



EUROPEAN CENTRAL BANK

EUROSYSTEM

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SEPTEMBER

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ABBREVIATIONS

COUNTRIES

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

OTHERS

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

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



EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council at its meeting on 2 September 2010 viewed the current key ECB interest rates as appropriate and therefore decided to leave them unchanged. Considering all the new information and analyses that have become available since its meeting on 5 August 2010, the Governing Council continues to expect price developments to remain moderate over the policy-relevant medium-term horizon, benefiting from low domestic price pressures. Recent economic data for the euro area have been stronger than expected, partly owing to temporary factors. Looking ahead, the recovery should proceed at a moderate pace, with uncertainty still prevailing. The monetary analysis confirms that inflationary pressures over the medium term remain contained, as suggested by weak money and credit growth. Overall, the Governing Council expects price stability to be maintained over the medium term, thereby supporting the purchasing power of euro area households. Inflation expectations remain firmly anchored in line with the aim of keeping inflation rates below, but close to, 2% over the medium term. The firm anchoring of inflation expectations remains of the essence.

On 2 September 2010 the Governing Council also decided to continue to conduct its main refinancing operations (MROs) and its special-term refinancing operations with a maturity of one maintenance period as fixed rate tender procedures with full allotment for as long as necessary, and at least until the end of this year's twelfth maintenance period on 18 January 2011. The fixed rate in these special-term refinancing operations will be the same as the MRO rate prevailing at the time. Furthermore, it decided to conduct the 3-month longer-term refinancing operations (LTROs), to be carried out in October, November and December 2010, as fixed rate tender procedures with full allotment. The rates in these 3-month operations will be fixed at the average rate of the MROs over the life of the respective LTRO. The Governing Council also decided to carry out three additional fine-tuning operations on

30 September, 11 November and 23 December, when 6-month and 12-month refinancing operations mature.

Overall, the current monetary policy stance remains accommodative. Monetary policy will do all that is needed to maintain price stability in the euro area over the medium term. This is the necessary and central contribution that monetary policy makes to fostering sustainable economic growth, job creation and financial stability. All the non-standard measures taken during the period of acute financial market tensions, referred to as “enhanced credit support” and the Securities Markets Programme, are fully consistent with the Governing Council’s mandate and, by construction, temporary in nature. The Governing Council remains firmly committed to maintaining price stability over the medium to longer term. The monetary policy stance, the overall provision of liquidity and the allotment modes will be adjusted as appropriate. Accordingly, the Governing Council will continue to monitor all developments over the period ahead very closely.

Turning to the economic analysis, after a period of sharp decline, euro area economic activity has been expanding since mid-2009. Euro area real GDP grew strongly on a quarterly basis, increasing by 1.0% in the second quarter of 2010, supported by ongoing growth at the global level, but also in part reflecting temporary domestic factors. Recent data and survey evidence generally confirm the expectation of a moderation in the second half of this year, both at the global level and in the euro area. Nevertheless, while uncertainty still prevails, they continue to indicate a positive underlying momentum of the recovery in the euro area. Ongoing growth at the global level and its impact on the demand for euro area exports, together with the accommodative monetary policy stance and the measures adopted to restore the functioning of the financial system, should continue to support the euro area economy. However, the recovery in activity is expected to be dampened by the process of balance sheet adjustment in various sectors and labour market prospects.

This assessment is also reflected in the September 2010 ECB staff macroeconomic projections for the euro area, according to which annual real GDP growth will range between 1.4% and 1.8% in 2010 and between 0.5% and 2.3% in 2011. Compared with the June 2010 Eurosystem staff macroeconomic projections, the range for real GDP growth this year has been revised upwards, owing to the stronger than expected rebound in economic growth in the second quarter as well as better than expected developments over the summer months. For 2011 the range has also been revised upwards, reflecting mainly carry-over effects from the projected stronger growth towards the end of 2010.

In the Governing Council's assessment, the risks to this improved economic outlook are slightly tilted to the downside, with uncertainty still prevailing. On the one hand, global trade may continue to perform more strongly than expected, thereby supporting euro area exports. On the other hand, concerns remain relating to the emergence of renewed tensions in financial markets and to some uncertainty about growth prospects in other advanced economies and at the global level. In addition, downside risks relate to renewed increases in oil and other commodity prices, and protectionist pressures, as well as the possibility of a disorderly correction of global imbalances.

With regard to price developments, euro area annual HICP inflation was 1.6% in August, according to Eurostat's flash estimate, compared with 1.7% in July. The small decline in inflation is likely to reflect base effects in the energy component. Later in the year annual HICP inflation rates are expected to increase slightly, while displaying some volatility. Looking further ahead, in 2011 inflation rates should remain moderate overall, benefiting from low domestic price pressures. Inflation expectations over the medium to longer term continue to be firmly anchored in line with the Governing Council's aim of keeping inflation rates below, but close to, 2% over the medium term.

This assessment is also reflected in the September 2010 ECB staff macroeconomic

projections for the euro area, which foresee annual HICP inflation in a range between 1.5% and 1.7% for 2010 and between 1.2% and 2.2% for 2011. Compared with the Eurosystem staff macroeconomic projections of June 2010, the ranges have been revised slightly upwards, largely on account of higher commodity prices.

Risks to the outlook for price developments are slightly tilted to the upside. They relate, in particular, to the evolution of energy and non-oil commodity prices. Furthermore, increases in indirect taxation and administered prices may be greater than currently expected, owing to the need for fiscal consolidation in the coming years. At the same time, risks to domestic price and cost developments are contained.

Turning to the monetary analysis, the annual growth rate of M3 stood at 0.2% in July 2010, unchanged from June. The annual growth rate of loans to the private sector, which has been gradually increasing, rose further to 0.9%, but still remains relatively weak. The subdued developments in money and loan growth continue to support the assessment that the underlying pace of monetary expansion is moderate and that inflationary pressures over the medium term are contained.

The downward impact of the steep yield curve on monetary growth, which is reflected in the allocation of funds into longer-term deposits and securities outside M3, is gradually waning. Moreover, the impact of the narrow spreads between different short-term interest rates on the growth of the components of M3 is continuing to diminish. As a result, the annual growth rate of M1 has continued to moderate from high levels, and stood at 8.1% in July 2010, while the annual growth rate of other short-term deposits has become less negative.

The still weak annual growth rate of bank loans to the non-financial private sector continues to conceal positive growth in loans to households and diminishing negative annual growth in loans to non-financial corporations.

These developments are consistent with a normal, lagged response of loan developments to economic activity over the business cycle.

Given the subdued developments in banks' overall balance sheets, the challenge remains for banks to expand the availability of credit to the non-financial sector when demand picks up. Where necessary, to address this challenge, banks should retain earnings, turn to the market to strengthen further their capital bases or take full advantage of government support measures for recapitalisation.

To sum up, the current key ECB interest rates remain appropriate. Considering all the new information and analyses which have become available since its meeting on 5 August 2010, the Governing Council continues to expect price developments to remain moderate over the policy-relevant medium-term horizon, benefiting from low domestic price pressures. Recent economic data for the euro area have been stronger than expected, partly owing to temporary factors. Looking ahead, the recovery should proceed at a moderate pace, with uncertainty still prevailing. A cross-check of the outcome of the economic analysis with that of the monetary analysis confirms that inflationary pressures over the medium term remain contained, as suggested by weak money and credit growth. Overall, the Governing Council expects price stability to be maintained over the medium term, thereby supporting the purchasing power of euro area households. Inflation expectations remain firmly anchored in line with the aim of keeping inflation rates below, but close to, 2% over the medium term. The firm anchoring of inflation expectations remains of the essence.

Turning to fiscal policies, current developments at the euro area aggregate level appear to be broadly in line with previous expectations. At the country level, any positive fiscal developments that may emerge, reflecting factors such as a more favourable than expected macroeconomic environment, should be exploited to make faster progress with fiscal consolidation. At the same

time, in countries where there is still a need to take additional specific measures to achieve consolidation targets, such measures should be adopted swiftly to ensure that consolidation commitments are fulfilled. This is a prerequisite for maintaining confidence in the credibility of governments' fiscal targets. Positive effects on confidence can compensate for the reduction in demand stemming from fiscal consolidation, when fiscal adjustment strategies are perceived as credible, ambitious and focused on the expenditure side. The conditions for such positive effects are particularly favourable in the current environment of macroeconomic uncertainty.

In order to support the process of fiscal consolidation, to underpin the proper functioning of the euro area and to strengthen the prospects for higher sustainable growth, the pursuit of far-reaching structural reforms is essential. Major reforms are particularly needed in those countries that have experienced a loss of competitiveness in the past or that are suffering from high fiscal and external deficits. Measures should ensure a wage bargaining process that allows wages to adjust flexibly and appropriately to the unemployment situation and losses in competitiveness. Reforms to strengthen productivity growth would further support the adjustment process of these economies.

ECONOMIC AND MONETARY DEVELOPMENTS

I THE EXTERNAL ENVIRONMENT OF THE EURO AREA

While the recovery in the global economy is continuing, its pace, as anticipated, is moderating somewhat as the support from the global inventory cycle and the fiscal policy stimuli wanes. This is confirmed by the latest survey-based indicators, which suggest that global growth might weaken in the second half of this year. These developments are also reflected in global trade growth which, despite remaining robust overall, has started to slow down from the exceptionally buoyant rates recorded in the first quarter of this year. Global inflationary pressures have remained subdued on account of prevailing spare capacity, particularly in advanced economies.

I.1 DEVELOPMENTS IN THE WORLD ECONOMY

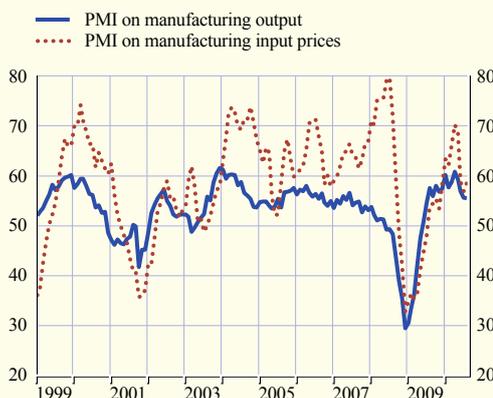
The recovery in the global economy is continuing, but, as anticipated, global growth momentum is moderating somewhat in the light of waning support from the global inventory cycle and the fiscal policy stimuli. While economic growth in emerging economies has remained strong overall, short-term indicators signal some limited cooling down in the pace of economic expansion. In most advanced economies, the recovery is somewhat dampened by weak labour market conditions and the process of balance sheet adjustment in various sectors.

In more detail, the latest survey-based indicators suggest some loss in momentum in global economic activity, thereby providing some further evidence that quarterly global growth might weaken in the second half of this year. In July, the Purchasing Managers' Index (PMI) for global all-industry output stood at 54.6 compared with 55.4 in the previous month, while the manufacturing output PMI, for which August data have already been released, remained roughly unchanged at 55.5 (see Chart 1). Although showing some loss in growth momentum in the third quarter, the index remains above the series average, signalling continued global economic expansion. Incoming new orders provided a mixed picture in July as the decline in the index for new manufacturing orders was broadly offset by a rise in the respective index for the services sector. In August the index for new manufacturing orders continued to decline, albeit remaining at 52.5, above the expansion/contraction threshold of 50. Although the PMI for global employment improved somewhat in July (at 51.4), supported by an increase in hiring in both the manufacturing and services sectors, overall job growth remained rather slow. Overall, the PMI data are consistent with a moderate slowdown in global economic activity and trade in the current quarter compared with the second quarter of 2010.

Developments in global economic activity are also reflected in global trade growth which, despite remaining robust overall, has started to slow down from the exceptionally buoyant rates recorded in the first quarter of this year. Global trade growth declined to 3.6% quarter on quarter in the second quarter of the year, from 5.7% in the first quarter of 2010. This reflects developments in both advanced and emerging economies. Correspondingly, growth in euro area foreign demand for goods, despite remaining rather strong, also slowed down in the second quarter.

Chart 1 Global manufacturing PMI

(monthly data; diffusion index)

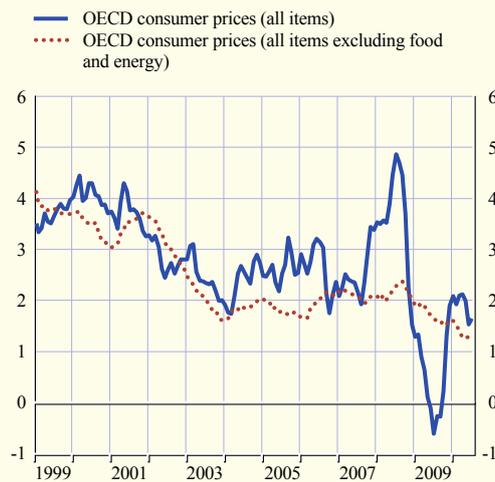


Source: Markit.

Global inflationary pressures have remained subdued on account of prevailing spare capacity, particularly in advanced economies. In the OECD, headline CPI inflation stood at 1.6% in the year to July, compared with 1.5% in June (see Chart 2). This slight increase was mainly associated with developments in energy and food prices, which increased by 6.2% and 1.1% in the year to July, compared with rises of 4.7% and 0.6% in June respectively. Excluding food and energy, OECD CPI inflation declined slightly to 1.2% in July, from 1.3% in the previous month. There was also a continued easing of the PMI on global input prices to 53.3 in July, compared with a post-recession peak of 60.9 in April, with costs rising at a slower pace in both the manufacturing and services sectors. In August, however, the manufacturing input price index rose to 58.5, from 56.9 in July, suggesting that prices are rising again at a faster pace (see Chart 1).

Chart 2 International price developments

(monthly data; annual percentage changes)



Source: OECD.

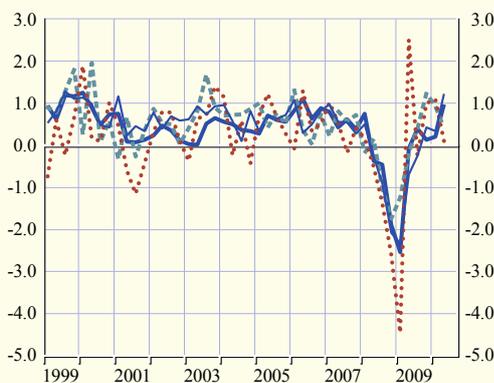
UNITED STATES

In the United States, the upturn in activity that began in the third quarter of 2009 remained strong, albeit moderating, in the first quarter of 2010, with the recovery partly supported by temporary factors, such as the fiscal stimuli and the inventory cycle. The pace of recovery in economic activity further moderated in the second quarter of 2010. Real GDP growth declined to an annualised rate

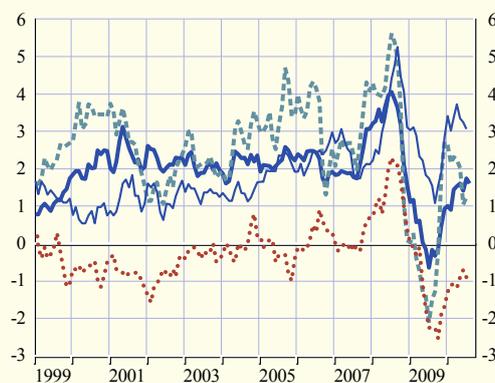
Chart 3 Main developments in major industrialised economies

— euro area - - - United States
 Japan — United Kingdom

Output growth¹⁾
 (quarter-on-quarter percentage changes; quarterly data)



Inflation rates²⁾
 (consumer prices; annual percentage changes; monthly data)



Sources: National data, BIS, Eurostat and ECB calculations.

1) Eurostat data are used for the euro area and the United Kingdom; national data are used for the United States and Japan. GDP figures have been seasonally adjusted.

2) HICP for the euro area and the United Kingdom; CPI for the United States and Japan.

of 1.6 % in the second quarter of 2010 after 3.7% in the first quarter of 2010 and 5.0% in the fourth quarter of 2009. In the context of low consumer confidence and ongoing weak labour market conditions, growth in personal consumption expenditure remained modest in the second quarter of 2010, whereas private business investment continued to expand at a significant pace. Overall economic activity was also supported by a pick-up in government spending and an increase in inventories, although the support to growth provided by the latter was smaller than in the preceding quarters. On the other hand, growth was held back by a large negative contribution from net exports, as imports rose more sharply than exports.

As regards price developments, annual CPI inflation increased from 1.1% in June to 1.2% in July 2010. The increase in headline inflation was driven, for the most part, by commodity price increases. The annual rate of inflation, excluding food and energy, remained at 0.9% in July, the lowest rate since 1966, reflecting the substantial slack in product and labour markets.

Looking ahead, the US economy is expected to continue to recover at a moderate pace. The fading support from temporary factors is expected to result in some loss of growth momentum in the second half of 2010. Overall, the recovery may remain relatively modest by historical standards. Weak labour market conditions, modest income growth, further household balance sheet adjustment and lower housing wealth are likely to contain consumption growth in the near term. Residential construction activity has declined again with the expiration of federal support measures. As the substantial amount of mortgages that are currently either seriously delinquent or in some stage of foreclosure enter the market, the increased stock of distressed properties is likely to weigh on house prices in the near term and the housing market more generally (see Box 1). CPI inflation is expected to remain moderate in the near term, reflecting subdued wage growth and substantial economic slack.

The US Federal Open Market Committee (FOMC) supports the view that economic activity is moderating, with the FOMC statement released on 10 August 2010 noting that the pace of recovery in output and employment has slowed in recent months. At that meeting, the FOMC decided to keep the target for the policy rate unchanged within a range of 0% to 0.25%. In addition, the Federal Reserve announced that it will keep constant its holdings of securities at their current level by reinvesting principal payments from agency debt and agency mortgage-backed securities into longer-term Treasury securities in order to help support the economic recovery.

Box 1

THE IMPACT OF US HOUSING SUPPORT INITIATIVES ON RECENT HOUSING MARKET DEVELOPMENTS

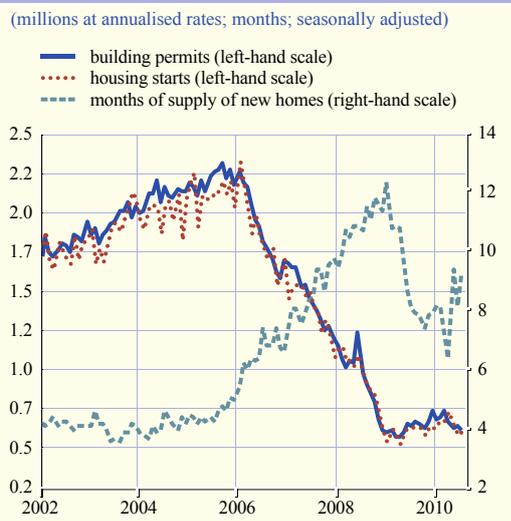
The US housing market, which was at the epicentre of the US and global financial crisis and economic downturn, has been showing signs of stabilisation since 2009. However, this appears to reflect, at least partly, the outcome of various housing support initiatives. Now that some of the support measures have been withdrawn, there is a risk that the observed improvements could prove to have been short-lived, as suggested by the weakness in recent housing market indicators. The purpose of this box is to report on the observed positive impact of such measures on the US housing market and to highlight potential sources of renewed weakness emerging in

the absence of policy support. This is an important element in gauging the sustainability of the recovery in the US housing market and therefore the US economic outlook.

The US housing market has witnessed unprecedented distressed conditions since the crisis started. Housing starts decreased from more than 2 million units in 2005 to only 554,000 in 2009 (see Chart A), while foreclosures soared from 780,000 to about 3 million during the same period. House prices, as measured by the Case-Shiller Index, declined by more than 30% from their peak in 2006. More recently, though, some signs of improvement in the US housing market began to emerge. First, house prices started to stabilise as the annual change of the Case-Shiller Index returned to positive territory in early 2010. In addition, improved affordability due to previous house price declines, together with public support for new homebuyers introduced during the recession, supported demand and helped existing home sales to rebound in late 2009 to their highest level in almost three years (see Chart B). Progress has also been made in reducing the excess supply of new homes available for sale which, nevertheless, still remains elevated relative to the current rate of monthly sales.

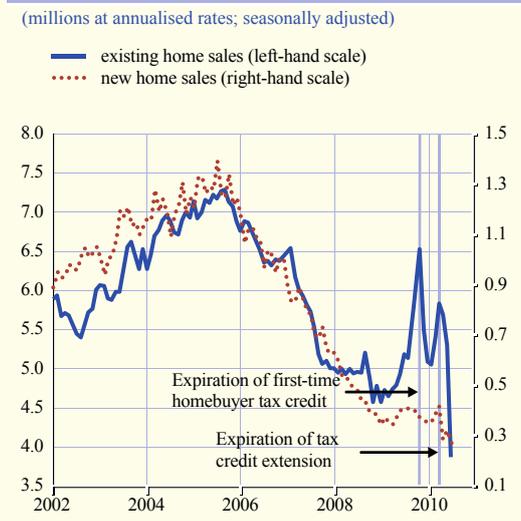
These improvements were partly driven by a number of government support initiatives, as federal support for the housing market expanded significantly during the crisis. A first set of measures consisted of mortgage modification programmes – such as the Home Affordable Modification Programme (HAMP) – which aimed to help distressed borrowers by making monthly mortgage payments more affordable. One effect of such modifications has been to slow the pace at which delinquencies turn into foreclosures and these, in turn, increase the supply of distressed properties on the market. Since such properties are usually sold at a significant discount, mortgage modification programmes might have contained, or at least delayed, the downward pressure on house prices related to foreclosures. Nevertheless, the positive impact could prove temporary, as many of the modified mortgages tend ultimately to redefault: it has been reported that more than half of all modifications become seriously delinquent one

Chart A US housing market developments



Source: US Census Bureau.

Chart B US home sales



Sources: National Association of Realtors and US Census Bureau.

year following conversion.¹ Even though recent vintages of mortgage modifications appear to be more successful, partly owing to increased focus on writing down principal on outstanding loans, renewed pressure from rising foreclosures cannot be excluded, as roughly one quarter of US homeowners have outstanding mortgages that exceed the value of their homes.

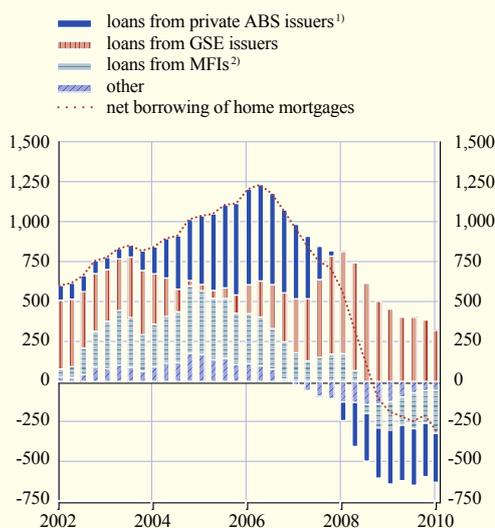
The homebuyer tax credit has been another housing support initiative. The measure was introduced as part of the 2009 stimulus package and consisted of a tax credit offered to first-time homebuyers. The programme appears to have played an important role in boosting existing home sales in the second half of 2009, with home resales jumping by almost 30% between August 2009 and November 2009 (the original expiration date of the programme, see Chart B). Home sales subsequently strengthened again in March and April 2010, which coincided with a second deadline following the extension of the tax credit until April 2010. However, one concern associated with the homebuyer tax credit is that the corresponding rebound in sales merely represented demand brought forward from the future, pointing to further weaknesses in the housing market following its expiration. This appears to be supported by available indicators which show renewed declines in home sales immediately after the expiration of the tax credit.

Finally, initiatives have been introduced to support the US mortgage market in order to help improve the availability and cost of credit to homeowners. One such initiative related to the large-scale (USD 1.4 trillion) purchases of debt of government-sponsored enterprises (GSEs) and GSE-guaranteed mortgage-backed securities (MBSs) on behalf of the Federal Reserve System, implemented between January 2009 and March 2010. The purchases appear to have contributed to a marked decline in mortgage rates. The interest rate on 30-year conforming mortgages declined by more than 1 percentage point to around 5% in November 2008, following the initial announcement of the programme, and remained at lower levels thereafter despite the end of the programme in March 2010. This resulted in improved housing affordability, with the US Housing Affordability Index remaining well above its long-term average as of mid-2010.

Public sector support remains crucial for the US mortgage market. In part, this has been driven by a dramatic change in the sources of US mortgage funding over recent years. While the supply of credit through private asset-backed security issuers (ABSs) dried up with the collapse of private-label mortgage securitisation during the financial crisis, the gap has only partially been replaced by way of mortgage originations financed through the GSEs Fannie Mae and Freddie Mac (see Chart C). Consequently, GSEs have been

Chart C Net borrowing of home mortgages in the United States

(four-quarter cumulated transactions in USD billions)



Source: Federal Reserve Board.

1) Loans from private asset-backed security issuers.

2) Loans from commercial banks, savings institutions and credit unions.

¹ See the report entitled "OCC and OTC Mortgage Metrics Report, First Quarter 2010", published in June 2010 by the Office of Comptroller of the Currency and Office of Thrift Supervision, Washington D.C.

the only source of net positive mortgage financing since 2008, which, however, did not prevent an overall decline in net mortgage borrowing.

GSEs have been pivotal in sustaining demand for mortgages and thus housing affordability. In September 2008, in view of their deteriorating solvency situation, Fannie Mae and Freddie Mac were placed under government conservatorship, whereby the Treasury provided a capital injection for each institution. To further ensure their solvency, in December 2009, the US Treasury extended its original support scheme to allow for unlimited capital infusions over the next three years, thus permitting any cumulative reduction in net worth over this period to be accommodated. Even though this may have facilitated the modification of mortgages serviced for the two agencies and eased investors' concerns about the solvency of the two institutions, the enhanced federal support for these GSEs ultimately added to the rising fiscal costs. Going forward, support for the mortgage market through GSEs is likely to be subject to limits. This is not only because of the added burden on the US fiscal position, but also because of the caps imposed on their portfolio growth, which put a limit on GSEs' capacity for purchasing new mortgages.

To conclude, much of the stabilisation in the US housing market since 2009 appears to reflect various housing policy initiatives. As some of the home support measures have now been withdrawn, the observed improvements may prove to be only temporary, and the renewed weakness in housing developments as of late may weigh on the economic outlook.

JAPAN

In Japan, the economic recovery has lost its momentum in recent months. According to the first preliminary estimate by Japan's Cabinet Office, real GDP slowed down sharply from 1.1% quarter on quarter in the first quarter of 2010 to 0.1% in the second quarter (see Chart 3). The only positive growth contribution stemmed from net exports, boosting economic activity by 0.3 percentage point. By contrast, inventories weighed on real GDP growth (-0.2 percentage point) and domestic demand was sluggish. Looking at individual categories, personal consumption was flat in the second quarter of 2010 compared with the previous quarter, pointing to a substantial reaction by households to the expiration of some of the fiscal stimulus measures. At the same time, government consumption increased by 0.2% quarter on quarter and public investment declined substantially by 3.4%, reflecting the restrictive economic policy stance.

Consumer price inflation has decreased in recent months, with annual overall CPI inflation declining to -0.9% in July compared with -0.7% in June, reflecting extensive economic slack. Annual CPI inflation excluding food and energy remained unchanged from the previous month at -1.5%.

Looking ahead, economic activity is likely to remain subdued in the second half of 2010, primarily owing to waning fiscal stimuli and a moderation of external demand, partly on account of the lagged impact of a stronger yen. At its most recent meeting on 10 August 2010, as in all its monetary policy meetings since December 2008, the Bank of Japan decided to leave its target for the uncollateralised overnight call rate unchanged at 0.1%.

UNITED KINGDOM

In the United Kingdom, the recovery has continued in recent quarters. Quarter-on-quarter real GDP growth was revised upwards to 1.2% (from 1.1%) in the second quarter of 2010, after expanding by 0.3% in the first quarter. Output growth over the second quarter of 2010 was mainly driven

by positive contributions from inventories and household consumption expenditure, while the contribution of net trade was nil. House prices continued their upward trend in year-on-year terms, although in month-on-month terms, they have declined in recent months. Looking ahead, the inventory adjustment, the monetary stimulus, external demand and the past depreciation of the pound sterling should support economic activity. However, growth of domestic demand is expected to remain restrained by tight credit conditions, household balance sheet adjustment and substantial fiscal tightening.

Annual CPI inflation increased markedly at the beginning of 2010, peaking at 3.7% in April, but has moderated somewhat in recent months, standing at 3.1% in July. Looking ahead, the lagged effects of the depreciation of the pound sterling and the impact of the VAT rate increase in January 2011 are expected to exert upward pressure on consumer prices. In recent quarters the Bank of England's Monetary Policy Committee has maintained the official Bank Rate paid on commercial bank reserves at 0.5%. The Committee has also continued to vote for maintaining the stock of asset purchases financed by the issuance of central bank reserves at GBP 200 billion.

OTHER EUROPEAN COUNTRIES

On balance, the economic situation has also continued to improve in recent quarters in the other non-euro area EU countries, while inflationary developments show a mixed picture. In Sweden, the recovery has gained pace in recent quarters. Real GDP increased by 1.5% and 1.2% quarter on quarter in the first and second quarter of 2010 respectively. The labour market has recently shown some signs of stabilisation, providing further support to the economic recovery. Economic growth has also been positive in recent quarters in Denmark, with quarter-on-quarter real GDP growth standing at 0.7% in the first quarter of 2010 and 1.0% in the second quarter. The rebound in economic activity is expected to continue in Denmark, supported by the fiscal stimulus package and external demand. In recent months HICP inflation has been stable in Denmark, hovering around 2%, while it has been decreasing in Sweden. In July 2010 annual HICP inflation stood at 2.1% in Denmark and 1.4% in Sweden.

Overall, the largest central and eastern European EU countries are continuing to recover, although economic growth has been volatile in recent quarters. Real GDP growth has remained relatively strong in the Czech Republic and Poland, standing at 0.8% and 1.1% quarter on quarter in the second quarter of 2010 respectively. In Hungary, real GDP stagnated in the second quarter of 2010 after expanding by 0.6% in the first quarter. In Romania, real GDP grew by 0.3% in the second quarter of 2010 after contracting in the first quarter. Looking ahead, recent confidence indicators as well as industrial production and trade figures point to a continued recovery, driven by external demand, in most countries, with the exception of Romania. However, a number of factors – including rising unemployment, weak credit conditions and the mechanical impact of fiscal measures in some countries (including a substantial financial sector levy in Hungary and a VAT hike from July 2010 in Romania) – point to continued weakness in domestic demand. Annual inflation stood at 1.6% in the Czech Republic and 1.9% in Poland in July. In Hungary, inflation stood at around 5% in May and June 2010, but moderated to 3.8% in July, mainly owing to a downward base effect related to last year's tax hike. In Romania, inflation hovered slightly above 4% in the months prior to July, before significantly increasing to 7.1% in July following the recent VAT hike. Looking ahead, tax hikes in some countries will lead to increasing inflation, although their impact is expected to be limited by extensive spare capacity.

The economic situation has also continued to stabilise in the smaller non-euro area countries, i.e. the Baltic countries and Bulgaria, mainly on account of improved external demand and the resulting growth in industrial production. At the same time, domestic demand is still very weak

and is even contracting in some countries. Looking ahead, economic conditions are expected to continue to stabilise, although it is also anticipated that weak labour market and credit conditions will continue to weigh strongly on domestic demand.

In Russia, the recovery of output that started in the second half of 2009 remained sluggish in the first half of 2010. According to preliminary figures, real GDP growth increased somewhat in the second quarter of 2010 after a very low reading in the first quarter. Leading indicators point to a weakening of momentum, partly owing to the exceptional heatwave that hit Russia in the summer. This is likely to have a negative effect on the outlook for both growth and inflation, but at this stage it is difficult to judge the extent of the impact. In addition, weaker than expected commodity prices and relatively moderate domestic credit growth remain important risk factors for the recovery. Inflation continued to ease and reached 5.5% year on year in July. However, the risks are on the upside, driven partly by the impact of the heatwave on food prices.

EMERGING ASIA

National account data for the second quarter of 2010 confirmed the sustained robust economic performance of emerging Asia over the past year. However, the GDP growth rates of several economies were somewhat lower compared with the previous quarter, pointing to some cooling down of economic activity in the region. A range of demand components drove GDP growth: in some economies, private consumption and fixed investment contributed the most; in others, strong net exports were relatively more important. Inflation rates remained largely stable across the region in July.

China's real GDP growth decelerated to 10.3% year on year in the second quarter of 2010 compared with 11.9% in the first quarter, indicating a slowdown of the economy and a lower risk of overheating. Economic growth is becoming increasingly driven by external demand. Exports increased by 41.0% year on year in the second quarter, exceeding the growth rate of imports in June for the first time in 13 months. Import growth decelerated in the second quarter owing to relatively weaker domestic demand and lower raw material prices for the most part of the quarter. As a result, the monthly trade surpluses have risen substantially since May, reaching pre-crisis levels. On the other hand, the gradual withdrawal of the fiscal and monetary policy stimuli and the introduction of administrative measures against property market speculation resulted in a slowdown of fixed asset investment and construction. CPI inflation increased to 3.3% in July from 2.9% a month earlier. This was, however, mainly driven by temporary factors related to the flooding in Southern China which led to an increase in food prices. PPI inflation started to moderate in July. Some moderation in the pace of economic growth is expected to weigh down on inflationary pressures.

In Korea, real GDP increased by 7.1% year on year in the second quarter of 2010 compared with 8.1% in the first quarter. Strong exports and resilient private consumption contributed positively to growth, while weaker government spending and construction investment explain the modest slowdown compared with the previous quarter. Average annual CPI inflation fell slightly to 2.6% in the second quarter of 2010 from 2.7% in the first quarter. In India, GDP expanded by 3.7% year on year in the second quarter of 2010, led by private domestic consumption and investment. Average annual wholesale price inflation – the Reserve Bank of India's preferred measure of inflation – increased from 10.2% in the first quarter to 11.0% in the second quarter.

Overall, the remarkable economic performance of emerging Asia that started in the second quarter of 2009 was initially mainly driven by fiscal and monetary stimuli, and subsequently by the rebound in world demand, but also increasingly by domestic private demand. More recently, the gradual

withdrawal of policy support and the moderation of external demand have led to some (limited) cooling down of economic activity and are expected to result in somewhat slower growth in the second half of 2010.

LATIN AMERICA

In Latin America, the strong economic recovery observed in the first quarter of 2010 continued into the second quarter. Inflationary pressures rose, on average, in most countries in the region in the second quarter of 2010. In Mexico, real GDP growth was 7.7% year on year in the second quarter of 2010 compared with 4.3% in the first quarter of the year. Annual consumer price inflation averaged 4.0% in the second quarter, down from 4.8% in the preceding quarter. In Argentina, economic activity has recovered strongly, as evidenced by strong growth in industrial production in the second quarter (10.0% year on year). Average annual CPI inflation was 10.6% in the second quarter of 2010, up from 9.0% in the first quarter. In Brazil, on the other hand, the average rate of growth of industrial production in the second quarter of 2010 – at 14.3% year on year – was lower than in the first quarter (18.1%). Annual inflation in Brazil increased to 5.2% in the second quarter. Overall, economic activity in Latin America has rebounded swiftly since the second half of 2009. However, looking ahead, the recovery is expected to lose steam as fiscal stimulus measures are phased out.

1.2 COMMODITY MARKETS

Following an increase in 2009, oil prices have been fluctuating around an average of USD 78 per barrel since the beginning of 2010 amid some volatility (see Chart 4). Brent crude oil prices stood at USD 75.6 per barrel on 1 September, which was slightly lower (by 3.0%) than at the beginning of the year. Looking ahead, market participants are expecting slightly higher oil prices in the medium term, with futures contracts for December 2012 trading at USD 85.8 per barrel.

During the past three months, oil prices have been subject to the interplay of strong demand-side fundamentals and the uncertainty about the strength of the global macroeconomic recovery. On the demand side, the International Energy Agency has repeatedly revised its oil demand forecast for 2010 and 2011 upwards, mostly owing to higher assumptions regarding global economic growth. However, uncertainty surrounding the strength of the global economic recovery contributed to downward pressure on oil prices. Global oil demand growth, which was strong in the first half of 2010, has slightly moderated since the middle of the year, mainly owing to lower oil demand growth in China. Oil supply remained ample as OPEC members produced well above target and OECD inventories increased substantially in the second quarter of 2010.

Chart 4 Main developments in commodity prices



Sources: Bloomberg and HWWI.

Prices of non-energy commodities have displayed marked increases during the last few months, primarily driven by strong gains in food prices. Although grain prices fell in June because of abundant supply, adverse weather conditions in major wheat exporting countries caused significant tightness in the market, leading to higher food prices in August. Looking forward, global wheat production for 2010 and 2011 has been revised downwards by several international agricultural agencies, thereby increasing upside risks to food prices in the short term. Metal prices have also increased since mid-June, recovering from declines in the previous months. Inventory levels of most base metals decreased as production has been moderating against the backdrop of slower, but still robust, demand, in particular from China. In aggregate terms, the price index for non-energy commodities (denominated in US dollars) was 16.8% higher at the end of August than at the beginning of the year.

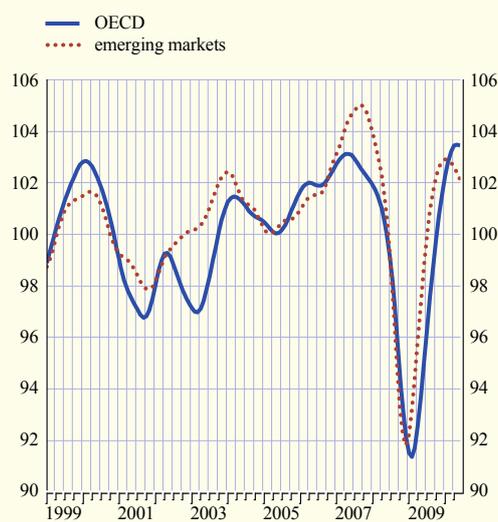
1.3 OUTLOOK FOR THE EXTERNAL ENVIRONMENT

Looking ahead, the latest survey and indicator-based information suggests an ongoing recovery with some further moderation in the momentum of global growth in the second half of the year. In June the OECD composite leading indicator decreased slightly, suggesting a slowdown in the economic expansion in most advanced economies and a rate of growth that is below trend in some major emerging markets such as China and India (see Chart 5). Further evidence of a weakening in global growth prospects in the second half of the year is also provided by the Ifo World Economic Climate Indicator, which fell slightly in the third quarter of the year, particularly in North America and Asia. Although the current economic situation is assessed more favourably than in the previous survey, economic expectations for the coming six months have been revised downwards. For 2011, most private and public forecasters expect that the world economy will record a lower annual economic growth rate than in 2010, but regain some traction in the course of the year.

In an environment of uncertainty, the risks to global activity are slightly tilted to the downside. On the upside, trade may continue to perform more strongly than expected. On the downside, concerns remain relating to the emergence of renewed tensions in financial markets, renewed increases in oil and other commodity prices, protectionist pressures, as well as the possibility of a disorderly correction of global imbalances.

Chart 5 OECD composite leading indicators

(monthly data; amplitude-adjusted)



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

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

The latest monetary data up to July confirm the continued weakness of the annual growth rate of euro area M3 and credit to the private sector. They still support the assessment of a moderate pace of underlying monetary expansion and contained inflationary pressures over the medium term. However, the degree by which headline M3 growth continues to understate the underlying pace of monetary expansion is declining owing to the diminishing impact of the steep yield curve. The annual growth rate of MFI loans to the private sector picked up further, thus lending support to the interpretation of a recovery in private sector loan dynamics since the turn of the year. This reflected less negative dynamics of lending to non-financial corporations, but also increased lending to non-monetary financial intermediaries, while lending to households appears to have stabilised. Finally, developments in July suggest that the process of gradual expansion in euro area MFIs' balance sheets seen in the first few months of this year has resumed.

THE BROAD MONETARY AGGREGATE M3

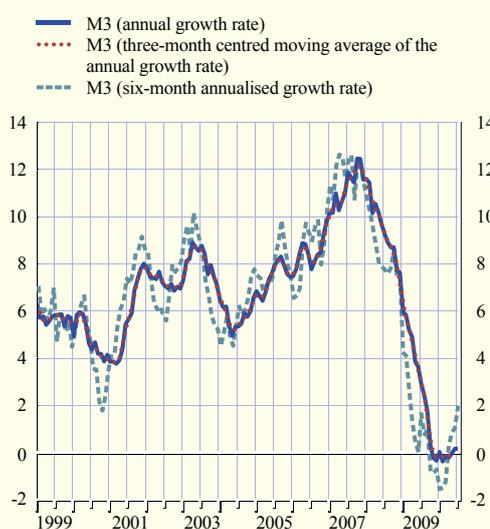
The annual growth rate of the broad monetary aggregate M3 remained weak, standing at 0.2% in July 2010, after -0.1% in the second quarter and -0.2% in the first quarter of 2010 (see Chart 6). The shorter-term measures of M3 growth such as the annualised six-month growth rates have strengthened, but caution is warranted in interpreting this as an indication of an incipient recovery of monetary growth. In particular, much of this strengthening was driven by an increasing contribution from non-monetary financial intermediaries other than insurance corporations and pension funds.

On balance, monetary growth has remained weak, and this continues to reflect, to some extent, the impact of the interest rate constellation. The steepness of the yield curve has remained broadly unchanged for a number of months, and large-scale shifts in the allocation of monetary assets into higher-remunerated non-monetary interest-bearing assets have gradually faded out. Therefore, the degree by which headline M3 growth understates the underlying pace of monetary expansion is diminishing. At the same time, there continued to be some substitution between M1 and higher-remunerated components within M3 following the increased remuneration of deposits with a maturity of up to two years relative to the opportunity costs of holding overnight deposits and other short-term monetary instruments.

As regards the counterparts of M3, the annual growth rate of loans to the private sector – the largest component of overall bank credit – rose to 0.9% in July, after 0.2% in the second quarter of 2010 and -0.4% in the first quarter of 2010. From a sectoral perspective, the latest developments point to a stabilisation in the annual growth rate of lending to households. At the same time, the annual growth rate of loans to non-financial corporations has increased since early 2010, thus providing

Chart 6 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

reason for cautious optimism that a turning point in these loans has occurred. However, the uneven recovery across sectors and relatively strong recourse to market financing may imply a more sluggish recovery of bank loan developments.

MFIs' main assets increased in the second quarter of 2010 and also in July, reflecting growth of both inter-MFI loans and loans to euro area non-MFIs, while debt securities holdings were reduced. The overall expansion provides further support for a halt in the process of balance sheet contraction observed in euro area MFIs' asset holdings in 2009 (for more details see Box 2 entitled "The role of inter-MFI transactions in recent MFI balance sheet developments").

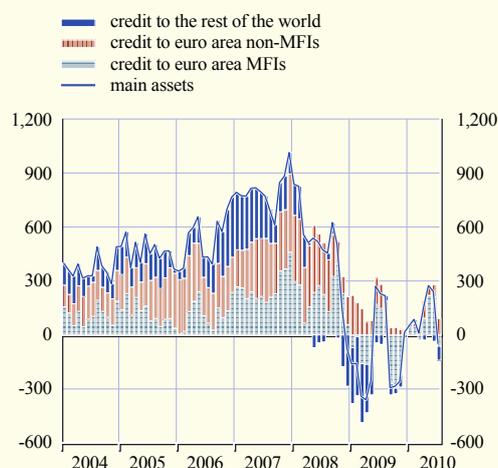
Box 2

THE ROLE OF INTER-MFI TRANSACTIONS IN RECENT MFI BALANCE SHEET DEVELOPMENTS

In response to the tensions in financial markets, but also the various policy and regulatory measures to counter them, the balance sheets of euro area MFIs have been undergoing a process of profound adjustment since late 2008. The MFI balance sheet statistics, which provide timely information for the monitoring of this process at the aggregate level, suggest that the adjustment has progressed in a staggered and volatile manner (see Chart A).¹ After an initial marked reduction in the size of their balance sheets in the aftermath of the collapse of Lehman Brothers, euro area MFIs have alternated between periods of accumulation and further shedding of assets. The main driver of this alternating pattern in balance sheet developments has been MFIs' holdings of assets issued by the euro area MFI sector itself (i.e. credit to euro area MFIs). This box examines developments in inter-MFI transactions over the period of MFI balance sheet adjustment.

Chart A MFI main assets

(three-month flows in EUR billions; adjusted for seasonal effects)



Sources: ECB, ECB calculations.

Notes: The reporting sector is MFIs excluding the Eurosystem. Credit includes holdings of loans, securities other than shares and shares and other equity. Main assets exclude the holdings of money market fund shares/units, fixed assets and remaining assets.

The role of claims vis-à-vis the Eurosystem and lending to other euro area MFIs

The most prominent type of inter-MFI transaction is the granting of loans. In the MFI balance sheet statistics, such loans also include euro area MFIs' claims vis-à-vis the Eurosystem central banks, which are statistically classified in the MFI sector. These claims mainly relate to credit institutions' current account balances with the Eurosystem and their recourse to the Eurosystem's

¹ The monthly MFI balance sheet statistics also include the assets held by euro area money market funds. However, the assets of these funds account for less than 5% of euro area MFIs' total assets.

deposit facility. In the context of the ECB's response to the financial crisis, these positions have become large, thus mirroring the provision of unlimited liquidity to euro area credit institutions by the Eurosystem. Therefore, they need to be identified separately.

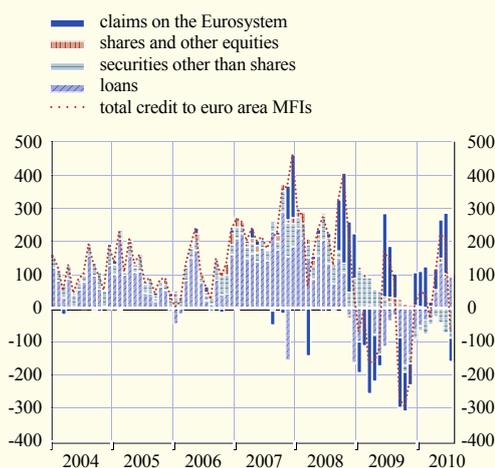
Lending to other euro area MFIs (i.e. MFIs excluding the Eurosystem) has been, together with holdings of assets vis-à-vis non-residents, the position that has borne the brunt of the balance sheet adjustment that euro area MFIs have undergone since late 2008. In some periods, however, the reduction in lending to other euro area MFIs has been more than offset by increased MFI claims vis-à-vis the Eurosystem. For instance, in the summer of 2009 the increase in MFIs' claims vis-à-vis the Eurosystem, following the large recourse to the first one-year longer-term refinancing operation in June, led to an expansion in the overall holdings of MFIs' assets (see Chart B).² Subsequently, and as credit institutions adjusted their borrowing from the Eurosystem, their claims were also reduced, contributing to the overall decline in credit to euro area MFIs in the fourth quarter of 2009 and imparting considerable volatility to this position.

In spring 2010 a renewed expansion of credit to euro area MFIs was observed. Claims vis-à-vis the Eurosystem again contributed to this increase. However, unlike during the short-lived episode in the summer of 2009, lending to other MFIs also contributed to this development. The evolution of this inter-MFI lending in 2010 has, however, been characterised by a "stop and go" pattern. In the light of the renewed tensions in financial markets that emerged during this period, it is unlikely that the spurts of increased inter-MFI lending observed are entirely indicative of a genuine improvement in the willingness of banks to lend to each other.

Initially, the increased inter-MFI lending in spring 2010 is likely to have reflected a gradual normalisation in euro area money markets. In this context, the Eurosystem had initiated the gradual phasing-out of some of its non-standard measures.³ Tensions in the sovereign debt markets, however, triggered renewed distrust among banks and eventually spilled over to the money market in late April. The large recourse to Eurosystem refinancing operations initially masked the impact of the renewed tensions in interbank transactions, as the redistribution of central bank liquidity among networks of affiliated credit institutions is likely to have supported a further increase in lending to other MFIs. In June, however, the continued tensions in financial markets, coupled with balance sheet adjustments related to the end of the quarter and some market participant uncertainty regarding liquidity conditions in view of the looming expiration

Chart B MFI assets vis-à-vis the euro area MFI sector

(three-month flows in EUR billions; adjusted for seasonal effects)



Sources: ECB, ECB calculations.
Note: The reporting sector is MFIs excluding the Eurosystem.

² See the box entitled "The impact of the first one-year longer-term refinancing operation" in the August 2009 issue of the Monthly Bulletin.

³ See the box entitled "Money markets' reaction to announcements regarding the phasing-out of non-standard measures" in the April 2010 issue of the Monthly Bulletin.

of the large one-year longer-term refinancing operation on 1 July, resulted in a retrenchment in interbank lending. Following the end of the quarter, and as market conditions improved in July, MFIs appear to have started increasing their lending to at least a sub-set of euro area banks. Nevertheless, total credit to euro area MFIs was reduced in July, as recourse to the Eurosystem's deposit facility was scaled down markedly.

The role of the residency of the counterparties to inter-MFI lending

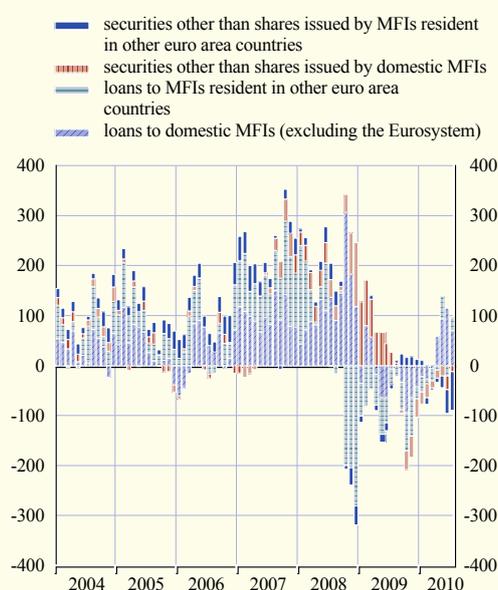
Tensions in financial markets have affected euro area MFIs' lending to other MFIs asymmetrically as regards the residency of the counterparty (recipient) MFI. Following the collapse of Lehman Brothers, euro area MFIs reduced their loans to MFIs in other euro area countries sharply, and, at the same time, increased their lending to MFIs in the country where they were resident (see Chart C). To some extent, this development reflects the restructuring of a large euro area banking group, which resulted in the unwinding of cross-border intragroup claims. It should be borne in mind that loans to MFIs reported in MFI balance sheet statistics also include claims that do not result from genuine market-based interbank transactions. For instance, they include transactions within banking groups.

As a result, operations such as restructurings can have a marked impact on these statistics. However, even discounting for the impact of this restructuring operation, the pattern of opposite developments in lending to domestic MFIs and MFIs resident in other euro area countries in late 2008 and early 2009 remains intact. This pattern suggests that the integration of euro area money markets, which was well advanced prior to the onset of the financial market turmoil, has been challenged, at least temporarily, as banks seem to have preferred to confine their interbank lending to within their own national borders.⁴ After this initial reaction, euro area MFIs eventually also reduced their loans to domestic banks.

A certain asymmetry, albeit less marked, has also been observed during the recent reinitiation of lending to euro area MFIs. In the first instance, this renewed lending was mainly directed towards MFIs resident in the same Member State as the lenders. Subsequently, however, lending to MFIs resident in other euro area countries has also picked up, with the exception of the development in June.

Chart C MFI assets vis-à-vis domestic MFIs and MFIs resident in other euro area countries

(three-month flows in EUR billions; adjusted for seasonal effects)



Sources: ECB, ECB calculations.

Notes: The reporting sector is MFIs excluding the Eurosystem. Loans to the Eurosystem and holdings of shares and other equity are excluded.

4 Evidence corroborating the retrenchment in cross-border interbank lending within the euro area at the aggregate level is also provided in Avdjiev, S., Upper, C. and von Kleist, K., "Highlights of international banking and financial market activity", *Quarterly Review*, BIS, Basel, June 2010. At the micro level, evidence is provided in Cassola, N., Holthausen, C. and Lo Duca, M., "The 2007/2009 turmoil: a challenge for the integration of the euro area money market?", a paper presented at the ECB-European Commission conference on "Financial integration and stability: the legacy of the crisis", Frankfurt am Main, 12 April 2010.

The role of holdings of securities other than shares issued by euro area MFIs

Besides outright loans, MFIs extend credit to other MFIs mainly by acquiring debt securities (securities other than shares) that these have issued. In the aftermath of the collapse of Lehman Brothers and while interbank lending was being reduced markedly, MFIs increased, quite substantially, their holdings of such securities (see Chart B). This largely reflects the relative attractiveness of these securities, by comparison with outright lending, in an environment of uncertainty regarding the balance sheet strength of at least part of the MFI sector. This attractiveness stemmed from the government guarantees covering most of the MFI debt securities issued during that period. As in the case of lending to MFIs, there is evidence of a “home bias” in the MFI debt securities acquired during this period. The securities purchased in late 2008 and the first half of 2009 had been issued by MFIs resident in the same euro area country as the purchaser, while holdings of debt securities issued by MFIs resident in other euro area countries were being reduced (see Chart C).⁵

Issuance of MFI debt securities covered by government guarantees has slowed down since the summer of 2009.⁶ At the same time, MFIs have largely refrained from purchasing further MFI debt securities and indeed have scaled back their holdings of such securities in recent months. This reduction has mainly affected their holdings of debt securities issued by MFIs resident in other euro area countries.

Conclusion

The staggered manner in which the adjustment of the balance sheet of euro area MFIs has proceeded since late 2008 has mainly reflected developments in credit to euro area MFIs. After a marked contraction in early 2009 the balance sheet of euro area MFIs has featured two main episodes of expansion. The first episode during the summer of 2009 was entirely driven by an increase in MFIs’ claims vis-à-vis the Eurosystem. In early spring 2010, however, increased inter-MFI lending also contributed to the accumulation of MFI assets.

For the efficient operation of the banking system, the distribution of surplus funds through the interbank market is required. In the face of dislocated money markets, the Eurosystem has temporarily assumed the role of providing this intermediation. The nascent revival of interbank lending activity in spring 2010 was interrupted by the renewed tensions in the financial markets. The coming months will clarify whether the resumption of inter-MFI lending in July reported in the MFI balance sheet statistics heralds a more sustained return to normality in the attitude of euro area MFIs towards lending to each other.

⁵ In some cases, the government-guaranteed debt securities issued were retained by the issuing MFI in order to be used as collateral in Eurosystem refinancing operations. Depending on the statistical treatment of asset and liability netting in the respective euro area countries, such operations have affected MFIs’ holdings of debt securities issued by domestic MFIs.

⁶ See the box entitled “The funding of euro area MFIs through the issuance of debt securities” in the August 2010 issue of the Monthly Bulletin.

MAIN COMPONENTS OF M3

Developments in M3 conceal differences in its main components, with the annual growth rate of M1 declining further, but remaining strongly positive, while that of short-term deposits other than overnight deposits (i.e. M2 minus M1) and marketable instruments (i.e. M3 minus M2; see Chart 7) increased in the second quarter of 2010 and in July, but from still clearly negative rates. Therefore, the differences between these growth rates have tended to narrow, although they remain large.

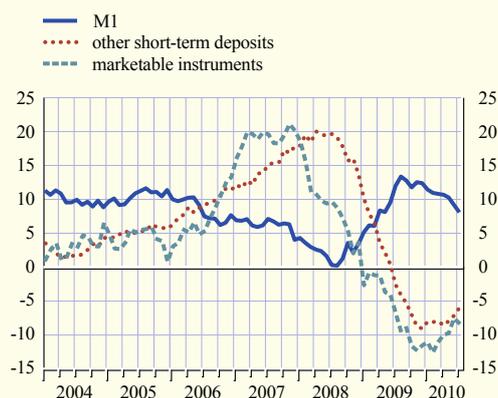
The annual growth rate of M1 decreased to 10.3% in the second quarter from 11.3% in the previous quarter. A further drop to 8.1% was observed in July 2010 (see Table 1), despite a sizeable monthly inflow into overnight deposits.

In the second quarter of 2010, the only visible movement in the remuneration of the different M3 components was a further increase in the interest rates paid on short-term time deposits (deposits with an agreed maturity of up to two years). This implied an increase in the spread vis-à-vis both the interest rates paid on overnight deposits and the interest rates paid on savings deposits (deposits redeemable at notice of up to three months). This has resulted in some rebalancing in favour of stronger growth in other short-term time deposits.

The annual rate of change of short-term deposits other than overnight deposits increased in the second quarter of 2010 to -8.0%, from -8.2% in the previous quarter. This development strengthened in July 2010 to -6.0%, continuing to reflect a divergent evolution within the individual sub-components as growth in short-term time deposits continued to increase significantly, albeit still at a negative rate, whereas that in short-term savings deposits continued to decline.

Chart 7 Main components of M3

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



Source: ECB.

Table 1 Summary table of monetary variables

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

	Outstanding amount as a percentage of M3 ¹⁾	Annual growth rates					
		2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 June	2010 July
M1	49.7	12.2	12.3	11.3	10.3	9.2	8.1
Currency in circulation	8.3	12.8	7.5	6.2	6.4	6.9	6.6
Overnight deposits	41.4	12.0	13.3	12.4	11.1	9.6	8.4
M2 – M1 (= other short-term deposits)	38.6	-3.1	-7.7	-8.2	-8.0	-7.1	-6.0
Deposits with an agreed maturity of up to two years	18.9	-13.2	-22.1	-22.8	-21.6	-19.6	-17.5
Deposits redeemable at notice of up to three months	19.7	12.9	15.8	13.3	10.2	9.0	8.2
M2	88.3	4.5	2.2	1.7	1.4	1.4	1.4
M3 – M2 (= marketable instruments)	11.7	-7.6	-11.4	-11.7	-9.7	-7.6	-8.3
M3	100.0	2.7	0.3	-0.2	-0.1	0.2	0.2
Credit to euro area residents		3.7	3.1	1.9	1.8	1.5	1.9
Credit to general government		12.0	14.2	9.9	9.0	8.1	7.6
Loans to general government		2.6	3.1	3.8	6.7	7.0	5.9
Credit to the private sector		2.1	0.9	0.3	0.2	0.1	0.6
Loans to the private sector		0.4	-0.6	-0.4	0.2	0.5	0.9
Loans to the private sector adjusted for sales and securitisation		1.6	0.3	-0.2	0.2	0.5	1.0
Longer-term financial liabilities (excluding capital and reserves)		4.8	6.7	5.5	4.4	2.7	2.3

Source: ECB.

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

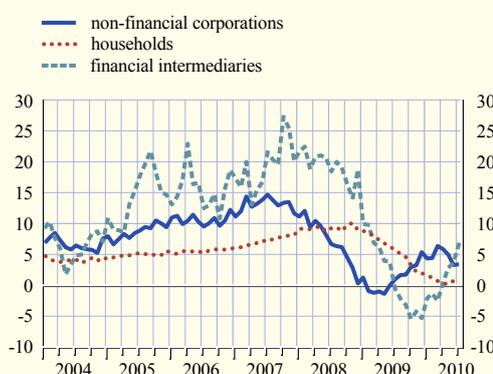
Marketable instruments included in M3 also registered a lower rate of annual decline in July, standing at -8.3%, after -9.7% in the second quarter and -11.7% in the previous quarter. This development was predominantly driven by less negative growth rates in debt securities of up to two years and an increase in the annual growth rate of repurchase agreements. However, developments in repurchase agreements in the most recent months largely reflected interbank transactions conducted on electronic platforms linked to central counterparties (CCPs) that are classified in the other financial intermediaries (OFI) sector. At the same time, there continued to be further significant redemptions of the money-holding sectors' holdings of money market fund shares/units in the second quarter of 2010 and in July, and the annual growth rate became more negative. The stabilisation of short-term money market rates at particularly low levels suggests that the remuneration of this instrument, which is closely linked to these rates, is also low. This has tended to prompt investors to seek higher returns in alternative instruments, such as shares/units of other types of investment fund (for more details of developments in the financial investment of the non-financial sector, see Section 2.2.).

The annual growth rate of M3 deposits – which comprise short-term deposits and repurchase agreements, and represent the broadest monetary aggregate for which reliable information is available at a sectoral level – increased somewhat further to stand at 2.0% in July 2010, after 1.2% in the second quarter of 2010 and 1.1% in the first quarter. The development in the second quarter was partly driven by the acceleration of the annual growth of non-financial corporations' M3 deposits, which increased to 5.2% in the second quarter, from 4.9% in the first quarter of 2010 (see Chart 8). However, in July the annual growth rate decreased somewhat to 3.4%. Overall, non-financial corporations have been a large contributor to the annual growth rate of total M3 deposits in the past few months. A recovery in the M3 deposit holdings of non-financial corporations is not untypical at this stage as firms tend to accumulate liquid M3 holdings as cash flow exceeds their needs for working capital. At the same time, non-financial corporations may want to rely on internal funding to finance ongoing expenditure, possibly partly reflecting concerns over the availability of bank financing.

The recent increase in the annual growth rate of M3 deposits also resulted from the strong increase in the annual growth rate of M3 deposit holdings of non-monetary financial intermediaries, which became positive in April 2010 and increased thereafter to reach 7.8% in July, bringing the contribution of OFIs' M3 holdings to about half of the annual growth rate of total M3 deposits. Most of this increase consisted of repurchase agreements, which in turn reflected to a large extent interbank trading activity via CCPs. The recourse to secured interbank activity via CCPs tends to be stronger in an environment of financial turmoil. However, such transactions reflect interbank activity and also tend to be very volatile; they thus cannot be seen as pointing towards more lasting changes in monetary dynamics.

Chart 8 Short-term deposits and repurchase agreements

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



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

By contrast, the annual growth rate of households' M3 deposit holdings decreased in the second quarter of 2010, but picked up in July. Such a pick-up would be consistent with a lag in the response of households to economic activity and to the waning downward impact of the yield curve.

MAIN COUNTERPARTS OF M3

As regards the counterparts of M3, the annual growth rate of total MFI credit to euro area residents remained broadly unchanged in July, standing at 1.9%, after 1.8% in the second quarter of 2010 and 1.9% in the first quarter (see Table 1). This development concealed continuous reductions in the annual growth rate of MFI credit to general government, whereas credit to the private sector, while stabilising in the second quarter of 2010, increased in July.

The continued decline observed in the annual growth rate of MFI credit to general government (which decreased to 7.6% in July 2010, down from 9.0% in the second quarter of 2010 and 9.9% in the first quarter) resulted from a continuous gradual moderation of the accumulation of government securities by the MFI sector, although purchases still continued to be observed, as can be seen from the ongoing positive monthly flows.

The annual growth rate of MFI credit to the private sector stabilised in the second quarter of 2010 at 0.2% (after 0.3% in the first quarter), while increasing in July to 0.6%. The annual growth rate of MFIs' holdings of private sector securities other than shares continued to decrease, falling from 5.4% in the first quarter of 2010 to 0.1% in the second quarter and -1.1% in July. This decline can be explained at least in part by weaker retained securitisation activity following the higher levels observed in the first half of 2009. Similarly, the annual growth rate of MFIs' holdings of shares and other equity decreased to -0.2% in July 2010, after having stabilised at 0.9% and 0.8% in the second and first quarter of the year respectively.

The annual growth rate of MFI loans to the private sector – the largest component of credit to the private sector – continued its upward trend, increasing to 0.9% in July, from 0.2% in the second quarter and -0.4% in the previous quarter (see Table 1). This development supports the view that a recovery in private sector loan dynamics has been taking place since the turn of the year. The difference vis-à-vis the series adjusted for the impact of true-sale securitisation activities has virtually disappeared, reflecting the subdued securitisation flows observed, on average, over the last 12 months.

The increase in the annual growth rate of loans to the private sector reflects an overall stabilisation of lending to households, as well as less negative dynamics of lending to non-financial corporations. At the same time, loans to OFIs continued to rise further on account of – on average – sizeable monthly flows.

The developments in the annual growth rate of loans to households in the second quarter of 2010 confirm the moderate dynamics observed since the turn of the year. The evolution of loans to households continued to reflect inflows into lending for house purchase, while concealing outflows in consumer credit.

The annual growth rate of loans to non-financial corporations stood at -1.3% in July, up from -2.2% in the second quarter and -2.5% in the first quarter of 2010. Developments continue to be driven by negative flows in loans with maturities of less than five years, whereas the monthly flows of loans with maturities of over five years have, on average, remained positive. The weakness in loans to non-financial corporations, especially in those with shorter maturities, may partly reflect

a recovery in cash flows and retained earnings (the non-financial corporations sector became a net lender for the first time since 2000 in the first quarter of 2010). Furthermore, lending to the euro area non-financial corporations sector can also partly be explained by the apparent substitution of loans by debt securities and quoted shares issuance that has been observed since the first half of 2009 and continued in the second quarter of 2010 (see Sections 2.6 and 2.7 for more details of sectoral developments in loans and financing).

Overall, developments in the growth of loans to the non-financial private sector remain weak but in line with historical regularities in the business cycle. The latest data foster expectations that the turning point in non-financial corporations' loan growth has been reached, although for the time being this is still accompanied by negative monthly flows.

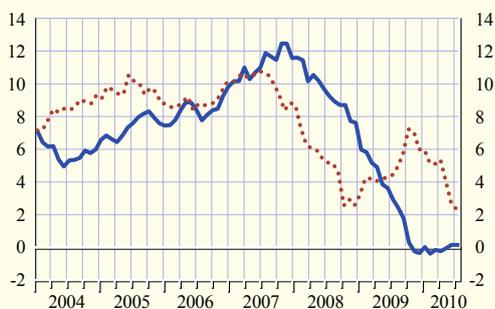
Turning to the other counterparts of M3, the annual growth rate of MFIs' longer-term financial liabilities (excluding capital and reserves) decreased to 4.4% in the second quarter of 2010, down from 5.5% in the previous quarter, before falling to 2.3% in July (see Chart 9). This development is explained by a reduction in the annual growth of long-term deposits (i.e. those with an agreed maturity of over two years and those redeemable at notice of over three months). This reflects mainly the subdued inflows in recent months from households and supports the view that the previous shifts from M3 deposits to longer-term deposits encouraged by the steep yield curve have waned in recent months. At the same time, the annual growth rate of debt securities issued with a maturity of over two years declined further to stand at 1.2% in July, down from 3.1% and 3.4% in the second and first quarter of 2010 respectively.

Finally, the annual inflow to MFIs' net external asset position decreased to €115.8 billion in the second quarter of 2010, after the €159.4 billion observed in the previous quarter (see Chart 10).

Chart 9 M3 and MFI longer-term financial liabilities

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

- M3
- longer-term financial liabilities (excluding capital and reserves)

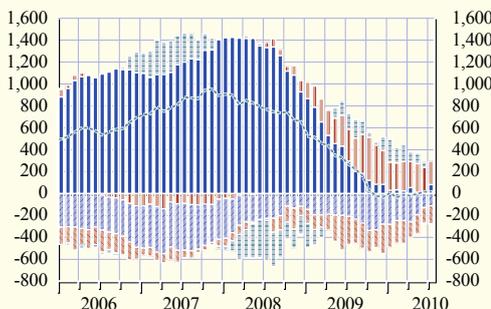


Source: ECB.

Chart 10 Counterparts of M3

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

- credit to the private sector (1)
- credit to general government (2)
- net external assets (3)
- longer-term financial liabilities (excluding capital and reserves) (4)
- other counterparts (including capital and reserves) (5)
- M3



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.

In July this annual flow decreased substantially to -€2.4 billion. The decrease in the annual flows to the net external asset position reflects the fact that gross external assets decreased substantially more than gross external liabilities, with the monthly flows into gross external assets being negative since April 2010.

GENERAL ASSESSMENT OF MONETARY LIQUIDITY CONDITIONS IN THE EURO AREA

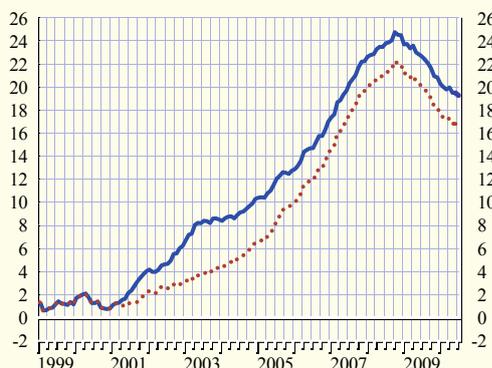
On the basis of the development of the nominal and real money gaps, the amount of monetary liquidity in the euro area gradually decreased in the second quarter of 2010 and in July from its elevated levels (see Charts 11 and 12). Such measures of the liquidity situation need to be interpreted with caution, as they rely on an assessment of equilibrium money holdings, which is always uncertain and especially so at present in the wake of the financial crisis. Indeed, the differences between the various money gap measures may be taken as an indication of the considerable uncertainty surrounding the liquidity situation in the euro area at the current juncture. These caveats notwithstanding, these measures point to a clear accumulation of monetary liquidity over the past few years, and the period of subdued M3 growth observed since the end of 2008 is unlikely to have resulted in the full unwinding of this earlier accumulation.

Overall, the continued weakness observed in the growth of both M3 and credit supports the assessment that the pace of underlying monetary expansion is moderate and that inflationary pressures over the medium term stemming from monetary developments remain contained. Growth in headline M3 continues to understate the pace of underlying monetary growth, but to a lesser extent than in previous quarters owing to the diminishing downward impact from the steep yield curve.

Chart 11 Estimates of the nominal money gap¹⁾

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

— nominal money gap based on official M3
 nominal money gap based on M3 corrected for the estimated impact of portfolio shifts²⁾



Source: ECB.

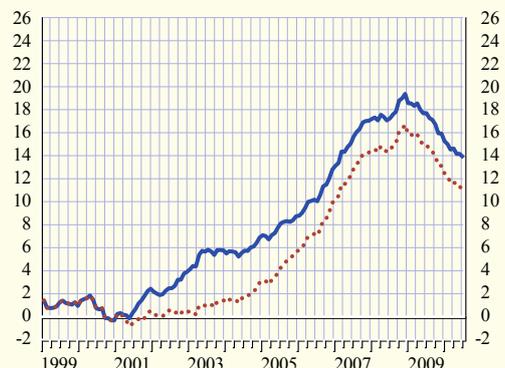
1) The nominal money gap is defined as the difference between the actual level of M3 and the level of M3 that would have resulted from constant M3 growth at its reference value of 4½% since December 1998 (taken as the base period).

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" in the October 2004 issue of the Monthly Bulletin.

Chart 12 Estimates of the real money gap¹⁾

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

— real money gap based on official M3
 real money gap based on M3 corrected for the estimated impact of portfolio shifts²⁾



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" in the October 2004 issue of the Monthly Bulletin.

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

The annual growth rate of total financial investment by the non-financial sectors was unchanged in the first quarter of 2010. This conceals lower investment by the general government sector, which was offset mainly by higher investment by non-financial corporations and, to a lesser extent, households. The annual inflow into investment fund shares/units decreased somewhat in the second quarter of 2010 in the context of the tensions on the euro area sovereign debt market. The annual growth rate of financial investment by insurance corporations and pension funds continued to rise in the first quarter of 2010, reflecting money-holding sectors' increased investment in insurance technical reserves.

NON-FINANCIAL SECTORS

In the first quarter of 2010 (the most recent quarter for which data are available), the annual growth of total financial investment by the non-financial sectors was unchanged at 2.3% and thus remained at its lowest rate since the start of Stage Three of EMU (see Table 2). The contributions of investment in deposits, debt securities and shares all declined further compared with the previous quarter, but were counterbalanced to some extent by a larger contribution from investment in insurance products.

With regard to the sectoral breakdown, the unchanged growth in total financial investment in the first quarter of 2010 conceals a further substantial reduction in the contribution from general government, which even turned negative for the first time since the third quarter of 2001 (see Chart 13). This contraction should be seen in conjunction with the previous strong accumulation of financial assets by the general government. This reduction in financial assets resulted from the sale of debt securities and lower deposit and currency holdings. The contribution from the non-financial corporations sector increased strongly as firms accumulated deposits and invested in shares and other

Table 2 Financial investment of the euro area non-financial sectors

	Outstanding amount as a percentage of financial assets ¹⁾	Annual growth rates									
		2007 Q4	2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1
Financial investment	100	5.3	4.9	4.1	3.8	4.1	3.7	3.7	3.4	2.3	2.3
Currency and deposits	23	6.5	6.5	5.5	5.7	6.9	7.3	6.9	6.0	3.7	2.2
Debt securities, excluding financial derivatives	6	6.6	4.5	1.9	2.9	4.5	3.8	2.5	0.2	-3.7	-4.2
of which: short-term	1	23.9	21.5	13.3	-0.4	8.9	-13.0	-19.6	-22.2	-31.2	-27.3
of which: long-term	5	4.3	1.8	0.1	3.4	3.8	6.7	6.1	3.8	0.8	-0.9
Shares and other equity, excluding mutual fund shares	29	3.9	3.8	3.5	3.2	3.8	4.4	4.7	4.5	2.7	2.4
of which: quoted shares	6	3.4	3.6	4.4	4.3	3.2	4.3	4.3	6.0	7.1	8.2
of which: unquoted shares and other equity	23	4.1	3.9	3.1	2.7	4.0	4.4	4.9	4.1	1.7	1.1
Mutual fund shares	5	-2.9	-4.6	-5.4	-5.7	-6.5	-5.5	-4.7	-2.4	1.1	0.2
Insurance technical reserves	15	4.7	4.2	3.7	3.4	2.7	2.8	3.3	3.9	4.9	5.5
Other ²⁾	21	9.5	8.6	8.0	6.7	5.7	2.0	1.6	1.1	0.5	2.7
M3 ³⁾		11.6	10.1	9.7	8.7	7.6	5.2	3.6	1.8	-0.3	-0.1

Source: ECB.

1) As at the end of the last quarter available. Figures may not add up due to rounding.

2) Other financial assets comprise loans and other accounts receivable, which in turn include trade credit granted by non-financial corporations.

3) End of quarter. The monetary aggregate M3 includes monetary instruments held by euro area non-MFIs (i.e. the non-financial sectors and non-monetary financial institutions) with euro area MFIs and central government.

equity. The contribution from the household sector increased only slightly. For more detailed information on developments in financial investment by the private sector, see Sections 2.6 and 2.7.

INSTITUTIONAL INVESTORS

The new harmonised investment fund statistics for the euro area indicate that inflows into investment fund shares/units (excluding money market funds) in the period from the third quarter of 2009 to the second quarter of 2010 decreased to €449 billion (after €519 billion during the previous four quarters), which implied an annual growth rate of 10.5%.¹ These large inflows should be seen against the background of overall favourable financial market conditions in late 2009 and the first quarter of 2010 and the steep yield curve, which fostered stronger shifts from safer and more liquid monetary assets into longer-term and arguably riskier assets. The decline in the annual flow in the second quarter of 2010 could, on the one hand, be related to a gradual waning of the stimulative yield curve effect and, on the other hand, reflect a dampening impact from the euro area sovereign debt crisis.

Looking at the breakdown by investment policy shows that the decrease in the annual flow into investment fund shares/units in the second quarter of 2010 reflects lower annual flows into bond funds and equity funds (see Chart 14). Annual inflows into mixed funds increased strongly, while the movements into other funds remained broadly unchanged, compared with the previous quarter. However, despite the latest decrease, the annual flows into bond and equity funds remained higher than those into mixed and other funds. Money market funds again recorded large outflows in annual terms in the second quarter of 2010, reflecting the steepness of the yield curve in the euro area and, more generally, the high opportunity cost of holding these instruments given the low level of short-term interest rates against which these funds are benchmarked.

Looking at quarter-on-quarter developments reveals the significant impact on placements with investment funds of the financial tensions originating in the euro area sovereign debt market. The inflow into investment fund shares/units (excluding money market funds) totalled €23 billion in the second quarter of 2010 (on the basis of non-seasonally adjusted data), after €133 billion in the previous quarter. This decline was mostly due to substantially lower inflows into bond funds, while equity funds recorded net outflows for the first time since the fourth quarter of 2008. Mixed funds saw larger inflows than in the previous quarter, potentially reflecting the overall uncertainty with regard to financial investment policy. The annual percentage change in the total value of investment fund assets was more or less equally split between higher investment and a positive valuation effect.

¹ The inflow includes a sizeable purchase of investment fund shares by Dutch pension funds that amounted to more than €97 billion in July 2009.

Chart 13 Financial investment of non-financial sectors

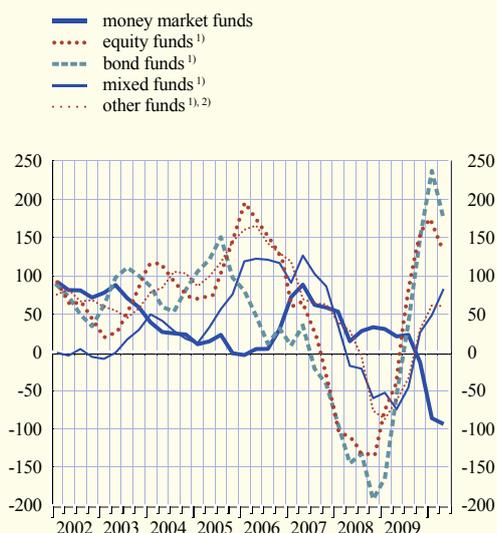
(annual percentage changes; contributions in percentage points)



Source: ECB.

Chart 14 Net annual flows into money market and investment funds

(EUR billions)



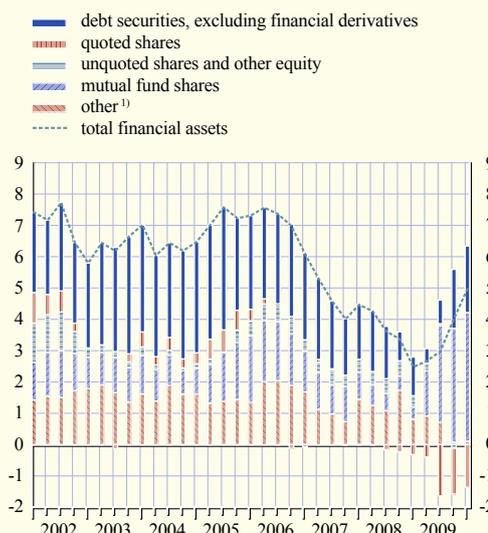
Sources: ECB and EFAMA.

1) Prior to Q1 2009, quarterly flow estimates are derived from non-harmonised ECB investment fund statistics, ECB calculations based on national data provided by EFAMA, and ECB estimations.

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

Chart 15 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.

The annual growth rate of total financial investment by insurance corporations and pension funds (ICPFs) increased further to 5.0% in the first quarter of 2010, up from 4.0% in the previous quarter (see Chart 15). This increase mainly reflected rising contributions from investment in debt securities and in mutual fund shares. In part, the unusually strong contribution of mutual fund shares reflects the large one-off purchases by Dutch pension funds of investment fund shares in June and July 2009. The contribution from investment in quoted shares became slightly less negative.

The further strengthening of total financial investment by ICPFs mirrored the continued stepping-up of the money-holding sectors' investment in insurance technical reserves that is visible on the liabilities side of the ICPFs' balance sheet. In this respect, it is worth noting that the quarterly inflow in the first quarter of 2010 into insurance technical reserves increased further and made the largest contribution to growth in total financial assets. This development is likely to have reflected the prevailing propensity of households to shift assets from shorter to longer maturities in search of yield.

2.3 MONEY MARKET INTEREST RATES

Money market rates decreased slightly in the period from June to September 2010, while volatility remained high, especially in the secured market segment. Spreads between unsecured and secured rates were also volatile. These developments reflected in part continued tensions relating to financial market participants' concerns about the sustainability of public finances in some euro area countries, in spite of continued ample liquidity conditions.

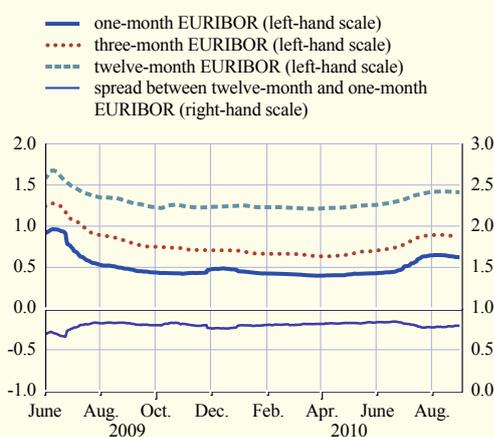
Despite the pronounced decline of overnight index swap (OIS) rates, unsecured deposit interest rates have increased across all maturities over the past three months. On 1 September 2010 the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.62%, 0.89%, 1.13% and 1.41% respectively – i.e. respectively 18, 17, 13 and 14 basis points higher than the levels observed on 9 June 2010. Overall, the spread between the twelve-month and one-month EURIBOR – an indicator of the slope of the money market yield curve – decreased by 4 basis points in that period, standing at 80 basis points on 1 September (see Chart 16).

Over the past three months volatile developments have been observed for secured money market rates, such as the EUREPO or those rates derived from the EONIA swap index. The expectations about future EONIA rates, which had been steadily decreasing since November 2008, have now been oscillating in a relatively narrow corridor since the beginning of May. Looking at the past three-month period, the EONIA swap index rates generally increased until the end of July 2010 and then decreased significantly in the course of August and early September, reaching relatively low levels, which were still above those levels prevailing during the first quarter of 2010. At three-month maturity, the EONIA swap rate stood at 49 basis points on 1 September, around 9 basis points higher than on 9 June. As a result, the spread between this rate and the corresponding unsecured EURIBOR increased from 31 basis points on 9 June 2010 to 39 basis points on 1 September. Overall, this spread, while narrowing in July 2010, remains relatively wide in comparison with the levels prevailing in the first quarter of 2010 (see Chart 17). Developments towards the end of the reporting period reflect in part recent tensions in connection with renewed concerns by financial market participants about the sustainability of public finances in some euro area countries, in spite of continued ample liquidity conditions.

The interest rates implied by the prices of three-month EURIBOR futures contracts maturing in September and December 2010 and in March 2011 stood at 0.88%, 0.92% and 0.97% respectively on 1 September, representing decreases of around 11, 19 and 20 basis points respectively in comparison with the levels observed on 9 June (see Chart 18). Implied volatilities with constant maturities of three, six, nine and twelve months derived from options on three-month EURIBOR futures contracts

Chart 16 Money market interest rates

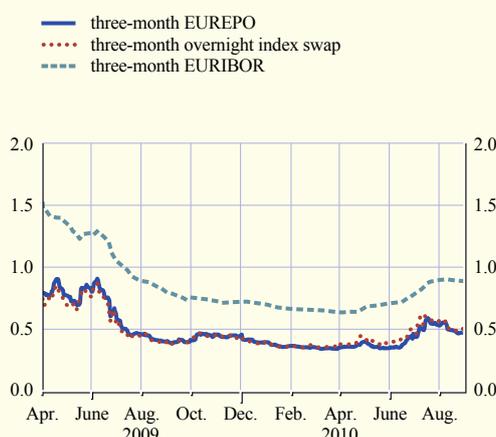
(percentages per annum; spread in percentage points; daily data)



Sources: ECB and Reuters.

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

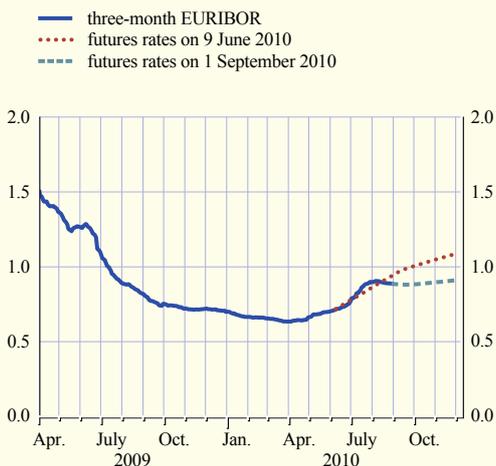
(percentages per annum; daily data)



Sources: ECB, Bloomberg and Reuters.

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

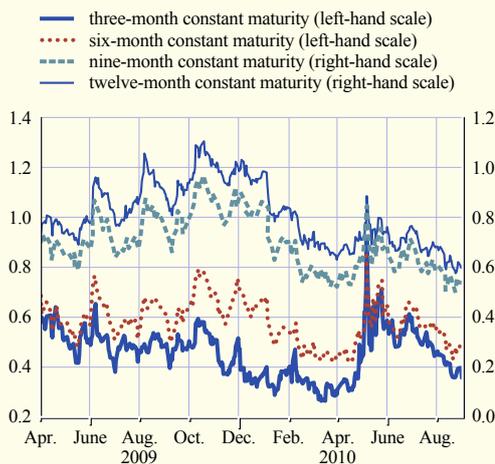
(percentages per annum; daily data)



Source: 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: Reuters and ECB calculations.
Note: 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.

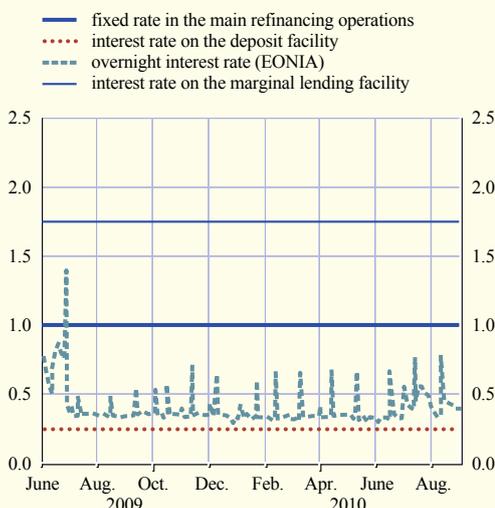
have continued to decrease over the past three months, especially for shorter maturities, continuing a downward trend that started in October 2009 (see Chart 19). Implied volatilities of longer-term money market interest rates, however, have increased over the past three months.

