EN

EUROPEAN CENTRAL BANK

EUROSYSTEM

MONTHLY BULLETIN 04|2009

01|2009
02|2009
03|2009

04|2009

05|2009
06|2009
07|2009
08|2009
09|2009
10|2009
11|2009
12|2009

MONTHLY BULLETIN
APRIL

EUROPEAN CENTRAL BANK

EUROPEAN CENTRAL BANK

EUROSYSTEM

In 2009 all ECB publications feature a motif taken from the €200 banknote.

MONTHLY BULLETIN
APRIL 2009

Address
Kaiserstrasse 29
60311 Frankfurt am Main
Germany

Postal address
Postfach 16 03 19
60066 Frankfurt am Main
Germany

Telephone
+49 69 1344 0

Website
http://www.ecb.europa.eu

Fax
+49 69 1344 6000

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

The cut-off date for the statistics included in this issue was 1 April 2009.

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

CONTENTS

ABBREVIATIONS

COUNTRIES

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

OTHERS

BIS	Bank for International Settlements
b.o.p.	balance of payments
BPM5	IMF Balance of Payments Manual (5th edition)
CD	certificate of deposit
c.i.f.	cost, insurance and freight at the importer's border
CPI	Consumer Price Index
ECB	European Central Bank
EER	effective exchange rate
EMI	European Monetary Institute
EMU	Economic and Monetary Union
ESA 95	European System of Accounts 1995
ESCB	European System of Central Banks
EU	European Union
EUR	euro
f.o.b.	free on board at the exporter's border
GDP	gross domestic product
HICP	Harmonised Index of Consumer Prices
HWWI	Hamburg Institute of International Economics
ILO	International Labour Organization
IMF	International Monetary Fund
MFI	monetary financial institution
NACE Rev. 1	Statistical classification of economic activities in the European Community
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 Community practice, the EU countries are listed in this Bulletin using the alphabetical order of the country names in the national languages.

EDITORIAL

At its meeting on 2 April 2009, on the basis of its regular economic and monetary analyses, the Governing Council decided to reduce the key ECB interest rates by a further 25 basis points. The interest rate on the main refinancing operations of the Eurosystem was lowered to 1.25% and the interest rates on the marginal lending facility and on the deposit facility were decreased to 2.25% and 0.25% respectively, with effect from 8 April 2009. This decision brings the total reduction in the key ECB interest rates since 8 October 2008 to 300 basis points.

The decision takes into account the expectation that price pressures will remain subdued, reflecting the substantial past fall in commodity prices and the marked weakening of economic activity in the euro area and globally. The latest economic data and survey information confirm that the world economy, including the euro area, is undergoing a severe downturn. Both global and euro area demand are likely to remain very weak over 2009, before gradually recovering in the course of 2010. Available indicators of inflation expectations over the medium to longer term remain firmly anchored in line with the Governing Council's aim of keeping inflation rates at levels below, but close to, 2% over the medium term. A cross-check with the outcome of the monetary analysis confirms that inflationary pressure has been diminishing. After its decision on 2 April, the Governing Council expects price stability to be maintained over the medium term, thereby supporting the purchasing power of euro area households. The Governing Council will continue to ensure a firm anchoring of medium-term inflation expectations. Such anchoring is indispensable to supporting sustainable growth and employment and contributes to financial stability. Accordingly, the Governing Council will continue to monitor very closely all developments over the period ahead.

With regard to the economic analysis, reflecting the impact of the financial market turmoil, economic activity has weakened markedly in the euro area, as domestic demand has contracted in parallel with the downturn in the world economy. Available data and survey indicators suggest that economic activity in the euro area has remained very weak in early 2009. It is likely to remain very subdued for the remainder of the year but is expected to gradually recover in 2010. The substantial fall in commodity prices since the summer of 2008 is supporting real disposable income and thus consumption. In addition, external as well as domestic demand should increasingly benefit from the effects of the significant macroeconomic stimulus under way as well as from measures taken to restore the functioning of the financial system both inside and outside the euro area.

Taking these effects into account, the Governing Council sees the risks to this outlook for economic activity as being broadly balanced. On the one hand, there may be stronger than anticipated positive effects due to the decrease in commodity prices and to policy measures taken. On the other hand, there are concerns that the turmoil in financial markets could have a stronger impact on the real economy, as well as that protectionist pressures could intensify and that there could be adverse developments in the world economy stemming from a disorderly correction of global imbalances.

Annual HICP inflation has fallen further, from 1.2% in February to 0.6% in March, according to Eurostat's flash estimate. The decline in inflation since last summer primarily reflects the sharp fall in global commodity prices over this period. Moreover, signs of a more broad-based reduction in inflationary pressure are increasingly emerging. Looking ahead, base effects stemming from past energy price effects will play a significant role in the shorter-term dynamics of the HICP. Accordingly, the Governing Council expects to see headline annual inflation rates declining further in the coming months and temporarily reaching negative levels around mid-year. Thereafter, annual inflation rates should increase again. Such short-term movements are, however, not relevant from a monetary policy perspective. Looking further ahead, over the policy-relevant horizon, annual HICP inflation is expected to remain below 2% in 2010, reflecting mainly ongoing sluggish demand in the euro area and elsewhere. Available indicators of inflation expectations over the medium to longer term remain firmly anchored in line with the Governing Council's aim of keeping inflation rates at levels below, but close to, 2% over the medium term.

The risks surrounding this outlook are broadly balanced. They relate in particular to the risks to the outlook for economic activity as well as to risks to commodity prices.

Turning to the monetary analysis, the latest data confirm the high month-to-month volatility of developments in M3 and its components observed since the intensification of the financial turmoil in September 2008. Looking through this volatility, the pace of monetary expansion in the euro area has continued to decelerate markedly and supports the assessment of diminishing risks to price stability in the medium term.

Developments within M3 clearly reflect market participants' specific financial investment responses to the intensification of the financial turmoil, but increasingly also the impact of the past reduction in the key ECB interest rates. As this reduction has narrowed the gaps between the interest rates paid on the different categories of short-term deposits, it has fostered shifts in the allocation of funds. For example, the demand for overnight deposits further strengthened in February and contributed to the rise in the annual growth rate of M1 to 6.3%, while the demand for short-term time deposits weakened considerably.

The flow of MFI loans to non-financial corporations and households has remained very subdued. The slightly negative flow of lending to non-financial corporations in February reflects a decline in the outstanding amount of loans with a shorter maturity, while the net flow in loans with longer maturities remained positive. The decline in short-term lending may be indicative of a reduction in loan demand related to the weakening of economic activity. However, supply effects have probably also affected loan developments. In this respect, developments over the past few months may in part reflect ongoing efforts of banks as well as the corporate and household sector to reduce the highly leveraged positions built up in past years.

To sum up, the Governing Council's decision on 2 April takes into account the expectation that price pressures will remain subdued, reflecting the substantial past fall in commodity prices and the marked weakening of economic activity in the euro area and globally. The latest economic data and survey information confirm that the world economy, including the euro area, is undergoing a severe downturn. Both global and euro area demand are likely to remain very weak over 2009, before gradually recovering in the course of 2010. Available indicators of inflation expectations over the medium to longer term remain firmly anchored in line with the Governing Council's aim of keeping inflation rates at levels below, but close to, 2% over the medium term. A cross-check with the outcome of the monetary analysis confirms that inflationary pressure has been diminishing. After its decision on 2 April, the Governing Council expects price stability to be maintained over the medium term, thereby supporting the purchasing power of euro area households. The Governing Council will continue to ensure a firm anchoring of medium-term inflation expectations. Such anchoring is indispensable to supporting sustainable growth and employment and contributes to financial stability. Accordingly, the Governing Council will continue to monitor very closely all developments over the period ahead.

Regarding fiscal policies, it is necessary that countries' commitments to a path of consolidation in order to return to sound fiscal positions are credible, respecting fully the provisions of the Stability and Growth Pact. This is essential to maintain the public's trust in the sustainability of public finances, which is important both for the economy to recover and for supporting long-term economic growth. Countries subject to the excessive deficit procedure need to comply strictly with the ECOFIN Council recommendations for correcting their deficits. Many countries will need to specify further credible consolidation measures for 2010 and beyond. Full and consistent implementation of the EU's legal provisions for sound fiscal policies is a prerequisite for the maintenance of their credibility as one of the pillars of the institutional framework of Economic and Monetary Union.

Turning to structural reforms, the Governing Council welcomes the commitment of the spring European Council to make full use of the renewed Lisbon strategy for growth and jobs in the current situation. The updated recommendations for the euro area countries call for an accelerated implementation of reforms to support the economy, facilitate necessary adjustments and ensure a high level of growth potential. It remains essential that government support measures do not distort competition or delay necessary structural adjustment processes and that governments remain firmly committed to avoiding protectionism.

This issue of the Monthly Bulletin contains three articles. The first article compares the external financing of households and non-financial corporations in the euro area and the United States, with a focus on the period of the financial turmoil. The second article examines the reliability of, and revisions to, the first estimates of GDP in the euro area. The third article reviews developments in the composition of government spending across the EU.

ECONOMIC AND MONETARY DEVELOPMENTS

1 THE EXTERNAL ENVIRONMENT OF THE EURO AREA

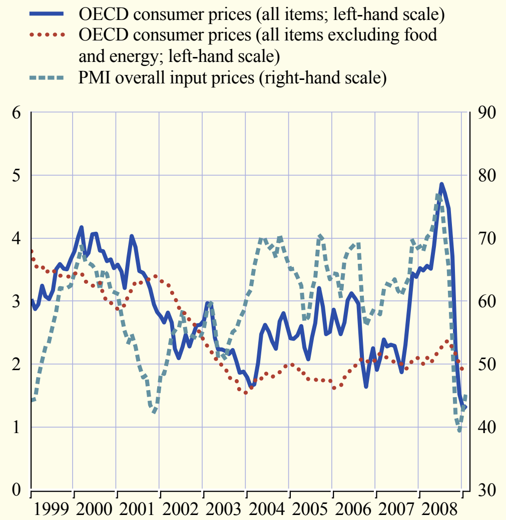
The global economy is currently in the midst of a deep downturn, notwithstanding decisive policy measures across the globe in response to the adverse consequences of the financial turmoil. At the same time, global inflation rates continue to diminish rapidly, owing to base effects from lower commodity prices, weaker labour market conditions and greater global economic slack. Global economic prospects remain subject to exceptionally high levels of uncertainty, but risks to global activity now appear to be more balanced overall.

1.1 DEVELOPMENTS IN THE WORLD ECONOMY

The global economy is currently in the midst of a deep downturn, notwithstanding decisive policy measures across the globe in response to the adverse consequences of the financial turmoil. In February 2009 the Global Purchasing Managers' Index (PMI) recovered slightly from its trough, but remained well below the expansion/contraction threshold of 50. This implies that industries have continued to scale back activity. Nevertheless, while there have not been many clear signs so far of a global economic turnaround, the overall speed of the global economic downturn seems to have decelerated recently.

Chart 1 International price developments

(monthly data; annual percentage changes; diffusion index)



Sources: OECD and Markit.

Global inflation rates have continued to diminish rapidly, owing to base effects from lower commodity prices, weaker labour market conditions and greater global economic slack. Headline CPI inflation in OECD countries stood at 1.3% in the year to February 2009, unchanged from the previous month. Excluding food and energy, CPI inflation remained at 1.9% in February. The global PMI input price index declined further in February. While the services sector reported only a moderate drop in average costs, the manufacturing sector saw a considerable reduction in purchase prices, reflecting the greater exposure of the manufacturing sector to the unwinding of previous global commodity price increases (see Chart 1).

UNITED STATES

In the United States, the recession deepened in the final quarter of 2008 and economic activity remained weak at the beginning of 2009. According to final estimates, real GDP contracted by 6.3% in annualised terms in the fourth quarter of 2008, compared with a contraction of 0.5% in the preceding quarter. Personal consumption and private fixed investment remain major drags on GDP growth, as financial market strains and deleveraging by financial institutions have restricted the availability of credit. The outlook for consumer spending is further clouded by a sharp deterioration in labour market conditions and negative wealth effects stemming from house and equity price declines. In addition, export performance has been weak due to a downturn in global trade flows and deepening recessions affecting major US trading partners. Against this background, the sizeable stimulus measures under way should provide some support for economic activity. This, however, will come at the cost of increasing the projected US budget deficit for the current fiscal year to around 12% of GDP, according to the Congressional Budget Office.

Box 1

US RECESSIONS: WHAT CAN BE LEARNED FROM THE PAST?

In the current period of heightened uncertainty, it is difficult to predict how deep and prolonged the current recession in the United States is likely to be. Reviewing the stylised facts pertaining to past recession episodes can, however, give some indication as to the average strength and duration of US business cycles. Based on this information, one could attempt to deduce the sequence of events as well as the dynamics leading to a future US recovery. This box reviews the stylised facts of ten post-war US recession episodes (as identified and dated by the National Bureau of Economic Research; see the table[1]) and contrasts them with events in the current cycle. In addition, the box briefly compares these post-war recessions with the Great Depression of 1929-33 as a benchmark.

Looking first at the behaviour of US GDP during these post-war recession episodes, it can be seen that on average US real GDP contracts by 1.4% over two quarters (see Chart A). After reaching the trough, it takes an average of three additional quarters for GDP to return to its pre-recession level. The recessions in the 1950s, that of 1973 and the 1980-82[2] double-dip recession involved particularly steep and prolonged falls, while the mildest recession was that of 2001. By comparison, real GDP declined by about 27% during the Great Depression and it was seven years before GDP returned to its pre-depression annual average level.[3] According to publicly available US projections, the current cycle is likely to be one of the most severe – if not the worst – in post-war US history. US GDP had already declined by 0.8% between the start of the recession at end-2007 and the fourth quarter of 2008, and, according to the IMF's global economic prospects as published in March,[4] US GDP is forecast to contract by an additional 2.6% in 2009.

1 According to the definition of the National Bureau of Economic Research, a recession is not just two consecutive quarters of negative growth but "a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales".
2 Of these more severe post-war recessions, that of 1980-82 is shown in the charts.
3 The GDP and personal consumption figures relating to the Great Depression refer to changes in the annual averages of 1929 and 1933.
4 See the document entitled "Group of Twenty, Meeting of the Ministers and Central Bank Governors, March 13-14, 2009, London, U.K., Global Economic Policies and Prospects, Note by the Staff of the International Monetary Fund", http://www.imf.org/external/np/g20/pdf/031909a.pdf.

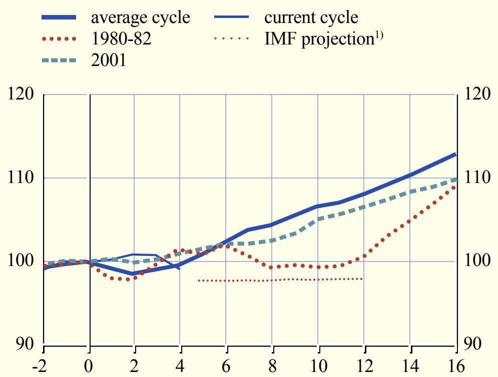
US business cycle expansions and contractions

Business cycle reference dates		Duration in months	
Peak	Trough	Contraction	Expansion
		Peak to trough	Time elapsed since last recession
August 1929 (Q3)	March 1933 (Q1)	43	21
November 1948 (Q4)	October 1949 (Q4)	11	37
July 1953 (Q3)	May 1954 (Q2)	10	45
August 1957 (Q3)	April 1958 (Q2)	8	39
April 1960 (Q2)	February 1961 (Q1)	10	24
December 1969 (Q4)	November 1970 (Q4)	11	106
November 1973 (Q4)	March 1975 (Q1)	16	36
January 1980 (Q1)	July 1980 (Q3)	6	58
July 1981 (Q3)	November 1982 (Q4)	16	12
July 1990 (Q3)	March 1991 (Q1)	8	92
March 2001 (Q1)	November 2001 (Q4)	8	120
December 2007 (Q4)	-	-	73

Source: National Bureau of Economic Research.

Chart A Real GDP

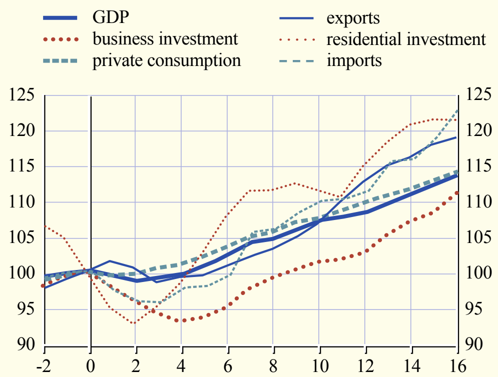
(index; start of the recession = 100)



Sources: Bureau of Economic Analysis, National Bureau of Economic Research, IMF and ECB calculations.
Note: Timescale refers to quarters before/after the start of the recession (vertical line at zero).
1) Annual averages.

Chart B Average developments in major national account components in a recession

(index; start of the recession = 100)



Sources: Bureau of Economic Analysis, National Bureau of Economic Research and ECB calculations.
Note: Timescale refers to quarters before/after the start of the recession (vertical line at zero).

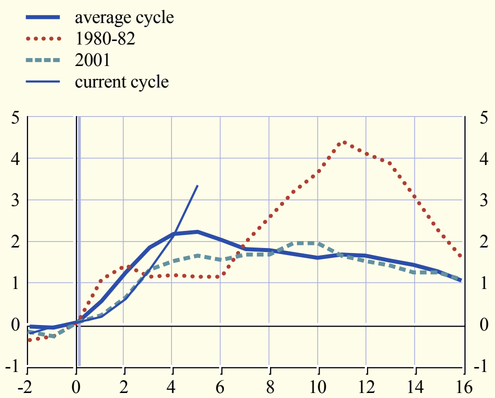
So what have been the drivers in past recessions and recoveries, and what could be different this time? Looking at the components of GDP (see Chart B), the usual trigger variable preceding a recession has been residential investment, which, on average, reached its peak several quarters before the start of the recession. Business investment, imports and private consumption – the most important component of US GDP – began to contract in tandem with GDP, while exports reached their peak one quarter after the start of the recession. A similar sequence of events is also observable in the current recession – albeit lagged by several quarters – although imports had begun to decline earlier than on average in a recession.

As regards the historical path of US private consumption in post-war recession episodes, it has on average recorded only a small (0.4%) one quarter decline, thereafter returning to its pre-recession level in a time span of only two quarters. The largest post-war decrease occurred in the 1980-82 recession, with a peak-to-trough decline of 2.2%. For comparison, by the end of the Great Depression in 1933 consumption was 18% below its 1929 average. While households have been a powerful force in dampening the downturn in past recessions, the same may not be true in the current episode. By the fourth quarter of 2008 consumption had already decreased by 1.6% since the beginning of the recession, and available forecasts suggest that a further fall is likely to be in the pipeline. The larger than average decline and slower recovery may reflect the fact that the current recession is related to a banking crisis and a collapse of the housing market. The consequent need for households to deleverage their balance sheets by increasing their savings is likely, therefore, to dampen private consumption for longer than the experience of past recession episodes would suggest.

As regards the US unemployment rate, in past episodes it has peaked on average at 2.2 percentage points above its level at the start of the recession (see Chart C). The unemployment rate is a lagging indicator and typically continues to increase for several quarters after real GDP has returned to a growth path. While GDP has typically returned to positive growth after two quarters, in the post-war episodes unemployment has peaked more than five quarters after the start of the recession. In the current cycle, the unemployment rate had already increased by 3.3 percentage points, to 8.1%, in the period between December 2007 and February 2009, and it is expected to increase further.

Chart C Unemployment

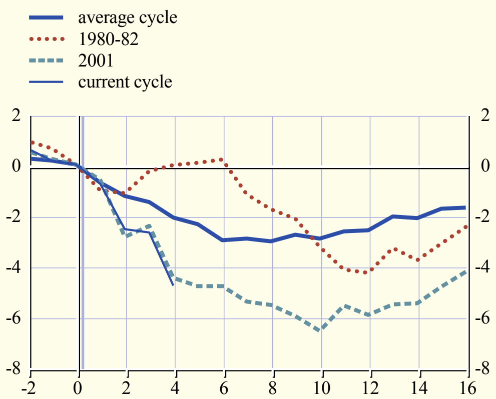
(percentages; cumulative changes; start of the recession = 0)



Sources: Bureau of Labor Statistics, National Bureau of Economic Research and ECB calculations.
Note: Timescale refers to quarters before/after the start of recession (vertical line at zero).

Chart D Budget deficit (as a percentage of GDP)

(percentages; cumulative changes; start of the recession = 0)



Sources: Bureau of Economic Analysis, National Bureau of Economic Research and ECB calculations.
Note: Timescale refers to quarters before/after the start of recession (vertical line at zero).

Finally, the US budget deficit widens during recessions, reflecting a decline in income and/or an increase in expenditure. In previous recessions it has deteriorated on average by 3 percentage points (as a percentage of GDP) over the time span of six quarters (see Chart D). However, this average path may also reflect other factors apart from the impact of the recession per se. For example, during the mildest post-war recession of 2001 the US budget deficit deteriorated far more than past experience would have indicated, reflecting partially tax cuts implemented by the US administration in 2001 and 2003. As regards the current recession, the budget deficit[5] had already deteriorated by 4.8 percentage points by the fourth quarter of 2008, compared with the same quarter in 2007. Taking into account the severity of the current recession and the fiscal stimulus package of USD 787.2 billion that has been announced, the US administration forecasts that the budget deficit could be as large as 12.3% of GDP in the fiscal year 2009, implying a rise of 9.1 percentage points compared with the previous fiscal year.[6]

While in past cycles households were a powerful force in dampening business cycle volatility and the recessions were driven mainly by residential and business investment, in the current cycle the situation is likely to be somewhat different. First, private consumption has already fallen sharply, and the tremendous fall in financial and housing wealth, rapidly increasing unemployment, as well as the malfunctioning of credit markets are likely to lead to a more pronounced decline in consumer spending than in previous recessions. Second, in this cycle the contraction in residential investment is generally expected to be longer than in the average cycle due to overbuilding. Finally, exports, which were still increasing at a brisk pace recently, are unlikely to support the US recovery in the short term, given the exceptional collapse in world trade. Therefore, the bottoming out of the housing markets, the unblocking of credit market flows and the solving of the financial sector problems – which are all interrelated – are the major prerequisites for a sustained recovery. The more aggressive monetary and fiscal policy that has been implemented should, however, provide support for the US economy before these conditions are achieved.

5 As measured by general government net lending.
6 The 2010 Budget, US Office of Management and Budget, 26 February 2009.

As regards price developments, annual CPI inflation increased slightly, from 0% in January 2009 to 0.2% in February, but remains well below the 3.8% average for the previous year. The deceleration in recent months reflects a decline in energy costs as well as an increase in economic slack. The annual rate of inflation excluding food and energy stood at 1.8% in February, from 1.7% in the previous month.

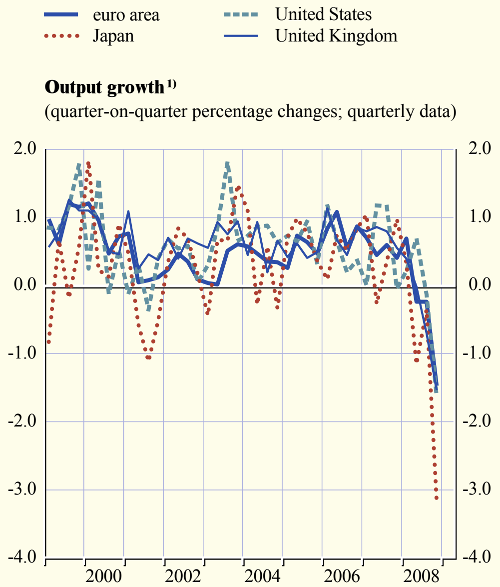
On 18 March the US Federal Open Market Committee decided to keep the target for the policy rate unchanged, at a range of 0% to 0.25%. In order to support the functioning of financial markets and stimulate the economy, the Federal Reserve System expanded its use of non-conventional policy measures to include purchases of long-term Treasury securities.

