EUROPEAN CENTRAL BANK

EUROSYSTEM

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In 2014 all ECB publications feature a motif taken from the €20 banknote.

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ABBREVIATIONS

COUNTRIES

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

OTHERS

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

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

EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council decided at its meeting on 4 September 2014 to lower the interest rate on the main refinancing operations of the Eurosystem by 10 basis points to 0.05% and the rate on the marginal lending facility by 10 basis points to 0.30%. The rate on the deposit facility was lowered by 10 basis points to -0.20%. In addition, the Governing Council decided to start purchasing non-financial private sector assets. The Eurosystem will purchase a broad portfolio of simple and transparent asset-backed securities (ABSs) with underlying assets consisting of claims against the euro area non-financial private sector under an ABS purchase programme (ABSPP). This reflects the role of the ABS market in facilitating new credit flows to the economy and follows the intensification of preparatory work on this matter, as decided by the Governing Council in June. In parallel, the Eurosystem will also purchase a broad portfolio of euro-denominated covered bonds issued by MFIs domiciled in the euro area under a new covered bond purchase programme (CBPP3). Interventions under these programmes will start in October 2014. The detailed modalities of these programmes will be announced after the Governing Council meeting of 2 October 2014. The newly decided measures, together with the targeted longer-term refinancing operations which will be conducted shortly, will have a sizeable impact on the Eurosystem balance sheet.

These decisions will add to the range of monetary policy measures taken over recent months. In particular, they will support the Governing Council's forward guidance on the key ECB interest rates and reflect the fact that there are significant and increasing differences in the monetary policy cycle between major advanced economies. They will further enhance the functioning of the monetary policy transmission mechanism and support the provision of credit to the broad economy. In its analysis, the Governing Council took into account the overall subdued outlook for inflation, the weakening in the euro area's growth momentum over the recent past and the continued subdued monetary and credit dynamics. The decisions of 4 September 2014, together with the other measures in place, were taken with a view to underpinning the firm anchoring of medium to long-term inflation expectations, in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2%. As these measures work their way through to the economy they will contribute to a return of inflation rates to levels closer to 2%. Should it become necessary to further address risks of too prolonged a period of low inflation, the Governing Council is unanimous in its commitment to using additional unconventional instruments within its mandate.

Regarding the economic analysis, following four quarters of moderate expansion, euro area real GDP remained unchanged in the second quarter of this year compared with the previous quarter. While it partly reflected one-off factors, this outcome was weaker than expected. With regard to the third quarter, survey data available up to August indicate a loss in cyclical growth momentum, while remaining consistent with a modest expansion.

Domestic demand should be supported by the range of monetary policy measures adopted, the ongoing improvements in financial conditions, the progress made in fiscal consolidation and structural reforms, and lower energy prices supporting real disposable income. Furthermore, demand for exports should benefit from the global recovery. At the same time, the recovery is likely to continue to be dampened by high unemployment, sizeable unutilised capacity, continued negative MFI loan growth to the private sector, and the necessary balance sheet adjustments in the public and private sectors. Looking ahead, the key factors and assumptions shaping the outlook for growth need to be monitored closely.

These elements are reflected in the September 2014 ECB staff macroeconomic projections for the euro area, which foresee annual real GDP increasing by 0.9% in 2014, 1.6% in 2015 and 1.9%

in 2016. Compared with the June 2014 Eurosystem staff macroeconomic projections, the projections for real GDP growth for 2014 and 2015 have been revised downwards and the projection for 2016 has been revised upwards.

The Governing Council sees the risks surrounding the economic outlook for the euro area on the downside. In particular, the loss in economic momentum may dampen private investment, and heightened geopolitical risks could have a further negative impact on business and consumer confidence. Another downside risk relates to insufficient structural reforms in euro area countries.

According to Eurostat's flash estimate, euro area annual HICP inflation was 0.3% in August 2014, after 0.4% in July. This decline reflects primarily lower energy price inflation, while the other main components remained broadly unchanged in aggregate. Inflation rates have now remained low for a considerable period of time. The decisions of 4 September, together with the other measures in place, were taken to underpin the firm anchoring of medium to long-term inflation expectations, in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2%. On the basis of current information, annual HICP inflation is expected to remain at low levels over the coming months, before increasing gradually during 2015 and 2016.

The September 2014 ECB staff macroeconomic projections for the euro area foresee annual HICP inflation at 0.6% in 2014, 1.1% in 2015 and 1.4% in 2016. In comparison with the June 2014 Eurosystem staff macroeconomic projections, the projection for inflation for 2014 has been revised downwards. The projections for 2015 and 2016 have remained unchanged.

The Governing Council, taking into account the measures decided on 4 September, will continue to closely monitor the risks to the outlook for price developments over the medium term. In this context, the Governing Council will focus in particular on the possible repercussions of dampened growth dynamics, geopolitical developments, exchange rate developments and the pass-through of the adopted monetary policy measures.

Turning to the monetary analysis, data for July 2014 continue to point to subdued underlying growth in broad money (M3), with annual growth standing at 1.8% in July, compared with 1.6% in June. The growth of the narrow monetary aggregate M1 stood at 5.6% in July, up from 5.4% in June. The increase in the MFI net external asset position, reflecting in part the continued interest of international investors in euro area assets, remained an important factor supporting annual M3 growth.

The annual rate of change of loans to non-financial corporations (adjusted for loan sales and securitisation) remained negative at -2.2% in July, unchanged compared with the previous month. However, net redemptions were again sizeable in July. Lending to non-financial corporations continues to reflect the lagged relationship with the business cycle, credit risk, credit supply factors and the ongoing adjustment of financial and non-financial sector balance sheets. The annual growth rate of loans to households (adjusted for loan sales and securitisation) was 0.5% in July, broadly unchanged since the beginning of 2013.

Against the background of weak credit growth, the ECB is finalising the comprehensive assessment of banks' balance sheets, which is of key importance to overcome credit supply constraints.

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

With regard to structural reforms, important steps have been taken in several Member States, while in others such measures still need to be legislated for and implemented. These efforts now clearly need to gain momentum to achieve higher sustainable growth and employment in the euro area. Determined structural reforms in product and labour markets as well as action to improve the business environment are warranted. As regards fiscal policies, comprehensive fiscal consolidation in recent years has contributed to reducing budgetary imbalances. Euro area countries should not unravel the progress made with fiscal consolidation and should proceed in line with the Stability and Growth Pact. The Pact acts as an anchor for confidence, and the existing flexibility within the rules allows the budgetary costs of major structural reforms to be addressed and demand to be supported. There is also leeway to achieve a more growth-friendly composition of fiscal policies. A full and consistent implementation of the euro area's existing fiscal and macroeconomic surveillance framework is key to bringing down high public debt ratios, to raising potential growth and to increasing the euro area's resilience to shocks.

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

ECONOMIC AND MONETARY DEVELOPMENTS

1 THE EXTERNAL ENVIRONMENT OF THE EURO AREA

The world economy is improving steadily, yet remains fragile amid continuing divergence in regional growth dynamics. Following a weak start to the year, global activity strengthened in the second quarter, on the back of firming momentum in most advanced economies, notably the United States, and a rebound in emerging market economies, which was mainly driven by an upturn in China. Recent sentiment indicators suggest sustained positive momentum in the third quarter. In the medium term, global growth should pick up gradually, but remain rather moderate, subject to production capacity constraints, macroeconomic or financial imbalances, economic policy uncertainty and geopolitical risks. Global trade has weakened lately, but there are signs that this will bottom out in the second half of the year. Global inflation, after having increased in the second quarter, softened in July. Looking ahead, inflationary pressures are expected to be limited against the backdrop of a global output gap that is closing up slowly, relatively stable oil prices and well-anchored inflation expectations.

1.1 GLOBAL ECONOMIC ACTIVITY AND TRADE

Notwithstanding short-term volatility, the world economy remains on a gradual and uneven recovery path. Global growth gained traction in the second quarter, following a temporary slowdown earlier this year, supported by renewed briskness in some major advanced and emerging market economies. Highly accommodative monetary policies in advanced economies and improved global risk sentiment have supported financial markets and, in general, the global economic recovery. Provisional estimates show that economic activity in the G20 (excluding the euro area) grew by 0.8% quarter on quarter in the second quarter of 2014, amid continued divergence across countries (see Table 1). In more detail, activity in the United States bounced back strongly in the second quarter, as the adverse impact from the severe weather and the inventory drag receded. Meanwhile, improved household confidence and positive wealth effects from rising housing prices contributed to the sustained buoyancy of the UK economy. By contrast, activity contracted in

Table 1 Real GDP growth in selected economies

	Annual growth rates					Quarterly growth rates		
	2012	2013	2013 Q4	2014 Q1	2014 Q2	2013 Q4	2014 Q1	2014 Q2
G20 [1]	2.8	2.9	3.5	3.4	3.2	0.8	0.5	0.7
G20 excluding euro area [1]	3.5	3.6	4.1	3.9	3.7	1.0	0.6	0.8
United States	2.3	2.2	3.1	1.9	2.5	0.9	-0.5	1.0
Japan	1.5	1.5	2.4	2.7	0.0	0.0	1.5	-1.7
United Kingdom	0.3	1.7	2.7	3.0	3.1	0.7	0.8	0.8
Denmark	-0.4	0.4	0.7	1.3	0.0	-0.3	0.6	-0.3
Sweden	1.3	1.6	3.0	1.8	1.9	1.6	-0.1	0.2
Switzerland	1.0	1.9	1.8	1.7	1.1	0.1	0.5	0.0
Brazil	1.0	2.5	2.2	1.9	-0.9	0.5	-0.1	-0.6
China	7.7	7.7	7.7	7.4	7.5	1.7	1.5	2.0
India	4.9	4.7	4.4	6.1	5.8	1.2	2.0	0.8
Russia [2]	3.4	1.3	2.0	0.9	0.8	0.3	-0.3	-
Turkey	2.1	4.0	4.4	4.3	-	0.9	1.7	-
Poland	2.1	1.6	2.5	3.5	3.3	0.7	1.1	0.6
Czech Republic	-0.9	-0.9	1.1	2.9	2.7	1.5	0.8	0.0
Hungary	-1.7	1.2	2.9	3.3	3.7	0.7	1.1	0.8

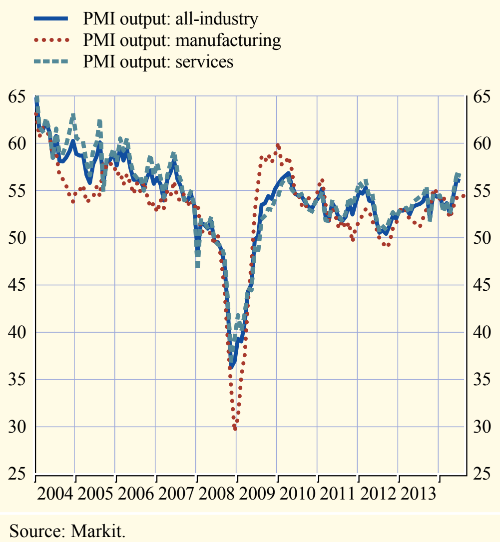
Sources: National data, BIS, Eurostat, OECD and ECB calculations.
1) 2014 Q2 is an estimate based on the latest available data.
2) 2014 Q2 seasonally adjusted figure for Russia is not available.

Japan on account of private demand rebalancing in the second quarter following the frontloaded consumption in the first quarter in anticipation of the April increase in VAT. Economic developments have also been mixed among emerging market economies. Real GDP growth in the second quarter rebounded strongly in China, underpinned by fiscal stimulus and a relaxation in credit conditions, moderated in India, owing to persistently high inflation and infrastructure gaps, and faltered in Brazil and Russia. The global effects of the crisis in Ukraine have, so far, been rather limited. However, the associated geopolitical risks have increased markedly, with a possible intensification of sanctions between Russia and other countries potentially having significant implications for global growth through trade, financial and confidence channels.

Recent sentiment indicators signal a continuation of positive momentum in the third quarter of the year. The underlying fundamentals remain solid in advanced economies, whereas a confluence of economic and political factors, including structural bottlenecks and geopolitical tensions, are hindering a stronger recovery in emerging market economies. The latest Purchasing Managers' Index for global manufacturing excluding the euro area slightly increased in August, mostly driven by a strong rise in the US and Japan indices, which has offset some softening in the growth of the UK manufacturing sector (see Chart 1). At the same time, in June the OECD's composite leading indicators, designed to anticipate turning points in economic activity relative to trend, continued to point to stable momentum above trend in most advanced economies, but to growth around or below trend in emerging market economies (see Chart 2), while the slight improvement in the Ifo World Economic Climate indicator for the third quarter of 2014 mainly reflects brighter prospects in the United States and emerging Asia.

Chart 1 Global PMI (excluding the euro area)

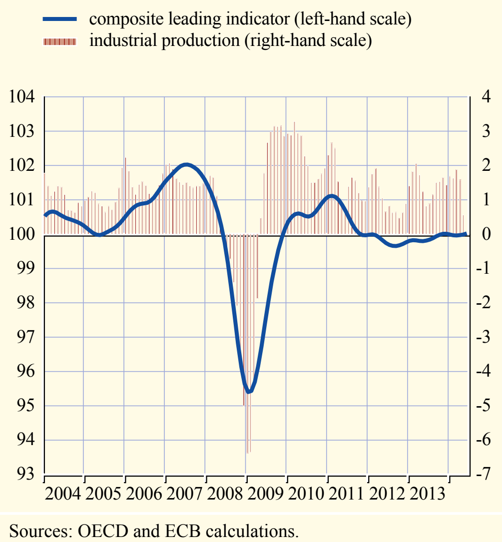
(seasonally adjusted monthly data)



Source: Markit.

Chart 2 Composite leading indicator and industrial production

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



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

Growth in world trade continued to weaken, following the same path it has been on since the end of last year and turning marginally negative in the second quarter of 2014. According to the CPB Netherlands Bureau for Economic Policy Analysis, the volume of world imports of goods declined by 0.1% in the second quarter, reflecting trade weakness in emerging Asia, central and eastern Europe and Latin America, as well as in Japan, partly relating to the after effects of the VAT increase in April. Although balance of payments data on trade in goods and services also confirm some weakness in trade in the second quarter, the global PMI for new manufacturing export orders picked up in August, after having remained stable around the same level since the beginning of the year, pointing to a rebound in global trade momentum in the near term.

Looking further ahead, according to the September 2014 ECB staff macroeconomic projections (see the article in this issue of the Monthly Bulletin), global economic activity should strengthen gradually, but the recovery is likely to remain modest. Advanced economies should benefit increasingly from accommodative monetary policies, waning private sector deleveraging and fiscal consolidation, enhanced confidence and falling unemployment. By contrast, in several emerging market economies, structural challenges, such as infrastructure deficits, product and labour market rigidities, and domestic and external imbalances are likely to restrain growth potential, while others have been adjusting to tighter financial conditions since May 2013 and the prospective normalisation of monetary policy in the United States. Compared with the June 2014 Eurosystem staff macroeconomic projections, the global growth outlook has been broadly unchanged, apart from some mechanical upward revisions entirely due to an update of the weights used to construct global aggregates.

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

1.2 GLOBAL PRICE DEVELOPMENTS

Global inflation, following a period of relatively subdued rates in 2013 and the first quarter of 2014, increased in the second quarter of 2014. Headline consumer price inflation in the OECD area picked up to 2.1% year on year in the second quarter of 2014 from 1.6% year on year in the first quarter, but decreased slightly to 1.9% in July, on account of a somewhat weaker contribution from the energy component. Excluding food and energy, OECD annual CPI inflation increased in the second quarter and remained stable at 1.9% in July. More recent inflation developments in the largest emerging market economies have been mixed, with CPI inflation since the beginning of the year showing an upward trend in Brazil and Russia, but stabilising at lower rates in China and India compared with the second half of 2013 (see Table 2). Looking forward, inflationary pressures are expected to remain contained, in an environment of still low capacity utilisation and relatively well-anchored inflation expectations.

Energy prices, which are an important determining factor of global inflation, have declined since the beginning of the year. Despite ongoing geopolitical tensions in major oil producers, there have been no supply disruptions that would trigger a hike in international oil prices, while oil production growth from shale oil, mainly in the United States, remained steady. After a brief spike in mid-June, oil prices have declined since the beginning of July (see Chart 3). Brent crude oil prices stood at USD 101 per barrel on 3 September 2014, which is about 11% lower than their level one year ago. The recent decrease in oil prices reflects a relatively well-supplied oil market. On the

Table 2 Price developments in selected economies

(annual percentage changes)

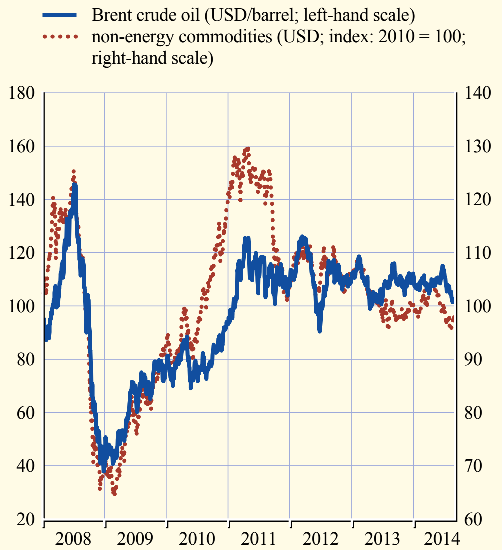
	2012	2013	2014 Feb.	2014 Mar.	2014 Apr.	2014 May	2014 June	2014 July
OECD	2.3	1.6	1.4	1.6	2.0	2.1	2.1	-
United States	2.1	1.5	1.1	1.5	2.0	2.1	2.1	2.0
Japan	0.0	0.4	1.5	1.6	3.4	3.7	3.6	3.4
United Kingdom	2.8	2.6	1.7	1.6	1.8	1.5	1.9	1.6
Denmark	2.4	0.5	0.3	0.2	0.5	0.3	0.4	0.5
Sweden	0.9	0.4	0.1	-0.4	0.3	0.1	0.5	0.4
Switzerland	-0.7	-0.2	-0.1	-0.1	0.2	0.3	0.1	0.0
Brazil	5.4	6.2	5.7	6.2	6.3	6.4	6.5	6.5
China	2.6	2.6	2.0	2.4	1.8	2.5	2.3	2.3
India	9.7	10.1	8.0	8.3	8.6	8.3	7.5	8.0
Russia	5.1	6.8	6.2	6.9	7.3	7.6	7.8	7.4
Turkey	8.9	7.5	7.9	8.4	9.4	9.7	9.2	9.3
Poland	3.7	0.8	0.7	0.6	0.3	0.3	0.3	0.0
Czech Republic	3.5	1.4	0.3	0.3	0.2	0.5	0.0	0.6
Hungary	5.7	1.7	0.3	0.2	-0.2	0.0	-0.1	0.5
Memo item:								
OECD excluding food and energy	1.8	1.6	1.6	1.7	2.0	1.9	1.9	-

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

supply side, geopolitical conflicts in Iraq, Ukraine and Libya have not affected global oil supply, and expectations of a recovery in Libyan oil exports are increasing. On the demand side, according to the International Energy Agency, growth in global oil demand remained subdued in line with moderate global GDP growth. Looking forward, oil market participants have priced in slightly higher oil prices over the medium term, with December 2015 Brent futures contracts trading at USD 103 per barrel. However, to the extent that political developments in Iraq, Libya and Russia will have an impact on the expansion of oil supply capacity, stronger upside pressures on oil prices could emerge in the longer term.

Non-energy commodity prices, on aggregate, have remained broadly stable over the past few months. Compared with early July, non-energy commodity prices are currently about 1% lower, reflecting lower food prices and higher metals prices. Food prices have decreased (by approximately 5% since the beginning of July) owing to a decline in grain prices as favourable weather conditions supported supplies. Metal prices were slightly higher (by about 6% since early July) mainly driven by gains in aluminium prices. In aggregate terms, the non-energy commodity price index (denominated in USD) is currently about 3% lower compared with one year ago.

Chart 3 Main developments in commodity prices



Sources: Bloomberg and HWWI.

1.3 DEVELOPMENTS IN SELECTED ECONOMIES

UNITED STATES

In the United States, the recovery in economic activity regained traction, confirming the presence of a solid underlying growth trend beneath the surface of recent data volatility owing to temporary factors. Following a weather-related contraction in the first quarter of 2014, economic activity rebounded strongly in the second quarter, reverting to the above-trend growth rates observed in the second half of 2013. According to the second estimate by the Bureau of Economic Analysis, real GDP increased at an annualised rate of 4.2% (1.0% quarter on quarter), slightly higher than previously estimated and following the decline of 2.1% (-0.5% quarter on quarter) in the first quarter of 2014. The expansion in the second quarter was supported mainly by the reversal of the temporary factors that had restrained growth in the previous quarter, such as inventory building and exports. In addition, personal consumption expenditure and private fixed investment also made a positive contribution to growth, which is another sign that the recovery in domestic demand is on track. On the other hand, net exports contributed negatively to GDP growth, but less so than in the first quarter.

Available high-frequency indicators suggest that the US economy is likely to maintain its positive growth momentum in the third quarter of 2014. While retail sales stalled and personal spending fell in July, private consumption is expected to increase further amid positive wealth effects and continued improvements in labour market conditions that support disposable income. The near-term outlook for business activity also remains favourable, in view of the positive momentum in indicators of business sentiment, industrial production and factory orders. Moreover, strong gains in housing starts and building permits, in conjunction with a recovery in homebuilder sentiment in the course of the third quarter, provide further signs of resuming growth in the housing sector, which had been affected temporarily by adverse weather earlier this year. Looking further ahead, the US economic recovery is expected to become more sustained with the support of continued improvements in the labour and housing markets, accommodative financial conditions, and fading headwinds from household balance sheet repair and fiscal policy.

Inflation stabilised further in July. Annual headline CPI inflation eased by 0.1 percentage point to 2.0%, while excluding food and energy, inflation held steady at 1.9%. This reflects the unwinding of some temporary factors which had accounted for the pickup in CPI inflation earlier this year, namely between February and May. In particular, energy costs eased in July, and inflation within services such as medical care, after having picked up in previous months, stabilised more recently. Food price inflation, however, remained on an upward trend. Looking ahead, inflation is expected to increase only gradually, as slack in the labour market and subdued wage growth are expected to keep price pressures contained.

In the context of generally improving economic prospects, at its meeting on 30 July 2014, the Federal Open Market Committee (FOMC) announced a further measured reduction in the pace of its monthly asset purchases by USD 10 billion, to USD 25 billion, starting from August. The reduction is divided equally between purchases of mortgage-backed securities (from USD 15 billion to USD 10 billion) and longer-term Treasury securities (from USD 20 billion to USD 15 billion). The FOMC reaffirmed that, in determining how long to maintain the 0% to ¼% target range for the federal funds rate, it "will take into account a wide range of information, including measures of labour market conditions, indicators of inflation pressures and inflation expectations, and readings on financial developments."

JAPAN

Following a relatively weak performance in the second half of 2013, developments in economic activity in Japan in the first half of 2014 have been driven to a large extent by the anticipation and later implementation of the increase in VAT in April. The first preliminary release of national accounts data showed that economic activity contracted considerably in the second quarter of 2014, as demand rebalanced after the introduction of the VAT hike in April and the frontloaded spending in the first quarter of this year. Real GDP fell by 1.7% quarter on quarter in the second quarter of 2014, following a downwardly-revised growth of 1.5% in the first quarter. The impact was particularly pronounced on private consumption, particularly of durable goods, which plunged by 5% and 18.9%, quarter on quarter, respectively. Total investment was also negatively affected, in particular private residential investment, which declined by about 10% in quarterly terms. Real exports of goods and services were relatively weak, but fell at a slower pace than imports, which resulted in a positive contribution of net exports to overall growth. The relatively strong negative contribution of domestic demand was also partly offset by a considerable positive contribution of private inventories. Recent economic developments in Japan are discussed in more detail in Box 1.

Looking ahead, it is expected that growth will resume in the third quarter of this year. This is broadly consistent with most monthly indicators, which have been pointing overall to a recovery in activity from the downturn that followed the VAT hike in April, albeit perhaps at a more moderate pace than initially anticipated. In particular, private consumption appears to be making a moderate recovery in recent months. Merchandise exports for July also showed tentative signs of improvement, although growth in industrial production for July was tepid. The manufacturing PMI increased to 52.2 in August (from 50.5 in the previous month), pointing to stronger prospects for manufacturing activity in August.

As regards price developments, annual inflation rates eased somewhat in recent months, after surging in April with the introduction of the VAT hike. Annual CPI inflation declined slightly to 3.4% in July, from 3.6% in June, as the impact of past yen depreciation on prices continued to fade. Annual CPI excluding food, beverages and energy stood in July at 2.3%, unchanged from June.

At its latest monetary policy meeting on 8 August 2014, the Bank of Japan opted to leave its main policy guidelines unchanged.

Box 1

RECENT ECONOMIC DEVELOPMENTS IN JAPAN

Almost two years have passed since the government of Japan announced its ambitious strategy to revive the economy from a state of low growth and mild deflation. The programme, which is commonly known as "Abenomics" after Japan's Prime Minister, Shinzō Abe, involves policy efforts on three fronts (the three "arrows"): monetary policy, fiscal policy (short-run stimulus followed by medium-term consolidation) and growth-enhancing structural reforms aimed at securing a pick-up in trend growth (both nominal and real). This box reviews recent developments in Japan in the light of this new strategy, starting by revisiting the main steps taken and the impact they have had on the overall economy thus far.

Current state of implementation

In implementing Abenomics, the initial focus has been to a large extent on the first two pillars, namely the provision of monetary and (short-term) fiscal stimulus. To date, monetary policy (the first arrow) has been a key element of the programme. Following the adoption of a 2% inflation target in early 2013, the Bank of Japan (BoJ) introduced Quantitative and Qualitative Monetary Easing (QQE) in April of that year, with the aim of reaching the inflation target as early as possible within a time horizon of about two years. The BoJ changed its main operating target from the uncollateralised overnight call rate to the monetary base and increased the amount outstanding and the average remaining maturity of the Japanese government bonds to be purchased. With asset purchases being executed at the planned pace under QQE, the BoJ's balance sheet had expanded by over 50% by the end of July 2014.

Turning to fiscal policy (the second arrow), the Japanese government has delivered short-term fiscal stimulus to the economy, largely through the adoption of two stimulus packages in early 2013 and 2014. It has also taken some encouraging steps towards consolidating public finances, including the implementation of a VAT hike from 5% to 8% in April 2014. A second increase to 10% is scheduled for October 2015, but is still to be confirmed. According to the IMF's Article IV Consultation, the cyclically adjusted primary balance is projected to narrow from -7.0% in 2013 to -6.0% in 2014.[1] The government has pledged to halve the primary deficit of 6.6% for the fiscal year 2010 by the fiscal year 2015 and to achieve a primary surplus by the fiscal year 2020 as part of its G20 commitments.

Progress on the implementation of growth-enhancing structural reforms (the third arrow) has been more gradual. On the one hand, some important measures were announced in areas such as agriculture, energy and corporate governance, as well as in social security (namely investment reforms at the Government Pension Investment Fund). On the other hand, progress has been slower in areas such as labour market reform, where fewer concrete measures have been introduced so far. In June the government also adopted a revised growth strategy, which includes, among other things, plans to reduce the corporate income tax rate, but many details are still to be finalised.

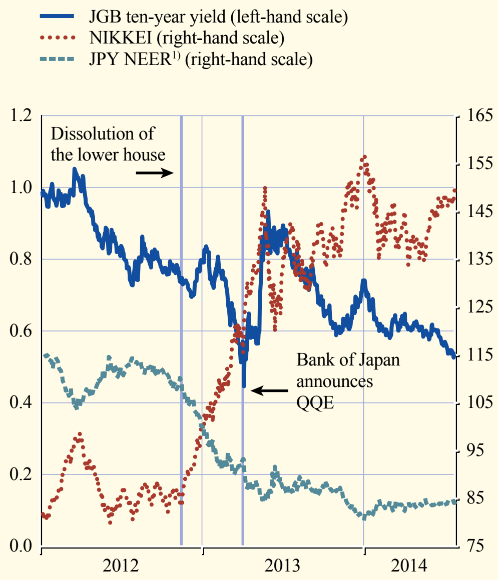
Recent developments in economic activity and prices

The expectation in late 2012 of a change in economic policy had a pronounced impact on Japanese stock prices and the exchange rate of the yen (see Chart A). The currency depreciated significantly (by about 20% in nominal effective terms), and equity markets rallied (at the end of August the Nikkei index stood at around 63% above its level at the end of November 2012). Ten-year Japanese government bond (JGB) yields have remained at relatively low levels.

1 *Article IV Consultation – Staff Report* and Press Release, IMF, 2014.

Chart A Financial market developments

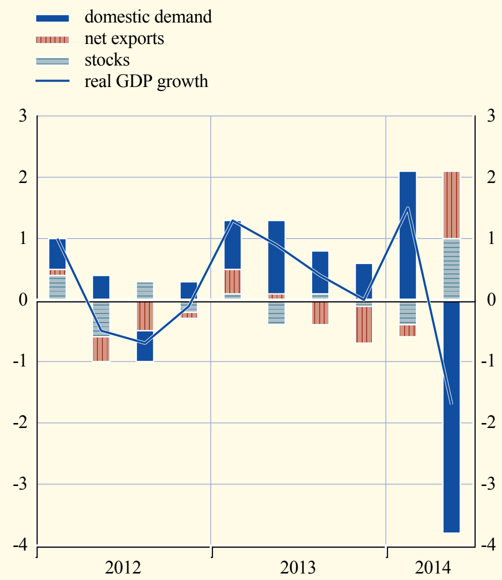
(left-hand scale: percentages; right-hand scale: index: January 2013 = 100, daily data)



Sources: Haver Analytics and ECB.
1) Nominal effective exchange rate vis-à-vis Japan's 20 main trading partners.

Chart B Contributions to real GDP growth

(quarter-on-quarter; percentage points)



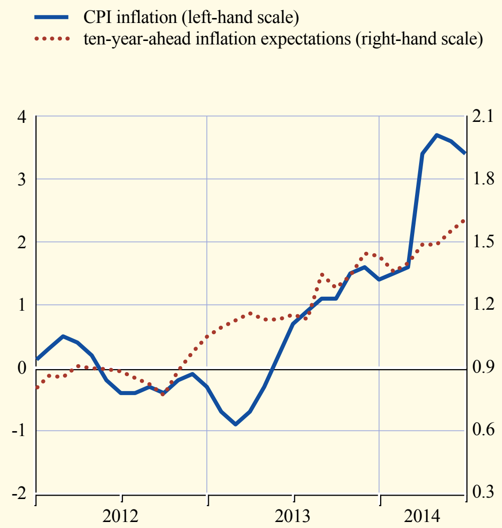
Source: Haver Analytics.

Economic activity picked up considerably in the early stages of Abenomics, albeit supported to a certain extent by a number of factors that are likely to fade over time. Real GDP expanded in the first half of 2013 at an average quarter-on-quarter rate of about 1% (see Chart B), partly driven by the provision of fiscal stimulus, a moderate pick-up in exports and improved sentiment. However, it lost momentum during the second half of the year, as some of these factors started to fade. Activity rebounded considerably in the first quarter of 2014 largely on account of frontloaded demand ahead of the VAT hike scheduled for April of this year, but the rebalancing of private demand in the second quarter more than reversed the previous gains. Moreover, despite the marked depreciation of the yen, the recovery in export volumes has remained weak overall, while private non-residential investment has only recently shown signs of a tentative recovery.

Inflation and inflation expectations have also risen significantly (see Chart C). Annual CPI inflation increased steadily from -0.2% in November 2012 to 1.6% in March 2014, while the narrower measure of CPI inflation (excluding food and energy) rose from about -0.5% to 0.7% over the same period. Model estimates – based on historical regularities – suggest that about half of the increase in annual CPI inflation since November 2012 can be explained by the exchange rate depreciation. Following the VAT increase in April 2014, annual CPI inflation jumped from 1.6% in March to 3.7% in May, but has eased somewhat in recent months. The increase in inflation has also coincided with a considerable pick-up in inflation expectations. For instance, between October 2012 and July 2014 ten-year-ahead inflation expectations as measured by the QUICK survey increased from 0.8% to 1.6%, indicating an enhanced credibility of the 2% inflation target.

Chart C Inflation and ten-year-ahead inflation expectations

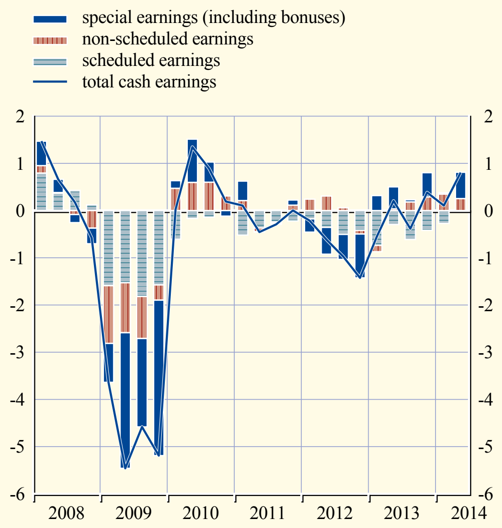
(annual percentage changes)



Sources: Haver Analytics and QUICK Survey.

Chart D Breakdown of total cash earnings

(annual percentage changes)



Source: Haver Analytics.

While inflation and inflation expectations have been picking up, wage growth has lagged somewhat, despite growing tightness in the labour market. The recently completed annual spring wage negotiations ("Shunto") resulted in wage increases of 2.2% for the fiscal year 2014, up from 1.8% in the fiscal year 2013, although broader measures of wage growth remain much more contained, with the year-on-year growth rate of total cash earnings climbing to just 0.8% in the second quarter (see Chart D). However, a significant part of the increase has been driven by non-scheduled payments (e.g. overtime) and bonus payments, whereas basic wage growth has remained relatively muted – although data for July show signs of a pick-up.

The shift in expectations regarding the policy stance was also associated initially with strong portfolio investment flows into Japan, in particular into equity markets. Overall, however, the portfolio rebalancing effect among domestic financial intermediaries – away from JGBs and into higher yielding (possibly riskier) assets, a key transmission channel of QQE – appears to have been limited thus far. JGB holdings in the portfolios of banks have declined somewhat. However, this was not followed by a substantial improvement in the lending attitude of financial intermediaries, as the share of loans in banks' total assets has remained broadly unchanged at around 50% since October 2012, while deposits accumulated rapidly at the BoJ. Changes within insurance companies and corporate pension funds have been less rapid, as their portfolio allocation remained broadly unchanged.

Outlook for activity and prices

Despite the strong contraction in activity in the second quarter of 2014, a moderate recovery is likely to resume in the second half of the year. Economic activity is expected to bounce back following the downturn in the wake of the VAT hike in the second quarter, mainly supported by a pick-up in private consumption and private investment. Looking further ahead, the Japanese economy is expected to remain on a moderate recovery path, as the pick-up in exports and the accommodative monetary policy are likely to offset the fiscal drag from 2015 onwards.

Regarding fiscal policy, the authorities have pledged to halve the primary deficit by the fiscal year 2015 from the fiscal year 2010 before closing the primary deficit by the fiscal year 2020. From 2015 fiscal policy is likely to exert a drag on growth, as the support provided by the most recent stimulus fades. According to the most recent projections published by Japan's Cabinet Office, a primary deficit relative to nominal GDP of 5.2% is projected in the fiscal year 2014, and this is expected to fall to between 3.2% and 3.4% in the fiscal year 2015 depending on the macroeconomic outturn. Looking further ahead, the Cabinet Office also projects a primary deficit of between 1.9% and 3.1% by the fiscal year 2020.[2] Consequently, further discretionary measures are likely to be needed for the authorities to close the primary deficit by the fiscal year 2020.

As far as prices are concerned, the latest median forecasts[3] of the majority of the BoJ's Policy Board members indicate that annual CPI (excluding fresh food) inflation is likely to exceed 2% in the near term, largely on account of the two VAT hikes, while the underlying trend (i.e. excluding the direct impacts of the VAT increases) could reach 1.9% by the fiscal year 2015, on the back of an improving output gap and a continued pick-up in medium to long-term inflation expectations, which are expected to converge towards 2%. Overall, the outlook for the Japanese economy is, however, not purged of uncertainties and risks, as the IMF has recently detailed in their latest Article IV Consultation.

2 "Statement on Monetary Policy", Bank of Japan, 15 July 2014.
3 "Economic and Fiscal Projections for Medium to Long-Term Analysis", Cabinet Office Japan, 20 January 2014.

UNITED KINGDOM

In the United Kingdom, economic activity maintained a strong momentum in the first half of 2014, following robust growth in the previous year. Real GDP grew at a quarterly rate of 0.8% in both the first and the second quarter of the year, mainly driven by domestic demand, with gross fixed capital formation recovering from very low levels and private consumption maintaining a strong momentum. This, in turn, reflected strong consumer confidence on the back of the buoyant housing market and the continued strengthening of the labour market, as unemployment fell for six consecutive months, to a more than five-year low of 6.4% in the three months to June. Looking ahead, high frequency data suggest that the economy will continue to expand in the near future, with some indicators pointing to a slowing growth momentum. In the medium term, however, the need for private and public sector balance sheet adjustments may weigh on economic activity.

Annual CPI inflation fell to 1.6% in July from 1.9% a month earlier, remaining below the Bank of England's target for the seventh month in a row. The largest contribution to the decline in year-on-year inflation came from clothing and footwear prices, which had not fallen as usual in June but only declined in July, likely reflecting a delay in summer sales. However, inflationary pressures are likely to remain contained going forward, in particular against the background of a protracted period of subdued wage growth, with weekly earnings (including bonuses) falling by 0.2% in the three months to June compared with a year earlier.

At its meeting on 7 August 2014, the Bank of England's Monetary Policy Committee maintained the policy rate at 0.5% and the size of the Asset Purchase Programme at GBP 375 billion.

OTHER EUROPEAN ECONOMIES

In Sweden, real GDP increased by 0.2% quarter on quarter in the second quarter of 2014, following a slight decline in the previous quarter. In Denmark, economic activity was robust at the beginning of 2014 and grew by 0.8% quarter on quarter in the first quarter of the year, after a weak performance at the end of 2013. These dynamics were driven mainly by domestic demand in both countries. Looking ahead, in 2014 as a whole real GDP growth is likely to gain strength in both countries. Turning to price developments, HICP inflation has remained broadly subdued over the past few months and stood at 0.5% in Denmark and 0.4% in Sweden in July.

In the largest central and eastern European (CEE) EU Member States, economic activity continued to recover in the first half of 2014, albeit at a decelerating pace. In Hungary and Poland, real GDP growth was strong in the first quarter of 2014, at a quarterly rate of 1.1%, but slowed to 0.8% and 0.6% respectively in the second quarter of the year. In the Czech Republic, real GDP increased by 0.8% at the beginning of the year, before stagnating in the second quarter. Economic activity contracted in Romania as the quarterly rate of change in GDP fell to -0.2% and -1.0% in the first two quarters of the year. Looking forward, economic activity is expected to remain resilient, increasingly supported by domestic demand. Notwithstanding risks associated with potential geopolitical tensions, exports are likely to perform well, reflecting the impact of several foreign direct investment projects that are expected to reach full capacity in the course of the year. Over the past few months annual HICP inflation has declined further in the largest CEE economies, reaching historical lows in several countries, mostly on account of low food and energy price inflation, cuts in indirect taxes and administered prices, and subdued domestic cost pressures.

In Turkey, despite the domestic and external headwinds with which the economy was confronted in the second half of 2013, real GDP performed strongly in the first quarter of 2014, expanding by 1.7% quarter on quarter, as an ongoing slowdown in domestic demand was offset by robust export growth. For the remainder of 2014 high frequency and leading indicators point towards a continued rebalancing of output to the external sector, as the central bank's policy tightening and the implementation of macro-prudential measures to rein in retail lending in early 2014 feed into household consumption and manufacturing output. At the same time, the repeated monetary loosening since May is likely to cushion the impact of weaker domestic demand on activity going forward. Inflation has stabilised at levels considerably above the central bank's target, as higher food prices and pass-through from the lira's depreciation are sustaining elevated rates of inflation, although both effects are expected to subside in the near term. Nonetheless, inflation expectations are high and maintain an upward trajectory.

In Russia, following an already pronounced slowdown of economic growth in the course of 2013, real GDP fell by 0.3% quarter on quarter in the first quarter of 2014, as repercussions from the conflict with Ukraine started to take their toll on the economy. Despite high frequency indicators showing some near-term pick-up in growth, the recent escalation of the crisis has clouded the outlook. In particular, the funding restrictions imposed by the European Union and the United States on a sizeable part of Russia's banking sector, as well as renewed monetary policy tightening, are contributing to a considerable worsening of the financing environment. In addition, elevated inflation and faltering nominal wage growth are foreseen to affect as yet resilient private consumption. In the longer term, the sanctions imposed, in combination with the heightened uncertainty they entail, are likely to additionally restrain an economy already hampered by structural rigidities and an unfavourable investment climate. Inflation has continued to climb further above the central bank's target, mainly reflecting the rouble's depreciation in late 2013 and early 2014, as well as rising food prices, triggering a series of interest rate hikes since the beginning of the year.

EMERGING ASIA

Economic growth in China continued its very gradual decline observed since 2012, as traditional engines of growth, such as manufacturing investment and a demographic dividend, wane. Nonetheless, real GDP growth picked up to 7.5% year on year in the second quarter of 2014 from 7.4% in the previous quarter on the back of stronger external demand and modest stimulus measures introduced to avoid too pronounced a deceleration of growth. On a quarterly basis, growth accelerated to 2.0% from 1.5%. Investment contributed most to growth, while the contribution from net exports was positive for the first time since early 2013. External demand continued to be strong at the start of the third quarter, with yearly export growth accelerating rapidly in July, while import growth was slightly negative, producing the largest monthly trade balance ever recorded. Domestic activity indicators weakened only marginally from June, suggesting that overall growth momentum in the third quarter so far remains firm. Nonetheless, continued downward pressure on house prices indicates that the housing market remains unsteady, which could negatively affect the outlook.

Price pressures remain well-contained so far, with both annual CPI and non-energy, non-food prices very marginally lower in the second quarter compared with the first, as they continue to fluctuate at around 2.3% and 1.7% respectively. PPI inflation, although still negative, is on an upward trend as downward price pressures in heavy industries abate. Credit growth continues to be elevated, and financial leverage remains on an upward path. Administrative measures by authorities have had some success in curbing reliance on short-term and non-bank lending, but are unlikely to have a lasting impact on credit growth in the absence of deeper reforms aimed at tackling moral hazard in the financial system.

Turning to other emerging Asian economies, following a period of weak economic growth, there are signs of improving prospects, as more export-oriented economies will benefit from increased demand from advanced economies. At the same time, several emerging Asian economies have significantly reduced their external imbalances, which should reduce their exposure to capital flight.

Going into more detail, in India real GDP grew in the second quarter of 2014 by a robust 5.8% year on year. Following the election of a new prime minister, there are more signs of a significant revival of economic confidence in India, including a strong upturn in stock markets. Furthermore, there has been a significant improvement in the current account balance from -5.3% of GDP in 2012 to -0.3% of GDP in the first quarter of 2014 following the depreciation of the rupee in 2013 and on the back of improving global prospects. This suggests that India is less exposed to contagion risks and capital flight, and also indicates improving short-term prospects for the country. Looking forward, if the new government is successful in implementing its reform agenda, there could be a boost to potential growth. Furthermore, inflation has been coming down over the past two years, reflecting declines in food and energy prices, as well as tight fiscal and monetary policy. However, risks have not yet abated, and food prices are particularly dependent on the monsoon season.

In Indonesia, following weak real GDP growth of 0.9% quarter on quarter in the first quarter of 2014, the election of a new president coincided with a pick-up in confidence and stronger growth of 1.2% quarter on quarter in the second quarter. Restrictions on credit growth over the past year helped to curb imports and contain the current account deficit. CPI inflation fell from above 8% at the end of 2013 to below 5% in July 2014, primarily owing to lower energy prices. In Korea, weak economic growth in the second quarter of 2014, at 0.6% quarter on quarter, was mainly due to a contraction in private consumption. In order to stimulate domestic demand following a ferry accident in April 2014, a $40 billion stimulus package was announced, which included measures such as relaxing the limits on mortgage loans and increasing the ceiling for loans to small companies. Furthermore, although inflation has been increasing, it remained below target, and the Bank of Korea cut interest rates in August 2014 by 25 basis points to stimulate demand.

LATIN AMERICA

Economic growth in Latin America slowed in the first half of 2014 after gaining some traction towards the end of last year, while developments continued to reflect divergent trends within the region.

In Brazil, the sharp tightening of financial conditions over the past year and high inflation have weighed on real wages and consumption growth. At the same time, the deterioration in business confidence and moderation in credit growth have contributed to low private investment. Real GDP growth declined in the second quarter of 2014 by 0.6% quarter on quarter, following a contraction of 0.1% in the previous quarter. The development reflected a strong drop in investment spending, which was only partially offset by the positive contribution of net exports, while consumption spending stagnated. Despite very low growth rates, the inflation rate remained elevated and prompted the central bank to maintain the main policy rate unchanged at 11% since the last increase in April 2014, which ended a substantial tightening cycle.

In Argentina, economic growth improved in the second quarter of 2014, as suggested by the economic activity indicator, which increased by 0.4% quarter on quarter. However, this improvement is considered to be temporary, as growth was benefitting from a boost in agricultural exports as the harvest season reached its peak. At the same time, high imbalances, such as elevated inflationary pressures, a weaker fiscal position, balance of payments constraints and increased uncertainty around the future course of debt negotiations after Argentina defaulted on its foreign bonds at the end of July, will continue to constrain growth.

By contrast, after a period of economic weakness in last part of 2013 and early 2014, in Mexico economic activity gained momentum supported mainly by higher external demand, as the effects of the temporary factors affecting growth last year continued to fade away. Real GDP growth accelerated in the second quarter of 2014 to 1.0% quarter on quarter, up from 0.4% in the previous quarter. On the supply side, the lift to growth reflected an acceleration of growth momentum in industry and services activities, whereas in the agricultural sector growth decelerated slightly, while remaining robust.

Looking ahead, Latin America is expected to undergo a period of sub-par growth, while activity will gradually improve by benefiting from higher external demand and the impact of structural reforms in Mexico.

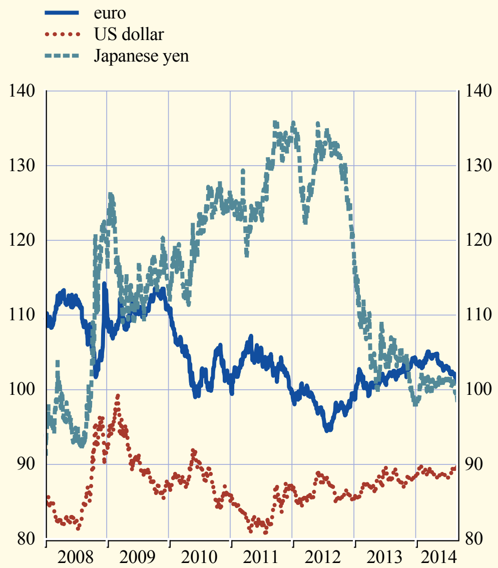
1.4 EXCHANGE RATES

From early June to 3 September 2014, the euro depreciated against the currencies of most of the euro area's main trading partners. In an environment of low volatility overall, movements in exchange rates were largely related to developments in expectations about future monetary policy, as well as to adjustments in market expectations regarding the economic outlook for the euro area relative to other major economies. On 3 September 2014 the nominal effective exchange rate of the euro, as measured against the currencies of 20 of the euro area's most important trading partners, stood at 2.0% below its level at the beginning of June and 0.3% below its level one year earlier (see Chart 4 and Table 3).

The downward movement of the euro's effective exchange rate over the review period mirrors the pattern of the bilateral exchange rate of the euro vis-à-vis currencies outside the EU. In bilateral terms, since early June the euro has weakened against the US dollar (by 3.4%), the pound sterling (by 1.8%) and the

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

(daily data; index: Q1 1999 = 100)



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

Table 3 Euro exchange rate developments

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

	Weight in the effective exchange rate of the euro (EER-20)	Change in the exchange rate of the euro as at 3 September 2014 with respect to	
		2 June 2014	3 September 2013
EER-20		-2.0	-0.3
Chinese renminbi	18.7	-5.0	0.2
US dollar	16.8	-3.4	-0.2
Pound sterling	14.8	-1.8	-5.8
Japanese yen	7.2	-0.6	5.4
Swiss franc	6.4	-1.1	-2.0
Polish zloty	6.2	1.2	-1.9
Czech koruna	5.0	0.6	7.5
Swedish krona	4.7	1.0	5.7
Korean won	3.9	-3.8	-7.4
Hungarian forint	3.2	3.7	4.2
Danish krone	2.6	-0.2	-0.2
Romanian leu	2.0	0.4	-0.6
Croatian kuna	0.6	0.6	0.5

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

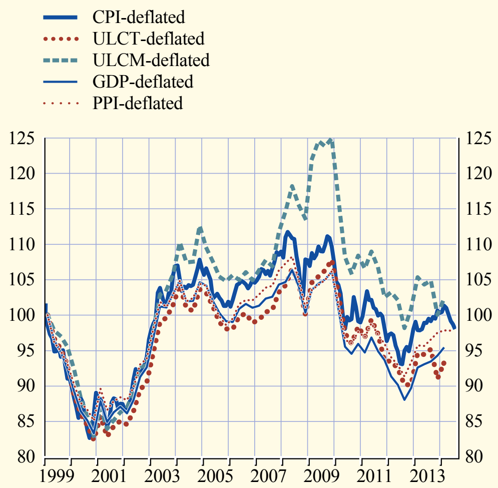
Japanese yen (by 0.6%). Over the review period it also depreciated vis-à-vis the currencies of emerging economies in Asia, notably the Chinese renminbi (by 5.0%) and currencies of commodity-exporting countries.

By contrast, the exchange rate of the euro has strengthened against currencies of other EU Member States over the past three months. The appreciation ranged from 0.4% vis-à-vis the Romanian leu to 3.7% against the Hungarian forint. The Lithuanian litas and the Danish krone, which are participating in ERM II, have remained broadly stable against the euro, trading at, or close to, their respective central rates.

With regard to indicators of the international price and cost competitiveness of the euro area, in August 2014 the real effective exchange rate of the euro based on consumer prices was 1.5% below its level one year earlier (see Chart 5). This decline reflects slightly lower consumer price inflation in the euro area relative to its main trading partners.

Chart 5 Real effective exchange rates of the euro

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



Source: ECB.
Notes: The real effective exchange rates of the euro are calculated against the currencies of 20 of the most important trading partners of the euro area. The series are deflated by the Consumer Price Index (CPI), unit labour costs in the total economy (ULCT), unit labour costs in the manufacturing sector (ULCM), the GDP deflator (GDP) and the Producer Price Index (PPI) respectively.

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

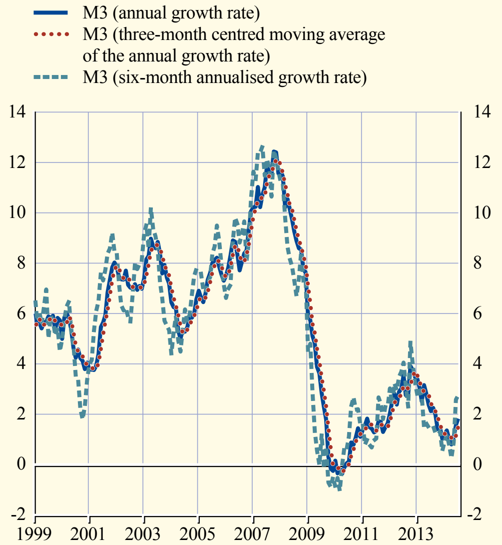
Annual growth in M3 recovered further in July 2014, reflecting three main factors: money-holders' stronger preference for monetary liquidity, increases in MFIs' net external assets and a slowdown in the contraction of credit. Nevertheless, information available for the second quarter and July 2014 continues to signal weak underlying money and credit growth. The dynamics of loans to the private sector remain subdued, with weak annual growth in loans to households and some signs of stabilisation in the negative annual growth rate of loans to non-financial corporations, despite significant net redemptions in July. MFIs' accumulation of net external assets continued to be the main source of money creation in the euro area in the second quarter and July. Moreover, the decline in MFIs' main assets came to a halt in the three months to July, with those main assets actually increasing in non-stressed countries in the second quarter and July.

The annual growth rate of M3 increased further to stand at 1.8% in July, up from 1.2% in the first quarter of the year and 1.1% in the second quarter (see Chart 6 and Table 4). These developments in annual M3 growth continue to reflect money-holders' preference for monetary liquidity in the presence of very low interest rates. Money-holders have a particular preference for highly liquid overnight deposits, which has been supporting the robust annual growth observed for M1. Growth in other short-term deposits remained subdued, with negative annual growth rates of -2.1% and -1.8% being recorded in the second quarter and July respectively, while marketable instruments benefited from inflows, with their annual rate of change increasing to -6.8% in July, up from -12.5% in the second quarter. However, risk-return considerations may also have led investors searching for yield to shift some of their monetary assets into better remunerated and less liquid instruments outside M3, such as investment funds.

Loans to general government continued to decline in the second quarter and July. Loans to the non-financial private sector also contracted further in the second quarter and July, but at a slower pace. Uncertainty regarding a potential turnaround in loan dynamics receded further in the second quarter. Such a turnaround would be consistent with the historical lead-lag relationship between sectoral MFI loans and the business cycle. In addition, barring a further slowdown in current cyclical dynamics in the euro area, lending to the private sector would be expected to benefit from the credit easing measures announced in June. Moreover, the July 2014 bank lending survey also supports a turnaround in loan dynamics, since banks' responses suggest that bank credit conditions for euro area firms and households are gradually improving. That bank lending survey provides tentative signs of an easing of credit conditions for some borrowing sectors, thereby suggesting that the gradual tightening reported by banks

Chart 6 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

Table 4 Summary table of monetary variables

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

	Outstanding amounts as a percentage of M3[1)]	Annual growth rate					
		2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 June	2014 July
M1	**55.9**	**6.9**	**6.4**	**6.0**	**5.2**	**5.4**	**5.6**
Currency in circulation	9.3	2.6	4.1	6.0	5.6	5.5	5.6
Overnight deposits	46.5	7.8	6.9	6.0	5.2	5.3	5.6
M2-M1 (=other short-term deposits)	38.0	0.3	-1.2	-2.4	-2.1	-1.8	-1.8
Deposits with an agreed maturity of up to two years	16.7	-5.0	-6.3	-6.8	-5.4	-4.5	-4.2
Deposits redeemable at notice of up to three months	21.3	5.0	3.3	1.4	0.7	0.5	0.2
M2	**93.9**	**4.0**	**3.1**	**2.4**	**2.1**	**2.3**	**2.5**
M3-M2 (=marketable instruments)	6.1	-17.2	-17.1	-13.1	-12.5	-8.8	-6.8
M3	**100.0**	**2.2**	**1.5**	**1.2**	**1.1**	**1.6**	**1.8**
Credit to euro area residents		**-0.5**	**-1.2**	**-1.9**	**-2.2**	**-2.3**	**-1.9**
Credit to general government		2.0	0.1	-0.2	-1.3	-2.6	-1.8
Loans to general government		-6.0	-6.7	-4.0	-2.6	-1.5	-1.1
Credit to the private sector		-1.2	-1.6	-2.3	-2.5	-2.2	-2.0
Loans to the private sector		-1.9	-2.2	-2.3	-1.9	-1.8	-1.6
Loans to the private sector adjusted for sales and securitisation[2)]		-1.4	-1.8	-2.0	-1.5	-1.1	-1.0
Longer-term financial liabilities (excluding capital and reserves)		**-4.2**	**-3.6**	**-3.4**	**-3.4**	**-3.6**	**-3.4**

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

throughout the crisis may have come to a halt. The survey also indicates that demand for loans has recovered further, after years of contraction.

Developments in M3 continue to be driven by increases in MFIs' net external assets, which remained the primary source of money creation in the euro area in the second quarter and July. In the 12 months to July the net external asset position of the euro area MFI sector increased by €416 billion, compared with an increase of €383 billion in the 12 months to the end of the first quarter. At the same time, while MFIs' longer-term financial liabilities continued to record significant outflows in the second quarter, in July those outflows were only small, reflecting strong increases in banks' capital and reserves.

MFIs' main assets increased by €18 billion in the three months to July, compared with a decline of €53 billion in the previous three months. That recent balance sheet expansion mainly reflects increases in the assets held by banks in non-stressed countries, whereas banks in stressed countries continued to reduce their main assets, albeit at a slower pace. Looking at the different types of asset, that increase in euro area MFIs' main assets was driven by increases in interbank lending, growth in external assets and a decline in the contraction of credit to the private sector.

Taken together, monetary developments in the first seven months of 2014 confirm the overall weakness of money and credit dynamics in a low inflation environment.

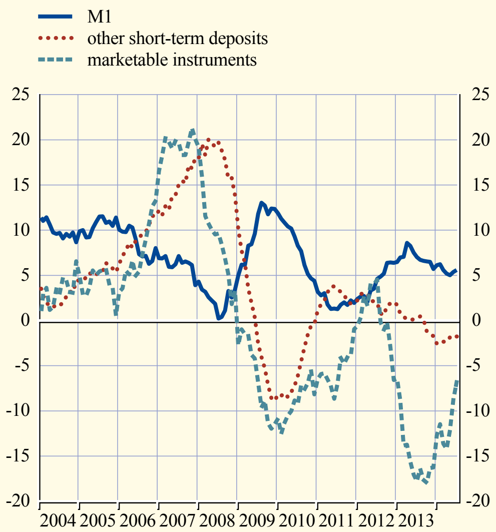
MAIN COMPONENTS OF M3

The increase seen in the annual growth rate of M3 in the second quarter and July mainly reflected an increase in the contribution made by overnight deposits. Narrow money (i.e. M1) was the only component to make a positive contribution to overall M3 growth (see Chart 7). Other short-term deposits (i.e. M2 minus M1) stabilised, continuing to make a negative contribution. The contribution made by marketable instruments (i.e. M3 minus M2) also remained in negative territory, albeit somewhat less so than in the first quarter of 2014.

As regards the components of M3, the annual growth rate of M1 moderated further on a quarterly basis, standing at 5.2% in the second quarter, down from 6.0% in the first quarter. On a monthly basis, however, the annual growth rate picked up over the period under review, standing at 5.6% in July (see Table 4). This acceleration reflected increased inflows for overnight deposits (mainly owing to deposits by households, but with non-financial corporations also making a significant contribution). After reaching 6.0% in the first quarter of 2014, the annual growth rate of currency in circulation stabilised in the second quarter and July, standing at 5.6%.

Chart 7 Main components of M3

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



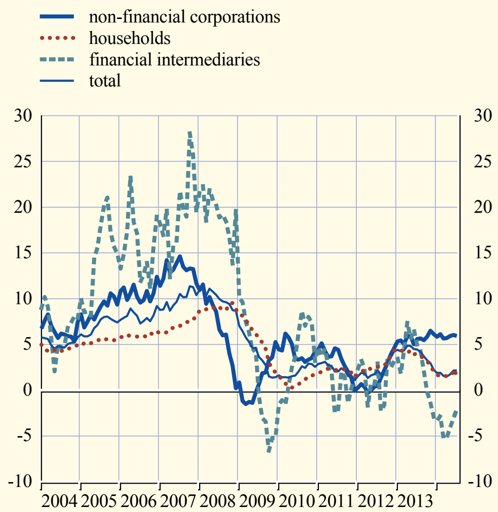
Source: ECB.

The annual rate of change of short-term deposits other than overnight deposits increased from -2.4% in the first quarter to -2.1% in the second quarter, before rising further to stand at -1.8% in July. Following sizeable outflows for short-term time deposits (i.e. deposits with an agreed maturity of up to two years) in the first quarter, inflows were observed in the second quarter, with the annual growth rate standing at -5.4% (up from -6.8% in the first quarter). The annual growth rate of short-term savings deposits (i.e. deposits redeemable at notice of up to three months) declined further, standing at 0.7% in the second quarter (compared with 1.4% in the first quarter). The annual growth rate of short-term time deposits then increased further to stand at -4.2% in July, while the annual growth rate of short-term savings deposits declined somewhat to stand at 0.2%. These developments were driven largely by the exceptionally low returns relative to other forms of investment.

The annual rate of change of marketable instruments remained strongly negative, but increased from -13.1% in the first quarter to -12.5% in the second quarter, before rising further to stand at -6.8% in July. This negative growth continues to reflect reductions in the money-holding sector's holdings of short-term MFI debt securities (i.e. securities with an original maturity of up to two years). While the annual growth rate of such holdings remained strongly negative, it increased very slightly to stand at -31.3% in the second quarter, up from -33.4% in the first quarter, before rising further to stand at -28.1% in July. The annual rate of change of money market fund shares/units declined to -9.3% in the second quarter, down from -8.0% in the first quarter, before increasing strongly to stand at -3.9% in July. The annual rate of change of repurchase agreements stood at -5.8% in the second quarter, compared with -7.1% in the first quarter, but then turned positive in July, standing at 1.2%. Investors' search for yield probably explains the continued outflows seen for money market funds. Investors continue to reallocate their funds to other types of investment with better remuneration prospects, as the very low interest rates are reducing the attractiveness of marketable instruments contained in M3. By comparison, since late 2012 the rates of return on investment funds have been persistently positive and relatively high (see Section 2.2 for details). In parallel, it has become increasingly difficult for money market funds to generate significant positive returns for investors. Moreover, regulatory incentives encouraging deposit-based funding for banks have also contributed to the weak issuance of MFI debt securities (at all maturities) and money market fund shares/units.

Chart 8 Short-term deposits and repurchase agreements

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



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

The annual growth rate of total M3 deposits – which comprise all short-term deposits and repurchase agreements – declined slightly to stand at 1.7% in the second quarter, down from 1.8% in the first quarter. However, it has increased in recent months and stood at 2.1% in July (see Chart 8). Households continue to make the largest contribution to that growth rate, albeit the annual growth rate of M3 deposits held by households remains subdued by historical standards (standing at 1.8% in July). In contrast, the annual growth rate of M3 deposits held by non-financial corporations is strong, standing at 5.9% in July. The robust annual growth of M3 deposits held by non-financial corporations is broadly based across countries. This may reflect their preference for keeping a large percentage of their earnings in liquid assets in the presence of uncertainty regarding access to financing, especially in the light of regulatory requirements concerning credit lines.

MAIN COUNTERPARTS OF M3

As regards the counterparts of M3, the annual growth rate of MFI credit to euro area residents declined further in the second quarter and July. MFIs' accumulation of net external assets remained the primary source of money creation in the euro area in the period under review.

The annual rate of change of MFI credit to general government continued to decline, standing at -1.3% in the second quarter, down from -0.2% in the first quarter, before decreasing somewhat further to stand at -1.8% in July.

By contrast, the annual rate of change of MFI credit to the private sector increased, standing at -2.0% in July, up from -2.3% in the first quarter and -2.5% in the second. As regards its components, the annual rate of change of securities other than shares remained strongly negative, but recovered somewhat to stand at -7.3% in July, compared with -8.1% in the second quarter and -4.9% in the first quarter. The annual growth rate of shares and other equity picked up in July, standing at 2.7%, up from 1.2% in the first quarter and 0.1% in the second quarter. The annual rate of change of loans to the private sector increased to -1.9% in the second quarter, up from -2.3% in the first quarter, before rising further to stand at -1.6% in July.

When adjusted for sales and securitisation, the annual rate of change of loans to the private sector increased somewhat to stand at -1.5% in the second quarter, up from -2.0% in the first quarter (see Table 4). It then increased further in July, standing at -1.0%. From a sectoral perspective, loans to households continued to record modestly positive annual growth in the second quarter, while growth in loans to non-financial corporations and loans to non-monetary financial intermediaries remained negative. Annual growth in loans to households remained stable in July, while a further stabilisation was observed in the annual rates of change of loans to non-financial corporations and loans to non-monetary financial intermediaries.

The annual growth rate of MFI loans to households (adjusted for loan sales and securitisation) has remained broadly stable in recent quarters. It stood at 0.5% in July, in line with the rates observed since the second quarter of 2012 (see Section 2.7 for more details). The sum of the flows for consumer credit and other lending to households remained broadly unchanged in the second quarter and July. Lending for house purchase made a negative contribution in the second quarter, but small inflows were recorded again in July. Indications derived from the bank lending survey and house prices are consistent with expectations of gradual strengthening in the housing loan market.

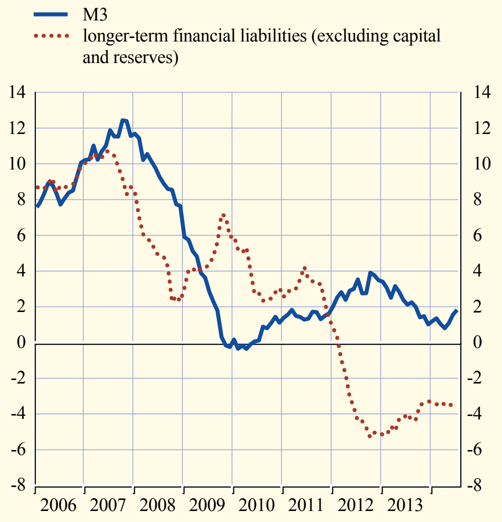
The annual rate of change of MFI loans to non-financial corporations (adjusted for loan sales and securitisation) stood at -2.2% in July, significantly higher than the rates observed in the first and second quarters, despite significant net redemptions in that month. This reflected, in particular, an increase in the contribution made by loans with short maturities, while the contribution made by loans with long maturities declined further. From a longer-term perspective, the annual growth rate of loans to non-financial corporations has stabilised since mid-2013. A turning point in the dynamics of loans to non-financial corporations over the next few months would be in line with the historical lead-lag relationship between loans to non-financial corporations and real GDP over the business cycle.

From a more general perspective, the weakness of bank lending continues to reflect both supply and demand factors, albeit their impact varies considerably from country to country. Moreover, the fragmentation of financial markets and the elevated borrowing costs experienced by the non-financial sectors of some countries are continuing to weigh on spending and capital expenditure. Excessive indebtedness in the private sector may also be dampening demand for bank credit in a number of countries. Furthermore, firms have increasingly replaced bank credit with alternative sources of funding – such as internal funds and, for larger non-financial corporations, direct access to capital markets (see Section 2.6).

Turning to the other counterparts of M3, the annual rate of change of MFIs' longer-term financial liabilities (excluding capital and reserves) stood at -3.4% in July, unchanged from the first and second quarters (see Chart 9). The contraction observed for MFIs' longer-term financial liabilities is providing additional support for M3 growth. This continues to reflect banks' reduced funding needs in the context of deleveraging in stressed countries and the shift to deposit-based funding which is being encouraged under the current regulatory regime.

Chart 9 M3 and MFI longer-term financial liabilities

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



Source: ECB.

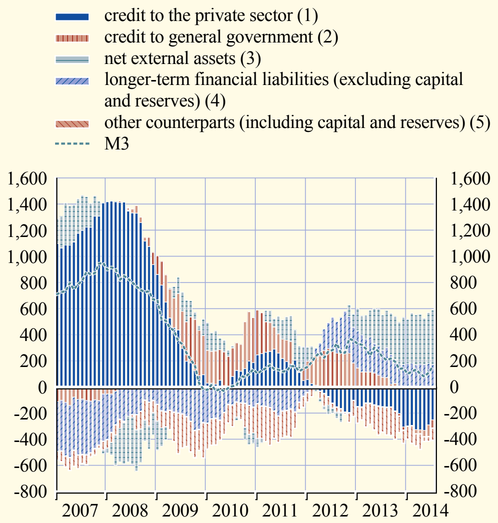
MFIs' net external assets saw further inflows of €83 billion in the second quarter and €40 billion in July (see Chart 10). This improvement in the net external asset position of euro area MFIs follows a series of large inflows in the combined direct and portfolio investment balance since July 2012 (see Box 2). The net external asset position of euro area MFIs captures the capital flows of the money-holding sector where they are routed via MFIs, as well as transfers of assets issued by the money-holding sector. These flows are therefore associated with renewed confidence in the euro area, which is attracting international investors.

GENERAL ASSESSMENT OF MONETARY LIQUIDITY CONDITIONS

The monetary developments observed for M3 between end-December 2013 and end-July 2014 have led to further declines in the monetary liquidity accumulated in the euro area prior to the financial crisis (see Charts 11 and 12). Some indicators of monetary liquidity monitored by the ECB suggest that the excess liquidity

Chart 10 Counterparts of M3

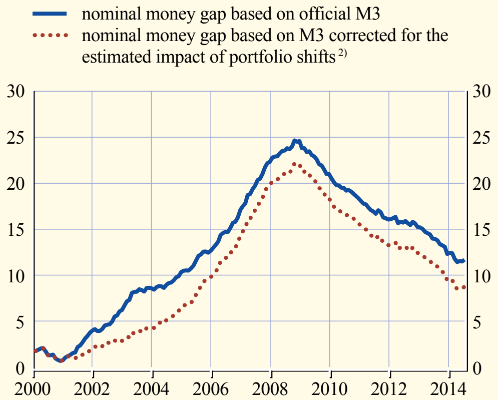
(annual flows; EUR billions; adjusted for seasonal and calendar effects)



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

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

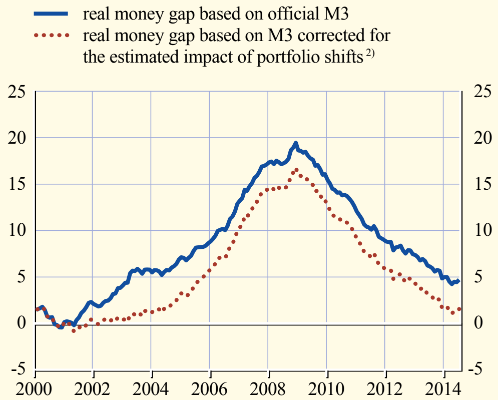
(as a percentage of the stock of M3; adjusted for seasonal and calendar effects; December 1998 = 0)



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

Chart 12 Estimates of the real money gap[1)]

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



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

accumulated prior to the crisis has been significantly reduced. Liquidity conditions in the euro area appear to be more balanced than they have been in the past. Nevertheless, it should be recalled that these indicators need to be interpreted with caution, since the assessment of equilibrium money holdings is surrounded by considerable uncertainty.

Overall, underlying money and credit growth remained weak in the second quarter. Money growth recovered somewhat in July on account of a stronger preference for monetary liquidity, despite a continuation of the euro area's weak credit dynamics. Subdued growth in credit to the private sector continued to reflect both cyclical and structural demand factors, as well as tight supply conditions in some countries. From a medium-term perspective, a key prerequisite for a sustained recovery in lending to the private sector is the restoration of banks' risk-taking capacity and the return of private sector demand for bank credit.

Box 2

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

This box analyses developments in the financial account of the euro area balance of payments up to the second quarter of 2014. In the 12 months to June 2014 the current account surplus of the euro area was broadly mirrored by aggregate net financial outflows which remained close to €250 billion. These were driven by continued net other investment outflows (mainly deposits and loans), which were partially offset by net inflows in the combined direct and portfolio investment balance (see the table below).

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

(EUR billions; non-seasonally adjusted data)

	Three-month cumulated figures						12-month cumulated figures					
	2014 March			2014 June			2013 June			2014 June		
	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance
Financial account [1]			-31.8			-64.4			-249.4			-253.6
Combined direct and portfolio investment	-71.8	111.2	39.4	-184.1	163.4	-20.6	-592.5	649.9	57.4	-614.5	668.2	53.7
Direct investment	2.7	-27.1	-24.4	-32.3	32.2	-0.1	-332.3	263.6	-68.8	-268.4	215.0	-53.4
Portfolio investment	-74.5	138.3	63.8	-151.7	131.2	-20.5	-260.1	386.3	126.2	-346.1	453.2	107.1
Equities	-23.5	74.4	50.9	-58.4	108.8	50.4	-143.6	251.1	107.5	-167.4	291.2	123.8
Debt instruments	-51.1	63.9	12.8	-93.4	22.4	-71.0	-116.5	135.2	18.7	-178.7	162.0	-16.7
Bonds and notes	-36.3	72.4	36.1	-64.2	43.2	-21.1	-127.4	107.8	-19.6	-133.9	189.0	55.2
Money market instruments	-14.8	-8.5	-23.3	-29.1	-20.8	-49.9	10.9	27.4	38.3	-44.8	-27.0	-71.8
Other investment	-190.9	121.6	-69.3	-36.0	-13.5	-49.5	142.9	-475.8	-332.9	-121.2	-197.7	-319.0
Of which: MFIs												
Direct investment	-4.1	-1.3	-5.4	-1.1	2.7	1.6	-2.4	9.1	6.8	-10.8	5.7	-5.1
Portfolio investment	1.3	19.5	20.9	-21.9	-4.5	-17.0	24.7	-77.2	-52.4	-33.5	18.9	-5.2
Equities	9.8	13.6	23.4	0.7	15.7	13.0	-27.7	-39.3	-67.0	-11.6	33.3	18.4
Debt instruments	-8.5	5.9	-2.5	-22.6	-20.2	-30.0	52.4	-37.8	14.6	-21.9	-14.4	-23.5
Other investment	-133.4	43.5	-89.9	-47.8	-39.9	-87.7	135.3	-430.7	-295.5	-100.6	-251.7	-352.2

Source: ECB.
Note: Figures may not add up, owing to rounding.
1) A positive (negative) sign indicates inflows (outflows). Assets (liabilities) refer to net acquisitions by euro area residents (non-euro area residents) of financial instruments issued by non-euro area residents (euro area residents).

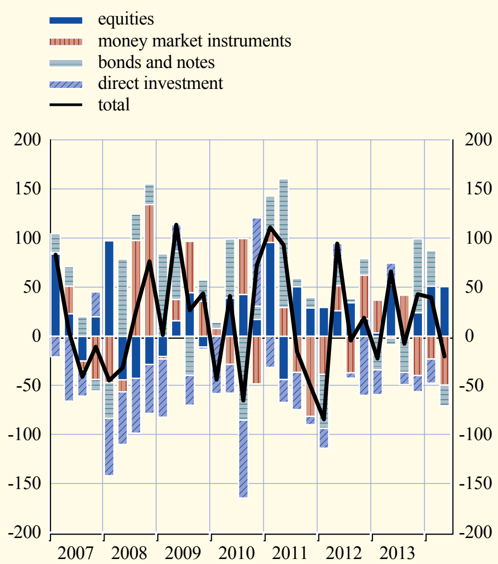
Net inflows in the combined direct and portfolio investment balance decreased slightly from €57 billion in the previous 12-month period to €54 billion in the 12 months to June 2014. Net portfolio investment inflows continued to be sizeable, standing at €107 billion, although they declined in comparison with the previous 12-month period. Net purchases of euro area equity and debt securities by foreign investors rose against the background of favourable investor sentiment, following policy measures and reforms undertaken in the euro area. These inflows were partly offset by increased net acquisitions of foreign equity and debt instruments by euro area investors. Within debt instruments, euro area investors switched from being net sellers to net purchasers of foreign money market instruments. At the same time, foreign investors became net sellers of euro area money market instruments in the 12-month period to June 2014. The resulting net outflows from money markets possibly reflect declining yields in euro area money markets. Net direct investment outflows decreased somewhat in comparison with the previous 12-month period, with both euro area and foreign investors reducing their acquisitions abroad.

Net outflows from other investment declined from €333 billion to €319 billion in the 12 months to June 2014, as foreign residents' withdrawals of deposits and loans from euro area MFIs slowed down significantly. Euro area MFIs stopped their repatriation of foreign other investment assets, switching from decreasing to increasing their foreign deposits and loans. Taken together, this is suggestive of a gradual normalisation of cross-border transactions by euro area MFIs. There was a substantial shift in the maturity structure of euro area MFIs' other investment assets held abroad, since holdings of long-term assets continued to be reduced, while there were substantial net acquisitions of short-term assets. In the 12 months to June 2014 the increase in the net external asset position of euro area MFIs had a positive impact on euro area liquidity and was partly reflected in the evolution of the broad monetary aggregate M3. As can be seen from the monetary presentation of the balance of payments, the increase in MFIs' net external asset position over this period was mainly the result of transactions by the non-MFI sector that were related to the current account surplus of the euro area, as well as net portfolio investment inflows.

In the second quarter of 2014 the combined direct and portfolio investment balance recorded net outflows of €21 billion, compared with net inflows of €39 billion in the first quarter of 2014 (see the chart). This shift was due to net outflows from portfolio investment, while net outflows from direct investment ceased. Within portfolio investment, net equity inflows remained stable at around €50 billion, as both euro area and foreign investors increased their net purchases. Notably, net flows from foreign investors into euro area equity securities totalled €109 billion in the second quarter of 2014 – the highest quarterly amount since the introduction of the

Combined direct and portfolio investment

(EUR billions; quarterly net flows)



Source: ECB.

euro – against the background of favourable euro area stock market developments. At the same time, net debt outflows of €71 billion were recorded, representing a reversal of the net debt inflows of €13 billion that were observed in the previous quarter. This change was driven both by an increase in net purchases of foreign debt securities by euro area investors and by lower net purchases of euro area bonds and notes, combined with larger net sales of euro area money market instruments on the part of foreign investors. Net outflows from other investment declined further in comparison with the previous quarter, falling to the lowest level recorded since the first quarter of 2013, driven by net inflows in the non-MFI sector.

Non-euro area residents continued to be net purchasers of equity securities issued by euro area MFIs in the second quarter of 2014, providing a further indication of a gradual normalisation in the euro area MFI sector. However, foreign investors reduced their holdings of debt instruments issued by euro area MFIs. Euro area MFIs cut back their net sales of foreign equity securities, but increased their holdings of foreign debt securities. Euro area MFIs also continued to expand their deposits and loans held abroad, while foreign investors reduced their other investment assets in the euro area MFI sector. As a result, the net external assets of euro area MFIs continued to increase in the second quarter of 2014, largely mirroring transactions associated with the current account surplus of the euro area and net inflows of other investment in the euro area non-MFI sector.

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

The annual growth rate of financial investment by the non-financial sectors declined slightly and reached a new historical low in the first quarter of 2014. This is a continuation of the downward trend observed since the beginning of 2011 on account of weak economic conditions and subdued developments in disposable income. The annual growth rate of financial investment by insurance corporations and pension funds remained stable. Investment funds other than money market funds registered further significant inflows in the second quarter of 2014, while money market funds continued to experience modest outflows.

NON-FINANCIAL SECTORS

In the first quarter of 2014 (the most recent quarter for which integrated euro area accounts data are available), the annual growth rate of total financial investment by the non-financial sectors declined slightly to stand at 1.4%, down from 1.6% in the fourth quarter of 2013, and reaching a new historical low since euro area data became available (see Table 5). This is a continuation of the downward trend observed since the beginning of 2011 on account of weak economic conditions and subdued developments in disposable income. A breakdown by financial instrument shows that the annual growth rates of investment in shares and other equity (excluding mutual fund shares) and in mutual fund shares declined significantly in the first quarter of 2014. These developments were only partially offset by a less negative annual growth rate of investment in debt securities (-7.2%, compared with -9.2% in the previous quarter) and a marginal increase in investment in insurance technical reserves.

A breakdown by sector (see Chart 13) reveals that the annual growth rate of households' investment in financial assets declined marginally in the first quarter of 2014. The annual growth rates at which households invested in shares and other equity (excluding mutual fund shares) and in mutual fund shares declined considerably. These developments mask the fact that the quarterly inflow for mutual

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

	Outstanding amount as a percentage of financial assets[1]	Annual growth rates										
		2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1
Financial investment	**100**	**3.1**	**2.4**	**2.4**	**2.4**	**2.4**	**2.4**	**2.3**	**1.9**	**1.7**	**1.6**	**1.4**
Currency and deposits	23	3.3	3.1	4.1	3.5	3.6	3.6	2.7	3.0	3.0	2.6	2.6
Debt securities, excluding financial derivatives	5	8.3	2.6	1.0	0.8	-0.4	-4.7	-7.1	-8.5	-9.1	-9.2	-7.2
of which: short-term	0	0.3	20.3	18.9	22.3	21.4	-3.9	-18.8	-25.8	-30.8	-26.6	-9.7
of which: long-term	4	8.9	1.3	-0.4	-0.8	-2.1	-4.8	-6.0	-6.9	-7.1	-7.7	-7.0
Shares and other equity, excluding mutual fund shares	31	2.6	2.8	3.1	2.7	2.5	2.1	2.5	1.8	1.9	1.6	0.8
of which: quoted shares	6	2.3	1.9	2.6	3.2	0.9	0.8	0.9	1.8	1.6	0.7	0.3
of which: unquoted shares and other equity	25	2.7	3.0	3.2	2.6	2.8	2.4	2.8	1.8	2.0	1.8	0.9
Mutual fund shares	5	-4.9	-5.1	-3.9	-3.4	-1.4	0.7	3.3	2.9	2.4	2.6	1.1
Insurance technical reserves	15	2.6	2.0	1.8	1.9	2.0	2.3	2.6	2.7	2.8	2.9	3.0
Other[2]	21	4.5	3.1	2.1	2.7	2.7	3.5	3.8	2.6	1.7	2.1	2.0
M3[3]		1.7	1.6	2.8	3.0	2.8	3.5	2.5	2.4	2.0	1.0	1.0

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

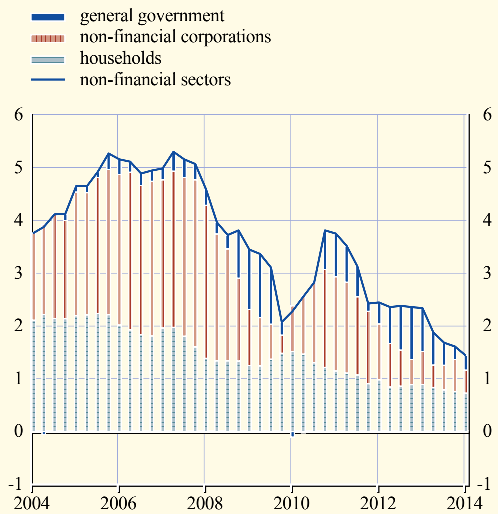
fund shares increased compared with the previous quarter, while the quarterly inflow for quoted shares turned positive. At the same time, the annual growth rate of investment in debt securities became less negative, indicating that the pace at which households sold debt securities moderated. Finally, households' acquisition of insurance technical reserves (meaning their investment in life insurance and pension products) increased compared with the previous quarter.

Turning to non-financial corporations, the annual growth rate of financial investment by non-financial corporations declined in the first quarter of 2014. This was driven mainly by declines in the annual growth rates of shares and other equity, currency and deposits, and other assets, which were only partially offset by a less negative contribution from debt securities. More detailed information on developments in the financial flows and balance sheets of the non-financial private sector is provided in Sections 2.6 and 2.7.

The annual growth rate of financial investment by the general government sector increased slightly in the first quarter of 2014. This marginal increase in the pace of asset accumulation was mainly due to a less negative contribution from currency and deposits, the growth rate of which stood at -0.4%, up from -6.7% in the previous quarter. By contrast, the annual growth rate of

Chart 13 Financial investment of non-financial sectors

(annual percentage changes; contributions in percentage points)



Source: ECB.

shares and other equity (excluding mutual fund shares) and of investment in other assets, which includes loans and other accounts receivable, continued to decline in the first quarter of 2014.

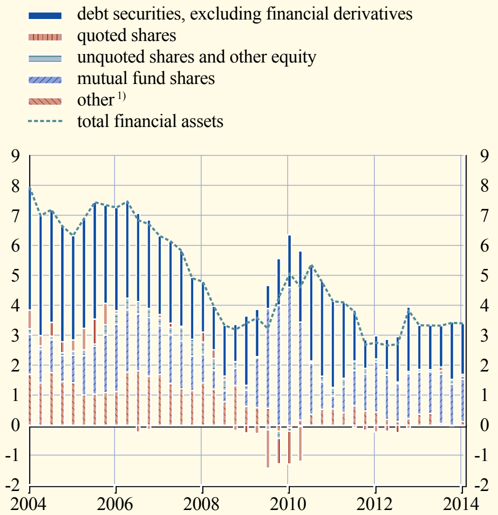
INSTITUTIONAL INVESTORS

The annual growth rate of financial investment by insurance corporations and pension funds remained unchanged and stood at 3.4% in the first quarter of 2014 (see Chart 14). The breakdown by financial instrument reveals that this positive annual growth rate was driven mainly by investment in debt securities and mutual fund shares.

Investment fund data, which are already available for the second quarter of 2014, reveal a quarterly inflow of €155 billion for euro area investment funds other than money market funds. This inflow was €46 billion higher than in the previous quarter. On an annualised basis, the net inflow for investment funds totalled €478 billion. The breakdown of transactions by type of investment shows that the inflow for mixed funds, which was about €14 billion more than in the previous quarter, accounted for the majority of the total quarterly inflow for euro area funds other than money market funds in the second quarter of 2014. Moreover, while inflows for equity funds increased by €20 billion relative to the previous quarter, investment in bond funds stood at €35 billion, down from €44 billion in the first quarter of 2014. On an annualised basis, these developments led to a slight decline in inflows for bond funds and to an increase in inflows for equity funds, which stood at €134 billion in the second quarter of 2014, up from €100 billion in the first quarter (see Chart 15). Money market funds continued to experience modest outflows in the second quarter of 2014. Viewed in annual terms, outflows from money market funds stood at €35 billion, down from €60 billion in the previous quarter.

Chart 14 Financial investment of insurance corporations and pension funds

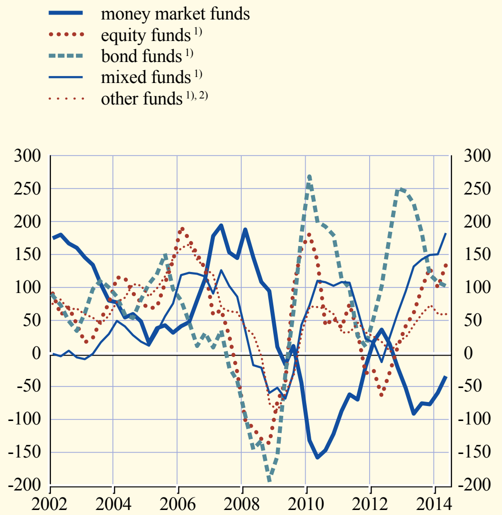
(annual percentage changes; contributions in percentage points)



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

Chart 15 Net annual flows into money market and investment funds

(EUR billions)



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

2.3 MONEY MARKET INTEREST RATES

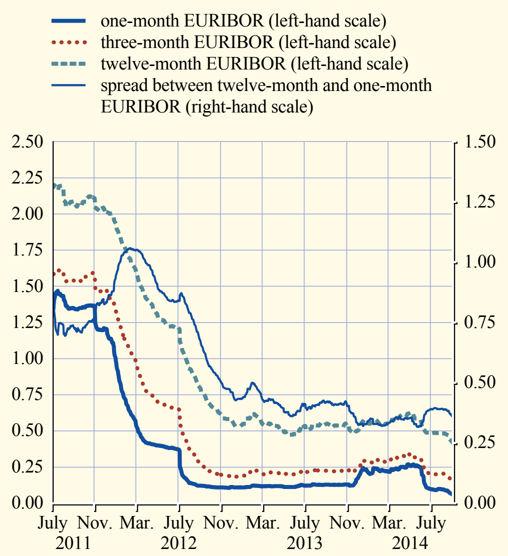
Money market interest rates declined moderately overall between end-May and early September 2014, following the Governing Council's decisions in June, with those declines being interrupted only temporarily by volatility around month-end. The increase in excess liquidity following the suspension of the weekly fine-tuning operations that had sterilised the liquidity injected under the Securities Markets Programme was partially offset by reduced recourse to open market operations and the continued repayment of liquidity obtained in the three-year longer-term refinancing operations (LTROs).

Unsecured money market interest rates declined following the decisions taken by the Governing Council of the ECB in June 2014. As a result, the one-month, three-month, six-month and twelve-month EURIBOR decreased by 19, 16, 15 and 15 basis points relative to the levels observed at end-May, standing at 0.06%, 0.15%, 0.25% and 0.42% respectively on 3 September. The spread between the twelve-month and one-month EURIBOR – an indicator of the slope of the money market yield curve – rose over the summer, reaching its highest level since November 2013, before ending the review period at around 36 basis points. Unsecured money market interest rates exhibited little volatility during the review period, with daily changes never exceeding 2 basis points across the four maturities (see Chart 16).

The interest rates implied by the prices of three-month EURIBOR futures contracts maturing in September and December 2014 and March and June 2015 also decreased relative to the levels observed at the end of May, declining by around 6 to 7 basis points to stand at 0.14%, 0.13%, 0.12% and 0.13% respectively on 3 September (see Chart 18). Market uncertainty, as measured by the implied volatility derived from short-term options on three-month EURIBOR futures,

Chart 16 Money market interest rates

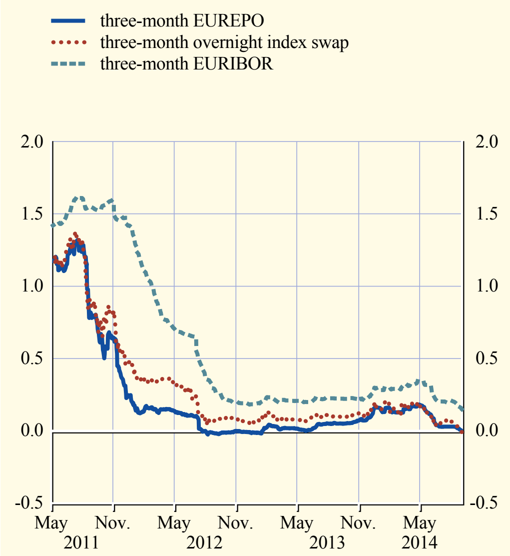
(percentages per annum; spread in percentage points; daily data)



Sources: ECB and Thomson Reuters.

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

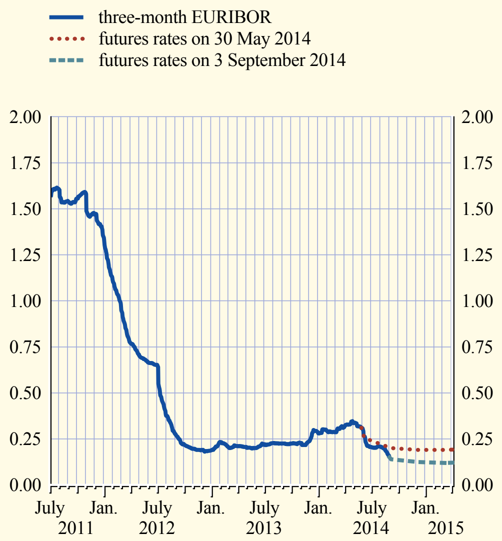
(percentages per annum; daily data)



Sources: ECB, Bloomberg and Thomson Reuters.

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

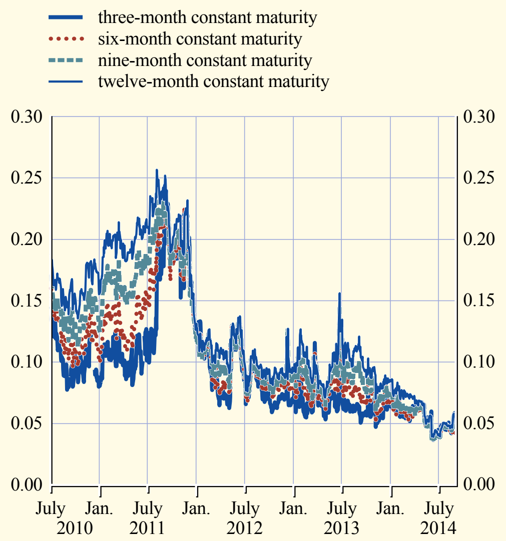
(percentages per annum; daily data)



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

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

(percentages per annum; daily data)



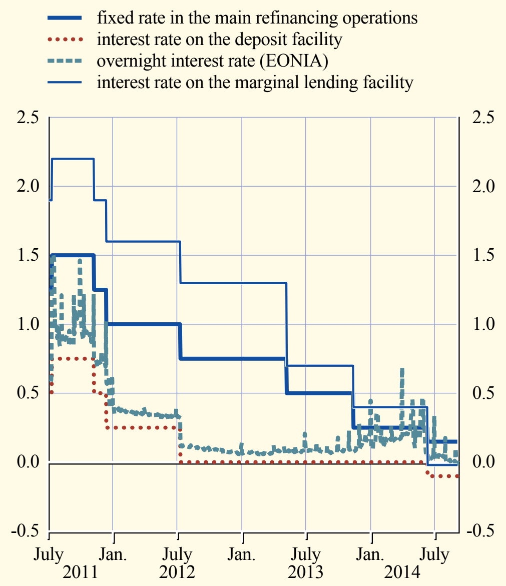
Sources: Thomson Reuters and ECB calculations.
Notes: This measure is calculated in two stages. First, implied volatilities derived from options on three-month EURIBOR futures are converted by expressing them in terms of logged prices instead of logged yields. Second, the resulting implied volatilities,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

remained broadly unchanged around the levels observed at end-May (see Chart 19). The three-month EONIA swap rate stood below 0.01% on 3 September, some 11 basis points lower than on 4 June ahead of the Governing Council's decisions. Thus, the spread between the three-month EURIBOR and the three-month EONIA swap rate stood at 16 basis points on 3 September, down 5 basis points from the level observed on 4 June (see Chart 17).