Looking at the overnight maturity, on average, the EONIA has remained around 40 basis points over the past three months, with rare spikes related to liquidity-absorbing operations on the last day of each maintenance period, i.e. at a higher level than has been the case since July 2009. On 1 September the EONIA stood at 0.370% (see Chart 20). Liquidity in the euro area remained relatively abundant and was being absorbed by the daily recourse to the deposit facility.

The ECB has continued to support the money markets through a number of liquidity-providing operations with maturities of one week, one maintenance period, three months and six months. The Eurosystem's liquidity-providing operations were conducted as fixed rate tender procedures with full allotment. The ECB conducted weekly one-week liquidity-absorbing operations following a variable rate tender procedure with

Chart 20 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Reuters.

a maximum bid rate of 1.00%. With those liquidity-absorbing operations, the ECB allotted an amount corresponding to the size of the purchases under the Securities Markets Programme, which totalled €61 billion on 1 September.

Box 3

LIQUIDITY CONDITIONS AND MONETARY POLICY OPERATIONS IN THE PERIOD FROM 12 MAY 2010 TO 10 AUGUST 2010

This box describes the ECB's liquidity management during the three reserve maintenance periods that ended on 15 June, 13 July and 10 August 2010. Over these periods, the Governing Council responded to the sudden re-intensification of financial market tensions in early May 2010 by reactivating some of the non-standard monetary policy measures that had been phased out shortly before. It also started implementing its Securities Markets Programme (SMP), as announced on 10 May. The regular three-month longer-term refinancing operations (LTROs) allotted on 26 May and 30 June were again conducted as fixed rate tender procedures with full allotment, and not as variable rate tenders. In addition, temporary liquidity swap lines with the Federal Reserve System were reactivated in coordination with other central banks, and US dollar liquidity-providing operations at terms of 7 and 84 days were resumed (only one 84-day operation was carried out during the periods under review). On 10 June 2010 the Governing Council announced that a fixed rate tender procedure with full allotment would be in place for the regular three-month LTROs to be allotted on 28 July, 25 August and 29 September 2010. A non-standard monetary policy measure that ended during the period under review was the covered bond purchase programme (CBPP). This was completed on 30 June 2010, with the targeted nominal amount of €60 billion having been purchased on the primary and secondary markets over the 12-month life of the programme. The central banks of the Eurosystem intend to keep the purchased covered bonds until maturity. The first and largest of the three 12-month LTROs conducted in 2009 matured during the period under review, leading to a reduction in the use of the deposit facility.

Liquidity needs of the banking system

In the three maintenance periods under review, the banking system's aggregate daily liquidity needs – defined as the sum total of autonomous factors, reserve requirements and excess reserves (i.e. current account holdings in excess of reserve requirements) – averaged €584.0 billion, which was €20.7 billion more

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

(EUR billions; average level in each maintenance period)



Source: ECB.

than the average level registered in the previous three maintenance periods.

This was mainly due to an increase of €16.8 billion in the average value of the autonomous factors, which stood at €369.9 billion. In addition, average reserve requirements rose by €1.5 billion to €212.7 billion. Daily excess reserves averaged €1.3 billion, an increase of €0.2 billion over the level in the previous three maintenance periods (see Chart A).

Liquidity supply

Over the three maintenance periods under review, the volume of outstanding refinancing operations averaged €724 billion,¹ up from the average level of €721 billion recorded in the previous three maintenance periods. In addition, as of 10 August 2010, assets with a total value of €121 billion were purchased under the CBPP and the SMP.

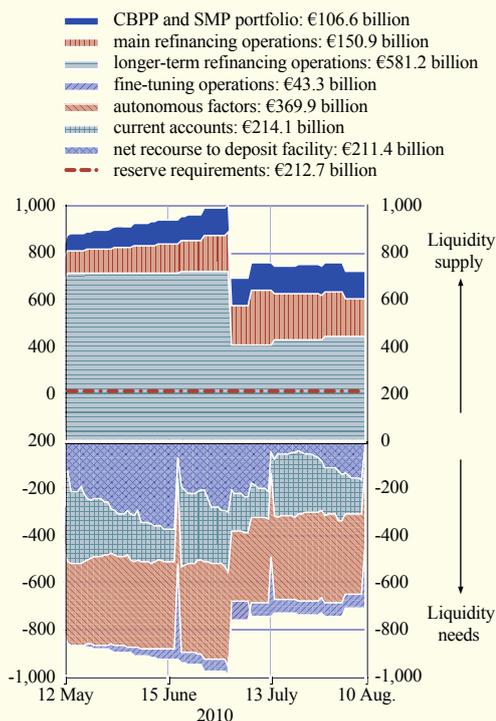
The average size of the one-week main refinancing operations stood at €150.9 billion, compared with an average of €78.2 billion in the previous three maintenance periods. The size of special term refinancing operations with a maturity of one maintenance period averaged €32.8 billion, up from €9.3 billion in the previous three maintenance periods. On 30 June 2010 the first 12-month LTRO of €442.2 billion matured. Of the maturing amount, €111 billion was rolled over in the form of a six-day bridging operation and €130 billion via a three-month LTRO. Accordingly, the total volume of outstanding three-month and six-month LTROs increased to €220.8 billion on 10 August 2010, compared with €37.5 billion on 11 May 2010.

In the period from 12 May to 10 August 2010, the liquidity absorbed via fine-tuning operations with an overnight maturity on the last day of each maintenance period averaged €255.4 billion. This compares with an average of €302.2 billion in the previous three maintenance periods (see Chart B).

The liquidity injected through the SMP was absorbed through weekly collections of fixed-term deposits. The first of these operations was carried out on 18 May 2010 for an amount of €16.5 billion, which increased to around €60 billion on 10 August 2010. Since then, the amounts involved in the liquidity-absorbing operations have increased only marginally, reflecting the diminishing interventions under the programme.

Chart B Liquidity needs of the banking system and liquidity supply

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



Source: ECB.

¹ Disregarding weekly SMP-sterilising operations, which averaged €42 billion.

Use of standing facilities

As a result of the significant contraction of the liquidity supply after the maturity of the first 12-month LTRO,² net recourse to the deposit facility³ decreased to a daily average⁴ of €96.6 billion in the maintenance period ending on 10 August 2010, down from €288.4 billion in the maintenance period ending on 15 June 2010.

Interest rates

The ECB's key interest rates have remained unchanged since 13 May 2009, with the rate on the main refinancing operations standing at 1.00%, the marginal lending rate at 1.75% and the deposit rate at 0.25%.

As a result of the ample liquidity in the euro area, the EONIA continued to remain close to the deposit facility rate until the maturity of the first 12-month LTRO, averaging 0.343% (see Chart C), which is slightly lower than the average of 0.348% prevailing in the preceding three maintenance periods. After 30 June 2010 the EONIA shifted upwards, recording an average of 0.467% between 1 July and 10 August 2010. On the last day of the three maintenance periods under consideration, the EONIA stood at 0.728% on average, about 38 basis points above the average level observed on the previous day. This is explained by the absorption of liquidity via fine-tuning operations on those days.

In addition, the average spread between the three-month EURIBOR and the three-month EONIA swap rate – which is an indication of the level of credit and liquidity risk in the unsecured money market – increased somewhat to 38 basis points in the period under review, compared with an average level of 27 basis points in the three previous maintenance periods, on account of a renewed heightening of financial market tensions.

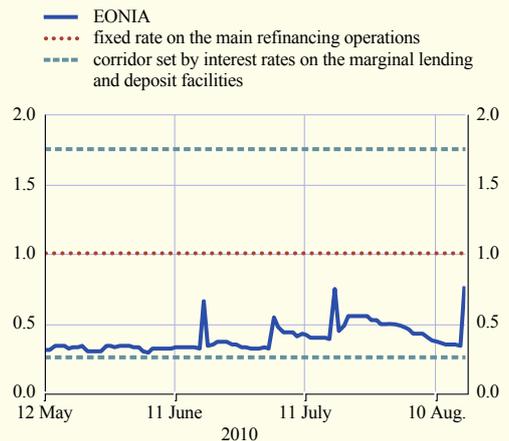
2 Total refinancing operations outstanding averaged €604 billion between 1 July and 10 August, compared with €822 billion between 12 May and 30 June 2010.

3 Net recourse to the deposit facility refers to recourse to the deposit facility minus recourse to the marginal lending facility.

4 Average net recourse to the deposit facility includes weekends.

Chart C The EONIA and the ECB's interest rates

(daily interest rates as percentages)



Source: ECB.

2.4 BOND MARKETS

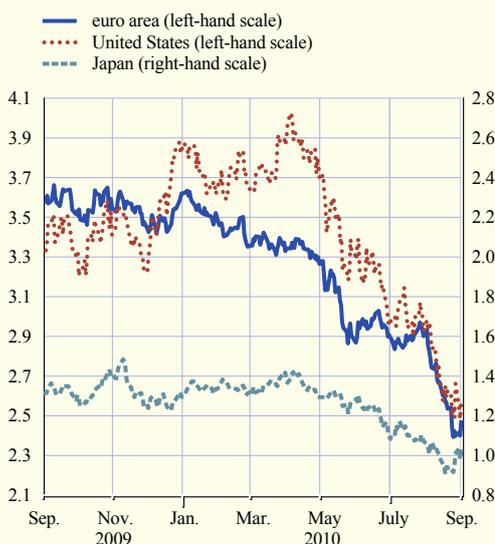
Developments in bond markets over the past three months were driven by renewed market concerns about the near-term economic outlook for the global economy, and particularly for the United States. Against this background, market sentiment worsened and the rebound of risk aversion towards the end of the review period triggered significant flows away from risky assets. As a result, AAA-rated long-term government bond yields declined markedly in both the euro area and the United States. Long-term euro area break-even inflation rates also declined significantly over the period. Intra-euro area sovereign bond yield spreads, particularly in the case of countries with weak fiscal positions, widened during the summer period. By contrast, corporate bond spreads changed little from their early June levels.

Between early June and 1 September 2010 strong flows away from more risky assets led to a 45-basis point fall in the level of AAA-rated euro area ten-year government bond yields, which ended the period close to all-time lows of around 2.5% (see Chart 21). In the United States, the decline in the ten-year Treasury bond yield was similar – about 40 basis points, to 2.6% – and long-term US bond yields reached their lowest levels since spring 2009 over the review period. Accordingly, the ten-year nominal interest rate differential between euro area and US government bonds narrowed to stand at around 10 basis points in early September.

Market participants' uncertainty about near-term developments in long-term bond yields in the major markets, as measured by implied bond market volatility, declined for most of June and July but, amid mounting market concerns on the economic outlook, rebounded somewhat in August. It remained, nonetheless, well below the peaks observed in May 2010.

Chart 21 Long-term government bond yields

(percentages per annum; daily data)



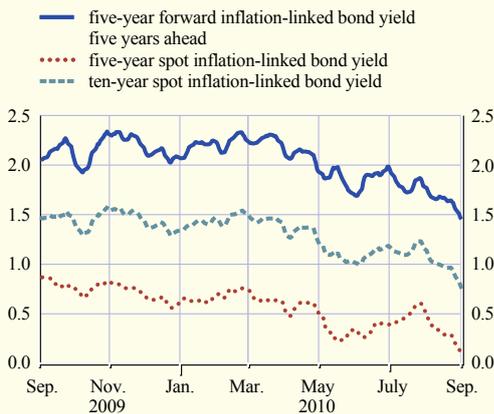
Sources: Bloomberg and Reuters.
Note: Long-term government bond yields refer to ten-year bonds or to the closest available bond maturity.

In the US bond market, the period under review was characterised by increasing concerns about the sustainability of the recovery in economic activity. A number of macroeconomic data releases for the US – particularly the confirmation of a growth slowdown in the second quarter of 2010 and the weakness of the housing and labour markets – and for some other major economies took their toll on market sentiment and triggered strong flows into US long-term government bonds. Official statements by the Federal Reserve System, reiterating that policy rates should be expected to remain low for an extended period of time and announcing that the Federal Reserve would re-invest the proceedings from its previous bond purchases into Treasury bonds in the light of the weak macroeconomic environment, may have also contributed to a lower level of long-term US bond yields. Indeed, US government bond yields declined for all maturities, but the declines were stronger in the case of longer ones, and the US yield curve flattened significantly.

Developments in the euro area bond market over the review period were also driven by swings in market sentiment. The introduction of the European Financial Stabilisation Mechanism in early May contributed to ease somewhat market concerns about sovereign risk in the euro area. The ECB's Securities Markets Programme (see Box 3 in the June 2010 issue of the Monthly Bulletin), which is intended to ensure depth and liquidity in poorly functioning segments of the debt securities market and to restore an appropriate functioning of the monetary policy transmission mechanism, also had a positive effect on sovereign risk concerns. Indeed, some unwinding of the strong flight-to-safety flows observed during May took place during June and July. Risk appetite also appeared to normalise following the publication of the results of the EU-wide bank stress tests and related information on banks' sovereign debt exposures. Later on, however, market concerns about the outlook for the global economy resurfaced and triggered further flight-to-safety flows into high-rated government bonds. Indeed euro area AAA-bond yields reached historical lows (below 2.5%) in August. Euro area ten-year sovereign bond spreads

Chart 22 Euro area zero coupon inflation-linked bond yields

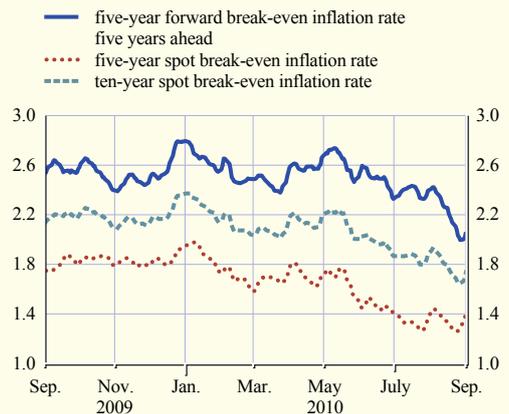
(percentages per annum; five-day moving averages of daily data; seasonally adjusted)



Sources: Reuters and ECB calculations.

Chart 23 Euro area zero coupon break-even inflation rates

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



Sources: Reuters and ECB calculations.

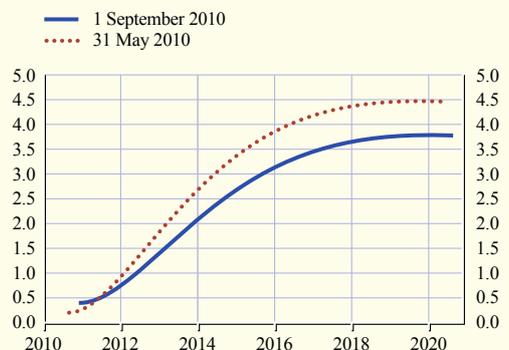
(vis-à-vis Germany) widened considerably in the cases of Ireland, whose debt rating was further downgraded in August, Greece and Portugal.

From early June 2010 yields on euro area five and ten-year inflation-linked government bonds declined by around 20 basis points, to stand at around 0.1% and 0.8% respectively on 1 September (see Chart 22). Despite the lower real yields, euro area break-even inflation rates at medium to long-term horizons also decreased significantly, following the strong declines in nominal bond yields during the same period (see Chart 23). As a result, long-term implied forward break-even inflation rates (five years forward five years ahead) in the euro area have declined overall by around 50 basis points, to stand at 2.1 % on 1 September. Although the flight-to-safety flows into government bonds probably contributed to depressing break-even inflation rates, the significant decline also in long-term forward inflation swap rates during the review period (to around 2.1% on 1 September, after recording historical lows below 2% in late August 2010) suggests that inflation concerns among investors are currently rather subdued.

Between the end of May and 1 September 2010 the implied forward overnight interest rate curve for euro area government bonds shifted down across most maturities (see Chart 24). The shift reflects primarily developments during August, when investors' concerns about the global economic outlook increased.

Chart 24 Implied forward euro area overnight interest rates

(percentages per annum; daily data)



Sources: ECB, EuroMTS (underlying data) and Fitch Ratings (ratings).

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

Despite the swings in market sentiment described above, corporate bond spreads vis-à-vis government yields were considerably less affected by the renewed risk aversion and the flight-to-quality behaviour of investors in the latter part of the review period, and by 1 September they were little changed from their early June levels. The corporate bond spread for BBB-rated financial sector corporate debt remained broadly unchanged at around 220 basis points and the high-yield spread even narrowed by around 80 basis points.

2.5 EQUITY MARKETS

Since early June developments in global stock markets have reflected recurrent swings in investors' risk appetite. Market sentiment appeared to recover in the course of July. The publication of the results of the EU-wide bank stress tests and the revised proposals for financial regulation boosted gains in financial stocks and drove advances in overall indices. Later on, however, market concerns about the economic outlook triggered a rebound in risk aversion, leading stock markets on both sides of the Atlantic to lose some of the gains in the first part of the period under review. Investors' uncertainty about stock market developments, as measured by implied volatility, fluctuated significantly over the summer months but ended close to its early-June levels and below the peaks reached during the turbulences in May.

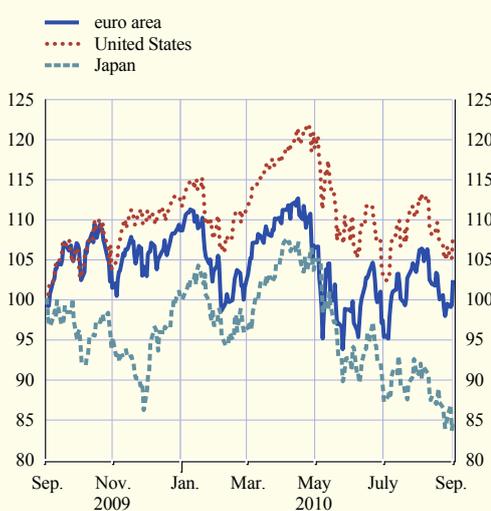
Between early June and 1 September 2010 stock price indices in the euro area and the United States, as measured by the Dow Jones EURO STOXX broad index and the Standard & Poor's 500 index, rose by about 4% and 1% respectively, albeit amid relatively strong intra-period swings that reflected fluctuations in market sentiment and risk aversion (see Chart 25). Over the same period Japanese stock prices, as measured by the Nikkei 225 index, declined by around 8%, affected by adverse data releases on developments in the Japanese economy.

In line with the fluctuations in risk aversion over the review period, stock market uncertainty, as measured by implied volatility, also experienced significant fluctuations, but by early September it stood close to its early-June levels (see Chart 26). The overall developments in stock market volatility during the review period can be divided into two sub-periods. In June and July, investor stock market uncertainty gradually declined from the peaks observed in May. Since early August, however, amid increasing market concerns about the economic outlook, particularly for the US economy, stock market uncertainty has risen again.

Meanwhile, stock prices in the US market remained volatile over the review period. During June and July the US stock market in general,

Chart 25 Stock price indices

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



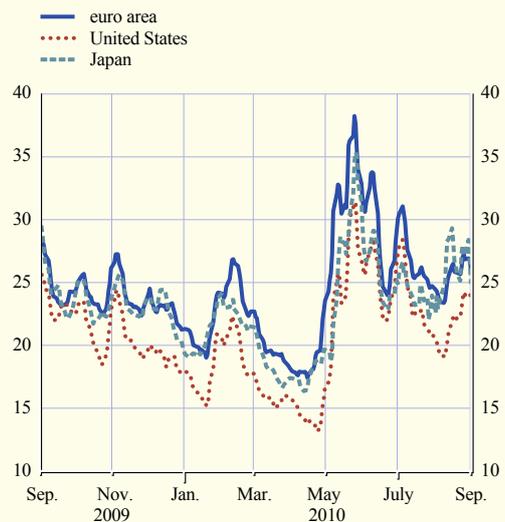
Sources: Reuters and Thomson Financial Datastream.
Notes: The indices used are the Dow Jones EURO STOXX broad index for the euro area, the Standard & Poor's 500 index for the United States and the Nikkei 225 index for Japan.

and financial stocks in particular, benefited from improving risk appetite in global stock markets following the easing of the Greek sovereign debt crisis in May, the publication of the EU-wide bank stress tests and the revised proposals for financial regulation on both sides of the Atlantic (for details on the bank stress tests, see the box entitled “An assessment of the capital shortfall revealed in the EU-wide stress-testing exercise” in the August 2010 issue of the Monthly Bulletin). Disappointing news about growth in the US economy and the weakness of the labour and housing markets in the second half of the review period, however, hit market sentiment and, with risk aversion increasing during August, most of the gains in June and July were reversed.

During June and July euro area stock prices also recovered from the May sell-off, albeit amid some intra-period volatility. Financial stocks, in particular, recovered strongly from the severe correction in the second quarter of 2010 and, with double-digit advances, clearly outperformed all other sectors and the overall market during July (see Table 3). However, later in the review period, despite some strong macroeconomic and confidence data releases for the euro area, renewed worries about the sovereign debt situation of some euro area countries and the negative market sentiment in global stock markets stemming from the short-term outlook for the global economy, particularly the US economy, dominated euro area stock markets and took prices back to close to their early-June levels.

Chart 26 Implied stock market volatility

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



Source: Bloomberg.

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

Table 3 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-communications	Utility
Share of sector in market capitalisation (end-of-period data)	100.0	9.0	7.0	14.1	7.2	25.0	4.0	13.1	4.3	7.6	8.8
Price changes (end-of-period data)											
Q2 2009	16.4	19.8	3.3	17.7	9.7	34.2	3.9	18.0	15.8	0.0	9.0
Q3 2009	20.7	21.8	14.9	15.8	7.3	32.4	14.2	26.4	13.6	14.7	14.9
Q4 2009	2.1	15.3	3.3	9.0	6.8	-5.5	7.7	3.8	-3.9	2.0	0.3
Q1 2010	0.8	1.6	6.8	3.5	-1.7	-2.6	4.0	4.1	16.0	-4.5	-3.3
Q2 2010	-11.1	-8.3	-7.2	3.1	-13.4	-17.6	-7.5	-7.1	-17.3	-12.1	-18.3
July 2010	6.2	2.5	5.7	1.4	4.6	14.5	-6.6	4.0	1.5	9.8	6.2
August 2010	-4.0	-2.4	-1.5	-2.9	-2.8	-7.9	1.2	-5.4	-6.6	1.8	-2.6
31 May 2010 - 1 Sep. 2010	3.7	4.2	6.0	4.2	2.7	8.8	-3.1	-0.2	-7.3	11.5	-2.8

Sources: Thomson Financial Datastream and ECB calculations.

The negative sentiment with respect to the economic outlook was, however, not reflected in analysts' earnings expectations for listed companies in major indices on both sides of the Atlantic (see Chart 27). The outlook for earnings expectations over the next twelve months, while moderating slightly since May, remained comfortably at robust levels above 20% for both US and euro area companies. Moreover, longer-term earnings expectations remained in double-digit figures over the last three months, close to the highest levels since 2005.

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

The real cost of financing for euro area non-financial corporations increased significantly in the second quarter of 2010, driven mainly by the cost of issuing quoted shares that rose to record high levels. In July a decline in the cost of market-based financing interrupted five months of consecutive increases in the overall cost of financing. As for financial flows, the persistent decline in the annual growth of loans to non-financial corporations slowed down in the second quarter, but a clear turning point in the dynamics of bank financing has not yet materialised. Recourse to market finance covered the bulk of the external financing needs of euro area firms during the period under review. Debt securities issuance by non-financial corporations, while remaining buoyant, showed signs of slowing in the second quarter.

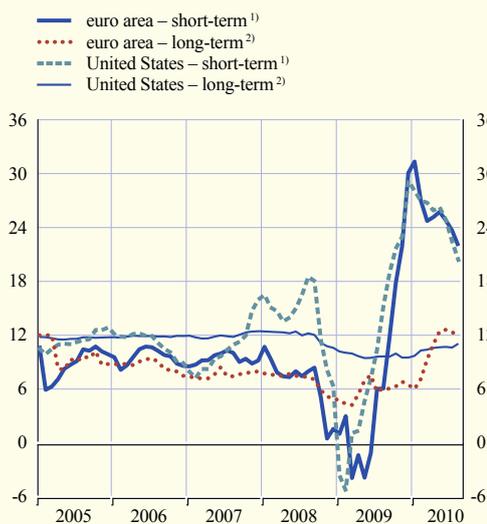
FINANCING CONDITIONS

The real cost of external financing for euro area non-financial corporations – as calculated by weighting the cost of different sources of financing on the basis of their outstanding amounts, corrected for valuation effects – increased by around 50 basis points in the second quarter of 2010, before retreating slightly to stand at 3.74% in July 2010 (see Chart 28).

The developments in the overall cost of financing were driven by a sharp increase in the cost of issuing equity, particularly in May, amid heightened volatility in global financial markets. In the four months to July the real cost of equity increased by 120 basis points (100 basis points in May alone) compared with the end of the first quarter of 2010. Over the same period the real cost of market-based debt rose by 15 basis points. These developments mask a retreat from the historically high cost of equity issuance in July, as well as a decline in the cost of market and long-term bank debt, which together led to the first moderation in the overall cost of financing after five months of consecutive increases. Developments in bank lending rates during the period under review point to the fading-out of the gradual pass-through to banks' retail customers of past declines in key ECB

Chart 27 Expected growth in corporate earnings per share in the United States and the euro area

(percentages per annum; monthly data)



Sources: Thomson Financial Datastream 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).

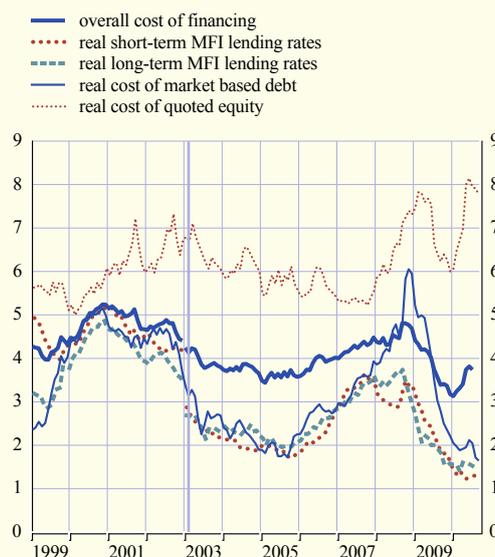
interest rates. Real short-term MFI interest rates decreased by 13 basis points between March and July 2010, while real long-term interest rates increased by 13 basis points.

Taking a longer-term perspective, in the second quarter and July of 2010 the real cost of financing for non-financial corporations in the euro area remained close to the lowest levels recorded since 1999 for all components, except the real cost of equity which, by contrast, reached a record high in June.

Between March and July 2010 nominal MFI interest rates on new loans to non-financial corporations declined at longer maturities, while they picked up for short-term loans (see Table 4). The downward trend observed in MFI interest rates since November 2008 seems to have moderated and the pass-through of past reductions in key ECB interest rates to bank lending rates is likely to be close to completion. Increasing rates at short maturities may be reflecting the recent increases in money market rates, whose developments normally affect banks' short-term funding costs. At the same time, the recent fall in long-term government bond yields may have a suppressing effect on longer-term bank lending rates. The latest bank

Chart 28 Real cost of the external financing of euro area non-financial corporations

(percentages per annum; monthly data)



Sources: ECB, Thomson Financial Datastream, 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 the 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 4 MFI interest rates on new loans to non-financial corporations

(percentages per annum; basis points)

							Change in basis points up to July 2010 ¹⁾		
	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 June	2010 July	2009 Apr.	2010 Apr.	2010 June
MFI interest rates on loans									
Bank overdrafts to non-financial corporations	4.55	4.25	4.06	3.98	3.77	3.73	-99	-25	-4
Loans to non-financial corporations of up to €1 million									
with a floating rate and an initial rate fixation of up to one year	3.64	3.36	3.28	3.24	3.25	3.33	-49	14	8
with an initial rate fixation of over five years	4.49	4.16	3.96	4.00	3.79	3.85	-75	-5	6
Loans to non-financial corporations of over €1 million									
with a floating rate and an initial rate fixation of up to one year	2.57	2.06	2.19	1.99	2.18	2.25	-29	25	7
with an initial rate fixation of over five years	3.71	3.64	3.58	3.44	3.36	3.26	-75	-19	-10
Memo items									
Three-month money market interest rate	1.22	0.77	0.71	0.64	0.73	0.85	-57	21	12
Two-year government bond yield	1.68	1.28	1.39	1.40	1.84	1.83	12	8	-1
Seven-year government bond yield	3.47	3.11	2.99	2.82	2.39	2.36	-86	-43	-3

Source: ECB.

1) Figures may not add up due to rounding.

lending survey for the euro area confirmed that banks' access to market financing and their liquidity position had deteriorated due to renewed financial market tensions, which contributed to a tightening of credit standards for loans to enterprises and might have deterred further reductions in lending rates.

In the second quarter of 2010 the increase in the real cost of market-based debt financing was driven by the widening of spreads between corporate and government bond yields in the case of lower rating classes (see Chart 29). In July these increases in spreads were partly reversed as the situation in financial markets stabilised. In August the cost of market-based debt was brought down to its all-time low as the yields of non-financial corporation bonds followed the strongly decreasing pattern of government bond yields and spreads continued to narrow.

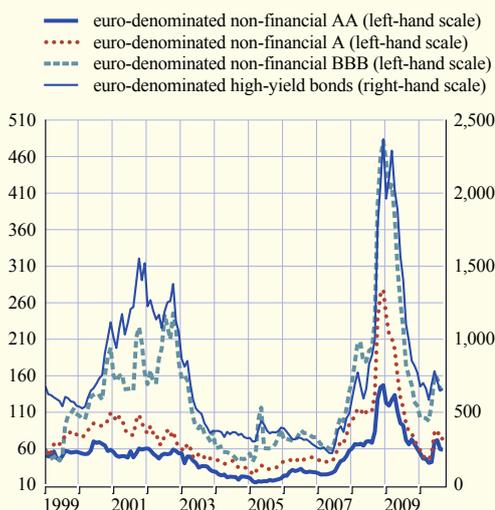
FINANCIAL FLOWS

Most indicators of euro area non-financial corporation profitability point to a further improvement during the second quarter of 2010 and in June and July. The annual growth rate of earnings per share for listed non-financial corporations in the euro area turned positive in July and rose to 6.4% in August 2010 (up from -9.2% in June) (see Chart 30). Looking ahead, market participants expect profits to improve further.

As regards external financing, the contraction in MFI loans to non-financial corporations became less pronounced, while the issuance of debt securities – still growing at double-digit rates – lost some momentum (see Chart 31). In the second quarter of 2010 the annual rate of growth of quoted shares issued by non-financial corporations continued to decline, influenced by the strong pick-up in the cost of equity issuance. Debt securities issuance remained buoyant but showed signs of moderation in the last two months of the second quarter. The particularly high annual growth rate of issuance of long-term debt securities decelerated towards the end of the quarter as market conditions deteriorated on account of the sovereign risk crisis, while short-term debt securities issuance continued to contract.

Chart 29 Corporate bond spreads of non-financial corporations

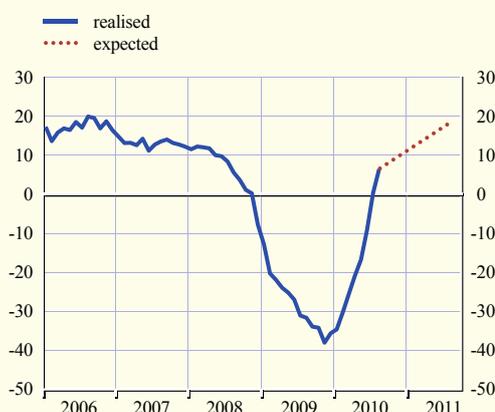
(basis points; monthly averages)



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

Chart 30 Earnings per share of listed non-financial corporations in the euro area

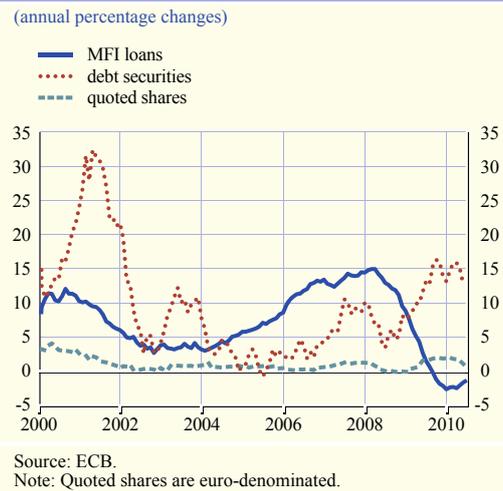
(percentages per annum; monthly data)



Sources: Thomson Financial Datastream and ECB calculations.

In the second quarter of 2010 the annual growth of bank loans to non-financial corporations became less negative (-1.7%) (see Table 5). In July the annual growth of loans to non-financial corporations stood at -1.3%, after -1.6% in June. The strong contraction in short-term loans to non-financial corporations (with maturities of up to one year), which started in March 2009, abated in the second quarter, while the growth of loans with a maturity above five years stabilised above 3%. Empirical evidence suggests that loans to non-financial corporations typically tend to lag the business cycle substantially. For the time being, the slower annual declines in loans to non-financial corporations do not seem to indicate a clear turning point in the cyclical dynamics. The protracted effects of weak economic conditions on loan demand and the ongoing substitution towards market-based financing, as well as the greater availability of internal funds, are having a detrimental effect on the revival of bank lending to non-financial corporations.

Chart 31 External financing of non-financial corporations broken down by instrument



The results of the latest bank lending survey for the euro area suggest that the impact of demand-side factors, such as fixed investment and M&A activity, on demand for loans by

Table 5 Financing of non-financial corporations

(percentage changes; end of quarter)

	Annual growth rates				
	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2
MFI loans	2.7	-0.2	-2.2	-2.3	-1.7
Up to one year	-5.8	-10.2	-13.2	-11.2	-9.9
Over one and up to five years	7.2	2.0	-1.9	-4.1	-4.4
Over five years	5.9	4.6	3.8	3.0	3.6
Debt securities issued	11.6	15.4	13.9	15.8	12.6
Short-term	-24.8	-26.8	-40.8	-24.3	-15.8
Long-term, of which: ¹⁾	19.1	23.8	25.4	22.4	16.4
Fixed rate	24.9	31.5	33.0	26.8	19.7
Variable rate	-1.1	-4.8	-4.2	-0.2	-1.3
Quoted shares issued	1.5	1.8	1.8	1.8	1.0
Memo items²⁾					
Total financing	2.6	1.7	0.8	1.1	-
Loans to non-financial corporations	3.5	1.2	-0.9	-0.6	-
Insurance technical reserves ³⁾	0.4	0.4	0.3	0.5	-

Sources: ECB, Eurostat and ECB calculations.

Notes: Data shown in this table (with the exception of the memo items) are reported in money and banking statistics and in securities issuance statistics. Small differences compared with data reported in financial accounts statistics may arise, mainly as result of differences in valuation methods.

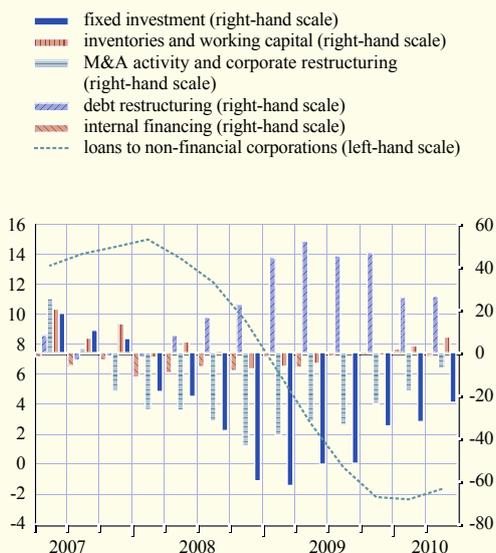
1) Fixed rate and variable rate data may not add up to total long-term debt securities data because zero-coupon long-term debt securities, which include valuation effects, are not shown.

2) Data are reported from quarterly European sector accounts. Total financing of non-financial corporations includes loans, debt securities issued, shares and other equity issued, insurance technical reserves, other accounts payable and financial derivatives.

3) Includes pension fund reserves.

Chart 32 Loan growth and factors contributing to nonfinancial corporations' demand for loans

(annual percentage changes; net percentages)

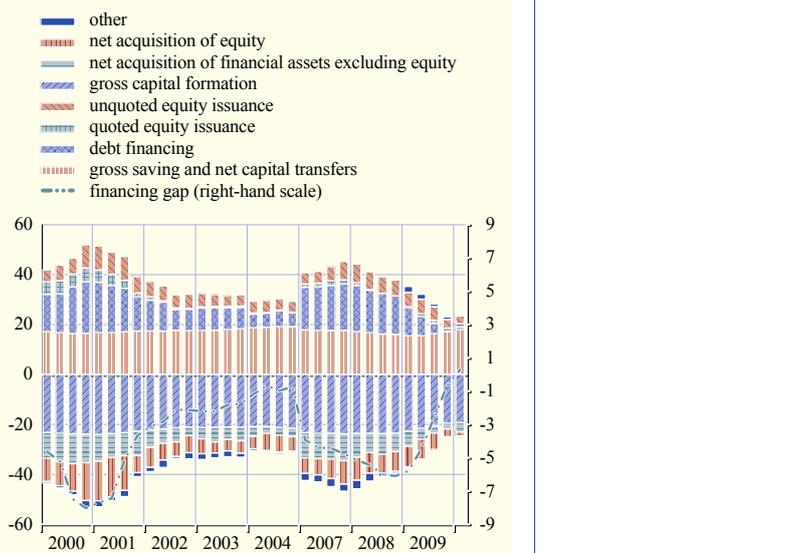


Source: ECB.

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. See also the July 2010 bank lending survey.

Chart 33 Savings, financing and investment of non-financial corporations

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



Source: Euro area accounts.

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

non-financial corporations improved in the second quarter of 2010 (see Chart 32). At the same time, the survey revealed a significant pick-up in the tightening of credit standards for loans to enterprises as a result of renewed constraints in banks' access to funding and liquidity management. While the additional tensions in bank funding reported in the bank lending survey are predominantly localised in some countries, the widespread improvement in demand, which remained barely negative, may exacerbate the potential impact of overall tight credit standards on the provision of bank credit to the economy.

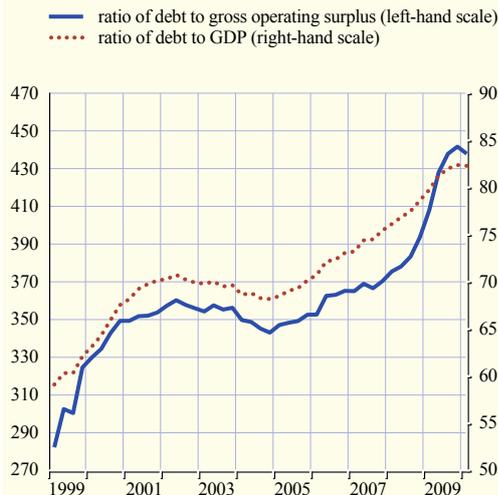
The usually negative financing gap (or net borrowing) by non-financial corporations – i.e. the difference between outlays for real investment and internally generated funds (gross savings) – turned positive in the first quarter of 2010 on the basis of four-quarter moving sums. Chart 33 illustrates the breakdown of euro area firms' saving, financing and investment as reported in the euro area accounts, for which data are available up to the first quarter of 2010. As shown by the chart, corporate real investment (gross fixed capital formation) was of the same magnitude as increases in internal funds, while the growth of external financing has strongly diminished, becoming a negligible source of corporate financing. At the same time, the decline in net acquisition of financial assets including equity halted in the first quarter of 2010.

FINANCIAL POSITION

In the first quarter of 2010 non-financial corporate indebtedness remained broadly unchanged at the high levels of 82% and 440%, respectively, in terms of the ratio of debt to GDP and the ratio of debt

Chart 34 Debt ratios of non-financial corporations

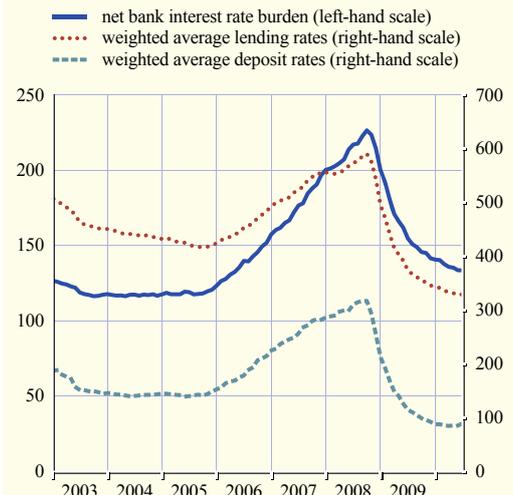
(percentages)



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

Chart 35 Net bank interest rate burden of non-financial corporations

(basis points)



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

to gross operating surplus (see Chart 34). Non-financial corporations benefited from the lower bank and market interest rates through a further reduction of their bank interest burden in the second quarter of 2010 and in July 2010 (see Chart 35).

Overall, the lower external financing flows and the increase in internal financing sources since the second half of 2009 may suggest that firms are actively consolidating their financial position to address their balance-sheet vulnerabilities and gain financial flexibility in view of the cyclical upswing. The level of debt and the associated interest rate burden may still suggest scope for balance sheet restructuring in conjunction with the recovery in cash flow.

2.7 FINANCIAL FLOWS AND FINANCIAL POSITION OF THE HOUSEHOLD SECTOR

In the second quarter of 2010 households' financing conditions were characterised by a further slight decline in bank lending rates. At the same time, the net percentage of banks reporting a tightening of credit standards for loans to households remained broadly unchanged. The annual growth rate of household borrowing from MFIs remained unchanged in July from the second quarter of 2010, still mainly driven by loans for house purchase. Households' debt-to-income ratio increased slightly, while their interest payment burden eased further.

FINANCING CONDITIONS

The cost of financing of the euro area household sector declined further in the second quarter of 2010, albeit to a lesser extent than in previous quarters. MFI interest rates on new loans to households

for house purchase continued to decline up until the end of June (see Chart 36). In July a further decline was observed for longer-term maturities, while for shorter-term maturities a pick-up was observed. This development implied a further narrowing of spreads between rates on loans for house purchase and comparable market interest rates up to the end of June, while in July a widening was observed for shorter-term maturities. The term structure of interest rates on loans for house purchase remained characterised by a substantial positive spread between the rates on loans with long initial rate fixation periods (of over five years) and those on loans with short ones (i.e. loans with a floating rate and an initial rate fixation period of up to one year). As a result, loans with a short period of initial interest rate fixation continued to account for the bulk (slightly less than half) of total new business in the second quarter.

MFI interest rates on consumer credit also declined on average in the second quarter of 2010, but increased somewhat in July.

The development up to the end of June reflected a further decline in the rates on both loans with a floating rate and loans with an initial rate fixation period of up to one year, as well as in the rates on loans with a long initial rate fixation period of over five years. The spreads between rates on consumer credit and comparable market rates decreased for short rate fixation periods, while those on loans with longer rate fixation periods remained broadly unchanged in the period up to June. Overall, the rates on loans with an initial rate fixation period of up to one year remained the lowest, while those on loans with a rate fixation period of over five years remained the highest.

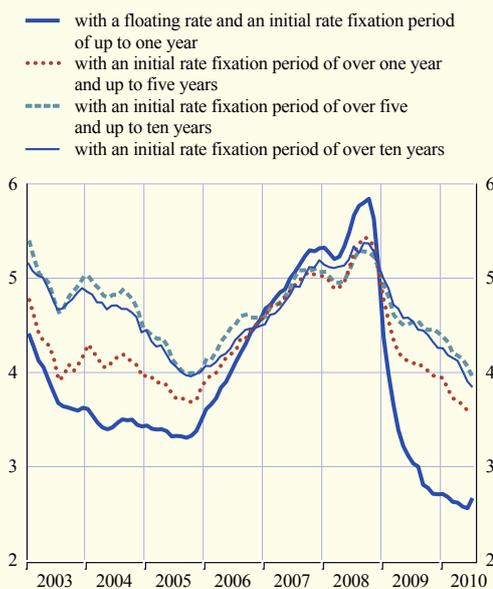
The results of the July 2010 bank lending survey suggest that the net percentage of banks reporting a tightening of credit standards remained broadly unchanged in the second quarter of 2010 both for consumer credit and other lending as well as for loans for house purchase. With regard to loans for house purchase, banks reported a somewhat lower contribution to tightening from customer risk-based factors, such as housing market prospects and the general economic outlook, but this was counterbalanced by factors related to banks' own cost of funds and balance sheet constraints – which can be seen as pure supply factors with respect to the provision of loans. At the same time, banks felt that net demand for loans for house purchase increased significantly in the second quarter, after having declined in the previous quarter, reflecting, in particular, a more positive contribution of housing market prospects and a less negative contribution of consumer confidence. The net demand for consumer credit and other lending also increased, owing to spending on consumer durables and consumer confidence.

FINANCIAL FLOWS

The annual growth rate of total loans granted to households remained unchanged at 2.1% in the first quarter of 2010 (the most recent quarter for which data from the euro area integrated accounts are available), thus interrupting the downward trend observed since early 2006. However, this conceals

Chart 36 MFI interest rates on loans to households for house purchase

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



Source: ECB.

a decline in the annual growth of non-MFI loans to households, to 1.5%, down from 3.6% in the previous quarter. This decline was due in part to the fact that some true-sale securitisation activity (where loans are derecognised and thereby removed from MFIs' balance sheets, subsequently being recorded as loans from OFIs) has been unwound in the most recent quarters. Data on MFI loans and securitisation activity indicate that the annual growth of total loans to households increased to around 2.8% in the second quarter of 2010 (see Chart 37).

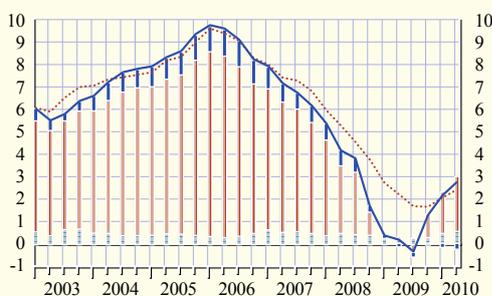
In July 2010 the annual growth rate of MFI loans to households stood at 2.8%, unchanged from the second quarter of 2010 and following 2.2% in the first quarter of the year. The latest developments point to a stabilisation in the dynamics of household borrowing. Taking into account the impact of the derecognition in the context of the securitisation activity, the recovery in the annual growth rate of loans to households is less marked. Overall, however, developments have remained consistent with longer-term regularities, whereby household borrowing tends to improve early in the economic cycle. The levelling-off in the annual growth rate in recent months may reflect that housing markets and income prospects are still surrounded by considerable uncertainty and that the level of household indebtedness remains high relative to previous cycles.

Within MFI loans to households, the annual growth rate of loans for house purchase increased to 3.5% in July 2010, up from an average of 3.3% in the second quarter of 2010, while the annual growth rate of consumer credit remained in negative territory (standing at -0.6% in July, down from -0.4% in the second quarter). This divergence seems to be in line with the results from consumer surveys that currently show a low and declining willingness to make major purchases, although overall consumer confidence has been improving.

Chart 37 Total loans granted to households

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

- MFI loans for consumer credit
- MFI loans for house purchase
- other MFI loans
- total MFI loans
- ... total loans



Source: ECB.

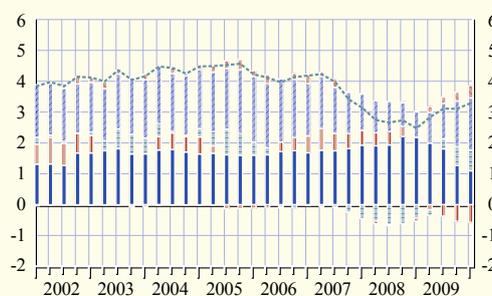
Notes: Total loans comprise loans to households from all institutional sectors, including the rest of the world. For the second quarter of 2010, total loans to households have been estimated on the basis of transactions reported in money and banking statistics.

For information on differences between MFI loans and total loans in terms of the calculation of growth rates, see the relevant technical notes.

Chart 38 Financial investment of households

(annual percentage changes; contributions in percentage points)

- currency and deposits
- debt securities, excluding financial derivatives
- shares and other equity
- insurance technical reserves
- other¹⁾
- ... total financial assets



Sources: ECB and Eurostat.

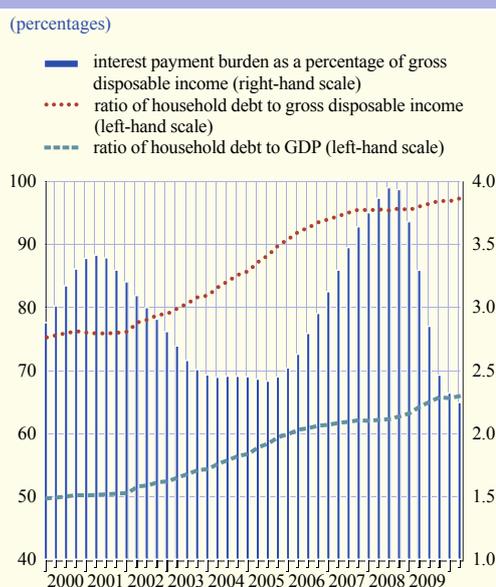
1) Includes loans and other accounts receivable.

Turning to the assets side of the euro area household sector's balance sheet as recorded in the euro area accounts, the annual growth rate of total financial investment increased to 3.3% in the first quarter of 2010 (see Chart 38). This development masks noticeable portfolio reallocations, however. Indeed, the contribution of investment in currency and deposits declined somewhat. Households instead continued to invest more strongly in longer-term and riskier assets in the context of the steep yield curve and improved market sentiment. In particular, investment in insurance and pension products increased substantially, and this asset class remained the largest contributor to total financial investment growth. Households also increased slightly the amount of shares and other equity purchased, while they reduced their direct holdings of debt securities.

FINANCIAL POSITION

The debt-to-disposable income ratio of households is estimated to have increased slightly further to around 97.5% in the second quarter of 2010, continuing the slight upward drift observed in previous quarters (see Chart 39). This development reflects a modest pick-up in household borrowing and the subdued income growth observed in recent quarters. Households' debt-to-GDP ratio is estimated to have edged up further in the second quarter, albeit less than the debt-to-disposable income ratio, reflecting the fact that overall economic activity has been displaying a stronger cyclical pick-up than household income. The household sector's interest payment burden is estimated to have declined further – albeit far less markedly than in previous quarters – to stand at 2.2% of disposable income in the second quarter, after 2.3% in the previous quarter. With households' debt-to-income ratio increasing slightly, this reflects the impact of lower interest rates.

Chart 39 Household debt and interest payments



Sources: ECB and Eurostat.

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

3 PRICES AND COSTS

According to Eurostat's flash estimate, euro area annual HICP inflation was 1.6% in August 2010, having stood at 1.7% in July. This small decline is likely to reflect base effects stemming from the energy component. Later in the year annual HICP inflation rates are expected to increase slightly while displaying some volatility. Looking further ahead, in 2011 inflation rates should remain moderate overall, benefiting from low domestic price pressures.

This assessment is also reflected in the September 2010 ECB staff macroeconomic projections for the euro area, which foresee annual HICP inflation in a range between 1.5% and 1.7% for 2010 and between 1.2% and 2.2% for 2011. Compared with the Eurosystem staff macroeconomic projections of June 2010, the ranges have been revised slightly upwards, largely on account of higher commodity prices. Risks to the outlook for price developments are slightly tilted to the upside.

3.1 CONSUMER PRICES

According to Eurostat's flash estimate, the euro area annual HICP inflation rate stood at 1.6% in August 2010, down from 1.7% in July (see Table 6). Taking a longer-term perspective, it has seen strong swings over the last two years. Driven by falls in food and energy prices, it declined steadily between the middle of 2008 and the middle of 2009, to reach a historical low of -0.6% in July of that year. Thereafter, it returned to positive territory, mainly owing to base effects in the latter part of 2009. Since March 2010 it has hovered around the 1.5% mark.

Looking at HICP developments at a more detailed level, the annual change in energy prices has risen significantly, to 8.1%, from its trough of -14.4% in July 2009. This increase has been fuelled both by the sharp rises in oil prices recorded since last summer and by positive base effects. Among the prices of the energy items, the strongest increase during this period was seen mainly in items directly linked to oil prices (liquid fuels and personal transportation). Consumer gas prices tend to follow a similar trend to that of liquid fuels and personal transportation, but with a lag – the annual rate of change in gas prices turned positive in July 2010 for the first time since May 2009. By contrast, electricity prices usually exhibit a more idiosyncratic pattern, but their annual rate of change has also been increasing over the course of 2010. During the first half of the year, higher

Table 6 Price developments

(annual percentage changes, unless otherwise indicated)

	2008	2009	2010 Mar.	2010 Apr.	2010 May	2010 June	2010 July	2010 Aug.
HICP and its components								
Overall index ¹⁾	3.3	0.3	1.4	1.5	1.6	1.4	1.7	1.6
Energy	10.3	-8.1	7.2	9.1	9.2	6.2	8.1	.
Unprocessed food	3.5	0.2	-0.1	0.7	0.4	0.9	1.9	.
Processed food	6.1	1.1	0.5	0.6	0.9	0.9	0.9	.
Non-energy industrial goods	0.8	0.6	0.1	0.2	0.3	0.4	0.5	.
Services	2.6	2.0	1.6	1.2	1.3	1.3	1.4	.
Other price indicators								
Industrial producer prices	6.1	-5.1	0.9	2.8	3.1	3.0	.	.
Oil prices (EUR per barrel)	65.9	44.6	59.1	64.0	61.6	62.2	58.9	59.9
Non-energy commodity prices	1.9	-18.5	34.5	52.0	52.1	51.1	56.8	51.9

Sources: Eurostat, ECB and ECB calculations based on Thomson Financial Datastream data.

Note: the non-energy commodity price index is weighted according to the structure of euro area imports in the period 2004-06.

1) HICP inflation in August 2010 refers to Eurostat's flash estimate.

than average refining margins (measured as the difference between the price of the refined products and crude oil prices) also affected energy prices. However, during the summer months, refining margins have eased from the relatively high levels observed earlier this year. Looking ahead, on the basis of current oil price futures, energy price inflation is expected to be relatively stable at an elevated level for the remainder of 2010, with some slight positive contributions from indirect taxation, before declining slightly in 2011.

Having hovered in negative territory in late 2009 and early 2010, the annual growth rate of total food prices (including alcohol and tobacco) moved back into positive territory in March 2010 and has continued to rise further during the spring and summer months, reaching 1.3% in July. Two main factors have been shaping the profile of euro area HICP food prices in recent months. First, upward base effects related to the strong falls observed a year ago disappearing from the annual comparison, and second, adverse weather conditions affecting the unprocessed food component (mainly fruit and vegetables items), which has risen markedly in recent months (see Table 6).

More recently, there have also been sharp increases in food commodity prices in international markets, but the latest data show little evidence that these have been passed on to consumers (see also Section 1). Thus far, there have been two main reasons for the muted pass-through. First, the impact of a shock is usually first visible in producer prices before it is transmitted to retailers and then to consumers, but so far there has been little evidence of pipeline pressures in the food production chain, with the food products component of producer prices remaining relatively subdued. Second, past experience shows that it typically takes between six and 12 months for a commodity price shock to work through the food production chain and be perceptible at the consumer level, and the bulk of the increases in commodity prices in global markets have taken place in the very recent period. Indeed, some of the HICP food items, which have a higher content of cereals and other commodities and are therefore more directly affected by the price increases in global markets, still recorded negative growth rates in July. Looking ahead, the recent increases in commodity prices constitute an upside risk to food price developments in the coming months. At the same time, the outlook for the food price component of the HICP is highly uncertain.

Excluding all food and energy items, which represent around 30% of the HICP basket, annual HICP inflation followed a gradual downward trend for most of 2008 and throughout 2009. In 2010 this downward trend has come to a halt and the annual rate of change in HICP inflation excluding all food and energy items has fluctuated close to the 1% mark. The latest figures show that the HICP excluding all food and energy items increased by 1.0% in July compared with 12 months earlier. Overall, the path of HICP inflation excluding all food and energy items has not mirrored the annual growth rate of overall HICP inflation, which has increased gradually after the decline in inflation during the summer and autumn of 2009. In addition, this measure of “underlying inflation” has followed a less volatile path than the aggregate HICP.

The HICP excluding food and energy prices reflects the developments in the prices of its two components, non-energy industrial goods and services, which are determined mostly by domestic factors, such as wages and profit mark-ups. Non-energy industrial goods inflation has been increasing moderately in recent months since reaching very low, but still positive, levels at the beginning of 2010. With regard to the most recent data, the annual rate of change in non-energy industrial goods prices stood at 0.5% in July 2010. Overall, non-energy industrial goods inflation has remained subdued, reflecting weak consumer demand and moderate wage growth. However, the recent slight increase suggests an interruption of the gradual decline that has been observed since 2008.

The non-energy industrial goods component can be broken down into three sub-components: non-durable goods (water supply, pharmaceutical products, newspapers, etc.), semi-durable goods (clothing materials, textiles, books, etc.) and durable goods (cars, furniture, electronic appliances, etc.). The slight increase in non-energy industrial goods inflation in recent months was mainly the result of higher contributions from the semi-durable and durable goods components. The latest data for semi-durable goods prices show higher annual rates of change across most items, although prices of clothing were affected by strong seasonal discounts. Meanwhile, the negative contribution from durable goods prices to non-energy industrial goods inflation has diminished gradually in recent months and the annual rate of change of this sub-component rose to zero in July 2010, recording a non-negative value for the first time since December 2007. This development is due largely to car prices, which increased year on year in July 2010 for the first time since spring 2009, reflecting the lowering of discounts. This increase has more than counterbalanced further declines in the prices of some consumer electronics. Conversely, non-durable goods inflation has continued to fall, reaching 0.9% in July, down from 1.2% in the first quarter of the year. This further decline has reflected lower annual rates of change in the prices of many items, which are due to continued weak demand.

Looking ahead, available leading indicators for non-energy industrial goods inflation, such as price developments in producer prices for consumer goods (excluding food and tobacco) and in import prices of consumer goods (again excluding food and tobacco), suggest, on the one hand, that domestic pipeline pressures have continued to be moderate and, on the other hand, that external price pressures have increased on the back of recent exchange rate movements and higher global inflation. Overall, these developments, combined with a gradual strengthening in domestic demand, indicate that in the coming quarters non-energy industrial goods inflation will be slightly higher than in the first half of the year.

Having dropped to 1.2% in April 2010, an unprecedented low since 1991, the annual growth rate of services price inflation has edged up gradually. With regard to the most recent data, the year-on-year change in services price inflation stood at 1.4% in July. Data for the past few months suggest that the downward trend observed in services price inflation since autumn 2008 seems to have come to a halt.

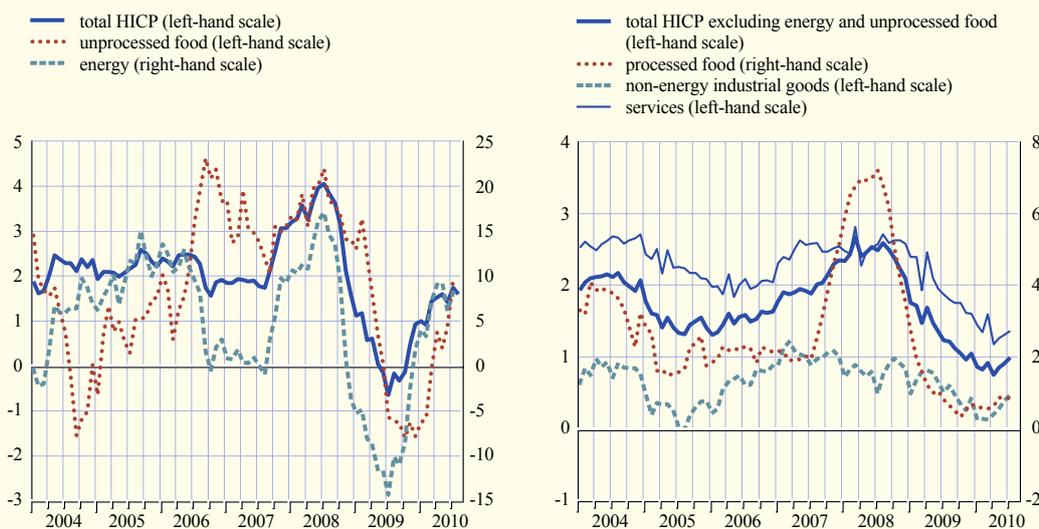
Looking at the sub-components, the main driver of this pick-up in total services inflation has been the recreation and personal sub-component, which accounts for around one-third of the services price component and rose from 0.4% in April to 1% in July 2010. This sub-component contains leisure items, such as package holidays, restaurants and accommodation services, whose inflation rates have fallen to very low levels in an environment of weak consumer demand and strong competition. It appears that the inflation of leisure-related items has bottomed out and is recovering slightly on the back of improving consumer confidence and spending.

Among other services, transport services price inflation also seems to be picking up slightly, most likely owing to past increases in oil prices. By contrast, in the housing sub-component (most notably in rents) inflation has been easing, falling to 1.7% in July from 2.1% in July 2009. This decline is probably being driven to some extent by the lagged effects of falling house prices. For more details about property price developments in the euro area, see Box 4. The annual rate of change in the prices of communication services stood at -0.8% in July 2010, the same as 12 months earlier, but had fluctuated between -1.1% and -0.3% over this period.

Looking ahead, services price inflation is expected to remain broadly stable at its current level for the rest of 2010, but is likely to pick up slightly in 2011 on the back of a gradual improvement

Chart 40 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

in domestic demand. There may also be some upward pressures from rising commodity prices. In addition, in some euro area countries, services price inflation may be affected in the coming months by increases in indirect taxation and administered prices. These upward pressures are expected to be dampened partly by the moderation in wage developments.

Box 4

A COMPARISON OF TRENDS IN EURO AREA COMMERCIAL AND RESIDENTIAL PROPERTY PRICES

Although commercial and residential property markets differ in many ways, they have a number of common driving forces related to supply and demand factors, as well as to structural factors.¹ On the demand side, income and wealth are key determinants in both markets and, on the supply side, the elasticity of the markets largely determines the price versus quantity response to changes in demand. Moreover, the response of supply to changes in prices depends on the general financing conditions, input cost dynamics, land availability and other structural factors, such as restrictions on and legislative delays in obtaining permission to build on and develop land.²

1 For a comprehensive overview of the forces driving commercial property markets, see “Commercial property markets: financial stability risks, recent developments and EU banks’ exposures”, ECB, December 2008 and the article entitled “Euro area commercial property markets and their impact on banks”, *Monthly Bulletin*, ECB, February 2010.

2 For more information on the structural factors affecting residential property prices, see “Structural factors in the EU housing markets”, ECB, 2003 and “Housing finance in the euro area”, *Occasional Paper Series*, No 101, ECB, March 2009; and for those affecting commercial property prices, see “Commercial property markets: financial stability risks, recent developments and EU banks’ exposures”, op. cit.

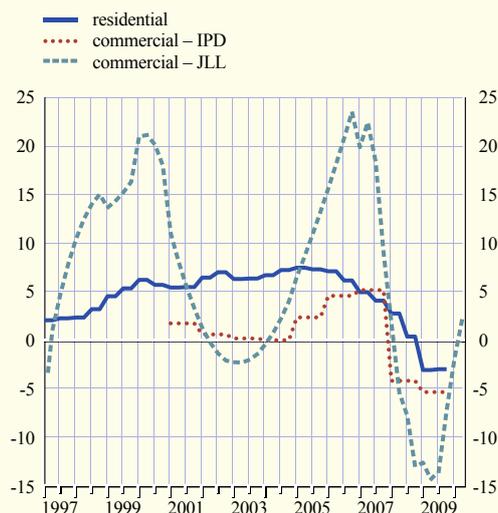
As regards structural factors, owner-occupation rates for the euro area as a whole tend to be higher in residential property markets, despite notable cross-country differences, than in commercial property markets. In terms of financing conditions, the typical maturity of loans is much longer in the residential than in the commercial property market. Moreover, a typically higher loan-to-value ratio in the residential property market could reflect differences in the collateral requirements for obtaining financing, which are partly attributable to differences in the perceived default risk in the commercial and household sectors. Such factors may also contribute to the different reactions of residential and commercial property markets to supply and demand conditions.

It is important to mention that great caution is needed when analysing residential and commercial house price developments, given that issues related to the coverage, quality and representativeness of the data contribute to the high degree of uncertainty surrounding any assessment of developments in residential and commercial property prices. Moreover, comparing the two markets is particularly challenging in view of the different statistical and methodological concepts used in estimating prices. More specifically, while estimates of residential property prices are based on actual transactions, those for commercial property prices are based on valuations referring to the capital values of properties, i.e. market prices adjusted downwards for capital expenditure, maintenance and depreciation. Given that valuations are by nature subjective, there is potentially a considerable gap between estimates of commercial property prices provided by different market players, as discussed below. These differences may also be due to a heterogeneous coverage of the reference market.

With these caveats in mind, looking in more detail at how each market has developed over the last 13 years – the longest period for which a complete dataset is available (see Chart A) – movements in commercial property prices in the euro area have tended to be of higher amplitude and follow the business cycle much more closely than those in residential property prices. In terms of amplitude, the annual growth rate of the office and “unit shop” (defined as a retail shop located on a main shopping street) components of commercial property prices bottomed out around zero at the turn of 2002/03 and peaked between 5% and 20% – depending on the measure used – in 2007. The stark difference in amplitude of the two available measures of euro area commercial property prices may be attributable to coverage: Investment Property Databank (IPD) data capture market-wide trends, while the Jones Lang LaSalle (JLL) index captures only prime office and “unit shop” capital values. By contrast, the

Chart A Euro area property prices

(nominal data; annual percentage changes)



Sources: Residential property price data are based on ECB calculations and on national data, while commercial property price data are based on office and “unit shop” capital values from Jones Lang LaSalle (JLL) and Investment Property Databank (IPD).

Notes: The euro area residential property price aggregate is calculated from national series covering more than 90% of euro area GDP for the whole period. Quarterly data for the residential property market are interpolated from semi-annual data for the full sample and for the commercial property market they are interpolated from annual data for the period prior to 2007.

annual growth rates of residential property prices were relatively stable in the range of 4.5% to 7% between 2001 and 2007. In terms of cyclical dynamics, the clear downward movement in commercial property prices during the economic slowdown of 2001 was not evident in residential property prices. However, the recent decline in property prices has been broad-based across both sectors. The resilience of the residential property market during the downturn of 2001 could reflect the business-led nature of this slowdown. At the time, residential property markets in many countries may still have been benefiting from the transition to a lower interest rate regime after the adoption of the euro. Moreover, the peak in the growth rate of commercial property prices in the period 2006-07 appears to have lagged behind that of residential property prices. The latest available data indicate that commercial property prices increased year on year by 2.2% in the second quarter of 2010. At the same time, available data for selected euro area countries show that the pace of the decline in residential property prices appears to have abated somewhat or that the decline came to an end at the beginning of 2010, which could be an early indication that prices are stabilising.

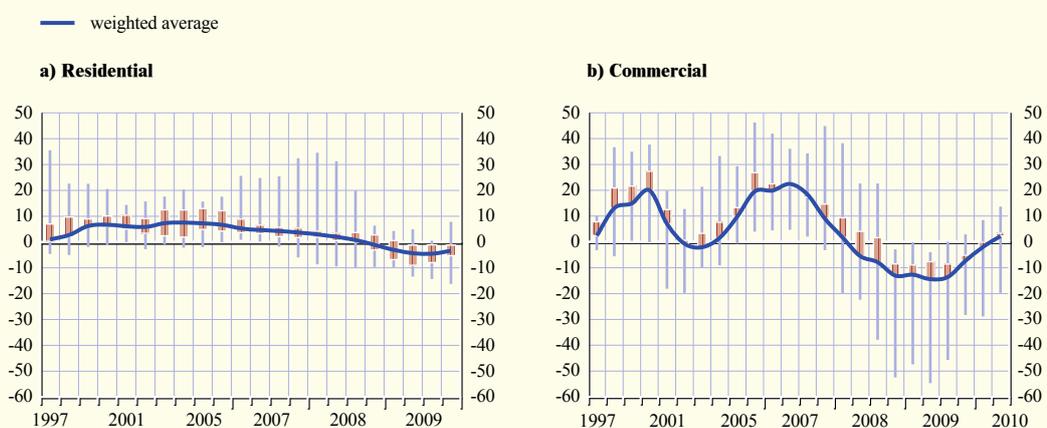
At the country level, the swings in property prices have also been far more moderate in the residential than in the commercial property market (see Chart B). At the same time, there appears to be less heterogeneity – in relative terms – across countries in residential property prices than in commercial property prices, as signalled by the relatively tight interquartile ranges.³

As discussed above, developments in both the residential and commercial property markets depend on demand conditions and are generally related to business cycle developments. Chart C compares euro area residential and commercial property price inflation with real GDP growth. It appears that commercial property prices are far more correlated with the business cycle than residential property prices. There are several possible reasons for the greater cyclicity of commercial property prices, namely: i) commercial properties, such as office blocks,

3 Notwithstanding the strong influence of outliers, with growth rates in excess of 30%, particularly in 2008.

Chart B Property prices in euro area countries

(annual percentage changes; maximum, minimum, interquartile range and weighted average)

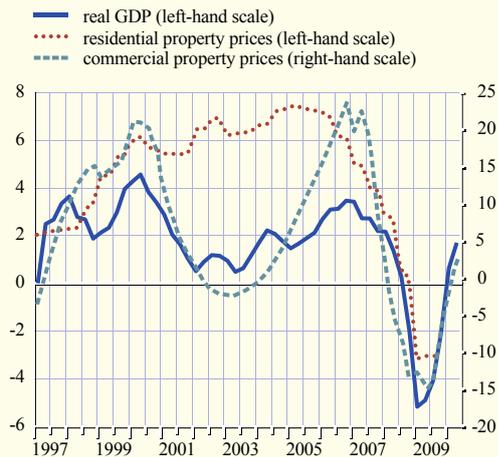


Sources: Residential property price data are based on ECB calculations, national data and OECD data. Commercial property price data are based on office and “unit shop” capital values from Jones Lang LaSalle.

Notes: The aggregation weights are based on nominal GDP in 2007. The estimated euro area aggregate is based on interpolated quarterly OECD data for Italy and Germany. Commercial property data for Cyprus, Malta, Slovakia and Slovenia are not available.

Chart C Property prices and real GDP growth

(annual percentage changes)



Sources: Eurostat, Jones Lang LaSalle and ECB calculations based on national data.

“unit shops” and industrial buildings are used by companies as “input” in their process of production, which is closely linked to output and employment prospects; ii) commercial property price data are based on valuations generally made by companies for their annual reports on an annual or semi-annual basis, suggesting a higher frequency of changes in commercial property prices than in residential property prices. This could highlight a closer link between commercial property prices and business-cycle developments; iii) residential properties primarily satisfy a household’s need for shelter and are thus characterised by higher owner-occupation rates than those in the office and “unit shop” segments of commercial property markets, a factor that is likely to dampen their correlation with the economic cycle.

The profile of the build-up in property prices can be assessed on the basis of two standard simple valuation metrics that compare property prices with rents and sources of income. This comparison should be treated with caution given the short length of the time series – a long-term average is generally needed in order to assess the benchmark equilibrium level – and the simplistic nature of the valuation metrics discussed. The first indicator (price-to-rent ratio) stems from the assumption that the value of a property as an asset should not deviate significantly from the discounted flows of all its future rents, while the second (income-to-price ratio) is a measure

Chart D Valuation metrics for property prices

(index: Q1 1997 = 100)

— commercial
 residential

a) Asset pricing approach: house price-to-rent ratio



b) “Crude” affordability ratio in euro area property markets



Sources: Eurostat, Jones Lang LaSalle and ECB calculations based on national data.

Notes: For the residential property market, “crude” affordability relates to the income-to-price ratio, and for the commercial property market, it relates to the corporate profits-to-price ratio. Corporate profits are defined as gross operating surplus excluding income from the self-employed.

of “crude” affordability.⁴ According to the price-to-rent ratio (see panel a) of Chart D), residential property prices exhibited a much more steady build-up in valuation gains over the period under review, whereas commercial property prices showed a pronounced and extremely strong build-up around the peak of the latest business cycle and appear to be in a more advanced phase of the ongoing correction process compared with residential property prices. In both markets, however, the “crude” affordability ratio (see panel b) of Chart D) has improved only slightly since the end of 2007.

To sum up, despite a number of common driving forces, commercial and residential property markets have exhibited some diverging patterns of behaviour during the period under review. The movements in commercial property prices in the euro area have been of higher amplitude than those in residential prices, and have also followed the business cycle more closely. Recent developments point to signs of a levelling-off in the rate of decline or early signs of increases in property prices in both the commercial and residential property markets.

⁴ While it is possible to use several different measures of income to construct affordability indexes, disposable income is commonly used for residential property and a national accounts measure of corporate profits is used for commercial property.

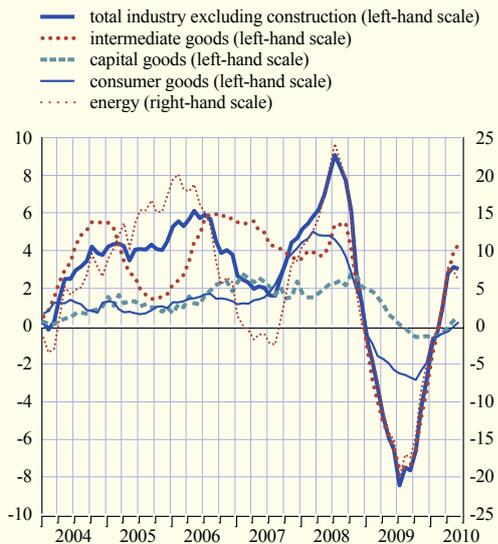
3.2 INDUSTRIAL PRODUCER PRICES

The latest data on industrial producer prices (excluding construction) indicate some stabilisation from the upward trend that began in the summer months of 2009 (see Chart 41). The annual rate of change in industrial producer prices has gradually increased from its trough of -8.4% in July 2009. It entered positive territory in March 2010 and stood at 3.0% in June. The overall index can be broken down into energy, intermediate goods, consumer goods and capital goods prices. The upward trend was driven mainly by the energy and intermediate goods components, reflecting the combination of upward base effects stemming from the fall in global crude oil prices in the latter part of 2008 and early 2009 and the overall increase in oil and raw material prices since last summer. The component that, historically, has been most closely correlated with near-term HICP developments is the consumer goods component (excluding tobacco and food). This component also increased during the latter part of 2009 and the first six months of 2010. In June the annual rate of change in the consumer goods component stood at 0.2%, its first positive figure since December 2008. The increase partly emanated from higher consumer durable producer prices, which probably benefited from slightly improved prospects for final demand. The year-on-year change in the prices of capital goods (including, for instance, machinery, motor vehicles and metal products) has also rebounded recently, standing unchanged from May at 0.3% in June, having hovered in negative territory between August 2009 and April 2010. The gradual recovery in this component partly reflects higher demand for capital goods produced in the euro area.

Survey data on price pressures in the producer chain indicate that the upward trend has stabilised over the past year. With regard to the Purchasing Managers' Index, flash data on prices in August indicate moderate changes in firms' input and output prices (see Chart 42). In the manufacturing sector, the indices for both input prices and prices charged declined slightly in August, while those in the services sector went up slightly. Nevertheless, prices charged remained below the threshold level of 50, indicating falling prices. Notwithstanding the stabilisation that has been observed

Chart 41 Breakdown of industrial producer prices

(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

Chart 42 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.

since May, all indices have, overall, recorded relatively strong increases since the second quarter of 2009. The fact that the levels are slightly higher for input prices than output prices suggests that firms are still having some difficulty passing on the higher input prices to consumers.

3.3 LABOUR COST INDICATORS

Owing to the lag with which labour markets respond to changes in activity, labour cost developments in the euro area remained relatively robust during the economic downturn and began to decelerate in the third quarter of 2009, which was around one year after quarterly euro area GDP growth turned negative. The labour cost resilience during this period reflected the average length of about 1.5 years of contractual wage agreements (as mirrored in developments in negotiated wages), as well as a mechanical boost to hourly wage growth due to developments in hours worked which dropped sharply in the latter part of 2008 and early 2009. The drop in hours worked reflected in part the extensive use of flexible time accounts, particularly in Germany, whereby employees are allowed to work fewer hours at times of lower demand without this impacting their overall compensation, and then make up for this during better times by working longer. Moreover, the early 2009 acceleration in euro area hourly labour costs was also boosted by the impact of government-subsidised short-time work schemes, a policy response to an otherwise probably unavoidable contraction in employment, particularly in industry. In the context of these schemes, firms were given the opportunity to reduce the hours worked by their employees, while national governments supplemented the overall pay of employees. As in most cases companies also agreed to pay part of the top-up, this also implied increases in wages on a per hour basis.

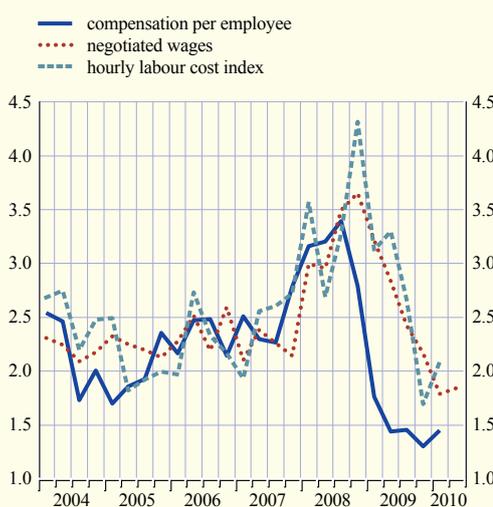
As for compensation per employee, it started to decelerate at the end of 2008 and more strongly in 2009, particularly in the private sector, as companies tried to make use of all available flexible wage components to reduce wage costs, implying a strongly negative wage drift. Developments in the public sector have also been more contained since the end of 2009 (see also the box entitled “Wage developments in the euro area and the United States during the recent economic downturn: a comparative analysis” in the May 2010 issue of the Monthly Bulletin and the article “Labour market adjustments to the recession in the euro area” in the July 2010 issue of the Monthly Bulletin).

Recent labour cost indicators have shown that labour costs stabilised overall in the first quarter of 2010 (see Chart 43 and Table 7). In more detail, the annual growth rate of euro area compensation per employee, stood at 1.5% in the first quarter of 2010, slightly up on the previous quarter. The sectoral breakdown indicates that the slight increase in growth in compensation per employee in the first quarter of 2010 was, to a large extent, driven by developments in the industrial sector. Annual hourly labour cost growth in the euro area also increased slightly to 2.1%, from 1.7% in the fourth quarter of 2009. This rise can be viewed as a normalisation of the sharp decline recorded in the fourth quarter of 2009, when annual hourly labour cost growth fell by 0.9 percentage point.

Turning to developments in negotiated wages in the euro area – the only labour cost data currently available for the second quarter of 2010 – their annual growth rate stood at 1.8% in that quarter, unchanged from the previous quarter. The annual growth rates recorded in the first and second quarters of 2010 are the lowest observed since the start of the series in 1991. Looking ahead, it is likely that the annual rate of growth in negotiated wages will continue to be low in the coming quarters and even possibly decrease further, as new contracts entail only modest wage increases in both the private and public sectors.

Chart 43 Selected labour cost indicators

(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.

Table 7 Labour cost indicators

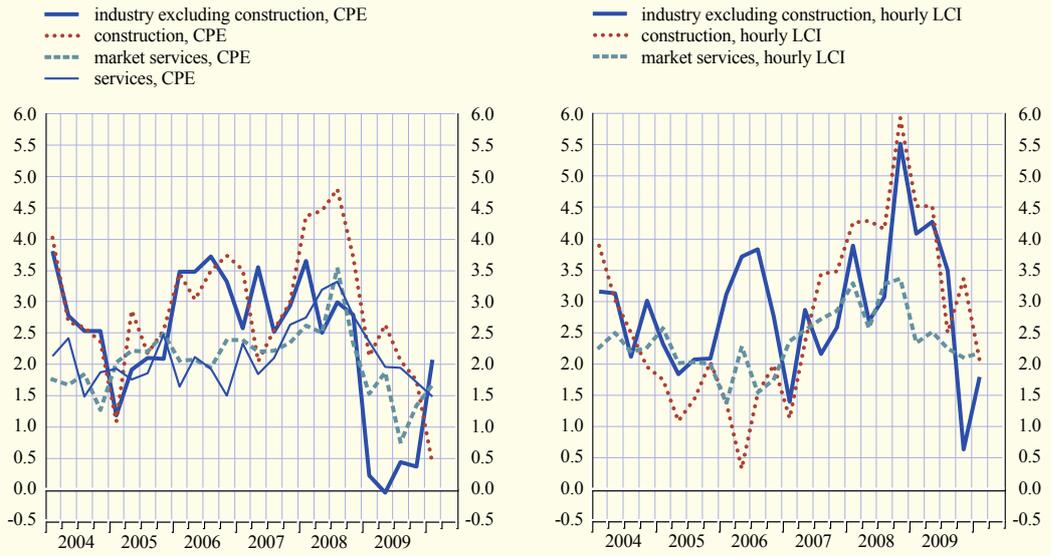
(annual percentage changes, unless otherwise indicated)

	2008	2009	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2
Negotiated wages	3.3	2.7	2.8	2.4	2.2	1.8	1.8
Hourly labour cost index	3.5	2.7	3.3	2.6	1.7	2.1	.
Compensation per employee	3.1	1.5	1.4	1.5	1.3	1.5	.
<i>Memo items:</i>							
Labour productivity	-0.3	-2.2	-3.1	-1.8	0.0	2.1	.
Unit labour costs	3.4	3.8	4.6	3.3	1.3	-0.6	.

Sources: Eurostat, national data and ECB calculations.

Chart 44 Sectoral labour cost developments

(annual percentage changes; quarterly data)



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

Finally, following the record low observed in the first quarter of 2009, the annual growth rate of euro area productivity improved continuously in subsequent quarters, reflecting the lagged adjustment of employment developments to output growth developments. In the first quarter of 2010 productivity per person employed returned to positive territory in annual terms, increasing by 2.1%. The increase in productivity, combined with the subdued annual rate of growth in compensation per employee, helped to reduce the annual growth rate of unit labour costs from 1.3% in the fourth quarter of 2009 to -0.6% in the first quarter of 2010. These figures are a stark contrast to the peak of nearly 6% reached in the first quarter of 2009 and should support firms' profit margins going forward.

Looking ahead, labour market developments coupled with the ongoing economic recovery can be expected to further underpin annual productivity growth, which, in combination with moderate compensation per employee growth, should contribute to a further easing in unit labour cost growth for euro area firms throughout 2010.

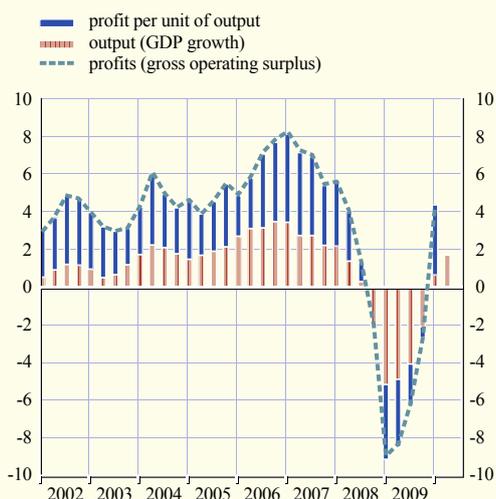
3.4 CORPORATE PROFIT DEVELOPMENTS

The 2008-2009 recession brought about a strong and persistent contraction in profits due to the decline in firms' productivity associated with resilient labour costs and a less pronounced adjustment in employment compared with past cyclical downturns.¹ In this context, after having posted five quarters of continuous contraction since the end of 2008 (see Chart 45), euro area corporate profits increased by 4.4% year-on-year in the first quarter of 2010. This increase was brought about by

¹ For a discussion, see the Box entitled "Profit developments and their behaviour after periods of recession" in the April 2010 issue of the ECB Monthly Bulletin.

Chart 45 Breakdown of euro area profit growth into output and profit per unit of output

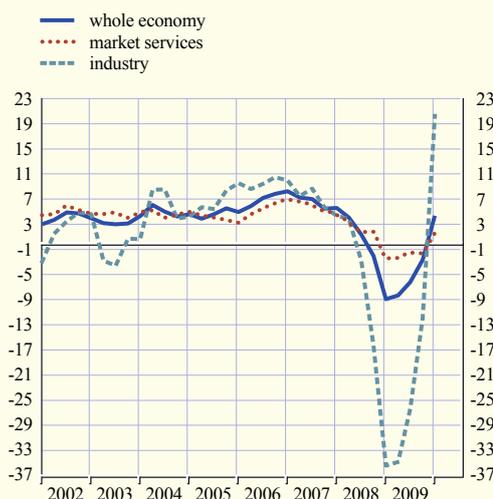
(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.