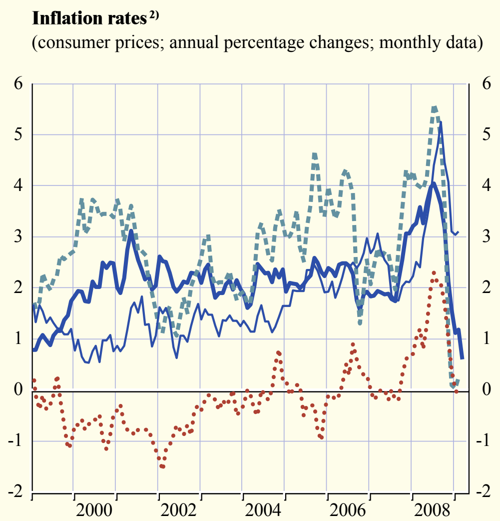
JAPAN

In Japan, there has been a sharp decline in economic activity in recent months, while overall inflation has been falling since the beginning of the year. Exports and imports have continued to contract sharply, falling by 49.4% and 43% year on year respectively in February 2009. According to the second preliminary data release by Japan's Cabinet Office, real GDP contracted by 3.2% quarter on quarter in the fourth quarter (revised upwards from an estimated contraction of 3.3% reported in the first preliminary data release). The weakness in economic activity in the fourth quarter of 2008 was mainly due to the sharp fall in exports.

Consumer price inflation fell further in February and was driven mainly by the increasing economic slack. Annual overall CPI inflation turned negative in February, falling to -0.1% compared with 0.0% in January. Excluding food and energy, annual CPI inflation remained negative, at -0.1%, in February.

Chart 2 Main developments in major industrialised economies





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

At its meeting on 18 March the Bank of Japan decided to leave its target for the uncollateralised overnight call rate unchanged, at 0.1%, while announcing that the amount of its outright purchases of Japanese government bonds would be increased.

UNITED KINGDOM

In the United Kingdom, real GDP contracted by 1.6% (quarter on quarter) in the fourth quarter of 2008, after a 0.7% contraction in the third quarter. Economic conditions continued to deteriorate in early 2009. Industrial production decreased by 2.6% between December 2008 and January 2009, and most recent survey indicators point to a further decline in manufacturing output looking ahead. The unemployment rate was 6.5% for the three months to January 2009 – 0.5 percentage point higher than in the previous three-month period – reaching its highest level since 1997. The Halifax House Price Index continued to follow a downward trend, declining by 2.3% in February. The latest short-term indicators confirm the expectations of a pronounced recession in 2009. Annual HICP inflation increased slightly in February, to 3.2%, but some market surveys point to a decline to around 1.0% in 2009. On 5 March the Bank of England's Monetary Policy Committee decided to reduce the official Bank Rate paid on commercial bank reserves by 0.5 percentage point, to 0.5%, and to undertake a programme of asset purchases amounting to GBP 75 billion financed by the issuance of central bank reserves.

OTHER EUROPEAN COUNTRIES

In most other non-euro area EU Member States, weak economic activity was accompanied by a slight increase in inflation in February. In Sweden, real GDP contracted by 2.4% quarter on quarter in the fourth quarter, due to tighter financial conditions, weaker external demand and more cautious household spending. The same factors also dampened economic activity in Denmark, where output contracted by 2.0% in the fourth quarter. Short-term indicators point to further weakness in economic activity in both countries. HICP inflation has been relatively stable and has remained at low levels in recent months in both countries. In Sweden, HICP inflation increased slightly, to 2.2%, in February 2009, while it remained unchanged in Denmark, at 1.7%. On 5 March Danmarks Nationalbank decided to decrease its main policy rate by 75 basis points, to 2.25%.

In the largest central and eastern European EU countries, economic activity has weakened noticeably in recent months. Real GDP growth declined in Hungary (1.2% quarter on quarter) and the Czech Republic (0.9% quarter on quarter) in the fourth quarter of 2008. Similarly, in Romania economic activity declined markedly – by 2.9% year on year – reflecting a sharp quarter-on-quarter decline. At the same time, economic activity held up better in Poland, where quarter-on-quarter growth was still positive, at 0.3%, in the fourth quarter, as domestic demand continued to record strong growth compared with other countries in the region. Short-term indicators, however, point to continued weakness in economic activity in all countries in the period ahead. Annual inflation rates picked up somewhat in February in Hungary (2.9%), Poland (3.6%) and Romania (6.9%), but continued to decrease in the Czech Republic (1.3%). On 12 March Latvijas Banka decided to decrease its main policy rate by 100 basis points, to 5%. On 25 March Naradowy Bank Polski decided to lower its key policy interest rate by 25 basis points, to 3.75%.

EMERGING ASIA

Economic activity in emerging Asia recorded a marked slowdown, and even contracted in some countries, in the first few months of 2009. The negative impact of the dramatic drop in exports due to collapsing external demand spread to the domestic economy. Rising unemployment rates and weaker prospects for future income weighed on consumption in nearly all countries in the region, while private investment demand also suffered on account of the uncertain global outlook. Consumer price inflation moderated further in most countries, allowing several central banks to continue to loosen monetary policy.

In China, foreign trade dropped considerably at the beginning of 2009. In January and February exports and imports decreased by 25.3% and 34.2% respectively, compared with the corresponding period last year. Industrial output increased by only 3.8% year on year in the first two months of 2009, mainly as a result of weak exports and a downward adjustment in the construction sector. On the positive side, the fiscal stimulus package approved in November 2008 considerably increased investment in infrastructure, thereby raising the annual growth rate of investment to 26.5%. Domestic consumption growth has also remained relatively resilient thus far, compared with other economies. In February 2009 annual CPI inflation turned negative, falling to -1.6% from 1% in January. The accommodative monetary policy and the fiscal measures have been reflected in very fast credit growth. At the end of February the stock of loans was 24.2% higher than one year before.

LATIN AMERICA

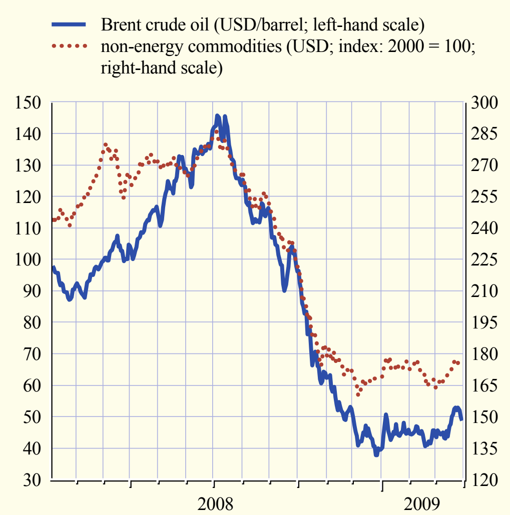
In Latin America, economic activity has continued to weaken on account of sluggish external and domestic demand. At the same time, inflationary pressures have eased, albeit only gradually. In Brazil, real GDP growth decelerated to an annual rate of 1.2% in the fourth quarter of 2008, from 6.8% in the third quarter. This was mainly due to a slowdown in investment and, to a lesser extent, in private consumption growth. Activity also weakened in Argentina, where real GDP expanded by 4.4% year on year in the fourth quarter of 2008. Inflationary pressures remained strong, however, with annual inflation at 6.8% in February 2009. In Mexico, industrial production continued to fall in January and was 10.4% lower than it was a year earlier. Meanwhile, annual inflation remained virtually unchanged, at 6.2%, in February, compared with 6.3% in January.

1.2 COMMODITY MARKETS

In March oil traded around USD 45, and picked up towards the end of the month. Brent crude oil prices stood at USD 48.9 on 1 April, which is 24% higher than at the beginning of 2009 (in euro terms the increase is around 31%). Looking ahead, market participants expect higher prices in the medium term, with futures contracts for December 2011 trading at around USD 67.

Looking at fundamentals, the latest projections of the International Energy Agency indicate that oil demand in 2009 will contract by 2.8 million barrels per day with respect to the peak reached in the fourth quarter of 2007. This sizeable reduction foreseen in oil demand, which has emerged in the form of repeated downward revisions to the projections for both developed and emerging economies, has, however, failed to depress prices further. Indeed, OPEC members have demonstrated their commitment to the agreed production cuts, achieving an 80% level of compliance in February 2009. This more than offset the contraction in demand and led the global oil supply to a level which is now about 3.4 million barrels per day lower than it was one year ago.

Chart 3 Main developments in commodity markets



Sources: Bloomberg and HWWI.

The prices of non-energy commodities slightly increased in March. Metal prices have shown some signs of recovery. More specifically, copper was supported by signs of stronger demand from China. Movements in agricultural commodity prices were mixed and were mainly driven by specific factors, with maize and soybean prices showing particular strength. In aggregate terms, the price index for non-energy commodities (denominated in US dollars) was approximately 3% higher towards the end of March than at the beginning of the year.

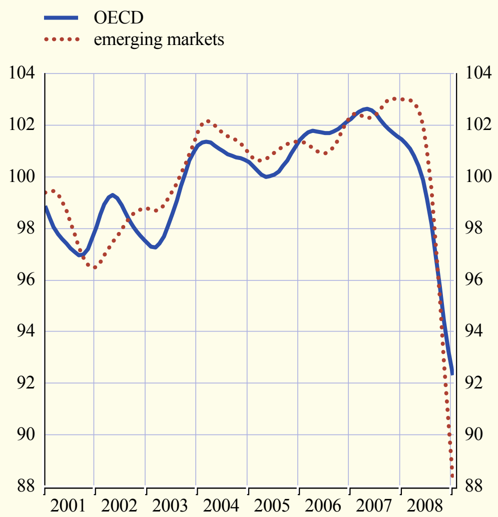
1.3 OUTLOOK FOR THE EXTERNAL ENVIRONMENT

The prospects for foreign demand for euro area goods and services remain gloomy. The sudden decline in world trade and the very weak prospects have been mainly related to the sharp contraction in global demand. Moreover, this decline has been aggravated by tighter trade credit conditions and the amplifying effects of global production chains. The OECD's composite leading indicators for January 2009 continue to point to a weaker outlook for all of the "major seven" OECD economies, with the OECD-total (for all OECD member countries) falling to another new low and little clear indication that it will stabilise in the near term. The outlook for the major non-OECD member economies has also continued to deteriorate.

Global economic prospects remain subject to exceptionally high levels of uncertainty. However, the risks to global activity appear to be broadly balanced. On the one hand, there may be stronger than anticipated positive effects due to the decrease in commodity prices and to policy measures taken. On the other hand, there are concerns that the turmoil in financial markets could have a stronger impact on the real economy, as well as that protectionist pressures could intensify and that there could be adverse developments in the world economy stemming from a disorderly correction of global imbalances.

Chart 4 OECD composite leading indicator

(monthly data; amplitude-adjusted)



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

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

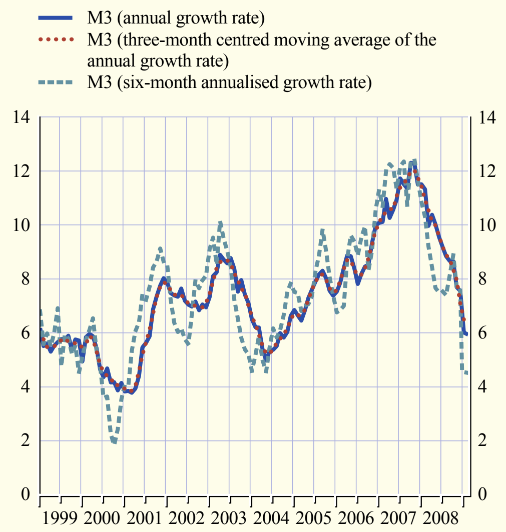
The monetary data for February 2009 confirm the continuing deceleration of broad money and credit dynamics, albeit with month-on-month volatility remaining elevated. The February data indicate a further decrease in the annual growth rate of M3, despite a positive monthly flow being recorded. The annual growth rate of loans to the private sector declined further in February, with negative flows in that month even after correcting for securitisation. The sharp deterioration in business and income prospects around the turn of the year is likely to have been a major factor in these developments. The deleveraging process in the financial sector appears to be continuing, as the total assets of credit institutions declined further in February, mainly reflecting the shedding of external assets.

THE BROAD MONETARY AGGREGATE M3

The pace of monetary expansion continued to decline in February, with the annual growth rate of M3 decreasing further to stand at 5.9%, down from 6.0% in January (see Chart 5). At the same time, the month-on-month growth rate turned positive again, standing at 0.5% in February, up from -0.7% in January. On balance, shorter-term dynamics – as measured, for instance, by the three and six-month annualised growth rates – confirm that the pace of monetary expansion has recently been slower than it was prior to the intensification of the financial turmoil in September 2008.

Chart 5 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

The February data also confirm the ongoing decline in the annual growth rate of MFI loans to the private sector and the more subdued lending activity observed on average over the past few months. The monthly flow of loans corrected for the impact of loans derecognised through securitisation turned slightly negative again in February, having been positive in January and negative in December. The subdued developments observed in loans in recent months are likely to reflect the sharp deterioration in business and income prospects at the turn of the year, although the most recent bank lending surveys suggest that supply factors may also be having an impact.

The monetary data for February also confirm the ongoing deleveraging in the MFI sector, as the total assets of credit institutions decreased further in February. This process continued to be driven mainly by a reduction in external assets. As regards bank funding, the net issuance of MFI debt securities increased, probably reflecting the support provided by government guarantees.

MAIN COMPONENTS OF M3

The further deceleration observed in annual M3 growth in February was accounted for by a further decline in the contribution of short-term deposits other than overnight deposits. This was partly offset by stronger contributions by M1 and marketable instruments.

Table 1 Summary table of monetary variables

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

	Outstanding amount as a percentage of M3 [1]	Annual growth rates					
		2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Jan.	2009 Feb.
M1	**43.9**	**3.8**	**2.3**	**0.6**	**2.7**	**5.1**	**6.3**
Currency in circulation	7.6	7.8	7.8	7.5	12.4	13.7	13.5
Overnight deposits	36.2	3.0	1.2	-0.7	0.9	3.5	4.9
M2 - M1 (= other short-term deposits)	41.9	18.4	19.3	18.9	15.7	10.1	7.7
Deposits with an agreed maturity of up to two years	24.7	41.4	40.4	37.6	29.1	14.9	9.4
Deposits redeemable at notice of up to three months	17.2	-3.3	-2.3	-2.0	-0.8	3.7	5.4
M2	**85.8**	**10.3**	**10.0**	**9.1**	**8.9**	**7.5**	**7.0**
M3 - M2 (= marketable instruments)	14.2	16.3	10.3	8.9	4.2	-2.2	0.0
M3	**100.0**	**11.2**	**10.1**	**9.0**	**8.1**	**6.0**	**5.9**
Credit to euro area residents		**10.0**	**9.6**	**9.1**	**7.3**	**6.0**	**5.7**
Credit to general government		-2.5	-1.2	0.6	1.7	5.2	6.9
Loans to general government		-0.9	0.8	2.2	2.9	2.4	3.1
Credit to the private sector		12.7	11.9	10.8	8.4	6.1	5.4
Loans to the private sector		11.1	10.5	9.1	7.3	5.0	4.2
Loans to the private sector adjusted for sales and securitisation		12.0	11.5	10.2	8.6	6.7	5.9
Longer-term financial liabilities (excluding capital and reserves)		**6.8**	**4.5**	**3.3**	**1.0**	**0.5**	**1.7**

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

The annual growth rate of M1 increased further in February – rising to 6.3%, up from 5.1% in January – reflecting stronger growth in overnight deposits (see Table 1). The annual rate of growth of currency in circulation remained robust, close to the levels observed as of October 2008. At the same time, the monthly flows appear to have returned to levels close to the average since 2002, following the surge observed in October. The annual rate of growth of overnight deposits increased further in February, standing at 4.9% in that month, up from 3.5% in January. The monthly flow into this sub-component of M1 was substantial, although it was markedly smaller than that recorded in January. There has been considerable volatility in monthly flows into overnight deposits since October of last year, for a variety of different reasons (including initial safe-haven effects and then year-end and interest rate effects).

The annual growth rate of short-term deposits other than overnight deposits (i.e. M2-M1) declined further in February – falling to 7.7%, down from 10.1% in January – reflecting divergent developments in its sub-components. While the annual growth rate of deposits redeemable at notice of up to three months (i.e. short-term savings deposits) increased further in February, this was more than offset by a decline in the annual growth rate of deposits with an agreed maturity of up to two years (i.e. short-term time deposits).

The divergent developments observed in the various types of short-term deposit in recent months are likely to reflect remuneration considerations. Data on MFI interest rates for the period up to January confirm that the remuneration of short-term time deposits fell considerably further in that period and the spreads vis-à-vis the interest rates paid on overnight deposits and short-term savings deposits narrowed significantly. Thus, the opportunity cost of holding overnight deposits continued to decrease relative to that of holding other short-term deposits. In addition, given the current high levels of uncertainty, investors are likely to continue to prefer more liquid assets.

The annual growth rate of marketable instruments (i.e. M3-M2) was around zero in February, having been significantly negative (at -2.2%) in January. Developments in marketable instruments continue to exhibit considerable short-term volatility. The inflow recorded in February for money market fund shares/units, the largest sub-component of marketable instruments, was larger than that of the previous month, and so the annual growth rate rose to 3.5%, up from 2.6% in January. These developments provide further confirmation that euro area residents' temporary fears regarding the possible failure of money market funds following the default of Lehman Brothers have been fading away. Indeed, the month-on-month growth observed in January and February is relatively strong compared with the average since 1999 – although less strong than during the period of portfolio shifts between 2001 and 2003.

As regards other types of marketable instrument, the annual growth rate of repurchase agreements declined to 5.9% in February, down from 7.1% in the previous month. However, developments in this component are notoriously volatile. The money-holding sectors' holdings of short-term MFI debt securities (i.e. debt securities with a maturity of less than two years) decreased strongly further in annual terms – with an annual growth rate of -16.7% in February, following -24.0% in January – although a positive month-on-month growth rate was recorded for the first time since September 2008. MFIs' net issuance of these short-term debt securities was slightly below zero in February (having turned positive in January), and the main purchasers of these debt securities remained MFIs themselves.

The annual growth rate of M3 deposits – which comprise short-term deposits and repurchase agreements and represent the broadest monetary aggregate for which a sectoral breakdown is available – declined further in February, falling to 6.8%, down from 7.4% in January. This represents a continuation of the deceleration observed since the start of 2008. The decline recorded in February mainly reflected a decline in the annual growth rate of M3 deposits held by non-financial corporations, which turned negative for the first time since 1999, falling to -0.7% in that month. The gradual moderation observed in recent months in M3 deposits held by non-financial corporations is likely to reflect the increased use of liquidity buffers, with cash flows decreasing and the raising of funds from new external sources potentially becoming more difficult. By contrast, the annual growth rate of household M3 deposits declined only marginally in February – falling to 8.6%, down from 8.7% in January – and the annual growth rate of the M3 deposit holdings of non-monetary financial intermediaries remained broadly unchanged at 9.3%.

MAIN COUNTERPARTS OF M3

Turning to the counterparts of M3, the annual growth rate of total MFI credit to euro area residents continued to decrease, standing at 5.7% in February, down from 6.0% in January (see Table 1). This reflected a further decline in the rate of growth of credit to the private sector, which was partially offset by an increase in the growth rate of credit to general government. In particular, the annual growth rate of government debt securities rose to 6.9%, up from 5.2% in the previous month.

The annual growth rate of MFI credit to the private sector declined further to stand at 5.4% in February, down from 6.1% in January. The annual growth rate of loans, the largest component of credit to the private sector, continued to decline, reaching 4.2%, down from the 5.0% observed in the previous month. Even after correcting for the downward statistical impact of loans derecognised in the context of securitisation activity, monthly flows returned to negative levels in February, having been positive in January. This mainly reflects sizeable negative flows for both loans to non-monetary financial intermediaries other than insurance corporations and pension funds and loans to non-financial corporations.

The annual growth rate of loans to the private sector has been distorted downwards by the effect of true-sale securitisation. In this process, the originating credit institutions sell the loans and remove them from their balance sheets. In most cases in recent months, credit institutions have acquired the securities backed by these loans in order to use them as collateral in Eurosystem credit operations. This activity was very intense in the final months of 2008, but decreased in January and February 2009. As a result, in February the annual growth rate of loans to the private sector was 1.7 percentage points lower than the growth rate corrected for securitisation, unchanged from January.

The annual growth rate of MFI loans to non-financial corporations declined further to stand at 7.6% in February, down from the 8.8% observed in January (see Table 2). At the same time, the three-month annualised growth rate (an indicator of shorter-term dynamics) fell below 4% and the monthly flow turned negative again, having been positive in January. This negative flow conceals divergent developments across the various maturities: while flows for loans with a maturity of over one year remained positive, those for loans with a maturity of up to one year were strongly negative. This decline in short-term financing might be connected to non-financial corporations' drawing on their short-term MFI deposits and is in line with the sharp deterioration observed in business conditions (and thus working capital requirements) around the turn of the year. However, short-term loans are generally more volatile than long-term loans, and so more data are required for a firm assessment.

The annual growth rate of loans to households declined further to stand at 0.7% in February, down from 1.2% in January. Shorter-term dynamics, as measured by the three-month annualised growth rate, remained in negative territory. Monthly flows turned positive again in February, although they remained close to zero. However, the figures continue to be distorted downwards by the impact of the derecognition of loans as a result of true-sale securitisation activity. Given that securitisation mainly affects mortgage loans, monthly loan flows would appear to have overestimated the decline in the financing of households. This notwithstanding, lending to households has moderated in recent months, and this continued in February.

Table 2 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					
		2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Jan.	2009 Feb.
Non-financial corporations	**44.9**	**14.6**	**14.5**	**12.8**	**11.3**	**8.8**	**7.6**
Up to one year	28.2	13.0	12.9	10.8	9.0	6.1	3.3
Over one and up to five years	20.1	22.5	20.9	18.7	16.0	13.2	12.1
Over five years	51.7	12.8	13.0	11.7	10.7	8.7	8.4
Households [2]	**45.2**	**5.9**	**5.0**	**4.0**	**2.8**	**1.2**	**0.7**
Consumer credit [3]	13.0	5.3	5.1	4.4	3.1	1.2	1.0
Lending for house purchase [3]	71.3	6.7	5.6	4.2	2.9	1.0	0.5
Other lending	15.7	2.7	2.2	2.5	2.2	2.0	1.5
Insurance corporations and pension funds	**0.9**	**6.8**	**-1.5**	**-7.8**	**-7.6**	**-5.0**	**-8.4**
Other non-monetary financial intermediaries	**9.0**	**24.9**	**25.0**	**22.1**	**14.3**	**7.9**	**7.2**

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) As defined in the ESA 95.
3) The definitions of consumer credit and lending for house purchase are not fully consistent across the euro area.

Among the other counterparts of M3, the annual growth rate of MFI longer-term financial liabilities excluding capital and reserves increased to 1.6% in February, up from 0.5% in January. This increase was broadly based across all sub-components. Despite another positive monthly flow, the annual growth rate of MFI debt securities with a maturity of over two years remained slightly negative in February, following a succession of negative flows from September to December. However, the latest developments suggest that it may be becoming less difficult to obtain funding through this source from outside the MFI sector. The positive monthly flow into these instruments is also underpinned by the fact that the issuance of these debt securities increased further in February, with credit institutions increasingly taking advantage of the guarantee programmes introduced by governments (see the box entitled "How are government measures to support the financial system reflected on the balance sheets of euro area credit institutions?"). In February the annual growth rate of deposits with an agreed maturity of over two years increased to 4.2%, up from 2.9% in January, and that of deposits redeemable at notice of over three months increased to 1.4%, up from 0.7% in the previous month.

The annual growth rate of capital and reserves increased further to stand at 11.9% in February, up from 10.8% in January, reflecting the ongoing recapitalisation of individual financial institutions.

Box 2

HOW ARE GOVERNMENT MEASURES TO SUPPORT THE FINANCIAL SYSTEM REFLECTED ON THE BALANCE SHEETS OF EURO AREA CREDIT INSTITUTIONS?

