary table of monetary variables

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

	Outstanding amount as a percentage of M3 [1]	Annual growth rates					
		2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Mar.	2011 Apr.
M1	**49.0**	**10.3**	**7.9**	**4.9**	**3.2**	**3.0**	**1.7**
Currency in circulation	8.4	6.4	6.5	5.6	4.9	3.7	4.3
Overnight deposits	40.6	11.2	8.1	4.8	2.9	2.8	1.1
M2 - M1 (= other short-term deposits)	39.1	-8.0	-5.1	-1.1	1.4	2.3	3.3
Deposits with an agreed maturity of up to two years	19.1	-21.4	-16.2	-8.7	-2.7	-0.2	2.2
Deposits redeemable at notice of up to three months	20.1	10.3	8.4	7.3	5.4	4.8	4.4
M2	**88.1**	**1.5**	**1.8**	**2.2**	**2.4**	**2.7**	**2.4**
M3 - M2 (= marketable instruments)	11.9	-9.8	-6.5	-3.0	-1.6	-0.6	-0.7
M3	**100.0**	**-0.1**	**0.7**	**1.5**	**1.9**	**2.3**	**2.0**
Credit to euro area residents		**1.8**	**2.1**	**3.3**	**3.7**	**3.3**	**3.2**
Credit to general government		9.2	7.8	11.8	10.9	8.0	7.4
Loans to general government		6.7	6.5	15.5	17.8	14.0	12.5
Credit to the private sector		0.2	0.8	1.5	2.0	2.2	2.2
Loans to the private sector		0.2	0.9	1.7	2.4	2.5	2.6
Loans to the private sector adjusted for sales and securitisation		0.2	1.0	2.0	2.8	2.8	2.9
Longer-term financial liabilities (excluding capital and reserves)		**4.5**	**2.6**	**2.7**	**2.8**	**2.9**	**3.0**

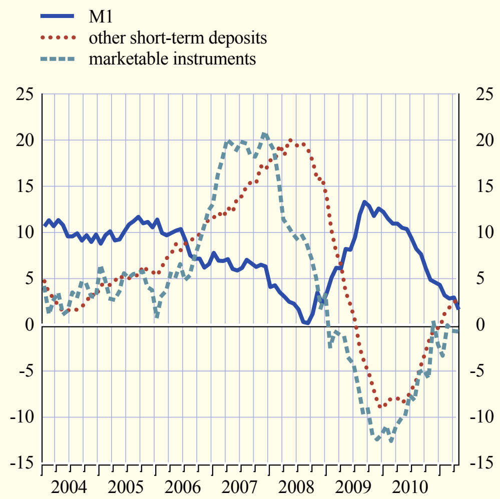
Source: ECB.
1) As at the end of the last month available. Figures may not add up due to rounding.

has also gradually declined since mid-2010, although to a much more limited extent and with continued short-term volatility.

The annual growth rate of short-term deposits other than overnight deposits increased to 3.3% in April, up from 1.4% and -1.1% in the first quarter of 2011 and the fourth quarter of 2010 respectively. This increase continued to mask divergent developments in individual sub-components, as the annual growth rate of short-term time deposits (i.e. deposits with an agreed maturity of up to two years) increased significantly further, returning to positive territory in April, whereas the annual growth rate of short-term savings deposits (i.e. deposits redeemable at notice of up to three months) continued to decline, albeit remaining robustly positive.

Chart 11 Main components of M3

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



Source: ECB.

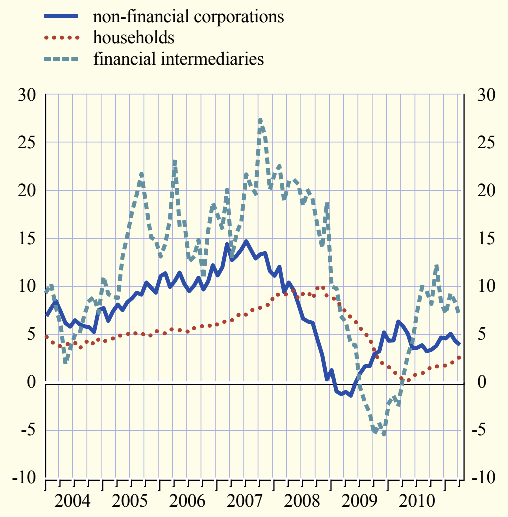
To a large extent, the closing of the gap between the growth rates of M1 and short-term deposits other than overnight deposits reflects interest rate developments. On balance, interest rates on short-term deposits – particularly time deposits – increased slightly further in the first quarter of 2011, as did the spread vis-à-vis the interest rate paid on overnight deposits. This steepening at the shorter end of the yield curve has continued to encourage shifts from overnight deposits into other, better remunerated deposits within M3.

The annual growth rate of marketable instruments increased to -1.6% in the first quarter of 2011, up from -3.0% in the fourth quarter of 2010, and stood at -0.7% in April. This was largely due to a significant increase in the annual growth rate of debt securities with a maturity of up to two years as of the fourth quarter of 2010 – an increase which continued in April, when it returned to positive territory. By contrast, the annual growth rates of the other two sub-components of marketable instruments remained broadly stable in the first quarter of 2011, although some signs of convergence can be detected in the monthly growth rates in March and April, with declines in the (strongly positive) annual growth rate of repurchase agreements and increases in the (still markedly negative) annual growth rate of money market fund shares/units. The latter remains negative owing to these instruments' high degree of sensitivity to low remuneration levels relative to other assets. Developments in repurchase agreements continued to be affected by interbank transactions conducted via central counterparties, which declined in the first quarter of 2011, following strong increases in the fourth quarter of 2010.

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 – stood at 3.5% in April, broadly unchanged from the first quarter of 2011 but still in line with the gradual increase observed since mid-2010 (see Chart 12). Since January 2011 the increase seen in the annual growth rate of M3 deposits has been driven mainly by increases in the contribution of household deposits, which may, to some extent, be associated with stronger growth in households' disposable income. By contrast, over the same period the

Chart 12 Short-term deposits and repurchase agreements

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



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

contributions of both non-financial corporations and financial intermediaries have been stable on average, despite displaying visible short-term volatility.

MAIN COUNTERPARTS OF M3

As regards the counterparts of M3, the annual growth rate of total MFI credit to euro area residents increased further to stand at 3.7% in the first quarter of 2011, up from 3.3% in the fourth quarter of 2010, before declining slightly to stand at 3.2% in April (see Table 1). This masked divergent developments in its sub-components, with the annual growth rate of MFI credit to the private sector continuing to gradually increase (while remaining weak), whereas that of MFI credit to general government continued to decline (albeit remaining strong). The impact of the financing of asset transfers to "bad bank" schemes will remain visible in the annual growth rate of credit to general government until September 2011.

The annual growth rate of MFI credit to the private sector increased further to stand at 2.2% in April, up from 2.0% and 1.5% in the first quarter of 2011 and the fourth quarter of 2010 respectively. The annual growth rate of MFIs' holdings of private sector securities continued to decline (standing at -1.4% in April), also reflecting the fact that retained securitisation activity has been relatively subdued in recent months. The annual growth rate of MFIs' holdings of shares and other equity increased markedly further in the first four months of 2011, standing at 4.5% in April.

The annual growth rate of MFI loans to the private sector – the largest component of credit to the private sector – continued its modest upward trend, increasing to 2.6% in April, up from 2.4% in the first quarter of 2011 and 1.7% in the fourth quarter of 2010 (see Table 1). Thus, the recovery observed since early 2010 in private sector loan dynamics is continuing, albeit at a gradual pace. Adjusting for securitisation continues to suggest that this is having only a limited impact on the annual growth of MFI loans to the private sector (as has been the case since the beginning of 2010), with adjusted data showing a slightly higher level of growth, but no significant change to the profile.

The gradual recovery observed in the annual growth rate of loans to the private sector in the first four months of 2011 was broadly based across sectors. This continued to be driven mainly by lending to households, the annual growth rate of which rose to 3.1% in the first quarter of 2011, up from 2.8% in the fourth quarter of 2010, and stood at 3.4% in April. The annual growth rate of lending to non-financial corporations turned positive to stand at 0.5% in the first quarter of 2011, up from -0.4% in the fourth quarter of 2010, and reached 1.0% in April. The annual growth rate of loans to non-monetary financial intermediaries other than pension funds and insurance corporations rose further in the first quarter of 2011, although the level observed in April was then lower than the average for the first quarter.

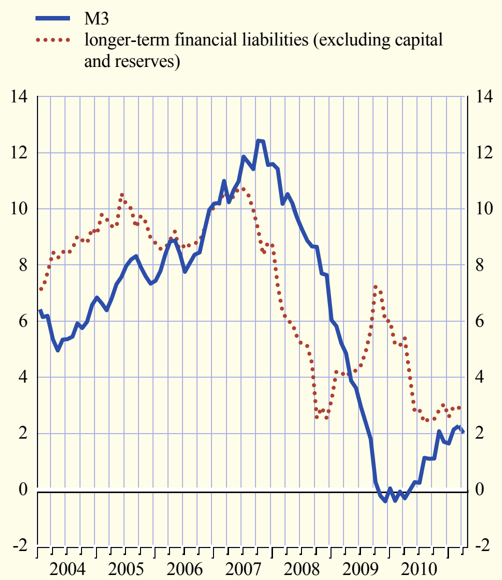
After appearing to level off in late 2010 and early 2011, the annual growth rate of loans to households rose slightly to stand at 3.4% in both March and April. This continued to conceal differences in the growth rates of the various types of loan. The annual growth rate of lending for house purchase has remained robustly positive and has gradually increased, standing at 4.5% in April, while annual growth in consumer credit has remained negative, appearing to have stabilised in the first four months of 2011. The greater strength of lending for house purchase continues to reflect the gradual recovery observed in a number of housing markets in the euro area. Developments in consumer credit remain subdued (see Section 2.7 for more details).

The annual growth rate of loans to non-financial corporations remained weak in the first four months of the year, but steadily increased further, continuing the gradual recovery observed since the second quarter of 2010. This increase in borrowing is in line with business cycle regularities and reflects improvements in business confidence and a gradual increase in the annual growth rate of gross fixed capital formation. At the same time, although firms' indebtedness levels have gradually been declining since early 2009, they remain relatively high by historical standards. Thus, firms may be reluctant to strongly increase their loan demand, attempting to control – and potentially further reduce – their debt levels, and instead making greater use of available internal funds.

Turning to the other counterparts of M3, the annual growth rate of MFIs' longer-term financial liabilities (excluding capital and reserves) stood at 3.0% in April, up marginally from the 2.8% observed in the first quarter of 2011 and the 2.7% recorded in the fourth quarter of 2010 (see Chart 13). Of the main instruments, the annual growth rate of longer-term deposits held by the money-holding sector continued to follow a broadly downward trend in the first four months of 2011, possibly reflecting declines in the attractiveness of these deposits relative to other forms of financial investment (such as equity funds), but also partly reflecting the limited securitisation activity observed in recent months. By contrast, the annual growth rate of debt securities with a maturity of over two years continued to increase.

Chart 13 M3 and MFI longer-term financial liabilities

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

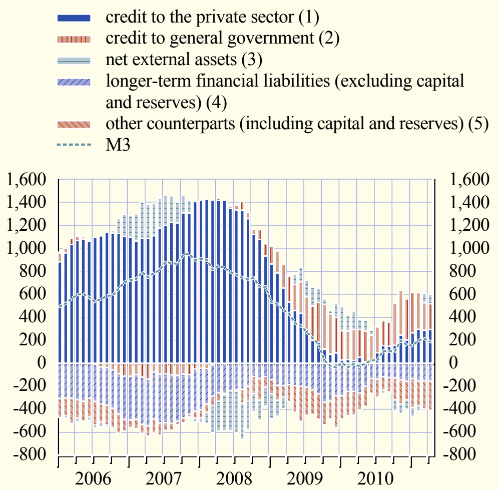


Source: ECB.

Finally, an annual inflow of €79 billion was observed in April for MFIs' net external asset position. This was broadly unchanged from March, but represents an increase compared with the outflow observed in the first quarter of 2011, suggesting that the recovery observed in this counterpart position since the last quarter of 2010 has continued (see Chart 14). The improvement seen in the net external asset position in the first four months of 2011 continued to stem from the fact that the cumulative decline in external liabilities (mainly in the form of deposits) outpaced the cumulative decline in external assets.

Chart 14 Counterparts of M3

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



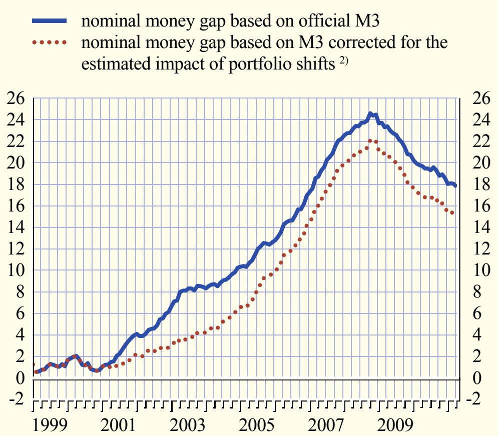
Source: ECB.
Notes: M3 is shown for reference only (M3 = 1+2+3-4+5). Longer-term financial liabilities (excluding capital and reserves) are shown with an inverted sign, since they are liabilities of the MFI sector.

GENERAL ASSESSMENT OF MONETARY LIQUIDITY CONDITIONS IN THE EURO AREA

Developments in the nominal and real money gaps suggest that both in the first quarter of 2011 and in April the amount of monetary liquidity in the euro area decreased slightly further from its elevated levels, continuing the trend observed since early 2009 (see Charts 15 and 16). These kinds of liquidity measure need to be interpreted with caution, as they rely on an assessment of equilibrium money holdings, which is surrounded by considerable uncertainty. These caveats notwithstanding, these measures point to a clear accumulation of monetary liquidity over the years prior to the start of the financial crisis, and the period of subdued M3 growth observed since the end of 2008 is unlikely to have resulted in the full unwinding of this earlier accumulation. For an assessment of the possible implications of the unwinding of accumulated monetary liquidity, see Box 3, entitled "Euro area broad money growth and the unwinding of accumulated liquidity".

Chart 15 Estimates of the nominal money gap [1)]

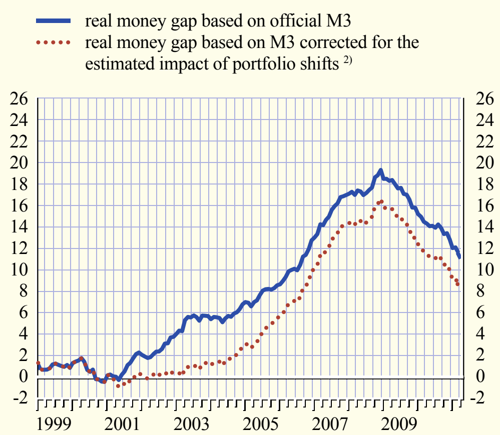
(as a percentage of the stock of M3; adjusted for seasonal and calendar effects; December 1998 = 0)



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

Chart 16 Estimates of the real money gap [1)]

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



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

Box 3

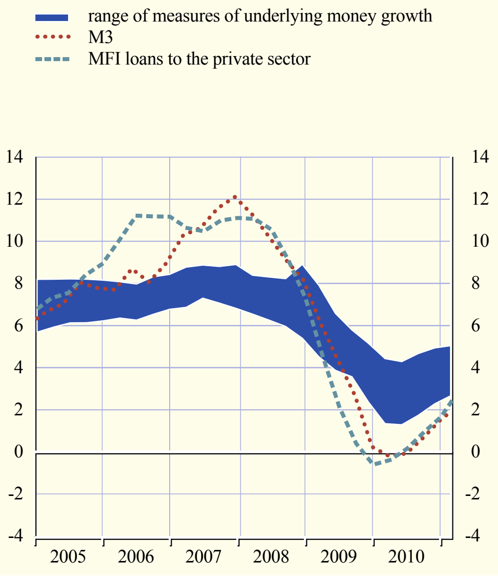
EURO AREA BROAD MONEY GROWTH AND THE UNWINDING OF ACCUMULATED LIQUIDITY

The parallel increase in annual M3 growth and a range of measures of underlying monetary expansion suggests a gradual, persistent pick-up in money growth (see Chart A). The increase in annual M3 growth has been accompanied by a strengthening in the dynamics of loans to the private sector, thus providing qualitative confirmation of an increase in the pace of underlying monetary expansion. The assessment that money and credit growth is gradually strengthening is broadly confirmed by the data for April 2011.

At the current juncture, a key question is whether the level of growth observed in monetary aggregates, which is still lower than that of current nominal income growth, should be characterised as weak. When account is taken of lead/lag relationships between the respective monetary series and economic activity, monetary dynamics are currently in line with business cycle regularities. Notably, the growth rates of M3 and loans to the private sector are evolving in line with the recent increase in economic activity. At the same time, M3 growth would be stronger were it not dampened by the unwinding of accumulated liquidity, which, despite some downward adjustment, remains ample. This box argues that the assessment of monetary growth needs to be complemented by an assessment of the stock of monetary liquidity in order to ensure a comprehensive analysis of risks to price stability over the medium term.

Chart A M3 and underlying M3

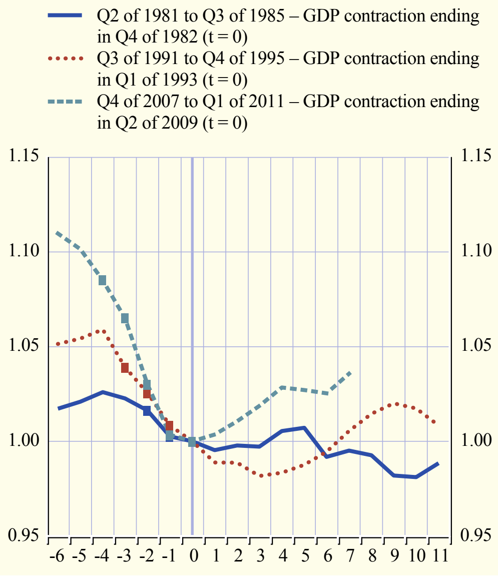
(annual percentage changes)



Sources: ECB and ECB calculations.
Note: The range of measures of underlying money growth is derived using some of the methods described in the box entitled "Underlying monetary dynamics: concept and quantitative illustration", *Monthly Bulletin*, ECB, Frankfurt am Main, May 2008.

Chart B M3 income velocity around episodes of negative real GDP growth

(quarterly data; index: last quarter of negative quarterly real GDP growth = 1)

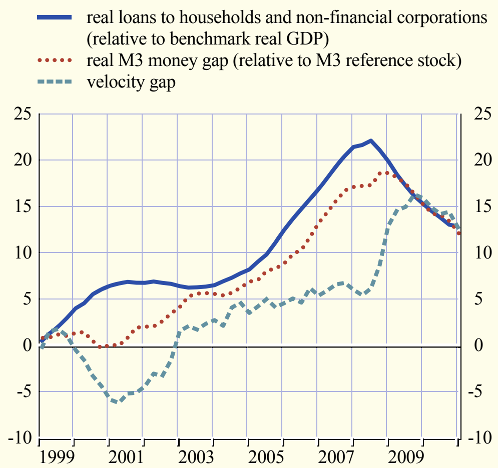


Source: ECB estimates.
Notes: Episodes are defined as comprising at least two consecutive quarters of negative quarter-on-quarter real GDP growth. The squares denote quarters of negative quarter-on-quarter real GDP growth. Velocity is normalised to 1 in the last quarter of negative real GDP growth, which is indicated as 0 on the x-axis.

The unwinding of accumulated monetary liquidity is proceeding gradually

Chart C Various measures of excess monetary liquidity

(percentage points)



Source: ECB estimates.
Notes: The velocity gap is computed as the ratio of inverse actual velocity to the inverse of the time-varying long-run velocity derived using the model employed by Beyer (see paper referred to in footnote 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. Benchmark real GDP is calculated using a 2% annual growth rate, taking December 1998 as the base period.

The relationship between money holdings and nominal spending is captured by income velocity. An excessive accumulation of monetary liquidity is reflected in income velocity deviating from its long-term trend.

In the aftermath of episodes of negative real GDP growth, income velocity tends to rise in the euro area, as accumulated excess liquidity is drawn down to accommodate the extra nominal spending. This phenomenon is illustrated in Chart B, which shows M3 income velocity for three periods – 1981 to 1985; 1991 to 1995; and 2007 to 2011 – normalised on the basis of the values observed, for each period, in the last quarter of negative quarter-on-quarter real GDP growth. Looking at the current episode, during the crisis period between the third quarter of 2008 and the third quarter of 2009 the decline in velocity was sharper than in previous episodes. Since the third quarter of 2009 velocity has increased more rapidly than in the previous periods, as some of the accumulated liquidity has unwound. During the 1991-95 episode, velocity increased for six quarters before resuming its downward trend. In the current episode, it remains to be seen when income velocity, which has increased over the last seven quarters, will resume its downward trend. At the current juncture, the amount of accumulated excess liquidity has declined less and remains larger than during the 1991-95 episode.

There are various ways of illustrating the current imbalances between the stock of money or credit and economic activity. Chart C shows a selection of such measures, which all need to be interpreted cautiously, as they rely on an assessment of equilibrium relationships. All of these measures suggest that there has been a limited reduction in accumulated liquidity in recent quarters. It is unlikely that this recent reduction has led to a full unwinding of that accumulated liquidity, with the various measures instead suggesting that further significant adjustment remains necessary. Ultimately, excess liquidity can unwind: (i) through slower money and loan growth (i.e. through a decline in the creation of financial balances associated with deleveraging in the financial, public and private sectors); (ii) in the polar opposite scenario, through stronger nominal GDP growth (as liquidity supports aggregate demand and, ultimately, inflation); or (iii) through a combination of the two.

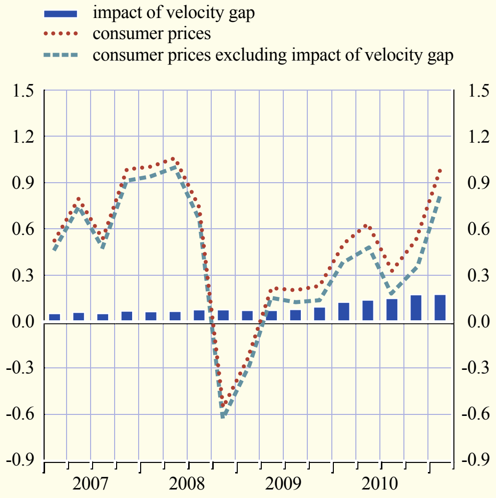
A model-based measure of excess monetary liquidity – a velocity gap – can be constructed using actual velocity and a time-varying long-run velocity based on an estimated model.[1] As shown in Chart C, this measure also indicates that excessive monetary liquidity has gradually accumulated in the euro area since late 2003 and has partly unwound in recent quarters.

Current impact of accumulated liquidity on consumer price inflation

Inflation indicators based solely on the evolution of money growth neglect the impact that accumulated excess liquidity can have on future price developments.[2] Measures of excess liquidity can also provide important information on future price developments, as a number of empirical studies suggest. The model underlying the quantification in Chart D is a variant of the "P-star approach", which has featured prominently in the economic literature on the leading indicator properties of money for inflation.[3] In this exercise, excess monetary liquidity is quantified by the estimated velocity gap described above. According to this metric, the estimated contribution of excess monetary liquidity to consumer price inflation is positive, thus indicating that accumulated liquidity has exerted upward pressure on euro area inflation during the financial crisis (see Chart D). The results of such analysis should be regarded as indicative, giving a general sense of the direction and magnitude of developments, and cannot be applied in a mechanical way in order to derive risks to price stability over the medium term.

Chart D Impact of velocity gap on consumer price inflation

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



Source: ECB estimates.

Conclusions

Overall, monetary liquidity in the euro area remains ample, despite some downward adjustment. At the same time, households and non-financial corporations continue to exhibit high credit-to-income ratios. The overall picture continues to point to a need for further liquidity absorption. Hence, the unwinding of excess liquidity may continue to dampen loan and money growth. In this case, low rates of money and credit growth would reflect the ongoing adjustment towards a level of money and credit relative to output which is sustainable in the long term.

At the same time, in the context of recovering economic sentiment and strengthening demand, the adjustment of accumulated liquidity may generate price pressures in both asset and product markets, even at low rates of money growth.

1 An empirical measure of long-term velocity can be derived, inter alia, on the basis of an interest rate differential – measured as the difference between the short-term money market interest rate and the rate of remuneration on M3 – and the accumulation of real housing wealth. See Beyer, A., "A stable model for euro area money demand: revisiting the role of wealth", *Working Paper Series*, No 1111, ECB, Frankfurt am Main, November 2009.

2 See Papademos, L. and Stark, J. (eds.), *Enhancing monetary analysis*, Chapter 4, ECB, Frankfurt am Main, 2010.

3 For details, see: Box 3 in the article entitled "Monetary analysis in real time", *Monthly Bulletin*, ECB, Frankfurt am Main, October 2004; Hallman, J.J., Porter, R.D. and Small, D.H., "Is the price level tied to the M2 monetary aggregate in the long run?", *American Economic Review*, 81 (4), 1991, pp. 841-858; Gerlach, S. and Svensson, L.E.O., "Money and inflation in the euro area: A case for monetary indicators?", *Journal of Monetary Economics*, 50, 2003, pp. 1649-1672; and Trecroci, C. and Vega, J.-L., "The information content of M3 for future inflation", *Weltwirtschaftliches Archiv*, 138 (1), 2002, pp. 22-53.

Overall, looking beyond short-term developments, the latest data continue to point to a gradual increase in the pace of underlying monetary expansion, as confirmed by the moderate, but persistent, strengthening observed in both broad money growth and private sector loan growth. At the same time, monetary liquidity accumulated prior to the period of financial market tension remains ample and its unwinding may facilitate the accommodation of price pressures in the euro area.

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

The annual growth rate of total financial investment by the non-financial sectors increased to 3.7% in the fourth quarter of 2010, almost exclusively reflecting the impact of transactions relating to a "bad bank" scheme. The annual inflow for investment fund shares/units decreased further in the first quarter of 2011. The annual growth rate of financial investment by insurance corporations and pension funds decreased further in the fourth quarter of 2010, mainly on account of a decline in the use of indirect forms of financial investment.

NON-FINANCIAL SECTORS

In the fourth quarter of 2010 (the most recent quarter for which data are available) the annual growth rate of total financial investment by the non-financial sectors increased to 3.7%, up from 3.0% in the previous quarter (see Table 3). However, this increase mainly reflected the transfer of assets (mostly long-term debt securities) to a "bad bank" classified as part of the general government sector. As a result, there was a sharp increase in the contribution of debt securities, which had been muted or even negative in the previous six quarters. As regards the remaining instruments, the contribution of currency and deposits increased moderately, while those of quoted and unquoted shares, mutual fund shares and insurance technical reserves remained broadly unchanged.

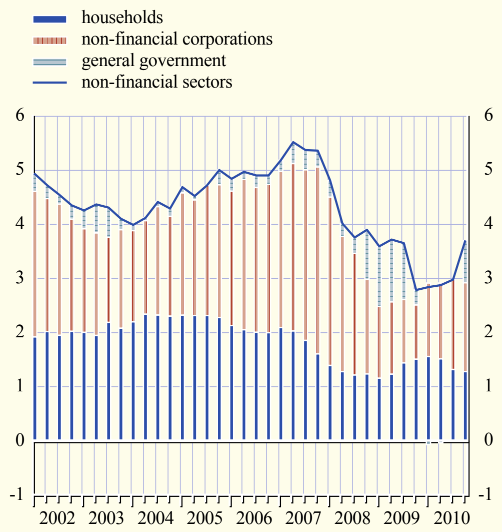
Table 3 Financial investment of the euro area non-financial sectors

	Outstanding amount as a percentage of financial assets [1]	Annual growth rates									
		2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4
Financial investment	**100**	**3.8**	**3.9**	**3.6**	**3.7**	**3.7**	**2.8**	**2.8**	**2.9**	**3.0**	**3.7**
Currency and deposits	23	5.8	7.0	7.5	7.0	6.0	3.4	1.9	1.7	2.2	3.1
Debt securities, excluding financial derivatives	6	2.3	5.2	4.2	1.6	0.0	-3.6	-3.8	0.3	0.6	8.4
of which: short-term	0	-2.2	9.3	-23.3	-34.0	-42.9	-48.0	-34.8	-20.7	-2.5	-17.3
of which: long-term	5	3.0	4.6	8.7	7.2	6.8	3.6	0.4	2.9	0.9	10.8
Shares and other equity, excluding mutual fund shares	29	2.9	3.7	4.0	4.7	4.8	3.2	3.1	2.1	1.8	2.2
of which: quoted shares	7	4.5	3.8	4.6	5.0	6.3	6.4	6.9	2.5	0.4	1.7
of which: unquoted shares and other equity	23	2.3	3.6	3.8	4.5	4.3	2.4	2.3	2.0	2.3	2.4
Mutual fund shares	5	-4.7	-5.6	-4.3	-3.2	-1.6	0.5	-1.0	-2.7	-2.6	-2.1
Insurance technical reserves	15	3.2	2.4	2.7	3.0	3.5	4.5	5.1	4.8	4.6	4.3
Other [2]	22	6.5	4.5	1.4	1.8	2.1	2.8	4.7	5.8	6.1	5.9
M3 [3]		**8.7**	**7.6**	**5.2**	**3.6**	**1.8**	**-0.4**	**-0.1**	**0.3**	**1.1**	**1.7**

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 institutions) with euro area MFIs and central government.

Chart 17 Financial investment of non-financial sectors

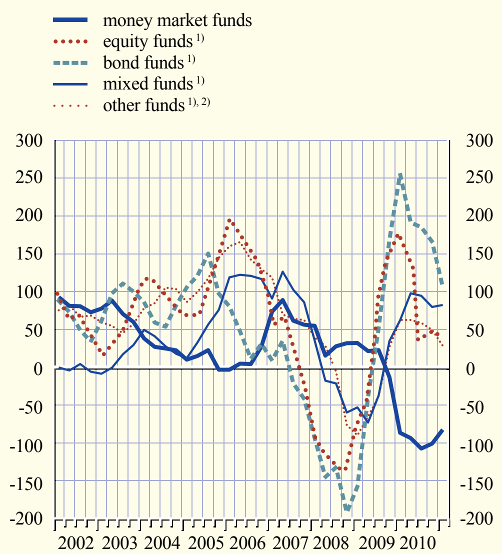
(annual percentage changes; contributions in percentage points)



Source: ECB.

Chart 18 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 estimations.
2) Includes real estate funds, hedge funds and funds not classified elsewhere.

A breakdown by non-financial sector confirms the importance of the transactions relating to the above-mentioned “bad bank”. Indeed, the accumulation of financial assets by the government sector, mainly in the form of debt securities, accounts for all of the increase observed in the annual growth rate of total financial investment in the fourth quarter of 2010. By contrast, the contributions of households and non-financial corporations remained almost unchanged (see Chart 17). For more detailed information on developments in financial investment by the private sector, see Sections 2.6 and 2.7.

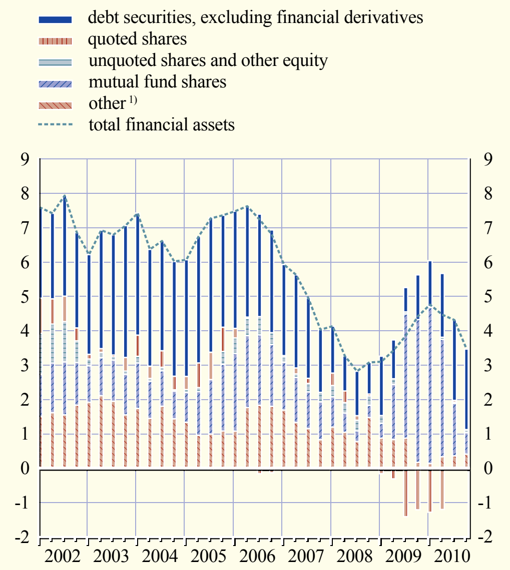
INSTITUTIONAL INVESTORS

The harmonised investment fund statistics for the euro area indicate that the annual inflow for investment fund shares/units (excluding money market funds) declined further to stand at €254 billion in the first quarter of 2011, down from €345 billion in the previous quarter. The annual growth rate declined accordingly, standing at 4.8%, down from 6.9% in the fourth quarter of 2010. A breakdown by investment policy shows that the decline observed in the annual inflow was accounted for primarily by a reduction in the inflow for bond funds, although other funds and equity funds also played a role. (see Chart 18). This suggests that heightened tensions in some sovereign debt markets are dampening annual inflows for investment funds. The annual inflow for mixed funds remained almost unchanged, while the annual outflow for money market funds experienced a moderate decline.

However, quarter-on-quarter data reveal that the impact of those tensions in sovereign debt markets may have subsided somewhat in the first quarter of 2011. Indeed, bond funds were again the largest contributor to the €55 billion quarterly inflow for investment fund shares/units (excluding money market funds), accounting for one-third of that inflow. Mixed funds and other funds each accounted for approximately one-quarter of the total quarterly inflow, with the remainder accounted for by equity funds.

Chart 19 Financial investment of insurance corporations and pension funds

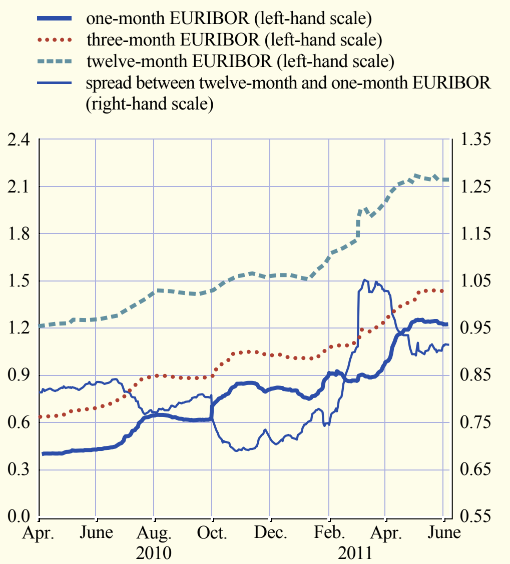
(annual percentage changes; contributions in percentage points)



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

Chart 20 Money market interest rates

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



Sources: ECB and Thomson Reuters.

The fourth quarter of 2010 saw the annual growth rate of total financial investment by insurance corporations and pension funds decline for the second consecutive quarter, falling to 3.5%, down from 4.3% in the previous quarter (see Chart 19). This continued to be driven by a decline in mutual fund shares. The contributions of all other instruments remained almost unchanged. Overall, this suggests that insurance corporations and pension funds are continuing to rebalance their portfolios in favour of direct capital market investment.

2.3 MONEY MARKET INTEREST RATES

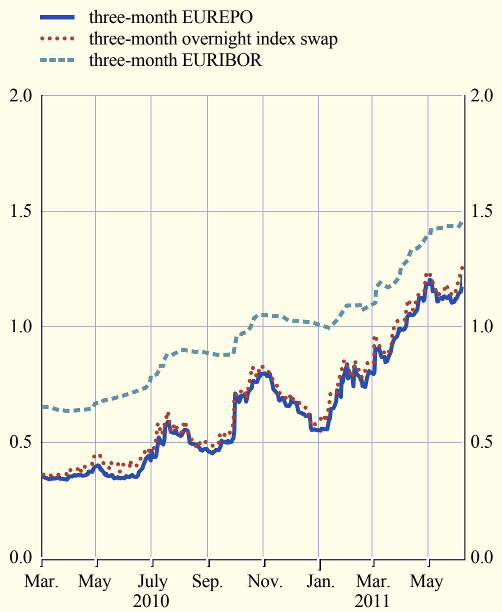
Money market interest rates increased further in the period from March to June 2011, reflecting rising interest rate expectations both before and after the Governing Council decided to increase the key ECB interest rates by 25 basis points on 7 April 2011, as well as the decision itself, which took effect as of the main refinancing operation settled on 13 April 2011. At the same time, volatility in money market interest rates remained high over the review period, broadly unchanged from the preceding three-month period.

Unsecured money market interest rates increased across all maturities over the review period, thereby continuing the upward trend observed since the beginning of this year. On 8 June 2011 the one-month, three-month, six-month and twelve-month EURIBOR stood at 1.24%, 1.45%, 1.73% and 2.15% respectively – i.e. 37, 36, 35 and 38 basis points higher than the levels observed on 1 March 2011. The spread between the twelve-month and one-month EURIBOR – an indicator of the slope of the money market yield curve – stood at 91 basis points on 8 June, broadly unchanged from the level observed on 1 March (see Chart 20).

Despite some volatility, secured money market interest rates increased overall during the review period, continuing the general upward

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

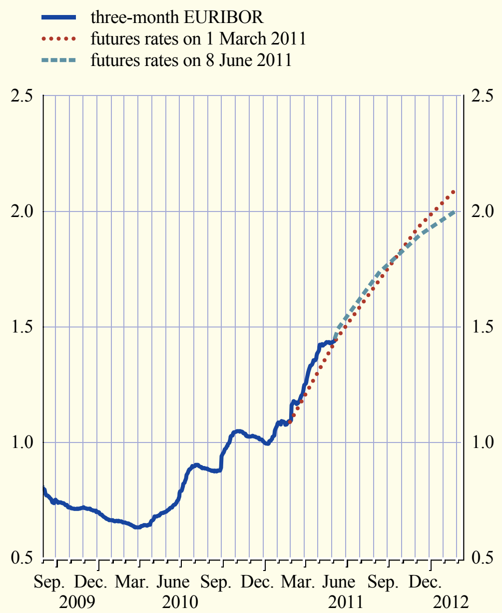
(percentages per annum; daily data)



Sources: ECB, Bloomberg and Thomson Reuters.

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

(percentages per annum; daily data)



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

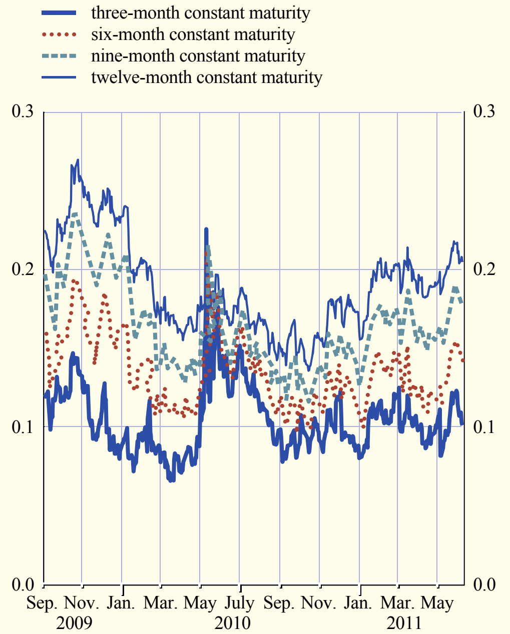
trend observed since May 2010 (see Chart 21). The interest rate on the three-month overnight index swap stood at 1.26% on 8 June, around 42 basis points higher than on 1 March. The increase in the corresponding unsecured EURIBOR was smaller than the increase in the secured swap rate, so the spread between these two rates decreased from 26 basis points on 1 March to 20 basis points on 8 June. At the same time, the spread between the two rates remained volatile. Overall, despite this volatility, the spread has also declined somewhat by comparison with the levels prevailing towards the end of last year and in the first few months of 2011. Developments during the review period suggest that there have been some further improvements in financial market conditions, while liquidity conditions have become more balanced.

The interest rates implied by the prices of three-month EURIBOR futures contracts maturing in June, September and December 2011 stood at 1.49%, 1.72% and 1.90% respectively on 8 June, representing increases of 4 and 1 basis points and a decrease of 3 basis points by comparison with the levels observed on 1 March (see Chart 22). Implied volatilities with constant maturities of three, six, nine and twelve months derived from options on three-month EURIBOR futures contracts have remained broadly unchanged over the past three months, but have increased somewhat by comparison with the levels seen at the end of 2010 and the beginning of 2011 (see Chart 23).

Looking at the overnight maturity, the volatility of the EONIA has increased significantly since June 2010, being particularly pronounced since the end of 2010, and remained high in the review period. Specifically, the EONIA stood above the main refinancing rate for a number of days at the

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

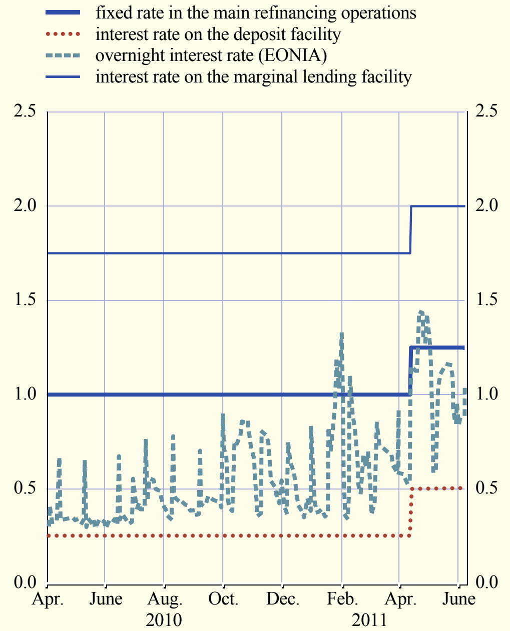
(percentages per annum; daily data)



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

Chart 24 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Thomson Reuters.

end of April and the beginning of May. It then declined sharply to stand at levels well below the main refinancing rate and, despite some subsequent increases, remained below that rate. On 8 June the EONIA stood at 1.07% (see Chart 24).

The review period saw the ECB continue to provide support to money markets by means of liquidity-providing operations with maturities of one week, one maintenance period and three months. The Eurosystem's liquidity-providing operations were conducted as fixed rate tender procedures with full allotment. The ECB also conducted weekly one-week liquidity-absorbing operations with a variable rate tender procedure and maximum bid rates of 1.00% in the third maintenance period of the year and 1.25% in the fourth and fifth maintenance periods of the year. With those liquidity-absorbing operations, the ECB offered to absorb an amount corresponding to the size of the purchases made under the Securities Markets Programme, which totalled €75 billion on 8 June. The level of excess liquidity in the euro area was lower in the third and fourth maintenance periods of the year than it had been in the first two maintenance periods of 2011. For further details regarding liquidity conditions and monetary policy operations, see Box 4.

Box 4

LIQUIDITY CONDITIONS AND MONETARY POLICY OPERATIONS IN THE PERIOD FROM 9 FEBRUARY TO 10 MAY 2011

This box describes the ECB's liquidity management during the reserve maintenance periods ending on 8 March, 12 April and 10 May 2011. During this period all euro refinancing operations continued to be conducted by means of fixed rate tender procedures with full allotment.

The Securities Markets Programme (SMP) announced on 10 May 2010 also remained in place, in conjunction with weekly liquidity-absorbing operations with a one-week maturity aimed at sterilising the additional liquidity injected through the programme.

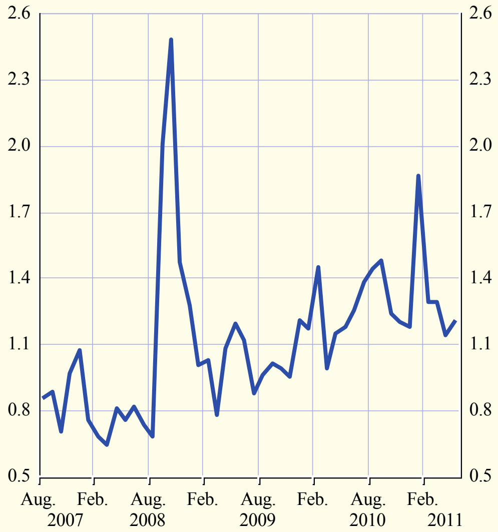
Liquidity needs of the banking system

In the period under review the banking system's aggregate daily liquidity needs – defined as the sum of autonomous factors, reserve requirements and excess reserves (i.e. current account holdings in excess of reserve requirements) – averaged €474.7 billion. This was €45.6 billion lower than the daily average recorded in the previous three maintenance periods (i.e. the period from 10 November 2010 to 8 February 2011).

This mainly reflected a further decline in the average value of autonomous factors, which decreased by €44.0 billion to stand at €265.0 billion. The average level of reserve requirements was €209.7 billion, down by €1.6 billion. Daily excess reserves averaged €1.21 billion, down from €1.52 billion in the previous three maintenance periods (see Chart A).

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

(EUR billions; average level in each maintenance period)



Source: ECB.

Liquidity supply

In the period under review total liquidity supplied by means of open market operations averaged €497.3 billion, down by €77.1 billion compared with the previous three maintenance periods, with tender operations[1] providing an average of €359.9 billion.

Compared with the previous three maintenance periods, the average liquidity supplied by one-week main refinancing operations (MROs) decreased by €76.6 billion to stand at €112.4 billion. The average liquidity provided by special-term refinancing operations with a maturity of one maintenance period rose by €9.2 billion to stand at €76.4 billion.

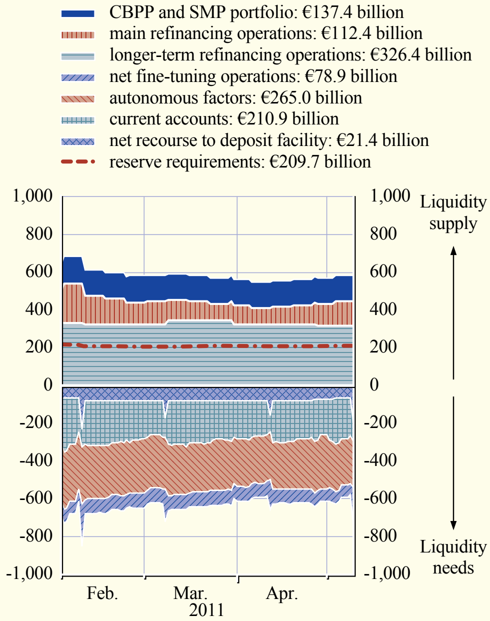
1 Tender operations comprise main refinancing operations, longer-term refinancing operations and fine-tuning operations, the last of which can be either liquidity-providing or liquidity-absorbing.

In parallel, the average liquidity supplied by three-month longer-term refinancing operations (LTROs) increased by €40.6 billion to stand at €250.0 billion. By contrast with the previous review period, however, there were no one-year LTROs outstanding, since the final operation, which had provided €96.9 billion, matured on 23 December 2010. As a result, the total amount of liquidity provided at a maturity of one maintenance period and beyond increased by only €3.4 billion compared with the previous review period and stood at €326.4 billion. In total, MROs and LTROs provided €438.8 billion, which contrasts with the peak of almost €900 billion in June 2010.

Together, the covered bond purchase programme (CBPP) and the SMP provided an average of €137.4 billion of liquidity. The CBPP, for which purchases ended on 30 June 2010, provided €60.6 billion, down marginally from €60.8 billion in the previous review period. On 6 May 2011 the net value of settled purchases under the SMP stood at €76.1 billion, down slightly from €76.5 billion on 4 February 2011, as maturing amounts exceeded new purchases.

Chart B Liquidity needs of the banking system and liquidity supply

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



Source: ECB.

In parallel, the weekly one-week operations sterilising the liquidity provided by the SMP absorbed an average of €75.4 billion in the period under review, €1.4 billion below the average intended amount of €76.8 billion owing to underbidding in the operations on 26 April and 3 May 2011. The liquidity absorbed by means of fine-tuning operations with an overnight maturity on the last day of each maintenance period averaged €105.9 billion (see Chart B).

Use of standing facilities

Overall, the fact that the supply of liquidity declined more strongly than liquidity needs meant that average excess liquidity fell to €22.6 billion in the period under review (down from €54.0 billion in the previous review period). This resulted in lower net recourse to the deposit facility,[2] which averaged around €21.4 billion. Daily net recourse to the deposit facility thereby decreased to levels last seen in June 2009.

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

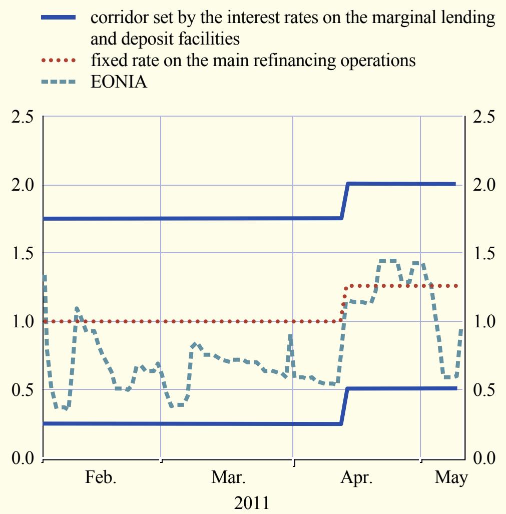
Interest rates

The ECB's key interest rates increased by 25 basis points with effect from the main refinancing operation settled on 13 April 2011. The rate on the main refinancing operations increased to 1.25%, the marginal lending rate increased to 2.00% and the deposit rate increased to 0.50%.

With liquidity remaining ample in the period under review, the EONIA generally remained below the main refinancing rate. However, the reduction in excess liquidity was reflected in a decline in the average spread between the main refinancing rate and the EONIA, which fell to 27 basis points, down from 41 basis points in the previous review period. The volatility observed in the EONIA since the beginning of this year continued in the review period. The EONIA fluctuated between 66 basis points below the main refinancing rate and 18 basis points above it, with this volatility reflecting liquidity conditions and calendar effects.

Chart C The EONIA and the ECB interest rates

(daily interest rates in percentages)



Source: ECB.

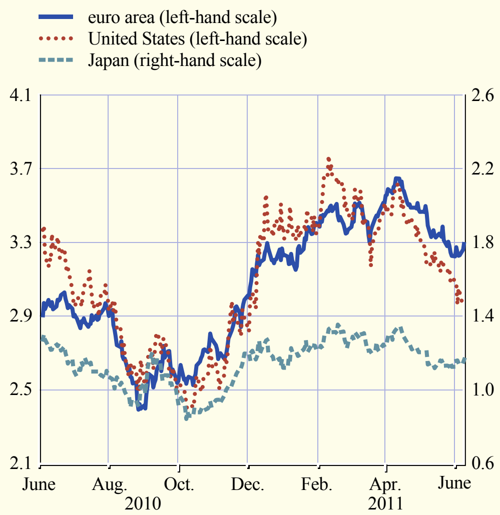
In the first two maintenance periods under review, the EONIA displayed a pattern which followed the reserve maintenance cycle, starting at a relatively high level, before gradually decreasing towards the end of the maintenance period as the fulfilment of reserve requirements neared completion (see Chart C). While the maintenance period from 13 April to 10 May began in a similar fashion, the liquidity situation became tighter in the second week of the maintenance period as a result of counterparties' stable demand for liquidity in the context of temporary increases in autonomous factors. This caused the EONIA to increase to 1.43% on 21 April. The EONIA then remained above the rate on the main refinancing operations in the days that followed, reflecting increased liquidity demand over the Easter holiday. It did not fall back to 0.60% until late in the maintenance period, as counterparties' demand for liquidity increased in subsequent MROs.

2.4 BOND MARKETS

Between the end of February and early June, yields on AAA-rated long-term government bonds in the euro area and the United States declined by around 10 and 50 basis points respectively. The decline in yields was primarily a reflection of mounting market concerns about the strength of the world economy and the intensification of tensions in some euro area sovereign debt markets. Implied bond market volatility remained broadly unchanged in the euro area and declined slightly in the United States. Financial market measures of euro area long-term inflation expectations remained broadly unchanged and continue to suggest that inflation expectations remain firmly anchored. Sovereign bond spreads widened considerably for Greece, Ireland and Portugal. Tensions in the sovereign debt markets of Belgium, Italy and Spain were also reflected in the relatively large fluctuations of the spreads vis-à-vis German bonds during this period. At the same time, spreads on *bonds issued by financial corporations declined slightly across all rating classes.*

Chart 25 Long-term government bond yields

(percentages per annum; daily data)



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

Since the end of February 2011, the level of AAA-rated ten-year euro area government bond yields has declined by around 10 basis points, all in all, to stand at 3.3% on 8 June (see Chart 25). Long-term US government bond yields fell by about 50 basis points over the same period, to reach 3.0% on 8 June. Accordingly, the differential between nominal ten-year US and euro area government bond yields turned negative, changing from 10 to about -30 basis points. The yield on ten-year Japanese government bonds declined by 10 basis points to stand at 1.2% on 8 June.

Investors' uncertainty about near-term future bond market developments, as measured by options-implied volatility, remained broadly unchanged in the euro area and declined slightly in the United States. Volatility in the euro area and US bond markets was subject to significant intra-period fluctuations. Volatility increased in early March, primarily reflecting the safe-haven flows triggered by the earthquake and concerns about a major nuclear accident in Japan. In late March and early April, previous volatility increases were reversed, and the declining trend in bond market volatility initiated in the fourth quarter of 2010 resumed, only to be reversed again towards the end of the period under review when tensions in sovereign debt markets increased and data releases in the United States proved disappointing for market participants.

The upward trend in euro area long-term government bond yields that had started in the third quarter of 2010 came to a halt in March and turned downwards in April and May. Ongoing political tensions in northern Africa and the Middle East, and the devastating earthquake in Japan in early March, triggered flight-to-safety investment flows that brought downward pressure to bear on government bond yields in both the euro area and the United States. Economic momentum remained strong, however, and positive economic data releases in the euro area and in the United States kept long-term yields from falling in March. In the course of April, however, government bond yields started to decline. This reflected the re-intensification of tensions in euro area sovereign debt markets and a less upbeat assessment of the strength of the US economy following the downward revision by the Federal Reserve of growth projections for the United States in 2011 and 2012, and the release of GDP growth figures for the first quarter of 2011. Flows to safe-haven assets increased further in May. First, fears about a possible restructuring of Greek debt intensified among market participants. Second, concerns about the strength of global growth increased as releases of US employment and housing data disappointed, while monetary policy was tightened in China. Declines in commodity prices during May were likewise associated with signs of a slowdown in the world economy.

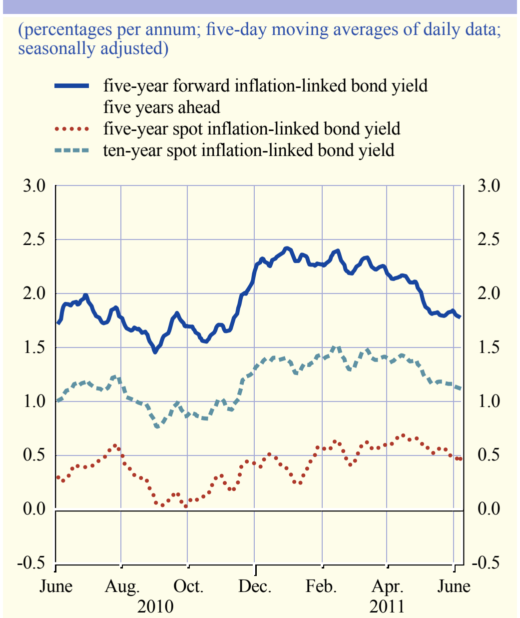
Between the end of February and 8 June, the spreads of euro area countries' ten-year government bonds vis-à-vis their German counterpart widened considerably for Greece, Ireland and Portugal.

Tensions in the sovereign debt markets of Belgium, Italy and Spain were also reflected in the relatively large fluctuations of the spreads vis-à-vis Germany during this period. The spread of Greek, Irish and Portuguese government bond yields vis-à-vis Germany currently stand more than 300 basis points higher than their corresponding levels in May 2010, when tensions in sovereign debt markets first intensified. During March 2011 tensions in euro area sovereign debt markets were exacerbated by the downgrading to varying degrees of the sovereign debt of Portugal, Greece and Spain by rating agencies, and by market participants' uncertainty about the size and scope of the European Financial Stability Facility (EFSF). Tensions again increased sharply in April and most of May when market participants' concerns about a possible restructuring of the Greek debt intensified. Irish sovereign debt yield spreads vis-à-vis Germany, which had narrowed after the release of the generally positive outcome of the Irish bank stress tests in the first week of April, were likewise negatively affected by market participants' concerns about the Greek debt. In late May and early June, the announcement of new fiscal austerity measures in Greece, and the expectations that a new aid programme for Greece was soon to be approved, contributed to narrowing the spreads.

Since the end of February, yields on five-year inflation-linked euro area government bonds have increased by 10 basis points to stand at 0.5% on 8 June (see Chart 26). Over the same period, ten-year inflation-linked euro area government bonds declined by 10 basis points, standing at 1.2% on 8 June. The decline in real yields reflects recent concerns about the strength of global growth. Compared with their end-February levels, five-year spot break-even inflation rates declined by 10 basis points, while the corresponding ten-year rate remained unchanged (see Chart 27). This moderate steepening of the spot break-even inflation rate curve implied a moderate increase of 10 basis points in five-year forward break-even inflation rates five years ahead, which stood at 2.3% on 8 June. On the same date, the corresponding measure implied by inflation swaps likewise stood at 2.3%. Break-even inflation rates have been very volatile over the past three months, possibly

Chart 26 Euro area zero coupon inflation-linked bond yields

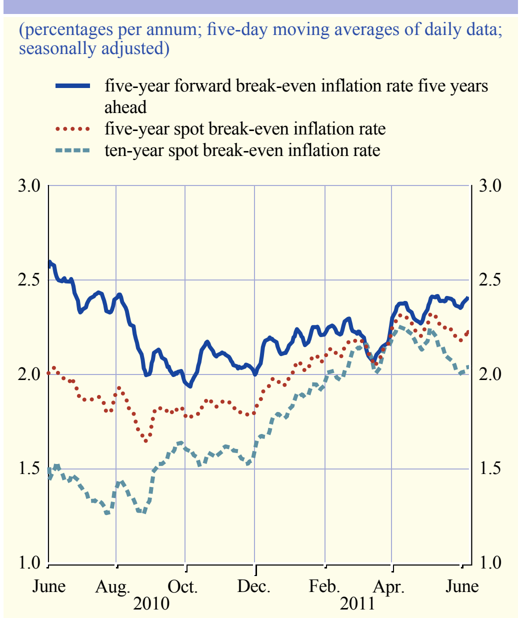
(percentages per annum; five-day moving averages of daily data; seasonally adjusted)



Sources: Thomson Reuters and ECB calculations.

Chart 27 Euro area zero coupon break-even inflation rates

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



Sources: Thomson Reuters and ECB calculations.

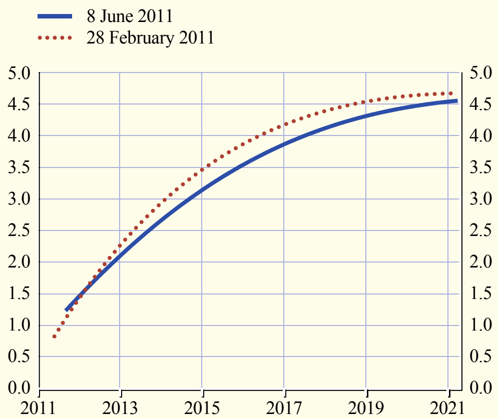
reflecting the fact that the nominal yield curve has responded more promptly to recent episodes of flight to safety than the real yield curve. Estimates of implied inflation expectations inferred from inflation-linked swaps, however, remained broadly unchanged throughout those episodes. There are also other factors that continue to suggest that gauging inflation expectations from bond market developments has become more difficult than doing so on the basis of information from the inflation swap market. First, fluctuations in net demand for inflation-linked bonds have had non-negligible effects on break-even inflation rates in recent months. Second, break-even inflation rates are now more correlated with issuer credit quality. Overall, and in line with survey-based measures of inflation expectations, data on break-even inflation rates continue to suggest that market participants' inflation expectations for the euro area remain firmly anchored.

The development of the term structure of short-term forward rates in the euro area shows how the overall behaviour of long-term euro area bond yields can be broken down into changes in interest rate expectations and related risk premia at different horizons (see Chart 28). The extent of the decline in long-term bond yields in comparison with the level at the end of February has shifted the term structure of short-term forward rates downwards by 20 basis points for horizons beyond two years' maturity. This downward shift is primarily a reflection of lower risk premia. For most of the period under review, the short-term forward rate curve had remained above the corresponding curve at the end of February, reflecting the overall positive economic momentum and upward revisions to expected key ECB interest rates. As safe-haven flows intensified during May, the risk premia for holding AAA-rated long-term euro area government debt (perceived as safer in relative terms) declined.

The spreads on investment-grade corporate bonds issued by non-financial corporations remained broadly unchanged in the period under review, while those on corresponding bonds issued by financial corporations declined slightly but nevertheless remained considerably higher than comparable spreads for non-financial corporate bonds. Current spreads of bonds issued by non-financial corporations have returned close to their pre-crisis levels, reflecting the improvement in the economic situation and a lower likelihood of firms to default. This stands in contrast to conditions at the end of 2008 and early 2009 when the cost of debt financing had risen to levels well above the already high cost of financing implied by the deterioration in perceived credit risk. The decline in spreads of bonds issued by financial corporations was broad-based across all credit rating classes and highest for BBB-rated debt securities. Concerns about the restructuring of the Greek debt, which had a negative impact on financial stock prices, were not visible in the prices charged for debt issued by financial corporations. In fact, there were reports of favourable issuance activity by banks. However, debt issued by financial corporations continued to trade at a premium in comparison with average pre-crisis conditions.

Chart 28 Implied forward euro area overnight interest rates

(percentages per annum; daily data)



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

2.5 EQUITY MARKETS

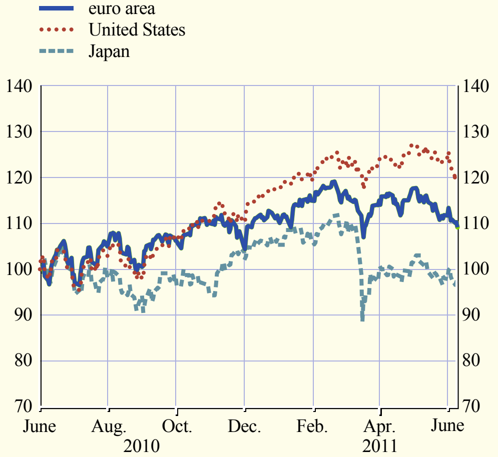
Between the end of February and early June, broad-based stock price indices in the euro area and the United States declined overall, reflecting concerns about the strength of the world economy and the re-intensification of tensions in certain euro area sovereign debt markets. In March, marked fluctuations in stock prices were also associated with political tensions in northern Africa and the Middle East, as well as with the earthquake in Japan. Overall, stock market uncertainty in the euro area and the United States remained broadly unchanged. Earnings announcements in the euro area came as a positive surprise, but they were not sufficient to reverse the deterioration of market sentiment.

Stock prices in the euro area, as measured by the Dow Jones EURO STOXX index, declined by 6.8% between the end of February and 8 June (see Chart 29). In the United States, the Standard & Poor's 500 index fell by 3.6% over the same period. The decrease in stock prices primarily reflects concerns about the strength of the world economy after somewhat disappointing macroeconomic data releases and a moderately negative impact of disruptions in the production chain linked to the situation in Japan. In the euro area, the intensification of tensions in a few of the sovereign debt markets had a negative effect on market sentiment. In Japan, the Nikkei 225 index declined sharply by 11.0% in the period from end-February to 8 June.

Stock market uncertainty in the euro area and the United States, as measured by implied volatility, remained broadly unchanged in the period under review (see Chart 30). However, intra-period fluctuations in implied volatility were sizeable. In March, the earthquake in Japan and ongoing

Chart 29 Stock price indices

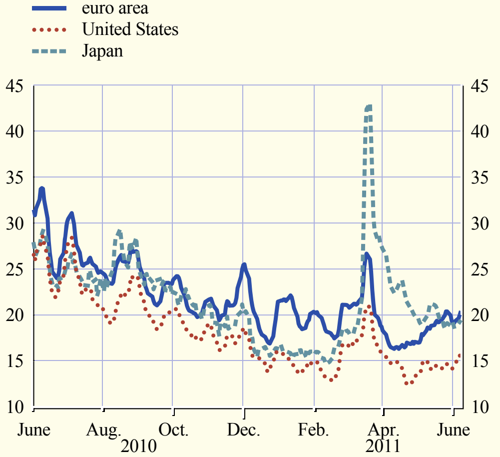
(index: 1 June 2010 = 100; daily data)



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

Chart 30 Implied stock market volatility

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



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

tensions in both northern Africa and the Middle East triggered sharp increases in volatility. In April and May volatility was also affected by tensions in a number of sovereign debt markets.

The decline in stock prices over the past three months has brought to an end the almost uninterrupted upward trend in stock prices that had started in mid-2010. Economic momentum in the euro area remained positive over the period under review. However, a number of economic data releases in the euro area, while still favourable, were no longer surprising to the upside. Retail sales and industrial production data, as well as confidence indicators – although remaining encouraging – disappointed market participants slightly. In the United States, downward revisions to GDP growth in 2011 and 2012 and the weakness of employment and housing data releases affected market sentiment in May. On a more positive note, earnings announcements in the euro area were better than expected, but they were not robust enough to reverse the decline in stock prices. In the United States earnings announcements were broadly aligned with expectations. Aside from these economic factors, the ongoing political tensions in northern Africa and the Middle East, as well as the devastating earthquake that caused extensive damage in Japan in early March, triggered safe-haven flows that brought downward pressure to bear on stock prices.

Over the review period, stock price indices declined across all sectors in the euro area, with the exception of the healthcare sector. The decline in stock prices was most marked in the financial sector (see Table 4). Movements in financial stock prices since mid-2010 have been closely associated with tensions in euro area sovereign debt markets. Developments in stock market prices were also negative across all euro area countries in the period under review, and especially so in those facing stress in their sovereign markets. In most of these countries, financial stock prices declined more strongly and non-financial stock prices also performed less well than in other euro area countries.

The negative developments in stock prices contrasted with the growth of actual earnings per share and favourable earnings expectations 12 months ahead. Earnings announcements in the period under review were generally better than expected. However, they were not strong enough to have

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

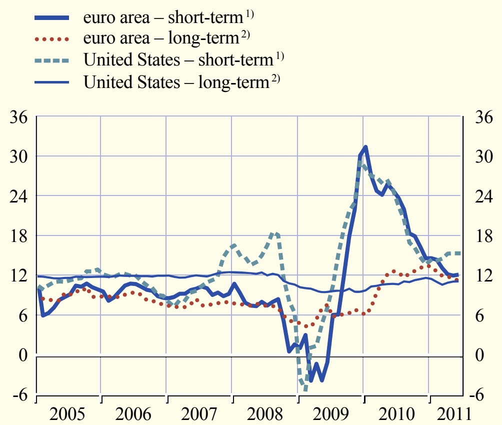
(percentages of end-of-period prices)

	EURO STOXX	Basic materials	Consumer services	Consumer goods	Oil and gas	Financial	Health-care	Industrial	Tech-nology	Tele-communi-cations	Utility
Share of sector in market capitalisation *(end-of-period data)*	100.0	10.3	6.6	14.9	7.1	22.7	4.3	14.9	4.4	6.5	8.2
Price changes *(end-of-period data)*											
Q1 2010	0.8	1.6	6.8	3.5	-1.7	-2.6	4.0	4.1	16.0	-4.5	-3.3
Q2 2010	-11.1	-8.3	-7.2	3.1	-13.4	-17.6	-7.5	-7.1	-17.3	-12.1	-18.3
Q3 2010	7.3	9.0	11.1	8.0	5.3	8.2	-0.2	5.6	3.2	12.8	4.9
Q4 2010	3.8	16.3	0.7	9.0	7.9	-7.0	-1.1	13.3	10.2	-4.7	2.9
Q1 2011	3.6	-0.3	-1.8	-3.2	8.4	8.5	4.8	4.4	5.0	6.0	3.5
Apr. 2011	3.1	7.3	2.0	5.4	0.7	2.1	8.4	2.5	0.4	0.3	2.3
May 2011	-3.6	-4.0	-1.3	-0.7	-6.1	-5.1	2.7	-2.4	-6.1	-5.5	-6.1
28 Feb. – 8 June 2011	-6.8	-0.7	-6.1	-0.3	-10.7	-13.1	6.4	-4.2	-11.7	-8.3	-9.8

Sources: Thomson Reuters and ECB calculations.

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

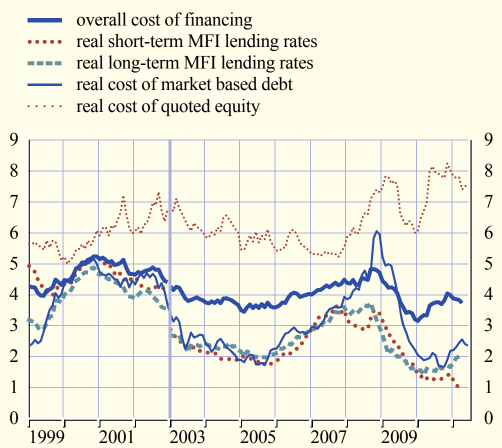
(percentages per annum; monthly data)



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

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

(percentages per annum; monthly data)



Sources: ECB, Thomson Reuters, Merrill Lynch and Consensus Economics Forecasts.
Notes: The real cost of external financing of non-financial corporations is calculated as a weighted average of the cost of bank lending, the cost of debt securities and the cost of equity, based on their respective amounts outstanding and deflated by inflation expectations (see Box 4 in 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).

a discernible impact on prices. The growth of actual annual earnings per share of the companies listed on the Dow Jones EURO STOXX index amounted to 32% in May 2011, after 34% in February. Earnings-per-share growth 12 months ahead is likewise forecast to amount to 12%, compared with the growth of 14% previously envisaged in February 2011 (see Chart 31). The positive announcements for both actual earnings and earnings expectations were broad-based across economic sectors.

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

The real cost of financing for euro area non-financial corporations decreased in the first quarter of 2011. This reflected a decline in both the real cost of equity and real short-term lending rates. With regard to financial flows, the annual growth of lending to non-financial corporations returned to positive territory in January 2011 and increased slightly further to stand at 0.8% in the first quarter of 2011. This confirms that loan dynamics had reached a turning point earlier in 2010. Debt securities issuance by non-financial corporations moderated further in the first quarter of 2011.

FINANCING CONDITIONS

The real cost of external financing for euro area non-financial corporations – as calculated by weighting the cost of different sources of financing on the basis of their outstanding amounts, corrected for valuation effects – declined by 26 basis points in the first four months of 2011, standing at around 3.7% in April (see Chart 32).

The overall cost of financing decreased as a result of developments in the real cost of equity and in the real short-term MFI interest rates, which were partly offset by the increase in both the real cost of market-based financing and real long-term MFI interest rates. Specifically, the real cost of equity came down by around 60 basis points between the beginning of 2011 and the end of April. By contrast, the real cost of market-based debt financing followed a different pattern and rose by around 40 basis points in comparison with December 2010. The increase in the cost of market-based debt financing reflected the financial market tensions recorded at the beginning of 2011. Over the same period, real short-term MFI interest rates decreased by 22 basis points, while the real long-term interest rates rose by 41 basis points. Most recent data indicate that the real cost of equity rose by around 10 basis points in May 2011, while the real cost of market-based debt declined by 15 basis points in that month. Taking a longer-term perspective, the real cost of financing for non-financial corporations in the euro area is still close to the lowest levels recorded in terms of real MFI interest rates since 1999, while the real cost of equity remains at historically high levels. The real cost of market-based debt has lately increased somewhat, although it remains close to historically low levels.

During the period under review, nominal MFI interest rates on new loans to non-financial corporations rose for both short-term and long-term maturities (see Table 5). The increase in rates on short-term loans appears to be in line with recent developments in money market rates, which normally have an impact on banks' short-term funding costs. The three-month EURIBOR increased by around 40 basis points over the first four months of 2011, while short-term MFI interest rates on loans to non-financial corporations rose by between 21 and 28 basis points. Moreover, long-term MFI interest rates increased by between 37 and 76 basis points in the first four months of 2011. Over the same period, seven-year government bond yields rose by 42 basis points.

The spreads between non-financial corporate bond yields and government bond yields narrowed marginally for both higher-rated and lower-rated bonds in the period from the end of December 2010 to the end of May 2011 (see Chart 33). The improvement in the general economic conditions recorded for the euro area as a whole has supported a narrowing of the spreads between corporate and government bond yields, especially in the case of lower-rated bonds where spreads have narrowed by around 80 basis points since the beginning of the year.

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

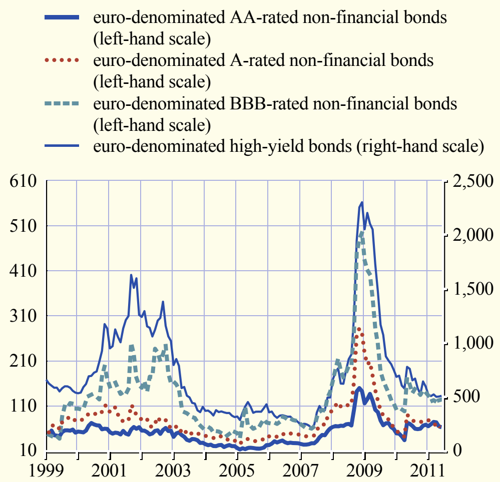
(percentages per annum; basis points)

							Change in basis points up to April 2011 [1]		
	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Mar. 2011	Apr. 2011	Jan. 2010	Jan. 2011	Mar. 2011
MFI interest rates on loans									
Bank overdrafts to non-financial corporations	3.98	3.70	3.80	3.86	4.01	4.13	8	13	12
Loans to non-financial corporations of up to € 1 million									
with a floating rate and an initial rate fixation of up to one year	3.24	3.24	3.35	3.50	3.70	3.78	53	32	8
with an initial rate fixation of over five years	4.00	3.80	3.79	3.86	4.19	4.23	24	37	4
Loans to non-financial corporations of over €1 million									
with a floating rate and an initial rate fixation of up to one year	1.99	2.17	2.26	2.59	2.63	2.80	79	35	17
with an initial rate fixation of over five years	3.44	3.34	3.51	3.51	3.84	4.27	62	53	43
Memo items									
Three-month money market interest rate	0.63	0.77	0.89	1.01	1.24	1.39	72	32	15
Two-year government bond yield	1.40	1.99	1.89	2.25	2.91	3.58	176	116	67
Seven-year government bond yield	2.79	2.35	2.14	2.71	3.19	3.13	15	17	-6

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

Chart 33 Corporate bond spreads of non-financial corporations

(basis points; monthly averages)



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

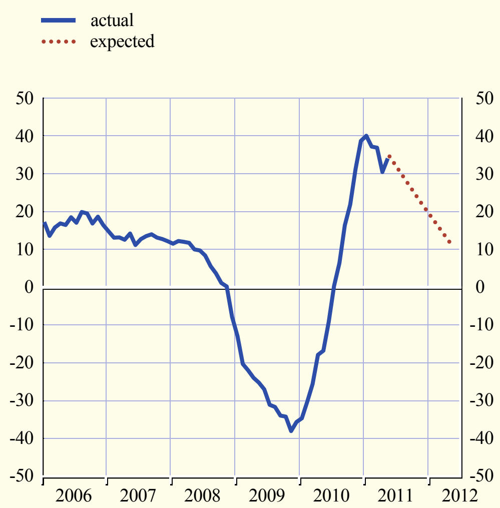
FINANCIAL FLOWS

Most indicators related to the profitability of euro area non-financial corporations point to further positive performance in the first quarter of 2011. The annual growth rate of earnings per share for listed non-financial corporations in the euro area remained strongly positive in that quarter, standing at around 30% in May 2011, close to historical highs (see Chart 34). Looking ahead, market participants expect a partial downward correction over the coming months.

As regards external financing, data for the first quarter of 2011 confirm a slight expansion of MFI lending to non-financial corporations. The normalisation of demand for bank loans may partly explain the protracted moderation in issuance of debt securities over the same period (see Chart 35). In particular, the annual growth rate of issuance of short-term debt securities, although showing some signs of a recovery, remained negative, as had been the case over the past year, while long-term debt securities issuance decreased further in the first quarter of 2011. Similarly, the annual growth rate of issuance of quoted shares by non-financial corporations continued to decline.

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

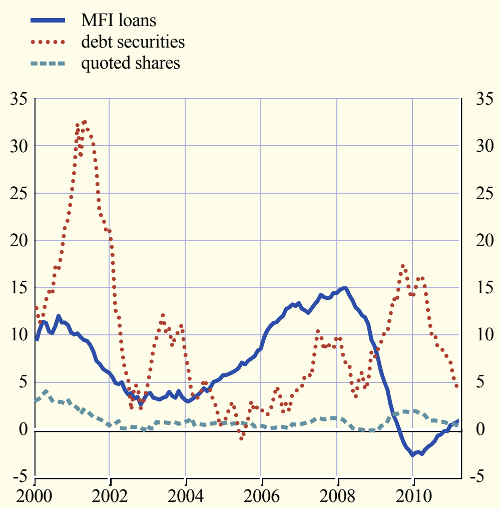
(annual percentage changes; monthly data)



Sources: Thomson Reuters and ECB calculations.

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

(annual percentage changes)



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

Table 6 Financing of non-financial corporations

(percentage changes; end of quarter)

	Annual growth rates				
	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1
MFI loans	**-2.4**	**-1.8**	**-0.6**	**-0.2**	**0.8**
Up to one year	-11.2	-9.9	-6.4	-3.6	-0.3
Over one and up to five years	-4.2	-3.9	-2.1	-2.3	-1.8
Over five years	3.0	3.2	2.7	2.2	2.2
Debt securities issued	**16.2**	**12.3**	**8.6**	**7.5**	**4.6**
Short-term	-23.5	-15.5	-13.4	-8.4	-7.9
Long-term, *of which:* 1)	22.6	15.9	11.2	9.1	5.9
Fixed rate	27.0	18.9	13.7	11.1	7.4
Variable rate	0.0	-1.4	-1.2	-0.3	-0.8
Quoted shares issued	**1.8**	**1.0**	**0.9**	**0.7**	**0.5**
Memo items 2)					
Total financing	1.9	2.0	2.3	2.4	-
Loans to non-financial corporations	0.9	1.1	2.2	2.0	-
Insurance technical reserves 3)	0.9	0.9	0.9	2.0	-

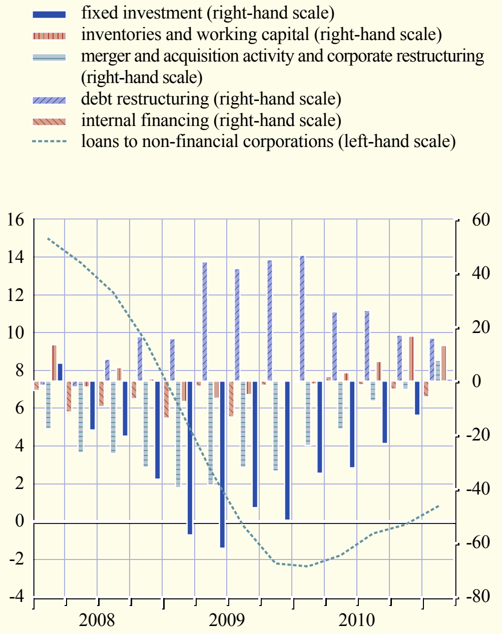
Sources: ECB, Eurostat and ECB calculations.
Notes: Data shown in this table (with the exception of the memo items) are reported in money and banking statistics and in securities issuance statistics. Small differences compared with data reported in financial accounts statistics may arise, mainly as result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

For the first time since August 2009, the annual growth rate of bank lending to non-financial corporations returned to positive territory in January 2011 and stood at 0.8% in the first quarter of 2011 (see Table 6). The recovery in loan dynamics primarily reflects a moderation in the pace of contraction of short-term lending to non-financial corporations (loans with maturities of up to one year). The annual rate of growth of loans with a maturity of over five years, by contrast, remained broadly stable during the period under review. Empirical evidence suggests that lending to non-financial corporations typically tends to lag substantially behind the business cycle. The observed recovery in the annual growth rate of loans to non-financial corporations confirms that a turning point was reached earlier in 2010. At the same time, the greater availability of internal funds and buoyant debt issuance over the past two years may have had a dampening effect on the revival of demand for bank loans by non-financial corporations.

The results of the bank lending survey for the euro area confirm the important role played by demand-side factors on demand for loans by non-financial corporations in the first quarter of 2011 (see Chart 36). Specifically, the improvement in overall net demand for loans was mainly driven by a halt in the decline in financing needs for fixed investment. Similarly, a pick-up in the financing of mergers and acquisitions had a favourable impact, while the positive contribution of financing needs for inventories and working capital decreased slightly. Although the normalisation of credit conditions seems to be continuing in the euro area as a whole, access to bank credit remains highly constrained in some countries. Moreover, in some cases, the pick-up in loan demand may also be exacerbating the potential impact of relatively tight credit standards on the loan supply. According to the survey, euro area banks generally tightened their credit standards on loans to both non-financial corporations and households in the first quarter of 2011, albeit only moderately.