The EONIA declined by around 12 basis points overall between early June and early September (see Chart 20). In the course of June the EONIA fluctuated within a narrow band around the 0.025% mark, before spiking to stand at just below 0.34% on the last day of the month. It then fluctuated between 0.03% and 0.05% for most of July, before spiking briefly to stand at 0.18% in the last week of the month. The EONIA moved within a narrow range of between 0.00% and 0.02% for most of August and stood at 0.01% on 3 September.

Chart 20 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Thomson Reuters.

Box 3

ESTIMATING EXPECTED LIQUIDITY CONDITIONS IN THE EURO AREA

The ECB provides information on liquidity conditions in the euro area on a daily basis. This box explains this information, which includes data on the Eurosystem refinancing operations, the recourse to standing facilities, the outstanding amounts of covered bond purchase programmes (CBPPs), current account holdings with the national central banks and the reserve requirements of the Eurosystem. With this information, counterparties can also assess the amount of excess liquidity in the euro area.

In addition, the ECB provides information on a weekly basis about the forecast of average daily autonomous factors and the benchmark allotment amount[1] for the main refinancing operations (MROs) – the allotment of which would lead to neutral liquidity conditions during the periods covered. This box will also explain how the forecast of autonomous factors can be useful to counterparties in terms of helping them to better calibrate their recourse to the refinancing operations and to estimate the excess liquidity in the euro area in a fixed rate full allotment policy context.

Daily liquidity figures published by the ECB

Every morning at around 9.10 a.m. CET, the ECB provides information on the key figures relating to the liquidity position of the euro area on the previous day via selected wire services, such as those of Thomson Reuters and Bloomberg[2]. This information, which is extracted from the consolidated balance sheet of the Eurosystem, can be found on the "Outstanding open market operations" (Thomson Reuters ECB39; Bloomberg ECB/15/6/4) and "Information on liquidity conditions in the euro area" (Thomson Reuters ECB40; Bloomberg ECB/15/6/5) pages.

The first of the above-mentioned pages gives a breakdown of the outstanding open market operations (OMOs) and the CBPPs (i.e. the CBPP and CBPP2).[3] Meanwhile, the second page displays the information listed below.

- The average reserve requirements (RR) for all credit institutions on the previous day – this figure is usually stable during the maintenance period.[4]

- The estimate of the average daily autonomous factors (AF) that are explained in detail in the next section.

- The outstanding amount of Eurosystem OMOs, excluding the Securities Markets Programme (SMP). This figure includes the outstanding amounts of all reverse transactions (refinancing operations and fine-tuning (liquidity-providing/absorbing) operations), as well as the two CBPPs. Note that information related to the SMP is published on a weekly basis on the ECB's website[5].

1 In the context of fixed rate tenders with full allotment, the benchmark allotment amount is currently less relevant from an operational point of view. Nevertheless, it still serves as an indicator of balanced liquidity conditions.
2 Other wire service providers also receive and publish the same information.
3 Additional information on liquidity conditions can be found on other Thomson Reuters and Bloomberg pages. The same information, including historical data, can be found on the ECB's website: http://www.ecb.europa.eu/mopo/liq/html/index.en.html
4 Minor changes may occur from time to time, for example, when a bank is resolved or merged.
5 See https://www.ecb.europa.eu/mopo/implement/omo/html/index.en.html

- The recourse to the marginal lending facility (MLF) and the deposit facility (DF) on the previous business day.

- The aggregate current account (CA) holdings of credit institutions with the NCBs on the previous day. The following formula can thus be used to calculate the excess liquidity (EL) prevailing in the euro area on the previous day:
  $EL = CA + DF – MLF – RR$

- The average current account holdings in the current maintenance period, which is useful for calculating the average excess liquidity from the first day of the maintenance period up to the previous day.

- The net liquidity effect (NLE) from autonomous factors and the SMP, which involves the value of autonomous factors on the previous day excluding the outstanding amount of the SMP. Even though the ECB does not publish information on changes in the SMP on a daily basis, it is still useful in terms of estimating the daily autonomous factors as follows:
  $AF = NLE + SMP$

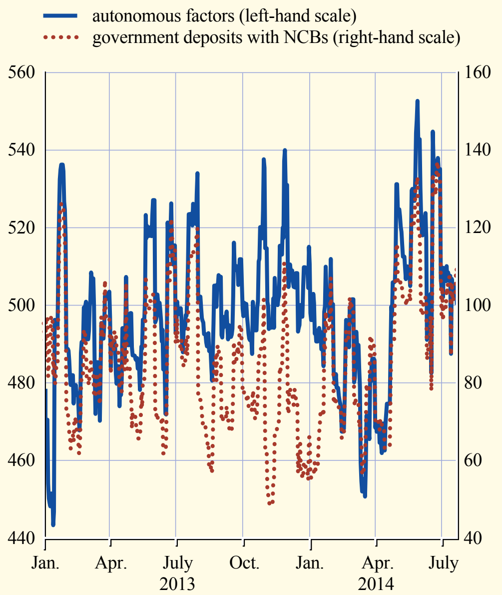
Autonomous factors

Autonomous factors are those items in the central bank balance sheet that do not reflect monetary policy operations or reserve holdings. They are called autonomous because they are not under the control of the central bank. As such, they are a key element in the assessment of liquidity conditions and represent the largest source of uncertainty with regard to estimating the future liquidity needs of the banking system. Autonomous factors can be classified as (i) net government deposits held with the Eurosystem NCBs, (ii) banknotes in circulation[6], (iii) net foreign assets, (iv) net assets denominated in euro, and (v) other autonomous factors[7].

Since 2013, the sum of all autonomous factors has fluctuated between €443 billion and €553 billion. However, as can be observed in Chart A, it has pursued a rather volatile path, similar to that observed for government deposits held with NCBs[8]. During a

Chart A Evolution of autonomous factors and government deposits with NCBs

(EUR billions)



Source: ECB.

6 As determined by the behaviour of the public. For further information on autonomous factors, see the article entitled "The liquidity management of the ECB", *Monthly Bulletin*, ECB, May 2002.
7 These include other balance sheet items such as revaluation accounts, other claims and liabilities of euro area residents, and capital and reserves.
8 Government treasuries might keep their main deposit accounts with NCBs and commercial banks. In this context, liquidity conditions in the euro area are only affected when there are inflows or outflows as regards the accounts with NCBs.

maintenance period, government deposits account for most of the volatility vis-à-vis the share of autonomous factors with a significant cyclical component during a calendar month. Since 2012, the daily changes observed in autonomous factors have averaged around €4.4 billion, as compared with the corresponding figure of €3.7 billion for net government deposits.

Estimating expected weekly liquidity conditions

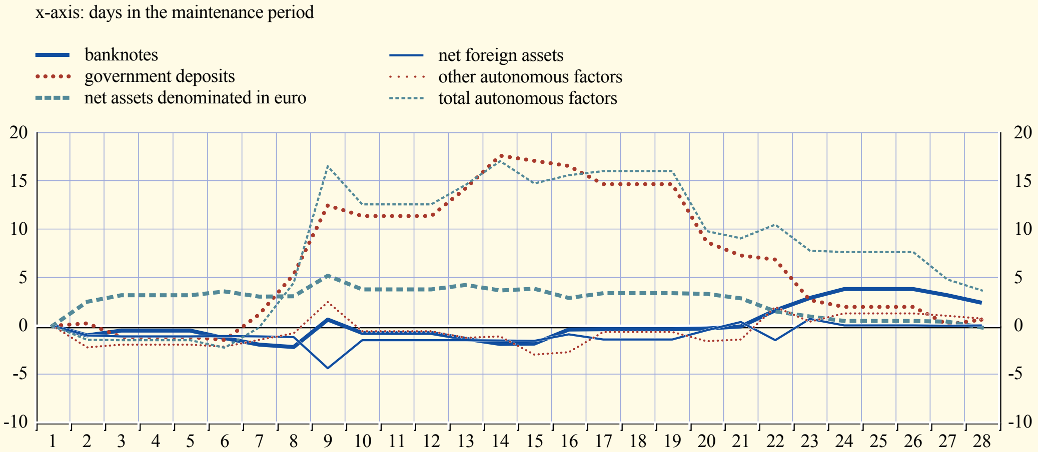
The ECB publishes every week, together with the announcement of the MRO and also with the allotment of the MRO, the forecast of the average daily autonomous factors for the period from the day of the announcement until the day before the maturity date of the MRO[9]. Counterparties can use this information to determine a baseline scenario (considering, for example, unchanged amounts in outstanding tender operations and securities purchased by the ECB) of expected liquidity conditions in the euro area during the MRO week, and also to calibrate their recourse to Eurosystem liquidity operations. The higher the autonomous factors, the lower the expected liquidity.

In order to estimate the average expected liquidity during an MRO week, on the announcement date (t), the realised liquidity on day t-1 needs to be adjusted by (i) the difference between the autonomous factors realised (AFR) on day t-1 and the forecast (as published by the ECB) of the average autonomous factors valid for the week thereafter, and (ii) the expected change in open market operations (including an estimation of early repayments of the three-year longer-term refinancing operations (LTROs)). This should be done as follows:

EL_t *(average estimate for the MRO week)* = $EL_{t-1} + AFR_{t-1} - AF\ forecast_t$ – *expected LTRO repayments*[10].

Chart B Evolution of autonomous factors during a 28-day maintenance period

(average data; EUR billions)



Source: ECB.
Note: Maintenance period days do not correspond to calendar days.

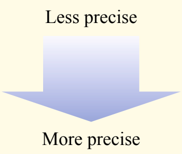
9 In the first week of each maintenance period, the forecast only covers the period from the settlement date of the MRO until a day before the maturity date of the operation.
10 That is, assuming unchanged amounts of other outstanding OMOs during the week concerned.

Note that the fit of the estimate will depend on the difference between the published ECB forecast of the average daily autonomous factors and their realised value. The mean of this difference stands at around €5 billion, with 65% of observations below the mean, based on a two-year sample. In addition, the volatility of autonomous factors might lead to significant fluctuations in liquidity during the MRO week. The average difference between the maximum and the minimum value of autonomous factors during the maintenance period is €44 billion, being mainly driven by the evolution of government deposits (see Chart B). The latter tend to increase when taxes are collected and decline with the disbursement of salaries and pensions. While tax collection activities are concentrated around the last ten days of a calendar month, salaries and pensions are usually paid at the beginning of the month. Hence, when assessing liquidity conditions on a daily basis, a consideration of the likely developments in government deposits is essential in order to anticipate possible shortages of liquidity.

Example: estimating daily liquidity conditions

Counterparties can estimate excess liquidity on a daily basis with the information provided on the aforementioned ECB-related pages and the forecast of average daily autonomous factors. Two simple methods of estimation are presented below (see Chart C). Clearly, the precision of estimates can be increased by making use of more advanced information[11].

Chart C Two simple methods of estimating daily liquidity conditions



For every single day of the MRO week, consider the forecast of average daily autonomous factors published by the ECB.

For every single day of the MRO week, consider the forecast of average daily autonomous factors published by the ECB, making adjustments (when appropriate) for the monthly trend of government deposits.

Source: ECB.

The table in this box uses two MRO weeks of the first maintenance period of 2014 to show how excess liquidity can be estimated on a daily basis. The green shaded area (columns I to IV) represents data made available to the market by the ECB, i.e. with a one-day lag and via the wire services. The data involve: the expected outstanding refinancing and fine-tuning operations[12] (column I), the outstanding amounts of securities purchased by the ECB (column II), reserve requirements (column III), and, finally, the realised autonomous factors as a sum of the NLE and outstanding SMP holdings (column IV).

Column V shows the calculation of realised excess liquidity, which is based on the data provided to the market that is displayed in the green area. If one recalls, these data are always provided for the previous day. Hence, the computation conducted under column V also refers to the day before.

In the blue shaded areas, liquidity conditions are estimated using the two methods described above, i.e. by only considering the forecast of average daily autonomous factors published by the ECB (light blue area) and by using the same forecast, but adjusting it to reflect an estimation of the monthly evolution of government deposits (dark blue area). The numbers for Tuesday,

11 More refined models can be used for more accurate estimations.

12 The outstanding value of refinancing and fine-tuning operations is always known a day in advance unless there are operations where settlement and allotment take place on the same day.

21 January are in bold and serve as an example. In order to estimate the excess liquidity for this day, the expected change in liquidity conditions needs to be assessed (column VII). This corresponds to the day-to-day difference in reverse transactions[13] (RT; column I) as well as the difference between the realised autonomous factors on the previous day (column IV) and the forecast of autonomous factors.

$$EL_t\ (estimate) = EL_{t-1} + AF_{t-1} - AF\ forecast_t + (RT_t - RT_{t-1})$$

For this observation, the day-to-day difference in reverse transactions equals nil in the absence of liquidity-providing or absorbing operations or early repayments of three-year LTROs. Hence, the expected change in liquidity conditions consists of the difference between the realised autonomous factors on the previous day (column IV) and the autonomous factor forecast (column VI). On 21 January this difference equalled -€17.1 billion (column VII). Finally, excess liquidity (column VIII) can be estimated by adding the -€17.1 billion expected change in liquidity to the previously realised excess liquidity (column V).

The same estimation is performed in the dark blue area, but the forecast of average daily autonomous factors is adjusted to take into account the evolution of government deposits (column X) – a matter of particular relevance during the tax collection period and at the beginning of the month, when salary and pension disbursements take place. Note that the mean of the daily error for the more precise estimate including expectations about government deposits stands at €3.6 billion – almost half the magnitude of the less precise estimate of €6.5 billion.

Estimations of daily liquidity conditions in a sample period

(EUR billions)

Reference date (2014)	Refinancing and fine-tuning operations I	Outstanding volumes of securities II	Reserve requirements III	Realised autonomous factors IV	Realised excess liquidity V = I + II - III - IV
Mon., 20 Jan.	493.4	233.8	103.6	484.3	139.4
Tue., 21 Jan.	**493.4**	**233.8**	**103.6**	**498.3**	125.3
Wed., 22 Jan.	540.9	233.8	103.6	499.9	171.2
Thu., 23 Jan.	540.9	233.8	103.6	509.9	161.2
Fri., 24 Jan.	540.9	233.5	103.6	502.7	168.1
Sat., 25 Jan.	540.9	233.5	103.6	502.7	168.1
Sun., 26 Jan.	540.9	233.5	103.6	502.7	168.1
Mon., 27 Jan.	540.9	233.5	103.6	500.8	170.1
Tue., 28 Jan.	540.9	233.5	103.6	497.1	173.7
Wed., 29 Jan.	537.4	233.0	103.6	502.0	164.9
Thu., 30 Jan.	540.5	233.0	103.6	511.9	157.9
Fri., 31 Jan.	540.5	233.0	103.6	500.3	169.6
Sat., 1 Feb.	540.5	233.0	103.6	500.3	169.6
Sun., 2 Feb.	540.5	233.0	103.6	500.3	169.6
Mon., 3 Feb.	540.5	231.3	103.6	482.3	185.9
Tue., 4 Feb.	540.5	231.3	103.6	480.8	187.4

Source: ECB.

13 Reverse transactions include refinancing operations and fine-tuning (liquidity-providing/absorbing) operations. Changes here are known a day in advance unless they are related to operations where settlement and allotment take place on the same day.

Estimations of daily liquidity conditions in a sample period (cont'd)

(EUR billions)

Reference date (2014)	Estimation without adjusting for the monthly evolution of government deposits				Estimation adjusting for the monthly evolution of government deposits			
	Autonomous factors forecast	Expected change in liquidity	Estimation of liquidity	Error	Autonomous factors	Expected change in liquidity	Estimation of liquidity	Error
	VI	VII	VIII	IX	X	XI	XII	XIII
		$= IV_{t-1} - VI_t + I_t - I_{t-1}$	$= V_{t-1} + VII_t$	= VIII - V		$= IV_{t-1} - X_t + I_t - I_{t-1}$	$= V_{t-1} + XI_t$	= XII - V
Mon., 20 Jan.								
Tue., 21 Jan.	**501.4**	**-17.1**	**122.3**	**-3.1**	**499.7**	**-15.4**	**124.0**	**-1.4**
Wed., 22 Jan.	501.4	44.4	169.7	-1.5	500.4	45.4	170.7	-0.5
Thu., 23 Jan.	501.4	-1.5	169.7	8.5	501.4	-1.5	169.7	8.5
Fri., 24 Jan.	501.4	8.5	169.7	1.6	502.0	7.9	169.1	1.0
Sat., 25 Jan.	501.4	1.3	169.5	1.3	502.0	0.7	168.9	0.7
Sun., 26 Jan.	501.4	1.3	169.5	1.3	502.0	0.7	168.9	0.7
Mon., 27 Jan.	501.4	1.3	169.5	-0.6	502.2	0.5	168.7	-1.4
Tue., 28 Jan.	492.2	8.6	178.7	4.9	497.0	3.8	173.9	0.1
Wed., 29 Jan.	492.2	1.5	175.2	10.3	497.2	-3.5	170.2	5.3
Thu., 30 Jan.	492.2	12.8	177.7	19.7	497.3	7.7	172.6	14.6
Fri., 31 Jan.	492.2	19.7	177.7	8.1	497.4	14.5	172.5	2.9
Sat., 1 Feb.	492.2	8.1	177.7	8.1	497.4	2.9	172.5	2.9
Sun., 2 Feb.	492.2	8.1	177.7	8.1	497.4	2.9	172.5	2.9
Mon., 3 Feb.	492.2	8.1	177.7	-8.2	480.0	20.3	189.9	4.0
Tue., 4 Feb.	492.2	-9.9	176.0	-11.4	474.0	8.3	194.2	6.8
	Mean absolute error			6.5	*Mean absolute error*			3.6

Source: ECB.

The ECB continued to provide liquidity through refinancing operations with maturities of one week and three months. All of these operations were conducted as fixed rate tender procedures with full allotment. On 5 June the ECB announced the discontinuation of the special-term refinancing operations with a maturity of one maintenance period, as well as the suspension of the weekly liquidity-absorbing fine-tuning operations that had been conducted in order to sterilise the liquidity injected through the Securities Markets Programme (see also Box 4).

The period between the beginning of the sixth maintenance period (i.e. 11 June) and 3 September was characterised by an increase in excess liquidity. The increase in outstanding open market operations stemming from the suspension of the weekly liquidity-absorbing fine-tuning operations was not fully compensated for by reduced recourse to the Eurosystem's refinancing operations (i.e. MROs and LTROs), the repayment of liquidity obtained in the three-year LTROs and maturing outright portfolios. Average autonomous factors were broadly unchanged from the previous three maintenance periods, while their volatility was slightly lower. Excess liquidity fluctuated between €101.5 billion and €166.8 billion and averaged €131.9 billion in the period under review, up from €117.9 billion in the previous three maintenance periods. On 3 September excess liquidity stood at €118.2 billion. Daily recourse to the deposit facility averaged €24.4 billion, while current account holdings in excess of reserve requirements averaged €107.7 billion and recourse to the marginal lending facility averaged €0.2 billion. Thus far, counterparties have voluntarily repaid €658.2 billion of the €1,018.7 billion obtained in the two three-year LTROs.

Box 4

LIQUIDITY CONDITIONS AND MONETARY POLICY OPERATIONS IN THE PERIOD FROM 14 MAY TO 12 AUGUST 2014

This box describes the ECB's monetary policy operations during the reserve maintenance periods ending on 10 June, 8 July and 12 August 2014 – i.e. the fifth, sixth and seventh maintenance periods of the year.

On 5 June the ECB lowered the interest rate on the main refinancing operations by 10 basis points, to 0.15%, starting from the operation which was settled on 11 June. At the same time, the ECB lowered the interest rate on the marginal lending facility by 35 basis points, to 0.40%, and the interest rate on the deposit facility by 10 basis points, to -0.10%, both effective from the start of the sixth maintenance period (i.e. from 11 June). In addition, the ECB decided to suspend the weekly liquidity-absorbing fine-tuning operations that had been conducted in order to sterilise the liquidity injected through the Securities Markets Programme (SMP), with the last SMP-related sterilisation operation being settled on 11 June.

During the period under review the main refinancing operations (MROs) continued to be conducted as fixed rate tender procedures with full allotment. The same procedure remained in use for the special-term refinancing operations with a maturity of one maintenance period. The fixed rate was the same as the MRO rate prevailing at the time. On 5 June the ECB announced the discontinuation of these special-term refinancing operations with effect from the seventh maintenance period – i.e. the operation which was settled on 11 June and matured on 8 July was the last special-term refinancing operation conducted.

Furthermore, the three-month longer-term refinancing operations (LTROs) were also conducted as fixed rate tender procedures with full allotment. The interest rate in each of these operations was fixed at the average of the MRO rates over the respective LTRO's lifetime.

Liquidity needs

In the period under review the aggregate daily liquidity needs of the banking system, defined as the sum of autonomous factors and reserve requirements, averaged €612.9 billion, €24.7 billion more than the daily average in the previous review period (i.e. the period from 12 February to 13 May 2014).[1] Autonomous factors increased significantly, rising by €23.5 billion to stand at an average of €508.3 billion, while reserve requirements increased marginally, rising by €1.2 billion to stand at an average of €104.5 billion (see the table).

The change in average autonomous factors was the combined effect of changes in several individual components. Among the liquidity-providing factors, net assets denominated in euro increased by €30.3 billion to stand at an average of €508.2 billion, having increased by €31 billion in the previous period. This reflected, among other things, foreign official institutions' lower

1 All comparisons are relative to the previous period, unless otherwise indicated.

euro-denominated deposits with the Eurosystem. The introduction of a negative deposit facility rate has led some foreign institutions to further reduce their cash holdings with Eurosystem central banks in order to avoid negative interest rate charges.

Among the liquidity-absorbing factors, banknotes in circulation increased by €19.5 billion to stand at an average of €959.6 billion, reflecting usual seasonal developments in banknote demand over the summer. Government deposits also increased, rising by €22.1 billion to stand at an average of €103.7 billion. As the introduction of a negative deposit facility rate also affected government deposits held with the Eurosystem, national treasuries tried increasingly to invest their excess liquidity at positive nominal interest rates in the market, but they did not always achieve this goal.

The volatility of autonomous factors increased further. Weekly estimates, as published with the announcement of the main refinancing operations, ranged between €451.7 billion and €532.1 billion, compared with between €448.3 billion and €522.3 billion in the previous period. This volatility was due primarily to fluctuations in other autonomous factors and government deposits. The traditional volatility of government deposits owing to tax cycles was compounded by the aforementioned attempts by treasuries and customers of Eurosystem reserve management services to invest more of their holdings in the market.

Weekly forecasts of autonomous factors showed an average absolute error of €6.7 billion, ranging between -€19.3 billion and €5.2 billion – up from an average of €3.2 billion in the previous review period. That increase can be attributed mainly to government deposits, which exhibited an average absolute error of €5.8 billion owing to the difficulty of anticipating the investment activities of treasuries in an environment in which short-term money market rates were often negative. Other autonomous factors also contributed, recording an average absolute error of €3.8 billion.

Liquidity provision

The average amount of liquidity provided through open market operations conducted as fixed rate tender procedures with full allotment increased by €30.2 billion, to €739.7 billion, after several periods of decline. This increase was a result of the combined effect of the repayment of liquidity obtained in the three-year LTROs, partially offset by an increase in other liquidity-providing tender operations and the suspension of the SMP-related weekly sterilisation operations. Liquidity provided through tender operations averaged €531.1 billion, marking an increase of €48 billion in comparison with the previous review period.

The average liquidity provided through the weekly MROs increased by €11 billion, to €121 billion, as some counterparties partially switched to the MROs in order to replace the amounts repaid on the three-year LTROs and the discontinued special-term refinancing operations with a maturity of one maintenance period. The weekly amount allotted remained volatile, fluctuating between a low of €94 billion on 9 July and a high of €149.3 billion on 4 June as banks adjusted their demand in line with developments in liquidity and money market conditions. The reduction of the MRO rate and the cut in the deposit facility rate, together with the suspension of the SMP-related sterilisation operations, may have increased excess liquidity and dampened money market rate volatility, thus contributing to the stabilisation of MRO allotment amounts observed since mid-June (with the exception of end-of-month spikes).

The three-year LTRO repayments continued at an average pace of €6.3 billion per week. By the end of the period under review, total repayments had reached €626.0 billion, corresponding to 63% of the total amount borrowed and 120% of the initial net injection of liquidity. Weekly repayments continued to fluctuate, with a peak settlement of €21.5 billion on 23 July. Idiosyncratic counterparty factors explain most of these weekly variations, although the average pace remained broadly unchanged compared with the previous period.

Prior to the decision to suspend the SMP-related weekly sterilisation operations, the bids received in the last eight operations were lower than the intended absorption amount. These episodes reflected greater tensions in very short-term money market rates as a consequence of lower excess liquidity, which was sometimes accompanied by rate spikes above the maximum bid rates in these operations.

Excess liquidity

Excess liquidity increased by €5.5 billion, averaging €126.8 billion in the period under review, compared with €121.3 billion in the previous review period, thereby reversing the steady downward trend observed since early 2013. Daily current account holdings in excess of reserve requirements increased by €9.2 billion to average €101.4 billion, while average use of the deposit facility decreased by €4 billion, to €25.5 billion. Excess liquidity dropped to the lowest level recorded since the beginning of 2012, standing at €116.6 billion in the fifth maintenance period of 2014. Following the ECB's decisions in June 2014, excess liquidity rebounded in the sixth and seventh maintenance periods, standing at approximately €130 billion. Excess liquidity fluctuated fairly strongly in the fifth maintenance period, mainly driven by volatility in autonomous factors and the fluctuations in the amounts allotted in the MROs and the SMP-related sterilisation operations. This contributed to the heightened volatility of short-term money market rates. However, since the sixth maintenance period, as a response to the ECB measures, excess liquidity has stabilised and fluctuated within a narrower range of between €166 billion (30 June) and €104 billion (23 July), thus remaining above €100 billion.

In the fifth maintenance period counterparties continued to hold about 24% of their excess liquidity in the deposit facility, with the remaining 76% being held in the form of excess reserves, in line with the average pattern recorded in the second, third and fourth maintenance periods. In the sixth and seventh maintenance periods the proportion of excess liquidity held in the form of excess reserves increased to approximately 82%. As excess reserves (i.e. average current account holdings in excess of minimum reserve requirements) are also charged the negative rate applied to the deposit facility following the decisions announced on 5 June, counterparties should remain indifferent regarding the form in which excess liquidity is held. In this context, however, some technical and operational aspects may make holding excess reserves marginally more convenient than use of the deposit facility, which explains their higher share. At the same time, some counterparties may retain a preference for the deposit facility for operational or regulatory reasons. The pattern observed in the fourth and fifth maintenance periods – whereby use of the deposit facility increased in the last week of the maintenance period, when more counterparties had fulfilled their reserve requirements – largely disappeared in the sixth and seventh maintenance periods.

Interest rate developments

The EONIA averaged 24 basis points in the fifth maintenance period, prior to the cut in the MRO rate on 5 June, compared with 20.7 basis points in the three preceding maintenance periods. It fluctuated between a low of 5.3 basis points on 9 June and a high of 46.9 basis points on 27 May, reflecting fluctuations in excess liquidity. Following the cut in the interest rates on the main refinancing operations, the deposit facility and the marginal lending facility, the EONIA stabilised at approximately 4 basis points in the sixth and seventh maintenance periods. Volatility was very limited: except for end-of-month spikes in June and July, the EONIA remained within a relatively narrow range, fluctuating between 6 basis points on 11 June and 0.9 basis points on 12 August.

Eurosystem liquidity situation

	14 May to 12 Aug.		12 Feb. to 13 May	Seventh maintenance period		Sixth maintenance period		Fifth maintenance period	
Liabilities – Liquidity needs (averages; EUR billions)									
Autonomous liquidity factors	**1,558.2**	**(+72.8)**	**1,485.4**	**1,560.2**	**(-1.3)**	**1,561.5**	**(+9.1)**	**1,552.4**	**(+26.9)**
Banknotes in circulation	959.6	(+19.5)	940.1	967.6	(+9.5)	958.1	(+7.1)	951.0	(+3.1)
Government deposits	103.7	(+22.1)	81.6	92.4	(-17.5)	110.0	(-1.6)	111.5	(+23.8)
Other autonomous factors	494.9	(+31.2)	463.7	500.1	(+7)	493.4	(+3.5)	489.8	(+0)
Monetary policy instruments									
Current accounts	205.9	(+10.4)	195.5	210.2	(-4)	214.3	(+22)	192.3	(+1)
Minimum reserve requirements	104.5	(+1.2)	103.3	105.0	(+0.6)	104.4	(+0.5)	103.9	(+0.7)
Deposit facility	25.5	(-4)	29.5	24.6	(+0.8)	23.9	(-4.4)	28.3	(-1.4)
Liquidity-absorbing fine-tuning operations	47.1	(-119.5)	166.6	0.0	(-27.2)	27.2	(-98.8)	126.0	(-26.5)
Assets – Liquidity supply (averages; EUR billions)									
Autonomous liquidity factors	**1,050.2**	**(+49.2)**	**1,001.0**	**1,071.5**	**(+25.4)**	**1,046.2**	**(+18.7)**	**1,027.4**	**(+1.9)**
Net foreign assets	541.9	(+18.9)	523.0	547.6	(+7.6)	540.0	(+3.2)	536.8	(+0.4)
Net assets denominated in euro	508.2	(+30.3)	478.0	523.9	(+17.8)	506.2	(+15.5)	490.7	(+1.5)
Monetary policy instruments									
Open market operations	739.7	(+30.2)	709.5	723.6	(-30.2)	753.8	(+7.9)	745.9	(+28)
MROs	121.0	(+11)	109.9	106.6	(-5.1)	111.7	(-36.4)	148.1	(+20.1)
Special-term refinancing operations	13.0	(-2.1)	15.1	0.0	(-10)	10.0	(-22.4)	32.3	(+4.3)
Three-month LTROs	33.4	(+5.1)	28.3	32.1	(-3)	35.2	(+1.9)	33.3	(+7.6)
Three-year LTROs	410.8	(-85.6)	496.5	382.6	(-32.3)	414.9	(-27.3)	442.2	(-23.7)
Targeted LTROs	0.0	(+0)	0.0	0.0	(+0)	0.0	(+0)	0.0	(+0)
Tender operations provided	531.1	(+48)	483.2	521.3	(-23.3)	544.6	(+14.6)	530.0	(+34.7)
Outright portfolios	208.6	(-17.6)	226.3	202.3	(-6.9)	209.2	(-6.7)	215.9	(-6.8)
Covered bond purchase programme	35.0	(-3.2)	38.2	33.4	(-1.7)	35.1	(-1.9)	37.0	(-0.8)
Second covered bond purchase programme	14.1	(-0.5)	14.6	13.9	(-0.2)	14.2	(-0.1)	14.3	(-0.1)
Securities Markets Programme	159.5	(-13.9)	173.4	154.9	(-5)	159.9	(-4.7)	164.6	(-5.9)
Marginal lending facility	0.2	(-0.2)	0.4	0.3	(+0.1)	0.1	(+0.1)	0.1	(-0.1)
Other liquidity-based information (averages; EUR billions)									
Aggregate liquidity needs	612.9	(+24.7)	588.1	593.9	(-26.2)	620.1	(-9.2)	629.3	(+28.6)
Autonomous factors	508.3	(+23.5)	484.8	488.9	(-26.8)	515.7	(-9.7)	525.4	(+28.2)
Excess liquidity	126.8	(+5.5)	121.3	129.6	(-3.9)	133.5	(+17)	116.6	(-0.7)
Repayment of three-year LTROs	85.2	(+2.6)	82.6	35.4	(+3.9)	31.5	(+13.2)	18.3	(-13.7)
Interest rate developments (percentages)									
MROs	0.18	(-0.07)	0.25	0.15	(+0)	0.15	(-0.1)	0.25	(+0)
Marginal lending facility	0.52	(-0.23)	0.75	0.40	(+0)	0.40	(-0.35)	0.75	(+0)
Deposit facility	-0.07	(-0.07)	0.00	-0.10	(+0)	-0.10	(-0.1)	0.00	(+0)
EONIA average	0.108	(-0.099)	0.207	0.043	(+0.003)	0.040	(-0.2)	0.240	(+0)

Source: ECB.
Note: Since all figures in the table are rounded, in some cases the figure indicated as the change relative to the previous period does not represent the difference between the rounded figures provided for those two periods (differing by €0.1 billion).

2.4 BOND MARKETS

Between end-May and early September 2014, euro area and US government bond yields declined. The broad declines in bond yields in global markets seemed to reflect the escalation of geopolitical uncertainties during the period under review, despite somewhat diverging economic data releases for the two economic areas. In addition, in the case of the euro area, lower government bond yields reflected the impact of the monetary policy measures announced in June and somewhat mixed economic data, with the decline gaining pace in the latter part of the period under review. Spreads between euro area sovereign bond yields fell in an environment characterised by low bond market uncertainty. Financial indicators of long-term inflation expectations in the euro area fell over the review period but remained consistent with price stability.

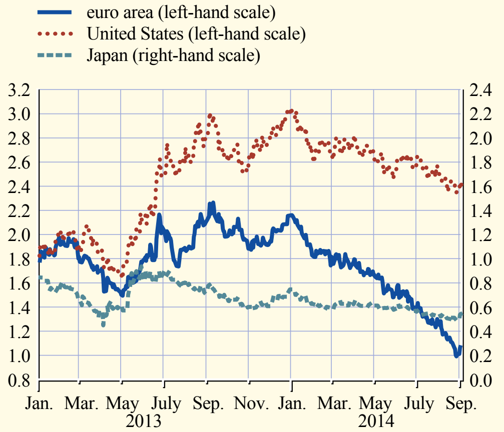
Between the end of May and 3 September 2014, AAA-rated ten-year euro area government bond yields decreased by around 45 basis points, to 1.1% (see Chart 21). Over the same period, ten-year government bond yields in the United States declined considerably less, by around 10 basis points, to 2.4%, while those in Japan also declined slightly by around 5 basis points, to 0.5%. In the euro area, the whole term structure shifted downwards, with yields on AAA-rated government bonds with maturities of two and five years declining by 10 and 25 basis points respectively. As a result, the slope of the term structure, as measured by the gap between the ten-year and the two-year yield, decreased by around 30 basis points over the review period.

Long-term bond yields on both sides of the Atlantic remained somewhat volatile in the period under review, reflecting evolving concerns about geopolitical risks in connection with the political crises in Ukraine and Iraq. In the first part of the review period AAA-rated long-term euro area government bond yields remained broadly unchanged, at similar levels to their averages during the spring. From late June, however, euro area yields declined, primarily on account of the intensification of the geopolitical uncertainty and somewhat disappointing economic data, especially the release of weak inflation figures, the deterioration in economic confidence, and the slowdown in economic activity for some euro area countries and for the area as a whole in the second quarter of the year.

In the United States, long-term bond yields also declined, although less markedly than in the euro area. Stable inflation, despite solid labour market and growth data releases, seemed to contribute to stabilising market expectations on the pace of the ongoing tapering of bond purchases by the Federal Reserve System, thereby dampening upward pressure on US long-term bond yields. Indeed, the announcement on 30 July by the Federal Open Market Committee (FOMC) of a further reduction in its

Chart 21 Long-term government bond yields

(percentages per annum; daily data)



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

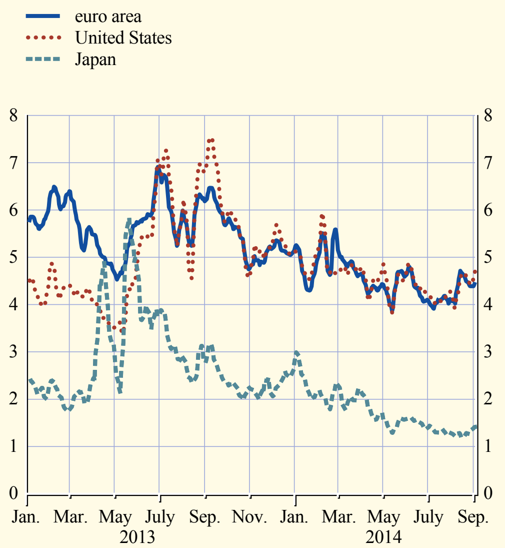
purchases of agency mortgage-backed securities to USD 10 billion and of Treasury securities to USD 15 billion per month did not trigger a significant change in US yields.

Investor uncertainty about near-term developments in the bond market, as measured by the implied volatility extracted from bond options with a short maturity, exhibited some fluctuations over the review period, declining for most of the period before rising again in August (see Chart 22). Overall, however, implied volatility in bond markets was below its end-May levels by early September, standing at around 4.6% in both the United States and the euro area.

In line with the relatively low levels of implied bond volatility, tensions in the euro area sovereign bond markets remained muted overall. Some temporary episodes of higher volatility mainly reflected developments in geopolitical factors and, in some cases, specific country developments. From late June, the decline in euro area AAA-rated government bond yields was shared by all sovereign bond markets within the euro area, and by early September long-term bond yields in euro area countries were between 35 and 80 basis points lower than at the end of May. Over the same period, long-term bond yield spreads vis-à-vis the overnight indexed swap (OIS) rate also declined for most countries, by between 5 and 35 basis points. This narrowing of spreads is consistent with the continued interest of international investors, as reflected in successful government bond issuances in a number of countries previously strongly affected by the crisis, and in positive credit rating news.

Chart 22 Implied government bond market volatility

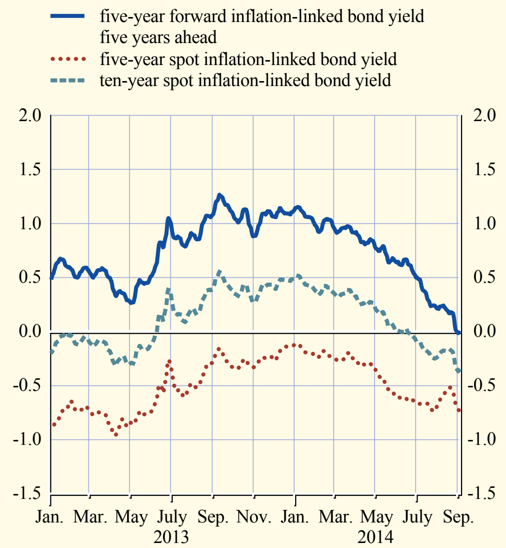
(percentages per annum; five-day moving averages of daily data)



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

Chart 23 Euro area zero coupon inflation-linked bond yields

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



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

Euro area real bond yields, as measured by the yields on inflation-linked government bonds, declined for most of the review period in line with developments in nominal yields.[1] From early August, however, real yields temporarily rebounded (see Chart 23), with the strength of the rise greater at shorter maturities. Overall, between end-May and early September, real five-year bond yields decreased by 10 basis points to stand at around -0.7%, while real ten-year bond yields decreased by around 30 basis points, to stand at around -0.3%. Given the changes in real yields on five and ten-year bonds, the long-term forward real interest rate in the euro area declined by 50 basis points, standing slightly above 0.1% at the end of the period under review.

Financial market indicators of long-term inflation expectations in the euro area decreased from the end of May. The ten-year break-even inflation rate implied by inflation-linked bonds declined by around 15 basis points, to 1.5%, and the five-year break-even inflation rate fell by about 10 basis points, to around 1.0%. Accordingly, the five-year forward break-even inflation rate five years ahead also declined by around 10 basis points between end-May and 3 September, to stand at 2.0% (see Chart 24). The somewhat less volatile long-term forward break-even inflation rates calculated from inflation-linked swaps also decreased significantly over the period under review, namely by around 10 basis points, to stand at 2.0% in early September. Overall, despite these declines in bond- and swap-based indicators of inflation expectations, particularly in the last part of the review period, they remained around the 2% level.[2]

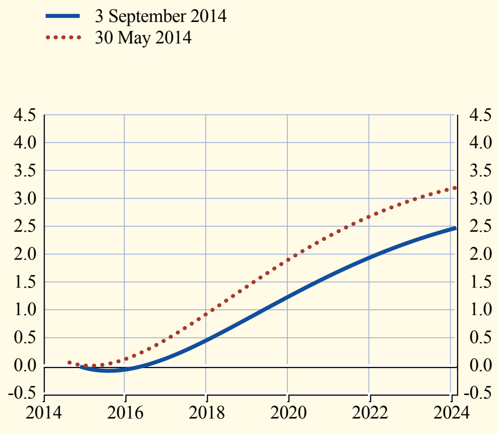
Chart 24 Euro area zero coupon break-even inflation rates and inflation-linked swap rates

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

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

Chart 25 Implied forward euro area overnight interest rates

(percentages per annum; daily data)



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

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

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

Between end-May and 3 September, the term structure of implied forward overnight interest rates in the euro area shifted downwards at all maturities, by between 7 and 65 basis points (see Chart 25). Short-term rates declined to levels close to zero, in line with the historical policy rate lows following the Governing Council decisions in June 2014. The declines were, however, stronger at longer maturities, with the ten-year overnight rates declining to around 2.6%.

The yields on investment-grade bonds issued by corporations in the euro area decreased over the period under review, in line with the decline recorded by long-term government bond yields. Looking at non-financial issuers, corporate bond yields declined by between 25 and 45 basis points across ratings, with the stronger declines recorded for the highest ratings. Bond yield spreads (relative to the Merrill Lynch EMU AAA-rated government bond index) for non-financial corporations generally declined by between 10 and 20 basis points for AAA- and AA-rated issuers, and remained broadly unchanged for lower-rated ones. In contrast, yield spreads for financial issuers remained unchanged or rose slightly across ratings, mostly reflecting negative news from specific firms in the financial sector. Overall, however, corporate bond spreads remained low compared with the relative peaks recorded at the beginning of 2013 for most rating classes.

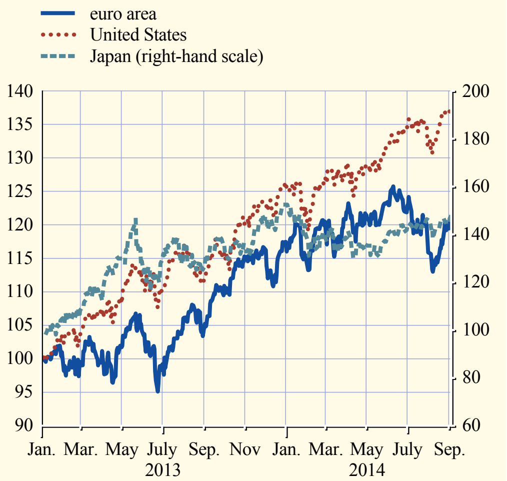
2.5 EQUITY MARKETS

Between the end of May and early September 2014, stock prices exhibited volatile movements, influenced by evolving geopolitical tensions and some mixed economic data across economic areas. Euro area stock prices decreased overall over the review period, despite a recovery beginning in late July against a background of solid earnings expectations. In contrast, the rebound in US stock prices in the last few weeks of the review period allowed them to record significant gains over the period as a whole, supported by expectations of a gradual scaling-down of asset purchases by the Federal Reserve System and positive labour and growth data.

During the period under review, equity prices displayed significant fluctuations on both sides of the Atlantic. The intensity of the downward and upward moves in each area diverged, however, and the changes recorded over the period differed considerably (see Chart 26). In the euro area, the broad-based Dow Jones EURO STOXX index fell by around 2% between the end of May and 3 September. In contrast, in the United States the Standard & Poor's 500 index rose by around 4%. Equity prices in Japan, as measured by the Nikkei 225 index, also rose, by around 7%, over the same period.

Chart 26 Stock price indices

(index: 1 January 2013 = 100; daily data)



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

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

(percentages of end-of-period prices)

	EURO STOXX	Basic materials	Consumer services	Consumer goods	Oil and gas	Financial	Health-care	Industrial	Tech-nology	Tele-communi-cations	Utility
Share of sector in market capitalisation (end-of-period data)											
	100.0	9.6	6.7	16.3	6.7	24.1	5.6	14.9	5.3	4.5	6.3
Price changes (end-of-period data)											
Q2 2013	-1.1	-2.0	-1.3	-2.2	-4.2	1.9	-0.7	-2.2	1.0	-1.9	-1.4
Q3 2013	11.3	6.8	9.6	8.9	12.0	16.7	-3.7	14.5	13.3	19.1	11.1
Q4 2013	-10.2	-6.4	-8.8	-8.1	-10.7	-14.3	3.9	-12.7	-11.7	-16.0	-10.0
Q1 2014	2.9	-1.2	2.1	1.9	5.1	5.0	-1.4	1.9	-0.8	3.0	13.4
Q2 2014	0.9	3.6	-2.0	2.6	9.1	-3.6	2.8	-0.9	-1.5	6.7	4.6
July 2014	-2.7	-1.0	-5.5	-2.7	0.4	-5.5	3.7	-6.1	0.6	2.3	2.4
Aug. 2014	-1.6	-1.9	-1.4	-2.8	-2.9	-3.3	7.2	-4.6	6.0	-2.5	4.2
30 May 14 – 3 Sep. 14	-1.8	-3.2	-2.4	-3.8	-2.0	-1.3	7.4	-4.8	3.6	-4.5	1.5

Sources: Thomson Reuters and ECB calculations.

Developments in euro area stock markets over the review period were characterised by two very different phases. Euro area stock prices were in a protracted downward trend from early June, amid mixed economic data releases and evolving geopolitical tensions in Ukraine and Iraq. The escalation of those tensions and the weaker-than-expected inflation data released in early July contributed to the acceleration of the price declines over July and early August. Thereafter, as geopolitical tensions eased somewhat and despite disappointing data releases – particularly growth figures in some countries and in the euro area as a whole for the second quarter of 2014 – stock prices in the euro area rebounded strongly. Overall, however, by 3 September the rebound in stock prices was only capable of partially attenuating the losses in the earlier part of the review period.

In line with the decrease in the overall index, stock prices recorded declines across most euro area economic sectors (see Table 6), with the industrial and telecommunications sectors exhibiting the largest declines. In contrast, the healthcare (+7.4%) and the technology and utility sectors were the only ones avoiding losses over the period as a whole. The financial sector, and more specifically banking stock prices, seemed to weather well negative news about the solvency of specific institutions during the review period and to continue benefiting from the assessment of bank balance sheets associated with the launch of the European banking union. At around -1%, its performance was in line with that of the overall index.

In the first part of the review period stock prices in the United States appeared to weather the evolving geopolitical uncertainty better than those in the euro area and, despite some volatility, remained broadly unchanged between end-May and early July. The intensification of geopolitical uncertainty from early July, however, led to some declines in stock prices until early August. Their recovery over August and early September, supported by expectations of a gradual scaling-down of asset purchases by the Federal Reserve System and robust growth and labour market figures for the US economy, was strong enough to counteract previous losses and allowed stock prices to post significant advances over the review period as a whole. In terms of relative sectoral performance, stock prices in the US market displayed similar patterns to those in the euro area. Specifically, the healthcare and technology sectors outperformed the overall index while telecommunications stock prices were the worst-performing.

Equity prices in Japan recorded the largest advances of the three economic areas, gaining by around 7%. Despite negative growth figures for the second quarter of 2014, the slowdown in Japanese economic activity appeared to be perceived as very brief, which, together with market expectations that the central bank could prolong its monetary easing stance, seemed to provide support for equity prices.

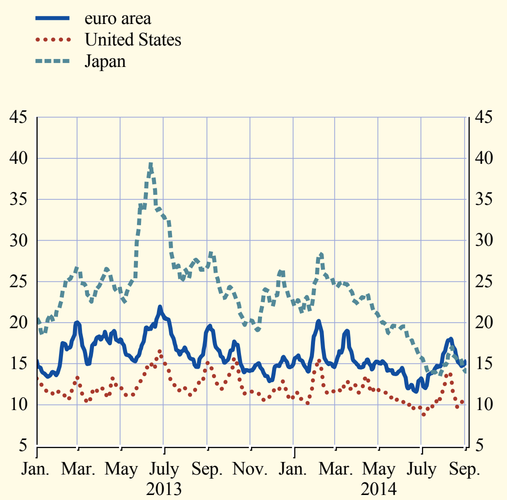
While stock market uncertainty in global stock markets, as measured by implied volatility, remained broadly unchanged over the review period as a whole, it exhibited some important intra-period fluctuations over the summer of 2014 (see Chart 27). In particular, after remaining broadly stable over most of June, implied volatility in the euro area and the United States rose gradually over July as geopolitical tensions rose, to ease again towards the end of the review period. In the Japanese stock market, in contrast, the surge in uncertainty took place a little later in July, which may help to explain its better performance compared with the other two economic areas.

Overall, however, by 3 September, at around 15% and 10% in the euro area and the United States respectively, implied volatility in stock markets remained at relatively low levels.

Available data on the corporate earnings of the financial and non-financial euro area corporations included in the Dow Jones EURO STOXX index show that the magnitude of the decline in actual earnings, which are computed over the previous 12 months, halved between May and August 2014, from around -6% to around -3%. In August market participants expected companies' earnings per share to grow by 11% over the next 12 months, while they forecasted long-term (five-year) growth in earnings per share to be around 13% per annum (see Chart 28).

Chart 27 Implied stock market volatility

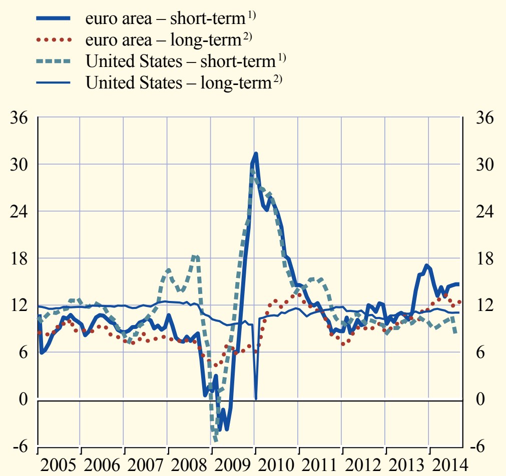
(percentages per annum; five-day moving averages of daily data)



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

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

(percentages per annum; monthly data)



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

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

Between April and July 2014, the real cost of financing for non-financial corporations in the euro area declined slightly. This reflected a decline in the real cost of both market debt and bank loans, which more than compensated for an increase in the real cost of equity. At the same time, credit standards for loans to non-financial corporations were eased in net terms in the second quarter of 2014 for the first time since the second quarter of 2007. The overall flow of external financing to non-financial corporations is estimated to have recovered in recent months, despite remaining weak. This improvement reflects both a decline in the net redemptions of MFI loans to non-financial corporations and an increase in the net issuance of securities by firms.

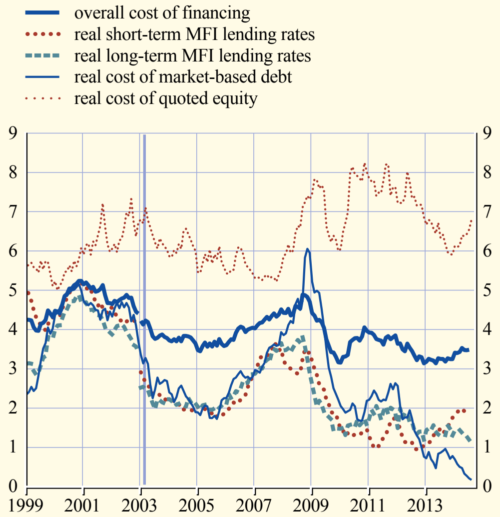
FINANCING CONDITIONS

From April to July 2014 the real cost of external financing for non-financial corporations in the euro area – as calculated by weighting the costs of different types of financing on the basis of the respective amounts outstanding and correcting them for valuation effects – declined slightly (-4 basis points) and stood at 3.5% in July 2014 (see Chart 29). Developments in the overall index reflected an increase of 14 basis points in the real cost of equity and a decline of 27 basis points in the real cost of market debt. Over the same period, real bank lending rates on short and long-term loans to non-financial corporations declined by 14 and 19 basis points respectively. The data available for August 2014 suggests that the real cost of equity increased further, while the real cost of market debt declined and reached a new historical low since January 1999.

Looking in more detail at the components of external financing, in the period from April to July 2014, MFIs' nominal interest rates on new small loans (amounts of up to €1 million) to non-financial corporations declined visibly. The decline was slightly more pronounced in the case of long-term loans (i.e. loans with an initial rate fixation period of over five years), which declined by 22 basis points between April and July 2014. Meanwhile, nominal interest rates on new large loans (amounts in excess of €1 million) with shorter periods of initial rate fixation declined by 26 basis points, while those on large loans with longer periods of initial rate fixation declined by 6 basis points (see Table 7). Over the same period, the spreads between lending rates on small and large loans increased by 6 basis points for loans with shorter initial rate fixation periods and decreased by 16 basis points for loans with an initial rate fixation period of more than five years.

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

(percentages per annum; monthly data)



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

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

(percentages per annum; basis points)

	Q2 2013	Q3 2013	Q4 2013	Q1 2014	June 2014	July 2014	Change in basis points up to July 2014[1] Apr. 2013	Apr. 2014	June 2014
MFI interest rates on loans									
Bank overdrafts to non-financial corporations	3.89	3.86	3.79	3.78	3.71	3.60	-31	-21	-11
Loans to non-financial corporations of up to €1 million									
with a floating rate and an initial rate fixation of up to one year	3.73	3.76	3.79	3.79	3.59	3.60	-25	-19	1
with an initial rate fixation of over five years	3.29	3.26	3.27	3.29	3.11	3.05	-37	-22	-6
Loans to non-financial corporations of over €1 million									
with a floating rate and an initial rate fixation of up to one year	2.17	2.15	2.29	2.26	2.09	1.99	-21	-26	-10
with an initial rate fixation of over five years	2.93	3.06	2.96	2.98	2.71	2.91	-7	-6	20
Memo items									
Three-month money market interest rate	0.22	0.23	0.29	0.31	0.21	0.21	0	-13	0
Two-year government bond yield	0.30	0.22	0.25	0.17	0.02	0.01	-3	-15	-1
Seven-year government bond yield	1.51	1.42	1.58	1.21	0.87	0.80	-15	-33	-7

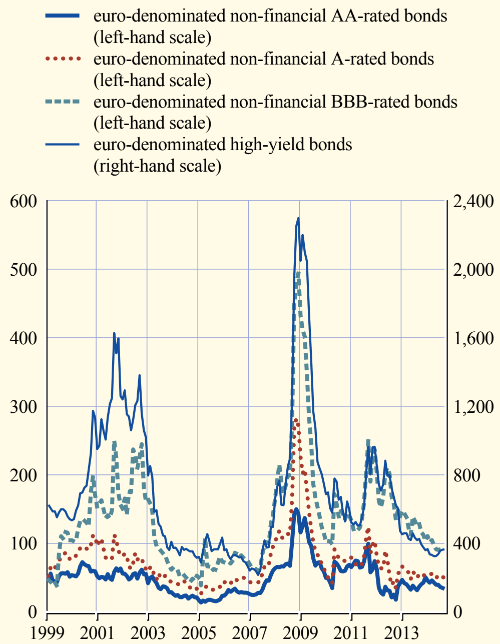
Source: ECB.
Note: Government bond yields refer to the euro area bond yields based on the ECB's data on AAA-rated bonds (based on Fitch ratings), which currently include bonds from Austria, Finland, France, Germany and the Netherlands.
1) Figures may not add up due to rounding.

From April to July 2014, declining euro area sovereign bond yields put upward pressure on the spread between banks' lending rates and market rates. For instance, the spread between long-term lending rates for large loans and the yield on AAA-rated seven-year government bonds increased from 184 basis points in April to 211 basis points in July. The spread between long-term lending rates for small loans and market rates also increased over this period (+11 basis points). By contrast, owing to a smaller decline in money market rates, spreads between short-term lending rates and the three-month EURIBOR declined from April to July 2014. More specifically, the spread between the short-term lending rates on large loans and the three-month money market rate decreased by 13 basis points, while the decline in the spread amounted to 6 basis points in the case of small loans.

As concerns the survey evidence on supply and demand in the case of bank loans to euro area non-financial corporations, the July 2014 bank lending survey covering the second quarter of 2014 showed that credit standards for loans

Chart 30 Corporate bond spreads of non-financial corporations

(basis points; monthly averages)



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

to non-financial corporations eased in net terms for the first time since the second quarter of 2007 (-3% of banks indicated that credit standards had tightened, compared with 1% in the previous quarter). On average, improvements in banks' cost of funds and balance sheet constraints as well as in banks' risk perceptions both contributed to a slight net easing of credit standards. The perceived decline in borrowers' credit risk was mainly due to an improvement in banks' expectations regarding the macroeconomic and firm-specific outlook. For the third quarter of 2014, banks expect a continuation of the net easing of credit standards for loans to enterprises. For details, see the box entitled "The results of the euro area bank lending survey for the second quarter of 2014" in the August 2014 issue of the Monthly Bulletin.

Turning to market funding conditions, from April to July 2014, the evolution of non-financial corporations' cost of market debt varied across corporate bond rating categories. Spreads between bonds with higher ratings – such as AA-rated corporate bonds – and AAA-rated government bond yields marginally declined, while spreads on bonds with lower ratings ("high yields") increased by 33 basis points (see Chart 30). Spreads on corporate bonds with intermediate credit ratings, such as A-rated corporate bonds, remained unchanged over this period. More recent data on market-based financing indicates that spreads on bonds with lower ratings kept increasing in August 2014.

FINANCIAL FLOWS

The annual change in earnings per share of euro area non-financial corporations became less negative from March to July 2014. Specifically, the annual rate of change in the earnings per share of listed euro area companies was -2.2% in August 2014, up from -9.7% in April 2014 (see Chart 31). Looking ahead, based on indicators from market providers, market participants expect the change in earnings per share to return to positive territory in the fourth quarter of this year.

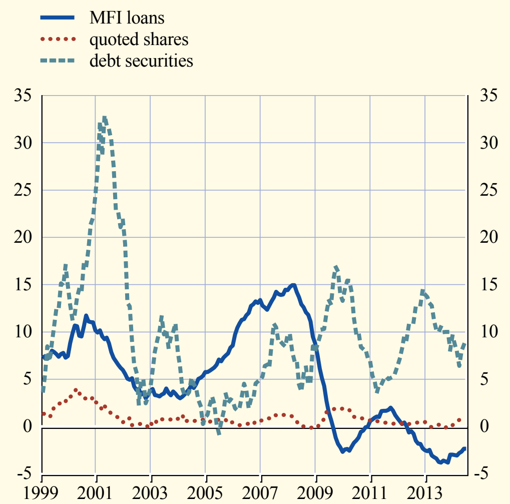
Chart 31 Earnings per share of listed non-financial corporations in the euro area

(annual percentage changes; monthly data)

Sources: Thomson Reuters and ECB calculations.

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

(annual percentage changes)



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

The overall flow of external financing to non-financial corporations is estimated to have recovered in recent months, following a period of stabilisation after the fourth quarter of 2013, when the flow stood at its historical low. This improvement reflects both a decline in the net redemptions of MFI loans to non-financial corporations and an increase in the net issuance of securities by firms (see Chart 32). However, the level of non-financial corporations' external financing remains weak, mirroring the weakness in the economy, the continued deleveraging needs of firms in a number of countries, record-high cash holdings, and some persistent financing supply constraints, notably in the case of small and medium-sized enterprises (SMEs).

Adjusted for loan sales and securitisation, the annual growth rate of MFI loans to non-financial corporations stood at -2.2% at the end of the second quarter of 2014, up from -3.1% in the previous quarter. In July 2014, the annual growth rate was unchanged at -2.2%. The annual growth rate of debt securities issued increased to 8.6% in the second quarter of 2014, up from 7.9% in the previous quarter, while the growth rate of quoted shares remained unchanged at moderate levels (see Table 8). The ongoing robust net issuance of debt securities by non-financial corporations is supported by ample investor appetite for risk and the ensuing low corporate bond yields. It broadly continues to compensate for the observed net redemptions of bank loans to firms. In absolute terms, debt issuance remains, however, concentrated in a few countries, with the access to bond markets in most cases being limited to large firms with high ratings. SMEs are typically too small to absorb the fixed costs associated with debt issuance in the financial market. As a consequence, they are significantly more dependent on bank financing than large firms and are therefore disproportionately affected by the ongoing contraction in bank lending.

In the second quarter of 2014, the strongest contraction in MFI loans to non-financial corporations was recorded for medium-term loans, i.e. those with an interest rate fixation period of over one and up to five years. Compared with the previous quarter, the pace of contraction

Table 8 Financing of non-financial corporations

(percentage changes; end of quarter)

	Annual growth rates				
	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2
MFI loans	-3.4	-3.6	-3.0	-3.1	-2.3
Up to one year	-2.1	-3.1	-4.0	-4.9	-2.8
Over one and up to five years	-6.2	-5.6	-5.7	-5.1	-3.3
Over five years	-3.0	-3.2	-1.7	-1.6	-1.8
Debt securities issued	10.2	10.0	8.1	7.9	8.6
Short-term	-8.9	0.8	-9.2	-9.0	-11.1
Long-term, *of which:* [1]	12.4	10.9	9.7	9.6	10.5
Fixed rate	13.5	11.0	9.4	9.0	10.3
Variable rate	4.9	11.0	12.2	14.0	12.0
Quoted shares issued	0.2	0.1	0.2	0.6	0.6
Memo items [2]					
Total financing	1.0	0.7	0.7	0.8	-
Loans to non-financial corporations	0.2	-0.7	-1.5	-1.0	-
Insurance technical reserves [3]	1.2	1.1	1.0	1.0	-

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

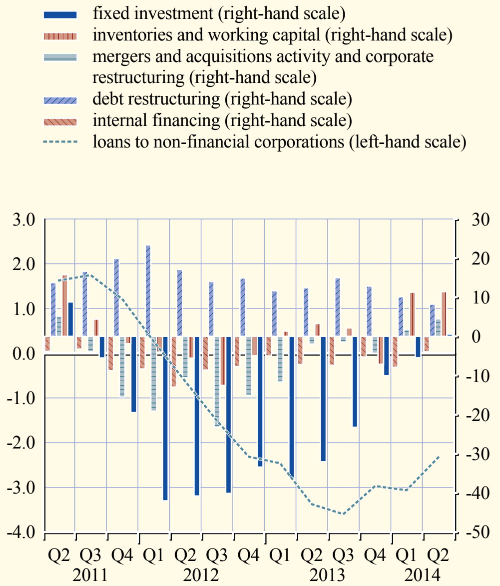
moderated in the case of short-term loans (i.e. those with an interest rate fixation period of up to one year) and medium-term loans, while it increased slightly in the case of long-term loans (i.e. those with an interest rate fixation period of more than five years). Issuance of debt securities by non-financial corporations has been skewed towards instruments with longer maturities since 2007. This development continued in June 2014, with the share of long-term debt instruments issued by non-financial corporations increasing to 93% (up from 84% in 2007).

The July 2014 bank lending survey showed that the net demand for loans on the part of non-financial corporations (i.e. the difference between the sum of the percentages of banks reporting an increase and that of banks reporting a decline in demand) recovered further in the second quarter of 2014 (4%, up from 2% in the previous quarter). Financing needs related to debt restructuring as well as to inventories and working capital were the main positive contributors to firms' loan demand in the quarter. For the first time since the second quarter of 2011, fixed investment contributed marginally positively to the net increase in demand recorded during the quarter (see Chart 33). Euro area banks expect a further net increase in demand for loans to enterprises in the third quarter of 2014.

The financing surplus of (or net lending by) non-financial corporations – i.e. the difference between their internal funds (gross saving) and their gross capital formation, in relation to the gross value added that they generated – increased marginally to 1.1% in the second quarter of 2014, from 1.0% in the previous quarter (see Chart 34). This was the result of a slight increase in gross savings and net capital transfers as well as a marginal decrease in gross capital formation.

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

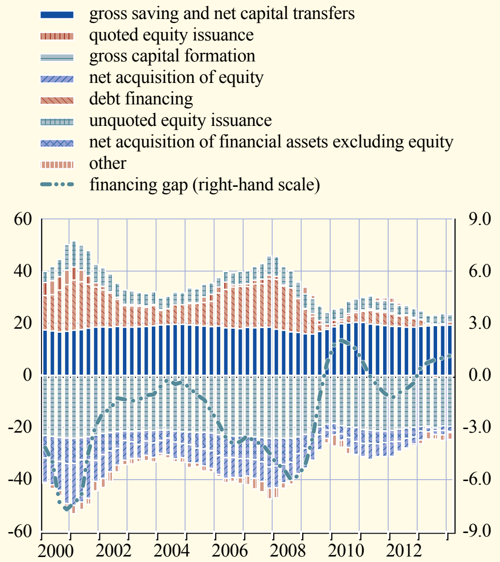
(annual percentage changes; net percentages)



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

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

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



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

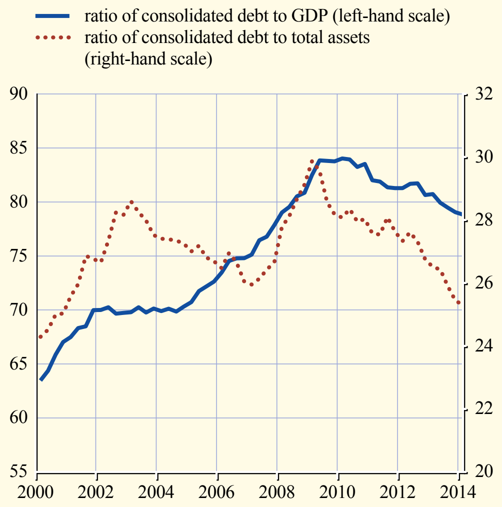
Turning to the asset side, in the first quarter of 2014, the annual growth rate of financial investment by non-financial corporations declined to 1.0%, down from 1.4% in the previous quarter. This development was driven by a decline in the annual growth rate of shares and other equities (excluding mutual fund shares) and of mutual fund shares, to 0.6% and -6.2% respectively (down from 1.2% and -3.3% in the previous quarter). The growth rate of currency and deposits and of other financial assets, which includes loans and other accounts receivable, also decreased. In the first quarter of 2014, investment in debt securities (excluding financial derivatives) and insurance technical reserves were the only two positive contributors to the annual growth rate of financial investment by non-financial corporations. The increase was particularly pronounced in the case of debt securities, the annual growth rate of which increased to -3.4%, up from -12.3% in the previous quarter. Given that debt securities and insurance technical reserves only represent about 3% of non-financial corporations' total outstanding amount of financial assets, these positive developments were more than offset by the declines in annual growth rates of all other balance sheet items recorded in the quarter.

FINANCIAL POSITION

According to euro area integrated accounts data, the indebtedness of the non-financial corporate sector declined slightly in the first quarter of 2014. The ratio of debt to GDP decreased further, from 79.1% in the fourth quarter of 2013 to 78.8% in the first quarter of 2014. The pace of adjustment in non-financial corporations' balance sheets from the peaks recorded at the height of the financial crisis remained rather slow, in part on account of the persistent weakness of the economic recovery. Over the same period, the debt-to-total assets ratio declined marginally, from 25.4% to 25.3% (see Chart 35). The debt sustainability of non-financial corporations continued to improve in the first quarter of 2014. Their gross interest payment burden – in relation to their gross operating surplus – declined to 11.3%, from 11.6% in the fourth quarter of 2013. In net terms, the interest

Chart 35 Debt ratios of non-financial corporations

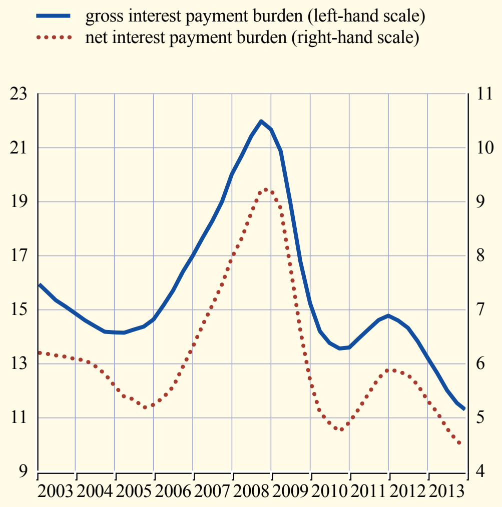
(percentages)



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

Chart 36 Interest payment burden of non-financial corporations

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



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

payment burden of non-financial corporations declined to 4.5% in the first quarter of 2014, which is 0.1 percentage point lower than in the previous quarter and about half the peak level recorded in the last quarter of 2008 (see Chart 36).

2.7 FINANCIAL FLOWS AND FINANCIAL POSITION OF THE HOUSEHOLD SECTOR

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

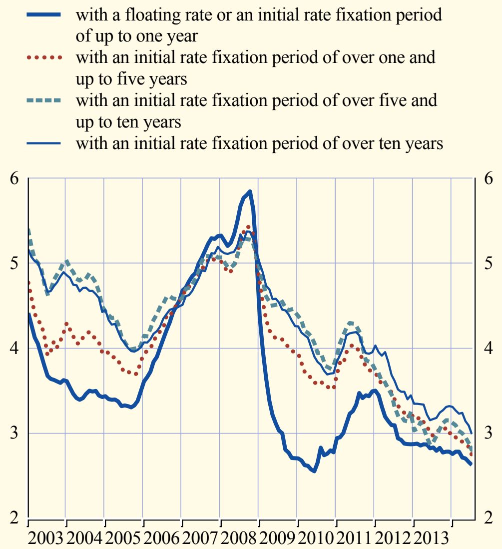
FINANCING CONDITIONS

The financing costs of euro area households declined in the second quarter of 2014 and continued to vary depending on the type and maturity of the loan and the country of origin. Looking at the individual components, interest rates on loans for house purchase declined relative to the levels recorded in the first quarter (see Chart 37). As regards the breakdown of mortgage financing costs by maturity, interest rates on short and medium-term loans (i.e. loans with floating rates or an initial rate fixation period of up to one year and loans with an initial rate fixation period of between one and five years) both declined by 9 basis points. Interest rates on longer-term loans with initial rate fixation periods of between five and ten years and over ten years declined by 13 basis points and 11 basis points respectively relative to the levels recorded in the first quarter (see Chart 37). Further declines were observed for all maturities in July 2014, with a particularly pronounced decline being recorded in the case of interest rates on long-term loans, which decreased by 10 basis points relative to the previous month.

As for new consumer loans, interest rates on short-term loans (i.e. loans with an initial rate fixation period of up to one year), medium-term loans (i.e. loans with an initial rate fixation period of between one and five years) and long-term loans (i.e. loans with an initial rate fixation period of over five years) all declined in the second quarter. The largest decline (a fall of 22 basis points relative to the previous quarter) was observed in the short-term segment of the market.

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

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



Source: ECB.

According to the July 2014 bank lending survey, the second quarter saw euro area banks report a net easing of credit standards applied to loans to households for house purchase (-4%, broadly similar to the previous quarter). All underlying factors contributed to that net easing of credit standards for housing loans. The survey suggests that credit standards applied to loans for consumer credit and other lending to households were also eased in net terms in the second quarter (-2%, broadly similar to the previous quarter). The net easing of credit standards reported in this sector of the credit market can be attributed to declines in banks' perception of risk and banks' funding costs, as well as a loosening of balance sheet constraints. Competition has also continued to contribute to the net easing of credit standards in this segment of the market. For more details, see the box entitled "The results of the euro area bank lending survey for the second quarter of 2014" in the August 2014 issue of the Monthly Bulletin.

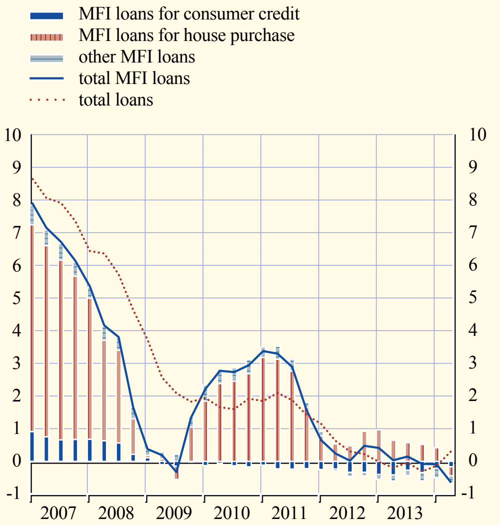
FINANCING FLOWS

Having reached a historical low in the previous quarter, the annual growth rate of total loans to households was slightly less negative in the first quarter of 2014 (the most recent quarter for which data from the euro area accounts are available), standing at -0.1%, up from -0.3% in the previous quarter. The slight increase seen in the annual growth rate in that quarter was due to a less negative contribution by non-MFI loans, the annual growth rate of which stood at -0.4%, up from -1.6% in the previous quarter. Non-MFI loans normally capture loan sales and securitisation activity, which result in household loans being shifted between MFIs and non-monetary financial intermediaries other than insurance corporations and pension funds (i.e. the OFI sector). By contrast, the annual growth rate of total MFI lending remained broadly unchanged at -0.1%. Estimates for the second quarter of 2014 suggest that the annual growth rate of total loans to households returned to positive territory in that quarter (see Chart 38). This strengthening of loan dynamics mainly reflects MFIs' increased origination of loans to households in the first half of 2014 relative to the levels observed in 2013.

The annual growth rate of MFI loans to households (adjusted for loan sales and securitisation) increased marginally to stand at 0.5% in the second quarter, up from 0.4% in the first quarter, thereby continuing the modest upward trend observed since the beginning of the year. It then remained unchanged at 0.5% in July, despite another modest monthly inflow. Looking at a breakdown of MFI lending by purpose, the annual growth rate of MFI lending for house purchase (not adjusted for loan sales or securitisation) turned negative to stand at -0.4% in the second quarter, down from 0.6%

Chart 38 Total loans granted to households

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



Source: ECB.
Notes: Total loans comprise loans to households from all institutional sectors, including the rest of the world. For the second quarter of 2014, total loans to households have been estimated on the basis of transactions reported in money and banking statistics. For information on differences between MFI loans and total loans in terms of the calculation of growth rates, see the relevant technical notes. Data on MFI loans are not adjusted for sales or securitisation. Data for the last quarter shown have been partly estimated.

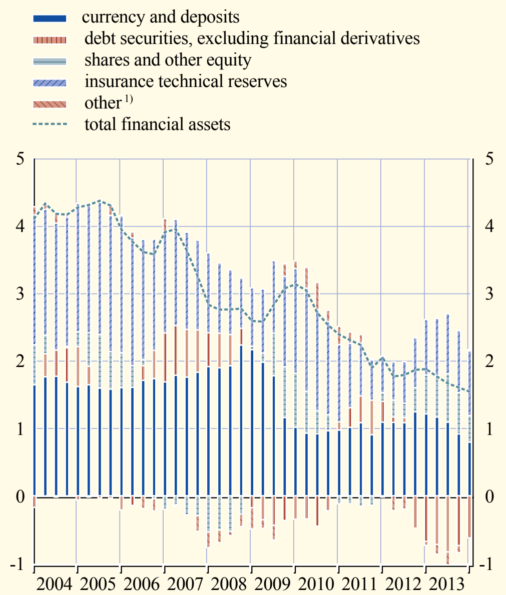
in the previous quarter. This reflected sizeable transfers of loans from the MFI sector to the OFI sector in one specific country in the second quarter. In July the annual growth rate of lending for house purchase increased to -0.1%. Consumer credit continued to decline in the second quarter, albeit at a slower pace, with its annual growth rate standing at -1.5%, up from -1.9% in the first quarter. In July the annual growth rate of consumer credit was -1.7%. Transaction data show that the quarterly flow of loans for consumer credit remained marginally negative in the second quarter, with a flow of around zero being recorded in July. The annual growth rate of other lending (which includes lending to unincorporated businesses) became slightly less negative, standing at -1.4% in the second quarter, up from -1.9% in the previous quarter. In July the annual growth rate of other lending stood at -1.3%.

The persistently subdued developments in household borrowing reflect a number of factors, including the sluggish dynamics of households' disposable income, the high levels of unemployment and taxation, the weakness of housing markets, the need to correct past excesses in terms of the accumulation of debt and uncertainty about economic prospects. According to the July 2014 bank lending survey, net demand for loans for house purchase and consumer credit increased further in the second quarter. Looking ahead, banks expect a continued net increase in demand across all loan categories in the third quarter.

Turning to the asset side of the euro area household sector's balance sheet, the annual growth rate of total financial investment by households stood at 1.5% in the first quarter of 2014 (down from 1.6% in the previous quarter; see Chart 39). This stemmed from reductions in the contributions made by (i) investment in shares and other equity (excluding mutual fund shares), the annual growth rate of which fell to 1.1% in the first quarter of 2014, down from 2.0% in the fourth quarter of 2013, and (ii) investment in mutual fund shares, the annual growth rate of which declined to 3.0% in the first quarter, down from 4.4% in the previous quarter. However, these developments mask the fact that the quarterly inflow for mutual fund shares increased relative to the previous quarter, while the quarterly flow for quoted shares turned positive. At the same time, the annual growth rate of investment in currency and deposits declined to 2.3% in the first quarter of 2014, down from 2.6% in the fourth quarter of 2013. By contrast, the contribution made by investment in insurance technical reserves increased slightly and the contribution made by debt securities became slightly less negative. Overall, the ongoing deleveraging process, the high levels of unemployment and taxation, and the weakness of the business cycle (all of which hamper disposable income growth and force households to dissave) are the main factors explaining the prolonged slowdown seen in households' accumulation of financial assets since mid-2010.

Chart 39 Financial investment of households

(annual percentage changes; contributions in percentage points)



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

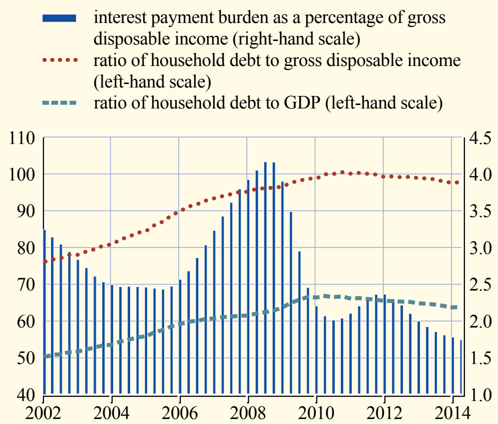
FINANCIAL POSITION

Household indebtedness remains at a high level in the euro area, although it has continued to gradually decline. More specifically, the ratio of household debt to nominal gross disposable income declined to 97.6% in the first quarter of 2014, down from 97.9% in the fourth quarter of 2013. Households' debt-to-GDP ratio also declined, standing at 63.7% in the first quarter, down from 64.1% in the previous quarter. Similarly, the household sector's interest payment burden declined further to stand at 1.78% of total disposable income, the lowest level on record.

Estimates for the second quarter of 2014 indicate that household indebtedness increased slightly (see Chart 40). By contrast, the household sector's interest payment burden is estimated to have declined further, albeit only marginally, in the second quarter.

Chart 40 Household debt and interest payments

(percentages)



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

3 PRICES AND COSTS

According to Eurostat's flash estimate, euro area annual HICP inflation was 0.3% in August 2014, after 0.4% in July. This decline reflects primarily lower energy price inflation, while the other main components remained broadly unchanged in aggregate. Inflation rates have now remained low for a considerable period of time. The monetary policy decisions of 4 September 2014, together with the other measures in place, were taken to underpin the firm anchoring of medium to long-term inflation expectations, in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2%. On the basis of current information, annual HICP inflation is expected to remain at low levels over the coming months, before increasing gradually during 2015 and 2016.

The September 2014 ECB staff macroeconomic projections for the euro area foresee annual HICP inflation at 0.6% in 2014, 1.1% in 2015 and 1.4% in 2016. In comparison with the June 2014 Eurosystem staff macroeconomic projections, the projection for inflation for 2014 has been revised downwards. The projections for 2015 and 2016 have remained unchanged.

The risks to the outlook for price developments over the medium term will be closely monitored, in particular with respect to the possible repercussions of dampened growth dynamics, geopolitical developments, exchange rate developments and the pass-through of monetary policy measures.

3.1 CONSUMER PRICES

The downward trend in euro area HICP inflation, which started in late 2011, has primarily been driven by global factors, such as commodity price and exchange rate developments, impacting in particular energy price, but also food price, inflation. Since late 2013, a smaller contribution from unprocessed food prices, but also non-energy industrial goods and services prices, has added further downward pressure on HICP inflation, driving it to levels below 1%.

Looking at the recent data, according to Eurostat's flash estimate, headline HICP inflation stood at 0.3% in August 2014, after 0.4% in July (see Table 9). At the same time, HICP inflation excluding energy and food was 0.9% in August, up from 0.8% in July. This exclusion based measure has been largely stable since late 2013, indicating that the lower headline inflation rates recorded recently are

Table 9 Price developments

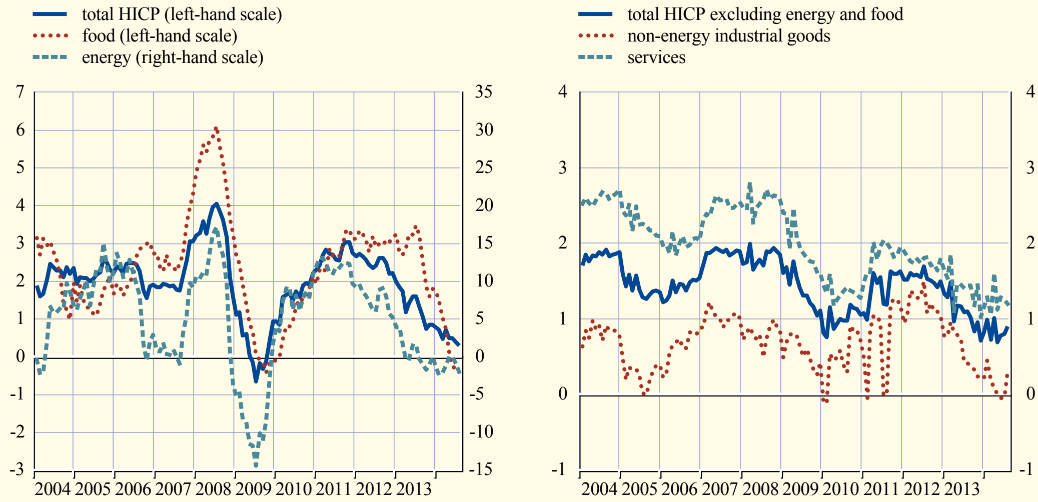
(annual percentage changes, unless otherwise indicated)

	2012	2013	2014 Mar.	2014 Apr.	2014 May	2014 June	2014 July	2014 Aug.
HICP and its components 1)								
Overall index	2.5	1.4	0.5	0.7	0.5	0.5	0.4	*0.3*
Energy	7.6	0.6	-2.1	-1.2	0.0	0.1	-1.0	*-2.0*
Food	3.1	2.7	1.0	0.7	0.1	-0.2	-0.3	*-0.3*
Unprocessed food	3.0	3.5	-0.1	-0.7	-2.1	-2.8	-2.6	.
Processed food	3.1	2.2	1.7	1.6	1.5	1.4	1.1	.
Non-energy industrial goods	1.2	0.6	0.2	0.1	0.0	-0.1	0.0	*0.3*
Services	1.8	1.4	1.1	1.6	1.1	1.3	1.3	*1.2*
Other price indicators								
Industrial producer prices	2.8	-0.2	-1.6	-1.2	-1.0	-0.8	-1.1	.
Oil prices (EUR per barrel)	86.6	81.7	77.8	78.2	79.4	82.3	79.9	77.6
Non-energy commodity prices	-5.2	-8.0	-12.4	-7.6	-6.9	-4.2	-4.8	-3.6

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

Chart 41 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

related to the energy and food price components. In fact, energy price inflation has been negative in almost every month of 2014 to date, and food price inflation has been negative since June.

Looking at the main components of the HICP in more detail, Eurostat's flash estimate for August points to a 1 percentage point decrease in the annual rates of change of energy prices (-2.0% in August, compared with -1.0% in July). The bulk of this decline reflects lower oil prices in euro.

The annual rate of price change for the total food component, comprising both processed and unprocessed food prices, remained stable at -0.3% in August. While no official information is yet available with regard to the breakdown of the food component for August, it is likely that unprocessed food prices are the main factor behind the low (and negative) food price inflation. The annual rates of change in unprocessed food prices turned negative in March and have remained so since then (-2.6% in July). This reflects the downward impact on the year-on-year change in fruit and vegetable prices associated with favourable weather conditions this year compared with more adverse weather conditions last year. So far, there is little evidence to assess whether, for the euro area as a whole, the Russian food import restrictions have led to an additional downward impact on food price inflation. Processed food price inflation has also fallen over recent months, but at a slower pace than unprocessed food price inflation, and stood at 1.1% in July.

Taken together, the two remaining components of HICP inflation, i.e. non-energy industrial goods price inflation and services price inflation, have remained broadly stable at the low levels recorded at the end of 2013. The low level of non-energy industrial goods price inflation (the annual rate of change was 0.3% in August, up from 0.0% in July) continues to reflect weak consumer demand, the low pricing power of firms and, overall, modest wage developments. In addition, past appreciations of the euro exchange rates have dampened the input costs for several non-energy industrial goods items. Annual inflation in the services component, which is the largest component of the HICP, has also continued to remain low (1.2% in August, after 1.3% in July), mainly as a result of weak domestic demand. In addition, some special factors have contributed to the recent volatility in services prices (related to the timing of Easter and Pentecost). Looking through the monthly volatility, the contribution of services prices to HICP inflation in 2014 has, on average, been 0.5 percentage point, still well below the long-term average since the start of the monetary union (0.8 percentage point).

HICP inflation excluding energy and food should start increasing as the economic recovery proceeds. Box 5 looks at the relationship between changes in economic slack and measures of underlying inflation excluding energy and food.

Box 5

THE RESPONSIVENESS OF HICP ITEMS TO CHANGES IN ECONOMIC SLACK

Underlying inflation, as measured by changes in the Harmonised Index of Consumer Prices (HICP) excluding energy and food, has hovered at low levels since October last year. At the same time, a moderate recovery of the euro area economy has got under way, and measures of the euro area output gap have begun to narrow from substantial amounts of economic slack. Historical relationships suggest that turning points in HICP inflation excluding energy and food follow those in the output gap with some lag. However, they also suggest that the turning point in inflation may initially remain unclear due to the limited strength of co-movement between the two series.

Against this background, this box reviews the responsiveness of underlying inflation to changes in economic slack at the level of the individual items of the HICP excluding energy and food. A "sub-index" made up of HICP items that have been closely correlated with the output gap in the past could provide clearer signals of a turning point in inflation in response to actual economic developments.

The output gap is an indicator of developments in underlying inflation

Output gaps measure how much actual output deviates from the economy's potential output. A narrowing of the output gap should be associated with either less downward pressure or more upward pressure on prices in the domestic economy and would thus be expected to lead to a rise in inflation.

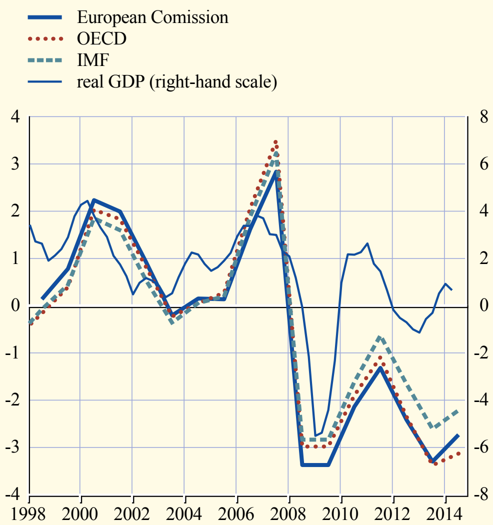
Leaving aside the well-known difficulty of estimating output gaps in real time,[1] recent estimates by international organisations all suggest that the euro area output gap started to narrow in 2013, when real GDP growth rebounded to levels above the potential growth rate. These estimates also suggest that this narrowing took place from a substantial amount of slack, of around 3% of potential output (Chart A).

As a measure of intensity of use of domestic production resources, the output gap may not always be a reliable indicator for developments in overall HICP inflation, since the prices of some items, such as energy and food, tend to be more heavily influenced by external factors, such as commodity prices and exchange rates. In monitoring the relationship between the output gap and inflation the focus tends to be placed on measures of underlying inflation,

1 See the article entitled "Potential output growth and output gaps: concept, uses and estimates", *Monthly Bulletin*, ECB, October 2000 and Box 5 entitled "Slack in the euro area economy", *Monthly Bulletin*, ECB, April 2014.

Chart A Estimates of the euro area output gap

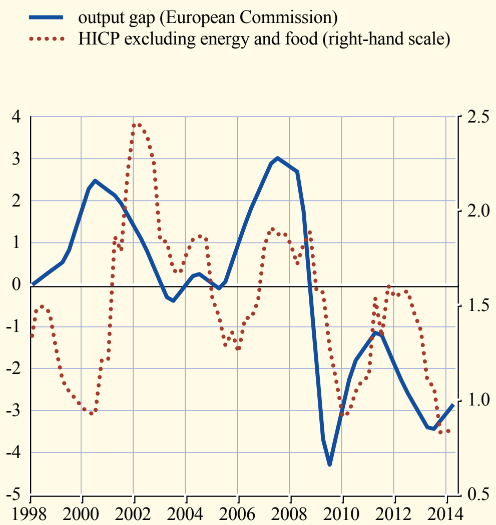
(percentages of potential output and annual percentage changes)



Sources: Eurostat, European Commission's European Economic Forecast (spring 2014), IMF World Economic Outlook (April 2014) and OECD Economic Outlook (May 2014).

Chart B Output gap and HICP excluding energy and food in the euro area

(percentages and annual percentage changes)



Sources: Eurostat and European Commission's European Economic Forecast (spring 2014).
Note: The quarterly output gap observations have been obtained by interpolating annual data.

such as HICP excluding energy and food.[2] For the euro area, this relationship has a maximum correlation of 0.6 (when a lag of three quarters between changes in the HICP excluding energy and food and the output gap is considered). Looking specifically at the lead and lag pattern during turning points, in the period since 1998 sustainable turnarounds in HICP inflation excluding energy and food have taken place on average some four quarters after peaks and troughs in the output gap, but with substantial differences across cycles (Chart B).

Not all items of underlying inflation measures are responsive to the output gap

HICP inflation excluding energy and food includes 33 non-energy industrial goods items and 39 services items. Some of these items are not expected to react to short-run developments in economic activity and should thus be relatively resilient to the changes in the output gap. These relate mainly to the HICP services component and include utilities, insurance and health care. However, there are also items, in particular of the HICP non-energy industrial goods component, which would normally react to movements in domestic activity and income, but for which, owing to high import content, this relationship is blurred by the influence of global factors. Notable examples of this are products such as computers and certain other electronic goods.

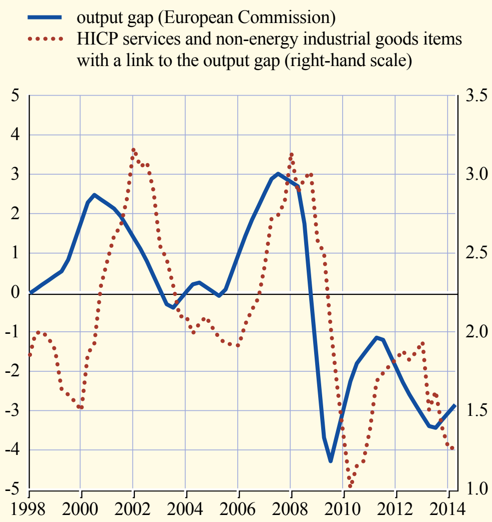
An item by item regression analysis confirms that only a few HICP items have a statistically significant and positive link with the output gap.[3] More precisely, only about one-third of the

2 See the article entitled "The Phillips curve relationship in the euro area", *Monthly Bulletin*, ECB, July 2014.
3 Phillips curve relationships for each of the 72 items included in non-energy industrial goods and services components (quarter-on-quarter inflation rates) were estimated for the period since 1998, including in each case a lagged inflation term and the European Commission's estimate of the euro area output gap (lagged by one quarter). This type of equation has been used in previous Phillips curve analysis (see footnote 2).

items (with a weight of 45%) of the HICP excluding energy and food displayed this link. Some notable examples for non-energy industrial goods include furniture, carpets and household appliances, and for services items, package holidays, restaurant and café services, and repair services for dwellings. For some items, for instance certain transport services, the missing statistical significance might reflect a relatively low elasticity of demand or factors related to market structures. The items found to have a significant link or not may change depending on the Phillips-curve specification, the output gap estimate and the sample period.

Chart C The output gap and output gap-responsive HICP in the euro area

(annual percentage changes; quarterly data)



Sources: ECB and European Commission's European Economic Forecast (spring 2014).
Note: The quarterly output gap observations have been obtained by interpolating annual data.

The sub-index made up of those HICP items which are responsive to the output gap has a correlation of 0.9 (at a four quarter lag) with the output gap (Chart C). It is also smoother than the HICP excluding energy and food, which makes it easier to gauge turning points. In the period since 1998 the turning points in the sub-index-based inflation series lagged those of the output gap by around five quarters. Naturally, there is some divergence across cycles, with, for instance, the longer lag following the output gap peak in 2011 partly reflecting the upward impact from indirect taxes at the time, which kept inflation higher for longer than would have been commensurate with the real economic developments.

Overall, assuming that a turning point in the output gap occurred in the latter part of 2013, historical regularities would suggest a turnaround in underlying inflation later on this year, which should be discernible earlier in the sub-index of HICP items that are responsive to the output gap. Such a turnaround would be consistent with the inflation profile in the latest ECB staff projections, which envisage a gradual increase during the latter part of the year.