The extraordinary deterioration observed in global financial market conditions since mid-September 2008 has prompted governments and central banks across the globe to react with a range of equally extraordinary measures. This box adopts a specific perspective and examines the positions on euro area MFIs' statistical balance sheet in which such government measures are reflected. The measures introduced by the Eurosystem in order to ensure an adequate supply of liquidity to euro area credit institutions are not covered here.[1]

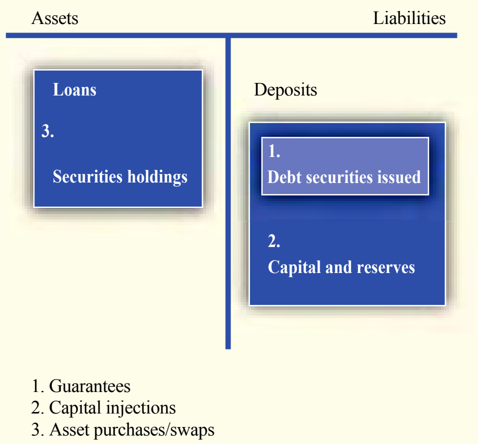
A simplified balance sheet for credit institutions

The examination of the MFI balance sheet is the starting point for the ECB's regular monetary analysis. Chart A contains a stylised representation of the balance sheet of credit institutions[2] showing the positions where the measures introduced are reflected. Euro area governments' initial reaction to the heightened tensions was to extend the scope of deposit guarantee schemes in order to bolster confidence in the banking system. This measure, however, was essentially preventive in nature, and so its impact is not directly observable on the balance sheet of credit institutions. The other measures introduced by euro area governments, which culminated in the announcement of the concerted European Action Plan on 12 October 2008, have a more directly discernable impact on both the liability side and the asset side of the balance sheet. These measures can be grouped into three broad categories: the introduction of

1 The ECB's liquidity management activities are regularly presented in the Monthly Bulletin. See, for instance, the box entitled "Liquidity conditions and monetary policy operations in the period from 12 November 2008 to 10 February 2009" in the March 2009 issue. For a discussion of the impact that the ECB's liquidity operations have had on monetary aggregates, see the box entitled "Recent liquidity operations and their impact on monetary aggregates" in the January 2008 issue of the Monthly Bulletin.

2 Credit institutions are the largest sub-component of the MFI sector, the other main sub-components being the Eurosystem and money market funds.

Chart A Stylised representation of the balance sheet of credit institutions and the positions affected by government measures



Source: ECB.

government guarantees covering debt securities issued by credit institutions (Measure 1 in Chart A), the injection of capital into credit institutions by government entities (Measure 2 in Chart A), and the purchase by governments of credit institutions' assets or the swapping of such assets for government securities (Measure 3 in Chart A).[3] It should be recognised, however, that the measures implemented are in some cases complex and hybrid in nature and cannot therefore be easily classified under the scheme outlined above. In addition, in some cases the nature of the measures used implies that there is no direct impact on the statistical balance sheet of the credit institution involved (e.g. where governments provide protection against price fluctuations for assets held).

Issuance of MFI debt securities backed by government guarantees

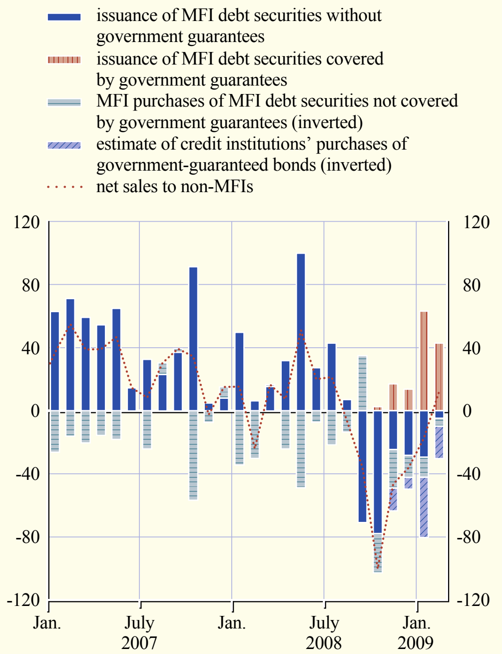
The guarantees provided by a number of euro area governments are intended to facilitate the funding of credit institutions. Such guarantees represent the most important type of measure from a quantitative perspective. Looking at the euro area as a whole, the maximum volume of debt securities that governments are committed to guaranteeing under such programmes amounts to 33% of all MFI debt securities issued.

Against the background of the tensions observed in important funding markets such as the market for unsecured bank bonds, the issuance of debt securities by euro area credit institutions (net of redemptions) was strongly negative in September and October 2008 (see Chart B). Since late 2008, following the implementation of the guarantee schemes, euro area banks have increasingly begun to issue debt securities under these programmes. In the period up to February 2009 the total nominal value of debt securities issued by euro area credit institutions under government guarantee programmes was approximately €140 billion. To a notable extent, these securities have been purchased by other credit institutions – a development recorded on the asset side of the banks' balance sheets – and have subsequently been used as collateral in Eurosystem operations. Euro area MFIs have also bought MFI debt securities not guaranteed by governments, and consolidating overall purchases with issuance implies that net sales of debt securities to non-MFIs (both resident and non-resident entities) were negative from September 2008 to January 2009. This development is recorded in the flows for the positions "Debt securities issued with a maturity of up to two years" and "Debt securities issued with a maturity of over two years" on

3 In addition to these measures, the European Commission has endorsed the amendments made to the International Financial Reporting Standards allowing securities to be reclassified and thereby moved out of those categories that require mark-to-market valuation and into categories where they are carried at amortised cost. For MFI balance sheet statistics, this measure could have the effect of inflating loan data at the expense of securities holdings, thereby introducing a reporting distortion. However, when calculating the respective flow series, such reclassifications are corrected for. Hence, the growth rates derived from these flows are not distorted. The respective stocks could potentially be affected, but for this to happen, the International Financial Reporting Standards would have to be used for statistical reporting, which is not the case in all euro area countries. In general, for statistical reporting, instruments are classified on an ex ante rather than an ex post basis (i.e. the negotiability of the security is not reassessed after issuance).

Chart B Issuance and net sales of MFI debt securities

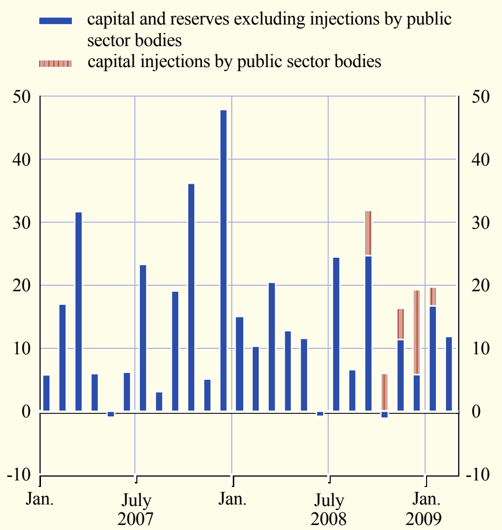
(monthly flows; EUR billions; not adjusted for seasonal or calendar effects)



Sources: ECB and ECB estimates.

Chart C Capital injections by public entities into euro area credit institutions

(monthly flows; EUR billions; not adjusted for seasonal or calendar effects)



Sources: ECB, Bloomberg and ECB calculations.

the consolidated MFI balance sheet and reflects the non-MFI sector's reduced funding of credit institutions through market sources.

Government capital injections

Euro area governments' provision of additional capital to financial institutions is intended to ensure that the proper financing of the euro area economy is not hindered by capital constraints. The recapitalisations implemented so far have taken different forms: either dilutive with regard to existing equity holders (i.e. involving the purchase of new common stock) or non-dilutive (comprising, for example, the purchase of new preference shares, or convertible or subordinated bonds). The MFI balance sheet statistics report governments' purchases of new shares as increases in capital and reserves, while governments' purchases of new bonds are reported as increases in the issuance of MFI debt securities.

The volume of injections committed to by governments for euro area financial institutions amounts to approximately 13% of euro area credit institutions' outstanding capital and reserves. Chart C illustrates the impact that this measure has on the monthly flow of capital and reserves by showing the gross amount disbursed to euro area credit institutions in a form affecting the capital and reserves position. For the period up to February 2009 such disbursals have a total value of approximately €35 billion. This amount is considerably smaller than the volume of recapitalisations or government commitments already announced. This discrepancy arises for several reasons. First, there is generally a lag – often of several months – between the announcement and the actual injection. Second, capital injections are not always entirely earmarked for banking operations, being directed, in some cases, at the insurance operations of financial conglomerates, and are thus not reflected on credit institutions' balance sheets. Third, some of the capital injections are implemented using instruments that are reported as debt securities in the statistical framework, although from a regulatory perspective they qualify as capital. Chart C also shows that, up to the most recent month for which data are available, euro area credit institutions have been able to increase their capital and reserves over and above the capital injections received from governments, either by raising capital from non-banks or through continued profitability.

Asset swap and asset purchase programmes

The third type of measure comprises programmes involving outright purchases of high-quality assets from banks and the introduction of swap facilities allowing government bonds held by public authorities to be exchanged, on a temporary basis, for financial instruments held by banks. These measures therefore have a dual purpose: on the one hand, they provide credit institutions with liquid securities which can be used for funding purposes; and on the other hand, they potentially allow banks to alleviate their capital constraints by removing assets from their balance sheets. Of all the measures announced thus far by euro area governments, those that entail outright purchases or swaps of assets are the most limited from a quantitative perspective.

Governments' outright purchase of the assets of credit institutions would lead to a reduction in the securities or loans in the consolidated balance sheet of the MFI sector (see Chart A) and a commensurate decline in government deposits held with MFIs. By contrast, asset swap operations would, in principle, have no impact on balance sheet positions.

Conclusion

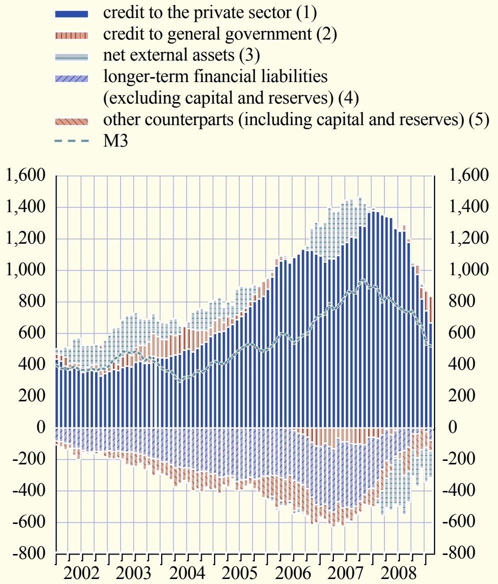
The broad range of measures introduced by euro area governments to support the financial system in response to the intensification of the financial turmoil is directly visible in a variety of MFI balance sheet positions, mainly on the liability side. Given the gradual implementation of these measures, ongoing monitoring of developments in the MFI balance sheet is necessary in order to assess the impact on the condition of euro area credit institutions and any ultimate effect on the flow of credit to the non-financial sectors. From a broader perspective, a monitoring exercise of this kind is essential if monetary analysis is to fulfil its role of extracting the signal from monetary developments that is relevant for the assessment of risks to price stability over the medium to longer term.

Looking at developments in the external assets and liabilities of the MFI sector, large outflows can be seen on both sides of the balance sheet. These outflows support the view that the MFI sector's business activities with non-euro area residents are declining, thereby contributing to the deleveraging of credit institutions. In February the MFI sector's net external asset position recorded an inflow of €32 billion as liabilities fell more strongly than assets. The annual outflow from the net external asset position declined to €169 billion, down from €219 billion in January.

To sum up, the February data contain further evidence that the recent intensification of the financial market tensions has had an impact on MFIs' balance sheet positions. This is particularly apparent in the ongoing deleveraging vis-à-vis non-euro area residents. The flows of loans to the non-financial private sector were subdued in February, particularly loans to non-monetary financial intermediaries other than insurance corporations and pension funds and loans to non-financial corporations. The developments seen in loans to the non-financial private sector probably reflect the sharp decline observed in real economic activity and the deterioration in the economic outlook, although the

Chart 6 Counterparts of M3

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



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

possibility cannot be ruled out that supply factors have also played a role, as indicated in the most recent bank lending surveys.

2.2 SECURITIES ISSUANCE

The annual growth rate of debt securities issued by euro area residents remained robust in January 2009. The bulk of the strong issuance was accounted for by the central government sector, while the growth rates for debt securities issued by MFIs remained subdued. The growth rate of issuance of quoted shares remained unchanged.

DEBT SECURITIES

The annual growth rate of debt securities issued by euro area residents increased slightly to stand at 10.1% in January 2009, compared with 9.5% in the previous month (see Table 3). The overall figure hides differences in behaviour across the maturity spectrum. The issuance of short-term securities continued to grow at a sustained rate of 25.7% in January 2009, compared with 27.7% in December 2008. The annual growth rate of long-term securities issuance rose moderately by 0.8 percentage point to stand at 8.1%. Issuance of longer-term securities can be broken down further into securities issued at floating and at fixed rates. The annual rate of growth of floating rate securities issued in January 2009, at 15.6%, was again significantly higher than that of fixed rate securities, which stood at 5.3% in that month.

Table 3 Securities issued by euro area residents

Issuing sector	Amount outstanding (EUR billions) 2009 Jan.	Annual growth rates [1] 2008 Q1	2008 Q2	2008 Q3	2008 Q4	2008 Dec.	2009 Jan.
Debt securities	**13,373**	**8.2**	**6.9**	**7.3**	**7.8**	**9.5**	**10.1**
MFIs	5,353	9.4	7.8	8.2	5.7	5.5	5.3
Non-monetary financial corporations	1,969	24.9	21.7	23.4	24.3	28.5	30.5
Non-financial corporations	710	8.8	5.9	4.0	4.9	7.0	6.7
General government	5,341	2.7	2.2	2.4	5.5	8.0	9.2
of which:							
Central government	5,004	2.7	2.3	2.4	5.7	8.3	9.5
Other general government	337	2.7	1.3	3.0	2.9	3.9	5.3
Quoted shares:	**3,281**	**1.2**	**0.9**	**0.6**	**0.8**	**1.0**	**1.0**
MFIs	345	0.7	1.5	2.8	4.9	5.8	6.6
Non-monetary financial corporations	240	2.7	2.4	2.6	2.6	3.0	3.1
Non-financial corporations	2,696	1.2	0.6	0.0	-0.1	-0.1	-0.1

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

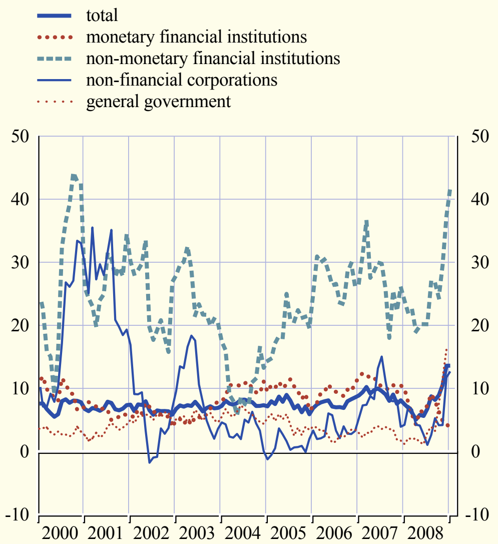
The annual growth rate of debt securities issued by non-financial corporations stood at 6.7% in January 2009, marginally down from 7.0% in December 2008. These figures show a significant recent picking-up of securities issuance by non-financial corporations in comparison with the low levels seen in mid-2008. However, taking a somewhat longer-term perspective, the current issuance activity of non-financial corporations remains significantly lower than the peak reached in the second half of 2007, before the turmoil started to intensify in 2008. The annual growth rate of long-term debt securities issued by non-financial corporations increased by 2.6 percentage points to 7.9% in January 2009, while the growth rate of short-term securities issuance decreased significantly to 0.5%, down from 16.3% in the month before. This probably also reflects that fact that the ability of non-financial corporations to raise short-term finance was hampered in most of 2008, as gross issuance did not match the pace of redemptions.

As regards seasonally adjusted data, which better capture short-term trends, the six-month annualised growth rate of debt securities issued remained unchanged at 13.6% in January 2009. This was largely attributable to an increase in issuance by non-monetary financial institutions and non-financial corporations. By contrast, the six-month annualised growth rate of debt securities issued by MFIs declined, and thus had a countervailing effect on the overall figure (see Chart 7).

With regard to the financial sector, the annual growth rate of debt securities issued by MFIs declined marginally to 5.3% in January 2009, from 5.5% in December 2008. Issuance of short-term securities, which had been buoyant since the start of the financial turmoil in the summer of 2007, declined to 10.4% in January 2009, thus standing at a level similar to that which had prevailed in early 2007. The annual growth rate of MFI issuance of long-term debt securities declined moderately to 4.3% in January 2009. The further decline in the issuance of short-term debt securities by MFIs probably reflects soaring credit spreads for financial institutions' debt, following the intensification of the credit market crisis after September 2008, which was only partly countered by the announcement of various government measures in support of the banking sector. The extent of the impact of the intensification of the financial turmoil can be gauged more precisely by examining seasonally adjusted data. Six-month seasonally adjusted data for January 2009 point to declines, as compared with December 2008, in the growth rates of both short and long-term debt securities issued by MFIs by 3.5 percentage points (to 7.3%) and 1.1 percentage points (to 2.4%) respectively.

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

(six-month annualised growth rates; seasonally adjusted)



Source: ECB.

The annual growth rate of debt securities issued by non-monetary financial corporations increased somewhat to stand at 30.5% in January 2009, compared with 28.5% in the previous month, thus confirming the continued robustness of issuance activity in this sector. This issuance reflects, to a large extent, the persistently high level of securitisation activity undertaken by bank-sponsored special-purpose vehicles, despite the effective freezing-up of market placements since the start of the turmoil.

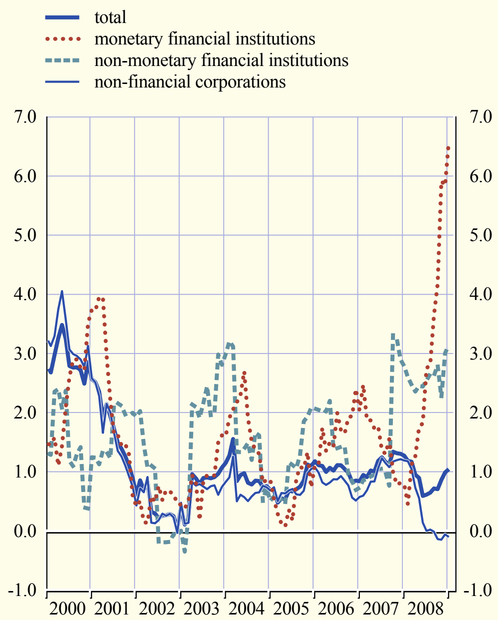
The annual growth rate of debt securities issued by the general government sector increased significantly to 9.2% in January 2009, up from 8.0% in December 2008, and thus reached the highest level recorded since November 1995. This increase reflected mainly the significantly higher growth rate of debt securities issued by the central government sector at short-term maturities.

QUOTED SHARES

The annual growth rate of quoted shares issued by euro area residents was 1.0% in January 2009, virtually unchanged from the previous month (see Table 3). Against the backdrop of a continued increase in the cost of equity, this subdued level reflects primarily the negative growth rate of quoted shares issued by non-financial corporations, unchanged from December at -0.1%, while the growth rate of issuance by MFIs increased from 5.8% to 6.6%, probably reflecting moves by euro area institutions to boost their capital base in the face of the heavy losses on securities holdings suffered in the course of the past year (see Chart 8).

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.

2.3 MONEY MARKET INTEREST RATES

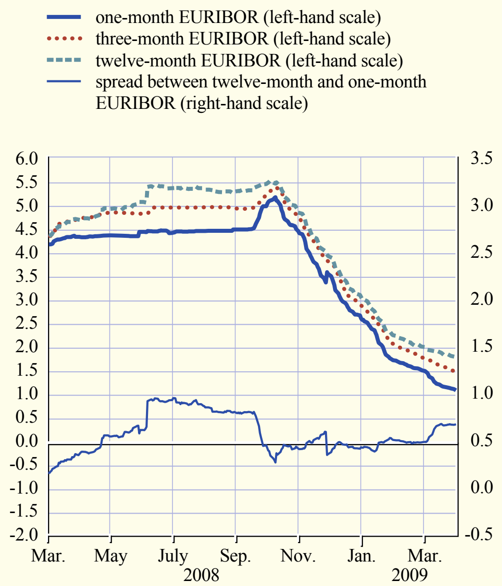
Unsecured money market interest rates continued to decline in March; secured money market interest rates also declined, although at a slower pace. As a result, the spread between unsecured and secured rates narrowed, although it remained at a relatively high level. The Eurosystem continued to provide the financial system with abundant amounts of liquidity in March by using fixed rate tender procedures with full allotment in its main and longer-term refinancing operations.

Unsecured money market rates declined further during March 2009. On 1 April the one-month, three-month, six-month and twelve-month EURIBOR rates stood at 1.11%, 1.50%, 1.66% and 1.80% respectively, i.e. 34, 26, 21 and 18 basis points below the levels observed on 5 March. This decline was more pronounced for the shorter maturities, with the result that the spread between the twelve-month and one-month EURIBOR rates increased to 69 basis points on 1 April, compared with 53 basis points on 5 March (see Chart 9).

EONIA swap rates also decreased over that period, albeit at a more subdued pace than EURIBOR rates. The decline in swap rates partly reflects the 50 basis point reduction in the key ECB interest rates on 5 March and markets' expectations of further cuts in the coming months. Consequently, the spread between the unsecured EURIBOR and the EONIA swap index decreased to levels comparable to those observed in mid-September 2008 prior to the peak in mid-October following

Chart 9 Money market interest rates

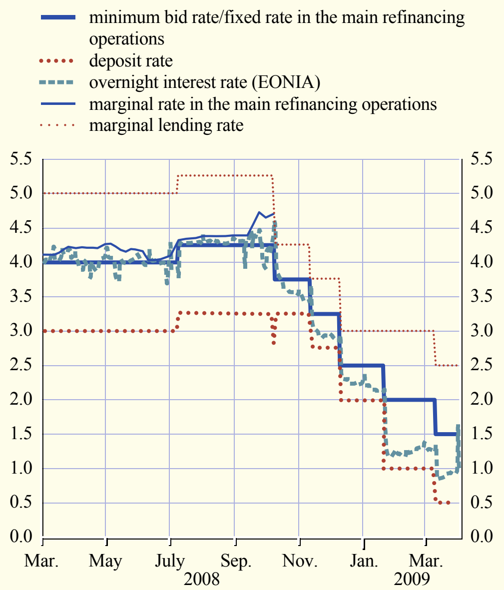
(percentages per annum; spread in percentage points; daily data)



Sources: ECB and Reuters.

Chart 10 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Reuters.

Lehman Brothers' bankruptcy. At the three-month maturity, the spread between the EURIBOR and the EONIA swap index decreased from 100 basis points on 5 March to 81 basis points on 1 April.

On 1 April the interest rates implied by the prices of three-month EURIBOR futures maturing in June, September and December 2009 stood at 1.230%, 1.245% and 1.425% respectively, representing declines of 24, 23 and 18 basis points compared with 5 March. The modest decline in the interest rates implied by three-month EURIBOR futures partly reflects declining expectations regarding future key ECB interest rates, as well as further declines in the expected spread between secured and unsecured rates.

On 5 March the Governing Council decided to cut the key ECB interest rates by 50 basis points, which reduced the interest rate on the Eurosystem's main refinancing operations to 1.50% and reduced the interest rates on the marginal lending and deposit facilities to 2.50% and 0.50% respectively.