Chart 46 Euro area profit developments by main branch of activity

(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.

both an expansion in economic activity (volume) and higher unit profits (margin per unit of output), which benefited from falling unit labour cost growth.

As regards developments in the main branches of activity (industry and market services), the increase in profits was particularly strong in industry, with profits posting an annual year-on-year increase of 20% in the first quarter of 2010 (see Chart 46). This increase occurred after a year-on-year contraction of almost 28% in 2009, confirming that profits in this sector tend to decline more strongly during downturns. Thus, notwithstanding the recent increase, the level of profits in industry in 2010 is still low and close to its level in the middle of 2004. Profits in market services also increased year-on-year in the first quarter of 2010 (by 1.5%), having contracted for four consecutive quarters in the course of 2009.

Looking ahead, improving demand conditions and the expected cyclical increase in productivity should foster further increases in profits, in a broadly similar manner to that experienced in previous cyclical upswings. However, the outlook for this variable in the short term is still highly uncertain.

3.5 THE OUTLOOK FOR INFLATION

Later in the year annual HICP inflation rates are expected to increase slightly while displaying some volatility. Looking further ahead, in 2011 inflation rates should remain moderate overall, benefiting from low domestic price pressures.

This assessment is also reflected in the September 2010 ECB staff macroeconomic projections for the euro area, which foresee annual HICP inflation in a range between 1.5% and 1.7% for 2010 and between 1.2% and 2.2% for 2011 (see Box 6). Compared with the Eurosystem staff macroeconomic

projections of June 2010, the ranges have been revised slightly upwards, largely on account of higher commodity prices.

Risks to the outlook for price developments are slightly tilted to the upside. They relate, in particular, to the evolution of energy and non-oil commodity prices. Furthermore, increases in indirect taxation and administered prices may be greater than currently expected, owing to the need for fiscal consolidation in the coming years. At the same time, risks to domestic price and cost developments are contained.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

Economic activity in the euro area has been expanding since the middle of 2009. Euro area real GDP grew strongly, by 1.0% on a quarterly basis, in the second quarter of 2010, supported by ongoing growth at the global level, but also partly by temporary domestic factors. Recent data and survey evidence generally confirm the expected moderation for the second half of this year, both at the global level and in the euro area. At the same time, while uncertainty still prevails, they continue to indicate the positive underlying momentum of the recovery in the euro area. The ongoing recovery at the global level, and its impact on the demand for euro area exports, as well as the accommodative monetary policy stance and the measures adopted to restore the functioning of the financial system, should continue to support the euro area economy. However, the ongoing process of balance sheet adjustment in various sectors, and labour market prospects, are expected to dampen the pace of the recovery.

This assessment is also in line with the September 2010 ECB staff macroeconomic projections for the euro area, according to which annual real GDP growth will range between 1.4% and 1.8% in 2010, and between 0.5% and 2.3% in 2011. With uncertainty still prevailing, the risks to the economic outlook are slightly tilted to the downside.

4.1 REAL GDP AND DEMAND COMPONENTS

Economic activity in the euro area has been expanding since the middle of 2009, after contracting between the second quarter of 2008 and the same quarter of 2009. According to Eurostat's first estimate, euro area real GDP grew by 1.0% on a quarterly basis in the second quarter of 2010, after increasing by 0.3% in the first quarter of 2010 and by 0.2% in the fourth quarter of 2009. The latter two growth rates were both revised upwards by 0.1 percentage point (see Chart 47). Available indicators suggest that economic activity will continue to grow beyond the first half of 2010, albeit at lower growth rates than in the second quarter. The pace of economic recovery in the euro area is expected to moderate, as temporary supporting factors will fade away.

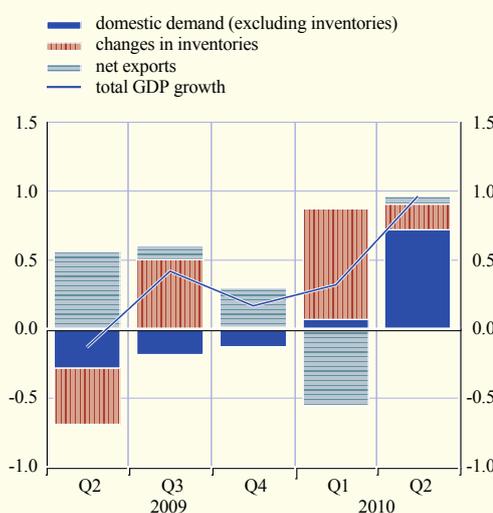
The high real GDP growth rate in the second quarter of 2010 stems mainly from a positive contribution from domestic demand, of 0.7 percentage point. Net exports and inventories also showed positive, albeit smaller, contributions.

PRIVATE CONSUMPTION

While economic activity in the euro area started to recover in the second half of 2009, private consumption has remained more subdued following the severe contraction recorded during the trough of the last economic downturn in late 2008 and early 2009. However, in the second quarter of 2010, private consumption increased by 0.5% compared with 0.2% in the first quarter. Recent indicators point to some further expansion in consumer spending in the third quarter of 2010.

Chart 47 Real GDP growth and contributions

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



Sources: Eurostat and ECB calculations.

The main reason that growth in consumption has been low, even though economic activity has been recovering, has been the weakness in the labour markets, which has affected households' real disposable income. Disposable income was strongly depressed, owing to the large declines in employment which occurred from the second half of 2008 until the end of 2009. However, the low levels of HICP inflation in 2009 strengthened income growth in real terms. More recently, inflation has been higher, thereby contributing negatively to real income growth, whereas employment stabilised in the first quarter of the year. Even though consumption growth has been slightly positive since the fourth quarter of 2009, no strong impetus is expected from households' real disposable income in the coming quarters, as employment developments are expected to improve only slowly.

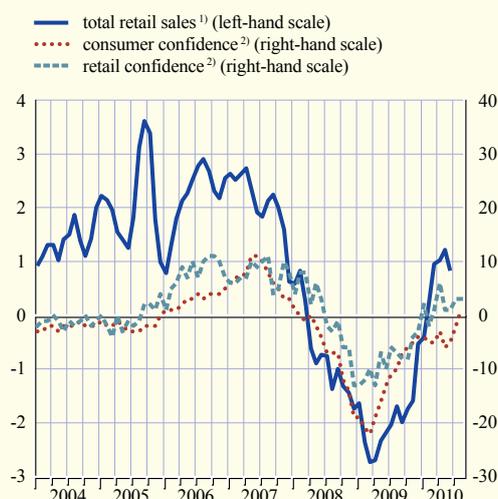
Additional factors that have dampened consumer spending in recent quarters stem from uncertainty concerning employment prospects, weaker residential property prices and accumulated losses in financial wealth. Moreover, the conditions for consumer credit have been slightly tightened following the financial crisis (see the box entitled "The results of the July 2010 bank lending survey for the euro area" in the August 2010 issue of the Monthly Bulletin). Against this background, the household savings ratio, which had risen sharply from mid-2008 to mid-2009, declined again in the first quarter of 2010, according to the euro area integrated accounts (see the box entitled "Integrated euro area accounts for the first quarter of 2010" in the August 2010 issue of the Monthly Bulletin). While the improved economic outlook could have played a role, part of the decline was probably also due to the higher costs of energy used for consumption. Indeed, savings tend, in part, to act as a buffer against fluctuations in energy prices.

After the lows reached in early 2009, consumer confidence gradually increased, driven by improvements in the assessment of the general economic situation and employment. In the second quarter of 2010 consumer confidence remained unchanged from its level in the previous quarter, but available data for the third quarter suggest some further improvement. Indeed, the most recent data show that confidence increased strongly in July and August.

The more positive outlook from survey data has not yet been reflected in hard data. Retail sales declined by 0.1% on a quarterly basis in the second quarter of 2010, after an increase of 0.4% in the first quarter (see Chart 48). New passenger car registrations declined by 7.4% in the second quarter of the year, following a similar decline in the previous quarter. However, these developments hide strong cross-country differences, which are partly related to differences in the lessening of the impact from fiscal stimulus packages – in particular, incentives offered to consumers who scrapped old cars and bought new ones. While these subsidies boosted car sales and thus consumer spending in 2009, their withdrawal in a number of countries led to declines in new car registrations in the first half of 2010

Chart 48 Retail sales and confidence in the retail trade and household sectors

(monthly data)



Sources: European Commission Business and Consumer Surveys and Eurostat.

Notes: From May 2010 onwards, EC business survey data refer to the NACE Rev. 2 Classification.

1) Annual percentage changes; three-month moving averages; working day-adjusted. Excludes fuel.

2) Percentage balances; seasonally and mean-adjusted.

in some countries. However, these incentives mostly boosted purchases of relatively small cars, while current car purchases seem to be more concentrated in the high-value car segment. As a result, the number of new passenger car registrations might currently underestimate the impact of car purchases on real consumer spending.

Further fiscal measures impacting on consumption are the value added tax increases that had been announced for the third quarter of 2010 in some Member States. These increases should have had an upward impact on consumption growth in the second quarter of 2010 as a result of advanced purchases, while they are expected to have an adverse impact as of the third quarter.

INVESTMENT

Gross capital formation contracted for eight consecutive quarters in the euro area, from the second quarter of 2008 to the first quarter of 2010. Weak demand, low capacity utilisation, tight lending standards and low business confidence all dampened investment over the recession period. As the strength of the factors dampening investment has progressively waned, the outlook has become somewhat brighter and, in the second quarter of this year, investment increased on a quarterly basis. Nonetheless, the strong growth in the second quarter – 1.8% quarter on quarter compared with a decline of 0.4% in the previous quarter – also appears to have been affected by temporary factors, in particular weather conditions, which implied that construction investment was postponed from the first quarter.

The breakdown of investment in the second quarter of 2010 has not yet been published. On the basis of the available information, however, it is likely that the increase in investment stemmed mainly from a brisk rebound in construction investment. Looking through the weather-related volatility, construction investment should, however, remain subdued, owing to housing market adjustments in a number of euro area countries following the declines in residential property prices. Indeed, the European Commission survey and the Purchasing Managers' Index (PMI) suggest that activity in the construction sector will remain subdued, albeit not as weak as in the past.

Non-construction investment, which mainly consists of assets employed in the production of goods and services, is also likely to have increased in the second quarter of 2010 for the first time since the beginning of 2008. Low capacity utilisation, negative earnings growth and tight lending standards all had an adverse affect on investment during the crisis, bringing about very strong declines at the end of 2008 and the beginning of 2009. Since the middle of 2009, however, the contraction in non-construction investment has been much milder, driven by the strengthening in overall economic activity and less stringent financing conditions. However, continued restructuring of balance sheets in some sectors is likely to continue to have a dampening effect on investment. The quarter-on-quarter growth rate of industrial production of capital goods, an indicator of future non-construction investment, accelerated in the second quarter of 2010, compared with the first quarter. Manufacturing confidence increased in the second quarter of 2010 and continued to provide positive signals in July and August. Capacity utilisation increased in July, compared with April, according to the European Commission's survey. Limits to production stemming from demand-side factors declined over that period, while supply-side constraints, such as a lack of equipment or space and the shortage of labour, rose somewhat. However, according to the July bank lending survey, credit standards have tightened somewhat in the second quarter of 2010 in a number of countries (see the box entitled "The results of the July 2010 bank lending survey for the euro area" in the August 2010 issue of the Monthly Bulletin). Overall, non-construction investment is expected to progressively strengthen over the rest of the year, but showing only moderate growth, owing to still subdued prospects for domestic demand, as well as to financing constraints, overall uncertainty and still high spare capacity.

Summing up, aggregate investment is expected to grow at lower rates in the third quarter than in the second quarter. In addition to the reversal of the weather-related effect on construction investment, some fiscal measures that sustained investment in the past are being withdrawn in the third quarter and should have a downward impact on the quarterly growth of total investment.

GOVERNMENT CONSUMPTION

Government consumption has supported economic activity during the economic downturn, as several government consumption expenditure items have been relatively unaffected by cyclical developments, and, to a lesser extent, because euro area governments adopted measures to sustain demand. Government consumption quarterly growth rose to 0.5% in the second quarter of 2010, from 0.2% in the first quarter. However, the impetus to domestic demand from government consumption is expected to be moderate in the remainder of 2010 and beyond, reflecting expected fiscal consolidation efforts in a number of euro area countries.

INVENTORIES

As the recession hit the euro area, firms responded by reducing inventories sharply. As demand has gradually recovered, the pace of inventory de-stocking has slowed, thus contributing positively to GDP growth since the third quarter of 2009. The accumulated contribution over these quarters, estimated at 1.5 percentage point, corresponds broadly to the accumulated negative contribution during the first half of 2009. These developments have more or less mirrored the sharp downturn in GDP growth, which is now being followed by a cyclical recovery. In line with this recovery, alongside expectations of increasing demand, changes in inventories accounted for a sizeable 0.8 percentage point of GDP growth in the first quarter of 2010, compared with 0.2 percentage point in the second quarter.

Looking ahead, anecdotal evidence and surveys suggest that inventories will be kept at relatively low levels, suggesting neutral contributions to euro area GDP growth in the quarters ahead. There is, however, some statistical uncertainty linked to the way inventories are estimated.

TRADE

Following a sharp contraction around the end of 2008 and the beginning of 2009, and a further, albeit more moderate, decline in the second quarter of 2009, both imports and exports have increased, on a quarterly basis, since the middle of 2009. This rebound has been broadly based across all major product categories. In particular, imports and exports of intermediate goods, which were the main driver of the previous decline in trade flows, showed remarkable increases.

Euro area trade continued to grow at an accelerated pace in the first and the second quarter of 2010, driven by the recovery in the global economy and the increase in economic activity in the euro area. Imports and exports both grew by 4.4% in the second quarter of the year. As exports account for a slightly larger share of GDP than imports, net trade provided a positive contribution to GDP growth in the second quarter of 2010, of 0.1 percentage point, whereas it had contributed negatively in the previous quarter, by -0.6 percentage point.

Looking ahead, the growth of the global economy – and of the emerging markets in particular – is expected to remain strong, though somewhat less buoyant than in the first half of the year. Further increases in demand for euro area products are expected, which should also benefit from the recent depreciation of the euro. By contrast, given that the euro area recovery is expected to moderate and be less dynamic than the upturn in global economic activity, import growth may prove slightly more

sluggish than export growth. As a consequence, net trade is likely to provide positive contributions to euro area GDP growth in the coming quarters.

4.2 OUTPUT, SUPPLY AND LABOUR MARKET DEVELOPMENTS

From a value added perspective, the euro area recovery has been largely driven by the industrial sector. The services sector recorded moderate growth up to the end of 2009, accelerating in 2010, while the construction sector continued to contract until the first quarter of 2010. Total value added increased by 0.8% in the second quarter of 2010, compared with a growth rate of 0.6% in the previous quarter. The difference between the quarterly growth rates of GDP and value added is due to the inclusion in the former of taxes less subsidies on products, which increased by 2.5% quarter on quarter in the second quarter of 2010. Notwithstanding the recent increases, more than half of the losses in value added from the recession do, however, persist, as value added has increased by only 1.8% since the trough in activity in the second quarter of 2009. Survey data suggest a further increase in value added in the third quarter of 2010, though at lower rates than in the previous quarter.

Labour market conditions have stabilised in the euro area (see the labour market section below). Employment remained stable in the first quarter of 2010, while the unemployment rate was unchanged at 10.0% from March to July 2010.

SECTORAL OUTPUT

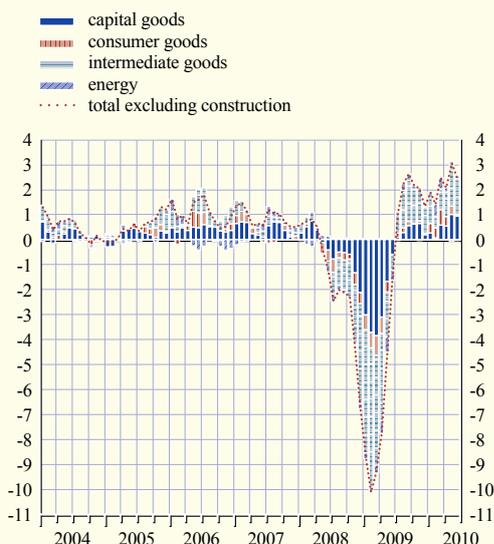
Value added in industry (excluding construction), which has been the major driver of the increase in total value added since the third quarter of 2009, grew by 1.9% in the second quarter of 2010, following an increase of 2.3% in the first quarter. These developments are broadly in line with data on industrial production. Looking at the main industrial sectors, production increased, in particular in the intermediate and capital goods industries. These sectoral differences are normal in the early stage of a recovery, when more robust growth is normally seen in the intermediate goods sector, partly related to the recovery in exports.

Looking ahead, the upward trend in industrial new orders signals a broad-based expansion in industrial activity, as orders received can be expected to subsequently appear in production. This indicator rose significantly more in the second quarter of 2010 than in the previous quarter, in particular owing to the capital goods sector. Moreover, timely data, in the form of business surveys, suggest that growth in the industrial sector remained positive at the beginning of the third quarter of 2010 (see Chart 50). The PMI output index for the euro area manufacturing sector declined slightly in August, now standing below the level of the second quarter, but still indicating positive growth rates. Still in August, confidence in the manufacturing sector remained stable after increasing in July, according to the European Commission business survey.

Activity in the construction sector increased in the second quarter of 2010 for the first time since the first quarter of 2008, owing to the reversal of the decline in the first quarter, which was related to the adverse weather that affected many euro area countries in the winter months. Value added in the construction sector rose by 0.5% in the second quarter and now stands around 11% below the level observed in the first quarter of 2008, before the start of the economic downturn. Looking through the recent volatility, construction activity is still subdued overall, owing to housing market adjustments in a number of euro area countries after the declines in residential property prices. Regarding surveys, the European Commission survey and the PMI suggest that activity in the construction sector may remain weak beyond the second quarter, though improving from the very negative developments observed before.

Chart 49 Industrial production growth and contributions

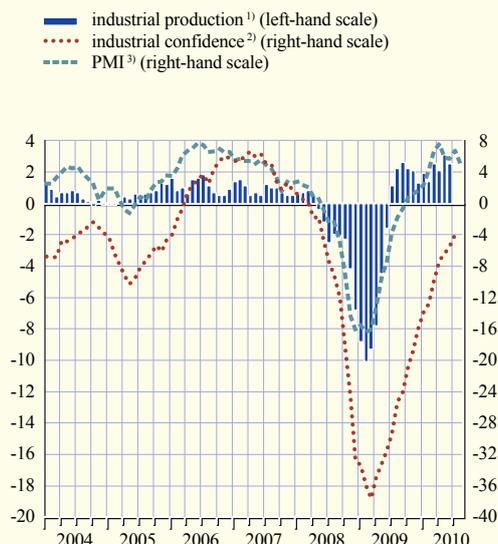
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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

Chart 50 Industrial production, industrial confidence and the PMI

(monthly data; seasonally adjusted)



Sources: Eurostat, European Commission Business and Consumer Surveys, Markit and ECB calculations.
Notes: Survey data refer to manufacturing. From May 2010 onwards, EC business survey data refer to the NACE Rev. 2 Classification.
1) Three-month-on-three-month percentage changes.
2) Percentage balances.
3) Purchasing Managers' Index; deviations from an index value of 50.

Activity in the services sector is much less sensitive to cyclical developments than manufacturing and construction activity. Services sector value added posted an increase of 0.6% in the second quarter of 2010, accelerating from 0.3% in the first quarter of 2010. Value added in the services sector has thereby almost offset the decline observed during the recession. Available information on the main services sub-sectors shows that, following the sharp falls around the end of 2008 and the beginning of 2009, value added has grown in all three sub-sectors. Looking ahead, recently published survey data suggest that the services sector recorded further growth at the beginning of the third quarter of 2010, though probably at somewhat lower rates than in the second quarter.

LABOUR MARKET

Improvements in euro area labour market conditions have lagged behind the recovery in economic activity, with employment falling on a quarterly basis to the fourth quarter of 2009 and stabilising only in the first quarter of 2010, as changes in employment often lag behind business cycle fluctuations. Overall, euro area employment has been relatively resilient throughout the economic downturn, considering the sharp drop recorded in economic activity. This is partly due to the fact that, in many euro area countries, special working time schemes supported employment, as the economic downturn intensified. A large part of the adjustment in employment has actually taken place through a reduction in hours worked per person employed rather than through large increases in unemployment. However, labour market developments have differed considerably across euro area economies. Overall, employment in industry (excluding construction) and in

Table 8 Employment growth

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

	Annual rates		Quarterly rates				
	2008	2009	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1
Whole economy	0.7	-1.9	-0.8	-0.5	-0.5	-0.2	0.0
<i>of which:</i>							
Agriculture and fishing	-1.8	-2.2	-0.6	-0.7	-1.2	0.3	0.1
Industry	-0.7	-5.6	-1.8	-1.6	-1.7	-0.9	-1.1
Excluding construction	0.0	-5.1	-1.7	-1.7	-1.7	-1.1	-0.9
Construction	-2.3	-6.7	-2.2	-1.3	-1.7	-0.4	-1.5
Services	1.4	-0.6	-0.5	-0.1	-0.1	0.0	0.4
Trade and transport	1.2	-1.8	-0.8	-0.5	-0.3	-0.6	0.0
Finance and business	2.3	-2.2	-1.2	-0.7	-0.5	0.2	0.5
Public administration ¹⁾	1.1	1.3	0.1	0.4	0.3	0.2	0.5

Sources: Eurostat and ECB calculations.

1) Also includes education, health and other services.

construction declined by around 5% and 8% respectively from peak to trough of activity, while the fall in services employment over the same period was considerably lower, at around 0.3%. The larger decline in the construction sector is partly explained by the overcapacity affecting this sector in some euro area countries and by the fact that construction activity typically employs a large number of workers on a temporary basis, which makes the employment more flexible. However, the economic downturn also hampered labour supply growth in the euro area, which had previously trended upwards.

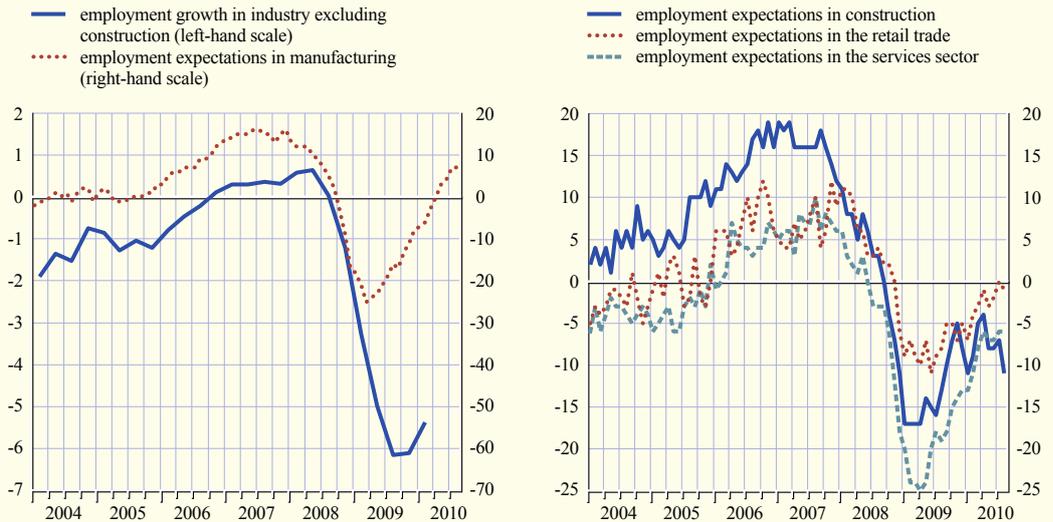
Employment remained unchanged on a quarterly basis in the first quarter of 2010, recording the first non-negative quarterly rate of change since the second quarter of 2008. This development, which was largely determined by the services sector, marks a noticeable improvement on the declines observed in previous quarters, which were particularly sharp in the first three quarters of 2009 (see Table 8). At the sectoral level, employment continued to fall, albeit at a lower rate, in manufacturing (industry excluding construction), as employment declined on a quarterly basis by 0.9%, compared with 1.1% in the previous quarter. The unusually severe weather conditions last winter led to a stronger drop in employment in construction, at 1.5% on a quarterly basis, down from 0.4% in the fourth quarter of 2009. This is, however, expected to be reversed in the second quarter of the year. By contrast, employment grew by 0.4% in the services sector, after recording small declines or remaining unchanged from the second quarter of 2008. All services sub-sectors recorded increases, with the exception of the trade and transport sub-sector, where employment stabilised after sharp declines in previous quarters (see Chart 51).

Data on total hours worked show only a modest reduction on a quarterly basis in the first quarter of 2010, after a small increase in the fourth quarter of 2009 and larger declines in previous quarters. The reduction in quarterly terms of hours worked in the first three months of the year reflected a strong decline in construction, most likely driven by the reduction in activity in this sector due to the severe weather conditions, and, to a lesser extent, in manufacturing, while hours worked increased in services. It should, however, be noted that sectoral developments are often subject to revisions, as explained in more detail in a box on real-time data for the euro area (see Box 5).

The recovery in euro area output growth, combined with the reductions in employment, brought about smaller year-on-year declines in productivity in the year to 2009. The further GDP growth in the first quarter of 2010, combined with stable employment, determined a year-on-year increase in

Chart 51 Employment growth and employment expectations

(annual percentage changes; percentage balances; seasonally adjusted)

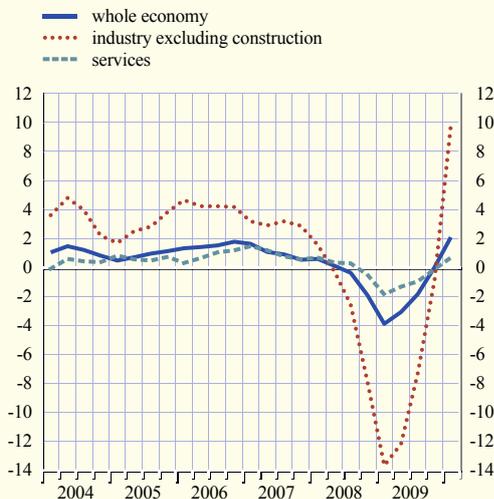


Sources: Eurostat and European Commission Business and Consumer Surveys.
Notes: Percentage balances are mean-adjusted. From May 2010 onwards, EC business survey data refer to the NACE Rev. 2 Classification.

productivity of 2.1%, given its low level in the same quarter of 2009 (see Chart 52). Developments in hourly labour productivity have exhibited a similar pattern. In particular, hourly labour productivity recorded the first increase in year-on-year terms in the fourth quarter of 2009, and grew by 1.3%

Chart 52 Labour productivity

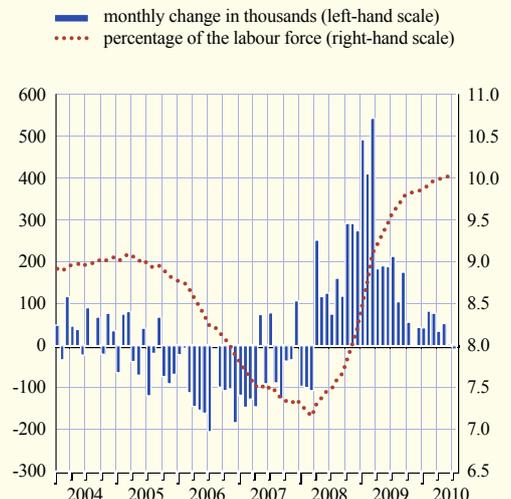
(annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart 53 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

in the first quarter of 2010. The lower rate of increase in hourly productivity, compared with productivity per employee, reflects the growth in hours worked per person in annual terms.

After gradually increasing for nearly two years, the euro area unemployment rate remained unchanged at 10.0% in July, for the fifth consecutive month (see Chart 53). Recent labour market data signal an overall stabilisation in the labour markets, although the unemployment rate remains high. Looking ahead, employment expectations have improved from their lows, suggesting that unemployment should not deteriorate significantly further in the months ahead.

Box 5

A REAL-TIME DATABASE FOR THE EURO AREA

A few months ago the ECB made available in its Statistical Data Warehouse (SDW) facility a real-time database (RTDB) for the euro area.¹ The purpose of this box is to provide an overview of the dataset contained in the database, along with some illustrative facts that can be retrieved from this compilation of data vintages.

The database was constructed in the context of the RTDB project coordinated by the Euro Area Business Cycle Network. The aim was to provide a structured real-time dataset that could be easily accessible to the public, and especially to researchers interested in the extent and effects of revisions to macroeconomic data.

The database compiles time series from data that are regularly reported in the Monthly Bulletin. The latter includes, in its “Euro area statistics” section, the most recent data available up to the day before the first Governing Council meeting of the month. Whereas only the latest data appear in the Monthly Bulletin, the RTDB provides, in an electronic format, successive releases of time series for several macroeconomic variables for the euro area at the time of their original publication – i.e. before any revisions have been carried out. Such datasets are commonly termed “real-time”.

The RTDB allows users to undertake comparative analysis for a large number of macroeconomic variables, since it contains approximately 230 indicators. For most variables, data vintages start in January 2001, although for a selected sub-set of 38 key series (those deemed most relevant for economic and econometric analysis) vintages have been included as of October 1999. The time span of the series generally goes back to the mid-1990s, but can extend to 35 years in some cases (e.g. for US series).²

The database is based on a “snapshot” approach, i.e. it shows the information as available at the moment when the snapshot was taken. This implies that, for any given series, the methodology employed can change in line with the concepts used for the data reported in the Monthly Bulletin. For instance, the country coverage differs across vintages, reflecting the successive enlargements of the euro area.

1 See the Statistical Data Warehouse in the “Statistics” section of the ECB’s website.

2 A more detailed description of the dataset can be found in Giannone, D., Henry, J., Lalik, M. and Modugno, M., “An area-wide real-time database for the euro area”, *Working Paper Series*, No 1145, ECB, Frankfurt am Main, January 2010. The paper documents the properties of the euro area real-time data flow and revisions, explaining in particular how such revisions can introduce uncertainty in key macroeconomic indicators and concepts, such as the non-accelerating inflation rate of unemployment (NAIRU).

Data uncertainty, as reflected in revisions, can indeed be large for certain economic indicators. This implies among other things that policy evaluation conducted on the basis of revised data may be misleading, to the extent that decisions were made on the basis of data that were available at the time but were significantly revised later.³ Academic research has documented the empirical relevance of data revision for the analysis of not only monetary policy, but also fiscal and other policies.⁴ The analysis of real-time data is also relevant to the design of appropriate econometric forecasting models. If revisions to data are large, the tools must be robust to this data uncertainty, i.e. give more weight to data that are less likely to be subject to large revisions. Data uncertainty may contribute to forecast errors, thereby having an impact on economic agents' expectation formation process as well as affecting parameters that are estimated on a given vintage of data.⁵

An example of such data uncertainty is provided in Chart A. It shows the euro area quarter-on-quarter GDP growth rate for the last quarter of 2001 as reported in the data published from April 2002 to June 2010. It can be seen that what was initially considered as a period of negative growth was ultimately assessed as a period of positive growth. The main revisions occurred at the end of 2005 as a result of the introduction of chain-linking of series at constant prices.⁶ However, revisions to euro area real GDP growth are generally limited, compared with

3 See Orphanides, A., "Monetary policy rules based on real-time data", *American Economic Review*, Vol. 91, No 4, 2001, pp. 964-985.
 4 See Cimadomo, J., "Fiscal policy in real-time data", *Working Paper Series*, No 919, ECB, Frankfurt am Main, July 2008, and Croushore, D., "Forecasting with real-time macroeconomic data" in Elliot, G., Granger, C.W.J. and Timmermann, A. (eds.), *Handbook of Economic Forecasting*, North-Holland, Amsterdam, 2006, pp. 961-982.
 5 See, for example, Mankiw, N.G. and Shapiro, M.D., "News or Noise: An Analysis of GNP Revisions", *Survey of Current Business*, Bureau of Economic Analysis, May 1986, pp. 20-25, and Pesaran, H. and Timmermann, A., "Real-Time Econometrics," *Econometric Theory*, Vol. 21, 2005, pp. 212-231.
 6 For a review of sources of revisions to such macroeconomic data, see Branchi M., et al., "Analysis of revisions to general economic statistics", *Occasional Paper Series*, No 74, ECB, Frankfurt am Main, October 2007.

Chart A Euro area real GDP growth rate for the fourth quarter of 2001 as reported in successive issues of the Monthly Bulletin

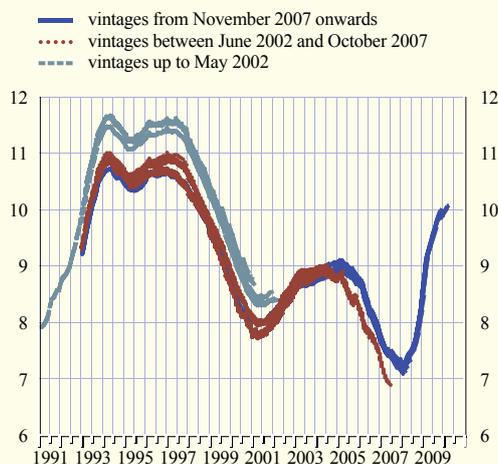
(percentage changes; quarter-on-quarter growth rate)



Source: ECB real-time database.

Chart B Vintages of the unemployment rate for the euro area

(percentage of labour force)



Source: ECB real-time database.
 Note: The different lines show the unemployment series for all available vintages. At any point, each line indicates the level of the unemployment rate at that point in time according to the respective vintage.

those affecting both US and Japanese GDP. At the same time, euro area GDP components tend to be affected by revisions to a greater extent than GDP itself, in particular investment and exports.

One of the variables that have been subject to major revisions is the unemployment rate, the time series of which is shown in Chart B. The individual lines correspond to the time series as they were available at the time the Monthly Bulletin was published, from January 2001 to June 2010. Most revisions originated from the harmonisation of unemployment definitions and data sources across countries.

Revisions to prices and costs data can also be substantial (although revisions to the HICP are extremely limited). As an illustration, the table below reports some summary statistics on the revisions to the hourly labour costs index. Again, an important source of revisions is the ongoing harmonisation of statistics within the EU. Revisions are substantial across different sectors of economic activity. For instance, the standard deviation of the revisions to hourly labour costs in services is as large as two-thirds of the standard deviation of the series itself. However, revisions tend to average out across sectors, meaning that revisions to aggregate measures are less sizeable.⁷

With a view to facilitating empirical research into real-time issues for the euro area, the database has been made freely available online in the ECB's SDW and is updated on a quarterly basis. The dataset should in particular help to foster research on important topics such as policy assessment, forecast evaluation, expectation formation and forecasting models for the euro area.

⁷ Aggregate revisions may also be smaller as a result of differences in coverage between the total index and its components.

Revisions to the annual growth rate of hourly labour costs indices (based on vintages from January 2001 to June 2010)

(annual percentage changes; percentage points)

	Total	By component		By selected economic activity		
	1	Wages and salaries 2	Employers' contribution 3	Mining, manufacturing and energy 4	Construction 5	Services 6
Mean						
	2.85	2.85	3.12	3.14	2.97	2.75
Mean of revisions						
4 months	-0.08	0.01	-0.39	-0.05	-0.27	-0.19
6 months	-0.08	0.02	-0.34	-0.03	-0.30	-0.17
8 months	-0.03	0.01	-0.19	0.00	-0.20	-0.11
12 months	-0.01	0.00	-0.14	0.05	-0.21	-0.11
16 months	0.03	0.03	-0.03	0.02	-0.05	-0.03
Standard deviation						
	0.62	0.62	1.18	1.02	1.10	0.67
Standard deviation of revisions						
4 months	0.28	0.33	0.88	0.38	0.64	0.56
6 months	0.25	0.32	0.81	0.35	0.64	0.46
8 months	0.24	0.28	0.73	0.34	0.55	0.42
12 months	0.20	0.21	0.58	0.32	0.51	0.37
16 months	0.21	0.24	0.41	0.27	0.50	0.39

Note: For example, "4 months" refers to the difference between the estimate four months after the reference period and the estimate two years after the reference period.

4.3 THE OUTLOOK FOR ECONOMIC ACTIVITY

Ongoing growth at the global level, and its impact on the demand for euro area exports, as well as the accommodative monetary policy stance and the measures adopted to restore the functioning of the financial system, should continue to support the euro area economy. However, the ongoing process of balance sheet adjustment in various sectors, and labour market prospects, are expected to dampen the pace of the recovery.

This assessment is broadly in line with the September 2010 ECB staff macroeconomic projections for the euro area, according to which annual real GDP growth will range between 1.4% and 1.8% in 2010, and between 0.5% and 2.3% in 2011 (see Box 6). Compared with the June 2010 Eurosystem staff macroeconomic projections, the range for real GDP growth this year has been revised upwards, owing to the stronger-than-expected rebound in economic growth in the second quarter and to better-than-expected developments over the summer months. For 2011 the range has also been revised upwards, reflecting mainly carry-over effects from the projected stronger growth towards the end of 2010. With uncertainty still prevailing, the risks to this improved economic outlook are slightly tilted to the downside. On the one hand, global trade may continue to perform more strongly than expected, thereby supporting euro area exports. On the other hand, concerns remain relating to the emergence of renewed tensions in financial markets and to some uncertainty about growth prospects in other advanced economies and at the global level. In addition, downside risks relate to renewed increases in oil and other commodity prices, as well as to protectionist pressures and the possibility of a disorderly correction of global imbalances.

Box 6

ECB STAFF MACROECONOMIC PROJECTIONS FOR THE EURO AREA

On the basis of the information available up to 20 August 2010, ECB staff have prepared projections for macroeconomic developments in the euro area.¹ Average annual real GDP growth is projected to be between 1.4% and 1.8% in 2010 and between 0.5% and 2.3% in 2011. Inflation is projected to be broadly stable in a range between 1.5% and 1.7% in 2010 and between 1.2% and 2.2% in 2011.

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

The technical assumptions about interest rates and both energy and non-energy commodity prices are based on market expectations, with a cut-off date of 13 August 2010.² The assumption about

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

2 Oil and food price assumptions are based on futures prices up to the end of the projection horizon. For other commodities, prices are assumed to follow futures until the third quarter of 2011 and thereafter to develop in line with global economic activity.

short-term interest rates is of a purely technical nature. Short-term rates are measured by the three-month EURIBOR, with market expectations derived from futures rates. The methodology gives an overall average level of short-term interest rates of 0.8% for 2010 and 1.1% for 2011. The technical assumptions for euro area ten-year nominal government bond yields are also derived from market expectations and imply an average level of 3.6% in 2010 and 3.8% in 2011.³ The baseline projection takes into account further improvements in financing conditions and assumes accordingly that, over the projection horizon, bank lending rate spreads vis-à-vis the above-mentioned interest rates will stabilise or narrow somewhat. Similarly, credit supply conditions are assumed to ease over the projection horizon. As regards commodities, on the basis of the path implied by futures markets in the two-week period ending on the cut-off date, oil prices per barrel are assumed to average USD 78.8 in 2010 and USD 84.0 in 2011. The prices of non-energy commodities in US dollars are assumed to rebound strongly, by 39.1% in 2010 and a further 11.0% in 2011.

Bilateral exchange rates are assumed to remain unchanged over the projection horizon at the average levels prevailing in the two-week period ending on the cut-off date. This implies a USD/EUR exchange rate of 1.31 over the whole projection horizon and an effective exchange rate of the euro that, on average, depreciates by 6.5% in 2010 and a further 1.4% in 2011.

Fiscal policy assumptions are based on individual euro area countries' national budget plans as available on 17 August 2010. They include all policy measures that have already been approved by national parliaments or that have been specified in detail by governments and are likely to pass the legislative process.

Assumptions with regard to the international environment

The recovery of the global economy is continuing, although the waning contributions from the inventory cycle and fiscal stimuli are expected to lead to a slower pace in the second half of 2010. Thereafter, the further normalisation of financial markets as well as improvements in confidence and the labour market are expected to support global activity. Growth in most emerging economies appears vigorous. This contrasts with the more subdued recovery in advanced economies where the confluence of weak labour market prospects with the deleveraging process is expected to weigh on growth. In spite of the recovery projected over the whole horizon, economic slack is therefore expected to persist in several advanced economies. World real GDP outside the euro area is assumed to grow, on average, by 5.1% in 2010 and 4.4% in 2011. Reflecting the significant recovery in global trade, growth in the euro area's export markets is assumed to increase to 10.4% in 2010 and 7.1% in 2011.

Real GDP growth projections

Euro area real GDP growth rebounded strongly in the second quarter of 2010. Available information suggests that domestic demand grew strongly, partly because investment surged after adverse weather conditions affected the first quarter, while net exports and inventories also contributed to growth. Over the remainder of 2010, as previously envisaged, the rate of growth is expected to diminish somewhat, as the factors that temporarily boosted growth in the initial

³ The technical long-term interest rate assumption for the euro area is calculated up to the cut-off date as the average of the countries' ten-year benchmark bond yields, weighted by annual GDP figures. It is then prolonged over the projection horizon using the profile of the forward path derived from the ECB euro area yield curve.

Table A Macroeconomic projections for the euro area(average annual percentage changes)^{1,2)}

	2009	2010	2011
HICP	0.3	1.5 - 1.7	1.2 - 2.2
Real GDP	-4.0	1.4 - 1.8	0.5 - 2.3
Private consumption	-1.1	0.0 - 0.4	-0.1 - 1.5
Government consumption	2.6	0.3 - 1.3	-0.1 - 1.1
Gross fixed capital formation	-11.0	-2.3 - -0.7	-1.6 - 3.0
Exports (goods and services)	-13.2	7.4 - 10.0	2.9 - 9.3
Imports (goods and services)	-11.8	5.8 - 8.2	1.6 - 7.8

1) The projections for real GDP and its components are based on working day-adjusted data. The projections for imports and exports include intra-euro area trade.

2) Estonia is included in the euro area projections for 2011. The average annual percentage changes for 2011 are based on a euro area composition in 2010 that already includes Estonia.

phase of the recovery – such as fiscal stimuli, the inventory cycle and the rebound in trade – lose some strength. Looking further ahead, economic activity is projected to pick up, supported by the recovery in exports and by gradually rising domestic demand, reflecting the effects of past monetary policy moves and significant efforts to restore the functioning of the financial system. However, compared with previous cycles, the recovery is projected to remain rather moderate, owing to the need for balance sheet repair in various sectors. Private consumption is also expected to be affected by modest income dynamics. In addition, the outlook also takes into account ongoing fiscal adjustments aimed at consolidating confidence in medium-term sustainability. In annual terms, following a decline of 4.0% in 2009, real GDP growth is expected to rebound but remain moderate over the horizon, ranging between 1.4% and 1.8% in 2010 and between 0.5% and 2.3% in 2011. As estimates of annual potential growth are also projected to be lower than pre-crisis rates, the output gap is expected to narrow over the projection horizon.

Price and cost projections

Having reached 1.6% in August, overall HICP inflation is projected to increase slightly by the end of the year, largely owing to effects from commodity price developments. Later on, while imported inflation moderates, domestic price pressures are expected to increase alongside the gradual improvement in activity, leading to a slow rise in the inflation of the HICP excluding food and energy. Overall, inflationary pressures are, however, expected to remain contained until 2011, with headline inflation being projected to be broadly stable overall at annual rates between 1.5% and 1.7% in 2010 and 1.2% and 2.2% in 2011. Growth in compensation per hour in the euro area is projected to decrease in 2010. As the labour market situation remains weak, little additional wage pressure is expected in 2011. Taking into account the expected strong recovery in labour productivity, the projected profile of wages implies a substantial decline in unit labour costs in 2010. This, in turn, is projected to allow a strong recovery in profit margins from the substantial contraction experienced in 2009, with more modest growth thereafter.

Comparison with the June 2010 projections

Compared with the Eurosystem staff macroeconomic projections published in the June 2010 issue of the Monthly Bulletin, the projection range for real GDP growth in 2010 lies significantly above the previous range, reflecting mainly the stronger than anticipated rebound in growth in the second quarter as well as indications of better than expected developments later in the year.

Table B Comparison with the June 2010 projections

(average annual percentage changes)			
	2009	2010	2011
Real GDP – June 2010	-4.1	0.7 - 1.3	0.2 - 2.2
Real GDP – September 2010	-4.0	1.4 - 1.8	0.5 - 2.3
HICP – June 2010	0.3	1.4 - 1.6	1.0 - 2.2
HICP – September 2010	0.3	1.5 - 1.7	1.2 - 2.2

For 2011 the range has been revised slightly upwards, reflecting mainly carry-over effects from the projected stronger growth towards the end of 2010.

With regard to HICP inflation, the range for 2010 has been adjusted marginally upwards with respect to that of June 2010, while for 2011 the lower end of the range has been revised slightly upwards.

Comparison with 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).

According to the forecasts currently available from other organisations and institutions, euro area real GDP growth is expected to range between 0.9% and 1.2% in 2010. This is below the range of the ECB staff projections and likely reflects the fact that the forecasts were made before the release of data showing strong growth in the second quarter of the year. The range of projections for 2011 is between 1.3% and 1.8%, which is well within the range of the ECB staff projections. As regards inflation, available forecasts anticipate average annual HICP inflation to be between 1.1% and 1.5% in 2010, which is slightly below the range of the ECB staff projections. HICP inflation forecasts for 2011 range between 1.0% and 1.7%, all but the OECD forecast being within the range of the ECB staff projections.

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

(average annual percentage changes)					
	Date of release	GDP growth		HICP inflation	
		2010	2011	2010	2011
OECD	May 2010	1.2	1.8	1.4	1.0
European Commission	May 2010	0.9	1.5	1.5	1.7
IMF	July 2010	1.0	1.3	1.1	1.3
Survey of Professional Forecasters	July 2010	1.1	1.4	1.4	1.5
Consensus Economics Forecasts	August 2010	1.2	1.4	1.5	1.6
ECB staff projections	September 2010	1.4 - 1.8	0.5 - 2.3	1.5 - 1.7	1.2 - 2.2

Sources: European Commission spring forecast, May 2010; IMF World Economic Outlook, April 2010, for inflation, and World Economic Outlook Update, July 2010, for GDP growth; OECD Economic Outlook, May 2010; Consensus Economics Forecasts; and the ECB's Survey of Professional Forecasters.

Notes: The ECB staff macroeconomic projections and the OECD forecasts both report working day-adjusted annual growth rates, whereas the European Commission and the IMF report annual growth rates that are not adjusted for the number of working days per annum. Other forecasts do not specify whether they report working day-adjusted or non-working day-adjusted data.

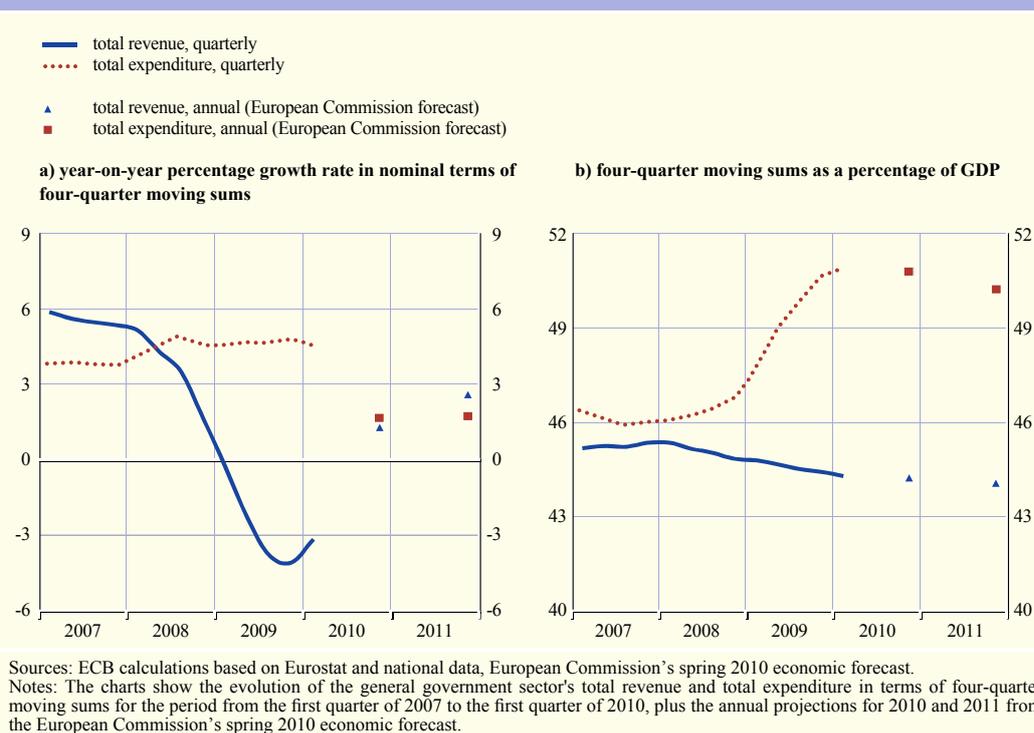
5 FISCAL DEVELOPMENTS

The latest quarterly government finance statistics for the euro area and developments in several euro area countries broadly confirm the expected stabilisation in the 2010 fiscal outlook. This year is thus set to be a turning point, putting an end to the sharp increase in deficits before the planned reduction as from 2011. It is crucial that governments closely monitor the execution of budgets for 2010 and draft ambitious budgets for 2011 and medium-term plans. They should also be prepared to accelerate consolidation where necessary to correct their excessive deficits within the deadlines set in the Council recommendations and to return swiftly to sound and sustainable public finances. In this regard, the guidelines adopted by the European Council on the basis of a preliminary report of the Task Force on economic governance are welcome and should be made operational promptly.

EURO AREA FISCAL DEVELOPMENTS IN 2010

The latest quarterly government finance statistics, which are available up to the first quarter of 2010, are consistent with the stabilisation of public finances expected in the European Commission's spring economic forecast for 2010. In particular, euro area data point to a rebound in the growth of nominal government revenue. Although revenue growth remained negative in the first quarter of 2010 (in terms of year-on-year growth rates of four-quarter moving sums), it was higher than at the end of 2009 and is projected to turn positive again later this year and to increase further in 2011 (see Chart 54a). At the same time, nominal government expenditure decelerated somewhat in the first quarter of 2010, in line with the Commission's expectations that expenditure growth will ease in 2010 and 2011. The euro area revenue-to-GDP and expenditure-to-GDP ratios observed in the first quarter of 2010 confirm the pattern suggested by the Commission's forecast, namely that the

Chart 54 Quarterly government finance statistics and projections for the euro area



expenditure ratio will stabilise in 2010 before declining moderately in 2011, whereas the revenue ratio is expected to edge down further in 2010-11 (see Chart 54b).

All in all, 2010 is thus set to be a turning point for euro area public finances. Following the sharp deterioration in 2009, the overall government deficit in the euro area is expected to broadly stabilise in 2010. The projected marginal increase in the deficit is driven mainly by still unfavourable cyclical factors and, to a lesser extent, by the continued impact of fiscal stimulus measures, some revenue shortfalls and a slight pick-up in interest payments. The fiscal stance for the euro area, in terms of the change in the cyclically adjusted primary budget balance, is foreseen to be broadly neutral in 2010, thereby initiating a reversal from the expansionary stance in 2008-09 to the expected tightening in 2011.

The government debt ratio for the euro area is still set to rise rapidly in 2010, albeit at a slower pace than in 2009. In previous years the debt ratio had increased faster than implied by the government deficit, reflecting the sharp decline in nominal GDP and large stock-flow adjustments, which were mainly due to measures in support of the financial sector.¹ In 2010 and, especially, 2011, by contrast, the increase in the debt ratio is expected to be lower than the deficit, due to more favourable nominal GDP growth effects, as well as smaller stock-flow adjustments (see Chart 55).

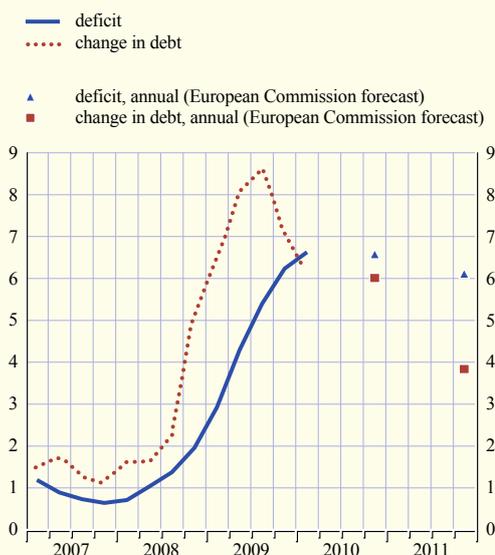
CURRENT BUDGETARY DEVELOPMENTS AND PLANS FOR 2011 AND BEYOND

As most euro area countries are currently preparing their draft budgets for 2011 and updating their medium-term fiscal plans, an assessment of the outlook for public finances in the euro area as a whole can only be tentative at this stage. The following review of current budgetary developments and plans is restricted to the largest euro area countries and the countries with the highest deficits.

In Germany, according to updated fiscal projections published by the Ministry of Finance in July 2010, the general government budget deficit is expected to increase from 3.1% of GDP in 2009 to 4½% of GDP in 2010, somewhat below the level projected in the European Commission's spring 2010 economic forecast. The more favourable development of the budgetary situation in 2010 is mainly related to the improved macroeconomic outlook. The German government envisages a gradual budgetary improvement as of 2011, which is expected to bring the deficit down to 3% of GDP in 2012 and to 1½% of GDP in 2014. In this context, the government agreed in June 2010 on the cornerstones of a multi-annual consolidation strategy which focuses on expenditure restraint, with some tax increases as well. If fully implemented, it would have a cumulative deficit-reducing impact of around 3½% of GDP in the period from 2011 to 2014.

Chart 55 Euro area government deficit and change in debt

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



Sources: ECB calculations based on Eurostat and national data, and the European Commission's spring 2010 economic forecast.

¹ See the box entitled "Government support to the banking sector during the 2008-09 financial crisis and the impact on euro area public finances", *Annual Report*, ECB, 2009.

In France, according to the government's fiscal projections, the general government deficit is expected to reach 8.0% of GDP in 2010, increasing from 7.5% of GDP in 2009. The expected deterioration in the budget balance is in line with the Commission's spring 2010 economic forecast and mainly reflects unfavourable cyclical developments and expansionary effects of the government's economic recovery programme. Although the government revised its real GDP growth assumption for 2011 downwards in August 2010, it has reconfirmed its aim of achieving the fiscal targets set out in the latest update of the stability programme, implying a reduction in the deficit ratio to 6% of GDP in 2011, 4.6% of GDP in 2012 and 3% of GDP in 2013. This deficit path would be consistent with France's commitment to correct its excessive deficit by 2013. To achieve its targets, the French government has proposed a range of consolidation measures, including a reduction in government employment, a central government expenditure freeze and increases in both the retirement age and direct taxes for households and enterprises to finance the pension system.

In Italy, the government has recently confirmed the budgetary targets envisaged in the January 2010 update of the stability programme. According to government projections, the general government deficit, which reached 5.3% of GDP in 2009, will decline to 5.0% of GDP in 2010, 3.9% of GDP in 2011 and 2.7% of GDP in 2012. These developments are underpinned by the corrective package approved by the Italian Parliament in July 2010. The package consists of consolidation measures amounting to around 1.6% of GDP, cumulatively, in 2011 and 2012. It is mainly expenditure-based, with measures mostly affecting the public wage bill, pension expenditure, transfers to local government and intermediate consumption. There will also be some corrective efforts on the revenue side, such as measures to combat tax evasion.

In Spain, the government is aiming to reduce the deficit from 11.2% of GDP in 2009 to 9.3% of GDP in 2010 and 6% of GDP in 2011. It has assessed the central government budget execution until June 2010 to be in line with the deficit target for 2010. As part of the budgetary process for 2011, the expenditure ceilings for 2011 were approved by the Spanish Parliament in July 2010. The government considers the existing consolidation measures to be sufficient to achieve the deficit target in 2011, irrespective of recent announcements regarding a minor reallocation across expenditure items. Government officials have indicated that additional consolidation measures would be adopted if necessary.

In Greece, the original fiscal adjustment programme agreed in May aimed to reduce the general government deficit from 13.6% of GDP in 2009 to 8.0% of GDP in 2010, 7.6% of GDP in 2011, 6.5% of GDP in 2012 and to below 3% of GDP in 2014. With inflation and, concomitantly, nominal GDP being higher than previously forecast, the binding nominal fiscal deficit ceilings under the programme translate into slightly lower deficit-to-GDP ratios in 2010 and subsequent years. In the first half of 2010, Greece met all the binding fiscal targets of the programme, as the favourable outcome of the State budget more than compensated for underperformance at the level of local government, healthcare and social security funds. For the remainder of the year, however, there are downside fiscal risks stemming from expected catch-up of expenditure with budget allocations, a projected revenue shortfall, a lower-than-programmed surplus of local government and social security funds and negative cash-accrual adjustments. To compensate for these risks and ensure that fiscal targets are met, the Greek authorities agreed, in the context of the joint EC/ECB/IMF first review mission, to execute lower-than-previously-programmed State budget expenditures, while making all necessary payments to local government and social security funds to allow them to be up-to-date with their payments.

In Ireland, according to the projections published by the government in August 2010, the general government deficit is expected to reach 11.5% of GDP in 2010, broadly in line with the Commission's spring 2010 economic forecast and the December 2009 update of the stability programme. The general government deficit in 2010, however, will ultimately be well above the aforementioned objective, as it will incorporate some of the disbursements made by the government to support the banking sector. Up to now the disbursements to be added to the deficit amount to around 8% of GDP in 2010. Excluding the disbursements made in both 2009 and 2010, the budget balance is expected to improve somewhat in 2010, partly due to better macroeconomic developments than previously foreseen. As regards 2011 and beyond, future budget balance figures will not be directly affected by the 2009-10 disbursements. For 2011 the deficit target is set at 10.0% of GDP in the stability programme, which implies a substantial need for further consolidation. In this regard, the Irish authorities unveiled a new Public Capital Investment Programme in July 2010 to underpin the fiscal targets. Despite this, additional measures will be required to achieve the agreed consolidation path and bring the deficit below 3% of GDP in 2014.

Overall, the latest quarterly data and government projections indicate that budgetary developments so far are in line with expectations and that targets for 2010 are likely to be met, in several cases partly due to the better-than-expected macroeconomic outlook. It is important, therefore, that governments continue to closely monitor the execution of 2010 budgets and stand ready to implement additional consolidation measures wherever necessary. In particular, if previously overly optimistic macroeconomic forecasts fail to materialise, countries should swiftly adopt additional consolidation measures to ensure that commitments are fulfilled. By contrast, positive fiscal surprises (such as the impact of a more-favourable-than-expected macroeconomic environment) should be used to frontload consolidation and achieve this year's and future budgetary targets with a larger safety margin.

IMPLEMENTATION AND STRENGTHENING OF THE EU FISCAL FRAMEWORK

On 13 July 2010 the Ecofin Council decided that excessive deficits existed in Cyprus and Finland. The Council called for corrective measures to be taken in both countries by 13 January 2011 and set deadlines (2011 for Finland and 2012 for Cyprus) for them to bring their general government deficits below the reference value of 3% of GDP. Following these decisions, all euro area countries, except Luxembourg, are now subject to excessive deficit procedures (EDPs), with deadlines for correction ranging from 2011 to 2014.

On the same day, the Council also assessed the action taken by 11 of the euro area countries subject to EDPs (Belgium, Germany, Ireland, Spain, France, Italy, the Netherlands, Austria, Portugal, Slovenia and Slovakia). It decided that all countries had up to now acted in accordance with the EDP recommendations and that no additional steps in the EDPs were necessary at this stage.

At a time when governments are finalising their budgetary plans for 2011 and beyond, it is of utmost importance that the deadlines for the correction of excessive deficits are fully adhered to. In many countries, this implies that fiscal plans need to be particularly ambitious and underpinned by well-specified measures, including additional measures where macroeconomic outturns in 2010 suggest a widening in the consolidation gap relative to the original plans. Looking further ahead, a credible commitment to longer-term fiscal consolidation and structural reforms will provide a fiscal anchor in an uncertain environment and prevent fiscal burdens from weighing down on growth in the longer term (see Box 7).

In this regard, several steps have been taken to improve budgetary surveillance and the collection of statistical data in the EU. On 17 June 2010 the Task Force on economic governance, chaired by Herman Van Rompuy, President of the European Council, submitted its Progress Report to the European Council, on the basis of which the European Council agreed to work towards:

- (a) strengthening both the preventive and corrective arms of the Stability and Growth Pact;
- (b) giving a more prominent role to the debt criterion;
- (c) introducing a “European semester”, scheduling the submission of stability and convergence programmes in the spring prior to drafting national budgets in the autumn;
- (d) reinforcing national budgetary rules and medium-term frameworks;
- (e) improving the quality of statistical data.

In the coming months the Task Force and the European Commission are invited to make these orientations operational. This involves, in particular, modifications to the Code of conduct on the implementation of the Stability and Growth Pact to specify a new submission calendar for the stability and convergence programmes and the relevant information requirements. The Task Force is expected to submit its final report to the European Council in October 2010. Lastly, it is also worth noting on this topic that, on 26 July 2010, the EU Council adopted a regulation aimed at strengthening the rules concerning statistical data used under the excessive deficit procedure (Council document No 11551/10).

Box 7

FISCAL ANCHORING AMID UNCERTAINTY

Since the recent financial crisis and severe economic downturn, government debt-to-GDP ratios in many euro area countries have risen to very high levels. At the same time, risk aversion in financial markets has increased. As such a combination carries potentially large macroeconomic risks, this box reviews the benefits of fiscal consolidation, particularly in a high-debt environment.

Costs and benefits of fiscal consolidation

In the short term, fiscal consolidation reduces aggregate demand and thus has a negative impact on economic activity. At the same time, credible and ambitious consolidation raises expectations of future economic growth and induces economic reactions, which may offset the demand effect in the short term. The conditions under which these expectation effects are particularly large, as identified in the literature, are likely to apply to a considerable extent in the current economic environment. Notably, they include low confidence in the sustainability of public finances under unchanged policies, and the announcement of ambitious and credible consolidation plans based on a growth-friendly change in the overall fiscal strategy.¹

¹ See the box entitled “Fiscal consolidation: past experience, costs and benefits”, *Monthly Bulletin*, ECB, June 2010, and the article entitled “The effectiveness of euro area fiscal policies”, *Monthly Bulletin*, ECB, July 2010, for an overview of the costs and benefits of fiscal consolidation.

These beneficial short-term expectation-based effects reflect the clear growth-enhancing benefits of fiscal structural reforms in the longer term. A reduction in governments' financing needs leads to lower long-term interest rates, owing to lower demand for savings and declining risk premia. This improves financing conditions in the private sector and stimulates productive investment. For the government, this frees up resources to reduce distortionary taxes and finance more productive expenditure. Moreover, with sound fiscal positions, households and enterprises can trust in the government's ability to smooth out economic fluctuations through the operation of automatic stabilisers. A safe macroeconomic environment is a prerequisite for long-term productive investment to take place, be it in physical capital or in the formation of human capital through education.

Empirical studies across a wide range of industrial countries and time periods provide important evidence on the growth-inhibiting effects of high government debt burdens. In particular, a number of recent studies find an adverse relationship between debt-to-GDP ratios above 90% and economic growth.² While the observed critical debt threshold of around 90% of GDP appears robust across different data samples and methodologies, it is most likely not invariant to changes in the economic environment. In the current economic environment of considerable uncertainty, the growth-inhibiting effects of debt may already start at lower levels.

Consolidation in an uncertain environment

Aside from having positive effects on growth, fiscal consolidation efforts can reduce the risk of negative and mutually reinforcing links between government finances, the financial sector and the rest of the economy. The heightened degree of risk aversion that characterised the financial crisis has led investors to make sharper distinctions between government borrowers, as reflected in the increasing divergence of government bond spreads in the euro area. In the case of Greece, concerns over the sustainability of public finances impeded the ability of the Greek government to finance itself in the market, which has threatened to spill over to other euro area countries.

The risks of a loss of confidence in the sustainability of public finances in one country are not limited to contagion across sovereign bond markets. The effect of a fiscal crisis on the holders of government debt, such as banks, pension funds and individual investors, can undermine financial stability and the outlook for the real economy. In particular, as witnessed during the financial crisis, uncertainty can easily skip across different asset markets, so that volatility in government bond markets adversely affects activity in other financial market segments. A resulting slowdown in the extension of credit could be one consequence. The fact that government bonds are frequently used as collateral for financial transactions adds weight to such concerns.

The confidence of markets in the sustainability of public finances is determined by a number of country-specific and time-variant factors, such as the debt and deficit ratios, implicit public liabilities, the financing structure of its current debt, the growth outlook and the country's fiscal track record. It is therefore impossible to predict precisely the level of debt that will ensure confidence in the sustainability of public finances. Clearly, the benefit of pursuing sustainability-

² The correlation between high debt and lower growth is established for a very long time period by Reinhart, C.M. and Rogoff, K.S., "Growth in a time of debt", *NBER Working Paper Series*, No 15639, National Bureau of Economic Research, January 2010. Robust econometric evidence is presented by Checherita, C. and Rother, P., "The impact of high and growing government debt on economic growth: an empirical investigation for the euro area", *Working Paper Series*, No 1237, ECB, 2010. See also Kumar, M. and Woo, J., "Public debt and growth", *Working Paper Series*, No 10/174, IMF, 2010.

enhancing policies is large in the current risk-averse environment. In a global high-debt environment, this benefit of macroeconomic stability is magnified, since it reduces the risk of contagion to other countries.

To achieve large reductions in government debt and reap the benefits of consolidation, past experience³ in euro area countries shows that countries will need to commit firmly to longer-term fiscal consolidation, a strong focus on spending reduction and parallel structural reforms to support potential growth. This will provide a fiscal anchor in the current uncertain environment and prevent fiscal burdens from weighing down on growth in the longer term.

³ See Nickel, C., Rother, P. and Zimmermann, L., “Major public debt reductions – Lessons from the past, lessons for the future”, *Working Paper Series*, No 1241, ECB, 2010, the box entitled “Experience with government debt reduction in euro area countries”, *Monthly Bulletin*, ECB, September 2009, and the box entitled “The Greek economic and financial adjustment programme”, *Monthly Bulletin*, ECB, May 2010.

6 EXCHANGE RATE AND BALANCE OF PAYMENTS DEVELOPMENTS

6.1 EXCHANGE RATES

The nominal effective exchange rate of the euro has been depreciating since the beginning of 2010. However, this downward trend has moderated over the past three months, partly reflecting the appreciation of the euro vis-à-vis the US dollar from mid-June to mid-August.

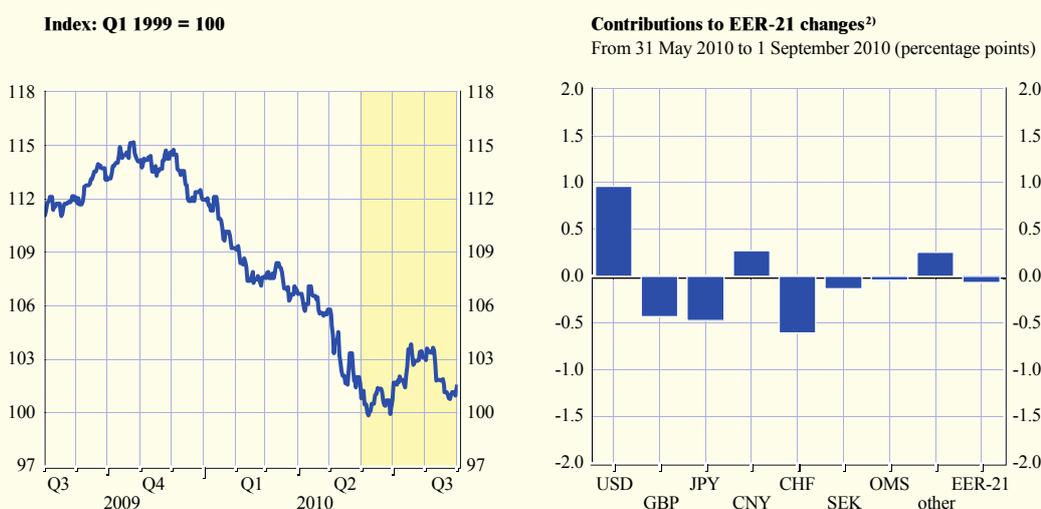
EFFECTIVE EXCHANGE RATE OF THE EURO

After appreciating in the course of 2009, the euro has been on a downward path since the beginning of 2010. However, this trend has moderated over the past three months, with the euro posting only a slight weakening in nominal effective terms (see Chart 56). On 1 September 2010 the nominal effective exchange rate of the euro – as measured against the currencies of 21 of the euro area’s most important trading partners – was only 0.1% lower than at the end of May, but 9.1% below its average level in 2009. This depreciation of the euro was mainly driven by renewed risk aversion among investors on the back of heightened market concerns over the fiscal and economic prospects of some euro area countries, as well as over the strength of the global economic recovery. The depreciation of the euro in the past three months was particularly pronounced vis-à-vis the Japanese yen and Swiss franc, whereas the euro appreciated against the US dollar. The implied volatility of the bilateral exchange rates of the euro vis-à-vis other major currencies decreased in the period under review, both at the short and long horizons.

With regard to indicators of the international price and cost competitiveness of the euro area, in August 2010 the real effective exchange rate of the euro based on consumer prices was around 8.9% lower than its average 2009 level (see Chart 57).

Chart 56 Euro effective exchange rate (EER-21) and its decomposition¹⁾

(daily data)



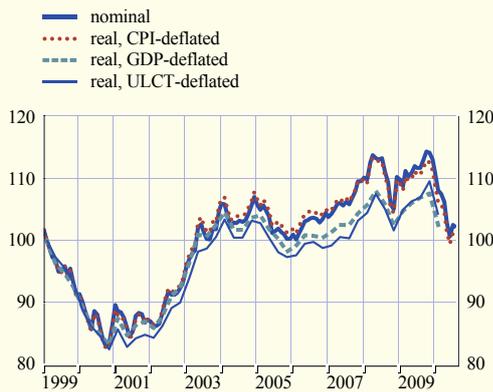
Source: ECB.

1) An upward movement of the index represents an appreciation of the euro against the currencies of 21 of the most important trading partners of the euro area (including all non-euro area EU Member States).

2) Contributions to EER-21 changes are displayed individually for the currencies of the six main trading partners of the euro area. The category “other Member States” (OMS) refers to the aggregate contribution of the currencies of the non-euro area Member States (except the pound sterling and the Swedish krona). The category “other” refers to the aggregate contribution of the remaining six trading partners of the euro area in the EER-21 index. Changes are calculated using the corresponding overall trade weights in the EER-21 index.

Chart 57 Euro nominal and real effective exchange rates (EER-21)¹⁾

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



Source: ECB.

1) An upward movement of the EER-21 indices represents an appreciation of the euro. The latest observations for monthly data are for August 2010. In the case of the GDP and ULCT-based real EER-21, the latest observation is for the first quarter of 2010 and is partly based on estimates.

US DOLLAR/EURO

Following a strong depreciation since the beginning of 2010, the euro exchange rate appreciated significantly against the US dollar from mid-June to mid-August, before slightly depreciating again in recent weeks. Overall, in the three-month period to 1 September 2010 the euro strengthened against the US dollar (see Chart 58) by 4.0% compared with the end of May, trading at USD 1.28 on 1 September, but remained around 8.2% below its average of 2009. The release of weaker-than-expected economic data for the US economy with respect to the second quarter of 2010 and the emergence of some signs of a cooling down in the pace of the US economic recovery weighed on the US dollar. Over the same period the implied volatility of the USD/EUR exchange rate decreased (see Chart 58). The decrease in volatility over the entire horizon of available options contracts (up to one year) suggests that market participants expect a decline in market uncertainty over the medium term.

JAPANESE YEN/EURO

During the three months to 1 September 2010 the euro continued to depreciate vis-à-vis the Japanese yen, completely reversing its appreciation in 2009 and reaching a level last seen at the end of 2001. On 1 September the euro stood at JPY 107.5, 4.5% weaker than at the end of May and 17.5% below its 2009 average. Over the same period the implied volatility of the JPY/EUR exchange

Chart 58 Patterns in exchange rates and implied volatilities

(daily data)



Sources: Bloomberg and ECB.

rate decreased (see Chart 58). The appreciation of the Japanese yen was supported by the weakening of the US dollar, in an environment of rising risk aversion.

EU MEMBER STATES' CURRENCIES

Over the past three months the currencies participating in ERM II remained broadly stable against the euro, trading at, or close to, their respective central rates (see Chart 59). At the same time, the Latvian lats remained on the weak side of the unilaterally set fluctuation band of $\pm 1\%$.

As regards the currencies of the EU Member States not participating in ERM II, the euro depreciated vis-à-vis the pound sterling by 2.1% compared with the end of May, trading at GBP 0.83 on 1 September. At the same time, the implied volatility of the GBP/EUR exchange rate declined (see Chart 58). The euro weakened vis-à-vis the Polish zloty (by 2.2%) and the Czech koruna (by 3.0%), while it strengthened vis-à-vis the Hungarian forint (by 3.9%).

OTHER CURRENCIES

The euro weakened significantly vis-à-vis the Swiss franc, falling by 8.9% from the end of May to 1 September to CHF 1.30, as the Swiss currency continued to benefit from flight-to-safety behaviour on the part of international investors. Over the same period the bilateral euro exchange rates vis-à-vis the Chinese renminbi and the Hong Kong dollar followed the developments in the USD/EUR exchange rate. During this period the movements of the euro exchange rate against major commodity currencies were mixed, with the euro appreciating against the Canadian dollar (by 5.2%) and depreciating against the Australian dollar (by 3.0%).

6.2 BALANCE OF PAYMENTS

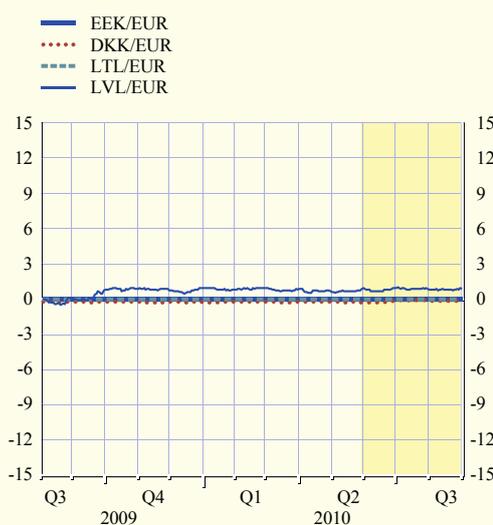
After picking up strongly at the beginning of 2010, extra-euro area trade in goods grew further in the second quarter, although there were some signs of a moderation in the growth rate. In June the 12-month cumulated current account deficit of the euro area declined markedly compared with the same period a year earlier, falling to €45.1 billion (around 0.5% of euro area GDP). In the financial account, net inflows in combined direct and portfolio investment fell further to a cumulative total of €173.7 billion in the year to June.

TRADE AND THE CURRENT ACCOUNT

After picking up strongly at the beginning of 2010, extra-euro area trade in goods grew further in the second quarter, although some signs appeared of a moderation in the growth rate. According to balance of payments data, quarterly growth in the value of extra-euro area exports of goods

Chart 59 Patterns in exchange rates in ERM II

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

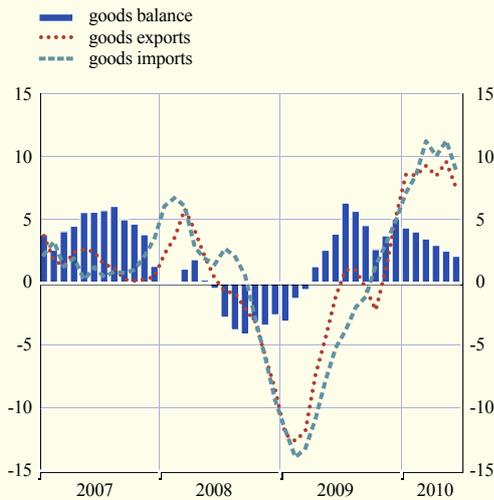


Source: ECB.

Notes: A positive (negative) deviation from the central rate against the euro implies that the currency is on the weak (strong) side of the band. In the case of the Danish krone, the fluctuation band is $\pm 2.25\%$; for all other currencies, the standard fluctuation band of $\pm 1\%$ applies.

Chart 60 Extra-euro area trade in goods

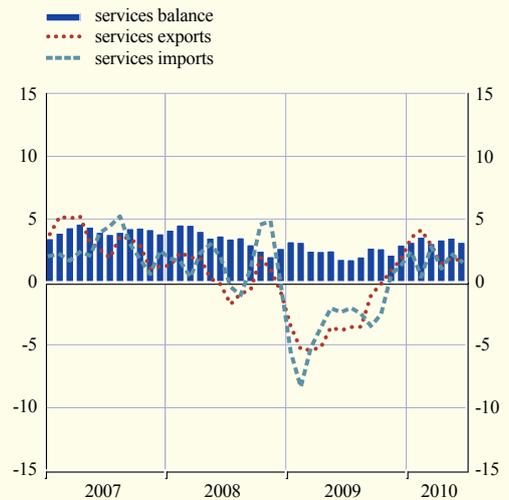
(three-month-on-three-month percentage changes; for goods balance, EUR billions and three-month moving averages; monthly data; working day and seasonally adjusted)



Source: ECB.

Chart 61 Extra-euro area trade in services

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



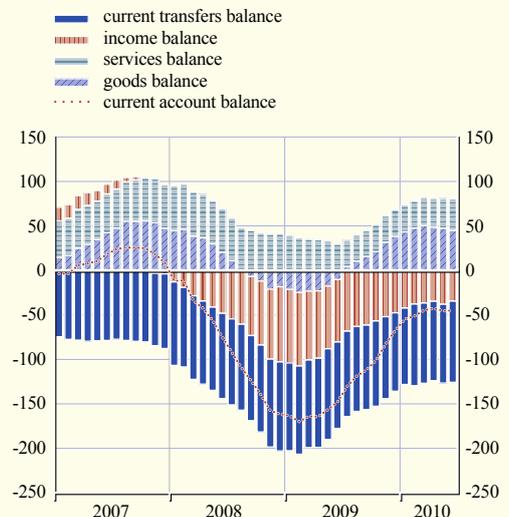
Source: ECB.

amounted to 7.5% in the second quarter of 2010, compared with 9.3% in the preceding quarter (see Chart 60 and Table 9). The expansion was underpinned by robust growth in demand from the euro area's main trading partners and, to some extent, gains in price competitiveness. However, the gradual fading-out of temporary factors—such as fiscal policy stimuli and the inventory cycle—is likely to have contributed to the deceleration in the pace of the expansion. The geographical breakdown of extra-euro area trade in goods, published by Eurostat, indicates a moderation in the quarter-on-quarter growth rates of exports to Asia and OPEC in the second quarter of 2010. By contrast, the rate of growth of exports to the United States and non-euro area EU Member States picked up somewhat.

The value of extra-euro area imports of goods also grew markedly in the second quarter of 2010, albeit less strongly than at the beginning of the year. Quarterly growth in imports in value terms stood at 8.9% in the second quarter of 2010, compared with 11.2% in the previous quarter. Extra-euro area imports were increasingly supported by strengthening domestic demand as well as ongoing export-induced demand for imported inputs. The higher value of imported goods also

Chart 62 Main items of the current account

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



Source: ECB.

reflected to some extent a marked rise in the prices of imports, partly owing to exchange rate and commodity price developments. In the second quarter of 2010 a deceleration in the quarterly growth rate of extra-euro area imports was observed for imports from OPEC, Asia and non-euro area EU Member States, while euro area demand for imports from the United States picked up strongly.

Growth in extra-euro area trade in services remained considerably lower than that in goods in the second quarter of 2010. Exports and imports of services increased in value terms by 1.7% and 1.6% respectively on a quarterly basis, moderating by around 1 percentage point compared with the previous quarter (see Chart 61 and Table 9). Since trade in services witnessed a less pronounced contraction following the intensification of the financial crisis than trade in goods, a lower rate of expansion in services was to be expected in the recovery phase.

From a longer-term perspective the 12-month cumulated current account deficit recorded a significant decline in June (see Chart 62 and Table 9), falling to €45.1 billion (around 0.5% of GDP) compared with €147.9 billion a year ago. This reflected a shift from deficit to surplus in the goods

Table 9 Main items of the euro area balance of payments

(seasonally adjusted data, unless otherwise indicated)

	2010		Three-month average				12-month cumulated figures	
	May	June	2009		2010		2009	2010
			Q3	Q4	Q1	Q2	June	June
<i>EUR billions</i>								
Current account	-7.4	-4.6	-3.6	-2.4	-3.2	-5.9	-147.9	-45.1
Goods balance	2.9	2.6	4.5	5.0	3.4	2.1	-10.2	45.2
Exports	132.2	134.0	105.4	110.9	121.2	130.2	1,401.8	1,403.1
Imports	129.3	131.4	100.9	105.9	117.7	128.2	1,412.0	1,358.0
Services balance	3.3	2.2	2.7	2.9	3.1	3.2	29.7	35.6
Exports	41.4	41.1	38.4	39.1	40.2	40.9	494.6	476.0
Imports	38.1	38.9	35.7	36.2	37.2	37.8	464.9	440.4
Income balance	-6.0	-1.6	-4.0	-3.3	-0.7	-3.5	-70.2	-34.5
Current transfers balance	-7.6	-7.8	-6.9	-7.1	-9.0	-7.5	-97.2	-91.3
Financial account¹⁾	16.3	-1.0	-4.2	-2.1	8.1	8.0	157.3	29.6
Combined net direct and portfolio investment	52.1	-4.0	18.1	21.0	-4.2	23.0	284.6	173.7
Net direct investment	-12.4	-7.2	-7.9	3.0	-11.6	-10.3	-158.5	-80.6
Net portfolio investment	64.4	3.2	26.1	18.0	7.5	33.3	443.1	254.3
Equities	19.7	15.9	16.6	0.0	-9.9	8.4	-43.7	45.4
Debt instruments	44.7	-12.7	9.4	18.0	17.3	24.9	486.8	208.9
Bonds and notes	40.5	4.7	-15.5	2.4	6.8	26.9	195.5	61.7
Money market instruments	4.3	-17.4	25.0	15.6	10.5	-2.0	291.3	147.2
Net other investment	-33.1	0.6	-21.0	-25.6	13.3	-15.0	-152.1	-145.1
<i>Percentage changes from previous period</i>								
Goods and services								
Exports	5.4	0.9	-0.6	4.3	7.6	6.0	-9.3	-0.9
Imports	4.5	1.8	-1.8	4.0	9.1	7.1	-7.2	-4.2
Goods								
Exports	6.3	1.4	-0.5	5.2	9.3	7.5	-11.2	0.1
Imports	4.4	1.7	-1.2	5.0	11.2	8.9	-9.4	-3.8
Services								
Exports	2.7	-0.6	-1.1	1.8	2.9	1.7	-3.7	-3.7
Imports	4.9	2.1	-3.5	1.3	2.8	1.6	0.0	-5.3

Source: ECB.

Note: Figures may not add up due to rounding.

1) Figures refer to balances (net flows). A positive (negative) sign indicates a net inflow (outflow). Not seasonally adjusted.

trade balance, a slight increase in the services trade surplus and a decrease in the deficits in the income and current transfers balances.

Looking ahead, extra-euro area exports of goods are expected to continue to grow in the near term, as suggested by available indicators. However, there may be some further loss of momentum owing to developments in global economic activity. Although the Purchasing Managers' Index of new export orders in the euro area manufacturing sector remained well above the expansion/contraction threshold of 50 in August, it has been declining since April.

FINANCIAL ACCOUNT

In the last quarter of 2009 and the first half of 2010, the overall financial account balance of the euro area remained broadly stable, with flows in combined net direct and portfolio investment counterbalancing those in net other investment (mainly loans and deposits). The breakdown by investment category, however, suggests that some rather significant changes in investors' behaviour took place in the second quarter of 2010, reflected primarily in the portfolio and other investment balances of the financial account. In effect, while combined net direct and portfolio investment has been driven by changes of a similar magnitude in both components until the first quarter of 2010, in the second quarter of 2010, the shift from net outflows to net inflows was almost entirely due to a large increase in net inflows in portfolio investment (see Table 9). In other investment, a shift from net inflows to net outflows was observed, largely driven by euro area non-residents cross-border activity in loans and deposits.

In more detail, the trend of net outflows in direct investment that started in the first quarter of 2010 continued in the second quarter of the year – on the back of more robust outward direct investment than inward direct investment – but some signs of a loss of momentum have emerged. Weaker investment in equity capital was coupled with significantly moderating activity in inter-company loans, in particular on the part of euro area non-residents.

As regards portfolio investment, quarterly developments have been more volatile than those in direct investment, particularly in the second quarter of the year, with market sentiment swinging considerably. Net inflows in portfolio investment posted an increase in the second quarter of 2010, on the back of a shift from net outflows to net inflows in equities, combined with higher net inflows in debt instruments, notably bonds and notes (see Chart 63 and Table 9). Financial flows in other investment have also been volatile.