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

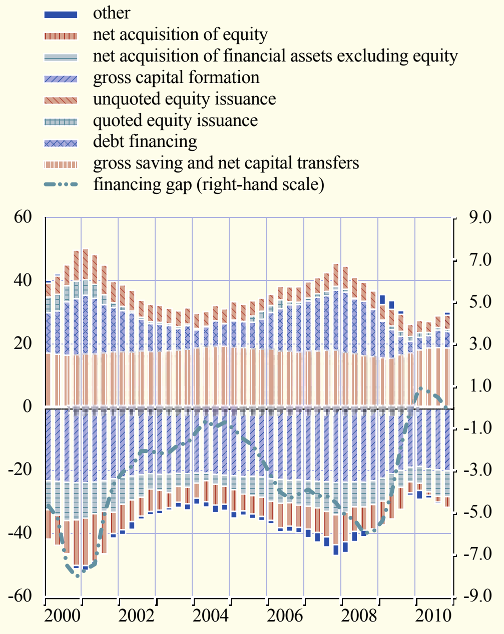
(annual percentage changes; net percentages)



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

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

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



Source: Euro area accounts.
Notes: Debt 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.

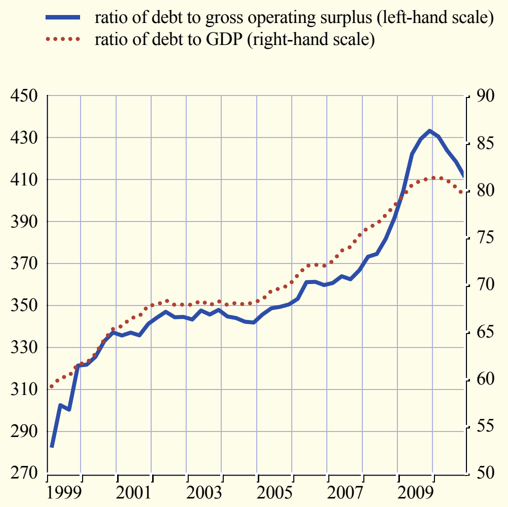
Chart 37 illustrates the breakdown of euro area enterprises' saving, financing and investment as reported in the euro area accounts, for which data are available up to the fourth quarter of 2010. The financing gap of (or net borrowing by) non-financial corporations – i.e. the difference between outlays for real investment and internally generated funds (gross savings) – declined and was slightly negative in the last quarter of 2010 on the basis of four-quarter moving sums. As shown in the chart, corporate real investment (gross fixed capital formation) could be financed largely through internal funds, so that external financing, although edging up slightly, remained a minor source of corporate financing. At the same time, net acquisitions of financial assets, including equity, increased somewhat in the fourth quarter of 2010.

FINANCIAL POSITION

In the fourth quarter of 2010 the process of deleveraging continued as well, with non-financial corporate indebtedness declining to 79% in terms of the ratio of debt to GDP, from 80% in the previous quarter, and to 411% in terms of the ratio of debt to the gross operating surplus, from 419% in the previous quarter (see Chart 38). After the sharp drop recorded in the period from the end of 2008 to the beginning of 2010, the interest burden of non-financial corporations increased slightly as from the second half of 2010 (see Chart 39). This upward trend continued in the first quarter of 2011.

Chart 38 Debt ratios of non-financial corporations

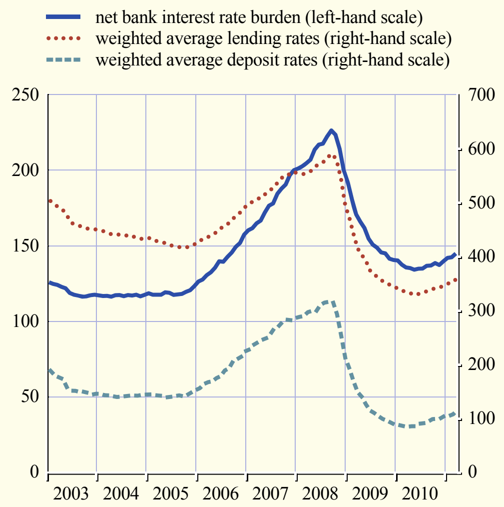
(percentages)



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

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

(basis points)



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

Overall, the lower external financing flows and the increase in internal financing sources since the second half of 2009 suggest that firms have improved their financial positions and have reduced their balance sheet vulnerabilities, thus gaining financial flexibility in the context of the cyclical upswing. The level of debt, and the associated interest rate burden, still suggests further scope for balance sheet restructuring in conjunction with the recovery in cash flows.

2.7 FINANCIAL FLOWS AND FINANCIAL POSITION OF THE HOUSEHOLD SECTOR

Euro area households' financing conditions remained broadly unchanged in the first quarter of 2011, despite MFI lending rates increasing somewhat. Credit standards on loans to households for house purchase and for consumption purposes tightened again. Nevertheless, the annual growth rate of MFI lending to households was higher in April 2011 than it had been in the fourth quarter of 2010. At the same time, the annual growth rate of loans to households continued to show signs of levelling off. Households' debt-to-income ratio, debt-to-GDP ratio and interest rate burden decreased.

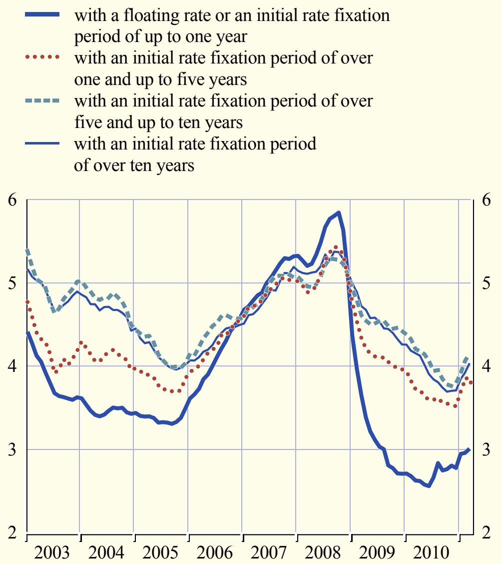
FINANCING CONDITIONS

In the first quarter of 2011 MFI interest rates on new loans to households increased in parallel with comparable market rates for all types of household loan and most initial interest rate fixation periods. Despite that, the overall marginal cost of financing for the euro area household sector remained broadly unchanged for the third consecutive quarter, owing to shifts between the various types of household loan, with those offered at lower interest rates gaining in importance. MFI lending rates on new loans for house purchase increased in the first quarter of 2011, following a decline in most categories of initial rate fixation in the period from end-2008 to the fourth quarter of 2010 (see Chart 40). Of these loans, those with medium and long initial rate fixation periods (i.e. loans with an initial rate fixation period of more than one and up to five years and loans with an initial rate fixation period of over five years) recorded the most significant increases, although they were visibly smaller than the increases observed for other categories of household lending.

Interest rates on new consumer loans with long initial rate fixation periods recorded the largest increases in the first quarter of 2011. Interest rates on new consumer loans with medium initial rate fixation periods also increased, while those on loans with short rate fixation periods (i.e. loans with a floating rate or an initial rate fixation period of up to one year) remained broadly unchanged. All of these interest rates had recorded visible declines in the previous quarter.

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

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



Source: ECB.

Interest rates on other loans to households with long and medium initial rate fixation periods increased slightly less than those on equivalent consumer loans, after stagnating in the fourth quarter of 2010. Similarly, interest rates charged on other loans with short initial rate fixation periods also increased, although the increases observed in these loans were visibly smaller than those seen in other loans to households with long and medium initial rate fixation periods.

As in previous quarters, new MFI lending to households indicates that, on average, households continued to increase the share of total lending accounted for by loans with medium and long initial rate fixation periods. Thus, households became less exposed to further interest rate increases in the near future. Nevertheless, figures for the euro area as a whole mask significant cross-country heterogeneity in terms of both interest rates and initial rate fixation periods.

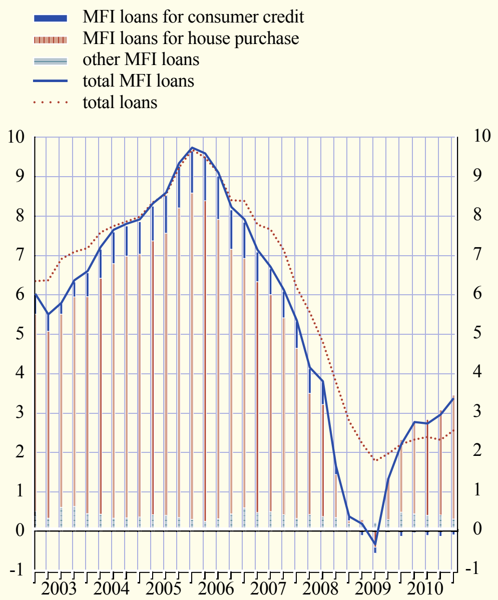
According to the results of the April 2011 bank lending survey, credit standards on both loans for house purchase and consumer credit were tightened moderately further in almost all euro area countries in the first quarter of 2011. This net tightening appears, again, to be explained mainly by a further increase in banks' perception of risks relating to the housing market, as well as banks' more cautious assessment of individual borrowers' risk profiles. In addition, in some individual countries contributing banks reported ongoing funding constraints.

FINANCIAL FLOWS

The annual growth rate of total loans to households remained broadly unchanged in the fourth quarter of 2010 (the most recent quarter for which data from the euro area accounts are available), standing at 2.3%. This broadly stable growth rate masks divergent developments in its sub-components. While the annual growth rate of total MFI lending to households increased to 3.0% in the fourth quarter of 2010, up from 2.7% in the third quarter, the annual growth rate of

Chart 41 Total loans granted to households

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



Source: ECB.
Notes: Total loans comprise loans to households from all institutional sectors, including the rest of the world. For the first quarter of 2011, 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.

non-MFI loans to households decreased to -1.2%, down from 0.6% in the previous quarter. This was due mainly to a decline in securitisation activity in the fourth quarter. Thus, non-MFI lending may be continuing the significant decline seen since the third quarter of 2009. Indeed, estimates for the first quarter of 2011 point to a continuation of this trend, stemming to a large extent from the unwinding of retained securitisation transactions. At the same time, the annual growth rate of total loans to households is estimated to have increased to 2.6% on account of stronger MFI lending to households (see Chart 41).

In April 2011 the annual growth rate of MFI loans to households stood at 3.4%, unchanged from March. Securitisation activity affected monthly flows for household lending in the first quarter of 2011, particularly in January and March (see Section 2.1 for details). When these securitisation operations are corrected for, visible declines can be seen for both monthly flows and annual growth rates, but both remain positive. The adjusted annual growth rate is currently hovering around 3%, confirming the view that the dynamics of household borrowing have levelled off.

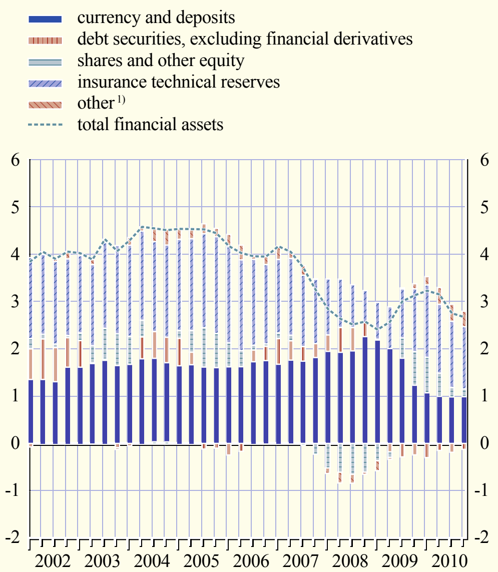
As regards the sub-components of MFI loans to households, household lending continued to be driven by loans for house purchase, the annual growth rate of which stood at 4.4% in April, unchanged from March and 0.7 percentage point higher than at the end of 2010. At the same time, both consumer credit and other lending remained weak during the first four months of 2011, with monthly flows more or less stagnating. The annual growth rate of consumer credit remained negative (standing at -0.6% in April, up from -0.7% in the first quarter), while that of other lending declined (standing at 1.8% in April, down from 2.0% in March). The continued negative growth of consumer credit could be related to a further decline in consumers' willingness to make "big-ticket" purchases (as reported in the latest results of the European Commission Consumer Survey).

According to the latest bank lending survey for the euro area, households' net demand for loans for house purchase and consumer credit declined in the first quarter of 2011. In the case of the former, contributing banks considered this decrease to be substantial, stemming mainly from worsening housing market prospects. Demand for consumer credit suffered from limited spending on durable goods and faltering consumer confidence. However, banks expect positive developments in demand for loans in the second quarter of the year, even though the fact that household indebtedness remains high and credit standards remain tight overall might dampen household lending for the time being.

Turning to the asset side of the euro area household sector's balance sheet, the annual growth rate of total financial investment by households declined further to stand at 2.7% in the fourth quarter

Chart 42 Financial investment of households

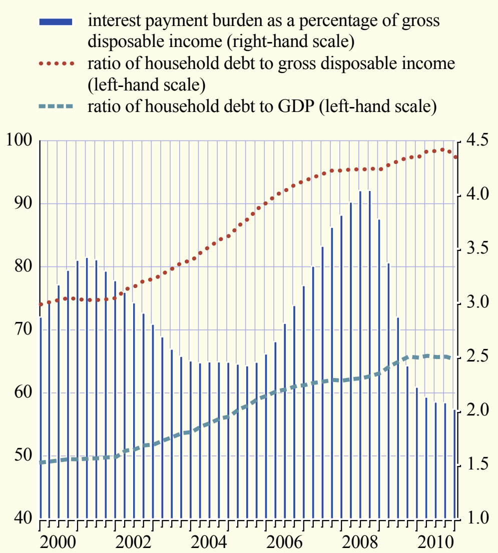
(annual percentage changes; contributions in percentage points)



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

Chart 43 Household debt and interest payments

(percentages)



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

of 2010 (down from 2.8% in the previous quarter), reaching a level close to those observed during the financial crisis (see Chart 42). As regards the sub-components of households' total financial investment, currency and deposit holdings again recorded inflows in the fourth quarter, the third consecutive positive reading. Nevertheless, their contribution to the annual growth rate of households' financial investment remained broadly unchanged. At the same time, the contributions of investment in shares and other equity declined again, probably mirroring ongoing uncertainty regarding economic and fiscal developments and continuing tensions in sovereign debt markets, which might have fuelled households' aversion to riskier assets. In the same vein, insurance technical reserves remained the largest contributor to the annual growth rate of households' total financial investment, although in absolute terms the contribution of this sub-component also declined somewhat. Lastly, the contribution made by debt securities (excluding financial derivatives) to the annual growth of households' financial investment increased, albeit remaining negative.

FINANCIAL POSITION

Households' debt-to-disposable income ratio is estimated to have decreased to around 97.4% in the first quarter of 2011 (see Chart 43), the first noticeable decline since the beginning of 2009. This development reflects a visible improvement in households' disposable income, which surpassed the further increase observed in households' total debt. In the same vein, the household sector's interest payment burden is also estimated to have declined, falling to 2.0% of disposable income in the first quarter of 2011, down from 2.1% in the fourth quarter of 2010, continuing the downward trend observed since end-2008. This development was also due to the increase in households' disposable income exceeding the increase in households' total debt amid slight increases in interest rates during the quarter under review. Lastly, households' debt-to-GDP ratio is also estimated to have declined in the first quarter of the year (standing at 65.3%, down from 65.7% in the fourth quarter of 2010).

3 PRICES AND COSTS

Euro area annual HICP inflation was 2.7% in May 2011 according to Eurostat's flash estimate, after 2.8% in April. The relatively high rates of inflation seen over the past few months largely reflect higher energy and commodity prices. Inflation expectations must remain firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2% over the medium term. The June 2011 Eurosystem staff macroeconomic projections for the euro area foresee annual HICP inflation in a range between 2.5% and 2.7% for 2011 and between 1.1% and 2.3% for 2012. Risks to the medium-term outlook for price developments remain on the upside.

3.1 CONSUMER PRICES

Headline inflation rates rose significantly in the course of 2010, from around 1% in January to over 2% in December. Since the beginning of 2011 the annual growth rate of HICP inflation has been clearly above 2%, as a result of rising energy and non-energy commodity prices. However, the latest HICP data point to a levelling-off in HICP inflation rates, owing to the recent drop in oil prices. According to Eurostat's flash estimate, euro area annual HICP inflation decreased to 2.7% in May 2011, from 2.8% in the previous month (see Table 7). Data from the European Commission's weekly Oil Bulletin, which gives an indication of developments in approximately half of the energy component of the HICP, show that, in May, consumer prices for transport fuels and heating oil were down by 2.1% on the previous month.

In April, the last month for which an official breakdown is available, the annual rate of change in the energy component of the HICP, standing at 12.5%, remained in double digits for the fifth consecutive month. The continued high rate of increase in energy inflation mainly reflects the strong increase in oil prices since November 2010, with crude oil prices in euro terms rising by 40%, from around €60 per barrel to €85 in April 2011. This strong increase has more than offset the downward base effects stemming from the fact that the oil price hike of the first four months of 2010 has fallen out of the annual comparison. Since the beginning of 2011 the highest annual inflation rates have been seen in items directly linked to oil prices, such as liquid fuels (at around 30%) and fuels for personal transportation (at around 15%). The other main energy sub-components, such as gas and electricity, which follow trends in oil prices with a lag, have shown more moderate, albeit still substantial, increases of almost 10% in their annual rates of change.

Table 7 Price developments

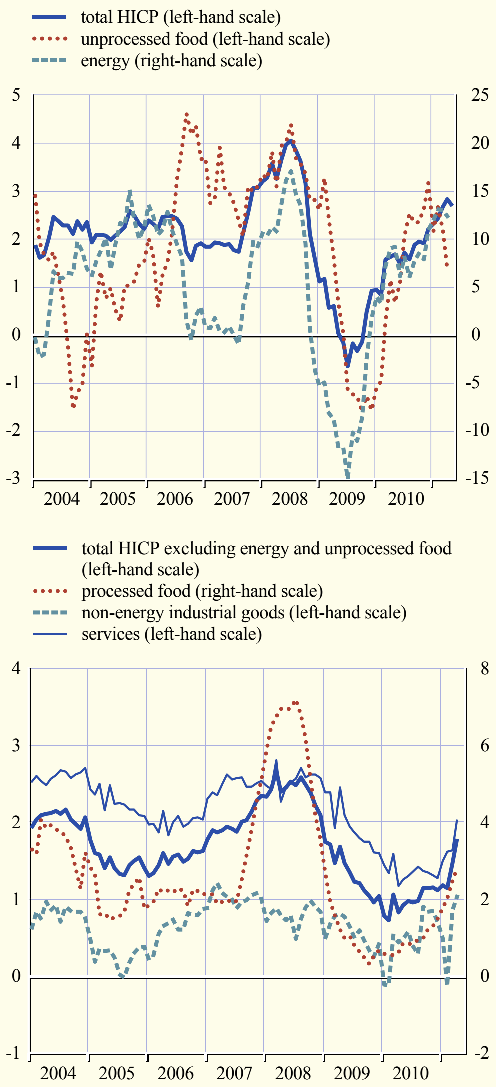
(annual percentage changes, unless otherwise indicated)

	2009	2010	2010 Dec.	2011 Jan.	2011 Feb.	2011 Mar.	2011 Apr.	2011 May
HICP and its components								
Overall index [1]	0.3	1.6	2.2	2.3	2.4	2.7	2.8	*2.7*
Energy	-8.1	7.4	11.0	12.0	13.1	13.0	12.5	.
Unprocessed food	0.2	1.3	3.2	2.2	2.7	2.2	1.4	.
Processed food	1.1	0.9	1.5	1.8	2.0	2.5	2.8	.
Non-energy industrial goods	0.6	0.5	0.7	0.5	0.1	0.9	1.0	.
Services	2.0	1.4	1.3	1.5	1.6	1.6	2.0	.
Other price indicators								
Industrial producer prices	-5.1	2.9	5.4	6.0	6.6	6.8	6.7	.
Oil prices (EUR per barrel)	44.6	60.7	69.6	72.6	76.6	82.1	85.1	79.8
Non-energy commodity prices	-18.5	44.7	49.6	46.0	47.5	35.7	15.1	11.0

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

Chart 44 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

Before stabilising in February 2011 the international prices of food commodities had also increased rather steadily for a year and a half. As a result, the annual growth rate of total food prices (including alcohol and tobacco) rose from -0.1% in January 2010 to 2.2% in April 2011. While the rate of growth in unprocessed food prices has declined in recent months, that of processed food prices has continued to accelerate. Factors behind the overall increase include upward base effects stemming from developments in food prices a year earlier and adverse weather conditions affecting selected items in the unprocessed food component, in particular fruit and vegetables. More recently, the contribution of the processed food component to overall food price inflation has increased, reflecting the pass-through of the hikes in food commodity prices in global markets since early 2010. Compared with the developments during the period 2007-08, the pass-through has nevertheless been subdued. Moreover, the annual rate of change in the prices of processed food excluding tobacco, which should be more directly affected by commodity price fluctuations, stood at 2.3% in April. Relative to the peaks of between 7% and 8% reached in the summer of 2008, this figure remains contained. Two factors have helped to dampen the pass-through in this instance: i) consumer prices for food items are also determined by other input costs, such as wages, which have remained relatively contained to date; ii) the pricing power of firms is still constrained, with some producers and retailers having absorbed the higher input costs in their margins, especially in the context of strong retail competition in some countries.

The impact of a food commodity price shock is usually first visible in producer prices before it is transmitted to retailers and then to consumers. Developments in producer prices confirm the presence of mounting pipeline pressures in the food production chain. Producer prices for food items rose by 8.0% in April 2011, compared with 7.6% in March. Despite this further increase, the annual rates of change remain well below the levels in excess of 10% reached in the first half of 2008, but significantly higher than the 0.3% observed in July 2010. This suggests a still incomplete pass-through of higher food commodity prices to producer prices for food and consumer goods items. Past experience shows that commodity price shocks typically take between two and four quarters to work through the food production chain and fully reach the consumer level.

Excluding all food and energy items, which represent around 30% of the HICP basket, annual HICP inflation stood at 1.6% in April 2011, up from 1.3% in March. These figures are significantly higher than those recorded since mid-2010, when this measure of underlying inflation was hovering between 1.0% and 1.1%. HICP inflation excluding total food and energy is determined predominantly by domestic factors, such as wages, profit mark-ups and indirect taxes, and consists of two main components, namely non-energy industrial goods and services.

Non-energy industrial goods inflation followed an upward trend from the second quarter of 2010 until the end of the year, owing to upward base effects as well as month-on-month increases. The latter were the result of tax changes, and probably some pass-through of past exchange rate depreciation and increases in commodity prices. However, they were restrained by low, albeit improving, demand and moderate wage growth. In 2011 non-energy industrial goods inflation has been rather volatile, declining to 0.5% in January and 0.1% in February, before rebounding to 0.9% in March and increasing slightly further to 1.0% in April. This volatility reflects mostly the impact that the introduction of the new standards for the treatment of seasonal products has had on the annual rates of change in the prices of some HICP items.[1]

The non-energy industrial goods component can be broken down into three sub-components: durable goods (cars, furniture, electronic appliances, etc.), semi-durable goods (clothing materials, textiles, books, etc.) and non-durable goods (water supply, pharmaceutical products, newspapers, etc.). The annual rate of change in the prices of durable goods has been hovering around 0.3% since September 2010, concealing the fact that prices in individual categories have been clearly moving in opposite directions. With regard to car prices, the annual rate of change moved into positive territory in July 2010 and accelerated to 1.1% in April 2011. This upward impact on non-energy industrial goods inflation has been offset, however, by stronger declines in the prices of some electronic consumer goods. Developments in the prices of semi-durable goods are essentially shaped by biannual seasonal sales (winter and summer). In 2011 semi-durable goods prices have been very volatile, reflecting the introduction of the new standards for the treatment of seasonal products, which had a downward impact on the annual rates of change in the prices of clothing and footwear in January and February, and an upward impact in March. In particular, semi-durable goods inflation dropped to -1.2% in February and rebounded to 1.2% in April. After lingering around 1.1% over the course of 2010, non-durable goods inflation rose to 1.3% in the first quarter of 2011 and to 1.5% in April, most likely reflecting moderate growth in demand.

Services price inflation has increased markedly in 2011, rising from 1.3% in December 2010 to an average of 1.6% in the first quarter of 2011, and reaching 2.0% in April. This overall rise in services price inflation reflects increases in a number of sub-components. For instance, the annual rate of change in the prices of recreation and personal services, a category which includes several leisure items, such as restaurant and accommodation services, and package holidays, increased from 1.2% at the end of 2010 to 1.5% in the first quarter of 2011, before surging to 2.2% in April. The rise in the first quarter of 2011 was broad based across all leisure items and most likely reflected stronger demand, while the further increase in April was attributable to the sharp hike in the annual rate of change in the prices of package holidays, which rose to 6.8%. The strong increase resulted from the different timing of Easter compared with 2010 and is therefore expected to be temporary. In addition, the annual rate of inflation in transport services has been rising gradually since the end of 2010 and rose significantly to 3.2% in April, owing to some pass-through of the recent increases in oil prices and the temporary upward impact that the aforementioned timing of Easter had on some transportation services, such as transportation

1 For further details, see the box entitled "Methodological changes in the compilation of the HICP and their impact on recent data", *Monthly Bulletin*, ECB, April 2011.

by air. Moreover, the sub-component miscellaneous services, which includes education, health and social protection services, rose markedly from 1.4% in December 2010 to 2.2% in April 2011. This increase seems to have been strongly related to the recent significant rise in administered prices, for which the annual rate of change rose from 2.3% in December 2010 to 3.7% in April 2011. Finally, the annual rate of change in prices in the housing sub-component, a large part of which is rents, has risen only marginally since the end of last year, standing at 1.8% in April. The annual rate of change in the prices of communication services stood at -0.9% in April, a level comparable with those seen towards the end of last year.

Looking ahead and taking into account the fact that crude oil prices stood at around €80 per barrel at the end of May 2011, as well as the prices of oil futures contracts, the annual rate of change in the energy component of the HICP is expected to have declined slightly in May and June. However, owing to the strong increases observed between November 2010 and April 2011, it is most likely to remain at an elevated level until the end of 2011, when base effects will exert substantial downward pressure on energy inflation. However, the extent to which these base effects will actually be evident in the profile of the energy component of the HICP will depend on the degree to which expectations currently embodied in oil price futures (i.e. no further increases in crude oil prices) are actually realised.

On the basis of current futures prices for food commodities, the annual growth rate of food prices can be expected to rise further in the coming months and to remain above headline HICP inflation in 2011. However, there is a large amount of uncertainty surrounding this outlook because it is difficult to anticipate the pass-through of food commodity price shocks, owing to the EU's agricultural policy.[2] The extent of the pass-through of higher food prices in the euro area will also depend on the behaviour of producers and retailers, as well as on the strength of consumer demand.

Available leading indicators for non-energy industrial goods inflation, such as developments in producer prices for consumer goods (excluding food and tobacco) and in import prices for consumer goods (again excluding food and tobacco), point to continued pipeline pressures. The extent to which these price developments will pass through to non-energy industrial goods prices is uncertain, as it may be constrained by a reduction in the value of directly imported goods and the buffer provided by retailers' margins. Overall, non-energy industrial goods inflation in 2011 is expected to hover around its long-term average (since 1999) of 0.7%, but to display greater volatility than usual, owing to the impact of the new standards for the treatment of seasonal products in the HICP. Finally, over the coming quarters services price inflation is expected to grow at rates similar to those recently observed, fuelled by the strengthening of domestic demand and the pass-through of past increases in input costs.

3.2 INDUSTRIAL PRODUCER PRICES

Since their trough in the summer of 2009, supply chain pressures have been rising steadily (see Table 7 and Chart 45). In the first few months of 2011 industrial producer price inflation (excluding construction) was around 6%, and stood at 6.7% in April 2011, after 6.8% in March. The overall PPI can be broken down into intermediate goods, capital goods, consumer goods and energy. The upward trend in industrial producer price inflation was driven predominantly by the energy and intermediate goods components, reflecting increases in the prices of oil and other raw materials. In addition to rises in the prices of food and agricultural commodities,

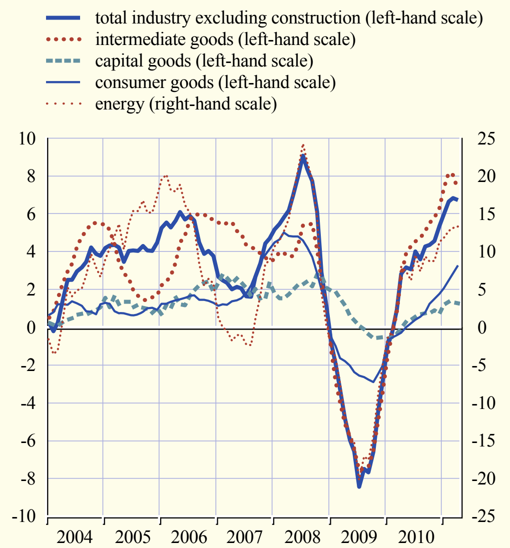
2 For further details, see the box entitled "Agricultural commodities and euro area HICP food prices", *Monthly Bulletin*, ECB, June 2010.

there have been substantial hikes in the prices of industrial raw materials and metals, owing partly to a recovery in global demand. In the first quarter of 2011 the annual rates of change in the energy and intermediate goods components were about three and four times higher than their averages since 1991. The annual rate of change in consumer goods prices has risen steadily since the autumn of 2009, as has that in capital goods prices since the end of 2009. The gradual recovery in the prices of these two components partly reflects greater demand for consumer and capital goods produced in the euro area. Within the consumer goods component, the annual rate of change in the prices of non-durable consumer goods only turned positive in June 2010. In April 2011 it rose to 3.4%, owing to the rise in producer prices for food items on the back of an increase in the prices for food commodities. However, the recent strong rises in producer prices for food items have been less extreme than those recorded in 2007 and thus continue to suggest that the pass-through of the higher food commodity prices is relatively limited. The annual rate of change in producer prices for consumer goods, excluding food and tobacco, increased from 0.7% in the first quarter of 2011 to stand at 1.1% in April, signalling increasing pipeline pressures for underlying consumer price inflation.

Up to May, survey information on producer prices suggests that pressures in the supply chain are still being passed on to consumers. Although price data from the Purchasing Managers Index (PMI) show that all indices have declined, reportedly owing to the latest falls in the prices of oil and other commodities, they nevertheless remain at high levels. In the manufacturing sector, the selling price index declined from 61.0 in April to 58.0 in May, while the input price index dropped from 79.0 to 69.4. In the services sector, the selling price index fell from 53.0 in April to 52.1 in May and the input price index dropped from 59.5 to 58.3.

Chart 45 Breakdown of industrial producer prices

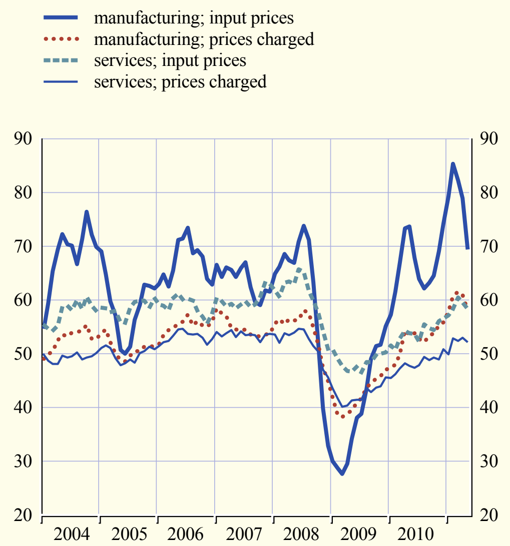
(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

Chart 46 Producer input and output price surveys

(diffusion indices; monthly data)



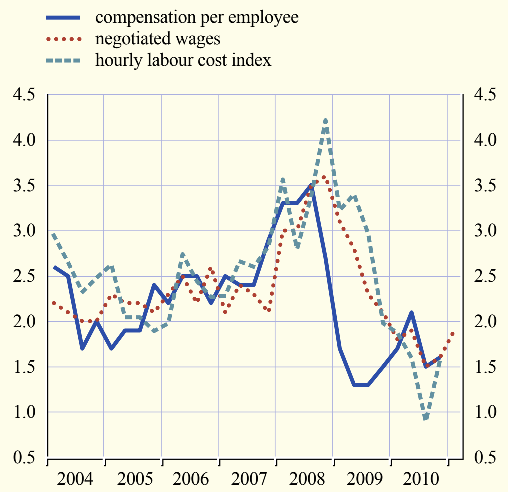
Source: Markit.
Note: An index value above 50 indicates an increase in prices, whereas a value below 50 indicates a decrease.

3.3 LABOUR COST INDICATORS

In line with the improvement in labour market conditions, all labour cost indicators have increased gradually over recent quarters (see Chart 47 and Table 8).

Chart 47 Selected labour cost indicators

(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.

Negotiated wages in the euro area grew by 1.7% in 2010, after 2.6% on average in 2009. In the first quarter of 2011 the annual growth rate of negotiated wages – the only labour cost indicator currently available for this quarter – increased to 1.9%, from 1.6% in the fourth quarter of 2010. However, wage increases in 2010, and to a large extent also in early 2011, were agreed before the recent surge in headline HICP inflation following the sharp increases in commodity prices. Looking ahead, it is likely that the pattern of higher, albeit still moderate, wage growth will by and large continue in 2011. Expectations that the economic recovery is set to continue is fuelling anticipation of slightly higher salary increases after the muted increases agreed in past years. In addition, in some countries, wage indexation schemes, which are linked to inflation, will lead to higher wage increases.

The hourly labour cost index increased by only 1.5% on average in 2010, compared with 2.9% in 2009. The annual growth rate of this indicator was somewhat volatile in 2010, falling from 1.6% in the second quarter to 0.9% in the third quarter, before rising again to 1.6% in the fourth quarter. The increase in the annual rate of growth in hourly labour costs in the fourth quarter was attributable to developments in the industrial and services sectors (see Chart 48), while hourly labour costs grew at a slower rate in the construction sector. At the country level, the rate of growth in hourly labour costs accelerated in nearly all countries, with only Ireland and Greece reporting year-on-year declines. Overall, non-wage costs continued to grow at a slightly faster pace than the wages and salaries component of hourly labour costs.

Compensation per employee increased by 1.7% in 2010, after 1.5% in 2009. In the fourth quarter of 2010 the annual rate of change was 1.6%, up from 1.5% in the third quarter. This increase was

Table 8 Labour cost indicators

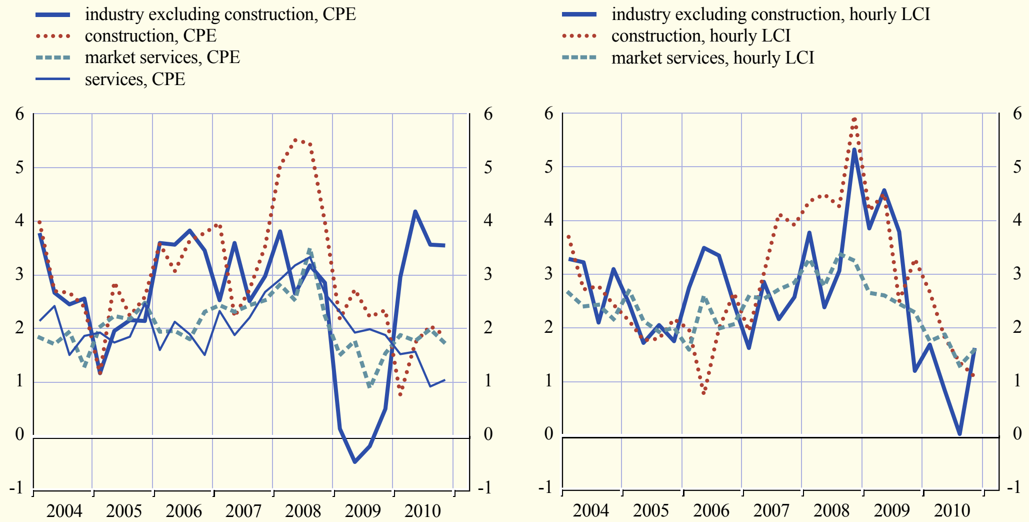
(annual percentage changes, unless otherwise indicated)

	2009	2010	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1
Negotiated wages	2.6	1.7	1.8	1.9	1.5	1.6	1.9
Hourly labour cost index	2.9	1.5	1.9	1.6	0.9	1.6	.
Compensation per employee	1.5	1.7	1.7	2.1	1.5	1.6	.
Memo items:							
Labour productivity	-2.3	2.2	2.2	2.6	2.1	1.7	.
Unit labour costs	3.9	-0.5	-0.5	-0.6	-0.6	-0.1	.

Sources: Eurostat, national data and ECB calculations.

Chart 48 Sectoral labour cost developments

(annual percentage changes; quarterly data)



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

attributable to a pick-up in growth in compensation per hour worked, as well as a decline in hours worked per employee, which, in turn, was probably related to the bad weather in the last few months of 2010.

Measured on a per head basis, labour productivity grew by 2.2% on average in 2010. This represents a significant recovery from the average recorded in 2009, when labour productivity declined by 2.3% in total. Recently, however, there has been a slowdown in productivity growth, reflecting the gradual rise in employment. In the fourth quarter of 2010 the annual rate of change stood at 1.7%, down from 2.1% and 2.6% in the third and second quarters respectively. Nevertheless, the growth rate of labour productivity exceeded that of compensation per employee for the fourth consecutive quarter. Consequently, the annual rate of change in unit labour costs was negative again in the fourth quarter (-0.1%), but to a lesser extent than in the first three quarters. In 2010 as a whole, unit labour cost growth stood at -0.5%. The decline in unit labour costs has been beneficial for restoring firms' profit margins, which were severely hit by the recession in 2009.

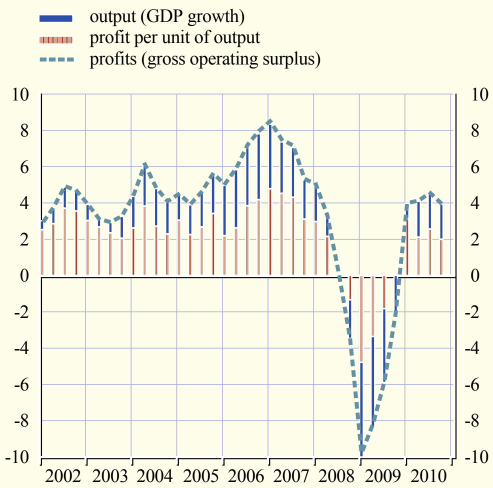
Looking ahead, amid improvements in employment, labour productivity is expected to grow further, but at a more modest pace. This, in combination with a still moderate but gradually increasing rate of growth in compensation per employee, should contribute to a slight rebound in unit labour cost growth for euro area firms. Labour cost pressures are nevertheless likely to remain contained in the medium term in the light of only gradual labour market improvements.

3.4 CORPORATE PROFIT DEVELOPMENTS

Following the significant declines during the latest recession, corporate profits recovered notably in 2010 (see Chart 49), owing to an expansion in both economic activity (volume) and higher unit

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

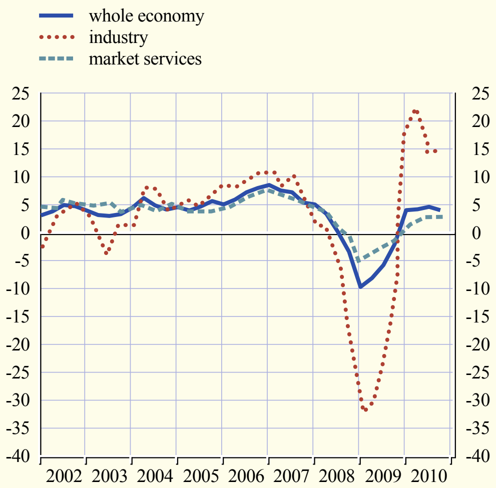
(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.

Chart 50 Euro area profit developments by main branch of activity

(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.

profits (margin per unit of output). They benefited from falling unit labour cost growth, and by the fourth quarter of 2010 had recovered about two-thirds of the losses they had incurred during the recession.

With regard to developments in the large economic sectors, the level of profits in both industry and market services recovered in 2010 (see Chart 50). The level of profits in industry, which is a highly cyclical sector, rose particularly sharply, reaching an annual growth rate of 14.0% on average in the second half of 2010. This rate was somewhat lower, however, than the 21.2% observed in the first half of the year. By contrast, the level of profits in market services increased on average by 2.2% year on year in the second half of 2010, compared with only 1.1% in the first half of the year. Despite the much stronger growth in the level of profits in industry than in market services, the industrial sector has still recovered a smaller share of its losses during the recession (about 57%) than the services sector (71%).

Looking ahead, improvements in demand and further increases in productivity are expected to restore profits further in 2011, albeit probably at a slower pace overall than observed recently. Moreover, the outlook for profits in the short term is subject to increased uncertainty with regard to elevated input cost pressures stemming from the past hikes in oil and non-oil commodity prices.

3.5 THE OUTLOOK FOR INFLATION

Looking ahead, inflation rates are likely to stay clearly above 2% over the coming months. Upward pressure on inflation, mainly from energy and commodity prices, is also discernible in the earlier stages of the production process. It remains of paramount importance that the rise in HICP inflation does not translate into second-round effects in price and wage-setting behaviour and lead to broad-based inflationary pressures. Inflation expectations must remain firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2% over the medium term.

The June 2011 Eurosystem staff macroeconomic projections for the euro area foresee annual HICP inflation in a range between 2.5% and 2.7% in 2011 and between 1.1% and 2.3% in 2012. Compared with the March 2011 ECB staff macroeconomic projections, the range for HICP inflation in 2011 has been revised upwards, largely reflecting higher energy prices. The projection range for 2012 has narrowed somewhat. It is appropriate to recall that the staff projections are conditional on a number of purely technical assumptions, including oil prices, interest rates and exchange rates. In particular, it is assumed that oil prices will decline somewhat and that short-term interest rates will rise, in accordance with market expectations. Overall the projections embody the view that the recent high rates of inflation do not lead to broader-based inflationary pressure in the euro area.

Risks to the medium-term outlook for price developments remain on the upside. They relate, in particular, to higher than assumed increases in energy prices. Furthermore, there is a risk of increases in indirect taxes and administered prices that may be greater than currently assumed, owing to the need for fiscal consolidation in the coming years. Finally, upside risks may come from stronger than expected domestic price pressures in the context of increasing capacity utilisation in the euro area.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

In the first quarter of 2011, the euro area recorded strong real GDP growth of 0.8% quarter on quarter, following a rise of 0.3% in the fourth quarter of 2010. Recent statistical releases and survey-based indicators point towards a continued expansion of economic activity in the euro area in the second quarter of this year, albeit at a slower pace.

Looking ahead, euro area exports should be supported by the ongoing expansion in the world economy. At the same time, taking into account the favourable level of business confidence in the euro area, private sector domestic demand should contribute increasingly to economic growth, benefiting from the still accommodative monetary policy stance and the measures adopted to improve the functioning of the financial system. However, activity is expected to continue to be dampened somewhat by the process of balance sheet adjustment in various sectors.

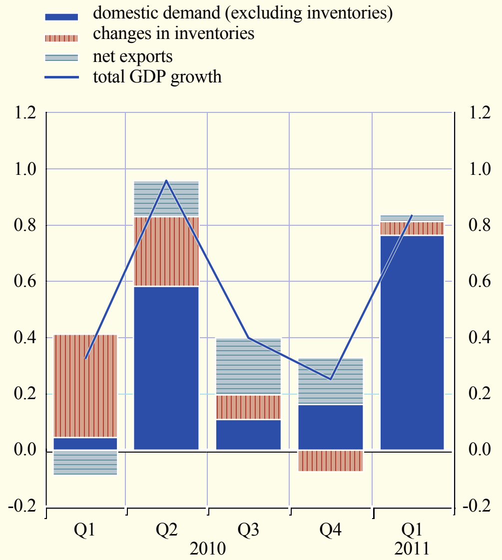
This assessment is also reflected in the June 2011 Eurosystem staff macroeconomic projections for the euro area, which foresee annual real GDP growth in a range between 1.5% and 2.3% in 2011 and between 0.6% and 2.8% in 2012. The risks to this economic outlook remain broadly balanced in an environment of elevated uncertainty.

4.1 REAL GDP AND DEMAND COMPONENTS

According to Eurostat's second release, euro area real GDP grew by 0.8% on a quarterly basis in the first quarter of 2011, which compares with a rise of 0.3% in the fourth quarter of 2010 (see Chart 51). This outcome, which was higher than most analysts had forecasted, was broadly based across demand as well as supply components and thus confirms that the cyclical expansion of the euro area economy is well underway. Available indicators point towards a continued positive underlying momentum of economic activity in the euro area in the second quarter of 2011. Growth, however, is expected to slow down following the exceptionally strong first quarter, which was influenced by a number of special factors, such as a bounce-back in construction investment after the unusually cold weather in December 2010 in parts of the euro area.

Chart 51 Real GDP growth and contributions

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



Sources: Eurostat and ECB calculations.

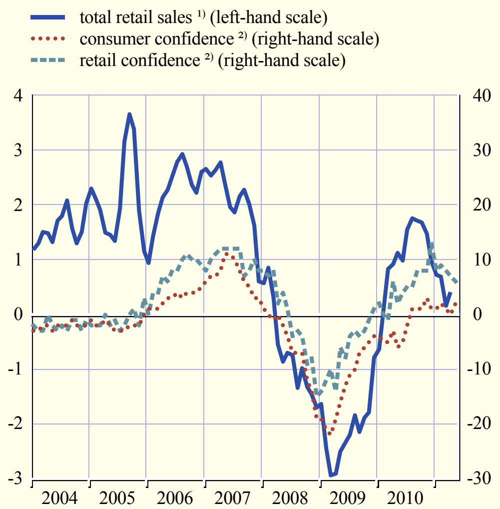
PRIVATE CONSUMPTION

Euro area private consumption increased quarter on quarter by 0.3% in the first quarter of 2011, following a similar rise in the last quarter of 2010. Despite having shown positive quarterly growth rates for six consecutive quarters, in the first quarter consumer spending still stood slightly below its latest peak in the first quarter of 2008. Recent developments in short-term indicators and surveys point to further, albeit moderate, increases in euro area consumer spending.

The rather muted recovery in private consumption, which started in the third quarter of 2009, is mainly explained by subdued developments in real disposable household income. In the initial phases of the recovery, weak labour market developments, with lower employment, had a dampening effect on overall income growth. Later, higher price increases reflecting escalating commodity prices had an adverse impact on consumers' purchasing power. The annual rate of change in real compensation per employee was, for instance, negative in the last two quarters of 2010. The dampening effects of these subdued developments in income growth on household consumption have been somewhat offset by a decline in the saving ratio in recent quarters. The saving ratio has been falling since the fourth quarter of 2009 and stood, in the fourth quarter of 2010, close to the lowest level recorded over the past decade.[1] While labour markets have started to improve again, inflation will continue to weigh on real disposable income over the coming quarters (see Section 3).

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

(monthly data)



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

The strong decline in financial wealth in 2008 and early 2009 also partly explains the muted growth in consumption during the recovery. Since the latter half of 2009, however, financial wealth has displayed positive year-on-year growth rates. Furthermore, residential property prices rose up to the fourth quarter of 2010, year on year, for three quarters in a row, after six consecutive quarters of decline.

Regarding the most recent developments in hard data, retail sales increased by 0.9% in April, thereby providing a positive start to the second quarter (see Chart 52). Growth in retail trade was negative in both the fourth quarter of 2010 and in the first quarter of 2011. Meanwhile, new passenger car registrations declined by 4.1% in April to a level 4.0% below its average outcome in the first quarter. This compares with a rise of 1.4% in the first quarter of 2011 (quarter on quarter) and an increase of 6.7% in the last quarter of 2010. The most notable change was observed for France, where registrations were down by 18% in April. This weak outcome most likely reflects the impact of the expiry of the fiscal measures aimed at supporting car sales. The Purchasing Managers' Index (PMI) for retail sales was slightly above 50 on average in April and May 2011, but below the average for the first quarter of 2011. According to European Commission surveys, retail confidence on average over these two months was above its long-term average, but slightly below its level in the first quarter. Both indicators point to positive, albeit slow, growth in retail sales in the second quarter of 2011.

Finally, the European Commission's indicator of consumer confidence, which provides a reasonably good idea of trend developments in consumption, rose in May to a level slightly above its long-term average. The latest outcome is also slightly higher than the average reading in the first quarter.

1 See the box entitled "Integrated euro area accounts for the fourth quarter of 2010", *Monthly Bulletin*, ECB, May 2011.

Confidence has been on the rise since the beginning of 2009. The main driver behind this longer-term development is more positive expectations as regards labour market developments and the general economic situation. Expectations regarding saving and the financial position of households have also increased, but to a lesser extent. All in all, this information suggests a continued expansion in private consumption in 2011, albeit at a moderate pace.

INVESTMENT

Gross fixed capital formation has picked up, with an estimated growth rate of 2.1% quarter on quarter in the first quarter of 2011, after having displayed zero growth in the fourth quarter of 2010. The quarterly outcome was the first positive rate of growth in total investment since the first quarter of 2008, with the exception of a temporary rise in the second quarter of 2010.

The full breakdown of capital formation is not yet available. However, on the basis of country data, non-construction investment – which includes equipment and machinery, as well as means of transport, and which accounts for half of total investment – continued to grow in the first quarter, driven by a strengthening in overall economic activity and more favourable financing conditions. Non-construction investment has grown since the first quarter of 2010. Industrial production of capital goods, an indicator of future non-construction investment, continued to grow in the first quarter of 2011 in quarter-on-quarter terms. Manufacturing confidence rose further in the first quarter of 2011, according to the PMI and European Commission surveys. Furthermore, the Commission surveys indicate that capacity utilisation maintained its upward trend in April.

In addition, both the residential and non-residential components of construction investment are likely to have risen very strongly in the first quarter of 2011, as suggested by a rise in construction production. This increase in activity points to a recovery from the adverse effects of unfavourable weather conditions in some countries in the fourth quarter of 2010. This was the first quarterly rise since the last quarter of 2007, with the exception of the second quarter of 2010 when production rose temporarily, again on account of a bounce-back following negative weather-related effects. Nevertheless, the weakness of the construction sector continued in some countries which had seen substantial increases before the onset of the recent recession.

As regards the second quarter of 2011, the few early indicators available point to a continued positive rate of growth of gross capital formation in the euro area. Rising capacity utilisation rates are expected to continue having a positive impact on non-construction investment, as growing demand will require larger production capacities in some countries and sectors. Box 5 entitled "A cross-check of output gap estimates for the euro area with other cyclical indicators" elaborates further on the capacity utilisation concept in measuring the degree of "slack" in the economy. Existing favourable financing conditions in many countries also help to sustain productive capital formation. The manufacturing PMI and its new orders component point to a further expansion in the manufacturing sector in the second quarter. Industrial confidence, as measured by European Commission and national surveys, also present a favourable outlook for non-construction investment in the second quarter. Hard data on new industrial orders, available up to March 2011, reveal that orders have been increasing overall, including in the investment goods sector, which is consistent with these positive developments.

Construction investment is expected to be weaker in the second quarter of 2011 owing to a normalisation in building activity in those regions where construction activity has been volatile in recent quarters because of adverse weather conditions.

In the coming quarters and excluding short-term volatility, non-construction investment is expected to strengthen in line with growth in economic activity and rising profits, while financing conditions remain supportive. More subdued growth is envisaged for construction investment. Specifically, the residential component should be sustained by a recovery in real estate markets, as indicated by a normalisation in the number of building permits issued. However, the aggregate figure may mask uneven developments across euro area countries, with some still experiencing a further adjustment in the housing sector.

Box 5

A CROSS-CHECK OF OUTPUT GAP ESTIMATES FOR THE EURO AREA WITH OTHER CYCLICAL INDICATORS

This box briefly compares output gap estimates for the euro area with developments in a number of survey-based cyclical indicators and business cycle indicators. Overall, while there is high uncertainty as regards the size of the output gap, a number of cyclical indicators suggest that the economic "slack" in the euro area economy may be smaller and may close faster than currently estimated by international institutions.

Output gap estimates from international institutions

The output gap, which is the difference between the actual and the potential level of output, is usually regarded as a measure of slack as well as an indication of price pressures in the economy. According to current estimates, the impact of the economic and financial crisis has led to a significant widening of the euro area output gap, with the average of estimates from a number of international institutions pointing to an output gap of about -4% in 2009, after a positive gap of 0.7% in 2008. While international institutions project a sizeable narrowing of the gap as the recovery continues, estimates of the euro area output gap for 2011 range between -2.3% and -3.5%, with an average value of close to -3%. Uncertainty regarding the size of the output gap is currently very high, since the possible adverse effects of the economic and financial crisis on potential output growth are difficult to estimate.[1]

The capacity utilisation rate and supply-side constraints on activity

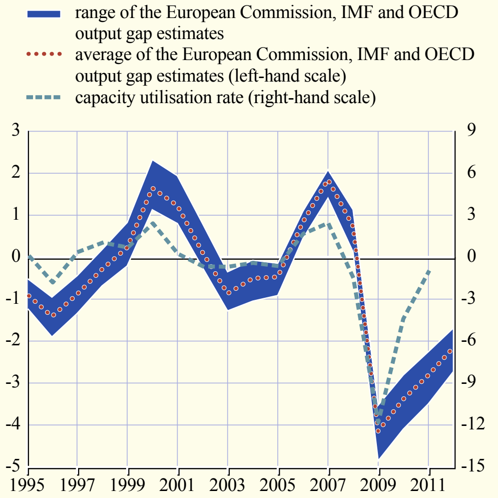
Another indicator that can be used to measure the degree of slack in the economy is the capacity utilisation rate. Information on capacity utilisation in the euro area is collected in the European Commission business survey for the manufacturing sector on a quarterly basis. In that survey, manufacturing companies are asked at what capacity (measured as a percentage of full capacity) they are currently operating. In line with estimates of the output gap, the capacity utilisation rate also declined sharply during the latest recession, reaching a historical low in 2009 and standing 12 percentage points below its long-term

1 For a discussion of factors which can lead to a longer-lasting downward shift in the level of potential output or even persistently lower growth rates of potential output, see the box entitled "Potential output estimates for the euro area", *Monthly Bulletin*, ECB, July 2009, and the article entitled "Trends in potential output", *Monthly Bulletin*, ECB, January 2011.

pre-recession average (see Chart A).[2] However, in contrast to the various estimates of the output gap, the capacity utilisation rate subsequently recovered strongly. The latest data point to a return to a virtually "normal" level of capacity utilisation in the euro area in April 2011, suggesting a sharper decrease in the slack in the euro area economy than signalled by the various output gap estimates from international institutions.

Chart A Output gap estimates from international institutions and the capacity utilisation rate

(percentages; percentage point deviation from long-term pre-recession average)



Sources: European Commission Economic Forecast Spring 2011, IMF World Economic Outlook April 2011, OECD Economic Outlook May 2011 and ECB calculations.
Note: The output gap is measured as a percentage of potential GDP and the capacity utilisation rate is measured as a percentage of full capacity.

One feature of the capacity utilisation indicator is that, like most opinion surveys, it is normally not revised, while the degree of uncertainty surrounding real-time estimates of the model-based output gap is typically high and they are frequently revised.[3] However, when using the capacity utilisation rate to gauge the output gap, some limitations of this indicator must be borne in mind. First, the capacity utilisation indicator is only based on the manufacturing sector, while estimates of the output gap are based on the whole economy. Second, when survey respondents assess their capacity utilisation they do not necessarily take into account the slack in labour utilisation at the economy-wide level. Despite these limitations, however, there appears to be a strong empirical link between developments in the capacity utilisation rate and in estimates of the output gap (see Chart A).

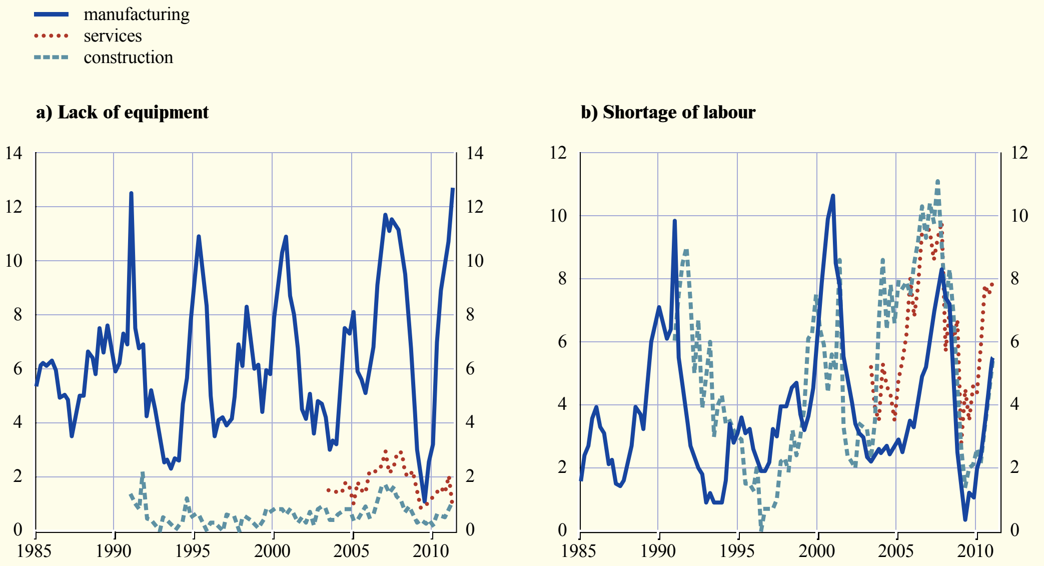
Other survey-based indicators for the use of resources confirm the signals of the capacity utilisation rate for the manufacturing sector and provide information on the other two main economic sectors, i.e. services and construction (see Chart B). Regarding the manufacturing sector, constraints on production stemming from a lack of both equipment and labour have increased significantly in recent quarters. The indicator for lack of equipment has reached a new record high and that for shortage of labour has returned to a level above its long-term average. Both indicators therefore support the picture of a significant increase in the use of available resources in the manufacturing sector in recent quarters and are consistent with the evidence

2 Figures for capacity utilisation are adjusted to make them comparable with figures for the output gap as follows. They are shifted backwards by one quarter since capacity utilisation data published early in a quarter largely reflect economic developments in the previous quarter. The average for the pre-crisis period (from the first quarter of 1985 to the fourth quarter of 2007) is subtracted, so that the value of zero indicates the "normal" level of capacity utilisation. Finally, annual figures are computed by averaging the quarterly figures for the year. The figure for 2011 is computed as the average value of figures for the first two quarters of 2011.

3 For a detailed description of the recovery of capacity utilisation, see the box entitled "The recovery of production capacity utilisation in the euro area", *Monthly Bulletin*, ECB, October 2010. For a detailed discussion of the role of potential output estimates in macroeconomic analysis and the uncertainty surrounding its measurement, see the article entitled "Potential output growth and output gaps: concept, uses and estimates", *Monthly Bulletin*, ECB, October 2000. See also the box entitled "Potential output estimates for the euro area", *Monthly Bulletin*, ECB, July 2009, and Marcellino, M. and Musso, A., "The reliability of real-time estimates of the euro area output gap", *Economic Modelling*, 2011, Vol. 28, No 4, pp. 1842-56 (in particular Figure 1 and Table 4). For evidence that the information contained in the capacity utilisation rate can be exploited to improve estimates of potential output and the output gap, see Graff, M. and Sturm, J.E., "The information content of capacity utilisation rates for output gap estimates", *CESIfo Working Paper Series*, No 3276, CESIfo, December 2010, and Planas, C., Röger, W. and Rossi, A., "Does capacity utilisation help estimating the TFP cycle?", *European Economy - Economic papers 410*, European Commission, May 2010.

Chart B Constraints on activity

(percentages)



Source: European Commission.
Note: The latest observation refers to April 2011.

that capacity utilisation may have returned to its long-term average level. With regard to the services and construction sectors, the indicators for shortage of labour have increased for both of these sectors, to stand above their long-term averages, and the same is true of the indicator for lack of equipment in the construction sector. By contrast, the indicator for lack of equipment in the services sector has displayed some volatility recently and in April it fell below its long-term average, after exceeding it at the beginning of the year. Overall, the evidence on constraints on activity in the non-manufacturing sectors also supports the picture of increased resource use and, hence, of a reduction in the degree of slack in these sectors also. However, the levels of the indicators and the pace of reutilisation of resources appear to be less dynamic than in the manufacturing sector, suggesting some under-utilisation of resources in these sectors which may contribute to the size of the output gap for the economy as a whole.

Business cycle indicators

Signals suggesting that the negative output gap may close faster than is indicated by estimates of the output gap from international institutions are also provided by business cycle indicators for the euro area.[4] Although the main purpose of these indicators is to signal the direction of and turning points in the euro area business cycle, they may also provide useful indications concerning the closing of the output gap. Chart C shows a rather close historical co-movement between two business cycle indicators – one based on data for industrial production (excluding construction) and the other based on real GDP – and the capacity utilisation rate. With regard to

4 For more details, see the box entitled "The measurement and prediction of the euro area business cycle", *Monthly Bulletin*, ECB, May 2011, which describes the area-wide leading indicator (ALI). See also the methodological notes for the OECD composite leading indicators, which are constructed in a similar way to the ALI. These notes define the business cycle phases in terms of whether the output gap is positive or negative and narrowing or widening (see the OECD's website at www.oecd.org).

recent developments, the signals provided by the business cycle indicator based on industrial production excluding construction are very much in line with those provided by the capacity utilisation rate (see Chart C), pointing to an earlier closing of the negative output gap than is indicated by estimates of the output gap from international institutions.

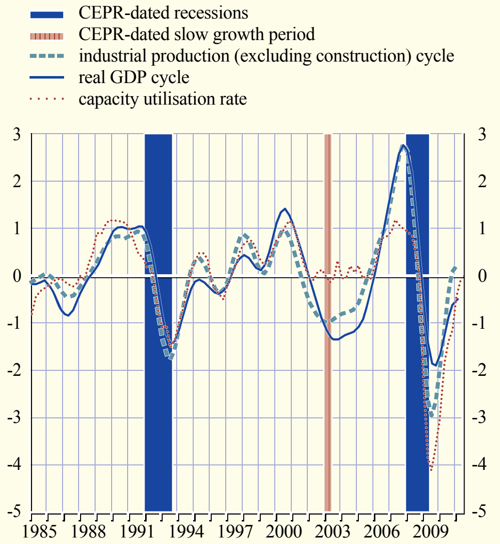
By contrast, the business cycle indicator derived from real GDP suggests that a slightly negative output gap remained in the first quarter of 2011. This is in line with the results for some sectors from the survey data on constraints on activity and similar differences between the two business cycle indicators were observed in previous recovery periods. However, the business cycle indicator based on real GDP still suggests that the output gap will close faster than is indicated by output gap estimates from international institutions.

Overall, there has been significant uncertainty regarding the magnitude of the output gap since the financial crisis. A number of cyclical indicators suggest that it could currently be somewhat less negative than implied by output gap estimates from international institutions and that it may close more rapidly than some estimates suggest. This could be due to an overestimation of potential output: if it grew at even lower rates during the crisis than currently projected, the output gap would be narrower and also close faster.[5]

If the output gap closes faster than anticipated, this may, in turn, imply higher inflation pressure than is currently expected, although it should be borne in mind that the impact of a change in the output gap on inflation in the euro area is assessed to be relatively small based on empirical evidence.[6] All in all, this analysis points therefore to possible upside risks to current inflation forecasts.

Chart C Euro area business cycle indicators and the capacity utilisation rate

(percentage deviations from trend; standardised; index level)



Sources: ECB, European Commission, Eurostat and ECB calculations.
Notes: The business cycle indicators are derived by applying a one-sided band pass filter and extend to the first quarter of 2011, whereas the capacity utilisation rate is available up to April 2011. The indicated recession and slow growth periods are based on dating by the Centre for Economic Policy Research (CEPR). The data have been standardised over the full sample period.

5 See the references mentioned in footnote 1.
6 See also the box entitled "Inflation in the euro area and the United States: an assessment based on the Phillips curve" in this issue of the Monthly Bulletin and the box on euro area Phillips curves in the article entitled "Trends in potential output", *Monthly Bulletin*, ECB, January 2011.

GOVERNMENT CONSUMPTION

Over recent quarters, the growth rate of government consumption has been subject to the moderating impact of fiscal consolidation efforts in a number of countries. However, quarterly fiscal data generally tend to be rather volatile and are often revised in subsequent data releases. Temporary and volatile factors explain the increase by 0.8% in real government consumption in the first quarter of 2011.

For the purpose of assessing the factors behind developments in real government consumption, a review of its evolution in nominal terms enables a disaggregate analysis of the sub-components. Nominal government consumption increased by 1.4% in the first quarter of 2011, compared with the fourth quarter of 2010. Regarding the sub-components, restraint in compensation of government employees – which affects real government consumption through estimated productivity and has a nominal effect through the government consumption deflator – has been a major dampening force underlying nominal government consumption. This restraint in compensation, which has a weight of about half of total government consumption, is a result of both wage cuts and employment reductions in some countries. Intermediate government consumption expenditure (which accounts for around a quarter of the total) is on a declining path owing to the ongoing consolidation efforts of governments. However, this item has been particularly volatile in recent quarters and increased, against the general trend, both in the fourth quarter of 2010 and the first quarter of 2011. Social transfers in kind, which also account for about a quarter of government consumption, have been growing more in line with historical averages, reflecting the evolution of items such as health expenditure, which have a somewhat autonomous dynamic. The remaining components of government consumption, for example the consumption of fixed capital, are relatively small and have not noticeably shaped the overall picture in recent quarters.

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

INVENTORIES

In the aftermath of the pronounced inventory retrenchment which marked the recent recession in 2008-09, inventories are expected to continue to provide moderate support to the recovery in the first half of 2011. Inventory levels are generally perceived as rather low, implying the need for selective restocking.

Following the bankruptcy of Lehman Brothers, euro area firms – confronted with rapidly deteriorating demand prospects and very difficult financing conditions – began a rapid process of inventory liquidation that peaked in mid-2009, accompanying as much as accentuating the contraction in euro area output at that time. After reaching a very high pace by mid-2009, the destocking gradually moderated, on the back of gradually improving demand expectations and more favourable financing conditions. Accordingly, changes in inventories made, on average, significant contributions to quarter-on-quarter GDP growth from mid-2009 to mid-2010. By mid-2010 the destocking seemed broadly completed and thereafter inventories tended to contribute less, and more erratically, to GDP growth. Caution is, however, warranted when interpreting quarterly developments in such contributions, as there is statistical uncertainty linked to the way inventories are estimated in national accounts and as they are also prone to revisions.

Turning to survey indicators, a restocking phase in manufacturing input goods and in retail inventories started from the end of last year, following some stabilisation around summer 2010. Furthermore, the most recent bank lending survey (which reports bankers' assessment of loan demand as expressed by borrowers) reports a pick-up in working capital financing needs, consistent with some restocking. In addition, business surveys continue to point to a perception of very low levels of inventories of finished goods in manufacturing. Anecdotal evidence suggests that a number of firms were confronted with selected shortages of inputs in early 2011, on the back of some acceleration in world activity. This phenomenon was abruptly aggravated in the aftermath of the natural disaster in Japan. Although the latter created considerable supply-side uncertainty, with expectations of potentially significant supply chain disruptions, more recent evidence suggests that the flexibility of the production and distribution system contributed somewhat to limiting this risk. The involuntary drawdown of inventories in selected key components caused by these disruptions during the second quarter of 2011 is likely to be small overall and should soon reverse in the course of the second half of 2011 as Japan's supply catches up, enabling these selected depleted inventories to be replenished.

Looking ahead, a limited further building-up of inventories seems plausible against a backdrop of lean inventories, ongoing improvements in demand conditions and expectations of further price increases.

EXTERNAL TRADE

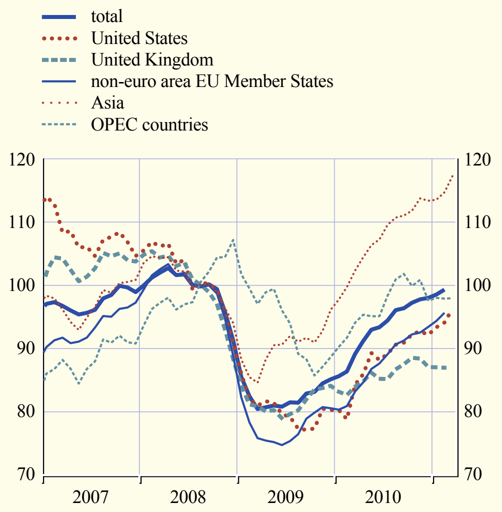
After moderating during the second half of 2010, euro area trade showed signs of rebounding towards the end of 2010. As suggested by trade volume data available for the first quarter of 2011, both imports and exports of goods continued to grow in the first quarter of 2011, by 1.9% and 1.8% respectively, leading to a neutral net trade contribution to GDP growth. Simultaneously, intra-euro area trade volumes grew at slightly higher rates over the same quarter.

Data on trade values for goods and services available up to March 2011 indicate that euro area trade growth rates witnessed a rebound over the first quarter of the year (see the box entitled "Developments in the euro area balance of payments to March 2011" for a more detailed account of developments in the euro area balance of payments). In value terms, quarter-on-quarter growth rates of goods and services exports increased to 5.3% and those of imports to 5.8% in the first quarter of 2011 (up from 2.7% and 4.0% respectively in the previous quarter). Overall, the expansion of extra-euro area exports in the first quarter of 2011 continued to be supported by foreign demand, particularly from Asia (mainly China) and some non-euro area EU Member States (see Chart53). Exports to developed economies, notably the United States, also picked up during the first quarter of the year. However, data show that the increase in export values was also driven by rises in export prices over the same period. The breakdown into product categories indicates that the export values of intermediate and consumption goods showed signs of recovery.

At the same time, import values were mainly influenced by developments in import prices, which rose markedly in the first months of 2011 owing in particular to the increase in commodity prices. On the real side, the growth in euro area import volumes was mainly linked to the higher level of domestic demand and was also in line with euro area industrial production exceeding its average figure for the last quarter of 2010. These trends were observed for capital and intermediate goods, which registered high growth rates early in the quarter.

Chart 53 Extra-euro area export volumes to selected trading partners

(indices: Q3 2008 = 100; seasonally adjusted; three-month moving averages)



Sources: Eurostat and ECB calculations.
Notes: The latest observations refer to March 2011, except for the total, the United Kingdom and non-euro area EU Member States (February 2011). The non-euro area EU Member States aggregate does not include Denmark, Sweden or the United Kingdom.

Turning to trade in services, the quarter-on-quarter growth rate of exports remained rather subdued at 0.8% in the first quarter of 2011, while the level of imports remained broadly flat. The weak readings for growth in services exports are likely to be related to a reduction in import demand for services from the United States and the United Kingdom. These two economies, which are among the main geographic destinations for extra-euro area exports in services, registered negative growth rates in their import demand for services over the same period.[2]

Against the backdrop of a robust, though recently moderating, expansion in global activity, euro area exports are expected to continue to grow at a robust pace in the near term. This is also consistent with available survey-based evidence. The PMI for new export orders in the euro area manufacturing sector remained above the expansion/contraction threshold of 50 in May and, although it has been declining since February, points to a further expansion of extra-euro area exports over the second quarter of 2011.

2 For the geographical breakdown of extra-euro area trade in services, see Table A in the box entitled "Euro area trade in services: specialisation patterns and recent trends", *Monthly Bulletin*, ECB, May 2011.

Box 6

DEVELOPMENTS IN THE EURO AREA BALANCE OF PAYMENTS TO MARCH 2011

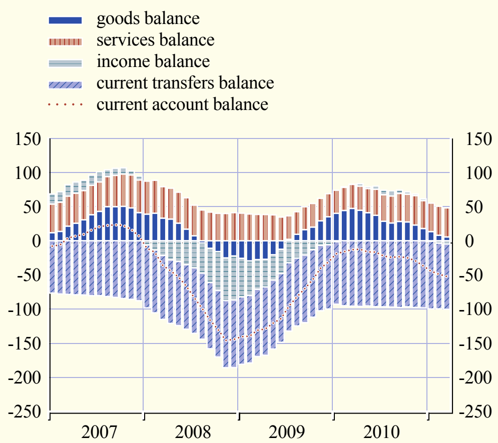
This box analyses developments in the euro area balance of payments in the first quarter of 2011. In the 12-month period to March 2011, the current account deficit of the euro area increased markedly in comparison with the corresponding period a year earlier, standing at €52.2 billion (i.e. around 0.6% of euro area GDP). In the financial account, combined direct and portfolio investment recorded cumulated net inflows of €219.0 billion, up from €133.1 billion in the preceding 12-month period.

The current account deficit increased in the 12-month period to March 2011

After moderating in the second half of 2010, extra-euro area trade in goods and services increased strongly in the first quarter of 2011. This reflected, in particular, a further acceleration of growth in both exports and imports of goods that continued to be supported by the ongoing robust expansion in economic activity at both the global and the euro area level. Price developments also contributed to the increase in export and import goods values. In recent months, the rise in the prices of imports used in the production of euro area exports seems to have pushed up export prices. On the services side, export and import values remained subdued (see main text on external trade).

Chart A Main items of the current account

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



Source: ECB.

Main items of the euro area balance of payments

(seasonally adjusted data, unless otherwise indicated)

	2011 Feb.	2011 Mar.	Three-month cumulated figures 2010 June	2010 Sep.	2010 Dec.	2011 Mar.	12-month cumulated figures 2010 Mar.	2011 Mar.
	EUR billions							
Current account	-6.5	-4.7	-11.2	-8.2	-16.0	-16.8	-13.0	-52.2
Goods balance	-1.9	0.8	3.3	5.2	0.0	-2.9	47.4	5.6
Exports	146.9	146.2	388.1	395.6	408.8	436.5	1,341.6	1,629.0
Imports	148.8	145.4	384.8	390.3	408.8	439.4	1,294.2	1,623.4
Services balance	3.6	3.8	9.6	11.0	10.3	11.5	35.2	42.5
Exports	42.9	44.1	128.8	129.7	130.8	131.8	477.4	521.1
Imports	39.4	40.3	119.1	118.7	120.4	120.3	442.2	478.6
Income balance	-0.1	-0.3	1.0	-0.6	-4.1	-1.1	0.2	-4.7
Current transfers balance	-8.0	-8.9	-25.1	-23.9	-22.3	-24.3	-95.7	-95.6
Financial account 1)	7.4	2.6	25.4	3.9	-10.9	28.3	-14.6	46.6
Combined net direct and portfolio investment	75.3	70.4	63.9	-47.8	68.9	134.0	133.1	219.0
Net direct investment	-22.0	-6.6	-29.8	-30.8	27.2	-22.2	-94.8	-55.6
Net portfolio investment	97.3	77.0	93.7	-17.1	41.6	156.2	227.9	274.5
Equities	32.2	29.1	26.7	29.1	34.3	76.5	58.9	166.6
Debt instruments	65.1	47.9	67.0	-46.1	7.4	79.8	168.9	107.9
Bonds and notes	28.1	41.1	75.9	-97.1	33.1	32.7	24.9	44.6
Money market instruments	37.0	6.8	-8.9	50.9	-25.8	47.1	144.1	63.3
Net other investment	-66.6	-62.5	-41.4	54.3	-79.2	-90.7	-169.8	-157.0
	Percentage changes from previous period							
Goods and services								
Exports	0.8	0.3	5.9	1.6	2.7	5.3	-9.4	18.2
Imports	1.2	-1.3	7.5	1.0	4.0	5.8	-13.0	21.1
Goods								
Exports	2.4	-0.5	6.7	1.9	3.3	6.8	-10.6	21.4
Imports	2.4	-2.3	8.6	1.4	4.7	7.5	-15.3	25.4
Services								
Exports	-4.2	2.7	3.6	0.7	0.8	0.8	-5.7	9.2
Imports	-3.0	2.5	4.1	-0.4	1.5	-0.1	-5.4	8.2

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

In the 12-month period to March 2011, the current account deficit increased to €52.2 billion (around 0.6% of euro area GDP), from €13.0 billion in the corresponding period a year earlier (see the table and Chart A). This was the result of a deterioration in the goods balance and, to a lesser extent, in the income balance, partly compensated for by an improvement in the services balance. The current transfers balance remained unchanged. In particular, the lower goods surplus was partly due to the increase in oil prices experienced during the year, which contributed to a widening of the oil trade deficit to €190.6 billion in the 12-month period to February 2011, well above the level of €143.1 billion registered a year earlier. Finally, the services surplus continued to increase during the 12-month period to March 2011, with the growth rates of both imports and exports turning positive compared with a year earlier, mirroring developments in world trade and the robust economic recovery that occurred over that period.

Net inflows resumed in the financial account in the first quarter of 2011

The financial account balance recorded net inflows in the first quarter of 2011, as opposed to net outflows in the previous quarter, mostly reflecting a marked increase in the net inflows in portfolio investment (see the table).

In the first quarter of 2011, the main driver of developments in portfolio investment was the increase in net inflows in debt instruments, specifically in money market instruments. In fact, investment by non-euro area residents in money market instruments issued by euro area residents rebounded significantly in this quarter. The rebound was particularly evident for the euro area banking sector, which is in line with the overall increase in the issuance of money market instruments by euro area banks in this quarter and suggests that funding conditions may have been somewhat more favourable. At the same time, the outflows in money market instruments of the non-bank sectors, as registered in the last quarter of 2010, came to a halt.

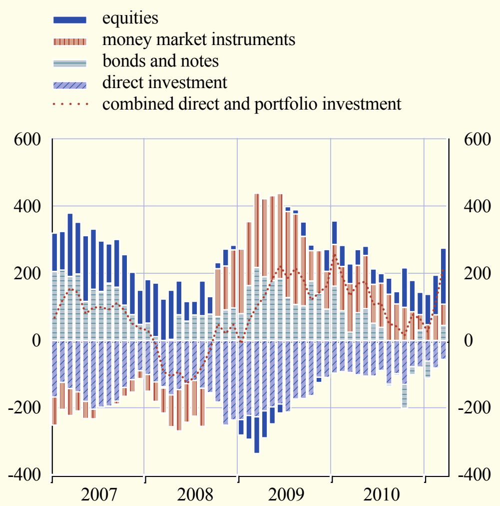
Focusing on equity, net inflows also increased in the first quarter of 2011. In particular, euro area investors reduced their investment in foreign equity securities slightly, probably as a result of episodes of heightened uncertainty and volatility in global equity markets. On the liability side, investment by foreign investors in euro area equity securities remained broadly stable. In particular, inflows into equity securities issued by euro area banks were registered in the first quarter of 2011, as opposed to outflows in the last quarter of 2010, possibly reflecting the efforts of euro area banks to raise capital and reinforce their balance sheets.

Net outflows in foreign direct investment resumed in the first quarter of 2011, driven primarily by an increase in investment by euro area investors in equity capital abroad. This was possibly related to better long-term investment prospects on the back of profit announcements that exceeded expectations and a more favourable global economic outlook.

Turning to longer-term developments, combined net direct and portfolio inflows increased considerably to €219.0 billion in the 12-month period to March 2011, up from €133.1 billion in the previous year. The main driver of this increase was net inflows in portfolio investment and, more specifically, equity securities (see the table and Chart B). The higher net inflows into equity in this period were the result of the fact not only that foreign investors increased their investment in euro area equities, but also that investment by euro area investors in foreign equities was rather subdued. The latter reflects the aforementioned developments in the first quarter of 2011 and the process of repatriation of funds by euro area investors in the second quarter of 2010, amid falling and volatile stock market prices. At the same time, net inflows in debt instruments declined in the 12-month period to

Chart B Main items of the financial account

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



Source: ECB.

March 2011, mainly on account of smaller purchases of euro area money market instruments by foreign investors. Looking at other investment, which mainly comprises deposits and loans, the net outflows remained broadly unchanged. A more detailed look at developments reveals that the net outflows were the result both of investment by euro area residents in foreign assets and of disinvestment by foreigners in euro area assets. Foreign investors reduced their deposits in euro area banks and loans to the non-bank sectors, with the exception of the general government.