During the maintenance period which ended on 10 March, the EONIA remained at levels significantly below the interest rate on the main refinancing operations (standing between 63 and 77 basis points below that rate), owing to the provision of abundant amounts of liquidity in the context of the policy of full allotment at a fixed rate, combined with the fact that the width of the standing facilities corridor had been restored to 200 basis points. The average spread between the main refinancing rate and the EONIA was 72 basis points during that maintenance period. In the following period, which began on 11 March, the EONIA fell to 0.85% as a consequence of the 50 basis point reduction in the key ECB policy rates on 5 March. However, on 11 March the spread between the EONIA and the main refinancing rate was 10 basis points smaller than it had been at the beginning of the previous maintenance period, and it then declined further towards the end of the month. On 31 March the EONIA spiked to reach 1.64%, 14 basis points above the main refinancing rate, reflecting strong end-of-quarter pressure. However, the EONIA then fell back to the levels of 30 March and stood at 0.96% on 1 April.

Owing to the Eurosystem's current liquidity management policy, the volume of liquidity provided to the market was determined solely by the bidding behaviour of counterparties. In the four main refinancing operations conducted on 3, 17, 24 and 31 March, counterparties bid €150.6 billion, €111.1 billion, €62.5 billion and €89.4 billion above the respective benchmark amounts. In the operation conducted on 10 March, however, counterparties bid €67.7 billion below the benchmark amount. Thus, counterparties generally obtained liquidity in excess of what would have been required in order to fulfil reserve requirements.

Recourse to the deposit facility continued to decline in the two maintenance periods beginning on 11 February and 11 March, although it remained relatively sizeable. As a consequence of the ample liquidity conditions and the limited use of fine-tuning operations, daily recourse to the deposit facility remained substantial, averaging around €54.5 billion between 11 March and 1 April. This was, however, lower than the average of €95.5 billion observed in the previous maintenance period. Although it is too early to draw firm conclusions, this decline may point to a progressive normalisation of conditions in the money market, which is also visible from the fact that bidding volumes in the main refinancing operations were lower than in recent reserve maintenance periods. Similarly, average daily recourse to the marginal lending facility declined, falling from €1.6 billion in the previous maintenance period to around €1.1 billion between 11 March and 1 April.

The Eurosystem conducted a liquidity-absorbing fine-tuning operation on 10 March, the last day of the previous maintenance period, in which it absorbed €110.8 billion in a variable rate tender operation with a maximum rate of 2.00%, a marginal rate of 1.80% and a weighted average rate of 1.52%.

In the longer-term refinancing operation on 25 March (which was conducted with full allotment at the fixed rate of 1.50% and a maturity of three months), the allotted amount was €28.77 billion. In other longer-term refinancing operations with various maturities conducted on 10 and 11 March with a fixed rate of 1.50%, the ECB allotted a total of €161.23 billion, in excess of the €133.90 billion allotted in the equivalent operations in the previous maintenance period.

Furthermore, using its reciprocal currency arrangements (swap lines) with the Federal Reserve, the Eurosystem continued to provide US dollar funding against collateral eligible in the Eurosystem in the reserve maintenance period which started on 11 March, conducting operations with a maturity of one week on 11, 18 and 25 March and 1 April, an operation with a maturity of one month on 10 March, and an operation with a maturity of three months on 24 March. The ECB has also continued to provide Eurosystem counterparties with US dollar and Swiss franc funding against euro cash via foreign exchange swap operations.

2.4 BOND MARKETS

In March 2009, long-term government bond yields declined in the euro area and in the United States. In the United States, a particularly strong decrease took place following the March statement of the Federal Open Market Committee (FOMC). Long-term real yields in the euro area declined, while long-term break-even inflation rates rebounded from their low end-February levels. Implied bond market volatility decreased more markedly in the United States than in the euro area, but remained at high levels on both sides of the Atlantic.

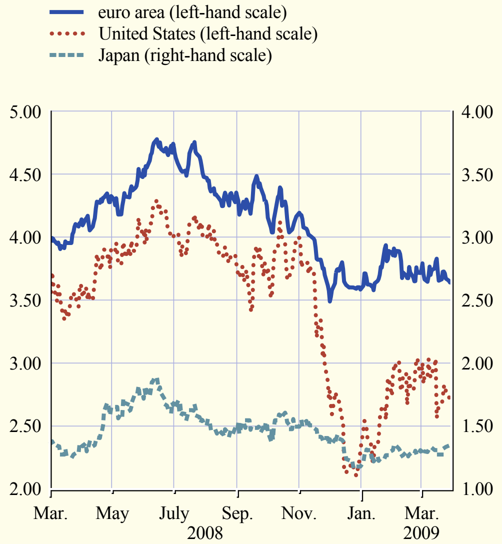
Compared with end-February, government bond yields decreased by 10 basis points in the euro area, while they showed a more marked decline of 35 basis points in the United States.. On 1 April, ten-year government bond yields stood at 3.6% in the euro area and at 2.7% in the United States (see Chart 11). Accordingly, the ten-year nominal interest rate differential between US and euro area government bonds widened to about -95 basis points at the end of the period under review. In Japan, ten-year government bond yields increased slightly, standing at 1.4% on 1 April. Implied bond market volatility declined more markedly in the United States than in the euro area. On both sides of the Atlantic, it remained at high levels, but well below the peaks observed in February.

In the United States, long-term government bond yields did not change very much until mid-March. On 18 March, however, a large day-to-day decrease of about 50 basis points was recorded after the release of the FOMC statement, and long-term bond yields have increased only moderately since then. The statement asserted that the FOMC intended to keep the federal funds rate at a low level of between zero and 0.25% for an extended period of time and to purchase up to USD 300 billion of longer-term Treasury securities over the next six months. Moreover, after the FOMC announcement, US bond market volatility was significantly lower than in the first half of March.

Long-term bond yields in the euro area did not reflect any strong spill-over from US bond yield movements. Rather, euro area long-term yields hovered around their end-February levels amid only moderate fluctuations, ending the period under review with an overall decrease of 10 basis points. The 50 basis-point reduction of the key ECB interest rates on 5 March had largely been anticipated and was followed by a slight decrease in long-term bond yields. For most euro area countries, the spreads of ten-year government bond yields vis-à-vis their German counterpart narrowed, but intra-euro area sovereign spreads generally remain elevated. This still seems to reflect mainly a

Chart 11 Long-term government bond yields

(percentages per annum; daily data)



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

Chart 12 Euro area zero coupon inflation-linked bond yields

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

Sources: Reuters and ECB calculations.

heightened risk aversion of bond investors, coupled with unusually low liquidity in some sovereign debt markets and concerns about the fiscal burden of rescue packages.

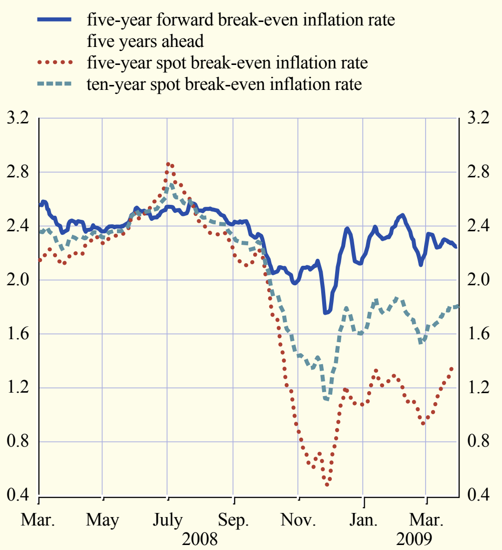
Yields on long-term inflation-linked government bonds in the euro area decreased visibly in March. Real five and ten-year spot yields declined by 45 and 30 basis points respectively to levels of 1.3% and 1.8%. Overall, this seems to reveal primarily a further deterioration in investors' perceptions of the macroeconomic outlook.

In combination with the fact that nominal long-term yields did not change much, this led to a sharp increase in five and ten-year spot break-even inflation rates, which rose by about 45 and 20 basis points respectively. On 1 April, they stood at levels of 1.4% and 1.8% respectively. At the same time, five-year forward rates five years ahead, a measure of longer-term inflation expectations and related risk premia, remained broadly stable at 2.3%. The gap between the break-even inflation rates derived from bonds and those derived from swaps fluctuated significantly in the course of March, which suggests that the inflation expectations and related risk premia extracted from these debt instruments should still be interpreted with caution.

The development of the term structure of forward rates in the euro area shows how the overall behaviour of euro area long-term bond yields can be decomposed into changes in interest rate expectations (and related risk premia) at different horizons (see Chart 14). The slight decrease of long-term bond yields as compared with end-February is the result of a downward revision of

Chart 13 Euro area zero coupon break-even inflation rates

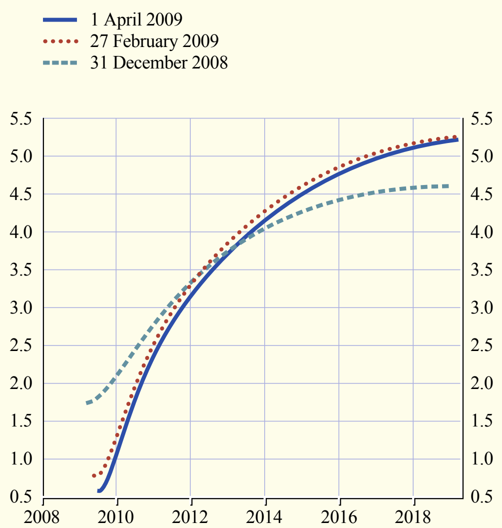
(percentages per annum; five-day moving averages of daily data; seasonally adjusted)



Sources: Reuters and ECB calculations.

Chart 14 Implied forward euro area overnight interest rates

(percentages per annum; daily data)



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

short-term interest rate expectations over horizons of up to six months (down by 15 to 20 basis points), combined with less significant decreases of longer-term interest rate expectations.

Overall, non-financial sector corporate bond spreads remained broadly unchanged in comparison with their end-February levels. For highest-rated debt of financial corporations, bond spreads showed a discernible decrease, while spread levels for lower-rated debt edged up further. Overall, current spread levels seem to signal ongoing concerns of investors regarding the health of both financial and non-financial corporations.

2.5 INTEREST RATES ON LOANS AND DEPOSITS

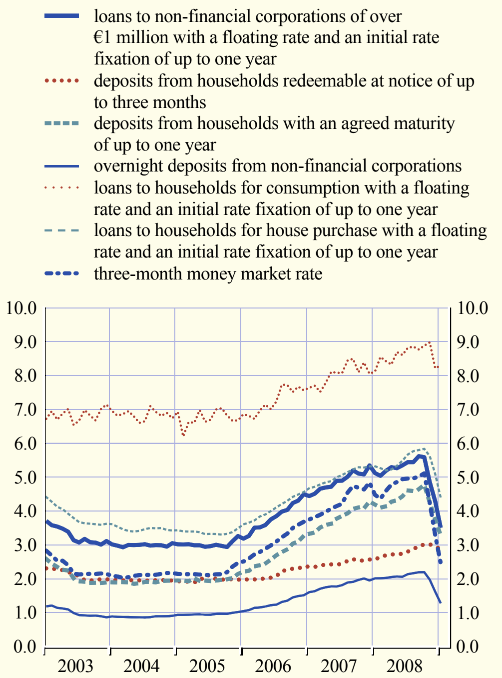
In January 2009, almost all short and long-term MFI interest rates on new loans to households and non-financial corporations were substantially lower that in the month before, thereby confirming the declining trend that started in November 2008. Likewise, most MFI interest rates on new deposits decreased in January 2009, reflecting a response to the decline in money market rates and in medium-term government bond yields.

In January 2009, all short-term MFI interest rates on loans to households and non-financial corporations, with the exception of those on consumer loans, decreased significantly (see Chart 15). At the same time, MFI interest rates on short-term deposits (i.e. deposits with an agreed maturity of up to one year) from both non-financial corporations and households declined as well. These developments were most likely driven by the pronounced drop in market rates with corresponding maturities. In reflection of the reduction of key ECB interest rates and the somewhat abating tension in the money markets, the three-month EURIBOR declined sharply in January 2009. This resulted in a slight increase in the spreads between short-term MFI lending rates and short-term money market rates, while the spread between money market rates and short-term MFI deposit rates became negative in January 2009 (see Chart 16). These movements indicate that the declines in policy rates have started to pass through to bank interest rates. Between September 2008 and January 2009, MFI interest rates on small and large loans to non-financial corporations declined by 160 and 211 basis points respectively, while the three-month EURIBOR declined by 256 basis points over the same period.

Similar developments were observed for longer-term MFI interest rates. Hence, all MFI interest rates with an initial rate fixation period of over two years declined in January 2009

Chart 15 Short-term MFI interest rates and a short-term market rate

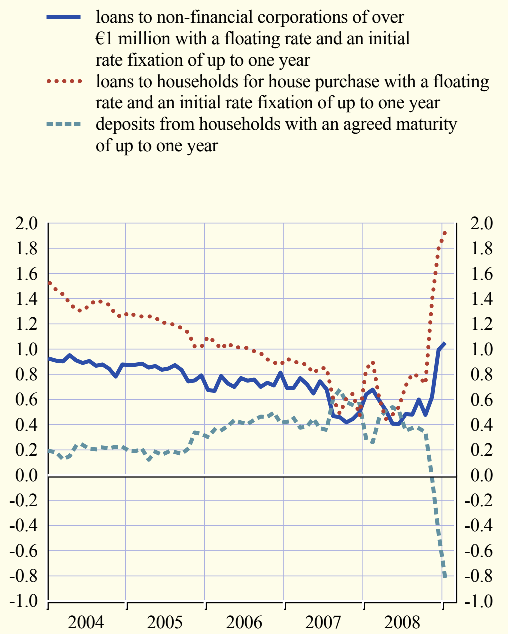
(percentages per annum; rates on new business)



Source: ECB.

Chart 16 Spreads of short-term MFI interest rates vis-à-vis the three-month money market rate

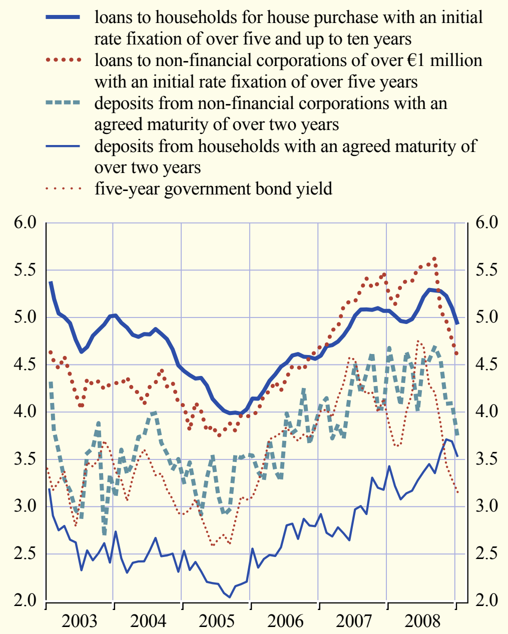
(percentage points; rates on new business)



Source: ECB.
Note: For the loans, the spreads are calculated as the lending rate minus the three-month money market rate and for the deposits, the spreads are calculated as the three-month money market rate minus the deposit rate.

Chart 17 Long-term MFI interest rates and a long-term market rate

(percentages per annum; rates on new business)



Source: ECB.

(see Chart 17). The decreases were particularly pronounced in the case of interest rates on medium-term loans to non-financial corporations, whereas the decreases in rates on long-term loans to households were somewhat more limited. These developments most likely reflected the fact that banks have begun to adjust to the significant decreases in market rates observed since September 2008. For example, between September 2008 and January 2009, the five-year euro area swap rate declined by around 160 basis points. Against this background, the overall decrease in MFI lending rates between September 2008 and January 2009 were more muted, possibly reflecting both the usual inertia in the adjustment of retail bank rates and rising credit risk premia as a result of concerns about the outlook for bank borrowers' balance sheet conditions. At the same time, MFI interest rates on long-term deposits from households also declined in January 2009.

Regarding developments in loan-deposit margins, a measure of euro area banks' ability to generate interest revenue, the loan-deposit margins on both outstanding amounts and new business rates narrowed. The latest available data for the margin on new business rates for January 2009 show a continuation of the decline that started in October 2008, owing to the sharp decline in MFI rates for new business loans. The loan-deposit margin on outstanding amounts also declined in January 2009, but less markedly on account of smaller declines in MFI deposit rates for outstanding amounts.

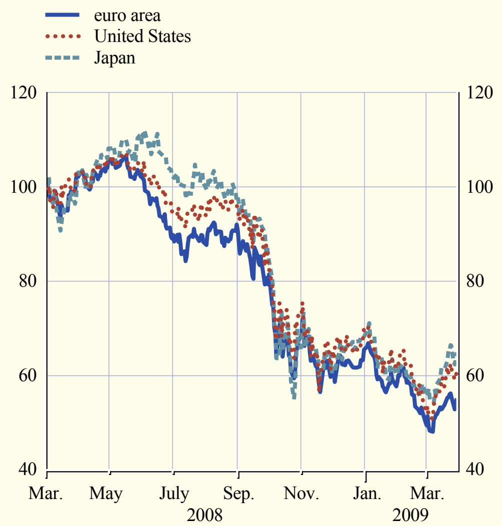
2.6 EQUITY MARKETS

Between end-February and 1 April, stock prices in the euro area and the United States increased by 5% and 10% respectively. Stock prices were supported by the US Treasury's announcement of its "Public-Private Partnership Investment Program", which investors perceived as good news. Declining real interest rates also had a positive impact on stock prices on both sides of the Atlantic. At the same time, however, the earnings of listed companies declined sharply further. Stock market volatility remained at highly elevated levels, reflecting uncertainty about the depth and length of the recession on either side of the Atlantic.

Between end-February and early April, global stock prices rose significantly. Overall, euro area stock prices, as measured by the broad-based Dow Jones EURO STOXX index, increased by 5% between end-February and 1 April, while stock prices in the United States, as measured by the Standard and Poor's 500 index, rose by 10% (see Chart 18). Over the same period, stock prices in Japan, as measured by the Nikkei 225 index, increased by 10%. Near-term stock market uncertainty, as measured by option-implied volatility, decreased moderately on a global basis. At the end of the period under review, uncertainty was still high by historical standards, but well below the peaks reached in the autumn of 2008 (see Chart 19). Moreover, the expected volatility for the two-year horizon of stocks included in the Dow Jones EURO STOXX 50 index also decreased only little, suggesting that market participants' uncertainty about stock market developments remained rather high, also over the medium term.

Chart 18 Stock price indices

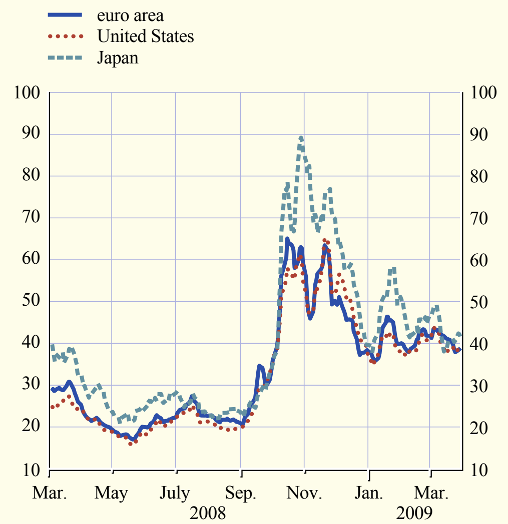
(index: 1 March 2008 = 100; daily data)



Sources: Reuters and Thomson Financial Datastream.
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 19 Implied stock market volatility

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



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

Over the review period, the impetus to stock prices was largest in the banking sector, where the corresponding index in the euro area rose by 17% and that in the United States by 23%. This mainly reflects the positive profit signals sent by some US banks in mid-March and the US Treasury's announcement of the "Public-Private Partnership Investment Program" aimed at helping the US financial system to address issues of legacy loans and legacy securities on financial institutions' balance sheets. Moreover, the decline in US real interest rates has most likely also contributed to the increase in stock prices.

Stock prices in the euro area likewise increased sharply in connection with the aforementioned news, but to a lesser extent than in the United States. From a sectoral perspective, the strong increase in prices of euro area banking sector stocks came together with a less sharp rise in stock prices of listed non-financial corporations, which amounted to 2%. Also in the euro area, declining real interest rates supported stock prices, while the risk premia required by investors remained at high levels, exerting a dampening effect on stock prices. This is in line with the results of the Merrill Lynch Fund Manager Survey of March, which showed yet another drop in risk appetite regarding equities.

Developments in both actual and expected earnings presented a negative overall picture of the profitability of listed euro area companies. Actual annual earnings-per-share growth for the firms covered by the Dow Jones EURO STOXX index came to -31% in March, after -27% in February. The expected growth of earnings per share 12 months ahead turned negative in March, at -2%, after +2% in February.

Earnings developments in March once again differed markedly across sectors. While the growth rate of annual earnings per share in the non-financial sector was -23%, listed companies from the financial sector saw a year-on-year decline of more than 60% in their earnings per share. Against this background, analysts expect earnings per share in this sector to rebound in the order of 32% over the coming year, while the earnings per share of non-financial corporations are expected to fall by a further 11%.

Box 3

FINANCIAL INTEGRATION IN EUROPE: MAIN FINDINGS OF THE 2009 REPORT

In early April 2009, the ECB published the third issue of its report on financial integration in Europe.[1] The main purpose of this report is to contribute to the advancement of European financial integration. In addition, the report is aimed at raising the public's awareness of the Eurosystem's role in supporting this objective of the European Union. The report provides an assessment, based on a set of statistical indicators, of the state of financial integration in Europe. Furthermore, it has a number of special features that provide in-depth assessments of selected issues relating to the financial integration process and gives an overview of the Eurosystem's main activities to foster this process over the past year.

This box summarises the main findings of this year's report, which was largely focused on the impact of the recent financial crisis on the financial integration process. The box also explores

1 ECB, *Financial integration in Europe*, April 2009.

two additional special topics: the role of institutional investors in enhancing financial integration in the euro area and the importance of small and medium-sized enterprises and young innovative companies for the European economy.

The preliminary evidence available suggests that the financial crisis has affected euro area financial integration in a number of ways. The report contains statistical information and analyses that illustrate the impact of the financial crisis on some key segments of the euro area financial system. This year's report also covers aspects of financial development. Financial integration and financial development are normally complementary and mutually reinforcing, as integration helps financial innovation spread across frontiers and financial development, in turn, helps to overcome both frictions in financial markets and cross-border barriers that prevent full integration. However, experience with the ongoing crisis has also shown that some financial innovations (for example, the occurrence of certain types of securitisation through the creation of sizeable off-balance-sheet structures) can be implemented in ways that reduce transparency and lead to excessive risk-taking, ultimately harming financial integration itself. Some caution needs to be taken in drawing definitive conclusions, given that the crisis is still unfolding. However, it is clear that, while action is being taken at the national and international level to restore the proper functioning of the financial sector, careful vigilance will need to be exercised to ensure that the integration of financial markets in Europe is preserved and makes further progress. The Eurosystem is following market developments very closely and has been particularly proactive in ensuring the continued provision of liquidity to the banking sector and in supporting the functioning of money markets.

The impact of the financial crisis on euro area financial integration

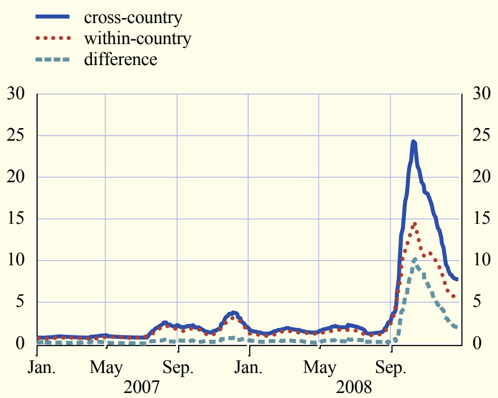
The core question examined in the report was whether and to what extent the ongoing global financial crisis since mid-2007 has led, or may lead, to a retrenchment of financial markets within national borders, and thus to a certain reversal of the European financial integration process. The available evidence presented in the report indicates that the financial crisis has considerably affected the integration of both money and government bond markets, while the degree of integration of other market segments (those for corporate bonds, equities and retail banking products) have thus far been affected less, or not at all.