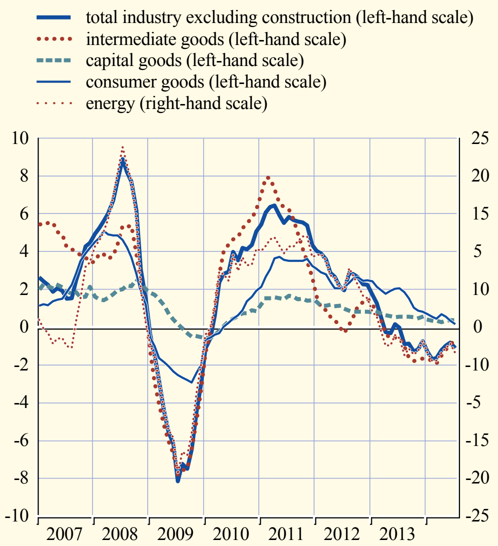
3.2 INDUSTRIAL PRODUCER PRICES

Price trends at the producer level point to continued subdued pipeline pressures. The low price pressures reflect weak demand and a somewhat delayed price response to the increases in capacity utilisation, at least compared with historical patterns. They also reflect contained energy and non-energy commodity price developments. As for the latest data, industrial producer price inflation (excluding construction) continued to hover in negative territory (-1.1% year on year in July, after -0.8% in June). If energy is also excluded, industrial producer price inflation remained unchanged at -0.1% in July (see Table 9 and Chart 42).

Both hard data and survey data released over recent months imply ongoing weak pipeline price pressures for HICP non-energy industrial goods. The annual rate of change in the PPI of non-food consumer goods has rebounded slightly since the trough of 0.1% recorded in November 2013

Chart 42 Breakdown of industrial producer prices

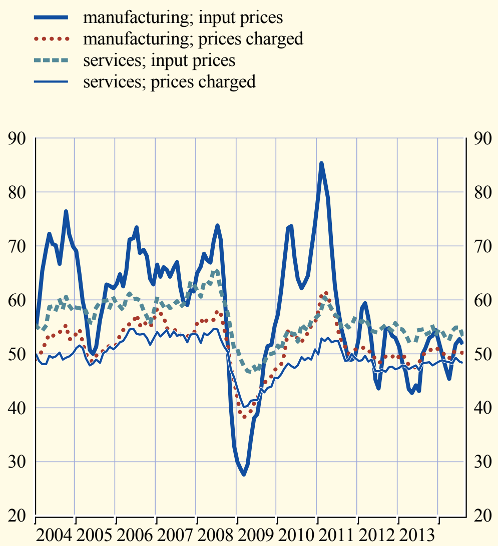
(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

Chart 43 Producer input and output price surveys

(diffusion indices; monthly data)



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

(it stood at 0.3% in July 2014). Survey-based indicators of profit margins in the retail sector have moved broadly sideways over the past few months, confirming subdued pipeline price pressures at the later stages of the price chain. At the earlier price stages, the annual rate of change in the PPI of intermediate goods has increased overall in 2014 while remaining negative (from -1.9% in March to -0.7% in July). This is likely to reflect receding downward pressures from oil prices in euro and industrial raw material commodity prices, but given the decline in these prices in August this trend may come to a halt.

Pipeline pressures for HICP food inflation have broadly weakened at both the earlier and later stages of the price chain over the past few months. The annual rate of change in the PPI of food consumer goods has declined for three consecutive months and stood at -0.1% in July. At the earlier price stages, the annual rate of change for both euro area farm gate prices and international food commodity prices in euro terms has increased recently, albeit remaining in negative territory.

From a sectoral perspective, the latest survey-based evidence confirms subdued pipeline price pressures in both the manufacturing and the services sectors and does not suggest changes to the outlook of low inflation developments in the coming months. As for the latest data, the Purchasing Managers' Index data showed that the input price indices for the manufacturing and the services sectors decreased in August (see Chart 43). Over the same period, the indices for prices charged increased marginally for the manufacturing sector and declined slightly for the services sector. All sub-indices continue to hover close to the threshold value of 50 for positive rates of price change. Furthermore, according to the European Commission's survey, in August selling price expectations for total industry (excluding construction) fell and those for the services sector increased slightly.

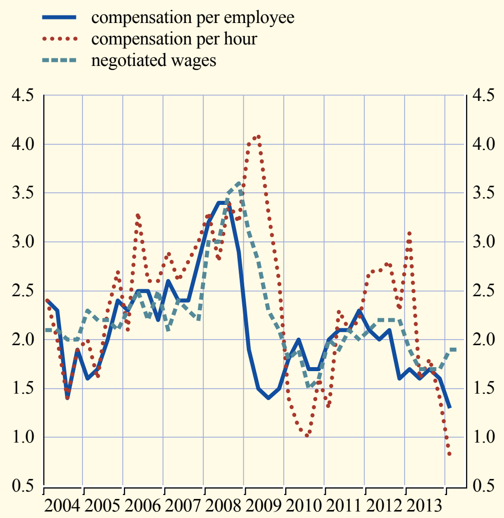
Both indices still hover at levels below their long-term averages, thus pointing to continued subdued price pressures.

3.3 LABOUR COST INDICATORS

Data on labour costs over recent quarters continue to point to moderate, but overall stable, domestic price pressures (see Table 10 and Chart 44). At the same time, the pattern of wage growth at the euro area level continues to conceal substantial divergences in wage developments across countries.

Chart 44 Selected labour cost indicators

(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.

Since the last quarter of 2012, the annual rate of change in compensation per employee has mainly hovered in a narrow range (between 1.6% and 1.7%). In the first quarter of 2014, wage growth slowed to 1.3% from 1.6% when measured as compensation per employee (and to 0.8% from 1.4% when measured as compensation per hour). This slowdown was, however, mainly accounted for by a lower contribution from non-market services (see Chart 45), where the profile of growth reflects base effects associated with an increase in public sector compensation in a number of euro area countries in 2013. Negotiated wages in the euro area grew at an annual rate of 1.9% in the first quarter of 2014 and available data suggest that this will also hold for the second quarter of the year. Looking beyond some distorting effects in the first quarter, the broad alignment of growth in compensation per employee and in negotiated wages over recent quarters suggests that growth in compensation per employee should rebound somewhat in the second quarter.

The annual growth rate of unit labour costs has declined over recent quarters mainly as a result of stronger growth in labour productivity. The latest data indicate a fall of 0.5% in the first quarter of 2014, as a result of the lower growth rate in compensation per employee.

Table 10 Labour cost indicators

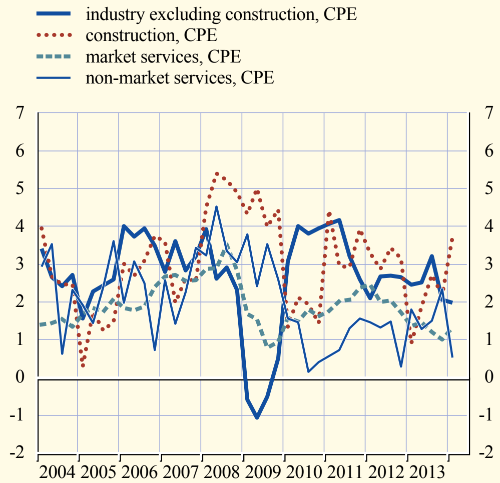
(annual percentage changes, unless otherwise indicated)

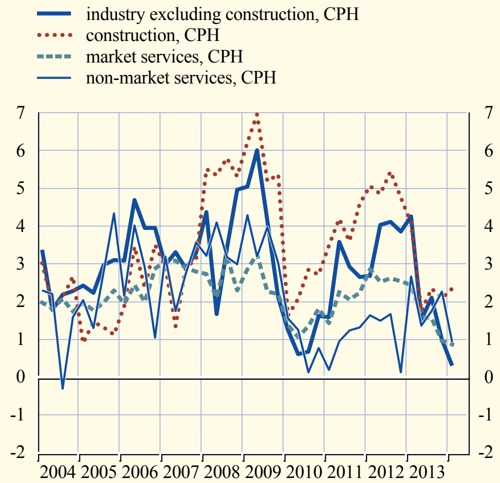
	2012	2013	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2
Negotiated wages	2.2	1.8	1.7	1.7	1.7	1.9	1.9
Compensation per employee	1.9	1.6	1.6	1.7	1.6	1.3	.
Compensation per hour	2.6	1.9	1.6	1.8	1.4	0.8	.
Memo items:							
Labour productivity	0.0	0.4	0.4	0.5	0.9	0.8	.
Unit labour costs	1.9	1.2	1.2	1.3	0.7	0.5	.

Sources: Eurostat, national data and ECB calculations.

Chart 45 Sectoral labour cost developments

(annual percentage changes; quarterly data)





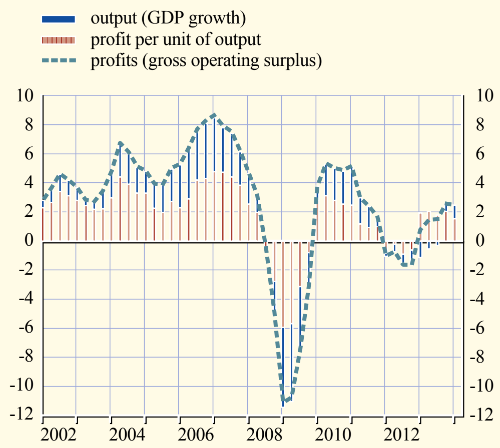
Sources: Eurostat, national data and ECB calculations.
Notes: CPE stands for compensation per employee and CPH stands for compensation per hour. "Non-market services" cover activities by government and private non-profit institutions in fields such as public administration, education or health (approximated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

3.4 CORPORATE PROFIT DEVELOPMENTS

Profits (measured in terms of gross operating surplus) continued their gradual recovery over recent quarters (see Chart 46). More specifically, since the trough in the fourth quarter of 2012, annual profit growth has risen from -1.6% to stand at 2.5% in the first quarter of 2014. The pick-up in

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

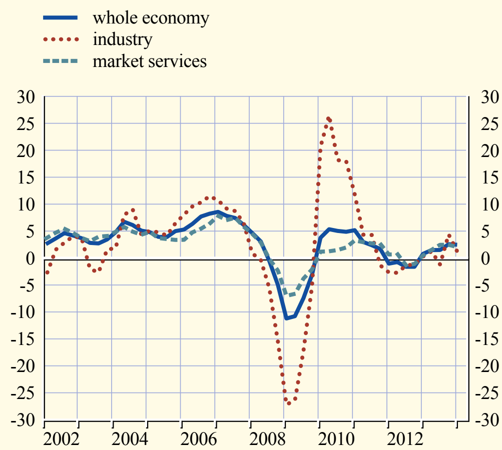
(annual percentage changes; quarterly data)



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

Chart 47 Euro area profit developments by main branch of activity

(annual percentage changes; quarterly data)



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

profit growth has benefited both from the recovery in output itself and from the increase in unit profits (i.e. profits per unit of output).

The recovery in profit growth into early 2014 has been broad based across sectors. Profit developments in the industrial sector have been subject to larger volatility than those in the market services sector and have, on balance, also been somewhat more subdued, most likely reflecting the stronger sensitivity to business cycle conditions and notably changes in the external environment. As for the recent data, annual profit growth in the industrial sector dropped to 1.2% in the first quarter of this year, after surging to 4.4% in the previous quarter. In the market services sector profit growth stood at 2.1%, only slightly weaker than in the previous quarter.

3.5 THE OUTLOOK FOR INFLATION

Inflation rates have now remained low for a considerable period of time. The monetary policy decisions of 4 September, together with the other measures in place, were taken to underpin the firm anchoring of medium to long-term inflation expectations, in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2%. On the basis of current information, annual HICP inflation is expected to remain at low levels over the coming months, before increasing gradually during 2015 and 2016.

As regards the short-term outlook for the main HICP components, the annual rate of change in energy prices is projected to remain negative or close to zero until early 2015 and then to increase only moderately until the autumn. The upturn in energy prices next year is driven largely by an expected pick-up in electricity and gas prices, partially offset by a downward trend in transport fuels in the event the assumed decline in oil prices in euro terms, as currently implied by prices in the futures markets, materialises.

Unprocessed food inflation has been strongly influenced by recent weather conditions. Looking ahead, as their impact fades away, the annual rate of change is projected to increase again and to turn positive in early 2015, before increasing to close to 2% in one year's time. Processed food price inflation is projected to remain broadly unchanged until the first quarter of 2015, before picking up slightly in the second and third quarters. The overall moderate increase mostly reflects the assumption of upwardly sloping food commodity prices.

Non-energy industrial goods price inflation is expected to remain at rates slightly above zero until the end of 2014, before increasing slightly in 2015. The expected moderate acceleration reflects expected improvements in private consumption and wage growth, as well as the fading away of the dampening impacts from import prices.

Services price inflation is projected to remain broadly stable in the coming months, before rising to around 1.5% at the end of 2014. In 2015, services price inflation is expected to increase marginally further. The higher services price inflation further ahead mainly reflects the moderate expected improvement in consumer demand and higher wage increases in some countries.

The September 2014 ECB staff macroeconomic projections for the euro area foresee annual HICP inflation at 0.6% in 2014, 1.1% in 2015 and 1.4% in 2016. In comparison with the June 2014 Eurosystem staff macroeconomic projections, the projection for inflation for 2014 has been revised downwards. The projections for 2015 and 2016 have remained unchanged.

The risks to the outlook for price developments over the medium term will be closely monitored, in particular with regard to the possible repercussions of dampened growth dynamics, geopolitical developments, exchange rate developments and the pass-through of monetary policy measures.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

Following four quarters of moderate expansion, euro area real GDP remained unchanged in the second quarter of this year compared with the previous quarter. While it partly reflected one-off factors, this outcome was weaker than expected. With regard to the third quarter, survey data available up to August indicate a loss in cyclical growth momentum, while remaining consistent with a modest expansion. Domestic demand should be supported by the range of the monetary policy measures, the ongoing improvements in financial conditions, the progress made in fiscal consolidation and structural reforms, and lower energy prices supporting real disposable income. Furthermore, demand for exports should benefit from the global recovery. At the same time, the recovery is likely to continue to be dampened by high unemployment, sizeable unutilised capacity, continued negative MFI loan growth to the private sector, and the necessary balance sheet adjustments in the public and private sectors.

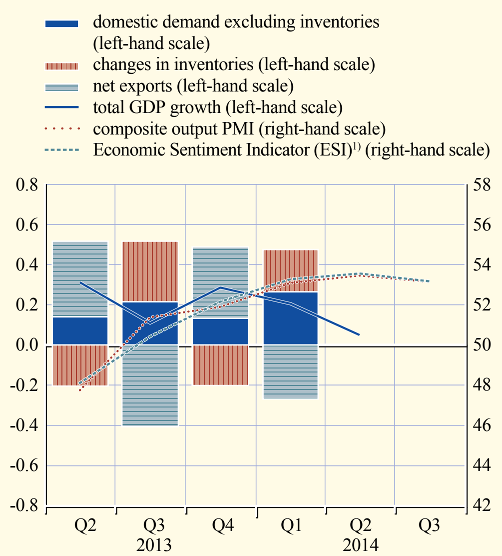
These elements are reflected in the September 2014 ECB staff macroeconomic projections for the euro area, which foresee annual real GDP increasing by 0.9% in 2014, 1.6% in 2015 and 1.9% in 2016. Compared with the June 2014 Eurosystem staff macroeconomic projections, the projections for real GDP growth for 2014 and 2015 have been revised downwards and the projection for 2016 has been revised upwards. The risks surrounding the economic outlook for the euro area are assessed to be on the downside.

4.1 REAL GDP AND DEMAND COMPONENTS

According to Eurostat's flash estimate, real GDP displayed zero growth, quarter on quarter, in the second quarter of 2014 (see Chart 48), after four consecutive quarters of positive output growth. Although no expenditure breakdown was available at the time of this Monthly Bulletin's cut-off date, available country data and short-term indicators suggest that positive contributions to growth from domestic demand and net exports were counterbalanced by a negative contribution from changes in inventories. Although the second quarter outcome was disappointing, it appears that part of the weakness reflected temporary and technical factors relating to the mild winter and the number of bridge days, which may partly explain why survey results did not fully capture the decline. However, it also appears that a cyclical softening has taken place in some euro area countries. Among the largest euro area countries, real GDP declined in the second quarter in Germany and Italy, remained unchanged in France, and increased in Spain and the Netherlands.

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

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



Sources: Eurostat, Markit, European Commission Business and Consumer Surveys and ECB calculations.
Note: The latest observation for total GDP growth refers to Eurostat's flash estimate.
1) Economic Sentiment Indicator; the ESI is normalised with the mean and standard deviation of the PMI over the period shown in the chart.

Although survey results have tended to stabilise and fall slightly over recent months, they are still consistent with moderate growth in the third quarter of 2014. While both the European Commission's Economic Sentiment Indicator and the composite output Purchasing Managers' Index (PMI) stood, on average in July and August, slightly below their respective outcomes in the second quarter of this year, they were still above their long-term averages.

Seen over a somewhat longer perspective, business and consumer confidence has been on the rise, macroeconomic uncertainty has diminished, financing conditions have improved and real income growth has increased. The ongoing economic recovery has also benefited from the accommodative monetary policy stance and the progress made so far in fiscal consolidation and structural reforms. Despite somewhat lower than expected growth in the second quarter, recent economic indicators point to a continuation of the ongoing moderate recovery. This recovery is expected to strengthen gradually over the coming years (see the article entitled "ECB staff macroeconomic projections for the euro area").

PRIVATE CONSUMPTION

Private consumption edged up by 0.2% in the first quarter of 2014, having thus increased for four consecutive quarters. This increase reflected a rise in the consumption of retail goods, which was partly offset by shrinking car purchases. At the same time, consumption of services was broadly neutral. Recent developments in short-term indicators and surveys point, on balance, to a continuation of positive growth in household spending in the second and third quarters of this year.

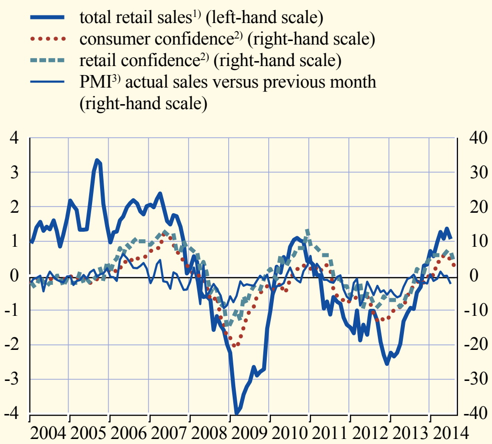
Looking at developments over a longer-term perspective, the improvement in underlying private consumption dynamics that began in the second quarter of 2013 has largely mirrored developments in real disposable income. Aggregate income, which for an extended period has been adversely affected by shrinking employment, is increasingly benefiting from the stabilisation and slight improvement in labour market conditions, as well as a moderation in the fiscal drag. In addition, real incomes have been supported by low inflation, in turn largely reflecting declining energy prices. More recently, households' nominal income growth decelerated in the first quarter of 2014, despite a stable positive contribution from compensation of employees, some increase in that of self-employment income and a less negative contribution from direct taxes. The deceleration was driven by negative contributions from net property income and – for the first time since the end of 2011 – net social benefits received. In a context of weak price dynamics, real income growth remained positive in the first quarter of 2014 but also declined accordingly. With nominal consumption recovering and outpacing income, the household savings ratio decreased again in the first quarter to close to record lows.

Regarding short-term dynamics in the second and third quarters of 2014, hard and soft data suggest, on balance, continued modest growth in consumer spending. Retail sales rose further by 0.3%, quarter on quarter, in the second quarter, before declining by 0.4%, month on month, in July, to stand 0.2% below its second quarter outcome. Moreover, at the same time the PMI for retail sales rose, reaching levels consistent with growth, before falling again in July. These developments represent, on balance, an improvement compared with the first quarter, when the index indicated slowly contracting sales. In the second quarter and in July and August the European Commission's indicator on retail sector confidence stood at broadly similar levels as in the first quarter, and above its long-term average. Moreover, new passenger car registrations rose by almost 2% quarter on quarter in the second quarter. Car registrations also rose month on month in June, thereby producing a positive carry-over effect for the third quarter. However, surveys indicate that purchases of cars and other durable goods are likely to stay weak in the period ahead. For instance, although the

European Commission's indicator on expected major purchases has improved somewhat, it continues to be recorded at levels well below its long-term average. However, some caution is warranted when interpreting developments in this indicator as it appears that its ability to explain actual consumption of durables has declined since the onset of the crisis. Finally, euro area consumer confidence, which provides a reasonably good steer on trend developments in household spending, declined further over the course of July and August. The index stood on average below its second quarter outcome but above its average level in the first quarter. Latest developments thus point to a levelling off in the recent strengthening of underlying consumption dynamics (see Chart 49). The decline in consumer confidence that has taken place over the last three months reflects households' assessment of the general economic situation and unemployment prospects. The assessment relating to the financial position and future savings has remained broadly stable. Developments across countries have been rather mixed during recent months. However, all of the largest euro area countries have experienced a decline in consumer sentiment, with the exeption of Spain for which confidence has remained broadly unchanged.

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

(monthly data)



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

INVESTMENT

The overall recovery in gross fixed capital formation seems to have lost some momentum. Total investment rose by only 0.2% quarter on quarter in the first quarter of 2014. In the second quarter, the weakness in total investment was reflected in a fall in both capital goods and construction production. As a result, in the first half of 2014, the investment ratio to GDP was broadly unchanged, remaining at a level markedly below that preceding the crisis.

The breakdown of investment in the first quarter of this year shows that non-construction investment, which accounts for half of total investment, fell by 0.2% on a quarterly basis. This decline masks divergent developments across the largest euro area countries, with non-construction investment increasing in Germany and the Netherlands but declining in France, Italy and Spain. In the second quarter, non-construction investment is likely to have been subdued, in line with a quarter-on-quarter fall in the production of capital goods alongside lower capacity utilisation in the manufacturing sector. On the other hand, construction investment increased by 0.5%, quarter on quarter, in the first quarter of 2014, sustained by favourable weather developments in several euro area countries. This increase was entirely attributable to a 1.0% quarter-on-quarter rise in housing investment. With regard to the second quarter, all indicators point to a deceleration – or even a renewed decline – in construction investment, owing in part to (i) a correction after the unexpectedly strong activity in the first quarter, (ii) a decrease in civil engineering activities, and (iii) the effect of longer-term factors, such as the protracted adjustment in some euro area housing markets and continued low demand in the construction sector.

As regards the second half of 2014, available indicators point to a modest pick-up in non-construction investment. As evidenced by the euro area bank lending survey, this outlook is supported by a somewhat more favourable financing situation on the back of rising corporate profits, low interest rates and further easing of financing conditions for investment purposes. The PMI for the manufacturing sector and the European Commission's confidence indicator for the capital goods sector, both available up to August, have declined compared with the first half of the year, but are still recording levels consistent with growth. The recovery in investment is expected to be muted, owing to continuous corporate deleveraging and remaining spare production capacity. The latter is, for instance, reflected in the European Commission's quarterly survey on the capacity utilisation rate in manufacturing, which in the third quarter of 2014 remained below its long-term average. Lack of equipment appears to be less of an issue now than it was, on average, in the past, which points to a somewhat lesser need for expansion investment. The construction confidence indicator, which increased in July on account of new orders and construction employment, declined again in August, and still stands significantly below its historical average. The PMI index for new orders in construction declined further in July to 38.0, while the PMI housing activity index and total construction output index both increased slightly, nevertheless remaining below the theoretical no-growth threshold of 50. Slight improvements in quarter-on-quarter construction investment are expected in the second half of 2014 on account of gains in real household disposable income and easing financing conditions.

The outlook for total investment is for a steady recovery on the back of gradually improving demand, profits and household income, as well as better financing conditions and a reduction in fiscal retrenchment. Investment is expected to be more subdued in 2014 on account of having been adversely affected by a weaker first half of the year, more muted projected demand and greater uncertainty. Intensified geopolitical tensions constitute a downside risk to the investment outlook, while widespread recourse to TLTROs could stimulate investment via increased lending.

GOVERNMENT CONSUMPTION

Growth in real government consumption is expected to have declined in the second quarter of 2014, following a quarterly increase of 0.7% in the first quarter. Regarding the underlying trends in its main individual components, compensation of public employees, which accounts for almost half of total government consumption, seems to have continued to expand only marginally. Moreover, the growth rate of social transfers in kind, which encompasses items such as healthcare expenditure, appears to have been stable over recent quarters. However, intermediate consumption expenditure, which comprises slightly less than a quarter of total government consumption, continues to be rather volatile, with an indication of a decline in the second quarter. Looking ahead, the contribution of government consumption to domestic demand is projected to improve only slightly in the coming quarters, reflecting the fact that there is still a need for further fiscal consolidation in a number of countries (see Section 5).

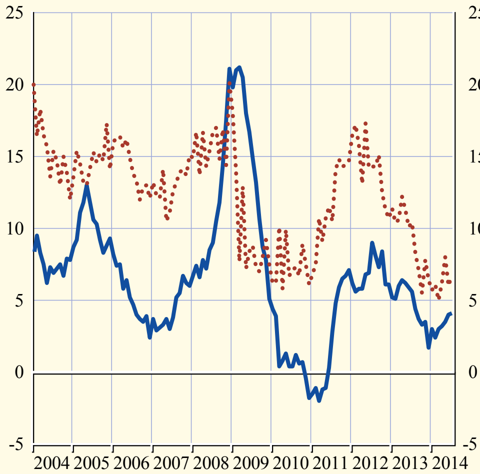
INVENTORIES

In the first quarter of 2014, changes in inventories contributed 0.2 percentage point to quarterly GDP growth. The latest releases confirm the lack of clear direction in the contribution of changes in inventories to GDP growth over the last year or so. Recent European Commission surveys (available until August) indicate that inventories in the manufacturing (finished goods) and retail sectors are assessed by firms to be rather lean in the second and third quarters, despite the increases recorded over the course of 2014 (see Chart 50, panel a). Thus, a neutral or modest restocking later in 2014 is likely as the economy recovers. Furthermore, recent PMI data (available until August), in particular for changes in both inputs and finished goods in the manufacturing sector, suggest that inventories may make a broadly neutral contribution to real GDP growth in the second and third quarters (see Chart 50, panel b).

Chart 50 Euro area inventories

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

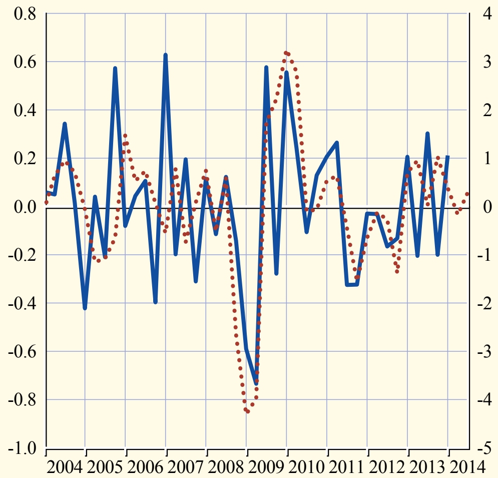
manufacturing sector – finished products (left-hand scale)
retail sector (right-hand scale)



Sources: European Commission Business and Consumer Surveys.

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

national accounts (left-hand scale)
PMI change (right-hand scale)



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

EXTERNAL TRADE

Euro area exports of goods and services increased moderately in the first quarter of 2014, rising by 0.2% quarter on quarter (see Chart 51), on the back of strong exports to the United States, Japan and China, while exports to European countries outside the euro area and Latin America declined.

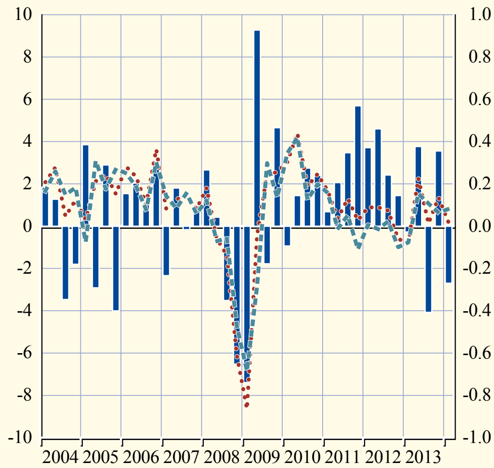
Euro area imports displayed a relatively strong quarterly increase, of 0.8%, in the first quarter, mainly owing to imports from China. As import growth was stronger than export growth, the contribution of net trade to GDP growth turned negative in the first quarter (-0.3 percentage point).

Available survey indicators point to an improvement in euro area exports in the second and third quarters of this year. The PMI for new export orders deteriorated on average in the second quarter, but remained above both the

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

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

net trade (right-hand scale)
exports (left-hand scale)
imports (left-hand scale)



Sources: Eurostat and ECB.

expansion threshold of 50 and its long-term average level. The overall decline continued in the third quarter: after a small increase from 52.4 in June to 52.6 in July, the index fell in August to 51.7. Meanwhile, the European Commission's indicator on export order books declined in the second quarter to a level that was still above its long-term average, followed by a renewed improvement in July and August. Both indicators stand at levels consistent with moderate export growth in the near term, which is also supported by the sustained positive momentum in global activity. Euro area imports are also likely to grow in the near term, albeit at a subdued pace, broadly in line with the gradual recovery in domestic demand. Overall, these developments point to broadly neutral contributions from net trade to quarterly GDP growth in the period ahead.

4.2 SECTORAL OUTPUT

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

In terms of the level of activity, the differences across sectors remain. Services real value added was at a record high in the first quarter of 2014, whereas real value added in the construction sector was only around three-quarters of its early 2008 peak. At the same time, value added in industry excluding construction was 6% below its pre-crisis peak. Available indicators suggest that total value added changed little in the second quarter of 2014 and may be followed by a resumption of growth in the third quarter.

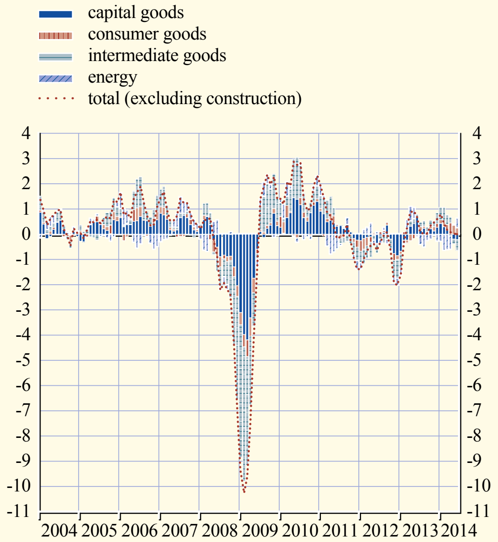
INDUSTRY EXCLUDING CONSTRUCTION

Value added in the industrial sector excluding construction contracted by 0.2% in the first quarter of 2014, quarter on quarter. By contrast, production rose moderately in the first quarter, but was flat, quarter on quarter, in the second quarter (see Chart 52). In the second quarter, production of non-durable consumer goods rose, quarter on quarter, while that of capital goods, intermediate goods and durable consumer goods fell. Energy production rose markedly following the earlier drop on account of the mild winter weather in parts of Europe. Results from both the European Commission and PMI surveys pointed to higher levels of activity in the second quarter. These signals included slightly better demand conditions than in the first quarter, as indicated by the European Commission's business surveys.

Looking ahead, short-term indicators have deteriorated, on balance, signalling an only modest expansion in industrial sector activity during the third quarter of 2014. The ECB indicator on industrial new orders excluding heavy transport equipment, which is less influenced by large-scale orders than total new orders, turned negative at -0.2%, quarter on quarter, in the second quarter of 2014. European Commission survey data indicate that the order book level, which has been on the rise since the beginning of 2013, worsened marginally in July and August 2014 relative to the second quarter. Moreover, over the same period, the PMI indices for manufacturing output and new orders fell below the levels recorded in the second quarter, while still exceeding the theoretical no-growth threshold of 50 (see Chart 53). Furthermore, the European Commission's industrial confidence indicator also recorded a value slightly below its average for the second quarter.

Chart 52 Industrial production growth and contributions

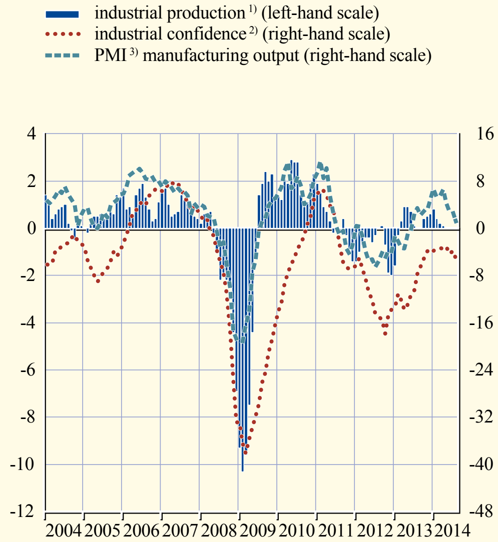
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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

Chart 53 Industrial production, industrial confidence and PMI manufacturing output

(monthly data; seasonally adjusted)



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

CONSTRUCTION

Continuing the positive trend that started in mid-2013, construction value added increased by 0.4%, quarter on quarter, in the first quarter of 2014. This outcome was in line with the robust quarterly increase in construction production in the same quarter, of 1.6%, which was spurred by very mild weather conditions in several euro area countries. In the second quarter of this year, the construction production index declined by 0.6%, quarter on quarter, and all other short-term indicators also deteriorated significantly compared with their first quarter outcomes, pointing to overall weaker developments during the second quarter. For instance, the PMI indicators of construction output and new orders continued to display levels below 50, thus signalling a contraction in activity. In the second half of the year, a slight improvement in construction activity can be expected on the back of improving household income and financing conditions. Nevertheless, these improvements will remain modest as the PMI indicators remained at levels well below 50 in July. Furthermore, although the European Commission's indicators on construction confidence and new orders improved somewhat in July compared with their second quarter values, they fell again in August and remain significantly below their respective historical averages.

SERVICES

Services value added expanded in the first quarter by 0.2%, the fourth consecutive quarter of growth. This first quarter expansion was broad-based at the sub-sectoral level, except for real estate activities, which declined. The strongest positive contributions came from market services, in particular trade, transport, accommodation and food services, as well as financial and insurance services. The level of activity, as measured by real value added, stood 5% above its pre-crisis level for non-market services (which include public administration, education, healthcare and social work) and close to its previous peak for market services. Surveys point to a further expansion in services value added in the second quarter of this year. The PMI services business activity index rose further to its highest level since the second quarter of 2011. Similarly, the European Commission's services confidence indicator also improved, reaching levels not seen since the summer of 2011.

Looking further ahead, the recovery in the services sector is expected to continue in the third quarter. In the three-month period up to July there were no specific constraints on the demand side; at least the proportion of services firms that reported that insufficient demand was a limit for their business remained, despite a slight deterioration, close to its long-term average. Financial constraints, although remaining an important limit to services business, continued to recede. In addition, on the basis of the survey data available for the first two months of the third quarter, services value added is expected to continue its expansion trend. The PMI services business activity index improved further in the first two months of the third quarter, and its level of 53.9 indicates solid growth in services business activity. At the same time, the European Commission's services confidence indicator stood slightly below its level recorded for the second quarter. While it thus remained positive, it was below both its long-term average and the levels recorded in early 2011. Confidence was comparatively high and improved further for travel agencies, tour operators and other reservation-related services. Expected demand in the months ahead declined slightly in the first two months of the third quarter, compared with the previous quarter, according to the European Commission services survey, and thus remained below its long-term average. The PMI index for future business activity (in 12 months' time) decreased further in the first two months of the third quarter, remaining somewhat below its long-term average. These developments are in line with a proceeding, but moderate, economic recovery going forward.

4.3 LABOUR MARKET

The euro area labour market has shown tentative signs of improvement since the spring of 2013, in line with the modest recovery in economic activity. Unemployment has shown successive quarter-on-quarter declines since the middle of 2013 and quarterly employment growth had returned to positive territory by the end of the year. Despite the overall slight improvement in the euro area, labour market outcomes continue to differ substantially across countries and age groups.

Euro area headcount employment – i.e. the number of persons employed – grew by 0.1%, quarter on quarter, in the first quarter of 2014, following similar modest growth in the previous quarter (see Table 11). Behind the modest growth at aggregate euro area level, marked cross-country differences remain, albeit to a lesser degree than in 2013. At the sectoral level, euro area employment grew modestly in the first quarter of 2014 in both services and industry (excluding construction), at 0.2% and 0.1% quarter on quarter, respectively, while construction employment continued to decline (-1.0% quarter on quarter).

Despite the modest increase in employment in the first quarter, total hours worked declined slightly, by 0.1% quarter on quarter, thus reversing the improvement seen in the final quarter of 2013, suggesting a stabilisation of aggregate hours worked in the absence of a strong recovery.

Survey results for employment developments over the second quarter of 2014 and for the beginning of the third quarter suggest an additional slight improvement in employment in the second quarter of the year and signs of stabilisation at the beginning of the third quarter (see Chart 54). Forward-looking indicators also point to some stabilisation in labour market conditions for the quarters ahead.

Table 11 Employment growth

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

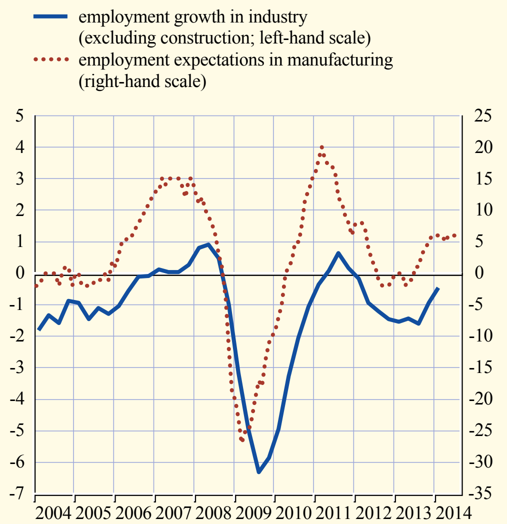
	Persons					Hours				
	Annual rates		Quarterly rates			Annual rates		Quarterly rates		
	2012	2013	2013 Q3	2013 Q4	2014 Q1	2012	2013	2013 Q3	2013 Q4	2014 Q1
Whole economy	-0.6	-0.8	0.0	0.1	0.1	-1.4	-1.1	-0.1	0.1	-0.1
of which:										
Agriculture and fishing	-1.9	-1.4	-0.4	-0.5	0.0	-2.9	-1.0	-0.1	-0.1	0.7
Industry	-2.1	-2.3	-0.4	0.0	-0.2	-3.3	-2.4	-0.2	-0.3	-0.2
Excluding construction	-0.9	-1.4	-0.4	0.2	0.1	-2.0	-1.2	-0.1	-0.1	0.1
Construction	-4.7	-4.6	-0.4	-0.5	-1.0	-6.1	-5.0	-0.6	-0.9	-0.7
Services	-0.1	-0.3	0.1	0.2	0.2	-0.7	-0.7	0.0	0.2	-0.2
Trade and transport	-0.8	-0.8	-0.1	0.2	-0.1	-1.6	-1.2	-0.1	0.1	-0.2
Information and communication	1.2	0.0	-0.3	0.6	0.1	0.6	-0.1	-0.5	0.7	-0.2
Finance and insurance	-0.4	-0.7	0.1	-0.1	0.0	-0.9	-0.8	0.1	-0.1	-0.4
Real estate activities	-0.4	-1.9	0.3	-1.2	1.5	-1.1	-2.4	-1.0	-1.5	1.3
Professional services	0.7	0.4	0.5	0.1	0.4	0.5	-0.1	0.1	-0.3	0.4
Public administration	-0.3	-0.2	0.2	0.3	0.2	-0.5	-0.5	0.1	0.6	-1.0
Other services [1]	0.6	0.0	0.3	0.1	0.4	-0.1	-0.5	0.3	0.1	1.5

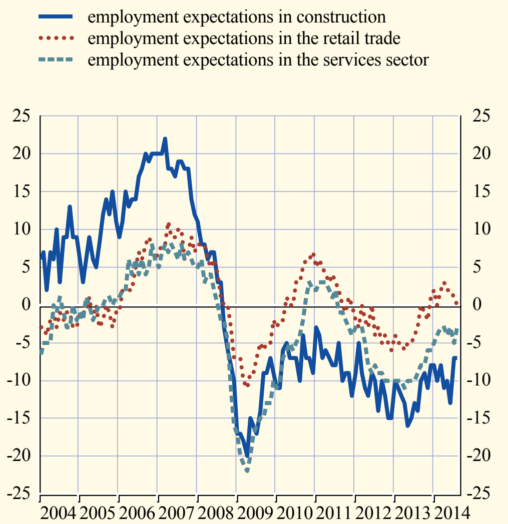
Sources: Eurostat and ECB calculations.
1) Also includes household services, the arts and activities of extraterritorial organisations.

Labour productivity per person employed increased by 0.8% year on year in the first quarter of 2014, similar to the growth seen in the last quarter of 2013 (see Chart 55). Productivity per hour worked moderated somewhat, to 0.4% in annual terms, after growing strongly (by 0.7% year on year) in the previous two quarters. Recent developments in euro area productivity growth largely reflect the cyclical rebound in annual output growth that started in the second half of 2013. Productivity growth is expected to continue to stabilise in the period ahead, as expected employment growth is likely to accompany the ongoing recovery in economic activity.

Chart 54 Employment growth and employment expectations

(annual percentage changes; percentage balances; seasonally adjusted)

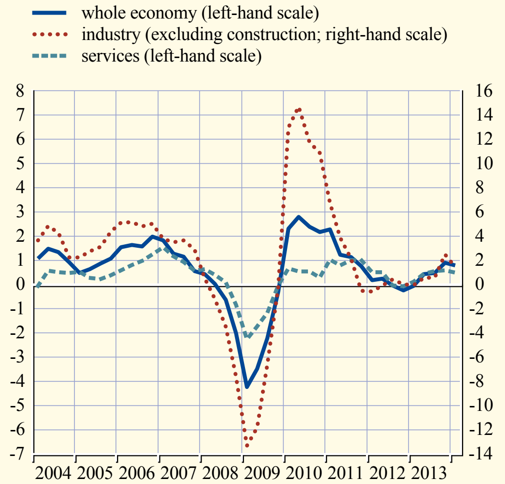




Sources: Eurostat and European Commission Business and Consumer Surveys.
Note: Percentage balances are mean-adjusted.

Chart 55 Labour productivity per person employed

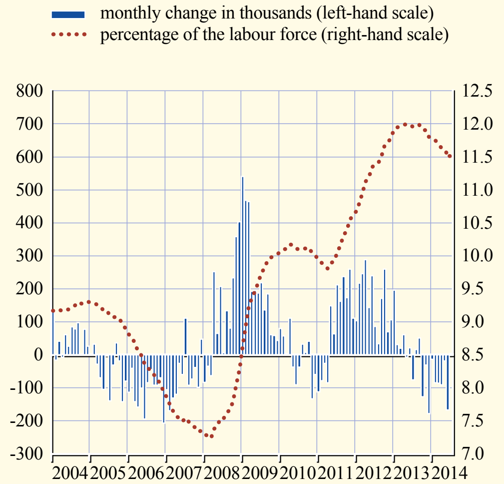
(annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart 56 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

In line with recent developments in the wider labour market, the euro area unemployment rate continued to decline from its 12.0% peak, reached in the second quarter of 2013, by around 0.1 percentage point per quarter, to average 11.6% in the second quarter of 2014 (see Chart 56). The latest monthly data suggest that reductions in unemployment look set to continue, with a further 0.1 percentage point month-on-month reduction recorded for June 2014, followed by stable developments in July with an unemployment rate of 11.5%. While the recent reductions appear to have been broadly shared across age and gender groups, unemployment rates continue to diverge markedly across the euro area economies. Looking ahead, despite some monthly volatility, the unemployment rate is expected to decline further over the coming quarters, albeit at a slow pace.

4.4 THE OUTLOOK FOR ECONOMIC ACTIVITY

With regard to the third quarter, survey data available up to August indicate a loss in cyclical growth momentum, while remaining consistent with a modest expansion. Domestic demand should be supported by the range of the monetary policy measures, the ongoing improvements in financial conditions, the progress made in fiscal consolidation and structural reforms, and lower energy prices supporting real disposable income. Furthermore, demand for exports should benefit from the global recovery. At the same time, the recovery is likely to continue to be dampened by high unemployment, sizeable unutilised capacity, continued negative MFI loan growth to the private sector, and the necessary balance sheet adjustments in the public and private sectors.

These elements are reflected in the September 2014 ECB staff macroeconomic projections for the euro area, which foresee annual real GDP increasing by 0.9% in 2014, 1.6% in 2015 and 1.9% in 2016. Compared with the June 2014 Eurosystem staff macroeconomic projections, the projections for real GDP growth for 2014 and 2015 have been revised downwards and the projection for 2016 has been revised upwards (see the article entitled “ECB staff macroeconomic projections for the euro area”).

The risks surrounding the economic outlook for the euro area are assessed to be on the downside. In particular, the loss in economic momentum may dampen private investment, and heightened geopolitical risks could have a further negative impact on business and consumer confidence. Another downside risk relates to insufficient structural reforms in euro area countries.

5 FISCAL DEVELOPMENTS

According to the latest euro area government finance statistics, the euro area government deficit continued to decline in the first quarter of 2014, while the government debt-to-GDP ratio increased further. According to the September 2014 ECB staff macroeconomic projections, the euro area deficit will decline gradually from 3% of GDP in 2013 to 1.9% of GDP in 2016 and the debt ratio will peak in 2014.

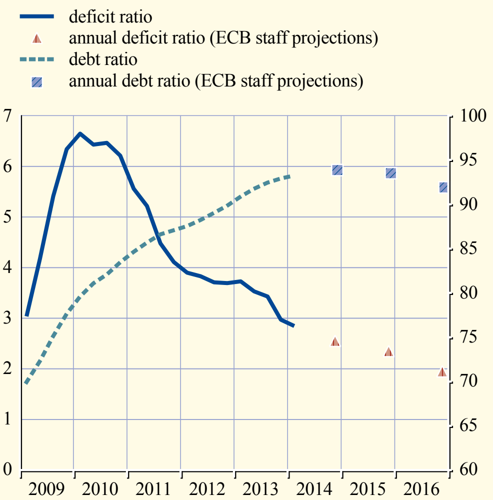
FISCAL DEVELOPMENTS IN 2014 AND BEYOND

According to the latest euro area government finance statistics, the euro area government deficit continued to decline in the first quarter of 2014. As shown in Chart 57, the four-quarter moving sum of the euro area fiscal deficit, i.e. the deficit accumulated over the last four quarters, amounted to 2.8% of GDP in the first quarter of 2014, compared with 3% of GDP in the previous quarter. This improvement was mainly a result of stronger growth in government revenue, which exceeded the increase in public spending in the first quarter (see Chart 58). According to the September 2014 ECB macroeconomic staff projections, the deficit will continue to decline, reaching 2.6% of GDP in 2014, down from 3.0% in 2013.[1] Looking ahead, fiscal consolidation is projected to almost come to a standstill in 2015 and 2016, as also indicated by the broadly neutral fiscal stance (see Box 6). The euro area fiscal deficit is expected to continue to decline gradually, mainly on account of the anticipated improvement in the macroeconomic environment, reaching 1.9% of GDP in 2016.

With regard to the latest data on gross general government debt in the euro area, the four-quarter moving sum of the debt-to-GDP ratio continued to increase, standing at 93.2% in the first quarter of 2014 (see Chart 57). According to the September 2014 ECB macroeconomic staff projections, the debt ratio is expected to rise to 93.9% of GDP in 2014 on account of an adverse interest

Chart 57 Euro area general government deficit and debt ratios

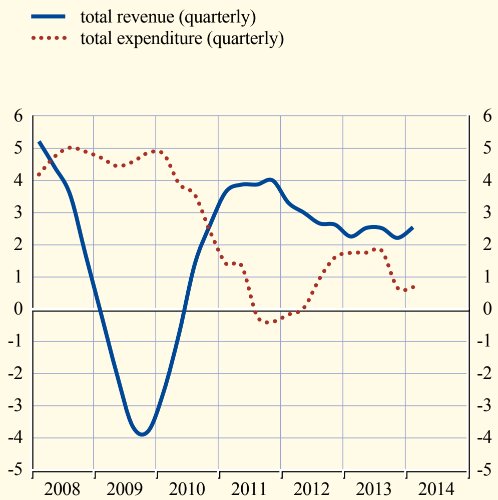
(four-quarter moving sums as a percentage of GDP)



Sources: ECB calculations based on Eurostat and national data, and on the September 2014 ECB staff macroeconomic projections.

Chart 58 Total revenues and expenditure

(four-quarter moving sums of the year-on-year percentage growth rate)



Sources: ECB calculations based on Eurostat and national data.
Notes: Data refer to general government. Four-quarter moving sums for the period from the first quarter of 2008 to the first quarter of 2014.

1 See the article entitled "September 2014 ECB staff macroeconomic projections for the euro area" in this issue of the Monthly Bulletin.

rate-growth differential and deficit-debt adjustment (the latter being largely related to financial sector support not recorded in the deficit), which are expected to exceed the primary surplus in 2014. As these factors are expected to be reversed in 2015 and beyond, the debt ratio is projected to decline as of 2015.

Box 6

THE STRUCTURAL BALANCE AS AN INDICATOR OF THE UNDERLYING FISCAL POSITION

The government budget balance has fluctuated strongly in recent years. Cyclical economic developments have certainly been an important factor behind these budgetary developments, and discretionary government action – in the form of fiscal stimulus and consolidation measures – has also had a very sizeable impact. In addition, special factors such as those related to the rescue operations for the financial sector were at play. The government deficit for the euro area as a whole still stood at 3% of GDP in 2013, while that for several euro area countries was significantly higher.

For fiscal surveillance, it is important to understand the nature of budgetary developments and to assess the underlying fiscal position. The latter adjusts the overall government balance for the impact of the economic cycle (cyclical component), as well as for temporary measures taken by governments, such as one-off revenues (for example sales of telecommunication licences) or one-off capital transfers (for example financial assistance to the banking sector).

This is typically reflected in the estimate of the structural balance, which can be interpreted as the part of the fiscal position which would prevail if the economy operated at its potential.[1] However, estimates of the structural balance are surrounded by considerable uncertainty with regard to the assessment of the cycle as well as the size and nature of temporary measures. Moreover, there are differences in the methodology used to estimate the structural balance. The ESCB estimate and the projection of the structural government balance for the euro area have been published in the Monthly Bulletin since December 2013 (for the most recent estimates, see Table 2). This box sheds some light on the methodologies used by the ESCB and the European Commission to estimate the structural government balance.

Methodologies used for the cyclical adjustment of the government balance

The ESCB and the European Commission apply different methods for the cyclical adjustment of government balances. They also use different definitions of temporary and one-off measures, but this is less significant. The major methodological difference is that the European Commission[2] derives the cyclical budgetary component directly from the aggregate output gap (the difference between actual GDP and potential output), whereas the ESCB applies a specific fiscal methodology which is not based on the aggregate output gap.

1 For further details, see the box entitled "Cyclical adjustment of the government budget balance", *Monthly Bulletin*, ECB, March 2012.
2 The Commission's cyclical adjustment method is based on previous work by the OECD. A detailed description can be found in Mourre, G., Isbasoiu, G.-M., Paternoster, D. and Salto, M., "The cyclically-adjusted budget balance used in the EU fiscal framework: an update", *European Economy – Economic Papers*, No 478, European Commission, March 2013.

The European Commission's methodology is based on the reaction of government expenditure and revenue to the deviation of aggregate output from its potential. The cyclical component of the budget balance is then calculated as the product of the output gap and a parameter reflecting the automatic reaction of the government balance to the size of the output gap. This parameter, called semi-elasticity, is country-specific and reflects the estimated elasticities of individual budget components with respect to the output gap as well as the size and structure of the public sector. Consequently, in the Commission's approach, the cyclical budget component tends to track the movement of the aggregate output gap closely. Thus, in the absence of temporary measures, the structural government balance is in sync with the unadjusted government balance when the economy is operating at potential.

The ESCB's specific fiscal methodology applies what is known as the "disaggregated approach".[3] The essence of this approach is that cyclical positions are estimated separately for the main macroeconomic tax and expenditure bases which determine the development of individual budget items, namely tax revenues and unemployment benefits; for taxes, mostly national account aggregates and their forecasts are used to approximate the size of the tax bases. For instance, private consumption expenditure is used as the underlying basis for taxes on consumption, and compensation of employees is applied as the basis for personal income taxes. In this way, the ESCB approach accounts for differences between the individual macroeconomic bases with regard to their cyclical development. The cyclical component of each budget item is then calculated on the basis of the deviation of the relevant macroeconomic aggregate from its trend, using a statistical filtering technique known as the Hodrick-Prescott (HP) filter, as well as the (estimated or calibrated) elasticity of the budget item to this aggregate. Adding up the cyclical components of all budget items then yields the overall cyclical component of the budget balance. The result of this calculation is compared with an alternative "aggregate" estimation of the cyclical component based on the deviation of GDP from its trend (also using the HP filter) and aggregate budget sensitivity. The difference between the two is typically referred to as the "composition effect". Expressed as an annual rate of change, this is a measure of the effect on the budget balance-to-GDP ratio caused by changes in the composition of real GDP compared to trend.

The main advantage of the ESCB approach is that it explicitly allows the identification of such composition effects. In the short run, composition effects emerge if the cyclical movement of a macroeconomic base differs from that of GDP. This reflects, inter alia, the fact that tax bases often react with a time lag to a change in the macroeconomic environment. Moreover, the ESCB approach accounts for a possible trend decoupling of tax and expenditure bases from overall GDP, for example due to a permanent shift in the composition of GDP growth. This is relevant because the cyclical position of underlying tax and expenditure bases may be quite different from the aggregate cyclical position. Looking only at the aggregate cyclical position could provide inadequate signals about the self-correcting part of the government budget balance.

3 A detailed description of the disaggregated approach and applications can be found in Bouthevillain, C., Cour-Thimann, P., Van den Dool, G., Hernández de Cos, P., Langenus, G., Mohr, M., Momigliano, S. and Tujula, M., "Cyclically adjusted budget balances: an alternative approach", *Working Paper Series*, No 77, ECB, September 2001, and Kremer, J., Rodrigues Braz, C., Brosens, T., Langenus, G., Momigliano, S. and Spolander, M., "A disaggregated framework for the analysis of structural developments in public finances", *Working Paper Series*, No 579, ECB, January 2006.

There are also methodological differences related to the assessment of the cyclical position. The European Commission estimates the aggregate output gap on the basis of the production function approach[4]. The main advantage of this approach is that it allows for a structural interpretation in terms of contributions of capital, labour and total factor productivity to GDP. However, it is typically only feasible for an aggregate estimate of the output gap, not for the disaggregated ESCB approach. The ESCB approach utilises the HP filter for calculating the cyclical positions of the underlying macroeconomic bases.[5] The advantage of this statistical approach, apart from feasibility considerations, is that it can be applied mechanically and is therefore transparent since the results are easily replicated. Moreover, it is symmetrical over the business cycle since positive and negative deviations from the trend offset each other over time. Nevertheless, one should bear in mind that estimates of the unobservable cyclical position – using either of the different methods – are always fraught with considerable uncertainty, which is also reflected in sizeable revisions of the estimates, even after an extended period of time.

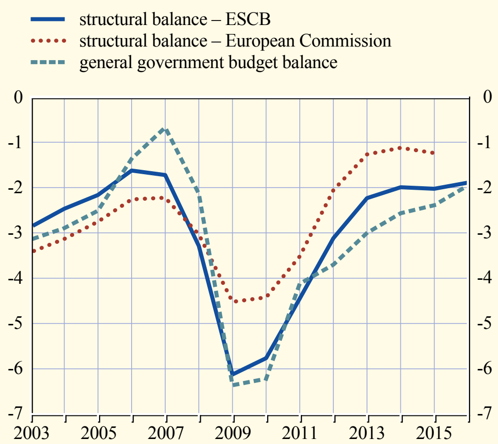
Estimates of the structural balance

In the chart, the estimates of the structural balance published by the ESCB and the European Commission are shown along with the corresponding figures for the (unadjusted) general government balance. Even though the measures used by the ESCB and the Commission show qualitatively similar amplitudes, their levels in many years differ markedly. This is particularly the case for 2009 and 2010, the years following the outbreak of the financial crisis. The steep decline in the aggregate output gap in 2009 was mainly due to the decline in components with a weak effect on tax revenues, in particular private investment, while the tax bases of the main revenue items, such as compensation of employees and private consumption, reacted much less sharply, and with a time lag, to the sudden drop in GDP. Consequently, in the disaggregated approach, the worsening of the fiscal position is interpreted only to a lesser extent as being cyclical and to a greater extent as being due to structural changes in the Member States.

This raises the question of what factors are behind the strong structural budgetary deterioration in the ESCB disaggregated framework in 2009. A large part of the answer lies in the fiscal stimulus measures which were adopted in most euro area countries in response to the global financial crisis. Moreover, the bursting of the real estate bubble led to significant revenue shortfalls, which are interpreted as being structural because they are not expected to be recovered even after a full closure of the output gap. Consequently, in these

Comparison of the general government budget balance and estimates of the structural balance for the euro area

(percentage of GDP)



Sources: ECB, European Commission and Eurostat.
Note: The values for the general government budget balance in 2014 and 2015 are ECB staff projections which can be found in Table 2.

4 This approach is explained in greater detail in D'Auria, F., Denis, C., Havik, K., McMorrow, K., Planas, C., Raciborski, R., Röger, W. and Rossi, A., "The production function methodology for calculating potential growth rates and output gaps", *European Economy – Economic Papers*, No 420, European Commission, July 2010.

5 The application of the HP filter involves selecting a smoothing parameter λ, which imposes a trade-off between the smoothness of the trend and its fit to the actual data. The ESCB estimates are based on a choice of λ=30.

years the ESCB approach indicates a smaller cyclical component, and a larger structural component, of the budget balance compared with that of the Commission.[6] The size of the subsequent structural improvement is similar in both approaches, and mainly reflects the sizeable fiscal consolidation efforts.

Conclusions

Estimates of the structural balance are necessary in order to assess the underlying fiscal position. However, apart from the general uncertainty surrounding any estimate of the cyclical position of the economy, there are also different ways of estimating the cyclical component of the budget balance. For the purposes of macroeconomic analysis, such as assessing the degree of slack in the economy and possible inflationary pressures, international organisations use a variety of methods to estimate the output gap.[7] The European Commission uses a methodology for the cyclical adjustment of the budget balance which is also directly related to the aggregate output gap. By contrast, the ESCB applies a specific fiscal methodology known as the "disaggregated framework". This means, in turn, that the ESCB's estimate of the cyclical component of the budget balance cannot be used to infer the aggregate output gap, and therefore gives no indication of the ESCB's assessment and prediction of the euro area's cyclical position. The main advantage of the disaggregated framework used by the ESCB is that it accounts for differences between the individual macroeconomic bases with regard to their cyclical development. It may therefore enable a more precise estimate of the underlying fiscal position.

6 Moreover, in 2010 differences in the calculation of one-off and temporary effects contributed about 0.4 percentage point of GDP to the gap between the two measures.
7 See the box entitled "Slack in the euro area economy", *Monthly Bulletin*, ECB, April 2014.

Recent budgetary developments for the largest euro area countries and those countries that are currently subject to, or have recently exited, an EU-IMF adjustment programme are described below.

In Germany, national accounts data for the first half of 2014 show a surplus of around 0.6% of annual GDP[2], up 0.2 percentage point compared with the same period in 2013, pointing to an overachievement of fiscal targets in 2014. According to the 2014 stability programme update and the revised draft budgetary plan of 8 April 2014, the government's targets are broadly unchanged and foresee a balanced budget in nominal terms from 2014 to 2016 and surpluses of 0.5% of GDP in 2017 and 2018. In structural terms, a constant surplus of 0.5% of GDP is expected, which would exceed the medium-term budgetary objective (MTO), i.e. a structural deficit of 0.5% of GDP. The German government foresees a substantial reduction in the debt ratio over the next few years, going beyond the requirements of the national "debt brake", the country's MTO and the debt reduction benchmark in the Stability and Growth Pact.

In France, state budget data in cash terms for the six months to June 2014 show a deficit of approximately 3.0% of annual GDP, i.e. no improvement on the budget execution over the same period in the previous year. Following a downward revision of its economic growth projections, the French government recently indicated that the deficit target for 2014 (3.8% of GDP) will not be met by a significant margin. Moreover, based on its current plans, the cumulative improvement in the structural balance is expected to fall significantly short of the requirement set in the June 2013 EDP recommendation (for a structural improvement of 2.9 percentage points). In view of the increased risk that the 2015 deadline for correcting the excessive deficit will not be met and in order to ensure that the requirements of the Stability and Growth Pact are fully respected, additional consolidation measures in the context of the upcoming draft budgetary plan for 2015 are required.

2 "Annual GDP" refers to calendar year GDP, for which the official government forecast is used.

In Italy, general government recorded a deficit of about 1.6% of annual GDP in the first quarter of 2014 (on an ESA95 basis). This marks an improvement of 0.2 percentage point on the same period last year, which can mainly be attributed to lower government spending, especially capital spending, while revenues have remained broadly constant as a share of annual GDP. The latest state budget data on the collection of tax revenues for the six months to June 2014 point to a decline of about 0.1% of annual GDP compared with the same period last year. This decline can, however, be explained by different timing for tax payments, especially those concerning taxes on the self-employed and on property. Risks surrounding the achievement of the government's 2014 deficit target (2.6% of GDP) remain, especially in the light of economic developments being worse than expected. Looking ahead, it is important to further strengthen the country's fiscal policy position in order to ensure compliance with the requirements of the Stability and Growth Pact, especially those concerning the reduction of the general government debt-to-GDP ratio.

In Spain, government borrowing (excluding local government) on a national accounts (EDP) basis between January and May was 2.3% of annual GDP, down from 2.7% over the same period in 2013 (or 2.5% excluding the impact of support to financial institutions). At the end of June general government debt stood at 96.8% of annual GDP, up from 93.9% at the end of 2013. In the second half of June the government set out the main aspects of its tax reform which, among other things, simplifies and reduces personal and corporate income tax rates. This reform is intended to stimulate growth and employment, but is likely to imply a net loss in receipts. In the context of a stronger than anticipated economic recovery, this year's EDP deficit target (5.8% of GDP) and even the government's more ambitious deficit target (5.5% of GDP) appear within reach. However, the tax reform and a bottoming out of expenditure are making compliance with EDP deficit targets for 2015 (4.2% of GDP) and 2016 (2.8% of GDP) look more difficult.

In Greece, the latest data indicate that the 2014 programme target for a primary surplus of 1.5% of GDP is within reach. Risks to the near-term fiscal outlook stem from uncertainty surrounding the impact of the comprehensive income tax reforms that came into force this year, as well as from adverse court rulings on previous wage and pension cuts for specific professions, and the tense financial situation in the healthcare sector. For the years beyond 2014 there are significant fiscal gaps compared with the more ambitious primary surplus targets of 3.0% of GDP in 2015 and 4.5% of GDP in 2016. Solutions on how to tackle them will need to be discussed in the context of the preparations for the 2015 budget and the next programme review in autumn 2014.

In Cyprus, general government data in cash terms point to a primary surplus of 1.1% of annual GDP in the first half of 2014. The fifth review mission for the EU-IMF adjustment programme took place in July and concluded that fiscal targets for the first half of 2014 had been met by a significant margin as a result of prudent budget execution which, if continued throughout the rest of the year, would result in the 2014 budgetary target of 1.6% of GDP being met comfortably. The programme targets a general government primary surplus of 1.2% of GDP in 2016, in accordance with the EDP deadline of 2016 for reducing the headline fiscal deficit below 2.8% of GDP and its requirement for a primary surplus of 4% of GDP by 2018 in order to put public debt on a sustained downward path.

In Ireland, data in cash terms for the seven months to July indicate a deficit of approximately 3% of annual GDP, which represents an improvement of about 0.5 percentage point compared with the budgetary profile and 1.4 percentage point on the same period in the previous year. This was driven by higher than expected revenue – especially in the case of VAT – and lower spending, in particular on debt servicing costs, while the level of spending on healthcare exceeded the government's target, thereby continuing to constitute a source of fiscal risk. In the light of recent data, both the general government deficit target associated with the 2014 EDP of 5.1% of GDP and the more ambitious budgetary target of 4.8% of GDP seem well within reach.

In Portugal, data for the general government sector in cash terms for the period January-July point to a deficit of approximately 3.5% of annual GDP, which represents a deterioration of 0.2 percentage point compared with the same period in the previous year. It is expected that a series of rulings by the Constitutional Court between the end of May and mid-August 2014 will result in a worsening of the 2014 budget by around 0.3% of GDP in total. After ruling some consolidation measures – mainly related to public wages – unconstitutional on 30 May, the Portuguese Constitutional Court more recently ruled in favour of the remaining measures included in the 2014 budget. The Court also ruled constitutional a wage cut for 2014-15, which partially offsets the impact of its decision in May. However, a pension measure intended to be included in the 2015 budget was ruled unconstitutional. The Portuguese authorities reiterated their commitment to finding replacement measures to offset the budgetary impact of the court rulings in 2014 and 2015.

FISCAL POLICY CHALLENGES

Despite the progress that has been made in further reducing fiscal imbalances, general government debt levels continue to be high and rising in many euro area countries. Thus, while the pace of consolidation may be significantly slower than at the height of the crisis, further adjustment is needed in line with medium-term plans to ensure sustainable public finances in the euro area as a whole. In early July 2014 EU finance ministers concluded the European Semester by issuing country-specific policy recommendations for the euro area and 26 non-programme countries in the EU (see Box 7). For the majority of euro area countries, the country-specific recommendations called on countries to reinforce their budgetary strategies in 2014. In order to further eradicate the existing fiscal imbalances in euro area countries, it is important that the draft budgetary plans for 2015, which are to be submitted to the European Commission by mid-October, fully reflect the country-specific recommendations and, in particular, specify the measures necessary to ensure compliance with commitments made under the Stability and Growth Pact. In line with guidance on the European Semester, draft budgetary plans should focus on a growth-friendly composition of the budget. To this end, cutting unproductive spending can free up funds to preserve productive spending and reduce the high tax wedge on labour.

The reinforced fiscal governance framework, which came into force at the end of 2011, has shown the commitment of EU governments to overcome the sovereign debt crisis and to restore fiscal sustainability over the medium term. At the European Council meeting on 26 and 27 June 2014, the Heads of State or Government of the EU Member States agreed that fiscal consolidation must continue in a growth-friendly and differentiated manner and that the existing Stability and Growth Pact rules provide for sufficient flexibility to account for adverse economic developments and the short-term budgetary costs of major structural reforms, such as systemic pension reforms.[3] In this context, the European Commission is required to review by the end of 2014 the changes to the governance framework introduced in 2011 and 2013 by the "six-pack" and "two-pack" regulations respectively. Overall, the Stability and Growth Pact acts as an anchor of confidence and the strengthened fiscal governance framework is sound, with a focus on preserving fiscal sustainability. There appears to be little need to change the regulations. One key lesson of the crisis is that the rules – which have to be effective in safeguarding fiscal sustainability – need to be applied in a more consistent manner. This is essential for establishing the credibility of the new governance framework and effectively preventing the re-emergence of fiscal imbalances.

3 See the conclusions of the European Council on 26 and 27 June 2014, which are available at http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/143478.pdf

Box 7

COUNTRY-SPECIFIC RECOMMENDATIONS FOR FISCAL POLICIES UNDER THE 2014 EUROPEAN SEMESTER

On 8 July 2014 the Economic and Financial Affairs Council adopted country-specific economic and fiscal policy recommendations for 26 non-programme countries in the European Union, i.e. all Member States except Cyprus and Greece, thereby formally concluding the 2014 European Semester.[1] The recommendations deliver opinions on the medium-term budgetary plans outlined in the stability and convergence programmes which countries had to submit to the European Commission by mid-April. To this end, the guidance for fiscal policies is designed to ensure that countries comply with the reinforced Stability and Growth Pact (SGP).[2] It has direct implications for the preparation and review of the draft budgetary plans for 2015 in November this year.[3] This is because Article 2a of Regulation 1466/1997 requires Member States to take account of the guidance addressed to them in the development of their budgetary policies before taking key decisions on their national budgets for the succeeding years.

Against this background, this box reviews the country-specific fiscal policy recommendations for the 16 euro area countries under the 2014 European Semester and highlights implications for the review of draft budgetary plans for 2015, which countries have to submit by mid-October.

Review of the country-specific recommendations for fiscal policies

According to the European Commission's spring forecast of 2014, the structural efforts made in the majority of euro area countries in 2014 will not be sufficient to fulfil their commitments under the SGP, with the risk of shortfalls rising in 2015 under a "no-policy-change" assumption (see Table A). In fact, the euro area's structural effort in 2014 is only expected to amount to about 0.15% of GDP and to turn negative in 2015 (-0.11% of GDP). This is significantly lower than the required structural adjustment stemming from countries' SGP commitments (0.5% of GDP on average in 2014). It also indicates an insufficient response to the opinions the European Commission had issued on draft budgetary plans for 2014 in November 2013, which deemed that only two countries (Germany and Estonia) had produced plans that were fully compliant with the SGP. Specifically, the Commission also asked eight euro area countries to come up with additional measures in order to comply with the commitments they had made under the SGP.[4]

Against this background, the country-specific recommendations for fiscal policies under the 2014 European Semester call on nine of the 16 euro area countries to reinforce their budgetary strategies in 2014. Specifically, these countries have been requested to take additional measures to address risks of non-compliance with the SGP (see Table A).[5]

1 These were based on proposals adopted by the European Commission on 2 June 2014, which were endorsed by the European Council on 26 and 27 June, thereby concluding the 2014 European Semester. For an overview of the 2014 European Semester, see the box entitled "Key challenges for the surveillance of economic and fiscal policies under the 2014 European Semester" in the March 2014 issue of the Monthly Bulletin.

2 For more information on the SGP reforms, see the box entitled "Stronger EU economic governance framework comes into force", *Monthly Bulletin*, ECB, December 2011, and the box entitled "The "two-pack" regulations to strengthen economic governance in the euro area", *Monthly Bulletin*, ECB, April 2013.

3 The review of the draft budgetary plans was introduced as a new element of fiscal surveillance in the euro area by the "two-pack" regulations, which entered into force on 30 May 2013.

4 For more information on the outcome of the first review under this exercise pertaining to draft budgetary plans for 2014, see the box entitled "Fiscal consolidation in the euro area: past progress and plans for 2014" in the December 2013 issue of the Monthly Bulletin.

5 This includes the two countries to which the European Commission had issued an autonomous recommendation in March this year, with France deemed to have broadly reacted to these recommendations and Slovenia partly.

Table A Country-specific recommendations for fiscal policies in 2014 and 2015

	Country	SGP commitment (change in the structural balance as a percentage of GDP – if not at MTO)		European Commission's 2014 spring forecast (change in the structural balance as a percentage of GDP)		Annual consolidation gap (difference between forecast and commitment – if not at MTO)		Country-specific recommendation for budgetary strategy	
		2014	2015	2014	2015	2014	2015	2014	2015
Preventive arm									
	Belgium	0.5	0.6	0	-0.2	-0.5	-0.8	reinforce	significantly strengthen
	Germany	at MTO	at MTO	-0.2	-0.4	at MTO	at MTO	ensure adherence to MTO	
	Estonia	0	0.5	-0.1	-0.2	-0.1	-0.7	reinforce	significantly strengthen
	Italy	0.7	0.7	0.1	0.1	-0.6	-0.6	reinforce	significantly strengthen
	Latvia	0	0.4	-0.5	-0.4	0.1**	-0.1**	preserve sound position	strengthen
	Luxembourg	at MTO	0	-0.8	-1.9	at MTO	-1.8	preserve sound position	significantly strengthen
	Netherlands	0.5	0.5	0	0.5	-0.5	0	reinforce	significantly strengthen
	Austria	0.6	0.6	-0.1	0.1	-0.7	-0.5	reinforce	significantly strengthen
	Slovakia	0.1	0.1	-0.2	0.4	-0.3	0.3	reinforce	ensure required adjustment
	Finland	0	0.1	-0.3	0.6	-0.3	0.5	limit gap to MTO	implement plan
Corrective arm (EDP)									
EDP deadline 2014	Malta	0.7	0.6	0.1	-0.1	-0.6	-0.7	correct EDP	significantly strengthen
EDP deadline 2015	Ireland*	1.9	1.9	1.7	0.4	n.a.	n.a.	fully implement	correct EDP
EDP deadline 2015	France	0.8	0.8	0.6	0.4	-0.2	-0.4	reinforce the budgetary strategy	
EDP deadline 2015	Portugal	1.4	0.5	n.a.	n.a.	n.a.	n.a.	implement necessary measures	implement revised strategy
EDP deadline 2015	Slovenia	0.5	0.5	0.2	0.2	-0.3	-0.3	reinforce [..] for 2014 and beyond	
EDP deadline 2016	Spain	0.8	0.8	0.4	-1.1	-0.4	-1.9	reinforce the budgetary strategy as of 2014	

Source: Country-specific recommendations for 2014 (http://www.consilium.europa.eu/special-reports/european-semester/documents-in-2014) and the European Commission's spring forecast.
Notes: The countries mentioned in the table include euro area countries that are not subject to a financial assistance programme (all Member States except for Cyprus and Greece). The structural effort commitment under the preventive arm of the SGP is based on a benchmark of 0.5% of GDP per year, but takes the debt ratio and the economic situation into account. Italy's structural efforts need to be compliant with the debt rule in the transition period. Under the SGP's corrective arm, the structural effort commitment relates to that outlined in the Council recommendations on correcting the excessive deficit.
* Ireland was subject to an EDP prior to the "six-pack" reform and thus required to deliver an average annual structural effort in the absence of annual targets.
** Accounting for pension reform costs.

In the same vein, for 2015, the recommendations call on euro area countries to include in their draft budgetary plans those measures necessary to ensure compliance with the SGP. For Germany, as the only euro area country that is expected to exceed the level required under the SGP in 2014 and 2015, the country-specific recommendations on fiscal policy include preserving a sound fiscal position, ensuring that the medium-term budgetary objective is adhered to, while using the scope available for increased and more efficient public investment in infrastructure, education and research. They also include improving the conditions that further support domestic demand, inter alia by reducing high taxes and social security contributions, especially for low-wage earners.

For countries under the SGP's corrective arm, the recommendations address in particular the risks of structural efforts falling short of the annual and/or cumulated structural targets under the excessive deficit procedures (EDPs). For countries under the SGP's preventive arm, the recommendations notably address the risk of a significant deviation from the adjustment path towards the medium-term budgetary objective (MTO) of a structural balance that is close to balance or in surplus (e.g. Austria, Belgium, Estonia, the Netherlands and Slovakia), non-adherence to the expenditure benchmark (e.g. Austria, Belgium, Estonia, Italy, Luxemburg and Malta) and non-compliance with the debt rule, which requires that debt in excess of 60% of GDP is – after a transition period – reduced by one twentieth per year on average (e.g. Belgium and Italy). For the euro area as a whole, the consolidation gap with respect to the SGP requirements is expected to equal 0.6% in 2015.

The country-specific recommendations for 2014 for budgetary policies reflect the fact that an increasing number of euro area countries have become subject to fiscal surveillance under the SGP's preventive arm[6], or been advised to exit its corrective arm, the EDP, over the next few years. The cornerstone of the preventive arm is the MTO of a structural balance close to balance or in surplus.[7] In order to comply with the requirements of the preventive arm, a country that has not achieved its MTO needs to improve its structural balance by 0.5% per year as a benchmark – with more effort required in good times and less in bad times.[8] The so-called six-pack regulations that entered into force in November 2011 strengthened fiscal surveillance under the preventive arm. Notably, they include the possibility of a financial sanction in the event of a significant deviation from the adjustment path towards the MTO. Additionally, the fiscal compact required the European Commission to present "calendars of convergence" to ensure that the Member States that deviate from the MTOs rapidly converge to them.[9] The MTO deadlines associated with these calendars of convergence were included in the country-specific recommendations for 2013. As indicated in Table B, several countries, including Austria, Belgium, France and Italy, are planning to reach their MTOs later than recommended by the Council in 2013, while Spain and Malta plan to reach theirs a year earlier. The Council's 2014 country-specific recommendations do not endorse the planned postponement for Austria, but keep the deadline for reaching its MTO unchanged at 2015. At the same time, this year's country-specific recommendations do not include updated guidance for countries which are expected to reach their MTOs after 2015.[10]

6 Among the 16 non-programme euro area countries participating in the European Semester, ten are currently subject to surveillance under the preventive arm. Malta has been advised to correct its EDP this year, Ireland, France, Portugal and Slovenia by 2015, and Spain by 2016.

7 The MTO is defined for each country on the basis of the state of public finances, the macroeconomic outlook and the expected costs associated with an ageing population.

8 Specifically, the adjustment requirement is set at 0.6% of GDP for countries with debt above 60% of GDP and in times that are neither good nor bad economically, which is indicated by an output gap between -1.5% and 1.5% of GDP. In times that are bad economically, countries that have an output gap between -1.5% of GDP and -4% of GDP and debt below 60% are required to improve their budget balance by 0.1% of GDP or more. Countries that have reached their MTO are not required to improve their structural balance any further.

9 See the article entitled "A fiscal compact for a stronger economic and monetary union" in the May 2012 issue of the Monthly Bulletin.

10 Such guidance would need to take into account revisions to the agreed method to estimate output gaps, which have led to an upward revision of the structural budget balance in some countries, notably Spain, and to a downward revision in Estonia (see "The revised methodology for calculating output gaps" in the European Commission's spring economic forecast for 2014).

Table B Medium-term budgetary objectives: government plans and Council recommendations

Country	Country-specific recommendation to reach MTO (issued in 2013)	Government plan to reach MTO as outlined in 2014 stability programme	Country-specific recommendation to reach MTO (issued in 2014)	MTO
Germany	- (assessed to be at MTO)	MTO maintained	maintain MTO	-0.5
Latvia	- (assessed to be at MTO)	MTO maintained	maintain MTO	-1
Estonia	- (assessed to be at MTO)	MTO maintained	2015*	>0
Finland	- (assessed to be at MTO)	2015	2015*	-0.5
Luxembourg	2013	2016	remain at MTO	0.5
Italy	2014	2016	2015	0
Netherlands	2015	2015	2015	-0.5
Austria	2015	2016	2015	-0.45
Belgium	2016	2017	-	0.75
France	2016	2017	-	0
Portugal	2017	2017	-	-0.5
Slovenia	2017	2017	-	0
Slovakia	2017	2017	-	-0.5
Spain	2018	2017	-	0
Ireland	2018	2018	-	0
Malta	2019	2018	-	0

Sources: Country-specific recommendations for 2013, available at http://www.consilium.europa.eu/special-reports/european-semester/documents-in-2013, and for 2014, available at http://www.consilium.europa.eu/special-reports/european-semester/documents-in-2014, as well as stability programmes for 2014, available at http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm.
Notes: The medium-term budgetary objectives (MTOs) reflect those stated in countries' stability programmes for 2014. Red numbers reflect a planned postponement of the MTO, and green numbers an early achievement. * Based on the Commission's recalculation of the structural balance contained in the stability programme, Finland and Estonia deviate from their MTO in 2014.

Overall, the country-specific recommendations on fiscal policies address risks of non-compliance with the SGP commitments in a comprehensive manner, thereby supporting the restoration of sound fiscal positions in the euro area. At the same time, fiscal surveillance under the strengthened governance framework will be most effective if the country-specific budgetary policy recommendations are fully consistent – over time and across countries – and sufficiently specific. This pertains to fully specifying consolidation gaps regarding SGP commitments, as well as issuing clearer guidance on the MTO deadlines, which would avoid them remaining "moving targets".[11]

Implications for the review of draft budgetary plans for 2015

Significant progress has been made towards restoring sound budgetary positions in euro area countries. This is indicated by the marked decline in nominal and structural government budget deficits across countries, as well as by the fact that an increasing number of countries have corrected their excessive deficits in recent years. On the market side, this has been reflected in the decline in sovereign yields that has been observed over the past two years. However, the European Commission's spring 2014 forecast highlights the risk of complacency, while further consolidation is needed over the medium term in order to reduce high debt ratios, in line with SGP commitments. It is therefore important that the reinforced fiscal governance framework is fully applied. The new review of draft budgetary plans, which was introduced by the "two-pack" and applied for the first time for 2014, can play a crucial role in this respect, as it can help to identify and address consolidation gaps at an early stage. The draft budgetary plans for 2015, which are scheduled to be submitted to the European Commission by mid-October, should therefore fully specify the measures needed to comply with the country-specific recommendations issued under the 2014 European Semester.

11 Such guidance should also clarify how the calendars of convergence should be updated, especially to take into account revisions in the starting positions which are partly linked to methodological changes.

SEPTEMBER 2014 ECB STAFF MACROECONOMIC PROJECTIONS FOR THE EURO AREA[1]

Recent indicators suggest a weaker outlook in the short term, in an environment of subdued trade developments, geopolitical tensions and uncertainty about the reform process in some euro area countries. Nonetheless, in the baseline projection, the underlying forces for a continued recovery remain in place. Domestic demand will benefit from the accommodative monetary policy stance – strengthened by the standard and non-standard measures taken in June 2014 – and more favourable credit supply conditions. The baseline projections assume a broadly neutral fiscal stance, following years of substantial fiscal tightening. In addition, private consumption will be supported by the impact of low commodity prices and rising incomes, as the labour market gradually improves; investment will benefit from a reduced need for balance sheet adjustment and from catching-up effects following years of subdued activity, while initially being held back by ample spare capacity. Exports will benefit from the gradual global recovery, enhanced by the effects of the weaker effective exchange rate of the euro. Real GDP is projected to increase by 0.9% in 2014, 1.6% in 2015 and 1.9% in 2016. As these rates are above estimated potential growth, they contribute to a gradual reduction in the output gap.

Euro area HICP inflation is envisaged to remain low in the near term, averaging 0.6% in 2014. Thereafter, a slow increase to 1.1% in 2015 and to 1.4% in 2016 is projected. The projected pick-up in headline inflation reflects the expected improvement in economic activity, leading to rising wage and profit growth. In addition, the assumed rise in non-energy commodity prices and more generally in euro area import prices, also related to the weaker exchange rate of the euro, is expected to add to upward price pressures. However, the remaining slack and the assumed decline in oil prices reflecting the downward-sloping path of futures dampen the inflation outlook.

Compared with the projections published in the June 2014 issue of the Monthly Bulletin, the real GDP growth projection for 2014 has been revised downwards by 0.2 percentage point, reflecting the weaker than expected outcome for the second quarter and lower exports in the second half of the year. The projection for 2015 has also been revised downwards, mainly on account of a less favourable carry-over effect. In contrast, the projection for 2016 has been revised upwards, by 0.1 percentage point, mainly on account of the favourable impact of improved financing conditions for private investment. HICP inflation has been revised down by 0.2 percentage point for 2014, reflecting the lower than projected outcomes for HICP inflation over the past few months. In 2015 and 2016, the projection is unchanged, as lower than previously projected underlying dynamics in HICP inflation excluding energy are broadly compensated for by somewhat stronger increases in HICP energy inflation given the higher oil price and lower exchange rate assumptions.

The recent ECB policy measures are included in the baseline only via their impact on the technical financial assumptions (market interest rates and equity prices, including the exchange rate). Therefore, the baseline projection is likely to underestimate the impact of the policy package, as additional channels are not included (see Box 2).

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

For the first time, the euro area projections include Lithuania.

1 ECB staff macroeconomic projections are an input into the Governing Council's assessment of economic developments and the risks to price stability. Information on the procedures and techniques used is given in *A guide to Eurosystem staff macroeconomic projection exercises*, ECB, June 2001, which is available on the ECB's website. The cut-off date for including the latest information in this exercise was 21 August 2014.

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

THE INTERNATIONAL ENVIRONMENT

World real GDP growth (excluding the euro area) is projected to pick up over the projection horizon, rising from 3.7% in 2014 to 4.2% in 2015 and to 4.3% in 2016. Short-term volatility notwithstanding, momentum in advanced economies outside the euro area is firming. Activity in emerging markets has also rebounded, led by the strong acceleration in China. Global indicators confirm that growth is strengthening in the near term. Beyond the short term, global activity is expected to strengthen. Highly accommodative monetary policies in advanced economies continue to support financial markets and the global recovery. Increasingly, advanced economies should also benefit from diminishing headwinds, reflecting waning private sector deleveraging, the reduced need for fiscal consolidation and improving labour markets. By contrast, in several emerging economies infrastructure bottlenecks, capacity constraints and macroeconomic imbalances are likely to restrain growth potential, while other emerging economies are adjusting to tighter financial conditions and to the prospective normalisation of monetary policy in the United States.

Global trade momentum has softened since late last year. Looking ahead, rising investment in the advanced economies outside the euro area is expected to spur a gradual rebound in global trade. However, structural factors are also judged to be playing a role, including the slowing pace of integration through global supply chains. As a consequence, and in line with previous forecast rounds, the projection assumes a smaller elasticity of global trade to activity than observed before the global financial crisis. Global trade (excluding the euro area) is projected to strengthen by 3.9% in 2014, by 5.5% in 2015 and by 5.9% in 2016. With import demand from the euro area's main trading partners expected to expand at a slower pace than that from the rest of the world, euro area foreign demand growth is projected to be slightly weaker than global trade growth (see Table 1).

Compared with the macroeconomic projections published in the June 2014 issue of the Monthly Bulletin, the global growth outlook has been revised upwards by 0.1 percentage point in 2014 and by 0.2 percentage point in both 2015 and 2016. However, these revisions are of a technical nature and entirely reflect an update to GDP weights based on purchasing power parity used to construct global activity aggregates, which attribute more importance to the faster growing emerging market economies, rather than a changed view at the country level.[3] Excluding the effects of changed weights, global GDP growth is essentially unrevised. Euro area foreign demand has been revised downwards by 0.3 percentage point for 2014 and for 2015, and by 0.1 percentage point for 2016. These downward revisions reflect an assessment that global trade is likely to be weaker than previously expected as well as a more pessimistic outlook regarding trade with Russia and Ukraine (see Box 4).

Table 1 The international environment

(annual percentage changes)

	September 2014				June 2014			Revisions since June 2014		
	2013	2014	2015	2016	2014	2015	2016	2014	2015	2016
World (excluding euro area) real GDP	3.7	3.7	4.2	4.3	3.6	4.0	4.1	0.1	0.2	0.2
Global (excluding euro area) trade[1)]	3.4	3.9	5.5	5.9	4.3	5.7	5.9	-0.3	-0.2	0.0
Euro area foreign demand[2)]	2.9	3.5	5.0	5.6	3.7	5.2	5.6	-0.3	-0.3	-0.1

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

3 Following the release of the 2011 survey by the International Comparison Program for new purchasing power parity benchmarks, the IMF updated its World Economic Outlook estimates of GDP valued at purchasing power parity (see the box in the IMF's WEO update of July 2014).

Box 1

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

The technical assumptions about interest rates and commodity prices are based on market expectations, with a cut-off date of 13 August 2014. Short-term rates refer to the three-month EURIBOR, with market expectations derived from futures rates. The methodology gives an average level for these short-term interest rates of 0.2% for 2014 and 2015 and 0.3% for 2016. The market expectations for euro area ten-year nominal government bond yields imply an average level of 2.3% in 2014, 2.2% in 2015 and 2.5% in 2016.[1] Reflecting the path of forward market interest rates and the gradual pass-through of changes in market rates to lending rates, composite bank lending rates on loans to the euro area non-financial private sector are expected to remain broadly stable in 2014 and 2015, before rising modestly in the course of 2016.

As regards commodity prices, on the basis of the path implied by futures markets in the two-week period ending on the cut-off date, the price of a barrel of Brent crude oil is assumed to fall from USD 109.8 in the second quarter of 2014 to USD 102.7 in 2016. The prices of non-energy commodities in US dollars are assumed to decrease substantially in 2014, to edge up in 2015 and to rise somewhat faster in 2016.[2]

Bilateral exchange rates are assumed to remain unchanged over the projection horizon at the average levels prevailing in the two-week period ending on the cut-off date of 13 August 2014. This implies an exchange rate of USD 1.36 per euro in 2014 and of USD 1.34 per euro in 2015 and 2016.

Technical assumptions

	September 2014				June 2014			Revisions since June 2014[1)]		
	2013	2014	2015	2016	2014	2015	2016	2014	2015	2016
Three-month EURIBOR (percentage per annum)	0.2	0.2	0.2	0.3	0.3	0.3	0.4	0.0	-0.1	-0.2
Ten-year government bond yields (percentage per annum)	2.9	2.3	2.2	2.5	2.4	2.6	3.0	-0.1	-0.4	-0.5
Oil price (in USD/barrel)	108.8	107.4	105.3	102.7	107.2	102.2	98.2	0.2	3.0	4.5
Non-energy commodity prices, in USD (annual percentage change)	-5.0	-4.8	0.1	4.4	0.3	1.7	4.6	-5.1	-1.6	-0.2
USD/EUR exchange rate	1.33	1.36	1.34	1.34	1.38	1.38	1.38	-1.8	-3.3	-3.3
Euro nominal effective exchange rate (EER20) (annual percentage change)	3.8	1.4	-0.8	0.0	2.6	0.1	0.0	-1.2	-0.9	0.0

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

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

2 Oil and food commodity price assumptions are based on futures prices up to the end of the projection horizon. The prices of other non-energy hard commodities are assumed to follow futures until the third quarter of 2015 and thereafter to evolve in line with global economic activity. EU farm gate prices (in euro), which are used for forecasting food consumer prices, are projected on the basis of an econometric model that takes into account developments in international food commodity prices.

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

Compared with the June 2014 issue of the Monthly Bulletin, the main changes in the technical assumptions include lower short-term and long-term interest rates in the euro area as well as a weaker effective exchange rate of the euro. While US dollar-denominated oil prices are somewhat higher than in the June projections, non-energy commodity prices are lower.

REAL GDP GROWTH PROJECTIONS

The economic recovery in the euro area stalled in the second quarter of 2014, following four quarters of modest growth. The weakness of activity in the second quarter appears to partly reflect the adverse role played by several one-off factors. First, activity in the first quarter was subject to an unusual upward effect from the low number of holidays (as the entire Easter school holiday period fell in the second quarter) and from the warm winter weather that had boosted construction. Neither of these upward effects in the first quarter was sufficiently captured by seasonal or working day adjustment. As they unwound in the second quarter, this dampened growth. Second, negative calendar effects related to the more than usual number of "bridge days" around public holidays in many euro area countries may have reduced the number of effective working days in May, a factor that was not captured by the working day adjustment.

Regarding the second half of 2014, while confidence indicators still stand close to their long-term average levels, their recent weakening indicates a rather modest increase in activity in the near term. The weakening of survey data takes place against the background of the recent further intensification of geopolitical tensions (see Box 4) together with uncertainty about the economic reform process in some euro area countries. All in all, the projection entails a rather moderate pick-up in activity in the second half of 2014, weaker than previously expected.

Looking beyond the near term, and assuming no further escalation of global tensions, a gradual acceleration of real GDP growth over the projection horizon is envisaged. Real GDP growth is expected to pick up in 2015 and 2016, with the growth differentials across countries projected to decline, thanks to the progress in overcoming the fragmentation of financial markets, smaller differences in their fiscal policy paths, and the positive impact on activity from past structural reforms in several countries. The projected pick-up in activity will be mainly supported by a strengthening of domestic demand, owing to the accommodative monetary policy stance – further strengthened by the recent standard and non-standard measures – a broadly neutral fiscal stance following years of substantial fiscal tightening, and a return to neutral credit supply conditions. In addition, private consumption should benefit from a pick-up in real disposable income stemming from the favourable impact of low commodity price inflation and rising wage growth. Private residential and non-residential investment should also be supported by the fading adverse impact of balance sheet adjustment needs and a catching-up effect following years of subdued investment. Moreover, activity will also be increasingly supported by a gradual strengthening of external demand, enhanced by the recent depreciation of the effective exchange rate of the euro and past gains in competitiveness. Nonetheless, a number of factors continue to dampen progress towards faster growth. The adverse impact on the outlook for private consumption from high unemployment rates in some countries is expected to diminish only gradually over the projection horizon, while ample spare capacity in some countries and, possibly, labour supply constraints in other countries are expected to continue to hold back investment spending. Furthermore, the ongoing geopolitical tensions dampen the near-term outlook for investment and exports. In annual average terms, real GDP is expected to increase by 0.9% in 2014, 1.6% in 2015 and 1.9% in 2016. This growth pattern reflects a steadily rising contribution from domestic demand combined with a small positive contribution from net exports.

Looking at the components of demand in more detail, extra-euro area exports are projected to gain momentum later in 2014 and in the course of 2015, reflecting the gradual strengthening of euro area foreign demand and the favourable impact of the euro's recent depreciation. The recent tensions between the EU and Russia have overall limited implications for euro area foreign demand and exports, but some countries with relatively strong trade links with Russia could be more substantially affected. Euro area export market shares are projected to decline marginally over the projection horizon, albeit with rather heterogeneous developments across euro area countries, reflecting diverse competitiveness developments and different trade patterns. Intra-euro area exports are projected to grow somewhat more slowly than extra-euro area exports, owing to the still rather weak domestic demand in the euro area.

