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EUROPEAN CENTRAL BANK

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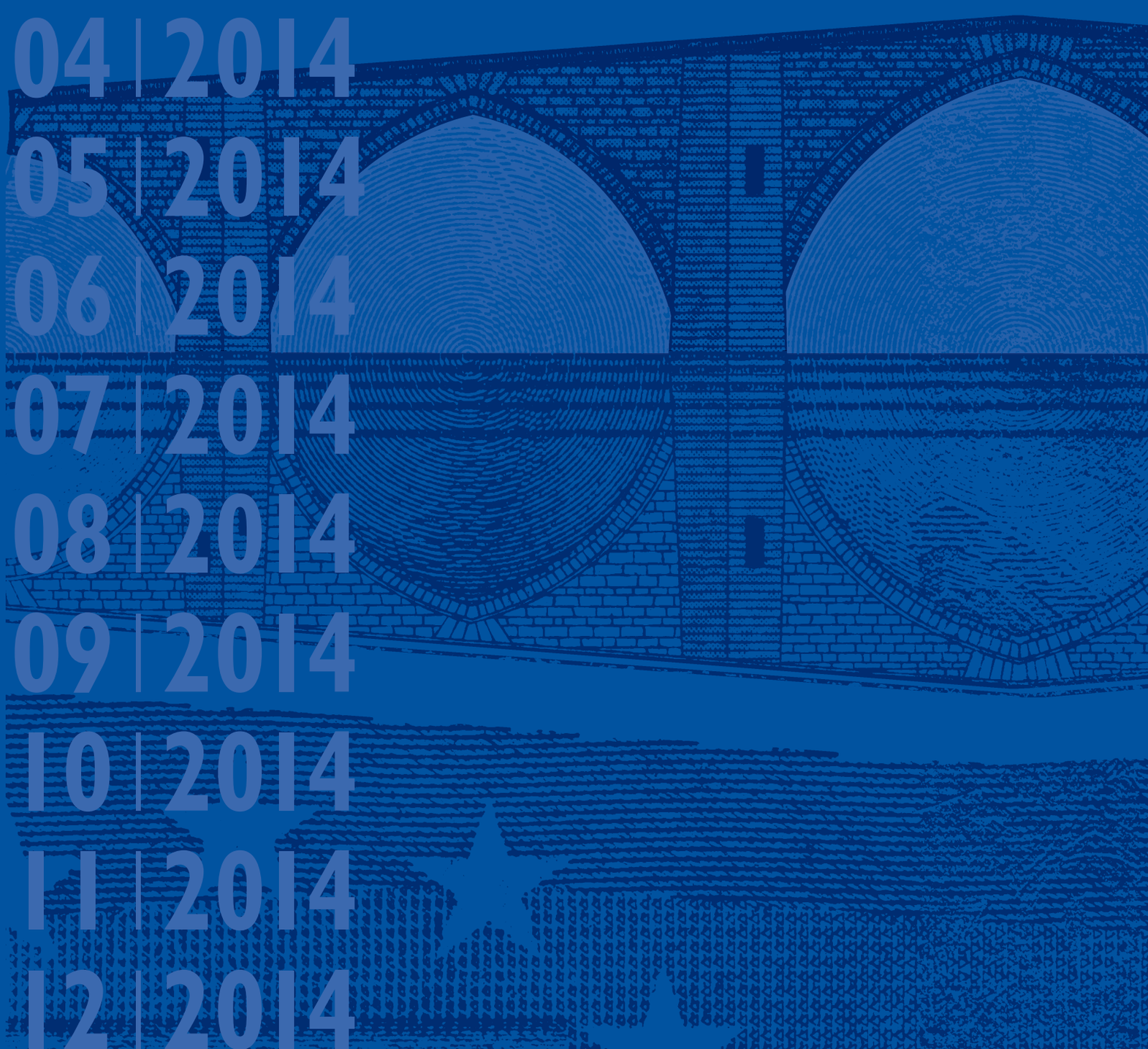

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In 2014 all ECB publications feature a motif taken from the €20 banknote.

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ABBREVIATIONS

COUNTRIES

BE	Belgium	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
HR	Croatia	FI	Finland
IT	Italy	SE	Sweden
CY	Cyprus	UK	United Kingdom
LV	Latvia	JP	Japan
LT	Lithuania	US	United States

OTHERS

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

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

EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council decided at its meeting on 6 February to keep the key ECB interest rates unchanged. Incoming information confirms that the moderate recovery of the euro area economy is proceeding in line with the Governing Council's previous assessment. At the same time, underlying price pressures in the euro area remain weak and monetary and credit dynamics are subdued. Inflation expectations for the euro area over the medium to long term continue to be firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2%. As stated previously, the euro area economy is now experiencing a prolonged period of low inflation, which will be followed by a gradual upward movement towards inflation rates below, but close to, 2% later on. Regarding the medium-term outlook for prices and growth, further information and analysis will become available in early March. Recent evidence fully confirms the Governing Council's decision to maintain an accommodative stance of monetary policy for as long as necessary, which will assist the gradual economic recovery in the euro area. The Governing Council firmly reiterates its forward guidance. It continues to expect the key ECB interest rates to remain at present or lower levels for an extended period of time. This expectation is based on an overall subdued outlook for inflation extending into the medium term, given the broad-based weakness of the economy and subdued monetary dynamics. With regard to recent money market volatility and its potential impact on the monetary policy stance, the Governing Council is monitoring developments closely and is ready to consider all available instruments. Overall, the Governing Council remains firmly determined to maintain the high degree of monetary accommodation and to take further decisive action if required.

Regarding the economic analysis, following two quarters of positive real GDP growth, developments in recent data and surveys overall suggest that the moderate recovery continued in the last quarter of 2013. Looking ahead, the Governing Council's previous assessment of economic growth has been confirmed. Output in the euro area is expected to recover at a slow pace. In particular, some improvement in domestic demand should materialise, supported by the accommodative monetary policy stance, improving financing conditions and the progress made in fiscal consolidation and structural reforms. In addition, real incomes are supported by lower energy price inflation. Economic activity is also expected to benefit from a gradual strengthening of demand for euro area exports. At the same time, although unemployment in the euro area is stabilising, it remains high, and the necessary balance sheet adjustments in the public and the private sector will continue to weigh on the pace of the economic recovery.

The risks surrounding the economic outlook for the euro area continue to be on the downside. Developments in global money and financial market conditions and related uncertainties, notably in emerging market economies, may have the potential to negatively affect economic conditions. Other downside risks include weaker than expected domestic demand and export growth and slow or insufficient implementation of structural reforms in euro area countries.

According to Eurostat's flash estimate, euro area annual HICP inflation was 0.7% in January 2014, after 0.8% in December. This decline was mainly due to energy price developments. At the same time, the inflation rate in January 2014 was lower than generally expected. On the basis of current information and prevailing futures prices for energy, annual HICP inflation rates are expected to remain at around current levels in the coming months. Over the medium term, underlying price pressures in the euro area are expected to remain subdued. Inflation expectations for the euro area over the medium to long term continue to be firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2%.

Both upside and downside risks to the outlook for price developments remain limited, and they continue to be broadly balanced over the medium term.

Turning to the monetary analysis, data for December 2013 confirm the assessment of subdued underlying growth in broad money (M3) and credit. Annual growth in M3 moderated to 1.0% in December, from 1.5% in November. Deposit outflows in December mirrored the strong sales of government and private sector securities by euro area MFIs, which, in part, could be related to adjustments by banks in anticipation of the ECB's comprehensive assessment of banks' balance sheets. These developments also affected annual growth in M1, which moderated to 5.8% in December but remained strong. As in previous months, the main factor supporting annual M3 growth was an increase in the MFI net external asset position, which continued to reflect the increased interest of international investors in euro area assets. The annual rate of change of loans to the private sector continued to contract. The annual growth rate of loans to households (adjusted for loan sales and securitisation) stood at 0.3% in December, broadly unchanged since the beginning of 2013. The annual rate of change of loans to non-financial corporations (adjusted for loan sales and securitisation) was -2.9% in December, after -3.1% in November. The January 2014 bank lending survey provides indications of some further stabilisation in credit conditions for firms and households and a smaller net decline in loan demand by enterprises. Overall, weak loan dynamics for non-financial corporations continue to reflect their lagged relationship with the business cycle, credit risk and the ongoing adjustment of financial and non-financial sector balance sheets.

Since the summer of 2012 substantial progress has been made in improving the funding situation of banks. In order to ensure an adequate transmission of monetary policy to the financing conditions in euro area countries, it is essential that the fragmentation of euro area credit markets declines further and that the resilience of banks is strengthened where needed. This is the objective of the ECB's comprehensive assessment, while the timely implementation of additional steps to establish a banking union will further help to restore confidence in the financial system.

To sum up, the economic analysis confirms the Governing Council's expectation of a prolonged period of low inflation, to be followed by a gradual upward movement towards inflation rates below, but close to, 2% later on. A cross-check with the signals from the monetary analysis confirms the picture of subdued underlying price pressures in the euro area over the medium term.

As regards fiscal policies, euro area countries should not unravel past consolidation efforts and should put high government debt on a downward trajectory over the medium term. Fiscal strategies should be in line with the Stability and Growth Pact and should ensure a growth-friendly composition of consolidation which combines improving the quality and efficiency of public services with minimising distortionary effects of taxation. When accompanied by the decisive implementation of structural reforms, these strategies will further support the still fragile economic recovery. Governments must therefore continue with product and labour market reforms. These reforms will help to enhance the euro area's growth potential and reduce the high unemployment rates in many countries.

This issue of the Monthly Bulletin contains two articles. The first article reviews recent extensions to the models used in the ECB's broad-based monetary analysis. The second article investigates deleveraging patterns in the euro area corporate sector.

ECONOMIC AND MONETARY DEVELOPMENTS

I THE EXTERNAL ENVIRONMENT OF THE EURO AREA

The world economy is progressively improving, but growth remains moderate and uneven across regions. While growth momentum is steadily strengthening in most advanced economies, supported by factors such as accommodative monetary policy and a smaller fiscal drag, it has lost some vigour in emerging market economies, owing to persistent structural impediments, policy uncertainties and volatile financial market conditions. The latest sentiment indicators suggest continued moderate expansion of the global economy at the beginning of 2014 and a gradual strengthening in world trade. Global inflation remains low on account of weaker commodity price contributions and high spare capacity, while inflation expectations in most countries are firmly anchored.

1.1 GLOBAL ECONOMIC ACTIVITY AND TRADE

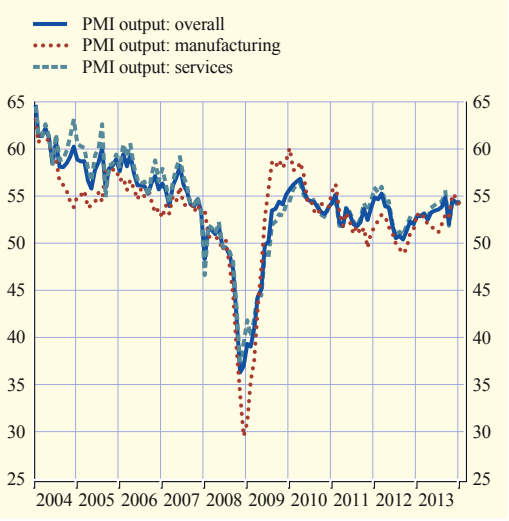
The global economy is expanding gradually, on the back of firming domestic and external demand in most advanced economies, underpinned by accommodative monetary policy, a reduction in the fiscal drag, improved household balance sheets and positive confidence effects. In the emerging market economies, while activity remains strong overall, growth momentum has lost some vigour as a result of supply-side bottlenecks, policy uncertainties and renewed financial market volatility. The latest survey indicators suggest that overall business conditions are robust at the beginning of 2014. In particular, the Purchasing Managers' Index (PMI) for global all-industry output remained broadly unchanged at 53.9 in January compared with the previous month, with an increase in the services sector being offset by a slight moderation in the manufacturing sector. Excluding the euro area, the index remained unchanged at 54.3, slightly above its long-term average (see Chart 1).

Forward-looking global indicators also hint at a gradual expansion of the world economy, likely to be uneven across regions. The new orders component of the global all-industry PMI (excluding the euro area) eased somewhat to 54.4 in January. Meanwhile, the OECD's leading indicator, designed to anticipate turning points in economic activity relative to trend, in November signalled growth improvements in most major OECD countries, notably the United States, the United Kingdom and Japan, but a more mixed picture in the emerging market economies, with a tentative increase in momentum in China but muted growth in Brazil, Russia and India (see Chart 2).

In line with firming global growth, world trade momentum has also increased recently, providing further confirmation of a gradual upturn after a prolonged period of muted trade growth. According to the latest data from the CPB Netherlands Bureau for Economic Policy Analysis, the volume of world imports of goods grew by 2.0% in November 2013 on a three-month-on-three-month basis, compared with 1.2% in October. This is the highest reading since March 2011, reflecting stronger momentum both in emerging market economies (with the exception of Latin America) and,

Chart 1 Global PMI (excluding the euro area)

(seasonally adjusted monthly data)



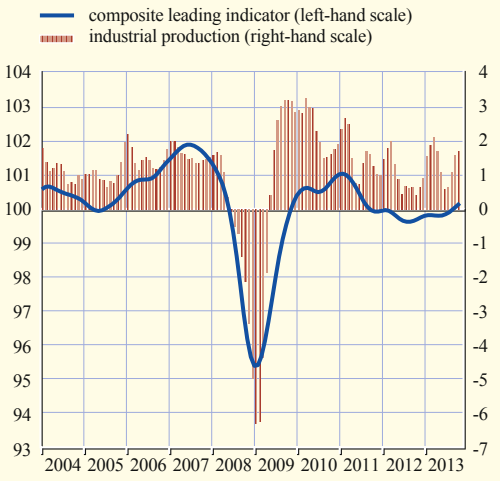
Source: Markit.

to a lesser extent, in advanced economies. The global PMI for new manufacturing export orders also remains in expansionary territory, although it declined slightly in January, signalling a continued moderate recovery in global trade.

The balance of risks to the global outlook remains tilted to the downside. Developments in global money and financial market conditions and related uncertainties, notably in emerging market economies, may have the potential to negatively affect economic conditions. Other downside risks include higher commodity prices and weaker than expected global demand.

Chart 2 Composite leading indicator and industrial production

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



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

1.2 GLOBAL PRICE DEVELOPMENTS

Global inflation remains low, in an environment of relatively stable commodity prices, sizeable spare capacity and anchored inflation expectations. In the OECD area, annual headline consumer price inflation increased slightly to 1.6% in December 2013 from 1.5% in November, driven mainly by higher energy prices. In the majority of the advanced economies inflation has picked up slightly, with the exception of the United Kingdom, while the picture in the emerging market economies has been relatively mixed and volatile. Excluding food and energy, the OECD annual inflation rate remained stable at 1.6% in December.

Recent country and regional developments suggest that the slowdown in global headline inflation since 2011 has stemmed mainly from weaker commodity price contributions and sizeable spare capacity, while inflation expectations in key economies remain firmly anchored (see Box 1).

Box 1

DRIVERS OF RECENT GLOBAL INFLATION DEVELOPMENTS

With inflation easing in the euro area, this box examines whether the euro area's recent experience is part of a broader synchronised fall in global inflation and, if so, what is driving those developments.

Global inflation developments

Overall, global consumer price inflation has fallen since mid-2011. After the sharp decline seen in late 2008 and 2009 following the intensification of the global financial crisis, the average annual rate of global inflation, measured across 34 major economies (see Chart A), increased,

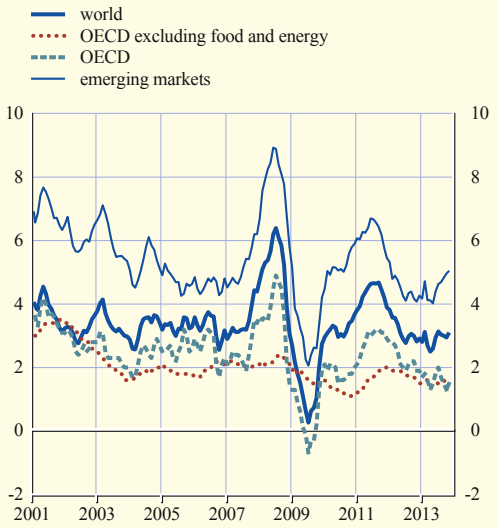
peaking in September 2011 at 4.7%. In 2012, global inflation fell rapidly and remained broadly stable thereafter, standing at 3% in December 2013. The moderation in inflation since 2011 has affected both advanced and emerging economies. OECD aggregate inflation has gradually declined over that period. Inflation in emerging market economies also fell from mid-2011 onwards before rising again slightly towards the end of 2013.

At the country level, disinflation since 2011 has been a fairly common phenomenon (see Chart B, blue bars). In most of the advanced and emerging economies, inflation was lower towards the end of 2013 than in 2011. In the euro area, the rate of inflation declined by 1.9 percentage points from 2.7% in 2011 to 0.8% in December 2013. Inflation in the United States, the United Kingdom and Canada declined over this period by roughly the same amount. A notable exception among the advanced economies is Japan, which, after a long period of deflation, saw a gradual shift of price changes into positive territory, supported by expansionary monetary and fiscal policies and the depreciation of the exchange rate of the yen. Overall, in most of the advanced economies inflation has fallen to levels which are below the respective central bank's medium-term objectives. Among key emerging economies, inflation decelerated sharply in China, India and Russia, while the decline in inflation was less pronounced in Brazil.

Since the first half of 2013, however, price developments have slightly differed from region to region. While headline inflation has continued to decline in the euro area, the United Kingdom and other EU countries outside the euro area, it was fairly stable in the United States and Canada. Among the emerging economies, inflation moderated in Brazil and Russia, but increased slightly in China and India (see Chart B, red bars). These differences reflect country-specific shocks and also, to some extent, different cyclical positions of the economy.

Chart A Inflation in selected regions

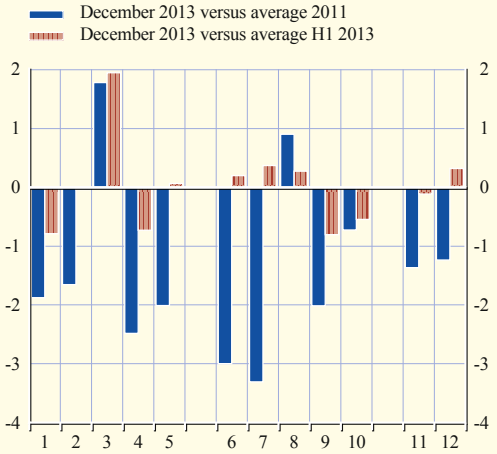
(year-on-year percentage change; monthly data)



Sources: OECD and Haver Analytics.
Notes: Latest observation refers to December 2013. The emerging market series is a GDP-weighted average of 23 large emerging market economies. The global series is a GDP-weighted aggregate of inflation in 34 major economies.

Chart B Changes in inflation across selected countries

(percentage points)



1 Euro area
2 United States
3 Japan
4 United Kingdom
5 Canada
6 China
7 India
8 Turkey
9 Russia
10 Brazil
11 OECD
12 World

Source: Haver Analytics.
Note: CPI inflation for all countries except India (wholesale prices). The latest available data is December 2013 for all countries.

Factors behind global inflation developments

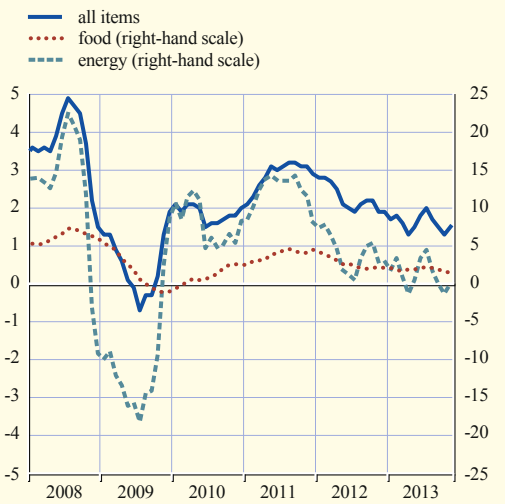
The slowdown in global headline inflation since 2011 has been strongly influenced by weaker commodity prices. For the OECD, energy price inflation was rather modest, amounting to just 1.1%, on average, in the second half of 2013, compared with 12.2%, on average, in 2011. In December 2013 the energy price contribution to overall OECD inflation was close to zero. Moreover, the moderation in international food prices has also eased global inflationary pressures, albeit to a lesser extent. In the OECD area, food prices rose on average by 3.8% in 2011, but by only 1.8% in the second half of 2013. Overall, OECD inflation excluding food and energy has remained more stable since 2011.

Estimates of the output gap for the aggregate OECD area suggest that, although it partially narrowed in 2010 and 2011, spare capacity remains large and has increased slightly in the last two years, implying subdued price pressures. Moreover, the slowdown in emerging economies along with declining or negative output gaps over this period has also mitigated price pressures in these countries.

At the same time, although headline inflation is now below central bank objectives in most of the advanced economies, inflation expectations over the medium to long term have remained stable. Inflation expectations from survey data and financial market indicators for most advanced economies have tended to confirm well-anchored (medium to long-term) inflation expectations. For instance, the University of Michigan survey of inflation expectations in the US (five to ten years ahead) has remained rather stable, at between 2.7% and 3%, since February 2013, and the five-year-ahead break-even inflation rates for the US and UK have been between 2.3% and 3% since February 2013. However, over the same period, according to the QUICK survey, inflation expectations in Japan two years ahead have increased by around 1 percentage point. This was

Chart C Components of OECD inflation

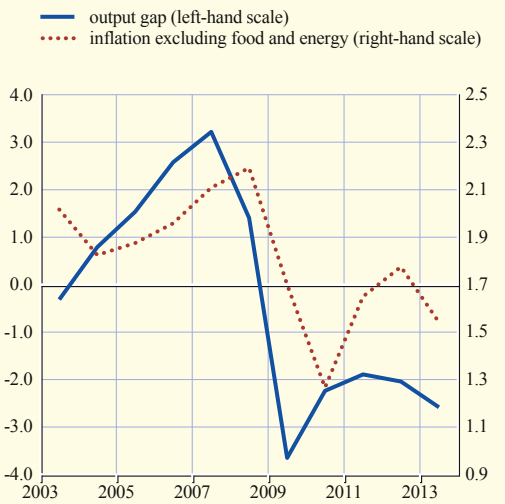
(year-on-year percentage change)



Source: OECD.
Note: Latest observation refers to December 2013.

Chart D Inflation (excluding food and energy) and output gap estimate for OECD countries

(year-on-year percentage change and percentage of potential GDP)



Source: OECD.
Notes: Aggregate of 34 OECD countries. Output gap is an estimate for 2013.

preceded by the Bank of Japan's announcement in January 2013 of a 2% "price stability target", to be achieved at the earliest possible time.

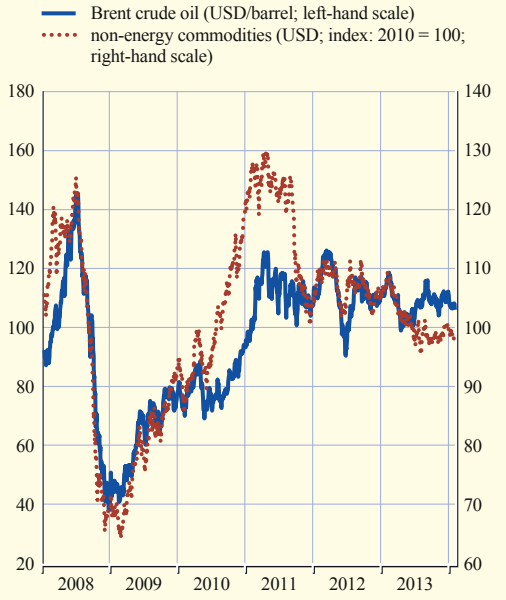
Outlook for global inflation

The outlook is for continued subdued global inflation in the coming months as spare capacity worldwide remains large. However, the widely expected pick-up in world economic activity over the medium term should support a gradual increase in global inflation towards levels consistent with medium-term inflation expectations.

Global inflation prospects are strongly influenced by commodity price developments. The price of Brent crude oil decreased in January 2014 to stand at around USD 106 per barrel on 4 February, 9% lower than its level a year earlier. This partly reflects more favourable supply-demand conditions. According to the International Energy Agency, global oil demand is likely to decrease by 0.7 million barrels per day in the first quarter of 2014, while non-OPEC oil supply is likely to decline slightly, by 0.1 million barrels per day, thus reducing the pressure on OPEC supply. Over the medium term, market participants also expect lower oil prices, with December 2015 futures prices at around USD 98 per barrel.

Prices of non-energy commodities decreased, on aggregate, during January. The decline was especially pronounced for metal prices. The price index for non-energy commodities (denominated in US dollars) was about 10% lower on 31 January than one year earlier.

Chart 3 Main developments in commodity prices



Sources: Bloomberg and HWWI.

Table 1 Price developments in selected economies

(annual percentage changes)

	2012	2013	2013					
			July	Aug.	Sep.	Oct.	Nov.	Dec.
OECD	2.3	1.6	2.0	1.7	1.5	1.3	1.5	1.6
United States	2.1	1.5	2.0	1.5	1.2	1.0	1.2	1.5
Japan	0.0	0.4	0.7	0.9	1.1	1.1	1.5	1.6
United Kingdom	2.8	2.6	2.8	2.7	2.7	2.2	2.1	2.0
China	2.6	2.6	2.7	2.6	3.1	3.2	3.0	2.5
Memo item:								
OECD excluding food and energy	1.8	1.6	1.5	1.6	1.6	1.5	1.6	1.6

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

1.3 DEVELOPMENTS IN SELECTED ECONOMIES

UNITED STATES

In the United States, real GDP growth remained robust in the fourth quarter of 2013. According to the first estimate by the Bureau of Economic Analysis, real GDP increased at an annualised rate of 3.2% (0.8% quarter on quarter), down from 4.1% (1.0% quarter on quarter) in the previous quarter. Growth was supported by stronger gains in personal consumption expenditure and exports than in the previous quarter, while inventory building contributed to growth for the fourth consecutive quarter. Residential investment and public spending both declined, the latter as a result of a decline in federal spending that more than offset an increase in state and local government spending.

Recent indicators suggest that the recovery in economic activity is likely to continue, although growth may temporarily moderate in the first quarter of 2014 from the robust growth rates seen in the second half of 2013. Most high-frequency data up to December and some survey data for January weakened somewhat, in part owing to adverse weather conditions. Moreover, the strength of the contributions to GDP growth from inventories over the past four quarters suggests there could be a payback in the first quarter. As regards the labour market, the pace of job creation slowed in the final month of 2013, partly as a result of the unusually cold weather. Meanwhile, the unemployment rate declined further in December, with more workers dropping out of the labour force. Overall, survey indicators are consistent with a continued gradual upturn in the labour market.

Annual CPI inflation picked up by 0.3 percentage point to 1.5% in December 2013, mostly reflecting a rebound in energy prices following several months of declines. Food price inflation remained subdued. Excluding food and energy, inflation stood at 1.7%, a level around which it has hovered since April 2013. For the year as a whole, annual CPI inflation stood at 1.5%, after 2.1% in 2012, with inflation in the energy, food and medical care services components having fallen particularly strongly. Looking ahead, considerable slack in the economy, as well as subdued wage and input cost dynamics, suggest that inflation is likely to remain contained.

In the context of generally improving economic prospects, the Federal Open Market Committee (FOMC) at its meeting on 29 January 2014 decided a reduction in the monthly pace of its asset purchases by a further USD 10 billion to USD 65 billion, starting from February. The reduction is divided equally between purchases of mortgage-backed securities (from USD 35 billion to USD 30 billion) and longer-term Treasury securities (from USD 40 billion to USD 35 billion). A further reduction in purchases will be conditional on the FOMC's assessment of economic developments. The FOMC did not change its forward guidance communication compared with the December statement, saying that "it likely will be appropriate to maintain the current

Table 2 Real GDP growth in selected economies

(percentage changes)

	Annual growth rates					Quarterly growth rates		
	2012	2013	2013 Q2	2013 Q3	2013 Q4	2013 Q2	2013 Q3	2013 Q4
United States	2.8	1.9	1.6	2.0	2.7	0.6	1.0	0.8
Japan	1.4	-	1.3	2.4	-	0.9	0.3	-
United Kingdom	0.3	1.9	2.0	1.9	2.8	0.8	0.8	*0.7*
China	7.7	7.7	7.5	7.8	7.7	1.8	2.2	1.8

Sources: National data, BIS, Eurostat and ECB calculations.
Note: Data in italics refer to preliminary estimates.

target range for the federal funds rate well past the time that the unemployment rate declines below 6-1/2 percent, especially if projected inflation continues to run below the Committee's 2 percent longer-run goal".

JAPAN

In Japan, strong sentiment data suggest a pick-up in growth during the fourth quarter of 2013 and the first quarter of 2014. The manufacturing PMI increased to 56.6 in January from 55.2 in December, and the Bank of Japan's Tankan Survey also recorded increases in business confidence during the fourth quarter for large, medium and small enterprises. Meanwhile, industrial output increased by 1.9% in the fourth quarter compared with the third quarter according to preliminary figures. Measures included in the supplementary budget announced in December along with the recently published spending plans in respect of the fiscal year 2014 should offset some of the expected drop in demand following the consumption tax increase scheduled for April.

Consumer price inflation continues to increase and reached 1.6% in December on a year-on-year basis, up from 1.5% in November and -0.7% in January 2013. A similar profile is seen in inflation excluding food, beverages and energy, which increased to 0.7% in December from 0.6% in November. At its January monetary policy meeting, the Bank of Japan left its target for the monetary base unchanged from December.

UNITED KINGDOM

The United Kingdom has experienced robust economic growth in recent quarters. In the fourth quarter of 2013 real GDP increased by 0.7% (quarter on quarter), driven mainly by the services sector. Despite slight declines in some of the main business and household survey indicators in recent months, the relatively high level of most of the indicators suggests that growth remained strong at the beginning of the first quarter of 2014. In the medium term, however, the pace of growth is likely to slow somewhat. The relatively weak household real income dynamics and the ongoing need for private and public sector balance sheet adjustment will continue to constrain domestic demand for some time, while prospects for export growth remain subdued. However, the labour market situation has continued to improve strongly, with full-time private sector employment growth in particular picking up in recent months. The unemployment rate fell by 0.3 percentage point to 7.1% in the three months to November 2013 and hence continued to move closer to the 7% threshold referred to in the forward guidance provided by the Bank of England's Monetary Policy Committee.

Annual CPI inflation slowed slightly further in December 2013. It declined by 0.1 percentage point from November to 2%, owing mainly to lower services and food price inflation. Looking ahead, it is expected that inflationary pressures will remain moderate as inflation continues to be dampened by spare capacity in labour and capital utilisation. At its meeting on 9 January 2014 the Bank of England's Monetary Policy Committee decided to keep the policy rate at 0.5% and the size of its asset purchase programme at GBP 375 billion.

CHINA

In China, economic growth decelerated slightly in the fourth quarter of 2013 (as the effects of a small stimulus package implemented over the summer waned) but remained strong overall. GDP grew by 7.7% year on year (1.8% quarter on quarter), broadly in line with market expectations and down from 7.8% (2.2%) in the third quarter. In 2013 as a whole, GDP growth was 7.7%, slightly above the government's target of 7.5%. The decline in momentum in the fourth quarter was also observed in industrial production and fixed investment, which recorded lower growth. The deceleration in economic growth seems to be continuing in 2014, with the National Bureau

of Statistics manufacturing and non-manufacturing PMI readings for January dropping, although staying above 50. However, January and February data must be interpreted cautiously owing to the fluctuating date of the Chinese New Year, which in 2014 fell on 31 January. Monetary and credit aggregates also grew more slowly in December in line with the People's Bank of China's intention to gradually lower the leverage of the economy, but continued to expand more rapidly than nominal GDP growth.

Annual CPI inflation declined in December to 2.5% owing to a smaller contribution from food prices. Inflation excluding food and energy prices was stable at 1.8%, while PPI inflation remained negative in year-on-year terms. To counteract volatility in money market rates, the People's Bank of China decided on 20 January 2014 to temporarily widen banks' access to its standing lending facility during the Chinese New Year period, when liquidity demand is traditionally strong. This effectively capped money market rates during that period and, together with the interest rate on the central bank's excess reserve facility, which acts as a floor for money market rates, created a corridor in which money rates could move.

1.4 EXCHANGE RATES

In January and early February 2014 the euro depreciated against the currencies of most of the euro area's main trading partners. On 5 February the nominal effective exchange rate of the euro, as measured against the currencies of 20 of the euro area's most important trading partners, stood 0.9% below its level at the beginning of January but 0.8% above the level one year earlier (see Chart 4 and Table 3). Movements in exchange rates during this period were largely related to developments in expectations about future monetary policy, as well as to adjustments in market expectations regarding the economic outlook for the euro area relative to other major economies.

In bilateral terms, from 1 January to 5 February 2014 the euro weakened against the US dollar (by 1.8%), the Japanese yen (by 5.5%) and the pound sterling (by 0.2%). Increasing volatility in emerging market currencies during that period notably affected the Argentine peso, which depreciated by around 20% against the euro, and, to a lesser extent, the Turkish lira, the Russian rouble and the South African rand. Currencies of emerging economies in Asia remained broadly resilient. As far as the currencies of non-euro area EU Member States were concerned, the euro depreciated against the Swedish krona (by 0.3%) and the Romanian leu (by 0.4%) but strengthened vis-à-vis the others. Specifically, it appreciated against the Hungarian forint (by 3.6%), the Polish zloty (by 1.0%) and, to a lesser extent, against the Czech koruna (by 0.4%) and the Croatian kuna (by 0.2%). The currencies participating in ERM II remained broadly stable against the euro, trading at, or close to, their respective central rates.

Chart 4 Nominal effective exchange rate of the euro

(daily data; index: Q1 1999 = 100)

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

Table 3 Euro exchange rate developments

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

	Weight in the effective exchange rate of the euro (EER-20)	Change in the exchange rate of the euro as at 5 February 2014 with respect to	
		1 January 2014	5 February 2013
EER-20		-0.9	0.8
Chinese renminbi	18.7	-1.7	-2.7
US dollar	16.8	-1.8	0.0
Pound sterling	14.8	-0.2	-3.2
Japanese yen	7.2	-5.5	8.3
Swiss franc	6.4	-0.4	-0.6
Polish zloty	6.2	1.0	0.3
Czech koruna	5.0	0.4	7.4
Swedish krona	4.7	-0.3	3.1
Korean won	3.9	0.6	-0.8
Hungarian forint	3.2	3.6	5.2
Danish krone	2.6	0.0	0.0
Romanian leu	2.0	-0.4	1.8
Croatian kuna	0.6	0.2	0.7

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

In the period since the outbreak of the global financial crisis, central and eastern European EU countries have experienced significant current account adjustment, supported mainly by a decline in domestic demand and a depreciation of their real effective exchange rates (see Box 2).

Box 2

CURRENT ACCOUNT ADJUSTMENT IN THE EU MEMBER STATES OF CENTRAL AND EASTERN EUROPE

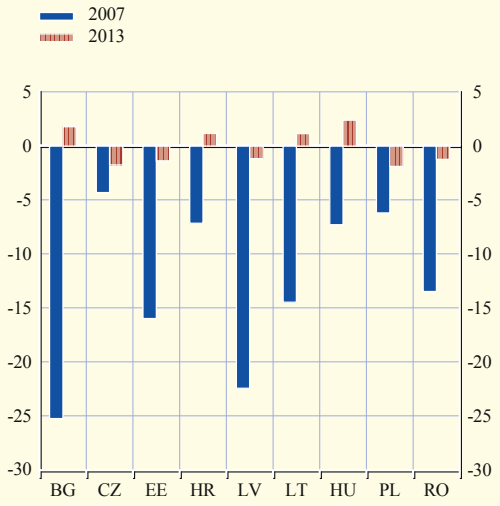
Since the start of the global financial crisis, the EU Member States of central and eastern Europe have witnessed a significant correction of the large current account deficits they recorded before the crisis.[1] This box examines the drivers of this external adjustment and the challenges that lie ahead.

In the years leading up to the financial crisis, the EU Member States of central and eastern Europe embarked on a rapid process of catching up with the rest of the European Union. In several countries, particularly those with limited or no exchange rate flexibility, this was associated with strong domestic credit growth and other signs of economic overheating. External imbalances and vulnerabilities also built up, as illustrated by the current account deficits for 2007 (see Chart A). Particularly large deficits in excess of 10% of GDP were recorded in Bulgaria, Estonia, Latvia, Lithuania and Romania. While the current account deficits of these and the other EU Member States in the region have to be evaluated in the light of the convergence process, a number of them recorded deficits beyond levels justified by economic fundamentals and accumulated large net foreign liabilities.[2]

1 This box studies the non-euro area EU Member States of central and eastern Europe together with Estonia and Latvia, which adopted the euro in 2011 and 2014 respectively.
2 See the box entitled "External adjustment in central and eastern Europe", *Monthly Bulletin*, ECB, January 2010.

Chart A Current account balances

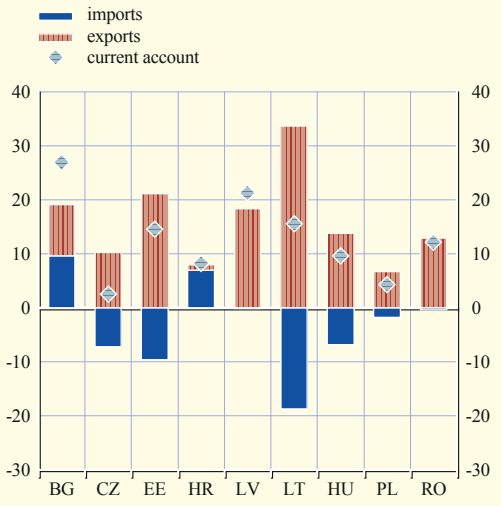
(as a percentage of GDP)



Sources: Eurostat and national statistical institutes.
Note: 2013 data refer to the four-quarter average for the period up to the end of the third quarter of 2013.

Chart B Contributions to the change in current account balances between 2007 and 2013

(percentage points of GDP)



Sources: Eurostat and national statistical institutes.
Note: 2013 data refer to the four-quarter average for the period up to the end of the third quarter of 2013.

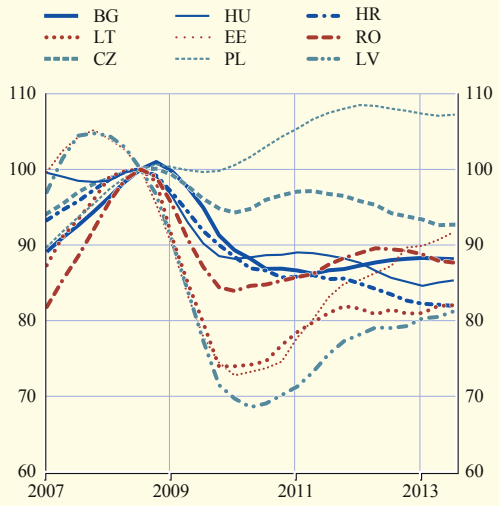
Following the intensification of the financial crisis in the period 2008-09, several of the central and eastern European EU Member States with external imbalances experienced a temporary withdrawal of foreign capital amid heightened global risk aversion and deleveraging by international investors. Against this backdrop, Latvia, Hungary and Romania received balance of payments assistance from the European Union and international financial institutions. In the wake of the crisis, the current account deficits of all EU Member States in the region either narrowed significantly or turned into surpluses, mainly on account of improvements in trade balances. In most countries, a substantial increase in exports relative to GDP was the dominant factor behind the adjustment when looking at the whole of the period 2007-13, except for Bulgaria and Croatia, where a decline in imports relative to GDP also contributed significantly to the external adjustment (see Chart B). This is remarkable, since the initial current account adjustment in the period 2007-09 had been characterised by a sharp decline in imports and a simultaneous drop in exports in all the countries under consideration. Over the period 2010-13, however, exports rose again, surpassing pre-crisis levels despite relatively weak foreign demand.[3] At the same time, imports recovered in most countries, although at a more gradual pace.

The drivers of the adjustment in imports and exports vary significantly across countries. Most central and eastern European EU Member States – with the exception of Bulgaria and Poland – have witnessed a combination of a decline in domestic demand and a real depreciation in their currencies since 2008, when the real effective exchange rates reached their pre-crisis peaks. In the Baltic States, the decline in domestic demand was particularly severe (see Chart C). The Latvian lats and the Lithuanian litas, which were pegged to the euro during the period under consideration, remained stable in nominal effective terms. In real terms, however, the currencies gradually

3 Some countries, particularly Croatia and Hungary, have nevertheless lost export market shares, possibly due to developments in non-price competitiveness.

Chart C Domestic demand at constant prices

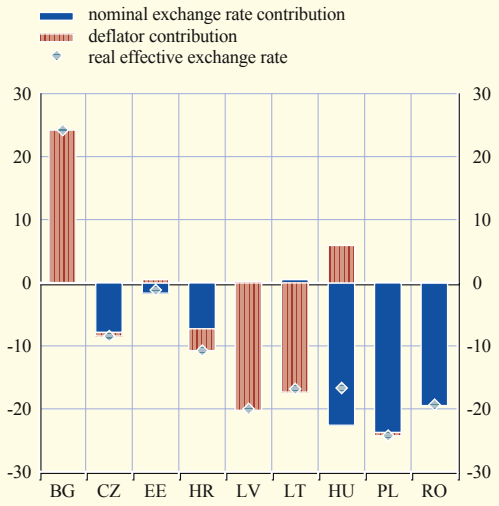
(four-quarter moving average; index: Q3 2008 = 100)



Sources: Eurostat and Haver Analytics.

Chart D Real effective exchange rates (ULCT-deflated, vis-à-vis group of 21 trading partners)

(percentage change between Q3 2008 and Q3 2013)



Source: ECB.
Notes: Negative values correspond to a depreciation of the real effective exchange rate. An equivalent harmonised competitiveness indicator is used for the Estonian kroon.

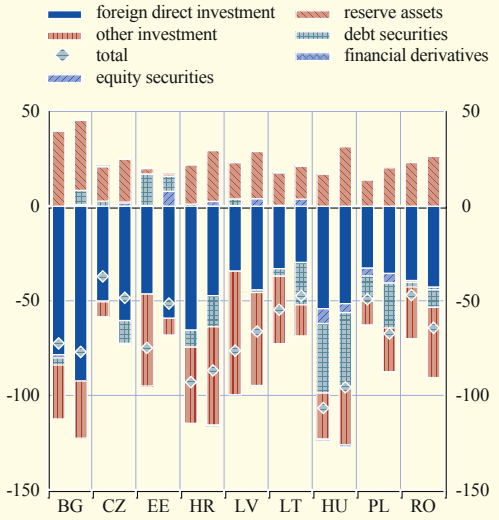
depreciated owing to an adjustment in unit labour costs (see Chart D). In Estonia, the real effective exchange rate also initially depreciated, although after 2012 it strengthened again due to rising unit labour costs. The Czech Republic, Croatia, Hungary, Poland and Romania also witnessed a depreciation of the real effective exchange rates, driven by a nominal depreciation of their floating currencies. At the same time, the decline in domestic demand curbed import demand in these countries, with the exception of Poland, where domestic demand grew robustly. In Bulgaria, the current account adjustment reflected a decline in domestic demand, while the real effective exchange rate of the Bulgarian lev, which is in a currency board with the euro, appreciated on the back of an increase in unit labour costs relative to the country's trading partners.[4]

Although current account balances have improved significantly, continued adjustment is needed in some EU Member States of central and eastern Europe to reduce the large stocks of net foreign liabilities (see Chart E). In 2013 the net international investment positions of all the countries stood at levels well below the threshold of -35% of GDP, which is seen as a sign of potential external imbalances in the context of the Macroeconomic Imbalance Procedure. A notable share of the foreign liabilities of the region's EU Member States is denominated in foreign currency, which may create vulnerabilities with respect to exchange rate changes. Net foreign liabilities also hamper the ongoing current account correction, since the corresponding payments, such as interest and dividend payments, give rise to sizeable deficits in the income account (see Chart F). The deficits in the income account constituted a drag on the current account balance in 2013, while most of the countries under consideration recorded surpluses in the trade balance and in current transfers, which cover EU structural funds and workers' remittances.

4 The appreciation of the Bulgarian currency's real effective exchange rate was less pronounced using other deflators, such as the consumer price index or the GDP deflator.

Chart E Net international investment positions

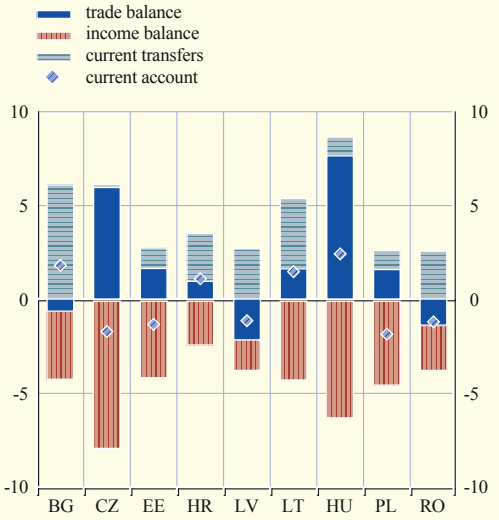
(as a percentage of GDP)



Sources: Eurostat and national statistical institutes.
Notes: For each country, the left and right bars correspond to 2007 and 2013 respectively. 2013 data refer to the four-quarter average for the period up to the end of the third quarter of 2013.

Chart F Main components of the current account balances in 2013

(as a percentage of GDP)



Sources: Eurostat and national statistical institutes.
Note: 2013 data refer to the four-quarter average for the period up to the end of the third quarter of 2013.

In summary, the current account balances of the EU Member States of central and eastern Europe have improved significantly since the start of the global financial crisis. For most of the countries, this reflects both a decline in domestic demand and a depreciation of the real effective exchange rate. However, in some of them, continued external adjustment is needed to reduce net foreign liabilities to more sustainable levels.

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

Underlying broad money and credit growth remained subdued. Annual M3 growth decreased to 1.0% in December 2013, driven by outflows from retail deposits. On the component side, annual growth in M1 remained the main contributor to annual M3 growth. On the counterpart side, annual growth in broad money continued to be supported by sharp monthly increases in MFIs' net external asset position, in part reflecting the interest of international investors in euro area assets and reductions in longer-term financial liabilities. The outflows from M3 deposits in December mirror significant sales by MFIs of both government bonds and private sector debt securities. The annual rate of change in MFI credit to the private sector (adjusted for sales and securitisation) became somewhat more negative, mainly on account of a drop in MFIs' holdings of debt securities issued by the private sector. While the growth rate (adjusted for sales and securitisation) of loans to households remained stable at 0.3%, the rate of decline in loans to non-financial corporations seems to have stabilised, albeit at negative levels. MFI credit to the general government decreased, mirroring easing conditions in sovereign debt markets amid increased confidence in the euro area.

THE BROAD MONETARY AGGREGATE M3

The annual growth rate of M3 decreased to 1.0% in December 2013, down from 1.5% in November (see Chart 5). The development of the broad monetary aggregate M3 was driven by significant monthly outflows in December, mainly via the deposit component. This was mirrored in high sales of non-MFI securities by MFIs. Indeed, the accelerated decline of MFIs' holdings of euro area sovereign and private sector debt securities indicates deleveraging efforts by MFIs, partially related to the comprehensive assessment of the ECB and the realisation of profits by banks in a more favourable financial market environment, as well as the interest of international investors and non-MFIs in investing in this asset class.

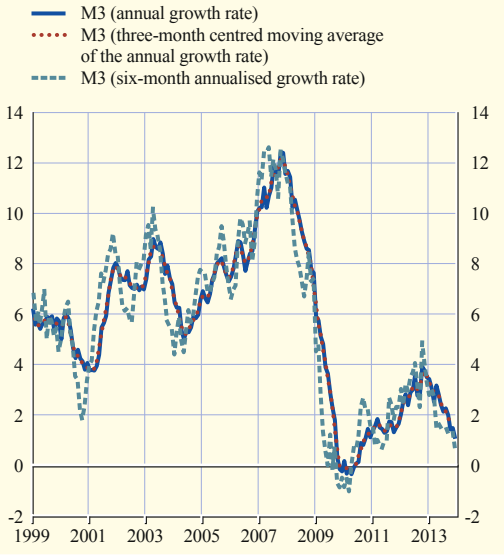
Viewed in annual terms, the behaviour of M3 continued to mirror portfolio reallocations into M1, while other short-term deposits and marketable instruments saw outflows driven by a search for yield and reduced risk aversion.

On the component side, notwithstanding a decline in its annual growth rate, M1 continued to remain the main contributor to annual M3 growth. The contribution from other short-term deposits (M2 minus M1) declined further, while that from marketable instruments (M3 minus M2) remained strongly negative. The net outflows from M3 instruments with a higher remuneration than that in M1 continue to signal a search for yield by the money-holding sector, resulting in shifts of funds from higher-yielding instruments within M3 towards less liquid, riskier assets outside M3.

On the counterpart side, money creation continued to be supported by a further sharp

Chart 5 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

increase in MFIs' net external asset position in December, resulting in part from the interest of international investors into euro area assets. Moreover, substantial negative flows from longer-term financial liabilities, in particular outflows from longer-term deposits, were also supportive of M3 growth. By contrast, strong negative flows in credit to the private sector and, to a lesser extent, in credit to general government, driven by net sales of domestic government bonds by MFIs in some countries, reduced money growth in December.

The volume of euro area MFIs' main assets contracted further, namely by €226 billion in the three months up to December, thereby increasing the pace of the deleveraging process observed since spring 2012. The month-on-month decline reflects decreases in all main asset classes, with sales of non-MFI securities representing the main contributor. In addition, euro area MFIs significantly reduced their derivative positions in preparation for the ECB's comprehensive assessment. Euro area MFIs' reliance on Eurosystem liquidity provision increased on account of the seasonal pattern of main refinancing operations, while the outstanding amounts of longer-term refinancing operations decreased more sharply than in previous months, namely by €38 billion.

Monetary statistics for Latvia will be included in the euro area aggregates for the first time in January 2014 (see Box 3).

Box 3

THE LATVIAN MFI SECTOR AND ITS IMPACT ON MONETARY STATISTICS FOR THE EURO AREA

On 1 January 2014 Latvia adopted the euro, thereby increasing the number of euro area countries from 17 to 18. Monetary statistics for Latvia will be included for the first time in the euro area aggregates for January 2014, which will be published on 27 February 2014 and reported in the March 2014 issue of the Monthly Bulletin.[1] This box highlights the key features of the balance sheets of MFIs resident in Latvia.[2] They form the basis for the Latvian contribution to euro area monetary statistics.

Key features of the MFI sector in Latvia

At the end of December 2013 a total of 73 MFIs were resident in Latvia, while the euro area (i.e. excluding Latvia) had a total of 6,717 MFIs.[3] The 73 MFIs in Latvia comprise the central bank, 63 credit institutions, 2 money market funds and 7 other MFIs. Their aggregated balance sheet totalled €35 billion at the end of December 2013, which amounts to around 0.1% of the aggregated MFI balance sheet of the enlarged euro area. This contribution is similar to that of Estonia, which joined the euro area in 2011. Given its size, the contribution from Latvia will not significantly affect the overall dynamics of euro area M3 statistics.

1 For monetary statistics, the euro area series covers all of the EU Member States that had adopted the euro at the time to which the statistics relate. This approach, which is also applied for MFI interest rate statistics and the HICP, differs from that applied for other datasets, such as GDP, for which data relate to the current composition of the euro area for the entire time series.
2 For details of the statistical methodology adopted for MFI balance sheet statistics to take account of the enlargement of the euro area, see the "Manual on MFI balance sheet statistics", ECB, April 2012. See also the "General Notes" at the back of the Monthly Bulletin.
3 For an overview of developments in the EU MFI sector, see, for example, http://www.ecb.europa.eu/stats/money/mfi/general/html/index.en.html

Impact of Latvian data on euro area M3

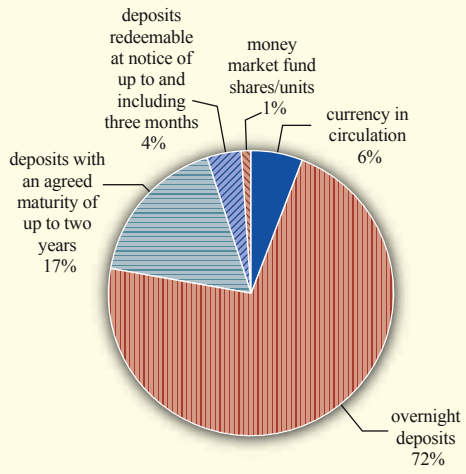
According to ECB calculations, if Latvia had already been part of the euro area in December 2013, it would have contributed almost €11 billion to euro area M3. Deposits accounted for 93% of Latvian M3 in that month. Overnight deposits made up the largest share, accounting for 72% of Latvian M3 (see Chart A), while deposits with an agreed maturity of up to two years and those redeemable at notice of up to three months accounted for 17% and 4% respectively. By comparison, total short-term deposits excluding repurchase agreements accounted for 83% of euro area M3 in December 2013 (i.e. excluding Latvia), with a considerably smaller contribution from overnight deposits (see Chart B). By contrast with deposits, in December 2013 the contribution made by marketable instruments to M3 was smaller in Latvia than in the euro area. In that month holdings of MFI short-term debt securities and repurchase agreements, which in the euro area accounted for 1% and 4% of M3 holdings respectively, were negligible in Latvia. Money market fund shares/units accounted for 4% of euro area M3 but only represented 1% of Latvian M3.

Turning to the counterparts of M3, the longer-term liabilities of Latvian MFIs totalled around €3 billion in December 2013, while, on the asset side of the balance sheet, MFI loans to the private sector totalled around €14 billion. From a sectoral point of view, €7.5 billion of those outstanding loans were granted to non-financial corporations, €6.1 billion were granted to households and just over €0.5 billion were granted to non-monetary financial intermediaries other than insurance corporations and pension funds.

Euro area MFI balance sheet statistics comprise data for those EU Member States that were part of the euro area in the reference month. From January 2014 both outstanding amounts and growth rates will cover all 18 countries currently in the euro area.[4]

Chart A Composition of M3 in Latvia

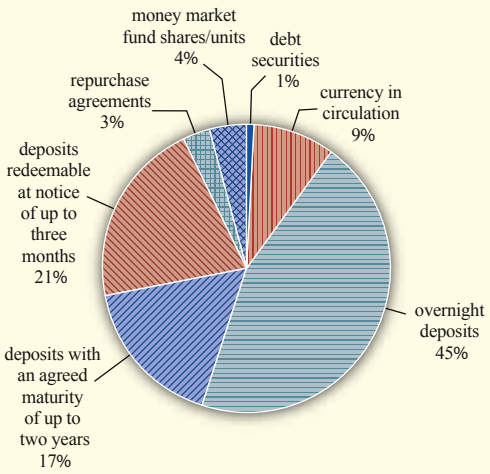
(percentages; December 2013)



Source: ECB.

Chart B Composition of euro area M3

(percentages; December 2013)



Source: ECB.

4 In order to avoid breaks in statistical series, the inclusion of new countries is treated as a reclassification, i.e. it is corrected for in transactions data and thus also in the growth rates.

MAIN COMPONENTS OF M3

As regards the components of M3, the annual growth rate of M1 declined to 5.8% in December 2013, down from 6.5% in November. In contrast to earlier months, however, in which M1 had recorded high monthly inflows, December data saw a monthly outflow, which was driven mainly by developments in overnight deposits, where the annual growth rate declined to 5.9%, down from 6.5% in November, mirroring net sales of non-MFI securities by banks in December. From a general perspective, the pronounced annual growth rate of M1 confirms both the strong preference for liquidity displayed by the money-holding sector over past quarters and the return of confidence in euro area assets by international investors.

By contrast, an increased interest of the money-holding sector in obtaining higher yields by investing in riskier assets has left its mark on developments observed in other M3 instruments, reinforced by the significant sales of non-MFI securities by euro area MFIs in December. Accordingly, the annual growth rate of short-term deposits other than overnight deposits (M2 minus M1) declined to -1.8% in December, down from -1.5% in November. This reflected a slight increase in the annual growth rate of short-term time deposits (i.e. deposits with an agreed maturity of up to two years), to -6.2% in December, compared with -6.8% in November. By contrast, the annual growth of short-term savings deposits (i.e. deposits redeemable at notice of up to three months) remained in positive territory, moderating to 2.0% in December, from 3.1% in the month before.

The annual growth rate of marketable instruments (M3 minus M2) remained sharply negative, standing at -16.4% in December, after -16.3% in November. This reflected highly negative annual growth rates of the money-holding sector's holdings of money market fund shares/units and repurchase agreements, as well as of short-term MFI debt securities. In contrast to November, however, the developments in marketable instruments were explained almost entirely by developments in MFI debt securities with an original maturity of up to two years.

The annual growth rate of M3 deposits – which include repurchase agreements and represent the broadest component of M3 for which a timely sectoral breakdown is available – declined to 2.1% in December, from 2.7% in November. The decrease reflected a drop in the annual growth rates of deposits held by households, by non-financial corporations (NFCs), by non-monetary financial intermediaries and by insurance corporations and pension funds. The annual growth of NFC deposits decreased to 6.0% in December, after having increased more or less continuously over the last few months (6.5% in November). At least in some countries, NFCs used the high level of deposits to pay back debt at the end of the year.

MAIN COUNTERPARTS OF M3

The annual growth rate of MFI credit to euro area residents decreased further in December, to -2.0%, from -1.4% in November and -1.0% in October. This reflected a further decline in the annual growth of credit to the general government sector, which fell to -0.7%, from -0.6% in November. Credit to the private sector contracted markedly to -2.4%, from -1.6% in November.

The negative rate of change in credit to general government in December mainly reflected net sales of government securities, thereby pointing to a continued easing of conditions in euro area sovereign debt markets. The decline of MFI holdings of government securities (particularly in Spain) and euro area private sector debt securities indicates deleveraging efforts by MFIs related to the comprehensive assessment of the ECB, the realisation of profits in a favourable market environment and the interest of both international investors and non-MFIs in investing in this asset class.

Table 4 Summary table of monetary variables

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

	Outstanding amounts as a percentage of M3 [1]	Annual growth rates					
		2013 Q1	2013 Q2	2013 Q3	2013 Q4	2013 Nov	2013 Dec
M1	**54.9**	**6.7**	**8.1**	**6.9**	**6.4**	**6.5**	**5.8**
Currency in circulation	9.3	1.7	2.7	2.6	4.1	4.5	5.3
Overnight deposits	45.6	7.8	9.2	7.9	6.9	6.9	5.9
M2-M1 (=other short-term deposits)	38.8	1.2	0.2	0.2	-1.2	-1.5	-1.8
Deposits with an agreed maturity of up to two years	17.2	-3.8	-5.8	-5.0	-6.3	-6.8	-6.2
Deposits redeemable at notice of up to three months	21.6	6.0	5.8	5.0	3.3	3.1	2.0
M2	**93.7**	**4.3**	**4.6**	**4.0**	**3.1**	**3.0**	**2.5**
M3-M2 (=marketable instruments)	6.3	-8.5	-14.9	-17.2	-17.1	-16.3	-16.4
M3	**100.0**	**3.2**	**2.8**	**2.2**	**1.5**	**1.5**	**1.0**
Credit to euro area residents		**0.0**	**-0.2**	**-0.5**	**-1.2**	**-1.4**	**-2.0**
Credit to general government		4.3	3.3	2.0	0.1	-0.6	-0.7
Loans to general government		-0.8	-2.6	-6.0	-6.7	-7.3	-6.3
Credit to the private sector		-1.0	-1.0	-1.2	-1.6	-1.6	-2.4
Loans to the private sector		-0.8	-1.1	-1.9	-2.2	-2.3	-2.3
Loans to the private sector adjusted for sales and securitisation [2]		-0.4	-0.6	-1.4	-1.8	-1.8	-2.1
Longer-term financial liabilities (excluding capital and reserves)		**-5.1**	**-4.6**	**-4.2**	**-3.6**	**-3.4**	**-3.3**

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

Credit to the private sector registered yet another strongly negative flow in December, driven by sizeable net redemptions in loans and net sales by MFIs of securities other than shares. The annual growth rate of loans to the private sector originated by MFIs (adjusted for sales and securitisation) became more negative in December, standing at -2.1%, after -1.8% in November. However, net redemptions in December were concentrated on financial intermediaries other than insurance corporations and pension funds, i.e. the OFI sector, and were somewhat smaller than in November, contributing less to the overall decline than securities other than shares. At the same time, the January 2014 bank lending survey provided indications of a further stabilisation in credit conditions for firms and households. In the fourth quarter of 2013, the net percentage of banks reporting a net tightening of credit standards applied by euro area banks to loans to non-financial corporations declined gradually further (see also Box 4). A broader analysis of savings, investment and financing broken down by financial sectors is presented in Box 5 entitled "Integrated euro area accounts for the third quarter of 2013".

The annual growth rate of loans to non-financial corporations (adjusted for sales and securitisation) was -2.9% in December, compared with -3.1% in November (see Table 5). Loan developments continued to be driven by net redemptions, which were far smaller than in the two preceding months, however. December data on MFI loans to NFCs show positive flows in shorter and longer maturities. For the intermediate maturity range, flows turned deeply negative. The annual growth of loans to households, adjusted for sales and securitisation, remained unchanged at 0.3% in December, broadly the level observed since early 2013.

The annual growth rate of longer-term financial liabilities (excluding capital and reserves) stood at -3.3% in December, broadly unchanged from that in the two previous months. The monthly flow

Table 5 MFI loans to the private sector

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

	Outstanding amount as a percentage of the total[1]	Annual growth rates					
		2013 Q1	2013 Q2	2013 Q3	2013 Q4	2013 Nov.	2013 Dec.
Non-financial corporations	**41.3**	**-2.5**	**-3.1**	**-3.7**	**-3.6**	**-3.8**	**-3.0**
Adjusted for sales and securitisation[2]	-	*-1.4*	*-2.0*	*-2.8*	*-2.9*	*-3.1*	*-2.9*
Up to one year	24.5	0.6	-1.0	-3.7	-4.2	-4.7	-4.2
Over one and up to five years	17.0	-5.9	-6.4	-5.7	-5.3	-5.0	-5.7
Over five years	58.5	-2.7	-2.9	-3.1	-2.8	-3.1	-1.7
Households[3]	**49.5**	**0.5**	**0.2**	**0.1**	**0.1**	**0.0**	**-0.1**
Adjusted for sales and securitisation[2]	-	*0.5*	*0.3*	*0.3*	*0.3*	*0.3*	*0.3*
Consumer credit[4]	11.0	-3.2	-3.4	-2.7	-3.0	-3.3	-3.0
Lending for house purchase[4]	73.8	1.4	1.1	0.8	0.9	0.9	0.7
Other lending	15.2	-1.0	-1.0	-1.2	-1.5	-1.7	-1.6
Insurance corporations and pension funds	**0.9**	**6.1**	**12.4**	**12.8**	**10.9**	**14.0**	**10.7**
Other non-monetary financial intermediaries	**8.2**	**-0.2**	**-0.2**	**-5.7**	**-9.0**	**-9.2**	**-12.2**

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

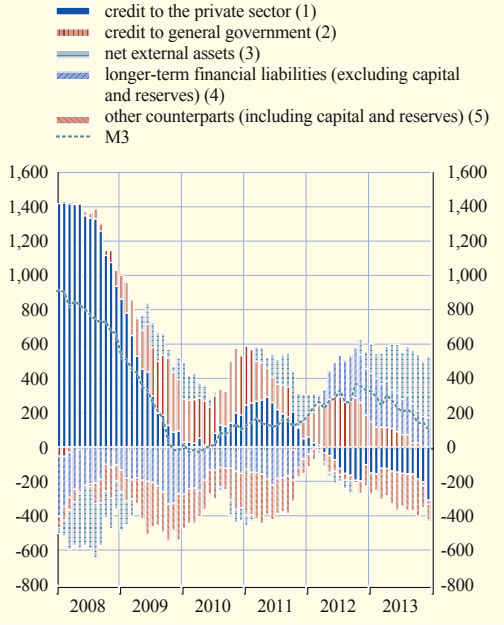
became somewhat more negative, reflecting outflows from longer-term deposits, although households in some countries have continued to place funds in longer-term deposits since the beginning of the year.

The net external asset position of euro area MFIs again increased sharply in December, namely by €61 billion, after an increase of €47 billion in the month before. Such increases in MFIs' net external assets have been observed since July 2012, and represent the main factors supporting positive M3 growth, counteracting the negative contribution from net redemptions of MFI credit to euro area residents. In the 12 months to December, the net external asset position of euro area MFIs increased by €360 billion (see Chart 6), the highest flow ever observed in the euro area.

Overall, the latest monetary data support the view that the underlying dynamics of money and credit growth remain subdued. Broad money growth continues to be supported both by increases in MFIs' net external assets and by shifts away from longer-term financial liabilities. At the same time, the

Chart 6 Counterparts of M3

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



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

weakness of monetary dynamics also reflects a search for yield by the money-holding sector in an environment characterised by a low remuneration of monetary assets and returning confidence. The annual growth of MFI credit to the private sector remained negative in December.

Box 4

THE RESULTS OF THE EURO AREA BANK LENDING SURVEY FOR THE FOURTH QUARTER OF 2013

This box summarises the main results of the euro area bank lending survey, conducted by the Eurosystem between 13 December 2013 and 9 January 2014,[1] for the fourth quarter of 2013. Overall, the survey provides further indications of stabilisation in credit conditions for firms and households in a context of persistently weak loan demand.

Summary of the main results

In the fourth quarter of 2013 euro area banks reported a further reduction in the net tightening of credit standards for loans to enterprises. In addition, for the first time since 2007, euro area banks indicated a marginal net easing of credit standards applied to housing loans while, in the case of loans for consumer credit, the surveyed banks reported broadly unchanged net tightening compared with the previous quarter.

These developments were driven by three main factors. First, the contribution from the cost of funds and balance sheet constraints remained broadly unchanged. Second, the contribution from competition continued to point to a net easing of credit standards. Third, euro area banks' risk perceptions contributed less to the net tightening of loans, and even became nil in the case of housing loans.

In the last quarter of 2013 the demand for credit remained weak across all loan categories, albeit with some variations. For loans to enterprises, the net decline moderated, thus approaching its historical average. At the same time, net demand for both loans to households for house purchase and consumer credit reverted to negative levels after the slight net increase recorded in the previous quarter.

Looking ahead to the first quarter of 2014 the banks participating in the survey expect unchanged credit standards for corporate loans, while anticipating a further net easing for both loans to households for house purchase and consumer credit. At the same time, euro area banks expect a marked net increase in demand for all loan categories.

Loans and credit lines to enterprises

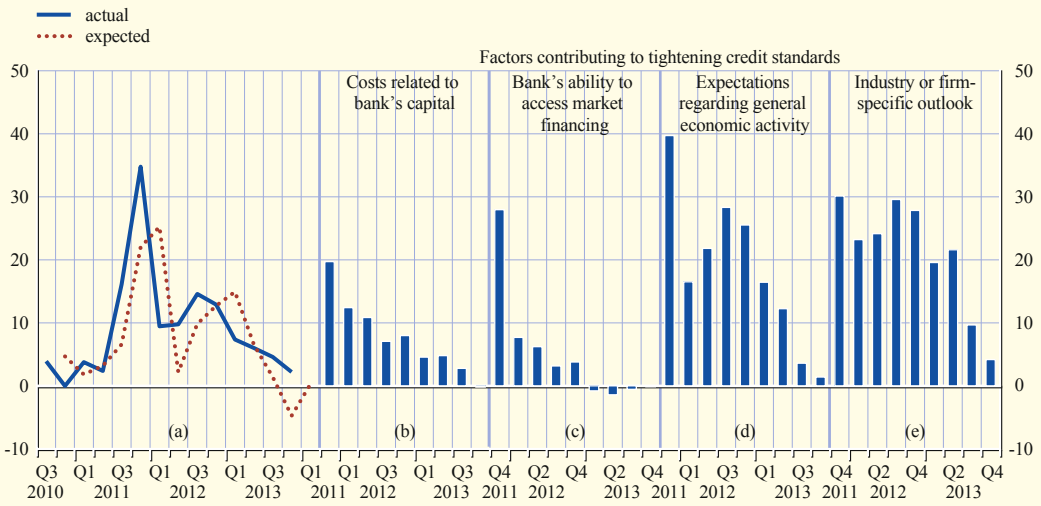
In the fourth quarter of 2013 the net percentage[2] of euro area banks reporting a tightening in credit standards was 2%, down from 5% in the third quarter (see Chart A), thus reaching a level below the

1 The cut-off date for completion of the survey was 9 January 2014. A comprehensive assessment of its results was published on the ECB's website on 30 January 2014.

2 The reported net percentage refers to the difference between the proportion of banks reporting that credit standards have been tightened and the proportion of banks reporting that they have been eased. A positive net percentage indicates that banks have tended to tighten credit standards ("net tightening"), whereas a negative net percentage indicates that banks have tended to ease credit standards ("net easing").

Chart A Changes in credit standards applied to the approval of loans or credit lines to enterprises

(net percentages)



Notes: In panel (a), the net percentages refer to the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat" and the sum of the percentages for "eased somewhat" and "eased considerably". The net percentages for the questions related to the factors are the difference between the percentage of banks reporting that the given factor contributed to tightening and the percentage reporting that it contributed to easing. "Actual" values refer to the period in which the survey was conducted. "Expected" values refer to the expected changes over the next three months.

historical average calculated over the period since the survey's inception in 2003. At the time of the previous survey round, participating banks expected instead a net easing in credit standards (-5%).

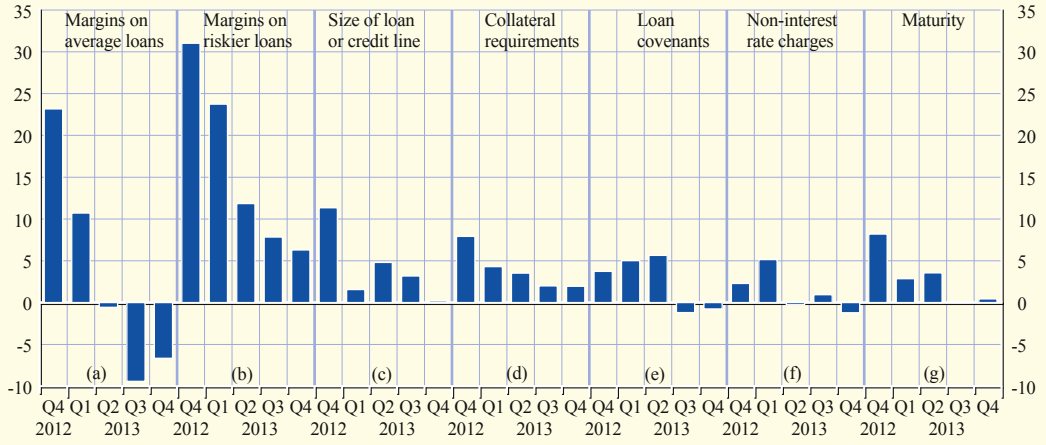
Concerning developments by firm size, the reported decline in the net tightening of lending criteria was more intense for loans to small and medium-sized enterprises (SMEs), for which banks reported a slight net easing for the first time since mid-2007 (-3%, compared with 3% in the previous quarter), than for large enterprises (2%, down from 5%). Regarding loan maturity, the net tightening of credit standards remained unchanged for long-term loans (at 5%), but declined for short-term ones, becoming slightly negative (-1%, down from 3%).

Looking at the underlying factors, euro area banks reported that, on average, the contribution of the cost of funds and balance sheet constraints pointed to a slight net easing of credit standards, unchanged from the previous quarter (-2%). At the same time, the impact of risk perceptions on the tightening of credit standards declined, thus reaching levels close to those observed at the beginning of the global financial crisis. All three underlying components contributed to such a decline: a reduction in the perceived risk on the collateral demanded (1%, down from 4%) as well as banks' less pessimistic expectations regarding general economic activity (1%, down from 4%) and regarding the industry or firm-specific outlook (4%, down from 10%). Finally, competitive pressures were reported to have contributed to a net easing of credit standards in the fourth quarter of 2013, broadly unchanged from the previous survey round.

The decline in the net tightening of credit standards to enterprises in the fourth quarter of 2013 translated into a further net narrowing of margins on average loans to enterprises (-7%, compared with -9% in the previous quarter) and a smaller net widening of margins on riskier loans (6%, down from 8%; see Chart B). For most of the other credit terms and conditions, euro area banks reported either unchanged or close to zero net percentages.

Chart B Changes in terms and conditions for approving loans or credit lines to enterprises

(net percentages of banks reporting tightening terms and conditions)



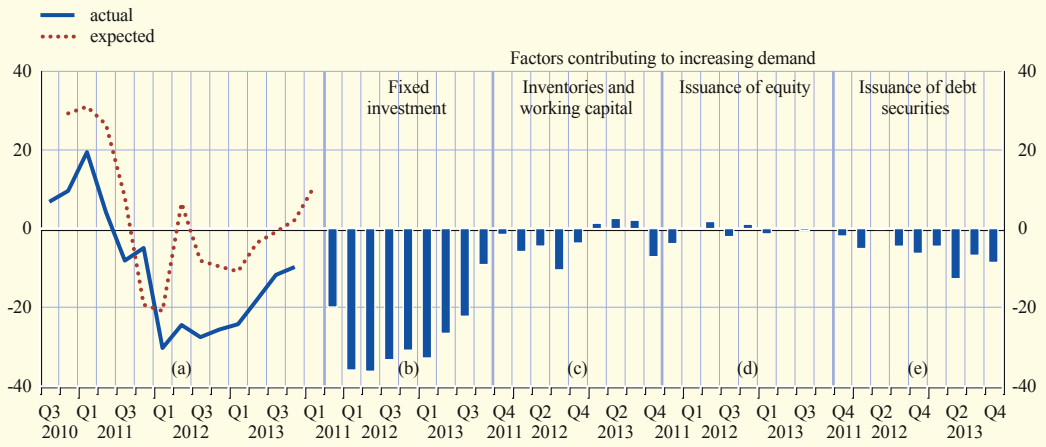
Note: The net percentages refer to the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat" and the sum of the percentages for "eased somewhat" and "eased considerably".

Looking ahead to the first quarter of 2014, on balance, euro area banks expect unchanged credit standards for loans to enterprises (0%), while anticipating a slight net tightening for loans to large firms and for long-term loans (2%). Furthermore, the surveyed banks expect a net easing for loans to SMEs (-9%) and for short-term loans (-5%).

Turning to demand, in the fourth quarter of 2013, the net decline in demand for loans to enterprises abated in comparison with that reported in the previous survey round (to -10%, compared with -12%; see Chart C). Similar developments were recorded for loans to SMEs

Chart C Changes in demand for loans or credit lines to enterprises

(net percentages)



Notes: In panel (a), the net percentages refer to the difference between the sum of the percentages for "increased considerably" and "increased somewhat" and the sum of the percentages for "decreased somewhat" and "decreased considerably". The net percentages for the questions related to the factors are 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 decline. "Actual" values refer to the period in which the survey was conducted. "Expected" values refer to the expected changes over the next three months.

(-10%, from -12%) and for long-term loans (-8%, from -12%), while the net decrease in demand was more pronounced for loans to large enterprises (-12%, from -8%) and for short-term loans (-10%, from -7%).

As in the previous quarter, the net fall in demand was driven mainly by the negative impact of reduced financing needs from fixed investment, which further moderated (-9%, from -22%). This development was only partly compensated for by that of the financing needs related to inventories and working capital, the contribution of which turned negative (-7%, from 2%). Regarding the use of alternative finance, euro area banks continued to report a net negative contribution of internal financing (-5%, from -7%) and of debt security issuance (-9%, from -7%) on the demand for loans. On average, the contribution from the use of alternative sources of finance to the net decline in demand remained broadly unchanged in comparison with the previous survey round.

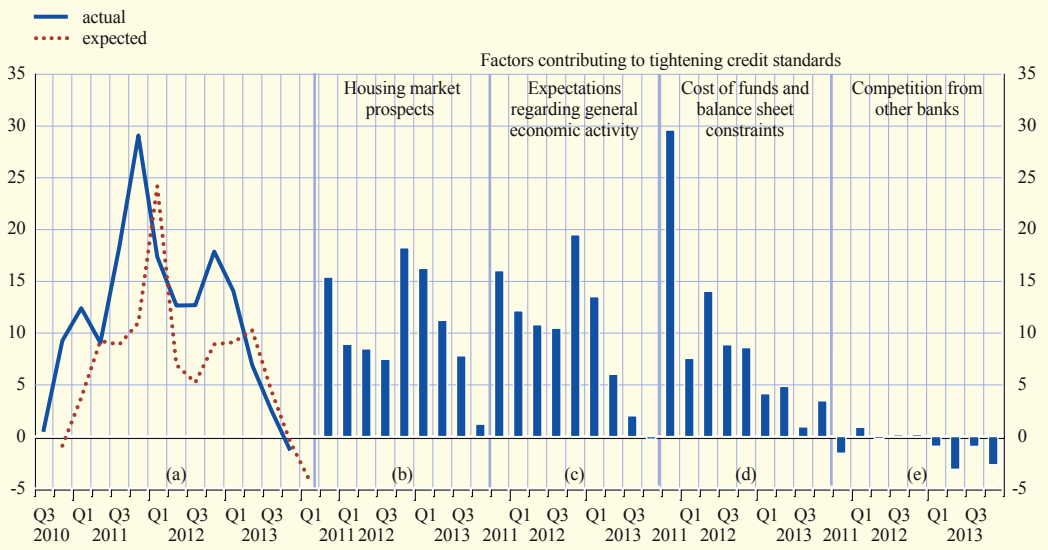
Looking ahead, banks expect a significant net increase in the demand for loans to enterprises in the first quarter of 2014 (10%). Such an increase is also expected across firm size and loan maturity.

Loans to households for house purchase

In the fourth quarter of 2013 euro area banks reported a slight net easing of credit standards on loans to households for house purchase (-1%, compared with 3% in the previous quarter; see Chart D) for the first time since the second quarter of 2007 (thus reaching a level well below the historical average calculated for this indicator). This development was broadly in line with what respondents had expected in the previous survey round (0%). As in the previous quarter, banks' cost of funds and balance sheet constraints contributed marginally to the net tightening

Chart D Changes in credit standards applied to the approval of loans to households for house purchase

(net percentages)



Note: See notes to Chart A.

of credit standards for housing loans (3%, compared with 1% in the third quarter of 2013), in contrast with their slight contribution to the net easing of loans to non-financial corporations. The contribution of the general economic outlook and housing market prospects to the net tightening of credit standards for housing loans decreased further, largely vanishing (0% and 1%, compared with 2% and 8% respectively).

Competitive pressures were reported, all in all, to have contributed to a net easing of credit standards in a similar order of magnitude as in the previous quarter.

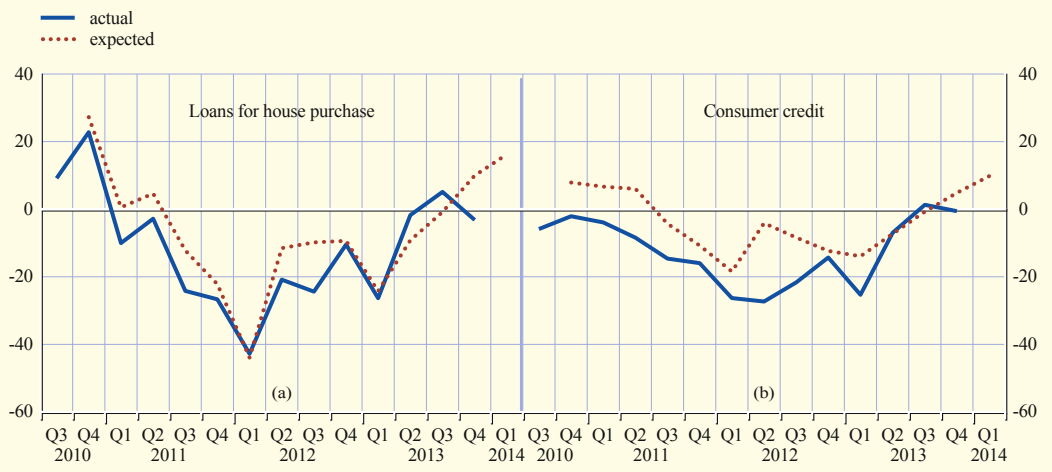
Most price and non-price terms and conditions applied to housing loans were tightened less, or even eased, in the fourth quarter of 2013. Euro area banks reported, in net terms, a narrowing of margins on average housing loans (-10%, compared with -7% in the third quarter of 2013), while the tightening of margins on riskier loans came to a halt (0%, down from 4%). Responses regarding non-price terms and conditions pointed to a moderation in the net tightening for loan maturity (1%, down from 4%), while in the case of the loan-to-value ratio, banks reported a slight net easing for the first time since 2006 (-3%, down from 6%).

Looking ahead, banks expect a further net easing of credit standards for loans for house purchase (-4%) in the first quarter of 2014.

Turning to loan demand, euro area banks reported a small net decline in the demand for housing loans (-3%, compared with 5% in the third quarter of 2013; see Chart E), thereby reversing the shift to positive net change observed in the previous quarter and bringing the net change in housing loan demand to a level close to its historical average (-4%). Regarding factors affecting demand, the small positive net contribution of housing market prospects observed in the third quarter of 2013 faded away (1%, down from 3%). At the same time, the negative contribution

Chart E Changes in demand for loans to households for house purchase and consumer credit

(net percentages)



Notes: The net percentages refer to the difference between the sum of the percentages for "increased considerably" and "increased somewhat" and the sum of the percentages for "decreased somewhat" and "decreased considerably". "Actual" values refer to the period in which the survey was conducted. "Expected" values refer to the expected changes over the next three months.

from factors – other than housing market prospects – influencing financing needs slightly diminished (-3%, compared with -5%).

Looking ahead, banks expect a significant net increase in demand for housing loans (16%) for the first quarter of 2014.

Consumer credit and other lending to households

In the fourth quarter of 2013 the net tightening of credit standards for consumer credit remained broadly unchanged (at 2%; see Chart F) at a level below its historical average (7%). The slight net tightening effect on the supply of these loans exerted by cost of funds and balance sheet constraints and, on average, by factors related to risk perception remained largely stable (each at 1%). Competitive pressures continued to contribute to a marginal net easing (-2%).

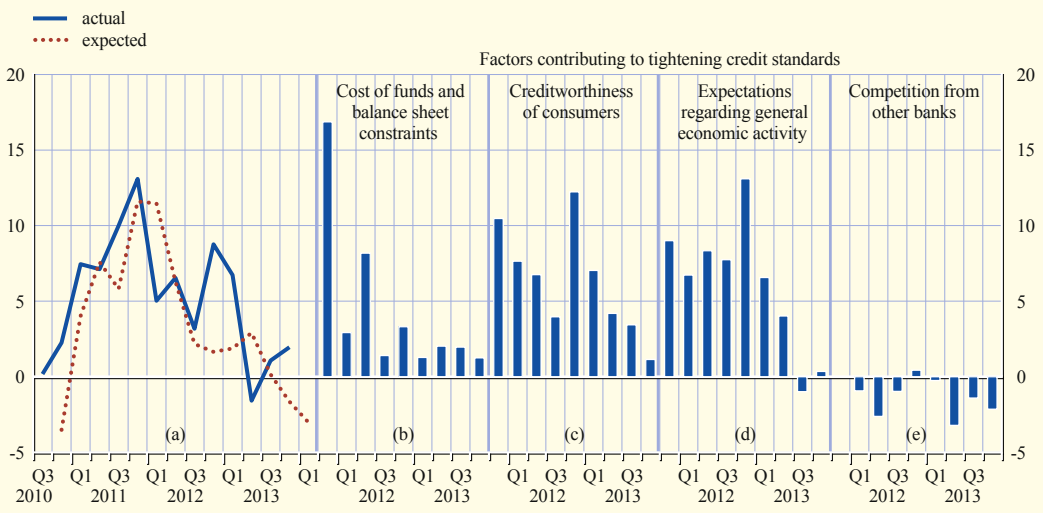
Turning to the terms and conditions for approving consumer credit, banks reported a narrowing of margins on average loans (-2%, compared with 0% in the previous survey round), as well as on riskier loans, though to a lesser extent than previously reported (1%, compared with 3% in the third quarter of 2013). In addition, the net tightening of non-price terms and conditions on consumer credit remained broadly unchanged.

Looking ahead, in net terms, euro area banks expect a net easing of credit standards applied to consumer credit and other lending to households for the first quarter of 2014 (-3%).

In the fourth quarter of 2013 the surveyed banks reported a slight net decline of demand for consumer credit, broadly unchanged from the previous quarter (-1%, compared with 1% in the

Chart F Changes in credit standards applied to the approval of consumer credit and other lending to households

(net percentages)



Note: See notes to Chart A.

October survey; see Chart E) and still above its historical average (-5%). Among the main factors underlying the demand for consumer credit, the most notable development is the improvement in consumer confidence (5%, from -4% in the October survey round).

Looking ahead to the first quarter of 2014 euro area banks expect a significant net increase in the demand for consumer credit (to 10%).

Ad hoc question on the impact of market tensions

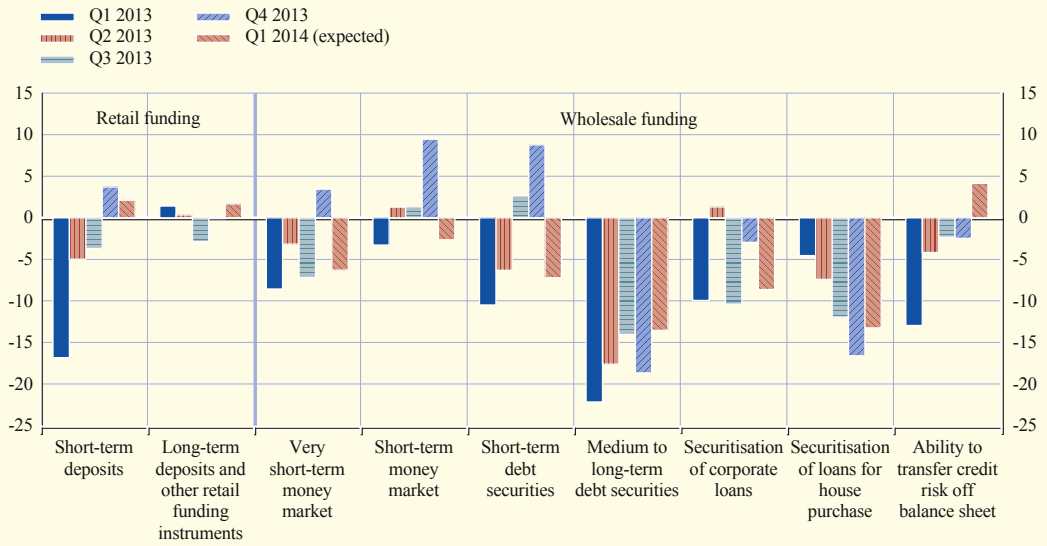
As in previous survey rounds, the January 2014 bank lending survey contained an ad hoc question on banks' access to retail and wholesale funding in the fourth quarter of 2013.

On balance, in the fourth quarter of 2013, euro area banks reported a net deterioration for retail funding (2%, from -3%, on average for deposits and other retail funding instruments) and for money markets instruments (6%, from -3%), interrupting the trend observed in previous quarters (see Chart G). However, conditions for the issuance of debt securities improved, as in previous quarters (-5%, from -6%), as did those for securitisation (-7%, from -8%).

Looking ahead to the first quarter of 2014 a net deterioration is expected for retail funding, while an improvement is expected overall for wholesale funding instruments.

Chart G Changes in access to funding over the past three months

(net percentages of banks reporting deteriorated market access)



Note: The net percentages are defined as the difference between the sum of the percentages for "deteriorated considerably" and "deteriorated somewhat" and the sum of the percentages for "eased somewhat" and "eased considerably".

Ad hoc question on the impact of the sovereign debt crisis on banks' funding conditions, credit standards and credit margins

The questionnaire for the January 2014 survey also included – as in previous survey rounds – an ad hoc question to assess the impact of the sovereign debt crisis on banks' funding conditions, credit standards and credit margins over the previous three months.

Replies to the January 2014 survey indicated that the impact of sovereign debt tensions on banks' funding conditions was marginal and, on average, contributed to a net easing in the fourth quarter of 2013 (see Chart H). In detail, on balance, 5% and 7% respectively of euro area banks reported that their direct exposure to sovereign debt and the value of their sovereign collateral had contributed to a net easing in funding conditions, almost unchanged compared with the previous quarter, whereas the net tightening impact of "other effects" had faded away.

The impact of the sovereign debt crisis on banks' credit standards remained muted in the fourth quarter of 2013. At the same time, euro area banks reported that the sovereign debt crisis had a neutral impact on the margins applied to loans to enterprises, while it had contributed to a slight narrowing of margins for housing loans and consumer credit.

Ad hoc questions on the impact of regulation and supervisory action[3]

The January 2014 survey questionnaire included two biannual ad hoc questions aimed at assessing the extent to which new regulatory requirements affected banks' lending policies, via the potential impact on their capital position and the credit standards that they apply to loans. Compared with the version used in the July 2013 round, the wording of the question was amended so that banks, in their reply, would also take into account any new supervisory action, such as the ECB's comprehensive assessment, with possible implications for lending supply. In addition, banks were also asked to indicate the effects on funding conditions.

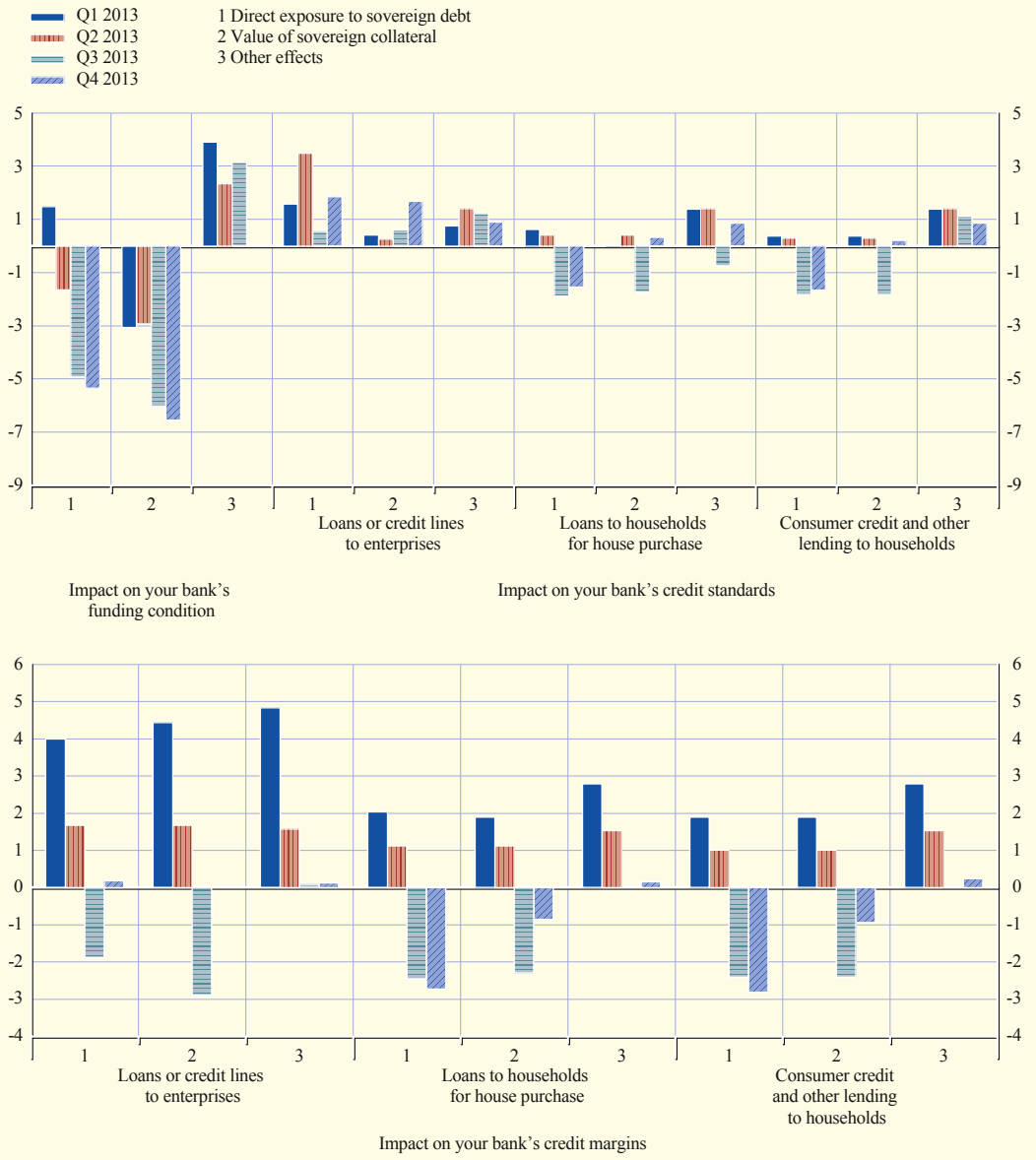
On balance, 23% of the participating euro area banks reported a decline in their risk-weighted assets in the second half of 2013, broadly unchanged from the first half of 2013. This adjustment process concerned both riskier and average loans (-29% for riskier loans and -15% for average loans, compared with -28% and -16% respectively in the first half of 2013). Banks also reported a net strengthening of their capital position (20%, from 23%), both through retained earnings (22%, from 21%) and capital issuance (11%, unchanged). Banks did not report any significant effect of regulatory and supervisory action on funding conditions.

Looking ahead, a slightly lower net percentage of euro area banks plans to reduce their risk-weighted assets in the first half of 2014 (-10%, compared with -23% in the second half of 2013), while at the same time, 31% of the banks, on balance, intend to increase their capital positions (up from 20% in the second half of 2013).

3 See the regulatory requirements set out in the Capital Requirements Directive IV/Capital Requirements Regulation (CRD IV package) as well as the requirements that will result from the ECB's comprehensive assessment and the participating national competent authorities in accordance with the provisions of the Regulation on the single supervisory mechanism, or those resulting from any other specific regulatory or supervisory actions that have recently been approved/implemented or that are expected to be approved/implemented in the near future.

Chart H Impact of the sovereign debt crisis on banks' funding conditions, credit standards and lending margins

(net percentages of banks reporting an impact on funding conditions, on the tightening of credit standards or on the widening of lending margins)



Note: The net percentages are defined as the difference between the sum of the percentages for "contributed considerably to a deterioration of funding conditions/tightening of credit standards/widening of lending margins" and "contributed somewhat" and the sum of the percentages for "contributed somewhat to an easing of funding conditions/easing of credit standards/narrowing of lending margins" and "contributed considerably".

As regards the impact of regulatory and supervisory action on banks' credit standards and lending margins, euro area banks indicated that they tightened their credit standards on loans to both large firms and SMEs in the second half of 2013 (8% and 5% respectively, as opposed to 17% and 9% in the July 2013 round). The contractive impact on loans to households had vanished, both for housing loans and consumer loans. Similar patterns were observed for credit margins.

Looking ahead to the first half of 2014 banks expect a further net tightening of both credit standards and margins for loans to enterprises, due to regulatory and supervisory pressures. The expected restriction is of the same order of magnitude as in the second half of 2013. A small net easing is expected for loans to households for house purchase.

2.2 SECURITIES ISSUANCE

In November 2013 debt securities issuance by euro area residents declined further on an annual basis. Year-on-year growth of debt securities issuance by non-financial corporations remained buoyant but did not fully compensate for the persistently negative growth rate of debt securities issuance by MFIs. MFIs remained the strongest contributors to euro area residents' issuance of quoted shares.

DEBT SECURITIES

In November 2013 the annual growth rate of debt securities issuance by euro area residents remained negative at -0.6%, after -0.9% in the previous month (see Table 6). At the sectoral level the annual growth rate moved in line with the trends observed since early 2013. On an annual basis, issuance by non-financial corporations increased by 10.3%, from 10.0% in October. The annual growth rate of debt securities issuance by MFIs stood at -8.8%, slightly higher than in October. Turning to general government, the annual growth rate of issuance stood at 3.3%, after 3.0% in October. Finally, the annual growth rate of debt securities issuance by

Table 6 Securities issued by euro area residents

Issuing sector	Amount outstanding (EUR billions) November 2013	Annual growth rates[1] 2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 October	2013 November
Debt securities	**16,569**	**2.8**	**0.7**	**-0.1**	**-0.7**	**-0.9**	**-0.6**
MFIs	4,968	0.9	-3.6	-6.5	-8.7	-9.0	-8.8
Non-monetary financial corporations	3,225	0.3	0.7	-0.4	1.2	1.3	1.2
Non-financial corporations	1,084	12.9	13.4	11.5	10.0	10.0	10.3
General government	7,292	4.1	2.6	3.6	3.4	3.0	3.3
of which:							
Central government	6,617	3.6	2.6	4.0	4.2	3.8	4.0
Other general government	675	9.1	2.4	-0.6	-3.8	-4.1	-2.6
Quoted shares	**5,498**	**1.0**	**0.8**	**0.6**	**1.1**	**1.1**	**1.3**
MFIs	563	5.2	3.0	2.5	7.8	7.7	7.1
Non-monetary financial corporations	454	2.6	2.6	2.6	1.6	0.9	0.9
Non-financial corporations	4,481	0.4	0.5	0.2	0.3	0.4	0.7

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

non-monetary financial corporations declined only marginally in November to 1.2%, after 1.3% in October.

The maturity breakdown of debt securities issued reveals that in November refinancing activity was concentrated on issuance in the long-term segment of the market, notably at fixed rates. The annual growth rate of long-term debt securities issuance increased to 0.4% from virtually nil in October. This reflected a 2.3% increase on a year-on-year basis (2.6% in October) in the issuance of fixed rate long-term debt securities, which more than compensated for a 5.8% decline in the issuance of floating rate long-term debt securities. This decline brings the number of consecutive months of negative growth in issuance of floating rate long-term debt securities to 16. The issuance of short-term debt securities contracted further by 10.2% after falling by 9.8% in October, on a year-on-year basis.

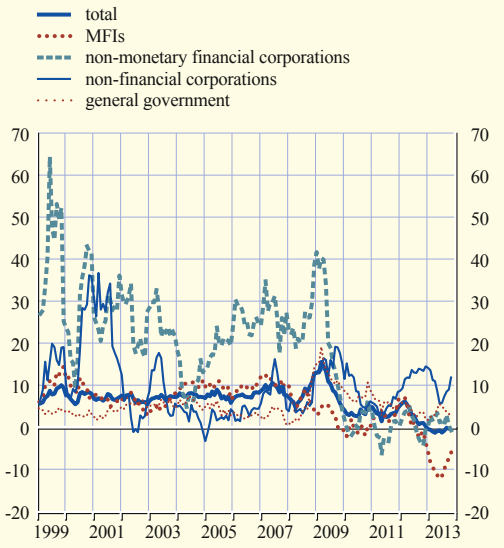
A shorter-term perspective reveals that the six-month annualised growth rate of debt securities issuance in November was -0.3%, only marginally lower than the previous month (see Chart 7). Across sectors, short-term developments followed patterns similar to those of longer-term dynamics. The growth rate of issuance by non-financial corporations increased to 12.1%, from 9.0% in October, while the ongoing contraction in issuance by MFIs decelerated somewhat, to -6.0% from -7.5% in October. In the case of non-monetary financial corporations and of the general government the corresponding growth rates decreased from 0.3% to -0.8% and from 3.2% to 2.3% respectively.