4.2 OUTPUT, SUPPLY AND LABOUR MARKET DEVELOPMENTS

Looking at the production side of national accounts, total value added has recovered overall since the end of the recession in the second quarter of 2009, but nevertheless shows marked differences across sectors. The pick-up has been the strongest in the industrial (excluding construction) sector, where the losses have also been the largest, yet the level of industrial value added is still below its pre-crisis level. Services value added has, however, returned to its pre-recession level despite a more modest recovery pattern compared with the manufacturing sector. The value added in the construction sector has declined further in the aftermath of the recession. Focusing on more recent developments, value added growth gained momentum in the first quarter of 2011, but short-term indicators point to a slowing expansion rate in the second quarter of 2011.

Labour market conditions have started to improve in the euro area (see the labour market section below). After a strong deterioration in 2009, employment growth was positive in the last quarter of 2010, while the number of persons unemployed continued to decline in early 2011.

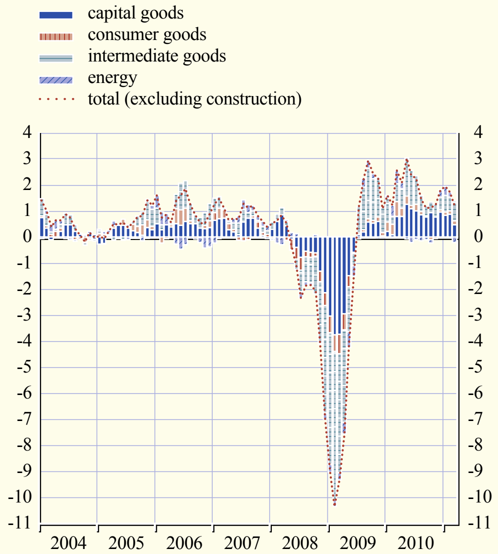
SECTORAL OUTPUT

The recovery in total value added, which had strengthened significantly in the first half of 2010, with average quarterly growth of 0.7%, slowed in the second half of the year, with quarterly value added growth of 0.3% in the third and fourth quarters of 2010. It picked up again to 0.8% in the first quarter of 2011.

This weakening in total value added growth was, to a large extent, due to a significant slowing in growth in industrial (excluding construction) value added, which fell from an average quarterly rate of 2.2% to 0.9%, before increasing to 1.9% in the first quarter of this year. Production continued to increase in the first quarter of 2011 but, in contrast to industrial value added, at a lower pace than in the fourth quarter of 2010 (see Chart 54). The lower growth rate in the first quarter mainly reflects energy production, which contributed negatively to industrial production growth in the first quarter following its sizeable rise in the previous quarter. The largest positive contributions

Chart 54 Industrial production growth and contributions

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

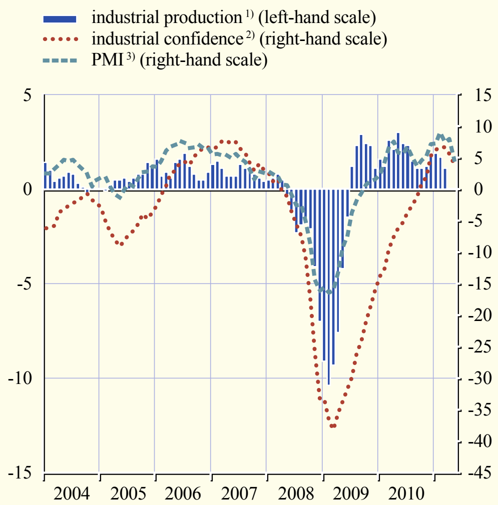


Sources: Eurostat and ECB calculations.
Note: Data shown are calculated as three-month moving averages against the corresponding average three months earlier.

came from the intermediate and capital goods industries. European Commission survey data indicate that limits to production increased slightly in the three months to April 2011. This rise was related to a further tightening in supply-side constraints, while limits to production linked to insufficient demand dropped further. Most notably, limits owing to a lack of equipment reached an all-time high and limits attributable to a shortage of labour remained for the second consecutive quarter above its long-term average. Short-term indicators point to an ongoing but decelerated rate of expansion in the industrial sector in the second quarter of 2011. The PMI manufacturing output index decreased in the first two months of the second quarter, but continued to indicate an expansion in manufacturing output. A similar picture emerges from the European Commission's industrial confidence indicator, which declined compared with the first quarter but remained far above its historical average (see Chart 55). Industrial new orders, which should subsequently appear in production, continued to increase quarter on quarter in the first quarter of 2011, and firms' order books expectations for the next three months, as reported by the European Commission, remained at an elevated level in April following an all-time high in January.

Chart 55 Industrial production, industrial confidence and the PMI

(monthly data; seasonally adjusted)



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

The construction sector contributed negatively to the growth in total value added in the fourth quarter of 2010, partly owing to the unusually cold weather in December, confirming weak developments in 2010 as a whole. In the first quarter of 2011, the construction sector reversed its weak trend, making up in part for the loss in production caused by the previous quarter's adverse weather conditions, and contributed positively (0.1 percentage point) to growth in total value added. For the second quarter of 2011, short-term indicators signal a slowing in growth in construction value added. The PMI construction output index declined strongly in the first month of the second quarter compared with the first quarter. New business received by euro area construction firms rose further in April. However, the increase in new orders was marginal and significantly slower than in the first quarter. The European Commission business confidence indicator for the construction sector stood slightly higher in the first two months of the second quarter than in the first quarter, but was still below its long-term average.

Growth in services value added slowed in the fourth quarter of 2010 to 0.1%, compared with 0.4% to 0.5% in the first three quarters of 2010. The slowdown in growth in the fourth quarter was mainly observed in the trade and transport sectors, where activity was affected by the adverse weather in some euro area countries. Growth in finance and business services also slowed. In the first quarter of this year, the growth in services value added increased to 0.4%. This acceleration was to a large extent due to a significant increase in the trade and transport services sector. Looking ahead, surveys suggest ongoing growth in the services sector in the first two months of the second quarter, but at a lower pace than in the first quarter of 2011. According to the PMI surveys, business activity and expectations for the months ahead were somewhat lower in the first two months of the second quarter than in the previous quarter, but remained above the average for the respective series since 1998. The European Commission business confidence indicator for the services sector, which has shown a more gradual recovery since the recession than the PMI indicators, also decreased in April and May, keeping close to its long-term average. Overall, following the strong growth acceleration in the first quarter of 2011, survey results point to a weakening in growth momentum in services value added in the second quarter.

LABOUR MARKET

Following the pick-up in demand, the euro area labour market showed signs of gradual improvement during 2010 and early 2011. A large part of the total labour adjustment during the downturn took place through a reduction in hours worked per person employed, rather than through a reduction in headcount, as firms hoarded labour in the face of the steep decline in demand. Since the end of the recession, much of the increase in demand has been met by utilising this spare capacity within firms. Consequently, initial indications of an improvement in labour markets have been observed in the recovery in hours worked, with gradual increases since the second quarter of 2009, while employment growth in terms of numbers stabilised at first and only started to expand in the last quarter of 2010. These developments have meant that, despite the pick-up in activity, the unemployment rate was broadly stable over the course of 2010, before displaying a slight decline in the first quarter of this year.

In more detail, total hours worked remained unchanged in the fourth quarter of 2010, following four quarters of positive growth. At a sectoral level, hours worked declined in construction – confirming the weakness in this sector – while they grew moderately in industry (excluding construction) and services.

Employment rose on a quarterly basis by 0.2% in the fourth quarter of 2010, after no growth in the third quarter. Total services employment increased by 0.3% quarter on quarter in the fourth quarter of 2010, marginally up on the previous quarter, while job losses continued in construction, where employment declined by 0.9%. Employment remained unchanged in industry excluding construction (see Table 9). Looking beyond available hard data, surveys of employment expectations

Table 9 Employment growth

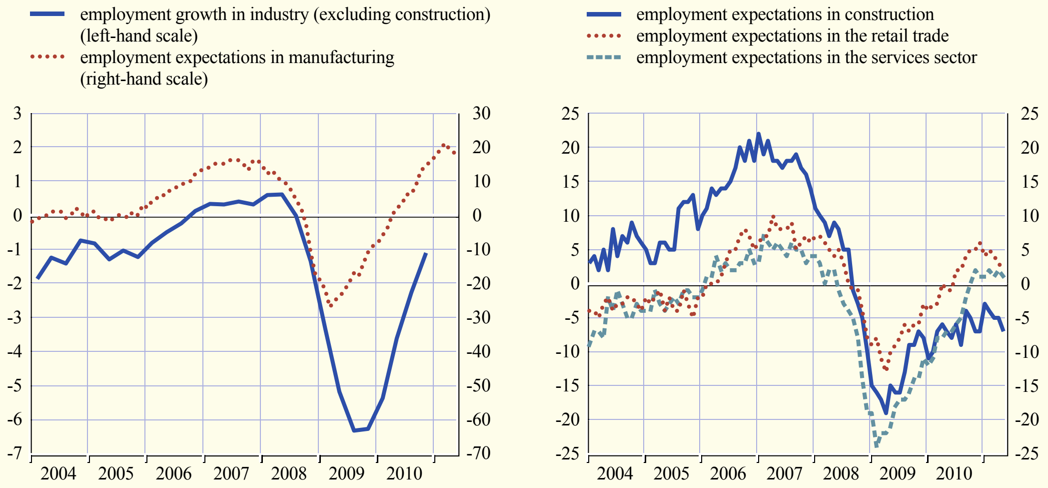
(percentage changes compared with the previous period; seasonally adjusted)

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

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

Chart 56 Employment growth and employment expectations

(annual percentage changes; percentage balances; seasonally adjusted)



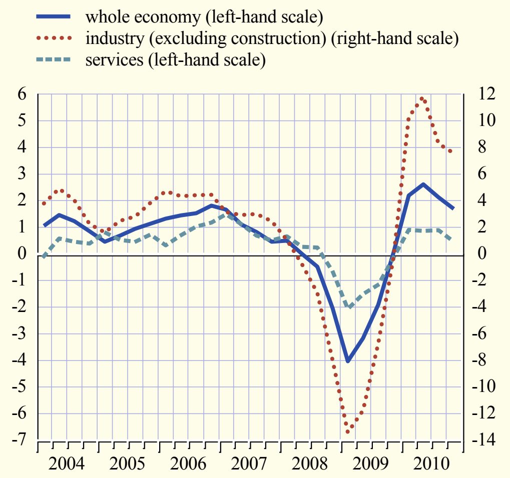
Sources: Eurostat and European Commission Business and Consumer Surveys.
Note: Percentage balances are mean-adjusted.

suggest that employment continued to increase in the second quarter of 2011. The euro area PMIs for employment expectations in manufacturing and services were both above 50 in April and May, thus pointing towards positive employment growth. The European Commission business surveys provide a similar picture (see Chart 56).

The recovery in euro area output growth, combined with the more modest improvements in employment, has brought about increases in productivity. However, as employment increases and

Chart 57 Labour productivity

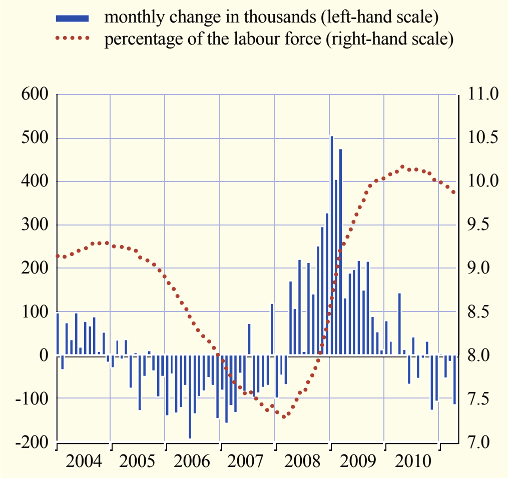
(annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart 58 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

growth stabilises, productivity growth is expected to slow. Indeed, the latest available data, for the fourth quarter of 2010, show a further moderate decline in productivity growth in year-on-year terms (see Chart 57).

Unemployment rose sharply during the recent recession and for some months afterwards, increasing from 7.3% at the beginning of 2008 and peaking at 10.2% in mid-2010 (see Chart 58). Since then, as activity has recovered, the euro area unemployment rate has declined, averaging 9.9% in the first four months of 2011. Box 7 briefly reviews the relationship between changes in output and unemployment in the euro area.

Box 7

BACK TO OKUN'S LAW? RECENT DEVELOPMENTS IN EURO AREA OUTPUT AND UNEMPLOYMENT

Euro area unemployment followed a downward trend from the start of EMU until spring 2008, falling progressively from 9.9% on the eve of Monetary Union to reach a 25-year low of 7.2% in the first quarter of 2008. As a result of the sharp decrease in euro area output over the course of the subsequent recession (amounting to a peak-to-trough decline in GDP of 4.4%), unemployment began to increase, rising by 2.8 percentage points before levelling off in the second half of 2010. Given the growing signs of improvement for the euro area labour market as a whole since then, this box revisits the relationship between changes in output and unemployment. It finds that, after deviating significantly from their longer-term trend for several quarters, aggregate unemployment developments look to be converging towards more typical patterns of response to changes in output, although strong disparities between euro area countries remain.

Okun's Law for the euro area

The relationship between contemporaneous changes in economic growth and unemployment is widely reported in the economic literature and is often referred to as "Okun's Law". More of an empirical "rule of thumb" than a relationship grounded in theory, Okun's Law suggests that a decline in output growth of between 2% and 3% is associated with a one percentage point increase in the aggregate unemployment rate.[1]

Chart A, on the basis of quarterly data, plots year-on-year percentage point changes in the euro area unemployment rate against contemporaneous annual percentage changes in GDP, from the launch of EMU in 1999 up to (and including) the first quarter of 2011 (as shown by the diamonds in Chart A). As illustrated by the slope of the bold blue trend line, the data suggest that, from the start of EMU to the onset of the recession (i.e. from the first quarter of 1999 up to and including the first quarter of 2008[2]), a one percentage point increase (or, conversely, a one percentage point fall) in euro area GDP growth was associated with a contemporaneous 0.4 percentage point

1 See Okun, A.M., "Potential GNP: Its Measurement and Significance", *Proceedings of the Business and Economic Statistics Section,* American Statistical Association, 1962, pp. 98-104.

2 A recession is defined in terms of quarter-on-quarter declines in GDP. As such, the euro area recession lasted for the period from the second quarter of 2008 up to and including the second quarter of 2009.

decline (or, respectively, a 0.4 percentage point increase) in the euro area unemployment rate.[3]

Over the course of the recession (shown as red diamonds in Chart A), widespread labour hoarding and a heavy reliance on "crisis measures" in a number of euro area countries led to some distortion in the relationship between changes in output and unemployment, lowering the "Okun" coefficient to around 0.3 percentage point (see the dashed red trend line in Chart A, which extends the relationship to the first quarter of 2011). This lower responsiveness was largely to be expected, owing to the widely used short-time working schemes introduced in many euro area countries precisely in an effort to maintain employment and stem the rate of job losses.

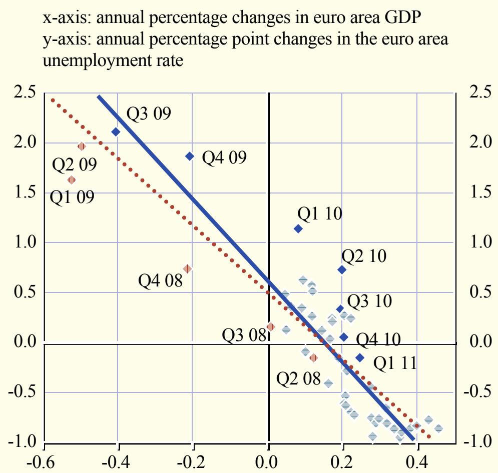
This initial lower responsiveness of unemployment to changes in output appears more recently to have largely reversed (see the progression of the bold blue diamonds in Chart A, which depict successive data releases since the onset of the recovery in euro area output). To some extent, the rise in the unemployment rate in early 2010 may be viewed, in part, as a delayed reaction to the lower responsiveness observed at the height of recession. Since the second half of 2010, however, unemployment developments appear to have been converging towards their previous relationship with GDP, with the latest observations being only slightly above the trend line.

Developments at the country level

Chart B shows the cumulative percentage output losses and percentage point increases in unemployment rates for the euro area as a whole, and for its member countries, since the onset of recession in the various economies.

Chart A Changes in GDP and the unemployment rate in the euro area

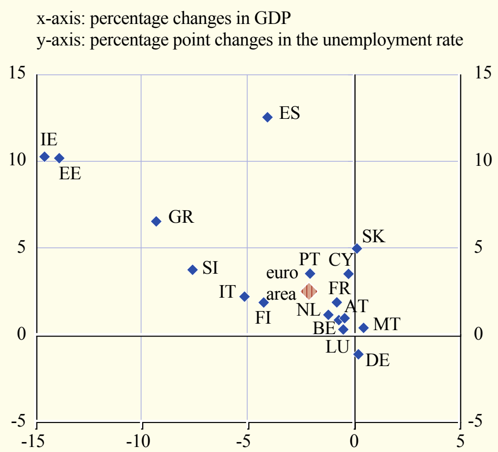
(annual percentage changes; percentage points; quarterly data)



Sources: Eurostat and ECB calculations.
Notes: GDP data are seasonally and working day adjusted; the unemployment rate is seasonally adjusted.

Chart B Cumulative changes in output and unemployment since the onset of recession

(percentage changes; percentage points)



Sources: Eurostat and ECB calculations.
Notes: All data are computed from local peaks in GDP. Cumulative effects are computed up to the first quarter of 2011, with some exceptions: GDP data end in the fourth quarter of 2010 for Belgium, Estonia, Ireland, Luxembourg, Malta, Portugal and Slovenia, while unemployment data end in the fourth quarter of 2010 for Estonia and Greece.

3 A simple ordinary least squares (OLS) regression quantifies the relationship $\Delta U = -0.40\ \Delta GDP\ (9.4) + 0.64\ (5.8)$ where ΔU represents the absolute annual percentage point change in the harmonised euro area unemployment rate and ΔGDP measures the annual percentage change in euro area GDP; t-statistics are given in parentheses; $R^2 = 0.71$ from 37 observations over the period from the first quarter of 1999 to the first quarter of 2008 inclusive. These parameter estimates differ slightly from those reported in the box entitled "Links between output and unemployment in the euro area", *Monthly Bulletin*, ECB, October 2009, owing to data revisions and the inclusion of Estonia in the euro area aggregate.

It is perhaps still too early to draw firm conclusions – not least given the differences in the speed of adjustment in unemployment across the euro area countries. However, there are clear variations in the unemployment responses of national labour markets to the recessions in their respective economies.

Several euro area economies (most notably Germany, Malta, Luxembourg and the Netherlands) appear to have rebounded fairly quickly from the sharp contractions in GDP, resulting in only modest or short-lived increases in unemployment. In Germany, despite an initially sharp and large contraction in GDP, a strong rebound has led to a decline in the unemployment rate to below pre-crisis levels. By contrast, other economies have experienced disproportionately large increases in unemployment rates – be it in relation to the size of their respective GDP losses (most notably Spain, Cyprus and Slovakia) or in comparison with the euro area average (most notably Estonia, Ireland and Greece). For the euro area as a whole, in the first quarter of 2011, GDP was still some 2.1% below its pre-crisis level and the unemployment rate 2.6 percentage points higher.

Concluding remarks

There can be many reasons for the diversity observed across countries. Differences in the sectoral composition of employment undoubtedly play an important role: indeed, the rapid downsizing that has taken place in formerly fast-growing construction sectors helps to explain many of the dramatic changes in unemployment seen in Estonia, Ireland, Spain and Slovakia and, to a lesser extent, in Slovenia and Finland.[4] However, labour market policies and institutions also affect the speed at which labour markets adjust. Differences in the numbers of permanent and temporary contracts, as well as differences in policy initiatives designed to deal with temporary output fluctuations (state-subsidised short-time working schemes, social security exemptions for employers, etc.), have clearly influenced the speed and extent of the labour market adjustment across countries. It is likely to take some time for euro area labour markets to absorb the large numbers of workers made redundant over the course of the recession. This process can be supported by reforms of employment protection legislation in order to encourage firms to hire; reforms of tax and benefit systems, so as to improve incentives to work; and further efforts to enhance the flexibility of wage-setting arrangements, so as better to reflect local labour market conditions.

4 See also the article entitled "Labour market adjustments to the recession in the euro area", *Monthly Bulletin*, ECB, July 2010.

4.3 THE OUTLOOK FOR ECONOMIC ACTIVITY

Recent statistical releases and survey-based indicators point towards a continued expansion of economic activity in the euro area in the second quarter of this year, albeit at a slower pace. This easing reflects the fact that the strong growth in the first quarter was partly due to special factors, which will cease to play a role in the second quarter.

Looking ahead, and through such short-term volatility, euro area exports should be supported by the ongoing expansion in the world economy. At the same time, taking into account the favourable level of business confidence in the euro area, private sector domestic demand should contribute increasingly to economic growth, benefiting from the still accommodative monetary policy stance and the measures adopted to improve the functioning of the financial system. However, activity is expected to continue to be dampened somewhat by the process of balance sheet adjustment in various sectors.

This assessment is also reflected in the June 2011 Eurosystem staff macroeconomic projections for the euro area, which foresee annual real GDP growth in a range between 1.5% and 2.3% in 2011 and between 0.6% and 2.8% in 2012. Compared with the March 2011 ECB staff macroeconomic projections, the range for 2011 has been revised upwards, while the range for 2012 remains broadly unchanged (see also Section 6).

The risks to this economic outlook remain broadly balanced in an environment of elevated uncertainty. On the one hand, favourable business confidence could provide more support to domestic economic activity in the euro area than currently expected and higher foreign demand could also contribute more strongly to growth than expected. On the other hand, downside risks relate to the ongoing tensions in some segments of the financial markets that may potentially spill over to the euro area real economy. Downside risks also relate to further increases in energy prices, protectionist pressures and the possibility of a disorderly correction of global imbalances.

5 FISCAL DEVELOPMENTS

According to the European Commission's spring 2011 economic forecast, the euro area general government deficit started to decline in 2010 and will be further reduced in 2011 and 2012, dropping from 6.3% of GDP in 2009 to 3.5% of GDP in 2012. As regards the implementation of the Stability and Growth Pact, most euro area countries broadly complied with the requirements under the excessive deficit procedures in 2010 and intend to do so in coming years. However, in many countries these plans are not sufficiently underpinned by concrete consolidation measures beyond 2011, and additional action will therefore be needed to meet the fiscal targets by the commonly agreed deadlines. The implementation of credible fiscal adjustment strategies, notably on the expenditure side, is crucial in view of ongoing financial market pressures and long-term challenges related to ageing populations. It is therefore important that, under the newly introduced European Semester for improved economic policy coordination, such strategies are reflected in the preparation of the 2012 national budgets.

FISCAL DEVELOPMENTS IN 2010

According to Eurostat's spring 2011 fiscal notification, the euro area general government deficit in 2010 stood at 6.0% of GDP, following a deficit of 6.3% in 2009 (see Table 10). With the exception of Estonia, Luxembourg and Finland, all euro area countries reported a deficit in excess of 3% of GDP in 2010.

The general government debt for the euro area reached 85.4% of GDP in 2010, compared with 79.3% of GDP in 2009. Deficit-debt adjustments, mostly related to measures to support the financial system, contributed around 2 percentage points to this increase. Five euro area countries out of 17 notified debt ratios well below the reference value of 60% of GDP; debt ratios were close to or well above 100% of GDP in Belgium, Ireland, Greece and Italy (see Table 11). Increases in government indebtedness by close to or more than 10 percentage points of GDP were witnessed in Ireland, Greece and Portugal as a result of high deficits, and in Germany largely owing to financial sector support measures, in particular the inclusion of two bad banks in general government debt.

According to the European Commission's spring 2011 economic forecast, most of the euro area countries that are subject to excessive deficit procedures (EDPs) broadly complied with the Council requirements in 2010. In most of the euro area countries where consolidation was required, the structural balance improved, although in several countries the structural effort fell short of the annual average required over the whole correction period.

Table 10 Fiscal developments in the euro area

(as a percentage of GDP)

	2008	2009	2010	2011	2012
a. Total revenue	44.9	44.5	44.5	44.9	44.9
b. Total expenditure *of which:*	46.9	50.8	50.4	49.1	48.5
c. Interest expenditure	3.0	2.8	2.8	3.0	3.2
d. Primary expenditure (b-c)	43.9	48.0	47.6	46.2	45.3
Budget balance (a - b)	-2.0	-6.3	-6.0	-4.3	-3.5
Primary budget balance (a-d)	1.0	-3.5	-3.2	-1.3	-0.4
Cyclically adjusted budget balance	-2.5	-4.3	-4.4	-3.0	-2.5
Gross debt	69.9	79.3	85.4	87.7	88.5
Memo item: real GDP (percentage change)	0.4	-4.1	1.8	1.6	1.8

Sources: European Commission's spring 2011 economic forecast and ECB calculations.
Note: Figures may not add up due to rounding.

FISCAL OUTLOOK FOR 2011 AND 2012

A clear improvement in public finances in the euro area is foreseen for 2011 and 2012. According to the European Commission's spring 2011 economic forecast, the euro area general government deficit will decline to 4.3% of GDP in 2011 and 3.5% of GDP in 2012 (see Table 10). While government deficits of most euro area countries are still projected to breach the 3% of GDP reference value in 2011 and 2012, the deficits of Germany, Estonia, Luxembourg, Malta and Finland are expected to stand at or below 3% of GDP in 2011.

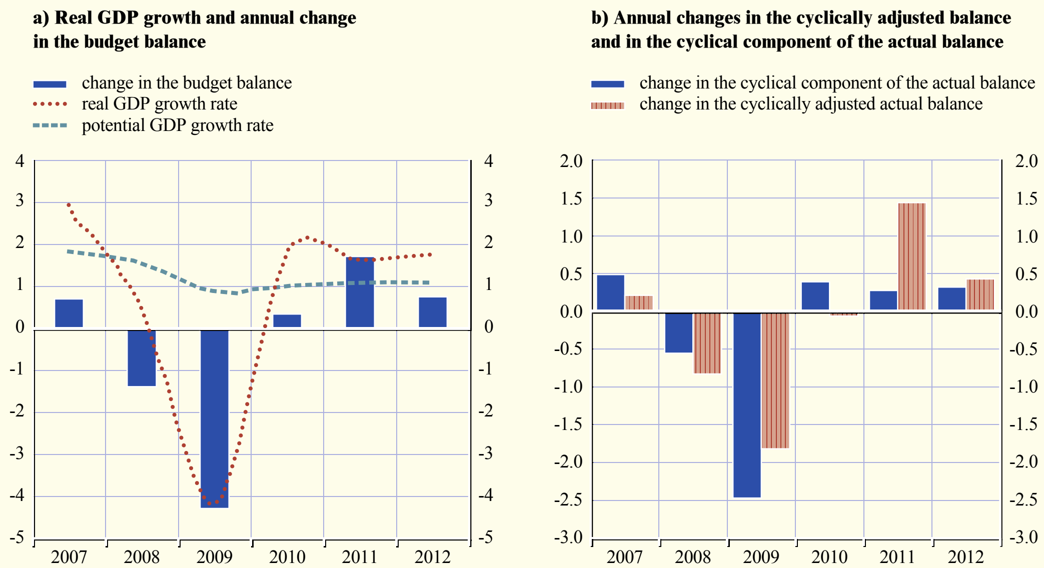
The expected reduction in the euro area general government deficit is mainly attributable to expenditure-based consolidation, especially in 2011. According to the European Commission's forecast, nominal expenditure in the euro area is set to grow more slowly than nominal revenue in 2011 and (to a lesser extent) in 2012 (see Chart 59a). In 2011 nominal expenditure growth is expected to slow down markedly to less than 0.5%, as containment of the government wage bill, reductions in government investment and intermediate government consumption will add to the dampening impact of the economic recovery on social payments. In 2012, in the absence of concrete additional consolidation measures, expenditure growth is expected to revert broadly to the pace observed in 2010. By contrast, nominal revenue growth is expected to continue its 2010 rebound, accelerating to around 4% in 2011, reflecting increases in all the main categories of revenues, before easing to 3.6% in 2012. Combined with the gradual pick-up in nominal GDP growth, the euro area revenue-to-GDP ratio is expected to increase marginally in 2011-12, while the expenditure-to-GDP ratio is projected to decline by two percentage points to 48.5% of GDP in 2012, still well above its 2007 level of 46.0% of GDP (see Chart 59b).

Chart 59 Quarterly government finance statistics and projections for the euro area

Sources: ECB calculations based on Eurostat and national data, European Commission's spring 2011 economic forecast.
Note: 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 fourth quarter of 2010, plus the annual projections for 2011 and 2012 from the European Commission's spring 2011 economic forecast.

Chart 60 Determinants of budgetary developments in the euro area

(in percentage points of GDP; percentage changes)



Sources: European Commission's spring 2011 economic forecast and ECB calculations.

The economic cycle is also expected to have a favourable impact on budgetary developments in 2011-12, with real GDP growth remaining slightly above potential growth (see Chart 60). In 2011 this impact is considerably smaller than the substantial improvement in the cyclically adjusted budget balance resulting from fiscal tightening, while both factors contribute roughly equally to the budgetary improvement in 2012.

The average ratio of general government debt to GDP for the euro area is expected to increase from 85.4% of GDP in 2010 to 88.5% of GDP in 2012 (see Table 10). Despite rising interest expenditure, the pace of increase in the debt ratio will moderate, mainly reflecting lower primary budget deficits and smaller debt-increasing stock-flow adjustments. The debt ratio is projected to increase in most euro area countries, with cumulated increases of around 20 percentage points of GDP in two years projected for Ireland and Greece. At the same time, the debt ratio is projected to stabilise broadly in Belgium, Estonia, Italy, Luxembourg and Malta, and to decline slightly in Germany. In 2012 twelve euro area countries are projected to have a debt ratio above the reference value of 60% of GDP. In five countries, namely Belgium, Ireland, Greece, Italy and Portugal, the debt ratio is projected to be close to or in excess of 100% of GDP in 2011 and 2012.

ASSESSMENT OF THE 2011 UPDATES OF STABILITY PROGRAMMES

According to the updated stability programmes and the EU/IMF adjustment programmes where applicable, the euro area general government deficit is expected to drop to 4.2% of GDP in 2011, 3.0% in 2012 and 2.0% in 2013 (see Table 11). This path is more favourable than that projected by the European Commission, notably for 2012, and than foreseen in the 2009-10 updates of the stability programmes, given the lower starting point in 2010. According to the programmes, all euro area countries foresee an improvement in government accounts by the end of the programme period, although following temporary deteriorations in the cases of Estonia and Luxembourg. In particular, all the countries subject to EDPs intend to correct their excessive deficits within the agreed deadline.

The ratio of euro area government debt to GDP is expected to increase further to 85.5% in 2011 and 85.7% in 2012, before edging down to 84.9% in 2013. The available programmes of the largest, as well as the most vulnerable, euro area countries are presented below, with the exception of Greece, for which no update of the EU/IMF adjustment programme has become available since it was presented in the March 2011 issue of the Monthly Bulletin.

Table 11 The updated stability programmes of the euro area countries

	Real GDP growth (percentage change)				Budget balance (as a percentage of GDP)				Gross debt (as a percentage of GDP)			
	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
Belgium												
Update of January 2010	1.1	1.7	2.2	-	-4.8	-4.1	-3.0	-2.0	100.6	101.4	100.6	-
Update of April 2011	2.1	2.0	2.3	2.1	-4.1	-3.6	-2.8	-1.8	96.8	97.5	96.5	95.1
Germany												
Update of February 2010	1.4	2.0	2.0	2.0	-5.5	-4.5	-3.5	-3.0	76.5	79.5	81.0	82.0
Update of April 2011	3.6	2.3	1.8	1.5	-3.3	-2.5	-1.5	-1.0	83.2	82.0	81.0	79.5
Estonia												
Update of December 2009	-0.1	3.3	3.7	4.0	-2.2	-2.0	-1.0	0.2	10.1	13.0	14.2	14.3
Update of April 2011	3.1	4.0	4.0	3.6	0.1	-0.4	-2.1	0.1	6.6	6.0	6.0	5.8
Ireland												
Update of December 2009	-1.3	3.3	4.5	4.3	-11.6	-10.0	-7.2	-4.9	77.9	82.9	83.9	83.3
EU/IMF programme end-2010	-	-	-	-	-	-10.6	-8.6	-7.5	-	-	-	-
Update of April 2011	-1.0	0.8	2.5	3.0	-32.4	-10.0	-8.6	-7.2	96.0	111.0	116.0	118.0
Greece												
Update of January 2010	-0.3	1.5	1.9	2.5	-8.7	-5.6	-2.8	-2.0	120.4	120.6	117.7	113.4
EU/IMF programme Update of February 2011	-	-	-	-	9.6	7.6	6.5	4.8	142.8	153.8	159.4	158.9
Spain												
Update of February 2010	-0.3	1.8	2.9	3.1	-9.8	-7.5	-5.3	-3.0	65.9	71.9	74.3	74.1
Revised targets of May 2010	-	-	-	-	-9.3	-6.0	-4.4	-3.0	-	-	-	-
Update of April 2011	-0.1	1.3	2.3	2.4	-9.2	-6.0	-4.4	-3.0	60.1	67.3	68.5	69.3
France												
Update of February 2010	1.4	2.5	2.5	2.5	-8.2	-6.0	-4.6	-3.0	83.2	86.1	87.1	86.6
Update of April 2011	1.6	2.0	2.3	2.5	-7.0	-5.7	-4.6	-3.0	81.7	84.6	86.0	85.6
Italy												
Update of January 2010	1.1	2.0	2.0	-	-5.0	-3.9	-2.7	-	116.9	116.5	114.6	-
Update of April 2011	1.3	1.1	1.3	1.5	-4.6	-3.9	-2.7	-1.5	119.0	120.0	119.4	116.9
Cyprus												
Update of March 2010	0.5	1.5	3.0	3.2	-6.0	-4.5	-3.4	-2.5	61.0	63.2	63.1	62.3
Update of April 2011	0.9	1.5	2.5	2.7	-5.3	-4.0	-2.6	-2.0	60.9	61.6	62.0	61.3
Luxembourg												
Update of February 2010	2.5	3.0	2.7	2.9	-3.9	-5.0	-4.6	-4.3	18.3	23.9	29.3	34.1
Update of April 2011	3.5	3.2	3.5	3.7	-1.7	-1.0	-1.5	-1.2	18.4	17.5	19.8	21.4
Malta												
Update of February 2010	1.1	2.3	2.9	-	-3.9	-2.9	-2.8	-	68.6	68.0	67.3	-
Update of April 2011	3.7	2.4	2.3	2.6	-3.6	-2.8	-2.1	-1.6	68.0	67.8	66.9	65.4
Netherlands												
Update of January 2010	1.5	2.0	2.0	-	-6.1	-5.0	-4.5	-	67.2	69.6	72.5	-
Update of April 2011	1.7	1.8	1.5	1.3	-5.4	-3.7	-2.2	-1.8	62.7	64.5	64.9	64.7
Austria												
Update of January 2010	1.5	1.5	1.9	2.0	-4.7	-4.0	-3.3	-2.7	70.2	72.6	73.8	74.3
Update of April 2011	2.0	2.5	2.0	2.1	-4.6	-3.9	-3.3	-2.9	72.3	73.6	75.0	75.5
Portugal												
Update of March 2010	0.7	0.9	1.3	1.7	-8.3	-6.6	-4.6	-2.8	86.0	89.4	90.7	89.8
Revised targets 2010	-	-	-	-	-7.3	-4.6	-3.0	-2.0	-	-	-	-
EU/IMF programme May 2011					-9.1	-5.9	-4.5	-3.0	93.0	101.7	107.4	-
Slovenia												
Update of January 2010	0.9	2.5	3.7	3.5	-5.7	-4.2	-3.1	-1.6	39.6	42.0	42.7	42.1
Update of April 2011	1.2	1.8	2.2	2.3	-5.5	-5.5	-3.9	-2.9	38.0	43.3	45.3	46.2

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

	Real GDP growth (percentage change)				Budget balance (as a percentage of GDP)				Gross debt (as a percentage of GDP)			
	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
Slovakia												
Update of January 2010	1.9	4.1	5.4	-	-5.5	-4.2	-3.0	-	40.8	42.5	42.2	-
Update of April 2011	4.0	3.4	4.8	4.8	-7.9	-4.9	-3.8	-2.9	41.0	44.1	45.3	45.3
Finland												
Update of January 2010	0.7	2.4	3.5	3.0	-3.6	-3.0	-2.3	-1.9	48.3	52.2	54.4	56.4
Update of April 2011	3.1	3.6	2.7	2.4	-2.5	-0.9	-0.7	-0.9	48.4	50.1	51.3	53.0
Euro area												
Update of 2009-10	1.0	2.1	2.3	2.4	-6.7	-5.2	-3.9	-2.9	83.6	86.1	86.9	81.6
Update of April 2011	2.0	1.9	1.9	1.9	-5.8	-4.2	-3.0	-2.0	83.7	85.5	85.7	84.9

Sources: Updated stability programmes for 2009-10 and April 2011, national sources, ECB calculations.
Note: The euro area aggregate is calculated as a weighted average of all euro area countries where data are available. As April 2011 stability programmes are not yet available for Grecce and Portugal, the EU/IMF adjustment programme figures are reported instead.

The German 2011 stability programme update foresees a gradual decrease in the country's deficit ratio from 3.3% of GDP in 2010 to 1.0% of GDP in 2013. It is projected that this budgetary improvement will be driven by favourable macroeconomic conditions, as well as discretionary measures, including the phasing-out of previous stimulus measures. The excessive deficit is expected to be corrected in 2011, i.e. two years ahead of the Council's 2013 deadline. The ratio of government debt to GDP is projected to decline from 83.2% in 2009 to 79.5% in 2013.

The French stability programme update projects a decrease in the deficit ratio from 7.1% of GDP in 2010 to 3.0% of GDP in 2013, just in line with the EDP deadline. The debt-to-GDP ratio is projected to rise to 86.0% of GDP in 2012, before declining to 85.6% in 2013. According to the programme, approximately two thirds of the improvement in the budget balance ratio should derive from a reduction in government expenditure relative to GDP.

Italy's 2011 stability programme update foresees a reduction in the deficit ratio from 4.6% of GDP in 2010 to 3.9% of GDP in 2011. Thereafter, the deficit ratio is projected to decrease further to below 3% of GDP in 2012, in line with the EDP requirements. It is envisaged that the debt-to-GDP ratio will remain broadly stable at around 120% until 2012 and then decline. The programme indicates that additional measures amounting cumulatively to around 2.3% of GDP still need to be specified for the period 2013-2014 to reach the target of a balanced budget by 2014.

Spain's stability programme update confirms earlier plans aimed at achieving a deficit-to-GDP ratio of 6.0% in 2011, falling to 3.0% in 2013. Meanwhile, the government debt-to-GDP ratio is projected to peak at just under 70% in 2013. For 2012-13, the details of planned spending cuts still need to be fleshed out.

Ireland's stability programme update includes projections until 2015, the extended deadline set by the Council for correcting the excessive deficit. The fiscal deficit net of transfers to the banking sector will fall from 11.9% of GDP in 2010 to 2.8% of GDP in 2015, with a total structural adjustment of 6.5 percentage points of GDP from 2010 to 2015. For 2011 the specified measures focus on expenditure, with an overall structural adjustment in spending of 4% of GDP. For 2012 and beyond the government has committed to further ambitious structural consolidation targets.

Following Greece in April 2010 and Ireland in November 2010, Portugal requested EU/IMF financial assistance in April 2011. A joint EU/IMF economic adjustment programme for the period from 2011 to 2014 was endorsed by the Eurogroup on 16 May 2011. The external financial support amounts to €78 billion, of which two thirds will be provided by the EU and one third by the IMF. One of the key objectives of the programme is the correction of the country's excessive deficit by 2013, in line with the EDP recommendation, and a reduction in the general government debt-to-GDP ratio. The deficit targets set under the programme are 5.9% in 2011, 4.5% in 2012 and 3% in 2013, with an accumulated structural fiscal adjustment effort of around 10.6% of GDP for the period 2011-13 with substantial frontloading in 2011 (5.7% of GDP). Structural fiscal reforms are a comprehensive and key part of the programme.

Overall, while the stability programmes present broadly appropriate intentions for 2011 and beyond, in many cases the fiscal plans are not fully convincing for three main reasons. First, in some euro area countries the programmes are based on optimistic macroeconomic assumptions compared with the European Commission's projections. Second, the intended structural consolidation effort is insufficiently ambitious in many countries as it falls short of the Council recommendations or requirements under the preventive arm of the Stability and Growth Pact. Third, the adjustment path presented in most programmes is not sufficiently backed by concrete policy measures, especially beyond 2011. As a result, for several countries there is a sizeable gap between the official targets and the European Commission's projections for 2012. On the basis of the currently announced measures, a few countries are expected to correct their excessive deficits faster than required in nominal terms (Germany, the Netherlands and Finland). For several other countries, there are clear risks that they may not comply with the commonly agreed correction deadlines.

To limit the rise in government debt-to-GDP ratios and to rebuild confidence in fiscal sustainability, it is of the utmost importance that all euro area countries strictly comply with their obligations under the European fiscal framework. In this respect, economic governance needs to be reinforced with a view to ensuring more stringent requirements and more automaticity in the procedures under the fiscal surveillance mechanism.[1] At the same time, the economic policy coordination under the European Semester requires the peer review of stability programmes to be effectively translated into concrete policy measures in the 2012 national budgets.[2] The importance of defining and implementing ambitious and credible budgetary plans should therefore be taken particularly seriously, not only for this year, but also to set a strong benchmark for the future. In this regard, previous consolidation episodes show that credible fiscal adjustment strategies that generate large primary surpluses over an extended period of time are likely to succeed in stabilising the government debt-to-GDP ratio and in putting it on a declining path, even in countries that are confronted with large and rising debt ratios (see Box 8 for a review of the past experience of EU countries with sustaining large primary budget surpluses). Stringent fiscal frameworks with strict public expenditure rules are needed to support budgetary discipline.[3] At the same time, such fiscal rules would contribute to rendering fiscal positions less vulnerable to future economic downturns (see Box 9 on past experiences with insufficiently strict budgetary frameworks in central and eastern European countries).

1 See also the article entitled "The reform of economic governance in the euro area – essential elements", *Monthly Bulletin*, ECB, March 2011.
2 See also Box 1 entitled "The European Semester", *Monthly Bulletin*, ECB, March 2011.
3 For an analysis of effective government expenditure rules as a safeguard for fiscal sustainability, see the article entitled "Ensuring fiscal sustainability in the euro area", *Monthly Bulletin*, ECB, April 2011.

Box 8

PAST EXPERIENCE OF EU COUNTRIES WITH SUSTAINING LARGE PRIMARY BUDGET SURPLUSES

Public debt sustainability requires a country to generate sufficiently large primary surpluses (i.e. budget balance net of interest payments) over an extended period of time so that the ratio of public debt to GDP will not grow without bound.[1]

In the framework of EU/IMF adjustment programmes, the euro area countries with very large fiscal imbalances are undertaking ambitious corrective action to stabilise and then reduce their government debt-to-GDP ratios. To put these efforts into perspective, this box looks at past episodes of large primary budget surpluses in EU countries, which were maintained over an extended period of time during the period 1980-2010. Such fiscal strategies were key to reducing government debt ratios.[2]

To identify improvements in the fiscal position which were driven by discretionary fiscal policy actions, the focus is on the cyclically adjusted primary balance (i.e. a measure of the primary budget balance adjusted for the effects of the business cycle). In particular, the analysis considers those episodes during which an average cyclically adjusted primary surplus of at least 4.5% of GDP was achieved for a minimum of five years. According to this criterion, a total of six episodes of large cyclically adjusted primary surpluses are selected spanning the period from 1988 to 2004 (see table).

As shown in the table, all six countries achieved average cyclically adjusted primary surpluses between 4.5% of GDP (Greece) and 5.6% of GDP (Finland), with considerably higher peaks during the period. The large cyclically adjusted primary surpluses were maintained for long periods ranging from a minimum of six years in Italy, Greece and Sweden, to 12, 13 and even 14 years in Belgium, Ireland and Finland, respectively. The long time

1 Under the conventional assumption that the (effective) nominal interest rate on the stock of debt is higher than the nominal growth rate of the economy. For details, see the box entitled "Factors driving government debt-to-GDP ratios", *Monthly Bulletin*, ECB, April 2011.
2 See the box entitled "Experience with government debt reductions in euro area countries", *Monthly Bulletin*, ECB, September 2009 and the box entitled "Government debt dynamics and primary budget balance developments in the EU Member States", *Monthly Bulletin*, ECB, March 2011.

Selected episodes of large and sustained cyclically adjusted primary budget surpluses in EU countries

Country (period over which large CAPSs were maintained)	Belgium (1993-2004)	Italy (1995-2000)	Ireland (1988-2000)	Finland (1998-2003)	Greece (1994-1999)	Sweden (1996-2001)
Average CAPS (percentage of GDP)	5.4	5.5	5.3	5.6	4.5	4.7
CAPS at peak (percentage of GDP)	6.8	7.0	7.1	8.0	5.1	5.8
(year(s) in which it was achieved)	(1998)	(1997)	(1994)	(2000)	(1998, 1999)	(1998, 2000)
Average debt ratio in the previous five years (percentage of GDP)	125.7	107.1	103.3	56.1	77.1	65.2
Change in debt ratio (percentage points of GDP):						
in the previous five years	4.0	28.8	29.2	13.8	37.2	31.0
over the period of large CAPSs	-34.5	-12.7	-75.2	-9.5	-4.3	-18.3
in the following five years	2.0	-3.3	-10.4	-10.4	4.9	-9.0

Source: ECB calculation based on European Commission data.
Note: CAPS = cyclically adjusted primary surplus.

periods over which large cyclically adjusted primary surpluses were sustained suggest that this achievement is not a reflection of particular favourable cyclical economic conditions. The cumulative fiscal adjustment[3] to achieve the high and sustained levels of primary surpluses was also considerable: for example, in Greece a cyclically adjusted primary surplus of 4.8% of GDP was achieved in 1994 following a cumulative adjustment of 10.1 percentage points of GDP over a four-year period (1991-1994). Likewise, Sweden achieved a cyclically adjusted primary surplus of 3.5% of GDP in 1996 following a cumulative adjustment of 6.0 percentage points of GDP over a three-year period (1994-1996).

Two observations (that are not mutually exclusive) on debt developments before the start of the adjustment period characterise the countries in this sample: i) debt-to-GDP ratios were very high before the improvement in the cyclically adjusted primary balance (Belgium, Italy and Ireland had debt ratios in excess of 100% of GDP); ii) the debt ratio had increased considerably prior to the fiscal adjustment (Greece, Sweden and Finland), also as a consequence of a banking crisis (Finland and Sweden).

The sustaining of large cyclically adjusted primary surpluses for an extended period of time puts government debt ratios on a downward path. The countries under consideration reduced their debt-to-GDP ratios during the adjustment period, in some cases substantially. In the case of Greece and Finland, however, deficit-debt adjustments with an upward impact on the government debt ratio partly offset the effect of the primary surpluses.[4] Moreover, for all countries, except Greece and Belgium, the debt ratio also continued its downward trajectory after the end of the period of high primary surpluses. The reduction in debt ratios was supported by declining interest rate/growth rate differentials. Here, the beneficial effect of sound fiscal policy on reducing (market) interest rates and supporting sound and sustainable output growth played an important role.[5]

Overall, past evidence shows how countries that are confronted with a large and rising government debt-to-GDP ratio may succeed in stabilising and reducing it. This requires a sustained upfront consolidation effort that allows the achievement of large primary surpluses, which have to be maintained over an extended period of time.

3 The cumulative fiscal adjustment is measured as the sum of annual changes in the cyclically adjusted primary budget balance over the reference period.
4 In the case of Greece, the deficit-debt adjustments over the period in which large cyclically adjusted primary surpluses were maintained, were mainly related to the revaluation of debt denominated in foreign currency following the devaluation of the drachma and to transactions in financial assets. In the case of Finland, the deficit-debt adjustments were mainly related to transactions in financial assets.
5 See also the article "The effectiveness of euro area fiscal policies", *Monthly Bulletin*, ECB, July 2010.

Box 9

THE IMPACT OF THE GLOBAL FINANCIAL AND ECONOMIC CRISIS ON PUBLIC FINANCES IN CENTRAL AND EASTERN EUROPE

When the global financial and economic crisis took hold, fiscal positions in most of the EU countries in central and eastern Europe outside the euro area (CEE) deteriorated markedly.[1] This box analyses the factors that rendered these countries' public finances vulnerable to the economic downturn and outlines major challenges for their fiscal policies in the aftermath of the crisis.

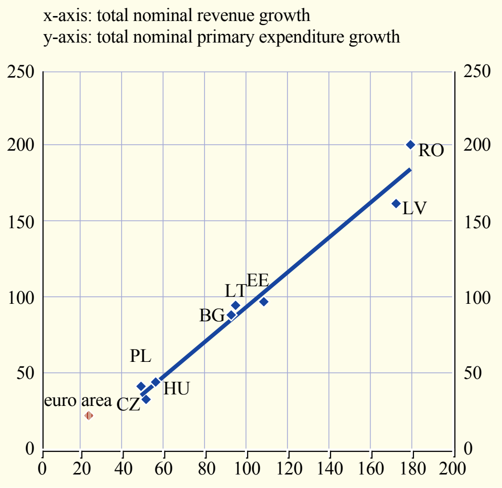
Fiscal policies prior to the crisis

The economic boom in most CEE countries in the years prior to the crisis generated buoyant general government revenue growth. However, this boost to revenues was mostly used not to build up fiscal buffers but instead to significantly increase primary public expenditure, to a sizeable extent on less productive items such as public pension increases and rapidly rising public wages. As Chart A indicates, the positive relationship between revenue and primary expenditure growth in the years prior to the crisis was most pronounced in Romania and Latvia, followed by Estonia, Lithuania and Bulgaria. Overall, this public spending behaviour can be taken as an indication that the budgetary frameworks in these countries did not provide the necessary expenditure constraints when revenue growth accelerated with temporarily rapid economic growth. As a consequence, almost all CEE countries entered the crisis with weak structural budgetary positions, which made public finances vulnerable to the sharp economic downturn. As Chart B shows, on the basis of ex-post data, all CEE countries except Bulgaria recorded structural deficits prior to the crisis despite a still very favourable macroeconomic

1 This box covers the eight central and eastern European EU countries that had not adopted the euro in 2010.

Chart A Nominal revenue and primary expenditure growth in the period 2003-07

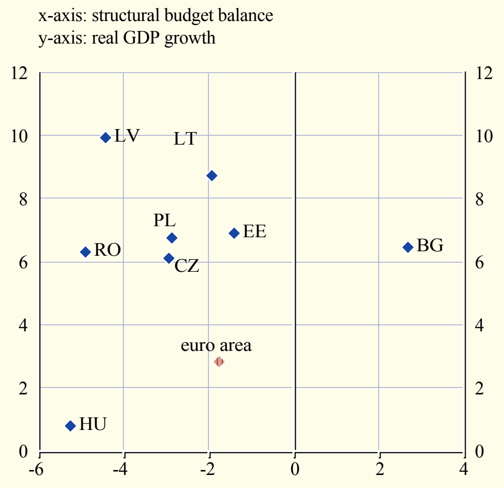
(percentage changes)



Sources: Eurostat, European Commission and ECB calculations.

Chart B Structural budget balances and real GDP growth in 2007

(percentages of GDP; annual percentage changes)



Sources: Eurostat, European Commission and ECB calculations.

Fiscal positions in the period 2007-12

	Budget balance						General government gross debt				
	level (percentages of GDP)				change (percentage points)		level (percentages of GDP)				change (percentage points)
	2009	2010	2011	2012	2007-09	2009-12	2009	2010	2011	2012	2007-12
Bulgaria	-4.7	-3.2	-2.7	-1.6	-5.8	3.0	14.6	16.2	18.0	18.6	1.4
Czech Republic	-5.9	-4.7	-4.4	-4.1	-5.2	1.8	35.3	38.5	41.3	42.9	14.0
Estonia	-1.7	0.1	-0.6	-2.4	-4.3	-0.6	7.2	6.6	6.1	6.9	3.2
Latvia	-9.7	-7.7	-4.5	-3.8	-9.3	5.8	36.7	44.7	48.2	49.4	40.4
Lithuania	-9.5	-7.1	-5.5	-4.8	-8.5	4.7	29.5	38.2	40.7	43.6	26.6
Hungary	-4.5	-4.2	1.6	-3.3	0.5	1.2	78.4	80.2	75.2	72.7	6.6
Poland	-7.3	-7.9	-5.8	-3.6	-5.5	3.7	50.9	55.0	55.4	55.1	10.1
Romania	-8.5	-6.4	-4.7	-3.6	-5.9	4.9	23.6	30.8	33.7	34.8	22.2
Euro area	-6.3	-6.0	-4.3	-3.5	-5.7	2.8	79.3	85.4	87.7	88.5	22.3

Sources: Eurostat and European Commission's spring 2011 economic forecast.

environment. The three CEE countries that had to call on the IMF and the EU for financial support entered the crisis with the largest structural deficits: in 2007 Hungary recorded a structural deficit of 5.2% of GDP, followed by Romania with 4.9% and Latvia with 4.4%.

The response of fiscal policies to the crisis

All CEE countries except Hungary experienced soaring budget deficits over the period from 2007 to 2009 (see table). This deterioration reflected the sharp fall in GDP growth, a move from revenue windfalls to revenue shortfalls and a delayed adjustment in expenditure over the period. The latter related in particular to rises in pension benefits and public wages agreed ahead of the crisis. All countries responded to the crisis by consolidating their public finances.[2] In 2010, budget balances improved in all countries except Poland. For 2011, all countries except Estonia (where a slight surplus was recorded for 2010) are projected to reduce their budget deficits further or move into surplus. According to these projections, Poland will, as in 2010, record the highest budget deficit (5.8% of GDP). In Hungary, which is expected to improve its budget balance by 5.8 percentage points to achieve a surplus of 1.6% of GDP, and in Poland, fiscal consolidation relates to a considerable extent to the revenue-raising impact of recent pension system adjustments.[3]

Fiscal policy challenges in the aftermath of the crisis

In most CEE countries a greater structural fiscal effort in line with commitments under countries' excessive deficit procedures is required to limit the rise in debt-to-GDP ratios and to further rebuild confidence in fiscal sustainability.[4] To contain the pressures on fiscal sustainability arising

2 For an overview of the CEE countries' fiscal responses to the crisis, see the article entitled "The impact of the financial crisis on the central and eastern European countries", *Monthly Bulletin*, ECB, July 2010. See also Box 2, entitled "The experience of macroeconomic adjustment in the Baltic States", in this issue of the Monthly Bulletin for more details on the key elements of the adjustment strategies in Estonia, Latvia and Lithuania in response to the crisis.

3 In Hungary, the mandatory private pension scheme was effectively abolished earlier this year. The related transfer of pension assets implies a substantial one-off increase in revenues and thus has a deficit-reducing impact. In both countries the adjustments involve lower contributions under the mandatory private pension pillar in exchange for the revenue-raising impact of higher contributions under the public pension scheme.

4 Apart from Estonia, all CEE countries are subject to an EU Council decision on the existence of an excessive deficit. The Council recommendations provide guidance on average annual structural fiscal consolidation requirements. The deadlines to correct the excessive deficits are 2011 for Bulgaria and Hungary, 2012 for Latvia, Lithuania, Poland and Romania, and 2013 for the Czech Republic.

from demographic changes, further reforms are needed to increase the long-term sustainability of pension schemes. Fiscal measures entailing higher contributions to public pay-as-you-go pension schemes at the expense of lower contributions to a funded pension pillar must be closely monitored for their potentially detrimental impact on long-term fiscal sustainability. To maximise the beneficial impact of fiscal consolidation, governments should aim to improve the growth-friendliness of public expenditure. Stringent fiscal frameworks with strict public expenditure rules are needed to improve budgetary discipline and avoid pro-cyclical fiscal slippages in the future. Bold steps in this direction would enhance financial market confidence in the prudence of the CEE countries' fiscal policies.

6 EUROSYSTEM STAFF MACROECONOMIC PROJECTIONS FOR THE EURO AREA

On the basis of the information available up to 24 May 2011, Eurosystem staff have prepared projections for macroeconomic developments in the euro area.[1] *Supported by sustained global demand and a strengthening of investment, the measures to restore the functioning of the financial system and the still accommodative monetary policy stance, average annual real GDP growth is projected to be between 1.5% and 2.3% in 2011 and between 0.6% and 2.8% in 2012. Owing primarily to recent strong oil price increases, overall HICP inflation is projected to remain above 2.0% for the remainder of 2011. Thereafter, commodity prices are assumed to moderate and, as the direct impact of their past increases fades away, average annual headline inflation is projected to decline. In contrast, domestic price pressures are expected to pick up due to a higher capacity utilisation rate and tighter labour market conditions, as well as to a gradual and partial pass-through of past hikes in commodity prices. The average rate of overall HICP inflation is expected to be between 2.5% and 2.7% in 2011 and between 1.1% and 2.3% in 2012.*

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

Box 10

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

The technical assumptions about interest rates and commodity prices are based on market expectations, with a cut-off date of 18 May 2011.[1] The assumption about short-term interest rates is of a purely technical nature. Short-term rates are measured by the three-month EURIBOR, with market expectations derived from futures rates. The methodology gives an average level for these short-term interest rates of 1.6% for 2011 and 2.3% for 2012. The market expectations for euro area ten-year nominal government bond yields imply an average level of 4.5% in 2011 and 4.8% in 2012. Regarding financing conditions, the baseline projection assumes that, over the projection horizon, bank lending rate spreads vis-à-vis short-term interest rates will narrow owing to the gradual pass-through of forward market rate increases and a decline in the default risk for both non-financial corporations and private households. Spreads vis-à-vis long-term rates are assumed to increase gradually over the projection horizon, following their marked contraction in the last quarter of 2010, and to have returned to a level in line with their historical average by the end of the projection horizon. Credit supply conditions for the euro area as a whole are expected to normalise further but still to weigh negatively on activity over the projection horizon. As regards commodity prices, on the basis of the path implied by futures markets in the two-week period ending on the cut-off date, the price of a barrel of Brent crude oil is assumed to average USD 111.1 in 2011 and USD 108.0 in 2012. The prices of non-energy commodities in US dollars are assumed to rise by 20.4% in 2011 and by 1.2% in 2012.

1 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 2012 and thereafter to evolve in line with global economic activity.

Bilateral exchange rates are assumed to remain unchanged over the projection horizon at the average levels prevailing in the two-week period ending on the cut-off date. This implies an exchange rate of EUR/USD 1.42 in 2011 and EUR/USD 1.43 in 2012, and an effective exchange rate of the euro that, on average, appreciates moderately by 0.8% in 2011 and by 0.4% in 2012.

Fiscal policy assumptions are based on individual euro area countries' national budget plans as available on 24 May 2011. They include all policy measures that have already been approved by national parliaments or that have been specified in detail by governments and are likely to pass the legislative process.

THE INTERNATIONAL ENVIRONMENT

The recovery in the global economy is continuing and becoming increasingly self-sustained. While the recovery in advanced economies becomes more engrained, the fallout from the financial crisis is expected to continue to weigh on the strength of the recovery, thwarting the prospects for a speedy recovery in the labour market. This contrasts markedly with the situation in fast-growing emerging economies, which are operating at close to – and, in some cases, above – full capacity and where overheating pressures persist. Since the previous projection exercise in March 2011, the political unrest in the Middle East and North Africa has intensified and Japan has experienced natural and nuclear disasters. Although these events have added uncertainty to the global outlook, they are not expected to derail the global recovery. World real GDP growth outside the euro area is projected to increase from 4.5% in 2011 to 4.7% in 2012. Growth in the euro area's export markets is estimated to be 8.3% in 2011 and 7.9% in 2012.

REAL GDP GROWTH PROJECTIONS

Following a relatively subdued expansion in the second half of 2010, real GDP growth picked up particularly strongly in the first quarter of 2011, with a quarter-on-quarter rate of 0.8%. The breakdown suggests that domestic demand, and especially investment, contributed significantly to real GDP growth during this period. Construction activity, in particular, appears to have recovered from its weather-related weakness in the fourth quarter. As this temporary upward effect vanishes, real GDP growth is likely to moderate in the second quarter. Looking further ahead, economic activity is projected to continue to recover, supported primarily by sustained global demand and a strengthening of investment. Domestic demand is projected to contribute increasingly to real GDP growth, while net trade is expected to make a declining, but still positive, contribution to real GDP growth over the projection horizon. Overall, in line with patterns observed following past financial crises, real GDP is expected to recover only slowly and to reach its pre-crisis level only in the course of 2012. In annual terms, real GDP is expected to increase by between 1.5% and 2.3% in 2011 and between 0.6% and 2.8% in 2012.

In more detail, private consumption growth is projected to be subdued in 2011 as rising commodity prices adversely affect real disposable income growth. Thereafter, as inflationary pressures are expected to diminish and growth in both employment and compensation per employee to increase, the growth rates of real disposable income and, consequently, private consumption are projected to pick up. The saving ratio is projected to decline in 2011, reflecting improved confidence, and to remain broadly unchanged thereafter. Reflecting the only gradual improvement in employment, the unemployment rate is expected to remain stable during most of 2011 and to decline slowly thereafter.

Table 12 Macroeconomic projections for the euro area

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

	2010	2011	2012
HICP	1.6	2.5 – 2.7	1.1 – 2.3
Real GDP	1.7	1.5 – 2.3	0.6 – 2.8
Private consumption	0.8	0.6 – 1.2	0.4 – 2.2
Government consumption	0.6	-0.4 – 0.6	-0.5 – 0.9
Gross fixed capital formation	-0.9	2.0 – 4.2	1.1 – 5.9
Exports (goods and services)	11.1	5.8 – 9.6	2.6 – 10.6
Imports (goods and services)	9.3	4.3 – 7.9	2.6 – 10.0

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) Data refer to the euro area including Estonia, except for the HICP data for 2010. The average annual percentage change in the HICP for 2011 is based on a euro area composition in 2010 that already includes Estonia.

Non-residential private investment is expected to increase relatively strongly over the projection horizon, supported by buoyant business confidence, a gradual pick-up in demand, the emergence of capacity bottlenecks and diminishing financing constraints. In contrast, residential investment growth is expected to stay rather subdued until 2012 owing to ongoing adjustments in housing markets in some countries. In line with the consolidation packages announced in several euro area countries, government investment is assumed to decline over the projection horizon.

Following the strong rise in foreign demand in 2010, the pace of export growth is expected to weaken but remain relatively robust in 2011 and 2012. A similar path is projected for import growth. Overall, net trade is expected to make a declining, but still positive, contribution to GDP growth over the projection horizon.

The crisis is expected to have adversely affected potential growth, although the exact magnitude of this impact remains highly uncertain. Projections of potential growth, and accordingly of the output gap, are therefore surrounded by an even higher degree of uncertainty than usual. Nevertheless, potential growth is expected to recover somewhat over the projection horizon, albeit at rates significantly below pre-crisis levels, reflecting lower contributions from both labour and capital. The corresponding estimated negative output gap is projected to narrow over the projection horizon.

PRICE AND COST PROJECTIONS

Owing primarily to recent strong oil price increases, overall HICP inflation is projected to stay above 2.0% until early 2012. Thereafter, commodity price pressures are assumed to moderate and, as the direct impact of their recent increases fades away, average annual headline inflation is projected to decline. In contrast, domestic price pressures are expected to pick up due to a higher capacity utilisation rate and tighter labour market conditions, as well as to a gradual and partial pass-through of past hikes in commodity prices. The average rate of overall HICP inflation is expected to be between 2.5% and 2.7% in 2011 and between 1.1% and 2.3% in 2012. The growth rate of the HICP excluding food and energy is projected to increase gradually over the entire projection horizon.

In more detail, following a strong increase in the first quarter of 2011, stemming mainly from rising international commodity prices, external price pressures are projected to diminish over the remainder of the projection horizon. This profile largely reflects the assumed moderation in commodity price dynamics and the recent appreciation of the euro. In contrast, domestic price pressures are projected to increase somewhat over the projection horizon. Growth in nominal compensation per employee is projected to rise gradually, reflecting the improvement in the labour market and, to a limited extent, the lagged effects of higher consumer price inflation in 2011, partly on account of wage indexation mechanisms existing in some euro area countries. Owing to the staggered maturity of negotiated nominal wages and the strong pick-up in consumer price inflation, real compensation per employee is projected to decline in 2011, before recovering somewhat over the remainder of the projection horizon. Following a decline in 2010, growth in unit labour costs is expected to turn positive in 2011 and to pick up in 2012 on account of a moderation in labour productivity gains and a gradual increase in the growth rate of nominal compensation per employee. After recovering sharply in 2010, profit margins are projected to grow less in 2011 and to accelerate slightly thereafter. The initial fall in profit margin growth reflects some buffering from the turnaround in unit labour costs, while the ensuing rise stems from the improvement in aggregate demand. Nonetheless, profit margins are expected to remain below their 2007 levels over the projection horizon. On the basis of measures already announced, indirect taxes and increases in administered prices are also assumed to make a positive contribution to HICP inflation in 2011.

COMPARISON WITH THE MARCH 2011 PROJECTIONS

Compared with the ECB staff macroeconomic projections published in the March 2011 issue of the Monthly Bulletin, there is an upward revision to the range of the real GDP growth projection for 2011, mainly on account of the more favourable than expected GDP outcome in the first quarter of 2011. For 2012, the range is broadly unchanged. With regard to HICP inflation, the projection range for 2011 has also been revised upwards, largely reflecting higher energy prices. For 2012, the range has narrowed somewhat.

Table 13 Comparison with the March 2011 projections

(average annual percentage changes)

	2011	2012
Real GDP – March 2011	1.3 – 2.1	0.8 – 2.8
Real GDP – June 2011	1.5 – 2.3	0.6 – 2.8
HICP – March 2011	2.0 – 2.6	1.0 – 2.4
HICP – June 2011	2.5 – 2.7	1.1 – 2.3

Box 11

FORECASTS BY OTHER INSTITUTIONS

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

In the forecasts currently available from other institutions, euro area real GDP is expected to grow by between 1.6% and 2.0% in 2011 and between 1.7% and 2.0% in 2012. All the forecasts are within the ranges of the Eurosystem staff projections.

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

(average annual percentage changes)

	Date of release	GDP growth		HICP inflation	
		2011	2012	2011	2012
IMF	April 2011	1.6	1.8	2.3	1.7
Survey of Professional Forecasters	May 2011	1.7	1.7	2.5	1.9
Consensus Economics Forecasts	May 2011	1.7	1.7	2.5	1.9
OECD	May 2011	2.0	2.0	2.6	1.6
European Commission	May 2011	1.6	1.8	2.6	1.8
Eurosystem staff projections	June 2011	1.5 – 2.3	0.6 – 2.8	2.5 – 2.7	1.1 – 2.3

Sources: European Commission Economic Forecasts, Spring 2011; IMF World Economic Outlook, April 2011; OECD Economic Outlook, May 2011; Consensus Economics Forecasts; and the ECB's Survey of Professional Forecasters.
Notes: The Eurosystem staff macroeconomic projections and the OECD forecasts both report working day-adjusted annual growth rates, whereas the European Commission and the IMF report annual growth rates that are not adjusted for the number of working days per annum. Other forecasts do not specify whether they report working day-adjusted or non-working day-adjusted data.

As regards inflation, the forecasts from other institutions point to average annual HICP inflation of between 2.3% and 2.6% in 2011 and between 1.6% and 1.9% in 2012. With the exception of the IMF projection for HICP inflation in 2011, which is based on different commodity price assumptions, all the forecasts fall within the range of the Eurosystem staff projections.

EURO AREA STATISTICS

CONTENTS[1]

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

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

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

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

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

Conventions used in the tables

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

EURO AREA OVERVIEW

Summary of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

1. Monetary developments and interest rates [1]

	M1 [2]	M2 [2]	M3 [2], [3]	M3 [2], [3] 3-month moving average (centred)	MFI loans to euro area residents excluding MFIs and general government [2]	Securities other than shares issued in euro by non-MFI corporations [2]	3-month interest rate (EURIBOR; % per annum; period averages)	10-year spot rate (% per annum; end of period) [4]
	1	2	3	4	5	6	7	8
2009	9.5	4.8	3.3	-	1.6	23.9	1.22	3.76
2010	8.5	1.8	0.5	-	0.6	4.0	0.81	3.36
2010 Q2	10.3	1.5	-0.1	-	0.2	4.0	0.69	3.03
Q3	7.9	1.8	0.7	-	0.9	1.9	0.87	2.67
Q4	4.9	2.2	1.5	-	1.7	2.1	1.02	3.36
2011 Q1	3.2	2.4	1.9	-	2.4	2.4	1.10	3.66
2010 Dec.	4.3	2.2	1.7	1.8	1.8	2.1	1.02	3.36
2011 Jan.	3.2	2.3	1.6	1.8	2.4	2.3	1.02	3.49
Feb.	2.9	2.4	2.1	2.0	2.6	2.8	1.09	3.49
Mar.	3.0	2.7	2.3	2.1	2.5	2.1	1.18	3.66
Apr.	1.7	2.4	2.0	.	2.6	.	1.32	3.55
May	.	.	.	.	.	.	1.43	3.37

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

	HICP [1]	Industrial producer prices	Hourly labour costs	Real GDP (s.a.)	Industrial production excluding construction	Capacity utilisation in manufacturing (%)	Employment (s.a.)	Unemployment (% of labour force; s.a.)
	1	2	3	4	5	6	7	8
2009	0.3	-5.1	2.9	-4.2	-14.8	70.9	-1.9	9.6
2010	1.6	2.9	1.5	1.7	7.4	77.0	-0.5	10.1
2010 Q3	1.7	4.0	0.9	2.0	7.2	77.8	-0.2	10.1
Q4	2.0	4.8	1.6	1.9	8.1	79.3	0.2	10.1
2011 Q1	2.5	6.5	.	2.5	6.5	80.8	.	10.0
2010 Dec.	2.2	5.4	-	-	8.9	-	-	10.0
2011 Jan.	2.3	6.0	-	-	6.2	80.3	-	10.0
Feb.	2.4	6.6	-	-	7.8	-	-	9.9
Mar.	2.7	6.8	-	-	5.5	-	-	9.9
Apr.	2.8	6.7	-	-	.	81.3	-	9.9
May	2.7	.	-	-	.	-	-	.

3. External statistics

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)			Reserve assets (end-of-period positions)	Net international investment position (as a % of GDP)	Gross external debt (as a % of GDP)	Effective exchange rate of the euro: EER-20 [6] (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Combined direct and portfolio investment				Nominal	Real (CPI)	
	1	2	3	4	5	6	7	8	9
2009	-19.1	37.5	13.4	462.4	-16.4	116.4	111.7	110.6	1.3948
2010	-28.9	20.7	5.4	591.2	-13.0	118.0	104.6	103.0	1.3257
2010 Q2	-16.9	3.3	21.3	583.3	-13.5	123.6	103.1	101.8	1.2708
Q3	-5.1	8.2	-15.9	552.2	-15.1	120.5	102.3	100.8	1.2910
Q4	8.5	7.6	23.0	591.2	-13.0	118.0	104.4	102.4	1.3583
2011 Q1	-30.9	-12.4	44.7	576.6	.	.	103.7	101.5	1.3680
2010 Dec.	7.6	1.3	23.3	591.2	.	.	102.6	100.5	1.3220
2011 Jan.	-20.4	-14.1	-11.6	562.3	.	.	102.4	100.3	1.3360
Feb.	-6.7	-0.6	75.3	577.5	.	.	103.4	101.1	1.3649
Mar.	-3.8	2.4	70.4	576.6	.	.	105.2	103.0	1.3999
Apr.	.	.	.	571.6	.	.	107.0	104.8	1.4442
May	.	.	.	.	.	.	106.0	103.8	1.4349

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.

I

MONETARY POLICY STATISTICS

1.1 Consolidated financial statement of the Eurosystem

(EUR millions)

1. Assets

	13 May 2011	20 May 2011	27 May 2011	3 June 2011
Gold and gold receivables	350,668	350,669	350,669	350,669
Claims on non-euro area residents in foreign currency	217,453	218,667	219,385	219,412
Claims on euro area residents in foreign currency	23,597	23,766	22,941	23,211
Claims on non-euro area residents in euro	19,828	18,771	19,393	19,024
Lending to euro area credit institutions in euro	438,184	432,747	437,547	432,134
Main refinancing operations	124,754	119,398	116,102	110,762
Longer-term refinancing operations	313,276	313,276	321,313	321,313
Fine-tuning reverse operations	0	0	0	0
Structural reverse operations	0	0	0	0
Marginal lending facility	104	35	82	0
Credits related to margin calls	50	39	50	60
Other claims on euro area credit institutions in euro	50,399	50,522	47,160	40,304
Securities of euro area residents in euro	472,713	471,458	472,698	477,867
Securities held for monetary policy purposes	136,508	135,280	135,280	135,280
Other securities	336,206	336,178	337,418	342,587
General government debt in euro	34,548	34,527	34,521	34,521
Other assets	291,274	294,744	296,296	301,847
Total assets	1,898,665	1,895,870	1,900,610	1,898,989

2. Liabilities

	13 May 2011	20 May 2011	27 May 2011	3 June 2011
Banknotes in circulation	833,346	832,008	834,123	842,668
Liabilities to euro area credit institutions in euro	331,832	311,020	307,180	287,112
Current accounts (covering the minimum reserve system)	243,650	217,153	212,761	191,661
Deposit facility	12,106	17,801	19,382	20,425
Fixed-term deposits	76,000	76,000	75,000	75,000
Fine-tuning reverse operations	0	0	0	0
Deposits related to margin calls	76	66	37	26
Other liabilities to euro area credit institutions in euro	4,509	5,762	5,495	6,618
Debt certificates issued	0	0	0	0
Liabilities to other euro area residents in euro	50,819	65,420	72,596	80,724
Liabilities to non-euro area residents in euro	40,681	40,426	41,131	40,022
Liabilities to euro area residents in foreign currency	2,404	2,401	1,712	2,353
Liabilities to non-euro area residents in foreign currency	10,895	11,273	11,820	11,307
Counterpart of special drawing rights allocated by the IMF	52,612	52,612	52,612	52,612
Other liabilities	184,489	187,871	186,852	188,483
Revaluation accounts	305,890	305,890	305,890	305,890
Capital and reserves	81,187	81,187	81,199	81,199
Total liabilities	1,898,665	1,895,870	1,900,610	1,898,989

Source: ECB.

1.2 Key ECB interest rates

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

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

Source: ECB.

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

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

(EUR millions; interest rates in percentages per annum)

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

Date of settlement	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	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							
2011 23 Feb.	119,455	189	119,455	1.00	-	-	-	7
2 Mar.	124,442	182	124,442	1.00	-	-	-	7
9	111,331	185	111,331	1.00	-	-	-	7
16	100,543	177	100,543	1.00	-	-	-	7
23	89,417	173	89,417	1.00	-	-	-	7
30	100,439	174	100,439	1.00	-	-	-	7
6 Apr.	84,533	161	84,533	1.00	-	-	-	7
13	94,134	161	94,134	1.25	-	-	-	7
20	97,372	181	97,372	1.25	-	-	-	7
27	117,883	241	117,883	1.25	-	-	-	7
4 May	127,538	326	127,538	1.25	-	-	-	7
11	124,754	247	124,754	1.25	-	-	-	7
18	119,398	235	119,398	1.25	-	-	-	7
25	116,102	241	116,102	1.25	-	-	-	7
1 June	110,762	174	110,762	1.25	-	-	-	7
8	102,442	145	102,442	1.25	-	-	-	7
	Longer-term refinancing operations							
2010 8 Dec.	68,066	56	68,066	1.00	-	-	-	42
23 [5)]	149,466	270	149,466	1.00	-	-	-	98
2011 19 Jan.	70,351	45	70,351	1.00	-	-	-	21
27 [5)]	71,143	165	71,143	1.04	-	-	-	91
9 Feb.	61,472	42	61,472	1.00	-	-	-	28
24 [5)]	39,755	192	39,755	1.12	-	-	-	91
9 Mar.	82,500	52	82,500	1.00	-	-	-	35
31 [5)]	129,458	290	129,458	.	-	-	-	91
13 Apr.	83,687	40	83,687	1.25	-	-	-	28
28 [5)]	63,411	177	63,411	.	-	-	-	91
11 May	80,653	60	80,653	1.25	-	-	-	35
26 [5)]	48,131	182	48,131	.	-	-	-	98

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
2011 16 Mar.	Collection of fixed-term deposits	119,307	74	77,500	-	-	1.00	0.69	0.66	7
23	Collection of fixed-term deposits	106,704	63	77,500	-	-	1.00	0.70	0.64	7
30	Collection of fixed-term deposits	77,320	58	76,500	-	-	1.00	1.00	0.72	7
6 Apr.	Collection of fixed-term deposits	121,130	76	77,000	-	-	1.00	0.64	0.59	7
12	Collection of fixed-term deposits	81,342	131	78,871	-	-	1.00	0.80	0.79	1
13	Collection of fixed-term deposits	102,562	71	77,000	-	-	1.25	1.12	1.05	7
20	Collection of fixed-term deposits	88,974	68	76,000	-	-	1.25	1.21	1.12	7
27	Collection of fixed-term deposits	71,403	49	71,403	-	-	1.25	1.25	1.17	7
4 May	Collection of fixed-term deposits	62,177	58	62,177	-	-	1.25	1.25	1.16	7
10	Collection of fixed-term deposits	143,752	152	143,092	-	-	1.25	1.05	1.01	1
11	Collection of fixed-term deposits	109,149	72	76,000	-	-	1.25	1.15	1.09	7
18	Collection of fixed-term deposits	85,756	74	76,000	-	-	1.25	1.16	1.08	7
25	Collection of fixed-term deposits	81,944	62	75,000	-	-	1.25	1.25	1.14	7
1 June	Collection of fixed-term deposits	103,531	69	75,000	-	-	1.25	0.89	0.81	7
8	Collection of fixed-term deposits	93,590	71	75,000	-	-	1.25	1.03	0.90	7

Source: ECB.

1) The amounts shown may differ slightly from those in Section 1.1 owing to operations that have been allotted but not settled.
2) With effect from April 2002, split tender operations (i.e. operations with a one-week maturity conducted as standard tender procedures in parallel with a main refinancing operation) are classified as main refinancing operations. For split tender operations conducted before this month, see Table 2 in Section 1.3.
3) On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tender procedures. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids. On 8 October 2008 the ECB announced that, starting from the operation to be settled on 15 October 2008, the weekly main refinancing operations would be carried out through a fixed rate tender procedure with full allotment at the interest rate on the main refinancing operations. On 4 March 2010 the ECB decided to return to variable rate tender procedures in the regular three-month longer-term refinancing operations, starting with the operation to be allotted on 28 April 2010 and settled on 29 April 2010.
4) In liquidity-providing (absorbing) operations, the marginal rate refers to the lowest (highest) rate at which bids were accepted.
5) In the longer-term refinancing operations settled on 17 December 2009, 1 April, 13 May, 28 October, 25 November and 23 December 2010, and 27 January, 24 February, 31 March, 28 April and 26 May 2011, the rate at which all bids were satisfied was indexed to the average minimum bid rate in the main refinancing operations over the life of the operation. 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: 1)	Total	Liabilities to which a 2% reserve coefficient is applied		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2008	18,169.6	10,056.8	848.7	2,376.9	1,243.5	3,643.7
2009	18,318.2	9,808.5	760.4	2,475.7	1,170.1	4,103.5
2010	18,948.1	9,962.6	644.3	2,683.3	1,335.4	4,322.5
2010 Nov. 2)	19,190.9	9,970.1	669.9	2,715.6	1,465.9	4,369.5
Dec. 2)	18,948.1	9,962.6	644.3	2,683.3	1,335.4	4,322.5
2011 Jan.	19,024.1	9,840.2	651.6	2,780.6	1,395.8	4,356.0
Feb.	19,035.7	9,768.4	670.3	2,727.5	1,490.3	4,379.2
Mar.	18,869.2	9,700.4	671.9	2,733.9	1,399.8	4,363.1

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 18 Jan. 3)	210.5	212.4	1.9	0.0	1.00
8 Feb.	212.3	213.6	1.3	0.0	1.00
8 Mar.	211.6	212.9	1.3	0.0	1.00
12 Apr.	209.3	210.5	1.1	0.0	1.00
10 May	208.3	209.5	1.2	0.0	1.25
14 June	206.9	.	.	.	.