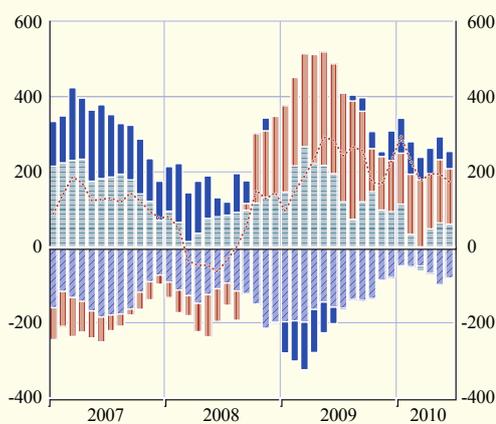
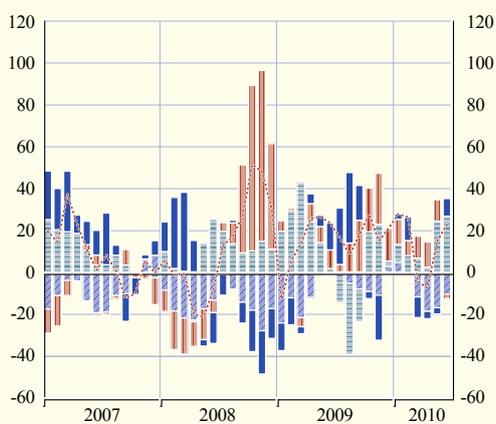
These movements in portfolio investment and other investment are consistent with a renewed increase in risk aversion on the part of investors in recent months, amid the re-intensification of financial market tensions in May. As regards portfolio investment, in particular the shift from net outflows to net inflows in equities masked a process of liquidation of foreign equity positions and repatriation of funds by euro area residents, amid falling and volatile stock market prices at the global level. An increase in home bias was observed in the second quarter of 2010 with respect to investment in debt instruments. Investment in euro area debt instruments by non-euro area residents increased strongly in April and May, but was partly reversed by net outflows in June, resulting in only a small quarterly change overall. Regarding investment by euro area residents, however, significant net inflows in June as a result of sales of foreign debt securities led to a shift from net outflows to net inflows on a quarter-on-quarter basis, affecting the overall balance of cross-border flows in debt instruments. In addition to heightened risk aversion, developments in cross-border debt transactions also seem to have been influenced by continued flight-to-quality behaviour.

Chart 63 Main items of the financial account

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

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

- equities
- money market instruments
- bonds and notes
- direct investment
- ⋯ combined direct and portfolio investment



Source: ECB.

Turning to longer-term developments, net inflows in combined direct and portfolio investment decreased to €173.7 billion in the 12-month period to June 2010, compared with €284.6 billion in the same period a year earlier. The main driver of the decrease continued to be reduced net inflows in portfolio investment (see Table 9). The breakdown of portfolio investment by instrument indicates that this reduction was primarily the result of a large decrease in net inflows in debt instruments, which more than offset a shift from net outflows to net inflows in equities (see Chart 63). Overall, developments in cross-border financial transactions in the year to June 2010 continued to be strongly influenced by the normalisation of flows in debt instruments from the exceptionally high levels seen during the financial crisis, as well as by the strong rebound in equity investment by euro area residents and non-residents in the second half of 2009.

EURO AREA STATISTICS



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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.

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Conventions used in the tables

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



EURO AREA OVERVIEW

Summary of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

1. Monetary developments and interest rates ¹⁾

	M1 ²⁾	M2 ²⁾	M3 ^{2),3)}	M3 ^{2),3)} 3-month moving average (centred)	MFI loans to euro area residents excluding MFIs and general government ²⁾	Securities other than shares issued in euro by non-MFI corporations ²⁾	3-month interest rate (EURIBOR; % per annum; period averages)	10-year spot rate (% per annum; end of period) ⁴⁾
	1	2	3	4	5	6	7	8
2008	2.4	9.7	9.7	-	9.5	19.6	4.64	3.69
2009	9.5	4.8	3.3	-	1.6	23.9	1.22	3.76
2009 Q3	12.2	4.5	2.7	-	0.4	23.9	0.87	3.64
Q4	12.3	2.2	0.3	-	-0.6	19.0	0.72	3.76
2010 Q1	11.3	1.7	-0.2	-	-0.4	8.9	0.66	3.46
Q2	10.3	1.4	-0.1	-	0.2	4.9	0.69	3.03
2010 Mar.	10.8	1.6	-0.1	-0.3	-0.2	6.9	0.64	3.46
Apr.	10.7	1.3	-0.2	-0.1	0.2	5.7	0.64	3.40
May	10.3	1.5	0.0	0.0	0.2	4.3	0.69	3.00
June	9.2	1.4	0.2	0.1	0.5	3.0	0.73	3.03
July	8.1	1.4	0.2	.	0.9	.	0.85	3.01
Aug.	.	.	.	.	.	.	0.90	2.48

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
2008	3.3	6.1	3.5	0.5	-1.8	81.8	0.7	7.5
2009	0.3	-5.1	2.7	-4.1	-14.9	71.1	-1.9	9.4
2009 Q4	0.4	-4.6	1.7	-2.0	-7.4	71.7	-2.1	9.8
2010 Q1	1.1	-0.2	2.1	0.8	4.9	73.9	-1.3	9.9
Q2	1.5	3.0	.	1.9	9.2	76.5	.	10.0
2010 Mar.	1.4	0.9	-	-	7.8	-	-	10.0
Apr.	1.5	2.8	-	-	9.5	75.5	-	10.0
May	1.6	3.1	-	-	10.0	-	-	10.0
June	1.4	3.0	-	-	8.2	-	-	10.0
July	1.7	.	-	-	.	77.4	-	10.0
Aug.	1.6	.	-	-	.	-	-	.

3. External statistics

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)			Reserve assets (end-of-period positions)	Net international investment position (as a % of GDP)	Gross external debt (as a % of GDP)	Effective exchange rate of the euro: EER-21 ⁵⁾ (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Combined direct and portfolio investment				Nominal	Real (CPI)	
2008	-144.0	-19.1	145.4	374.2	-17.7	118.4	110.5	110.1	1.4708
2009	-49.7	40.7	229.8	462.4	-15.5	116.0	111.7	110.6	1.3948
2009 Q3	-2.2	13.8	54.4	430.9	-17.8	116.2	112.1	110.9	1.4303
Q4	8.0	20.5	62.9	462.4	-15.5	116.0	113.8	112.2	1.4779
2010 Q1	-22.9	2.8	-12.6	498.7	-14.9	120.0	108.7	107.0	1.3829
Q2	-22.6	8.9	68.9	583.3	.	.	103.1	101.8	1.2708
2010 Mar.	-2.1	6.2	-27.8	498.7	.	.	107.4	105.7	1.3569
Apr.	-7.7	2.9	20.9	521.6	.	.	106.1	104.6	1.3406
May	-16.0	0.4	52.1	569.7	.	.	102.8	101.4	1.2565
June	1.0	5.6	-4.0	583.3	.	.	100.7	99.4	1.2209
July	.	.	.	535.6	.	.	102.5	101.2	1.2770
Aug.	.	.	.	.	.	.	102.1	100.8	1.2894

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

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

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



MONETARY POLICY STATISTICS

1.1 Consolidated financial statement of the Eurosystem (EUR millions)

1. Assets

	6 August 2010	13 August 2010	20 August 2010	27 August 2010
Gold and gold receivables	351,971	351,970	351,970	351,970
Claims on non-euro area residents in foreign currency	236,080	234,449	234,036	235,404
Claims on euro area residents in foreign currency	30,391	30,472	30,041	29,350
Claims on non-euro area residents in euro	17,566	16,962	18,387	18,418
Lending to euro area credit institutions in euro	597,060	585,841	587,419	590,512
Main refinancing operations	154,844	153,747	155,227	150,315
Longer-term refinancing operations	442,042	431,791	431,791	438,709
Fine-tuning reverse operations	0	0	0	0
Structural reverse operations	0	0	0	0
Marginal lending facility	85	253	340	1,427
Credits related to margin calls	88	51	61	60
Other claims on euro area credit institutions in euro	41,215	39,529	37,529	34,168
Securities of euro area residents in euro	418,724	419,749	420,281	421,613
Securities held for monetary policy purposes	121,463	121,473	121,801	121,943
Other securities	297,261	298,276	298,480	299,670
General government debt in euro	35,041	35,041	35,041	35,041
Other assets	236,858	239,071	241,360	241,451
Total assets	1,964,906	1,953,086	1,956,064	1,957,926

2. Liabilities

	6 August 2010	13 August 2010	20 August 2010	27 August 2010
Banknotes in circulation	822,560	819,892	815,653	813,429
Liabilities to euro area credit institutions in euro	376,075	371,661	372,422	355,207
Current accounts (covering the minimum reserve system)	154,182	255,513	237,576	191,947
Deposit facility	161,330	55,585	74,181	102,698
Fixed-term deposits	60,500	60,500	60,500	60,500
Fine-tuning reverse operations	0	0	0	0
Deposits related to margin calls	64	63	165	62
Other liabilities to euro area credit institutions in euro	846	1,164	1,979	1,596
Debt certificates issued	0	0	0	0
Liabilities to other euro area residents in euro	83,051	80,107	85,824	107,959
Liabilities to non-euro area residents in euro	41,362	40,596	40,973	39,203
Liabilities to euro area residents in foreign currency	1,015	1,016	1,067	988
Liabilities to non-euro area residents in foreign currency	17,043	15,919	15,055	16,024
Counterpart of special drawing rights allocated by the IMF	56,711	56,711	56,711	56,711
Other liabilities	159,234	159,011	159,370	159,800
Revaluation accounts	328,818	328,818	328,818	328,818
Capital and reserves	78,191	78,191	78,191	78,191
Total liabilities	1,964,906	1,953,086	1,956,064	1,957,926

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

Source: ECB.

- 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.
- 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.
- 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.
- 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.
- 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								
2010 5 May	90,317	76	90,317	1.00	-	-	-	7
12	99,570	81	99,570	1.00	-	-	-	7
19	104,752	81	104,752	1.00	-	-	-	7
26	106,014	83	106,014	1.00	-	-	-	7
2 June	117,727	86	117,727	1.00	-	-	-	7
9	122,039	96	122,039	1.00	-	-	-	7
16	126,672	101	126,672	1.00	-	-	-	7
23	151,511	114	151,511	1.00	-	-	-	7
30	162,912	157	162,912	1.00	-	-	-	7
7 July	229,070	151	229,070	1.00	-	-	-	7
14	195,661	147	195,661	1.00	-	-	-	7
21	201,286	163	201,286	1.00	-	-	-	7
28	189,986	151	189,986	1.00	-	-	-	7
4 Aug.	154,844	125	154,844	1.00	-	-	-	7
11	153,747	111	153,747	1.00	-	-	-	7
18	155,227	109	155,227	1.00	-	-	-	7
25	150,315	112	150,315	1.00	-	-	-	7
1 Sep.	153,060	111	153,060	1.00	-	-	-	7
Longer-term refinancing operations								
2010 1 Apr. ⁵⁾	17,876	62	17,876	-	-	-	-	182
14	15,730	12	15,730	1.00	-	-	-	28
29 ³⁾	4,846	24	4,846	-	1.00	1.00	1.15	91
12 May	20,480	18	20,480	1.00	-	-	-	35
13 ⁵⁾	35,668	56	35,668	-	-	-	-	182
27	12,163	35	12,163	1.00	-	-	-	91
16 June	31,603	23	31,603	1.00	-	-	-	28
1 July	131,933	171	131,933	1.00	-	-	-	91
14	49,399	34	49,399	1.00	-	-	-	28
29	23,166	70	23,166	1.00	-	-	-	91
11 Aug.	39,148	36	39,148	1.00	-	-	-	28
26	19,083	49	19,083	1.00	-	-	-	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
2010 16 June	Collection of fixed-term deposits	71,078	66	47,000	-	-	1.00	0.30	0.28	7
23	Collection of fixed-term deposits	71,560	67	51,000	-	-	1.00	0.40	0.31	7
30	Collection of fixed-term deposits	31,866	45	31,866	-	-	1.00	1.00	0.54	7
1 July	Reverse transaction	111,237	78	111,237	1.00	-	-	-	-	6
7	Collection of fixed-term deposits	87,431	88	59,000	-	-	1.00	0.75	0.56	7
13	Collection of fixed-term deposits	201,673	158	200,908	-	-	1.00	0.80	0.76	1
14	Collection of fixed-term deposits	98,288	85	60,000	-	-	1.00	0.65	0.56	7
21	Collection of fixed-term deposits	97,169	88	60,000	-	-	1.00	0.64	0.56	7
28	Collection of fixed-term deposits	88,550	86	60,500	-	-	1.00	0.60	0.55	7
4 Aug.	Collection of fixed-term deposits	115,689	93	60,500	-	-	1.00	0.50	0.45	7
10	Collection of fixed-term deposits	201,834	171	201,834	-	-	1.00	0.80	0.77	1
11	Collection of fixed-term deposits	123,502	94	60,500	-	-	1.00	0.47	0.43	7
18	Collection of fixed-term deposits	128,995	89	60,500	-	-	1.00	0.40	0.39	7
25	Collection of fixed-term deposits	108,403	82	60,500	-	-	1.00	0.37	0.35	7
1 Sep.	Collection of fixed-term deposits	117,388	71	61,000	-	-	1.00	0.35	0.33	7

Source: ECB.

- The amounts shown may differ slightly from those in Section 1.1 owing to operations that have been allotted but not settled.
- With effect from April 2002, split tender operations (i.e. operations with a one-week maturity conducted as standard tender procedures in parallel with a main refinancing operation) are classified as main refinancing operations. For split tender operations conducted before this month, see Table 2 in Section 1.3.
- 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.
- In liquidity-providing (absorbing) operations, the marginal rate refers to the lowest (highest) rate at which bids were accepted.
- In the final one-year longer-term refinancing operation, which was settled on 17 December 2009, as well as in the six-month longer-term refinancing operations settled on 1 April and 13 May 2010, the rate at which all bids were satisfied was indexed to the average minimum bid rate in the main refinancing operations over the life of the operation.

1.4 Minimum reserve and liquidity statistics

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

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at: ¹⁾	Total	Liabilities to which a 2% reserve coefficient is applied		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2008	18,169.6	10,056.8	848.7	2,376.9	1,243.5	3,643.7
2009	18,318.2	9,808.5	760.4	2,475.7	1,170.1	4,103.5
2010 Feb.	18,516.2	9,828.1	759.3	2,479.5	1,282.5	4,166.8
Mar.	18,587.9	9,807.3	782.8	2,506.7	1,283.5	4,207.6
Apr.	18,861.5	9,912.0	764.4	2,584.6	1,345.7	4,254.8
May	19,045.5	9,996.2	746.7	2,600.7	1,411.7	4,290.0
June	18,891.1	9,998.9	721.2	2,587.0	1,315.0	4,269.0

2. Reserve maintenance

Maintenance period ending on:	Required reserves	Credit institutions' current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
2008	217.2	218.7	1.5	0.0	3.25
2009	210.2	211.4	1.2	0.0	1.00
2010 13 Apr.	211.4	212.5	1.2	0.0	1.00
11 May	211.2	212.4	1.2	0.0	1.00
15 June	211.3	212.5	1.3	0.0	1.00
13 July	213.0	214.4	1.4	0.0	1.00
10 Aug.	214.3	215.7	1.4	0.0	1.00
7 Sep.	213.9	.	.	.	.

3. Liquidity

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money
	Monetary policy operations of the Eurosystem					Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)				
	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⁾		
1	2	3	4	5	6	7	8	9	10	11	12	
2008	580.5	337.3	457.2	2.7	0.0	200.9	4.9	731.1	107.8	114.3	218.7	1,150.7
2009	407.6	55.8	593.4	0.7	24.6	65.7	9.9	775.2	150.1	-130.2	211.4	1,052.3
2010 9 Mar.	426.9	80.5	641.1	0.9	38.0	186.4	10.5	784.6	113.2	-119.3	211.8	1,182.9
13 Apr.	439.8	77.7	650.5	0.4	43.6	200.7	8.4	792.9	113.6	-116.1	212.5	1,206.1
11 May	457.0	76.7	666.4	0.9	49.4	218.2	11.4	796.6	112.1	-100.3	212.4	1,227.2
15 June	462.4	110.0	706.7	0.3	86.9	288.8	34.1	806.2	123.1	-98.4	212.5	1,307.5
13 July	500.9	167.5	573.2	0.3	140.2	230.4	54.4	813.0	126.5	-56.5	214.4	1,257.8
10 Aug.	543.4	185.4	432.2	0.1	121.4	96.7	67.5	819.3	95.2	-11.8	215.7	1,131.7

Source: ECB.

1) End of period.

2) Includes liquidity provided under the Eurosystem's covered bond purchase programme 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>



MONEY, BANKING AND INVESTMENT FUNDS

2.1 Aggregated balance sheet of euro area MFIs ¹⁾

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents				Money market fund shares/units ²⁾	Holdings of shares/other equity issued by euro area residents	External assets	Fixed assets	Remaining assets	
		Total	General government	Other euro area residents	MFIs	Total	General government	Other euro area residents						MFIs
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Eurosystem														
2008	2,982.9	1,803.0	20.6	0.6	1,781.8	362.3	319.5	3.3	39.4	-	14.4	484.7	8.6	309.9
2009	2,829.9	1,475.6	19.5	0.7	1,455.4	451.7	368.3	7.5	75.9	-	16.5	556.7	8.5	321.0
2010 Q1	2,880.9	1,476.1	19.6	0.7	1,455.9	474.8	378.5	8.4	87.8	-	16.6	583.3	8.4	321.7
Q2	3,390.3	1,822.1	18.8	0.9	1,802.4	526.7	416.5	9.7	100.5	-	15.8	670.4	8.6	346.7
2010 Apr.	2,946.5	1,511.9	19.0	0.7	1,492.3	478.9	377.6	8.8	92.5	-	16.4	610.1	8.4	320.8
May	3,259.3	1,732.5	19.0	0.7	1,712.9	516.5	408.6	9.2	98.7	-	15.9	665.6	8.5	320.3
June	3,390.3	1,822.1	18.8	0.9	1,802.4	526.7	416.5	9.7	100.5	-	15.8	670.4	8.6	346.7
July ^(p)	3,104.2	1,569.7	18.7	0.9	1,550.0	530.6	421.4	9.6	99.7	-	16.1	620.1	8.6	359.1
MFIs excluding the Eurosystem														
2008	31,842.3	18,052.6	968.4	10,772.1	6,312.0	4,630.0	1,245.9	1,406.8	1,977.4	98.7	1,196.1	4,754.3	211.4	2,898.9
2009	31,154.2	17,703.7	1,002.3	10,780.3	5,921.1	5,061.6	1,483.3	1,497.4	2,080.9	85.1	1,234.9	4,258.0	220.4	2,590.2
2010 Q1	31,570.3	17,749.6	1,033.2	10,797.1	5,919.3	5,127.5	1,550.8	1,483.4	2,093.3	77.7	1,228.2	4,420.5	217.9	2,748.5
Q2	32,569.6	18,257.1	1,068.1	10,980.1	6,208.9	5,104.4	1,569.4	1,503.8	2,031.3	67.3	1,227.0	4,581.4	221.2	3,111.1
2010 Apr.	31,991.3	17,905.5	1,037.2	10,818.9	6,049.4	5,131.0	1,560.9	1,490.7	2,079.3	76.6	1,271.2	4,517.5	217.9	2,871.3
May	32,715.0	18,182.1	1,051.4	10,861.0	6,269.6	5,080.3	1,552.3	1,469.7	2,058.3	74.6	1,255.3	4,688.2	218.5	3,215.7
June	32,569.6	18,257.1	1,068.1	10,980.1	6,208.9	5,104.4	1,569.4	1,503.8	2,031.3	67.3	1,227.0	4,581.4	221.2	3,111.1
July ^(p)	32,075.4	18,043.1	1,057.5	10,966.1	6,019.5	5,091.0	1,568.2	1,524.4	1,998.4	64.7	1,229.8	4,433.3	219.8	2,993.7

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											
2008	2,982.9	784.7	1,240.7	68.8	16.6	1,155.2	-	0.1	273.8	378.3	305.4
2009	2,829.9	829.3	1,185.1	102.6	22.1	1,060.5	-	0.1	320.9	140.0	354.5
2010 Q1	2,880.9	819.9	1,221.8	101.2	21.0	1,099.6	-	0.1	353.0	135.1	350.9
Q2	3,390.3	835.4	1,623.2	137.2	21.4	1,464.6	-	0.1	413.5	142.5	375.7
2010 Apr.	2,946.5	821.1	1,263.6	87.8	21.4	1,154.4	-	0.1	369.2	140.7	351.9
May	3,259.3	828.4	1,510.9	128.8	22.7	1,359.5	-	0.1	407.0	155.3	357.6
June	3,390.3	835.4	1,623.2	137.2	21.4	1,464.6	-	0.1	413.5	142.5	375.7
July ^(p)	3,104.2	844.1	1,361.9	102.8	11.9	1,247.2	-	0.1	396.5	137.5	364.1
MFIs excluding the Eurosystem											
2008	31,842.3	-	16,740.2	191.0	9,690.4	6,858.8	825.0	4,848.4	1,767.6	4,404.3	3,256.9
2009	31,154.2	-	16,465.8	144.2	10,034.6	6,287.1	732.6	4,919.1	1,921.1	4,099.7	3,015.9
2010 Q1	31,570.3	-	16,417.8	166.3	10,025.0	6,226.5	706.1	5,018.8	1,930.1	4,290.5	3,206.9
Q2	32,569.6	-	16,993.6	167.5	10,279.5	6,546.6	670.9	4,989.5	1,995.5	4,463.2	3,456.8
2010 Apr.	31,991.3	-	16,593.5	159.7	10,113.7	6,320.1	710.9	5,024.7	1,933.9	4,410.4	3,317.9
May	32,715.0	-	16,867.7	155.6	10,138.1	6,574.0	704.9	5,035.0	1,941.1	4,550.2	3,616.2
June	32,569.6	-	16,993.6	167.5	10,279.5	6,546.6	670.9	4,989.5	1,995.5	4,463.2	3,456.8
July ^(p)	32,075.4	-	16,748.6	179.6	10,260.2	6,308.8	659.5	4,937.6	1,999.3	4,356.1	3,374.4

Source: ECB.

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

2.2 Consolidated balance sheet of euro area MFIs ¹⁾

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

1. Assets

	Total	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/ other equity issued by other euro area residents	External assets	Fixed assets	Remaining assets
		Total	General government	Other euro area residents	Total	General government	Other euro area residents				
	1	2	3	4	5	6	7	8	9	10	11
Outstanding amounts											
2008	24,127.8	11,761.8	989.0	10,772.8	2,975.5	1,565.4	1,410.1	784.2	5,239.0	220.0	3,147.1
2009	23,866.8	11,802.7	1,021.7	10,781.0	3,356.4	1,851.5	1,504.9	811.7	4,814.7	228.9	2,852.0
2010 Q1	24,314.4	11,850.5	1,052.7	10,797.8	3,421.1	1,929.3	1,491.8	793.4	5,003.8	226.3	3,019.0
Q2	25,238.8	12,067.9	1,086.9	10,981.0	3,499.4	1,985.9	1,513.5	781.8	5,251.8	229.7	3,408.0
2010 Apr.	24,636.8	11,875.7	1,056.2	10,819.5	3,438.1	1,938.5	1,499.6	825.1	5,127.6	226.3	3,143.7
May	25,240.2	11,932.1	1,070.4	10,861.7	3,439.8	1,960.9	1,478.9	800.6	5,353.8	227.0	3,486.7
June	25,238.8	12,067.9	1,086.9	10,981.0	3,499.4	1,985.9	1,513.5	781.8	5,251.8	229.7	3,408.0
July ^(p)	24,936.6	12,043.3	1,076.2	10,967.1	3,523.5	1,989.6	1,534.0	785.2	5,053.4	228.4	3,302.7
Transactions											
2008	1,696.4	599.0	12.8	586.2	499.5	90.1	409.4	-56.0	-73.3	-3.0	731.1
2009	-646.2	20.4	34.9	-14.4	364.6	269.3	95.4	12.8	-466.7	7.8	-586.1
2010 Q1	268.2	31.1	30.5	0.6	55.5	74.0	-18.5	-13.2	51.0	-2.7	146.5
Q2	507.4	152.5	35.3	117.2	33.1	56.5	-23.5	-2.3	-66.3	3.3	387.6
2010 Apr.	282.8	33.5	3.2	30.3	18.5	11.5	7.0	35.4	71.4	0.1	124.0
May	392.0	36.4	13.7	22.7	-0.5	20.9	-21.4	-20.6	30.7	0.7	345.2
June	-167.4	82.6	18.3	64.3	15.1	24.2	-9.1	-17.1	-168.4	2.5	-81.6
July ^(p)	-137.9	-0.7	-10.4	9.7	20.6	-0.3	20.8	-2.9	-46.6	-1.3	-106.9

2. Liabilities

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Money market fund shares/ units ²⁾	Debt securities issued ³⁾	Capital and reserves	External liabilities	Remaining liabilities	Excess of inter-MFI liabilities over inter-MFI assets
Outstanding amounts										
2008	24,127.8	722.9	259.8	9,707.1	725.9	2,831.6	1,615.2	4,782.6	3,562.3	-79.9
2009	23,866.8	770.1	246.8	10,056.7	647.2	2,762.3	1,802.3	4,239.8	3,370.3	-29.0
2010 Q1	24,314.4	768.7	267.5	10,046.0	628.4	2,837.7	1,831.7	4,425.6	3,557.9	-49.0
Q2	25,238.8	785.6	304.7	10,300.9	603.4	2,857.8	1,948.0	4,605.7	3,832.5	-0.1
2010 Apr.	24,636.8	772.7	247.6	10,135.1	634.0	2,853.0	1,840.6	4,551.1	3,669.7	-67.2
May	25,240.2	779.1	284.3	10,160.8	630.0	2,878.1	1,877.5	4,705.4	3,973.7	-49.0
June	25,238.8	785.6	304.7	10,300.9	603.4	2,857.8	1,948.0	4,605.7	3,832.5	-0.1
July ^(p)	24,936.6	794.1	282.3	10,272.2	594.5	2,839.6	1,935.1	4,493.6	3,738.5	-13.5
Transactions										
2008	1,696.4	83.3	106.1	700.9	29.6	-31.8	139.0	91.2	602.6	-24.6
2009	-646.2	45.8	-4.5	288.2	-12.2	-54.9	142.8	-591.6	-502.3	42.5
2010 Q1	268.2	-1.3	20.7	-32.7	-20.1	49.6	0.5	77.1	188.2	-13.8
Q2	507.4	16.9	37.1	135.3	-29.0	-33.5	38.4	-63.9	376.3	29.6
2010 Apr.	282.8	4.0	-20.0	85.1	1.6	7.9	0.1	96.2	119.8	-12.3
May	392.0	6.4	36.8	5.9	-4.0	-14.9	14.0	4.0	322.5	21.3
June	-167.4	6.5	20.3	44.2	-26.6	-26.5	24.2	-164.1	-66.0	20.6
July ^(p)	-137.9	8.5	-22.4	-15.5	-8.9	8.9	13.1	-6.0	-97.2	-18.3

Source: ECB.

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

2.3 Monetary statistics ¹⁾

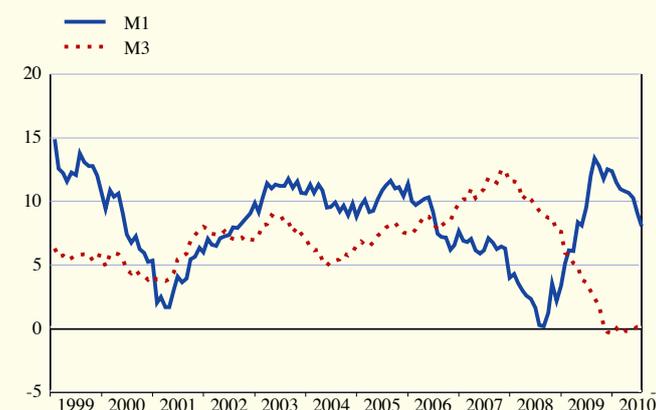
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

1. Monetary aggregates ²⁾ and counterparts

	M3				M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents			Net external assets ³⁾	
	M2		M3-M2	Loans				Memo item: Loans adjusted for sales and securitisation ⁴⁾				
	M1	M2-M1										
	1	2	3	4	5	6	7	8	9	10	11	12
Outstanding amounts												
2008	3,980.2	4,033.1	8,013.3	1,372.2	9,385.6	-	6,286.8	2,576.2	12,966.7	10,777.2	-	436.7
2009	4,491.7	3,688.4	8,180.1	1,146.7	9,326.7	-	6,761.6	2,899.2	13,087.9	10,779.2	-	554.8
2010 Q1	4,566.8	3,653.8	8,220.6	1,101.8	9,322.4	-	6,908.9	2,981.1	13,097.6	10,802.9	-	589.8
Q2	4,661.4	3,629.1	8,290.5	1,128.6	9,419.2	-	7,126.5	3,049.2	13,238.1	10,953.6	-	652.0
2010 Apr.	4,648.0	3,616.5	8,264.5	1,120.0	9,384.5	-	6,962.4	2,982.8	13,103.6	10,821.4	-	603.8
May	4,645.6	3,630.0	8,275.6	1,103.9	9,379.5	-	7,021.6	3,024.3	13,102.6	10,859.0	-	690.2
June	4,661.4	3,629.1	8,290.5	1,128.6	9,419.2	-	7,126.5	3,049.2	13,238.1	10,953.6	-	652.0
July ^(p)	4,686.3	3,631.9	8,318.2	1,102.3	9,420.4	-	7,094.8	3,057.5	13,271.5	10,944.3	-	563.1
Transactions												
2008	130.7	484.0	614.7	47.9	662.6	-	253.3	103.0	928.1	581.9	737.8	-165.4
2009	495.4	-368.3	127.1	-157.6	-30.4	-	420.7	308.2	84.3	-20.7	19.5	124.6
2010 Q1	71.2	-45.1	26.1	-45.2	-19.1	-	83.9	77.7	-6.8	7.5	-2.2	5.6
Q2	76.0	-30.8	45.2	22.8	67.9	-	-8.2	69.1	38.9	84.9	92.2	-8.1
2010 Apr.	80.2	-39.4	40.8	14.2	54.9	-	36.4	3.7	17.2	27.1	28.5	-9.2
May	-9.4	6.8	-2.6	-16.3	-19.0	-	-9.4	39.5	-17.2	18.1	18.7	41.3
June	5.2	1.8	7.1	24.9	32.0	-	-35.2	25.9	38.9	39.7	45.0	-40.3
July ^(p)	30.2	7.0	37.2	-27.7	9.6	-	26.1	4.7	50.9	14.3	27.7	-43.2
Growth rates												
2008	3.4	13.7	8.3	3.6	7.6	7.1	4.2	4.2	7.7	5.7	7.1	-165.4
2009	12.4	-9.1	1.6	-11.6	-0.3	-0.2	6.7	11.9	0.6	-0.2	0.2	124.6
2010 Q1	10.8	-8.0	1.6	-11.0	-0.1	-0.3	5.9	9.8	0.2	-0.2	-0.1	152.8
Q2	9.2	-7.1	1.4	-7.6	0.2	0.1	3.8	8.1	0.1	0.5	0.5	47.0
2010 Apr.	10.7	-8.6	1.3	-10.0	-0.2	-0.1	6.0	8.7	0.4	0.2	0.2	86.8
May	10.3	-8.0	1.5	-9.8	0.0	0.0	5.1	9.4	0.1	0.2	0.2	94.5
June	9.2	-7.1	1.4	-7.6	0.2	0.1	3.8	8.1	0.1	0.5	0.5	47.0
July ^(p)	8.1	-6.0	1.4	-8.3	0.2	.	3.7	7.6	0.6	0.9	1.0	-2.4

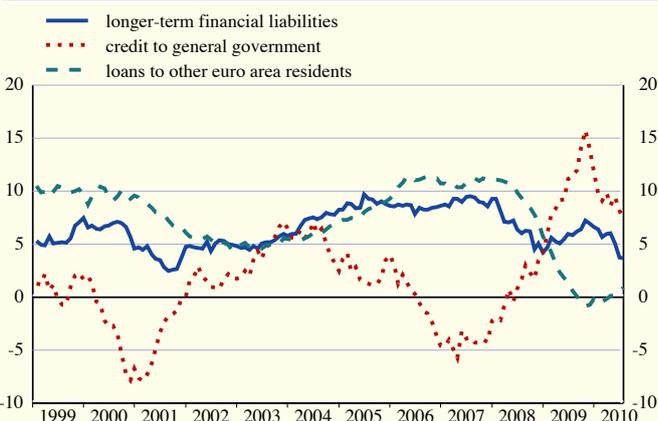
C1 Monetary aggregates ¹⁾

(annual growth rates; seasonally adjusted)



C2 Counterparts ¹⁾

(annual growth rates; seasonally adjusted)



Source: ECB.

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

Monthly and other shorter-term growth rates for selected items are available at: <http://www.ecb.europa.eu/stats/money/aggregates/aggr/html/index.en.html>

2) Monetary liabilities of MFIs and central government (post office, treasury, etc.) vis-à-vis non-MFI euro area residents excluding central government.

For definitions of M1, M2 and M3, see glossary.

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

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

2.3 Monetary statistics ¹⁾

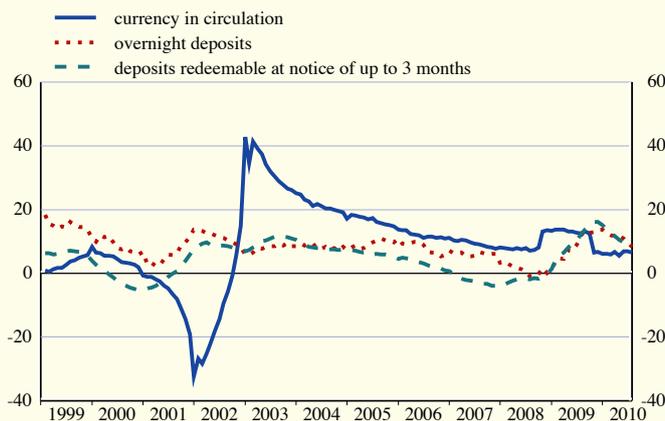
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

	Currency in circulation	Overnight deposits	Deposits with an agreed maturity of up to 2 years	Deposits redeemable at notice of up to 3 months	Repos	Money market fund shares/units	Debt securities with a maturity of up to 2 years	Debt securities with a maturity of over 2 years	Deposits redeemable at notice of over 3 months	Deposits with an agreed maturity of over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
Outstanding amounts											
2008	710.6	3,269.7	2,464.5	1,568.6	350.3	755.1	266.9	2,576.9	121.6	1,984.4	1,603.9
2009	755.3	3,736.4	1,883.0	1,805.4	340.3	673.8	132.6	2,642.3	131.9	2,198.3	1,789.2
2010 Q1	775.5	3,791.3	1,817.2	1,836.6	341.6	625.5	134.7	2,704.8	132.2	2,242.0	1,829.9
2010 Q2	785.1	3,876.3	1,788.9	1,840.2	401.9	604.1	122.7	2,720.8	127.4	2,329.6	1,948.8
2010 Apr.	769.2	3,878.7	1,773.6	1,843.0	359.2	624.5	136.4	2,721.1	131.2	2,261.2	1,848.8
2010 May	780.4	3,865.2	1,784.2	1,845.8	358.2	616.2	129.5	2,742.9	129.0	2,254.3	1,895.4
2010 June	785.1	3,876.3	1,788.9	1,840.2	401.9	604.1	122.7	2,720.8	127.4	2,329.6	1,948.8
2010 July ^(p)	782.4	3,903.9	1,779.1	1,852.8	390.3	585.9	126.1	2,698.1	125.6	2,335.6	1,935.4
Transactions											
2008	83.6	47.1	463.4	20.5	47.0	32.8	-31.9	1.4	0.7	114.6	136.7
2009	43.4	452.0	-605.7	237.4	-10.1	-13.1	-134.4	79.5	8.9	191.4	140.9
2010 Q1	20.2	51.0	-75.3	30.2	1.2	-49.5	3.1	35.4	0.3	36.3	11.9
2010 Q2	9.6	66.4	-45.5	14.7	60.0	-25.5	-11.8	-37.7	-1.9	-9.3	40.6
2010 Apr.	-6.2	86.4	-45.6	6.2	17.5	-5.1	1.7	9.0	0.2	17.2	10.0
2010 May	11.1	-20.6	4.4	2.4	-1.2	-8.3	-6.9	-18.1	-1.1	-13.8	23.5
2010 June	4.7	0.5	-4.3	6.1	43.7	-12.1	-6.6	-28.6	-1.0	-12.7	7.1
2010 July ^(p)	-2.7	32.9	-5.6	12.7	-11.4	-18.2	2.0	5.7	-0.7	8.4	12.7
Growth rates											
2008	13.3	1.5	23.3	1.3	15.3	4.7	-10.6	0.1	0.5	6.1	9.3
2009	6.1	13.7	-24.4	15.1	-2.8	-1.8	-50.1	3.1	7.2	9.6	8.6
2010 Q1	6.8	11.7	-22.0	11.8	0.9	-11.8	-29.5	3.6	5.5	7.0	8.3
2010 Q2	6.9	9.6	-19.6	9.0	16.7	-13.6	-31.1	1.5	0.6	4.2	6.8
2010 Apr.	5.5	11.8	-22.6	10.6	7.2	-11.8	-32.4	4.1	4.7	7.0	7.8
2010 May	6.8	11.0	-21.2	9.7	9.8	-12.4	-33.0	2.8	2.3	5.6	8.1
2010 June	6.9	9.6	-19.6	9.0	16.7	-13.6	-31.1	1.5	0.6	4.2	6.8
2010 July ^(p)	6.6	8.4	-17.5	8.2	17.9	-16.6	-25.2	1.2	-1.0	3.9	7.6

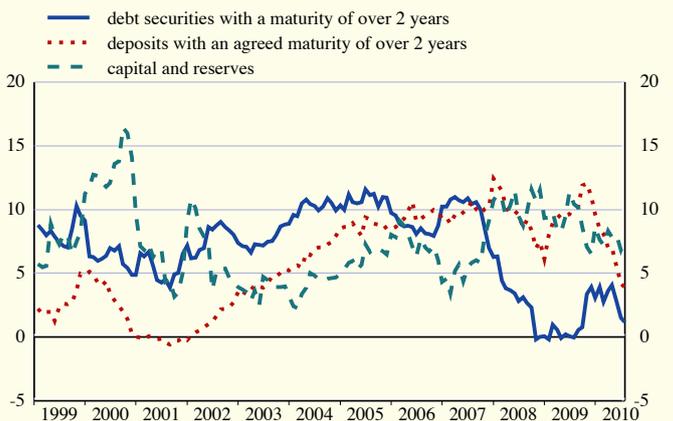
C3 Components of monetary aggregates ¹⁾

(annual growth rates; seasonally adjusted)



C4 Components of longer-term financial liabilities ¹⁾

(annual growth rates; seasonally adjusted)



Source: ECB.

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

2.4 MFI loans: breakdown ^{1), 2)}

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

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

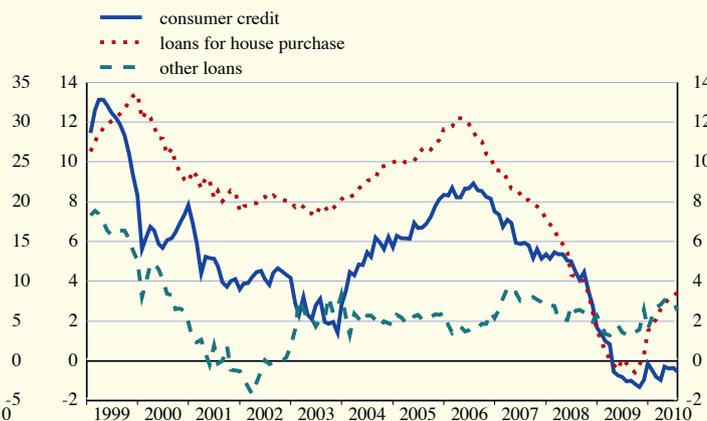
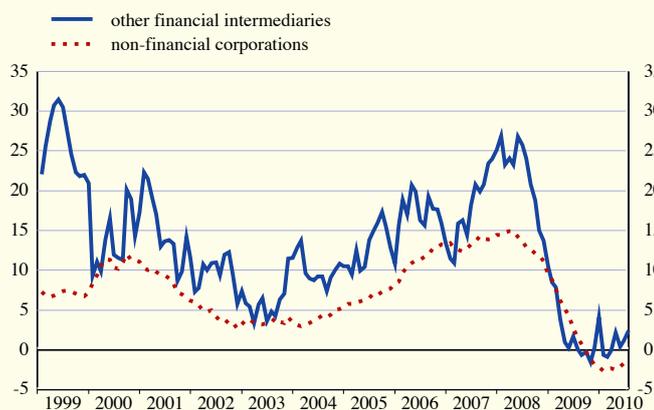
	Insurance corporations and pension funds	Other financial intermediaries ³⁾	Non-financial corporations			Households ⁴⁾				
	Total	Total	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Consumer credit	Loans for house purchase	Other loans
	1	2	3	4	5	6	7	8	9	10
Outstanding amounts										
2008	104.9	973.0	4,822.5	1,381.6	961.1	2,479.8	4,876.8	631.0	3,482.3	763.5
2009	90.0	1,059.9	4,685.9	1,185.8	936.9	2,563.2	4,943.4	630.3	3,542.4	770.7
2010 Q1	87.4	1,048.8	4,684.5	1,169.7	926.4	2,588.4	4,982.3	622.5	3,580.9	778.8
2010 Q2	85.4	1,106.1	4,680.1	1,134.1	920.2	2,625.7	5,082.1	642.8	3,630.1	809.2
2010 Apr.	90.5	1,069.6	4,664.3	1,153.0	921.5	2,589.8	4,997.0	623.8	3,593.5	779.7
2010 May	90.2	1,070.8	4,689.3	1,164.2	920.9	2,604.1	5,008.7	623.1	3,604.7	781.0
2010 June	85.4	1,106.1	4,680.1	1,134.1	920.2	2,625.7	5,082.1	642.8	3,630.1	809.2
2010 July ^(p)	91.9	1,113.0	4,656.1	1,122.5	912.6	2,621.0	5,083.3	640.7	3,638.5	804.1
Transactions										
2008	-3.7	87.2	418.7	86.8	119.8	212.0	79.8	10.4	52.3	17.1
2009	-13.6	35.9	-105.7	-181.0	-18.2	93.5	62.6	-0.9	51.2	12.3
2010 Q1	-2.8	-32.2	2.3	-10.5	-8.2	21.0	40.2	-4.0	36.3	7.9
2010 Q2	-1.2	48.5	-0.4	-29.1	-2.7	31.3	38.0	0.0	31.1	6.9
2010 Apr.	3.1	19.3	-11.3	-16.3	-1.3	6.3	16.0	0.0	12.6	3.4
2010 May	-0.5	-8.5	17.8	9.8	-1.7	9.8	9.2	-1.3	9.0	1.5
2010 June	-3.8	37.7	-7.0	-22.5	0.3	15.3	12.7	1.2	9.5	2.0
2010 July ^(p)	6.6	12.5	-10.5	-6.7	-4.8	1.0	5.7	-1.6	10.9	-3.7
Growth rates										
2008	-3.5	10.0	9.5	6.7	13.9	9.4	1.7	1.7	1.5	2.3
2009	-13.0	3.6	-2.2	-13.1	-1.9	3.8	1.3	-0.1	1.5	1.6
2010 Q1	-11.4	0.1	-2.3	-11.2	-4.1	3.0	2.2	-1.0	2.6	2.8
2010 Q2	-13.5	1.0	-1.6	-9.9	-4.4	3.6	2.8	-0.4	3.3	3.0
2010 Apr.	-7.4	2.3	-2.5	-11.4	-4.7	3.0	2.5	-0.3	2.9	3.1
2010 May	-7.8	0.4	-2.1	-10.4	-4.7	3.2	2.6	-0.3	3.1	2.9
2010 June	-13.5	1.0	-1.6	-9.9	-4.4	3.6	2.8	-0.4	3.3	3.0
2010 July ^(p)	-1.1	2.2	-1.3	-8.2	-4.4	3.2	2.8	-0.6	3.5	2.6

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

(annual growth rates; not seasonally adjusted)

C6 Loans to households ²⁾

(annual growth rates; not seasonally adjusted)



Source: ECB.

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

2.4 MFI loans: breakdown ^{1), 2)}

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

2. Loans to financial intermediaries and non-financial corporations

	Insurance corporations and pension funds				Other financial intermediaries ³⁾				Non-financial corporations			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12
Outstanding amounts												
2009	80.3	57.4	7.0	15.9	1,052.9	593.4	186.2	273.3	4,692.3	1,181.7	937.3	2,573.2
2010 Q1	87.0	65.2	5.9	15.9	1,056.4	594.5	184.9	277.0	4,681.1	1,166.5	927.6	2,587.0
2010 Q2	89.6	68.1	5.7	15.8	1,116.7	592.2	216.1	308.4	4,688.3	1,146.2	920.1	2,622.0
2010 May	93.8	71.7	5.8	16.3	1,083.4	616.9	186.0	280.5	4,688.1	1,161.0	922.9	2,604.3
2010 June	89.6	68.1	5.7	15.8	1,116.7	592.2	216.1	308.4	4,688.3	1,146.2	920.1	2,622.0
2010 July ^(p)	95.2	74.1	5.3	15.8	1,106.7	580.6	216.1	310.0	4,674.2	1,135.6	915.0	2,623.7
Transactions												
2009	-11.9	-11.8	0.9	-0.9	39.3	24.4	7.5	7.4	-105.0	-180.8	-18.0	93.8
2010 Q1	6.5	7.7	-1.2	0.0	-17.6	-15.0	-5.8	3.1	-7.5	-9.7	-7.4	9.6
2010 Q2	3.4	3.8	-0.3	-0.1	51.5	30.7	6.4	14.4	11.2	-13.7	-4.0	29.0
2010 May	1.5	1.5	-0.4	0.4	-3.7	-3.0	-1.4	0.8	12.6	2.8	-1.3	11.0
2010 June	-3.2	-2.7	-0.1	-0.5	35.7	15.6	7.1	12.9	2.6	-7.1	-1.8	11.4
2010 July ^(p)	5.7	6.1	-0.3	-0.1	-4.5	-8.4	0.9	3.0	-0.6	-5.7	-2.3	7.4
Growth rates												
2009	-13.1	-17.1	14.2	-4.8	4.1	4.3	4.4	3.1	-2.2	-13.1	-1.9	3.8
2010 Q1	-11.3	-12.7	-12.0	-3.2	-0.1	-0.7	-5.6	5.4	-2.3	-11.2	-4.1	3.0
2010 Q2	-13.2	-14.9	-28.5	3.9	1.2	-0.8	-3.3	9.2	-1.7	-9.9	-4.4	3.6
2010 May	-7.9	-8.5	-7.9	-4.0	0.4	0.4	-6.0	5.0	-2.1	-10.3	-4.8	3.2
2010 June	-13.2	-14.9	-28.5	3.9	1.2	-0.8	-3.3	9.2	-1.7	-9.9	-4.4	3.6
2010 July ^(p)	-1.1	0.8	-30.9	5.1	2.4	1.7	-4.0	8.4	-1.4	-8.2	-4.4	3.2

3. Loans to households ⁴⁾

	Total	Consumer credit				Loans for house purchase				Other loans			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	
	1	2	3	4	5	6	7	8	9	10	11	12	13
Outstanding amounts													
2009	4,954.8	632.3	135.5	195.0	301.8	3,550.9	14.8	60.9	3,475.1	771.6	146.2	87.3	538.1
2010 Q1	4,972.7	620.3	129.3	191.5	299.5	3,575.3	14.5	59.0	3,501.7	777.2	146.8	85.7	544.6
2010 Q2	5,085.5	646.1	146.4	191.9	307.9	3,625.0	13.9	56.5	3,554.6	814.4	151.3	86.3	576.7
2010 May	4,995.7	621.0	130.0	190.1	300.9	3,595.9	14.7	58.7	3,522.5	778.8	144.6	84.2	550.0
2010 June	5,085.5	646.1	146.4	191.9	307.9	3,625.0	13.9	56.5	3,554.6	814.4	151.3	86.3	576.7
2010 July ^(p)	5,090.1	644.3	144.2	192.5	307.6	3,641.3	14.0	57.2	3,570.1	804.4	144.2	86.2	574.1
Transactions													
2009	63.1	-0.8	-1.3	-4.3	4.8	51.5	-2.6	-8.2	62.4	12.3	-7.8	-1.7	21.9
2010 Q1	19.2	-8.3	-5.2	-2.3	-0.7	22.2	-0.2	-1.6	24.0	5.3	0.1	-0.8	6.1
2010 Q2	50.7	5.5	3.9	-2.4	3.9	31.8	-0.7	-2.5	34.9	13.5	-4.1	-2.1	19.6
2010 May	12.3	-1.1	0.3	-1.5	0.1	11.1	0.2	-0.3	11.3	2.3	-0.1	0.0	2.4
2010 June	28.9	6.6	4.0	-0.4	3.0	13.2	-0.9	-2.1	16.1	9.1	-2.6	-1.6	13.3
2010 July ^(p)	9.0	-1.3	-1.9	0.7	-0.1	18.8	0.1	0.7	17.9	-8.5	-6.5	0.0	-1.9
Growth rates													
2009	1.3	-0.1	-0.9	-2.1	1.6	1.5	-15.2	-12.0	1.8	1.6	-5.1	-1.9	4.2
2010 Q1	2.2	-1.0	-2.9	-2.3	0.8	2.6	-11.7	-9.9	2.9	2.8	-2.4	-1.2	5.0
2010 Q2	2.8	-0.4	-0.5	-3.0	1.4	3.3	-11.3	-11.6	3.6	3.0	-7.5	-3.6	7.1
2010 May	2.6	-0.4	-0.9	-2.3	1.1	3.1	-8.1	-10.2	3.4	2.9	-1.2	-2.1	4.9
2010 June	2.8	-0.4	-0.5	-3.0	1.4	3.3	-11.3	-11.6	3.6	3.0	-7.5	-3.6	7.1
2010 July ^(p)	2.8	-0.6	-0.6	-3.0	1.1	3.4	-10.7	-10.7	3.8	2.5	-7.3	-4.0	6.4

Source: ECB.

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

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

3) Including investment funds.

4) Including non-profit institutions serving households.

2.4 MFI loans: breakdown ^{1), 2)}

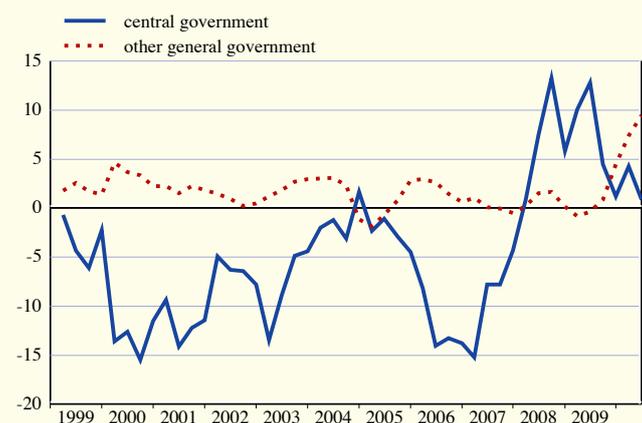
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

4. Loans to government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks ³⁾	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
Outstanding amounts										
2007	954.5	213.4	217.6	494.1	29.4	3,300.2	2,344.5	955.7	59.8	895.9
2008	968.4	227.1	210.1	509.0	22.2	3,247.8	2,282.0	965.8	57.8	908.1
2009 Q3	994.7	235.9	209.7	518.3	30.7	2,808.1	1,894.1	914.0	47.7	866.2
Q4	1,002.3	229.9	210.1	528.5	33.8	2,826.3	1,917.4	908.8	46.3	862.5
2010 Q1	1,033.2	242.9	209.3	538.7	42.2	2,954.6	1,987.8	966.8	47.0	919.8
Q2 ⁴⁾	1,068.1	250.3	225.4	547.6	44.9	3,081.5	2,079.2	1,002.9	51.7	951.2
Transactions										
2007	-8.0	-4.5	-13.0	6.0	3.6	540.7	381.5	159.3	0.3	159.0
2008	13.7	12.4	-8.1	16.5	-7.2	-59.3	-85.8	26.4	0.3	26.1
2009 Q3	-4.2	-13.4	3.2	3.9	2.1	-75.1	-70.0	-5.1	0.8	-5.9
Q4	10.2	-6.2	0.4	12.9	3.1	-4.1	11.1	-15.2	-1.4	-13.9
2010 Q1	30.4	12.6	-0.8	10.2	8.5	53.9	24.1	29.6	-0.6	30.2
Q2 ⁴⁾	36.1	9.1	16.0	8.7	2.6	-26.6	-5.3	-24.5	-0.2	-24.3
Growth rates										
2007	-1.0	-4.3	-5.6	1.3	13.8	18.6	18.5	18.8	0.5	20.2
2008	1.4	5.8	-3.7	3.3	-24.5	-1.8	-3.6	2.8	0.5	3.0
2009 Q3	1.7	4.5	-0.2	4.4	-32.3	-18.2	-21.9	-9.4	-1.3	-9.9
Q4	3.7	1.2	0.1	4.2	52.0	-11.8	-15.1	-4.1	-3.1	-4.2
2010 Q1	6.6	4.2	1.8	5.8	101.0	-3.2	-5.4	1.7	-4.7	2.1
Q2 ⁴⁾	7.3	0.8	9.1	6.9	56.7	-1.7	-2.0	-1.6	-3.2	-1.5

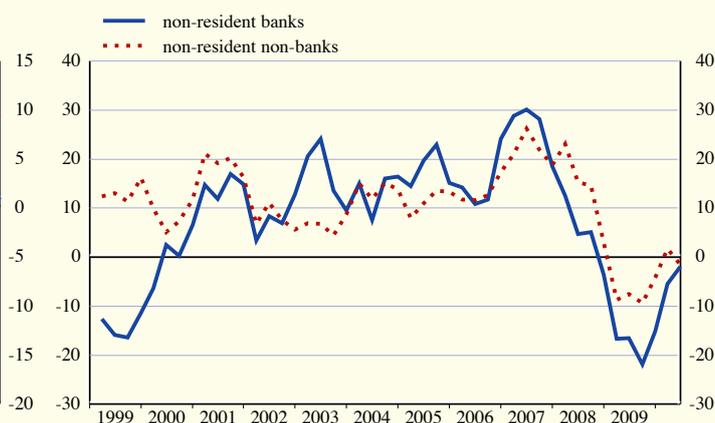
C7 Loans to government ²⁾

(annual growth rates; not seasonally adjusted)



C8 Loans to non-euro area residents ²⁾

(annual growth rates; not seasonally adjusted)



Source: ECB.

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

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

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

2.5 Deposits held with MFIs: breakdown ^{1), 2)}

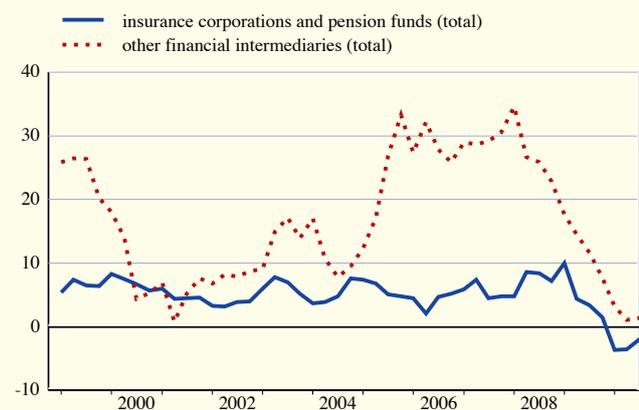
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries ³⁾						
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Outstanding amounts														
2008	761.9	84.4	114.3	537.5	1.1	1.5	23.1	1,803.1	320.3	420.6	852.9	12.3	0.1	197.0
2009	738.3	84.2	87.0	543.3	2.2	1.4	20.2	1,873.1	313.4	335.3	957.6	15.9	0.0	250.9
2010 Q1	735.7	87.0	84.8	539.7	2.5	1.4	20.2	1,887.1	329.3	312.0	957.9	17.1	0.1	270.7
2010 Q2	739.5	94.6	84.8	535.8	2.3	0.3	21.8	2,062.9	367.7	293.9	1,052.5	9.0	0.2	339.6
2010 Apr.	735.9	88.4	84.7	540.6	2.5	1.4	18.3	1,950.5	367.5	301.9	967.2	18.3	0.2	295.4
2010 May	732.7	91.3	87.3	536.4	2.4	0.3	15.0	1,954.0	369.4	299.8	967.4	12.4	0.2	304.8
2010 June	739.5	94.6	84.8	535.8	2.3	0.3	21.8	2,062.9	367.7	293.9	1,052.5	9.0	0.2	339.6
2010 July ⁴⁾	737.3	93.7	87.3	535.1	2.4	0.3	18.5	2,040.1	360.6	301.8	1,048.9	8.9	0.3	319.6
Transactions														
2008	69.4	12.4	42.8	12.3	-0.3	0.1	2.2	268.9	4.5	71.8	142.3	-0.3	-0.3	51.0
2009	-27.7	-1.0	-30.5	5.6	1.1	-0.1	-2.8	56.6	6.8	-93.7	85.8	3.7	0.0	54.1
2010 Q1	-3.9	2.7	-3.2	-3.7	0.3	0.0	0.0	-2.7	13.7	-30.1	-7.1	1.0	0.1	19.6
2010 Q2	0.1	3.7	0.0	-7.2	-0.2	2.2	1.5	68.4	33.7	-25.1	-1.0	-8.0	0.1	68.6
2010 Apr.	0.1	1.3	-0.2	-0.2	0.0	1.1	-1.9	60.1	37.3	-11.6	8.4	1.2	0.0	24.7
2010 May	-5.2	2.6	2.3	-6.6	-0.1	0.0	-3.3	-4.9	-0.6	-3.8	-3.8	-6.0	0.1	9.2
2010 June	5.2	-0.2	-2.0	-0.3	-0.1	1.1	6.8	13.2	-3.0	-9.6	-5.6	-3.3	0.0	34.7
2010 July ⁴⁾	-1.2	-0.2	2.8	-1.7	0.1	1.1	-3.2	-16.6	-5.9	9.4	-0.2	-0.1	0.0	-19.8
Growth rates														
2008	10.0	17.3	60.0	2.3	-23.4	-	10.5	17.6	1.4	20.9	20.0	-2.5	-	34.6
2009	-3.6	-1.1	-26.5	1.0	96.8	-	-12.3	3.1	2.0	-22.0	10.0	30.0	-	27.4
2010 Q1	-3.6	-4.7	-16.5	-1.1	53.8	-	-5.6	1.1	2.7	-15.2	3.1	18.1	-	15.3
2010 Q2	-2.0	5.9	-7.6	-3.3	33.3	-	14.3	1.4	6.8	-17.6	-1.5	-36.5	-	33.0
2010 Apr.	-3.6	-2.1	-15.6	-1.8	42.2	-	-12.1	2.8	11.4	-20.0	3.3	21.6	-	24.1
2010 May	-3.4	8.4	-12.6	-3.2	28.7	-	-23.8	2.6	16.7	-20.0	0.9	-17.1	-	27.3
2010 June	-2.0	5.9	-7.6	-3.3	33.3	-	14.3	1.4	6.8	-17.6	-1.5	-36.5	-	33.0
2010 July ⁴⁾	-1.9	4.8	-4.4	-3.6	30.1	-	9.4	3.0	14.4	-15.7	-1.6	-39.4	-	37.2

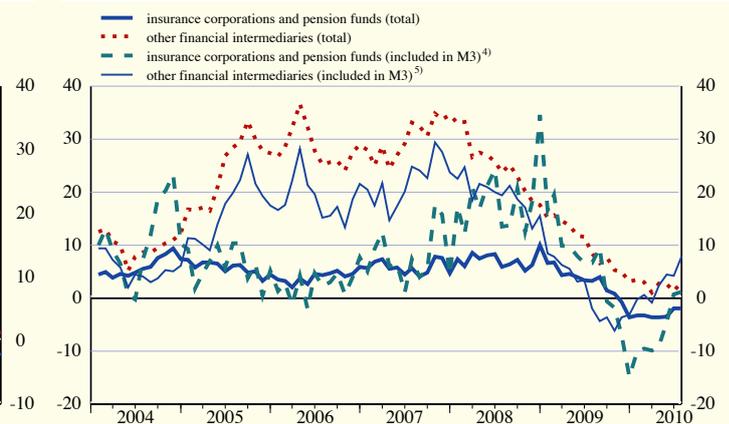
C9 Total deposits by sector ²⁾

(annual growth rates)



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

(annual growth rates)



Source: ECB.

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

2.5 Deposits held with MFIs: breakdown ^{1), 2)}

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

2. Deposits by non-financial corporations and households

	Non-financial corporations						Households ³⁾							
	Total		With an agreed maturity of:		Redeemable at notice of:		Repos	Total		With an agreed maturity of:		Redeemable at notice of:		Repos
	Overnight		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Overnight		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														
2008	1,502.8	883.4	502.2	64.4	27.9	1.3	23.7	5,368.6	1,813.3	1,350.0	517.9	1,490.2	113.6	83.7
2009	1,603.3	1,001.2	434.7	80.7	68.7	1.7	16.3	5,590.9	2,155.6	988.5	605.6	1,680.2	123.7	37.3
2010 Q1	1,576.3	982.1	424.4	82.6	72.9	1.8	12.6	5,594.4	2,157.8	924.8	631.7	1,722.3	121.7	36.1
2010 Q2	1,582.1	1,001.6	413.2	82.2	70.8	1.8	12.5	5,649.7	2,231.9	899.3	642.0	1,729.6	116.4	30.5
2010 Apr.	1,587.9	995.3	417.9	86.3	73.7	1.9	12.8	5,609.2	2,182.7	908.1	636.0	1,728.7	119.8	33.9
May	1,596.1	1,004.0	415.5	88.1	74.1	1.8	12.7	5,618.8	2,191.1	902.1	641.1	1,734.2	118.1	32.3
June	1,582.1	1,001.6	413.2	82.2	70.8	1.8	12.5	5,649.7	2,231.9	899.3	642.0	1,729.6	116.4	30.5
July ^(p)	1,580.6	987.9	423.3	84.1	71.8	1.8	11.7	5,667.3	2,242.0	893.6	646.1	1,738.5	114.6	32.4
Transactions														
2008	7.8	-5.1	13.3	3.2	-3.4	-0.3	0.0	347.5	28.7	335.5	-43.1	28.1	1.7	-3.4
2009	93.0	114.2	-70.1	15.0	40.8	0.4	-7.4	187.6	320.5	-371.3	85.6	190.5	8.6	-46.3
2010 Q1	-28.6	-20.5	-10.8	2.1	4.2	0.1	-3.7	1.2	2.1	-64.7	25.9	41.2	-2.0	-1.2
2010 Q2	0.2	17.8	-17.1	-0.5	0.1	0.0	0.0	52.6	65.8	-29.9	11.7	16.3	-5.7	-5.6
2010 Apr.	11.3	13.2	-6.7	3.7	0.8	0.0	0.2	14.6	24.9	-16.7	4.3	6.2	-1.8	-2.2
May	2.1	5.8	-5.2	1.4	0.2	0.0	-0.1	6.6	7.2	-7.5	4.9	5.3	-1.7	-1.6
June	-13.1	-1.2	-5.2	-5.6	-1.0	0.0	-0.1	31.4	33.7	-5.6	2.5	4.8	-2.2	-1.8
July ^(p)	2.5	-11.2	11.5	2.0	1.0	-0.1	-0.8	19.5	11.0	-4.8	4.2	9.0	-1.8	2.0
Growth rates														
2008	0.5	-0.6	2.8	5.4	-11.0	-16.2	0.0	6.9	1.6	33.2	-7.7	1.9	1.5	-3.9
2009	6.2	12.9	-13.9	23.1	146.6	28.3	-31.2	3.5	17.5	-27.3	16.4	12.8	7.5	-55.4
2010 Q1	6.9	12.7	-10.6	17.2	89.7	37.2	-29.8	2.7	13.6	-27.8	20.5	10.0	5.3	-41.2
2010 Q2	3.8	9.0	-11.2	14.6	46.7	23.3	-36.0	2.5	10.6	-24.6	20.0	8.3	-1.9	-40.1
2010 Apr.	6.6	13.8	-12.7	20.5	68.0	33.7	-35.2	2.3	11.6	-26.8	20.5	9.1	3.5	-40.3
May	5.8	12.2	-12.2	21.7	56.8	30.4	-37.8	2.1	10.3	-25.9	20.5	8.7	0.7	-40.4
June	3.8	9.0	-11.2	14.6	46.7	23.3	-36.0	2.5	10.6	-24.6	20.0	8.3	-1.9	-40.1
July ^(p)	3.9	8.2	-8.6	14.0	37.8	16.5	-36.3	2.7	10.2	-22.9	19.0	8.0	-4.4	-36.3

C11 Total deposits by sector ²⁾

(annual growth rates)



Source: ECB.

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

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

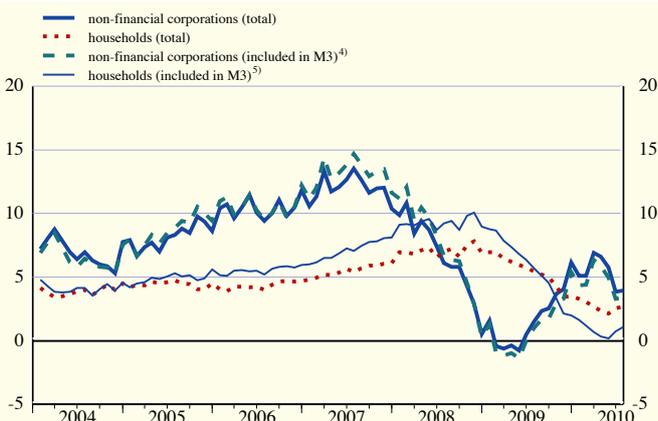
3) Including non-profit institutions serving households.

4) Covers deposits in columns 2, 3, 5 and 7.

5) Covers deposits in columns 9, 10, 12 and 14.

C12 Total deposits and deposits included in M3 by sector ²⁾

(annual growth rates)



2.5 Deposits held with MFIs: breakdown ^{1), 2)}

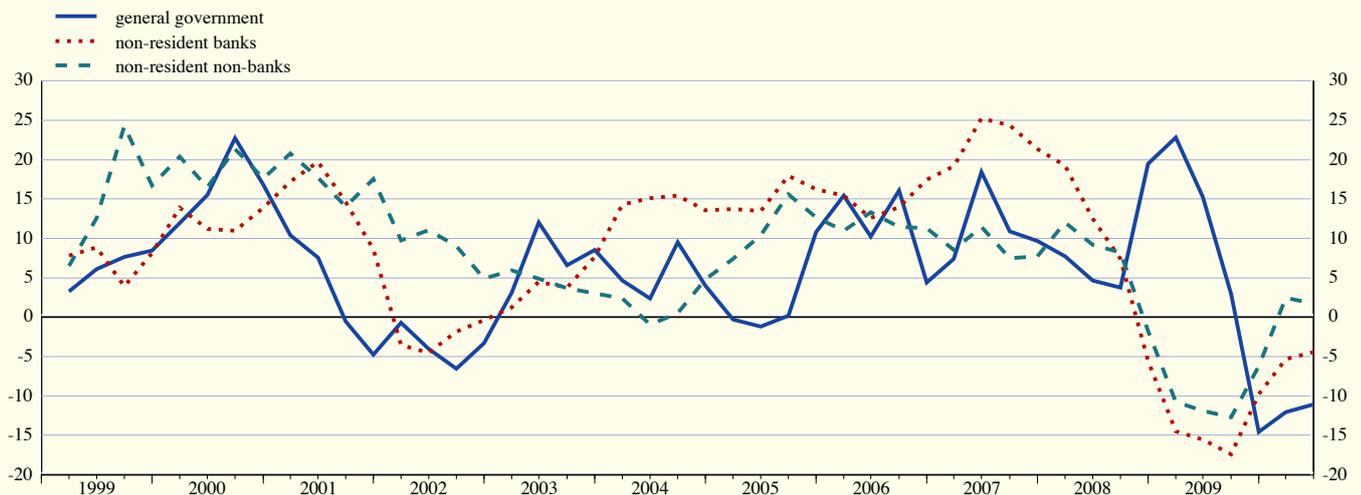
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

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										
2007	373.7	126.9	59.0	107.6	80.3	3,862.1	2,953.9	908.2	143.3	764.9
2008	445.0	191.0	52.3	115.9	85.8	3,715.5	2,818.1	897.4	65.8	831.7
2009 Q3	403.0	157.0	51.2	123.0	71.8	3,422.4	2,564.0	858.5	63.5	795.0
Q4	373.1	144.2	43.4	114.3	71.2	3,370.4	2,534.1	836.3	56.9	779.5
2010 Q1	397.8	166.3	50.5	108.3	72.7	3,545.5	2,640.4	905.1	67.0	838.1
Q2 ^(p)	412.7	167.5	54.6	113.7	77.0	3,701.8	2,700.7	1,000.5	67.1	933.4
Transactions										
2008	72.8	63.5	-6.5	8.7	7.1	-183.5	-165.9	-17.6	-36.9	19.3
2009	-64.9	-38.2	-8.8	-2.4	-15.5	-331.6	-275.8	-55.8	-4.5	-51.3
2009 Q3	-62.1	-58.9	2.3	4.1	-9.6	-80.1	-73.1	-7.0	-0.2	-6.9
Q4	-30.2	-12.8	-7.7	-8.7	-0.9	-80.5	-56.4	-24.1	-2.7	-21.5
2010 Q1	24.6	22.1	7.0	-5.9	1.5	95.3	49.6	45.7	9.1	36.6
Q2 ^(p)	14.5	1.1	4.0	5.0	4.3	-31.0	-38.8	0.0	17.5	-17.5
Growth rates										
2007	9.7	-2.4	29.9	10.7	16.9	17.9	21.3	7.7	15.8	6.3
2008	19.5	49.9	-11.0	8.1	8.8	-4.6	-5.6	-1.8	-25.6	2.7
2009 Q3	2.9	18.6	-16.6	8.2	-15.4	-16.3	-17.4	-12.7	-27.0	-10.3
Q4	-14.6	-20.1	-16.8	-2.1	-17.9	-8.9	-9.8	-6.2	-6.9	-6.2
2010 Q1	-12.1	-17.5	-0.3	-5.3	-13.3	-3.5	-5.4	2.4	11.9	1.7
Q2 ^(p)	-11.1	-21.0	11.3	-4.7	-5.9	-2.7	-4.4	1.7	39.7	-1.1

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.

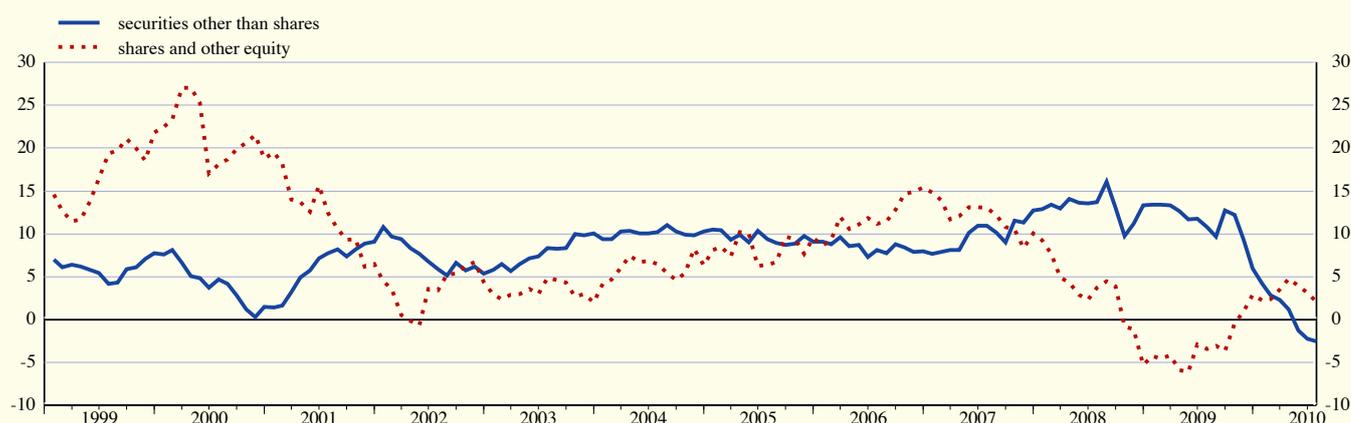
2.6 MFI holdings of securities: breakdown ^{1), 2)}

(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												
2008	5,857.6	1,884.9	92.4	1,226.6	19.3	1,355.6	51.2	1,227.5	1,473.3	421.7	774.4	277.2
2009	6,209.6	1,971.7	109.2	1,467.2	16.1	1,458.0	39.4	1,148.0	1,515.9	434.8	800.1	281.0
2010 Q1	6,301.8	1,979.5	113.8	1,534.1	16.7	1,443.4	40.0	1,174.2	1,516.9	446.5	781.7	288.6
2010 Q2	6,305.2	1,914.0	117.3	1,550.9	18.5	1,475.0	28.8	1,200.8	1,522.8	456.1	770.9	295.8
2010 Apr.	6,308.6	1,965.4	113.9	1,543.9	17.0	1,450.4	40.3	1,177.6	1,561.4	457.5	813.7	290.2
2010 May	6,272.4	1,942.6	115.7	1,534.5	17.8	1,441.3	28.4	1,192.0	1,544.3	465.7	789.5	289.0
2010 June	6,305.2	1,914.0	117.3	1,550.9	18.5	1,475.0	28.8	1,200.8	1,522.8	456.1	770.9	295.8
2010 July ^(p)	6,255.7	1,893.4	105.0	1,551.3	16.9	1,496.5	27.9	1,164.7	1,518.7	455.8	774.0	289.0
Transactions												
2008	696.1	214.4	5.9	38.3	1.9	389.7	19.0	26.9	-84.8	22.4	-56.5	-50.7
2009	353.4	83.1	16.6	230.1	-3.2	103.4	-12.0	-64.6	43.2	29.3	12.0	1.9
2010 Q1	46.4	6.3	-0.4	65.1	-0.3	-17.3	-2.1	-4.9	10.1	13.3	-13.2	10.0
2010 Q2	-110.2	-55.3	-6.9	14.5	-0.4	-10.2	-14.6	-37.2	15.1	10.9	-2.3	6.5
2010 Apr.	-3.0	-12.3	-1.4	10.9	-0.1	6.8	-0.2	-6.6	49.2	12.6	35.4	1.3
2010 May	-85.8	-21.4	-5.1	-9.8	-0.6	-7.3	-14.3	-27.2	-10.8	9.4	-20.6	0.3
2010 June	-21.5	-21.6	-0.4	13.4	0.3	-9.6	-0.1	-3.5	-23.3	-11.1	-17.1	4.9
2010 July ^(p)	-6.8	-22.2	-6.2	-3.0	-0.9	20.6	0.3	4.5	-11.6	-1.6	-2.9	-7.2
Growth rates												
2008	13.4	12.8	8.1	3.2	9.9	39.9	57.2	2.2	-5.3	5.3	-6.7	-15.3
2009	6.0	4.4	17.5	18.6	-16.0	7.6	-23.2	-5.3	2.9	7.0	1.5	0.7
2010 Q1	2.3	-0.5	7.7	12.0	-19.1	3.1	-23.2	-4.1	3.5	7.5	0.6	5.8
2010 Q2	-2.2	-4.9	-2.7	6.6	-23.0	-1.4	-49.3	-7.1	3.2	8.2	-0.8	6.8
2010 Apr.	1.2	-2.6	9.6	11.4	-19.8	1.8	-23.1	-4.1	4.8	9.0	2.3	5.5
2010 May	-1.2	-4.9	-1.9	8.9	-19.7	0.3	-48.9	-6.5	4.0	10.0	0.1	5.8
2010 June	-2.2	-4.9	-2.7	6.6	-23.0	-1.4	-49.3	-7.1	3.2	8.2	-0.8	6.8
2010 July ^(p)	-2.5	-6.8	-8.6	5.8	-22.0	0.3	-49.3	-6.0	2.1	6.2	-0.3	2.3

C14 MFI holdings of securities ²⁾

(annual growth rates)



Source: ECB.

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

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

2.7 Revaluation of selected MFI balance sheet items ^{1), 2)}

(EUR billions)

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

	Consumer credit				Lending for house purchase				Other lending			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12
2007	-4.2	-1.2	-1.4	-1.6	-2.7	-0.2	-0.2	-2.3	-6.9	-0.8	-2.3	-3.7
2008	-4.6	-1.1	-1.5	-1.9	-2.7	0.0	-0.2	-2.5	-6.7	-1.2	-2.3	-3.2
2009	-7.5	-1.8	-2.3	-3.4	-4.0	-0.1	-0.2	-3.7	-7.4	-1.6	-1.3	-4.5
2009 Q4	-2.5	-0.8	-0.8	-0.9	-1.1	0.0	-0.1	-1.0	-2.3	-0.4	-0.6	-1.2
2010 Q1	-1.9	-1.1	-0.6	-0.2	-1.1	0.0	0.0	-1.1	-2.3	-0.5	-0.3	-1.4
2010 Q2	-1.6	-0.4	-0.4	-0.8	-1.1	0.0	0.0	-1.0	-1.9	-0.3	-0.4	-1.3
2010 Apr.	-0.3	0.0	-0.1	-0.2	-0.2	0.0	0.0	-0.2	-0.4	-0.1	-0.1	-0.3
2010 May	-0.4	-0.1	-0.1	-0.2	-0.4	0.0	0.0	-0.4	-0.5	-0.1	-0.1	-0.3
2010 June	-0.9	-0.3	-0.2	-0.4	-0.4	0.0	0.0	-0.4	-0.9	-0.1	-0.2	-0.6
2010 July ^(p)	-0.4	-0.1	-0.1	-0.2	-0.2	0.0	0.0	-0.2	-0.5	-0.1	-0.2	-0.3

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

	Non-financial corporations				Non-euro area residents		
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 year
	1	2	3	4	5	6	7
2007	-12.5	-2.1	-5.4	-4.9	-5.2	-3.4	-1.8
2008	-17.8	-4.1	-9.1	-4.6	-6.6	-3.4	-3.2
2009	-35.4	-12.7	-12.5	-10.2	-6.8	-2.6	-4.2
2009 Q4	-15.2	-5.3	-6.3	-3.7	-2.1	-0.5	-1.6
2010 Q1	-11.4	-7.1	-4.0	-0.3	-1.0	-0.4	-0.6
2010 Q2	-17.8	-5.5	-6.4	-6.0	-0.9	-0.4	-0.5
2010 Apr.	-6.5	-1.2	-2.4	-3.0	-0.1	-0.1	-0.1
2010 May	-5.2	-2.2	-1.6	-1.4	-0.5	-0.1	-0.3
2010 June	-6.0	-2.1	-2.3	-1.6	-0.3	-0.2	-0.1
2010 July ^(p)	-3.4	-2.1	-0.4	-1.0	-0.1	-0.2	0.1

3. Revaluation of securities held by MFIs

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
2007	-14.2	-3.3	0.1	-0.4	-0.2	-3.2	-0.6	-6.7	27.6	3.8	11.7	12.1
2008	-60.5	-12.1	0.0	4.5	0.0	-19.1	-2.2	-31.7	-63.6	-9.2	-46.2	-8.2
2009	4.3	8.2	0.2	-0.8	-0.1	-0.9	0.8	-2.9	1.0	-5.9	3.4	3.5
2009 Q4	1.1	1.2	0.1	-1.5	-0.1	0.2	-0.1	1.2	-0.4	-1.7	0.6	0.8
2010 Q1	14.3	3.2	0.3	4.5	0.1	2.4	0.1	3.7	0.4	-1.0	-0.2	1.7
2010 Q2	-12.2	-2.5	0.4	-9.0	0.5	-3.6	0.1	1.9	-15.3	-3.7	-7.5	-4.0
2010 Apr.	-4.6	-2.0	0.0	-4.2	0.2	0.1	0.0	1.3	-4.5	-1.6	-3.4	0.4
2010 May	-0.8	-1.2	0.3	0.1	0.3	-1.6	0.0	1.4	-6.4	-1.2	-3.6	-1.6
2010 June	-6.8	0.8	0.1	-4.8	0.0	-2.0	0.0	-0.8	-4.4	-0.9	-0.6	-2.8
2010 July ^(p)	7.0	1.6	0.1	3.4	0.0	0.9	0.0	1.0	7.6	1.3	5.9	0.3

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.

2.8 Currency breakdown of selected MFI balance sheet items ^{1), 2)}

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

1. Deposits

	MFIs ³⁾							Non-MFIs						
	All currencies (outstanding amount)	Euro ⁴⁾	Non-euro currencies				All currencies (outstanding amount)	Euro ⁴⁾	Non-euro currencies					
			Total						Total					
			USD	JPY	CHF	GBP			USD	JPY	CHF	GBP		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
	By euro area residents													
2007	6,087.5	92.1	7.9	4.8	0.4	1.1	1.0	9,054.4	95.8	4.2	2.2	0.4	0.1	0.5
2008	6,858.8	89.7	10.3	7.3	0.4	1.2	0.8	9,881.4	96.9	3.1	1.9	0.5	0.1	0.4
2009 Q3	6,287.5	92.4	7.6	4.8	0.4	1.1	0.8	10,061.2	97.0	3.0	1.9	0.3	0.1	0.4
Q4	6,287.1	93.0	7.0	4.4	0.3	1.1	0.7	10,178.7	97.0	3.0	1.9	0.2	0.1	0.4
2010 Q1	6,226.5	93.1	6.9	4.1	0.3	1.2	0.8	10,191.3	97.0	3.0	2.0	0.2	0.1	0.4
Q2 ⁴⁾	6,546.6	92.4	7.6	4.5	0.3	1.2	0.9	10,447.0	97.0	3.0	2.0	0.2	0.1	0.4
	By non-euro area residents													
2007	2,953.9	47.0	53.0	33.5	2.9	2.4	11.0	908.2	50.1	49.9	32.9	1.6	1.8	9.9
2008	2,818.1	48.3	51.7	33.4	2.8	2.6	10.2	897.4	54.9	45.1	28.7	1.4	1.9	9.4
2009 Q3	2,564.0	49.1	50.9	34.3	1.5	2.5	9.5	858.5	54.1	45.9	30.6	1.5	1.6	7.7
Q4	2,534.1	49.2	50.8	34.2	1.8	2.2	9.6	836.3	53.5	46.5	31.4	1.1	1.8	7.5
2010 Q1	2,640.4	50.1	49.9	32.9	2.2	2.2	9.4	905.1	54.9	45.1	31.9	1.1	1.3	6.1
Q2 ⁴⁾	2,700.7	53.1	46.9	30.8	2.1	1.6	9.4	1,000.5	51.2	48.8	31.7	1.1	1.4	6.4

2. Debt securities issued by euro area MFIs

	All currencies (outstanding amount)	Euro ⁴⁾	Non-euro currencies				
			Total				
			USD	JPY	CHF	GBP	
1	2	3	4	5	6	7	
2007	4,933.2	81.5	18.5	9.2	1.7	1.9	3.4
2008	5,111.7	83.3	16.7	8.4	2.0	1.9	2.5
2009 Q3	5,203.1	84.0	16.0	8.2	1.8	1.9	2.3
Q4	5,179.1	83.3	16.7	8.7	1.7	1.9	2.5
2010 Q1	5,294.8	82.5	17.5	9.5	1.6	1.9	2.5
Q2 ⁴⁾	5,254.7	81.6	18.4	10.1	1.8	2.0	2.5

Source: ECB.