QUOTED SHARES

In November 2013 the annual growth rate of quoted shares issued by euro area residents stood at 1.3%, 0.2 percentage point higher than in October (see Chart 8). The annual growth rate of equity issuance increased

Chart 7 Sectoral breakdown of debt securities issued by euro area residents

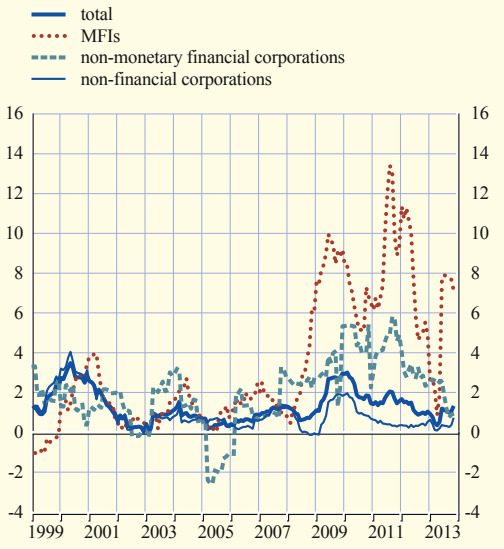
(six-month annualised growth rates; seasonally adjusted)



Source: ECB.

Chart 8 Sectoral breakdown of quoted shares issued by euro area residents

(annual growth rates)



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

by 0.3 percentage point, to 0.7%, for non-financial corporations and remained at 0.9% for non-monetary financial corporations. Finally, the annual growth rate of equity issuance by MFIs, while declining by 0.6 percentage point in comparison with its level in October, remained high at 7.1%, in a context of MFI balance sheet consolidation.

2.3 MONEY MARKET INTEREST RATES

In January and early February 2014 short-term money market interest rates increased slightly and were relatively volatile against the background of lower levels of excess liquidity. Longer-term rates remained broadly unchanged.

In the period from 8 January to 5 February 2014, the unsecured money market interest rate rose by 2 basis points for the one-month maturity and remained broadly unchanged for longer maturities. On 5 February, the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.22%, 0.29%, 0.39% and 0.55% respectively. Consequently, the spread between the twelve-month and one-month EURIBOR – an indicator of the slope of the money market yield curve – declined marginally, by 2 basis points, to stand at 33 basis points on 5 February (see Chart 9).

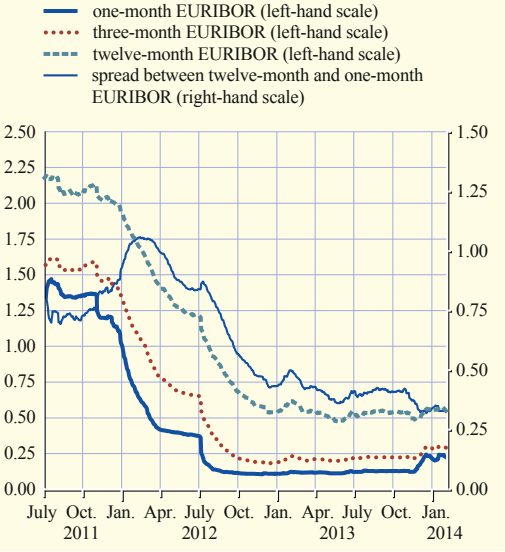
The interest rates implied by the prices of three-month EURIBOR futures maturing in March, June, September and December 2014 decreased by 6, 9, 11 and 13 basis points respectively in comparison with the levels seen on 8 January, standing at 0.25%, 0.22%, 0.23% and 0.25% respectively on 5 February. The three-month EONIA swap rate stood at 0.13% on the same date, 3 basis points lower than on 8 January. Thus, the spread between the three-month EURIBOR and the three-month EONIA swap rate increased by 3 basis points.

Between 8 January and the end of the 12th maintenance period of 2013 on 14 January 2014, the EONIA increased by 5 basis points, to around 0.15%, against the background of lower levels of excess liquidity and an environment of volatile trading, as well as receding market fragmentation. Since the start of the first maintenance period, the EONIA has remained broadly unchanged, trading with higher volatility at levels between 0.13% and 0.36% (see Chart 10).

Between 8 January and 5 February 2014, the Eurosystem conducted several refinancing operations. In the main refinancing operations of the first maintenance period of 2014, executed on 7, 14, 21 and 28 January, and on 4 February 2014, the Eurosystem allotted €112.5 billion, €94.7 billion, €116.3 billion, €115.6 billion and €95.1 billion respectively. The Eurosystem also carried out two longer-term refinancing operations (LTROs) in

Chart 9 Money market interest rates

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



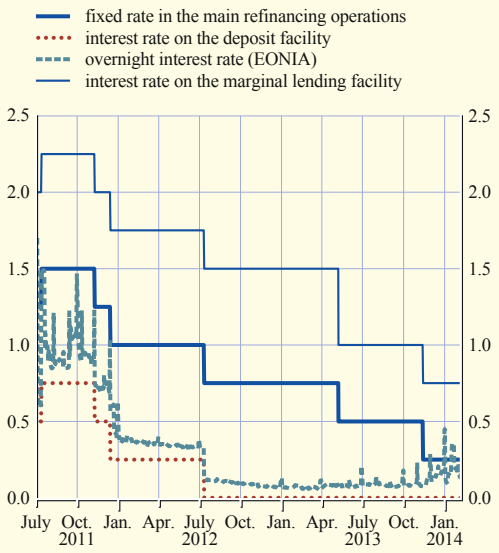
Sources: ECB and Thomson Reuters.

January, both as fixed rate tender procedures with full allotment, namely a special-term refinancing operation with a maturity of one maintenance period on 14 January (in which €7.1 billion was allotted) and a three-month LTRO on 29 January (in which €5 billion was allotted).

The Eurosystem also conducted five one-week liquidity-absorbing operations as variable rate tender procedures with a maximum bid rate of 0.25% on 7, 14, 21 and 28 January, and on 4 February 2014. In the first two and in the last of these operations, the ECB absorbed an amount equal to the outstanding value of purchases made under the Securities Markets Programme (which totalled €179 billion on 7 and 14 January, and €175.5 billion on 4 February). Instead, against the background of lower excess liquidity, the Eurosystem withdrew €152.1 billion and €151.2 billion in the operations that were carried out on 21 and 28 January.

Chart 10 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Thomson Reuters.

Moreover, counterparties opted to repay, on a weekly basis, funds borrowed in the three-year LTROs allotted on 21 December 2011 and 29 February 2012 before maturity. On 5 February 2014, a total of €454.1 billion had been repaid since 30 January 2013. Out of the total repayments, €264.8 billion was related to the LTRO allotted on 21 December 2011, and the remaining €189.3 billion was related to that allotted on 29 February 2012. Thus, of the €523 billion of net liquidity originally injected through the two three-year LTROs, around 87% has been repaid thus far.

Excess liquidity increased in the 12th maintenance period of 2013, averaging €204.6 billion, compared with €165.1 billion, on average, in the previous maintenance period. Higher outstanding open market operations accounted for around 75% of the increase in average excess liquidity, while lower autonomous factors accounted for around 25%. The net increase in outstanding open market operations in turn resulted, in the context of higher demand for precautionary liquidity buffers around the year-end, from higher recourse to the main refinancing operations (average increase of €34 billion) and lower absorption through fixed-term deposits (€28 billion), partly offset by the decline in outstanding LTROs (€32 billion). The latter was due mainly to three-year LTRO repayments. While average daily recourse to the deposit facility increased to €60.1 billion in the 12th maintenance period, from €48.3 billion in the previous maintenance period, average current account holdings in excess of reserve requirements increased from €116.9 billion to €144.8 billion.

Excess liquidity decreased to average levels of around €133 billion in the first week of the first maintenance period of 2014, mainly on account of lower outstanding open market operations, in particular lower recourse to the main refinancing operation. However, in the second and third weeks, excess liquidity increased to average levels of around €170 billion on account of higher recourse to the main refinancing operation and a reduction of the degree of sterilisation of the purchases under the Securities Market Programme through the liquidity-absorbing operation.

2.4 BOND MARKETS

Euro area and US government bond yields decreased in January and early February 2014, reflecting mixed economic data releases for the global economy as well as turbulence in several emerging markets. Intra-euro area sovereign bond yield spreads declined in most countries. Uncertainty about future bond market developments increased on both sides of the Atlantic. Finally, financial indicators of long-term inflation expectations in the euro area decreased slightly, while remaining fully consistent with price stability.

Between the end of December 2013 and 5 February 2014, AAA-rated long-term euro area government bond yields decreased by around 35 basis points to stand at about 1.8% on the latter date (see Chart 11). In the same period long-term government bond yields in the United States decreased by around 37 basis points to about 2.7%, while in Japan they decreased by around 14 basis points to around 0.6%.

In early January AAA-rated long-term euro area government bond yields remained broadly stable. They decreased thereafter, reflecting mixed global economic data and tensions in emerging markets, among others, in the context of the ongoing withdrawal of monetary accommodation by the Federal Reserve System. In the United States, long-term bond yields followed a similar pattern but exhibited slightly higher volatility.

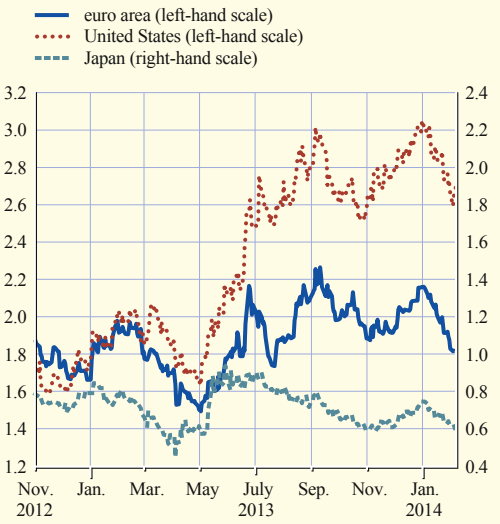
Investor uncertainty about near-term bond market developments, as measured by the implied volatility extracted from options on bond prices, increased in the euro area and in the United States during the period under review (see Chart 12). By early February implied volatility stood at around 5.6% in the euro area and at around 6.1% in the United States.

In the period under review long-term bond yields decreased in most euro area countries. Intra-euro area sovereign bond yield spreads vis-à-vis overnight indexed swap (OIS) rates also declined in most countries.

Developments in euro area real bond yields, as measured by the yields on inflation-linked government bonds,[1] were broadly similar to the developments in nominal bond yields described above. Real ten-year bond yields decreased by around 17 basis points to stand at around 0.3% on 5 February, while the real yields on five-year bonds decreased by around 12 basis points to around -0.25% (see Chart 13). As a result,

Chart 11 Long-term government bond yields

(percentages per annum; daily data)

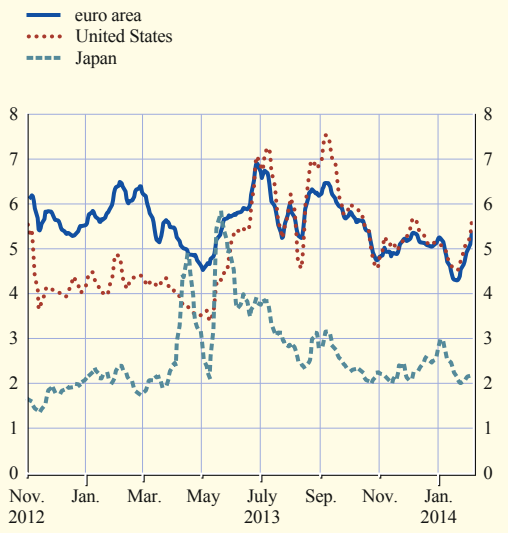


Sources: EuroMTS, ECB, Bloomberg and Thomson Reuters.
Notes: Long-term government bond yields refer to ten-year bonds or to the closest available bond maturity. The euro area bond yield is based on the ECB's data on AAA-rated bonds, which currently include bonds from Austria, Finland, Germany and the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

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

Chart 12 Implied government bond market volatility

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



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

Chart 13 Euro area zero coupon inflation-linked bond yields

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

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

real long-term forward interest rates in the euro area (five-year forward rates five years ahead) decreased by around 22 basis points, to stand at around 0.9% at the end of the review period.

In line with the fact that nominal yields declined more than real yields, financial market indicators of long-term inflation expectations in the euro area declined slightly during the period under review. The five-year and ten-year break-even inflation rates implied by inflation-linked bonds decreased slightly to stand at around 1.0% and 1.7% respectively. Accordingly, the five-year forward break-even inflation rate five years ahead decreased by around 14 basis points to stand at around 2.3% at the beginning of February (see Chart 14). The long-term forward inflation swap rate remained broadly stable over the period under review, standing at around 2.2% on 5 February. Overall, giving due consideration to both the inflation risk premium and the liquidity premium,

Chart 14 Euro area zero coupon break-even inflation rates and inflation-linked swap rates

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

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

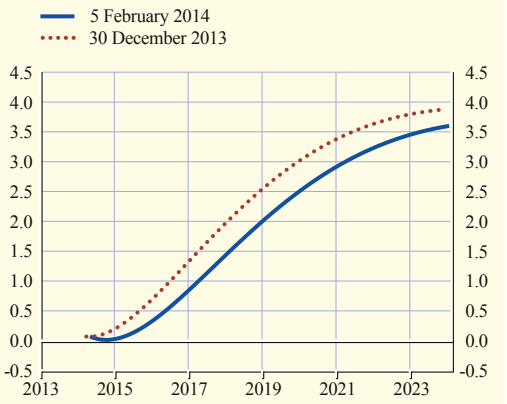
market-based indicators suggest that inflation expectations remain fully consistent with price stability.[2]

The term structure of implied forward overnight interest rates in the euro area shifted downwards during the period under review, mainly for bonds with medium to longer-term maturities (see Chart 15). This suggests that expectations regarding future short-term interest rates and related risk premia shifted downwards slightly over the review period.

The spreads of investment-grade bonds issued by corporations in the euro area (relative to the Merrill Lynch EMU AAA-rated government bond index) remained broadly unchanged for higher and lower rating classes in the review period, both for financial and non-financial sectors. Overall, corporate bond spreads for most rating classes remained below the levels recorded at the beginning of 2013.

Chart 15 Implied forward euro area overnight interest rates

(percentages per annum; daily data)



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

2.5 INTEREST RATES ON LOANS AND DEPOSITS

In December 2013 MFI lending rates on loans to non-financial corporations mostly declined for short and long interest rate fixation periods, and in particular for small loans. MFI lending rates on loans to households for house purchase, on the other hand, remained unchanged for both short and long interest rate fixation periods. MFI interest rates on long-term time deposits from both households and non-financial corporations decreased in December, whereas rates on short-term deposits remained broadly unchanged. Lending rate spreads vis-à-vis market rates narrowed, especially for long interest rate fixation periods.

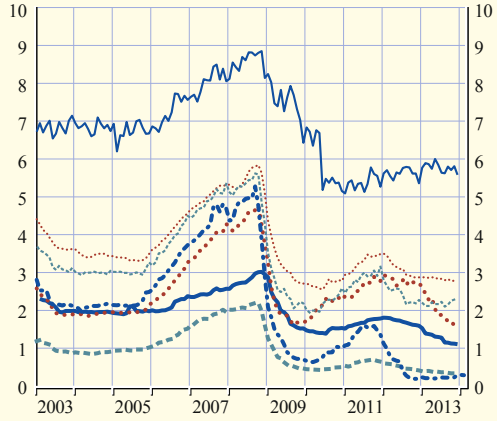
In December 2013 MFI interest rates on short-term deposits from both non-financial corporations and households remained broadly unchanged. Lending rates on loans with a floating rate and an initial rate fixation period of up to one year to households for house purchase also remained unchanged at 2.8%, whereas lending rates on consumer credit decreased by 23 basis points, to 5.6%. With respect to non-financial corporations, interest rates on large loans (defined as loans of more than €1 million) with short interest rate fixation periods remained broadly unchanged, at 2.3%, while those on small loans (i.e. loans of up to €1 million) with short interest rate fixation periods fell by 5 basis points, to 3.8% (see Chart 16). Accordingly, the spread between interest rates on small loans to non-financial corporations with short fixation periods and the corresponding interest rates on large loans decreased further in December, to 150 basis points, but remained considerably above its historical average since 2003. The magnitude of the spread continues to suggest that financing conditions remain tighter for small and medium-sized enterprises than for large firms.

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

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

(percentages per annum; rates on new business)

- deposits from households redeemable at notice of up to three months
- deposits from households with an agreed maturity of up to one year
- overnight deposits from non-financial corporations
- loans to households for consumption with a floating rate and an initial rate fixation period of up to one year
- loans to households for house purchase with a floating rate and an initial rate fixation period of up to one year
- loans to non-financial corporations of over €1 million with a floating rate and an initial rate fixation period of up to one year
- three-month money market rate

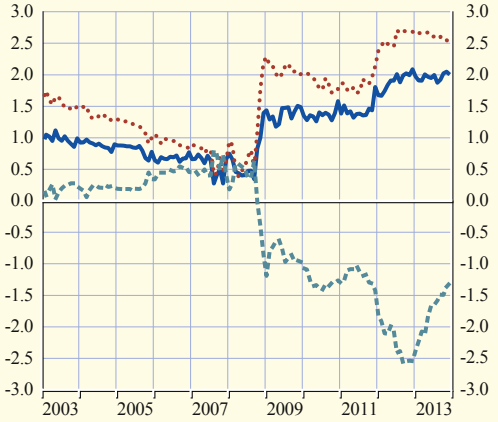


Source: ECB.
Notes: Data as of June 2010 may not be fully comparable with those prior to that date owing to methodological changes arising from the implementation of Regulations ECB/2008/32 and ECB/2009/7 (amending Regulation ECB/2001/18).

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

(percentage points; rates on new business)

- loans to non-financial corporations of over €1 million with a floating rate and an initial rate fixation period of up to one year
- loans to households for house purchase with a floating rate and an initial rate fixation period of up to one year
- deposits from households with an agreed maturity of up to one year



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

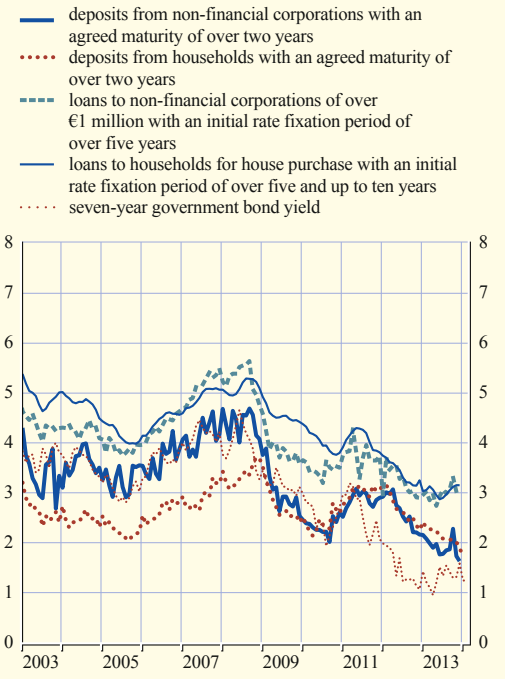
Overall, given that the three-month EURIBOR increased somewhat in December, the spread between MFI interest rates on loans with short fixation periods to households and the three-month money market rate decreased by 5 basis points to 250 basis points; the corresponding spread for interest rates on large loans with short fixation periods to non-financial corporations also narrowed by 5 basis points, to 201 basis points (see Chart 17).

Since the beginning of 2013, MFI interest rates on small loans with short fixation periods to non-financial corporations have remained broadly stable, while corresponding rates on large loans have increased somewhat. MFI interest rates on loans with short fixation periods to households for house purchase have decreased by around 10 basis points. The reductions in key ECB interest rates, together with the effects of the non-standard monetary policy measures implemented or announced by the ECB, are gradually being passed through to bank lending rates. At the same time, the fragmentation of euro area credit markets and weak economic conditions are still putting pressure on bank lending rates in some euro area countries.

Turning to longer maturities and longer interest rate fixation periods, MFI interest rates on long-term deposits from both households and non-financial corporations decreased in December. In particular, they fell by 12 basis points, to 1.9%, in the case of households and by 10 basis points, to 1.6%, in that of non-financial corporations. Interest rates on loans to households for house purchase with long interest rate fixation periods remained unchanged at 3.2% in December. Rates on small loans to non-financial corporations with long interest rate fixation periods decreased by 10 basis points, to 3.3%, while those on large loans to non-financial corporations declined by 7 basis points, to stand at 3.0% (see Chart 18). Hence, the spread between rates with long interest rate fixation periods on small loans and those on large loans narrowed slightly to 31 basis points in December. As the yields on AAA-rated seven-year government bonds increased by 27 basis points in December, to 1.6%, the spreads between lending rates with long interest rate fixation periods and the yields on such bonds narrowed for housing loans (by 27 basis points) and for small and large loans to non-financial corporations (by 37 and 34 basis points respectively).

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

(percentages per annum; rates on new business)



Source: ECB.
Notes: 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).

Overall, in 2013 the spread between lending rates with long interest rate fixation periods and the yields on AAA-rated seven-year government bonds fell, mostly in the period between May and December. It declined to 170 and 140 basis points respectively in the case of small and large loans to non-financial corporations, and to 160 basis points in the case of loans to households for house purchase. In comparison with the levels reached in 2012, the strongest decline in spreads was observed for small loans to non-financial corporations.

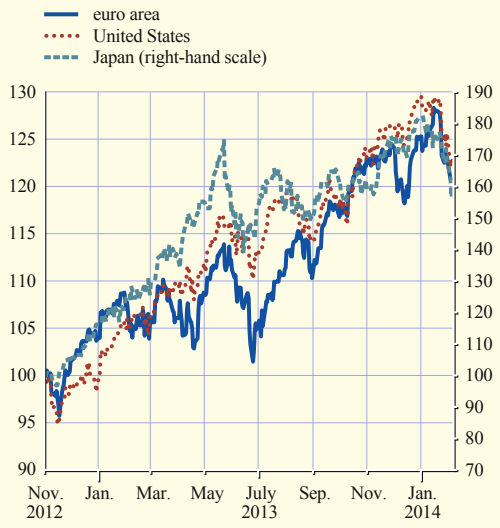
2.6 EQUITY MARKETS

Between the end of 2013 and 5 February 2014 stock prices decreased by around 4% in the euro area and by around 5% in the United States. Developments in stock markets were mainly affected by mixed economic data releases as well as tensions in several emerging markets. Overall uncertainty in stock markets, as measured by implied volatility, increased in both the euro area and the United States.

Between the end of 2013 and 5 February 2014, stock prices in three major markets decreased. Stock prices in the euro area, as measured by the broad-based Dow Jones EURO STOXX index, decreased by around 4%. Over the same period stock prices in the United States, as measured by the

Chart 19 Stock price indices

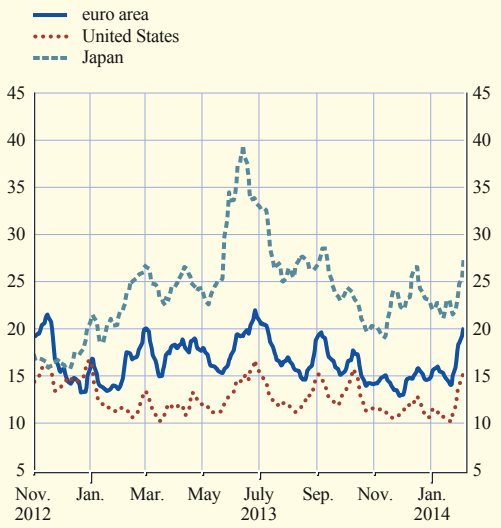
(index: 1 November 2012 = 100; daily data)



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

Chart 20 Implied stock market volatility

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



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

Standard & Poor's 500 index, decreased by around 5%, while stock prices in Japan, as measured by the Nikkei 225 index, decreased by around 13% (see Chart 19).

During the first two weeks of January, stock prices in the euro area increased slightly, while stock prices in the United States remained broadly stable. In the second half of the month and in early February, declines in the euro area stock indices, as well as in other large equity market indices, were recorded. These declines mainly reflected mixed economic data releases and tensions in several emerging markets.

The decline in euro area stock prices was observed in all sectors, with the exception of the financial and utility sectors. Financial stock prices remained broadly stable, while overall non-financial stock prices declined by 4%, with the technology sector lagging most in terms of performance. In the United States, the declines in stock prices were broadly similar across sectors, with the exception of the healthcare and utility sectors, where stock prices remained broadly unchanged. In Japan, stock price decreases were also broadly based across sectors, with particularly strong decreases recorded for financial stocks.

Stock market uncertainty in the euro area, as measured by implied volatility, increased from around 15% at the end of 2013 to around 21% on 5 February 2014 (see Chart 20). In the United States, it increased from around 12% to around 16% over the same period. Implied volatility in Japan also increased slightly, remaining somewhat elevated in comparison with previous years.

Box 5

INTEGRATED EURO AREA ACCOUNTS FOR THE THIRD QUARTER OF 2013[1]

The integrated euro area accounts, released on 28 January 2014 and covering data up to the third quarter of 2013, offer comprehensive information on the income, spending, financing and portfolio decisions of institutional sectors in the euro area. The euro area's external surplus reached a historical high in the third quarter of 2013, mainly reflecting weak internal demand. Households' nominal income growth accelerated significantly, helping to stabilise real income. Their saving rate remains close to record lows, while the contraction in housing investment moderated again. Non-financial corporations (NFCs) remained in an unusual net lending position. Retained earnings rose at a slow pace, and capital formation increased slightly, as restocking more than compensated for the moderating fall in fixed investment. Business margins remained at very low levels. The government deficit was stable, although it edged down when capital transfers to banks are excluded. Regarding developments in indebtedness, debt-to-GDP ratios remained at high levels for all euro area sectors, although they declined slightly. However, the situation was more favourable when leverage, another measure of indebtedness, is considered. The trend towards strong NFC deleveraging resumed in the third quarter. Financial corporations' capital ratios again increased to very high levels. Households' net wealth rose in year-on-year terms, as net savings and equity gains more than offset falling house prices.

Euro area income and net lending/net borrowing

In the third quarter of 2013, the annual growth rate in nominal disposable income in the euro area increased anew (to 1%, year on year), reflecting the recovery in real GDP growth. This acceleration benefited primarily households' income (see Chart A).

With euro area consumption rising at broadly the same pace as income, growth in euro area gross saving again increased very slowly in the third quarter of 2013. The household saving ratio edged up marginally from historical lows, and NFCs increased their retained earnings slightly. The government sector stopped reducing its dissaving. The pace of year-on-year decline in fixed capital formation by both NFCs and households in the euro area moderated again in the third quarter, to -1.6% and -1.1% respectively, compared with -2.9% and -2.1% in the previous quarter, while fixed capital formation by the government returned to positive territory (0.6%). Moderate restocking resumed in the third quarter, so that euro area capital formation was broadly unchanged, year on year.

Chart A Gross disposable income in the euro area – contribution by sector

(annual percentage changes; percentage point contributions)

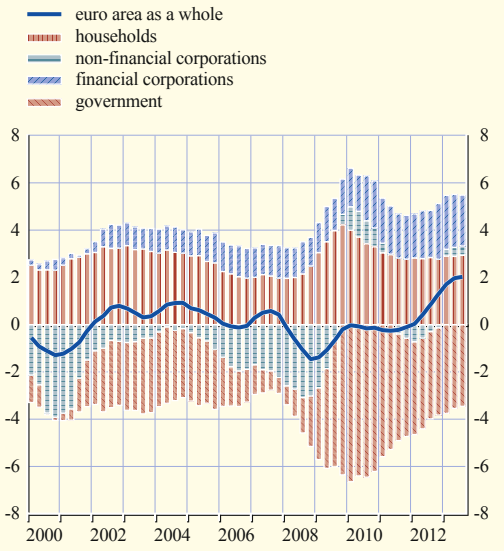
Sources: Eurostat and ECB.

1 Detailed data can be found on the ECB's website (available at http://sdw.ecb.europa.eu/browse.do?node=2019181).

With euro area capital formation broadly stable and savings growing slowly, net lending stabilised in the third quarter, standing at 2% of GDP on a four-quarter-sum basis, the highest aggregate level recorded for the euro area countries since at least 1970. This stabilisation resulted from a further improvement in net trade that was offset by a fall in net property income earned. From a sectoral point of view, it reflected broadly unchanged sectoral balances (see Chart B). NFCs continue to show an unusual net lending position. The lack of any further reduction of the government deficit largely reflected significant capital transfers to banks, which in turn inflated the net lending position of financial corporations. On the financing side, cross-border flows remained subdued, with non-residents continuing to substitute deposits for debt securities and equity in the third quarter.

Chart B Net lending/net borrowing of the euro area

(percentages of GDP; four-quarter moving sums)



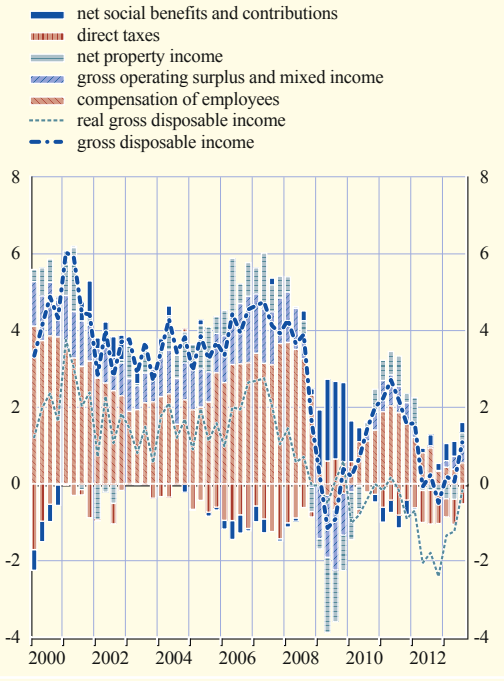
Sources: Eurostat and ECB.

Behaviour of institutional sectors

Households' nominal income growth accelerated significantly in the third quarter of 2013 (to 1.1%, year on year, after 0.1% in the second quarter), as a result of an upturn in net property income earned and an accelerated increase in the gross operating surplus and mixed income, as well as (to a lesser extent) in compensation of employees (see Chart C). The fiscal drag (households' net transfers to and from government) again reduced annual income growth by 0.2 percentage point in the third quarter. Coupled with weak price dynamics, the decline in real income virtually came to a halt (after it had bottomed-out at -2.4% in the fourth quarter of 2012). With nominal consumption growing at a somewhat slower pace than income, the household saving ratio rose slightly from its record low, to 13.1% in seasonally adjusted terms in the third quarter (see Chart D). The pace of contraction of housing investment moderated again, resulting in a marginal increase, on a four-quarter-sum basis, in households' net lending. Growth in household financing remained at very low

Chart C Households' nominal gross disposable income

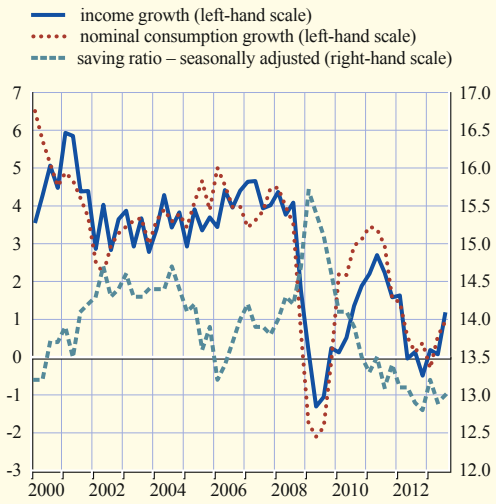
(annual percentage changes; percentage point contributions)



Sources: Eurostat and ECB.

Chart D Households' income, consumption and saving ratio

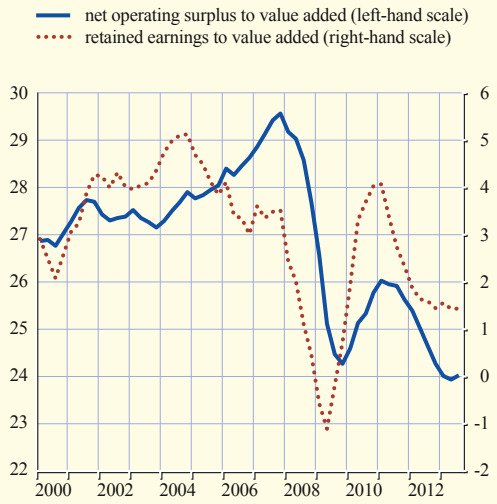
(annual percentage changes; percentage of gross disposable income, seasonally adjusted)



Sources: Eurostat and ECB.

Chart E Non-financial corporations' margins

(percentages, four-quarter average)



Sources: Eurostat and ECB.

levels, as borrowing from banks remained weak. On the asset side, households continued to shift portfolio holdings into bank deposits, insurance technical reserves and mutual fund shares, away from debt securities. The household debt ratio declined, as did the leverage ratio, as net wealth rebounded somewhat, year on year, reflecting net saving and gains on equity that together exceeded holding losses on housing (see Chart H).

The growth of the gross operating surplus of *NFCs* increased further in the third quarter, to 2.4%, year on year, since the recovery of value added outpaced that of wages. Business margins, as measured by the net operating surplus (i.e. net of consumption of fixed capital)[2] in terms of value added, remained at the low reached in the first quarter of 2013, 1 percentage point below the post-Lehman trough (four-quarter sums – see Chart E). At the same time, a number of factors, including low (and falling) net interest paid and relatively low (but increasing) net dividends paid, continued to contribute to keeping NFC savings (retained earnings) at relatively elevated levels. The pace of decline in fixed capital expenditure moderated slightly, to -2.1%, year on year, with NFC investment, expressed as a proportion of value added, remaining close to its historical low. At the same time, as businesses restocked somewhat on a seasonally adjusted basis in the third quarter, possibly signalling a reversal in the inventory cycle, NFCs' capital formation increased slightly on a year-on-year basis. NFCs retained their unusual net lending position (see Charts B). Substituting for contracting bank lending (-€145 billion over four quarters, in net terms), NFCs continued to tap the bond market (€89 billion) and the stock market (€20 billion) for financing, and to borrow rather actively from other financial corporations

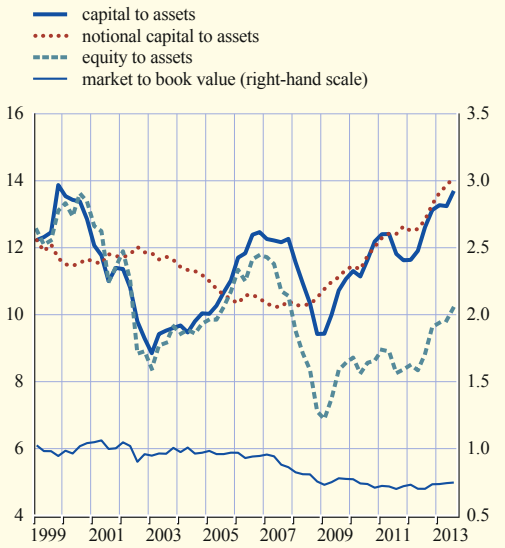
2 When measuring firms' profitability on the basis of the national accounts data, the focus should be on the net operating surplus, rather than on the gross operating surplus, because consumption of fixed capital (i.e. the amortisation of plant and equipment over several years) should be excluded. Given that consumption of fixed capital represents a fixed cost of business, it tends to move exogenously and steadily throughout the business cycle. As a result, a measure of net profit tends to be more sensitive to the business cycle than a measure of gross profits.

(€119 billion), largely reflecting corporate bond issuance via conduits, but also, to a major extent, one-off operations related to bank restructuring in Spain. Intra-sector lending, comprising loans extended by other NFCs and the bulk of trade credits (which are important for small and medium-sized enterprises that face bank financing constraints), remained subdued in the third quarter. NFCs continued to build up their liquidity buffers (which stand at €2.7 trillion). The significant deleveraging process continued, helped by valuation gains on equity held by NFCs (see Chart G).

The *government* deficit was stable in the third quarter (3.5% of GDP on a four-quarter-sum basis), although it edged down when significant bank recapitalisations are excluded (0.6% of GDP). Growth in receipts moderated. Excluding capital transfers, government expenditure picked up somewhat, to 2.4% in nominal terms. Although the increase in compensation of employees remained limited (0.3%, year on year), the growth of other components of current spending was much higher. Investment expenditure expanded slightly, posting the first positive year-on-year growth since the third quarter of 2009. Debt issuance continued to fund large deficits, as well as significant, albeit falling, net purchases of financial assets.

Chart F Capital ratios of financial institutions excluding mutual funds

(percentage of total assets)



Source: ECB.
Notes: "Equity" comprises here 'shares and other equity' other than 'mutual fund shares'. "Capital" is defined as the difference between financial assets and liabilities other than equity. Assets and liabilities are valued at market value. The ratio of "notional capital to assets" is calculated on the basis of transactions in capital and assets, i.e. excluding holding gains/losses on (changes in prices of) assets and liabilities.

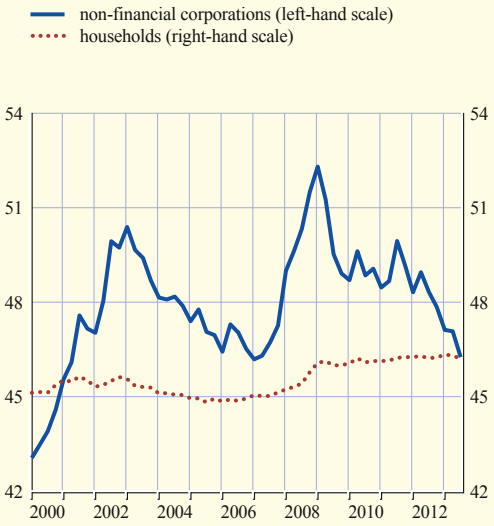
In the third quarter of 2013, the disposable income of *financial corporations* continued to decline year on year, albeit at a slower pace, as value added and net interest earned (taken together) continued to contract, and as tax payments rose. In this context, the high net lending position of financial corporations moderated somewhat on a four-quarter-sum basis, notwithstanding the high capital transfers received from government over the year. Financial corporations' net assets at market value (an aggregate measure of "capital") increased, reflecting holding gains, still sizeable net retained earnings (€36 billion in the third quarter) and capital transfers received. Equity issuance remained low, also reflecting sizeable disinvestment in special-purpose entities. Financial corporations' capital ratios are now particularly elevated (see Chart F). The stock market valuation of financial corporations increased more than the market value of their net assets, but still remains significantly lower than the latter, reflecting continued market distrust. Financial corporations' financial investment growth moderated to very low levels on a consolidated basis.

BALANCE SHEET DYNAMICS

In relation to developments in indebtedness, debt-to-GDP ratios continued to fall very slowly across sectors, but remained at high levels in all of them. The picture is more favourable, however, when leverage, another measure of indebtedness, is considered: debt-to-asset ratios

Chart G Sectoral leverage

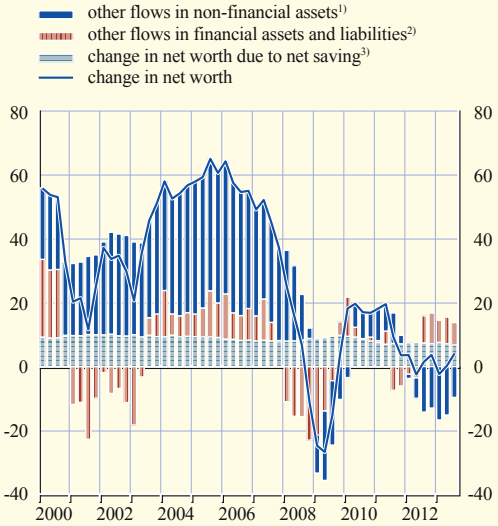
(percentages of assets)



Sources: Eurostat and ECB.
Notes: Calculated as a ratio of total debt liabilities to total assets. Total assets comprise all financial assets and most non-financial assets.

Chart H Change in the net worth of households

(four-quarter moving sums; percentages of gross disposable income)



Sources: Eurostat and ECB.
Notes: Data on non-financial assets are estimates by the ECB.
1) Mainly holding gains and losses on real estate (including land).
2) Mainly holding gains and losses on shares and other equity.
3) This item comprises net saving, net capital transfers received and the discrepancy between the non-financial and the financial accounts.

(including non-financial assets) fell in all four sectors (NFCs, financial corporations, households and government) in the third quarter of 2013, although the pace differed. The international investment position (i.i.p.)[3] of the euro area improved again, to -19.3% of GDP.

The trend towards substantial NFC deleveraging resumed in the third quarter, owing to holding gains on equity held in the quarter (see Chart G). Households' leverage edged down from high levels, as the net wealth of households rebounded, increasing, year on year, by the equivalent of 4.1% of their income. The positive impact of net saving (6.8% of their annual income up to the third quarter of 2013), and of holding gains (over one year) on their financial portfolios (7.0% of income), more than compensated for the significant holding losses on non-financial assets (housing: -9.7% of income) (see Chart G). Financial corporations' notional capital ratios increased again, to very high levels (see Chart F).

3 The i.i.p. measures the net asset position of residents vis-à-vis non-residents: assets net of liabilities (including equity).

3 PRICES AND COSTS

According to Eurostat's flash estimate, euro area annual HICP inflation was 0.7% in January 2014, after 0.8% in December. This decline was mainly due to energy price developments. At the same time, the inflation rate in January 2014 was lower than generally expected. On the basis of current information and prevailing futures prices for energy, annual HICP inflation rates are expected to remain at around current levels in the coming months. Over the medium term, underlying price pressures in the euro area are expected to remain subdued. Inflation expectations for the euro area over the medium to long term continue to be firmly anchored in line with the aim of maintaining inflation rates below, but close to, 2%. Both upside and downside risks to the outlook for price developments remain limited, and they continue to be broadly balanced over the medium term.

3.1 CONSUMER PRICES

Looking at the latest data, according to Eurostat's flash estimate, euro area annual HICP inflation was 0.7% in January 2014, after 0.8% in December 2013. The decline in the headline inflation rate reflected, in particular, a decline in the energy component (see Table 7).

Looking at the main components of the HICP in more detail, the decline in energy price inflation, from 0.0% in December 2013 to -1.2% in January 2014, largely reflects base effects, which were also behind the increase to 0.0% in December, up from a negative annual rate of change of -1.1% in November.

Box 6 discusses how base effects will influence the path of the annual inflation rate over the course of 2014. It is estimated that the cumulative impact of these base effects will have an upward impact of around 0.5 percentage point on annual HICP inflation over the period from December 2013 to December 2014.

Eurostat's flash estimate of inflation for the total food component, which covers both processed and unprocessed food prices, was 1.7% in January 2014, after 1.8% in December 2013. No official information is yet available with regard to the breakdown of the food component for January. In December unprocessed food price inflation rose to 1.5%

Table 7 Price developments

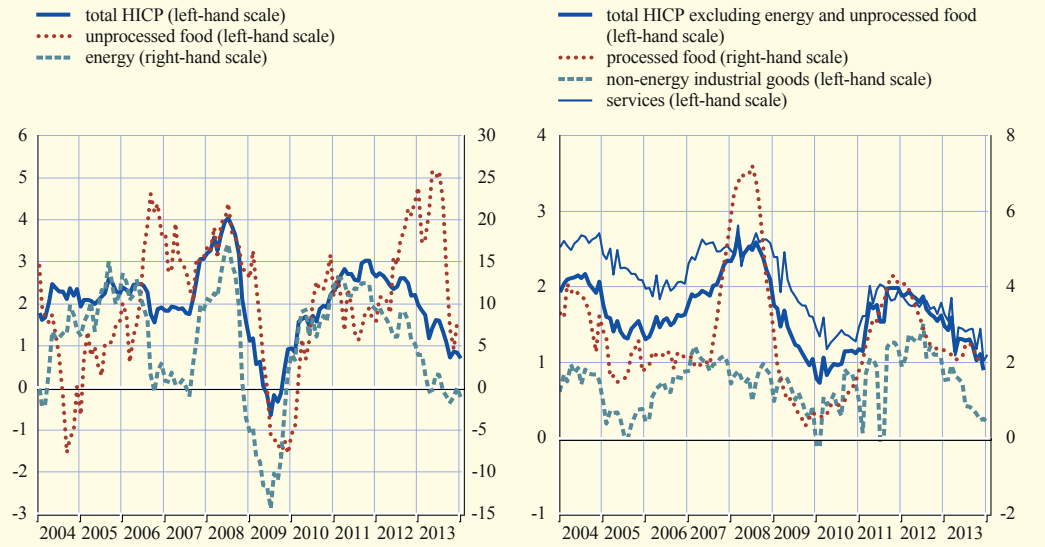
(annual percentage changes, unless otherwise indicated)

	2012	2013	2013 Aug.	2013 Sep.	2013 Oct.	2013 Nov.	2013 Dec.	2014 Jan.
HICP and its components[1]								
Overall index	2.5	1.4	1.3	1.1	0.7	0.9	0.8	*0.7*
Energy	7.6	0.6	-0.3	-0.9	-1.7	-1.1	0.0	*-1.2*
Food	3.1	2.7	3.2	2.6	1.9	1.6	1.8	*1.7*
Unprocessed food	3.0	3.5	4.4	2.9	1.4	0.9	1.5	.
Processed food	3.1	2.2	2.5	2.4	2.2	2.0	2.0	.
Non-energy industrial goods	1.2	0.6	0.4	0.4	0.3	0.2	0.3	*0.2*
Services	1.8	1.4	1.4	1.4	1.2	1.4	1.0	*1.1*
Other price indicators[2]								
Industrial producer prices	2.8	-0.2	-0.9	-0.9	-1.3	-1.2	-0.8	.
Oil prices (EUR per barrel)	86.6	81.7	82.6	83.0	80.0	80.0	80.8	78.8
Non-energy commodity prices	0.5	-8.2	-12.9	-12.9	-12.2	-11.7	-11.4	-9.3

Sources: Eurostat, ECB and ECB calculations based on Thomson Reuters data.
1) HICP inflation and its components (excluding unprocessed food and processed food) in January 2014 refer to Eurostat's flash estimates.
2) Data refer to the Euro 18.

Chart 21 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

from 0.9% in November, interrupting the downward trend that had started in mid-2013. This increase was driven mainly by a sharp increase in the annual rate of change in vegetable prices, while the prices of the remaining unprocessed food items (meat, fish and fruit) either declined marginally or remained stable. Processed food price inflation remained unchanged at 2.0% in December, but this concealed countervailing developments in the annual rates of increase in its subcomponents. In contrast to the unprocessed food price component, the annual rate of change in the processed food price component has remained fairly stable over the last year.

According to Eurostat's flash estimate, HICP inflation excluding all food and energy items (the latter together account for around 30% of the HICP basket of goods and services) increased to 0.8% in January 2014, after 0.7% in December 2013. This slight increase may be related to a more limited than expected pass-through of increases in indirect taxes. Non-energy industrial goods price inflation is estimated to have declined to 0.2% in January 2014, down from 0.3% in December 2013, while over the same period services price inflation is estimated to have edged up to 1.1% from 1.0%. Over the past few months, the annual rates of change in both non-energy industrial goods and services prices have hovered at low levels, from a historical perspective. This reflects lagged price responses to the cyclical weakness of the euro area economy, but possibly also the low pass-through of recent VAT increases in some countries.

Box 6

BASE EFFECTS FROM THE VOLATILE COMPONENTS OF THE HICP AND THEIR IMPACT ON HICP INFLATION IN 2014

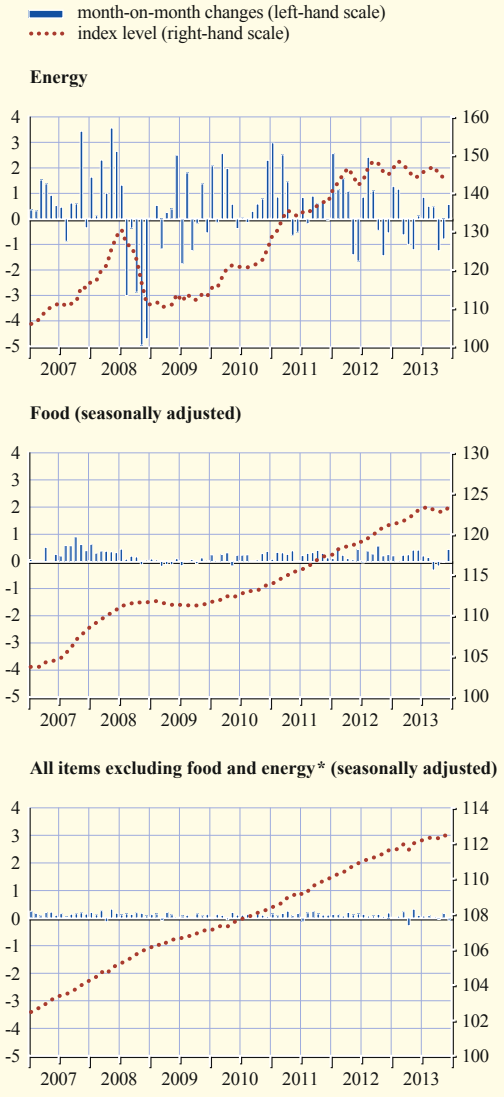
The energy and food components are the most volatile in the HICP basket of goods and services, as energy and food prices react quickly and strongly to commodity price and other supply-side shocks. Indeed, looking beyond any regular seasonality, the volatility of the month-on-month changes in energy prices, as measured by the standard deviation, is fifteen times higher than that in all items excluding food and energy, while that in food prices is twice as high (see Chart A). This box discusses how the changes in energy and food prices in 2013 may influence the path of the annual HICP inflation rate in 2014 through so-called base effects.

Base effects occur when variations in the annual growth rate of an economic indicator, in this case the HICP, are attributable to an atypical movement in the index 12 months earlier as a result of significant changes in commodity prices, for instance.[1] More specifically, they explain the extent to which the change from one month to the next in the year-on-year rate of inflation results from the "dropping out" of an unusual month-on-month change from the price index 12 months earlier. When analysing developments in the annual inflation rate, it is important to distinguish the effects of these unusual month-on-month changes that occurred 12 months earlier from those that occurred in the latest month (i.e. the actual monthly "news").

Chart B shows the estimated contribution of base effects from the energy and food components of the HICP to the change in the annual inflation rate from one month to the next over the period from January

Chart A HICP components

(monthly percentage changes; index: 2005 = 100)



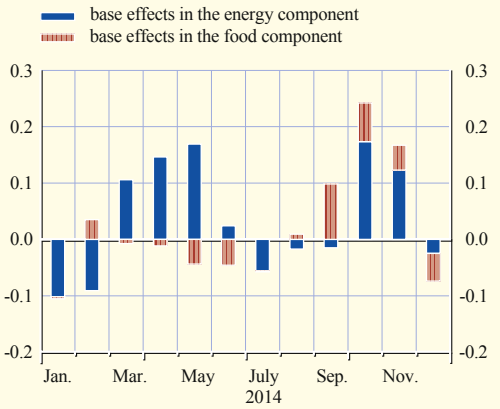
Sources: Eurostat and ECB calculations.
* Comprises the services and non-energy industrial goods components of the HICP.

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

to December 2014.[2] The contribution of base effects stemming from energy prices is estimated to be negative in the first two months of the year, before turning positive and remaining so in the majority of the remaining months. The base effects stemming from food prices are estimated to be considerably more modest than those stemming from energy prices, with the exception of the relatively stronger upward base effects that will materialise in September and October 2014, reflecting the sharp decrease in the prices of fruit and vegetables in the same months of 2013. In absolute terms, the average impact of the base effects for 2014 is slightly lower than in the past two years and below the average since 1999.

Chart B Contribution of base effects in the energy and food components to the monthly change in annual HICP inflation in 2014

(percentage points)



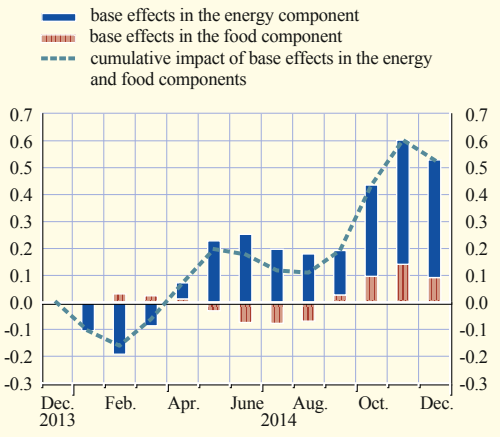
Sources: Eurostat and ECB calculations.

Chart C shows the cumulative impacts of base effects on the changes in the annual growth rates of the HICP over the 12 months starting fromDecember 2013. It is estimated that these base effects will have a cumulative upward impact of around 0.5 percentage point on annual HICP inflation over the period from December 2013 to December 2014. This will mostly reflect the contribution of the base effects stemming from energy prices, as that from food prices will remain modest in absolute terms. The impact of base effects in 2014 is factored into the Eurosystem/ECB staff macroeconomic projections for the level and pattern of HICP inflation during the year.

Overall, upward base effects stemming from past changes in energy and food prices are one factor that will influence the profile of HICP inflation over the coming months. Additional mechanical impacts include those associated with developments in indirect tax rates that increase price levels on a one-off basis and thus drop out of the annual inflation rate after 12 months. Assuming full and immediate pass-through, changes in indirect tax rates in some euro area countries had, for instance, an upward impact on HICP inflation of, on average, 0.3 percentage point in 2013. Such increases in indirect tax rates will most likely also play a role in 2014, adding to the base effects stemming from energy and food prices. As a result of the tax impacts still at work from measures introduced in 2013, together with

Chart C Cumulative impact of base effects in the energy and food components in 2014

(percentage points)



Sources: Eurostat and ECB calculations.

2 Identifying and estimating base effects is not a straightforward task. Defining a base effect as stemming from atypical influences affecting the price index 12 months earlier involves calculating the deviation in the month-on-month rate of change in the base period from its usual pattern. There is no commonly agreed way of identifying such atypical influences on inflation. For the purposes of this box, the usual pattern of month-on-month changes in the HICP is computed for each month by adding an estimated seasonal effect to the average month-on-month change observed since January 1995.

those from measures announced for 2014, the mechanical upward impact for 2014 is estimated to be, on average, 0.2 percentage point. Looking at the monthly profile, it is expected to be slightly stronger in the first three quarters of the year than in the last quarter, as the effects of the increase in the value added tax rate in Italy in October 2013 will drop out. However, these mechanical impacts are likely to represent an upper bound, with actual impacts depending, among other things, on firms' pricing strategies and the strength of consumer demand. In any case, beyond such mechanical impacts, future inflation developments will, of course, also depend on other factors, such as the strength of consumer demand and different cost pressures.

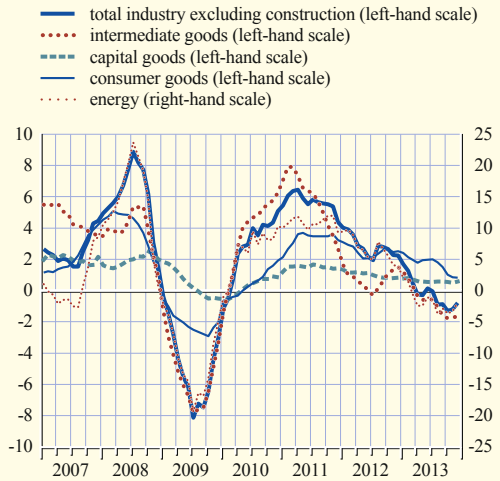
3.2 INDUSTRIAL PRODUCER PRICES

Industrial producer price inflation excluding construction continued to hover in negative territory and stood at -0.8% in December 2013, after -1.2% in November (see Table 7 and Chart 22). Excluding construction and energy, the annual rate of change in industrial producer prices was unchanged, at -0.3% in December 2013.

Pipeline pressures on consumer prices for non-energy industrial goods remained relatively stable, albeit at a subdued level. The annual rate of change in the non-food consumer goods component of the PPI increased marginally to 0.2% in December 2013, up from 0.1% in November, bringing to a halt the earlier downward trend. Turning to the Purchasing Managers' Index (PMI), the retail survey index of input prices for non-food stores (on a three-month moving average basis) continued to hover around its historical average in January 2014, confirming the picture of subdued pipeline pressures. Earlier in the price chain, the annual rate of change in the intermediate goods component of the PPI remained at -1.7% in December, which is slightly above the trough reached in October. The annual rates of change in raw materials prices and crude oil prices in euro terms declined further in January 2014 compared with December.

Chart 22 Breakdown of industrial producer prices

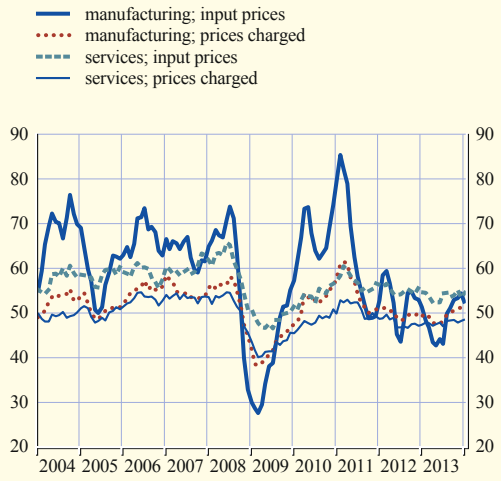
(annual percentage changes; monthly data)



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

Chart 23 Producer input and output price surveys

(diffusion indices; monthly data)



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

Pipeline pressures on consumer food prices also remained stable, although at a somewhat higher level than in the case of non-energy industrial goods prices. The annual rate of change in the food component of the PPI remained unchanged at 0.9% in December, after being close to 4% at the start of 2013. In January the PMI survey showed that input prices for food retailers declined further, falling to below their long-term average for the first time since July 2013. Earlier in the price chain, there has been no further decrease in pipeline pressures on consumer food prices, with both the annual rate of change in EU farm gate prices and that in international food commodity prices in euro terms becoming less negative.

The latest survey-based information confirms that pipeline pressures on consumer prices for non-energy industrial goods remain subdued and that those on consumer prices for processed food are moderating. With regard to the headline PMI (see Chart 23), the input price index for the manufacturing sector fell from 54.4 in December 2013 to 52.2 in January 2014, while the output price index declined from 51.2 to 50.8 over the same period. According to the European Commission survey, selling price expectations for total industry remained broadly stable in January, at a level below the long-term average since 1999.

Box 7 discusses new indicators of commercial property prices that represent a first step towards monitoring developments in commercial property prices across the EU on a less heterogeneous basis than has so far been the case.

Box 7

EXPERIMENTAL INDICATORS OF COMMERCIAL PROPERTY PRICES

Commercial property, as part of the wider real estate sector, is generally defined as income-producing property. It encompasses office buildings, retail establishments (e.g. restaurants, shopping centres and hotels), industrial buildings (e.g. warehouses and factories), and residential property that is being leased or developed for commercial purposes. Indicators that capture the development over time of commercial property prices are needed by a wide range of users. Commercial property markets play an important role in the real economy and are also important for financial stability analysis, primarily owing to banks' large loan exposures to commercial property.

In November 2010 a clear impulse for developing statistics on indicators of commercial property prices came from the IMF and the Financial Stability Board, supported by the Inter-Agency Group on Economic and Financial Statistics.[1] Thus, the ESCB has taken practical steps to develop commercial property price indicators for the EU. This box presents the first results of, and the methodology used for, experimental indicators of commercial property prices published by the ECB.

Potential uses of the data

Measures of commercial property prices can provide valuable input to both monetary policy and financial stability analyses. This reflects the role that these prices can play in the monetary transmission mechanism and the assessment of the asset quality of bank balance sheets.

1 The Inter-Agency Group is composed of the Bank for International Settlements, the European Central Bank, the European Commission (Eurostat), the International Monetary Fund, the Organisation for Economic Co-operation and Development, the United Nations and the World Bank. See http://www.principalglobalindicators.org/about_iag.aspx for more information.

The role of commercial property prices in the transmission mechanism is similar to that of other asset prices. Commercial property prices may move in response to changes in financing conditions and expectations triggered by monetary policy actions. Changes in commercial property prices would primarily impact on investment decisions by firms as well as their financial health as evidenced by their balance sheets and consequently their financing conditions.

It has been observed that commercial property prices are prone to boom and bust cycles, and may have a marked effect on output and demand, as well as having a direct impact on the balance sheets of financial institutions. This link to boom and bust cycles means that commercial property market developments play a key role in financial stability analysis. Such developments were arguably among the causes of the financial crises observed in Nordic countries and in the United States in the early 1990s, in Asian economies in the late 1990s and, more recently, in Ireland and Spain as part of the global financial crisis that erupted in 2008. Indeed, commercial property prices have seen higher rises than would be explained by macroeconomic fundamentals, followed by sharp falls.[2]

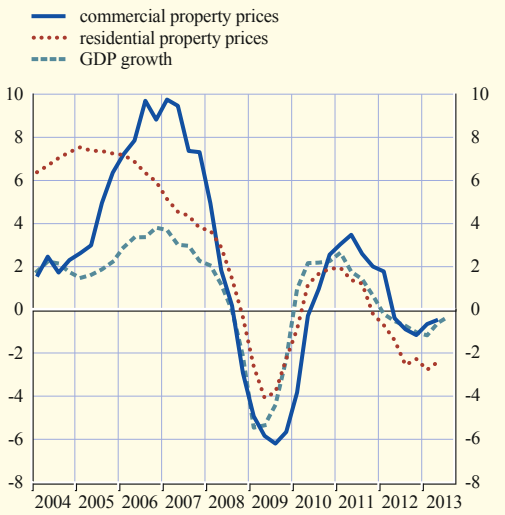
First results

The ESCB has developed experimental indicators of commercial property prices, along with suitable metadata to ensure that the data are used appropriately. The indicators,[3] which are being published for the first time in this box, will be produced at a quarterly frequency around 65 days after the end of each quarter. The euro area data appear in Table 5.1.2 in the statistical section of this issue of the Monthly Bulletin and will also be included in other ECB publications such as the Financial Stability Review.

The chart shows the long-term evolution of the new headline data as compared with the ECB estimation of residential property prices and GDP. Of particular note is the sharp rise in the indicator of commercial property prices until the start of the financial crisis and the immediate fall thereafter. Commercial property prices in the euro area have been more cyclical than residential property prices during the last decade. In addition, commercial property prices have been more volatile, partly reflecting the fact that homeowners are more likely than commercial property occupiers to stay in their property, even if the value of the

Commercial and residential property prices and real GDP growth in the euro area

(annual percentage changes)



Sources: ECB, experimental ECB estimates based on IPD and national data, and Eurostat.

2 See, for instance, *Commercial property markets: financial stability risks, recent developments and EU banks' exposures*, ECB, December 2008; Ball, M., Lizieri, C. and MacGregor, B.S., *The Economics of Commercial Property Markets*, Routledge, 2008; Hilbers, P., Lei, Q. and Zacho, L., "Real Estate Market Developments and Financial Sector Soundness", *IMF Working Paper*, No 01/129, 2001; Zhu, H., "The importance of property markets for monetary policy and financial stability", *BIS Papers*, No 21, 2003; Wheaton, W., "Real Estate Cycles: Some Fundamentals", *Real Estate Economics*, 27(2), 209-230; Davis, P. and Zhu, H., "Bank lending and commercial property cycles: some cross-country evidence", *BIS Working Paper*, No 150, March 2004; and Englund, P., "The Swedish Banking Crisis: Roots and Consequences", *Oxford Review of Economic Policy*, Vol.15, No 3, 2004.

3 Available in the Statistical Data Warehouse section of the ECB's website at http://sdw.ecb.europa.eu/reports.do?node=1000003724

property declines. In recent years, commercial property prices have shown signs of stabilisation, in line with the broader macroeconomic environment, while residential property prices continue to record significant declines.

Methodological issues

Standard statistical methodology suggests that price indices should be calculated by collecting actual transaction prices of the good or service in question and comparing these over time, while making adjustments for changes in the product's quality in order to compare like with like. While transaction prices remain the preferred option for price stability analysis, they are problematic for commercial properties, which are infrequently traded and also tend to be highly heterogeneous in use, quality and other factors. The limited number of transactions observed, in particular in smaller countries and during times of financial or economic stress, complicates the measurement process.

Given the difficulties encountered in collecting representative information on transactions, which is also comparable over time, and hence in deriving meaningful price data, it is necessary to examine alternative or complementary sources of information. To do this, the ESCB conducted a stocktaking exercise aimed at determining what indicators exist in the EU to measure commercial property prices. In broad terms, three types of data source were identified, aside from transactions data. These include official property valuations, other expert judgement and financial market data.

a) Valuation-based data sources. The majority of the price data identified for commercial property are valuation-based indices, and the data sources are predominantly private entities such as estate agencies and other financial market or real estate companies. These indices are often designed for performance measurement purposes rather than for measuring price changes over time. Such valuation-based indices, while allowing a price estimate to be collected when it would not otherwise be available, are often subject to valuation errors and smoothing issues. Furthermore, the underlying number of assets included in the sample may change over time and the short length of the series can hamper analysis.

b) Expert judgement. An alternative approach that can be used is to ask property market professionals (e.g. appraisers, architects and property portfolio managers) to make a judgement on the price for a specified but fictitious property. This method is used in some of the better-known commercial indices but suffers from the same concerns as valuation-based measures. Moreover, such indices tend to concentrate only on the prime segment of the market. The approach does have the advantage of providing timely estimates.

c) Financial market data. In several countries, there are unit trusts or other financial vehicles (e.g. real estate investment trusts) that solely contain commercial properties as the underlying assets. Movements in these trusts might then be used to infer changes in commercial property prices. However, the underlying assets are unlikely to be representative of the market as a whole, and movements in the value of the financial asset will be due not only to the change in underlying commercial property prices but also to other factors, such as the gearing of the fund in question or money market rate movements. The data are, however, available in real time.

In order to supplement official data sources, the ESCB investigated the provision of data via commercial data suppliers. IPD is a commercial information business providing market data and performance analysis for the owners, investors and managers of commercial real estate. In 2011 this

source was chosen to supply the ECB with quarterly commercial property price indices for all directly held commercial real estate assets and for the four main market sectors – retail, office, industrial and residential. To avoid double counting, the indices exclude any data from interests in real estate that are indirectly held through investment vehicles (funds, trusts, etc.), since the assets backing these interests will normally be recorded as separate entries. The IPD data are a key input in the production of the ESCB dataset. IPD uses two different methodologies to estimate commercial property prices at the national level: a valuation-based method and, where the required data are available, a transaction-linked method. The valuation-based method uses data on professional valuations of existing buildings. Ideally, the market valuation of a property corresponds to the price that would be agreed between a willing buyer and a willing seller within a reasonable negotiating period, net of purchasers' costs (e.g. legal fees and tax payments). However, valuations may diverge from the prices that would be settled if a transaction were to take place. The calculation of valuation indices starts from very detailed asset-level prices, which are then used to calculate sector and national aggregates.

The transaction-linked dataset uses the same valuation data, but supplements them with available data on transactions in the market in the quarter in question. These are determined by estimating the sale prices of the properties sold as a function of their prior valuations by means of linear regression. The regression coefficients associated with valuations are then used to estimate the hypothetical sale price of the unsold properties in the quarter.

Although the transaction-linked approach is a significant improvement over the valuation-based approach, several caveats are applicable.

- A reduced number of transactions may significantly affect the statistical quality and the reliability of the transaction-linked indicator estimations. The basic estimation model includes checks to determine whether there are a sufficient number of transactions to produce the associated coefficients with dummy country variables.

- Portfolio investment/disinvestment can cause problems in interpreting the data, as volume changes could have an effect on the prices recorded. To prevent structural breaks emanating from volume changes in the portfolio, the sample is held constant for five consecutive quarters to allow the compilation of year-on-year percentage change series.

- A true quarterly index is necessary to analyse commercial property market developments in a timely manner. Although the IPD dataset does contain some quarterly data, valuations for those countries for which these are not available are interpolated from annual data.

- Professional investment managers servicing institutional investors are likely to focus on the prime segment of the commercial property market – mostly modern buildings in sought-after locations. This is then unlikely to be representative of the market as a whole.

- The source data used at present do not include building or construction projects which are still under development. This can be a drawback in the context of financial stability analysis, as the data cannot be used to gauge the credit risk confronting banks that have lending exposures to commercial property developments.

The IPD datasets currently used to construct the headline dataset at the ECB contain national quarterly price series for Belgium, Ireland, Spain, France, the Netherlands, Austria, Poland,

Portugal, Sweden and the United Kingdom, with some of these series derived from interpolated annual data. Several EU countries have alternative data that are to some extent based on transactions. These are Denmark (produced by the national statistical institute), Germany (sourced from bulwiengesa AG) and Italy (produced by the Banca d'Italia). These sources are used for the countries concerned.

For the ESCB dataset, the preferred data are provided by national statistical institutes or other sources that have been endorsed by the respective national central bank. Where these are not available, IPD data are used by the ECB to compile euro area and EU aggregates. The euro area and EU indices are calculated using nominal GDP weights. A moving five-year average of GDP weights is applied to the annual percentage change of the chosen data source for each available country.[4] Countries that are not covered by either national data sources or the IPD dataset are assumed to show the same development as the GDP-weighted average of the countries for which indicators of commercial property prices have been compiled.

The ESCB intends to continue developing the experimental indicators of commercial property prices by addressing the limitations mentioned above. In this respect, it has established a work programme of quality enhancement objectives, both at a national level and for the IPD dataset, for the forthcoming years. The medium-term statistical research agenda includes:

- an ongoing exploration of alternative data sources for the countries which are not currently covered by the available source data to enhance the coverage of actual transactions and to determine whether it is possible to estimate longer time series for countries for which data exist;
- the establishment of related indicators, such as for rents and vacancy rates;
- an exploration of whether it is possible to integrate information on property under development into the index or whether a separate indicator needs to be provided.

In recent years property prices have proven to be relevant indicators for both monetary policy and financial stability. Clearly, the measurement of property prices needs to be further enhanced to improve their usability for policy-making purposes. Overall, the new indicators of commercial property prices represent a first step towards monitoring developments in commercial property prices across the EU on a less heterogeneous basis that has so far been the case. Further methodological developments to meet the remaining analytical requirements are expected to follow in the medium term.

4 The threshold coverage in terms of GDP weights for compiling euro area and EU aggregates is 70%.

3.3 LABOUR COST INDICATORS

Domestic pressures on prices stemming from labour cost data remained subdued in the first three quarters of 2013 (see Table 8 and Chart 24), in line with the continued weakness in labour markets. However, the relatively smooth pattern of wage growth at the euro area level conceals substantial divergences in wage developments across countries.

Table 8 Labour cost indicators

(annual percentage changes, unless otherwise indicated)

	2011	2012	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3
Negotiated wages	2.0	2.2	2.2	2.2	1.9	1.7	1.7
Hourly labour cost index	2.2	1.9	2.0	1.6	1.9	1.1	1.0
Compensation per employee	2.2	1.8	2.0	1.5	1.7	1.6	1.6
Memo items:							
Labour productivity	1.4	0.0	-0.1	-0.3	-0.2	0.4	0.5
Unit labour costs	0.8	1.9	2.1	1.8	1.8	1.2	1.1

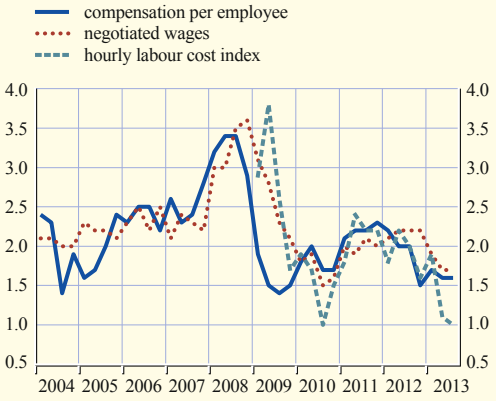
Sources: Eurostat, national data and ECB calculations.
Note: Data refer to the Euro 18.

At the aggregate euro area level, according to Eurostat's latest national accounts statistics on labour markets for the third quarter of 2013, annual growth in compensation per employee stood at 1.6%, unchanged from the previous quarter. At the same time, annual unit labour cost growth declined further, from 1.2% in the second quarter to 1.1% in the third quarter.

The annual growth rate of total hourly labour costs declined further to 1.0% in the third quarter, from 1.1% in the second quarter, after slowing considerably by 0.8 percentage point from the first quarter to the second quarter. Euro area negotiated wages grew by 1.7% year on year in the third quarter, unchanged from the second quarter. Preliminary data for the fourth quarter point to no change

Chart 24 Selected labour cost indicators

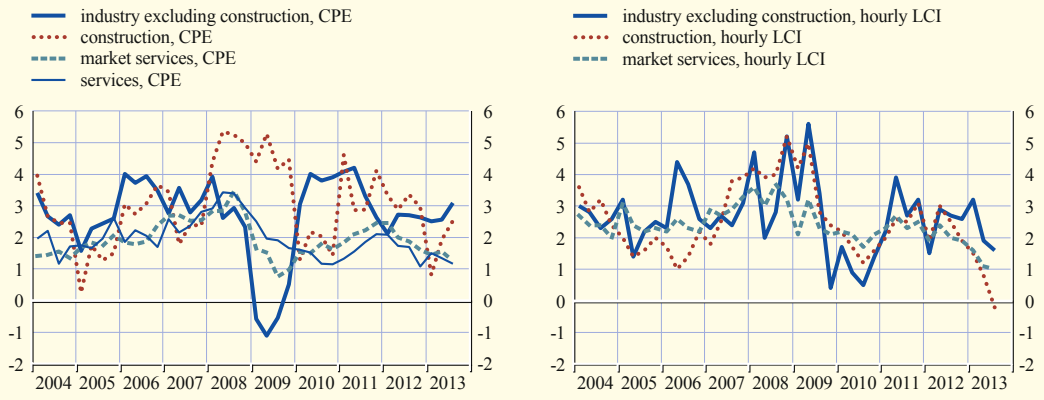
(annual percentage changes; quarterly data)



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

Chart 25 Sectoral labour cost developments

(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.
Note: Data refer to the Euro 18. CPE stands for compensation per employee and LCI stands for labour cost index.

in negotiated wage growth compared with the averages of the second and third quarters. Overall, the latest data on labour cost indicators suggest continued moderate labour cost growth.

3.4 THE OUTLOOK FOR INFLATION

On the basis of current information and prevailing futures prices for energy, annual HICP inflation rates are expected to remain at around current levels in the coming months. Over the medium term, underlying price pressures in the euro area are expected to remain subdued. Inflation expectations for the euro area over the medium to long term continue to be firmly anchored in line with the aim of maintaining inflation rates below, but close to, 2%.

The latest ECB Survey of Professional Forecasters shows that, compared with the previous survey round, forecasters have noticeably lower inflation expectations, at 1.1% for 2014 and 1.4% for 2015, i.e. revised downwards by 0.4 percentage point and 0.2 percentage point respectively (see Box 8). With regard to longer-term inflation expectations, the average point forecast remained at 1.9%, although there was a further slight decline at the second decimal place.

Both upside and downside risks to the outlook for price developments remain limited, and they continue to be broadly balanced over the medium term.

Box 8

RESULTS OF THE ECB SURVEY OF PROFESSIONAL FORECASTERS FOR THE FIRST QUARTER OF 2014

This box reports the results of the ECB Survey of Professional Forecasters (SPF) for the first quarter of 2014. The survey was conducted between 16 and 24 January 2014, and 53 responses were received.[1] Compared with the previous survey round, the results indicate noticeably lower inflation expectations, at 1.1% for 2014 and 1.4% for 2015 (revised downwards by 0.4 percentage point and 0.2 percentage point respectively). With regard to longer-term inflation expectations, the average point forecast remained at 1.9%, although there was a further slight decline at the second decimal place. Growth expectations were unchanged for 2014 and 2015, implying a continuous, albeit gradual, expected strengthening in real GDP growth. Unemployment expectations were revised upwards for 2015 and the longer-term horizon, but the profile continues to slope downwards.

Inflation expectations for 2014 and 2015 revised downwards

The average point forecasts for inflation in 2014 and 2015 stand at 1.1% and 1.4% respectively (see the table). Inflation forecasts for 2016 in the latest survey round (expectations for two calendar years ahead are first requested in the January surveys) stand at 1.7%, implying an expectation of a gradual rise in inflation over the next three years. Respondents cited a less dampening impact from domestic demand as the main factor behind the expected pick-up in inflation.

1 The survey collects information on expectations for euro area inflation, real GDP growth and unemployment from experts affiliated with financial or non-financial institutions that are based in the EU. Data are available on the ECB's website at www.ecb.europa.eu/stats/prices/indic/forecast/html/index.en.html

Results of the SPF, Eurosystem staff macroeconomic projections, Consensus Economics and the Euro Zone Barometer

(annual percentage changes, unless otherwise indicated)

	Survey horizon			
HICP inflation	**2014**	**2015**	**2016**	**Longer-term [1]**
SPF Q1 2014	1.1	1.4	1.7	1.9
Previous SPF (Q4 2013)	*1.5*	*1.6*	-	*1.9*
Eurosystem staff macroeconomic projections (December 2013)	1.1	1.3	-	-
Consensus Economics (January 2014) [2]	1.1	1.4	-	1.9
Euro Zone Barometer (January 2014)	1.1	1.4	1.8	1.8
Real GDP growth	**2014**	**2015**	**2016**	**Longer-term [1]**
SPF Q1 2014	1.0	1.5	1.7	1.8
Previous SPF (Q4 2013)	*1.0*	*1.5*	-	*1.7*
Eurosystem staff macroeconomic projections (December 2013)	1.1	1.5	-	-
Consensus Economics (January 2014) [2]	1.0	1.4	-	1.5
Euro Zone Barometer (January 2014)	1.0	1.4	1.6	1.6
Unemployment rate [3]	**2014**	**2015**	**2016**	**Longer-term [1]**
SPF Q1 2014	12.1	11.7	11.2	9.6
Previous SPF (Q4 2013)	*12.1*	*11.6*	-	*9.5*
Eurosystem staff macroeconomic projections (December 2013)	12.0	11.8	-	-
Consensus Economics (January 2014)	12.2	11.9	-	-
Euro Zone Barometer (January 2014)	12.1	11.8	11.7	10.9

1) Longer-term expectations refer to 2018.
2) Expectations for the longer-term were last published by Consensus Economics in October 2013.
3) As a percentage of the labour force.

Compared with the previous survey round, this implies a downward revision of 0.4 percentage point for 2014 and 0.2 percentage point for 2015. Respondents indicated that the downward revisions were due, at least in part, to surprises in recent data. More generally, respondents cited lower commodity prices, the appreciation of the euro and weakness in the economic situation and labour markets as factors behind their revisions.

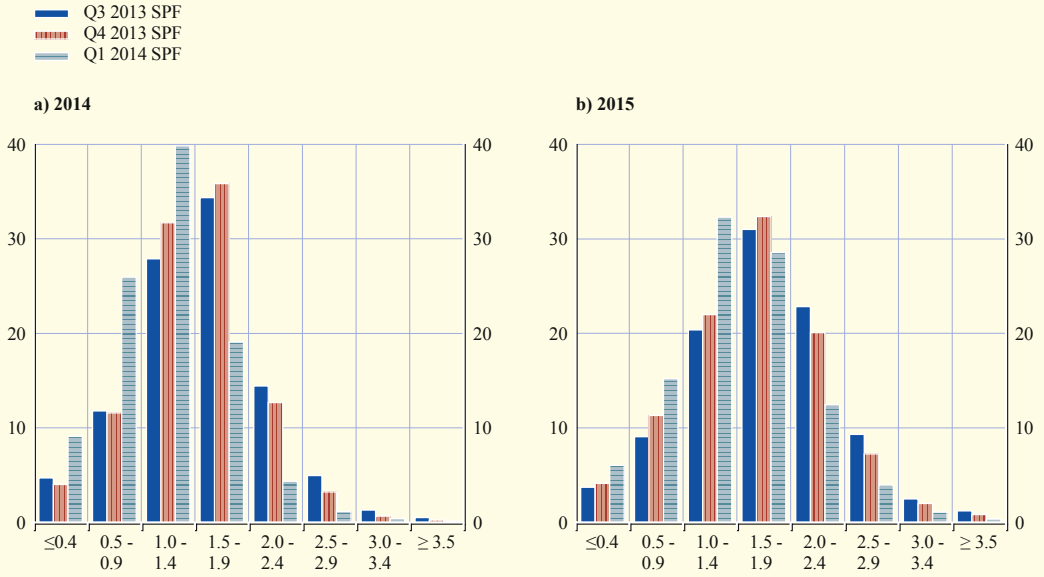
SPF inflation expectations for 2014 are in line with those reported in the December 2013 Eurosystem staff macroeconomic projections and the corresponding forecasts published in the January 2014 issues of Consensus Economics and the Euro Zone Barometer. However, for 2015, they are 0.1 percentage point above those reported in the December 2013 Eurosystem staff macroeconomic projections, and for 2016, they are 0.1 percentage point below those reported in the January 2014 Euro Zone Barometer.

Turning to the aggregate probability distributions, for 2014, the highest probability (40%) is now assigned to an inflation rate of between 1.0% and 1.4%, and there has also been a large increase in the probability assigned to the interval between 0.5% and 0.9%, which now stands at 26% (see Chart A). For 2015, the highest probability (32%) is now allocated to the interval between 1.0% and 1.4%, but the second largest (29%) is assigned to that between 1.5% and 1.9%. For 2016, the highest probability (36%) is associated with an outcome of between 1.5% and 1.9%, but there is more probability associated with outcomes below this range than above it. Compared with the previous survey round, the aggregate probability distributions for expected inflation in 2014 and 2015 have shifted further towards lower outcomes. However, according to respondents, the probability of negative inflation remains very low: 1.3% in 2014, 1.2% in 2015 and 1.0% in 2016.

The difference between the mean point estimate and the estimated mean of the aggregated probability distribution can be regarded as an indication of the direction and magnitude of the

Chart A Aggregate probability distribution of average annual inflation expectations for 2014 and 2015 in the latest SPF rounds

(probability in percentages)



Source: ECB.
Note: The aggregate probability distribution corresponds to the average of individual probability distributions provided by SPF forecasters.

balance of risks perceived by respondents to their forecasts. Based on this measure, the risks for the shorter-term horizons (2014 and 2015) are broadly balanced, but are somewhat tilted to the downside for the 2016 horizon. The main downside risks to inflation are perceived to stem from weaker than anticipated economic developments and labour markets. Upside risks were mentioned in relation to commodity prices and increases in indirect taxes and administered prices.

Longer-term inflation expectations edge down slightly

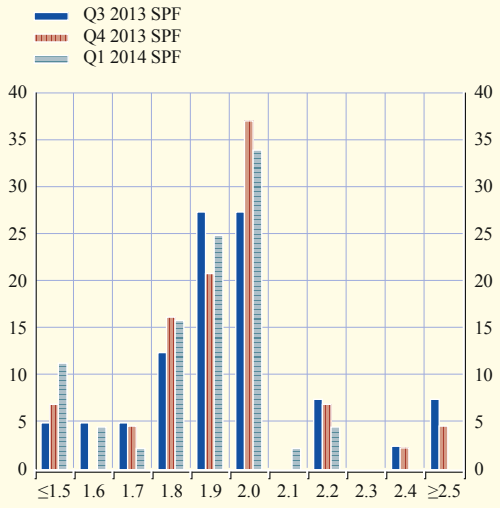
The average point forecast for longer-term inflation expectations (2018) remains at 1.9%. Rounded to two decimal places, it edged down further to 1.87% in the first quarter of 2014, from 1.93% in the fourth quarter of 2013. The median of the point forecasts declined to 1.9%, down from 2.0% in the previous survey round. While the largest percentage share (34%) of respondents continued to provide a point forecast of 2.0%, the percentage share of those reporting 1.6% or below increased (see Chart B). The SPF longer-term inflation expectations are slightly above the inflation expectations for 2018 published in the Euro Zone Barometer.

On average, the balance of risks around the point forecast for longer-term inflation is tilted to the downside (as has been the case for the past four years), with the estimated mean of the aggregate probability distribution standing at around 1.81%, compared with the mean point estimate of 1.87%. The probability of inflation being at 2.0% or above and that of inflation being below 1% have remained broadly unchanged at 42% and 11% respectively. The probability of negative inflation rates also remained very low, at 1.1% (up from 0.9%).

Disagreement about longer-term inflation expectations, as measured by the standard deviation of the point forecasts, decreased from 0.25 percentage point to 0.20 percentage point, but remained

Chart B Cross-sectional distribution of longer-term (five years ahead) inflation point forecasts

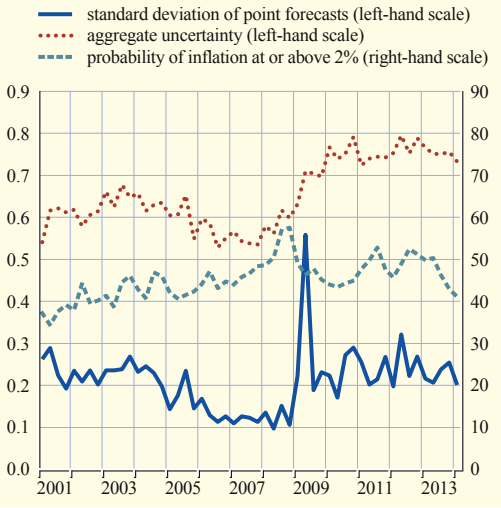
(percentage of respondents)



Source: ECB.

Chart C Disagreement and uncertainty about longer-term inflation expectations

(percentage points; percentages)



Source: ECB.
Note: Aggregate uncertainty is defined as the standard deviation of the aggregate probability distribution (assuming discrete probability density function with probability mass concentrated in the middle of the interval).

in the range observed since 2010 (see Chart C). Aggregate uncertainty surrounding longer-term inflation expectations, as measured by the standard deviation of the aggregate probability distribution, eased slightly but remains around the relatively high level observed since 2009.[2]

Real GDP growth expectations remain unchanged for 2014 and 2015

The average point forecasts for real GDP growth in 2014 and 2015 remain unchanged at 1.0% and 1.5% respectively (see the table). Expected growth for 2016 is 1.7%, implying an expectation of a continuous but gradual strengthening in economic activity over the years ahead. The qualitative comments provided by the respondents indicate that an ongoing, but measured, pick-up in domestic demand is expected.

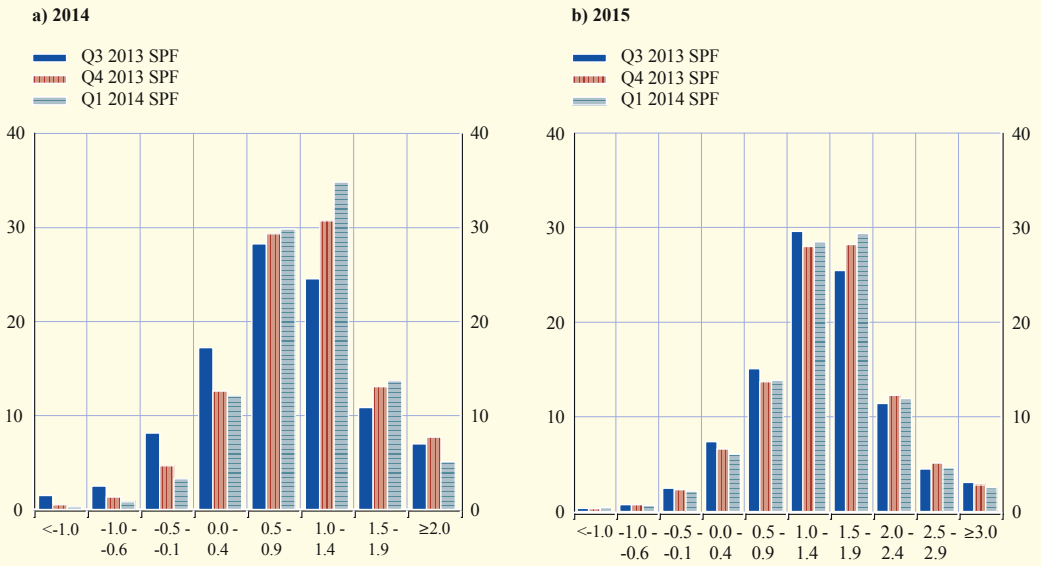
For 2014, the average SPF point forecast is 0.1 percentage point below the December 2013 Eurosystem staff macroeconomic projections and for 2015 it is the same. Compared with the corresponding forecasts published in the January 2014 issues of Consensus Economics and the Euro Zone Barometer, the SPF expectations are the same for 2014, but marginally higher for 2015. For 2016, the SPF point forecast is also slightly higher than that of the Euro Zone Barometer.

The aggregate probability distributions for 2014 and 2015 remain broadly unchanged (see Chart D). For 2014, respondents continue to assign the highest probability (35%) to the interval between 1.0% and 1.4%, compared with 31% in the previous survey round. For 2015, the shifts in the aggregate probability distribution are limited.

2 For more information on uncertainty measures, see the box entitled "Measuring perceptions of macroeconomic uncertainty", *Monthly Bulletin*, ECB, January 2010.

Chart D Aggregate probability distribution of GDP growth expectations for 2014 and 2015 in the latest SPF rounds

(probability in percentages)



Source: ECB.
Note: The aggregate probability distribution corresponds to the average of individual probability distributions provided by SPF forecasters.

The balance of risks around the unchanged baseline outlook reflected in the average point forecast remains tilted to the downside. In this regard, risks stemming from reform fatigue across countries were mentioned. Additionally, several respondents expressed concern that uncertainty in financial markets may rise again and then trickle into the real economy through, inter alia, a tightening in credit supply. However, respondents also see upside risks, such as a quicker restoration of investor and consumer confidence, and a materialisation of the benefits of structural reforms earlier than assumed in the baseline.

Longer-term growth expectations (for 2018) increased slightly, by 0.1 percentage point, to 1.8%. As in previous survey rounds, the SPF results for that horizon remain higher than the Consensus Economics and Euro Zone Barometer forecasts (which stand at 1.5% and 1.6% respectively). The aggregate probability distribution shifted towards higher outcomes, but remains skewed to the downside.

Unemployment rate expectations remain high, but forecast a gradual downward trend

The average point forecasts for the unemployment rate are 12.1% for 2014, 11.7% for 2015 and 11.2% for 2016. Compared with the previous survey round, they are unchanged for 2014 and have been revised slightly upwards for 2015 (see the table).

The SPF forecast for 2014 is slightly above the December 2013 Eurosystem staff macroeconomic projections, slightly below the latest forecasts from Consensus Economics and in line with those from the Euro Zone Barometer. That for 2015 is 0.1 percentage point below the December 2013 Eurosystem staff macroeconomic projections and the latest Euro Zone Barometer forecast, and 0.2 percentage point below the Consensus Economics forecast.

At 11.2%, the SPF forecast for 2016 is 0.5 percentage point lower than the Euro Zone Barometer forecast.

Risks to the short and medium-term forecasts around the baseline remain tilted to the upside and closely related to a possibly more modest recovery than anticipated and the potential lack of structural reforms. Additionally, some respondents expressed concern that recent high cyclical unemployment might become structural. Downside risks to the unemployment outlook relate primarily to the medium term and are associated mainly with both the possibility of stronger than envisaged competitiveness gains as a result of structural reforms and policy initiatives to support job creation.

The average point forecast for longer-term unemployment rate expectations (2018) stands at 9.6%, i.e. 0.1 percentage point higher than in the previous survey round. The aggregate probability distribution has shifted towards higher outcomes. The highest probability (59%) is still assigned to outcomes between 9.0% and 10.9%.

Other variables and conditioning assumptions

According to other information provided by respondents, the assumptions for the oil price, the ECB's main refinancing rate and the annual growth rate of compensation per employee were revised downwards, while the expectations for the USD/EUR exchange rate were revised upwards somewhat. The oil price is expected to stand at USD 108.1 per barrel in the first quarter of 2014, to decrease to USD 106.7 in the second quarter and from then on to return to an upward path, to stand at USD 107.5 in 2015 and USD 109.3 in 2016. The ECB's main refinancing rate is expected to stand at 0.25% until the end of 2014, and then to increase to 0.4% in 2015 and 0.9% in 2016. The forecast of the USD/EUR exchange rate has been revised upwards compared with the previous survey round, standing at 1.35 in the first quarter of 2014 and decreasing to 1.29 in 2015 and 2016. Growth in compensation per employee has been revised downwards for 2014 and 2015, to 1.5% and 1.7% year on year respectively. For 2016, it is expected to be 1.9%.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

Following two quarters of positive real GDP growth, developments in recent data and surveys overall suggest that the moderate recovery continued in the last quarter of 2013. Looking ahead, the previous assessment of economic growth has been confirmed. Output in the euro area is expected to recover at a slow pace. In particular, some improvement in domestic demand should materialise, supported by the accommodative monetary policy stance, improving financing conditions and the progress made in fiscal consolidation and structural reforms. In addition, real incomes are supported by lower energy price inflation. Economic activity is also expected to benefit from a gradual strengthening of demand for euro area exports. At the same time, although unemployment in the euro area is stabilising, it remains high, and the necessary balance sheet adjustments in the public and the private sector will continue to weigh on the pace of the economic recovery. The risks surrounding the economic outlook for the euro area continue to be on the downside.

4.1 REAL GDP AND DEMAND COMPONENTS

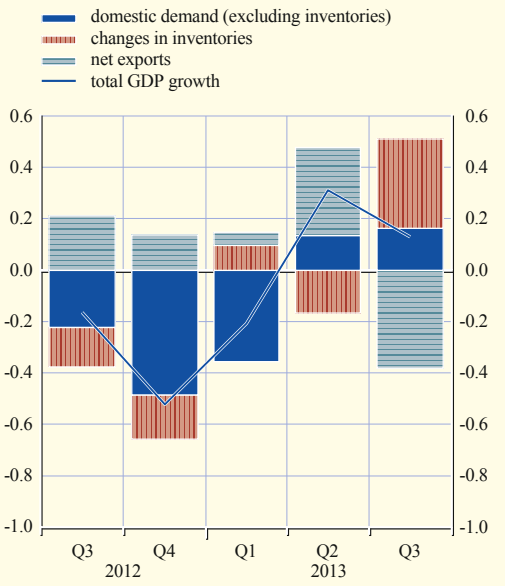
Eurostat's third estimate of national accounts confirmed that real GDP in the euro area rose by 0.1%, quarter on quarter, in the third quarter of 2013, following an increase of 0.3% in the previous quarter (see Chart 26). Domestic demand and changes in inventories contributed positively to growth, while net exports contributed negatively for the first time since the beginning of 2010.

Private consumption increased by 0.1%, quarter on quarter, in both the second and third quarters of 2013, following six quarters of negative growth. The outcome for the third quarter was, in all likelihood, the result of a positive contribution to consumer spending growth from purchases of retail goods, which was partly offset by a decline in the consumption of services. At the same time, purchases of passenger cars made a broadly neutral contribution to consumption growth in the third quarter.

With regard to the fourth quarter of 2013, information on private consumption indicates broadly stable developments in household spending. The volume of retail sales stood, on average, 0.7% below that of the third quarter, when sales rose by 0.3%, quarter on quarter. By contrast, new passenger car registrations rose by 5.1%, quarter on quarter, in the fourth quarter, following a decline of 0.1% in the previous quarter. This rebound may partly reflect a bringing forward of consumption prior to the implementation of tax hikes in some countries at the beginning of 2014. On balance, retail sector survey data remained weak in the fourth quarter. The Purchasing Managers' Index (PMI) for retail trade continued to stand somewhat below the theoretical expansion/contraction threshold of 50, suggesting a moderate fall in retail sales. At the same time, the European Commission's

Chart 26 Real GDP growth and contributions

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

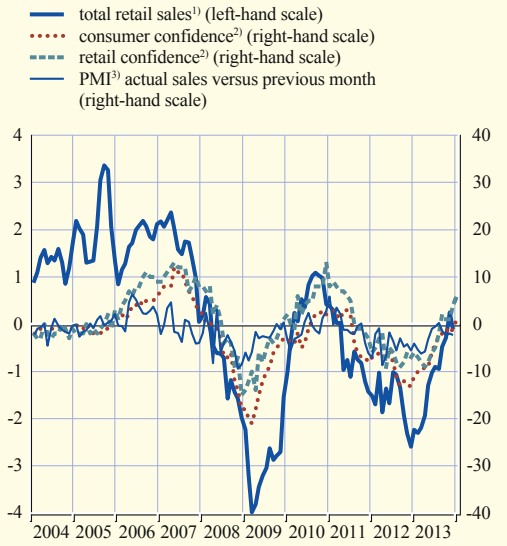


Sources: Eurostat and ECB calculations.
Note: Data refer to the Euro 18.

indicator for the retail sector rose moderately in the final quarter of 2013 and again in January (see Chart 27). Euro area consumer confidence also improved further between December and January, continuing along its rising path since the end of 2012. As a result, in January 2014 the index stood slightly above its long-term average for the first time since July 2011. Finally, the indicator for major purchases continued to exhibit dampened levels well below its long-term average, thus indicating persistently sluggish consumption of consumer durables.

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

(monthly data)



Sources: Eurostat, European Commission Business and Consumer Surveys, Markit and ECB calculations.
Note: Data refer to the Euro 18.
1) Annual percentage changes; three-month moving averages; working day-adjusted; including fuel.
2) Percentage balances; seasonally and mean-adjusted.
3) Purchasing Managers' Index; deviations from an index value of 50.

Gross fixed capital formation increased by 0.5%, quarter on quarter, in the third quarter of 2013, following a somewhat smaller rise in the previous quarter. This follows eight consecutive quarters of decline. Both construction and, to a lesser extent, non-construction investment increased between the second and third quarters.

Industrial production of capital goods (an indicator of future non-construction investment) rebounded in November, increasing by 3.0%, month on month, and more than recouping the 1% decline in October. As a result, the average level of capital goods production in October and November stood 0.6% above that of the third quarter, when it rose by 0.1%, quarter on quarter. Survey results for the non-construction industrial sector in the fourth quarter of 2013 and January 2014, from both the PMI and the European Commission, point to continued moderate growth. At the same time, the European Commission's business survey in manufacturing industry indicates that capacity utilisation increased further in the three-month period up to January 2014.

As regards construction, hard data, as well as survey results, are indicative of negative growth in the fourth quarter of 2013. Production in construction declined further by 0.6%, month on month, in November, and thus stood 1.7% below the level seen in the third quarter, when it rose by the same amount, quarter on quarter. As regards survey results, the PMI for construction in the euro area improved somewhat in the fourth quarter. However, this indicator still remains at a level below the growth threshold of 50, thereby indicating a decline in activity. The European Commission indicator on construction confidence also improved between the third and fourth quarters of 2013, before falling back again in January. Therefore, confidence remains at a low level, and well below its historical average. These developments probably reflect a combination of prevailing financing constraints, low employment expectations and ongoing housing market adjustments in a number of euro area countries.