3. Liquidity

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money
		Monetary policy operations of the Eurosystem										
	Eurosystem's net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations 4)	Deposit facility	Other liquidity-absorbing operations 5)	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)		
	1	2	3	4	5	6	7	8	9	10	11	12
2009	407.6	55.8	593.4	0.7	24.6	65.7	9.9	775.2	150.1	-130.2	211.4	1,052.3
2010	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1
2010 7 Dec.	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1
2011 18 Jan.	527.5	197.0	316.6	0.5	140.9	66.5	73.5	833.8	81.3	-84.9	212.4	1,112.7
8 Feb.	549.7	185.4	318.2	0.1	137.2	39.2	81.3	822.0	101.2	-66.7	213.6	1,074.8
8 Mar.	550.0	134.4	321.0	7.6	137.9	26.9	80.3	820.9	89.8	-79.9	212.9	1,060.7
12 Apr.	544.1	97.3	335.4	0.8	137.6	23.0	79.5	824.4	73.1	-95.2	210.5	1,057.9
10 May	525.9	109.2	320.5	0.4	136.6	22.8	76.8	833.9	61.3	-111.6	209.5	1,066.1

Source: ECB.

1) End of period.
2) Includes the reserve bases of credit institutions in Estonia. On a transitional basis, credit institutions located in the euro area may have decided to deduct from their own reserve bases any liabilities owed to credit institutions located in Estonia. As of the reserve base as at end-January 2011, the standard treatment applies (see Decision ECB/2010/18 of the ECB of 26 October 2010 on transitional provisions for the application of minimum reserves by the ECB following the introduction of the euro in Estonia).
3) Owing to the adoption of the euro by Estonia on 1 January 2011, the reserve requirement is an average - weighted by the number of calendar days - of the reserve requirements for the then 16 countries of the euro area for the period 8-31 December 2010 and the reserve requirements for the 17 countries now in the euro area for the period 1-18 January 2011.
4) Includes liquidity provided under the Eurosystem's covered bond purchase programme and the Eurosystem's securities markets programme.
5) Includes liquidity absorbed as a result of the Eurosystem's foreign exchange swap operations.
For more information, please see: http://www.ecb.europa.eu/mopo/liq/html/index.en.html

2 MONEY, BANKING AND INVESTMENT FUNDS

2.1 Aggregated balance sheet of euro area MFIs [1]

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Money market fund shares/ units [2]	Holdings of shares/ other equity issued by euro area residents	External assets	Fixed assets	Remaining assets [3]
		Total	General government	Other euro area residents	MFIs	Total	General government	Other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
							Eurosystem							
2009	2,829.9	1,475.6	19.5	0.7	1,455.4	451.7	368.3	7.5	75.9	-	16.5	556.7	8.5	321.0
2010	3,212.4	1,537.5	18.6	0.9	1,517.9	574.4	463.8	9.6	101.1	-	18.1	684.0	8.5	390.0
2010 Q4	3,212.4	1,537.5	18.6	0.9	1,517.9	574.4	463.8	9.6	101.1	-	18.1	684.0	8.5	390.0
2011 Q1	3,038.5	1,347.2	18.5	1.0	1,327.7	580.8	468.5	9.8	102.5	-	19.5	670.3	8.5	412.2
2011 Jan.	3,101.7	1,446.1	18.6	1.0	1,426.6	577.4	466.4	9.7	101.3	-	18.5	657.4	8.5	393.8
Feb.	3,113.7	1,418.1	18.6	0.9	1,398.5	581.6	469.4	9.9	102.3	-	19.5	674.6	8.5	411.5
Mar.	3,038.5	1,347.2	18.5	1.0	1,327.7	580.8	468.5	9.8	102.5	-	19.5	670.3	8.5	412.2
Apr. (p)	3,056.6	1,372.3	18.3	1.0	1,353.1	580.5	468.8	9.6	102.1	-	19.7	669.3	8.5	406.2
							MFIs excluding the Eurosystem							
2009	31,144.3	17,701.6	1,001.7	10,783.9	5,916.1	5,060.0	1,482.1	1,498.0	2,079.9	85.1	1,236.1	4,252.4	220.7	2,588.3
2010	32,196.5	17,762.9	1,220.0	11,027.8	5,515.1	4,937.9	1,524.1	1,527.9	1,885.9	59.9	1,233.0	4,320.9	223.5	3,658.5
2010 Q4	32,196.5	17,762.9	1,220.0	11,027.8	5,515.1	4,937.9	1,524.1	1,527.9	1,885.9	59.9	1,233.0	4,320.9	223.5	3,658.5
2011 Q1	31,583.4	17,792.4	1,187.1	11,115.6	5,489.7	4,723.2	1,412.8	1,493.1	1,817.3	64.5	1,202.9	4,276.1	227.4	3,296.8
2011 Jan.	32,111.4	17,811.9	1,216.6	11,065.8	5,529.6	4,952.2	1,543.0	1,516.4	1,892.9	60.6	1,250.9	4,358.6	223.6	3,453.4
Feb.	32,100.4	17,814.6	1,196.3	11,113.2	5,505.1	4,968.8	1,547.8	1,523.9	1,897.0	61.9	1,243.5	4,379.2	223.6	3,408.9
Mar.	31,583.4	17,792.4	1,187.1	11,115.6	5,489.7	4,723.2	1,412.8	1,493.1	1,817.3	64.5	1,202.9	4,276.1	227.4	3,296.8
Apr. (p)	31,761.2	17,863.4	1,176.9	11,141.0	5,545.5	4,710.8	1,420.9	1,493.3	1,796.6	63.6	1,248.4	4,297.9	227.9	3,349.3

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/ units [4]	Debt securities issued [5]	Capital and reserves	External liabilities	Remaining liabilities [3]
			Total	Central government	Other general government/ other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
					Eurosystem						
2009	2,829.9	829.3	1,192.3	102.6	22.1	1,067.6	-	0.1	320.9	140.0	347.4
2010	3,212.4	863.7	1,394.6	68.0	8.7	1,318.0	-	0.0	429.8	153.5	370.8
2010 Q4	3,212.4	863.7	1,394.6	68.0	8.7	1,318.0	-	0.0	429.8	153.5	370.8
2011 Q1	3,038.5	848.4	1,264.8	60.8	8.9	1,195.2	-	0.0	403.9	154.7	366.8
2011 Jan.	3,101.7	845.4	1,334.0	113.1	9.9	1,211.1	-	0.0	398.0	153.5	370.7
Feb.	3,113.7	844.4	1,327.5	96.7	10.1	1,220.6	-	0.0	416.7	158.1	367.1
Mar.	3,038.5	848.4	1,264.8	60.8	8.9	1,195.2	-	0.0	403.9	154.7	366.8
Apr. (p)	3,056.6	858.8	1,268.6	80.0	9.3	1,179.3	-	0.0	407.1	151.8	370.3
					MFIs excluding the Eurosystem						
2009	31,144.3	-	16,469.0	146.0	10,041.4	6,281.6	732.6	4,908.5	1,921.2	4,098.5	3,014.5
2010	32,196.5	-	16,496.7	196.2	10,526.4	5,774.1	612.3	4,844.8	2,045.1	4,220.4	3,977.2
2010 Q4	32,196.5	-	16,496.7	196.2	10,526.4	5,774.1	612.3	4,844.8	2,045.1	4,220.4	3,977.2
2011 Q1	31,583.4	-	16,460.1	235.8	10,528.5	5,695.8	632.8	4,892.1	2,079.5	4,014.6	3,504.2
2011 Jan.	32,111.4	-	16,474.0	203.5	10,472.6	5,797.9	630.8	4,876.7	2,061.4	4,234.6	3,834.0
Feb.	32,100.4	-	16,487.0	233.3	10,507.3	5,746.4	637.5	4,898.5	2,074.1	4,227.6	3,775.7
Mar.	31,583.4	-	16,460.1	235.8	10,528.5	5,695.8	632.8	4,892.1	2,079.5	4,014.6	3,504.2
Apr. (p)	31,761.2	-	16,577.5	224.4	10,592.0	5,761.1	633.8	4,876.6	2,081.0	4,062.7	3,529.7

Source: ECB.

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

2.2 Consolidated balance sheet of euro area MFIs [1]

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

1. Assets

	Total	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/ other equity issued by other euro area residents	External assets	Fixed assets	Remaining assets [2]
		Total	General government	Other euro area residents	Total	General government	Other euro area residents				
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2009	23,862.4	11,805.7	1,021.1	10,784.5	3,355.9	1,850.4	1,505.5	812.7	4,809.1	229.1	2,850.0
2010	25,822.6	12,267.4	1,238.7	11,028.7	3,525.4	1,987.9	1,537.5	799.7	5,004.8	232.0	3,993.3
2010 Q4	25,822.6	12,267.4	1,238.7	11,028.7	3,525.4	1,987.9	1,537.5	799.7	5,004.8	232.0	3,993.3
2011 Q1	25,326.8	12,322.2	1,205.6	11,116.6	3,384.2	1,881.3	1,502.9	779.0	4,946.4	235.9	3,659.1
2011 Jan.	25,698.6	12,301.9	1,235.2	11,066.7	3,535.4	2,009.4	1,526.1	815.1	5,016.0	232.2	3,798.0
Feb.	25,745.7	12,329.0	1,214.9	11,114.2	3,551.1	2,017.3	1,533.8	807.5	5,053.7	232.0	3,772.3
Mar.	25,326.8	12,322.2	1,205.6	11,116.6	3,384.2	1,881.3	1,502.9	779.0	4,946.4	235.9	3,659.1
Apr. (p)	25,459.1	12,337.1	1,195.2	11,141.9	3,392.7	1,889.8	1,502.9	823.6	4,967.1	236.4	3,702.2
	Transactions										
2009	-644.9	15.8	29.4	-13.6	365.2	270.2	95.0	12.4	-464.9	7.8	-581.9
2010	602.2	408.4	206.3	202.0	143.7	145.8	-2.2	5.6	-108.4	2.4	150.4
2010 Q4	-378.7	194.4	138.8	55.6	-10.9	-0.1	-10.8	13.2	-111.3	3.5	-467.7
2011 Q1	-273.6	38.9	-28.4	67.2	-9.4	18.8	-28.2	7.3	85.8	0.9	-397.0
2011 Jan.	-74.7	21.0	-3.6	24.5	9.5	20.0	-10.5	13.2	86.9	0.1	-205.3
Feb.	16.3	10.1	-14.2	24.3	18.4	10.3	8.1	-8.4	31.6	-0.1	-35.1
Mar.	-215.2	7.8	-10.6	18.5	-37.2	-11.5	-25.7	2.6	-32.7	0.9	-156.6
Apr. (p)	219.7	24.4	-12.1	36.5	11.2	13.0	-1.9	41.8	82.9	0.5	58.9

2. Liabilities

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Money market fund shares/ units [3]	Debt securities issued [4]	Capital and reserves	External liabilities	Remaining liabilities [2]	Excess of inter-MFI liabilities over inter-MFI assets
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2009	23,862.4	769.9	248.6	10,063.5	647.5	2,752.9	1,802.1	4,238.5	3,361.8	-22.4
2010	25,822.6	808.6	264.2	10,535.1	552.4	2,857.8	2,023.6	4,373.9	4,348.0	59.1
2010 Q4	25,822.6	808.6	264.2	10,535.1	552.4	2,857.8	2,023.6	4,373.9	4,348.0	59.1
2011 Q1	25,326.8	798.3	296.6	10,537.4	568.2	2,972.3	2,040.0	4,169.3	3,871.0	73.6
2011 Jan.	25,698.6	796.2	316.5	10,482.5	570.2	2,882.4	2,005.0	4,388.1	4,204.7	52.8
Feb.	25,745.7	796.2	330.0	10,517.4	575.6	2,899.2	2,035.3	4,385.6	4,142.8	63.4
Mar.	25,326.8	798.3	296.6	10,537.4	568.2	2,972.3	2,040.0	4,169.3	3,871.0	73.6
Apr. (p)	25,459.1	805.5	304.4	10,601.3	570.2	2,977.9	2,043.4	4,214.5	3,900.0	41.8
	Transactions									
2009	-644.9	45.8	-2.4	286.0	-12.5	-56.4	143.2	-590.5	-505.6	47.5
2010	602.2	38.6	12.8	331.4	-98.2	41.9	114.3	-27.3	131.1	57.4
2010 Q4	-378.7	21.7	-1.9	151.5	-36.0	3.3	45.4	-87.2	-527.4	51.7
2011 Q1	-273.6	-10.1	36.2	-16.1	-4.4	82.3	13.7	-52.1	-345.1	22.1
2011 Jan.	-74.7	-12.6	51.9	-55.8	-5.2	28.8	-2.9	76.6	-150.8	-4.7
Feb.	16.3	0.0	13.4	16.4	2.9	20.6	15.9	12.0	-69.0	4.0
Mar.	-215.2	2.5	-29.1	23.2	-2.1	32.8	0.7	-140.7	-125.2	22.7
Apr. (p)	219.7	7.1	8.0	70.5	2.2	21.5	0.6	110.8	29.7	-30.6

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

2.3 Monetary statistics [1]

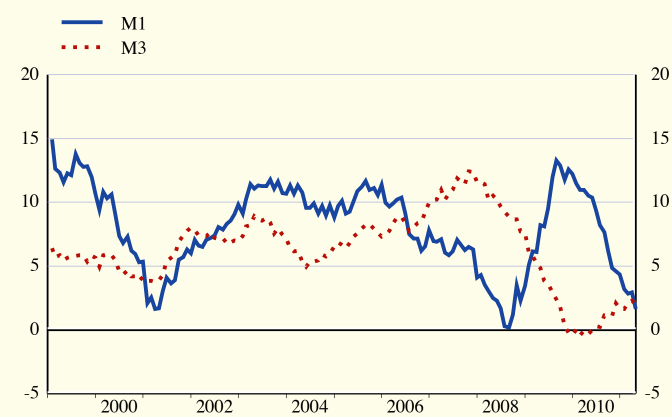
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

1. Monetary aggregates [2] and counterparts

	M3					M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents			Net external assets [3]
	M2			M3-M2						Loans	Memo item: Loans adjusted for sales and securitisation [4]	
	M1	M2-M1										
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2009	4,498.8	3,701.6	8,200.4	1,134.1	9,334.5	-	6,764.0	2,909.6	13,105.9	10,792.9	-	552.3
2010	4,702.6	3,696.8	8,399.4	1,125.2	9,524.6	-	7,314.0	3,268.6	13,366.0	11,035.2	-	612.7
2010 Q4	4,702.6	3,696.8	8,399.4	1,125.2	9,524.6	-	7,314.0	3,268.6	13,366.0	11,035.2	-	612.7
2011 Q1	4,713.4	3,744.6	8,458.0	1,136.5	9,594.5	-	7,447.0	3,090.3	13,422.2	11,128.7	-	787.5
2011 Jan.	4,693.7	3,720.8	8,414.6	1,110.8	9,525.3	-	7,319.4	3,257.5	13,421.2	11,078.7	-	614.9
Feb.	4,693.4	3,738.5	8,431.9	1,140.6	9,572.6	-	7,390.6	3,243.1	13,494.5	11,142.2	-	651.6
Mar.	4,713.4	3,744.6	8,458.0	1,136.5	9,594.5	-	7,447.0	3,090.3	13,422.2	11,128.7	-	787.5
Apr. (p)	4,694.1	3,752.1	8,446.2	1,139.9	9,586.1	-	7,476.0	3,073.5	13,434.9	11,145.3	-	777.8
	Transactions											
2009	490.4	-368.0	122.5	-160.4	-37.9	-	422.8	307.6	90.1	-14.7	26.0	125.2
2010	194.9	-11.5	183.5	-24.1	159.4	-	266.4	356.3	202.2	200.4	248.0	-81.1
2010 Q4	15.9	5.4	21.3	-0.9	20.3	-	83.8	183.3	56.3	78.6	104.2	-36.5
2011 Q1	15.1	39.8	54.9	-9.3	45.6	-	83.3	-48.8	70.3	72.8	47.3	166.6
2011 Jan.	-11.5	22.2	10.6	-38.0	-27.3	-	26.4	-12.7	40.6	29.9	18.7	15.6
Feb.	5.0	11.5	16.5	26.9	43.4	-	43.5	-5.9	49.4	40.3	44.8	16.1
Mar.	21.7	6.2	27.8	1.8	29.6	-	13.4	-30.3	-19.7	2.5	-16.2	134.9
Apr. (p)	-13.4	9.7	-3.7	3.2	-0.5	-	40.7	-14.0	19.4	27.7	32.2	-13.2
	Growth rates											
2009	12.2	-9.0	1.5	-11.9	-0.4	-0.2	6.7	11.8	0.7	-0.1	0.2	125.2
2010	4.3	-0.3	2.2	-2.1	1.7	1.8	3.8	12.2	1.5	1.8	2.3	-81.1
2010 Q4	4.3	-0.3	2.2	-2.1	1.7	1.8	3.8	12.2	1.5	1.8	2.3	-81.1
2011 Q1	3.0	2.3	2.7	-0.6	2.3	2.1	4.0	8.0	2.2	2.5	2.8	83.6
2011 Jan.	3.2	1.2	2.3	-3.3	1.6	1.8	3.6	12.0	2.0	2.4	2.7	-76.4
Feb.	2.9	1.9	2.4	0.0	2.1	2.0	4.1	10.8	2.2	2.6	3.0	-41.6
Mar.	3.0	2.3	2.7	-0.6	2.3	2.1	4.0	8.0	2.2	2.5	2.8	83.6
Apr. (p)	1.7	3.3	2.4	-0.7	2.0	.	4.0	7.4	2.2	2.6	2.9	79.3

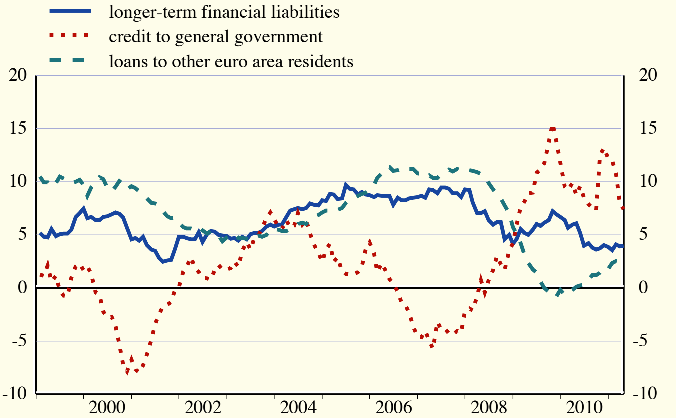
C1 Monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C2 Counterparts [1]

(annual growth rates; seasonally adjusted)



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

2.3 Monetary statistics [1]

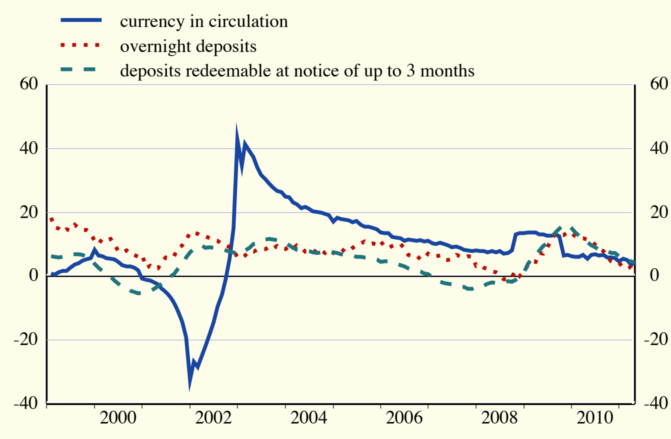
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

	Currency in circulation	Overnight deposits	Deposits with an agreed maturity of up to 2 years	Deposits redeemable at notice of up to 3 months	Repos	Money market fund shares/units	Debt securities with a maturity of up to 2 years	Debt securities with a maturity of over 2 years	Deposits redeemable at notice of over 3 months	Deposits with an agreed maturity of over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
					Outstanding amounts						
2009	757.5	3,741.2	1,896.8	1,804.8	334.3	668.1	131.8	2,635.4	132.5	2,207.9	1,788.3
2010	793.6	3,909.0	1,786.5	1,910.3	433.8	570.2	121.2	2,753.0	118.4	2,435.9	2,006.7
2010 Q4	793.6	3,909.0	1,786.5	1,910.3	433.8	570.2	121.2	2,753.0	118.4	2,435.9	2,006.7
2011 Q1	802.7	3,910.8	1,822.3	1,922.3	414.1	568.5	153.9	2,815.4	119.6	2,469.3	2,042.7
2011 Jan.	802.6	3,891.2	1,810.7	1,910.1	408.4	575.0	127.3	2,761.8	118.6	2,440.8	1,998.2
Feb.	804.8	3,888.6	1,820.3	1,918.2	441.3	573.7	125.6	2,781.1	119.3	2,453.5	2,036.6
Mar.	802.7	3,910.8	1,822.3	1,922.3	414.1	568.5	153.9	2,815.4	119.6	2,469.3	2,042.7
Apr. (p)	802.5	3,891.6	1,828.7	1,923.4	418.5	563.6	157.9	2,818.5	119.6	2,479.5	2,058.3
					Transactions						
2009	44.3	446.1	-605.2	237.2	-12.6	-13.1	-134.7	78.6	9.0	194.0	141.2
2010	36.0	158.9	-124.7	113.2	95.2	-101.2	-18.1	61.3	-14.1	108.2	111.0
2010 Q4	2.9	12.9	-12.2	17.6	29.5	-22.2	-8.2	28.1	-3.9	29.0	30.7
2011 Q1	9.2	5.9	34.9	5.0	-8.3	-22.2	21.2	41.7	1.2	7.2	33.2
2011 Jan.	8.7	-20.2	23.1	-1.0	-25.6	-18.4	6.0	13.1	0.2	6.0	7.1
Feb.	2.3	2.7	8.1	3.5	32.9	-3.8	-2.2	23.8	0.7	-5.0	23.9
Mar.	-1.8	23.4	3.7	2.5	-15.7	0.0	17.5	4.8	0.3	6.2	2.2
Apr. (p)	-0.1	-13.2	10.4	-0.7	4.6	-4.7	3.4	19.6	0.0	8.4	12.8
					Growth rates						
2009	6.2	13.5	-24.2	15.1	-3.5	-1.9	-50.4	3.0	7.3	9.7	8.7
2010	4.8	4.2	-6.6	6.3	28.3	-15.1	-13.4	2.3	-10.7	4.7	6.0
2010 Q4	4.8	4.2	-6.6	6.3	28.3	-15.1	-13.4	2.3	-10.7	4.7	6.0
2011 Q1	3.7	2.8	-0.2	4.8	21.9	-13.1	-0.2	2.7	-9.4	3.9	6.8
2011 Jan.	5.4	2.8	-3.1	5.6	26.0	-16.5	-9.1	1.9	-10.3	4.1	6.3
Feb.	5.1	2.4	-1.4	5.2	31.7	-15.1	-6.0	3.0	-9.3	3.6	7.3
Mar.	3.7	2.8	-0.2	4.8	21.9	-13.1	-0.2	2.7	-9.4	3.9	6.8
Apr. (p)	4.3	1.1	2.2	4.4	20.0	-13.0	1.6	3.0	-8.9	3.6	6.8

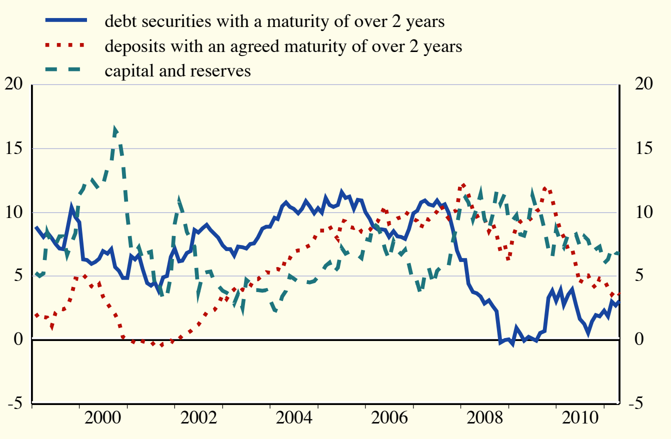
C3 Components of monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C4 Components of longer-term financial liabilities [1]

(annual growth rates; seasonally adjusted)



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

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

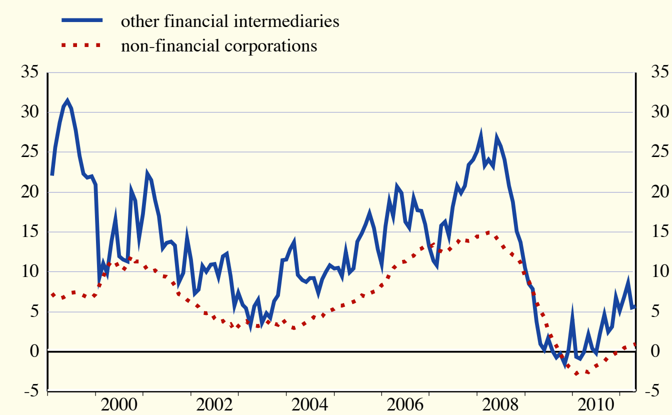
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

	Insurance corporations and pension funds	Other financial intermediaries [3)]	Non-financial corporations				Households [4)]			
	Total	Total	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Consumer credit	Loans for house purchase	Other loans
	1	2	3	4	5	6	7	8	9	10
					Outstanding amounts					
2009	89.0	1,060.7	4,690.9	1,187.8	937.6	2,565.5	4,952.2	631.3	3,546.6	774.3
2010	95.0	1,112.8	4,668.1	1,127.2	899.0	2,641.9	5,159.4	639.5	3,701.3	818.6
2010 Q4	95.0	1,112.8	4,668.1	1,127.2	899.0	2,641.9	5,159.4	639.5	3,701.3	818.6
2011 Q1	87.8	1,106.9	4,705.6	1,146.5	883.3	2,675.8	5,228.4	637.3	3,762.1	829.0
2011 Jan.	93.3	1,104.8	4,693.9	1,146.3	898.0	2,649.5	5,186.7	636.8	3,725.0	824.9
Feb.	97.1	1,145.3	4,705.7	1,153.0	897.2	2,655.5	5,194.1	636.1	3,729.5	828.5
Mar.	87.8	1,106.9	4,705.6	1,146.5	883.3	2,675.8	5,228.4	637.3	3,762.1	829.0
Apr. (p)	86.0	1,120.2	4,699.9	1,146.7	878.4	2,674.8	5,239.3	637.5	3,775.7	826.1
					Transactions					
2009	-13.6	40.8	-107.0	-181.2	-18.9	93.2	65.1	-1.0	51.4	14.7
2010	7.0	53.6	-7.5	-41.8	-21.7	56.0	147.2	-6.1	132.5	20.8
2010 Q4	2.6	39.3	-15.2	-4.8	-14.9	4.4	51.9	-0.6	45.8	6.7
2011 Q1	-3.1	-21.4	38.0	20.1	-2.9	20.8	59.4	-1.3	58.9	1.8
2011 Jan.	-1.6	-6.9	18.2	15.2	-2.0	5.0	20.3	-0.6	19.8	1.1
Feb.	3.8	14.0	15.8	5.5	1.6	8.7	6.7	-0.3	4.8	2.2
Mar.	-5.4	-28.5	4.0	-0.7	-2.4	7.1	32.4	-0.4	34.3	-1.4
Apr. (p)	-1.8	16.3	1.1	3.0	-6.3	4.4	12.2	0.3	10.8	1.0
					Growth rates					
2009	-13.2	4.2	-2.2	-13.1	-2.0	3.7	1.3	-0.2	1.5	1.9
2010	8.0	4.9	-0.2	-3.5	-2.3	2.2	2.9	-1.0	3.7	2.6
2010 Q4	8.0	4.9	-0.2	-3.5	-2.3	2.2	2.9	-1.0	3.7	2.6
2011 Q1	5.7	5.6	0.8	-0.4	-1.8	2.2	3.4	-0.7	4.4	2.0
2011 Jan.	7.2	7.1	0.4	-1.8	-1.9	2.3	3.1	-0.7	4.0	2.4
Feb.	8.6	8.6	0.6	-1.0	-1.9	2.2	3.0	-0.6	3.8	2.4
Mar.	5.7	5.6	0.8	-0.4	-1.8	2.2	3.4	-0.7	4.4	2.0
Apr. (p)	1.0	5.8	1.0	0.9	-2.4	2.2	3.4	-0.6	4.4	1.8

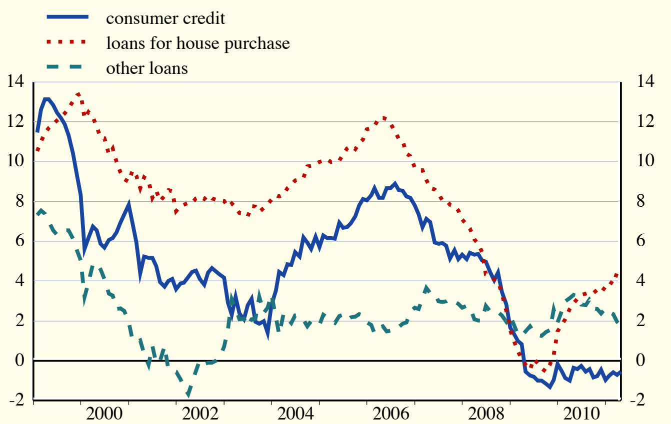
C5 Loans to other financial intermediaries and non-financial corporations [2)]

(annual growth rates; not seasonally adjusted)



C6 Loans to households [2)]

(annual growth rates; not seasonally adjusted)



Source: ECB.

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

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

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

2. Loans to financial intermediaries and non-financial corporations

	Insurance corporations and pension funds				Other financial intermediaries [3)]				Non-financial corporations			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2010	86.2	66.6	5.2	14.4	1,105.4	587.7	206.4	311.3	4,668.1	1,120.5	898.6	2,649.0
2010 Q4	86.2	66.6	5.2	14.4	1,105.4	587.7	206.4	311.3	4,668.1	1,120.5	898.6	2,649.0
2011 Q1	86.8	66.6	5.8	14.5	1,105.8	581.4	208.6	315.8	4,704.6	1,147.4	883.4	2,673.8
2011 Feb.	94.6	74.3	5.8	14.5	1,128.7	600.1	214.6	314.0	4,704.5	1,153.3	895.5	2,655.8
Mar.	86.8	66.6	5.8	14.5	1,105.8	581.4	208.6	315.8	4,704.6	1,147.4	883.4	2,673.8
Apr. (p)	87.7	67.8	5.4	14.5	1,125.2	602.1	207.7	315.3	4,702.4	1,149.9	879.0	2,673.5
	Transactions											
2010	6.8	10.1	-1.8	-1.5	55.2	17.4	8.3	29.4	-7.8	-42.0	-21.7	55.9
2010 Q4	-7.4	-6.9	-0.5	0.0	16.8	1.1	5.2	10.5	-8.9	-9.6	-15.4	16.0
2011 Q1	4.7	5.0	0.6	-0.9	-15.2	-5.6	-11.2	1.6	37.0	27.7	-2.4	11.7
2011 Feb.	3.8	3.0	0.7	0.0	9.1	8.9	0.5	-0.3	9.3	2.4	1.4	5.4
Mar.	-3.9	-2.8	0.0	-1.0	-13.1	-11.7	-4.0	2.6	4.2	-0.1	-0.5	4.9
Apr. (p)	1.0	1.2	-0.3	0.0	22.4	22.3	-0.5	0.6	4.6	5.4	-5.9	5.1
	Growth rates											
2010	8.4	17.5	-25.2	-9.1	5.1	2.8	3.9	10.4	-0.2	-3.6	-2.3	2.2
2010 Q4	8.4	17.5	-25.2	-9.1	5.1	2.8	3.9	10.4	-0.2	-3.6	-2.3	2.2
2011 Q1	5.7	11.3	0.5	-14.9	5.5	4.6	1.6	9.6	0.8	-0.3	-1.8	2.2
2011 Feb.	8.6	13.5	3.2	-9.4	8.6	10.2	2.6	8.9	0.6	-1.0	-1.9	2.2
Mar.	5.7	11.3	0.5	-14.9	5.5	4.6	1.6	9.6	0.8	-0.3	-1.8	2.2
Apr. (p)	0.9	5.3	-7.6	-14.5	5.7	5.4	1.0	9.6	1.0	0.9	-2.3	2.2

3. Loans to households [4)]

	Total	Consumer credit				Loans for house purchase				Other loans			
		Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2010	5,168.1	641.9	147.1	186.5	308.3	3,706.9	14.7	54.9	3,637.2	819.4	146.7	85.7	587.0
2010 Q4	5,168.1	641.9	147.1	186.5	308.3	3,706.9	14.7	54.9	3,637.2	819.4	146.7	85.7	587.0
2011 Q1	5,218.4	634.0	140.8	186.9	306.3	3,756.6	14.2	54.0	3,688.4	827.8	149.6	85.2	593.0
2011 Feb.	5,185.3	630.8	140.5	183.9	306.3	3,727.6	14.0	55.0	3,658.5	827.0	148.6	85.6	592.7
Mar.	5,218.4	634.0	140.8	186.9	306.3	3,756.6	14.2	54.0	3,688.4	827.8	149.6	85.2	593.0
Apr. (p)	5,225.7	634.7	139.7	187.5	307.5	3,766.8	14.1	54.2	3,698.5	824.1	146.9	84.9	592.3
	Transactions												
2010	147.5	-6.2	-3.3	-8.8	5.9	133.1	-0.6	-3.7	137.4	20.6	-8.2	-4.4	33.3
2010 Q4	55.1	-0.2	3.2	-2.3	-1.1	47.6	0.1	-2.1	49.6	7.7	1.2	-1.0	7.4
2011 Q1	40.7	-7.0	-6.2	-1.7	0.8	47.8	-0.8	-0.1	48.6	0.0	-0.6	-1.6	2.1
2011 Feb.	2.1	-2.8	-1.9	-0.8	0.0	3.2	-0.4	0.3	3.3	1.6	-0.3	-0.5	2.4
Mar.	31.2	1.6	-1.4	1.0	2.0	30.7	0.0	-0.1	30.8	-1.0	0.8	-0.5	-1.3
Apr. (p)	8.6	0.8	-0.3	0.0	1.2	7.6	0.0	0.2	7.4	0.2	-2.4	0.0	2.5
	Growth rates												
2010	3.0	-1.0	-2.4	-4.5	2.0	3.7	-4.2	-6.2	3.9	2.6	-5.4	-5.1	6.1
2010 Q4	3.0	-1.0	-2.4	-4.5	2.0	3.7	-4.2	-6.2	3.9	2.6	-5.4	-5.1	6.1
2011 Q1	3.4	-0.7	-2.8	-4.1	2.5	4.4	-7.7	-3.7	4.6	2.0	-5.8	-5.9	5.3
2011 Feb.	3.0	-0.6	-2.3	-4.2	2.6	3.9	-8.0	-5.9	4.1	2.4	-6.4	-5.2	6.0
Mar.	3.4	-0.7	-2.8	-4.1	2.5	4.4	-7.7	-3.7	4.6	2.0	-5.8	-5.9	5.3
Apr. (p)	3.4	-0.6	-2.8	-3.9	2.6	4.4	-8.1	-3.2	4.6	1.8	-6.4	-5.3	5.1

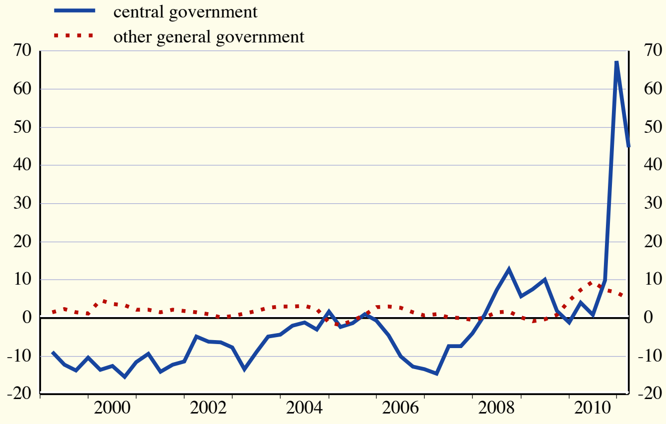
Source: ECB.
1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.
2) Data refer to the changing composition of the euro area. For further information, see the General Notes.
3) Including investment funds.
4) Including non-profit institutions serving households.

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

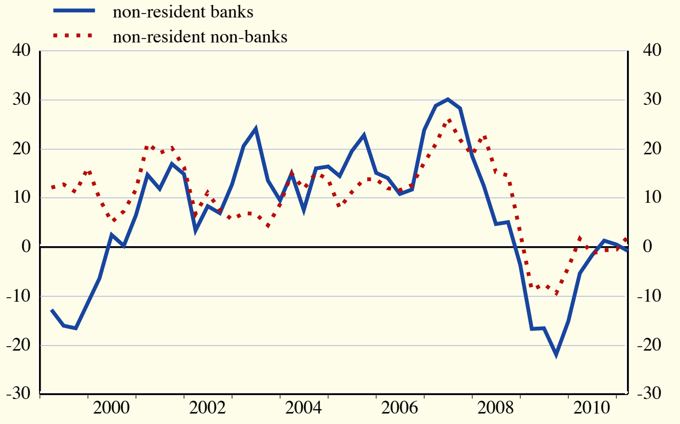
4. Loans to government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks 3)	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2009	1,001.7	229.3	209.8	528.8	33.8	2,821.7	1,914.9	906.8	46.2	860.7
2010	1,220.0	395.8	225.2	553.0	46.1	2,963.0	2,010.2	952.8	49.5	903.3
2010 Q2	1,072.8	254.9	225.0	547.9	44.8	3,076.4	2,074.4	1,002.0	50.9	951.1
Q3	1,073.9	262.0	223.2	544.1	44.5	2,951.5	1,995.1	956.4	51.9	904.5
Q4	1,220.0	395.8	225.2	553.0	46.1	2,963.0	2,010.2	952.8	49.5	903.3
2011 Q1 (p)	1,187.1	357.7	229.6	557.8	41.9	2,933.6	1,956.7	976.9	54.5	922.4
	Transactions									
2009	30.5	-2.7	0.1	21.6	11.5	-384.7	-345.6	-38.9	-1.4	-37.5
2010	207.2	156.1	15.3	24.1	12.3	5.2	9.6	-5.6	0.5	-6.0
2010 Q2	35.9	8.8	15.9	8.6	2.6	-20.1	1.4	-22.3	-0.7	-21.6
Q3	1.6	7.9	-1.9	-3.8	-0.3	-11.6	-13.6	2.1	3.8	-1.7
Q4	138.7	126.7	2.0	8.8	1.5	-17.0	-2.2	-14.9	-2.0	-12.9
2011 Q1 (p)	-28.3	-34.3	4.4	4.8	-3.2	54.8	-1.7	56.4	7.0	49.4
	Growth rates									
2009	3.1	-1.2	0.1	4.2	51.9	-11.7	-15.1	-4.1	-3.0	-4.2
2010	20.6	67.3	7.3	4.6	36.3	0.5	0.6	-0.5	0.4	-0.6
2010 Q2	7.3	0.8	9.1	7.0	56.8	-1.3	-1.6	-1.3	-4.2	-1.2
Q3	7.9	9.9	6.5	5.4	45.1	0.9	1.3	-0.6	1.6	-0.7
Q4	20.6	67.3	7.3	4.6	36.3	0.5	0.6	-0.5	0.4	-0.6
2011 Q1 (p)	14.3	44.8	9.8	3.4	1.5	0.5	-0.8	2.1	16.0	1.3

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



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



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

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

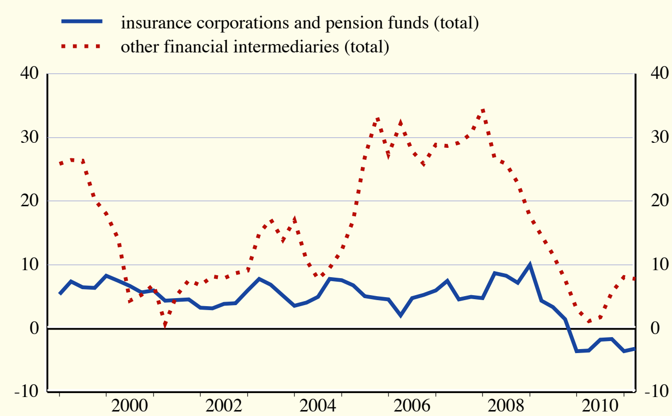
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries [3]						
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts													
2009	738.5	84.1	86.9	543.7	2.2	1.4	20.2	1,871.2	311.7	335.1	957.5	15.9	0.0	250.9
2010	716.9	84.7	79.4	528.3	2.4	0.3	21.9	2,167.1	359.8	305.2	1,132.6	8.7	0.5	360.3
2010 Q4	716.9	84.7	79.4	528.3	2.4	0.3	21.9	2,167.1	359.8	305.2	1,132.6	8.7	0.5	360.3
2011 Q1	710.7	82.9	79.9	526.6	3.0	0.2	18.0	2,161.9	371.0	291.7	1,142.7	11.8	0.5	344.2
2011 Jan.	730.9	97.4	80.3	527.9	2.6	0.2	22.5	2,135.3	381.3	293.8	1,123.9	8.9	0.5	326.9
Feb.	721.5	89.4	80.1	528.2	2.8	0.2	20.7	2,181.5	375.9	298.7	1,128.3	11.1	0.5	367.0
Mar.	710.7	82.9	79.9	526.6	3.0	0.2	18.0	2,161.9	371.0	291.7	1,142.7	11.8	0.5	344.2
Apr. (p)	720.3	85.2	83.1	526.0	3.9	0.2	21.8	2,189.2	375.8	299.0	1,147.9	11.1	0.5	354.8
	Transactions													
2009	-26.8	-1.0	-30.4	6.3	1.1	-0.1	-2.7	55.4	5.5	-93.6	85.8	3.7	0.0	54.0
2010	-26.5	-3.5	-8.2	-16.6	0.2	0.0	1.6	156.2	44.6	-38.9	52.8	-7.8	0.4	105.0
2010 Q4	-18.0	-4.7	-10.2	-4.6	-0.2	0.0	1.8	26.0	-20.0	2.6	31.5	-0.3	-0.3	12.4
2011 Q1	-0.9	3.2	-0.3	-1.3	0.3	0.0	-2.9	-6.3	15.4	-6.3	-13.0	1.0	0.1	-3.5
2011 Jan.	13.7	12.8	0.6	-0.4	0.1	0.0	0.6	-27.4	22.2	-9.0	-7.5	0.1	0.0	-33.2
Feb.	-9.3	-7.8	-0.2	0.3	0.1	0.0	-1.7	26.7	-3.3	3.0	-13.3	0.2	0.0	40.1
Mar.	-5.3	-1.8	-0.7	-1.2	0.1	0.0	-1.7	-5.5	-3.5	-0.3	7.8	0.7	0.0	-10.3
Apr. (p)	10.4	2.5	3.7	-0.5	0.9	0.0	3.8	28.3	5.9	8.0	4.4	-0.6	-0.1	10.7
	Growth rates													
2009	-3.5	-1.1	-26.4	1.2	96.8	-	-11.8	3.1	1.5	-22.0	10.0	30.0	-	27.4
2010	-3.6	-3.6	-9.4	-3.0	10.1	-	7.8	8.1	14.3	-11.5	4.9	-48.1	-	41.6
2010 Q4	-3.6	-3.6	-9.4	-3.0	10.1	-	7.8	8.1	14.3	-11.5	4.9	-48.1	-	41.6
2011 Q1	-3.2	-3.0	-6.3	-2.6	6.5	-	-6.2	7.8	13.7	-5.0	4.5	-46.7	-	30.1
2011 Jan.	-2.4	-0.5	-4.3	-2.6	7.1	-	0.5	6.7	11.3	-10.8	4.1	-51.0	-	38.5
Feb.	-2.7	-4.6	-7.2	-2.4	9.8	-	19.8	7.5	13.3	-9.6	3.2	-49.8	-	41.8
Mar.	-3.2	-3.0	-6.3	-2.6	6.5	-	-6.2	7.8	13.7	-5.0	4.5	-46.7	-	30.1
Apr. (p)	-1.6	-1.5	-1.7	-2.7	37.2	-	25.8	5.8	3.7	1.5	3.9	-52.9	-	22.9

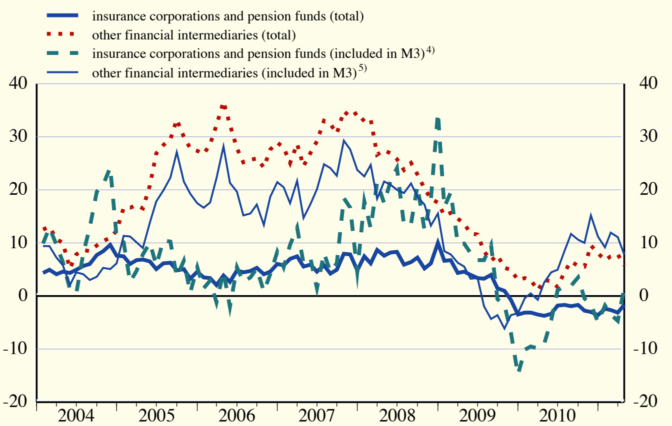
C9 Total deposits by sector [2]

(annual growth rates)



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

(annual growth rates)



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

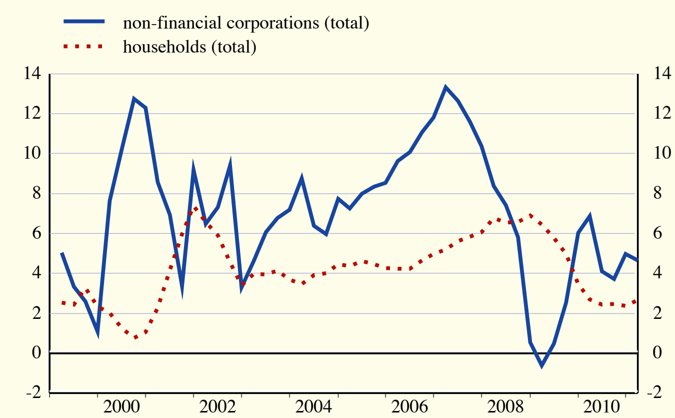
2.5 Deposits held with MFIs: breakdown [1), 2)]

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

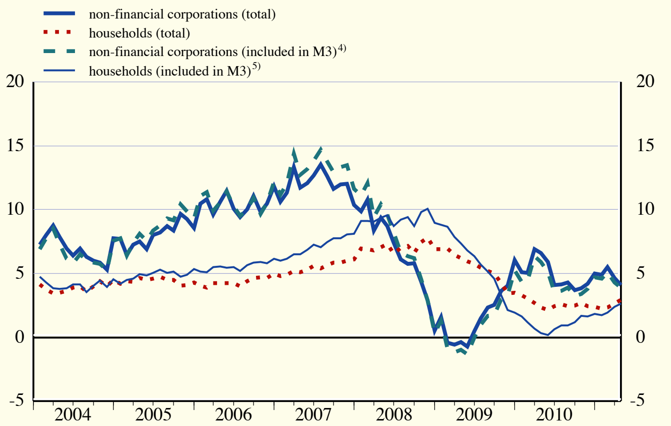
2. Deposits by non-financial corporations and households

	Non-financial corporations							Households [3)]						
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Outstanding amounts														
2009	1,601.2	999.2	434.5	80.7	68.7	1.7	16.3	5,601.7	2,156.9	996.5	607.1	1,680.2	123.7	37.3
2010	1,671.8	1,035.7	459.9	87.2	73.3	1.5	14.2	5,739.2	2,243.9	901.6	665.0	1,788.5	110.3	29.8
2010 Q4	1,671.8	1,035.7	459.9	87.2	73.3	1.5	14.2	5,739.2	2,243.9	901.6	665.0	1,788.5	110.3	29.8
2011 Q1	1,649.0	1,000.4	464.2	90.8	77.6	2.0	14.0	5,767.1	2,224.0	908.3	681.3	1,811.9	110.2	31.4
2011 Jan.	1,614.9	986.6	451.2	88.2	76.5	1.5	11.0	5,754.3	2,233.9	905.6	670.6	1,804.0	110.0	30.2
Feb.	1,608.4	975.0	453.4	89.8	76.9	2.1	11.2	5,758.2	2,225.1	907.5	676.1	1,808.4	110.1	31.0
Mar.	1,649.0	1,000.4	464.2	90.8	77.6	2.0	14.0	5,767.1	2,224.0	908.3	681.3	1,811.9	110.2	31.4
Apr. (p)	1,647.8	998.3	459.4	92.5	78.2	2.0	17.3	5,797.8	2,247.3	904.8	687.6	1,816.2	109.4	32.5
Transactions														
2009	91.1	112.3	-70.1	15.1	40.8	0.4	-7.4	187.7	320.5	-371.5	85.9	190.5	8.6	-46.3
2010	79.5	40.3	24.7	8.9	7.9	-0.2	-2.1	133.0	81.8	-98.9	58.7	113.5	-14.6	-7.5
2010 Q4	71.8	45.6	23.1	2.4	-1.2	-0.6	2.4	87.5	41.2	4.9	12.5	31.1	-0.5	-1.6
2011 Q1	-33.3	-36.6	1.9	2.1	1.0	0.5	-2.3	17.2	-23.6	2.9	14.3	22.1	-0.2	1.7
2011 Jan.	-59.2	-50.7	-9.3	1.0	3.0	0.0	-3.2	12.0	-11.5	3.0	5.4	15.0	-0.3	0.4
Feb.	-5.9	-8.6	2.5	1.6	-2.1	0.6	0.2	4.2	-8.8	2.0	5.5	4.5	0.1	0.8
Mar.	31.7	22.7	8.7	-0.5	0.1	0.0	0.7	0.9	-3.3	-2.2	3.4	2.6	0.0	0.4
Apr. (p)	3.3	1.0	-2.0	0.8	0.6	0.0	3.0	31.0	24.9	-2.9	6.3	2.4	-0.8	1.1
Growth rates														
2009	6.0	12.7	-13.9	23.1	146.6	28.3	-31.2	3.5	17.5	-27.1	16.5	12.8	7.5	-55.4
2010	5.0	4.0	5.6	11.1	11.6	-10.5	-12.8	2.4	3.8	-9.9	9.7	6.8	-11.7	-20.2
2010 Q4	5.0	4.0	5.6	11.1	11.6	-10.5	-12.8	2.4	3.8	-9.9	9.7	6.8	-11.7	-20.2
2011 Q1	4.7	2.3	8.7	11.0	6.5	12.3	-4.9	2.7	2.6	-3.3	7.4	5.5	-10.4	-12.9
2011 Jan.	4.9	2.7	7.8	11.1	16.1	-14.2	-16.3	2.2	2.4	-6.3	8.8	5.9	-10.9	-18.5
Feb.	5.5	3.0	9.4	12.8	9.7	19.0	-4.1	2.3	1.9	-4.2	8.0	5.7	-10.4	-16.1
Mar.	4.7	2.3	8.7	11.0	6.5	12.3	-4.9	2.7	2.6	-3.3	7.4	5.5	-10.4	-12.9
Apr. (p)	4.1	1.1	10.0	7.1	4.6	9.3	13.5	3.0	2.6	-1.9	7.7	5.3	-9.7	-3.9

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



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



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

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

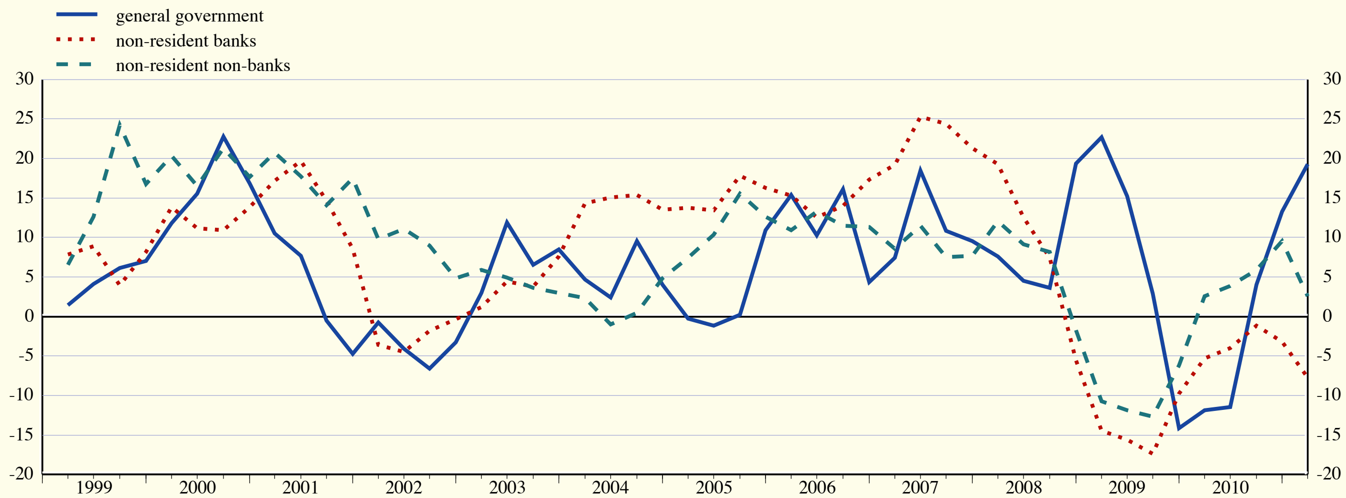
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

3. Deposits by government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2008	444.7	190.8	52.1	116.1	85.8	3,713.6	2,816.2	897.3	65.6	831.7
2009	374.9	146.0	43.4	114.3	71.2	3,369.4	2,532.8	836.7	56.7	780.0
2010 Q2	412.5	167.5	54.5	113.7	76.8	3,701.7	2,691.2	1,010.5	47.9	962.6
Q3	421.4	176.2	58.7	111.9	74.5	3,580.9	2,594.0	986.8	48.0	938.8
Q4	427.6	196.2	47.7	109.6	74.1	3,488.8	2,488.5	1,000.3	45.9	954.3
2011 Q1 (p)	475.6	235.8	52.3	108.7	78.8	3,310.1	2,346.7	963.5	41.4	922.0
	Transactions									
2008	72.7	63.4	-6.5	8.7	7.1	-183.2	-165.8	-17.5	-36.8	19.4
2009	-62.8	-36.2	-8.7	-2.5	-15.0	-330.6	-275.3	-55.3	-4.5	-50.8
2010	50.0	47.4	4.3	-4.9	2.9	0.2	-82.6	81.9	7.4	74.5
2010 Q2	12.1	-1.2	4.1	5.1	4.2	-9.7	-28.4	18.7	-1.1	19.9
Q3	9.3	8.6	4.3	-1.8	-1.8	16.4	4.6	11.5	2.2	9.4
Q4	5.4	19.3	-11.0	-2.2	-0.5	-102.5	-108.3	5.2	-2.7	7.8
2011 Q1 (p)	50.5	43.4	4.7	-2.4	4.7	-81.3	-70.1	-11.3	-3.6	-7.6
	Growth rates									
2008	19.4	49.9	-11.0	8.1	8.8	-4.4	-5.6	-1.7	-25.6	2.7
2009	-14.1	-18.9	-16.7	-2.1	-17.4	-8.7	-9.8	-6.2	-7.0	-6.1
2010 Q2	-11.5	-21.6	11.6	-4.7	-6.0	-2.0	-4.0	3.9	8.9	3.5
Q3	4.0	10.9	15.0	-9.3	4.2	0.7	-1.2	5.9	14.2	5.4
Q4	13.3	32.2	9.8	-4.3	4.1	0.3	-3.2	9.5	12.5	9.2
2011 Q1 (p)	19.2	41.4	4.0	-1.3	9.2	-4.8	-7.7	2.6	-10.7	3.4

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

(annual growth rates)



Source: ECB.

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

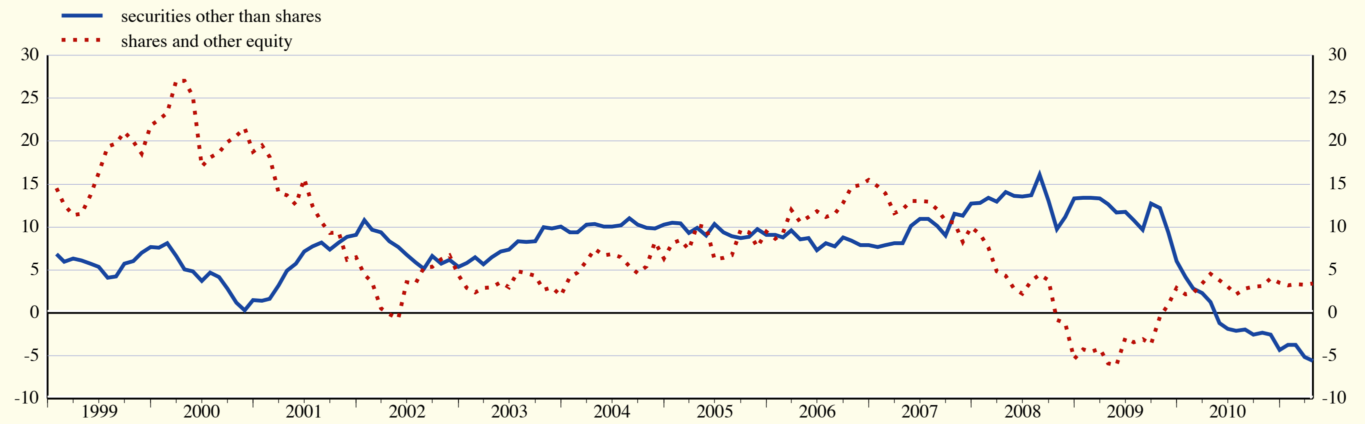
2.6 MFI holdings of securities: breakdown [1), 2)]

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

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2009	6,207.8	1,970.8	109.1	1,466.1	16.0	1,458.6	39.4	1,147.8	1,516.3	435.0	801.1	280.2
2010	5,989.9	1,778.5	107.4	1,507.7	16.4	1,500.1	27.8	1,052.0	1,535.6	445.3	787.7	302.7
2010 Q4	5,989.9	1,778.5	107.4	1,507.7	16.4	1,500.1	27.8	1,052.0	1,535.6	445.3	787.7	302.7
2011 Q1	5,760.6	1,714.8	102.5	1,392.9	19.9	1,464.4	28.7	1,037.4	1,504.8	437.3	765.6	301.9
2011 Jan.	6,023.8	1,787.2	105.7	1,525.3	17.7	1,489.9	26.4	1,071.6	1,552.5	448.2	802.7	301.6
Feb.	6,029.2	1,794.7	102.3	1,529.3	18.6	1,496.5	27.5	1,060.4	1,541.7	449.3	794.2	298.2
Mar.	5,760.6	1,714.8	102.5	1,392.9	19.9	1,464.4	28.7	1,037.4	1,504.8	437.3	765.6	301.9
Apr. (p)	5,711.8	1,701.8	94.8	1,401.9	19.0	1,468.5	24.8	1,001.0	1,557.7	438.5	810.0	309.3
	Transactions											
2009	354.9	83.5	16.6	231.0	-3.2	103.0	-12.0	-64.0	43.0	29.1	11.6	2.3
2010	-269.2	-167.0	-7.2	42.6	-2.0	10.2	-14.6	-131.1	53.7	27.8	5.1	20.8
2010 Q4	-206.2	-70.8	0.5	-26.3	-1.4	-7.9	-2.9	-97.4	22.2	3.3	13.2	5.8
2011 Q1	-5.8	-6.9	1.1	8.3	4.4	-30.8	2.3	15.8	5.2	2.3	6.4	-3.4
2011 Jan.	47.9	10.1	0.3	16.7	1.6	-9.8	-0.8	29.8	13.6	2.4	13.2	-2.0
Feb.	10.7	8.2	-2.8	5.3	1.0	6.3	1.6	-8.8	-12.6	0.6	-9.2	-4.0
Mar.	-64.4	-25.2	3.6	-13.7	1.8	-27.3	1.6	-5.2	4.3	-0.7	2.4	2.5
Apr. (p)	-30.3	-13.6	-4.8	10.3	-0.4	1.5	-3.2	-20.2	49.3	0.7	41.8	6.8
	Growth rates											
2009	6.0	4.4	17.6	18.7	-15.8	7.6	-23.2	-5.3	2.9	7.0	1.5	0.8
2010	-4.3	-8.5	-5.7	2.9	-11.2	0.7	-35.0	-11.1	3.5	6.4	0.6	7.5
2010 Q4	-4.3	-8.5	-5.7	2.9	-11.2	0.7	-35.0	-11.1	3.5	6.4	0.6	7.5
2011 Q1	-5.1	-9.2	-4.5	-1.0	14.2	-0.2	-25.6	-9.5	3.3	4.0	3.1	2.7
2011 Jan.	-3.7	-8.2	-4.4	3.3	-15.5	0.5	-37.7	-9.0	3.2	4.0	1.7	6.4
Feb.	-3.7	-7.2	-4.7	1.8	6.6	0.7	-31.8	-9.8	3.4	5.1	2.0	4.6
Mar.	-5.1	-9.2	-4.5	-1.0	14.2	-0.2	-25.6	-9.5	3.3	4.0	3.1	2.7
Apr. (p)	-5.5	-9.3	-7.7	-1.0	12.7	-0.6	-33.5	-10.7	3.5	1.4	4.3	4.6

C14 MFI holdings of securities [2)]

(annual growth rates)



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

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

(EUR billions)

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

	Consumer credit				Lending for house purchase				Other lending			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12
2008	-4.6	-1.1	-1.5	-1.9	-2.7	0.0	-0.2	-2.5	-6.7	-1.2	-2.3	-3.2
2009	-7.5	-1.8	-2.3	-3.4	-4.0	-0.1	-0.2	-3.7	-7.4	-1.6	-1.3	-4.5
2010	-7.3	-2.7	-2.0	-2.6	-4.7	-0.2	-0.2	-4.3	-8.7	-1.1	-1.6	-6.0
2010 Q3	-1.9	-0.5	-0.5	-0.9	-0.7	0.0	0.0	-0.7	-1.2	-0.1	-0.2	-0.8
Q4	-1.8	-0.7	-0.4	-0.7	-1.8	-0.1	-0.1	-1.6	-3.3	-0.1	-0.6	-2.5
2011 Q1	-1.6	-0.7	-0.3	-0.6	-0.8	0.0	0.0	-0.8	-1.6	-0.1	-0.2	-1.2
2011 Jan.	-0.4	-0.3	0.0	-0.1	-0.3	0.0	0.0	-0.3	-0.7	-0.1	-0.1	-0.5
Feb.	-0.4	-0.2	-0.1	-0.2	-0.2	0.0	0.0	-0.2	-0.5	0.0	-0.1	-0.4
Mar.	-0.8	-0.2	-0.2	-0.3	-0.4	0.0	0.0	-0.4	-0.4	0.0	-0.1	-0.3
Apr. (p)	-0.4	-0.2	-0.1	-0.2	-0.2	-0.1	0.0	-0.1	-0.6	-0.1	-0.1	-0.4

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

	Non-financial corporations				Non-euro area residents		
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 year
	1	2	3	4	5	6	7
2008	-17.8	-4.1	-9.1	-4.6	-6.6	-3.4	-3.2
2009	-35.4	-12.7	-12.5	-10.2	-6.9	-2.6	-4.2
2010	-60.2	-24.6	-20.4	-15.2	-3.7	-1.1	-2.6
2010 Q3	-10.3	-4.0	-2.8	-3.6	-0.4	-0.3	-0.2
Q4	-20.6	-8.0	-7.3	-5.3	-1.2	0.1	-1.3
2011 Q1	-6.4	-2.0	-1.9	-2.5	-0.3	0.1	-0.4
2011 Jan.	-1.6	-0.7	-0.4	-0.5	-0.2	0.0	-0.2
Feb.	-1.0	-0.3	-0.3	-0.4	0.0	0.0	0.0
Mar.	-3.8	-1.0	-1.2	-1.6	-0.1	0.1	-0.2
Apr. (p)	-1.5	-0.5	-0.4	-0.6	-0.7	-0.7	-0.1

3. Revaluation of securities held by MFIs

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
2008	-60.4	-12.0	0.0	4.5	0.0	-19.0	-2.2	-31.7	-63.6	-9.2	-46.2	-8.2
2009	3.8	7.9	0.2	-2.3	-0.1	0.4	0.8	-3.0	2.2	-5.4	4.1	3.5
2010	-5.4	1.0	0.0	-10.3	0.8	-2.5	-1.2	6.9	-17.1	-5.4	-8.1	-3.6
2010 Q3	16.0	4.1	-0.2	6.3	0.3	3.3	-1.4	3.6	2.0	-0.2	5.0	-2.8
Q4	-27.2	-5.2	-0.5	-14.7	-0.1	-4.2	0.0	-2.6	-6.8	-2.2	-6.2	1.6
2011 Q1	-5.8	-1.6	-0.3	-1.6	0.0	-0.5	-0.5	-1.1	2.4	0.5	1.7	0.2
2011 Jan.	-2.4	-1.5	-0.3	0.4	0.0	-0.4	0.0	-0.5	2.3	0.8	1.7	-0.3
Feb.	0.0	0.0	0.0	-0.9	0.0	1.7	-0.4	-0.3	1.8	0.2	1.0	0.6
Mar.	-3.3	-0.1	0.0	-1.1	0.0	-1.8	-0.1	-0.3	-1.7	-0.5	-1.0	-0.1
Apr. (p)	0.5	0.1	-0.1	-1.2	0.0	1.3	0.0	0.5	3.6	0.5	2.6	0.5

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

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

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

1. Deposits

	MFIs [3)]							Non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total							Total				
				USD	JPY	CHF	GBP				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	By euro area residents													
2008	6,852.0	89.7	10.3	7.3	0.4	1.3	0.8	9,890.2	96.9	3.1	1.9	0.5	0.1	0.4
2009	6,281.6	92.9	7.1	4.4	0.3	1.2	0.7	10,187.4	97.0	3.0	1.9	0.2	0.1	0.4
2010 Q2	6,544.3	92.4	7.6	4.5	0.3	1.3	0.9	10,464.4	97.0	3.0	2.0	0.2	0.1	0.4
Q3	6,095.9	92.5	7.5	4.5	0.3	1.2	0.8	10,515.0	97.1	2.9	1.9	0.2	0.1	0.4
Q4	5,774.1	92.9	7.1	4.1	0.3	1.3	0.8	10,722.6	97.1	2.9	1.9	0.2	0.1	0.4
2011 Q1 (p)	5,695.8	92.5	7.5	4.3	0.3	1.4	0.8	10,764.3	97.1	2.9	1.9	0.1	0.1	0.4
	By non-euro area residents													
2008	2,816.2	48.3	51.7	33.4	2.8	2.6	10.2	897.3	54.9	45.1	28.7	1.4	1.9	9.4
2009	2,532.8	49.2	50.8	34.2	1.8	2.2	9.6	836.7	53.5	46.5	31.4	1.1	1.7	7.5
2010 Q2	2,691.2	52.9	47.1	30.8	2.1	1.6	9.5	1,010.5	55.3	44.7	31.7	1.1	1.4	6.4
Q3	2,594.0	51.4	48.6	32.4	2.3	1.6	9.3	986.8	57.2	42.8	30.3	1.2	1.3	5.8
Q4	2,488.5	52.1	47.9	31.8	2.2	1.8	8.6	1,000.3	58.8	41.2	29.4	1.2	1.4	5.1
2011 Q1 (p)	2,346.7	53.5	46.5	30.0	2.1	1.9	8.1	963.5	58.1	41.9	29.6	1.4	1.5	4.4

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
2008	5,101.8	83.3	16.7	8.4	2.0	1.9	2.5
2009	5,168.3	83.3	16.7	8.8	1.6	1.9	2.5
2010 Q2	5,244.3	81.6	18.4	10.0	1.8	2.0	2.5
Q3	5,143.2	82.3	17.7	9.4	1.7	2.0	2.4
Q4	5,082.1	81.6	18.4	9.7	1.8	2.1	2.5
2011 Q1 (p)	5,152.0	82.1	17.9	9.6	1.6	2.0	2.3

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

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

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

3. Loans

	MFIs [3)]							Non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total							Total				
				USD	JPY	CHF	GBP				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	To euro area residents													
2008	6,307.7	-	-	-	-	-	-	11,748.1	95.9	4.1	2.1	0.3	1.1	0.4
2009	5,916.1	-	-	-	-	-	-	11,785.5	96.2	3.8	1.9	0.2	1.0	0.4
2010 Q2	6,210.4	-	-	-	-	-	-	12,060.4	95.8	4.2	2.2	0.3	1.1	0.4
Q3	5,841.7	-	-	-	-	-	-	12,056.1	96.0	4.0	2.0	0.2	1.1	0.4
Q4	5,515.1	-	-	-	-	-	-	12,247.9	96.0	4.0	2.1	0.2	1.1	0.4
2011 Q1 (p)	5,489.7	-	-	-	-	-	-	12,302.7	96.3	3.7	1.8	0.2	1.1	0.4
	To non-euro area residents													
2008	2,278.8	45.8	54.2	31.8	3.0	2.6	11.3	963.6	40.4	59.6	42.0	1.4	4.3	7.5
2009	1,914.9	45.8	54.2	29.4	2.7	2.9	12.6	906.8	40.0	60.0	42.1	1.2	3.7	8.0
2010 Q2	2,074.4	46.5	53.5	29.9	2.7	3.0	11.9	1,002.0	39.2	60.8	43.4	1.4	3.4	7.7
Q3	1,995.1	45.9	54.1	29.6	3.3	3.0	12.0	956.4	40.6	59.4	41.7	1.4	3.6	7.3
Q4	2,010.2	44.9	55.1	30.7	2.9	3.2	11.6	952.8	39.9	60.1	42.8	1.4	3.7	6.7
2011 Q1 (p)	1,956.7	46.9	53.1	29.9	3.0	3.2	9.7	976.9	40.2	59.8	41.5	1.2	3.4	7.1

4. Holdings of securities other than shares

	Issued by MFIs [3)]							Issued by non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total							Total				
				USD	JPY	CHF	GBP				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Issued by euro area residents													
2008	1,976.3	95.3	4.7	2.6	0.4	0.2	1.2	2,651.8	97.3	2.7	1.7	0.3	0.1	0.4
2009	2,079.9	94.8	5.2	3.1	0.2	0.3	1.4	2,980.2	98.1	1.9	1.2	0.2	0.1	0.3
2010 Q2	2,024.5	94.2	5.8	3.5	0.2	0.3	1.5	3,080.3	98.5	1.5	0.8	0.2	0.1	0.4
Q3	1,968.5	94.6	5.4	3.0	0.2	0.3	1.6	3,108.5	98.5	1.5	0.9	0.2	0.1	0.4
Q4	1,885.9	94.3	5.7	3.3	0.1	0.3	1.7	3,052.0	98.6	1.4	0.8	0.1	0.1	0.4
2011 Q1 (p)	1,817.3	94.4	5.6	3.2	0.2	0.3	1.7	2,905.9	98.3	1.7	0.9	0.2	0.1	0.4
	Issued by non-euro area residents													
2008	580.3	54.1	45.9	28.6	0.9	0.5	13.3	646.4	39.0	61.0	37.1	6.4	0.8	11.0
2009	546.6	55.8	44.2	26.3	0.4	0.5	14.8	601.2	35.0	65.0	38.5	4.2	0.9	15.2
2010 Q2	559.0	53.4	46.6	27.4	0.4	0.9	15.2	642.5	29.0	71.0	43.7	4.5	0.6	15.1
Q3	535.8	52.2	47.8	27.7	0.4	0.9	16.1	607.5	30.0	70.0	42.4	4.5	0.6	15.0
Q4	535.1	50.9	49.1	26.1	0.3	0.5	17.2	517.0	32.5	67.5	41.8	3.8	0.9	13.3
2011 Q1 (p)	526.3	50.5	49.5	26.6	0.3	1.1	17.0	511.1	33.7	66.3	39.5	4.8	0.7	13.0

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

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

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

1. Assets

	Total	Deposits and loan claims	Securities other than shares	Shares and other equity (excl. investment fund/ money market fund shares)	Investment fund/ money market fund shares	Non-financial assets	Other assets (incl. financial derivatives)
	1	2	3	4	5	6	7
	Outstanding amounts						
2010 Sep.	6,097.5	374.9	2,342.8	1,793.1	823.8	246.3	516.6
Oct.	6,163.1	375.8	2,356.9	1,843.4	835.2	247.7	504.2
Nov.	6,192.1	374.1	2,367.0	1,882.9	844.9	248.9	474.3
Dec.	6,255.5	366.1	2,364.0	1,983.7	863.8	213.7	464.2
2011 Jan.	6,282.1	379.6	2,350.5	1,981.8	863.0	217.6	489.5
Feb.	6,360.3	385.3	2,367.0	2,010.2	869.1	218.6	510.0
Mar. (p)	6,318.5	387.8	2,349.0	1,973.1	869.0	218.5	521.1
	Transactions						
2010 Q3	141.3	-14.0	65.1	15.0	17.7	-0.2	57.8
Q4	-0.5	-11.1	45.7	49.8	15.3	-2.8	-97.4
2011 Q1 (p)	113.1	21.1	25.1	15.5	5.9	2.0	43.4

2. Liabilities

	Total	Loans and deposits received	Investment fund shares issued				Other liabilities (incl. financial derivatives)
			Total	Held by euro area residents		Held by non-euro area residents	
					Investment funds		
	1	2	3	4	5	6	7
	Outstanding amounts						
2010 Sep.	6,097.5	126.4	5,514.9	4,346.3	624.3	1,168.6	456.1
Oct.	6,163.1	122.2	5,594.1	4,397.9	636.6	1,196.2	446.9
Nov.	6,192.1	119.6	5,642.4	4,396.9	640.2	1,245.5	430.1
Dec.	6,255.5	111.5	5,747.4	4,466.9	657.0	1,280.6	396.6
2011 Jan.	6,282.1	118.7	5,748.1	4,474.0	656.0	1,274.1	415.3
Feb.	6,360.3	123.3	5,804.7	4,516.1	660.5	1,288.6	432.4
Mar. (p)	6,318.5	128.4	5,751.0	4,442.6	657.0	1,308.4	439.1
	Transactions						
2010 Q3	141.3	-6.1	80.9	49.7	21.2	31.3	66.5
Q4	-0.5	-11.6	80.2	41.4	15.3	38.8	-69.0
2011 Q1 (p)	113.1	11.7	55.4	2.6	1.8	52.7	46.1

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

	Total	Funds by investment policy						Funds by type		Memo item: Money market funds
		Bond funds	Equity funds	Mixed funds	Real estate funds	Hedge funds	Other funds	Open-end funds	Closed-end funds	
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2010 Aug.	5,466.8	1,821.5	1,510.5	1,333.1	259.6	105.3	436.8	5,386.4	80.4	1,180.6
Sep.	5,514.9	1,813.2	1,554.7	1,345.5	259.9	101.7	440.0	5,434.6	80.4	1,137.7
Oct.	5,594.1	1,825.7	1,600.8	1,362.4	261.2	102.5	441.5	5,513.5	80.5	1,125.6
Nov.	5,642.4	1,829.5	1,641.1	1,366.2	259.3	106.8	439.6	5,561.5	80.9	1,152.5
Dec.	5,747.4	1,812.6	1,717.2	1,396.6	263.6	108.6	448.9	5,664.8	82.6	1,106.5
2011 Jan.	5,748.1	1,804.3	1,714.4	1,401.0	264.5	108.8	455.1	5,663.0	85.1	1,090.4
Feb.	5,804.7	1,817.0	1,735.4	1,416.6	266.0	109.9	459.6	5,719.5	85.1	1,097.9
Mar. (p)	5,751.0	1,802.7	1,701.0	1,407.5	266.4	110.4	463.0	5,666.3	84.7	1,077.4
	Transactions									
2010 Sep.	19.9	12.9	0.7	7.7	0.5	-1.2	-0.8	19.6	0.3	-17.8
Oct.	33.9	13.0	16.5	3.6	1.0	0.5	-0.6	34.0	-0.2	-6.5
Nov.	17.2	6.0	8.7	4.9	0.0	-0.6	-1.8	17.4	-0.2	6.0
Dec.	29.1	-4.9	13.0	13.2	2.7	2.3	2.7	28.0	1.1	-35.2
2011 Jan.	24.9	5.1	9.5	7.5	0.9	0.4	1.5	24.0	0.9	-9.6
Feb.	21.0	9.9	3.7	5.6	0.2	0.8	0.9	21.2	-0.2	8.8
Mar. (p)	9.4	3.8	-5.9	2.4	0.5	0.9	7.8	9.5	0.0	-8.7

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

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

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

1. Securities other than shares

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2010 Q2	2,273.1	1,436.7	379.9	706.7	192.4	6.0	151.6	836.4	229.0	326.0	16.0
Q3	2,342.8	1,469.6	384.7	721.0	193.5	6.4	164.0	873.2	242.4	330.7	16.3
Q4	2,364.0	1,428.9	375.1	690.8	192.7	6.1	164.1	935.2	247.0	365.2	16.1
2011 Q1 (p)	2,349.0	1,427.9	382.4	674.1	200.7	5.4	165.3	921.1	245.0	354.0	14.1
	Transactions										
2010 Q3	65.1	16.4	2.9	2.9	2.0	0.0	8.7	48.6	9.7	20.3	0.4
Q4	45.7	-8.3	-3.3	-8.8	0.6	-0.2	3.4	54.0	6.4	29.6	-2.0
2011 Q1 (p)	25.1	10.5	9.2	-8.8	8.0	-0.2	2.3	14.6	1.8	2.1	-1.0

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

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2010 Q2	1,714.0	671.2	74.0	-	34.0	23.9	539.2	1,042.8	140.8	316.0	78.1
Q3	1,793.1	712.4	79.7	-	37.4	24.2	571.0	1,080.7	153.9	314.5	67.2
Q4	1,983.7	747.9	76.7	-	39.8	25.1	606.2	1,235.8	171.4	354.9	83.7
2011 Q1 (p)	1,973.1	783.5	88.9	-	44.5	26.1	623.9	1,189.6	167.2	364.6	71.3
	Transactions										
2010 Q3	15.0	9.7	-0.8	-	2.1	0.3	8.1	5.3	2.0	0.4	-8.5
Q4	49.8	4.4	4.1	-	2.0	-0.6	-1.1	45.4	5.0	3.8	6.6
2011 Q1 (p)	15.5	12.1	5.8	-	2.9	-0.9	4.2	3.5	-0.4	16.1	-3.7

3. Investment fund/money market fund shares

	Total	Euro area						Rest of the world			
		Total	MFIs [2]	General government	Other financial intermediaries [2]	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2010 Q2	792.6	662.3	77.0	-	585.2	-	-	130.4	19.3	36.4	0.4
Q3	823.8	701.4	77.0	-	624.3	-	-	122.5	20.7	34.1	0.4
Q4	863.8	732.5	75.5	-	657.0	-	-	131.3	23.8	38.0	0.6
2011 Q1 (p)	869.0	734.1	77.1	-	657.0	-	-	135.0	22.5	41.1	0.5
	Transactions										
2010 Q3	17.7	22.3	1.1	-	21.2	-	-	-4.6	1.0	-0.8	0.0
Q4	15.3	13.4	-1.9	-	15.3	-	-	1.9	0.5	1.4	0.1
2011 Q1 (p)	5.9	3.5	1.7	-	1.8	-	-	2.4	-1.0	3.2	-0.1

Source: ECB.