Business investment is projected to pick up gradually over the projection horizon, supported by the strengthening in domestic and external demand in the context of accumulated needs for replacement investment, by the very low level of interest rates and expected improved pass-through to lending rates in some countries, by a strengthening of profits, and by some improvement in credit supply effects. However, the adverse impact of lower trend growth and further corporate balance sheet restructuring in some euro area countries stand in the way of a stronger recovery of business investment. At the end of the projection horizon, the level of business investment is expected still to be 6% below its pre-crisis peak level, with substantial differences across euro area countries.

Residential investment is projected to gradually pick up in the second half of 2014 before gaining more momentum in 2015, as activity recovers in an environment of low mortgage rates and improved credit supply conditions and as adjustment needs gradually fade. However, in some countries, the adjustment in housing markets and/or the still weak growth of real disposable income continue to dampen residential construction. Government investment is expected to remain weak throughout the projection horizon, owing to the continued expenditure restraint in several euro area countries which outweighs the more expansionary public investment profile in other countries.

Employment in terms of persons increased modestly in the first half of 2014. However, employment growth is projected to remain feeble in the second half of 2014, before picking up modestly in 2015 and 2016. The expected recovery in employment reflects the pick-up in activity, the upward impact of past wage moderation and the positive impact of labour market reforms, which have increased flexibility and supported private sector job creation, especially in some stressed countries. However, further cuts in the public sector headcount in some countries will dampen overall employment growth. The labour force is expected to increase moderately during the projection horizon, owing to immigration and as the gradually improving labour market situation stimulates participation of certain segments of the population. The unemployment rate has edged down over recent months, mostly reflecting the turnaround of employment. It is expected to further decline over the projection horizon, albeit remaining significantly higher than the levels experienced before the crisis. Labour productivity (measured as output per person employed) is projected to improve, reflecting the expected pick-up in real GDP growth and the lagged response of employment to developments in activity.

Table 2 Macroeconomic projections for the euro area [1]

(annual percentage changes)

	September 2014				June 2014			Revisions since June 2014 [2]		
	2013	2014	2015	2016	2014	2015	2016	2014	2015	2016
Real GDP [3]	-0.4	0.9	1.6	1.9	1.0	1.7	1.8	-0.2	-0.1	0.1
		[0.7-1.1] [4]	[0.6-2.6] [4]	[0.6-3.2] [4]	[0.6-1.4] [4]	[0.6-2.8] [4]	[0.5-3.1] [4]			
Private consumption	-0.6	0.7	1.4	1.6	0.7	1.5	1.6	0.0	-0.1	0.0
Government consumption	0.2	0.7	0.4	0.4	0.4	0.4	0.4	0.3	0.0	0.0
Gross fixed capital formation	-2.6	1.1	3.1	3.9	1.7	3.1	3.5	-0.6	0.0	0.4
Exports [5]	1.7	3.1	4.5	5.3	3.6	4.8	5.3	-0.5	-0.3	0.0
Imports [5]	0.7	3.5	4.5	5.3	3.6	4.8	5.5	-0.1	-0.4	-0.2
Employment	-0.8	0.3	0.6	0.7	0.3	0.5	0.7	0.0	0.1	0.0
Unemployment rate (percentage of labour force)	11.9	11.6	11.2	10.8	11.8	11.5	11.0	-0.2	-0.2	-0.3
HICP	1.4	0.6	1.1	1.4	0.7	1.1	1.4	-0.2	0.0	0.0
		[0.5-0.7] [4]	[0.5-1.7] [4]	[0.7-2.1] [4]	[0.6-0.8] [4]	[0.5-1.7] [4]	[0.6-2.2] [4]			
HICP excluding energy	1.4	0.8	1.3	1.6	1.0	1.3	1.6	-0.2	-0.1	0.0
HICP excluding energy and food	1.1	0.9	1.2	1.5	1.0	1.2	1.5	-0.1	0.0	-0.1
HICP excluding energy, food and changes in indirect taxes [6]	1.0	0.8	1.2	1.5	0.9	1.2	1.5	-0.1	0.0	-0.1
Unit labour costs	1.2	1.0	0.8	1.1	0.9	0.7	1.1	0.1	0.0	0.0
Compensation per employee	1.6	1.6	1.8	2.2	1.6	1.9	2.2	0.0	-0.1	0.1
Labour productivity	0.4	0.6	1.0	1.1	0.7	1.1	1.0	-0.1	-0.1	0.1
General government budget balance (percentage of GDP)	-3.0	-2.6	-2.4	-1.9	-2.5	-2.3	-1.9	-0.1	0.0	0.0
Structural budget balance (percentage of GDP) [7]	-2.2	-2.0	-2.0	-1.9	-2.0	-2.0	-1.9	0.0	0.0	0.0
General government gross debt (percentage of GDP)	92.7	93.9	93.1	91.5	93.4	92.6	91.1	0.5	0.5	0.4
Current account balance (percentage of GDP)	2.4	2.3	2.3	2.4	2.6	2.6	2.8	-0.3	-0.3	-0.4

1) Lithuania is included in the projections for 2015. The average annual percentage changes for 2015 are based on a euro area composition in 2014 that already includes Lithuania. The projection of national accounts variables is based on the ESA 95 standard.
2) Revisions are calculated from unrounded figures.
3) Working day-adjusted data.
4) The ranges shown around the projections are based on the differences between actual outcomes and previous projections carried out over a number of years. The width of the ranges is twice the average absolute value of these differences. The method used for calculating the ranges, involving a correction for exceptional events, is documented in *New procedure for constructing Eurosystem and ECB staff projection ranges*, ECB, December 2009, available on the ECB's website.
5) Including intra-euro area trade.
6) The sub-index is based on estimates of actual impacts of indirect taxes. This may differ from Eurostat data, which assume a full and immediate pass-through of tax impacts to the HICP.
7) Calculated as the government balance net of transitory effects of the economic cycle and temporary measures taken by governments. The calculation follows the ESCB approach to cyclically adjusted budget balances (see Bouthevillain, C. et al., "Cyclically adjusted budget balances: an alternative approach", *Working Paper Series*, No 77, ECB, September 2001) and the ESCB definition of temporary measures (see Kremer, J. et al., "A disaggregated framework for the analysis of structural developments in public finances", *Working Paper Series*, No 579, ECB, January 2007). The projection of the structural balance is not derived from an aggregate measure of the output gap. Under the ESCB methodology, cyclical components are calculated separately for different revenue and spending items. For a discussion, also with reference to the Commission's methodology, see the box entitled "Cyclical adjustment of the government budget balance" in the March 2012 issue of the Monthly Bulletin and the box entitled "The structural balance as an indicator of the underlying fiscal position" in this issue of the Monthly Bulletin.

Private consumption growth is expected to pick up over the projection horizon, closely following real disposable income growth. Real disposable income growth is projected to be supported by stronger labour income, reflecting rising employment and higher wage growth, a less adverse impact of fiscal consolidation, a rising contribution from other personal (mainly profit-related) income, and low commodity prices. The saving ratio is expected to remain stable. This reflects opposite effects from, on the one hand, the downward impact of falling interest rates and gradually declining unemployment implying less need for precautionary savings, and, on the other hand, upward effects from less forced dis-saving in some countries as rising disposable income facilitates consumption. Government consumption is assumed to increase moderately over the projection horizon.

Extra-euro area imports are projected to grow moderately over the projection horizon. Imports remain constrained by the subdued growth of total euro area demand and some downward impact stemming from the recent depreciation of the euro. Net trade is expected to contribute moderately to real GDP growth over the projection horizon. The current account surplus is expected to remain broadly stable at 2.4% of GDP in 2016.

Compared with the macroeconomic projections published in the June 2014 issue of the Monthly Bulletin, the real GDP growth projection for 2014 has been revised downwards by 0.2 percentage point, primarily reflecting the weaker than expected outcome for the second quarter. In addition, in the context of heightened geopolitical tensions, the impact of lower world demand on exports and, to a lesser extent, weaker investment imply a downward revision of activity in the second half of 2014. The projection for 2015 has been revised downwards by 0.1 percentage point, mainly reflecting a lower carry-over effect. The projection for 2016 has been revised upwards by 0.1 percentage point, mainly reflecting the positive impact of more favourable financing conditions – supported by the targeted longer-term refinancing operations – on private investment.

PRICE AND COST PROJECTIONS

According to Eurostat's flash estimate, overall HICP inflation stood at 0.3% in August 2014. The subdued current rate of inflation reflects a decline in energy and food prices as well as subdued trends in non-energy industrial goods and services prices.

Following a rate of 0.6% in the second quarter of 2014, headline HICP inflation is projected to edge down slightly further to 0.4% in the third quarter before rebounding to 0.7% in the last quarter of 2014. HICP inflation is envisaged to strengthen gradually further over the projection horizon to a rate of 1.5% in the fourth quarter of 2016. The narrowing of the negative output gap in the context of the firming recovery, leading to rising wage and profit growth, should have some upward impact on inflation. In addition, increasing non-energy commodity prices and euro area import prices, reinforced by the lower euro exchange rate, are expected to support increases in euro area consumer prices. Nonetheless, inflation is foreseen to be contained until 2016 by the remaining slack in the economy, as the negative output gap is projected to narrow only partly until 2016, implying very modest wage and profit margin dynamics, and by the assumed decline in oil prices as reflected in futures markets.

In more detail, energy price inflation is expected to remain in clear negative territory in the third quarter of 2014 before hovering around zero over the remaining projection horizon. The impact on consumer energy prices of the slightly downward-sloping path of the futures curve for crude oil prices is partly offset over the projection horizon by upward effects from factors such as the depreciation of the euro and price developments in other energy items. Overall, energy prices are projected to provide a zero contribution to HICP inflation over the projection horizon, which is significantly lower than the 0.5 percentage point added on average over the period from 1999 to 2013. Developments in this HICP component, hence, explain in large part the more moderate inflation outlook over the projection horizon compared with the developments experienced over the first 15 years of Monetary Union.

Food price inflation is projected to remain close to zero in the third quarter of this year but to rebound strongly in the following quarters until mid-2015, when the large downward weather impact on unprocessed food prices and downward base effects should fade. Thereafter, food price inflation is envisaged to continue rising further, albeit more gradually, and to reach rates of 2.0% at the end of the projection horizon. The further increase in food price inflation reflects the assumed rise in EU farm gate prices in line with the gradual strengthening of the economic recovery. Overall, food prices are projected to provide a 0.2 percentage point contribution to HICP inflation over the projection horizon, which is lower than the 0.5 percentage point added on average over the period from 1999 to 2013, thus providing another reason for the comparatively modest inflation outlook.

HICP inflation excluding food and energy is expected to have bottomed out, standing at 0.8% between the last quarter of 2013 and the third quarter of 2014. It is envisaged to rise gradually over the projection horizon as the recovery gains momentum, with the output gap narrowing, and as wage and profit growth strengthens. This measure of underlying inflation is expected to reach a rate of 1.5% in the last quarter of 2016. The contribution of this HICP component to overall HICP inflation is also lower than average, standing at 0.8 percentage point over the projection horizon, as compared with a long-term average of 1.1 percentage points.

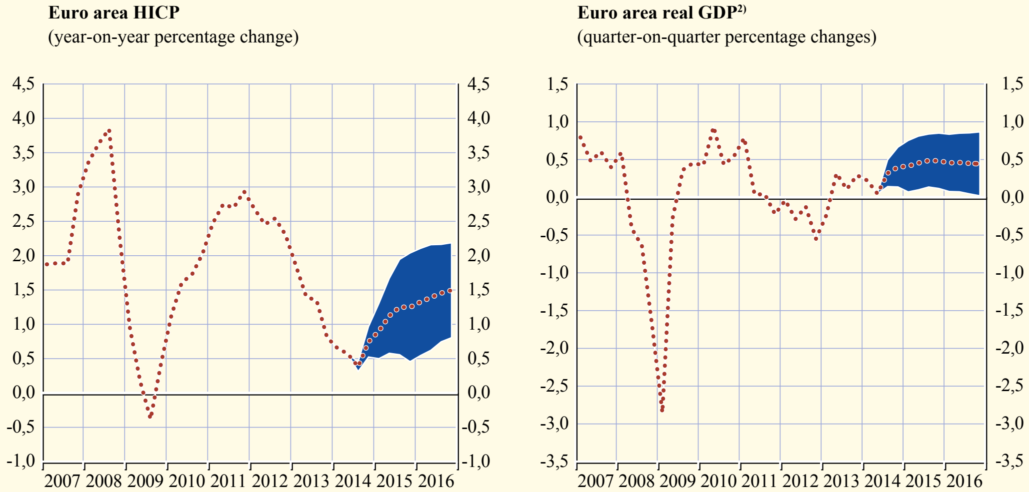
Increases in indirect taxes that are included in fiscal consolidation plans are expected to make a small upward contribution of around 0.1 percentage point to HICP inflation in 2014. Given the lack of information on approved fiscal measures over the remaining forecast horizon, the contributions from indirect taxes are currently expected to be negligible in 2015 and 2016 (as compared with a historical average of 0.2%).

External price factors have had a substantial downward impact on recent HICP inflation developments. Annual growth in the import deflator fell sharply from a rate of 2.4% in 2012 to -2.0% in the first quarter of 2014. This drop reflected weak global prices on account of sluggish global growth, the past appreciation of the euro, and declines in oil and non-oil commodity prices. The significant external downward price pressures are expected to come to an end in the second half of 2014, with a turning point for annual growth in the import deflator envisaged. Over the projection horizon, an increase in the annual rate of change of the import deflator until the beginning of 2015 is expected, which is projected to be followed over the remaining projection horizon by broadly stable growth of around 1.4%, a rate close to its long-term average. The increase in the growth rate of the import deflator reflects the assumed rise in global prices given the strengthening of the global economy, the expected pick-up in non-energy commodity prices and the lower euro exchange rate.

With regard to domestic price pressures, the gradual improvement in euro area labour market conditions is envisaged to lead to some acceleration in compensation per employee. Unit labour cost growth is envisaged to decline over the first two years of the projection horizon, to 1.0% in 2014 and further to 0.8% in 2015, before increasing slightly to 1.1% in 2016. The drop in unit labour cost growth in the first two years of the projection horizon is accounted for by the modest dynamics in compensation per employee growth combined with strengthening labour productivity growth. In 2016, unit labour cost growth is expected to recover slightly, owing to a pick-up in compensation

Chart 1 Macroeconomic projections[1)]

(quarterly data)



1) The ranges shown around the central projections are based on the differences between actual outcomes and previous projections carried out over a number of years. The width of the ranges is twice the average absolute value of these differences. The method used for calculating the ranges, involving a correction for exceptional events, is documented in *New procedure for constructing Eurosystem and ECB staff projection ranges*, ECB, December 2009, available on the ECB's website.
2) Working day-adjusted data.

per employee growth accompanied by broadly stagnant productivity growth. This pattern reflects the delayed response of both wage and employment growth to the economic recovery, given the substantial and only slowly decreasing slack in euro area labour markets.

Profit margins (as measured by the difference between the GDP deflator at factor cost and unit labour cost growth) are expected to decline somewhat in 2014. Thereafter, they are foreseen to strengthen gradually, supported by the cyclical recovery of the economy.

Compared with the macroeconomic projections published in the June 2014 issue of the Monthly Bulletin, the projection for headline HICP inflation has been revised down by 0.2 percentage point for 2014, mainly on account of the lower than envisaged outcomes for HICP inflation over the past few months. For 2015 and 2016, the projection for HICP inflation is unrevised. This reflects broadly offsetting downward revisions in the HICP excluding energy and upward revisions in the HICP energy components. With regard to the former, recent weaker than expected inflation outcomes are expected to imply more persistent lower underlying dynamics in HICP inflation excluding energy than previously envisaged. At the same time, higher oil price and lower exchange rate assumptions entail an upward revision of the HICP energy component.

FISCAL OUTLOOK

On the basis of the assumptions outlined in Box 1, the general government deficit for the euro area is projected to decline gradually from 3.0% of GDP in 2013 to 1.9% in 2016. This reduction mainly reflects an improvement in the cyclical position. The structural balance is projected to improve somewhat throughout the projection period, owing to fiscal consolidation efforts in some euro area countries and the expected unwinding of government assistance to the financial sector.

The continued moderate growth in government expenditure is expected to more than offset direct tax cuts in several countries. Under current assumptions on fiscal policies, the structural improvement would, however, continue at a much slower pace than in recent years. The euro area general government gross debt-to-GDP ratio is projected to peak at 93.9% in 2014, declining thereafter to 91.5% in 2016.

Box 2

TREATMENT OF THE ECB'S JUNE 2014 MONETARY POLICY PACKAGE IN THE PROJECTIONS

The monetary policy package announced on 5 June 2014 comprises a wide range of measures, some with immediate implementation (reductions in key ECB interest rates and a prolongation of the fixed rate full allotment tender procedures), others becoming effective as of September 2014 (targeted longer-term refinancing operations – TLTROs), and others not yet specified and decided by the time of the cut-off date for these projections (outright purchases of asset-backed securities – ABSs).

Against this background, the approach chosen in this projection is to allow the policy package to affect the baseline to the extent to which it has affected the market-based technical financial assumptions (namely market interest rates and equity prices, including the exchange rate). The pass-through of changes in these assumptions is expected to be in line with historical regularities; in other words, no judgemental adjustment is made to the standard modelling framework for deriving assumptions about lending rates and credit supply effects, or to any other aspect of the derivation of the baseline.

Many additional potential channels are not captured in the baseline. These include, for example, the pass-through of the funding cost relief for banks to their lending rates, favourable credit supply conditions, and banks' use of TLTRO funds for asset purchases. Overall, therefore, the baseline is likely to underestimate the impact of the policy package, which represents a clear upside risk to the baseline projections for growth and inflation.

Box 3

SENSITIVITY ANALYSES

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

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

1) An alternative oil price path

The assumptions for oil prices in the current ECB staff projections are taken from market expectations as measured by oil futures prices, which predict a fall in oil prices over the projection horizon (see Box 1). However, uncertainty remains regarding this profile.

The expected fall in oil prices may reflect a market view that the recent reduction in the oil production of several OPEC countries owing to political instability or geopolitical tensions will be partly reversed and/or will be compensated for by an increase in the global production of shale oil. However, oil prices might rise in the event of unexpected geopolitical events in major oil-producing countries (e.g. Russia) in the short and medium term or of a stronger global recovery in the medium term.

Overall, in the context of a global recovery, an oil price higher than the one assumed in the baseline projection appears to be plausible. Therefore, an increasing upward adjustment of the path of oil price futures is considered in this sensitivity analysis.[2] The alternative path assumes oil prices to be 3%, 6% and 10% above futures prices for 2014, 2015 and 2016 respectively. On the basis of ECB staff macroeconomic models, the higher oil price would cause HICP inflation to be 0.1-0.2 percentage point above the baseline projection for 2015 and 2016. At the same time, higher oil prices would dampen real GDP growth, which would be 0.1 percentage point lower in 2015 and 2016.

2) An alternative exchange rate path

The baseline assumes an unchanged effective exchange rate of the euro until the end of the horizon. However, a weakening of the euro could result from deteriorating growth and inflation expectations in the euro area as compared with the US economy, and from expectations of diverging monetary policy stances in the two economies, implying market expectations of a prolonged period of low interest rates in the euro area and a faster normalisation in the United States. An alternative path of the euro, implying a stronger depreciation, has been derived from the 25th percentile of the distribution provided by the option-implied risk-neutral densities for the EUR/USD exchange rate on 13 August 2014. This path implies a gradual depreciation of the euro vis-à-vis the US dollar to an exchange rate of 1.24 in 2016, which is 7.4% below the baseline assumption. The corresponding assumptions for the nominal effective exchange rate of the euro reflect historical regularities, whereby changes in the EUR/USD exchange rate reflect changes in the effective exchange rate with an elasticity of around 52%. This results in a gradual divergence of the effective exchange rate of the euro from the baseline, to reach 3.9% below the baseline in 2016.

The results from ECB staff macroeconomic models point to higher real GDP growth (0.1-0.3 percentage point in 2015 and 2016) and higher HICP inflation in 2015 and 2016 (0.2-0.3 percentage point) in such an event.

3) Additional fiscal consolidation

As stated in Box 1, the fiscal policy assumptions include all policy measures that have already been approved by national parliaments or that have been specified in sufficient detail by

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

governments and are likely to pass the legislative process. For most countries, the measures included in the baseline projection fall short of the fiscal consolidation requirements under the corrective and preventive arms of the Stability and Growth Pact. The commitment to comply with these requirements is broadly reflected in the 2014 stability programmes and in EU-IMF programme documents. However, the underlying measures to achieve these targets are often either missing or not sufficiently well specified. Accordingly, they are not taken into account in the baseline projection, especially over the period 2015-16, which in most countries is not covered by the current budgets. It is therefore not only necessary but also likely that additional fiscal consolidation measures, as compared with those embedded in the baseline, will be adopted by several governments by 2016.

Assumptions underlying the fiscal sensitivity analysis

The fiscal sensitivity analysis takes as a starting point the "fiscal gap" between governments' budgetary targets and the baseline budget projections. Country-specific conditions and information in terms of both size and composition are used to gauge the likely additional fiscal consolidation. In particular, country-specific information aims to capture uncertainties surrounding fiscal targets, the likelihood of additional fiscal consolidation measures with an impact on aggregate demand as opposed to other deficit-reducing factors and the associated macroeconomic feedback effects.

On the basis of this approach, the additional consolidation for the euro area is assessed to be very limited (less than 0.1% of GDP) in 2014, while further additional measures are assessed to be likely in 2015 (about 0.3% of GDP) and somewhat less in 2016 (about 0.1% of GDP), bringing the cumulative amount of additional consolidation to around 0.4% of GDP by the end of 2016. As regards the composition of fiscal measures, the sensitivity analysis seeks to incorporate country and time-specific profiles of the most likely additional consolidation efforts. In this exercise, at the euro area aggregate level, fiscal consolidation is assessed to be tilted to the expenditure side of the budget, but it also includes increases in indirect taxes, while stimulus measures through cuts in direct taxes and social security contributions are assessed to be likely in 2016.

Macroeconomic impact from additional fiscal consolidation

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

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

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

3 For a description of the New Area-Wide Model, see Christoffel, K., Coenen, G. and Warne, A., "The New Area-Wide Model of the euro area: a micro-founded open-economy model for forecasting and policy analysis", *Working Paper Series*, No 944, ECB, October 2008.

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

(percentage of GDP)

	2014	2015	2016
Government budget targets 1)	-2.4	-1.8	-1.1
Baseline fiscal projections	-2.6	-2.4	-1.9
Additional fiscal consolidation (cumulative) 2)	0.0	0.3	0.4
Effects of additional fiscal consolidation (percentage points) 3)			
Real GDP growth	0.0	-0.2	-0.2
HICP inflation	0.0	0.1	0.0

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

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

4 For a more detailed analysis of the macroeconomic effects of fiscal consolidation, see the article entitled "Fiscal multipliers and the timing of consolidation", *Monthly Bulletin*, ECB, April 2014.

Box 4

IMPLICATIONS OF THE TENSIONS BETWEEN THE EU AND RUSSIA FOR THE EURO AREA TRADE OUTLOOK

The intensifying geopolitical tensions and a related decline in confidence may have negatively affected activity in the euro area lately. However, the recent tensions between the EU and Russia are assumed in the baseline projection to have only very modest adverse implications for euro area trade. Euro area foreign demand and exports are expected to be affected primarily via two channels.

First, the prospects for the Russian economy have worsened, lowering Russian domestic demand and imports over the projection horizon as compared with the projections published in the June issue of the Monthly Bulletin, with adverse implications for euro area foreign demand and exports. Escalating tensions in Ukraine have triggered additional, primarily financial, sanctions by the EU and the United States against Russia. Following a contraction of Russian GDP by 0.3% quarter on quarter in the first quarter of 2014, activity in the coming quarters is anticipated to remain anaemic, reflecting sluggish investment partly as a result of interest rate increases by the Bank of Russia, a much tighter domestic and external financing environment, capital outflows, and elevated uncertainty. Moreover, private consumption is expected to be held back by the uncertain economic outlook and lower real disposable income as a consequence of higher inflation, also due to the rouble depreciation. This deterioration in Russian domestic demand represents a drag on Russian GDP and import growth over the projection horizon, implying a downward revision of Russian imports as compared with the previous projection. As Russia accounts for about 4.5% of euro area foreign demand, this lower path of Russian imports marginally reduces euro area foreign demand, by about 0.1 percentage point by the end of 2016, as compared with the previous exercise.

Second, Russia has imposed an embargo on imports of certain food items originating from countries that have sanctioned Russian individuals and entities, including food imports from the euro area. This embargo by Russia affects around 2% of Russia's total imports of goods and services, representing a further drag on its import growth over the projection horizon. To account for the effects of these import restrictions, it is assumed that about one-third of the imports placed under embargo can immediately be replaced by other suppliers from abroad. The remaining part is assumed to result in a small contraction of Russian import growth in late 2014 and early 2015. This translates into a less than 0.1 percentage point reduction in euro area foreign demand by early 2015 as compared with the previous exercise.

While these adverse repercussions for euro area foreign demand are likely to be small, for some individual euro area countries the impact would be larger, depending on their trade links with Russia. In addition, the recent tensions appear to have led to decreasing business confidence in the euro area.

Certain qualifications need to be taken into account with respect to these estimates. The adverse effect on euro area exports from Russia's embargo might be larger than indicated by the downward revision in foreign demand, as the embargo measures are targeted specifically at the euro area and some other OECD countries and this is not captured by the trade shares which are fixed. Thus, more plausibly, euro area exports could be lowered by more than envisaged above. On the other hand, euro area countries may manage to find alternative export markets, thereby cushioning the impact of the embargo.

Finally, as discussed in the June 2014 Monthly Bulletin (see the box entitled "The euro area's exposure to the crisis in Ukraine"), a further intensification of the tensions in the region may trigger additional sanctions against Russia and retaliatory measures from Russia against the EU. In this case, it is likely that there would be a significantly larger impact on activity and inflation in the euro area.

Box 5

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 ECB staff macroeconomic projections, as they were finalised at different points in time. Additionally, they use different (partly unspecified) methods to derive assumptions for fiscal, financial and external variables, including oil and other commodity prices. Finally, there are differences in working day adjustment methods across different forecasts (see the table below).

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

(annual percentage changes)

	Date of release	GDP growth			HICP inflation		
		2014	2015	2016	2014	2015	2016
ECB staff projections	September 2014	0.9	1.6	1.9	0.6	1.1	1.4
		[0.7-1.1]	[0.6-2.6]	[0.6-3.2]	[0.5-0.7]	[0.5-1.7]	[0.7-2.1]
European Commission	May 2014	1.2	1.7	-	0.8	1.2	-
OECD	May 2014	1.2	1.7	-	0.7	1.1	-
Euro Zone Barometer	August 2014	1.0	1.5	1.7	0.6	1.1	1.5
Consensus Economics Forecasts	August 2014	1.0	1.5	1.6	0.6	1.1	1.5
Survey of Professional Forecasters	August 2014	1.0	1.5	1.7	0.7	1.2	1.5
IMF	July 2014	1.1	1.5	1.5	0.9	1.2	1.3

Sources: European Commission's European Economic Forecast, Spring 2014; IMF World Economic Outlook, Update July 2014 (GDP); IMF World Economic Outlook, April 2014; OECD Economic Outlook, May 2014; Consensus Economics Forecasts; MJEconomics; and the ECB's Survey of Professional Forecasters.
Notes: The ECB staff macroeconomic projections and the OECD forecasts both report working day-adjusted annual growth rates, whereas the European Commission and the IMF report annual growth rates that are not adjusted for the number of working days per annum. Other forecasts do not specify whether they report working day-adjusted or non-working day-adjusted data.

In the forecasts currently available from other institutions, euro area real GDP growth in 2014 is projected to be slightly higher than entailed in the ECB staff projections. Projections for real GDP growth in 2015 and 2016 are similar or slightly lower than the ECB staff projections. As regards inflation, the forecasts from most other institutions point to average annual HICP inflation in 2014 and 2015 close to or slightly higher than the ECB staff projections. HICP inflation in 2016 is expected to average between 1.3% and 1.5% according to the other available projections, compared with 1.4% in the ECB staff projection. At present, all available forecasts for 2015 and 2016 are within the ranges of the ECB projections, which are indicated in the table.

EURO AREA STATISTICS

CONTENTS[1]

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

Conventions used in the tables

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

EURO AREA OVERVIEW

Summary of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

1. Monetary developments and interest rates [1)]

	M1 [2)]	M2 [2)]	M3 [2), 3)]	M3 [2), 3)] 3-month moving average (centred)	MFI loans to euro area residents excluding MFIs and general government [2)]	Securities other than shares issued in euro by non-MFI corporations [2)]	3-month interest rate (EURIBOR; % per annum; period averages)	10-year spot rate (% per annum; end of period) [4)]
	1	2	3	4	5	6	7	8
2012	4.0	3.1	2.9	-	-0.2	0.7	0.57	1.72
2013	7.0	4.0	2.4	-	-1.5	0.9	0.22	2.24
2013 Q3	6.9	4.0	2.2	-	-1.9	1.5	0.22	2.05
Q4	6.4	3.1	1.5	-	-2.2	1.4	0.24	2.24
2014 Q1	6.0	2.4	1.2	-	-2.3	-1.1	0.30	1.82
Q2	5.2	2.1	1.1	-	-1.9	-1.6	0.30	1.44
2014 Mar.	5.6	2.2	1.0	1.1	-2.2	-1.2	0.31	1.82
Apr.	5.2	2.0	0.8	1.0	-1.8	-2.7	0.33	1.72
May	5.0	2.1	1.1	1.2	-2.0	-1.0	0.32	1.56
June	5.4	2.3	1.6	1.5	-1.8	-1.1	0.24	1.44
July	5.6	2.5	1.8	.	-1.6	.	0.21	1.34
Aug.	.	.	.	.	.	.	0.19	1.03

2. Prices, output, demand and labour markets

	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
2012	2.5	2.8	1.9	-0.7	-2.5	78.6	-0.6	11.3
2013	1.4	-0.2	1.5	-0.4	-0.7	78.3	-0.8	11.9
2013 Q4	0.8	-1.1	1.6	0.5	1.6	79.3	-0.4	11.9
2014 Q1	0.7	-1.5	0.9	0.9	1.3	79.8	0.1	11.7
Q2	0.6	-1.0	.	0.7	0.8	79.7	.	11.6
2014 Mar.	0.5	-1.6	-	-	0.3	-	-	11.7
Apr.	0.7	-1.2	-	-	1.8	79.5	-	11.6
May	0.5	-1.0	-	-	0.6	-	-	11.6
June	0.5	-0.8	-	-	0.0	-	-	11.5
July	0.4	-1.1	-	-	.	79.8	-	11.5
Aug.	0.3	.	-	-	.	-	-	.

3. External statistics

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)			Reserve assets (end-of-period positions)	Net international investment position (as a % of GDP)	Gross external debt (as a % of GDP)	Effective exchange rate of the euro: EER-20 [5)] (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Combined direct and portfolio investment				Nominal	Real (CPI)	
	1	2	3	4	5	6	7	8	9
2012	139.6	89.0	23.9	689.4	-13.2	128.8	97.9	95.6	1.2848
2013	249.3	165.3	78.1	542.1	-12.0	120.8	101.7	98.9	1.3281
2013 Q3	56.0	38.1	-7.7	586.8	-13.3	125.2	101.9	99.2	1.3242
Q4	97.0	48.1	42.7	542.1	-12.0	120.8	103.1	100.0	1.3610
2014 Q1	37.1	36.9	39.4	570.6	-12.2	122.5	103.9	100.7	1.3696
Q2	51.6	43.2	-20.6	583.0	.	.	103.8	100.1	1.3711
2014 Mar.	21.5	19.2	-31.0	570.6	-	-	104.6	101.3	1.3823
Apr.	20.0	15.7	-105.2	568.0	-	-	104.5	101.0	1.3813
May	9.5	13.1	70.6	568.8	-	-	103.8	100.1	1.3732
June	22.2	14.4	13.9	583.0	-	-	103.0	99.2	1.3592
July	.	.	.	585.1	-	-	102.6	98.7	1.3539
Aug.	.	.	.	.	-	-	101.9	98.0	1.3316

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

MONETARY POLICY STATISTICS

1.1 Consolidated financial statement of the Eurosystem
(EUR millions)

1. Assets

	1 August 2014	8 August 2014	15 August 2014	22 August 2014	29 August 2014
Gold and gold receivables	334,432	334,432	334,432	334,433	334,433
Claims on non-euro area residents in foreign currency	248,462	249,403	249,072	249,284	249,547
Claims on euro area residents in foreign currency	24,897	24,521	24,540	24,308	24,229
Claims on non-euro area residents in euro	18,526	18,905	19,250	19,904	20,881
Lending to euro area credit institutions in euro	533,535	504,912	501,031	497,636	517,578
Main refinancing operations	133,304	107,922	108,203	107,612	131,762
Longer-term refinancing operations	400,184	396,974	392,824	389,963	384,899
Fine-tuning reverse operations	0	0	0	0	0
Structural reverse operations	0	0	0	0	0
Marginal lending facility	45	17	4	4	917
Credits related to margin calls	3	0	0	57	0
Other claims on euro area credit institutions in euro	74,200	66,126	66,759	61,941	62,628
Securities of euro area residents in euro	556,809	559,131	560,880	557,715	559,853
Securities held for monetary policy purposes	199,011	199,011	199,011	195,445	195,445
Other securities	357,799	360,120	361,869	362,270	364,409
General government debt in euro	26,705	26,709	26,709	26,709	26,709
Other assets	242,118	241,119	240,501	241,089	242,857
Total assets	2,059,683	2,025,258	2,023,176	2,013,019	2,038,716

2. Liabilities

	1 August 2014	8 August 2014	15 August 2014	22 August 2014	29 August 2014
Banknotes in circulation	971,423	973,405	975,642	970,274	971,290
Liabilities to euro area credit institutions in euro	263,858	235,871	241,501	230,875	253,654
Current accounts (covering the minimum reserve system)	219,715	214,475	221,620	205,216	222,757
Deposit facility	44,118	21,146	19,849	25,626	30,864
Fixed-term deposits	0	0	0	0	0
Fine-tuning reverse operations	0	0	0	0	0
Deposits related to margin calls	25	251	33	33	33
Other liabilities to euro area credit institutions in euro	4,818	5,012	4,804	4,801	4,854
Debt certificates issued	0	0	0	0	0
Liabilities to other euro area residents in euro	105,767	96,732	86,283	95,070	93,069
Liabilities to non-euro area residents in euro	44,234	43,771	43,768	41,998	41,585
Liabilities to euro area residents in foreign currency	1,269	1,015	1,012	1,082	1,050
Liabilities to non-euro area residents in foreign currency	5,399	6,280	6,121	5,850	6,052
Counterpart of special drawing rights allocated by the IMF	53,368	53,368	53,368	53,368	53,368
Other liabilities	212,818	213,077	213,948	212,973	217,064
Revaluation accounts	301,418	301,418	301,418	301,418	301,418
Capital and reserves	95,311	95,311	95,311	95,312	95,312
Total liabilities	2,059,683	2,025,258	2,023,176	2,013,019	2,038,716

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 4 Jan. [2]	2.75	0.75	3.00	-	...	3.25	-1.25
22	2.00	-0.75	3.00	-	...	4.50	1.25
9 Apr.	1.50	-0.50	2.50	-	-0.50	3.50	-1.00
5 Nov.	2.00	0.50	3.00	-	0.50	4.00	0.50
2000 4 Feb.	2.25	0.25	3.25	-	0.25	4.25	0.25
17 Mar.	2.50	0.25	3.50	-	0.25	4.50	0.25
28 Apr.	2.75	0.25	3.75	-	0.25	4.75	0.25
9 June	3.25	0.50	4.25	-	0.50	5.25	0.50
28 [3]	3.25	...	-	4.25	...	5.25	...
1 Sep.	3.50	0.25	-	4.50	0.25	5.50	0.25
6 Oct.	3.75	0.25	-	4.75	0.25	5.75	0.25
2001 11 May	3.50	-0.25	-	4.50	-0.25	5.50	-0.25
31 Aug.	3.25	-0.25	-	4.25	-0.25	5.25	-0.25
18 Sep.	2.75	-0.50	-	3.75	-0.50	4.75	-0.50
9 Nov.	2.25	-0.50	-	3.25	-0.50	4.25	-0.50
2002 6 Dec.	1.75	-0.50	-	2.75	-0.50	3.75	-0.50
2003 7 Mar.	1.50	-0.25	-	2.50	-0.25	3.50	-0.25
6 June	1.00	-0.50	-	2.00	-0.50	3.00	-0.50
2005 6 Dec.	1.25	0.25	-	2.25	0.25	3.25	0.25
2006 8 Mar.	1.50	0.25	-	2.50	0.25	3.50	0.25
15 June	1.75	0.25	-	2.75	0.25	3.75	0.25
9 Aug.	2.00	0.25	-	3.00	0.25	4.00	0.25
11 Oct.	2.25	0.25	-	3.25	0.25	4.25	0.25
13 Dec.	2.50	0.25	-	3.50	0.25	4.50	0.25
2007 14 Mar.	2.75	0.25	-	3.75	0.25	4.75	0.25
13 June	3.00	0.25	-	4.00	0.25	5.00	0.25
2008 9 July	3.25	0.25	-	4.25	0.25	5.25	0.25
8 Oct.	2.75	-0.50	-	-	-	4.75	-0.50
9 [4]	3.25	0.50	-	-	-	4.25	-0.50
15 [5]	3.25	...	3.75	-	-0.50	4.25	...
12 Nov.	2.75	-0.50	3.25	-	-0.50	3.75	-0.50
10 Dec.	2.00	-0.75	2.50	-	-0.75	3.00	-0.75
2009 21 Jan.	1.00	-1.00	2.00	-	-0.50	3.00	...
11 Mar.	0.50	-0.50	1.50	-	-0.50	2.50	-0.50
8 Apr.	0.25	-0.25	1.25	-	-0.25	2.25	-0.25
13 May	0.25	...	1.00	-	-0.25	1.75	-0.50
2011 13 Apr.	0.50	0.25	1.25	-	0.25	2.00	0.25
13 July	0.75	0.25	1.50	-	0.25	2.25	0.25
9 Nov.	0.50	-0.25	1.25	-	-0.25	2.00	-0.25
14 Dec.	0.25	-0.25	1.00	-	-0.25	1.75	-0.25
2012 11 July	0.00	-0.25	0.75	-	-0.25	1.50	-0.25
2013 8 May	0.00	...	0.50	-	-0.25	1.00	-0.50
13 Nov.	0.00	...	0.25	-	-0.25	0.75	-0.25
2014 11 June	-0.10	-0.10	0.15	-	-0.10	0.40	-0.35
10 Sep.	-0.20	-0.10	0.05	-	-0.10	0.30	-0.10

Source: ECB.

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

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

(EUR millions; interest rates in percentages per annum)

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

Date of settlement	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures			Running for (...) days
				Fixed rate	Minimum bid rate	Marginal rate [4)]	Weighted average rate	
	1	2	3	4	5	6	7	8
				Main refinancing operations				
2014 28 May	174,002	267	174,002	0.25	-	-	-	7
4 June	149,351	229	149,351	0.25	-	-	-	7
11	136,766	193	136,766	0.15	-	-	-	7
18	97,887	150	97,887	0.15	-	-	-	7
25	115,041	151	115,041	0.15	-	-	-	7
2 July	97,103	124	97,103	0.15	-	-	-	7
9	94,150	138	94,150	0.15	-	-	-	7
16	99,908	142	99,908	0.15	-	-	-	7
23	97,887	139	97,887	0.15	-	-	-	7
30	133,304	162	133,304	0.15	-	-	-	7
6 Aug.	107,922	131	107,922	0.15	-	-	-	7
13	108,203	132	108,203	0.15	-	-	-	7
20	107,612	131	107,612	0.15	-	-	-	7
27	131,762	135	131,762	0.15	-	-	-	7
3 Sep.	111,199	124	111,199	0.15	-	-	-	7
				Longer-term refinancing operations [5)]				
2014 12 Feb.	6,480	30	6,480	0.25	-	-	-	28
27	6,297	63	6,297	0.25	-	-	-	91
12 Mar.	7,522	30	7,522	0.25	-	-	-	28
27	11,617	83	11,617	0.23	-	-	-	91
9 Apr.	28,023	35	28,023	0.25	-	-	-	35
2 May	13,193	97	13,193	0.19	-	-	-	90
14	32,335	54	32,335	0.25	-	-	-	28
29	10,949	89	10,949	0.16	-	-	-	91
11 June	9,970	44	9,970	0.15	-	-	-	28
26 [6)]	10,386	84	10,386	.	-	-	-	91
31 July [6)]	6,786	91	6,786	.	-	-	-	91
28 Aug. [6)]	7,244	72	7,244	.	-	-	-	91

2. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures				Running for (...) days
					Fixed rate	Minimum bid rate	Maximum bid rate	Marginal rate [4)]	Weighted average rate	
	1	2	3	4	5	6	7	8	9	10
2014 5 Mar.	Collection of fixed-term deposits	219,131	165	175,500	-	-	0.25	0.23	0.22	7
12	Collection of fixed-term deposits	219,077	159	175,500	-	-	0.25	0.23	0.21	7
19	Collection of fixed-term deposits	223,227	160	175,500	-	-	0.25	0.22	0.21	7
26	Collection of fixed-term deposits	180,901	138	175,500	-	-	0.25	0.25	0.22	7
2 Apr.	Collection of fixed-term deposits	199,721	152	175,500	-	-	0.25	0.23	0.21	7
9	Collection of fixed-term deposits	192,515	156	172,500	-	-	0.25	0.24	0.22	7
16	Collection of fixed-term deposits	153,364	139	153,364	-	-	0.25	0.25	0.23	7
23	Collection of fixed-term deposits	166,780	139	166,780	-	-	0.25	0.25	0.23	7
30	Collection of fixed-term deposits	103,946	121	103,946	-	-	0.25	0.25	0.24	7
7 May	Collection of fixed-term deposits	165,533	158	165,533	-	-	0.25	0.25	0.23	7
14	Collection of fixed-term deposits	144,281	141	144,281	-	-	0.25	0.25	0.24	7
21	Collection of fixed-term deposits	137,465	148	137,465	-	-	0.25	0.25	0.24	7
28	Collection of fixed-term deposits	102,878	119	102,878	-	-	0.25	0.25	0.25	7
4 June	Collection of fixed-term deposits	119,200	140	119,200	-	-	0.25	0.25	0.24	7
11	Collection of fixed-term deposits	108,650	122	108,650	-	-	0.15	0.15	0.13	7

Source: ECB.

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

1.4 Minimum reserve and liquidity statistics

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

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at (end of period):	Total	Liabilities to which a positive reserve coefficient is applied [1]		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2010	18,948.1	9,962.6	644.3	2,683.3	1,335.4	4,322.5
2011	18,970.0	9,790.9	687.7	2,781.2	1,303.5	4,406.8
2012	18,564.7	9,971.7	637.5	2,583.9	1,163.1	4,208.4
2013	17,847.1	9,811.6	518.8	2,447.1	1,152.6	3,917.1
2014 Feb.	17,994.9	9,825.2	572.2	2,409.7	1,281.0	3,906.9
Mar.	17,978.0	9,885.5	553.4	2,395.7	1,232.6	3,910.7
Apr.	18,035.7	9,948.1	541.3	2,364.4	1,257.2	3,924.7
May	18,077.2	10,002.9	543.9	2,356.2	1,270.3	3,903.9
June	17,990.3	10,022.5	546.3	2,342.3	1,208.3	3,870.9

2. Reserve maintenance

Maintenance period ending on:	Required reserves	Credit institutions' current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
2010	211.8	212.5	0.7	0.5	1.00
2011	207.7	212.2	4.5	0.0	1.25
2012	106.4	509.9	403.5	0.0	0.75
2013	103.3	220.2	116.9	0.0	0.25
2014 8 Apr.	103.6	195.2	91.6	0.0	0.25
13 May	103.5	191.2	87.7	0.0	0.25
10 June	103.9	192.3	88.3	0.0	0.25
8 July	104.4	214.3	109.8	0.0	0.15
12 Aug.	105.0	210.2	105.2	0.0	0.15
9 Sep.	105.2	.	.	.	.

3. Liquidity

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money
		Monetary policy operations of the Eurosystem										
	Eurosystem's net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations [2]	Deposit facility	Other liquidity-absorbing operations [3]	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)		
	1	2	3	4	5	6	7	8	9	10	11	12
2010	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1
2011	622.1	238.0	389.0	4.4	260.3	253.7	200.5	869.4	63.8	-85.9	212.2	1,335.3
2012	708.0	74.0	1,044.1	1.6	277.3	231.8	208.5	889.3	121.1	144.5	509.9	1,631.0
2013	550.8	91.6	625.3	0.1	241.5	48.3	177.4	925.9	80.2	57.2	220.2	1,194.4
2014 11 Mar.	510.4	91.8	570.4	0.3	229.5	29.5	175.5	932.1	81.8	-17.6	201.1	1,162.8
8 Apr.	518.9	105.4	534.6	0.7	227.5	29.2	175.5	938.4	73.8	-25.0	195.2	1,162.8
13 May	536.4	128.1	519.6	0.2	222.6	29.7	152.4	947.9	87.7	-2.1	191.2	1,168.8
10 June	536.8	148.1	507.8	0.1	215.9	28.3	126.0	951.0	111.5	-0.4	192.3	1,171.6
8 July	540.0	111.7	460.1	0.1	209.0	23.9	27.2	958.1	110.0	-12.5	214.3	1,196.3
12 Aug.	547.6	106.6	414.7	0.3	202.2	24.6	0.0	967.6	92.4	-23.6	210.2	1,202.5

Source: ECB.

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

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

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

2 MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

2.1 Aggregated balance sheet of euro area MFIs [1]

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Money market fund shares/units [2]	Holdings of shares/other equity issued by euro area residents	External assets	Fixed assets	Remaining assets
		Total	General government	Other euro area residents	MFIs	Total	General government	Other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Eurosystem													
2012	5,288.1	3,351.2	16.9	1.0	3,333.3	723.1	568.4	10.5	144.2	-	23.4	799.9	8.3	382.3
2013	4,073.0	2,283.2	15.0	1.2	2,267.1	715.3	567.6	24.9	122.8	-	25.0	632.4	8.3	408.7
2014 Q1	3,916.3	2,087.4	15.0	1.2	2,071.2	721.9	578.0	22.9	121.0	-	26.6	658.0	7.9	414.5
Q2	3,735.9	1,897.2	13.6	1.2	1,882.4	706.4	569.4	15.6	121.3	-	27.0	675.0	8.1	422.3
2014 Apr.	3,926.6	2,101.1	14.1	1.2	2,085.9	712.3	567.6	22.7	122.0	-	26.7	662.3	8.0	416.3
May	3,888.0	2,064.3	14.1	1.3	2,049.0	706.3	567.1	17.4	121.8	-	26.9	664.3	8.0	418.2
June	3,735.9	1,897.2	13.6	1.2	1,882.4	706.4	569.4	15.6	121.3	-	27.0	675.0	8.1	422.3
July (p)	3,654.1	1,815.5	13.6	1.2	1,800.7	699.3	564.3	14.2	120.7	-	26.5	680.3	8.1	424.5
	MFIs excluding the Eurosystem													
2012	32,694.8	17,987.2	1,153.4	11,043.4	5,790.4	4,901.8	1,627.0	1,423.3	1,851.6	66.8	1,227.8	4,045.7	214.7	4,250.9
2013	30,444.4	16,981.3	1,082.4	10,649.1	5,249.7	4,673.4	1,694.4	1,335.7	1,643.3	58.1	1,232.5	3,855.8	210.6	3,432.7
2014 Q1	30,586.6	16,942.5	1,092.9	10,638.3	5,211.2	4,699.7	1,774.6	1,307.1	1,617.9	54.0	1,248.9	3,981.5	202.3	3,457.8
Q2	30,730.9	16,887.2	1,087.7	10,606.6	5,193.0	4,693.0	1,808.5	1,302.7	1,581.8	45.4	1,236.7	4,077.3	203.2	3,588.1
2014 Apr.	30,742.1	16,962.4	1,093.7	10,650.9	5,217.8	4,680.4	1,790.6	1,272.1	1,617.7	54.0	1,267.8	4,035.9	202.8	3,538.8
May	30,869.6	16,927.1	1,095.4	10,587.6	5,244.2	4,716.8	1,806.9	1,315.7	1,594.3	51.7	1,255.8	4,107.0	203.1	3,608.1
June	30,730.9	16,887.2	1,087.7	10,606.6	5,193.0	4,693.0	1,808.5	1,302.7	1,581.8	45.4	1,236.7	4,077.3	203.2	3,588.1
July (p)	30,892.4	16,871.9	1,097.0	10,577.0	5,197.9	4,672.3	1,799.7	1,306.9	1,565.6	43.3	1,238.4	4,172.9	203.5	3,690.2

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/units [3]	Debt securities issued [4]	Capital and reserves	External liabilities	Remaining liabilities
			Total	Central government	Other general government/other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
	Eurosystem										
2012	5,288.1	938.2	3,062.2	81.4	64.5	2,916.4	-	0.0	536.6	298.7	452.5
2013	4,073.0	982.4	2,004.3	62.3	40.1	1,901.9	-	0.0	406.3	202.2	477.8
2014 Q1	3,916.3	965.6	1,860.2	86.1	38.4	1,735.7	-	0.0	440.5	166.5	483.5
Q2	3,735.9	986.1	1,652.4	101.1	49.9	1,501.4	-	0.0	459.4	148.7	489.2
2014 Apr.	3,926.6	975.4	1,859.4	112.4	50.2	1,696.8	-	0.0	440.0	167.5	484.2
May	3,888.0	980.3	1,811.4	116.7	50.8	1,643.8	-	0.0	442.2	167.8	486.3
June	3,735.9	986.1	1,652.4	101.1	49.9	1,501.4	-	0.0	459.4	148.7	489.2
July (p)	3,654.1	996.3	1,564.8	98.2	45.9	1,420.8	-	0.0	464.4	136.4	492.1
	MFIs excluding the Eurosystem										
2012	32,694.8	-	17,195.3	169.6	10,870.4	6,155.3	534.7	4,848.9	2,344.0	3,494.8	4,277.2
2013	30,444.4	-	16,646.2	152.5	10,941.1	5,552.6	462.9	4,352.6	2,399.6	3,106.7	3,476.5
2014 Q1	30,586.6	-	16,654.3	181.1	10,955.7	5,517.5	458.1	4,297.7	2,452.9	3,225.3	3,498.3
Q2	30,730.9	-	16,725.3	214.8	10,984.7	5,525.8	437.4	4,236.4	2,456.0	3,226.1	3,649.7
2014 Apr.	30,742.1	-	16,660.3	144.1	10,927.2	5,588.9	463.1	4,284.1	2,462.6	3,295.6	3,576.4
May	30,869.6	-	16,742.2	172.9	10,952.3	5,617.0	456.6	4,279.2	2,452.4	3,309.0	3,630.2
June	30,730.9	-	16,725.3	214.8	10,984.7	5,525.8	437.4	4,236.4	2,456.0	3,226.1	3,649.7
July (p)	30,892.4	-	16,716.6	194.6	10,986.4	5,535.6	452.7	4,210.6	2,465.5	3,300.1	3,747.0

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

2.2 Consolidated balance sheet of euro area MFIs [1]

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

1. Assets

	Total	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/ other equity issued by other euro area residents	External assets	Fixed assets	Remaining assets [2]
		Total	General government	Other euro area residents	Total	General government	Other euro area residents				
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2012	26,251.1	12,214.6	1,170.3	11,044.3	3,629.2	2,195.4	1,433.8	767.0	4,845.6	222.9	4,571.8
2013	24,649.7	11,747.7	1,097.4	10,650.3	3,622.6	2,262.0	1,360.6	792.1	4,488.2	218.9	3,780.2
2014 Q1	24,907.2	11,747.5	1,108.0	10,639.5	3,682.7	2,352.6	1,330.0	804.2	4,639.5	210.2	3,823.2
Q2	25,134.0	11,709.1	1,101.3	10,607.8	3,696.2	2,377.9	1,318.3	805.5	4,752.3	211.3	3,959.7
2014 Apr.	25,048.9	11,759.9	1,107.7	10,652.1	3,652.9	2,358.2	1,294.8	825.6	4,698.2	210.8	3,901.5
May	25,177.6	11,698.3	1,109.4	10,588.9	3,707.0	2,373.9	1,333.1	815.0	4,771.3	211.1	3,974.9
June	25,134.0	11,709.1	1,101.3	10,607.8	3,696.2	2,377.9	1,318.3	805.5	4,752.3	211.3	3,959.7
July (p)	25,307.3	11,688.8	1,110.6	10,578.2	3,685.2	2,364.0	1,321.1	805.6	4,853.2	211.6	4,063.1
	Transactions										
2012	90.3	-35.5	-4.7	-30.8	112.1	183.0	-70.9	38.6	-150.0	-14.0	139.1
2013	-1,616.7	-278.4	-73.7	-204.7	-26.6	46.2	-72.8	14.1	-79.3	-2.1	-1,244.5
2014 Q1	185.0	-2.7	9.1	-11.8	35.4	58.8	-23.4	13.4	117.6	-8.8	30.2
Q2	165.5	-18.3	-6.0	-12.4	-8.9	2.6	-11.5	5.3	68.3	1.4	117.7
2014 Apr.	141.4	15.3	0.1	15.1	-36.8	-0.1	-36.7	19.6	65.0	0.5	77.8
May	82.2	-60.3	1.6	-61.9	45.7	9.1	36.6	-12.8	36.6	0.4	72.8
June	-58.1	26.7	-7.7	34.4	-17.8	-6.4	-11.4	-1.5	-33.2	0.5	-32.9
July (p)	137.2	-11.5	7.6	-19.1	-17.4	-19.3	1.9	4.0	60.5	0.3	101.3

2. Liabilities

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Money market fund shares/ units [3]	Debt securities issued [4]	Capital and reserves	External liabilities	Remaining liabilities [2]	Excess of inter-MFI liabilities over inter-MFI assets
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2012	26,251.1	876.8	251.0	10,934.9	467.9	2,853.2	2,396.4	3,793.4	4,729.6	-52.1
2013	24,649.7	921.2	214.8	10,981.2	404.8	2,586.4	2,340.4	3,308.9	3,954.3	-62.3
2014 Q1	24,907.2	916.5	267.2	10,994.1	404.1	2,558.8	2,422.1	3,391.9	3,981.7	-29.2
Q2	25,134.0	935.3	315.9	11,034.6	392.1	2,533.2	2,457.3	3,374.9	4,138.9	-48.1
2014 Apr.	25,048.9	921.8	256.5	10,977.4	409.1	2,544.4	2,433.7	3,463.2	4,060.6	-17.9
May	25,177.6	928.9	289.6	11,003.1	405.0	2,563.1	2,426.9	3,476.8	4,116.5	-32.3
June	25,134.0	935.3	315.9	11,034.6	392.1	2,533.2	2,457.3	3,374.9	4,138.9	-48.1
July (p)	25,307.3	944.7	292.8	11,032.3	409.5	2,524.2	2,470.5	3,436.5	4,239.2	-42.3
	Transactions									
2012	90.3	19.5	-5.1	180.5	-18.2	-125.3	156.0	-251.4	151.2	-16.9
2013	-1,616.7	44.4	-37.0	162.8	-46.6	-199.2	79.1	-441.6	-1,187.2	8.6
2014 Q1	185.0	-5.3	52.0	8.5	6.9	-26.6	38.5	63.3	13.7	34.1
Q2	165.5	18.8	48.7	35.9	-11.8	-20.7	17.6	-43.5	134.8	-14.2
2014 Apr.	141.4	5.3	-10.7	-16.0	5.1	-12.8	7.4	74.5	77.0	11.5
May	82.2	7.1	33.1	20.5	-4.1	11.9	-9.1	-14.9	51.9	-14.3
June	-58.1	6.4	26.3	31.3	-12.8	-19.9	19.2	-103.1	5.9	-11.4
July (p)	137.2	9.4	-23.1	-5.0	17.5	-17.0	14.6	32.6	102.7	5.5

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]

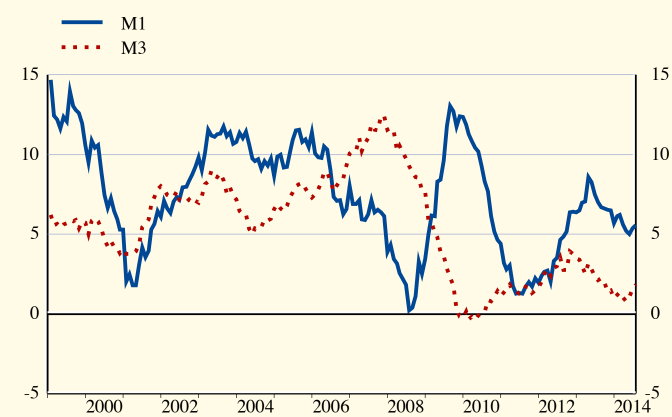
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

1. Monetary aggregates [2] and counterparts

	M3: M2: M1	M3: M2: M2-M1	M3: M2	M3: M3-M2	M3	M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents [3]	Credit to other euro area residents: Loans	Credit to other euro area residents: Loans adjusted for sales and securitisation [5]	Net external assets [4]
	1	2	3	4	5	6	7	8	9	10	11	12
Outstanding amounts												
2012	5,107.1	3,882.3	8,989.4	789.8	9,779.3	-	7,569.0	3,406.0	13,055.3	10,854.0	-	1,035.4
2013	5,391.1	3,812.4	9,203.5	624.7	9,828.1	-	7,303.2	3,402.3	12,693.8	10,539.9	-	1,161.9
2014 Q1	5,488.3	3,791.7	9,280.0	602.1	9,882.1	-	7,348.6	3,453.1	12,658.1	10,530.8	-	1,262.8
Q2	5,547.2	3,808.4	9,355.6	602.2	9,957.8	-	7,288.8	3,439.6	12,595.0	10,467.5	-	1,364.1
2014 Apr.	5,497.4	3,788.2	9,285.6	589.3	9,874.9	-	7,329.2	3,458.6	12,632.0	10,551.5	-	1,271.5
May	5,532.7	3,799.9	9,332.6	594.3	9,926.9	-	7,323.7	3,466.1	12,610.9	10,492.4	-	1,307.5
June	5,547.2	3,808.4	9,355.6	602.2	9,957.8	-	7,288.8	3,439.6	12,595.0	10,467.5	-	1,364.1
July (p)	5,597.9	3,806.9	9,404.8	611.4	10,016.2	-	7,295.2	3,465.3	12,576.0	10,437.4	-	1,415.0
Transactions												
2012	307.4	78.6	386.0	-55.8	330.2	-	-116.7	184.3	-103.2	-71.0	-15.4	100.1
2013	291.2	-66.7	224.5	-124.1	100.3	-	-89.8	-25.1	-305.9	-247.9	-221.6	361.5
2014 Q1	89.3	-23.9	65.4	-14.5	50.9	-	9.0	17.2	-28.2	-10.0	-7.3	87.1
Q2	56.6	15.6	72.2	3.3	75.5	-	-76.8	-35.1	-39.4	-44.0	11.8	83.3
2014 Apr.	9.5	-3.3	6.2	-10.6	-4.3	-	-24.1	0.3	-26.7	23.2	24.4	11.7
May	32.5	10.5	43.0	5.0	48.1	-	-15.8	0.8	-23.7	-57.7	-8.7	28.0
June	14.5	8.3	22.9	8.8	31.7	-	-36.9	-36.2	11.0	-9.5	-4.0	43.7
July (p)	50.9	-2.6	48.3	9.4	57.7	-	-2.0	18.7	-5.6	-19.7	-20.9	39.6
Growth rates												
2012	6.4	2.1	4.5	-6.6	3.5	3.5	-1.5	5.8	-0.8	-0.6	-0.1	100.1
2013	5.7	-1.7	2.5	-16.2	1.0	1.2	-1.2	-0.7	-2.3	-2.3	-2.1	361.5
2014 Q1	5.6	-2.3	2.2	-13.6	1.0	1.1	-1.0	-0.9	-2.5	-2.2	-2.0	382.6
Q2	5.4	-1.8	2.3	-8.8	1.6	1.5	-1.6	-2.6	-2.2	-1.8	-1.1	387.8
2014 Apr.	5.2	-2.4	2.0	-14.2	0.8	1.0	-1.0	-0.9	-2.5	-1.8	-1.6	379.8
May	5.0	-1.9	2.1	-12.1	1.1	1.2	-1.2	-1.4	-2.6	-2.0	-1.4	353.3
June	5.4	-1.8	2.3	-8.8	1.6	1.5	-1.6	-2.6	-2.2	-1.8	-1.1	387.8
July (p)	5.6	-1.8	2.5	-6.8	1.8	.	-1.3	-1.8	-2.0	-1.6	-1.0	416.5

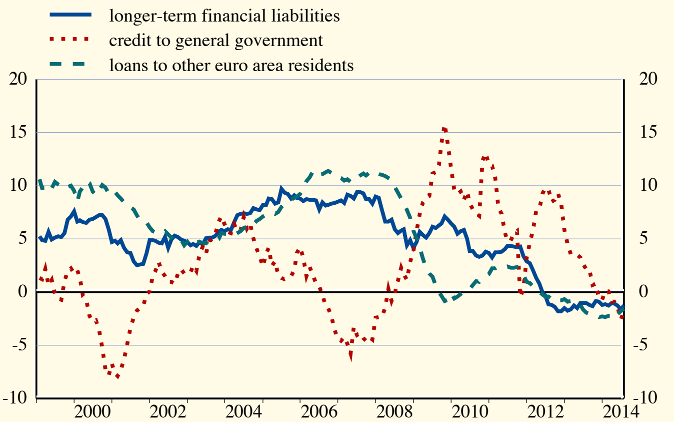
C1 Monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C2 Counterparts [1]

(annual growth rates; seasonally adjusted)



Source: ECB.

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

2.3 Monetary statistics [1]

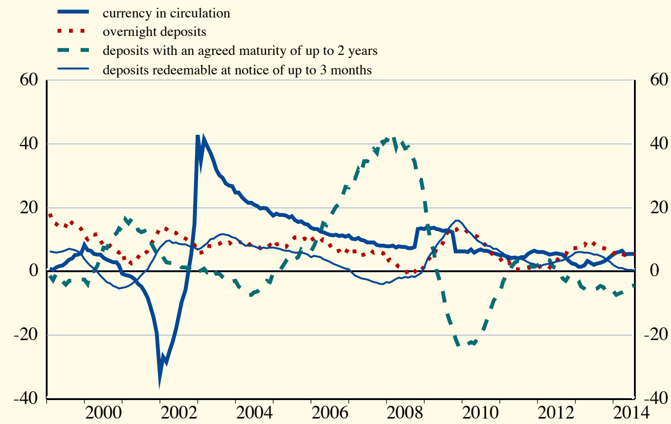
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

	Currency in circulation	Overnight deposits	Deposits with an agreed maturity of up to 2 years	Deposits redeemable at notice of up to 3 months	Repos [2]	Money market fund shares/units	Debt securities with a maturity of up to 2 years	Debt securities with a maturity of over 2 years	Deposits redeemable at notice of over 3 months	Deposits with an agreed maturity of over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
					Outstanding amounts						
2012	863.9	4,243.1	1,801.8	2,080.6	123.7	483.3	182.9	2,685.0	106.1	2,395.2	2,382.7
2013	909.6	4,481.5	1,690.8	2,121.6	118.8	417.9	87.9	2,510.7	91.7	2,372.4	2,328.4
2014 Q1	926.3	4,562.0	1,667.4	2,124.3	116.8	402.0	83.2	2,472.6	91.2	2,358.7	2,426.2
Q2	930.2	4,617.0	1,675.8	2,132.6	131.4	394.4	76.4	2,454.1	89.9	2,299.2	2,445.6
2014 Apr.	925.7	4,571.7	1,664.3	2,123.9	119.3	401.8	68.3	2,468.5	91.1	2,323.1	2,446.5
May	928.5	4,604.2	1,672.9	2,127.0	120.8	396.3	77.3	2,480.9	91.1	2,311.9	2,439.8
June	930.2	4,617.0	1,675.8	2,132.6	131.4	394.4	76.4	2,454.1	89.9	2,299.2	2,445.6
July (p)	935.5	4,662.5	1,674.3	2,132.6	129.8	410.7	70.9	2,451.0	90.4	2,289.3	2,464.5
					Transactions						
2012	20.2	287.2	-36.0	114.7	-17.0	-20.0	-18.8	-105.9	-10.2	-156.3	155.7
2013	45.6	245.5	-109.9	43.2	-11.9	-48.6	-63.6	-137.3	-14.3	-18.7	80.5
2014 Q1	16.1	73.2	-26.2	2.2	-2.1	-8.1	-4.3	-37.5	-0.5	-7.7	54.7
Q2	3.9	52.7	7.3	8.3	14.4	-7.4	-3.6	-16.8	-1.3	-60.4	1.8
2014 Apr.	-0.7	10.2	-3.0	-0.3	2.5	-0.2	-12.9	-4.7	-0.1	-35.4	16.1
May	2.8	29.6	7.6	3.0	1.2	-5.4	9.2	5.5	0.0	-12.2	-9.1
June	1.7	12.8	2.8	5.6	10.6	-1.8	0.0	-17.7	-1.2	-12.8	-5.2
July (p)	5.3	45.6	-2.5	-0.1	-1.8	16.3	-5.1	-11.4	0.5	-11.4	20.3
					Growth rates						
2012	2.4	7.2	-1.9	5.8	-11.8	-3.9	-9.8	-3.8	-8.8	-6.1	6.9
2013	5.3	5.8	-6.1	2.1	-9.5	-10.4	-37.6	-5.1	-13.5	-0.8	3.4
2014 Q1	6.5	5.4	-6.4	1.1	-9.9	-10.4	-28.4	-4.6	-9.6	-1.7	4.0
Q2	5.5	5.3	-4.5	0.5	5.3	-8.3	-25.6	-3.2	-6.9	-3.9	2.6
2014 Apr.	5.3	5.2	-6.0	0.7	-7.8	-9.2	-39.0	-4.1	-8.3	-2.7	4.3
May	5.5	4.9	-4.7	0.5	-7.0	-9.4	-27.7	-3.2	-6.7	-3.5	3.4
June	5.5	5.3	-4.5	0.5	5.3	-8.3	-25.6	-3.2	-6.9	-3.9	2.6
July (p)	5.6	5.6	-4.2	0.2	1.2	-3.9	-28.1	-2.6	-5.1	-4.3	3.4

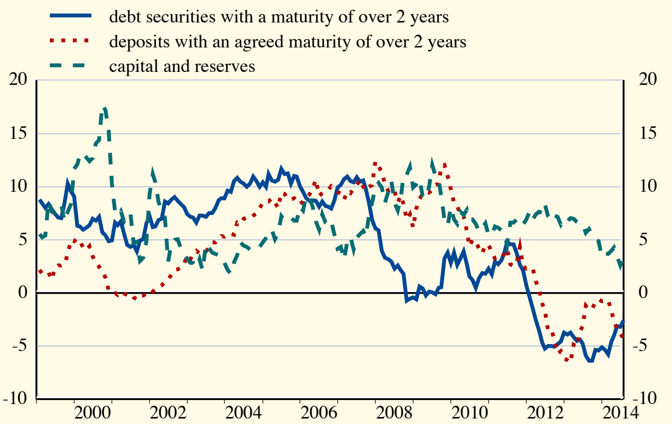
C3 Components of monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C4 Components of longer-term financial liabilities [1]

(annual growth rates; seasonally adjusted)



Source: ECB.

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

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

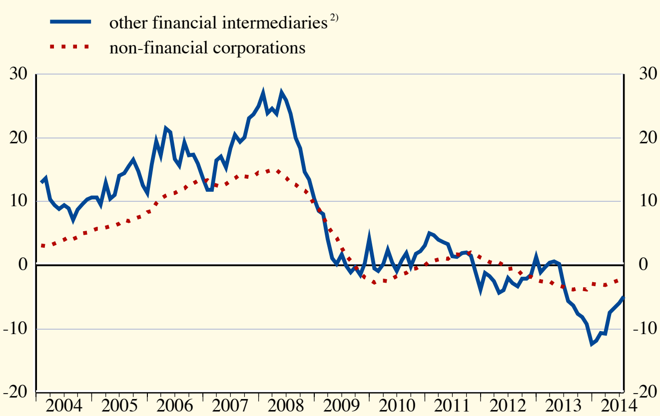
2.3 Monetary statistics [1]

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

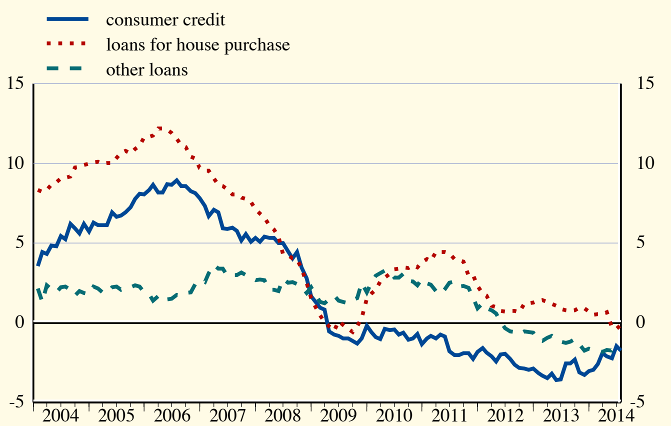
3. Loans as counterpart to M3

	Insurance corporations and pension funds	Other financial inter-mediaries [2]	Non-financial corporations					Households [3]				
	Total	Total	Total	Loans adjusted for sales and securitisation [4]	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Loans adjusted for sales and securitisation [4]	Consumer credit	Loans for house purchase	Other loans
	1	2	3	4	5	6	7	8	9	10	11	12
							Outstanding amounts					
2012	89.0	977.0	4,546.5	-	1,129.8	795.7	2,621.1	5,241.4	-	601.8	3,823.5	816.1
2013	98.3	865.5	4,355.7	-	1,067.5	740.5	2,547.8	5,220.4	-	573.3	3,851.3	795.7
2014 Q1	101.1	860.2	4,337.1	-	1,058.7	732.0	2,546.4	5,232.3	-	572.6	3,867.2	792.5
Q2	98.3	872.2	4,307.8	-	1,056.4	734.6	2,516.8	5,189.1	-	569.9	3,831.2	787.9
2014 Apr.	100.0	885.7	4,329.3	-	1,047.4	738.5	2,543.4	5,236.5	-	571.2	3,871.9	793.4
May	95.9	887.7	4,317.3	-	1,038.6	734.2	2,544.4	5,191.5	-	568.2	3,833.3	790.1
June	98.3	872.2	4,307.8	-	1,056.4	734.6	2,516.8	5,189.1	-	569.9	3,831.2	787.9
July (p)	102.5	850.7	4,294.1	-	1,051.6	731.3	2,511.2	5,190.1	-	570.2	3,833.2	786.8
							Transactions					
2012	-2.0	12.7	-107.3	-60.1	6.5	-51.4	-62.4	25.6	34.3	-17.7	48.5	-5.1
2013	9.6	-120.6	-133.1	-127.9	-44.6	-44.9	-43.7	-3.7	14.1	-18.0	27.4	-13.1
2014 Q1	2.8	6.9	-28.0	-26.9	-6.6	-6.8	-14.6	8.3	9.7	0.5	10.7	-2.8
Q2	-2.8	12.4	-16.7	-6.2	-0.2	7.2	-23.7	-36.9	7.8	-2.1	-34.5	-0.3
2014 Apr.	-1.2	25.7	-6.4	-3.5	-10.7	6.8	-2.5	5.0	2.9	-1.1	4.9	1.3
May	-4.1	0.8	-10.8	-7.6	-8.5	-3.6	1.4	-43.6	2.1	-2.4	-38.9	-2.3
June	2.5	-14.1	0.4	4.9	19.1	4.0	-22.7	1.7	2.8	1.3	-0.4	0.7
July (p)	4.1	-11.9	-14.1	-15.8	-5.3	-2.8	-6.0	2.2	2.9	0.0	2.5	-0.3
							Growth rates					
2012	-2.2	1.3	-2.3	-1.3	0.6	-6.0	-2.3	0.5	0.7	-2.9	1.3	-0.6
2013	10.8	-12.3	-2.9	-2.8	-4.0	-5.7	-1.7	-0.1	0.3	-3.0	0.7	-1.6
2014 Q1	9.0	-10.8	-3.1	-3.1	-4.9	-5.1	-1.7	-0.1	0.4	-1.9	0.6	-1.8
Q2	4.7	-5.9	-2.3	-2.2	-2.8	-3.3	-1.8	-0.6	0.5	-1.5	-0.4	-1.4
2014 Apr.	5.4	-7.4	-2.8	-2.8	-5.1	-3.7	-1.5	0.0	0.4	-2.1	0.7	-1.7
May	2.9	-6.7	-2.6	-2.6	-4.9	-4.2	-1.2	-0.7	0.4	-2.2	-0.3	-1.8
June	4.7	-5.9	-2.3	-2.2	-2.8	-3.3	-1.8	-0.6	0.5	-1.5	-0.4	-1.4
July (p)	7.1	-4.9	-2.3	-2.2	-2.4	-3.7	-1.9	-0.5	0.5	-1.7	-0.1	-1.3

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



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



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

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

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

1. Loans to financial intermediaries and non-financial corporations

	Insurance corporations and pension funds				Other financial intermediaries					Non-financial corporations			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Reverse repos to central counterparties	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2013	90.0	72.6	4.1	13.3	984.8	122.9	439.4	223.7	321.7	4,344.6	1,059.2	739.4	2,545.9
2014 Q1	99.4	82.0	4.0	13.4	979.0	117.8	440.3	221.2	317.4	4,336.4	1,061.1	731.3	2,544.1
Q2	99.1	82.9	3.9	12.2	997.0	121.3	449.8	234.6	312.6	4,316.0	1,066.1	735.3	2,514.6
2014 May	97.2	80.3	4.0	12.9	988.4	96.2	432.1	231.6	324.7	4,319.0	1,042.0	736.0	2,541.0
June	99.1	82.9	3.9	12.2	997.0	121.3	449.8	234.6	312.6	4,316.0	1,066.1	735.3	2,514.6
July (p)	104.3	87.6	4.5	12.2	975.9	125.5	429.0	234.7	312.1	4,304.1	1,057.1	733.0	2,514.1
	Transactions												
2013	8.8	8.8	-0.3	0.3	-75.7	44.8	-54.8	3.9	-24.9	-133.6	-44.4	-44.9	-44.3
2014 Q1	9.3	9.4	-0.2	0.1	6.2	-5.2	4.6	-3.7	5.3	-17.6	4.0	-6.5	-15.1
Q2	-0.2	0.9	0.0	-1.1	18.4	3.6	9.6	13.6	-4.8	-7.8	7.1	8.7	-23.6
2014 May	-2.1	-2.2	-0.1	0.1	-8.7	-8.6	-5.4	3.9	-7.2	-8.6	-9.4	-0.5	1.2
June	1.9	2.6	0.0	-0.6	10.0	25.1	18.2	3.6	-11.8	6.9	25.4	2.9	-21.4
July (p)	5.1	4.6	0.5	0.0	-11.4	4.2	-10.6	0.0	-0.8	-12.3	-9.6	-1.8	-0.9
	Growth rates												
2013	10.7	13.7	-7.0	2.2	-6.7	24.4	-10.3	1.9	-7.1	-3.0	-4.0	-5.7	-1.7
2014 Q1	8.9	9.1	2.6	9.7	-8.8	0.0	-13.8	2.3	-7.6	-3.1	-4.9	-5.1	-1.6
Q2	4.6	5.2	5.5	0.3	-5.5	-2.6	-11.2	10.1	-5.8	-2.3	-2.8	-3.3	-1.8
2014 May	2.7	2.1	4.6	6.0	-7.6	-19.9	-15.7	6.9	-3.8	-2.7	-4.9	-4.2	-1.3
June	4.6	5.2	5.5	0.3	-5.5	-2.6	-11.2	10.1	-5.8	-2.3	-2.8	-3.3	-1.8
July (p)	7.0	7.4	25.4	-0.7	-2.2	13.2	-6.2	9.6	-4.1	-2.3	-2.4	-3.7	-1.9

2. Loans to households [3)]

	Total	Consumer credit				Loans for house purchase				Other loans				
		Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Sole proprietors	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts													
2013	5,229.7	575.8	128.6	169.5	277.7	3,857.5	12.7	55.4	3,789.4	796.5	408.6	136.5	76.4	583.6
2014 Q1	5,223.6	570.1	126.9	166.3	277.0	3,863.1	13.1	54.7	3,795.3	790.4	400.9	135.1	75.9	579.3
Q2	5,194.5	572.1	125.7	168.9	277.5	3,829.6	13.2	54.5	3,761.9	792.8	399.8	141.1	75.5	576.3
2014 May	5,183.0	567.5	124.8	164.8	277.9	3,826.6	13.1	54.4	3,759.2	788.9	398.8	133.3	76.1	579.5
June	5,194.5	572.1	125.7	168.9	277.5	3,829.6	13.2	54.5	3,761.9	792.8	399.8	141.1	75.5	576.3
July (p)	5,192.7	571.4	123.5	169.9	278.0	3,836.0	13.3	54.6	3,768.1	785.4	399.3	133.7	75.0	576.6
	Transactions													
2013	-4.2	-18.1	-4.0	-6.8	-7.3	27.2	-1.4	-1.5	30.1	-13.3	-10.7	-3.5	-3.7	-6.1
2014 Q1	-9.8	-4.4	-1.5	-1.6	-1.3	0.3	0.2	-1.0	1.1	-5.7	-2.1	-1.2	-0.4	-4.0
Q2	-22.8	2.5	-1.0	4.1	-0.7	-32.0	0.1	-0.3	-31.8	6.7	0.0	6.9	0.1	-0.3
2014 May	-42.5	-1.9	-1.6	-0.6	0.3	-39.9	-0.1	-0.5	-39.3	-0.8	-0.1	-1.2	0.1	0.3
June	15.6	4.2	1.0	4.2	-1.0	4.6	0.2	0.2	4.2	6.8	0.9	8.4	-0.1	-1.5
July (p)	-0.6	-0.9	-2.4	0.9	0.6	6.9	0.0	0.1	6.8	-6.6	-0.7	-7.1	-0.1	0.7
	Growth rates													
2013	-0.1	-3.0	-2.9	-3.9	-2.5	0.7	-9.9	-2.6	0.8	-1.6	-2.6	-2.5	-4.6	-1.0
2014 Q1	-0.1	-1.9	-0.4	-2.8	-2.1	0.6	-4.6	-2.8	0.6	-1.8	-2.1	-2.8	-2.8	-1.5
Q2	-0.7	-1.5	-2.2	0.1	-2.1	-0.4	-5.0	-2.8	-0.3	-1.4	-1.6	-0.5	-2.7	-1.5
2014 May	-0.7	-2.2	-1.7	-3.1	-1.9	-0.3	-5.6	-3.5	-0.2	-1.7	-2.0	-1.9	-2.5	-1.6
June	-0.7	-1.5	-2.2	0.1	-2.1	-0.4	-5.0	-2.8	-0.3	-1.4	-1.6	-0.5	-2.7	-1.5
July (p)	-0.5	-1.8	-3.6	0.4	-2.2	-0.1	2.4	-3.4	-0.1	-1.3	-1.2	-0.7	-3.1	-1.3

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) Including non-profit institutions serving households.

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

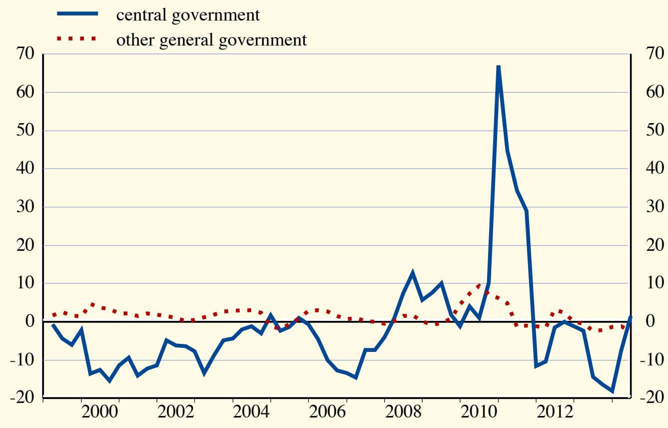
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

3. Loans to government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2012	1,153.4	341.8	221.6	565.9	24.1	2,868.2	1,906.7	961.5	60.7	900.7
2013	1,082.4	279.6	213.8	560.7	28.3	2,726.0	1,788.1	937.9	56.5	881.4
2013 Q3	1,090.4	285.1	213.8	560.0	31.6	2,767.3	1,807.6	959.7	59.3	900.5
Q4	1,082.4	279.6	213.8	560.7	28.3	2,726.0	1,788.1	937.9	56.5	881.4
2014 Q1	1,092.9	289.2	213.5	562.0	28.2	2,864.4	1,904.3	960.1	58.4	901.7
Q2 (p)	1,087.7	295.6	207.4	556.1	28.5	2,933.4	1,957.2	974.9	57.8	917.2
	Transactions									
2012	-3.6	-4.1	-4.9	2.9	2.4	-128.3	-100.8	-27.5	-1.0	-26.5
2013	-72.1	-61.7	-7.9	-6.7	4.2	-72.7	-75.9	3.2	-2.1	5.3
2013 Q3	-12.4	-5.1	-4.5	-6.4	3.5	-91.4	-77.3	-14.0	2.4	-16.4
Q4	-8.0	-5.4	0.0	0.7	-3.3	-10.9	3.0	-13.9	-2.2	-11.8
2014 Q1	9.1	8.5	-0.3	1.0	-0.1	135.1	113.4	21.6	2.1	19.5
Q2 (p)	-4.5	6.4	-6.1	-5.1	0.6	47.4	36.8	9.3	-1.0	10.3
	Growth rates									
2012	-0.3	-1.2	-2.2	0.5	11.2	-4.2	-4.9	-2.8	-1.8	-2.8
2013	-6.2	-18.1	-3.5	-1.2	17.2	-2.6	-4.0	0.3	-3.6	0.5
2013 Q3	-6.3	-16.3	-7.7	-1.0	20.1	-5.5	-6.9	-2.8	3.3	-3.2
Q4	-6.2	-18.1	-3.5	-1.2	17.2	-2.6	-4.0	0.3	-3.6	0.5
2014 Q1	-3.0	-7.6	-1.7	-1.4	8.5	1.8	3.5	-1.3	1.8	-1.5
Q2 (p)	-1.4	1.5	-5.0	-1.7	2.7	2.9	4.1	0.4	2.3	0.2

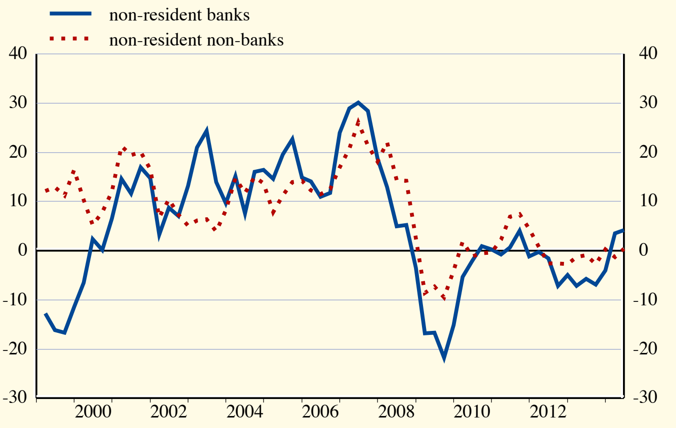
C7 Loans to government [2)]

(annual growth rates; not seasonally adjusted)



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

(annual growth rates; not seasonally adjusted)



Source: ECB.

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

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

3) The term "banks" is used in this table to indicate institutions similar to MFIs which are resident outside the euro area.

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

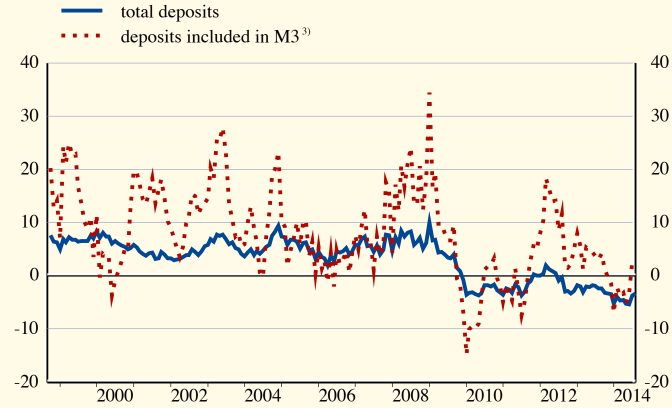
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries							
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		With central counter-parties
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts														
2012	691.4	106.5	81.4	484.4	6.4	0.2	12.5	2,020.0	410.1	236.6	1,021.0	13.6	0.3	338.6	260.8
2013	653.6	96.1	76.5	462.8	7.0	0.1	11.0	1,861.8	424.7	221.4	942.7	16.4	0.5	256.1	184.2
2014 Q1	665.6	111.4	78.0	456.0	8.0	0.1	12.0	1,843.2	439.6	215.3	915.3	18.5	0.5	254.0	177.1
Q2	654.5	109.3	75.4	449.5	8.1	0.1	12.1	1,796.9	442.0	212.9	871.3	16.5	0.2	254.0	171.2
2014 Apr.	664.9	113.4	77.9	452.8	8.0	0.1	12.7	1,804.0	434.8	220.0	889.6	17.7	0.5	241.4	162.8
May	658.8	110.4	77.3	451.1	8.1	0.1	11.8	1,783.2	437.5	220.3	879.2	16.7	0.3	229.0	147.2
June	654.5	109.3	75.4	449.5	8.1	0.1	12.1	1,796.9	442.0	212.9	871.3	16.5	0.2	254.0	171.2
July (p)	661.8	114.6	75.5	447.2	8.1	0.1	16.2	1,790.2	435.1	214.2	864.9	16.6	0.2	259.1	169.6
	Transactions														
2012	-12.3	15.2	2.9	-27.6	2.0	0.0	-4.7	-181.2	23.4	-49.5	-166.0	-2.0	-0.3	13.2	9.4
2013	-36.0	-9.2	-5.3	-21.9	1.3	-0.1	-0.8	-54.7	14.8	-14.8	-76.6	3.0	0.3	18.6	32.6
2014 Q1	11.3	15.0	1.2	-6.8	0.9	0.0	1.0	-13.1	14.3	-6.4	-20.8	2.0	-0.1	-2.1	-7.1
Q2	-11.1	-2.1	-2.6	-6.5	0.0	0.0	0.0	-47.9	1.1	-2.4	-44.7	-1.5	-0.2	-0.2	-5.9
2014 Apr.	-0.2	2.1	-0.1	-2.9	0.0	0.0	0.6	-38.6	-4.7	5.0	-25.6	-0.7	0.1	-12.7	-14.3
May	-6.3	-3.1	-0.6	-1.7	0.1	0.0	-0.9	-23.0	1.3	0.0	-11.3	-0.5	-0.2	-12.4	-15.6
June	-4.6	-1.0	-2.0	-1.9	0.0	0.0	0.3	13.7	4.5	-7.5	-7.8	-0.2	-0.1	24.9	24.0
July (p)	7.1	5.1	0.1	-2.4	0.0	0.0	4.2	-6.0	-4.8	1.0	-7.4	0.1	0.0	5.0	-1.6
	Growth rates														
2012	-1.7	16.5	3.8	-5.4	50.8	-	-32.1	-8.2	6.0	-17.3	-14.0	-14.0	-	2.9	2.5
2013	-5.2	-8.8	-6.5	-4.5	18.7	-	-7.3	-2.9	3.6	-6.3	-7.5	21.8	-	2.7	10.5
2014 Q1	-4.5	-2.0	-7.1	-5.1	9.3	-	4.8	-7.7	0.0	-9.3	-9.1	23.5	-	-14.3	-12.8
Q2	-3.6	4.8	-4.0	-6.3	9.3	-	34.7	-10.9	-3.0	-7.7	-11.7	1.4	-	-20.5	-23.8
2014 Apr.	-5.3	-4.2	-7.1	-5.3	5.2	-	-6.6	-8.7	-2.4	-4.7	-10.7	13.0	-	-16.3	-16.8
May	-5.3	-1.4	-7.3	-6.2	4.4	-	1.6	-10.0	-1.4	-4.8	-11.1	12.6	-	-23.4	-27.8
June	-3.6	4.8	-4.0	-6.3	9.3	-	34.7	-10.9	-3.0	-7.7	-11.7	1.4	-	-20.5	-23.8
July (p)	-3.3	4.8	-6.8	-5.9	4.7	-	53.8	-8.1	0.2	-8.1	-11.9	-1.5	-	-8.3	-9.8

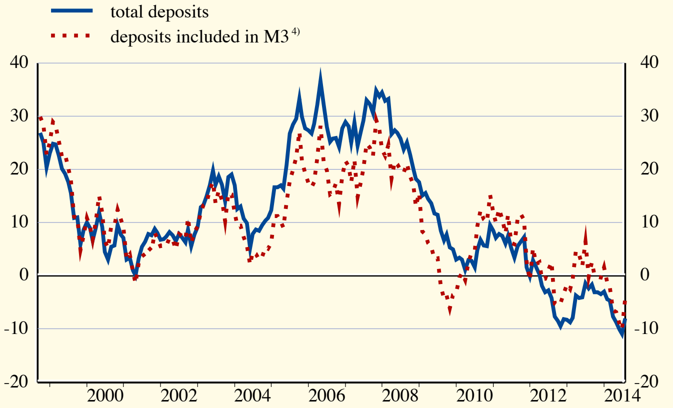
C9 Deposits by insurance corporations and pension funds [2)]

(annual growth rates)



C10 Deposits by other financial intermediaries [2)]

(annual growth rates)



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

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

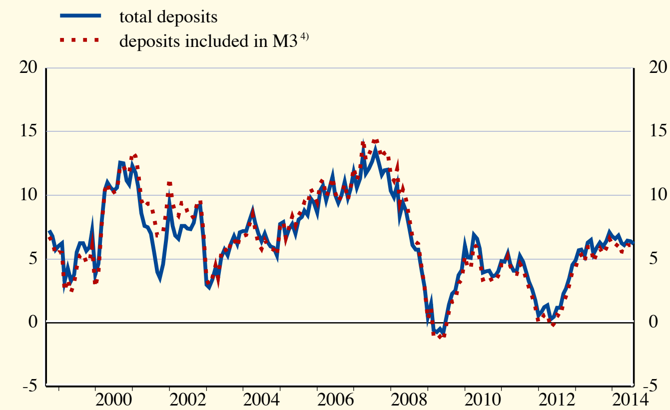
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

2. Deposits by non-financial corporations and households

	Non-financial corporations							Households 3)						
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts													
2012	1,761.8	1,148.8	408.3	106.5	85.4	2.0	10.9	6,118.9	2,346.2	979.1	747.8	1,937.3	98.0	10.4
2013	1,873.9	1,236.7	404.4	122.8	91.7	1.8	16.5	6,263.3	2,521.5	877.4	806.7	1,969.3	83.9	4.5
2014 Q1	1,852.6	1,214.7	400.3	126.4	95.8	1.8	13.6	6,287.4	2,538.5	869.7	813.7	1,976.0	83.7	5.7
Q2	1,874.7	1,248.5	384.1	127.3	97.9	2.0	14.9	6,339.5	2,615.2	855.7	807.8	1,974.5	82.1	4.2
2014 Apr.	1,854.2	1,213.4	399.3	126.5	96.4	1.8	16.8	6,300.3	2,562.6	863.2	811.3	1,974.3	83.5	5.5
May	1,875.5	1,238.5	393.5	126.5	98.3	1.9	16.8	6,322.8	2,589.5	860.4	809.5	1,975.1	83.3	5.0
June	1,874.7	1,248.5	384.1	127.3	97.9	2.0	14.9	6,339.5	2,615.2	855.7	807.8	1,974.5	82.1	4.2
July (p)	1,876.3	1,243.0	392.0	127.7	98.6	2.0	13.1	6,341.0	2,624.0	852.8	804.8	1,971.7	82.7	5.0
	Transactions													
2012	82.2	99.6	-35.5	12.9	9.5	0.0	-4.3	224.6	90.2	33.9	21.6	100.8	-9.5	-12.3
2013	119.6	92.4	-3.7	17.8	7.5	-0.1	5.7	148.4	176.8	-100.1	59.5	32.2	-14.1	-5.9
2014 Q1	-25.9	-25.6	-4.8	3.3	4.1	0.1	-2.9	20.9	15.0	-8.4	6.8	6.4	-0.2	1.3
Q2	17.1	31.7	-17.0	0.9	0.3	0.1	1.1	54.6	77.7	-14.1	-6.0	0.3	-1.7	-1.5
2014 Apr.	1.6	-1.1	-1.2	0.1	0.6	0.0	3.2	12.8	24.0	-6.4	-2.6	-1.7	-0.3	-0.3
May	16.5	22.6	-6.3	0.0	0.2	0.1	-0.1	25.1	28.2	-3.1	-1.8	2.5	-0.2	-0.5
June	-1.1	10.2	-9.6	0.7	-0.5	0.1	-2.0	16.6	25.5	-4.6	-1.7	-0.6	-1.2	-0.8
July (p)	-0.8	-6.9	7.4	-0.1	0.6	0.0	-1.8	0.8	8.4	-3.2	-3.0	-2.9	0.6	0.8
	Growth rates													
2012	4.9	9.5	-8.0	13.4	13.0	-1.4	-26.5	3.8	4.0	3.6	3.0	5.5	-8.9	-54.2
2013	6.8	8.1	-0.9	16.8	8.7	-3.7	52.4	2.4	7.5	-10.2	8.0	1.7	-14.4	-57.0
2014 Q1	6.2	8.4	-2.5	15.4	5.6	16.7	23.4	2.0	6.8	-9.9	7.5	0.6	-10.1	-30.8
Q2	6.4	8.5	-1.8	10.6	5.0	26.4	40.3	2.1	6.9	-8.0	5.0	0.3	-7.0	-30.5
2014 Apr.	6.1	7.7	-1.7	14.1	5.5	27.1	51.4	2.0	6.9	-9.4	6.6	0.3	-8.8	-21.9
May	6.5	8.1	-0.3	11.5	5.3	22.1	27.9	2.2	7.5	-8.8	5.5	0.3	-6.9	-26.1
June	6.4	8.5	-1.8	10.6	5.0	26.4	40.3	2.1	6.9	-8.0	5.0	0.3	-7.0	-30.5
July (p)	6.2	8.2	-0.6	9.4	4.1	24.1	26.9	2.1	7.1	-7.6	4.0	0.1	-5.1	-26.9

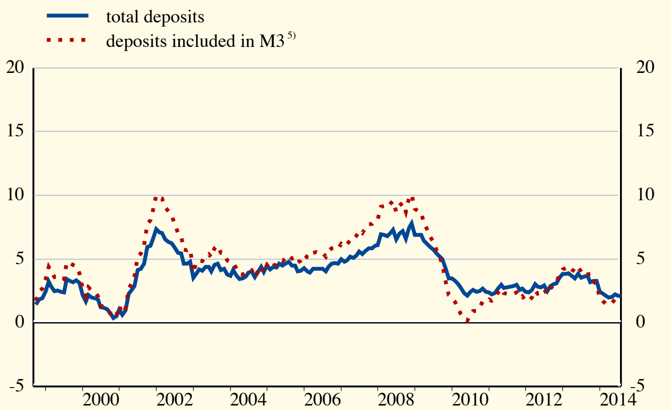
C11 Deposits by non-financial corporations 2)

(annual growth rates)



C12 Deposits by households 2)

(annual growth rates)



Source: ECB.