The contribution of euro area trade to GDP growth turned negative in the third quarter of 2013. On a quarterly basis, exports grew by only 0.3%, while imports increased by 1.2%. The latest data on euro area trade suggest that trade growth was weak in the fourth quarter, although the net trade

contribution to GDP growth is likely to become positive again, especially on account of weak imports. In November the value of exports fell marginally, month on month, whereas the value of imports declined more strongly. In the same month, the level of exports stood marginally higher than the average for the third quarter, while imports were lower. According to short-term indicators, trade prices stabilised somewhat. Developments in trade volumes are therefore expected to be similar to those in trade values. Survey data for January point to some improvement in exports. The PMI new export orders index strengthened further and stood above the fourth quarter average, well above the expansion threshold of 50. Also in January, the European Commission survey indicator for export order books stabilised at levels similar to those for November and December.

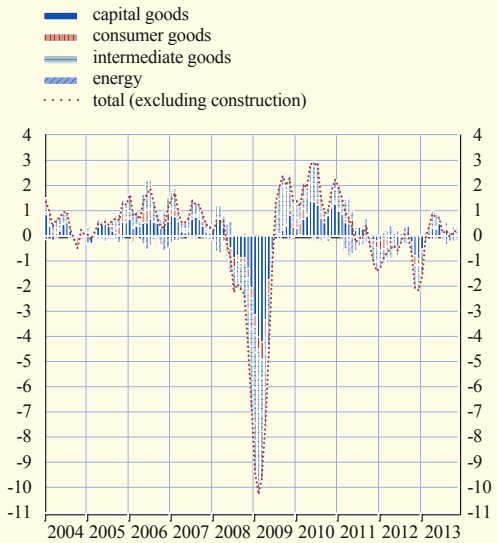
4.2 SECTORAL OUTPUT

Real value added increased further by 0.1%, quarter on quarter, in the third quarter of 2013. This rise entirely reflected positive developments in the services sector. At the same time, value added in industry including construction displayed flat growth.

With regard to developments in the fourth quarter of 2013, industrial production (excluding construction) increased by 1.8%, month on month, in November, following a decline of 0.8% in the previous month. As a result, average industrial production in October and November stood 0.3% above that of the third quarter, when production merely moved sideways (see Chart 28). The ECB indicator on euro area industrial new orders (excluding heavy transport equipment) increased

Chart 28 Industrial production growth and contributions

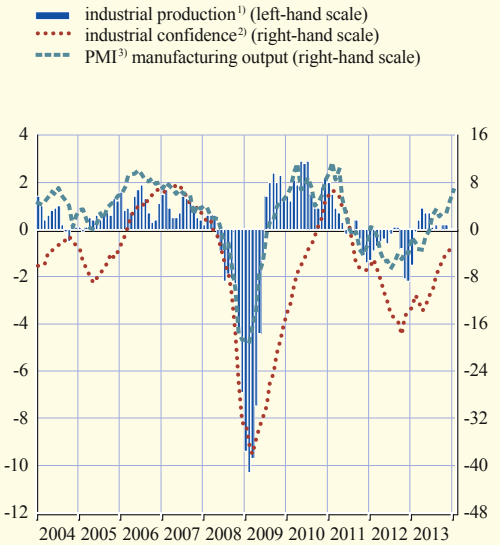
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



Sources: Eurostat and ECB calculations.
Notes: Data refer to the Euro 18. Data shown are calculated as three-month moving averages against the corresponding average three months earlier.

Chart 29 Industrial production, industrial confidence and PMI manufacturing output

(monthly data; seasonally adjusted)



Sources: Eurostat, European Commission Business and Consumer Surveys, Markit and ECB calculations.
Notes: Data refer to the Euro 18. Survey data refer to manufacturing.
1) Three-month-on-three-month percentage changes.
2) Percentage balances.
3) Purchasing Managers' Index; deviations from an index value of 50.

by 1.5%, month on month, in November, following a decline of 1.6% in the previous months. Therefore, on average, in October and November new orders stood slightly below the average level for the third quarter, when they increased by 1.1% on a quarterly basis. More timely survey data also point to moderate growth in the last quarter of 2013 and at the beginning of the first quarter of 2014. For example, the manufacturing output PMI, which has indicated positive growth since July 2013, rose further in the fourth quarter of that year (see Chart 29). The indicator rose again in January 2014, reaching its highest level since May 2011. Moreover, European Commission survey data indicate that demand for industrial goods improved further in the three-month period up to January 2014, albeit from relatively low levels.

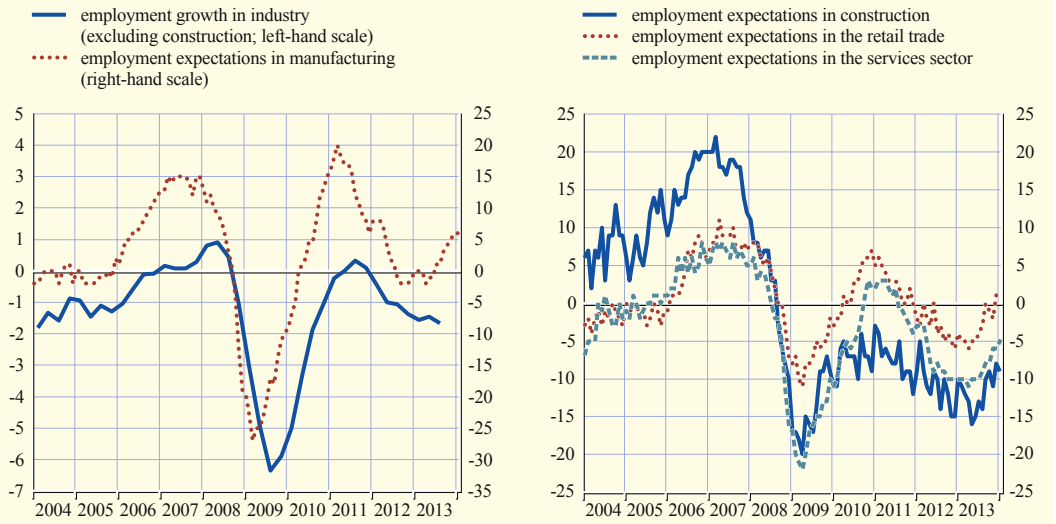
Services sector value added is likely to have increased further in the final quarter of 2013. Similarly to the case of the manufacturing sector, both the PMI services business activity index and the European Commission's indicator on services sector confidence rose between the third and fourth quarters. Both indices improved further in January, thus standing at levels above their averages for the fourth quarter.

4.3 LABOUR MARKET

Although euro area labour markets remain weak, the latest data on both the employment rate and the unemployment rate show some stabilisation. However, strong differences persist across countries, as well as among different age groups (see Box 9). Although survey results are on an improving path, they are still consistent with muted developments in the period ahead (see Chart 30).

Chart 30 Employment growth and employment expectations

(annual percentage changes; percentage balances; seasonally adjusted)



Sources: Eurostat and European Commission Business and Consumer Surveys.
Notes: Data refer to the Euro 18. Percentage balances are mean-adjusted.

Box 9

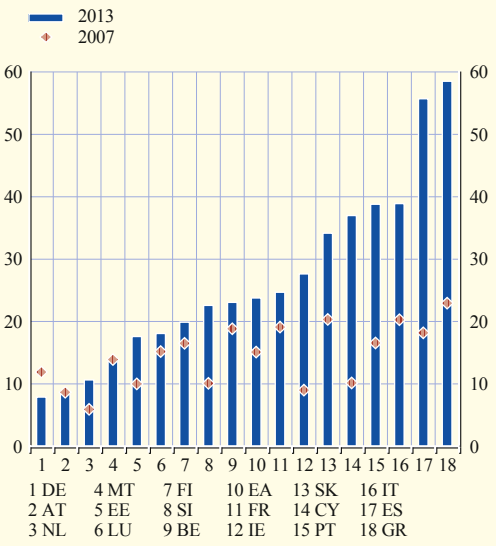
DEVELOPMENTS IN YOUTH UNEMPLOYMENT IN EURO AREA COUNTRIES SINCE THE ONSET OF THE CRISIS

Since the beginning of the financial crisis, the youth unemployment rate, defined as the number of young unemployed (aged 15-24) relative to the labour force of the same age group, increased significantly in the euro area from around 15% in 2007 to 24% in 2013.[1] Both the level and the increase of the rate are much higher for young people (those aged 15-24) than for other workers (those aged over 24). Against this background, this box presents some stylised facts on youth unemployment developments in euro area countries.

Developments in youth unemployment rates across euro area countries

Developments in youth unemployment rates mask important cross-country disparities (see Chart A). While the youth unemployment rate has seen a limited increase in Austria and Malta and has even declined in Germany, it has increased particularly sharply in countries under market stress, reaching between 50% and 60% in Greece and Spain, close to 40% in Italy, Portugal and Cyprus, and close to 30% in Ireland in 2013. In Ireland and Cyprus, the increase followed relatively low rates of youth unemployment before the crisis. In Spain, Greece, Portugal and Italy, high youth unemployment rates relative to the euro area average are not a new phenomenon, but were recorded already before the crisis. At the same time, relatively high youth unemployment rates prior to the crisis have also been a feature of some non-stressed countries, such as France and Belgium.

Chart A Youth unemployment rate in 2007 and 2013



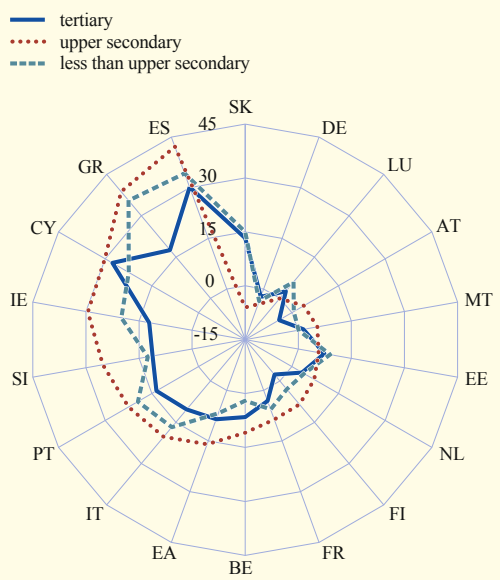
Source: Labour Force Survey.
Note: The order of countries is determined by youth unemployment rates observed in 2013.

Rising youth unemployment has largely affected workers with less than upper secondary education (see Chart B). In most countries, the unemployment rate for these workers increased significantly more than for workers with upper secondary and tertiary education. However, the increase in unemployment for young people with upper secondary or tertiary education was strong in a number of countries. In Spain, for instance, the unemployment rate for young people with tertiary education increased by roughly 30 percentage points between 2007 and 2013. At the country level, the differences across education categories may also reflect adjustments in the structure of the economy. For example, in Spain there may be a link

1 For consistency reasons, this box essentially uses data from the Labour Force Survey. These data are available up to and including the third quarter of 2013. Given that Labour Force Survey statistics are not seasonally adjusted, references to 2013 represent a four-quarter average from the fourth quarter of 2012 to the third quarter of 2013.

Chart B Changes in youth unemployment rates by educational attainment

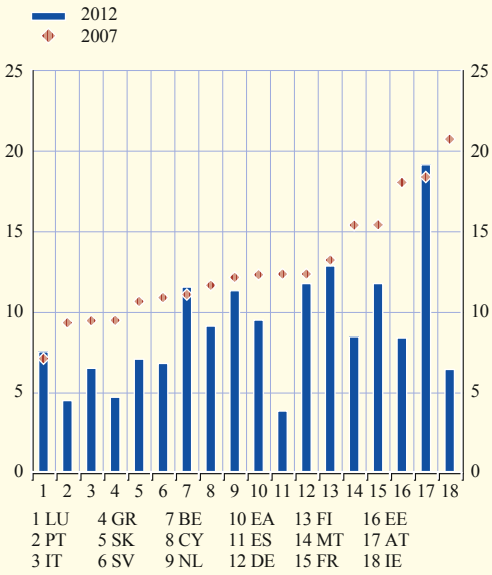
(percentage point change between 2007 and 2013)



Source: Labour Force Survey.
Note: The order of countries is determined by the changes in the youth unemployment rate for workers with less than upper secondary education. The chart reports changes in youth unemployment rates for the 20-24 age group, as data for the 15-24 age group are not available.

Chart C Share of young workers in total employment in the construction sector

(percentages)



Source: Labour Force Survey.
Note: The order of countries is determined by the shares of young workers in the construction sector in 2007.

between a decline in construction sector activity and higher youth unemployment among workers with lower levels of education (see Chart C), or in Cyprus between a decline in financial and business services activity and higher unemployment among workers with tertiary education.

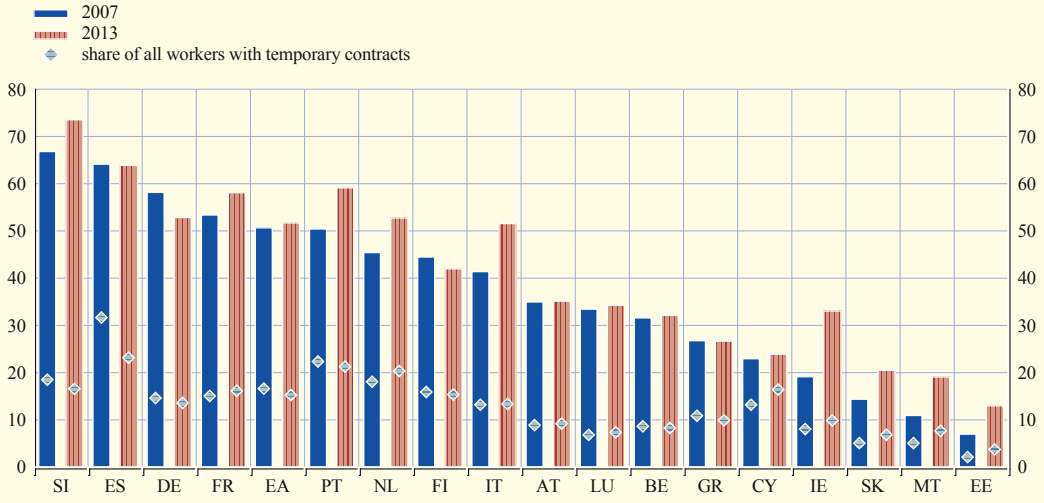
Accounting for the rise in youth unemployment rates across euro area countries

A distinguishing element in the stronger rise in youth unemployment relates to the fact that, among young people, both workers with temporary and permanent contracts have been severely hit by the crisis, whereas, for the workforce as a whole, job losses have generally been higher for workers with temporary contracts. Indeed, for the workforce as a whole in the euro area between 2007 and 2013, the number of workers with temporary contracts declined by almost 10%, while that of workers with permanent contracts remained broadly unchanged. By contrast, in the case of young people, the number of both temporary and permanent contracts declined markedly, falling by 18% and 22% respectively.

Chart D illustrates the prevalence of temporary contracts among the young compared with the workforce as a whole in most euro area countries. In the euro area, 50% of young employees held a temporary contract in 2007, while the corresponding ratio for all workers was 17%. There are various reasons for this, but in some cases it may have been a reflection of stringent employment protection legislation for regular workers, fuelling the emergence of a dual labour market split between workers on permanent contracts and others, especially young workers, on temporary contracts. However, although young people are more exposed to temporary

Chart D Share of young employees with temporary contracts

(percentages)



Source: Labour Force Survey.
Note: The order of countries is determined by the share of young temporary employees in 2007.

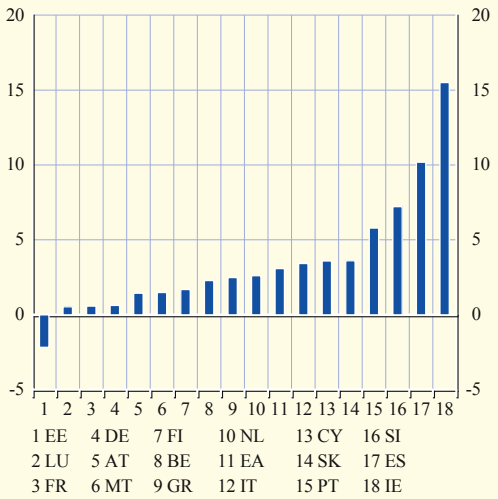
jobs, which are more sensitive to the business cycle, the observation that young people, including those with permanent contracts, have been disproportionately affected by job losses may also reflect a more general operation of "last-in-first-out" strategies by firms in adjusting their workforce.[2]

Looking at the unemployment rate (defined as the number of unemployed relative to the labour force) provides only a partial picture of how young people have been hit by the crisis. Indeed, the education system may provide for some hidden unemployment if, given bleak labour market prospects, young people stay in, or return to, education.

In this context, the non-participation rate among young people in the euro area increased by 3 percentage points between 2007 and 2013 (see Chart E). In Ireland and Spain, it increased by 16 and 10 percentage points respectively, suggesting that the declining employment opportunities were only partly reflected in rising unemployment rates. Increasing non-participation rates among young people may be less of a concern if they reflect not only

Chart E Change in the non-participation rate for young workers in euro area countries between 2007 and 2013

(percentage points)

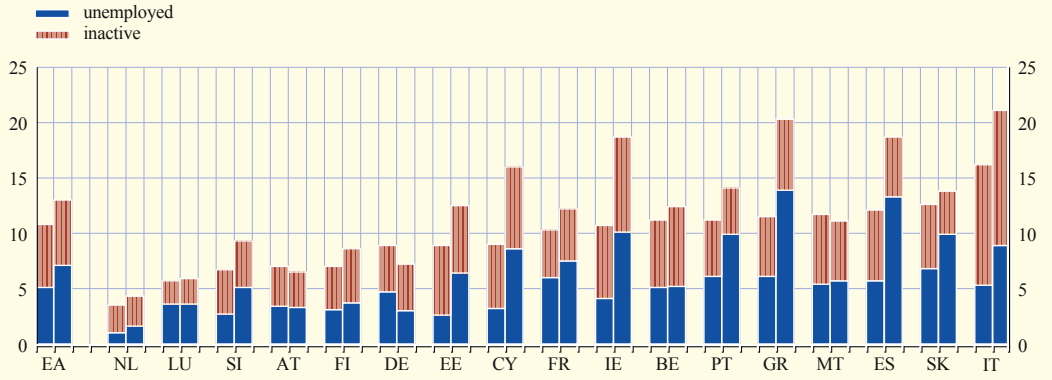


Source: Labour Force Survey.
Note: The non-participation rate for young workers (aged 15-24) is defined as the number who are economically inactive relative to the young population as a whole.

2 See Scarpetta, S. and Sonnet, A., "Challenges Facing European Labour Markets: Is a Skill Upgrade the Appropriate Instrument?", *Intereconomics*, Vol.47, No 1, OECD, 2012.

Chart F Young people not in employment, education or training in 2007 and 2012

(percentages)



Source: Eurostat.
Notes: Two columns are shown for each country or area; left-hand columns refer to 2007 and right-hand columns to 2012. The order of countries is determined by the share of young people not in employment, education or training in 2007.

discouragement but also prolonged education or training that ultimately leads to higher productivity or better labour market prospects. For the euro area as a whole in 2012 compared with 2007, the share of people aged 15-24 not in employment, education or training who were classed as inactive was relatively stable (see Chart F). In some countries under market stress, such as Spain and Portugal, it even declined, suggesting that, so far, young people have managed to prolong their schooling or to be enrolled on a training programme, thereby avoiding unemployment. Conversely, the share of those deemed to be inactive who are not in education or training increased in other countries under market stress, such as Italy, Ireland, Cyprus and Greece.

Conclusions

To sum up, the deterioration in labour market outcomes for young workers in the euro area since the onset of the crisis has been stronger in countries under market stress, which have experienced dramatic rises in youth unemployment and non-participation. In a number of cases however, the rise in non-participation appears to have been absorbed by a higher share of young people staying in, or returning to, education. For a number of countries, irrespective of whether or not they are under market stress, high youth unemployment and inactivity are not a new phenomenon, even if they have been exacerbated by the crisis. In this context, persistent and high youth unemployment is one of the main challenges faced by European policy-makers today in view of the associated high social and economic costs. Several initiatives at the European level have been undertaken, such as the so-called youth guarantee schemes and youth employment initiatives.[3] However, more measures need to be taken by national authorities, in particular by intensifying the implementation of structural reforms.

3 See "EU measures to tackle youth unemployment", available on the European Commission's website at http://ec.europa.eu

Headcount employment was stable in the second and third quarters of 2013 (see Table 9), following seven consecutive quarters of decline. Since the second quarter of 2011, when employment began to fall, it has recorded a cumulative decline of 1.7%. At the sectoral level, the latest outcome masks a contraction in employment in industry including construction, which was offset by a rise in employment in services. By contrast, total hours worked rose, quarter on quarter, in both the second and third quarters, consistent with a normalisation of labour market conditions.

Table 9 Employment growth

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

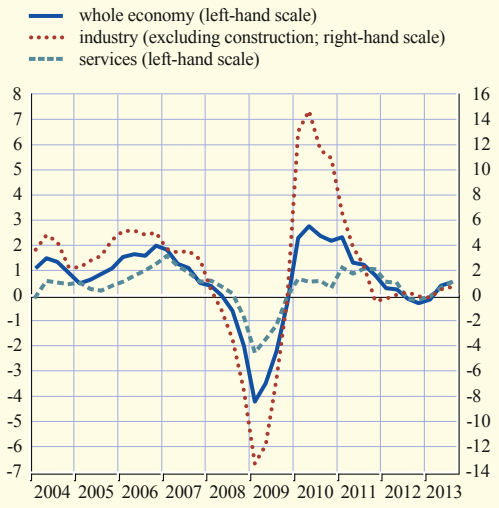
	Persons					Hours				
	Annual rates		Quarterly rates			Annual rates		Quarterly rates		
	2011	2012	2013 Q1	2013 Q2	2013 Q3	2011	2012	2013 Q1	2013 Q2	2013 Q3
Whole economy	0.2	-0.6	-0.5	-0.1	0.0	0.2	-1.4	-1.0	0.7	0.1
of which:										
Agriculture and fishing	-2.1	-2.0	-1.4	1.9	-0.4	-3.1	-2.9	-0.5	0.8	-0.4
Industry	-1.1	-2.1	-0.8	-0.6	-0.3	-0.8	-3.3	-1.6	1.1	-0.2
Excluding construction	0.0	-1.0	-0.5	-0.4	-0.3	0.7	-2.0	-1.2	1.4	-0.1
Construction	-3.8	-4.6	-1.6	-1.1	-0.3	-3.9	-6.1	-2.4	0.6	-0.5
Services	0.7	-0.1	-0.3	0.0	0.1	0.8	-0.7	-0.8	0.5	0.2
Trade and transport	0.6	-0.8	-0.4	0.0	0.0	0.3	-1.6	-0.8	0.7	0.3
Information and communication	1.2	1.2	-0.2	0.1	-0.1	1.4	0.6	0.0	0.3	-0.4
Finance and insurance	-0.4	-0.4	-0.1	-0.1	-0.1	-0.2	-0.8	-0.2	0.3	0.1
Real estate activities	0.3	-0.6	-0.7	0.5	0.4	0.9	-1.4	-0.1	1.0	-0.3
Professional services	2.5	0.7	-0.6	0.5	0.4	2.7	0.4	-1.0	0.8	0.3
Public administration	0.3	-0.3	-0.2	-0.2	0.1	0.5	-0.5	-0.9	0.4	0.1
Other services[1)]	0.1	0.7	0.0	-0.1	0.1	0.0	-0.1	-0.5	-0.1	0.4

Sources: Eurostat and ECB calculations.
Note: Data refer to the Euro 18.
1) Also includes household services, the arts and activities of extraterritorial organisations.

Labour productivity per person employed increased by 0.5% in annual terms in the third quarter of 2013. This is slightly higher than the growth rate in the second quarter, which in turn followed three quarters of negative growth (see Chart 31). The annual growth rate of hourly labour productivity increased more markedly, rising from 0.2% in the second quarter to 0.6% in the third quarter of 2013. As regards the fourth quarter of 2013, the latest readings of the PMI productivity

Chart 31 Labour productivity per person employed

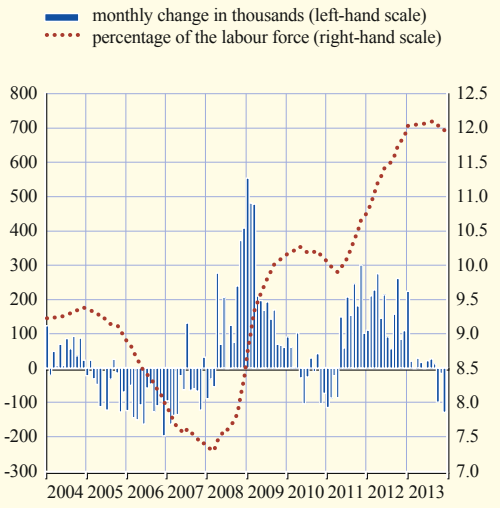
(annual percentage changes)



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

Chart 32 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.
Note: Data refer to the Euro 18.

index, which encompasses the manufacturing and services sectors, signal continued positive, albeit moderate, growth.

The unemployment rate stood at 12.0% in December 2013, unchanged from the two previous months. This stability, which masks a fall in the number of unemployed, follows a 0.1 percentage point monthly decline in October, which in turn was the first decline in the unemployment rate in over two and a half years (see Chart 32). The latest reading is 4.7 percentage points higher than in March 2008, when unemployment was at a cyclical low before the onset of the financial crisis.

4.4 THE OUTLOOK FOR ECONOMIC ACTIVITY

Developments in recent data and surveys overall suggest that the moderate recovery continued in the last quarter of 2013. Looking ahead, the previous assessment of economic growth has been confirmed. Output in the euro area is expected to recover at a slow pace. In particular, some improvement in domestic demand should materialise, supported by the accommodative monetary policy stance, improving financing conditions and the progress made in fiscal consolidation and structural reforms. In addition, real incomes are supported by lower energy price inflation. Economic activity is also expected to benefit from a gradual strengthening of demand for euro area exports. At the same time, although unemployment in the euro area is stabilising, it remains high, and the necessary balance sheet adjustments in the public and the private sector will continue to weigh on the pace of the economic recovery.

The results from the latest Survey of Professional Forecasters show that the outlook for growth as well as the unemployment rate for 2014 and 2015 remain broadly unchanged compared with the previous survey round (see Box 8 in Section 3).

The risks surrounding the economic outlook for the euro area continue to be on the downside. Developments in global money and financial market conditions and related uncertainties, notably in emerging market economies, may have the potential to negatively affect economic conditions. Other downside risks include weaker than expected domestic demand and export growth and slow or insufficient implementation of structural reforms in euro area countries.

ARTICLES

EXTENSIONS TO THE MODELS FOR ASSESSING MONEY AND CREDIT

The ever-changing economic and financial landscape in the euro area, not least during the recent financial crisis, constantly poses new questions and challenges to the ECB's broad-based monetary analysis, as indeed to any policy-oriented analytical endeavour. These require the adoption of new perspectives, the mobilisation of additional sources of information and the development and extension of analytical tools.

In recent years, it has become necessary for the ECB's monetary analysis to identify more clearly any warning signals from money pointing to systematic downside risks to price stability. Moreover, it was faced with bouts of heightened uncertainty, which threatened to blur the information content of monetary developments. In addition, it had to deal with the possibility that the availability of bank credit could be restrained, to different extents depending on the country, economic sector and size of the borrowing company. This article looks at some of the recent extensions to the models used by the ECB's broad-based monetary analysis that address these challenges.

1 INTRODUCTION

Any analytical framework intended to provide input to a monetary policy-making process is constantly confronted with an evolving economic and financial landscape, advances in methodologies and techniques, as well as the increased and improved availability of information. This holds for the ECB's monetary analysis framework as much as for any other policy-oriented analytical endeavour. Maintaining the policy relevance of the analysis of developments in money and credit therefore requires consistent investment in the analytical tools that support it and that, together with the expert institutional knowledge, form the bedrock of monetary analysis. At the ECB, this investment has been continuous and was formalised in 2007 through the ECB Governing Council's endorsement of a research agenda to enhance monetary analysis.[1]

Efforts to improve the monetary analysis, however, did not cease with the completion of this agenda. The additional challenges posed by the financial crisis have intensified the need for extensions and refinements in the applied tools. During the crisis, for instance, it became necessary for the ECB's monetary analysis to identify more clearly monetary regimes which may expose the euro area monetary policy framework to entrenched downside risks to price stability. Moreover, the crisis brought about episodes of heightened uncertainty, which threatened to distort the information value of monetary developments for future economic activity. Finally, stress originating in the banking sector brought to the fore concerns that constraints in the availability of funding to the real economy could be restraining economic activity. The significant heterogeneity of this phenomenon across countries, as well as across borrower sector and firm size, posed an additional challenge. This article illustrates some of the extensions to the models used by the ECB's broad-based monetary analysis that were made to address these challenges. In this sense, the article provides an interim account of selected ongoing work at the ECB to further enhance its monetary analysis.

2 USING MONETARY DEVELOPMENTS TO ASSESS INFLATION TRENDS AND ECONOMIC ACTIVITY

Money-based inflation risk indicators have been used in the ECB's monetary analysis from the outset of Monetary Union. These tools provide a convenient way to summarise and synthesise a vast

1 The avenues for research pursued and the corresponding results are described in Papademos, L.D. and Stark, J. (eds.), *Enhancing monetary analysis*, ECB, Frankfurt am Main, 2010. A summary was also presented in "Enhancing monetary analysis", *Monthly Bulletin,* ECB, November 2010.

amount of detailed information. They are, therefore, an integral element of the overall assessment of risks to price stability in the medium to long term, exploiting the robust leading indicator properties of broad money growth for trends in inflation. At the same time, the informational content of monetary variables is not exhausted in the medium to long-term link between money and price developments. Monetary developments can, for instance, be used to derive information on business and financial cycle dynamics. This section presents some recent extensions to the analytical toolkit applied by the ECB for exploiting policy-relevant information embedded in money.

2.1 USING M3 TO PREDICT SHIFTS IN THE INFLATION REGIME

The ECB's monetary policy strategy assigns a prominent role to monetary analysis for identifying risks to price stability over medium to longer-term horizons. This role recognises that the policy-relevant information in monetary developments about the outlook for prices is concentrated in the low-frequency movements of monetary quantities (i.e. averaging over long periods of time). A particularly pertinent way of operationalising this role is, therefore, to use the informational content of money to provide early warnings of shifts between distinct inflation regimes. The ECB's monetary analysis has, for some time now, deployed such an approach, using the model of Amisano and Fagan (2010).[2,3] This approach considers two possible inflation regimes: a "low" inflation regime (featuring a mean inflation rate of 1.6%) and a "high" inflation regime (featuring a mean inflation rate of 3.8%). The "low" inflation regime therefore nests both "benign" inflation outcomes broadly consistent with the Governing Council's aim of maintaining inflation around levels "below, but close to, 2%" over the medium term, and inflation outcomes that fluctuate within lower numerical ranges which – if sustained – can be viewed as being less consistent with that aim. The decision to use two inflation regimes was motivated by the fact that very low inflation outcomes had been very rare in the history of the euro area and its constituent Member States.

However, it became necessary to distinguish more precisely monetary regimes that are clearly consistent with the Governing Council's aim described above from monetary regimes that may expose the euro area monetary policy framework to systematic downside risks to price stability. The original approach was therefore extended to allow for downside departures from the "benign" price stability regime, despite the empirical challenges referred to above.

Under the extended model, euro area HICP inflation has three regimes: (i) a "low" inflation regime with a state-specific mean calibrated at 0.5%;[4] (ii) a "medium" inflation regime, which is interpreted as being compatible with the Governing Council's 2003 communication on its policy aim over the medium term; and (iii) a "high" inflation regime, in which inflation is well above values compatible with price stability.

2 See Amisano, G. and Fagan, G., "Money growth and inflation: a regime switching approach", *Working Paper Series*, No 1207, ECB, Frankfurt am Main, June 2010, and Amisano, G. and Fagan, G., "Money growth and inflation: a regime switching approach", *Journal of International Money and Finance,* Vol. 33, 2013, pp. 118-145.

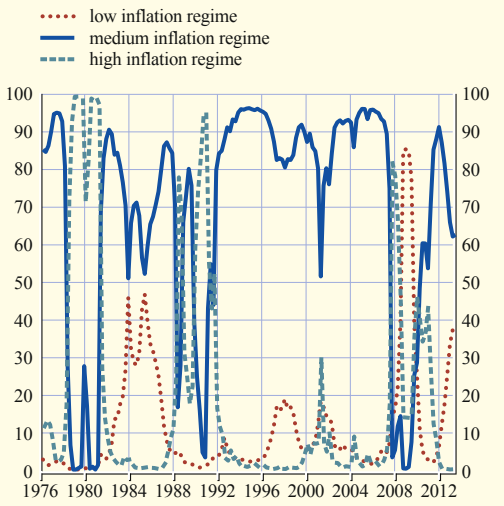
3 For the use of the Amisano and Fagan model by the ECB, see the box entitled "Monetary developments as indicators of inflation" in "Enhancing monetary analysis", *Monthly Bulletin,* ECB, November 2010, and "Money-based inflation risk indicators: principles and approaches" in Papademos, L.D. and Stark, J. (eds.), *Enhancing monetary analysis*, ECB, Frankfurt am Main, 2010, Chapter 4.

4 The calibration of the low inflation regime needed to balance the scarcity of observed low inflation periods against the need for empirical robustness. Experimenting with different values for the low inflation regime mean, however, did not yield qualitatively different results. For the extended model, see Amisano, G., Colavecchio, R. and Fagan, G., "A money-based indicator for deflation risk", *DEP Discussion Paper*, Macroeconomics and Finance Series 1/2014, Hamburg University, January 2014.

The model can be used to map observed inflation outcomes onto probabilistic statements about being in each of the three regimes at any particular point in history.[5] These are characterisations of observed inflation readings and not predictive statements about future inflation regimes.

Chart 1 Inflation regime allocation probabilities

(probabilities in percentages)



Source: ECB calculations based on extensions to the Amisano and Fagan model.

From a policy perspective, what is of central interest is how this approach exploits the leading indicator properties of money to provide early warnings about future shifts in the inflation regime. As in the original specification of the Amisano and Fagan model, the probabilities of switching from one regime to another (i.e. transition probabilities) are allowed to vary over time as a function of a smoothed measure of euro area M3 growth. Importantly, it is the lagged values of this measure that are used in the estimation of the transition probabilities. This feature implies that the model can be used to estimate transition probabilities for up to nine quarters ahead. It should be highlighted, however, that the uncertainty surrounding these estimates increases as the projection horizon is prolonged.

Two results of the new specification of the Amisano and Fagan model are worth mentioning. First, the probability that the model assigns to the medium inflation regime is 63%, as of the third quarter of 2013 (see Chart 1). Therefore, despite a decline in that estimated probability over the recent past, the model continues to view a regime consistent with price stability as the most probable characterisation of the current state of inflation.

Second, the probability that the euro area will remain in the medium inflation regime in the future, given that it is currently in such a regime, remains very high (more than 90%) throughout the period until the fourth quarter of 2015 (see Chart 2). By contrast, the probability of a transition from a medium inflation regime to a low inflation regime is estimated to be rather small (below 10%), albeit higher than before 2011 (see Chart 3).

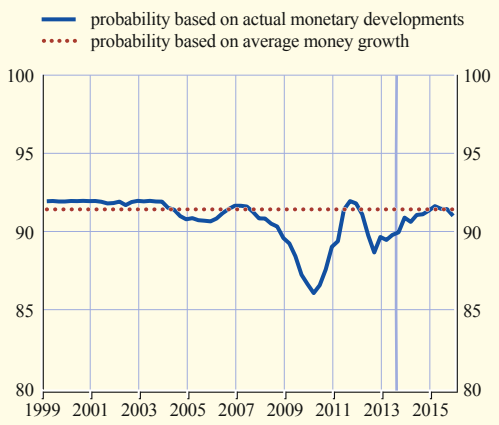
The influence of the recent subdued pace of monetary expansion in raising the probability of a low inflation regime since early 2012 can be gauged by comparing the solid line in Chart 3, i.e. the estimated transition probability using actual monetary developments, with the dotted horizontal line. The latter shows the probability of moving from the medium to the low inflation regime computed by setting the monetary indicator variable equal to its sample mean.[6] The probability corresponding to actual monetary developments is currently higher than the probability corresponding to average

5 Inflation regimes themselves are unobservable but should be understood as reflecting persistent inflation readings close to a regime-specific central value. Therefore, single inflation readings cannot be mechanically assigned to a specific regime by comparing them with a predefined set of thresholds. Instead, the model can be used to estimate the probability that, at each point in time in the available history, inflation was in each of the three possible regimes. These are smoothed probabilities, i.e. they take into account the entire sample evidence and not just the latest data point.

6 The transition probability corresponding to M3 growth set at the ECB's reference value (i.e. 4.5% per annum) is close to the one corresponding to average money growth.

Chart 2 Probability of remaining in the medium inflation regime given that the economy was in the medium inflation regime in the previous quarter

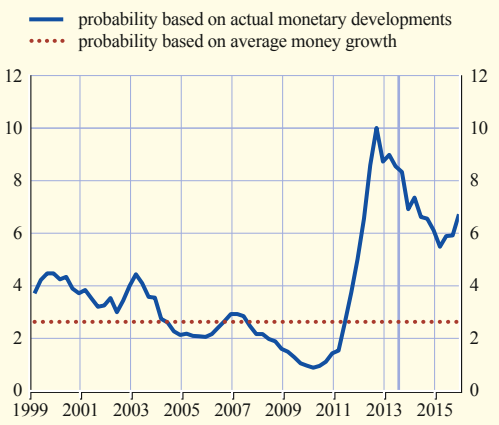
(probabilities in percentages)



Source: ECB calculations based on extensions to the Amisano and Fagan model.
Notes: The vertical line denotes the start of the period for which actual observations for inflation are not available. The latest observation is for the third quarter of 2013.

Chart 3 Probability of moving from a medium to a low inflation regime

(probabilities in percentages)



Source: ECB calculations based on extensions to the Amisano and Fagan model.
Notes: The vertical line denotes the start of the period for which actual observations for inflation are not available. The latest observation is for the third quarter of 2013.

monetary conditions and is projected to remain higher. By nature, this approach does not offer an interpretation of the economic mechanisms that give rise to the leading indicator properties of monetary developments for inflation. Such an interpretation requires a structural approach. Box 1 offers some insights from using a structural approach to identify the common economic factors that drive monetary and price developments and whose influence is apparent earlier in monetary dynamics than in inflation.

Overall, the results of this three-state money-based early warning indicator of risks to price stability suggest that the probability that price developments may become entrenched in a low inflation regime, although not negligible, remains contained. By relying on transmission channels that use non-standard indicators of risks to price stability, this analysis affords a valuable cross-checking perspective on inflation projections, which are based mainly on real economic indicators.

Box 1

THE LINK BETWEEN MONEY AND INFLATION THROUGH THE LENS OF A STRUCTURAL MODEL

This box sheds light on the common factors underlying the dynamics of monetary aggregates and those of inflation through the lens of a structural model estimated using euro area data from 1999 onwards.[1] The structural nature of the model helps to explain observed economic fluctuations in terms of exogenous drivers (i.e. structural shocks), each of which has

1 The model is known as the Christiano, Motto and Rostagno, or CMR, model and belongs to the family of Dynamic Stochastic General Equilibrium (DSGE) models. It includes 16 variables, ranging from economic activity to product and labour markets, money, credit and the financial side of the economy. See Christiano, L., Rostagno, M. and Motto, R., "Financial factors in economic fluctuations", *Working Paper Series,* No 1192, ECB, Frankfurt am Main, May 2010.

different implications for macroeconomic dynamics. In particular, it is possible to measure the contribution of each shock to the dynamics of a given observable variable.[2]

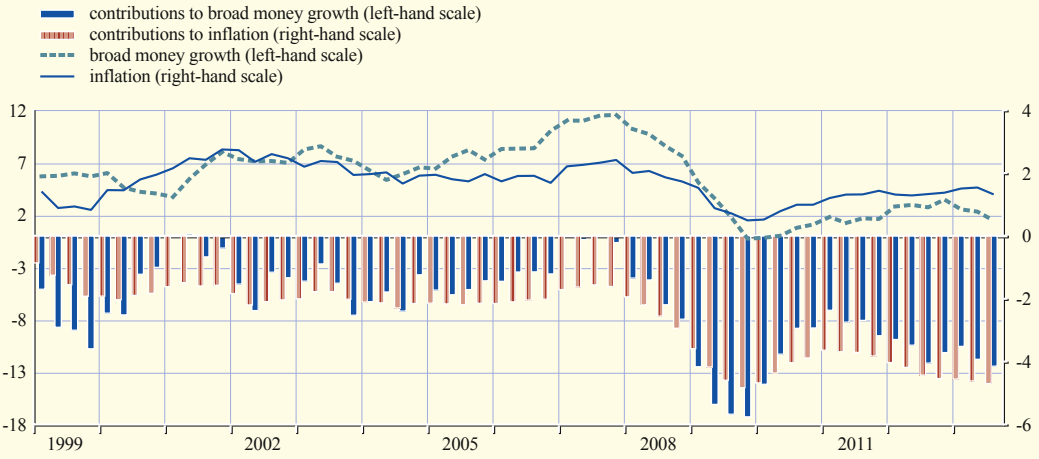
The box focuses on identifying the common underlying drivers of money growth and inflation. It is not intended to study the long-term relationship between money and the price level, as documented in Benati,[3] but rather the exercise answers the questions: what are the structural shocks that make money growth and inflation move in the same direction in the short to medium term and what is the typical lead/lag structure of the shocks which, according to the model, contribute most to money growth and inflation? The analysis is based on the period from the first quarter of 1999 to the third quarter of 2013.

The evidence from the model suggests that two types of shocks are particularly important in generating co-movements of M3 growth and inflation. The first type of shock originates mainly within the financial and monetary side of the economy, and is related to the degree of riskiness in financial contracts and the valuation of borrowers' wealth. The second type of shock originates within the real side of the economy, and is mainly related to demand for consumption and investment.

Chart A presents the contributions of these shocks in explaining broad money growth and inflation. The shocks contributed negatively and in a sizeable manner to M3 growth and inflation,

Chart A Broad money growth, inflation and shock contributions

(annual rate of change; contributions in percentage points)



Sources: ECB, Eurostat and ECB calculations based on the CMR model.
Notes: Contributions to money growth and inflation stem from historical shock decompositions and include contributions from overall riskiness and consumption/investment demand. The latest observation is for the third quarter of 2013.

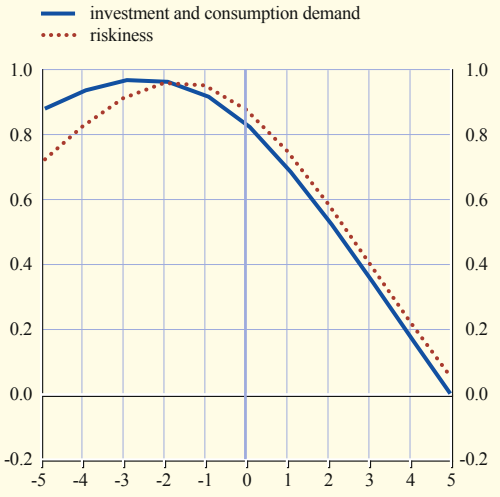
2 For shock decompositions of euro area variables see Fahr, S., Motto, R., Rostagno, M., Smets, F. and Tristani, O., "A monetary policy strategy in good and bad times: lessons from the recent past", *Economic Policy*, Vol. 28, 2013, pp. 243-288, or the box entitled "Monetary developments and macroeconomic dynamics: a structural interpretation" in "Enhancing monetary analysis", *Monthly Bulletin*, ECB, November 2010.

3 The structural model focuses mainly on the relationships at business cycle frequencies, although monetary variables and the price level co-move in the long run. For work on the short and long-term relation between money and inflation, see the box entitled "Short and long-term causality of M3 to inflation in the euro area", *Monthly Bulletin*, ECB, July 2007, and specifically for the long-term relationship, see Benati, L., "Long run evidence on money growth and inflation", *Working Paper Series*, No 1027, ECB, Frankfurt am Main, March 2009.

especially between 2008 and 2010. This is in line with an interpretation by which financial sector stress and the sudden fall in investment implied a strong reduction in loan and money creation. As a result, inflationary pressures also subsided, albeit to a smaller degree and with a lag.[4]

To analyse the typical lead/lag structure between money growth and inflation, Chart B shows the dynamic correlation of the contribution of these two types of shocks to money growth and inflation at different leads and lags. Negative/positive numbers on the horizontal axis represent quarters for which the contributions to inflation lag/lead those to M3 growth. The chart shows that contributions to money growth lead those to inflation by a few quarters, whereby the exact lead structure depends on the type of shock. An increase in money growth due to these types of shocks is hence expected to be followed by increases in inflation a few quarters further on. Monetary aggregates are therefore helpful in assessing the transmission of these shocks to future inflation rates.

Chart B Correlation between shock contributions to broad money growth and inflation



Source: ECB calculations based on the CMR model.
Notes: Values on the horizontal axis indicate leads and lags of inflation (annual change of GDP deflator) relative to broad money growth (M3). Negative values indicate quarters by which inflation series is lagged compared with M3 growth.

Two main transmission channels may explain the lead/lag structure of the contributions between the variables in this model. First, positive shocks related to investment and consumption demand spur additional expenditures, which require the creation of monetary means of payment. As expenditure grows, inflationary pressures are generated. Second, favourable shocks related to riskiness and the value and availability of collateral for greater borrowing and investment affect loan dynamics and money and, at the same time, boost demand and inflation.[5]

Overall, the analysis shows that shocks originating within the financial and monetary side of the economy play a crucial role in explaining the co-movement of money growth and inflation. It thereby confirms earlier evidence that developments in monetary aggregates do contain information about the outlook for inflation. Hence, money-based inflation forecasts can improve forecasts based on the economic analysis, as found in Fischer et al.[6]

4 Inflation did not fall by the entire contribution from the shocks because of counteracting effects from other shocks, in particular, declines in productivity.
5 The dynamic response to a riskiness shock is also discussed in the box entitled "Bank behaviour and macroeconomic developments" in "The supply of money – bank behaviour and the implications for monetary analysis", *Monthly Bulletin*, ECB, October 2011.
6 Fischer, B., Lenza, M., Pill, H. and Reichlin, L., "Monetary analysis and monetary policy in the euro area 1999-2006", *Journal of International Money and Finance*, Vol. 28, 2009, pp. 1138-1164.

2.2 THE LEADING INDICATOR PROPERTIES OF M1 FOR ACTIVITY

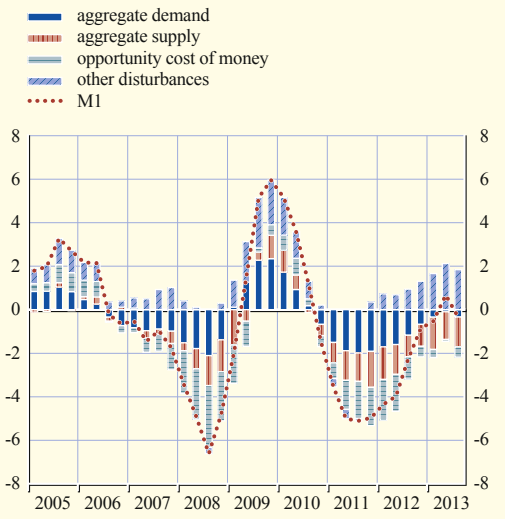
A well-established empirical fact in the euro area is that turning points in real M1 tend to lead those in real GDP.[7] Economically, this relationship is likely to stem from the fact that liquid balances are

7 See the box entitled "Stylised facts of money and credit over the business cycle", *Monthly Bulletin*, ECB, October 2013.

held in M1 mainly for transaction purposes and, therefore, an increase in such balances is a harbinger of increased spending. At times, however, other motives for holding M1 can become relevant and possibly dominant. For instance, at times of elevated uncertainty, portfolio considerations may favour highly liquid, non-risky assets, such as deposits included in M1. In this case, the question arises as to whether these portfolio-driven flows into M1 may distort or even destroy the leading indicator properties of this aggregate for real economic activity.

Chart 4 Driving forces behind developments in real M1

(annual rate of change; deviations from average; contributions in percentage points)



Sources: ECB and ECB calculations.
Notes: This breakdown of the annual growth rate of real M1 is based on an average growth rate of 5.5% between 1999 and 2013. The latest observation is for the third quarter of 2013.

To address this issue, the dynamics of real M1 are interpreted using a time-varying parameter vector autoregression (TV-VAR) model.[8] The TV-VAR approach offers a highly flexible statistical representation of the data, allowing changes over time in the dynamic relationship between the variables. It is, therefore, particularly appropriate as a framework for assessing the informational content of monetary variables in a period when the very low level of short-term rates may have altered the preference of money-holders for liquid instruments and the historical relationship of M1 with other economic variables.[9]

Economic theory can inform the TV-VAR model so that it can be used to decompose observed M1 developments into the contributions of the various underlying forces that are driving them.[10] Such a decomposition is provided in Chart 4, which identifies the contributions to real M1 growth of disturbances to spending preferences of the private sector and to productivity, as well as of disturbances to the level of the opportunity cost of holding M1. This decomposition shows how aggregate demand and productivity forces have shaped the cyclical component of real M1 growth, notably the drag that these two forces exerted on M1 growth both during the recession of 2007/08 and more recently.

The decomposition also suggests that M1 dynamics were significantly influenced by "other" factors. Notably, these factors pushed real M1 growth up between the fourth quarter of 2008 and the third quarter of 2010 and then again starting in the third quarter of 2011.[11] Both periods were

8 The model, which also features stochastic volatility, is based on the methodology presented in Gambetti, L. and Musso, A., "Loan supply shocks and the business cycle", *Working Paper Series*, No 1469, ECB, Frankfurt am Main, September 2012. The specification used here includes real GDP, the GDP deflator, a short-term money market interest rate and M1 deflated using the GDP deflator.

9 Indeed, recent empirical macroeconomic literature has shown that multivariate models with time-varying parameters and stochastic volatility provide some advantages for structural analysis in the presence of potential changes of relationships which may have taken place in recent years owing to the short-term interest rates approaching the zero lower bound. See, for example, Baumeister, C. and Benati, L., "Unconventional Monetary Policy and the Great Recession: Estimating the Macroeconomic Effects of a Spread Compression at the Zero Lower Bound", *International Journal of Central Banking*, Vol. 9-2, 2013, pp. 165-212.

10 More formally, this involves imposing identifying sign restrictions, derived from theoretical models such as Andrés, J., López-Salido, J. D. and Nelson, E., "Money and the natural rate of interest: Structural estimates for the United States and the euro area", *Journal of Economic Dynamics & Control*, Vol. 33, 2009, pp. 758-776.

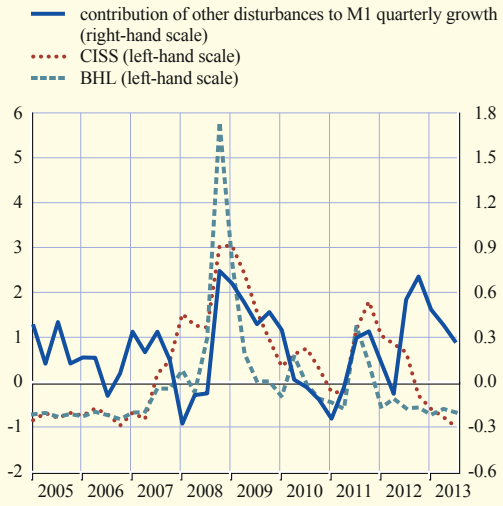
11 In the latter episode, the impact only became visible in the contribution to the annual growth rate in the fourth quarter of 2011.

characterised by heightened financial stress, the first as a result of the collapse of Lehman Brothers. In the second period, the intensification of tensions in European sovereign bond markets led to heightened financial stress in the euro area banking sector and the broader financial system. Stress in financial markets is generally associated with increased uncertainty regarding the valuation of financial and real assets and, therefore, has an effect on portfolio allocation decisions. Typically, uncertainty increases the value of waiting, thus providing incentives to postpone spending and investment decisions and, therefore, to hoard money. Insofar as this is the case, increased holdings of M1 will not herald imminent increases in spending. Chart 5 shows that the contribution of "other" factors to M1 growth is quite closely related to measures of financial uncertainty during this period, as was also the case around the collapse of Lehman Brothers. This suggests that the contribution of those factors can at least partly be attributed to shifts in demand for M1 related to uncertainty.

Under the influence of the positive contribution of "other" factors in late 2011, as shown in Chart 5, real M1 growth registered a turning point almost two years (about seven quarters) ahead of the subsequent turning point in the growth of real GDP (see Chart 6). This represents a deviation from the regular lead of three to four quarters in the association between real M1 turning points and the turning points in real activity. However, a counterfactual measure of M1 growth that excludes the contribution of "other" factors – and can thus be seen as being mostly immune from the impact of uncertainty-related money demand shifts during this episode – only registered a turning point in the fourth quarter of 2011. This corresponds to a lead of only five quarters relative to the trough in real GDP growth, which is broadly in line with the historical regularity. Hence, by filtering the observed

Chart 5 Measures of financial uncertainty and the contribution of "other" factors to M1 quarterly growth

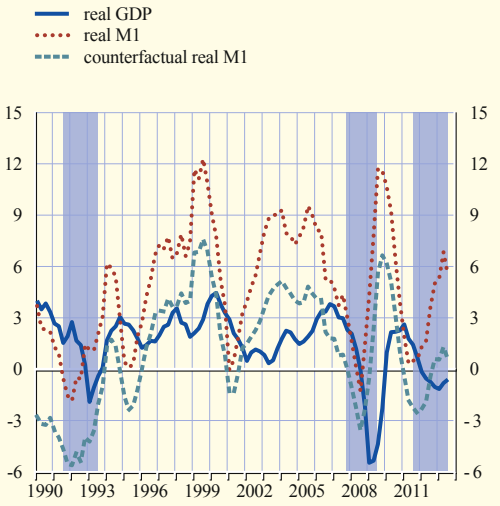
(contributions in percentage points; index)



Sources: Thomson Reuters, ECB and ECB calculations.
Notes: "CISS" is the Systemic Stress Composite Indicator. For further details, see Hollo, D., Kremer, M. and Lo Duca, M., "CISS - a composite indicator of systemic stress in the financial system", *Working Paper Series,* No 1426, ECB, Frankfurt am Main, March 2012. "BHL" refers to the index derived in Bekaert, G., Hoerova, M. and Lo Duca, M., "Risk, uncertainty and monetary policy", *Journal of Monetary Economics,* Vol. 60, 2013, pp. 771-788. The uncertainty measures have been normalised to zero mean and a standard deviation of 1. The latest observation is for the third quarter of 2013.

Chart 6 Real GDP growth, real M1 growth and real adjusted M1 growth

(annual rate of change)



Sources: ECB, Eurostat and CEPR.
Notes: Shaded areas delimit euro area recessions as identified by the CEPR Business Cycle Dating Committee. For the derivation of the adjusted real M1 series see the main text. All variables are deflated by the GDP deflator. The latest observation is for the third quarter of 2013.

M1 developments for the impact of uncertainty, the consistency of the leading indicator properties of M1 for turning points in real GDP could be largely restored. The use of such a "corrected" M1 series as a leading indicator for economic activity thus avoided the misinterpretation of headline M1 figures during this episode. While important, this analysis is partial and the relationship between narrow money, measures of uncertainty and economic activity needs to be integrated in a more formal way in economic models.

3 DISSECTING AGGREGATE MFI LOANS TO THE EURO AREA NON-FINANCIAL PRIVATE SECTOR

GENERAL CONSIDERATIONS

In recent years, developments in euro area loans to the private sector have been affected by special factors associated with the economic and financial crisis. These range from persistent changes in risk aversion and risk perceptions by economic agents involved in credit markets (i.e. lenders, actual or potential borrowers and investors) to a number of non-standard monetary policy measures aimed at restoring the proper functioning of the monetary policy transmission mechanism. Moreover, the sovereign debt crisis, among other factors, has led to heightened heterogeneity across countries along various dimensions, including an atypical fragmentation of credit markets.

These developments have given rise to new challenges in the analysis of non-financial private sector loans. To address them, new data have been made available, ranging from new survey data such as the "Survey on the access to finance of small and medium-sized enterprises in the euro area"[12] to individual MFI data (since September 2012, see Box 2). Beyond new data, modelling advances have been necessary to analyse loan growth in the current environment. Selected recent advances are illustrated in the following sub-sections, which include extensions of available frameworks for loan demand modelling, new models for conditional forecasting of loans and extensions of empirical models for structural analysis, namely for the identification of loan supply restrictions. The advances presented here should be seen as illustrative examples of techniques used to analyse loan growth, which are continuously being enhanced.

ADVANCES IN LOAN DEMAND MODELLING

The decline observed in the annual growth of loans to the private sector since mid-2011 has given rise to a number of important questions of policy relevance. One key issue is whether the banking sector is channelling enough funds to non-financial corporations and households to support the recovery of private investment and consumption, or whether remaining structural challenges or other impairments are dampening the prospective recovery. In this respect, assessing developments in bank loans to the non-financial private sector, i.e. loans to households and loans to non-financial corporations, becomes a central task. On the one hand, this results from the continued primary importance of MFI loans as a source of financing for non-financial corporations (as well as for households) in the euro area, although the role of corporate debt issuance has increased since the crisis started.[13] On the other hand, non-financial corporations and households represent the key sectors driving private domestic demand, while non-monetary financial intermediaries (i.e. insurance corporations and pension funds and other financial intermediaries) tend to base their decisions on financial considerations, leading to more volatile lending flows to this sector.

12 These survey data are available from 2009 onwards. For the latest available data, see the box entitled "Survey on the access to finance of small and medium-sized enterprises in the euro area: April to September 2013", *Monthly Bulletin*, ECB, November 2013.

13 See, for example, the Structural Issues Report on "Corporate finance and economic activity in the euro area", by the Task Force of the Monetary Policy Committee of the ESCB, *Occasional Paper Series*, No 151, ECB, Frankfurt am Main, August 2013.

Thus, a central question is whether the provision of loans by MFIs to the non-financial private sector is sufficient to support the upturn in economic activity. This issue can be addressed by carrying out simulations which take into account the state of the business cycle and historical relationships between variables in the context of standard loan demand models. However, such models need to be adapted to the current circumstances. Not only do they need to focus on the non-financial private sector, as opposed to the whole private sector, so as to abstract from excessive volatility arising from purely financial market forces, but additional factors that have become potentially important drivers of bank loans should also be taken into account. The latter include the ECB's non-standard monetary policy measures introduced in the euro area in recent years to support the banking system and thus, indirectly, also credit markets (from the "enhanced credit support" measures from October 2008 onwards to the two three-year longer-term refinancing operations announced in December 2011). In addition, the crisis has put serious pressure on firms' and banks' profits and balance sheets and has led to substantial changes in risk aversion and perceptions.

Given the above considerations, the standard loan demand model used in the euro area since the start of Stage Three of EMU in the context of the quarterly ECB/Eurosystem staff macroeconomic projections and of the monetary analysis, based on the vector error-correction model (VECM) approach, has seen considerable changes.[14] These include a shift in the focus from loans to the private sector to loans to the non-financial private sector and the inclusion of the euro overnight index average (EONIA) spread (i.e. the EONIA minus the rate for the main refinancing operations) and risk variables as exogenous variables in the model. The EONIA spread is used to evaluate the extent to which the ECB's non-standard liquidity provision measures have alleviated the funding constraints of banks and have indirectly supported the provision of bank loans to the real economy during the crisis period. In turn, the risk variables are used to assess by how much the deterioration in the profitability and balance sheets of banks and higher risk aversion and perceptions could have limited bank credit growth in recent years.[15]

Such a framework helps to assess whether developments in MFI loans to the non-financial private sector are in line with the prevailing macroeconomic and financing conditions and historical regularities. More precisely, this can be undertaken by carrying out a forecast of MFI loans from 2005 onwards (i.e. from the period just before the strong growth of loans was observed between 2006 and 2007) conditional on the parameters estimated using data up to mid-2010 (i.e. just before the sovereign debt crisis) and on actual developments of the explanatory variables over the whole sample period.[16] The simulations based on the latest version of the extended VECM suggest that, until the third quarter of 2013, the profile of loans to the non-financial private sector in the euro area was broadly in line with the current state of the business cycle, financing conditions and historical regularities (see Chart 7). However, since mid-2013, the level of lending growth has reached the lower end of the uncertainty bound. As a result, euro area loan growth may be characterised as weak, but probably reflecting forces that can be explained on the basis of the prevailing economic

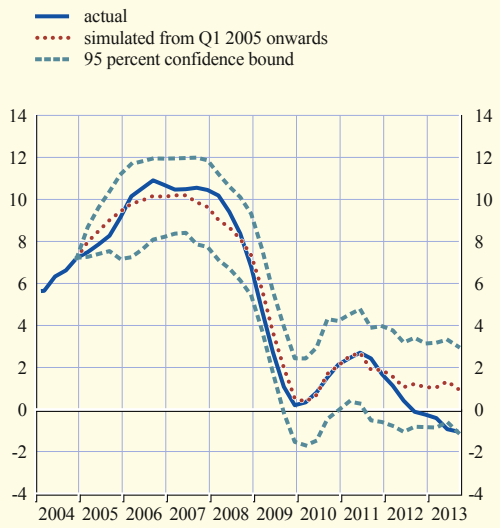
14 These models do not only explain loan growth on the basis of short-term movements in the explanatory variables, but they also provide quantitative estimates of the long-run "equilibrium" level of loan growth and thus allow to monitor the build-up of exuberances and their corrections over time. For early applications to euro area data, see Calza, A., Gartner, C. and Sousa, J., "Modelling the demand for loans to the private sector in the euro area", *Applied Economics*, Vol. 35, 2003, pp. 107-117. For the use of sectoral loan demand models in the context of the quarterly ECB/Eurosystem staff macroeconomic projections and other more recent applications, see Papademos, L.D. and Stark, J., op. cit. (especially Annex 6 of Chapter 7).

15 Other changes include replacing short-term and long-term market interest rates with the composite market interest rate, computed as the weighted average of short-term and long-term market interest rates using the shares of outstanding amounts of short-term and long-term loans to non-financial corporations and households in total loans to the non-financial private sector as weights, as a cost variable, and including real house prices into the long-term relationship to be able to assess the impact of housing market dynamics on loans.

16 It was necessary to extend the estimation period beyond the start of the simulation to capture the impact of non-standard measures and bank-specific risk on loan dynamics during the financial and sovereign debt crisis. Indeed, the values for EONIA spread and bank-specific risk were insignificant before the crisis.

Chart 7 Actual versus simulated developments in MFI loans to the non-financial private sector in the euro area

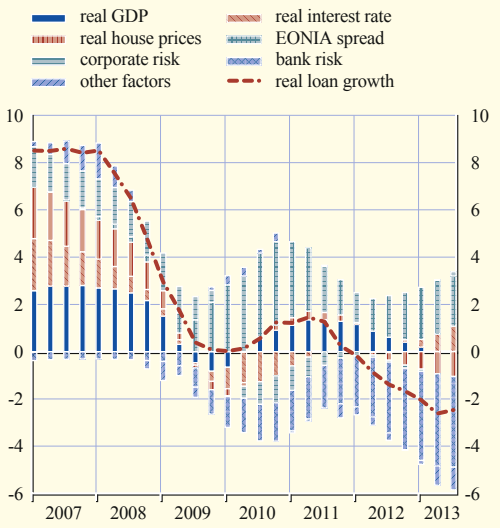
(annual percentage changes)



Sources: ECB, Eurostat, Moody's and ECB calculations.
Notes: Based on a vector error correction model with three lags according to Akaike information criterion. The model relates real MFI loans to the non-financial private sector (adjusted for loan sales and securitisation) to real GDP, house prices, the composite market interest rate, the EONIA spread, corporate risk and bank risk. Simulated from the first quarter of 2005 onwards, with the model parameters estimated for the period from the first quarter of 1985 to the second quarter of 2010, conditional on actual developments of explanatory variables. The latest observation is for the third quarter of 2013.

Chart 8 Non-financial private sector loan growth decomposition in the euro area

(annual percentage changes; contributions in percentage points)



Sources: ECB, Eurostat, Moody's and ECB calculations.
Notes: See Chart 7. Corporate and bank risks are derived by regressing non-financial corporations' expected default frequencies (NFC EDFs) against real GDP and bank EDFs against NFC EDFs, respectively. The residuals obtained from these regressions are then used in the loan equation to separately proxy corporate and bank-specific risks and to differentiate these risks from a macro risk. The model estimation period ranges from the first quarter of 1985 to the first quarter of 2013. The latest observation is for the third quarter of 2013.

conditions. At the same time, in view of potential endogeneity problems, these results should be interpreted with caution.[17]

An additional application of the extended VECM approach, which can provide useful information for interpreting loan developments, is represented by a decomposition of loan growth in terms of the explanatory factors driving it. While this model is not a structural model and, therefore, does not allow for causality analysis, the decomposition can provide useful information in terms of approximate driving forces. Based on the extended VECM, the strong growth in lending to the non-financial private sector up to 2007 was mostly explained by robust developments in real economic activity, continuous increases in real house prices and an underpricing of risk (see Chart 8). The current weakness in loans to the non-financial private sector is explained by a number of factors. First, the low level of economic and housing market activity. This is signalled by the broadly zero contribution to loan growth from economic activity and a negative contribution from house prices in recent quarters.[18] Second, bank-specific risks also continue to strongly dampen lending growth. This is likely to mirror the banks' still weak capital positions and their limited ability to absorb new adverse shocks and loan write-downs. These factors may limit banks' risk-taking and the granting of credit to the real economy, despite the recapitalisations of banks in the past quarters. At the same

17 More precisely, developments in model fundamentals depend also on credit availability and financing conditions, suggesting that endogeneity problems may affect them.
18 Over the model estimation period, the average contribution of real GDP to annual real loan growth has been around two percentage points, compared with the current broadly zero contribution.

time, the VECM would support the view that the ECB's liquidity providing operations implemented so far and the low level of monetary policy interest rates remain the only factors supporting loan dynamics. More specifically, they have alleviated banks' funding pressures, contained credit supply effects and lowered the financing costs of banks and the broader economy. This is evident from the positive contributions of the EONIA spread and real interest rates on loan growth in recent quarters. Adding thus the contribution of the EONIA spread factor and the bank risk factor enables a better picture of the actual impact of bank-specific factors to loan dynamics to be derived.

ADVANCES IN CONDITIONAL FORECASTING MODELS OF LOANS TO NON-FINANCIAL CORPORATIONS

One of the main features of the financial crisis which has hit the euro area economy over the past few years has been the emergence of significant fragmentation, among other dimensions, across euro area countries. Credit markets have not been immune from this fragmentation. For monetary policy, this aspect of the crisis did not imply a change in the ECB's role in macroeconomic stabilisation, which remains the maintenance of price stability. However, it has implied adjustments in the intensity and choice of instruments of monetary policy to repair the transmission of monetary policy by reducing fragmentation in the economy.[19] Overall, in the context of monetary analysis, the emergence of significant financial fragmentation warranted a refinement in the tools needed to assess credit market developments. More precisely, while the euro area remains the reference geographical and economic aggregate for the ECB's economic and monetary analysis, financial fragmentation and the increased heterogeneity of credit market developments among euro area countries during the financial crisis warrants complementing the euro area perspective with a country one.

An example of such an endeavour in the context of monetary analysis is represented by a recently developed multi-country Bayesian VAR (BVAR) for loans to non-financial corporations, which extends the model of Giannone, Lenza and Reichlin (2012).[20] Such a modelling approach has the advantage over other modelling frameworks, such as the VECM discussed above, that it allows for a large set of variables to be analysed simultaneously, without incurring the so-called curse of dimensionality typically arising in a data-rich environment. Moreover, by comparing results of the euro area aggregate VECM with the country-specific results from the BVAR, findings and interpretations can be cross-checked across tools.

The recently developed multi-country BVAR model helps to assess loan developments not only from a country-specific perspective, but also from a more specific sectoral perspective, with loans to non-financial corporations being the centre of attention. This focus can be justified by the fact that sectoral loans exhibit different cyclical properties and are driven by somewhat different determinants, aspects which may be particularly important when analysing developments at the country level. More precisely, the model includes 30 macroeconomic and credit variables for the four largest euro area economies, i.e. Germany, France, Italy and Spain.[21]

19 For an elaboration of such analysis, see the speech by Benoît Cœuré on "Monetary policy in a fragmented world" at the 41st Economics Conference of the Oesterreichische Nationalbank, Vienna, 10 June 2013.

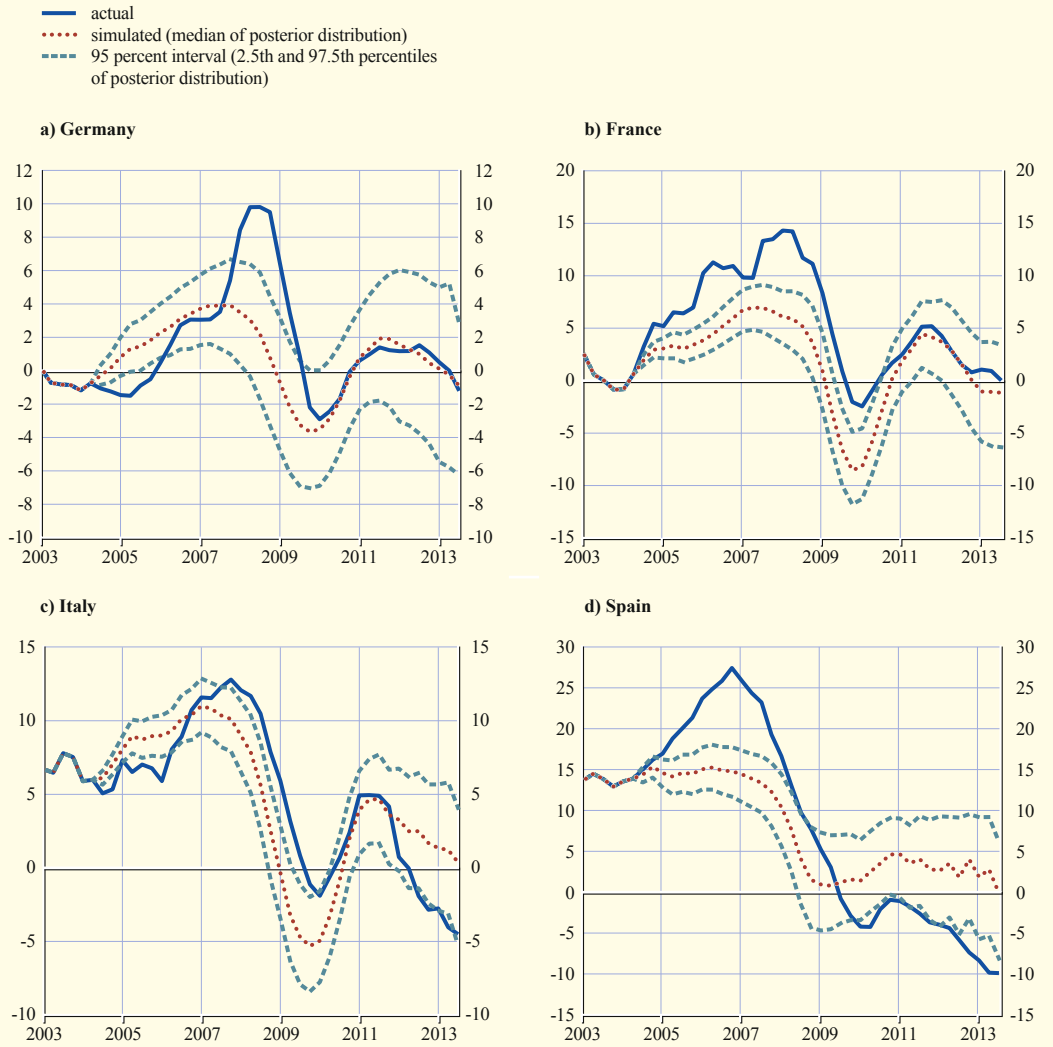
20 Giannone, D., Lenza, M. and Reichlin, L., "Money, credit, monetary policy and the business cycle in the euro area", *CEPR Discussion Paper,* No 8944, April 2012. For more details, see Altavilla C., Giannone, D. and Lenza, M., "The financial and macroeconomic effects of the OMT announcements", *CSEF Working Paper,* No 352, January 2014.

21 The variables included for each country are: real GDP, GDP deflator, M3, loans to non-financial corporations (NFCs), ten-year government bond yields, lending rates to NFCs, the Expected Default Frequencies (EDFs) for NFCs; and, for the euro area: the EONIA rate and a measure of euro area bond market volatility. The EDFs are computed by Moody's Analytics and measure the default probabilities of NFCs under alternative macroeconomic scenarios. The implied bond volatility for the euro area (changing composition) is constructed by averaging the (end-of-period) implied volatility on call and put options of the Eurex Generic 1st "RX" Future. This future contract is based on long-term notional debt securities issued by the German Federal Government with a term of between eight-and-a-half and ten-and-a-half years.

This framework can be used to address the question of whether observed dynamics of loans to non-financial corporations conform to what can be expected on the basis of the current stage of the business cycle and historical regularities, based on a simulation similar to that carried out using the VECM, with minor differences mainly dictated by technical differences between the two models. By way of illustration, observed non-financial corporation loan dynamics are compared with the forecasts from the third quarter of 2004 onwards for non-financial corporation loans conditional on pre-credit boom relationships between variables (i.e. parameters of the model estimated over the sample from the first quarter of 1991 to the second quarter of 2004) and on observed

Chart 9 Actual versus simulated developments in loans to NFCs based on a multi-country Bayesian VAR

(annual percentage changes)



Sources: ECB and ECB estimates.
Notes: The model includes Germany, France, Italy and Spain. Variables included: for each country: real GDP, GDP deflator, M3, credit to NFCs, ten-year government bond yields, lending rates to NFCs, EDFs for NFCs; for the euro area: EONIA, euro area bond market volatility. Simulated from the third quarter of 2004 onwards with the model parameters estimated for the period from the first quarter of 1991 to the second quarter of 2004 (i.e. out-of-sample simulation) conditional on actual developments of explanatory variables. The latest observation is for the third quarter of 2013.

macroeconomic developments (i.e. actual developments for all explanatory variables except loans over the forecast period).

The results of the simulation suggest that, in all four countries, non-financial corporation loan growth was excessive for some period before the crisis (see Chart 9). Such evidence stands in contrast to the results of the euro area VECM, which did not provide evidence of excessive lending over that period, possibly because the latter model included a component that captured the underpricing of risk. This difference can thus be explained in part by different technical modelling choices and different variables. As regards the evidence for the most recent quarters, the simulation based on the BVAR suggests that in Germany and France, over the past four years, non-financial corporation loan growth has been broadly in line with the state of the business cycle and with past regularities. By contrast, in Italy and especially in Spain, recent non-financial corporation loan growth appears to be weaker than what could be expected on the basis of historical regularities. These results appear to be consistent with the results of the VECM, indicating what might be behind the recent evolution of observed non-financial private sector loan growth close to the lower bound in the simulation based on the latter model, thereby offering some support to the robustness of such results. At the same time, the BVAR simulation suggests that, currently, the level of outstanding loans to non-financial corporations implied by the conditional forecasts is close to the actual one observed in both Spain and Italy, suggesting that the recent weakness in non-financial corporation loan growth represents mainly a correction of the excessive loan growth prevailing in previous years.

ADVANCES IN EMPIRICAL STRUCTURAL MODELLING OF LOAN SUPPLY SHOCKS

From a monetary policy perspective, it is important to understand the main driving forces of loans to the private sector. In this respect, a core question is the relative importance of demand versus supply forces. For example, at the current juncture it is necessary to assess whether the weakness in loan growth is mainly due to insufficient demand for loans from potential borrowers or, to a larger extent, to supply restrictions associated with problems in the banking sector, such as funding difficulties, which impair the supply of loans to households and non-financial corporations. Indeed, in cases of excessively weak loan growth due to insufficient private sector demand, the central bank may, under some conditions, intervene optimally with standard monetary policy measures to support the overall economy. In the opposite case of weak lending activity resulting from loan supply restrictions – for example, associated with malfunctioning interbank markets – the central bank might implement temporary non-standard monetary policy measures to support the banking sector, by reducing impairments which limit the optimal provision of loans to the private sector, thereby supporting indirectly the recovery in economic activity. At the same time, from a policy perspective, it is essential to differentiate the role of credit markets as sources of disturbances or shocks from their role in propagating shocks that originate in other sectors of the economy, such as unexpected changes in investors' confidence or unanticipated technological innovations. Indeed, banks' balance sheet conditions are an important determinant for the provision of loans to households and to non-financial corporations. These conditions change both endogenously due to economic conditions and exogenously due to factors directly affecting banks capital and financing capacity.

Different approaches can be used to disentangle demand from supply forces driving lending flows, as well as loan changes associated with credit supply shocks from those arising from the propagation of other shocks through the credit markets. These range from the assessment of available survey data to model-based estimates of loan supply restrictions.[22] While survey data and reduced-form models can provide useful indications on the role of demand and supply forces driving credit, only

22 For a more detailed discussion, see, for example, the article entitled "Recent developments in loans to the private sector", *Monthly Bulletin*, ECB, January 2011.

structural models can allow for a causal analysis. In this respect, a recent example of an extension of an empirical structural model aimed at identifying loan supply shocks is represented by the development of a structural vector autoregression (VAR) model with time-varying parameters and stochastic volatility (TV-VAR), similar to the model on the leading indicator properties of M1 for activity, as presented in Section 2.2.[23] The model focuses on loans to the non-financial private sector and allows for the identification of loan supply shocks in the euro area. The adoption of a framework allowing for time-varying parameters and stochastic volatility is important, as recent years have seen changes in the macroeconomic environment, including a structural decline in macroeconomic volatility starting between the mid-1980s and the early 1990s, depending on the countries considered, changes in the volatility of shocks and possibly further gradual structural changes in the economy, for example persistently affecting economic agents' risk aversion, as a result of the recent unusually long and deep economic and financial crisis. Thus, a TV-VAR model provides one avenue for deriving estimates of the impact of loan supply shocks capturing changes in the parameters and stochastic volatility characterising macroeconomic, monetary and financial variables. Loan supply shocks are identified by assuming that, if adverse, they are associated with a decrease in loan volumes and an increase in lending rates – based on the assumption that banks would implement such unexpected loan supply restriction by restricting loan volumes and/or by increasing the lending rate such that, at aggregate level, both effects would be visible. Moreover, it is assumed that, among other effects, such shocks would lead to a decrease in real GDP and a decrease of HICP inflation, as the adverse effect of such shocks on households and non-financial corporations would lead them to reduce their expenditure, thereby reducing aggregate demand.[24]

The evidence based on the TV-VAR model suggests that signs of time variation can be found for the euro area between 1980 and 2013, both in the parameters and in the volatility of residuals. For example, the variance of the equation of loan growth shows signs of change over time, having increased in the most recent years of the sample (see Chart 10). This can be interpreted as reflecting the increased volatility which has characterised macroeconomic and credit conditions since the start of the crisis, supported by the fact that the variance of the equations of most of the other variables in the model, including real GDP growth, exhibits a similar increase in the most recent years of the sample.

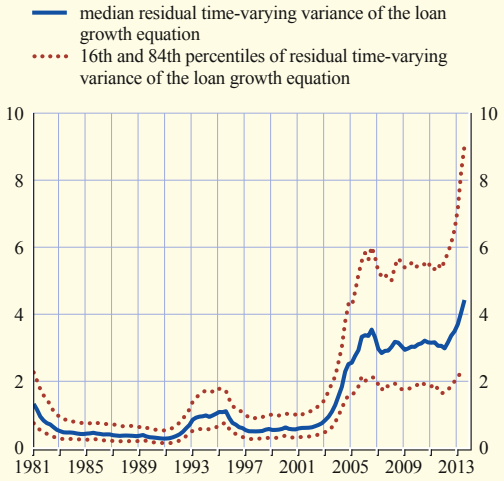
To address the issue of the relative role of demand versus supply forces driving loan growth, and the role of credit markets as originators of disturbances versus propagators of shocks other than loan supply shocks, a counterfactual exercise may be carried out. More precisely, once the model is estimated, it is possible to derive the evolution of the variables in the model in the absence of loan supply shocks (conditional on the estimated parameters and variances and the identification scheme adopted), i.e. by setting the contribution of loan supply shocks to zero over the whole sample. Such an exercise suggests that loan supply shocks have a non-negligible impact on the euro area economy in selected episodes. For example, during the recession experienced in the euro area between 2008 and 2009, associated with the intensification of the financial crisis starting with the collapse of Lehman Brothers on 15 September 2008, non-financial private sector loan growth fell from a peak of close to 10% in late 2007 to slightly negative levels in late 2009. According to the TV-VAR model, in the absence of loan supply shocks, counterfactual loan growth would have decreased from around 9% to just below 2% (see Chart 11). In other words, while loan growth declined during

23 See Gambetti, L. and Musso, A., "Loan supply shocks and the business cycle", *Working Paper Series*, No 1469, ECB, Frankfurt am Main, September 2012.

24 More precisely, the identification is achieved via sign restrictions on the impulse response functions. Thus, for example, it is assumed that an adverse loan supply shock would be associated with a negative response of loan growth and a positive response of the lending rate and would lead to negative responses of real GDP growth, inflation and the short-term reference interest rate.

Chart 10 Stochastic volatility of the loan equation of a TV-VAR model

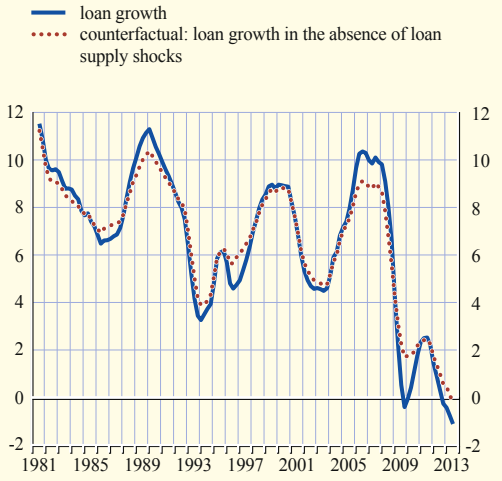
(percentages)



Sources: ECB and ECB estimates.
Notes: Residual time-varying variances of the loan growth equation (median, 16th and 84th percentiles). The model includes five variables: real GDP quarterly growth, HICP quarterly inflation, three-month EURIBOR, quarterly growth of loans to the non-financial private sector and a corresponding composite lending rate (see Gambetti and Musso, 2012, for details on data sources, model specification, estimation and shock identification). Estimation is carried out with Bayesian methods. The latest observation is for the second quarter of 2013.

Chart 11 Loan growth: actual and counterfactual based on a TV-VAR model

(annual rate of change)



Sources: ECB and ECB estimates.
Notes: Observed loan growth and counterfactual loan growth (i.e. loan growth in the absence of loan supply shocks). See the notes to Chart 10 for details on the model.

that period by more than ten percentage points, in the absence of loan supply shocks, it would have decreased by about seven percentage points, suggesting that adverse loan supply shocks explain about 30% of the decline. Thus, the model suggests that the main forces driving the fall in loan growth over this period are likely to be associated with factors other than unanticipated loan supply restrictions, and most likely can be related, to a large extent, to a fall in demand in the recessionary environment. At the same time, it also indicates that loan supply shocks had a non-negligible impact on credit markets. A similar exercise indicates that, of the most recent loan growth decline, from the third quarter of 2011 to the third quarter of 2013, about 25% can be explained by the estimated loan supply shocks. In this case, too, the recession that started in 2011 is likely to have led to a significant fall in loan demand, although bank balance sheet conditions probably played some role in explaining the decline in loan growth.

Box 2

EXPLOITING THE CROSS-SECTIONAL DIMENSION FOR MONETARY ANALYSIS: THE USE OF INDIVIDUAL MFI DATA

The fragmentation of financial markets across borders and between institutions in the aftermath of the collapse of Lehman Brothers became more acute after the onset of the sovereign debt crisis in early 2010. Fragmentation rendered further enhancements to monetary analysis

increasingly necessary as it impaired the transmission of monetary policy along multiple dimensions. Disruptions along a spatial dimension arose once euro area countries' response to monetary policy easing became more diverse, particularly in stressed countries; along a vertical dimension, once these impairments became increasingly pronounced over time, in parallel to the exacerbation of the sovereign debt crisis; and, lastly, along a horizontal dimension as individual MFIs' responses to monetary policy became affected by their individual characteristics.

Crucially, the analysis of the latter dimension, which highlights the importance of individual bank characteristics, has not been supported in the past by standard monetary analysis tools. Aggregated monetary data alone were unable to support either the analysis of the distributional effects of money and credit, or the analysis of the heterogeneous cross-sectional behaviour of MFIs. The use of individual MFI data has helped to bridge this gap. Once individual bank characteristics can be linked to specific funding and lending outcomes, more accurate information on the relevance of supply-side constraints can be extracted.

This box introduces the new ECB datasets which contain individual MFI data for a sample of MFIs located inside the euro area. It then illustrates how granular data improve the analysis of MFI lending by shifting the analytical focus beyond a mere country or sectoral perspective, and delving into banks' heterogeneous lending behaviour by classifying MFIs according to their respective borrower type. The box demonstrates how the new dataset helps to pin down some of the impairments which developed in the monetary policy transmission mechanism.

Data on individual MFIs for monetary analysis

Since the end of September 2012 the ECB has been receiving from NCBs individual MFI data of a sample of euro area banks for the purposes of monetary analysis. Balance sheet indicators are reported on a monthly basis to the NCBs under ECB statistical requirements defined in Regulation ECB/2008/32.[1] Interest rate indicators stem from Regulation ECB/2009/07[2] and have been reported for a finite period of time. The datasets, which are treated as strictly confidential, are transmitted and used within the Eurosystem in accordance with Regulation (EC) No 2533/98 as amended, meaning that they focus on monetary analysis and are accessed by a limited number of named staff. The reporting sample of MFIs has been defined to ensure sufficient coverage of euro area MFI balance sheet developments. Accordingly, the dataset accounts for approximately 70% of outstanding amounts of main assets, loans to non-financial corporations (NFCs) and to households.

The asset side indicators collected include: loans to households, NFCs and governments, private and public sector securities, external and other assets (which include inter-MFI loans and loans to non-monetary financial intermediaries other than insurance corporations and pension funds, i.e. other financial intermediaries). On the liability side, the dataset includes information on deposits from the non-financial private sector (with household and NFC deposits separately identifiable), the public sector and other financial intermediaries, as well as securities issued by MFIs and external liabilities. Loan data are adjusted for securitisation activities.

1 Regulation ECB/2008/32 of 19 December 2008 (OJ L 15, 20.1.2009, p. 14) will be in place until January 2015 when ECB/2013/33 (OJ L 297, 7.11.2013, p. 1) will enter into force.
2 Regulation ECB/2009/07 of 31 March 2009 (OJ L 94, 8.4.2009, p. 75) will be in place until January 2015 when ECB/2013/34 (OJ L 297, 7.11.2013, p. 51) will enter into force.

The use of individual MFI data to assess the supply of bank credit to SMEs

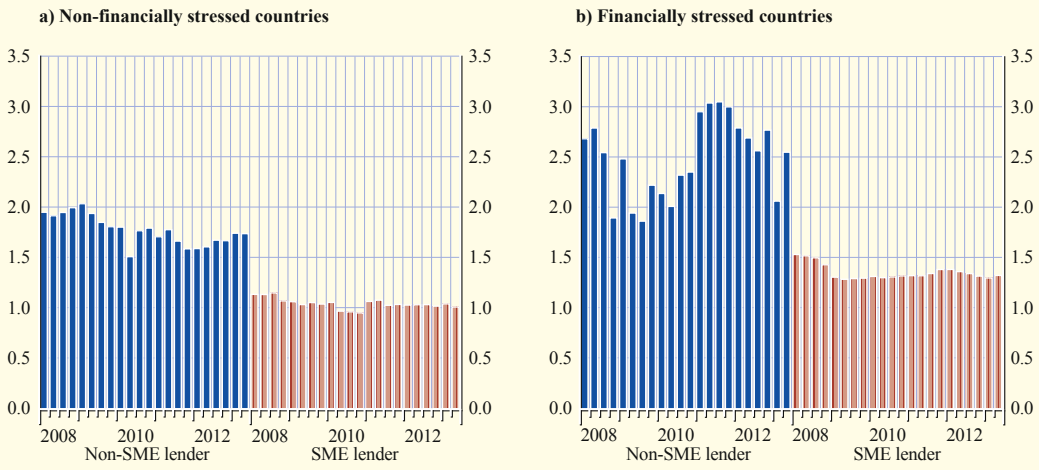
Using this wealth of information, lending dynamics may be analysed by investigating the balance sheet characteristics of different categories of banks, as well as by taking a more standard approach and dissecting loans to the non-financial private sector from a country, sectoral or temporal perspective.

This exercise shows that the higher cost of credit witnessed by small and medium-sized enterprises (SMEs) in recent periods is explained, in part, by the adverse funding conditions experienced by MFIs that focus on lending to SMEs, as well as by the deterioration in the latter's creditworthiness. In addition, by linking together balance sheet data and information on the use of collateral in Eurosystem refinancing operations at the individual MFI level, the exercise also shows that SME lenders in financially stressed countries rely more heavily on NFC-related collateral in Eurosystem credit operations. This development, coupled with recent ECB policies to extend the eligible collateral set, may eventually yield the positive effect of further supporting lending to SMEs.

SME lenders are identified using each MFI's ratio of loans to SMEs to total loans to non-financial corporations.[3] To preserve data confidentiality, MFIs located in countries which have been subject to heightened financial pressure are pooled together ("financially stressed") and their developments are measured against those of MFIs located in other euro area countries ("non-financially stressed").[4] The following illustration investigates the period from July 2007 to July 2013.

Chart A Loan to deposit ratios of individual MFIs by country group and lender type

(cross-sectional means)



Source: ECB.
Notes: Quarterly data, winsorised at the 1st and 99th percentile. The latest observation is for the second quarter of 2013.

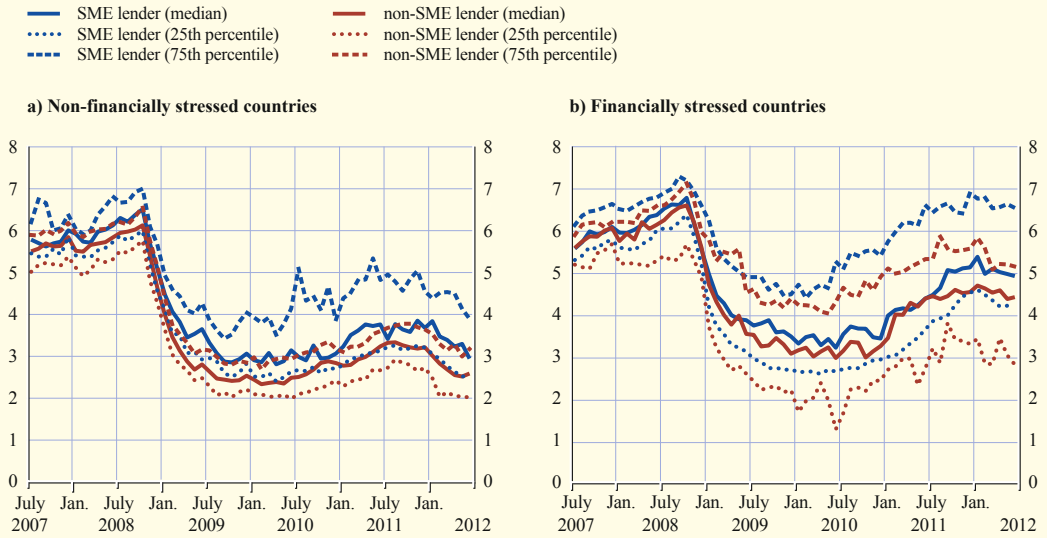
3 The average ratio of new business volumes of small loans (less than €1 million) to total new business volumes of loans to NFCs between July 2011 and June 2012 serves as a proxy.
4 The financially stressed economies included in the analysis are: Ireland, Greece, Spain, Italy, Cyprus, Portugal and Slovenia.

On average, SME lenders in financially stressed countries are found to have higher loan to deposit ratios compared to their analogues in non-stressed countries (i.e. larger than 1, see Chart A) suggesting that bank loans have in general been financed using less stable sources of funding.[5] SME lenders in financially stressed countries have also seen considerable reductions in funding from the interbank market and from abroad which, albeit substituted by Eurosystem credit, has led to the emergence of funding difficulties for these MFIs. Lastly, SME lenders appear to fund themselves at higher costs compared with non-SME lenders, particularly in financially stressed countries. Their retail and wholesale funding costs, proxied by composite deposit rates (which exclude overnight deposits) and credit default swap spreads, have been more expensive. These results even hold when taking the banks' size into account. Furthermore, these funding constraints have been correlated with higher interest rates on small loans to NFCs (i.e. loans below a size of €1 million), which are considered to be a proxy of loans to SMEs (see Chart B). However, the evidence that these constraints also correlate with weaker credit flows by SME lenders in financially stressed countries is not as compelling.[6]

Lastly, the exercise shows that the various changes in the Eurosystem's collateral framework, regarding additional credit claims (ACCs) and asset-backed securities (ABSs), particularly support SME lenders in the financially stressed countries who rely more strongly on NFC-related collateral in their operations with the Eurosystem. Regarding the composition of this NFC-related collateral, credit claims account for the largest share of NFC-related collateral for banks

Chart B Interest rates on small loans to NFCs with an initial rate fixation of up to one year

(percentages per annum)



Source: ECB.
Notes: Charts refer to rates on small loans to NFCs with an initial fixation period of up to one year granted by 181 MFIs. The latest available observation is for June 2012.

5 Part of the difference might reflect that retail funding in Spain and Italy is raised through retail bonds. A cross-check against available aggregate data on short-term debt securities in Spain and Italy, however, reveals that the amounts outstanding are too low to have a major impact on the calculated loan-to-deposit ratios.

6 The above results are obtained using a mean comparison exercise, whereby each individual variable is regressed on an SME lender dummy and its interaction term with a dummy equal to 1 between June 2011 and June 2013. These interaction terms test whether there are significant differences (a) between SME lenders and non-SME lenders within the same country and (b) whether the difference emerged or intensified during the most recent period.

in non-stressed countries, whereas in financially stressed countries, ACCs and ABSs, backed by NFC loans, make up a significantly larger share – especially for SME lenders. Insofar as these measures may have a positive impact on lending, SMEs may be expected to benefit from policy changes affecting collateral eligibility.

Concluding remarks

Impairments in the transmission mechanism of monetary policy, which stem from the heterogeneous behaviour of individual MFIs, have required the development of new tools for monetary analysis. The use of individual MFI data proposes to fill this gap by shedding light on this heterogeneity and enabling a link between macro and micro-level developments. This box introduces the new individual MFI datasets and illustrates how they can be used to enhance the ECB's policy assessment with respect to lending to SMEs. It shows that SME lenders in financially stressed economies face a more challenging funding environment, both compared with SME lenders in non-stressed economies and non-SME lenders in the same country group, and that these difficulties correlate with higher interest rates on small loans to NFCs.

4 CONCLUSION

Addressing the challenges that the economic and financial environment poses to the real-time monetary policy analysis requires continuous efforts to extend and advance the underlying analytical framework and tools. In recent years, the analysis of money and credit in the euro area has been faced with protracted weakness in monetary dynamics in a context of, most recently, low inflation outcomes, bouts of heightened uncertainty, stress in bank capital and funding, and large heterogeneity in MFI lending dynamics across countries as well as across borrower sector and size, to name but a few of the issues. This article illustrates how extensions and advances to the ECB's analytical toolkit are being developed to address some of these challenges. In some cases, these extensions have provided novel ways to interpret and assess money and credit developments, while in others, they have added technical sophistication and analytical rigour to the less formal assessments that unavoidably need to be drawn in a real-time policy environment. As the evolving economic environment constantly poses new challenges, efforts to enrich further the analytical framework of the monetary analysis will continue.

DELEVERAGING PATTERNS IN THE EURO AREA CORPORATE SECTOR

This article presents the key findings of the Structural Issues Report 2013 entitled "Corporate finance and economic activity in the euro area". The report was prepared by a European System of Central Banks Task Force, which took a threefold approach.[1] The first approach explored the build-up of leverage until the start of the financial crisis and the subsequent deleveraging in the non-financial corporate sector. While only rather gradual corporate deleveraging is observed at the aggregate euro area level up to the second quarter of 2013, more intense corporate deleveraging becomes apparent when different countries and sectors of economic activity are examined. In fact, deleveraging is more pronounced in the case of those countries and sectors that had accumulated large amounts of debt in the run-up to the crisis and were most severely affected by it. The second approach goes beyond country and sectoral considerations. It looks at the role of differences in structures and behaviours across firms when conditioning on a number of firm-specific characteristics. The report finds that the existence of considerable heterogeneity across companies and of non-linearities in the impact of the recent crisis are important elements to be taken into account for targeted policy prescriptions. In the third approach, the report compares debt developments during the euro area crisis with those observed in other major historical episodes, thus giving a clearer perspective of the severity of the crisis and its associated risks. If history is any guide, further adjustment is expected, particularly in those countries that experienced a pre-crisis boom.

In such an environment, policy-makers face a challenging balancing act in steering the necessary adjustment towards more sustainable economic patterns. Economic policies should support an orderly, yet steadfast, restructuring process in the non-financial and financial sectors that is consistent with sustainable long-term economic growth trends. Such restructuring should aim, in particular, to strengthen banks' and non-financial corporations' balance sheets and capital positions, which is crucial for the functioning of the monetary policy transmission mechanism. To enhance the sustainability of the economic recovery, structural reforms geared not only towards increasing competitiveness and enhancing genuine growth potential, but also towards further developing a financial system that offers a broader range of financing alternatives, are also crucial.

1 INTRODUCTION

This article reviews the build-up of leverage until the financial crisis and analyses the progress made by non-financial corporations, since the start of the crisis, in the process of deleveraging. The article first investigates the progress of non-financial corporations across euro area countries and economic activity sectors, presenting evidence on the speed of adjustment, the contribution of substitution effects and the vulnerabilities of the corporate sector. Second, going beyond country and sectoral heterogeneity and exploring the patterns in firm-level data, the article focuses on differences in debt developments across firms in order to arrive at a better understanding of the different degrees of intensity with which financial positions and financing decisions have affected firms' leverage during the crisis. Finally, the article sheds light on the role of corporate debt patterns in the financial crisis in the euro area by comparing this episode with other major historical financial crises. In this context, expected future deleveraging pressures are identified and analysed. The article concludes by drawing a number of policy messages, particularly concerning the impact of corporate sector debt developments on economic activity and on the transmission of monetary policy.

1 See Task Force of the Monetary Policy Committee of the European System of Central Banks, "Corporate finance and economic activity in the euro area – Structural Issues Report 2013", *Occasional Paper Series*, No 151, ECB, Frankfurt am Main, August 2013.

The assessment acknowledges that in some euro area countries there was an excessive build-up of corporate sector leverage during expansionary phases. This calls for corrective adjustments. By addressing balance sheet weaknesses, such adjustments are a necessary requirement for restoring the conditions for sustainable growth and a solid recovery.