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

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

3 EURO AREA ACCOUNTS

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

Uses 2010 Q4	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						557
Trade balance [1]						-20
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,218	124	766	62	266	
Other taxes less subsidies on production	35	8	17	5	5	
Consumption of fixed capital	356	98	199	12	48	
Net operating surplus and mixed income [1]	532	272	238	25	-3	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						6
Taxes less subsidies on production						
Property income	659	36	262	300	61	96
Interest	357	33	61	201	61	48
Other property income	303	3	200	99	0	48
Net national income [1]	2,043	1,677	78	34	255	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	304	246	50	8	0	1
Social contributions	461	461				1
Social benefits other than social transfers in kind	481	2	17	34	429	1
Other current transfers	206	80	28	48	50	9
Net non-life insurance premiums	46	33	11	1	1	1
Non-life insurance claims	46			46		1
Other	113	46	16	1	50	7
Net disposable income [1]	2,014	1,468	14	41	492	
Use of income account						
Net disposable income						
Final consumption expenditure	1,916	1,365			551	
Individual consumption expenditure	1,696	1,365			331	
Collective consumption expenditure	220				220	
Adjustment for the change in the net equity of households in pension fund reserves	16	0	1	15	0	0
Net saving/current external account [1]	99	118	13	27	-59	-4
Capital account						
Net saving/current external account						
Gross capital formation	451	141	223	13	74	
Gross fixed capital formation	470	141	242	13	74	
Changes in inventories and acquisitions less disposals of valuables	-18	0	-19	0	0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	1	-2	3	0	0	-1
Capital transfers	73	10	5	7	51	7
Capital taxes	6	6	0	0		0
Other capital transfers	67	4	5	6	51	7
Net lending (+)/net borrowing (-) (from capital account) [1]	7	83	10	33	-119	-7
Statistical discrepancy	0	20	-20	0	0	0

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

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

Resources 2010 Q4	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Imports of goods and services						537
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,141	502	1,219	104	316	
Taxes less subsidies on products	246					
Gross domestic product (market prices)[2]	2,387					
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	532	272	238	25	-3	
Compensation of employees	1,219	1,219				4
Taxes less subsidies on production	296				296	-15
Property income	656	221	102	308	24	100
Interest	343	54	31	248	10	61
Other property income	312	167	71	60	14	39
Net national income						
Secondary distribution of income account						
Net national income	2,043	1,677	78	34	255	
Current taxes on income, wealth, etc.	305				305	1
Social contributions	461	1	18	51	391	1
Social benefits other than social transfers in kind	479	479				3
Other current transfers	179	99	12	48	20	36
Net non-life insurance premiums	46			46		1
Non-life insurance claims	46	36	9	1	0	1
Other	87	64	3	0	20	34
Net disposable income						
Use of income account						
Net disposable income	2,014	1,468	14	41	492	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	16	16				0
Net saving/current external account						
Capital account						
Net saving/current external account	99	118	13	27	-59	-4
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	356	98	199	12	48	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	77	15	30	13	18	3
Capital taxes	6				6	0
Other capital transfers	71	15	30	13	12	3
Net lending (+)/net borrowing (-) (from capital account)						
Statistical discrepancy						

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

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

(EUR billions)

Assets 2010 Q4	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediaries	Insurance corporations and pension funds	General govern-ment	Rest of the world
Opening balance sheet, financial assets								
Total financial assets		18,609	17,015	32,830	14,663	6,712	3,541	16,253
Monetary gold and special drawing rights (SDRs)				386				
Currency and deposits		6,508	1,744	9,438	2,395	851	688	3,841
Short-term debt securities		46	120	617	301	49	32	653
Long-term debt securities		1,442	277	6,369	2,453	2,546	349	3,554
Loans		69	3,266	13,075	3,642	480	482	1,808
of which: Long-term		52	1,747	10,160	2,589	351	404	.
Shares and other equity		4,362	7,533	1,902	5,641	2,353	1,341	5,712
Quoted shares		769	1,454	381	1,897	437	267	.
Unquoted shares and other equity		2,178	5,712	1,194	2,943	423	873	.
Mutual fund shares		1,415	367	327	801	1,493	202	.
Insurance technical reserves		5,669	178	3	0	280	4	199
Other accounts receivable and financial derivatives		514	3,898	1,040	231	153	645	487
Net financial worth								
Financial account, transactions in financial assets								
Total transactions in financial assets		147	154	-40	55	11	235	63
Monetary gold and SDRs				0				0
Currency and deposits		115	50	-3	5	-18	13	-84
Short-term debt securities		-12	-41	-36	-6	-5	19	-21
Long-term debt securities		-4	57	-148	43	24	149	29
Loans		1	41	177	19	16	39	59
of which: Long-term		1	13	112	-30	2	36	.
Shares and other equity		-7	40	32	6	-4	-3	69
Quoted shares		9	16	19	36	1	-7	.
Unquoted shares and other equity		-1	26	15	-24	5	4	.
Mutual fund shares		-16	-2	-2	-6	-10	0	.
Insurance technical reserves		50	-2	0	0	-2	0	2
Other accounts receivable and financial derivatives		3	10	-62	-12	1	19	9
Changes in net financial worth due to transactions								
Other changes account, financial assets								
Total other changes in financial assets		108	128	-258	187	-53	1	61
Monetary gold and SDRs				35				
Currency and deposits		1	1	-216	31	1	0	11
Short-term debt securities		-1	1	0	3	0	0	-2
Long-term debt securities		-65	-12	-46	-42	-81	-5	-101
Loans		0	8	15	5	0	0	37
of which: Long-term		0	5	3	5	0	0	.
Shares and other equity		180	284	-6	204	28	12	132
Quoted shares		33	127	33	149	5	3	.
Unquoted shares and other equity		106	165	-24	21	7	2	.
Mutual fund shares		41	-8	-14	34	16	8	.
Insurance technical reserves		-12	0	0	0	-1	0	4
Other accounts receivable and financial derivatives		6	-153	-40	-12	0	-6	-20
Other changes in net financial worth								
Closing balance sheet, financial assets								
Total financial assets		18,864	17,298	32,532	14,905	6,670	3,777	16,378
Monetary gold and SDRs				420				
Currency and deposits		6,624	1,794	9,220	2,430	833	700	3,768
Short-term debt securities		33	79	581	298	44	51	630
Long-term debt securities		1,372	322	6,175	2,453	2,489	493	3,483
Loans		71	3,316	13,267	3,665	496	521	1,903
of which: Long-term		52	1,765	10,276	2,565	354	440	.
Shares and other equity		4,535	7,857	1,929	5,851	2,378	1,350	5,913
Quoted shares		811	1,596	433	2,082	443	262	.
Unquoted shares and other equity		2,283	5,904	1,185	2,940	435	879	.
Mutual fund shares		1,441	357	311	828	1,500	209	.
Insurance technical reserves		5,706	175	3	0	277	4	205
Other accounts receivable and financial derivatives		523	3,755	937	207	153	657	475
Net financial worth								

Source: ECB.

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

Liabilities 2010 Q4	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediaries	Insurance corporations and pension funds	General govern-ment	Rest of the world
Opening balance sheet, liabilities								
Total liabilities		6,588	26,163	32,088	14,129	6,773	8,824	14,673
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			29	22,519	25	0	262	2,629
Short-term debt securities			77	685	80	0	735	241
Long-term debt securities			819	4,614	2,740	38	5,876	2,903
Loans		5,999	8,612		3,329	280	1,499	3,104
of which: Long-term		5,642	6,020		1,821	103	1,289	.
Shares and other equity		7	12,554	2,764	7,736	450	8	5,326
Quoted shares			3,542	487	211	123	0	.
Unquoted shares and other equity		7	9,012	1,139	2,195	326	8	.
Mutual fund shares				1,138	5,331			.
Insurance technical reserves		34	337	62	1	5,897	1	
Other accounts payable and financial derivatives		548	3,735	1,443	219	107	444	470
Net financial worth [1]	-1,195	12,021	-9,148	743	534	-61	-5,283	
Financial account, transactions in liabilities								
Total transactions in liabilities		43	164	-77	45	26	355	70
Monetary gold and SDRs								
Currency and deposits			0	83	1	0	-9	1
Short-term debt securities			-6	-55	-3	0	-31	-6
Long-term debt securities			10	-19	9	1	143	7
Loans		45	15		42	-22	220	52
of which: Long-term		41	10		20	1	70	.
Shares and other equity		0	75	-16	54	1	0	19
Quoted shares			5	17	1	0	0	.
Unquoted shares and other equity		0	70	2	-34	1	0	.
Mutual fund shares				-34	87			.
Insurance technical reserves		0	4	2	0	42	0	
Other accounts payable and financial derivatives		-2	66	-72	-58	5	31	-2
Changes in net financial worth due to transactions [1]	7	103	-10	38	10	-15	-119	-7
Other changes account, liabilities								
Total other changes in liabilities		-4	328	-381	230	36	-222	153
Monetary gold and SDRs								
Currency and deposits			0	-189	0	0	0	17
Short-term debt securities			-1	2	0	0	0	0
Long-term debt securities			-20	-69	-8	1	-221	-36
Loans		5	-2		35	4	1	21
of which: Long-term		5	-1		34	4	1	.
Shares and other equity		0	396	56	164	7	-1	212
Quoted shares			266	-47	7	4	0	.
Unquoted shares and other equity		0	129	100	19	3	-1	.
Mutual fund shares				3	138			.
Insurance technical reserves		0	-3	0	0	-7	0	
Other accounts payable and financial derivatives		-9	-42	-181	39	30	-2	-60
Other changes in net financial worth [1]	126	112	-200	123	-43	-89	223	-91
Closing balance sheet, liabilities								
Total liabilities		6,627	26,655	31,629	14,404	6,835	8,957	14,895
Monetary gold and SDRs								
Currency and deposits			30	22,413	26	0	253	2,647
Short-term debt securities			70	633	76	0	703	235
Long-term debt securities			809	4,526	2,741	41	5,799	2,873
Loans		6,049	8,625		3,406	263	1,720	3,176
of which: Long-term		5,689	6,029		1,875	108	1,360	.
Shares and other equity		7	13,024	2,805	7,954	458	7	5,557
Quoted shares			3,813	457	218	127	0	.
Unquoted shares and other equity		7	9,211	1,241	2,180	330	7	.
Mutual fund shares				1,107	5,556			.
Insurance technical reserves		34	338	64	1	5,932	1	
Other accounts payable and financial derivatives		537	3,759	1,190	200	142	473	407
Net financial worth [1]	-1,062	12,237	-9,358	903	501	-166	-5,180	

Source: ECB.

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

Uses	2006	2007	2008	2009 Q1-2009 Q4	2009 Q2-2010 Q1	2009 Q3-2010 Q2	2009 Q4-2010 Q3	2010 Q1-2010 Q4
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,075	4,261	4,440	4,424	4,428	4,445	4,460	4,483
Other taxes less subsidies on production	127	136	132	113	109	109	113	115
Consumption of fixed capital	1,253	1,320	1,383	1,399	1,399	1,403	1,409	1,416
Net operating surplus and mixed income [1]	2,191	2,344	2,327	2,124	2,144	2,177	2,196	2,218
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	3,034	3,636	3,882	2,941	2,811	2,748	2,744	2,779
Interest	1,657	2,085	2,325	1,603	1,485	1,424	1,404	1,406
Other property income	1,377	1,551	1,557	1,338	1,326	1,324	1,340	1,373
Net national income [1]	7,329	7,727	7,784	7,527	7,566	7,625	7,685	7,744
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	1,028	1,113	1,122	1,013	1,013	1,021	1,027	1,037
Social contributions	1,542	1,598	1,668	1,673	1,678	1,684	1,691	1,703
Social benefits other than social transfers in kind	1,555	1,602	1,672	1,786	1,805	1,816	1,824	1,833
Other current transfers	723	753	787	786	790	788	791	785
Net non-life insurance premiums	180	184	188	183	183	181	180	180
Non-life insurance claims	180	184	189	183	183	181	181	180
Other	363	385	410	419	424	425	429	425
Net disposable income [1]	7,237	7,633	7,679	7,418	7,452	7,511	7,567	7,628
Use of income account								
Net disposable income								
Final consumption expenditure	6,646	6,910	7,167	7,178	7,213	7,253	7,301	7,348
Individual consumption expenditure	5,956	6,197	6,419	6,395	6,428	6,466	6,513	6,559
Collective consumption expenditure	689	712	748	783	785	787	788	788
Adjustment for the change in the net equity of households in pension fund reserves	64	65	71	66	65	63	62	61
Net saving [1]	592	724	513	240	239	258	266	280
Capital account								
Net saving								
Gross capital formation	1,879	2,033	2,045	1,712	1,691	1,727	1,752	1,777
Gross fixed capital formation	1,857	1,991	2,018	1,782	1,759	1,765	1,774	1,787
Changes in inventories and acquisitions less disposals of valuables	22	42	27	-70	-68	-38	-22	-10
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	0	-1	0	1	2	1	1	1
Capital transfers	170	153	152	185	194	188	201	211
Capital taxes	23	24	24	34	34	30	30	25
Other capital transfers	148	128	128	151	159	158	172	186
Net lending (+)/net borrowing (-) (from capital account) [1]	-20	27	-140	-66	-44	-59	-70	-71

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

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

(EUR billions; four-quarter cumulated flows)

Resources	2006	2007	2008	2009 Q1-2009 Q4	2009 Q2-2010 Q1	2009 Q3-2010 Q2	2009 Q4-2010 Q3	2010 Q1-2010 Q4
Generation of income account								
Gross value added (basic prices)	7,647	8,061	8,282	8,060	8,080	8,132	8,178	8,232
Taxes less subsidies on products	915	961	947	892	894	910	930	938
Gross domestic product (market prices)[2]	8,562	9,022	9,228	8,952	8,975	9,042	9,107	9,170
Compensation of employees								
Other taxes less subsidies on production								
Consumption of fixed capital								
Net operating surplus and mixed income								
Allocation of primary income account								
Net operating surplus and mixed income	2,191	2,344	2,327	2,124	2,144	2,177	2,196	2,218
Compensation of employees	4,083	4,269	4,446	4,430	4,434	4,451	4,467	4,489
Taxes less subsidies on production	1,055	1,105	1,085	1,022	1,021	1,035	1,058	1,068
Property income	3,035	3,646	3,808	2,892	2,777	2,710	2,710	2,747
Interest	1,628	2,048	2,264	1,544	1,431	1,375	1,355	1,354
Other property income	1,407	1,598	1,544	1,348	1,346	1,335	1,355	1,393
Net national income								
Secondary distribution of income account								
Net national income	7,329	7,727	7,784	7,527	7,566	7,625	7,685	7,744
Current taxes on income, wealth, etc.	1,033	1,120	1,130	1,019	1,018	1,025	1,032	1,041
Social contributions	1,541	1,597	1,668	1,673	1,678	1,684	1,691	1,703
Social benefits other than social transfers in kind	1,547	1,593	1,664	1,779	1,798	1,808	1,816	1,825
Other current transfers	634	662	683	679	679	678	676	672
Net non-life insurance premiums	180	184	189	183	183	181	181	180
Non-life insurance claims	177	182	186	180	180	178	177	176
Other	278	296	308	316	317	318	318	316
Net disposable income								
Use of income account								
Net disposable income	7,237	7,633	7,679	7,418	7,452	7,511	7,567	7,628
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	64	65	71	66	65	63	62	62
Net saving								
Capital account								
Net saving	592	724	513	240	239	258	266	280
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,253	1,320	1,383	1,399	1,399	1,403	1,409	1,416
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	185	168	162	194	204	197	210	222
Capital taxes	23	24	24	34	34	30	30	25
Other capital transfers	162	143	138	160	169	167	181	197
Net lending (+)/net borrowing (-) (from capital account)								

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

3.3 Households

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

	2006	2007	2008	2009 Q1-2009 Q4	2009 Q2-2010 Q1	2009 Q3-2010 Q2	2009 Q4-2010 Q3	2010 Q1-2010 Q4
Income, saving and changes in net worth								
Compensation of employees (+)	4,083	4,269	4,446	4,430	4,434	4,451	4,467	4,489
Gross operating surplus and mixed income (+)	1,421	1,492	1,536	1,485	1,484	1,487	1,493	1,500
Interest receivable (+)	264	313	347	241	223	215	212	212
Interest payable (-)	167	217	245	146	135	129	127	127
Other property income receivable (+)	748	807	818	735	732	715	725	732
Other property income payable (-)	10	10	10	10	10	10	10	10
Current taxes on income and wealth (-)	794	853	892	861	859	860	864	868
Net social contributions (-)	1,537	1,594	1,663	1,669	1,673	1,679	1,686	1,698
Net social benefits (+)	1,542	1,587	1,658	1,773	1,791	1,802	1,809	1,818
Net current transfers receivable (+)	67	71	72	80	81	81	80	78
= Gross disposable income	5,617	5,866	6,066	6,058	6,068	6,071	6,099	6,127
Final consumption expenditure (-)	4,909	5,104	5,271	5,195	5,221	5,251	5,293	5,336
Changes in net worth in pension funds (+)	64	64	70	66	65	63	62	61
= Gross saving	772	826	866	928	911	883	869	853
Consumption of fixed capital (-)	342	365	381	383	383	385	387	389
Net capital transfers receivable (+)	19	13	2	14	11	9	9	14
Other changes in net worth (+)	2,612	1,416	-2,294	-251	793	853	950	1,027
= Changes in net worth	3,061	1,891	-1,807	309	1,332	1,361	1,441	1,505
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	608	645	637	551	541	543	546	550
Consumption of fixed capital (-)	342	365	381	383	383	385	387	389
Main items of financial investment (+)								
Short-term assets	318	420	452	-17	-97	-83	-33	53
Currency and deposits	285	350	438	120	64	63	89	119
Money market fund shares	1	39	-10	-48	-84	-84	-95	-54
Debt securities [1]	32	31	24	-90	-77	-62	-27	-12
Long-term assets	296	119	31	534	609	564	456	365
Deposits	1	-31	-28	90	118	110	87	60
Debt securities	17	21	30	48	26	36	-7	-11
Shares and other equity	8	-79	-101	169	211	170	131	84
Quoted and unquoted shares and other equity	0	2	23	110	120	99	60	60
Mutual fund shares	8	-82	-124	59	92	71	71	24
Life insurance and pension fund reserves	269	209	130	227	254	247	244	232
Main items of financing (-)								
Loans	404	373	212	114	128	136	140	137
of which: From euro area MFIs	350	283	82	65	108	136	135	148
Other changes in assets (+)								
Non-financial assets	2,061	1,426	-898	-758	-111	434	777	842
Financial assets	555	17	-1,469	480	885	430	200	210
Shares and other equity	458	9	-1,245	234	510	169	50	184
Life insurance and pension fund reserves	66	8	-244	177	266	172	114	70
Remaining net flows (+)	-30	2	34	15	17	-5	22	10
= Changes in net worth	3,061	1,891	-1,807	309	1,332	1,361	1,441	1,505
Balance sheet								
Non-financial assets (+)	25,652	27,358	26,716	26,127	26,164	26,625	26,989	27,130
Financial assets (+)								
Short-term assets	4,809	5,264	5,800	5,768	5,725	5,767	5,753	5,828
Currency and deposits	4,462	4,852	5,322	5,475	5,447	5,507	5,499	5,598
Money market fund shares	255	293	324	244	233	216	201	190
Debt securities [1]	91	120	154	50	45	44	52	39
Long-term assets	11,926	12,026	10,521	11,549	11,817	11,702	11,942	12,114
Deposits	1,018	953	894	964	991	1,002	1,009	1,025
Debt securities	1,242	1,260	1,314	1,433	1,447	1,444	1,435	1,367
Shares and other equity	5,097	5,028	3,641	4,078	4,174	4,018	4,161	4,345
Quoted and unquoted shares and other equity	3,622	3,680	2,663	2,929	2,984	2,853	2,947	3,094
Mutual fund shares	1,475	1,348	979	1,149	1,190	1,166	1,214	1,251
Life insurance and pension fund reserves	4,569	4,786	4,672	5,075	5,205	5,238	5,337	5,377
Remaining net assets (+)	309	303	315	318	296	310	325	344
Liabilities (-)								
Loans	5,228	5,591	5,799	5,900	5,907	5,972	5,999	6,049
of which: From euro area MFIs	4,560	4,831	4,906	4,961	4,979	5,132	5,151	5,206
= Net worth	37,470	39,360	37,553	37,862	38,095	38,432	39,010	39,367

Sources: ECB and Eurostat.

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

3.4 Non-financial corporations

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

	2006	2007	2008	2009 Q1-2009 Q4	2009 Q2-2010 Q1	2009 Q3-2010 Q2	2009 Q4-2010 Q3	2010 Q1-2010 Q4
Income and saving								
Gross value added (basic prices) (+)	4,375	4,647	4,762	4,525	4,537	4,578	4,613	4,658
Compensation of employees (-)	2,589	2,719	2,840	2,787	2,785	2,796	2,808	2,828
Other taxes less subsidies on production (-)	74	80	76	62	58	56	60	60
= Gross operating surplus (+)	1,712	1,848	1,846	1,676	1,695	1,726	1,746	1,770
Consumption of fixed capital (-)	706	740	777	787	786	786	789	792
= Net operating surplus (+)	1,006	1,108	1,069	888	909	940	957	978
Property income receivable (+)	504	596	587	482	477	484	485	495
Interest receivable	172	204	218	147	136	130	127	125
Other property income receivable	332	393	369	334	340	354	358	370
Interest and rents payable (-)	288	354	404	287	268	257	252	253
= Net entrepreneurial income (+)	1,222	1,351	1,253	1,083	1,118	1,167	1,190	1,221
Distributed income (-)	926	988	1,012	908	899	903	913	938
Taxes on income and wealth payable (-)	190	211	197	125	126	134	136	142
Social contributions receivable (+)	75	64	67	69	69	69	69	70
Social benefits payable (-)	61	62	65	67	67	68	68	68
Other net transfers (-)	65	57	61	62	63	64	64	64
= Net saving	54	96	-16	-11	33	68	79	79
Investment, financing and saving								
Net acquisition of non-financial assets (+)	307	376	340	77	71	115	137	160
Gross fixed capital formation (+)	989	1,076	1,094	936	927	939	948	963
Consumption of fixed capital (-)	706	740	777	787	786	786	789	792
Net acquisition of other non-financial assets (+)	24	40	22	-72	-69	-38	-23	-11
Main items of financial investment (+)								
Short-term assets	165	162	62	49	76	33	30	-8
Currency and deposits	146	154	15	90	98	58	49	66
Money market fund shares	2	-19	30	38	4	-21	-27	-32
Debt securities [1]	18	27	17	-79	-27	-4	8	-42
Long-term assets	485	743	660	312	264	346	434	538
Deposits	23	-26	26	0	-10	-9	-7	-12
Debt securities	2	8	-45	11	-13	40	50	85
Shares and other equity	307	458	337	117	99	69	110	189
Other (mainly intercompany loans)	153	303	341	183	188	246	281	277
Remaining net assets (+)	74	158	-15	40	126	38	19	-54
Main items of financing (-)								
Debt	658	882	708	165	181	178	255	241
of which: Loans from euro area MFIs	444	538	393	-116	-98	-90	-33	-15
of which: Debt securities	36	33	52	84	103	83	69	63
Shares and other equity	246	392	278	240	241	204	207	239
Quoted shares	32	55	6	67	67	47	37	31
Unquoted shares and other equity	214	338	271	173	173	157	169	208
Net capital transfers receivable (-)	72	69	74	81	80	80	79	75
= Net saving	54	96	-16	-11	33	68	79	79
Financial balance sheet								
Financial assets								
Short-term assets	1,665	1,815	1,893	1,971	1,941	1,932	1,946	1,964
Currency and deposits	1,367	1,507	1,537	1,634	1,604	1,610	1,625	1,695
Money market fund shares	183	159	185	206	198	181	181	175
Debt securities [1]	116	150	171	131	140	142	140	94
Long-term assets	9,995	10,941	9,308	10,369	10,698	10,624	10,993	11,403
Deposits	102	105	127	109	111	116	118	99
Debt securities	280	288	251	220	232	259	257	307
Shares and other equity	7,479	8,096	6,126	7,033	7,249	7,026	7,351	7,681
Other (mainly intercompany loans)	2,134	2,451	2,803	3,008	3,105	3,224	3,266	3,316
Remaining net assets	262	306	342	339	382	358	370	202
Liabilities								
Debt	7,849	8,708	9,441	9,627	9,715	9,801	9,845	9,843
of which: Loans from euro area MFIs	3,947	4,472	4,864	4,700	4,705	4,723	4,703	4,684
of which: Debt securities	644	654	710	821	871	880	896	879
Shares and other equity	13,156	14,336	10,791	12,215	12,445	11,910	12,554	13,024
Quoted shares	4,554	5,056	2,933	3,515	3,590	3,316	3,542	3,813
Unquoted shares and other equity	8,601	9,281	7,858	8,700	8,855	8,595	9,012	9,211

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

3.5 Insurance corporations and pension funds

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

	2006	2007	2008	2009 Q1-2009 Q4	2009 Q2-2010 Q1	2009 Q3-2010 Q2	2009 Q4-2010 Q3	2010 Q1-2010 Q4
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	22	30	91	-39	-46	-10	12	-15
Currency and deposits	12	7	57	-33	-21	2	6	-10
Money market fund shares	3	2	20	9	1	12	11	-6
Debt securities [1]	7	22	14	-15	-26	-24	-6	0
Long-term assets	325	198	93	287	314	271	251	221
Deposits	62	46	-10	19	1	-6	-6	-9
Debt securities	156	87	43	91	105	137	152	149
Loans	1	-14	38	14	15	15	15	29
Quoted shares	-7	0	3	-68	-75	-73	3	0
Unquoted shares and other equity	19	17	17	-2	2	4	3	5
Mutual fund shares	95	63	2	234	266	195	84	45
Remaining net assets (+)	15	4	27	8	24	13	14	9
Main items of financing (-)								
Debt securities	5	4	6	5	3	4	1	0
Loans	50	-2	24	-26	-17	-9	11	7
Shares and other equity	9	3	6	3	2	3	3	3
Insurance technical reserves	297	259	112	252	292	282	274	249
Net equity of households in life insurance and pension fund reserves	277	214	121	240	273	266	260	233
Prepayments of insurance premiums and reserves for outstanding claims	21	45	-9	12	19	16	14	16
= Changes in net financial worth due to transactions	0	-32	63	23	12	-5	-13	-44
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	166	19	-544	197	315	151	92	86
Other net assets	-6	-25	51	40	89	112	102	-5
Other changes in liabilities (-)								
Shares and other equity	25	-4	-170	15	75	31	-6	2
Insurance technical reserves	123	17	-249	183	267	177	118	81
Net equity of households in life insurance and pension fund reserves	64	17	-250	184	269	177	120	84
Prepayments of insurance premiums and reserves for outstanding claims	59	1	1	0	-3	-1	-2	-3
= Other changes in net financial worth	12	-19	-74	39	62	55	82	-2
Financial balance sheet								
Financial assets (+)								
Short-term assets	296	322	416	372	383	397	394	365
Currency and deposits	157	163	224	195	196	206	203	190
Money market fund shares	80	80	98	99	103	108	107	94
Debt securities [1]	59	79	94	78	84	82	84	81
Long-term assets	5,279	5,482	5,034	5,586	5,775	5,764	5,885	5,875
Deposits	598	646	634	651	650	645	648	643
Debt securities	2,054	2,123	2,170	2,321	2,406	2,443	2,511	2,452
Loans	430	416	451	466	474	479	480	496
Quoted shares	709	698	411	424	441	414	437	443
Unquoted shares and other equity	403	444	412	424	426	427	423	435
Mutual fund shares	1,085	1,156	955	1,299	1,378	1,356	1,386	1,406
Remaining net assets (+)	210	204	280	269	291	307	325	288
Liabilities (-)								
Debt securities	20	23	31	39	40	40	39	41
Loans	256	252	278	251	262	268	280	263
Shares and other equity	600	599	435	453	471	444	450	458
Insurance technical reserves	5,028	5,305	5,168	5,602	5,755	5,798	5,897	5,932
Net equity of households in life insurance and pension fund reserves	4,252	4,482	4,353	4,777	4,912	4,951	5,053	5,093
Prepayments of insurance premiums and reserves for outstanding claims	777	822	814	826	843	847	844	839
= Net financial wealth	-119	-170	-181	-119	-79	-83	-61	-166

Source: ECB.

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

FINANCIAL MARKETS

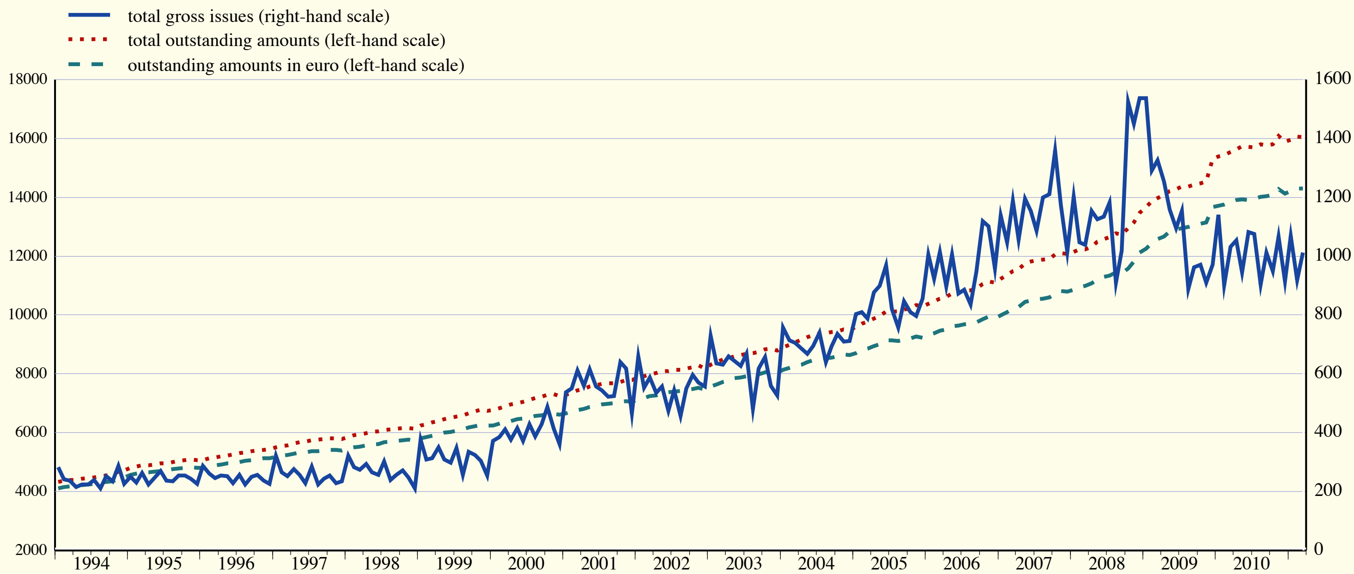
4.1 Securities other than shares by original maturity, residency of the issuer and currency

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

	Total in euro [1]			By euro area residents								
				In euro			In all currencies					
	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Annual growth rates	Seasonally adjusted [2]	
											Net issues	6-month growth rates
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2010 Mar.	16,138.6	1,027.9	143.3	13,850.8	923.6	101.4	15,548.5	1,031.3	109.5	5.5	94.6	2.6
Apr.	16,180.5	1,004.0	44.3	13,901.0	948.0	52.2	15,630.6	1,054.4	75.8	5.2	48.6	3.0
May	16,188.0	867.6	9.1	13,938.0	839.6	38.5	15,739.5	944.1	58.6	4.3	-5.5	2.4
June	16,172.8	1,049.7	7.8	13,913.4	984.3	-1.4	15,720.4	1,081.7	-12.6	3.7	7.8	2.6
July	16,194.2	1,008.6	22.4	13,960.8	969.9	48.5	15,694.6	1,075.6	15.5	3.3	47.8	2.4
Aug.	16,259.0	840.9	65.1	14,022.9	800.6	62.4	15,800.9	902.8	82.2	3.7	143.6	4.4
Sep.	16,277.5	984.8	18.8	14,040.7	908.3	18.1	15,754.9	1,013.1	4.7	3.1	48.6	3.8
Oct.	16,285.3	887.8	10.4	14,078.5	843.0	40.4	15,792.9	949.5	52.6	3.2	23.8	3.4
Nov.	16,464.9	992.5	180.8	14,277.2	953.5	199.8	16,077.0	1,066.5	239.0	4.3	211.6	6.3
Dec.	16,299.4	874.8	-164.1	14,128.9	842.1	-146.8	15,883.3	914.3	-185.6	3.5	-139.0	4.3
2011 Jan.	16,380.6	1,003.2	80.4	14,205.2	952.7	75.6	15,958.1	1,068.3	93.4	3.7	104.7	5.1
Feb.	16,488.6	864.8	108.9	14,305.4	812.4	101.2	16,058.7	917.6	106.5	4.1	59.1	3.9
Mar.	16,500.7	973.0	11.2	14,308.6	906.0	2.3	16,045.6	1,012.3	10.3	3.5	-4.6	3.2
	Long-term											
2010 Mar.	14,596.2	310.4	132.6	12,436.6	250.1	107.7	13,921.5	281.5	113.5	7.1	108.2	4.7
Apr.	14,641.1	246.8	45.9	12,482.4	223.5	46.4	13,995.7	255.3	67.0	7.0	53.0	4.5
May	14,652.3	154.4	11.7	12,515.6	148.4	33.6	14,102.6	181.7	59.5	5.9	-4.3	3.5
June	14,656.7	273.0	29.0	12,520.7	245.7	29.9	14,116.3	265.6	23.4	5.0	5.6	4.2
July	14,690.5	260.6	34.9	12,556.3	241.2	36.8	14,093.9	268.6	14.9	4.8	57.5	3.4
Aug.	14,721.8	140.8	32.1	12,587.5	127.4	32.0	14,159.6	152.8	43.6	4.7	104.6	4.7
Sep.	14,725.5	268.4	4.0	12,601.4	228.2	14.3	14,116.8	258.7	4.4	4.1	38.0	3.7
Oct.	14,763.0	222.3	37.7	12,650.9	195.5	49.6	14,172.3	232.7	65.6	4.1	57.9	3.7
Nov.	14,907.2	338.3	145.3	12,810.2	321.8	160.3	14,404.5	360.3	191.3	4.8	159.8	6.2
Dec.	14,867.3	186.5	-37.4	12,788.0	179.4	-19.5	14,350.1	193.4	-47.0	4.8	-45.7	5.4
2011 Jan.	14,937.0	308.9	71.3	12,841.4	277.9	54.9	14,400.3	320.0	70.4	4.9	125.2	6.4
Feb.	15,045.5	283.5	108.7	12,939.9	252.8	98.9	14,491.0	284.8	95.2	5.1	43.8	5.4
Mar.	15,071.2	301.6	25.1	12,970.8	265.5	30.2	14,497.4	299.7	27.2	4.4	20.1	5.2

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

(EUR billions)



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

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

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

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

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

1. Outstanding amounts and gross issues

	Outstanding amounts						Gross issues [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2009	15,296	5,376	3,232	801	5,418	469	1,126	734	63	86	215	29
2010	15,883	5,255	3,293	850	5,932	553	1,006	625	77	71	205	28
2010 Q2	15,720	5,454	3,229	844	5,675	518	1,027	661	62	79	194	30
Q3	15,755	5,426	3,221	844	5,735	529	997	631	75	67	196	29
Q4	15,883	5,255	3,293	850	5,932	553	977	566	109	63	206	32
2011 Q1	16,046	5,354	3,281	822	6,024	563	999	590	87	58	220	43
2010 Dec.	15,883	5,255	3,293	850	5,932	553	914	587	99	56	138	35
2011 Jan.	15,958	5,303	3,315	818	5,978	544	1,068	629	82	63	249	45
Feb.	16,059	5,361	3,313	822	6,021	542	918	558	80	51	194	35
Mar.	16,046	5,354	3,281	822	6,024	563	1,012	584	100	59	218	50
	Short-term											
2009	1,638	733	88	72	714	31	876	635	19	69	133	20
2010	1,533	572	118	66	724	53	758	534	31	59	115	19
2010 Q2	1,604	734	95	73	673	29	793	570	31	66	106	19
Q3	1,638	743	94	71	689	41	770	545	29	58	118	21
Q4	1,533	572	118	66	724	53	715	484	37	52	117	24
2011 Q1	1,548	618	111	68	700	51	698	461	40	48	118	30
2010 Dec.	1,533	572	118	66	724	53	721	504	42	51	94	29
2011 Jan.	1,558	593	120	70	727	47	748	496	30	53	132	36
Feb.	1,568	615	116	71	726	41	633	427	33	46	106	21
Mar.	1,548	618	111	68	700	51	713	460	56	46	117	34
	Long-term [2]											
2009	13,658	4,643	3,143	729	4,704	438	251	99	44	17	82	9
2010	14,350	4,683	3,176	785	5,207	499	248	91	46	12	90	9
2010 Q2	14,116	4,720	3,134	771	5,002	489	234	91	31	13	88	11
Q3	14,117	4,683	3,127	773	5,046	488	227	86	46	9	78	8
Q4	14,350	4,683	3,176	785	5,207	499	262	83	72	11	89	8
2011 Q1	14,497	4,737	3,170	754	5,324	513	301	129	47	10	102	13
2010 Dec.	14,350	4,683	3,176	785	5,207	499	193	83	57	5	44	5
2011 Jan.	14,400	4,710	3,195	748	5,251	497	320	133	52	10	117	9
Feb.	14,491	4,746	3,197	751	5,295	501	285	131	46	5	88	14
Mar.	14,497	4,737	3,170	754	5,324	513	300	124	44	14	101	17
	of which: Long-term fixed rate											
2009	8,829	2,586	1,034	596	4,262	351	173	60	18	16	72	6
2010	9,501	2,659	1,098	669	4,699	377	156	50	13	10	77	6
2010 Q2	9,312	2,663	1,083	651	4,543	372	156	47	12	11	80	6
Q3	9,335	2,649	1,070	655	4,592	369	141	48	12	8	68	5
Q4	9,501	2,659	1,098	669	4,699	377	143	43	19	10	65	6
2011 Q1	9,664	2,729	1,104	654	4,789	388	196	79	12	8	87	9
2010 Dec.	9,501	2,659	1,098	669	4,699	377	94	30	18	4	38	3
2011 Jan.	9,519	2,675	1,101	649	4,718	376	196	84	6	8	92	6
Feb.	9,602	2,714	1,099	652	4,759	378	190	80	16	5	79	10
Mar.	9,664	2,729	1,104	654	4,789	388	202	73	15	11	90	12
	of which: Long-term variable rate											
2009	4,391	1,770	2,043	123	370	85	62	28	25	1	6	2
2010	4,377	1,746	1,973	108	430	121	77	34	29	1	10	4
2010 Q2	4,337	1,768	1,966	110	378	115	65	37	17	1	5	6
Q3	4,340	1,754	1,979	109	381	117	73	29	33	1	6	3
Q4	4,377	1,746	1,973	108	430	121	102	33	44	0	22	2
2011 Q1	4,338	1,720	1,946	94	456	123	85	40	29	1	11	4
2010 Dec.	4,377	1,746	1,973	108	430	121	73	46	19	0	6	2
2011 Jan.	4,393	1,753	1,981	93	447	119	99	38	40	1	18	3
Feb.	4,390	1,745	1,983	93	448	121	75	40	24	0	7	3
Mar.	4,338	1,720	1,946	94	456	123	82	43	24	2	9	5

Source: ECB.

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

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

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

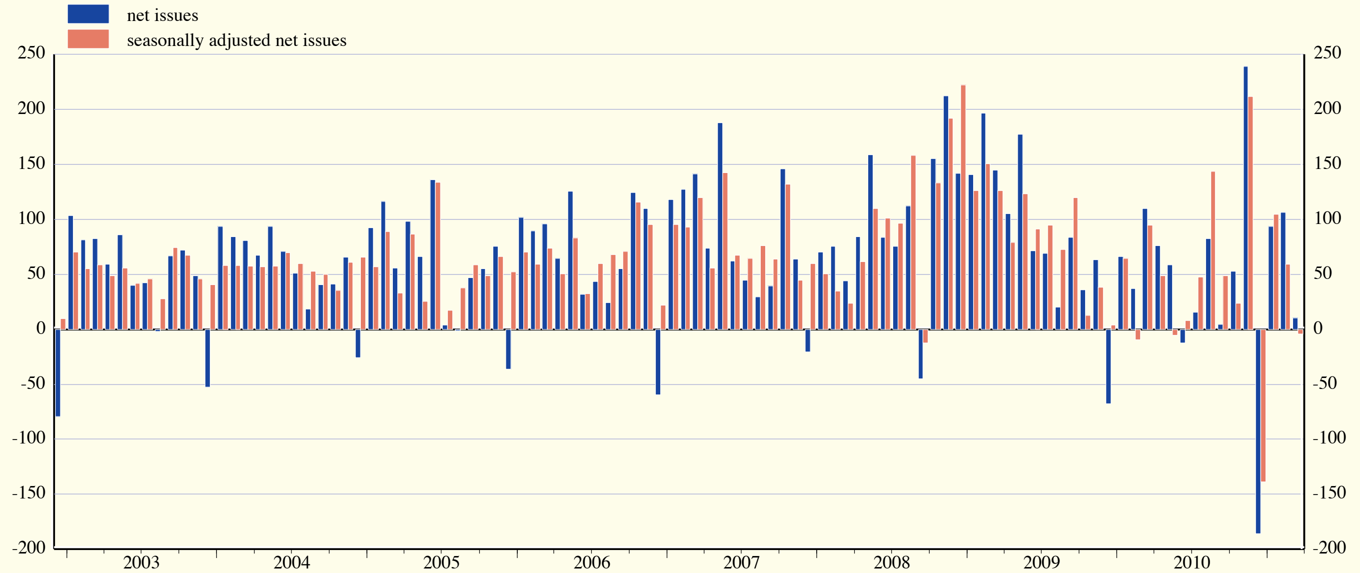
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

2. Net issues

	Non-seasonally adjusted [1]						Seasonally adjusted [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2009	86.7	10.2	18.9	8.4	44.9	4.2	86.5	10.1	18.5	8.2	45.4	4.3
2010	45.2	-0.9	4.2	5.0	31.6	5.3	44.8	-1.1	4.2	5.0	31.8	4.9
2010 Q2	40.6	-12.7	7.8	4.9	33.3	7.3	17.0	-15.2	2.4	0.7	21.7	7.3
Q3	34.1	2.7	1.7	2.7	22.4	4.6	80.0	12.1	25.5	5.0	31.2	6.1
Q4	35.3	-19.2	22.9	1.1	22.9	7.6	32.1	-8.9	-13.4	4.0	48.0	2.4
2011 Q1	70.1	42.4	-12.9	3.9	32.5	4.2	53.0	26.2	5.1	2.8	11.0	8.0
2010 Dec.	-185.6	-44.2	-25.9	-8.4	-115.5	8.3	-139.0	-0.9	-100.2	0.6	-36.6	-1.9
2011 Jan.	93.4	58.4	-9.0	3.8	48.3	-8.0	104.7	49.4	23.4	0.9	26.5	4.5
Feb.	106.5	61.9	-1.1	4.0	43.6	-1.8	59.1	34.1	10.1	2.4	13.9	-1.4
Mar.	10.3	6.9	-28.6	3.9	5.5	22.5	-4.6	-4.7	-18.3	5.1	-7.4	20.8
	Long-term											
2009	87.3	15.0	22.0	12.5	33.0	4.8	87.2	15.2	21.6	12.6	33.1	4.7
2010	54.3	2.2	1.8	5.5	41.3	3.5	54.5	2.2	1.7	5.6	41.5	3.5
2010 Q2	50.0	-7.7	3.1	6.1	43.0	5.4	18.1	-17.6	-1.9	2.2	30.2	5.2
Q3	21.0	-1.4	2.0	3.2	16.7	0.5	66.7	6.3	24.3	5.0	28.8	2.3
Q4	70.0	-4.6	15.0	3.0	53.1	3.5	57.3	7.5	-20.7	4.5	64.1	2.0
2011 Q1	64.3	26.8	-10.2	2.3	40.5	4.9	63.0	17.2	8.2	2.9	30.0	4.7
2010 Dec.	-47.0	-5.2	-40.2	-2.0	-1.6	2.0	-45.7	29.0	-116.0	1.6	37.7	1.9
2011 Jan.	70.4	38.8	-9.5	-2.2	45.2	-1.8	125.2	46.2	25.5	-1.1	55.9	-1.4
Feb.	95.2	39.5	3.0	2.9	45.1	4.7	43.8	13.8	11.0	2.0	10.7	6.3
Mar.	27.2	2.1	-24.0	6.3	31.1	11.7	20.1	-8.4	-11.9	7.8	23.2	9.3

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

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

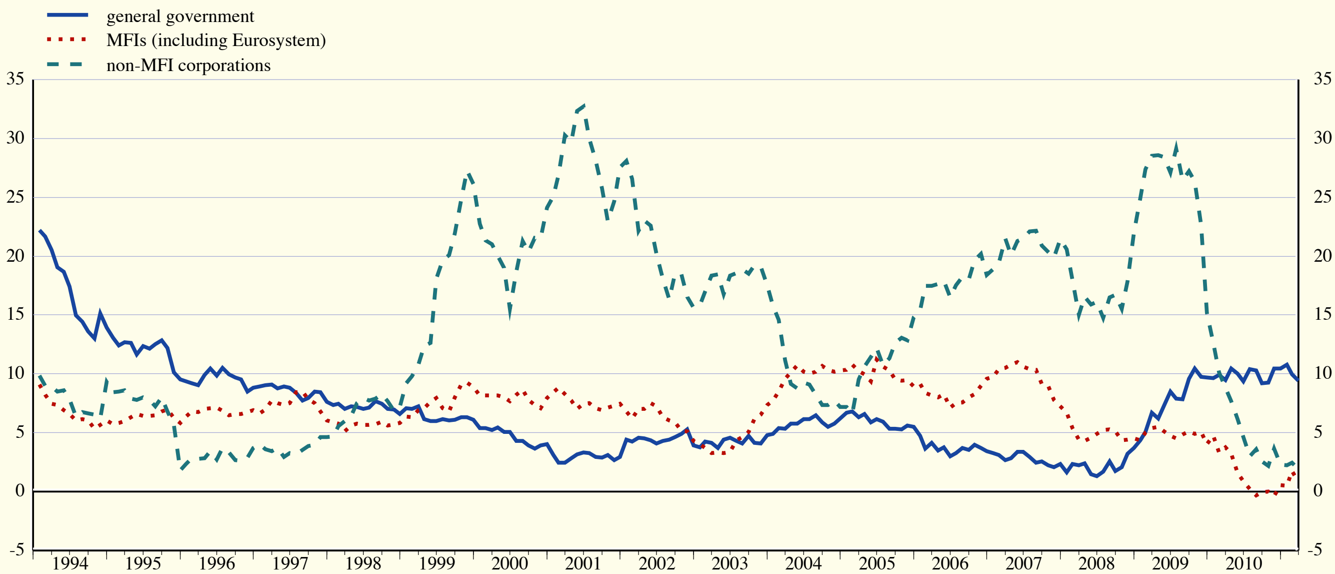


Source: ECB.
1) Monthly data on net issues refer to transactions during the month. For the purposes of comparison, quarterly and annual data refer to the respective monthly averages.

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

	Annual growth rates (non-seasonally adjusted)						6-month seasonally adjusted growth rates					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
						Total						
2010 Mar.	5.5	1.5	4.4	16.2	8.7	8.4	2.6	-0.4	-3.5	13.1	7.2	7.0
Apr.	5.2	1.3	3.5	16.2	8.7	7.5	3.0	2.2	-3.3	13.3	5.7	5.9
May	4.3	-0.2	2.7	15.0	8.2	7.7	2.4	0.0	-2.4	12.6	5.7	7.3
June	3.7	-0.4	1.6	12.3	7.4	10.3	2.6	-0.8	0.9	8.3	5.3	14.4
July	3.3	-0.9	0.4	10.1	7.6	10.7	2.4	-2.4	0.6	8.1	6.2	17.0
Aug.	3.7	-0.3	1.5	10.2	7.5	10.8	4.4	0.6	5.3	5.3	6.6	15.1
Sep.	3.1	-0.3	0.8	8.6	6.5	11.9	3.8	-0.3	5.3	4.2	5.8	17.0
Oct.	3.2	0.1	0.4	8.4	6.4	11.7	3.4	-2.0	4.3	3.9	7.0	17.5
Nov.	4.3	0.1	2.5	8.4	8.1	12.6	6.3	0.2	7.8	4.3	10.5	18.3
Dec.	3.5	-0.2	1.6	7.5	7.0	13.0	4.3	0.3	2.3	6.6	8.5	10.2
2011 Jan.	3.7	0.1	1.7	7.2	7.1	13.2	5.1	2.7	2.7	6.2	8.0	9.9
Feb.	4.1	1.7	2.5	5.5	6.7	11.8	3.9	2.8	-0.2	5.5	6.6	8.8
Mar.	3.5	0.8	1.9	4.6	5.9	14.4	3.2	2.0	-1.5	5.0	6.1	12.0
						Long-term						
2010 Mar.	7.1	3.8	5.3	22.6	9.0	15.0	4.7	1.3	-3.2	16.9	10.5	13.9
Apr.	7.0	3.2	4.2	21.5	10.2	12.5	4.5	1.7	-2.9	15.8	9.6	12.2
May	5.9	1.6	3.1	18.5	10.0	10.7	3.5	-0.8	-2.4	12.7	9.9	10.0
June	5.0	0.9	1.8	15.9	9.0	13.1	4.2	-0.6	0.7	10.8	9.5	13.2
July	4.8	0.2	0.6	12.7	10.3	11.3	3.4	-3.1	0.7	9.1	10.3	10.6
Aug.	4.7	-0.3	1.3	12.9	10.2	11.1	4.7	-1.0	4.5	7.0	9.9	9.5
Sep.	4.1	-0.1	0.5	11.2	8.9	11.8	3.7	-1.4	4.4	5.8	7.4	9.8
Oct.	4.1	0.0	0.2	10.6	9.0	11.2	3.7	-1.7	3.4	5.7	8.4	10.2
Nov.	4.8	-0.4	2.2	9.8	10.4	11.0	6.2	0.0	7.2	6.9	10.8	12.1
Dec.	4.8	0.6	0.7	9.1	10.5	9.3	5.4	1.8	0.7	7.6	11.6	5.4
2011 Jan.	4.9	0.5	0.8	8.3	11.0	8.4	6.4	4.2	0.9	7.5	11.7	6.2
Feb.	5.1	1.7	1.5	6.7	10.1	8.6	5.4	4.6	-1.5	6.3	10.3	7.9
Mar.	4.4	0.8	1.0	5.9	9.4	9.1	5.2	3.2	-2.3	5.9	11.5	8.4

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

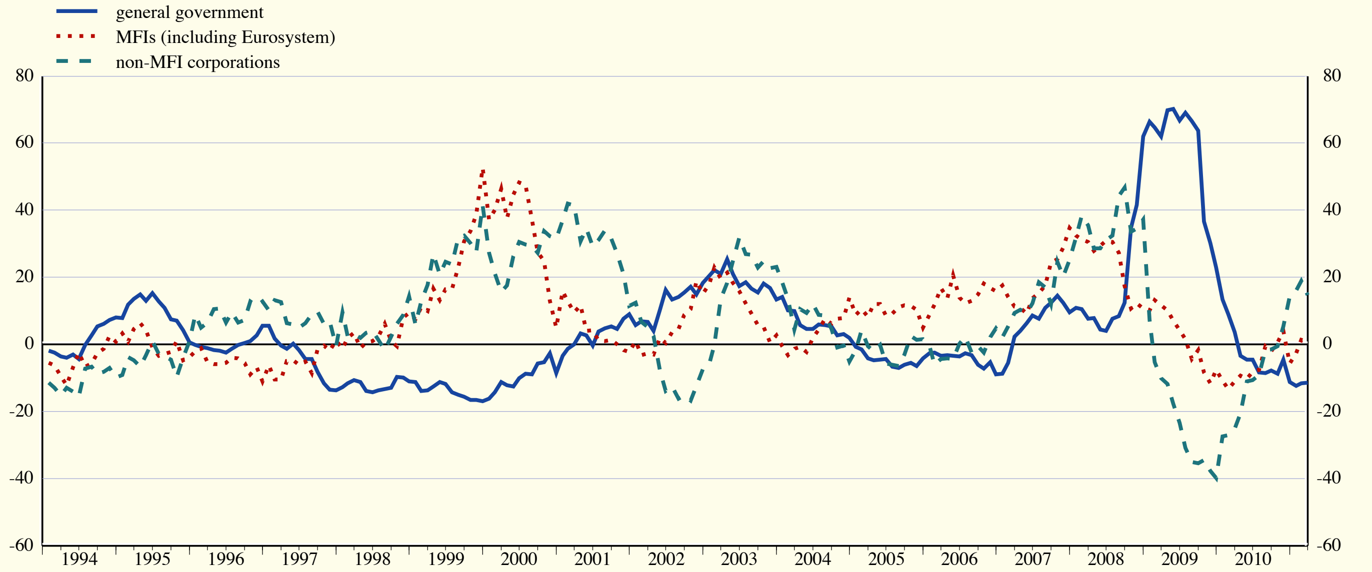


Source: ECB.
1) For details of the calculation of the growth rates, see the Technical Notes. The six-month growth rates have been annualised.

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

	Long-term fixed rate						Long-term variable rate					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	13	14	15	16	17	18	19	20	21	22	23	24
	In all currencies combined											
2009	9.5	7.1	18.0	25.0	8.0	5.5	12.4	1.8	36.8	-1.9	-0.2	22.2
2010	8.8	5.6	6.7	19.6	9.9	8.7	-0.4	-3.7	0.8	-1.3	6.4	27.4
2010 Q2	9.7	7.3	7.3	23.1	10.1	9.4	-1.1	-4.2	0.1	-0.4	4.9	25.6
Q3	7.5	3.1	3.4	16.1	10.2	7.3	-1.4	-3.7	-1.4	-1.8	4.5	29.0
Q4	7.0	2.8	3.3	12.4	9.7	7.2	-0.1	-3.1	-0.8	-0.8	12.2	25.5
2011 Q1	6.9	3.4	3.2	9.3	9.7	5.8	0.7	-1.8	-1.5	-1.1	19.1	19.8
2010 Oct.	6.9	2.9	3.0	12.8	9.4	7.7	-0.7	-3.2	-1.2	-1.1	8.6	25.1
Nov.	7.1	2.6	3.7	11.9	10.0	7.3	0.7	-3.8	0.5	-0.5	18.6	25.1
Dec.	7.1	2.7	3.9	11.1	10.1	5.1	0.3	-1.5	-2.2	-0.3	15.9	25.8
2011 Jan.	7.0	2.6	3.0	10.1	10.4	5.7	0.6	-1.7	-1.6	-0.3	17.9	18.5
Feb.	6.9	4.3	3.2	8.5	9.2	5.8	1.3	-1.3	-0.8	-2.3	21.0	18.8
Mar.	6.5	4.1	3.2	7.4	8.8	6.5	0.1	-3.4	-1.7	-0.8	20.8	18.7
	In euro											
2009	10.1	9.0	21.4	23.2	8.2	4.5	14.7	3.9	39.3	-2.4	-0.4	21.4
2010	9.1	5.5	7.8	20.0	10.0	8.3	-0.2	-3.2	0.6	-1.7	5.9	26.0
2010 Q2	9.9	7.4	8.3	23.5	10.1	9.0	-1.2	-4.0	-0.5	-0.6	4.1	22.9
Q3	7.9	2.7	4.5	16.5	10.3	7.2	-1.2	-3.0	-1.7	-2.5	4.1	28.3
Q4	7.2	1.6	4.3	12.9	10.0	6.6	0.2	-2.3	-1.2	-1.2	12.3	26.3
2011 Q1	7.0	2.3	3.5	9.7	9.9	4.6	1.2	-0.1	-2.2	-1.5	19.2	20.8
2010 Oct.	7.1	1.9	4.2	13.3	9.6	6.9	-0.4	-2.6	-1.3	-1.5	8.6	26.0
Nov.	7.2	1.3	4.5	12.3	10.2	6.8	1.0	-3.0	-0.3	-0.9	18.8	26.2
Dec.	7.2	1.4	4.8	11.7	10.3	4.6	0.7	-0.2	-2.9	-0.7	16.1	27.5
2011 Jan.	7.2	1.4	3.2	10.7	10.7	4.3	1.0	0.0	-2.5	-0.5	18.1	19.5
Feb.	6.9	3.2	3.4	8.9	9.4	4.7	1.9	0.7	-1.6	-2.6	21.0	19.8
Mar.	6.6	3.3	3.0	7.7	9.0	5.1	0.6	-1.8	-2.4	-2.1	20.7	19.0

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



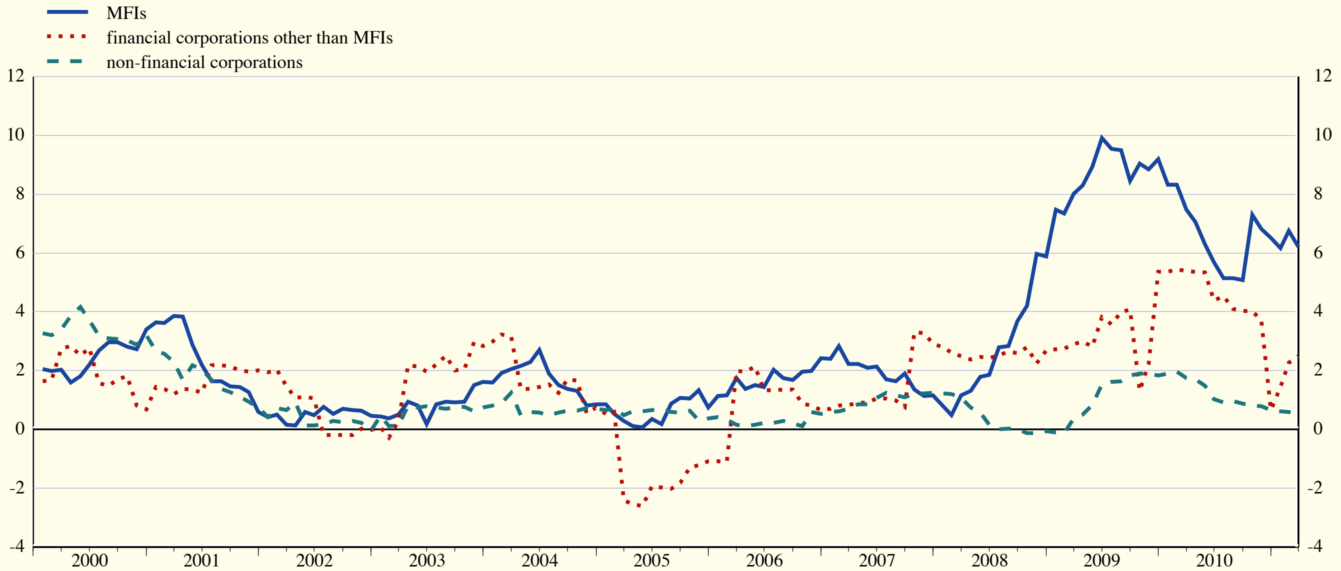
Source: ECB.
1) Annual percentage changes for monthly data refer to the end of the month, whereas those for quarterly and yearly data refer to the annual change in the period average. See the Technical Notes for details.

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

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

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 2008 = 100	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)
	1	2	3	4	5	6	7	8	9
2009 Mar.	3,027.0	100.6	1.5	313.7	8.0	224.7	2.9	2,488.6	0.4
Apr.	3,459.1	100.7	1.6	410.4	8.3	275.8	3.0	2,772.9	0.5
May	3,605.5	101.0	1.9	448.8	8.9	284.5	2.8	2,872.3	0.8
June	3,557.5	101.8	2.7	445.3	9.9	280.6	3.8	2,831.5	1.5
July	3,842.8	102.0	2.7	505.7	9.6	302.2	3.6	3,034.8	1.6
Aug.	4,041.3	102.0	2.7	568.4	9.5	322.8	4.0	3,150.0	1.6
Sep.	4,210.4	102.1	2.8	588.4	8.4	353.4	4.1	3,268.6	1.8
Oct.	4,065.1	102.3	2.7	563.3	9.0	328.1	1.3	3,173.7	1.9
Nov.	4,079.4	102.6	2.7	563.8	8.8	319.6	2.2	3,196.0	1.9
Dec.	4,411.1	103.0	3.0	566.0	9.2	350.6	5.4	3,494.5	1.8
2010 Jan.	4,243.3	103.1	2.9	516.7	8.3	340.4	5.4	3,386.2	1.9
Feb.	4,162.0	103.2	3.0	499.3	8.3	339.0	5.4	3,323.7	2.0
Mar.	4,474.9	103.4	2.8	543.6	7.5	365.0	5.4	3,566.3	1.8
Apr.	4,409.6	103.4	2.7	508.4	7.1	345.5	5.4	3,555.8	1.7
May	4,093.9	103.5	2.4	445.9	6.3	322.4	5.3	3,325.6	1.5
June	4,055.1	103.7	1.9	446.4	5.7	315.3	4.4	3,293.4	1.0
July	4,256.6	103.7	1.7	519.8	5.1	337.8	4.5	3,399.0	0.9
Aug.	4,121.7	103.8	1.7	479.3	5.1	314.1	4.1	3,328.3	1.0
Sep.	4,345.8	103.8	1.7	487.0	5.1	326.3	4.0	3,532.4	0.9
Oct.	4,531.5	104.1	1.8	514.4	7.3	333.3	4.0	3,683.8	0.8
Nov.	4,409.7	104.3	1.7	437.8	6.8	312.2	3.7	3,659.7	0.8
Dec.	4,593.9	104.3	1.3	458.4	6.5	330.9	0.7	3,804.6	0.7
2011 Jan.	4,757.8	104.4	1.3	514.3	6.2	363.0	1.4	3,880.5	0.6
Feb.	4,843.7	104.6	1.4	534.6	6.8	376.3	2.3	3,932.7	0.6
Mar.	4,770.3	104.7	1.2	491.7	6.2	365.4	2.5	3,913.3	0.5

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



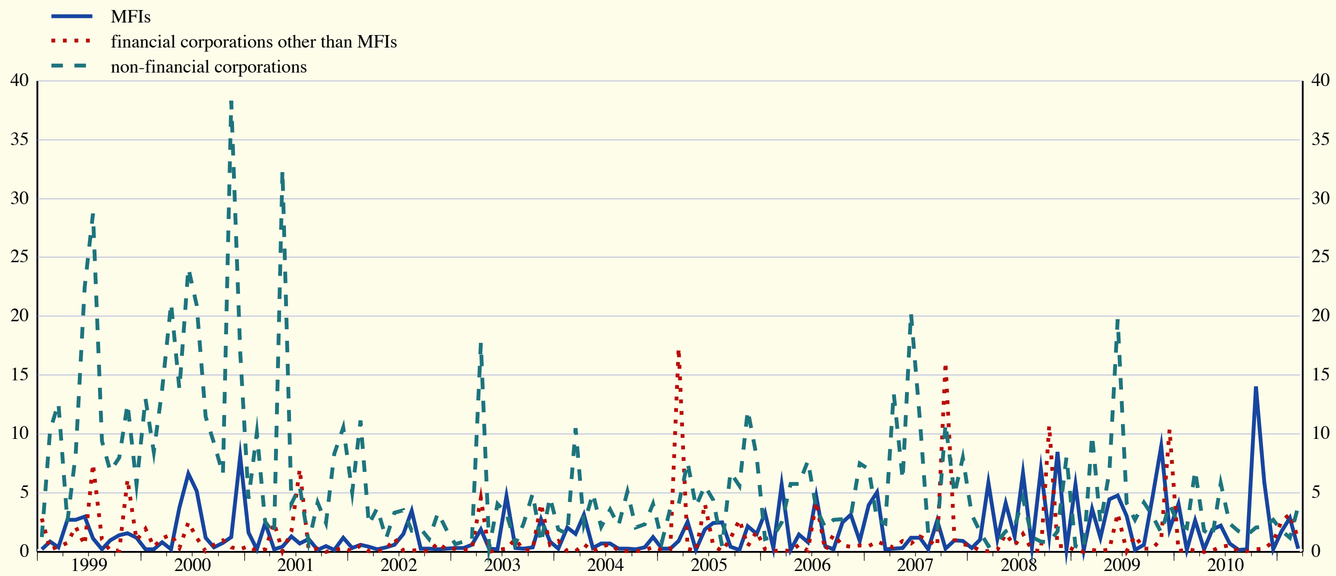
Source: ECB.
1) For details of the calculation of the index and the growth rates, see the Technical Notes.

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

2. Transactions during the month

	Total			MFIs			Financial corporations other than MFIs			Non-financial corporations		
	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues
	1	2	3	4	5	6	7	8	9	10	11	12
2009 Mar.	13.7	0.2	13.4	3.6	0.0	3.6	0.2	0.0	0.1	9.9	0.2	9.7
Apr.	3.7	0.3	3.4	1.2	0.0	1.2	0.1	0.0	0.0	2.4	0.3	2.1
May	11.4	0.3	11.1	4.4	0.0	4.4	0.2	0.0	0.1	6.8	0.3	6.5
June	27.8	2.0	25.8	4.8	0.0	4.8	3.3	0.3	3.0	19.7	1.8	18.0
July	7.2	0.2	7.0	3.0	0.0	3.0	0.0	0.0	0.0	4.1	0.1	4.0
Aug.	4.0	3.3	0.7	0.0	0.0	0.0	1.3	0.0	1.3	2.7	3.3	-0.6
Sep.	5.0	0.3	4.7	0.6	0.0	0.6	0.2	0.0	0.2	4.2	0.2	3.9
Oct.	7.8	0.3	7.5	4.5	0.0	4.5	0.2	0.0	0.2	3.1	0.2	2.8
Nov.	11.6	0.2	11.4	9.0	0.0	9.0	1.0	0.0	1.0	1.6	0.2	1.4
Dec.	16.2	0.2	16.1	1.9	0.0	1.9	10.4	0.1	10.3	4.0	0.1	3.9
2010 Jan.	6.4	0.0	6.4	4.1	0.0	4.1	0.1	0.0	0.1	2.3	0.0	2.3
Feb.	2.2	0.3	1.9	0.0	0.0	0.0	0.2	0.0	0.2	2.0	0.3	1.7
Mar.	9.6	0.6	9.0	2.6	0.0	2.6	0.1	0.0	0.1	6.9	0.6	6.3
Apr.	1.8	0.4	1.5	0.1	0.0	0.0	0.0	0.0	0.0	1.8	0.3	1.5
May	3.2	0.8	2.4	1.9	0.0	1.9	0.1	0.0	0.1	1.3	0.8	0.4
June	8.4	0.4	8.0	2.2	0.0	2.2	0.4	0.0	0.4	5.8	0.4	5.4
July	3.6	0.8	2.7	0.7	0.0	0.7	0.5	0.0	0.5	2.4	0.8	1.6
Aug.	1.8	1.2	0.6	0.0	0.0	0.0	0.0	0.0	0.0	1.7	1.2	0.6
Sep.	1.6	0.2	1.4	0.2	0.0	0.2	0.0	0.0	0.0	1.4	0.2	1.2
Oct.	16.3	1.1	15.2	14.0	0.0	14.0	0.2	0.1	0.1	2.0	1.0	1.0
Nov.	8.2	1.2	7.0	5.9	0.0	5.9	0.2	0.1	0.2	2.1	1.2	0.9
Dec.	3.7	3.4	0.3	0.2	0.0	0.2	0.8	0.3	0.5	2.7	3.1	-0.4
2011 Jan.	6.1	1.3	4.8	1.7	0.0	1.7	2.6	0.0	2.6	1.8	1.3	0.5
Feb.	7.3	0.2	7.0	2.9	0.0	2.9	3.2	0.0	3.2	1.2	0.2	0.9
Mar.	5.0	1.4	3.6	0.1	0.0	0.1	1.0	0.2	0.8	3.8	1.2	2.6

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



Source: ECB.

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

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

1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight [2]	With an agreed maturity of:			Redeemable at notice of: [2), 3)]		Overnight [2]	With an agreed maturity of:			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9	10	11
2010 May	0.40	2.04	2.73	2.24	1.40	1.98	0.43	0.77	2.78	2.26	0.52
June	0.43	2.16	2.26	2.47	1.41	1.96	0.43	0.89	1.85	2.26	0.66
July	0.43	2.31	2.59	2.36	1.40	1.93	0.45	1.06	2.11	2.23	0.74
Aug.	0.43	2.21	2.54	2.36	1.50	1.91	0.45	1.01	2.01	2.22	0.70
Sep.	0.43	2.25	2.76	2.28	1.55	1.85	0.46	1.11	2.18	2.81	0.71
Oct.	0.43	2.35	2.75	2.80	1.54	1.82	0.50	1.18	2.36	2.53	0.94
Nov.	0.44	2.33	2.65	2.67	1.54	1.83	0.50	1.16	2.45	2.41	0.90
Dec.	0.43	2.27	2.77	2.59	1.55	1.84	0.50	1.19	2.56	2.60	1.07
2011 Jan.	0.43	2.38	2.61	2.77	1.53	1.85	0.54	1.29	2.42	2.52	1.02
Feb.	0.44	2.36	2.74	2.80	1.60	1.86	0.52	1.32	2.37	2.69	1.04
Mar.	0.45	2.34	2.78	2.90	1.61	1.88	0.54	1.37	2.53	2.81	1.14
Apr.	0.46	2.47	2.85	3.08	1.65	1.89	0.61	1.57	2.62	2.93	1.30

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

	Revolving loans and overdrafts, convenience and extended credit card debt [2]	Consumer credit				Lending for house purchase					Other lending by initial rate fixation		
		By initial rate fixation			Annual percentage rate of charge [4]	By initial rate fixation				Annual percentage rate of charge [4]			
		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
2010 May	8.77	6.69	6.14	7.84	7.62	2.58	3.64	4.14	4.01	3.58	3.09	4.45	4.50
June	8.86	5.18	6.13	7.74	7.12	2.56	3.59	4.06	3.90	3.54	3.01	4.22	4.27
July	8.79	5.48	6.22	7.77	7.33	2.66	3.60	3.94	3.84	3.63	3.14	4.29	4.27
Aug.	8.78	5.38	6.26	7.87	7.37	2.84	3.62	3.95	3.81	3.76	3.35	4.52	4.14
Sep.	8.79	5.52	6.18	7.87	7.33	2.75	3.56	3.84	3.74	3.62	3.33	4.35	4.07
Oct.	8.72	5.36	6.03	7.71	7.17	2.76	3.55	3.78	3.69	3.61	3.37	4.43	4.21
Nov.	8.66	5.39	6.08	7.64	7.17	2.80	3.53	3.76	3.70	3.65	3.55	4.37	4.17
Dec.	8.63	5.16	5.95	7.24	6.89	2.78	3.52	3.80	3.71	3.68	3.39	4.31	4.15
2011 Jan.	8.67	5.09	6.13	7.83	7.20	2.94	3.69	3.91	3.84	3.83	3.37	4.32	4.30
Feb.	8.85	5.38	6.13	7.83	7.31	2.96	3.83	4.06	3.92	3.90	3.51	4.71	4.47
Mar.	8.83	5.44	6.22	7.82	7.32	3.01	3.82	4.15	4.01	3.93	3.56	4.78	4.60
Apr.	8.97	5.17	6.23	7.80	7.23	3.12	3.95	4.24	4.15	4.04	3.70	4.73	4.74

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

	Revolving loans and overdrafts, convenience and extended credit card debt [2]	Other loans of up to EUR 1 million by initial rate fixation			Other loans of over EUR 1 million by initial rate fixation		
		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years	Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7
2010 May	3.97	3.25	4.12	3.86	1.96	2.84	3.41
June	3.70	3.24	4.09	3.80	2.17	2.86	3.34
July	3.70	3.30	4.23	3.95	2.25	2.85	3.20
Aug.	3.75	3.39	4.14	3.85	2.28	2.91	3.65
Sep.	3.80	3.35	4.10	3.79	2.26	2.72	3.51
Oct.	3.83	3.45	4.16	3.82	2.32	2.94	3.46
Nov.	3.85	3.56	4.26	3.82	2.42	3.05	3.53
Dec.	3.86	3.50	4.18	3.86	2.59	2.82	3.51
2011 Jan.	4.00	3.46	4.15	3.86	2.45	2.95	3.74
Feb.	4.01	3.60	4.37	4.03	2.62	3.29	3.81
Mar.	4.01	3.70	4.49	4.19	2.63	3.20	3.84
Apr.	4.13	3.78	4.56	4.23	2.80	3.52	4.27

Source: ECB.

1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) For this instrument category, new business and outstanding amounts coincide. End of period. Data as of June 2010 may not be fully comparable with those prior to that date owing to methodological changes arising from the implementation of Regulations ECB/2008/32 and ECB/2009/7 (amending Regulation ECB/2001/18).
3) For this instrument category, households and non-financial corporations are merged and allocated to the household sector, since the outstanding amounts of non-financial corporations are negligible compared with those of the household sector when all participating Member States are combined.
4) The annual percentage rate of charge covers the total cost of a loan. The total cost comprises both an interest rate component and a component incorporating other (related) charges, such as the cost of inquiries, administration, preparation of documents and guarantees.

4.5 MFI interest rates on euro-denominated deposits from and loans to euro area residents [1], *
(percentages per annum; outstanding amounts as at end of period, new business as period average, unless otherwise indicated)

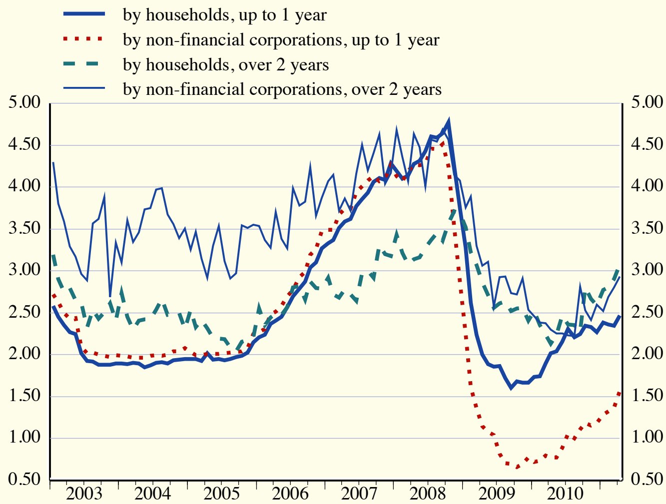
4. Interest rates on deposits (outstanding amounts)

	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight [2]	With an agreed maturity of:		Redeemable at notice of: [2,3]		Overnight [2]	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2010 May	0.40	2.12	2.71	1.40	1.98	0.43	1.42	3.22	1.14
June	0.43	2.13	2.72	1.41	1.96	0.43	1.46	3.11	1.24
July	0.43	2.15	2.73	1.40	1.93	0.45	1.54	3.14	1.24
Aug.	0.43	2.17	2.72	1.50	1.91	0.45	1.57	3.11	1.25
Sep.	0.43	2.19	2.74	1.55	1.85	0.46	1.62	3.07	1.26
Oct.	0.43	2.22	2.70	1.54	1.82	0.50	1.68	3.07	1.29
Nov.	0.44	2.25	2.72	1.54	1.83	0.50	1.70	3.11	1.33
Dec.	0.43	2.28	2.71	1.55	1.84	0.50	1.76	3.09	1.50
2011 Jan.	0.43	2.31	2.72	1.53	1.85	0.54	1.78	3.07	1.55
Feb.	0.44	2.34	2.73	1.60	1.86	0.52	1.79	3.09	1.59
Mar.	0.45	2.38	2.71	1.61	1.88	0.54	1.84	3.13	1.65
Apr.	0.46	2.40	2.73	1.65	1.89	0.61	1.93	3.11	1.72

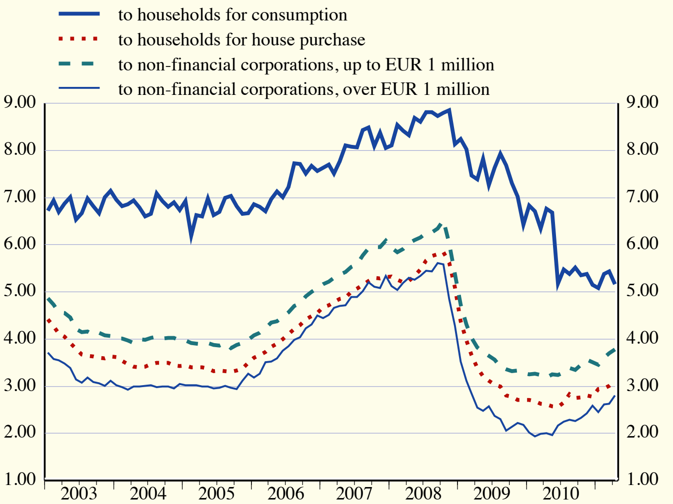
5. Interest rates on loans (outstanding amounts)

	Loans to households						Loans to non-financial corporations		
	Lending for house purchase with a maturity of:			Consumer credit and other loans with a maturity of:			With a maturity of:		
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9
2010 May	3.87	3.97	3.89	7.39	6.45	5.29	3.40	3.20	3.31
June	3.79	3.96	3.84	7.71	6.48	5.21	3.31	3.22	3.30
July	3.73	3.93	3.82	7.76	6.50	5.19	3.34	3.25	3.33
Aug.	3.79	3.89	3.81	7.79	6.46	5.20	3.37	3.29	3.34
Sep.	3.83	3.88	3.83	7.89	6.45	5.21	3.42	3.29	3.37
Oct.	3.80	3.86	3.82	7.86	6.45	5.19	3.48	3.34	3.38
Nov.	3.77	3.86	3.84	7.73	6.47	5.20	3.50	3.39	3.41
Dec.	3.73	3.83	3.81	7.71	6.41	5.18	3.49	3.41	3.42
2011 Jan.	3.71	3.80	3.80	7.82	6.40	5.17	3.60	3.44	3.42
Feb.	3.68	3.81	3.82	7.85	6.43	5.20	3.64	3.47	3.47
Mar.	3.72	3.80	3.84	7.89	6.40	5.19	3.68	3.49	3.48
Apr.	3.82	3.78	3.84	7.91	6.42	5.23	3.79	3.59	3.54

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



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

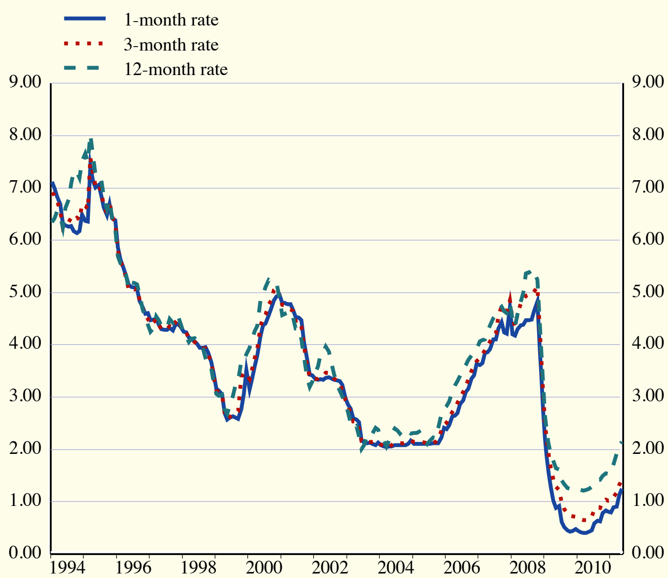


Source: ECB.
* For the source of the data in the table and the related footnotes, please see page S42.