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

2.8 Currency breakdown of selected MFI balance sheet items ^{1), 2)}

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

3. Loans

	MFIs ³⁾							Non-MFIs						
	All currencies (outstanding amount)	Euro ⁴⁾	Non-euro currencies				All currencies (outstanding amount)	Euro ⁴⁾	Non-euro currencies					
			Total						Total					
			USD	JPY	CHF	GBP			USD	JPY	CHF	GBP		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
To euro area residents														
2007	5,794.2	-	-	-	-	-	11,098.9	96.2	3.8	1.8	0.2	0.9	0.6	
2008	6,312.0	-	-	-	-	-	11,740.6	95.9	4.1	2.1	0.3	1.0	0.4	
2009 Q3	5,911.3	-	-	-	-	-	11,763.1	96.2	3.8	1.9	0.2	1.0	0.4	
2009 Q4	5,921.1	-	-	-	-	-	11,782.6	96.2	3.8	1.9	0.2	1.0	0.4	
2010 Q1	5,919.3	-	-	-	-	-	11,830.3	96.1	3.9	2.0	0.2	1.0	0.4	
2010 Q2 ^(p)	6,208.9	-	-	-	-	-	12,048.3	95.8	4.2	2.2	0.3	1.0	0.4	
To non-euro area residents														
2007	2,344.5	48.2	51.8	28.8	2.3	2.4	12.6	955.7	40.9	59.1	41.2	1.2	3.7	8.2
2008	2,282.0	45.8	54.2	31.8	3.0	2.6	11.3	965.8	40.5	59.5	41.9	1.4	4.3	7.4
2009 Q3	1,894.1	45.5	54.5	29.9	2.7	3.1	12.6	914.0	40.4	59.6	41.9	1.5	3.8	7.6
2009 Q4	1,917.4	45.8	54.2	29.4	2.7	2.9	12.6	908.8	40.1	59.9	42.0	1.2	3.7	8.0
2010 Q1	1,987.8	46.6	53.4	29.8	2.6	3.0	11.2	966.8	40.2	59.8	42.5	1.3	3.4	7.5
2010 Q2 ^(p)	2,079.2	46.5	53.5	29.8	2.8	3.1	12.0	1,002.9	39.2	60.8	43.3	1.4	3.5	7.7

4. Holdings of securities other than shares

	Issued by MFIs ³⁾							Issued by non-MFIs						
	All currencies (outstanding amount)	Euro ⁴⁾	Non-euro currencies				All currencies (outstanding amount)	Euro ⁴⁾	Non-euro currencies					
			Total						Total					
			USD	JPY	CHF	GBP			USD	JPY	CHF	GBP		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Issued by euro area residents														
2007	1,740.3	95.2	4.8	2.4	0.3	0.3	1.5	2,210.3	97.7	2.3	1.4	0.2	0.1	0.5
2008	1,977.4	95.3	4.7	2.6	0.4	0.2	1.2	2,652.7	97.3	2.7	1.7	0.3	0.1	0.4
2009 Q3	2,118.3	95.1	4.9	2.9	0.2	0.3	1.3	2,998.1	97.9	2.1	1.4	0.2	0.1	0.4
2009 Q4	2,080.9	94.8	5.2	3.1	0.2	0.3	1.4	2,980.7	98.1	1.9	1.2	0.2	0.1	0.3
2010 Q1	2,093.3	94.6	5.4	3.2	0.2	0.3	1.4	3,034.2	98.1	1.9	1.2	0.2	0.1	0.3
2010 Q2 ^(p)	2,031.3	94.2	5.8	3.5	0.2	0.3	1.5	3,073.2	98.5	1.5	0.8	0.2	0.1	0.4
Issued by non-euro area residents														
2007	582.4	53.9	46.1	27.3	0.7	0.4	14.4	652.3	35.9	64.1	39.3	4.5	0.8	12.6
2008	580.7	54.1	45.9	28.6	0.9	0.5	13.3	646.8	39.0	61.0	37.1	6.4	0.8	11.0
2009 Q3	562.7	56.3	43.7	25.3	0.6	0.5	14.7	618.5	34.8	65.2	39.3	4.2	0.9	15.1
2009 Q4	546.9	55.8	44.2	26.3	0.4	0.5	14.8	601.1	34.9	65.1	38.5	4.2	0.9	15.2
2010 Q1	562.2	55.3	44.7	28.0	0.4	0.5	14.8	612.1	32.9	67.1	39.9	4.2	0.9	14.9
2010 Q2 ^(p)	559.3	53.4	46.6	27.4	0.5	0.9	15.2	641.5	29.1	70.9	43.5	4.6	0.6	15.1

Source: ECB.

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

2.9 Aggregated balance sheet of euro area investment funds ¹⁾

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

1. Assets

	Total	Deposits and loan claims	Securities other than shares	Shares and other equity (excl. investment fund/money market fund shares)	Investment fund/money market fund shares	Non-financial assets	Other assets (incl. financial derivatives)
	1	2	3	4	5	6	7
Outstanding amounts							
2009 Dec.	5,370.6	343.7	2,076.7	1,673.4	709.0	212.6	355.2
2010 Jan.	5,457.3	353.8	2,119.8	1,654.0	727.1	215.5	387.0
Feb.	5,533.7	356.4	2,146.4	1,675.6	741.7	216.7	396.9
Mar.	5,787.7	351.3	2,209.7	1,809.5	767.7	233.3	416.2
Apr.	5,893.1	367.6	2,232.9	1,829.2	786.7	235.7	441.0
May	5,849.0	375.7	2,258.4	1,754.8	776.2	237.3	446.6
June ^(p)	5,811.9	381.8	2,263.0	1,714.2	780.3	237.7	434.8
Transactions							
2009 Q4	87.2	-11.9	58.2	42.7	15.5	5.9	-23.2
2010 Q1	185.6	-2.5	66.0	30.2	29.9	17.5	44.5
Q2 ^(p)	1.6	26.8	3.1	-36.2	8.1	0.7	-0.9

2. Liabilities

	Total	Loans and deposits received	Investment fund shares issued				Other liabilities (incl. financial derivatives)
			Total	Held by euro area residents		Held by non-euro area residents	
				Investment funds			
	1	2	3	4	5	6	7
Outstanding amounts							
2009 Dec.	5,370.6	101.2	4,965.2	4,020.1	539.6	945.1	304.2
2010 Jan.	5,457.3	101.2	5,018.2	4,044.9	545.4	973.3	337.9
Feb.	5,533.7	101.1	5,083.0	4,086.3	555.9	996.7	349.6
Mar.	5,787.7	113.3	5,300.9	4,227.4	585.0	1,073.5	373.6
Apr.	5,893.1	122.5	5,380.8	4,248.5	596.2	1,132.3	389.9
May	5,849.0	121.0	5,316.9	4,184.5	581.0	1,132.4	411.1
June ^(p)	5,811.9	123.8	5,293.1	4,167.2	581.1	1,125.9	395.0
Transactions							
2009 Q4	87.2	4.0	107.7	77.1	15.3	30.6	-24.5
2010 Q1	185.6	5.5	132.6	95.3	23.6	37.1	47.4
Q2 ^(p)	1.6	12.2	22.7	-16.3	-0.1	39.0	-33.3

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

	Total	Funds by investment policy					Funds by type		Memo item: Money market funds	
		Bond funds	Equity funds	Mixed funds	Real estate funds	Hedge funds	Other funds	Open-end funds		Closed-end funds
	1	2	3	4	5	6	7	8	9	10
Outstanding amounts										
2009 Nov.	4,808.0	1,561.5	1,350.4	1,194.1	234.9	78.8	388.3	4,740.5	67.5	1,224.1
Dec.	4,965.2	1,577.6	1,451.1	1,215.6	240.3	84.4	396.1	4,893.8	71.4	1,201.9
2010 Jan.	5,018.2	1,613.6	1,424.9	1,238.2	242.3	93.7	405.5	4,947.0	71.2	1,215.8
Feb.	5,083.0	1,639.0	1,445.6	1,249.4	244.3	95.5	409.2	5,011.2	71.8	1,202.3
Mar.	5,300.9	1,701.1	1,558.7	1,272.9	249.7	97.9	420.5	5,225.4	75.5	1,175.1
Apr.	5,380.8	1,724.7	1,579.3	1,293.0	252.3	101.9	429.6	5,305.4	75.4	1,182.8
May	5,316.9	1,740.8	1,509.6	1,284.7	250.9	106.8	424.1	5,239.6	77.3	1,190.4
June ^(p)	5,293.1	1,749.6	1,485.3	1,282.3	247.7	104.8	423.4	5,215.2	78.0	1,167.1
Transactions										
2009 Dec.	51.1	4.9	18.8	15.4	7.0	2.7	2.2	47.3	3.7	-36.6
2010 Jan.	61.0	19.5	11.0	11.6	7.5	7.4	4.0	60.6	0.4	3.0
Feb.	21.9	13.4	4.1	3.0	1.0	0.3	0.1	21.8	0.1	-16.7
Mar.	49.7	39.6	2.9	-6.0	0.9	3.6	8.8	48.4	1.4	-30.1
Apr.	30.9	14.2	1.5	11.6	2.1	-0.1	1.7	31.4	-0.5	-2.3
May	-8.0	2.6	-15.7	2.0	-1.1	1.7	2.5	-9.7	1.7	-16.5
June ^(p)	-0.2	0.3	-5.3	3.1	1.0	0.3	0.5	-0.7	0.5	-29.6

Source: ECB.

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

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

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

1. Securities other than shares

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations	EU Member States outside the euro area	United States	Japan	
	1	2	3	4	5	6	7	8	9	10	11
Outstanding amounts											
2009 Q3	1,998.6	1,384.6	388.6	669.0	186.0	4.9	136.2	614.0	180.2	234.4	21.8
2009 Q4	2,076.7	1,413.3	387.7	689.1	186.8	5.5	144.3	663.3	198.8	252.0	15.9
2010 Q1	2,209.7	1,463.5	392.4	710.5	199.5	5.9	155.1	746.2	211.5	290.1	15.3
2010 Q2 ^(p)	2,263.0	1,441.1	381.9	709.5	192.5	6.0	151.2	822.0	227.7	325.9	16.6
Transactions											
2009 Q4	58.2	23.9	-2.9	19.0	0.2	0.5	7.1	34.3	15.9	13.3	-6.2
2010 Q1	66.0	24.7	0.3	9.3	8.2	0.0	6.9	41.3	10.8	16.2	-1.6
2010 Q2 ^(p)	3.1	-26.9	-12.7	-5.3	-4.3	0.4	-5.0	30.0	5.8	13.3	-1.4

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

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations	EU Member States outside the euro area	United States	Japan	
	1	2	3	4	5	6	7	8	9	10	11
Outstanding amounts											
2009 Q3	1,544.6	701.4	97.2	-	35.8	24.8	543.4	843.2	127.0	265.1	61.8
2009 Q4	1,673.4	723.3	97.5	-	36.1	23.8	565.7	950.1	138.4	295.4	65.8
2010 Q1	1,809.5	747.5	94.0	-	37.0	28.3	588.0	1,062.0	147.4	328.0	75.3
2010 Q2 ^(p)	1,714.2	670.7	73.5	-	34.4	23.9	538.5	1,043.5	141.2	313.7	76.1
Transactions											
2009 Q4	42.7	3.4	4.6	-	1.0	-0.7	-1.5	39.3	3.2	7.4	3.5
2010 Q1	30.2	8.8	0.2	-	0.3	1.7	6.6	21.3	0.3	1.3	0.9
2010 Q2 ^(p)	-36.2	-26.3	-8.1	-	-1.1	-1.2	-15.8	-10.0	-2.1	-6.2	3.6

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											
2009 Q3	680.4	592.0	78.1	-	514.0	-	-	88.4	14.5	18.9	0.3
2009 Q4	709.0	614.1	74.4	-	539.6	-	-	95.0	15.7	19.0	0.3
2010 Q1	767.7	655.6	70.6	-	585.0	-	-	112.1	18.2	32.8	0.5
2010 Q2 ^(p)	780.3	658.0	76.9	-	581.1	-	-	122.3	19.0	35.5	0.5
Transactions											
2009 Q4	15.5	10.9	-4.4	-	15.3	-	-	4.6	0.9	-0.4	0.1
2010 Q1	29.9	19.0	-4.7	-	23.6	-	-	10.9	1.3	11.7	0.2
2010 Q2 ^(p)	8.1	4.9	5.1	-	-0.1	-	-	3.1	0.9	-0.5	-0.1

Source: ECB.

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

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



EURO AREA ACCOUNTS

3.1 Integrated economic and financial accounts by institutional sector

(EUR billions)

Uses	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
2010 Q1						
External account						
Exports of goods and services						461.8
<i>Trade balance</i> ¹⁾						-4.3
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,049.1	105.7	658.8	52.7	232.0	
Other taxes less subsidies on production	17.6	3.3	7.3	3.2	3.8	
Consumption of fixed capital	353.1	97.5	197.3	11.6	46.7	
<i>Net operating surplus and mixed income</i> ¹⁾	557.5	279.9	237.3	39.7	0.5	
Allocation of primary income account						
Net operating surplus and mixed income						4.9
Compensation of employees						
Taxes less subsidies on production						
Property income	623.5	36.4	234.3	290.8	62.0	86.2
Interest	363.9	34.0	62.6	205.4	62.0	48.2
Other property income	259.6	2.4	171.7	85.4	0.0	38.0
<i>Net national income</i> ¹⁾	1,843.1	1,521.1	78.8	42.3	200.8	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	221.4	197.8	19.0	4.5	0.2	1.5
Social contributions	404.4	404.4				0.7
Social benefits other than social transfers in kind	444.0	1.5	15.9	33.0	393.6	1.1
Other current transfers	199.2	70.6	26.8	46.4	55.4	8.1
Net non-life insurance premiums	44.7	32.3	10.8	0.9	0.7	1.5
Non-life insurance claims	44.8			44.8		0.6
Other	109.7	38.2	16.0	0.7	54.7	6.0
<i>Net disposable income</i> ¹⁾	1,806.5	1,380.3	44.4	51.4	330.4	
Use of income account						
Net disposable income						
Final consumption expenditure	1,774.1	1,295.3			478.7	
Individual consumption expenditure	1,587.8	1,295.3			292.5	
Collective consumption expenditure	186.3				186.3	
Adjustment for the change in the net equity of households in pension fund reserves	14.0	0.1	0.4	13.5	0.0	0.0
<i>Net saving/current external account</i> ¹⁾	32.5	98.9	44.0	38.0	-148.4	38.4
Capital account						
Net saving/current external account						
Gross capital formation	424.0	130.0	237.1	10.1	46.9	
Gross fixed capital formation	407.6	127.8	223.3	10.0	46.6	
Changes in inventories and acquisitions less disposals of valuables	16.4	2.2	13.8	0.1	0.2	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	-0.1	-1.6	1.1	-0.1	0.5	0.1
Capital transfers	40.2	7.9	-0.8	1.0	32.1	4.8
Capital taxes	5.5	5.3	0.2	0.0		0.0
Other capital transfers	34.8	2.6	-1.0	1.0	32.1	4.8
<i>Net lending (+)/net borrowing (-) (from capital account)</i> ¹⁾	-35.9	73.7	19.6	48.6	-177.8	35.9
Statistical discrepancy	0.0	3.5	-3.5	0.0	0.0	0.0

Sources: ECB and Eurostat.

1) For details of the calculation of the balancing items, see the Technical Notes.

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

(EUR billions)

Resources	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
2010 Q1						
External account						
Imports of goods and services						457.5
<i>Trade balance</i>						
Generation of income account						
Gross value added (basic prices)	1,977.3	486.4	1,100.7	107.3	283.0	
Taxes less subsidies on products	225.1					
Gross domestic product (market prices) ²⁾	2,202.4					
Compensation of employees						
Other taxes less subsidies on production						
Consumption of fixed capital						
<i>Net operating surplus and mixed income</i>						
Allocation of primary income account						
Net operating surplus and mixed income	557.5	279.9	237.3	39.7	0.5	
Compensation of employees	1,051.7	1,051.7				2.4
Taxes less subsidies on production	241.7				241.7	1.0
Property income	615.8	225.9	75.7	293.4	20.7	93.9
Interest	348.3	54.0	32.8	254.6	6.9	63.8
Other property income	267.5	172.0	42.9	38.9	13.7	30.1
<i>Net national income</i>						
Secondary distribution of income account						
Net national income	1,843.1	1,521.1	78.8	42.3	200.8	
Current taxes on income, wealth, etc.	222.0				222.0	0.9
Social contributions	404.0	1.2	16.2	47.2	339.4	1.2
Social benefits other than social transfers in kind	442.3	442.3				2.8
Other current transfers	164.2	89.9	11.0	45.8	17.4	43.1
Net non-life insurance premiums	44.8			44.8		1.5
Non-life insurance claims	43.7	34.6	8.1	0.6	0.3	1.6
Other	75.7	55.3	2.9	0.4	17.1	40.0
<i>Net disposable income</i>						
Use of income account						
Net disposable income	1,806.5	1,380.3	44.4	51.4	330.4	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	14.0	14.0				0.0
<i>Net saving/current external account</i>						
Capital account						
Net saving/current external account	32.5	98.9	44.0	38.0	-148.4	38.4
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	353.1	97.5	197.3	11.6	46.7	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	42.7	13.7	15.7	9.9	3.4	2.3
Capital taxes	5.5				5.5	0.0
Other capital transfers	37.2	13.7	15.7	9.9	-2.1	2.3
<i>Net lending (+)/net borrowing (-) (from capital account)</i>						
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	Euro area	Households	Non-financial corporations	MFIs	Other financial inter- mediaries	Insurance corporations and pension funds	General govern- ment	Rest of the world
2010 Q1								
Opening balance sheet, financial assets								
Total financial assets		18,162.0	15,952.6	32,354.5	13,018.5	6,468.6	3,420.4	15,248.2
Monetary gold and special drawing rights (SDRs)				316.9				
Currency and deposits		6,425.4	1,827.9	9,428.6	1,978.6	852.3	652.7	3,634.9
Short-term debt securities		45.0	141.1	611.0	291.7	386.2	35.2	833.9
Long-term debt securities		1,374.6	216.6	6,301.6	2,122.0	2,074.6	350.3	3,226.1
Loans		73.9	2,885.2	12,686.7	3,199.5	421.6	452.0	1,766.0
<i>of which: Long-term</i>		57.0	1,632.6	9,819.9	2,324.3	317.1	366.5	.
Shares and other equity		4,264.5	7,333.3	2,062.8	5,173.6	2,272.3	1,286.0	5,210.7
Quoted shares		737.5	1,261.5	503.5	1,797.9	423.3	283.8	.
Unquoted shares and other equity		2,117.2	5,692.8	1,224.4	2,694.7	481.3	854.9	.
Mutual fund shares		1,409.9	379.0	334.9	681.0	1,367.7	147.4	.
Insurance technical reserves		5,475.8	145.1	1.9	0.0	198.8	3.9	181.3
Other accounts receivable and financial derivatives		502.8	3,403.4	945.0	253.2	262.8	640.2	395.2
<i>Net financial worth</i>								
Financial account, transactions in financial assets								
Total transactions in financial assets		105.0	99.8	155.4	153.6	123.6	-13.2	241.9
Monetary gold and SDRs				-0.2				0.2
Currency and deposits		-3.5	-30.9	3.2	-20.4	-2.9	7.4	89.1
Short-term debt securities		-6.5	9.1	17.0	-4.0	0.6	-9.1	2.3
Long-term debt securities		-9.2	12.5	57.5	69.2	75.9	-4.5	79.8
Loans		-1.7	76.5	26.9	83.7	6.8	-2.5	-15.1
<i>of which: Long-term</i>		-1.7	30.9	27.1	38.4	6.0	-1.1	.
Shares and other equity		27.9	24.8	-11.0	24.1	31.0	9.6	70.3
Quoted shares		11.0	15.8	8.1	16.6	-1.7	0.3	.
Unquoted shares and other equity		13.7	12.6	-15.7	-21.6	2.4	6.1	.
Mutual fund shares		3.1	-3.6	-3.4	29.1	30.3	3.2	.
Insurance technical reserves		87.6	2.1	0.0	0.0	6.7	0.0	4.4
Other accounts receivable and financial derivatives		10.5	5.7	62.1	0.9	5.6	-14.0	10.9
<i>Changes in net financial worth due to transactions</i>								
Other changes account, financial assets								
Total other changes in financial assets		108.3	262.6	179.8	235.7	102.5	14.0	375.9
Monetary gold and SDRs				23.3				
Currency and deposits		3.8	4.3	53.7	29.0	2.2	-0.2	84.3
Short-term debt securities		1.6	4.5	3.2	11.1	0.8	0.6	2.7
Long-term debt securities		-4.0	3.0	30.4	35.4	18.6	4.0	96.3
Loans		0.0	26.3	45.4	2.7	0.1	-0.3	12.1
<i>of which: Long-term</i>		0.0	15.5	15.3	6.4	-0.5	-5.3	.
Shares and other equity		52.0	211.2	23.2	155.6	74.9	8.8	176.2
Quoted shares		29.0	34.3	11.0	88.8	14.7	8.0	.
Unquoted shares and other equity		3.9	160.2	8.9	59.4	6.2	-2.7	.
Mutual fund shares		19.1	16.7	3.4	7.4	54.0	3.5	.
Insurance technical reserves		58.2	0.1	0.0	0.0	3.9	0.0	-1.5
Other accounts receivable and financial derivatives		-3.3	13.1	0.5	2.0	2.0	1.0	5.8
<i>Other changes in net financial worth</i>								
Closing balance sheet, financial assets								
Total financial assets		18,375.2	16,315.0	32,689.7	13,407.8	6,694.7	3,421.2	15,865.8
Monetary gold and SDRs				340.0				
Currency and deposits		6,425.6	1,801.3	9,485.5	1,987.2	851.6	659.9	3,808.3
Short-term debt securities		40.0	154.7	631.2	298.8	387.6	26.7	838.9
Long-term debt securities		1,361.4	232.1	6,389.5	2,226.6	2,169.1	349.8	3,402.1
Loans		72.3	2,988.0	12,759.0	3,285.8	428.5	449.1	1,763.0
<i>of which: Long-term</i>		55.2	1,679.0	9,862.4	2,369.1	322.7	360.2	.
Shares and other equity		4,344.4	7,569.3	2,075.1	5,353.3	2,378.3	1,304.5	5,457.1
Quoted shares		777.5	1,311.6	522.6	1,903.3	436.4	292.1	.
Unquoted shares and other equity		2,134.8	5,865.6	1,217.6	2,732.5	489.9	858.2	.
Mutual fund shares		1,432.1	392.1	334.9	717.4	1,452.0	154.1	.
Insurance technical reserves		5,621.6	147.3	1.9	0.0	209.3	3.9	184.2
Other accounts receivable and financial derivatives		510.0	3,422.3	1,007.5	256.0	270.4	627.2	411.9
<i>Net financial worth</i>								

Source: ECB.

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

(EUR billions)

Liabilities	Euro area	Households	Non-financial corporations	MFIs	Other financial intermediaries	Insurance corporations and pension funds	General government	Rest of the world
2010 Q1								
Opening balance sheet, liabilities								
Total liabilities		6,571.1	24,743.7	31,589.9	12,908.3	6,557.3	8,206.3	13,731.2
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			29.2	22,013.3	23.8	0.0	233.9	2,500.2
Short-term debt securities			303.0	688.0	69.0	9.6	1,007.6	266.9
Long-term debt securities			524.1	4,561.1	2,604.2	40.7	5,166.7	2,768.9
Loans		5,891.5	8,206.0		2,894.0	244.6	1,351.6	2,897.3
<i>of which: Long-term</i>		5,532.1	5,788.7		1,586.4	96.5	1,167.3	.
Shares and other equity			12,242.3	2,917.5	7,121.6	491.6	6.3	4,817.3
Quoted shares			3,398.8	573.4	192.0	171.8	0.0	.
Unquoted shares and other equity		6.7	8,843.6	1,142.8	2,174.2	318.8	6.3	.
Mutual fund shares				1,201.3	4,755.3			.
Insurance technical reserves		34.1	331.5	65.6	0.8	5,574.3	0.5	
Other accounts payable and financial derivatives		638.8	3,107.6	1,344.5	195.0	196.4	439.6	480.6
<i>Net financial worth ¹⁾</i>	-1,200.1	11,590.8	-8,791.1	764.6	110.2	-88.6	-4,785.9	
Financial account, transactions in liabilities								
Total transactions in liabilities		27.8	83.8	143.8	124.3	115.9	164.6	206.0
Monetary gold and SDRs								
Currency and deposits			0.1	40.7	-0.4	0.0	-11.3	12.9
Short-term debt securities			7.9	28.4	0.3	1.2	-15.2	-13.2
Long-term debt securities			27.6	45.9	-18.1	0.1	178.5	47.0
Loans		13.9	21.8		4.7	12.3	18.6	103.2
<i>of which: Long-term</i>		19.6	18.1		-12.0	0.9	3.4	.
Shares and other equity			50.7	-41.3	125.7	0.7	0.0	40.8
Quoted shares			10.3	5.7	0.3	0.0	0.0	.
Unquoted shares and other equity		0.0	40.4	-3.2	-4.6	0.7	0.0	.
Mutual fund shares				-43.9	130.0			.
Insurance technical reserves		0.1	1.0	-1.6	0.0	101.3	0.0	
Other accounts payable and financial derivatives		13.7	-25.5	71.8	12.1	0.3	-6.1	15.2
<i>Changes in net financial worth due to transactions ¹⁾</i>	-35.9	77.2	16.1	11.6	29.3	7.7	-177.8	35.9
Other changes account, liabilities								
Total other changes in liabilities		-0.8	252.9	129.6	319.7	77.3	46.2	430.6
Monetary gold and SDRs								
Currency and deposits			0.0	112.0	0.0	0.0	0.0	65.0
Short-term debt securities			6.3	7.7	1.3	0.1	0.7	8.5
Long-term debt securities			7.7	36.6	31.6	0.8	42.9	64.1
Loans		-9.3	10.4		29.7	-0.2	1.1	54.7
<i>of which: Long-term</i>		-8.2	5.9		11.3	-0.3	1.3	.
Shares and other equity			188.5	21.5	246.5	20.1	-0.1	225.5
Quoted shares			81.3	-27.0	14.5	6.7	0.0	.
Unquoted shares and other equity		0.1	107.2	31.1	38.8	13.4	-0.1	.
Mutual fund shares				17.4	193.2			.
Insurance technical reserves		0.0	0.0	0.0	0.0	60.8	0.0	
Other accounts payable and financial derivatives		8.5	40.0	-48.3	10.6	-4.2	1.6	12.9
<i>Other changes in net financial worth ¹⁾</i>	78.0	109.1	9.7	50.3	-84.0	25.2	-32.2	-54.7
Closing balance sheet, liabilities								
Total liabilities		6,598.1	25,080.4	31,863.2	13,352.3	6,750.5	8,417.1	14,367.8
Monetary gold and SDRs								
Currency and deposits			29.4	22,166.0	23.4	0.0	222.7	2,578.1
Short-term debt securities			317.3	724.1	70.6	10.8	993.1	262.2
Long-term debt securities			559.5	4,643.6	2,617.8	41.6	5,388.2	2,880.0
Loans		5,896.1	8,238.2		2,928.3	256.7	1,371.3	3,055.2
<i>of which: Long-term</i>		5,543.6	5,812.7		1,585.7	97.1	1,171.9	.
Shares and other equity			12,481.5	2,897.6	7,493.8	512.5	6.2	5,083.5
Quoted shares			3,490.3	552.0	206.8	178.5	0.0	.
Unquoted shares and other equity		6.8	8,991.2	1,170.7	2,208.4	332.9	6.2	.
Mutual fund shares				1,174.8	5,078.6			.
Insurance technical reserves		34.2	332.5	64.0	0.8	5,736.4	0.6	
Other accounts payable and financial derivatives		661.0	3,122.1	1,368.0	217.7	192.5	435.2	508.8
<i>Net financial worth ¹⁾</i>	-1,158.0	11,777.2	-8,765.4	826.5	55.5	-55.7	-4,995.9	

Source: ECB.

3.2 Euro area non-financial accounts

(EUR billions; four-quarter cumulated flows)

Uses	2006	2007	2008	2008 Q2- 2009 Q1	2008 Q3- 2009 Q2	2008 Q4- 2009 Q3	2009 Q1- 2009 Q4	2009 Q2- 2010 Q1
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,070.7	4,256.3	4,433.0	4,438.0	4,434.4	4,424.7	4,415.8	4,417.3
Other taxes less subsidies on production	128.5	136.2	133.1	129.7	122.7	117.2	110.8	106.6
Consumption of fixed capital	1,251.9	1,318.9	1,382.2	1,391.8	1,397.7	1,401.7	1,405.1	1,408.3
<i>Net operating surplus and mixed income</i> ¹⁾	2,186.0	2,334.9	2,344.8	2,279.0	2,198.7	2,154.5	2,138.7	2,159.0
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	3,021.4	3,591.9	3,878.9	3,747.2	3,486.1	3,208.9	2,964.6	2,850.3
Interest	1,649.2	2,067.4	2,322.6	2,222.8	2,057.9	1,839.3	1,641.7	1,538.8
Other property income	1,372.1	1,524.5	1,556.3	1,524.4	1,428.2	1,369.6	1,322.9	1,311.5
<i>Net national income</i> ¹⁾	7,327.2	7,715.1	7,795.9	7,707.9	7,612.4	7,547.8	7,530.5	7,554.7
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	1,028.3	1,112.1	1,123.4	1,106.0	1,068.4	1,038.0	1,012.5	1,010.7
Social contributions	1,540.7	1,594.6	1,660.7	1,667.8	1,667.2	1,668.7	1,669.6	1,672.4
Social benefits other than social transfers in kind	1,554.0	1,600.1	1,667.4	1,691.8	1,723.5	1,754.7	1,783.9	1,803.9
Other current transfers	722.9	752.9	786.0	782.4	777.8	772.2	772.1	776.8
Net non-life insurance premiums	179.9	184.3	187.8	185.6	183.2	179.9	176.9	177.6
Non-life insurance claims	180.2	184.1	188.8	186.6	183.9	180.4	177.1	177.7
Other	362.8	384.5	409.4	410.2	410.7	412.0	418.2	421.6
<i>Net disposable income</i> ¹⁾	7,234.7	7,619.8	7,690.4	7,603.0	7,506.7	7,440.6	7,422.1	7,441.1
Use of income account								
Net disposable income								
Final consumption expenditure	6,635.2	6,898.5	7,162.4	7,168.0	7,159.8	7,151.4	7,167.2	7,196.1
Individual consumption expenditure	5,948.2	6,186.0	6,411.0	6,403.2	6,385.8	6,368.0	6,376.3	6,405.0
Collective consumption expenditure	687.0	712.5	751.4	764.8	774.0	783.4	791.0	791.1
Adjustment for the change in the net equity of households in pension fund reserves	63.4	60.4	65.1	64.9	63.2	61.2	59.9	59.2
<i>Net saving</i> ¹⁾	599.7	721.4	528.0	435.0	346.8	289.2	254.9	245.1
Capital account								
Net saving								
Gross capital formation	1,878.5	2,021.7	2,057.1	1,989.0	1,890.5	1,809.5	1,734.7	1,715.6
Gross fixed capital formation	1,855.7	1,991.3	2,022.5	1,969.7	1,898.2	1,836.7	1,791.5	1,767.1
Changes in inventories and acquisitions less disposals of valuables	22.9	30.4	34.6	19.3	-7.7	-27.2	-56.8	-51.4
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	-0.4	-1.2	0.7	1.1	0.7	0.3	1.4	1.2
Capital transfers	169.6	151.9	160.5	159.4	171.1	174.2	182.3	187.3
Capital taxes	22.5	24.3	23.8	23.6	28.6	29.0	33.9	34.3
Other capital transfers	147.1	127.7	136.7	135.8	142.5	145.2	148.4	153.0
<i>Net lending (+)/net borrowing (-) (from capital account)</i> ¹⁾	-11.9	34.3	-137.3	-155.4	-138.5	-110.3	-67.3	-53.8

Sources: ECB and Eurostat.

1) For details of the calculation of the balancing items, see the Technical Notes.

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

(EUR billions; four-quarter cumulated flows)

Resources	2006	2007	2008	2008 Q2- 2009 Q1	2008 Q3- 2009 Q2	2008 Q4- 2009 Q3	2009 Q1- 2009 Q4	2009 Q2- 2010 Q1
Generation of income account								
Gross value added (basic prices)	7,637.1	8,046.3	8,293.1	8,238.5	8,153.4	8,098.1	8,070.3	8,091.2
Taxes less subsidies on products	914.8	960.0	946.0	929.5	912.5	901.3	894.5	894.4
Gross domestic product (market prices) ²⁾	8,551.9	9,006.3	9,239.2	9,168.1	9,065.9	8,999.4	8,964.8	8,985.6
Compensation of employees								
Other taxes less subsidies on production								
Consumption of fixed capital								
<i>Net operating surplus and mixed income</i>								
Allocation of primary income account								
Net operating surplus and mixed income	2,186.0	2,334.9	2,344.8	2,279.0	2,198.7	2,154.5	2,138.7	2,159.0
Compensation of employees	4,078.2	4,264.3	4,441.4	4,446.2	4,442.6	4,432.7	4,423.2	4,424.7
Taxes less subsidies on production	1,055.4	1,104.0	1,085.6	1,065.5	1,042.8	1,027.9	1,022.2	1,018.4
Property income	3,029.0	3,603.9	3,803.0	3,664.4	3,414.4	3,141.6	2,911.1	2,802.8
Interest	1,619.5	2,027.8	2,259.8	2,157.1	1,990.4	1,768.2	1,571.3	1,472.0
Other property income	1,409.6	1,576.1	1,543.2	1,507.3	1,424.0	1,373.4	1,339.8	1,330.8
<i>Net national income</i>								
Secondary distribution of income account								
Net national income	7,327.2	7,715.1	7,795.9	7,707.9	7,612.4	7,547.8	7,530.5	7,554.7
Current taxes on income, wealth, etc.	1,033.0	1,119.5	1,131.6	1,114.0	1,074.8	1,043.7	1,018.4	1,016.2
Social contributions	1,539.9	1,593.8	1,660.1	1,666.9	1,666.1	1,667.7	1,668.8	1,671.7
Social benefits other than social transfers in kind	1,545.9	1,591.1	1,659.4	1,684.0	1,715.9	1,747.3	1,776.6	1,796.7
Other current transfers	634.5	660.0	681.0	678.2	674.2	667.7	665.9	665.7
Net non-life insurance premiums	180.2	184.1	188.8	186.6	183.9	180.4	177.1	177.7
Non-life insurance claims	177.1	181.4	185.2	182.9	180.4	176.9	173.8	174.2
Other	277.2	294.4	307.0	308.7	310.0	310.5	315.0	313.8
<i>Net disposable income</i>								
Use of income account								
Net disposable income	7,234.7	7,619.8	7,690.4	7,603.0	7,506.7	7,440.6	7,422.1	7,441.1
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	63.6	60.6	65.1	64.9	63.2	61.2	59.9	59.2
<i>Net saving</i>								
Capital account								
Net saving	599.7	721.4	528.0	435.0	346.8	289.2	254.9	245.1
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,251.9	1,318.9	1,382.2	1,391.8	1,397.7	1,401.7	1,405.1	1,408.3
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	184.2	166.4	170.8	167.2	179.2	182.8	191.1	197.0
Capital taxes	22.5	24.3	23.8	23.6	28.6	29.0	33.9	34.3
Other capital transfers	161.7	142.2	146.9	143.6	150.7	153.8	157.2	162.7
<i>Net lending (+)/net borrowing (-) (from capital account)</i>								

Sources: ECB and Eurostat.

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

3.3 Households

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

	2006	2007	2008	2008 Q2- 2009 Q1	2008 Q3- 2009 Q2	2008 Q4- 2009 Q3	2009 Q1- 2009 Q4	2009 Q2- 2010 Q1
Income, saving and changes in net worth								
Compensation of employees (+)	4,078.2	4,264.3	4,441.4	4,446.2	4,442.6	4,432.7	4,423.2	4,424.7
Gross operating surplus and mixed income (+)	1,416.1	1,497.5	1,547.5	1,538.5	1,523.2	1,509.9	1,502.8	1,504.3
Interest receivable (+)	263.6	308.8	343.4	328.9	305.0	273.5	246.2	231.4
Interest payable (-)	165.7	213.3	238.6	223.5	200.1	172.9	149.7	141.3
Other property income receivable (+)	748.4	793.4	799.3	790.0	763.0	743.3	733.7	725.3
Other property income payable (-)	9.8	10.0	10.1	10.2	10.3	10.3	10.2	10.2
Current taxes on income and wealth (-)	794.4	851.7	892.6	890.0	877.5	870.5	859.3	855.6
Net social contributions (-)	1,536.6	1,590.4	1,656.3	1,663.3	1,662.6	1,664.0	1,664.8	1,667.6
Net social benefits (+)	1,540.4	1,585.4	1,653.5	1,678.1	1,710.0	1,741.4	1,770.7	1,790.7
Net current transfers receivable (+)	66.9	69.5	70.5	72.3	75.3	79.2	82.2	81.8
= Gross disposable income	5,607.1	5,853.6	6,058.0	6,066.9	6,068.5	6,062.2	6,074.8	6,083.5
Final consumption expenditure (-)	4,900.9	5,094.5	5,268.8	5,247.7	5,220.2	5,190.0	5,189.3	5,209.5
Changes in net worth in pension funds (+)	63.2	60.1	64.8	64.5	62.9	60.9	59.6	58.9
= Gross saving	769.4	819.3	854.0	883.7	911.2	933.1	945.1	932.8
Consumption of fixed capital (-)	345.9	367.3	385.4	387.4	388.5	389.1	389.1	389.3
Net capital transfers receivable (+)	19.0	11.6	13.1	12.8	13.8	15.2	10.0	7.8
Other changes in net worth ¹⁾ (+)	524.2	70.9	-1,534.2	-1,207.3	-651.4	21.9	486.0	870.3
= Changes in net worth ¹⁾	966.7	534.4	-1,052.5	-698.2	-114.9	581.1	1,052.0	1,421.7
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	606.2	641.6	639.3	619.9	594.3	571.2	553.4	542.9
Consumption of fixed capital (-)	345.9	367.3	385.4	387.4	388.5	389.1	389.1	389.3
Main items of financial investment (+)								
Short-term assets	327.0	440.4	437.1	365.8	263.9	153.4	-23.2	-97.5
Currency and deposits	284.1	349.8	436.7	397.4	335.2	256.8	121.3	64.6
Money market fund shares	7.3	58.0	-17.3	-12.2	-28.5	-30.1	-61.8	-89.0
Debt securities ²⁾	35.5	32.7	17.8	-19.3	-42.8	-73.3	-82.7	-73.1
Long-term assets	306.5	142.4	39.6	80.0	189.8	343.3	496.3	574.8
Deposits	1.0	-31.5	-35.1	-13.3	15.5	56.9	95.3	121.3
Debt securities	33.9	52.0	41.3	22.9	13.7	8.9	-9.5	-23.7
Shares and other equity	-26.8	-100.5	-94.6	-65.0	-3.7	86.7	167.2	202.6
Quoted and unquoted shares and other equity	-3.8	-2.7	30.2	35.8	51.5	88.6	77.9	91.3
Mutual fund shares	-23.0	-97.8	-124.8	-100.8	-55.1	-1.8	89.3	111.3
Life insurance and pension fund reserves	298.4	222.5	128.0	135.4	164.2	190.7	243.2	274.7
Main items of financing (-)								
Loans	401.5	357.9	210.0	153.7	126.1	96.6	96.1	119.7
<i>of which: From euro area MFIs</i>	355.3	283.7	82.7	20.4	10.6	-15.8	63.1	74.0
Other changes in financial assets (+)								
Shares and other equity	463.8	44.9	-1,267.7	-970.0	-574.8	-106.1	271.1	532.0
Life insurance and pension fund reserves	46.5	24.9	-250.8	-199.9	-97.5	59.4	155.6	254.6
Remaining net flows (+)	-35.9	-34.5	-54.8	-52.9	23.9	45.6	84.1	123.9
= Changes in net worth ¹⁾	966.7	534.4	-1,052.5	-698.2	-114.9	581.1	1,052.0	1,421.7
Financial balance sheet								
Financial assets (+)								
Short-term assets	4,838.2	5,308.8	5,825.1	5,886.6	5,891.5	5,828.6	5,798.1	5,757.4
Currency and deposits	4,454.2	4,843.0	5,312.3	5,373.9	5,429.7	5,397.7	5,465.7	5,438.6
Money market fund shares	290.9	347.3	371.5	389.6	354.3	348.6	276.3	268.3
Debt securities ²⁾	93.1	118.4	141.3	123.1	107.5	82.3	56.1	50.5
Long-term assets	11,849.5	12,025.6	10,460.7	10,212.4	10,651.8	11,207.5	11,447.1	11,690.4
Deposits	1,015.5	953.5	886.1	863.7	882.6	914.4	959.6	987.0
Debt securities	1,247.2	1,291.9	1,321.1	1,292.4	1,313.4	1,372.3	1,363.5	1,350.9
Shares and other equity	4,974.4	4,920.4	3,516.6	3,309.2	3,572.7	3,874.5	3,988.2	4,076.1
Quoted and unquoted shares and other equity	3,581.2	3,607.4	2,588.1	2,417.3	2,595.4	2,830.1	2,854.7	2,912.3
Mutual fund shares	1,393.2	1,313.0	928.5	892.0	977.3	1,044.4	1,133.5	1,163.8
Life insurance and pension fund reserves	4,612.4	4,859.8	4,737.0	4,747.1	4,883.0	5,046.3	5,135.8	5,276.4
Remaining net assets (+)	243.0	228.5	234.1	223.0	248.2	237.6	237.1	225.4
Liabilities (-)								
Loans	5,247.7	5,597.0	5,802.8	5,795.7	5,831.6	5,851.9	5,891.5	5,896.1
<i>of which: From euro area MFIs</i>	4,553.1	4,825.5	4,901.1	4,879.0	4,899.3	4,916.2	4,955.4	4,941.8
= Net financial wealth	11,683.0	11,965.8	10,717.1	10,526.4	10,959.9	11,421.8	11,590.8	11,777.2

Sources: ECB and Eurostat.

1) Excluding changes in net worth which are due to other changes in non-financial assets, such as revaluations of residential property.

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

3.4 Non-financial corporations

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

	2006	2007	2008	2008 Q2- 2009 Q1	2008 Q3- 2009 Q2	2008 Q4- 2009 Q3	2009 Q1- 2009 Q4	2009 Q2- 2010 Q1
Income and saving								
Gross value added (basic prices) (+)	4,372.9	4,629.1	4,758.7	4,696.9	4,610.7	4,550.1	4,514.8	4,524.0
Compensation of employees (-)	2,585.2	2,713.5	2,832.4	2,827.6	2,816.2	2,798.4	2,782.2	2,779.0
Other taxes less subsidies on production (-)	75.0	79.6	77.2	74.8	69.2	64.0	59.8	55.0
= Gross operating surplus (+)	1,712.7	1,836.1	1,849.1	1,794.5	1,725.3	1,687.7	1,672.8	1,690.1
Consumption of fixed capital (-)	702.2	738.0	773.3	779.1	782.4	784.8	787.4	789.0
= Net operating surplus (+)	1,010.5	1,098.0	1,075.8	1,015.4	942.9	902.9	885.4	901.1
Property income receivable (+)	507.4	587.1	590.3	565.3	529.5	503.0	478.3	469.2
Interest receivable	170.3	201.6	219.2	206.9	189.9	169.3	151.6	141.7
Other property income receivable	337.1	385.6	371.1	358.4	339.6	333.7	326.7	327.4
Interest and rents payable (-)	285.3	348.7	403.5	388.0	360.5	324.2	292.2	275.7
= Net entrepreneurial income (+)	1,232.6	1,336.4	1,262.6	1,192.7	1,112.0	1,081.6	1,071.5	1,094.6
Distributed income (-)	927.6	990.0	1,022.0	1,006.2	963.5	926.2	900.4	885.6
Taxes on income and wealth payable (-)	189.8	212.0	193.6	181.3	159.0	137.5	125.0	126.0
Social contributions receivable (+)	74.8	63.5	65.8	65.5	65.4	65.3	65.3	65.5
Social benefits payable (-)	60.6	61.8	63.3	63.5	63.7	64.0	64.0	64.0
Other net transfers (-)	65.4	56.4	58.3	57.9	58.3	60.1	61.2	62.1
= Net saving	64.1	79.8	-8.7	-50.7	-67.1	-40.8	-13.7	22.4
Investment, financing and saving								
Net acquisition of non-financial assets (+)	313.4	369.6	356.8	299.4	215.9	154.7	97.3	89.7
Gross fixed capital formation (+)	990.6	1,077.3	1,096.3	1,060.4	1,007.6	968.0	941.1	929.6
Consumption of fixed capital (-)	702.2	738.0	773.3	779.1	782.4	784.8	787.4	789.0
Net acquisition of other non-financial assets (+)	24.9	30.4	33.8	18.1	-9.3	-28.4	-56.4	-51.0
Main items of financial investment (+)								
Short-term assets	168.7	169.8	61.7	2.7	38.2	84.0	110.2	99.1
Currency and deposits	146.2	154.4	15.5	-5.5	10.4	37.5	89.8	97.3
Money market fund shares	10.3	-15.1	27.5	27.2	38.0	45.6	40.4	8.9
Debt securities ¹⁾	12.1	30.5	18.7	-18.9	-10.1	0.9	-20.0	-7.2
Long-term assets	510.5	758.8	659.0	661.7	528.6	343.4	130.9	142.7
Deposits	29.4	-12.3	27.9	40.3	47.5	28.7	17.1	5.0
Debt securities	13.9	-21.5	-71.1	4.7	21.3	0.3	12.1	13.9
Shares and other equity	263.2	451.4	347.6	358.5	331.6	253.1	98.0	65.3
Other (mainly intercompany loans)	204.0	341.2	354.6	258.2	128.1	61.3	3.6	58.5
Remaining net assets (+)	103.7	127.6	29.1	-114.9	-91.8	-45.5	-46.2	22.5
Main items of financing (-)								
Debt	740.1	864.4	730.8	533.8	360.3	187.6	4.5	48.1
of which: Loans from euro area MFIs	457.9	543.7	392.7	251.6	97.6	-35.5	-152.9	-114.5
of which: Debt securities	39.6	36.8	59.4	65.4	78.3	88.7	78.5	97.8
Shares and other equity	219.5	413.1	306.5	284.0	315.6	305.8	217.2	200.8
Quoted shares	38.2	70.3	2.6	13.3	47.1	57.8	59.6	60.4
Unquoted shares and other equity	181.3	342.8	303.8	270.8	268.5	247.9	157.6	140.3
Net capital transfers receivable (-)	72.0	69.4	75.6	78.1	77.2	78.8	81.0	80.5
= Net saving	64.1	79.8	-8.7	-50.7	-67.1	-40.8	-13.7	22.4
Financial balance sheet								
Financial assets								
Short-term assets	1,703.7	1,855.3	1,915.5	1,902.6	1,935.4	1,980.7	2,024.8	2,000.6
Currency and deposits	1,367.2	1,507.6	1,539.2	1,511.8	1,552.6	1,581.1	1,635.5	1,605.2
Money market fund shares	208.7	188.8	212.8	236.8	242.7	247.9	232.8	226.0
Debt securities ¹⁾	127.8	158.9	163.5	154.0	140.0	151.7	156.5	169.4
Long-term assets	10,148.6	11,087.9	9,396.9	9,112.5	9,481.5	10,102.9	10,379.2	10,744.8
Deposits	149.7	169.4	193.4	199.1	192.8	192.5	192.4	196.1
Debt securities	281.2	257.7	190.5	192.1	167.8	159.7	201.2	217.4
Shares and other equity	7,507.5	8,135.1	6,127.4	5,813.9	6,242.9	6,879.6	7,100.5	7,343.3
Other (mainly intercompany loans)	2,210.1	2,525.8	2,885.6	2,907.4	2,878.0	2,871.1	2,885.2	2,988.0
Remaining net assets	353.7	390.8	444.8	434.1	457.0	442.5	470.2	476.8
Liabilities								
Debt	7,883.6	8,645.8	9,375.7	9,393.0	9,409.8	9,387.7	9,364.6	9,447.4
of which: Loans from euro area MFIs	3,983.0	4,508.3	4,896.7	4,859.6	4,826.3	4,759.7	4,700.9	4,699.3
of which: Debt securities	685.6	685.8	744.4	749.6	780.8	823.2	827.1	876.8
Shares and other equity	13,187.9	14,378.1	10,768.6	10,107.9	10,830.6	11,934.2	12,242.3	12,481.5
Quoted shares	4,511.4	4,997.0	2,840.4	2,483.7	2,827.5	3,267.0	3,398.8	3,490.3
Unquoted shares and other equity	8,676.6	9,381.1	7,928.2	7,624.2	8,003.1	8,667.2	8,843.6	8,991.2

Sources: ECB and Eurostat.

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

3.5 Insurance corporations and pension funds

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

	2006	2007	2008	2008 Q2- 2009 Q1	2008 Q3- 2009 Q2	2008 Q4- 2009 Q3	2009 Q1- 2009 Q4	2009 Q2- 2010 Q1
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	68.2	76.4	116.8	66.8	51.3	40.4	16.8	0.3
Currency and deposits	10.6	6.4	57.0	18.6	11.8	-0.7	-33.1	-20.8
Money market fund shares	7.2	6.8	19.2	16.8	10.9	6.1	7.7	-9.4
Debt securities ¹⁾	50.4	63.1	40.7	31.5	28.6	35.0	42.2	30.5
Long-term assets	290.1	162.8	66.6	69.4	92.7	126.0	206.2	276.4
Deposits	67.4	49.8	0.8	13.5	13.0	19.9	16.2	-0.3
Debt securities	112.3	45.9	17.3	44.8	-0.2	10.9	70.2	95.3
Loans	-1.2	-15.2	22.4	1.1	11.1	8.7	6.0	9.5
Quoted shares	-2.7	-0.7	-14.3	-19.8	-24.4	-99.9	-86.9	-80.8
Unquoted shares and other equity	30.2	21.5	30.0	23.0	15.4	3.9	-7.1	0.2
Mutual fund shares	84.1	61.5	10.4	6.7	77.8	182.4	207.9	252.6
Remaining net assets (+)	10.1	-7.8	26.6	14.5	36.3	34.1	34.6	46.4
Main items of financing (-)								
Debt securities	5.8	3.0	11.7	13.9	9.9	10.1	1.0	-0.1
Loans	44.3	-5.0	27.2	2.9	14.9	9.5	-24.1	-14.2
Shares and other equity	9.3	1.0	3.3	5.5	4.9	6.2	5.1	3.9
Insurance technical reserves	312.0	247.5	142.6	143.1	171.4	198.3	272.5	319.1
Net equity of households in life insurance and pension fund reserves	304.6	243.2	125.3	133.3	164.7	194.3	259.9	304.4
Prepayments of insurance premiums and reserves for outstanding claims	7.4	4.3	17.2	9.8	6.7	4.0	12.6	14.7
= Changes in net financial worth due to transactions	-2.9	-15.1	25.3	-14.7	-20.9	-23.6	3.1	14.4
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	180.1	18.1	-566.1	-431.0	-265.3	-31.0	208.8	354.4
Other net assets	-41.5	-41.4	43.5	24.5	44.9	78.3	65.3	104.3
Other changes in liabilities (-)								
Shares and other equity	41.4	-32.5	-180.1	-189.0	-123.8	-52.6	15.6	96.7
Insurance technical reserves	51.2	22.2	-243.0	-199.9	-95.1	64.5	159.3	263.0
Net equity of households in life insurance and pension fund reserves	47.7	23.7	-242.8	-193.4	-91.4	65.4	162.0	260.2
Prepayments of insurance premiums and reserves for outstanding claims	3.5	-1.5	-0.2	-6.4	-3.7	-1.0	-2.7	2.8
= Other changes in net financial worth	46.0	-13.1	-99.6	-17.6	-1.6	35.4	99.1	99.0
Financial balance sheet								
Financial assets (+)								
Short-term assets	515.6	586.2	707.7	726.9	723.1	711.1	732.5	729.7
Currency and deposits	156.6	163.1	223.9	212.9	195.6	189.8	194.7	195.7
Money market fund shares	92.1	96.8	113.6	127.1	117.7	115.9	111.6	108.3
Debt securities ¹⁾	266.8	326.3	370.2	386.9	409.8	405.4	426.3	425.6
Long-term assets	5,114.8	5,255.5	4,785.4	4,743.6	4,913.8	5,137.8	5,274.5	5,485.4
Deposits	590.6	640.8	644.1	657.9	660.7	664.3	657.7	655.9
Debt securities	1,852.9	1,854.4	1,897.4	1,932.3	1,913.1	1,986.1	2,034.5	2,131.1
Loans	407.8	394.3	415.6	419.2	422.1	422.0	421.6	428.5
Quoted shares	721.8	716.7	420.4	376.4	438.3	414.4	423.3	436.4
Unquoted shares and other equity	489.7	528.7	452.1	434.1	442.5	473.5	481.3	489.9
Mutual fund shares	1,052.1	1,120.6	955.8	923.7	1,037.1	1,177.5	1,256.1	1,343.6
Remaining net assets (+)	213.8	197.1	245.6	246.8	261.2	267.5	265.2	287.2
Liabilities (-)								
Debt securities	35.9	29.4	46.4	45.6	45.0	48.8	50.3	52.4
Loans	244.0	235.2	269.8	274.6	273.0	263.3	244.6	256.7
Shares and other equity	679.2	647.7	470.9	411.9	438.1	492.2	491.6	512.5
Insurance technical reserves	4,973.3	5,243.0	5,142.5	5,154.3	5,301.4	5,473.3	5,574.3	5,736.4
Net equity of households in life insurance and pension fund reserves	4,263.2	4,530.1	4,412.6	4,423.7	4,567.1	4,735.9	4,834.5	4,988.3
Prepayments of insurance premiums and reserves for outstanding claims	710.1	712.9	729.9	730.5	734.3	737.4	739.8	748.0
= Net financial wealth	-88.3	-116.5	-190.9	-169.2	-159.3	-161.2	-88.6	-55.7

Source: ECB.

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

FINANCIAL MARKETS

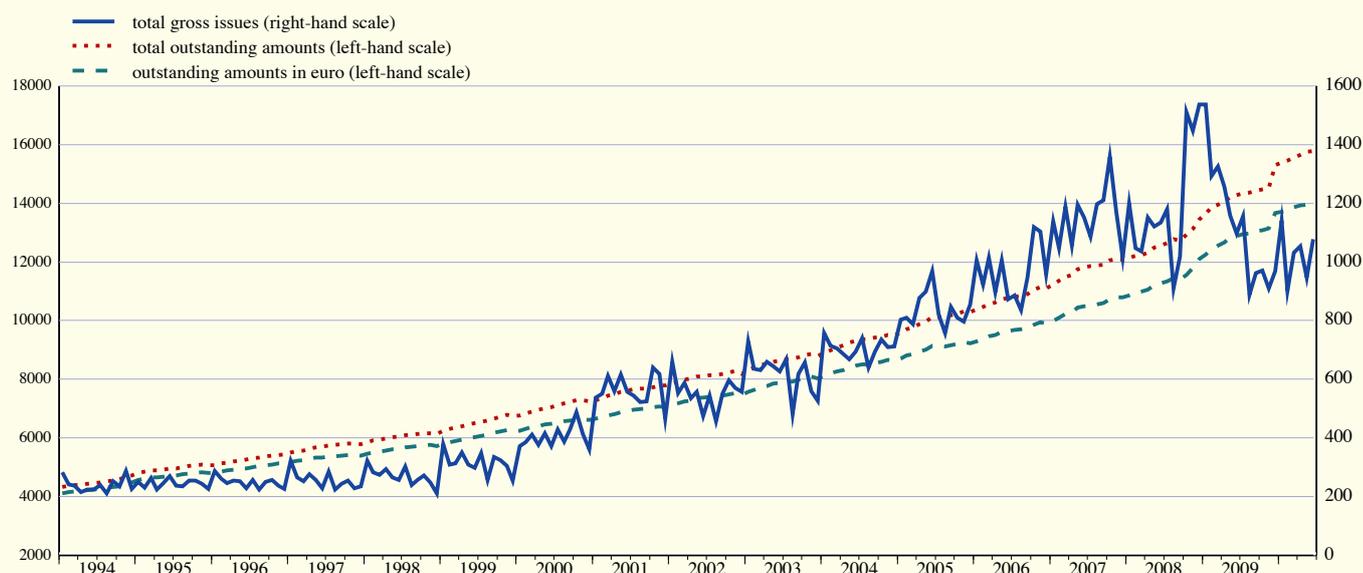
4.1 Securities other than shares by original maturity, residency of the issuer and currency

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

	Total in euro ¹⁾			By euro area residents								
	Outstanding amounts	Gross issues	Net issues	In euro			In all currencies					
				Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Annual growth rates	Seasonally adjusted ²⁾	
1	2	3	4	5	6	7	8	9	10	Net issues 11	6-month growth rates 12	
Total												
2009 June	15,158.3	1,097.9	89.4	12,894.3	1,015.7	59.4	14,277.8	1,097.2	73.8	11.7	92.6	10.3
July	15,189.5	1,131.8	31.7	12,949.6	1,077.1	55.9	14,346.0	1,155.3	70.1	11.5	104.5	10.3
Aug.	15,238.0	881.4	47.4	12,979.2	825.5	28.6	14,364.0	888.5	20.9	10.7	59.3	8.8
Sep.	15,343.5	962.2	106.4	13,057.9	879.0	79.4	14,433.2	962.2	84.7	11.8	151.5	9.0
Oct.	15,345.3	950.0	1.9	13,088.4	900.4	30.6	14,468.6	970.6	38.3	10.8	10.4	7.8
Nov.	15,396.3	886.8	50.3	13,141.6	844.6	52.4	14,527.7	909.7	64.2	9.5	39.3	6.6
Dec.	15,924.1	936.6	-59.9	13,671.2	883.1	-58.1	15,301.7	967.7	-58.2	7.9	13.0	5.2
2010 Jan.	15,969.0	1,091.1	44.5	13,718.7	1,028.4	46.9	15,395.1	1,140.7	68.0	7.3	44.7	4.2
Feb.	16,007.2	860.0	38.4	13,758.5	811.1	40.0	15,443.6	900.3	34.1	6.0	-19.0	3.1
Mar.	16,152.9	1,027.8	144.8	13,862.3	923.6	102.8	15,558.9	1,031.3	109.6	5.6	99.7	2.3
Apr.	16,202.4	1,003.7	51.9	13,919.9	947.8	59.6	15,647.9	1,054.2	81.3	5.4	66.4	3.0
May	16,208.5	867.8	7.7	13,955.4	839.9	37.1	15,756.5	946.1	50.0	4.4	-16.2	2.3
June	16,230.9	1,045.5	20.7	13,967.5	979.3	10.6	15,771.5	1,076.6	-4.3	3.8	11.5	2.4
Long-term												
2009 June	13,548.1	314.6	118.9	11,415.0	276.0	106.7	12,623.1	309.9	129.5	10.6	101.8	11.7
July	13,575.6	270.0	27.7	11,449.1	248.6	34.3	12,667.0	273.5	45.2	10.7	88.1	11.1
Aug.	13,634.8	132.5	58.9	11,493.2	109.9	43.8	12,708.4	122.9	47.7	10.3	97.5	10.3
Sep.	13,707.6	224.6	72.4	11,568.3	198.0	74.7	12,771.4	223.6	76.0	11.3	125.1	10.0
Oct.	13,773.9	245.4	64.3	11,630.6	216.9	60.2	12,834.3	236.3	66.4	11.6	61.1	9.8
Nov.	13,857.6	201.0	81.6	11,710.1	180.2	77.4	12,911.1	195.4	81.8	10.7	47.0	8.6
Dec.	14,368.3	169.6	-33.4	12,230.7	154.1	-23.6	13,655.6	166.1	-32.0	9.0	-35.4	6.0
2010 Jan.	14,410.8	309.7	43.5	12,266.8	278.1	36.9	13,733.5	315.9	55.9	8.6	102.4	6.1
Feb.	14,467.5	212.2	57.1	12,330.1	193.7	63.8	13,807.3	211.7	60.1	7.6	18.1	4.7
Mar.	14,601.5	310.5	133.3	12,439.2	250.3	108.3	13,925.2	281.6	113.6	7.2	119.4	4.5
Apr.	14,654.0	246.8	53.5	12,492.4	223.5	53.8	14,007.2	255.2	73.5	7.2	70.8	4.6
May	14,664.6	154.8	11.1	12,524.8	148.7	32.9	14,115.5	183.7	52.7	6.0	-17.7	3.5
June	14,709.0	270.0	44.3	12,569.1	241.9	44.3	14,168.3	261.7	36.6	5.2	6.9	4.4

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

(EUR billions)



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

- 1) Total euro-denominated securities other than shares issued by euro area residents and non-euro area residents.
- 2) For details of the calculation of the growth rates, see the Technical Notes. The six-month growth rates have been annualised.

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

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

1. Outstanding amounts and gross issues

	Outstanding amounts						Gross issues ¹⁾					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
1	2	3	4	5	6	7	8	9	10	11	12	
Total												
2008	13,451	5,272	2,205	697	4,939	340	1,191	817	83	106	163	24
2009	15,302	5,380	3,245	795	5,508	374	1,127	735	63	86	221	22
2009 Q3	14,433	5,434	2,410	779	5,453	358	1,002	645	48	85	212	12
Q4	15,302	5,380	3,245	795	5,508	374	949	620	53	73	182	20
2010 Q1	15,559	5,473	3,209	833	5,654	389	1,024	642	61	74	227	20
Q2	15,772	5,465	3,257	862	5,770	418	1,026	661	60	81	198	26
2010 Mar.	15,559	5,473	3,209	833	5,654	389	1,031	652	61	81	212	25
Apr.	15,648	5,496	3,225	848	5,684	395	1,054	665	63	85	219	23
May	15,756	5,484	3,259	864	5,746	404	946	600	59	78	191	18
June	15,772	5,465	3,257	862	5,770	418	1,077	718	58	79	185	36
Short-term												
2008	1,627	822	92	122	567	25	975	722	34	98	102	19
2009	1,646	733	97	72	724	21	876	635	19	69	137	15
2009 Q3	1,662	751	57	83	752	19	795	562	15	72	139	8
Q4	1,646	733	97	72	724	21	750	542	19	60	116	13
2010 Q1	1,634	747	87	76	706	17	754	536	27	61	120	10
Q2	1,603	734	94	73	681	21	792	570	31	67	110	16
2010 Mar.	1,634	747	87	76	706	17	750	533	31	66	108	12
Apr.	1,641	754	91	79	698	20	799	562	31	69	121	16
May	1,641	752	97	82	688	21	762	540	34	67	106	17
June	1,603	734	94	73	681	21	815	607	27	64	102	14
Long-term²⁾												
2008	11,824	4,450	2,113	575	4,371	315	217	95	49	8	61	4
2009	13,656	4,648	3,148	723	4,784	353	251	99	44	16	84	7
2009 Q3	12,771	4,683	2,353	696	4,701	340	207	83	33	14	72	4
Q4	13,656	4,648	3,148	723	4,784	353	199	79	35	13	66	6
2010 Q1	13,925	4,727	3,122	757	4,948	372	270	106	33	13	107	10
Q2	14,168	4,731	3,163	789	5,089	397	234	91	29	14	89	10
2010 Mar.	13,925	4,727	3,122	757	4,948	372	282	119	30	14	104	13
Apr.	14,007	4,743	3,134	769	4,986	375	255	103	32	16	98	7
May	14,115	4,732	3,162	782	5,058	382	184	61	25	11	85	2
June	14,168	4,731	3,163	789	5,089	397	262	111	31	15	83	22
<i>of which: Long-term fixed rate</i>												
2008	7,710	2,306	763	437	3,955	250	120	49	9	7	53	3
2009	8,832	2,589	1,044	590	4,338	271	173	60	18	16	74	4
2009 Q3	8,483	2,508	903	561	4,251	260	140	49	14	13	61	3
Q4	8,832	2,589	1,044	590	4,338	271	132	46	10	12	59	5
2010 Q1	9,095	2,660	1,058	617	4,482	278	186	62	10	12	95	7
Q2	9,316	2,668	1,087	650	4,625	285	155	47	11	12	81	5
2010 Mar.	9,095	2,660	1,058	617	4,482	278	192	63	14	13	92	10
Apr.	9,178	2,678	1,067	629	4,524	280	181	62	14	15	87	4
May	9,268	2,672	1,084	640	4,589	282	117	22	6	8	80	1
June	9,316	2,668	1,087	650	4,625	285	168	58	13	13	76	9
<i>of which: Long-term variable rate</i>												
2008	3,601	1,744	1,302	128	363	64	81	36	38	1	5	1
2009	4,385	1,772	2,036	122	374	81	62	28	25	1	6	2
2009 Q3	3,731	1,747	1,409	124	372	79	49	21	18	1	7	1
Q4	4,385	1,772	2,036	122	374	81	58	26	24	1	5	2
2010 Q1	4,375	1,778	1,994	129	382	93	70	38	20	1	7	3
Q2	4,396	1,774	2,001	128	383	110	65	38	16	1	5	6
2010 Mar.	4,375	1,778	1,994	129	382	93	77	49	14	1	8	4
Apr.	4,381	1,774	1,996	129	388	94	60	33	16	1	7	3
May	4,389	1,768	2,003	129	391	99	52	33	15	1	3	1
June	4,396	1,774	2,001	128	383	110	81	46	16	1	4	13

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

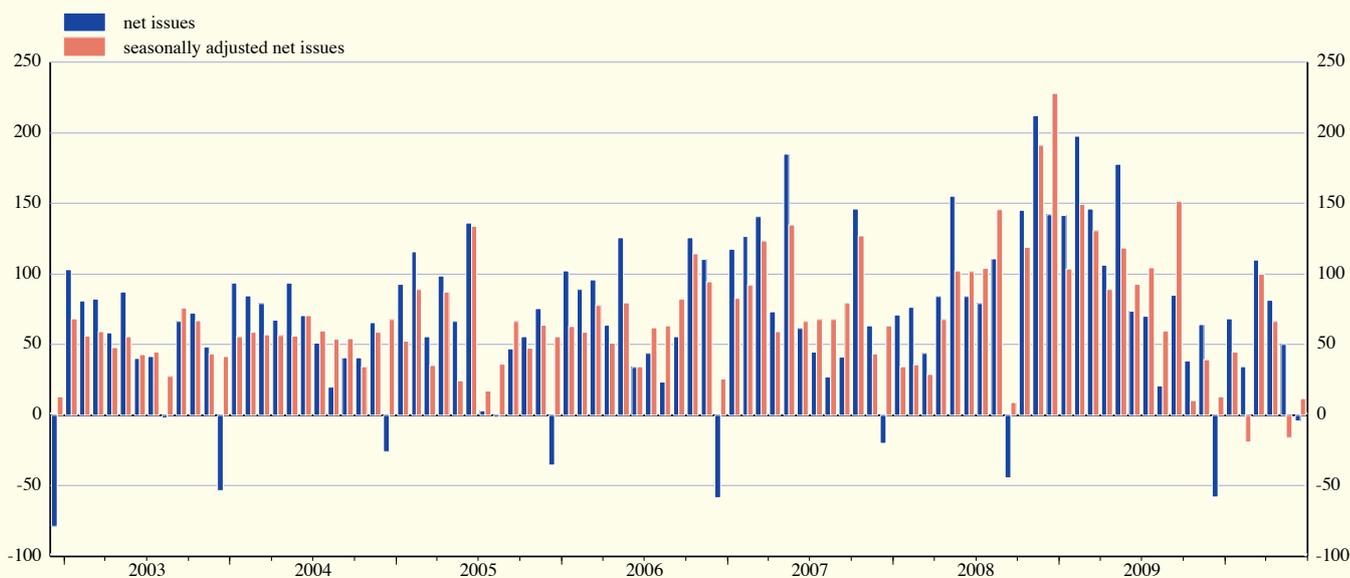
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

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											
2008	96.5	22.9	36.5	4.3	31.7	1.1	97.2	23.1	35.6	4.5	33.1	0.9
2009	88.6	10.5	21.0	8.1	46.2	2.8	88.4	10.2	20.5	7.7	47.1	2.9
2009 Q3	58.5	0.9	9.5	10.5	35.3	2.3	105.1	10.4	30.9	13.3	47.0	3.5
Q4	14.8	-21.4	15.1	4.0	11.9	5.1	20.9	-11.7	-19.7	6.0	43.7	2.5
2010 Q1	70.5	25.8	-15.9	11.2	46.4	3.1	41.8	7.9	1.5	10.8	17.0	4.5
Q2	42.3	-11.2	7.2	6.0	34.8	5.6	20.6	-13.4	7.8	1.3	19.2	5.8
2010 Mar.	109.6	54.7	-7.8	11.4	43.1	8.3	99.7	50.8	2.8	13.1	25.4	7.6
Apr.	81.3	21.0	12.4	13.3	28.7	5.9	66.4	10.3	19.8	9.6	21.5	5.2
May	50.0	-25.3	15.4	9.7	52.9	-2.7	-16.2	-52.4	13.1	0.7	24.1	-1.7
June	-4.3	-29.4	-6.3	-5.1	22.9	13.7	11.5	1.9	-9.5	-6.6	12.0	13.7
	Long-term											
2008	65.9	16.0	33.3	2.7	13.3	0.5	65.2	16.1	32.5	2.8	13.3	0.5
2009	88.5	15.3	23.4	12.2	34.5	3.2	88.2	15.3	22.9	12.3	34.6	3.1
2009 Q3	56.3	12.8	12.9	11.8	17.4	1.4	103.6	23.0	34.7	13.6	29.8	2.5
Q4	38.7	-13.7	13.0	7.8	27.3	4.4	24.3	-4.1	-21.4	8.3	38.1	3.5
2010 Q1	76.5	22.5	-12.8	9.7	52.8	4.3	80.0	13.8	5.1	11.4	45.4	4.3
Q2	54.3	-6.2	5.0	7.0	43.9	4.5	20.0	-17.8	3.9	2.6	26.8	4.4
2010 Mar.	113.6	44.0	-8.2	12.2	58.0	7.5	119.4	38.0	4.3	14.8	55.5	6.8
Apr.	73.5	12.8	8.7	11.0	37.4	3.6	70.8	3.2	17.0	9.1	38.7	2.7
May	52.7	-22.8	9.5	6.0	64.3	-4.4	-17.7	-46.8	3.4	-1.9	31.5	-4.0
June	36.6	-8.6	-3.2	4.0	30.0	14.4	6.9	-9.7	-8.6	0.5	10.0	14.5

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.

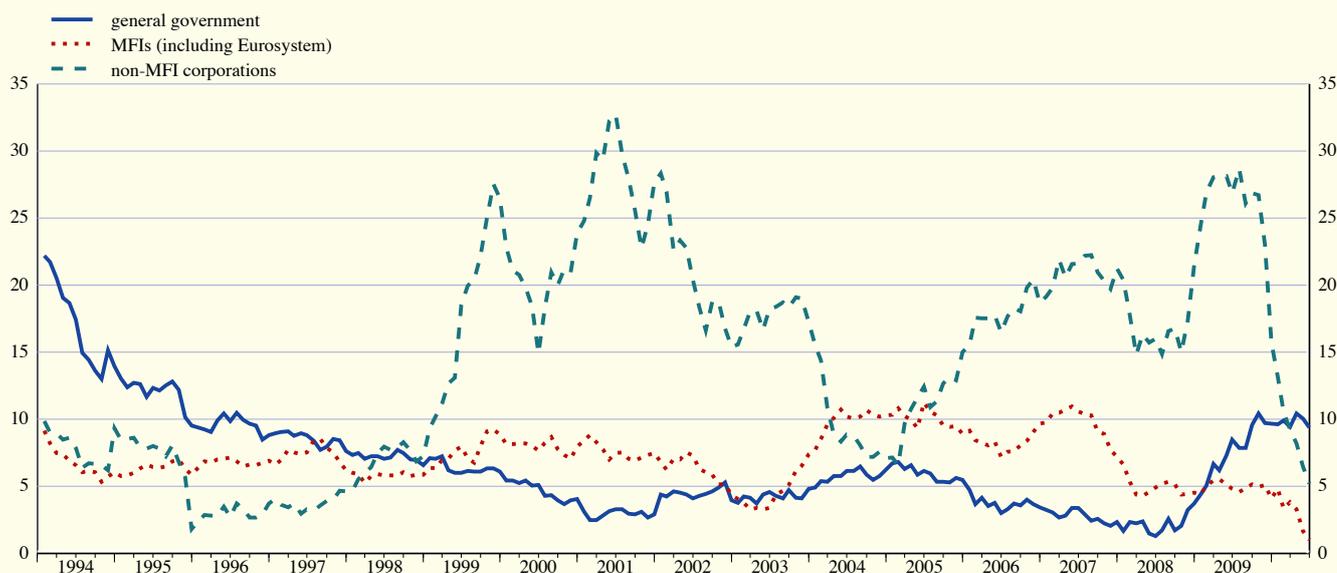
4.3 Growth rates of securities other than shares issued by euro area residents ¹⁾

(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											
2009 June	11.7	4.8	27.9	11.6	13.7	9.7	10.3	4.8	20.5	10.1	12.0	10.1
July	11.5	4.2	28.4	13.1	13.5	9.5	10.3	4.9	20.6	14.3	11.1	10.7
Aug.	10.7	3.5	24.6	12.7	13.4	9.1	8.8	3.2	16.3	13.2	10.7	11.0
Sep.	11.8	4.2	24.9	15.4	14.9	10.7	9.0	3.6	16.2	18.5	10.2	11.5
Oct.	10.8	3.0	24.3	16.3	13.5	10.5	7.8	0.2	12.9	18.1	12.1	9.6
Nov.	9.5	2.6	19.5	16.0	12.1	10.7	6.6	-0.5	9.3	17.2	11.3	9.4
Dec.	7.9	2.4	11.2	13.9	11.2	10.0	5.2	-0.1	2.5	16.2	10.6	10.5
2010 Jan.	7.3	2.4	10.2	13.1	10.1	9.4	4.2	0.1	0.6	11.8	9.3	8.0
Feb.	6.0	0.7	6.9	14.7	9.7	11.0	3.1	-1.7	-1.9	15.9	8.7	11.1
Mar.	5.6	1.5	5.2	15.8	8.5	11.8	2.3	-0.4	-4.7	13.3	6.8	12.0
Apr.	5.4	1.4	4.3	15.8	8.4	11.1	3.0	2.7	-3.6	14.0	4.9	12.6
May	4.4	-0.1	3.2	14.9	8.0	10.3	2.3	0.2	-2.5	12.9	4.8	11.4
June	3.8	-0.3	2.1	12.6	7.2	13.6	2.4	-0.6	1.8	9.2	3.9	17.0
	Long-term											
2009 June	10.6	4.8	29.8	19.1	8.5	8.5	11.7	5.7	23.8	30.2	9.8	13.0
July	10.7	4.6	31.3	21.8	7.8	8.1	11.1	6.2	22.0	28.4	8.6	12.4
Aug.	10.3	4.9	27.9	21.4	7.8	8.1	10.3	6.8	17.8	24.1	8.3	13.5
Sep.	11.3	5.1	28.2	23.8	9.6	9.4	10.0	6.5	17.6	27.5	7.5	11.6
Oct.	11.6	4.9	27.2	26.2	10.4	10.6	9.8	4.8	13.4	26.2	11.0	9.2
Nov.	10.7	5.1	21.9	27.5	9.6	11.0	8.6	4.5	9.7	24.4	10.1	7.6
Dec.	9.0	4.1	13.1	25.4	9.5	12.0	6.0	2.5	3.1	21.0	9.0	10.9
2010 Jan.	8.6	4.8	10.7	22.3	9.5	11.6	6.1	3.4	0.3	16.5	10.5	10.7
Feb.	7.6	3.3	7.5	22.3	9.7	12.4	4.7	-0.1	-2.0	20.5	11.2	11.5
Mar.	7.2	3.8	5.9	22.4	9.2	12.8	4.5	1.2	-4.6	17.6	10.9	14.0
Apr.	7.2	3.3	4.9	21.4	10.4	11.0	4.6	1.7	-3.0	16.7	9.8	12.7
May	6.0	1.7	3.5	18.7	10.1	8.9	3.5	-1.1	-2.5	13.2	10.2	10.1
June	5.2	1.0	2.4	16.4	9.1	12.8	4.4	-0.5	1.8	11.9	9.2	14.9

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

(annual percentage changes)



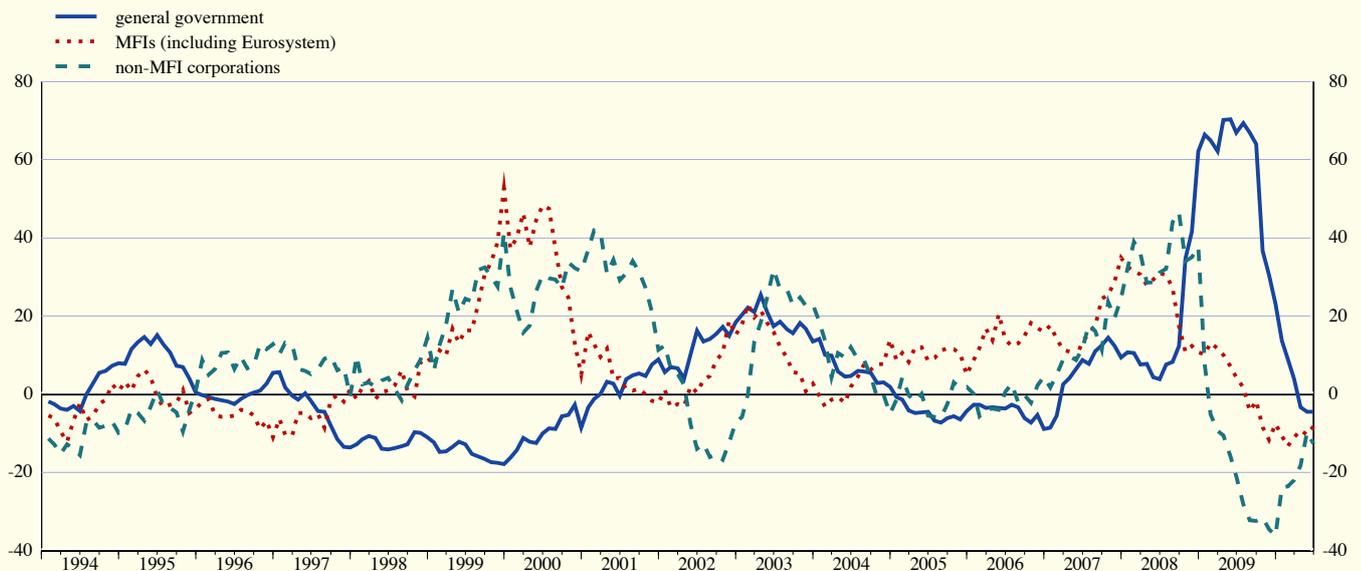
Source: ECB.

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												
2008	3.1	4.9	6.2	4.9	1.5	1.4	12.8	5.4	33.5	7.2	7.6	3.2
2009	9.5	7.1	19.0	24.1	8.1	4.3	12.1	1.9	36.0	-1.9	0.1	20.7
2009 Q3	10.6	7.3	22.1	28.1	9.0	4.0	11.3	1.0	35.2	-3.2	-1.6	25.2
Q4	12.3	9.1	21.9	34.0	10.3	6.8	7.5	-1.6	24.0	-4.1	2.0	26.2
2010 Q1	11.2	9.8	14.2	28.4	9.6	8.3	1.4	-3.8	6.2	-2.3	4.6	26.8
Q2	9.7	7.3	7.7	23.3	10.2	7.5	-0.7	-4.1	1.0	-0.5	5.5	23.3
2010 Jan.	11.5	10.8	16.3	28.2	9.3	7.2	2.4	-3.2	7.5	-3.2	7.3	28.3
Feb.	10.8	9.1	11.7	27.2	10.0	8.5	0.5	-4.3	4.8	-1.5	3.2	27.1
Mar.	10.5	9.3	10.3	26.8	9.4	9.6	-0.1	-3.7	2.6	-0.2	3.5	24.5
Apr.	10.7	8.9	8.5	25.5	10.7	8.0	-0.4	-4.3	1.6	-0.5	7.7	22.1
May	9.3	6.2	7.1	21.5	10.5	5.9	-1.0	-4.3	0.2	-0.4	6.1	20.0
June	8.0	4.4	4.7	19.7	9.5	7.5	-0.9	-3.5	0.1	-1.3	2.0	30.8
In euro												
2008	3.0	4.8	6.7	3.2	1.7	1.3	14.4	6.6	35.2	7.4	7.9	2.0
2009	10.1	9.0	22.5	22.4	8.2	3.7	14.5	3.9	38.5	-2.5	-0.4	21.8
2009 Q3	11.3	9.5	25.6	26.8	9.2	3.4	13.6	2.9	37.9	-3.8	-2.4	27.5
Q4	12.8	11.4	24.2	33.4	10.4	6.3	9.1	-0.1	25.6	-4.9	0.7	26.9
2010 Q1	11.5	10.8	15.5	29.2	9.7	8.0	1.8	-3.3	6.7	-2.6	3.2	26.7
Q2	9.9	7.4	8.4	24.0	10.2	7.2	-0.7	-3.7	0.6	-0.7	4.1	23.2
2010 Jan.	11.7	11.8	18.0	28.8	9.3	6.8	2.9	-2.8	8.1	-3.6	5.9	28.4
Feb.	11.2	10.0	12.7	28.2	10.1	8.2	0.8	-4.1	5.2	-1.7	1.8	27.0
Mar.	10.7	9.9	11.6	27.9	9.4	9.5	0.3	-3.3	3.0	0.1	2.1	24.5
Apr.	10.9	9.1	9.0	26.7	10.7	7.7	-0.2	-3.8	1.4	-0.4	6.3	22.0
May	9.5	6.1	7.7	21.8	10.5	5.4	-1.4	-4.3	-0.6	-0.4	4.7	19.8
June	8.3	4.5	5.5	19.8	9.6	7.2	-1.1	-2.9	-1.0	-2.5	0.7	31.0

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



Source: ECB.

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

4.4 Quoted shares issued by euro area residents ¹⁾

(EUR billions, unless otherwise indicated; market values)

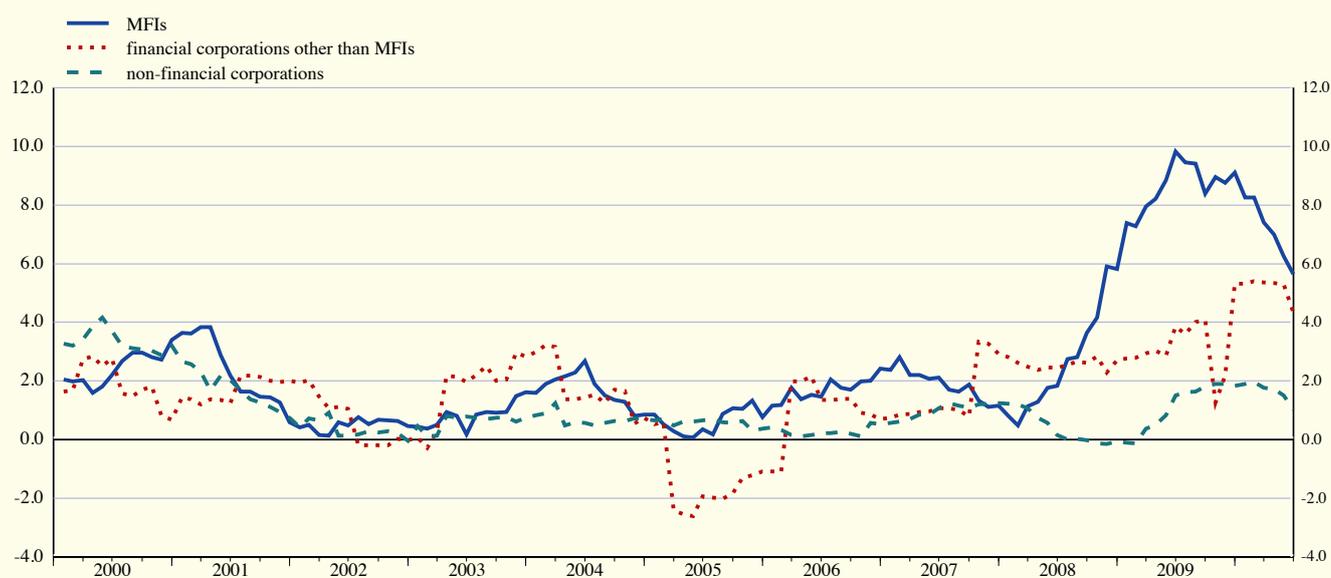
1. Outstanding amounts and annual growth rates

(outstanding amounts as at end of period)

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 2001 = 100	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)
	1	2	3	4	5	6	7	8	9
2008 June	5,100.2	104.5	0.6	666.5	1.8	435.8	2.5	3,997.9	0.2
July	4,991.5	104.7	0.6	692.8	2.7	428.2	2.5	3,870.5	0.0
Aug.	5,017.9	104.6	0.7	666.7	2.8	438.4	2.7	3,912.7	0.0
Sep.	4,448.1	104.7	0.7	613.3	3.6	382.3	2.6	3,452.5	0.0
Oct.	3,760.0	105.0	0.7	452.9	4.2	280.5	2.8	3,026.6	-0.1
Nov.	3,504.9	105.2	0.9	395.6	5.9	265.4	2.3	2,843.9	-0.1
Dec.	3,512.7	105.4	1.0	378.1	5.8	282.5	2.7	2,852.1	-0.1
2009 Jan.	3,315.7	105.6	1.1	343.7	7.4	259.0	2.8	2,712.9	-0.1
Feb.	2,943.5	105.6	1.1	275.9	7.3	206.3	2.8	2,461.3	-0.1
Mar.	3,027.4	106.1	1.5	315.5	7.9	223.9	2.9	2,488.0	0.4
Apr.	3,461.0	106.2	1.6	413.7	8.2	274.6	3.0	2,772.7	0.5
May	3,609.3	106.5	1.9	454.1	8.9	283.3	2.9	2,871.9	0.8
June	3,560.2	107.3	2.7	449.5	9.8	279.4	3.9	2,831.4	1.5
July	3,846.1	107.5	2.7	510.4	9.5	301.1	3.6	3,034.6	1.6
Aug.	4,044.3	107.5	2.7	573.3	9.4	321.7	4.0	3,149.3	1.6
Sep.	4,213.9	107.6	2.8	594.0	8.4	351.6	4.1	3,268.3	1.8
Oct.	4,068.7	107.8	2.7	569.0	9.0	326.2	1.3	3,173.6	1.9
Nov.	4,082.3	108.1	2.7	568.5	8.8	317.9	2.2	3,195.9	1.9
Dec.	4,428.9	108.5	3.0	572.1	9.1	348.8	5.3	3,508.0	1.8
2010 Jan.	4,261.5	108.7	2.9	522.5	8.3	338.7	5.3	3,400.3	1.9
Feb.	4,179.3	108.7	3.0	503.6	8.2	337.2	5.4	3,338.4	2.0
Mar.	4,492.7	109.0	2.8	548.3	7.4	363.3	5.4	3,581.1	1.8
Apr.	4,427.9	109.0	2.7	512.7	7.0	343.8	5.3	3,571.5	1.7
May	4,110.2	109.1	2.4	449.6	6.3	320.9	5.3	3,339.7	1.5
June	4,072.6	109.3	1.9	449.9	5.7	313.8	4.3	3,308.9	1.0

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

(annual percentage changes)



Source: ECB.