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

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

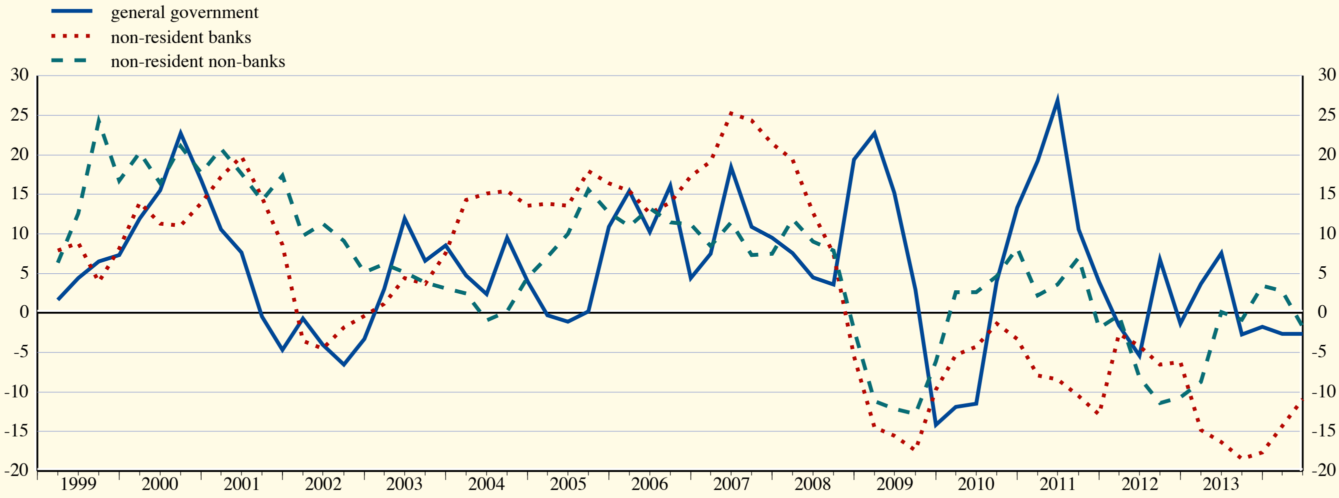
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

3. Deposits by government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks 3)	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2012	447.9	169.6	62.8	111.7	103.8	2,895.4	2,016.8	878.6	39.8	838.7
2013	441.0	152.5	64.1	109.2	115.3	2,519.8	1,626.0	893.8	29.8	864.0
2013 Q3	495.5	190.9	70.7	113.6	120.2	2,666.1	1,737.5	928.6	43.0	885.6
Q4	441.0	152.5	64.1	109.2	115.3	2,519.8	1,626.0	893.8	29.8	864.0
2014 Q1	488.0	181.1	73.1	110.7	123.3	2,594.9	1,667.7	927.2	33.8	893.4
Q2 (p)	534.0	214.8	72.5	113.2	133.5	2,581.9	1,658.4	922.0	31.2	890.8
	Transactions									
2012	-7.9	-22.6	-0.3	-0.4	15.5	-240.1	-135.6	-104.5	-5.1	-99.4
2013	-8.0	-17.9	1.1	-2.6	11.3	-324.7	-355.1	30.4	-8.8	39.3
2013 Q3	-49.8	-44.7	-0.1	-1.7	-3.3	-128.8	-127.6	-1.2	7.9	-9.1
Q4	-55.2	-39.1	-6.6	-4.5	-5.0	-124.7	-95.8	-28.9	-13.0	-15.9
2014 Q1	45.5	28.5	9.0	1.3	6.7	63.2	38.1	25.1	3.9	21.2
Q2 (p)	45.4	33.8	-0.6	2.6	9.7	-29.7	-19.7	-11.5	-2.7	-8.8
	Growth rates									
2012	-1.4	-11.7	10.3	-0.4	18.2	-7.5	-6.2	-10.7	-11.9	-10.6
2013	-1.8	-10.5	1.8	-2.3	10.8	-11.3	-17.7	3.4	-22.7	4.6
2013 Q3	-2.8	-5.4	-24.1	2.1	16.3	-13.1	-18.4	-0.9	2.0	-1.0
Q4	-1.8	-10.5	1.8	-2.3	10.8	-11.3	-17.7	3.4	-22.7	4.6
2014 Q1	-2.6	-13.5	9.0	-1.2	9.0	-9.0	-14.4	2.8	-7.8	3.2
Q2 (p)	-2.7	-9.4	2.3	-2.0	6.5	-7.8	-10.9	-1.8	-11.0	-1.4

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.

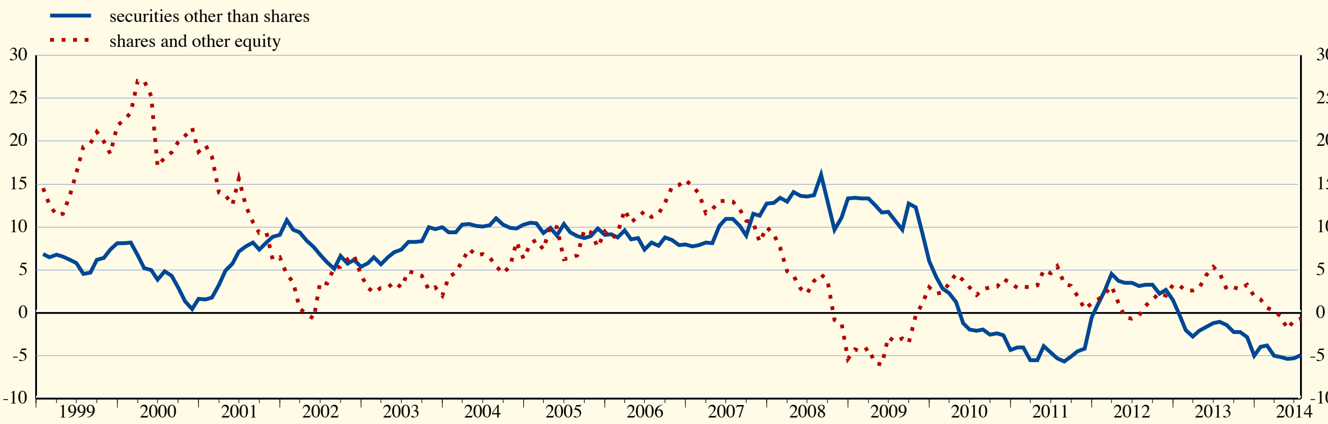
2.6 MFI holdings of securities: breakdown [1), 2)]

(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											
2012	5,774.7	1,748.7	102.9	1,594.2	32.8	1,399.6	23.6	872.8	1,528.5	475.7	752.1	300.7
2013	5,472.0	1,540.6	102.7	1,674.1	20.3	1,307.0	28.7	798.6	1,561.4	457.0	775.5	328.9
2014 Q1	5,503.2	1,504.2	113.7	1,755.4	19.2	1,277.8	29.4	803.6	1,560.3	462.4	786.6	311.3
Q2	5,523.8	1,469.0	112.8	1,788.8	19.7	1,270.2	32.5	830.8	1,547.8	449.2	787.4	311.1
2014 Apr.	5,490.6	1,506.1	111.5	1,772.0	18.6	1,243.4	28.7	810.2	1,577.5	460.0	807.8	309.7
May	5,533.7	1,481.1	113.2	1,788.0	18.9	1,284.3	31.4	816.9	1,570.7	458.8	797.0	315.0
June	5,523.8	1,469.0	112.8	1,788.8	19.7	1,270.2	32.5	830.8	1,547.8	449.2	787.4	311.1
July (p)	5,512.2	1,453.5	112.1	1,778.9	20.8	1,275.7	31.2	840.0	1,546.7	450.3	788.1	308.2
	Transactions											
2012	83.1	-17.5	16.0	191.1	10.5	-67.8	-4.0	-45.2	49.8	6.6	37.9	5.3
2013	-288.3	-220.3	-0.3	65.5	-11.3	-93.0	5.9	-34.8	29.7	-12.4	13.4	28.7
2014 Q1	10.0	-38.8	10.5	58.4	-1.4	-20.7	0.5	1.5	-4.3	-0.5	12.6	-16.4
Q2	-8.5	-36.4	-3.4	16.6	0.0	-6.6	2.4	18.8	2.7	-1.0	5.3	-1.6
2014 Apr.	-18.6	1.7	-2.3	12.4	-0.6	-35.8	-0.7	6.8	15.5	-2.2	19.6	-1.8
May	25.8	-26.2	-0.1	11.1	-0.1	39.9	2.1	-0.9	-9.9	-1.1	-12.9	4.1
June	-15.7	-11.9	-0.9	-6.9	0.7	-10.7	1.0	13.0	-3.0	2.3	-1.4	-3.9
July (p)	-25.9	-15.9	-2.2	-14.0	0.8	5.0	-1.8	2.2	2.6	1.1	4.4	-2.9
	Growth rates											
2012	1.5	-1.0	18.3	14.0	47.7	-4.6	-14.6	-4.8	3.3	1.3	5.2	1.8
2013	-5.0	-12.5	-0.4	4.1	-35.2	-6.6	25.2	-4.0	1.9	-2.6	1.8	9.7
2014 Q1	-5.0	-11.7	-6.4	2.7	-36.9	-7.0	11.0	-2.4	0.2	-0.7	1.0	-0.4
Q2	-5.3	-11.4	-5.1	-1.3	-33.2	-7.4	19.9	2.2	-0.9	-2.9	0.5	-1.1
2014 Apr.	-5.1	-11.3	-6.2	3.4	-38.1	-9.9	1.8	-0.8	-0.3	-0.5	0.0	-1.1
May	-5.4	-11.9	-5.5	0.9	-37.9	-7.4	10.8	-1.3	-1.8	-3.9	-0.9	-1.1
June	-5.3	-11.4	-5.1	-1.3	-33.2	-7.4	19.9	2.2	-0.9	-2.9	0.5	-1.1
July (p)	-4.9	-11.7	-8.7	0.0	-29.9	-6.9	8.7	2.9	-0.6	-4.6	2.6	-2.6

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

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

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

	MFIs [3)]							Non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total							Total				
				USD	JPY	CHF	GBP				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Loans														
To euro area residents														
2012	5,790.4	-	-	-	-	-	-	12,196.7	96.4	3.6	1.7	0.2	0.9	0.5
2013	5,249.7	-	-	-	-	-	-	11,731.5	96.8	3.2	1.7	0.1	0.9	0.4
2014 Q1	5,211.2	-	-	-	-	-	-	11,731.3	96.8	3.2	1.7	0.1	0.9	0.3
Q2 (p)	5,193.0	-	-	-	-	-	-	11,694.3	96.7	3.3	1.8	0.1	0.9	0.4
To non-euro area residents														
2012	1,906.7	47.3	52.7	31.9	1.9	3.5	10.1	961.5	40.1	59.9	38.2	2.0	2.9	9.9
2013	1,788.1	41.0	59.0	38.7	1.8	3.4	9.5	937.9	40.2	59.8	38.1	3.0	2.7	9.3
2014 Q1	1,904.3	39.1	60.9	39.1	2.6	3.6	10.1	960.1	40.5	59.5	37.9	2.7	2.6	9.4
Q2 (p)	1,957.2	38.5	61.5	40.1	2.8	3.9	9.3	974.9	39.9	60.1	37.3	3.6	2.5	9.7
Holdings of securities other than shares														
Issued by euro area residents														
2012	1,851.6	94.4	5.6	2.7	0.1	0.4	2.0	3,050.3	98.1	1.9	1.2	0.1	0.1	0.4
2013	1,643.3	93.7	6.3	2.6	0.1	0.3	2.8	3,030.1	98.4	1.6	0.8	0.2	0.1	0.5
2014 Q1	1,617.9	93.0	7.0	2.9	0.1	0.2	3.3	3,081.8	98.4	1.6	0.8	0.1	0.1	0.5
Q2 (p)	1,581.8	92.9	7.1	2.8	0.1	0.3	3.4	3,111.2	98.3	1.7	0.9	0.1	0.1	0.5
Issued by non-euro area residents														
2012	434.0	54.9	45.1	19.8	0.3	0.3	19.1	438.8	34.1	65.9	39.1	5.4	0.9	11.8
2013	421.7	52.4	47.6	20.2	0.2	0.6	20.0	376.9	38.2	61.8	37.5	4.1	1.0	10.7
2014 Q1	423.4	52.9	47.1	20.0	0.2	0.4	19.8	380.2	37.4	62.6	37.6	5.0	0.7	10.3
Q2 (p)	432.3	52.6	47.4	21.2	0.3	0.5	20.0	398.6	37.7	62.3	38.3	4.8	0.8	10.0
Deposits														
By euro area residents														
2012	6,155.3	93.8	6.2	3.9	0.2	1.1	0.6	11,040.0	97.0	3.0	2.0	0.1	0.1	0.4
2013	5,552.6	93.4	6.6	4.2	0.2	1.0	0.7	11,093.5	96.8	3.2	2.2	0.1	0.1	0.4
2014 Q1	5,517.5	93.0	7.0	4.4	0.2	1.1	0.7	11,136.8	96.8	3.2	2.2	0.1	0.1	0.4
Q2 (p)	5,525.8	92.8	7.2	4.6	0.2	1.0	0.8	11,199.5	96.7	3.3	2.2	0.1	0.1	0.4
By non-euro area residents														
2012	2,016.8	58.3	41.7	27.7	1.6	1.0	7.3	878.6	52.4	47.6	31.3	1.9	1.1	6.3
2013	1,626.0	51.3	48.7	33.1	1.7	1.5	7.8	893.8	53.9	46.1	29.7	2.1	1.2	6.4
2014 Q1	1,667.7	51.5	48.5	33.8	1.6	1.5	7.2	927.2	53.8	46.2	30.0	2.2	1.0	6.6
Q2 (p)	1,658.4	49.5	50.5	35.4	2.0	1.6	7.4	922.0	52.0	48.0	30.3	2.6	1.1	7.3

2. Debt securities issued by euro area MFIs

	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total				
				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7
2012	5,068.0	81.8	18.2	9.6	1.6	1.9	2.5
2013	4,582.7	81.0	19.0	10.7	1.3	1.8	2.7
2014 Q1	4,550.7	80.5	19.5	11.0	1.3	1.8	2.8
Q2 (p)	4,493.7	79.6	20.4	11.6	1.2	1.8	3.0

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.

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

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

1. Assets

	Total	Deposits and loan claims	Securities other than shares	Shares and other equity (excl. investment fund/ money market fund shares)	Investment fund/ money market fund shares	Non-financial assets	Other assets (incl. financial derivatives)
	1	2	3	4	5	6	7
	Outstanding amounts						
2013 Dec.	7,941.7	517.2	3,112.0	2,369.9	1,117.6	254.3	570.6
2014 Jan.	8,036.2	534.2	3,172.8	2,340.6	1,119.8	256.1	612.7
Feb.	8,204.0	543.4	3,215.6	2,421.4	1,144.1	256.3	623.1
Mar.	8,368.4	557.4	3,279.2	2,417.7	1,179.3	255.2	679.5
Apr.	8,459.4	558.0	3,329.6	2,430.7	1,185.6	259.7	695.9
May	8,683.5	561.6	3,404.9	2,521.8	1,218.7	264.8	711.7
June (p)	8,759.6	560.7	3,446.0	2,612.3	1,190.1	262.2	688.3
	Transactions						
2013 Q4	60.6	3.1	6.2	43.5	51.5	3.5	-47.2
2014 Q1	221.3	44.7	103.2	44.0	21.8	-1.4	9.0
Q2 (p)	156.4	20.6	105.9	52.7	28.2	7.2	-58.2

2. Liabilities

	Total	Loans and deposits received	Investment fund shares issued				Other liabilities (incl. financial derivatives)
			Total	Held by euro area residents		Held by non-euro area residents	
					Investment funds		
	1	2	3	4	5	6	7
	Outstanding amounts						
2013 Dec.	7,941.7	169.7	7,263.2	5,329.0	885.9	1,934.2	508.8
2014 Jan.	8,036.2	180.4	7,295.5	5,351.9	886.9	1,943.6	560.4
Feb.	8,204.0	184.1	7,448.8	5,468.5	907.1	1,980.3	571.1
Mar.	8,368.4	189.9	7,531.4	5,549.8	927.9	1,981.5	647.2
Apr.	8,459.4	192.7	7,585.8	5,598.7	932.0	1,987.1	680.8
May	8,683.5	188.9	7,798.5	5,735.9	961.5	2,062.6	696.1
June (p)	8,759.6	184.3	7,915.3	5,796.4	954.5	2,118.8	661.1
	Transactions						
2013 Q4	60.6	0.7	111.2	93.4	43.8	26.4	-56.0
2014 Q1	221.3	24.6	109.6	134.7	20.5	-37.8	87.1
Q2 (p)	156.4	-1.5	155.4	119.9	27.1	52.7	3.6

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

	Total	Funds by investment policy						Funds by type		Memo item: Money market funds
		Bond funds	Equity funds	Mixed funds	Real estate funds	Hedge funds	Other funds	Open-end funds	Closed-end funds	
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2013 Nov.	7,244.3	2,450.5	2,006.3	1,804.4	339.0	158.6	485.5	7,150.8	93.5	836.9
Dec.	7,263.2	2,471.4	2,043.2	1,806.4	343.5	155.2	443.6	7,166.9	96.3	819.6
2014 Jan.	7,295.5	2,501.4	2,015.1	1,822.8	345.9	158.2	452.1	7,194.8	100.7	855.3
Feb.	7,448.8	2,531.3	2,084.9	1,865.8	347.1	159.0	460.7	7,347.1	101.6	855.3
Mar.	7,531.4	2,560.6	2,092.5	1,894.2	349.6	163.3	471.0	7,429.6	101.7	835.5
Apr.	7,585.8	2,576.9	2,111.7	1,912.8	351.5	159.7	473.2	7,483.3	102.5	836.5
May	7,798.5	2,634.4	2,193.2	1,963.5	360.3	163.6	483.6	7,694.2	104.2	839.2
June (p)	7,915.3	2,659.2	2,229.6	1,999.6	357.1	171.3	498.5	7,810.6	104.7	824.4
	Transactions									
2013 Dec.	38.3	-8.8	19.5	14.3	3.5	7.3	2.6	34.6	3.8	-14.7
2014 Jan.	46.6	8.2	13.3	19.3	2.2	0.7	2.9	46.1	0.4	29.7
Feb.	58.5	22.7	13.0	20.6	0.0	1.5	0.8	57.7	0.8	4.9
Mar.	4.6	13.3	-12.5	10.0	1.4	-4.7	-3.0	15.1	-10.5	-19.6
Apr.	39.5	7.2	21.1	13.2	1.9	-3.3	-0.6	39.3	0.1	0.8
May	69.4	21.6	13.2	22.2	7.4	0.8	4.2	69.1	0.3	-2.5
June (p)	46.6	6.0	-0.5	28.8	-4.0	4.9	11.4	46.5	0.1	-16.5

Source: ECB.

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

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

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

1. Securities other than shares

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
					Outstanding amounts						
2013 Q3	3,096.9	1,686.8	394.4	798.5	257.4	9.0	227.4	1,410.1	343.5	548.7	14.9
Q4	3,112.0	1,708.0	390.3	807.3	264.5	10.4	235.5	1,404.0	346.4	547.9	13.7
2014 Q1	3,279.2	1,845.2	414.7	856.8	299.6	11.8	262.2	1,438.1	396.2	553.4	14.5
Q2 (p)	3,446.0	1,780.6	393.1	833.5	285.8	10.7	257.3	1,668.7	301.0	461.2	12.2
					Transactions						
2013 Q4	6.2	9.2	-6.0	2.0	5.9	1.1	6.3	-3.1	6.1	-5.7	-0.6
2014 Q1	103.2	166.4	11.5	81.3	43.6	1.0	29.0	-68.6	136.3	143.1	3.4
Q2 (p)	105.9	29.4	1.6	11.8	9.5	0.8	5.7	76.3	11.9	19.0	0.1

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

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
					Outstanding amounts						
2013 Q3	2,228.6	817.2	72.6	-	56.2	30.4	658.1	1,411.3	197.8	502.7	112.8
Q4	2,369.9	886.3	85.4	-	64.7	35.5	700.7	1,483.6	215.4	536.0	123.2
2014 Q1	2,417.7	919.0	92.1	-	63.3	33.3	730.3	1,498.7	215.9	553.6	116.5
Q2 (p)	2,612.3	874.1	88.6	-	61.5	27.0	696.8	1,738.2	182.9	462.4	91.4
					Transactions						
2013 Q4	43.5	18.3	3.6	-	2.4	1.6	10.7	23.4	8.7	0.5	10.0
2014 Q1	44.0	131.6	21.0	-	48.9	1.1	60.6	-97.9	51.8	149.3	34.8
Q2 (p)	52.7	14.7	7.8	-	4.7	-1.4	3.6	38.2	7.8	12.1	4.8

3. Investment fund/money market fund shares

	Total	Euro area						Rest of the world			
		Total	MFIs [2]	General government	Other financial intermediaries [2]	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
					Outstanding amounts						
2013 Q3	1,064.3	924.0	86.2	-	837.7	-	-	140.3	33.8	47.6	0.5
Q4	1,117.6	971.0	85.1	-	885.9	-	-	146.6	36.6	49.4	0.5
2014 Q1	1,179.3	1,016.1	88.2	-	927.9	-	-	163.3	40.5	59.9	0.4
Q2 (p)	1,190.1	1,031.2	76.8	-	954.5	-	-	158.8	37.9	57.0	0.5
					Transactions						
2013 Q4	51.5	43.5	-0.3	-	43.8	-	-	8.0	3.9	2.0	0.0
2014 Q1	21.8	22.3	1.7	-	20.5	-	-	-0.4	7.5	5.9	0.0
Q2 (p)	28.2	26.1	-1.0	-	27.1	-	-	2.1	2.2	0.7	0.0

Source: ECB.

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

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

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

1. Assets

	Total	Deposits and loan claims	Securitised loans							Securities other than shares	Other securitised assets	Shares and other equity	Other assets
			Total	Originated in euro area					Originated outside euro area				
				MFIs		Other financial intermediaries, insurance corporations and pension funds	Non-financial corporations	General government					
					Remaining on the MFI balance sheet [1]								
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2013 Q2	1,998.7	271.3	1,349.3	1,041.5	456.5	162.1	24.6	3.6	117.5	192.7	88.3	36.4	60.7
Q3	1,959.8	264.2	1,326.8	1,031.8	449.6	156.2	20.1	3.5	115.2	180.2	87.4	36.8	64.3
Q4	1,916.0	252.8	1,292.3	1,010.2	442.6	145.4	19.7	3.1	113.9	178.8	89.7	38.3	64.1
2014 Q1	1,884.6	253.4	1,256.7	976.7	430.4	158.1	21.1	3.1	97.8	163.2	101.6	44.7	64.9
Q2	1,860.6	236.9	1,250.2	975.5	421.9	163.5	19.6	0.1	91.4	164.8	100.7	43.4	64.5
	Transactions												
2013 Q2	-32.5	-15.3	-16.6	-8.0	-	-1.5	-1.4	-0.4	-5.3	1.5	2.7	-1.7	-3.1
Q3	-39.8	-6.9	-21.5	-9.3	-	-5.5	-4.3	0.0	-2.3	-12.7	-0.7	0.5	1.4
Q4	-45.5	-11.3	-34.3	-21.6	-	-10.6	-0.6	-0.4	-1.2	-0.5	2.4	1.2	-3.0
2014 Q1	-41.7	-11.1	-27.9	-27.6	-	0.3	-0.4	0.0	-0.2	-2.4	-1.3	-0.1	1.2
Q2	-20.1	-16.4	1.0	4.5	-	5.1	-1.3	-0.4	-6.8	0.7	-0.3	-1.5	-3.5

2. Liabilities

	Total	Loans and deposits received	Debt securities issued			Capital and reserves	Other liabilities
			Total	Up to 2 years	Over 2 years		
	1	2	3	4	5	6	7
	Outstanding amounts						
2013 Q2	1,998.7	129.4	1,615.2	56.2	1,559.0	29.4	224.8
Q3	1,959.8	124.2	1,580.6	56.1	1,524.5	28.8	226.2
Q4	1,916.0	117.3	1,541.1	61.0	1,480.1	29.0	228.6
2014 Q1	1,884.6	143.5	1,474.0	81.0	1,393.0	28.0	239.0
Q2	1,860.6	130.6	1,467.0	79.6	1,387.3	26.9	236.1
	Transactions						
2013 Q2	-32.5	-12.1	-15.0	0.0	-15.1	-1.6	-3.8
Q3	-39.8	-3.9	-35.5	-0.1	-35.3	-0.7	0.2
Q4	-45.5	-6.2	-39.5	4.8	-44.3	0.7	-0.5
2014 Q1	-41.7	-1.5	-43.5	-4.7	-38.8	0.4	2.8
Q2	-20.1	-13.5	-4.8	-3.4	-1.4	-1.3	-0.4

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

	Securitised loans originated by euro area MFIs							Securities other than shares					
	Total	Euro area borrowing sector [2]					Non-euro area borrowing sector	Total	Euro area residents				Non-euro area residents
		Households	Non-financial corporations	Other financial intermediaries	Insurance corporations and pension funds	General government			Total	MFIs	Non-MFIs		
												Financial vehicle corporations	
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2013 Q2	1,041.5	759.7	226.0	20.9	0.2	5.5	29.3	192.7	114.3	32.9	81.4	32.4	78.4
Q3	1,031.8	757.9	216.2	21.5	0.2	5.5	30.5	180.2	109.7	29.0	80.6	31.0	70.6
Q4	1,010.2	740.8	204.7	26.8	0.2	5.4	32.2	178.8	107.6	28.7	78.8	33.6	71.2
2014 Q1	976.7	725.6	193.2	24.7	0.2	5.3	27.7	163.2	98.9	26.0	72.8	34.1	64.4
Q2	975.5	728.6	190.4	25.1	0.2	5.4	25.9	164.8	101.5	24.2	77.3	37.9	63.3
	Transactions												
2013 Q2	-8.0	7.7	-5.6	0.2	0.0	-0.2	0.0	1.5	3.2	0.7	2.5	0.1	-1.8
Q3	-9.3	-2.1	-8.9	0.7	0.0	0.0	0.9	-12.7	-4.8	-4.0	-0.8	-1.4	-7.9
Q4	-21.6	-17.3	-11.2	5.3	0.0	-0.1	1.7	-0.5	-1.8	-0.1	-1.7	1.9	1.2
2014 Q1	-27.6	-15.4	-8.7	-0.8	0.0	-0.1	-2.5	-2.4	-2.5	-0.4	-2.1	-1.4	0.1
Q2	4.5	2.9	-1.3	0.1	0.0	0.1	2.6	0.7	2.1	-1.8	3.9	3.6	-1.4

Source: ECB.

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

2) Excludes securitisations of inter-MFI loans.

2.11 Aggregated balance sheet of euro area insurance corporations and pension funds
(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Currency and deposits	Loans	Securities other than shares	Shares and other equity	Investment fund shares	Money market fund shares	Prepayments of insurance premiums and reserves for outstanding claims	Other accounts receivable/ payable and financial derivatives	Non-financial assets
	1	2	3	4	5	6	7	8	9	10
2011 Q2	7,146.0	775.6	465.1	2,741.2	843.3	1,621.9	79.7	254.2	216.1	148.9
Q3	7,148.0	792.4	463.9	2,764.6	788.2	1,582.7	87.4	255.5	264.8	148.4
Q4	7,158.9	785.2	473.6	2,725.1	793.2	1,615.9	91.2	253.5	271.1	150.1
2012 Q1	7,444.9	797.5	472.9	2,868.9	806.4	1,712.6	103.2	258.1	276.9	148.4
Q2	7,470.3	786.3	471.9	2,882.4	801.6	1,717.1	107.0	261.4	293.7	149.1
Q3	7,684.8	785.8	481.4	2,996.3	819.1	1,796.2	109.1	263.0	284.6	149.3
Q4	7,771.8	788.5	480.4	3,042.9	817.2	1,837.7	110.4	261.7	281.6	151.3
2013 Q1	7,942.1	797.5	477.1	3,107.6	834.1	1,913.9	115.5	266.5	279.1	150.9
Q2	7,882.4	776.7	476.1	3,098.4	830.5	1,907.9	100.0	265.4	275.2	152.2
Q3	7,974.7	769.8	480.2	3,114.3	850.6	1,983.5	95.4	265.2	262.6	153.0
Q4	8,075.2	755.6	482.9	3,186.4	871.2	2,027.3	83.0	263.9	250.5	154.4
2014 Q1 (p)	8,336.1	763.9	500.6	3,282.0	884.9	2,098.4	101.8	272.1	277.0	155.5

2. Holdings of securities other than shares

	Total	Issued by euro area residents						Issued by non-euro area residents
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations	
	1	2	3	4	5	6	7	8
2011 Q2	2,741.2	2,325.1	628.4	1,288.1	234.6	16.7	157.2	416.1
Q3	2,764.6	2,346.7	635.0	1,309.5	226.8	16.7	158.6	418.0
Q4	2,725.1	2,303.0	634.7	1,264.8	223.3	16.3	163.9	422.1
2012 Q1	2,868.9	2,418.6	667.3	1,321.6	235.0	16.9	177.7	450.3
Q2	2,882.4	2,413.9	674.1	1,303.3	238.1	16.7	181.7	468.5
Q3	2,996.3	2,502.9	704.8	1,342.5	245.2	17.1	193.4	493.4
Q4	3,042.9	2,536.9	688.6	1,382.5	250.3	17.7	197.7	506.0
2013 Q1	3,107.6	2,614.9	718.0	1,414.9	255.3	17.4	209.3	492.7
Q2	3,098.4	2,596.3	685.2	1,431.0	254.9	17.4	207.8	502.2
Q3	3,114.3	2,603.1	684.9	1,432.7	257.8	17.8	209.9	511.1
Q4	3,186.4	2,657.2	659.0	1,509.1	256.9	18.0	214.3	529.2
2014 Q1 (p)	3,282.0	2,738.5	663.3	1,583.4	255.8	18.3	217.6	543.5

3. Liabilities and net worth

	Liabilities									Net worth
	Total	Loans received	Securities other than shares	Shares and other equity	Insurance technical reserves				Other accounts receivable/ payable and financial derivatives	
					Total	Net equity of households in life insurance reserves	Net equity of households in pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims		
	1	2	3	4	5	6	7	8	9	10
2011 Q2	6,944.0	263.0	42.4	454.1	6,007.4	3,352.4	1,842.1	813.0	177.0	202.1
Q3	7,052.5	270.7	41.6	409.3	6,140.1	3,332.9	1,995.7	811.5	190.7	95.6
Q4	7,067.8	263.7	41.3	408.1	6,167.7	3,345.2	2,018.4	804.0	187.1	91.1
2012 Q1	7,226.6	271.3	43.4	439.6	6,282.6	3,380.5	2,078.4	823.6	189.8	218.3
Q2	7,292.4	280.8	42.2	421.1	6,350.6	3,375.7	2,147.9	827.0	197.8	177.9
Q3	7,365.7	292.0	44.1	452.2	6,389.6	3,422.1	2,142.2	825.3	187.9	319.0
Q4	7,467.5	266.5	49.0	480.6	6,460.8	3,458.5	2,183.5	818.7	210.6	304.3
2013 Q1	7,580.2	278.6	48.6	496.8	6,542.3	3,503.0	2,196.2	843.0	213.9	361.9
Q2	7,628.2	277.8	45.4	505.2	6,577.3	3,517.7	2,220.2	839.4	222.5	254.3
Q3	7,652.4	276.1	46.0	522.3	6,594.0	3,558.6	2,197.5	837.9	214.0	322.3
Q4	7,749.2	266.4	47.2	540.8	6,674.5	3,601.4	2,238.3	834.8	220.4	325.9
2014 Q1 (p)	7,941.7	279.0	48.4	540.8	6,832.3	3,667.3	2,297.4	867.6	241.1	394.5

Source: ECB.

3 EURO AREA ACCOUNTS

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

Uses 2014 Q1	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						632
Trade balance [1]						-57
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,130	113	721	55	242	
Other taxes less subsidies on production	20	8	4	5	4	
Consumption of fixed capital	385	103	219	12	52	
Net operating surplus and mixed income [1]	571	281	254	36	0	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						7
Taxes less subsidies on production						
Property income	590	30	229	267	64	105
Interest	305	28	52	161	64	43
Other property income	286	2	177	106	0	63
Net national income [1]	1,993	1,609	118	32	233	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	272	225	39	8	0	2
Social contributions	444	444				1
Social benefits other than social transfers in kind	473	1	17	34	420	1
Other current transfers	213	72	26	49	66	10
Net non-life insurance premiums	47	35	11	1	1	1
Non-life insurance claims	47			47		1
Other	119	37	16	1	65	8
Net disposable income [1]	1,952	1,432	68	42	410	
Use of income account						
Net disposable income						
Final consumption expenditure	1,875	1,374			502	
Individual consumption expenditure	1,690	1,374			316	
Collective consumption expenditure	185				185	
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]	77	74	67	27	-91	-33
Capital account						
Net saving/current external account						
Gross capital formation	430	129	244	10	46	
Gross fixed capital formation	410	126	228	10	46	
Changes in inventories and acquisitions less disposals of valuables	19	3	16	0	0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	0	-1	1	-1	0	0
Capital transfers	27	8	0	1	17	4
Capital taxes	7	6	0	0		0
Other capital transfers	20	2	0	1	17	4
Net lending (+)/net borrowing (-) (from capital account) [1]	35	48	55	29	-97	-35
Statistical discrepancy	0	24	-24	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 2014 Q1	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Imports of goods and services						575
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,107	504	1,197	108	298	
Taxes less subsidies on products	255					
Gross domestic product (market prices)[2)]	2,362					
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	571	281	254	36	0	
Compensation of employees	1,135	1,135				3
Taxes less subsidies on production	273				273	2
Property income	604	223	94	263	24	92
Interest	294	49	29	209	8	53
Other property income	309	174	64	55	16	39
Net national income						
Secondary distribution of income account						
Net national income	1,993	1,609	118	32	233	
Current taxes on income, wealth, etc.	273				273	1
Social contributions	443	1	18	53	371	2
Social benefits other than social transfers in kind	471	471				2
Other current transfers	173	92	14	48	20	49
Net non-life insurance premiums	47			47		1
Non-life insurance claims	46	36	8	1	0	2
Other	81	56	6	0	19	46
Net disposable income						
Use of income account						
Net disposable income	1,952	1,432	68	42	410	
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	77	74	67	27	-91	-33
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	385	103	219	12	52	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	29	8	15	1	5	2
Capital taxes	7				7	0
Other capital transfers	22	8	15	1	-1	2
Net lending (+)/net borrowing (-) (from capital account)						
Statistical discrepancy						

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

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

Assets 2014 Q1	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediaries	Insurance corporations and pension funds	General govern-ment	Rest of the world
Opening balance sheet, financial assets								
Total financial assets		20,691	18,505	31,822	18,404	7,776	4,551	18,775
Monetary gold and special drawing rights (SDRs)				352				
Currency and deposits		7,228	2,171	9,487	2,115	781	707	2,885
Short-term debt securities		34	55	413	386	60	34	607
Long-term debt securities		1,208	259	6,169	3,190	3,141	422	4,235
Loans		87	3,138	12,727	4,588	493	946	2,690
of which: Long-term		66	2,004	10,098	3,426	374	848	.
Shares and other equity		5,103	8,931	1,985	7,725	2,912	1,616	7,613
Quoted shares		898	1,330	464	2,503	439	284	.
Unquoted shares and other equity		2,712	7,235	1,223	3,956	444	1,131	.
Mutual fund shares		1,494	366	298	1,265	2,029	201	.
Insurance technical reserves		6,510	172	3	0	243	8	273
Other accounts receivable and financial derivatives		521	3,780	686	400	147	817	474
Net financial worth								
Financial account, transactions in financial assets								
Total transactions in financial assets		93	-15	-181	292	125	81	231
Monetary gold and SDRs				0				0
Currency and deposits		13	-52	-181	59	11	74	31
Short-term debt securities		-1	10	63	36	-2	2	1
Long-term debt securities		-29	2	-52	102	25	-14	65
Loans		2	-10	17	0	12	5	33
of which: Long-term		1	-1	-2	-10	3	16	.
Shares and other equity		20	33	5	16	55	1	46
Quoted shares		8	-3	-7	57	3	2	.
Unquoted shares and other equity		-12	42	9	-61	-1	-3	.
Mutual fund shares		24	-7	3	20	53	1	.
Insurance technical reserves		74	6	0	0	14	0	-1
Other accounts receivable and financial derivatives		13	-2	-33	79	11	14	55
Changes in net financial worth due to transactions								
Other changes account, financial assets								
Total other changes in financial assets		262	170	157	134	116	40	118
Monetary gold and SDRs				23				
Currency and deposits		13	-2	41	-38	2	1	11
Short-term debt securities		0	0	1	-7	0	0	8
Long-term debt securities		43	5	54	11	70	6	12
Loans		0	-3	5	-35	0	6	-37
of which: Long-term		0	6	1	-6	0	4	.
Shares and other equity		150	189	31	206	49	26	97
Quoted shares		51	55	18	53	3	12	.
Unquoted shares and other equity		76	120	15	121	3	11	.
Mutual fund shares		23	13	-2	32	43	4	.
Insurance technical reserves		64	0	0	0	-5	0	9
Other accounts receivable and financial derivatives		-8	-19	2	-3	0	0	19
Other changes in net financial worth								
Closing balance sheet, financial assets								
Total financial assets		21,045	18,661	31,798	18,830	8,017	4,672	19,123
Monetary gold and SDRs				375				
Currency and deposits		7,254	2,117	9,347	2,136	794	781	2,927
Short-term debt securities		33	64	477	415	58	36	615
Long-term debt securities		1,222	266	6,171	3,303	3,236	414	4,311
Loans		88	3,125	12,749	4,553	504	958	2,686
of which: Long-term		67	2,008	10,097	3,410	378	868	.
Shares and other equity		5,273	9,152	2,022	7,946	3,015	1,643	7,755
Quoted shares		957	1,382	475	2,613	445	297	.
Unquoted shares and other equity		2,775	7,398	1,247	4,017	445	1,139	.
Mutual fund shares		1,541	372	300	1,317	2,125	206	.
Insurance technical reserves		6,648	178	3	0	252	8	280
Other accounts receivable and financial derivatives		526	3,759	655	477	157	831	548
Net financial worth								

Source: ECB.

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

Liabilities 2014 Q1	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediaries	Insurance corporations and pension funds	General govern-ment	Rest of the world
Opening balance sheet, liabilities								
Total liabilities		6,901	28,691	31,027	17,688	7,801	10,975	17,087
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			33	22,504	36	0	280	2,521
Short-term debt securities			77	503	98	2	628	280
Long-term debt securities			1,020	4,255	3,137	52	7,031	3,129
Loans		6,154	8,585		3,898	283	2,392	3,354
of which: Long-term		5,816	6,339		2,261	108	2,112	.
Shares and other equity		8	15,153	2,682	10,312	541	5	7,182
Quoted shares			4,515	570	292	161	0	.
Unquoted shares and other equity		8	10,638	1,293	2,911	379	5	.
Mutual fund shares				819	7,108			.
Insurance technical reserves		37	353	70	1	6,748	1	
Other accounts payable and financial derivatives		702	3,471	1,012	207	174	638	622
Net financial worth [1]	-1,336	13,790	-10,186	795	715	-25	-6,425	
Financial account, transactions in liabilities								
Total transactions in liabilities		21	-46	-194	282	120	178	265
Monetary gold and SDRs								
Currency and deposits			-1	-201	3	0	-7	161
Short-term debt securities			4	61	25	0	12	7
Long-term debt securities			18	-96	-22	1	152	45
Loans		-13	-16		63	15	5	6
of which: Long-term		-12	-2		31	1	19	.
Shares and other equity		0	25	12	119	1	0	18
Quoted shares			13	11	7	0	0	.
Unquoted shares and other equity		0	11	-14	-54	1	0	.
Mutual fund shares				15	165			.
Insurance technical reserves		0	1	-1	0	93	0	
Other accounts payable and financial derivatives		33	-77	31	94	10	16	29
Changes in net financial worth due to transactions [1]	35	72	31	14	10	5	-97	-35
Other changes account, liabilities								
Total other changes in liabilities		4	328	164	205	48	183	43
Monetary gold and SDRs								
Currency and deposits			0	53	0	0	0	-24
Short-term debt securities			0	0	-1	0	0	2
Long-term debt securities			2	22	33	0	172	-28
Loans		6	-3		-76	0	0	10
of which: Long-term		6	1		-28	0	0	.
Shares and other equity		0	318	110	239	-7	0	87
Quoted shares			144	63	16	-2	0	.
Unquoted shares and other equity		0	173	46	123	-6	0	.
Mutual fund shares				1	100			.
Insurance technical reserves		0	0	0	0	67	0	
Other accounts payable and financial derivatives		-2	12	-20	8	-13	11	-4
Other changes in net financial worth [1]	-52	258	-157	-7	-71	68	-143	76
Closing balance sheet, liabilities								
Total liabilities		6,926	28,973	30,997	18,175	7,969	11,336	17,395
Monetary gold and SDRs								
Currency and deposits			32	22,356	39	0	273	2,657
Short-term debt securities			81	564	121	2	641	289
Long-term debt securities			1,039	4,181	3,149	53	7,354	3,146
Loans		6,148	8,565		3,886	298	2,397	3,369
of which: Long-term		5,810	6,338		2,265	109	2,131	.
Shares and other equity		8	15,496	2,805	10,670	536	5	7,288
Quoted shares			4,673	644	315	159	0	.
Unquoted shares and other equity		8	10,823	1,326	2,981	375	5	.
Mutual fund shares				835	7,374			.
Insurance technical reserves		37	354	69	1	6,909	1	
Other accounts payable and financial derivatives		734	3,406	1,022	309	171	665	646
Net financial worth [1]	-1,354	14,119	-10,312	801	655	48	-6,664	

Source: ECB.

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

Uses	2010	2011	2012	2012 Q2-2013 Q1	2012 Q3-2013 Q2	2012 Q4-2013 Q3	2013 Q1-2013 Q4	2013 Q2-2014 Q1
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,516	4,629	4,679	4,684	4,690	4,700	4,717	4,734
Other taxes less subsidies on production	85	99	129	127	129	128	129	127
Consumption of fixed capital	1,421	1,464	1,499	1,506	1,512	1,518	1,525	1,532
Net operating surplus and mixed income [1]	2,190	2,250	2,180	2,171	2,178	2,195	2,208	2,224
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	2,807	3,018	2,880	2,819	2,766	2,724	2,691	2,670
Interest	1,383	1,547	1,464	1,407	1,357	1,313	1,275	1,252
Other property income	1,424	1,471	1,416	1,411	1,409	1,411	1,416	1,418
Net national income [1]	7,764	7,996	8,026	8,034	8,051	8,082	8,114	8,146
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	1,059	1,116	1,173	1,182	1,198	1,205	1,213	1,222
Social contributions	1,704	1,754	1,788	1,795	1,802	1,810	1,817	1,824
Social benefits other than social transfers in kind	1,818	1,845	1,887	1,899	1,911	1,922	1,932	1,935
Other current transfers	777	782	791	796	803	812	818	822
Net non-life insurance premiums	181	182	184	184	185	186	186	187
Non-life insurance claims	182	184	187	187	187	188	188	188
Other	414	416	420	425	431	438	444	447
Net disposable income [1]	7,655	7,889	7,917	7,921	7,934	7,960	7,989	8,021
Use of income account								
Net disposable income								
Final consumption expenditure	7,317	7,483	7,526	7,529	7,543	7,566	7,588	7,613
Individual consumption expenditure	6,546	6,709	6,753	6,754	6,765	6,787	6,808	6,830
Collective consumption expenditure	771	774	772	775	777	779	781	783
Adjustment for the change in the net equity of households in pension fund reserves	56	58	58	57	57	58	58	59
Net saving [1]	337	406	391	392	391	394	400	408
Capital account								
Net saving								
Gross capital formation	1,783	1,877	1,781	1,750	1,735	1,734	1,733	1,740
Gross fixed capital formation	1,763	1,820	1,771	1,743	1,730	1,724	1,723	1,732
Changes in inventories and acquisitions less disposals of valuables	19	57	10	7	4	10	10	8
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	1	1	9	2	0	0	0	-1
Capital transfers	221	173	193	198	205	200	164	158
Capital taxes	25	31	25	26	29	30	32	32
Other capital transfers	196	142	167	172	176	170	132	126
Net lending (+)/net borrowing (-) (from capital account) [1]	-16	-1	112	158	182	193	212	222

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	2010	2011	2012	2012 Q2-2013 Q1	2012 Q3-2013 Q2	2012 Q4-2013 Q3	2013 Q1-2013 Q4	2013 Q2-2014 Q1
Generation of income account								
Gross value added (basic prices)	8,213	8,442	8,487	8,489	8,508	8,540	8,581	8,617
Taxes less subsidies on products	943	976	980	978	983	989	991	999
Gross domestic product (market prices)[2]	9,156	9,418	9,467	9,466	9,492	9,530	9,572	9,616
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	2,190	2,250	2,180	2,171	2,178	2,195	2,208	2,224
Compensation of employees	4,527	4,641	4,693	4,699	4,705	4,715	4,732	4,749
Taxes less subsidies on production	1,042	1,086	1,120	1,117	1,123	1,128	1,132	1,137
Property income	2,811	3,038	2,914	2,865	2,812	2,768	2,732	2,705
Interest	1,335	1,493	1,426	1,375	1,326	1,281	1,245	1,220
Other property income	1,476	1,545	1,487	1,490	1,486	1,487	1,487	1,486
Net national income								
Secondary distribution of income account								
Net national income	7,764	7,996	8,026	8,034	8,051	8,082	8,114	8,146
Current taxes on income, wealth, etc.	1,063	1,121	1,179	1,187	1,202	1,210	1,219	1,228
Social contributions	1,704	1,754	1,785	1,792	1,799	1,807	1,814	1,821
Social benefits other than social transfers in kind	1,811	1,839	1,881	1,893	1,905	1,916	1,926	1,928
Other current transfers	670	674	685	687	690	694	697	701
Net non-life insurance premiums	182	184	187	187	187	188	188	188
Non-life insurance claims	176	177	179	179	180	181	182	183
Other	312	314	319	321	323	325	327	330
Net disposable income								
Use of income account								
Net disposable income	7,655	7,889	7,917	7,921	7,934	7,960	7,989	8,021
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	56	58	58	57	57	58	58	59
Net saving								
Capital account								
Net saving	337	406	391	392	391	394	400	408
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,421	1,464	1,499	1,506	1,512	1,518	1,525	1,532
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	231	180	205	211	220	215	183	178
Capital taxes	25	31	25	26	29	30	32	32
Other capital transfers	205	149	180	184	191	185	151	145
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)

	2010	2011	2012	2012 Q2-2013 Q1	2012 Q3-2013 Q2	2012 Q4-2013 Q3	2013 Q1-2013 Q4	2013 Q2-2014 Q1
Income, saving and changes in net worth								
Compensation of employees (+)	4,527	4,641	4,693	4,699	4,705	4,715	4,732	4,749
Gross operating surplus and mixed income (+)	1,450	1,493	1,496	1,500	1,506	1,513	1,518	1,525
Interest receivable (+)	202	228	222	217	213	208	203	199
Interest payable (-)	124	147	131	125	120	116	114	112
Other property income receivable (+)	722	749	745	737	729	732	741	740
Other property income payable (-)	10	10	10	10	10	10	10	10
Current taxes on income and wealth (-)	852	885	934	943	951	958	965	970
Net social contributions (-)	1,699	1,749	1,783	1,790	1,797	1,805	1,812	1,819
Net social benefits (+)	1,806	1,834	1,876	1,887	1,899	1,911	1,920	1,923
Net current transfers receivable (+)	71	69	72	74	74	74	75	76
= Gross disposable income	6,093	6,222	6,246	6,247	6,248	6,262	6,289	6,301
Final consumption expenditure (-)	5,298	5,449	5,484	5,481	5,488	5,503	5,518	5,534
Changes in net worth in pension funds (+)	56	58	57	57	56	57	57	58
= Gross saving	850	831	819	823	816	817	828	825
Consumption of fixed capital (-)	386	396	402	403	404	405	407	409
Net capital transfers receivable (+)	13	2	2	0	0	-2	-4	-5
Other changes in net worth (+)	599	-264	-95	-528	-431	-163	-179	402
= Changes in net worth	1,076	174	324	-107	-20	246	239	813
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	558	573	555	549	543	542	541	541
Consumption of fixed capital (-)	386	396	402	403	404	405	407	409
Main items of financial investment (+)								
Short-term assets	42	126	192	173	167	134	95	68
Currency and deposits	118	118	225	228	218	189	130	104
Money market fund shares	-59	-23	-31	-39	-30	-27	-14	-21
Debt securities [1]	-17	30	-2	-16	-21	-28	-20	-15
Long-term assets	388	234	154	192	194	224	238	231
Deposits	58	54	11	7	8	25	53	56
Debt securities	-23	67	-89	-115	-119	-135	-126	-110
Shares and other equity	103	-3	100	151	148	167	136	100
Quoted and unquoted shares and other equity	94	45	60	67	58	76	62	36
Mutual fund shares	9	-48	40	84	91	92	74	64
Life insurance and pension fund reserves	250	116	132	150	156	166	175	185
Main items of financing (-)								
Loans	114	87	13	-1	-12	-2	-19	-8
of which: From euro area MFIs	147	81	25	21	1	8	-4	-5
Other changes in assets (+)								
Non-financial assets	476	191	-778	-1,016	-941	-649	-739	-332
Financial assets	201	-386	613	408	423	406	500	692
Shares and other equity	55	-342	376	250	270	319	448	555
Life insurance and pension fund reserves	122	15	181	164	131	84	71	93
Remaining net flows (+)	-89	-80	4	-12	-13	-8	-8	14
= Changes in net worth	1,076	174	324	-107	-20	246	239	813
Balance sheet								
Non-financial assets (+)	29,932	30,299	29,674	29,227	29,249	29,375	29,069	29,027
Financial assets (+)								
Short-term assets	5,819	5,957	6,128	6,140	6,182	6,158	6,207	6,208
Currency and deposits	5,597	5,728	5,950	5,980	6,032	6,019	6,076	6,084
Money market fund shares	184	166	120	112	109	101	97	91
Debt securities [1]	38	62	58	49	42	39	34	33
Long-term assets	12,221	12,026	12,813	12,975	12,911	13,193	13,565	13,901
Deposits	1,032	1,086	1,100	1,106	1,117	1,130	1,152	1,170
Debt securities	1,409	1,379	1,348	1,294	1,261	1,233	1,208	1,222
Shares and other equity	4,273	3,923	4,413	4,528	4,480	4,719	5,006	5,183
Quoted and unquoted shares and other equity	3,066	2,835	3,166	3,213	3,163	3,362	3,610	3,733
Mutual fund shares	1,207	1,088	1,247	1,315	1,317	1,356	1,397	1,450
Life insurance and pension fund reserves	5,507	5,638	5,952	6,047	6,052	6,111	6,198	6,326
Remaining net assets (+)	271	224	203	162	191	202	172	158
Liabilities (-)								
Loans	6,120	6,210	6,198	6,171	6,171	6,167	6,154	6,148
of which: From euro area MFIs	5,221	5,288	5,296	5,285	5,288	5,282	5,274	5,267
= Net worth	42,121	42,295	42,619	42,333	42,361	42,761	42,858	43,146

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)

	2010	2011	2012	2012 Q2-2013 Q1	2012 Q3-2013 Q2	2012 Q4-2013 Q3	2013 Q1-2013 Q4	2013 Q2-2014 Q1
Income and saving								
Gross value added (basic prices) (+)	4,671	4,832	4,855	4,852	4,862	4,880	4,904	4,922
Compensation of employees (-)	2,837	2,936	2,982	2,983	2,988	2,994	3,004	3,019
Other taxes less subsidies on production (-)	37	46	54	54	56	56	57	54
= Gross operating surplus (+)	1,797	1,850	1,819	1,815	1,819	1,830	1,842	1,849
Consumption of fixed capital (-)	802	828	851	855	859	863	867	871
= Net operating surplus (+)	995	1,022	969	960	960	967	975	979
Property income receivable (+)	550	571	550	550	544	537	526	517
Interest receivable	159	164	150	143	137	132	129	125
Other property income receivable	392	406	400	406	406	405	397	392
Interest and rents payable (-)	257	287	270	259	249	239	231	225
= Net entrepreneurial income (+)	1,288	1,307	1,248	1,251	1,255	1,266	1,269	1,270
Distributed income (-)	924	975	954	946	940	941	940	933
Taxes on income and wealth payable (-)	169	192	201	201	206	204	206	209
Social contributions receivable (+)	69	74	74	74	73	73	74	74
Social benefits payable (-)	69	70	70	70	70	70	70	70
Other net transfers (-)	45	48	49	49	51	53	52	53
= Net saving	151	95	48	60	62	71	75	79
Investment, financing and saving								
Net acquisition of non-financial assets (+)	146	212	134	103	91	88	89	86
Gross fixed capital formation (+)	928	984	966	947	942	938	942	950
Consumption of fixed capital (-)	802	828	851	855	859	863	867	871
Net acquisition of other non-financial assets (+)	19	56	19	10	7	13	14	6
Main items of financial investment (+)								
Short-term assets	33	-29	62	47	40	55	75	78
Currency and deposits	67	6	75	80	81	91	110	100
Money market fund shares	-32	-46	-7	-6	-15	-13	-10	-20
Debt securities [1]	-1	11	-5	-28	-26	-24	-25	-1
Long-term assets	444	491	238	203	66	59	91	42
Deposits	22	70	-2	-34	-31	6	14	2
Debt securities	25	-26	-2	-1	-9	-10	-17	-10
Shares and other equity	262	303	135	172	96	83	93	45
Other (mainly intercompany loans)	136	145	108	66	10	-21	2	4
Remaining net assets (+)	6	-49	26	66	132	87	101	126
Main items of financing (-)								
Debt	174	248	157	120	36	-43	-1	-5
of which: Loans from euro area MFIs	-21	116	-135	-126	-157	-145	-124	-116
of which: Debt securities	70	48	115	102	90	86	83	83
Shares and other equity	237	216	186	165	160	193	216	197
Quoted shares	31	27	27	11	21	23	31	57
Unquoted shares and other equity	206	189	159	155	140	171	185	140
Net capital transfers receivable (-)	65	67	65	67	66	62	62	63
= Net saving	151	95	48	60	62	71	75	79
Financial balance sheet								
Financial assets								
Short-term assets	1,958	1,929	1,988	1,951	1,939	1,969	2,053	2,026
Currency and deposits	1,695	1,705	1,777	1,757	1,765	1,798	1,881	1,855
Money market fund shares	182	134	130	127	113	111	117	106
Debt securities [1]	81	90	81	67	62	60	55	64
Long-term assets	10,863	10,902	11,658	11,942	11,783	12,209	12,501	12,699
Deposits	178	238	293	270	264	280	290	262
Debt securities	258	247	266	262	261	263	259	266
Shares and other equity	7,569	7,388	7,988	8,288	8,134	8,539	8,814	9,046
Other (mainly intercompany loans)	2,859	3,029	3,112	3,121	3,124	3,127	3,138	3,125
Remaining net assets	416	521	426	490	508	501	514	563
Liabilities								
Debt	9,805	9,961	10,038	10,077	10,033	10,013	10,034	10,040
of which: Loans from euro area MFIs	4,652	4,688	4,471	4,443	4,400	4,357	4,286	4,298
of which: Debt securities	881	875	1,033	1,056	1,051	1,083	1,097	1,120
Shares and other equity	13,158	12,465	13,458	13,816	13,680	14,480	15,153	15,496
Quoted shares	3,815	3,297	3,759	3,902	3,864	4,213	4,515	4,673
Unquoted shares and other equity	9,343	9,168	9,699	9,914	9,816	10,266	10,638	10,823

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)

	2010	2011	2012	2012 Q2-2013 Q1	2012 Q3-2013 Q2	2012 Q4-2013 Q3	2013 Q1-2013 Q4	2013 Q2-2014 Q1
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	-6	53	45	21	-17	-38	-62	-43
Currency and deposits	-9	14	15	11	8	3	-14	-7
Money market fund shares	-8	16	33	10	-11	-19	-35	-26
Debt securities [1]	11	24	-3	0	-13	-22	-14	-11
Long-term assets	293	131	207	194	229	264	299	284
Deposits	-5	9	-18	-19	-15	-18	-10	-16
Debt securities	190	41	149	106	119	123	157	141
Loans	32	12	9	11	10	1	4	14
Quoted shares	-1	-11	-8	0	-1	9	1	4
Unquoted shares and other equity	12	13	5	6	5	8	11	8
Mutual fund shares	66	68	69	90	110	140	137	133
Remaining net assets (+)	7	-30	-46	-28	-31	-35	-4	6
Main items of financing (-)								
Debt securities	1	3	7	5	3	3	0	0
Loans	7	11	-16	0	-7	-23	-5	-5
Shares and other equity	7	4	1	2	2	1	5	5
Insurance technical reserves	281	115	156	171	176	184	195	216
Net equity of households in life insurance and pension fund reserves	262	111	139	156	165	171	180	192
Prepayments of insurance premiums and reserves for outstanding claims	19	4	16	15	12	13	16	23
= Changes in net financial worth due to transactions	-1	21	59	9	6	25	38	31
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	119	-105	196	144	128	93	105	103
Other net assets	-6	13	240	140	100	5	-62	29
Other changes in liabilities (-)								
Shares and other equity	-1	-48	67	55	84	72	65	39
Insurance technical reserves	138	16	189	167	131	82	69	95
Net equity of households in life insurance and pension fund reserves	127	19	187	165	130	81	69	93
Prepayments of insurance premiums and reserves for outstanding claims	11	-3	2	2	1	1	1	2
= Other changes in net financial worth	-24	-59	180	61	14	-56	-91	-2
Financial balance sheet								
Financial assets (+)								
Short-term assets	330	371	408	413	367	357	339	370
Currency and deposits	190	193	209	218	201	201	193	212
Money market fund shares	88	102	126	126	107	99	86	100
Debt securities [1]	52	76	74	69	59	56	60	58
Long-term assets	6,043	6,047	6,665	6,804	6,800	6,927	7,047	7,238
Deposits	606	611	594	595	596	591	588	583
Debt securities	2,638	2,660	3,013	3,053	3,055	3,077	3,141	3,236
Loans	469	481	490	489	487	489	493	504
Quoted shares	422	377	404	413	410	426	439	445
Unquoted shares and other equity	418	422	435	437	436	441	444	445
Mutual fund shares	1,490	1,497	1,728	1,818	1,816	1,904	1,943	2,025
Remaining net assets (+)	245	260	250	247	238	227	216	238
Liabilities (-)								
Debt securities	43	46	55	55	52	52	54	55
Loans	292	301	285	300	299	293	283	298
Shares and other equity	447	403	472	492	500	516	541	536
Insurance technical reserves	6,008	6,139	6,484	6,598	6,601	6,661	6,748	6,909
Net equity of households in life insurance and pension fund reserves	5,203	5,332	5,659	5,756	5,760	5,819	5,908	6,042
Prepayments of insurance premiums and reserves for outstanding claims	805	807	825	842	842	842	841	867
= Net financial wealth	-172	-210	28	19	-47	-12	-25	48

Source: ECB.

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

FINANCIAL MARKETS

4

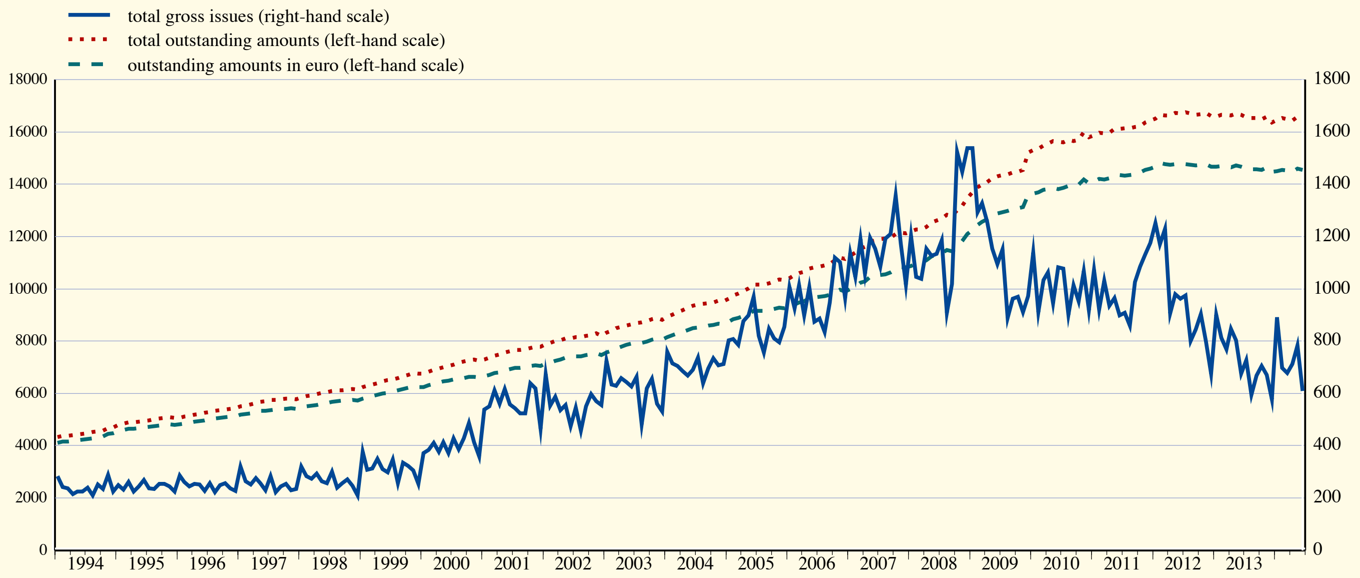
4.1 Securities other than shares by original maturity, residency of the issuer and currency

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

	Total in euro [1]			By euro area residents								
				In euro			In all currencies					
											Seasonally adjusted [2]	
	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Annual growth rates	Net issues	6-month growth rates
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2013 June	16,895.2	600.7	-62.3	14,671.5	558.1	-51.2	16,644.2	675.2	-62.5	-0.3	-12.4	-0.8
July	16,828.9	640.0	-66.0	14,598.6	591.2	-72.3	16,551.7	725.9	-79.9	-0.9	-48.1	-1.2
Aug.	16,805.7	516.1	-23.4	14,573.8	482.5	-25.1	16,537.7	594.7	-17.1	-0.8	16.6	-0.7
Sep.	16,815.5	606.8	10.3	14,566.6	556.2	-6.7	16,524.8	667.1	-5.1	-0.7	29.2	-0.3
Oct.	16,819.6	643.1	5.1	14,558.3	572.8	-7.2	16,493.9	705.9	-19.7	-1.0	-29.3	-0.4
Nov.	16,928.8	598.2	109.4	14,639.8	539.3	81.7	16,580.7	670.5	85.4	-0.7	8.9	-0.4
Dec.	16,752.7	516.9	-186.0	14,466.6	478.7	-183.0	16,362.2	576.6	-219.5	-1.2	-109.3	-1.6
2014 Jan.	16,774.5	795.0	21.8	14,497.9	739.0	31.4	16,470.2	890.0	90.2	-0.7	63.7	-0.2
Feb.	16,845.9	629.6	67.2	14,556.5	576.5	54.5	16,529.7	697.1	68.5	-0.6	5.1	-0.4
Mar.	16,824.8	650.1	-22.0	14,523.0	581.0	-34.5	16,476.6	677.0	-53.9	-0.8	-44.4	-1.3
Apr.	16,795.6	680.9	-27.6	14,480.1	617.7	-41.5	16,435.8	713.1	-37.5	-1.0	-42.4	-1.4
May	16,905.9	730.0	110.2	14,589.9	657.0	109.5	16,587.6	782.7	135.9	-0.7	47.7	-1.0
June	16,872.6	581.9	-34.1	14,537.1	507.8	-53.4	16,540.7	608.3	-47.4	-0.6	-1.1	0.3
	Long-term											
2013 June	15,610.7	208.2	-19.8	13,468.6	181.6	-5.6	15,188.0	201.4	-17.4	0.7	-2.6	-0.2
July	15,539.1	204.7	-71.6	13,383.3	173.1	-85.0	15,083.5	195.3	-94.3	0.1	-40.8	-0.8
Aug.	15,533.6	117.3	-5.6	13,374.4	97.7	-9.1	15,082.1	113.0	-5.5	0.2	32.0	0.1
Sep.	15,550.1	223.7	16.9	13,380.0	190.6	6.0	15,088.2	216.7	15.6	0.2	43.2	0.4
Oct.	15,579.7	249.5	29.7	13,391.0	199.4	11.2	15,084.6	228.6	5.5	0.0	-4.2	0.6
Nov.	15,695.4	251.9	114.5	13,482.5	210.0	90.4	15,192.0	240.1	105.7	0.2	30.1	0.8
Dec.	15,596.3	155.0	-99.6	13,392.2	134.1	-90.8	15,081.1	149.5	-102.2	0.1	-27.4	0.4
2014 Jan.	15,560.6	273.6	-34.7	13,359.1	237.3	-32.0	15,090.7	290.2	-4.1	0.1	1.2	1.0
Feb.	15,624.6	233.0	63.8	13,413.3	198.9	54.1	15,142.1	231.5	63.7	0.4	1.9	0.6
Mar.	15,576.0	256.6	-49.9	13,360.4	208.6	-54.3	15,085.2	238.0	-58.0	0.0	-38.4	-0.5
Apr.	15,578.8	272.1	3.0	13,343.0	225.9	-17.3	15,074.3	252.3	-9.0	-0.1	-18.6	-0.7
May	15,683.1	326.9	105.1	13,455.5	277.8	113.3	15,224.3	321.2	137.0	0.2	57.9	-0.3
June	15,688.3	244.7	3.4	13,449.3	193.0	-7.8	15,212.1	225.2	-12.6	0.3	1.9	0.1

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

(EUR billions)



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

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

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

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

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

1. Outstanding amounts and gross issues

	Outstanding amounts						Gross issues [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
						Total						
2012	16,598	5,399	3,262	979	6,274	684	958	589	82	68	187	32
2013	16,362	4,887	3,194	1,050	6,558	674	729	385	65	64	187	29
2013 Q3	16,525	5,003	3,250	1,044	6,556	671	663	350	52	63	172	25
Q4	16,362	4,887	3,194	1,050	6,558	674	651	341	58	65	162	25
2014 Q1	16,477	4,828	3,193	1,076	6,698	681	755	372	71	69	201	41
Q2	16,541	4,739	3,197	1,096	6,827	682	701	324	74	74	194	35
2014 Mar.	16,477	4,828	3,193	1,076	6,698	681	677	314	85	65	176	39
Apr.	16,436	4,800	3,172	1,077	6,713	675	713	330	67	77	205	34
May	16,588	4,796	3,240	1,094	6,783	675	783	362	111	84	195	31
June	16,541	4,739	3,197	1,096	6,827	682	608	281	46	60	183	39
						Short-term						
2012	1,488	601	136	81	606	64	703	490	37	52	104	21
2013	1,281	474	111	74	571	52	512	315	27	47	102	21
2013 Q3	1,437	539	133	90	628	47	488	294	26	46	105	18
Q4	1,281	474	111	74	571	52	445	269	23	45	91	18
2014 Q1	1,391	530	143	83	579	56	501	289	35	50	100	27
Q2	1,329	515	112	79	572	51	435	245	19	54	92	25
2014 Mar.	1,391	530	143	83	579	56	439	236	45	45	84	29
Apr.	1,361	522	140	82	567	50	461	259	22	64	91	24
May	1,363	522	132	83	577	48	461	260	22	59	98	22
June	1,329	515	112	79	572	51	383	217	13	39	85	29
						Long-term [2]						
2012	15,110	4,798	3,125	897	5,668	621	255	99	45	16	84	12
2013	15,081	4,413	3,084	976	5,987	622	217	69	38	17	85	8
2013 Q3	15,088	4,464	3,117	954	5,929	623	175	56	27	18	67	8
Q4	15,081	4,413	3,084	976	5,987	622	206	72	35	20	72	7
2014 Q1	15,085	4,298	3,050	994	6,119	624	253	83	36	19	102	14
Q2	15,212	4,224	3,085	1,017	6,255	631	266	79	56	20	103	9
2014 Mar.	15,085	4,298	3,050	994	6,119	624	238	78	39	19	92	9
Apr.	15,074	4,277	3,032	995	6,146	625	252	71	45	13	113	10
May	15,224	4,273	3,108	1,011	6,205	627	321	101	89	25	97	8
June	15,212	4,224	3,085	1,017	6,255	631	225	64	33	21	97	10
						of which: Long-term fixed rate						
2012	10,434	2,811	1,215	806	5,157	444	165	54	18	15	71	7
2013	10,680	2,648	1,321	873	5,386	452	144	36	19	14	69	6
2013 Q3	10,655	2,671	1,321	853	5,356	454	121	32	12	14	59	5
Q4	10,680	2,648	1,321	873	5,386	452	137	37	18	18	59	5
2014 Q1	10,753	2,569	1,316	887	5,520	461	183	46	20	16	90	11
Q2	10,942	2,546	1,395	908	5,625	467	181	38	36	18	82	7
2014 Mar.	10,753	2,569	1,316	887	5,520	461	168	39	27	15	79	7
Apr.	10,762	2,560	1,333	887	5,519	462	158	36	23	12	78	8
May	10,915	2,565	1,398	903	5,587	463	222	39	70	23	83	7
June	10,942	2,546	1,395	908	5,625	467	164	40	15	17	86	7
						of which: Long-term variable rate						
2012	4,247	1,733	1,813	88	439	175	78	38	25	1	8	5
2013	3,988	1,562	1,657	99	501	169	61	28	17	2	11	2
2013 Q3	4,017	1,580	1,693	97	477	169	43	20	13	3	4	2
Q4	3,988	1,562	1,657	99	501	169	61	31	16	2	10	2
2014 Q1	3,916	1,533	1,617	102	501	163	58	31	13	2	8	3
Q2	3,857	1,487	1,565	103	538	163	72	36	16	2	17	2
2014 Mar.	3,916	1,533	1,617	102	501	163	58	35	10	3	8	2
Apr.	3,894	1,524	1,579	102	526	162	80	30	15	1	32	1
May	3,899	1,515	1,586	103	531	163	88	58	16	2	11	2
June	3,857	1,487	1,565	103	538	163	48	19	16	2	8	4

Source: ECB.

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

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

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

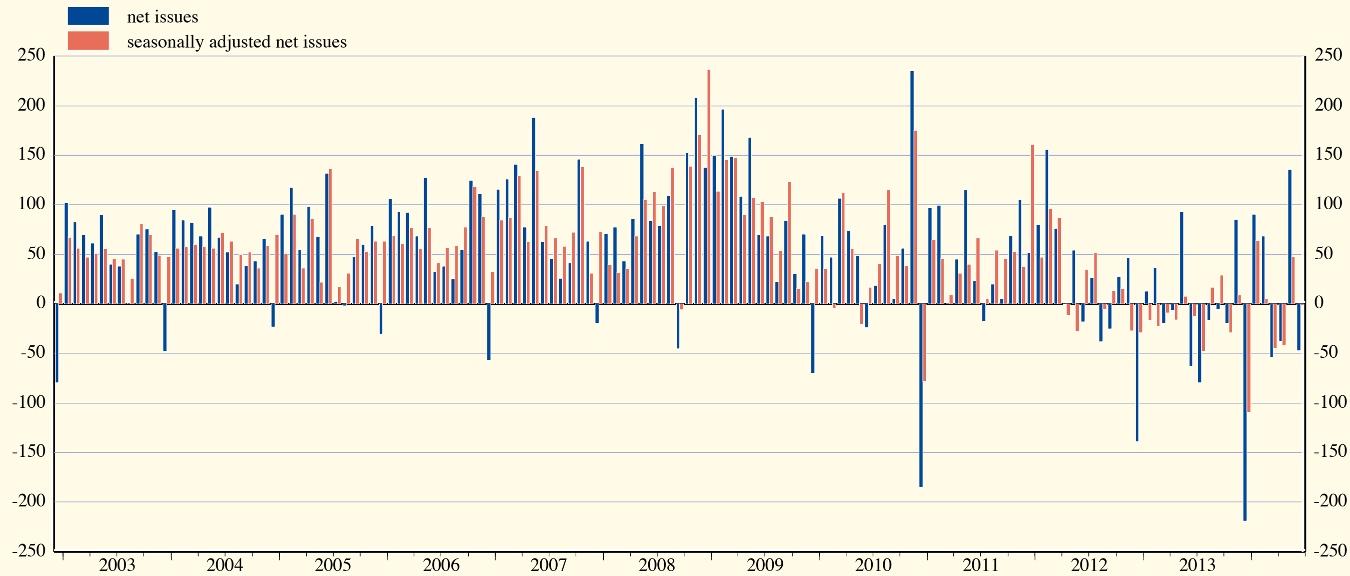
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

2. Net issues

	Non-seasonally adjusted [1]						Seasonally adjusted [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
						Total						
2012	20.4	-8.1	1.9	10.4	13.1	3.1	-	-	-	-	-	-
2013	-16.8	-39.7	-7.1	6.6	24.0	-0.6	-	-	-	-	-	-
2013 Q3	-34.0	-36.7	-4.9	11.2	-1.6	-2.1	-0.8	-33.5	5.6	10.6	17.2	-0.7
Q4	-51.2	-35.4	-21.5	3.2	1.0	1.4	-43.2	-29.9	-36.1	5.7	16.2	0.8
2014 Q1	35.0	-20.9	-2.1	8.8	46.9	2.2	8.1	-29.8	2.7	6.9	27.6	0.7
Q2	17.0	-30.9	0.1	5.9	41.7	0.2	1.4	-30.3	-0.5	5.9	25.5	0.8
2014 Mar.	-53.9	-63.3	-27.7	2.8	35.2	-0.8	-44.4	-52.7	-20.4	1.0	33.3	-5.5
Apr.	-37.5	-26.1	-20.9	0.5	14.6	-5.5	-42.4	-29.7	-39.6	-3.2	34.1	-4.0
May	135.9	-11.8	64.8	15.4	68.6	-1.1	47.7	-23.5	48.7	12.5	10.7	-0.9
June	-47.4	-54.8	-43.5	1.8	41.9	7.3	-1.1	-37.6	-10.5	8.2	31.6	7.2
						Long-term						
2012	30.4	0.5	0.0	10.2	15.6	4.2	-	-	-	-	-	-
2013	1.3	-29.4	-3.7	7.2	26.8	0.3	-	-	-	-	-	-
2013 Q3	-28.1	-30.7	-3.9	10.7	-4.2	0.1	11.5	-26.1	4.2	10.5	20.8	2.1
Q4	3.0	-14.5	-10.7	8.6	19.8	-0.2	-0.5	-9.7	-22.5	8.8	22.4	0.5
2014 Q1	0.5	-38.8	-11.4	5.9	44.0	0.7	-11.8	-42.0	-5.3	6.2	30.1	-0.7
Q2	38.5	-25.3	10.5	7.1	44.1	2.0	13.7	-30.9	8.0	6.9	29.0	0.7
2014 Mar.	-58.0	-49.7	-46.1	4.8	37.8	-4.8	-38.4	-39.4	-31.8	3.0	36.6	-6.9
Apr.	-9.0	-19.5	-18.1	1.1	26.8	0.8	-18.6	-24.5	-34.1	-0.2	40.6	-0.4
May	137.0	-9.5	72.6	14.3	58.5	1.1	57.9	-21.0	54.0	14.7	9.5	0.8
June	-12.6	-46.9	-23.1	6.0	47.1	4.2	1.9	-47.1	4.0	6.2	37.0	1.7

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

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



Source: ECB.

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

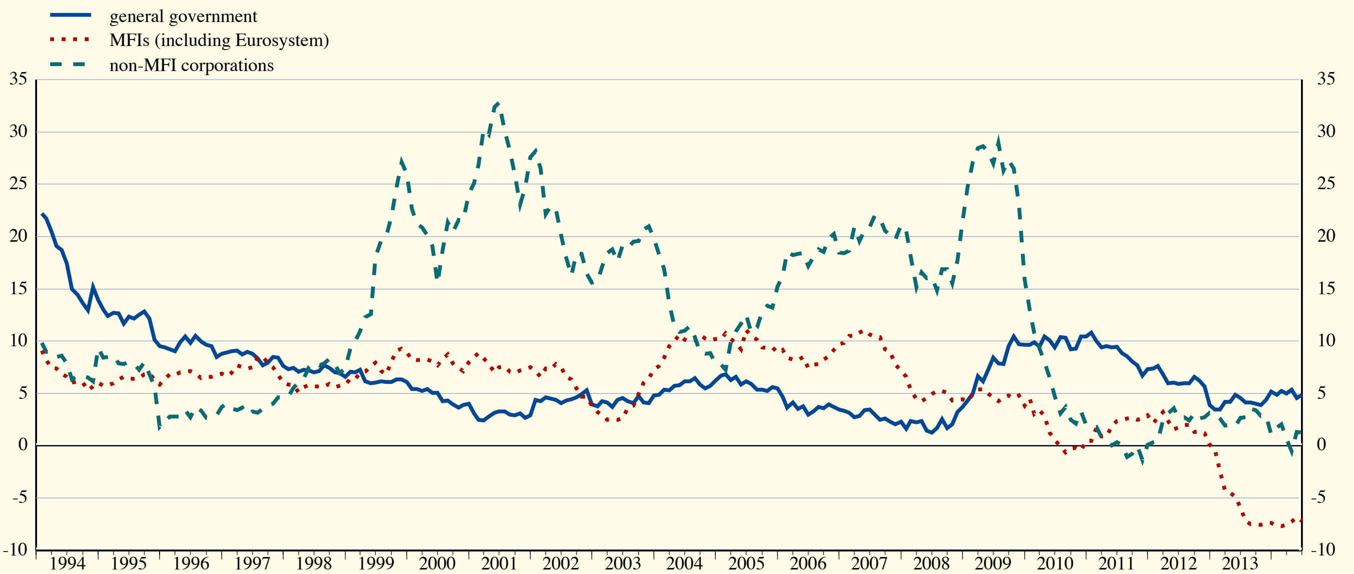
4.3 Growth rates of securities other than shares issued by euro area residents [1]

(percentage changes)

	Annual growth rates (non-seasonally adjusted)						6-month seasonally adjusted growth rates					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2013 June	-0.3	-7.3	0.3	10.2	4.4	-2.6	-0.8	-10.5	0.6	6.0	6.1	-2.0
July	-0.9	-8.7	0.5	10.0	4.1	-4.7	-1.2	-11.2	1.1	6.3	5.7	-5.3
Aug.	-0.8	-9.2	1.4	10.6	4.2	-3.6	-0.7	-9.6	0.4	7.5	5.1	-0.9
Sep.	-0.7	-8.9	1.7	10.0	4.1	-3.8	-0.3	-8.3	1.7	8.2	4.4	-2.8
Oct.	-1.0	-9.0	0.8	10.0	3.8	-4.1	-0.4	-7.4	-0.3	7.8	4.5	-4.6
Nov.	-0.7	-8.8	0.8	10.0	4.0	-2.6	-0.4	-6.2	-1.1	10.8	3.0	-2.0
Dec.	-1.2	-8.9	-2.6	8.1	4.6	-1.1	-1.6	-7.3	-5.5	9.9	3.1	0.1
2014 Jan.	-0.7	-8.1	-1.6	9.6	4.4	-2.0	-0.2	-4.9	-4.2	12.9	3.3	1.8
Feb.	-0.6	-7.8	-1.8	8.7	4.5	0.7	-0.4	-5.9	-4.0	9.9	3.9	2.3
Mar.	-0.8	-7.7	-2.2	7.9	4.2	-0.8	-1.3	-7.0	-6.0	7.4	4.0	1.4
Apr.	-1.0	-7.5	-3.6	6.4	4.7	-1.9	-1.4	-7.6	-6.9	5.0	4.9	0.9
May	-0.7	-7.1	-2.1	8.0	3.8	-1.2	-1.0	-7.9	-3.2	5.6	4.5	-0.5
June	-0.6	-7.3	-2.6	8.6	4.0	0.8	0.3	-7.2	0.4	7.4	4.9	1.3
	Long-term											
2013 June	0.7	-5.9	0.1	12.4	4.9	1.6	-0.2	-10.0	0.8	6.4	6.9	-1.3
July	0.1	-7.2	0.3	11.8	4.5	0.3	-0.8	-11.3	1.1	6.3	6.4	-3.0
Aug.	0.2	-7.5	1.1	12.2	4.5	0.7	0.1	-9.6	2.1	8.4	6.0	0.8
Sep.	0.2	-7.5	1.3	10.9	4.4	0.3	0.4	-8.2	1.5	9.3	5.4	2.1
Oct.	0.0	-7.5	0.6	10.8	4.2	0.8	0.6	-6.8	0.0	9.2	5.5	1.4
Nov.	0.2	-7.4	0.6	10.8	4.8	0.4	0.8	-5.1	-0.8	13.2	4.3	1.6
Dec.	0.1	-7.4	-1.4	9.7	5.7	0.6	0.4	-4.7	-3.5	13.0	4.4	2.6
2014 Jan.	0.1	-7.6	-0.7	10.2	5.5	-1.1	1.0	-3.9	-2.4	14.1	4.6	1.2
Feb.	0.4	-7.7	-0.3	10.1	5.6	1.8	0.6	-5.8	-2.6	11.8	5.3	2.7
Mar.	0.0	-7.5	-2.0	9.6	5.4	0.9	-0.5	-6.8	-5.2	9.7	5.4	-0.2
Apr.	-0.1	-7.3	-3.2	8.4	5.9	0.4	-0.7	-7.7	-6.2	7.4	6.4	-0.5
May	0.2	-6.8	-1.3	10.6	4.9	0.7	-0.3	-8.5	-2.0	8.1	5.6	-0.3
June	0.3	-7.2	-1.5	10.5	5.2	1.3	0.1	-9.6	0.5	8.2	6.0	0.0

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

(annual percentage changes)



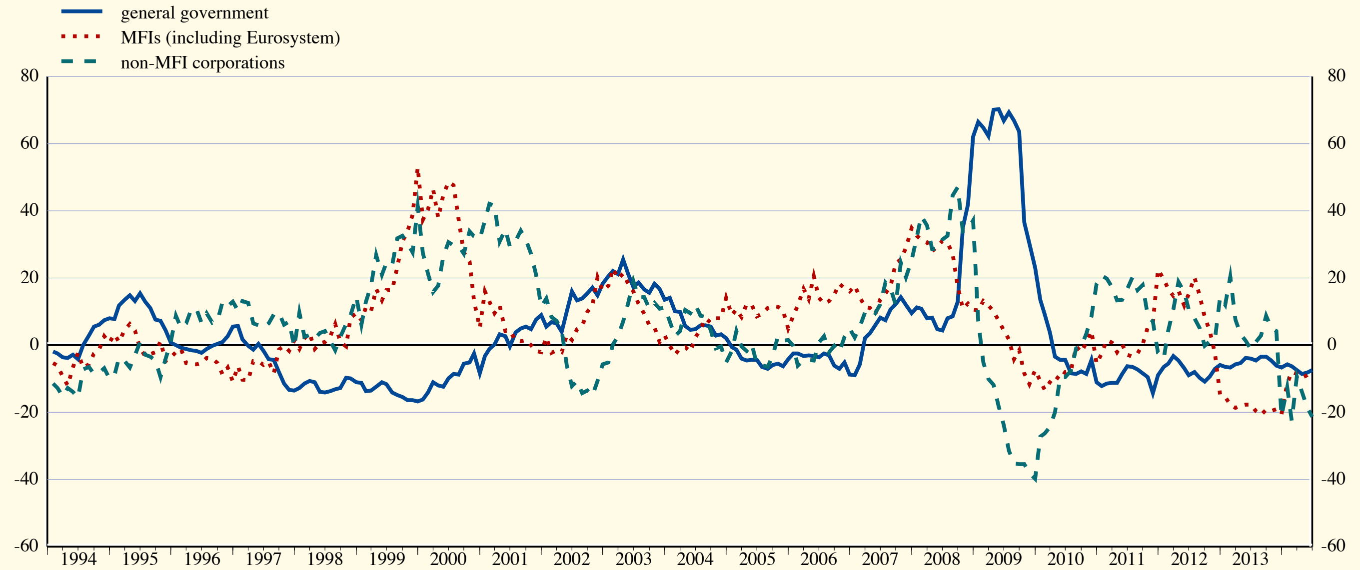
Source: ECB.

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

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

	Long-term fixed rate						Long-term variable rate					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	13	14	15	16	17	18	19	20	21	22	23	24
	In all currencies combined											
2012	5.3	4.1	1.9	10.4	5.9	7.3	-0.9	-0.3	-4.9	-0.4	6.6	23.3
2013	3.3	-3.2	6.8	13.5	4.6	4.1	-7.2	-7.5	-9.4	5.0	-1.3	-0.8
2013 Q3	3.0	-4.8	7.9	12.7	4.8	3.4	-8.0	-9.6	-8.9	6.9	-1.9	-5.4
Q4	2.3	-5.0	5.3	10.5	4.3	2.6	-6.6	-9.8	-7.9	11.9	6.5	-4.1
2014 Q1	1.8	-5.9	1.4	9.7	4.9	1.8	-5.0	-8.5	-7.2	13.7	12.8	-2.5
Q2	1.9	-6.1	2.1	9.4	4.9	2.5	-5.3	-6.9	-9.4	13.5	11.3	-3.9
2014 Jan.	1.7	-5.8	2.1	9.9	4.6	0.0	-5.0	-8.8	-7.6	14.5	15.8	-3.0
Feb.	1.8	-6.2	0.0	10.1	5.2	2.9	-4.2	-8.4	-5.2	13.5	10.5	-0.9
Mar.	1.7	-6.5	0.5	9.0	5.0	3.0	-5.0	-7.2	-8.0	14.0	10.2	-4.3
Apr.	1.7	-6.4	0.8	8.1	5.0	2.6	-5.3	-6.7	-10.0	13.4	13.8	-5.0
May	2.2	-5.7	3.7	10.4	4.6	2.1	-5.4	-6.8	-9.5	14.2	9.5	-3.0
June	2.2	-6.0	2.8	10.3	4.9	3.0	-5.5	-7.3	-9.7	12.0	10.9	-3.2
	In euro											
2012	5.5	4.6	0.7	10.6	6.0	7.2	-0.6	2.0	-6.5	-1.4	6.3	22.9
2013	3.1	-4.0	4.2	14.6	4.6	4.1	-7.5	-7.2	-10.7	6.3	-1.8	-1.2
2013 Q3	2.7	-5.9	5.1	13.7	4.9	3.8	-8.4	-9.7	-9.9	8.4	-2.3	-5.8
Q4	2.0	-6.0	3.0	11.3	4.3	2.8	-7.0	-10.3	-8.7	13.0	6.4	-4.5
2014 Q1	1.6	-7.1	-1.1	9.5	4.9	1.7	-5.7	-9.3	-8.4	13.0	12.9	-2.8
Q2	1.7	-7.8	1.5	8.5	4.9	2.2	-6.0	-7.9	-10.7	12.6	11.6	-3.1
2014 Jan.	1.4	-6.9	-1.2	9.6	4.6	0.0	-5.9	-9.6	-9.3	13.4	16.0	-3.1
Feb.	1.6	-7.4	-2.7	9.5	5.2	2.7	-4.8	-9.2	-6.1	12.6	10.7	-1.5
Mar.	1.5	-7.8	-1.4	8.4	5.0	2.6	-5.7	-8.1	-9.1	13.4	10.3	-4.1
Apr.	1.5	-8.1	-0.6	7.6	5.1	2.3	-5.9	-7.5	-11.4	12.3	14.2	-4.3
May	2.1	-7.5	4.3	9.3	4.7	1.8	-6.1	-7.8	-10.8	13.3	9.8	-2.2
June	1.9	-7.9	2.7	8.8	4.8	2.6	-6.0	-8.4	-10.4	11.0	11.2	-1.6

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



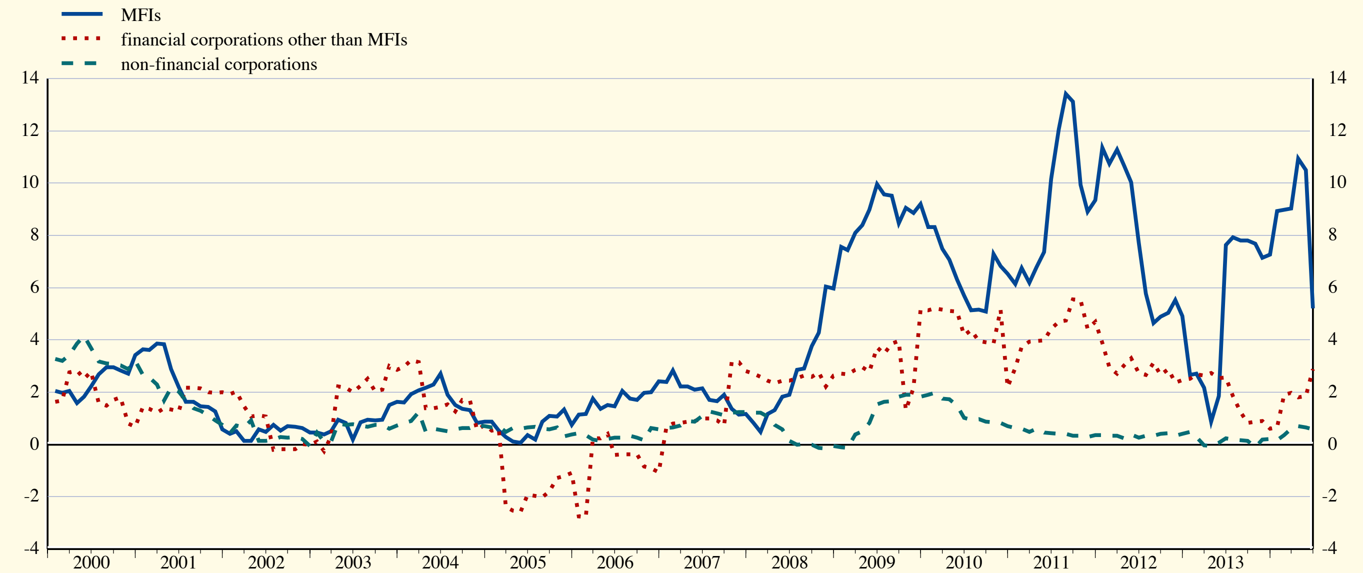
Source: ECB.
1) Annual percentage changes for monthly data refer to the end of the month, whereas those for quarterly and yearly data refer to the annual change in the period average. See the Technical Notes for details.