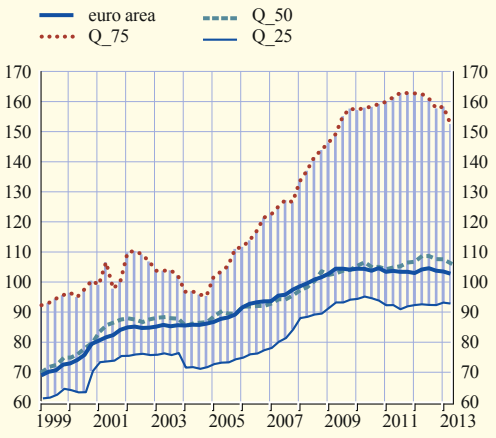
2 DEBT AND DELEVERAGING IN THE EURO AREA CORPORATE SECTOR

Following the strong increase in the leverage of euro area non-financial corporations in the period between 2000 and 2009-10, the data available show that leverage ratios have been gradually adjusting.[2] This section is largely based on unconsolidated euro area accounts data that include, as regards debt ratios, the debt of all non-financial corporations, irrespective of the holder of the debt.[3] Compared with a sector analysis based on consolidated data (see Section 4 of this article), this approach is closer to the microdata analysis, which looks at the average or median firm. At the same time, for some countries, where inter-company loans are very important, the difference between the two concepts is considerable, as in the cases of Belgium and Malta.[4]

The period from the first quarter of 2000 to the second quarter of 2008 – defined as the pre-crisis period in this article – was marked by a rapid increase in the unconsolidated debt of euro area non-financial corporations, which rose from 73% to 100% in relation to GDP (see Chart 1). The accumulation of debt differed markedly across euro area countries (see Chart 2) and was driven by several factors, including overly optimistic expectations regarding the long-term evolution of future income and growth, and favourable lending and financial market conditions. In addition, in some euro area countries – such as Ireland and Spain – exuberance in housing markets fuelled even higher levels of debt accumulation. This surge in leverage played a key role in creating the conditions for the financial crisis that started to unfold in 2008 and has also had a strong impact on the nature, severity and persistence of the economic downturn in certain euro area countries (see Section 4).

Chart 1 Debt-to-GDP ratio of euro area non-financial corporations

(unconsolidated; percentages)



Source: ECB.
Notes: Data are based on amounts outstanding and the four-quarter moving sum for GDP. Debt includes loans, debt securities and pension fund reserves. Q_75, Q_50 and Q_25 denote the 75th, 50th (median) and 25th percentiles, respectively.

Even after the outbreak of the financial crisis, debt-to-GDP ratios of euro area non-financial corporations continued to increase, peaking

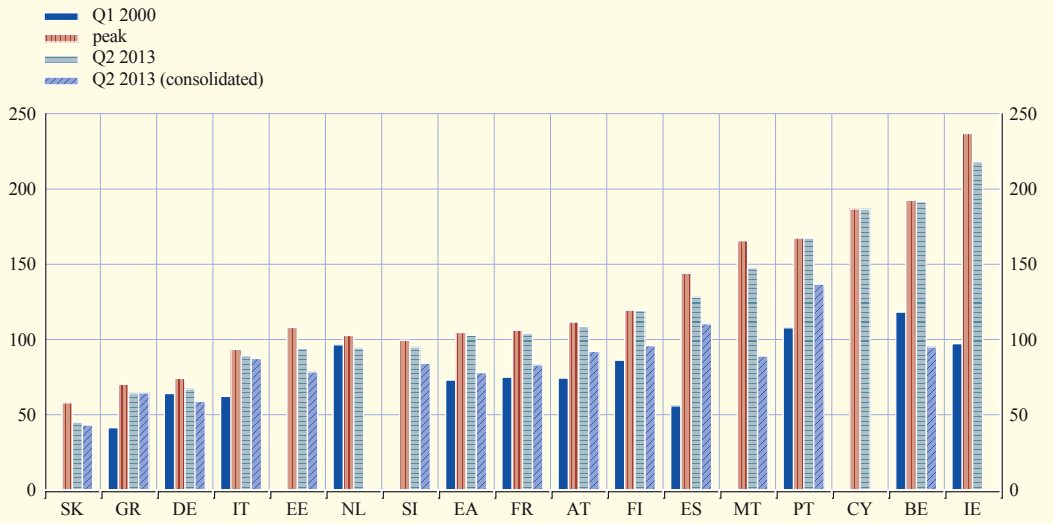
2 The latest euro area accounts data are for the second quarter of 2013. See also the articles entitled "Corporate indebtedness in the euro area", *Monthly Bulletin*, ECB, February 2012, "The financial crisis in the light of the euro area accounts: a flow-of-funds perspective", *Monthly Bulletin*, ECB, October 2011 and Winkler, B. van Riet, A. and Bull, P., "A Flow of Funds Perspective on the Financial Crisis", Vol. I and II, *Palgrave Macmillan Studies in Economics and Banking*, November 2013.

3 For a brief overview of the methodological issues related to the euro area accounts, see Annex 1 of the Structural Issues Report 2013.

4 The high unconsolidated debt-to-GDP ratio of non-financial corporations in Belgium and the increase in this ratio are related to structural features, e.g. the attractiveness of the country for multinational groups, which lead to large-scale inter-company lending. Among all euro area countries, the difference between the unconsolidated and the consolidated debt-to-GDP ratios in the second quarter of 2013 was highest in Belgium (97 percentage points) and Malta (59 percentage points).

Chart 2 Debt-to-GDP ratio of non-financial corporations across euro area countries

(unconsolidated, unless otherwise noted; percentages; ranking according to unconsolidated Q2 2013 value)



Source: ECB.
Notes: The peak denotes the country-specific maximum value between the first quarter of 2000 and the second quarter of 2013. Unconsolidated debt is defined as loans, debt securities and pension fund reserves. Consolidated debt is defined as loans (excluding inter-company loans), debt securities and pension fund reserves. Data are based on amounts outstanding. Owing to data availability, the first bar, in the case of Ireland, refers to the first quarter of 2001 and, in the case of Greece, to the second quarter of 2000. Data for Estonia, Cyprus, Luxembourg, Malta, Slovenia and Slovakia are partly unavailable. Consolidated debt is not available for Ireland, Cyprus or the Netherlands. "EA" denotes euro area.

only in 2009-10 at 105%. This reflected a "normal" pattern of somewhat delayed debt deleveraging, mainly related to the lagging pattern of bank credit around turning points in economic activity. The rising leverage ratio is also explained by a sharp contraction in real GDP (i.e. the denominator effect). A similar picture appears when investigating debt-to-gross operating surplus ratios, which are more specifically linked to the amount of debt relative to a firm's income situation and hence to the ability of the euro area corporate sector to repay its debt obligations.[5]

Despite the small adjustment visible at the aggregate euro area non-financial corporate level, a more nuanced picture of corporate deleveraging becomes apparent (i) at the country level, (ii) at the sector of economic activity level, (iii) when investigating substitution effects in firms' financing and (iv) when disentangling effects on firms' leverage stemming from transactions and valuation effects.

DELEVERAGING PROGRESS MADE BY NON-FINANCIAL CORPORATIONS ACROSS EURO AREA COUNTRIES

The speed of adjustment from the pre-crisis peak in corporate indebtedness varied notably across euro area countries (see Chart 2). By the second quarter of 2013, progress in the reduction of high debt-to-GDP ratios had been made by non-financial corporations in Spain (-11% from its peak, to 128% of GDP), Malta (-11%, to 148% of GDP) and Ireland (-8%, to 218% of GDP), while for other countries like Portugal (167% of GDP) and Cyprus (187% of GDP) the weakness in economic activity impeded a reduction in corporate debt ratios up to the second quarter of 2013. At the same time, corporate debt ratios remained considerably above the euro area average in these countries.

5 Despite the more specific information content of the debt-to-gross operating surplus ratio, the analysis of debt-to-income ratios is based on the debt-to-GDP ratio due to lack of available data for some euro area countries.

RE-ALLOCATION OF FUNDS BETWEEN ECONOMIC SECTORS

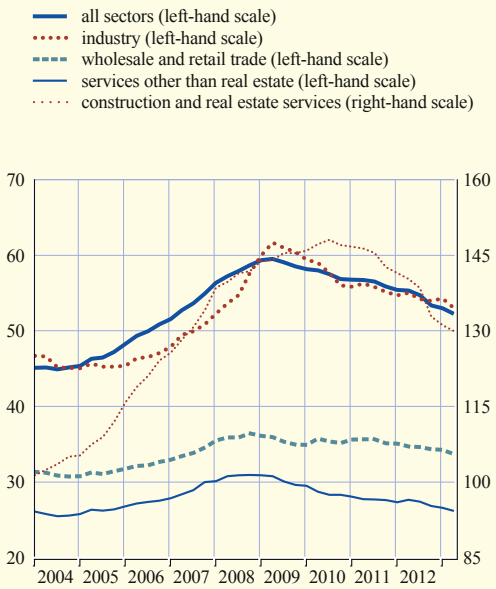
Macroeconomic aggregates at the level of the total non-financial corporate sector mask the re-allocation of funds that has taken place across productive sectors and firms in the euro area. Over-indebted sectors have tended to reduce their leverage levels more significantly than less indebted sectors. In fact, the construction and real estate services sectors, and to a lesser extent the industrial sector, have reduced their ratios of MFI loans to gross value added considerably since their respective peaks (see Chart 3).[6] Mainly related to the boom in housing markets prior to the financial crisis, the leverage of firms in the construction and real estate services sectors has been highest in Ireland, Spain, Cyprus and Malta.

SUBSTITUTION EFFECTS IN THE FINANCING OF NON-FINANCIAL CORPORATIONS DURING THE CRISIS

Further evidence on non-financial corporations' debt deleveraging patterns during the financial crisis can be obtained from analysing firms' transactions in financing instruments, which reveal incipient but potentially important changes in financing structures. Generally, developing a financial system that offers a broader range of financing alternatives and instruments can contribute to more diverse corporate financing sources and thus to a more resilient corporate sector in the face of abruptly changing credit conditions. Specifically, in the context of tighter bank credit conditions related to macroeconomic uncertainty and banks' high risk aversion during the financial crisis, firms have partially replaced bank loans with other sources of financing (see Chart 4). This has played a role in mitigating the adverse effects of the financial crisis on corporate financing and can thus be seen

Chart 3 Ratio of MFI loans to gross value added across euro area sectors of economic activity

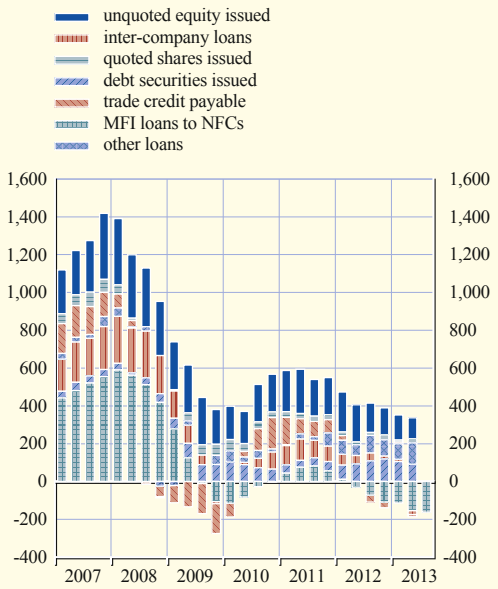
(percentages)



Source: ECB.
Notes: Sectors are defined according to the NACE Rev.2 classification. Data are based on outstanding MFI loans and the four-quarter moving sum of the gross value added.

Chart 4 Financing of euro area non-financial corporations – evidence on substitution effects

(four-quarter moving sums of transactions; EUR billions)



Source: ECB.

6 Owing to data unavailability, the leverage of non-financial corporations across sectors of economic activity refers to the ratio of MFI loans to gross value added.

as one margin of adjustment used by non-financial corporations for coping with tensions stemming from financial intermediaries. At the same time, substitution effects have varied across euro area countries and have remained overall limited, partly reflecting weak demand by corporations for external financing and the difficulties experienced by small and medium-sized firms in tapping funding markets.

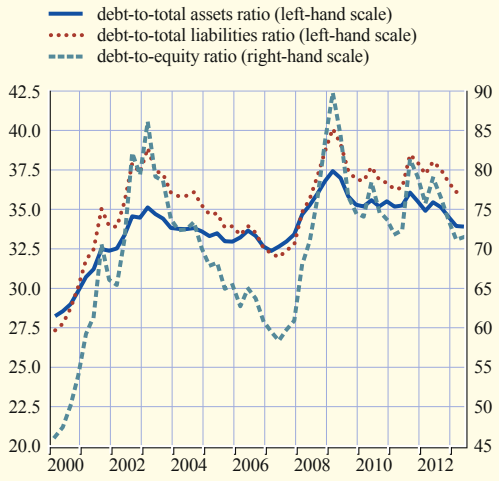
DISENTANGLING TRANSACTION-BASED AND VALUATION-BASED CHANGES IN LEVERAGE RATIOS

Corporate leverage ratios, such as the debt-to-total assets ratio, generally develop in a more volatile manner than debt-to-income ratios, as they are influenced strongly by valuation effects.[7] The ratio of debt to assets is informative because assets can be sold by a firm in order to generate funding liquidity. In addition, they can serve as collateral and contribute positively to firms' available financing. The debt-to-total assets ratio of euro area non-financial corporations increased during the financial crisis, peaking at 37.4% in the first quarter of 2009, but it has fallen back since then as data up to the second quarter of 2013 show (see Chart 5). Even more than the ratio of debt to total assets, the debt-to-equity ratio of euro area non-financial corporations fluctuated considerably within the period under review due to the impact of valuation changes on equity.[8] In terms of the capital structure of euro area non-financial corporations, equity accounts for 50% of firms' total liabilities, with a much higher share of unquoted equity than quoted equity (36% as opposed to 14% of firms' total liabilities, respectively, in the second quarter of 2013).[9]

Disentangling the changes in the debt-to-equity ratios stemming from transactions (in the form of net equity issuance and changes in debt financing) from changes in the ratios due

Chart 5 Debt ratios of euro area non-financial corporations

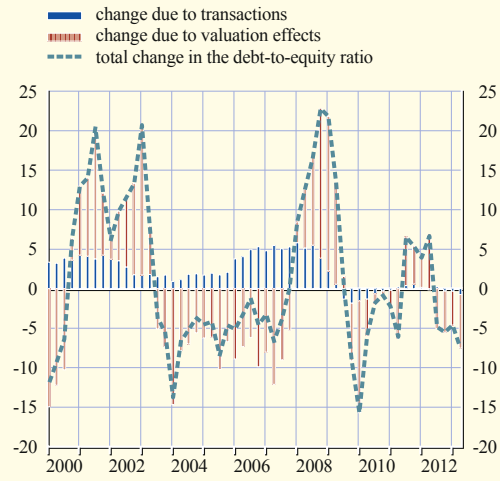
(unconsolidated; percentages)



Source: ECB.
Notes: Debt is defined as loans, debt securities and pension fund reserves. Total assets are defined as financial assets plus fixed assets.

Chart 6 Changes and contributions to changes in the debt-to-equity ratio of euro area non-financial corporations

(unconsolidated; percentage points; four-quarter moving sum)



Source: ECB.
Notes: Data are based on amounts outstanding and notional stocks. Notional stocks are compiled by adding transactions to the amounts outstanding for a base period (the first quarter of 2000).

7 In the euro area accounts, financial assets and liabilities are valued at current market prices.
8 The debt-to-equity ratio at market value can be used as a measure of corporate debt relative to the expected income stream generated by a firm, indicating the perceived market value of a firm.
9 While quoted shares are mainly used by large enterprises, unquoted equity is not traded on financial markets and is very heterogeneous across euro area countries.

to valuation effects[10] allows a deeper insight into leverage developments (see Chart 6). Following a transaction-based increase in leverage from 2004 broadly until the outbreak of the financial crisis, equity and debt transactions have contributed mostly to a decline in the debt-to-equity ratio of euro area non-financial corporations through debt redemption and equity issuance since 2008. However, euro area non-financial corporations' deleveraging was hampered severely by an environment of falling equity prices between 2008 and 2009, which led to a general increase in the debt-to-equity ratio. The overall decline in the ratio between the fourth quarter of 2009 and the second quarter of 2011, and again between the third quarter of 2012 and the second quarter of 2013, was mainly due to valuation gains in equity markets.

ASSESSING THE VULNERABILITY OF NON-FINANCIAL CORPORATIONS' DEBT

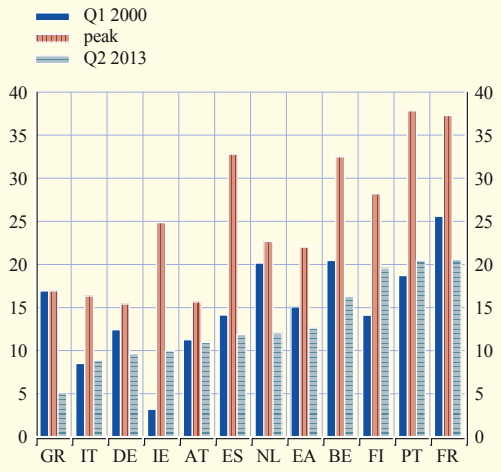
The assessment of the sustainability of corporate leverage needs to take into account a range of indicators related to the vulnerabilities of corporations stemming from their level of indebtedness. Such indicators would include, in particular, the interest payment burden, the maturity structure of debt and the share of debt financed at variable interest rates.

First, the interest payment burden of euro area non-financial corporations, defined as the proportion of income that has to be used for interest payments on debt, declined from 22% at the end of 2008 to 13% at the end of second quarter of 2013, mainly as a consequence of low interest rates and deleveraging. There is substantial variation across euro area countries (see Chart 7). Firms in Ireland, Spain and Portugal faced the strongest increase in their interest payment burden. The percentage of their income that had to be used for interest rate payments rose by roughly 20 percentage points in the period from 2000 until the respective country-specific peak in the second half of 2008. This, in turn, reflects the tensions in the cost of financing of non-financial corporations in these countries. From the respective peak, the interest payment burden has generally declined, as the data for the second quarter of 2013 show, reflecting the pass-through of key interest rate cuts and some improvement in the credit conditions of firms.

Second, with respect to the maturity structure of assets and liabilities of non-financial corporations, a high share of short-term funding in total funding implies potential refinancing risks and may give rise to liquidity shortages in a stressed market environment. At the euro area level, the share of short-term debt in total non-financial corporations' debt decreased from 33% in 2000 to 24% by the end of the second quarter of 2013. Thus, at least from this perspective, non-financial corporations seem to be relatively well protected against sudden changes in short-term financing conditions.

Chart 7 Interest payment burden of non-financial corporations across euro area countries

(percentages; gross interest payments to gross operating surplus; ranking according to Q2 2013 value)

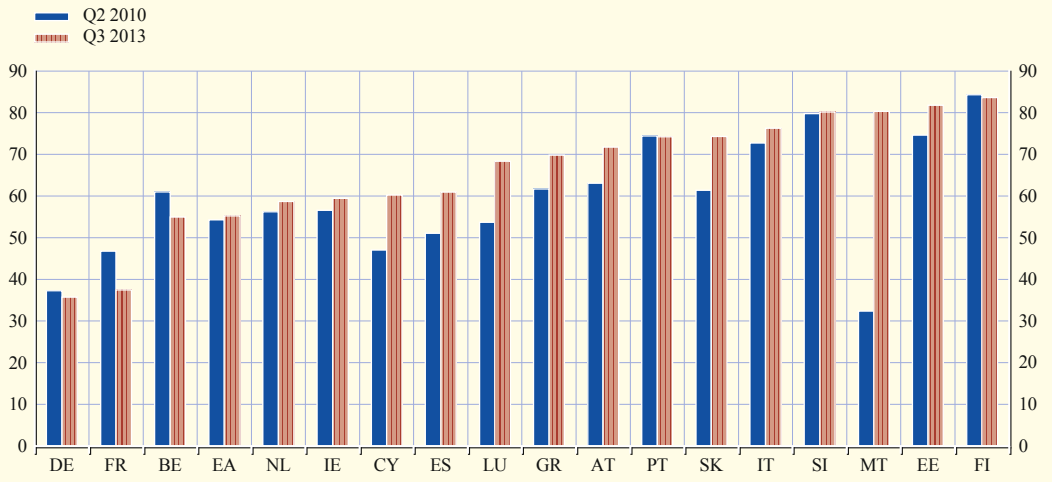


Source: ECB.
Notes: The peak denotes the country-specific maximum value between the first quarter of 2000 and the second quarter of 2013. Data are missing for Estonia, Cyprus, Luxembourg, Malta, Slovenia and Slovakia. "EA" denotes euro area.

10 Valuation effects on the outstanding amount of debt and/or equity include holding gains or losses owing to changes in market prices or other changes, e.g. write-downs in debt positions.

Chart 8 Share of short-term loans and long-term loans at floating rates in total MFI loans to non-financial corporations

(percentages; ranking according to Q3 2013 value)



Source: ECB.
Notes: Data based on amounts outstanding. "EA" denotes euro area.

Third, despite the fact that short-term funding accounts for a moderate percentage of total funding, interest rate risks may still be relevant if a large proportion of long-term debt is financed at floating, rather than at fixed, rates. Chart 8 shows the maturity composition of total outstanding bank loans accounted for by short-term MFI loans and long-term MFI loans at floating rates. Between the second quarter of 2010 (the start of the data series) and the third quarter of 2013, the euro area average increased only marginally, from 54% to 55%. Across euro area countries the situation varied widely, with the share of loans financed at variable rates being relatively small in Germany and France and highest in Estonia and Finland. While a higher share of financing at variable interest rates allowed companies to benefit from falling market reference rates (such as the EURIBOR) during the crisis, it potentially increases firms' vulnerability to interest rate rises.

Overall, only a gradual adjustment in debt is visible at the aggregate euro area level up to the second quarter of 2013, whereas more intense corporate deleveraging becomes apparent when looking at individual countries or at the different sectors of economic activity. In some countries and sectors, in fact, the accumulation of debt before the crisis was particularly strong, and it turns out that it is the same countries (like Ireland and Spain) and economic sectors (especially the construction and real estate services sectors) that have been most severely hit by the crisis and that have deleveraged most strongly up to the second quarter of 2013.

3 LEVERAGE DEVELOPMENTS ACROSS FIRMS' CHARACTERISTICS

A deeper analysis reveals that country and sectoral-level differences mask important heterogeneities across individual firms, reflecting a number of firm-specific characteristics. Focusing on these factors is crucial for a better understanding of whether and to what extent financing problems and general economic uncertainty have affected individual firms since the start of the crisis, and of the lingering vulnerabilities that stem from corporate financing challenges.[11]

11 For more detailed information on the firm-level dataset used for this article, see Annex 3 of the Structural Issues Report 2013.

The economic literature on firms' capital structures identifies a large number of factors that may explain the considerable degree of heterogeneity in firms' leverage (see the box). Some of these factors are firm-specific, such as profitability, the volatility and predictability of internal funds, the types of assets that should be financed and the willingness of entrepreneurs to accept new equity investors who could claim control rights. Other factors are generally common to firms belonging to the same sector of activity, such as the amount of working capital and fixed assets required to run the business. Finally, the firm's leverage could also be influenced by the characteristics of the institutional, legal and financial environment where the firm operates.[12]

12 These typically include country-level factors such as the development of financial markets, the types of relationship between firms and investors, the tax burden and structure, and the strength of the enforcement framework for creditor and shareholder rights. See, inter alia, Bancel, F. and Mittoo, U., "Cross-Country Determinants of Capital Structure Choice: A Survey of European Firms", *Financial Management*, Vol. 33, No 4, 2004, pp. 103-132; Fan, J.P.H., Titman, S. and Twite, G.J., "An International Comparison of Capital Structure and Debt Maturity Choices", *NBER Working Papers*, No 16445, 2010; De Jong, A., Kabir, R. and Nguyen, T.T., "Capital structure around the world: The roles of firm- and country-specific determinants", *Journal of Banking and Finance*, Vol. 32, No 9, September 2008, pp. 1954-1969; and Giannetti, M., "Do Better Institutions Mitigate Agency Problems? Evidence from Corporate Finance Choices", *The Journal of Financial and Quantitative Analysis*, Vol. 38, No 1, March 2003, pp. 185-212.

Box

WHY DOES CORPORATE STRUCTURE MATTER?[1]

The starting point for all the analyses of the capital structure of corporations is the Modigliani-Miller theorem (1958). The theorem suggests that, given perfect capital markets and a neutral tax system, the capital structure has no influence on a firm's value and the cost of capital. If the restrictive assumptions on which this theorem is based are relaxed, one can identify those factors that make corporate financing structures not indifferent and the underlying factors that drive them. For instance, the "trade-off" theory (Jensen and Meckling, 1976) stresses that companies set a target level of leverage at which the tax advantages resulting from the additional debt just offset the costs arising from potential financial distress. The "pecking order" theory (Myers and Majluf, 1984, and Myers, 1984) highlights the influence that asymmetric information between investors or lenders and company management can have on capital structure. Since asymmetric information increases financing costs, companies prefer internal financing to external financing and, since debt financing entails lower costs and no outside shareholders, companies prefer debt to equity if external funds are necessary. The above theories suggest a number of firm-specific characteristics should play a role in determining a corporation's capital structure. Empirical studies tend to find that leverage is affected negatively by firm-level profitability and growth opportunities but positively by firm size (e.g. book value of assets) and asset tangibility. Industry effects also play a role, as firms' debt ratios differ according to their respective industries. While most of these effects are roughly in line with the trade-off theory, the profitability effect is suggestive of a pecking order in financial decisions. Studies also often find that firms converge towards a target debt ratio, which corresponds with the trade-off theory.

From a financial stability perspective, one aspect to consider is the relationship between leverage and the probability of default. With rising indebtedness, borrowers' ability to repay becomes progressively more sensitive to falls in income and sales and, especially in the case of floating-

1 For detailed information on the references mentioned in the box, see the Structural Issues Report 2013.

rate debt, interest rate rises (Cecchetti et al. 2011). Moreover, in an economic downturn, the pressure of debt service costs is likely to cause highly leveraged firms to cut back investment (and, possibly, production and employment) more severely than less leveraged firms; thus high leverage may make the economy less stable (Bernanke and Campbell, 1988). From a conjunctural point of view, high leverage may lead to a debt overhang (Myers, 1977). If a firm has taken on too much debt, it might find itself in a situation where it cannot take on additional debt to finance future projects, even if these projects could generate a positive net present value, because the profit to be expected from them would be used to service existing liabilities. For the economy as a whole, the ensuing investment cuts might lead to a dampening of economic growth.

Recent studies (for example De Jong et al., 2011 and Almeida and Campello, 2010) stress that verifying capital structure theories should focus on joint tests of various theories that are able to discriminate between the different theoretical predictions. De Jong et al. (2011) establish that the pecking order theory better explains debt issuance, whereas the trade-off theory is better at predicting debt repurchase decisions. However, Byoun (2008) finds that, as firms approach their target leverage ratios, the speed of adjustment is faster when there is a financing deficit at below-target leverage and a financing surplus at above-target leverage. In addition, adjustment speeds are higher when firms have above-target leverage levels than when they have below-target levels. Moreover, firms facing a financial deficit (surplus) tend to increase (decrease) debt regardless of its level relative to the target. Thus, elements of both theories seem to be valid. Finally, Lemmon and Zender (2010) provide evidence in favour of the pecking order theory. After distinguishing financially constrained firms from unconstrained firms, they show that the latter satisfy their financing deficits almost entirely with debt, while the former (typically smaller firms) resort, to a larger extent, to equity issuance, owing to debt capacity concerns and their pronounced growth prospects.

The analysis in this section is based on firm-level balance sheet data from the Bureau van Dijk Amadeus database. The sample has approximately 13.8 million annual observations of 2.5 million firms in 17 countries between 2001 and 2011.[13]

LEVERAGE AND DELEVERAGING DEVELOPMENTS ACROSS EURO AREA FIRMS

Throughout the sample period, about one-third of firms did not show any leverage;[14] micro firms and young firms[15] account for 41% and 44% of these firms, respectively. The median level of leverage for indebted firms, mirroring the dynamics of the aggregate debt-to-assets ratio described in the previous section, increased steadily, by 8 percentage points to 22%, between 2001 and 2008 as a consequence of favourable conditions in credit and financial markets. Since 2008 the indicator has declined to 20%, primarily reflecting the weak dynamics of MFI loans (see Chart 9).

The leverage of a typical firm decreases with the firm's age and sales (see Charts 10a and 10b). This evidence, taken together with the high proportion of young and small firms with no financial debt, confirms the commonly held view that young and small companies face larger obstacles to borrowing

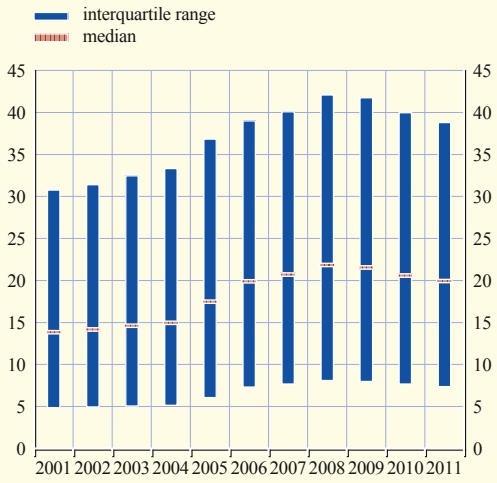
13 The main advantage of the Bureau van Dijk Amadeus database is that it includes comparable financial information for public and private companies in different countries. The sample used in the section comprises mostly non-listed non-financial enterprises, excluding those in the agriculture, forestry, fishing and mining sectors. For details on the dataset, see Annex 3 of the Structural Issues Report 2013.

14 Leverage is defined as the sum of short-term debt and long-term debt, divided by total assets. The definition excludes trade credit and provisions. This definition of leverage is close to the debt-to-total assets ratio analysed in the previous section although provisions are excluded from the definition.

15 The size classification is derived from the European Commission's definition and includes four categories of firm: micro, small, medium and large. For a detailed description, see Annex 3 of the Structural Issues Report 2013. Young firms are firms that are less than three years old.

Chart 9 Leverage of euro area non-financial corporations

(percentages)



Sources: Bureau van Dijk Amadeus database and ECB calculations.
Notes: Leverage is defined as the sum of short-term debt and long-term debt, divided by total assets. Firms with no financial debt are excluded. The interquartile range is defined as the difference between the 75th percentile and the 25th percentile.

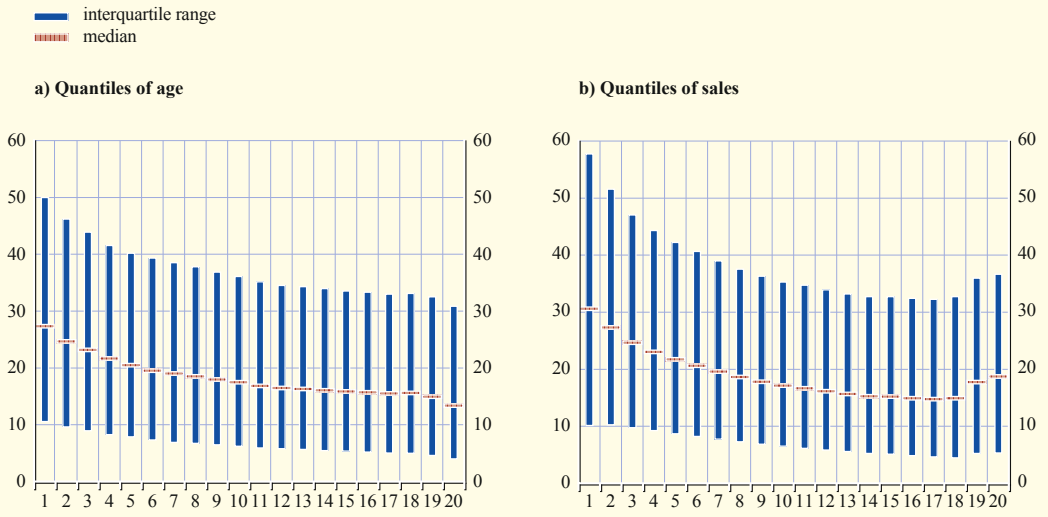
funds and that, once they borrow, they rely heavily on bank debt to finance their business. Firms with very high sales (presumably indicating high financing needs for investment and working capital) have higher levels of leverage.

Chart 11 shows the developments in firms' leverage over time according to size of firm. While remaining broadly stable between 2001 and 2004, corporate indebtedness in the euro area rose markedly among smaller-sized companies. Signs of deleveraging can be seen from 2009 onwards, but the leverage ratio remained high from a historical perspective.

To assess the extent to which such a pattern is common across firms with high and low levels of indebtedness, Table 1 shows the development of leverage ratios broken down by firms' size. It is interesting to note that the aggregate deleveraging pattern is compatible with one of increasing leverage for firms categorised as having low leverage levels, irrespective of the size of the firm. Indeed, the average leverage of firms that initially had zero or low levels of debt has continued to increase since the start of the crisis, while firms with initially high levels of leverage began deleveraging almost immediately. All firms with high ratios of debt to total assets, irrespective of their size, have

Chart 10 Leverage of euro area non-financial corporations, broken down by age and sales

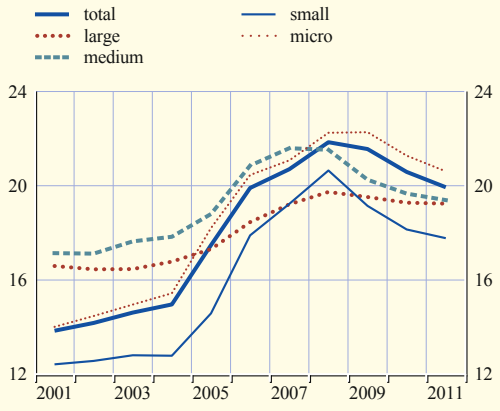
(percentages)



Notes: Leverage is defined as the sum of short-term debt and long-term debt, divided by total assets. Firms with no financial debt are excluded. The interquartile range is defined as the difference between the 75th percentile and the 25th percentile.

Chart 11 Leverage of euro area non-financial corporations by size

(median values; percentages)



Sources: Bureau van Dijk Amadeus database and ECB calculations.
Notes: See Chart 9. The size classes are defined using information on turnover, assets and the number of employees (if recorded). In order to control for differences in inflation, the values of turnover and assets are calculated in real terms, using the GDP deflator (the reference year is 2000). The classification is based on the ceilings defined by the European Commission. Micro firms have fewer than ten workers and a turnover or assets of less than €2 million. Small firms are those with fewer than 50 workers and a turnover or assets of less than €10 million, whereas medium-sized firms have fewer than 250 workers, a turnover of less than €50 million and assets of less than €43 million. Above these cut-off points, firms are classified as large.

undergone a deleveraging process. However, it has been more pronounced for micro firms and SMEs than for large firms, pointing once again to the fact that firms rely on bank loans and other sources of finance to different extents, depending on their size.

The pattern for firms with zero indebtedness during the crisis is consistent with and complements recent evidence on financially flexible firms. In particular, it has been shown that those companies that have accumulated spare debt capacity through a conservative leverage policy for a number of years before the crisis are those able to raise external finance and undertake investments when a growth opportunity comes along, despite a worse macroeconomic outlook.[16]

These results, therefore, add to the complexity of the assessment of the benefits of deleveraging and suggest that an aggregate deleveraging pattern might be compatible with one of increasing leverage at a certain point in time for firms categorised as financially flexible.

DETERMINANTS OF FIRMS' LEVERAGE DECISIONS AND THE IMPACT OF THE CRISIS

As explained in the box, a number of firm-specific characteristics can play a role in determining a corporation's capital structure. Firms with low or high operating profitability tend to be less leveraged than firms with intermediate operating profitability, pointing to the presence of a non-linear relationship between indebtedness and profits[17] (see Chart 12a). Moreover, Chart 12b shows that leverage increases with the proportion of tangible assets, which may be explained by the use of these assets as collateral or, more broadly, because tangible assets make borrowing firms more attractive to external investors (in this case, too, there are signs of a non-linear relationship between the two variables).[18]

When all these characteristics are taken together in an econometric analysis, the results confirm most of the existing empirical evidence.[19] For instance, the leverage of young firms (less than five years old) is approximately 4 percentage points higher than that of older firms. The empirical results

16 See Ferrando, A., Marchica, M.T. and Mura, R., "Financial flexibility across the euro area and the United Kingdom", *Working Paper Series*, No 1630, ECB, Frankfurt am Main, 2014. Using a similar sample of euro area non-financial companies, the authors observe that during the recent financial crisis all firms invested, on average, less than the preceding four years. However, financially flexible firms (defined as those that followed a conservative leverage policy before the crisis) seemed to be able to divest significantly less than others. During the period 2007-10, the reduction in their capital expenditure was about 6.8 percentage points, while for the other firms it was about 14.4 percentage points. Furthermore, financially flexible firms also seemed to be less exposed to market imperfections even during the severe conditions of the recent crisis, as they showed lower investment sensitivity to cash flow than the other companies.
17 The change in the slope is around the eighth quantile, where the profitability indicator is worth about 7%.
18 The change in the slope is around the seventh quantile, where the proportion of tangible assets is about 6%.
19 See Section 2.2 of the Structural Issues Report 2013. The analysis is based on a pooled Tobit model that covers the lack of leverage for many firms. Leverage is regressed against size, age, tangibility, profitability, growth of operating surplus and liquidity. Industry and country dummies are also included in the regressions.

Table 1 Leverage ratios before and after the crisis, broken down by size of firm and size of leverage

(percentages)

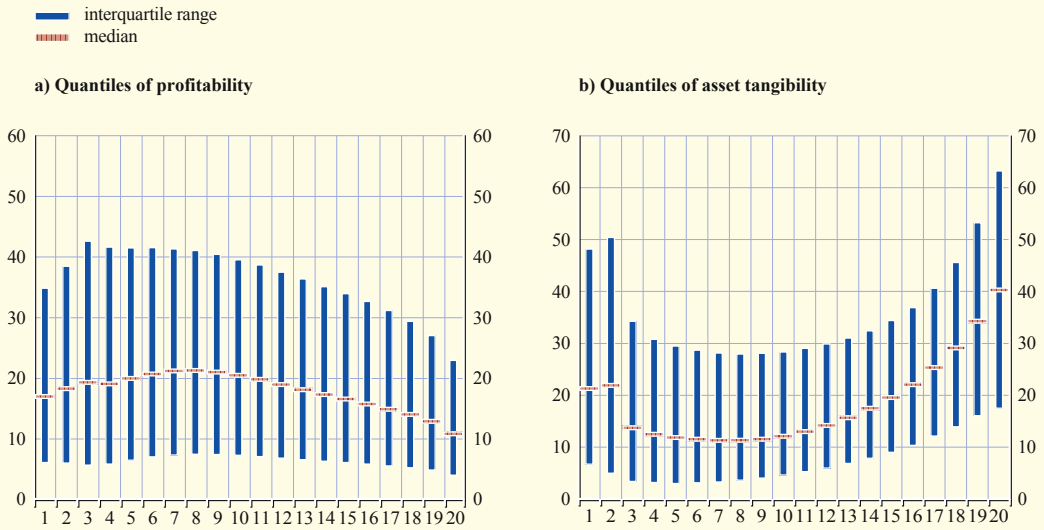
	2007	2008	2009	2010	2011
All firms with					
zero leverage in 2007	0.00	3.60	4.90	5.60	6.20
low leverage in 2007	9.80	11.10	11.60	11.50	11.90
high leverage in 2007	44.90	37.90	34.60	30.60	29.00
			Size breakdown		
Micro firms with					
zero leverage in 2007	0.00	3.60	5.00	5.70	6.30
low leverage in 2007	9.90	11.10	11.60	11.40	11.90
high leverage in 2007	45.70	38.00	34.50	30.00	28.30
SMEs with					
zero leverage in 2007	0.00	3.50	4.70	5.40	5.80
low leverage in 2007	9.50	11.40	11.70	11.70	11.90
high leverage in 2007	42.30	37.50	34.90	32.10	30.80
Large companies with					
zero leverage in 2007	0.00	2.50	2.80	4.10	4.00
low leverage in 2007	8.70	10.40	10.90	11.50	12.10
high leverage in 2007	41.30	38.00	35.80	35.20	34.00

Sources: Bureau van Dijk Amadeus database and ECB calculations.
Notes: Leverage is defined as the sum of short-term debt and long-term debt, divided by total assets. Firms with low leverage in 2007 are those which, in 2007, had positive leverage below the median (among indebted companies) in the corresponding sector and country in which they operated. Firms with high leverage in 2007 are those which, in 2007, had positive leverage above the median (among indebted companies) in the corresponding sector and country in which they operated. The size of companies is defined as in Chart 11.

also attest to the presence of asymmetries in the effect of firms' profitability, since leverage tends to be smaller both for firms with higher operating profits (in line with the pecking order hypothesis, for which profitable firms prefer to use internal funds) and for firms with higher operating losses (which are more likely to be subject to credit rationing by financial intermediaries). Among these

Chart 12 Leverage of euro area non-financial corporations, broken down by profitability and asset tangibility

(percentages)



Sources: Bureau van Dijk Amadeus database and ECB calculations.
Notes: Leverage is defined as the sum of short-term debt and long-term debt, divided by total assets. Firms with no financial debt are excluded. The interquartile range is defined as the difference between the 75th percentile and the 25th percentile.

factors, the most economically relevant variables appear to be firms' liquidity and tangibility of assets: an increase of one standard deviation is related to a decrease (increase) of 8 (6) percentage points in leverage.

The crisis seems to have not yet changed the main determinants of leverage across firms but there are some signals that the relevance of firms' characteristics has changed. For example, measures of profit, growth and tangibility seem to have had a smaller impact in the period after 2008. Cash is a notable exception, with the indications of a higher negative impact on leverage possibly stemming from the reduced availability of liquid assets during the crisis.

FIRMS' LEVERAGE RATIOS AND INVESTMENT DECISIONS

In the context of higher risk aversion of credit institutions, a firm's financial position is likely to have played a more relevant role in determining its access to external financing and in explaining both the recent decline in investment rates and the historical magnitude of the collapse in investment in 2009. Table 2 presents non-parametric results for the relationship between investment and financial pressure in 2008 and the subsequent investment rate drop in 2009. In particular, firms are grouped into three subsets, depending on whether they showed zero, intermediate or high levels of leverage in the run-up to the investment collapse in 2009. For each of these corporate groupings, a cross-sectional average of the investment rate in the period 2007-08 is computed and subtracted from the investment rate in 2009. A statistical test is then performed to check whether there are differences in the decline of investment rates across firms with different financial positions. The results in the table show that firms with higher levels of debt reduced their investment, indicating that the drain on future cash flows from debt repayments weighs negatively on firms' current spending and investment decisions when the macroeconomic outlook deteriorates. Higher interest payment ratios – which reflect the impact of changes in interest rates, company profitability and company indebtedness – are also associated with sharper declines in investment levels during crisis periods, large firms aside.

Overall, the fact that excessive corporate sector indebtedness may have become a drag on private sector investment is underpinned by firm-level evidence. Firms with higher levels of debt and with higher interest payment ratios reduced their investment more than others during the crisis. They also underwent a deleveraging process almost immediately. Conversely, a reverse pattern of increasing leverage is observed in the case of firms categorised by "low leverage" levels or by some degree of "financial flexibility" before the crisis. These distinct patterns on corporate balance sheet adjustment strategies should be taken into account when exploring the impact of policy interventions in the aftermath of the crisis.

Table 2 Declines in investment rates between 2007-2008 and 2009 for different corporate groupings, broken down by size

(percentage points)

	Firms with zero leverage in 2007-08	Firms with high leverage in 2007-08	Statistical difference between the two groups	Firms with low interest payment burden in 2007-08	Firms with high interest payment burden in 2007-08	Statistical difference between the two groups
Micro	-6	-9	yes	-6	-8	yes
Small	-8	-15	yes	-7	-13	yes
Medium	-12	-16	yes	-11	-15	no
Large	-11	-14	yes	-11	-13	no

Sources: Bureau van Diik Amadeus database and ECB calculations.

4 CORPORATE SECTOR INDEBTEDNESS AND MACROECONOMIC ENVIRONMENT

This section focuses on extracting lessons from the recent financial crisis – in comparison with previous similar episodes – for the medium-term analysis of the debt cycle in the corporate sector. The approach will be threefold. First, the recent euro area crisis is situated within the broader international and historical context of crisis episodes; the aim is then to derive a set of empirical regularities, draw lessons from them and infer policy responses that are also valid in today's circumstances. Second, expected future deleveraging pressures are identified. Third, alternative typologies of deleveraging patterns are explored, drawing on the historical episodes presented. The distinct patterns primarily differ on issues such as corporate balance sheet adjustment strategies, the interaction among deleveraging processes in various sectors and the role of policy.

THE EURO AREA CRISIS FROM AN INTERNATIONAL AND HISTORICAL PERSPECTIVE

In terms of severity, duration and scale, the recent financial crisis has caused the most serious economic downturn in several decades, both in the euro area and in most advanced economies. While many factors may well have contributed to the emergence and severity of past downturns, both theoretical insights and empirical evidence appear to point to the role played by debt accumulation in the run-up to the crisis.[20]

The present assessment considers recessions in 15 advanced economies between 1960 and 2013, drawing extensively on a dataset compiled by Schularick and Taylor (2012).[21] The analysis considers normal business cycle recessions, milder financial crisis recessions and systemic financial crises. Overall, 54 recessions are identified in the dataset, of which 40 are classified as normal business cycle episodes, nine as milder financial crises and five as severe (systemic) financial crises (the "Big Five" crises identified by Reinhart and Rogoff (2009)).

Chart 13 shows the increase in the ratio of bank credit to GDP around the peaks in economic activity.[22] In contrast with Section 2 of this article, this analysis is based on consolidated debt data, as the view is on the entire non-financial corporate sector and the relationship of corporate debt with the macroeconomy. Together with the developments in the latest euro area crisis, the chart shows the "average cycle", obtained by taking the average of all identified downturns. The blue area shows the interquartile range, a measure of the dispersion around the "average cycle". While the run-ups to crises have often been characterised by rising debt levels, the extent of debt accumulation in the latest euro area crisis appears remarkable in an historical perspective. The build-up of debt in the euro area prior to the economic downturn lies outside the interquartile range

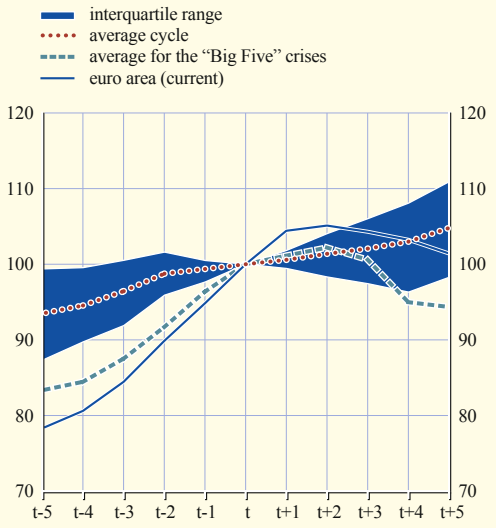
20 See Schularick, M. and Taylor, A.M., "Credit Booms Gone Bust: Monetary Policy, Leverage Cycles, and Financial Crises, 1870-2008", American Economic Review, Vol. 102, No 2, April 2012, pp. 1029-1061. While improving welfare when at moderate levels, debt adds to instability when excessive and weighs negatively on the economy. Indeed, literature dating back to the seminal contributions from, for instance, Fisher ("The debt-deflation theory of great depressions", *Econometrica*, Vol. 1, No 4, October 1933, pp. 337-357), Kindleberger ("Manias, panics and crashes: a history of financial crisis", *New York Basic Books*, 1978) and Tobin ("Review of Stabilizing an Unstable Economy by Hyman P. Minsky", *Journal of Economic Literature*, Vol. 27, No 1, pp. 105-108, 1989) has identified leverage, in the form of excessive credit, as a major source of macroeconomic instability and financial fragility. More recently, a number of empirical papers have focused on the role of debt accumulation and debt levels in shaping macroeconomic performance by considering a pool of countries across a number of decades. See, for example, Jorda et al., "Financial Crises, Credit Booms, and External Imbalances: 140 Years of Lessons", *NBER Working Papers*, No 16567, 2012, Reinhart and Rogoff, "From Financial Crash to Debt Crisis", *American Economic Review*, Vol. 101, No 5, August 2009, pp. 1676-1706, and Cecchetti et al., "The real effects of debt", *Working Papers*, No 352, Bank of International Settlements, 2011.

21 Notably, Schularick and Taylor (2012) analyse the behaviour of money, credit and macroeconomic indicators over a remarkably long time period from 1870 to 2008. The countries considered are Australia, Canada, Denmark, France, Finland, Germany, Italy, Japan, the Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom and the United States.

22 This section refers to the ratio of bank credit (consolidated) to GDP as an indicator of debt developments.

Chart 13 Ratio of bank loans to the private sector to GDP across cycle peaks

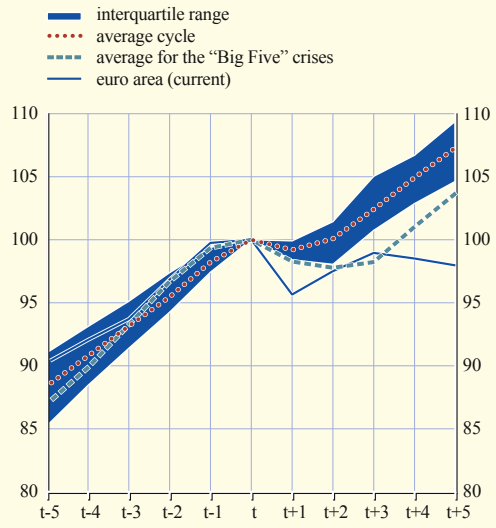
(as a percentage relative to the level recorded at the GDP peak)



Sources: ECB, national sources and ECB calculations.
Notes: The data for historical episodes are taken from the dataset compiled by Schularick and Taylor (2012). Period *t* represents the year of the peak in GDP prior to the crisis episodes. The level of indebtedness is normalised at 100 in the same year. For the euro area, the cycle peak is identified as 2008.

Chart 14 Real GDP level across cycle peaks

(as a percentage relative to the GDP peak)



Sources: ECB, national sources and ECB calculations.
Notes: The data for historical episodes are taken from the dataset compiled by Schularick and Taylor (2012). Period *t* represents the cycle peak. For the euro area, the cycle peak is identified as 2008.

and is more intense than the average developments across the "Big Five" financial crises. Provided that historical similarities can be used as a guide, further downward adjustment of the credit-to-GDP ratio is to be expected for the euro area.

Chart 14 shows the level of real GDP before and after major economic downturns. The exceptional severity of the latest euro area recession, even when measured against a wide range of historical and international episodes, is apparent from the sharp decline in GDP (around 5.6% from the pre-crisis peak to the trough). Moreover, the euro area economy levelled off only modestly after the trough and still stands around 2.0% below the pre-crisis peak.

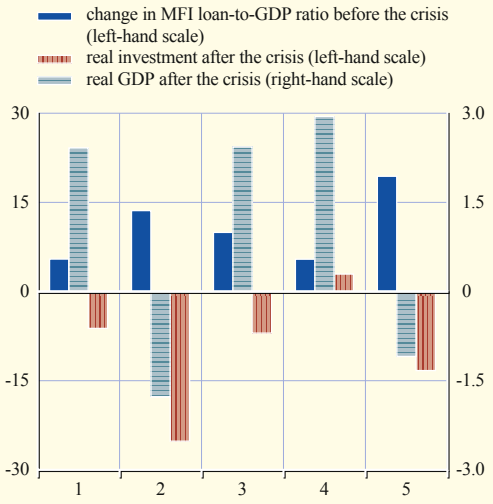
DEBT ACCUMULATION AND THE SEVERITY OF THE DOWNTURN

Overall, theory and evidence point to the fact that debt accumulation may not be problematic per se. In fact, by transferring resources across time and individuals, debt accumulation can improve welfare when kept at sustainable levels. However, when excessive and used to finance less profitable investments, debt adds to financial instability and weighs on the severity of the downturns and the subsequent recovery.[23]

23 Annex 6 of the Structural Issues Report 2013 provides a formal analysis that supports evidence of the impact of debt accumulation on the probability of a financial crisis episode in the 17 euro area countries, using quarterly data over the period from the first quarter of 1980 to the second quarter of 2012. More specifically, a logit model with country fixed effects is used, where the variable of interest (i.e. the crisis dummy) takes the value of 1 in the case of a crisis episode and 0 in all other cases. Notably high debt accumulation, in the form of past real loan growth, is statistically significant across various model specifications that control for real and financial variables and their interactions.

Chart 15 Credit accumulation prior to recessions and subsequent recovery

(percentage points)

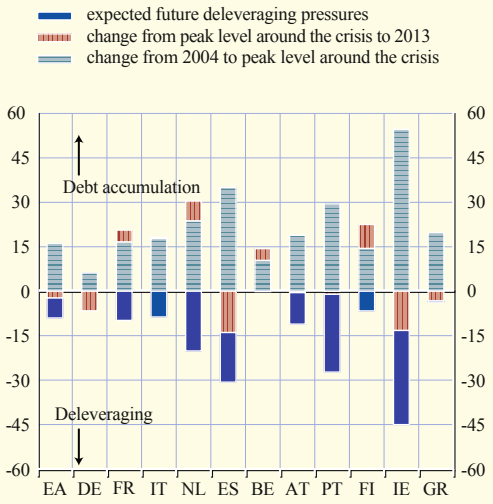


1 Average cycle
2 "Big Five" crises
3 Milder financial crises
4 Average non-financial episodes
5 Euro area (current)

Sources: ECB and ECB calculations.
Notes: The solid blue bars represent changes in percentage points, while the striped light blue and reddish bars represent the percentage deviations from pre-crisis levels. "Before the crisis" refers specifically to the four years immediately preceding the crisis and "after the crisis" refers specifically to the three years following the crisis peak. For the euro area, the cycle peak is identified as 2008.

Chart 16 Ratio of corporate sector debt to GDP in euro area economies

(percentage points)



Sources: ECB and ECB calculations.
Notes: Corporate sector debt is defined as the sum of MFI loans and market-based debt (consolidated data). The peak level around the crisis refers to the maximum level reached between the first quarter of 2008 and the fourth quarter of 2009. The "expected deleveraging pressures" are calculated as the simple average of three statistical benchmark estimates: the deviation of corporate debt to GDP at the end of 2013 from (i) the historical average, from (ii) the pre-boom 2004 level and from (iii) the euro area median at the end of 2013. "EA" denotes the euro area.

To illustrate this point, by drawing on the historical international crises illustrated above, Chart 15 shows the accumulation of debt during the four years prior to the specific crisis and the level of real investment and real GDP three years after the crisis peak.[24] Two key conclusions can be drawn from the chart. First, large accumulation of debt prior to a crisis is associated with subdued development of real GDP and investment in the aftermath of the crisis. Second, consistent with what is illustrated above, there are some similarities between the pattern for the recent euro area crisis and the most severe financial crises (the "Big Five" crises): the large accumulation of debt prior to the crisis continues to weigh on the economy three years after the crisis peak, with real GDP and investment levels remaining below pre-crisis peaks.

Focusing on the latest episode, while some progress in deleveraging has been made, if history is any guide, further adjustment might be expected. This is particularly the case of those countries that experienced a relatively stronger pre-crisis boom. A tentative quantification of expected future deleveraging pressures for euro area corporate sectors is illustrated by the solid blue bars in Chart 16. It is derived on the basis of three distinct statistical benchmarks, namely the deviation of the

24 The connection between the intensity of credit accumulation in the expansionary phase and the severity of subsequent recessions has been recently documented by a number of empirical studies, which review historical episodes. See, in particular, Jorda, O. et al. (2011).

corporate debt-to-GDP level at the end of 2013 from (i) its historical average (calculated from the first quarter of 1995 to the fourth quarter of 2013), from (ii) the pre-boom 2004 level and from (iii) the euro area median at the end of 2013.[25] All three benchmarks identify deleveraging pressures for euro area firms in Ireland, Spain, the Netherlands and Portugal. The main caveat is that the equilibrium debt levels can differ across countries and vary over time. Structural change in the economy and sectoral composition, as well as developments in financial markets and economic patterns, among other factors, may explain the differences in the long-term equilibrium levels of debt.

ALTERNATIVE DELEVERAGING PATTERNS AND POLICY IMPLICATIONS

Drawing on the historical episodes presented above, several economic patterns are associated with deleveraging in the aftermath of financial crises. These distinct patterns primarily differ on issues such as corporate balance sheet adjustment strategies, the interaction among deleveraging processes in various sectors and the role played by policy.[26]

Historical evidence shows that the process of introducing policy measures to tackle structural corporate finance issues and investment decisions is a balancing act, as measures must also support a necessary and sound adjustment favouring more sustainable and stability-oriented economic growth. Policy interventions should, in general, avoid disorderly or abrupt deleveraging processes that could imply an abrupt tightening of lending standards or a withdrawal of credit by banks. In such circumstances, both supply-side and demand-side factors have a strong and self-reinforcing adverse impact on the economy. In such a scenario, timely monetary policy interventions may be effective in containing deleveraging pressures that stem from a shortage of liquidity and the associated funding for banks. However, monetary policy intervention aimed at preventing an abrupt credit crunch may not come without a price. In particular, if ill-designed and not supported by regulatory initiatives geared towards reinforcing lenders, it may contribute to delaying the necessary adjustment and, ultimately, increase the economic costs of the deleveraging process. Fragile banks would have an incentive to continue financing troubled and inefficient firms so as to avoid recognising further losses. In this scenario, the unwinding process can become a long-lasting drag on the economy and is likely to be curbed by subdued output dynamics.

Balancing the risks described above means encouraging a steady, controlled and ordered restructuring process in the financial and non-financial sectors, consistent with sustainable long-term patterns. Such interventions are centred on an early recognition of losses and write-downs on the part of creditors, thereby acknowledging that some lending is no longer viable. An overly indebted non-financial corporate sector puts particular strain on the banking sector. If creditors' balance sheet capacity is also restricted and capital eroded, a prompt recapitalisation of the banking system is of utmost importance as part of a general effort to reduce excess capacity and improve efficiency in the banking sector.[27] Previous crises have highlighted the importance of measures aimed at strengthening banks' balance sheets. Doing so allows financial institutions to withstand potential loan losses associated with the deleveraging process of the non-financial private sector and, at the same time, to continue providing credit to the economy. In addition, a firm's default

25 The estimate of the expected deleveraging pressures is the simple average of the three benchmark estimates.
26 See also the article entitled "Comparing the recent financial crisis in the United States and the euro area with the experience of Japan in the 1990s", *Monthly Bulletin*, ECB, May 2012.
27 Private burden-sharing should be used as far as possible. Only if this redistribution does not allow the private sector to fully absorb losses should the public sector support reparation and strengthen particular segments of the private sector's balance sheets. See the box entitled "Towards a new EU framework for bank recovery and resolution" in the article "Heterogeneity in euro area financial conditions and policy implications", *Monthly Bulletin*, ECB, August 2012.

could take the form of a broader cleansing process, in which resources are ultimately reallocated to more productive sectors.[28]

Looking forward, to resolve the current crisis, but also to prevent future crises, structural policies designed to develop a financial system that offers a broader range of financing alternatives and instruments can contribute to creating improved corporate capital structures that have more diverse financing sources and thus are, crucially, more resilient to abruptly changing bank lending conditions. Specifically, raising the proportion of risk capital in the financial structure of firms, in particular small and medium-sized enterprises, via measures that improve their access to equity and debt markets could encourage more moderate and stable recourse to loans. In addition, structural reforms that aim to increase competitiveness and reduce unemployment are a crucial part of crisis resolution. Historical evidence and theoretical insights suggest that, in a context of weak domestic demand associated with internal balance sheet adjustments, regaining competitiveness in the product and factor markets by reallocating resources towards better performing firms is crucial for stimulating exports and, hence, sustaining economic recovery.

5 CONCLUSIONS

There was a considerable accumulation of private debt prior to the outbreak of the financial crisis in 2008. So far, based on data up to the second quarter of 2013, the necessary deleveraging process has remained rather gradual at the aggregate euro area level. However, this article shows that a deeper analysis provides a more nuanced picture. Thus, aggregate euro area developments hide more significant movements in some euro area countries and in some sectors of economic activity, which were especially affected by the crisis. Notwithstanding, leverage still appears high in these areas. If history is any guide, further deleveraging is expected, particularly in those countries that experienced a more intense pre-crisis boom. The extent to which the corrective adjustments are a drag on the economy will depend primarily on the macroeconomic channels through which the adjustment process occurs and the progress made in those countries in terms of restoring overall debt sustainability, the solidity of the banking sector and the implementation of supportive structural reforms.

The historical episodes described in the article suggest that policy interventions should prevent a disorderly and disruptive deleveraging process. In this context, monetary policy in the euro area has proved effective in containing deleveraging pressures on banks by providing liquidity support. Conversely, economic policies should avoid contributing to a delay in the balance sheet adjustment process, which would ultimately increase the economic costs of the deleveraging process. In order to strike a balance, economic policies need to firmly encourage an orderly restructuring process in the non-financial and financial sectors that is consistent with sustainable long-term economic growth trends and geared, in particular, towards strengthening balance sheets. In this context, a properly funded and functioning banking sector is crucial for an adequate access to credit for the corporate sector. The banking union is of key importance in this respect, as it will not only accelerate necessary balance sheet adjustments but also support the stability of the financial system by leading to a unified framework for the supervision of banks. At the same time, structural policies aimed at developing a financial system that offers a broader range of financing alternatives and regaining competitiveness in the product and factor markets are crucial for sustaining the economic recovery.

28 See Giesecke, K. et al., "Macroeconomic Effects of Corporate Default Crises: A Long-Term Perspective", *NBER Working Papers*, No 17854, 2012.

EURO AREA STATISTICS

CONTENTS[1]

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

ENLARGEMENT OF THE EURO AREA ON 1 JANUARY 2014 TO INCLUDE LATVIA

In January 2014 Latvia joined the euro area, bringing the number of euro area countries to 18.

Unless otherwise indicated, all data series including observations for 2014 relate to the "Euro 18" (i.e. the euro area including Latvia) for the whole time series. For interest rates, monetary statistics, the HICP and reserve assets (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), euro area statistical series take into account the changing composition of the euro area.

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

Conventions used in the tables

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

EURO AREA OVERVIEW

Summary of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

1. Monetary developments and interest rates [1]

	M1 [2]	M2 [2]	M3 [2],[3]	M3 [2],[3] 3-month moving average (centred)	MFI loans to euro area residents excluding MFIs and general government [2]	Securities other than shares issued in euro by non-MFI corporations [2]	3-month interest rate (EURIBOR; % per annum; period averages)	10-year spot rate (% per annum; end of period) [4]
	1	2	3	4	5	6	7	8
2012	4.0	3.1	2.9	-	-0.2	1.2	0.58	1.72
2013	7.0	4.0	2.4	-	-1.5	.	0.22	2.24
2013 Q1	6.7	4.3	3.2	-	-0.8	1.5	0.21	1.76
Q2	8.1	4.6	2.8	-	-1.1	0.2	0.21	2.14
Q3	6.9	4.0	2.2	-	-1.9	2.0	0.22	2.05
Q4	6.4	3.1	1.5	-	-2.2	.	0.24	2.24
2013 Aug.	6.7	4.0	2.3	2.1	-2.1	2.4	0.23	2.17
Sep.	6.6	3.8	2.0	1.9	-2.1	2.8	0.22	2.05
Oct.	6.5	3.2	1.4	1.6	-2.1	2.5	0.23	1.95
Nov.	6.5	3.0	1.5	1.3	-2.3	2.6	0.22	1.99
Dec.	5.8	2.5	1.0	.	-2.3	.	0.27	2.24
2014 Jan.	.	.	.	.	.	.	0.29	1.89

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

	HICP [1]	Industrial producer prices	Hourly labour costs	Real GDP (s.a.)	Industrial production excluding construction	Capacity utilisation in manufacturing (%)	Employment (s.a.)	Unemployment (% of labour force; s.a.)
	1	2	3	4	5	6	7	8
2012	2.5	2.8	1.9	-0.7	-2.5	78.6	-0.6	11.4
2013	1.4	-0.2	.	.	.	78.3	.	12.1
2013 Q2	1.4	-0.1	1.1	-0.6	-1.0	77.9	-1.0	12.1
Q3	1.3	-0.6	1.0	-0.3	-1.1	78.4	-0.8	12.1
Q4	0.8	-1.1	.	.	.	79.2	.	12.0
2013 Aug.	1.3	-0.9	-	-	-1.4	-	-	12.1
Sep.	1.1	-0.9	-	-	0.2	-	-	12.1
Oct.	0.7	-1.3	-	-	0.5	78.4	-	12.0
Nov.	0.9	-1.2	-	-	3.0	-	-	12.0
Dec.	0.8	-0.8	-	-	.	-	-	12.0
2014 Jan.	0.7	.	-	-	.	80.0	-	.

3. External statistics

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)			Reserve assets (end-of-period positions)	Net international investment position (as a % of GDP)	Gross external debt (as a % of GDP)	Effective exchange rate of the euro: EER-20 [6] (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Combined direct and portfolio investment				Nominal	Real (CPI) [7]	
	1	2	3	4	5	6	7	8	9
2012	131.2	94.9	68.8	689.4	-13.3	127.5	97.9	95.5	1.2848
2013	.	.	.	542.4	.	.	101.7	98.9	1.3281
2013 Q1	26.4	30.7	-7.5	687.8	-12.4	129.1	100.7	98.2	1.3206
Q2	61.6	51.3	11.5	564.3	-13.8	128.3	100.8	98.2	1.3062
Q3	53.4	39.5	-23.9	586.8	-13.4	125.4	101.9	99.1	1.3242
Q4	.	.	.	542.4	.	.	103.1	100.0	1.3610
2013 Aug.	11.7	7.1	16.3	613.0	-	-	102.2	99.5	1.3310
Sep.	15.2	13.5	-16.2	586.8	-	-	102.0	99.0	1.3348
Oct.	28.9	19.2	0.4	579.6	-	-	102.8	99.6	1.3635
Nov.	29.1	18.8	40.9	561.5	-	-	102.6	99.4	1.3493
Dec.	.	.	.	542.4	-	-	103.9	100.9	1.3704
2014 Jan.	.	.	.	.	-	-	103.4	100.5	1.3610

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

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

1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) Annual percentage changes for monthly data refer to the end of the month, whereas those for quarterly and yearly data refer to the annual change in the period average. See the Technical Notes for details.
3) M3 and its components exclude holdings by non-euro area residents of money market fund shares/units and debt securities with a maturity of up to two years.
4) Based on AAA-rated euro area central government bond yield curves. For further information, see Section 4.7.
5) Data refer to the Euro 18, unless otherwise indicated.
6) For a definition of the trading partner groups and other information, please refer to the General Notes.
7) The CPI-deflated EER based on the new composition of the euro area will be published in the next issue of the Monthly Bulletin, after the underlying HICP for the euro area including Latvia has been released.

MONETARY POLICY STATISTICS

1.1 Consolidated financial statement of the Eurosystem

(EUR millions)

1. Assets

	3 January 2014	10 January 2014	17 January 2014	24 January 2014	31 January 2014
Gold and gold receivables	303,156	303,156	303,157	303,157	303,157
Claims on non-euro area residents in foreign currency	241,563	244,348	245,759	243,861	244,245
Claims on euro area residents in foreign currency	23,237	22,500	22,625	23,296	23,744
Claims on non-euro area residents in euro	20,194	21,835	20,986	21,114	20,159
Lending to euro area credit institutions in euro	752,259	695,884	672,560	693,177	691,934
Main refinancing operations	168,662	112,458	94,737	116,281	115,635
Longer-term refinancing operations	583,325	583,325	577,707	576,717	576,044
Fine-tuning reverse operations	0	0	0	0	0
Structural reverse operations	0	0	0	0	0
Marginal lending facility	270	31	114	179	255
Credits related to margin calls	2	70	1	1	1
Other claims on euro area credit institutions in euro	73,545	72,112	73,130	74,670	72,873
Securities of euro area residents in euro	591,184	590,823	588,743	589,264	587,407
Securities held for monetary policy purposes	235,929	235,929	234,035	233,520	231,315
Other securities	355,255	354,894	354,708	355,743	356,092
General government debt in euro	28,287	28,287	28,287	28,287	28,287
Other assets	245,133	241,562	242,613	244,470	245,255
Total assets	2,278,560	2,220,507	2,197,860	2,221,296	2,217,061

2. Liabilities

	3 January 2014	10 January 2014	17 January 2014	24 January 2014	31 January 2014
Banknotes in circulation	952,900	941,731	934,942	929,924	932,458
Liabilities to euro area credit institutions in euro	492,037	441,259	417,998	423,979	423,124
Current accounts (covering the minimum reserve system)	298,943	202,327	202,449	227,884	215,690
Deposit facility	88,213	59,753	36,489	44,010	56,064
Fixed-term deposits	104,842	179,000	179,000	152,067	151,206
Fine-tuning reverse operations	0	0	0	0	0
Deposits related to margin calls	39	179	60	18	164
Other liabilities to euro area credit institutions in euro	3,239	8,715	3,999	2,113	3,134
Debt certificates issued	0	0	0	0	0
Liabilities to other euro area residents in euro	81,007	81,776	98,323	122,961	116,066
Liabilities to non-euro area residents in euro	114,211	110,485	106,134	105,820	106,130
Liabilities to euro area residents in foreign currency	4,791	3,450	2,700	1,289	2,924
Liabilities to non-euro area residents in foreign currency	3,170	5,513	5,926	5,890	5,085
Counterpart of special drawing rights allocated by the IMF	52,717	52,717	52,717	52,717	52,717
Other liabilities	220,911	221,281	221,647	223,179	221,974
Revaluation accounts	262,876	262,876	262,876	262,876	262,876
Capital and reserves	90,701	90,703	90,598	90,548	90,573
Total liabilities	2,278,560	2,220,507	2,197,860	2,221,296	2,217,061

Source: ECB.

1.2 Key ECB interest rates

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

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

Source: ECB.

1) From 1 January 1999 to 9 March 2004, the date refers to the deposit and marginal lending facilities. For main refinancing operations, changes in the rate are effective from the first operation following the date indicated. The change on 18 September 2001 was effective on that same day. From 10 March 2004 onwards, the date refers both to the deposit and marginal lending facilities and to the main refinancing operations (with changes effective from the first main refinancing operation following the Governing Council decision), unless otherwise indicated.

2) On 22 December 1998 the ECB announced that, as an exceptional measure between 4 and 21 January 1999, a narrow corridor of 50 basis points would be applied between the interest rates for the marginal lending facility and the deposit facility, aimed at facilitating the transition to the new monetary regime by market participants.

3) On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tenders. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids.

4) As of 9 October 2008 the ECB reduced the standing facilities corridor from 200 basis points to 100 basis points around the interest rate on the main refinancing operations. The standing facilities corridor was restored to 200 basis points as of 21 January 2009.

5) On 8 October 2008 the ECB announced that, starting from the operation to be settled on 15 October, the weekly main refinancing operations would be carried out through a fixed rate tender procedure with full allotment at the interest rate on the main refinancing operations. This change overrode the previous decision (made on the same day) to cut by 50 basis points the minimum bid rate on the main refinancing operations conducted as variable rate tenders.

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

(EUR millions; interest rates in percentages per annum)

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

Date of settlement	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures			Running for (...) days
				Fixed rate	Minimum bid rate	Marginal rate [4)]	Weighted average rate	
	1	2	3	4	5	6	7	8
	Main refinancing operations							
2013 30 Oct.	89,319	66	89,319	0.50	-	-	-	7
6 Nov.	89,524	64	89,524	0.50	-	-	-	7
13	87,744	67	87,744	0.25	-	-	-	7
20	86,881	71	86,881	0.25	-	-	-	7
27	97,210	78	97,210	0.25	-	-	-	7
4 Dec.	94,625	78	94,625	0.25	-	-	-	7
11	98,495	80	98,495	0.25	-	-	-	7
18	118,911	102	118,911	0.25	-	-	-	5
23	133,585	117	133,585	0.25	-	-	-	7
30	168,662	181	168,662	0.25	-	-	-	9
2014 8 Jan.	112,458	92	112,458	0.25	-	-	-	7
15	94,737	87	94,737	0.25	-	-	-	7
22	116,281	212	116,281	0.25	-	-	-	7
29	115,635	168	115,635	0.25	-	-	-	7
5 Feb.	95,146	116	95,146	0.25	-	-	-	7
	Longer-term refinancing operations [5)]							
2013 7 Aug.	3,910	24	3,910	0.50	-	-	-	35
29	6,823	38	6,823	0.46	-	-	-	91
11 Sep.	3,430	23	3,430	0.50	-	-	-	28
26	8,607	51	8,607	0.39	-	-	-	84
9 Oct.	3,447	21	3,447	0.50	-	-	-	35
31	1,930	43	1,930	0.29	-	-	-	91
13 Nov.	3,194	21	3,194	0.25	-	-	-	28
28 [6)]	5,926	47	5,926	.	-	-	-	91
11 Dec.	10,143	31	10,143	0.25	-	-	-	35
19 [6)]	20,914	76	20,914	.	-	-	-	98
2014 15 Jan.	7,092	28	7,092	0.25	-	-	-	28
30 [6)]	4,955	69	4,955	.	-	-	-	92

2. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures				Running for (...) days
					Fixed rate	Minimum bid rate	Maximum bid rate	Marginal rate [4)]	Weighted average rate	
	1	2	3	4	5	6	7	8	9	10
2013 30 Oct.	Collection of fixed-term deposits	215,802	119	188,000	-	-	0.50	0.18	0.12	7
6 Nov.	Collection of fixed-term deposits	257,518	131	184,000	-	-	0.50	0.13	0.10	7
13	Collection of fixed-term deposits	254,702	126	184,000	-	-	0.25	0.10	0.09	7
20	Collection of fixed-term deposits	218,118	122	184,000	-	-	0.25	0.11	0.09	7
27	Collection of fixed-term deposits	157,764	108	157,764	-	-	0.25	0.25	0.16	7
4 Dec.	Collection of fixed-term deposits	190,189	130	184,000	-	-	0.25	0.25	0.14	7
11	Collection of fixed-term deposits	186,728	126	184,000	-	-	0.25	0.25	0.19	7
18	Collection of fixed-term deposits	152,251	109	152,251	-	-	0.25	0.25	0.23	5
23	Collection of fixed-term deposits	139,920	103	139,920	-	-	0.25	0.25	0.24	7
30	Collection of fixed-term deposits	104,842	89	104,842	-	-	0.25	0.25	0.24	9
2014 8 Jan.	Collection of fixed-term deposits	185,795	132	179,000	-	-	0.25	0.25	0.17	7
15	Collection of fixed-term deposits	180,027	137	179,000	-	-	0.25	0.25	0.21	7
22	Collection of fixed-term deposits	152,067	126	152,067	-	-	0.25	0.25	0.23	7
29	Collection of fixed-term deposits	151,206	130	151,206	-	-	0.25	0.25	0.24	7
5 Feb.	Collection of fixed-term deposits	211,022	158	175,500	-	-	0.25	0.25	0.23	7

Source: ECB.

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

1.4 Minimum reserve and liquidity statistics

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

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at (end of period):	Total	Liabilities to which a positive reserve coefficient is applied [1]		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2010	18,948.1	9,962.6	644.3	2,683.3	1,335.4	4,322.5
2011	18,970.0	9,790.9	687.7	2,781.2	1,303.5	4,406.8
2012	18,564.7	9,971.7	637.5	2,583.9	1,163.1	4,208.4
2013	18,160.4	9,856.1	552.0	2,479.2	1,305.5	3,967.6
2013 July	18,343.3	9,826.4	596.3	2,515.3	1,422.1	3,983.3
Aug.	18,252.7	9,835.6	587.7	2,494.7	1,353.8	3,981.0
Sep.	18,133.7	9,806.2	572.8	2,483.8	1,301.4	3,969.5
Oct. [2]	18,148.7	9,823.0	562.9	2,481.1	1,323.0	3,958.8
Nov. [2]	18,160.4	9,856.1	552.0	2,479.2	1,305.5	3,967.6

2. Reserve maintenance

Maintenance period ending on:	Required reserves	Credit institutions' current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
2010	211.8	212.5	0.7	0.5	1.00
2011	207.7	212.2	4.5	0.0	1.25
2012	106.4	509.9	403.5	0.0	0.75
2013	103.3	220.2	116.9	0.0	0.25
2013 10 Sep.	104.9	274.5	169.6	0.0	0.50
8 Oct.	103.8	268.4	164.7	0.0	0.50
12 Nov.	103.8	244.9	141.1	0.0	0.50
10 Dec.	103.3	220.2	116.9	0.0	0.25
2014 14 Jan. [3]	103.4	248.1	144.8	0.0	0.25
11 Feb.	103.6	.	.	.	.

3. Liquidity

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money
		Monetary policy operations of the Eurosystem										
	Eurosystem's net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations [4]	Deposit facility	Other liquidity-absorbing operations [5]	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)		
	1	2	3	4	5	6	7	8	9	10	11	12
2010	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1
2011	622.1	238.0	389.0	4.4	260.3	253.7	200.5	869.4	63.8	-85.9	212.2	1,335.3
2012	708.0	74.0	1,044.1	1.6	277.3	231.8	208.5	889.3	121.1	144.5	509.9	1,631.0
2013	550.8	91.6	625.3	0.1	241.5	48.3	177.4	925.9	80.2	57.2	220.2	1,194.4
2013 6 Aug.	532.3	104.5	698.6	0.2	255.0	82.6	195.5	917.6	97.1	28.2	269.6	1,269.8
10 Sep.	531.8	97.5	692.3	0.4	251.1	79.2	191.7	920.4	72.6	34.7	274.5	1,274.2
8 Oct.	538.2	96.2	674.6	0.2	248.2	58.9	189.8	918.3	80.1	41.9	268.4	1,245.6
12 Nov.	550.9	90.8	652.4	0.1	244.6	52.1	187.2	920.4	70.9	63.4	244.9	1,217.4
10 Dec.	550.8	91.6	625.3	0.1	241.5	48.3	177.4	925.9	80.2	57.2	220.2	1,194.4
2014 14 Jan.	532.7	129.3	592.1	0.3	236.8	60.1	149.3	947.9	61.2	24.7	248.1	1,256.0

Source: ECB.

1) A coefficient of 1% is applied as of the maintenance period beginning on 18 January 2012. A coefficient of 2% is applied to all previous maintenance periods.
2) Includes the reserve bases of credit institutions in Latvia. On a transitional basis, credit institutions located in the euro area may decide to deduct from their own reserve bases any liabilities vis-à-vis credit institutions located in Latvia. Starting from the reserve base as at end-January 2014, the standard treatment applies (see Decision ECB/2013/41 of the ECB of 22 October 2013 on transitional provisions for the application of minimum reserves by the ECB following the introduction of the euro in Latvia).
3) Owing to the adoption of the euro by Latvia on 1 January 2014, the reserve requirement is an average - weighted by the number of calendar days - of the reserve requirements for the then 17 countries of the euro area for the period 11-31 December 2013 and the reserve requirements for the 18 countries now in the euro area for the period 1-14 January 2014.
4) Includes liquidity provided under the Eurosystem's covered bond purchase programmes and the Eurosystem's Securities Markets Programme.
5) Includes liquidity absorbed as a result of the Eurosystem's foreign exchange swap operations.
For more information, please see: http://www.ecb.europa.eu/mopo/liq/html/index.en.html

2 MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

2.1 Aggregated balance sheet of euro area MFIs [1]

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Money market fund shares/ units [2]	Holdings of shares/ other equity issued by euro area residents	External assets	Fixed assets	Remaining assets
		Total	General government	Other euro area residents	MFIs	Total	General government	Other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Eurosystem													
2012	5,287.6	3,351.2	16.9	1.0	3,333.3	723.1	568.4	10.5	144.2	-	23.4	799.9	8.3	381.8
2013 (p)	4,072.5	2,282.5	15.0	1.2	2,266.3	715.3	567.6	24.9	122.8	-	25.0	632.5	8.4	408.8
2013 Q3	4,303.2	2,455.0	15.1	1.2	2,438.7	727.9	576.7	26.5	124.7	-	24.6	690.7	8.3	396.8
Q4 (p)	4,072.5	2,282.5	15.0	1.2	2,266.3	715.3	567.6	24.9	122.8	-	25.0	632.5	8.4	408.8
2013 Sep.	4,303.2	2,455.0	15.1	1.2	2,438.7	727.9	576.7	26.5	124.7	-	24.6	690.7	8.3	396.8
Oct.	4,228.5	2,399.5	15.1	1.2	2,383.3	724.6	575.7	25.7	123.3	-	25.2	671.7	8.4	399.0
Nov.	4,147.9	2,338.7	15.1	1.2	2,322.4	723.2	573.8	25.8	123.5	-	25.0	649.9	8.4	402.7
Dec. (p)	4,072.5	2,282.5	15.0	1.2	2,266.3	715.3	567.6	24.9	122.8	-	25.0	632.5	8.4	408.8
	MFIs excluding the Eurosystem													
2012	32,694.6	17,988.2	1,153.4	11,039.5	5,795.4	4,901.6	1,627.0	1,423.3	1,851.3	66.8	1,227.8	4,045.7	214.6	4,249.9
2013 (p)	30,452.7	16,982.8	1,082.3	10,649.1	5,251.3	4,672.2	1,693.0	1,336.0	1,643.2	57.9	1,233.2	3,860.9	210.4	3,435.3
2013 Q3	31,384.8	17,299.5	1,090.4	10,778.3	5,430.8	4,842.3	1,744.7	1,393.8	1,703.8	58.9	1,232.9	3,896.6	210.4	3,844.3
Q4 (p)	30,452.7	16,982.8	1,082.3	10,649.1	5,251.3	4,672.2	1,693.0	1,336.0	1,643.2	57.9	1,233.2	3,860.9	210.4	3,435.3
2013 Sep.	31,384.8	17,299.5	1,090.4	10,778.3	5,430.8	4,842.3	1,744.7	1,393.8	1,703.8	58.9	1,232.9	3,896.6	210.4	3,844.3
Oct.	31,356.2	17,188.1	1,103.0	10,729.9	5,355.2	4,825.9	1,764.6	1,374.4	1,686.9	55.8	1,234.6	3,954.6	209.0	3,888.2
Nov.	31,340.2	17,174.4	1,084.4	10,724.4	5,365.6	4,814.8	1,761.2	1,371.8	1,681.8	56.8	1,239.6	3,969.6	209.9	3,875.1
Dec. (p)	30,452.7	16,982.8	1,082.3	10,649.1	5,251.3	4,672.2	1,693.0	1,336.0	1,643.2	57.9	1,233.2	3,860.9	210.4	3,435.3

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/ units [3]	Debt securities issued [4]	Capital and reserves	External liabilities	Remaining liabilities
			Total	Central government	Other general government/ other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
	Eurosystem										
2012	5,287.6	938.2	3,062.2	81.4	64.5	2,916.4	-	0.0	536.1	298.7	452.4
2013 (p)	4,072.5	982.4	2,004.3	62.3	40.1	1,901.9	-	0.0	408.7	202.2	474.9
2013 Q3	4,303.2	944.6	2,225.0	82.0	49.2	2,093.8	-	0.0	444.8	225.4	463.5
Q4 (p)	4,072.5	982.4	2,004.3	62.3	40.1	1,901.9	-	0.0	408.7	202.2	474.9
2013 Sep.	4,303.2	944.6	2,225.0	82.0	49.2	2,093.8	-	0.0	444.8	225.4	463.5
Oct.	4,228.5	950.4	2,153.1	79.7	69.2	2,004.2	-	0.0	444.4	213.5	467.1
Nov.	4,147.9	953.5	2,093.0	88.2	58.9	1,945.9	-	0.0	426.9	203.6	470.9
Dec. (p)	4,072.5	982.4	2,004.3	62.3	40.1	1,901.9	-	0.0	408.7	202.2	474.9
	MFIs excluding the Eurosystem										
2012	32,694.6	-	17,195.5	169.7	10,866.8	6,159.1	534.7	4,848.9	2,343.9	3,494.3	4,277.3
2013 (p)	30,452.7	-	16,649.9	152.3	10,929.6	5,568.0	462.4	4,353.2	2,400.0	3,110.0	3,477.3
2013 Q3	31,384.8	-	16,850.8	190.9	10,928.3	5,731.6	476.8	4,470.5	2,392.7	3,274.9	3,919.2
Q4 (p)	30,452.7	-	16,649.9	152.3	10,929.6	5,568.0	462.4	4,353.2	2,400.0	3,110.0	3,477.3
2013 Sep.	31,384.8	-	16,850.8	190.9	10,928.3	5,731.6	476.8	4,470.5	2,392.7	3,274.9	3,919.2
Oct.	31,356.2	-	16,766.9	165.5	10,907.5	5,693.9	474.9	4,447.5	2,399.8	3,297.6	3,969.5
Nov.	31,340.2	-	16,805.9	175.4	10,940.3	5,690.2	475.0	4,435.7	2,400.8	3,270.7	3,952.2
Dec. (p)	30,452.7	-	16,649.9	152.3	10,929.6	5,568.0	462.4	4,353.2	2,400.0	3,110.0	3,477.3

Source: ECB.

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

2.2 Consolidated balance sheet of euro area MFIs [1]

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

1. Assets

	Total	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/ other equity issued by other euro area residents	External assets	Fixed assets	Remaining assets [2]
		Total	General government	Other euro area residents	Total	General government	Other euro area residents				
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2012	26,245.6	12,210.7	1,170.3	11,040.4	3,629.2	2,195.4	1,433.8	767.0	4,845.6	222.9	4,570.3
2013 (p)	24,656.3	11,747.6	1,097.3	10,650.3	3,621.5	2,260.5	1,361.0	792.1	4,493.4	218.9	3,782.9
2013 Q3	25,415.7	11,885.0	1,105.5	10,779.4	3,741.7	2,321.4	1,420.3	792.6	4,587.2	218.7	4,190.5
Q4 (p)	24,656.3	11,747.6	1,097.3	10,650.3	3,621.5	2,260.5	1,361.0	792.1	4,493.4	218.9	3,782.9
2013 Sep.	25,415.7	11,885.0	1,105.5	10,779.4	3,741.7	2,321.4	1,420.3	792.6	4,587.2	218.7	4,190.5
Oct.	25,461.3	11,849.2	1,118.1	10,731.1	3,740.3	2,340.2	1,400.1	793.3	4,626.3	217.4	4,234.8
Nov.	25,418.4	11,825.1	1,099.5	10,725.6	3,732.6	2,335.0	1,397.6	795.2	4,619.5	218.3	4,227.7
Dec. (p)	24,656.3	11,747.6	1,097.3	10,650.3	3,621.5	2,260.5	1,361.0	792.1	4,493.4	218.9	3,782.9
	Transactions										
2012	87.1	-38.0	-4.7	-33.4	113.1	183.6	-70.5	38.6	-151.1	-14.1	138.6
2013 (p)	-1,610.0	-275.6	-73.8	-201.9	-24.9	47.3	-72.2	10.8	-75.4	-2.3	-1,242.6
2013 Q3	-429.5	-96.0	-12.5	-83.5	-70.6	-58.6	-12.0	-8.4	-75.7	1.1	-180.0
Q4 (p)	-663.7	-98.9	-8.1	-90.7	-133.9	-73.8	-60.0	-8.4	-9.7	0.3	-413.2
2013 Sep.	-21.8	18.7	0.2	18.5	-24.3	-16.3	-8.1	6.1	-31.9	0.4	9.3
Oct.	66.2	-21.5	12.5	-34.0	-15.4	5.3	-20.7	-5.6	66.6	-1.2	43.3
Nov.	-27.6	-17.4	-18.6	1.2	-11.2	-8.2	-3.0	1.3	7.6	0.9	-8.7
Dec. (p)	-702.3	-60.0	-2.0	-57.9	-107.3	-70.9	-36.3	-4.1	-83.9	0.7	-447.7

2. Liabilities

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Money market fund shares/ units [3]	Debt securities issued [4]	Capital and reserves	External liabilities	Remaining liabilities [2]	Excess of inter-MFI liabilities over inter-MFI assets
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2012	26,245.6	876.8	251.0	10,931.2	467.9	2,853.4	2,395.9	3,793.0	4,729.7	-53.3
2013 (p)	24,656.3	921.2	214.6	10,969.8	404.4	2,587.2	2,342.6	3,312.2	3,952.1	-47.7
2013 Q3	25,415.7	894.0	272.9	10,977.5	417.9	2,642.0	2,372.6	3,500.3	4,382.8	-44.2
Q4 (p)	24,656.3	921.2	214.6	10,969.8	404.4	2,587.2	2,342.6	3,312.2	3,952.1	-47.7
2013 Sep.	25,415.7	894.0	272.9	10,977.5	417.9	2,642.0	2,372.6	3,500.3	4,382.8	-44.2
Oct.	25,461.3	897.9	245.2	10,976.7	419.1	2,637.3	2,377.7	3,511.1	4,436.6	-40.3
Nov.	25,418.4	903.4	263.6	10,999.2	418.1	2,630.3	2,358.2	3,474.3	4,423.1	-51.9
Dec. (p)	24,656.3	921.2	214.6	10,969.8	404.4	2,587.2	2,342.6	3,312.2	3,952.1	-47.7
	Transactions									
2012	87.1	19.5	-5.1	184.6	-18.2	-124.8	155.4	-251.9	151.2	-23.7
2013 (p)	-1,610.0	44.5	-37.2	155.5	-47.1	-198.0	77.5	-435.9	-1,190.7	21.5
2013 Q3	-429.5	8.1	-70.6	-61.0	-18.1	-41.6	7.0	-130.7	-152.0	29.3
Q4 (p)	-663.7	27.2	-59.1	17.8	-13.2	-23.9	-3.4	-174.4	-428.4	-6.4
2013 Sep.	-21.8	-0.2	11.2	-15.0	-26.4	4.4	-1.8	-54.8	50.7	10.2
Oct.	66.2	3.9	-28.0	14.3	1.3	2.8	-7.3	30.5	49.0	-0.4
Nov.	-27.6	5.4	18.4	28.2	-0.9	-6.5	-1.6	-44.6	-11.8	-14.1
Dec. (p)	-702.3	17.9	-49.5	-24.7	-13.6	-20.2	5.5	-160.3	-465.6	8.2

Source: ECB.

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

2.3 Monetary statistics [1]

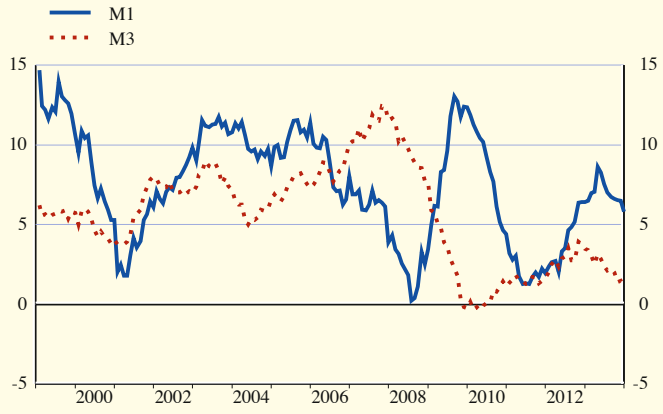
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

1. Monetary aggregates [2] and counterparts

	M3					M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents [3]			Net external assets [4]
	M2			M3-M2						Loans	Loans adjusted for sales and securitisation [5]	
	M1	M2-M1										
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2012	5,107.6	3,882.3	8,990.0	790.1	9,780.1	-	7,568.4	3,406.0	13,056.3	10,855.1	-	1,035.8
2013 (p)	5,396.2	3,810.9	9,207.1	623.9	9,830.9	-	7,306.4	3,400.7	12,694.6	10,540.2	-	1,163.7
2013 Q3	5,344.7	3,852.4	9,197.1	664.6	9,861.6	-	7,365.9	3,437.4	12,863.9	10,627.9	-	1,079.6
Q4 (p)	5,396.2	3,810.9	9,207.1	623.9	9,830.9	-	7,306.4	3,400.7	12,694.6	10,540.2	-	1,163.7
2013 Sep.	5,344.7	3,852.4	9,197.1	664.6	9,861.6	-	7,365.9	3,437.4	12,863.9	10,627.9	-	1,079.6
Oct.	5,397.6	3,820.6	9,218.2	662.8	9,881.0	-	7,394.4	3,464.1	12,827.7	10,607.1	-	1,116.8
Nov.	5,424.5	3,816.3	9,240.8	657.9	9,898.7	-	7,360.1	3,428.4	12,766.3	10,576.4	-	1,142.9
Dec. (p)	5,396.2	3,810.9	9,207.1	623.9	9,830.9	-	7,306.4	3,400.7	12,694.6	10,540.2	-	1,163.7
	Transactions											
2012	307.9	78.1	386.0	-55.4	330.6	-	-116.9	184.9	-102.5	-70.8	-16.9	99.5
2013 (p)	296.5	-68.4	228.0	-125.3	102.7	-	-89.8	-24.0	-310.4	-249.6	-222.8	359.8
2013 Q3	87.1	-20.4	66.7	-28.5	38.2	-	-36.3	-21.1	-70.1	-69.6	-62.6	61.1
Q4 (p)	54.6	-40.9	13.7	-21.6	-7.9	-	-16.9	-49.5	-155.8	-65.3	-60.8	154.5
2013 Sep.	9.4	-2.3	7.1	-19.3	-12.2	-	-4.2	-18.1	-11.9	-13.4	-16.8	27.8
Oct.	54.7	-30.7	24.0	-1.6	22.4	-	24.3	13.0	-35.3	-13.0	-13.2	45.1
Nov.	26.3	-5.4	20.9	-3.6	17.3	-	-16.2	-38.6	-60.1	-28.2	-25.6	48.2
Dec. (p)	-26.4	-4.8	-31.2	-16.4	-47.6	-	-25.0	-23.9	-60.5	-24.1	-22.0	61.3
	Growth rates											
2012	6.4	2.1	4.5	-6.5	3.5	3.6	-1.5	5.9	-0.8	-0.6	-0.2	99.5
2013 (p)	5.8	-1.8	2.5	-16.4	1.0	1.3	-1.2	-0.7	-2.4	-2.3	-2.1	359.8
2013 Q3	6.6	0.1	3.8	-17.6	2.0	1.9	-1.3	0.7	-1.2	-2.1	-1.5	314.0
Q4 (p)	5.8	-1.8	2.5	-16.4	1.0	1.3	-1.2	-0.7	-2.4	-2.3	-2.1	359.8
2013 Sep.	6.6	0.1	3.8	-17.6	2.0	1.9	-1.3	0.7	-1.2	-2.1	-1.5	314.0
Oct.	6.5	-1.2	3.2	-17.9	1.4	1.6	-0.8	0.8	-1.4	-2.1	-1.7	330.5
Nov.	6.5	-1.5	3.0	-16.3	1.5	1.3	-0.9	-0.6	-1.6	-2.3	-1.8	317.5
Dec. (p)	5.8	-1.8	2.5	-16.4	1.0	.	-1.2	-0.7	-2.4	-2.3	-2.1	359.8

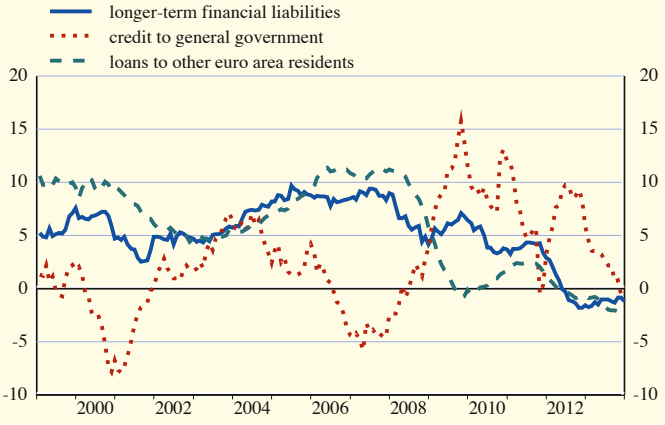
C1 Monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C2 Counterparts [1]

(annual growth rates; seasonally adjusted)



Source: ECB.

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

2.3 Monetary statistics [1]

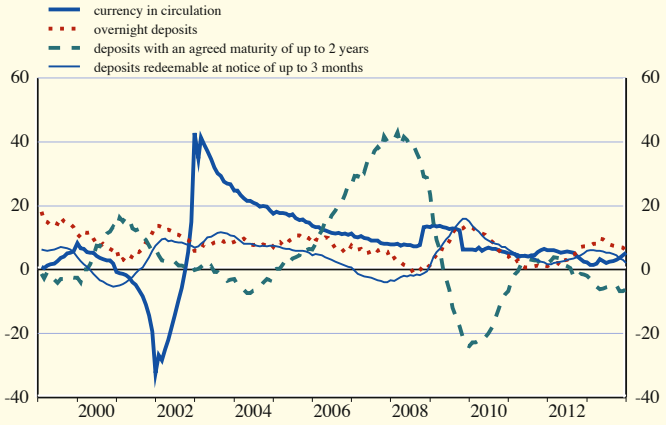
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

	Currency in circulation	Overnight deposits	Deposits with an agreed maturity of up to 2 years	Deposits redeemable at notice of up to 3 months	Repos [2]	Money market fund shares/units	Debt securities with a maturity of up to 2 years	Debt securities with a maturity of over 2 years	Deposits redeemable at notice of over 3 months	Deposits with an agreed maturity of over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2012	863.9	4,243.7	1,801.8	2,080.6	123.7	483.3	183.2	2,685.0	106.1	2,395.2	2,382.1
2013 (p)	909.6	4,486.6	1,690.0	2,120.9	119.2	417.6	87.1	2,512.2	91.6	2,372.0	2,330.5
2013 Q3	893.7	4,451.0	1,719.5	2,132.9	110.1	421.7	132.7	2,505.5	93.6	2,393.1	2,373.7
Q4 (p)	909.6	4,486.6	1,690.0	2,120.9	119.2	417.6	87.1	2,512.2	91.6	2,372.0	2,330.5
2013 Sep.	893.7	4,451.0	1,719.5	2,132.9	110.1	421.7	132.7	2,505.5	93.6	2,393.1	2,373.7
Oct.	898.1	4,499.6	1,691.8	2,128.8	117.6	423.1	122.1	2,516.5	92.7	2,401.6	2,383.6
Nov.	902.9	4,521.6	1,683.8	2,132.6	118.6	417.7	121.7	2,514.6	92.1	2,395.2	2,358.2
Dec. (p)	909.6	4,486.6	1,690.0	2,120.9	119.2	417.6	87.1	2,512.2	91.6	2,372.0	2,330.5
	Transactions										
2012	20.2	287.7	-36.5	114.6	-17.0	-20.0	-18.4	-105.8	-10.2	-156.1	155.1
2013 (p)	45.6	250.8	-111.0	42.6	-11.6	-49.2	-64.5	-135.2	-14.3	-19.3	79.0
2013 Q3	12.9	74.2	-32.1	11.7	-15.1	-16.8	3.4	-45.8	-3.0	-6.6	19.1
Q4 (p)	15.9	38.7	-29.6	-11.3	9.9	-3.9	-27.5	20.2	-1.8	-18.6	-16.7
2013 Sep.	2.9	6.4	-7.0	4.7	-12.5	-12.7	5.8	-3.2	-1.8	-1.4	2.1
Oct.	4.3	50.4	-26.7	-4.0	7.6	1.5	-10.7	18.6	-0.9	9.1	-2.4
Nov.	4.9	21.4	-9.8	4.4	1.6	-5.5	0.3	-2.1	-0.6	-5.9	-7.6
Dec. (p)	6.6	-33.1	6.8	-11.6	0.7	0.0	-17.1	3.7	-0.4	-21.7	-6.6
	Growth rates										
2012	2.4	7.3	-2.0	5.8	-11.8	-3.9	-9.6	-3.8	-8.8	-6.1	6.9
2013 (p)	5.3	5.9	-6.2	2.0	-9.3	-10.5	-38.1	-5.1	-13.5	-0.8	3.4
2013 Q3	3.1	7.3	-4.9	4.5	-18.1	-11.9	-30.9	-6.5	-14.9	-1.5	5.5
Q4 (p)	5.3	5.9	-6.2	2.0	-9.3	-10.5	-38.1	-5.1	-13.5	-0.8	3.4
2013 Sep.	3.1	7.3	-4.9	4.5	-18.1	-11.9	-30.9	-6.5	-14.9	-1.5	5.5
Oct.	3.7	7.1	-6.6	3.5	-10.3	-12.5	-36.0	-5.4	-14.8	-0.9	5.1
Nov.	4.5	6.9	-6.8	3.1	-9.7	-12.6	-30.9	-5.5	-14.4	-0.6	4.9
Dec. (p)	5.3	5.9	-6.2	2.0	-9.3	-10.5	-38.1	-5.1	-13.5	-0.8	3.4

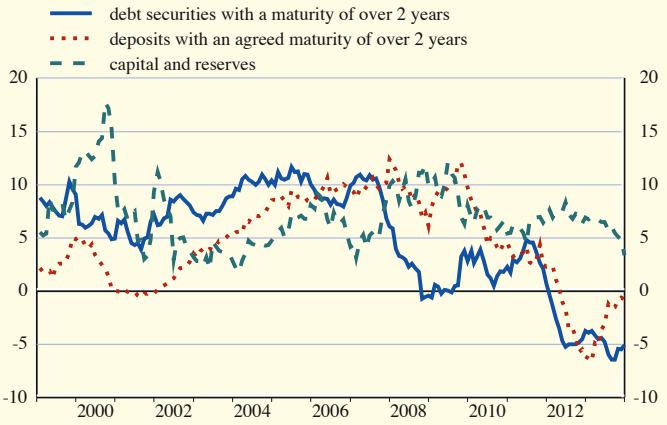
C3 Components of monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C4 Components of longer-term financial liabilities [1]

(annual growth rates; seasonally adjusted)



Source: ECB.