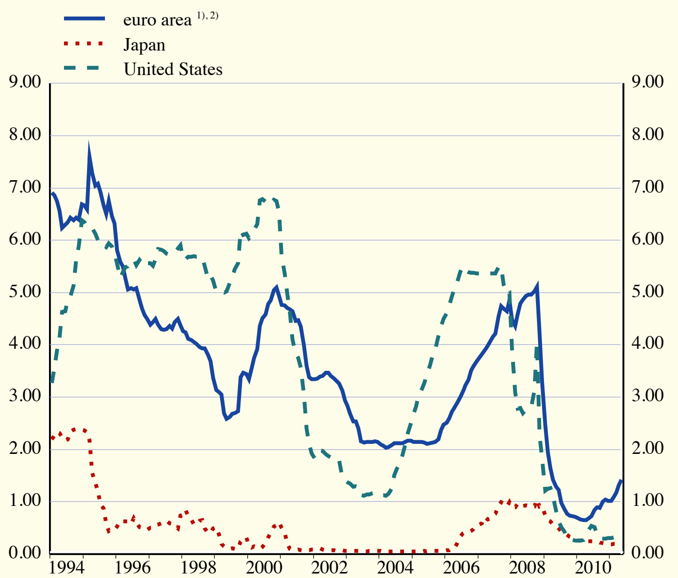
4.6 Money market interest rates
(percentages per annum; period averages)

	Euro area [1), 2)]					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2008	3.87	4.28	4.64	4.73	4.83	2.93	0.93
2009	0.71	0.89	1.22	1.43	1.61	0.69	0.47
2010	0.44	0.57	0.81	1.08	1.35	0.34	0.23
2010 Q1	0.34	0.42	0.66	0.96	1.22	0.26	0.25
Q2	0.35	0.43	0.69	0.98	1.25	0.44	0.24
Q3	0.45	0.61	0.87	1.13	1.40	0.39	0.24
Q4	0.59	0.81	1.02	1.25	1.52	0.29	0.19
2011 Q1	0.67	0.86	1.10	1.37	1.74	0.31	0.19
2010 May	0.34	0.42	0.69	0.98	1.25	0.46	0.24
June	0.35	0.45	0.73	1.01	1.28	0.54	0.24
July	0.48	0.58	0.85	1.10	1.37	0.51	0.24
Aug.	0.43	0.64	0.90	1.15	1.42	0.36	0.24
Sep.	0.45	0.62	0.88	1.14	1.42	0.29	0.22
Oct.	0.70	0.78	1.00	1.22	1.50	0.29	0.20
Nov.	0.59	0.83	1.04	1.27	1.54	0.29	0.19
Dec.	0.50	0.81	1.02	1.25	1.53	0.30	0.18
2011 Jan.	0.66	0.79	1.02	1.25	1.55	0.30	0.19
Feb.	0.71	0.89	1.09	1.35	1.71	0.31	0.19
Mar.	0.66	0.90	1.18	1.48	1.92	0.31	0.20
Apr.	0.97	1.13	1.32	1.62	2.09	0.28	0.20
May	1.03	1.24	1.43	1.71	2.15	0.26	0.20

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



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



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

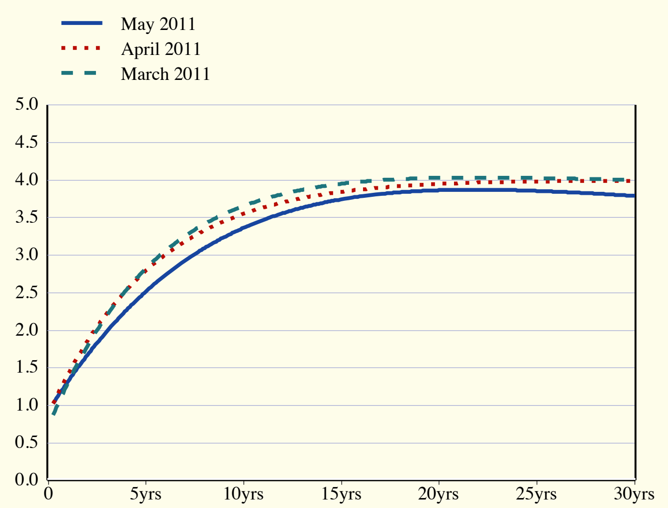
4.7 Euro area yield curves [1]

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

	Spot rates								Instantaneous forward rates			
	3 months	1 year	2 years	5 years	7 years	10 years	10 years - 3 months (spread)	10 years - 2 years (spread)	1 year	2 years	5 years	10 years
	1	2	3	4	5	6	7	8	9	10	11	12
2008	1.75	1.85	2.14	2.95	3.32	3.69	1.94	1.55	2.09	2.76	4.04	4.60
2009	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20
2010	0.49	0.60	0.93	2.15	2.78	3.36	2.87	2.43	0.85	1.70	3.99	4.69
2010 Q1	0.33	0.60	1.05	2.28	2.86	3.46	3.13	2.41	1.02	1.98	3.96	5.02
Q2	0.34	0.42	0.69	1.79	2.41	3.03	2.68	2.33	0.62	1.35	3.54	4.52
Q3	0.57	0.68	0.90	1.71	2.18	2.67	2.10	1.77	0.86	1.41	3.01	3.91
Q4	0.49	0.60	0.93	2.15	2.78	3.36	2.87	2.43	0.85	1.70	3.99	4.69
2011 Q1	0.87	1.30	1.79	2.83	3.26	3.66	2.79	1.87	1.84	2.69	4.12	4.63
2010 May	0.21	0.28	0.57	1.75	2.39	3.00	2.78	2.43	0.47	1.28	3.58	4.46
June	0.34	0.42	0.69	1.79	2.41	3.03	2.68	2.33	0.62	1.35	3.54	4.52
July	0.45	0.59	0.87	1.88	2.44	3.01	2.56	2.14	0.82	1.51	3.45	4.43
Aug.	0.43	0.45	0.62	1.47	1.97	2.48	2.05	1.85	0.55	1.09	2.87	3.70
Sep.	0.57	0.68	0.90	1.71	2.18	2.67	2.10	1.77	0.86	1.41	3.01	3.91
Oct.	0.75	0.84	1.06	1.89	2.36	2.86	2.11	1.80	1.02	1.57	3.21	4.09
Nov.	0.63	0.72	0.99	2.02	2.58	3.11	2.48	2.12	0.92	1.62	3.62	4.35
Dec.	0.49	0.60	0.93	2.15	2.78	3.36	2.87	2.43	0.85	1.70	3.99	4.69
2011 Jan.	0.65	1.03	1.48	2.55	3.03	3.49	2.84	2.01	1.51	2.34	3.96	4.62
Feb.	0.69	1.08	1.53	2.55	3.02	3.49	2.80	1.96	1.56	2.37	3.91	4.67
Mar.	0.87	1.30	1.79	2.83	3.26	3.66	2.79	1.87	1.84	2.69	4.12	4.63
Apr.	1.02	1.41	1.86	2.80	3.19	3.55	2.53	1.70	1.90	2.67	3.96	4.46
May	1.03	1.32	1.67	2.52	2.93	3.37	2.34	1.69	1.69	2.34	3.69	4.51

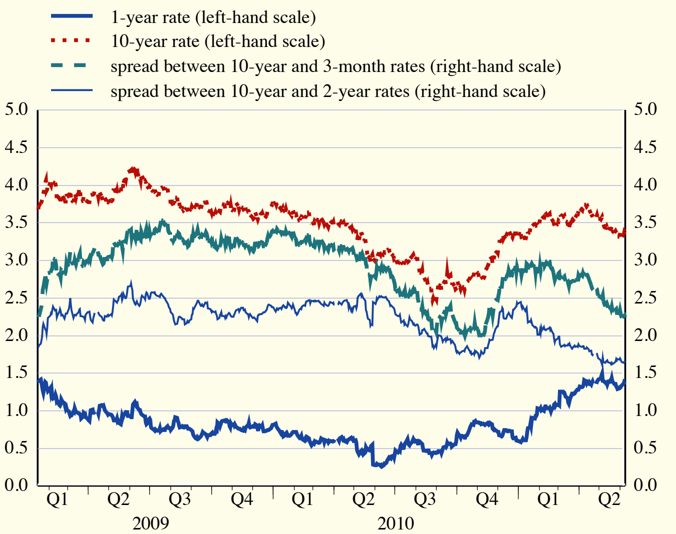
C25 Euro area spot yield curves [2]

(percentages per annum; end of period)



C26 Euro area spot rates and spreads [2]

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



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

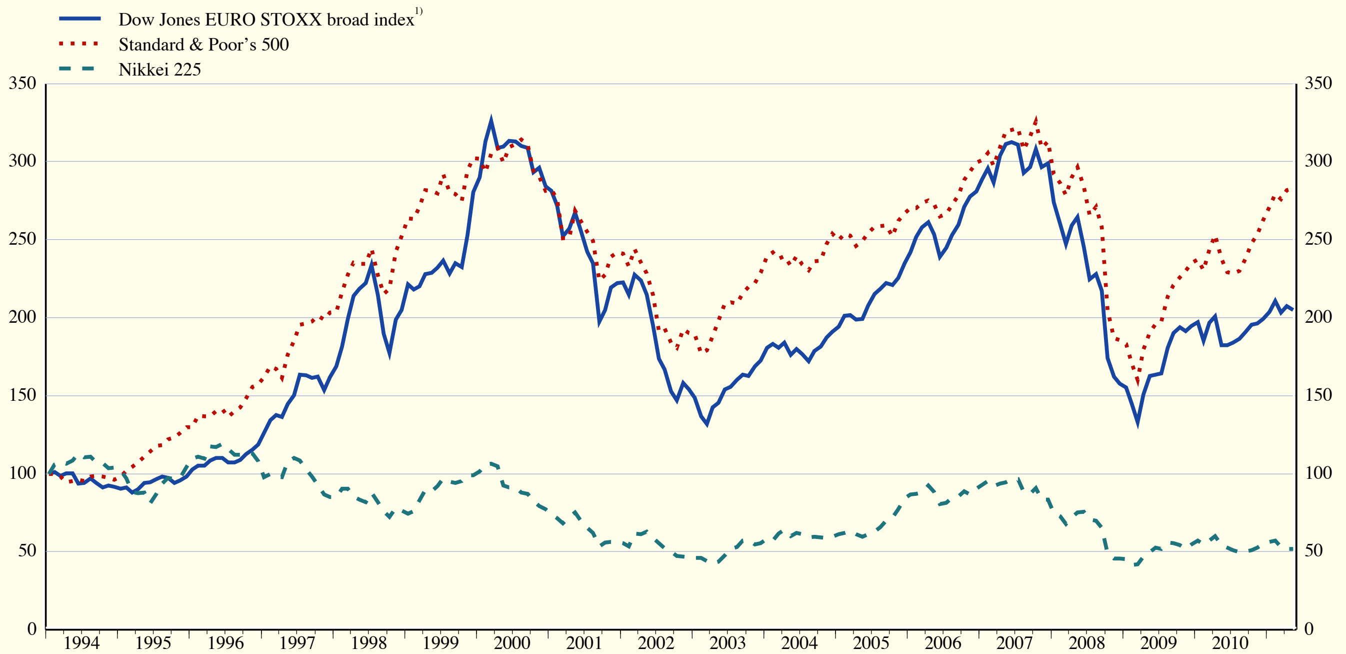
4.8 Stock market indices

(index levels in points; period averages)

	Dow Jones EURO STOXX indices[1]												United States	Japan
	Benchmark		Main industry indices											
	Broad index	50	Basic materials	Consumer services	Consumer goods	Oil and gas	Financials	Industrials	Technology	Utilities	Telecoms	Health care	Standard & Poor's 500	Nikkei 225
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2008	313.7	3,319.5	480.4	169.3	290.7	380.9	265.0	350.9	282.5	502.0	431.5	411.5	1,220.7	12,151.6
2009	234.2	2,521.0	353.2	140.5	244.5	293.5	172.1	269.7	200.7	353.7	380.4	363.5	946.2	9,321.6
2010	265.5	2,779.3	463.1	166.2	323.4	307.2	182.8	337.6	224.1	344.9	389.6	408.4	1,140.0	10,006.5
2010 Q1	268.0	2,849.0	445.0	159.3	294.9	320.0	195.5	326.7	229.9	372.4	398.8	426.3	1,123.6	10,511.2
Q2	261.1	2,735.7	446.3	163.7	312.9	305.0	178.8	334.3	229.1	349.6	372.2	412.0	1,134.6	10,345.9
Q3	259.5	2,715.9	445.8	165.2	323.0	294.5	181.6	327.0	210.7	325.9	387.6	391.4	1,096.2	9,356.0
Q4	273.4	2,817.8	513.8	176.1	361.3	309.9	175.7	361.9	227.0	333.0	399.2	405.0	1,204.6	9,842.4
2011 Q1	285.5	2,932.9	532.7	175.5	366.3	341.1	185.0	388.0	249.6	347.7	396.7	415.0	1,302.5	10,285.3
2010 May	252.7	2,642.1	431.4	159.6	305.2	295.4	170.8	324.8	221.9	341.7	360.0	401.0	1,125.1	10,104.0
June	253.2	2,641.7	438.1	160.4	319.5	292.7	167.5	330.0	218.3	330.5	361.6	406.1	1,083.4	9,786.1
July	255.1	2,669.5	435.0	160.8	320.8	289.3	178.0	324.2	212.3	320.3	369.7	389.2	1,079.8	9,456.8
Aug.	258.9	2,712.2	441.5	163.2	315.6	296.0	183.7	324.9	206.8	328.5	392.2	383.1	1,087.3	9,268.2
Sep.	264.6	2,766.1	460.9	171.6	332.4	298.4	183.0	331.9	212.9	329.0	400.9	401.8	1,122.1	9,346.7
Oct.	271.3	2,817.7	489.1	175.1	346.1	304.9	183.2	346.0	223.7	331.4	410.5	405.4	1,171.6	9,455.1
Nov.	272.2	2,809.6	509.9	176.3	359.9	307.4	174.4	358.5	222.9	335.0	403.0	405.0	1,198.9	9,797.2
Dec.	276.5	2,825.6	540.1	176.8	376.5	316.7	170.0	379.7	234.1	332.6	385.3	404.6	1,241.5	10,254.5
2011 Jan.	282.8	2,900.7	531.1	178.1	375.3	335.1	178.0	385.8	246.1	346.2	390.7	411.8	1,282.6	10,449.5
Feb.	292.3	3,015.7	540.5	179.0	369.7	348.0	193.5	393.1	257.6	359.0	402.9	418.7	1,321.1	10,622.3
Mar.	281.9	2,890.4	527.4	170.1	355.0	340.5	184.1	385.7	245.9	339.1	396.8	414.6	1,304.5	9,852.4
Apr.	287.5	2,947.2	557.3	172.5	366.6	343.8	182.4	397.9	250.0	346.9	402.8	435.4	1,331.5	9,644.6
May	284.0	2,885.8	557.0	171.7	374.9	330.4	176.3	395.5	246.5	337.8	386.4	457.8	1,338.3	9,650.8

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

(January 1994 = 100; monthly averages)



Source: ECB.

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

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

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

1. Harmonised Index of Consumer Prices [1)]

	Total					Total (s.a.; percentage change vis-à-vis previous period)						Memo item: Administered prices [2)]	
	Index: 2005 = 100	Total	Total excl. unprocessed food and energy	Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
% of total in 2011	100.0	100.0	82.3	58.6	41.4	100.0	11.9	7.4	28.9	10.4	41.4	88.8	11.2
	1	2	3	4	5	6	7	8	9	10	11	12	13
2007	104.4	2.1	2.0	1.9	2.5	-	-	-	-	-	-	2.1	2.2
2008	107.8	3.3	2.4	3.8	2.6	-	-	-	-	-	-	3.4	2.7
2009	108.1	0.3	1.3	-0.9	2.0	-	-	-	-	-	-	0.1	1.8
2010	109.8	1.6	1.0	1.8	1.4	-	-	-	-	-	-	1.6	1.5
2010 Q1	108.6	1.1	0.9	0.9	1.5	0.5	0.0	0.9	0.1	3.0	0.3	1.2	0.4
Q2	110.1	1.6	0.9	1.9	1.2	0.6	0.3	0.7	0.2	3.9	0.2	1.6	1.3
Q3	109.9	1.7	1.0	2.0	1.4	0.3	0.5	0.5	0.1	0.0	0.5	1.7	2.0
Q4	110.8	2.0	1.1	2.5	1.3	0.5	0.5	0.6	0.3	2.0	0.3	2.0	2.3
2011 Q1	111.3	2.5	1.3	3.1	1.6	1.0	0.8	0.5	0.0	6.3	0.5	2.4	3.4
2010 Dec.	111.3	2.2	1.1	2.9	1.3	0.3	0.3	0.4	0.0	2.3	0.1	2.2	2.3
2011 Jan.	110.5	2.3	1.2	2.9	1.5	0.4	0.2	-0.4	0.0	3.0	0.2	2.2	3.2
Feb.	111.0	2.4	1.1	3.0	1.6	0.1	0.3	0.6	-0.4	0.9	0.2	2.3	3.4
Mar.	112.5	2.7	1.5	3.4	1.6	0.6	0.4	0.2	0.7	2.5	0.2	2.6	3.5
Apr.	113.1	2.8	1.8	3.4	2.0	0.4	0.4	-0.1	0.2	1.5	0.3	2.7	3.7
May [3)]	.	2.7	.	.	.	.	.	.	.	.	.	.	.

	Goods						Services					
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal	Miscellaneous
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy		Rents				
% of total in 2011	19.3	11.9	7.4	39.3	28.9	10.4	10.1	6.0	6.5	3.2	14.6	7.0
	14	15	16	17	18	19	20	21	22	23	24	25
2007	2.8	2.8	3.0	1.4	1.0	2.6	2.7	2.0	2.6	-1.9	2.9	3.2
2008	5.1	6.1	3.5	3.1	0.8	10.3	2.3	1.9	3.9	-2.2	3.2	2.5
2009	0.7	1.1	0.2	-1.7	0.6	-8.1	2.0	1.8	2.9	-1.0	2.1	2.1
2010	1.1	0.9	1.3	2.2	0.5	7.4	1.8	1.5	2.3	-0.8	1.0	1.5
2010 Q1	0.1	0.6	-0.6	1.3	0.1	4.8	1.9	1.6	2.5	-0.5	1.1	1.6
Q2	0.9	0.8	1.0	2.4	0.5	8.1	1.8	1.5	2.3	-0.9	0.8	1.5
Q3	1.5	0.9	2.3	2.2	0.5	7.3	1.8	1.6	2.5	-0.8	1.0	1.5
Q4	1.9	1.3	2.7	2.9	0.8	9.2	1.6	1.3	1.9	-0.8	1.2	1.5
2011 Q1	2.2	2.1	2.3	3.6	0.5	12.7	1.8	1.3	2.0	-0.4	1.5	1.9
2010 Nov.	1.8	1.3	2.6	2.6	0.9	7.9	1.6	1.2	2.0	-0.8	1.2	1.5
Dec.	2.1	1.5	3.2	3.2	0.7	11.0	1.7	1.3	1.7	-0.7	1.2	1.4
2011 Jan.	1.9	1.8	2.2	3.4	0.5	12.0	1.7	1.3	1.5	-0.2	1.6	1.7
Feb.	2.3	2.0	2.7	3.4	0.1	13.1	1.8	1.3	2.2	-0.4	1.6	1.9
Mar.	2.4	2.5	2.2	4.0	0.9	13.0	1.8	1.3	2.3	-0.6	1.5	2.2
Apr.	2.2	2.8	1.4	4.0	1.0	12.5	1.8	1.4	3.2	-0.9	2.2	2.2

Sources: Eurostat and ECB calculations.
1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) These experimental statistics can only provide an approximate measure of price administration, since changes in administered prices cannot be fully isolated from other influences. Please refer to Eurostat's website (http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/introduction) for a note explaining the methodology used in the compilation of this indicator.
3) Estimate based on provisional national releases, which usually cover around 95% of the euro area, as well as on early information on energy prices.

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

2. Industry, construction and residential property prices

	Industrial producer prices excluding construction										Construction [1]	Residential property prices [2]
	Total (index: 2005 = 100)	Total		Industry excluding construction and energy						Energy		
			Manufacturing	Total	Intermediate goods	Capital goods	Consumer goods					
							Total	Durable	Non-durable			
% of total in 2005	100.0	100.0	82.8	75.6	30.0	22.0	23.7	2.7	21.0	24.4		
	1	2	3	4	5	6	7	8	9	10	11	12
2007	107.9	2.7	3.0	3.2	4.6	2.2	2.2	2.4	2.2	1.2	4.2	4.6
2008	114.4	6.1	4.8	3.4	3.9	2.1	3.9	2.8	4.1	14.2	3.9	1.3
2009	108.6	-5.1	-5.4	-2.9	-5.3	0.4	-2.1	1.2	-2.5	-11.8	0.1	-2.8
2010	111.7	2.9	3.4	1.6	3.5	0.3	0.4	0.9	0.3	6.4	1.9	1.8
2010 Q1	109.6	-0.1	1.7	-0.5	-0.4	-0.5	-0.6	0.3	-0.7	0.3	0.2	0.1
Q2	111.5	3.0	3.8	1.6	3.6	0.2	0.0	0.6	-0.1	7.2	2.4	1.6
Q3	112.3	4.0	3.7	2.3	4.8	0.7	0.6	1.1	0.5	8.7	2.4	2.6
Q4	113.5	4.8	4.6	3.1	5.9	0.8	1.5	1.4	1.5	9.6	2.8	2.9
2011 Q1	116.7	6.5	6.2	4.4	7.8	1.3	2.5	1.8	2.6	12.5	4.2	.
2010 Nov.	113.3	4.6	4.4	3.1	5.8	0.9	1.5	1.5	1.5	8.8	-	-
Dec.	114.3	5.4	5.2	3.3	6.3	0.7	1.8	1.5	1.8	11.2	-	-
2011 Jan.	115.8	6.0	5.7	4.0	7.3	1.2	2.1	1.6	2.2	11.8	-	-
Feb.	116.7	6.6	6.4	4.5	8.2	1.3	2.5	1.8	2.6	12.7	-	-
Mar.	117.6	6.8	6.6	4.6	8.0	1.3	2.8	1.9	3.0	13.1	-	-
Apr.	118.6	6.7	6.2	4.4	7.3	1.3	3.3	2.0	3.4	13.3	-	-

3. Commodity prices and gross domestic product deflators

	Oil prices [3] (EUR per barrel)	Non-energy commodity prices						GDP deflators							
		Import-weighted [4]			Use-weighted [5]			Total (s.a.; index: 2000 = 100)	Total	Domestic demand				Exports [6]	Imports [6]
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consumption	Government consumption	Gross fixed capital formation		
% of total		100.0	35.0	65.0	100.0	45.0	55.0								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2007	52.8	7.8	14.3	5.5	5.3	9.3	2.9	116.4	2.4	2.3	2.3	1.7	2.7	1.7	1.3
2008	65.9	2.0	18.4	-4.4	-1.7	9.7	-8.6	118.8	2.0	2.6	2.7	2.6	2.3	2.5	3.9
2009	44.6	-18.5	-8.9	-23.0	-18.0	-11.4	-22.8	119.9	1.0	0.0	-0.2	2.1	-0.6	-3.3	-5.9
2010	60.7	44.7	21.4	57.9	42.1	27.1	54.5	121.0	0.9	1.6	1.8	0.9	1.0	3.3	5.4
2010 Q1	56.0	29.0	7.4	42.6	27.4	7.5	46.5	120.4	0.5	1.0	1.0	1.4	-0.2	1.2	2.3
Q2	62.6	48.2	12.5	70.2	41.7	14.0	67.3	120.9	0.9	1.8	1.7	1.5	1.1	3.7	6.2
Q3	59.6	51.5	29.7	63.1	49.4	41.0	55.8	121.4	1.1	1.9	2.0	0.7	1.6	4.2	6.4
Q4	64.4	48.6	36.6	54.7	48.7	48.4	48.9	121.4	1.0	1.9	2.4	1.0	1.7	4.3	6.7
2011 Q1	77.3	42.9	46.1	41.4	41.0	47.2	36.6	121.9	1.2	2.2	2.9	0.7	2.3	5.3	7.9
2010 Dec.	69.6	49.6	39.5	54.9	48.5	48.9	48.2	-	-	-	-	-	-	-	-
2011 Jan.	72.6	46.0	42.9	47.5	43.9	46.5	42.0	-	-	-	-	-	-	-	-
Feb.	76.6	47.5	51.0	45.9	45.3	51.4	40.9	-	-	-	-	-	-	-	-
Mar.	82.1	35.7	44.4	31.8	34.1	43.8	27.6	-	-	-	-	-	-	-	-
Apr.	85.1	15.1	37.7	6.5	17.5	35.8	6.8	-	-	-	-	-	-	-	-
May	79.8	11.0	28.5	3.9	12.1	25.0	4.0	-	-	-	-	-	-	-	-

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

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

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

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

(seasonally adjusted)

	Total (index: 2000 = 100)	Total	By economic activity					
			Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
	1	2	3	4	5	6	7	8
				Unit labour costs [2)]				
2009	120.2	3.9	-2.5	9.0	1.9	5.4	0.8	2.7
2010	119.7	-0.5	1.6	-5.5	2.1	-1.3	1.7	1.0
2010 Q1	120.0	-0.5	0.5	-6.6	2.5	-1.0	1.3	1.2
Q2	119.8	-0.6	1.7	-6.6	2.5	-1.7	1.9	1.6
Q3	119.4	-0.6	3.0	-4.3	2.4	-1.6	2.2	0.2
Q4	120.0	-0.1	1.3	-3.7	1.0	-0.5	1.7	1.1
				Compensation per employee				
2009	123.5	1.5	2.5	0.0	2.3	1.6	1.4	2.6
2010	125.6	1.7	2.3	3.6	1.6	1.8	1.6	0.7
2010 Q1	124.8	1.7	1.7	3.0	0.8	1.7	1.9	1.1
Q2	125.6	2.1	2.4	4.2	1.7	1.9	1.4	1.4
Q3	125.7	1.5	2.6	3.6	2.0	1.9	1.7	-0.1
Q4	126.4	1.6	2.5	3.5	1.9	1.7	1.4	0.4
				Labour productivity per person employed [3)]				
2009	102.7	-2.3	5.2	-8.3	0.5	-3.6	0.5	-0.1
2010	105.0	2.2	0.7	9.6	-0.5	3.1	-0.1	-0.3
2010 Q1	103.9	2.2	1.2	10.3	-1.7	2.8	0.7	-0.1
Q2	104.8	2.6	0.7	11.6	-0.7	3.6	-0.5	-0.2
Q3	105.2	2.1	-0.4	8.2	-0.4	3.5	-0.5	-0.3
Q4	105.3	1.7	1.2	7.6	0.8	2.3	-0.3	-0.7
				Compensation per hour worked				
2009	127.9	3.1	3.8	4.4	4.7	2.7	2.6	2.8
2010	129.0	0.9	1.3	0.6	1.5	1.0	1.1	0.5
2010 Q1	128.5	0.9	2.1	0.9	0.4	0.6	1.3	0.8
Q2	129.0	1.0	0.7	0.4	1.5	0.7	1.0	1.2
Q3	128.8	0.5	-0.3	0.2	2.1	1.0	1.1	-0.4
Q4	129.8	1.1	2.6	0.8	2.0	1.7	1.1	0.3
				Hourly labour productivity [3)]				
2009	107.0	-0.9	5.6	-4.5	2.2	-2.7	1.7	0.1
2010	108.5	1.4	1.1	6.5	-0.9	2.2	-0.6	-0.6
2010 Q1	107.7	1.4	2.2	8.1	-2.4	1.5	-0.1	-0.5
Q2	108.3	1.6	0.9	7.8	-1.4	2.4	-1.0	-0.4
Q3	108.5	1.1	-0.5	4.6	-0.8	2.4	-1.1	-0.6
Q4	108.8	1.2	1.4	4.8	0.9	2.0	-0.5	-1.0

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

	Total (s.a.; index: 2008 = 100)	Total	By component		For selected economic activities			Memo item: Indicator of negotiated wages [5)]
			Wages and salaries	Employers' social contributions	Mining, manufacturing and energy	Construction	Services	
% of total in 2008	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2009	102.8	2.9	2.7	3.4	3.4	3.6	2.5	2.6
2010	104.3	1.5	1.4	1.8	1.1	1.7	1.6	1.7
2010 Q2	104.2	1.6	1.5	1.8	0.8	1.8	1.9	1.9
Q3	104.3	0.9	0.8	1.3	0.1	1.4	1.3	1.5
Q4	105.0	1.6	1.4	1.9	1.6	1.1	1.6	1.6
2011 Q1	.	.	.	.	.	.	.	1.9

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

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

1. GDP and expenditure components [1]

	GDP								
	Total	Domestic demand					External balance [2]		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories [3]	Total	Exports [2]	Imports [2]
	1	2	3	4	5	6	7	8	9
	Current prices (EUR billions; seasonally adjusted)								
2007	9,031.3	8,891.3	5,074.4	1,808.0	1,962.6	46.2	140.1	3,749.9	3,609.8
2008	9,242.4	9,145.8	5,230.1	1,897.4	1,987.1	31.2	96.6	3,873.6	3,777.0
2009	8,949.9	8,830.3	5,157.0	1,983.6	1,743.8	-54.1	119.6	3,258.3	3,138.7
2010	9,181.6	9,058.8	5,287.5	2,012.2	1,745.3	13.8	122.7	3,741.0	3,618.3
2010 Q1	2,262.4	2,231.8	1,304.7	501.1	426.5	-0.5	30.6	879.3	848.7
Q2	2,292.1	2,266.2	1,316.8	503.6	438.7	7.1	25.9	929.9	904.0
Q3	2,310.7	2,277.2	1,326.0	504.6	439.7	6.9	33.6	953.9	920.3
Q4	2,316.4	2,283.7	1,340.0	503.0	440.4	0.3	32.7	978.0	945.3
2011 Q1	2,346.6	2,325.8	1,356.9	510.0	454.4	4.4	20.9	1,016.1	995.2
	percentage of GDP								
2010	100.0	98.7	57.6	21.9	19.0	0.2	1.3	-	-
	Chain-linked volumes (prices for the previous year; seasonally adjusted [4])								
	quarter-on-quarter percentage changes								
2010 Q1	0.3	0.4	0.4	-0.2	-0.6	-	-	3.5	3.9
Q2	1.0	0.8	0.2	0.2	2.2	-	-	4.2	4.0
Q3	0.4	0.2	0.2	0.2	-0.2	-	-	1.7	1.2
Q4	0.3	0.1	0.3	-0.1	0.0	-	-	1.7	1.3
2011 Q1	0.8	0.8	0.3	0.8	2.1	-	-	1.8	1.9
	annual percentage changes								
2007	2.8	2.6	1.6	2.2	4.7	-	-	6.2	5.8
2008	0.4	0.3	0.4	2.2	-0.8	-	-	1.0	0.8
2009	-4.2	-3.5	-1.2	2.4	-11.8	-	-	-13.1	-11.9
2010	1.7	1.0	0.8	0.5	-0.8	-	-	11.3	9.5
2010 Q1	0.8	-0.4	0.4	0.8	-5.0	-	-	7.4	4.2
Q2	2.0	1.3	0.6	0.3	-0.6	-	-	13.2	11.5
Q3	2.0	1.3	1.0	0.1	0.5	-	-	12.2	10.8
Q4	1.9	1.6	1.1	0.1	1.3	-	-	11.5	10.9
2011 Q1	2.5	2.0	1.1	1.1	4.2	-	-	9.7	8.7
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2010 Q1	0.3	0.4	0.2	0.0	-0.1	0.4	-0.1	-	-
Q2	1.0	0.8	0.1	0.0	0.4	0.2	0.1	-	-
Q3	0.4	0.2	0.1	0.0	0.0	0.1	0.2	-	-
Q4	0.3	0.1	0.2	0.0	0.0	-0.1	0.2	-	-
2011 Q1	0.8	0.8	0.2	0.2	0.4	0.0	0.0	-	-
	contributions to annual percentage changes in GDP; percentage points								
2007	2.8	2.6	0.9	0.5	1.0	0.2	0.2	-	-
2008	0.4	0.3	0.2	0.4	-0.2	-0.2	0.1	-	-
2009	-4.1	-3.5	-0.7	0.5	-2.5	-0.7	-0.7	-	-
2010	1.7	1.0	0.4	0.1	-0.2	0.6	0.8	-	-
2010 Q1	0.8	-0.4	0.2	0.2	-1.0	0.2	1.2	-	-
Q2	2.0	1.2	0.4	0.1	-0.1	0.9	0.8	-	-
Q3	2.0	1.3	0.6	0.0	0.1	0.6	0.7	-	-
Q4	1.9	1.5	0.6	0.0	0.3	0.6	0.4	-	-
2011 Q1	2.5	2.0	0.6	0.2	0.8	0.3	0.5	-	-

Sources: Eurostat and ECB calculations.

1) Data refer to the Euro 17.
2) Exports and imports cover goods and services and include cross-border intra-euro area trade. They are not fully consistent with: Section 3.1; Table 1 of Section 7.1; Table 3 of Section 7.2; or Tables 1 or 3 of Section 7.5.
3) Including acquisitions less disposals of valuables.
4) Annual data are not working day-adjusted.

5.2 Output and demand

2. Value added by economic activity [1)]

	Gross value added (basic prices)							Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services	
	1	2	3	4	5	6	7	8
	Current prices (EUR billions; seasonally adjusted)							
2007	8,070.4	147.2	1,654.3	511.5	1,665.1	2,302.7	1,789.6	961.0
2008	8,295.6	143.0	1,651.6	526.3	1,723.7	2,379.8	1,871.3	946.8
2009	8,057.9	129.2	1,446.9	505.7	1,650.2	2,377.7	1,948.3	892.0
2010	8,242.9	138.8	1,529.8	486.7	1,692.3	2,412.2	1,983.2	938.6
2010 Q1	2,037.0	33.5	373.8	120.9	416.1	598.3	494.3	225.3
Q2	2,058.6	34.3	381.6	122.7	422.1	600.2	497.6	233.5
Q3	2,069.4	35.1	383.9	122.2	426.4	606.1	495.7	241.3
Q4	2,077.9	35.8	390.4	120.8	427.6	607.6	495.7	238.5
2011 Q1	2,105.3	37.1	397.5	125.5	432.1	613.6	499.5	241.3
	percentage of value added							
2010	100.0	1.7	18.6	5.9	20.5	29.3	24.1	-
	Chain-linked volumes (prices for the previous year; seasonally adjusted [2)])							
	quarter-on-quarter percentage changes							
2010 Q1	0.6	0.7	2.4	-1.8	0.9	0.2	0.2	-2.2
Q2	0.8	-0.8	2.0	1.0	1.0	0.4	0.2	2.4
Q3	0.3	-0.4	0.7	-0.8	0.5	0.6	0.0	1.0
Q4	0.3	1.2	1.2	-0.9	0.0	0.3	0.1	0.0
2011 Q1	0.8	0.6	1.9	2.9	0.7	0.2	0.3	0.9
	annual percentage changes							
2007	3.1	1.5	3.2	2.5	3.7	4.0	1.6	0.8
2008	0.6	1.3	-2.5	-1.7	1.4	1.6	1.9	-1.3
2009	-4.2	2.7	-13.1	-6.3	-5.3	-1.6	1.3	-3.4
2010	1.8	0.1	6.2	-4.1	2.4	0.9	0.9	1.1
2010 Q1	1.0	0.4	4.4	-6.6	1.3	0.3	1.2	-0.7
Q2	2.0	-0.1	7.6	-4.1	2.6	0.6	0.9	1.9
Q3	1.9	-0.8	5.8	-3.3	2.9	1.1	0.7	2.3
Q4	2.0	0.6	6.4	-2.5	2.4	1.4	0.5	1.1
2011 Q1	2.3	0.6	5.8	2.2	2.2	1.5	0.6	4.4
	contributions to quarter-on-quarter percentage changes in value added; percentage points							
2010 Q1	0.6	0.0	0.4	-0.1	0.2	0.1	0.0	-
Q2	0.8	0.0	0.4	0.1	0.2	0.1	0.0	-
Q3	0.3	0.0	0.1	0.0	0.1	0.2	0.0	-
Q4	0.3	0.0	0.2	-0.1	0.0	0.1	0.0	-
2011 Q1	0.8	0.0	0.3	0.2	0.1	0.1	0.1	-
	contributions to annual percentage changes in value added; percentage points							
2007	3.1	0.0	0.7	0.2	0.8	1.1	0.3	-
2008	0.6	0.0	-0.5	-0.1	0.3	0.5	0.4	-
2009	-4.2	0.0	-2.6	-0.4	-1.1	-0.5	0.3	-
2010	1.8	0.0	1.1	-0.3	0.5	0.3	0.2	-
2010 Q1	1.0	0.0	0.8	-0.4	0.3	0.1	0.3	-
Q2	2.0	0.0	1.3	-0.3	0.5	0.2	0.2	-
Q3	1.9	0.0	1.0	-0.2	0.6	0.3	0.2	-
Q4	2.0	0.0	1.2	-0.2	0.5	0.4	0.1	-
2011 Q1	2.3	0.0	1.1	0.1	0.5	0.4	0.1	-

Sources: Eurostat and ECB calculations.

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

3. Industrial production

	Total	Industry excluding construction										Construction
		Total (s.a.; index: 2005 = 100)	Total		Industry excluding construction and energy						Energy	
				Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
% of total in 2005	100.0	77.8	77.8	69.2	68.7	28.1	22.3	18.3	2.6	15.7	9.1	22.2
	1	2	3	4	5	6	7	8	9	10	11	12
2008	-2.4	106.6	-1.6	-1.7	-1.8	-3.4	0.1	-1.9	-5.3	-1.3	0.2	-5.4
2009	-13.7	90.9	-14.8	-15.8	-16.0	-19.0	-20.8	-4.9	-17.3	-2.9	-5.4	-8.2
2010	4.3	97.6	7.4	7.9	7.9	10.1	9.4	3.4	2.7	3.4	3.8	-7.7
2010 Q2	6.4	97.2	9.3	9.6	9.7	14.2	9.7	3.9	5.0	3.7	5.3	-3.9
Q3	3.9	98.3	7.2	7.8	7.9	9.3	10.3	3.2	3.9	3.1	1.5	-8.1
Q4	4.6	100.1	8.1	8.5	8.5	7.9	14.3	3.0	2.0	3.0	4.8	-9.0
2011 Q1	4.6	101.3	6.5	8.1	8.3	9.2	12.8	1.6	2.8	1.4	-2.1	-2.1
2010 Oct.	4.4	99.1	7.4	8.0	8.2	7.6	13.2	3.2	2.2	3.3	1.2	-6.4
Nov.	4.7	100.5	8.0	8.4	8.3	8.1	13.0	3.7	1.2	4.0	5.6	-7.6
Dec.	4.7	100.7	8.9	9.3	9.2	7.9	16.9	1.9	2.9	1.7	7.3	-13.6
2011 Jan.	3.9	100.8	6.2	8.0	8.1	9.9	12.6	0.9	2.5	0.7	-2.4	-4.2
Feb.	6.6	101.5	7.8	9.6	9.7	10.4	14.9	2.9	3.5	2.8	-2.4	3.4
Mar.	3.5	101.4	5.7	6.7	7.4	7.5	11.0	1.0	2.6	0.8	-1.5	-4.9
	month-on-month percentage changes (s.a.)											
2010 Oct.	0.8	-	0.9	1.2	1.2	0.5	1.9	0.5	0.2	0.5	0.9	0.4
Nov.	0.9	-	1.4	1.3	0.5	1.8	1.4	0.7	0.9	0.7	1.9	-1.1
Dec.	-0.2	-	0.2	0.8	1.2	-1.1	1.4	-0.5	-0.5	-0.5	3.4	-2.7
2011 Jan.	0.5	-	0.2	0.8	0.2	2.7	-0.2	0.0	1.4	0.0	-4.5	3.6
Feb.	1.0	-	0.6	1.3	1.3	0.6	1.4	1.0	0.0	1.1	-0.1	-0.7
Mar.	-0.3	-	0.0	-0.4	0.1	0.0	-0.8	-0.2	0.1	-0.2	-0.3	-0.1

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

	Industrial new orders		Industrial turnover		Retail sales (excluding automotive fuel)							New passenger car registrations	
	Manufacturing [1] (current prices)		Manufacturing (current prices)		Current prices	Constant prices							
	Total (s.a.; index: 2005 = 100)	Total	Total (s.a.; index: 2005 = 100)	Total	Total	Total (s.a.; index: 2005 = 100)	Total	Food, beverages, tobacco	Non-food			Total (s.a.; thousands) [2]	Total
										Textiles, clothing, footwear	Household equipment		
% of total in 2005	100.0	100.0	100.0	100.0	100.0	100.0	100.0	43.0	57.0	10.1	14.3		
	1	2	3	4	5	6	7	8	9	10	11	12	13
2008	112.9	-5.4	116.7	1.8	1.7	103.4	-0.8	-1.8	-0.1	-1.8	-1.6	891	-7.8
2009	87.2	-22.9	95.4	-18.4	-2.9	101.4	-2.0	-1.7	-2.2	-1.8	-3.9	925	3.3
2010	102.5	17.5	105.1	10.3	1.4	102.5	1.1	0.5	1.7	2.6	0.6	843	-8.6
2010 Q2	102.0	22.4	104.3	12.2	1.3	102.3	1.0	0.2	1.6	-0.3	2.0	838	-13.1
Q3	105.5	15.9	106.3	10.1	2.1	102.8	1.7	0.4	2.9	5.5	1.1	798	-16.4
Q4	108.3	18.1	109.4	12.2	1.5	102.6	1.0	0.2	1.5	1.7	-0.3	851	-11.1
2011 Q1	112.0	19.1	114.0	14.0	0.9	102.7	0.2	-1.2	1.0	-0.3	1.5	863	-3.1
2010 Nov.	108.2	20.1	108.9	14.0	1.8	102.6	1.3	0.8	1.9	3.5	0.3	876	-10.0
Dec.	111.0	19.3	111.4	14.2	0.7	102.4	0.2	-0.4	0.6	-0.3	-1.9	848	-7.0
2011 Jan.	112.3	22.8	114.0	15.8	1.3	102.8	0.8	-1.0	1.8	-0.9	4.2	851	-4.3
Feb.	112.8	21.5	115.1	15.7	2.0	103.0	1.3	-0.5	2.5	4.4	1.9	876	0.1
Mar.	111.0	14.3	113.0	11.2	-0.5	102.2	-1.4	-2.0	-1.1	-3.5	-1.3	864	-4.5
Apr.	.	.	.	.	3.3	103.0	1.5	1.2	1.8	.	.	829	-0.1
	month-on-month percentage changes (s.a.)												
2010 Dec.	-	2.6	-	2.3	-0.1	-	-0.3	-0.2	-0.2	-0.7	-0.6	-	-3.1
2011 Jan.	-	1.1	-	2.3	0.6	-	0.4	-0.1	0.5	0.5	2.1	-	0.3
Feb.	-	0.5	-	1.0	0.4	-	0.2	0.0	0.4	2.0	-0.9	-	2.9
Mar.	-	-1.6	-	-1.8	-0.6	-	-0.8	-0.5	-1.1	-2.8	-1.0	-	-1.3
Apr.	-	.	-	.	1.1	-	0.7	0.7	0.8	.	.	-	-4.1

Sources: Eurostat, except columns 12 and 13 in Table 4 in Section 5.2 (which comprise ECB calculations based on data from the European Automobile Manufacturers' Association).
1) Includes manufacturing industries working mainly on the basis of orders, which represented 61.2% of total manufacturing in 2005.
2) Annual and quarterly figures are averages of monthly figures in the period concerned.

5.2 Output and demand

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

5. Business and Consumer Surveys

	Economic sentiment indicator [2]) (long-term average = 100)	Manufacturing industry: Industrial confidence indicator: Total [4])	Order books	Stocks of finished products	Production expectations	Capacity utilisation [3]) (%)	Consumer confidence indicator: Total [4])	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
	1	2	3	4	5	6	7	8	9	10	11
2007	109.4	5.8	7.2	4.4	14.6	84.8	-4.9	-2.3	-4.3	5.0	-8.0
2008	93.7	-8.4	-13.3	10.8	-1.0	82.1	-18.1	-9.9	-25.3	23.5	-13.6
2009	80.7	-28.7	-56.8	14.6	-14.8	70.9	-24.8	-7.0	-26.3	55.5	-10.3
2010	100.9	-4.5	-24.6	0.6	11.6	77.0	-14.0	-5.2	-12.2	31.0	-7.6
2010 Q1	96.4	-12.0	-41.5	2.4	8.1	74.2	-16.8	-3.7	-10.9	45.9	-6.8
Q2	99.2	-6.4	-28.8	0.5	10.3	76.7	-16.7	-6.2	-17.8	33.8	-8.9
Q3	102.3	-2.5	-18.4	0.3	11.3	77.8	-12.1	-5.5	-11.3	23.4	-8.2
Q4	105.7	2.7	-9.5	-0.8	16.8	79.3	-10.4	-5.4	-8.7	20.9	-6.6
2011 Q1	107.4	6.5	-1.6	-2.0	19.0	80.8	-10.6	-6.0	-9.6	19.7	-7.0
2010 Dec.	107.0	5.3	-5.4	-2.1	19.3	-	-11.0	-5.8	-9.2	21.3	-7.7
2011 Jan.	106.8	6.2	-3.0	-1.9	19.5	80.3	-11.2	-6.6	-10.1	19.9	-8.2
Feb.	108.0	6.7	-1.4	-1.7	19.8	-	-10.0	-5.2	-8.6	20.2	-5.8
Mar.	107.3	6.6	-0.3	-2.3	17.8	-	-10.6	-6.3	-10.2	19.0	-7.1
Apr.	106.1	5.6	0.1	-1.4	15.4	81.3	-11.6	-7.3	-14.4	16.6	-8.1
May	105.5	3.9	-2.5	-1.1	13.2	-	-9.8	-6.7	-11.5	13.7	-7.4

	Construction confidence indicator: Total [4])	Order books	Employment expectations	Retail trade confidence indicator: Total [4])	Present business situation	Volume of stocks	Expected business situation	Services confidence indicator: Total [4])	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
2007	0.1	-7.6	7.8	1.1	5.1	13.2	11.4	16.1	13.3	14.6	20.4
2008	-13.4	-20.7	-6.1	-10.0	-10.6	16.0	-3.5	0.6	-3.7	0.7	4.7
2009	-32.7	-42.2	-23.2	-15.5	-21.0	9.9	-15.7	-15.5	-20.4	-17.9	-8.3
2010	-28.4	-39.6	-17.2	-4.0	-6.1	7.4	1.5	5.0	2.5	4.2	8.3
2010 Q1	-30.2	-41.3	-19.2	-8.9	-13.4	7.8	-5.5	0.0	-3.3	-3.0	6.3
Q2	-29.2	-41.3	-17.1	-5.1	-7.5	7.5	-0.5	3.9	1.6	2.8	7.3
Q3	-28.1	-39.8	-16.4	-2.8	-4.7	7.0	3.4	6.9	4.8	8.3	7.6
Q4	-26.2	-36.0	-16.3	0.8	1.3	7.4	8.5	9.0	6.8	8.4	11.9
2011 Q1	-25.2	-36.1	-14.3	-0.7	0.1	8.2	6.0	10.6	8.3	10.5	13.2
2010 Dec.	-26.7	-36.7	-16.8	4.3	7.3	5.9	11.4	9.8	8.2	9.1	12.1
2011 Jan.	-26.0	-38.8	-13.2	-0.6	0.4	6.7	4.6	9.9	8.4	9.1	12.1
Feb.	-24.2	-34.0	-14.4	-0.2	0.7	7.2	6.0	11.2	8.8	12.1	12.9
Mar.	-25.4	-35.4	-15.3	-1.4	-0.8	10.6	7.3	10.8	7.6	10.2	14.7
Apr.	-24.3	-33.6	-15.1	-1.8	-2.0	9.0	5.5	10.4	7.8	10.2	13.4
May	-24.6	-32.4	-16.8	-2.5	-1.5	10.8	4.7	9.2	6.9	9.9	10.9

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

1) Difference between the percentages of respondents giving positive and negative replies.

2) The economic sentiment indicator is composed of the industrial, services, consumer, construction and retail trade confidence indicators; the industrial confidence indicator has a weight of 40%, the services confidence indicator a weight of 30%, the consumer confidence indicator a weight of 20% and the two other indicators a weight of 5% each. Values for the economic sentiment indicator of above (below) 100 indicate above-average (below-average) economic sentiment, calculated for the period 1990 to 2010.

3) Data are collected in January, April, July and October each year. The quarterly figures shown are averages of two successive surveys. Annual data are derived from quarterly averages.

4) The confidence indicators are calculated as simple averages of the components shown; the assessments of stocks (columns 4 and 17) and unemployment (column 10) are used with inverted signs for the calculation of confidence indicators.

5.3 Labour markets [1), 2)]
(annual percentage changes, unless otherwise indicated; seasonally adjusted)

1. Employment in terms of persons employed

	Whole economy		By employment status		By economic activity					
	Total (millions)	Total	Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
% of total in 2010	100.0	100.0	85.5	14.5	3.8	16.0	6.9	25.5	16.3	31.5
	1	2	3	4	5	6	7	8	9	10
2008	148.606	0.8	1.0	-0.3	-1.8	-0.1	-2.0	1.2	2.2	1.2
2009	145.809	-1.9	-1.8	-2.4	-2.4	-5.3	-6.7	-1.8	-2.1	1.4
2010	145.131	-0.5	-0.4	-0.7	-0.6	-3.1	-3.7	-0.7	1.0	1.2
2010 Q1	144.957	-1.3	-1.4	-0.6	-0.8	-5.4	-5.0	-1.5	-0.4	1.3
Q2	145.128	-0.6	-0.6	-0.9	-0.8	-3.6	-3.4	-1.0	1.1	1.1
Q3	145.102	-0.2	0.0	-0.9	-0.4	-2.3	-2.9	-0.6	1.6	1.1
Q4	145.336	0.2	0.4	-0.6	-0.6	-1.1	-3.4	0.2	1.8	1.1
	quarter-on-quarter percentage changes									
2010 Q1	-0.023	0.0	-0.1	0.2	0.0	-0.7	-1.1	-0.1	0.4	0.5
Q2	0.170	0.1	0.3	-0.7	-1.0	-0.1	-0.3	0.0	0.9	0.2
Q3	-0.025	0.0	0.0	-0.4	0.1	-0.3	-1.1	0.1	0.2	0.2
Q4	0.233	0.2	0.1	0.3	0.4	0.0	-0.9	0.3	0.3	0.3

2. Employment in terms of hours worked

	Whole economy		By employment status		By economic activity					
	Total (millions)	Total	Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
% of total in 2010	100.0	100.0	80.5	19.5	4.9	16.0	7.8	27.0	15.9	28.5
	1	2	3	4	5	6	7	8	9	10
2008	239,799.3	0.6	0.9	-1.0	-2.3	-0.7	-1.7	0.7	2.3	1.4
2009	231,891.6	-3.3	-3.4	-2.9	-2.7	-9.0	-8.3	-2.7	-3.2	1.2
2010	232,731.8	0.4	0.4	0.2	-1.0	-0.3	-3.2	0.2	1.5	1.5
2010 Q1	57,954.4	-0.5	-0.7	0.1	-1.8	-3.4	-4.3	-0.3	0.4	1.7
Q2	58,177.8	0.4	0.5	0.0	-1.0	-0.2	-2.8	0.2	1.6	1.3
Q3	58,303.2	0.8	1.0	0.3	-0.3	1.2	-2.4	0.5	2.2	1.3
Q4	58,296.3	0.8	0.9	0.2	-0.8	1.5	-3.4	0.4	1.9	1.5
	quarter-on-quarter percentage changes									
2010 Q1	99.7	0.2	0.2	0.2	-0.7	-0.1	-0.9	0.2	0.4	0.6
Q2	223.4	0.4	0.5	-0.1	0.1	0.8	0.0	0.3	0.7	0.2
Q3	125.4	0.2	0.3	-0.2	-0.1	0.7	-0.9	0.0	0.5	0.4
Q4	-7.0	0.0	-0.1	0.2	-0.1	0.1	-1.6	-0.1	0.3	0.3

3. Hours worked per person employed

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

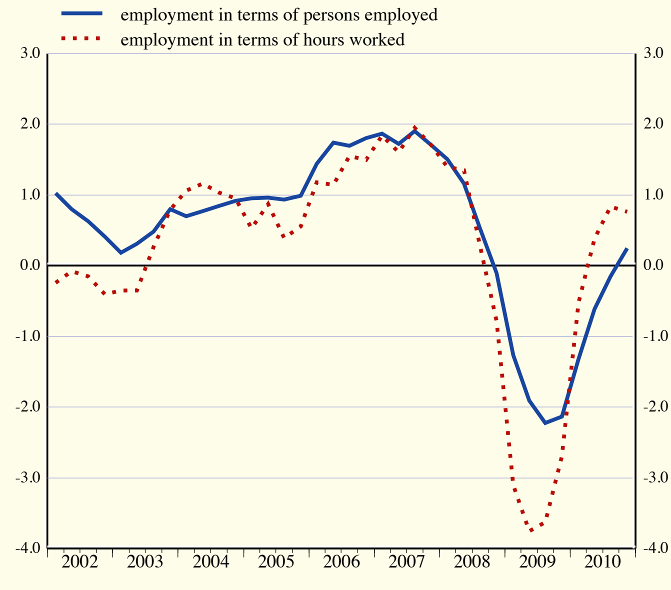
Source: ECB calculations based on Eurostat data.
1) Data for employment are based on the ESA 95.
2) Data refer to the Euro 17.

5.3 Labour markets
(seasonally adjusted, unless otherwise indicated)

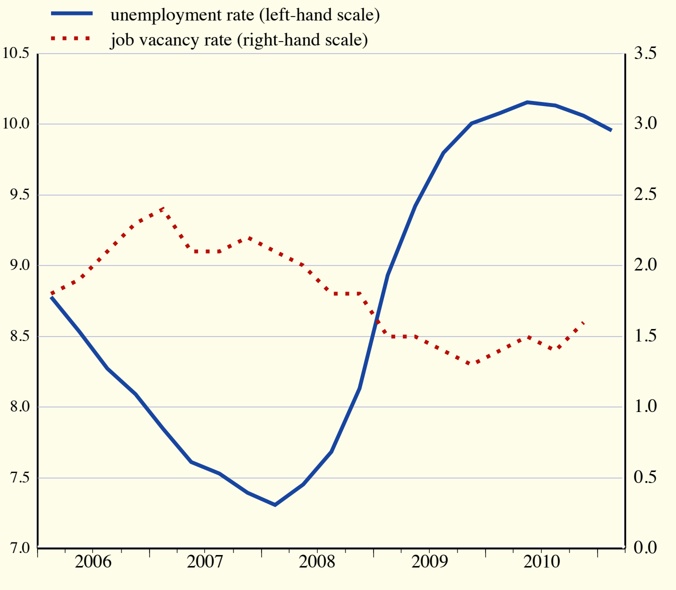
4. Unemployment and job vacancies [1)]

	Unemployment										Job vacancy rate [2), 3)]
	Total		By age [4)]				By gender [5)]				
	Millions	% of labour force	Adult		Youth		Male		Female		
			Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	% of total posts
% of total in 2010	100.0		79.6		20.4		53.8		46.2		
	1	2	3	4	5	6	7	8	9	10	11
2007	11.763	7.6	9.178	6.6	2.584	15.4	5.788	6.7	5.974	8.7	2.2
2008	11.970	7.6	9.314	6.7	2.656	15.9	6.037	7.0	5.933	8.5	1.9
2009	14.974	9.5	11.730	8.3	3.244	20.0	8.070	9.3	6.904	9.8	1.4
2010	15.889	10.1	12.649	8.9	3.241	20.7	8.556	9.9	7.334	10.3	1.5
2010 Q1	15.829	10.1	12.515	8.9	3.314	20.9	8.583	9.9	7.247	10.2	1.4
Q2	15.972	10.2	12.680	9.0	3.293	21.0	8.637	10.0	7.335	10.3	1.5
Q3	15.934	10.1	12.729	9.0	3.206	20.6	8.553	9.9	7.382	10.4	1.4
Q4	15.822	10.1	12.671	8.9	3.151	20.3	8.450	9.8	7.372	10.4	1.6
2011 Q1	15.672	10.0	12.583	8.9	3.089	20.0	8.341	9.7	7.331	10.3	.
2010 Nov.	15.815	10.1	12.654	8.9	3.161	20.4	8.437	9.8	7.379	10.4	-
Dec.	15.708	10.0	12.596	8.9	3.112	20.2	8.375	9.7	7.333	10.3	-
2011 Jan.	15.712	10.0	12.599	8.9	3.113	20.2	8.365	9.7	7.348	10.3	-
Feb.	15.659	9.9	12.579	8.9	3.080	20.0	8.340	9.7	7.319	10.3	-
Mar.	15.644	9.9	12.571	8.8	3.073	19.9	8.319	9.7	7.325	10.3	-
Apr.	15.529	9.9	12.517	8.8	3.011	19.6	8.242	9.6	7.287	10.2	-

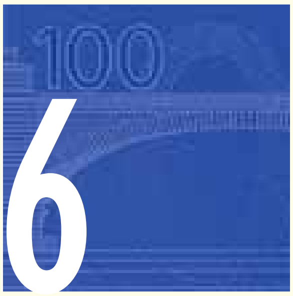
C28 Employment - persons employed and hours worked [2)]
(annual percentage changes)



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



Source: Eurostat.
1) Data for unemployment refer to persons and follow ILO recommendations.
2) Data refer to the Euro 17.
3) Industry, construction and services (excluding households as employers and extra-territorial organisations and bodies); non-seasonally adjusted.
4) Adult: 25 years of age and over; youth: below 25 years of age; rates are expressed as a percentage of the labour force for the relevant age group.
5) Rates are expressed as a percentage of the labour force for the relevant gender.



6 GOVERNMENT FINANCE

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

1. Euro area – revenue

	Total	Current revenue										Capital revenue		Memo item: Fiscal burden [2]
			Direct taxes	Households	Corporations	Indirect taxes	Received by EU institutions	Social contributions	Employers	Employees	Sales		Capital taxes	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2002	45.1	44.8	11.8	9.2	2.5	13.5	0.4	15.6	8.1	4.6	2.1	0.3	0.3	41.2
2003	45.0	44.4	11.4	9.0	2.3	13.5	0.4	15.7	8.2	4.6	2.1	0.6	0.5	41.1
2004	44.5	44.0	11.3	8.7	2.5	13.5	0.3	15.5	8.1	4.5	2.1	0.5	0.4	40.7
2005	44.8	44.3	11.5	8.8	2.7	13.7	0.3	15.4	8.1	4.5	2.2	0.5	0.3	40.9
2006	45.3	45.0	12.1	8.9	3.0	13.8	0.3	15.3	8.0	4.5	2.1	0.3	0.3	41.5
2007	45.4	45.1	12.4	9.1	3.2	13.8	0.3	15.1	8.0	4.4	2.1	0.3	0.3	41.6
2008	45.1	44.8	12.2	9.3	2.8	13.3	0.3	15.3	8.1	4.5	2.2	0.2	0.3	41.1
2009	44.7	44.3	11.4	9.3	2.0	13.1	0.3	15.7	8.2	4.5	2.3	0.3	0.4	40.6
2010	44.6	44.3	11.3	9.1	2.1	13.3	0.3	15.6	8.1	4.5	2.3	0.3	0.3	40.5

2. Euro area – expenditure

	Total	Current expenditure								Capital expenditure				Memo item: Primary expenditure [3]
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments	Subsidies	Paid by EU institutions		Investment	Capital transfers	Paid by EU institutions	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2002	47.7	43.9	10.4	4.9	3.5	25.1	22.2	1.9	0.5	3.8	2.4	1.4	0.1	44.2
2003	48.1	44.1	10.5	5.0	3.3	25.4	22.5	1.9	0.5	3.9	2.5	1.4	0.1	44.8
2004	47.5	43.5	10.4	5.0	3.1	25.0	22.3	1.7	0.5	3.9	2.4	1.5	0.1	44.4
2005	47.3	43.5	10.4	5.1	3.0	25.0	22.3	1.7	0.5	3.9	2.5	1.4	0.0	44.4
2006	46.7	42.9	10.2	5.0	2.9	24.8	22.0	1.7	0.5	3.9	2.5	1.4	0.0	43.8
2007	46.1	42.3	10.0	5.0	3.0	24.3	21.6	1.6	0.4	3.8	2.6	1.2	0.0	43.1
2008	47.1	43.2	10.1	5.2	3.0	24.9	22.1	1.6	0.4	3.9	2.6	1.3	0.0	44.1
2009	51.0	46.7	10.8	5.6	2.8	27.4	24.3	1.9	0.5	4.3	2.8	1.4	0.0	48.2
2010	50.5	46.4	10.6	5.6	2.8	27.4	24.3	1.8	0.4	4.1	2.5	1.7	0.0	47.8

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

	Deficit (-)/surplus (+)					Primary deficit (-)/ surplus (+)	Government consumption [4]							
	Total	Central gov.	State gov.	Local gov.	Social security funds		Total	Compensation of employees	Intermediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Collective consumption	Individual consumption
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2002	-2.6	-2.3	-0.5	-0.3	0.3	0.9	20.2	10.4	4.9	5.1	1.8	2.1	8.3	11.9
2003	-3.1	-2.4	-0.5	-0.2	0.1	0.2	20.5	10.5	5.0	5.2	1.9	2.1	8.4	12.1
2004	-3.0	-2.5	-0.4	-0.3	0.2	0.2	20.4	10.4	5.0	5.1	1.9	2.1	8.3	12.1
2005	-2.5	-2.3	-0.3	-0.2	0.3	0.4	20.4	10.4	5.1	5.1	1.9	2.2	8.2	12.2
2006	-1.4	-1.5	-0.1	-0.2	0.4	1.5	20.3	10.2	5.0	5.2	1.9	2.1	8.1	12.2
2007	-0.7	-1.2	0.0	-0.1	0.6	2.3	20.0	10.0	5.0	5.1	1.9	2.1	7.9	12.1
2008	-2.0	-2.2	-0.2	-0.2	0.6	1.0	20.5	10.1	5.2	5.3	2.0	2.2	8.1	12.4
2009	-6.3	-5.2	-0.5	-0.3	-0.4	-3.5	22.1	10.8	5.6	5.8	2.1	2.3	8.8	13.4
2010	-6.0	-4.9	-0.7	-0.3	-0.1	-3.2	21.9	10.6	5.6	5.8	2.0	2.3	8.6	13.3

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

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2007	-0.3	0.3	2.5	0.1	-6.4	1.9	-2.7	-1.5	3.4	3.7	-2.4	0.2	-0.9	-3.1	-0.1	-1.8	5.2
2008	-1.3	0.1	-2.8	-7.3	-9.8	-4.2	-3.3	-2.7	0.9	3.0	-4.5	0.6	-0.9	-3.5	-1.8	-2.1	4.2
2009	-5.9	-3.0	-1.7	-14.3	-15.4	-11.1	-7.5	-5.4	-6.0	-0.9	-3.7	-5.5	-4.1	-10.1	-6.0	-8.0	-2.6
2010	-4.1	-3.3	0.1	-32.4	-10.5	-9.2	-7.0	-4.6	-5.3	-1.7	-3.6	-5.4	-4.6	-9.1	-5.6	-7.9	-2.5

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

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

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

	Total	Financial instruments				Holders				
		Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [2]				Other creditors [3]
						Total	MFIs	Other financial corporations	Other sectors	
	1	2	3	4	5	6	7	8	9	10
2001	68.1	2.8	12.4	4.0	48.9	42.4	20.8	11.2	10.4	25.7
2002	67.9	2.7	11.8	4.6	48.9	41.0	19.6	10.8	10.6	26.9
2003	69.1	2.1	12.4	5.0	49.6	40.2	19.8	11.3	9.1	28.8
2004	69.4	2.2	12.0	5.0	50.3	39.1	18.9	11.1	9.1	30.4
2005	70.3	2.4	12.1	4.7	51.1	37.4	18.1	11.2	8.0	32.9
2006	68.5	2.4	11.8	4.1	50.2	35.4	18.4	9.3	7.7	33.1
2007	66.3	2.2	11.2	4.2	48.7	33.1	17.1	8.6	7.4	33.1
2008	70.0	2.3	11.4	6.7	49.6	33.1	17.8	7.9	7.4	36.9
2009	79.5	2.5	12.5	8.6	56.0	37.1	20.6	8.9	7.6	42.4
2010	85.3	2.4	15.4	7.7	59.7	40.9	24.1	10.1	6.7	44.4

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

	Total	Issued by: [4]				Original maturity			Residual maturity			Currencies	
		Central gov.	State gov.	Local gov.	Social security funds	Up to 1 year	Over 1 year		Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currencies	Other currencies
								Variable interest rate					
	1	2	3	4	5	6	7	8	9	10	11	12	13
2001	68.1	57.0	6.0	4.7	0.4	7.0	61.1	5.3	13.7	26.5	27.9	66.7	1.4
2002	67.9	56.6	6.2	4.7	0.4	7.6	60.3	5.2	15.5	25.3	27.2	66.8	1.2
2003	69.1	56.9	6.5	5.1	0.6	7.8	61.3	5.0	14.9	26.0	28.2	68.2	0.9
2004	69.4	57.3	6.6	5.1	0.4	7.8	61.6	4.6	14.8	26.2	28.5	68.6	0.8
2005	70.3	57.8	6.7	5.2	0.5	7.9	62.4	4.6	14.9	25.6	29.8	69.3	1.0
2006	68.5	56.2	6.5	5.4	0.5	7.5	61.1	4.3	14.4	24.1	30.0	68.0	0.5
2007	66.3	53.6	6.2	5.2	1.3	7.1	59.2	4.3	15.0	23.4	27.8	65.9	0.4
2008	70.0	56.9	6.6	5.2	1.3	9.9	60.1	4.9	18.7	23.1	28.2	69.3	0.7
2009	79.5	64.5	7.6	5.7	1.7	11.8	67.7	5.0	21.0	26.6	31.9	78.7	0.8
2010	85.3	69.4	8.3	5.7	1.9	12.8	72.4	5.4	22.2	28.7	34.4	84.5	0.8

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
2007	84.2	64.9	3.7	25.0	105.4	36.1	63.9	103.6	58.3	6.7	62.0	45.3	60.7	68.3	23.1	29.6	35.2
2008	89.6	66.3	4.6	44.4	110.7	39.8	67.7	106.3	48.3	13.6	61.5	58.2	63.8	71.6	21.9	27.8	34.1
2009	96.2	73.5	7.2	65.6	127.1	53.3	78.3	116.1	58.0	14.6	67.6	60.8	69.6	83.0	35.2	35.4	43.8
2010	96.8	83.2	6.6	96.2	142.8	60.1	81.7	119.0	60.8	18.4	68.0	62.7	72.3	93.0	38.0	41.0	48.4

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

1) Data refer to the Euro 17. Gross general government debt at nominal value and consolidated between sub-sectors of government. Holdings by non-resident governments are not consolidated. Intergovernmental lending in the context of the financial crisis is consolidated. Data are partially estimated.
2) Holders resident in the country whose government has issued the debt.
3) Includes residents of euro area countries other than the country whose government has issued the debt.
4) Excludes debt held by general government in the country whose government has issued it.

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

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

	Total	Source of change			Financial instruments				Holders			
		Borrowing requirement [2]	Valuation effects [3]	Other changes in volume [4]	Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [5]	MFIs	Other financial corporations	Other creditors [6]
	1	2	3	4	5	6	7	8	9	10	11	12
2002	2.1	2.7	-0.5	-0.1	0.0	-0.2	0.7	1.6	0.0	-0.5	0.0	2.1
2003	3.1	3.3	-0.2	0.0	-0.6	0.9	0.6	2.1	0.4	0.8	0.8	2.7
2004	3.1	3.2	-0.1	0.0	0.2	0.1	0.1	2.7	0.4	-0.2	0.3	2.7
2005	3.3	3.0	0.2	0.0	0.3	0.5	-0.1	2.6	-0.3	-0.1	0.5	3.6
2006	1.7	1.4	0.1	0.1	0.2	0.3	-0.3	1.5	-0.1	1.1	-1.3	1.8
2007	1.2	1.2	0.0	0.0	-0.1	0.0	0.3	1.1	-0.5	-0.3	-0.2	1.7
2008	5.3	5.1	0.1	0.0	0.1	0.5	2.6	2.0	0.7	1.1	-0.5	4.5
2009	7.2	7.4	-0.2	0.0	0.1	0.7	1.6	4.8	2.9	2.2	0.8	4.3
2010	7.8	7.9	-0.1	0.0	0.0	3.3	-0.6	5.1	4.7	4.0	1.5	3.1

2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+) [7]	Deficit-debt adjustment [8]											
			Total	Transactions in main financial assets held by general government							Valuation effects		Other changes in volume	Other [9]
				Total	Currency and deposits	Loans	Securities [10]	Shares and other equity	Privatisations	Equity injections		Exchange rate effects		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2002	2.1	-2.6	-0.5	0.1	0.1	0.0	0.1	-0.1	-0.4	0.1	-0.5	-0.1	-0.1	-0.1
2003	3.1	-3.1	0.0	0.1	0.1	0.0	0.0	0.1	-0.2	0.1	-0.2	-0.1	0.0	0.1
2004	3.1	-3.0	0.2	0.2	0.2	0.0	0.1	0.0	-0.5	0.2	-0.1	0.0	0.0	0.1
2005	3.3	-2.5	0.7	0.6	0.3	0.1	0.1	0.1	-0.3	0.2	0.2	0.0	0.0	-0.1
2006	1.7	-1.4	0.3	0.3	0.3	-0.1	0.3	-0.2	-0.4	0.1	0.1	0.0	0.1	-0.3
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	-2.0	3.2	3.0	0.8	0.7	0.7	0.9	-0.1	0.6	0.1	0.0	0.0	0.0
2009	7.2	-6.3	0.9	1.1	0.4	0.0	0.3	0.5	-0.3	0.5	-0.2	0.0	0.0	0.0
2010	7.8	-6.0	1.9	2.4	0.3	0.5	1.3	0.2	0.0	0.1	-0.1	0.0	0.0	-0.4

Source: ECB.

1) Data refer to the Euro 17 and are partially estimated. Annual change in gross nominal consolidated debt is expressed as a percentage of GDP, i.e. [debt(t) - debt(t-1)] ÷ GDP(t). Intergovernmental lending in the context of the financial crisis is consolidated.
2) The borrowing requirement is by definition equal to transactions in debt.
3) Includes, in addition to the impact of foreign exchange movements, effects arising from measurement at nominal value (e.g. premia or discounts on securities issued).
4) Includes, in particular, the impact of the reclassification of units and certain types of debt assumption.
5) Holders resident in the country whose government has issued the debt.
6) Includes residents of euro area countries other than the country whose government has issued the debt.
7) Including proceeds from sales of UMTS licences.
8) The difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.
9) Mainly composed of transactions in other assets and liabilities (trade credits, other receivables/payables and financial derivatives).
10) Excluding financial derivatives.

6.4 Quarterly revenue, expenditure and deficit/surplus [1]

(as a percentage of GDP)

1. Euro area – quarterly revenue

	Total	Current revenue						Capital revenue		Memo item: Fiscal burden [2]
			Direct taxes	Indirect taxes	Social contributions	Sales	Property income		Capital taxes	
	1	2	3	4	5	6	7	8	9	10
2004 Q4	48.3	47.3	12.9	14.2	16.2	2.3	0.7	1.0	0.4	43.6
2005 Q1	42.5	42.0	10.0	13.1	15.3	2.1	0.6	0.5	0.3	38.5
Q2	44.5	43.9	11.6	13.2	15.1	2.2	1.1	0.6	0.3	40.1
Q3	43.7	43.0	11.1	13.0	15.2	2.1	0.8	0.7	0.3	39.7
Q4	48.2	47.5	13.3	14.1	16.1	2.2	0.9	0.8	0.3	43.8
2006 Q1	42.9	42.5	10.3	13.4	15.1	2.1	0.8	0.4	0.3	39.0
Q2	45.6	45.1	12.2	13.5	15.1	2.2	1.4	0.5	0.3	41.0
Q3	43.9	43.4	11.6	13.0	15.1	2.1	0.8	0.5	0.3	40.0
Q4	48.6	48.0	14.0	14.2	15.8	2.2	0.9	0.6	0.3	44.3
2007 Q1	42.6	42.2	10.3	13.5	14.8	2.0	0.9	0.4	0.3	38.8
Q2	45.9	45.4	12.7	13.5	15.0	2.2	1.4	0.4	0.3	41.4
Q3	43.9	43.4	12.2	12.8	14.8	2.1	0.8	0.5	0.3	40.0
Q4	48.9	48.3	14.4	14.1	15.7	2.2	1.0	0.6	0.3	44.5
2008 Q1	42.8	42.5	10.7	13.0	14.8	2.1	1.1	0.3	0.2	38.7
Q2	45.3	44.9	12.6	12.8	15.0	2.2	1.5	0.4	0.3	40.7
Q3	43.5	43.1	12.0	12.5	15.0	2.0	0.8	0.4	0.3	39.7
Q4	48.3	47.8	13.6	13.6	16.3	2.3	1.1	0.5	0.3	43.8
2009 Q1	42.7	42.5	10.3	12.5	15.5	2.3	1.1	0.2	0.2	38.5
Q2	44.8	44.2	11.5	12.6	15.6	2.3	1.4	0.6	0.5	40.2
Q3	42.8	42.5	11.0	12.3	15.5	2.2	0.7	0.3	0.3	39.0
Q4	48.0	47.3	12.7	13.8	16.4	2.4	0.9	0.7	0.5	43.4
2010 Q1	42.3	42.1	10.1	12.5	15.5	2.3	0.9	0.2	0.3	38.3
Q2	44.7	44.2	11.5	12.9	15.3	2.4	1.3	0.5	0.3	40.0
Q3	43.1	42.8	10.9	13.0	15.2	2.2	0.7	0.3	0.3	39.3
Q4	47.8	47.1	12.7	13.7	16.4	2.4	1.0	0.7	0.3	43.0

2. Euro area – quarterly expenditure and deficit/surplus

	Total	Current expenditure							Capital expenditure			Deficit (-)/ surplus (+)	Primary deficit (-)/ surplus (+)
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers				Investment	Capital transfers		
							Social benefits	Subsidies					
	1	2	3	4	5	6	7	8	9	10	11	12	13
2004 Q4	50.2	45.0	11.0	5.8	2.9	25.4	21.9	1.4	5.2	3.1	2.1	-1.9	1.0
2005 Q1	47.2	43.5	10.2	4.7	3.1	25.5	21.8	1.2	3.7	1.9	1.8	-4.8	-1.6
Q2	46.3	43.0	10.2	5.0	3.2	24.6	21.4	1.1	3.4	2.3	1.1	-1.8	1.3
Q3	45.8	42.4	9.9	4.8	3.0	24.7	21.4	1.2	3.4	2.5	1.0	-2.1	0.9
Q4	49.9	45.0	11.1	5.8	2.8	25.3	21.8	1.3	4.8	3.1	1.7	-1.6	1.1
2006 Q1	45.8	42.6	10.0	4.6	3.0	25.1	21.6	1.1	3.2	1.9	1.3	-2.9	0.1
Q2	45.7	42.5	10.2	4.9	3.1	24.2	21.2	1.1	3.2	2.3	1.0	-0.1	3.0
Q3	45.4	41.9	9.8	4.7	2.9	24.5	21.2	1.2	3.4	2.5	1.0	-1.5	1.5
Q4	49.8	44.4	10.7	5.8	2.7	25.2	21.6	1.4	5.4	3.2	2.2	-1.2	1.5
2007 Q1	44.8	41.5	9.8	4.5	3.0	24.3	20.9	1.1	3.2	2.0	1.2	-2.1	0.8
Q2	44.9	41.7	9.9	4.9	3.2	23.7	20.8	1.1	3.2	2.3	0.9	0.9	4.1
Q3	44.7	41.2	9.5	4.8	3.0	24.0	20.8	1.2	3.4	2.5	0.9	-0.8	2.2
Q4	49.6	44.5	10.7	5.8	2.8	25.2	21.4	1.5	5.1	3.4	1.7	-0.8	2.1
2008 Q1	45.2	42.0	9.7	4.7	3.0	24.6	20.9	1.2	3.2	2.0	1.2	-2.4	0.6
Q2	45.7	42.3	10.1	5.0	3.3	24.0	20.9	1.1	3.4	2.4	1.0	-0.4	2.8
Q3	45.7	42.1	9.6	4.8	3.1	24.5	21.4	1.2	3.6	2.5	1.0	-2.3	0.8
Q4	51.5	46.3	11.0	6.1	2.8	26.4	22.4	1.4	5.2	3.5	1.7	-3.2	-0.4
2009 Q1	49.1	45.6	10.5	5.3	2.9	26.9	23.0	1.3	3.5	2.2	1.2	-6.4	-3.5
Q2	50.5	46.4	10.9	5.5	3.0	27.0	23.4	1.3	4.1	2.8	1.3	-5.7	-2.7
Q3	49.6	45.7	10.3	5.3	2.9	27.3	23.6	1.4	3.9	2.7	1.2	-6.8	-3.9
Q4	54.4	49.0	11.6	6.5	2.6	28.4	24.1	1.5	5.4	3.4	1.9	-6.4	-3.8
2010 Q1	50.2	46.6	10.6	5.2	2.8	28.1	23.8	1.4	3.6	2.0	1.5	-7.9	-5.1
Q2	49.3	45.9	10.7	5.5	2.9	26.8	23.3	1.3	3.4	2.4	1.2	-4.7	-1.8
Q3	49.4	45.2	10.1	5.2	2.9	27.0	23.3	1.3	4.1	2.4	1.7	-6.2	-3.3
Q4	53.0	47.9	11.2	6.3	2.6	27.9	23.9	1.6	5.1	3.1	2.1	-5.2	-2.7

Sources: ECB calculations based on Eurostat and national data.

1) Data refer to the Euro 17. The concepts "revenue", "expenditure" and "deficit/surplus" are based on the ESA 95. Transactions between the EU budget and entities outside the government sector are not included. Otherwise, except for different data transmission deadlines, the quarterly data are consistent with the annual data. The data are not seasonally adjusted.

2) The fiscal burden comprises taxes and social contributions.

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

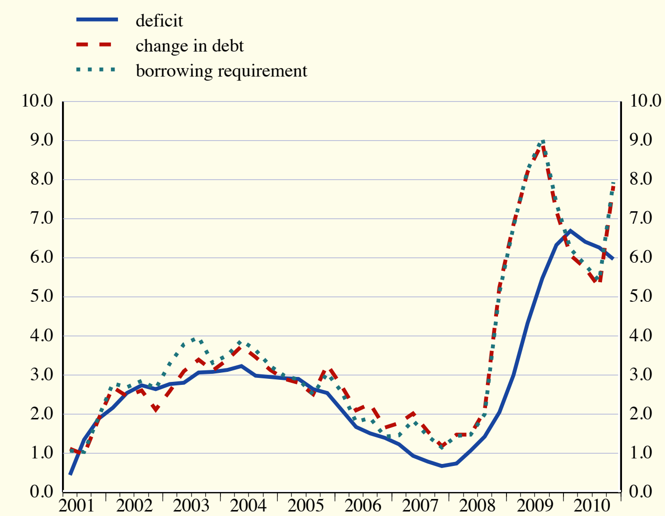
1. Euro area – Maastricht debt by financial instrument [2]

	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2008 Q1	67.2	2.2	11.4	4.9	48.7
Q2	67.5	2.2	11.4	4.9	49.0
Q3	67.6	2.1	11.3	5.5	48.7
Q4	70.0	2.3	11.4	6.7	49.6
2009 Q1	73.7	2.3	11.7	7.9	51.8
Q2	76.8	2.4	12.1	8.4	53.9
Q3	78.6	2.4	12.3	9.2	54.8
Q4	79.5	2.5	12.5	8.6	56.0
2010 Q1	81.3	2.4	12.7	8.4	57.8
Q2	82.6	2.4	13.3	8.1	58.9
Q3	82.7	2.4	13.2	8.2	58.9
Q4	85.3	2.4	15.4	7.7	59.7

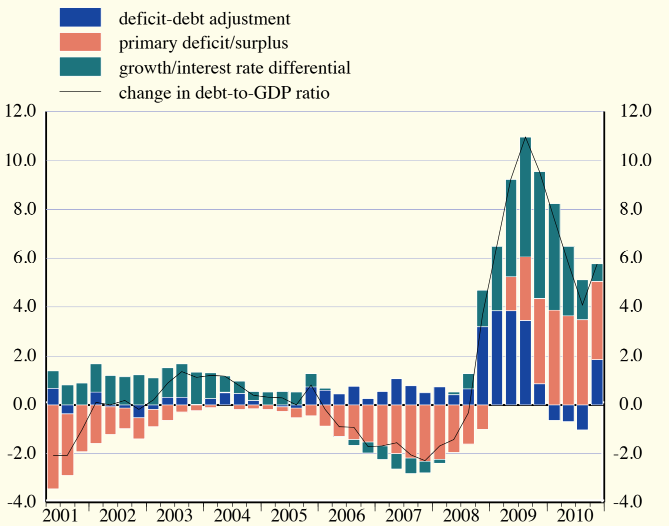
2. Euro area – deficit-debt adjustment

	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
2008 Q1	6.1	-2.4	3.7	3.3	2.0	0.0	0.9	0.3	-0.2	0.6	6.2
Q2	3.8	-0.4	3.3	3.9	1.9	0.3	1.3	0.5	0.1	-0.7	3.7
Q3	2.0	-2.3	-0.2	-0.7	-1.5	0.0	0.3	0.6	0.4	0.0	1.6
Q4	9.1	-3.2	6.0	5.5	0.6	2.5	0.4	2.1	0.1	0.3	9.0
2009 Q1	12.8	-6.4	6.4	6.8	5.2	-0.1	1.0	0.8	-0.5	0.1	13.3
Q2	9.1	-5.7	3.3	3.2	2.3	-0.6	0.3	1.2	-0.4	0.5	9.4
Q3	4.9	-6.8	-2.0	-2.8	-3.2	0.6	0.0	-0.2	0.2	0.6	4.7
Q4	2.3	-6.4	-4.0	-2.5	-2.7	-0.1	0.1	0.2	-0.2	-1.3	2.6
2010 Q1	8.2	-7.9	0.3	0.8	0.8	0.0	-0.3	0.3	-0.3	-0.2	8.5
Q2	7.6	-4.7	3.0	3.4	2.0	1.2	-0.2	0.4	-0.1	-0.3	7.7
Q3	3.0	-6.2	-3.3	-2.9	-2.3	-0.6	-0.1	0.1	0.0	-0.3	3.0
Q4	12.4	-5.2	7.1	7.9	0.8	1.5	5.7	-0.2	0.0	-0.7	12.4

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



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



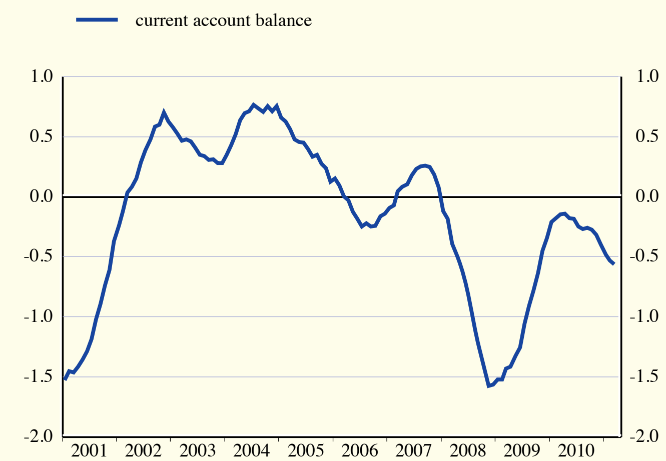
Sources: ECB calculations based on Eurostat and national data.
1) Data refer to the Euro 17. Intergovernmental lending in the context of the financial crisis is consolidated.
2) The stock data in quarter t are expressed as a percentage of the sum of GDP in t and the previous three quarters.