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

4.4 Quoted shares issued by euro area residents ¹⁾

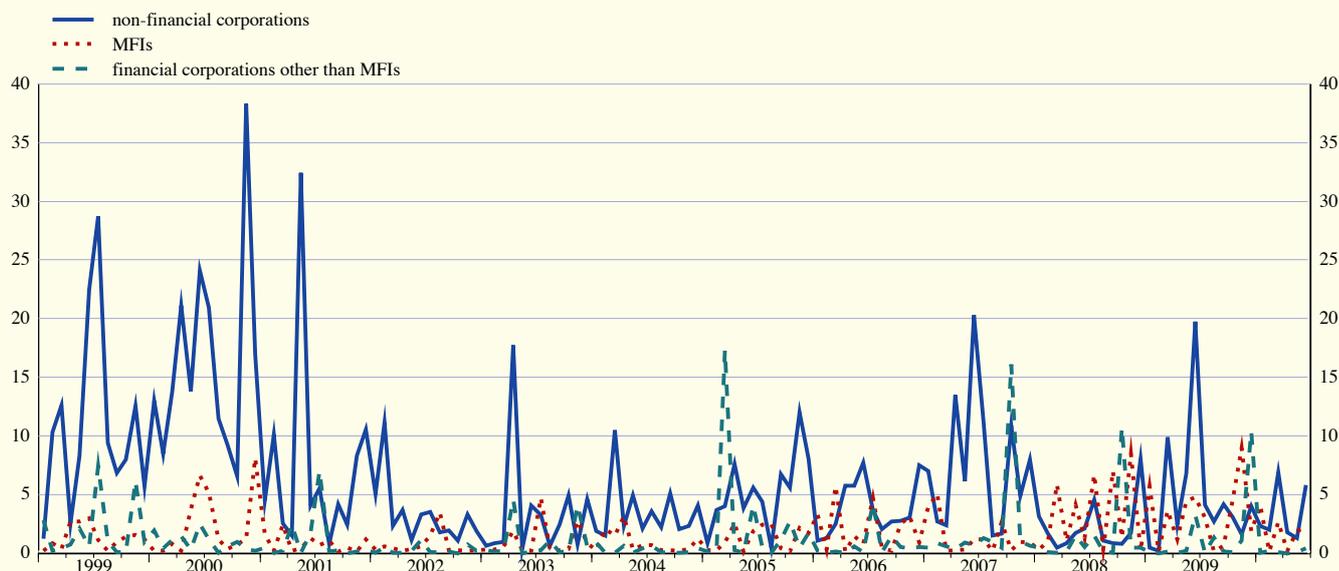
(EUR billions; market values)

2. Transactions during the month

	Total			MFIs			Financial corporations other than MFIs			Non-financial corporations		
	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues
	1	2	3	4	5	6	7	8	9	10	11	12
2008 June	3.9	4.8	-0.9	1.3	0.0	1.3	0.5	0.1	0.4	2.1	4.7	-2.6
July	12.7	3.4	9.4	6.7	0.0	6.7	1.5	0.5	1.0	4.5	2.9	1.6
Aug.	1.6	3.0	-1.4	0.3	0.0	0.3	0.1	0.0	0.1	1.1	3.0	-1.9
Sep.	7.8	2.9	5.0	7.0	0.0	7.0	0.0	0.1	-0.1	0.8	2.8	-2.0
Oct.	12.9	0.6	12.2	1.4	0.0	1.4	10.7	0.0	10.7	0.8	0.6	0.1
Nov.	10.6	2.9	7.7	8.4	0.5	8.0	0.5	2.1	-1.6	1.7	0.3	1.4
Dec.	8.5	2.6	6.0	0.0	0.0	0.0	0.5	0.0	0.4	8.0	2.5	5.5
2009 Jan.	6.3	0.5	5.8	5.7	0.0	5.7	0.1	0.0	0.0	0.5	0.4	0.1
Feb.	0.2	0.9	-0.7	0.0	0.0	0.0	0.0	0.1	-0.1	0.2	0.8	-0.6
Mar.	13.7	0.2	13.4	3.6	0.0	3.6	0.2	0.0	0.1	9.9	0.2	9.7
Apr.	3.7	0.3	3.4	1.2	0.0	1.2	0.1	0.0	0.0	2.4	0.3	2.1
May	11.4	0.3	11.1	4.4	0.0	4.4	0.2	0.0	0.1	6.8	0.3	6.5
June	27.8	2.0	25.8	4.8	0.0	4.8	3.3	0.3	3.0	19.7	1.8	18.0
July	7.2	0.2	7.0	3.0	0.0	3.0	0.0	0.0	0.0	4.1	0.2	4.0
Aug.	4.0	3.3	0.7	0.0	0.0	0.0	1.3	0.0	1.3	2.7	3.3	-0.6
Sep.	5.0	0.3	4.7	0.6	0.0	0.6	0.2	0.0	0.1	4.2	0.2	3.9
Oct.	7.7	0.3	7.4	4.5	0.0	4.5	0.1	0.0	0.1	3.1	0.2	2.8
Nov.	11.6	0.2	11.4	9.0	0.0	9.0	1.0	0.0	1.0	1.6	0.2	1.4
Dec.	16.2	0.2	16.1	1.9	0.0	1.9	10.4	0.1	10.3	4.0	0.1	3.9
2010 Jan.	6.4	0.0	6.4	4.1	0.0	4.1	0.1	0.0	0.1	2.3	0.0	2.3
Feb.	2.2	0.3	1.9	0.0	0.0	0.0	0.2	0.0	0.2	2.0	0.3	1.7
Mar.	9.6	0.2	9.4	2.6	0.0	2.6	0.1	0.0	0.1	6.9	0.2	6.7
Apr.	1.8	0.4	1.5	0.1	0.0	0.0	0.0	0.0	0.0	1.8	0.3	1.5
May	3.2	0.8	2.4	1.9	0.0	1.9	0.1	0.0	0.1	1.3	0.8	0.4
June	8.4	0.4	8.0	2.2	0.0	2.2	0.4	0.0	0.4	5.8	0.4	5.4

C20 Gross issues of quoted shares by sector of the issuer

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



Source: ECB.

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

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

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

1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight ²⁾	With an agreed maturity of:			Redeemable at notice of: ^{2), 3)}		Overnight ²⁾	With an agreed maturity of:			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9	10	11
2009 Aug.	0.50	1.72	2.32	2.64	1.64	3.23	0.54	0.71	2.06	2.93	0.57
Sep.	0.49	1.61	2.27	2.52	1.60	3.12	0.52	0.69	2.10	2.74	0.58
Oct.	0.46	1.68	2.11	2.55	1.55	2.97	0.49	0.66	1.99	2.72	0.56
Nov.	0.46	1.67	2.23	2.56	1.52	2.76	0.48	0.70	2.11	2.92	0.58
Dec.	0.45	1.67	2.31	2.40	1.53	2.45	0.47	0.77	2.00	2.53	0.64
2010 Jan.	0.43	1.74	2.33	2.52	1.47	2.23	0.45	0.72	1.95	2.44	0.53
Feb.	0.42	1.75	2.24	2.36	1.45	2.11	0.44	0.73	2.11	2.39	0.53
Mar.	0.42	1.90	2.38	2.24	1.45	2.05	0.44	0.80	2.73	2.34	0.50
Apr.	0.41	2.02	2.64	2.14	1.42	2.01	0.43	0.78	2.78	2.30	0.58
May	0.40	2.04	2.73	2.24	1.40	1.98	0.43	0.77	2.78	2.26	0.52
June	0.43	2.15	2.10	2.48	1.41	1.96	0.43	0.88	1.79	2.29	0.66
July	0.42	2.31	2.59	2.34	1.40	1.93	0.45	1.05	2.07	2.17	0.74

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

	Revolving loans and overdrafts, convenience and extended credit card debt ²⁾	Consumer credit				Lending for house purchase					Other lending by initial rate fixation		
		By initial rate fixation			Annual percentage rate of charge ⁴⁾	By initial rate fixation				Annual percentage rate of charge ⁴⁾	Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 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				
	1	2	3	4	5	6	7	8	9	10	11	12	13
2009 Aug.	9.26	7.93	6.54	7.96	8.17	3.00	4.10	4.54	4.45	4.06	3.24	4.74	4.82
Sep.	9.26	7.69	6.45	7.91	8.00	2.81	4.05	4.48	4.45	3.92	3.13	4.66	4.74
Oct.	9.16	7.32	6.38	7.94	7.87	2.77	4.02	4.45	4.40	3.85	3.21	4.73	4.72
Nov.	9.07	7.03	6.29	7.87	7.76	2.71	3.97	4.46	4.32	3.78	3.16	4.57	4.66
Dec.	8.99	6.42	6.26	7.56	7.43	2.71	3.96	4.42	4.26	3.81	3.08	4.40	4.35
2010 Jan.	8.94	6.83	6.42	8.04	7.86	2.71	3.94	4.38	4.26	3.79	3.12	4.45	4.46
Feb.	9.01	6.72	6.25	7.98	7.78	2.68	3.83	4.32	4.18	3.74	3.16	4.48	4.74
Mar.	8.82	6.35	6.21	7.94	7.59	2.63	3.72	4.21	4.15	3.66	3.05	4.61	4.55
Apr.	8.77	6.77	6.12	7.92	7.66	2.62	3.70	4.18	4.12	3.67	3.06	4.32	4.53
May	8.77	6.69	6.14	7.84	7.62	2.58	3.65	4.14	4.01	3.58	3.09	4.45	4.50
June	8.77	5.25	6.13	7.73	7.12	2.56	3.59	4.06	3.90	3.55	3.04	4.22	4.27
July	8.74	5.56	6.21	7.77	7.35	2.67	3.60	3.95	3.84	3.63	3.16	4.27	4.27

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

	Revolving loans and overdrafts, convenience and extended credit card debt ²⁾	Other loans of up to EUR 1 million by initial rate fixation			Other loans of over EUR 1 million by initial rate fixation		
		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years	Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
2009 Aug.	4.23	3.42	4.67	4.24	2.30	2.80	3.83
Sep.	4.25	3.36	4.54	4.16	2.06	2.89	3.64
Oct.	4.18	3.33	4.49	4.18	2.14	2.73	3.64
Nov.	4.11	3.34	4.49	4.10	2.22	2.74	3.80
Dec.	4.06	3.28	4.22	3.96	2.19	3.15	3.58
2010 Jan.	4.05	3.25	4.20	3.99	2.02	2.88	3.65
Feb.	4.03	3.25	4.22	4.05	1.94	2.90	3.61
Mar.	3.98	3.24	4.21	4.00	1.99	2.54	3.44
Apr.	3.98	3.19	4.17	3.90	2.00	2.72	3.45
May	3.97	3.25	4.12	3.86	1.96	2.83	3.41
June	3.77	3.25	4.11	3.79	2.18	2.91	3.36
July	3.73	3.33	4.14	3.85	2.25	2.84	3.26

Source: ECB.

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

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

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

4. Interest rates on deposits (outstanding amounts)

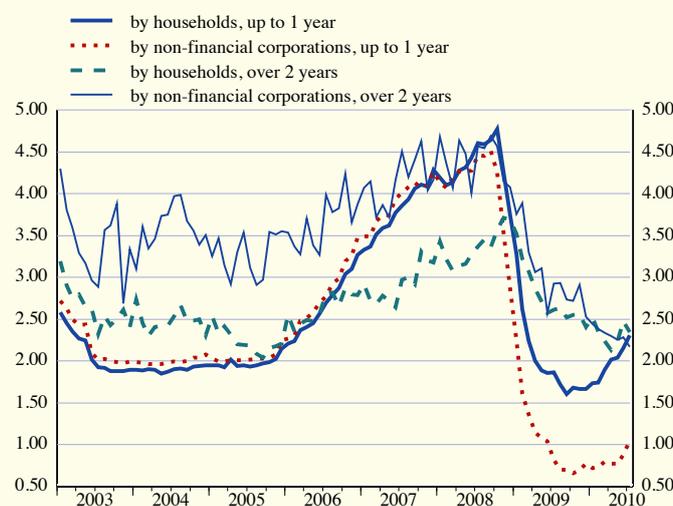
	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight ²⁾	With an agreed maturity of:		Redeemable at notice of: ^{2),3)}		Overnight ²⁾	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2009 Aug.	0.50	2.94	3.01	1.64	3.23	0.54	1.89	3.39	1.53
Sep.	0.49	2.83	3.01	1.60	3.12	0.52	1.80	3.39	1.45
Oct.	0.46	2.64	2.96	1.55	2.97	0.49	1.70	3.34	1.35
Nov.	0.46	2.50	2.95	1.52	2.76	0.48	1.62	3.37	1.28
Dec.	0.45	2.36	2.91	1.53	2.45	0.47	1.56	3.30	1.21
2010 Jan.	0.43	2.20	2.80	1.47	2.23	0.45	1.45	3.23	1.20
Feb.	0.42	2.15	2.84	1.45	2.11	0.44	1.42	3.31	1.20
Mar.	0.42	2.13	2.74	1.45	2.05	0.44	1.38	3.26	1.16
Apr.	0.41	2.13	2.74	1.42	2.01	0.43	1.37	3.24	1.16
May	0.40	2.13	2.71	1.40	1.98	0.43	1.42	3.22	1.14
June	0.43	2.14	2.72	1.41	1.96	0.43	1.46	3.12	1.24
July	0.42	2.16	2.73	1.40	1.93	0.45	1.51	3.15	1.24

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
2009 Aug.	4.23	4.25	4.28	7.82	6.74	5.65	3.65	3.50	3.73
Sep.	4.18	4.26	4.25	7.80	6.71	5.63	3.62	3.43	3.68
Oct.	4.05	4.19	4.18	7.69	6.66	5.54	3.56	3.37	3.60
Nov.	4.01	4.15	4.12	7.56	6.66	5.51	3.53	3.36	3.57
Dec.	4.07	4.11	4.07	7.55	6.57	5.43	3.46	3.35	3.50
2010 Jan.	3.99	4.05	4.00	7.51	6.52	5.38	3.47	3.31	3.45
Feb.	4.04	4.11	4.03	7.49	6.61	5.43	3.45	3.33	3.43
Mar.	3.98	4.04	3.98	7.44	6.52	5.36	3.43	3.26	3.37
Apr.	3.89	4.01	3.92	7.38	6.51	5.30	3.42	3.21	3.33
May	3.87	3.97	3.89	7.40	6.46	5.29	3.41	3.20	3.31
June	3.79	3.96	3.84	7.60	6.48	5.21	3.28	3.21	3.30
July	3.74	3.93	3.82	7.62	6.50	5.20	3.31	3.23	3.31

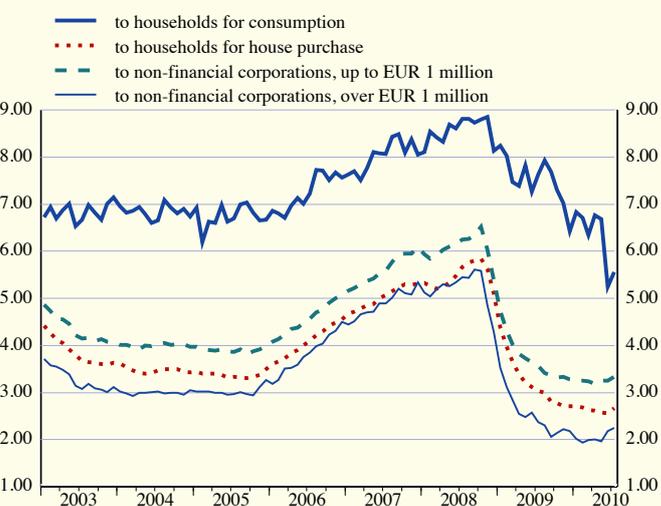
C21 New deposits with an agreed maturity

(percentages per annum excluding charges; period averages)



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

(percentages per annum excluding charges; period averages)



Source: ECB.

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

4.6 Money market interest rates

(percentages per annum; period averages)

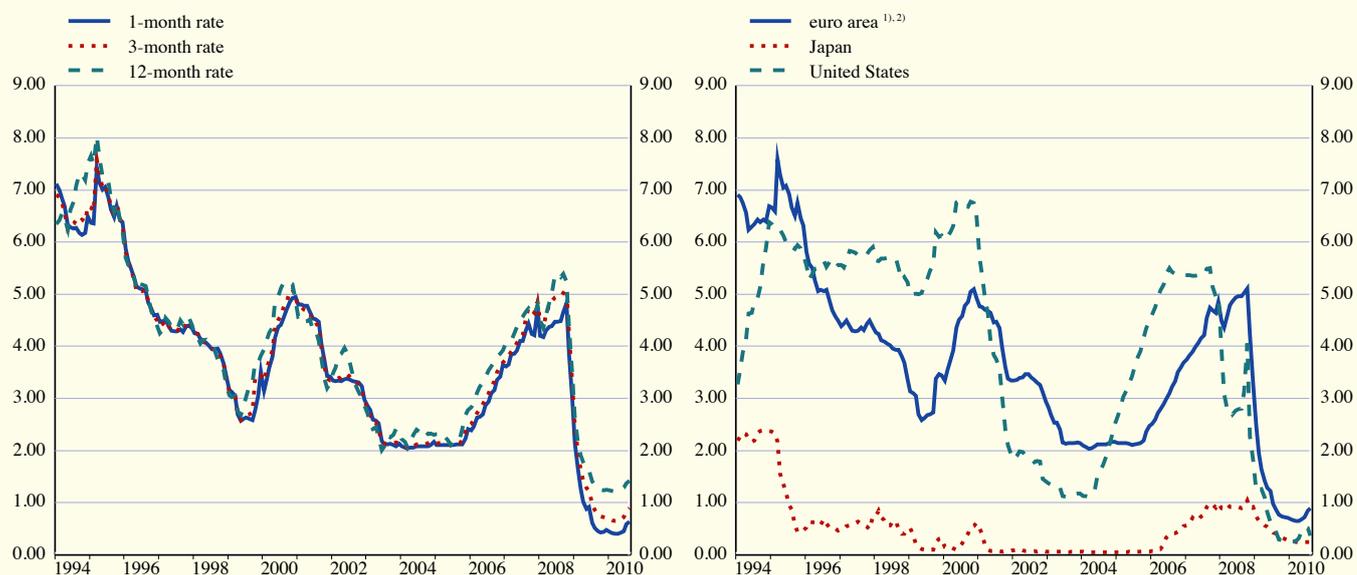
	Euro area ^{1),2)}					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2007	3.87	4.08	4.28	4.35	4.45	5.30	0.79
2008	3.87	4.28	4.64	4.73	4.83	2.93	0.93
2009	0.71	0.89	1.22	1.43	1.61	0.69	0.47
2009 Q2	0.77	0.94	1.31	1.51	1.67	0.84	0.53
Q3	0.36	0.53	0.87	1.13	1.34	0.41	0.40
Q4	0.36	0.45	0.72	1.00	1.24	0.27	0.31
2010 Q1	0.34	0.42	0.66	0.96	1.22	0.26	0.25
Q2	0.35	0.43	0.69	0.98	1.25	0.44	0.24
2009 Aug.	0.35	0.51	0.86	1.12	1.33	0.42	0.40
Sep.	0.36	0.46	0.77	1.04	1.26	0.30	0.36
Oct.	0.36	0.43	0.74	1.02	1.24	0.28	0.33
Nov.	0.36	0.44	0.72	0.99	1.23	0.27	0.31
Dec.	0.35	0.48	0.71	1.00	1.24	0.25	0.28
2010 Jan.	0.34	0.44	0.68	0.98	1.23	0.25	0.26
Feb.	0.34	0.42	0.66	0.96	1.23	0.25	0.25
Mar.	0.35	0.41	0.64	0.95	1.22	0.27	0.25
Apr.	0.35	0.40	0.64	0.96	1.23	0.31	0.24
May	0.34	0.42	0.69	0.98	1.25	0.46	0.24
June	0.35	0.45	0.73	1.01	1.28	0.54	0.24
July	0.48	0.58	0.85	1.10	1.37	0.51	0.24
Aug.	0.43	0.64	0.90	1.15	1.42	0.36	0.24

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.

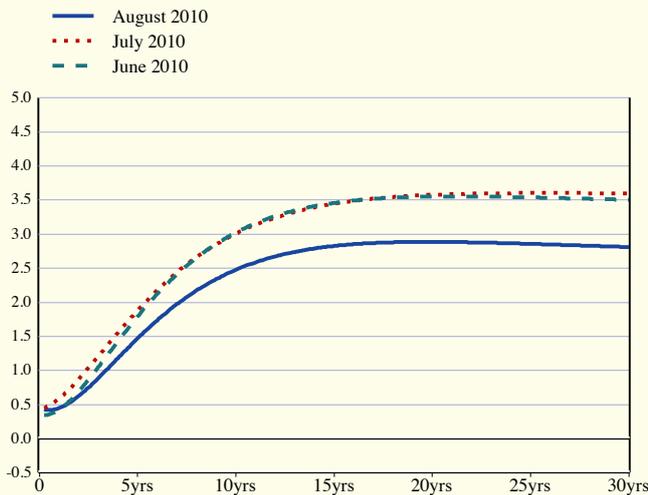
4.7 Euro area yield curves ¹⁾

(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
2007	3.85	4.00	4.01	4.11	4.23	4.38	0.52	0.36	4.06	4.02	4.40	4.78
2008	1.75	1.85	2.14	2.95	3.32	3.69	1.94	1.55	2.09	2.76	4.04	4.60
2009	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20
2009 Q2	0.62	0.90	1.50	2.85	3.42	3.99	3.37	2.49	1.47	2.67	4.54	5.42
Q3	0.41	0.70	1.33	2.59	3.12	3.64	3.23	2.31	1.34	2.47	4.14	4.96
Q4	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20
2010 Q1	0.33	0.60	1.05	2.28	2.86	3.46	3.13	2.41	1.02	1.98	3.96	5.02
Q2	0.34	0.42	0.69	1.79	2.41	3.03	2.68	2.33	0.62	1.35	3.54	4.52
2009 Aug.	0.44	0.74	1.46	2.69	3.19	3.68	3.24	2.22	1.55	2.66	4.16	4.95
Sep.	0.41	0.70	1.33	2.59	3.12	3.64	3.23	2.31	1.34	2.47	4.14	4.96
Oct.	0.50	0.81	1.43	2.61	3.13	3.68	3.18	2.25	1.49	2.50	4.12	5.11
Nov.	0.44	0.80	1.34	2.49	3.01	3.57	3.13	2.23	1.38	2.32	4.00	5.04
Dec.	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20
2010 Jan.	0.28	0.71	1.25	2.48	3.06	3.66	3.38	2.42	1.28	2.25	4.15	5.23
Feb.	0.30	0.54	1.02	2.29	2.88	3.49	3.19	2.46	0.98	2.01	3.99	5.08
Mar.	0.33	0.60	1.05	2.28	2.86	3.46	3.13	2.41	1.02	1.98	3.96	5.02
Apr.	0.32	0.60	1.01	2.18	2.78	3.40	3.07	2.39	1.00	1.85	3.89	4.94
May	0.21	0.28	0.57	1.75	2.39	3.00	2.78	2.43	0.47	1.28	3.58	4.46
June	0.34	0.42	0.69	1.79	2.41	3.03	2.68	2.33	0.62	1.35	3.54	4.52
July	0.45	0.59	0.87	1.88	2.44	3.01	2.56	2.14	0.82	1.51	3.45	4.43
Aug.	0.43	0.45	0.62	1.47	1.97	2.48	2.05	1.85	0.55	1.09	2.87	3.70

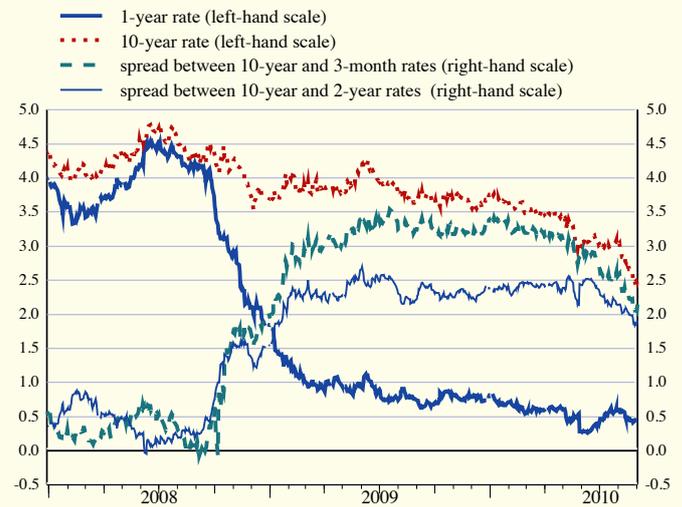
C25 Euro area spot yield curves

(percentages per annum; end of period)



C26 Euro area spot rates and spreads

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



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

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

4.8 Stock market indices

(index levels in points; period averages)

	Dow Jones EURO STOXX indices ¹⁾												United States	Japan
	Benchmark		Main industry indices										Standard & Poor's 500	Nikkei 225
	Broad index	50	Basic materials	Consumer services	Consumer goods	Oil and gas	Financials	Industrials	Technology	Utilities	Telecoms	Health care		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2007	416.4	4,315.8	543.8	235.4	366.5	449.6	408.3	488.4	383.4	561.4	492.7	519.2	1,476.5	16,984.4
2008	313.7	3,319.5	480.4	169.3	290.7	380.9	265.0	350.9	282.5	502.0	431.5	411.5	1,220.7	12,151.6
2009	234.2	2,521.0	353.2	140.5	244.5	293.5	172.1	269.7	200.7	353.7	380.4	363.5	946.2	9,321.6
2009 Q2	220.5	2,376.6	326.9	136.6	229.5	287.3	158.6	251.0	201.1	337.7	351.5	343.8	892.0	9,274.8
Q3	247.2	2,660.6	369.0	142.0	257.1	296.8	192.7	286.0	211.3	361.1	386.0	365.1	994.2	10,117.3
Q4	268.1	2,872.7	422.1	151.5	282.8	316.9	209.7	317.7	214.1	375.3	416.5	399.3	1,088.7	9,969.2
2010 Q1	268.0	2,849.0	445.0	159.3	294.9	320.0	195.5	326.7	229.9	372.4	398.8	426.3	1,123.6	10,511.2
Q2	261.1	2,735.7	446.3	163.7	312.9	305.0	178.8	334.3	229.1	349.6	372.2	412.0	1,134.6	10,345.9
2009 Aug.	250.7	2,702.7	377.6	142.1	261.8	293.2	198.6	290.3	208.5	365.7	387.2	364.1	1,009.7	10,430.4
Sep.	264.0	2,827.9	393.3	149.5	266.5	308.7	210.2	312.5	227.2	384.4	407.0	378.8	1,044.6	10,302.9
Oct.	268.7	2,865.5	403.7	150.1	277.5	314.2	216.0	318.4	221.3	375.4	415.0	393.6	1,067.7	10,066.2
Nov.	265.4	2,843.8	415.4	149.5	280.0	315.3	208.7	313.6	209.9	369.8	414.5	391.5	1,088.1	9,641.0
Dec.	270.1	2,907.6	447.0	155.0	290.9	321.1	204.3	321.0	211.0	380.5	419.8	412.4	1,110.4	10,169.0
2010 Jan.	273.5	2,922.7	449.4	158.9	295.7	329.8	204.6	331.6	223.1	384.1	407.4	425.5	1,123.6	10,661.6
Feb.	257.0	2,727.5	427.9	154.3	285.3	309.8	183.9	312.3	222.7	360.9	386.8	415.0	1,089.2	10,175.1
Mar.	272.6	2,890.5	456.0	164.0	302.4	320.3	197.7	335.0	242.2	372.2	401.9	436.8	1,152.0	10,671.5
Apr.	278.6	2,937.3	470.9	171.7	313.8	328.6	199.7	349.0	248.8	378.9	396.7	430.0	1,197.3	11,139.8
May	252.7	2,642.1	431.4	159.6	305.2	295.4	170.8	324.8	221.9	341.7	360.0	401.0	1,125.1	10,104.0
June	253.2	2,641.7	438.1	160.4	319.5	292.7	167.5	330.0	218.3	330.5	361.6	406.1	1,083.4	9,786.1
July	255.1	2,669.5	435.0	160.8	320.8	289.3	178.0	324.2	212.3	320.3	369.7	389.2	1,079.8	9,456.8
Aug.	258.9	2,712.2	441.5	163.2	315.6	296.0	183.7	324.9	206.8	328.5	392.2	383.1	1,087.3	9,268.2

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

(January 1994 = 100; monthly averages)



Source: ECB.

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

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS



5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

1. Harmonised Index of Consumer Prices ¹⁾

	Total					Total (s.a.; percentage change vis-à-vis previous period)						Memo item: Administered prices ²⁾	
	Index: 2005 = 100	Total		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 ³⁾	100.0	100.0	83.1	58.0	42.0	100.0	11.9	7.3	29.3	9.6	42.0	88.9	11.1
	1	2	3	4	5	6	7	8	9	10	11	12	13
2006	102.2	2.2	1.5	2.3	2.0	-	-	-	-	-	-	2.1	2.5
2007	104.4	2.1	2.0	1.9	2.5	-	-	-	-	-	-	2.1	2.3
2008	107.8	3.3	2.4	3.8	2.6	-	-	-	-	-	-	3.4	2.7
2009	108.1	0.3	1.3	-0.9	2.0	-	-	-	-	-	-	0.1	1.7
2009 Q2	108.3	0.2	1.5	-1.2	2.2	0.3	0.1	-0.8	0.1	0.7	0.5	0.0	1.8
Q3	108.0	-0.4	1.2	-1.9	1.8	0.2	0.3	-0.9	0.0	0.8	0.4	-0.6	1.2
Q4	108.6	0.4	1.0	-0.4	1.7	0.2	0.1	0.1	0.1	0.3	0.4	0.4	0.8
2010 Q1	108.6	1.1	0.9	0.9	1.5	0.5	0.0	0.8	0.0	3.0	0.3	1.2	0.4
Q2	110.0	1.5	0.8	1.7	1.2	0.6	0.3	0.7	0.2	3.9	0.3	1.5	1.3
2010 Mar.	109.4	1.4	0.9	1.3	1.6	0.4	0.0	0.6	0.0	2.6	0.3	1.6	0.4
Apr.	109.9	1.5	0.8	1.8	1.2	0.2	0.1	0.5	0.1	2.0	-0.1	1.6	1.2
May	110.0	1.6	0.9	1.9	1.3	0.1	0.2	-0.6	0.1	0.6	0.1	1.6	1.4
June	110.0	1.4	0.9	1.5	1.3	0.1	0.2	0.2	0.1	-0.4	0.1	1.4	1.4
July	109.7	1.7	1.0	2.0	1.4	0.2	0.1	0.5	0.1	0.0	0.2	1.7	2.0
Aug. ⁴⁾	.	1.6	.	.	.	.	.	.	.	.	.	.	.

	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						
% of total ³⁾	19.2	11.9	7.3	38.9	29.3	9.6	10.2	6.0	6.6	3.3	14.9	7.1
	14	15	16	17	18	19	20	21	22	23	24	25
2006	2.4	2.1	2.8	2.3	0.6	7.7	2.5	2.1	2.5	-3.3	2.3	2.3
2007	2.8	2.8	3.0	1.4	1.0	2.6	2.7	2.0	2.6	-1.9	2.9	3.2
2008	5.1	6.1	3.5	3.1	0.8	10.3	2.3	1.9	3.9	-2.2	3.2	2.5
2009	0.7	1.1	0.2	-1.7	0.6	-8.1	2.0	1.8	2.9	-1.0	2.1	2.1
2009 Q2	1.0	1.1	0.8	-2.3	0.7	-10.7	2.1	1.8	3.1	-1.2	2.7	2.0
Q3	-0.1	0.6	-1.2	-2.8	0.5	-11.9	2.0	1.8	2.5	-0.6	1.8	2.1
Q4	-0.2	0.5	-1.5	-0.5	0.3	-3.2	1.9	1.7	2.5	-0.6	1.4	2.2
2010 Q1	0.0	0.6	-0.8	1.3	0.1	4.8	1.9	1.6	2.5	-0.5	1.1	1.6
Q2	0.7	0.8	0.7	2.2	0.3	8.1	1.8	1.5	2.3	-0.9	0.8	1.5
2010 Feb.	-0.1	0.6	-1.2	0.9	0.1	3.3	1.9	1.6	2.2	-0.4	0.9	1.6
Mar.	0.3	0.5	-0.1	1.8	0.1	7.2	1.9	1.6	2.7	-0.3	1.4	1.5
Apr.	0.7	0.6	0.7	2.3	0.2	9.1	1.9	1.5	2.4	-0.6	0.4	1.4
May	0.7	0.9	0.4	2.5	0.3	9.2	1.8	1.5	2.2	-1.1	0.9	1.5
June	0.9	0.9	0.9	1.8	0.4	6.2	1.8	1.5	2.3	-1.1	1.0	1.5
July	1.3	0.9	1.9	2.4	0.5	8.1	1.7	1.3	2.7	-0.8	1.0	1.5

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) Weighting used in 2010.

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

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

2. Industry, construction and residential property prices

	Industrial producer prices excluding construction										Construction ¹⁾	Residential property prices ²⁾
	Total (index: 2005 = 100)	Total		Industry excluding construction and energy						Energy		
		Manu- facturing	Total	Intermediate goods	Capital goods	Consumer goods						
						Total	Durable	Non-durable				
% of total ³⁾	100.0	100.0	83.0	75.8	30.1	21.9	23.7	2.7	21.0	24.2		
	1	2	3	4	5	6	7	8	9	10	11	12
2006	105.1	5.1	3.5	2.7	4.6	1.6	1.4	1.4	1.4	13.5	4.6	6.6
2007	107.9	2.7	3.0	3.2	4.6	2.2	2.2	2.4	2.2	1.2	4.1	4.5
2008	114.4	6.1	4.8	3.4	3.9	2.1	3.9	2.8	4.1	14.2	3.8	1.5
2009	108.6	-5.1	-5.4	-2.8	-5.3	0.4	-2.0	1.2	-2.5	-11.7	0.1	-3.1
2009 Q2	108.2	-5.8	-6.8	-3.0	-5.8	0.7	-2.0	1.5	-2.5	-13.6	-0.2	-3.1 ⁴⁾
Q3	108.0	-7.9	-7.4	-4.1	-7.5	-0.1	-2.6	1.0	-3.1	-18.2	-1.7	-
Q4	108.4	-4.6	-3.0	-3.1	-5.0	-0.6	-2.4	0.5	-2.8	-9.5	-0.2	-3.0 ⁴⁾
2010 Q1	109.6	-0.2	1.7	-0.5	-0.4	-0.5	-0.5	0.3	-0.7	0.3	0.2	-
Q2	111.5	3.0	3.8	1.6	3.7	0.2	0.0	0.6	-0.1	7.0	.	.
2010 Jan.	109.3	-1.0	0.9	-1.0	-1.5	-0.6	-0.7	0.5	-0.8	-1.5	-	-
Feb.	109.4	-0.4	1.5	-0.5	-0.4	-0.5	-0.5	0.2	-0.6	-0.6	-	-
Mar.	110.1	0.9	2.7	0.1	0.8	-0.3	-0.4	0.3	-0.5	3.0	-	-
Apr.	111.1	2.8	3.7	1.0	2.7	0.0	-0.3	0.4	-0.4	7.8	-	-
May	111.5	3.1	4.1	1.7	3.9	0.3	0.0	0.7	-0.2	7.2	-	-
June	111.8	3.0	3.6	2.0	4.3	0.4	0.2	0.8	0.1	6.1	-	-

3. Commodity prices and gross domestic product deflators¹⁾

	Oil prices ⁵⁾ (EUR per barrel)	Non-energy commodity prices						Total (s.a.; index: 2000 = 100)	GDP deflators					Exports ⁸⁾	Imports ⁸⁾	
		Import-weighted ⁶⁾			Use-weighted ⁷⁾				Total	Domestic demand						
		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
2006	52.9	27.7	5.8	37.9	24.5	6.0	38.2	113.7	1.9	2.4	2.2	2.0	2.9	2.6	3.8	
2007	52.8	7.8	14.3	5.5	5.3	9.4	2.9	116.4	2.4	2.3	2.3	1.7	2.7	1.6	1.3	
2008	65.9	1.9	18.4	-4.5	-1.7	9.7	-8.6	118.8	2.1	2.5	2.7	2.5	2.4	2.6	3.8	
2009	44.6	-18.5	-8.9	-23.1	-18.0	-11.5	-22.8	119.9	1.0	0.0	-0.2	2.1	-0.7	-3.4	-5.9	
2009 Q2	43.8	-24.5	-11.2	-30.9	-22.6	-10.0	-31.4	119.9	1.0	-0.2	-0.4	1.6	-0.7	-3.8	-7.0	
Q3	48.1	-18.5	-12.6	-21.4	-18.7	-15.2	-21.3	120.0	0.8	-0.6	-0.8	2.5	-1.6	-4.5	-8.3	
Q4	51.2	3.1	5.7	1.8	2.4	-1.1	5.0	120.1	0.3	0.0	0.1	1.5	-1.1	-2.9	-4.0	
2010 Q1	56.0	28.9	7.4	42.6	27.3	7.4	46.5	120.3	0.3	0.1	1.3	1.4	-0.3	2.4	1.6	
Q2	62.6	51.7	12.5	76.0	43.9	14.0	71.6	120.7	0.7	0.9	1.8	1.5	0.7	4.8	5.5	
2010 Mar.	59.1	34.5	8.9	50.5	31.5	7.7	54.4	-	-	-	-	-	-	-	-	
Apr.	64.0	52.0	8.2	78.8	43.9	9.0	76.2	-	-	-	-	-	-	-	-	
May	61.6	52.1	11.5	77.8	43.6	12.0	73.8	-	-	-	-	-	-	-	-	
June	62.2	51.1	17.7	71.6	44.2	21.0	65.0	-	-	-	-	-	-	-	-	
July	58.9	56.8	26.0	74.1	50.1	32.0	65.1	-	-	-	-	-	-	-	-	
Aug.	59.9	51.9	27.9	64.5	49.1	40.5	55.5	-	-	-	-	-	-	-	-	

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

1) Input prices for residential buildings.

2) Experimental data based on non-harmonised national sources (see <http://www.ecb.europa.eu/stats/intro/html/experiment.en.html> for further details).

3) In 2005.

4) The quarterly data for the second and fourth quarters refer to biannual averages for the first and second halves of the year respectively. Since some national data are only available annually, the biannual estimate is partially derived from annual results; consequently, the accuracy of biannual data is lower than the accuracy of annual data.

5) Brent Blend (for one-month forward delivery).

6) Refers to prices expressed in euro. Weighted according to the structure of euro area imports in the period 2004-06.

7) Refers to prices expressed in euro. Weighted according to euro area domestic demand (domestic production plus imports minus exports) in the period 2004-06. Experimental data (see <http://www.ecb.europa.eu/stats/intro/html/experiment.en.html> for details).

8) Deflators for exports and imports refer to goods and services and include cross-border trade within the euro area.

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

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

(seasonally adjusted)

	Total (index: 2000 = 100)	Total	By economic activity					
			Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	
	1	2	3	4	5	6	7	8
Unit labour costs ¹⁾								
2008	115.3	3.4	1.8	5.1	3.9	2.5	3.2	2.6
2009	119.7	3.8	-1.9	9.7	1.0	4.9	0.8	2.6
2009 Q2	120.1	4.6	-1.1	13.8	0.6	6.1	1.3	1.8
Q3	119.6	3.3	-2.8	8.3	0.2	3.7	0.1	3.4
Q4	119.5	1.3	-1.7	1.2	1.4	2.3	0.5	1.8
2010 Q1	119.4	-0.6	-0.7	-7.0	1.6	-0.4	1.1	1.4
Compensation per employee								
2008	121.5	3.1	3.9	3.0	4.4	2.7	2.7	3.4
2009	123.3	1.5	2.2	0.2	2.1	1.4	1.4	2.6
2009 Q2	122.9	1.4	2.4	0.0	2.6	2.0	1.9	1.9
Q3	123.6	1.5	2.0	0.4	2.1	0.4	1.4	3.3
Q4	124.0	1.3	2.3	0.4	1.7	1.0	1.8	2.1
2010 Q1	124.3	1.5	1.4	2.1	0.4	1.3	2.0	1.3
Labour productivity per person employed ²⁾								
2008	105.3	-0.3	2.1	-2.0	0.5	0.2	-0.5	0.8
2009	103.0	-2.2	4.2	-8.6	1.1	-3.4	0.7	0.0
2009 Q2	102.4	-3.1	3.5	-12.2	2.0	-3.8	0.6	0.0
Q3	103.4	-1.8	4.9	-7.3	1.9	-3.2	1.3	-0.1
Q4	103.8	0.0	4.1	-0.8	0.4	-1.2	1.2	0.3
2010 Q1	104.1	2.1	2.2	9.8	-1.2	1.7	1.0	-0.1
Compensation per hour worked								
2008	123.7	3.1	2.8	3.5	3.8	2.7	2.3	3.1
2009	127.5	3.1	3.2	4.5	4.2	2.2	2.6	3.0
2009 Q2	127.5	3.5	2.5	5.9	4.6	2.9	3.2	2.6
Q3	127.8	3.1	2.7	4.8	4.0	1.2	2.6	3.6
Q4	127.8	2.1	3.2	1.5	3.8	1.4	2.5	2.3
2010 Q1	128.0	0.7	2.0	0.0	-0.9	0.2	1.9	1.1
Hourly labour productivity ²⁾								
2008	108.0	-0.2	2.3	-1.6	0.2	0.4	-0.8	0.4
2009	107.1	-0.9	4.3	-5.0	2.9	-2.7	1.9	0.3
2009 Q2	106.7	-1.4	2.5	-7.2	3.7	-3.0	2.1	0.5
Q3	107.4	-0.5	5.0	-3.6	3.5	-2.6	2.7	0.0
Q4	107.5	0.6	4.0	0.1	1.7	-1.2	2.0	0.4
2010 Q1	107.9	1.4	3.4	7.6	-2.3	0.9	0.7	-0.6

5. Labour cost indices³⁾

	Total (s.a.; 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 ⁵⁾	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2008	100.0	3.5	3.6	3.4	3.8	4.7	3.1	3.3
2009	102.6	2.7	2.6	3.0	3.1	3.7	2.3	2.7
2009 Q3	102.9	2.6	2.7	2.6	3.5	2.5	2.2	2.4
Q4	103.3	1.7	1.6	2.0	0.6	3.3	2.1	2.2
2010 Q1	104.0	2.1	2.0	2.1	1.8	2.1	2.2	1.8
Q2	.	.	.	.	.	.	.	1.8

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 value added (volumes) per person employed.
- 2) Value added (volumes) per labour input (persons employed and hours worked).
- 3) Hourly labour cost indices for the whole economy, excluding agriculture, public administration, education, health and services not classified elsewhere. Owing to differences in coverage, the estimates for the components may not be consistent with the total.
- 4) Experimental data (see <http://www.ecb.europa.eu/stats/intro/html/experiment.en.html> for further details).
- 5) In 2008.

5.2 Output and demand

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	
<i>Current prices (EUR billions; seasonally adjusted)</i>									
2006	8,565.2	8,467.0	4,874.3	1,732.6	1,833.5	26.6	98.1	3,454.7	3,356.6
2007	9,023.5	8,884.7	5,072.4	1,802.2	1,969.3	40.9	138.8	3,735.6	3,596.9
2008	9,244.7	9,142.9	5,231.0	1,891.2	1,995.1	25.6	101.8	3,859.0	3,757.1
2009	8,959.4	8,837.1	5,165.9	1,978.4	1,758.5	-65.8	122.4	3,248.2	3,125.9
2009 Q2	2,231.7	2,201.7	1,288.9	492.9	440.9	-21.1	30.0	789.5	759.5
Q3	2,244.2	2,208.1	1,290.3	499.0	435.2	-16.5	36.1	814.5	778.4
Q4	2,249.1	2,207.2	1,298.8	497.2	430.4	-19.2	42.0	836.7	794.8
2010 Q1	2,259.8	2,230.7	1,308.1	502.4	429.7	-9.5	29.1	875.4	846.3
Q2	2,289.2	2,265.5	1,321.6	505.7	439.9	-1.7	23.7	926.9	903.2
<i>percentage of GDP</i>									
2009	100.0	98.6	57.7	22.1	19.6	-0.7	1.4	-	-
<i>Chain-linked volumes (prices for the previous year; seasonally adjusted ³⁾)</i>									
<i>quarter-on-quarter percentage changes</i>									
2009 Q2	-0.1	-0.7	0.0	0.6	-2.0	-	-	-1.3	-2.8
Q3	0.4	0.3	-0.1	0.5	-1.1	-	-	2.8	2.6
Q4	0.2	-0.1	0.2	-0.1	-1.2	-	-	2.0	1.3
2010 Q1	0.3	0.9	0.2	0.2	-0.4	-	-	2.4	4.0
Q2	1.0	0.9	0.5	0.5	1.8	-	-	4.4	4.4
<i>annual percentage changes</i>									
2006	3.0	2.9	2.1	2.0	5.4	-	-	8.6	8.5
2007	2.9	2.6	1.7	2.2	4.6	-	-	6.3	5.6
2008	0.5	0.4	0.4	2.3	-0.8	-	-	0.9	0.7
2009	-4.1	-3.4	-1.1	2.4	-11.3	-	-	-13.1	-11.7
2009 Q2	-4.9	-3.8	-1.1	2.6	-12.2	-	-	-16.8	-14.6
Q3	-4.0	-3.3	-1.2	2.6	-11.8	-	-	-13.4	-12.1
Q4	-2.0	-2.7	-0.4	1.7	-9.3	-	-	-4.7	-6.5
2010 Q1	0.8	0.4	0.3	1.2	-4.6	-	-	5.9	5.0
Q2	1.9	2.0	0.8	1.1	-1.0	-	-	12.0	12.8
<i>contributions to quarter-on-quarter percentage changes in GDP; percentage points</i>									
2009 Q2	-0.1	-0.7	0.0	0.1	-0.4	-0.4	0.6	-	-
Q3	0.4	0.3	-0.1	0.1	-0.2	0.5	0.1	-	-
Q4	0.2	-0.1	0.1	0.0	-0.2	0.0	0.3	-	-
2010 Q1	0.3	0.9	0.1	0.1	-0.1	0.8	-0.6	-	-
Q2	1.0	0.9	0.3	0.1	0.3	0.2	0.1	-	-
<i>contributions to annual percentage changes in GDP; percentage points</i>									
2006	3.0	2.9	1.2	0.4	1.1	0.2	0.2	-	-
2007	2.9	2.5	0.9	0.5	1.0	0.1	0.3	-	-
2008	0.5	0.4	0.2	0.5	-0.2	-0.2	0.1	-	-
2009	-4.1	-3.4	-0.6	0.5	-2.4	-0.8	-0.7	-	-
2009 Q2	-4.9	-3.7	-0.6	0.5	-2.6	-1.0	-1.2	-	-
Q3	-4.0	-3.3	-0.7	0.5	-2.5	-0.6	-0.7	-	-
Q4	-2.0	-2.7	-0.2	0.4	-2.0	-0.9	0.7	-	-
2010 Q1	0.8	0.4	0.2	0.3	-0.9	0.9	0.4	-	-
Q2	1.9	2.0	0.4	0.2	-0.2	1.5	-0.1	-	-

Sources: Eurostat and ECB calculations.

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

5.2 Output and demand

2. Value added by economic activity

	Gross value added (basic prices)							Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services	
	1	2	3	4	5	6	7	8
<i>Current prices (EUR billions; seasonally adjusted)</i>								
2006	7,651.5	140.7	1,564.0	478.1	1,598.2	2,138.6	1,732.0	913.6
2007	8,065.2	153.2	1,653.7	510.3	1,671.5	2,274.5	1,802.1	958.3
2008	8,299.3	147.9	1,653.5	528.6	1,732.3	2,355.5	1,881.6	945.4
2009	8,067.7	133.2	1,430.3	512.1	1,669.8	2,365.5	1,956.8	891.7
2009 Q2	2,011.3	33.4	352.5	128.9	417.5	590.6	488.4	220.4
Q3	2,021.9	32.5	360.1	127.3	418.1	592.7	491.3	222.2
Q4	2,023.9	32.7	362.1	125.4	417.3	594.1	492.4	225.3
2010 Q1	2,036.5	33.7	367.8	123.0	419.5	596.0	496.6	223.2
Q2	2,057.6	33.5	377.6	124.3	423.5	598.4	500.4	231.5
<i>percentage of value added</i>								
2009	100.0	1.7	17.7	6.3	20.7	29.3	24.3	-
<i>Chain-linked volumes (prices for the previous year; seasonally adjusted ¹⁾)</i>								
<i>quarter-on-quarter percentage changes</i>								
2009 Q2	-0.2	-0.3	-1.1	-1.5	0.0	0.1	0.5	0.2
Q3	0.4	0.3	2.2	-1.5	0.1	0.1	0.2	0.6
Q4	0.1	-0.2	0.6	-1.6	-0.1	0.0	0.3	1.0
2010 Q1	0.6	0.9	2.3	-1.5	0.3	0.2	0.4	-1.8
Q2	0.8	-0.5	1.9	0.5	0.9	0.6	0.3	2.4
<i>annual percentage changes</i>								
2006	3.0	0.0	3.7	2.9	2.9	4.1	1.5	3.1
2007	3.1	1.2	3.4	2.1	3.6	4.0	1.8	0.8
2008	0.7	0.2	-2.0	-1.8	1.4	1.7	1.9	-1.3
2009	-4.2	1.9	-13.3	-5.7	-5.1	-1.6	1.4	-3.0
2009 Q2	-5.0	1.6	-16.5	-5.4	-5.5	-1.8	1.5	-3.9
Q3	-4.1	2.2	-13.0	-5.5	-5.0	-1.6	1.3	-3.0
Q4	-2.2	1.8	-6.9	-5.1	-3.4	-0.9	1.4	-0.2
2010 Q1	0.9	0.7	3.9	-5.9	0.3	0.5	1.4	0.0
Q2	1.8	0.5	7.1	-4.0	1.3	1.0	1.2	2.2
<i>contributions to quarter-on-quarter percentage changes in value added; percentage points</i>								
2009 Q2	-0.2	0.0	-0.2	-0.1	0.0	0.0	0.1	-
Q3	0.4	0.0	0.4	-0.1	0.0	0.0	0.1	-
Q4	0.1	0.0	0.1	-0.1	0.0	0.0	0.1	-
2010 Q1	0.6	0.0	0.4	-0.1	0.1	0.1	0.1	-
Q2	0.8	0.0	0.4	0.0	0.2	0.2	0.1	-
<i>contributions to annual percentage changes in value added; percentage points</i>								
2006	3.0	0.0	0.8	0.2	0.6	1.1	0.3	-
2007	3.1	0.0	0.7	0.1	0.7	1.1	0.4	-
2008	0.7	0.0	-0.4	-0.1	0.3	0.5	0.4	-
2009	-4.2	0.0	-2.7	-0.4	-1.1	-0.4	0.3	-
2009 Q2	-5.0	0.0	-3.4	-0.3	-1.2	-0.5	0.3	-
Q3	-4.1	0.0	-2.6	-0.3	-1.0	-0.5	0.3	-
Q4	-2.2	0.0	-1.3	-0.3	-0.7	-0.3	0.3	-
2010 Q1	0.9	0.0	0.7	-0.4	0.1	0.1	0.3	-
Q2	1.8	0.0	1.3	-0.3	0.3	0.3	0.3	-

Sources: Eurostat and ECB calculations.

1) Annual data are not working day-adjusted.

5.2 Output and demand

(annual percentage changes, unless otherwise indicated)

3. Industrial production

	Total		Industry excluding construction								Construction	
	% of total ¹⁾	Total (s.a.; index: 2005 = 100)	Total	Industry excluding construction and energy							Energy	
				Manu- facturing	Total	Interme- diate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
1	2	3	4	5	6	7	8	9	10	11	12	
	100.0	78.0	78.0	69.4	68.8	28.2	22.1	18.5	2.6	15.9	9.1	22.0
2007	3.2	108.1	3.7	4.1	4.3	3.8	6.6	2.4	1.4	2.5	-0.9	1.3
2008	-2.5	106.2	-1.8	-1.9	-2.0	-3.5	-0.2	-2.0	-5.7	-1.4	0.3	-5.3
2009	-13.8	90.4	-14.9	-15.9	-16.4	-19.2	-21.0	-5.0	-17.5	-3.0	-5.5	-8.2
2009 Q3	-13.7	90.9	-14.4	-15.2	-15.7	-18.3	-21.0	-4.0	-18.4	-1.9	-5.7	-9.1
Q4	-7.3	92.1	-7.4	-8.0	-8.4	-6.7	-14.0	-2.6	-10.1	-1.5	-3.8	-5.9
2010 Q1	2.0	94.4	4.9	5.1	5.2	8.2	2.8	3.6	0.0	4.1	3.0	-9.7
Q2	6.3	96.7	9.2	9.3	9.3	14.1	8.9	3.6	4.7	3.5	6.3	-3.7
2010 Jan.	-0.2	94.2	2.2	2.3	2.6	4.9	0.0	1.8	-2.6	2.3	1.1	-10.4
Feb.	0.9	93.6	4.4	4.7	4.8	7.3	3.2	2.8	1.0	3.0	2.5	-14.1
Mar.	5.2	95.3	7.8	8.1	7.8	11.9	4.8	6.0	1.5	6.7	5.8	-5.1
Apr.	6.0	96.0	9.5	9.7	9.8	15.8	9.1	3.0	0.3	3.4	5.2	-5.9
May	6.2	97.2	10.0	9.9	10.0	14.9	9.0	4.4	6.6	4.1	7.5	-6.8
June	6.8	97.0	8.2	8.4	8.3	11.7	8.5	3.5	7.2	3.0	6.1	1.6
<i>month-on-month percentage changes (s.a.)</i>												
2010 Jan.	1.7	-	2.4	1.9	0.6	2.4	3.2	1.2	2.6	1.1	3.3	-1.7
Feb.	-1.1	-	-0.7	0.6	0.9	0.5	-1.2	-0.1	-0.5	-0.1	-0.1	-6.0
Mar.	2.4	-	1.8	1.6	1.6	2.4	1.9	1.5	0.4	1.8	-1.6	6.5
Apr.	0.3	-	0.8	0.5	0.9	2.1	1.7	-1.3	-0.3	-1.3	-0.7	0.1
May	0.7	-	1.2	0.6	0.4	0.8	1.4	0.9	3.1	0.7	2.1	-0.8
June	0.8	-	-0.1	-0.5	-0.2	-0.7	0.2	-0.2	-1.0	-0.1	0.2	2.3

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

	Industrial new orders		Industrial turnover		Retail sales (excluding automotive fuel)							New passenger car registrations	
	Manufacturing ²⁾ (current prices)		Manufacturing (current prices)		Current prices	Constant prices						Total (s.a.; thousands) ³⁾	Total
	Total (s.a.; index: 2005 = 100)	Total	Total (s.a.; index: 2005 = 100)	Total	Total	Total (s.a.; index: 2005 = 100)	Total	Food, beverages, tobacco	Non-food				
									Textiles, clothing, footwear	Household equipment			
1	2	3	4	5	6	7	8	9	10	11	12	13	
% of total ¹⁾	100.0	100.0	100.0	100.0	100.0	100.0	100.0	42.9	57.1	9.9	13.9		
2007	119.9	8.6	115.0	6.5	2.6	104.3	1.8	0.0	3.1	4.0	3.1	968	-0.6
2008	113.2	-5.3	116.9	1.9	1.7	103.4	-0.8	-1.9	-0.1	-1.8	-1.9	896	-7.0
2009	87.7	-22.8	95.5	-18.5	-2.7	101.6	-1.8	-1.6	-1.9	-1.2	-3.8	926	3.2
2009 Q3	90.8	-21.4	95.8	-18.9	-3.5	101.5	-2.0	-1.4	-2.5	-2.8	-3.2	962	10.1
Q4	92.1	-2.8	97.5	-9.3	-1.5	101.8	-0.5	-0.5	-0.6	0.6	-0.7	965	20.7
2010 Q1	95.2	13.8	101.2	6.3	0.8	102.2	1.0	1.4	0.9	3.4	1.0	892	7.5
Q2	102.8	22.7	105.1	13.0	1.2	102.1	0.8	0.2	1.3	0.7	2.7	826	-10.6
2010 Jan.	92.2	7.5	99.4	1.1	-0.9	102.0	-0.2	0.7	-0.6	2.2	-1.6	859	8.3
Feb.	94.0	12.6	100.5	6.0	0.5	102.0	0.7	0.6	0.9	2.9	0.6	879	2.9
Mar.	99.4	20.5	103.6	11.0	2.8	102.7	2.4	2.8	2.3	5.5	4.0	939	10.3
Apr.	99.2	22.1	101.5	10.0	0.3	101.8	0.0	-0.9	0.5	0.0	1.0	839	-10.0
May	103.2	23.0	106.1	13.0	1.5	102.4	1.3	0.9	1.6	-1.2	4.0	786	-13.2
June	105.9	22.9	107.6	15.6	1.7	102.3	1.2	0.5	1.8	3.2	3.1	853	-8.8
<i>month-on-month percentage changes (s.a.)</i>													
2010 Feb.	-	2.0	-	1.1	0.2	-	0.1	-0.1	0.2	-0.7	0.6	-	2.3
Mar.	-	5.7	-	3.0	0.9	-	0.6	0.5	0.6	1.7	1.5	-	6.8
Apr.	-	-0.2	-	-2.0	-1.0	-	-0.9	-1.0	-0.8	-2.5	-1.1	-	-10.6
May	-	4.1	-	4.5	0.6	-	0.6	0.8	0.4	-0.6	1.3	-	-6.3
June	-	2.6	-	1.4	0.0	-	-0.1	-0.6	0.3	2.2	-0.1	-	8.5

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

1) In 2005.

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

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

5.2 Output and demand

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

5. Business²⁾ and Consumer Surveys

	Economic sentiment indicator ³⁾ (long-term average = 100)	Manufacturing industry					Consumer confidence indicator				
		Industrial confidence indicator				Capacity utilisation ⁴⁾ (%)	Total ⁵⁾	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
		Total ⁵⁾	Order books	Stocks of finished products	Production expectations						
	1	2	3	4	5	6	7	8	9	10	11
2006	107.3	2	0	6	13	83.2	-9	-3	-9	15	-9
2007	109.2	5	5	5	13	84.2	-5	-2	-4	5	-8
2008	93.5	-9	-15	11	-2	81.8	-18	-10	-25	24	-14
2009	80.8	-28	-56	14	-15	71.1	-25	-7	-26	56	-10
2009 Q2	75.6	-33	-62	18	-20	69.9	-28	-9	-34	59	-11
Q3	84.1	-26	-58	12	-9	70.3	-21	-5	-20	51	-9
Q4	91.9	-19	-50	7	1	71.7	-17	-3	-11	48	-7
2010 Q1	96.6	-12	-41	2	7	73.9	-17	-4	-11	46	-7
Q2	99.3	-6	-28	0	9	76.5	-17	-6	-18	34	-9
2010 Mar.	97.9	-10	-39	0	9	-	-17	-5	-12	46	-7
Apr.	100.6	-7	-32	-1	9	75.5	-15	-5	-12	36	-8
May	98.4	-6	-28	1	10	-	-18	-7	-21	34	-10
June	98.9	-6	-26	1	9	-	-17	-7	-20	32	-9
July	101.1	-4	-21	0	9	77.4	-14	-7	-14	27	-9
Aug.	101.8	-4	-19	1	8	-	-11	-5	-9	23	-8
	Construction confidence indicator			Retail trade confidence indicator				Services confidence indicator			
	Total ⁵⁾	Order books	Employment expectations	Total ⁵⁾	Present business situation	Volume of stocks	Expected business situation	Total ⁵⁾	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
2006	1	-4	6	1	3	14	13	18	13	18	24
2007	0	-7	7	1	5	15	13	20	16	19	24
2008	-13	-20	-6	-7	-6	17	2	2	-5	4	7
2009	-31	-40	-22	-15	-21	11	-15	-16	-22	-16	-9
2009 Q2	-33	-42	-24	-17	-23	9	-19	-22	-29	-23	-15
Q3	-31	-41	-22	-14	-19	10	-13	-12	-18	-13	-5
Q4	-28	-40	-16	-12	-19	10	-7	-4	-8	-8	3
2010 Q1	-27	-37	-17	-7	-9	8	-2	0	-4	-2	7
Q2	-28	-40	-16	-4	-5	8	0	4	1	4	8
2010 Mar.	-25	-35	-14	-6	-9	9	-1	1	-3	-1	8
Apr.	-25	-37	-13	-1	-1	8	4	6	0	5	11
May	-28	-40	-17	-6	-7	10	-1	4	-1	4	8
June	-30	-43	-17	-6	-7	7	-3	4	2	4	5
July	-29	-42	-16	-4	-6	7	1	7	5	9	6
Aug.	-29	-39	-20	-4	-5	7	1	7	6	8	8

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

- 1) Difference between the percentages of respondents giving positive and negative replies.
- 2) From May 2010 onwards, data refer to the new version of the classification of economic activities in the European Union ("NACE Revision 2").
- 3) The economic sentiment indicator is composed of the industrial, services, consumer, construction and retail trade confidence indicators; the industrial confidence indicator has a weight of 40%, the services confidence indicator a weight of 30%, the consumer confidence indicator a weight of 20% and the two other indicators a weight of 5% each. Values for the economic sentiment indicator of above (below) 100 indicate above-average (below-average) economic sentiment, calculated for the period 1990 to 2008.
- 4) 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.
- 5) The confidence indicators are calculated as simple averages of the components shown; the assessments of stocks (columns 4 and 17) and unemployment (column 10) are used with inverted signs for the calculation of confidence indicators.

5.3 Labour markets ¹⁾

(annual percentage changes, unless otherwise indicated; seasonally adjusted)

1. Employment in terms of persons employed

	Whole economy		By employment status		By economic activity					
	Total (millions)	Total	Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
% of total ²⁾	100.0	100.0	85.3	14.7	3.8	17.1	7.5	25.5	16.1	30.0
	1	2	3	4	5	6	7	8	9	10
2007	146.754	1.8	2.0	0.7	-1.6	0.3	3.6	1.9	4.3	1.3
2008	147.846	0.7	0.9	-0.3	-1.8	0.0	-2.3	1.2	2.3	1.1
2009	145.079	-1.9	-1.8	-2.1	-2.2	-5.1	-6.7	-1.8	-2.2	1.3
2009 Q2	145.362	-1.9	-1.9	-2.0	-1.9	-5.0	-7.3	-1.8	-2.4	1.4
Q3	144.587	-2.2	-2.2	-2.2	-2.5	-6.1	-7.2	-1.9	-2.8	1.4
Q4	144.258	-2.1	-2.1	-2.2	-2.1	-6.1	-5.4	-2.2	-2.1	1.1
2010 Q1	144.261	-1.3	-1.3	-0.9	-1.5	-5.4	-4.8	-1.3	-0.5	1.5
	<i>quarter-on-quarter percentage changes</i>									
2009 Q2	-0.752	-0.5	-0.5	-0.5	-0.7	-1.7	-1.3	-0.5	-0.7	0.4
Q3	-0.775	-0.5	-0.5	-0.6	-1.2	-1.7	-1.7	-0.3	-0.5	0.3
Q4	-0.329	-0.2	-0.2	-0.3	0.3	-1.1	-0.4	-0.6	0.2	0.2
2010 Q1	0.004	0.0	-0.1	0.4	0.1	-0.9	-1.5	0.0	0.5	0.5

2. Employment in terms of hours worked

	Whole economy		By employment status		By economic activity					
	Total (millions)	Total	Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
% of total ²⁾	100.0	100.0	80.4	19.6	5.0	17.1	8.4	26.9	15.6	27.0
	1	2	3	4	5	6	7	8	9	10
2007	237,005.4	1.8	2.0	0.8	-2.3	0.6	3.6	1.9	4.3	1.1
2008	238,642.1	0.7	1.0	-0.6	-2.0	-0.5	-2.0	1.0	2.6	1.4
2009	230,970.5	-3.2	-3.3	-2.7	-2.2	-8.7	-8.3	-2.5	-3.4	1.1
2009 Q2	57,761.5	-3.6	-3.8	-2.7	-0.9	-10.1	-8.8	-2.6	-3.8	1.0
Q3	57,578.7	-3.5	-3.7	-2.7	-2.6	-9.8	-8.7	-2.5	-4.2	1.2
Q4	57,653.2	-2.6	-2.8	-1.9	-2.1	-7.0	-6.7	-2.2	-2.9	0.9
2010 Q1	57,622.3	-0.6	-0.6	-0.6	-2.6	-3.5	-3.7	-0.6	-0.2	2.0
	<i>quarter-on-quarter percentage changes</i>									
2009 Q2	-215.7	-0.4	-0.5	0.1	0.0	-1.9	-0.2	-0.2	-0.7	0.5
Q3	-182.8	-0.3	-0.3	-0.6	-1.3	-0.8	-1.1	-0.4	-0.5	0.5
Q4	74.5	0.1	0.2	0.0	-0.2	-0.3	-0.5	0.0	0.6	0.4
2010 Q1	-30.9	-0.1	0.0	-0.1	-1.1	-0.5	-1.9	0.0	0.4	0.6

3. Hours worked per person employed

	Whole economy		By employment status		By economic activity					
	Total (thousands)	Total	Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
	1	2	3	4	5	6	7	8	9	10
2007	1.615	0.0	0.0	0.2	-0.7	0.3	0.0	0.0	0.0	-0.1
2008	1.614	-0.1	0.1	-0.3	-0.2	-0.5	0.3	-0.2	0.3	0.3
2009	1.592	-1.4	-1.5	-0.6	-0.1	-3.8	-1.7	-0.7	-1.2	-0.3
2009 Q2	0.397	-1.7	-2.0	-0.7	1.0	-5.3	-1.6	-0.9	-1.5	-0.5
Q3	0.398	-1.4	-1.6	-0.5	-0.1	-3.8	-1.6	-0.6	-1.4	-0.2
Q4	0.400	-0.5	-0.7	0.3	0.1	-0.9	-1.4	0.0	-0.8	-0.1
2010 Q1	0.399	0.7	0.7	0.3	-1.2	2.0	1.2	0.8	0.2	0.6

Source: ECB calculations based on Eurostat data.

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

2) In 2009.

5.3 Labour markets

4. Unemployment ¹⁾

(seasonally adjusted)

	Total		By age ²⁾				By gender ³⁾			
	Millions	% of labour force	Adult		Youth		Male		Female	
			Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force
% of total ⁴⁾	100.0		78.4		21.6		53.8		46.2	
	1	2	3	4	5	6	7	8	9	10
2006	12.877	8.3	10.053	7.3	2.824	16.4	6.389	7.5	6.488	9.4
2007	11.679	7.5	9.127	6.6	2.552	14.9	5.737	6.7	5.942	8.5
2008	11.891	7.6	9.265	6.6	2.626	15.4	5.998	6.9	5.893	8.3
2009	14.866	9.4	11.646	8.2	3.220	19.4	7.997	9.3	6.869	9.6
2009 Q2	14.762	9.3	11.535	8.2	3.227	19.3	7.945	9.2	6.817	9.5
Q3	15.294	9.7	11.993	8.5	3.300	19.9	8.260	9.6	7.034	9.8
Q4	15.517	9.8	12.250	8.7	3.267	20.0	8.430	9.8	7.087	9.9
2010 Q1	15.671	9.9	12.419	8.8	3.252	20.1	8.486	9.8	7.185	10.0
Q2	15.821	10.0	12.618	8.9	3.203	20.0	8.495	9.9	7.327	10.2
2010 Feb.	15.673	9.9	12.400	8.7	3.273	20.2	8.503	9.9	7.170	10.0
Mar.	15.750	10.0	12.512	8.8	3.237	20.0	8.491	9.9	7.259	10.1
Apr.	15.785	10.0	12.539	8.8	3.246	20.1	8.503	9.9	7.282	10.1
May	15.838	10.0	12.626	8.9	3.212	20.0	8.502	9.9	7.336	10.2
June	15.841	10.0	12.690	8.9	3.151	19.8	8.479	9.8	7.362	10.2
July	15.833	10.0	12.729	9.0	3.104	19.6	8.428	9.8	7.405	10.3

Source: Eurostat.

1) Data for unemployment refer to persons and follow ILO recommendations.

2) 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.

3) Rates are expressed as a percentage of the labour force for the relevant gender.

4) In 2009.



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⁾
	1	2	Direct taxes		Indirect taxes	Received by EU institutions	Social contributions		Sales	Capital taxes	13			
			Households	Corporations			Employers	Employees						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2001	45.7	45.4	12.2	9.4	2.8	13.5	0.5	15.6	8.1	4.7	2.1	0.2	0.3	41.6
2002	45.1	44.8	11.8	9.2	2.5	13.5	0.4	15.6	8.1	4.6	2.1	0.3	0.3	41.1
2003	45.0	44.3	11.4	9.0	2.3	13.5	0.4	15.7	8.2	4.6	2.1	0.6	0.5	41.1
2004	44.5	44.0	11.3	8.7	2.5	13.5	0.3	15.5	8.1	4.5	2.1	0.5	0.4	40.7
2005	44.8	44.3	11.5	8.7	2.7	13.7	0.3	15.4	8.1	4.5	2.2	0.4	0.3	40.9
2006	45.3	45.0	12.1	8.9	3.0	13.9	0.3	15.3	8.0	4.5	2.1	0.3	0.3	41.5
2007	45.4	45.1	12.4	9.1	3.2	13.8	0.3	15.1	8.0	4.4	2.1	0.3	0.3	41.6
2008	44.9	44.7	12.2	9.3	2.8	13.3	0.3	15.3	8.0	4.5	2.1	0.2	0.3	41.0
2009	44.5	44.2	11.3	9.2	2.0	13.1	0.3	15.7	8.2	4.5	2.2	0.3	0.4	40.5

2. Euro area – expenditure

	Total	Current expenditure							Capital expenditure				Memo item: Primary expenditure ³⁾	
	1	Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments	Subsidies	Paid by EU institutions	Investment	Capital transfers	Paid by EU institutions		
														10
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2001	47.5	43.6	10.3	4.8	3.8	24.7	21.7	1.9	0.5	3.9	2.5	1.4	0.0	43.7
2002	47.7	43.9	10.4	4.9	3.5	25.1	22.2	1.9	0.5	3.8	2.4	1.4	0.1	44.2
2003	48.1	44.1	10.5	5.0	3.3	25.4	22.5	1.9	0.5	3.9	2.5	1.4	0.1	44.8
2004	47.5	43.5	10.4	5.0	3.1	25.1	22.3	1.7	0.5	3.9	2.5	1.5	0.1	44.4
2005	47.3	43.4	10.4	5.1	3.0	25.0	22.3	1.7	0.5	3.9	2.5	1.4	0.0	44.3
2006	46.7	42.8	10.2	5.0	2.9	24.8	22.0	1.7	0.5	3.8	2.5	1.4	0.0	43.8
2007	46.0	42.3	10.0	5.0	3.0	24.3	21.6	1.6	0.4	3.8	2.6	1.2	0.0	43.1
2008	46.9	43.0	10.1	5.1	3.0	24.8	22.0	1.6	0.4	3.8	2.5	1.3	0.0	43.9
2009	50.7	46.5	10.8	5.6	2.8	27.3	24.2	1.8	0.5	4.2	2.8	1.4	0.0	47.9

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

	Deficit (-)/surplus (+)					Primary deficit (-)/surplus (+)	Government consumption ⁴⁾							
	Total	Central gov.	State gov.	Local gov.	Social security funds		Total	Compensation of employees	Intermediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Collective consumption	Individual consumption
2001	-1.9	-1.7	-0.4	-0.1	0.3	1.9	19.8	10.3	4.8	4.9	1.8	2.1	8.2	11.7
2002	-2.6	-2.1	-0.5	-0.2	0.2	0.9	20.2	10.4	4.9	5.1	1.8	2.1	8.3	12.0
2003	-3.1	-2.4	-0.5	-0.2	0.0	0.2	20.5	10.5	5.0	5.2	1.9	2.1	8.3	12.2
2004	-3.0	-2.5	-0.4	-0.3	0.1	0.1	20.4	10.4	5.0	5.1	1.9	2.1	8.3	12.1
2005	-2.6	-2.2	-0.3	-0.2	0.2	0.4	20.4	10.4	5.1	5.1	1.9	2.2	8.2	12.3
2006	-1.3	-1.5	-0.1	-0.2	0.4	1.6	20.3	10.2	5.0	5.2	1.9	2.1	8.0	12.2
2007	-0.6	-1.1	0.0	-0.1	0.5	2.3	20.0	10.0	5.0	5.2	1.9	2.1	7.9	12.1
2008	-2.0	-2.0	-0.2	-0.2	0.4	1.0	20.4	10.1	5.1	5.3	1.9	2.1	8.1	12.3
2009	-6.2	-5.0	-0.5	-0.3	-0.4	-3.4	22.1	10.8	5.6	5.8	2.0	2.2	8.8	13.2

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

	BE	DE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2006	0.3	-1.6	3.0	-3.6	2.0	-2.3	-3.3	-1.2	1.4	-2.6	0.5	-1.5	-3.9	-1.3	-3.5	4.0
2007	-0.2	0.2	0.1	-5.1	1.9	-2.7	-1.5	3.4	3.6	-2.2	0.2	-0.4	-2.6	0.0	-1.9	5.2
2008	-1.2	0.0	-7.3	-7.7	-4.1	-3.3	-2.7	0.9	2.9	-4.5	0.7	-0.4	-2.8	-1.7	-2.3	4.2
2009	-6.0	-3.3	-14.3	-13.6	-11.2	-7.5	-5.3	-6.1	-0.7	-3.8	-5.3	-3.4	-9.4	-5.5	-6.8	-2.2

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

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

6.2 Debt ¹⁾

(as a percentage of GDP)

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

	Total	Financial instruments				Holders				
		Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors ²⁾				Other creditors ³⁾
						Total	MFIs	Other financial corporations	Other sectors	
1	2	3	4	5	6	7	8	9	10	
2000	69.2	2.7	13.2	3.7	49.6	43.8	22.1	12.3	9.5	25.4
2001	68.2	2.8	12.4	4.0	48.9	42.0	20.6	11.0	10.4	26.2
2002	67.9	2.7	11.8	4.6	48.9	40.5	19.4	10.6	10.5	27.4
2003	69.0	2.1	12.4	5.0	49.6	39.7	19.6	11.0	9.1	29.3
2004	69.4	2.2	12.0	5.0	50.3	38.2	18.5	10.7	9.0	31.2
2005	70.0	2.4	11.8	4.7	51.1	36.3	17.2	11.1	7.9	33.8
2006	68.2	2.4	11.5	4.1	50.2	34.4	17.4	9.3	7.7	33.8
2007	65.9	2.2	10.8	4.2	48.7	32.6	16.7	8.5	7.3	33.4
2008	69.3	2.3	11.0	6.7	49.4	32.4	16.6	7.9	7.8	37.0
2009	78.7	2.4	11.9	8.6	55.8	36.6	19.6	8.7	8.2	42.2

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

	Total	Issued by: ⁴⁾				Original maturity			Residual maturity			Currencies	
		Central gov.	State gov.	Local gov.	Social security funds	Up to 1 year	Over 1 year	Variable interest rate	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currencies	Other currencies
2000	69.2	58.1	5.8	4.8	0.4	6.5	62.7	6.2	13.4	27.8	28.0	67.4	1.8
2001	68.2	57.0	6.0	4.7	0.4	7.0	61.1	5.3	13.7	26.6	27.9	66.6	1.5
2002	67.9	56.6	6.2	4.7	0.4	7.6	60.3	5.2	15.5	25.3	27.2	66.7	1.3
2003	69.0	56.9	6.5	5.1	0.6	7.8	61.2	5.0	14.9	26.0	28.2	68.1	0.9
2004	69.4	57.3	6.6	5.1	0.4	7.8	61.6	4.6	14.8	26.2	28.4	68.6	0.9
2005	70.0	57.6	6.7	5.2	0.5	7.9	62.1	4.6	14.8	25.5	29.6	69.0	1.0
2006	68.2	55.9	6.5	5.3	0.5	7.4	60.8	4.3	14.4	24.0	29.8	67.6	0.6
2007	65.9	53.9	6.2	5.2	0.5	7.4	58.5	4.3	14.6	23.5	27.8	65.4	0.5
2008	69.3	57.1	6.6	5.2	0.4	10.2	59.2	4.4	17.7	23.3	28.3	68.6	0.8
2009	78.7	64.9	7.5	5.6	0.6	12.2	66.5	4.5	19.8	26.7	32.2	78.0	0.8

3. Euro area countries

	BE	DE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2006	88.1	67.6	24.9	97.8	39.6	63.7	106.5	64.6	6.5	63.7	47.4	62.2	64.7	26.7	30.5	39.7
2007	84.2	65.0	25.0	95.7	36.2	63.8	103.5	58.3	6.7	61.9	45.5	59.5	63.6	23.4	29.3	35.2
2008	89.8	66.0	43.9	99.2	39.7	67.5	106.1	48.4	13.7	63.7	58.2	62.6	66.3	22.6	27.7	34.2
2009	96.7	73.2	64.0	115.1	53.2	77.6	115.8	56.2	14.5	69.1	60.9	66.5	76.8	35.9	35.7	44.0

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

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

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

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

	Total	Source of change			Financial instruments				Holders			Other creditors ⁶⁾
		Borrowing requirement ²⁾	Valuation effects ³⁾	Other changes in volume ⁴⁾	Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors ⁵⁾	MFI's	Other financial corporations	
	1	2	3	4	5	6	7	8	9	10	11	12
2001	1.9	1.9	-0.1	0.1	0.2	-0.2	0.5	1.5	0.0	-0.5	-0.8	1.9
2002	2.1	2.7	-0.5	0.0	0.0	-0.2	0.7	1.6	0.0	-0.5	-0.1	2.1
2003	3.1	3.3	-0.2	0.0	-0.6	0.9	0.6	2.1	0.4	0.8	0.8	2.7
2004	3.1	3.2	-0.1	0.0	0.2	0.1	0.1	2.7	0.1	-0.3	0.1	3.1
2005	3.1	3.0	0.0	0.0	0.3	0.3	-0.1	2.6	-0.6	-0.7	0.8	3.6
2006	1.5	1.4	0.1	0.0	0.2	0.2	-0.4	1.5	-0.1	1.0	-1.2	1.6
2007	1.1	1.1	0.0	0.0	-0.1	-0.1	0.3	1.0	-0.2	0.2	-0.3	1.2
2008	5.2	5.1	0.1	0.0	0.1	0.4	2.6	2.0	0.7	0.4	-0.4	4.5
2009	7.1	7.3	-0.2	0.0	0.1	0.6	1.6	4.8	3.1	2.5	0.5	4.0

2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+) ⁷⁾	Deficit-debt adjustment ⁸⁾											Other ⁹⁾
			Total	Transactions in main financial assets held by general government							Valuation effects	Exchange rate effects	Other changes in volume	
				Total	Currency and deposits	Loans	Securities ¹⁰⁾	Shares and other equity	Privatisations	Equity injections				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2001	1.9	-1.9	0.0	-0.5	-0.6	0.1	0.1	-0.1	-0.3	0.1	-0.1	0.0	0.1	0.6
2002	2.1	-2.6	-0.5	0.1	0.1	0.0	0.0	-0.1	-0.4	0.1	-0.5	-0.1	0.0	0.0
2003	3.1	-3.1	0.0	0.1	0.1	0.0	0.0	0.1	-0.2	0.1	-0.2	-0.1	0.0	0.1
2004	3.1	-3.0	0.2	0.2	0.2	0.0	0.1	0.0	-0.5	0.2	-0.1	0.0	0.0	0.1
2005	3.1	-2.6	0.5	0.6	0.3	0.1	0.2	0.1	-0.3	0.2	0.0	0.0	0.0	-0.1
2006	1.5	-1.3	0.2	0.3	0.3	-0.1	0.3	-0.2	-0.4	0.1	0.1	0.0	0.0	-0.2
2007	1.1	-0.6	0.4	0.6	0.2	0.0	0.2	0.1	-0.2	0.2	0.0	0.0	0.0	-0.1
2008	5.2	-2.0	3.3	3.1	0.8	0.7	0.8	0.8	0.0	0.6	0.1	0.0	0.0	0.1
2009	7.1	-6.2	0.9	1.0	0.4	0.0	0.2	0.4	-0.2	0.5	-0.2	0.0	0.0	0.0

Source: ECB.

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

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

1. Euro area – quarterly revenue

	Total		Current revenue					Capital revenue		Memo item: Fiscal burden ²⁾
	1	2	Direct taxes	Indirect taxes	Social contributions	Sales	Property income	8	Capital taxes		9
2004 Q1	41.3	40.9	9.5	12.9	15.3	1.7	0.6	0.4	0.3	38.0
2004 Q2	44.7	43.9	11.9	12.9	15.3	2.0	1.1	0.8	0.6	40.7
2004 Q3	42.8	42.3	10.7	12.8	15.3	1.9	0.7	0.5	0.3	39.1
2004 Q4	48.9	48.0	12.9	14.2	16.1	2.9	0.7	1.0	0.4	43.7
2005 Q1	42.0	41.5	10.0	13.0	15.2	1.7	0.6	0.5	0.3	38.5
2005 Q2	44.3	43.6	11.5	13.2	15.1	2.0	1.1	0.6	0.3	40.1
2005 Q3	43.5	42.8	11.1	13.0	15.2	1.9	0.7	0.7	0.3	39.7
2005 Q4	49.0	48.2	13.3	14.2	16.1	2.9	0.8	0.7	0.3	43.9
2006 Q1	42.4	42.0	10.3	13.4	15.1	1.6	0.8	0.4	0.3	39.0
2006 Q2	45.3	44.9	12.2	13.5	15.1	1.9	1.3	0.5	0.3	41.1
2006 Q3	43.8	43.3	11.6	13.0	15.1	2.0	0.8	0.5	0.3	40.0
2006 Q4	49.3	48.7	14.0	14.2	15.8	2.9	0.9	0.6	0.3	44.4
2007 Q1	42.1	41.7	10.2	13.5	14.8	1.7	0.8	0.4	0.3	38.8
2007 Q2	45.6	45.2	12.7	13.5	15.0	1.8	1.5	0.4	0.3	41.4
2007 Q3	43.7	43.3	12.2	12.8	14.8	1.9	0.8	0.5	0.3	40.1
2007 Q4	49.6	49.1	14.4	14.1	15.7	3.0	0.9	0.5	0.3	44.6
2008 Q1	42.2	41.9	10.7	12.9	14.8	1.7	1.0	0.3	0.2	38.6
2008 Q2	44.9	44.5	12.6	12.8	15.0	1.9	1.5	0.4	0.3	40.7
2008 Q3	43.2	42.9	11.9	12.4	15.0	1.9	0.8	0.3	0.3	39.7
2008 Q4	48.8	48.3	13.6	13.6	16.2	3.0	1.0	0.5	0.3	43.7
2009 Q1	41.9	41.8	10.3	12.5	15.4	1.8	1.0	0.2	0.2	38.4
2009 Q2	44.4	43.8	11.5	12.6	15.5	2.0	1.5	0.6	0.5	40.1
2009 Q3	42.6	42.2	10.9	12.3	15.5	2.0	0.8	0.3	0.3	39.0
2009 Q4	48.5	47.9	12.7	13.7	16.4	3.2	1.0	0.7	0.5	43.2
2010 Q1	41.4	41.3	10.0	12.3	15.3	1.8	0.9	0.2	0.2	38.0

2. Euro area – quarterly expenditure and deficit/surplus

	Total		Current expenditure						Capital expenditure			Deficit (-)/ surplus (+)	Primary deficit (-)/ surplus (+)
	Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social benefits	Subsidies	Investment	Capital transfers				
	1	2	3	4	5	6	7	8	9	10	11	12	13
2004 Q1	46.3	42.9	10.3	4.6	3.2	24.9	21.3	1.2	3.4	1.9	1.5	-5.0	-1.8
2004 Q2	46.6	43.2	10.4	4.8	3.2	24.7	21.4	1.3	3.4	2.3	1.1	-1.9	1.4
2004 Q3	46.0	42.6	9.9	4.7	3.1	24.9	21.5	1.3	3.4	2.4	1.0	-3.2	-0.1
2004 Q4	50.8	45.6	11.0	5.7	2.9	26.0	22.6	1.4	5.2	3.1	2.1	-1.9	1.0
2005 Q1	46.7	43.0	10.2	4.6	3.1	25.1	21.3	1.2	3.7	1.9	1.8	-4.8	-1.7
2005 Q2	46.1	42.8	10.2	4.9	3.2	24.5	21.3	1.1	3.4	2.3	1.1	-1.9	1.3
2005 Q3	45.7	42.3	9.9	4.8	3.0	24.6	21.3	1.2	3.4	2.5	1.0	-2.2	0.8
2005 Q4	50.5	45.7	11.1	5.8	2.7	26.0	22.5	1.3	4.8	3.1	1.7	-1.5	1.2
2006 Q1	45.3	42.1	10.0	4.6	3.0	24.6	21.1	1.2	3.1	1.9	1.2	-2.9	0.1
2006 Q2	45.4	42.2	10.2	4.9	3.1	24.0	21.0	1.1	3.2	2.3	0.9	-0.1	3.0
2006 Q3	45.3	41.9	9.8	4.7	2.9	24.5	21.1	1.2	3.4	2.4	1.0	-1.5	1.4
2006 Q4	50.3	45.0	10.7	5.7	2.7	25.9	22.2	1.4	5.3	3.2	2.2	-1.0	1.7
2007 Q1	44.3	41.1	9.8	4.5	2.9	23.9	20.5	1.2	3.2	2.0	1.2	-2.2	0.8
2007 Q2	44.6	41.4	9.9	4.8	3.2	23.5	20.5	1.1	3.2	2.3	0.9	1.0	4.2
2007 Q3	44.5	41.1	9.5	4.7	2.9	23.9	20.6	1.2	3.4	2.5	0.9	-0.8	2.1
2007 Q4	50.3	45.2	10.6	5.8	2.8	26.0	22.2	1.5	5.1	3.4	1.7	-0.7	2.1
2008 Q1	44.6	41.4	9.7	4.6	3.0	24.1	20.5	1.2	3.2	2.0	1.2	-2.4	0.6
2008 Q2	45.2	41.9	10.1	4.9	3.2	23.7	20.6	1.1	3.3	2.3	1.0	-0.3	2.9
2008 Q3	45.4	41.9	9.6	4.8	3.1	24.4	21.2	1.2	3.5	2.5	1.0	-2.2	0.9
2008 Q4	51.8	46.8	11.0	6.1	2.8	26.9	23.0	1.4	5.0	3.4	1.6	-3.0	-0.2
2009 Q1	48.4	44.9	10.5	5.3	2.9	26.3	22.4	1.3	3.4	2.2	1.2	-6.4	-3.6
2009 Q2	50.1	46.1	10.9	5.5	3.2	26.6	23.1	1.3	4.0	2.7	1.3	-5.7	-2.6
2009 Q3	49.2	45.3	10.3	5.2	2.7	27.0	23.4	1.4	3.8	2.6	1.1	-6.6	-3.9
2009 Q4	54.7	49.4	11.4	6.3	2.5	29.1	24.8	1.6	5.4	3.4	1.9	-6.2	-3.7
2010 Q1	49.5	45.9	10.5	5.2	2.8	27.4	23.3	1.4	3.6	2.1	1.5	-8.0	-5.2

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. The data are not seasonally adjusted.
2) The fiscal burden comprises taxes and social contributions.