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

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

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 2008 = 100	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)
	1	2	3	4	5	6	7	8	9
2012 June	3,928.0	106.7	1.1	317.6	7.7	293.7	2.7	3,316.7	0.3
July	4,054.1	106.8	1.0	309.9	5.8	301.5	2.7	3,442.7	0.3
Aug.	4,178.8	106.8	0.9	349.6	4.6	319.2	3.1	3,510.0	0.3
Sep.	4,235.1	106.9	0.9	364.9	4.9	333.6	2.7	3,536.6	0.4
Oct.	4,311.8	107.0	1.0	383.5	5.0	343.6	2.9	3,584.6	0.4
Nov.	4,399.7	106.9	0.9	395.7	5.5	352.6	2.4	3,651.4	0.3
Dec.	4,503.7	107.1	0.9	402.4	4.9	368.4	2.5	3,732.8	0.4
2013 Jan.	4,658.5	107.2	0.8	441.5	2.7	382.4	2.5	3,834.6	0.5
Feb.	4,643.2	107.0	0.7	416.1	2.7	376.8	2.7	3,850.3	0.3
Mar.	4,645.2	106.8	0.4	380.3	2.2	380.7	2.6	3,884.1	0.0
Apr.	4,747.4	106.7	0.2	410.4	0.9	406.5	2.7	3,930.5	-0.1
May	4,864.1	107.0	0.4	440.2	1.9	419.0	2.5	4,005.0	0.1
June	4,663.9	107.8	1.1	413.5	7.6	404.3	2.6	3,846.2	0.2
July	4,903.7	107.9	1.0	446.6	7.9	428.6	1.8	4,028.6	0.2
Aug.	4,892.0	107.8	0.9	461.5	7.8	426.4	1.2	4,004.2	0.2
Sep.	5,136.7	107.8	0.9	491.7	7.8	437.7	0.8	4,207.2	0.1
Oct.	5,411.0	107.7	0.7	557.2	7.7	455.6	0.9	4,398.1	-0.1
Nov.	5,502.3	107.9	0.9	562.8	7.1	465.0	0.9	4,474.5	0.2
Dec.	5,567.9	108.0	0.9	569.0	7.3	476.0	0.6	4,522.9	0.2
2014 Jan.	5,485.2	108.2	1.0	597.7	8.9	464.7	0.6	4,422.8	0.1
Feb.	5,757.5	108.4	1.3	637.8	9.0	483.6	1.9	4,636.1	0.3
Mar.	5,809.2	108.4	1.5	642.6	9.0	485.5	2.0	4,681.1	0.6
Apr.	5,842.0	108.6	1.7	639.1	10.9	490.5	1.8	4,712.4	0.7
May	5,933.6	108.8	1.7	642.6	10.5	481.9	1.8	4,809.1	0.6
June	5,951.7	109.1	1.2	630.0	5.2	478.1	2.9	4,843.6	0.6

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



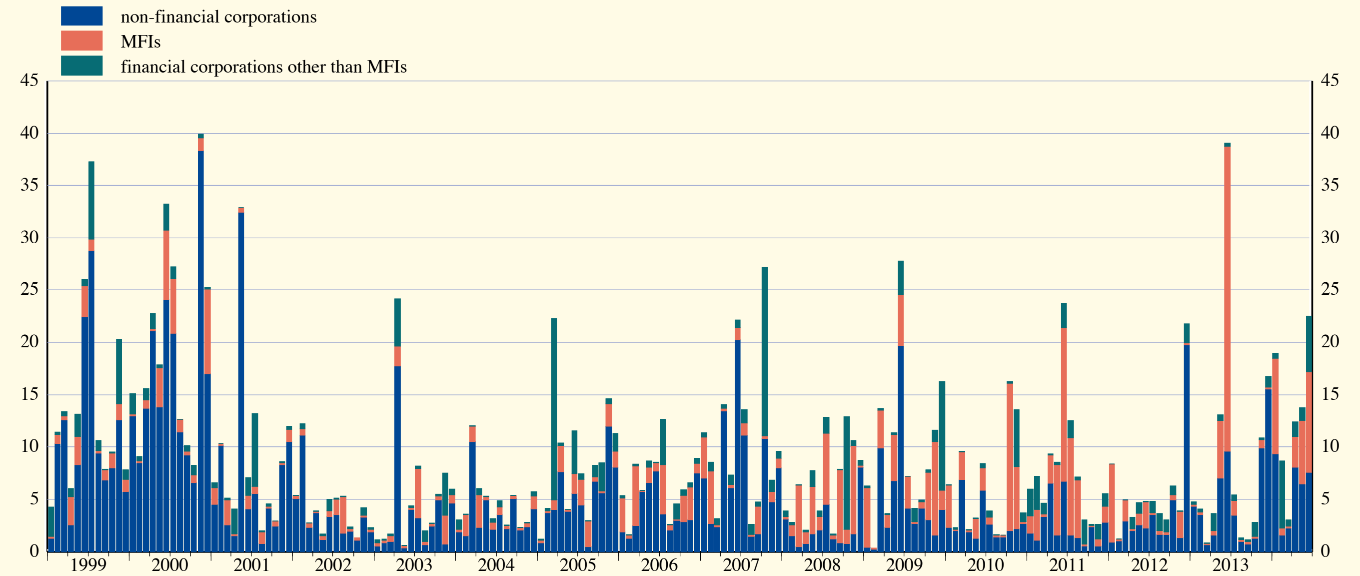
Source: ECB.
1) For details of the calculation of the index and the growth rates, see the Technical Notes.

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

2. Transactions during the month

	Total			MFIs			Financial corporations other than MFIs			Non-financial corporations		
	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues
	1	2	3	4	5	6	7	8	9	10	11	12
2012 June	4.8	1.2	3.6	2.6	0.0	2.6	0.0	0.1	-0.1	2.2	1.1	1.1
July	4.8	0.3	4.5	0.2	0.0	0.2	1.1	0.0	1.1	3.6	0.3	3.2
Aug.	3.7	1.8	1.8	0.4	0.0	0.4	1.6	0.1	1.5	1.6	1.7	-0.1
Sep.	2.9	0.5	2.3	0.1	0.0	0.1	1.2	0.1	1.0	1.7	0.4	1.3
Oct.	6.3	1.8	4.5	0.5	0.0	0.5	0.9	0.1	0.8	4.9	1.7	3.2
Nov.	3.9	5.9	-2.0	2.5	0.0	2.5	0.1	0.1	0.0	1.3	5.8	-4.5
Dec.	21.6	16.2	5.4	0.0	0.5	-0.5	1.8	0.0	1.8	19.7	15.7	4.1
2013 Jan.	4.6	0.3	4.3	0.0	0.0	0.0	0.2	0.1	0.1	4.3	0.2	4.1
Feb.	4.1	11.4	-7.3	0.3	0.0	0.3	0.3	0.0	0.3	3.5	11.4	-7.8
Mar.	0.7	10.6	-9.9	0.0	0.1	-0.1	0.1	0.3	-0.3	0.6	10.1	-9.4
Apr.	3.6	5.9	-2.3	0.4	5.2	-4.8	1.7	0.0	1.6	1.6	0.7	0.9
May	13.1	1.8	11.3	5.5	0.0	5.5	0.6	0.0	0.5	7.0	1.8	5.2
June	39.1	1.9	37.1	29.2	0.0	29.1	0.3	0.3	0.1	9.6	1.7	7.9
July	5.4	3.0	2.4	1.4	0.0	1.4	0.6	1.9	-1.4	3.5	1.1	2.4
Aug.	1.1	2.3	-1.2	0.0	0.0	0.0	0.1	0.5	-0.4	1.0	1.8	-0.9
Sep.	1.0	1.7	-0.7	0.1	0.0	0.1	0.1	0.6	-0.4	0.7	1.1	-0.4
Oct.	2.6	7.5	-4.9	0.1	0.0	0.1	1.3	0.1	1.2	1.2	7.4	-6.2
Nov.	10.9	2.1	8.8	0.8	0.0	0.8	0.2	0.1	0.1	9.9	2.0	7.9
Dec.	16.6	9.4	7.2	0.0	0.0	0.0	1.1	0.0	1.1	15.6	9.4	6.2
2014 Jan.	18.9	7.8	11.1	9.1	0.3	8.9	0.5	0.1	0.3	9.4	7.4	1.9
Feb.	8.7	2.3	6.4	0.7	0.0	0.7	6.4	0.3	6.1	1.6	2.0	-0.4
Mar.	2.9	2.4	0.5	0.0	0.0	0.0	0.6	0.6	0.0	2.3	1.8	0.5
Apr.	12.4	3.1	9.4	3.0	0.0	3.0	1.4	0.2	1.3	8.0	2.9	5.1
May	13.8	2.8	11.0	6.0	0.0	6.0	1.3	0.4	0.8	6.5	2.3	4.1
June	22.5	1.9	20.6	9.6	0.0	9.6	5.4	0.3	5.0	7.6	1.6	6.0

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



Source: ECB.

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

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

1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight	With an agreed maturity of:			Redeemable at notice of: [2]		Overnight	With an agreed maturity of:			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9	10	11
2013 Aug.	0.30	1.81	1.87	2.05	1.15	1.21	0.37	0.70	1.57	1.85	0.51
Sep.	0.30	1.71	1.86	2.06	1.15	1.17	0.35	0.81	1.68	1.87	0.56
Oct.	0.29	1.72	1.83	2.07	1.13	1.15	0.34	0.78	1.65	2.28	0.29
Nov.	0.29	1.60	1.76	2.02	1.12	1.11	0.34	0.75	1.57	1.73	0.47
Dec.	0.29	1.58	1.66	1.91	1.11	1.07	0.34	0.79	1.52	1.63	0.71
2014 Jan.	0.28	1.66	1.64	1.95	1.09	1.05	0.33	0.71	1.42	1.81	0.58
Feb.	0.28	1.60	1.63	1.93	1.11	1.03	0.33	0.63	1.42	1.75	0.83
Mar.	0.28	1.57	1.50	1.86	1.07	1.01	0.35	0.65	1.37	1.58	0.87
Apr.	0.27	1.57	1.44	1.83	1.06	0.99	0.34	0.70	1.24	1.60	0.28
May	0.27	1.42	1.31	1.72	1.05	0.96	0.34	0.61	1.26	1.38	0.29
June	0.27	1.35	1.24	1.74	1.04	0.92	0.31	0.57	1.13	1.52	0.20
July	0.24	1.32	1.21	1.76	1.01	0.90	0.28	0.57	1.14	1.48	0.52

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

	Revolving loans and overdrafts	Extended credit card debt [3]	Consumer credit				Lending for house purchase					Lending to sole proprietors and unincorporated partnerships		
			By initial rate fixation			APRC [4]	By initial rate fixation				APRC [4]	By initial rate fixation		
			Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2013 Aug.	7.74	17.01	5.62	6.15	7.64	7.17	2.80	3.01	2.97	3.18	3.31	3.00	4.06	3.15
Sep.	7.77	17.02	5.80	6.07	7.62	7.22	2.83	3.05	3.05	3.25	3.35	3.04	3.99	3.16
Oct.	7.67	17.02	5.71	6.04	7.63	7.15	2.77	3.04	3.12	3.27	3.35	3.10	3.95	3.26
Nov.	7.64	16.96	5.81	6.05	7.75	7.21	2.79	3.06	3.15	3.31	3.37	3.30	4.08	3.19
Dec.	7.63	16.94	5.63	6.20	7.44	7.05	2.78	3.00	3.15	3.32	3.37	3.07	3.86	3.05
2014 Jan.	7.69	17.08	5.73	6.08	7.73	7.34	2.76	3.01	3.12	3.31	3.36	3.18	3.80	3.01
Feb.	7.65	17.08	5.87	6.01	7.68	7.38	2.79	2.95	3.09	3.27	3.35	3.23	3.97	3.07
Mar.	7.65	17.08	5.83	5.94	7.54	7.28	2.78	2.90	3.03	3.23	3.29	3.23	4.03	3.12
Apr.	7.61	17.24	5.67	5.82	7.51	7.18	2.72	2.91	3.00	3.24	3.29	3.10	3.87	3.07
May	7.55	17.25	5.64	5.96	7.58	7.27	2.71	2.87	2.96	3.14	3.23	3.29	3.96	2.98
June	7.58	17.21	5.47	5.89	7.46	7.11	2.66	2.84	2.89	3.09	3.20	3.15	3.85	2.94
July	7.43	17.03	5.56	5.80	7.38	6.96	2.63	2.75	2.80	2.99	3.10	3.00	3.79	2.88

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

	Revolving loans and overdrafts	Other loans of up to EUR 0.25 million by initial rate fixation						Other loans of over EUR 1 million by initial rate fixation					
		Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years	Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
2013 Aug.	4.10	4.50	4.81	4.41	4.06	3.41	3.39	2.03	2.56	2.82	3.00	2.88	3.10
Sep.	4.13	4.53	4.67	4.39	4.16	3.41	3.42	2.08	2.54	2.86	2.75	2.89	3.28
Oct.	4.14	4.60	4.83	4.39	4.14	3.51	3.50	2.19	2.64	3.14	2.86	3.28	3.38
Nov.	4.08	4.56	4.71	4.34	4.29	3.56	3.50	2.23	2.62	2.96	2.90	2.98	3.10
Dec.	4.12	4.53	4.49	4.20	4.19	3.43	3.41	2.17	2.73	2.67	2.81	2.82	3.13
2014 Jan.	4.16	4.61	4.68	4.25	3.99	3.40	3.48	2.15	2.74	2.76	2.94	3.03	3.12
Feb.	4.11	4.54	4.59	4.26	4.08	3.48	3.46	2.08	2.78	2.91	2.77	2.79	3.13
Mar.	4.08	4.60	4.49	4.22	4.10	3.51	3.47	2.18	2.74	2.83	2.99	2.77	3.23
Apr.	4.12	4.59	4.48	4.10	3.95	3.45	3.45	2.20	2.57	2.88	2.57	2.82	3.20
May	4.05	4.50	4.51	4.22	4.06	3.41	3.41	2.07	2.42	2.67	2.80	2.62	3.04
June	4.02	4.29	4.37	4.12	4.04	3.36	3.21	1.95	2.75	2.61	3.35	2.52	2.91
July	3.90	4.32	4.31	3.86	3.89	3.20	3.21	1.91	2.43	2.74	2.38	2.86	3.00

Source: ECB.

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

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

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

4. Interest rates on deposits (outstanding amounts)

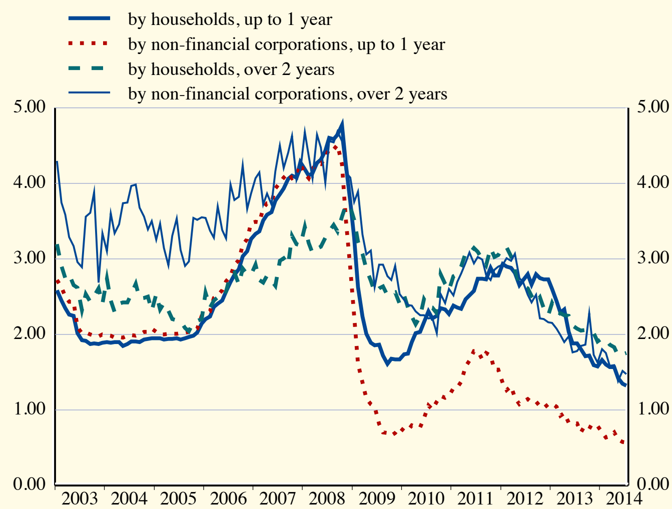
	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight	With an agreed maturity of:		Redeemable at notice of: [2)]		Overnight	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2013 Aug.	0.30	2.22	2.63	1.15	1.21	0.37	1.44	2.82	1.50
Sep.	0.30	2.16	2.63	1.15	1.17	0.35	1.41	2.84	1.66
Oct.	0.29	2.09	2.60	1.13	1.15	0.34	1.34	2.83	1.35
Nov.	0.29	2.02	2.60	1.12	1.11	0.34	1.32	2.84	1.34
Dec.	0.29	1.94	2.57	1.11	1.07	0.34	1.29	2.79	1.05
2014 Jan.	0.28	1.87	2.55	1.09	1.05	0.33	1.24	2.77	1.01
Feb.	0.28	1.84	2.59	1.11	1.03	0.33	1.23	2.78	1.08
Mar.	0.28	1.79	2.53	1.07	1.01	0.35	1.20	2.76	1.11
Apr.	0.27	1.75	2.52	1.06	0.99	0.34	1.18	2.73	1.02
May	0.27	1.70	2.48	1.05	0.96	0.34	1.18	2.71	0.87
June	0.27	1.65	2.48	1.04	0.92	0.31	1.15	2.67	0.78
July	0.24	1.59	2.44	1.01	0.90	0.28	1.11	2.61	0.90

5. Interest rates on loans (outstanding amounts)

	Loans to households						Loans to non-financial corporations		
	Lending for house purchase with a maturity of:			Consumer credit and other loans with a maturity of:			With a maturity of:		
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9
2013 Aug.	3.52	3.22	3.37	7.58	6.16	4.82	3.63	3.26	3.12
Sep.	3.55	3.22	3.37	7.64	6.16	4.83	3.65	3.24	3.13
Oct.	3.50	3.20	3.35	7.61	6.10	4.80	3.62	3.27	3.12
Nov.	3.51	3.22	3.34	7.52	6.11	4.79	3.59	3.28	3.12
Dec.	3.59	3.24	3.33	7.49	6.08	4.77	3.61	3.29	3.14
2014 Jan.	3.61	3.17	3.31	7.59	6.08	4.77	3.67	3.29	3.13
Feb.	3.59	3.21	3.37	7.64	6.20	4.84	3.63	3.33	3.17
Mar.	3.57	3.18	3.33	7.62	6.10	4.77	3.62	3.30	3.13
Apr.	3.63	3.16	3.31	7.51	6.11	4.79	3.63	3.30	3.14
May	3.60	3.15	3.29	7.50	6.10	4.76	3.57	3.28	3.13
June	3.29	3.15	3.29	7.49	6.11	4.79	3.51	3.28	3.13
July	3.24	3.10	3.26	7.41	6.04	4.76	3.44	3.22	3.08

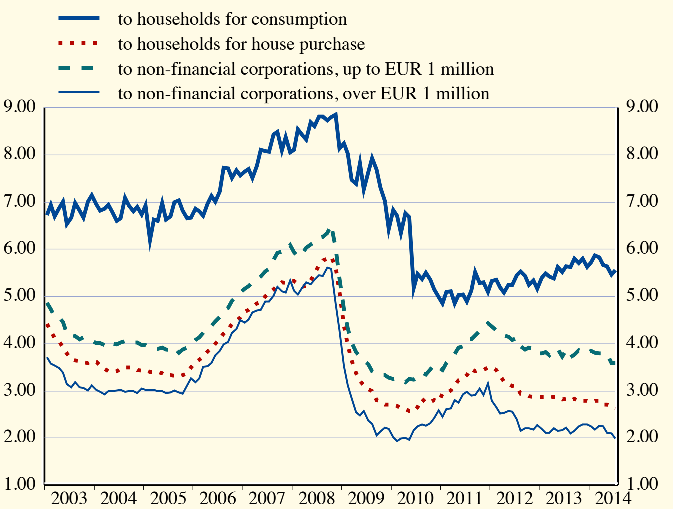
C21 New deposits with an agreed maturity

(percentages per annum excluding charges; period averages)



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

(percentages per annum excluding charges; period averages)



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

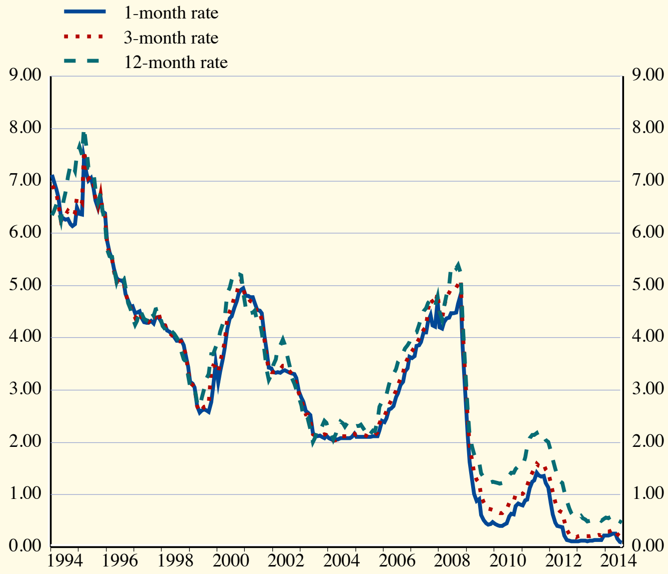
4.6 Money market interest rates

(percentages per annum; period averages)

	Euro area [1), 2)]					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2011	0.87	1.18	1.39	1.64	2.01	0.34	0.19
2012	0.23	0.33	0.57	0.83	1.11	0.43	0.19
2013	0.09	0.13	0.22	0.34	0.54	0.27	0.15
2013 Q2	0.08	0.12	0.21	0.31	0.51	0.28	0.16
Q3	0.09	0.13	0.22	0.34	0.54	0.26	0.15
Q4	0.12	0.16	0.24	0.35	0.53	0.24	0.14
2014 Q1	0.18	0.23	0.30	0.40	0.56	0.24	0.14
Q2	0.19	0.22	0.30	0.39	0.57	0.23	0.13
2013 Aug.	0.08	0.13	0.23	0.34	0.54	0.26	0.15
Sep.	0.08	0.13	0.22	0.34	0.54	0.25	0.15
Oct.	0.09	0.13	0.23	0.34	0.54	0.24	0.15
Nov.	0.10	0.13	0.22	0.33	0.51	0.24	0.14
Dec.	0.17	0.21	0.27	0.37	0.54	0.24	0.15
2014 Jan.	0.20	0.22	0.29	0.40	0.56	0.24	0.14
Feb.	0.16	0.22	0.29	0.39	0.55	0.24	0.14
Mar.	0.19	0.23	0.31	0.41	0.58	0.23	0.14
Apr.	0.25	0.25	0.33	0.43	0.60	0.23	0.14
May	0.25	0.26	0.32	0.42	0.59	0.23	0.14
June	0.08	0.15	0.24	0.33	0.51	0.23	0.13
July	0.04	0.10	0.21	0.30	0.49	0.23	0.13
Aug.	0.02	0.09	0.19	0.29	0.47	0.23	0.13

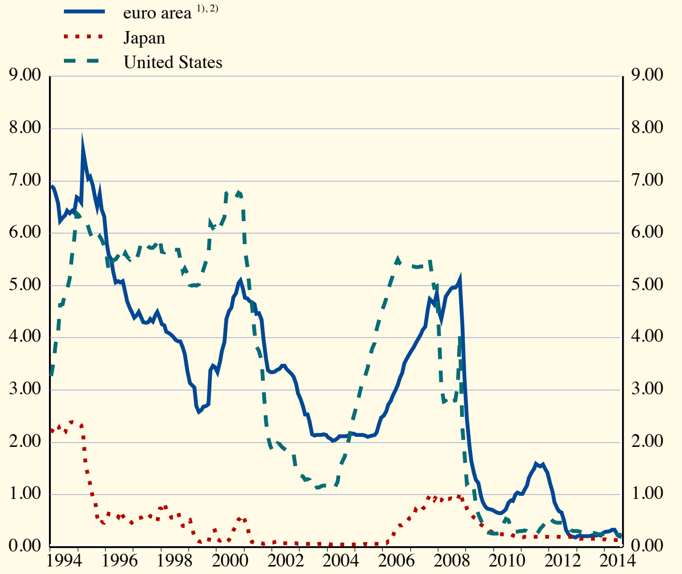
C23 Euro area money market rates [1), 2)]

(monthly averages; percentages per annum)



C24 3-month money market rates

(monthly averages; percentages per annum)



Source: ECB.

1) Before January 1999 synthetic euro area rates were calculated on the basis of national rates weighted by GDP. For further information, see the General Notes.

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

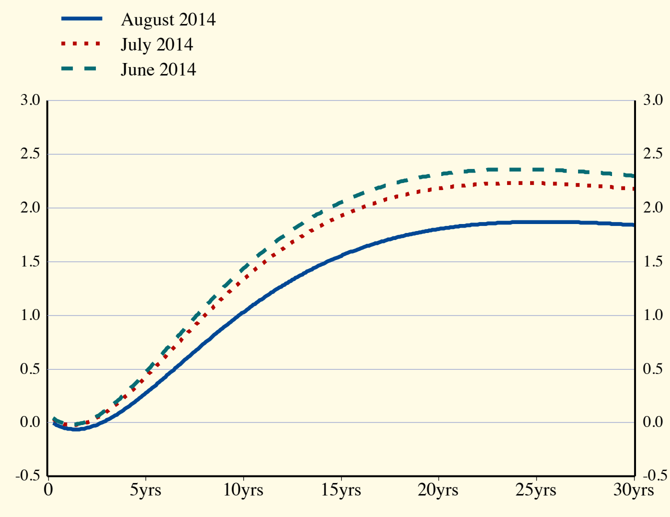
4.7 Euro area yield curves [1]

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

	Spot rates								Instantaneous forward rates			
	3 months	1 year	2 years	5 years	7 years	10 years	10 years - 3 months (spread)	10 years - 2 years (spread)	1 year	2 years	5 years	10 years
	1	2	3	4	5	6	7	8	9	10	11	12
2011	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2012	0.06	-0.04	-0.01	0.58	1.09	1.72	1.66	1.74	-0.09	0.17	1.84	3.50
2013	0.08	0.09	0.25	1.07	1.62	2.24	2.16	1.99	0.18	0.67	2.53	3.88
2013 Q2	0.03	0.11	0.30	1.05	1.54	2.14	2.11	1.84	0.27	0.73	2.35	3.78
Q3	0.02	0.07	0.22	0.94	1.45	2.05	2.03	1.84	0.17	0.60	2.25	3.74
Q4	0.08	0.09	0.25	1.07	1.62	2.24	2.16	1.99	0.18	0.67	2.53	3.88
2014 Q1	0.16	0.11	0.17	0.76	1.23	1.82	1.66	1.65	0.11	0.40	1.94	3.50
Q2	0.05	-0.01	0.02	0.47	0.88	1.44	1.39	1.42	-0.04	0.16	1.46	3.09
2013 Aug.	0.02	0.09	0.27	1.06	1.58	2.17	2.16	1.90	0.23	0.71	2.43	3.78
Sep.	0.02	0.07	0.22	0.94	1.45	2.05	2.03	1.84	0.17	0.60	2.25	3.74
Oct.	0.05	0.05	0.15	0.82	1.32	1.95	1.90	1.80	0.09	0.45	2.10	3.74
Nov.	0.08	0.05	0.14	0.82	1.34	1.99	1.91	1.84	0.08	0.43	2.14	3.79
Dec.	0.08	0.09	0.25	1.07	1.62	2.24	2.16	1.99	0.18	0.67	2.53	3.88
2014 Jan.	0.09	0.04	0.11	0.77	1.27	1.89	1.80	1.79	0.04	0.37	2.06	3.61
Feb.	0.14	0.09	0.16	0.79	1.27	1.88	1.74	1.72	0.09	0.41	2.03	3.56
Mar.	0.16	0.11	0.17	0.76	1.23	1.82	1.66	1.65	0.11	0.40	1.94	3.50
Apr.	0.13	0.09	0.16	0.71	1.15	1.72	1.60	1.56	0.10	0.38	1.81	3.36
May	0.09	0.03	0.06	0.56	0.98	1.56	1.47	1.49	0.01	0.23	1.60	3.23
June	0.05	-0.01	0.02	0.47	0.88	1.44	1.39	1.42	-0.04	0.16	1.46	3.09
July	0.04	-0.02	0.01	0.43	0.81	1.34	1.30	1.33	-0.04	0.14	1.35	2.91
Aug.	0.00	-0.06	-0.05	0.28	0.59	1.03	1.03	1.08	-0.09	0.04	1.01	2.38

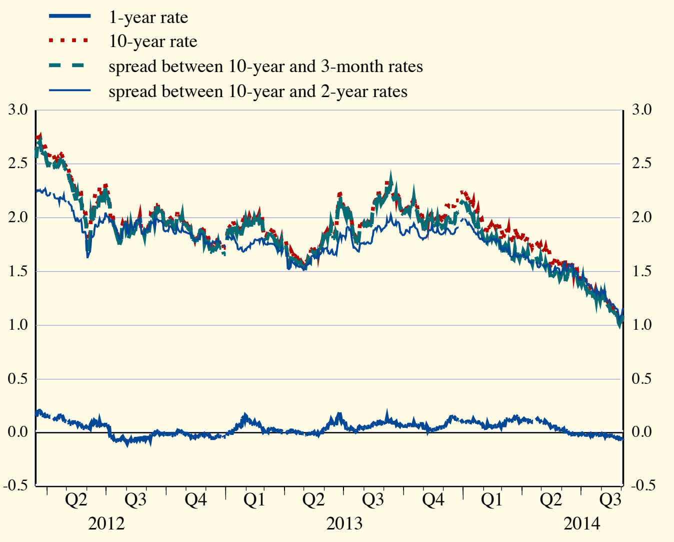
C25 Euro area spot yield curves [2]

(percentages per annum; end of period)



C26 Euro area spot rates and spreads [2]

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



Sources: ECB calculations based on underlying data provided by EuroMTS and ratings provided by Fitch Ratings.

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

2) Data cover AAA-rated euro area central government bonds.

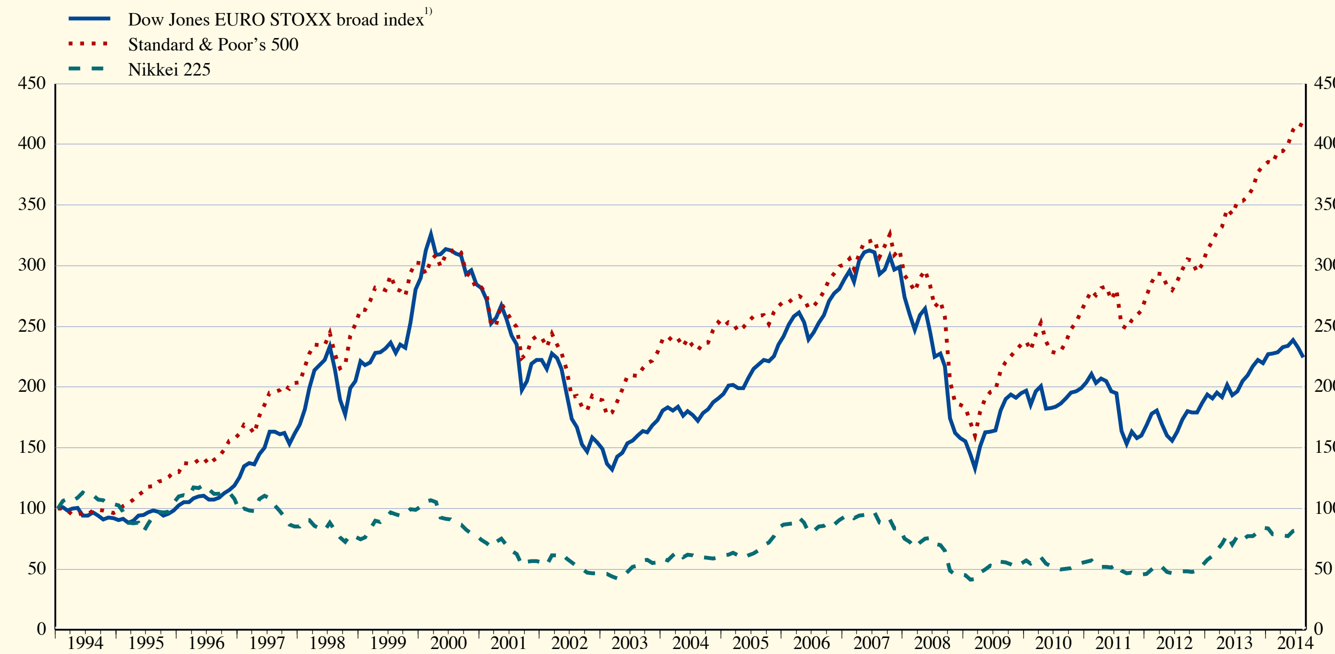
4.8 Stock market indices

(index levels in points; period averages)

	Dow Jones EURO STOXX indices[1]												United States	Japan
	Benchmark		Main industry indices											
	Broad index	50	Basic materials	Consumer services	Consumer goods	Oil and gas	Financials	Industrials	Technology	Utilities	Telecoms	Health care	Standard & Poor's 500	Nikkei 225
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011	256.0	2,611.0	493.4	158.1	351.2	311.6	152.6	349.4	222.5	301.7	358.4	432.7	1,267.6	9,425.4
2012	239.7	2,411.9	503.7	151.9	385.7	307.2	122.1	330.2	219.2	235.9	268.5	523.3	1,379.4	9,102.6
2013	281.9	2,794.0	586.3	195.0	468.2	312.8	151.5	402.7	274.1	230.6	253.4	629.4	1,643.8	13,577.9
2013 Q2	271.8	2,696.1	574.6	188.6	458.8	303.7	141.5	383.0	259.3	226.1	239.3	653.6	1,609.5	13,629.3
Q3	282.1	2,782.3	581.1	197.7	477.6	312.1	150.4	406.2	277.3	224.0	245.3	631.3	1,674.9	14,127.7
Q4	304.9	3,017.6	620.6	211.9	492.2	325.7	169.9	442.8	301.9	249.5	287.4	631.8	1,768.7	14,951.3
2014 Q1	315.9	3,090.8	639.0	218.7	500.1	323.4	182.2	461.0	306.3	262.3	293.9	640.7	1,834.9	14,958.9
Q2	326.5	3,214.0	657.3	219.5	524.2	360.3	184.5	471.9	305.3	284.9	311.9	656.5	1,900.4	14,655.0
2013 Aug.	284.2	2,803.8	581.8	198.2	482.8	314.9	153.2	407.0	276.1	223.8	245.6	636.8	1,670.1	13,726.7
Sep.	290.6	2,864.6	592.8	202.3	485.0	323.9	156.8	423.6	288.6	234.1	260.0	613.1	1,687.2	14,372.1
Oct.	301.4	2,988.9	602.2	210.0	487.3	329.2	168.4	436.3	293.4	249.6	290.6	616.5	1,720.0	14,329.0
Nov.	308.7	3,056.0	630.5	214.1	498.7	330.9	171.1	448.8	306.1	253.7	289.1	646.6	1,783.5	14,931.7
Dec.	304.7	3,010.2	631.3	211.7	490.9	316.3	170.3	443.9	307.2	245.0	282.0	633.9	1,807.8	15,655.2
2014 Jan.	314.7	3,092.4	640.7	217.4	497.9	318.8	181.3	462.3	308.2	251.3	297.4	647.6	1,822.4	15,578.3
Feb.	315.9	3,085.9	643.7	219.2	502.0	318.9	183.0	460.0	304.3	261.1	291.9	638.3	1,817.0	14,617.6
Mar.	317.0	3,094.0	632.7	219.5	500.7	332.4	182.5	460.6	306.2	275.0	292.2	635.8	1,863.5	14,694.8
Apr.	323.2	3,171.5	637.8	219.9	518.8	348.9	185.8	470.5	304.1	278.7	298.6	642.4	1,864.3	14,475.3
May	324.7	3,197.4	660.9	217.7	521.7	362.3	181.9	470.2	300.4	280.6	315.0	657.2	1,889.8	14,343.1
June	331.5	3,271.7	672.1	220.9	531.9	369.2	185.9	475.0	311.6	295.2	321.4	669.1	1,947.1	15,131.8
July	322.3	3,192.3	659.8	215.3	522.6	361.0	178.3	453.8	311.5	292.0	308.7	660.0	1,973.1	15,379.3
Aug.	311.3	3,089.1	625.9	210.7	497.0	341.5	173.6	435.3	309.8	281.2	296.7	674.1	1,961.5	15,358.7

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

(January 1994 = 100; monthly averages)



Source: ECB.

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

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

5

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

1. Harmonised Index of Consumer Prices [1)]

	Total					Total (s.a.; percentage change vis-à-vis previous period)						Memo item: Administered prices [2)]	
	Index: 2005 = 100	Total		Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
			Total excl. unprocessed food and energy										
% of total in 2014	100.0	100.0	81.7	57.2	42.8	100.0	12.3	7.5	26.7	10.8	42.8	87.3	12.7
	1	2	3	4	5	6	7	8	9	10	11	12	13
2010	109.8	1.6	1.0	1.8	1.4	-	-	-	-	-	-	1.6	1.7
2011	112.8	2.7	1.7	3.3	1.8	-	-	-	-	-	-	2.6	3.5
2012	115.6	2.5	1.8	3.0	1.8	-	-	-	-	-	-	2.3	3.8
2013	117.2	1.4	1.3	1.3	1.4	-	-	-	-	-	-	1.2	2.1
2013 Q2	117.5	1.4	1.3	1.5	1.3	0.1	0.5	1.6	0.1	-1.8	0.2	1.3	2.3
Q3	117.3	1.3	1.3	1.3	1.4	0.4	0.7	0.4	0.0	1.0	0.5	1.3	1.8
Q4	117.6	0.8	1.0	0.5	1.2	-0.1	0.3	-1.2	0.1	-1.1	0.1	0.7	1.4
2014 Q1	117.2	0.7	1.0	0.3	1.2	0.2	0.3	0.0	0.1	0.0	0.3	0.5	2.0
Q2	118.2	0.6	0.9	0.0	1.3	0.0	0.2	-1.0	-0.2	-0.3	0.3	0.3	2.2
2014 Mar.	118.0	0.5	0.9	0.0	1.1	-0.1	0.1	-0.5	-0.1	-0.3	0.1	0.2	2.0
Apr.	118.2	0.7	1.1	0.1	1.6	0.0	0.0	-0.2	-0.1	-0.1	0.1	0.5	2.3
May	118.1	0.5	0.8	0.0	1.1	0.0	0.1	-0.5	-0.1	-0.1	0.1	0.2	2.2
June	118.2	0.5	0.8	-0.1	1.3	0.1	0.0	-0.1	0.0	0.2	0.2	0.3	2.1
July	117.4	0.4	0.8	-0.3	1.3	0.1	0.1	0.0	0.0	-0.2	0.1	0.2	1.8
Aug. [3)]	117.5	0.3	.	.	1.2	.	.	.	.	-0.6	.	.	.

	Goods						Services					
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal	Miscellaneous
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy		Rents				
% of total in 2014	19.8	12.3	7.5	37.5	26.7	10.8	10.5	6.2	7.3	3.1	14.7	7.2
	14	15	16	17	18	19	20	21	22	23	24	25
2010	1.1	0.9	1.3	2.2	0.5	7.4	1.8	1.5	2.3	-0.8	1.0	1.5
2011	2.7	3.3	1.8	3.7	0.8	11.9	1.8	1.4	2.9	-1.3	2.0	2.1
2012	3.1	3.1	3.0	3.0	1.2	7.6	1.8	1.5	2.9	-3.2	2.2	2.0
2013	2.7	2.2	3.5	0.6	0.6	0.6	1.7	1.5	2.4	-4.2	2.2	0.7
2013 Q2	3.1	2.1	4.8	0.6	0.8	0.3	1.6	1.3	2.5	-4.5	2.0	0.9
Q3	3.1	2.5	4.2	0.3	0.4	0.1	1.8	1.7	2.3	-4.0	2.2	0.8
Q4	1.8	2.1	1.3	-0.1	0.3	-0.9	1.7	1.4	1.8	-3.5	2.0	0.4
2014 Q1	1.4	1.8	0.7	-0.3	0.3	-1.9	1.8	1.4	1.6	-2.7	1.3	1.2
Q2	0.2	1.5	-1.8	-0.1	0.0	-0.4	1.9	1.4	1.8	-2.8	1.6	1.3
2014 Mar.	1.0	1.7	-0.1	-0.5	0.2	-2.1	1.8	1.4	1.3	-2.4	1.1	1.2
Apr.	0.7	1.6	-0.7	-0.3	0.1	-1.2	1.8	1.4	2.5	-2.6	2.0	1.3
May	0.1	1.5	-2.1	0.0	0.0	0.0	1.9	1.4	1.4	-2.9	1.2	1.3
June	-0.2	1.4	-2.8	0.0	-0.1	0.1	1.8	1.4	1.6	-2.9	1.6	1.4
July	-0.3	1.1	-2.6	-0.3	0.0	-1.0	1.7	1.3	1.8	-2.9	1.5	1.4
Aug. [3)]	-0.3	.	.	.	0.3	-2.0	.	.	.	.	.	.

Sources: Eurostat and ECB calculations.

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

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

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

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

2. Industry, construction and property prices

	Industrial producer prices excluding construction										Construct-ion [1]	Residential property prices [2]	Experimental indicator of commercial property prices [2), 3)]
	Total (index: 2010 = 100)	Total		Industry excluding construction and energy						Energy			
			Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods						
							Total	Durable	Non-durable				
% of total in 2010	100.0	100.0	78.1	72.1	29.4	20.1	22.6	2.3	20.3	27.9			
	1	2	3	4	5	6	7	8	9	10	11	12	13
2010	100.0	2.7	3.3	1.7	3.6	0.2	0.4	0.7	0.4	6.2	1.9	0.9	-0.3
2011	105.7	5.7	5.3	3.8	5.8	1.5	3.3	1.9	3.5	10.9	3.3	1.1	2.9
2012	108.6	2.8	2.0	1.4	0.7	1.0	2.5	1.6	2.6	6.6	1.6	-1.8	-0.2
2013	108.5	-0.2	-0.1	0.4	-0.6	0.6	1.7	0.7	1.8	-1.6	0.6	-2.1	-1.0
2013 Q2	108.3	-0.1	-0.1	0.5	-0.5	0.6	1.9	0.8	2.1	-2.0	0.4	-2.4	-1.1
Q3	108.3	-0.6	-0.3	0.3	-1.1	0.6	1.8	0.6	2.0	-2.7	0.4	-1.5	-1.0
Q4	108.0	-1.1	-0.9	-0.3	-1.7	0.5	0.9	0.6	1.0	-2.8	0.8	-1.6	-0.9
2014 Q1	107.6	-1.5	-1.1	-0.5	-1.8	0.4	0.6	0.9	0.5	-4.1	0.4	-0.6	.
Q2	107.2	-1.0	-0.4	-0.2	-1.2	0.3	0.5	0.9	0.5	-2.8	.	.	.
2014 Feb.	107.6	-1.7	-1.3	-0.5	-1.8	0.3	0.6	0.8	0.5	-4.4	-	-	-
Mar.	107.3	-1.6	-1.2	-0.5	-1.9	0.3	0.5	0.8	0.4	-4.4	-	-	-
Apr.	107.2	-1.2	-0.5	-0.3	-1.5	0.3	0.7	0.8	0.7	-3.4	-	-	-
May	107.1	-1.0	-0.4	-0.2	-1.2	0.3	0.5	0.8	0.5	-2.7	-	-	-
June	107.3	-0.8	-0.1	-0.1	-0.9	0.4	0.3	1.0	0.3	-2.2	-	-	-
July	107.1	-1.1	-0.4	-0.1	-0.7	0.4	0.2	1.0	0.1	-3.5	-	-	-

3. Commodity prices and gross domestic product deflators

	Oil prices [4] (EUR per barrel)	Non-energy commodity prices						GDP deflators							
		Import-weighted [5]			Use-weighted [6]			Total (s.a.; index: 2005 = 100)	Total	Domestic demand				Exports [7]	Imports [7]
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consump-tion	Government consump-tion	Gross fixed capital formation		
% of total		100.0	35.0	65.0	100.0	45.0	55.0								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2010	60.7	44.0	19.3	57.9	40.4	22.6	54.5	108.1	0.8	1.5	1.6	0.8	0.8	3.0	5.0
2011	79.7	15.9	21.3	13.6	15.0	20.0	11.8	109.4	1.2	2.0	2.4	0.8	1.5	3.6	5.8
2012	86.6	-5.2	0.2	-7.6	-1.7	5.8	-6.9	110.9	1.3	1.6	2.1	1.0	1.1	1.6	2.4
2013	81.7	-8.0	-13.4	-5.3	-7.7	-10.1	-5.8	112.5	1.5	1.1	1.2	1.2	0.3	-0.3	-1.3
2013 Q2	79.0	-8.3	-6.4	-9.2	-6.5	-3.6	-8.6	112.5	1.6	1.2	1.3	1.0	0.2	0.0	-1.2
Q3	82.5	-10.6	-22.2	-4.3	-11.4	-18.2	-5.7	112.6	1.4	1.0	1.4	1.1	0.2	-0.6	-1.6
Q4	80.3	-10.1	-18.4	-5.9	-10.9	-15.4	-7.2	112.7	1.1	0.7	0.9	1.1	0.2	-0.9	-1.9
2014 Q1	78.6	-12.9	-8.8	-14.7	-11.0	-6.7	-14.1	113.2	0.9	0.6	0.8	0.5	0.1	-1.0	-2.0
Q2	79.9	-6.3	-1.3	-8.6	-3.7	1.1	-7.4	.	.	.	.	.	.	.	.
2014 Mar.	77.8	-12.4	-3.9	-16.2	-9.5	-1.2	-15.5	-	-	-	-	-	-	-	-
Apr.	78.2	-7.6	0.6	-11.2	-5.4	1.3	-10.4	-	-	-	-	-	-	-	-
May	79.4	-6.9	-2.1	-9.2	-3.9	1.4	-8.0	-	-	-	-	-	-	-	-
June	82.3	-4.2	-2.3	-5.1	-1.7	0.4	-3.3	-	-	-	-	-	-	-	-
July	79.9	-4.8	-5.2	-4.6	-1.6	-1.6	-1.6	-	-	-	-	-	-	-	-
Aug.	77.6	-3.6	1.0	-5.6	-0.7	1.4	-2.1	-	-	-	-	-	-	-	-

Sources: Eurostat, ECB calculations based on Eurostat data (columns 8-15 in Table 3 in Section 5.1), ECB calculations based on Thomson Reuters data (column 1 in Table 3 in Section 5.1), ECB calculations based on IPD data and national sources (column 13 in Table 2 in Section 5.1) and ECB calculations (column 12 in Table 2 in Section 5.1 and columns 2-7 in Table 3 in Section 5.1).

1) Input prices for residential buildings.
2) Experimental data based on non-harmonised sources (see http://www.ecb.europa.eu/stats/intro/html/experiment.en.html for further details).
3) Data refer to the Euro 18.
4) Brent Blend (for one-month forward delivery).
5) Refers to prices expressed in euro. Weighted according to the structure of euro area imports in the period 2004-06.
6) Refers to prices expressed in euro. Weighted according to euro area domestic demand (domestic production plus imports minus exports) in the period 2004-06. Experimental data (see http://www.ecb.europa.eu/stats/intro/html/experiment.en.html for details).
7) Deflators for exports and imports refer to goods and services and include cross-border trade within the euro area.

5.1 HICP, other prices and costs

(annual percentage changes)

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

(quarterly data seasonally adjusted; annual data unadjusted)

	Total (index: 2005 = 100)	Total	By economic activity									
			Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12
	Unit labour costs [1]											
2012	112.7	1.9	4.3	2.7	2.6	1.9	3.1	1.0	0.6	2.5	0.6	2.3
2013	114.1	1.2	1.0	1.7	1.2	0.7	2.0	1.3	-1.4	1.0	1.3	1.3
2013 Q2	113.9	1.2	1.5	2.0	1.1	1.2	1.5	0.8	-1.4	1.3	0.8	1.4
Q3	114.3	1.3	1.1	2.6	2.1	0.2	3.3	0.8	-1.0	0.4	1.2	0.8
Q4	114.2	0.7	-1.4	-0.4	0.9	-0.7	1.6	3.1	-1.5	0.0	2.1	0.8
2014 Q1	114.5	0.5	-1.4	0.5	0.9	-0.3	2.3	0.7	-0.3	1.4	0.3	0.9
	Compensation per employee											
2012	116.6	1.9	1.1	2.5	3.1	1.9	2.5	1.1	1.7	2.5	1.1	1.6
2013	118.5	1.6	2.1	2.5	1.9	0.9	1.3	1.4	1.2	1.7	1.7	0.8
2013 Q2	118.4	1.6	2.0	2.5	1.9	1.3	1.3	1.1	2.2	2.1	1.3	1.1
Q3	118.9	1.7	2.6	3.2	2.7	1.0	1.6	1.1	0.8	1.5	1.5	0.9
Q4	119.1	1.6	1.1	2.1	2.2	0.6	1.1	1.9	0.8	1.3	2.3	0.9
2014 Q1	119.6	1.3	1.0	2.0	3.7	1.3	1.6	1.3	-0.3	1.6	0.5	1.0
	Labour productivity per person employed [2]											
2012	103.5	0.0	-3.1	-0.2	0.5	-0.1	-0.6	0.1	1.1	-0.1	0.5	-0.6
2013	103.9	0.4	1.1	0.8	0.6	0.3	-0.7	0.1	2.7	0.7	0.4	-0.5
2013 Q2	104.0	0.4	0.5	0.5	0.8	0.0	-0.2	0.4	3.7	0.8	0.5	-0.3
Q3	104.1	0.5	1.4	0.6	0.6	0.7	-1.6	0.3	1.9	1.0	0.3	0.1
Q4	104.3	0.9	2.5	2.5	1.3	1.3	-0.5	-1.2	2.3	1.3	0.2	0.1
2014 Q1	104.4	0.8	2.5	1.5	2.8	1.6	-0.6	0.6	0.0	0.2	0.2	0.1
	Compensation per hour worked											
2012	119.3	2.6	2.9	3.6	4.9	2.6	3.1	1.6	2.0	2.6	1.2	2.6
2013	121.6	1.9	2.1	2.2	2.6	1.4	1.4	1.4	1.6	2.1	1.9	1.3
2013 Q2	121.4	1.6	1.9	1.5	1.8	1.5	1.0	0.6	2.1	2.3	1.4	1.4
Q3	121.9	1.8	1.9	2.1	2.4	1.3	1.9	0.6	1.9	2.0	1.7	1.2
Q4	122.0	1.4	-0.1	1.0	2.1	0.7	0.8	1.0	1.0	1.5	2.3	0.4
2014 Q1	122.8	0.8	-0.4	0.3	2.4	0.9	1.7	1.1	-0.4	1.5	0.9	-0.7
	Hourly labour productivity [2]											
2012	106.5	0.8	-2.1	0.9	2.0	0.7	0.1	0.5	1.9	0.2	0.7	0.1
2013	107.2	0.7	0.6	0.5	1.1	0.7	-0.6	0.2	3.3	1.1	0.6	0.0
2013 Q2	107.1	0.3	-0.3	-0.3	0.2	0.3	-0.4	-0.3	3.7	0.4	0.5	0.0
Q3	107.3	0.7	0.7	-0.4	0.3	1.4	-1.2	0.0	2.5	1.7	0.6	0.3
Q4	107.5	0.7	1.7	1.5	1.2	1.2	-1.1	-1.9	3.1	2.0	0.2	-0.2
2014 Q1	107.9	0.4	1.9	-0.2	1.6	1.2	-0.7	0.2	1.6	0.5	0.6	-1.3

5. Labour cost indices [3]

	Total (index: 2008 = 100)	Total	By component		For selected economic activities			Memo item: Indicator of negotiated wages [4]
			Wages and salaries	Employers' social contributions	Mining, manufacturing and energy	Construction	Services	
% of total in 2008	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2012	108.7	1.9	1.9	1.8	2.4	2.4	2.1	2.2
2013	110.3	1.5	1.8	0.9	2.1	0.9	1.2	1.8
2013 Q3	107.4	1.2	1.4	0.7	1.6	0.0	1.1	1.7
Q4	116.8	1.6	2.0	0.4	1.6	1.2	1.0	1.7
2014 Q1	103.7	0.9	1.5	-0.8	0.7	1.9	1.3	1.9
Q2	.	.	.	.	.	.	.	1.9

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

1) Compensation (at current prices) per employee divided by labour productivity per person employed.

2) Total GDP and value added by economic activity (volumes) per labour input (persons employed and hours worked).

3) Hourly labour cost indices for the whole economy, excluding agriculture, forestry and fishing. Owing to differences in coverage, the estimates for the components may not be consistent with the total.

4) Experimental data (see http://www.ecb.europa.eu/stats/intro/html/experiment.en.html for further details).

5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

1. GDP and expenditure components

	GDP								
	Total	Domestic demand					External balance [1]		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories [2]	Total	Exports [1]	Imports [1]
	1	2	3	4	5	6	7	8	9
	Current prices (EUR billions)								
2010	9,185.8	9,065.0	5,282.7	2,019.9	1,741.2	21.1	120.8	3,793.9	3,673.1
2011	9,444.0	9,315.2	5,427.3	2,032.6	1,796.6	58.7	128.8	4,186.7	4,057.9
2012	9,505.4	9,259.5	5,464.4	2,041.9	1,744.9	8.4	245.9	4,362.6	4,116.7
2013	9,602.5	9,271.4	5,496.2	2,069.8	1,698.5	6.9	331.2	4,410.3	4,079.2
2013 Q1	2,385.7	2,311.4	1,367.7	516.3	422.8	4.6	74.3	1,085.5	1,011.2
Q2	2,400.9	2,311.8	1,371.7	517.1	422.8	0.2	89.1	1,107.0	1,017.9
Q3	2,405.8	2,326.3	1,377.7	519.5	425.8	3.3	79.6	1,105.5	1,026.0
Q4	2,415.5	2,325.5	1,380.4	517.0	430.8	-2.7	90.0	1,118.6	1,028.6
2014 Q1	2,429.6	2,345.0	1,385.4	522.4	430.6	6.5	84.6	1,116.7	1,032.1
	percentage of GDP								
2013	100.0	96.6	57.2	21.6	17.7	0.1	3.4	-	-
	Chain-linked volumes (prices for the previous year)								
	quarter-on-quarter percentage changes								
2013 Q2	0.3	-0.1	0.2	0.0	0.1	-	-	2.3	1.5
Q3	0.1	0.5	0.1	0.3	0.5	-	-	0.1	1.1
Q4	0.3	-0.1	0.1	-0.3	0.9	-	-	1.4	0.6
2014 Q1	0.2	0.5	0.2	0.7	0.2	-	-	0.2	0.8
Q2	0.0	.	.	.	.	-	-	.	.
	annual percentage changes								
2010	1.9	1.2	1.0	0.6	-0.4	-	-	11.6	10.0
2011	1.6	0.7	0.3	-0.1	1.6	-	-	6.5	4.5
2012	-0.7	-2.2	-1.3	-0.6	-4.0	-	-	2.5	-0.9
2013	-0.4	-0.9	-0.7	0.1	-2.9	-	-	1.4	0.4
2013 Q2	-0.6	-1.3	-0.7	0.1	-3.4	-	-	1.6	0.0
Q3	-0.3	-0.4	-0.4	0.6	-2.4	-	-	1.0	0.8
Q4	0.5	0.2	0.2	0.2	-0.1	-	-	3.0	2.5
2014 Q1	0.9	0.9	0.5	0.7	1.7	-	-	4.0	4.1
Q2	0.7	.	.	.	.	-	-	.	.
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2013 Q2	0.3	-0.1	0.1	0.0	0.0	-0.2	0.4	-	-
Q3	0.1	0.5	0.1	0.1	0.1	0.3	-0.4	-	-
Q4	0.3	-0.1	0.0	-0.1	0.2	-0.2	0.4	-	-
2014 Q1	0.2	0.5	0.1	0.1	0.0	0.2	-0.3	-	-
Q2	0.0	.	.	.	.	.	.	-	-
	contributions to annual percentage changes in GDP; percentage points								
2010	1.9	1.2	0.6	0.1	-0.1	0.6	0.7	-	-
2011	1.6	0.7	0.2	0.0	0.3	0.3	0.9	-	-
2012	-0.7	-2.2	-0.8	-0.1	-0.8	-0.5	1.5	-	-
2013	-0.4	-0.9	-0.4	0.0	-0.5	0.0	0.5	-	-
2013 Q2	-0.6	-1.3	-0.4	0.0	-0.6	-0.3	0.7	-	-
Q3	-0.3	-0.4	-0.3	0.1	-0.4	0.2	0.1	-	-
Q4	0.5	0.2	0.1	0.0	0.0	0.1	0.3	-	-
2014 Q1	0.9	0.9	0.3	0.1	0.3	0.1	0.1	-	-
Q2	0.7	.	.	.	.	.	.	-	-

Sources: Eurostat and ECB calculations.

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

2) Including acquisitions less disposals of valuables.

5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

2. Value added by economic activity

	Gross value added (basic prices)											Taxes less subsidies on products
	Total	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services	
	1	2	3	4	5	6	7	8	9	10	11	12
	Current prices (EUR billions)											
2010	8,242.3	137.1	1,581.8	499.2	1,552.3	370.8	438.7	919.2	827.5	1,615.1	300.6	943.4
2011	8,468.0	142.0	1,643.3	502.0	1,593.2	374.5	440.1	965.5	859.6	1,639.7	308.1	975.9
2012	8,525.3	144.6	1,643.8	492.1	1,606.2	370.0	433.8	982.2	877.3	1,661.6	313.6	980.2
2013	8,610.9	144.0	1,660.7	478.1	1,622.3	358.1	440.0	1,004.8	895.7	1,686.9	320.3	991.7
2013 Q1	2,140.1	36.1	412.3	120.2	402.3	90.4	109.0	249.1	220.8	420.6	79.3	245.6
Q2	2,150.3	36.3	415.3	119.0	404.8	90.1	110.7	250.2	223.4	420.9	79.7	250.5
Q3	2,157.4	35.7	415.6	119.4	407.4	88.9	110.4	251.7	225.3	422.2	80.7	248.4
Q4	2,168.5	36.0	419.8	120.1	409.0	88.8	110.1	253.8	226.4	423.4	81.0	247.0
2014 Q1	2,177.3	36.7	418.1	120.6	410.1	88.7	112.6	254.2	226.8	427.7	81.8	252.3
	percentage of value added											
2013	100.0	1.7	19.3	5.6	18.8	4.2	5.1	11.7	10.4	19.6	3.7	-
	Chain-linked volumes (prices for the previous year)											
	quarter-on-quarter percentage changes											
2013 Q1	-0.2	0.3	0.3	-1.3	-0.2	-0.2	-1.3	-0.1	0.4	-0.4	-0.3	-0.4
Q2	0.3	0.2	0.5	-0.9	0.6	0.2	-0.4	0.1	0.9	0.1	0.0	0.5
Q3	0.2	0.1	0.1	0.2	0.2	-0.7	0.6	0.3	0.3	0.1	0.0	-0.3
Q4	0.4	1.3	0.6	0.2	0.4	0.3	-0.5	0.4	0.3	0.4	0.1	-0.4
2014 Q1	0.1	1.7	-0.2	0.4	0.4	0.1	0.6	-0.2	0.2	0.1	0.2	0.8
	annual percentage changes											
2010	2.0	-2.9	9.5	-5.6	0.7	1.5	0.1	-0.1	2.6	1.1	0.4	1.4
2011	1.8	0.3	3.0	-1.6	1.7	3.6	1.6	2.1	2.7	0.9	0.4	0.1
2012	-0.5	-4.9	-1.1	-4.2	-0.9	0.6	-0.3	0.7	0.7	0.2	0.0	-1.9
2013	-0.3	-0.4	-0.6	-4.0	-0.5	-0.7	-0.6	0.8	1.0	0.1	-0.5	-1.4
2013 Q1	-0.9	-2.7	-1.6	-5.2	-1.9	-0.5	0.3	0.8	-0.1	0.2	-0.9	-2.8
Q2	-0.5	-0.9	-0.9	-4.9	-0.9	-0.3	-0.8	0.8	1.2	0.0	-0.4	-1.2
Q3	-0.2	0.5	-1.0	-3.6	-0.1	-1.3	0.0	0.8	1.3	0.2	-0.1	-0.9
Q4	0.6	1.9	1.5	-1.8	1.1	-0.5	-1.6	0.7	1.9	0.3	-0.2	-0.5
2014 Q1	1.0	3.3	1.0	-0.2	1.6	-0.2	0.3	0.6	1.7	0.8	0.3	0.6
	contributions to quarter-on-quarter percentage changes in value added; percentage points											
2013 Q1	-0.2	0.0	0.1	-0.1	0.0	0.0	-0.1	0.0	0.0	-0.1	0.0	-
Q2	0.3	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	-
Q3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Q4	0.4	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	-
2014 Q1	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-
	contributions to annual percentage changes in value added; percentage points											
2010	2.0	0.0	1.7	-0.4	0.1	0.1	0.0	0.0	0.3	0.2	0.0	-
2011	1.8	0.0	0.6	-0.1	0.3	0.2	0.1	0.2	0.3	0.2	0.0	-
2012	-0.5	-0.1	-0.2	-0.2	-0.2	0.0	0.0	0.1	0.1	0.0	0.0	-
2013	-0.3	0.0	-0.1	-0.2	-0.1	0.0	0.0	0.1	0.1	0.0	0.0	-
2013 Q1	-0.9	0.0	-0.3	-0.3	-0.4	0.0	0.0	0.1	0.0	0.0	0.0	-
Q2	-0.5	0.0	-0.2	-0.3	-0.2	0.0	0.0	0.1	0.1	0.0	0.0	-
Q3	-0.2	0.0	-0.2	-0.2	0.0	-0.1	0.0	0.1	0.1	0.0	0.0	-
Q4	0.6	0.0	0.3	-0.1	0.2	0.0	-0.1	0.1	0.2	0.1	0.0	-
2014 Q1	1.0	0.1	0.2	0.0	0.3	0.0	0.0	0.1	0.2	0.1	0.0	-

Sources: Eurostat and ECB calculations.

5.2 Output and demand

(annual percentage changes, unless otherwise indicated)

3. Industrial production

	Total	Industry excluding construction: Total (s.a.; index: 2010 = 100)	Industry excluding construction: Total	Industry excluding construction: Manufacturing	Industry excluding construction and energy: Total	Industry excluding construction and energy: Intermediate goods	Industry excluding construction and energy: Capital goods	Consumer goods: Total	Consumer goods: Durable	Consumer goods: Non-durable	Energy	Construction
% of total in 2010	100.0	79.4	79.4	68.3	67.7	26.7	23.2	17.8	2.3	15.5	11.7	20.6
	1	2	3	4	5	6	7	8	9	10	11	12
2011	2.1	103.5	3.5	4.7	4.8	4.2	8.5	1.0	0.6	1.0	-4.3	-3.4
2012	-3.0	101.0	-2.5	-2.7	-2.8	-4.5	-1.1	-2.5	-4.9	-2.2	-0.4	-5.0
2013	-1.1	100.3	-0.7	-0.7	-0.7	-1.0	-0.6	-0.4	-3.7	0.1	-0.8	-2.8
2013 Q3	-1.1	100.3	-1.0	-1.0	-0.9	-0.7	-1.3	-0.7	-3.8	-0.2	-2.1	-1.2
Q4	1.0	100.9	1.6	2.0	2.1	2.5	2.7	0.5	-2.4	1.1	-1.3	-1.3
2014 Q1	2.2	101.1	1.3	3.1	3.2	3.2	4.1	2.1	-0.2	2.3	-9.1	6.6
Q2	1.0	101.1	0.8	1.5	1.6	1.3	0.7	3.1	-0.9	3.8	-4.9	2.8
2014 Feb.	2.5	101.3	1.9	3.9	4.0	3.8	4.3	3.8	0.4	4.3	-9.7	6.9
Mar.	1.1	100.8	0.3	2.3	2.5	2.7	2.7	2.1	-0.9	2.4	-12.2	6.3
Apr.	2.3	102.0	1.8	3.2	3.2	3.4	1.0	5.9	0.3	6.9	-7.7	7.3
May	0.8	100.8	0.6	1.1	1.2	0.2	1.2	2.5	-1.1	3.0	-3.3	4.4
June	-0.4	100.5	0.0	0.4	0.4	0.2	-0.1	1.1	-1.8	1.7	-3.4	-2.3
	month-on-month percentage changes (s.a.)											
2014 Feb.	-0.1	-	0.1	0.5	0.5	0.2	-0.1	1.6	1.3	1.5	-2.5	0.0
Mar.	-0.5	-	-0.4	-0.7	-0.7	-0.7	-0.7	-0.7	0.0	-0.7	0.6	-0.5
Apr.	0.8	-	1.1	1.2	1.2	0.5	0.5	2.9	-0.3	3.6	1.3	0.3
May	-1.2	-	-1.1	-1.6	-1.9	-2.0	-1.0	-1.8	-2.5	-1.8	2.9	-1.4
June	-0.2	-	-0.3	-0.3	-0.1	0.4	0.0	-1.6	2.3	-1.9	-0.7	-0.7

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

	Indicator on industrial new orders [1]: Manufacturing: Total (s.a.; index: 2010 = 100)	Indicator on industrial new orders [1]: Manufacturing: Total	Industrial turnover: Manufacturing (current prices): Total (s.a.; index: 2010 = 100)	Industrial turnover: Manufacturing (current prices): Total	Retail sales: Current prices: Total	Retail sales: Constant prices: Total (s.a.; index: 2010 = 100)	Constant prices: Total	Constant prices: Food, beverages, tobacco	Constant prices: Non-food	Non-food: Textiles, clothing, footwear	Non-food: Household equipment	Constant prices: Fuel	New passenger car registrations: Total (s.a.; thousands) [2]	New passenger car registrations: Total
% of total in 2010	100.0	100.0	100.0	100.0	100.0	100.0	100.0	39.3	51.5	9.2	12.0	9.1		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011	108.6	8.6	109.3	9.2	1.7	99.3	-0.8	-1.1	-0.3	-1.4	-0.3	-3.3	840	-0.9
2012	104.4	-3.8	108.8	-0.4	0.5	97.6	-1.7	-1.3	-1.6	-2.5	-2.8	-5.0	745	-11.1
2013	104.4	0.0	107.3	-1.4	-0.4	96.8	-0.8	-1.0	-0.5	-1.4	-2.6	-0.9	713	-4.4
2013 Q3	105.3	1.1	107.6	-1.4	-0.1	97.0	-0.5	-0.6	-0.3	-0.4	-2.6	-0.1	709	-2.2
Q4	106.2	2.8	107.9	0.3	0.2	96.9	0.3	-0.3	1.0	0.5	-0.7	0.3	744	5.3
2014 Q1	107.1	4.4	108.8	1.7	0.6	97.5	1.0	-0.4	2.2	3.5	0.6	0.8	725	5.0
Q2	107.4	3.9	108.3	1.5	0.8	97.9	1.4	1.2	1.7	1.8	0.1	-0.5	737	3.9
2014 Mar.	107.0	3.5	108.4	0.7	0.6	97.6	1.0	-0.9	3.0	6.2	0.6	1.2	730	4.0
Apr.	108.6	5.8	108.8	2.3	1.2	97.6	1.7	2.0	1.5	0.1	0.6	-0.6	743	5.1
May	107.5	4.4	107.6	0.6	0.1	97.8	0.6	0.0	1.4	3.1	-0.1	-0.5	731	3.3
June	106.1	1.7	108.4	1.5	1.2	98.1	1.9	1.7	2.3	2.3	-0.1	-0.3	738	3.3
July	.	.	.	.	0.1	97.7	0.8	-0.2	1.5	.	.	-2.9	.	.
	month-on-month percentage changes (s.a.)													
2014 Mar.	-	-0.2	-	-0.5	0.0	-	0.0	0.2	0.0	-0.4	-0.8	1.2	-	-0.9
Apr.	-	1.5	-	0.4	0.0	-	0.1	0.4	-0.4	-1.9	0.2	-0.6	-	1.9
May	-	-1.0	-	-1.1	0.1	-	0.2	0.0	0.5	2.2	0.0	0.3	-	-1.6
June	-	-1.3	-	0.7	0.3	-	0.3	0.5	0.2	0.0	-0.7	0.2	-	0.9
July	-	.	-	.	-0.3	-	-0.4	-0.6	-0.2	.	.	0.5	-	.

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

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

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

5.2 Output and demand

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

5. Business and Consumer Surveys

	Economic sentiment indicator 2) (long-term average = 100)	Manufacturing industry					Consumer confidence indicator				
		Industrial confidence indicator				Capacity utilisation 3) (%)	Total 4)	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
		Total 4)	Order books	Stocks of finished products	Production expectations						
	1	2	3	4	5	6	7	8	9	10	11
2010	101.4	-4.5	-24.2	1.0	11.6	77.0	-14.1	-5.2	-12.3	31.1	-8.0
2011	102.2	0.2	-6.4	2.3	9.4	80.6	-14.3	-7.3	-18.0	23.0	-9.0
2012	90.8	-11.7	-24.4	6.8	-3.9	78.6	-22.1	-11.1	-27.4	38.1	-11.7
2013	93.8	-9.3	-26.0	4.7	2.8	78.3	-18.6	-8.9	-20.1	34.4	-11.2
2013 Q2	90.2	-12.7	-30.9	6.2	-0.9	77.9	-20.8	-10.1	-24.8	35.7	-12.6
Q3	95.3	-8.3	-24.9	4.6	4.4	78.4	-15.9	-7.9	-16.7	29.6	-9.2
Q4	99.1	-4.1	-18.6	2.8	9.1	79.3	-14.4	-6.3	-11.6	29.8	-9.8
2014 Q1	101.6	-3.5	-16.5	2.8	8.8	79.8	-11.2	-4.6	-7.0	23.8	-9.6
Q2	102.2	-3.6	-15.3	3.6	8.0	79.7	-7.7	-3.5	-2.9	16.6	-8.0
2014 Mar.	102.5	-3.3	-16.6	3.0	9.8	-	-9.3	-4.0	-4.6	20.4	-8.2
Apr.	102.0	-3.5	-15.3	3.2	8.2	79.5	-8.6	-4.1	-3.5	18.4	-8.6
May	102.6	-3.1	-14.6	3.5	8.9	-	-7.1	-3.4	-2.5	15.1	-7.4
June	102.1	-4.3	-15.9	4.0	6.9	-	-7.5	-2.9	-2.8	16.2	-8.1
July	102.1	-3.8	-15.5	4.1	8.2	79.8	-8.4	-3.1	-4.1	19.2	-7.1
Aug.	100.6	-5.3	-15.6	4.4	3.9	-	-10.0	-4.0	-7.3	21.4	-7.5

	Construction confidence indicator			Retail trade confidence indicator				Services industries				
	Total 4)	Order books	Employment expectations	Total 4)	Present business situation	Volume of stocks	Expected business situation	Services confidence indicator				Capacity utilisation 3) (%)
								Total 4)	Business climate	Demand in recent months	Demand in the months ahead	
	12	13	14	15	16	17	18	19	20	21	22	23
2010	-28.5	-39.3	-17.6	-3.9	-6.1	7.4	1.8	3.9	1.4	3.0	7.3	.
2011	-25.2	-33.1	-17.2	-5.4	-5.3	11.6	0.6	5.3	2.2	5.4	8.3	.
2012	-27.6	-34.3	-21.0	-15.1	-18.5	14.4	-12.5	-6.8	-11.8	-7.6	-1.0	86.6
2013	-30.0	-38.2	-21.7	-12.5	-18.8	9.3	-9.2	-6.1	-9.9	-8.6	0.2	86.9
2013 Q2	-31.5	-38.5	-24.3	-16.4	-24.5	11.2	-13.7	-9.9	-14.5	-13.3	-1.9	86.8
Q3	-31.0	-39.7	-22.3	-10.3	-16.2	8.6	-6.1	-5.3	-8.2	-8.6	0.8	87.1
Q4	-28.6	-37.7	-19.5	-6.8	-10.5	6.6	-3.3	-1.3	-4.2	-3.4	3.6	87.1
2014 Q1	-29.0	-39.6	-18.5	-3.1	-5.7	5.6	2.1	3.4	1.0	1.9	7.2	87.2
Q2	-30.7	-40.2	-21.2	-2.3	-3.5	6.7	3.3	3.9	2.7	1.9	7.1	87.3
2014 Mar.	-28.7	-39.9	-17.6	-2.6	-4.5	5.0	1.6	4.5	3.2	3.5	6.7	-
Apr.	-30.4	-40.0	-20.7	-2.6	-5.9	6.2	4.2	3.5	2.3	1.5	6.7	87.3
May	-30.1	-40.4	-19.7	-2.5	-3.0	8.0	3.6	3.8	3.2	2.2	5.9	-
June	-31.7	-40.1	-23.3	-1.9	-1.7	6.0	2.1	4.4	2.6	1.9	8.6	-
July	-28.2	-39.0	-17.3	-2.3	-1.6	6.8	1.5	3.6	1.7	3.1	6.1	87.3
Aug.	-28.4	-39.7	-17.0	-4.6	-5.9	7.3	-0.4	3.1	1.0	2.4	6.0	-

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

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

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

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

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

5.3 Labour markets [1]

(quarterly data seasonally adjusted; annual data unadjusted)

1. Employment

	By employment status			By economic activity									
	Total	Employees	Self-employed	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12	13
Persons employed													
levels (thousands)													
2013	145,877	124,718	21,159	4,971	22,791	9,109	35,881	4,066	4,046	1,278	18,396	34,488	10,851
percentage of total persons employed													
2013	100.0	85.5	14.5	3.4	15.6	6.2	24.6	2.8	2.8	0.9	12.6	23.6	7.4
annual percentage changes													
2011	0.3	0.4	-0.2	-2.0	0.1	-3.7	0.7	1.3	-0.4	0.6	2.5	0.3	0.1
2012	-0.6	-0.7	-0.1	-1.9	-0.9	-4.7	-0.8	1.2	-0.4	-0.4	0.7	-0.3	0.6
2013	-0.8	-0.8	-0.9	-1.4	-1.4	-4.6	-0.8	0.0	-0.7	-1.9	0.4	-0.2	0.0
2013 Q2	-1.0	-1.0	-0.9	-1.4	-1.4	-5.6	-0.9	-0.1	-1.1	-2.8	0.4	-0.4	-0.1
Q3	-0.8	-0.8	-0.7	-0.9	-1.6	-4.2	-0.8	0.3	-0.3	-1.0	0.2	-0.2	-0.2
Q4	-0.4	-0.3	-0.7	-0.5	-0.9	-3.1	-0.3	0.1	-0.4	-1.6	0.7	0.0	-0.3
2014 Q1	0.1	0.2	-0.3	0.7	-0.5	-2.9	0.0	0.5	-0.3	0.6	1.5	0.6	0.3
quarter-on-quarter percentage changes													
2013 Q2	-0.1	-0.1	0.1	1.6	-0.4	-1.0	0.0	0.1	-0.2	0.0	0.5	-0.1	-0.4
Q3	0.0	0.0	-0.1	-0.4	-0.4	-0.4	-0.1	-0.3	0.1	0.3	0.5	0.2	0.3
Q4	0.1	0.1	-0.1	-0.5	0.2	-0.5	0.2	0.6	-0.1	-1.2	0.1	0.3	0.1
2014 Q1	0.1	0.1	-0.2	0.0	0.1	-1.0	-0.1	0.1	0.0	1.5	0.4	0.2	0.4
Hours worked													
levels (millions)													
2013	228,826	184,226	44,600	9,973	35,904	15,797	59,447	6,518	6,375	1,961	28,561	49,108	15,183
percentage of total hours worked													
2013	100.0	80.5	19.5	4.4	15.7	6.9	26.0	2.8	2.8	0.9	12.5	21.5	6.6
annual percentage changes													
2011	0.3	0.5	-0.7	-3.0	0.8	-3.8	0.4	1.4	-0.2	1.3	2.7	0.5	0.1
2012	-1.4	-1.4	-1.3	-2.9	-2.0	-6.1	-1.6	0.6	-0.9	-1.1	0.5	-0.5	-0.1
2013	-1.1	-1.1	-1.1	-1.0	-1.2	-5.0	-1.2	-0.1	-0.8	-2.4	-0.1	-0.5	-0.5
2013 Q2	-0.9	-1.0	-0.5	-0.7	-0.6	-5.1	-1.2	0.1	-0.5	-2.9	0.8	-0.4	-0.4
Q3	-0.9	-0.8	-1.4	-0.2	-0.7	-3.9	-1.4	-0.2	0.0	-1.7	-0.4	-0.4	-0.4
Q4	-0.2	-0.1	-0.7	0.2	0.0	-3.0	-0.1	0.6	0.4	-2.3	0.0	0.1	0.0
2014 Q1	0.5	0.7	-0.3	1.3	1.1	-1.8	0.4	0.5	0.1	-1.0	1.2	0.2	1.7
quarter-on-quarter percentage changes													
2013 Q2	0.6	0.6	0.7	0.8	1.2	0.5	0.6	0.5	0.5	0.3	1.0	0.4	-0.2
Q3	-0.1	0.0	-0.2	-0.1	-0.1	-0.6	-0.1	-0.5	0.1	-1.0	0.1	0.1	0.3
Q4	0.1	0.2	-0.4	-0.1	-0.1	-0.9	0.1	0.7	-0.1	-1.5	-0.3	0.6	0.1
2014 Q1	-0.1	-0.1	-0.3	0.7	0.1	-0.7	-0.2	-0.2	-0.4	1.3	0.4	-1.0	1.5
Hours worked per person employed													
levels (thousands)													
2013	1,569	1,477	2,108	2,006	1,575	1,734	1,657	1,603	1,576	1,535	1,553	1,424	1,399
annual percentage changes													
2011	0.0	0.2	-0.5	-1.0	0.6	-0.1	-0.3	0.2	0.2	0.8	0.2	0.2	0.0
2012	-0.8	-0.7	-1.2	-1.0	-1.1	-1.5	-0.8	-0.7	-0.4	-0.8	-0.3	-0.2	-0.8
2013	-0.3	-0.3	-0.3	0.5	0.2	-0.5	-0.4	-0.1	0.0	-0.6	-0.4	-0.2	-0.5
2013 Q2	0.1	0.1	0.4	0.8	0.8	0.5	-0.3	0.2	0.7	-0.1	0.4	0.0	-0.3
Q3	-0.2	0.0	-0.8	0.7	0.9	0.3	-0.6	-0.4	0.3	-0.7	-0.7	-0.3	-0.2
Q4	0.2	0.2	0.0	0.7	1.0	0.1	0.1	0.5	0.7	-0.8	-0.7	0.1	0.3
2014 Q1	0.4	0.5	0.1	0.6	1.6	1.2	0.4	0.0	0.3	-1.6	-0.3	-0.4	1.4
quarter-on-quarter percentage changes													
2013 Q2	0.7	0.7	0.6	-0.8	1.6	1.4	0.6	0.4	0.7	0.3	0.5	0.5	0.2
Q3	-0.1	0.0	-0.1	0.3	0.3	-0.2	0.0	-0.2	0.0	-1.3	-0.4	-0.1	0.0
Q4	0.0	0.0	-0.4	0.4	-0.2	-0.3	-0.1	0.1	0.0	-0.3	-0.4	0.4	0.0
2014 Q1	-0.2	-0.2	-0.1	0.7	-0.1	0.3	-0.1	-0.3	-0.4	-0.3	0.0	-1.2	1.1

Source: ECB calculations based on Eurostat data.

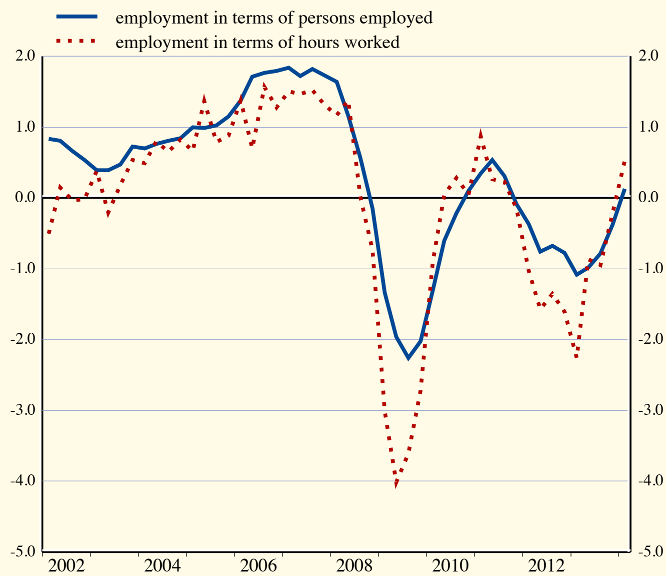
1) Data for employment are based on the ESA 95.

5.3 Labour markets
(seasonally adjusted, unless otherwise indicated)

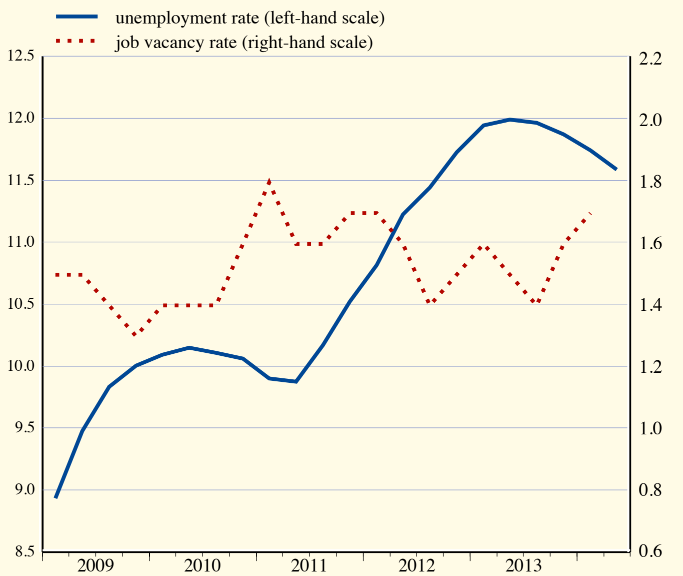
2. Unemployment and job vacancies [1]

	Unemployment										Job vacancy rate [2]
	Total		By age [3]				By gender [4]				
			Adult		Youth		Male		Female		
	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	% of total posts
% of total in 2010	100.0		79.3		20.7		54.2		45.8		
	1	2	3	4	5	6	7	8	9	10	11
2010	15.995	10.1	12.684	8.9	3.311	21.0	8.667	10.0	7.328	10.2	1.5
2011	16.067	10.1	12.828	8.9	3.239	20.9	8.595	9.9	7.472	10.4	1.7
2012	18.079	11.3	14.560	10.1	3.519	23.2	9.732	11.2	8.347	11.4	1.6
2013	19.116	11.9	15.557	10.7	3.559	23.9	10.280	11.9	8.836	12.0	1.5
2013 Q2	19.198	12.0	15.626	10.8	3.572	23.9	10.320	11.9	8.878	12.1	1.5
Q3	19.162	12.0	15.613	10.7	3.549	24.0	10.338	11.9	8.824	12.0	1.4
Q4	18.995	11.9	15.504	10.7	3.491	23.8	10.175	11.8	8.819	12.0	1.6
2014 Q1	18.767	11.7	15.313	10.5	3.453	23.7	10.093	11.7	8.674	11.8	1.7
Q2	18.522	11.6	15.158	10.4	3.365	23.3	9.915	11.5	8.607	11.7	.
2014 Feb.	18.767	11.7	15.327	10.6	3.440	23.7	10.115	11.7	8.653	11.8	-
Mar.	18.681	11.7	15.255	10.5	3.426	23.6	10.041	11.6	8.640	11.8	-
Apr.	18.590	11.6	15.203	10.5	3.387	23.5	10.005	11.6	8.585	11.7	-
May	18.572	11.6	15.202	10.5	3.371	23.3	9.933	11.5	8.639	11.8	-
June	18.405	11.5	15.068	10.4	3.337	23.2	9.808	11.4	8.596	11.7	-
July	18.409	11.5	15.082	10.4	3.327	23.2	9.813	11.4	8.595	11.7	-

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



C29 Unemployment and job vacancy [2] rates



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

6 GOVERNMENT FINANCE

6.1 Revenue, expenditure and deficit/surplus [1]

(as a percentage of GDP)

1. Euro area – revenue

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

2. Euro area – expenditure

	Total	Current expenditure								Capital expenditure				Memo item: Primary expenditure [3]
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments	Subsidies	Paid by EU institutions		Investment	Capital transfers	Paid by EU institutions	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2005	47.3	43.4	10.5	5.0	3.0	24.9	22.1	1.7	0.5	3.9	2.5	1.4	0.0	44.3
2006	46.7	42.8	10.3	5.0	2.9	24.6	21.8	1.7	0.5	3.9	2.5	1.4	0.0	43.8
2007	46.0	42.2	10.1	5.0	3.0	24.1	21.4	1.6	0.4	3.8	2.6	1.2	0.0	43.0
2008	47.2	43.3	10.3	5.2	3.0	24.8	21.9	1.6	0.4	3.9	2.6	1.3	0.0	44.2
2009	51.2	47.0	11.1	5.7	2.9	27.3	24.3	1.8	0.5	4.3	2.8	1.4	0.0	48.4
2010	51.0	46.6	10.9	5.7	2.8	27.2	24.2	1.8	0.4	4.4	2.6	1.9	0.0	48.2
2011	49.5	45.9	10.6	5.5	3.0	26.8	23.8	1.7	0.4	3.5	2.4	1.2	0.0	46.4
2012	49.9	46.2	10.5	5.5	3.1	27.0	24.2	1.7	0.4	3.7	2.1	1.6	0.1	46.8
2013	49.7	46.4	10.5	5.5	2.9	27.6	24.6	1.7	0.4	3.3	2.1	1.2	0.1	46.8

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

	Deficit (-)/surplus (+)					Primary deficit (-)/ surplus (+)	Government consumption [4]							
	Total	Central gov.	State gov.	Local gov.	Social security funds		Total	Compensation of employees	Intermediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Collective consumption	Individual consumption
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2005	-2.5	-2.3	-0.3	-0.2	0.2	0.5	20.5	10.5	5.0	5.2	1.9	2.3	8.0	12.5
2006	-1.4	-1.5	-0.1	-0.2	0.4	1.5	20.3	10.3	5.0	5.2	1.9	2.3	7.9	12.4
2007	-0.7	-1.2	0.0	0.0	0.6	2.3	20.1	10.1	5.0	5.2	1.9	2.3	7.7	12.3
2008	-2.1	-2.3	-0.2	-0.2	0.5	0.9	20.6	10.3	5.2	5.4	2.0	2.3	8.0	12.7
2009	-6.4	-5.2	-0.5	-0.3	-0.4	-3.5	22.4	11.1	5.7	5.9	2.1	2.5	8.6	13.7
2010	-6.2	-5.1	-0.7	-0.3	-0.1	-3.4	22.0	10.9	5.7	5.8	2.1	2.6	8.4	13.6
2011	-4.1	-3.3	-0.7	-0.2	0.1	-1.1	21.5	10.6	5.5	5.8	2.1	2.6	8.2	13.3
2012	-3.7	-3.4	-0.3	0.0	0.0	-0.6	21.5	10.5	5.5	5.8	2.1	2.6	8.2	13.3
2013	-3.0	-2.6	-0.2	0.0	-0.2	-0.1	21.6	10.5	5.5	5.9	2.1	2.6	8.2	13.4

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

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LV	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
2010	-3.8	-4.2	0.2	-30.6	-10.9	-9.6	-7.0	-4.5	-5.3	-8.2	-0.8	-3.5	-5.1	-4.5	-9.8	-5.9	-7.5	-2.5
2011	-3.8	-0.8	1.1	-13.1	-9.6	-9.6	-5.2	-3.7	-6.3	-3.5	0.2	-2.7	-4.3	-2.5	-4.3	-6.4	-4.8	-0.7
2012	-4.1	0.1	-0.2	-8.2	-8.9	-10.6	-4.9	-3.0	-6.4	-1.3	0.0	-3.3	-4.1	-2.6	-6.4	-4.0	-4.5	-1.8
2013	-2.6	0.0	-0.2	-7.2	-12.7	-7.1	-4.3	-3.0	-5.4	-1.0	0.1	-2.8	-2.5	-1.5	-4.9	-14.7	-2.8	-2.1

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

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

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

	Total	Financial instruments				Holders				
		Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [2]				Other creditors [3]
						Total	MFIs	Other financial corporations	Other sectors	
	1	2	3	4	5	6	7	8	9	10
2004	69.6	2.2	12.2	4.7	50.5	38.7	19.4	11.2	8.1	30.9
2005	70.5	2.4	12.3	4.4	51.4	37.0	18.8	11.3	7.0	33.5
2006	68.6	2.5	11.9	3.8	50.5	34.9	18.9	9.3	6.7	33.7
2007	66.3	2.2	11.3	3.9	48.8	32.7	17.6	8.6	6.5	33.6
2008	70.1	2.3	11.6	6.5	49.7	33.4	18.4	7.9	7.1	36.7
2009	80.0	2.5	12.8	8.3	56.5	37.4	21.6	9.2	6.6	42.6
2010	85.5	2.5	15.5	7.3	60.2	41.4	24.3	10.6	6.5	44.1
2011	87.4	2.5	15.5	7.4	62.0	43.3	24.5	11.4	7.4	44.0
2012	90.7	2.6	17.4	6.8	63.9	46.2	26.4	12.6	7.2	44.5
2013	92.6	2.6	16.9	6.3	66.8	47.1	26.5	13.5	7.1	45.5

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

	Total	Issued by: [4]				Original maturity			Residual maturity			Currencies	
		Central gov.	State gov.	Local gov.	Social security funds	Up to 1 year	Over 1 year		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
2004	69.6	56.6	6.6	5.1	1.3	7.6	62.0	4.7	14.7	26.3	28.6	68.6	1.0
2005	70.5	57.1	6.7	5.2	1.4	7.7	62.8	4.5	14.8	25.8	29.9	69.4	1.1
2006	68.6	55.4	6.5	5.4	1.4	7.2	61.5	4.3	14.3	24.2	30.1	67.9	0.7
2007	66.3	53.4	6.3	5.3	1.4	7.2	59.1	4.2	14.5	23.6	28.2	65.7	0.5
2008	70.1	56.8	6.7	5.3	1.3	10.1	60.1	4.9	17.7	23.4	29.0	69.2	1.0
2009	80.0	64.8	7.7	5.8	1.7	12.1	67.9	5.0	19.5	27.3	33.2	78.8	1.2
2010	85.5	69.3	8.4	5.9	1.9	13.1	72.4	5.2	21.3	29.3	34.9	84.3	1.2
2011	87.4	70.7	8.6	5.9	2.2	12.6	74.8	6.2	20.8	30.4	36.1	85.7	1.7
2012	90.7	73.6	8.9	6.0	2.3	11.8	78.9	7.3	20.1	32.2	38.4	88.7	2.0
2013	92.6	75.9	8.5	6.0	2.2	10.8	81.8	7.4	20.3	32.7	39.6	90.7	1.9

3. Euro area countries

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LV	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
2010	96.6	82.5	6.7	91.2	148.3	61.7	82.7	119.3	61.3	44.5	19.5	66.0	63.4	72.5	94.0	38.7	41.0	48.8
2011	99.2	80.0	6.1	104.1	170.3	70.5	86.2	120.7	71.5	42.0	18.7	68.8	65.7	73.1	108.2	47.1	43.6	49.3
2012	101.1	81.0	9.8	117.4	157.2	86.0	90.6	127.0	86.6	40.8	21.7	70.8	71.3	74.4	124.1	54.4	52.7	53.6
2013	101.5	78.4	10.0	123.7	175.1	93.9	93.5	132.6	111.7	38.1	23.1	73.0	73.5	74.5	129.0	71.7	55.4	57.0

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

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

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

	Total	Source of change			Financial instruments				Holders			
		Borrowing requirement [2]	Valuation effects [3]	Other changes in volume [4]	Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [5]	MFIs	Other financial corporations	Other creditors [6]
	1	2	3	4	5	6	7	8	9	10	11	12
2005	3.3	3.1	0.2	0.0	0.3	0.5	-0.1	2.6	-0.4	0.0	0.5	3.7
2006	1.6	1.5	0.1	0.0	0.2	0.3	-0.4	1.6	-0.3	1.1	-1.4	1.9
2007	1.2	1.2	0.0	0.0	-0.1	0.0	0.3	1.0	-0.4	-0.4	-0.3	1.6
2008	5.4	5.2	0.1	0.0	0.1	0.6	2.7	2.0	1.5	1.2	-0.5	3.9
2009	7.3	7.5	-0.2	0.0	0.1	0.7	1.6	4.9	2.7	2.5	1.0	4.6
2010	7.6	7.8	-0.1	0.0	0.1	3.1	-0.7	5.2	5.0	3.3	1.6	2.6
2011	4.2	4.0	0.1	0.0	0.0	0.4	0.2	3.5	3.0	0.9	1.1	1.2
2012	3.9	5.3	-1.4	0.0	0.1	2.0	-0.5	2.2	3.1	2.1	1.2	0.7
2013	2.8	2.8	-0.1	0.1	0.0	-0.3	-0.5	3.6	1.3	0.3	1.1	1.5

2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+)	Deficit-debt adjustment [7]											
			Total	Transactions in main financial assets held by general government							Valuation effects		Other changes in volume	Other [8]
				Total	Currency and deposits	Loans	Securities [9]	Shares and other equity	Privatisations	Equity injections		Exchange rate effects		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2005	3.3	-2.5	0.8	0.6	0.3	0.0	0.1	0.1	-0.3	0.2	0.2	0.0	0.0	0.0
2006	1.6	-1.4	0.2	0.2	0.3	-0.1	0.2	-0.2	-0.4	0.1	0.1	0.0	0.0	-0.1
2007	1.2	-0.7	0.5	0.6	0.2	0.0	0.2	0.1	-0.3	0.2	0.0	0.0	0.0	-0.1
2008	5.4	-2.1	3.2	3.1	0.8	0.7	0.7	0.9	-0.1	0.7	0.1	0.0	0.0	0.0
2009	7.3	-6.4	1.0	1.0	0.3	0.0	0.3	0.5	-0.3	0.5	-0.2	0.0	0.0	0.1
2010	7.6	-6.2	1.4	1.8	0.0	0.5	1.0	0.2	0.0	0.2	-0.1	0.0	0.0	-0.2
2011	4.2	-4.1	0.1	-0.3	0.2	-0.2	-0.2	-0.1	-0.1	0.2	0.1	0.0	0.0	0.2
2012	3.9	-3.7	0.2	1.2	0.3	0.4	-0.1	0.6	-0.2	0.3	-1.4	0.0	0.0	0.4
2013	2.8	-3.0	-0.2	-0.5	-0.5	-0.3	-0.2	0.4	-0.1	0.4	-0.1	0.0	0.1	0.3

Source: ECB.