The usual indicators of integration – such as the cross-country standard deviations of money market rates, or government bond spreads – have deteriorated visibly over the past year and clearly worsened in the last months of 2008. The extent to which the generalised market disruption has resulted in a retrenchment within national borders can be examined by looking at the differences in the impact of the turmoil on domestic and cross-border markets. A first indication on the impact of the turmoil on the integration of the unsecured money market can be drawn from the ECB's annual Money Market Survey,[2] which showed that the share of average daily turnover in unsecured lending to national counterparties in total lending increased from 27.7% in 2007 to 31.8% in 2008 (second quarter). At the same time, the share of transactions with other euro area counterparties declined from 51.2% in 2007 to 47.4% in 2008 (second quarter). Thus, there is some indication of a slightly less integrated unsecured money market. Similar conclusions are reached when looking at the development of money market rates. Chart A compares the overall standard deviation of money market rates across the euro area with the average of

2 ECB, *Euro Money Market Survey*, September 2008.

Chart A Standard deviation of the one-month EURIBOR

(basis points)



Source: European Banking Federation and ECB calculations.

intra-country standard deviations for the EURIBOR. The indicators show that the cross-country dispersion exceeded the domestic dispersion at the height of the financial turmoil (the period from September to November 2008), but also that the gap narrowed towards the end of the year, even though it remained sizeable.[3]

Similar to the money markets, government bond markets have shown clear signs of strain during the turmoil, despite benefiting from "flights to safety" as investors sought to reduce risk. As the turmoil intensified in the autumn of 2008, there was an increase in the cross-country dispersion of yields, which may, in part, have been related to the more difficult market liquidity conditions since then, and also to higher uncertainty and changes in the appreciation of risk and risk premia. Viewed in terms of financial integration, this can be interpreted in different ways. On the one hand, it may indicate increased market segmentation. On the other hand, the increase is also consistent with explanations relating to changes in market fundamentals, such as a repricing of credit risk to reflect relative differences in the creditworthiness of sovereign issuers. In this respect, the report contains a simple econometric exercise to quantify the effects of credit and liquidity risk on government spreads before and after the beginning of the turmoil. By proxying the former with the five-year credit default swap (CDS) premia difference vis-à-vis Germany and the latter with average bid-ask spreads on long-term sovereign bonds, the available evidence shows that the credit risk remained important, while liquidity concerns in some countries seem to have heightened during the turmoil.[4] In particular, a general widening of bid-ask spreads in comparison with the previous year was observed in 2008, which tends to confirm that liquidity became scarce during the turmoil (see Chart B). While German bid-ask spreads changed least, some other countries were affected quite considerably.

Institutional investors and financial integration

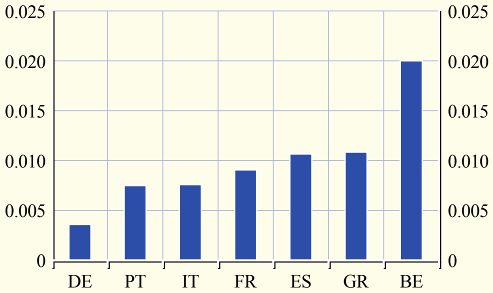
The report also contains an analysis of the importance of institutional investors in the euro area. Institutional investors – investment funds, insurance corporations and pension funds – are important collectors of households' funds alongside banks (who remain the dominant intermediaries), and they are significant shareholders of firms and banks. The increasing role of institutional investors has contributed significantly to the integration of securities markets, as these investors are typically well-diversified across countries. The introduction of the euro and other policies related to the creation of the Single Market (such as the easing of restrictions on the portfolios of pension funds) have increased the scope and reduced the costs of investing in other euro area

3 Both the secured and the unsecured segments (one-month/12-month EURIBOR and EUREPO) present similar patterns. In addition, based on the data available from the Italian electronic platform e-MID, there is evidence that the turmoil may have reinforced the two-tier system of the money market: the cross-border interbank market is dominated by banks with a high credit standing, which can afford to charge each other lower rates, while domestic market activity is driven by smaller banks that have to rely on the liquidity provision of internationally active counterparties.

4 For more details, see Table 1 in the report, p. 38.

Chart B Change in the average bid-ask spread between 2007 and 2008

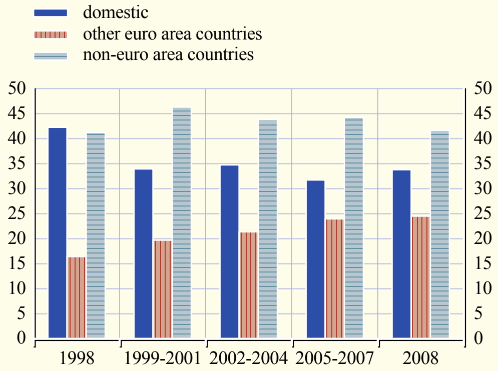
(percentages per annum)



Sources: Reuters and ECB.
Notes: Average of bid-ask spreads, daily data on long-term sovereign bonds (closing prices, snapshot at 6 p.m.) computed in 2007 and 2008. 2008 data for France are relatively limited and must be interpreted with some caution.

Chart C Euro area investment funds' holdings of equities

(percentages of total assets; end-of-year or average for the period)



Source: ECB.
Note: Data refer to holdings of "shares and other equity", which include mutual fund shares.

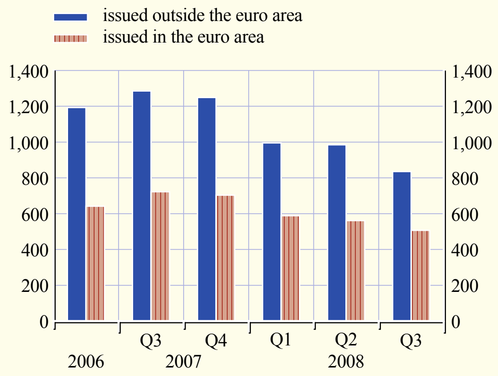
countries for both individual and institutional investors. In fact, the evidence presented in the report shows that the most marked change since 1998 in the portfolios of euro area institutional investors was a significant increase in the holdings of assets from other euro area countries (see Chart C).

The current financial crisis is having an impact on these developments. Available data suggest a sizeable shrinkage of the overall value of the assets managed by institutional investors – in particular investment funds – over the last few quarters, implying a decline in the relative importance of institutional investors vis-à-vis banks as collectors of households' funds. However, Chart D shows that the most remarkable drop in equity investment since the summer of 2007 is related to shares issued outside the euro area. The decline of investment in shares issued in other euro area countries has been relatively modest by comparison.

These movements reflect both valuation effects and withdrawals of funds by households as they rebalanced their portfolios in the light of the financial crisis. In the longer run, it is conceivable that structural factors reassert themselves and that institutional investors will resume their important role of contributing to euro area financial integration.

Chart D Euro area investment funds' holdings of equities

(EUR billions)



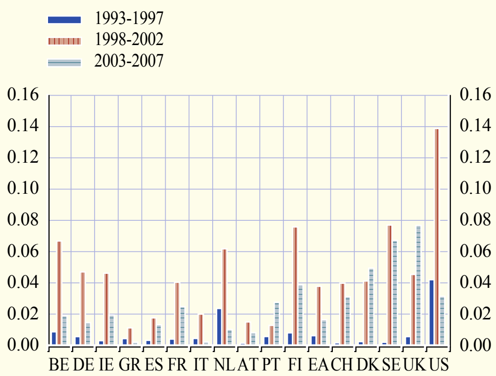
Source: ECB.
Note: Data refer to holdings of "shares and other equity", which include mutual fund shares.

Financing of small and medium-sized enterprises and young innovative companies in Europe

Finally, the report investigates the financial characteristics of, and conditions for, two categories of non-financial corporations in the euro area, namely small and medium-sized enterprises and young innovative companies. Small and medium-sized enterprises account for approximately two-thirds of European employment, and their dependence on bank finance makes them important for the conduct of monetary policy, while young innovative companies account for a large part of European innovation and growth. The analysis in the report highlights that both small and medium-sized enterprises and young innovative companies tend to face more stringent financial constraints than large firms, which may have an adverse effect on their ability to invest in capital and in research and development, hence hampering their innovation efforts and growth prospects.

Chart E Venture capital financing (early investment stage)

(percentages of GDP; by country of management)



Sources: European Private Equity and Venture Capital Association, PricewaterhouseCoopers and Eurostat.
Note: EA stands for euro area.

Furthermore, the report reviews the role of venture capital in relaxing the financial constraints on innovative effort by young innovative companies and small and medium-sized enterprises. While the importance of venture capital backed, early-stage finance in Europe has increased in recent years, the venture capital industry in many euro area countries is still at a rudimentary stage, as shown in Chart E. The report argues that differences across countries are caused by constraints in the supply of venture capital and that policies to improve the structure of credit markets and to stimulate the European venture capital industry may be valuable initiatives for facilitating the access of small and medium-sized enterprises and young innovative companies to finance.

3 PRICES AND COSTS

According to Eurostat's estimate, euro area annual HICP inflation fell further to 0.6% in March 2009, from 1.2% in February. The decline in inflation since last summer primarily reflects the sharp fall in global commodity prices over this period. Moreover, signs of a more broad-based reduction in inflationary pressure are increasingly emerging.

Base effects stemming from past energy price effects will play a significant role in the shorter-term dynamics of the HICP. Accordingly, headline annual inflation rates are expected to decline further in the coming months and temporarily reach negative levels around mid-year. Thereafter, annual inflation rates should increase again. Risks to this outlook are broadly balanced.

3.1 CONSUMER PRICES

According to Eurostat's estimate, euro area annual HICP inflation dropped to 0.6% in March 2009, from 1.2% in February (see Table 4). Official estimates of the breakdown of the HICP for March have not yet been published, but available evidence suggests that there was a downward impact from base effects in the energy, food and services components.

The detailed breakdown for February indicates that, with the exception of processed food prices, the annual rate of change in all main HICP components either picked up or was unchanged in that month (see Chart 20). The annual rate of change in energy prices, at -4.9%, was less negative in February than in the previous month, largely owing to a month-on-month rise in this component. This in turn reflected a month-on-month increase in petrol prices, which was offset somewhat by month-on-month price decreases in two other energy items, heating oil and gas. It is worth noting that this month-on-month decline in gas prices follows 16 continuous months of price increases, and reflects the lagged effects of the past decline in oil prices.

The annual rate of change in unprocessed food prices rose to 3.3% in February, from 2.6% in January, on account of an increase in the annual rate of change in vegetable prices driven by seasonal factors. The annual rate of change in processed food prices continued its downward path in February, falling by 0.7 percentage point to 2.0%. This reflected a further strong base effect

Table 4 Price developments

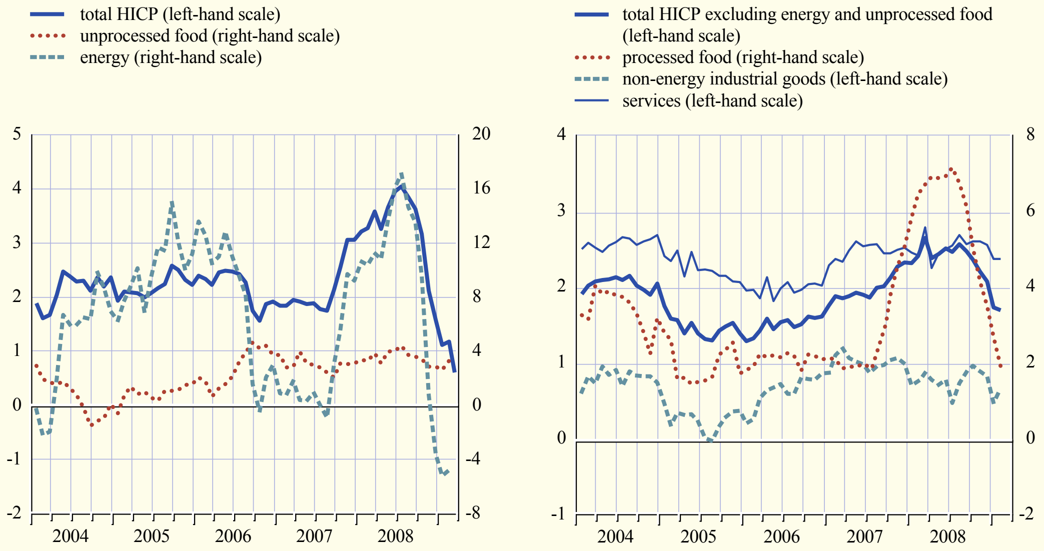
(annual percentage changes, unless otherwise indicated)

	2007	2008	2008 Oct.	2008 Nov.	2008 Dec.	2009 Jan.	2009 Feb.	2009 Mar.
HICP and its components								
Overall index [1]	2.1	3.3	3.2	2.1	1.6	1.1	1.2	*0.6*
Energy	2.6	10.3	9.6	0.7	-3.7	-5.3	-4.9	.
Unprocessed food	3.0	3.5	3.4	2.8	2.8	2.6	3.3	.
Processed food	2.8	6.1	5.1	4.2	3.5	2.7	2.0	.
Non-energy industrial goods	1.0	0.8	1.0	0.9	0.8	0.5	0.7	.
Services	2.5	2.6	2.6	2.6	2.6	2.4	2.4	.
Other price indicators								
Industrial producer prices	2.7	5.9	6.0	2.9	1.2	-0.6	.	.
Oil prices (EUR per barrel)	52.8	65.9	55.2	43.1	32.1	34.3	34.6	36.5
Non-energy commodity prices	9.2	4.4	-7.4	-7.7	-17.1	-20.7	-24.5	.

Sources: Eurostat, HWWI and ECB calculations based on Thomson Financial Datastream data.
Note: Data on industrial producer prices refer to the euro area including Slovakia.
1) HICP inflation in March 2009 refers to Eurostat's flash estimate.

Chart 20 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

related to the significant increases in food prices a year ago, particularly for bread and cereals, dairy products and oils and fats.

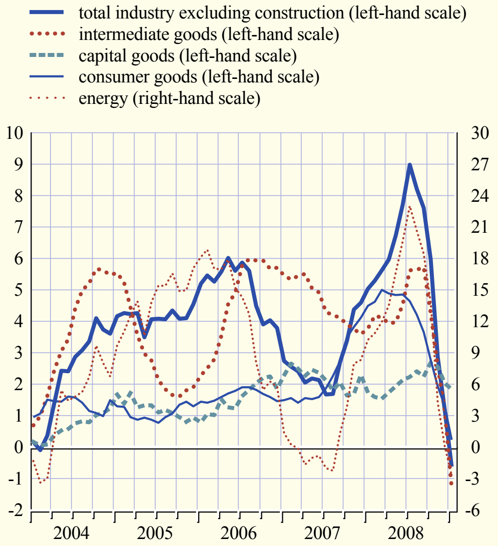
Excluding all food and energy items, or about 30% of the HICP basket, HICP inflation edged up to 1.7% in February, from 1.6% in the previous month. This was due to a rebound in the annual rate of change of non-energy industrial goods prices to 0.7%, from 0.5% in January. The main driver of this rise was textile prices, which registered a stronger month-on-month increase in February 2009 than has been seen for that month in previous years, following the rather aggressive discounting in January 2009. This was partly counteracted by a decline in the annual rate of change in car prices. By contrast, the annual rate of change in services prices remained unchanged at 2.4% in February, with relatively little movement across sub-items. Notably, the annual rates of change in both passenger transport by air and restaurant prices continued their downward path, on account of an easing of indirect effects from past commodity price developments. However, these declines were compensated for by modest rises in some other sub-items.

3.2 INDUSTRIAL PRODUCER PRICES

Supply chain price pressures have subsided in recent months from the very elevated levels reached in the summer of last year. The annual rate of change in industrial producer prices (excluding construction) dropped to -0.6% in January 2009, from 1.2% in December. This is the first negative reading for producer price inflation since July 2002. The industrial producer prices release for January 2009 follows a new classification scheme (NACE Revision 2) and reflects the update of the base year from 2000 to 2005. Box 4 explains the updated classification and the main changes resulting from the new base year, which have affected a number of short-term statistics.

Chart 21 Breakdown of industrial producer prices

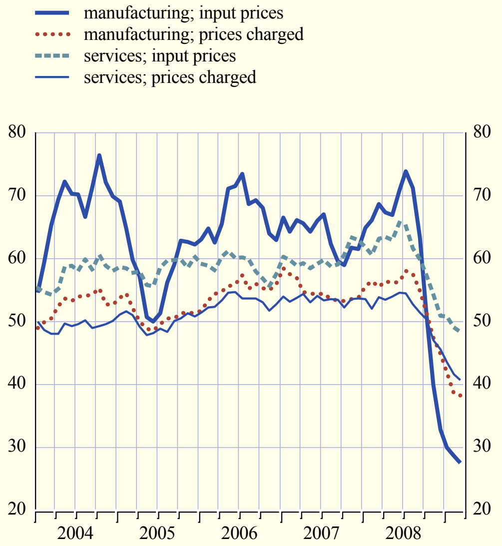
(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.
Note: Data refer to the euro area including Slovakia.

Chart 22 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.

The drop in overall producer price inflation in January 2009 reflected declines in all components, but in particular energy and intermediate goods prices, on account of the slowdown in energy and industrial raw materials prices. The annual rate of change in the energy component dropped to -2.7% in January, from 0.1% in December, reflecting a further month-on-month decline and a base effect. Excluding energy (and construction), annual producer price inflation was still slightly positive, but has fallen markedly since it peaked in July 2008. The annual rate of change in intermediate goods prices dropped to -1.0% in January on account of both a base effect and a further month-on-month decline, and the annual rate of change in capital goods prices declined to 1.9%. At the latter stages of production, the annual rate of change in consumer goods prices declined strongly to 0.2%. This was mainly on account of a drop in the annual rate of change in non-durable goods prices, which in turn largely mirrored a significant fall in food prices (see Chart 21).

Recent information from surveys on the price-setting behaviour of firms suggests that supply chain price pressures have remained subdued in the early months of 2009 (see Chart 22). According to the latest Purchasing Managers' Index, all price indicators declined further in March as compared with February, although the decline is at lower rates, as some commodity prices are stabilising.

Box 4

RECENT CHANGES IN SHORT-TERM STATISTICS

As of the reporting period 2009, data for economic indicators covered by the Short-term Statistics Regulation[1] will follow the new classification of economic activities, "NACE[2] Revision 2".[3] At the same time, the base year for these statistics has been changed from 2000 to 2005. This box explains the updated classification and the main changes resulting from the introduction of a new base year.

Update of the classification of economic activities

The classification of economic activities "NACE" provides the mandatory statistical framework for a wide range of European statistics, including national accounts, short-term statistics and labour market statistics.[4] The NACE classification is fully consistent with the International Standard Industrial Classification of all Economic Activities, or "ISIC".

It is occasionally necessary to update statistical classifications in order to reflect new economic activities and products. The last major update of NACE took place in 1990. NACE Revision 2 will be implemented in a coordinated way across all relevant statistics and all countries in the EU during the period 2008-11. Starting with the reporting period January 2009, monthly short-term statistics for industrial producer prices, production (in manufacturing and construction), retail trade turnover and industrial new orders apply the new NACE. At the same time, data for previous periods have been reclassified where possible. The final statistics to be reclassified will be national accounts, in September 2011.

The basic classification rules (allocation of statistical units on the basis of the main value added-generating activity) remain unchanged. However, 101 additional entries at the most detailed level of classification have been created to reflect different forms of production and emerging industries. The largest increase in entries is in the services industries, reflecting their increased importance and their innovative contribution to modern economies. For example, the new NACE section "Accommodation and food service activities" covers new activities such as mobile food services and event catering. For manufacturing, a few new entries at the aggregated level have been created, for example "Manufacture of computer, electronic and optical products", which better combines high-tech activities than the former category "Manufacture of office machinery and computers". Furthermore, "Repair and installation of machinery and equipment", which was formerly classified under the manufacture of the corresponding type of equipment, is now identified in a separate NACE category. The new section "Information and communication" combines activities involving the production and distribution of information, information

1 Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics.

2 "NACE" is derived from the French title "**N**omenclature générale des **A**ctivités économiques dans les **C**ommunautés **E**uropéennes", the statistical classification of economic activities in the European Communities.

3 Further information on the introduction of NACE Revision 2 is available on Eurostat's website at http://epp.eurostat.ec.europa.eu/portal/page?_pageid=3233,73049386&_dad=portal&_schema=PORTAL.

4 NACE Revision 2 and the provisions for its implementation in various statistical domains were established in 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.

Table A Shares of euro area short-term business indicators in 2005 and change compared with the shares in 2000

(percentages; percentage points)

	Industrial producer prices		Industrial production	
	2005	Change from 2000	2005	Change from 2000
Total (excluding construction)	100.0	0.0	100.0	0.0
of which: Manufacturing	83.2	-6.2	89.9	-0.4
Intermediate goods	30.0	-1.6	36.8	0.6
Capital goods	20.3	-0.8	28.8	2.0
Consumer goods	24.9	-4.7	23.5	-2.6
of which: Durable consumer goods	3.0	-1.0	3.5	-0.9
Non-durable consumer goods	21.9	-3.7	20.0	-1.7
Energy	24.7	7.1	11.0	0.0

Sources: Eurostat and ECB calculations.
Note: Data are provisional.

technology activities and data processing, which were formerly classified in various different categories of manufacturing and of services.

The main industry aggregates (known as the main industrial groupings) which are shown in Section 5 of the statistical annex of the Monthly Bulletin continue to be published under the same names. However, the composition of some of these aggregates will be updated. For example, whereas publishing was previously mainly covered under the non-durable consumer goods industry aggregate, it is now classified as a service.

Update of the base year to 2005 = 100 for short-term statistics

Most short-term statistics are expressed as indices using a fixed base year to aggregate more detailed developments. According to international conventions, these weights should be updated at least every five years, in years that end with a 0 or a 5. Consequently, 2005 has become the new base year at the euro area level, and the weights of the components of industrial producer prices and industrial production have changed (as shown in Table A).

For industrial producer prices, where the shares are based on turnover, the greater weight of energy (+7.1 percentage points) is mainly offset by reduced weights for consumer goods (-4.7 percentage points) and intermediate goods (-1.6 percentage points). For industrial production, where the shares are based on value added, capital goods play a larger role (+2.0 percentage points) in 2005 at the expense of consumer goods (-2.6 percentage points). Here, the energy component remains unchanged at 11.0%.

For retail trade and its two main components (not shown in the table), the share of food has decreased by -0.8 percentage point to 42.9%, whereas the share of non-food is now 57.1%. For the two main components of construction (also not shown in the table), the share of building production has strongly increased by 12.1 percentage points to reach 77.9%, whereas the share of civil engineering is now 22.1%.

Impact on the main aggregates for the key indicators

The above-mentioned changes to the NACE classification and the update of the base year have led to revisions in the indicators as shown in Table B. In general, the industrial producer

Table B Revisions in euro area short-term business indicators after the introduction of NACE Revision 2 and the change in base year

(in percentage points)

	Industrial producer prices		Industrial production	
	Average revision	Range of revisions	Average revision	Range of revisions
Total (excluding construction)	0.2	-0.2 to 0.4	-0.2	-0.9 to 0.5
of which: Manufacturing	-0.1	-0.4 to 0.2	-0.2	-1.5 to 0.8
Intermediate goods	0.2	-0.3 to 0.6	0.1	-0.6 to 1.0
Capital goods	-0.3	-0.8 to 0.2	-0.1	-1.8 to 1.0
Consumer goods	0.0	-0.4 to 0.4	-0.4	-1.8 to 1.1
of which: Durable consumer goods	-0.2	-0.7 to 0.2	-0.3	-2.2 to 2.3
Non-durable consumer goods	0.0	-0.4 to 0.5	-0.5	-1.8 to 1.3
Energy	0.8	-0.3 to 2.1	0.5	-1.0 to 1.7

Sources: Eurostat and ECB calculations.
Notes: Data are provisional. The figures shown refer to revisions in the monthly annual rates over the period 2006-08. Data before 2006 have also been revised but are more likely to be subject to further revision in the coming months.

price index has been revised less than the industrial production index. In addition, as usual, the revisions at the level of total industry are slightly smaller than those of some of the main components. For retail sales (not shown in the table), revisions are of a similar magnitude to those for industrial production, whereas revisions in total construction and its two main components (also not shown in the table) are somewhat higher.