7 EXTERNAL TRANSACTIONS AND POSITIONS

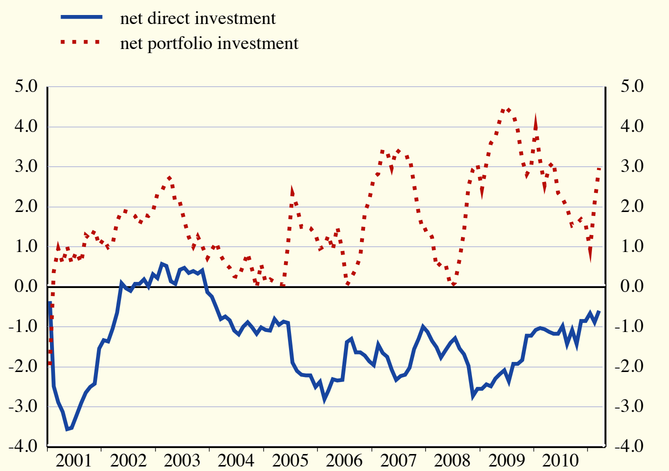
7.1 Summary balance of payments [1]
(EUR billions; net transactions)

	Current account					Capital account	Net lending/ borrowing to/from rest of the world (columns 1+6)	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers			Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2008	-142.4	-22.5	41.1	-63.3	-97.7	9.2	-133.2	141.5	-236.0	283.3	-82.9	180.5	-3.4	-8.3
2009	-25.7	37.5	33.8	-6.4	-90.6	6.6	-19.1	10.0	-109.4	270.7	37.2	-193.1	4.6	9.2
2010	-36.7	20.7	41.0	1.8	-100.2	7.7	-28.9	34.4	-78.6	143.2	8.0	-28.1	-10.2	-5.4
2010 Q1	-17.9	1.6	4.4	11.1	-35.1	2.5	-15.5	16.0	-45.2	24.9	2.7	38.2	-4.6	-0.6
Q2	-18.6	3.3	11.7	-14.8	-18.8	1.7	-16.9	25.4	-29.8	93.7	1.9	-41.4	1.0	-8.5
Q3	-6.2	8.2	14.6	1.4	-30.4	1.0	-5.1	3.9	-30.8	-17.1	2.4	54.3	-5.0	1.3
Q4	6.0	7.6	10.3	4.0	-15.9	2.5	8.5	-10.9	27.2	41.6	1.0	-79.2	-1.6	2.4
2011 Q1	-33.5	-12.4	5.4	4.8	-31.3	2.5	-30.9	28.3	-22.2	156.2	-3.9	-90.7	-11.1	2.6
2010 Mar.	0.0	5.6	1.6	2.8	-10.1	0.2	0.2	2.7	-32.7	-4.3	0.0	42.2	-2.5	-2.8
Apr.	-4.2	1.4	3.0	-1.1	-7.5	-0.6	-4.8	5.1	-18.4	41.5	-4.2	-13.7	-0.1	-0.3
May	-16.0	-1.5	3.7	-12.8	-5.4	1.8	-14.2	20.3	-3.8	51.6	-0.2	-27.2	-0.1	-6.2
June	1.7	3.3	5.0	-0.8	-5.9	0.5	2.1	-0.1	-7.6	0.6	6.3	-0.5	1.1	-2.0
July	5.5	7.2	5.4	2.3	-9.4	1.4	6.9	0.4	-0.6	-25.1	-1.4	30.7	-3.1	-7.4
Aug.	-7.1	-3.8	4.0	2.5	-9.8	0.3	-6.8	2.3	-26.9	0.3	4.7	25.8	-1.6	4.6
Sep.	-4.6	4.8	5.2	-3.4	-11.2	-0.7	-5.2	1.2	-3.2	7.8	-1.0	-2.2	-0.2	4.1
Oct.	4.0	6.4	2.9	3.3	-8.6	-0.2	3.8	-3.1	-27.7	14.0	-5.2	16.0	-0.2	-0.7
Nov.	-3.6	-0.1	3.5	-1.0	-6.0	0.6	-2.9	15.8	45.2	14.2	1.6	-45.2	0.0	-12.9
Dec.	5.6	1.3	3.9	1.6	-1.3	2.1	7.6	-23.6	9.8	13.5	4.6	-50.1	-1.3	15.9
2011 Jan.	-20.8	-14.1	1.5	0.1	-8.2	0.4	-20.4	18.3	6.5	-18.1	-2.7	38.3	-5.7	2.1
Feb.	-8.9	-0.6	2.3	2.9	-13.5	2.2	-6.7	7.4	-22.0	97.3	-2.3	-66.6	1.0	-0.7
Mar.	-3.8	2.4	1.6	1.8	-9.5	0.0	-3.8	2.6	-6.6	77.0	1.1	-62.5	-6.4	1.2
	12-month cumulated transactions													
2011 Mar.	-52.2	6.7	42.1	-4.5	-96.4	7.7	-44.4	46.6	-55.6	274.5	1.3	-157.0	-16.6	-2.2
	12-month cumulated transactions as a percentage of GDP													
2011 Mar.	-0.6	0.1	0.5	0.0	-1.0	0.1	-0.5	0.5	-0.6	3.0	0.0	-1.7	-0.2	0.0

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



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



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

7.2 Current and capital accounts

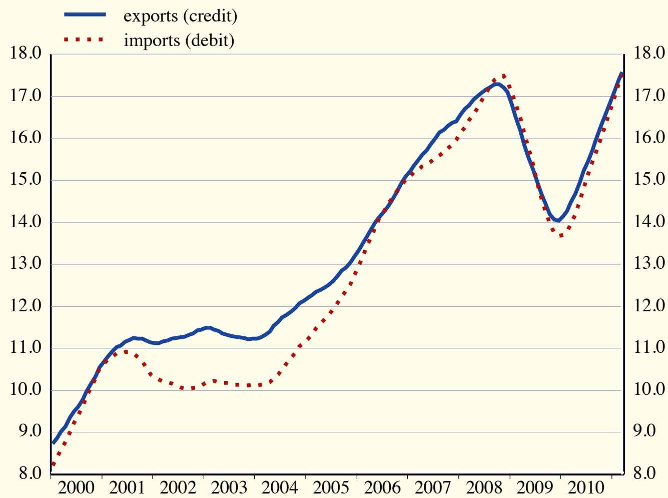
(EUR billions; transactions)

1. Summary current and capital accounts

	Current account													Capital account	
	Total			Goods		Services		Income		Current transfers					
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit		Debit		Credit	Debit
											Workers' remit-tances		Workers' remit-tances		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2008	2,720.2	2,862.6	-142.4	1,590.2	1,612.8	514.4	473.3	524.3	587.6	91.2	6.9	188.9	21.5	24.5	15.2
2009	2,292.9	2,318.6	-25.7	1,303.6	1,266.0	473.9	440.2	421.5	427.9	93.9	6.4	184.5	22.5	20.6	14.0
2010	2,593.3	2,630.0	-36.7	1,564.3	1,543.6	515.1	474.0	426.3	424.5	87.7	6.3	187.9	22.0	22.2	14.5
2010 Q1	588.6	606.5	-17.9	350.1	348.5	113.2	108.9	103.4	92.3	21.7	1.5	56.8	5.1	5.5	3.0
Q2	647.3	665.8	-18.6	388.7	385.4	128.9	117.2	110.8	125.5	18.9	1.7	37.7	5.2	4.8	3.1
Q3	661.2	667.3	-6.2	403.2	395.0	138.5	123.9	103.9	102.5	15.6	1.7	46.0	5.8	4.8	3.8
Q4	696.3	690.3	6.0	422.3	414.7	134.4	124.1	108.2	104.2	31.4	1.6	47.3	6.0	7.1	4.5
2011 Q1	675.2	708.7	-33.5	423.9	436.4	120.5	115.1	104.3	99.5	26.5	.	57.8	.	5.1	2.6
2011 Jan.	209.1	229.9	-20.8	127.5	141.6	40.8	39.3	32.1	32.0	8.7	.	17.0	.	1.3	0.9
Feb.	220.4	229.3	-8.9	137.7	138.4	37.4	35.1	32.9	30.0	12.4	.	25.9	.	3.0	0.8
Mar.	245.7	249.5	-3.8	158.7	156.4	42.3	40.7	39.3	37.5	5.3	.	14.9	.	0.9	0.9
	Seasonally adjusted														
2010 Q3	657.1	665.2	-8.2	395.6	390.3	129.7	118.7	108.0	108.6	23.8	.	47.6	.	.	.
Q4	669.5	685.6	-16.0	408.8	408.8	130.8	120.4	105.6	109.7	24.4	.	46.7	.	.	.
2011 Q1	699.4	716.3	-16.8	436.5	439.4	131.8	120.3	107.8	108.9	23.4	.	47.7	.	.	.
2011 Jan.	231.6	237.2	-5.6	143.5	145.3	44.8	40.6	35.1	35.7	8.3	.	15.6	.	.	.
Feb.	233.2	239.7	-6.5	146.9	148.8	42.9	39.4	35.4	35.5	8.0	.	16.0	.	.	.
Mar.	234.7	239.4	-4.7	146.2	145.4	44.1	40.3	37.3	37.7	7.1	.	16.0	.	.	.
	12-month cumulated transactions														
2011 Mar.	2,669.4	2,721.6	-52.2	1,629.0	1,623.4	521.1	478.6	427.1	431.9	92.2	.	187.7	.	.	.
	12-month cumulated transactions as a percentage of GDP														
2011 Mar.	28.8	29.4	-0.6	17.6	17.5	5.6	5.2	4.6	4.7	1.0	.	2.0	.	.	.

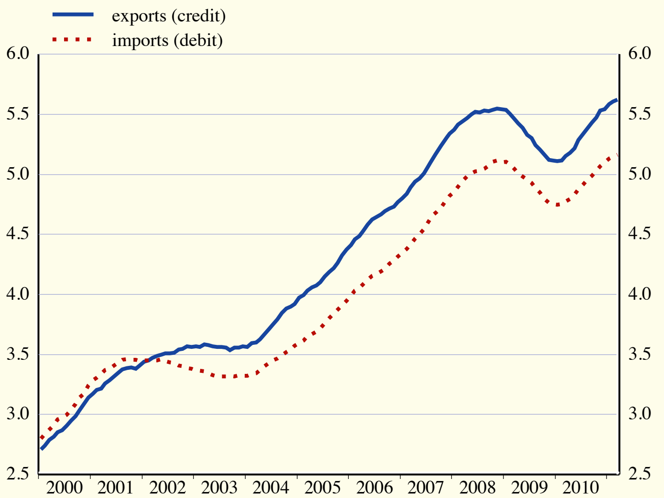
C34 Euro area b.o.p.: goods

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



C35 Euro area b.o.p.: services

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



Source: ECB.

7.2 Current and capital accounts
(EUR billions)

2. Income account
(transactions)

	Compensation of employees		Investment income													
	Credit	Debit	Total		Direct investment						Portfolio investment				Other investment	
			Credit	Debit	Equity				Debt		Equity		Debt		Credit	Debit
					Credit		Debit		Credit	Debit	Credit	Debit	Credit	Debit		
						Reinv. earnings		Reinv. earnings								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2008	21.1	13.1	503.2	574.5	141.1	-5.2	115.8	17.8	31.3	26.7	39.3	111.1	119.1	128.5	172.4	192.3
2009	21.9	13.8	399.6	414.1	145.6	16.2	98.6	12.0	24.9	24.2	27.4	77.2	98.7	120.8	102.9	93.4
2010	23.1	13.8	403.2	410.7	170.4	0.4	111.4	16.6	22.4	20.1	29.9	85.8	97.6	122.7	82.9	70.7
2009 Q4	5.9	4.1	97.4	93.7	40.2	1.6	27.0	-0.1	6.5	5.6	6.1	13.9	22.8	28.5	21.9	18.8
2010 Q1	5.8	2.7	97.6	89.6	42.6	2.7	25.9	5.8	5.5	4.4	6.0	12.3	23.1	30.2	20.5	16.8
Q2	5.5	3.3	105.3	122.3	44.9	-8.9	28.7	-3.5	5.8	5.2	9.8	39.5	24.3	31.7	20.5	17.2
Q3	5.5	3.9	98.4	98.5	40.8	9.5	28.8	7.9	5.3	4.7	7.6	17.0	24.9	31.3	19.8	16.7
Q4	6.3	3.9	101.9	100.4	42.1	-2.9	28.0	6.5	5.9	5.8	6.6	17.1	25.3	29.5	22.1	19.9

3. Geographical breakdown
(cumulated transactions)

2010 Q1 to 2010 Q4	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzer-land	United States	Other
		Total	Den-mark	Sweden	United Kingdom	Other EU countries	EU insti-tutions									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Credits															
Current account	2,593.3	862.1	48.7	79.4	407.9	268.3	57.8	46.8	34.1	117.5	36.7	54.8	93.1	196.4	346.2	805.7
Goods	1,564.3	500.2	30.6	52.7	207.4	209.3	0.2	26.7	18.2	96.0	27.2	34.8	68.2	101.4	183.9	507.7
Services	515.1	164.1	10.7	13.6	104.3	29.2	6.2	8.2	7.7	15.4	7.3	12.3	16.3	52.1	75.6	156.1
Income	426.3	138.8	6.8	11.6	85.7	26.4	8.3	11.6	7.3	5.7	2.0	6.7	8.0	34.6	81.1	130.6
Investment income	403.2	132.0	6.7	11.5	84.1	25.7	4.0	11.6	7.2	5.7	1.9	6.6	8.0	24.0	79.3	126.9
Current transfers	87.7	59.1	0.6	1.5	10.4	3.5	43.0	0.3	0.9	0.4	0.3	1.0	0.6	8.3	5.5	11.3
Capital account	22.2	19.1	0.0	0.0	1.1	0.4	17.5	0.0	0.0	0.0	0.0	0.0	0.1	0.4	0.4	2.1
	Debits															
Current account	2,630.0	814.5	42.2	75.0	355.1	243.0	99.2	-	29.8	-	-	92.4	-	173.3	338.2	-
Goods	1,543.6	431.0	27.6	46.5	162.1	194.8	0.0	26.0	12.7	202.1	23.4	50.1	105.0	86.2	130.9	476.3
Services	474.0	136.6	7.8	11.2	84.9	32.4	0.2	4.8	6.5	12.5	5.1	9.7	10.3	44.0	98.9	145.7
Income	424.5	134.6	6.3	15.8	96.0	11.3	5.2	-	8.6	-	-	31.9	-	34.8	101.4	-
Investment income	410.7	126.6	6.2	15.7	94.6	4.9	5.2	-	8.4	-	-	31.8	-	34.4	100.5	-
Current transfers	187.9	112.3	0.5	1.5	12.1	4.5	93.8	1.4	2.1	3.1	0.8	0.6	0.8	8.3	7.1	51.4
Capital account	14.5	2.5	0.0	0.1	1.2	0.3	0.9	0.2	0.1	0.1	0.2	0.1	0.1	0.5	1.4	9.2
	Net															
Current account	-36.7	47.7	6.5	4.4	52.8	25.3	-41.4	-	4.3	-	-	-37.6	-	23.1	8.0	-
Goods	20.7	69.2	3.1	6.1	45.3	14.5	0.2	0.7	5.5	-106.1	3.8	-15.2	-36.8	15.2	52.9	31.4
Services	41.0	27.5	2.9	2.5	19.4	-3.2	6.0	3.4	1.3	3.0	2.2	2.5	6.0	8.1	-23.3	10.4
Income	1.8	4.3	0.5	-4.2	-10.2	15.1	3.1	-	-1.3	-	-	-25.2	-	-0.3	-20.2	-
Investment income	-7.5	5.4	0.5	-4.3	-10.5	20.8	-1.2	-	-1.3	-	-	-25.1	-	-10.5	-21.1	-
Current transfers	-100.2	-53.3	0.1	0.0	-1.6	-1.0	-50.7	-1.1	-1.2	-2.7	-0.5	0.4	-0.2	0.0	-1.5	-40.0
Capital account	7.7	16.6	0.0	-0.1	-0.1	0.1	16.6	-0.2	-0.1	-0.1	-0.2	-0.1	0.0	-0.1	-1.0	-7.1

Source: ECB.

7.3 Financial account

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

1. Summary financial account

	Total [1]			Total as a % of GDP			Direct investment		Portfolio investment		Net financial derivatives	Other investment		Reserve assets
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts (international investment position)													
2007	13,992.8	15,266.8	-1,274.0	155.0	169.1	-14.1	3,726.7	3,221.9	4,631.1	6,538.1	-28.9	5,316.7	5,506.8	347.2
2008	13,331.7	14,983.0	-1,651.3	144.1	162.0	-17.9	3,889.7	3,320.2	3,727.6	5,938.3	-29.8	5,370.1	5,724.4	374.2
2009	13,733.3	15,203.2	-1,469.9	153.4	169.8	-16.4	4,262.0	3,478.6	4,226.3	6,737.2	-45.4	4,830.9	4,987.5	459.6
2010 Q2	14,925.7	16,152.1	-1,226.4	164.8	178.4	-13.5	4,583.5	3,604.6	4,627.9	7,137.6	-46.1	5,177.2	5,409.9	583.3
Q3	14,747.4	16,124.8	-1,377.4	161.6	176.7	-15.1	4,556.9	3,573.6	4,641.8	7,277.0	-55.4	5,051.8	5,274.3	552.2
Q4	15,001.4	16,191.9	-1,190.6	163.2	176.2	-13.0	4,615.0	3,609.1	4,809.7	7,358.2	-75.2	5,060.8	5,224.7	591.2
	Changes to outstanding amounts													
2006	1,545.9	1,845.3	-299.4	18.0	21.5	-3.5	363.3	284.6	485.1	889.8	0.6	691.2	670.9	5.7
2007	1,608.0	1,858.8	-250.9	17.8	20.6	-2.8	572.8	486.8	258.7	591.3	-8.1	763.3	780.7	21.4
2008	-661.1	-283.8	-377.3	-7.1	-3.1	-4.1	163.0	98.3	-903.5	-599.7	-0.9	53.3	217.6	27.0
2009	401.6	220.2	181.4	4.5	2.5	2.0	372.4	158.3	498.7	798.8	-15.6	-539.2	-737.0	85.4
2010 Q3	-178.3	-27.3	-151.0	-7.8	-1.2	-6.6	-26.6	-31.0	13.9	139.4	-9.3	-125.3	-135.6	-31.0
Q4	254.0	67.1	186.9	10.6	2.8	7.8	58.1	35.5	167.9	81.2	-19.8	8.9	-49.6	39.0
	Transactions													
2007	1,940.3	1,943.2	-3.0	21.5	21.5	0.0	512.9	422.5	439.5	566.3	66.9	915.8	954.4	5.1
2008	406.6	548.1	-141.5	4.4	5.9	-1.5	328.8	92.8	-7.2	276.1	82.9	-1.2	179.3	3.4
2009	-166.8	-156.8	-10.0	-1.9	-1.8	-0.1	325.3	215.9	84.3	355.0	-37.2	-534.6	-727.7	-4.6
2010	439.4	473.8	-34.4	4.8	5.2	-0.4	166.5	87.9	140.7	283.9	-8.0	130.0	101.9	10.2
2010 Q3	81.1	84.9	-3.9	3.5	3.7	-0.2	28.1	-2.6	53.2	36.1	-2.4	-2.8	51.5	5.0
Q4	49.8	38.9	10.9	2.1	1.6	0.5	7.1	34.3	42.9	84.5	-1.0	-0.8	-80.0	1.6
2011 Q1	134.8	163.1	-28.3	5.9	7.1	-1.2	53.6	31.4	29.2	185.4	3.9	37.1	-53.6	11.1
2010 Nov.	57.7	73.5	-15.8	.	.	.	-1.9	43.2	3.1	17.3	-1.6	58.1	12.9	0.0
Dec.	-109.5	-133.0	23.6	.	.	.	0.0	9.8	-19.6	-6.1	-4.6	-86.7	-136.7	1.3
2011 Jan.	140.4	158.7	-18.3	.	.	.	26.3	32.8	39.5	21.4	2.7	66.2	104.6	5.7
Feb.	39.0	46.4	-7.4	.	.	.	8.7	-13.4	-1.9	95.4	2.3	31.0	-35.6	-1.0
Mar.	-44.6	-42.0	-2.6	.	.	.	18.6	12.0	-8.4	68.6	-1.1	-60.1	-122.6	6.4
	Other changes													
2006	-182.3	123.3	-305.6	-2.1	1.4	-3.6	-54.7	26.2	-35.2	183.4	0.0	-96.9	-86.3	4.4
2007	-332.3	-84.4	-247.9	-3.7	-0.9	-2.7	59.9	64.3	-180.8	25.1	-75.1	-152.6	-173.8	16.3
2008	-1,067.7	-831.9	-235.8	-11.5	-9.0	-2.5	-165.8	5.5	-896.3	-875.8	-83.8	54.5	38.3	23.7
2009	568.4	377.0	191.4	6.3	4.2	2.1	47.1	-57.6	414.4	443.9	21.6	-4.6	-9.3	89.9
	Other changes due to exchange rate changes													
2006	-343.3	-228.5	-114.8	-4.0	-2.7	-1.3	-72.1	-4.2	-151.6	-101.1	.	-105.7	-123.2	-13.9
2007	-521.9	-339.5	-182.4	-5.8	-3.8	-2.0	-104.1	-17.1	-217.4	-146.9	.	-186.7	-175.5	-13.7
2008	-39.4	55.1	-94.5	-0.4	0.6	-1.0	-20.1	-9.6	6.8	47.4	.	-35.4	17.3	9.2
2009	-45.8	-49.7	3.9	-0.5	-0.6	0.0	-4.8	1.7	-28.4	-27.5	.	-10.1	-23.9	-2.5
	Other changes due to price changes													
2006	288.6	298.4	-9.8	3.4	3.5	-0.1	45.4	33.5	226.0	264.9	0.0	.	.	17.1
2007	78.7	113.4	-34.7	0.9	1.3	-0.4	45.2	5.8	77.3	107.6	-75.1	.	.	31.3
2008	-1,021.5	-1,018.4	-3.1	-11.0	-11.0	0.0	-154.5	-94.8	-812.8	-923.6	-75.8	.	.	21.5
2009	622.1	494.0	128.1	6.9	5.5	1.4	137.9	44.5	402.2	449.5	35.9	.	.	46.1
	Other changes due to other adjustments													
2006	-128.1	56.7	-184.7	-1.5	0.7	-2.2	-28.3	-1.6	-109.6	19.8	.	8.7	38.4	1.2
2007	110.8	155.1	-44.3	1.2	1.7	-0.5	119.2	76.0	-40.8	64.4	.	33.7	14.7	-1.3
2008	3.5	155.5	-152.0	0.0	1.7	-1.6	3.8	109.0	-81.8	-12.3	.	88.7	58.8	-7.1
2009	52.3	-39.6	91.9	0.6	-0.4	1.0	-48.5	-100.9	46.0	34.3	.	5.6	27.0	49.2
	Growth rates of outstanding amounts													
2006	16.1	14.8	-	.	.	.	15.1	10.6	13.6	13.7	.	20.5	18.8	0.3
2007	15.6	14.3	-	.	.	.	15.8	15.1	10.0	9.4	.	20.2	20.2	1.6
2008	2.9	3.6	-	.	.	.	8.9	2.9	-0.5	4.4	.	-0.1	3.3	1.0
2009	-1.3	-1.1	-	.	.	.	8.4	6.6	2.2	5.9	.	-10.0	-12.6	-1.2
2010 Q3	3.3	3.2	-	.	.	.	5.3	3.7	3.0	4.0	.	2.1	1.7	1.7
Q4	3.1	3.1	-	.	.	.	3.8	2.5	3.2	4.1	.	2.7	2.0	2.0
2011 Q1	2.6	2.7	-	.	.	.	3.9	3.3	2.3	5.3	.	1.7	-1.4	2.8

Source: ECB.

1) Net financial derivatives are included in assets.

7.3 Financial account

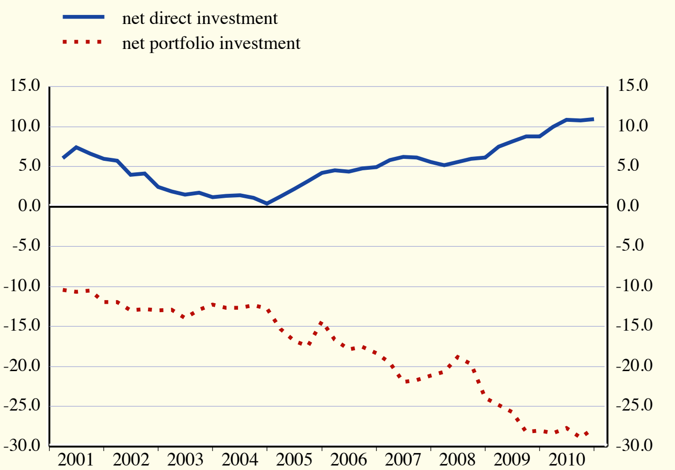
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

2. Direct investment

	By resident units abroad							By non-resident units in the euro area						
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	Into MFIs	Into non-MFIs	Total	To MFIs	To non-MFIs
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Oustanding amounts (international investment position)													
2008	3,889.7	3,016.6	214.5	2,802.2	873.0	13.1	859.9	3,320.2	2,360.4	67.1	2,293.2	959.8	19.0	940.8
2009	4,262.0	3,291.0	228.5	3,062.4	971.1	14.7	956.4	3,478.6	2,531.3	78.2	2,453.1	947.3	18.5	928.8
2010 Q3	4,556.9	3,497.5	243.2	3,254.3	1,059.4	15.7	1,043.7	3,573.6	2,721.9	82.9	2,639.0	851.7	16.1	835.6
Q4	4,615.0	3,522.0	247.6	3,274.4	1,093.0	16.0	1,077.0	3,609.1	2,721.8	86.4	2,635.4	887.3	10.9	876.3
	Transactions													
2008	328.8	195.4	9.3	186.1	133.4	-0.3	133.7	92.8	57.7	-8.2	65.9	35.0	1.6	33.5
2009	325.3	234.1	18.2	215.9	91.1	2.4	88.8	215.9	216.4	8.6	207.8	-0.5	-0.6	0.1
2010	166.5	51.6	7.6	44.0	114.9	1.3	113.6	87.9	136.8	8.0	128.8	-48.9	-7.5	-41.3
2010 Q3	28.1	34.3	0.9	33.4	-6.2	0.2	-6.4	-2.6	32.5	2.4	30.1	-35.2	-0.1	-35.1
Q4	7.1	-28.0	0.9	-28.9	35.1	0.3	34.8	34.3	-8.6	2.0	-10.5	42.9	-4.9	47.9
2011 Q1	53.6	41.8	5.0	36.8	11.7	0.1	11.7	31.4	15.4	0.2	15.2	16.0	2.3	13.7
2010 Nov.	-1.9	-4.8	2.3	-7.1	2.9	0.1	2.8	43.2	8.3	1.5	6.9	34.9	1.9	33.0
Dec.	0.0	-15.3	0.9	-16.3	15.3	0.1	15.2	9.8	11.1	0.2	10.9	-1.3	-6.5	5.2
2011 Jan.	26.3	32.4	0.5	32.0	-6.2	0.2	-6.4	32.8	6.3	0.3	6.0	26.4	2.8	23.6
Feb.	8.7	1.8	0.2	1.6	6.8	-0.1	6.9	-13.4	3.0	0.2	2.7	-16.3	-0.5	-15.8
Mar.	18.6	7.5	4.3	3.2	11.1	-0.1	11.2	12.0	6.1	-0.4	6.5	5.9	-0.1	5.9
	Growth rates													
2008	8.9	6.6	4.1	6.9	17.9	-1.2	18.2	2.9	2.4	-13.1	2.8	4.3	8.5	4.2
2009	8.4	7.7	8.5	7.7	10.5	18.3	10.3	6.6	9.3	12.8	9.2	-0.1	-3.1	0.0
2010 Q3	5.3	4.3	4.0	4.4	8.6	10.7	8.6	3.7	9.2	12.2	9.1	-10.3	-14.3	-10.2
Q4	3.8	1.5	3.3	1.4	11.7	8.6	11.8	2.5	5.4	10.1	5.2	-5.1	-40.4	-4.4
2011 Q1	3.9	2.2	2.6	2.2	9.4	7.1	9.4	3.3	3.3	8.5	3.1	3.6	-27.7	4.3

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

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



Source: ECB.

7.3 Financial account

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

3. Portfolio investment assets

	Total	Equity					Debt instruments									
							Bonds and notes					Money market instruments				
		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs	
				Euro-system		General government			Euro-system		General government			Euro-system		General government
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Outstanding amounts (international investment position)															
2008	3,727.6	1,128.6	68.4	3.0	1,060.2	27.1	2,164.2	964.8	20.3	1,199.4	18.6	434.8	358.1	61.7	76.7	1.3
2009	4,226.3	1,488.7	76.2	3.4	1,412.5	34.4	2,339.5	917.5	17.1	1,422.0	36.5	398.1	327.3	44.9	70.8	2.0
2010 Q3	4,641.8	1,699.8	88.8	3.4	1,611.0	42.0	2,551.6	893.7	17.0	1,657.8	40.4	390.5	316.8	49.0	73.7	0.5
Q4	4,809.7	1,900.9	96.9	3.6	1,804.0	45.3	2,510.8	800.7	15.6	1,710.1	77.1	398.0	312.9	41.7	85.1	0.2
	Transactions															
2008	-7.2	-98.0	-35.7	0.6	-62.3	0.0	80.7	41.0	3.2	39.7	2.6	10.1	34.9	14.9	-24.8	0.4
2009	84.3	46.8	-3.2	0.0	50.0	1.5	30.2	-98.3	-3.8	128.5	17.5	7.2	11.8	-12.8	-4.5	0.9
2010	140.7	81.0	8.4	-0.2	72.6	1.9	103.7	-123.6	-1.2	227.3	51.4	-44.0	-56.5	-10.8	12.5	-1.9
2010 Q3	53.2	10.6	1.8	0.0	8.8	-1.3	59.7	6.0	-0.1	53.7	-2.1	-17.1	-7.5	7.2	-9.6	0.3
Q4	42.9	42.7	2.8	0.0	39.9	-0.7	0.1	-97.3	-0.5	97.4	53.4	0.1	-13.2	-9.5	13.3	-0.3
2011 Q1	29.2	-0.8	-8.2	0.1	7.4	.	27.7	13.0	1.0	14.7	.	2.3	-4.3	2.0	6.6	.
2010 Nov.	3.1	15.9	4.2	0.0	11.7	.	-15.1	-35.5	0.2	20.4	.	2.3	-2.1	1.1	4.4	.
Dec.	-19.6	9.3	-2.7	0.1	11.9	.	-14.8	-12.3	-0.4	-2.5	.	-14.0	-16.5	-7.2	2.5	.
2011 Jan.	39.5	-6.1	-4.1	0.0	-2.1	.	37.5	31.2	0.1	6.2	.	8.1	1.7	3.1	6.5	.
Feb.	-1.9	4.7	-3.2	0.1	7.9	.	2.7	-4.4	0.4	7.2	.	-9.3	-9.8	-0.8	0.5	.
Mar.	-8.4	0.7	-0.9	0.0	1.6	.	-12.5	-13.9	0.5	1.3	.	3.4	3.8	-0.2	-0.4	.
	Growth rates															
2008	-0.5	-5.9	-27.6	24.6	-4.2	-0.1	3.6	4.2	20.1	3.1	15.4	2.7	11.9	41.1	-27.7	65.9
2009	2.2	3.4	-5.1	-0.7	3.9	5.4	1.3	-10.0	-18.9	10.5	93.7	1.1	2.6	-22.1	-6.0	68.4
2010 Q3	3.0	5.2	7.8	-7.5	5.1	8.5	5.0	-4.7	-7.1	11.6	-7.8	-14.9	-17.3	-2.6	-2.4	-67.9
Q4	3.2	5.1	10.9	-5.2	4.8	5.2	4.3	-13.4	-6.8	15.2	121.3	-10.4	-16.1	-23.6	18.4	-91.3
2011 Q1	2.3	2.6	-9.8	-2.7	3.3	.	3.2	-12.3	-1.8	12.5	.	-4.8	-12.2	-7.4	32.1	.

4. Portfolio investment liabilities

	Total	Equity			Debt instruments							
					Bonds and notes				Money market instruments			
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	MFIs	Non-MFIs	
								General government				General government
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts (international investment position)											
2008	5,938.3	2,185.3	616.9	1,568.4	3,372.6	1,198.8	2,173.8	1,426.8	380.4	62.0	318.4	269.9
2009	6,737.2	2,751.8	686.6	2,065.1	3,460.8	1,132.1	2,328.7	1,477.1	524.6	67.7	456.9	422.3
2010 Q3	7,277.0	2,942.9	670.5	2,272.4	3,810.1	1,173.9	2,636.2	1,740.7	523.9	99.5	424.4	377.8
Q4	7,358.2	3,147.1	654.2	2,492.9	3,735.6	1,160.8	2,574.8	1,704.3	475.5	81.1	394.4	358.2
	Transactions											
2008	276.1	-84.6	84.5	-169.1	177.8	6.8	171.0	154.3	182.9	-33.1	216.0	192.8
2009	355.0	111.8	2.2	109.6	123.3	7.7	115.5	93.4	119.9	-13.5	133.3	155.5
2010	283.9	147.5	-5.8	153.2	134.4	45.7	88.7	187.1	2.1	45.1	-43.0	-33.4
2010 Q3	36.1	39.7	15.8	23.9	-37.4	16.1	-53.5	-28.5	33.8	23.5	10.3	11.7
Q4	84.5	77.0	-9.3	86.3	33.2	26.6	6.6	36.4	-25.7	-3.5	-22.2	-16.7
2011 Q1	185.4	75.7	1.8	73.9	60.3	44.5	15.8	.	49.4	49.9	-0.6	.
2010 Nov.	17.3	-11.9	0.8	-12.7	17.0	0.5	16.5	.	12.2	2.4	9.8	.
Dec.	-6.1	28.6	-14.3	42.9	17.8	17.6	0.2	.	-52.5	-5.4	-47.1	.
2011 Jan.	21.4	9.0	-0.2	9.2	0.9	33.0	-32.1	.	11.5	13.4	-2.0	.
Feb.	95.4	36.9	5.9	31.0	30.9	9.9	21.0	.	27.7	24.0	3.7	.
Mar.	68.6	29.8	-3.9	33.7	28.6	1.7	26.9	.	10.2	12.5	-2.3	.
	Growth rates											
2008	4.4	-3.7	14.9	-8.1	5.9	0.7	9.2	13.8	78.0	-24.7	218.2	269.4
2009	5.9	4.8	0.4	6.6	3.6	0.7	5.3	6.6	31.8	-28.6	41.8	58.1
2010 Q3	4.0	4.1	-0.7	5.7	3.3	2.0	3.9	10.4	8.9	148.4	-4.7	-3.8
Q4	4.1	5.2	-0.9	7.1	3.8	3.9	3.8	12.4	0.4	70.5	-9.5	-8.1
2011 Q1	5.3	7.3	1.6	8.9	3.4	6.8	1.9	.	9.0	76.9	-3.5	.

Source: ECB.

7.3 Financial account

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

5. Other investment assets

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other assets	Total	Loans/ currency and deposits	Other assets		Trade credits	Loans/currency and deposits			Trade credits	Loans/currency and deposits	
											Currency and deposits				Currency and deposits
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2008	5,370.1	28.8	27.8	1.0	3,272.5	3,213.2	59.2	90.8	12.3	42.6	8.8	1,977.9	188.9	1,595.6	431.7
2009	4,830.9	30.2	29.8	0.4	2,835.9	2,805.4	30.5	109.2	8.4	63.6	11.4	1,855.6	192.4	1,478.8	398.1
2010 Q3	5,051.8	25.0	24.4	0.6	2,963.2	2,930.7	32.5	115.9	8.3	69.1	11.0	1,947.7	207.9	1,528.3	438.0
Q4	5,060.8	32.6	32.0	0.7	2,970.4	2,937.9	32.5	152.9	8.4	104.7	15.9	1,904.9	213.3	1,505.0	428.1
	Transactions														
2008	-1.2	-9.4	-9.5	0.0	-42.6	-59.2	16.6	-5.7	-1.1	-5.9	-4.7	56.6	-0.3	48.3	-21.9
2009	-534.6	0.1	0.0	0.1	-421.7	-401.2	-20.5	10.7	-0.4	9.3	1.2	-123.7	1.0	-129.3	-50.8
2010	130.0	-2.9	-2.9	0.0	8.4	-0.5	9.0	39.6	-0.2	38.8	4.8	84.9	11.8	63.1	29.1
2010 Q3	-2.8	1.5	1.6	-0.1	-15.8	-14.6	-1.2	-4.0	-0.1	-4.1	-2.4	15.5	2.3	17.1	11.2
Q4	-0.8	6.1	6.0	0.1	-28.0	-27.6	-0.4	34.6	0.0	34.6	4.8	-13.5	2.2	-20.4	-6.7
2011 Q1	37.1	2.5	.	.	62.5	.	.	-6.9	.	.	-3.1	-21.1	.	.	2.7
2010 Nov.	58.1	2.0	.	.	39.8	.	.	5.0	.	.	3.6	11.4	.	.	-6.6
Dec.	-86.7	6.9	.	.	-85.8	.	.	3.8	.	.	1.7	-11.6	.	.	-9.8
2011 Jan.	66.2	-0.5	.	.	59.4	.	.	-5.9	.	.	-4.3	13.3	.	.	18.1
Feb.	31.0	3.0	.	.	41.4	.	.	0.3	.	.	2.0	-13.7	.	.	-5.7
Mar.	-60.1	0.0	.	.	-38.3	.	.	-1.2	.	.	-0.8	-20.6	.	.	-9.7
	Growth rates														
2008	-0.1	-26.2	-26.9	1.0	-1.3	-1.8	23.6	-6.0	-8.8	-12.3	-35.8	3.1	-0.2	3.2	-5.9
2009	-10.0	-0.3	-1.4	24.1	-12.8	-12.4	-36.9	11.2	-3.5	18.9	12.0	-6.5	0.5	-8.4	-13.1
2010 Q3	2.1	-13.4	-13.1	-22.0	1.0	0.8	21.4	11.1	-3.2	17.9	9.1	3.5	5.3	3.3	-0.8
Q4	2.7	-13.1	-12.9	-9.9	0.4	0.1	28.2	35.4	-2.7	59.2	41.5	4.5	5.9	4.3	7.4
2011 Q1	1.7	22.6	.	.	0.5	.	.	37.1	.	.	69.7	1.3	.	.	6.1

6. Other investment liabilities

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other liabilities	Total	Loans/ currency and deposits	Other liabilities	Total	Trade credits	Loans	Other liabilities	Total	Trade credits	Loans	Other liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2008	5,724.4	482.9	482.6	0.3	3,762.9	3,708.8	54.1	62.3	0.0	58.0	4.3	1,416.3	178.2	1,059.7	178.4
2009	4,987.5	252.0	251.6	0.4	3,398.9	3,360.4	38.6	71.6	0.0	67.3	4.4	1,264.9	175.1	911.3	178.5
2010 Q3	5,274.3	249.2	247.5	1.8	3,606.5	3,559.3	47.3	92.0	0.0	86.4	5.6	1,326.5	185.5	948.4	192.7
Q4	5,224.7	268.9	265.8	3.0	3,507.2	3,456.0	51.3	138.8	0.0	133.3	5.4	1,309.7	191.1	955.6	163.0
	Transactions														
2008	179.3	281.0	280.9	0.1	-174.7	-186.0	11.3	9.3	0.0	10.6	-1.3	63.7	9.0	46.7	8.0
2009	-727.7	-233.1	-233.3	0.2	-353.2	-341.9	-11.4	12.5	0.0	12.4	0.1	-153.8	-5.5	-125.7	-22.6
2010	101.9	8.9	6.3	2.6	-3.0	-9.6	6.6	64.4	0.0	63.7	0.7	31.6	10.2	4.5	16.9
2010 Q3	51.5	-2.6	-3.6	1.0	1.9	6.0	-4.1	5.3	0.0	5.4	-0.1	46.9	1.0	34.9	11.0
Q4	-80.0	17.3	16.0	1.3	-105.1	-108.5	3.5	45.8	0.0	45.5	0.3	-38.1	2.4	-34.8	-5.7
2011 Q1	-53.6	9.6	.	.	-77.7	.	.	28.5	.	.	.	-14.0	.	.	.
2010 Nov.	12.9	4.2	.	.	9.4	.	.	15.9	.	.	.	-16.6	.	.	.
Dec.	-136.7	12.9	.	.	-152.0	.	.	22.9	.	.	.	-20.5	.	.	.
2011 Jan.	104.6	7.1	.	.	64.0	.	.	13.6	.	.	.	19.9	.	.	.
Feb.	-35.6	4.6	.	.	-17.1	.	.	7.2	.	.	.	-30.4	.	.	.
Mar.	-122.6	-2.1	.	.	-124.6	.	.	7.7	.	.	.	-3.6	.	.	.
	Growth rates														
2008	3.3	141.1	141.2	.	-4.4	-4.7	18.2	17.7	.	22.5	-23.2	4.8	5.3	4.6	5.9
2009	-12.6	-48.0	-48.1	.	-9.4	-9.2	-20.3	19.8	.	21.0	1.9	-10.8	-3.4	-11.8	-11.8
2010 Q3	1.7	-8.2	-8.6	.	0.5	0.4	11.3	18.2	.	17.8	26.9	6.2	4.5	5.4	11.8
Q4	2.0	3.4	2.4	.	0.0	-0.2	17.2	87.9	.	93.5	10.8	2.4	5.7	0.3	9.4
2011 Q1	-1.4	9.4	.	.	-5.1	.	.	113.1	.	.	.	-0.1	.	.	.

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)																
2007	347.2	201.0	353.688	4.6	3.6	138.0	7.2	22.0	108.5	0.4	87.8	20.3	0.3	0.0	44.3	-38.5	5.3
2008	374.2	217.0	349.207	4.7	7.3	145.1	7.6	8.1	129.5	0.6	111.3	17.6	0.0	0.0	262.8	-245.7	5.5
2009	462.4	266.1	347.180	50.8	10.5	134.9	11.7	8.1	115.2	0.5	92.0	22.7	-0.1	0.0	32.1	-24.2	51.2
2010 Q2	583.3	351.9	347.156	56.3	16.3	158.8	9.2	13.0	136.8	0.6	110.8	25.5	-0.3	0.0	32.7	-24.2	56.7
Q3	552.2	332.3	346.994	53.3	15.3	151.3	7.9	15.7	127.2	0.5	106.9	19.8	0.4	0.0	26.2	-22.6	53.7
Q4	591.2	366.2	346.962	54.2	15.8	155.0	7.7	16.1	131.3	0.5	111.2	19.5	0.0	0.0	26.3	-24.4	54.5
2011 Mar.	576.6	351.5	346.988	51.1	21.6	152.4	5.6	18.2	128.2	-	-	-	0.4	0.0	21.3	-24.5	52.5
Apr.	571.6	358.5	346.987	50.0	21.3	141.8	5.4	16.5	119.4	-	-	-	0.6	0.0	22.0	-21.6	51.4
	Transactions																
2007	5.1	-3.2	-	0.3	-0.9	8.8	1.0	1.6	6.2	0.0	14.5	-8.3	0.0	0.0	-	-	-
2008	3.4	-2.7	-	-0.1	3.8	2.4	5.0	-15.7	11.8	0.1	15.8	-4.1	1.3	0.0	-	-	-
2009	-4.6	-2.0	-	0.5	3.4	-6.4	3.1	-1.2	-9.5	0.0	-14.1	4.6	1.2	0.0	-	-	-
2010 Q3	5.0	0.0	-	0.0	-0.1	5.1	-0.5	3.9	1.6	0.0	5.6	-4.0	0.1	0.0	-	-	-
Q4	1.6	0.0	-	0.1	0.1	1.3	-0.4	-0.5	2.1	0.0	3.2	-1.1	0.1	0.0	-	-	-
2011 Q1	11.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Growth rates																
2008	1.0	-1.3	-	-2.5	105.6	1.7	67.7	-68.9	10.8	28.0	17.9	-20.6	-	-	-	-	-
2009	-1.2	-0.9	-	-2.6	45.5	-4.4	41.1	-21.3	-7.3	1.0	-12.8	25.3	-	-	-	-	-
2010	2.0	0.0	-	-0.1	45.4	3.6	-43.3	76.2	3.4	-5.2	10.3	-25.5	-	-	-	-	-
2010 Q3	1.7	0.0	-	1.0	27.8	3.2	-45.3	93.8	2.8	-5.2	9.0	-22.0	-	-	-	-	-
Q4	2.0	0.0	-	-0.1	45.4	3.6	-43.3	76.2	3.4	-5.2	10.3	-25.5	-	-	-	-	-
2011 Q1	2.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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)										
2007	9,991.0	5,144.6	240.5	2,996.3	172.6	189.6	1,247.3	1,235.4	202.1	5,228.6	2,077.6
2008	10,916.9	5,309.2	380.4	3,372.6	178.2	237.0	1,439.4	1,759.0	482.9	5,023.7	2,211.8
2009	10,413.3	4,590.5	524.6	3,460.8	175.1	221.8	1,440.4	1,971.0	252.0	4,598.7	2,151.1
2010 Q2	11,176.9	4,979.5	495.6	3,823.4	183.8	246.7	1,447.9	2,197.4	260.1	4,991.5	2,279.9
Q3	10,982.6	4,841.4	523.9	3,810.1	185.5	247.4	1,374.3	2,210.6	249.2	4,880.0	2,268.6
Q4	10,832.6	4,810.8	475.5	3,735.6	191.2	222.7	1,396.8	2,201.3	268.9	4,749.1	2,216.5
	Outstanding amounts as a percentage of GDP										
2007	110.6	57.0	2.7	33.2	1.9	2.1	13.8	13.7	2.2	57.9	23.0
2008	118.1	57.4	4.1	36.5	1.9	2.6	15.6	19.0	5.2	54.4	23.9
2009	116.4	51.3	5.9	38.7	2.0	2.5	16.1	22.0	2.8	51.4	24.0
2010 Q2	123.6	55.1	5.5	42.3	2.0	2.7	16.0	24.3	2.9	55.2	25.2
Q3	120.5	53.1	5.7	41.8	2.0	2.7	15.1	24.3	2.7	53.5	24.9
Q4	118.0	52.4	5.2	40.7	2.1	2.4	15.2	24.0	2.9	51.7	24.1

Source: ECB.

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

7.3 Financial account

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

9. Geographical breakdown

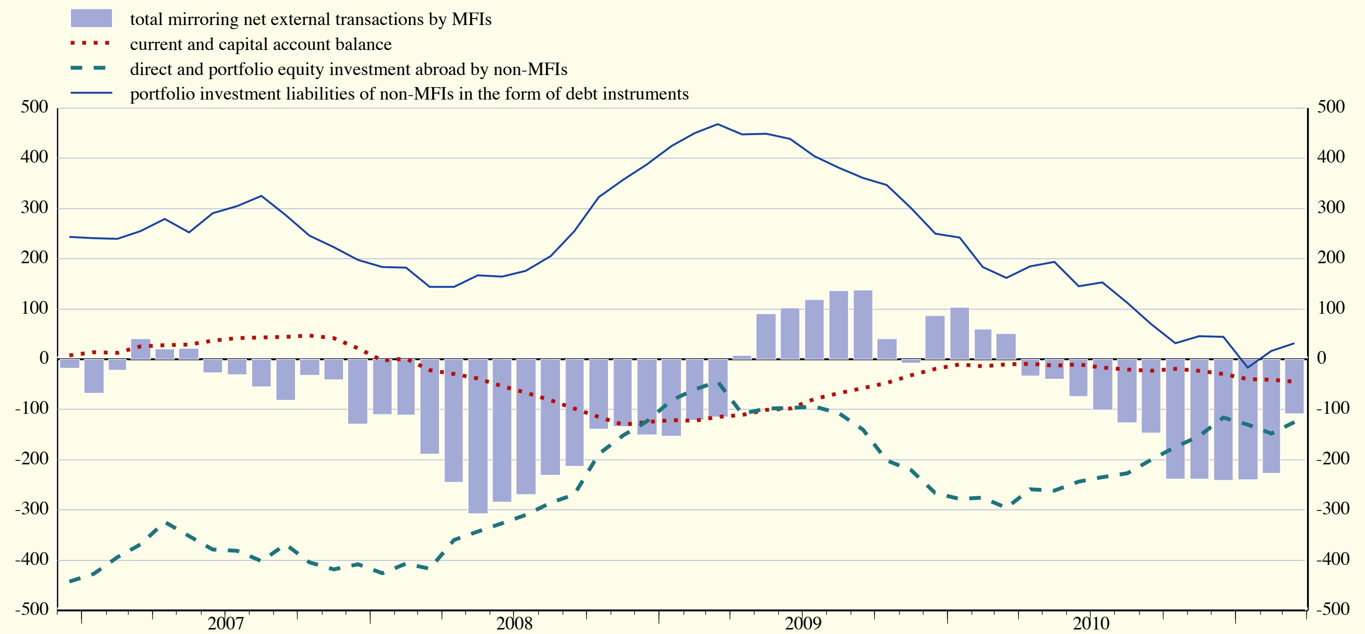
	Total	EU Member States outside the euro area						Canada	China	Japan	Switzer-land	United States	Offshore financial centres	Interna-tional organisa-tions	Other countries
		Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2009	Outstanding amounts (international investment position)														
Direct investment	783.5	116.5	2.3	-17.4	-125.6	257.6	-0.3	45.6	44.2	-28.9	129.7	-42.2	77.4	-0.3	441.4
Abroad	4,262.0	1,428.3	34.5	123.7	988.9	281.1	0.0	119.6	48.3	77.7	423.5	784.3	540.9	0.0	839.4
Equity/reinvested earnings	3,291.0	1,073.8	29.1	79.8	735.3	229.5	0.0	95.2	39.1	58.9	349.5	559.7	484.7	0.0	630.1
Other capital	971.1	354.5	5.3	43.9	253.7	51.6	0.0	24.4	9.1	18.8	74.1	224.6	56.2	0.0	209.3
In the euro area	3,478.6	1,311.8	32.2	141.1	1,114.5	23.6	0.3	73.9	4.1	106.6	293.9	826.4	463.5	0.4	398.0
Equity/reinvested earnings	2,531.3	1,077.5	22.7	124.7	922.7	7.2	0.3	61.0	1.1	85.5	201.0	613.4	245.4	0.2	246.4
Other capital	947.3	234.3	9.5	16.5	191.9	16.4	0.1	13.0	3.0	21.1	92.9	213.0	218.1	0.2	151.6
Portfolio investment assets	4,226.3	1,424.7	79.0	156.5	1,000.9	89.1	99.2	95.4	47.5	182.0	107.0	1,349.2	434.2	29.3	557.0
Equity	1,488.7	296.8	8.8	28.8	245.3	13.2	0.6	28.6	45.3	85.7	92.4	469.0	193.3	1.5	275.9
Debt instruments	2,737.6	1,127.9	70.2	127.7	755.6	75.9	98.5	66.8	2.2	96.2	14.6	880.2	240.8	27.8	281.1
Bonds and notes	2,339.5	979.1	62.9	108.0	635.5	74.2	98.4	63.3	1.5	38.1	10.6	739.6	225.5	27.2	254.7
Money market instruments	398.1	148.8	7.3	19.6	120.0	1.7	0.1	3.5	0.7	58.1	4.0	140.7	15.4	0.6	26.3
Other investment	-156.6	-107.3	49.4	6.8	-96.5	92.2	-159.3	0.3	-8.7	17.0	-118.6	-106.5	-12.4	14.1	165.6
Assets	4,830.9	2,246.0	108.6	85.4	1,847.6	187.9	16.5	26.8	31.6	95.0	238.8	687.3	591.7	61.3	852.4
General government	109.2	23.3	0.1	5.4	6.8	0.2	10.6	0.0	3.1	0.2	0.2	3.5	1.9	27.3	49.7
MFIs	2,866.1	1,539.2	91.0	51.0	1,240.6	154.0	2.6	15.2	9.3	64.4	125.5	353.0	329.8	20.4	409.4
Other sectors	1,855.6	683.6	17.5	28.9	600.2	33.7	3.3	11.6	19.1	30.4	113.2	330.8	260.0	13.6	393.3
Liabilities	4,987.5	2,353.3	59.2	78.5	1,944.1	95.6	175.8	26.6	40.3	78.0	357.4	793.8	604.1	47.2	686.8
General government	71.6	29.4	0.1	0.4	4.4	0.0	24.5	0.1	0.1	0.5	0.2	22.1	0.3	16.9	2.2
MFIs	3,650.9	1,746.4	47.7	44.2	1,486.4	71.6	96.6	19.4	19.1	45.6	270.3	500.3	499.4	27.6	522.9
Other sectors	1,264.9	577.5	11.4	34.0	453.3	24.0	54.8	7.1	21.2	32.0	86.9	271.4	104.5	2.6	161.8
2010 Q1 to 2010 Q4	Cumulated transactions														
Direct investment	78.6	28.8	-0.6	0.6	6.9	22.0	-0.1	-16.4	3.2	-3.0	-12.8	18.8	15.2	-0.1	44.8
Abroad	166.5	75.1	2.4	2.4	38.8	31.4	0.0	4.9	3.0	-4.4	-2.6	27.3	1.6	0.0	61.4
Equity/reinvested earnings	51.6	49.9	2.4	-1.1	21.2	27.4	0.0	3.5	0.2	-3.0	-15.2	-6.2	-19.3	0.0	41.7
Other capital	114.9	25.2	0.0	3.5	17.6	4.0	0.0	1.5	2.8	-1.3	12.6	33.5	20.9	0.0	19.7
In the euro area	87.9	46.3	3.0	1.9	31.9	9.4	0.1	21.3	-0.2	-1.3	10.2	8.5	-13.5	0.1	16.6
Equity/reinvested earnings	136.8	30.6	1.6	4.4	21.7	2.9	0.1	23.2	1.0	1.6	-1.9	15.4	61.0	0.0	6.1
Other capital	-48.9	15.7	1.5	-2.6	10.3	6.5	0.0	-1.8	-1.2	-2.9	12.1	-6.8	-74.5	0.1	10.6
Portfolio investment assets	140.7	27.9	1.2	18.6	-11.1	9.5	9.6	-0.8	8.0	-13.2	6.1	25.6	-30.8	-0.4	118.3
Equity	81.0	23.3	1.7	6.1	14.1	1.4	0.1	3.2	7.9	0.0	3.8	11.1	0.5	0.1	31.2
Debt instruments	59.7	4.7	-0.4	12.5	-25.1	8.1	9.6	-4.0	0.1	-13.3	2.3	14.5	-31.2	-0.5	87.1
Bonds and notes	103.7	30.6	0.1	11.9	1.0	8.2	9.4	-5.6	0.1	-0.1	1.2	23.6	-21.9	-0.5	76.3
Money market instruments	-44.0	-25.9	-0.5	0.6	-26.1	-0.1	0.1	1.6	0.0	-13.1	1.2	-9.1	-9.4	0.0	10.8
Other investment	28.1	-23.2	2.2	-15.2	13.4	-8.8	-14.8	-3.8	2.3	-1.8	49.2	-7.7	66.5	-25.3	-28.0
Assets	130.0	39.7	2.5	3.9	25.6	5.8	1.9	0.8	8.4	6.4	10.1	16.5	51.4	-7.0	3.5
General government	39.6	17.3	0.6	1.1	13.2	1.8	0.5	1.6	0.0	2.4	0.8	10.7	1.6	0.6	4.7
MFIs	5.5	-19.1	-1.2	-1.4	-21.0	3.8	0.7	-1.1	5.3	-0.5	4.4	-8.6	33.9	-7.6	-1.2
Other sectors	84.9	41.6	3.1	4.2	33.3	0.2	0.8	0.3	3.1	4.5	4.9	14.5	16.0	0.0	0.1
Liabilities	101.9	63.0	0.3	19.2	12.2	14.6	16.8	4.6	6.1	8.2	-39.1	24.2	-15.0	18.3	31.5
General government	64.4	49.9	0.1	0.1	45.4	0.1	4.3	0.1	0.0	-0.3	-0.1	4.9	0.2	9.6	0.1
MFIs	6.0	17.3	0.8	17.1	-18.7	10.6	7.5	4.6	2.9	7.7	-34.6	-12.9	-16.1	8.6	28.5
Other sectors	31.6	-4.2	-0.6	2.0	-14.5	3.9	5.0	0.0	3.2	0.8	-4.4	32.3	0.9	0.2	2.8

Source: ECB.

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

	B.o.p. items mirroring net transactions by MFIs											
	Total	Current and capital account balance	Transactions by non-MFIs								Financial derivatives	Errors and omissions
			Direct investment		Portfolio investment				Other investment			
			By resident units abroad	By non-resident units in euro area	Assets		Liabilities		Assets	Liabilities		
					Equity	Debt instruments	Equity	Debt instruments				
	1	2	3	4	5	6	7	8	9	10	11	12
2008	-150.2	-124.8	-320.1	99.3	62.1	-14.5	-169.3	387.7	-51.3	73.3	-82.8	-9.9
2009	86.1	-19.5	-304.6	207.9	-50.0	-124.0	109.7	249.3	113.1	-141.1	37.2	8.1
2010	-240.4	-29.5	-157.6	87.3	-72.4	-239.9	153.3	44.9	-123.7	95.9	7.9	-6.5
2010 Q1	-80.9	-15.5	-41.0	1.1	-26.0	-44.0	26.7	27.6	-32.9	21.3	2.7	-0.9
Q2	-43.2	-16.9	-83.7	54.0	2.3	-41.0	16.3	76.9	-58.8	14.7	1.9	-8.9
Q3	-65.7	-5.3	-26.9	-5.1	-8.8	-44.1	24.0	-43.6	-11.4	52.1	2.3	1.0
Q4	-50.6	8.1	-6.0	37.3	-39.9	-110.7	86.4	-16.1	-20.6	7.7	1.0	2.2
2011 Q1	51.0	-30.6	-48.5	28.9	-7.4	-21.3	67.3	15.2	10.9	14.5	-3.9	25.9
2010 Mar.	-40.8	0.2	-28.2	-0.7	-12.5	-27.1	2.3	8.3	-8.2	28.3	0.0	-3.2
Apr.	-41.4	-4.8	-22.8	3.5	-4.4	-13.5	0.2	37.0	-26.5	-5.6	-4.2	-0.4
May	8.9	-14.2	-37.7	33.4	9.3	-20.6	-1.6	53.7	-46.2	39.3	-0.2	-6.3
June	-10.7	2.1	-23.3	17.1	-2.6	-6.9	17.6	-13.8	13.9	-18.9	6.3	-2.1
July	-27.9	6.9	-11.7	11.1	3.3	-28.7	-6.1	-17.4	-4.1	27.6	-1.4	-7.5
Aug.	-9.1	-6.9	-8.7	-18.9	-4.2	0.4	23.3	-25.3	15.0	6.9	4.7	4.5
Sep.	-28.7	-5.3	-6.5	2.7	-7.9	-15.7	6.7	-0.9	-22.3	17.5	-1.0	4.1
Oct.	-80.0	3.7	-11.3	-18.6	-16.3	-85.9	56.1	4.7	-12.5	6.2	-5.2	-0.9
Nov.	-10.1	-3.0	4.2	39.9	-11.7	-24.8	-12.7	26.6	-16.2	-1.0	1.6	-12.9
Dec.	39.4	7.4	1.1	16.1	-11.9	0.0	43.0	-47.3	8.1	2.5	4.5	16.0
2011 Jan.	-26.3	-20.4	-25.6	29.6	2.1	-12.7	9.2	-34.0	-7.3	33.5	-2.7	2.1
Feb.	-0.9	-6.7	-8.6	-13.1	-7.9	-7.6	31.0	24.7	13.4	-23.1	-2.3	-0.7
Mar.	78.3	-3.8	-14.4	12.4	-1.6	-0.9	33.7	24.6	21.8	4.1	1.1	1.2
	12-month cumulated transactions											
2011 Mar.	-108.5	-45.0	-165.1	115.1	-53.8	-217.1	200.5	32.5	-62.8	89.0	1.3	-3.0

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



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

7.5 Trade in goods

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

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)					Imports (c.i.f.)					
			Total				Memo item:	Total				Memo items:	
	Exports	Imports		Intermediate	Capital	Consumption	Manufacturing		Intermediate	Capital	Consumption	Manufacturing	Oil
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Values (EUR billions; annual percentage changes for columns 1 and 2)												
2009	-18.1	-21.8	1,279.9	628.1	264.4	355.5	1,063.3	1,266.1	734.2	193.9	316.7	840.9	182.1
2010	20.2	22.3	1,534.9	766.1	309.1	420.3	1,271.8	1,543.4	945.0	226.3	345.6	1,014.8	245.5
2010 Q2	22.4	27.6	380.0	189.9	76.2	103.8	315.9	385.4	236.4	56.6	85.7	252.7	62.2
Q3	22.8	26.7	397.6	197.7	80.3	108.3	329.9	399.8	244.6	59.5	88.8	265.0	62.3
Q4	22.3	25.5	404.3	202.2	83.3	109.9	333.9	405.9	253.1	58.0	88.9	265.2	65.4
2011 Q1	21.3	23.8	427.2	.	.	.	349.7	433.3	.	.	.	277.4	.
2010 Oct.	21.2	22.3	134.4	66.9	27.8	36.2	111.6	131.5	80.9	19.2	29.6	87.1	20.4
Nov.	24.5	29.1	135.1	67.9	28.0	36.7	111.9	137.9	85.3	19.7	30.2	89.8	22.2
Dec.	21.1	25.0	134.8	67.5	27.5	37.0	110.3	136.5	86.9	19.1	29.1	88.3	22.7
2011 Jan.	27.0	29.7	140.3	70.2	27.3	38.3	114.1	143.5	90.7	20.2	29.8	91.2	24.8
Feb.	22.3	26.6	142.7	71.5	28.7	38.5	117.5	144.7	91.1	19.0	30.5	93.1	22.7
Mar.	16.4	16.7	144.2	.	.	.	118.2	145.1	.	.	.	93.2	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2009	-16.6	-13.6	119.6	114.8	118.9	128.0	116.0	109.7	101.1	115.7	136.4	111.0	102.0
2010	14.8	10.5	136.8	132.5	137.3	143.5	134.1	120.7	113.0	129.1	142.3	127.5	100.3
2010 Q1	11.8	5.2	129.5	126.1	124.4	138.4	126.1	116.8	108.5	123.3	140.8	121.4	99.6
Q2	16.4	14.7	135.6	131.7	134.8	141.9	133.4	120.7	113.2	129.2	141.7	127.1	99.7
Q3	15.9	12.2	140.0	134.9	142.3	145.4	137.3	121.9	114.0	132.4	142.5	129.9	100.3
Q4	15.0	10.2	142.3	137.5	147.6	148.5	139.7	123.5	116.4	131.5	144.3	131.6	101.5
2010 Sep.	15.6	7.7	140.4	135.6	146.0	146.1	138.5	120.6	112.7	127.7	143.1	129.3	94.8
Oct.	13.8	7.0	142.4	136.9	148.6	146.9	140.3	120.6	112.9	130.2	143.7	129.3	98.5
Nov.	17.4	14.5	143.2	138.7	149.8	150.2	141.0	127.5	119.8	136.6	147.4	134.6	105.6
Dec.	13.8	9.0	141.3	136.9	144.6	148.4	137.7	122.2	116.5	127.8	141.8	131.0	100.5
2011 Jan.	18.1	12.9	144.7	139.8	142.7	150.4	140.3	125.1	118.4	132.8	140.9	131.9	102.4
Feb.	14.5	10.2	146.6	.	.	.	144.1	125.7	.	.	.	135.3	91.2

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: 2005 = 100)	Total					Memo item: Manufac-turing	Total (index: 2005 = 100)	Total					Memo item: Manufac-turing
			Intermediate goods	Capital goods	Consumer goods	Energy				Intermediate goods	Capital goods	Consumer goods	Energy	
% of total	100.0	100.0	33.1	44.5	17.9	4.5	99.2	100.0	100.0	28.4	27.9	22.1	21.6	81.1
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009	101.5	-2.7	-4.0	0.5	0.5	-23.7	-2.6	100.2	-8.5	-4.8	2.3	0.9	-28.3	-2.4
2010	105.4	3.9	4.8	1.1	2.2	26.3	3.8	110.0	9.8	9.8	1.5	2.7	27.5	6.0
2010 Q3	106.3	4.6	6.7	1.6	2.8	19.6	4.5	111.1	10.8	11.9	2.9	4.0	25.8	7.3
Q4	106.6	5.1	7.1	2.0	2.9	21.5	5.0	112.6	11.6	13.4	2.3	5.3	25.8	8.0
2011 Q1	109.1	5.8	8.5	1.9	2.9	25.8	5.8	118.5	12.2	11.3	0.7	5.8	31.8	6.9
2010 Nov.	106.4	4.8	7.0	1.9	2.8	18.1	4.7	111.9	10.9	13.1	2.5	5.5	22.6	7.9
Dec.	107.4	5.8	7.5	2.4	3.0	27.4	5.6	115.2	13.7	14.8	2.6	6.0	32.9	9.1
2011 Jan.	108.5	6.0	8.6	2.4	3.1	25.1	5.9	117.1	12.2	12.2	1.5	6.1	31.7	7.4
Feb.	109.1	5.9	8.7	1.9	2.8	25.9	5.8	118.6	12.6	11.8	1.2	5.9	31.3	7.3
Mar.	109.7	5.7	8.3	1.6	2.7	26.3	5.6	119.8	11.8	9.8	-0.5	5.5	32.4	6.1
Apr.	110.3	5.0	7.0	1.1	2.5	25.3	4.9	121.1	10.6	7.6	-2.3	4.7	30.9	4.1

Source: Eurostat.

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

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

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

7.5 Trade in goods

(EUR billions, unless otherwise indicated; seasonally adjusted)

3. Geographical breakdown

	Total	EU Member States outside the euro area				Russia	Switzer-land	Turkey	United States	Asia			Africa	Latin America	Other countries
		Denmark	Sweden	United Kingdom	Other EU countries						China	Japan			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Exports (f.o.b.)														
2009	1,279.9	27.3	41.6	175.3	174.6	50.1	78.9	34.8	152.4	284.4	69.0	28.6	92.0	54.3	29.5
2010	1,534.9	30.2	52.6	195.5	209.4	63.7	93.1	47.4	180.4	354.9	94.7	34.5	104.8	73.2	18.5
2009 Q4	330.0	6.7	10.8	45.0	45.4	12.9	19.8	9.4	37.9	75.1	19.0	7.3	23.0	14.4	7.4
2010 Q1	353.1	7.0	11.9	46.5	47.8	13.7	21.4	10.7	41.3	81.7	22.0	7.9	25.0	16.7	4.9
Q2	380.0	7.4	13.3	48.0	51.3	15.4	22.9	11.4	45.1	88.1	23.3	8.7	25.6	18.6	6.3
Q3	397.6	7.6	13.5	50.3	54.2	17.2	24.1	12.1	47.6	91.7	23.9	8.9	26.7	18.9	4.3
Q4	404.3	8.2	14.0	50.6	56.1	17.4	24.7	13.3	46.3	93.5	25.5	9.0	27.5	19.1	3.0
2011 Q1	427.2	.	.	.	.	18.6	25.8	15.5	50.0	99.3	29.0	9.2	28.1	20.1	.
2010 Oct.	134.4	2.6	4.6	16.9	18.4	5.8	7.9	4.4	15.7	31.0	8.4	3.1	9.0	6.3	1.8
Nov.	135.1	2.6	4.6	17.0	18.6	6.0	8.2	4.5	15.5	31.6	8.7	3.0	9.2	6.6	0.2
Dec.	134.8	3.0	4.8	16.7	19.1	5.7	8.6	4.4	15.1	30.8	8.5	2.9	9.3	6.2	1.0
2011 Jan.	140.3	2.6	4.9	17.5	19.2	6.0	8.3	4.8	16.5	32.2	9.4	3.1	9.4	6.3	1.7
Feb.	142.7	2.7	4.9	17.5	19.8	6.3	8.5	5.2	16.8	33.5	9.7	3.1	9.3	7.0	-0.2
Mar.	144.2	.	.	.	.	6.3	9.0	5.5	16.7	33.6	9.9	3.1	9.4	6.8	.
	Percentage share of total exports														
2010	100.0	2.0	3.4	12.7	13.6	4.1	6.1	3.1	11.7	23.1	6.2	2.2	6.8	4.8	1.2
	Imports (c.i.f.)														
2009	1,266.1	27.1	38.3	127.1	161.8	84.3	65.2	26.5	116.2	380.1	157.7	44.0	94.7	59.5	-25.5
2010	1,543.4	27.6	47.6	148.3	197.4	111.0	74.1	30.7	128.9	491.1	208.1	50.7	118.5	74.8	-48.5
2009 Q4	323.9	6.8	9.9	32.6	43.0	24.6	16.1	6.9	27.9	95.8	38.7	11.0	24.5	15.3	-11.0
2010 Q1	352.2	6.6	10.4	34.9	45.1	25.7	17.1	7.3	29.3	110.3	45.9	11.8	27.0	16.5	-11.0
Q2	385.4	6.9	11.9	36.5	48.8	28.3	19.5	7.6	31.7	124.5	53.2	12.6	29.8	18.1	-14.1
Q3	399.8	7.1	12.6	38.0	50.6	27.5	19.1	7.7	33.9	129.4	55.3	13.3	29.5	19.4	-10.1
Q4	405.9	7.1	12.8	38.9	52.9	29.4	18.4	8.2	34.0	126.9	53.6	13.0	32.3	20.8	-13.3
2011 Q1	433.3	.	.	.	.	34.1	19.1	9.0	35.7	134.8	54.6	13.6	35.6	21.3	.
2010 Oct.	131.5	2.4	4.2	12.9	17.4	9.4	6.1	2.6	11.1	41.9	18.2	4.2	9.3	7.0	-4.6
Nov.	137.9	2.3	4.3	13.2	17.7	9.7	6.2	2.7	11.4	42.9	17.7	4.6	11.7	6.9	-3.5
Dec.	136.5	2.4	4.3	12.8	17.8	10.4	6.2	2.8	11.5	42.1	17.7	4.2	11.3	6.8	-5.3
2011 Jan.	143.5	2.3	4.2	13.7	18.2	11.1	6.3	3.0	11.9	43.9	17.7	4.4	12.2	7.1	-4.5
Feb.	144.7	2.5	4.4	13.8	18.6	10.4	6.4	3.0	11.9	44.8	18.1	4.5	12.3	7.0	-3.9
Mar.	145.1	.	.	.	.	12.7	6.4	3.0	11.9	46.0	18.7	4.7	11.1	7.1	.
	Percentage share of total imports														
2010	100.0	1.8	3.1	9.6	12.8	7.2	4.8	2.0	8.4	31.8	13.5	3.3	7.7	4.8	-3.1
	Balance														
2009	13.8	0.2	3.3	48.2	12.7	-34.2	13.7	8.3	36.2	-95.7	-88.7	-15.4	-2.8	-5.2	55.0
2010	-8.5	2.6	5.0	47.1	12.0	-47.3	19.0	16.7	51.5	-136.2	-113.4	-16.3	-13.7	-1.6	67.0
2009 Q4	6.1	-0.1	0.9	12.4	2.4	-11.7	3.7	2.4	10.0	-20.7	-19.7	-3.7	-1.5	-0.9	18.4
2010 Q1	0.9	0.5	1.5	11.6	2.7	-12.0	4.3	3.4	12.0	-28.6	-23.9	-3.8	-2.1	0.2	15.9
Q2	-5.5	0.5	1.3	11.5	2.5	-12.9	3.4	3.8	13.4	-36.5	-29.9	-4.0	-4.2	0.4	20.3
Q3	-2.3	0.6	0.9	12.4	3.6	-10.3	4.9	4.4	13.7	-37.7	-31.5	-4.4	-2.7	-0.5	14.4
Q4	-1.7	1.1	1.2	11.7	3.2	-12.0	6.3	5.1	12.4	-33.4	-28.1	-4.1	-4.8	-1.7	16.3
2011 Q1	-6.1	.	.	.	.	-15.5	6.7	6.5	14.3	-35.5	-25.6	-4.4	-7.5	-1.2	.
2010 Oct.	2.9	0.2	0.4	4.0	1.0	-3.6	1.8	1.7	4.7	-10.8	-9.8	-1.1	-0.3	-0.7	6.4
Nov.	-2.8	0.3	0.3	3.8	0.9	-3.7	2.1	1.8	4.1	-11.3	-9.0	-1.6	-2.5	-0.3	3.6
Dec.	-1.7	0.6	0.5	3.9	1.3	-4.7	2.4	1.6	3.6	-11.3	-9.3	-1.3	-2.0	-0.7	6.2
2011 Jan.	-3.2	0.4	0.7	3.9	1.0	-5.1	2.0	1.9	4.6	-11.8	-8.3	-1.4	-2.8	-0.9	6.2
Feb.	-2.1	0.1	0.5	3.7	1.1	-4.1	2.1	2.2	4.9	-11.3	-8.4	-1.4	-3.0	0.0	3.7
Mar.	-0.9	.	.	.	.	-6.4	2.6	2.5	4.8	-12.4	-8.8	-1.7	-1.7	-0.3	.

Source: Eurostat.

EXCHANGE RATES

8

8.1 Effective exchange rates [1)]

(period averages; index: 1999 Q1=100)

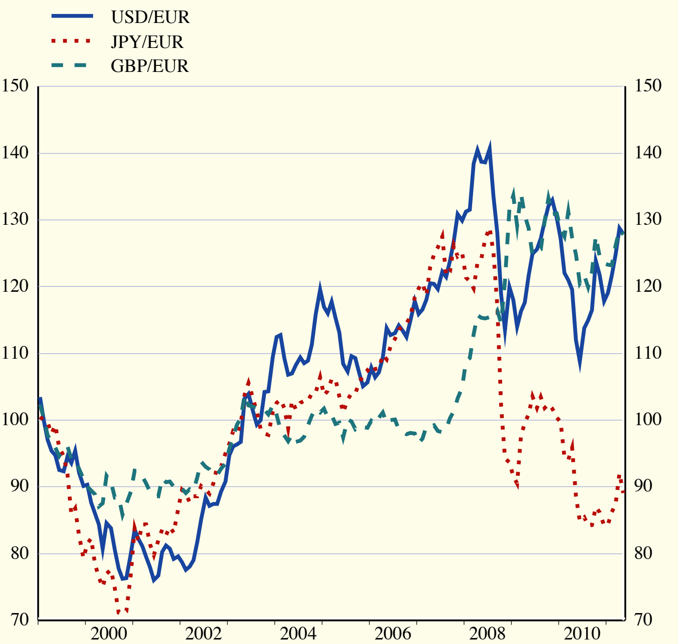
	EER-20						EER-40	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2008	110.4	109.9	107.6	105.0	115.2	104.3	117.9	107.1
2009	111.7	110.6	104.9	106.0	120.6	105.9	120.6	108.0
2010	104.6	103.0	98.8	98.4	109.8	98.2	112.3	99.3
2010 Q1	108.7	107.0	102.2	102.2	114.5	102.5	116.9	103.6
Q2	103.1	101.8	97.4	97.2	108.7	97.0	110.4	97.9
Q3	102.3	100.8	96.9	96.4	107.1	95.7	109.8	97.2
Q4	104.4	102.4	98.7	97.8	108.8	97.6	112.1	98.7
2011 Q1	103.7	101.5	97.8	.	.	.	111.6	97.9
2010 May	102.8	101.4	97.0	-	-	-	109.9	97.5
June	100.6	99.4	95.2	-	-	-	107.7	95.6
July	102.5	101.1	97.0	-	-	-	109.9	97.5
Aug.	102.1	100.6	96.6	-	-	-	109.5	97.0
Sep.	102.5	100.8	97.2	-	-	-	110.0	97.2
Oct.	106.0	104.1	100.4	-	-	-	113.8	100.3
Nov.	104.7	102.7	98.9	-	-	-	112.5	99.0
Dec.	102.6	100.5	96.7	-	-	-	110.1	96.8
2011 Jan.	102.4	100.3	96.7	-	-	-	110.1	96.7
Feb.	103.4	101.1	97.6	-	-	-	111.4	97.6
Mar.	105.2	103.0	99.0	-	-	-	113.2	99.4
Apr.	107.0	104.8	100.5	-	-	-	115.0	101.0
May	106.0	103.8	99.6	-	-	-	114.1	100.1
	Percentage change versus previous month							
2011 May	-1.0	-1.0	-0.9	-	-	-	-0.7	-0.8
	Percentage change versus previous year							
2011 May	3.1	2.4	2.7	-	-	-	3.8	2.7

C39 Effective exchange rates

(monthly averages; index: 1999 Q1=100)

C40 Bilateral exchange rates

(monthly averages; index: 1999 Q1=100)



Source: ECB.