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

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

1. Euro area – quarterly revenue

	Total	Current revenue						Capital revenue		Memo item: Fiscal burden [2]
			Direct taxes	Indirect taxes	Social contributions	Sales	Property income		Capital taxes	
	1	2	3	4	5	6	7	8	9	10
2008 Q1	42.5	42.2	10.9	12.4	14.8	2.2	1.1	0.3	0.2	38.3
Q2	45.3	44.9	13.0	12.3	15.0	2.3	1.5	0.4	0.3	40.6
Q3	43.4	43.1	12.2	12.1	15.0	2.3	0.8	0.4	0.3	39.5
Q4	48.7	48.1	13.8	13.3	16.3	2.6	1.1	0.5	0.3	43.8
2009 Q1	42.5	42.4	10.5	12.0	15.6	2.3	1.1	0.1	0.2	38.3
Q2	45.5	45.0	12.0	12.5	15.7	2.5	1.5	0.6	0.5	40.7
Q3	42.8	42.4	10.9	12.1	15.5	2.4	0.7	0.3	0.3	38.7
Q4	48.4	47.6	12.8	13.6	16.4	2.7	1.0	0.8	0.5	43.3
2010 Q1	42.4	42.2	10.1	12.4	15.5	2.4	0.9	0.2	0.3	38.2
Q2	45.3	44.9	12.0	12.7	15.4	2.6	1.4	0.4	0.3	40.4
Q3	43.1	42.8	10.9	12.6	15.3	2.5	0.7	0.3	0.3	39.0
Q4	48.3	47.5	13.1	13.2	16.4	2.8	1.0	0.7	0.3	43.0
2011 Q1	43.1	42.8	10.6	12.6	15.3	2.4	1.0	0.3	0.3	38.9
Q2	45.6	45.2	12.3	12.7	15.3	2.5	1.5	0.3	0.3	40.6
Q3	43.6	43.3	11.3	12.6	15.3	2.5	0.8	0.3	0.3	39.5
Q4	48.9	47.8	13.2	13.2	16.6	2.8	1.0	1.1	0.4	43.5
2012 Q1	43.7	43.4	10.9	12.9	15.4	2.4	1.0	0.3	0.2	39.4
Q2	46.4	46.1	12.8	12.9	15.6	2.6	1.4	0.3	0.3	41.5
Q3	44.6	44.1	11.8	12.7	15.5	2.6	0.7	0.4	0.3	40.3
Q4	50.1	49.4	14.0	13.6	16.9	2.9	1.0	0.7	0.3	44.8
2013 Q1	44.3	44.0	11.3	12.8	15.6	2.4	1.0	0.2	0.3	40.0
Q2	47.5	47.1	13.3	13.0	15.7	2.6	1.5	0.4	0.4	42.4
Q3	45.0	44.5	11.9	12.8	15.5	2.6	0.7	0.5	0.4	40.6
Q4	50.2	49.4	14.1	13.6	16.9	2.9	0.9	0.7	0.3	45.0
2014 Q1	44.6	44.4	11.5	12.9	15.6	2.4	1.0	0.2	0.3	40.4

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
2008 Q1	45.4	41.8	9.8	4.5	3.0	24.4	20.7	1.2	3.6	2.3	1.2	-2.9	0.1
Q2	45.9	42.3	10.3	4.9	3.3	23.8	20.7	1.1	3.6	2.6	1.0	-0.6	2.7
Q3	45.7	42.0	9.8	5.0	2.9	24.3	21.1	1.2	3.7	2.7	1.0	-2.3	0.6
Q4	51.4	46.8	11.3	6.3	2.9	26.3	22.2	1.4	4.6	3.0	1.6	-2.7	0.2
2009 Q1	49.3	45.4	10.7	5.1	2.8	26.9	22.9	1.3	3.9	2.6	1.2	-6.8	-4.0
Q2	50.6	46.4	11.2	5.5	3.0	26.8	23.3	1.3	4.2	2.8	1.3	-5.1	-2.1
Q3	50.0	46.0	10.6	5.5	2.8	27.1	23.4	1.3	4.1	2.9	1.1	-7.3	-4.5
Q4	54.7	49.8	11.8	6.8	2.8	28.4	24.0	1.5	4.9	3.0	1.8	-6.2	-3.4
2010 Q1	50.4	46.5	10.7	5.1	2.7	28.0	23.6	1.4	3.9	2.4	1.5	-8.0	-5.3
Q2	49.6	46.1	11.0	5.5	3.0	26.7	23.2	1.3	3.5	2.5	1.1	-4.3	-1.3
Q3	50.5	45.2	10.3	5.4	2.7	26.8	23.1	1.3	5.3	2.6	2.6	-7.4	-4.7
Q4	53.5	48.8	11.5	6.7	2.9	27.7	23.6	1.5	4.7	2.8	2.0	-5.3	-2.4
2011 Q1	48.4	45.3	10.3	4.9	2.9	27.2	23.1	1.3	3.1	2.2	1.0	-5.3	-2.4
Q2	48.5	45.2	10.7	5.3	3.2	26.1	22.8	1.2	3.3	2.3	0.9	-3.0	0.2
Q3	48.0	44.5	10.1	5.3	2.9	26.3	22.8	1.2	3.5	2.3	1.1	-4.4	-1.5
Q4	52.7	48.7	11.3	6.6	3.2	27.6	23.6	1.5	4.0	2.6	1.8	-3.8	-0.7
2012 Q1	48.1	45.4	10.2	4.9	3.0	27.3	23.2	1.2	2.7	2.0	0.8	-4.4	-1.4
Q2	49.1	45.8	10.6	5.3	3.3	26.6	23.2	1.1	3.3	2.1	1.2	-2.7	0.6
Q3	48.5	44.9	10.0	5.3	2.9	26.7	23.3	1.2	3.5	2.2	1.3	-3.9	-1.0
Q4	53.9	48.7	11.1	6.6	3.1	27.9	24.0	1.4	5.2	2.4	2.8	-3.8	-0.6
2013 Q1	48.8	46.2	10.3	5.0	2.8	28.1	23.8	1.2	2.6	1.8	1.0	-4.6	-1.8
Q2	49.4	46.0	10.5	5.4	3.0	27.1	23.5	1.1	3.4	2.0	1.4	-1.9	1.1
Q3	48.5	45.3	10.0	5.3	2.8	27.2	23.5	1.2	3.2	2.2	1.0	-3.5	-0.7
Q4	52.1	48.6	11.1	6.3	2.9	28.3	24.2	1.5	3.6	2.3	1.3	-2.0	0.9
2014 Q1	48.7	46.0	10.2	4.9	2.7	28.2	23.8	1.4	2.7	1.9	0.7	-4.1	-1.4

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

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

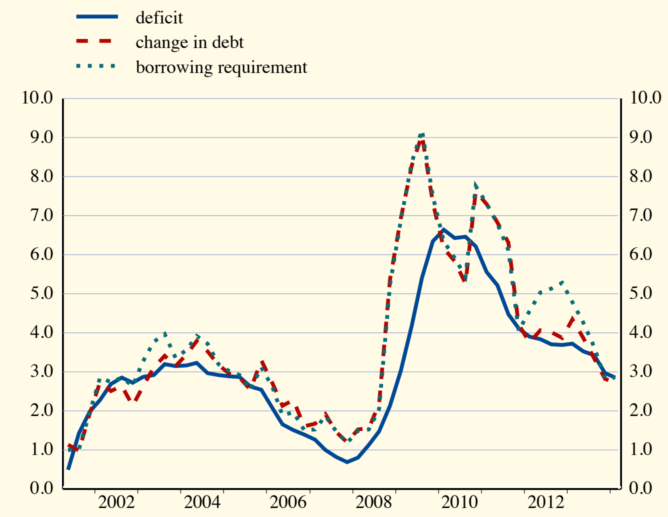
1. Euro area − Maastricht debt by financial instrument

	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2011 Q2	87.4	2.5	15.2	7.5	62.2
Q3	87.0	2.5	15.4	7.8	61.4
Q4	87.4	2.5	15.5	7.4	62.0
2012 Q1	88.4	2.6	16.0	7.6	62.3
Q2	90.1	2.5	16.9	7.3	63.3
Q3	90.2	2.6	16.8	7.2	63.6
Q4	90.7	2.6	17.4	6.8	63.9
2013 Q1	92.5	2.6	17.2	7.0	65.7
Q2	93.6	2.5	17.2	6.9	67.0
Q3	92.9	2.6	16.9	6.9	66.5
Q4	92.6	2.6	16.9	6.3	66.8
2014 Q1	93.9	2.6	16.8	6.4	68.1

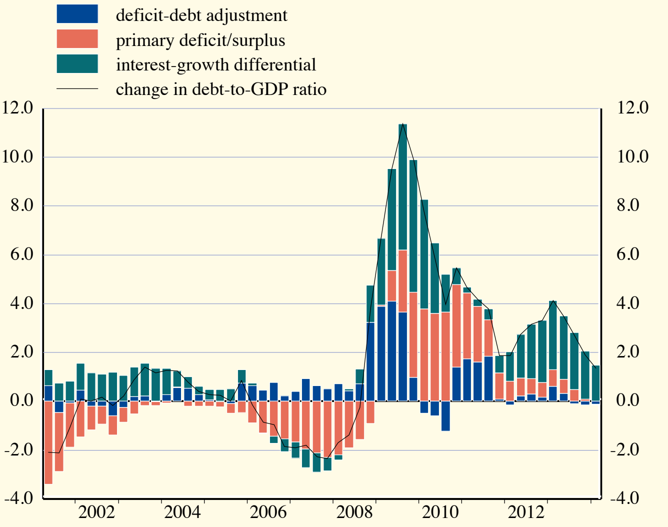
2. Euro area − deficit-debt adjustment

	Change in debt	Deficit (-)/ surplus (+)	Deficit-debt adjustment								Memo item: Borrowing requirement
			Total	Transactions in main financial assets held by general government					Valuation effects and other changes in volume	Other	
				Total	Currency and deposits	Loans	Securities	Shares and other equity			
	1	2	3	4	5	6	7	8	9	10	11
2011 Q2	5.9	-3.0	2.9	2.5	2.8	0.6	-0.3	-0.5	0.2	0.2	5.7
Q3	0.9	-4.4	-3.5	-3.8	-3.7	-0.5	0.1	0.2	0.5	-0.2	0.3
Q4	2.8	-3.8	-1.1	-0.6	-0.2	-0.3	-0.1	0.1	-0.7	0.2	3.5
2012 Q1	5.5	-4.4	1.1	3.4	4.1	-0.2	-0.5	0.0	-3.2	0.9	8.7
Q2	7.1	-2.7	4.4	4.0	1.8	0.9	0.5	0.7	-0.5	0.9	7.6
Q3	0.7	-3.9	-3.2	-2.1	-2.1	0.5	-0.6	0.1	0.0	-1.1	0.7
Q4	2.2	-3.8	-1.5	-0.4	-2.4	0.3	0.2	1.5	-1.9	0.7	4.1
2013 Q1	7.4	-4.6	2.8	1.5	1.4	-0.6	-0.2	0.9	0.7	0.6	6.8
Q2	5.2	-1.9	3.3	3.7	3.2	0.2	0.0	0.3	-0.3	-0.1	5.5
Q3	-1.4	-3.5	-4.9	-4.3	-3.4	-0.9	0.0	0.0	0.3	-0.8	-1.7
Q4	0.2	-2.0	-1.8	-2.7	-3.1	0.2	-0.3	0.5	-0.7	1.7	0.9
2014 Q1	7.0	-4.1	2.9	2.7	3.4	-0.4	-0.3	0.0	0.2	-0.1	6.7

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



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



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

EXTERNAL TRANSACTIONS AND POSITIONS

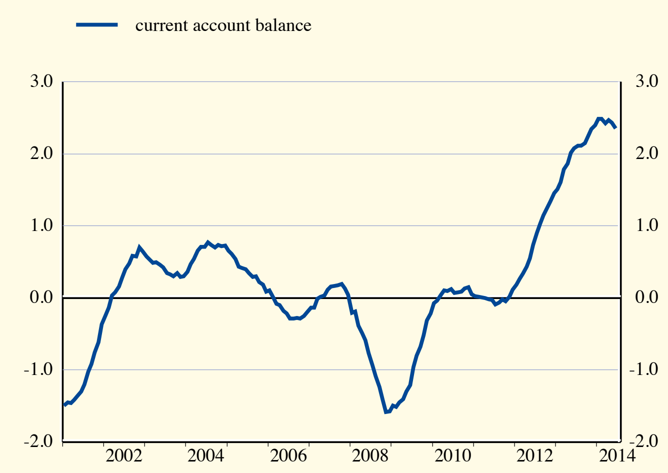
7.1 Summary balance of payments [1]

(EUR billions; net transactions)

	Current account					Capital account	Net lending/ borrowing to/from rest of the world (columns 1+6)	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers			Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011	12.1	0.9	77.9	39.6	-106.3	10.7	22.7	-50.9	-101.7	238.6	-5.6	-172.0	-10.3	28.2
2012	133.1	89.0	95.0	56.3	-107.3	6.5	139.6	-165.0	-71.6	95.4	5.3	-179.3	-15.0	25.5
2013	227.8	165.3	113.2	69.8	-120.5	21.5	249.3	-252.9	-32.2	110.3	17.3	-343.9	-4.4	3.5
2013 Q2	60.1	49.9	30.3	10.0	-30.0	5.6	65.6	-72.2	22.0	44.0	-1.9	-135.1	-1.2	6.6
Q3	51.4	38.1	33.5	14.0	-34.1	4.6	56.0	-55.9	-12.7	4.9	7.6	-52.9	-2.9	-0.1
Q4	87.7	48.1	30.5	23.6	-14.4	9.3	97.0	-101.6	-16.3	59.0	3.4	-147.3	-0.3	4.6
2014 Q1	31.6	36.9	19.6	17.6	-42.6	5.5	37.1	-31.8	-24.4	63.8	0.7	-69.3	-2.6	-5.3
Q2	48.9	43.2	34.7	0.1	-29.2	2.7	51.6	-64.4	-0.1	-20.5	6.0	-49.5	-0.3	12.8
2013 June	31.1	17.4	12.5	11.2	-10.0	1.1	32.2	-30.8	-14.3	25.7	12.4	-54.0	-0.6	-1.4
July	25.7	18.7	13.1	5.1	-11.2	2.5	28.3	-28.6	6.9	-31.3	-2.0	-2.6	0.2	0.4
Aug.	10.2	6.7	8.1	6.9	-11.6	1.5	11.7	-6.8	-0.3	18.8	6.7	-30.0	-2.0	-5.0
Sep.	15.5	12.7	12.2	1.9	-11.3	0.5	16.0	-20.4	-19.3	17.4	2.9	-20.3	-1.1	4.5
Oct.	26.4	17.4	10.0	6.8	-7.9	3.0	29.4	-19.8	17.9	-4.5	3.5	-37.6	0.9	-9.6
Nov.	28.8	17.7	8.9	6.7	-4.5	3.7	32.5	-32.9	-23.2	57.5	-1.4	-66.0	0.2	0.4
Dec.	32.5	12.9	11.5	10.0	-2.0	2.6	35.1	-48.9	-11.0	6.0	1.3	-43.7	-1.3	13.7
2014 Jan.	2.8	1.8	7.3	4.4	-10.9	0.9	3.7	7.1	-9.2	45.1	0.2	-26.3	-2.7	-10.7
Feb.	9.3	15.9	6.1	5.6	-18.4	2.6	11.9	-12.0	-0.5	35.0	2.5	-49.5	0.5	0.1
Mar.	19.5	19.2	6.2	7.5	-13.3	2.0	21.5	-26.8	-14.6	-16.4	-2.0	6.5	-0.3	5.3
Apr.	18.8	15.7	9.4	4.5	-10.8	1.2	20.0	-19.1	-18.7	-86.5	2.9	83.5	-0.3	-0.9
May	9.3	13.1	13.8	-10.8	-6.8	0.2	9.5	-9.3	10.6	60.0	-0.5	-79.0	-0.5	-0.1
June	20.8	14.4	11.5	6.4	-11.6	1.4	22.2	-35.9	8.0	6.0	3.6	-53.9	0.5	13.7
	12-month cumulated transactions													
2014 June	219.6	166.3	118.3	55.3	-120.3	22.1	241.7	-253.6	-53.4	107.1	17.7	-319.0	-6.0	11.9
	12-month cumulated transactions as a percentage of GDP													
2014 June	2.3	1.7	1.2	0.6	-1.2	0.2	2.5	-2.6	-0.6	1.1	0.2	-3.3	-0.1	0.1

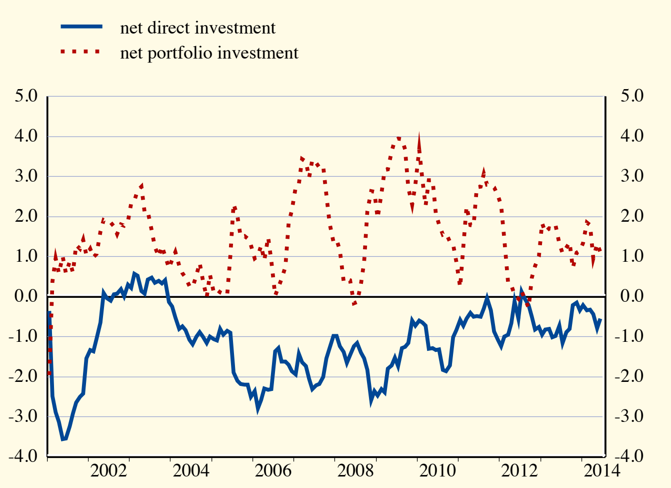
C32 Euro area b.o.p.: current account

(seasonally adjusted; 12-month cumulated transactions as a percentage of GDP)



C33 Euro area b.o.p.: direct and portfolio investment

(12-month cumulated transactions as a percentage of GDP)



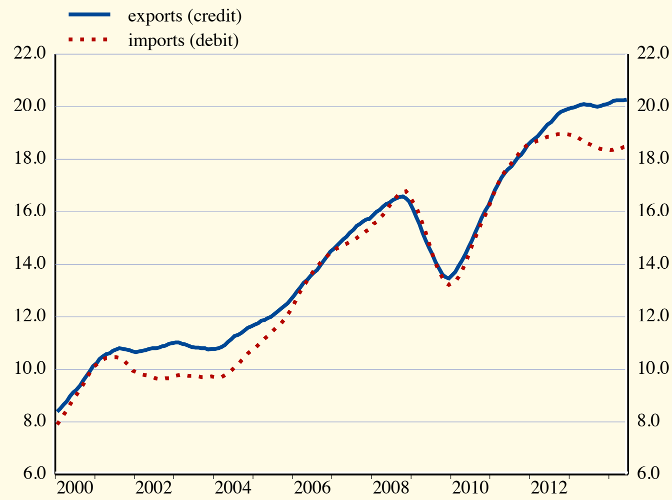
Source: ECB.
1) The sign convention is explained in the General Notes.

7.2 Current and capital accounts
(EUR billions; transactions)

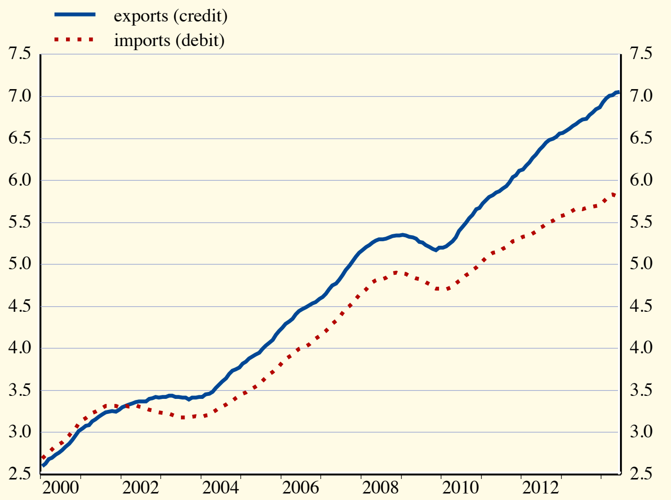
1. Summary current and capital accounts

	Current account													Capital account	
	Total			Goods		Services		Income		Current transfers					
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit		Debit		Credit	Debit
											Workers' remit-tances		Workers' remit-tances		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2011	3,028.7	3,016.6	12.1	1,792.9	1,792.1	590.8	512.9	549.1	509.5	95.8	6.5	202.1	27.1	25.8	15.1
2012	3,222.8	3,089.7	133.1	1,921.5	1,832.5	633.6	538.5	569.1	512.8	98.6	6.8	205.9	26.0	30.6	24.1
2013	3,247.0	3,019.2	227.8	1,936.2	1,770.9	663.1	549.9	547.9	478.1	99.8	6.7	220.3	24.4	33.9	12.4
2013 Q2	824.8	764.8	60.1	489.6	439.8	166.5	136.2	148.9	139.0	19.8	1.8	49.8	6.1	7.9	2.3
Q3	807.2	755.7	51.4	479.6	441.5	176.8	143.3	133.2	119.2	17.6	1.7	51.7	6.3	6.7	2.2
Q4	837.6	749.9	87.7	496.4	448.3	173.3	142.9	133.2	109.7	34.7	1.7	49.1	6.1	13.1	3.8
2014 Q1	797.4	765.9	31.6	482.5	445.6	158.3	138.7	128.2	110.6	28.4	1.6	71.0	6.0	7.6	2.1
Q2	824.2	775.3	48.9	488.8	445.6	170.8	136.1	144.8	144.7	19.7	.	48.9	.	6.2	3.4
2014 Apr.	267.8	249.0	18.8	162.1	146.4	54.0	44.6	45.9	41.4	5.9	-	16.7	-	2.0	0.8
May	274.2	264.9	9.3	163.1	149.9	57.4	43.6	47.0	57.8	6.7	-	13.5	-	1.7	1.6
June	282.2	261.4	20.8	163.7	149.3	59.4	47.9	52.0	45.5	7.1	-	18.7	-	2.4	1.0
	Seasonally adjusted														
2013 Q4	819.2	752.5	66.7	492.2	445.8	170.0	138.8	132.0	115.3	25.1	-	52.5	-	-	-
2014 Q1	828.7	773.1	55.6	495.8	448.9	173.6	147.7	133.8	120.3	25.6	-	56.2	-	-	-
Q2	820.8	766.3	54.5	489.3	448.9	170.5	138.9	136.9	124.4	24.1	-	54.0	-	-	-
2014 Apr.	272.6	251.0	21.6	162.6	145.6	56.5	46.5	45.9	40.5	7.6	-	18.3	-	-	-
May	273.6	253.7	19.8	162.7	150.9	57.9	45.1	44.9	42.6	8.1	-	15.1	-	-	-
June	274.7	261.7	13.1	164.0	152.4	56.1	47.3	46.2	41.3	8.4	-	20.6	-	-	-
	12-month cumulated transactions														
2014 June	3,277.2	3,050.6	226.7	1,957.4	1,786.2	680.8	562.7	539.4	483.4	99.7	-	218.3	-	-	-
	12-month cumulated transactions as a percentage of GDP														
2014 June	34.0	31.6	2.3	20.3	18.5	7.1	5.8	5.6	5.0	1.0	-	2.3	-	-	-

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



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



Source: ECB.

7.2 Current and capital accounts
(EUR billions)

2. Income account
(transactions)

	Compensation of employees		Investment income													
	Credit	Debit	Total		Direct investment						Portfolio investment				Other investment	
			Credit	Debit	Equity				Debt		Equity		Debt		Credit	Debit
					Credit		Debit		Credit	Debit	Credit	Debit	Credit	Debit		
						Reinv. earnings		Reinv. earnings								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2011	27.4	12.8	521.7	496.7	269.2	58.8	171.1	57.3	40.4	35.2	36.2	99.5	98.2	121.9	77.7	69.0
2012	30.1	13.5	539.0	499.3	281.2	44.2	158.5	19.3	50.2	64.0	42.4	104.6	99.7	115.1	65.6	57.1
2013	30.0	14.0	518.0	464.1	267.5	40.0	143.1	34.6	45.8	58.9	44.8	104.4	99.2	108.1	60.7	49.6
2013 Q1	7.3	2.6	125.3	107.6	66.1	25.6	35.8	15.8	11.4	14.4	7.8	17.7	24.6	27.3	15.4	12.5
Q2	7.5	3.6	141.4	135.3	72.5	1.9	35.6	2.8	11.6	14.4	15.0	44.1	25.1	27.3	17.2	14.0
Q3	7.4	4.1	125.8	115.2	63.8	17.0	37.6	16.1	11.1	14.6	12.3	24.6	24.8	27.0	13.9	11.5
Q4	7.8	3.6	125.5	106.1	65.1	-4.5	34.2	-0.1	11.8	15.6	9.7	18.1	24.7	26.5	14.2	11.7
2014 Q1	7.5	2.7	120.7	107.9	59.4	15.7	35.1	4.9	12.8	13.4	11.2	19.6	23.7	28.2	13.4	11.7

3. Geographical breakdown
(cumulated transactions)

	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzer-land	United States	Other
2013 Q2 to 2014 Q1		Total	Den-mark	Sweden	United Kingdom	Other EU countries	EU insti-tutions									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Credits															
Current account	3,267.1	1,042.8	56.3	101.3	504.5	315.4	65.3	63.2	45.1	163.2	38.2	68.7	121.8	278.0	445.7	1,000.6
Goods	1,948.1	622.0	36.9	59.8	276.0	249.2	0.2	33.8	24.2	123.9	27.2	43.8	83.9	126.0	227.4	635.9
Services	674.9	208.7	12.7	21.3	130.8	36.9	7.0	10.8	11.1	25.1	8.6	15.3	21.6	67.1	104.7	201.9
Income	543.6	146.9	5.7	18.1	86.3	25.5	11.3	18.2	9.1	13.5	2.2	8.5	15.3	75.8	107.0	147.1
Investment income	513.4	139.0	4.8	18.0	84.5	24.9	6.8	18.2	9.0	13.4	2.2	8.5	15.3	59.9	105.5	142.4
Current transfers	100.5	65.2	1.0	2.2	11.4	3.8	46.8	0.5	0.7	0.7	0.2	1.0	0.9	9.1	6.5	15.8
Capital account	35.3	29.3	0.0	0.0	1.9	0.2	27.2	0.0	0.0	0.0	0.0	0.0	0.1	2.6	0.4	2.7
	Debits															
Current account	3,036.3	956.5	48.6	96.2	404.4	288.9	118.4	39.6	30.2	-	34.8	91.3	152.3	235.4	408.4	-
Goods	1,775.2	510.3	31.3	52.2	198.2	228.5	0.0	25.7	14.7	198.8	25.9	43.0	137.0	108.7	152.3	559.0
Services	561.0	163.4	8.1	16.8	94.4	43.8	0.3	5.2	7.3	16.1	7.2	9.2	10.7	54.8	116.6	170.5
Income	478.4	148.6	8.0	25.3	100.5	10.5	4.3	7.5	6.3	-	0.8	38.4	3.5	62.1	132.7	-
Investment income	464.4	141.0	7.9	25.2	98.9	4.8	4.3	7.4	6.1	-	0.6	38.2	3.3	61.7	131.6	-
Current transfers	221.6	134.3	1.2	1.9	11.3	6.1	113.8	1.3	1.8	2.4	0.9	0.7	1.1	9.7	6.8	62.5
Capital account	10.4	3.6	0.0	0.0	2.8	0.4	0.4	0.2	0.4	0.1	0.1	0.1	0.0	0.7	0.5	4.8
	Net															
Current account	230.8	86.2	7.6	5.1	100.1	26.5	-53.1	23.6	14.9	-	3.3	-22.6	-30.5	42.6	37.3	-
Goods	172.9	111.8	5.5	7.6	77.8	20.7	0.2	8.1	9.5	-74.9	1.3	0.9	-53.1	17.3	75.1	76.9
Services	113.9	45.3	4.6	4.5	36.4	-6.9	6.7	5.6	3.8	9.0	1.4	6.1	11.0	12.2	-11.9	31.4
Income	65.1	-1.7	-2.3	-7.2	-14.2	15.0	7.0	10.7	2.8	-	1.4	-29.8	11.8	13.6	-25.7	-
Investment income	48.9	-2.1	-3.1	-7.2	-14.4	20.1	2.5	10.8	2.9	-	1.5	-29.7	11.9	-1.8	-26.0	-
Current transfers	-121.1	-69.0	-0.2	0.3	0.2	-2.3	-67.0	-0.8	-1.2	-1.7	-0.7	0.2	-0.2	-0.6	-0.3	-46.8
Capital account	24.9	25.7	0.0	0.0	-0.9	-0.2	26.9	-0.2	-0.4	-0.1	-0.1	0.0	0.0	1.9	0.0	-2.0

Source: ECB.

7.3 Financial account

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

1. Summary financial account

	Total [1]			Total as a % of GDP			Direct investment		Portfolio investment		Net financial derivatives	Other investment		Reserve assets
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts (international investment position)													
2010	15,183.6	16,453.3	-1,269.7	165.3	179.1	-13.8	4,928.8	3,895.5	4,901.4	7,429.6	-45.0	4,807.2	5,128.2	591.2
2011	15,986.5	17,440.9	-1,454.4	169.3	184.7	-15.4	5,708.5	4,414.6	4,738.4	7,741.7	-54.8	4,927.3	5,284.5	667.1
2012	16,920.5	18,174.3	-1,253.8	178.0	191.2	-13.2	6,125.7	4,634.2	5,254.8	8,423.6	-46.9	4,897.5	5,116.5	689.4
2013 Q3	16,961.7	18,238.3	-1,276.7	177.3	190.7	-13.3	6,181.1	4,719.8	5,453.6	8,680.2	-41.5	4,781.8	4,838.3	586.8
Q4	17,128.0	18,280.8	-1,152.7	178.4	190.4	-12.0	6,396.8	4,943.7	5,556.0	8,830.8	-39.4	4,672.5	4,506.3	542.1
2014 Q1	17,438.1	18,615.0	-1,176.9	180.8	193.0	-12.2	6,458.4	4,857.3	5,647.3	9,109.7	-85.9	4,847.7	4,648.1	570.6
	Changes to outstanding amounts													
2010	1,447.9	1,226.4	221.6	15.8	13.4	2.4	518.3	359.3	557.8	585.9	-26.7	269.7	281.2	128.8
2011	802.9	987.6	-184.7	8.5	10.5	-2.0	779.7	519.1	-163.0	312.2	-9.7	120.0	156.4	75.9
2012	934.0	733.4	200.6	9.8	7.7	2.1	417.2	219.5	516.3	681.9	7.9	-29.7	-168.0	22.3
2013	207.6	106.5	101.1	2.2	1.1	1.1	271.2	309.5	301.3	407.1	7.4	-225.0	-610.2	-147.3
2013 Q4	166.4	42.4	123.9	6.7	1.7	5.0	215.8	223.9	102.5	150.5	2.1	-109.3	-332.0	-44.7
2014 Q1	310.1	334.3	-24.2	13.1	14.1	-1.0	61.5	-86.4	91.3	278.9	-46.5	175.2	141.7	28.6
	Transactions													
2010	639.5	626.1	13.4	7.0	6.8	0.1	352.0	274.6	131.4	211.6	-10.2	155.8	139.9	10.5
2011	660.8	609.9	50.9	7.0	6.5	0.5	500.9	399.1	-53.7	184.9	5.6	197.8	25.8	10.3
2012	579.1	414.1	165.0	6.1	4.4	1.7	410.1	338.6	194.3	289.7	-5.3	-34.9	-214.2	15.0
2013	533.3	280.4	252.9	5.6	2.9	2.6	360.7	328.6	250.5	360.8	-17.3	-65.0	-408.9	4.4
2013 Q4	212.8	111.2	101.6	8.6	4.5	4.1	188.4	172.1	50.7	109.7	-3.4	-23.2	-170.6	0.3
2014 Q1	264.6	232.8	31.8	11.2	9.8	1.3	-2.7	-27.1	74.5	138.3	-0.7	190.9	121.6	2.6
Q2	214.3	149.9	64.4	.	.	.	32.3	32.2	151.7	131.2	-6.0	36.0	-13.5	0.3
2014 Feb.	49.3	37.3	12.0	-	-	-	-19.0	-19.5	13.0	48.0	-2.5	58.3	8.8	-0.5
Mar.	9.8	-17.0	26.8	-	-	-	-22.0	-36.6	44.5	28.2	2.0	-15.0	-8.5	0.3
Apr.	133.9	114.8	19.1	-	-	-	15.4	-3.3	75.6	-10.8	-2.9	45.5	128.9	0.3
May	101.6	92.3	9.3	-	-	-	15.1	25.8	37.6	97.6	0.5	47.9	-31.1	0.5
June	-21.2	-57.1	35.9	-	-	-	1.8	9.8	38.5	44.4	-3.6	-57.4	-111.3	-0.5
	Other changes													
2009	571.4	503.0	68.4	6.4	5.6	0.8	146.5	29.8	417.6	552.1	1.1	-86.8	-78.9	93.0
2010	808.4	600.3	208.1	8.8	6.5	2.3	166.3	84.6	426.4	374.3	-16.5	113.9	141.4	118.3
2011	142.1	377.7	-235.7	1.5	4.0	-2.5	278.8	120.0	-109.3	127.2	-15.3	-77.8	130.5	65.6
2012	354.9	319.3	35.6	3.7	3.3	0.4	7.1	-119.1	322.1	392.2	13.2	5.2	46.2	7.3
	Other changes due to exchange rate changes													
2009	-49.2	-56.2	6.9	-0.6	-0.6	0.1	-5.3	5.3	-29.8	-34.3	.	-11.5	-27.2	-2.7
2010	477.9	325.2	152.7	5.2	3.5	1.7	143.4	35.0	160.0	128.7	.	161.3	161.5	13.3
2011	214.1	176.0	38.1	2.3	1.9	0.4	70.5	18.1	72.9	66.6	.	63.2	91.3	7.5
2012	-87.8	-91.6	3.8	-0.9	-1.0	0.0	-23.0	-6.0	-41.1	-37.1	.	-17.0	-48.5	-6.6
	Other changes due to price changes													
2009	618.1	491.5	126.6	6.9	5.5	1.4	147.5	29.4	423.6	462.1	1.2	.	.	45.8
2010	304.1	150.1	154.0	3.3	1.6	1.7	33.2	-0.8	185.5	150.9	-16.2	.	.	101.7
2011	-127.9	-253.3	125.4	-1.4	-2.7	1.3	-38.1	7.1	-133.7	-260.4	-15.3	.	.	59.3
2012	265.3	590.2	-324.9	2.8	6.2	-3.4	39.6	-6.5	195.6	596.7	13.2	.	.	16.9
	Other changes due to other adjustments													
2009	1.4	68.3	-66.9	0.0	0.8	-0.7	3.4	-4.6	24.0	124.5	.	-75.6	-51.6	49.7
2010	26.3	125.3	-99.1	0.3	1.4	-1.1	-10.6	50.7	80.9	95.0	.	-47.4	-20.3	3.4
2011	59.0	433.2	-374.2	0.6	4.6	-4.0	247.0	94.9	-45.7	299.3	.	-141.0	39.0	-1.2
2012	177.4	-157.3	334.7	1.9	-1.7	3.5	-9.5	-106.5	167.6	-145.7	.	22.3	94.9	-2.9
	Growth rates of outstanding amounts													
2009	-0.7	-0.5	-	.	.	.	8.8	8.8	2.4	5.7	.	-9.9	-12.5	-1.3
2010	4.5	4.0	-	.	.	.	7.7	7.5	2.9	3.0	.	3.4	2.8	2.0
2011	4.4	3.7	-	.	.	.	10.2	10.2	-1.2	2.5	.	4.2	0.6	1.6
2012	3.6	2.4	-	.	.	.	7.2	7.7	4.0	3.7	.	-0.7	-4.0	2.2
2013 Q4	3.2	1.5	-	.	.	.	5.9	7.1	4.8	4.3	.	-1.3	-8.0	0.7
2014 Q1	3.6	1.9	-	.	.	.	5.0	5.9	4.1	4.6	.	1.8	-6.1	1.2
Q2	4.3	2.6	.	.	.	.	4.4	4.6	6.4	5.2	.	2.6	-3.9	1.1

Source: ECB.

1) Net financial derivatives are included in assets.

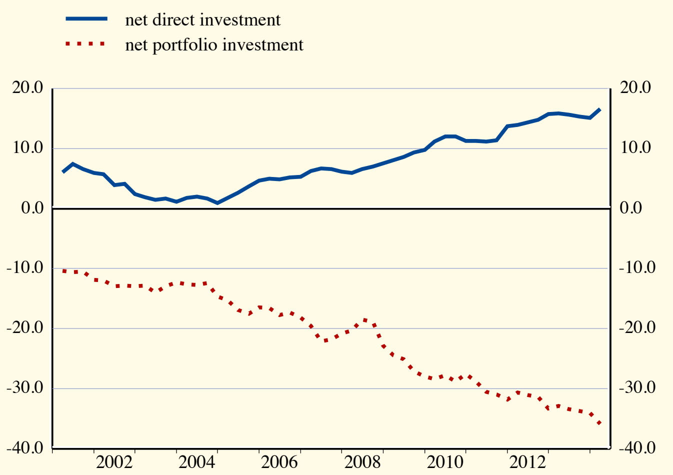
7.3 Financial account
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

2. Direct investment

	By resident units abroad							By non-resident units in the euro area						
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	Into MFIs	Into non-MFIs	Total	To MFIs	To non-MFIs
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Oustanding amounts (international investment position)													
2011	5,708.5	4,281.3	283.1	3,998.2	1,427.2	13.3	1,413.9	4,414.6	3,135.2	101.6	3,033.6	1,279.5	11.3	1,268.2
2012	6,125.7	4,562.5	288.8	4,273.8	1,563.1	12.0	1,551.1	4,634.2	3,231.7	109.2	3,122.5	1,402.5	11.3	1,391.2
2013 Q4	6,396.8	4,781.7	271.6	4,510.1	1,615.1	13.1	1,602.0	4,943.7	3,527.6	108.9	3,418.7	1,416.1	12.3	1,403.8
2014 Q1	6,458.4	4,818.8	276.4	4,542.5	1,639.5	10.7	1,628.9	4,857.3	3,468.5	112.2	3,356.4	1,388.8	6.1	1,382.7
	Transactions													
2011	500.9	430.1	25.1	405.0	70.7	-3.2	73.9	399.1	361.9	10.5	351.4	37.3	0.6	36.6
2012	410.1	275.7	-3.1	278.8	134.4	-0.3	134.7	338.6	253.1	8.0	245.2	85.4	0.1	85.4
2013	360.7	325.0	6.7	318.3	35.7	0.9	34.8	328.6	314.8	7.5	307.4	13.7	1.3	12.4
2013 Q4	188.4	214.6	4.0	210.6	-26.1	0.5	-26.7	172.1	189.9	2.1	187.8	-17.8	0.5	-18.3
2014 Q1	-2.7	-9.7	3.1	-12.7	7.0	1.0	6.0	-27.1	-24.7	2.3	-27.0	-2.3	-3.6	1.2
Q2	32.3	31.3	1.6	29.6	1.1	-0.5	1.6	32.2	18.4	2.4	16.0	13.8	0.3	13.5
2014 Feb.	-19.0	-21.4	4.1	-25.4	2.4	0.5	1.9	-19.5	-24.3	0.6	-24.9	4.9	-0.2	5.1
Mar.	-22.0	-11.3	-0.7	-10.7	-10.7	0.1	-10.8	-36.6	-24.8	0.5	-25.3	-11.9	-0.2	-11.7
Apr.	15.4	7.3	1.6	5.7	8.0	-0.1	8.2	-3.3	1.7	0.6	1.0	-5.0	0.0	-5.0
May	15.1	16.3	0.7	15.5	-1.1	-0.2	-0.9	25.8	8.9	1.0	8.0	16.8	0.0	16.9
June	1.8	7.7	-0.7	8.4	-5.9	-0.3	-5.6	9.8	7.8	0.8	7.0	2.0	0.3	1.7
	Growth rates													
2011	10.2	11.2	9.4	11.4	6.5	-20.1	6.9	10.2	12.3	10.9	12.3	3.8	0.9	3.8
2012	7.2	6.4	-1.1	7.0	9.5	-2.5	9.6	7.7	8.2	7.9	8.2	6.7	0.4	6.7
2013 Q4	5.9	7.2	2.4	7.5	2.2	7.5	2.2	7.1	9.9	7.0	10.0	0.9	11.5	0.9
2014 Q1	5.0	5.9	4.0	6.0	2.3	6.6	2.3	5.9	8.1	6.6	8.2	1.0	-25.4	1.2
Q2	4.4	6.4	3.6	6.6	-1.4	7.4	-1.4	4.6	6.8	8.0	6.7	-0.3	-23.5	-0.1

C36 Euro area international investment position
(outstanding amounts at end of period; as a percentage of GDP)

C37 Euro area direct and portfolio investment position
(outstanding amounts at end of period; as a percentage of GDP)



Source: ECB.

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

3. Portfolio investment assets

	Total	Equity					Debt instruments									
							Bonds and notes					Money market instruments				
		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs	
				Eurosystem		General government			Eurosystem		General government			Eurosystem		General government
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Outstanding amounts (international investment position)															
2011	4,738.4	1,703.8	59.3	2.6	1,644.5	39.4	2,569.1	721.4	16.1	1,847.7	96.0	465.5	302.5	58.8	163.1	0.5
2012	5,254.8	1,952.0	70.1	2.8	1,881.8	42.5	2,840.7	674.2	15.6	2,166.5	97.8	462.1	288.0	53.8	174.1	1.4
2013 Q4	5,556.0	2,293.7	123.1	3.4	2,170.7	48.3	2,809.6	601.5	17.0	2,208.2	88.9	452.7	288.5	55.0	164.2	0.0
2014 Q1	5,647.3	2,362.3	111.2	3.2	2,251.1	48.4	2,814.9	634.2	19.2	2,180.7	277.9	470.1	264.2	59.8	205.9	12.8
	Transactions															
2011	-53.7	-66.3	-10.7	-0.2	-55.6	-7.3	-21.8	-60.6	0.1	38.8	-2.8	34.4	26.2	10.4	8.2	0.2
2012	194.3	58.0	3.0	0.1	55.0	0.2	133.9	-38.5	-1.0	172.4	-8.4	2.4	-18.0	2.3	20.4	0.1
2013	250.5	163.7	39.8	0.5	123.8	3.6	78.6	-47.7	1.7	126.3	-7.0	8.3	13.3	14.8	-5.0	-0.7
2013 Q4	50.7	39.6	5.7	0.3	33.9	-0.8	12.4	-10.3	0.6	22.7	-4.5	-1.3	5.7	2.0	-7.0	-0.1
2014 Q1	74.5	23.5	-9.8	-0.1	33.3	-0.5	36.3	11.3	0.7	24.9	-7.3	14.8	-2.8	1.3	17.6	0.5
Q2	151.7	58.4	-0.7	-0.1	59.0	.	64.2	8.6	0.8	55.7	.	29.1	14.0	3.1	15.1	.
2014 Feb.	13.0	-3.8	-15.8	-0.1	12.0	-	7.0	-0.8	0.1	7.9	-	9.7	-0.9	-1.9	10.6	-
Mar.	44.5	21.6	10.4	-0.2	11.1	-	24.8	9.0	2.2	15.8	-	-1.9	-1.6	2.4	-0.2	-
Apr.	75.6	33.2	0.8	0.0	32.4	-	30.2	5.6	0.7	24.6	-	12.2	1.1	-0.6	11.2	-
May	37.6	20.5	1.9	0.0	18.6	-	3.0	-6.4	0.2	9.4	-	14.1	9.5	4.3	4.6	-
June	38.5	4.7	-3.4	-0.1	8.0	-	31.0	9.3	-0.1	21.7	-	2.8	3.4	-0.5	-0.7	-
	Growth rates															
2011	-1.2	-3.9	-15.2	-7.2	-3.4	-15.9	-0.9	-7.7	-0.2	2.2	-2.9	8.4	8.6	25.5	8.0	120.3
2012	4.0	3.2	5.0	3.0	3.1	0.1	5.1	-5.4	-6.3	9.0	-8.1	0.5	-5.5	3.7	12.6	29.8
2013 Q4	4.8	8.2	54.2	16.1	6.4	8.4	2.8	-7.2	11.3	5.9	-7.2	1.8	4.7	29.3	-3.0	-90.8
2014 Q1	4.1	5.8	18.5	7.3	5.3	-0.7	2.9	-2.9	8.5	4.6	-15.4	3.4	2.0	30.8	5.8	204.5
Q2	6.4	7.7	12.9	2.8	7.5	.	4.8	-0.6	17.1	6.4	.	9.9	9.5	7.0	10.2	.

4. Portfolio investment liabilities

	Total	Equity			Debt instruments							
					Bonds and notes				Money market instruments			
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	MFIs	Non-MFIs	
								General government				General government
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts (international investment position)											
2011	7,741.7	3,074.9	562.0	2,512.9	4,222.4	1,254.8	2,967.6	1,722.8	444.4	92.4	352.0	306.8
2012	8,423.6	3,524.4	543.2	2,981.1	4,446.3	1,202.4	3,243.9	1,930.5	452.9	91.7	361.2	286.2
2013 Q4	8,830.8	3,970.0	536.0	3,433.9	4,391.5	1,103.6	3,287.9	1,952.1	469.3	115.5	353.8	289.1
2014 Q1	9,109.7	4,161.0	574.9	3,586.1	4,479.4	1,104.0	3,375.4	2,056.2	469.3	120.9	348.3	277.5
	Transactions											
2011	184.9	64.4	18.9	45.5	165.3	-15.9	181.2	101.1	-44.8	-4.5	-40.3	-42.1
2012	289.7	164.9	-16.3	181.3	128.8	-78.9	207.6	163.6	-4.0	5.9	-10.0	-27.4
2013	360.8	241.8	-21.5	263.3	77.8	-48.5	126.3	96.0	41.1	30.4	10.7	20.7
2013 Q4	109.7	63.6	-7.2	70.7	87.6	9.8	77.8	59.0	-41.5	-11.5	-30.0	-24.1
2014 Q1	138.3	74.4	13.6	60.8	72.4	-1.9	74.2	70.2	-8.5	7.8	-16.3	-16.1
Q2	131.2	108.8	18.5	90.4	43.2	-20.4	63.6	.	-20.8	-2.0	-18.8	.
2014 Feb.	48.0	15.7	10.9	4.8	50.8	-0.1	50.9	-	-18.5	-8.4	-10.1	-
Mar.	28.2	56.9	-7.2	64.1	-9.8	-3.4	-6.4	-	-18.9	-7.2	-11.7	-
Apr.	-10.8	24.7	5.1	19.6	-1.0	-10.9	9.9	-	-34.5	-15.7	-18.9	-
May	97.6	28.9	10.1	18.7	64.2	8.1	56.1	-	4.6	9.3	-4.7	-
June	44.4	55.3	3.3	52.0	-20.0	-17.6	-2.4	-	9.2	4.4	4.8	-
	Growth rates											
2011	2.5	2.0	3.0	1.6	4.5	-1.2	7.2	6.5	-8.7	1.0	-10.2	-12.4
2012	3.7	5.2	-3.0	6.8	3.0	-6.3	7.0	9.5	-0.8	6.2	-2.7	-8.7
2013 Q4	4.3	6.8	-3.9	8.7	1.8	-4.0	3.9	5.0	8.9	31.7	2.9	7.1
2014 Q1	4.6	6.7	0.1	7.9	3.4	-3.1	5.8	7.7	-1.9	16.8	-7.6	-7.1
Q2	5.2	7.6	6.7	7.7	4.4	-3.0	6.9	.	-5.9	15.2	-12.1	.

Source: ECB.

7.3 Financial account

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

5. Other investment assets

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other assets	Total	Loans/ currency and deposits	Other assets		Trade credits	Loans/currency and deposits			Trade credits	Loans/currency and deposits	
											Currency and deposits				Currency and deposits
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2011	4,927.3	36.2	35.5	0.7	3,069.9	3,008.1	61.8	162.5	6.8	116.1	30.2	1,658.7	248.5	1,217.4	520.9
2012	4,897.5	40.9	40.2	0.7	2,926.0	2,855.7	70.3	168.0	5.3	121.4	29.2	1,762.7	254.0	1,306.6	567.8
2013 Q4	4,672.5	17.1	15.5	1.6	2,753.7	2,722.7	31.1	157.2	4.1	109.6	27.2	1,744.5	246.3	1,267.1	564.3
2014 Q1	4,847.7	9.9	8.7	1.3	2,903.5	2,862.4	41.2	154.2	3.7	107.8	32.7	1,780.1	247.1	1,262.4	586.4
	Transactions														
2011	197.8	-3.1	-3.1	0.1	51.7	21.7	29.9	4.3	-0.3	4.0	10.3	145.0	8.6	112.2	41.4
2012	-34.9	5.2	5.2	0.0	-121.0	-128.1	7.1	6.2	-1.5	6.3	-1.0	74.5	8.3	38.2	5.0
2013	-65.0	-19.8	-19.8	0.0	-53.3	-70.2	16.9	-11.0	-1.3	-11.8	-2.3	19.1	2.7	-22.0	4.9
2013 Q4	-23.2	-8.3	-8.3	0.0	-13.0	-8.3	-4.8	5.6	-0.9	5.8	4.2	-7.5	0.8	-11.0	-11.8
2014 Q1	190.9	-6.7	-6.7	0.0	140.1	131.7	8.4	0.3	-0.3	5.1	5.5	57.2	0.8	28.8	49.7
Q2	36.0	-1.5	.	.	49.3	.	.	0.0	.	.	1.2	-11.8	.	.	11.6
2014 Feb.	58.3	0.1	-	-	31.5	-	-	1.5	-	-	4.3	25.3	-	-	18.7
Mar.	-15.0	-3.5	-	-	-21.7	-	-	0.9	-	-	1.3	9.3	-	-	10.5
Apr.	45.5	5.6	-	-	48.8	-	-	-2.1	-	-	-1.6	-6.9	-	-	-4.8
May	47.9	-5.1	-	-	36.9	-	-	1.5	-	-	1.8	14.7	-	-	21.1
June	-57.4	-2.1	-	-	-36.3	-	-	0.5	-	-	1.0	-19.5	-	-	-4.7
	Growth rates														
2011	4.2	-6.3	-6.4	8.8	1.9	0.9	76.8	2.9	-3.3	4.1	51.5	9.1	4.0	9.0	9.8
2012	-0.7	13.0	13.2	1.0	-3.9	-4.2	12.2	4.0	-22.2	5.7	-3.3	4.5	3.4	3.2	1.1
2013 Q4	-1.3	-49.5	-50.4	3.2	-1.8	-2.5	24.0	-6.5	-24.0	-9.7	-7.9	1.1	1.1	-1.7	0.6
2014 Q1	1.8	-63.0	-66.0	3.3	2.6	1.8	52.9	-0.3	-26.0	4.3	34.4	1.8	0.2	-0.6	5.3
Q2	2.6	-53.8	.	.	4.0	.	.	2.8	.	.	40.5	0.9	.	.	6.2

6. Other investment liabilities

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other liabilities	Total	Loans/ currency and deposits	Other liabilities	Total	Trade credits	Loans	Other liabilities	Total	Trade credits	Loans	Other liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2011	5,284.5	410.3	407.5	2.8	3,221.8	3,154.9	66.9	229.3	0.1	222.3	6.9	1,423.2	227.2	1,014.5	181.5
2012	5,116.5	423.9	423.0	0.9	2,976.1	2,893.4	82.8	231.6	0.1	224.0	7.5	1,484.8	229.7	1,023.8	231.3
2013 Q4	4,506.3	340.7	340.1	0.6	2,531.3	2,512.9	18.4	223.5	0.2	215.7	7.7	1,410.8	230.7	939.7	240.4
2014 Q1	4,648.1	311.6	309.6	2.0	2,615.1	2,589.5	25.6	223.1	0.2	216.0	6.9	1,498.2	229.8	960.3	308.2
	Transactions														
2011	25.8	134.8	135.0	-0.2	-289.9	-328.6	38.6	74.2	0.0	74.2	0.0	106.8	10.6	75.9	20.3
2012	-214.2	18.4	20.2	-1.8	-232.8	-250.0	17.2	2.5	0.0	1.5	1.0	-2.3	7.3	-10.0	0.4
2013	-408.9	-78.8	-78.4	-0.4	-320.6	-322.6	2.0	-3.8	0.0	-3.4	-0.5	-5.7	5.0	-6.4	-4.3
2013 Q4	-170.6	-17.6	-16.6	-1.0	-125.5	-123.5	-2.0	-8.4	0.0	-8.2	-0.2	-19.1	2.1	-9.1	-12.1
2014 Q1	121.6	-30.2	-30.3	0.1	73.7	66.0	7.7	2.1	0.0	2.2	-0.1	76.0	-1.6	29.4	48.2
Q2	-13.5	-18.2	.	.	-21.7	.	.	1.1	.	.	.	25.4	.	.	.
2014 Feb.	8.8	-12.2	-	-	-18.2	-	-	1.2	-	-	-	38.0	-	-	-
Mar.	-8.5	-11.4	-	-	-16.8	-	-	0.0	-	-	-	19.6	-	-	-
Apr.	128.9	1.8	-	-	93.7	-	-	-0.3	-	-	-	33.8	-	-	-
May	-31.1	-0.5	-	-	-28.0	-	-	-2.0	-	-	-	-0.6	-	-	-
June	-111.3	-19.5	-	-	-87.3	-	-	3.4	-	-	-	-7.8	-	-	-
	Growth rates														
2011	0.6	50.4	51.0	.	-8.3	-9.6	90.6	48.8	.	50.9	-0.6	9.0	5.2	8.9	14.0
2012	-4.0	4.6	5.1	.	-7.2	-7.9	25.8	1.1	.	0.7	15.6	0.0	3.2	-0.9	1.4
2013 Q4	-8.0	-18.5	-18.5	.	-10.8	-11.2	3.0	-1.7	.	-1.6	-6.1	-0.3	2.2	-0.6	-0.8
2014 Q1	-6.1	-20.2	-20.2	.	-8.2	-8.9	47.2	-0.5	.	-0.8	10.4	0.7	0.2	-0.9	6.9
Q2	-3.9	-20.6	.	.	-6.1	.	.	0.0	.	.	.	3.9	.	.	.

Source: ECB.

7. Reserve assets [1]

	Reserve assets: Total	Monetary gold: In EUR billions	Monetary gold: In fine troy ounces (millions)	SDR holdings	Reserve position in the IMF	Foreign exchange: Total	Foreign exchange: Currency and deposits: With monetary authorities and the BIS	Foreign exchange: Currency and deposits: With banks	Foreign exchange: Securities: Total	Foreign exchange: Securities: Equity	Foreign exchange: Securities: Bonds and notes	Foreign exchange: Securities: Money market instruments	Foreign exchange: Financial derivatives	Other claims	Memo items: Other foreign currency assets	Memo items: Pre-determined short-term net drains on foreign currency	Memo items: SDR allo-cations
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	Outstanding amounts (international investment position)																
2010	591.2	366.2	346.962	54.2	15.8	155.0	7.7	16.0	131.3	0.5	111.2	19.5	0.0	0.0	26.3	-24.4	54.5
2011	667.1	422.1	346.846	54.0	30.2	160.9	5.3	7.8	148.1	0.8	134.1	13.3	-0.4	0.0	97.4	-86.0	55.9
2012	689.4	437.2	346.693	52.8	31.9	166.8	6.1	8.8	151.3	0.2	130.9	20.2	0.6	0.6	32.8	-35.0	55.0
2013 Q3	586.8	340.5	346.674	50.5	30.5	164.3	5.1	9.3	149.7	0.2	134.0	15.5	0.2	0.9	21.5	-29.4	53.6
Q4	542.0	301.9	346.566	50.1	28.9	160.0	6.6	5.7	147.4	0.2	135.8	11.4	0.3	1.0	22.5	-30.1	52.7
2014 Q1	569.9	324.9	346.790	49.7	28.0	166.3	6.5	7.7	152.0	0.3	139.6	12.1	0.1	1.0	22.9	-31.4	52.8
2014 June	583.0	333.8	346.721	50.8	28.1	168.0	4.9	8.5	154.7	0.3	139.6	14.8	-0.1	2.3	23.0	-28.7	53.4
July	585.1	333.1	346.722	51.4	28.4	169.8	4.6	13.0	152.4	0.3	136.5	15.6	-0.2	2.4	25.4	-32.4	53.9
	Transactions																
2011	10.3	0.0	-	-1.6	13.0	-1.2	-2.3	-8.3	9.3	0.1	15.9	-6.8	0.1	0.0	-	-	-
2012	15.0	0.0	-	-0.3	2.1	12.5	1.8	1.2	9.1	-0.4	0.4	9.1	0.4	0.7	-	-	-
2013	4.4	0.0	-	-0.6	-1.7	6.3	0.2	-2.6	9.6	0.0	15.8	-6.2	-1.0	0.4	-	-	-
2013 Q4	0.3	0.0	-	0.4	-1.2	1.0	1.5	-3.3	2.9	0.0	6.1	-3.3	-0.1	0.1	-	-	-
2014 Q1	2.6	0.0	-	-0.2	-0.7	3.5	-0.4	2.0	2.1	0.1	1.5	0.5	-0.3	0.0	-	-	-
Q2	0.3	.	-	.	.	.	.	.	.	.	.	.	.	.	-	-	-
	Growth rates																
2010	2.0	0.0	-	-0.1	46.7	3.7	-43.3	75.9	3.5	-5.2	10.2	-24.6	-	-	-	-	-
2011	1.6	0.0	-	-3.0	83.3	-1.3	-30.0	-52.7	6.8	27.4	14.2	-45.3	-	-	-	-	-
2012	2.2	0.0	-	-0.5	7.1	8.0	41.6	15.2	6.3	-53.5	0.2	82.5	-	-	-	-	-
2013 Q4	0.7	0.0	-	-1.1	-5.5	3.8	2.2	-29.6	6.5	0.1	12.3	-33.1	-	-	-	-	-
2014 Q1	1.2	0.0	-	-0.5	-8.8	5.9	18.4	-13.6	7.3	40.2	14.1	-35.5	-	-	-	-	-
Q2	1.1	.	-	.	.	.	.	.	.	.	.	.	-	-	-	-	-

8. Gross external debt

	Total	By instrument: Loans, currency and deposits	By instrument: Money market instruments	By instrument: Bonds and notes	By instrument: Trade credits	By instrument: Other debt liabilities	By instrument: Direct investment: inter-company lending	By sector (excluding direct investment): General government	By sector: Eurosystem	By sector: MFIs (excluding Eurosystem)	By sector: Other sectors
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts (international investment position)										
2010	10,848.6	4,724.7	441.4	3,756.0	203.3	200.2	1,523.0	2,067.8	270.3	4,751.7	2,235.8
2011	11,972.5	4,799.2	444.4	4,222.4	227.3	258.0	2,021.1	2,258.8	410.3	4,569.0	2,713.2
2012	12,245.7	4,564.1	452.9	4,446.3	229.8	322.5	2,230.0	2,448.4	423.9	4,270.2	2,873.3
2013 Q3	11,982.3	4,248.5	518.9	4,352.4	229.4	360.4	2,272.7	2,468.8	360.7	3,991.0	2,889.0
Q4	11,608.3	4,008.4	469.3	4,391.5	230.9	267.1	2,241.1	2,464.7	340.7	3,750.4	2,811.3
2014 Q1	11,826.0	4,075.5	469.3	4,479.4	229.9	342.6	2,229.3	2,556.8	311.6	3,840.0	2,888.3
	Outstanding amounts as a percentage of GDP										
2010	118.2	51.5	4.8	40.9	2.2	2.2	16.6	22.5	2.9	51.8	24.4
2011	126.8	50.8	4.7	44.7	2.4	2.7	21.4	23.9	4.3	48.4	28.7
2012	128.8	48.0	4.8	46.8	2.4	3.4	23.5	25.8	4.5	44.9	30.2
2013 Q3	125.2	44.4	5.4	45.5	2.4	3.8	23.8	25.8	3.8	41.7	30.2
Q4	120.8	41.7	4.9	45.7	2.4	2.8	23.3	25.7	3.5	39.0	29.3
2014 Q1	122.5	42.2	4.9	46.4	2.4	3.5	23.1	26.5	3.2	39.8	29.9

Source: ECB.

1) Data refer to the changing composition of the euro area, in line with the approach adopted for the reserve assets of the Eurosystem. For further information, see the General Notes.

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

9. Geographical breakdown

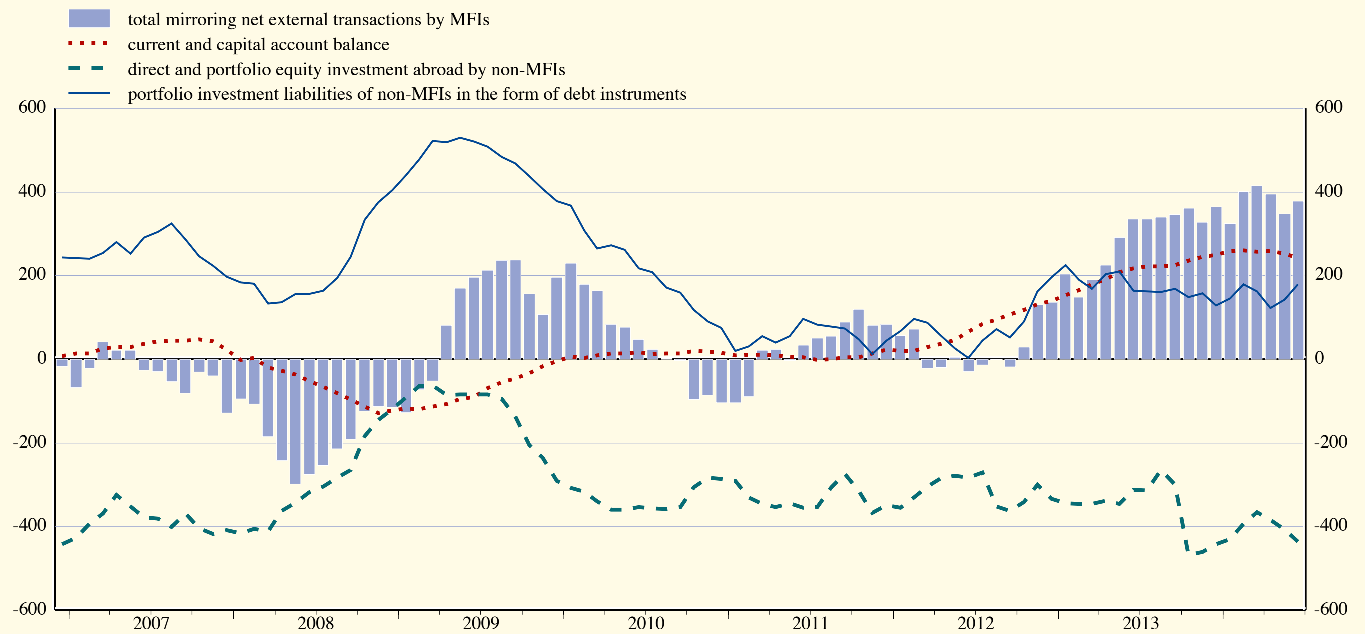
	Total	EU Member States outside the euro area						Canada	China	Japan	Switzer-land	United States	Offshore financial centres	Interna-tional organisa-tions	Other countries
		Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2012	Outstanding amounts (international investment position)														
Direct investment	1,491.5	395.5	-12.0	14.7	106.8	287.3	-1.2	107.0	80.2	-23.3	165.7	178.3	-243.2	-0.2	831.6
Abroad	6,125.7	1,724.5	33.4	173.5	1,181.7	335.9	0.1	217.3	101.6	78.8	629.1	1,434.9	627.7	0.1	1,311.5
Equity/reinvested earnings	4,562.5	1,281.2	26.8	104.2	889.3	260.9	0.0	169.9	83.3	56.5	476.9	1,016.9	512.3	0.1	965.5
Other capital	1,563.1	443.4	6.6	69.2	292.5	75.0	0.1	47.4	18.4	22.2	152.3	418.0	115.5	0.0	346.0
In the euro area	4,634.2	1,329.1	45.5	158.8	1,074.9	48.6	1.3	110.3	21.4	102.0	463.4	1,256.7	871.0	0.3	479.9
Equity/reinvested earnings	3,231.7	1,034.9	36.6	142.8	821.9	32.3	1.3	88.1	7.8	88.7	280.9	951.7	443.1	0.1	336.3
Other capital	1,402.5	294.2	8.9	16.0	253.0	16.2	0.0	22.2	13.6	13.3	182.5	304.9	427.9	0.2	143.7
Portfolio investment assets	5,254.8	1,679.6	99.5	227.4	1,046.3	118.6	187.7	102.0	61.2	215.5	131.4	1,638.6	433.5	33.2	959.8
Equity	1,952.0	394.6	17.2	48.8	314.2	14.2	0.1	39.6	57.2	106.1	117.1	621.7	237.0	0.9	377.6
Debt instruments	3,302.8	1,284.9	82.3	178.6	732.1	104.4	187.5	62.4	4.0	109.4	14.3	1,016.8	196.6	32.3	582.2
Bonds and notes	2,840.7	1,133.8	75.6	148.2	620.1	103.5	186.4	58.1	2.6	36.7	11.3	855.4	184.8	31.7	526.4
Money market instruments	462.1	151.1	6.6	30.4	112.0	0.9	1.2	4.3	1.3	72.7	3.0	161.4	11.8	0.6	55.8
Other investment	-218.9	-247.6	11.3	-26.9	-48.9	44.9	-228.0	1.9	-15.2	5.1	-33.9	58.1	49.0	-77.5	41.2
Assets	4,897.5	2,194.5	78.1	87.2	1,847.7	162.2	19.4	28.2	49.4	81.8	268.2	684.6	541.3	37.3	1,012.3
General government	168.0	65.5	1.0	4.6	43.4	1.6	14.9	1.8	3.1	0.9	1.5	11.0	3.3	30.7	50.3
MFIs	2,966.9	1,530.1	58.4	50.8	1,293.2	125.3	2.2	16.4	24.3	65.9	147.1	396.0	393.1	5.2	388.7
Other sectors	1,762.7	599.0	18.7	31.8	511.0	35.3	2.2	10.0	21.9	15.0	119.6	277.6	144.9	1.4	573.3
Liabilities	5,116.5	2,442.1	66.8	114.1	1,896.5	117.3	247.3	26.3	64.6	76.8	302.0	626.5	492.3	114.8	971.1
General government	231.6	110.5	0.3	0.9	26.3	0.2	82.8	0.1	0.0	0.1	1.1	29.6	1.2	83.7	5.2
MFIs	3,400.1	1,647.7	56.3	88.7	1,309.1	89.6	104.0	17.1	38.3	50.7	239.4	338.7	392.7	28.3	647.2
Other sectors	1,484.8	683.9	10.2	24.6	561.1	27.5	60.5	9.1	26.3	25.9	61.6	258.2	98.3	2.8	318.7
2013 Q2 to 2014 Q1	Cumulated transactions														
Direct investment	31.4	132.3	1.9	-8.3	139.3	-0.5	0.0	11.7	2.6	-23.4	25.6	-201.3	48.7	-0.3	35.5
Abroad	305.8	83.9	2.4	-3.0	79.0	5.5	0.0	18.6	7.4	-17.2	35.2	65.0	31.2	-0.3	82.0
Equity/reinvested earnings	268.9	87.4	1.8	-0.1	78.6	7.2	0.0	18.0	6.4	-17.0	8.5	90.3	25.6	0.0	49.5
Other capital	36.8	-3.6	0.6	-2.9	0.4	-1.7	0.0	0.6	0.9	-0.2	26.7	-25.3	5.5	-0.3	32.5
In the euro area	274.4	-48.5	0.6	5.3	-60.3	6.0	0.0	7.0	4.8	6.2	9.6	266.3	-17.5	0.0	46.5
Equity/reinvested earnings	260.0	-39.3	0.4	-0.1	-42.3	2.6	0.0	5.0	3.9	6.6	4.7	229.9	22.7	0.0	26.5
Other capital	14.4	-9.2	0.1	5.3	-18.0	3.4	0.0	2.0	0.9	-0.4	4.9	36.4	-40.2	0.1	20.0
Portfolio investment assets	218.7	67.5	-4.3	7.6	42.7	3.8	17.6	12.9	4.3	33.3	10.7	38.2	-7.8	2.3	57.2
Equity	123.2	34.3	2.3	5.0	26.3	0.5	0.2	6.3	2.1	18.2	5.6	51.8	-4.6	0.0	9.5
Debt instruments	95.5	33.2	-6.7	2.6	16.5	3.4	17.4	6.6	2.2	15.2	5.1	-13.6	-3.2	2.3	47.7
Bonds and notes	80.0	34.6	-5.5	6.6	13.4	1.9	18.2	10.4	1.4	0.7	4.6	-4.1	-12.5	3.0	41.9
Money market instruments	15.5	-1.4	-1.2	-4.0	3.1	1.5	-0.8	-3.8	0.8	14.5	0.5	-9.5	9.3	-0.7	5.8
Other investment	404.6	114.6	13.3	3.2	94.5	-7.2	10.8	0.9	-0.6	47.8	54.8	103.8	40.5	4.0	38.7
Assets	83.7	-104.9	-1.8	8.5	-105.3	-6.9	0.6	-0.8	6.3	43.7	21.1	97.0	23.8	5.9	-8.5
General government	-0.6	4.6	-0.4	-1.5	7.4	-0.4	-0.4	0.0	-0.1	0.3	-0.1	-0.4	-0.6	0.2	-4.3
MFIs	52.7	-116.0	-4.8	8.7	-113.5	-7.4	0.9	3.8	4.9	37.8	15.0	62.6	65.6	5.2	-26.2
Other sectors	31.5	6.5	3.4	1.3	0.8	0.9	0.1	-4.5	1.5	5.6	6.2	34.8	-41.1	0.5	22.0
Liabilities	-320.9	-219.5	-15.1	5.3	-199.8	0.4	-10.2	-1.7	6.9	-4.1	-33.7	-6.8	-16.7	1.9	-47.2
General government	-1.1	0.9	0.1	0.3	-0.6	0.0	1.0	-0.2	0.0	0.0	0.4	-5.5	-0.2	1.1	2.5
MFIs	-326.1	-192.8	-14.2	5.8	-171.0	0.4	-13.7	-2.3	3.5	-4.8	-35.8	-8.8	-20.2	0.0	-64.9
Other sectors	6.2	-27.5	-1.0	-0.8	-28.3	0.0	2.5	0.9	3.4	0.6	1.7	7.5	3.7	0.7	15.2

Source: ECB.

7.4 Monetary presentation of the balance of payments [1]
(EUR billions; transactions)

	B.o.p. items mirroring net transactions by MFIs											
	Total	Current and capital account balance	Transactions by non-MFIs								Financial derivatives	Errors and omissions
			Direct investment		Portfolio investment				Other investment			
			By resident units abroad	By non-resident units in euro area	Assets		Liabilities		Assets	Liabilities		
					Equity	Debt instruments	Equity	Debt instruments				
	1	2	3	4	5	6	7	8	9	10	11	12
2011	82.6	22.6	-479.1	387.4	55.7	-47.0	44.7	44.6	-149.3	180.7	-5.6	27.8
2012	136.4	139.9	-413.5	330.2	-55.0	-193.4	181.4	196.0	-81.2	1.4	5.2	25.5
2013	364.6	250.0	-353.1	319.4	-123.8	-121.4	264.2	128.5	-8.3	-9.4	17.2	1.2
2013 Q2	148.9	65.9	-67.6	90.5	-10.3	-22.8	84.7	27.3	1.6	-22.5	-1.9	3.8
Q3	53.8	56.3	-49.2	35.9	-29.5	-27.7	32.8	28.1	22.9	-23.0	7.6	-0.4
Q4	134.3	96.9	-183.9	169.4	-33.9	-15.7	70.8	48.4	2.0	-27.5	3.2	4.7
2014 Q1	76.9	37.1	6.8	-25.8	-33.3	-42.6	60.8	57.9	-57.5	78.1	0.7	-5.3
Q2	112.3	51.6	-31.2	29.6	-59.0	-70.8	90.4	44.8	11.8	26.4	6.0	12.8
2013 June	55.2	32.3	-32.8	19.6	14.5	14.5	38.1	-34.0	31.2	-37.7	12.4	-2.9
July	12.5	28.5	-7.5	12.7	-13.2	-12.7	-0.6	9.5	10.3	-12.3	-2.0	-0.4
Aug.	28.3	11.8	-28.0	28.0	2.2	-1.1	9.2	0.9	8.2	-4.6	6.7	-5.0
Sep.	13.0	16.1	-13.8	-4.8	-18.6	-13.9	24.1	17.7	4.4	-6.1	2.9	5.0
Oct.	21.3	29.4	-157.3	174.9	-13.7	-5.7	8.3	-1.0	-0.4	-6.3	3.4	-10.3
Nov.	33.7	32.6	-28.2	4.6	-3.9	-11.5	19.6	52.1	-27.7	-3.0	-1.4	0.5
Dec.	79.3	35.0	1.6	-10.1	-16.3	1.5	42.8	-2.8	30.1	-18.2	1.2	14.4
2014 Jan.	-7.1	3.7	-38.2	31.0	-10.2	-8.6	-8.0	35.2	-20.6	19.2	0.2	-10.7
Feb.	45.9	11.9	23.5	-19.8	-12.0	-18.4	4.8	40.8	-26.7	39.3	2.5	0.1
Mar.	38.2	21.5	21.5	-37.0	-11.1	-15.6	64.1	-18.1	-10.1	19.6	-2.0	5.3
Apr.	-10.8	20.0	-13.9	-4.0	-32.4	-35.7	19.6	-9.0	9.0	33.5	2.9	-0.9
May	37.9	9.5	-14.6	24.9	-18.6	-14.0	18.7	51.4	-16.1	-2.6	-0.5	-0.1
June	85.3	22.2	-2.7	8.7	-8.0	-21.0	52.0	2.3	19.0	-4.4	3.6	13.7
	12-month cumulated transactions											
2014 June	377.3	242.0	-257.6	209.1	-155.7	-156.7	254.7	179.1	-20.7	54.0	17.5	11.7

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)												
2012	7.6	1.8	1,880.6	934.3	386.5	516.7	1,524.0	1,794.0	1,152.0	243.4	372.9	1,090.1	360.8
2013	1.0	-3.1	1,896.9	932.7	385.1	532.5	1,537.9	1,738.8	1,098.2	236.3	373.9	1,077.5	336.9
2013 Q3	0.2	-1.8	472.3	231.7	95.2	133.7	383.6	436.4	275.3	60.2	94.3	270.7	84.2
Q4	1.1	-2.2	474.3	231.8	96.4	133.9	386.8	430.9	268.5	58.0	95.7	271.3	81.3
2014 Q1	1.2	0.2	479.3	235.0	95.3	136.6	389.6	436.2	272.0	60.4	95.4	276.8	79.8
Q2	0.6	0.0	479.9	.	.	.	394.3	436.1	.	.	.	278.4	.
2014 Jan.	1.2	-2.6	158.7	78.8	31.5	45.7	128.3	145.3	91.7	19.9	31.4	91.6	27.3
Feb.	3.3	0.2	160.7	79.1	31.9	45.9	131.6	145.8	90.3	20.3	32.0	93.1	25.8
Mar.	-0.7	3.0	160.0	77.0	31.8	44.9	129.8	145.0	90.0	20.2	31.9	92.2	26.6
Apr.	-1.5	-2.3	159.5	78.8	31.7	45.7	130.7	144.6	89.6	19.8	32.5	93.5	26.4
May	0.4	-0.1	160.6	77.7	32.6	45.9	132.8	145.4	90.7	19.5	32.6	92.0	27.4
June	2.9	2.5	159.9	.	.	.	130.7	146.1	.	.	.	92.9	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2012	3.5	-3.2	111.9	110.2	117.1	111.7	112.0	99.6	100.8	98.0	96.8	98.9	99.6
2013	1.7	-0.5	113.5	111.6	115.7	114.9	113.1	99.1	100.1	95.3	97.2	98.6	98.3
2013 Q2	2.0	-1.1	113.4	111.0	116.3	114.1	112.9	98.9	100.9	93.8	95.5	97.5	100.9
Q3	2.2	1.8	113.4	111.7	114.3	115.6	113.2	99.4	100.3	97.4	98.0	99.2	97.9
Q4	2.1	1.4	113.6	111.7	115.7	114.6	113.4	99.6	99.8	95.3	99.3	99.9	96.2
2014 Q1	1.5	2.0	114.8	113.3	114.6	117.0	114.2	100.1	100.3	97.6	99.0	101.7	95.6
2013 Dec.	5.2	4.9	112.7	110.0	113.4	113.2	112.8	98.7	99.1	92.8	98.8	98.9	94.5
2014 Jan.	1.1	-0.9	113.8	113.9	113.7	117.1	112.5	100.3	101.3	98.3	97.8	101.1	98.3
Feb.	3.6	2.0	115.6	114.3	115.5	118.6	115.9	100.2	99.8	97.9	99.7	102.6	92.0
Mar.	-0.2	5.0	115.1	111.6	114.6	115.4	114.2	99.8	99.8	96.5	99.5	101.3	96.6
Apr.	-0.8	1.1	115.0	114.8	113.9	118.3	115.5	101.5	101.8	96.9	101.6	103.8	97.3
May	0.4	1.6	115.4	112.6	116.3	118.4	116.8	101.8	103.0	95.2	101.4	102.0	99.7

2. Prices 2)

(annual percentage changes, unless otherwise indicated)

	Industrial producer export prices (f.o.b.) 3)							Industrial import prices (c.i.f.)						
	Total (index: 2010 = 100)	Total					Manufacturing	Total (index: 2010 = 100)	Total					Manufacturing
			Intermediate goods	Capital goods	Consumer goods	Energy				Intermediate goods	Capital goods	Consumer goods	Energy	
% of total	100.0	100.0	30.1	42.0	18.5	9.4	96.4	100.0	100.0	29.0	25.4	23.3	22.4	80.4
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2012	106.1	2.2	0.9	1.8	2.3	9.4	2.2	111.2	3.4	0.2	1.6	3.2	8.0	2.1
2013	105.0	-1.0	-1.5	-0.2	0.8	-7.9	-0.9	108.2	-2.7	-2.4	-1.9	0.0	-5.5	-1.7
2013 Q4	104.3	-1.4	-2.1	-0.4	0.4	-8.2	-1.3	106.8	-3.2	-3.1	-2.1	-0.8	-5.6	-2.3
2014 Q1	104.1	-1.6	-1.8	-0.3	-0.1	-9.3	-1.3	106.0	-3.6	-3.0	-2.3	-0.4	-7.3	-2.2
Q2	104.2	-0.8	-1.3	-0.3	0.0	-1.7	-0.7	105.4	-2.3	-2.8	-2.7	-0.6	-2.3	-2.0
2014 Jan.	104.1	-1.4	-1.6	-0.2	-0.1	-8.0	-1.1	106.4	-3.0	-2.7	-1.9	-0.3	-6.0	-1.9
Feb.	104.2	-1.5	-1.6	0.0	0.1	-11.1	-1.2	106.3	-3.4	-2.6	-1.8	-0.1	-7.8	-1.9
Mar.	103.9	-1.8	-2.2	-0.6	-0.3	-8.9	-1.5	105.3	-4.2	-3.6	-3.0	-0.9	-8.2	-2.8
Apr.	104.0	-1.3	-1.8	-0.6	-0.2	-3.6	-1.1	105.0	-3.3	-3.4	-3.7	-0.8	-4.1	-2.7
May	104.2	-0.9	-1.2	-0.3	-0.1	-2.2	-0.8	105.4	-2.3	-2.9	-2.4	-0.6	-2.0	-1.9
June	104.6	-0.1	-0.8	0.1	0.3	0.6	-0.1	105.9	-1.4	-2.0	-1.9	-0.3	-0.7	-1.3

Source: Eurostat.

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

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

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

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

3. Geographical breakdown

	Total	EU Member States outside the euro area: Denmark	Sweden	United Kingdom	Other EU countries	Russia	Switzer-land	Turkey	United States	Asia	China	Japan	Africa	Latin America	Other countries
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Exports (f.o.b.)														
2012	1,880.6	34.2	59.5	230.0	249.3	92.2	116.4	59.5	223.7	440.6	120.7	44.6	126.5	97.4	151.3
2013	1,896.9	35.3	59.5	239.2	255.3	88.7	110.7	60.4	221.5	443.9	122.1	43.9	130.4	97.8	154.2
2013 Q1	475.2	8.8	14.6	58.2	62.8	23.5	28.1	15.5	55.5	110.8	29.6	11.0	34.5	24.7	38.2
Q2	475.1	8.8	14.7	59.2	63.0	22.8	27.4	15.6	55.1	110.4	30.0	10.8	33.1	24.9	40.1
Q3	472.3	8.9	15.0	59.8	64.3	21.7	27.8	14.7	55.4	110.2	31.2	11.1	31.7	24.7	38.1
Q4	474.3	8.8	15.2	62.0	65.2	20.7	27.5	14.6	55.5	112.5	31.4	11.0	31.0	23.5	37.8
2014 Q1	479.3	8.9	15.0	63.3	67.6	20.2	26.9	14.6	58.0	112.2	32.0	11.0	33.1	23.5	36.0
Q2	479.9	.	.	.	.	19.5	27.4	14.0	59.3	113.6	32.3	10.6	32.6	22.7	.
2014 Jan.	158.7	3.1	5.1	20.8	22.8	6.9	9.4	5.0	18.7	37.2	10.8	3.9	10.6	7.8	11.3
Feb.	160.7	3.0	5.0	21.7	22.7	6.7	8.9	4.9	19.5	37.8	10.8	3.7	11.6	8.1	10.8
Mar.	160.0	2.9	4.9	20.8	22.2	6.6	8.6	4.8	19.7	37.2	10.5	3.5	10.8	7.6	14.0
Apr.	159.5	3.0	4.9	20.9	22.7	6.8	9.1	4.7	19.5	38.0	10.6	3.6	10.7	7.5	11.6
May	160.6	3.0	5.0	21.3	22.2	6.5	9.0	4.7	20.3	38.1	10.8	3.4	11.1	7.6	11.7
June	159.9	.	.	.	.	6.2	9.3	4.6	19.5	37.4	10.8	3.5	10.8	7.6	.
	Percentage share of total exports														
2013	100.0	1.9	3.1	12.6	13.5	4.7	5.8	3.2	11.7	23.4	6.4	2.3	6.9	5.2	8.1
	Imports (c.i.f.)														
2012	1,794.0	29.0	53.1	167.4	232.7	144.8	82.3	34.5	151.2	540.6	214.3	49.2	157.5	89.8	111.1
2013	1,738.8	30.1	53.7	164.2	239.8	144.9	81.8	35.8	149.2	510.0	204.3	43.6	141.3	80.3	107.8
2013 Q1	437.5	7.6	13.3	41.8	58.8	37.4	20.0	8.9	35.5	127.1	52.1	11.1	37.9	20.5	28.7
Q2	434.0	7.4	13.5	41.1	59.0	35.6	20.6	8.8	37.3	128.0	50.5	11.0	36.2	20.0	26.6
Q3	436.4	7.8	13.7	40.8	60.7	36.5	20.7	8.9	38.1	127.8	50.6	10.7	34.6	20.1	26.6
Q4	430.9	7.4	13.3	40.5	61.3	35.3	20.4	9.2	38.3	127.1	51.0	10.9	32.6	19.7	25.8
2014 Q1	436.2	7.6	13.4	40.4	62.5	34.9	21.1	9.2	37.0	130.1	53.6	10.6	32.7	19.4	27.7
Q2	436.1	.	.	.	.	34.5	21.5	9.4	37.4	128.7	53.0	10.2	32.6	19.8	.
2014 Jan.	145.3	2.6	4.6	13.3	20.8	11.8	6.7	3.1	12.4	43.1	17.4	3.6	11.2	6.5	9.1
Feb.	145.8	2.6	4.4	13.4	21.0	11.6	7.1	3.0	12.5	42.8	17.9	3.5	10.8	6.3	10.2
Mar.	145.0	2.4	4.4	13.7	20.7	11.5	7.2	3.1	12.1	44.2	18.3	3.5	10.7	6.6	8.4
Apr.	144.6	2.6	4.4	13.7	21.4	11.7	7.1	3.1	12.4	42.0	17.4	3.4	10.6	6.6	9.1
May	145.4	2.5	4.3	13.5	21.0	11.6	7.3	3.1	12.3	44.0	17.5	3.4	11.3	6.4	8.1
June	146.1	.	.	.	.	11.3	7.1	3.2	12.7	42.8	18.1	3.4	10.8	6.8	.
	Percentage share of total imports														
2013	100.0	1.7	3.1	9.4	13.8	8.3	4.7	2.1	8.6	29.3	11.8	2.5	8.1	4.6	6.2
	Balance														
2012	86.6	5.2	6.4	62.6	16.7	-52.6	34.1	25.0	72.5	-100.0	-93.6	-4.6	-31.1	7.6	40.2
2013	158.1	5.2	5.8	75.0	15.5	-56.2	29.0	24.5	72.3	-66.1	-82.2	0.3	-10.9	17.5	46.5
2013 Q1	37.8	1.2	1.4	16.4	4.0	-13.9	8.0	6.5	20.0	-16.3	-22.6	0.0	-3.5	4.3	9.6
Q2	41.1	1.4	1.2	18.1	4.0	-12.8	6.9	6.8	17.8	-17.6	-20.5	-0.2	-3.1	4.9	13.5
Q3	35.9	1.1	1.3	19.0	3.6	-14.9	7.0	5.8	17.3	-17.6	-19.5	0.5	-2.9	4.6	11.4
Q4	43.4	1.5	1.9	21.5	3.9	-14.7	7.0	5.4	17.2	-14.7	-19.7	0.1	-1.5	3.8	12.0
2014 Q1	43.2	1.4	1.6	22.8	5.1	-14.7	5.8	5.4	21.0	-18.0	-21.6	0.4	0.4	4.1	8.3
Q2	43.8	.	.	.	.	-15.0	5.9	4.6	21.8	-15.1	-20.8	0.4	0.0	2.9	.
2014 Jan.	13.4	0.5	0.5	7.5	2.0	-4.9	2.6	1.9	6.4	-6.0	-6.6	0.3	-0.5	1.3	2.1
Feb.	14.9	0.4	0.6	8.2	1.7	-4.8	1.8	1.9	7.0	-5.1	-7.1	0.2	0.9	1.8	0.5
Mar.	14.9	0.5	0.5	7.1	1.4	-5.0	1.4	1.7	7.6	-6.9	-7.8	-0.1	0.1	1.0	5.6
Apr.	14.8	0.4	0.5	7.2	1.4	-4.9	2.0	1.6	7.1	-3.9	-6.8	0.2	0.1	0.9	2.5
May	15.2	0.5	0.7	7.8	1.2	-5.0	1.8	1.6	8.0	-5.9	-6.7	0.0	-0.2	1.2	3.6
June	13.8	.	.	.	.	-5.1	2.2	1.5	6.7	-5.3	-7.3	0.1	0.1	0.8	.

Source: Eurostat.

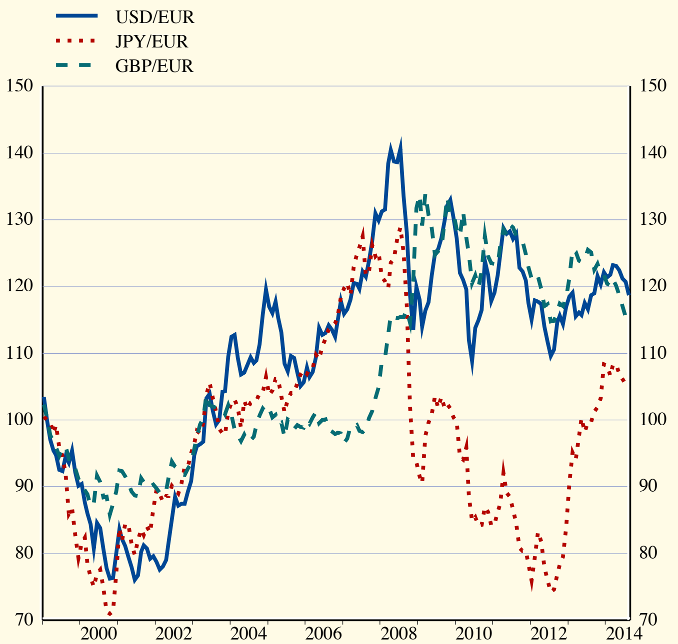
EXCHANGE RATES

8.1 Effective exchange rates [1]
(period averages; index: 1999 Q1=100)

	EER-20						EER-39	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM [2]	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2011	103.4	100.7	97.2	95.0	106.2	96.8	112.2	97.7
2012	97.9	95.6	92.9	89.8	101.1	91.6	107.1	92.9
2013	101.7	98.9	96.4	93.4	103.6	93.8	112.0	96.2
2013 Q2	100.8	98.3	95.7	93.1	104.3	94.5	110.6	95.0
Q3	101.9	99.2	96.6	93.5	104.9	95.2	112.9	96.8
Q4	103.1	100.0	97.5	94.3	100.1	91.0	114.7	97.8
2014 Q1	103.9	100.7	97.9	95.5	102.4	93.3	116.6	99.1
Q2	103.8	100.1	97.8	.	.	.	116.0	97.9
2013 Aug.	102.2	99.5	96.8	-	-	-	113.4	97.3
Sep.	102.0	99.1	96.6	-	-	-	113.3	97.0
Oct.	102.8	99.8	97.3	-	-	-	114.2	97.4
Nov.	102.6	99.5	97.1	-	-	-	114.2	97.3
Dec.	103.9	100.7	98.2	-	-	-	115.8	98.6
2014 Jan.	103.4	100.3	97.5	-	-	-	115.9	98.6
Feb.	103.6	100.4	97.6	-	-	-	116.3	98.9
Mar.	104.6	101.3	98.5	-	-	-	117.5	99.6
Apr.	104.5	101.0	98.5	-	-	-	117.0	98.9
May	103.8	100.1	97.9	-	-	-	116.1	97.8
June	103.0	99.2	97.1	-	-	-	115.1	96.9
July	102.6	98.7	96.8	-	-	-	114.6	96.2
Aug.	101.9	98.0	96.1	-	-	-	114.0	95.6
	Percentage change versus previous month							
2014 Aug.	-0.7	-0.7	-0.7	-	-	-	-0.5	-0.7
	Percentage change versus previous year							
2014 Aug.	-0.3	-1.5	-0.7	-	-	-	0.5	-1.8

C39 Effective exchange rates
(monthly averages; index: 1999 Q1=100)

C40 Bilateral exchange rates
(monthly averages; index: 1999 Q1=100)



Source: ECB.
1) For a definition of the trading partner groups and other information, please refer to the General Notes.
2) ULCM-deflated series are available only for the EER-19 trading partner group.