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

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

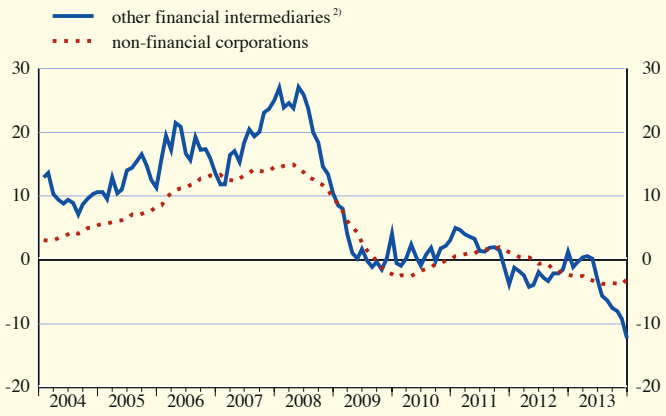
2.3 Monetary statistics [1]

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

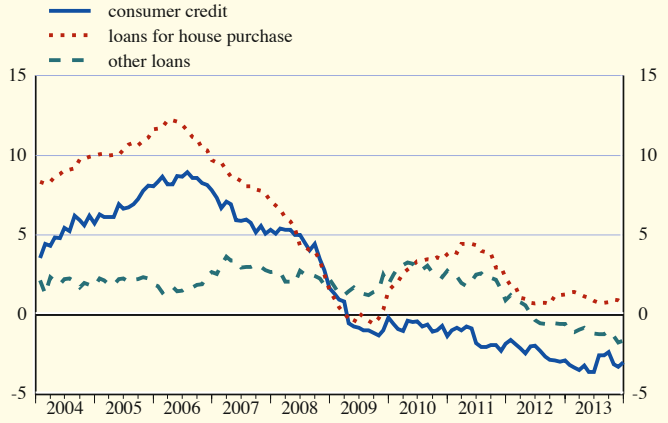
3. Loans as counterpart to M3

	Insurance corporations and pension funds	Other financial inter-mediaries [2]	Non-financial corporations					Households [3]				
	Total	Total	Total	Loans adjusted for sales and securitisation [4]	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Loans adjusted for sales and securitisation [4]	Consumer credit	Loans for house purchase	Other loans
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2012	89.0	977.0	4,546.5	-	1,129.8	795.7	2,621.1	5,242.5	-	601.8	3,824.4	816.4
2013 [p]	98.3	866.4	4,353.9	-	1,065.0	740.4	2,548.5	5,221.6	-	573.7	3,851.9	796.0
2013 Q3	95.4	902.7	4,394.0	-	1,081.8	762.5	2,549.7	5,235.9	-	582.1	3,845.5	808.2
Q4 [p]	98.3	866.4	4,353.9	-	1,065.0	740.4	2,548.5	5,221.6	-	573.7	3,851.9	796.0
2013 Sep.	95.4	902.7	4,394.0	-	1,081.8	762.5	2,549.7	5,235.9	-	582.1	3,845.5	808.2
Oct.	97.2	897.1	4,379.7	-	1,072.0	760.8	2,546.9	5,233.0	-	575.3	3,853.3	804.4
Nov.	100.1	882.9	4,364.4	-	1,062.3	759.2	2,542.9	5,229.0	-	572.6	3,856.0	800.4
Dec. [p]	98.3	866.4	4,353.9	-	1,065.0	740.4	2,548.5	5,221.6	-	573.7	3,851.9	796.0
	Transactions											
2012	-2.0	12.9	-107.4	-61.8	6.5	-51.4	-62.4	25.6	34.3	-17.8	48.3	-4.9
2013 [p]	9.5	-119.7	-136.2	-130.9	-47.4	-45.3	-43.5	-3.3	15.4	-17.7	27.6	-13.1
2013 Q3	1.4	-40.4	-33.4	-35.6	-14.7	-8.3	-10.4	2.7	10.9	-0.6	3.5	-0.1
Q4 [p]	3.0	-33.6	-28.2	-29.8	-11.6	-18.0	1.5	-6.5	-0.6	-5.9	7.3	-7.9
2013 Sep.	-1.1	-8.5	-9.7	-10.4	-0.7	-6.9	-2.1	5.8	3.0	-0.7	6.0	0.5
Oct.	1.9	-4.1	-11.9	-13.8	-7.9	-0.1	-3.9	1.1	2.8	-5.9	8.2	-1.2
Nov.	2.9	-14.8	-13.1	-14.0	-8.7	-1.1	-3.4	-3.2	0.2	-2.0	2.6	-3.8
Dec. [p]	-1.8	-14.7	-3.2	-2.1	5.0	-16.9	8.7	-4.4	-3.6	2.1	-3.6	-2.9
	Growth rates											
2012	-2.2	1.3	-2.3	-1.3	0.6	-6.0	-2.3	0.5	0.7	-2.9	1.3	-0.6
2013 [p]	10.7	-12.2	-3.0	-2.9	-4.2	-5.7	-1.7	-0.1	0.3	-3.0	0.7	-1.6
2013 Q3	9.9	-7.5	-3.6	-2.8	-3.2	-5.6	-3.2	0.1	0.4	-2.3	0.8	-1.0
Q4 [p]	10.7	-12.2	-3.0	-2.9	-4.2	-5.7	-1.7	-0.1	0.3	-3.0	0.7	-1.6
2013 Sep.	9.9	-7.5	-3.6	-2.8	-3.2	-5.6	-3.2	0.1	0.4	-2.3	0.8	-1.0
Oct.	8.4	-8.0	-3.7	-2.9	-4.1	-5.3	-3.0	0.1	0.3	-3.1	0.9	-1.3
Nov.	14.0	-9.2	-3.8	-3.1	-4.7	-5.0	-3.1	0.0	0.3	-3.3	0.9	-1.7
Dec. [p]	10.7	-12.2	-3.0	-2.9	-4.2	-5.7	-1.7	-0.1	0.3	-3.0	0.7	-1.6

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



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



Source: ECB.

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

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

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

1. Loans to financial intermediaries and non-financial corporations

	Insurance corporations and pension funds				Other financial intermediaries					Non-financial corporations			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Reverse repos to central counterparties	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2013 [p]	90.0	72.5	4.1	13.4	985.4	122.6	440.0	223.3	322.1	4,342.8	1,056.8	739.3	2,546.6
2013 Q3	98.5	82.1	3.5	12.9	1,048.5	137.7	504.2	215.2	329.2	4,393.5	1,079.1	764.0	2,550.4
Q4 [p]	90.0	72.5	4.1	13.4	985.4	122.6	440.0	223.3	322.1	4,342.8	1,056.8	739.3	2,546.6
2013 Oct.	100.4	83.3	3.7	13.5	1,018.2	123.3	473.2	215.7	329.4	4,377.7	1,066.5	762.7	2,548.5
Nov.	101.0	83.4	3.8	13.8	1,015.8	133.2	471.1	216.8	327.9	4,371.8	1,062.2	759.6	2,550.0
Dec. [p]	90.0	72.5	4.1	13.4	985.4	122.6	440.0	223.3	322.1	4,342.8	1,056.8	739.3	2,546.6
	Transactions												
2013 [p]	8.7	8.7	-0.3	0.3	-70.2	49.4	-49.3	3.6	-24.5	-136.7	-47.2	-45.3	-44.2
2013 Q3	3.7	3.2	-0.3	0.7	-43.7	-8.0	-32.2	2.4	-13.9	-42.2	-27.7	-7.5	-7.0
Q4 [p]	-8.5	-9.5	0.6	0.4	-44.4	0.9	-47.5	8.9	-5.9	-38.9	-17.1	-20.7	-1.1
2013 Oct.	1.9	1.2	0.2	0.6	-22.3	-7.9	-23.8	1.1	0.5	-13.5	-10.8	0.3	-3.0
Nov.	0.5	0.1	0.1	0.3	1.2	14.2	1.8	1.0	-1.6	-3.6	-3.2	-2.5	2.1
Dec. [p]	-11.0	-10.9	0.3	-0.4	-23.4	-5.4	-25.5	6.8	-4.8	-21.8	-3.1	-18.5	-0.2
	Growth rates												
2013 [p]	10.6	13.5	-7.6	2.6	-6.3	28.2	-9.4	1.7	-7.0	-3.0	-4.3	-5.7	-1.7
2013 Q3	10.0	14.5	-37.6	5.5	-4.2	12.4	-4.1	-0.8	-5.9	-3.6	-3.2	-5.6	-3.2
Q4 [p]	10.6	13.5	-7.6	2.6	-6.3	28.2	-9.4	1.7	-7.0	-3.0	-4.3	-5.7	-1.7
2013 Oct.	8.4	11.3	-31.6	8.2	-5.6	4.0	-7.9	0.0	-5.4	-3.7	-4.1	-5.3	-3.0
Nov.	14.2	17.2	-19.7	9.6	-4.8	20.8	-4.9	0.0	-7.8	-3.8	-4.7	-5.0	-3.0
Dec. [p]	10.6	13.5	-7.6	2.6	-6.3	28.2	-9.4	1.7	-7.0	-3.0	-4.3	-5.7	-1.7

2. Loans to households [3)]

	Total	Consumer credit				Loans for house purchase				Other loans				
		Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Sole proprietors	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts													
2013 [p]	5,231.0	576.1	128.4	169.5	278.2	3,858.1	12.7	55.4	3,790.1	796.7	406.1	136.6	76.3	583.8
2013 Q3	5,237.7	583.0	130.4	170.4	282.3	3,847.1	12.6	55.8	3,778.7	807.6	413.5	138.4	77.6	591.6
Q4 [p]	5,231.0	576.1	128.4	169.5	278.2	3,858.1	12.7	55.4	3,790.1	796.7	406.1	136.6	76.3	583.8
2013 Oct.	5,233.6	576.4	126.9	168.6	280.9	3,854.4	12.8	55.9	3,785.7	802.8	410.2	136.3	77.3	589.1
Nov.	5,235.8	573.1	125.4	168.4	279.2	3,857.3	12.7	56.0	3,788.7	805.4	409.5	140.3	76.9	588.2
Dec. [p]	5,231.0	576.1	128.4	169.5	278.2	3,858.1	12.7	55.4	3,790.1	796.7	406.1	136.6	76.3	583.8
	Transactions													
2013 [p]	-3.7	-17.8	-4.1	-6.8	-6.9	27.3	-1.4	-1.5	30.3	-13.3	-13.4	-3.5	-3.7	-6.1
2013 Q3	-1.2	-2.1	0.0	-1.0	-1.1	6.7	-1.1	0.1	7.7	-5.9	-1.4	-6.0	-0.7	0.9
Q4 [p]	1.0	-4.3	-0.6	-1.3	-2.4	11.9	0.1	-0.4	12.2	-6.5	-5.7	-0.3	-1.1	-5.1
2013 Oct.	-0.1	-5.7	-3.1	-1.8	-0.8	7.7	0.2	0.1	7.4	-2.2	-1.6	-1.4	0.0	-0.7
Nov.	3.0	-2.7	-0.8	-0.7	-1.2	2.8	-0.1	0.1	2.8	2.8	-1.0	4.7	-0.5	-1.3
Dec. [p]	-1.8	4.0	3.3	1.2	-0.4	1.3	0.0	-0.6	1.9	-7.2	-3.0	-3.6	-0.6	-3.0
	Growth rates													
2013 [p]	-0.1	-3.0	-3.0	-3.9	-2.4	0.7	-10.1	-2.7	0.8	-1.6	-3.2	-2.5	-4.6	-1.0
2013 Q3	0.1	-2.3	-0.8	-3.9	-2.1	0.8	-10.1	-2.4	0.9	-1.0	-1.2	-1.1	-5.6	-0.4
Q4 [p]	-0.1	-3.0	-3.0	-3.9	-2.4	0.7	-10.1	-2.7	0.8	-1.6	-3.2	-2.5	-4.6	-1.0
2013 Oct.	0.1	-3.1	-2.7	-4.9	-2.2	0.9	-8.3	-2.5	1.0	-1.3	-1.7	-2.0	-5.4	-0.6
Nov.	0.0	-3.3	-2.8	-4.8	-2.5	0.9	-8.8	-2.6	1.0	-1.7	-1.6	-3.2	-5.6	-0.8
Dec. [p]	-0.1	-3.0	-3.0	-3.9	-2.4	0.7	-10.1	-2.7	0.8	-1.6	-3.2	-2.5	-4.6	-1.0

Source: ECB.

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

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

3) Including non-profit institutions serving households.

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

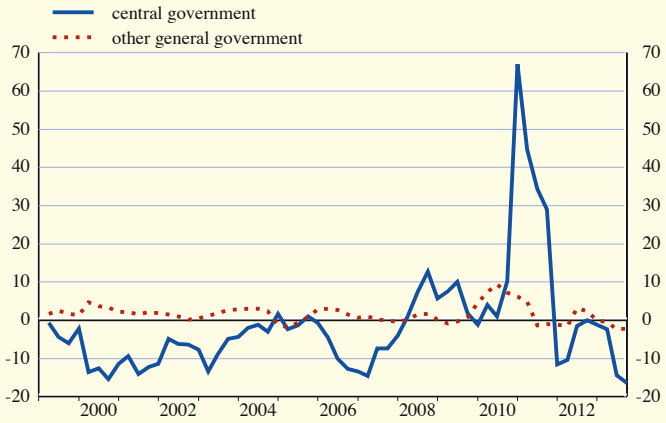
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

3. Loans to government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2012	1,153.4	341.8	221.6	565.9	24.1	2,868.2	1,906.7	961.5	60.7	900.7
2013 (p)	1,082.3	285.1	213.8	560.0	31.6	2,731.6	1,807.7	959.4	59.3	900.1
2012 Q4	1,153.4	341.8	221.6	565.9	24.1	2,868.2	1,906.7	961.5	60.7	900.7
2013 Q1	1,124.3	312.4	217.0	568.8	26.0	2,891.1	1,889.5	1,001.6	60.0	941.6
Q2	1,101.8	290.3	218.1	565.3	28.0	2,877.8	1,893.7	984.1	58.0	926.1
Q3 (p)	1,090.4	285.1	213.8	560.0	31.6	2,767.2	1,807.7	959.4	59.3	900.1
	Transactions									
2012	-3.6	-4.1	-4.9	2.9	2.4	-128.3	-100.8	-27.5	-1.0	-26.5
2013 (p)	-72.2	-56.4	-7.9	-7.4	7.4	-67.3	-78.8	16.7	0.1	16.7
2012 Q4	-9.5	0.6	-9.9	1.9	-2.1	-101.4	-56.0	-45.4	1.9	-47.3
2013 Q1	-29.5	-29.5	-4.5	2.5	1.9	10.9	-26.8	37.7	-1.0	38.7
Q2	-22.1	-21.8	1.1	-3.5	2.0	18.6	25.2	-6.6	-1.3	-5.3
Q3 (p)	-12.4	-5.1	-4.5	-6.4	3.5	-91.6	-77.2	-14.4	2.4	-16.8
	Growth rates									
2012	-0.3	-1.2	-2.2	0.5	11.2	-4.2	-4.9	-2.8	-1.8	-2.8
2013 (p)	-6.3	-16.3	-7.7	-1.0	20.1	-2.4	-6.9	-2.8	3.4	-3.2
2012 Q4	-0.3	-1.2	-2.2	0.5	11.2	-4.2	-4.9	-2.8	-1.8	-2.8
2013 Q1	-1.1	-2.4	-3.5	0.2	8.3	-5.2	-7.1	-1.3	0.1	-1.4
Q2	-5.9	-14.4	-9.5	-0.1	11.6	-4.1	-5.7	-0.9	3.2	-1.1
Q3 (p)	-6.3	-16.3	-7.7	-1.0	20.1	-5.5	-6.9	-2.8	3.4	-3.2

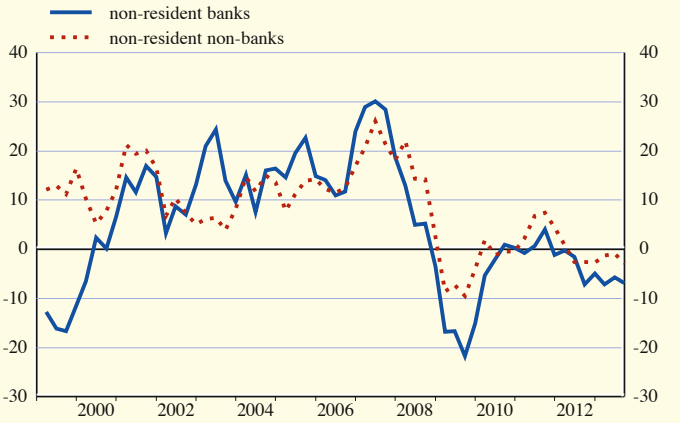
C7 Loans to government [2)]

(annual growth rates; not seasonally adjusted)



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

(annual growth rates; not seasonally adjusted)



Source: ECB.

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

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

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

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

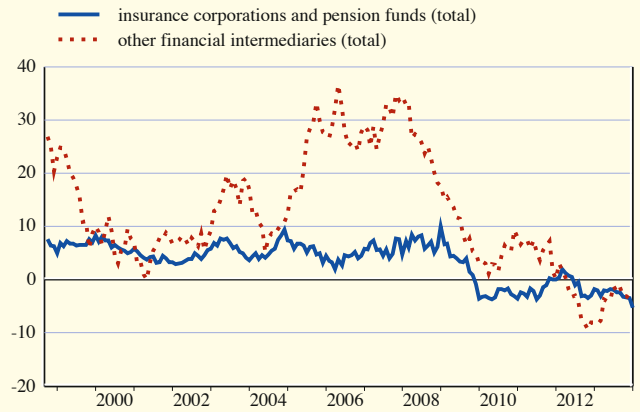
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries							
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		With central counter-parties
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts														
2012	691.4	106.5	81.4	484.4	6.4	0.2	12.5	2,016.5	410.7	236.6	1,021.0	13.6	0.3	334.4	256.7
2013 (p)	653.2	95.9	76.5	462.8	7.0	0.1	11.0	1,854.1	423.6	221.2	942.2	16.5	0.5	250.0	178.0
2013 Q3	669.6	106.5	74.6	470.7	8.2	0.1	9.5	1,960.3	443.2	235.2	969.7	17.2	0.3	294.7	212.5
Q4 (p)	653.2	95.9	76.5	462.8	7.0	0.1	11.0	1,854.1	423.6	221.2	942.2	16.5	0.5	250.0	178.0
2013 Sep.	669.6	106.5	74.6	470.7	8.2	0.1	9.5	1,960.3	443.2	235.2	969.7	17.2	0.3	294.7	212.5
Oct.	668.8	105.6	77.2	467.9	7.9	0.1	9.9	1,917.1	436.9	225.6	964.9	17.3	0.4	272.1	188.1
Nov.	660.7	104.2	72.4	466.2	7.1	0.1	10.6	1,901.3	433.5	216.6	961.9	23.3	0.5	265.5	183.6
Dec. (p)	653.2	95.9	76.5	462.8	7.0	0.1	11.0	1,854.1	423.6	221.2	942.2	16.5	0.5	250.0	178.0
	Transactions														
2012	-12.5	15.2	2.6	-27.6	2.0	0.0	-4.7	-176.7	23.9	-49.5	-166.0	-2.0	-0.3	17.2	13.3
2013 (p)	-36.3	-9.3	-5.3	-22.0	1.3	-0.1	-0.9	-58.4	13.7	-15.1	-77.1	3.1	0.3	16.6	30.6
2013 Q3	-9.1	2.4	-3.7	-9.2	0.9	-0.2	0.6	-80.4	-11.8	4.8	-24.7	0.2	0.1	-49.1	-40.5
Q4 (p)	-16.0	-10.5	1.9	-7.7	-1.1	0.0	1.4	-83.3	-18.0	-13.7	-25.8	-0.4	0.2	-25.6	-16.1
2013 Sep.	-5.2	2.6	-5.9	-2.3	0.0	-0.2	0.7	-6.6	7.2	0.0	-9.2	0.2	0.0	-4.7	5.4
Oct.	-0.6	-0.8	2.6	-2.6	-0.2	0.0	0.4	-30.1	-5.7	-9.1	-4.4	0.1	0.1	-11.1	-12.9
Nov.	-8.1	-1.4	-4.8	-1.7	-0.8	0.0	0.7	-9.0	-3.2	-9.4	-3.1	6.2	0.1	0.5	1.8
Dec. (p)	-7.4	-8.2	4.1	-3.4	-0.1	0.0	0.3	-44.2	-9.1	4.8	-18.3	-6.7	0.0	-15.0	-5.0
	Growth rates														
2012	-1.8	16.5	3.4	-5.4	50.8	-	-32.1	-8.0	6.1	-17.4	-14.0	-14.0	-	4.3	4.2
2013 (p)	-5.3	-8.9	-6.5	-4.5	18.7	-	-8.0	-3.1	3.3	-6.4	-7.6	22.2	-	2.1	9.9
2013 Q3	-3.2	5.6	-5.2	-5.0	31.7	-	-13.3	-3.1	2.5	-1.1	-6.4	27.1	-	-3.3	2.8
Q4 (p)	-5.3	-8.9	-6.5	-4.5	18.7	-	-8.0	-3.1	3.3	-6.4	-7.6	22.2	-	2.1	9.9
2013 Sep.	-3.2	5.6	-5.2	-5.0	31.7	-	-13.3	-3.1	2.5	-1.1	-6.4	27.1	-	-3.3	2.8
Oct.	-3.3	-0.2	-2.4	-4.6	26.2	-	-3.0	-3.1	4.5	-8.1	-6.1	30.2	-	-2.0	1.3
Nov.	-3.4	1.9	-5.4	-4.2	17.2	-	-15.6	-3.6	3.1	-8.1	-6.6	74.2	-	-3.4	-0.9
Dec. (p)	-5.3	-8.9	-6.5	-4.5	18.7	-	-8.0	-3.1	3.3	-6.4	-7.6	22.2	-	2.1	9.9

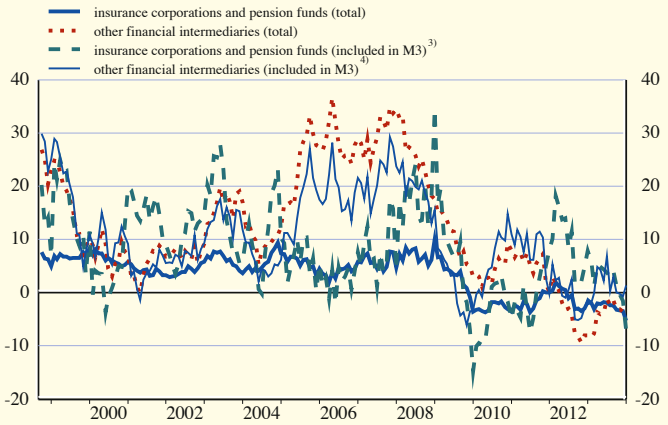
C9 Total deposits by sector [2)]

(annual growth rates)



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

(annual growth rates)



Source: ECB.

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

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

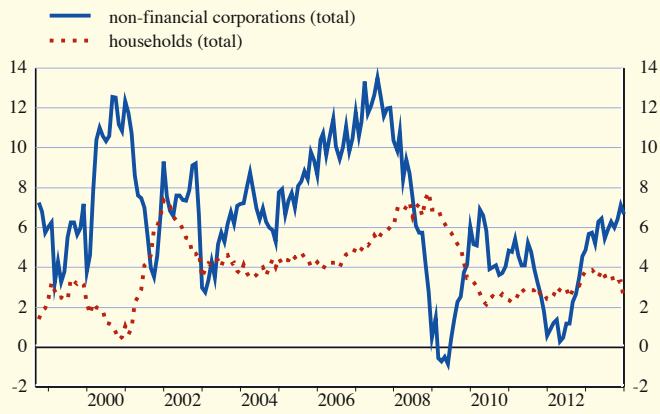
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

2. Deposits by non-financial corporations and households

	Non-financial corporations							Households [3)]						
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts													
2012	1,761.5	1,148.5	408.3	106.5	85.4	2.0	10.9	6,119.1	2,346.4	979.1	747.8	1,937.3	98.0	10.4
2013 (p)	1,870.7	1,234.4	403.5	123.0	91.6	1.8	16.5	6,263.1	2,521.3	877.9	806.6	1,968.6	83.9	4.8
2013 Q3	1,791.0	1,173.5	392.2	118.8	95.0	1.8	9.7	6,202.8	2,460.2	902.5	783.6	1,965.2	84.9	6.3
Q4 (p)	1,870.7	1,234.4	403.5	123.0	91.6	1.8	16.5	6,263.1	2,521.3	877.9	806.6	1,968.6	83.9	4.8
2013 Sep.	1,791.0	1,173.5	392.2	118.8	95.0	1.8	9.7	6,202.8	2,460.2	902.5	783.6	1,965.2	84.9	6.3
Oct.	1,814.0	1,181.9	402.1	120.7	94.8	1.8	12.6	6,209.7	2,478.6	891.0	791.1	1,958.7	84.5	5.7
Nov.	1,840.1	1,210.3	400.6	121.0	95.0	1.9	11.4	6,229.6	2,502.3	886.3	796.5	1,954.8	84.2	5.6
Dec. (p)	1,870.7	1,234.4	403.5	123.0	91.6	1.8	16.5	6,263.1	2,521.3	877.9	806.6	1,968.6	83.9	4.8
	Transactions													
2012	81.9	99.3	-35.5	12.9	9.5	0.0	-4.3	224.8	90.4	33.7	21.8	100.7	-9.6	-12.3
2013 (p)	117.4	90.7	-4.3	17.9	7.4	-0.1	5.7	147.3	176.1	-100.0	59.4	31.4	-14.1	-5.6
2013 Q3	36.3	27.4	2.4	4.0	3.2	0.1	-0.8	-6.0	14.1	-26.5	14.0	-4.6	-3.3	0.2
Q4 (p)	81.5	61.9	11.7	4.1	-3.0	0.1	6.8	60.6	61.5	-25.4	23.6	3.4	-1.0	-1.5
2013 Sep.	7.5	10.6	-3.0	1.9	0.4	0.0	-2.3	-17.6	-2.8	-11.9	5.4	-6.2	-1.8	-0.3
Oct.	24.6	9.3	10.7	1.8	-0.2	0.1	2.9	6.9	18.7	-11.8	7.5	-6.4	-0.5	-0.6
Nov.	25.2	27.7	-2.2	0.2	0.6	0.0	-1.2	19.8	23.6	-5.4	6.0	-4.0	-0.3	-0.1
Dec. (p)	31.7	24.8	3.2	2.0	-3.4	0.0	5.1	33.9	19.2	-8.3	10.2	13.8	-0.2	-0.8
	Growth rates													
2012	4.9	9.4	-8.0	13.4	13.0	-1.4	-26.5	3.8	4.0	3.6	3.0	5.5	-8.9	-54.2
2013 (p)	6.7	7.9	-1.1	16.9	8.7	-3.7	52.1	2.4	7.5	-10.2	7.9	1.6	-14.4	-53.9
2013 Q3	6.0	7.8	-2.0	15.2	11.0	2.0	-12.2	3.2	7.2	-6.4	4.9	3.9	-15.8	-50.3
Q4 (p)	6.7	7.9	-1.1	16.9	8.7	-3.7	52.1	2.4	7.5	-10.2	7.9	1.6	-14.4	-53.9
2013 Sep.	6.0	7.8	-2.0	15.2	11.0	2.0	-12.2	3.2	7.2	-6.4	4.9	3.9	-15.8	-50.3
Oct.	6.4	8.1	-1.4	15.2	11.5	4.8	5.5	3.3	8.5	-8.1	6.2	2.9	-15.7	-52.0
Nov.	7.1	9.2	-1.2	15.3	10.5	-6.7	1.8	3.3	8.9	-8.8	7.5	2.4	-15.3	-52.2
Dec. (p)	6.7	7.9	-1.1	16.9	8.7	-3.7	52.1	2.4	7.5	-10.2	7.9	1.6	-14.4	-53.9

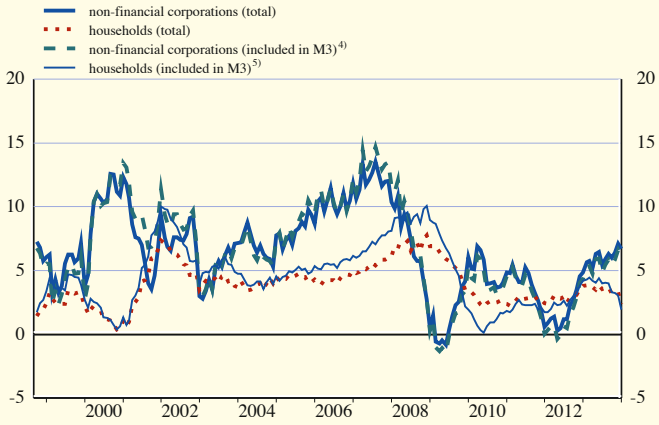
C11 Total deposits by sector [2)]

(annual growth rates)



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

(annual growth rates)



Source: ECB.

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

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

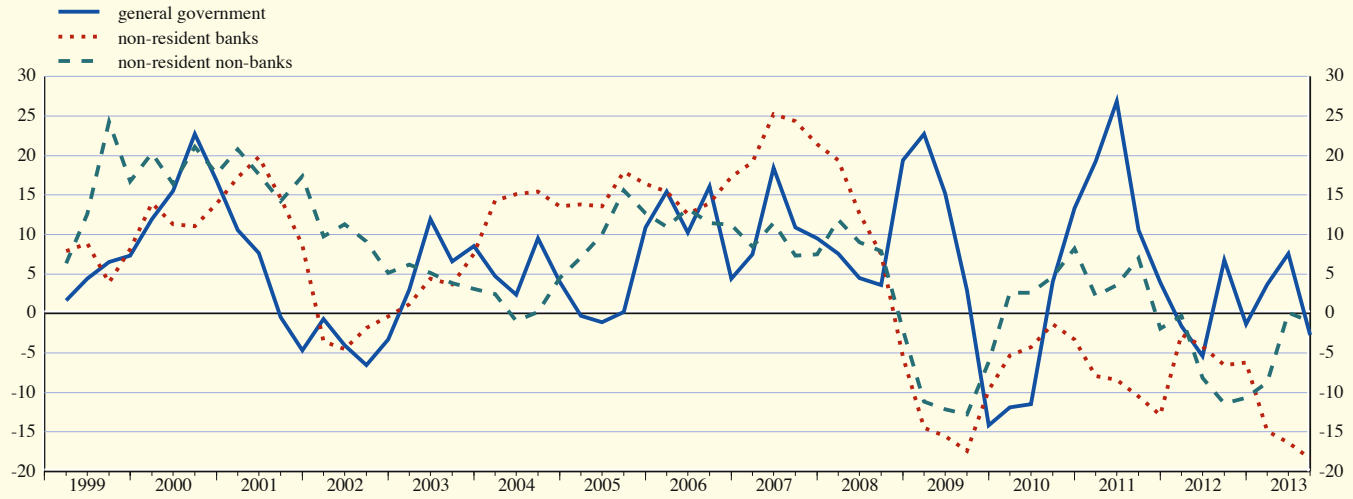
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

3. Deposits by government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2012	448.0	169.7	62.8	111.7	103.8	2,895.2	2,016.6	878.6	39.8	838.7
2013 [(p)]	440.8	152.3	70.7	113.7	120.1	2,522.9	1,738.4	927.5	43.0	884.5
2012 Q4	448.0	169.7	62.8	111.7	103.8	2,895.2	2,016.6	878.6	39.8	838.7
2013 Q1	499.4	207.8	67.2	111.8	112.5	2,904.8	1,989.5	915.2	37.6	877.6
Q2	546.0	235.6	70.9	115.4	124.2	2,806.3	1,873.3	933.0	35.4	897.6
Q3 [(p)]	495.5	190.9	70.7	113.7	120.1	2,665.9	1,738.4	927.5	43.0	884.5
	Transactions									
2012	-7.9	-22.6	-0.3	-0.4	15.5	-240.4	-135.8	-104.6	-5.1	-99.5
2013 [(p)]	-8.1	-18.1	7.8	2.0	16.2	-320.7	-258.3	58.3	4.1	54.2
2012 Q4	-61.5	-32.3	-30.2	0.4	0.6	-207.1	-138.9	-68.1	-3.3	-64.8
2013 Q1	50.3	38.2	4.1	0.1	7.9	-2.3	-33.0	30.7	-2.0	32.8
Q2	46.7	27.7	3.8	3.6	11.7	-68.8	-98.6	29.8	-1.8	31.6
Q3 [(p)]	-49.8	-44.7	-0.1	-1.6	-3.4	-128.8	-126.6	-2.3	7.9	-10.2
	Growth rates									
2012	-1.4	-11.7	10.3	-0.4	18.2	-7.5	-6.3	-10.7	-11.9	-10.6
2013 [(p)]	-1.8	-10.7	-24.1	2.2	16.2	-11.2	-18.4	-1.0	2.0	-1.1
2012 Q4	-1.4	-11.7	10.3	-0.4	18.2	-7.5	-6.3	-10.7	-11.9	-10.6
2013 Q1	3.6	9.8	-12.3	-1.5	12.8	-13.0	-14.9	-8.7	-33.0	-7.3
Q2	7.6	23.9	-28.2	2.9	16.5	-11.6	-16.3	0.1	-14.4	0.8
Q3 [(p)]	-2.8	-5.4	-24.1	2.2	16.2	-13.1	-18.4	-1.0	2.0	-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.

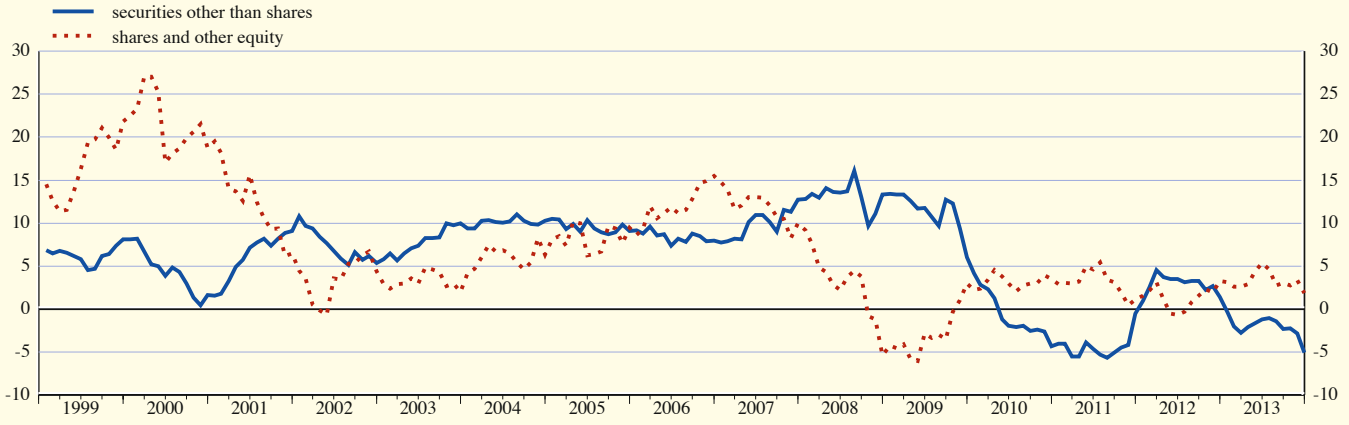
2.6 MFI holdings of securities: breakdown [1), 2)]

(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											
2012	5,774.4	1,748.4	102.9	1,594.2	32.8	1,399.6	23.6	872.8	1,528.5	475.7	752.1	300.7
2013 (p)	5,470.3	1,540.4	102.8	1,672.6	20.3	1,307.3	28.7	798.1	1,562.1	457.6	775.6	328.9
2013 Q3	5,649.4	1,601.6	102.2	1,714.9	29.8	1,365.0	28.8	807.1	1,552.7	456.3	776.6	319.8
Q4 (p)	5,470.3	1,540.4	102.8	1,672.6	20.3	1,307.3	28.7	798.1	1,562.1	457.6	775.6	328.9
2013 Sep.	5,649.4	1,601.6	102.2	1,714.9	29.8	1,365.0	28.8	807.1	1,552.7	456.3	776.6	319.8
Oct.	5,626.6	1,586.3	100.7	1,735.6	29.0	1,346.2	28.2	800.7	1,556.3	458.0	776.6	321.7
Nov.	5,616.5	1,578.8	103.0	1,735.2	26.0	1,344.4	27.4	801.7	1,567.6	460.9	778.7	328.0
Dec. (p)	5,470.3	1,540.4	102.8	1,672.6	20.3	1,307.3	28.7	798.1	1,562.1	457.6	775.6	328.9
	Transactions											
2012	82.5	-17.8	15.9	191.7	10.5	-67.5	-3.9	-46.3	49.9	6.6	38.0	5.3
2013 (p)	-290.1	-220.8	-0.4	63.9	-11.3	-92.4	5.8	-35.0	28.4	-10.0	10.1	28.3
2013 Q3	-123.7	-50.2	-14.5	-45.9	0.8	-15.4	2.3	-0.8	-13.4	-14.1	-8.7	9.4
Q4 (p)	-183.4	-62.8	1.5	-52.4	-9.0	-58.6	0.1	-2.2	0.5	4.2	-8.4	4.7
2013 Sep.	-51.2	-25.0	-8.8	-11.7	-1.4	-9.9	1.3	4.4	13.0	-1.0	5.9	8.1
Oct.	-29.2	-16.8	-0.4	10.6	-0.5	-19.5	-0.3	-2.3	-3.7	2.2	-5.8	-0.1
Nov.	-16.1	-8.0	1.4	-2.3	-3.1	-1.9	-1.2	-1.0	9.0	2.6	1.5	4.9
Dec. (p)	-138.1	-38.0	0.5	-60.8	-5.4	-37.1	1.6	1.1	-4.8	-0.6	-4.1	0.0
	Growth rates											
2012	1.5	-1.0	18.1	14.1	47.7	-4.6	-14.2	-4.9	3.3	1.3	5.2	1.8
2013 (p)	-5.0	-12.5	-0.4	4.0	-35.2	-6.6	25.1	-4.1	1.9	-2.1	1.4	9.6
2013 Q3	-2.3	-11.0	-2.2	6.5	-2.2	0.9	15.2	-5.7	3.0	-4.7	4.5	12.3
Q4 (p)	-5.0	-12.5	-0.4	4.0	-35.2	-6.6	25.1	-4.1	1.9	-2.1	1.4	9.6
2013 Sep.	-2.3	-11.0	-2.2	6.5	-2.2	0.9	15.2	-5.7	3.0	-4.7	4.5	12.3
Oct.	-2.2	-11.0	-1.9	6.4	-2.7	0.0	0.2	-4.0	2.8	-4.4	4.3	11.0
Nov.	-2.8	-11.2	-5.3	4.5	-18.2	0.5	17.5	-4.4	3.3	-2.0	2.6	14.2
Dec. (p)	-5.0	-12.5	-0.4	4.0	-35.2	-6.6	25.1	-4.1	1.9	-2.1	1.4	9.6

C14 MFI holdings of securities [2)]

(annual growth rates)



Source: ECB.

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

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

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

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

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

	MFIs [3)]							Non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total	USD	JPY	CHF	GBP			Total	USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Loans														
To euro area residents														
2011	6,153.8	-	-	-	-	-	-	12,322.7	96.2	3.8	1.9	0.3	1.1	0.4
2012	5,795.4	-	-	-	-	-	-	12,192.8	96.4	3.6	1.7	0.2	0.9	0.5
2013 Q2	5,448.4	-	-	-	-	-	-	12,075.2	96.5	3.5	1.8	0.2	0.9	0.4
Q3 [p)]	5,430.8	-	-	-	-	-	-	11,868.7	96.6	3.4	1.7	0.1	0.9	0.4
To non-euro area residents														
2011	2,022.7	44.5	55.5	35.6	2.5	2.7	9.3	998.9	38.2	61.8	41.2	2.6	3.3	7.8
2012	1,906.7	47.3	52.7	31.9	1.9	3.5	10.1	961.5	40.1	59.9	38.2	2.0	2.9	9.9
2013 Q2	1,893.7	44.2	55.8	35.8	2.1	2.8	9.4	984.1	39.6	60.4	39.3	2.7	2.6	9.1
Q3 [p)]	1,807.7	41.8	58.2	36.6	2.4	3.6	9.9	959.4	40.3	59.7	38.6	2.6	2.6	9.1
Holdings of securities other than shares														
Issued by euro area residents														
2011	1,852.0	95.3	4.7	2.5	0.1	0.3	1.5	2,913.1	98.2	1.8	1.0	0.2	0.1	0.4
2012	1,851.3	94.4	5.6	2.7	0.1	0.4	2.0	3,050.3	98.1	1.9	1.2	0.1	0.1	0.4
2013 Q2	1,767.1	93.4	6.6	2.9	0.1	0.3	2.9	3,192.5	98.2	1.8	1.0	0.1	0.1	0.5
Q3 [p)]	1,703.8	94.0	6.0	2.8	0.1	0.3	2.4	3,138.5	98.1	1.9	1.0	0.1	0.1	0.6
Issued by non-euro area residents														
2011	457.0	56.4	43.6	21.1	0.3	0.3	16.0	475.5	32.2	67.8	39.4	5.8	0.7	13.7
2012	434.0	54.9	45.1	19.8	0.3	0.3	19.1	438.8	34.1	65.9	39.1	5.4	0.9	11.8
2013 Q2	407.8	55.1	44.9	20.9	0.2	0.2	17.1	407.2	34.7	65.3	40.5	4.8	0.9	10.4
Q3 [p)]	419.8	52.6	47.4	21.3	0.2	0.2	19.2	387.3	36.6	63.4	37.6	4.3	0.9	11.0
Deposits														
By euro area residents														
2011	6,364.4	92.1	7.9	5.1	0.2	1.2	0.7	10,947.6	97.0	3.0	2.0	0.1	0.1	0.4
2012	6,159.1	93.8	6.2	3.9	0.2	1.1	0.6	11,036.4	97.0	3.0	2.0	0.1	0.1	0.4
2013 Q2	5,750.6	93.1	6.9	4.4	0.2	1.0	0.6	11,315.9	97.0	3.0	2.1	0.1	0.1	0.4
Q3 [p)]	5,731.6	93.1	6.9	4.4	0.2	1.1	0.7	11,119.2	96.8	3.2	2.1	0.1	0.1	0.4
By non-euro area residents														
2011	2,175.0	59.2	40.8	25.6	2.1	1.8	7.2	978.6	56.1	43.9	30.0	2.0	1.5	5.1
2012	2,016.6	58.3	41.7	27.7	1.6	1.0	7.3	878.6	52.4	47.6	31.3	1.9	1.1	6.3
2013 Q2	1,873.3	56.7	43.3	29.1	1.3	0.9	7.1	933.0	50.4	49.6	33.2	2.5	1.0	6.4
Q3 [p)]	1,738.4	54.4	45.6	31.1	1.6	1.3	7.7	927.5	51.1	48.9	32.1	2.2	1.3	6.3

2. Debt securities issued by euro area MFIs

	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total	USD	JPY	CHF	GBP
	1	2	3	4	5	6	7
2011	5,236.8	82.0	18.0	9.4	1.7	2.0	2.6
2012	5,068.0	81.8	18.2	9.6	1.6	1.9	2.5
2013 Q2	4,825.2	81.0	19.0	10.9	1.2	1.8	2.6
Q3 [p)]	4,710.0	80.7	19.3	11.0	1.2	1.8	2.7

Source: ECB.

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

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

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

1. Assets

	Total	Deposits and loan claims	Securities other than shares	Shares and other equity (excl. investment fund/ money market fund shares)	Investment fund/ money market fund shares	Non-financial assets	Other assets (incl. financial derivatives)
	1	2	3	4	5	6	7
	Outstanding amounts						
2013 May	7,825.2	519.2	3,130.8	2,191.9	1,049.8	248.2	685.4
June	7,592.6	524.1	3,045.5	2,095.2	1,018.5	249.0	660.4
July	7,707.0	527.2	3,066.8	2,168.7	1,042.8	250.6	650.8
Aug.	7,656.0	525.1	3,057.4	2,139.6	1,040.4	251.0	642.6
Sep.	7,768.6	507.8	3,099.3	2,224.3	1,064.7	251.1	621.4
Oct.	7,946.9	532.5	3,114.8	2,297.1	1,094.5	251.3	656.8
Nov. [p]	8,003.3	522.4	3,127.5	2,331.0	1,105.2	253.0	664.3
	Transactions						
2013 Q1	228.2	25.2	82.1	34.2	32.3	1.6	52.9
Q2	152.6	31.8	55.7	19.1	2.3	1.2	42.6
Q3	53.3	-11.0	56.4	22.8	32.8	2.0	-49.7

2. Liabilities

	Total	Loans and deposits received	Investment fund shares issued				Other liabilities (incl. financial derivatives)
			Total	Held by euro area residents		Held by non-euro area residents	
					Investment funds		
	1	2	3	4	5	6	7
	Outstanding amounts						
2013 May	7,825.2	169.2	7,035.7	5,101.5	831.6	1,934.2	620.4
June	7,592.6	164.2	6,819.1	4,996.2	793.4	1,822.9	609.2
July	7,707.0	163.4	6,946.1	5,100.7	818.3	1,845.4	597.5
Aug.	7,656.0	169.6	6,890.5	5,076.6	814.7	1,813.9	595.9
Sep.	7,768.6	167.1	7,037.3	5,179.5	839.0	1,857.8	564.2
Oct.	7,946.9	174.9	7,192.6	5,300.0	867.7	1,892.6	579.4
Nov. [p]	8,003.3	179.9	7,240.8	5,328.4	879.7	1,912.3	582.6
	Transactions						
2013 Q1	228.2	9.4	160.6	96.4	31.2	64.2	58.2
Q2	152.6	9.3	97.3	98.0	-7.6	-0.7	46.0
Q3	53.3	3.4	97.0	97.9	32.5	-1.0	-47.1

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

	Total	Funds by investment policy						Funds by type		Memo item: Money market funds
		Bond funds	Equity funds	Mixed funds	Real estate funds	Hedge funds	Other funds	Open-end funds	Closed-end funds	
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2013 Apr.	7,005.2	2,505.7	1,855.4	1,717.8	330.1	151.7	444.6	6,918.8	86.5	901.7
May	7,035.7	2,499.0	1,875.2	1,724.4	331.1	154.0	452.0	6,947.2	88.5	895.0
June	6,819.1	2,416.6	1,783.0	1,683.8	331.3	153.6	450.9	6,731.6	87.6	856.2
July	6,946.1	2,431.0	1,847.3	1,721.9	333.7	151.9	460.3	6,858.3	87.8	851.1
Aug.	6,890.5	2,407.2	1,819.9	1,715.4	332.8	154.2	461.0	6,802.7	87.8	869.6
Sep.	7,037.3	2,425.2	1,907.2	1,743.1	334.6	157.1	470.1	6,947.7	89.6	846.2
Oct.	7,192.6	2,443.2	1,976.8	1,795.1	335.3	159.6	482.6	7,102.3	90.3	835.1
Nov. [p]	7,240.8	2,449.6	2,005.6	1,804.3	336.3	159.4	485.6	7,148.5	92.3	836.7
	Transactions									
2013 May	45.5	24.7	6.0	7.0	2.9	0.9	3.9	43.6	1.8	-5.8
June	-18.3	-24.5	-11.5	8.2	2.4	1.3	5.9	-18.6	0.3	-37.0
July	57.4	18.3	16.5	18.0	2.5	-0.2	2.2	57.0	0.4	0.7
Aug.	2.8	-5.0	-0.5	6.0	0.4	1.2	0.5	2.8	0.0	14.5
Sep.	36.9	-5.1	19.9	14.4	0.8	3.6	3.4	35.4	1.4	-22.2
Oct.	39.2	2.7	18.6	12.1	-0.1	2.0	3.9	39.2	0.1	-7.0
Nov. [p]	16.0	8.8	6.9	0.6	1.9	-3.7	1.4	14.5	1.5	-1.4

Source: ECB.

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

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

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

1. Securities other than shares

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2012 Q4	2,968.2	1,623.6	416.1	747.1	241.6	7.7	211.0	1,344.6	332.2	510.2	16.2
2013 Q1	3,069.6	1,632.9	407.4	752.7	245.2	8.2	219.3	1,436.6	332.6	563.4	16.0
Q2	3,045.5	1,649.4	404.2	770.9	247.9	8.4	218.0	1,396.1	324.9	551.1	15.2
Q3 (p)	3,099.3	1,686.0	393.6	798.4	257.7	9.1	227.3	1,413.3	343.8	549.7	14.9
	Transactions										
2013 Q1	82.1	18.9	-9.9	7.9	7.5	0.5	12.9	63.2	-1.0	32.8	-0.4
Q2	55.7	28.8	-0.4	24.5	4.0	0.1	0.7	26.9	2.4	12.7	0.2
Q3 (p)	56.4	27.7	-11.9	22.1	8.7	0.5	8.3	28.7	20.8	2.5	-0.3

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

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2012 Q4	1,986.0	721.7	60.8	-	50.9	27.6	582.3	1,264.3	175.6	407.8	78.1
2013 Q1	2,142.1	738.8	56.4	-	49.9	27.0	605.6	1,403.2	187.7	479.0	95.0
Q2	2,095.2	738.6	58.9	-	52.4	28.1	599.1	1,356.6	181.7	482.2	109.5
Q3 (p)	2,224.3	813.5	72.6	-	56.4	30.4	654.1	1,410.8	197.2	502.7	112.4
	Transactions										
2013 Q1	34.2	-4.4	-0.5	-	-1.7	-1.2	-0.9	38.5	3.7	16.8	5.8
Q2	19.1	1.8	1.3	-	-0.3	0.2	0.6	17.3	0.7	6.3	13.8
Q3 (p)	22.8	8.9	1.2	-	0.3	0.6	6.8	13.9	3.0	11.6	0.4

3. Investment fund/money market fund shares

	Total	Euro area						Rest of the world			
		Total	MFIs [2]	General government	Other financial intermediaries [2]	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2012 Q4	962.8	829.6	72.1	-	757.5	-	-	133.2	28.9	41.4	0.6
2013 Q1	1,026.1	888.7	74.5	-	814.2	-	-	137.4	32.5	43.5	0.6
Q2	1,018.5	880.2	86.8	-	793.4	-	-	138.3	31.4	46.0	0.6
Q3 (p)	1,064.7	925.1	86.1	-	839.0	-	-	139.6	33.9	46.3	0.5
	Transactions										
2013 Q1	32.3	33.2	2.0	-	31.2	-	-	-0.9	2.1	0.9	0.0
Q2	2.3	4.2	11.8	-	-7.6	-	-	-1.9	-0.8	-0.1	0.0
Q3 (p)	32.8	31.1	-1.4	-	32.5	-	-	1.7	1.5	1.4	0.0

Source: ECB.

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

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

2.10 Aggregated balance sheet of euro area financial vehicle corporations

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

1. Assets

	Total	Deposits and loan claims	Securitised loans						Securities other than shares	Other securitised assets	Shares and other equity	Other assets
			Total	Originated in euro area				Originated outside euro area				
				MFIs		Other financial intermediaries, insurance corporations and pension funds	Non-financial corporations	General government				
					Remaining on the MFI balance sheet [1]							
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2012 Q3	2,091.7	303.6	1,407.5	1,092.5	476.1	159.5	23.9	4.4	127.3	193.1	85.8	36.0	65.8
Q4	2,057.2	285.8	1,388.2	1,070.4	469.8	164.3	24.7	4.0	124.9	195.6	87.9	35.7	63.9
2013 Q1	2,027.2	291.9	1,357.0	1,040.5	462.7	164.1	24.7	4.0	123.7	193.7	86.6	35.8	62.1
Q2	1,994.0	276.5	1,339.5	1,032.8	456.5	162.0	23.0	3.6	118.0	194.1	88.6	33.9	61.4
Q3	1,954.6	269.0	1,318.7	1,023.3	449.7	157.5	18.8	3.5	115.6	180.8	87.5	34.3	64.3
	Transactions												
2012 Q3	-81.1	-3.6	-61.5	-63.7	-	4.5	0.5	0.0	-2.7	-14.5	0.8	-1.6	-0.7
Q4	-37.5	-17.5	-17.7	-21.2	-	4.6	1.1	-0.4	-1.8	1.3	2.3	0.3	-6.3
2013 Q1	-29.1	6.2	-30.5	-28.9	-	-0.3	0.2	0.0	-1.5	0.4	-1.2	0.0	-4.0
Q2	-33.2	-15.1	-17.2	-7.8	-	-2.0	-1.6	-0.4	-5.5	1.0	2.6	-1.9	-2.6
Q3	-40.7	-6.9	-20.3	-9.2	-	-4.6	-4.1	0.0	-2.5	-13.8	-0.8	0.5	0.5

2. Liabilities

	Total	Loans and deposits received	Debt securities issued			Capital and reserves	Other liabilities
			Total	Up to 2 years	Over 2 years		
	1	2	3	4	5	6	7
	Outstanding amounts						
2012 Q3	2,091.7	145.9	1,688.6	51.3	1,637.3	31.0	226.2
Q4	2,057.2	140.4	1,664.1	52.1	1,612.1	30.6	222.0
2013 Q1	2,027.2	141.5	1,627.7	54.2	1,573.5	30.7	227.3
Q2	1,994.0	129.1	1,611.4	53.7	1,557.7	29.0	224.6
Q3	1,954.6	124.2	1,576.3	53.7	1,522.6	28.2	225.9
	Transactions						
2012 Q3	-81.1	-5.5	-70.7	-2.5	-68.2	-1.4	-3.6
Q4	-37.5	-5.2	-24.0	-0.1	-23.9	-0.5	-7.8
2013 Q1	-29.1	1.9	-34.1	2.1	-36.2	-0.4	3.5
Q2	-33.2	-12.2	-15.7	-0.5	-15.2	-1.6	-3.7
Q3	-40.7	-4.1	-35.8	0.0	-35.8	-0.9	0.0

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

	Securitised loans originated by euro area MFIs							Securities other than shares					
	Total	Euro area borrowing sector [2]					Non-euro area borrowing sector	Total	Euro area residents				Non-euro area residents
		Households	Non-financial corporations	Other financial intermediaries	Insurance corporations and pension funds	General government			Total	MFIs	Non-MFIs		
												Financial vehicle corporations	
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2012 Q3	1,092.5	788.3	237.1	17.1	0.2	5.5	31.8	193.1	111.1	34.6	76.5	29.5	82.0
Q4	1,070.4	771.0	233.7	17.5	0.2	5.4	31.5	195.6	114.4	34.1	80.4	31.3	81.2
2013 Q1	1,040.5	751.3	229.6	15.0	0.2	5.4	29.0	193.7	112.8	32.9	79.9	31.8	80.9
Q2	1,032.8	759.3	224.2	15.1	0.2	5.1	29.1	194.1	115.3	34.8	80.5	31.9	78.8
Q3	1,023.3	758.0	213.8	15.2	0.2	5.5	30.6	180.8	109.9	30.6	79.4	30.5	70.8
	Transactions												
2012 Q3	-63.7	-47.0	-12.3	-1.0	0.0	-0.8	-1.6	-14.5	-6.8	-4.3	-2.5	-0.9	-7.7
Q4	-21.2	-17.7	-2.5	0.5	0.0	-0.1	0.3	1.3	4.2	0.0	4.2	1.9	-2.9
2013 Q1	-28.9	-20.8	-4.2	-2.3	0.0	0.0	-0.7	0.4	-0.7	-1.1	0.5	-0.5	1.1
Q2	-7.8	7.8	-5.2	0.2	0.0	-0.3	-0.1	1.0	2.9	2.1	0.8	0.0	-1.8
Q3	-9.2	-1.5	-9.4	0.2	0.0	0.5	1.1	-13.8	-5.6	-4.4	-1.2	-1.3	-8.2

Source: ECB.

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

2) Excludes securitisations of inter-MFI loans.

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

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Currency and deposits	Loans	Securities other than shares	Shares and other equity	Investment fund shares	Money market fund shares	Prepayments of insurance premiums and reserves for outstanding claims	Other accounts receivable/ payable and financial derivatives	Non-financial assets
	1	2	3	4	5	6	7	8	9	10
2010 Q4	7,036.2	768.3	453.4	2,674.6	826.0	1,611.9	76.9	253.7	222.2	149.1
2011 Q1	7,139.7	769.6	456.4	2,735.7	844.0	1,621.5	76.6	261.8	223.6	150.5
Q2	7,155.2	772.7	464.0	2,747.0	842.6	1,623.7	79.8	254.2	222.3	148.9
Q3	7,154.3	789.6	463.0	2,772.4	788.3	1,580.8	87.6	255.6	268.7	148.4
Q4	7,164.4	782.4	472.6	2,731.2	793.9	1,615.7	91.3	253.6	273.6	150.0
2012 Q1	7,452.0	794.4	469.9	2,876.7	807.2	1,710.1	102.3	258.2	283.2	150.0
Q2	7,481.2	783.6	469.6	2,890.2	802.3	1,712.6	106.4	261.4	304.4	150.8
Q3	7,695.7	783.5	478.8	3,006.9	822.4	1,786.7	108.5	263.1	295.0	151.0
Q4	7,780.5	786.6	477.9	3,053.0	819.5	1,825.2	109.7	261.8	293.7	153.1
2013 Q1	7,905.9	794.0	476.1	3,081.9	836.3	1,900.6	114.3	265.2	284.0	153.5
Q2	7,844.0	773.3	474.6	3,071.5	833.5	1,894.0	98.9	264.4	278.2	155.6
Q3 (p)	7,942.9	763.4	477.4	3,110.1	851.4	1,954.6	96.7	264.6	268.2	156.5

2. Holdings of securities other than shares

	Total	Issued by euro area residents						Issued by non-euro area residents
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations	
	1	2	3	4	5	6	7	8
2010 Q4	2,674.6	2,250.8	599.4	1,243.5	234.3	17.6	156.1	423.8
2011 Q1	2,735.7	2,318.6	625.2	1,286.3	236.2	17.2	153.7	417.1
Q2	2,747.0	2,329.9	630.6	1,289.6	235.4	16.8	157.5	417.2
Q3	2,772.4	2,352.8	637.0	1,312.3	227.7	16.9	159.0	419.5
Q4	2,731.2	2,307.5	635.4	1,267.3	223.9	16.5	164.3	423.7
2012 Q1	2,876.7	2,427.1	670.3	1,325.0	235.9	17.1	178.7	449.6
Q2	2,890.2	2,423.3	675.6	1,309.3	238.4	17.0	183.0	466.9
Q3	3,006.9	2,514.7	707.7	1,348.6	246.0	17.4	195.0	492.3
Q4	3,053.0	2,549.2	693.1	1,386.8	251.7	18.1	199.5	503.8
2013 Q1	3,081.9	2,587.2	716.9	1,389.9	255.3	17.5	207.5	494.7
Q2	3,071.5	2,566.9	684.1	1,403.5	255.4	17.5	206.4	504.6
Q3 (p)	3,110.1	2,601.2	684.0	1,436.0	256.6	17.9	206.8	508.9

3. Liabilities and net worth

	Liabilities									Net worth
	Total	Loans received	Securities other than shares	Shares and other equity	Insurance technical reserves				Other accounts receivable/ payable and financial derivatives	
					Total	Net equity of households in life insurance reserves	Net equity of households in pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims		
	1	2	3	4	5	6	7	8	9	10
2010 Q4	6,871.5	250.3	40.3	451.5	5,960.7	3,260.4	1,889.6	810.7	168.7	164.6
2011 Q1	6,920.9	263.0	39.9	465.9	5,976.5	3,287.3	1,859.9	829.4	175.5	218.8
Q2	6,944.4	262.8	42.4	454.7	6,008.1	3,309.4	1,872.0	826.7	176.4	210.9
Q3	7,052.2	270.0	41.6	410.1	6,140.8	3,292.5	2,023.9	824.5	189.7	102.1
Q4	7,071.7	263.8	41.3	408.8	6,169.8	3,305.1	2,047.1	817.6	188.0	92.7
2012 Q1	7,229.4	272.1	44.4	439.1	6,282.8	3,342.5	2,103.0	837.2	191.0	222.6
Q2	7,300.4	281.3	43.3	421.2	6,349.5	3,344.6	2,169.4	835.5	205.1	180.9
Q3	7,373.6	292.7	44.9	452.7	6,387.7	3,390.6	2,163.4	833.6	195.6	322.1
Q4	7,472.6	267.0	48.8	482.6	6,454.0	3,425.8	2,201.8	826.4	220.2	307.9
2013 Q1	7,566.8	279.9	48.0	497.8	6,526.5	3,462.7	2,216.1	847.6	214.5	339.2
Q2	7,607.2	280.1	45.4	506.7	6,551.9	3,467.1	2,240.2	844.6	223.1	236.8
Q3 (p)	7,635.0	278.9	45.2	524.0	6,569.6	3,509.6	2,217.5	842.5	217.3	307.9

Source: ECB.

EURO AREA ACCOUNTS

3.1 Integrated economic and financial accounts by institutional sector

(EUR billions)

Uses 2013 Q3	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						644
Trade balance [1]						-64
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,136	116	726	56	238	
Other taxes less subsidies on production	30	9	14	3	4	
Consumption of fixed capital	383	102	218	11	52	
Net operating surplus and mixed income [1]	592	287	271	33	0	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						7
Taxes less subsidies on production						
Property income	601	31	240	262	68	104
Interest	318	29	53	168	68	44
Other property income	283	3	187	94	0	60
Net national income [1]	2,013	1,621	121	45	225	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	292	233	49	10	0	2
Social contributions	441	441				1
Social benefits other than social transfers in kind	480	1	18	35	427	1
Other current transfers	195	70	25	48	53	11
Net non-life insurance premiums	45	34	9	1	1	2
Non-life insurance claims	46			46		1
Other	104	35	15	1	52	8
Net disposable income [1]	1,983	1,441	61	49	431	
Use of income account						
Net disposable income						
Final consumption expenditure	1,884	1,386			498	
Individual consumption expenditure	1,697	1,386			311	
Collective consumption expenditure	186				186	
Adjustment for the change in the net equity of households in pension fund reserves	15	0	1	14	0	0
Net saving/current external account [1]	99	70	60	36	-67	-42
Capital account						
Net saving/current external account						
Gross capital formation	440	140	239	9	52	
Gross fixed capital formation	426	138	227	10	52	
Changes in inventories and acquisitions less disposals of valuables	14	2	12	0	0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	0	-1	0	0	1	0
Capital transfers	39	11	1	1	26	6
Capital taxes	9	8	0	0		0
Other capital transfers	30	3	1	1	26	6
Net lending (+)/net borrowing (-) (from capital account) [1]	46	30	53	45	-81	-46
Statistical discrepancy	0	-8	8	0	0	0

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

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

(EUR billions)

Resources 2013 Q3	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Imports of goods and services						580
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,141	514	1,230	104	293	
Taxes less subsidies on products	247					
Gross domestic product (market prices)[2]	2,388					
Compensation of employees						
Other taxes less subsidies on production						
Consumption of fixed capital						
Net operating surplus and mixed income						
Allocation of primary income account						
Net operating surplus and mixed income	592	287	271	33	0	
Compensation of employees	1,140	1,140				4
Taxes less subsidies on production	276				276	1
Property income	607	225	90	274	17	98
Interest	308	50	32	217	9	54
Other property income	299	176	58	57	8	45
Net national income						
Secondary distribution of income account						
Net national income	2,013	1,621	121	45	225	
Current taxes on income, wealth, etc.	293				293	1
Social contributions	440	1	18	49	371	2
Social benefits other than social transfers in kind	478	478				3
Other current transfers	166	85	13	47	22	40
Net non-life insurance premiums	46			46		1
Non-life insurance claims	44	36	7	1	0	2
Other	77	50	6	0	21	36
Net disposable income						
Use of income account						
Net disposable income	1,983	1,441	61	49	431	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	15	15				0
Net saving/current external account						
Capital account						
Net saving/current external account	99	70	60	36	-67	-42
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	383	102	218	11	52	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	43	8	15	8	13	2
Capital taxes	9				9	0
Other capital transfers	34	8	15	8	4	2
Net lending (+)/net borrowing (-) (from capital account)						
Statistical discrepancy						

Sources: ECB and Eurostat.

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

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

(EUR billions)

Assets 2013 Q3	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediaries	Insurance corporations and pension funds	General govern-ment	Rest of the world
Opening balance sheet, financial assets								
Total financial assets		19,963	17,404	33,119	18,097	7,529	4,508	18,788
Monetary gold and special drawing rights (SDRs)				367				
Currency and deposits		7,141	2,023	10,065	2,433	796	858	3,198
Short-term debt securities		40	65	506	431	57	32	651
Long-term debt securities		1,288	258	6,375	3,139	3,023	439	4,363
Loans		86	3,120	13,118	4,523	485	873	2,797
of which: Long-term		65	1,986	10,193	3,368	363	766	.
Shares and other equity		4,572	8,098	1,843	7,137	2,761	1,514	6,956
Quoted shares		759	1,098	371	2,199	409	228	.
Unquoted shares and other equity		2,411	6,649	1,199	3,807	432	1,106	.
Mutual fund shares		1,402	350	273	1,130	1,920	179	.
Insurance technical reserves		6,338	185	3	0	244	4	259
Other accounts receivable and financial derivatives		497	3,656	842	434	163	789	565
Net financial worth								
Financial account, transactions in financial assets								
Total transactions in financial assets		24	124	-571	-104	48	-126	-70
Monetary gold and SDRs				0				0
Currency and deposits		1	52	-299	-121	-6	-79	-140
Short-term debt securities		-1	-2	-25	-18	-2	-4	35
Long-term debt securities		-17	3	-113	46	21	-3	-13
Loans		1	28	-112	-68	1	-4	-38
of which: Long-term		1	47	-26	-59	5	16	.
Shares and other equity		-3	43	16	61	39	-8	49
Quoted shares		-23	-2	33	33	4	3	.
Unquoted shares and other equity		18	49	-24	-9	2	-11	.
Mutual fund shares		1	-3	7	37	34	1	.
Insurance technical reserves		39	-1	0	0	0	0	7
Other accounts receivable and financial derivatives		5	-1	-38	-5	-6	-30	30
Changes in net financial worth due to transactions								
Other changes account, financial assets								
Total other changes in financial assets		167	353	57	-15	54	47	-20
Monetary gold and SDRs				24				
Currency and deposits		-2	-8	84	-81	0	-1	-15
Short-term debt securities		0	0	0	3	0	0	-11
Long-term debt securities		-14	1	-13	-16	-4	-1	-48
Loans		0	-10	-123	-30	0	1	-28
of which: Long-term		0	-7	-27	-2	0	1	.
Shares and other equity		173	402	62	109	59	45	95
Quoted shares		95	122	22	116	12	29	.
Unquoted shares and other equity		43	275	37	-28	3	12	.
Mutual fund shares		35	5	3	22	45	4	.
Insurance technical reserves		23	0	0	0	0	0	-2
Other accounts receivable and financial derivatives		-12	-33	22	1	-1	2	-11
Other changes in net financial worth								
Closing balance sheet, financial assets								
Total financial assets		20,154	17,881	32,605	17,979	7,631	4,428	18,697
Monetary gold and SDRs				391				
Currency and deposits		7,140	2,068	9,851	2,231	791	778	3,043
Short-term debt securities		39	63	481	416	55	28	675
Long-term debt securities		1,257	262	6,249	3,169	3,040	436	4,301
Loans		87	3,139	12,883	4,425	487	869	2,731
of which: Long-term		66	2,027	10,140	3,307	367	783	.
Shares and other equity		4,741	8,543	1,921	7,307	2,859	1,551	7,100
Quoted shares		831	1,218	425	2,348	424	261	.
Unquoted shares and other equity		2,472	6,973	1,212	3,770	437	1,106	.
Mutual fund shares		1,438	352	283	1,189	1,998	184	.
Insurance technical reserves		6,400	184	3	0	243	4	263
Other accounts receivable and financial derivatives		490	3,622	826	430	157	761	584
Net financial worth								

Source: ECB.

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

(EUR billions)

Liabilities 2013 Q3	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediaries	Insurance corporations and pension funds	General govern-ment	Rest of the world
Opening balance sheet, liabilities								
Total liabilities		6,864	27,286	32,190	17,776	7,593	10,884	16,448
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			33	23,531	35	0	276	2,640
Short-term debt securities			90	602	125	2	676	285
Long-term debt securities			971	4,403	3,310	49	6,971	3,180
Loans		6,159	8,536		4,350	305	2,281	3,372
of which: Long-term		5,809	6,242		2,540	111	2,001	.
Shares and other equity		8	13,832	2,495	9,713	498	4	6,330
Quoted shares			3,853	407	259	140	0	.
Unquoted shares and other equity		8	9,979	1,231	2,786	357	4	.
Mutual fund shares				856	6,668			.
Insurance technical reserves		36	351	65	1	6,578	1	
Other accounts payable and financial derivatives		661	3,472	1,094	242	161	674	642
Net financial worth [1]	-1,972	13,099	-9,881	929	322	-64	-6,376	
Financial account, transactions in liabilities								
Total transactions in liabilities		2	63	-604	-107	39	-45	-24
Monetary gold and SDRs								
Currency and deposits			0	-496	-1	0	5	-100
Short-term debt securities			0	-16	-5	0	2	4
Long-term debt securities			32	-84	-9	0	-33	18
Loans		3	-16		-131	-6	-3	-39
of which: Long-term		10	31		-61	-2	20	.
Shares and other equity		0	39	-13	81	0	0	92
Quoted shares			4	2	1	0	0	.
Unquoted shares and other equity		0	35	-8	-16	0	0	.
Mutual fund shares				-7	96			.
Insurance technical reserves		0	1	0	0	43	0	
Other accounts payable and financial derivatives		-1	7	7	-42	2	-17	1
Changes in net financial worth due to transactions [1]	46	22	61	33	3	9	-81	-46
Other changes account, liabilities								
Total other changes in liabilities		-2	700	72	32	36	-111	-107
Monetary gold and SDRs								
Currency and deposits			0	-11	0	0	0	-12
Short-term debt securities			0	-3	-1	0	0	-4
Long-term debt securities			1	-27	-12	0	-34	-23
Loans		-4	-18		-133	0	-1	-33
of which: Long-term		-4	-10		-7	0	-1	.
Shares and other equity		0	708	124	138	14	0	-41
Quoted shares			342	83	26	8	0	.
Unquoted shares and other equity		0	366	44	-12	7	0	.
Mutual fund shares				-3	124			.
Insurance technical reserves		0	0	0	0	20	0	
Other accounts payable and financial derivatives		1	9	-11	39	1	-76	6
Other changes in net financial worth [1]	-63	170	-347	-15	-47	18	158	87
Closing balance sheet, liabilities								
Total liabilities		6,864	28,049	31,659	17,701	7,669	10,727	16,317
Monetary gold and SDRs								
Currency and deposits			33	23,024	35	0	282	2,529
Short-term debt securities			90	583	119	2	678	285
Long-term debt securities			1,004	4,292	3,290	50	6,904	3,175
Loans		6,158	8,501		4,086	299	2,278	3,299
of which: Long-term		5,815	6,263		2,472	108	2,019	.
Shares and other equity		8	14,579	2,605	9,932	512	4	6,381
Quoted shares			4,199	493	285	148	0	.
Unquoted shares and other equity		8	10,380	1,266	2,758	363	4	.
Mutual fund shares				846	6,889			.
Insurance technical reserves		37	352	65	1	6,642	1	
Other accounts payable and financial derivatives		661	3,488	1,090	239	164	581	648
Net financial worth [1]	-1,990	13,290	-10,167	946	278	-37	-6,299	

Source: ECB.

3.2 Euro area non-financial accounts

(EUR billions; four-quarter cumulated flows)

Uses	2009	2010	2011	2011 Q4-2012 Q3	2012 Q1-2012 Q4	2012 Q2-2013 Q1	2012 Q3-2013 Q2	2012 Q4-2013 Q3
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,449	4,510	4,622	4,666	4,671	4,677	4,683	4,690
Other taxes less subsidies on production	85	82	95	116	124	124	125	124
Consumption of fixed capital	1,388	1,419	1,462	1,488	1,497	1,504	1,511	1,519
Net operating surplus and mixed income [1]	2,097	2,198	2,256	2,208	2,186	2,174	2,176	2,191
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	2,959	2,798	3,007	2,944	2,870	2,816	2,766	2,734
Interest	1,593	1,381	1,546	1,513	1,461	1,409	1,363	1,326
Other property income	1,366	1,417	1,461	1,431	1,409	1,407	1,403	1,408
Net national income [1]	7,550	7,765	7,978	8,013	8,027	8,026	8,038	8,060
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	1,029	1,057	1,115	1,154	1,172	1,180	1,198	1,210
Social contributions	1,677	1,703	1,751	1,777	1,787	1,794	1,800	1,807
Social benefits other than social transfers in kind	1,769	1,814	1,841	1,874	1,884	1,895	1,907	1,919
Other current transfers	772	774	779	789	788	791	796	804
Net non-life insurance premiums	181	181	182	184	184	183	184	184
Non-life insurance claims	182	182	183	186	186	186	186	186
Other	409	411	414	418	418	422	427	434
Net disposable income [1]	7,442	7,655	7,871	7,902	7,918	7,913	7,922	7,938
Use of income account								
Net disposable income								
Final consumption expenditure	7,152	7,315	7,477	7,517	7,520	7,522	7,535	7,555
Individual consumption expenditure	6,383	6,543	6,703	6,741	6,746	6,747	6,759	6,778
Collective consumption expenditure	769	772	774	776	774	775	775	776
Adjustment for the change in the net equity of households in pension fund reserves	62	57	58	58	58	58	59	60
Net saving [1]	290	340	394	385	398	392	387	384
Capital account								
Net saving								
Gross capital formation	1,703	1,779	1,873	1,793	1,774	1,742	1,725	1,724
Gross fixed capital formation	1,753	1,760	1,817	1,783	1,765	1,736	1,723	1,716
Changes in inventories and acquisitions less disposals of valuables	-50	19	56	11	9	6	2	8
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	1	1	0	10	9	3	1	2
Capital transfers	183	221	174	182	193	200	210	205
Capital taxes	34	25	31	29	26	27	29	31
Other capital transfers	149	196	142	153	168	174	180	175
Net lending (+)/net borrowing (-) (from capital account) [1]	-18	-12	-10	80	123	162	186	192

Sources: ECB and Eurostat.

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

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

(EUR billions; four-quarter cumulated flows)

Resources	2009	2010	2011	2011 Q4-2012 Q3	2012 Q1-2012 Q4	2012 Q2-2013 Q1	2012 Q3-2013 Q2	2012 Q4-2013 Q3
Generation of income account								
Gross value added (basic prices)	8,019	8,208	8,434	8,478	8,478	8,478	8,496	8,525
Taxes less subsidies on products	894	942	973	974	978	976	981	987
Gross domestic product (market prices)[2]	8,913	9,150	9,408	9,452	9,456	9,454	9,477	9,512
Compensation of employees								
Other taxes less subsidies on production								
Consumption of fixed capital								
Net operating surplus and mixed income								
Allocation of primary income account								
Net operating surplus and mixed income	2,097	2,198	2,256	2,208	2,186	2,174	2,176	2,191
Compensation of employees	4,459	4,521	4,634	4,679	4,684	4,691	4,697	4,706
Taxes less subsidies on production	996	1,037	1,079	1,100	1,112	1,111	1,118	1,122
Property income	2,955	2,807	3,018	2,971	2,914	2,867	2,813	2,776
Interest	1,554	1,333	1,490	1,469	1,425	1,375	1,329	1,290
Other property income	1,401	1,474	1,527	1,501	1,488	1,491	1,484	1,486
Net national income								
Secondary distribution of income account								
Net national income	7,550	7,765	7,978	8,013	8,027	8,026	8,038	8,060
Current taxes on income, wealth, etc.	1,034	1,060	1,121	1,160	1,178	1,185	1,204	1,216
Social contributions	1,675	1,703	1,752	1,775	1,784	1,791	1,797	1,804
Social benefits other than social transfers in kind	1,762	1,807	1,835	1,868	1,878	1,889	1,901	1,913
Other current transfers	668	667	672	680	682	682	683	685
Net non-life insurance premiums	182	182	183	186	186	186	186	186
Non-life insurance claims	178	176	177	179	179	178	179	179
Other	307	309	312	314	317	318	319	320
Net disposable income								
Use of income account								
Net disposable income	7,442	7,655	7,871	7,902	7,918	7,913	7,922	7,938
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	62	57	58	58	58	58	59	60
Net saving								
Capital account								
Net saving	290	340	394	385	398	392	387	384
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,388	1,419	1,462	1,488	1,497	1,504	1,511	1,519
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	192	230	180	191	205	212	223	220
Capital taxes	34	25	31	29	26	27	29	31
Other capital transfers	158	205	149	162	179	185	194	189
Net lending (+)/net borrowing (-) (from capital account)								

Sources: ECB and Eurostat.

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

3.3 Households

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

	2009	2010	2011	2011 Q4-2012 Q3	2012 Q1-2012 Q4	2012 Q2-2013 Q1	2012 Q3-2013 Q2	2012 Q4-2013 Q3
Income, saving and changes in net worth								
Compensation of employees (+)	4,459	4,521	4,634	4,679	4,684	4,691	4,697	4,706
Gross operating surplus and mixed income (+)	1,440	1,449	1,491	1,495	1,495	1,498	1,503	1,511
Interest receivable (+)	233	201	227	228	222	216	211	206
Interest payable (-)	148	124	147	139	131	125	120	117
Other property income receivable (+)	728	721	750	749	744	738	732	737
Other property income payable (-)	10	10	10	10	10	10	10	10
Current taxes on income and wealth (-)	843	850	884	920	934	941	952	959
Net social contributions (-)	1,672	1,698	1,746	1,772	1,782	1,789	1,795	1,802
Net social benefits (+)	1,757	1,802	1,829	1,862	1,872	1,884	1,895	1,907
Net current transfers receivable (+)	71	71	70	68	71	74	75	74
= Gross disposable income	6,017	6,082	6,214	6,240	6,233	6,235	6,236	6,253
Final consumption expenditure (-)	5,157	5,291	5,441	5,469	5,474	5,470	5,478	5,491
Changes in net worth in pension funds (+)	62	56	58	58	58	58	58	60
= Gross saving	922	847	831	829	816	823	817	822
Consumption of fixed capital (-)	379	386	395	400	402	403	404	405
Net capital transfers receivable (+)	9	12	2	0	1	0	0	-1
Other changes in net worth (+)	-334	550	-218	-336	-189	-568	-400	-162
= Changes in net worth	218	1,023	220	93	227	-147	13	253
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	555	558	573	561	555	549	543	542
Consumption of fixed capital (-)	379	386	395	400	402	403	404	405
Main items of financial investment (+)								
Short-term assets	2	40	124	173	192	172	167	135
Currency and deposits	121	118	118	176	225	226	215	186
Money market fund shares	-45	-59	-23	-27	-31	-39	-30	-26
Debt securities [1]	-74	-19	29	25	-2	-15	-18	-25
Long-term assets	482	420	237	192	143	173	166	199
Deposits	82	58	55	29	12	7	7	23
Debt securities	2	3	69	-4	-89	-124	-120	-121
Shares and other equity	169	111	-2	59	90	142	123	131
Quoted and unquoted shares and other equity	120	103	46	66	55	66	38	41
Mutual fund shares	49	8	-48	-7	35	76	85	90
Life insurance and pension fund reserves	230	248	115	108	129	147	156	166
Main items of financing (-)								
Loans	107	114	88	19	14	0	-11	-1
of which: From euro area MFIs	65	147	81	1	25	21	1	7
Other changes in assets (+)								
Non-financial assets	-624	462	155	-897	-817	-1,050	-952	-609
Financial assets	285	141	-386	504	577	405	484	412
Shares and other equity	82	49	-318	317	337	264	341	349
Life insurance and pension fund reserves	191	120	15	181	179	160	119	76
Remaining net flows (+)	4	-99	0	-21	-8	6	-2	-21
= Changes in net worth	218	1,023	220	93	227	-147	13	253
Balance sheet								
Non-financial assets (+)	29,652	30,286	30,618	30,186	29,955	29,505	29,551	29,713
Financial assets (+)								
Short-term assets	5,771	5,814	5,952	6,036	6,125	6,137	6,178	6,156
Currency and deposits	5,474	5,597	5,728	5,836	5,950	5,979	6,029	6,016
Money market fund shares	242	184	166	136	121	112	109	101
Debt securities [1]	54	33	58	63	54	46	40	39
Long-term assets	11,584	12,121	11,966	12,469	12,705	12,899	12,883	13,103
Deposits	970	1,027	1,082	1,098	1,096	1,103	1,113	1,124
Debt securities	1,453	1,406	1,391	1,380	1,365	1,303	1,288	1,257
Shares and other equity	4,040	4,199	3,875	4,151	4,316	4,472	4,463	4,640
Quoted and unquoted shares and other equity	2,931	3,012	2,798	2,966	3,094	3,189	3,170	3,303
Mutual fund shares	1,110	1,187	1,077	1,184	1,222	1,284	1,293	1,337
Life insurance and pension fund reserves	5,121	5,489	5,619	5,840	5,928	6,021	6,020	6,082
Remaining net assets (+)	261	244	237	242	206	192	197	189
Liabilities (-)								
Loans	5,932	6,107	6,196	6,184	6,185	6,159	6,159	6,158
of which: From euro area MFIs	4,968	5,213	5,281	5,283	5,290	5,279	5,282	5,276
= Net worth	41,335	42,358	42,578	42,750	42,805	42,574	42,650	43,003

Sources: ECB and Eurostat.

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

3.4 Non-financial corporations

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

	2009	2010	2011	2011 Q4-2012 Q3	2012 Q1-2012 Q4	2012 Q2-2013 Q1	2012 Q3-2013 Q2	2012 Q4-2013 Q3
Income and saving								
Gross value added (basic prices) (+)	4,520	4,662	4,824	4,848	4,846	4,840	4,849	4,866
Compensation of employees (-)	2,790	2,834	2,932	2,969	2,977	2,979	2,984	2,990
Other taxes less subsidies on production (-)	40	33	42	48	50	50	51	51
= Gross operating surplus (+)	1,689	1,795	1,851	1,830	1,819	1,811	1,814	1,825
Consumption of fixed capital (-)	782	800	827	844	849	854	858	863
= Net operating surplus (+)	907	995	1,024	987	970	957	955	962
Property income receivable (+)	534	550	556	561	550	549	537	529
Interest receivable	171	158	164	156	149	143	138	134
Other property income receivable	363	391	392	404	401	406	399	395
Interest and rents payable (-)	296	257	287	280	270	259	249	240
= Net entrepreneurial income (+)	1,145	1,288	1,294	1,268	1,250	1,247	1,243	1,250
Distributed income (-)	926	920	969	967	951	944	937	941
Taxes on income and wealth payable (-)	151	169	192	196	201	200	206	208
Social contributions receivable (+)	71	69	74	74	74	74	74	74
Social benefits payable (-)	68	69	70	70	70	70	70	70
Other net transfers (-)	47	44	48	49	49	49	50	51
= Net saving	24	155	89	59	53	58	53	53
Investment, financing and saving								
Net acquisition of non-financial assets (+)	65	146	210	152	130	98	84	80
Gross fixed capital formation (+)	899	927	982	972	963	943	938	933
Consumption of fixed capital (-)	782	800	827	844	849	854	858	863
Net acquisition of other non-financial assets (+)	-52	19	54	24	17	9	5	11
Main items of financial investment (+)								
Short-term assets	95	34	-27	27	60	46	40	54
Currency and deposits	88	67	6	38	74	81	84	94
Money market fund shares	39	-32	-46	-18	-10	-8	-18	-15
Debt securities [1]	-31	-1	12	6	-5	-28	-27	-25
Long-term assets	148	425	487	311	197	174	72	107
Deposits	-1	20	68	13	12	-18	-9	8
Debt securities	24	8	-20	-11	0	1	-3	-8
Shares and other equity	101	250	289	187	115	149	96	118
Other (mainly intercompany loans)	24	147	150	123	70	43	-11	-12
Remaining net assets (+)	78	24	-27	12	44	68	98	51
Main items of financing (-)								
Debt	25	178	253	185	126	110	39	9
of which: Loans from euro area MFIs	-108	-16	96	-87	-135	-123	-154	-145
of which: Debt securities	90	66	49	109	119	105	91	89
Shares and other equity	253	230	235	189	183	145	129	159
Quoted shares	64	31	27	16	27	11	21	20
Unquoted shares and other equity	189	199	209	174	156	135	108	139
Net capital transfers receivable (-)	81	64	66	65	65	68	68	65
= Net saving	24	155	89	59	53	58	53	53
Financial balance sheet								
Financial assets								
Short-term assets	1,936	1,961	1,934	1,933	1,990	1,955	1,943	1,972
Currency and deposits	1,632	1,695	1,705	1,715	1,776	1,759	1,768	1,800
Money market fund shares	213	182	134	128	128	125	111	109
Debt securities [1]	90	84	95	89	86	71	65	63
Long-term assets	10,235	10,721	10,742	11,383	11,502	11,784	11,621	12,103
Deposits	159	169	224	271	276	264	255	268
Debt securities	238	254	244	263	264	263	258	262
Shares and other equity	7,092	7,405	7,202	7,693	7,846	8,135	7,987	8,434
Other (mainly intercompany loans)	2,746	2,893	3,071	3,156	3,117	3,122	3,120	3,139
Remaining net assets	411	303	368	334	315	396	401	351
Liabilities								
Debt	9,465	9,728	9,902	10,063	9,999	9,990	9,948	9,948
of which: Loans from euro area MFIs	4,700	4,675	4,717	4,631	4,502	4,476	4,435	4,388
of which: Debt securities	814	881	885	1,021	1,044	1,065	1,061	1,094
Shares and other equity	12,625	13,169	12,482	13,130	13,561	13,964	13,832	14,579
Quoted shares	3,506	3,802	3,284	3,553	3,747	3,891	3,853	4,199
Unquoted shares and other equity	9,120	9,368	9,198	9,578	9,814	10,073	9,979	10,380

Sources: ECB and Eurostat.

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

3.5 Insurance corporations and pension funds

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

	2009	2010	2011	2011 Q4-2012 Q3	2012 Q1-2012 Q4	2012 Q2-2013 Q1	2012 Q3-2013 Q2	2012 Q4-2013 Q3
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	-42	-6	54	51	43	19	-18	-39
Currency and deposits	-33	-9	14	3	15	11	8	3
Money market fund shares	5	-8	16	36	32	9	-12	-20
Debt securities [1]	-14	11	24	12	-5	-2	-14	-22
Long-term assets	294	288	134	111	185	176	216	246
Deposits	15	-4	9	-16	-17	-19	-16	-18
Debt securities	105	183	45	79	137	96	115	113
Loans	8	32	12	15	8	12	11	2
Quoted shares	-50	-2	-12	-17	-5	2	0	10
Unquoted shares and other equity	-15	11	13	1	-2	-1	0	4
Mutual fund shares	230	68	67	49	63	86	106	134
Remaining net assets (+)	17	9	-35	-3	-39	-20	-23	-26
Main items of financing (-)								
Debt securities	5	1	3	2	7	5	3	3
Loans	-4	7	11	9	-15	0	-7	-23
Shares and other equity	5	6	4	2	0	2	2	1
Insurance technical reserves	246	280	115	127	151	167	175	186
Net equity of households in life insurance and pension fund reserves	240	261	110	118	139	154	164	172
Prepayments of insurance premiums and reserves for outstanding claims	6	19	5	8	13	13	11	14
= Changes in net financial worth due to transactions	16	-3	20	18	45	0	2	14
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	199	117	-105	218	197	148	133	97
Other net assets	34	-1	23	161	229	115	68	-31
Other changes in liabilities (-)								
Shares and other equity	13	-1	-47	40	71	55	83	68
Insurance technical reserves	169	136	16	190	187	164	119	73
Net equity of households in life insurance and pension fund reserves	197	125	19	187	185	161	118	72
Prepayments of insurance premiums and reserves for outstanding claims	-28	11	-3	2	2	2	1	1
= Other changes in net financial worth	52	-19	-51	149	167	44	-1	-75
Financial balance sheet								
Financial assets (+)								
Short-term assets	331	329	371	400	406	411	364	355
Currency and deposits	195	190	193	200	209	218	201	201
Money market fund shares	95	88	102	123	125	125	107	99
Debt securities [1]	41	51	76	77	72	67	57	55
Long-term assets	5,649	6,039	6,044	6,542	6,636	6,761	6,757	6,877
Deposits	612	605	611	604	594	594	595	590
Debt securities	2,468	2,638	2,661	2,941	2,999	3,021	3,023	3,040
Loans	434	467	479	487	488	488	485	487
Quoted shares	397	421	375	388	403	412	409	424
Unquoted shares and other equity	412	415	420	438	429	432	432	437
Mutual fund shares	1,327	1,492	1,498	1,684	1,723	1,815	1,813	1,899
Remaining net assets (+)	225	249	271	276	260	257	246	236
Liabilities (-)								
Debt securities	42	43	46	49	55	55	52	52
Loans	285	297	305	319	289	306	305	299
Shares and other equity	439	444	401	444	472	490	498	512
Insurance technical reserves	5,582	5,999	6,130	6,383	6,469	6,581	6,578	6,642
Net equity of households in life insurance and pension fund reserves	4,798	5,185	5,315	5,549	5,638	5,733	5,730	5,793
Prepayments of insurance premiums and reserves for outstanding claims	784	814	816	834	830	848	848	849
= Net financial wealth	-143	-165	-196	23	17	-3	-64	-37

Source: ECB.

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

FINANCIAL MARKETS

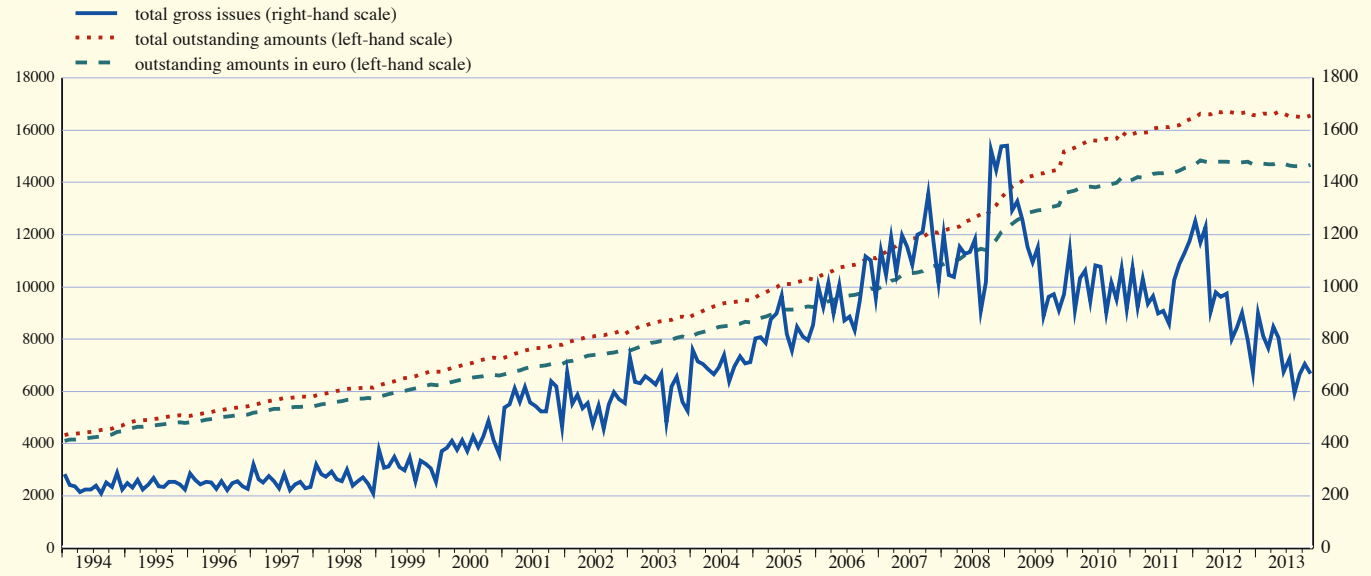
4.1 Securities other than shares by original maturity, residency of the issuer and currency

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

	Total in euro [1]			By euro area residents								
				In euro			In all currencies					
	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Annual growth rates	Seasonally adjusted [2]	
											Net issues	6-month growth rates
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2012 Nov.	17,083.3	720.2	27.2	14,793.3	680.6	27.0	16,698.3	795.4	46.9	2.7	-17.4	1.0
Dec.	17,000.4	631.6	-117.1	14,707.3	591.9	-120.1	16,581.1	673.8	-137.1	1.6	-34.5	0.2
2013 Jan.	16,994.6	816.6	-5.3	14,706.9	768.4	0.1	16,560.7	898.3	9.5	1.1	-13.5	-0.4
Feb.	17,004.2	706.7	-5.0	14,725.9	666.4	4.1	16,632.5	812.3	38.8	0.4	-20.8	-0.6
Mar.	16,933.3	683.9	-68.5	14,701.1	634.9	-22.2	16,629.6	767.0	-17.9	-0.2	-14.4	-1.0
Apr.	16,926.8	757.4	-6.8	14,688.6	708.7	-12.7	16,608.4	846.8	-5.9	-0.2	-11.7	-1.3
May	16,997.9	711.6	72.3	14,765.7	666.2	78.3	16,701.6	805.1	97.4	0.0	18.2	-0.9
June	16,935.1	601.5	-62.4	14,714.0	559.0	-51.2	16,634.5	676.0	-61.3	-0.2	-22.9	-0.8
July	16,868.9	639.3	-65.9	14,642.4	590.6	-71.1	16,544.8	725.2	-78.2	-0.9	-55.6	-1.3
Aug.	16,844.0	515.3	-25.0	14,615.8	481.7	-26.8	16,528.6	593.8	-19.2	-0.7	16.2	-0.8
Sep.	16,858.4	604.5	14.8	14,612.1	554.2	-3.3	16,519.2	665.1	-2.2	-0.6	44.0	-0.1
Oct.	.	.	.	14,596.7	570.1	-6.6	16,482.5	706.2	-16.4	-0.9	-32.0	-0.4
Nov.	.	.	.	14,679.5	537.0	85.8	16,569.1	667.9	88.4	-0.6	22.2	-0.3
	Long-term											
2012 Nov.	15,703.1	219.1	52.7	13,491.6	194.3	45.0	15,159.3	222.5	59.0	3.5	1.8	2.4
Dec.	15,660.6	197.3	-64.4	13,447.1	173.3	-66.5	15,090.3	193.3	-78.0	2.5	-22.0	1.6
2013 Jan.	15,659.6	257.2	-0.7	13,447.2	227.0	0.4	15,060.3	259.9	-3.1	2.2	5.8	1.3
Feb.	15,662.0	230.2	-7.2	13,455.4	204.8	-1.7	15,110.2	244.8	23.6	1.3	-32.7	0.6
Mar.	15,604.0	246.6	-55.3	13,452.3	216.4	-0.2	15,125.2	249.9	2.8	0.9	8.3	-0.1
Apr.	15,601.2	247.5	-3.0	13,438.5	217.0	-14.0	15,109.9	248.7	-1.7	0.8	-8.5	-0.6
May	15,670.8	254.3	70.8	13,514.3	223.1	77.1	15,196.6	260.7	91.1	1.0	23.2	-0.3
June	15,649.6	208.0	-20.6	13,507.4	181.5	-6.3	15,174.7	201.1	-17.0	0.7	-9.8	-0.2
July	15,578.1	204.5	-71.5	13,423.4	173.0	-83.8	15,073.0	195.1	-92.6	0.1	-53.2	-1.0
Aug.	15,570.9	117.0	-7.4	13,412.6	97.4	-10.9	15,069.1	112.4	-7.7	0.2	35.1	-0.1
Sep.	15,593.1	222.7	22.7	13,423.7	189.9	11.4	15,080.9	216.0	20.4	0.2	61.1	0.6
Oct.	.	.	.	13,428.7	197.7	12.9	15,072.5	230.0	9.9	0.0	-1.8	0.7
Nov.	.	.	.	13,519.6	207.4	92.6	15,177.4	237.2	106.4	0.4	46.6	1.0

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

(EUR billions)



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

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

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

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

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

1. Outstanding amounts and gross issues

	Outstanding amounts						Gross issues [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2011	16,415	5,516	3,174	883	6,217	625	1,001	609	98	63	191	39
2012	16,581	5,399	3,227	1,002	6,269	684	958	589	81	68	187	32
2012 Q4	16,581	5,399	3,227	1,002	6,269	684	790	463	74	64	164	25
2013 Q1	16,630	5,260	3,224	1,031	6,425	690	826	439	81	62	212	32
Q2	16,634	5,121	3,237	1,039	6,559	678	776	408	65	67	202	34
Q3	16,519	5,002	3,226	1,070	6,550	671	661	350	51	63	171	25
2013 Aug.	16,529	5,043	3,223	1,056	6,533	675	594	343	40	47	144	20
Sep.	16,519	5,002	3,226	1,070	6,550	671	665	316	55	74	191	29
Oct.	16,482	4,974	3,213	1,075	6,551	670	706	349	64	76	192	25
Nov.	16,569	4,968	3,225	1,084	6,617	675	668	319	54	69	196	31
	Short-term											
2011	1,595	702	101	80	634	77	748	511	47	54	107	29
2012	1,491	601	136	82	608	64	703	490	37	53	104	21
2012 Q4	1,491	601	136	82	608	64	569	392	26	47	88	16
2013 Q1	1,504	582	139	91	624	68	574	361	31	48	112	23
Q2	1,460	558	134	90	624	54	539	337	25	52	102	23
Q3	1,438	539	132	90	630	47	487	294	25	46	104	18
2013 Aug.	1,459	553	134	92	629	52	481	301	26	36	104	15
Sep.	1,438	539	132	90	630	47	449	251	25	52	104	18
Oct.	1,410	524	123	90	626	47	476	272	25	50	111	18
Nov.	1,392	513	124	87	616	51	431	250	21	44	95	21
	Long-term [2]											
2011	14,820	4,814	3,073	803	5,583	548	253	98	51	9	84	10
2012	15,090	4,798	3,091	920	5,660	621	254	99	45	16	83	12
2012 Q4	15,090	4,798	3,091	920	5,660	621	222	70	47	18	77	9
2013 Q1	15,125	4,678	3,085	940	5,801	621	252	78	50	14	100	9
Q2	15,175	4,564	3,103	949	5,934	624	237	70	40	16	101	10
Q3	15,081	4,463	3,094	980	5,920	624	175	56	26	17	67	8
2013 Aug.	15,069	4,490	3,089	964	5,903	623	112	42	14	10	40	6
Sep.	15,081	4,463	3,094	980	5,920	624	216	65	30	22	88	11
Oct.	15,073	4,450	3,090	984	5,925	623	230	77	39	26	81	7
Nov.	15,177	4,455	3,101	997	6,000	624	237	69	34	24	100	10
	of which: Long-term fixed rate											
2011	9,981	2,755	1,118	705	4,994	408	151	54	12	8	70	7
2012	10,520	2,809	1,295	821	5,151	444	165	54	18	15	71	7
2012 Q4	10,520	2,809	1,295	821	5,151	444	142	35	21	17	64	6
2013 Q1	10,656	2,763	1,347	839	5,257	450	165	41	25	12	80	7
Q2	10,769	2,716	1,391	847	5,361	455	155	34	21	13	79	8
Q3	10,756	2,668	1,414	871	5,350	454	124	32	14	14	58	5
2013 Aug.	10,725	2,678	1,405	858	5,332	453	77	23	7	8	36	3
Sep.	10,756	2,668	1,414	871	5,350	454	161	43	18	18	74	8
Oct.	10,770	2,660	1,421	884	5,351	454	169	48	20	22	73	6
Nov.	10,845	2,664	1,433	895	5,399	453	157	37	20	23	71	6
	of which: Long-term variable rate											
2011	4,341	1,789	1,806	94	513	139	85	37	32	1	11	3
2012	4,143	1,735	1,701	96	437	175	77	38	24	1	8	5
2012 Q4	4,143	1,735	1,701	96	437	175	70	30	25	1	10	4
2013 Q1	4,023	1,662	1,640	97	453	170	69	30	22	1	13	3
Q2	3,971	1,608	1,612	99	483	169	68	31	16	2	17	2
Q3	3,909	1,582	1,578	105	475	169	41	20	11	3	4	2
2013 Aug.	3,919	1,593	1,583	103	471	169	27	15	5	2	1	3
Sep.	3,909	1,582	1,578	105	475	169	44	18	11	4	8	3
Oct.	3,885	1,577	1,565	96	478	168	51	25	18	3	4	1
Nov.	3,913	1,582	1,563	97	501	170	71	28	12	2	25	4

Source: ECB.