6.5 Quarterly debt and change in debt

(as a percentage of GDP)

1. Euro area – Maastricht debt by financial instrument ¹⁾

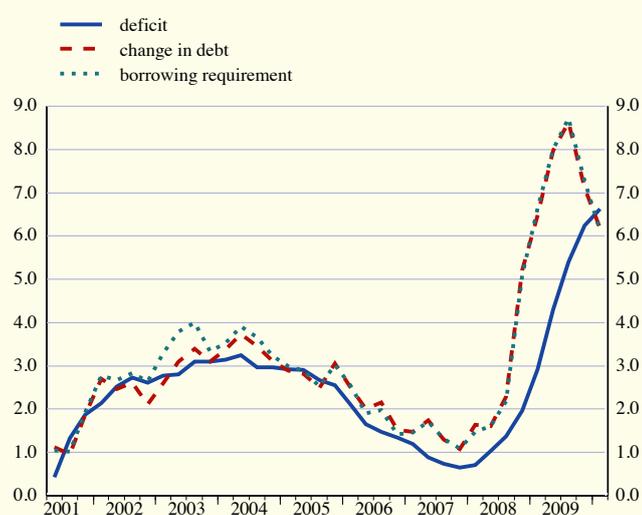
	Total 1	Financial instruments			
		Currency and deposits 2	Loans 3	Short-term securities 4	Long-term securities 5
2007 Q2	68.6	2.2	11.2	5.1	50.2
Q3	67.6	2.1	11.1	5.1	49.3
Q4	65.9	2.2	10.8	4.2	48.7
2008 Q1	67.0	2.1	11.2	5.0	48.7
Q2	67.3	2.1	11.2	4.9	49.0
Q3	67.4	2.1	11.1	5.5	48.6
Q4	69.3	2.3	11.0	6.7	49.4
2009 Q1	72.8	2.3	11.3	7.9	51.4
Q2	76.1	2.3	11.6	8.4	53.7
Q3	77.9	2.3	11.8	9.2	54.6
Q4	78.7	2.4	11.9	8.6	55.8
2010 Q1	80.5	2.4	12.2	8.4	57.6

2. Euro area – deficit-debt adjustment

	Change in debt 1	Deficit (-)/ surplus (+) 2	Deficit-debt adjustment							Memo item: Borrowing requirement 11	
			Total 3	Transactions in main financial assets held by general government				Valuation effects and other changes in volume 9	Other 10		
				Total 4	Currency and deposits 5	Loans 6	Securities 7				Shares and other equity 8
2007 Q2	4.2	1.0	5.2	4.9	4.1	0.0	0.5	0.3	0.6	-0.3	3.5
Q3	-0.6	-0.8	-1.4	-1.4	-2.1	0.0	0.4	0.2	0.1	-0.1	-0.6
Q4	-3.6	-0.7	-4.2	-2.9	-2.1	0.0	-0.6	-0.2	-0.1	-1.2	-3.4
2008 Q1	6.7	-2.4	4.3	3.4	2.0	0.0	1.1	0.3	0.1	0.9	6.6
Q2	4.0	-0.3	3.7	3.9	1.8	0.3	1.3	0.4	0.0	-0.2	3.9
Q3	2.2	-2.2	0.0	-0.9	-1.6	0.0	0.2	0.5	0.5	0.4	1.8
Q4	7.9	-3.0	5.0	5.8	0.8	2.6	0.5	1.9	-0.1	-0.8	8.0
2009 Q1	12.1	-6.4	5.6	6.5	5.1	-0.1	0.8	0.7	-1.1	0.2	13.2
Q2	9.9	-5.7	4.2	3.3	2.5	-0.6	0.1	1.2	0.6	0.3	9.3
Q3	4.7	-6.6	-1.9	-2.9	-3.1	0.7	-0.1	-0.4	0.2	0.8	4.5
Q4	2.1	-6.2	-4.1	-2.6	-2.7	0.0	0.0	0.1	-0.3	-1.1	2.4
2010 Q1	8.3	-8.0	0.2	0.7	0.7	0.0	-0.4	0.4	-0.1	-0.4	8.4

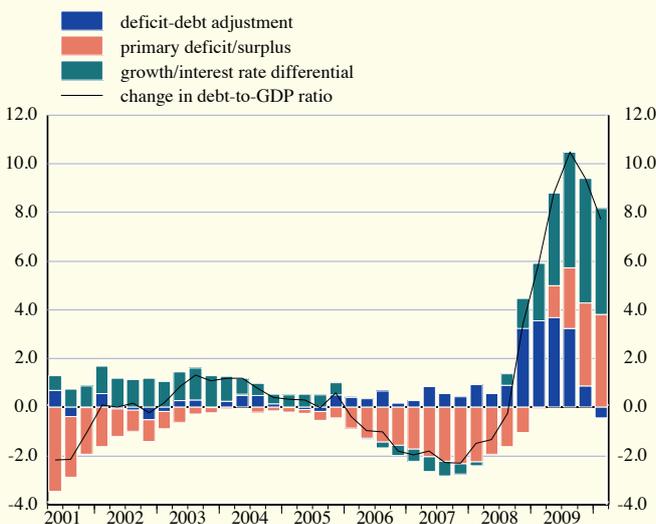
C28 Deficit, borrowing requirement and change in debt

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



C29 Maastricht debt

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



Sources: ECB calculations based on Eurostat and national data.

1) The stock data in quarter t are expressed as a percentage of the sum of GDP in t and the previous three quarters.



EXTERNAL TRANSACTIONS AND POSITIONS

7.1 Summary balance of payments ¹⁾

(EUR billions; net transactions)

	Current account					Capital account	Net lending/borrowing to/from rest of the world (columns 1+6)	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers			Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2007	13.5	48.0	49.6	2.9	-87.0	5.0	18.5	-10.7	-73.7	151.5	-63.7	-19.6	-5.1	-7.8
2008	-153.8	-19.1	41.4	-76.6	-99.5	9.8	-144.0	163.2	-198.7	344.1	-62.5	83.7	-3.4	-19.2
2009	-55.9	40.7	29.9	-38.2	-88.2	6.2	-49.7	43.0	-78.9	308.7	42.1	-233.3	4.5	6.8
2009 Q2	-22.0	14.0	6.9	-25.5	-17.3	2.2	-19.8	10.9	0.3	70.8	22.9	-81.7	-1.4	8.9
Q3	-3.6	13.8	12.2	-6.7	-22.8	1.4	-2.2	-12.6	-23.7	78.2	-4.5	-62.9	0.3	14.8
Q4	6.8	20.5	9.1	-3.1	-19.7	1.2	8.0	-6.2	9.0	53.9	7.9	-76.9	-0.1	-1.8
2010 Q1	-25.4	2.8	3.3	3.3	-34.8	2.6	-22.9	24.4	-34.9	22.4	1.8	39.8	-4.6	-1.6
Q2	-24.4	8.9	10.9	-26.6	-17.7	1.8	-22.6	23.9	-31.0	99.8	-0.9	-45.1	1.0	-1.3
2009 June	1.5	7.3	1.8	-6.2	-1.3	0.3	1.8	-16.6	-24.8	42.3	0.5	-34.2	-0.4	14.8
July	8.1	14.1	3.9	-3.0	-6.9	0.9	9.0	-19.4	7.2	-26.5	6.4	-2.9	-3.7	10.4
Aug.	-6.1	-1.9	4.1	0.0	-8.3	0.5	-5.5	-10.8	1.7	25.7	-9.8	-29.2	0.8	16.3
Sep.	-5.6	1.5	4.1	-3.7	-7.5	0.0	-5.6	17.6	-32.6	78.9	-1.1	-30.8	3.3	-11.9
Oct.	-1.3	8.7	2.9	0.2	-13.2	-0.3	-1.6	1.1	3.8	6.2	1.6	-9.8	-0.6	0.5
Nov.	-2.4	5.5	1.2	-3.1	-6.0	1.0	-1.4	3.4	-3.5	-7.3	-0.1	13.0	1.4	-2.0
Dec.	10.6	6.4	4.9	-0.2	-0.6	0.5	11.0	-10.6	8.8	55.1	6.4	-80.1	-0.8	-0.4
2010 Jan.	-14.4	-7.7	0.8	0.9	-8.5	1.6	-12.8	32.0	9.2	21.4	3.6	-3.6	1.5	-19.2
Feb.	-8.7	4.2	1.2	1.9	-16.1	0.8	-7.9	-8.4	-17.6	2.4	-0.7	11.3	-3.7	16.3
Mar.	-2.2	6.2	1.3	0.4	-10.2	0.1	-2.1	0.8	-26.5	-1.4	-1.0	32.1	-2.5	1.3
Apr.	-7.5	2.9	3.2	-5.8	-7.7	-0.2	-7.7	8.6	-11.4	32.3	0.3	-12.5	0.0	-1.0
May	-17.9	0.4	3.9	-16.9	-5.4	2.0	-16.0	16.3	-12.4	64.4	-2.5	-33.1	-0.1	-0.3
June	1.0	5.6	3.8	-3.9	-4.6	0.0	1.0	-1.0	-7.2	3.2	1.3	0.6	1.2	0.0
<i>12-month cumulated transactions</i>														
2010 June	-46.6	46.0	35.5	-33.0	-95.0	6.9	-39.7	29.6	-80.6	254.3	4.4	-145.1	-3.4	10.1
<i>12-month cumulated transactions as a percentage of GDP</i>														
2010 June	-0.5	0.5	0.4	-0.4	-1.1	0.1	-0.4	0.3	-0.9	2.8	0.0	-1.6	0.0	0.1

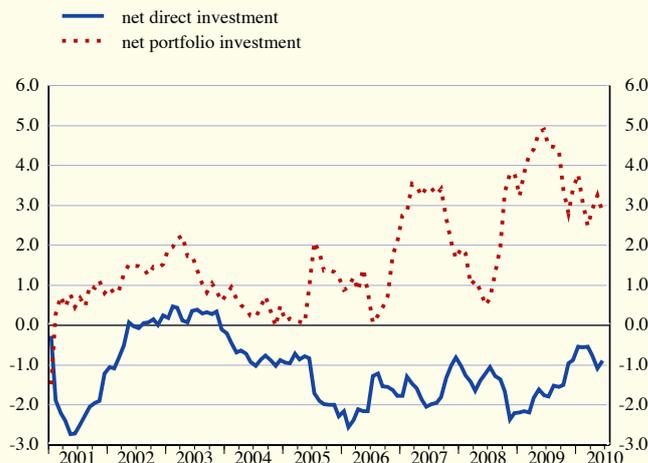
C30 Euro area b.o.p.: current account

(seasonally adjusted; 12-month cumulated transactions as a percentage of GDP)



C31 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

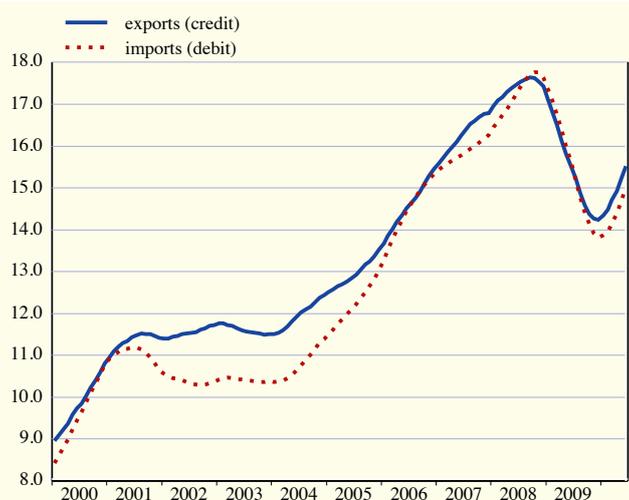
(EUR billions; transactions)

1. Summary current and capital accounts

	Current account											Capital account			
	Total			Goods		Services		Income		Current transfers			Credit	Debit	
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit				
											Workers' remittances	Workers' remittances			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
2007	2,702.7	2,689.2	13.5	1,518.0	1,470.1	494.9	445.3	598.7	595.8	91.0	6.4	178.1	20.7	25.7	20.7
2008	2,732.5	2,886.3	-153.8	1,580.4	1,599.5	517.6	476.2	546.1	622.6	88.5	6.7	188.0	21.4	24.2	14.5
2009	2,269.9	2,325.8	-55.9	1,291.2	1,250.5	469.8	439.9	416.0	454.2	92.9	6.1	181.1	21.6	19.0	12.8
2009 Q2	559.5	581.4	-22.0	312.5	298.5	114.8	107.9	111.2	136.7	21.0	1.6	38.3	5.4	4.9	2.8
Q3	556.0	559.6	-3.6	322.5	308.7	124.0	111.9	95.1	101.8	14.3	1.6	37.2	5.5	3.9	2.4
Q4	597.3	590.4	6.8	348.8	328.2	120.6	111.5	96.2	99.2	31.7	1.5	51.4	5.7	6.0	4.9
2010 Q1	579.0	604.4	-25.4	348.7	346.0	110.1	106.8	99.1	95.7	21.0	1.4	55.8	5.0	5.1	2.5
Q2	622.8	647.2	-24.4	387.8	378.9	121.7	110.8	96.3	122.8	17.1	.	34.7	.	4.2	2.5
2010 Apr.	195.4	202.9	-7.5	122.9	120.0	38.2	35.0	30.2	36.0	4.1	.	11.8	.	0.7	0.9
May	203.7	221.6	-17.9	124.6	124.1	40.0	36.2	31.5	48.4	7.6	.	13.0	.	2.7	0.8
June	223.7	222.7	1.0	140.3	134.7	43.4	39.6	34.6	38.5	5.4	.	9.9	.	0.8	0.8
	<i>Seasonally adjusted</i>														
2009 Q4	568.6	575.7	-7.1	332.7	317.6	117.3	108.5	92.1	101.8	26.5	.	47.8	.	.	.
2010 Q1	606.5	616.0	-9.6	363.6	353.2	120.7	111.5	102.5	104.7	19.7	.	46.6	.	.	.
Q2	625.9	643.5	-17.6	390.7	384.5	122.8	113.3	93.8	104.4	18.6	.	41.2	.	.	.
2010 Apr.	200.2	205.8	-5.6	124.4	123.8	40.3	36.3	30.2	33.1	5.3	.	12.5	.	.	.
May	212.8	220.2	-7.4	132.2	129.3	41.4	38.1	31.0	37.0	8.2	.	15.8	.	.	.
June	212.9	217.5	-4.6	134.0	131.4	41.1	38.9	32.7	34.3	5.1	.	12.9	.	.	.
	<i>12-month cumulated transactions</i>														
2010 June	2,351.6	2,396.6	-45.1	1,403.1	1,358.0	476.0	440.4	385.8	420.3	86.6	.	177.9	.	.	.
	<i>12-month cumulated transactions as a percentage of GDP</i>														
2010 June	26.0	26.5	-0.5	15.5	15.0	5.3	4.9	4.3	4.6	1.0	.	2.0	.	.	.

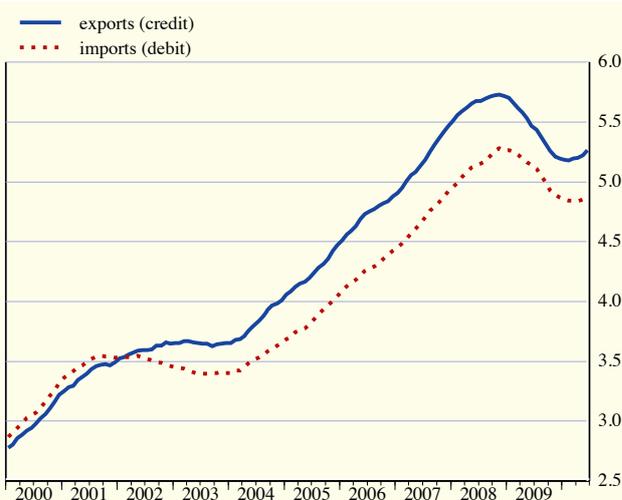
C32 Euro area b.o.p.: goods

(seasonally adjusted; 12-month cumulated transactions as a percentage of GDP)



C33 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			Reinv. earnings	Reinv. earnings	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit		
			1	2											3	4	5	6	7	8	9	10	11	12	13	14	15	16
2007	18.8	10.3	579.9	585.5	208.7	70.9	137.7	44.2	26.6	25.2	45.3	113.7	118.8	111.1	180.5	197.8
2008	18.9	10.4	527.1	612.2	154.4	17.9	147.0	50.0	29.9	24.8	43.0	119.0	125.2	125.3	174.5	196.1
2009	19.0	11.6	397.0	442.7	129.1	21.9	104.8	31.9	20.3	20.7	30.9	79.6	108.6	139.8	108.2	97.8
2009 Q1	4.7	2.1	108.8	114.4	34.1	7.8	26.7	15.2	5.2	5.1	6.9	13.3	29.4	37.5	33.3	31.9
Q2	4.6	2.6	106.6	134.2	33.1	1.5	25.6	4.3	5.6	5.9	10.6	38.8	27.5	36.6	29.8	27.2
Q3	4.6	3.5	90.5	98.4	29.0	7.5	25.1	8.5	4.1	4.7	7.1	13.9	27.4	34.8	22.9	19.9
Q4	5.1	3.5	91.1	95.8	32.9	5.0	27.4	3.8	5.4	5.0	6.3	13.7	24.3	30.9	22.2	18.8
2010 Q1	4.9	2.1	94.2	93.6	37.8	2.8	28.2	12.3	4.5	4.3	5.8	12.0	25.0	31.7	21.0	17.3

3. Geographical breakdown

(cumulated transactions)

	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzerland	United States	Other
		Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions									
2009 Q2 to 2010 Q1	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Credits																
Current account	2,291.7	802.5	45.1	67.5	391.9	237.5	60.4	36.6	30.8	93.5	31.3	46.8	71.4	168.5	307.6	702.8
Goods	1,332.5	440.0	27.4	42.9	188.3	181.2	0.2	20.2	15.8	76.0	23.3	29.7	51.3	84.7	156.6	434.9
Services	469.6	157.6	10.9	12.5	101.8	26.8	5.5	7.1	6.5	12.8	6.3	10.4	13.0	50.0	70.6	135.2
Income	401.6	140.6	6.2	10.8	89.9	26.2	7.6	8.9	7.6	4.5	1.6	6.5	6.7	26.7	75.7	122.9
Investment income	382.4	133.8	6.1	10.7	88.2	25.5	3.4	8.9	7.5	4.4	1.5	6.5	6.7	19.3	73.8	119.9
Current transfers	88.1	64.3	0.7	1.2	11.9	3.3	47.2	0.4	0.8	0.2	0.0	0.2	0.3	7.1	4.8	9.9
Capital account	19.9	16.1	0.0	0.0	0.8	0.3	14.8	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4	2.9
Debits																
Current account	2,335.8	751.3	39.7	66.9	332.5	212.8	99.4	-	24.3	-	-	84.4	-	157.3	315.6	-
Goods	1,281.4	369.8	25.7	37.8	140.5	165.8	0.0	20.5	10.3	157.7	18.8	42.1	85.1	71.7	117.0	388.5
Services	438.1	132.6	7.0	10.3	83.2	31.9	0.2	5.5	5.5	10.1	4.4	7.8	7.8	42.0	92.3	130.1
Income	433.5	136.8	6.2	17.7	96.4	10.9	5.7	-	6.9	-	-	34.2	-	37.3	99.7	-
Investment income	421.9	129.3	6.1	17.6	94.8	5.2	5.7	-	6.8	-	-	34.1	-	36.7	98.8	-
Current transfers	182.7	112.1	0.8	1.1	12.5	4.2	93.5	1.4	1.8	2.9	0.7	0.4	0.5	6.2	6.7	50.0
Capital account	12.6	2.4	0.1	0.1	1.0	0.2	1.0	0.2	0.1	0.1	0.1	0.1	0.1	0.5	1.3	7.8
Net																
Current account	-44.1	51.1	5.4	0.6	59.4	24.7	-39.0	-	6.4	-	-	-37.6	-	11.2	-8.0	-
Goods	51.1	70.2	1.6	5.1	47.8	15.4	0.2	-0.3	5.5	-81.6	4.5	-12.4	-33.8	13.0	39.6	46.3
Services	31.4	24.9	3.9	2.2	18.7	-5.0	5.2	1.7	1.1	2.7	1.9	2.6	5.3	7.9	-21.7	5.1
Income	-32.0	3.8	0.0	-6.9	-6.5	15.3	1.9	-	0.7	-	-	-27.6	-	-10.6	-24.0	-
Investment income	-39.6	4.5	0.0	-6.9	-6.5	20.3	-2.3	-	0.8	-	-	-27.6	-	-17.4	-25.1	-
Current transfers	-94.6	-47.8	-0.1	0.1	-0.6	-0.9	-46.3	-1.1	-0.9	-2.7	-0.6	-0.2	-0.2	0.9	-1.9	-40.1
Capital account	7.3	13.7	-0.1	-0.1	-0.1	0.1	13.8	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	-0.1	-0.8	-4.9

Source: ECB.

7.3 Financial account

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

1. Summary financial account

	Total ¹⁾			Total as a % of GDP			Direct investment		Portfolio investment		Net financial derivatives	Other investment		Reserve assets
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Outstanding amounts (international investment position)														
2006	12,384.3	13,399.8	-1,015.5	144.7	156.5	-11.9	3,153.4	2,729.4	4,372.1	5,950.0	-20.8	4,553.8	4,720.4	325.8
2007	13,908.5	15,155.8	-1,247.3	154.2	168.0	-13.8	3,572.8	3,130.7	4,631.6	6,556.5	-26.0	5,382.9	5,468.6	347.2
2008	13,315.2	14,949.2	-1,634.0	143.9	161.6	-17.7	3,744.4	3,217.0	3,763.9	6,078.6	-36.2	5,468.8	5,653.6	374.2
2009 Q3	13,381.5	14,979.0	-1,597.5	148.7	166.5	-17.8	4,042.1	3,345.1	4,059.8	6,626.7	-60.1	4,908.9	5,007.2	430.8
2009 Q4	13,717.2	15,105.7	-1,388.5	153.0	168.5	-15.5	4,174.6	3,423.8	4,196.6	6,761.8	-45.6	4,929.1	4,920.1	462.4
2010 Q1	14,365.3	15,701.3	-1,336.0	159.8	174.6	-14.9	4,318.6	3,469.4	4,453.4	7,102.0	-37.4	5,132.1	5,129.9	498.7
Changes to outstanding amounts														
2005	2,209.7	2,070.3	139.3	27.1	25.4	1.7	522.1	209.0	842.5	1,012.3	16.0	790.0	849.1	39.1
2006	1,545.8	1,845.7	-299.9	18.1	21.6	-3.5	362.6	285.1	484.6	892.2	0.6	692.3	668.4	5.7
2007	1,524.2	1,756.0	-231.9	16.9	19.5	-2.6	419.4	401.3	259.5	606.5	-5.2	829.1	748.1	21.4
2008	-593.3	-206.6	-386.6	-6.4	-2.2	-4.2	171.7	86.3	-867.7	-478.0	-10.2	85.9	185.1	27.0
2009 Q4	335.7	126.7	209.0	14.4	5.5	9.0	132.6	78.7	136.8	135.1	14.5	20.3	-87.1	31.5
2010 Q1	648.2	595.6	52.6	29.3	26.9	2.4	144.0	45.6	256.8	340.2	8.2	202.9	209.8	36.3
Transactions														
2006	1,728.6	1,719.1	9.4	20.2	20.1	0.1	417.6	257.4	519.8	708.5	0.6	789.3	753.2	1.3
2007	1,946.6	1,935.9	10.7	21.6	21.5	0.1	476.5	402.9	438.5	589.9	63.7	962.8	943.1	5.1
2008	464.8	628.0	-163.2	5.0	6.8	-1.8	323.8	125.1	-10.2	333.9	62.5	85.3	169.0	3.4
2009	-170.6	-121.7	-48.9	-1.9	-1.4	-0.5	289.8	210.9	68.2	391.8	-42.1	-482.1	-724.3	-4.5
2009 Q4	41.1	34.9	6.2	1.8	1.5	0.3	38.3	47.3	32.0	85.9	-7.9	-21.4	-98.3	0.1
2010 Q1	192.5	216.9	-24.4	8.7	9.8	-1.1	40.4	5.5	64.9	87.3	-1.8	84.4	124.2	4.6
2010 Q2	72.5	96.5	-23.9	3.2	4.2	-1.0	38.4	7.4	-6.7	93.1	0.9	41.0	-4.1	-1.0
2010 Feb.	56.2	47.9	8.4	.	.	.	16.1	-1.6	8.4	10.7	0.7	27.4	38.7	3.7
Mar.	50.6	51.4	-0.8	.	.	.	30.6	4.1	25.2	23.9	1.0	-8.7	23.4	2.5
Apr.	128.9	137.5	-8.6	.	.	.	15.7	4.3	17.3	49.6	-0.3	96.2	83.7	0.0
May	96.9	113.2	-16.3	.	.	.	13.9	1.6	-12.3	52.1	2.5	92.7	59.5	0.1
June	-153.2	-154.2	1.0	.	.	.	8.7	1.5	-11.7	-8.5	-1.3	-147.8	-147.2	-1.2
Other changes														
2005	851.4	749.6	101.7	10.4	9.2	1.2	163.7	56.5	426.3	487.7	-1.4	205.7	205.4	57.1
2006	-182.7	126.6	-309.3	-2.1	1.5	-3.6	-55.0	27.7	-35.2	183.7	0.0	-97.0	-84.8	4.4
2007	-422.5	-179.9	-242.5	-4.7	-2.0	-2.7	-57.1	-1.5	-179.0	16.6	-69.0	-133.6	-195.0	16.3
2008	-1,058.0	-834.6	-223.4	-11.4	-9.0	-2.4	-152.1	-38.8	-857.5	-811.8	-72.7	0.6	16.1	23.6
Other changes due to exchange rate changes														
2005	394.2	245.0	149.2	4.8	3.0	1.8	89.8	5.7	158.3	101.4	.	129.2	137.9	17.0
2006	-343.3	-228.5	-114.8	-4.0	-2.7	-1.3	-72.1	-4.2	-151.6	-101.1	.	-105.7	-123.2	-13.9
2007	-531.1	-291.5	-239.6	-5.9	-3.2	-2.7	-113.3	-5.9	-219.2	-106.0	.	-185.0	-179.6	-13.7
2008	-40.3	59.3	-99.6	-0.4	0.6	-1.1	-17.3	-0.2	1.8	42.0	.	-34.0	17.5	9.2
Other changes due to price changes														
2005	284.5	430.3	-145.8	3.5	5.3	-1.8	45.0	40.8	199.0	389.5	-1.4	.	.	41.9
2006	288.6	298.4	-9.8	3.4	3.5	-0.1	45.4	33.5	226.0	264.9	0.0	.	.	17.1
2007	82.4	124.7	-42.4	0.9	1.4	-0.5	46.5	12.5	75.0	112.2	-69.8	.	.	30.7
2008	-1,013.8	-1,102.1	88.3	-11.0	-11.9	1.0	-155.6	-138.4	-803.6	-963.7	-75.9	.	.	21.2
Other changes due to other adjustments														
2005	172.7	74.3	98.3	2.1	0.9	1.2	29.0	10.0	69.0	-3.1	.	76.5	67.4	-1.8
2006	-128.1	56.7	-184.7	-1.5	0.7	-2.2	-28.3	-1.6	-109.6	19.8	.	8.7	38.4	1.2
2007	30.7	-16.9	47.6	0.3	-0.2	0.5	5.0	-13.6	-33.0	12.4	.	59.5	-15.7	-0.8
2008	-20.9	191.6	-212.5	-0.2	2.1	-2.3	18.0	87.4	-56.9	102.2	.	25.4	2.0	-7.3
Growth rates of outstanding amounts														
2005	15.2	13.4	-	.	.	.	15.2	6.8	13.1	12.1	.	18.5	19.5	-5.9
2006	16.1	14.8	-	.	.	.	15.0	10.5	13.6	13.7	.	20.5	18.7	0.3
2007	15.7	14.3	-	.	.	.	15.1	14.7	10.0	9.8	.	21.2	20.0	1.6
2008	3.3	4.2	-	.	.	.	9.2	4.0	-0.5	5.3	.	1.6	3.2	1.0
2009 Q4	-1.3	-0.8	-	.	.	.	7.7	6.6	1.7	6.3	.	-9.0	-12.7	-1.2
2010 Q1	1.9	1.5	-	.	.	.	5.8	5.5	5.3	6.4	.	-3.0	-6.5	1.3
2010 Q2	2.6	2.2	-	.	.	.	4.4	3.0	3.4	5.6	.	0.6	-2.5	0.7

Source: ECB.

1) Net financial derivatives are included in assets.

7.3 Financial account

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

2. Direct investment

	By resident units abroad							By non-resident units in the euro area						
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	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
Outstanding amounts (international investment position)														
2007	3,572.8	2,886.7	240.8	2,645.9	686.1	6.4	679.7	3,130.7	2,401.0	69.5	2,331.5	729.8	15.4	714.4
2008	3,744.4	2,946.9	234.8	2,712.1	797.5	9.3	788.2	3,217.0	2,405.5	77.0	2,328.5	811.6	16.4	795.1
2009 Q4	4,174.6	3,251.5	252.3	2,999.2	923.1	14.6	908.5	3,423.8	2,550.2	77.9	2,472.3	873.6	14.7	858.9
2010 Q1	4,318.6	3,362.2	264.9	3,097.3	956.4	15.3	941.1	3,469.4	2,640.3	80.0	2,560.2	829.1	14.9	814.2
Transactions														
2008	323.8	195.1	-4.8	199.9	128.7	-0.2	128.9	125.1	93.0	-1.3	94.3	32.1	1.6	30.4
2009	289.8	214.6	23.2	191.4	75.2	3.4	71.9	210.9	207.7	7.9	199.8	3.2	-0.7	3.9
2009 Q4	38.3	52.0	0.0	52.0	-13.7	1.7	-15.4	47.3	56.3	2.8	53.5	-9.0	-0.1	-9.0
2010 Q1	40.4	8.4	6.2	2.2	32.0	0.2	31.7	5.5	67.5	1.4	66.1	-62.1	-0.2	-61.9
2010 Q2	38.4	3.2	-0.2	3.4	35.2	0.5	34.7	7.4	8.8	2.0	6.8	-1.4	0.4	-1.8
2010 Feb.	16.1	6.9	3.9	2.9	9.2	0.2	9.0	-1.6	49.3	0.0	49.3	-50.9	4.5	-55.3
Mar.	30.6	13.8	1.6	12.2	16.8	0.0	16.8	4.1	11.2	0.2	11.0	-7.1	-2.1	-5.0
Apr.	15.7	1.3	0.8	0.5	14.4	0.3	14.1	4.3	5.3	0.4	4.9	-1.0	1.5	-2.5
May	13.9	3.3	-1.4	4.7	10.6	0.2	10.3	1.6	1.7	0.8	0.9	-0.2	1.0	-1.2
June	8.7	-1.5	0.3	-1.8	10.2	0.0	10.3	1.5	1.8	0.8	1.0	-0.3	-2.2	1.9
Growth rates														
2007	15.1	14.4	8.3	15.0	18.5	-55.0	18.7	14.7	14.6	8.8	14.7	15.3	6.3	15.4
2008	9.2	6.8	-2.0	7.6	18.9	-2.0	19.1	4.0	3.9	-1.8	4.1	4.5	9.9	4.4
2009 Q4	7.7	7.2	9.9	7.0	9.4	36.9	9.1	6.6	8.7	11.0	8.6	0.4	-4.5	0.5
2010 Q1	5.8	5.6	4.6	5.7	6.8	27.2	6.5	5.5	9.7	11.5	9.7	-6.3	-6.8	-6.3
2010 Q2	4.4	3.2	1.7	3.3	8.7	25.2	8.5	3.0	6.8	12.0	6.6	-8.0	-5.5	-8.0

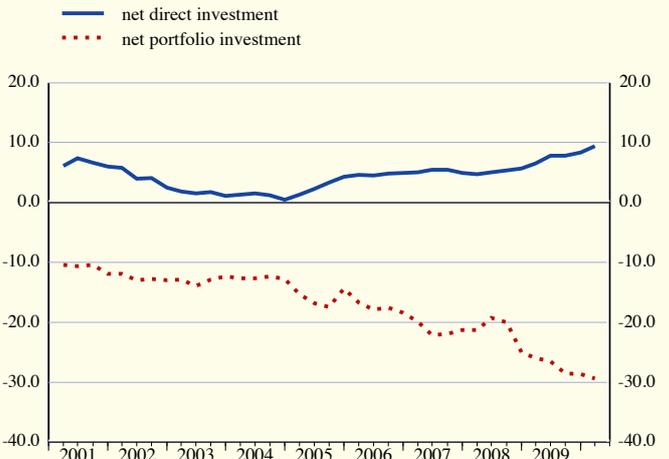
C34 Euro area international investment position

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



C35 Euro area direct and portfolio investment position

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



Source: ECB.

7.3 Financial account

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

3. Portfolio investment assets

	Total		Equity				Debt instruments											
	1	2	Total	MFIs	Non-MFIs		Bonds and notes			Money market instruments								
					3	4	5	6	7	8	9	10	11	12	13	14	15	16
Euro-system	General government	Euro-system	General government															
Outstanding amounts (international investment position)																		
2007	4,631.6	1,961.8	136.7	2.8	1,825.1	44.6	2,279.7	990.2	16.4	1,289.5	17.2	390.1	297.3	34.6	92.8	0.5		
2008	3,763.9	1,162.7	68.4	3.0	1,094.3	27.3	2,179.1	970.9	19.9	1,208.2	18.4	422.1	353.3	61.6	68.8	1.3		
2009 Q4	4,196.6	1,474.4	79.2	3.4	1,395.2	34.4	2,327.7	916.7	17.0	1,411.0	38.3	394.5	329.3	44.9	65.2	2.0		
2010 Q1	4,453.4	1,635.6	90.2	3.6	1,545.3	39.1	2,431.9	939.0	17.3	1,492.9	35.7	385.9	316.7	41.0	69.2	0.6		
Transactions																		
2007	438.5	64.7	26.7	0.0	38.0	8.2	290.5	148.0	4.9	142.4	3.3	83.3	63.3	26.3	20.0	0.8		
2008	-10.2	-103.9	-38.4	0.6	-65.6	-0.2	96.7	44.1	3.2	52.6	2.6	-3.0	26.8	15.1	-29.8	0.4		
2009	68.2	45.1	-2.9	-0.2	48.0	1.6	24.3	-101.5	-3.5	125.8	17.2	-1.2	3.1	-12.7	-4.3	1.0		
2009 Q4	32.0	34.3	-0.5	-0.2	34.9	0.4	20.1	-12.2	-0.5	32.3	-1.5	-22.4	-20.3	1.3	-2.1	0.8		
2010 Q1	64.9	34.5	9.2	0.0	25.3	1.0	51.7	3.7	0.2	48.0	-1.8	-21.4	-20.2	-6.1	-1.1	-1.5		
2010 Q2	-6.7	-6.1	0.4	-0.2	-6.6	.	8.0	-18.1	0.8	26.1	.	-8.6	-16.2	-5.4	7.5	.		
2010 Feb.	8.4	4.0	2.0	0.0	1.9	.	14.1	4.1	0.0	9.9	.	-9.6	-10.2	-1.0	0.5	.		
Mar.	25.2	18.4	6.5	0.0	11.8	.	33.5	5.0	0.1	28.5	.	-26.6	-22.6	-7.4	-4.0	.		
Apr.	17.3	6.4	2.7	-0.2	3.7	.	14.3	5.3	0.6	9.0	.	-3.4	-6.9	0.7	3.4	.		
May	-12.3	-15.6	-0.9	0.0	-14.7	.	-1.1	-14.5	1.0	13.4	.	4.3	-0.4	7.8	4.7	.		
June	-11.7	3.0	-1.4	0.0	4.4	.	-5.2	-8.9	-0.8	3.8	.	-9.5	-8.9	-13.9	-0.7	.		
Growth rates																		
2007	10.0	3.3	22.3	-0.5	2.0	21.3	13.9	16.6	38.9	11.9	23.2	23.9	23.7	272.7	29.4	277.4		
2008	-0.5	-6.2	-30.0	24.6	-4.5	-0.5	4.3	4.6	20.4	4.1	15.6	-0.6	9.1	41.9	-32.3	71.6		
2009 Q4	1.7	3.3	-4.5	-7.2	3.7	5.8	1.0	-10.3	-17.7	10.3	93.2	-0.9	0.1	-22.0	-5.9	73.2		
2010 Q1	5.3	9.3	16.5	-7.0	8.9	7.4	5.9	-5.2	-5.6	14.6	93.7	-11.1	-11.4	-32.1	-9.8	-67.0		
2010 Q2	3.4	7.9	17.4	-10.7	7.4	.	4.7	-3.6	-1.7	10.5	.	-16.9	-18.6	-39.1	-9.5	.		

4. Portfolio investment liabilities

	Total		Equity				Debt instruments									
	1	2	Total	MFIs	Non-MFIs		Bonds and notes			Money market instruments						
					3	4	5	6	7	8	9	10	11	12		
															General government	Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs
General government																
Outstanding amounts (international investment position)																
2007	6,556.5	3,272.5	594.6	2,677.9	3,041.1	1,143.5	1,897.6	1,118.5	243.0	141.5	101.5	76.1				
2008	6,078.6	2,168.7	640.7	1,528.0	3,466.5	1,263.8	2,202.8	1,357.1	443.3	108.9	334.4	272.9				
2009 Q4	6,761.8	2,692.9	689.3	2,003.6	3,510.1	1,150.0	2,360.1	1,519.3	558.8	86.9	471.8	418.5				
2010 Q1	7,102.0	2,813.9	663.2	2,150.7	3,733.5	1,189.5	2,544.0	1,656.9	554.6	113.4	441.1	389.4				
Transactions																
2008	333.9	-107.1	94.8	-201.9	236.3	26.3	210.0	196.7	204.7	-20.1	224.8	194.6				
2009	376.9	123.7	9.3	114.4	119.1	-16.3	135.4	127.8	134.1	1.2	132.9	156.4				
2009 Q4	85.9	34.2	-4.2	38.4	27.3	5.4	22.0	11.1	24.4	18.2	6.2	4.4				
2010 Q1	87.3	4.9	-21.5	26.4	72.2	13.6	58.6	84.4	10.2	35.5	-25.3	-18.2				
2010 Q2	93.1	19.1	3.9	15.2	88.6	-3.1	91.7	.	-14.6	-6.2	-8.4	.				
2010 Feb.	10.7	22.1	-8.5	30.6	-11.4	-17.5	6.2	.	0.0	13.5	-13.5	.				
Mar.	23.9	-0.1	-3.3	3.2	31.1	0.2	30.9	.	-7.1	13.1	-20.2	.				
Apr.	49.6	-3.9	1.0	-4.9	49.7	17.9	31.8	.	3.8	5.7	-2.0	.				
May	52.1	4.1	-9.9	14.0	39.4	-7.5	46.8	.	8.6	1.6	7.0	.				
June	-8.5	18.9	12.8	6.1	-0.5	-13.5	13.1	.	-26.9	-13.5	-13.5	.				
Growth rates																
2007	9.8	5.5	4.4	5.8	13.3	15.5	12.1	13.9	29.6	55.3	10.1	32.0				
2008	5.3	-4.7	16.2	-9.8	7.8	2.3	11.1	17.6	81.5	-13.3	215.6	271.7				
2009 Q4	6.3	5.6	1.4	7.3	3.4	-1.3	6.1	9.4	30.2	7.7	39.3	58.0				
2010 Q1	6.4	6.6	-1.7	9.7	3.4	0.8	4.7	10.0	29.7	89.1	20.5	29.3				
2010 Q2	5.6	5.0	-1.5	7.3	4.7	0.6	6.7	.	14.8	90.4	3.8	.				

Source: ECB.

7.3 Financial account

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

5. Other investment assets

	Total	Eurosysteem			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	Currency and deposits	Trade credits	Loans/currency and deposits	Currency and deposits		
														1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Outstanding amounts (international investment position)															
2007	5,382.9	36.9	35.6	1.4	3,354.4	3,283.2	71.2	107.8	12.7	48.8	13.7	1,883.7	196.2	1,520.0	473.1
2008	5,468.8	28.8	27.7	1.0	3,280.7	3,221.6	59.1	101.0	12.1	40.9	7.2	2,058.3	186.1	1,647.7	461.7
2009 Q4	4,929.1	29.7	29.4	0.3	2,842.3	2,811.7	30.6	123.8	8.4	62.2	10.0	1,933.3	184.9	1,514.8	409.3
2010 Q1	5,132.1	24.1	23.8	0.3	2,966.9	2,933.1	33.8	122.2	8.4	58.3	6.5	2,018.9	187.0	1,584.5	425.4
Transactions															
2007	962.8	22.0	22.0	0.0	546.7	539.5	7.2	-7.8	-1.4	-7.4	-5.5	401.9	14.1	344.9	54.9
2008	85.3	-9.4	-9.4	0.0	-48.4	-64.8	16.5	-7.0	-1.1	-7.2	-6.0	150.0	2.8	88.3	-41.1
2009	-491.0	-2.4	-2.4	0.0	-417.4	-396.9	-20.5	9.6	-0.3	8.0	1.1	-80.9	3.0	-86.6	-21.3
2009 Q4	-21.4	5.5	5.5	0.0	-7.3	-5.2	-2.1	6.7	0.0	6.3	1.1	-26.2	0.5	-28.3	-20.3
2010 Q1	84.4	-7.0	-7.0	0.0	55.7	52.6	3.2	-7.3	-0.1	-8.0	-3.7	43.0	-1.0	31.4	-0.8
2010 Q2	41.0	-3.2	.	.	2.9	.	.	5.9	.	.	5.7	35.4	.	.	8.9
2010 Feb.	27.4	-1.7	.	.	15.3	.	.	-1.0	.	.	0.9	14.9	.	.	4.0
Mar.	-8.7	-0.2	.	.	-22.1	.	.	-2.2	.	.	-1.6	15.8	.	.	-4.1
Apr.	96.2	1.2	.	.	70.7	.	.	4.9	.	.	4.9	19.4	.	.	5.7
May	92.7	-3.9	.	.	74.4	.	.	0.5	.	.	0.6	21.6	.	.	12.1
June	-147.8	-0.5	.	.	-142.2	.	.	0.5	.	.	0.2	-5.6	.	.	-8.9
Growth rates															
2007	21.2	157.3	173.7	-1.7	18.6	18.8	11.3	-6.5	-9.8	-12.6	-28.6	27.2	7.5	29.6	13.9
2008	1.6	-26.2	-26.9	5.0	-1.4	-2.0	23.4	-6.5	-8.9	-14.7	-43.8	8.0	1.4	5.9	-8.9
2009 Q4	-9.0	-10.6	-11.7	0.2	-12.7	-12.3	-36.8	9.0	-2.4	16.5	16.2	-3.9	1.5	-5.5	-3.7
2010 Q1	-3.0	-4.7	-4.8	1.6	-4.0	-3.6	-27.8	-3.7	-3.5	-11.1	-67.2	-1.2	2.8	-3.0	-3.2
2010 Q2	0.6	-37.6	.	.	-1.1	.	.	4.4	.	.	-12.3	3.6	.	.	1.8

6. Other investment liabilities

	Total	Eurosysteem			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
Outstanding amounts (international investment position)															
2007	5,468.6	201.7	201.4	0.2	3,935.1	3,872.6	62.5	52.3	0.0	46.9	5.4	1,279.5	156.9	1,009.7	112.8
2008	5,653.6	482.3	481.9	0.4	3,751.8	3,698.1	53.6	61.9	0.0	58.0	3.9	1,357.6	170.2	1,069.6	117.8
2009 Q4	4,920.1	251.9	251.6	0.3	3,398.0	3,359.7	38.3	55.1	0.0	51.1	4.0	1,215.1	175.1	927.0	113.0
2010 Q1	5,129.9	252.1	251.4	0.8	3,578.1	3,534.8	43.2	60.7	0.0	56.5	4.1	1,239.1	174.2	938.4	126.5
Transactions															
2007	943.1	89.6	89.6	0.0	625.1	620.4	4.6	-1.0	0.0	-2.0	1.0	229.5	10.0	220.5	-1.1
2008	169.0	280.7	280.6	0.1	-178.9	-190.0	11.1	9.4	0.0	10.8	-1.4	57.8	10.9	47.3	-0.4
2009	-724.3	-228.2	-233.0	4.7	-357.1	-345.8	-11.3	-6.9	0.0	-6.8	-0.1	-132.1	0.9	-110.6	-22.4
2009 Q4	-98.3	-13.3	-13.1	-0.2	-84.0	-84.7	0.8	-3.9	0.0	-4.6	0.7	2.9	1.1	7.1	-5.3
2010 Q1	124.2	-5.3	-5.7	0.4	100.6	95.7	4.9	5.8	0.0	6.1	-0.3	23.0	-1.9	15.9	9.0
2010 Q2	-4.1	-0.5	.	.	-19.2	.	.	8.4	.	.	.	7.3	.	.	.
2010 Feb.	38.7	3.3	.	.	30.5	.	.	4.9	.	.	.	0.0	.	.	.
Mar.	23.4	-1.7	.	.	-2.0	.	.	-0.2	.	.	.	27.3	.	.	.
Apr.	83.7	2.0	.	.	90.4	.	.	1.0	.	.	.	-9.7	.	.	.
May	59.5	9.6	.	.	38.4	.	.	7.0	.	.	.	4.6	.	.	.
June	-147.2	-12.1	.	.	-147.9	.	.	0.3	.	.	.	12.4	.	.	.
Growth rates															
2007	20.0	68.1	68.2	-6.9	18.0	18.2	9.2	-1.8	27.4	-4.0	20.7	20.9	6.8	26.4	0.5
2008	3.2	141.3	141.4	20.8	-4.5	-4.9	17.8	18.1	-20.1	23.0	-25.1	4.5	6.8	4.6	-0.9
2009 Q4	-12.7	-47.1	-48.1	644.2	-9.5	-9.3	-20.3	-11.0	-148.2	-11.6	-3.9	-9.6	0.3	-10.3	-18.1
2010 Q1	-6.5	-37.6	-38.4	114.0	-3.9	-3.8	-8.0	0.4	-141.7	-0.4	14.5	-4.5	2.2	-5.4	-7.9
2010 Q2	-2.5	-20.1	.	.	-2.3	.	.	18.8	.	.	.	0.2	.	.	.

Source: ECB.

7.3 Financial account

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

7. Reserve assets

	Reserve assets													Memo items			
	Total	Monetary gold		SDR holdings	Reserve position in the IMF	Foreign exchange							Other claims	Other foreign currency assets	Pre-determined short-term net drains on foreign currency	SDR allocations	
		In EUR billions	In fine troy ounces (millions)			Total	Currency and deposits		Securities								Financial derivatives
							With monetary authorities and the BIS	With banks	Total	Equity	Bonds and notes	Money market instruments					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Outstanding amounts (international investment position)																	
2006	325.8	176.3	365.213	4.6	5.2	139.7	6.3	22.5	110.7	0.5	79.3	30.8	0.3	0.0	24.6	-21.5	5.6
2007	347.2	201.0	353.688	4.6	3.6	138.0	7.2	22.0	108.5	0.4	87.8	20.3	0.3	0.0	44.3	-38.5	5.3
2008	374.2	217.0	349.207	4.7	7.3	145.1	7.6	8.0	129.5	0.6	111.3	17.6	0.0	0.1	262.8	-245.7	5.5
2009 Q3	430.8	236.1	347.217	49.8	11.7	133.2	12.7	7.1	113.2	0.5	89.8	22.9	0.2	0.0	56.7	-42.4	50.9
2009 Q4	462.4	266.1	347.180	50.8	10.5	134.9	11.7	8.1	115.2	0.5	92.0	22.7	-0.1	0.0	32.1	-24.2	51.2
2010 Q1	498.7	287.3	347.176	52.7	12.4	146.3	9.9	10.6	126.1	0.6	99.6	26.0	-0.3	0.0	28.8	-23.0	53.0
2010 June	583.3	351.9	347.156	56.3	16.3	158.8	9.2	13.0	136.8	-	-	-	-0.3	0.0	32.7	-24.2	56.7
2010 July	535.6	311.4	347.018	54.5	15.8	154.0	6.1	17.1	130.7	-	-	-	0.1	0.0	29.8	-25.4	54.9
Transactions																	
2007	5.1	-3.2	-	0.3	-0.9	8.8	1.0	1.6	6.2	0.0	14.5	-8.3	0.0	0.0	-	-	-
2008	3.4	-2.7	-	-0.1	3.8	2.4	5.0	-15.7	11.8	0.1	15.8	-4.1	1.3	0.0	-	-	-
2009	-4.5	-2.0	-	0.5	3.4	-6.3	3.3	-1.2	-9.5	0.0	-14.1	4.6	1.2	0.0	-	-	-
2009 Q4	0.1	0.0	-	0.7	-1.4	0.8	-0.9	0.5	1.1	0.0	1.5	-0.4	0.1	0.0	-	-	-
2010 Q1	4.6	0.0	-	-0.2	1.8	3.1	-2.5	2.0	3.6	0.0	1.9	1.7	-0.1	0.0	-	-	-
2010 Q2	-1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Growth rates																	
2006	0.3	-2.4	-	11.6	-49.0	7.7	-48.4	12.7	13.4	0.0	29.2	-15.3	-	-	-	-	-
2007	1.6	-1.7	-	7.3	-18.3	6.3	14.9	6.4	5.7	1.1	18.6	-27.6	-	-	-	-	-
2008	1.0	-1.3	-	-2.6	105.3	1.7	67.7	-68.9	10.8	28.0	17.9	-20.6	-	-	-	-	-
2009 Q4	-1.2	-0.9	-	-2.6	44.6	-4.3	43.1	-22.6	-7.3	1.0	-12.8	25.6	-	-	-	-	-
2010 Q1	1.3	-0.5	-	-3.8	51.2	1.9	-12.8	147.7	-1.6	1.0	-5.3	15.7	-	-	-	-	-
2010 Q2	0.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

8. Gross external debt

	Total	By instrument					By sector (excluding direct investment)				
		Loans, currency and deposits	Money market instruments	Bonds and notes	Trade credits	Other debt liabilities	Direct investment: inter-company lending	General government	Eurosystem	MFIs (excluding Eurosystem)	Other sectors
Outstanding amounts (international investment position)											
2006	8,683.9	4,425.5	217.5	2,697.9	144.1	150.8	1,048.0	1,115.2	116.3	4,586.8	1,817.5
2007	9,972.8	5,130.6	243.0	3,041.1	157.0	181.0	1,220.2	1,246.8	201.7	5,220.1	2,084.0
2008	10,941.3	5,307.6	443.3	3,466.5	170.2	175.8	1,377.8	1,692.0	482.3	5,124.4	2,264.7
2009 Q3	10,461.0	4,677.0	546.8	3,502.3	179.4	150.8	1,404.6	1,934.4	264.3	4,691.5	2,166.1
2009 Q4	10,388.7	4,589.4	558.8	3,510.1	175.1	155.7	1,399.7	1,992.9	251.9	4,635.0	2,109.2
2010 Q1	10,781.6	4,781.1	554.6	3,733.5	174.3	174.6	1,363.7	2,106.9	252.1	4,881.0	2,177.9
Outstanding amounts as a percentage of GDP											
2006	101.4	51.7	2.5	31.5	1.7	1.8	12.2	13.0	1.4	53.6	21.2
2007	110.5	56.9	2.7	33.7	1.7	2.0	13.5	13.8	2.2	57.8	23.1
2008	118.4	57.4	4.8	37.5	1.8	1.9	14.9	18.3	5.2	55.4	24.5
2009 Q3	116.2	52.0	6.1	38.9	2.0	1.7	15.6	21.5	2.9	52.1	24.1
2009 Q4	116.0	51.2	6.2	39.2	2.0	1.7	15.6	22.2	2.8	51.7	23.5
2010 Q1	120.0	53.2	6.2	41.6	1.9	1.9	15.2	23.5	2.8	54.3	24.2

Source: ECB.

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
	1	Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions	8	9	10	11	12	13	14	15
2008	Outstanding amounts (international investment position)														
Direct investment	527.4	-93.0	-2.1	-30.2	-293.9	233.6	-0.3	41.1	35.2	-9.5	126.2	-68.7	-7.1	-0.2	503.3
Abroad	3,744.4	1,255.3	34.9	93.9	865.7	260.8	0.0	104.1	38.8	71.7	384.5	734.6	418.5	0.1	736.8
Equity/reinvested earnings	2,946.9	967.5	30.1	60.3	660.1	216.9	0.0	83.3	32.0	53.6	335.3	551.3	386.7	0.0	537.4
Other capital	797.5	287.9	4.8	33.6	205.7	43.8	0.0	20.7	6.9	18.1	49.2	183.4	31.9	0.0	199.4
In the euro area	3,217.0	1,348.3	37.0	124.1	1,159.7	27.1	0.3	63.0	3.6	81.2	258.3	803.3	425.6	0.3	233.4
Equity/reinvested earnings	2,405.5	1,096.8	28.3	97.4	956.9	13.9	0.2	50.6	0.8	68.7	191.1	590.8	284.1	0.1	122.5
Other capital	811.6	251.5	8.7	26.7	202.8	13.2	0.1	12.4	2.9	12.5	67.2	212.5	141.6	0.2	110.9
Portfolio investment assets	3,763.9	1,242.2	63.7	122.4	895.5	80.7	80.0	82.8	25.6	213.4	95.4	1,225.8	458.4	30.5	389.8
Equity	1,162.7	228.7	6.4	19.9	191.7	9.8	0.9	18.2	22.8	84.5	81.3	378.8	197.8	2.0	148.6
Debt instruments	2,601.3	1,013.6	57.3	102.5	703.7	71.0	79.1	64.6	2.9	128.8	14.1	847.0	260.6	28.5	241.3
Bonds and notes	2,179.1	849.1	50.3	81.5	569.1	70.3	77.8	61.6	2.3	61.7	12.6	705.4	238.2	28.4	219.9
Money market instruments	422.1	164.5	6.9	21.0	134.6	0.6	1.3	3.0	0.6	67.1	1.5	141.5	22.4	0.1	21.4
Other investment	-184.8	-91.1	51.1	28.0	-110.4	108.8	-168.6	-6.2	-16.0	-10.2	-131.2	-286.3	-0.4	1.8	354.8
Assets	5,468.8	2,419.7	100.9	83.3	2,020.2	201.8	13.4	25.7	34.0	109.4	276.5	852.5	638.2	58.7	1,054.0
General government	101.0	15.0	0.7	0.4	3.6	0.7	9.7	0.0	1.8	0.2	0.1	3.4	1.4	40.1	39.1
MFIs	3,309.5	1,731.1	83.9	58.3	1,419.1	167.9	1.9	16.8	14.5	79.0	164.5	418.9	367.7	18.2	498.8
Other sectors	2,058.3	673.5	16.4	24.6	597.5	33.3	1.8	8.9	17.7	30.3	111.9	430.2	269.2	0.5	516.2
Liabilities	5,653.6	2,510.8	49.8	55.3	2,130.6	93.0	182.0	32.0	50.0	119.5	407.7	1,138.8	638.6	57.0	699.2
General government	61.9	32.5	0.0	0.1	2.5	0.0	29.7	0.0	0.0	0.6	0.5	7.0	0.3	17.7	3.3
MFIs	4,234.1	1,907.6	38.9	33.5	1,664.9	70.0	100.2	24.4	32.1	91.2	328.7	751.1	535.1	36.8	527.2
Other sectors	1,357.6	570.8	10.8	21.7	463.2	23.0	52.0	7.5	17.9	27.8	78.6	380.8	103.2	2.5	168.7
2009 Q2 to 2010 Q1	Cumulated transactions														
Direct investment	49.3	1.8	1.7	-7.3	3.2	4.2	0.0	0.6	2.1	1.9	13.7	-28.8	44.3	-0.2	14.0
Abroad	227.8	37.3	2.8	5.8	29.9	-1.2	0.0	8.5	2.4	2.0	34.8	56.4	42.3	0.0	44.2
Equity/reinvested earnings	168.8	30.4	1.6	5.6	22.8	0.3	0.0	9.4	-0.7	2.4	13.5	51.8	32.8	0.0	29.1
Other capital	59.0	6.9	1.2	0.2	7.1	-1.5	0.0	-1.0	3.0	-0.5	21.3	4.6	9.5	0.0	15.1
In the euro area	178.5	35.4	1.0	13.1	26.7	-5.4	0.0	7.9	0.3	0.1	21.1	85.2	-2.0	0.2	30.3
Equity/reinvested earnings	233.8	56.3	1.1	19.5	40.0	-4.3	0.0	7.6	0.3	2.3	11.8	87.2	51.1	0.2	16.9
Other capital	-55.2	-20.9	-0.1	-6.4	-13.3	-1.1	0.0	0.3	0.0	-2.2	9.3	-1.9	-53.2	0.0	13.4
Portfolio investment assets	203.7	102.9	12.2	28.1	28.0	13.2	21.4	5.5	8.4	-15.7	5.1	26.2	-33.9	-0.2	105.3
Equity	117.9	24.9	1.1	3.1	20.1	0.7	0.0	2.8	8.9	13.6	5.8	21.7	-7.4	0.0	47.7
Debt instruments	85.7	78.0	11.2	25.0	7.9	12.5	21.4	2.7	-0.5	-29.4	-0.7	4.5	-26.4	-0.2	57.6
Bonds and notes	131.3	98.9	7.9	27.5	34.7	11.1	17.7	1.8	-0.6	-17.8	0.9	8.8	-16.3	-0.3	56.0
Money market instruments	-45.6	-20.9	3.2	-2.5	-26.8	1.4	3.7	0.9	0.2	-11.5	-1.6	-4.3	-10.1	0.1	1.6
Other investment	181.8	-65.9	0.6	-6.1	-40.9	-22.7	3.2	6.2	24.7	-5.2	55.0	150.7	79.6	-0.5	-62.7
Assets	-175.2	-38.9	9.2	0.6	-42.1	-8.5	2.0	-0.4	5.1	-10.2	-34.4	-83.2	25.4	1.6	-40.1
General government	-4.2	-5.8	-0.3	5.0	-10.7	0.0	0.1	0.0	-0.1	0.0	-0.1	0.0	-0.1	1.1	0.8
MFIs	-126.3	-33.4	8.5	-7.0	-27.3	-8.6	1.0	-0.7	2.4	-8.0	-10.8	-39.4	14.1	0.4	-50.9
Other sectors	-44.8	0.3	1.0	2.5	-4.2	0.1	1.0	0.3	2.7	-2.2	-23.6	-43.8	11.5	0.0	10.0
Liabilities	-357.0	27.1	8.6	6.7	-1.2	14.1	-1.1	-6.6	-19.6	-5.0	-89.4	-233.9	-54.2	2.1	22.6
General government	0.2	1.1	0.0	0.0	0.7	0.0	0.4	0.1	0.0	-0.1	0.0	0.2	0.0	-1.2	0.1
MFIs	-295.6	57.4	9.5	5.2	39.5	9.6	-6.4	-4.2	-19.3	-7.3	-93.3	-172.0	-58.6	3.4	-1.7
Other sectors	-61.6	-31.4	-0.9	1.5	-41.4	4.6	4.9	-2.4	-0.3	2.4	3.8	-62.1	4.4	-0.1	24.2

Source: ECB.

7.4 Monetary presentation of the balance of payments ¹⁾

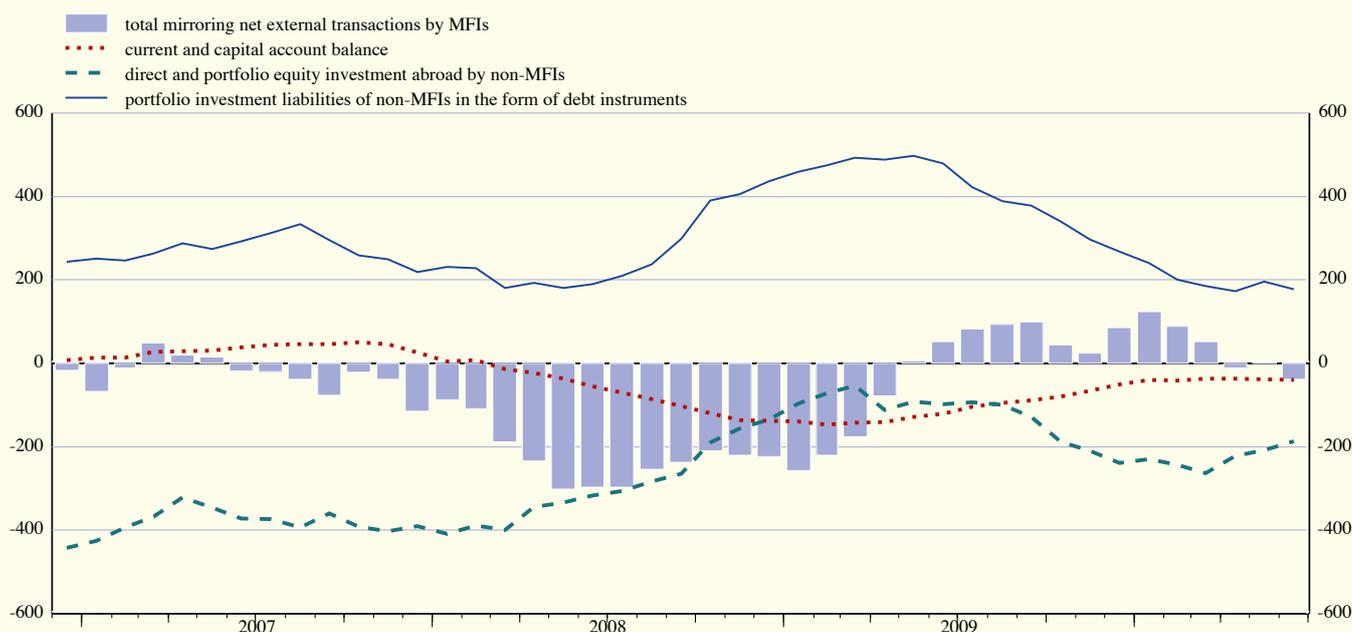
(EUR billions; transactions)

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	
2007	-114.3	25.6	-459.4	395.0	-38.8	-162.6	144.5	218.4	-394.3	228.5	-64.0	-7.4
2008	-224.1	-137.0	-329.3	124.5	65.5	-22.4	-202.2	435.4	-143.8	67.7	-62.4	-20.2
2009	85.0	-49.7	-263.2	203.7	-48.0	-121.5	114.4	268.3	71.3	-139.0	42.1	6.8
2009 Q2	77.9	-19.8	-79.7	85.7	-9.7	-73.1	46.3	90.2	64.5	-58.3	22.9	8.9
Q3	3.5	-2.2	-63.3	36.9	-35.9	-23.2	77.7	33.4	0.7	-30.9	-4.5	14.8
Q4	42.0	8.0	-36.6	44.6	-34.9	-30.2	38.4	28.1	19.5	-1.0	7.9	-1.8
2010 Q1	-71.7	-22.9	-34.0	4.2	-25.3	-46.9	26.4	33.3	-35.7	28.8	1.8	-1.6
Q2	-12.2	-22.6	-38.1	5.0	6.6	-33.7	15.2	83.3	-41.3	15.6	-0.9	-1.3
2009 June	53.6	1.8	-15.7	-7.6	-13.1	6.7	45.8	18.0	-11.8	14.1	0.5	14.8
July	0.6	9.0	-10.8	18.9	-16.5	-21.2	35.3	-33.5	2.2	0.3	6.4	10.4
Aug.	20.4	-5.5	-13.9	17.1	-12.1	-22.1	48.3	5.1	9.4	-12.2	-9.8	16.3
Sep.	-17.5	-5.6	-38.6	0.9	-7.3	20.1	-5.9	61.8	-10.9	-18.9	-1.1	-11.9
Oct.	14.6	-1.6	-18.9	23.8	-13.1	-9.8	-21.2	46.4	-28.0	35.0	1.6	0.5
Nov.	-7.9	-1.4	-11.9	10.6	-14.7	-18.3	6.7	10.8	2.6	9.6	-0.1	-2.0
Dec.	35.3	11.0	-5.9	10.2	-7.1	-2.0	53.0	-29.1	44.9	-45.7	6.4	-0.4
2010 Jan.	-29.5	-12.8	6.9	4.3	-11.6	-12.0	-7.4	30.0	-8.2	-3.2	3.6	-19.2
Feb.	-8.4	-7.9	-11.9	-6.0	-1.9	-10.5	30.6	-7.4	-13.9	4.9	-0.7	16.3
Mar.	-33.7	-2.1	-29.0	6.0	-11.8	-24.4	3.2	10.7	-13.6	27.1	-1.0	1.3
Apr.	-44.8	-7.7	-14.6	2.3	-3.7	-12.4	-4.9	29.8	-24.3	-8.7	0.3	-1.0
May	19.8	-16.0	-15.0	-0.2	14.7	-18.1	14.0	53.8	-22.1	11.6	-2.5	-0.3
June	12.8	1.0	-8.5	2.9	-4.4	-3.1	6.1	-0.4	5.1	12.7	1.3	0.0
<i>12-month cumulated transactions</i>												
2010 June	-38.4	-39.7	-172.1	90.7	-89.6	-133.9	157.8	178.1	-56.8	12.6	4.4	10.1

C36 Main b.o.p. items mirroring developments in MFI net external transactions ¹⁾

(EUR billions; 12-month cumulated transactions)



Source: ECB.

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

7.5 Trade in goods

1. Values and volumes by product group ¹⁾

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)				Imports (c.i.f.)						
	Exports	Imports	Total			Memo item: Manufacturing	Total			Memo items:			
			Intermediate	Capital	Consumption		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)													
2008	3.9	8.2	1,561.6	771.0	338.1	414.0	1,303.9	1,610.3	1,019.2	232.8	334.0	1,021.3	293.6
2009	-18.2	-22.1	1,274.3	625.4	261.7	353.1	1,060.0	1,259.1	725.7	191.9	314.5	838.6	174.5
2009 Q3	-19.6	-25.7	318.1	156.8	64.5	88.6	265.4	312.6	179.3	47.3	79.1	206.6	47.5
Q4	-8.6	-14.5	330.1	163.3	67.2	92.6	275.3	320.9	189.4	47.2	78.4	211.5	49.3
2010 Q1	12.9	9.7	354.4	176.0	68.6	98.7	292.5	350.9	209.4	51.9	81.8	232.2	53.1
Q2	22.8	26.9	377.1	.	.	.	314.8	381.5	.	.	.	251.6	.
2010 Jan.	4.3	1.2	112.4	56.6	20.5	31.4	92.3	111.3	66.9	16.6	26.9	74.7	17.3
Feb.	9.9	6.5	116.3	57.8	22.6	32.3	94.6	113.9	68.3	16.4	26.5	74.8	16.1
Mar.	22.9	20.9	125.7	61.6	25.6	35.0	105.6	125.6	74.1	19.0	28.5	82.7	19.6
Apr.	17.7	20.2	122.1	61.4	23.7	33.5	100.8	122.1	73.9	17.6	27.2	80.5	19.2
May	23.5	29.4	124.3	.	.	.	103.8	127.0	.	.	.	83.5	.
June	27.0	31.1	130.8	.	.	.	110.2	132.4	.	.	.	87.6	.
Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)													
2008	1.4	0.1	143.4	136.7	154.2	147.0	142.3	126.9	119.3	140.4	144.5	133.3	108.1
2009	-16.8	-14.5	119.1	114.7	117.8	126.8	115.4	108.8	99.7	114.0	135.4	110.5	97.2
2009 Q2	-21.7	-19.3	116.4	113.3	114.8	122.5	112.6	106.1	96.5	111.2	133.7	107.3	97.6
Q3	-17.5	-15.9	118.8	115.2	116.0	126.7	115.7	106.9	96.4	114.0	136.1	109.6	95.3
Q4	-6.0	-7.8	123.7	119.9	121.7	133.6	120.7	110.9	102.1	115.1	138.4	114.1	95.5
2010 Q1	11.5	4.2	130.0	126.1	123.7	138.6	126.2	115.7	106.5	122.2	140.3	121.4	94.8
2009 Dec.	1.0	-2.7	125.3	121.7	126.5	132.4	122.6	112.2	102.4	117.6	140.5	115.4	94.3
2010 Jan.	3.7	-3.0	124.7	122.2	111.5	134.5	120.1	111.6	104.3	118.4	137.5	117.7	95.0
Feb.	9.1	1.7	127.8	124.4	121.9	135.1	122.1	113.0	104.4	116.2	136.8	117.8	87.7
Mar.	20.4	13.6	137.6	131.7	137.7	146.1	136.4	122.6	110.9	132.0	146.7	128.8	101.7
Apr.	12.8	8.1	132.4	129.4	126.9	139.4	129.3	116.2	107.1	122.6	136.6	123.1	92.7
May	17.8	16.0	133.7	.	.	.	132.0	119.7	.	.	.	127.7	.

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: 2005 = 100)	Total				Memo item: Manufacturing	Total (index: 2005 = 100)	Total				Memo item: Manufacturing		
		Intermediate goods	Capital goods	Consumer goods	Energy			Intermediate goods	Capital goods	Consumer goods	Energy			
% of total	100.0	100.0	32.2	46.3	17.7	3.8	99.4	100.0	100.0	28.4	27.9	22.1	21.6	81.1
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2008	103.5	1.6	1.5	-0.4	2.4	25.2	1.5	112.7	6.5	0.2	-3.4	2.4	28.2	0.8
2009	100.9	-2.5	-4.1	0.6	0.5	-26.5	-2.5	102.2	-9.4	-5.8	-0.8	0.2	-26.5	-3.8
2009 Q4	100.6	-2.0	-5.2	-1.1	-0.5	6.8	-1.9	103.4	-3.3	-4.9	-2.1	-2.9	-2.9	-3.2
2010 Q1	102.5	1.3	-0.3	-0.2	0.7	37.8	1.4	107.6	6.1	2.5	-1.1	-0.9	26.7	1.5
Q2	105.1	4.1	5.2	0.8	2.5	34.7	4.1	113.1	11.4	10.9	0.8	2.7	33.3	6.1
2010 Jan.	101.8	0.4	-1.7	-0.7	0.4	32.2	0.5	106.2	4.6	0.5	-1.4	-1.3	22.9	0.4
Feb.	102.6	1.2	-0.5	-0.1	0.4	36.5	1.3	107.3	5.5	2.0	-1.2	-1.2	25.3	1.1
Mar.	103.3	2.4	1.3	0.3	1.1	44.4	2.4	109.3	8.1	5.0	-0.8	-0.3	31.8	2.9
Apr.	104.3	3.5	3.6	0.2	1.6	47.9	3.6	112.2	11.6	8.5	-0.6	0.8	42.2	4.6
May	105.1	4.3	5.4	0.9	2.7	34.8	4.3	112.9	11.6	11.4	0.9	3.0	33.5	6.4
June	105.7	4.5	6.4	1.4	3.2	23.6	4.5	114.1	11.1	12.9	2.0	4.5	25.3	7.2

Source: Eurostat.

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

7.5 Trade in goods

(EUR billions, unless otherwise indicated; seasonally adjusted)

3. Geographical breakdown

	Total	EU Member States outside the euro area				Russia	Switzerland	Turkey	United States	Asia		Africa	Latin America	Other countries	
		Denmark	Sweden	United Kingdom	Other EU countries					China	Japan				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Exports (f.o.b.)															
2008	1,561.6	35.1	53.9	220.4	233.7	78.5	86.7	42.7	186.5	309.5	65.7	33.7	100.2	68.1	146.1
2009	1,274.3	27.4	41.1	174.4	177.3	49.3	78.4	34.3	151.6	282.1	68.0	28.7	91.4	53.9	113.1
2009 Q1	316.4	7.3	10.0	42.5	43.8	12.6	20.2	7.7	39.2	66.8	15.2	7.2	23.3	13.1	30.0
Q2	309.7	6.6	9.8	42.6	42.7	12.1	19.0	8.3	38.2	69.4	16.8	7.0	22.6	12.4	26.0
Q3	318.1	6.9	10.5	44.5	44.9	12.1	19.2	9.0	36.2	70.7	17.4	7.1	22.4	14.0	27.7
Q4	330.1	6.7	10.8	44.8	45.9	12.5	20.0	9.3	38.0	75.1	18.6	7.4	23.1	14.4	29.5
2010 Q1	354.4	7.0	11.7	46.5	48.2	13.4	21.4	10.7	41.0	81.7	22.3	8.1	24.9	16.8	31.2
Q2	377.1	.	.	.	.	15.4	22.9	11.5	45.0	88.1	23.5	8.7	25.5	18.8	.
2010 Jan.	112.4	2.2	3.7	15.3	15.5	4.1	7.0	3.4	12.8	25.7	6.9	2.6	7.9	4.8	9.9
Feb.	116.3	2.3	3.8	14.8	15.7	4.2	6.9	3.6	12.9	26.8	7.4	2.7	8.4	5.8	11.1
Mar.	125.7	2.4	4.1	16.4	17.0	5.1	7.5	3.8	15.3	29.2	7.9	2.8	8.6	6.2	10.2
Apr.	122.1	2.4	4.1	15.7	16.4	5.1	7.4	3.8	14.8	28.1	7.5	2.8	8.6	5.8	9.8
May	124.3	2.5	4.2	15.6	.	5.1	7.5	3.6	14.9	28.9	7.8	2.9	8.4	6.3	.
June	130.8	.	.	.	.	5.2	7.9	4.1	15.3	31.1	8.2	3.0	8.5	6.6	.
Percentage share of total exports															
2009	100.0	2.2	3.2	13.7	13.9	3.9	6.2	2.7	11.9	22.1	5.3	2.3	7.2	4.2	8.9
Imports (c.i.f.)															
2008	1,610.3	30.7	52.1	164.8	184.9	122.0	70.0	32.4	136.1	479.9	184.7	57.4	141.2	81.7	114.6
2009	1,259.1	26.5	37.7	126.9	162.2	81.3	64.9	26.2	116.1	376.3	158.6	42.9	93.6	59.2	88.2
2009 Q1	321.0	6.9	9.5	31.7	39.1	17.7	16.7	6.6	31.9	97.4	41.3	11.5	23.8	14.7	25.1
Q2	304.6	6.4	9.0	30.8	39.2	18.1	16.1	6.3	30.1	92.5	38.4	10.3	22.9	14.2	19.0
Q3	312.6	6.8	9.7	31.9	41.0	21.8	16.1	6.6	26.0	92.5	39.2	10.7	22.7	14.8	22.5
Q4	320.9	6.4	9.6	32.4	42.9	23.7	16.0	6.8	28.1	93.8	39.8	10.5	24.3	15.4	21.5
2010 Q1	350.9	6.4	10.4	35.1	45.2	24.5	17.1	7.4	29.0	109.6	45.9	11.6	26.7	16.5	23.2
Q2	381.5	.	.	.	.	27.4	19.4	7.5	32.2	123.8	51.6	12.8	29.5	18.0	.
2010 Jan.	111.3	2.1	3.2	11.5	14.6	8.2	5.5	2.5	9.6	34.2	13.5	3.7	8.1	5.2	6.5
Feb.	113.9	2.1	3.3	11.5	15.0	7.3	5.7	2.3	9.4	34.4	14.4	3.6	8.8	5.4	8.6
Mar.	125.6	2.3	3.9	12.0	15.6	9.0	5.8	2.6	9.9	41.0	18.0	4.3	9.7	5.8	8.1
Apr.	122.1	2.1	3.6	11.6	15.4	8.7	5.9	2.5	9.9	39.4	15.9	4.2	10.0	5.8	7.1
May	127.0	2.3	3.8	12.1	.	9.7	6.8	2.5	9.9	40.8	16.9	4.2	9.6	5.9	.
June	132.4	.	.	.	.	8.9	6.8	2.6	12.4	43.6	18.9	4.5	9.8	6.2	.
Percentage share of total imports															
2009	100.0	2.1	3.0	10.1	12.9	6.5	5.2	2.1	9.2	29.9	12.6	3.4	7.4	4.7	7.0
Balance															
2008	-48.7	4.4	1.8	55.7	48.8	-43.5	16.8	10.4	50.5	-170.4	-119.1	-23.7	-41.0	-13.6	31.4
2009	15.3	0.9	3.4	47.5	15.1	-32.0	13.5	8.0	35.5	-94.2	-90.6	-14.2	-2.2	-5.3	24.9
2009 Q1	-4.6	0.4	0.5	10.8	4.7	-5.1	3.5	1.1	7.4	-30.6	-26.1	-4.3	-0.4	-1.6	4.8
Q2	5.1	0.2	0.9	11.7	3.5	-5.9	2.9	2.0	8.1	-23.1	-21.6	-3.3	-0.3	-1.8	7.0
Q3	5.6	0.1	0.8	12.6	3.9	-9.8	3.1	2.4	10.2	-21.8	-21.8	-3.6	-0.3	-0.8	5.1
Q4	9.2	0.3	1.2	12.4	3.1	-11.2	4.0	2.6	9.9	-18.7	-21.1	-3.1	-1.2	-1.1	8.0
2010 Q1	3.5	0.5	1.3	11.5	3.0	-11.1	4.4	3.4	12.0	-27.9	-23.6	-3.6	-1.8	0.3	8.0
Q2	-4.4	.	.	.	.	-11.9	3.4	3.9	12.8	-35.7	-28.2	-4.1	-4.0	0.8	.
2010 Jan.	1.1	0.2	0.5	3.8	0.8	-4.1	1.5	0.9	3.2	-8.5	-6.5	-1.1	-0.2	-0.4	3.4
Feb.	2.3	0.2	0.5	3.3	0.7	-3.1	1.2	1.2	3.4	-7.6	-7.0	-0.9	-0.5	0.4	2.4
Mar.	0.1	0.1	0.3	4.4	1.4	-3.9	1.6	1.2	5.4	-11.8	-10.1	-1.5	-1.1	0.4	2.1
Apr.	0.0	0.3	0.5	4.1	1.1	-3.6	1.6	1.3	4.8	-11.3	-8.4	-1.3	-1.4	0.0	2.7
May	-2.7	0.2	0.4	3.5	.	-4.6	0.7	1.1	5.1	-11.9	-9.1	-1.3	-1.2	0.4	.
June	-1.6	.	.	.	.	-3.7	1.1	1.5	2.9	-12.5	-10.7	-1.5	-1.3	0.5	.

Source: Eurostat.

EXCHANGE RATES

8.1 Effective exchange rates ¹⁾

(period averages; index: 1999 Q1=100)

	EER-21						EER-41		
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI	
	1	2	3	4	5	6	7	8	
2007	106.3	106.8	105.2	102.6	106.8	100.8	113.0	104.2	
2008	110.5	110.1	107.4	105.4	112.6	104.6	118.0	107.0	
2009	111.7	110.6	105.9	106.3	119.1	106.9	120.6	107.8	
2009 Q2	111.1	110.2	105.3	106.0	120.1	106.3	119.8	107.4	
Q3	112.1	110.9	106.2	106.8	118.9	106.8	121.0	108.0	
Q4	113.8	112.2	107.3	107.5	120.2	109.4	122.5	108.8	
2010 Q1	108.7	107.0	102.3	102.4	114.5	104.1	116.9	103.3	
Q2	103.1	101.8	97.4	.	.	.	110.4	97.5	
2009 Aug.	111.7	110.6	106.0	-	-	-	120.6	107.8	
Sep.	112.9	111.6	106.9	-	-	-	122.0	108.7	
Oct.	114.3	112.8	108.2	-	-	-	123.0	109.5	
Nov.	114.0	112.5	107.6	-	-	-	122.9	109.2	
Dec.	113.0	111.2	106.2	-	-	-	121.7	107.8	
2010 Jan.	110.8	109.0	104.1	-	-	-	119.1	105.4	
Feb.	108.0	106.1	101.6	-	-	-	116.2	102.5	
Mar.	107.4	105.7	101.1	-	-	-	115.2	101.8	
Apr.	106.1	104.6	100.1	-	-	-	113.5	100.3	
May	102.8	101.4	97.0	-	-	-	109.9	97.1	
June	100.7	99.4	95.1	-	-	-	107.7	95.2	
July	102.5	101.2	96.8	-	-	-	109.9	97.1	
Aug.	102.1	100.8	96.4	-	-	-	109.5	96.7	
	<i>Percentage change versus previous month</i>								
2010 Aug.	-0.4	-0.4	-0.4	-	-	-	-0.4	-0.4	
	<i>Percentage change versus previous year</i>								
2010 Aug.	-8.6	-8.9	-9.0	-	-	-	-9.2	-10.3	

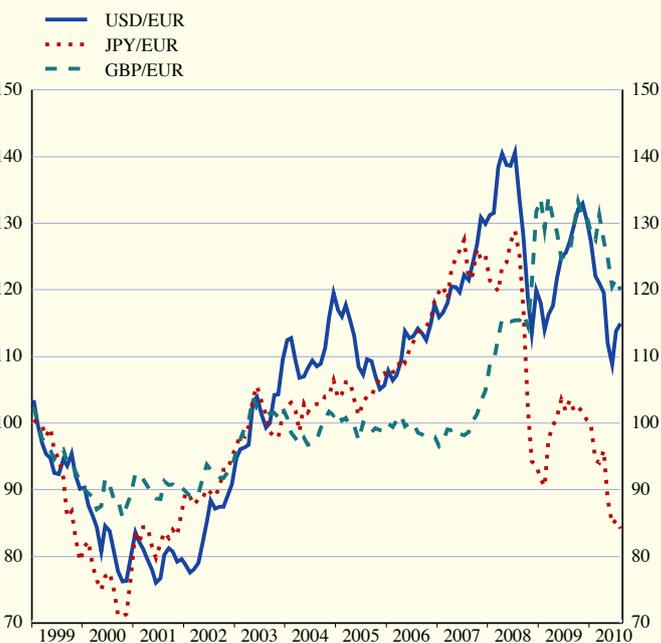
C37 Effective exchange rates

(monthly averages; index: 1999 Q1=100)



C38 Bilateral exchange rates

(monthly averages; index: 1999 Q1=100)



Source: ECB.