8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	Bulgarian lev	Czech koruna	Danish krone	Croatian kuna	Lithuanian litas	Hungarian forint	Polish zloty	New Romanian leu	Swedish krona	Pound sterling	New Turkish lira
	1	2	3	4	5	6	7	8	9	10	11
2011	1.9558	24.590	7.4506	7.4390	3.4528	279.37	4.1206	4.2391	9.0298	0.86788	2.3378
2012	1.9558	25.149	7.4437	7.5217	3.4528	289.25	4.1847	4.4593	8.7041	0.81087	2.3135
2013	1.9558	25.980	7.4579	7.5786	3.4528	296.87	4.1975	4.4190	8.6515	0.84926	2.5335
2013 Q4	1.9558	26.658	7.4593	7.6290	3.4528	297.43	4.1853	4.4506	8.8575	0.84074	2.7537
2014 Q1	1.9558	27.442	7.4625	7.6498	3.4528	307.93	4.1843	4.5023	8.8569	0.82787	3.0372
Q2	1.9558	27.446	7.4628	7.5992	3.4528	305.91	4.1665	4.4256	9.0517	0.81471	2.8972
2014 Feb.	1.9558	27.444	7.4622	7.6574	3.4528	310.20	4.1741	4.4918	8.8721	0.82510	3.0184
Mar.	1.9558	27.395	7.4638	7.6576	3.4528	311.49	4.1987	4.4933	8.8666	0.83170	3.0629
Apr.	1.9558	27.450	7.4656	7.6267	3.4528	307.37	4.1853	4.4620	9.0329	0.82520	2.9393
May	1.9558	27.437	7.4641	7.5952	3.4528	304.58	4.1800	4.4237	9.0298	0.81535	2.8736
June	1.9558	27.450	7.4588	7.5770	3.4528	305.87	4.1352	4.3930	9.0914	0.80409	2.8808
July	1.9558	27.458	7.4564	7.6146	3.4528	309.81	4.1444	4.4098	9.2327	0.79310	2.8699
Aug.	1.9558	27.816	7.4551	7.6326	3.4528	313.91	4.1919	4.4252	9.1878	0.79730	2.8784
	Percentage change versus previous month										
2014 Aug.	0.0	1.3	0.0	0.2	0.0	1.3	1.1	0.4	-0.5	0.5	0.3
	Percentage change versus previous year										
2014 Aug.	0.0	7.7	0.0	1.3	0.0	4.8	-0.9	-0.3	5.6	-7.2	10.2

	Australian dollar	Brazilian real	Canadian dollar	Chinese yuan renminbi	Hong Kong dollar	Indian rupee	Indonesian rupiah	Israeli shekel	Japanese yen	Malaysian ringgit
	12	13	14	15	16	17	18	19	20	21
2011	1.3484	2.3265	1.3761	8.9960	10.8362	64.8859	12,206.51	4.9775	110.96	4.2558
2012	1.2407	2.5084	1.2842	8.1052	9.9663	68.5973	12,045.73	4.9536	102.49	3.9672
2013	1.3777	2.8687	1.3684	8.1646	10.3016	77.9300	13,857.50	4.7948	129.66	4.1855
2013 Q4	1.4662	3.0931	1.4275	8.2903	10.5522	84.4048	15,682.97	4.7994	136.48	4.3633
2014 Q1	1.5275	3.2400	1.5107	8.3576	10.6287	84.5794	16,179.21	4.7892	140.80	4.5184
Q2	1.4699	3.0583	1.4950	8.5438	10.6297	81.9776	15,935.34	4.7517	140.00	4.4352
2014 Feb.	1.5222	3.2581	1.5094	8.3062	10.6012	84.9503	16,270.18	4.8043	139.35	4.5194
Mar.	1.5217	3.2187	1.5352	8.5332	10.7283	84.2990	15,785.89	4.8087	141.48	4.5361
Apr.	1.4831	3.0864	1.5181	8.5984	10.7107	83.3624	15,801.66	4.8010	141.62	4.4989
May	1.4755	3.0512	1.4951	8.5658	10.6456	81.4318	15,830.12	4.7600	139.74	4.4337
June	1.4517	3.0388	1.4728	8.4698	10.5365	81.2046	16,167.87	4.6966	138.72	4.3760
July	1.4420	3.0109	1.4524	8.3940	10.4935	81.3058	15,789.65	4.6325	137.72	4.3100
Aug.	1.4306	3.0219	1.4548	8.1965	10.3207	81.0709	15,603.10	4.6569	137.11	4.2310
	Percentage change versus previous month									
2014 Aug.	-0.8	0.4	0.2	-2.4	-1.6	-0.3	-1.2	0.5	-0.4	-1.8
	Percentage change versus previous year									
2014 Aug.	-3.0	-3.1	5.0	0.6	0.0	-3.4	10.1	-2.2	5.2	-3.0

	Mexican peso	New Zealand dollar	Norwegian krone	Philippine peso	Russian rouble	Singapore dollar	South African rand	South Korean won	Swiss franc	Thai baht	US dollar
	22	23	24	25	26	27	28	29	30	31	32
2011	17.2877	1.7600	7.7934	60.260	40.8846	1.7489	10.0970	1,541.23	1.2326	42.429	1.3920
2012	16.9029	1.5867	7.4751	54.246	39.9262	1.6055	10.5511	1,447.69	1.2053	39.928	1.2848
2013	16.9641	1.6206	7.8067	56.428	42.3370	1.6619	12.8330	1,453.91	1.2311	40.830	1.3281
2013 Q4	17.7331	1.6439	8.2375	59.354	44.2920	1.7006	13.8224	1,445.53	1.2294	43.151	1.3610
2014 Q1	18.1299	1.6371	8.3471	61.468	48.0425	1.7379	14.8866	1,465.34	1.2237	44.722	1.3696
Q2	17.8171	1.5923	8.2049	60.464	47.9415	1.7178	14.4616	1,410.80	1.2192	44.510	1.3711
2014 Feb.	18.1561	1.6466	8.3562	61.238	48.2554	1.7295	14.9820	1,462.51	1.2212	44.568	1.3659
Mar.	18.2447	1.6199	8.2906	61.901	49.9477	1.7513	14.8613	1,479.99	1.2177	44.765	1.3823
Apr.	18.0485	1.6049	8.2506	61.646	49.2978	1.7345	14.5815	1,441.28	1.2189	44.657	1.3813
May	17.7620	1.5957	8.1513	60.258	47.8403	1.7189	14.2995	1,407.13	1.2204	44.686	1.3732
June	17.6516	1.5769	8.2149	59.543	46.7509	1.7008	14.5094	1,385.45	1.2181	44.195	1.3592
July	17.5834	1.5578	8.3880	58.844	46.9984	1.6825	14.4366	1,382.29	1.2150	43.470	1.3539
Aug.	17.5051	1.5783	8.2522	58.320	48.1781	1.6622	14.2052	1,364.17	1.2118	42.644	1.3316
	Percentage change versus previous month										
2014 Aug.	-0.4	1.3	-1.6	-0.9	2.5	-1.2	-1.6	-1.3	-0.3	-1.9	-1.6
	Percentage change versus previous year										
2014 Aug.	1.8	-6.2	4.0	-0.3	9.6	-1.9	5.9	-8.2	-1.8	1.4	0.0

Source: ECB.

9

DEVELOPMENTS OUTSIDE THE EURO AREA

9.1 Economic and financial developments in other EU Member States

(annual percentage changes, unless otherwise indicated)

	Bulgaria	Czech Republic	Denmark	Croatia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10
	HICP									
2012	2.4	3.5	2.4	3.4	3.2	5.7	3.7	3.4	0.9	2.8
2013	0.4	1.4	0.5	2.3	1.2	1.7	0.8	3.2	0.4	2.6
2014 Q1	-1.8	0.3	0.4	0.1	0.3	0.4	0.6	1.3	0.0	1.8
Q2	-1.6	0.2	0.4	0.3	0.2	-0.1	0.3	1.3	0.3	1.7
2014 May	-1.8	0.5	0.3	0.4	0.1	0.0	0.3	1.3	0.1	1.5
June	-1.8	0.0	0.4	0.5	0.3	-0.1	0.3	0.9	0.5	1.9
July	-1.1	0.6	0.5	0.5	0.5	0.5	0.0	1.5	0.4	1.6
	General government deficit (-)/surplus (+) as a percentage of GDP									
2011	-2.0	-3.2	-1.9	-7.8	-5.5	4.3	-5.1	-5.5	0.2	-7.6
2012	-0.8	-4.2	-3.8	-5.0	-3.2	-2.1	-3.9	-3.0	-0.6	-6.1
2013	-1.5	-1.5	-0.8	-4.9	-2.2	-2.2	-4.3	-2.3	-1.1	-5.8
	General government gross debt as a percentage of GDP									
2011	16.3	41.4	46.4	52.0	38.3	82.1	56.2	34.7	38.6	84.3
2012	18.4	46.2	45.4	55.9	40.5	79.8	55.6	38.0	38.3	89.1
2013	18.9	46.0	44.5	67.1	39.4	79.2	57.0	38.4	40.6	90.6
	Long-term government bond yield as a percentage per annum; period average									
2014 Feb.	3.58	2.28	1.67	4.78	3.33	6.03	4.47	5.35	2.23	2.37
Mar.	3.54	2.20	1.61	4.51	3.33	5.83	4.25	5.31	2.16	2.34
Apr.	3.44	2.00	1.57	4.41	3.26	5.56	4.10	5.15	2.06	2.30
May	3.18	1.73	1.47	4.31	2.98	5.01	3.80	4.72	1.88	2.27
June	3.11	1.55	1.38	3.94	2.92	4.50	3.54	4.48	1.80	2.35
July	3.38	1.49	1.24	3.72	2.90	4.33	3.34	4.16	1.60	2.31
	3-month interest rate as a percentage per annum; period average									
2014 Feb.	0.89	0.37	0.27	0.88	0.41	2.99	2.71	3.29	0.94	0.52
Mar.	0.83	0.37	0.29	0.86	0.41	3.24	2.71	2.83	0.93	0.52
Apr.	0.83	0.37	0.31	0.83	0.41	2.94	2.72	2.74	0.91	0.53
May	0.83	0.37	0.35	0.87	0.41	2.55	2.72	2.62	0.92	0.53
June	0.81	0.35	0.36	0.89	0.38	2.50	2.69	2.24	0.85	0.54
July	0.76	0.35	0.38	0.87	0.35	2.29	2.68	1.97	0.52	0.56
	Real GDP									
2012	0.6	-1.0	-0.4	-2.2	3.7	-1.7	2.0	0.5	0.9	0.3
2013	0.9	-0.9	0.4	-0.9	3.3	1.1	1.6	3.5	1.6	1.7
2013 Q4	1.2	1.1	0.7	-0.6	3.4	2.9	2.5	5.0	3.0	2.7
2014 Q1	1.2	2.9	1.3	-0.6	3.1	3.2	3.5	3.7	1.8	3.0
Q2	1.6	2.7	0.0	.	3.1	.	3.3	1.5	1.9	3.1
	Current and capital account balance as a percentage of GDP									
2012	0.5	0.0	6.0	0.2	2.0	3.5	-1.5	-3.0	5.8	-3.6
2013	3.1	0.5	7.1	1.3	3.7	6.8	1.0	1.2	6.2	-4.2
2013 Q4	-2.7	1.1	8.6	-6.7	3.8	8.5	1.1	0.5	5.2	-5.3
2014 Q1	1.6	9.9	3.9	-16.0	2.6	7.0	0.8	5.2	6.8	-3.4
Q2	4.6	-0.3	5.1	.	8.1	.	4.6	-0.4	4.7	.
	Gross external debt as a percentage of GDP									
2012	94.6	62.0	181.8	102.7	75.4	129.6	71.0	75.3	191.2	390.6
2013	93.5	71.0	176.8	105.3	67.1	120.3	70.2	68.6	196.9	357.1
2013 Q3	93.9	64.6	174.4	103.0	69.5	122.9	72.8	71.9	197.4	365.3
Q4	93.5	71.0	176.8	105.3	67.1	120.3	70.2	68.6	196.9	357.1
2014 Q1	95.2	70.1	172.2	107.5	70.5	123.1	69.4	65.4	202.8	353.2
	Unit labour costs									
2012	4.4	3.3	1.5	-0.2	1.9	2.5	1.5	4.5	2.9	2.6
2013	5.2	-0.1	1.1	1.4	3.8	3.9	0.1	2.5	0.8	1.3
2013 Q4	1.9	-2.7	0.9	1.8	2.7	3.3	-3.7	0.9	-0.8	0.9
2014 Q1	1.4	1.0	0.5	-5.5	5.5	3.0	-3.2	1.3	1.1	2.1
Q2	0.8	.	1.7	.	.	.	.	.	2.8	.
	Standardised unemployment rate as a percentage of labour force (s.a.)									
2012	12.3	7.0	7.5	16.1	13.4	10.9	10.1	7.1	8.0	7.9
2013	12.9	7.0	7.0	17.3	11.8	10.2	10.3	7.3	8.0	7.5
2014 Q1	12.2	6.6	6.8	17.4	11.6	8.0	9.8	7.2	8.1	6.7
Q2	11.8	6.2	6.4	16.6	11.4	8.1	9.2	7.2	8.0	.
2014 May	11.8	6.2	6.4	16.6	11.4	8.1	9.2	7.3	7.8	6.4
June	11.6	6.0	6.5	16.3	11.4	8.1	9.1	7.1	8.0	.
July	11.5	6.0	6.6	16.2	11.5	.	9.0	7.0	7.7	.

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

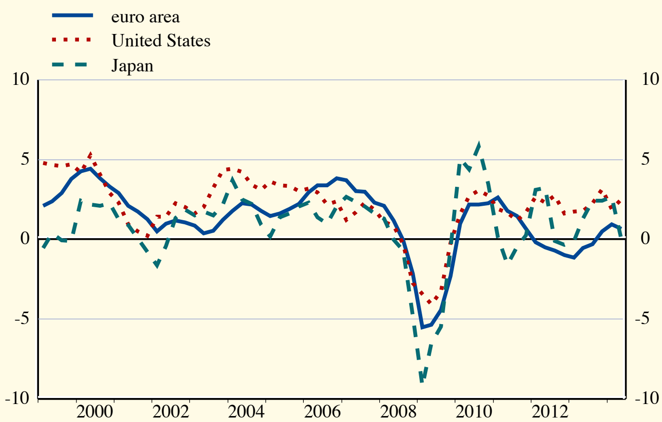
9.2 Economic and financial developments in the United States and Japan

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs [1]	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force [2] (s.a.)	Broad money [3]	3-month interbank deposit rate [4]	10-year zero coupon government bond yield; [4] end of period	Exchange rate [5] as national currency per euro	Government deficit (-)/ surplus (+) as a % of GDP	Government debt [6] as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
					United States						
2010	1.6	-1.3	2.5	6.6	9.6	2.5	0.34	3.57	1.3257	-12.2	79.2
2011	3.2	2.1	1.6	3.6	8.9	7.3	0.34	2.10	1.3920	-10.7	83.1
2012	2.1	1.7	2.3	4.4	8.1	8.6	0.43	1.88	1.2848	-9.0	86.5
2013	1.5	0.3	2.2	2.9	7.4	6.7	0.27	3.27	1.3281	-5.7	87.8
2013 Q2	1.4	1.6	1.8	2.7	7.5	7.1	0.28	2.82	1.3062	-5.2	87.0
Q3	1.6	1.2	2.3	2.7	7.2	6.6	0.26	2.91	1.3242	-6.3	86.6
Q4	1.2	-2.0	3.1	3.2	7.0	6.1	0.24	3.27	1.3610	-4.9	87.8
2014 Q1	1.4	2.6	1.9	2.3	6.7	6.0	0.24	2.97	1.3696	-5.0	88.6
Q2	2.1	1.8	2.5	3.7	6.2	6.6	0.23	2.74	1.3711	-5.1	.
2014 Apr.	2.0	-	-	3.6	6.3	6.3	0.23	2.87	1.3813	-	-
May	2.1	-	-	3.8	6.3	6.7	0.23	2.69	1.3732	-	-
June	2.1	-	-	3.7	6.1	6.7	0.23	2.74	1.3592	-	-
July	2.0	-	-	5.3	6.2	6.7	0.23	2.80	1.3539	-	-
Aug.	.	-	-	.	.	.	0.23	2.58	1.3316	-	-
					Japan						
2010	-0.7	-4.8	4.7	15.6	5.1	2.8	0.23	1.18	116.24	-8.3	186.7
2011	-0.3	0.8	-0.4	-2.8	4.6	2.7	0.19	1.00	110.96	-8.8	202.9
2012	0.0	-1.4	1.5	0.6	4.3	2.5	0.19	0.84	102.49	-8.7	211.0
2013	0.4	-0.8	1.5	-0.8	4.0	3.6	0.15	0.95	129.66	.	.
2013 Q2	-0.3	-0.5	1.3	-3.1	4.0	3.5	0.16	1.02	129.07	.	.
Q3	0.9	-1.9	2.4	2.2	4.0	3.8	0.15	0.88	131.02	.	.
Q4	1.4	-1.0	2.4	5.9	3.9	4.3	0.14	0.95	136.48	.	.
2014 Q1	1.5	-2.3	2.7	8.3	3.6	3.9	0.14	0.84	140.80	.	.
Q2	3.6	.	0.0	2.6	3.6	3.2	0.13	0.72	140.00	.	.
2014 Apr.	3.4	-	-	3.8	3.6	3.5	0.14	0.81	141.62	-	-
May	3.7	-	-	1.0	3.5	3.3	0.14	0.75	139.74	-	-
June	3.6	-	-	3.1	3.7	3.0	0.13	0.72	138.72	-	-
July	3.4	-	-	-0.9	.	3.0	0.13	0.67	137.72	-	-
Aug.	.	-	-	.	.	.	0.13	0.62	137.11	-	-

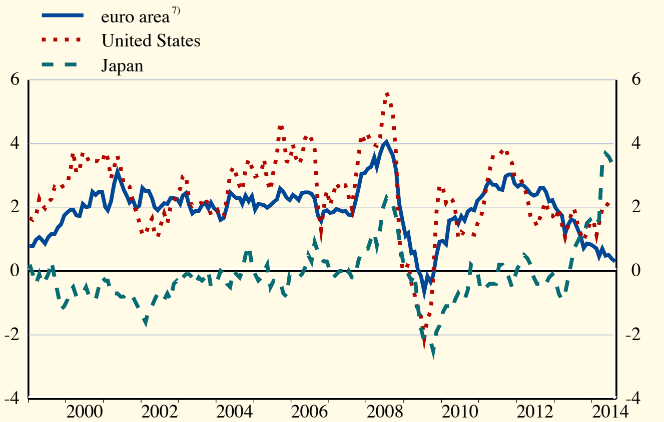
C41 Real gross domestic product

(annual percentage changes; quarterly data)



C42 Consumer price indices

(annual percentage changes; monthly data)



Sources: National data (columns 1, 2 (United States), 3, 4, 5 (United States), 6, 9 and 10); OECD (column 2 (Japan)); Eurostat (column 5 (Japan), euro area chart data); Thomson Reuters (columns 7 and 8); ECB calculations (column 11).

1) Seasonally adjusted. The data for the United States refer to the private non-agricultural business sector.
2) Japanese data from March to August 2011 include estimates for the three prefectures most affected by the earthquake in that country. Data collection was reinstated as of September 2011.
3) Period averages; M2 for the United States, M2+CDs for Japan.
4) Percentages per annum. For further information on the three-month interbank deposit rate, see Section 4.6.
5) For more information, see Section 8.2.
6) General government debt consists of deposits, securities other than shares and loans outstanding at nominal value and is consolidated within the general government sector (end of period).
7) HICP data refer to the changing composition of the euro area. For further information, see the General Notes.

LIST OF CHARTS

TECHNICAL NOTES

EURO AREA OVERVIEW

CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

The average growth rate for the quarter ending in month t is calculated as:

$$\text{a)}\quad \left(\frac{0.5I_t + \sum_{i=1}^{2} I_{t-i} + 0.5I_{t-3}}{0.5I_{t-12} + \sum_{i=1}^{2} I_{t-i-12} + 0.5I_{t-15}} - 1 \right) \times 100$$

where I_t is the index of adjusted outstanding amounts as at month t (see also below). Likewise, for the year ending in month t, the average growth rate is calculated as:

$$\text{b)}\quad \left(\frac{0.5I_t + \sum_{i=1}^{11} I_{t-i} + 0.5I_{t-12}}{0.5I_{t-12} + \sum_{i=1}^{11} I_{t-i-12} + 0.5I_{t-24}} - 1 \right) \times 100$$

SECTION 1.3

CALCULATION OF INTEREST RATES ON INDEXED LONGER-TERM REFINANCING OPERATIONS

The interest rate on an indexed longer-term refinancing operation (LTRO) is equal to the average of the minimum bid rates on the main refinancing operations (MROs) over the life of that LTRO. According to this definition, if an LTRO is outstanding for D number of days and the minimum bid rates prevailing in MROs are $R_{1,\,MRO}$ (over D_1 days), $R_{2,\,MRO}$ (over D_2 days), etc., until $R_{i,\,MRO}$ (over D_i days), where $D_1+D_2+\ldots+D_i=D$, the applicable annualised rate (R_{LTRO}) is calculated as:

$$\text{c)}\quad R_{LTRO} = \frac{D_1 R_{1,MRO} + D_2 R_{2,MRO} + \ldots + D_i R_{i,MRO}}{D}$$

SECTIONS 2.1 TO 2.6

CALCULATION OF TRANSACTIONS

Monthly transactions are calculated from monthly differences in outstanding amounts adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions.

If L_t represents the outstanding amount at the end of month t, C_t^M the reclassification adjustment in month t, E_t^M the exchange rate adjustment and V_t^M the other revaluation adjustments, the transactions F_t^M in month t are defined as:

$$\text{d)}\quad F_t^M = (L_t - L_{t-1}) - C_t^M - E_t^M - V_t^M$$

Similarly, the quarterly transactions F_t^Q for the quarter ending in month t are defined as:

e) $$F_t^Q = (L_t - L_{t-3}) - C_t^Q - E_t^Q - V_t^Q$$

where L_{t-3} is the amount outstanding at the end of month t-3 (the end of the previous quarter) and, for example, C_t^Q is the reclassification adjustment in the quarter ending in month t.

For those quarterly series for which monthly observations are now available (see below), the quarterly transactions can be derived as the sum of the three monthly transactions in the quarter.

CALCULATION OF GROWTH RATES FOR MONTHLY SERIES

Growth rates can be calculated from transactions or from the index of adjusted outstanding amounts. If F_t^M and L_t are defined as above, the index I_t of adjusted outstanding amounts in month t is defined as:

f) $$I_t = I_{t-1} \times \left(1 + \frac{F_t^M}{L_{t-1}}\right)$$

The base of the index (for the non-seasonally adjusted series) is currently set as December 2010 = 100. Time series for the index of adjusted outstanding amounts are available on the ECB's website (www.ecb.europa.eu) in the "Monetary and financial statistics" sub-section of the "Statistics" section.

The annual growth rate a_t for month t – i.e. the change in the 12 months ending in month t – can be calculated using either of the following two formulae:

g) $$a_t = \left[\prod_{i=0}^{11}\left(1 + F_{t-i}^M \big/ L_{t-1-i}\right) - 1\right] \times 100$$

h) $$a_t = \left(I_t \big/ I_{t-12} - 1\right) \times 100$$

Unless otherwise indicated, the annual growth rates refer to the end of the indicated period. For example, the annual percentage change for the year 2002 is calculated in h) by dividing the index for December 2002 by the index for December 2001.

Growth rates for intra-annual periods can be derived by adapting formula h). For example, the month-on-month growth rate a_t^M can be calculated as:

i) $$a_t^M = \left(I_t \big/ I_{t-1} - 1\right) \times 100$$

Finally, the three-month moving average (centred) for the annual growth rate of M3 is obtained as $(a_{t+1} + a_t + a_{t-1})/3$, where a_t is defined as in g) or h) above.

CALCULATION OF GROWTH RATES FOR QUARTERLY SERIES

If F_t^Q and L_{t-3} are defined as above, the index I_t of adjusted outstanding amounts for the quarter ending in month t is defined as:

$$\text{j)} \quad I_t = I_{t-3} \times \left(1 + \frac{F_t^Q}{L_{t-3}}\right)$$

The annual growth rate in the four quarters ending in month t (i.e. a_t) can be calculated using formula h).

SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS[1]

The approach used is based on multiplicative decomposition using X-12-ARIMA.[2] The seasonal adjustment may include a day-of-the-week adjustment, and for some series it is carried out indirectly by means of a linear combination of components. This is the case for M3, which is derived by aggregating the seasonally adjusted series for M1, M2 less M1, and M3 less M2.

The seasonal adjustment procedures are first applied to the index of adjusted outstanding amounts.[3] The resulting estimates of seasonal factors are then applied to the levels and to the adjustments arising from reclassifications and revaluations, in turn yielding seasonally adjusted transactions. Seasonal (and trading day) factors are revised at annual intervals or as required.

SECTIONS 3.1 TO 3.5

EQUALITY OF USES AND RESOURCES

In Section 3.1 the data conform to a basic accounting identity. For non-financial transactions, total uses equal total resources for each transaction category. This accounting identity is also reflected in the financial account – i.e. for each financial instrument category, total transactions in financial assets equal total transactions in liabilities. In the other changes in assets account and the financial balance sheets, total financial assets equal total liabilities for each financial instrument category, with the exception of monetary gold and special drawing rights, which are by definition not a liability of any sector.

1 For details, see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000) and the "Monetary and financial statistics" sub-section of the "Statistics" section of the ECB's website (www.ecb.europa.eu).
2 For details, see Findley, D., Monsell, B., Bell, W., Otto, M. and Chen, B. C. (1998), "New Capabilities and Methods of the X-12-ARIMA Seasonal Adjustment Program", Journal of Business and Economic Statistics, 16, 2, pp.127-152, or"X-12-ARIMA Reference Manual", Time Series Staff, Bureau of the Census, Washington, D.C.
For internal purposes, the model-based approach of TRAMO-SEATS is also used. For details of TRAMO-SEATS, see Gomez, V. and Maravall, A. (1996), "Programs TRAMO and SEATS: Instructions for the User", Banco de España, Working Paper No 9628, Madrid.
3 It follows that for the seasonally adjusted series, the level of the index for the base period (i.e. December 2010) generally differs from 100, reflecting the seasonality of that month.

CALCULATION OF BALANCING ITEMS

The balancing items at the end of each account in Sections 3.1, 3.2 and 3.3 are computed as follows.

The trade balance equals euro area imports minus exports vis-à-vis the rest of the world for goods and services.

Net operating surplus and mixed income is defined for resident sectors only and is calculated as gross value added (gross domestic product at market prices for the euro area) minus compensation of employees (uses) minus other taxes less subsidies on production (uses) minus consumption of fixed capital (uses).

Net national income is defined for resident sectors only and is computed as net operating surplus and mixed income plus compensation of employees (resources) plus taxes less subsidies on production (resources) plus net property income (resources minus uses).

Net disposable income is also defined only for resident sectors and equals net national income plus net current taxes on income and wealth (resources minus uses) plus net social contributions (resources minus uses) plus net social benefits other than social transfers in kind (resources minus uses) plus net other current transfers (resources minus uses).

Net saving is defined for resident sectors and is calculated as net disposable income plus the net adjustment for the change in the net equity of households in pension fund reserves (resources minus uses) minus final consumption expenditure (uses). For the rest of the world, the current external account is compiled as the trade balance plus all net income (resources minus uses).

Net lending/net borrowing is computed from the capital account as net saving plus net capital transfers (resources minus uses) minus gross capital formation (uses) minus acquisitions less disposals of non-produced non-financial assets (uses) plus consumption of fixed capital (resources). It can also be calculated in the financial account as total transactions in financial assets minus total transactions in liabilities (also known as changes in net financial worth (wealth) due to transactions). For the household and non-financial corporation sectors, there is a statistical discrepancy between the balancing items computed from the capital account and the financial account.

Changes in net financial worth (wealth) due to transactions are computed as total transactions in financial assets minus total transactions in liabilities, whereas other changes in net financial worth (wealth) are calculated as (total) other changes in financial assets minus (total) other changes in liabilities.

Net financial worth (wealth) is calculated as total financial assets minus total liabilities, whereas changes in net financial worth (wealth) are equal to the sum of changes in net financial worth (wealth) due to transactions (lending/net borrowing from the financial account) and other changes in net financial worth (wealth).

Changes in net worth (wealth) are calculated as changes in net worth (wealth) due to savings and capital transfers plus other changes in net financial worth (wealth) and other changes in non-financial assets.

The net worth (wealth) of households is calculated as the sum of the non-financial assets and net financial worth (wealth) of households.

SECTIONS 4.3 AND 4.4

CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

Growth rates are calculated on the basis of financial transactions and therefore exclude reclassifications, revaluations, exchange rate variations and any other changes which do not arise from transactions. They can be calculated from transactions or from the index of notional stocks. If N_t^M represents the transactions (net issues) in month t and L_t the level outstanding at the end of month t, the index I_t of notional stocks in month t is defined as:

k) $$I_t = I_{t-1} \times \left(1 + \frac{N_t}{L_{t-1}}\right)$$

As a base, the index is set equal to 100 in December 2008. The growth rate a_t for month t, corresponding to the change in the 12 months ending in month t, can be calculated using either of the following two formulae:

l) $$a_t = \left[\prod_{i=0}^{11}\left(1 + {N_{t-i}^M}\big/{L_{t-1-i}}\right) - 1\right] \times 100$$

m) $$a_t = \left({I_t}\big/{I_{t-12}} - 1\right) \times 100$$

The method used to calculate the growth rates for securities other than shares is the same as that used for the monetary aggregates, the only difference being that an “N” is used instead of an “F”. This is to show that the method used to obtain “net issues” for securities issues statistics differs from that used to calculate equivalent “transactions” for the monetary aggregates.

The average growth rate for the quarter ending in month t is calculated as:

n) $$\left(\frac{0.5I_t + \sum_{i=1}^{2} I_{t-i} + 0.5I_{t-3}}{0.5I_{t-12} + \sum_{i=1}^{2} I_{t-i-12} + 0.5I_{t-15}} - 1\right) \times 100$$

where I_t is the index of notional stocks as at month t. Likewise, for the year ending in month t, the average growth rate is calculated as:

o) $$\left(\frac{0.5I_t + \sum_{i=1}^{11} I_{t-i} + 0.5I_{t-12}}{0.5I_{t-12} + \sum_{i=1}^{11} I_{t-i-12} + 0.5I_{t-24}} - 1\right) \times 100$$

The calculation formula used for Section 4.3 is also used for Section 4.4 and is likewise based on that used for the monetary aggregates. Section 4.4 is based on market values, and the calculations are based on financial transactions, which exclude reclassifications, revaluations and any other changes that do not arise from transactions. Exchange rate variations are not included, as all quoted shares covered are denominated in euro.

SEASONAL ADJUSTMENT OF SECURITIES ISSUES STATISTICS[4]

The approach used is based on multiplicative decomposition using X-12-ARIMA. The seasonal adjustment of total securities issues is carried out indirectly by means of a linear combination of sector and maturity component breakdowns.

The seasonal adjustment procedures are applied to the index of notional stocks. The resulting estimates of seasonal factors are then applied to the outstanding amounts, from which seasonally adjusted net issues are derived. Seasonal factors are revised at annual intervals or as required.

As in formulae l) and m), the growth rate a_t for month t, corresponding to the change in the six months ending in month t, can be calculated using either of the following two formulae:

p) $$a_t = \left[\prod_{i=0}^{5}\left(1 + N_{t-i}^{M} / L_{t-1-i}\right) - 1\right] \times 100$$

q) $$a_t = \left(I_t / I_{t-6} - 1\right) \times 100$$

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 S81). The seasonal adjustment of the overall HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy, and services. Energy is added without adjustment, since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

TABLE 2 IN SECTION 7.1

SEASONAL ADJUSTMENT OF THE BALANCE OF PAYMENTS CURRENT ACCOUNT

The approach used is based on multiplicative decomposition, using X-12-ARIMA or TRAMO-SEATS depending on the item. The raw data for goods, services, income and current transfers are

4 For details, see “Seasonal adjustment of monetary aggregates and HICP for the euro area”, ECB (August 2000) and the “Monetary and financial statistics” sub-section of the “Statistics” section of the ECB’s website (www.ecb.europa.eu).

pre-adjusted in order to take into account significant working day effects. The working day adjustment for goods and services takes account of national public holidays. The seasonal adjustment of these items is carried out using these pre-adjusted series. The seasonal adjustment of the total current account is carried out by aggregating the seasonally adjusted euro area series for goods, services, income and current transfers. Seasonal (and trading day) factors are revised at biannual intervals or as required.

SECTION 7.3

CALCULATION OF GROWTH RATES FOR THE QUARTERLY AND ANNUAL SERIES

The annual growth rate for quarter t is calculated on the basis of quarterly transactions (F_t) and positions (L_t) as follows:

r) $$a_t = \left(\prod_{i=t-3}^{t} \left(1 + \frac{F_i}{L_{i-1}} \right) - 1 \right) \times 100$$

The growth rate for the annual series is equal to the growth rate in the last quarter of the year.

GENERAL NOTES

The “Euro area statistics” section of the Monthly Bulletin focuses on statistics for the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available in the “Statistics” section of the ECB’s website (www.ecb.europa.eu). This allows user-friendly access to data via the ECB’s Statistical Data Warehouse (http://sdw.ecb.europa.eu), which includes search and download facilities. Further services available in the “Data services” sub-section include subscriptions to different datasets and a repository of compressed Comma Separated Value (CSV) files. For further information, please contact us at: statistics@ecb.europa.eu.

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the Governing Council of the ECB’s first meeting of the month. For this issue, the cut-off date was 3 September 2014.

Unless otherwise indicated, all data series relate to the group of 18 countries that are members of the euro area (the Euro 18) for the whole time series. For interest rates, monetary statistics, the HICP and reserve assets (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), euro area statistical series take into account the changing composition of the euro area.

The composition of the euro area has changed a number of times over the years. When the euro was introduced in 1999, the euro area comprised the following 11 countries (the Euro 11): Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Greece then joined in 2001, forming the Euro 12. Slovenia joined in 2007, forming the Euro 13; Cyprus and Malta joined in 2008, forming the Euro 15; Slovakia joined in 2009, forming the Euro 16; and Estonia joined in 2011, forming the Euro 17. Latvia joined in 2014, bringing the number of euro area countries to 18. From October 2012, the euro area statistics also include the European Stability Mechanism, an international organisation resident in the euro area for statistical purposes.

EURO AREA SERIES WITH A FIXED COMPOSITION

Aggregated statistical series for fixed compositions of the euro area relate to a given fixed composition for the whole time series, regardless of the composition at the time to which the statistics relate. For example, aggregated series are calculated for the Euro 18 for all years, despite the fact that the euro area has only had this composition since 1 January 2014. Unless otherwise indicated, the ECB’s Monthly Bulletin provides statistical series for the current composition.

EURO AREA SERIES WITH A CHANGING COMPOSITION

Aggregated statistical series with a changing composition take into account the composition of the euro area at the time to which the statistics relate. For example, euro area statistical series with a changing composition aggregate the data of the Euro 11 for the period up to the end of 2000, the Euro 12 for the period from 2001 to the end of 2006, and so on. With this approach, each individual statistical series covers all of the various compositions of the euro area.

For the HICP, as well as statistics based on the balance sheet of the MFI sector (“monetary statistics”), rates of change are compiled from chain-linked indices, with the new composition introduced by the linking factor at the point of enlargement. Thus, if a country joins the euro area in January of a given year, the factors contributing to the chain-linked indices relate to the previous composition of the euro area up to and including December of the previous year, and the enlarged composition of the euro area thereafter. For further details on monetary statistics, refer to the "Manual on MFI balance sheet statistics", available in the "Statistics" section of the ECB's website.

Given that the composition of the European currency unit (ECU) does not coincide with the former currencies of the countries that have adopted the single currency, pre-1999 amounts originally expressed in the participating currencies and converted into ECU at current ECU exchange rates are affected by movements in the currencies of EU Member States that have not adopted the euro. To avoid this effect on the monetary statistics, pre-1999 data [1] are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless otherwise indicated, price and cost statistics before 1999 are based on data expressed in national currency terms.

Methods of aggregation and/or consolidation (including cross-country consolidation) have been used where appropriate.

Recent data are often provisional and may be revised. Discrepancies between totals and their components may arise from rounding.

The group "Other EU Member States" comprises Bulgaria, the Czech Republic, Denmark, Croatia, Lithuania, Hungary, Poland, Romania, Sweden and the United Kingdom.

In most cases, the terminology used within the tables follows international standards, such as those contained in the European System of Accounts 1995 and the IMF Balance of Payments Manual. Transactions refer to voluntary exchanges (measured directly or derived), while flows also encompass changes in outstanding amounts owing to price and exchange rate changes, write-offs and other changes.

In the tables, the wording "up to (x) years" means "up to and including (x) years".

OVERVIEW

Developments in key indicators for the euro area are summarised in an overview table.

MONETARY POLICY STATISTICS

Section 1.4 shows statistics on minimum reserve and liquidity factors. Maintenance periods for minimum reserve requirements start every month on the settlement day of the main refinancing operation (MRO) following the Governing Council meeting for which the monthly assessment of the monetary policy stance is scheduled. They end on the day preceding the corresponding settlement day in the following month. Annual/quarterly observations refer to averages for the last reserve maintenance period of the year/quarter.

1 Data on monetary statistics in Sections 2.1 to 2.8 are available for periods prior to January 1999 on the ECB's website (http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html) and in the SDW (http://sdw.ecb.europa.eu/browse.do?node=2018811).

Table 1 in Section 1.4 shows the components of the reserve base of credit institutions subject to reserve requirements. Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks are excluded from the reserve base. When a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years which are held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. The percentage used to calculate the reserve base was 10% until November 1999 and has been 30% since that date.

Table 2 in Section 1.4 contains average data for completed maintenance periods. First, the reserve requirement of each individual credit institution is calculated by applying the reserve ratios for the corresponding categories of liability to the eligible liabilities, using the balance sheet data from the end of each calendar month. Subsequently, each credit institution deducts from this figure a lump-sum allowance of €100,000. The resulting required reserves are then aggregated at the euro area level (column 1). Current account holdings (column 2) are the aggregate average daily current account holdings of credit institutions, including those that serve to fulfil reserve requirements. Excess reserves (column 3) are the average current account holdings over the maintenance period in excess of the required reserves. Deficiencies (column 4) are defined as the average shortfalls of current account holdings from required reserves over the maintenance period, computed on the basis of those credit institutions that have not fulfilled their reserve requirements. The interest rate on minimum reserves (column 5) is equal to the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's MROs (see Section 1.3).

Table 3 in Section 1.4 shows the banking system's liquidity position, which is defined as euro area credit institutions' current account holdings with the Eurosystem in euro. All amounts are derived from the consolidated financial statement of the Eurosystem. Other liquidity-absorbing operations (column 7) exclude the issuance of debt certificates initiated by NCBs in Stage Two of EMU. Net other factors (column 10) represent the netted remaining items in the consolidated financial statement of the Eurosystem. Credit institutions' current accounts (column 11) are equal to the difference between the sum of liquidity-providing factors (columns 1 to 5) and the sum of liquidity-absorbing factors (columns 6 to 10). Base money (column 12) is calculated as the sum of the deposit facility (column 6), banknotes in circulation (column 8) and credit institutions' current account holdings (column 11).

MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

Chapter 2 shows balance sheet statistics for MFIs and other financial corporations. Other financial corporations comprise investment funds (other than money market funds, which are part of the MFI sector), financial vehicle corporations, insurance corporations and pension funds.

Section 2.1 shows the aggregated balance sheet of the MFI sector, i.e. the sum of the harmonised balance sheets of all MFIs resident in the euro area. MFIs comprise central banks, credit institutions as defined under EU law, money market funds and other institutions whose business it is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or make investments in securities. A complete list of MFIs is published on the ECB's website.

Section 2.2 shows the consolidated balance sheet of the MFI sector, which is obtained by netting the aggregated balance sheet positions of MFIs in the euro area. Owing to a small amount of heterogeneity in recording practices, the sum of the inter-MFI positions is not necessarily zero; the balance is shown in column 10 of the liabilities side of Section 2.2. Section 2.3 sets out the euro area monetary aggregates and counterparts. These are derived from the consolidated MFI balance sheet and include positions of non-MFIs resident in the euro area held with MFIs resident in the euro area; they also take account of some monetary assets/liabilities of central government. Statistics on monetary aggregates and counterparts are adjusted for seasonal and trading day effects. The external liabilities item in Sections 2.1 and 2.2 shows the holdings by non-euro area residents of: (i) shares/units issued by money market funds located in the euro area; and (ii) debt securities issued with a maturity of up to two years by MFIs located in the euro area. In Section 2.3, however, these holdings are excluded from the monetary aggregates and contribute to the item "net external assets".

Section 2.4 provides analysis, broken down by sector, type and original maturity, of loans granted by MFIs other than the Eurosystem (i.e. the banking system) resident in the euro area. Section 2.5 provides analysis, broken down by sector and instrument, of deposits held with the euro area banking system. Section 2.6 shows the securities held by the euro area banking system, broken down by type of issuer. Section 2.7 shows a quarterly currency breakdown for selected MFI balance sheet items.

Sections 2.2 to 2.6 also provide growth rates based on those transactions in the form of annual percentage changes.

Since 1 January 1999 statistical information has been collected and compiled on the basis of various ECB regulations concerning the balance sheet of the monetary financial institution sector. Since July 2010 this has been carried out on the basis of Regulation ECB/2008/32[2]. Detailed sector definitions are set out in the third edition of the "Monetary financial institutions and markets statistics sector manual – Guidance for the statistical classification of customers" (ECB, March 2007).

Section 2.8 shows outstanding amounts and transactions on the balance sheet of euro area investment funds (other than money market funds, which are included in the MFI balance sheet statistics). An investment fund is a collective investment undertaking that invests capital raised from the public in financial and/or non-financial assets. A complete list of euro area investment funds is published on the ECB's website. The balance sheet is aggregated, so investment funds' assets include their holdings of shares/units issued by other investment funds. Shares/units issued by investment funds are also broken down by investment policy (i.e. into bond funds, equity funds, mixed funds, real estate funds, hedge funds and other funds) and by type (i.e. into open-end funds and closed-end funds). Section 2.9 provides further details on the main types of asset held by euro area investment funds. This section contains a geographical breakdown of the issuers of securities held by investment funds, as well as breaking issuers down by economic sector where they are resident in the euro area.

Since December 2008 harmonised statistical information has been collected and compiled on the basis of Regulation ECB/2007/8[3] concerning statistics on the assets and liabilities of investment funds. Further information on these investment fund statistics can be found in the "Manual on investment fund statistics" (ECB, May 2009).

2 OJ L 15, 20.01.2009, p. 14.
3 OJ L 211, 11.08.2007, p. 8.

Section 2.10 shows the aggregated balance sheet of financial vehicle corporations (FVCs) resident in the euro area. FVCs are entities which are set up in order to carry out securitisation transactions. Securitisation generally involves the transfer of an asset or pool of assets to an FVC, with such assets reported on the FVC's balance sheet as securitised loans, securities other than shares, or other securitised assets. Alternatively, the credit risk relating to an asset or pool of assets may be transferred to an FVC through credit default swaps, guarantees or other such mechanisms. Collateral held by the FVC against these exposures is typically a deposit held with an MFI or invested in securities other than shares. FVCs typically securitise loans which have been originated by the MFI sector. FVCs must report such loans on their statistical balance sheet, regardless of whether the relevant accounting rules allow the MFI to derecognise the loans. Data on loans which are securitised by FVCs but remain on the balance sheet of the relevant MFI (and thus remain in the MFI statistics) are provided separately. These quarterly data are collected under Regulation ECB/2008/30[4] as of December 2009.

Section 2.11 shows the aggregated balance sheet of insurance corporations and pension funds resident in the euro area. Insurance corporations cover both the insurance and reinsurance sectors, while pension funds include entities which have autonomy in terms of decision-making and keep a complete set of accounts (i.e. autonomous pension funds). This section also contains a geographical and sectoral breakdown of issuing counterparties for securities other than shares held by insurance corporations and pension funds.

EURO AREA ACCOUNTS

Section 3.1 shows quarterly integrated euro area accounts data, which provide comprehensive information on the economic activities of households (including non-profit institutions serving households), non-financial corporations, financial corporations and general government, as well as on the interaction between these sectors and both the euro area and the rest of the world. Non-seasonally adjusted data at current prices are displayed for the last available quarter, following a simplified sequence of accounts in accordance with the methodological framework of the European System of Accounts 1995.

In short, the sequence of accounts (transactions) comprises: (1) the generation of income account, which shows how production activity translates into various categories of income; (2) the allocation of primary income account, which records receipts and expenses relating to various forms of property income (for the economy as a whole; the balancing item of the primary income account is national income); (3) the secondary distribution of income account, which shows how the national income of an institutional sector changes because of current transfers; (4) the use of income account, which shows how disposable income is spent on consumption or saved; (5) the capital account, which shows how savings and net capital transfers are spent in the acquisition of non-financial assets (the balancing item of the capital account is net lending/net borrowing); and (6) the financial account, which records the net acquisitions of financial assets and the net incurrence of liabilities. As each non-financial transaction is mirrored by a financial transaction, the balancing item of the financial account conceptually also equals net lending/net borrowing as calculated from the capital account.

4 OJ L 15, 20.01.2009, p. 1.

In addition, opening and closing financial balance sheets are presented, which provide a picture of the financial wealth of each individual sector at a given point in time. Finally, other changes in financial assets and liabilities (e.g. those resulting from the impact of changes in asset prices) are also shown.

The sectoral coverage of the financial account and the financial balance sheets is more detailed for the financial corporation sector, which is broken down into MFIs, other financial intermediaries (including financial auxiliaries), and insurance corporations and pension funds.

Section 3.2 shows four-quarter cumulated flows (transactions) for the "non-financial accounts" of the euro area (i.e. accounts (1) to (5) above), also following the simplified sequence of accounts.

Section 3.3 shows four-quarter cumulated flows (transactions and other changes) for households' income, expenditure and accumulation accounts, as well as outstanding amounts in the financial and non-financial balance sheet accounts, presenting data in a more analytical manner. Sector-specific transactions and balancing items are arranged in a way that more clearly depicts the financing and investment decisions of households, while respecting the accounting identities presented in Sections 3.1 and 3.2.

Section 3.4 displays four-quarter cumulated flows (transactions) for non-financial corporations' income and accumulation accounts, as well as outstanding amounts for the financial balance sheet accounts, presenting data in a more analytical manner.

Section 3.5 shows four-quarter cumulated financial flows (transactions and other changes) and outstanding amounts for the financial balance sheets of insurance corporations and pension funds.

FINANCIAL MARKETS

The series on financial market statistics for the euro area cover those EU Member States that had adopted the euro at the time to which the statistics relate (i.e. a changing composition), with the exception of statistics on securities issues (Sections 4.1 to 4.4), which relate to the Euro 17 for the whole time series (i.e. a fixed composition).

Statistics on securities other than shares and statistics on quoted shares (Sections 4.1 to 4.4) are produced by the ECB using data from the ESCB and the BIS. Section 4.5 presents MFI interest rates on euro-denominated deposits from and loans to euro area residents. Statistics on money market interest rates, long-term government bond yields and stock market indices (Sections 4.6 to 4.8) are produced by the ECB using data from wire services.

Statistics on securities issues cover: (i) securities other than shares, excluding financial derivatives; and (ii) quoted shares. The former are presented in Sections 4.1, 4.2 and 4.3, while the latter are presented in Section 4.4. Debt securities are broken down into short-term and long-term securities. "Short-term" means securities with an original maturity of one year or less (in exceptional cases, two years or less). Securities with (i) a longer maturity, (ii) optional maturity dates, the latest of which is more than one year away, or (iii) indefinite maturity dates are classified as "long-term". Long-term debt securities issued by euro area residents are broken down further into fixed and variable rate issues. Fixed rate issues consist of issues where the coupon rate does not change during the life of the issue. Variable rate issues comprise all issues where the coupon is periodically refixed with reference to an independent interest rate or index. The euro-denominated securities indicated in Sections 4.1, 4.2 and 4.3 also include items expressed in national denominations of the euro.

Section 4.1 shows securities other than shares, broken down by original maturity, residency of the issuer and currency. It presents outstanding amounts, gross issues and net issues of securities other than shares, broken down into: (i) issues denominated in euro and issues in all currencies; (ii) issues by euro area residents and total issues; and (iii) total and long-term maturities. Net issues differ from the changes in outstanding amounts owing to valuation changes, reclassifications and other adjustments. This section also presents seasonally adjusted statistics, including six-month annualised seasonally adjusted growth rates for total and long-term debt securities. Seasonally adjusted data are derived from the index of notional stocks, from which the seasonal effects have been removed. See the Technical Notes for details.

Section 4.2 contains a sectoral breakdown of outstanding amounts, gross issues and net issues for issuers resident in the euro area in line with the ESA 95. The ECB is included in the Eurosystem.

The total outstanding amounts for total and long-term debt securities in column 1 of Table 1 in Section 4.2 correspond to the data on outstanding amounts for total and long-term debt securities issued by euro area residents in column 7 of Section 4.1. The outstanding amounts for total and long-term debt securities issued by MFIs in column 2 of Table 1 in Section 4.2 are broadly comparable with the data on debt securities issued on the liabilities side of the aggregated MFI balance sheet in column 8 of Table 2 in Section 2.1. The total net issues for total debt securities in column 1 of Table 2 in Section 4.2 correspond to the data on total net issues by euro area residents in column 9 of Section 4.1. The residual difference between long-term debt securities and total fixed and variable rate long-term debt securities in Table 1 of Section 4.2 consists of zero coupon bonds and revaluation effects.

Section 4.3 shows seasonally adjusted and non-seasonally adjusted growth rates for debt securities issued by euro area residents (broken down by maturity, type of instrument, sector of the issuer and currency), which are based on financial transactions that occur when an institutional unit incurs or redeems liabilities. The growth rates therefore exclude reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. The seasonally adjusted growth rates have been annualised for presentational purposes. See the Technical Notes for details.

Columns 1, 4, 6 and 8 in Table 1 of Section 4.4 show the outstanding amounts of quoted shares issued by euro area residents broken down by issuing sector. The monthly data for quoted shares issued by non-financial corporations correspond to the quarterly series shown in Section 3.4 (financial balance sheet; quoted shares).

Columns 3, 5, 7 and 9 in Table 1 of Section 4.4 show annual growth rates for quoted shares issued by euro area residents (broken down by the sector of the issuer), which are based on financial transactions that occur when an issuer issues or redeems shares for cash, excluding investments in the issuer's own shares. The calculation of annual growth rates excludes reclassifications, revaluations and any other changes that do not arise from transactions.

Section 4.5 presents statistics on all the interest rates that MFIs resident in the euro area apply to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area. Euro area MFI interest rates are calculated as a weighted average (by corresponding business volume) of the euro area countries' interest rates for each category.

MFI interest rate statistics are broken down by type of business coverage, sector, instrument category and maturity, period of notice or initial period of interest rate fixation. These MFI interest rate statistics replaced the ten transitional statistical series on euro area retail interest rates that had been published in the Monthly Bulletin as of January 1999.

Section 4.6 presents money market interest rates for the euro area, the United States and Japan. For the euro area, a broad spectrum of money market interest rates is covered, ranging from interest rates on overnight deposits to those on twelve-month deposits. Before January 1999, synthetic euro area interest rates were calculated on the basis of national rates weighted by GDP. With the exception of the overnight rate prior to January 1999, monthly, quarterly and yearly values are period averages. Overnight deposits are represented by end-of-period interbank deposit bid rates up to and including December 1998 and period averages for the euro overnight index average (EONIA) thereafter. As of January 1999, euro area interest rates on one, three, six and twelve-month deposits are euro interbank offered rates (EURIBOR); prior to that date, they are London interbank offered rates (LIBOR) where available. For the United States and Japan, interest rates on three-month deposits are represented by LIBOR.

Section 4.7 shows end-of-period rates estimated from nominal spot yield curves based on AAA-rated euro-denominated bonds issued by euro area central governments. The yield curves are estimated using the Svensson model[5]. Spreads between the ten-year rates and the three-month and two-year rates are also released. Additional yield curves (daily releases, including charts and tables) and the corresponding methodological information are available at: http://www.ecb.europa.eu/stats/money/yc/html/index.en.html. Daily data can also be downloaded.

Section 4.8 shows stock market indices for the euro area, the United States and Japan.

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

Most of the data described in this section are produced by the European Commission (mainly Eurostat) and national statistical authorities. Euro area results are obtained by aggregating data for individual countries. As far as possible, the data are harmonised and comparable. Statistics on labour costs indices, GDP and expenditure components, value added by economic activity, industrial production, retail sales passenger car registrations and employment in terms of hours worked are working day-adjusted.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 1 in Section 5.1) is available from 1995 onwards. It is based on national HICPs, which follow the same methodology in all euro area countries. The breakdown into goods and services components is derived from the classification of individual consumption by purpose (Coicop/HICP). The HICP covers monetary expenditure by households on final consumption in the economic territory of the euro area. The table includes seasonally adjusted HICP data, which are compiled by the ECB, and experimental HICP-based indices of administered prices.

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998

5 Svensson, L.E., “Estimating and Interpreting Forward Interest Rates: Sweden 1992-1994”, CEPR Discussion Papers, No 1051. Centre for Economic Policy Research, London, 1994.

concerning short-term statistics[6]. Since January 2009 the revised classification of economic activities (NACE Revision 2), as covered by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90, as well as certain EC Regulations on specific statistical domains[7], has been applied in the production of short-term statistics. The breakdown by end use of product for industrial producer prices and industrial production is the harmonised sub-division of industry excluding construction (NACE Revision 2, sections B to E) into Main Industrial Groupings (MIGs) as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007[8]. Industrial producer prices reflect the ex-factory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

The two non-energy commodity price indices shown in Table 3 in Section 5.1 are compiled with the same commodity coverage, but using two different weighting schemes: one based on the respective commodity imports of the euro area (columns 2-4), and the other (columns 5-7) based on estimated euro area domestic demand, or "use", taking into account information on imports, exports and the domestic production of each commodity (ignoring, for the sake of simplicity, inventories, which are assumed to be relatively stable over the observed period). The import-weighted commodity price index is appropriate for analysing external developments, while the use-weighted index is suitable for the specific purpose of analysing international commodity price pressures on euro area inflation. The use-weighted commodity price indices are experimental data. For more details as regards the compilation of the ECB commodity price indices, see Box 1 in the December 2008 issue of the Monthly Bulletin.

The labour cost indices (Table 5 in Section 5.1) measure the changes in labour costs per hour worked in industry (including construction) and market services. Their methodology is laid down in Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index[9] and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003[10]. A breakdown of the labour cost indices for the euro area is available by labour cost component (wages and salaries, and employers' social contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 5 of Section 5.1) on the basis of non-harmonised, national-definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 3 in Section 5.1) and employment statistics (Table 1 in Section 5.3) are derived from the ESA 95[11] quarterly national accounts. The ESA 95 was amended by Commission Regulation (EU) No 715/2010 of 10 August 2010[12] introducing NACE Revision 2, the updated statistical classification of economic activities. The publication of euro area national accounts data applying this new classification began in December 2011.

Indices for turnover in industry and for the retail trade (Table 4 in Section 5.2) measure the turnover, including all duties and taxes (with the exception of VAT), invoiced during the reference period.

6 OJ L 162, 5.6.1998, p. 1.
7 OJ L 393, 30.12.2006, p. 1.
8 OJ L 155, 15.6.2007, p. 3.
9 OJ L 69, 13.3.2003, p. 1.
10 OJ L 169, 8.7.2003, p. 37.
11 OJ L 310, 30.11.1996, p. 1.
12 OJ L 210, 11.8.2010, p. 1.

Retail trade turnover covers all retail trade (excluding sales of motor vehicles and motorcycles), including automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars.

Qualitative business and consumer survey data (Table 5 in Section 5.2) draw on the European Commission Business and Consumer Surveys.

Unemployment rates (Table 4 in Section 5.3) conform to International Labour Organization guidelines. They refer to persons actively seeking work as a share of the labour force, using harmonised criteria and definitions. The labour force estimates underlying the unemployment rate are different from the sum of the employment and unemployment levels published in Section 5.3.

GOVERNMENT FINANCE

Sections 6.1 to 6.5 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The annual euro area aggregates in Sections 6.1 to 6.3 are compiled by the ECB on the basis of statistical reporting requirements laid down in the ECB Guideline of 31 July 2009 on government finance statistics (ECB/2009/20)[13]. Harmonised data provided by the NCBs are regularly updated. The annual deficit and debt data for the euro area aggregates may therefore differ from those published by the European Commission. The quarterly euro area aggregates in Sections 6.4 and 6.5 are compiled by the ECB on the basis of Eurostat and national data.

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000[14] amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include government deficit/surplus and debt data for the individual euro area countries as reported to the Commission under Council Regulation (EU) No 679/2010, owing to their importance within the framework of the Stability and Growth Pact. Section 6.3 presents changes in general government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents non-seasonally adjusted quarterly figures on general government revenue and expenditure on the basis of definitions laid down in Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly non-financial accounts for general government[15]. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided by the Member States under Regulation (EC) No 501/2004 and Regulation (EC) No 222/2004 and data provided by the NCBs.

EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments

13 OJ L 228. 1.9.2009, p. 25.
14 OJ L 172, 12.7.2000, p. 3.
15 OJ L 179, 9.7.2002, p. 1.

Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB (ECB/2004/15)[16] and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)[17]. Additional information regarding the methodologies and sources used in the euro area b.o.p. and i.i.p. statistics can be found in the ECB publication entitled "European Union balance of payments/international investment position statistical methods" (May 2007) and in the reports of the Task Force on Portfolio Investment Collection Systems (June 2002), the Task Force on Portfolio Investment Income (August 2003) and the Task Force on Foreign Direct Investment (March 2004), all of which can be downloaded from the ECB's website. In addition, a report by the ECB/European Commission (Eurostat) Task Force on Quality looking at balance of payments and international investment position statistics (June 2004) is available on the website of the Committee on Monetary, Financial and Balance of Payments Statistics (www.cmfb.org). The annual quality report on the euro area b.o.p./i.i.p., which is based on the Task Force's recommendations and follows the basic principles of the ECB Statistics Quality Framework published in April 2008, is available on the ECB's website.

On 9 December 2011 the ECB Guideline on the statistical requirements of the European Central Bank in the field of external statistics (ECB/2011/23)[18] was adopted by the Governing Council of the ECB. This legal act lays down new reporting requirements in the field of external statistics, which mainly reflect methodological changes introduced in the sixth edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6). The ECB will begin publishing the euro area's b.o.p., i.i.p. and international reserves statistics in accordance with Guideline ECB/2011/23 and the BPM6 in 2014, with backdata. The tables in Sections 7.1 and 7.4 follow the sign convention in the IMF Balance of Payments Manual – i.e. surpluses in the current account and the capital account have a plus sign, while in the financial account a plus sign denotes an increase in liabilities or a decrease in assets. In the tables in Section 7.2, both credit and debit transactions are presented with a plus sign. Furthermore, as of the February 2008 issue of the Monthly Bulletin, the tables in Section 7.3 have been restructured in order to allow the data on the balance of payments, the international investment position and related growth rates to be presented together; in the new tables, transactions in assets and liabilities that correspond to increases in positions are shown with a plus sign.

The euro area b.o.p. is compiled by the ECB. Recent monthly figures should be regarded as provisional. Data are revised when figures for the following month and/or the detailed quarterly b.o.p. are published. Earlier data are revised periodically or as a result of methodological changes in the compilation of the source data.

Table 1 in Section 7.2 also contains seasonally adjusted data for the current account. Where appropriate, the adjustment also covers working day, leap year and/or Easter-related effects. Table 3 in Section 7.2 and Table 9 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis major partner countries, both individually and as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions and international organisations (which, with the exception of the ECB and the European Stability Mechanism, are considered to be outside the euro area for statistical purposes, regardless of their physical location) as well as offshore centres. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives or international reserves. In addition, separate data

16 OJ L 354, 30.11.2004, p. 34.
17 OJ L 159, 20.6.2007, p. 48.
18 OJ L 65, 3.3.2012, p. 1.

are not provided for investment income payable to Brazil, mainland China, India or Russia. The geographical breakdown is described in the article entitled “Euro area balance of payments and international investment position vis-à-vis main counterparts” in the February 2005 issue of the Monthly Bulletin.

The data on the euro area b.o.p. financial account and i.i.p. in Section 7.3 are based on transactions and positions vis-à-vis non-residents of the euro area, regarding the euro area as a single economic entity (see also Box 9 in the December 2002 issue of the Monthly Bulletin, Box 5 in the January 2007 issue of the Monthly Bulletin and Box 6 in the January 2008 issue of the Monthly Bulletin). The i.i.p. is valued at current market prices, with the exception of direct investment, where book values are used for unquoted shares, and other investment (e.g. loans and deposits). The quarterly i.i.p. is compiled on the basis of the same methodological framework as the annual i.i.p. As some data sources are not available on a quarterly basis (or are available with a delay), the quarterly i.i.p. is partly estimated on the basis of financial transactions, asset prices and foreign exchange developments.

Table 1 in Section 7.3 summarises the i.i.p. and financial transactions in the euro area b.o.p. The breakdown of the change in the annual i.i.p. is obtained by applying a statistical model to i.i.p. changes other than transactions, using information from the geographical breakdown and currency composition of assets and liabilities, as well as price indices for different financial assets. In this table, columns 5 and 6 refer to direct investment by resident units abroad and direct investment by non-resident units in the euro area.

In Table 5 in Section 7.3, the breakdown into “loans” and “currency and deposits” is based on the sector of the non-resident counterpart – i.e. assets vis-à-vis non-resident banks are classified as deposits, whereas assets vis-à-vis other non-resident sectors are classified as loans. This breakdown follows the distinction made in other statistics, such as the MFI consolidated balance sheet, and conforms to the IMF Balance of Payments Manual.

The outstanding amounts for the Eurosystem’s international reserves and related assets and liabilities are shown in Table 7 of Section 7.3. These figures are not fully comparable with those in the Eurosystem’s weekly financial statement owing to differences in coverage and valuation. The data in Table 7 are in line with the recommendations for the template on international reserves and foreign currency liquidity. By definition, the assets included in the Eurosystem’s international reserves take account of the changing composition of the euro area. Before countries join the euro area, the assets of their national central banks are included in portfolio investment (in the case of securities) or other investment (in the case of other assets). Changes in the gold holdings of the Eurosystem (column 3) are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999, which was updated on 27 September 2009. More information on the statistical treatment of the Eurosystem’s international reserves can be found in a publication entitled “Statistical treatment of the Eurosystem’s international reserves” (October 2000), which can be downloaded from the ECB’s website. The website also contains more comprehensive data in accordance with the template on international reserves and foreign currency liquidity.

The euro area’s gross external debt statistics in Table 8 of Section 7.3 represent outstanding actual (rather than contingent) liabilities vis-à-vis non-euro area residents that require the payment of principal and/or interest by the debtor at one or more points in the future. Table 8 shows a breakdown of gross external debt by instrument and institutional sector.

Section 7.4 contains a monetary presentation of the euro area balance of payments, showing the transactions by non-MFIs that mirror the net external transactions by MFIs. Included in the transactions by non-MFIs are b.o.p. transactions for which a sectoral breakdown is not available. These concern the current and capital accounts (column 2) and financial derivatives (column 11). An up-to-date methodological note on the monetary presentation of the euro area balance of payments is available in the "Statistics" section of the ECB's website. See also Box 1 in the June 2003 issue of the Monthly Bulletin.

Section 7.5 shows data on euro area external trade in goods. The source is Eurostat. Value data and volume indices are seasonally and working day-adjusted. The breakdown by product group in columns 4 to 6 and 9 to 11 of Table 1 in Section 7.5 is in line with the classification contained in the Broad Economic Categories and corresponds to the basic classes of goods in the System of National Accounts. Manufactured goods (columns 7 and 12) and oil (column 13) are in line with the SITC Rev. 4 definition. The geographical breakdown (Table 3 in Section 7.5) shows major trading partners both individually and in regional groups. China excludes Hong Kong. On account of differences in definitions, classification, coverage and time of recording, external trade data, in particular for imports, are not fully comparable with the goods item in the b.o.p. statistics (Sections 7.1 and 7.2). Part of the difference arises from the inclusion of insurance and freight services in the recording of imported goods in external trade data.

Industrial import prices and industrial producer export prices (or industrial output prices for the non-domestic market) shown in Table 2 in Section 7.5 were introduced by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98, which is the principal legal basis for short-term statistics. The industrial import price index covers industrial products imported from outside the euro area under sections B to E of the Statistical Classification of Products by Activity in the European Economic Community (CPA) and all institutional import sectors except households, governments and non-profit institutions. It reflects the cost, insurance and freight price excluding import duties and taxes, and refers to actual transactions in euro recorded at the point when ownership of the goods is transferred. The industrial producer export prices cover all industrial products exported directly by euro area producers to the extra-euro area market under sections B to E of NACE Revision 2. Exports from wholesalers and re-exports are not covered. The indices reflect the free on board price expressed in euro and calculated at the euro area frontier, including any indirect taxes except VAT and other deductible taxes. Industrial import prices and industrial producer export prices are available by Main Industrial Grouping as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007. For more details, see Box 11 in the December 2008 issue of the Monthly Bulletin.

EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro's bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003, 2004-2006 and 2007-2009 and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these five sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-20 group of trading partners is composed of the 10 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-19 group excludes Croatia. The EER-39 group comprises the EER-20 plus the following countries: Algeria, Argentina, Brazil, Chile, Iceland, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela. Real EERs are calculated using consumer price indices (CPIs), producer price indices (PPIs), gross domestic product deflators and unit labour costs, both for the manufacturing sector (ULCM) and for the total economy (ULCT). ULCM-deflated EERs are available only for the EER-19.

For more detailed information on the calculation of the EERs, see the relevant methodological note and ECB Occasional Paper No 134 ("Revisiting the effective exchange rates of the euro" by Martin Schmitz, Maarten De Clercq, Michael Fidora, Bernadette Lauro and Cristina Pinheiro, June 2012), which can be downloaded from the ECB's website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies. The most recent rate for the Icelandic krona is 290.0 per euro and refers to 3 December 2008.

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. However, data shown in this table on current and capital accounts and gross external debt follow the respective national concept and do not include special-purpose vehicles. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

ANNEXES

CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSYSTEM[1]

12 JANUARY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

9 FEBRUARY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also approves specific national eligibility criteria and risk control measures for the temporary acceptance in a number of countries of additional credit claims as collateral in Eurosystem credit operations.

8 MARCH, 4 APRIL AND 3 MAY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

6 JUNE 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 15 January 2013, notably to continue its fixed rate tender procedures with full allotment.

5 JULY 2012

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.75%, starting from the operation to be settled on 11 July 2012. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 1.50% and 0.00% respectively, both with effect from 11 July 2012.

2 AUGUST 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

1 The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2011 can be found in the ECB's Annual Report for the respective years.

6 SEPTEMBER 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively. It also decides on the modalities for undertaking Outright Monetary Transactions (OMTs) in secondary markets for sovereign bonds in the euro area.

4 OCTOBER AND 8 NOVEMBER 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

6 DECEMBER 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 9 July 2013, notably to continue its fixed rate tender procedures with full allotment.

10 JANUARY, 7 FEBRUARY, 7 MARCH AND 4 APRIL 2013

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

2 MAY 2013

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.50%, starting from the operation to be settled on 8 May 2013. In addition, it decides to decrease the interest rate on the marginal lending facility by 50 basis points to 1.00%, with effect from 8 May 2013, and to keep the interest rate on the deposit facility unchanged at 0.00%. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 8 July 2014, notably to continue its fixed rate tender procedures with full allotment.

6 JUNE, 4 JULY, 1 AUGUST, 5 SEPTEMBER AND 2 OCTOBER 2013

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.50%, 1.00% and 0.00% respectively.

7 NOVEMBER 2013

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.25%, starting from the operation to be settled on 13 November 2013. In addition, it decides to decrease the interest rate on the marginal lending facility by 25 basis points to 0.75%, with effect from 13 November 2013, and to keep the interest rate on the deposit facility unchanged at 0.00%. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 7 July 2015, notably to continue its fixed rate tender procedures with full allotment.

5 DECEMBER 2013, 9 JANUARY, 6 FEBRUARY, 6 MARCH, 3 APRIL AND 8 MAY 2014

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.25%, 0.75% and 0.00% respectively.

5 JUNE 2014

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations (MROs) by 10 basis points to 0.15%, starting from the operation to be settled on 11 June 2014. In addition, it decides to decrease the interest rate on the marginal lending facility by 35 basis points to 0.40% and the interest rate on the deposit facility by 10 basis points to -0.10%, both with effect from 11 June 2014. It also decides to adopt further non-standard measures, notably: (i) to conduct a series of targeted longer-term refinancing operations (TLTROs) maturing in September 2018 to support bank lending to the non-financial private sector, with an interest rate fixed over the life of each operation at the rate on the Eurosystem's main refinancing operations prevailing at the time of take-up, plus a fixed spread of 10 basis points; (ii) to continue conducting the MROs as fixed rate tender procedures with full allotment at least until the end of the reserve maintenance period ending in December 2016; (iii) to conduct the three-month longer-term refinancing operations (LTROs) to be allotted before the end of the reserve maintenance period ending in December 2016 as fixed rate tender procedures with full allotment; (iv) to suspend the weekly fine-tuning operation sterilising the liquidity injected under the Securities Markets Programme; (v) to intensify preparatory work related to outright purchases in the ABS market.

3 JULY AND 7 AUGUST 2014

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.15%, 0.40% and -0.10% respectively.

4 SEPTEMBER 2014

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 10 basis points to 0.05%, starting from the operation to be settled on 10 September 2014. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 10 basis points, to 0.30% and -0.20% respectively, with effect from 10 September 2014. It also decides to (i) purchase a broad portfolio of simple and transparent asset-backed securities (ABSs) with underlying assets consisting of claims against the euro area non-financial private sector under an ABS purchase programme (ABSPP), and (ii) purchase a broad portfolio of euro-denominated covered bonds issued by MFIs domiciled in the euro area under a new covered bond purchase programme (CBPP3). Interventions under both of these programmes will start in October 2014.

THE TARGET (TRANS-EUROPEAN AUTOMATED REAL-TIME GROSS SETTLEMENT EXPRESS TRANSFER) SYSTEM

TARGET2[1] is instrumental in promoting an integrated euro area money market, which is a prerequisite for the effective conduct of the single monetary policy. It also contributes to the integration of the euro area financial markets. TARGET2 is accessible to a large number of participants. More than 1,000 credit institutions in Europe use TARGET2 to make payments on their own behalf, on behalf of other (indirect) participants or on their customers' behalf. Taking into account branches and subsidiaries, almost 57,000 banks worldwide (and thus all the customers of these banks) can be reached via TARGET2.

TARGET2 is used to make large-value and time-critical payments, including payments to facilitate settlement in other interbank funds transfer systems (e.g. Continuous Linked Settlement or EURO1), and to settle money market, foreign exchange and securities transactions. It is also used for smaller-value customer payments. TARGET2 provides intraday finality for transactions and allows the funds credited to a participant's account to be available immediately for other payments.

PAYMENT FLOWS IN TARGET2

In the second quarter of 2014 TARGET2 settled 22,676,262 transactions, with a total value of €127,675 billion. This corresponds to a daily average of 365,746 transactions, with an average daily value of €2,059 billion. The highest level of TARGET2 traffic in this quarter was recorded on 30 June, when 568,060 payments were processed. With a market share of 61% in terms of volume and 92% in terms of value, TARGET2 maintained its dominant position in the market for large-value payments in euro. The size of TARGET2's market share confirms banks' strong interest in settlement in central bank money. Interbank payments accounted for 40% of total payments in terms of volume and 91% in terms of value. The average value of an interbank payment processed in the system was €12.8 million, while that of a customer payment was €0.9 million. 67% of the payments had a value of less than €50,000, while 14% had a value of more than €1 million. On average, there were 225 payments per day with a value of more than €1 billion. All of these figures are similar to those recorded for the previous quarter.

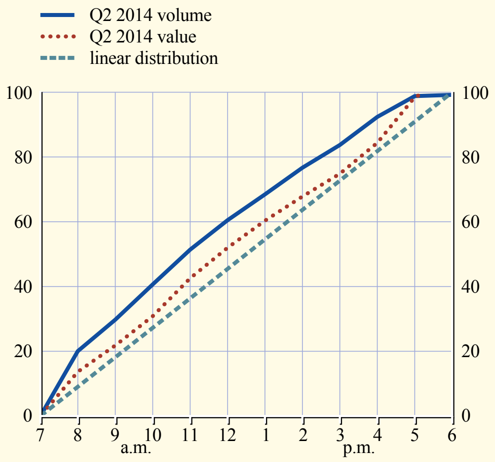
INTRADAY PATTERN OF VOLUMES AND VALUES

The chart shows the intraday distribution of TARGET2 traffic (i.e. the average percentage of daily volumes and values processed at different times of the day) for the second quarter of 2014. In volume terms, the curve is well above the linear distribution, with 70% of the volume exchanged by 1 p.m. CET and 99.6% exchanged by one hour before the system closes. In value terms, the curve is slightly above the linear distribution until the middle of the day, with around 60% of the value exchanged by 1 p.m. CET. The curve then moves closer towards the linear distribution, an indication that higher-value payments are settled towards the end of the TARGET2 business day.

1 TARGET2 is the second generation of TARGET and was launched in 2007.

Intraday pattern

(percentages)



Source: ECB.

TARGET2 AVAILABILITY AND BUSINESS PERFORMANCE

In the second quarter of 2014 TARGET2 achieved 100% availability. The only incidents considered in the calculation of TARGET2's availability are those that completely prevent the processing of payments for ten minutes or more on TARGET2 business days between 7 a.m. and 6.45 p.m. CET. All payments that are required to settle normally for the agreed service levels[2] to be met were processed in less than five minutes; thus, the expectations set for the system were met in full.

Table 1 Payment instructions processed by TARGET2 and EURO1: volume of transactions

(number of payments)

	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2
TARGET2					
Total volume	23,600,140	22,827,447	23,840,793	22,839,642	22,676,262
Daily average	374,605	345,870	372,512	368,381	365,746
EURO1 (EBA Clearing)					
Total volume	16,614,190	15,919,832	15,802,209	14,491,603	14,632,429
Daily average	263,717	241,210	246,910	233,736	236,007

Notes: In January 2013, in order to improve the quality of TARGET2 data, a new methodology was implemented for data collection and reporting. The change resulted in a decrease in the value-based indicators. This should be considered when comparing data from before and after the implementation date.

Table 2 Payment instructions processed by TARGET2 and EURO1: value of transactions

(EUR billions)

	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2
TARGET2					
Total value	125,266	121,184	124,076	123,842	127,675
Daily average	1,988	1,836	1,939	1,966	2,059
EURO1 (EBA Clearing)					
Total value	12,514	11,676	11,695	11,757	11,545
Daily average	199	177	183	187	186

Note: See notes to Table 1.

2 Payments stemming from ancillary system interface settlement procedures are among those excluded from the performance measurement. More details on the performance-based indicators can be found via this link: http://www.ecb.europa.eu/paym/t2/professional/indicators/html/index.en.html

PUBLICATIONS PRODUCED BY THE EUROPEAN CENTRAL BANK

The ECB produces a number of publications which provide information about its core activities: monetary policy, statistics, payment and securities settlement systems, financial stability and supervision, international and European cooperation, and legal matters. These include the following:

STATUTORY PUBLICATIONS

– Annual Report
– Convergence Report
– Monthly Bulletin

RESEARCH PAPERS

– Legal Working Paper Series
– Occasional Paper Series
– Research Bulletin
– Working Paper Series

OTHER/TASK-RELATED PUBLICATIONS

– Enhancing monetary analysis
– Financial integration in Europe
– Financial Stability Review
– Statistics Pocket Book
– The European Central Bank: history, role and functions
– The international role of the euro
– The implementation of monetary policy in the euro area ("General Documentation")
– The monetary policy of the ECB
– The payment system

The ECB also publishes brochures and information materials on a variety of topics, such as the euro banknotes and coins, as well as seminar and conference proceedings.

For a complete list of documents (in PDF format) published by the ECB and the European Monetary Institute, the ECB's forerunner from 1994 to 1998, please visit the ECB's website at http://www.ecb.europa.eu/pub/. Language codes indicate the languages in which each publication is available.

GLOSSARY

This glossary contains selected items that are frequently used in the Monthly Bulletin. A more comprehensive and detailed glossary can be found on the ECB's website (www.ecb.europa.eu/home/glossary/html/index.en.html).

Autonomous liquidity factors: liquidity factors that do not normally stem from the use of monetary policy instruments. Such factors are, for example, banknotes in circulation, government deposits with the central bank and the net foreign assets of the central bank.

Balance of payments (b.o.p.): a statistical statement that summarises, for a specific period of time, the economic transactions of an economy with the rest of the world.

Bank lending survey (BLS): a quarterly survey on lending policies that has been conducted by the Eurosystem since January 2003. It addresses qualitative questions on developments in credit standards, terms and conditions of loans and loan demand for both enterprises and households to a predefined sample group of banks in the euro area.

Borrowing requirement (general government): net incurrence of debt by the general government.

Break-even inflation rate: the spread between the yield on a nominal bond and that on an inflation-linked bond of the same (or as similar as possible) maturity.

Capital account: a b.o.p. account that covers all capital transfers and acquisitions/disposals of non-produced, non-financial assets between residents and non-residents.

Capital accounts: part of the system of national (or euro area) accounts consisting of the change in net worth that is due to net saving, net capital transfers and net acquisitions of non-financial assets.

Central parity (or central rate): the exchange rate of each ERM II member currency vis-à-vis the euro, around which the ERM II fluctuation margins are defined.

Compensation per employee or per hour worked: the total remuneration, in cash or in kind, that is payable by employers to employees, i.e. gross wages and salaries, as well as bonuses, overtime payments and employers' social security contributions, divided by the total number of employees or by the total number of employees' hours worked.

Consolidated balance sheet of the MFI sector: a balance sheet obtained by netting out inter-MFI positions (e.g. inter-MFI loans and deposits) in the aggregated MFI balance sheet. It provides statistical information on the MFI sector's assets and liabilities vis-à-vis residents of the euro area not belonging to this sector (i.e. the general government and other euro area residents) and vis-à-vis non-euro area residents. It is the main statistical source for the calculation of monetary aggregates, and it provides the basis for the regular analysis of the counterparts of M3.

Collateral: assets pledged or transferred in some form as a guarantee for the repayment of loans, as well as assets sold under repurchase agreements. Collateral used in Eurosystem reverse transactions must fulfil certain eligibility criteria.

Current account: a b.o.p. account that covers all transactions in goods and services, income and current transfers between residents and non-residents.

Current transfers account: a technical b.o.p. account in which the value of real resources or financial items is recorded when these are transferred without receiving anything in exchange. Current transfers cover all transfers that are not capital transfers.

Debt (financial accounts): loans taken out by households, as well as the loans, debt securities and pension fund reserves (resulting from employers' direct pension commitments on behalf of their employees) of non-financial corporations, valued at market prices at the end of the period.

Debt (general government): the gross debt (currency and deposits, loans and debt securities) at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government.

Debt security: a promise on the part of the issuer (i.e. the borrower) to make one or more payment(s) to the holder (the lender) on a specified future date or dates. Such securities usually carry a specific rate of interest (the coupon) and/or are sold at a discount to the amount that will be repaid at maturity. Debt securities issued with an original maturity of more than one year are classified as long-term.

Debt-to-GDP ratio (general government): the ratio of general government debt to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit.

Deficit (general government): the general government's net borrowing, i.e. the difference between total government revenue and total government expenditure.

Deficit-debt adjustment (general government): the difference between the general government deficit and the change in general government debt.

Deficit ratio (general government): the ratio of the general government deficit to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit. It is also referred to as the budget deficit ratio or the fiscal deficit ratio.

Deflation: a significant and persistent decline in the prices of a very broad set of consumer goods and services that becomes entrenched in expectations.

Deposit facility: a standing facility of the Eurosystem enabling eligible counterparties to make, on their own initiative, overnight deposits with the NCB in their respective jurisdiction. Deposits are remunerated at a pre-specified rate that normally provides a floor for overnight market interest rates.

Disinflation: a process of decelerating inflation that may lead to negative inflation rates of a temporary nature.

Direct investment: cross-border investment for the purpose of obtaining a lasting interest in an enterprise resident in another economy (assumed, in practice, for ownership of at least 10% of the ordinary shares or voting power). Included are equity capital, reinvested earnings and other capital associated with inter-company operations. The direct investment account records net transactions/positions in assets abroad by euro area residents (as "direct investment abroad") and net transactions/positions in euro area assets by non-residents (as "direct investment in the euro area").

Effective exchange rates (EERs) of the euro (nominal/real): weighted averages of bilateral euro exchange rates against the currencies of the euro area's main trading partners. The EER indices of the euro are calculated against different groups of trading partners: the EER-20 comprises the ten non-euro area EU Member States and ten trading partners outside the EU, and the EER-40 encompasses the EER-20 and 20 additional countries. The weights used reflect the share of each partner country in the euro area's trade in manufactured goods and account for competition in third markets. Real EERs are nominal EERs deflated by a weighted average of foreign, relative to domestic, prices or costs. They are thus measures of price and cost competitiveness.

Enhanced credit support: the non-standard measures taken by the ECB/Eurosystem during the financial crisis with a view to supporting financing conditions and credit flows above and beyond what could be achieved through reductions in key ECB interest rates alone.

EONIA (euro overnight index average): a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks.

Equities: securities representing ownership of a stake in a corporation, e.g. shares traded on stock exchanges (quoted shares), unquoted shares and other forms of equity. Equities usually produce income in the form of dividends.

ERM II (exchange rate mechanism II): the exchange rate arrangement that provides the framework for exchange rate policy cooperation between the euro area countries and the EU Member States not participating in Stage Three of EMU.

EURIBOR (euro interbank offered rate): the rate at which what is known as a prime bank is willing to lend funds (denominated in euro) to another prime bank. The EURIBOR is computed daily, based on the rates of a sample of selected banks, for different maturities of up to 12 months.

Euro area: the area formed by those EU Member States in which the euro has been adopted as the single currency in accordance with the Treaty on the Functioning of the European Union.

European Commission surveys: harmonised surveys of business and/or consumer sentiment conducted on behalf of the European Commission in each of the EU Member States. Such questionnaire-based surveys are addressed to managers in the manufacturing, construction, retail and services industries, as well as to consumers. From each monthly survey, composite indicators are calculated that summarise the replies to a number of different questions in a single indicator (confidence indicators).

Eurosystem: the central banking system made up of the ECB and the NCBs of those EU Member States whose currency is the euro.

Eurozone Purchasing Managers' Surveys: surveys of business conditions in manufacturing and in services industries conducted for a number of countries in the euro area and used to compile indices. The Eurozone Manufacturing Purchasing Managers' Index (PMI) is a weighted indicator calculated from indices of output, new orders, employment, suppliers' delivery times and stocks of purchases. The services sector survey asks questions on business activity, expectations of future business activity, the amount of business outstanding, incoming new business, employment, input prices and prices charged. The Eurozone Composite Index is calculated by combining the results from the manufacturing and services sector surveys.

Excess liquidity: the amount of central bank reserves held by banks in excess of the aggregate needs of the banking system, which are determined by reserve requirements and autonomous factors.

External trade in goods: exports and imports of goods with countries outside the euro area, measured in terms of value and as indices of volume and unit value. External trade statistics are not comparable with the exports and imports recorded in the national accounts, as the latter include both intra-euro area and extra-euro area transactions, and also combine goods and services. Nor are they fully comparable with the goods item in b.o.p. statistics. Besides methodological adjustments, the main difference is that imports in external trade statistics are recorded including insurance and freight services, whereas they are recorded free on board in the goods item in the b.o.p. statistics.

Financial account: a b.o.p. account that covers transactions between residents and non-residents in direct investment, portfolio investment, other investment, financial derivatives and reserve assets.

Financial accounts: part of the system of national (or euro area) accounts showing the financial positions (stocks or balance sheets), financial transactions and other changes of the different institutional sectors of an economy by type of financial asset.

Financial vehicle corporation (FVC): an entity whose principal activity is to carry out securitisation transactions. An FVC typically issues marketable securities that are offered for sale to the general public, or sold in the form of private placements. These securities are backed by a portfolio of assets (typically loans) which are held by the FVC. In some cases, a securitisation transaction may involve a number of FVCs, where one FVC holds the securitised assets and another issues the securities backed by those assets.

Fixed rate tender: a tender procedure in which the interest rate is specified in advance by the central bank and in which participating counterparties bid the amount of money they wish to transact at the fixed interest rate.

Fixed rate full-allotment tender procedure: a tender procedure in which the interest rate is pre-specified by the central bank (fixed rate) and in which counterparties bid the amount of money they want to transact at that rate, knowing in advance that all their bids will be satisfied (full allotment).

Forward guidance: communication by a central bank on the orientation of monetary policy with respect to the future path of policy interest rates.

General government: a sector defined in the ESA 95 as comprising resident entities that are engaged primarily in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. Included are central, regional and local government authorities as well as social security funds. Excluded are government-owned entities that conduct commercial operations, such as public enterprises.

Gross domestic product (GDP): the value of an economy's total output of goods and services less intermediate consumption, plus net taxes on products and imports. GDP can be broken down by output, expenditure or income components. The main expenditure aggregates that make up GDP are household final consumption, government final consumption, gross fixed capital formation, changes in inventories, and imports and exports of goods and services (including intra-euro area trade).

Gross external debt: the outstanding amount of an economy's actual (i.e. non-contingent) current liabilities that require payment of principal and/or interest to non-residents at some point in the future.

Harmonised Index of Consumer Prices (HICP): a measure of the development of consumer prices that is compiled by Eurostat and harmonised for all EU Member States.

Hourly labour cost index: a measure of labour costs, including gross wages and salaries (in cash and in kind, including bonuses) and other labour costs (employers' social contributions plus employment-related taxes paid by the employer minus subsidies received by the employer), per hour actually worked (including overtime).

Implied volatility: the expected volatility (i.e. standard deviation) in the rates of change of the price of an asset (e.g. a share or a bond). It can be derived from the asset's price, maturity date and exercise price of its options, as well as from a riskless rate of return, using an option pricing model such as the Black-Scholes model.

Income account: a b.o.p. account that covers two types of transactions with non-residents, namely (i) those involving compensation of employees that is paid to non-resident workers (e.g., cross-border, seasonal, and other short-term workers) and (ii) those involving investment income receipts and payments on external financial assets and liabilities, with the latter including receipts and payments on direct investment, portfolio investment and other investment, as well as receipts on reserve assets.

Index of negotiated wages: a measure of the direct outcome of collective bargaining in terms of basic pay (i.e. excluding bonuses) at the euro area level. It refers to the implied average change in monthly wages and salaries.

Industrial producer prices: factory-gate prices (transportation costs are not included) of all products sold by industry, excluding construction, on the domestic markets of the euro area countries, excluding imports.

Industrial production: the gross value added created by industry at constant prices.

Inflation: an increase in the general price level, e.g. in the consumer price index.

Inflation-indexed government bonds: debt securities issued by the general government, the coupon payments and principal of which are linked to a specific consumer price index.

Insurance corporations and pension funds: financial corporations and quasi-corporations that are engaged primarily in financial intermediation as the consequence of the pooling of risks.

International investment position (i.i.p.): the value and composition of an economy's outstanding net financial claims on (or financial liabilities to) the rest of the world.

International reserves: external assets readily available to and controlled by monetary authorities for directly financing or regulating the magnitude of payment imbalances through intervention in exchange markets. The international reserves of the euro area comprise non-euro-denominated claims on non-euro area residents, gold, special drawing rights and the reserve positions in the IMF which are held by the Eurosystem.

Investment funds (except money market funds): financial institutions that pool capital raised from the public and invest it in financial and non-financial assets. See also MFIs.

Job vacancies: a collective term covering newly created jobs, unoccupied jobs or jobs about to become vacant in the near future, for which the employer has recently taken active steps to find a suitable candidate.

Key ECB interest rates: the interest rates, set by the Governing Council, which reflect the monetary policy stance of the ECB. They are the rates at the main refinancing operations, on the marginal lending facility and on the deposit facility.

Labour force: the sum total of persons in employment and the number of unemployed.

Labour productivity: the output that can be produced with a given input of labour. It can be measured in several ways, but is commonly measured as GDP (volume) divided by either total employment or total hours worked.

Liquidity-absorbing operation: an operation through which the Eurosystem absorbs liquidity in order to reduce excess liquidity, or to create a shortage of liquidity. Such operations can be conducted by issuing debt certificates or fixed-term deposits.

Longer-term refinancing operation (LTRO): an open market operation with a maturity of more than one week that is executed by the Eurosystem in the form of a reverse transaction. The regular monthly operations have a maturity of three months. During the financial market turmoil that started in August 2007, supplementary operations with maturities ranging from one maintenance period to 36 months were conducted, the frequency of which varied.

M1: a narrow monetary aggregate that comprises currency in circulation plus overnight deposits held with MFIs and central government (e.g. at the post office or treasury).

M2: an intermediate monetary aggregate that comprises M1 plus deposits redeemable at a period of notice of up to and including three months (i.e. short-term savings deposits) and deposits with an agreed maturity of up to and including two years (i.e. short-term time deposits) held with MFIs and central government.

M3: a broad monetary aggregate that comprises M2 plus marketable instruments, in particular repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs.

Main refinancing operation (MRO): a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

Marginal lending facility: a standing facility of the Eurosystem enabling eligible counterparties, on their own initiative, to receive overnight credit from the NCB in their jurisdiction at a pre-specified rate in the form of a reverse transaction. The rate on loans extended within the scope of the marginal lending facility normally provides an upper bound for overnight market interest rates.

Maximum bid rate: the upper limit to the interest rates at which counterparties may submit bids in variable rate liquidity-absorbing tender operations.

MFI credit to euro area residents: MFI loans granted to non-MFI euro area residents (including general government and the private sector) and MFI holdings of securities (shares, other equity and debt securities) issued by non-MFI euro area residents.

MFI interest rates: the interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area.

MFI longer-term financial liabilities: deposits with an agreed maturity of over two years, deposits redeemable at a period of notice of over three months, debt securities issued by euro area MFIs with an original maturity of more than two years and the capital and reserves of the euro area MFI sector.

MFI net external assets: the external assets of the euro area MFI sector (such as gold, foreign currency banknotes and coins, securities issued by non-euro area residents and loans granted to non-euro area residents) minus the external liabilities of the euro area MFI sector (such as non-euro area residents' deposits and repurchase agreements, as well as their holdings of money market fund shares/units and debt securities issued by MFIs with a maturity of up to and including two years).

MFIs (monetary financial institutions): financial institutions which together form the money-issuing sector of the euro area. These include (i) the Eurosystem, (ii) resident credit institutions (as defined in EU law), (iii) other financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities, as well as electronic money institutions that are principally engaged in financial intermediation in the form of issuing electronic money, and (iv) money market funds, i.e. collective investment undertakings that invest in short-term and low-risk instruments.

Minimum bid rate: the lower limit to the interest rates at which counterparties may submit bids in variable rate liquidity-providing tender operations.

Open market operation: a financial market operation executed on the initiative of the central bank. These operations include reverse transactions, outright transactions as well as the issuance of fixed-term deposits or debt certificates or foreign exchange swaps. The open market operations can be liquidity providing or liquidity absorbing.

Other investment: an item in the b.o.p. and the i.i.p. that covers the financial transactions/positions with non-residents in trade credits, deposits and loans, and other accounts receivable and payable.

Portfolio investment: euro area residents' net transactions and/or positions in securities issued by non-residents of the euro area ("assets") and non-residents' net transactions and/or positions in securities issued by euro area residents ("liabilities"). Included are equity securities and debt securities (bonds and notes, and money market instruments). Transactions are recorded at the effective price paid or received, less commissions and expenses. To be regarded as a portfolio asset, ownership in an enterprise must be equivalent to less than 10% of the ordinary shares or voting power.

Price stability: as defined by the Governing Council, a year-on-year increase in the HICP for the euro area of below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

Purchasing power parity (PPP): the rate at which one currency is converted into another so as to equalise the purchasing power of the two currencies by eliminating the differences in the price levels prevailing in the countries concerned. In their simplest form, PPPs show the ratio of the prices in national currency of the same good or service in different countries.

Reference value for M3 growth: the annual growth rate of M3 that is deemed to be compatible with price stability over the medium term.

Reserve requirement: the requirement for institutions to hold minimum reserves with the central bank over a maintenance period. Compliance with the requirement is determined on the basis of the average of the daily balances in the reserve accounts over the maintenance period.

Reverse transaction: an operation whereby the NCB buys or sells assets under a repurchase agreement or conducts credit operations against collateral.

Securitisation: a transaction or scheme whereby an asset or a pool of cash flow-producing assets, often consisting of loans (mortgages, consumer loans, etc.), is transferred from an originator (usually a credit institution) to a financial vehicle corporation (FVC). The FVC effectively converts these assets into marketable securities by issuing debt instruments with principal and interest serviced through the cash flows produced by the asset pool.

Structural fiscal balance (general government): the actual budget balance corrected for cyclical factors (i.e. the cyclically adjusted balance) and one-off fiscal measures.

Survey of Professional Forecasters (SPF): a quarterly survey that has been conducted by the ECB since 1999 to collect macroeconomic forecasts on euro area inflation, real GDP growth and unemployment from a panel of experts affiliated to financial and non-financial organisations based in the EU.

Unit labour costs: a measure of total labour costs per unit of output calculated for the euro area as the ratio of total compensation per employee to labour productivity (defined as GDP (volume) per person employed).

Variable rate tender: a tender procedure where the counterparties bid both the amount of money they wish to transact with the central bank and the interest rate at which they wish to enter into the transaction.

Volatility: the degree of fluctuation in a given variable.

Write-down: a downward adjustment to the value of loans recorded in the balance sheets of MFIs when it is recognised that the loans have become partly unrecoverable.

Write-off: the removal of the value of loans from the balance sheets of MFIs when the loans are considered to be totally unrecoverable.

Yield curve: a graphical representation of the relationship between the interest rate or yield and the residual maturity at a given point in time for sufficiently homogenous debt securities with different maturity dates. The slope of the yield curve can be measured as the difference between the interest rates or yield at two selected maturities.