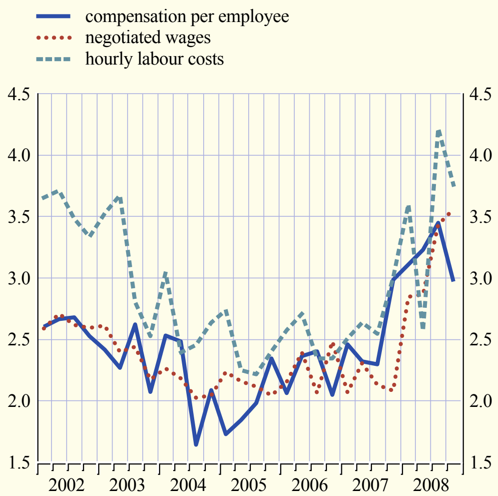
It cannot be excluded that additional revisions of the time series will occur in the next few months until NACE Revision 2 has been fully implemented at the national level. All in all, the enhanced possibilities for economic analysis and more up-to-date short-term statistics come at the price of some temporary uncertainty with regard to the results.

3.3 LABOUR COST INDICATORS

Available statistical data indicate continued strong growth in collectively agreed wages in the last quarter of 2008, but also show initial signs of diminishing wage pressures (see Chart 23 and Table 5). Negotiated wages grew at an annual rate of 3.6% in the fourth quarter of the year, up from 3.4% in the third quarter. However, the figure for the fourth quarter was boosted by one-off payments in a large euro area economy. Other indicators of wage growth declined in the fourth quarter of the year. The annual growth rate of hourly labour costs in the euro area weakened somewhat to 3.8% in the last quarter of 2008. If the drop in hours worked in the manufacturing industry related to declining economic activity were to be factored in, hourly labour cost growth would be lower for the fourth quarter. A breakdown by sector indicates that the

Chart 23 Selected labour cost indicators

(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.
Note: Data refer to the euro area including Slovakia.

Table 5 Labour cost indicators

(annual percentage changes, unless otherwise indicated)

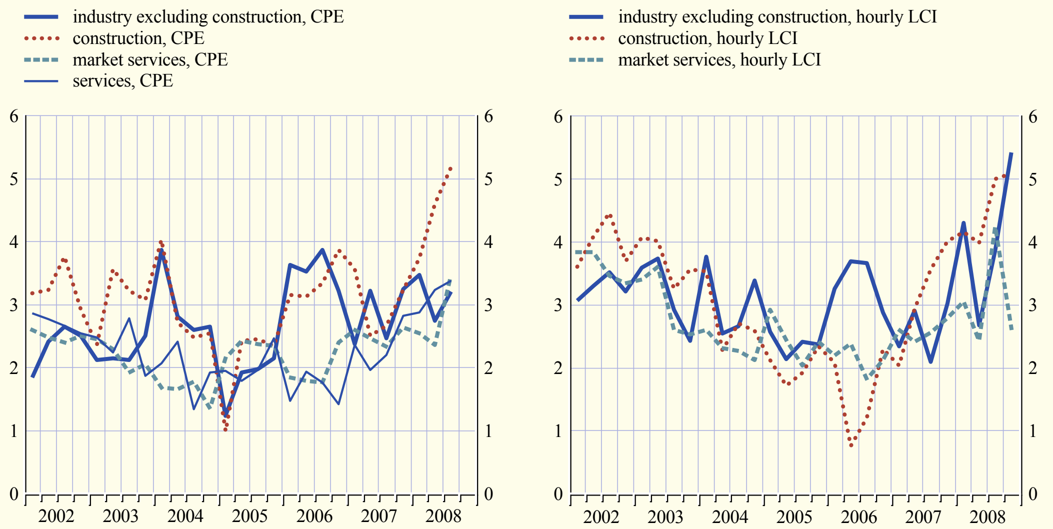
	2007	2008	2007 Q4	2008 Q1	2008 Q2	2008 Q3	2008 Q4
Negotiated wages	2.1	3.2	2.1	2.8	2.9	3.4	3.6
Total hourly labour costs	2.7	3.5	3.0	3.5	2.6	4.2	3.8
Compensation per employee	2.5	3.2	3.0	3.1	3.2	3.5	3.0
Memo items:							
Labour productivity	0.8	0.0	0.4	0.6	0.3	0.0	-1.3
Unit labour costs	1.7	3.2	2.5	2.5	2.9	3.4	4.3

Sources: Eurostat, national data and ECB calculations.

reduction in hourly labour costs was sharpest in the services sector, probably on account of stronger reductions in hours worked, as well as the higher cost of dismissals, in the industrial and construction sectors (see Chart 24). The annual growth rate of compensation per employee fell to 3.0% in the fourth quarter of 2008, down from 3.5% in the third quarter. Taken together with relatively stronger growth in negotiated wages, this could suggest that firms are actively taking measures to reduce labour costs. At the same time, productivity per employee fell by 1.3% in the last quarter of 2008, down from 0.0% in the previous quarter. As a result, unit labour cost growth picked up strongly, from 3.4% in the third quarter of 2008 to 4.3% in the fourth quarter, marking the strongest growth rate in over a decade.

Chart 24 Sectoral labour cost developments

(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.
Notes: Data refer to the euro area including Slovakia. CPE stands for "compensation per employee" and LCI stands for "labour cost index".

3.4 THE OUTLOOK FOR INFLATION

According to Eurostat's estimate, euro area annual HICP inflation fell further to 0.6% in March 2009, from 1.2% in February. The decline in inflation since last summer primarily reflects the sharp fall in global commodity prices over this period. Moreover, signs of a more broad-based reduction in inflationary pressure are increasingly emerging.

Base effects stemming from past energy price effects will play a significant role in the shorter-term dynamics of the HICP. Accordingly, headline annual inflation rates are expected to decline further in the coming months and temporarily reach negative levels around mid-year. Thereafter, annual inflation rates should increase again. Looking further ahead, annual HICP inflation is expected to remain below 2% in 2010, reflecting mainly ongoing sluggish demand in the euro area and elsewhere. The expected volatility in HICP rates in the course of the year has not affected medium to longer-term inflation expectations, which remain firmly anchored at levels consistent with price stability. While the May 2009 issue of the Monthly Bulletin will report on the results of the ECB Survey of Professional Forecasters for the second quarter of 2009, Box 5 explains how expectations are formed in this survey.

Risks to the inflation outlook are broadly balanced. They relate in particular to the risks to the outlook for economic activity as well as to risks to commodity prices.

Box 5

HOW ARE FORECASTS IN THE ECB SURVEY OF PROFESSIONAL FORECASTERS FORMED? RESULTS OF A SPECIAL QUESTIONNAIRE

This box summarises the results of a special questionnaire which was sent to the participants in the ECB Survey of Professional Forecasters (SPF) in autumn 2008, in the context of the ten-year anniversary of the SPF's launch in January 1999.[1] The purpose of the questionnaire was to obtain more information on how the SPF forecasts are formed. Responses were received from 45 SPF participants, which represents approximately three-quarters of the average number of responses received in the regular survey rounds (i.e. around 60). The respondents were a representative cross section of the SPF panel in terms of type of forecaster: financial institutions accounted for approximately half of the replies (this compares with a share of about 66%, on average, in the regular SPF rounds). The questionnaire contained questions on timeliness and methods of forecasting, in particular relating to the frequency of forecast updates, the models used, the importance of judgement, and the generation of reported probability distributions and assumptions regarding other variables implicitly underlying the forecasts. It should be noted that on some occasions the percentages reported may add up to more than 100%, as respondents indicated more than one category.

Frequency of updates of the forecasts reported in the SPF

The majority of respondents (84%) reported that their forecasts are updated according to a regular calendar (e.g. at the beginning of the month, end of the quarter, etc.), while 30% reported that the updating of their forecasts is event or data-driven (e.g. following a key data release).

1 A copy of the questionnaire and a more detailed summary of the results can be found on the ECB's website at http://www.ecb.europa.eu/stats/prices/indic/forecast/html/index.en.html.

A substantial proportion of respondents (around one-third) indicated that their forecasts are both calendar and event or data-driven, depending on the specific situation.

Of those respondents who update their forecasts regularly according to a calendar, over 50% reported that their forecasts are updated on a quarterly basis, with a slightly smaller share (35%) updating on a monthly basis. A small proportion (around 10%) reported that they update their forecasts less frequently (e.g. two or three times per year), while two respondents reported that they update "continuously".

Most respondents indicated that they provide their latest available forecast in each SPF round, with only a small proportion (less than 10%) preparing a new forecast for the SPF. However, a number of respondents (around one-quarter) said that they may partially update their forecasts when responding to the SPF. Overall, given the high frequency of regular updates and respondents' comments that they also adjust or prepare a new forecast in exceptional circumstances, the replies suggest that the SPF responses are quite timely.

Forecasting techniques and models

SPF participants were asked what models they use for forecasting. They were also asked to assign approximate weights (percentages) to the relative influence of models and of judgement. It is important to bear in mind, as was highlighted in the questionnaire itself, that responses to this question may only be an approximation and may vary over time.

Regarding the use of models for forecasting, the questionnaire listed a number of model types: time series models (including auto regressive integrated moving average (ARIMA), single equation, and vector auto regression (VAR) or vector error correction (VEC) models), traditional supply and demand-based macro models and dynamic stochastic general equilibrium (DSGE) models. The responses indicated that the type of model preferred varies according to the forecast horizon and to the variable being forecast. A pattern emerged whereby the use of time series models is more common for shorter-term horizons and for inflation forecasts, whereas traditional supply and demand-based macro models are used more at longer-term horizons and slightly more for real GDP and unemployment rate forecasting.

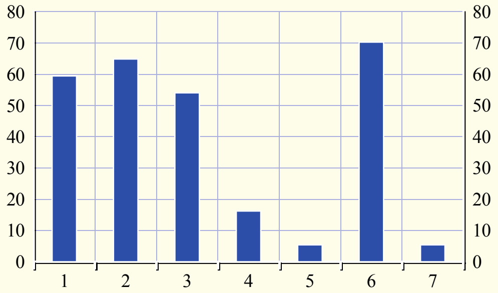
Considering in more detail the types of model used for forecasting, most respondents (around 85%) reported that they used at least one type of time series model. Three of these are relatively widely used: ARIMA, single equation, and VAR or VEC models (see Chart A). A smaller portion uses other time series models such as factor models. Most respondents using time series models reported that they use two or more types of such models. Almost 70% of respondents reported that they use traditional macro, supply and demand-based models, while very few forecasters indicated that they use DSGE models or some other type of model not already specified.

Regarding the role of judgement, the results showed that, on average, respondents consider 45% of their forecast to be judgement-based.[2] There were no major differences regarding

2 It should be noted that a number of respondents indicated that their forecast is entirely based on judgement. Analysing the answers provided, it appears that there may be two types of behaviour behind these responses. First, there are forecasters who do not use models for some variables or forecast horizons, but report the forecast based on the official view of their institution. Second, there are forecasters who use models, but consider the final outcome to be based on judgement because their initial model forecast can be adjusted in any direction and to any extent depending on their subjective beliefs. In this context, the degree of judgement reported may be slightly overstated.

Chart A What types of model do you use for forecasting?

(percentage of replies)

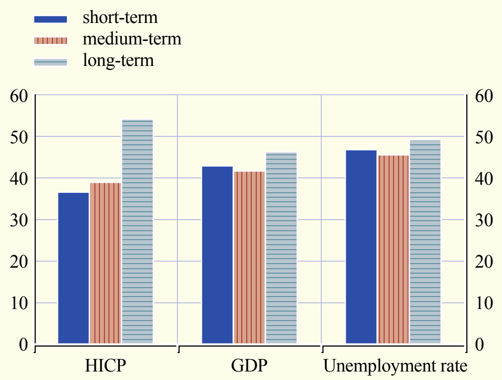


1 Time series (ARIMA)
2 Time series (single equation)
3 Time series (VAR/VEC)
4 Time series (other, e.g. factor models)
5 Macro (DSGE)
6 Macro (traditional, other)
7 Other, please specify

Source: ECB.

Chart B Degree of judgement applied to the forecast

(percentages)



Source: ECB.

the relative use of judgement across variables or horizons, except in the case of inflation (see Chart B). Judgement applied to short-term (up to one year) inflation forecasts was indicated to be around 37%, increasing to 54% for longer-term forecasts (five years ahead). For real GDP forecasts, judgement is applied, on average, slightly less (44%) than for unemployment rate forecasts (47%). For both variables no significant differences were reported across forecast horizons, although judgement is used slightly more for the long-term horizons.

Probability distributions and corresponding point estimates

The respondents were also asked how they generate their reported probability distributions for inflation, GDP and unemployment. A large majority (79%) of respondents said that their reported probability distributions are estimated on the basis of judgement, while 17% generate them from models. A small number reported that the probability distributions provided in the SPF are based on a functional form (usually the standard normal distribution).

Forecasters were also asked whether they report their mean, modal or median forecast.[3] The replies to this question revealed that a clear majority (75%) of respondents provide the point estimate which corresponds to the mean of their reported probability distribution. Almost 20% reported that their point forecast corresponds to the median, while a small proportion (7%) indicated that it corresponds to the mode of their reported probability distribution. A few respondents indicated that, depending on the economic environment, they may also deviate from the usually reported measure, using the mode or median instead of the mean, for example.

3 The mean is the weighted average of all possible outcomes, where the weights are the respondents' assessment of the probability associated with each outcome. The mode is the forecast that is most likely to occur, but does not necessarily reflect the balance of risks surrounding the most likely outcome. The median is the outcome with 50% probability above and 50% probability below. If the probability distribution is symmetric, the three measures coincide and the risks are considered to be balanced. If it is not symmetric, the balance of risks is assessed to be on the upside when the mean forecast is higher than the median, which in turn will be higher than the mode.

Other variables and conditioning assumptions

With regard to their "external" assumptions, most respondents form in-house forecasts for oil prices, exchange rates, interest rates and wage growth. In-house forecasts of oil prices are often complemented by market data, for example futures or spot rates. A few respondents reported that they use external forecasts to complement and cross-check in-house forecasts. In terms of other sources, a small number of respondents use automatic rules (e.g. a random walk). These replies suggest that, as is always highlighted in the reporting of the SPF results, SPF responses reflect a relatively diverse set of subjective views and assumptions.

In summary, the results show that the SPF responses are quite timely and that the forecasts are based on heterogeneous assumptions which are predominantly generated in house. In addition, although both structural and time series models are widely used, judgement also plays a key role. This is the case in particular for the reported probability distributions. It is thus very important to consider the heterogeneity of the SPF forecasts when analysing and interpreting either aggregate or individual results of the SPF.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

The pace of euro area activity declined markedly in the second half of 2008 as tensions increasingly spilled over from the financial sector to the real economy. Available data and survey indicators suggest that economic activity in the euro area has remained very weak in early 2009. Activity is likely to remain very subdued for the remainder of the year but is expected to gradually recover in 2010. The substantial fall in commodity prices since the summer of 2008 is supporting real disposable income and thus consumption. In addition, external as well as domestic demand should increasingly benefit from the effects of the significant macroeconomic stimulus under way as well as from measures taken to restore the functioning of the financial system both inside and outside the euro area. The risks to this outlook for economic growth appear to be broadly balanced.

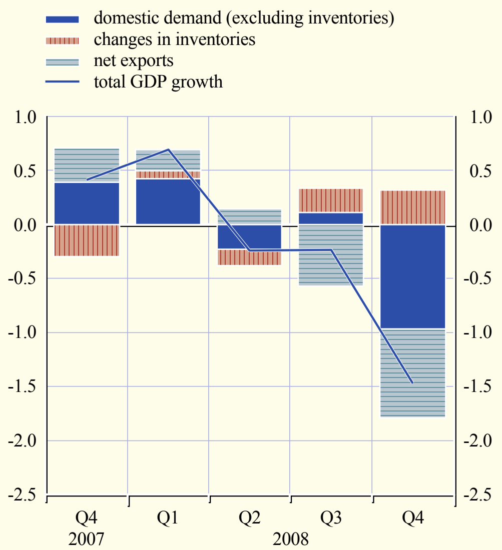
4.1 REAL GDP AND DEMAND COMPONENTS

The pace of euro area activity declined markedly towards the end of 2008 and in early 2009. Euro area real GDP fell modestly in the second and third quarters of 2008 and then contracted very sharply in the final quarter of the year, falling 1.5% quarter on quarter (see Chart 25). Surveys and monthly indicators point to a similarly sharp contraction in activity in the first quarter of 2009.

First estimates of the expenditure breakdown of GDP were released by Eurostat on 5 March. However, following receipt of updated available national data and in particular the published Italian quarterly and annual results, Eurostat exceptionally decided to publish a re-estimated component breakdown, ahead of the second regular release (scheduled for 7 April). Those re-estimated figures pointed to continued sluggish final domestic demand, reflecting a fall in consumption and a sharp decline in investment, partially offset by a modest increase in public consumption. According to these revised figures, exports and imports have fallen very significantly, reflecting the collapse in world trade, and net trade deducted 0.8 percentage point from GDP growth. Inventories contributed 0.3 percentage point to growth.

Chart 25 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 area including Slovakia.

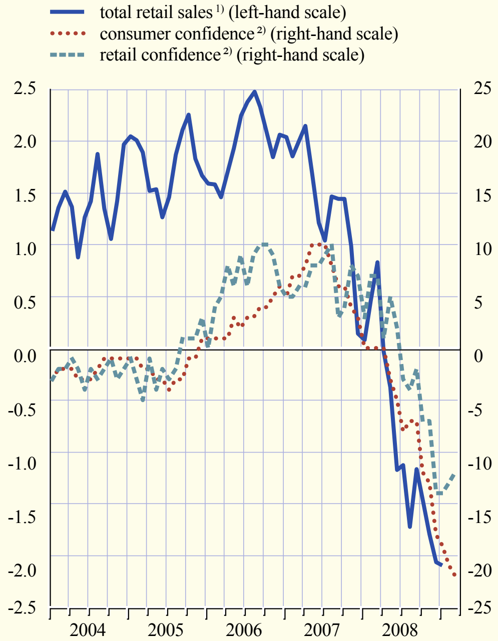
Private consumption fell by 0.3% quarter on quarter in the fourth quarter of 2008. Recent developments in indicators of consumer spending provided somewhat mixed signals about household spending at the start of 2009. On the one hand, developments in retail trade pointed to continued weakness. The volume of retail sales was unchanged in January and, on a three-month moving average basis, growth of retail sales remained negative (see Chart 26). Consumer confidence also suggested a continued weak outlook for consumer spending. Household confidence fell again in March, reaching further record low levels. However, new passenger car registrations posted a very strong month-on-month increase in February. In part, the large increase in registrations reflected the impact of fiscal scrapping incentives in Germany, which encouraged purchases of new cars. Overall, the pattern of aggregate household spending in early 2009 remains unclear.

Looking ahead, consumption is expected to remain subdued in the near term. Although substantial falls in commodity prices have boosted household purchasing power, household wealth has fallen and the deteriorating labour market situation is expected to weigh on labour income in the coming months. Continued economic uncertainty and weak consumer sentiment are likely to further depress household expenditure.

Gross fixed capital formation declined sharply in the fourth quarter of 2008, falling by 3.7% quarter on quarter. The breakdown of investment indicated a quarter-on-quarter decline in non-construction investment of 6.0%. Available indicators suggest that business investment continued to fall in early 2009, with capital goods production declining sharply. Business investment has slowed as weakening demand has lowered profitability, capacity pressures have waned, and tighter lending standards have raised financing costs and reduced funding availability. Moreover, heightened uncertainty about the economic outlook appears to have depressed corporate investment. Surveys and anecdotal evidence from euro area non-financial corporations point to widespread postponement of investment, which will further depress activity in the short term.

Chart 26 Retail sales and confidence in the retail trade and household sectors

(monthly data)



Sources: European Commission Business and Consumer Surveys and Eurostat.
Notes: Data refer to the euro area including Slovakia.
1) Annual percentage changes; three-month moving averages; working day-adjusted.
2) Percentage balances; seasonally and mean-adjusted.

Construction investment also fell in the fourth quarter of 2008 (by 1.5%). The contraction in construction investment in part reflects the ongoing adjustment in several euro area country housing markets, which has dampened residential investment.

4.2 OUTPUT, SUPPLY AND LABOUR MARKET DEVELOPMENTS

The fall in aggregate output in the fourth quarter resulted from a decline in value added across all sectors. Value added in industry excluding construction fell by 5.4% quarter on quarter, while value added dropped 1.8% in the construction sector. The decline in services value added was more muted, amounting to 0.4% quarter on quarter. Taken together, these declines represented one of the sharpest quarterly falls in aggregate euro area activity since 1970. Box 6 puts the recent developments in euro area activity into historical perspective by comparing recent activity developments in the industry and services sectors with past periods of euro area recession.

Box 6

A COMPARISON OF THE CURRENT RECESSION IN THE EURO AREA ECONOMY AND ITS TWO MAIN BRANCHES WITH PAST PERIODS OF RECESSION

Recent GDP data indicate that the recession in the euro area deepened significantly in the last quarter of 2008. Euro area GDP contracted by 1.5% on a quarterly basis, following smaller quarterly declines of 0.2% and 0.3% in the previous two quarters. The 1.5% contraction in the fourth quarter represents one of the sharpest quarterly falls in euro area GDP since 1970. A sharper contraction was recorded only in the recession of 1974-75, when GDP posted a quarterly fall of 1.6% in the fourth quarter of 1974. Against this background, this box puts the recent developments in euro area activity up to the fourth quarter of 2008 into historical perspective compared with past periods of euro area recession since 1970, comparing also recent activity developments in the two largest economic branches – industry and services – across these periods.

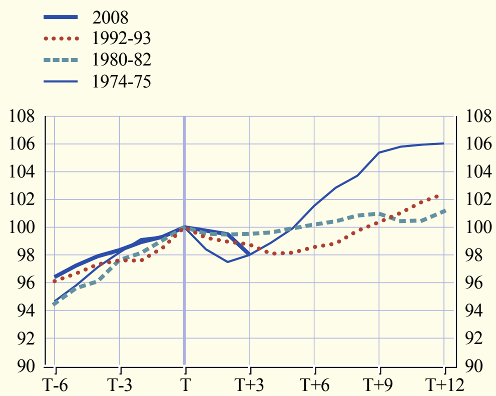
Euro area real GDP across recessions

As a rule of thumb, because of its simplicity, periods of two consecutive quarters of negative quarterly growth rates are often considered by the media to constitute a recession. However, there is no universally accepted and mechanical approach to dating recessions. Generally speaking, recessions are dated using a broad set of variables, where a significant decline in the level of overall economic activity is one essential element. A recession then starts just after an economy reaches a peak and ends when the economy reaches a trough. In the euro area, a private group, the Euro Area Business Cycle Dating Committee of the Centre for Economic Policy Research (CEPR), has so far identified three past recessions for the euro area economy: from the third quarter of 1974 to the first quarter of 1975, from the first quarter of 1980 to the third quarter of 1982 and from the first quarter of 1992 to the third quarter of 1993. In addition, the period from the first quarter of 2003 to the second quarter of 2003 has been characterised as "a prolonged pause in the growth of economic activity rather than a fully-fledged recession".[1] As regards the current recession, the CEPR has recently said that it started in the first quarter of 2008.

Chart A provides a comparison of the developments in euro area GDP in the current recession up to the fourth quarter of 2008 with those in the past three recessions, where T marks the peak of the respective cycles. The comparison highlights the uniqueness of each of the past euro area recessions in terms of their length, pattern and severity.

Chart A Comparison of euro area GDP across recessions

(index: T = 100; quarterly data)



Sources: Eurostat, AWM database and ECB calculations.
Note: T represents the peak in activity before the respective recessions. The dates of the peaks are Q3 1974, Q1 1980, Q1 1992 and Q1 2008.