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

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

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

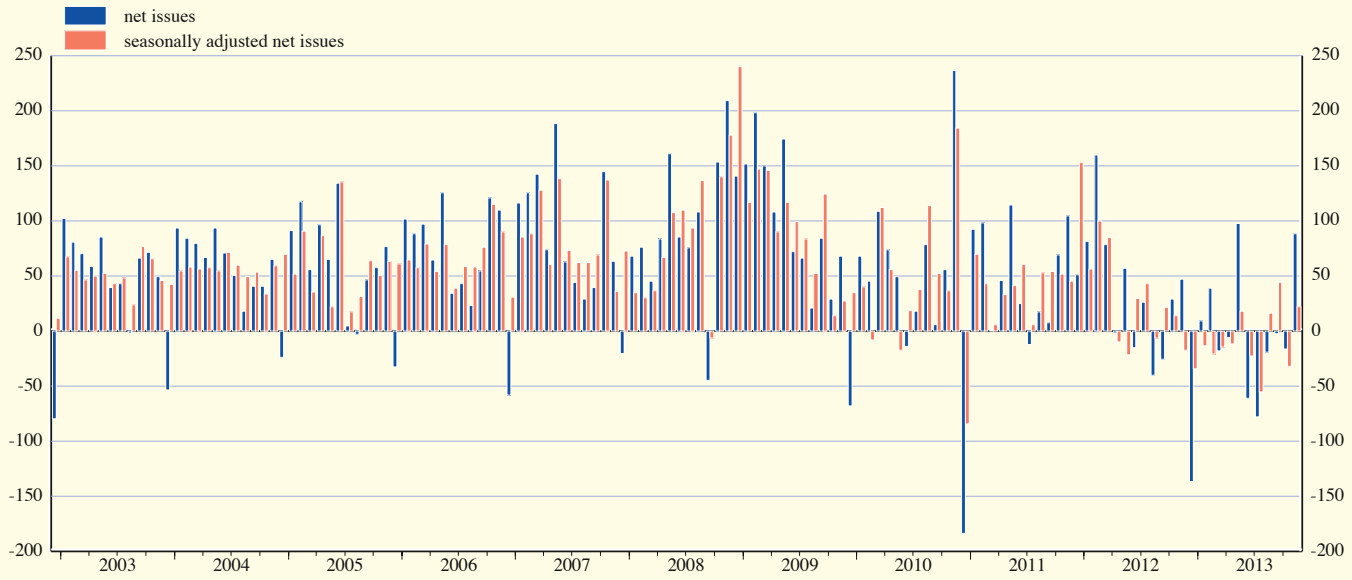
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

2. Net issues

	Non-seasonally adjusted [1]						Seasonally adjusted [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2011	51.2	22.1	-3.5	3.8	23.2	5.6	-	-	-	-	-	-
2012	21.5	-8.1	3.0	10.4	13.1	3.1	-	-	-	-	-	-
2012 Q4	-20.4	-40.4	26.5	7.9	-9.5	-4.9	-12.8	-28.6	6.3	11.0	4.7	-6.2
2013 Q1	10.1	-46.2	-6.1	9.2	51.8	1.5	-16.2	-60.9	1.5	6.7	35.8	0.7
Q2	10.1	-41.0	5.3	3.7	45.4	-3.3	-5.5	-39.9	4.6	2.5	30.4	-3.0
Q3	-33.2	-36.8	-3.0	11.1	-2.4	-2.1	1.5	-35.6	11.1	11.6	15.1	-0.6
2013 Aug.	-19.2	-24.7	-14.2	9.0	5.4	5.2	16.2	-29.4	4.2	14.6	18.3	8.6
Sep.	-2.2	-37.2	4.6	15.3	18.5	-3.5	44.0	-20.4	26.6	14.3	26.9	-3.3
Oct.	-16.4	-21.4	-9.8	13.9	1.2	-0.3	-32.0	-11.0	-30.1	11.7	0.1	-2.8
Nov.	88.4	-6.1	14.2	9.3	66.1	5.0	22.2	-10.6	-8.6	10.8	26.2	4.4
	Long-term											
2011	47.0	11.4	-2.1	2.8	31.0	3.9	-	-	-	-	-	-
2012	31.3	0.5	1.1	10.3	15.3	4.2	-	-	-	-	-	-
2012 Q4	6.6	-18.0	18.9	10.5	-4.1	-0.7	2.9	-7.7	0.9	11.3	-1.5	-0.1
2013 Q1	7.8	-39.3	-5.8	6.2	46.7	0.0	-6.2	-46.9	1.4	5.9	34.9	-1.5
Q2	24.1	-33.3	6.9	4.2	45.1	1.4	1.6	-39.3	7.0	3.2	31.0	-0.2
Q3	-26.6	-30.9	-2.3	10.8	-4.4	0.1	14.3	-27.8	8.5	11.4	19.7	2.5
2013 Aug.	-7.7	-16.8	-13.7	9.4	9.8	3.6	35.1	-13.7	4.9	14.5	24.0	5.4
Sep.	20.4	-21.4	6.5	16.9	17.6	0.9	61.1	-11.4	22.1	13.2	34.8	2.3
Oct.	9.9	-8.3	-1.2	13.9	5.4	0.0	-1.8	-0.7	-19.4	12.1	5.6	0.7
Nov.	106.4	4.4	13.5	12.5	75.4	0.8	46.6	7.3	-9.2	12.7	36.0	-0.1

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

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



Source: ECB.

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

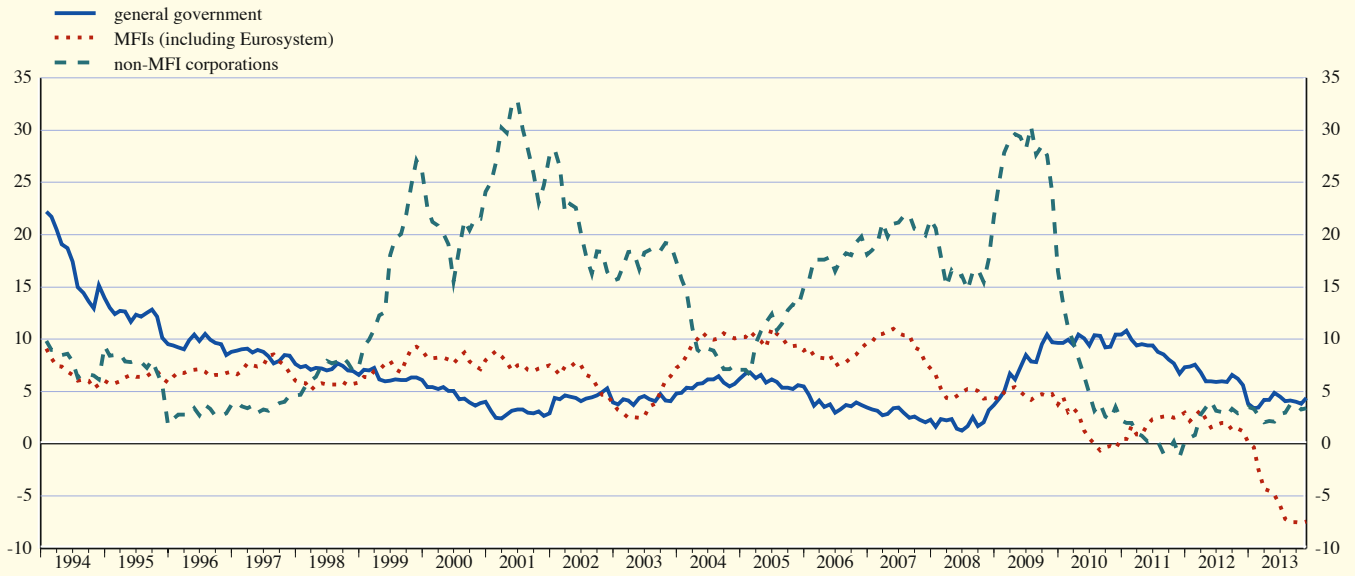
4.3 Growth rates of securities other than shares issued by euro area residents [1)]

(percentage changes)

	Annual growth rates (non-seasonally adjusted)						6-month seasonally adjusted growth rates					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2012 Nov.	2.7	0.7	0.2	12.5	3.9	8.0	1.0	-1.0	-4.3	13.4	3.7	2.0
Dec.	1.6	-1.8	1.2	14.2	2.5	6.1	0.2	-3.7	-0.3	14.5	2.4	-3.7
2013 Jan.	1.1	-2.3	0.9	13.6	2.2	4.6	-0.4	-5.8	0.2	14.1	2.4	-4.0
Feb.	0.4	-4.4	0.9	13.2	2.6	0.4	-0.6	-8.4	2.8	13.5	3.3	-6.1
Mar.	-0.2	-6.1	-0.6	12.6	3.6	-0.8	-1.0	-9.5	1.5	11.2	3.9	-4.7
Apr.	-0.2	-6.2	-0.7	12.4	3.5	0.4	-1.3	-10.6	2.2	11.0	3.5	-2.7
May	0.0	-6.5	-0.5	10.8	4.5	-0.4	-0.9	-11.5	3.4	8.6	5.2	-2.8
June	-0.2	-7.3	0.4	9.9	4.4	-2.6	-0.8	-10.8	1.1	5.6	6.4	-2.1
July	-0.9	-8.8	0.8	9.8	4.1	-4.7	-1.3	-11.6	1.4	5.7	5.9	-5.6
Aug.	-0.7	-9.2	1.7	10.3	4.2	-3.6	-0.8	-10.0	0.6	7.3	5.1	-1.4
Sep.	-0.6	-9.0	2.2	9.8	4.1	-3.8	-0.1	-8.5	2.9	8.4	4.3	-3.2
Oct.	-0.9	-9.0	1.3	10.0	3.8	-4.1	-0.4	-7.4	0.3	9.0	4.1	-5.0
Nov.	-0.6	-8.8	1.2	10.3	4.0	-2.6	-0.3	-6.0	-0.8	12.1	2.7	-2.2
	Long-term											
2012 Nov.	3.5	1.2	0.1	14.2	5.2	9.5	2.4	0.7	-4.0	18.1	4.6	7.0
Dec.	2.5	0.1	0.4	15.3	3.3	9.2	1.6	-1.1	-1.0	18.6	2.6	4.9
2013 Jan.	2.2	-0.3	0.3	14.9	2.9	8.6	1.3	-2.2	-0.4	18.0	2.5	3.8
Feb.	1.3	-2.4	-0.3	14.1	3.3	4.5	0.6	-4.9	0.5	15.8	3.2	1.0
Mar.	0.9	-4.3	-0.9	13.1	4.3	2.9	-0.1	-6.6	0.5	11.9	3.6	-1.6
Apr.	0.8	-4.5	-1.0	14.0	4.3	3.2	-0.6	-8.3	1.1	11.0	3.3	-0.1
May	1.0	-4.9	-0.8	12.8	5.1	2.9	-0.3	-10.0	2.5	7.9	5.5	-1.0
June	0.7	-5.9	0.3	12.1	4.8	1.6	-0.2	-10.5	1.6	6.0	7.1	-1.7
July	0.1	-7.2	0.6	11.7	4.5	0.3	-1.0	-12.0	1.6	5.8	6.5	-3.1
Aug.	0.2	-7.5	1.4	12.0	4.5	0.7	-0.1	-10.1	2.4	8.4	5.8	0.3
Sep.	0.2	-7.5	1.8	10.7	4.4	0.3	0.6	-8.4	3.0	9.5	5.3	2.2
Oct.	0.0	-7.6	1.1	10.7	4.2	0.8	0.7	-6.8	1.1	10.4	5.1	1.7
Nov.	0.4	-7.4	1.1	11.0	4.8	0.4	1.0	-4.7	-0.2	14.3	4.1	1.7

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

(annual percentage changes)



Source: ECB.

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

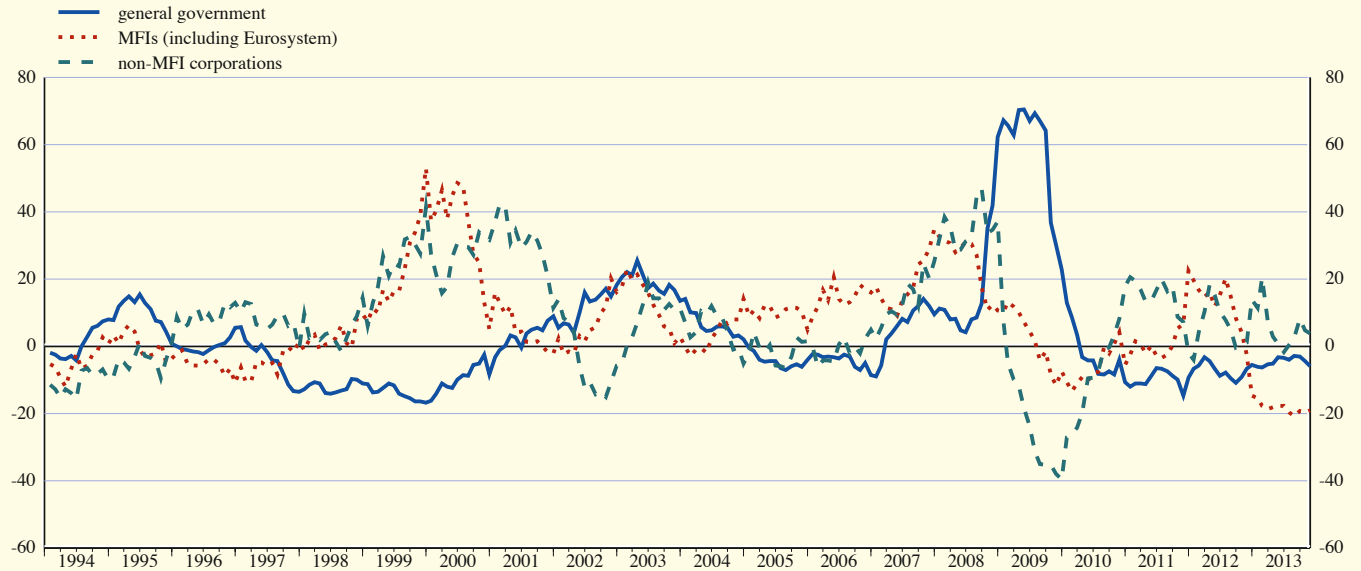
4.3 Growth rates of securities other than shares issued by euro area residents [1] (cont'd)

(percentage changes)

	Long-term fixed rate						Long-term variable rate					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	13	14	15	16	17	18	19	20	21	22	23	24
	In all currencies combined											
2011	6.4	4.8	3.6	6.3	7.8	7.7	-0.9	-1.3	-6.1	-1.9	22.3	16.1
2012	5.4	4.1	2.4	10.5	5.9	7.3	-0.8	-0.2	-5.0	-0.3	6.6	23.3
2012 Q4	5.6	2.9	3.9	15.5	5.9	6.8	-3.3	-0.7	-8.1	-0.2	-2.4	20.3
2013 Q1	4.4	0.4	6.5	15.7	4.3	6.0	-6.8	-4.1	-10.6	-0.4	-7.6	7.8
Q2	3.7	-3.3	7.8	14.5	5.0	4.5	-7.7	-6.7	-11.4	2.1	-1.8	-0.8
Q3	3.1	-4.9	8.4	12.5	4.8	3.4	-8.2	-9.6	-9.7	6.6	-1.9	-5.4
2013 June	3.6	-4.0	8.4	13.2	5.1	3.9	-8.0	-8.5	-10.8	4.8	-0.6	-3.5
July	3.2	-5.1	8.4	12.9	5.0	3.5	-8.8	-9.6	-10.1	5.1	-4.2	-6.7
Aug.	3.0	-5.1	8.7	12.7	4.6	3.3	-8.3	-10.0	-9.4	7.1	-2.2	-5.0
Sep.	2.7	-5.0	7.9	10.9	4.3	2.9	-7.4	-9.9	-8.5	10.4	2.0	-5.2
Oct.	2.6	-5.1	6.6	10.8	4.4	3.3	-7.6	-9.9	-8.4	10.6	-0.9	-4.9
Nov.	2.3	-4.8	6.1	10.9	3.9	2.1	-5.8	-9.8	-7.9	12.3	13.2	-3.2
	In euro											
2011	6.5	4.0	3.8	6.7	8.1	7.3	-0.4	0.1	-6.7	-3.0	22.2	15.3
2012	5.6	4.6	2.1	10.8	6.0	7.2	-0.5	2.1	-6.6	-1.3	6.3	22.9
2012 Q4	5.7	3.3	3.3	16.4	6.0	6.3	-3.3	1.5	-10.2	-0.7	-2.9	20.5
2013 Q1	4.2	0.1	4.8	17.6	4.4	5.3	-7.0	-2.8	-12.3	-0.2	-8.4	7.9
Q2	3.5	-4.0	5.4	16.4	5.0	4.4	-7.9	-5.9	-12.7	3.7	-2.4	-1.4
Q3	2.8	-5.9	5.8	14.1	4.8	3.8	-8.6	-9.7	-10.6	7.7	-2.3	-5.8
2013 June	3.3	-4.9	5.3	15.1	5.1	3.9	-8.4	-8.2	-12.1	5.7	-1.0	-4.1
July	3.0	-6.1	5.9	14.7	5.1	4.1	-9.0	-9.7	-10.7	6.6	-4.5	-7.2
Aug.	2.8	-6.1	6.2	14.1	4.7	3.9	-8.7	-10.2	-10.2	8.5	-2.7	-5.4
Sep.	2.3	-6.3	5.3	12.1	4.4	2.8	-7.8	-10.2	-9.3	10.7	1.7	-5.6
Oct.	2.3	-6.0	4.3	11.5	4.4	3.6	-8.0	-10.4	-8.9	12.5	-1.4	-5.4
Nov.	2.1	-5.8	4.2	11.6	3.9	2.2	-6.1	-10.4	-8.4	12.0	13.5	-3.5

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

(annual percentage changes)



Source: ECB.

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

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

(EUR billions, unless otherwise indicated; market values)

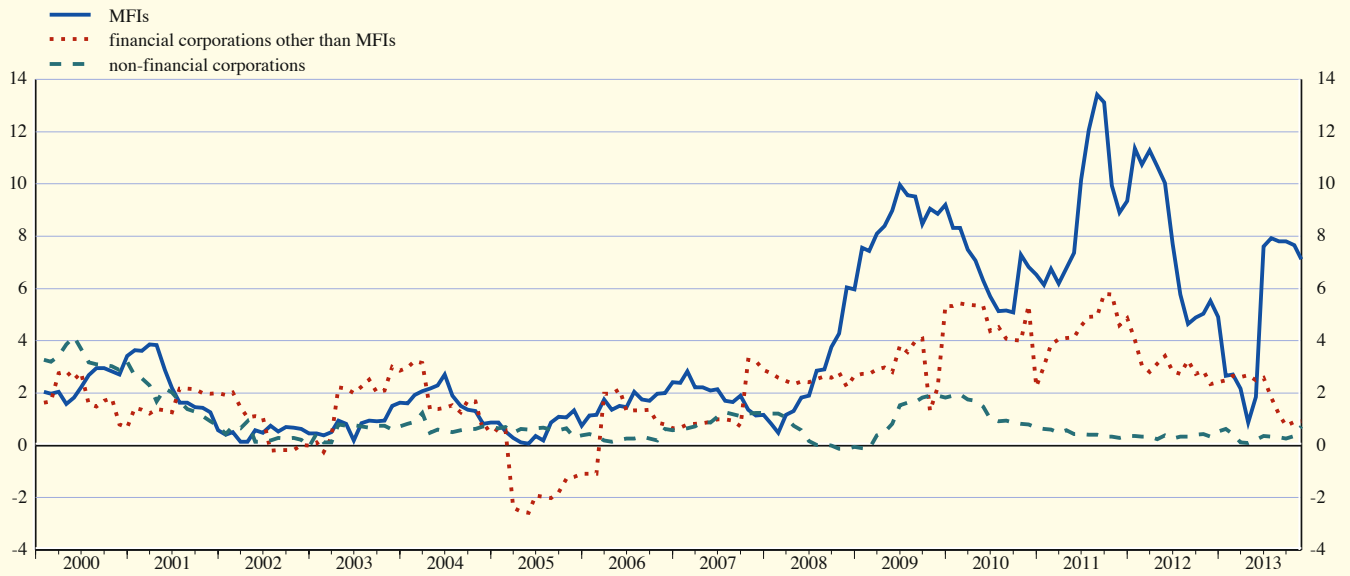
1. Outstanding amounts and annual growth rates

(outstanding amounts as at end of period)

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 2008 = 100	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)
	1	2	3	4	5	6	7	8	9
2011 Nov.	3,866.8	106.0	1.5	329.8	8.9	271.6	4.6	3,265.3	0.3
Dec.	3,878.6	106.1	1.6	339.3	9.3	270.8	4.9	3,268.5	0.4
2012 Jan.	4,091.7	106.3	1.7	375.5	11.4	298.1	4.0	3,418.2	0.4
Feb.	4,257.8	106.3	1.5	394.7	10.7	311.3	3.1	3,551.9	0.3
Mar.	4,241.7	106.4	1.5	373.1	11.3	311.1	2.8	3,557.5	0.3
Apr.	4,067.5	106.5	1.4	327.3	10.7	292.0	3.1	3,448.2	0.2
May	3,761.8	106.5	1.5	280.9	10.0	265.1	3.4	3,215.8	0.4
June	3,924.4	106.6	1.1	317.6	7.7	284.7	2.8	3,322.1	0.3
July	4,050.4	106.8	1.0	309.9	5.8	291.8	2.7	3,448.7	0.3
Aug.	4,175.1	106.8	0.9	349.7	4.6	309.1	3.2	3,516.4	0.3
Sep.	4,231.4	106.9	0.9	365.0	4.9	323.6	2.7	3,542.9	0.4
Oct.	4,308.1	107.0	1.0	383.6	5.0	333.4	2.9	3,591.1	0.4
Nov.	4,396.1	106.9	0.9	395.7	5.5	342.0	2.3	3,658.4	0.3
Dec.	4,500.0	107.2	1.0	402.4	4.9	357.0	2.4	3,740.6	0.5
2013 Jan.	4,654.9	107.3	0.9	441.6	2.7	370.3	2.5	3,843.0	0.6
Feb.	4,639.5	107.1	0.8	416.1	2.7	364.2	2.7	3,859.2	0.4
Mar.	4,641.5	106.9	0.5	380.4	2.2	368.7	2.6	3,892.4	0.1
Apr.	4,743.8	106.8	0.3	410.5	0.9	394.6	2.7	3,938.7	0.1
May	4,860.4	107.1	0.5	440.6	1.9	407.6	2.5	4,012.2	0.2
June	4,660.2	107.9	1.2	413.9	7.6	394.2	2.6	3,852.1	0.4
July	4,900.0	108.0	1.1	447.0	7.9	418.3	1.8	4,034.6	0.3
Aug.	4,888.3	107.9	1.1	461.9	7.8	415.8	1.2	4,010.6	0.3
Sep.	5,132.8	107.9	1.0	492.2	7.8	427.3	0.7	4,213.3	0.3
Oct.	5,407.0	108.1	1.1	557.2	7.7	444.7	0.9	4,405.1	0.4
Nov.	5,498.2	108.4	1.3	562.8	7.1	454.3	0.9	4,481.1	0.7

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

(annual percentage changes)



Source: ECB.

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

4.4 Quoted shares issued by euro area residents

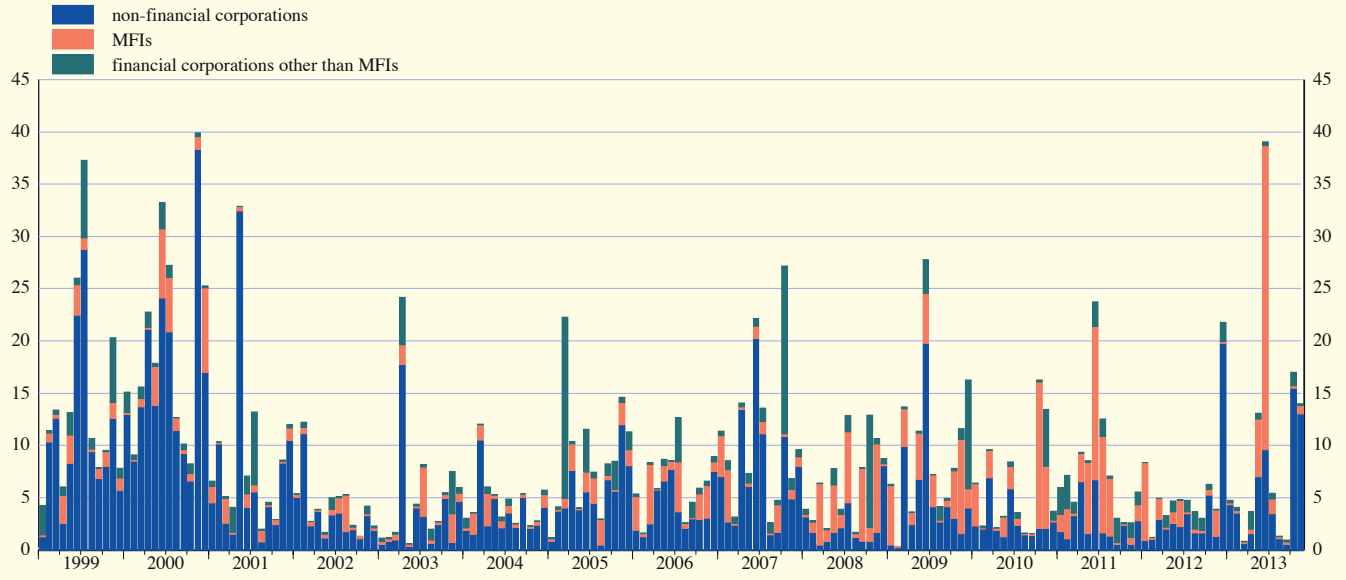
(EUR billions; market values)

2. Transactions during the month

	Total			MFIs			Financial corporations other than MFIs			Non-financial corporations		
	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues
	1	2	3	4	5	6	7	8	9	10	11	12
2011 Nov.	2.6	1.5	1.1	0.7	0.0	0.7	1.4	0.0	1.4	0.6	1.5	-1.0
Dec.	5.5	1.1	4.4	1.5	0.0	1.5	1.2	0.0	1.2	2.8	1.1	1.7
2012 Jan.	8.4	0.4	7.9	7.5	0.0	7.5	0.0	0.1	-0.1	0.9	0.3	0.6
Feb.	1.1	1.4	-0.3	0.0	0.0	0.0	0.0	0.2	-0.2	1.0	1.2	-0.1
Mar.	4.9	0.7	4.3	2.0	0.0	2.0	0.0	0.1	-0.1	2.9	0.6	2.3
Apr.	3.1	0.3	2.8	0.0	0.0	0.0	1.1	0.0	1.1	2.0	0.3	1.7
May	4.7	1.8	2.9	1.1	0.0	1.1	1.0	0.1	1.0	2.5	1.7	0.8
June	4.8	1.2	3.6	2.6	0.0	2.6	0.0	0.1	-0.1	2.2	1.1	1.1
July	4.7	0.3	4.4	0.2	0.0	0.2	1.1	0.0	1.1	3.5	0.3	3.2
Aug.	3.7	1.8	1.8	0.4	0.0	0.4	1.6	0.1	1.5	1.6	1.7	-0.1
Sep.	2.9	0.5	2.3	0.1	0.0	0.1	1.2	0.1	1.0	1.7	0.4	1.3
Oct.	6.3	1.8	4.5	0.5	0.0	0.5	0.5	0.1	0.4	5.3	1.7	3.6
Nov.	3.9	5.9	-2.0	2.5	0.0	2.5	0.1	0.1	0.0	1.3	5.8	-4.5
Dec.	21.6	11.4	10.2	0.0	0.5	-0.5	1.8	0.0	1.8	19.7	10.8	8.9
2013 Jan.	4.6	0.3	4.3	0.0	0.0	0.0	0.2	0.1	0.1	4.3	0.2	4.1
Feb.	4.1	11.4	-7.3	0.3	0.0	0.3	0.3	0.0	0.3	3.5	11.4	-7.8
Mar.	0.7	10.6	-9.9	0.0	0.1	-0.1	0.0	0.3	-0.3	0.6	10.1	-9.4
Apr.	3.6	5.9	-2.3	0.4	5.2	-4.8	1.7	0.0	1.6	1.6	0.7	0.9
May	13.1	1.8	11.3	5.5	0.0	5.5	0.6	0.0	0.5	7.0	1.8	5.2
June	39.0	1.7	37.3	29.2	0.0	29.1	0.3	0.1	0.3	9.6	1.7	7.9
July	5.4	3.0	2.4	1.4	0.0	1.4	0.6	1.9	-1.4	3.5	1.1	2.4
Aug.	1.1	2.3	-1.2	0.0	0.0	0.0	0.0	0.5	-0.5	1.1	1.8	-0.7
Sep.	0.8	1.7	-0.9	0.1	0.0	0.1	0.1	0.6	-0.4	0.5	1.1	-0.5
Oct.	16.9	7.5	9.4	0.1	0.0	0.1	1.3	0.1	1.2	15.5	7.4	8.1
Nov.	14.0	2.1	11.9	0.8	0.0	0.8	0.2	0.1	0.1	13.0	2.0	11.0

C20 Gross issues of quoted shares by sector of the issuer

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



Source: ECB.

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

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

1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight	With an agreed maturity of:			Redeemable at notice of: [2]		Overnight	With an agreed maturity of:			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9	10	11
2013 Jan.	0.37	2.61	2.37	2.42	1.53	1.53	0.39	1.09	2.00	2.16	1.17
Feb.	0.36	2.44	2.23	2.29	1.39	1.47	0.40	1.05	1.99	2.08	0.63
Mar.	0.36	2.29	2.17	2.28	1.37	1.43	0.40	0.93	1.85	1.99	1.00
Apr.	0.34	2.33	2.10	2.25	1.36	1.36	0.38	0.96	1.70	1.90	0.68
May	0.33	2.04	2.06	2.25	1.31	1.30	0.38	0.83	1.86	1.98	0.48
June	0.32	1.88	1.88	2.12	1.30	1.27	0.38	0.83	1.65	1.77	0.72
July	0.31	1.88	1.90	2.08	1.28	1.23	0.37	0.82	1.63	1.78	0.88
Aug.	0.30	1.81	1.87	2.05	1.15	1.22	0.37	0.70	1.57	1.85	0.51
Sep.	0.30	1.71	1.86	2.06	1.15	1.17	0.35	0.81	1.68	1.87	0.56
Oct.	0.29	1.72	1.83	2.07	1.13	1.14	0.34	0.78	1.65	2.28	0.29
Nov.	0.29	1.60	1.76	2.02	1.12	1.10	0.34	0.75	1.57	1.73	0.47
Dec.	0.29	1.59	1.66	1.90	1.11	1.07	0.34	0.78	1.52	1.63	0.71

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

	Revolving loans and overdrafts	Extended credit card debt [3]	Consumer credit				Lending for house purchase					Lending to sole proprietors and unincorporated partnerships		
			By initial rate fixation			APRC [4]	By initial rate fixation				APRC [4]	By initial rate fixation		
			Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2013 Jan.	7.97	17.06	5.77	6.11	7.88	7.27	2.87	3.17	3.03	3.35	3.34	3.19	4.06	3.08
Feb.	7.97	17.04	5.89	6.03	7.83	7.25	2.88	3.17	3.05	3.35	3.35	3.16	4.07	3.21
Mar.	7.95	17.06	5.86	5.98	7.75	7.15	2.86	3.19	3.13	3.34	3.38	3.16	4.16	3.17
Apr.	7.93	17.08	5.74	5.92	7.75	7.06	2.87	3.13	3.06	3.34	3.38	3.26	3.97	3.11
May	7.91	17.08	6.00	6.09	7.71	7.20	2.87	3.09	2.95	3.22	3.32	3.32	4.11	3.14
June	7.84	17.03	5.85	6.02	7.56	7.07	2.82	3.00	2.87	3.15	3.25	3.10	4.08	3.01
July	7.75	16.96	5.63	6.12	7.63	7.13	2.84	2.97	2.90	3.17	3.28	3.19	3.75	3.18
Aug.	7.74	17.01	5.62	6.15	7.64	7.15	2.80	3.01	2.97	3.18	3.31	3.00	4.06	3.15
Sep.	7.77	17.02	5.80	6.07	7.62	7.20	2.83	3.05	3.05	3.25	3.35	3.04	3.99	3.16
Oct.	7.67	17.02	5.71	6.04	7.63	7.13	2.77	3.04	3.12	3.27	3.35	3.10	3.95	3.26
Nov.	7.64	16.96	5.81	6.05	7.74	7.20	2.79	3.06	3.15	3.31	3.37	3.30	4.08	3.19
Dec.	7.63	16.94	5.58	6.20	7.42	7.04	2.78	3.01	3.15	3.31	3.37	3.07	3.85	3.05

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

	Revolving loans and overdrafts	Other loans of up to EUR 0.25 million by initial rate fixation						Other loans of over EUR 1 million by initial rate fixation					
		Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years	Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
2013 Jan.	4.22	4.68	4.70	4.03	4.16	3.62	3.68	2.09	2.88	3.32	4.29	2.92	3.02
Feb.	4.21	4.70	4.69	4.05	4.25	3.70	3.66	2.02	2.85	3.13	4.42	2.93	3.14
Mar.	4.17	4.56	4.71	4.11	4.25	3.75	3.61	2.01	2.91	3.07	4.06	2.85	2.85
Apr.	4.17	4.78	4.73	4.16	4.07	3.62	3.58	2.14	2.77	3.21	4.16	3.00	2.94
May	4.14	4.76	4.76	4.12	4.12	3.61	3.48	2.10	2.71	3.21	3.52	2.68	2.79
June	4.15	4.54	4.60	4.40	4.34	3.56	3.41	2.05	2.60	3.01	2.96	2.71	3.12
July	4.12	4.65	4.82	4.34	4.09	3.48	3.45	2.13	2.72	2.72	2.82	2.98	3.17
Aug.	4.10	4.50	4.81	4.41	4.06	3.41	3.39	2.03	2.56	2.82	3.00	2.88	3.10
Sep.	4.12	4.53	4.67	4.39	4.16	3.41	3.42	2.08	2.54	2.86	2.75	2.89	3.28
Oct.	4.14	4.60	4.83	4.39	4.14	3.51	3.50	2.19	2.64	3.14	2.86	3.28	3.38
Nov.	4.08	4.56	4.71	4.34	4.29	3.56	3.50	2.23	2.62	2.96	2.90	2.98	3.10
Dec.	4.11	4.53	4.49	4.20	4.20	3.43	3.41	2.18	2.74	2.69	2.81	2.82	3.13

Source: ECB.

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

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

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

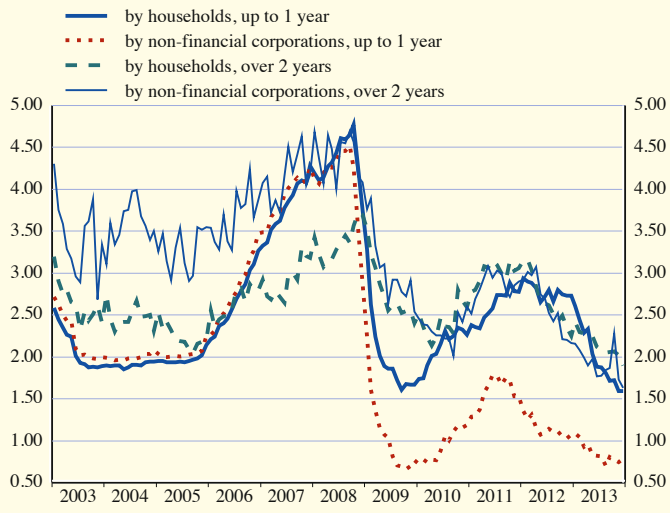
4. Interest rates on deposits (outstanding amounts)

	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight [2]	With an agreed maturity of:		Redeemable at notice of: [2],[3]		Overnight [2]	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2013 Jan.	0.37	2.58	2.71	1.53	1.53	0.39	1.75	2.88	2.32
Feb.	0.36	2.58	2.75	1.39	1.47	0.40	1.72	2.93	1.99
Mar.	0.36	2.53	2.70	1.37	1.43	0.40	1.65	2.89	2.18
Apr.	0.34	2.47	2.70	1.36	1.36	0.38	1.60	2.83	1.99
May	0.33	2.41	2.67	1.31	1.30	0.38	1.57	2.79	1.62
June	0.32	2.36	2.67	1.30	1.27	0.38	1.51	2.80	1.72
July	0.31	2.28	2.64	1.28	1.23	0.37	1.46	2.77	1.66
Aug.	0.30	2.22	2.63	1.15	1.22	0.37	1.44	2.82	1.50
Sep.	0.30	2.16	2.63	1.15	1.17	0.35	1.41	2.84	1.66
Oct.	0.29	2.09	2.60	1.13	1.14	0.34	1.34	2.83	1.35
Nov.	0.29	2.02	2.60	1.12	1.10	0.34	1.32	2.84	1.34
Dec.	0.29	1.94	2.57	1.11	1.07	0.34	1.29	2.79	1.06

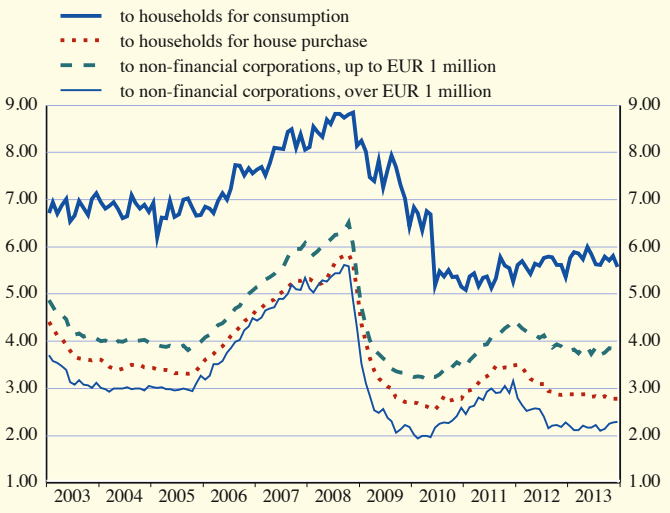
5. Interest rates on loans (outstanding amounts)

	Loans to households						Loans to non-financial corporations		
	Lending for house purchase with a maturity of:			Consumer credit and other loans with a maturity of:			With a maturity of:		
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9
2013 Jan.	3.46	3.36	3.52	7.76	6.21	4.89	3.73	3.26	3.17
Feb.	3.45	3.35	3.51	7.77	6.24	4.91	3.72	3.26	3.19
Mar.	3.50	3.36	3.49	7.79	6.21	4.89	3.69	3.25	3.16
Apr.	3.49	3.33	3.49	7.74	6.19	4.88	3.67	3.25	3.15
May	3.47	3.30	3.46	7.65	6.14	4.86	3.66	3.24	3.13
June	3.50	3.29	3.43	7.62	6.18	4.87	3.63	3.24	3.14
July	3.51	3.24	3.40	7.59	6.18	4.84	3.64	3.26	3.14
Aug.	3.52	3.22	3.37	7.58	6.16	4.82	3.63	3.26	3.12
Sep.	3.55	3.22	3.37	7.64	6.16	4.83	3.65	3.24	3.13
Oct.	3.50	3.20	3.35	7.61	6.10	4.80	3.62	3.27	3.12
Nov.	3.51	3.22	3.34	7.52	6.11	4.79	3.59	3.28	3.12
Dec.	3.59	3.24	3.33	7.49	6.08	4.77	3.61	3.29	3.14

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



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



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

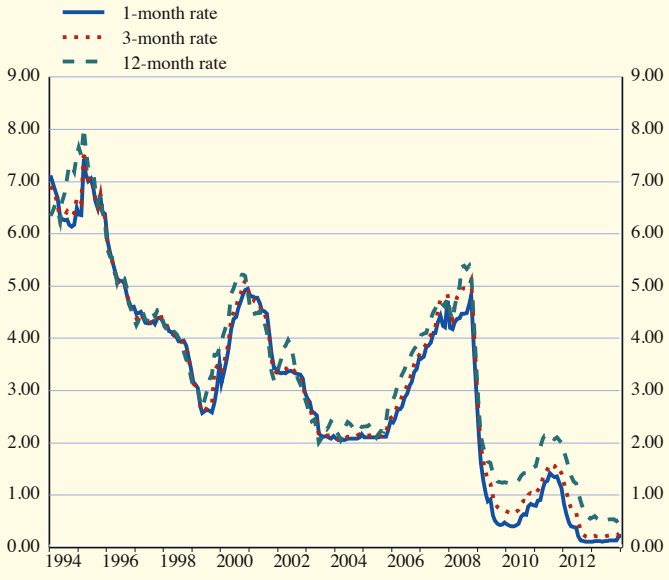
4.6 Money market interest rates

(percentages per annum; period averages)

	Euro area [1), 2)]					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2011	0.87	1.18	1.39	1.64	2.01	0.34	0.19
2012	0.23	0.33	0.58	0.83	1.11	0.43	0.19
2013	0.09	0.13	0.22	0.34	0.54	0.27	0.15
2012 Q4	0.08	0.11	0.20	0.37	0.60	0.32	0.19
2013 Q1	0.07	0.12	0.21	0.34	0.57	0.29	0.16
Q2	0.08	0.12	0.21	0.31	0.51	0.28	0.16
Q3	0.09	0.13	0.22	0.34	0.54	0.26	0.15
Q4	0.12	0.16	0.24	0.35	0.53	0.24	0.14
2013 Jan.	0.07	0.11	0.20	0.34	0.58	0.30	0.17
Feb.	0.07	0.12	0.22	0.36	0.59	0.29	0.16
Mar.	0.07	0.12	0.21	0.33	0.54	0.28	0.16
Apr.	0.08	0.12	0.21	0.32	0.53	0.28	0.16
May	0.08	0.11	0.20	0.30	0.48	0.27	0.16
June	0.09	0.12	0.21	0.32	0.51	0.27	0.15
July	0.09	0.13	0.22	0.34	0.53	0.27	0.16
Aug.	0.08	0.13	0.23	0.34	0.54	0.26	0.15
Sep.	0.08	0.13	0.22	0.34	0.54	0.25	0.15
Oct.	0.09	0.13	0.23	0.34	0.54	0.24	0.15
Nov.	0.10	0.13	0.22	0.33	0.51	0.24	0.14
Dec.	0.17	0.21	0.27	0.37	0.54	0.24	0.15
2014 Jan.	0.20	0.22	0.29	0.40	0.56	0.24	0.14

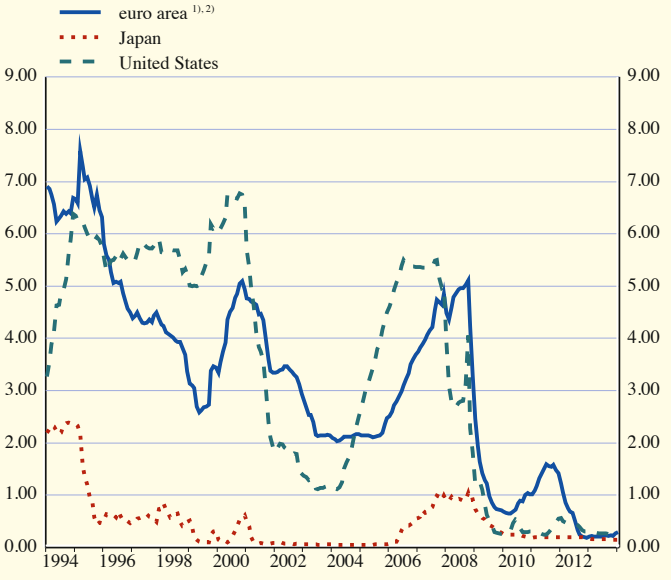
C23 Euro area money market rates [1), 2)]

(monthly averages; percentages per annum)



C24 3-month money market rates

(monthly averages; percentages per annum)



Source: ECB.

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

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

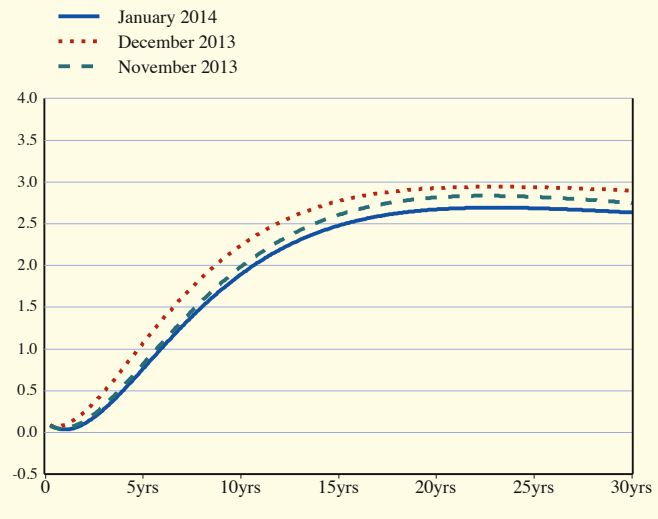
4.7 Euro area yield curves [1)]

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

	Spot rates								Instantaneous forward rates			
	3 months	1 year	2 years	5 years	7 years	10 years	10 years - 3 months (spread)	10 years - 2 years (spread)	1 year	2 years	5 years	10 years
	1	2	3	4	5	6	7	8	9	10	11	12
2011	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2012	0.06	-0.04	-0.01	0.58	1.09	1.72	1.66	1.74	-0.09	0.17	1.84	3.50
2013	0.08	0.09	0.25	1.07	1.62	2.24	2.16	1.99	0.18	0.67	2.53	3.88
2012 Q4	0.06	-0.04	-0.01	0.58	1.09	1.72	1.66	1.74	-0.09	0.17	1.84	3.50
2013 Q1	0.04	0.00	0.07	0.65	1.12	1.76	1.72	1.69	0.01	0.29	1.83	3.60
Q2	0.03	0.11	0.30	1.05	1.54	2.14	2.11	1.84	0.27	0.73	2.35	3.78
Q3	0.02	0.07	0.22	0.94	1.45	2.05	2.03	1.84	0.17	0.60	2.25	3.74
Q4	0.08	0.09	0.25	1.07	1.62	2.24	2.16	1.99	0.18	0.67	2.53	3.88
2013 Jan.	0.07	0.15	0.32	0.99	1.45	2.02	1.95	1.71	0.28	0.70	2.18	3.62
Feb.	0.03	0.01	0.10	0.74	1.24	1.88	1.86	1.78	0.05	0.38	1.99	3.72
Mar.	0.04	0.00	0.07	0.65	1.12	1.76	1.72	1.69	0.01	0.29	1.83	3.60
Apr.	0.03	-0.01	0.04	0.54	0.96	1.55	1.52	1.51	-0.01	0.23	1.58	3.28
May	0.02	0.03	0.13	0.75	1.22	1.84	1.82	1.71	0.08	0.41	1.95	3.62
June	0.03	0.11	0.30	1.05	1.54	2.14	2.11	1.84	0.27	0.73	2.35	3.78
July	0.01	0.04	0.18	0.88	1.36	1.95	1.95	1.77	0.14	0.54	2.14	3.59
Aug.	0.02	0.09	0.27	1.06	1.58	2.17	2.16	1.90	0.23	0.71	2.43	3.78
Sep.	0.02	0.07	0.22	0.94	1.45	2.05	2.03	1.84	0.17	0.60	2.25	3.74
Oct.	0.05	0.05	0.15	0.82	1.32	1.95	1.90	1.80	0.09	0.45	2.10	3.74
Nov.	0.08	0.05	0.14	0.82	1.34	1.99	1.91	1.84	0.08	0.43	2.14	3.79
Dec.	0.08	0.09	0.25	1.07	1.62	2.24	2.16	1.99	0.18	0.67	2.53	3.88
2014 Jan.	0.09	0.04	0.11	0.77	1.27	1.89	1.80	1.79	0.04	0.37	2.06	3.61

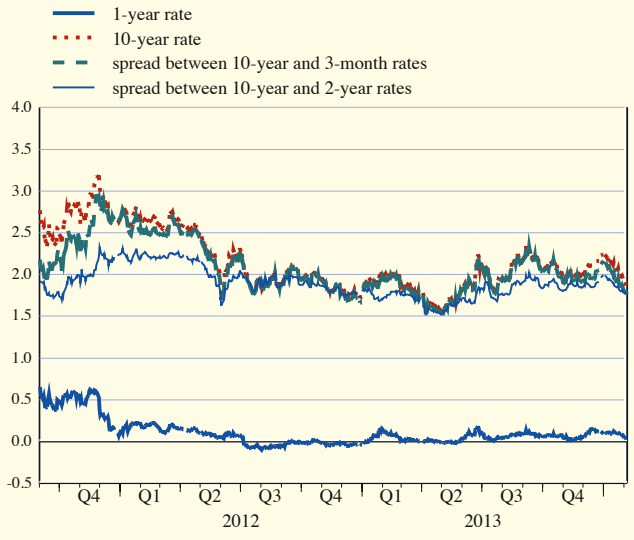
C25 Euro area spot yield curves [2)]

(percentages per annum; end of period)



C26 Euro area spot rates and spreads [2)]

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



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

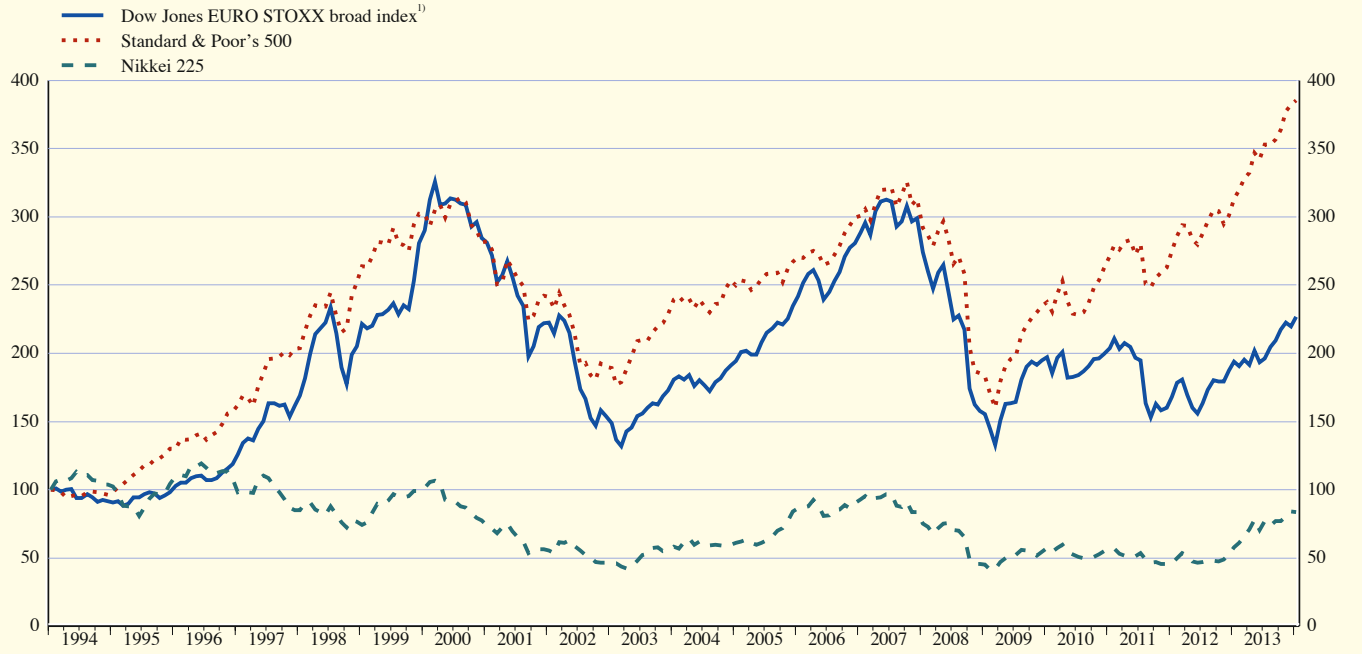
4.8 Stock market indices

(index levels in points; period averages)

	Dow Jones EURO STOXX indices [1]												United States	Japan
	Benchmark		Main industry indices											
	Broad index	50	Basic materials	Consumer services	Consumer goods	Oil and gas	Financials	Industrials	Technology	Utilities	Telecoms	Health care	Standard & Poor's 500	Nikkei 225
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011	256.0	2,611.0	493.4	158.1	351.2	311.6	152.6	349.4	222.5	301.7	358.4	432.7	1,267.6	9,425.4
2012	239.7	2,411.9	503.7	151.9	385.7	307.2	122.1	330.2	219.2	235.9	268.5	523.3	1,379.4	9,102.6
2013	281.9	2,794.0	586.3	195.0	468.2	312.8	151.5	402.7	274.1	230.6	253.4	629.4	1,643.8	13,577.9
2012 Q4	252.0	2,543.3	536.8	163.6	407.4	310.5	133.0	347.7	231.6	232.0	245.4	570.7	1,418.1	9,208.6
2013 Q1	268.2	2,676.6	568.7	181.2	443.1	309.8	144.1	378.1	257.2	222.9	241.3	600.1	1,514.0	11,457.6
Q2	271.8	2,696.1	574.6	188.6	458.8	303.7	141.5	383.0	259.3	226.1	239.3	653.6	1,609.5	13,629.3
Q3	282.1	2,782.3	581.1	197.7	477.6	312.1	150.4	406.2	277.3	224.0	245.3	631.3	1,674.9	14,127.7
Q4	304.9	3,017.6	620.6	211.9	492.2	325.7	169.9	442.8	301.9	249.5	287.4	631.8	1,768.7	14,951.3
2013 Jan.	269.1	2,715.3	568.4	176.4	434.1	319.7	148.6	373.9	255.3	228.5	251.7	588.6	1,480.4	10,750.9
Feb.	264.7	2,630.4	561.0	180.7	439.1	301.4	143.2	372.7	256.0	218.5	231.1	586.7	1,512.3	11,336.4
Mar.	270.8	2,680.2	576.6	187.2	457.1	307.4	140.1	388.2	260.6	221.0	240.2	626.1	1,550.8	12,244.0
Apr.	265.9	2,636.3	560.9	187.0	449.8	299.6	136.0	374.1	250.5	225.2	238.6	650.8	1,570.7	13,224.1
May	280.2	2,785.8	590.1	192.5	472.0	315.0	147.5	392.7	267.1	232.0	248.7	668.7	1,639.8	14,532.4
June	268.3	2,655.8	571.1	185.9	453.0	294.9	140.4	381.3	259.5	220.4	229.2	639.2	1,618.8	13,106.6
July	272.4	2,686.5	569.6	193.1	465.9	298.7	142.0	389.5	268.1	215.1	231.5	642.5	1,668.7	14,317.5
Aug.	284.2	2,803.8	581.8	198.2	482.8	314.9	153.2	407.0	276.1	223.8	245.6	636.8	1,670.1	13,726.7
Sep.	290.6	2,864.6	592.8	202.3	485.0	323.9	156.8	423.6	288.6	234.1	260.0	613.1	1,687.2	14,372.1
Oct.	301.4	2,988.9	602.2	210.0	487.3	329.2	168.4	436.3	293.4	249.6	290.6	616.5	1,720.0	14,329.0
Nov.	308.7	3,056.0	630.5	214.1	498.7	330.9	171.1	448.8	306.1	253.7	289.1	646.6	1,783.5	14,931.7
Dec.	304.7	3,010.2	631.3	211.7	490.9	316.3	170.3	443.9	307.2	245.0	282.0	633.9	1,807.8	15,655.2
2014 Jan.	314.7	3,092.4	640.7	217.4	497.9	318.8	181.3	462.3	308.2	251.3	297.4	647.6	1,822.4	15,578.3

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 in 2012	100.0	100.0	81.7	57.7	42.3	100.0	12.0	7.3	27.4	11.0	42.3	87.7	12.3
	1	2	3	4	5	6	7	8	9	10	11	12	13
2010	109.8	1.6	1.0	1.8	1.4	-	-	-	-	-	-	1.6	1.7
2011	112.8	2.7	1.7	3.3	1.8	-	-	-	-	-	-	2.6	3.6
2012	115.6	2.5	1.8	3.0	1.8	-	-	-	-	-	-	2.3	3.8
2013	117.2	1.4	1.3	1.3	1.4	-	-	-	-	-	-	1.2	2.1
2012 Q4	116.7	2.3	1.6	2.7	1.7	0.4	0.7	1.8	0.3	-0.1	0.3	2.0	4.1
2013 Q1	116.4	1.9	1.5	2.0	1.7	0.4	0.6	0.5	0.1	1.0	0.4	1.7	3.1
Q2	117.5	1.4	1.3	1.5	1.3	0.1	0.5	1.4	0.1	-1.8	0.2	1.3	2.2
Q3	117.3	1.3	1.3	1.3	1.4	0.5	0.7	0.5	0.0	1.0	0.6	1.3	1.7
Q4	117.6	0.8	1.0	0.5	1.2	-0.1	0.3	-1.0	0.0	-1.1	0.1	0.7	1.3
2013 Aug.	117.1	1.3	1.3	1.2	1.4	0.1	0.2	0.1	0.0	0.5	0.1	1.3	1.9
Sep.	117.7	1.1	1.2	0.9	1.4	0.0	0.1	-1.0	0.0	0.5	0.0	1.0	1.6
Oct.	117.6	0.7	1.0	0.4	1.2	-0.2	0.1	-0.6	0.0	-1.2	-0.1	0.6	1.3
Nov.	117.5	0.9	1.1	0.4	1.4	0.0	0.1	-0.2	0.0	-0.8	0.3	0.8	1.3
Dec.	117.9	0.8	0.9	0.7	1.0	0.1	0.1	1.0	0.1	0.6	-0.2	0.8	1.4
2014 Jan. [3]	116.5	0.7	.	.	1.1	.	.	.	.	0.0	.	.	.

	Goods						Services					
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal	Miscellaneous
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy		Rents				
% of total in 2012	19.4	12.0	7.3	38.3	27.4	11.0	10.3	6.0	7.2	3.1	14.7	7.1
	14	15	16	17	18	19	20	21	22	23	24	25
2010	1.1	0.9	1.3	2.2	0.5	7.4	1.8	1.5	2.3	-0.8	1.0	1.5
2011	2.7	3.3	1.8	3.7	0.8	11.9	1.8	1.4	2.9	-1.3	2.0	2.1
2012	3.1	3.1	3.0	3.0	1.2	7.6	1.8	1.5	2.9	-3.2	2.2	2.0
2013	2.7	2.2	3.5	0.6	0.6	0.6	1.7	1.5	2.4	-4.2	2.2	0.7
2012 Q4	3.1	2.4	4.3	2.5	1.1	6.3	1.8	1.5	3.1	-3.8	2.1	1.9
2013 Q1	2.9	2.3	3.9	1.5	0.8	3.2	1.8	1.5	3.1	-4.6	2.8	0.7
Q2	3.1	2.1	4.8	0.6	0.8	0.3	1.6	1.3	2.5	-4.5	2.0	0.9
Q3	3.1	2.5	4.2	0.3	0.4	0.1	1.8	1.7	2.3	-4.0	2.2	0.8
Q4	1.8	2.1	1.3	-0.1	0.3	-0.9	1.7	1.4	1.8	-3.5	2.0	0.4
2013 Aug.	3.2	2.5	4.4	0.2	0.4	-0.3	1.8	1.8	2.3	-4.3	2.2	0.8
Sep.	2.6	2.4	2.9	0.0	0.4	-0.9	1.7	1.5	2.4	-3.6	2.2	0.9
Oct.	1.9	2.2	1.4	-0.3	0.3	-1.7	1.7	1.4	2.0	-4.0	1.9	0.4
Nov.	1.6	2.0	0.9	-0.1	0.2	-1.1	1.7	1.4	1.9	-3.3	2.5	0.5
Dec.	1.8	2.0	1.5	0.2	0.3	0.0	1.7	1.4	1.4	-3.4	1.5	0.5
2014 Jan. [3]	1.7	.	.	.	0.2	-1.2	.	.	.	.	.	.

Sources: Eurostat and ECB calculations.

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

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

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

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

2. Industry, construction and residential property prices [1]

	Industrial producer prices excluding construction										Construction [2]	Residential property prices [3]	Experimental indicator of commercial property prices [3]
	Total (index: 2010 = 100)	Total		Industry excluding construction and energy						Energy			
			Manufacturing	Total	Intermediate goods	Capital goods	Consumer goods						
							Total	Durable	Non-durable				
% of total in 2010	100.0	100.0	78.1	72.1	29.4	20.1	22.6	2.3	20.3	27.9			
	1	2	3	4	5	6	7	8	9	10	11	12	13
2010	100.0	2.7	3.3	1.7	3.6	0.2	0.4	0.7	0.4	6.1	1.9	0.9	-0.3
2011	105.7	5.7	5.3	3.8	5.8	1.5	3.3	1.9	3.5	10.9	3.3	1.1	2.8
2012	108.6	2.8	2.0	1.4	0.7	1.0	2.5	1.6	2.6	6.6	1.6	-1.7	-0.2
2013	108.5	-0.2	-0.1	0.4	-0.6	0.6	1.7	0.7	1.8	-1.7	.	.	.
2012 Q4	109.2	2.4	1.9	1.6	1.3	0.8	2.5	1.2	2.7	4.5	1.3	-2.3	-1.2
2013 Q1	109.3	1.2	0.8	1.2	0.8	0.8	2.2	0.8	2.4	0.9	0.8	-2.8	-1.4
Q2	108.2	-0.1	-0.1	0.5	-0.5	0.6	1.9	0.8	2.1	-2.0	0.4	-2.4	-0.9
Q3	108.3	-0.6	-0.3	0.2	-1.1	0.6	1.8	0.6	1.9	-2.7	0.4	-1.4	-0.2
Q4	108.0	-1.1	-0.9	-0.3	-1.7	0.5	0.9	0.6	0.9	-3.0	.	.	.
2013 July	108.3	0.0	0.3	0.5	-0.6	0.5	2.0	0.6	2.2	-1.5	-	-	-
Aug.	108.3	-0.9	-0.4	0.3	-1.1	0.6	1.8	0.6	2.0	-3.7	-	-	-
Sep.	108.5	-0.9	-0.8	-0.1	-1.6	0.6	1.5	0.7	1.6	-2.9	-	-	-
Oct.	108.0	-1.3	-1.1	-0.3	-1.8	0.5	1.0	0.6	1.1	-3.6	-	-	-
Nov.	107.9	-1.2	-0.9	-0.3	-1.7	0.5	0.8	0.6	0.9	-3.3	-	-	-
Dec.	108.1	-0.8	-0.6	-0.3	-1.7	0.6	0.8	0.6	0.9	-2.0	-	-	-

3. Commodity prices and gross domestic product deflators

	Oil prices [4] (EUR per barrel)	Non-energy commodity prices						GDP deflators [1]							
		Import-weighted [5]			Use-weighted [6]			Total (s.a.; index: 2005 = 100)	Total	Domestic demand				Exports [7]	Imports [7]
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consumption	Government consumption	Gross fixed capital formation		
% of total		100.0	35.0	65.0	100.0	45.0	55.0								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2010	60.7	44.6	21.4	57.9	42.1	27.1	54.5	108.1	0.8	1.5	1.6	0.8	0.8	3.0	5.0
2011	79.7	12.2	22.4	7.7	12.8	20.7	7.5	109.5	1.2	2.0	2.4	0.8	1.5	3.7	5.8
2012	86.6	0.5	1.1	0.3	2.6	6.4	-0.3	110.9	1.3	1.6	2.1	1.1	1.1	1.6	2.4
2013	81.7	-8.2	-10.5	-7.0	-7.3	-7.3	-7.3	.	.	.	.	.	.	.	.
2012 Q4	84.4	4.4	6.0	3.7	7.0	10.2	4.5	111.4	1.4	1.5	1.8	0.5	0.9	1.4	1.7
2013 Q1	85.0	-3.0	-2.4	-3.3	-1.6	0.0	-2.8	112.1	1.6	1.4	1.3	1.7	0.4	0.2	-0.3
Q2	79.0	-5.2	-4.1	-5.8	-4.3	-2.1	-6.2	112.5	1.6	1.2	1.2	0.9	0.1	-0.1	-1.1
Q3	82.5	-12.7	-18.7	-9.4	-12.0	-14.4	-10.0	112.6	1.3	1.0	1.2	0.9	0.2	-0.8	-1.7
Q4	80.3	-11.8	-15.8	-9.7	-11.1	-11.8	-10.5	.	.	.	.	.	.	.	.
2013 Aug.	82.6	-12.9	-20.6	-8.7	-12.2	-15.9	-8.9	-	-	-	-	-	-	-	-
Sep.	83.0	-12.9	-18.8	-9.7	-12.1	-13.7	-10.7	-	-	-	-	-	-	-	-
Oct.	80.0	-12.2	-17.3	-9.6	-10.9	-12.0	-9.9	-	-	-	-	-	-	-	-
Nov.	80.0	-11.7	-16.5	-9.2	-11.3	-12.9	-9.9	-	-	-	-	-	-	-	-
Dec.	80.8	-11.4	-13.5	-10.4	-11.2	-10.6	-11.7	-	-	-	-	-	-	-	-
2014 Jan.	78.8	-9.3	-11.3	-8.3	-8.9	-8.3	-9.5	-	-	-	-	-	-	-	-

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

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

5.1 HICP, other prices and costs [1]

(annual percentage changes)

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

(quarterly data seasonally adjusted; annual data unadjusted)

	Total (index: 2005 = 100)	Total	By economic activity									
			Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12
	Unit labour costs [2]											
2011	110.6	0.8	0.5	0.6	1.3	0.7	0.3	-0.4	0.9	3.1	0.2	1.5
2012	112.7	1.9	4.3	2.6	2.6	1.7	3.4	1.3	0.7	2.5	0.7	2.1
2012 Q4	113.4	1.8	5.9	2.7	3.3	2.2	5.4	-0.4	-0.6	2.6	-0.2	2.7
2013 Q1	114.0	1.8	2.8	2.7	0.5	2.4	3.7	-0.2	-1.0	2.1	1.0	2.3
Q2	113.9	1.2	2.4	2.1	0.1	1.9	3.3	1.0	-0.3	1.2	0.2	1.8
Q3	114.1	1.1	2.6	2.4	1.2	0.8	4.3	0.6	0.1	0.3	0.2	1.4
	Compensation per employee											
2011	114.5	2.2	3.1	3.5	3.6	1.8	2.9	1.5	2.8	3.0	1.1	1.8
2012	116.6	1.8	1.4	2.5	3.1	1.7	2.5	1.1	1.9	2.5	1.1	1.6
2012 Q4	117.1	1.5	1.2	2.6	3.0	1.4	2.3	1.4	1.2	2.1	0.2	1.2
2013 Q1	118.0	1.7	2.8	2.5	0.8	1.2	1.4	1.7	1.3	2.0	1.6	1.1
Q2	118.4	1.6	2.0	2.6	1.9	1.4	1.3	1.3	2.8	2.1	1.0	1.3
Q3	118.7	1.6	3.0	3.1	2.5	1.1	1.2	0.8	1.5	1.6	1.0	1.5
	Labour productivity per person employed [3]											
2011	103.5	1.4	2.6	2.9	2.3	1.1	2.6	1.9	1.8	-0.1	0.8	0.3
2012	103.5	0.0	-2.8	-0.1	0.5	0.1	-0.9	-0.2	1.2	0.0	0.4	-0.5
2012 Q4	103.3	-0.3	-4.4	0.0	-0.3	-0.8	-3.0	1.8	1.8	-0.5	0.4	-1.5
2013 Q1	103.6	-0.2	-0.1	-0.2	0.3	-1.1	-2.2	1.9	2.3	0.0	0.6	-1.1
Q2	103.9	0.4	-0.4	0.5	1.8	-0.5	-1.9	0.3	3.1	0.9	0.7	-0.4
Q3	104.1	0.5	0.4	0.7	1.3	0.2	-3.0	0.2	1.5	1.3	0.8	0.2
	Compensation per hour worked											
2011	116.3	2.0	2.3	2.7	4.1	2.0	2.7	1.2	2.3	2.7	0.9	1.7
2012	119.3	2.6	3.2	3.6	4.9	2.4	3.1	1.6	2.3	2.6	1.2	2.5
2012 Q4	120.3	2.1	3.1	3.7	4.2	2.3	2.6	2.3	1.7	2.4	0.0	2.3
2013 Q1	121.9	3.0	4.4	4.5	3.8	2.4	1.9	2.9	1.5	2.8	2.4	2.5
Q2	121.4	1.5	2.2	1.5	0.9	1.4	0.9	1.8	2.3	2.3	0.9	2.1
Q3	121.7	1.6	3.2	1.8	1.8	1.1	1.7	1.1	1.9	2.1	1.1	2.4
	Hourly labour productivity [3]											
2011	105.7	1.4	3.6	2.3	2.4	1.4	2.5	1.8	1.2	-0.3	0.6	0.3
2012	106.5	0.7	-1.9	1.0	2.0	0.9	-0.3	0.2	2.0	0.3	0.6	0.3
2012 Q4	106.7	0.5	-3.8	1.2	0.8	0.2	-2.3	2.7	2.8	0.1	0.3	-0.4
2013 Q1	107.5	1.1	0.0	1.8	2.9	-0.3	-1.7	3.1	2.9	1.0	1.4	0.5
Q2	107.1	0.2	-0.7	-0.4	0.7	-0.6	-2.1	0.3	2.7	1.1	0.6	0.3
Q3	107.2	0.6	0.6	-0.4	0.8	0.2	-2.3	0.3	1.7	1.9	0.9	1.0

5. Labour cost indices [4]

	Total (index: 2008 = 100)	Total	By component		For selected economic activities			Memo item: Indicator of negotiated wages [5]
			Wages and salaries	Employers' social contributions	Mining, manufacturing and energy	Construction	Services	
% of total in 2008	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2011	106.6	2.2	2.0	2.8	3.0	2.6	2.5	2.0
2012	108.6	1.9	2.0	1.7	2.4	2.3	2.1	2.2
2012 Q4	114.9	1.6	1.7	1.5	2.6	1.9	1.9	2.2
2013 Q1	102.6	1.9	2.1	1.6	3.2	1.5	1.6	1.9
Q2	114.0	1.1	1.4	0.3	1.9	0.8	1.1	1.7
Q3	107.1	1.0	1.3	0.4	1.6	-0.2	1.0	1.7

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

1) Data refer to the Euro 18.
2) Compensation (at current prices) per employee divided by labour productivity per person employed.
3) Total GDP and value added by economic activity (volumes) per labour input (persons employed and hours worked).
4) Hourly labour cost indices for the whole economy, excluding agriculture, forestry and fishing. Owing to differences in coverage, the estimates for the components may not be consistent with the total.
5) Experimental data (see http://www.ecb.europa.eu/stats/intro/html/experiment.en.html for further details).

5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

1. GDP and expenditure components [1)]

	GDP								
	Total	Domestic demand					External balance [2)]		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories [3)]	Total	Exports [2)]	Imports [2)]
	1	2	3	4	5	6	7	8	9
	Current prices (EUR billions)								
2009	8,940.0	8,823.1	5,146.7	1,992.2	1,735.1	-50.9	116.9	3,296.9	3,180.0
2010	9,185.6	9,064.9	5,282.7	2,019.8	1,741.2	21.1	120.8	3,793.9	3,673.1
2011	9,444.4	9,315.6	5,427.3	2,033.2	1,796.8	58.4	128.8	4,186.7	4,057.9
2012	9,506.0	9,259.0	5,463.4	2,043.9	1,743.8	7.9	247.0	4,361.9	4,114.9
2012 Q3	2,379.9	2,312.1	1,365.3	511.8	434.7	0.3	67.8	1,101.8	1,034.0
Q4	2,375.6	2,303.6	1,365.2	510.8	430.4	-2.8	72.0	1,095.9	1,023.9
2013 Q1	2,384.1	2,308.8	1,367.7	516.9	421.4	2.8	75.2	1,082.8	1,007.6
Q2	2,399.5	2,311.6	1,371.5	517.4	421.9	0.9	87.9	1,102.3	1,014.4
Q3	2,404.7	2,324.7	1,376.4	519.1	425.4	3.8	80.0	1,101.9	1,021.9
	percentage of GDP								
2012	100.0	97.4	57.5	21.5	18.3	0.1	2.6	-	-
	Chain-linked volumes (prices for the previous year)								
	quarter-on-quarter percentage changes								
2012 Q3	-0.2	-0.4	-0.1	-0.2	-0.6	-	-	0.8	0.3
Q4	-0.5	-0.7	-0.5	0.0	-1.2	-	-	-0.6	-1.0
2013 Q1	-0.2	-0.3	-0.1	0.3	-2.0	-	-	-0.9	-1.1
Q2	0.3	0.0	0.1	0.0	0.3	-	-	2.1	1.5
Q3	0.1	0.5	0.1	0.2	0.5	-	-	0.3	1.2
	annual percentage changes								
2009	-4.5	-3.8	-1.0	2.6	-12.8	-	-	-12.4	-11.0
2010	1.9	1.2	1.0	0.6	-0.4	-	-	11.6	10.0
2011	1.6	0.7	0.3	-0.1	1.6	-	-	6.5	4.5
2012	-0.7	-2.2	-1.4	-0.5	-4.0	-	-	2.5	-0.9
2012 Q3	-0.7	-2.5	-1.6	-0.6	-4.1	-	-	2.8	-1.0
Q4	-1.0	-2.3	-1.4	-0.7	-4.7	-	-	1.9	-0.8
2013 Q1	-1.2	-2.1	-1.2	-0.1	-5.5	-	-	0.1	-1.9
Q2	-0.6	-1.4	-0.6	0.1	-3.4	-	-	1.3	-0.3
Q3	-0.3	-0.5	-0.4	0.5	-2.3	-	-	0.9	0.6
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2012 Q3	-0.2	-0.4	-0.1	0.0	-0.1	-0.2	0.2	-	-
Q4	-0.5	-0.7	-0.3	0.0	-0.2	-0.2	0.1	-	-
2013 Q1	-0.2	-0.3	-0.1	0.1	-0.4	0.1	0.1	-	-
Q2	0.3	0.0	0.1	0.0	0.0	-0.2	0.3	-	-
Q3	0.1	0.5	0.0	0.0	0.1	0.3	-0.4	-	-
	contributions to annual percentage changes in GDP; percentage points								
2009	-4.5	-3.8	-0.6	0.5	-2.8	-1.0	-0.7	-	-
2010	1.9	1.2	0.6	0.1	-0.1	0.6	0.7	-	-
2011	1.6	0.7	0.2	0.0	0.3	0.3	0.9	-	-
2012	-0.7	-2.2	-0.8	-0.1	-0.8	-0.5	1.5	-	-
2012 Q3	-0.7	-2.4	-0.9	-0.1	-0.8	-0.6	1.7	-	-
Q4	-1.0	-2.2	-0.8	-0.2	-0.9	-0.3	1.2	-	-
2013 Q1	-1.2	-2.0	-0.7	0.0	-1.0	-0.3	0.9	-	-
Q2	-0.6	-1.3	-0.3	0.0	-0.6	-0.4	0.7	-	-
Q3	-0.3	-0.4	-0.2	0.1	-0.4	0.1	0.2	-	-

Sources: Eurostat and ECB calculations.

1) Data refer to the Euro 18.

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

3) Including acquisitions less disposals of valuables.

5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

2. Value added by economic activity [1)]

	Gross value added (basic prices)											Taxes less subsidies on products
	Total	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services	
	1	2	3	4	5	6	7	8	9	10	11	12
	Current prices (EUR billions)											
2009	8,044.8	124.7	1,467.2	531.5	1,537.2	370.7	421.9	904.4	807.4	1,584.6	295.3	895.1
2010	8,242.2	137.1	1,581.8	499.2	1,552.3	370.8	438.7	919.2	827.5	1,615.0	300.6	943.4
2011	8,469.8	142.0	1,643.3	502.0	1,594.5	374.5	440.1	965.6	859.7	1,640.1	308.1	974.6
2012	8,526.3	144.4	1,643.9	491.7	1,607.3	370.0	433.9	982.2	877.6	1,661.6	313.7	979.7
2012 Q3	2,134.9	36.2	413.3	122.5	401.9	92.5	107.4	246.0	220.3	416.4	78.6	244.9
Q4	2,131.8	36.6	410.0	121.2	403.2	91.3	107.7	248.0	220.3	414.5	79.0	243.9
2013 Q1	2,139.4	35.8	411.4	120.1	402.9	90.3	109.2	248.7	220.9	421.0	79.3	244.7
Q2	2,149.7	35.9	414.6	119.6	404.9	89.8	110.2	250.3	223.4	421.5	79.6	249.8
Q3	2,157.4	34.8	415.0	120.2	408.4	88.8	109.7	252.2	225.0	422.5	80.8	247.3
	percentage of value added											
2012	100.0	1.7	19.3	5.8	18.9	4.3	5.1	11.5	10.3	19.5	3.7	-
	Chain-linked volumes (prices for the previous year)											
	quarter-on-quarter percentage changes											
2012 Q3	-0.2	-1.5	0.0	-1.2	-0.6	0.0	0.0	0.3	0.3	0.0	-0.1	-0.3
Q4	-0.5	-0.1	-1.6	-1.7	-0.9	-1.1	1.0	0.4	-0.4	0.4	0.2	-0.9
2013 Q1	-0.2	0.2	0.0	-1.3	-0.4	-0.6	-0.8	-0.1	0.6	-0.1	-0.4	-0.3
Q2	0.3	-0.4	0.5	-0.4	0.4	-0.1	-0.8	0.4	0.8	0.2	0.0	0.6
Q3	0.1	-0.1	0.0	0.0	0.2	-0.8	0.5	0.3	0.2	0.2	0.2	-0.1
	annual percentage changes											
2009	-4.5	1.3	-12.9	-8.1	-5.2	2.7	0.3	0.4	-7.9	1.5	-0.7	-4.3
2010	2.0	-3.0	9.5	-5.8	0.7	1.8	0.2	-0.1	2.3	1.3	0.4	1.4
2011	1.8	0.4	3.0	-1.6	1.7	3.9	1.5	2.1	2.4	1.1	0.4	0.1
2012	-0.5	-4.7	-1.1	-4.2	-0.7	0.3	-0.6	0.6	0.7	0.1	0.2	-1.8
2012 Q3	-0.6	-6.2	-0.8	-3.8	-1.1	0.2	-0.7	0.5	0.8	-0.2	0.1	-1.7
Q4	-0.9	-6.5	-1.4	-5.3	-1.7	-1.4	0.9	0.7	0.0	0.2	-0.2	-1.9
2013 Q1	-1.0	-3.1	-1.7	-5.4	-2.3	-1.7	0.8	0.7	0.2	0.4	-0.6	-2.5
Q2	-0.5	-1.8	-1.0	-4.6	-1.5	-1.7	-0.7	1.0	1.3	0.4	-0.2	-0.9
Q3	-0.2	-0.5	-1.0	-3.4	-0.6	-2.5	-0.2	1.0	1.3	0.7	0.1	-0.7
	contributions to quarter-on-quarter percentage changes in value added; percentage points											
2012 Q3	-0.2	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	-
Q4	-0.5	0.0	-0.3	-0.1	-0.2	0.0	0.0	0.0	0.0	0.1	0.0	-
2013 Q1	-0.2	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.1	0.0	0.0	-
Q2	0.3	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	-
Q3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
	contributions to annual percentage changes in value added; percentage points											
2009	-4.5	0.0	-2.6	-0.5	-1.0	0.1	0.0	0.0	-0.8	0.3	0.0	-
2010	2.0	0.0	1.7	-0.4	0.1	0.1	0.0	0.0	0.2	0.3	0.0	-
2011	1.8	0.0	0.6	-0.1	0.3	0.2	0.1	0.2	0.2	0.2	0.0	-
2012	-0.5	-0.1	-0.2	-0.2	-0.1	0.0	0.0	0.1	0.1	0.0	0.0	-
2012 Q3	-0.6	-0.1	-0.2	-0.2	-0.2	0.0	0.0	0.1	0.1	0.0	0.0	-
Q4	-0.9	-0.1	-0.3	-0.3	-0.3	-0.1	0.0	0.1	0.0	0.0	0.0	-
2013 Q1	-1.0	-0.1	-0.3	-0.3	-0.4	-0.1	0.0	0.1	0.0	0.1	0.0	-
Q2	-0.5	0.0	-0.2	-0.3	-0.3	-0.1	0.0	0.1	0.1	0.1	0.0	-
Q3	-0.2	0.0	-0.2	-0.2	-0.1	-0.1	0.0	0.1	0.1	0.1	0.0	-

Sources: Eurostat and ECB calculations.

1) Data refer to the Euro 18.

5.2 Output and demand [1]

(annual percentage changes, unless otherwise indicated)

3. Industrial production

	Total	Industry excluding construction										Construction
		Total (s.a.; index: 2010 = 100)	Total		Industry excluding construction and energy						Energy	
				Manufacturing	Total	Intermediate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
% of total in 2010	100.0	79.4	79.4	68.3	67.7	26.7	23.2	17.8	2.3	15.5	11.7	20.6
	1	2	3	4	5	6	7	8	9	10	11	12
2010	4.1	100.0	7.3	7.7	7.7	10.0	9.0	2.8	2.7	2.9	3.9	-7.7
2011	2.2	103.5	3.4	4.7	4.8	4.1	8.4	1.0	0.7	1.0	-4.5	-2.4
2012	-3.1	100.9	-2.5	-2.7	-2.8	-4.5	-1.2	-2.4	-4.9	-2.0	-0.4	-5.4
2012 Q4	-3.5	99.2	-3.3	-3.6	-3.8	-5.2	-3.3	-2.1	-5.4	-1.6	-0.5	-4.3
2013 Q1	-2.8	99.6	-2.3	-2.6	-2.9	-3.6	-3.4	-0.8	-4.6	-0.3	-0.1	-5.9
Q2	-1.5	100.3	-1.0	-0.9	-1.0	-2.0	-0.1	-0.7	-3.9	-0.1	-1.2	-3.7
Q3	-1.1	100.3	-1.1	-1.1	-0.9	-0.7	-1.3	-0.9	-3.6	-0.5	-2.0	-1.1
2013 July	-1.8	99.7	-2.0	-2.1	-2.0	-1.4	-3.2	-1.3	-4.2	-0.9	-1.8	-1.8
Aug.	-1.2	100.7	-1.4	-1.4	-1.0	-0.7	-0.8	-2.1	-3.9	-1.9	-3.6	-1.1
Sep.	-0.1	100.5	0.2	0.3	0.2	0.0	0.3	0.7	-2.7	1.2	-0.6	-0.6
Oct.	0.0	99.7	0.5	0.9	0.8	1.5	1.3	-0.3	-4.7	0.5	-3.1	-2.3
Nov.	2.0	101.5	3.0	3.4	3.4	3.3	4.4	2.6	-0.8	3.1	-0.6	-1.7
	month-on-month percentage changes (s.a.)											
2013 July	-0.6	-	-1.0	-1.1	-1.1	-0.3	-1.8	-0.7	-1.6	-0.4	-0.5	0.4
Aug.	1.0	-	1.0	1.0	1.6	0.7	2.0	0.5	-0.3	0.5	-0.8	0.1
Sep.	-0.5	-	-0.2	-0.3	-0.9	-0.4	-0.8	0.2	-1.3	0.2	1.7	-0.3
Oct.	-0.7	-	-0.8	-0.5	-0.4	0.4	-1.0	-0.3	-2.3	0.3	-3.6	-1.1
Nov.	1.2	-	1.8	1.9	2.0	1.0	3.0	1.5	2.2	1.3	1.8	-0.6

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

	Indicator on industrial new orders [2]		Industrial turnover		Retail sales (including automotive fuel)							New passenger car registrations	
	Manufacturing		Manufacturing (current prices)		Current prices	Constant prices							
	Total (s.a.; index: 2010 = 100)	Total	Total (s.a.; index: 2010 = 100)	Total	Total	Total (s.a.; index: 2010 = 100)	Total	Food, beverages, tobacco	Non-food		Fuel	Total (s.a.; thousands) [3]	Total
									Textiles, clothing, footwear	Household equipment			
% of total in 2010	100.0	100.0	100.0	100.0	100.0	100.0	100.0	39.3	51.5	9.2	12.0	9.1	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011	108.6	8.6	109.2	9.2	1.7	99.3	-0.8	-1.1	-0.3	-1.4	-0.3	-3.3	839	-1.0
2012	104.4	-3.8	108.8	-0.4	0.4	97.6	-1.7	-1.3	-1.5	-2.5	-2.8	-5.0	745	-11.0
2013	.	.	.	.	-0.4	96.7	-0.9	-1.1	-0.7	.	.	-1.2	713	-4.4
2013 Q1	102.5	-2.7	106.9	-2.6	-1.3	96.6	-2.2	-1.6	-2.5	-5.7	-4.4	-3.7	689	-11.2
Q2	103.3	-1.7	106.8	-1.9	-0.3	96.7	-1.0	-1.7	-0.4	0.0	-2.8	-0.8	709	-7.2
Q3	105.1	1.1	107.4	-1.5	0.0	97.0	-0.5	-0.6	-0.3	-0.4	-2.5	0.0	708	-2.2
Q4	.	.	.	.	-0.1	96.4	-0.1	-0.5	0.4	.	.	-0.3	745	5.3
2013 Aug.	105.1	0.2	108.3	-1.9	0.0	97.4	-0.3	-0.6	-0.1	1.4	-2.8	-0.3	712	-4.4
Sep.	106.2	3.4	107.3	-0.7	-0.2	96.8	-0.2	-1.3	0.7	-1.1	-1.1	1.5	709	-2.4
Oct.	104.1	0.2	106.6	-1.2	-0.5	96.3	-0.4	-0.2	-0.5	-1.7	-1.7	0.7	725	4.2
Nov.	105.3	2.5	108.5	1.6	1.3	97.2	1.3	0.7	2.4	4.7	-0.2	0.7	735	4.8
Dec.	.	.	.	.	-0.9	95.7	-1.0	-1.6	-0.4	.	.	-2.1	773	7.0
	month-on-month percentage changes (s.a.)													
2013 Aug.	-	1.0	-	1.6	0.4	-	0.5	-0.1	0.4	1.1	0.4	-0.3	-	1.0
Sep.	-	1.0	-	-0.9	-0.7	-	-0.7	-0.7	-0.1	-1.3	0.0	-0.3	-	-0.3
Oct.	-	-2.0	-	-0.7	-0.4	-	-0.4	0.2	-0.8	-1.7	-1.0	-0.5	-	2.2
Nov.	-	1.2	-	1.8	0.9	-	0.9	0.3	1.3	3.7	0.6	0.5	-	1.4
Dec.	-	.	-	.	-1.4	-	-1.6	-1.4	-1.8	.	.	-1.2	-	5.1

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

1) Data refer to the Euro 18.

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

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

5.2 Output and demand

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

5. Business and Consumer Surveys

	Economic sentiment indicator[2] (long-term average = 100)	Manufacturing industry					Consumer confidence indicator				
		Industrial confidence indicator				Capacity utilisation[3] (%)					
		Total[4]	Order books	Stocks of finished products	Production expectations		Total[4]	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
	1	2	3	4	5	6	7	8	9	10	11
2010	101.4	-4.5	-24.2	1.0	11.6	77.0	-14.1	-5.2	-12.3	31.1	-8.0
2011	102.2	0.2	-6.4	2.3	9.4	80.6	-14.3	-7.3	-18.0	23.0	-9.0
2012	90.8	-11.7	-24.4	6.8	-3.9	78.6	-22.1	-11.1	-27.4	38.1	-11.7
2013	93.8	-9.3	-26.0	4.7	2.8	78.3	-18.6	-8.9	-20.1	34.4	-11.2
2012 Q4	87.2	-15.4	-32.1	6.9	-7.3	77.4	-25.9	-12.7	-31.5	46.0	-13.4
2013 Q1	90.5	-12.2	-29.6	5.4	-1.6	77.5	-23.5	-11.3	-27.2	42.3	-13.1
Q2	90.2	-12.7	-30.9	6.2	-0.9	77.9	-20.8	-10.1	-24.8	35.7	-12.6
Q3	95.3	-8.3	-24.9	4.6	4.4	78.4	-15.9	-7.9	-16.7	29.6	-9.2
Q4	99.1	-4.1	-18.6	2.8	9.1	79.2	-14.4	-6.3	-11.6	29.8	-9.8
2013 Aug.	95.7	-7.8	-23.7	4.4	4.7	-	-15.5	-7.9	-15.7	30.2	-8.1
Sep.	97.3	-6.6	-23.2	3.7	7.0	-	-14.8	-7.1	-13.5	28.4	-10.1
Oct.	98.1	-5.0	-21.2	3.3	9.4	78.4	-14.4	-7.1	-11.7	29.2	-9.5
Nov.	98.8	-3.9	-17.9	3.5	9.7	-	-15.3	-6.0	-13.4	31.3	-10.4
Dec.	100.4	-3.4	-16.7	1.7	8.3	-	-13.5	-5.7	-9.8	29.0	-9.5
2014 Jan.	100.9	-3.9	-16.8	3.0	8.0	80.0	-11.7	-4.9	-7.6	24.6	-9.5

	Construction confidence indicator			Retail trade confidence indicator				Services confidence indicator			
	Total[4]	Order books	Employment expectations	Total[4]	Present business situation	Volume of stocks	Expected business situation	Total[4]	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
2010	-28.5	-39.3	-17.6	-4.0	-6.5	7.2	1.6	3.9	1.4	3.0	7.3
2011	-25.2	-33.1	-17.2	-5.3	-5.4	11.2	0.6	5.3	2.2	5.4	8.3
2012	-27.6	-34.3	-21.0	-15.1	-18.5	14.4	-12.4	-6.8	-11.8	-7.6	-1.0
2013	-30.0	-38.2	-21.7	-12.5	-18.9	9.3	-9.2	-6.1	-9.9	-8.6	0.2
2012 Q4	-31.9	-39.6	-24.2	-15.9	-20.9	11.5	-15.3	-11.0	-15.3	-12.8	-4.9
2013 Q1	-28.7	-36.8	-20.7	-16.1	-24.0	10.8	-13.5	-7.7	-12.6	-8.9	-1.8
Q2	-31.5	-38.5	-24.3	-16.5	-24.5	11.2	-13.9	-9.9	-14.5	-13.3	-1.9
Q3	-31.0	-39.7	-22.3	-10.4	-16.4	8.7	-6.1	-5.3	-8.2	-8.6	0.8
Q4	-28.6	-37.7	-19.5	-6.8	-10.5	6.6	-3.5	-1.3	-4.2	-3.4	3.6
2013 Aug.	-32.6	-41.4	-23.9	-10.5	-17.5	8.4	-5.6	-5.1	-7.5	-8.4	0.5
Sep.	-28.3	-36.9	-19.8	-6.8	-11.0	7.2	-2.3	-3.2	-5.5	-7.2	3.2
Oct.	-29.1	-38.9	-19.2	-7.7	-11.2	5.6	-6.5	-3.6	-6.6	-6.9	2.7
Nov.	-30.4	-39.5	-21.3	-7.7	-11.2	7.8	-4.2	-0.8	-4.0	-2.8	4.4
Dec.	-26.4	-34.8	-18.0	-5.0	-9.1	6.4	0.3	0.4	-2.1	-0.4	3.6
2014 Jan.	-30.1	-41.6	-18.6	-3.4	-8.1	5.9	3.7	2.3	-0.6	-0.3	7.9

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

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

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

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

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

5.3 Labour markets [1), 2)]

(quarterly data seasonally adjusted; annual data unadjusted)

1. Employment

		By employment status		By economic activity									
	Total	Employees	Self-employed	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12	13
Persons employed													
	levels (thousands)												
2012	147,068	125,725	21,343	5,044	23,104	9,546	36,170	4,066	4,078	1,302	18,333	34,575	10,851
	percentage of total persons employed												
2012	100.0	85.5	14.5	3.4	15.7	6.5	24.6	2.8	2.8	0.9	12.5	23.5	7.4
	annual percentage changes												
2010	-0.5	-0.5	-0.5	-1.0	-2.8	-4.0	-0.5	-1.7	-1.1	0.0	2.0	0.9	0.6
2011	0.2	0.3	-0.3	-2.1	0.0	-3.8	0.6	1.2	-0.4	0.3	2.5	0.3	0.1
2012	-0.6	-0.7	-0.1	-2.0	-1.0	-4.6	-0.8	1.2	-0.4	-0.6	0.7	-0.3	0.7
2012 Q4	-0.7	-0.8	0.0	-2.1	-1.4	-5.0	-1.0	1.6	-0.8	-1.2	0.5	-0.2	1.3
2013 Q1	-1.0	-1.0	-1.0	-3.0	-1.6	-5.6	-1.1	0.5	-1.1	-1.6	0.3	-0.2	0.5
Q2	-1.0	-1.0	-0.6	-1.4	-1.5	-6.2	-1.0	0.2	-1.0	-2.1	0.4	-0.3	0.3
Q3	-0.8	-0.9	-0.5	-0.8	-1.7	-4.6	-0.8	0.5	-0.4	-0.4	0.0	-0.2	-0.1
	quarter-on-quarter percentage changes												
2012 Q4	-0.3	-0.4	0.0	-0.9	-0.5	-1.6	-0.4	0.8	-0.1	-0.6	-0.3	0.1	-0.1
2013 Q1	-0.5	-0.5	-0.4	-1.4	-0.5	-1.6	-0.4	-0.2	-0.1	-0.7	-0.6	-0.2	0.0
Q2	-0.1	-0.1	0.1	1.9	-0.4	-1.1	0.0	0.1	-0.1	0.5	0.5	-0.2	-0.1
Q3	0.0	0.0	-0.2	-0.4	-0.3	-0.3	0.0	-0.1	-0.1	0.4	0.4	0.1	0.1
Hours worked													
	levels (millions)												
2012	231,353	186,256	45,097	10,073	36,323	16,626	60,198	6,525	6,430	2,009	28,577	49,334	15,257
	percentage of total hours worked												
2012	100.0	80.5	19.5	4.4	15.7	7.2	26.0	2.8	2.8	0.9	12.4	21.3	6.6
	annual percentage changes												
2010	-0.1	0.0	-0.5	-1.3	-0.4	-4.1	-0.3	-0.9	-0.6	1.0	2.7	0.9	0.3
2011	0.2	0.4	-0.7	-3.1	0.7	-3.9	0.3	1.4	-0.2	0.9	2.7	0.5	0.0
2012	-1.4	-1.4	-1.3	-2.9	-2.0	-6.1	-1.6	0.6	-0.8	-1.4	0.4	-0.5	-0.1
2012 Q4	-1.5	-1.5	-1.7	-2.8	-2.5	-6.1	-1.9	0.9	-1.8	-2.1	-0.1	-0.1	0.2
2013 Q1	-2.3	-2.3	-2.0	-3.0	-3.5	-8.0	-2.0	0.0	-2.2	-2.1	-0.8	-1.0	-1.1
Q2	-0.8	-0.9	-0.4	-1.1	-0.6	-5.2	-0.8	0.5	-1.0	-1.7	0.3	-0.2	-0.4
Q3	-0.9	-0.8	-1.0	-1.0	-0.6	-4.2	-0.8	-0.2	-0.5	-0.7	-0.6	-0.3	-0.9
	quarter-on-quarter percentage changes												
2012 Q4	-0.7	-0.6	-1.1	-0.8	-0.7	-1.9	-1.0	-0.1	-0.7	-1.3	-0.7	0.2	-0.8
2013 Q1	-1.0	-1.0	-0.8	-0.5	-1.2	-2.4	-0.8	0.0	-0.2	-0.1	-1.0	-0.9	-0.5
Q2	0.7	0.6	0.9	0.8	1.4	0.6	0.7	0.3	0.3	1.0	0.8	0.4	-0.1
Q3	0.1	0.1	0.0	-0.4	-0.1	-0.5	0.3	-0.4	0.1	-0.3	0.3	0.1	0.4
Hours worked per person employed													
	levels (thousands)												
2012	1,573	1,481	2,113	1,997	1,572	1,742	1,664	1,605	1,577	1,543	1,559	1,427	1,406
	annual percentage changes												
2010	0.4	0.5	0.0	-0.3	2.5	-0.1	0.2	0.8	0.4	1.0	0.7	0.0	-0.3
2011	0.0	0.1	-0.5	-1.0	0.7	-0.1	-0.3	0.2	0.2	0.7	0.2	0.2	-0.1
2012	-0.8	-0.7	-1.2	-1.0	-1.1	-1.5	-0.8	-0.7	-0.4	-0.8	-0.3	-0.2	-0.8
2012 Q4	-0.8	-0.7	-1.6	-0.7	-1.2	-1.2	-1.0	-0.7	-0.9	-1.0	-0.6	0.1	-1.1
2013 Q1	-1.3	-1.3	-1.0	-0.1	-2.0	-2.5	-0.8	-0.5	-1.2	-0.6	-1.1	-0.8	-1.6
Q2	0.2	0.1	0.3	0.3	0.9	1.1	0.1	0.2	0.0	0.4	-0.2	0.2	-0.7
Q3	0.0	0.1	-0.5	-0.2	1.1	0.5	0.0	-0.7	-0.1	-0.3	-0.6	-0.1	-0.8
	quarter-on-quarter percentage changes												
2012 Q4	-0.4	-0.2	-1.1	0.1	-0.2	-0.3	-0.6	-0.8	-0.6	-0.7	-0.4	0.1	-0.7
2013 Q1	-0.5	-0.5	-0.3	0.9	-0.8	-0.8	-0.4	0.2	-0.2	0.7	-0.4	-0.8	-0.5
Q2	0.7	0.7	0.7	-1.1	1.8	1.7	0.7	0.2	0.5	0.5	0.3	0.6	0.0
Q3	0.1	0.1	0.2	-0.1	0.3	-0.2	0.3	-0.3	0.2	-0.7	0.0	0.0	0.3

Source: ECB calculations based on Eurostat data.