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

8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	Danish krone	Swedish krona	Pound sterling	US dollar	Japanese yen	Swiss franc	South Korean won	Hong Kong dollar	Singapore dollar	Canadian dollar	Norwegian krone	Australian dollar
	1	2	3	4	5	6	7	8	9	10	11	12
2007	7.4506	9.2501	0.68434	1.3705	161.25	1.6427	1.272.99	10.6912	2.0636	1.4678	8.0165	1.6348
2008	7.4560	9.6152	0.79628	1.4708	152.45	1.5874	1.606.09	11.4541	2.0762	1.5594	8.2237	1.7416
2009	7.4462	10.6191	0.89094	1.3948	130.34	1.5100	1.772.90	10.8114	2.0241	1.5850	8.7278	1.7727
2009 Q4	7.4424	10.3509	0.90483	1.4779	132.69	1.5088	1.725.91	11.4555	2.0604	1.5604	8.3932	1.6250
2010 Q1	7.4426	9.9464	0.88760	1.3829	125.48	1.4632	1.581.41	10.7364	1.9395	1.4383	8.1020	1.5293
2010 Q2	7.4416	9.6313	0.85239	1.2708	117.15	1.4086	1.481.01	9.8857	1.7674	1.3054	7.9093	1.4403
2010 Feb.	7.4440	9.9505	0.87604	1.3686	123.46	1.4671	1.582.70	10.6305	1.9326	1.4454	8.0971	1.5434
Mar.	7.4416	9.7277	0.90160	1.3569	123.03	1.4482	1.542.59	10.5313	1.8990	1.3889	8.0369	1.4882
Apr.	7.4428	9.6617	0.87456	1.3406	125.33	1.4337	1.494.53	10.4065	1.8505	1.3467	7.9323	1.4463
May	7.4413	9.6641	0.85714	1.2565	115.83	1.4181	1.465.81	9.7843	1.7503	1.3060	7.8907	1.4436
June	7.4409	9.5723	0.82771	1.2209	110.99	1.3767	1.483.22	9.5091	1.7081	1.2674	7.9062	1.4315
July	7.4522	9.4954	0.83566	1.2770	111.73	1.3460	1.538.85	9.9308	1.7588	1.3322	8.0201	1.4586
Aug.	7.4495	9.4216	0.82363	1.2894	110.04	1.3413	1.522.39	10.0193	1.7482	1.3411	7.9325	1.4337
<i>Percentage change versus previous month</i>												
2010 Aug.	0.0	-0.8	-1.4	1.0	-1.5	-0.3	-1.1	0.9	-0.6	0.7	-1.1	-1.7
<i>Percentage change versus previous year</i>												
2010 Aug.	0.1	-7.8	-4.5	-9.6	-18.7	-12.0	-13.9	-9.4	-15.0	-13.6	-8.4	-16.1
	Czech koruna	Estonian kroon	Latvian lats	Lithuanian litas	Hungarian forint	Polish zloty	Bulgarian lev	New Roma- nian leu	Croatian kuna	New Turkish lira		
	13	14	15	16	17	18	19	20	21	22		
2007	27.766	15.6466	0.7001	3.4528	251.35	3.7837	1.9558	3.3353	7.3376	1.7865		
2008	24.946	15.6466	0.7027	3.4528	251.51	3.5121	1.9558	3.6826	7.2239	1.9064		
2009	26.435	15.6466	0.7057	3.4528	280.33	4.3276	1.9558	4.2399	7.3400	2.1631		
2009 Q4	25.923	15.6466	0.7084	3.4528	270.88	4.1745	1.9558	4.2680	7.2756	2.2029		
2010 Q1	25.868	15.6466	0.7087	3.4528	268.52	3.9869	1.9558	4.1135	7.2849	2.0866		
2010 Q2	25.591	15.6466	0.7078	3.4528	274.85	4.0171	1.9558	4.1854	7.2477	1.9560		
2010 Feb.	25.979	15.6466	0.7090	3.4528	271.21	4.0144	1.9558	4.1196	7.3029	2.0756		
Mar.	25.541	15.6466	0.7083	3.4528	265.40	3.8906	1.9558	4.0866	7.2616	2.0821		
Apr.	25.308	15.6466	0.7076	3.4528	265.53	3.8782	1.9558	4.1306	7.2594	1.9983		
May	25.663	15.6466	0.7075	3.4528	276.78	4.0567	1.9558	4.1767	7.2630	1.9459		
June	25.780	15.6466	0.7082	3.4528	281.49	4.1055	1.9558	4.2434	7.2225	1.9274		
July	25.328	15.6466	0.7090	3.4528	283.75	4.0814	1.9558	4.2608	7.2198	1.9669		
Aug.	24.806	15.6466	0.7085	3.4528	281.45	3.9899	1.9558	4.2396	7.2525	1.9484		
<i>Percentage change versus previous month</i>												
2010 Aug.	-2.1	0.0	-0.1	0.0	-0.8	-2.2	0.0	-0.5	0.5	-0.9		
<i>Percentage change versus previous year</i>												
2010 Aug.	-3.3	0.0	1.0	0.0	4.2	-3.4	0.0	0.5	-1.0	-8.2		
	Brazilian real ¹⁾	Chinese yuan renminbi	Icelandic krona ²⁾	Indian rupee ³⁾	Indonesian rupiah	Malaysian ringgit	Mexican peso ¹⁾	New Zealand dollar	Philippine peso	Russian rouble	South African rand	Thai baht
	23	24	25	26	27	28	29	30	31	32	33	34
2007	2.6633	10.4178	87.63	56.4186	12,528.33	4.7076	14.9743	1.8627	63.026	35.0183	9.6596	44.214
2008	2.6737	10.2236	143.83	63.6143	14,165.16	4.8893	16.2911	2.0770	65.172	36.4207	12.0590	48.475
2009	2.7674	9.5277	-	67.3611	14,443.74	4.9079	18.7989	2.2121	66.338	44.1376	11.6737	47.804
2009 Q4	2.5703	10.0905	-	68.9088	13,999.42	5.0275	19.3003	2.0297	69.080	43.5740	11.0757	49.221
2010 Q1	2.4917	9.4417	-	63.4796	12,809.32	4.6590	17.6555	1.9510	63.593	41.2697	10.3852	45.472
2010 Q2	2.2762	8.6717	-	57.9879	11,581.24	4.1172	15.9583	1.8145	57.848	38.5027	9.5974	41.152
2010 Feb.	2.5237	9.3462	-	63.4291	12,786.05	4.6743	17.7154	1.9615	63.317	41.2845	10.4964	45.360
Mar.	2.4233	9.2623	-	61.7352	12,434.53	4.5083	17.0587	1.9301	61.999	40.1219	10.0589	44.111
Apr.	2.3550	9.1505	-	59.6203	12,101.70	4.2935	16.3957	1.8814	59.788	39.1335	9.8658	43.279
May	2.2750	8.5794	-	57.6166	11,517.01	4.0874	15.9856	1.8010	57.315	38.2707	9.6117	40.714
June	2.2057	8.3245	-	56.8582	11,169.39	3.9853	15.5346	1.7667	56.594	38.1507	9.3398	39.635
July	2.2600	8.6538	-	59.8100	11,546.78	4.0924	16.3699	1.7925	59.072	39.1317	9.6351	41.273
Aug.	2.2691	8.7520	-	60.0584	11,573.26	4.0654	16.4571	1.8059	58.245	39.1898	9.4192	40.937
<i>Percentage change versus previous month</i>												
2010 Aug.	0.4	1.1	-	0.4	0.2	-0.7	0.5	0.7	-1.4	0.1	-2.2	-0.8
<i>Percentage change versus previous year</i>												
2010 Aug.	-13.8	-10.2	-	-12.9	-18.9	-19.0	-11.3	-14.4	-15.3	-13.3	-16.9	-15.7

Source: ECB.

1) For these currencies the ECB computes and publishes euro reference exchange rates as from 1 January 2008. Previous data are indicative.

2) The most recent rate for the Icelandic krona refers to 3 December 2008.

3) For this currency the ECB computes and publishes euro reference exchange rates as from 1 January 2009. Previous data are indicative.

DEVELOPMENTS OUTSIDE THE EURO AREA

9.1 In other EU Member States

(annual percentage changes, unless otherwise indicated)

1. Economic and financial developments

	Bulgaria	Czech Republic	Denmark	Estonia	Latvia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10	11
HICP											
2008	12.0	6.3	3.6	10.6	15.3	11.1	6.0	4.2	7.9	3.3	3.6
2009	2.5	0.6	1.1	0.2	3.3	4.2	4.0	4.0	5.6	1.9	2.2
2010 Q1	1.9	0.4	1.9	0.0	-3.9	-0.4	5.8	3.4	4.6	2.7	3.3
Q2	2.9	0.9	2.0	2.9	-2.3	0.5	5.2	2.5	4.3	1.8	3.4
2010 May	3.0	1.0	1.9	2.8	-2.4	0.5	4.9	2.3	4.4	1.9	3.3
June	2.5	1.0	1.7	3.4	-1.6	0.9	5.0	2.4	4.3	1.6	3.2
July	3.2	1.6	2.1	2.8	-0.7	1.7	3.6	1.9	7.1	1.4	3.1
General government deficit (-)/surplus (+) as a percentage of GDP											
2007	0.1	-0.7	4.8	2.6	-0.3	-1.0	-5.0	-1.9	-2.5	3.8	-2.8
2008	1.8	-2.7	3.4	-2.7	-4.1	-3.3	-3.8	-3.7	-5.4	2.5	-4.9
2009	-3.9	-5.9	-2.7	-1.7	-9.0	-8.9	-4.0	-7.1	-8.3	-0.5	-11.5
General government gross debt as a percentage of GDP											
2007	18.2	29.0	27.4	3.8	9.0	16.9	65.9	45.0	12.6	40.8	44.7
2008	14.1	30.0	34.2	4.6	19.5	15.6	72.9	47.2	13.3	38.3	52.0
2009	14.8	35.4	41.6	7.2	36.1	29.3	78.3	51.0	23.7	42.3	68.1
Long-term government bond yield as a percentage per annum; period average											
2010 Feb.	6.05	4.33	3.50	-	13.62	7.15	7.69	6.09	7.92	3.28	4.02
Mar.	5.82	4.02	3.40	-	10.54	5.15	7.16	5.72	7.11	3.20	3.98
Apr.	5.94	3.84	3.34	-	10.13	5.15	6.57	5.57	6.97	3.14	3.96
May	6.13	4.10	2.93	-	10.13	5.15	7.07	5.72	7.27	2.73	3.60
June	6.21	4.26	2.70	-	10.12	5.15	7.60	5.87	7.10	2.61	3.14
July	6.05	3.97	2.72	-	10.00	5.15	7.39	5.84	7.18	2.70	2.97
3-month interest rate as a percentage per annum; period average											
2010 Feb.	4.27	1.52	1.39	2.12	3.16	2.24	6.59	4.17	6.93	0.48	0.63
Mar.	4.21	1.43	1.37	1.86	2.33	1.87	6.65	4.13	6.01	0.49	0.65
Apr.	4.21	1.42	1.28	1.79	2.14	1.57	6.14	3.69	4.99	0.52	0.66
May	4.19	1.27	1.25	1.67	2.26	1.47	6.23	3.85	6.38	0.60	0.70
June	4.18	1.24	1.15	1.47	2.09	1.64	5.43	3.86	6.60	0.70	0.73
July	4.09	1.23	1.13	1.40	1.74	1.70	6.17	3.84	6.92	0.87	0.74
Real GDP											
2008	6.0	2.5	-0.9	-3.6	-4.2	2.8	0.6	5.1	7.3	-0.4	-0.1
2009	-5.0	-4.1	-4.7	-14.1	-18.0	-14.8	-6.3	1.8	-7.1	-5.1	-4.9
2009 Q4	-5.9	-3.2	-2.9	-9.5	-16.8	-12.5	-4.7	2.9	-6.5	-1.5	-2.9
2010 Q1	-3.6	1.1	-0.4	-2.0	-5.1	-2.7	-1.2	3.1	-2.6	3.0	-0.2
Q2	.	.	2.9	.	.	1.1	0.1	3.8	-0.5	3.6	1.7
Current and capital account balance as a percentage of GDP											
2008	-23.2	0.2	2.0	-8.4	-11.6	-10.1	-5.9	-3.9	-11.1	9.2	-1.3
2009	-8.0	0.1	3.9	7.4	12.0	7.2	1.5	0.0	-4.0	7.3	-0.9
2009 Q4	-7.1	0.9	5.0	9.9	14.8	13.2	2.2	-1.2	-3.9	5.5	0.6
2010 Q1	-6.4	2.1	2.6	4.3	12.6	3.2	2.4	0.2	-6.1	8.2	-2.9
Q2	.	.	5.5	.	.	4.6	.	-1.5	-7.1	4.3	.
Gross external debt as a percentage of GDP											
2007	100.4	44.5	170.3	111.0	127.6	71.9	115.1	48.4	50.9	176.2	398.5
2008	108.8	50.0	178.4	118.5	129.2	71.6	155.0	56.5	56.0	203.8	441.4
2009 Q3	107.8	46.7	190.8	124.0	147.9	82.9	170.0	60.2	66.7	203.2	421.8
Q4	111.3	50.8	189.6	126.7	156.6	86.5	164.4	59.6	69.0	203.8	415.1
2010 Q1	109.8	49.0	200.2	124.7	161.8	90.1	169.8	58.4	71.7	205.5	429.7
Unit labour costs											
2008	16.2	5.1	6.5	14.1	22.0	9.3	4.5	6.8	14.5	2.6	2.3
2009	10.6	3.6	4.5	1.7	-7.1	0.9	0.9	2.3	5.1	4.8	5.5
2009 Q4	3.7	2.2	-1.7	-7.5	-20.2	-11.4	-	-3.5	-	0.2	4.6
2010 Q1	6.6	-2.7	0.9	-8.9	-19.8	-12.6	-	-	-	-1.1	3.3
Q2	.	.	-2.6	.	.	.	.	.	.	.	.
Standardised unemployment rate as a percentage of labour force (s.a.)											
2008	5.6	4.4	3.3	5.6	7.5	5.9	7.8	7.2	5.8	6.2	5.7
2009	6.9	6.7	6.0	13.8	17.1	13.7	10.0	8.2	6.9	8.3	7.6
2010 Q1	9.3	7.8	7.2	19.0	20.1	17.3	11.2	9.7	7.4	8.7	7.9
Q2	9.7	7.5	7.3	18.6	.	.	10.6	9.7	.	8.6	.
2010 May	9.7	7.5	7.3	-	.	.	10.4	9.7	.	8.7	7.8
June	9.7	7.4	7.3	-	.	.	10.4	9.6	.	8.1	.
July	9.7	7.3	6.9	-	.	.	10.3	9.4	.	8.5	.

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

9.2 In the United States and Japan

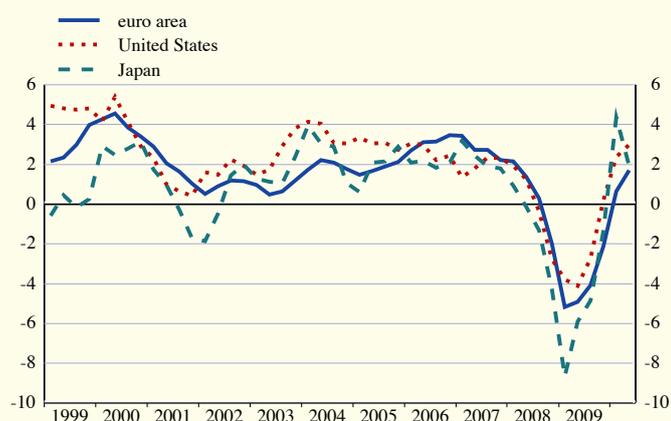
(annual percentage changes, unless otherwise indicated)

1. Economic and financial developments

	Consumer price index	Unit labour costs ¹⁾	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force (s.a.)	Broad money ²⁾	3-month interbank deposit rate ³⁾	10-year zero coupon government bond yield; ³⁾ end of period	Exchange rate ⁴⁾ as national currency per euro	Fiscal deficit (-)/surplus (+) as a % of GDP	Gross public debt ⁵⁾ as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
United States											
2006	3.2	2.9	2.7	2.7	4.6	5.3	5.20	5.26	1.2556	-2.2	47.8
2007	2.9	2.4	1.9	3.2	4.6	6.3	5.30	4.81	1.3705	-2.8	48.4
2008	3.8	2.2	0.0	-4.4	5.8	7.1	2.93	2.70	1.4708	-6.5	56.3
2009	-0.4	-1.6	-2.6	-10.9	9.3	7.8	0.69	4.17	1.3948	-11.1	67.6
2009 Q2	-1.2	-0.1	-4.1	-14.7	9.3	8.9	0.84	3.95	1.3632	-11.6	62.7
Q3	-1.6	-2.1	-2.7	-10.0	9.6	7.8	0.41	3.61	1.4303	-11.6	65.8
Q4	1.4	-3.4	0.2	-3.7	10.0	5.1	0.27	4.17	1.4779	-11.1	67.6
2010 Q1	2.4	-2.6	2.4	3.9	9.7	1.9	0.26	4.01	1.3829	-10.9	70.7
Q2	1.8	-2.8	3.0	8.4	9.7	1.7	0.44	3.13	1.2708	.	.
2010 Apr.	2.2	-	-	7.2	9.9	1.6	0.31	3.84	1.3406	-	-
May	2.0	-	-	9.1	9.7	1.7	0.46	3.52	1.2565	-	-
June	1.1	-	-	8.8	9.5	1.8	0.54	3.13	1.2209	-	-
July	1.2	-	-	8.2	9.5	2.0	0.51	3.03	1.2770	-	-
Aug.	.	-	-	.	.	.	0.36	2.58	1.2894	-	-
Japan											
2006	0.2	-0.5	2.0	4.5	4.1	1.0	0.30	1.85	146.02	-1.6	159.9
2007	0.1	-1.0	2.3	2.8	3.8	1.6	0.79	1.70	161.25	-2.4	156.3
2008	1.4	2.6	-1.2	-3.4	4.0	2.1	0.93	1.21	152.45	-2.1	162.2
2009	-1.4	0.4	-5.2	-21.9	5.1	2.7	0.47	1.42	130.34	.	.
2009 Q2	-1.0	0.9	-5.9	-27.4	5.1	2.6	0.53	1.41	132.59	.	.
Q3	-2.2	1.0	-4.9	-19.4	5.4	2.8	0.40	1.45	133.82	.	.
Q4	-2.0	-3.9	-1.3	-4.2	5.2	3.3	0.31	1.42	132.69	.	.
2010 Q1	-1.2	-3.1	4.4	27.6	4.9	2.8	0.25	1.48	125.48	.	.
Q2	-0.9	.	1.9	21.0	5.2	3.0	0.24	1.18	117.15	.	.
2010 Apr.	-1.2	-	-	25.9	5.1	2.9	0.24	1.37	125.33	-	-
May	-0.9	-	-	20.4	5.2	3.1	0.24	1.37	115.83	-	-
June	-0.7	-	-	17.3	5.3	2.9	0.24	1.18	110.99	-	-
July	-0.9	-	-	14.8	5.2	2.7	0.24	1.13	111.73	-	-
Aug.	.	-	-	.	.	.	0.24	1.06	110.04	-	-

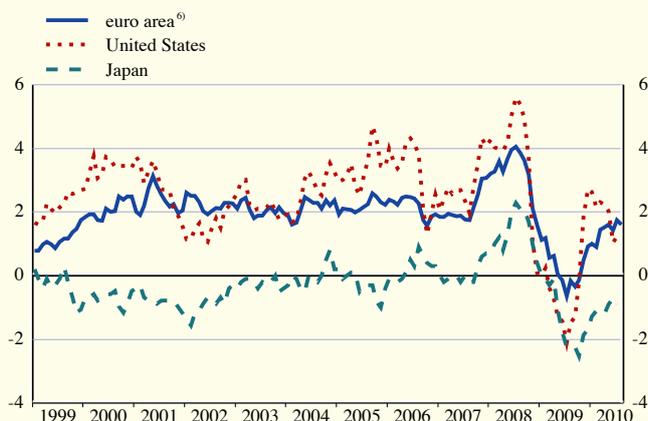
C39 Real gross domestic product

(annual percentage changes; quarterly data)



C40 Consumer price indices

(annual percentage changes; monthly data)



Sources: National data (columns 1, 2 (United States), 3, 4, 5 (United States), 6, 9 and 10); OECD (column 2 (Japan)); Eurostat (column 5 (Japan), euro area chart data); Reuters (columns 7 and 8); ECB calculations (column 11).

- 1) Seasonally adjusted. The data for the United States refer to the private non-agricultural business sector.
- 2) Period averages; M2 for the United States, M2+CDs for Japan.
- 3) Percentages per annum. For further information on the three-month interbank deposit rate, see Section 4.6.
- 4) For more information, see Section 8.2.
- 5) Gross consolidated general government debt (end of period).
- 6) Data refer to the changing composition of the euro area. For further information, see the General Notes.



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TECHNICAL NOTES

EURO AREA OVERVIEW

CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

The average growth rate for the quarter ending in month t is calculated as:

$$a) \left(\frac{0.5I_t + \sum_{i=1}^2 I_{t-i} + 0.5I_{t-3}}{0.5I_{t-12} + \sum_{i=1}^2 I_{t-i-12} + 0.5I_{t-15}} - 1 \right) \times 100$$

where I_t is the index of adjusted outstanding amounts as at month t (see also below). Likewise, for the year ending in month t , the average growth rate is calculated as:

$$b) \left(\frac{0.5I_t + \sum_{i=1}^{11} I_{t-i} + 0.5I_{t-12}}{0.5I_{t-12} + \sum_{i=1}^{11} I_{t-i-12} + 0.5I_{t-24}} - 1 \right) \times 100$$

SECTIONS 2.1 TO 2.6

CALCULATION OF TRANSACTIONS

Monthly transactions are calculated from monthly differences in outstanding amounts adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions.

If L_t represents the outstanding amount at the end of month t , C_t^M the reclassification adjustment in month t , E_t^M the exchange rate adjustment and V_t^M the other revaluation adjustments, the transactions F_t^M in month t are defined as:

$$c) F_t^M = (L_t - L_{t-1}) - C_t^M - E_t^M - V_t^M$$

Similarly, the quarterly transactions F_t^Q for the quarter ending in month t are defined as:

$$d) F_t^Q = (L_t - L_{t-3}) - C_t^Q - E_t^Q - V_t^Q$$

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:

$$e) I_t = I_{t-1} \times \left(1 + \frac{F_t^M}{L_{t-1}} \right)$$

The base of the index (for the non-seasonally adjusted series) is currently set as December 2006 = 100. Time series for the index of adjusted outstanding amounts are available on the ECB's website (www.ecb.europa.eu) in the "Monetary and financial statistics" sub-section of the "Statistics" section.

The annual growth rate a_t for month t – i.e. the change in the 12 months ending in month t – can be calculated using either of the following two formulae:

$$f) a_t = \left[\prod_{i=0}^{11} \left(1 + \frac{F_{t-i}^M}{L_{t-1-i}} \right) - 1 \right] \times 100$$

$$g) a_t = \left(\frac{I_t}{I_{t-12}} - 1 \right) \times 100$$

Unless otherwise indicated, the annual growth rates refer to the end of the indicated period. For example, the annual percentage change for the year 2002 is calculated in g) by dividing the index for December 2002 by the index for December 2001.

Growth rates for intra-annual periods can be derived by adapting formula g). For example, the month-on-month growth rate a_t^M can be calculated as:

$$h) \quad a_t^M = \left(\frac{I_t}{I_{t-1}} - 1 \right) \times 100$$

Finally, the three-month moving average (centred) for the annual growth rate of M3 is obtained as $(a_{t+1} + a_t + a_{t-1})/3$, where a_t is defined as in f) or g) above.

CALCULATION OF GROWTH RATES FOR QUARTERLY SERIES

If F_t^Q and L_{t-3} are defined as above, the index I_t of adjusted outstanding amounts for the quarter ending in month t is defined as:

$$i) \quad I_t = I_{t-3} \times \left(1 + \frac{F_t^Q}{L_{t-3}} \right)$$

The annual growth rate in the four quarters ending in month t (i.e. a_t) can be calculated using formula g).

SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS¹

The approach used is based on multiplicative decomposition using X-12-ARIMA.² The seasonal adjustment may include a day-of-the-week adjustment, and for some series it is carried out indirectly by means of a linear combination of components. This is the case for M3, which is derived by aggregating the seasonally adjusted series for M1, M2 less M1, and M3 less M2.

The seasonal adjustment procedures are first applied to the index of adjusted outstanding amounts.³ The resulting estimates of seasonal factors are then applied to the levels and to the

adjustments arising from reclassifications and revaluations, in turn yielding seasonally adjusted transactions. Seasonal (and trading day) factors are revised at annual intervals or as required.

SECTIONS 3.1 TO 3.5

EQUALITY OF USES AND RESOURCES

In Section 3.1 the data conform to a basic accounting identity. For non-financial transactions, total uses equal total resources for each transaction category. This accounting identity is also reflected in the financial account – i.e. for each financial instrument category, total transactions in financial assets equal total transactions in liabilities. In the other changes in assets account and the financial balance sheets, total financial assets equal total liabilities for each financial instrument category, with the exception of monetary gold and special drawing rights, which are by definition not a liability of any sector.

CALCULATION OF BALANCING ITEMS

The balancing items at the end of each account in Sections 3.1 and 3.2 are computed as follows.

The trade balance equals euro area imports minus exports vis-à-vis the rest of the world for goods and services.

1 For details, see “Seasonal adjustment of monetary aggregates and HICP for the euro area”, ECB (August 2000) and the “Monetary and financial statistics” sub-section of the “Statistics” section of the ECB’s website (www.ecb.europa.eu).

2 For details, see Findley, D., Monsell, B., Bell, W., Otto, M. and Chen, B. C. (1998), “New Capabilities and Methods of the X-12-ARIMA Seasonal Adjustment Program”, *Journal of Business and Economic Statistics*, 16, 2, pp.127-152, or “X-12-ARIMA Reference Manual”, Time Series Staff, Bureau of the Census, Washington, D.C.

For internal purposes, the model-based approach of TRAMO-SEATS is also used. For details of TRAMO-SEATS, see Gomez, V. and Maravall, A. (1996), “Programs TRAMO and SEATS: Instructions for the User”, Banco de España, Working Paper No 9628, Madrid.

3 It follows that for the seasonally adjusted series, the level of the index for the base period (i.e. December 2001) generally differs from 100, reflecting the seasonality of that month.

Net operating surplus and mixed income is defined for resident sectors only and is calculated as gross value added (gross domestic product at market prices for the euro area) minus compensation of employees (uses) minus other taxes less subsidies on production (uses) minus consumption of fixed capital (uses).

Net national income is defined for resident sectors only and is computed as net operating surplus and mixed income plus compensation of employees (resources) plus taxes less subsidies on production (resources) plus net property income (resources minus uses).

Net disposable income is also defined only for resident sectors and equals net national income plus net current taxes on income and wealth (resources minus uses) plus net social contributions (resources minus uses) plus net social benefits other than social transfers in kind (resources minus uses) plus net other current transfers (resources minus uses).

Net saving is defined for resident sectors and is calculated as net disposable income plus the net adjustment for the change in the net equity of households in pension 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 worth (wealth) are calculated as changes in net worth (wealth) due to savings and capital transfers plus other changes in net financial worth (wealth). They currently exclude other changes in non-financial assets owing to the unavailability of data.

Net financial worth (wealth) is calculated as total financial assets minus total liabilities, whereas changes in net financial worth (wealth) are equal to the sum of changes in net financial worth (wealth) due to transactions (lending/net borrowing from the financial account) and other changes in net financial worth (wealth).

Finally, changes in net financial worth (wealth) due to transactions are computed as total transactions in financial assets minus total transactions in liabilities, and other changes in net financial worth (wealth) are calculated as total other changes in financial assets minus total other changes in liabilities.

SECTIONS 4.3 AND 4.4

CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

Growth rates are calculated on the basis of financial transactions and therefore exclude reclassifications, revaluations, exchange rate variations and any other changes which do not arise from transactions. They can be calculated from transactions or from the index of notional stocks. If N_t^M represents the transactions (net issues) in month t and L_t the level outstanding at the end of month t , the index I_t of notional stocks in month t is defined as:

$$j) \quad I_t = I_{t-1} \times \left(1 + \frac{N_t^M}{L_{t-1}} \right)$$

As a base, the index is set equal to 100 in December 2001. The growth rate a_t for month t , corresponding to the change in the 12 months ending in month t , can be calculated using either of the following two formulae:

$$k) \quad a_t = \left[\prod_{i=0}^{11} \left(1 + \frac{N_{t-i}^M}{L_{t-1-i}} \right) - 1 \right] \times 100$$

$$l) \quad a_t = \left(\frac{I_t}{I_{t-12}} - 1 \right) \times 100$$

The method used to calculate the growth rates for securities other than shares is the same as that used for the monetary aggregates, the only difference being that an “N” is used instead of an “F”. This is to show that the method used to obtain “net issues” for securities issues statistics differs from that used to calculate equivalent “transactions” for the monetary aggregates.

The average growth rate for the quarter ending in month t is calculated as:

$$m) \quad \left(\frac{0.5I_t + \sum_{i=1}^2 I_{t-i} + 0.5I_{t-3}}{0.5I_{t-12} + \sum_{i=1}^2 I_{t-i-12} + 0.5I_{t-15}} - 1 \right) \times 100$$

where I_t is the index of notional stocks as at month t. Likewise, for the year ending in month t, the average growth rate is calculated as:

$$n) \quad \left(\frac{0.5I_t + \sum_{i=1}^{11} I_{t-i} + 0.5I_{t-12}}{0.5I_{t-12} + \sum_{i=1}^{11} I_{t-i-12} + 0.5I_{t-24}} - 1 \right) \times 100$$

The calculation formula used for Section 4.3 is also used for Section 4.4 and is likewise based on that used for the monetary aggregates. Section 4.4 is based on market values, and the calculations are based on financial transactions, which exclude reclassifications, revaluations and any other changes that do not arise from transactions. Exchange rate variations are not included, as all quoted shares covered are denominated in euro.

SEASONAL ADJUSTMENT OF SECURITIES ISSUES STATISTICS⁴

The approach used is based on multiplicative decomposition using X-12-ARIMA. The

seasonal adjustment of total securities issues is carried out indirectly by means of a linear combination of sector and maturity component breakdowns.

The seasonal adjustment procedures are applied to the index of notional stocks. The resulting estimates of seasonal factors are then applied to the outstanding amounts, from which seasonally adjusted net issues are derived. Seasonal factors are revised at annual intervals or as required.

As in formulae k) and l), the growth rate a_t for month t, corresponding to the change in the six months ending in month t, can be calculated using either of the following two formulae:

$$o) \quad a_t = \left[\prod_{i=0}^5 \left(1 + \frac{N_{t-i}^M}{L_{t-1-i}} \right) - 1 \right] \times 100$$

$$p) \quad a_t = \left(\frac{I_t}{I_{t-6}} - 1 \right) \times 100$$

TABLE 1 IN SECTION 5.1

SEASONAL ADJUSTMENT OF THE HICP⁴

The approach used is based on multiplicative decomposition using X-12-ARIMA (see footnote 2 on page S78). The seasonal adjustment of the overall HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy, and services. Energy is added without adjustment, since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

4 For details, see “Seasonal adjustment of monetary aggregates and HICP for the euro area”, ECB (August 2000) and the “Monetary and financial statistics” sub-section of the “Statistics” section of the ECB’s website (www.ecb.europa.eu).

TABLE 2 IN SECTION 7.1**SEASONAL ADJUSTMENT OF THE BALANCE OF
PAYMENTS CURRENT ACCOUNT**

The approach used is based on multiplicative decomposition using X-12-ARIMA (see footnote 2 on page S78). The raw data for goods, services and income are preadjusted to take a working day effect into account. The working day adjustment in goods and services is corrected for national public holidays. The seasonal adjustment of these items is carried out using these preadjusted series. The seasonal adjustment of the total current account is carried out by aggregating the seasonally adjusted euro area series for goods, services, income and current transfers. Seasonal (and trading day) factors are revised at biannual intervals or as required.

SECTION 7.3**CALCULATION OF GROWTH RATES FOR THE
QUARTERLY AND ANNUAL SERIES**

The annual growth rate for quarter t is calculated on the basis of quarterly transactions (F_t) and positions (L_t) as follows:

$$a_t = \left(\prod_{i=t-3}^t \left(1 + \frac{F_i}{L_{i-1}} \right) - 1 \right) \times 100$$

The growth rate for the annual series is equal to the growth rate in the last quarter of the year.



GENERAL NOTES

The “Euro area statistics” section of the Monthly Bulletin focuses on statistics for the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available in the “Statistics” section of the ECB’s website (www.ecb.europa.eu). This allows user-friendly access to data via the ECB’s Statistical Data Warehouse (<http://sdw.ecb.europa.eu>), which includes search and download facilities. Further services available in the “Data services” sub-section include subscriptions to different datasets and a repository of compressed Comma Separated Value (CSV) files. For further information, please contact us at: statistics@ecb.europa.eu.

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the Governing Council of the ECB’s first meeting of the month. For this issue, the cut-off date was 1 September 2010.

Unless otherwise indicated, all data series including observations for 2009 and beyond relate to the Euro 16 (the euro area including Slovakia) for the whole time series. For interest rates, monetary statistics and the HICP (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), statistical series refer to the changing composition of the euro area (see below for details). Where applicable, this is indicated in the tables by means of a footnote. In such cases, where underlying data are available, absolute and percentage changes for the respective year of entry into the euro area of Greece (2001), Slovenia (2007), Cyprus (2008), Malta (2008) and Slovakia (2009), calculated from bases covering the year prior to the year of entry, use a series in which the impact of these countries’ joining the euro area is taken into account.

The statistical series referring to the changing composition of the euro area are based on the euro area composition at the time to which the statistics relate. Thus, data prior to 2001 refer to the Euro 11, i.e. the following

11 EU Member States: Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Data from 2001 to 2006 refer to the Euro 12, i.e. the Euro 11 plus Greece. Data for 2007 refer to the Euro 13, i.e. the Euro 12 plus Slovenia. Data for 2008 refer to the Euro 15, i.e. the Euro 13 plus Cyprus and Malta, and data as of 2009 refer to the Euro 16, i.e. the Euro 15 plus Slovakia.

Given that the composition of the European currency unit (ECU) does not coincide with the former currencies of the countries that have adopted the single currency, pre-1999 amounts originally expressed in the participating currencies and converted into ECU at current ECU exchange rates are affected by movements in the currencies of EU Member States that have not adopted the euro. To avoid this effect on the monetary statistics, pre-1999 data¹ are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless otherwise indicated, price and cost statistics before 1999 are based on data expressed in national currency terms.

Methods of aggregation and/or consolidation (including cross-country consolidation) have been used where appropriate.

Recent data are often provisional and may be revised. Discrepancies between totals and their components may arise from rounding.

The group “Other EU Member States” comprises Bulgaria, the Czech Republic, Denmark, Estonia, Latvia, Lithuania, Hungary, Poland, Romania, Sweden and the United Kingdom.

In most cases, the terminology used within the tables follows international standards, such as those contained in the European System

¹ Data on monetary statistics in Sections 2.1 to 2.8 are available for periods prior to January 1999 on the ECB’s website (<http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html>) and in the SDW (<http://sdw.ecb.europa.eu/browse.do?node=2018811>).

of Accounts 1995 and the IMF Balance of Payments Manual. Transactions refer to voluntary exchanges (measured directly or derived), while flows also encompass changes in outstanding amounts owing to price and exchange rate changes, write-offs and other changes.

In the tables, the wording “up to (x) years” means “up to and including (x) years”.

OVERVIEW

Developments in key indicators for the euro area are summarised in an overview table.

MONETARY POLICY STATISTICS

Section 1.4 shows statistics on minimum reserve and liquidity factors. Maintenance periods for minimum reserve requirements start every month on the settlement day of the main refinancing operation (MRO) following the Governing Council meeting for which the monthly assessment of the monetary policy stance is scheduled. They end on the day preceding the corresponding settlement day in the following month. Annual/quarterly observations refer to averages for the last reserve maintenance period of the year/quarter.

Table 1 in Section 1.4 shows the components of the reserve base of credit institutions subject to reserve requirements. Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks are excluded from the reserve base. When a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years which are held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. The percentage used to calculate the reserve base was 10% until November 1999 and has been 30% since that date.

Table 2 in Section 1.4 contains average data for completed maintenance periods. First, the reserve requirement of each individual credit institution is calculated by applying the reserve ratios for the corresponding categories of liability to the eligible liabilities, using the balance sheet data from the end of each calendar month. Subsequently, each credit institution deducts from this figure a lump-sum allowance of €100,000. The resulting required reserves are then aggregated at the euro area level (column 1). Current account holdings (column 2) are the aggregate average daily current account holdings of credit institutions, including those that serve to fulfil reserve requirements. Excess reserves (column 3) are the average current account holdings over the maintenance period in excess of the required reserves. Deficiencies (column 4) are defined as the average shortfalls of current account holdings from required reserves over the maintenance period, computed on the basis of those credit institutions that have not fulfilled their reserve requirements. The interest rate on minimum reserves (column 5) is equal to the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's MROs (see Section 1.3).

Table 3 in Section 1.4 shows the banking system's liquidity position, which is defined as euro area credit institutions' current account holdings with the Eurosystem in euro. All amounts are derived from the consolidated financial statement of the Eurosystem. Other liquidity-absorbing operations (column 7) exclude the issuance of debt certificates initiated by NCBs in Stage Two of EMU. Net other factors (column 10) represent the netted remaining items in the consolidated financial statement of the Eurosystem. Credit institutions' current accounts (column 11) are equal to the difference between the sum of liquidity-providing factors (columns 1 to 5) and the sum of liquidity-absorbing factors (columns 6 to 10). Base money (column 12) is calculated as the sum of the deposit facility (column 6), banknotes in circulation (column 8) and credit institutions' current account holdings (column 11).

MONEY, BANKING AND INVESTMENT FUNDS

Section 2.1 shows the aggregated balance sheet of the monetary financial institution sector, i.e. the sum of the harmonised balance sheets of all MFIs resident in the euro area. MFIs comprise central banks, credit institutions as defined under Community law, money market funds and other institutions whose business it is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or make investments in securities. A complete list of MFIs is published on the ECB's website.

Section 2.2 shows the consolidated balance sheet of the MFI sector, which is obtained by netting the aggregated balance sheet positions of MFIs in the euro area. Owing to a small amount of heterogeneity in recording practices, the sum of the inter-MFI positions is not necessarily zero; the balance is shown in column 10 of the liabilities side of Section 2.2. Section 2.3 sets out the euro area monetary aggregates and counterparts. These are derived from the consolidated MFI balance sheet and include positions of non-MFIs resident in the euro area held with MFIs resident in the euro area; they also take account of some monetary assets/liabilities of central government. Statistics on monetary aggregates and counterparts are adjusted for seasonal and trading day effects. The external liabilities item in Sections 2.1 and 2.2 shows the holdings by non-euro area residents of: (i) shares/units issued by money market funds located in the euro area; and (ii) debt securities issued with a maturity of up to two years by MFIs located in the euro area. In Section 2.3, however, these holdings are excluded from the monetary aggregates and contribute to the item "net external assets".

Section 2.4 provides analysis, broken down by sector, type and original maturity, of loans granted by MFIs other than the Eurosystem (i.e. the banking system) resident in the euro area. Section 2.5 provides analysis, broken down by sector and instrument, of deposits held with

the euro area banking system. Section 2.6 shows the securities held by the euro area banking system, broken down by type of issuer.

Sections 2.2 to 2.6 include data on transactions, which are derived as differences in outstanding amounts adjusted for reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. Section 2.7 shows selected revaluations that are used in the derivation of transactions. Sections 2.2 to 2.6 also provide growth rates based on those transactions in the form of annual percentage changes. Section 2.8 shows a quarterly currency breakdown of selected MFI balance sheet items.

Details of sector definitions are set out in the third edition of the "Monetary financial institutions and markets statistics sector manual – Guidance for the statistical classification of customers" (ECB, March 2007). The publication "Guidance Notes to the Regulation ECB/2001/13 on the MFI Balance Sheet Statistics" (ECB, November 2002) explains practices that NCBs are recommended to follow. Since 1 January 1999 statistical information has been collected and compiled on the basis of 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/2008/32².

In line with this Regulation, the balance sheet item "money market paper" has been merged with the item "debt securities" on both the assets and liabilities sides of the MFI balance sheet.

Section 2.9 shows outstanding amounts and transactions on the balance sheet of euro area investment funds (other than money market funds, which are included in the MFI balance sheet statistics). An investment fund is a collective investment undertaking that invests capital raised from the public in financial and/or non-financial assets. A complete list of euro area investment funds is published on the ECB's

² OJ L 15, 20.01.2009, p.14.

website. The balance sheet is aggregated, so investment funds' assets include their holdings of shares/units issued by other investment funds. Shares/units issued by investment funds are also broken down by investment policy (i.e. into bond funds, equity funds, mixed funds, real estate funds, hedge funds and other funds) and by type (i.e. into open-end funds and closed-end funds). Section 2.10 provides further details on the main types of asset held by euro area investment funds. This Section contains a geographical breakdown of the issuers of securities held by investment funds, as well as breaking issuers down by economic sector where they are resident in the euro area.

Further information on these investment fund statistics can be found in the "Manual on investment fund statistics". Since December 2008 harmonised statistical information has been collected and compiled on the basis of Regulation ECB/2007/8 concerning statistics on the assets and liabilities of investment funds.

EURO AREA ACCOUNTS

Section 3.1 shows quarterly integrated euro area accounts data, which provide comprehensive information on the economic activities of households (including non-profit institutions serving households), non-financial corporations, financial corporations and general government, as well as on the interaction between these sectors and both the euro area and the rest of the world. Non-seasonally adjusted data on current prices are displayed for the last available quarter, following a simplified sequence of accounts in accordance with the methodological framework of the European System of Accounts 1995.

In short, the sequence of accounts (transactions) comprises: (1) the generation of income account, which shows how production activity translates into various categories of income; (2) the allocation of primary income account, which records receipts and expenses relating to various forms of property income (for the economy as a

whole; the balancing item of the primary income account is national income); (3) the secondary distribution of income account, which shows how the national income of an institutional sector changes because of current transfers; (4) the use of income account, which shows how disposable income is spent on consumption or saved; (5) the capital account, which shows how savings and net capital transfers are spent in the acquisition of non-financial assets (the balancing item of the capital account is net lending/net borrowing); and (6) the financial account, which records the net acquisitions of financial assets and the net incurrence of liabilities. As each non-financial transaction is mirrored by a financial transaction, the balancing item of the financial account conceptually also equals net lending/net borrowing as calculated from the capital account.

In addition, opening and closing financial balance sheets are presented, which provide a picture of the financial wealth of each individual sector at a given point in time. Finally, other changes in financial assets and liabilities (e.g. those resulting from the impact of changes in asset prices) are also shown.

The sectoral coverage of the financial account and the financial balance sheets is more detailed for the financial corporation sector, which is broken down into MFIs, other financial intermediaries (including financial auxiliaries), and insurance corporations and pension funds.

Section 3.2 shows four-quarter cumulated flows (transactions) for the "non-financial accounts" of the euro area (i.e. accounts (1) to (5) above), also following the simplified sequence of accounts.

Section 3.3 shows four-quarter cumulated flows (transactions and other changes) for households' income, expenditure and accumulation accounts, as well as outstanding amounts for the financial balance sheet accounts, presenting data in a more analytical manner. Sector-specific transactions and balancing items are arranged

in a way that more clearly depicts the financing and investment decisions of households, while respecting the accounting identities presented in Sections 3.1 and 3.2.

Section 3.4 displays four-quarter cumulated flows (transactions) for non-financial corporations' income and accumulation accounts, as well as outstanding amounts for the financial balance sheet accounts, presenting data in a more analytical manner.

Section 3.5 shows four-quarter cumulated financial flows (transactions and other changes) and outstanding amounts for the financial balance sheets of insurance corporations and pension funds.

FINANCIAL MARKETS

The series on financial market statistics for the euro area cover those EU Member States that had adopted the euro at the time to which the statistics relate (i.e. a changing composition), with the exception of statistics on securities issues (Sections 4.1 to 4.4), which relate to the Euro 16 for the whole time series (i.e. a fixed composition).

Statistics on securities other than shares and statistics on quoted shares (Sections 4.1 to 4.4) are produced by the ECB using data from the ESCB and the BIS. Section 4.5 presents MFI interest rates on euro-denominated deposits from and loans to euro area residents. Statistics on money market interest rates, long-term government bond yields and stock market indices (Sections 4.6 to 4.8) are produced by the ECB using data from wire services.

Statistics on securities issues cover: (i) securities other than shares, excluding financial derivatives; and (ii) quoted shares. The former are presented in Sections 4.1, 4.2 and 4.3, while the latter are presented in Section 4.4. Debt securities are broken down into short-term and long-term securities. "Short-term" means securities

with an original maturity of one year or less (in exceptional cases, two years or less). Securities with (i) a longer maturity, (ii) optional maturity dates, the latest of which is more than one year away, or (iii) indefinite maturity dates are classified as "long-term". Long-term debt securities issued by euro area residents are broken down further into fixed and variable rate issues. Fixed rate issues consist of issues where the coupon rate does not change during the life of the issue. Variable rate issues comprise all issues where the coupon is periodically refixed with reference to an independent interest rate or index. The 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 model³.

3 Svensson, L. E., "Estimating and Interpreting Forward Interest Rates: Sweden 1992-1994", Centre for Economic Policy Research, Discussion Paper No 1051, 1994.

Spreads between the ten-year rates and the three-month and two-year rates are also released. Additional yield curves (daily releases, including charts and tables) and the corresponding methodological information are available at: <http://www.ecb.europa.eu/stats/money/yc/html/index.en.html>. Daily data can also be downloaded.

Section 4.8 shows stock market indices for the euro area, the United States and Japan.

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

Most of the data described in this section are produced by the European Commission (mainly Eurostat) and national statistical authorities. Euro area results are obtained by aggregating data for individual countries. As far as possible, the data are harmonised and comparable. Statistics on labour costs indices, GDP and expenditure components, value added by economic activity, industrial production, retail sales passenger car registrations and employment in terms of hours worked are working day-adjusted.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 1 in Section 5.1) is available from 1995 onwards. It is based on national HICPs, which follow the same methodology in all euro area countries. The breakdown into goods and services components is derived from the classification of individual consumption by purpose (Coicop/HICP). The HICP covers monetary expenditure by households on final consumption in the economic territory of the euro area. The table includes seasonally adjusted HICP data and experimental HICP-based estimates of administered prices, which are compiled by the ECB.

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial new orders, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics⁴. Since January 2009 the revised classification of economic activities

(NACE Revision 2), as covered by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90, as well as certain EC Regulations on specific statistical domains,⁵ has been applied in the production of short-term statistics. The breakdown by end-use of product for industrial producer prices and industrial production is the harmonised sub-division of industry excluding construction (NACE Revision 2, sections B to E) into Main Industrial Groupings (MIGs) as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007⁶. Industrial producer prices reflect the ex-factory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

The two non-energy commodity price indices shown in Table 3 in Section 5.1 are compiled with the same commodity coverage, but using two different weighting schemes: one based on the respective commodity imports of the euro area (columns 2-4), and the other (columns 5-7) based on estimated euro area domestic demand, or “use”, taking into account information on imports, exports and the domestic production of each commodity (ignoring, for the sake of simplicity, inventories, which are assumed to be relatively stable over the observed period). The import-weighted commodity price index is appropriate for analysing external developments, while the use-weighted index is suitable for the specific purpose of analysing international commodity price pressures on euro area inflation. The use-weighted commodity price indices are experimental data. For more details as regards the compilation of the ECB commodity price indices, see Box 1 in the December 2008 issue of the Monthly Bulletin.

4 OJ L 162, 5.6.1998, p. 1.

5 OJ L 393, 30.12.2006, p. 1.

6 OJ L 155, 15.6.2007, p. 3.

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 index⁷ and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003⁸. A breakdown of the labour cost indices for the euro area is available by labour cost component (wages and salaries, and employers' social contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 3 of Section 5.1) on the basis of non-harmonised, national-definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 3 in Section 5.1) and employment statistics (Tables 1, 2 and 3 in Section 5.3) are derived from the ESA 95 quarterly national accounts.

Industrial new orders (Table 4 in Section 5.2) measure the orders received during the reference period and cover industries working mainly on the basis of orders – in particular the textile, pulp and paper, chemical, metal, capital goods and durable consumer goods industries. The data are calculated on the basis of current prices.

Indices for turnover in industry and for the retail trade (Table 4 in Section 5.2) measure the turnover, including all duties and taxes (with the exception of VAT), invoiced during the reference period. Retail trade turnover covers all retail trade (excluding sales of motor vehicles and motorcycles), except automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars. The euro area series excludes Cyprus and Malta.

Qualitative business and consumer survey data (Table 5 in Section 5.2) draw on the European Commission Business and Consumer Surveys.

Unemployment rates (Table 4 in Section 5.3) conform to International Labour Organization guidelines. They refer to persons actively seeking work as a share of the labour force, using harmonised criteria and definitions. The labour force estimates underlying the unemployment rate are different from the sum of the employment and unemployment levels published in Section 5.3.

GOVERNMENT FINANCE

Sections 6.1 to 6.5 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The annual euro area aggregates in Sections 6.1 to 6.3 are compiled by the ECB on the basis of harmonised data provided by the NCBs, which are regularly updated. The deficit and debt data for the euro area countries may therefore differ from those used by the European Commission within the excessive deficit procedure. The quarterly euro area aggregates in Sections 6.4 and 6.5 are compiled by the ECB on the basis of Eurostat and national data.

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000⁹ amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include summary data for the individual euro area countries owing to their importance within the framework of the Stability and Growth Pact. The deficits/surpluses presented for the individual euro area countries correspond to excessive deficit procedure B.9, as defined by Council Regulation (EC) No 479/2009 as regards references to the ESA 95. Section 6.3 presents changes in general

7 OJ L 69, 13.3.2003, p. 1.

8 OJ L 169, 8.7.2003, p. 37.

9 OJ L 172, 12.7.2000, p. 3.

government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents quarterly figures on general government revenue and expenditure on the basis of definitions laid down in Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly non-financial accounts for general government¹⁰. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided by the Member States under Regulation (EC) No 501/2004 and Regulation (EC) No 222/2004 and data provided by the NCBs.

EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB (ECB/2004/15)¹¹ and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)¹². Additional information regarding the methodologies and sources used in the euro area b.o.p. and i.i.p. statistics can be found in the ECB publication entitled “European Union balance of payments/international investment position statistical methods” (May 2007) and in the reports of the Task Force on Portfolio Investment Collection Systems (June 2002), the Task Force on Portfolio Investment Income (August 2003) and the Task Force on Foreign Direct Investment (March 2004), all of which can be downloaded from the ECB’s website. In addition, a report by the ECB/European Commission (Eurostat) Task Force on Quality looking at balance of payments and international investment position statistics (June 2004) is available on the website of the Committee on

Monetary, Financial and Balance of Payments Statistics (www.cmfb.org). The annual quality report on the euro area b.o.p./i.i.p., which is based on the Task Force’s recommendations and follows the basic principles of the ECB Statistics Quality Framework published in April 2008, is available on the ECB’s website.

The tables in Sections 7.1 and 7.4 follow the sign convention in the IMF Balance of Payments Manual – i.e. surpluses in the current account and the capital account have a plus sign, while in the financial account a plus sign denotes an increase in liabilities or a decrease in assets. In the tables in Section 7.2, both credit and debit transactions are presented with a plus sign. Furthermore, as of the February 2008 issue of the Monthly Bulletin, the tables in Section 7.3 have been restructured in order to allow the data on the balance of payments, the international investment position and related growth rates to be presented together; in the new tables, transactions in assets and liabilities that correspond to increases in positions are shown with a plus sign.

The euro area b.o.p. is compiled by the ECB. Recent monthly figures should be regarded as provisional. Data are revised when figures for the following month and/or the detailed quarterly b.o.p. are published. Earlier data are revised periodically or as a result of methodological changes in the compilation of the source data.

Table 1 in Section 7.2 also contains seasonally adjusted data for the current account. Where appropriate, the adjustment also covers working day, leap year and/or Easter-related effects. Table 3 in Section 7.2 and Table 9 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis major partner countries, both individually and as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions (which,

¹⁰ OJ L 179, 9.7.2002, p. 1.

¹¹ OJ L 354, 30.11.2004, p. 34.

¹² OJ L 159, 20.6.2007, p. 48.

with the exception of the ECB, are considered to be outside the euro area for statistical purposes, regardless of their physical location) and, for some purposes, offshore centres and international organisations. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives or international reserves. In addition, separate data are not provided for investment income payable to Brazil, mainland China, India or Russia. The geographical breakdown is described in the article entitled “Euro area balance of payments and international investment position vis-à-vis main counterparts” in the February 2005 issue of the Monthly Bulletin.

The data on the euro area b.o.p. financial account and i.i.p. in Section 7.3 are based on transactions and positions vis-à-vis non-residents of the euro area, regarding the euro area as a single economic entity (see also Box 9 in the December 2002 issue of the Monthly Bulletin, Box 5 in the January 2007 issue of the Monthly Bulletin and Box 6 in the January 2008 issue of the Monthly Bulletin). The i.i.p. is valued at current market prices, with the exception of direct investment, where book values are used for unquoted shares, and other investments (e.g. loans and deposits). The quarterly i.i.p. is compiled on the basis of the same methodological framework as the annual i.i.p. As some data sources are not available on a quarterly basis (or are available with a delay), the quarterly i.i.p. is partly estimated on the basis of financial transactions, asset prices and foreign exchange developments.

Table 1 in Section 7.3 summarises the i.i.p. and financial transactions in the euro area b.o.p. The breakdown of the change in the annual i.i.p. is obtained by applying a statistical model to i.i.p. changes other than transactions, using information from the geographical breakdown and currency composition of assets and liabilities, as well as price indices for different financial assets. In this table, columns 5 and 6 refer to direct investment by resident units abroad and direct investment by non-resident units in the euro area.

In Table 5 in Section 7.3, the breakdown into “loans” and “currency and deposits” is based on the sector of the non-resident counterpart – i.e. assets vis-à-vis non-resident banks are classified as deposits, whereas assets vis-à-vis other non-resident sectors are classified as loans. This breakdown follows the distinction made in other statistics, such as the MFI consolidated balance sheet, and conforms to the IMF Balance of Payments Manual.

The outstanding amounts for the Eurosystem’s international reserves and related assets and liabilities are shown in Table 7 of Section 7.3. These figures are not fully comparable with those in the Eurosystem’s weekly financial statement owing to differences in coverage and valuation. The data in Table 7 are in line with the recommendations for the template on international reserves and foreign currency liquidity. Changes in the gold holdings of the Eurosystem (column 3) are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999, which was updated on 27 September 2009. More information on the statistical treatment of the Eurosystem’s international reserves can be found in a publication entitled “Statistical treatment of the Eurosystem’s international reserves” (October 2000), which can be downloaded from the ECB’s website. The website also contains more comprehensive data in accordance with the template on international reserves and foreign currency liquidity.

The euro area’s gross external debt statistics in Table 8 of Section 7.3 represent outstanding actual (rather than contingent) liabilities vis-à-vis non-euro area residents that require the payment of principal and/or interest by the debtor at one or more points in the future. Table 8 shows a breakdown of gross external debt by instrument and institutional sector.

Section 7.4 contains a monetary presentation of the euro area balance of payments, showing the transactions by non-MFIs that mirror the net external transactions by MFIs. Included in the

transactions by non-MFIs are b.o.p. transactions for which a sectoral breakdown is not available. These concern the current and capital accounts (column 2) and financial derivatives (column 11). An up-to-date methodological note on the monetary presentation of the euro area balance of payments is available in the “Statistics” section of the ECB’s website. See also Box 1 in the June 2003 issue of the Monthly Bulletin.

Section 7.5 shows data on euro area external trade in goods. The source is Eurostat. Value data and volume indices are seasonally and working day-adjusted. The breakdown by product group in columns 4 to 6 and 9 to 11 of Table 1 in Section 7.5 is in line with the classification contained in the Broad Economic Categories and corresponds to the basic classes of goods in the System of National Accounts. Manufactured goods (columns 7 and 12) and oil (column 13) are in line with the SITC Rev. 4 definition. The geographical breakdown (Table 3 in Section 7.5) shows major trading partners both individually and in regional groups. China excludes Hong Kong. On account of differences in definitions, classification, coverage and time of recording, external trade data, in particular for imports, are not fully comparable with the goods item in the b.o.p. statistics (Sections 7.1 and 7.2). Part of the difference arises from the inclusion of insurance and freight services in the recording of imported goods in external trade data.

Industrial import prices and industrial producer export prices (or industrial output prices for the non-domestic market) shown in Table 2 in Section 7.5 were introduced by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98, which is the principal legal basis for short-term statistics. The industrial import price index covers industrial products imported from outside the euro area under sections B to E of the Statistical Classification of Products by Activity in the European Economic Community (CPA) and all institutional import sectors except households, governments and non-profit institutions. It

reflects the cost, insurance and freight price excluding import duties and taxes, and refers to actual transactions in euro recorded at the point when ownership of the goods is transferred. The industrial producer export prices cover all industrial products exported directly by euro area producers to the extra-euro area market under sections B to E of NACE Revision 2. Exports from wholesalers and re-exports are not covered. The indices reflect the free on board price expressed in euro and calculated at the euro area frontier, including any indirect taxes except VAT and other deductible taxes. Industrial import prices and industrial producer export prices are available by Main Industrial Grouping as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007. For more details, see Box 11 in the December 2008 issue of the Monthly Bulletin.

EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro’s bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003 and 2004-2006, and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these four sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-21 group of trading partners is composed of the 11 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-41 group comprises the EER-21 plus the following countries: Algeria, Argentina, Brazil, Chile, Croatia, Iceland, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand,

the Philippines, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela. Real EERs are calculated using consumer price indices, producer price indices, gross domestic product deflators and unit labour costs, both for the manufacturing sector and for the total economy.

For more detailed information on the calculation of the EERs, see Box 5, entitled “International trade developments and revision of the effective exchange rates of the euro”, in the January 2010 issue of the Monthly Bulletin, the relevant methodological note and ECB Occasional Paper No 2 (“The effective exchange rates of the euro” by Luca Buldorini, Stelios Makrydakis and Christian Thimann, February 2002), which can be downloaded from the ECB’s website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies.

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. As a result, data on current and capital accounts and gross external debt include special-purpose vehicles. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

ANNEXES

CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSISTEM¹



11 JANUARY AND 8 FEBRUARY 2007

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 3.50%, 4.50% and 2.50% respectively.

8 MARCH 2007

The Governing Council of the ECB decides to increase the minimum bid rate on the main refinancing operations by 25 basis points to 3.75%, starting from the operation to be settled on 14 March 2007. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 4.75% and 2.75%, both with effect from 14 March 2007.

12 APRIL AND 10 MAY 2007

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 3.75%, 4.75% and 2.75% respectively.

6 JUNE 2007

The Governing Council of the ECB decides to increase the minimum bid rate on the main refinancing operations by 25 basis points to 4%, starting from the operation to be settled on 13 June 2007. In addition, it decides to increase by 25 basis points the interest rates on both the marginal lending facility and the deposit facility, to 5% and 3% respectively, with effect from 13 June 2007.

5 JULY, 2 AUGUST, 6 SEPTEMBER, 4 OCTOBER, 8 NOVEMBER AND 6 DECEMBER 2007, AND 10 JANUARY, 7 FEBRUARY, 6 MARCH, 10 APRIL, 8 MAY AND 5 JUNE 2008

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.00%, 5.00% and 3.00% respectively.

3 JULY 2008

The Governing Council of the ECB decides to increase the minimum bid rate on the main refinancing operations by 25 basis points to 4.25%, starting from the operation to be settled on 9 July 2008. In addition, it decides to increase by 25 basis points the interest rates on both the marginal lending facility and the deposit facility, to 5.25% and 3.25% respectively, with effect from 9 July 2008.

7 AUGUST, 4 SEPTEMBER AND 2 OCTOBER 2008

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.25%, 5.25% and 3.25% respectively.

8 OCTOBER 2008

The Governing Council of the ECB decides to decrease the minimum bid rate on the main refinancing operations by 50 basis points to 3.75%, starting from the operations to be settled on 15 October 2008. In addition, it decides to decrease by 50 basis points the interest rates on

¹ The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2006 can be found in the ECB's Annual Report for the respective years.

both the marginal lending facility and the deposit facility, to 4.75% and 2.75% respectively, with immediate effect. Moreover, the Governing Council decides that, as from the operation settled on 15 October, the weekly main refinancing operations will be carried out through a fixed-rate tender procedure with full allotment at the interest rate on the main refinancing operation. Furthermore, as of 9 October, the ECB will reduce the corridor of standing facilities from 200 basis points to 100 basis points around the interest rate on the main refinancing operation. The two measures will remain in place for as long as needed, and at least until the end of the first maintenance period of 2009, on 20 January.

15 OCTOBER 2008

The Governing Council of the ECB decides to further expand the collateral framework and enhance the provision of liquidity. To do so, the Governing Council decides: (i) to expand the list of assets eligible as collateral in Eurosystem credit operations, with this expansion remaining in force until the end of 2009, (ii) to enhance the provision of longer-term refinancing, with effect from 30 October 2008 and until the end of the first quarter of 2009, and (iii) to provide US dollar liquidity through foreign exchange swaps.

6 NOVEMBER 2008

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 3.25%, starting from the operations to be settled on 12 November 2008. In addition, it decides to decrease by 50 basis points the interest rates on both the marginal lending facility and the deposit facility, to 3.75% and 2.75% respectively, with effect from 12 November 2008.

4 DECEMBER 2008

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing

operations of the Eurosystem by 75 basis points to 2.50%, starting from the operations to be settled on 10 December 2008. In addition, it decides to decrease by 75 basis points the interest rates on both the marginal lending and the deposit facility to 3.00% and 2.00% respectively, with effect from 10 December 2008.

18 DECEMBER 2008

The Governing Council of the ECB decides that the main refinancing operations will continue to be carried out through a fixed rate tender procedure with full allotment beyond the maintenance period ending on 20 January 2009. This measure will be in place for as long as needed, and at least until the last allotment of the third maintenance period in 2009 on 31 March. Moreover, as of 21 January 2009, the corridor of standing facility rates, which on 9 October 2008 was reduced to 100 basis points around the prevailing interest rate of the main refinancing operation, will be re-widened symmetrically to 200 basis points.

15 JANUARY 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 2.00%, starting from the operations to be settled on 21 January 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 3.00% and 1.00% respectively, with effect from 21 January 2009, in line with the decision of 18 December 2008.

5 FEBRUARY 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.00%, 3.00% and 1.00% respectively.

5 MARCH 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 1.50%, starting from the operations to be settled on 11 March 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 2.50% and 0.50% respectively, with effect from 11 March 2009.

Moreover, the Governing Council decides to continue the fixed rate tender procedure with full allotment for all main refinancing operations, special-term refinancing operations and supplementary and regular longer-term refinancing operations for as long as needed, and in any case beyond the end of 2009. In addition, the Governing Council decides to continue with the current frequency and maturity profile of supplementary longer-term refinancing operations and special-term refinancing operations for as long as needed, and in any case beyond the end of 2009.

2 APRIL 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operations to be settled on 8 April 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 2.25% and 0.25% respectively, with effect from 8 April 2009.

7 MAY 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.00%, starting from the operation to be settled on 13 May 2009. In addition, it decides to decrease the interest rate on the marginal lending facility by 50 basis points to 1.75% with effect from 13 May 2009, and to leave the interest rate

on the deposit facility unchanged at 0.25%. In addition, the Governing Council of the ECB decides to proceed with its enhanced credit support approach. In particular, it decides that the Eurosystem will conduct liquidity-providing longer-term refinancing operations with a maturity of one year as fixed rate tender procedure with full allotment. In addition, it decides in principle that the Eurosystem will purchase euro-denominated covered bonds issued in the euro area.

4 JUNE 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. In addition, the Governing Council of the ECB decides upon the technical modalities related to the purchase of euro-denominated covered bonds issued in the euro area decided on 7 May 2009.

2 JULY, 6 AUGUST, 3 SEPTEMBER, 8 OCTOBER AND 5 NOVEMBER 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

3 DECEMBER 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards tender procedures and modalities to be applied in its refinancing operations up to 13 April 2010.

14 JANUARY AND 4 FEBRUARY 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

4 MARCH 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards tender procedures and modalities to be applied in its refinancing operations up to 12 October 2010, including a return to variable rate tender procedures in the regular three-month longer-term refinancing operations (LTROs), starting with the operation to be allotted on 28 April 2010.

8 APRIL AND 6 MAY 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

10 MAY 2010

The Governing Council of the ECB decides on several measures to address severe tensions in financial markets. In particular, it decides to conduct interventions in the euro area public and private debt securities markets (Securities Markets Programme) and to adopt a fixed-rate tender procedure with full allotment in the regular three-month longer-term refinancing operations (LTROs) in May and June 2010.

10 JUNE 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. In addition, it decides to adopt a fixed rate tender procedure with full allotment in the regular three-month longer-term refinancing operations to be allotted during the third quarter of 2010.

8 JULY AND 5 AUGUST 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

2 SEPTEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards tender procedures and modalities to be applied in its refinancing operations up to 11 January 2011, notably to conduct the three-month longer-term refinancing operations as fixed rate tender procedure with full allotment.

THE TARGET (TRANS-EUROPEAN AUTOMATED REAL-TIME GROSS SETTLEMENT EXPRESS TRANSFER) SYSTEM



TARGET2¹ is instrumental in promoting the integrated euro area money market, which is a prerequisite for the effective conduct of the single monetary policy, and furthermore contributes to the integration of the euro area financial markets. More than 4,400 commercial banks, as well as 22 national central banks, use TARGET2 to initiate payments of their own or on their customers' behalf. Taking into account branches and subsidiaries, over 50,000 banks worldwide (and thus all the customers of these banks) can be addressed via TARGET2.

TARGET2 is used to make large-value and time-critical payments, such as payments to facilitate settlements 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 become immediately available for other payments.

PAYMENT FLOWS IN TARGET2

In the second quarter of 2010, TARGET2 settled 22,529,847 transactions with a total value of €153,297 billion, which corresponds to a daily average of 357,617 transactions with a value of €2,433 billion. The highest level of TARGET2 traffic during this quarter was recorded on 30 June, when 504,124 payments were processed. This corresponded to the usual peak observed on the last business day of the quarter.

With a market share of 60% in terms of volume and 90% in terms of value, TARGET2 maintained its dominant position in the market for large-value payments in euro. The stability of TARGET2's market share confirms banks' strong interest in settlement in central bank money, particularly in times of market turbulence. The average proportion of interbank payments was 44% in terms of volume and 94% in terms of value. The average value of an interbank payment processed in the system

was €14.5 million, while that of a customer payment was €0.7 million. 67% of the payments had a value of below €50,000, while 11% had a value of above €1 million. On average, there were 282 payments with a value of above €1 billion per day.

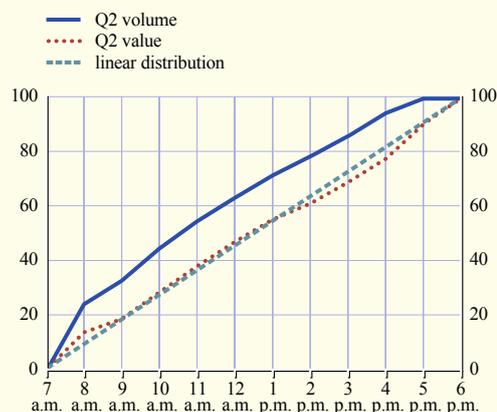
INTRADAY PATTERN OF VOLUMES AND VALUES

The chart shows the intraday distribution of TARGET2 traffic, i.e. the percentage of daily volumes and values processed at different times of the day, for the second quarter of 2010. In value terms, the curve is very close to the linear distribution. This indicates that turnover was evenly spread throughout the day and that liquidity circulated appropriately among participants, thereby ensuring the smooth settlement of TARGET2 transactions. By 1 p.m. CET, 52% of the value exchanged in TARGET2 had already been settled, a figure that rose to 90% one hour before the system closed. In volume terms, the curve is well above the linear distribution, with 71% of the volume already exchanged by 1 p.m. CET and 99.7% one hour before the system closed.

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 2010, TARGET2 achieved 100% overall availability. Incidents considered in the calculation of TARGET2's availability are those that completely prevent the processing of payments for ten minutes or more. On 30 April the Single Shared Platform of TARGET2 experienced a slowdown of

around 40 minutes. However, this was not considered to be a case of technical unavailability since part of the traffic continued to be settled normally. If that incident had been taken into account in the calculation, the overall availability of the system would have amounted to 99.90% for the quarter. As a consequence of the incident on 30 April, 0.6% of all payments in April took more than 15 minutes to be processed.

Table 1 Payment instructions processed by TARGET2 and EURO1: volume of transactions

(number of payments)					
	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2
TARGET2 ¹⁾					
Total volume	21,580,925	22,078,092	23,484,185	21,699,849	22,529,847
Daily average	348,079	334,517	361,295	344,442	357,617
EURO1 (EBA)					
Total volume	14,517,507	14,650,126	15,154,195	14,200,046	14,971,067
Daily average	234,153	221,972	233,141	225,398	237,636

1) Since January 2009 the ESCB has implemented a new methodology in the collection and reporting of TARGET2 data in order to improve the quality of the information. 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)					
	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2
TARGET2 ¹⁾					
Total value	138,208	132,263	137,942	138,749	153,297
Daily average	2,229	2,004	2,122	2,202	2,433
EURO1 (EBA)					
Total value	16,504	15,583	15,416	15,294	16,152
Daily average	266	236	237	243	256

1) Since January 2009 the ESCB has implemented a new methodology in the collection and reporting of TARGET2 data in order to improve the quality of the information. This should be considered when comparing data from before and after the implementation date.



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GLOSSARY

This glossary contains selected items that are frequently used in the Monthly Bulletin. A more comprehensive and detailed glossary can be found on the ECB's website (www.ecb.europa.eu/home/glossary/html/index.en.html).

Autonomous liquidity factors: liquidity factors that do not normally stem from the use of monetary policy instruments. Such factors are, for example, banknotes in circulation, government deposits with the central bank and the net foreign assets of the central bank.

Balance of payments (b.o.p.): a statistical statement that summarises, for a specific period of time, the economic transactions of an economy with the rest of the world.

Bank lending survey (BLS): a quarterly survey on lending policies that has been conducted by the Eurosystem since January 2003. It addresses qualitative questions on developments in credit standards, terms and conditions of loans and loan demand for both enterprises and households to a predefined sample group of banks in the euro area.

Borrowing requirement (general government): net incurrence of debt by the general government.

Break-even inflation rate: the spread between the yield on a nominal bond and that on an inflation-linked bond of the same (or as similar as possible) maturity.

Capital account: a b.o.p. account that covers all capital transfers and acquisitions/disposals of non-produced, non-financial assets between residents and non-residents.

Capital accounts: part of the system of national (or euro area) accounts consisting of the change in net worth that is due to net saving, net capital transfers and net acquisitions of non-financial assets.

Central parity (or central rate): the exchange rate of each ERM II member currency vis-à-vis the euro, around which the ERM II fluctuation margins are defined.

Compensation per employee or per hour worked: the total remuneration, in cash or in kind, that is payable by employers to employees, i.e. gross wages and salaries, as well as bonuses, overtime payments and employers' social security contributions, divided by the total number of employees or by the total number of employees' hours worked.

Consolidated balance sheet of the MFI sector: a balance sheet obtained by netting out inter-MFI positions (e.g. inter-MFI loans and deposits) in the aggregated MFI balance sheet. It provides statistical information on the MFI sector's assets and liabilities vis-à-vis residents of the euro area not belonging to this sector (i.e. the general government and other euro area residents) and vis-à-vis non-euro area residents. It is the main statistical source for the calculation of monetary aggregates, and it provides the basis for the regular analysis of the counterparts of M3.

Current account: a b.o.p. account that covers all transactions in goods and services, income and current transfers between residents and non-residents.

Debt (financial accounts): loans taken out by households, as well as the loans, debt securities and pension fund reserves (resulting from employers' direct pension commitments on behalf of their employees) of non-financial corporations, valued at market prices at the end of the period.

Debt (general government): the gross debt (currency and deposits, loans and debt securities) at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government.

Debt security: a promise on the part of the issuer (i.e. the borrower) to make one or more payment(s) to the holder (the lender) on a specified future date or dates. Such securities usually carry a specific rate of interest (the coupon) and/or are sold at a discount to the amount that will be repaid at maturity. Debt securities issued with an original maturity of more than one year are classified as long-term.

Debt-to-GDP ratio (general government): the ratio of general government debt to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit.

Deficit (general government): the general government's net borrowing, i.e. the difference between total government revenue and total government expenditure.

Deficit-debt adjustment (general government): the difference between the general government deficit and the change in general government debt.

Deficit ratio (general government): the ratio of the general government deficit to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit. It is also referred to as the budget deficit ratio or the fiscal deficit ratio.

Deflation: a generalised, persistent and self-reinforcing decline in a broad set of prices that results from a drop in aggregate demand and becomes entrenched in expectations.

Deposit facility: a standing facility of the Eurosystem which counterparties may use to make overnight deposits, remunerated at a pre-specified interest rate, at an NCB.

Disinflation: a process of decelerating inflation that may lead to negative inflation rates of a temporary nature.

Direct investment: cross-border investment for the purpose of obtaining a lasting interest in an enterprise resident in another economy (assumed, in practice, for ownership of at least 10% of the ordinary shares or voting power). Included are equity capital, reinvested earnings and other capital associated with inter-company operations. The direct investment account records net transactions/positions in assets abroad by euro area residents (as "direct investment abroad") and net transactions/positions in euro area assets by non-residents (as "direct investment in the euro area").

Effective exchange rates (EERs) of the euro (nominal/real): weighted averages of bilateral euro exchange rates against the currencies of the euro area's main trading partners. The EER indices of the euro are calculated against two groups of trading partners: the EER-21 (comprising the 11 non-euro area EU Member States and 10 trading partners outside the EU) and the EER-41 (composed of the EER-21 and 20 additional countries). The weights used reflect the share of each partner country in the euro area's trade in manufactured goods and account for competition in third markets. Real EERs are nominal EERs deflated by a weighted average of foreign, relative to domestic, prices or costs. They are thus measures of price and cost competitiveness.

Enhanced credit support: the non-standard measures taken by the ECB/Eurosystem during the financial crisis with a view to supporting financing conditions and credit flows above and beyond what could be achieved through reductions in key ECB interest rates alone.

EONIA (euro overnight index average): a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks.

Equities: securities representing ownership of a stake in a corporation. They comprise shares traded on stock exchanges (quoted shares), unquoted shares and other forms of equity. Equities usually produce income in the form of dividends.

ERM II (exchange rate mechanism II): the exchange rate arrangement that provides the framework for exchange rate policy cooperation between the euro area countries and the EU Member States not participating in Stage Three of EMU.

EURIBOR (euro interbank offered rate): the rate at which a prime bank is willing to lend funds in euro to another prime bank, computed daily for interbank deposits with different maturities of up to 12 months.

Euro area: the area formed by those EU Member States in which the euro has been adopted as the single currency in accordance with the Treaty on the Functioning of the European Union.

European Commission surveys: harmonised surveys of business and/or consumer sentiment conducted on behalf of the European Commission in each of the EU Member States. Such questionnaire-based surveys are addressed to managers in the manufacturing, construction, retail and services industries, as well as to consumers. From each monthly survey, composite indicators are calculated that summarise the replies to a number of different questions in a single indicator (confidence indicators).

Eurosystem: the central banking system made up of the ECB and the NCBs of those EU Member States that have already adopted the euro.

Eurozone Purchasing Managers' Surveys: surveys of business conditions in manufacturing and in services industries conducted for a number of countries in the euro area and used to compile indices. The Eurozone Manufacturing Purchasing Managers' Index (PMI) is a weighted indicator calculated from indices of output, new orders, employment, suppliers' delivery times and stocks of purchases. The services sector survey asks questions on business activity, expectations of future business activity, the amount of business outstanding, incoming new business, employment, input prices and prices charged. The Eurozone Composite Index is calculated by combining the results from the manufacturing and services sector surveys.

External trade in goods: exports and imports of goods with countries outside the euro area, measured in terms of value and as indices of volume and unit value. External trade statistics are not comparable with the exports and imports recorded in the national accounts, as the latter include both intra-euro area and extra-euro area transactions, and also combine goods and services. Nor are they fully comparable with the goods item in b.o.p. statistics. Besides methodological adjustments, the main difference is that imports in external trade statistics are recorded including insurance and freight services, whereas they are recorded free on board in the goods item in the b.o.p. statistics.

Financial account: a b.o.p. account that covers transactions between residents and non-residents in direct investment, portfolio investment, other investment, financial derivatives and reserve assets.

Financial accounts: part of the system of national (or euro area) accounts showing the financial positions (stocks or balance sheets), financial transactions and other changes of the different institutional sectors of an economy by type of financial asset.

Fixed rate tender: a tender procedure in which the interest rate is specified in advance by the central bank and in which participating counterparties bid the amount of money they wish to transact at the fixed interest rate.

Fixed rate full-allotment tender procedure: a tender procedure in which the interest rate is specified by the central bank and in which counterparties bid the amount of money they want to transact at that rate, knowing in advance that all their bids will be satisfied.

General government: a sector defined in the ESA 95 as comprising resident entities that are engaged primarily in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. Included are central, regional and local government authorities as well as social security funds. Excluded are government-owned entities that conduct commercial operations, such as public enterprises.

Gross domestic product (GDP): the value of an economy's total output of goods and services less intermediate consumption, plus net taxes on products and imports. GDP can be broken down by output, expenditure or income components. The main expenditure aggregates that make up GDP are household final consumption, government final consumption, gross fixed capital formation, changes in inventories, and imports and exports of goods and services (including intra-euro area trade).

Harmonised Index of Consumer Prices (HICP): a measure of the development of consumer prices that is compiled by Eurostat and harmonised for all EU Member States.

Hourly labour cost index: a measure of labour costs, including gross wages and salaries (in cash and in kind, including bonuses) and other labour costs (employers' social contributions plus employment-related taxes paid by the employer minus subsidies received by the employer), per hour actually worked (including overtime).

Implied volatility: the expected volatility (i.e. standard deviation) in the rates of change of the price of an asset (e.g. a share or a bond). It can be derived from the asset's price, maturity date and exercise price of its options, as well as from a riskless rate of return, using an option pricing model such as the Black-Scholes model.

Index of negotiated wages: a measure of the direct outcome of collective bargaining in terms of basic pay (i.e. excluding bonuses) at the euro area level. It refers to the implied average change in monthly wages and salaries.

Industrial producer prices: factory-gate prices (transportation costs are not included) of all products sold by industry excluding construction on the domestic markets of the euro area countries, excluding imports.

Industrial production: the gross value added created by industry at constant prices.

Inflation: an increase in the general price level, e.g. in the consumer price index.

Inflation-indexed government bonds: debt securities issued by the general government, the coupon payments and principal of which are linked to a specific consumer price index.

International investment position (i.i.p.): the value and composition of an economy's outstanding net financial claims on (or financial liabilities to) the rest of the world.

International reserves: external assets readily available to and controlled by monetary authorities for directly financing or regulating the magnitude of payments imbalances through intervention in exchange markets. The international reserves of the euro area comprise non-euro denominated claims on non-euro area residents, gold, special drawing rights and the reserve positions in the IMF which are held by the Eurosystem.

Investment funds (except money market funds): financial institutions that pool capital raised from the public and invest it in financial and non-financial assets. See also MFIs.

Job vacancies: a collective term covering newly created jobs, unoccupied jobs or jobs about to become vacant in the near future, for which the employer has recently taken active steps to find a suitable candidate.

Key ECB interest rates: the interest rates, set by the Governing Council, which reflect the monetary policy stance of the ECB. They are the rates at the main refinancing operations, on the marginal lending facility and on the deposit facility.

Labour force: the sum total of persons in employment and the number of unemployed.

Labour productivity: the output that can be produced with a given input of labour. It can be measured in several ways, but is commonly measured as GDP (volume) divided by either total employment or total hours worked.

Longer-term refinancing operations: credit operations with a maturity of more than one week that are executed by the Eurosystem in the form of reverse transactions. The regular monthly operations are conducted with a maturity of three months. During the financial market turmoil that started in August 2007, supplementary operations with maturities ranging from one maintenance period to one year were conducted, the frequency of which varied.

M1: a narrow monetary aggregate that comprises currency in circulation plus overnight deposits held with MFIs and central government (e.g. at the post office or treasury).

M2: an intermediate monetary aggregate that comprises M1 plus deposits redeemable at a period of notice of up to and including three months (i.e. short-term savings deposits) and deposits with an agreed maturity of up to and including two years (i.e. short-term time deposits) held with MFIs and central government.

M3: a broad monetary aggregate that comprises M2 plus marketable instruments, in particular repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs.

Main refinancing operation: a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

Marginal lending facility: a standing facility of the Eurosystem which counterparties may use to receive overnight credit from an NCB at a pre-specified interest rate against eligible assets.

MFI credit to euro area residents: MFI loans granted to non-MFI euro area residents (including general government and the private sector) and MFI holdings of securities (shares, other equity and debt securities) issued by non-MFI euro area residents.

MFI interest rates: the interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area.

MFI longer-term financial liabilities: deposits with an agreed maturity of over two years, deposits redeemable at a period of notice of over three months, debt securities issued by euro area MFIs with an original maturity of more than two years and the capital and reserves of the euro area MFI sector.

MFI net external assets: the external assets of the euro area MFI sector (such as gold, foreign currency banknotes and coins, securities issued by non-euro area residents and loans granted to non-euro area residents) minus the external liabilities of the euro area MFI sector (such as non-euro area residents' deposits and repurchase agreements, as well as their holdings of money market fund shares/units and debt securities issued by MFIs with a maturity of up to and including two years).

MFIs (monetary financial institutions): financial institutions which together form the money-issuing sector of the euro area. These include the Eurosystem, resident credit institutions (as defined in Community law) and all other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities. The latter group consists predominantly of money market funds, i.e. funds that invest in short-term and low-risk instruments usually with a maturity of one year or less.

Minimum bid rate: the lower limit to the interest rates at which counterparties may submit bids in the variable tenders.

Other investment: an item in the b.o.p. and the i.i.p. that covers the financial transactions/positions with non-residents in trade credits, deposits and loans, and other accounts receivable and payable.

Portfolio investment: euro area residents' net transactions and/or positions in securities issued by non-residents of the euro area ("assets") and non-residents' net transactions and/or positions in securities issued by euro area residents ("liabilities"). Included are equity securities and debt securities (bonds and notes, and money market instruments). Transactions are recorded at the effective price paid or received, less commissions and expenses. To be regarded as a portfolio asset, ownership in an enterprise must be equivalent to less than 10% of the ordinary shares or voting power.

Price stability: the maintenance of price stability is the primary objective of the Eurosystem. The Governing Council defines price stability as a year-on-year increase in the HICP for the euro area

of below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

Purchasing power parity (PPP): the rate at which one currency is converted into another so as to equalise the purchasing power of the two currencies by eliminating the differences in the price levels prevailing in the countries concerned. In their simplest form, PPPs show the ratio of the prices in national currency of the same good or service in different countries.

Reference value for M3 growth: the annual growth rate of M3 over the medium term that is consistent with the maintenance of price stability. At present, the reference value for annual M3 growth is 4½%.

Reserve requirement: the minimum amount of reserves a credit institution is required to hold with the Eurosystem over a predefined maintenance period. Compliance with the requirement is determined on the basis of the average of the daily balances in the reserve accounts over the maintenance period.

Survey of Professional Forecasters (SPF): a quarterly survey that has been conducted by the ECB since 1999 to collect macroeconomic forecasts on euro area inflation, real GDP growth and unemployment from a panel of experts affiliated to financial and non-financial organisations based in the EU.

Unit labour costs: a measure of total labour costs per unit of output calculated for the euro area as the ratio of total compensation per employee to labour productivity (defined as GDP (volume) per person employed).

Variable rate tender: a tender procedure where the counterparties bid both the amount of money they wish to transact with the central bank and the interest rate at which they wish to enter into the transaction.

Volatility: the degree of fluctuation in a given variable.

Write-down: a downward adjustment to the value of loans recorded in the balance sheets of MFIs when it is recognised that the loans have become partly unrecoverable.

Write-off: the removal of the value of loans from the balance sheets of MFIs when the loans are considered to be totally unrecoverable.

Yield curve: a graphical representation of the relationship between the interest rate or yield and the residual maturity at a given point in time for sufficiently homogenous debt securities with different maturity dates. The slope of the yield curve can be measured as the difference between the interest rates or yield at two selected maturities.

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