1 See http://www.cepr.org/data/dating.

Extending just over two quarters, the recession in the 1970s was sharp, but relatively short. That of the 1990s was somewhat less steep, but at the same time much longer, while the shallowest recession, followed by a very slow upswing, was recorded in the 1980s.

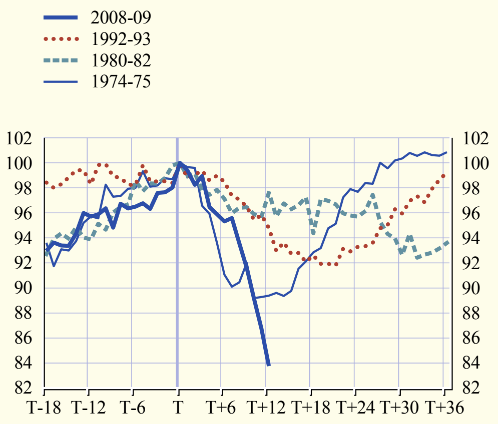
In the current recession, after two quarters of milder declines, the intensification of the financial crisis in September 2008 triggered a sharp acceleration in the contraction of euro area GDP in the fourth quarter of 2008. The current recession is, up to the fourth quarter of 2008, already longer than the 1970s recession and the output losses from peak to trough are, up to the same quarter, more severe than those in the 1980s recession, similar to those of the 1990s recession and relatively close to the magnitude recorded in the 1970s recession. Moreover, looking beyond the fourth quarter of 2008, the ongoing very adverse developments in available short-term economic indicators for the first three months of 2009 suggest that developments up to the first quarter of this year may already make it the most severe recession of all since 1970 in terms of output losses from peak to trough.

Activity in the euro area industrial and services sectors across recessions

A glance at the pattern of activity developments in the two largest economic sectors during recessions highlights the highly cyclical industrial sector as the main driver behind the falls in GDP during all recessions (see Charts B and D). By contrast, growth in services activities, which account, with 70%, for a much larger share of euro area value added than industry (20%), tends to slow during recessions, but services activity very rarely actually declines. While services activities also include components which show a relatively high degree of cyclicality such as the trade and transportation category, services activities, in general, and government-related services activities such as education and health, in particular, tend to display much smaller fluctuations than activity in industry.

Chart B Comparison of euro area industrial production (excluding construction) across recessions

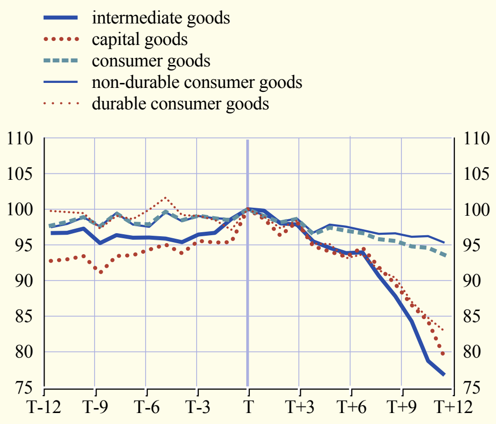
(index: T = 100; monthly data)



Sources: Eurostat, ECB and ECB calculations.
Note: T represents the peak in industrial production before the respective recessions. The dates of the peaks are June 1974, February 1980, November 1991 and January 2008.

Chart C Comparison of production across the main industrial groupings in the current recession

(index: T = 100; monthly data)



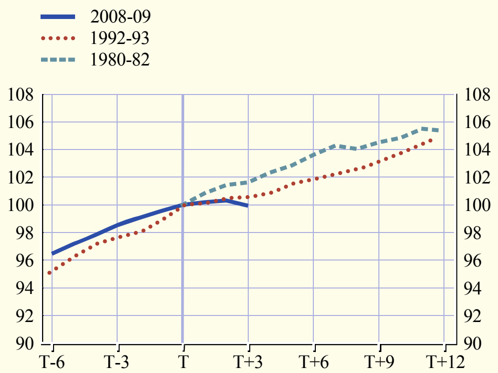
Sources: Eurostat and ECB calculations.
Note: T represents the peak in total industrial production before the 2008 recession (January 2008).

The comparison of developments in euro area industrial production (excluding construction) across recessions shows that the fall in industrial activity from its peak in the current recession was, already up to January 2009, clearly stronger than in any of the previous recessions. The decline in production over the past year was widely shared across the main industrial groupings, although the most pronounced falls were so far recorded in the intermediate goods industries (see Chart C). Also, capital goods production declined sharply, but large order books at the start of the recession may have helped to mitigate the contraction in production in that sector somewhat. Moreover, in line with previous recessions, consumer goods production decreased as well, albeit more moderately than in the other industries, reflecting the lower cyclicality in demand for these goods. This reflects milder falls in non-durable consumer goods production, whereas the contraction in production in the small category of durable consumer goods was almost as strong as that in the capital goods industry.

A comparison of the current recession with past periods of recession for services is particularly difficult, as the official data on euro area value added in services currently only start from 1995. Data for earlier periods can be approximated by retropolating the official time series to 1980 on the basis of historical data for the euro area as well as for West Germany, France, Italy and Spain. During the 1980s recession, services growth remained brisk. Developments in services value added during the current recession follow, up to the third quarter of 2008, the same pattern seen in the 1990s recession (see Chart D). Euro area services value added growth averaged 0.2% per quarter over four quarters following the peak in the 1990s recession. Thereafter, it picked up again. The current recession's three-quarter average growth stands at 0.0% and surveys point to a further deceleration in services activity in the first quarter of 2009. This would make the current recession the most severe seen for the services sector since at least 1980. Over the past year, trade and transportation services, in particular, show negative quarterly growth rates. Financial and business services show a negative growth rate in the fourth quarter of 2008. Other services, which include, in particular, government services, continue to grow (see Chart E).

Chart D Comparison of euro area services value added across recessions

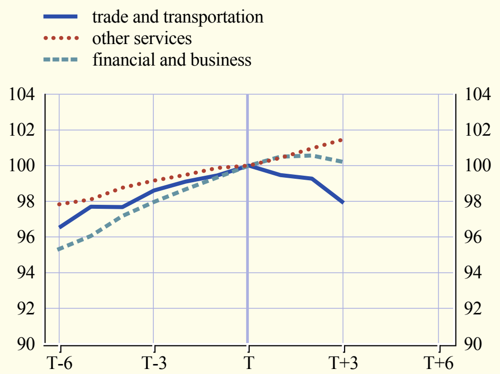
(index: T = 100; quarterly data)



Sources: Eurostat and ECB calculations.
Note: T represents the peak in GDP before the respective recessions. The dates of the peaks are Q1 1980, Q1 1992 and Q1 2008.

Chart E Comparison of developments in value added across the services sub-sectors in the current recession

(index: T = 100; quarterly data)



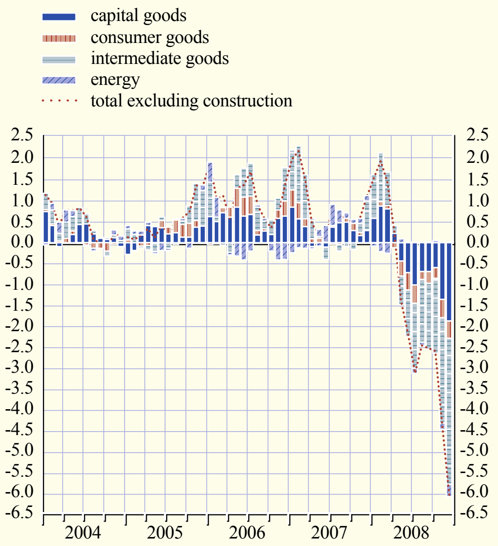
Sources: Eurostat and ECB calculations.
Note: T represents the peak in GDP before the 2008 recession (Q1 2008).

To sum up, every recession period has its unique character. The current recession appears to have started with mild declines in a historical perspective. However, the decline in activity gained considerable speed in the fourth quarter of 2008. The simultaneous output declines in the euro area and abroad and the broader effects of the financial turmoil have combined into producing a recession, which, in terms of loss of output, appears to be becoming the most severe, at least since the 1970s. Whereas output in the manufacturing sector traditionally suffers the largest falls and services sector activity usually slows but does not decline, currently one can observe simultaneous declines in both sectors. In the industrial sector, they overtake the largest falls observed since the 1970s. The services sector shows the worst performance since measurement began, dating back to the 1980s.

Monthly indicators suggest that activity remained very weak during the first quarter of 2009. Euro area industrial production (excluding construction) continued its steep downward trend in January 2009. It posted a further very sharp monthly drop in January 2009, which followed pronounced declines also in the previous months (see Chart 27). The availability of only one month of production data for the first quarter of 2009 generally allows only for a very tentative assessment of developments in the quarter as a whole. Nevertheless, the sharp contraction of production in January, together with the significant negative carryover from the falls in production during the fourth quarter of 2008, suggest a further considerable fall in euro area industrial activity in the first quarter of the year.

Chart 27 Industrial production growth and contributions

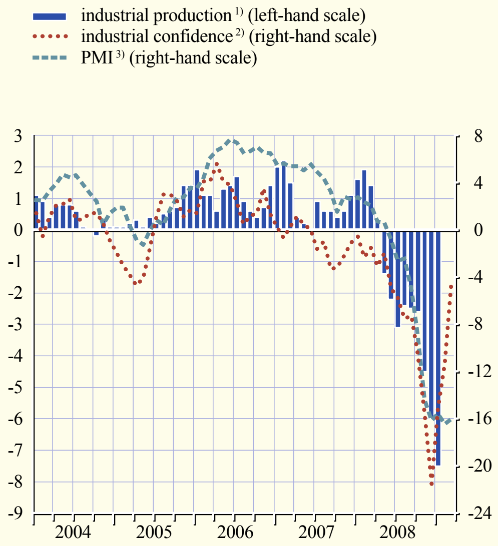
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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

Chart 28 Industrial production, industrial confidence and the PMI

(monthly data; seasonally adjusted)



Sources: Eurostat, European Commission Business and Consumer Surveys, Markit and ECB calculations.
Notes: All series refer to manufacturing. Data refer to the euro area including Slovakia.
1) Three-month-on-three-month percentage changes.
2) Percentage balances; changes compared with three months earlier.
3) Purchasing Managers' Index; deviations from an index value of 50.

The January data release for production also included some revisions to past data. These imply a somewhat higher peak in production in January 2008 and a slightly lower level of production in December 2008, i.e. an even steeper fall in production over that period than previously estimated. Some of those revisions related to the statistical changes that have been implemented in the data with the January release, in particular the adoption of the new classification system for economic activities (NACE Rev. 2), which are discussed in more detail in Box 4 of Section 3.

Business surveys confirm the very weak short-term outlook and point to very significant falls in activity in the first quarter of 2009 (see Chart 28). The PMI surveys of activity in the industrial and services sector rose slightly in March and, overall in the first quarter of the year, they have provided some signs of stabilisation of these indicators – albeit at very low levels. That may provide tentative indications, at least, of a stabilisation in the pace of economic deterioration in early 2009. By contrast, the European Commission's survey of confidence in the industrial and services sectors has provided no such indication of a slowing in momentum. Confidence across both the industrial and services sectors registered further falls in March.

LABOUR MARKET

Conditions in euro area labour markets continued to deteriorate in recent months. Employment fell 0.3% quarter on quarter in the fourth quarter of 2008 (see Table 6). The sectoral breakdown of employment will be released in early April. Looking ahead, surveys of firms' employment intentions suggest a continuation of the very subdued outlook for employment in the coming months (see Chart 29). In March the PMI index of employment intentions fell in the industrial sector and, although it registered a small pick-up in the services sector, it remained very low, indicating significant reductions in labour input by firms. The European Commission's survey of employment intentions also registered widespread falls in March, with a particularly strong fall in industry (excluding construction) and a more modest decline in the services sector.

As activity contracted, labour productivity also declined in the fourth quarter of 2008, falling by 1.2% quarter on quarter. That followed a fall of 0.1% in the third quarter of 2008. The latest release brought the year-on-year rate of productivity growth to -1.3% (see Chart 30). The latest data from the PMI productivity index suggest an ongoing deterioration in labour productivity growth.

Table 6 Employment growth

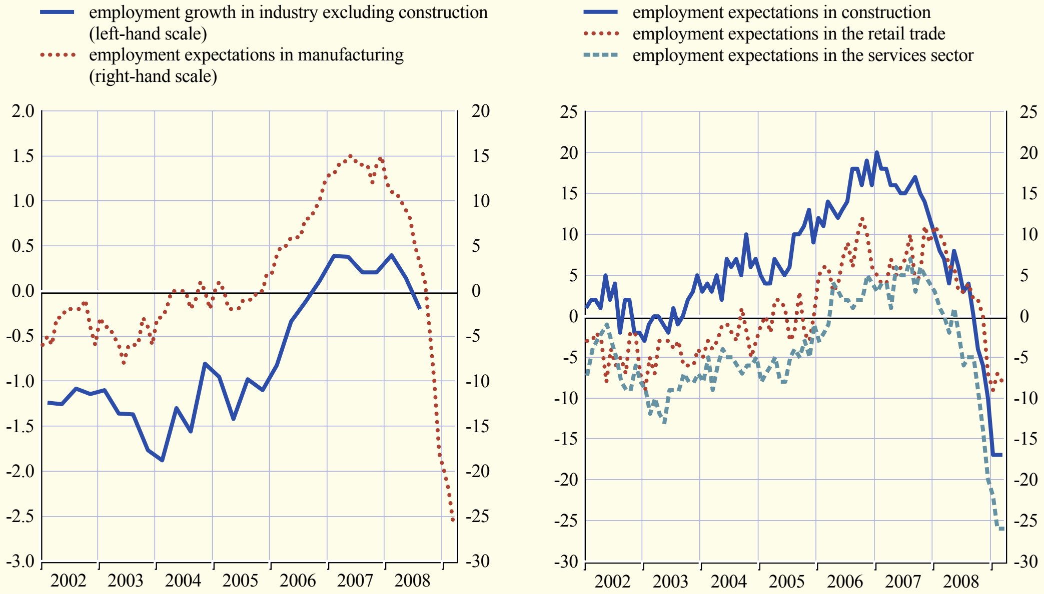
(percentage changes compared with the previous period; seasonally adjusted)

	Annual rates		Quarterly rates				
	2007	2008	2007 Q4	2008 Q1	2008 Q2	2008 Q3	2008 Q4
Whole economy	1.8	0.8	0.3	0.4	0.1	-0.1	-0.3
of which:							
Agriculture and fishing	-1.3	.	-0.3	0.6	-1.3	-0.5	.
Industry	1.4	.	0.1	0.2	-0.6	-0.7	.
Excluding construction	0.3	.	0.1	0.2	-0.1	-0.4	.
Construction	4.1	.	0.0	0.1	-1.5	-1.5	.
Services	2.2	.	0.4	0.4	0.4	0.1	.
Trade and transport	1.9	.	0.2	0.5	0.2	0.1	.
Finance and business	4.0	.	0.8	1.1	0.3	0.1	.
Public administration[1]	1.4	.	0.3	-0.1	0.6	0.1	.

Sources: Eurostat and ECB calculations.
Note: Data refer to the euro area including Slovakia.
1) Also includes education, health and other services.

Chart 29 Employment growth and employment expectations

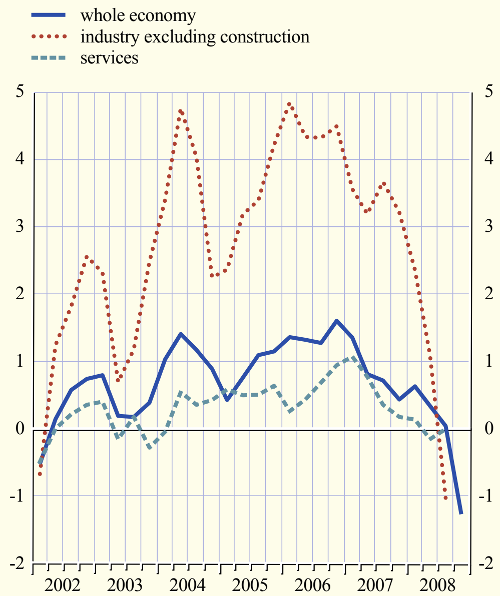
(annual percentage changes; percentage balances; seasonally adjusted)



Sources: Eurostat and European Commission Business and Consumer Surveys.
Notes: Percentage balances are mean-adjusted. Data refer to the euro area including Slovakia.

Chart 30 Labour productivity

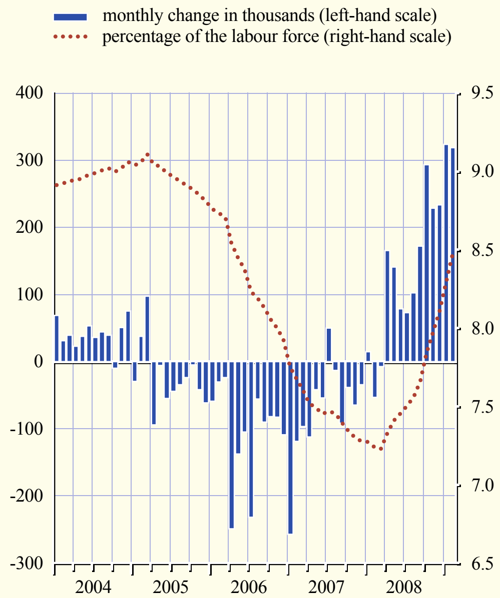
(annual percentage changes)



Sources: Eurostat and ECB calculations.
Note: Data refer to the euro area including Slovakia.

Chart 31 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.
Note: Data refer to the euro area including Slovakia.

The unemployment rate in the euro area rose to 8.5% in February, up 0.2 percentage point compared with the previous month, following a 0.1 percentage point upward revision to the January 2008 figure (see Chart 31). The rise in the unemployment rate in February represented the eleventh consecutive monthly increase and equated to an additional 319,000 unemployed persons across the euro area. The rise in the euro area rate reflects widespread increases in unemployment rates across euro area countries, particularly in Spain and Ireland (both up by 0.7 percentage point). Unemployment rates in France and Germany also rose by 0.1 percentage point. The recent rise in unemployment in the euro area highlights the need for continued government progress in implementing labour market measures that support re-employment, help to contain the rise in unemployment and support the eventual recovery. Box 7 discusses the guidelines for addressing long-term economic challenges with structural reforms, as laid down in the Lisbon Strategy for Growth and Jobs.

Box 7

STRUCTURAL POLICY PRIORITIES FOR THE EURO AREA

In recent months, economic policies have focused on short-term measures to contain the impact of the financial market crisis on the real economy. National economic policies have been guided by the principles contained in the European Economic Recovery Plan (EERP).[1] For the longer term, the Lisbon Strategy for Growth and Jobs also provides guidelines for addressing long-term economic challenges with structural reforms. In this context, the European Council recently endorsed an update of the country-specific recommendations for economic policies.[2] This box presents an assessment of structural policy priorities in the current situation, as also reflected in the updated recommendations.[3]

The recommendations for euro area countries highlight five policy challenges that require an accelerated implementation of reforms:

1. Implementing EU financial services legislation and deepening cooperation in crisis prevention, management and resolution

The impact of the current financial crisis has called for a comprehensive review of the financial markets' regulatory and supervisory frameworks. In October 2007 the ECOFIN Council agreed on a list of actions to be undertaken by 2008 at the latest. These actions focused on (i) enhancing transparency; (ii) improving valuation processes, in particular for complex or illiquid financial instruments; (iii) strengthening market functioning, in particular by reviewing the role of credit rating agencies and the "originate and distribute" model; and (iv) improving the prudential framework and banks' risk management.

1 Communication from the European Commission to the European Council: A European Economic Recovery Plan, 26 November 2008.
2 Contribution of the Council (ECOFIN) to the Spring European Council 2009: Country-Specific Integrated Recommendations.
3 The recommendations are based on the priority areas identified in the Integrated Guidelines for Growth and Jobs for the period 2008-10 and on the principles of the EERP. For background information on the Integrated Guidelines and longer-term policy challenges, see the box entitled "The 2008 update of the integrated policy guidelines of the Lisbon strategy" in the April 2008 issue of the Monthly Bulletin. For policy priorities, see the box entitled "Structural policies in times of crisis" in the December 2008 issue of the Monthly Bulletin.

From a regulatory perspective, the main focus within the EU should be on the timely implementation of the amendments to the Capital Requirements Directive (CRD) that cover the large exposures regime, the establishment of supervisory colleges, the enhancement of the quality of banks' capital, the improvement of liquidity risk management and the treatment of securitisation exposures. Further changes to the CRD are already being discussed with regard to, inter alia, the capital requirements for the trading book, securitisation and the elimination of national options and discretions. Moreover, with a view to subjecting all institutions, markets and instruments that are systemically relevant or have a key role in market functioning to appropriate regulation and oversight, the European Commission has already presented proposals for tailored regulation concerning credit rating agencies and has announced additional initiatives addressing hedge funds and over-the-counter derivatives markets.

The current crisis has revealed that policy interventions need to be globally coherent in order to be effective. In this context, consistency should be ensured with the work being carried out under the aegis of the G20.

A report published by the de Larosière Group in February 2009 highlighted, inter alia, the need to strengthen the crisis prevention framework with adequate arrangements to monitor, signal and address at an early stage macro-prudential risks, as well as to address the failures in supervisory coordination evidenced by the crisis. More specifically, it is proposed that a new body, the European Systemic Risk Council, to be chaired by the President of the ECB, should be set up under the auspices and with the logistical support of the ECB. Furthermore, the report proposes the transformation of the Level 3 Committees into European Authorities. In its Communication of 4 March 2009, the European Commission endorsed the thrust of the proposals of the de Larosière Group and announced the presentation of a "European financial supervision package" before the end of May 2009, for decision at the June European Council.

2. Securing the sustainability of public finances and addressing macroeconomic imbalances

The economic downturn has led to a sharp and widespread deterioration in euro area countries' budget balances and to a rise in general government gross debt-to-GDP ratios, partly due to major bank recapitalisations. Furthermore, state guarantees to the banking sector represent sizeable contingent liabilities. On top of this, large implicit liabilities resulting from projected increases in total age-related spending constitute an additional risk to the long-term sustainability of public finances in many euro area countries.

To secure fiscal sustainability, it is essential that the provisions of the EU Treaty and the Stability and Growth Pact are applied in full, particularly with regard to excessive deficit procedures for countries with deficits above the 3% of GDP reference value. Countries subject to such procedures need to consolidate without delay and should make a credible commitment to quickly return to sound fiscal positions. The new formula for calculating EU Member States' medium-term objectives in the light of the ageing-related fiscal burden, which is to be applied for the first time in the 2009 stability and convergence programmes, should allow for an ambitious approach for taking into account implicit liabilities related to the cost of ageing. Finally, recent experience shows how macroeconomic imbalances contribute to countries' vulnerability to external shocks and highlights the need to contain such imbalances, inter alia, with the help of sufficiently tight fiscal policies.

3. Improving the quality of public finances

Available empirical evidence indicates that the quality of public finances differs significantly across countries, suggesting scope for efficiency gains.[4] Therefore, in addition to maintaining an appropriate fiscal stance, fiscal policies can make an important contribution to economic growth and job creation by improving the quality of public expenditure and taxation. Indeed, given the scarcity of public resources, it is essential that expenditure programmes be pursued in an efficient and effective manner in order to improve productivity, long-term growth prospects and fiscal sustainability. Some of the recent fiscal measures adopted by governments to address the economic downturn (such as increases in public employment, transfer payments) run the risk of not contributing to a higher quality of public finances, particularly as they could be difficult to reverse and would then contribute to economic distortions that may inhibit long-term growth.