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

2) Data refer to the Euro 18.

5.3 Labour markets [1]

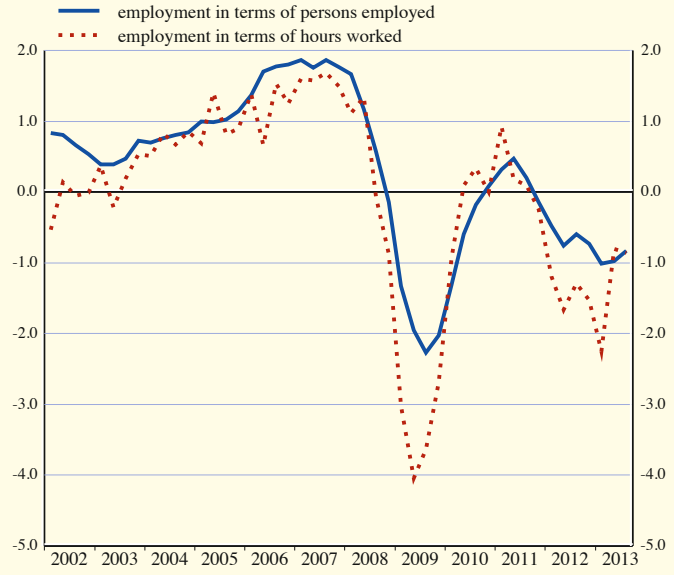
(seasonally adjusted, unless otherwise indicated)

2. Unemployment and job vacancies [2]

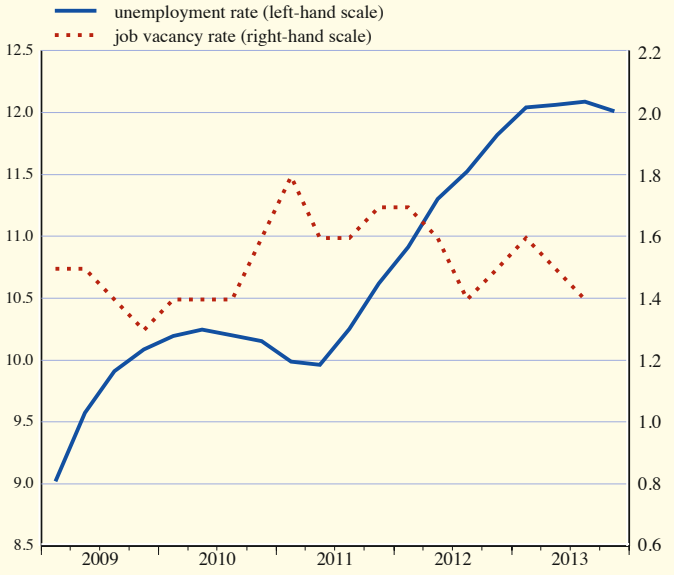
	Unemployment										Job vacancy rate [3]
	Total		By age [4]				By gender [5]				
	Millions	% of labour force	Adult		Youth		Male		Female		
			Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	% of total posts
% of total in 2010	100.0		79.5		20.5		54.0		46.0		
	1	2	3	4	5	6	7	8	9	10	11
2010	16.139	10.2	12.819	9.0	3.319	21.1	8.721	10.1	7.418	10.4	1.5
2011	16.199	10.2	12.962	9.0	3.237	21.0	8.635	10.0	7.563	10.5	1.7
2012	18.211	11.4	14.704	10.2	3.508	23.1	9.775	11.2	8.436	11.6	1.6
2013	19.287	12.1	15.726	10.8	3.560	24.0	10.358	11.9	8.929	12.2	.
2012 Q4	18.923	11.8	15.328	10.6	3.595	23.9	10.152	11.7	8.771	12.0	1.5
2013 Q1	19.261	12.0	15.654	10.8	3.607	24.1	10.350	11.9	8.912	12.2	1.6
Q2	19.307	12.1	15.756	10.9	3.551	23.8	10.362	11.9	8.946	12.2	1.5
Q3	19.356	12.1	15.816	10.9	3.540	24.0	10.429	12.0	8.927	12.2	1.4
Q4	19.221	12.0	15.679	10.8	3.543	23.9	10.292	11.9	8.929	12.2	.
2013 July	19.334	12.1	15.796	10.9	3.537	24.0	10.428	12.0	8.906	12.2	-
Aug.	19.361	12.1	15.829	10.9	3.532	23.9	10.443	12.0	8.918	12.2	-
Sep.	19.374	12.1	15.822	10.9	3.552	24.0	10.416	12.0	8.958	12.2	-
Oct.	19.275	12.0	15.724	10.8	3.551	24.0	10.335	11.9	8.941	12.2	-
Nov.	19.259	12.0	15.709	10.8	3.550	24.0	10.317	11.9	8.941	12.2	-
Dec.	19.130	12.0	15.604	10.7	3.527	23.9	10.225	11.8	8.905	12.1	-

C28 Employment - persons employed and hours worked [1]

(annual percentage changes)



C29 Unemployment and job vacancy [3] rates [1]



Source: Eurostat.

1) Data refer to the Euro 18.
2) Data for unemployment refer to persons and follow ILO recommendations.
3) Industry, construction and services (excluding households as employers and extra-territorial organisations and bodies); non-seasonally adjusted.
4) Adult: 25 years of age and over; youth: below 25 years of age; rates are expressed as a percentage of the labour force for the relevant age group.
5) Rates are expressed as a percentage of the labour force for the relevant gender.

6 GOVERNMENT FINANCE

6.1 Revenue, expenditure and deficit/surplus [1]

(as a percentage of GDP)

1. Euro area – revenue

	Total	Current revenue										Capital revenue		Memo item: Fiscal burden [2]
			Direct taxes			Indirect taxes		Social contributions			Sales		Capital taxes	
				Households	Corporations		Received by EU institutions		Employers	Employees				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2004	44.5	44.0	11.5	8.5	2.9	13.2	0.3	15.5	8.1	4.5	2.2	0.5	0.4	40.6
2005	44.8	44.3	11.7	8.6	3.0	13.3	0.3	15.4	8.1	4.5	2.3	0.5	0.3	40.8
2006	45.3	45.0	12.3	8.7	3.4	13.4	0.3	15.3	8.0	4.5	2.3	0.3	0.3	41.3
2007	45.3	45.1	12.7	8.9	3.6	13.3	0.3	15.1	8.0	4.4	2.3	0.3	0.3	41.3
2008	45.1	44.9	12.5	9.1	3.2	12.9	0.3	15.3	8.1	4.5	2.3	0.2	0.3	40.9
2009	44.9	44.6	11.6	9.2	2.3	12.8	0.3	15.8	8.3	4.5	2.5	0.3	0.4	40.6
2010	44.8	44.6	11.6	8.9	2.5	13.0	0.3	15.7	8.2	4.5	2.6	0.3	0.3	40.5
2011	45.4	45.0	11.9	9.1	2.7	13.0	0.3	15.7	8.2	4.5	2.6	0.3	0.3	40.9
2012	46.2	46.0	12.4	9.6	2.7	13.3	0.3	15.9	8.3	4.7	2.6	0.2	0.3	41.8

2. Euro area – expenditure

	Total	Current expenditure								Capital expenditure				Memo item: Primary expenditure [3]
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments	Subsidies	Paid by EU institutions		Investment	Capital transfers	Paid by EU institutions	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2004	47.4	43.5	10.5	5.0	3.1	24.9	22.1	1.7	0.5	3.9	2.5	1.5	0.1	44.3
2005	47.3	43.4	10.5	5.0	3.0	24.9	22.1	1.7	0.5	3.9	2.5	1.4	0.0	44.3
2006	46.7	42.8	10.3	5.0	2.9	24.6	21.8	1.7	0.5	3.9	2.5	1.4	0.0	43.8
2007	46.0	42.2	10.1	5.0	3.0	24.2	21.4	1.6	0.4	3.8	2.6	1.2	0.0	43.0
2008	47.2	43.3	10.3	5.2	3.0	24.8	21.9	1.6	0.4	3.9	2.6	1.3	0.0	44.2
2009	51.3	47.0	11.1	5.7	2.9	27.4	24.3	1.8	0.4	4.3	2.8	1.4	0.0	48.4
2010	51.0	46.6	10.9	5.7	2.8	27.3	24.2	1.8	0.4	4.4	2.6	1.9	0.0	48.2
2011	49.5	46.0	10.6	5.5	3.0	26.8	23.9	1.7	0.4	3.5	2.3	1.2	0.0	46.5
2012	49.9	46.2	10.5	5.5	3.1	27.1	24.3	1.6	0.4	3.7	2.1	1.6	0.1	46.8

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

	Deficit (-)/surplus (+)					Primary deficit (-)/ surplus (+)	Government consumption [4]							
	Total	Central gov.	State gov.	Local gov.	Social security funds		Total	Compensation of employees	Intermediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Collective consumption	Individual consumption
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2004	-2.9	-2.5	-0.4	-0.3	0.2	0.2	20.4	10.5	5.0	5.1	1.9	2.2	8.1	12.3
2005	-2.5	-2.3	-0.3	-0.2	0.2	0.5	20.5	10.5	5.0	5.2	1.9	2.3	8.0	12.5
2006	-1.4	-1.5	-0.1	-0.2	0.4	1.5	20.3	10.3	5.0	5.3	1.9	2.3	7.9	12.5
2007	-0.7	-1.2	0.0	0.0	0.6	2.3	20.1	10.1	5.0	5.2	1.9	2.3	7.7	12.3
2008	-2.1	-2.3	-0.2	-0.2	0.5	0.9	20.6	10.3	5.2	5.4	1.9	2.3	8.0	12.7
2009	-6.4	-5.2	-0.5	-0.3	-0.4	-3.5	22.4	11.1	5.7	5.9	2.1	2.5	8.6	13.8
2010	-6.2	-5.1	-0.7	-0.3	-0.1	-3.4	22.1	10.9	5.7	5.9	2.1	2.6	8.4	13.6
2011	-4.1	-3.3	-0.7	-0.2	0.0	-1.1	21.6	10.6	5.5	5.8	2.1	2.6	8.2	13.4
2012	-3.7	-3.4	-0.3	0.0	0.0	-0.6	21.6	10.5	5.5	5.9	2.1	2.6	8.2	13.4

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

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LV	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
2009	-5.6	-3.1	-2.0	-13.7	-15.7	-11.1	-7.5	-5.5	-6.1	-9.8	-0.7	-3.7	-5.6	-4.1	-10.2	-6.3	-8.0	-2.5
2010	-3.7	-4.2	0.2	-30.6	-10.7	-9.6	-7.1	-4.5	-5.3	-8.1	-0.8	-3.5	-5.1	-4.5	-9.8	-5.9	-7.7	-2.5
2011	-3.7	-0.8	1.1	-13.1	-9.5	-9.6	-5.3	-3.8	-6.3	-3.6	0.1	-2.8	-4.3	-2.5	-4.3	-6.3	-5.1	-0.7
2012	-4.0	0.1	-0.2	-8.2	-9.0	-10.6	-4.8	-3.0	-6.4	-1.3	-0.6	-3.3	-4.1	-2.5	-6.4	-3.8	-4.5	-1.8

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

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

6.2 Debt [1]

(as a percentage of GDP)

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

	Total	Financial instruments				Holders				
		Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [2]				Other creditors [3]
						Total	MFIs	Other financial corporations	Other sectors	
	1	2	3	4	5	6	7	8	9	10
2003	69.2	2.1	12.5	5.1	49.6	40.2	20.5	11.3	8.4	29.1
2004	69.7	2.2	12.2	4.8	50.5	38.7	19.7	11.2	7.9	30.9
2005	70.5	2.4	12.3	4.5	51.3	37.0	19.0	11.3	6.8	33.5
2006	68.7	2.5	11.9	4.0	50.3	34.9	19.1	9.3	6.5	33.7
2007	66.4	2.2	11.3	3.9	48.9	32.7	17.8	8.6	6.3	33.6
2008	70.2	2.3	11.6	6.5	49.8	33.2	18.4	7.9	6.9	37.0
2009	80.0	2.5	12.7	8.3	56.5	37.4	21.4	9.2	6.8	42.6
2010	85.4	2.4	15.4	7.3	60.3	40.5	24.4	10.6	5.6	44.9
2011	87.3	2.4	15.4	7.4	62.1	42.7	24.5	11.4	6.8	44.6
2012	90.6	2.6	17.3	6.8	64.0	45.6	26.5	12.6	6.5	45.1

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
	1	2	3	4	5	6	7	8	9	10	11	12	13
2003	69.2	56.7	6.5	5.1	1.0	7.9	61.4	5.0	14.9	26.1	28.3	68.4	0.9
2004	69.7	56.7	6.6	5.1	1.3	7.7	62.0	4.7	14.7	26.3	28.6	68.7	1.0
2005	70.5	57.2	6.7	5.2	1.4	7.8	62.8	4.6	14.8	25.8	29.9	69.4	1.1
2006	68.7	55.4	6.5	5.3	1.4	7.3	61.4	4.3	14.3	24.2	30.1	68.0	0.7
2007	66.4	53.5	6.3	5.3	1.4	7.1	59.2	4.2	14.5	23.6	28.2	65.8	0.5
2008	70.2	56.9	6.7	5.3	1.3	10.0	60.2	4.9	17.7	23.5	29.1	69.2	1.0
2009	80.0	64.8	7.7	5.8	1.7	12.0	68.0	5.0	19.5	27.3	33.2	78.8	1.2
2010	85.4	69.3	8.4	5.9	1.9	13.0	72.4	5.1	21.2	29.3	34.9	84.2	1.2
2011	87.3	70.7	8.5	5.9	2.2	12.6	74.7	6.1	20.8	30.4	36.1	85.6	1.7
2012	90.6	73.6	8.8	6.0	2.3	11.7	78.9	7.3	20.0	32.2	38.4	88.7	2.0

3. Euro area countries

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LV	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
2009	95.7	74.5	7.1	64.4	129.7	54.0	79.2	116.4	58.5	36.9	15.5	66.5	60.8	69.2	83.7	35.2	35.6	43.5
2010	95.7	82.5	6.7	91.2	148.3	61.7	82.4	119.3	61.3	44.4	19.5	66.8	63.4	72.3	94.0	38.7	41.0	48.7
2011	98.0	80.0	6.1	104.1	170.3	70.5	85.8	120.7	71.5	41.9	18.7	69.5	65.7	72.8	108.2	47.1	43.4	49.2
2012	99.8	81.0	9.8	117.4	156.9	86.0	90.2	127.0	86.6	40.6	21.7	71.3	71.3	74.0	124.1	54.4	52.4	53.6

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

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

6.3 Change in debt [1]

(as a percentage of GDP)

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

	Total	Source of change			Financial instruments				Holders			
		Borrowing requirement [2]	Valuation effects [3]	Other changes in volume [4]	Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [5]	MFIs	Other financial corporations	Other creditors [6]
	1	2	3	4	5	6	7	8	9	10	11	12
2004	3.2	3.3	-0.1	0.0	0.2	0.1	-0.1	2.9	0.2	0.0	0.3	3.0
2005	3.3	3.1	0.2	0.0	0.3	0.5	-0.1	2.6	-0.4	0.0	0.5	3.7
2006	1.6	1.5	0.1	0.0	0.2	0.2	-0.3	1.5	-0.3	1.1	-1.4	1.9
2007	1.2	1.2	0.0	0.0	-0.1	0.0	0.1	1.2	-0.4	-0.4	-0.3	1.6
2008	5.3	5.2	0.1	0.0	0.1	0.5	2.7	2.0	1.3	1.0	-0.5	4.1
2009	7.3	7.5	-0.2	0.0	0.1	0.7	1.6	4.9	3.0	2.3	1.0	4.3
2010	7.6	7.7	-0.1	0.0	0.0	3.0	-0.7	5.2	4.1	3.6	1.6	3.4
2011	4.2	4.0	0.1	0.0	0.0	0.4	0.2	3.5	3.3	0.8	1.1	0.9
2012	3.9	5.3	-1.4	0.0	0.2	2.0	-0.5	2.2	3.1	2.1	1.2	0.7

2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+)	Deficit-debt adjustment [7]											
			Total	Transactions in main financial assets held by general government							Valuation effects		Other changes in volume	Other [8]
				Total	Currency and deposits	Loans	Securities [9]	Shares and other equity	Privatisations	Equity injections		Exchange rate effects		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2004	3.2	-2.9	0.3	0.2	0.2	0.0	0.1	0.0	-0.5	0.2	-0.1	0.0	0.0	0.1
2005	3.3	-2.5	0.8	0.6	0.3	0.0	0.1	0.1	-0.3	0.2	0.2	0.0	0.0	0.0
2006	1.6	-1.4	0.2	0.2	0.3	-0.1	0.2	-0.2	-0.4	0.1	0.1	0.0	0.0	-0.1
2007	1.2	-0.7	0.5	0.6	0.2	0.0	0.2	0.1	-0.3	0.2	0.0	0.0	0.0	-0.1
2008	5.3	-2.1	3.2	3.1	0.8	0.7	0.7	0.9	-0.1	0.7	0.1	0.0	0.0	0.0
2009	7.3	-6.4	0.9	1.0	0.3	0.0	0.3	0.4	-0.3	0.5	-0.2	0.0	0.0	0.1
2010	7.6	-6.2	1.4	1.8	0.0	0.5	1.0	0.2	0.0	0.2	-0.1	0.0	0.0	-0.3
2011	4.2	-4.1	0.0	-0.3	0.2	-0.2	-0.2	-0.1	-0.1	0.2	0.1	0.0	0.0	0.2
2012	3.9	-3.7	0.2	1.3	0.2	0.5	0.0	0.6	-0.2	0.3	-1.4	0.0	0.0	0.3

Source: ECB.

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

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

1. Euro area – quarterly revenue

	Total	Current revenue						Capital revenue		Memo item: Fiscal burden [2]
			Direct taxes	Indirect taxes	Social contributions	Sales	Property income		Capital taxes	
	1	2	3	4	5	6	7	8	9	10
2007 Q3	43.7	43.2	12.3	12.4	14.8	2.2	0.7	0.5	0.3	39.7
Q4	49.1	48.6	14.7	13.8	15.7	2.5	1.0	0.6	0.3	44.5
2008 Q1	42.5	42.2	10.9	12.4	14.8	2.2	1.1	0.3	0.2	38.3
Q2	45.3	44.9	12.9	12.3	15.1	2.3	1.5	0.4	0.3	40.6
Q3	43.4	43.0	12.1	12.1	15.0	2.3	0.8	0.4	0.3	39.5
Q4	48.7	48.2	13.9	13.3	16.4	2.6	1.1	0.5	0.3	43.8
2009 Q1	42.6	42.5	10.5	12.0	15.6	2.4	1.1	0.1	0.2	38.4
Q2	45.3	44.8	11.9	12.5	15.7	2.5	1.4	0.6	0.5	40.5
Q3	42.9	42.5	10.9	12.0	15.5	2.5	0.7	0.3	0.3	38.8
Q4	48.5	47.7	12.9	13.6	16.4	2.7	1.0	0.8	0.5	43.4
2010 Q1	42.5	42.3	10.2	12.4	15.5	2.4	0.9	0.2	0.3	38.3
Q2	45.2	44.7	11.9	12.7	15.4	2.6	1.3	0.5	0.3	40.3
Q3	43.1	42.7	10.9	12.5	15.3	2.5	0.7	0.3	0.3	39.0
Q4	48.3	47.6	13.1	13.2	16.4	2.9	1.0	0.7	0.3	43.0
2011 Q1	43.2	42.9	10.7	12.6	15.3	2.5	1.0	0.3	0.3	38.9
Q2	45.3	45.0	12.1	12.7	15.4	2.5	1.5	0.3	0.3	40.4
Q3	43.7	43.4	11.4	12.5	15.3	2.5	0.8	0.3	0.3	39.5
Q4	49.0	47.9	13.4	13.1	16.7	2.8	1.0	1.1	0.4	43.6
2012 Q1	43.7	43.5	11.0	12.8	15.4	2.5	1.0	0.3	0.2	39.4
Q2	46.2	45.9	12.6	12.8	15.6	2.6	1.4	0.3	0.3	41.4
Q3	44.7	44.3	11.9	12.7	15.5	2.6	0.8	0.4	0.3	40.4
Q4	50.2	49.5	14.1	13.6	17.0	2.9	1.0	0.7	0.3	44.9
2013 Q1	44.3	44.1	11.3	12.8	15.7	2.5	1.0	0.3	0.3	40.0
Q2	47.5	47.0	13.3	13.0	15.7	2.6	1.4	0.5	0.4	42.4
Q3	45.2	44.7	12.2	12.7	15.5	2.5	0.7	0.5	0.4	40.8

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
2007 Q3	44.6	41.0	9.6	4.8	2.9	23.8	20.6	1.2	3.6	2.6	0.9	-1.0	1.9
Q4	49.3	44.8	10.8	5.9	2.9	25.1	21.2	1.5	4.5	2.8	1.7	-0.1	2.8
2008 Q1	45.4	41.8	9.8	4.5	3.0	24.4	20.8	1.2	3.6	2.3	1.2	-2.9	0.1
Q2	46.0	42.4	10.3	5.0	3.3	23.9	20.8	1.1	3.6	2.6	1.0	-0.7	2.6
Q3	45.8	42.1	9.8	5.0	3.0	24.4	21.2	1.2	3.7	2.7	1.0	-2.4	0.6
Q4	51.3	46.8	11.3	6.3	2.9	26.3	22.3	1.4	4.6	2.9	1.6	-2.6	0.3
2009 Q1	49.3	45.5	10.7	5.1	2.8	27.0	23.0	1.3	3.9	2.6	1.2	-6.7	-3.9
Q2	50.7	46.5	11.1	5.5	3.0	26.9	23.3	1.3	4.2	2.8	1.3	-5.4	-2.3
Q3	50.1	46.0	10.6	5.5	2.8	27.1	23.5	1.3	4.1	2.9	1.1	-7.2	-4.4
Q4	54.7	49.8	11.8	6.7	2.8	28.4	24.0	1.5	4.9	3.0	1.8	-6.1	-3.3
2010 Q1	50.4	46.5	10.7	5.1	2.7	28.0	23.7	1.4	3.9	2.4	1.5	-7.9	-5.2
Q2	49.7	46.1	11.0	5.5	3.0	26.7	23.2	1.3	3.5	2.5	1.1	-4.4	-1.5
Q3	50.5	45.2	10.3	5.4	2.7	26.9	23.2	1.3	5.3	2.6	2.7	-7.4	-4.7
Q4	53.5	48.8	11.5	6.7	2.9	27.7	23.7	1.5	4.7	2.7	2.0	-5.2	-2.3
2011 Q1	48.5	45.3	10.3	5.0	2.9	27.2	23.1	1.3	3.1	2.2	1.0	-5.3	-2.4
Q2	48.6	45.3	10.7	5.3	3.2	26.2	22.8	1.2	3.3	2.3	0.9	-3.3	0.0
Q3	48.0	44.5	10.1	5.2	2.9	26.4	22.9	1.2	3.5	2.3	1.1	-4.3	-1.5
Q4	52.8	48.7	11.3	6.6	3.2	27.7	23.7	1.5	4.0	2.5	1.8	-3.8	-0.6
2012 Q1	48.1	45.4	10.2	4.9	3.0	27.3	23.3	1.2	2.7	2.0	0.8	-4.3	-1.4
Q2	49.2	45.9	10.6	5.3	3.3	26.7	23.2	1.2	3.3	2.1	1.2	-2.9	0.4
Q3	48.4	44.9	10.1	5.3	2.9	26.7	23.3	1.2	3.6	2.2	1.3	-3.7	-0.9
Q4	53.9	48.9	11.1	6.5	3.2	28.1	24.1	1.4	5.1	2.3	2.8	-3.8	-0.6
2013 Q1	48.9	46.2	10.3	5.0	2.8	28.1	23.8	1.2	2.7	1.8	1.1	-4.6	-1.7
Q2	49.6	46.2	10.5	5.3	3.1	27.2	23.6	1.2	3.5	2.0	1.4	-2.1	1.0
Q3	48.6	45.3	10.0	5.3	2.8	27.2	23.6	1.2	3.3	2.2	1.1	-3.4	-0.5

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

6.5 Quarterly debt and change in debt [1)]

(as a percentage of GDP)

1. Euro area – Maastricht debt by financial instrument

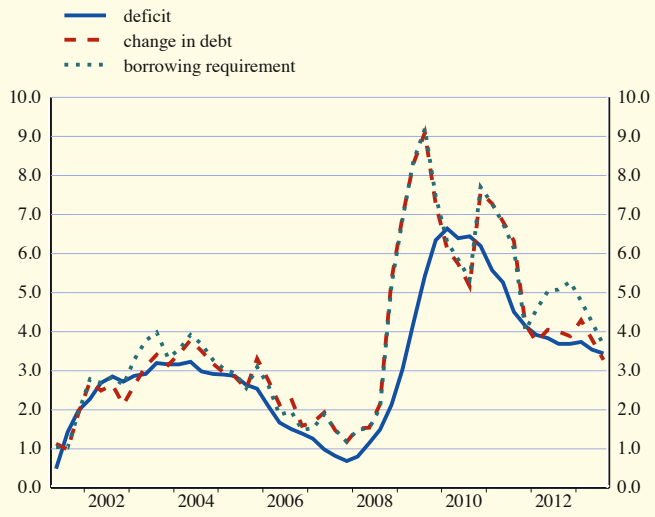
	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2010 Q4	85.4	2.4	15.4	7.3	60.3
2011 Q1	86.3	2.4	15.2	7.4	61.2
Q2	87.2	2.4	14.9	7.5	62.3
Q3	86.8	2.4	15.1	7.8	61.4
Q4	87.3	2.4	15.4	7.4	62.1
2012 Q1	88.2	2.5	15.8	7.6	62.3
Q2	89.9	2.5	16.7	7.3	63.4
Q3	90.0	2.5	16.5	7.2	63.7
Q4	90.6	2.6	17.3	6.8	64.0
2013 Q1	92.3	2.6	16.9	7.1	65.8
Q2	93.4	2.5	16.9	6.9	67.1
Q3	92.7	2.5	16.6	6.9	66.6

2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-)/ surplus (+)	Deficit-debt adjustment								Memo item: Borrowing requirement
			Total	Transactions in main financial assets held by general government					Valuation effects and other changes in volume	Other	
				Total	Currency and deposits	Loans	Securities	Shares and other equity			
	1	2	3	4	5	6	7	8	9	10	11
2010 Q4	11.6	-5.2	6.4	5.7	-0.4	1.7	4.4	0.0	0.0	0.8	11.6
2011 Q1	6.9	-5.3	1.6	0.7	2.1	-0.8	-0.6	-0.1	0.2	0.8	6.7
Q2	5.9	-3.3	2.6	2.5	2.8	0.5	-0.3	-0.5	0.1	0.0	5.8
Q3	0.9	-4.3	-3.4	-3.7	-3.6	-0.5	0.2	0.2	0.5	-0.2	0.4
Q4	3.2	-3.8	-0.6	-0.6	-0.3	-0.2	-0.1	0.1	-0.2	0.2	3.4
2012 Q1	5.0	-4.3	0.6	3.5	4.2	-0.2	-0.6	0.0	-3.8	0.9	8.7
Q2	7.1	-2.9	4.2	3.9	1.6	0.9	0.6	0.7	-0.5	0.9	7.7
Q3	0.7	-3.7	-3.0	-2.1	-2.1	0.5	-0.6	0.1	0.1	-1.0	0.6
Q4	2.8	-3.8	-1.0	-0.4	-2.7	0.4	0.4	1.5	-1.4	0.7	4.1
2013 Q1	6.6	-4.6	2.1	1.8	1.6	0.0	-0.2	0.5	-0.1	0.3	6.7
Q2	5.2	-2.1	3.1	3.4	3.3	0.3	0.0	-0.2	-0.3	0.1	5.5
Q3	-1.4	-3.4	-4.8	-4.5	-3.4	-0.8	0.0	-0.3	0.3	-0.6	-1.7

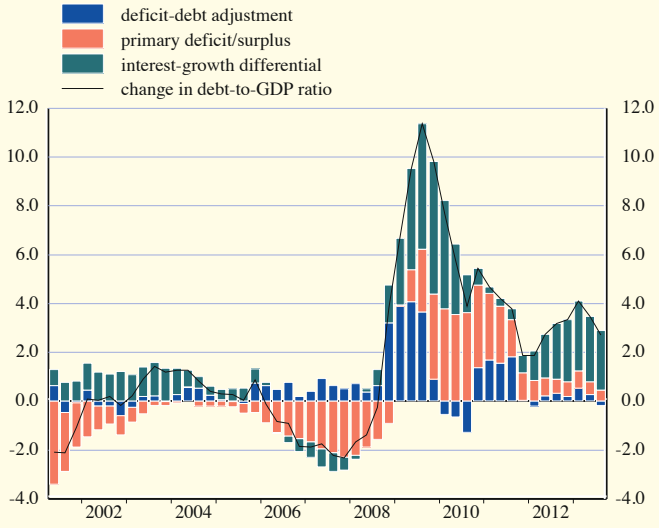
C30 Deficit, borrowing requirement and change in debt

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



C31 Maastricht debt

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



Sources: ECB calculations based on Eurostat and national data.

1) Intergovernmental lending in the context of the financial crisis is consolidated.

7 EXTERNAL TRANSACTIONS AND POSITIONS

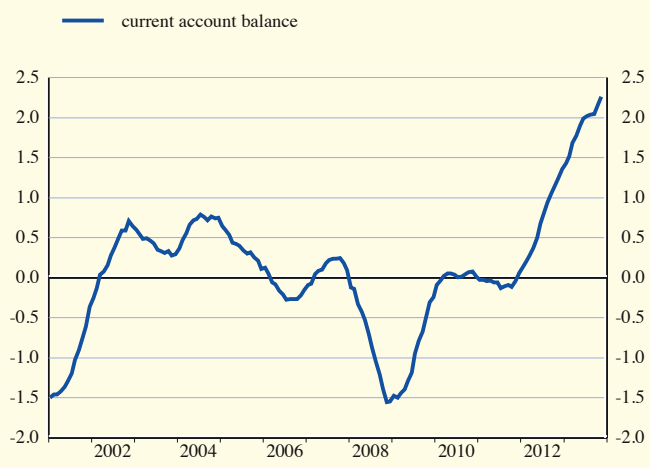
7.1 Summary balance of payments [1]

(EUR billions; net transactions)

	Current account					Capital account	Net lending/ borrowing to/from rest of the world (columns 1+6)	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers			Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2010	5.3	15.6	60.4	38.0	-108.7	5.5	10.8	6.0	-79.0	109.2	10.3	-24.0	-10.5	-16.8
2011	8.2	2.3	72.7	39.4	-106.3	11.0	19.2	-44.2	-85.8	231.1	-5.3	-173.9	-10.3	25.0
2012	126.2	94.9	88.7	49.3	-106.8	5.0	131.2	-140.9	-3.6	72.3	3.4	-199.2	-13.9	9.8
2012 Q3	43.5	29.8	25.5	17.4	-29.3	3.8	47.2	-39.7	30.9	-22.7	-2.9	-45.0	-0.1	-7.5
Q4	61.9	35.0	22.1	18.7	-14.0	6.3	68.2	-100.2	-27.6	72.9	25.4	-168.1	-2.8	32.0
2013 Q1	24.6	30.7	17.5	18.5	-42.1	1.8	26.4	-25.1	-24.0	16.5	8.4	-26.0	0.0	-1.2
Q2	56.1	51.3	28.8	6.8	-30.8	5.5	61.6	-58.8	-55.6	67.1	-0.6	-68.5	-1.2	-2.8
Q3	48.9	39.5	31.4	12.8	-34.8	4.5	53.4	-58.3	-27.8	3.9	5.6	-37.1	-2.9	4.9
2012 Nov.	20.9	13.4	5.6	6.7	-4.8	2.2	23.1	-34.5	19.2	17.4	6.2	-76.3	-1.0	11.4
Dec.	27.3	11.1	9.6	7.0	-0.4	1.7	29.1	-38.5	3.8	-4.3	9.5	-48.3	0.8	9.5
2013 Jan.	-6.8	-2.7	4.5	4.7	-13.3	0.1	-6.7	4.7	-10.9	26.9	4.6	-11.1	-4.8	2.0
Feb.	9.0	11.2	5.9	7.7	-15.9	1.1	10.1	-11.1	2.2	-13.9	2.7	-4.6	2.6	0.9
Mar.	22.4	22.2	7.1	6.1	-13.0	0.5	22.9	-18.8	-15.3	3.6	1.1	-10.4	2.3	-4.2
Apr.	14.8	16.3	8.0	1.2	-10.7	1.8	16.6	-20.7	-18.6	-0.1	-5.8	3.8	0.0	4.1
May	11.3	16.9	8.9	-4.7	-9.7	2.6	13.9	-12.7	-16.6	37.9	-8.3	-25.2	-0.6	-1.2
June	30.0	18.0	11.9	10.4	-10.3	1.1	31.1	-25.5	-20.5	29.3	13.5	-47.1	-0.6	-5.6
July	24.0	18.8	12.4	4.5	-11.7	2.5	26.5	-25.8	7.9	-31.8	-2.6	0.6	0.2	-0.8
Aug.	10.2	7.1	7.9	6.9	-11.8	1.5	11.7	-10.2	-1.0	17.2	6.5	-31.1	-2.0	-1.5
Sep.	14.7	13.5	11.2	1.3	-11.3	0.5	15.2	-22.3	-34.7	18.5	1.7	-6.6	-1.1	7.1
Oct.	26.6	19.2	9.9	6.2	-8.7	2.3	28.9	-27.5	-1.7	2.1	2.8	-31.6	0.9	-1.3
Nov.	27.4	18.8	7.7	6.4	-5.5	1.7	29.1	-29.3	-12.6	53.5	-4.7	-65.7	0.2	0.2
	12-month cumulated transactions													
2013 Nov.	211.0	170.5	105.0	57.7	-122.2	17.5	228.4	-237.6	-117.8	138.8	20.9	-277.2	-2.2	9.2
	12-month cumulated transactions as a percentage of GDP													
2013 Nov.	2.2	1.8	1.1	0.6	-1.3	0.2	2.4	-2.5	-1.2	1.5	0.2	-2.9	0.0	0.1

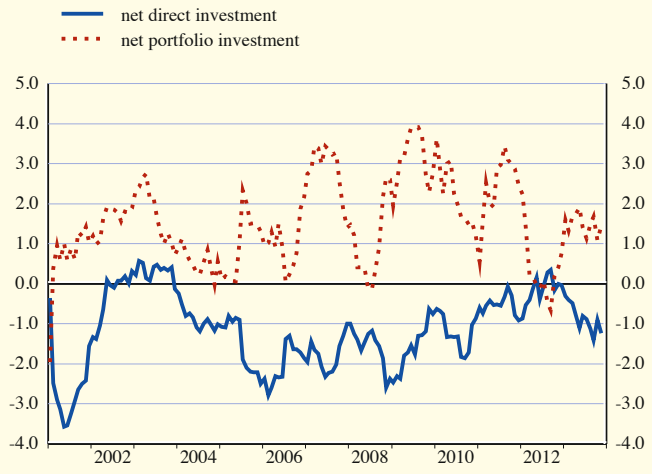
C32 Euro area b.o.p.: current account

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



C33 Euro area b.o.p.: direct and portfolio investment

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



Source: ECB.

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

7.2 Current and capital accounts

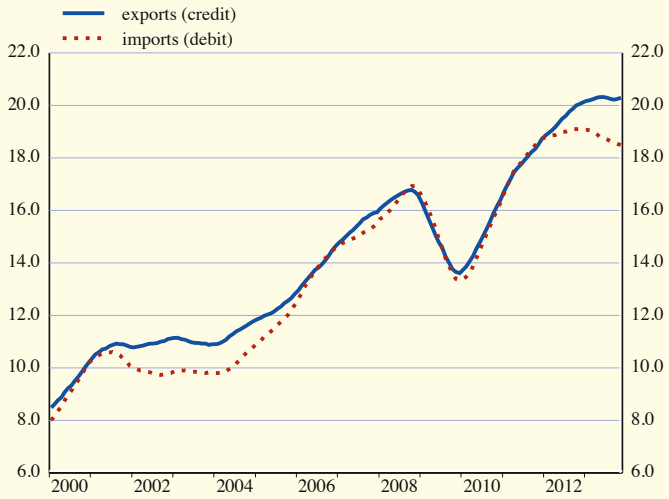
(EUR billions; transactions)

1. Summary current and capital accounts

	Current account													Capital account	
	Total			Goods		Services		Income		Current transfers					
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit		Debit		Credit	Debit
											Workers' remittances		Workers' remittances		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2010	2,706.4	2,701.1	5.3	1,576.1	1,560.5	544.4	484.0	497.8	459.7	88.2	6.3	197.0	26.3	20.2	14.7
2011	3,018.1	3,009.9	8.2	1,789.1	1,786.7	584.3	511.6	549.9	510.5	94.8	6.5	201.1	27.2	25.2	14.2
2012	3,179.0	3,052.7	126.2	1,919.5	1,824.6	626.6	537.9	535.5	486.1	97.3	6.8	204.1	26.0	28.8	23.8
2012 Q3	796.2	752.7	43.5	480.7	450.9	166.9	141.3	131.4	114.0	17.2	1.9	46.4	6.6	6.9	3.2
Q4	816.5	754.6	61.9	489.5	454.5	161.8	139.7	131.9	113.1	33.3	1.7	47.3	6.7	10.7	4.5
2013 Q1	765.2	740.6	24.6	470.6	439.9	144.9	127.3	122.0	103.5	27.8	1.6	69.9	5.9	5.9	4.2
Q2	813.4	757.2	56.1	489.7	438.4	164.4	135.7	139.2	132.4	20.0	1.9	50.8	6.2	7.7	2.3
Q3	798.5	749.6	48.9	479.2	439.7	175.0	143.5	126.9	114.1	17.5	1.8	52.3	6.4	6.5	2.0
2013 Sep.	269.2	254.5	14.7	162.5	149.0	59.1	47.9	41.6	40.4	6.0	-	17.3	-	1.0	0.6
Oct.	277.1	250.5	26.6	176.1	156.9	56.7	46.7	38.2	32.0	6.2	-	14.9	-	2.8	0.6
Nov.	265.7	238.4	27.4	166.7	147.9	51.8	44.1	38.8	32.4	8.4	-	13.9	-	2.3	0.5
	Seasonally adjusted														
2013 Q1	793.9	743.5	50.4	483.4	442.6	158.2	134.3	127.0	112.3	25.3	-	54.4	-	-	-
Q2	805.7	744.2	61.5	485.9	438.3	163.5	138.1	131.6	114.3	24.7	-	53.5	-	-	-
Q3	797.4	754.7	42.7	478.2	441.0	165.3	137.8	129.8	119.5	24.2	-	56.4	-	-	-
2013 Sep.	268.9	254.6	14.3	161.8	148.3	56.5	47.3	42.2	40.1	8.4	-	18.9	-	-	-
Oct.	265.6	243.4	22.2	162.9	146.3	54.8	44.7	40.3	35.5	7.5	-	17.0	-	-	-
Nov.	269.6	246.1	23.5	166.2	147.6	54.9	45.4	41.3	36.3	7.3	-	16.8	-	-	-
	12-month cumulated transactions														
2013 Nov.	3,199.5	2,983.7	215.8	1,937.8	1,765.2	650.5	546.0	513.9	457.0	97.2	-	215.5	-	-	-
	12-month cumulated transactions as a percentage of GDP														
2013 Nov.	33.5	31.3	2.3	20.3	18.5	6.8	5.7	5.4	4.8	1.0	-	2.3	-	-	-

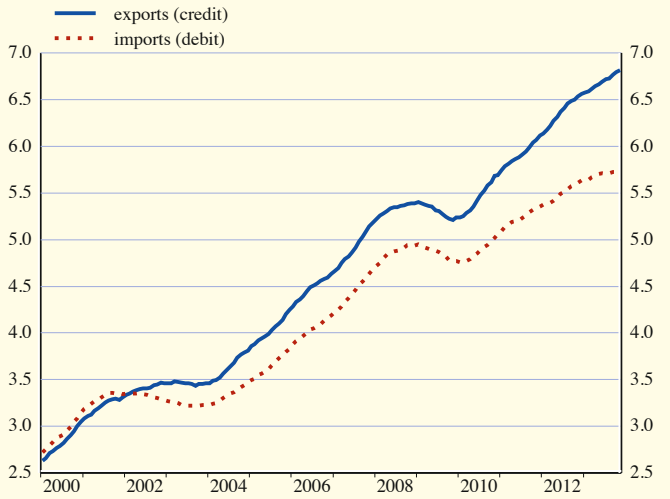
C34 Euro area b.o.p.: goods

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



C35 Euro area b.o.p.: services

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



Source: ECB.

7.2 Current and capital accounts
(EUR billions)

2. Income account
(transactions)

	Compensation of employees		Investment income													
	Credit	Debit	Total		Direct investment						Portfolio investment				Other investment	
			Credit	Debit	Equity				Debt		Equity		Debt		Credit	Debit
					Credit		Debit		Credit	Debit	Credit	Debit	Credit	Debit		
						Reinv. earnings		Reinv. earnings								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2010	25.1	12.4	472.7	447.4	247.2	47.2	153.6	46.0	23.4	24.3	28.8	83.8	95.7	120.9	77.6	64.7
2011	27.2	12.8	522.7	497.7	271.9	38.1	171.6	58.4	40.3	35.0	36.2	98.5	97.3	124.3	77.1	68.2
2012	28.8	13.2	506.7	472.9	251.5	49.7	155.4	16.2	44.4	38.2	43.0	104.0	99.2	117.1	68.6	58.2
2012 Q3	7.1	3.9	124.3	110.1	61.1	17.4	37.7	12.4	11.3	9.0	10.0	20.4	25.2	29.2	16.7	13.8
Q4	7.5	3.3	124.3	109.8	64.0	6.2	37.5	-15.0	11.5	10.4	8.0	20.3	24.8	27.9	16.1	13.7
2013 Q1	7.1	2.5	114.9	101.0	57.4	24.1	34.3	15.4	9.9	7.9	7.5	17.5	24.6	28.6	15.4	12.6
Q2	7.4	3.5	131.9	128.9	64.6	2.9	33.6	0.7	10.1	7.6	14.5	45.2	25.1	28.3	17.5	14.2
Q3	7.3	4.0	119.6	110.1	58.2	17.4	37.0	14.5	10.1	9.4	12.2	24.2	24.8	27.7	14.3	11.7

3. Geographical breakdown
(cumulated transactions)

	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzer-land	United States	Other
		Total	Den-mark	Sweden	United Kingdom	Other EU countries [1]	EU insti-tutions									
2012 Q4 to 2013 Q3	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Credits															
Current account	3,193.6	1,013.0	55.0	96.9	482.6	316.2	62.3	64.9	46.7	155.1	39.3	68.5	124.3	251.0	426.5	1,004.2
Goods	1,928.9	602.9	35.8	57.8	260.4	248.8	0.2	34.1	24.2	118.4	28.6	43.8	87.9	131.0	223.2	635.0
Services	646.1	199.2	12.6	19.8	123.2	36.9	6.8	10.8	11.0	23.3	8.0	14.6	21.6	62.0	97.6	198.1
Income	519.9	147.7	5.6	17.2	87.4	27.4	10.0	19.5	10.7	12.7	2.5	9.4	14.2	48.4	99.8	155.1
Investment income	490.7	139.9	4.8	17.1	85.8	26.6	5.7	19.5	10.7	12.6	2.4	9.4	14.1	33.1	98.4	150.6
Current transfers	98.6	63.3	1.0	2.2	11.6	3.2	45.3	0.5	0.8	0.7	0.2	0.7	0.6	9.7	6.0	16.0
Capital account	31.0	26.9	0.0	0.0	1.3	0.4	25.0	0.0	0.0	0.0	0.0	0.1	0.1	1.0	0.4	2.4
	Debits															
Current account	3,002.0	957.2	53.6	92.8	406.6	286.9	117.3	39.3	29.1	-	35.8	90.9	156.3	211.3	394.2	-
Goods	1,772.5	507.0	30.4	51.3	197.1	228.2	0.0	26.6	14.0	195.5	26.6	43.6	140.1	104.9	147.9	566.1
Services	546.2	160.4	8.9	15.4	92.3	43.5	0.3	5.4	7.2	16.1	7.3	9.2	11.0	50.2	109.4	169.9
Income	463.1	156.7	13.0	24.4	105.2	9.6	4.5	5.9	5.9	-	0.9	37.3	4.2	46.6	130.8	-
Investment income	449.7	149.7	12.9	24.3	103.7	4.3	4.5	5.8	5.7	-	0.7	37.1	4.0	46.1	129.7	-
Current transfers	220.2	133.1	1.2	1.8	12.0	5.7	112.4	1.3	2.0	3.2	0.9	0.7	1.0	9.7	6.1	62.1
Capital account	13.0	3.9	0.1	0.1	3.1	0.5	0.2	0.2	0.1	0.4	0.1	0.1	0.1	0.7	1.1	6.3
	Net															
Current account	191.5	55.9	1.5	4.1	76.0	29.3	-55.0	25.6	17.6	-	3.5	-22.3	-32.0	39.7	32.2	-
Goods	156.4	95.9	5.4	6.5	63.2	20.6	0.2	7.4	10.2	-77.1	2.0	0.1	-52.3	26.1	75.3	68.8
Services	99.9	38.8	3.7	4.4	30.9	-6.6	6.4	5.4	3.7	7.3	0.7	5.4	10.6	11.7	-11.9	28.1
Income	56.8	-9.1	-7.4	-7.2	-17.8	17.8	5.6	13.7	4.9	-	1.6	-27.9	10.0	1.8	-31.0	-
Investment income	40.9	-9.8	-8.1	-7.2	-17.9	22.3	1.2	13.7	5.0	-	1.7	-27.7	10.1	-13.1	-31.3	-
Current transfers	-121.6	-69.8	-0.2	0.4	-0.3	-2.5	-67.1	-0.8	-1.2	-2.5	-0.7	0.0	-0.3	0.0	-0.2	-46.1
Capital account	18.0	22.9	0.0	0.0	-1.8	0.0	24.8	-0.2	0.0	-0.3	-0.1	0.0	0.0	0.2	-0.6	-3.9

Source: ECB.
1) Including Croatia from the third quarter of 2013.

7.3 Financial account

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

1. Summary financial account

	Total [1]			Total as a % of GDP			Direct investment		Portfolio investment		Net financial derivatives	Other investment		Reserve assets
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts (international investment position)													
2010	15,183.9	16,474.3	-1,290.4	165.6	179.7	-14.1	4,930.6	3,891.9	4,898.7	7,471.2	-31.1	4,794.5	5,111.2	591.2
2011	15,892.7	17,348.1	-1,455.4	168.6	184.1	-15.4	5,633.2	4,339.5	4,750.9	7,721.5	-29.7	4,871.2	5,287.0	667.1
2012	16,636.5	17,899.5	-1,262.9	175.4	188.7	-13.3	5,881.3	4,444.6	5,265.0	8,375.5	-17.6	4,818.4	5,079.3	689.4
2013 Q1	17,085.0	18,258.0	-1,173.0	180.3	192.6	-12.4	5,957.5	4,501.4	5,535.1	8,621.7	-28.0	4,932.6	5,134.9	687.8
Q2	16,886.5	18,194.8	-1,308.3	177.7	191.5	-13.8	6,145.7	4,633.2	5,368.7	8,551.9	-47.5	4,855.2	5,009.7	564.3
Q3	16,818.0	18,092.8	-1,274.8	176.4	189.7	-13.4	6,069.2	4,596.8	5,463.5	8,676.2	-40.5	4,739.0	4,819.8	586.8
	Changes to outstanding amounts													
2009	504.2	387.6	116.6	5.7	4.3	1.3	497.0	272.5	513.7	896.9	-0.9	-591.0	-781.8	85.4
2010	1,444.8	1,248.7	196.0	15.8	13.6	2.1	517.7	359.3	557.8	607.4	-29.8	267.3	282.0	131.6
2011	708.8	873.8	-165.0	7.5	9.3	-1.8	702.6	447.6	-147.8	250.3	1.4	76.7	175.8	75.9
2012	743.9	551.4	192.5	7.8	5.8	2.0	248.1	105.1	514.1	654.0	12.2	-52.8	-207.7	22.3
2013 Q2	-198.6	-63.2	-135.3	-8.3	-2.6	-5.7	188.2	131.8	-166.4	-69.8	-19.5	-77.4	-125.2	-123.5
Q3	-68.5	-102.0	33.5	-2.9	-4.3	1.4	-76.5	-36.4	94.8	124.3	7.0	-116.2	-189.9	22.4
	Transactions													
2009	-89.4	-74.4	-15.0	-1.0	-0.8	-0.2	352.9	285.9	96.0	342.8	-19.0	-514.7	-703.1	-4.6
2010	646.5	652.6	-6.0	7.1	7.1	-0.1	352.6	273.6	130.9	240.1	-10.3	162.8	138.9	10.5
2011	670.3	626.2	44.2	7.1	6.6	0.5	524.0	438.2	-53.2	177.9	5.3	183.9	10.0	10.3
2012	522.0	381.0	140.9	5.5	4.0	1.5	329.9	326.3	186.4	258.7	-3.4	-4.8	-204.0	13.9
2013 Q1	202.4	177.3	25.1	8.7	7.6	1.1	56.7	32.7	104.5	121.0	-8.4	49.6	23.5	0.0
Q2	27.4	-31.5	58.8	1.1	-1.3	2.5	62.0	6.4	21.8	88.9	0.6	-58.2	-126.8	1.2
Q3	-16.4	-74.7	58.3	-0.7	-3.1	2.4	31.8	4.0	63.4	67.3	-5.6	-108.9	-146.0	2.9
2013 July	-10.7	-36.4	25.8	-	-	-	0.0	7.9	28.1	-3.7	2.6	-41.2	-40.6	-0.2
Aug.	14.9	4.6	10.2	-	-	-	27.0	26.1	-4.1	13.1	-6.5	-3.5	-34.5	2.0
Sep.	-20.6	-42.9	22.3	-	-	-	4.8	-29.9	39.4	57.9	-1.7	-64.2	-70.8	1.1
Oct.	88.6	61.1	27.5	-	-	-	21.8	20.1	6.7	8.8	-2.8	63.8	32.2	-0.9
Nov.	65.9	36.5	29.3	-	-	-	19.5	6.9	12.5	66.0	4.7	29.3	-36.4	-0.2
	Other changes													
2009	593.6	462.0	131.6	6.7	5.2	1.5	144.1	-13.4	417.6	554.1	18.2	-76.3	-78.7	90.0
2010	798.2	596.2	202.1	8.7	6.5	2.2	165.2	85.8	426.9	367.3	-19.4	104.5	143.1	121.1
2011	38.4	247.6	-209.2	0.4	2.6	-2.2	178.6	9.4	-94.6	72.5	-3.9	-107.2	165.8	65.6
2012	221.9	170.4	51.5	2.3	1.8	0.5	-81.7	-221.2	327.7	395.3	15.6	-48.0	-3.7	8.4
	Other changes due to exchange rate changes													
2009	-49.3	-56.1	6.8	-0.6	-0.6	0.1	-5.3	5.6	-29.8	-34.5	.	-11.6	-27.2	-2.7
2010	477.4	325.0	152.4	5.2	3.5	1.7	143.4	35.0	160.0	128.5	.	160.9	161.5	13.1
2011	214.2	176.7	37.5	2.3	1.9	0.4	70.7	18.4	72.8	67.1	.	63.1	91.3	7.6
2012	-86.6	-91.4	4.8	-0.9	-1.0	0.1	-22.0	-5.6	-41.3	-37.5	.	-16.7	-48.3	-6.6
	Other changes due to price changes													
2009	634.8	492.7	142.1	7.1	5.5	1.6	147.4	29.4	423.5	463.4	18.2	.	.	45.8
2010	300.8	148.4	152.5	3.3	1.6	1.7	33.2	-0.8	185.5	149.2	-19.4	.	.	101.6
2011	-116.3	-249.1	132.8	-1.2	-2.6	1.4	-38.1	7.1	-133.7	-256.2	-3.9	.	.	59.4
2012	266.0	588.2	-322.2	2.8	6.2	-3.4	38.8	-6.4	194.7	594.6	15.6	.	.	16.9
	Other changes due to other adjustments													
2009	8.4	25.5	-17.1	0.1	0.3	-0.2	2.0	-48.3	24.0	124.6	.	-64.4	-50.8	46.9
2010	20.0	122.8	-102.7	0.2	1.3	-1.1	-11.4	51.6	81.4	89.6	.	-56.4	-18.4	6.4
2011	-59.4	320.0	-379.4	-0.6	3.4	-4.0	146.0	-16.0	-33.8	261.5	.	-170.3	74.5	-1.4
2012	42.5	-326.4	368.9	0.4	-3.4	3.9	-98.6	-209.2	174.3	-161.8	.	-31.3	44.6	-1.9
	Growth rates of outstanding amounts													
2009	-0.7	-0.5	-	.	.	.	8.9	8.8	2.4	5.6	.	-10.1	-12.5	-1.3
2010	4.6	4.2	-	.	.	.	7.7	7.5	2.9	3.4	.	3.6	2.8	2.0
2011	4.5	3.8	-	.	.	.	10.7	11.2	-1.2	2.4	.	4.0	0.2	1.6
2012	3.3	2.2	-	.	.	.	5.9	7.6	3.8	3.3	.	-0.1	-3.8	2.0
2013 Q1	2.5	1.3	-	.	.	.	5.5	6.1	3.3	4.1	.	-1.2	-6.7	1.7
Q2	2.1	0.7	-	.	.	.	4.9	4.7	4.8	4.7	.	-3.2	-8.6	0.6
Q3	1.6	0.1	-	.	.	.	4.5	2.9	5.2	5.2	.	-4.8	-10.0	1.1

Source: ECB.

1) Net financial derivatives are included in assets.

7.3 Financial account

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

2. Direct investment

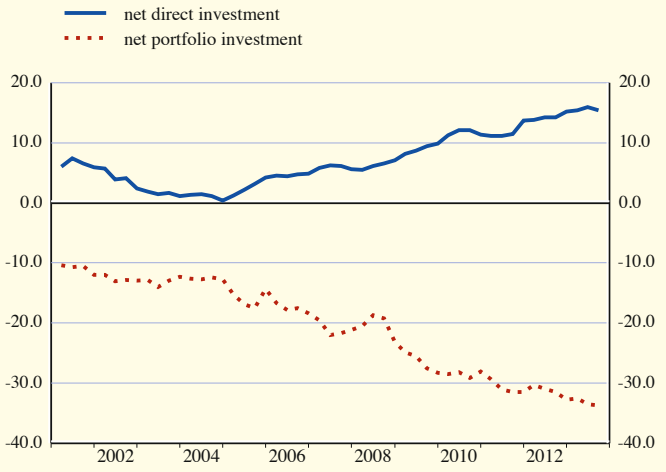
	By resident units abroad							By non-resident units in the euro area						
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	Into MFIs	Into non-MFIs	Total	To MFIs	To non-MFIs
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Oustanding amounts (international investment position)													
2011	5,633.2	4,229.4	283.2	3,946.2	1,403.7	13.3	1,390.5	4,339.5	3,089.1	99.9	2,989.1	1,250.5	11.3	1,239.2
2012	5,881.3	4,374.3	290.2	4,084.1	1,507.0	12.0	1,495.0	4,444.6	3,124.5	106.6	3,017.8	1,320.2	11.3	1,308.9
2013 Q2	6,145.7	4,532.6	277.3	4,255.2	1,613.2	12.3	1,600.9	4,633.2	3,215.0	108.2	3,106.8	1,418.2	12.3	1,406.0
Q3	6,069.2	4,486.3	276.5	4,209.8	1,582.9	12.2	1,570.7	4,596.8	3,198.3	108.6	3,089.7	1,398.6	12.0	1,386.6
	Transactions													
2010	352.6	233.1	23.5	209.6	119.5	1.1	118.4	273.6	293.4	11.0	282.4	-19.8	-5.8	-14.0
2011	524.0	444.1	25.8	418.3	80.0	-3.2	83.1	438.2	400.6	10.1	390.5	37.6	0.6	37.0
2012	329.9	190.0	-1.7	191.7	139.9	-0.3	140.2	326.3	246.2	8.2	238.0	80.1	0.1	80.1
2013 Q1	56.7	44.3	-0.9	45.2	12.5	1.1	11.4	32.7	56.9	3.3	53.5	-24.1	0.7	-24.8
Q2	62.0	4.1	2.6	1.5	57.9	-0.8	58.6	6.4	-38.6	1.0	-39.6	44.9	0.2	44.7
Q3	31.8	44.3	2.5	41.7	-12.4	0.0	-12.5	4.0	10.4	1.8	8.5	-6.3	-0.1	-6.2
2013 July	0.0	-0.5	0.6	-1.1	0.4	-0.3	0.7	7.9	14.5	0.7	13.8	-6.6	-0.1	-6.5
Aug.	27.0	17.7	0.6	17.1	9.3	0.2	9.1	26.1	16.3	0.7	15.6	9.8	0.0	9.7
Sep.	4.8	27.0	1.3	25.7	-22.2	0.1	-22.3	-29.9	-20.4	0.5	-20.9	-9.5	-0.1	-9.4
Oct.	21.8	21.5	-0.2	21.7	0.3	0.0	0.3	20.1	19.0	0.4	18.6	1.1	-0.1	1.1
Nov.	19.5	8.7	1.0	7.8	10.8	-0.1	10.9	6.9	6.3	1.6	4.7	0.6	-0.2	0.8
	Growth rates													
2011	10.7	11.6	9.6	11.8	7.4	-19.9	7.8	11.2	13.7	10.7	13.8	3.9	0.9	3.9
2012	5.9	4.5	-0.6	4.9	10.0	-2.5	10.2	7.6	8.1	8.3	8.1	6.4	0.4	6.5
2013 Q1	5.5	4.2	-0.4	4.6	9.3	3.1	9.4	6.1	7.7	8.6	7.7	2.4	19.0	2.3
Q2	4.9	3.0	0.9	3.1	10.7	5.2	10.7	4.7	5.8	7.7	5.7	2.1	19.7	2.0
Q3	4.5	3.2	1.4	3.3	8.5	3.9	8.6	2.9	4.4	7.0	4.3	-0.7	1.9	-0.8

C36 Euro area international investment position

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

C37 Euro area direct and portfolio investment position

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



Source: ECB.

7.3 Financial account

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

3. Portfolio investment assets

	Total	Equity					Debt instruments									
							Bonds and notes					Money market instruments				
		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs	
				Euro-system		General government			Euro-system		General government			Euro-system		General government
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Outstanding amounts (international investment position)															
2011	4,750.9	1,693.8	59.3	2.6	1,634.5	39.4	2,587.2	721.2	16.1	1,866.1	96.0	469.8	302.5	58.8	167.4	0.5
2012	5,265.0	1,947.3	70.2	2.8	1,877.2	42.5	2,852.0	673.5	15.6	2,178.4	97.3	465.7	287.9	53.8	177.8	1.4
2013 Q2	5,368.7	2,073.9	93.7	3.1	1,980.2	47.6	2,824.5	632.0	15.8	2,192.5	92.7	470.3	281.9	61.9	188.4	0.2
Q3	5,463.5	2,171.6	114.2	3.1	2,057.4	48.5	2,826.0	617.8	16.4	2,208.2	91.4	465.9	289.4	58.4	176.5	0.1
	Transactions															
2010	130.9	75.2	-2.4	-0.7	77.6	1.9	100.4	-125.9	-0.6	226.3	51.5	-44.7	-64.0	-10.6	19.4	-1.9
2011	-53.2	-66.0	-10.7	-0.2	-55.4	-7.3	-21.4	-60.7	0.2	39.3	-2.8	34.2	25.9	10.4	8.3	0.2
2012	186.4	57.6	3.0	0.1	54.6	0.2	126.5	-38.8	-0.9	165.3	-8.5	2.3	-18.0	2.3	20.3	0.1
2013 Q1	104.5	62.7	13.8	0.1	48.9	3.4	34.4	-17.1	1.1	51.5	0.7	7.4	4.8	0.6	2.6	-0.2
Q2	21.8	13.9	3.8	0.0	10.1	0.8	8.8	-6.9	-0.6	15.7	-1.9	-0.9	-5.8	14.7	4.9	-0.3
Q3	63.4	42.9	16.4	0.0	26.5	0.1	18.3	-13.0	0.7	31.3	-1.6	2.2	8.2	-2.4	-6.0	0.0
2013 July	28.1	17.0	4.2	0.0	12.8	-	12.6	-3.0	0.4	15.5	-	-1.4	1.3	0.0	-2.8	-
Aug.	-4.1	-2.2	1.9	0.0	-4.1	-	-1.8	-6.6	0.4	4.8	-	-0.2	3.4	-2.7	-3.6	-
Sep.	39.4	28.1	10.3	0.0	17.7	-	7.5	-3.4	-0.1	10.9	-	3.8	3.5	0.2	0.3	-
Oct.	6.7	9.5	2.2	0.0	7.3	-	0.6	-2.7	-0.1	3.3	-	-3.4	-5.7	-5.4	2.3	-
Nov.	12.5	0.2	5.4	0.3	-5.2	-	8.3	-3.6	0.7	11.9	-	4.0	4.3	4.9	-0.3	-
	Growth rates															
2011	-1.2	-3.9	-15.2	-7.2	-3.4	-15.9	-0.8	-7.7	1.3	2.2	-2.9	8.3	8.5	25.5	8.0	120.3
2012	3.8	3.1	5.0	3.0	3.1	0.1	4.8	-5.5	-5.7	8.6	-8.3	0.5	-5.5	3.7	12.3	29.8
2013 Q1	3.3	5.3	20.9	5.9	4.7	14.3	3.8	-6.8	4.8	7.5	-6.2	-6.9	-12.1	13.0	3.3	56.2
Q2	4.8	7.6	47.4	5.2	6.3	15.5	4.2	-4.0	3.3	6.9	-4.7	-2.3	-7.8	50.9	7.8	-67.0
Q3	5.2	9.5	73.3	5.8	7.4	13.0	3.6	-4.5	11.1	6.1	-6.3	-2.0	-4.2	37.6	2.0	-56.3

4. Portfolio investment liabilities

	Total	Equity			Debt instruments							
					Bonds and notes				Money market instruments			
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	MFIs	Non-MFIs	
								General government				General government
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts (international investment position)											
2011	7,721.5	3,048.8	558.3	2,490.5	4,228.3	1,254.4	2,973.9	1,748.7	444.4	86.8	357.6	313.1
2012	8,375.5	3,475.4	537.3	2,938.1	4,438.9	1,192.2	3,246.8	1,962.7	461.2	87.9	373.3	298.1
2013 Q2	8,551.9	3,603.9	500.3	3,103.6	4,456.1	1,151.5	3,304.6	2,003.3	492.0	111.8	380.2	306.6
Q3	8,676.2	3,756.4	534.6	3,221.8	4,398.8	1,108.8	3,290.0	1,991.1	521.0	127.7	393.3	321.8
	Transactions											
2010	240.1	125.4	-16.9	142.3	161.1	50.2	110.9	187.5	-46.4	12.3	-58.7	-38.2
2011	177.9	73.8	18.4	55.4	151.7	75.7	76.0	80.6	-47.6	2.0	-49.6	-37.7
2012	258.7	144.1	-18.1	162.2	119.3	-55.5	174.7	160.8	-4.7	5.4	-10.0	-30.3
2013 Q1	121.0	57.4	-8.2	65.6	27.3	-4.2	31.5	43.9	36.3	18.5	17.8	24.3
Q2	88.9	83.9	-18.2	102.0	5.3	-23.7	29.0	18.6	-0.2	0.4	-0.6	-1.9
Q3	67.3	45.4	11.5	33.9	-17.1	-22.2	5.1	2.7	39.0	23.7	15.2	16.6
2013 July	-3.7	7.1	4.1	3.0	-28.4	-18.5	-10.0	-	17.7	2.3	15.4	-
Aug.	13.1	22.4	9.2	13.3	-10.9	-7.6	-3.4	-	1.6	7.7	-6.0	-
Sep.	57.9	15.9	-1.8	17.7	22.3	3.9	18.4	-	19.7	13.8	5.9	-
Oct.	8.8	14.4	-7.9	22.3	13.4	11.2	2.2	-	-19.1	-6.5	-12.5	-
Nov.	66.0	19.7	3.0	16.7	47.9	6.0	41.9	-	-1.6	-3.6	2.0	-
	Growth rates											
2011	2.4	2.3	2.9	2.0	4.1	6.7	3.0	5.0	-9.2	8.2	-12.2	-11.1
2012	3.3	4.5	-3.3	6.1	2.8	-4.5	5.8	9.2	-0.9	6.1	-2.6	-9.2
2013 Q1	4.1	4.8	-6.4	7.1	3.5	-2.2	5.8	9.3	4.4	22.0	0.4	-3.6
Q2	4.7	7.6	-7.5	10.6	2.6	-2.9	4.7	7.3	3.3	12.6	1.0	-0.4
Q3	5.2	7.8	-4.7	10.2	1.5	-4.3	3.7	5.1	22.4	61.7	13.4	10.6

Source: ECB.

7.3 Financial account

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

5. Other investment assets

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/currency and deposits	Other assets	Total	Loans/currency and deposits	Other assets		Trade credits	Loans/currency and deposits			Trade credits	Loans/currency and deposits	
											Currency and deposits				Currency and deposits
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2011	4,871.2	35.5	35.2	0.3	3,069.1	3,007.5	61.6	162.7	6.8	116.4	30.2	1,604.0	247.7	1,161.4	491.3
2012	4,818.4	40.1	39.9	0.3	2,923.8	2,853.6	70.2	167.9	5.3	121.4	29.2	1,686.6	253.9	1,236.8	524.7
2013 Q2	4,855.2	17.9	17.6	0.3	2,940.0	2,872.9	67.1	151.2	5.1	103.9	24.0	1,746.2	247.1	1,249.2	567.5
Q3	4,739.0	24.6	24.3	0.3	2,847.2	2,763.2	84.0	148.7	5.0	101.9	22.7	1,718.5	245.1	1,221.4	556.2
	Transactions														
2010	162.8	-2.9	-2.8	0.0	10.1	1.3	8.9	41.5	-0.2	41.1	4.9	114.1	8.6	81.6	50.6
2011	183.9	-2.7	-2.8	0.1	50.5	20.7	29.9	4.4	-0.3	4.2	10.3	131.7	8.5	99.0	38.1
2012	-4.8	5.2	5.2	0.0	-122.4	-130.5	8.1	4.7	-1.5	6.4	-1.0	107.7	8.4	74.5	37.7
2013 Q1	49.6	-6.8	-6.8	0.0	11.9	12.7	-0.8	-10.7	-0.3	-11.0	-5.1	55.1	2.4	40.1	55.8
Q2	-58.2	-10.9	-10.9	0.0	11.9	14.1	-2.2	-4.6	0.0	-4.4	-0.2	-54.6	-0.1	-58.2	-19.6
Q3	-108.9	6.3	6.3	0.0	-72.0	-89.0	17.0	-1.8	-0.1	-1.8	-1.2	-41.4	-1.5	-40.5	-28.5
2013 July	-41.2	3.5	-	-	-32.8	-	-	-5.0	-	-	-2.6	-6.9	-	-	-14.7
Aug.	-3.5	-2.3	-	-	8.7	-	-	2.8	-	-	1.0	-12.6	-	-	2.4
Sep.	-64.2	5.1	-	-	-47.8	-	-	0.5	-	-	0.4	-22.0	-	-	-16.2
Oct.	63.8	-4.6	-	-	76.7	-	-	1.8	-	-	2.1	-10.1	-	-	-10.0
Nov.	29.3	-5.2	-	-	5.6	-	-	5.5	-	-	4.0	23.3	-	-	22.4
	Growth rates														
2011	4.0	-5.4	-5.5	40.4	1.8	0.8	76.8	3.0	-3.3	4.2	51.5	8.3	3.9	8.1	9.0
2012	-0.1	13.1	13.2	-0.6	-3.9	-4.3	13.7	3.1	-22.2	5.9	-3.3	6.8	3.4	6.5	7.8
2013 Q1	-1.2	-9.1	-9.1	-3.2	-4.6	-5.1	22.6	3.5	-24.3	5.3	-1.7	4.8	-2.4	5.8	9.8
Q2	-3.2	-22.3	-22.5	0.1	-4.2	-4.2	-5.9	-3.6	-24.8	-4.7	-20.3	-0.9	-2.4	-3.1	3.8
Q3	-4.8	-13.2	-13.2	-0.3	-5.3	-5.7	8.9	1.1	-5.5	0.6	-9.5	-4.1	-0.7	-6.1	-2.3

6. Other investment liabilities

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/currency and deposits	Other liabilities	Total	Loans/currency and deposits	Other liabilities	Total	Trade credits	Loans	Other liabilities	Total	Trade credits	Loans	Other liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2011	5,287.0	412.7	409.9	2.8	3,212.3	3,145.5	66.8	224.1	0.1	217.2	6.8	1,438.0	226.3	1,027.2	184.5
2012	5,079.3	428.9	428.0	0.9	2,963.8	2,881.1	82.7	227.5	0.1	219.9	7.4	1,459.2	228.8	994.0	236.4
2013 Q2	5,009.7	375.2	373.8	1.4	2,854.3	2,791.0	63.3	223.1	0.1	216.4	6.6	1,557.0	228.1	1,055.8	273.0
Q3	4,819.8	361.7	360.1	1.6	2,730.8	2,650.0	80.7	226.0	0.2	219.1	6.7	1,501.4	228.4	1,006.7	266.3
	Transactions														
2010	138.9	9.4	6.8	2.6	-8.7	-14.6	5.9	64.9	0.0	64.3	0.5	73.2	16.0	31.1	26.2
2011	10.0	135.1	135.3	-0.2	-289.1	-327.8	38.7	74.1	0.0	74.1	0.0	90.0	10.5	63.5	16.0
2012	-204.0	19.0	20.9	-1.8	-234.6	-251.7	17.2	3.7	0.0	2.7	1.0	7.8	7.4	-14.3	14.7
2013 Q1	23.5	-32.2	-32.2	0.0	-0.4	0.2	-0.7	-0.8	0.0	0.4	-1.2	57.0	2.5	31.4	23.1
Q2	-126.8	-21.5	-22.0	0.5	-93.7	-75.9	-17.8	-0.3	0.0	-1.1	0.8	-11.3	-1.4	5.1	-15.0
Q3	-146.0	-10.3	-10.4	0.2	-107.5	-124.9	17.4	4.5	0.0	4.2	0.2	-32.7	0.9	-36.4	2.8
2013 July	-40.6	-5.3	-	-	-23.5	-	-	1.4	-	-	-	-13.2	-	-	-
Aug.	-34.5	-1.1	-	-	-26.1	-	-	0.2	-	-	-	-7.5	-	-	-
Sep.	-70.8	-3.8	-	-	-57.9	-	-	2.9	-	-	-	-12.0	-	-	-
Oct.	32.2	-9.6	-	-	52.8	-	-	-3.7	-	-	-	-7.3	-	-	-
Nov.	-36.4	-9.3	-	-	-27.8	-	-	-0.6	-	-	-	1.3	-	-	-
	Growth rates														
2011	0.2	50.4	51.0	.	-8.3	-9.6	90.9	50.4	.	52.7	-0.6	7.6	5.2	7.4	11.0
2012	-3.8	4.8	5.3	.	-7.3	-8.0	25.8	1.7	.	1.2	16.0	0.5	3.3	-1.5	8.5
2013 Q1	-6.7	18.6	19.3	.	-12.5	-13.3	29.0	-2.0	.	-2.0	-3.0	0.2	1.0	-1.6	7.1
Q2	-8.6	-8.1	-8.1	.	-12.1	-12.0	-15.8	-5.0	.	-5.2	2.4	-1.7	0.2	-2.0	-1.7
Q3	-10.0	-14.9	-15.0	.	-13.1	-13.5	2.8	-1.0	.	-1.1	3.3	-3.8	1.5	-4.3	-6.8

Source: ECB.

7.3 Financial account

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

7. Reserve assets [1)]

	Reserve assets														Memo items		
	Total	Monetary gold		SDR holdings	Reserve position in the IMF	Foreign exchange								Other claims	Other foreign currency assets	Pre-determined short-term net drains on foreign currency	SDR allo-cations
		In EUR billions	In fine troy ounces (millions)			Total	Currency and deposits		Securities				Financial derivatives				
							With monetary authorities and the BIS	With banks	Total	Equity	Bonds and notes	Money market instruments					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	Outstanding amounts (international investment position)																
2010	591.2	366.2	346.962	54.2	15.8	155.0	7.7	16.0	131.3	0.5	111.2	19.5	0.0	0.0	26.3	-24.4	54.5
2011	667.0	422.1	346.846	54.0	30.2	160.8	5.3	7.8	148.1	0.8	134.1	13.3	-0.4	0.0	97.4	-86.0	55.9
2012	689.4	437.2	346.693	52.8	31.9	166.8	6.1	8.8	151.3	0.2	130.9	20.2	0.6	0.6	32.8	-35.0	55.0
2013 Q1	687.8	432.7	346.696	52.5	32.4	169.6	5.3	10.0	154.4	0.2	132.6	21.6	-0.1	0.6	31.2	-35.8	55.1
Q2	564.3	315.9	346.672	51.3	31.5	164.7	5.3	7.8	151.6	0.2	133.8	17.6	0.0	0.8	27.3	-31.0	54.2
Q3	586.8	340.5	346.674	50.5	30.5	164.3	5.1	9.3	149.7	0.2	134.0	15.5	0.2	0.9	21.5	-29.4	53.6
2013 Nov.	561.5	319.0	346.566	50.7	28.9	162.0	4.5	8.8	148.5	0.2	137.2	11.1	0.3	0.9	23.0	-29.5	53.2
Dec.	542.4	301.9	346.566	50.1	28.9	160.4	6.6	5.7	147.7	0.2	133.3	14.1	0.4	1.0	22.5	-30.1	52.7
	Transactions																
2010	10.5	0.0	-	-0.1	4.9	5.6	-5.4	6.6	4.3	0.0	10.6	-6.3	0.0	0.0	-	-	-
2011	10.3	0.0	-	-1.6	13.0	-1.2	-2.3	-8.3	9.3	0.1	15.9	-6.8	0.1	0.0	-	-	-
2012	13.9	0.0	-	-0.3	3.4	10.2	0.6	1.2	8.0	-0.4	-0.7	9.1	0.4	0.7	-	-	-
2013 Q1	0.0	0.0	-	-0.5	0.3	0.2	-1.1	0.8	0.9	0.0	-0.8	1.7	-0.5	0.0	-	-	-
Q2	1.2	0.0	-	-0.3	-0.3	1.5	0.1	-1.8	3.5	0.0	6.4	-2.8	-0.2	0.2	-	-	-
Q3	2.9	0.0	-	-0.2	-0.6	3.6	-0.2	1.7	2.2	0.0	4.0	-1.7	-0.1	0.0	-	-	-
	Growth rates																
2010	2.0	0.0	-	-0.1	46.7	3.7	-43.3	75.9	3.6	-5.2	10.3	-24.5	-	-	-	-	-
2011	1.6	0.0	-	-3.0	83.3	-1.3	-30.0	-52.7	6.8	27.4	14.2	-45.3	-	-	-	-	-
2012	2.0	0.0	-	-0.5	11.0	6.5	12.2	15.2	5.6	-53.5	-0.6	82.5	-	-	-	-	-
2013 Q1	1.7	0.0	-	-0.9	7.4	6.1	-6.6	30.5	5.5	-50.1	-0.3	67.7	-	-	-	-	-
Q2	0.6	0.0	-	-0.9	2.4	2.0	-19.1	-1.6	3.4	-41.8	4.7	-4.5	-	-	-	-	-
Q3	1.1	0.0	-	-1.3	-6.2	5.7	-13.6	22.4	6.0	0.0	6.9	-0.6	-	-	-	-	-

8. Gross external debt

	Total	By instrument						By sector (excluding direct investment)			
		Loans, currency and deposits	Money market instruments	Bonds and notes	Trade credits	Other debt liabilities	Direct investment: inter-company lending	General government	Eurosystem	MFIs (excluding Eurosystem)	Other sectors
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts (international investment position)										
2010	10,910.7	4,708.7	453.3	3,824.0	202.5	200.0	1,522.2	2,140.9	271.0	4,743.7	2,232.9
2011	11,929.7	4,799.8	444.4	4,228.3	226.4	260.9	1,970.0	2,285.9	412.7	4,553.5	2,707.8
2012	12,091.6	4,522.9	461.2	4,438.9	229.0	327.5	2,112.2	2,488.3	428.9	4,243.9	2,818.4
2013 Q1	12,254.2	4,544.4	501.2	4,498.1	231.7	358.7	2,119.9	2,553.8	398.6	4,273.2	2,908.6
Q2	12,208.7	4,437.1	492.0	4,456.1	228.3	344.2	2,251.0	2,533.0	375.2	4,117.6	2,931.9
Q3	11,964.4	4,236.0	521.0	4,398.8	228.5	355.2	2,224.8	2,538.8	361.7	3,967.3	2,871.8
	Outstanding amounts as a percentage of GDP										
2010	119.1	51.4	4.9	41.7	2.2	2.2	16.6	23.4	3.0	51.8	24.4
2011	126.6	51.0	4.7	44.9	2.4	2.8	20.9	24.3	4.4	48.3	28.7
2012	127.5	47.7	4.9	46.8	2.4	3.5	22.3	26.2	4.5	44.7	29.7
2013 Q1	129.1	47.9	5.3	47.4	2.4	3.8	22.3	26.9	4.2	45.0	30.6
Q2	128.3	46.6	5.2	46.8	2.4	3.6	23.7	26.6	3.9	43.3	30.8
Q3	125.4	44.4	5.5	46.1	2.4	3.7	23.3	26.6	3.8	41.6	30.1

Source: ECB.

1) Data refer to the changing composition of the euro area, in line with the approach adopted for the reserve assets of the Eurosystem. For further information, see the General Notes.

7.3 Financial account

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

9. Geographical breakdown

	Total	EU Member States outside the euro area						Canada	China	Japan	Switzerland	United States	Offshore financial centres	International organisations	Other countries
		Total	Denmark	Sweden	United Kingdom	Other EU countries [1]	EU institutions								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2012	Outstanding amounts (international investment position)														
Direct investment	1,436.7	421.2	-16.2	19.6	135.0	284.0	-1.2	103.4	79.0	-22.3	161.0	176.1	-223.4	-0.2	741.7
Abroad	5,881.3	1,689.6	29.4	171.7	1,156.7	331.7	0.1	211.4	99.6	79.2	597.2	1,322.6	585.4	0.1	1,296.3
Equity/reinvested earnings	4,374.3	1,250.6	22.8	103.9	867.4	256.4	0.0	165.3	81.3	57.1	451.3	929.8	486.6	0.1	952.2
Other capital	1,507.0	439.0	6.5	67.8	289.4	75.2	0.1	46.1	18.3	22.1	145.9	392.7	98.8	0.0	344.2
In the euro area	4,444.6	1,268.4	45.6	152.2	1,021.7	47.7	1.3	108.0	20.6	101.5	436.1	1,146.4	808.7	0.3	554.6
Equity/reinvested earnings	3,124.5	1,017.0	36.8	136.2	810.0	32.7	1.3	86.9	7.8	88.1	262.7	856.5	425.6	0.0	379.7
Other capital	1,320.2	251.4	8.7	16.0	211.8	14.9	0.0	21.1	12.7	13.4	173.4	289.9	383.1	0.2	174.9
Portfolio investment assets	5,265.0	1,678.1	99.7	227.9	1,044.3	120.0	186.3	102.1	61.2	215.1	131.4	1,637.4	433.2	33.1	973.4
Equity	1,947.3	391.2	17.2	48.9	310.4	14.4	0.1	39.6	57.2	105.7	117.1	621.1	237.0	0.9	377.6
Debt instruments	3,317.7	1,286.9	82.4	178.9	733.8	105.6	186.1	62.4	4.0	109.5	14.3	1,016.3	196.2	32.2	595.8
Bonds and notes	2,852.0	1,135.7	75.8	148.5	621.7	104.7	185.0	58.1	2.6	36.8	11.2	855.2	184.4	31.6	536.3
Money market instruments	465.7	151.3	6.6	30.4	112.1	0.9	1.2	4.3	1.3	72.7	3.0	161.1	11.8	0.6	59.5
Other investment	-260.9	-240.7	10.7	-26.1	-47.1	45.0	-223.1	1.7	-15.7	5.1	-32.8	54.5	51.3	-77.1	-7.3
Assets	4,818.4	2,188.4	77.4	85.7	1,840.4	165.6	19.3	27.9	48.9	81.9	268.0	676.7	537.3	36.6	952.8
General government	167.9	65.6	1.0	4.6	43.4	1.8	14.9	1.8	3.1	0.9	1.5	11.0	3.3	30.6	50.2
MFIs	2,963.9	1,530.7	58.4	49.8	1,292.0	128.2	2.2	16.4	24.3	65.9	146.8	394.7	392.6	5.2	387.4
Other sectors	1,686.6	592.0	18.0	31.2	505.0	35.6	2.2	9.7	21.5	15.1	119.8	270.9	141.4	0.8	515.2
Liabilities	5,079.3	2,429.0	66.8	111.7	1,887.5	120.6	242.4	26.2	64.6	76.8	300.8	622.1	485.9	113.7	960.0
General government	227.5	107.1	0.3	0.9	26.3	0.2	79.4	0.1	0.0	0.1	1.1	29.6	1.2	83.1	5.1
MFIs	3,392.7	1,644.5	56.3	86.6	1,306.0	92.9	102.7	17.0	38.2	50.7	239.2	338.5	387.9	28.1	648.5
Other sectors	1,459.2	677.4	10.1	24.2	555.1	27.6	60.3	9.1	26.4	26.0	60.6	254.0	96.8	2.5	306.5
2012 Q4 to 2013 Q3	Cumulated transactions														
Direct investment	134.9	44.7	-8.3	-36.2	84.5	4.7	0.0	-1.9	3.6	0.1	37.3	38.6	-44.1	0.0	56.6
Abroad	263.3	52.5	0.9	-1.3	44.4	8.5	0.0	-0.1	8.3	1.4	36.0	55.5	-3.2	0.0	112.8
Equity/reinvested earnings	139.1	56.6	0.9	8.3	42.0	5.4	0.0	4.0	7.5	1.0	6.4	31.5	-11.9	0.0	43.9
Other capital	124.2	-4.1	0.0	-9.6	2.3	3.1	0.0	-4.1	0.8	0.5	29.6	24.0	8.7	0.0	68.9
In the euro area	128.3	7.8	9.2	35.0	-40.2	3.9	0.0	1.8	4.7	1.3	-1.3	17.0	40.9	0.0	56.2
Equity/reinvested earnings	137.8	12.2	7.9	23.6	-20.1	0.9	0.0	1.9	4.5	5.3	2.7	4.8	75.9	0.0	30.4
Other capital	-9.4	-4.4	1.3	11.4	-20.1	3.0	0.0	-0.1	0.2	-3.9	-4.0	12.2	-35.0	0.0	25.7
Portfolio investment assets	271.2	11.1	4.5	-0.9	-11.4	8.5	10.3	8.1	6.6	35.2	7.9	74.2	5.0	-0.6	123.7
Equity	180.0	39.1	2.3	3.3	33.4	0.1	0.0	2.0	5.5	28.7	6.0	68.7	4.3	0.0	25.6
Debt instruments	91.2	-28.0	2.3	-4.2	-44.9	8.4	10.3	6.1	1.1	6.5	1.9	5.4	0.6	-0.6	98.1
Bonds and notes	101.3	-1.1	1.7	-0.5	-21.9	7.3	12.2	4.1	0.4	-7.4	-0.1	9.8	-6.1	-1.1	102.8
Money market instruments	-10.1	-26.9	0.6	-3.7	-23.0	1.1	-1.9	2.0	0.7	13.9	2.0	-4.4	6.8	0.5	-4.7
Other investment	299.8	151.9	2.4	23.9	127.9	-9.5	7.1	-5.0	23.2	44.0	28.4	-1.1	22.0	-23.8	60.3
Assets	-242.4	-229.3	-6.0	3.8	-213.3	-12.9	-1.0	-1.4	4.0	28.1	-10.1	-26.4	-3.7	1.1	-4.7
General government	1.5	-2.3	0.2	-0.8	-2.5	0.0	0.9	0.1	-0.1	-0.4	0.4	0.7	0.7	0.2	2.2
MFIs	-168.9	-217.5	-9.6	-1.4	-190.8	-13.8	-2.0	0.6	4.9	27.2	-5.5	1.9	24.4	0.3	-5.2
Other sectors	-74.9	-9.4	3.4	6.0	-20.0	1.0	0.2	-2.2	-0.8	1.3	-4.9	-29.0	-28.8	0.6	-1.7
Liabilities	-542.2	-381.2	-8.4	-20.1	-341.2	-3.4	-8.1	3.6	-19.1	-15.8	-38.5	-25.2	-25.8	24.9	-65.0
General government	-2.4	-5.5	0.1	0.3	-10.7	0.0	4.8	0.2	0.0	0.0	0.5	-8.7	-0.1	10.2	1.2
MFIs	-481.2	-336.2	-9.5	-17.3	-288.7	-5.5	-15.1	0.8	-19.2	-15.0	-37.8	-2.9	-30.9	14.2	-54.1
Other sectors	-58.5	-39.5	1.0	-3.1	-41.9	2.2	2.2	2.6	0.1	-0.8	-1.1	-13.6	5.2	0.5	-12.0

Source: ECB.

1) Including Croatia from the third quarter of 2013.

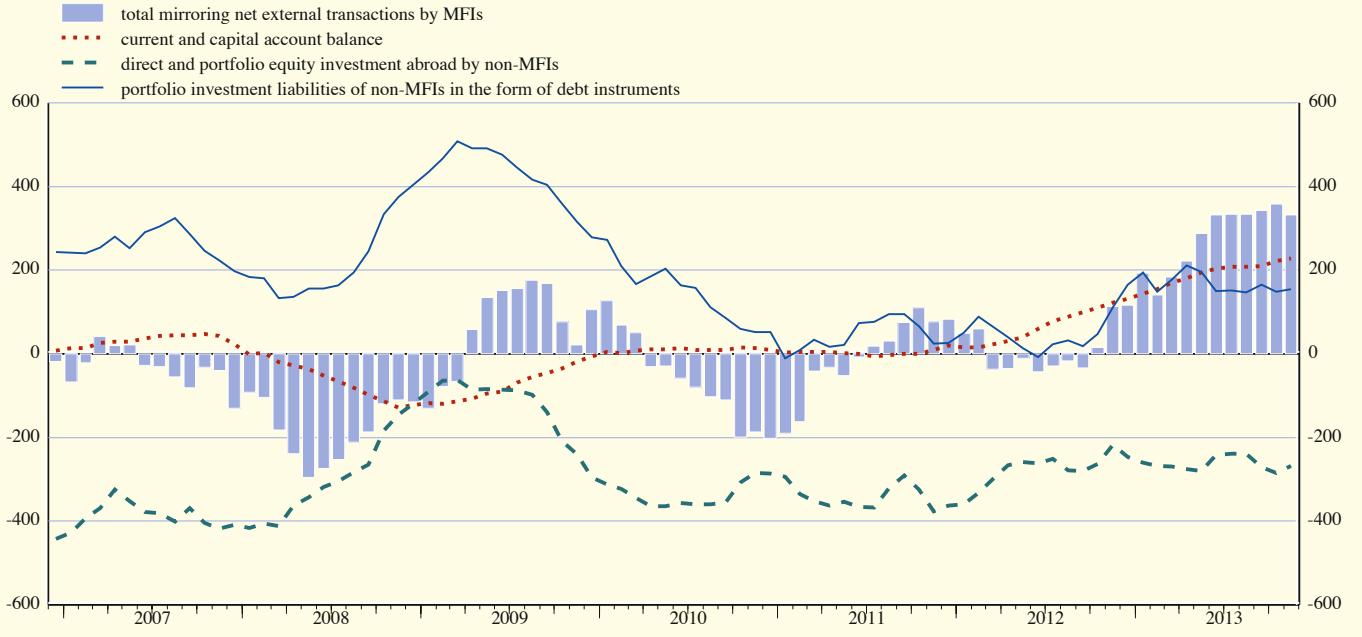
7.4 Monetary presentation of the balance of payments [1]

(EUR billions; transactions)

	B.o.p. items mirroring net transactions by MFIs											
	Total	Current and capital account balance	Transactions by non-MFIs								Financial derivatives	Errors and omissions
			Direct investment		Portfolio investment				Other investment			
			By resident units abroad	By non-resident units in euro area	Assets		Liabilities		Assets	Liabilities		
					Equity	Debt instruments	Equity	Debt instruments				
	1	2	3	4	5	6	7	8	9	10	11	12
2010	-202.5	9.4	-327.7	268.0	-77.4	-245.6	142.4	52.3	-154.8	138.0	10.3	-17.4
2011	82.5	19.2	-501.4	427.5	55.4	-47.6	55.4	26.4	-136.1	164.1	-5.3	25.0
2012	116.3	131.2	-331.9	318.1	-54.6	-185.6	162.2	164.7	-112.4	11.5	3.4	9.8
2012 Q3	43.2	47.2	-50.9	79.1	-5.6	-48.2	37.7	5.2	-7.2	-3.8	-2.9	-7.5
Q4	108.3	68.2	-112.9	84.6	-50.5	-34.8	91.4	66.9	15.5	-77.4	25.4	32.0
2013 Q1	29.3	26.4	-56.6	28.7	-48.9	-54.1	65.6	49.3	-44.5	56.2	8.4	-1.2
Q2	150.7	61.6	-60.1	5.1	-10.1	-20.6	102.0	28.4	59.2	-11.5	-0.6	-2.8
Q3	54.4	53.4	-29.2	2.3	-26.5	-25.3	33.9	20.3	43.2	-28.2	5.6	4.9
2012 Nov.	64.5	23.1	-28.0	43.7	-7.8	-21.2	21.8	37.9	-15.7	-6.9	6.2	11.4
Dec.	34.9	29.1	-23.8	28.1	-34.2	-1.3	30.3	22.2	25.9	-60.2	9.5	9.5
2013 Jan.	39.1	-6.7	-23.7	11.3	-16.9	-19.5	38.1	14.6	-1.2	36.5	4.6	2.0
Feb.	-32.6	10.1	-14.4	15.5	-17.3	-28.2	10.3	4.2	-27.6	11.1	2.7	0.9
Mar.	22.9	22.9	-18.5	2.0	-14.8	-6.5	17.2	30.6	-15.7	8.6	1.1	-4.2
Apr.	10.9	16.6	-22.8	3.9	-19.5	-25.2	21.1	30.3	-13.1	21.3	-5.8	4.1
May	84.0	13.9	-9.9	-7.5	-5.6	-9.2	49.5	23.1	41.5	-2.1	-8.3	-1.2
June	55.8	31.1	-27.3	8.7	15.1	13.9	31.4	-25.0	30.8	-30.7	13.5	-5.6
July	13.6	26.5	0.4	7.3	-12.8	-12.8	3.0	5.4	11.9	-11.8	-2.6	-0.8
Aug.	25.1	11.7	-26.2	25.3	4.1	-1.2	13.3	-9.4	9.8	-7.3	6.5	-1.5
Sep.	15.6	15.2	-3.4	-30.3	-17.7	-11.3	17.7	24.3	21.5	-9.1	1.7	7.1
Oct.	24.5	28.9	-22.0	19.8	-7.3	-5.5	22.3	-10.3	8.3	-11.0	2.8	-1.3
Nov.	37.5	29.1	-18.6	5.5	5.2	-11.6	16.7	43.9	-28.8	0.7	-4.7	0.2
	12-month cumulated transactions											
2013 Nov.	331.2	228.4	-210.3	89.5	-121.8	-118.4	270.8	153.8	63.3	-54.1	20.9	9.2

C38 Main b.o.p. items mirroring developments in MFI net external transactions [1]

(EUR billions; 12-month cumulated transactions)



Source: ECB.

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

7.5 Trade in goods

1. Values and volumes by product group [1]

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)					Imports (c.i.f.)					
			Total				Memo item:	Total				Memo items:	
	Exports	Imports		Intermediate	Capital	Consumption	Manufacturing		Intermediate	Capital	Consumption	Manufacturing	Oil
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Values (EUR billions; annual percentage changes for columns 1 and 2)												
2011	13.0	13.3	1,748.1	879.6	353.7	474.5	1,426.8	1,761.4	1,128.0	240.3	367.3	1,104.9	324.4
2012	7.5	1.9	1,877.9	931.5	386.0	516.3	1,523.9	1,791.2	1,149.0	246.6	369.4	1,093.3	361.3
2012 Q4	5.7	1.1	468.9	232.0	96.5	128.7	378.6	439.9	280.8	59.6	91.8	268.6	90.1
2013 Q1	0.7	-5.2	473.5	235.5	96.0	132.8	382.7	437.2	278.9	59.9	91.2	269.3	86.9
Q2	1.6	-3.0	473.5	230.9	96.8	132.2	384.8	433.6	274.8	59.3	91.2	267.9	85.1
Q3	0.1	-2.0	471.5	229.7	94.7	133.4	383.9	435.1	273.9	59.4	93.4	269.3	86.7
2013 June	-3.1	-4.8	158.1	76.9	32.1	44.4	127.7	145.9	92.1	19.9	30.9	89.0	28.0
July	3.1	0.3	156.1	76.1	31.7	44.0	127.7	145.1	92.2	19.5	30.9	89.7	29.5
Aug.	-5.8	-7.5	157.1	76.7	31.6	44.7	128.0	144.6	91.5	20.2	30.6	89.0	28.8
Sep.	2.8	1.3	158.3	76.9	31.4	44.8	128.1	145.5	90.2	19.6	31.9	90.6	28.4
Oct.	1.0	-3.5	158.3	76.9	32.1	44.8	129.5	144.0	90.7	19.4	31.3	89.8	28.9
Nov.	-2.2	-5.4	158.1	77.6	32.2	44.5	128.7	142.1	87.6	20.0	31.8	89.2	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2011	7.6	3.2	108.2	107.6	111.0	107.8	108.8	103.0	103.7	103.1	100.8	104.8	98.0
2012	3.7	-2.9	111.9	110.3	117.0	111.7	112.6	99.5	100.8	99.4	96.1	99.8	99.2
2012 Q4	2.6	-2.3	111.4	109.7	116.8	110.8	111.5	98.0	99.1	96.3	95.0	97.7	100.1
2013 Q1	0.0	-4.3	113.2	111.9	116.2	115.6	113.6	98.4	99.6	96.1	95.5	98.9	97.5
Q2	1.5	-1.1	113.2	110.3	116.0	114.4	113.7	99.0	100.9	94.2	94.9	98.1	101.3
Q3	1.7	1.7	113.3	110.7	114.1	115.6	114.0	99.4	100.0	96.4	97.3	99.4	100.3
2013 May	-0.2	-3.4	112.0	109.7	113.8	112.9	115.6	98.5	100.1	93.7	94.9	100.3	102.3
June	-3.1	-2.9	113.3	110.5	114.9	114.8	112.9	100.4	102.0	95.1	96.3	97.9	100.3
July	4.3	2.8	112.7	110.4	114.0	114.6	113.9	100.0	102.2	93.9	96.7	99.0	105.5
Aug.	-4.0	-3.1	113.1	110.7	114.3	116.1	114.0	99.0	99.9	99.2	95.6	98.7	98.9
Sep.	4.4	5.5	114.0	111.1	113.9	116.0	114.1	99.1	98.0	95.9	99.6	100.5	96.4
Oct.	2.0	0.0	114.0	111.4	116.4	115.3	114.9	99.3	100.2	94.8	98.2	99.6	100.6

2. Prices [2]

(annual percentage changes, unless otherwise indicated)

	Industrial producer export prices (f.o.b.) [3]							Industrial import prices (c.i.f.)						
	Total (index: 2010 = 100)	Total					Memo item: Manufacturing	Total (index: 2010 = 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	30.1	42.0	18.5	9.4	96.4	100.0	100.0	29.0	25.4	23.3	22.4	80.4
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011	103.8	3.8	5.4	1.1	1.6	22.4	3.6	107.6	7.5	4.1	-1.5	3.6	25.5	2.9
2012	106.1	2.3	0.9	1.8	2.2	9.5	2.2	111.2	3.4	0.2	1.6	3.2	7.2	2.1
2013 Q1	105.8	-0.1	-0.5	0.3	1.3	-5.3	-0.1	109.9	-1.6	-0.9	-1.2	1.2	-4.1	-0.6
Q2	105.1	-0.9	-1.6	0.1	1.1	-8.8	-0.8	107.9	-2.8	-2.1	-1.6	0.6	-6.0	-1.4
Q3	105.0	-1.5	-1.8	-0.6	0.7	-9.4	-1.3	108.1	-3.3	-3.2	-2.7	-0.9	-5.6	-2.6
2013 June	104.8	-0.9	-1.7	-0.5	0.7	-3.6	-0.8	107.4	-1.9	-2.7	-2.3	-0.3	-1.9	-1.7
July	105.1	-1.1	-1.5	-0.6	0.7	-5.6	-0.9	108.0	-2.8	-3.2	-3.0	-0.8	-3.8	-2.4
Aug.	105.0	-1.7	-1.8	-0.7	0.6	-11.2	-1.6	108.1	-4.0	-3.4	-2.8	-1.2	-7.4	-2.8
Sep.	104.9	-1.6	-2.1	-0.3	0.8	-11.4	-1.5	108.2	-3.1	-3.1	-2.1	-0.7	-5.4	-2.5
Oct.	104.5	-1.6	-2.1	-0.5	0.7	-11.4	-1.5	106.9	-3.6	-3.0	-2.7	-0.8	-6.3	-2.7
Nov.	104.4	-1.5	-2.1	-0.4	0.4	-8.4	-1.3	107.0	-3.2	-3.0	-2.6	-0.7	-5.4	-2.5

Source: Eurostat.