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

8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	Bulgarian lev	Czech koruna	Danish krone	Latvian lats	Lithuanian litas	Hungarian forint	Polish zloty	New Romanian leu	Swedish krona	Pound sterling	Croatian kuna	New Turkish lira
	1	2	3	4	5	6	7	8	9	10	11	12
2008	1.9558	24.946	7.4560	0.7027	3.4528	251.51	3.5121	3.6826	9.6152	0.79628	7.2239	1.9064
2009	1.9558	26.435	7.4462	0.7057	3.4528	280.33	4.3276	4.2399	10.6191	0.89094	7.3400	2.1631
2010	1.9558	25.284	7.4473	0.7087	3.4528	275.48	3.9947	4.2122	9.5373	0.85784	7.2891	1.9965
2010 Q3	1.9558	24.928	7.4498	0.7089	3.4528	282.44	4.0087	4.2553	9.3804	0.83305	7.2532	1.9560
Q4	1.9558	24.789	7.4547	0.7095	3.4528	275.77	3.9666	4.2888	9.2139	0.85944	7.3683	1.9897
2011 Q1	1.9558	24.375	7.4550	0.7049	3.4528	272.43	3.9460	4.2212	8.8642	0.85386	7.4018	2.1591
2010 Nov.	1.9558	24.633	7.4547	0.7094	3.4528	275.51	3.9520	4.2940	9.3166	0.85510	7.3830	1.9717
Dec.	1.9558	25.174	7.4528	0.7096	3.4528	277.62	3.9962	4.2929	9.0559	0.84813	7.3913	2.0159
2011 Jan.	1.9558	24.449	7.4518	0.7034	3.4528	275.33	3.8896	4.2624	8.9122	0.84712	7.4008	2.0919
Feb.	1.9558	24.277	7.4555	0.7037	3.4528	271.15	3.9264	4.2457	8.7882	0.84635	7.4149	2.1702
Mar.	1.9558	24.393	7.4574	0.7072	3.4528	270.89	4.0145	4.1621	8.8864	0.86653	7.3915	2.2108
Apr.	1.9558	24.301	7.4574	0.7092	3.4528	265.29	3.9694	4.1004	8.9702	0.88291	7.3639	2.1975
May	1.9558	24.381	7.4566	0.7093	3.4528	266.96	3.9404	4.1142	8.9571	0.87788	7.4052	2.2603
	Percentage change versus previous month											
2011 May	0.0	0.3	0.0	0.0	0.0	0.6	-0.7	0.3	-0.1	-0.6	0.6	2.9
	Percentage change versus previous year											
2011 May	0.0	-5.0	0.2	0.3	0.0	-3.5	-2.9	-1.5	-7.3	2.4	2.0	16.2

	Australian dollar	Brazilian real	Canadian dollar	Chinese yuan renminbi	Hong Kong dollar	Icelandic krona [1]	Indian rupee [2]	Indonesian rupiah	Israeli shekel	Japanese yen	Malaysian ringgit
	13	14	15	16	17	18	19	20	21	22	23
2008	1.7416	2.6737	1.5594	10.2236	11.4541	143.83	63.6143	14,165.16	5.2561	152.45	4.8893
2009	1.7727	2.7674	1.5850	9.5277	10.8114	-	67.3611	14,443.74	5.4668	130.34	4.9079
2010	1.4423	2.3314	1.3651	8.9712	10.2994	-	60.5878	12,041.70	4.9457	116.24	4.2668
2010 Q3	1.4289	2.2589	1.3416	8.7388	10.0324	-	59.9818	11,612.07	4.8978	110.68	4.0716
Q4	1.3747	2.3037	1.3757	9.0405	10.5441	-	60.9153	12,178.16	4.9154	112.10	4.2304
2011 Q1	1.3614	2.2799	1.3484	9.0028	10.6535	-	61.9255	12,171.85	4.9247	112.57	4.1668
2010 Nov.	1.3813	2.3391	1.3831	9.0895	10.5941	-	61.4539	12,224.00	4.9770	112.69	4.2588
Dec.	1.3304	2.2387	1.3327	8.7873	10.2776	-	59.6472	11,925.21	4.7618	110.11	4.1313
2011 Jan.	1.3417	2.2371	1.3277	8.8154	10.3945	-	60.7161	12,077.47	4.7909	110.38	4.0895
Feb.	1.3543	2.2765	1.3484	8.9842	10.6312	-	62.0142	12,165.92	4.9939	112.77	4.1541
Mar.	1.3854	2.3220	1.3672	9.1902	10.9093	-	62.9526	12,263.18	4.9867	114.40	4.2483
Apr.	1.3662	2.2889	1.3834	9.4274	11.2269	-	64.1128	12,493.48	4.9573	120.42	4.3502
May	1.3437	2.3131	1.3885	9.3198	11.1551	-	64.4735	12,290.33	4.9740	116.47	4.3272
	Percentage change versus previous month										
2011 May	-1.7	1.1	0.4	-1.1	-0.6	-	0.6	-1.6	0.3	-3.3	-0.5
	Percentage change versus previous year										
2011 May	-6.9	1.7	6.3	8.6	14.0	-	11.9	6.7	4.4	0.6	5.9

	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
	24	25	26	27	28	29	30	31	32	33	34
2008	16.2911	2.0770	8.2237	65.172	36.4207	2.0762	12.0590	1,606.09	1.5874	48.475	1.4708
2009	18.7989	2.2121	8.7278	66.338	44.1376	2.0241	11.6737	1,772.90	1.5100	47.804	1.3948
2010	16.7373	1.8377	8.0043	59.739	40.2629	1.8055	9.6984	1,531.82	1.3803	42.014	1.3257
2010 Q3	16.5210	1.7979	7.9561	58.363	39.5260	1.7503	9.4593	1,526.12	1.3321	40.825	1.2910
Q4	16.8206	1.7915	8.0499	59.240	41.7192	1.7693	9.3785	1,538.70	1.3225	40.728	1.3583
2011 Q1	16.5007	1.8107	7.8236	59.876	39.9976	1.7467	9.5875	1,530.79	1.2871	41.771	1.3680
2010 Nov.	16.8386	1.7703	8.1463	59.485	42.3360	1.7739	9.5320	1,544.16	1.3442	40.826	1.3661
Dec.	16.3797	1.7587	7.9020	58.050	40.7385	1.7262	9.0143	1,513.74	1.2811	39.805	1.3220
2011 Jan.	16.1926	1.7435	7.8199	59.089	40.2557	1.7193	9.2652	1,495.50	1.2779	40.827	1.3360
Feb.	16.4727	1.7925	7.8206	59.558	39.9469	1.7421	9.8126	1,524.99	1.2974	41.918	1.3649
Mar.	16.8063	1.8877	7.8295	60.870	39.8061	1.7757	9.6862	1,568.05	1.2867	42.506	1.3999
Apr.	16.9211	1.8331	7.8065	62.361	40.5363	1.8024	9.7200	1,567.52	1.2977	43.434	1.4442
May	16.7177	1.8024	7.8384	61.953	40.0573	1.7763	9.8461	1,555.99	1.2537	43.398	1.4349
	Percentage change versus previous month										
2011 May	-1.2	-1.7	0.4	-0.7	-1.2	-1.5	1.3	-0.7	-3.4	-0.1	-0.6
	Percentage change versus previous year										
2011 May	4.6	0.1	-0.7	8.1	4.7	1.5	2.4	6.2	-11.6	6.6	14.2

Source: ECB.

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

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

DEVELOPMENTS OUTSIDE THE EURO AREA

9.1 Economic and financial developments in other EU Member States

(annual percentage changes, unless otherwise indicated)

	Bulgaria	Czech Republic	Denmark	Latvia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10
	HICP									
2009	2.5	0.6	1.1	3.3	4.2	4.0	4.0	5.6	1.9	2.2
2010	3.0	1.2	2.2	-1.2	1.2	4.7	2.7	6.1	1.9	3.3
2010 Q4	4.0	2.0	2.5	1.7	2.9	4.3	2.7	7.8	1.8	3.4
2011 Q1	4.5	1.9	2.6	3.8	3.2	4.3	3.6	7.5	1.3	4.1
2011 Feb.	4.6	1.9	2.6	3.8	3.0	4.2	3.3	7.6	1.2	4.4
Mar.	4.6	1.9	2.5	4.1	3.7	4.6	4.0	8.0	1.4	4.0
Apr.	3.3	1.6	2.8	4.3	4.4	4.4	4.1	8.4	1.8	4.5
	General government deficit (-)/surplus (+) as a percentage of GDP									
2008	1.7	-2.7	3.2	-4.2	-3.3	-3.7	-3.7	-5.7	2.2	-5.0
2009	-4.7	-5.9	-2.7	-9.7	-9.5	-4.5	-7.3	-8.5	-0.7	-11.4
2010	-3.2	-4.7	-2.7	-7.7	-7.1	-4.2	-7.9	-6.4	0.0	-10.4
	General government gross debt as a percentage of GDP									
2008	13.7	30.0	34.5	19.7	15.6	72.3	47.1	13.4	38.8	54.4
2009	14.6	35.3	41.8	36.7	29.5	78.4	50.9	23.6	42.8	69.6
2010	16.2	38.5	43.6	44.7	38.2	80.2	55.0	30.8	39.8	80.0
	Long-term government bond yield as a percentage per annum; period average									
2010 Nov.	5.74	3.59	2.65	8.99	5.15	7.38	5.82	7.04	2.86	3.03
Dec.	5.76	3.89	3.01	7.55	5.15	7.92	5.98	7.09	3.21	3.34
2011 Jan.	5.56	3.98	3.05	5.38	5.15	7.70	6.26	6.66	3.28	3.82
Feb.	5.48	4.05	3.23	6.17	5.15	7.39	6.26	7.03	3.41	4.00
Mar.	5.38	4.05	3.29	6.49	5.15	7.29	6.27	7.31	3.35	3.78
Apr.	5.33	4.05	3.42	6.47	5.12	7.05	6.14	7.30	3.30	3.78
	3-month interest rate as a percentage per annum; period average									
2010 Nov.	3.99	1.22	1.24	0.95	1.59	5.87	3.86	6.35	1.59	0.74
Dec.	3.93	1.22	1.21	0.83	1.56	6.17	3.92	6.00	1.86	0.75
2011 Jan.	3.91	1.20	1.22	0.85	1.36	6.13	4.01	5.03	2.02	0.77
Feb.	3.88	1.21	1.24	0.89	1.40	6.93	4.11	5.49	2.20	0.80
Mar.	3.90	1.21	1.31	0.85	1.40	6.64	4.18	5.85	2.38	0.81
Apr.	3.79	1.21	1.41	0.79	1.52	6.08	4.27	5.47	2.41	0.82
	Real GDP									
2009	-5.5	-4.1	-5.2	-18.0	-14.7	-6.7	1.6	-7.1	-5.3	-4.9
2010	0.2	2.3	2.1	-0.3	1.3	1.2	3.8	-1.3	5.7	1.3
2010 Q3	0.0	2.7	3.6	2.6	1.6	2.3	4.6	-2.2	6.6	2.5
Q4	3.8	2.6	3.0	3.5	4.6	2.6	3.9	-0.6	7.6	1.5
2011 Q1	3.4	.	1.3	3.1	6.8	2.2	4.3	1.7	6.5	1.8
	Current and capital account balance as a percentage of GDP									
2009	-7.6	-2.0	3.5	11.0	7.7	1.5	-0.5	-3.6	6.9	-1.5
2010	-0.2	-2.9	5.5	5.5	4.5	3.9	-1.6	-3.9	6.2	-2.3
2010 Q3	15.4	-8.2	7.1	3.2	0.0	3.6	-2.8	-1.3	5.9	-2.3
Q4	-6.8	-1.4	6.4	0.8	7.1	3.2	-2.4	-2.1	5.8	-2.4
2011 Q1	3.3	.	4.9	.	1.4	.	-2.0	-2.3	6.4	.
	Gross external debt as a percentage of GDP									
2008	104.9	.	177.7	129.2	71.3	122.3	57.0	56.0	205.7	441.4
2009	107.9	53.2	189.8	156.3	87.2	141.5	59.6	69.0	211.0	416.6
2010 Q2	107.2	55.1	202.1	164.9	90.2	152.8	63.2	76.4	213.1	427.4
Q3	103.6	55.7	200.9	162.5	89.4	141.9	66.2	74.8	198.5	430.4
Q4	101.8	57.4	191.7	165.2	86.0	140.7	65.4	75.8	191.6	420.8
	Unit labour costs									
2009	12.7	3.5	4.7	-7.0	-2.8	1.9	1.6	-1.3	4.8	6.1
2010	0.8	-0.2	-1.5	-10.6	-7.6	-1.1	6.1	0.8	-1.7	2.1
2010 Q3	-2.0	1.4	-2.6	-7.1	-5.6	-0.8	4.8	-2.7	-2.3	1.3
Q4	-1.9	1.0	-1.2	1.5	-3.1	-2.3	6.6	-3.9	-2.1	0.9
2011 Q1	.	.	0.2	.	.	.	.	.	-3.2	0.0
	Standardised unemployment rate as a percentage of labour force (s.a.)									
2009	6.9	6.7	6.0	17.2	13.7	10.0	8.2	6.9	8.3	7.6
2010	10.3	7.3	7.4	18.7	17.8	11.2	9.6	7.3	8.4	7.8
2010 Q4	11.3	7.1	7.6	17.2	17.3	11.2	9.6	7.4	7.9	7.8
2011 Q1	11.5	7.0	7.5	.	.	11.9	9.3	.	7.7	.
2011 Feb.	11.5	7.0	7.5	.	.	11.9	9.3	.	7.6	7.6
Mar.	11.4	6.9	7.5	.	.	11.8	9.3	.	7.7	.
Apr.	11.4	6.8	7.2	.	.	11.6	9.3	.	7.4	.

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

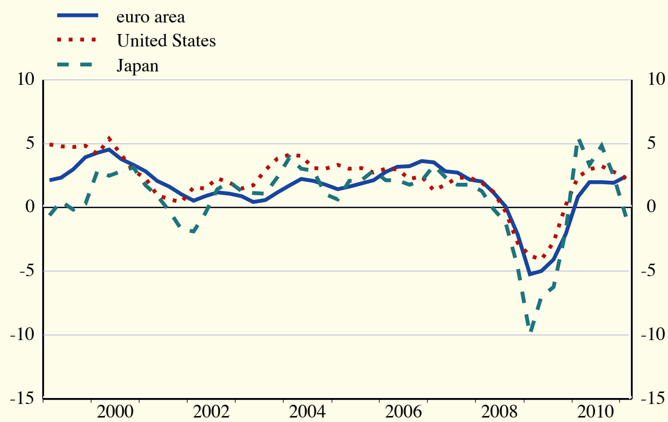
9.2 Economic and financial developments in the United States and Japan

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs [1]	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force (s.a.)	Broad money [2]	3-month interbank deposit rate [3]	10-year zero coupon government bond yield; [3] end of period	Exchange rate [4] as national currency per euro	Fiscal deficit (-)/ surplus (+) as a % of GDP	Gross public debt [5] as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
					United States						
2007	2.9	2.4	1.9	3.1	4.6	6.3	5.30	4.81	1.3705	-2.9	48.4
2008	3.8	2.2	0.0	-4.7	5.8	7.1	2.93	2.70	1.4708	-6.3	56.7
2009	-0.4	-1.6	-2.6	-13.5	9.3	7.9	0.69	4.17	1.3948	-11.3	68.6
2010	1.6	-1.6	2.9	5.9	9.6	2.3	0.34	3.57	1.3257	-10.6	77.4
2010 Q1	2.4	-2.8	2.4	2.2	9.7	1.9	0.26	4.01	1.3829	-10.7	71.7
Q2	1.8	-1.9	3.0	7.5	9.6	1.7	0.44	3.13	1.2708	-11.1	73.3
Q3	1.2	-1.0	3.2	7.2	9.6	2.6	0.39	2.69	1.2910	-10.4	75.3
Q4	1.3	-0.7	2.8	6.6	9.6	3.2	0.29	3.57	1.3583	-10.3	77.4
2011 Q1	2.1	0.7	2.3	6.6	8.9	4.4	0.31	3.76	1.3680	.	.
2011 Jan.	1.6	-	-	6.6	9.0	4.3	0.30	3.68	1.3360	-	-
Feb.	2.1	-	-	6.7	8.9	4.1	0.31	3.73	1.3649	-	-
Mar.	2.7	-	-	6.4	8.8	4.6	0.31	3.76	1.3999	-	-
Apr.	3.2	-	-	5.1	9.0	4.9	0.28	3.55	1.4442	-	-
May	.	-	-	.	9.1	.	0.26	3.33	1.4349	-	-
					Japan						
2007	0.1	-2.3	2.3	2.8	3.8	1.6	0.79	1.70	161.25	-2.4	156.2
2008	1.4	1.7	-1.2	-3.4	4.0	2.1	0.93	1.21	152.45	-2.2	162.0
2009	-1.4	1.3	-6.3	-21.9	5.1	2.7	0.47	1.42	130.34	-8.7	180.4
2010	-0.7	-2.6	4.0	16.6	5.1	2.8	0.23	1.18	116.24	.	.
2010 Q1	-1.2	-4.3	5.5	28.2	5.0	2.8	0.25	1.48	125.48	.	.
Q2	-0.9	-1.8	3.3	21.2	5.1	2.9	0.24	1.18	117.15	.	.
Q3	-0.8	-3.0	4.8	14.0	5.0	2.8	0.24	1.03	110.68	.	.
Q4	0.1	-1.2	2.4	6.0	5.0	2.6	0.19	1.18	112.10	.	.
2011 Q1	0.0	.	-0.7	-2.6	4.7	2.5	0.19	1.33	112.57	.	.
2011 Jan.	0.0	-	-	4.6	4.9	2.3	0.19	1.29	110.38	-	-
Feb.	0.0	-	-	2.9	4.6	2.4	0.19	1.35	112.77	-	-
Mar.	0.0	-	-	-13.1	4.6	2.6	0.20	1.33	114.40	-	-
Apr.	0.3	-	-	-14.0	.	2.8	0.20	1.26	120.42	-	-
May	.	-	-	.	.	2.7	0.20	1.22	116.47	-	-

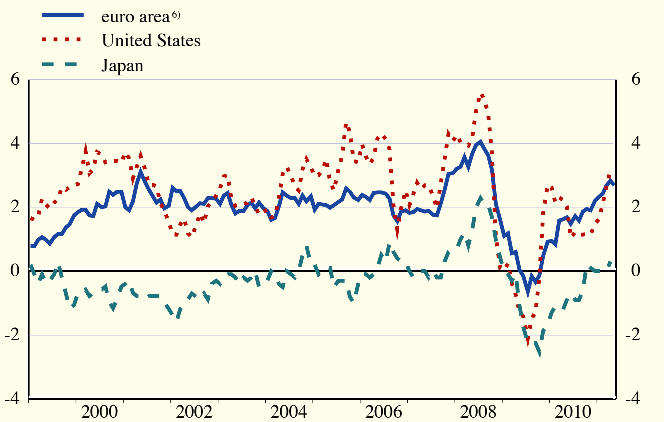
C41 Real gross domestic product

(annual percentage changes; quarterly data)



C42 Consumer price indices

(annual percentage changes; monthly data)



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

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

LIST OF CHARTS

TECHNICAL NOTES

EURO AREA OVERVIEW

CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

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

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

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

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

SECTION 1.3

CALCULATION OF INTEREST RATES ON INDEXED LONGER-TERM REFINANCING OPERATIONS

The interest rate on an indexed longer-term refinancing operation (LTRO) is equal to the average of the minimum bid rates on the main refinancing operations (MROs) over the life of that LTRO. According to this definition, if an LTRO is outstanding for D number of days and the minimum bid rates prevailing in MROs are $R_{1,\,MRO}$ (over D_1 days), $R_{2,\,MRO}$ (over D_2 days), etc., until $R_{i,\,MRO}$ (over D_i days), where $D_1+D_2+\ldots+D_i=D$, the applicable annualised rate (R_{LTRO}) is calculated as:

$$c)\quad R_{LTRO} = \frac{D_1 R_{1,MRO} + D_2 R_{2,MRO} + \ldots + D_i R_{i,MRO}}{D}$$

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:

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

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

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

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

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

CALCULATION OF GROWTH RATES FOR MONTHLY SERIES

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

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

The base of the index (for the non-seasonally adjusted series) is currently set as December 2008 = 100. Time series for the index of adjusted outstanding amounts are available on the ECB's website (www.ecb.europa.eu) in the "Monetary and financial statistics" sub-section of the "Statistics" section.

The annual growth rate a_t for month t – i.e. the change in the 12 months ending in month t – can be calculated using either of the following two formulae:

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

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

Unless otherwise indicated, the annual growth rates refer to the end of the indicated period. For example, the annual percentage change for the year 2002 is calculated in h) by dividing the index for December 2002 by the index for December 2001.

Growth rates for intra-annual periods can be derived by adapting formula h). For example, the month-on-month growth rate a_t^M can be calculated as:

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

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

CALCULATION OF GROWTH RATES FOR QUARTERLY SERIES

If F_t^Q and L_{t-3} are defined as above, the index I_t of adjusted outstanding amounts for the quarter ending in month t is defined as:

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

The annual growth rate in the four quarters ending in month t (i.e. a_t) can be calculated using formula h).

SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS [1]

The approach used is based on multiplicative decomposition using X-12-ARIMA.[2] The seasonal adjustment may include a day-of-the-week adjustment, and for some series it is carried out indirectly by means of a linear combination of components. This is the case for M3, which is derived by aggregating the seasonally adjusted series for M1, M2 less M1, and M3 less M2.

The seasonal adjustment procedures are first applied to the index of adjusted outstanding amounts.[3] The resulting estimates of seasonal factors are then applied to the levels and to the adjustments arising from reclassifications and revaluations, in turn yielding seasonally adjusted transactions. Seasonal (and trading day) factors are revised at annual intervals or as required.

1 For details, see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000) and the "Monetary and financial statistics" sub-section of the "Statistics" section of the ECB's website (www.ecb.europa.eu).

2 For details, see Findley, D., Monsell, B., Bell, W., Otto, M. and Chen, B. C. (1998), "New Capabilities and Methods of the X-12-ARIMA Seasonal Adjustment Program", Journal of Business and Economic Statistics, 16, 2, pp.127-152, or "X-12-ARIMA Reference Manual", Time Series Staff, Bureau of the Census, Washington, D.C.
For internal purposes, the model-based approach of TRAMO-SEATS is also used. For details of TRAMO-SEATS, see Gomez, V. and Maravall, A. (1996), "Programs TRAMO and SEATS: Instructions for the User", Banco de España, Working Paper No 9628, Madrid.

3 It follows that for the seasonally adjusted series, the level of the index for the base period (i.e. December 2008) generally differs from 100, reflecting the seasonality of that month.

SECTIONS 3.1 TO 3.5

EQUALITY OF USES AND RESOURCES

In Section 3.1 the data conform to a basic accounting identity. For non-financial transactions, total uses equal total resources for each transaction category. This accounting identity is also reflected in the financial account – i.e. for each financial instrument category, total transactions in financial assets equal total transactions in liabilities. In the other changes in assets account and the financial balance sheets, total financial assets equal total liabilities for each financial instrument category, with the exception of monetary gold and special drawing rights, which are by definition not a liability of any sector.

CALCULATION OF BALANCING ITEMS

The balancing items at the end of each account in Sections 3.1, 3.2 and 3.3 are computed as follows.

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

Net operating surplus and mixed income is defined for resident sectors only and is calculated as gross value added (gross domestic product at market prices for the euro area) minus compensation of employees (uses) minus other taxes less subsidies on production (uses) minus consumption of fixed capital (uses).

Net national income is defined for resident sectors only and is computed as net operating surplus and mixed income plus compensation of employees (resources) plus taxes less subsidies on production (resources) plus net property income (resources minus uses).

Net disposable income is also defined only for resident sectors and equals net national income plus net current taxes on income and wealth (resources minus uses) plus net social contributions (resources minus uses) plus net social benefits other than social transfers in kind (resources minus uses) plus net other current transfers (resources minus uses).

Net saving is defined for resident sectors and is calculated as net disposable income plus the net adjustment for the change in the net equity of households in pension fund reserves (resources minus uses) minus final consumption expenditure (uses). For the rest of the world, the current external account is compiled as the trade balance plus all net income (resources minus uses).

Net lending/net borrowing is computed from the capital account as net saving plus net capital transfers (resources minus uses) minus gross capital formation (uses) minus acquisitions less disposals of non-produced non-financial assets (uses) plus consumption of fixed capital (resources). It can also be calculated in the financial account as total transactions in financial assets minus total transactions in liabilities (also known as changes in net financial worth (wealth) due to transactions). For the household and non-financial corporation sectors, there is a statistical discrepancy between the balancing items computed from the capital account and the financial account.

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

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

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

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

SECTIONS 4.3 AND 4.4

CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

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

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

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:

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

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

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

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

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

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

4 For details, see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000) and the "Monetary and financial statistics" sub-section of the "Statistics" section of the ECB's website (www.ecb.europa.eu).

adjusted net issues are derived. Seasonal factors are revised at annual intervals or as required.

As in formulae l) and m), the growth rate a_t for month t, corresponding to the change in the six months ending in month t, can be calculated using either of the following two formulae:

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

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

TABLE 1 IN SECTION 5.1

SEASONAL ADJUSTMENT OF THE HICP [4]

The approach used is based on multiplicative decomposition using X-12-ARIMA (see footnote 2 on page S78). The seasonal adjustment of the overall HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy, and services. Energy is added without adjustment, since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

TABLE 2 IN SECTION 7.1

SEASONAL ADJUSTMENT OF THE BALANCE OF PAYMENTS CURRENT ACCOUNT

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

SECTION 7.3

CALCULATION OF GROWTH RATES FOR THE QUARTERLY AND ANNUAL SERIES

The annual growth rate for quarter t is calculated on the basis of quarterly transactions (F_t) and positions (L_t) as follows:

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

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 8 June 2011.

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

The composition of the euro area has changed a number of times over the years. When the euro was introduced in 1999, the euro area comprised the following 11 countries (the Euro 11): Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Greece then joined in 2001, forming the Euro 12. Slovenia joined in 2007, forming the Euro 13; Cyprus and Malta joined in 2008, forming the Euro 15; and Slovakia joined in 2009, forming the Euro 16. Finally, Estonia joined in 2011, bringing the number of euro area countries to 17.

EURO AREA SERIES WITH A FIXED COMPOSITION

Aggregated statistical series for fixed compositions of the euro area relate to a given fixed composition for the whole time series, regardless of the composition at the time to which the statistics relate. For example, aggregated series are calculated for the Euro 17 (i.e. aggregating the data of all 17 countries currently in the euro area) for all years, despite the fact that the euro area has only had this composition since 1 January 2011. Unless otherwise indicated, the ECB's Monthly Bulletin provides statistical series for the current composition.

EURO AREA SERIES WITH A CHANGING COMPOSITION

Aggregated statistical series with a changing composition take into account the composition of the euro area at the time to which the statistics relate. For example, euro area statistical series with a changing composition aggregate the data of the Euro 11 for the period up to the end of 2000, the Euro 12 for the period from 2001 to the end of 2006, and so on. With this approach, each individual statistical series covers all of the various compositions of the euro area.

For the HICP, as well as monetary aggregates and their counterparts, annual rates of change are compiled from chain-linked indices, with joining countries' series linked to the euro area series in the December index. Thus, if a country joins the euro area in January of a given year, annual rates of change relate to the previous composition of the euro area up to and including December of the previous year, and the enlarged composition of the euro area thereafter. Percentage changes are calculated on the basis of a chain-linked index, taking account of the changing composition of the euro area. Absolute changes for monetary aggregates and their counterparts (transactions) refer to the composition of the euro area at the time to which the statistics relate.

Given that the composition of the European currency unit (ECU) does not coincide with the former currencies of the countries that have adopted the single currency, pre-1999 amounts originally expressed in the participating currencies and converted into ECU at current ECU exchange rates are affected by movements in the currencies of EU Member States that have not adopted the euro. To avoid this effect on the monetary statistics, pre-1999 data[1] are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless otherwise indicated, price and cost statistics before 1999 are based on data expressed in national currency terms.

Methods of aggregation and/or consolidation (including cross-country consolidation) have been used where appropriate.

Recent data are often provisional and may be revised. Discrepancies between totals and their components may arise from rounding.

The group "Other EU Member States" comprises Bulgaria, the Czech Republic, Denmark, Latvia, Lithuania, Hungary, Poland, Romania, Sweden and the United Kingdom.

In most cases, the terminology used within the tables follows international standards, such as those contained in the European System of Accounts 1995 and the IMF Balance of Payments Manual. Transactions refer to voluntary exchanges (measured directly or derived), while flows also encompass changes in outstanding amounts owing to price and exchange rate changes, write-offs and other changes.

In the tables, the wording "up to (x) years" means "up to and including (x) years".

OVERVIEW

Developments in key indicators for the euro area are summarised in an overview table.

MONETARY POLICY STATISTICS

Section 1.4 shows statistics on minimum reserve and liquidity factors. Maintenance periods for minimum reserve requirements start every month on the settlement day of the main refinancing operation (MRO) following the Governing Council meeting for which the monthly assessment of the monetary policy stance is scheduled. They end on the day preceding the corresponding settlement day in the following month. Annual/quarterly observations refer to averages for the last reserve maintenance period of the year/quarter.

Table 1 in Section 1.4 shows the components of the reserve base of credit institutions subject to reserve requirements. Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks are excluded from the reserve base. When a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years which are held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. The percentage used to calculate the reserve base was 10% until November 1999 and has been 30% since that date.

Table 2 in Section 1.4 contains average data for completed maintenance periods. First, the reserve requirement of each individual

1 Data on monetary statistics in Sections 2.1 to 2.8 are available for periods prior to January 1999 on the ECB's website (http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html) and in the SDW (http://sdw.ecb.europa.eu/browse.do?node=2018811).

credit institution is calculated by applying the reserve ratios for the corresponding categories of liability to the eligible liabilities, using the balance sheet data from the end of each calendar month. Subsequently, each credit institution deducts from this figure a lump-sum allowance of €100,000. The resulting required reserves are then aggregated at the euro area level (column 1). Current account holdings (column 2) are the aggregate average daily current account holdings of credit institutions, including those that serve to fulfil reserve requirements. Excess reserves (column 3) are the average current account holdings over the maintenance period in excess of the required reserves. Deficiencies (column 4) are defined as the average shortfalls of current account holdings from required reserves over the maintenance period, computed on the basis of those credit institutions that have not fulfilled their reserve requirements. The interest rate on minimum reserves (column 5) is equal to the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's MROs (see Section 1.3).

Table 3 in Section 1.4 shows the banking system's liquidity position, which is defined as euro area credit institutions' current account holdings with the Eurosystem in euro. All amounts are derived from the consolidated financial statement of the Eurosystem. Other liquidity-absorbing operations (column 7) exclude the issuance of debt certificates initiated by NCBs in Stage Two of EMU. Net other factors (column 10) represent the netted remaining items in the consolidated financial statement of the Eurosystem. Credit institutions' current accounts (column 11) are equal to the difference between the sum of liquidity-providing factors (columns 1 to 5) and the sum of liquidity-absorbing factors (columns 6 to 10). Base money (column 12) is calculated as the sum of the deposit facility (column 6), banknotes in circulation (column 8) and credit institutions' current account holdings (column 11).

MONEY, BANKING AND INVESTMENT FUNDS

Section 2.1 shows the aggregated balance sheet of the monetary financial institution sector, i.e. the sum of the harmonised balance sheets of all MFIs resident in the euro area. MFIs comprise central banks, credit institutions as defined under Community law, money market funds and other institutions whose business it is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or make investments in securities. A complete list of MFIs is published on the ECB's website.

Section 2.2 shows the consolidated balance sheet of the MFI sector, which is obtained by netting the aggregated balance sheet positions of MFIs in the euro area. Owing to a small amount of heterogeneity in recording practices, the sum of the inter-MFI positions is not necessarily zero; the balance is shown in column 10 of the liabilities side of Section 2.2. Section 2.3 sets out the euro area monetary aggregates and counterparts. These are derived from the consolidated MFI balance sheet and include positions of non-MFIs resident in the euro area held with MFIs resident in the euro area; they also take account of some monetary assets/ liabilities of central government. Statistics on monetary aggregates and counterparts are adjusted for seasonal and trading day effects. The external liabilities item in Sections 2.1 and 2.2 shows the holdings by non-euro area residents of: (i) shares/units issued by money market funds located in the euro area; and (ii) debt securities issued with a maturity of up to two years by MFIs located in the euro area. In Section 2.3, however, these holdings are excluded from the monetary aggregates and contribute to the item "net external assets".

Section 2.4 provides analysis, broken down by sector, type and original maturity, of loans granted by MFIs other than the Eurosystem (i.e. the banking system) resident in the euro area. Section 2.5 provides analysis, broken down by sector and instrument, of deposits held with the euro area banking system. Section 2.6 shows the securities held by the euro area banking system, broken down by type of issuer.

Sections 2.2 to 2.6 include data on transactions, which are derived as differences in outstanding amounts adjusted for reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. Section 2.7 shows selected revaluations that are used in the derivation of transactions. Sections 2.2 to 2.6 also provide growth rates based on those transactions in the form of annual percentage changes. Section 2.8 shows a quarterly currency breakdown of selected MFI balance sheet items.

Details of sector definitions are set out in the third edition of the "Monetary financial institutions and markets statistics sector manual – Guidance for the statistical classification of customers" (ECB, March 2007). The publication "Guidance Notes to the Regulation ECB/2001/13 on the MFI Balance Sheet Statistics" (ECB, November 2002) explains practices that NCBs are recommended to follow. Since 1 January 1999 statistical information has been collected and compiled on the basis of various ECB regulations concerning the balance sheet of the monetary financial institution sector. Since July 2010 this has been carried out on the basis of Regulation ECB/2008/32[2].

In line with this Regulation, the balance sheet item "money market paper" has been merged with the item "debt securities" on both the assets and liabilities sides of the MFI balance sheet.

Section 2.9 shows outstanding amounts and transactions on the balance sheet of euro area investment funds (other than money market funds, which are included in the MFI balance sheet statistics). An investment fund is a collective investment undertaking that invests capital raised from the public in financial and/or non-financial assets. A complete list of euro area investment funds is published on the ECB's website. The balance sheet is aggregated, so investment funds' assets include their holdings of shares/units issued by other investment funds. Shares/units issued by investment funds are also broken down by investment policy (i.e. into bond funds, equity funds, mixed funds, real estate funds, hedge funds and other funds) and by type (i.e. into open-end funds and closed-end funds). Section 2.10 provides further details on the main types of asset held by euro area investment funds. This Section contains a geographical breakdown of the issuers of securities held by investment funds, as well as breaking issuers down by economic sector where they are resident in the euro area.

Further information on these investment fund statistics can be found in the "Manual on investment fund statistics". Since December 2008 harmonised statistical information has been collected and compiled on the basis of Regulation ECB/2007/8 concerning statistics on the assets and liabilities of investment funds.

EURO AREA ACCOUNTS

Section 3.1 shows quarterly integrated euro area accounts data, which provide comprehensive information on the economic activities of households (including non-profit institutions serving households), non-financial corporations, financial corporations and general government, as well as on the interaction between these sectors and both the euro area and the rest of the world. Non-seasonally adjusted data at current prices are displayed for the last available quarter, following a simplified sequence of accounts in accordance with the methodological framework of the European System of Accounts 1995.

In short, the sequence of accounts (transactions) comprises: (1) the generation of income account, which shows how production activity translates

2 OJ L 15, 20.01.2009, p.14.

into various categories of income; (2) the allocation of primary income account, which records receipts and expenses relating to various forms of property income (for the economy as a whole; the balancing item of the primary income account is national income); (3) the secondary distribution of income account, which shows how the national income of an institutional sector changes because of current transfers; (4) the use of income account, which shows how disposable income is spent on consumption or saved; (5) the capital account, which shows how savings and net capital transfers are spent in the acquisition of non-financial assets (the balancing item of the capital account is net lending/net borrowing); and (6) the financial account, which records the net acquisitions of financial assets and the net incurrence of liabilities. As each non-financial transaction is mirrored by a financial transaction, the balancing item of the financial account conceptually also equals net lending/net borrowing as calculated from the capital account.

In addition, opening and closing financial balance sheets are presented, which provide a picture of the financial wealth of each individual sector at a given point in time. Finally, other changes in financial assets and liabilities (e.g. those resulting from the impact of changes in asset prices) are also shown.

The sectoral coverage of the financial account and the financial balance sheets is more detailed for the financial corporation sector, which is broken down into MFIs, other financial intermediaries (including financial auxiliaries), and insurance corporations and pension funds.

Section 3.2 shows four-quarter cumulated flows (transactions) for the "non-financial accounts" of the euro area (i.e. accounts (1) to (5) above), also following the simplified sequence of accounts.

Section 3.3 shows four-quarter cumulated flows (transactions and other changes) for households' income, expenditure and accumulation accounts, as well as outstanding amounts in the financial and non-financial balance sheet accounts, presenting data in a more analytical manner. Sector-specific transactions and balancing items are arranged in a way that more clearly depicts the financing and investment decisions of households, while respecting the accounting identities presented in Sections 3.1 and 3.2.

Section 3.4 displays four-quarter cumulated flows (transactions) for non-financial corporations' income and accumulation accounts, as well as outstanding amounts for the financial balance sheet accounts, presenting data in a more analytical manner.

Section 3.5 shows four-quarter cumulated financial flows (transactions and other changes) and outstanding amounts for the financial balance sheets of insurance corporations and pension funds.

FINANCIAL MARKETS

The series on financial market statistics for the euro area cover those EU Member States that had adopted the euro at the time to which the statistics relate (i.e. a changing composition), with the exception of statistics on securities issues (Sections 4.1 to 4.4), which relate to the Euro 16 for the whole time series (i.e. a fixed composition).

Statistics on securities other than shares and statistics on quoted shares (Sections 4.1 to 4.4) are produced by the ECB using data from the ESCB and the BIS. Section 4.5 presents MFI interest rates on euro-denominated deposits from and loans to euro area residents. Statistics on money market interest rates, long-term government bond yields and stock market indices (Sections 4.6 to 4.8) are produced by the ECB using data from wire services.

Statistics on securities issues cover: (i) securities other than shares, excluding financial derivatives; and (ii) quoted shares. The former are presented in Sections 4.1, 4.2 and 4.3, while the latter are presented in Section 4.4. Debt securities are broken down into short-term and long-term securities. "Short-term" means securities with an original maturity of one year or less (in exceptional cases, two years or less). Securities with (i) a longer maturity, (ii) optional maturity dates, the latest of which is more than one year away, or (iii) indefinite maturity dates are classified as "long-term". Long-term debt securities issued by euro area residents are broken down further into fixed and variable rate issues. Fixed rate issues consist of issues where the coupon rate does not change during the life of the issue. Variable rate issues comprise all issues where the coupon is periodically refixed with reference to an independent interest rate or index. The euro-denominated securities indicated in Sections 4.1, 4.2 and 4.3 also include items expressed in national denominations of the euro.

Section 4.1 shows securities other than shares, broken down by original maturity, residency of the issuer and currency. It presents outstanding amounts, gross issues and net issues of securities other than shares, broken down into: (i) issues denominated in euro and issues in all currencies; (ii) issues by euro area residents and total issues; and (iii) total and long-term maturities. Net issues differ from the changes in outstanding amounts owing to valuation changes, reclassifications and other adjustments. This section also presents seasonally adjusted statistics, including six-month annualised seasonally adjusted growth rates for total and long-term debt securities. Seasonally adjusted data are derived from the index of notional stocks, from which the seasonal effects have been removed. See the Technical Notes for details.

Section 4.2 contains a sectoral breakdown of outstanding amounts, gross issues and net issues for issuers resident in the euro area in line with the ESA 95. The ECB is included in the Eurosystem.

The total outstanding amounts for total and long-term debt securities in column 1 of Table 1 in Section 4.2 correspond to the data on outstanding amounts for total and long-term debt securities issued by euro area residents in column 7 of Section 4.1. The outstanding amounts for total and long-term debt securities issued by MFIs in column 2 of Table 1 in Section 4.2 are broadly comparable with the data on debt securities issued on the liabilities side of the aggregated MFI balance sheet in column 8 of Table 2 in Section 2.1. The total net issues for total debt securities in column 1 of Table 2 in Section 4.2 correspond to the data on total net issues by euro area residents in column 9 of Section 4.1. The residual difference between long-term debt securities and total fixed and variable rate long-term debt securities in Table 1 of Section 4.2 consists of zero coupon bonds and revaluation effects.

Section 4.3 shows seasonally adjusted and non-seasonally adjusted growth rates for debt securities issued by euro area residents (broken down by maturity, type of instrument, sector of the issuer and currency), which are based on financial transactions that occur when an institutional unit incurs or redeems liabilities. The growth rates therefore exclude reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. The seasonally adjusted growth rates have been annualised for presentational purposes. See the Technical Notes for details.

Columns 1, 4, 6 and 8 in Table 1 of Section 4.4 show the outstanding amounts of quoted shares issued by euro area residents broken down by issuing sector. The monthly data for quoted shares issued by non-financial corporations correspond to the quarterly series shown in Section 3.4 (financial balance sheet; quoted shares).

Columns 3, 5, 7 and 9 in Table 1 of Section 4.4 show annual growth rates for quoted shares issued by euro area residents (broken down by the sector of the issuer), which are based on financial transactions that occur when an issuer issues or redeems shares for cash, excluding investments in the issuer's own shares. The calculation of annual growth rates excludes reclassifications, revaluations and any other changes that do not arise from transactions.

Section 4.5 presents statistics on all the interest rates that MFIs resident in the euro area apply to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area. Euro area MFI interest rates are calculated as a weighted average (by corresponding business volume) of the euro area countries' interest rates for each category.

MFI interest rate statistics are broken down by type of business coverage, sector, instrument category and maturity, period of notice or initial period of interest rate fixation. These MFI interest rate statistics replaced the ten transitional statistical series on euro area retail interest rates that had been published in the Monthly Bulletin as of January 1999.

Section 4.6 presents money market interest rates for the euro area, the United States and Japan. For the euro area, a broad spectrum of money market interest rates is covered, ranging from interest rates on overnight deposits to those on twelve-month deposits. Before January 1999, synthetic euro area interest rates were calculated on the basis of national rates weighted by GDP. With the exception of the overnight rate prior to January 1999, monthly, quarterly and yearly values are period averages. Overnight deposits are represented by end-of-period interbank deposit bid rates up to and including December 1998 and period averages for the euro overnight index average (EONIA) thereafter. As of January 1999, euro area interest rates on one, three, six and twelve-month deposits are euro interbank offered rates (EURIBOR); prior to that date, they are London interbank offered rates (LIBOR) where available. For the United States and Japan, interest rates on three-month deposits are represented by LIBOR.

Section 4.7 shows end-of-period rates estimated from nominal spot yield curves based on AAA-rated euro-denominated bonds issued by euro area central governments. The yield curves are estimated using the Svensson model[3]. Spreads between the ten-year rates and the three-month and two-year rates are also released. Additional yield curves (daily releases, including charts and tables) and the corresponding methodological information are available at: http://www.ecb.europa.eu/stats/money/yc/html/index.en.html. Daily data can also be downloaded.

Section 4.8 shows stock market indices for the euro area, the United States and Japan.

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

Most of the data described in this section are produced by the European Commission (mainly Eurostat) and national statistical authorities. Euro area results are obtained by aggregating data for individual countries. As far as possible, the data are harmonised and comparable. Statistics on labour costs indices, GDP and expenditure components, value added by economic activity, industrial production, retail sales passenger car registrations and employment in terms of hours worked are working day-adjusted.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 1 in Section 5.1) is available from 1995 onwards. It is based on national HICPs, which follow the same methodology in all euro area countries. The breakdown into goods and services components is derived from the classification of individual consumption by purpose (Coicop/HICP). The HICP covers monetary expenditure by households on final consumption in the economic territory of the euro area. The table includes seasonally adjusted HICP data and experimental HICP-based estimates of administered prices, which are compiled by the ECB.

3 Svensson, L. E., "Estimating and Interpreting Forward Interest Rates: Sweden 1992-1994", Centre for Economic Policy Research, Discussion Paper No 1051, 1994.

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial new orders, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics[4]. Since January 2009 the revised classification of economic activities (NACE Revision 2), as covered by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90, as well as certain EC Regulations on specific statistical domains,[5] has been applied in the production of short-term statistics. The breakdown by end-use of product for industrial producer prices and industrial production is the harmonised sub-division of industry excluding construction (NACE Revision 2, sections B to E) into Main Industrial Groupings (MIGs) as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007[6]. Industrial producer prices reflect the ex-factory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

The two non-energy commodity price indices shown in Table 3 in Section 5.1 are compiled with the same commodity coverage, but using two different weighting schemes: one based on the respective commodity imports of the euro area (columns 2-4), and the other (columns 5-7) based on estimated euro area domestic demand, or "use", taking into account information on imports, exports and the domestic production of each commodity (ignoring, for the sake of simplicity, inventories, which are assumed to be relatively stable over the observed period). The import-weighted commodity price index is appropriate for analysing external developments, while the use-weighted index is suitable for the specific purpose of analysing international commodity price pressures on euro area inflation. The use-weighted commodity price indices are experimental data. For more details as regards the compilation of the ECB commodity price indices, see Box 1 in the December 2008 issue of the Monthly Bulletin.

The labour cost indices (Table 5 in Section 5.1) measure the changes in labour costs per hour worked in industry (including construction) and market services. Their methodology is laid down in Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index[7] and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003[8]. A breakdown of the labour cost indices for the euro area is available by labour cost component (wages and salaries, and employers' social contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 3 of Section 5.1) on the basis of non-harmonised, national-definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 3 in Section 5.1) and employment statistics (Tables 1, 2 and 3 in Section 5.3) are derived from the ESA 95 quarterly national accounts.

Industrial new orders (Table 4 in Section 5.2) measure the orders received during the reference period and cover industries working mainly on the basis of orders – in particular the textile, pulp and paper, chemical, metal, capital goods and durable consumer goods industries. The data are calculated on the basis of current prices.

Indices for turnover in industry and for the retail trade (Table 4 in Section 5.2) measure the turnover, including all duties and taxes (with the exception of VAT), invoiced during the reference period. Retail trade turnover covers all retail trade (excluding sales of motor

4 OJ L 162, 5.6.1998, p. 1.
5 OJ L 393, 30.12.2006, p. 1.
6 OJ L 155, 15.6.2007, p. 3.
7 OJ L 69, 13.3.2003, p. 1.
8 OJ L 169, 8.7.2003, p. 37.

vehicles and motorcycles), except automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars.

Qualitative business and consumer survey data (Table 5 in Section 5.2) draw on the European Commission Business and Consumer Surveys.

Unemployment rates (Table 4 in Section 5.3) conform to International Labour Organization guidelines. They refer to persons actively seeking work as a share of the labour force, using harmonised criteria and definitions. The labour force estimates underlying the unemployment rate are different from the sum of the employment and unemployment levels published in Section 5.3.

GOVERNMENT FINANCE

Sections 6.1 to 6.5 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The annual euro area aggregates in Sections 6.1 to 6.3 are compiled by the ECB on the basis of harmonised data provided by the NCBs, which are regularly updated. The deficit and debt data for the euro area countries may therefore differ from those used by the European Commission within the excessive deficit procedure. The quarterly euro area aggregates in Sections 6.4 and 6.5 are compiled by the ECB on the basis of Eurostat and national data.

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000[9] amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include summary data for the individual euro area countries owing to their importance within the framework of the Stability and Growth Pact. The deficits/surpluses presented for the individual euro area countries correspond to excessive deficit procedure B.9, as defined by Council Regulation (EC) No 479/2009 as regards references to the ESA 95. Section 6.3 presents changes in general government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents quarterly figures on general government revenue and expenditure on the basis of definitions laid down in Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly non-financial accounts for general government[10]. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided by the Member States under Regulation (EC) No 501/2004 and Regulation (EC) No 222/2004 and data provided by the NCBs.

EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB (ECB/2004/15)[11] and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)[12]. Additional information regarding the methodologies and sources used in the euro area b.o.p. and i.i.p. statistics can be found in the ECB publication entitled "European Union balance of payments/international investment position statistical methods" (May 2007) and in the reports of the Task Force on Portfolio Investment Collection Systems (June 2002),

9 OJ L 172, 12.7.2000, p. 3.
10 OJ L 179, 9.7.2002, p. 1.
11 OJ L 354, 30.11.2004, p. 34.
12 OJ L 159, 20.6.2007, p. 48.

the Task Force on Portfolio Investment Income (August 2003) and the Task Force on Foreign Direct Investment (March 2004), all of which can be downloaded from the ECB's website. In addition, a report by the ECB/European Commission (Eurostat) Task Force on Quality looking at balance of payments and international investment position statistics (June 2004) is available on the website of the Committee on Monetary, Financial and Balance of Payments Statistics (www.cmfb.org). The annual quality report on the euro area b.o.p./i.i.p., which is based on the Task Force's recommendations and follows the basic principles of the ECB Statistics Quality Framework published in April 2008, is available on the ECB's website.

The tables in Sections 7.1 and 7.4 follow the sign convention in the IMF Balance of Payments Manual – i.e. surpluses in the current account and the capital account have a plus sign, while in the financial account a plus sign denotes an increase in liabilities or a decrease in assets. In the tables in Section 7.2, both credit and debit transactions are presented with a plus sign. Furthermore, as of the February 2008 issue of the Monthly Bulletin, the tables in Section 7.3 have been restructured in order to allow the data on the balance of payments, the international investment position and related growth rates to be presented together; in the new tables, transactions in assets and liabilities that correspond to increases in positions are shown with a plus sign.

The euro area b.o.p. is compiled by the ECB. Recent monthly figures should be regarded as provisional. Data are revised when figures for the following month and/or the detailed quarterly b.o.p. are published. Earlier data are revised periodically or as a result of methodological changes in the compilation of the source data.

Table 1 in Section 7.2 also contains seasonally adjusted data for the current account. Where appropriate, the adjustment also covers working day, leap year and/or Easter-related effects. Table 3 in Section 7.2 and Table 9 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis major partner countries, both individually and as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions (which, with the exception of the ECB, are considered to be outside the euro area for statistical purposes, regardless of their physical location) and, for some purposes, offshore centres and international organisations. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives or international reserves. In addition, separate data are not provided for investment income payable to Brazil, mainland China, India or Russia. The geographical breakdown is described in the article entitled "Euro area balance of payments and international investment position vis-à-vis main counterparts" in the February 2005 issue of the Monthly Bulletin.

The data on the euro area b.o.p. financial account and i.i.p. in Section 7.3 are based on transactions and positions vis-à-vis non-residents of the euro area, regarding the euro area as a single economic entity (see also Box 9 in the December 2002 issue of the Monthly Bulletin, Box 5 in the January 2007 issue of the Monthly Bulletin and Box 6 in the January 2008 issue of the Monthly Bulletin). The i.i.p. is valued at current market prices, with the exception of direct investment, where book values are used for unquoted shares, and other investments (e.g. loans and deposits). The quarterly i.i.p. is compiled on the basis of the same methodological framework as the annual i.i.p. As some data sources are not available on a quarterly basis (or are available with a delay), the quarterly i.i.p. is partly estimated on the basis of financial transactions, asset prices and foreign exchange developments.

Table 1 in Section 7.3 summarises the i.i.p. and financial transactions in the euro area b.o.p. The breakdown of the change in the annual i.i.p. is obtained by applying a statistical model to i.i.p. changes other than transactions, using information from the geographical breakdown and currency composition of assets and liabilities, as well as price indices for different financial assets. In this table, columns 5 and 6 refer to direct investment by resident units abroad and direct investment by non-resident units in the euro area.

In Table 5 in Section 7.3, the breakdown into "loans" and "currency and deposits" is based on the sector of the non-resident counterpart – i.e. assets vis-à-vis non-resident banks are classified as deposits, whereas assets vis-à-vis other non-resident sectors are classified as loans. This breakdown follows the distinction made in other statistics, such as the MFI consolidated balance sheet, and conforms to the IMF Balance of Payments Manual.

The outstanding amounts for the Eurosystem's international reserves and related assets and liabilities are shown in Table 7 of Section 7.3. These figures are not fully comparable with those in the Eurosystem's weekly financial statement owing to differences in coverage and valuation. The data in Table 7 are in line with the recommendations for the template on international reserves and foreign currency liquidity. By definition, the assets included in the Eurosystem's international reserves take account of the changing composition of the euro area. Before countries join the euro area, the assets of their national central banks are included in portfolio investment (in the case of securities) or other investment (in the case of other assets). Changes in the gold holdings of the Eurosystem (column 3) are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999, which was updated on 27 September 2009. More information on the statistical treatment of the Eurosystem's international reserves can be found in a publication entitled "Statistical treatment of the Eurosystem's international reserves" (October 2000), which can be downloaded from the ECB's website. The website also contains more comprehensive data in accordance with the template on international reserves and foreign currency liquidity.

The euro area's gross external debt statistics in Table 8 of Section 7.3 represent outstanding actual (rather than contingent) liabilities vis-à-vis non-euro area residents that require the payment of principal and/or interest by the debtor at one or more points in the future. Table 8 shows a breakdown of gross external debt by instrument and institutional sector.

Section 7.4 contains a monetary presentation of the euro area balance of payments, showing the transactions by non-MFIs that mirror the net external transactions by MFIs. Included in the transactions by non-MFIs are b.o.p. transactions for which a sectoral breakdown is not available. These concern the current and capital accounts (column 2) and financial derivatives (column 11). An up-to-date methodological note on the monetary presentation of the euro area balance of payments is available in the "Statistics" section of the ECB's website. See also Box 1 in the June 2003 issue of the Monthly Bulletin.

Section 7.5 shows data on euro area external trade in goods. The source is Eurostat. Value data and volume indices are seasonally and working day-adjusted. The breakdown by product group in columns 4 to 6 and 9 to 11 of Table 1 in Section 7.5 is in line with the classification contained in the Broad Economic Categories and corresponds to the basic classes of goods in the System of National Accounts. Manufactured goods (columns 7 and 12) and oil (column 13) are in line with the SITC Rev. 4 definition. The geographical breakdown (Table 3 in Section 7.5) shows major trading partners both individually and in regional groups. China excludes Hong Kong. On account of differences in definitions, classification, coverage and time of recording, external trade data, in particular for imports, are not fully comparable with the goods item in the b.o.p. statistics (Sections 7.1 and 7.2). Part of the difference arises from the inclusion of insurance and freight services in the recording of imported goods in external trade data.

Industrial import prices and industrial producer export prices (or industrial output prices for the non-domestic market) shown in Table 2 in Section 7.5 were introduced by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98, which is the principal legal basis for short-term statistics. The industrial import price index covers industrial products imported from outside the euro area under sections B to E of the Statistical Classification of Products by Activity in the European Economic Community (CPA) and all institutional import sectors except households, governments and non-profit institutions. It reflects the cost, insurance and freight price excluding import duties and taxes, and refers to actual transactions in euro recorded at the point when ownership of the goods is transferred. The industrial producer export prices cover all industrial products exported directly by euro area producers to the extra-euro area market under sections B to E of NACE Revision 2. Exports from wholesalers and re-exports are not covered. The indices reflect the free on board price expressed in euro and calculated at the euro area frontier, including any indirect taxes except VAT and other deductible taxes. Industrial import prices and industrial producer export prices are available by Main Industrial Grouping as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007. For more details, see Box 11 in the December 2008 issue of the Monthly Bulletin.

EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro's bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003 and 2004-2006, and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these four sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-20 group of trading partners is composed of the 10 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-40 group comprises the EER-20 plus the following countries: Algeria, Argentina, Brazil, Chile, Croatia, Iceland, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela. Real EERs are calculated using consumer price indices, producer price indices, gross domestic product deflators and unit labour costs, both for the manufacturing sector and for the total economy.

For more detailed information on the calculation of the EERs, see the relevant methodological note and ECB Occasional Paper No 2 ("The effective exchange rates of the euro" by Luca Buldorini, Stelios Makrydakis and Christian Thimann, February 2002), which can be downloaded from the ECB's website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies.

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. As a result, data on current and capital accounts and gross external debt include special-purpose vehicles. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

ANNEXES

CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSYSTEM[1]

15 JANUARY 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 2.00%, starting from the operations to be settled on 21 January 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 3.00% and 1.00% respectively, with effect from 21 January 2009, in line with the decision of 18 December 2008.

5 FEBRUARY 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.00%, 3.00% and 1.00% respectively.

5 MARCH 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 1.50%, starting from the operations to be settled on 11 March 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 2.50% and 0.50% respectively, with effect from 11 March 2009.

Moreover, the Governing Council decides to continue the fixed rate tender procedure with full allotment for all main refinancing operations, special-term refinancing operations and supplementary and regular longer-term refinancing operations for as long as needed, and in any case beyond the end of 2009. In addition, the Governing Council decides to continue with the current frequency and maturity profile of supplementary longer-term refinancing operations and special-term refinancing operations for as long as needed, and in any case beyond the end of 2009.

2 APRIL 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operations to be settled on 8 April 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 2.25% and 0.25% respectively, with effect from 8 April 2009.

7 MAY 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.00%, starting from the operation to be settled on 13 May 2009. In addition, it decides to decrease the interest rate on the marginal lending facility by 50 basis points to 1.75% with effect from 13 May 2009, and to leave the interest rate on the deposit facility unchanged at 0.25%. In addition, the Governing Council of the ECB decides to proceed with its enhanced credit support approach. In particular, it decides that the Eurosystem will conduct liquidity-providing longer-term refinancing operations with a maturity of one year as fixed rate tender procedures with full allotment. In addition, it decides in principle that the Eurosystem will purchase euro-denominated covered bonds issued in the euro area.

4 JUNE 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. In addition, the Governing Council of the ECB decides upon the technical modalities related to the purchase of euro-denominated covered bonds issued in the euro area decided on 7 May 2009.

1 The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2008 can be found in the ECB's Annual Report for the respective years.

2 JULY, 6 AUGUST, 3 SEPTEMBER, 8 OCTOBER AND 5 NOVEMBER 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

3 DECEMBER 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 13 April 2010.

14 JANUARY AND 4 FEBRUARY 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

4 MARCH 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 October 2010, including a return to variable rate tender procedures in the regular three-month longer-term refinancing operations, starting with the operation to be allotted on 28 April 2010.

8 APRIL AND 6 MAY 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

10 MAY 2010

The Governing Council of the ECB decides on several measures to address severe tensions in financial markets. In particular, it decides to conduct interventions in the euro area public and private debt securities markets (Securities Markets Programme) and to adopt a fixed rate tender procedure with full allotment in the regular three-month longer-term refinancing operations in May and June 2010.

10 JUNE 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. In addition, it decides to adopt a fixed rate tender procedure with full allotment in the regular three-month longer-term refinancing operations to be allotted during the third quarter of 2010.

8 JULY AND 5 AUGUST 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

2 SEPTEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 11 January 2011, notably the adoption of a fixed rate tender procedure with full allotment in the three-month longer-term refinancing operations.

7 OCTOBER AND 4 NOVEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

2 DECEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 April 2011, notably to continue its fixed rate tender procedures with full allotment.

13 JANUARY AND 3 FEBRUARY 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

3 MARCH 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 July 2011, notably to continue its fixed rate tender procedures with full allotment.

7 APRIL 2011

The Governing Council of the ECB decides to increase the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operation to be settled on 13 April 2011. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.00% and 0.50% respectively, both with effect from 13 April 2011.

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.

THE TARGET (TRANS-EUROPEAN AUTOMATED REAL-TIME GROSS SETTLEMENT EXPRESS TRANSFER) SYSTEM

TARGET2[1] is instrumental in promoting the integrated euro area money market, which is a prerequisite for the effective conduct of the single monetary policy. It also contributes to the integration of the euro area financial markets. More than 4,400 commercial banks, as well as 22 national central banks, use TARGET2 to initiate payments of their own or on their customers' behalf. Taking into account branches and subsidiaries, almost 60,000 banks worldwide (and thus all the customers of these banks) can be addressed via TARGET2.

TARGET2 is used to make large-value and time-critical payments, including payments to facilitate settlements in other interbank fund transfer systems (e.g. Continuous Linked Settlement or EURO1), and to settle money market, foreign exchange and securities transactions. It is also used for smaller-value customer payments. TARGET2 provides intraday finality for transactions and allows the funds credited to a participant's account to become immediately available for other payments.

PAYMENT FLOWS IN TARGET2

In the first quarter of 2011 TARGET2 settled 21,856,960 transactions with a total value of €146,043 billion, which corresponds to a daily average of 341,515 transactions with a value of €2,282 billion. The highest level of TARGET2 traffic during this quarter was recorded on 31 January, when 524,856 payments were processed.

With a market share of 60% 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 stability of TARGET2's market share confirms banks' strong interest in settlement in central bank money, particularly in times of market turbulence. The average proportion of interbank payments was 41% in terms of volume and 94% in terms of value. The average value of an interbank payment processed in the system was €15.4 million, while that of a customer payment was €0.7 million. 67% of the payments had a value of below €50,000, while 11% had a value of above €1 million. On average, there were 256 payments with a value of above €1 billion per day.

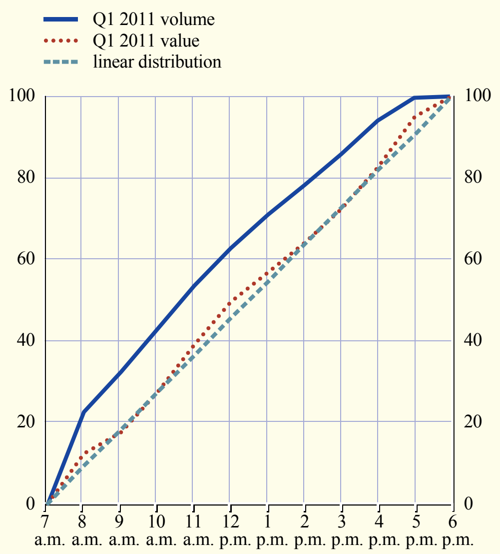
INTRADAY PATTERN OF VOLUMES AND VALUES

The chart shows the intraday distribution of TARGET2 traffic, i.e. the percentage of daily volumes and values processed at different times of the day, for the first quarter of 2011. In volume terms, the curve is well above the linear distribution, with 71% of the volume already exchanged by 1 p.m. CET and 99.6% one hour before the system closed. By 1 p.m. CET, 57% of the value exchanged in TARGET2 had already been settled, a figure that rose to 95% one hour before the system closed. In value terms, the curve is very close to the linear distribution.

1 TARGET2 is the second generation of TARGET and was launched in 2007.

Intraday pattern

(percentages)



Source: ECB.

This indicates that turnover was evenly spread throughout the day and that liquidity circulated appropriately among participants, thereby ensuring the smooth settlement of TARGET2 transactions.

TARGET2 AVAILABILITY AND BUSINESS PERFORMANCE

Incidents considered in the calculation of TARGET2's availability are those that completely prevent the processing of payments for ten minutes or more on TARGET2 business days between 7 a.m. and 6.45 p.m. As no such incident was recorded during the first quarter of 2011, TARGET2 achieved 100% technical availability during that period. One incident occurred on 15 February but did not affect the overall technical availability of the system as it took place during the night-time settlement phase (i.e. between 6.45 p.m. and 7 a.m.).

During the first quarter of 2011 100% of TARGET2 payments were settled in less than five minutes.

Table 1 Payment instructions processed by TARGET2 and EURO1: volume of transactions

(number of payments)

	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1
TARGET2					
Total volume	21,701,047	22,532,655	21,568,091	22,790,133	21,856,960
Daily average	344,461	357,661	326,789	349,305	341,515
EURO1 (EBA)					
Total volume	14,200,046	14,971,067	14,755,175	15,445,811	14,829,518
Daily average	225,398	237,636	223,563	230,124	231,711

Table 2 Payment instructions processed by TARGET2 and EURO1: value of transactions

(EUR billions)

	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1
TARGET2					
Total value	138,751	153,299	150,349	150,795	146,043
Daily average	2,202	2,433	2,278	2,285	2,282
EURO1 (EBA)					
Total value	15,294	16,152	15,199	15,563	15,261
Daily average	243	256	230	241	238

PUBLICATIONS PRODUCED BY THE EUROPEAN CENTRAL BANK

The ECB produces a number of publications which provide information about its core activities: monetary policy, statistics, payment and securities settlement systems, financial stability and supervision, international and European cooperation, and legal matters. These include the following:

STATUTORY PUBLICATIONS

- Annual Report
- Convergence Report
- Monthly Bulletin

RESEARCH PAPERS

- Legal Working Paper Series
- Occasional Paper Series
- Research Bulletin
- Working Paper Series

OTHER/TASK-RELATED PUBLICATIONS

- Enhancing monetary analysis
- Financial integration in Europe
- Financial Stability Review
- Statistics Pocket Book
- The European Central Bank: history, role and functions
- The international role of the euro
- The implementation of monetary policy in the euro area (“General Documentation”)
- The monetary policy of the ECB
- The payment system

The ECB also publishes brochures and information materials on a variety of topics, such as the euro banknotes and coins, as well as seminar and conference proceedings.

For a complete list of documents (in PDF format) published by the ECB and the European Monetary Institute, the ECB’s forerunner from 1994 to 1998, please visit the ECB’s website at http://www.ecb.europa.eu/pub/. Language codes indicate the languages in which each publication is available.

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GLOSSARY

This glossary contains selected items that are frequently used in the Monthly Bulletin. A more comprehensive and detailed glossary can be found on the ECB's website (www.ecb.europa.eu/home/glossary/html/index.en.html).

Autonomous liquidity factors: liquidity factors that do not normally stem from the use of monetary policy instruments. Such factors are, for example, banknotes in circulation, government deposits with the central bank and the net foreign assets of the central bank.

Balance of payments (b.o.p.): a statistical statement that summarises, for a specific period of time, the economic transactions of an economy with the rest of the world.

Bank lending survey (BLS): a quarterly survey on lending policies that has been conducted by the Eurosystem since January 2003. It addresses qualitative questions on developments in credit standards, terms and conditions of loans and loan demand for both enterprises and households to a predefined sample group of banks in the euro area.

Borrowing requirement (general government): net incurrence of debt by the general government.

Break-even inflation rate: the spread between the yield on a nominal bond and that on an inflation-linked bond of the same (or as similar as possible) maturity.

Capital account: a b.o.p. account that covers all capital transfers and acquisitions/disposals of non-produced, non-financial assets between residents and non-residents.

Capital accounts: part of the system of national (or euro area) accounts consisting of the change in net worth that is due to net saving, net capital transfers and net acquisitions of non-financial assets.

Central parity (or central rate): the exchange rate of each ERM II member currency vis-à-vis the euro, around which the ERM II fluctuation margins are defined.

Compensation per employee or per hour worked: the total remuneration, in cash or in kind, that is payable by employers to employees, i.e. gross wages and salaries, as well as bonuses, overtime payments and employers' social security contributions, divided by the total number of employees or by the total number of employees' hours worked.

Consolidated balance sheet of the MFI sector: a balance sheet obtained by netting out inter-MFI positions (e.g. inter-MFI loans and deposits) in the aggregated MFI balance sheet. It provides statistical information on the MFI sector's assets and liabilities vis-à-vis residents of the euro area not belonging to this sector (i.e. the general government and other euro area residents) and vis-à-vis non-euro area residents. It is the main statistical source for the calculation of monetary aggregates, and it provides the basis for the regular analysis of the counterparts of M3.

Collateral: assets pledged or transferred in some form as a guarantee for the repayment of loans, as well as assets sold under repurchase agreements. Collateral used in Eurosystem reverse transactions must fulfil certain eligibility criteria.

Current account: a b.o.p. account that covers all transactions in goods and services, income and current transfers between residents and non-residents.

Debt (financial accounts): loans taken out by households, as well as the loans, debt securities and pension fund reserves (resulting from employers' direct pension commitments on behalf of their employees) of non-financial corporations, valued at market prices at the end of the period.

Debt (general government): the gross debt (currency and deposits, loans and debt securities) at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government.

Debt security: a promise on the part of the issuer (i.e. the borrower) to make one or more payment(s) to the holder (the lender) on a specified future date or dates. Such securities usually carry a specific rate of interest (the coupon) and/or are sold at a discount to the amount that will be repaid at maturity. Debt securities issued with an original maturity of more than one year are classified as long-term.

Debt-to-GDP ratio (general government): the ratio of general government debt to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit.

Deficit (general government): the general government's net borrowing, i.e. the difference between total government revenue and total government expenditure.

Deficit-debt adjustment (general government): the difference between the general government deficit and the change in general government debt.

Deficit ratio (general government): the ratio of the general government deficit to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit. It is also referred to as the budget deficit ratio or the fiscal deficit ratio.

Deflation: a generalised, persistent and self-reinforcing decline in a broad set of prices that results from a drop in aggregate demand and becomes entrenched in expectations.

Deposit facility: a standing facility of the Eurosystem enabling eligible counterparties to make, on their own initiative, overnight deposits with the NCB in their respective jurisdiction. Deposits are remunerated at a pre-specified rate that normally provides a floor for overnight market interest rates.

Disinflation: a process of decelerating inflation that may lead to negative inflation rates of a temporary nature.

Direct investment: cross-border investment for the purpose of obtaining a lasting interest in an enterprise resident in another economy (assumed, in practice, for ownership of at least 10% of the ordinary shares or voting power). Included are equity capital, reinvested earnings and other capital associated with inter-company operations. The direct investment account records net transactions/positions in assets abroad by euro area residents (as "direct investment abroad") and net transactions/positions in euro area assets by non-residents (as "direct investment in the euro area").

Effective exchange rates (EERs) of the euro (nominal/real): weighted averages of bilateral euro exchange rates against the currencies of the euro area's main trading partners. The EER indices of the euro are calculated against different groups of trading partners: the EER-20 comprises the 10 non-euro area EU Member States and 10 trading partners outside the EU, and the EER-40 encompasses the EER-20 and 20 additional countries. The weights used reflect the share of each partner country in the euro area's trade in manufactured goods and account for competition in third markets. Real EERs are nominal EERs deflated by a weighted average of foreign, relative to domestic, prices or costs. They are thus measures of price and cost competitiveness.

Enhanced credit support: the non-standard measures taken by the ECB/Eurosystem during the financial crisis with a view to supporting financing conditions and credit flows above and beyond what could be achieved through reductions in key ECB interest rates alone.

EONIA (euro overnight index average): a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks.

Equities: securities representing ownership of a stake in a corporation, e.g. shares traded on stock exchanges (quoted shares), unquoted shares and other forms of equity. Equities usually produce income in the form of dividends.

ERM II (exchange rate mechanism II): the exchange rate arrangement that provides the framework for exchange rate policy cooperation between the euro area countries and the EU Member States not participating in Stage Three of EMU.

EURIBOR (euro interbank offered rate): the rate at which what is known as a prime bank is willing to lend funds (denominated in euro) to another prime bank. The EURIBOR is computed daily, based on the rates of a sample of selected banks, for different maturities of up to 12 months.

Euro area: the area formed by those EU Member States in which the euro has been adopted as the single currency in accordance with the Treaty on the Functioning of the European Union.

European Commission surveys: harmonised surveys of business and/or consumer sentiment conducted on behalf of the European Commission in each of the EU Member States. Such questionnaire-based surveys are addressed to managers in the manufacturing, construction, retail and services industries, as well as to consumers. From each monthly survey, composite indicators are calculated that summarise the replies to a number of different questions in a single indicator (confidence indicators).

Eurosystem: the central banking system made up of the ECB and the NCBs of those EU Member States whose currency is the euro.

Eurozone Purchasing Managers' Surveys: surveys of business conditions in manufacturing and in services industries conducted for a number of countries in the euro area and used to compile indices. The Eurozone Manufacturing Purchasing Managers' Index (PMI) is a weighted indicator calculated from indices of output, new orders, employment, suppliers' delivery times and stocks of purchases. The services sector survey asks questions on business activity, expectations of future business activity, the amount of business outstanding, incoming new business, employment, input prices and prices charged. The Eurozone Composite Index is calculated by combining the results from the manufacturing and services sector surveys.

External trade in goods: exports and imports of goods with countries outside the euro area, measured in terms of value and as indices of volume and unit value. External trade statistics are not comparable with the exports and imports recorded in the national accounts, as the latter include both intra-euro area and extra-euro area transactions, and also combine goods and services. Nor are they fully comparable with the goods item in b.o.p. statistics. Besides methodological adjustments, the main difference is that imports in external trade statistics are recorded including insurance and freight services, whereas they are recorded free on board in the goods item in the b.o.p. statistics.

Financial account: a b.o.p. account that covers transactions between residents and non-residents in direct investment, portfolio investment, other investment, financial derivatives and reserve assets.

Financial accounts: part of the system of national (or euro area) accounts showing the financial positions (stocks or balance sheets), financial transactions and other changes of the different institutional sectors of an economy by type of financial asset.

Financial vehicle corporation (FVC): an entity whose principal activity is to carry out securitisation transactions. An FVC typically issues marketable securities that are offered for sale to the general public, or sold in the form of private placements. In some cases, an FVC simply holds the securitised assets and issues the securities through another entity, often an FVC itself.

Fixed rate tender: a tender procedure in which the interest rate is specified in advance by the central bank and in which participating counterparties bid the amount of money they wish to transact at the fixed interest rate.

Fixed rate full-allotment tender procedure: a tender procedure in which the interest rate is pre-specified by the central bank (fixed rate) and in which counterparties bid the amount of money they want to transact at that rate, knowing in advance that all their bids will be satisfied (full allotment).

General government: a sector defined in the ESA 95 as comprising resident entities that are engaged primarily in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. Included are central, regional and local government authorities as well as social security funds. Excluded are government-owned entities that conduct commercial operations, such as public enterprises.

Gross domestic product (GDP): the value of an economy's total output of goods and services less intermediate consumption, plus net taxes on products and imports. GDP can be broken down by output, expenditure or income components. The main expenditure aggregates that make up GDP are household final consumption, government final consumption, gross fixed capital formation, changes in inventories, and imports and exports of goods and services (including intra-euro area trade).

Gross external debt: the outstanding amount of an economy's actual (i.e. non-contingent) current liabilities that require payment of principal and/or interest to non-residents at some point in the future.

Harmonised Index of Consumer Prices (HICP): a measure of the development of consumer prices that is compiled by Eurostat and harmonised for all EU Member States.

Hourly labour cost index: a measure of labour costs, including gross wages and salaries (in cash and in kind, including bonuses) and other labour costs (employers' social contributions plus employment-related taxes paid by the employer minus subsidies received by the employer), per hour actually worked (including overtime).

Implied volatility: the expected volatility (i.e. standard deviation) in the rates of change of the price of an asset (e.g. a share or a bond). It can be derived from the asset's price, maturity date and exercise price of its options, as well as from a riskless rate of return, using an option pricing model such as the Black-Scholes model.

Index of negotiated wages: a measure of the direct outcome of collective bargaining in terms of basic pay (i.e. excluding bonuses) at the euro area level. It refers to the implied average change in monthly wages and salaries.

Industrial producer prices: factory-gate prices (transportation costs are not included) of all products sold by industry, excluding construction, on the domestic markets of the euro area countries, excluding imports.

Industrial production: the gross value added created by industry at constant prices.

Inflation: an increase in the general price level, e.g. in the consumer price index.

Inflation-indexed government bonds: debt securities issued by the general government, the coupon payments and principal of which are linked to a specific consumer price index.

Insurance corporations and pension funds: a sector defined in the ESA 95 as comprising all financial corporations and quasi-corporations that are engaged primarily in financial intermediation as the consequence of the pooling of risks.

International investment position (i.i.p.): the value and composition of an economy's outstanding net financial claims on (or financial liabilities to) the rest of the world.

International reserves: external assets readily available to and controlled by monetary authorities for directly financing or regulating the magnitude of payment imbalances through intervention in exchange markets. The international reserves of the euro area comprise non-euro-denominated claims on non-euro area residents, gold, special drawing rights and the reserve positions in the IMF which are held by the Eurosystem.

Investment funds (except money market funds): financial institutions that pool capital raised from the public and invest it in financial and non-financial assets. See also MFIs.

Job vacancies: a collective term covering newly created jobs, unoccupied jobs or jobs about to become vacant in the near future, for which the employer has recently taken active steps to find a suitable candidate.

Key ECB interest rates: the interest rates, set by the Governing Council, which reflect the monetary policy stance of the ECB. They are the rates at the main refinancing operations, on the marginal lending facility and on the deposit facility.

Labour force: the sum total of persons in employment and the number of unemployed.

Labour productivity: the output that can be produced with a given input of labour. It can be measured in several ways, but is commonly measured as GDP (volume) divided by either total employment or total hours worked.

Liquidity-absorbing operation: an operation through which the Eurosystem absorbs liquidity in order to reduce excess liquidity, or to create a shortage of liquidity. Such operations can be conducted by issuing debt certificates or fixed-term deposits.

Longer-term refinancing operation (LTRO): an open market operation with a maturity of more than one week that is executed by the Eurosystem in the form of a reverse transaction. The regular monthly operations have a maturity of three months. During the financial market turmoil that started in August 2007, supplementary operations with maturities ranging from one maintenance period to one year were conducted, the frequency of which varied.

M1: a narrow monetary aggregate that comprises currency in circulation plus overnight deposits held with MFIs and central government (e.g. at the post office or treasury).

M2: an intermediate monetary aggregate that comprises M1 plus deposits redeemable at a period of notice of up to and including three months (i.e. short-term savings deposits) and deposits with an agreed maturity of up to and including two years (i.e. short-term time deposits) held with MFIs and central government.

M3: a broad monetary aggregate that comprises M2 plus marketable instruments, in particular repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs.

Main refinancing operation (MRO): a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

Marginal lending facility: a standing facility of the Eurosystem enabling eligible counterparties, on their own initiative, to receive overnight credit from the NCB in their jurisdiction at a pre-specified rate in the form of a reverse transaction. The rate on loans extended within the scope of the marginal lending facility normally provides an upper bound for overnight market interest rates.

MFI credit to euro area residents: MFI loans granted to non-MFI euro area residents (including general government and the private sector) and MFI holdings of securities (shares, other equity and debt securities) issued by non-MFI euro area residents.

MFI interest rates: the interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area.

MFI longer-term financial liabilities: deposits with an agreed maturity of over two years, deposits redeemable at a period of notice of over three months, debt securities issued by euro area MFIs with an original maturity of more than two years and the capital and reserves of the euro area MFI sector.

MFI net external assets: the external assets of the euro area MFI sector (such as gold, foreign currency banknotes and coins, securities issued by non-euro area residents and loans granted to non-euro area residents) minus the external liabilities of the euro area MFI sector (such as non-euro area residents' deposits and repurchase agreements, as well as their holdings of money market fund shares/units and debt securities issued by MFIs with a maturity of up to and including two years).

MFIs (monetary financial institutions): financial institutions which together form the money-issuing sector of the euro area. These include the Eurosystem, resident credit institutions (as defined in Community law) and all other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities. The latter group consists predominantly of money market funds, i.e. funds that invest in short-term and low-risk instruments usually with a maturity of one year or less.

Minimum bid rate: the lower limit to the interest rates at which counterparties may submit bids in the variable tenders.

Open market operation: a financial market operation executed on the initiative of the central bank. These operations include reverse transactions, outright transactions as well as the issuance of fixed-term deposits or debt certificates or foreign exchange swaps. The open market operations can be liquidity providing or liquidity absorbing.

Other investment: an item in the b.o.p. and the i.i.p. that covers the financial transactions/positions with non-residents in trade credits, deposits and loans, and other accounts receivable and payable.

Portfolio investment: euro area residents' net transactions and/or positions in securities issued by non-residents of the euro area ("assets") and non-residents' net transactions and/or positions in securities issued by euro area residents ("liabilities"). Included are equity securities and debt securities (bonds and notes, and money market instruments). Transactions are recorded at the effective price paid or received, less commissions and expenses. To be regarded as a portfolio asset, ownership in an enterprise must be equivalent to less than 10% of the ordinary shares or voting power.

Price stability: as defined by the Governing Council, a year-on-year increase in the HICP for the euro area of below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

Purchasing power parity (PPP): the rate at which one currency is converted into another so as to equalise the purchasing power of the two currencies by eliminating the differences in the price levels prevailing in the countries concerned. In their simplest form, PPPs show the ratio of the prices in national currency of the same good or service in different countries.

Reference value for M3 growth: the annual growth rate of M3 that is deemed to be compatible with price stability over the medium term.

Reserve requirement: the requirement for institutions to hold minimum reserves with the central bank over a maintenance period. Compliance with the requirement is determined on the basis of the average of the daily balances in the reserve accounts over the maintenance period.

Reverse transaction: an operation whereby the NCB buys or sells assets under a repurchase agreement or conducts credit operations against collateral.

Securitisation: a transaction or scheme whereby an asset or a pool of cash flow-producing assets, often consisting of loans (mortgages, consumer loans, etc.), is transferred from an originator (usually a credit institution) to a financial vehicle corporation (FVC). The FVC effectively converts these assets into marketable securities by issuing debt instruments with principal and interest serviced through the cash flows produced by the asset pool.

Survey of Professional Forecasters (SPF): a quarterly survey that has been conducted by the ECB since 1999 to collect macroeconomic forecasts on euro area inflation, real GDP growth and unemployment from a panel of experts affiliated to financial and non-financial organisations based in the EU.

Unit labour costs: a measure of total labour costs per unit of output calculated for the euro area as the ratio of total compensation per employee to labour productivity (defined as GDP (volume) per person employed).

Variable rate tender: a tender procedure where the counterparties bid both the amount of money they wish to transact with the central bank and the interest rate at which they wish to enter into the transaction.

Volatility: the degree of fluctuation in a given variable.

Write-down: a downward adjustment to the value of loans recorded in the balance sheets of MFIs when it is recognised that the loans have become partly unrecoverable.

Write-off: the removal of the value of loans from the balance sheets of MFIs when the loans are considered to be totally unrecoverable.

Yield curve: a graphical representation of the relationship between the interest rate or yield and the residual maturity at a given point in time for sufficiently homogenous debt securities with different maturity dates. The slope of the yield curve can be measured as the difference between the interest rates or yield at two selected maturities.

ISSN 1561-0136
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