1) Product groups as classified in the Broad Economic Categories. Unlike the product groups shown in Table 2, intermediate and consumption product groups include agricultural and energy products.

2) Product groups as classified in the Main Industrial Groupings. Unlike the product groups shown in Table 1, intermediate and consumer goods do not include energy products, and agricultural goods are not covered. Manufacturing has a different composition compared with the data shown in columns 7 and 12 of Table 1. Data shown are price indices which follow the pure price change for a basket of products and are not simple ratios of the value and volume data shown in Table 1, which are affected by changes in the composition and quality of traded goods. These indices differ from the GDP deflators for imports and exports (shown in Table 3 in Section 5.1), mainly because those deflators include all goods and services and cover cross-border trade within the euro area.

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

7.5 Trade in goods

(EUR billions, unless otherwise indicated; seasonally adjusted)

3. Geographical breakdown

	Total	EU Member States outside the euro area				Russia	Switzer-land	Turkey	United States	Asia			Africa	Latin America	Other countries
		Denmark	Sweden	United Kingdom	Other EU countries						China	Japan			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Exports (f.o.b.)														
2011	1,748.1	32.9	60.5	213.5	250.6	79.9	109.2	56.8	200.6	405.6	115.6	39.4	112.3	84.6	141.8
2012	1,877.9	33.8	58.9	230.5	252.4	90.1	116.6	59.5	224.4	439.9	120.8	44.8	126.3	97.4	148.2
2012 Q2	468.1	8.5	14.9	57.3	63.1	22.7	29.3	14.5	56.2	109.3	30.5	11.4	31.4	24.4	36.5
Q3	474.8	8.4	14.8	58.3	63.4	22.8	29.2	15.1	58.5	110.6	29.8	11.6	31.2	24.5	38.0
Q4	468.9	8.5	14.2	58.2	62.6	22.5	28.7	15.3	53.9	111.3	29.1	11.2	32.5	24.9	36.3
2013 Q1	473.5	8.6	14.5	58.4	64.0	23.1	28.2	15.6	55.5	110.4	29.6	11.0	34.2	25.0	36.1
Q2	473.5	8.6	14.6	59.1	63.3	22.4	27.4	15.5	54.9	110.0	30.0	10.7	33.0	24.6	40.0
Q3	471.5	8.7	15.0	60.1	64.8	21.3	27.8	14.7	55.4	110.1	31.3	11.2	31.8	24.7	37.0
2013 June	158.1	2.9	4.8	20.1	21.3	7.2	8.9	5.1	17.7	36.0	9.9	3.6	11.0	8.0	15.2
July	156.1	2.9	5.2	19.9	21.5	7.4	9.6	4.9	17.8	36.5	10.2	3.6	10.9	8.3	11.2
Aug.	157.1	2.9	5.0	19.8	21.7	6.9	9.2	4.9	18.7	37.0	10.8	3.7	10.6	8.2	12.1
Sep.	158.3	2.9	4.8	20.4	21.6	7.0	9.0	5.0	18.9	36.6	10.3	3.8	10.3	8.2	13.7
Oct.	158.3	2.9	5.3	20.4	22.1	7.2	9.3	4.8	18.8	37.3	10.5	3.6	10.3	8.3	11.7
Nov.	158.1	.	.	.	.	6.6	9.4	5.2	18.6	37.5	10.7	3.7	10.1	7.7	.
	Percentage share of total exports														
2012	100.0	1.8	3.1	12.3	13.4	4.8	6.2	3.2	11.9	23.4	6.4	2.4	6.7	5.2	7.9
	Imports (c.i.f.)														
2011	1,761.4	29.9	53.2	166.9	231.7	138.8	81.6	35.0	140.8	553.5	218.5	52.6	129.2	91.2	109.8
2012	1,791.2	28.8	52.8	167.2	232.5	144.0	81.9	34.1	151.2	540.8	214.1	49.2	157.5	92.8	107.6
2012 Q2	449.7	7.3	13.2	41.1	57.9	35.2	20.1	8.4	38.0	137.8	56.1	12.7	38.5	22.9	29.3
Q3	448.1	7.2	13.5	42.2	58.2	34.2	21.4	8.4	39.2	133.3	53.5	12.2	39.3	23.2	28.0
Q4	439.9	7.1	12.8	41.7	58.2	36.8	20.1	8.7	35.9	131.1	51.2	11.5	39.8	22.6	25.1
2013 Q1	437.2	7.7	13.3	41.9	59.0	38.7	20.2	8.8	35.4	128.1	51.8	11.0	38.7	21.2	24.0
Q2	433.6	7.6	13.4	40.9	58.5	34.3	20.5	8.7	37.4	127.6	50.8	10.9	36.3	20.2	28.2
Q3	435.1	7.9	13.7	40.9	60.2	36.2	20.7	8.9	37.9	128.0	50.7	10.6	34.2	20.2	26.3
2013 June	145.9	2.6	4.5	13.7	19.8	10.6	7.1	2.9	12.4	41.6	16.6	3.6	12.0	6.8	11.9
July	145.1	2.5	4.7	13.6	19.9	11.7	6.9	3.0	12.5	42.7	16.9	3.4	11.9	6.7	8.9
Aug.	144.6	2.7	4.5	13.9	20.0	12.4	7.1	2.9	12.4	42.7	16.9	3.6	11.3	6.5	8.2
Sep.	145.5	2.7	4.5	13.5	20.4	12.1	6.7	3.0	12.9	42.6	16.9	3.6	11.0	6.9	9.2
Oct.	144.0	2.5	4.5	13.4	20.2	11.6	6.9	3.0	13.2	42.4	16.5	3.6	11.4	6.7	8.3
Nov.	142.1	.	.	.	.	11.0	6.8	3.0	13.2	41.4	16.7	3.6	10.0	6.4	.
	Percentage share of total imports														
2012	100.0	1.6	2.9	9.3	13.0	8.0	4.6	1.9	8.4	30.2	12.0	2.7	8.8	5.2	6.0
	Balance														
2011	-13.3	3.0	7.3	46.6	18.9	-58.8	27.6	21.7	59.8	-147.9	-102.9	-13.2	-16.9	-6.5	32.1
2012	86.7	5.0	6.1	63.3	19.9	-53.9	34.7	25.5	73.2	-100.9	-93.3	-4.5	-31.2	4.6	40.6
2012 Q2	18.4	1.3	1.8	16.2	5.2	-12.5	9.2	6.1	18.2	-28.5	-25.6	-1.3	-7.1	1.4	7.2
Q3	26.7	1.2	1.3	16.1	5.1	-11.3	7.8	6.6	19.3	-22.7	-23.7	-0.7	-8.1	1.2	10.1
Q4	28.9	1.4	1.4	16.5	4.4	-14.2	8.6	6.6	18.0	-19.8	-22.1	-0.2	-7.3	2.3	11.2
2013 Q1	36.4	0.9	1.2	16.5	4.9	-15.6	8.0	6.8	20.1	-17.7	-22.2	0.0	-4.6	3.8	12.1
Q2	39.9	1.0	1.2	18.2	4.8	-11.9	7.0	6.8	17.6	-17.6	-20.9	-0.2	-3.2	4.4	11.8
Q3	36.3	0.8	1.3	19.1	4.5	-14.9	7.0	5.8	17.6	-17.9	-19.4	0.5	-2.4	4.5	10.7
2013 June	12.3	0.2	0.3	6.4	1.5	-3.4	1.8	2.2	5.2	-5.6	-6.7	-0.1	-1.0	1.2	3.3
July	11.0	0.4	0.5	6.3	1.5	-4.3	2.6	1.9	5.3	-6.2	-6.7	0.2	-1.0	1.6	2.3
Aug.	12.5	0.2	0.5	6.0	1.7	-5.5	2.1	1.9	6.3	-5.7	-6.2	0.2	-0.7	1.7	4.0
Sep.	12.8	0.2	0.3	6.8	1.2	-5.1	2.3	2.0	6.0	-6.1	-6.5	0.2	-0.7	1.3	4.5
Oct.	14.3	0.4	0.8	7.0	1.9	-4.4	2.4	1.8	5.6	-5.1	-6.0	0.0	-1.2	1.6	3.5
Nov.	16.0	.	.	.	.	-4.3	2.6	2.1	5.4	-3.9	-6.0	0.1	0.1	1.3	.

Source: Eurostat.

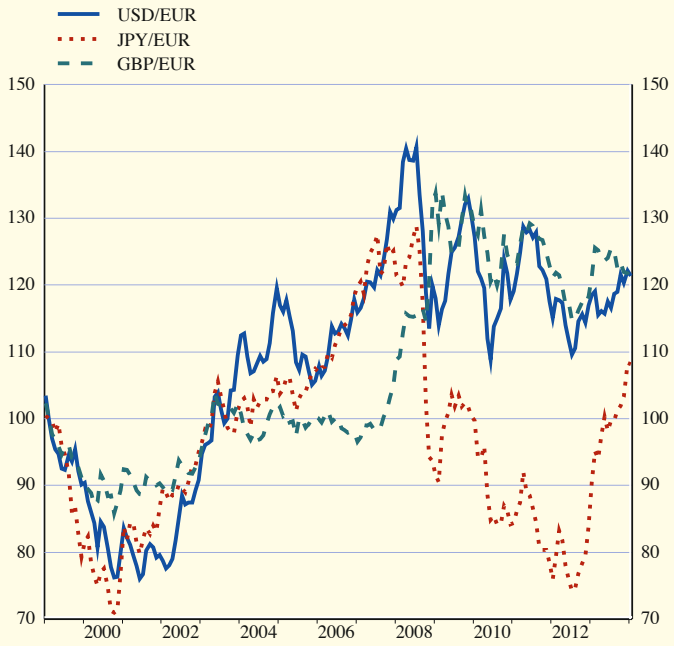
8 EXCHANGE RATES

8.1 Effective exchange rates [1]
(period averages; index: 1999 Q1=100)

	EER-20						EER-39	
	Nominal	Real CPI [2]	Real PPI	Real GDP deflator	Real ULCM [3]	Real ULCT	Nominal	Real CPI [2]
	1	2	3	4	5	6	7	8
2011	103.4	100.6	97.7	95.1	105.4	96.5	112.2	97.6
2012	97.9	95.5	93.4	89.8	100.0	91.2	107.1	92.8
2013	101.7	98.9	96.8	.	.	.	112.0	96.1
2012 Q4	97.9	95.5	93.8	89.6	99.2	90.0	107.4	92.9
2013 Q1	100.7	98.2	96.2	92.5	102.2	94.0	110.2	94.9
Q2	100.8	98.2	96.1	92.9	101.6	93.8	110.6	95.0
Q3	101.9	99.1	97.0	93.3	102.4	94.2	112.9	96.8
Q4	103.1	100.0	97.9	.	.	.	114.7	97.8
2013 Jan.	100.4	97.9	96.0	-	-	-	109.9	94.8
Feb.	101.6	99.0	97.1	-	-	-	111.1	95.7
Mar.	100.2	97.8	95.6	-	-	-	109.5	94.4
Apr.	100.5	97.8	95.8	-	-	-	109.8	94.3
May	100.5	98.0	95.9	-	-	-	110.0	94.5
June	101.6	98.8	96.7	-	-	-	112.0	96.1
July	101.5	98.8	96.7	-	-	-	112.0	96.1
Aug.	102.2	99.5	97.3	-	-	-	113.4	97.3
Sep.	102.0	99.0	97.1	-	-	-	113.3	96.9
Oct.	102.8	99.6	97.7	-	-	-	114.2	97.3
Nov.	102.6	99.4	97.5	-	-	-	114.2	97.2
Dec.	103.9	100.9	98.5	-	-	-	115.8	98.8
2014 Jan.	103.4	100.5	98.0	-	-	-	115.9	98.7
	Percentage change versus previous month							
2014 Jan.	-0.4	-0.5	-0.5	-	-	-	0.1	0.0
	Percentage change versus previous year							
2014 Jan.	3.0	2.6	2.0	-	-	-	5.5	4.1

C39 Effective exchange rates
(monthly averages; index: 1999 Q1=100)

C40 Bilateral exchange rates
(monthly averages; index: 1999 Q1=100)



Source: ECB.
1) For a definition of the trading partner groups and other information, please refer to the General Notes.
2) The CPI-deflated EER based on the new composition of the euro area will be published in the next issue of the Monthly Bulletin, after the underlying HICP for the euro area including Latvia has been released.
3) ULCM-deflated series are available only for the EER-19 trading partner group.

8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	Bulgarian lev	Czech koruna	Danish krone	Croatian kuna	Lithuanian litas	Hungarian forint	Polish zloty	New Romanian leu	Swedish krona	Pound sterling	New Turkish lira
	1	2	3	4	5	6	7	8	9	10	11
2011	1.9558	24.590	7.4506	7.4390	3.4528	279.37	4.1206	4.2391	9.0298	0.86788	2.3378
2012	1.9558	25.149	7.4437	7.5217	3.4528	289.25	4.1847	4.4593	8.7041	0.81087	2.3135
2013	1.9558	25.980	7.4579	7.5786	3.4528	296.87	4.1975	4.4190	8.6515	0.84926	2.5335
2013 Q2	1.9558	25.831	7.4555	7.5566	3.4528	295.53	4.1982	4.3958	8.5652	0.85056	2.4037
Q3	1.9558	25.853	7.4580	7.5459	3.4528	297.96	4.2477	4.4410	8.6798	0.85453	2.6092
Q4	1.9558	26.658	7.4593	7.6290	3.4528	297.43	4.1853	4.4506	8.8575	0.84074	2.7537
2013 July	1.9558	25.944	7.4579	7.5061	3.4528	294.90	4.2745	4.4244	8.6609	0.86192	2.5274
Aug.	1.9558	25.818	7.4580	7.5372	3.4528	299.46	4.2299	4.4371	8.7034	0.85904	2.6125
Sep.	1.9558	25.789	7.4579	7.5985	3.4528	299.75	4.2371	4.4633	8.6758	0.84171	2.6952
Oct.	1.9558	25.662	7.4592	7.6193	3.4528	294.76	4.1902	4.4444	8.7479	0.84720	2.7095
Nov.	1.9558	26.927	7.4587	7.6326	3.4528	297.68	4.1887	4.4452	8.8802	0.83780	2.7316
Dec.	1.9558	27.521	7.4602	7.6365	3.4528	300.24	4.1760	4.4635	8.9597	0.83639	2.8276
2014 Jan.	1.9558	27.485	7.4614	7.6353	3.4528	302.48	4.1799	4.5205	8.8339	0.82674	3.0297
	Percentage change versus previous month										
2014 Jan.	0.0	-0.1	0.0	0.0	0.0	0.7	0.1	1.3	-1.4	-1.2	7.1
	Percentage change versus previous year										
2014 Jan.	0.0	7.5	0.0	0.8	0.0	2.9	0.9	3.1	2.5	-0.7	28.7

	Australian dollar	Brazilian real	Canadian dollar	Chinese yuan renminbi	Hong Kong dollar	Indian rupee	Indonesian rupiah	Israeli shekel	Japanese yen	Malaysian ringgit
	12	13	14	15	16	17	18	19	20	21
2011	1.3484	2.3265	1.3761	8.9960	10.8362	64.8859	12,206.51	4.9775	110.96	4.2558
2012	1.2407	2.5084	1.2842	8.1052	9.9663	68.5973	12,045.73	4.9536	102.49	3.9672
2013	1.3777	2.8687	1.3684	8.1646	10.3016	77.9300	13,857.50	4.7948	129.66	4.1855
2013 Q2	1.3203	2.6994	1.3368	8.0376	10.1383	73.0046	12,784.60	4.7407	129.07	4.0088
Q3	1.4465	3.0304	1.3760	8.1111	10.2696	82.3565	14,115.14	4.7459	131.02	4.2904
Q4	1.4662	3.0931	1.4275	8.2903	10.5522	84.4048	15,682.97	4.7994	136.48	4.3633
2013 July	1.4279	2.9438	1.3619	8.0234	10.1455	78.1762	13,189.17	4.7153	130.39	4.1746
Aug.	1.4742	3.1170	1.3853	8.1477	10.3223	83.9480	14,168.72	4.7610	130.34	4.3631
Sep.	1.4379	3.0345	1.3817	8.1690	10.3504	85.2678	15,073.16	4.7636	132.41	4.3410
Oct.	1.4328	2.9860	1.4128	8.3226	10.5724	84.0071	15,109.54	4.8232	133.32	4.3283
Nov.	1.4473	3.0959	1.4145	8.2221	10.4604	84.4990	15,575.06	4.7711	134.97	4.3176
Dec.	1.5243	3.2133	1.4580	8.3248	10.6254	84.7631	16,455.73	4.8019	141.68	4.4517
2014 Jan.	1.5377	3.2437	1.4884	8.2368	10.5586	84.5099	16,471.94	4.7569	141.47	4.5005
	Percentage change versus previous month									
2014 Jan.	0.9	0.9	2.1	-1.1	-0.6	-0.3	0.1	-0.9	-0.1	1.1
	Percentage change versus previous year									
2014 Jan.	21.5	20.2	12.9	-0.4	2.5	17.3	28.3	-4.3	19.5	11.4

	Mexican peso	New Zealand dollar	Norwegian krone	Philippine peso	Russian rouble	Singapore dollar	South African rand	South Korean won	Swiss franc	Thai baht	US dollar
	22	23	24	25	26	27	28	29	30	31	32
2011	17.2877	1.7600	7.7934	60.260	40.8846	1.7489	10.0970	1,541.23	1.2326	42.429	1.3920
2012	16.9029	1.5867	7.4751	54.246	39.9262	1.6055	10.5511	1,447.69	1.2053	39.928	1.2848
2013	16.9641	1.6206	7.8067	56.428	42.3370	1.6619	12.8330	1,453.91	1.2311	40.830	1.3281
2013 Q2	16.2956	1.5920	7.6114	54.620	41.3464	1.6311	12.3996	1,467.08	1.2315	39.031	1.3062
Q3	17.1005	1.6612	7.9303	57.813	43.4394	1.6795	13.2329	1,469.03	1.2348	41.675	1.3242
Q4	17.7331	1.6439	8.2375	59.354	44.2920	1.7006	13.8224	1,445.53	1.2294	43.151	1.3610
2013 July	16.6893	1.6590	7.8837	56.698	42.8590	1.6595	12.9674	1,473.35	1.2366	40.714	1.3080
Aug.	17.1996	1.6829	7.9386	58.471	43.9748	1.6941	13.4190	1,485.93	1.2338	42.072	1.3310
Sep.	17.4471	1.6406	7.9725	58.346	43.5144	1.6860	13.3287	1,446.60	1.2338	42.312	1.3348
Oct.	17.7413	1.6351	8.1208	58.809	43.7440	1.6956	13.5283	1,454.73	1.2316	42.549	1.3635
Nov.	17.6340	1.6327	8.2055	58.811	44.1581	1.6833	13.7626	1,434.06	1.2316	42.695	1.3493
Dec.	17.8278	1.6659	8.4053	60.552	45.0628	1.7244	14.2234	1,446.99	1.2245	44.323	1.3704
2014 Jan.	17.9964	1.6450	8.3927	61.263	46.0304	1.7327	14.8242	1,453.94	1.2317	44.822	1.3610
	Percentage change versus previous month										
2014 Jan.	0.9	-1.3	-0.2	1.2	2.1	0.5	4.2	0.5	0.6	1.1	-0.7
	Percentage change versus previous year										
2014 Jan.	6.6	3.6	13.7	13.2	14.5	6.1	26.7	2.6	0.2	12.3	2.4

Source: ECB.

DEVELOPMENTS OUTSIDE THE EURO AREA

9.1 Economic and financial developments in other EU Member States

(annual percentage changes, unless otherwise indicated)

	Bulgaria	Czech Republic	Denmark	Croatia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10
	HICP									
2012	2.4	3.5	2.4	3.4	3.2	5.7	3.7	3.4	0.9	2.8
2013	0.4	1.4	0.5	2.3	1.2	1.7	0.8	3.2	0.4	2.6
2013 Q3	-0.7	1.2	0.2	2.2	0.5	1.6	0.9	2.4	0.7	2.7
Q4	-1.0	1.1	0.4	0.6	0.5	0.7	0.6	1.3	0.3	2.1
2013 Oct.	-1.1	0.8	0.3	0.8	0.5	1.1	0.7	1.2	0.2	2.2
Nov.	-1.0	1.0	0.3	0.7	0.5	0.4	0.5	1.3	0.3	2.1
Dec.	-0.9	1.5	0.4	0.5	0.4	0.6	0.6	1.3	0.4	2.0
	General government deficit (-)/surplus (+) as a percentage of GDP									
2010	-3.1	-4.7	-2.5	-6.4	-7.2	-4.3	-7.9	-6.8	0.3	-10.1
2011	-2.0	-3.2	-1.8	-7.8	-5.5	4.3	-5.0	-5.6	0.2	-7.7
2012	-0.8	-4.4	-4.1	-5.0	-3.2	-2.0	-3.9	-3.0	-0.2	-6.1
	General government gross debt as a percentage of GDP									
2010	16.2	38.4	42.7	44.9	37.8	82.2	54.9	30.5	39.4	78.4
2011	16.3	41.4	46.4	51.6	38.3	82.1	56.2	34.7	38.6	84.3
2012	18.5	46.2	45.4	55.5	40.5	79.8	55.6	37.9	38.2	88.7
	Long-term government bond yield as a percentage per annum; period average									
2013 July	3.46	2.23	1.77	4.91	3.54	5.78	3.97	5.26	2.16	2.09
Aug.	3.51	2.40	1.94	5.04	3.65	6.31	4.30	5.04	2.34	2.29
Sep.	3.64	2.42	2.10	4.92	3.89	6.16	4.49	5.27	2.60	2.44
Oct.	3.71	2.33	1.93	4.99	4.01	5.58	4.28	5.22	2.44	2.26
Nov.	3.64	2.18	1.80	4.97	3.99	5.82	4.38	5.29	2.30	2.31
Dec.	3.43	2.20	1.89	5.10	3.69	5.78	4.42	5.29	2.39	2.50
	3-month interest rate as a percentage per annum; period average									
2013 July	1.18	0.46	0.27	2.22	0.55	4.36	2.70	4.27	1.20	0.51
Aug.	1.09	0.46	0.27	1.91	0.41	3.85	2.70	3.66	1.20	0.51
Sep.	1.05	0.45	0.27	1.90	0.40	-	2.69	3.40	1.21	0.52
Oct.	1.03	0.45	0.27	1.72	0.40	3.60	2.67	2.86	1.21	0.52
Nov.	0.97	0.40	0.25	1.35	0.40	3.33	2.65	2.44	1.16	0.52
Dec.	0.97	0.38	0.26	1.01	0.40	3.00	2.67	2.33	1.01	0.52
	Real GDP									
2011	1.8	1.8	1.1	-0.2	6.0	1.6	4.5	2.3	2.9	1.1
2012	0.8	-1.0	-0.4	-1.9	3.7	-1.7	1.9	0.4	0.9	0.3
2013 Q1	0.4	-2.3	-0.7	-1.0	3.8	-0.3	0.8	2.3	1.6	0.7
Q2	0.2	-1.7	0.5	-0.7	3.8	0.5	1.2	1.6	0.6	2.0
Q3	0.7	-1.2	0.5	-0.6	2.3	1.6	1.7	4.0	0.3	1.9
	Current and capital account balance as a percentage of GDP									
2011	1.4	-2.3	6.3	-0.8	-1.2	2.8	-3.0	-3.9	5.9	-1.1
2012	0.1	-1.1	6.0	0.2	2.0	3.6	-1.5	-3.0	5.9	-3.5
2013 Q1	-4.7	1.6	2.7	-14.2	-2.5	5.9	-1.6	1.3	6.7	-4.9
Q2	6.1	-1.5	8.2	-2.2	9.2	6.2	4.0	2.4	6.1	-1.1
Q3	11.4	2.6	8.9	24.0	2.8	6.6	0.2	0.8	5.9	-6.3
	Gross external debt as a percentage of GDP									
2011	94.3	59.6	183.3	103.7	77.4	149.3	72.3	77.2	200.0	419.6
2012	94.9	60.2	181.8	102.5	75.4	128.9	71.1	75.2	191.2	385.3
2013 Q1	93.8	61.8	182.2	102.9	74.0	133.6	72.7	74.8	195.1	393.1
Q2	93.2	62.7	174.8	105.0	70.0	128.1	73.7	73.3	197.8	388.7
Q3	92.4	61.4	174.4	103.0	69.7	120.9	72.6	71.5	197.6	358.5
	Unit labour costs									
2011	2.5	0.5	0.0	-0.3	0.7	2.3	1.1	0.6	0.1	1.4
2012	-0.5	3.3	1.5	1.1	1.9	2.7	2.0	6.8	2.9	2.9
2013 Q1	12.9	0.6	1.6	3.5	0.4	9.7	2.0	1.6	2.1	-0.1
Q2	13.0	1.1	1.3	1.1	3.3	9.8	1.0	1.9	0.5	1.4
Q3	8.3	1.7	0.8	0.5	5.3	8.7	1.3	-2.4	1.7	1.9
	Standardised unemployment rate as a percentage of labour force (s.a.)									
2012	12.3	7.0	7.5	15.9	13.4	10.9	10.1	7.0	8.0	7.9
2013	12.9	7.0	7.0	17.6	11.9	.	10.4	7.3	8.0	.
2013 Q3	12.8	6.9	7.1	17.8	11.7	10.1	10.3	7.3	7.9	7.5
Q4	13.0	6.8	6.8	18.5	11.3	.	10.2	7.2	7.9	.
2013 Oct.	12.9	6.8	6.9	18.4	11.2	9.5	10.2	7.3	7.9	7.2
Nov.	13.0	6.8	6.8	18.6	11.1	9.3	10.2	7.3	8.0	.
Dec.	13.1	6.7	6.9	18.6	11.4	.	10.1	7.1	8.0	.

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

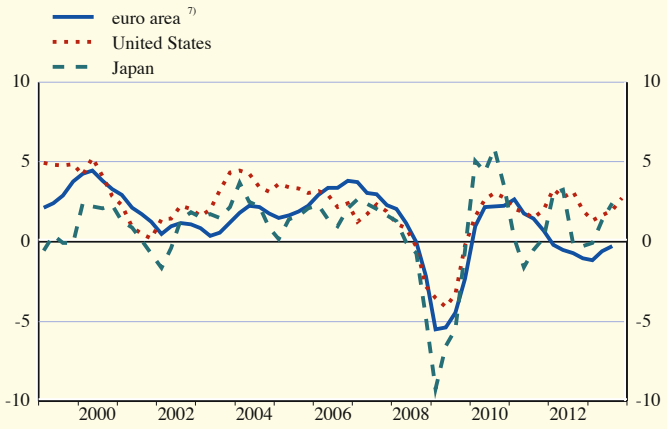
9.2 Economic and financial developments in the United States and Japan

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs [1]	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force [2] (s.a.)	Broad money [3]	3-month interbank deposit rate [4]	10-year zero coupon government bond yield; [4] end of period	Exchange rate [5] as national currency per euro	Government deficit (-)/ surplus (+) as a % of GDP	Government debt [6] as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
	United States										
2010	1.6	-1.2	2.5	6.6	9.6	2.5	0.34	3.57	1.3257	-12.2	79.2
2011	3.2	2.0	1.8	3.6	8.9	7.3	0.34	2.10	1.3920	-10.7	83.1
2012	2.1	1.1	2.8	4.2	8.1	8.6	0.43	1.88	1.2848	-9.3	86.5
2013	1.5	.	1.9	2.6	7.4	6.7	0.27	3.27	1.3275	.	.
2012 Q4	1.9	4.3	2.0	3.3	7.8	7.5	0.32	1.88	1.2967	-9.0	86.5
2013 Q1	1.7	1.7	1.3	2.5	7.7	7.3	0.29	2.09	1.3206	-7.2	88.0
Q2	1.4	2.0	1.6	2.1	7.5	7.0	0.28	2.82	1.3062	-5.7	87.2
Q3	1.6	2.0	2.0	2.4	7.2	6.6	0.26	2.91	1.3242	.	.
Q4	1.2	.	2.7	3.3	7.0	6.0	0.24	3.27	1.3638	.	.
2013 Sep.	1.2	-	-	3.0	7.2	6.3	0.25	2.91	1.3348	-	-
Oct.	1.0	-	-	4.0	7.2	6.7	0.24	2.84	1.3635	-	-
Nov.	1.2	-	-	3.2	7.0	6.1	0.24	2.99	1.3534	-	-
Dec.	1.5	-	-	2.8	6.7	5.3	0.24	3.27	1.3704	-	-
2014 Jan.	.	-	-	.	.	.	0.24	2.93	1.3610	-	-
	Japan										
2010	-0.7	-4.8	4.7	15.6	5.1	2.8	0.23	1.18	116.24	-8.3	188.3
2011	-0.3	0.8	-0.4	-2.8	4.6	2.7	0.19	1.00	110.96	-8.9	204.4
2012	0.0	-1.4	1.4	0.6	4.4	2.5	0.19	0.84	102.49	.	.
2013	0.4	.	.	-0.8	.	3.6	0.15	0.95	129.53	.	.
2012 Q4	-0.2	0.3	-0.3	-6.0	4.2	2.3	0.19	0.84	105.12	.	.
2013 Q1	-0.6	0.0	-0.1	-7.8	4.2	2.9	0.16	0.70	121.80	.	.
Q2	-0.3	-0.6	1.3	-3.1	4.0	3.5	0.16	1.02	129.07	.	.
Q3	0.9	-2.1	2.4	2.2	4.0	3.8	0.15	0.88	131.02	.	.
Q4	1.4	.	.	5.9	.	4.3	0.14	0.95	137.01	.	.
2013 Sep.	1.1	-	-	5.1	4.0	3.9	0.15	0.88	132.41	-	-
Oct.	1.1	-	-	5.4	4.0	4.2	0.15	0.76	133.32	-	-
Nov.	1.5	-	-	4.8	4.0	4.4	0.14	0.79	136.31	-	-
Dec.	1.6	-	-	7.4	.	4.2	0.15	0.95	141.68	-	-
2014 Jan.	.	-	-	.	.	.	0.14	0.82	141.47	-	-

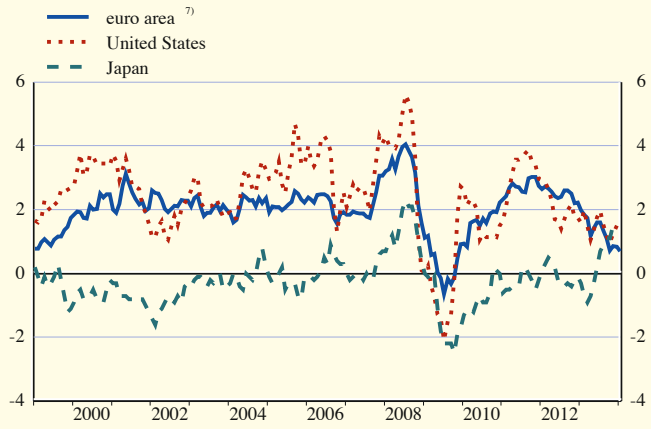
C41 Real gross domestic product

(annual percentage changes; quarterly data)



C42 Consumer price indices

(annual percentage changes; monthly data)



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

1) Seasonally adjusted. The data for the United States refer to the private non-agricultural business sector.
2) Japanese data from March to August 2011 include estimates for the three prefectures most affected by the earthquake in that country. Data collection was reinstated as of September 2011.
3) Period averages; M2 for the United States, M2+CDs for Japan.
4) Percentages per annum. For further information on the three-month interbank deposit rate, see Section 4.6.
5) For more information, see Section 8.2.
6) General government debt consists of deposits, securities other than shares and loans outstanding at nominal value and is consolidated within the general government sector (end of period).
7) Real GDP data refer to the Euro 18. HICP data refer to the changing composition of the euro area. For further information, see the General Notes.

LIST OF CHARTS

TECHNICAL NOTES

EURO AREA OVERVIEW

CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

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

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

SECTION 1.3

CALCULATION OF INTEREST RATES ON INDEXED LONGER-TERM REFINANCING OPERATIONS

The interest rate on an indexed longer-term refinancing operation (LTRO) is equal to the average of the minimum bid rates on the main refinancing operations (MROs) over the life of that LTRO. According to this definition, if an LTRO is outstanding for D number of days and the minimum bid rates prevailing in MROs are $R_{1,\,MRO}$ (over D_1 days), $R_{2,\,MRO}$ (over D_2 days), etc., until $R_{i,\,MRO}$ (over D_i days), where $D_1+D_2+\ldots+D_i=D$, the applicable annualised rate (R_{LTRO}) is calculated as:

c) $$R_{LTRO} = \frac{D_1 R_{1,MRO} + D_2 R_{2,MRO} + \ldots + D_i R_{i,MRO}}{D}$$

SECTIONS 2.1 TO 2.6

CALCULATION OF TRANSACTIONS

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

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

d) $$F_t^M = (L_t - L_{t-1}) - C_t^M - E_t^M - V_t^M$$

Similarly, the quarterly transactions F^Q_t for the quarter ending in month t are defined as:

e) $$F^Q_t = (L_t - L_{t-3}) - C^Q_t - E^Q_t - V^Q_t$$

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^Q_t 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^M_t and L_t are defined as above, the index I_t of adjusted outstanding amounts in month t is defined as:

f) $$I_t = I_{t-1} \times \left(1 + \frac{F^M_t}{L_{t-1}}\right)$$

The base of the index (for the non-seasonally adjusted series) is currently set as December 2010 = 100. Time series for the index of adjusted outstanding amounts are available on the ECB's website (www.ecb.europa.eu) in the "Monetary and financial statistics" sub-section of the "Statistics" section.

The annual growth rate a_t for month t – i.e. the change in the 12 months ending in month t – can be calculated using either of the following two formulae:

g) $$a_t = \left[\prod_{i=0}^{11}\left(1 + F^M_{t-i} \Big/ L_{t-1-i}\right) - 1\right] \times 100$$

h) $$a_t = \left(I_t \Big/ I_{t-12} - 1\right) \times 100$$

Unless otherwise indicated, the annual growth rates refer to the end of the indicated period. For example, the annual percentage change for the year 2002 is calculated in h) by dividing the index for December 2002 by the index for December 2001.

Growth rates for intra-annual periods can be derived by adapting formula h). For example, the month-on-month growth rate a^M_t can be calculated as:

i) $$a^M_t = \left(I_t \Big/ I_{t-1} - 1\right) \times 100$$

Finally, the three-month moving average (centred) for the annual growth rate of M3 is obtained as $(a_{t+1} + a_t + a_{t-1})/3$, where a_t is defined as in g) or h) above.

CALCULATION OF GROWTH RATES FOR QUARTERLY SERIES

If F_t^Q and L_{t-3} are defined as above, the index I_t of adjusted outstanding amounts for the quarter ending in month t is defined as:

$$\text{j)} \quad I_t = I_{t-3} \times \left(1 + \frac{F_t^Q}{L_{t-3}}\right)$$

The annual growth rate in the four quarters ending in month t (i.e. a_t) can be calculated using formula h).

SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS[1]

The approach used is based on multiplicative decomposition using X-12-ARIMA.[2] The seasonal adjustment may include a day-of-the-week adjustment, and for some series it is carried out indirectly by means of a linear combination of components. This is the case for M3, which is derived by aggregating the seasonally adjusted series for M1, M2 less M1, and M3 less M2.

The seasonal adjustment procedures are first applied to the index of adjusted outstanding amounts.[3] The resulting estimates of seasonal factors are then applied to the levels and to the adjustments arising from reclassifications and revaluations, in turn yielding seasonally adjusted transactions. Seasonal (and trading day) factors are revised at annual intervals or as required.

SECTIONS 3.1 TO 3.5

EQUALITY OF USES AND RESOURCES

In Section 3.1 the data conform to a basic accounting identity. For non-financial transactions, total uses equal total resources for each transaction category. This accounting identity is also reflected in the financial account – i.e. for each financial instrument category, total transactions in financial assets equal total transactions in liabilities. In the other changes in assets account and the financial balance sheets, total financial assets equal total liabilities for each financial instrument category, with the exception of monetary gold and special drawing rights, which are by definition not a liability of any sector.

1 For details, see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000) and the "Monetary and financial statistics" sub-section of the "Statistics" section of the ECB's website (www.ecb.europa.eu).

2 For details, see Findley, D., Monsell, B., Bell, W., Otto, M. and Chen, B. C. (1998), "New Capabilities and Methods of the X-12-ARIMA Seasonal Adjustment Program", Journal of Business and Economic Statistics, 16, 2, pp.127-152, or"X-12-ARIMA Reference Manual", Time Series Staff, Bureau of the Census, Washington, D.C.
For internal purposes, the model-based approach of TRAMO-SEATS is also used. For details of TRAMO-SEATS, see Gomez, V. and Maravall, A. (1996), "Programs TRAMO and SEATS: Instructions for the User", Banco de España, Working Paper No 9628, Madrid.

3 It follows that for the seasonally adjusted series, the level of the index for the base period (i.e. December 2010) generally differs from 100, reflecting the seasonality of that month.

CALCULATION OF BALANCING ITEMS

The balancing items at the end of each account in Sections 3.1, 3.2 and 3.3 are computed as follows.

The trade balance equals euro area imports minus exports vis-à-vis the rest of the world for goods and services.

Net operating surplus and mixed income is defined for resident sectors only and is calculated as gross value added (gross domestic product at market prices for the euro area) minus compensation of employees (uses) minus other taxes less subsidies on production (uses) minus consumption of fixed capital (uses).

Net national income is defined for resident sectors only and is computed as net operating surplus and mixed income plus compensation of employees (resources) plus taxes less subsidies on production (resources) plus net property income (resources minus uses).

Net disposable income is also defined only for resident sectors and equals net national income plus net current taxes on income and wealth (resources minus uses) plus net social contributions (resources minus uses) plus net social benefits other than social transfers in kind (resources minus uses) plus net other current transfers (resources minus uses).

Net saving is defined for resident sectors and is calculated as net disposable income plus the net adjustment for the change in the net equity of households in pension fund reserves (resources minus uses) minus final consumption expenditure (uses). For the rest of the world, the current external account is compiled as the trade balance plus all net income (resources minus uses).

Net lending/net borrowing is computed from the capital account as net saving plus net capital transfers (resources minus uses) minus gross capital formation (uses) minus acquisitions less disposals of non-produced non-financial assets (uses) plus consumption of fixed capital (resources). It can also be calculated in the financial account as total transactions in financial assets minus total transactions in liabilities (also known as changes in net financial worth (wealth) due to transactions). For the household and non-financial corporation sectors, there is a statistical discrepancy between the balancing items computed from the capital account and the financial account.

Changes in net financial worth (wealth) due to transactions are computed as total transactions in financial assets minus total transactions in liabilities, whereas other changes in net financial worth (wealth) are calculated as (total) other changes in financial assets minus (total) other changes in liabilities.

Net financial worth (wealth) is calculated as total financial assets minus total liabilities, whereas changes in net financial worth (wealth) are equal to the sum of changes in net financial worth (wealth) due to transactions (lending/net borrowing from the financial account) and other changes in net financial worth (wealth).

Changes in net worth (wealth) are calculated as changes in net worth (wealth) due to savings and capital transfers plus other changes in net financial worth (wealth) and other changes in non-financial assets.

The net worth (wealth) of households is calculated as the sum of the non-financial assets and net financial worth (wealth) of households.

SECTIONS 4.3 AND 4.4

CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

Growth rates are calculated on the basis of financial transactions and therefore exclude reclassifications, revaluations, exchange rate variations and any other changes which do not arise from transactions. They can be calculated from transactions or from the index of notional stocks. If N_t^M represents the transactions (net issues) in month t and L_t the level outstanding at the end of month t, the index I_t of notional stocks in month t is defined as:

$$k) \quad I_t = I_{t-1} \times \left(1 + \frac{N_t}{L_{t-1}}\right)$$

As a base, the index is set equal to 100 in December 2008. The growth rate a_t for month t, corresponding to the change in the 12 months ending in month t, can be calculated using either of the following two formulae:

$$l) \quad a_t = \left[\prod_{i=0}^{11}\left(1 + {N_{t-i}^M}/{L_{t-1-i}}\right) - 1\right] \times 100$$

$$m) \quad a_t = \left({I_t}/{I_{t-12}} - 1\right) \times 100$$

The method used to calculate the growth rates for securities other than shares is the same as that used for the monetary aggregates, the only difference being that an "N" is used instead of an "F". This is to show that the method used to obtain "net issues" for securities issues statistics differs from that used to calculate equivalent "transactions" for the monetary aggregates.

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

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

where I_t is the index of notional stocks as at month t. Likewise, for the year ending in month t, the average growth rate is calculated as:

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

The calculation formula used for Section 4.3 is also used for Section 4.4 and is likewise based on that used for the monetary aggregates. Section 4.4 is based on market values, and the calculations are based on financial transactions, which exclude reclassifications, revaluations and any other changes that do not arise from transactions. Exchange rate variations are not included, as all quoted shares covered are denominated in euro.

SEASONAL ADJUSTMENT OF SECURITIES ISSUES STATISTICS [4]

The approach used is based on multiplicative decomposition using X-12-ARIMA. The seasonal adjustment of total securities issues is carried out indirectly by means of a linear combination of sector and maturity component breakdowns.

The seasonal adjustment procedures are applied to the index of notional stocks. The resulting estimates of seasonal factors are then applied to the outstanding amounts, from which seasonally adjusted net issues are derived. Seasonal factors are revised at annual intervals or as required.

As in formulae l) and m), the growth rate a_t for month t, corresponding to the change in the six months ending in month t, can be calculated using either of the following two formulae:

p) $$a_t = \left[\prod_{i=0}^{5}\left(1 + {N_{t-i}^{M}}/{L_{t-1-i}}\right) - 1\right] \times 100$$

q) $$a_t = \left({I_t}/{I_{t-6}} - 1\right) \times 100$$

TABLE 1 IN SECTION 5.1

SEASONAL ADJUSTMENT OF THE HICP [4]

The approach used is based on multiplicative decomposition using X-12-ARIMA (see footnote 2 on page S81). The seasonal adjustment of the overall HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy, and services. Energy is added without adjustment, since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

TABLE 2 IN SECTION 7.1

SEASONAL ADJUSTMENT OF THE BALANCE OF PAYMENTS CURRENT ACCOUNT

The approach used is based on multiplicative decomposition, using X-12-ARIMA or TRAMO-SEATS depending on the item. The raw data for goods, services, income and current transfers are

4 For details, see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000) and the "Monetary and financial statistics" sub-section of the "Statistics" section of the ECB's website (www.ecb.europa.eu).

pre-adjusted in order to take into account significant working day effects. The working day adjustment for goods and services takes account of national public holidays. The seasonal adjustment of these items is carried out using these pre-adjusted series. The seasonal adjustment of the total current account is carried out by aggregating the seasonally adjusted euro area series for goods, services, income and current transfers. Seasonal (and trading day) factors are revised at biannual intervals or as required.

SECTION 7.3

CALCULATION OF GROWTH RATES FOR THE QUARTERLY AND ANNUAL SERIES

The annual growth rate for quarter t is calculated on the basis of quarterly transactions (F_t) and positions (L_t) as follows:

r) $$a_t = \left(\prod_{i=t-3}^{t} \left(1 + \frac{F_i}{L_{i-1}} \right) - 1 \right) \times 100$$

The growth rate for the annual series is equal to the growth rate in the last quarter of the year.

GENERAL NOTES

The "Euro area statistics" section of the Monthly Bulletin focuses on statistics for the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available in the "Statistics" section of the ECB's website (www.ecb.europa.eu). This allows user-friendly access to data via the ECB's Statistical Data Warehouse (http://sdw.ecb.europa.eu), which includes search and download facilities. Further services available in the "Data services" sub-section include subscriptions to different datasets and a repository of compressed Comma Separated Value (CSV) files. For further information, please contact us at: statistics@ecb.europa.eu.

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the Governing Council of the ECB's first meeting of the month. For this issue, the cut-off date was 5 February 2014.

Unless otherwise indicated, all data series relate to the group of 18 countries that are members of the euro area (the Euro 18) for the whole time series. For interest rates, monetary statistics, the HICP and reserve assets (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), euro area statistical series take into account the changing composition of the euro area.

The composition of the euro area has changed a number of times over the years. When the euro was introduced in 1999, the euro area comprised the following 11 countries (the Euro 11): Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Greece then joined in 2001, forming the Euro 12. Slovenia joined in 2007, forming the Euro 13; Cyprus and Malta joined in 2008, forming the Euro 15; Slovakia joined in 2009, forming the Euro 16; and Estonia joined in 2011, forming the Euro 17. Latvia joined in 2014, bringing the number of euro area countries to 18. From October 2012, the euro area statistics also include the European Stability Mechanism, an international organisation resident in the euro area for statistical purposes.

EURO AREA SERIES WITH A FIXED COMPOSITION

Aggregated statistical series for fixed compositions of the euro area relate to a given fixed composition for the whole time series, regardless of the composition at the time to which the statistics relate. For example, aggregated series are calculated for the Euro 18 for all years, despite the fact that the euro area has only had this composition since 1 January 2014. Unless otherwise indicated, the ECB's Monthly Bulletin provides statistical series for the current composition.

EURO AREA SERIES WITH A CHANGING COMPOSITION

Aggregated statistical series with a changing composition take into account the composition of the euro area at the time to which the statistics relate. For example, euro area statistical series with a changing composition aggregate the data of the Euro 11 for the period up to the end of 2000, the Euro 12 for the period from 2001 to the end of 2006, and so on. With this approach, each individual statistical series covers all of the various compositions of the euro area.

For the HICP, as well as statistics based on the balance sheet of the MFI sector ("monetary statistics"), rates of change are compiled from chain-linked indices, with the new composition introduced by the linking factor at the point of enlargement. Thus, if a country joins the euro

area in January of a given year, the factors contributing to the chain-linked indices relate to the previous composition of the euro area up to and including December of the previous year, and the enlarged composition of the euro area thereafter. For further details on monetary statistics, refer to the "Manual on MFI balance sheet statistics", available in the "Statistics" section of the ECB's website.

Given that the composition of the European currency unit (ECU) does not coincide with the former currencies of the countries that have adopted the single currency, pre-1999 amounts originally expressed in the participating currencies and converted into ECU at current ECU exchange rates are affected by movements in the currencies of EU Member States that have not adopted the euro. To avoid this effect on the monetary statistics, pre-1999 data [1] are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless otherwise indicated, price and cost statistics before 1999 are based on data expressed in national currency terms.

Methods of aggregation and/or consolidation (including cross-country consolidation) have been used where appropriate.

Recent data are often provisional and may be revised. Discrepancies between totals and their components may arise from rounding.

The group "Other EU Member States" comprises Bulgaria, the Czech Republic, Denmark, Croatia, Lithuania, Hungary, Poland, Romania, Sweden and the United Kingdom.

In most cases, the terminology used within the tables follows international standards, such as those contained in the European System of Accounts 1995 and the IMF Balance of Payments Manual. Transactions refer to voluntary exchanges (measured directly or derived), while flows also encompass changes in outstanding amounts owing to price and exchange rate changes, write-offs and other changes.

In the tables, the wording "up to (x) years" means "up to and including (x) years".

OVERVIEW

Developments in key indicators for the euro area are summarised in an overview table.

MONETARY POLICY STATISTICS

Section 1.4 shows statistics on minimum reserve and liquidity factors. Maintenance periods for minimum reserve requirements start every month on the settlement day of the main refinancing operation (MRO) following the Governing Council meeting for which the monthly assessment of the monetary policy stance is scheduled. They end on the day preceding the corresponding settlement day in the following month. Annual/quarterly observations refer to averages for the last reserve maintenance period of the year/quarter.

1 Data on monetary statistics in Sections 2.1 to 2.8 are available for periods prior to January 1999 on the ECB's website (http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html) and in the SDW (http://sdw.ecb.europa.eu/browse.do?node=2018811).

Table 1 in Section 1.4 shows the components of the reserve base of credit institutions subject to reserve requirements. Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks are excluded from the reserve base. When a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years which are held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. The percentage used to calculate the reserve base was 10% until November 1999 and has been 30% since that date.

Table 2 in Section 1.4 contains average data for completed maintenance periods. First, the reserve requirement of each individual credit institution is calculated by applying the reserve ratios for the corresponding categories of liability to the eligible liabilities, using the balance sheet data from the end of each calendar month. Subsequently, each credit institution deducts from this figure a lump-sum allowance of €100,000. The resulting required reserves are then aggregated at the euro area level (column 1). Current account holdings (column 2) are the aggregate average daily current account holdings of credit institutions, including those that serve to fulfil reserve requirements. Excess reserves (column 3) are the average current account holdings over the maintenance period in excess of the required reserves. Deficiencies (column 4) are defined as the average shortfalls of current account holdings from required reserves over the maintenance period, computed on the basis of those credit institutions that have not fulfilled their reserve requirements. The interest rate on minimum reserves (column 5) is equal to the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's MROs (see Section 1.3).

Table 3 in Section 1.4 shows the banking system's liquidity position, which is defined as euro area credit institutions' current account holdings with the Eurosystem in euro. All amounts are derived from the consolidated financial statement of the Eurosystem. Other liquidity-absorbing operations (column 7) exclude the issuance of debt certificates initiated by NCBs in Stage Two of EMU. Net other factors (column 10) represent the netted remaining items in the consolidated financial statement of the Eurosystem. Credit institutions' current accounts (column 11) are equal to the difference between the sum of liquidity-providing factors (columns 1 to 5) and the sum of liquidity-absorbing factors (columns 6 to 10). Base money (column 12) is calculated as the sum of the deposit facility (column 6), banknotes in circulation (column 8) and credit institutions' current account holdings (column 11).

MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

Chapter 2 shows balance sheet statistics for MFIs and other financial corporations. Other financial corporations comprise investment funds (other than money market funds, which are part of the MFI sector), financial vehicle corporations, insurance corporations and pension funds.

Section 2.1 shows the aggregated balance sheet of the MFI sector, i.e. the sum of the harmonised balance sheets of all MFIs resident in the euro area. MFIs comprise central banks, credit institutions as defined under EU law, money market funds and other institutions whose business it is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or make investments in securities. A complete list of MFIs is published on the ECB's website.

Section 2.2 shows the consolidated balance sheet of the MFI sector, which is obtained by netting the aggregated balance sheet positions of MFIs in the euro area. Owing to a small amount of heterogeneity in recording practices, the sum of the inter-MFI positions is not necessarily zero; the balance is shown in column 10 of the liabilities side of Section 2.2. Section 2.3 sets out the euro area monetary aggregates and counterparts. These are derived from the consolidated MFI balance sheet and include positions of non-MFIs resident in the euro area held with MFIs resident in the euro area; they also take account of some monetary assets/liabilities of central government. Statistics on monetary aggregates and counterparts are adjusted for seasonal and trading day effects. The external liabilities item in Sections 2.1 and 2.2 shows the holdings by non-euro area residents of: (i) shares/units issued by money market funds located in the euro area; and (ii) debt securities issued with a maturity of up to two years by MFIs located in the euro area. In Section 2.3, however, these holdings are excluded from the monetary aggregates and contribute to the item "net external assets".

Section 2.4 provides analysis, broken down by sector, type and original maturity, of loans granted by MFIs other than the Eurosystem (i.e. the banking system) resident in the euro area. Section 2.5 provides analysis, broken down by sector and instrument, of deposits held with the euro area banking system. Section 2.6 shows the securities held by the euro area banking system, broken down by type of issuer. Section 2.7 shows a quarterly currency breakdown for selected MFI balance sheet items.

Sections 2.2 to 2.6 also provide growth rates based on those transactions in the form of annual percentage changes.

Since 1 January 1999 statistical information has been collected and compiled on the basis of various ECB regulations concerning the balance sheet of the monetary financial institution sector. Since July 2010 this has been carried out on the basis of Regulation ECB/2008/32 [2]. Detailed sector definitions are set out in the third edition of the "Monetary financial institutions and markets statistics sector manual – Guidance for the statistical classification of customers" (ECB, March 2007).

Section 2.8 shows outstanding amounts and transactions on the balance sheet of euro area investment funds (other than money market funds, which are included in the MFI balance sheet statistics). An investment fund is a collective investment undertaking that invests capital raised from the public in financial and/or non-financial assets. A complete list of euro area investment funds is published on the ECB's website. The balance sheet is aggregated, so investment funds' assets include their holdings of shares/units issued by other investment funds. Shares/units issued by investment funds are also broken down by investment policy (i.e. into bond funds, equity funds, mixed funds, real estate funds, hedge funds and other funds) and by type (i.e. into open-end funds and closed-end funds). Section 2.9 provides further details on the main types of asset held by euro area investment funds. This section contains a geographical breakdown of the issuers of securities held by investment funds, as well as breaking issuers down by economic sector where they are resident in the euro area.

Since December 2008 harmonised statistical information has been collected and compiled on the basis of Regulation ECB/2007/8 [3] concerning statistics on the assets and liabilities of investment funds. Further information on these investment fund statistics can be found in the "Manual on investment fund statistics" (ECB, May 2009).

2 OJ L 15, 20.01.2009, p. 14.
3 OJ L 211, 11.08.2007, p. 8.

Section 2.10 shows the aggregated balance sheet of financial vehicle corporations (FVCs) resident in the euro area. FVCs are entities which are set up in order to carry out securitisation transactions. Securitisation generally involves the transfer of an asset or pool of assets to an FVC, with such assets reported on the FVC's balance sheet as securitised loans, securities other than shares, or other securitised assets. Alternatively, the credit risk relating to an asset or pool of assets may be transferred to an FVC through credit default swaps, guarantees or other such mechanisms. Collateral held by the FVC against these exposures is typically a deposit held with an MFI or invested in securities other than shares. FVCs typically securitise loans which have been originated by the MFI sector. FVCs must report such loans on their statistical balance sheet, regardless of whether the relevant accounting rules allow the MFI to derecognise the loans. Data on loans which are securitised by FVCs but remain on the balance sheet of the relevant MFI (and thus remain in the MFI statistics) are provided separately. These quarterly data are collected under Regulation ECB/2008/30[4] as of December 2009.

Section 2.11 shows the aggregated balance sheet of insurance corporations and pension funds resident in the euro area. Insurance corporations cover both the insurance and reinsurance sectors, while pension funds include entities which have autonomy in terms of decision-making and keep a complete set of accounts (i.e. autonomous pension funds). This section also contains a geographical and sectoral breakdown of issuing counterparties for securities other than shares held by insurance corporations and pension funds.

EURO AREA ACCOUNTS

Section 3.1 shows quarterly integrated euro area accounts data, which provide comprehensive information on the economic activities of households (including non-profit institutions serving households), non-financial corporations, financial corporations and general government, as well as on the interaction between these sectors and both the euro area and the rest of the world. Non-seasonally adjusted data at current prices are displayed for the last available quarter, following a simplified sequence of accounts in accordance with the methodological framework of the European System of Accounts 1995.

In short, the sequence of accounts (transactions) comprises: (1) the generation of income account, which shows how production activity translates into various categories of income; (2) the allocation of primary income account, which records receipts and expenses relating to various forms of property income (for the economy as a whole; the balancing item of the primary income account is national income); (3) the secondary distribution of income account, which shows how the national income of an institutional sector changes because of current transfers; (4) the use of income account, which shows how disposable income is spent on consumption or saved; (5) the capital account, which shows how savings and net capital transfers are spent in the acquisition of non-financial assets (the balancing item of the capital account is net lending/net borrowing); and (6) the financial account, which records the net acquisitions of financial assets and the net incurrence of liabilities. As each non-financial transaction is mirrored by a financial transaction, the balancing item of the financial account conceptually also equals net lending/net borrowing as calculated from the capital account.

4 OJ L 15, 20.01.2009, p. 1.

In addition, opening and closing financial balance sheets are presented, which provide a picture of the financial wealth of each individual sector at a given point in time. Finally, other changes in financial assets and liabilities (e.g. those resulting from the impact of changes in asset prices) are also shown.

The sectoral coverage of the financial account and the financial balance sheets is more detailed for the financial corporation sector, which is broken down into MFIs, other financial intermediaries (including financial auxiliaries), and insurance corporations and pension funds.

Section 3.2 shows four-quarter cumulated flows (transactions) for the "non-financial accounts" of the euro area (i.e. accounts (1) to (5) above), also following the simplified sequence of accounts.

Section 3.3 shows four-quarter cumulated flows (transactions and other changes) for households' income, expenditure and accumulation accounts, as well as outstanding amounts in the financial and non-financial balance sheet accounts, presenting data in a more analytical manner. Sector-specific transactions and balancing items are arranged in a way that more clearly depicts the financing and investment decisions of households, while respecting the accounting identities presented in Sections 3.1 and 3.2.

Section 3.4 displays four-quarter cumulated flows (transactions) for non-financial corporations' income and accumulation accounts, as well as outstanding amounts for the financial balance sheet accounts, presenting data in a more analytical manner.

Section 3.5 shows four-quarter cumulated financial flows (transactions and other changes) and outstanding amounts for the financial balance sheets of insurance corporations and pension funds.

FINANCIAL MARKETS

The series on financial market statistics for the euro area cover those EU Member States that had adopted the euro at the time to which the statistics relate (i.e. a changing composition), with the exception of statistics on securities issues (Sections 4.1 to 4.4), which relate to the Euro 17 for the whole time series (i.e. a fixed composition).

Statistics on securities other than shares and statistics on quoted shares (Sections 4.1 to 4.4) are produced by the ECB using data from the ESCB and the BIS. Section 4.5 presents MFI interest rates on euro-denominated deposits from and loans to euro area residents. Statistics on money market interest rates, long-term government bond yields and stock market indices (Sections 4.6 to 4.8) are produced by the ECB using data from wire services.

Statistics on securities issues cover: (i) securities other than shares, excluding financial derivatives; and (ii) quoted shares. The former are presented in Sections 4.1, 4.2 and 4.3, while the latter are presented in Section 4.4. Debt securities are broken down into short-term and long-term securities. "Short-term" means securities with an original maturity of one year or less (in exceptional cases, two years or less). Securities with (i) a longer maturity, (ii) optional maturity dates, the latest of which is more than one year away, or (iii) indefinite maturity dates are classified as "long-term". Long-term debt securities issued by euro area residents are broken down further into fixed and variable rate issues. Fixed rate issues consist of issues where the coupon rate does not change during the life of the issue. Variable rate issues comprise all issues where the coupon is periodically refixed

with reference to an independent interest rate or index. The euro-denominated securities indicated in Sections 4.1, 4.2 and 4.3 also include items expressed in national denominations of the euro.

Section 4.1 shows securities other than shares, broken down by original maturity, residency of the issuer and currency. It presents outstanding amounts, gross issues and net issues of securities other than shares, broken down into: (i) issues denominated in euro and issues in all currencies; (ii) issues by euro area residents and total issues; and (iii) total and long-term maturities. Net issues differ from the changes in outstanding amounts owing to valuation changes, reclassifications and other adjustments. This section also presents seasonally adjusted statistics, including six-month annualised seasonally adjusted growth rates for total and long-term debt securities. Seasonally adjusted data are derived from the index of notional stocks, from which the seasonal effects have been removed. See the Technical Notes for details.

Section 4.2 contains a sectoral breakdown of outstanding amounts, gross issues and net issues for issuers resident in the euro area in line with the ESA 95. The ECB is included in the Eurosystem.

The total outstanding amounts for total and long-term debt securities in column 1 of Table 1 in Section 4.2 correspond to the data on outstanding amounts for total and long-term debt securities issued by euro area residents in column 7 of Section 4.1. The outstanding amounts for total and long-term debt securities issued by MFIs in column 2 of Table 1 in Section 4.2 are broadly comparable with the data on debt securities issued on the liabilities side of the aggregated MFI balance sheet in column 8 of Table 2 in Section 2.1. The total net issues for total debt securities in column 1 of Table 2 in Section 4.2 correspond to the data on total net issues by euro area residents in column 9 of Section 4.1. The residual difference between long-term debt securities and total fixed and variable rate long-term debt securities in Table 1 of Section 4.2 consists of zero coupon bonds and revaluation effects.

Section 4.3 shows seasonally adjusted and non-seasonally adjusted growth rates for debt securities issued by euro area residents (broken down by maturity, type of instrument, sector of the issuer and currency), which are based on financial transactions that occur when an institutional unit incurs or redeems liabilities. The growth rates therefore exclude reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. The seasonally adjusted growth rates have been annualised for presentational purposes. See the Technical Notes for details.

Columns 1, 4, 6 and 8 in Table 1 of Section 4.4 show the outstanding amounts of quoted shares issued by euro area residents broken down by issuing sector. The monthly data for quoted shares issued by non-financial corporations correspond to the quarterly series shown in Section 3.4 (financial balance sheet; quoted shares).

Columns 3, 5, 7 and 9 in Table 1 of Section 4.4 show annual growth rates for quoted shares issued by euro area residents (broken down by the sector of the issuer), which are based on financial transactions that occur when an issuer issues or redeems shares for cash, excluding investments in the issuer's own shares. The calculation of annual growth rates excludes reclassifications, revaluations and any other changes that do not arise from transactions.

Section 4.5 presents statistics on all the interest rates that MFIs resident in the euro area apply to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area. Euro area MFI interest rates are calculated as a weighted average (by corresponding business volume) of the euro area countries' interest rates for each category.

MFI interest rate statistics are broken down by type of business coverage, sector, instrument category and maturity, period of notice or initial period of interest rate fixation. These MFI interest rate statistics replaced the ten transitional statistical series on euro area retail interest rates that had been published in the Monthly Bulletin as of January 1999.

Section 4.6 presents money market interest rates for the euro area, the United States and Japan. For the euro area, a broad spectrum of money market interest rates is covered, ranging from interest rates on overnight deposits to those on twelve-month deposits. Before January 1999, synthetic euro area interest rates were calculated on the basis of national rates weighted by GDP. With the exception of the overnight rate prior to January 1999, monthly, quarterly and yearly values are period averages. Overnight deposits are represented by end-of-period interbank deposit bid rates up to and including December 1998 and period averages for the euro overnight index average (EONIA) thereafter. As of January 1999, euro area interest rates on one, three, six and twelve-month deposits are euro interbank offered rates (EURIBOR); prior to that date, they are London interbank offered rates (LIBOR) where available. For the United States and Japan, interest rates on three-month deposits are represented by LIBOR.

Section 4.7 shows end-of-period rates estimated from nominal spot yield curves based on AAA-rated euro-denominated bonds issued by euro area central governments. The yield curves are estimated using the Svensson model[5]. Spreads between the ten-year rates and the three-month and two-year rates are also released. Additional yield curves (daily releases, including charts and tables) and the corresponding methodological information are available at: http://www.ecb.europa.eu/stats/money/yc/html/index.en.html. Daily data can also be downloaded.

Section 4.8 shows stock market indices for the euro area, the United States and Japan.

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

Most of the data described in this section are produced by the European Commission (mainly Eurostat) and national statistical authorities. Euro area results are obtained by aggregating data for individual countries. As far as possible, the data are harmonised and comparable. Statistics on labour costs indices, GDP and expenditure components, value added by economic activity, industrial production, retail sales passenger car registrations and employment in terms of hours worked are working day-adjusted.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 1 in Section 5.1) is available from 1995 onwards. It is based on national HICPs, which follow the same methodology in all euro area countries. The breakdown into goods and services components is derived from the classification of individual consumption by purpose (Coicop/HICP). The HICP covers monetary expenditure by households on final consumption in the economic territory of the euro area. The table includes seasonally adjusted HICP data, which are compiled by the ECB, and experimental HICP-based indices of administered prices.

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998

5 Svensson, L.E., "Estimating and Interpreting Forward Interest Rates: Sweden 1992-1994", CEPR Discussion Papers, No 1051. Centre for Economic Policy Research, London, 1994.

concerning short-term statistics[6]. Since January 2009 the revised classification of economic activities (NACE Revision 2), as covered by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90, as well as certain EC Regulations on specific statistical domains[7], has been applied in the production of short-term statistics. The breakdown by end use of product for industrial producer prices and industrial production is the harmonised sub-division of industry excluding construction (NACE Revision 2, sections B to E) into Main Industrial Groupings (MIGs) as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007[8]. Industrial producer prices reflect the ex-factory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

The two non-energy commodity price indices shown in Table 3 in Section 5.1 are compiled with the same commodity coverage, but using two different weighting schemes: one based on the respective commodity imports of the euro area (columns 2-4), and the other (columns 5-7) based on estimated euro area domestic demand, or "use", taking into account information on imports, exports and the domestic production of each commodity (ignoring, for the sake of simplicity, inventories, which are assumed to be relatively stable over the observed period). The import-weighted commodity price index is appropriate for analysing external developments, while the use-weighted index is suitable for the specific purpose of analysing international commodity price pressures on euro area inflation. The use-weighted commodity price indices are experimental data. For more details as regards the compilation of the ECB commodity price indices, see Box 1 in the December 2008 issue of the Monthly Bulletin.

The labour cost indices (Table 5 in Section 5.1) measure the changes in labour costs per hour worked in industry (including construction) and market services. Their methodology is laid down in Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index[9] and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003[10]. A breakdown of the labour cost indices for the euro area is available by labour cost component (wages and salaries, and employers' social contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 5 of Section 5.1) on the basis of non-harmonised, national-definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 3 in Section 5.1) and employment statistics (Table 1 in Section 5.3) are derived from the ESA 95[11] quarterly national accounts. The ESA 95 was amended by Commission Regulation (EU) No 715/2010 of 10 August 2010[12] introducing NACE Revision 2, the updated statistical classification of economic activities. The publication of euro area national accounts data applying this new classification began in December 2011.

Indices for turnover in industry and for the retail trade (Table 4 in Section 5.2) measure the turnover, including all duties and taxes (with the exception of VAT), invoiced during the reference period.

6 OJ L 162, 5.6.1998, p. 1.
7 OJ L 393, 30.12.2006, p. 1.
8 OJ L 155, 15.6.2007, p. 3.
9 OJ L 69, 13.3.2003, p. 1.
10 OJ L 169, 8.7.2003, p. 37.
11 OJ L 310, 30.11.1996, p. 1.
12 OJ L 210, 11.8.2010, p. 1.

Retail trade turnover covers all retail trade (excluding sales of motor vehicles and motorcycles), including automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars.

Qualitative business and consumer survey data (Table 5 in Section 5.2) draw on the European Commission Business and Consumer Surveys.

Unemployment rates (Table 4 in Section 5.3) conform to International Labour Organization guidelines. They refer to persons actively seeking work as a share of the labour force, using harmonised criteria and definitions. The labour force estimates underlying the unemployment rate are different from the sum of the employment and unemployment levels published in Section 5.3.

GOVERNMENT FINANCE

Sections 6.1 to 6.5 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The annual euro area aggregates in Sections 6.1 to 6.3 are compiled by the ECB on the basis of statistical reporting requirements laid down in the ECB Guideline of 31 July 2009 on government finance statistics (ECB/2009/20)[13]. Harmonised data provided by the NCBs are regularly updated. The annual deficit and debt data for the euro area aggregates may therefore differ from those published by the European Commission. The quarterly euro area aggregates in Sections 6.4 and 6.5 are compiled by the ECB on the basis of Eurostat and national data.

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000[14] amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include government deficit/surplus and debt data for the individual euro area countries as reported to the Commission under Council Regulation (EU) No 679/2010, owing to their importance within the framework of the Stability and Growth Pact. Section 6.3 presents changes in general government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents non-seasonally adjusted quarterly figures on general government revenue and expenditure on the basis of definitions laid down in Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly non-financial accounts for general government[15]. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided by the Member States under Regulation (EC) No 501/2004 and Regulation (EC) No 222/2004 and data provided by the NCBs.

EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments

13 OJ L 228. 1.9.2009, p. 25.
14 OJ L 172, 12.7.2000, p. 3.
15 OJ L 179, 9.7.2002, p. 1.

Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB (ECB/2004/15)[16] and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)[17]. Additional information regarding the methodologies and sources used in the euro area b.o.p. and i.i.p. statistics can be found in the ECB publication entitled "European Union balance of payments/international investment position statistical methods" (May 2007) and in the reports of the Task Force on Portfolio Investment Collection Systems (June 2002), the Task Force on Portfolio Investment Income (August 2003) and the Task Force on Foreign Direct Investment (March 2004), all of which can be downloaded from the ECB's website. In addition, a report by the ECB/European Commission (Eurostat) Task Force on Quality looking at balance of payments and international investment position statistics (June 2004) is available on the website of the Committee on Monetary, Financial and Balance of Payments Statistics (www.cmfb.org). The annual quality report on the euro area b.o.p./i.i.p., which is based on the Task Force's recommendations and follows the basic principles of the ECB Statistics Quality Framework published in April 2008, is available on the ECB's website.

On 9 December 2011 the ECB Guideline on the statistical requirements of the European Central Bank in the field of external statistics (ECB/2011/23)[18] was adopted by the Governing Council of the ECB. This legal act lays down new reporting requirements in the field of external statistics, which mainly reflect methodological changes introduced in the sixth edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6). The ECB will begin publishing the euro area's b.o.p., i.i.p. and international reserves statistics in accordance with Guideline ECB/2011/23 and the BPM6 in 2014, with backdata. The tables in Sections 7.1 and 7.4 follow the sign convention in the IMF Balance of Payments Manual – i.e. surpluses in the current account and the capital account have a plus sign, while in the financial account a plus sign denotes an increase in liabilities or a decrease in assets. In the tables in Section 7.2, both credit and debit transactions are presented with a plus sign. Furthermore, as of the February 2008 issue of the Monthly Bulletin, the tables in Section 7.3 have been restructured in order to allow the data on the balance of payments, the international investment position and related growth rates to be presented together; in the new tables, transactions in assets and liabilities that correspond to increases in positions are shown with a plus sign.

The euro area b.o.p. is compiled by the ECB. Recent monthly figures should be regarded as provisional. Data are revised when figures for the following month and/or the detailed quarterly b.o.p. are published. Earlier data are revised periodically or as a result of methodological changes in the compilation of the source data.

Table 1 in Section 7.2 also contains seasonally adjusted data for the current account. Where appropriate, the adjustment also covers working day, leap year and/or Easter-related effects. Table 3 in Section 7.2 and Table 9 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis major partner countries, both individually and as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions and international organisations (which, with the exception of the ECB and the European Stability Mechanism, are considered to be outside the euro area for statistical purposes, regardless of their physical location) as well as offshore centres. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives or international reserves. In addition, separate data

16 OJ L 354, 30.11.2004, p. 34.
17 OJ L 159, 20.6.2007, p. 48.
18 OJ L 65, 3.3.2012, p. 1.

are not provided for investment income payable to Brazil, mainland China, India or Russia. The geographical breakdown is described in the article entitled "Euro area balance of payments and international investment position vis-à-vis main counterparts" in the February 2005 issue of the Monthly Bulletin.

The data on the euro area b.o.p. financial account and i.i.p. in Section 7.3 are based on transactions and positions vis-à-vis non-residents of the euro area, regarding the euro area as a single economic entity (see also Box 9 in the December 2002 issue of the Monthly Bulletin, Box 5 in the January 2007 issue of the Monthly Bulletin and Box 6 in the January 2008 issue of the Monthly Bulletin). The i.i.p. is valued at current market prices, with the exception of direct investment, where book values are used for unquoted shares, and other investment (e.g. loans and deposits). The quarterly i.i.p. is compiled on the basis of the same methodological framework as the annual i.i.p. As some data sources are not available on a quarterly basis (or are available with a delay), the quarterly i.i.p. is partly estimated on the basis of financial transactions, asset prices and foreign exchange developments.

Table 1 in Section 7.3 summarises the i.i.p. and financial transactions in the euro area b.o.p. The breakdown of the change in the annual i.i.p. is obtained by applying a statistical model to i.i.p. changes other than transactions, using information from the geographical breakdown and currency composition of assets and liabilities, as well as price indices for different financial assets. In this table, columns 5 and 6 refer to direct investment by resident units abroad and direct investment by non-resident units in the euro area.

In Table 5 in Section 7.3, the breakdown into "loans" and "currency and deposits" is based on the sector of the non-resident counterpart – i.e. assets vis-à-vis non-resident banks are classified as deposits, whereas assets vis-à-vis other non-resident sectors are classified as loans. This breakdown follows the distinction made in other statistics, such as the MFI consolidated balance sheet, and conforms to the IMF Balance of Payments Manual.

The outstanding amounts for the Eurosystem's international reserves and related assets and liabilities are shown in Table 7 of Section 7.3. These figures are not fully comparable with those in the Eurosystem's weekly financial statement owing to differences in coverage and valuation. The data in Table 7 are in line with the recommendations for the template on international reserves and foreign currency liquidity. By definition, the assets included in the Eurosystem's international reserves take account of the changing composition of the euro area. Before countries join the euro area, the assets of their national central banks are included in portfolio investment (in the case of securities) or other investment (in the case of other assets). Changes in the gold holdings of the Eurosystem (column 3) are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999, which was updated on 27 September 2009. More information on the statistical treatment of the Eurosystem's international reserves can be found in a publication entitled "Statistical treatment of the Eurosystem's international reserves" (October 2000), which can be downloaded from the ECB's website. The website also contains more comprehensive data in accordance with the template on international reserves and foreign currency liquidity.

The euro area's gross external debt statistics in Table 8 of Section 7.3 represent outstanding actual (rather than contingent) liabilities vis-à-vis non-euro area residents that require the payment of principal and/or interest by the debtor at one or more points in the future. Table 8 shows a breakdown of gross external debt by instrument and institutional sector.

Section 7.4 contains a monetary presentation of the euro area balance of payments, showing the transactions by non-MFIs that mirror the net external transactions by MFIs. Included in the transactions by non-MFIs are b.o.p. transactions for which a sectoral breakdown is not available. These concern the current and capital accounts (column 2) and financial derivatives (column 11). An up-to-date methodological note on the monetary presentation of the euro area balance of payments is available in the "Statistics" section of the ECB's website. See also Box 1 in the June 2003 issue of the Monthly Bulletin.

Section 7.5 shows data on euro area external trade in goods. The source is Eurostat. Value data and volume indices are seasonally and working day-adjusted. The breakdown by product group in columns 4 to 6 and 9 to 11 of Table 1 in Section 7.5 is in line with the classification contained in the Broad Economic Categories and corresponds to the basic classes of goods in the System of National Accounts. Manufactured goods (columns 7 and 12) and oil (column 13) are in line with the SITC Rev. 4 definition. The geographical breakdown (Table 3 in Section 7.5) shows major trading partners both individually and in regional groups. China excludes Hong Kong. On account of differences in definitions, classification, coverage and time of recording, external trade data, in particular for imports, are not fully comparable with the goods item in the b.o.p. statistics (Sections 7.1 and 7.2). Part of the difference arises from the inclusion of insurance and freight services in the recording of imported goods in external trade data.

Industrial import prices and industrial producer export prices (or industrial output prices for the non-domestic market) shown in Table 2 in Section 7.5 were introduced by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98, which is the principal legal basis for short-term statistics. The industrial import price index covers industrial products imported from outside the euro area under sections B to E of the Statistical Classification of Products by Activity in the European Economic Community (CPA) and all institutional import sectors except households, governments and non-profit institutions. It reflects the cost, insurance and freight price excluding import duties and taxes, and refers to actual transactions in euro recorded at the point when ownership of the goods is transferred. The industrial producer export prices cover all industrial products exported directly by euro area producers to the extra-euro area market under sections B to E of NACE Revision 2. Exports from wholesalers and re-exports are not covered. The indices reflect the free on board price expressed in euro and calculated at the euro area frontier, including any indirect taxes except VAT and other deductible taxes. Industrial import prices and industrial producer export prices are available by Main Industrial Grouping as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007. For more details, see Box 11 in the December 2008 issue of the Monthly Bulletin.

EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro's bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003, 2004-2006 and 2007-2009 and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these five sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-20 group of trading partners is composed of the 10 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway,

Singapore, South Korea, Switzerland and the United States. The EER-19 group excludes Croatia. The EER-39 group comprises the EER-20 plus the following countries: Algeria, Argentina, Brazil, Chile, Iceland, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela. Real EERs are calculated using consumer price indices (CPIs), producer price indices (PPIs), gross domestic product deflators and unit labour costs, both for the manufacturing sector (ULCM) and for the total economy (ULCT). ULCM-deflated EERs are available only for the EER-19.

For more detailed information on the calculation of the EERs, see the relevant methodological note and ECB Occasional Paper No 134 ("Revisiting the effective exchange rates of the euro" by Martin Schmitz, Maarten De Clercq, Michael Fidora, Bernadette Lauro and Cristina Pinheiro, June 2012), which can be downloaded from the ECB's website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies. The most recent rate for the Icelandic krona is 290.0 per euro and refers to 3 December 2008.

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. However, data shown in this table on current and capital accounts and gross external debt follow the respective national concept and do not include special-purpose vehicles. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

ANNEXES

CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSYSTEM[1]

12 JANUARY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

9 FEBRUARY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also approves specific national eligibility criteria and risk control measures for the temporary acceptance in a number of countries of additional credit claims as collateral in Eurosystem credit operations.

8 MARCH, 4 APRIL AND 3 MAY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

6 JUNE 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 15 January 2013, notably to continue its fixed rate tender procedures with full allotment.

5 JULY 2012

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.75%, starting from the operation to be settled on 11 July 2012. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 1.50% and 0.00% respectively, both with effect from 11 July 2012.

2 AUGUST 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

1 The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2011 can be found in the ECB's Annual Report for the respective years.

6 SEPTEMBER 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively. It also decides on the modalities for undertaking Outright Monetary Transactions (OMTs) in secondary markets for sovereign bonds in the euro area.

4 OCTOBER AND 8 NOVEMBER 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

6 DECEMBER 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 9 July 2013, notably to continue its fixed rate tender procedures with full allotment.

10 JANUARY, 7 FEBRUARY, 7 MARCH AND 4 APRIL 2013

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

2 MAY 2013

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.50%, starting from the operation to be settled on 8 May 2013. In addition, it decides to decrease the interest rate on the marginal lending facility by 50 basis points to 1.00%, with effect from 8 May 2013, and to keep the interest rate on the deposit facility unchanged at 0.00%. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 8 July 2014, notably to continue its fixed rate tender procedures with full allotment.

6 JUNE, 4 JULY, 1 AUGUST, 5 SEPTEMBER AND 2 OCTOBER 2013

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.50%, 1.00% and 0.00% respectively.

7 NOVEMBER 2013

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.25%, starting from the operation to be settled on 13 November 2013. In addition, it decides to decrease the interest rate on the marginal lending facility by 25 basis points to 0.75%, with effect from 13 November 2013, and to keep the interest rate on the deposit facility unchanged at 0.00%. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 7 July 2015, notably to continue its fixed rate tender procedures with full allotment.

5 DECEMBER 2013, 9 JANUARY AND 6 FEBRUARY 2014

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.25%, 0.75% and 0.00% respectively.

PUBLICATIONS PRODUCED BY THE EUROPEAN CENTRAL BANK

The ECB produces a number of publications which provide information about its core activities: monetary policy, statistics, payment and securities settlement systems, financial stability and supervision, international and European cooperation, and legal matters. These include the following:

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- Annual Report
- Convergence Report
- Monthly Bulletin

RESEARCH PAPERS

- Legal Working Paper Series
- Occasional Paper Series
- Research Bulletin
- Working Paper Series

OTHER/TASK-RELATED PUBLICATIONS

- Enhancing monetary analysis
- Financial integration in Europe
- Financial Stability Review
- Statistics Pocket Book
- The European Central Bank: history, role and functions
- The international role of the euro
- The implementation of monetary policy in the euro area ("General Documentation")
- The monetary policy of the ECB
- The payment system

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For a complete list of documents (in PDF format) published by the ECB and the European Monetary Institute, the ECB's forerunner from 1994 to 1998, please visit the ECB's website at http://www.ecb.europa.eu/pub/. Language codes indicate the languages in which each publication is available.

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GLOSSARY

This glossary contains selected items that are frequently used in the Monthly Bulletin. A more comprehensive and detailed glossary can be found on the ECB's website (www.ecb.europa.eu/home/glossary/html/index.en.html).

Autonomous liquidity factors: liquidity factors that do not normally stem from the use of monetary policy instruments. Such factors are, for example, banknotes in circulation, government deposits with the central bank and the net foreign assets of the central bank.

Balance of payments (b.o.p.): a statistical statement that summarises, for a specific period of time, the economic transactions of an economy with the rest of the world.

Bank lending survey (BLS): a quarterly survey on lending policies that has been conducted by the Eurosystem since January 2003. It addresses qualitative questions on developments in credit standards, terms and conditions of loans and loan demand for both enterprises and households to a predefined sample group of banks in the euro area.

Borrowing requirement (general government): net incurrence of debt by the general government.

Break-even inflation rate: the spread between the yield on a nominal bond and that on an inflation-linked bond of the same (or as similar as possible) maturity.

Capital account: a b.o.p. account that covers all capital transfers and acquisitions/disposals of non-produced, non-financial assets between residents and non-residents.

Capital accounts: part of the system of national (or euro area) accounts consisting of the change in net worth that is due to net saving, net capital transfers and net acquisitions of non-financial assets.

Central parity (or central rate): the exchange rate of each ERM II member currency vis-à-vis the euro, around which the ERM II fluctuation margins are defined.

Compensation per employee or per hour worked: the total remuneration, in cash or in kind, that is payable by employers to employees, i.e. gross wages and salaries, as well as bonuses, overtime payments and employers' social security contributions, divided by the total number of employees or by the total number of employees' hours worked.

Consolidated balance sheet of the MFI sector: a balance sheet obtained by netting out inter-MFI positions (e.g. inter-MFI loans and deposits) in the aggregated MFI balance sheet. It provides statistical information on the MFI sector's assets and liabilities vis-à-vis residents of the euro area not belonging to this sector (i.e. the general government and other euro area residents) and vis-à-vis non-euro area residents. It is the main statistical source for the calculation of monetary aggregates, and it provides the basis for the regular analysis of the counterparts of M3.

Collateral: assets pledged or transferred in some form as a guarantee for the repayment of loans, as well as assets sold under repurchase agreements. Collateral used in Eurosystem reverse transactions must fulfil certain eligibility criteria.

Current account: a b.o.p. account that covers all transactions in goods and services, income and current transfers between residents and non-residents.

Current transfers account: a technical b.o.p. account in which the value of real resources or financial items is recorded when these are transferred without receiving anything in exchange. Current transfers cover all transfers that are not capital transfers.

Debt (financial accounts): loans taken out by households, as well as the loans, debt securities and pension fund reserves (resulting from employers' direct pension commitments on behalf of their employees) of non-financial corporations, valued at market prices at the end of the period.

Debt (general government): the gross debt (currency and deposits, loans and debt securities) at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government.

Debt security: a promise on the part of the issuer (i.e. the borrower) to make one or more payment(s) to the holder (the lender) on a specified future date or dates. Such securities usually carry a specific rate of interest (the coupon) and/or are sold at a discount to the amount that will be repaid at maturity. Debt securities issued with an original maturity of more than one year are classified as long-term.

Debt-to-GDP ratio (general government): the ratio of general government debt to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit.

Deficit (general government): the general government's net borrowing, i.e. the difference between total government revenue and total government expenditure.

Deficit-debt adjustment (general government): the difference between the general government deficit and the change in general government debt.

Deficit ratio (general government): the ratio of the general government deficit to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit. It is also referred to as the budget deficit ratio or the fiscal deficit ratio.

Deflation: a significant and persistent decline in the prices of a very broad set of consumer goods and services that becomes entrenched in expectations.

Deposit facility: a standing facility of the Eurosystem enabling eligible counterparties to make, on their own initiative, overnight deposits with the NCB in their respective jurisdiction. Deposits are remunerated at a pre-specified rate that normally provides a floor for overnight market interest rates.

Disinflation: a process of decelerating inflation that may lead to negative inflation rates of a temporary nature.

Direct investment: cross-border investment for the purpose of obtaining a lasting interest in an enterprise resident in another economy (assumed, in practice, for ownership of at least 10% of the ordinary shares or voting power). Included are equity capital, reinvested earnings and other capital associated with inter-company operations. The direct investment account records net transactions/positions in assets abroad by euro area residents (as "direct investment abroad") and net transactions/positions in euro area assets by non-residents (as "direct investment in the euro area").

Effective exchange rates (EERs) of the euro (nominal/real): weighted averages of bilateral euro exchange rates against the currencies of the euro area's main trading partners. The EER indices of the euro are calculated against different groups of trading partners: the EER-20 comprises the ten non-euro area EU Member States and ten trading partners outside the EU, and the EER-40 encompasses the EER-20 and 20 additional countries. The weights used reflect the share of each partner country in the euro area's trade in manufactured goods and account for competition in third markets. Real EERs are nominal EERs deflated by a weighted average of foreign, relative to domestic, prices or costs. They are thus measures of price and cost competitiveness.

Enhanced credit support: the non-standard measures taken by the ECB/Eurosystem during the financial crisis with a view to supporting financing conditions and credit flows above and beyond what could be achieved through reductions in key ECB interest rates alone.

EONIA (euro overnight index average): a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks.

Equities: securities representing ownership of a stake in a corporation, e.g. shares traded on stock exchanges (quoted shares), unquoted shares and other forms of equity. Equities usually produce income in the form of dividends.

ERM II (exchange rate mechanism II): the exchange rate arrangement that provides the framework for exchange rate policy cooperation between the euro area countries and the EU Member States not participating in Stage Three of EMU.

EURIBOR (euro interbank offered rate): the rate at which what is known as a prime bank is willing to lend funds (denominated in euro) to another prime bank. The EURIBOR is computed daily, based on the rates of a sample of selected banks, for different maturities of up to 12 months.

Euro area: the area formed by those EU Member States in which the euro has been adopted as the single currency in accordance with the Treaty on the Functioning of the European Union.

European Commission surveys: harmonised surveys of business and/or consumer sentiment conducted on behalf of the European Commission in each of the EU Member States. Such questionnaire-based surveys are addressed to managers in the manufacturing, construction, retail and services industries, as well as to consumers. From each monthly survey, composite indicators are calculated that summarise the replies to a number of different questions in a single indicator (confidence indicators).

Eurosystem: the central banking system made up of the ECB and the NCBs of those EU Member States whose currency is the euro.

Eurozone Purchasing Managers' Surveys: surveys of business conditions in manufacturing and in services industries conducted for a number of countries in the euro area and used to compile indices. The Eurozone Manufacturing Purchasing Managers' Index (PMI) is a weighted indicator calculated from indices of output, new orders, employment, suppliers' delivery times and stocks of purchases. The services sector survey asks questions on business activity, expectations of future business activity, the amount of business outstanding, incoming new business, employment, input

prices and prices charged. The Eurozone Composite Index is calculated by combining the results from the manufacturing and services sector surveys.

Excess liquidity: the amount of central bank reserves held by banks in excess of the aggregate needs of the banking system, which are determined by reserve requirements and autonomous factors.

External trade in goods: exports and imports of goods with countries outside the euro area, measured in terms of value and as indices of volume and unit value. External trade statistics are not comparable with the exports and imports recorded in the national accounts, as the latter include both intra-euro area and extra-euro area transactions, and also combine goods and services. Nor are they fully comparable with the goods item in b.o.p. statistics. Besides methodological adjustments, the main difference is that imports in external trade statistics are recorded including insurance and freight services, whereas they are recorded free on board in the goods item in the b.o.p. statistics.

Financial account: a b.o.p. account that covers transactions between residents and non-residents in direct investment, portfolio investment, other investment, financial derivatives and reserve assets.

Financial accounts: part of the system of national (or euro area) accounts showing the financial positions (stocks or balance sheets), financial transactions and other changes of the different institutional sectors of an economy by type of financial asset.

Financial vehicle corporation (FVC): an entity whose principal activity is to carry out securitisation transactions. An FVC typically issues marketable securities that are offered for sale to the general public, or sold in the form of private placements. These securities are backed by a portfolio of assets (typically loans) which are held by the FVC. In some cases, a securitisation transaction may involve a number of FVCs, where one FVC holds the securitised assets and another issues the securities backed by those assets.

Fixed rate tender: a tender procedure in which the interest rate is specified in advance by the central bank and in which participating counterparties bid the amount of money they wish to transact at the fixed interest rate.

Fixed rate full-allotment tender procedure: a tender procedure in which the interest rate is pre-specified by the central bank (fixed rate) and in which counterparties bid the amount of money they want to transact at that rate, knowing in advance that all their bids will be satisfied (full allotment).

Forward guidance: communication by a central bank on the orientation of monetary policy with respect to the future path of policy interest rates.

General government: a sector defined in the ESA 95 as comprising resident entities that are engaged primarily in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. Included are central, regional and local government authorities as well as social security funds. Excluded are government-owned entities that conduct commercial operations, such as public enterprises.

Gross domestic product (GDP): the value of an economy's total output of goods and services less intermediate consumption, plus net taxes on products and imports. GDP can be broken down by

output, expenditure or income components. The main expenditure aggregates that make up GDP are household final consumption, government final consumption, gross fixed capital formation, changes in inventories, and imports and exports of goods and services (including intra-euro area trade).

Gross external debt: the outstanding amount of an economy's actual (i.e. non-contingent) current liabilities that require payment of principal and/or interest to non-residents at some point in the future.

Harmonised Index of Consumer Prices (HICP): a measure of the development of consumer prices that is compiled by Eurostat and harmonised for all EU Member States.

Hourly labour cost index: a measure of labour costs, including gross wages and salaries (in cash and in kind, including bonuses) and other labour costs (employers' social contributions plus employment-related taxes paid by the employer minus subsidies received by the employer), per hour actually worked (including overtime).

Implied volatility: the expected volatility (i.e. standard deviation) in the rates of change of the price of an asset (e.g. a share or a bond). It can be derived from the asset's price, maturity date and exercise price of its options, as well as from a riskless rate of return, using an option pricing model such as the Black-Scholes model.

Income account: a b.o.p. account that covers two types of transactions with non-residents, namely (i) those involving compensation of employees that is paid to non-resident workers (e.g., cross-border, seasonal, and other short-term workers) and (ii) those involving investment income receipts and payments on external financial assets and liabilities, with the latter including receipts and payments on direct investment, portfolio investment and other investment, as well as receipts on reserve assets.

Index of negotiated wages: a measure of the direct outcome of collective bargaining in terms of basic pay (i.e. excluding bonuses) at the euro area level. It refers to the implied average change in monthly wages and salaries.

Industrial producer prices: factory-gate prices (transportation costs are not included) of all products sold by industry, excluding construction, on the domestic markets of the euro area countries, excluding imports.

Industrial production: the gross value added created by industry at constant prices.

Inflation: an increase in the general price level, e.g. in the consumer price index.

Inflation-indexed government bonds: debt securities issued by the general government, the coupon payments and principal of which are linked to a specific consumer price index.

Insurance corporations and pension funds: financial corporations and quasi-corporations that are engaged primarily in financial intermediation as the consequence of the pooling of risks.

International investment position (i.i.p.): the value and composition of an economy's outstanding net financial claims on (or financial liabilities to) the rest of the world.

International reserves: external assets readily available to and controlled by monetary authorities for directly financing or regulating the magnitude of payment imbalances through intervention in exchange markets. The international reserves of the euro area comprise non-euro-denominated claims on non-euro area residents, gold, special drawing rights and the reserve positions in the IMF which are held by the Eurosystem.

Investment funds (except money market funds): financial institutions that pool capital raised from the public and invest it in financial and non-financial assets. See also MFIs.

Job vacancies: a collective term covering newly created jobs, unoccupied jobs or jobs about to become vacant in the near future, for which the employer has recently taken active steps to find a suitable candidate.

Key ECB interest rates: the interest rates, set by the Governing Council, which reflect the monetary policy stance of the ECB. They are the rates at the main refinancing operations, on the marginal lending facility and on the deposit facility.

Labour force: the sum total of persons in employment and the number of unemployed.

Labour productivity: the output that can be produced with a given input of labour. It can be measured in several ways, but is commonly measured as GDP (volume) divided by either total employment or total hours worked.

Liquidity-absorbing operation: an operation through which the Eurosystem absorbs liquidity in order to reduce excess liquidity, or to create a shortage of liquidity. Such operations can be conducted by issuing debt certificates or fixed-term deposits.

Longer-term refinancing operation (LTRO): an open market operation with a maturity of more than one week that is executed by the Eurosystem in the form of a reverse transaction. The regular monthly operations have a maturity of three months. During the financial market turmoil that started in August 2007, supplementary operations with maturities ranging from one maintenance period to 36 months were conducted, the frequency of which varied.

M1: a narrow monetary aggregate that comprises currency in circulation plus overnight deposits held with MFIs and central government (e.g. at the post office or treasury).

M2: an intermediate monetary aggregate that comprises M1 plus deposits redeemable at a period of notice of up to and including three months (i.e. short-term savings deposits) and deposits with an agreed maturity of up to and including two years (i.e. short-term time deposits) held with MFIs and central government.

M3: a broad monetary aggregate that comprises M2 plus marketable instruments, in particular repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs.

Main refinancing operation (MRO): a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

Marginal lending facility: a standing facility of the Eurosystem enabling eligible counterparties, on their own initiative, to receive overnight credit from the NCB in their jurisdiction at a pre-specified rate in the form of a reverse transaction. The rate on loans extended within the scope of the marginal lending facility normally provides an upper bound for overnight market interest rates.

Maximum bid rate: the upper limit to the interest rates at which counterparties may submit bids in variable rate liquidity-absorbing tender operations.

MFI credit to euro area residents: MFI loans granted to non-MFI euro area residents (including general government and the private sector) and MFI holdings of securities (shares, other equity and debt securities) issued by non-MFI euro area residents.

MFI interest rates: the interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area.

MFI longer-term financial liabilities: deposits with an agreed maturity of over two years, deposits redeemable at a period of notice of over three months, debt securities issued by euro area MFIs with an original maturity of more than two years and the capital and reserves of the euro area MFI sector.

MFI net external assets: the external assets of the euro area MFI sector (such as gold, foreign currency banknotes and coins, securities issued by non-euro area residents and loans granted to non-euro area residents) minus the external liabilities of the euro area MFI sector (such as non-euro area residents' deposits and repurchase agreements, as well as their holdings of money market fund shares/units and debt securities issued by MFIs with a maturity of up to and including two years).

MFIs (monetary financial institutions): financial institutions which together form the money-issuing sector of the euro area. These include (i) the Eurosystem, (ii) resident credit institutions (as defined in EU law), (iii) other financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities, as well as electronic money institutions that are principally engaged in financial intermediation in the form of issuing electronic money, and (iv) money market funds, i.e. collective investment undertakings that invest in short-term and low-risk instruments.

Minimum bid rate: the lower limit to the interest rates at which counterparties may submit bids in variable rate liquidity-providing tender operations.

Open market operation: a financial market operation executed on the initiative of the central bank. These operations include reverse transactions, outright transactions as well as the issuance of fixed-term deposits or debt certificates or foreign exchange swaps. The open market operations can be liquidity providing or liquidity absorbing.

Other investment: an item in the b.o.p. and the i.i.p. that covers the financial transactions/positions with non-residents in trade credits, deposits and loans, and other accounts receivable and payable.

Portfolio investment: euro area residents' net transactions and/or positions in securities issued by non-residents of the euro area ("assets") and non-residents' net transactions and/or positions in securities issued by euro area residents ("liabilities"). Included are equity securities and debt

securities (bonds and notes, and money market instruments). Transactions are recorded at the effective price paid or received, less commissions and expenses. To be regarded as a portfolio asset, ownership in an enterprise must be equivalent to less than 10% of the ordinary shares or voting power.

Price stability: as defined by the Governing Council, a year-on-year increase in the HICP for the euro area of below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

Purchasing power parity (PPP): the rate at which one currency is converted into another so as to equalise the purchasing power of the two currencies by eliminating the differences in the price levels prevailing in the countries concerned. In their simplest form, PPPs show the ratio of the prices in national currency of the same good or service in different countries.

Reference value for M3 growth: the annual growth rate of M3 that is deemed to be compatible with price stability over the medium term.

Reserve requirement: the requirement for institutions to hold minimum reserves with the central bank over a maintenance period. Compliance with the requirement is determined on the basis of the average of the daily balances in the reserve accounts over the maintenance period.

Reverse transaction: an operation whereby the NCB buys or sells assets under a repurchase agreement or conducts credit operations against collateral.

Securitisation: a transaction or scheme whereby an asset or a pool of cash flow-producing assets, often consisting of loans (mortgages, consumer loans, etc.), is transferred from an originator (usually a credit institution) to a financial vehicle corporation (FVC). The FVC effectively converts these assets into marketable securities by issuing debt instruments with principal and interest serviced through the cash flows produced by the asset pool.

Structural fiscal balance (general government): the actual budget balance corrected for cyclical factors (i.e. the cyclically adjusted balance) and one-off fiscal measures.

Survey of Professional Forecasters (SPF): a quarterly survey that has been conducted by the ECB since 1999 to collect macroeconomic forecasts on euro area inflation, real GDP growth and unemployment from a panel of experts affiliated to financial and non-financial organisations based in the EU.

Unit labour costs: a measure of total labour costs per unit of output calculated for the euro area as the ratio of total compensation per employee to labour productivity (defined as GDP (volume) per person employed).

Variable rate tender: a tender procedure where the counterparties bid both the amount of money they wish to transact with the central bank and the interest rate at which they wish to enter into the transaction.

Volatility: the degree of fluctuation in a given variable.

Write-down: a downward adjustment to the value of loans recorded in the balance sheets of MFIs when it is recognised that the loans have become partly unrecoverable.

Write-off: the removal of the value of loans from the balance sheets of MFIs when the loans are considered to be totally unrecoverable.

Yield curve: a graphical representation of the relationship between the interest rate or yield and the residual maturity at a given point in time for sufficiently homogenous debt securities with different maturity dates. The slope of the yield curve can be measured as the difference between the interest rates or yield at two selected maturities.

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