4. Implementing "principles of flexicurity", promoting labour mobility and better aligning of wage growth with productivity, employment and competitiveness

From a longer-term perspective, and looking beyond the current weakness, past reforms have contributed to a structural improvement in the labour market situation. Several recent national measures on the labour market side, including cuts in labour taxes and social security contributions that lower tax wedges and therefore improve incentives to work, are also heading in the right direction. Recent measures to increase flexibility in hours worked and to support re-employment can also help to contain the rise in unemployment and to support the recovery.[5]

A firmer focus on policy measures that increase flexibility and wage differentiation would contribute to the recovery and improve the functioning of labour markets in the long term. While the guidelines ask for the implementation of "principles of flexicurity", past reforms related to market flexibility have not been sufficiently comprehensive. As the economy recovers, lower dismissal costs, together with measures to support re-employment, would also increase incentives for firms to employ new workers. Wage bargaining should ensure that wages reflect firm-level productivity and take into account unemployment and competitiveness positions. Increasing cross-border mobility of labour would facilitate adjustment further. Given the limited fiscal room for manoeuvre, preference should now be given to regulatory reforms that do not have direct budgetary costs.

5. Increasing flexibility and competition in goods and services markets and deepening the internal market

Progress in policy areas promoting the internal market and competition has been limited over the past few years. Most national measures relating to the financial crisis are aimed at stimulating demand through support to businesses, mainly through facilitating access to financing for small and medium-sized enterprises, and through higher public investment.[6] Some measures under discussion targeting specific industries include elements of industrial policy that risk hindering necessary economic restructuring, distorting competition and hampering the functioning of the Single Market. National orientation in policy measures leads to undesirable spillover effects across borders and detailed real-time surveillance of such measures is required.

4 See S. Deroose and C. Kastrop (eds.), "The Quality of Public Finances: Findings of the Economic Policy Committee Working Group (2004-2007)", European Commission, Occasional Papers 37, 2008.
5 Annex to Commission Communication on Driving the European Recovery, 4 March 2009.
6 Annex to Commission Communication on Driving the European Recovery, 4 March 2009.

More emphasis should now be given to policy measures that enhance competition and innovation. The full implementation of the Services Directive is likely to improve competition in services. Further reforms aimed at lowering entry costs and increasing cross-border competition and market integration would strengthen incentives to eliminate inefficiencies, as well as enhance performance and innovation. The successful completion of the Doha round of international trade negotiations would make an important contribution to a more integrated and open world economy.

Past reform progress has been insufficient. While a number of recent economic policy measures are heading in the right direction, there is also some risk of measures hampering the functioning of the Single Market and some backtracking of past reforms based on the principles of an open and market-oriented economy. Particularly in the current situation, there is a clear need to focus on the implementation and delivery of agreed structural reforms, by fully aligning short-term measures with longer-term strategies. The opportunity provided by the financial crisis to accelerate reforms should be fully seized.

4.3 THE OUTLOOK FOR ECONOMIC ACTIVITY

The pace of euro area activity declined markedly in the second half of 2008 as tensions increasingly spilled over from the financial sector to the real economy. Available data and survey indicators suggest that economic activity in the euro area has remained very weak in early 2009. Activity is likely to remain very subdued for the remainder of the year but is expected to gradually recover in 2010. The substantial fall in commodity prices since the summer of 2008 is supporting real disposable income and thus consumption. In addition, external as well as domestic demand should increasingly benefit from the effects of the significant macroeconomic stimulus under way as well as from measures taken to restore the functioning of the financial system both inside and outside the euro area. The risks to this outlook for economic growth appear broadly balanced. On the one hand, there may be stronger than anticipated positive effects due to the decrease in commodity prices and to policy measures taken. On the other hand, there are concerns that the turmoil in financial markets could have a stronger impact on the real economy, as well as that protectionist pressures could intensify and that there could be adverse developments in the world economy stemming from a disorderly correction of global imbalances.

5 EXCHANGE RATE AND BALANCE OF PAYMENTS DEVELOPMENTS

5.1 EXCHANGE RATES

Over the past three months foreign exchange markets continued to witness sizeable swings in most major currencies amid considerable, albeit diminishing, levels of volatility. Overall, in nominal effective terms, the euro has weakened moderately since the end of 2008.

EFFECTIVE EXCHANGE RATE OF THE EURO

On 1 April 2009 the nominal effective exchange rate of the euro – as measured against the currencies of 21 of the euro area's important trading partners – stood at around 1.5% below the levels prevailing at the end of 2008 and at around 1.0% above its 2008 average (see Chart 32). The moderate depreciation of the euro since the beginning of 2009 reflects a weakening vis-à-vis the US dollar and the pound sterling, which was partly offset by a strengthening mainly vis-à-vis the Swiss franc, the Japanese yen, the Polish zloty and the Hungarian forint.

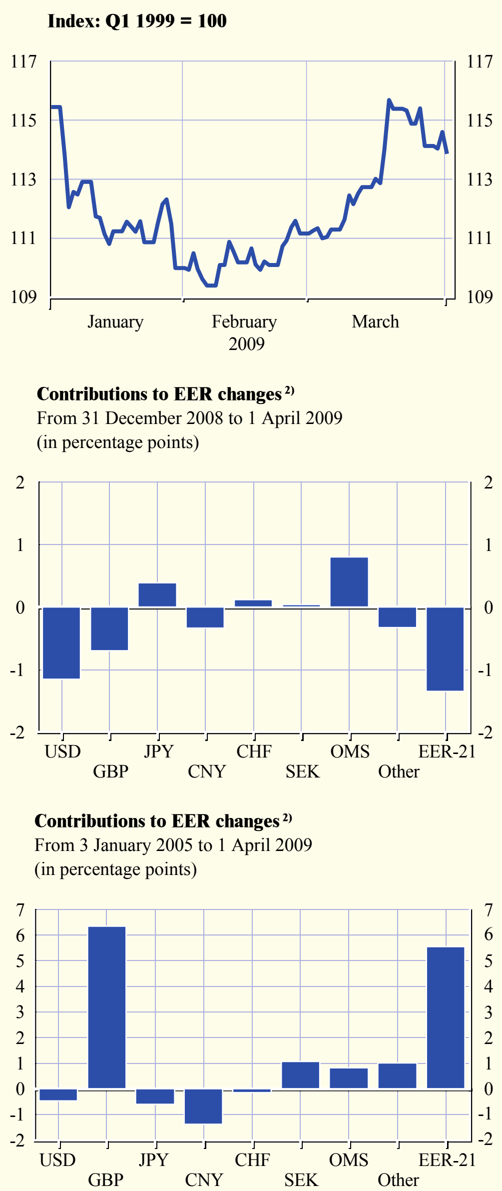
The nominal effective exchange rate of the euro continued to experience significant swings over the past three months. In particular, the euro depreciated in January, as transitory factors supporting the US dollar continued to operate and increasing evidence of the severity of the economic downturn in the euro area materialised (see Chart 32). The euro stabilised in February, partly in response to the many support measures adopted by governments and monetary authorities around the globe, and then rebounded in March, amid some retrenchment in the heightened levels of risk aversion prevailing since the end of 2008.

US DOLLAR/EURO

The euro started to strengthen against the dollar in early March, gaining pace after the announcement on 18 March by the US Federal Open Market Committee of a number of additional, unconventional measures aimed at restoring confidence and liquidity in financial markets, including the intention to buy up to USD 300 billion of longer-term Treasury

Chart 32 Euro effective exchange rate and its decomposition [1)]

(daily data)

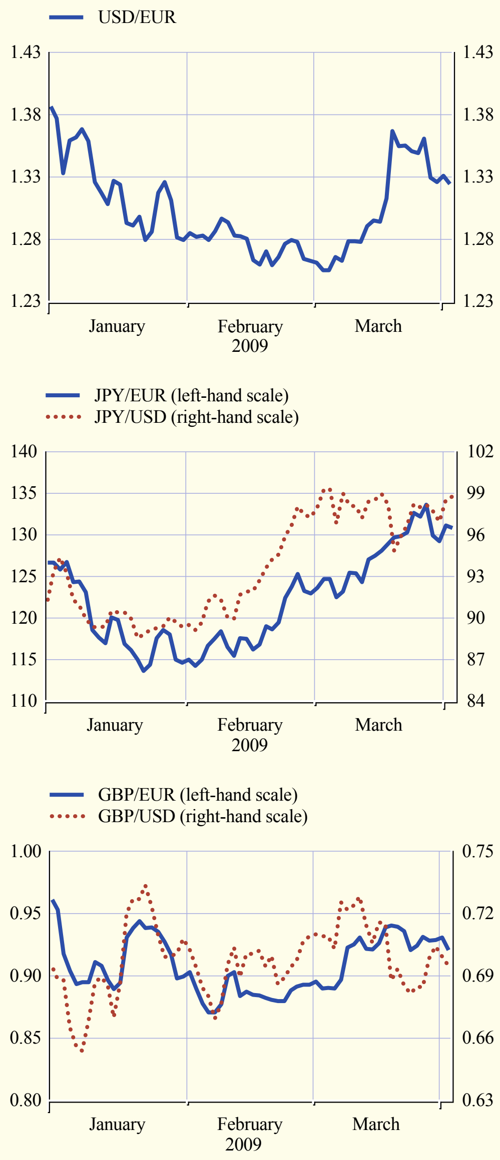


Source: ECB.
1) An upward movement of the index represents an appreciation of the euro against the currencies of 21 of the important trading partners of the euro area and all non-euro area EU Member States.
2) Contributions to EER-21 changes are displayed individually for the currencies of the six main trading partners of the euro area. The category "Other Member States (OMS)" refers to the aggregate contribution of the currencies of the non-euro area Member States (except the GBP and SEK). The category "Other" refers to the aggregate contribution of the remaining six trading partners of the euro area in the EER-21 index. Changes are calculated using the corresponding overall trade weights in the EER-21 index.

securities. On 19 March the euro had appreciated by 5% in bilateral terms relative to 17 March, reflecting the short-term impact of this announcement. In the subsequent days, however, this rapid appreciation was reversed in part. On 1 April the euro was trading at USD 1.32, which was still around 5% below the levels prevailing at the end of December and 10% weaker than its average level in 2008 (see Chart 33). The appreciation in March followed an overall weakening in the first two months of 2009. In January the euro declined vis-à-vis the US dollar, as macroeconomic data releases pointed towards the need for further significant revisions to the growth outlook for the euro area. Some widening in government bond spreads in the euro area, possibly reflecting the reassessment by market participants of the medium-term fiscal outlook in a number of euro area countries, may also have been a contributing factor weighing on the euro. After stabilising in February, the euro rebounded in March amid increasing signs that financial markets were returning to normal.

Chart 33 Patterns in exchange rates

(daily data)



Source: ECB.

JAPANESE YEN/EURO

In mid-February, the euro started to appreciate vis-à-vis the Japanese yen. This trend continued in March, as the negative effect on the currency of the sharp decline in economic activity in Japan in the last quarter of 2008 was reinforced by significant revisions to its growth outlook, revealing the extent to which the country has been affected by the global economic downturn. On 1 April 2009 the euro stood at JPY 130.9, i.e. 3.7% stronger than its level at the end of December (see Chart 33), but still around 14% weaker than its average in 2008. The recent appreciation of the euro against the yen follows a prolonged period of weakness throughout the second half of 2008 and in January 2009. The factors underpinning the broad-based strength of the Japanese yen were related to the heightened perceptions of risk in financial markets, as well as narrowing interest rate differentials among main economic areas, which jointly reduced the attractiveness of the Japanese currency as a means of funding carry trade positions. The massive and generalised deleveraging of financial positions driven by widespread liquidity needs and a likely higher recourse to foreign exchange risk hedging may also have supported the Japanese currency until January 2009.

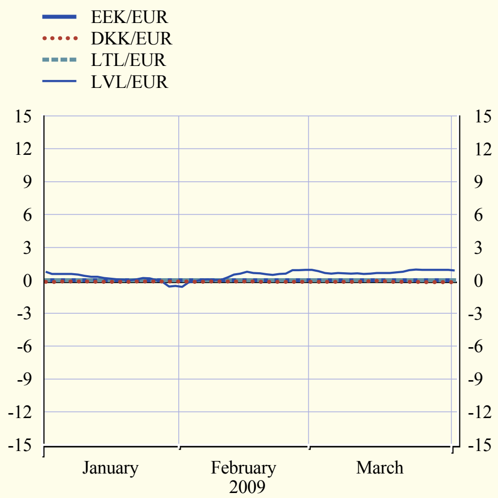
EU MEMBER STATES' CURRENCIES

Over the past three months, most currencies participating in ERM II have remained stable, trading at, or close to, their respective central rates (see Chart 34). The Latvian lats appreciated in January, temporarily reaching the stronger side of its fluctuation band, but subsequently depreciated in February. By the end of March the Latvian lats was trading at values almost 1% weaker than its ERM II central rate.

With regard to the currencies of other EU Member States not participating in ERM II, in late February and early March the euro strengthened against the pound sterling amid a stream of evidence confirming the severity of the ongoing downturn in the United Kingdom. On 1 April 2009 the euro traded at GBP 0.92, which was 3.3% weaker relative to its level three months earlier and 15.5% stronger than its 2008 average. The recent appreciation of the euro vis-à-vis the pound follows a weakening in January, after an historical peak of GBP/EUR 0.98 was reached on 29 December 2008. The market response to the levels around which the pound sterling was trading at the end of 2008 relative to historical averages reportedly provided some support to the pound in January and early February 2009, despite the Bank of England's further reduction in official interest rates by 50 basis points on 9 January and renewed signs of weakness in the UK banking sector. The euro has appreciated about 14% against the Hungarian forint and almost 10% vis-à-vis the Polish zloty since the end of 2008, although in March both currencies recovered some of the earlier losses.

Chart 34 Patterns in exchange rates in ERM II

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



Source: ECB.
Note: A positive (negative) deviation from the central rate against the euro implies that the currency is on the weak (strong) side of the band. For the Danish krone, the fluctuation band is ±2.25%; for all other currencies, the standard fluctuation band of ±15% applies.

OTHER CURRENCIES

The rapid increase in implied foreign exchange volatility in the second half of 2008 and early 2009 has had a significant effect on the strengthening of the Swiss franc against the euro, by lowering the funding role of the Swiss franc in carry trade operations. In addition to this, the franc was perceived by market participants as a safe haven during the financial turmoil. The euro continued to depreciate vis-à-vis the Swiss franc until the early part of March 2009. Following the policy meeting of the Swiss National Bank on March 12 and the announcement that it would intervene in the Swiss corporate bond market and in foreign exchange markets, the Swiss franc weakened rather significantly. On 1 April the euro reached CHF 1.51, a level which is around 2% stronger relative to values at the end of December and 5% weaker than its average level in 2008. In the first three months of 2009, the euro weakened by around 9% against the Norwegian krone, as investors were reportedly seeking a safe haven in countries running current account surpluses.

5.2 BALANCE OF PAYMENTS

The euro area current account continued to experience a widening deficit, which reached €73.9 billion (or 0.8% of GDP) in the year to January 2009 and was driven mainly by a growing goods trade deficit. In the financial account, higher inflows in portfolio investment accounted mostly for the rise in combined direct and portfolio investment to a cumulative €110.5 billion in the year to January 2009.

TRADE AND THE CURRENT ACCOUNT

Building on the broad-based widening trend since mid-2008, the euro area current account deficit reached a cumulative €73.9 billion (working day and seasonally adjusted) in the year to January 2009, corresponding to 0.8% of GDP, compared with a surplus of €17.0 billion a year earlier. Developments in the euro area current account can be attributed primarily to a shift from a surplus to a deficit in the goods balance, although a move into deficit in the income account and a slight decrease in the surplus for services also played a role. The deterioration in goods trade, amid the higher cost of oil imports during the first half of 2008 and the slowdown in exports worldwide in the second half of the year, brought the deficit in the goods balance to €6.6 billion in the year to January 2009, compared with a surplus of €49.5 billion a year earlier (see Chart 35).

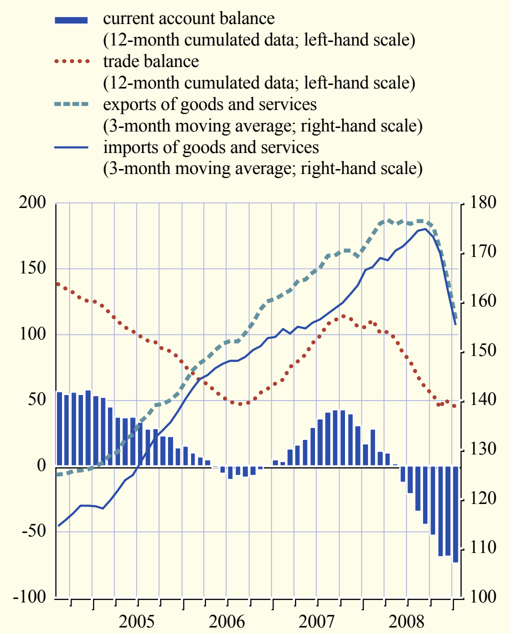
Looking at the most recent developments, the contraction in euro area exports and imports of goods intensified in the three-month period to January 2009, with exports and imports declining in value terms by 12.4% and 11.5% respectively. This compares with a contraction of 1.2% for exports and 0.3% for imports in the three-month period to October 2008 (see Table 7).

The breakdown of goods trade into volumes and prices, available up to December 2008, shows that the strong downturn in goods trade was mostly due to a decline in volumes. Volume export growth had already started to contract in the second quarter of 2008, and this accelerated sharply in the last quarter of 2008. The observed decline is largely attributable to weaker global demand and, from September 2008 onwards, to deteriorating trade financing conditions worldwide. The decline in import values in the last quarter of 2008 was owing to falls in both import volumes and prices, mostly as a result of decreases in oil and non-energy commodity prices, and lower domestic demand.

While the negative import price growth in the last quarter of 2008 was due to the fall in oil prices, on a 12-month cumulated basis, higher oil and non-oil commodity prices still accounted for most of the growth in the value

Chart 35 The euro area current account and trade balances

(EUR billions; monthly data; seasonally adjusted)



Source: ECB.

Table 7 Main items of the euro area balance of payments

(seasonally adjusted, unless otherwise indicated)

	2008 Dec.	2009 Jan.	Three-month moving average figures ending 2008 Apr.	2008 July	2008 Oct.	2009 Jan.	12-month cumulated figures ending 2008 Jan.	2009 Jan.
			EUR billions					
Current account	-7.6	-12.7	-0.3	-4.7	-7.6	-12.0	17.0	-73.9
Goods balance	-0.1	-2.3	3.0	-0.6	-1.8	-2.9	49.5	-6.6
Exports	116.0	111.0	134.3	134.5	132.9	116.4	1,524.7	1,554.1
Imports	116.1	113.3	131.2	135.1	134.7	119.2	1,475.2	1,560.7
Services balance	4.7	4.6	5.1	3.7	3.8	4.2	56.1	50.3
Exports	39.8	39.6	42.3	41.2	42.3	40.3	493.5	498.1
Imports	35.0	35.0	37.2	37.6	38.5	36.0	437.4	447.9
Income balance	-4.3	-4.2	-0.6	-0.9	-2.1	-4.1	5.3	-23.1
Current transfers balance	-8.0	-10.8	-7.9	-6.8	-7.5	-9.2	-93.9	-94.4
Financial account [1]	6.9	54.2	6.8	31.0	26.3	22.2	8.8	258.7
Combined net direct and portfolio investment	-4.8	-22.8	-21.3	14.3	53.7	-9.8	19.8	110.5
Net direct investment	-15.9	-19.5	-21.7	-13.3	-14.7	-29.2	-148.1	-236.7
Net portfolio investment	11.1	-3.3	0.3	27.5	68.4	19.4	167.9	347.1
Equities	23.3	-51.7	4.6	-1.0	-15.7	2.5	28.8	-28.5
Debt instruments	-12.2	48.4	-4.2	28.5	84.0	16.9	139.0	375.6
Bonds and notes	-13.3	20.8	3.1	23.3	20.0	9.7	198.1	168.4
Money market instruments	1.1	27.6	-7.3	5.2	64.0	7.2	-59.1	207.3
			Percentage changes over previous period					
Goods and services								
Exports	-4.7	-3.3	3.0	-0.5	-0.3	-10.6	9.0	1.7
Imports	-9.1	-1.9	1.2	2.5	0.3	-10.3	6.9	5.0
Goods								
Exports	-4.9	-4.3	4.1	0.2	-1.2	-12.4	8.3	1.9
Imports	-9.5	-2.4	1.6	3.0	-0.3	-11.5	6.1	5.8
Services								
Exports	-4.2	-0.4	-0.3	-2.4	2.6	-4.8	11.5	0.9
Imports	-8.1	-0.0	-0.3	1.1	2.4	-6.3	9.8	2.4

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

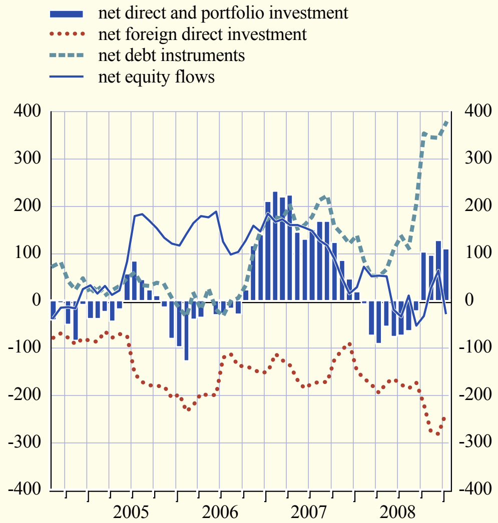
of imports. Overall, the oil trade deficit increased to €216.6 billion in the 12-month period to November 2008, compared with €172.2 billion over the same period a year earlier.

The geographical breakdown of euro area goods trade shows that, in the last quarter of 2008, euro area export volumes to the United States, United Kingdom, Asia and the Member States that have joined the European Union since 2004 fell compared with the previous quarter. Despite a decrease in oil revenues due to falling oil prices, the growth in export volumes to OPEC countries remained fairly robust. In terms of broad categories of goods, the most significant declines in export volumes in the last quarter of 2008 were for intermediate goods, while import volumes fell, in particular, for capital goods, reflecting the overall slowdown in global economic activity, as well as the high import-intensity of investment goods.

Turning to the other components of the current account, the surplus in services decreased to €50.3 billion in the year to January 2009, from €56.1 billion a year earlier. At the same time, the income balance fell by €28.4 billion, from a surplus of €5.3 billion in the 12-month period to January 2008 to a deficit of €23.1 billion in the 12-month period to 2009, resulting largely from higher income payments to non-euro area residents. Meanwhile, the deficit in current transfers widened slightly from €93.9 billion in the year to January 2008 to €94.4 billion a year later.

Chart 36 Euro area combined direct and portfolio investment

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



Source: ECB.

FINANCIAL ACCOUNT

There was a sizeable increase in net inflows in combined direct and portfolio investment in the 12-month period to January 2009, to €110.5 billion, compared with net inflows of €19.8 billion a year earlier (see Chart 36). This increase was driven primarily by higher net inflows in portfolio investment, mainly due to higher net investment in money market instruments. The environment of elevated risk aversion and the liquidity shortages that prevailed after the deepening of the financial turmoil in September 2008 led both resident and non-resident investors to repatriate funds, as well as to diversify into more liquid types of holdings, such as money market instruments. Specifically, net inflows in money market instruments surged to €207.3 billion in the 12-month period to January 2009, compared with net outflows of €59.1 billion a year earlier. In September and October 2008, net inflows in this financial instrument category reached their highest levels since 1999. Increased home bias also seems to be a factor, as direct investment flows were scaled back in the 12-month period to January 2009 on both the asset and liability sides. Nevertheless, the decline in net investment by foreigners in the euro area exceeded the contraction in euro area investment abroad.

Turning to the most recent developments, combined direct and portfolio investment recorded average monthly net outflows of €9.8 billion in the three-month period to January, as opposed to net inflows of €53.7 billion in the preceding three-month period (see Table 7). This switch relates primarily to lower net inflows in portfolio investment and, in particular, in money market instruments.

ARTICLES

THE EXTERNAL FINANCING OF HOUSEHOLDS AND NON-FINANCIAL CORPORATIONS: A COMPARISON OF THE EURO AREA AND THE UNITED STATES

This article compares the external financing of households and non-financial corporations in the euro area and the United States in the period from 2000 to the third quarter of 2008, with a focus on the period of the financial turmoil. The extent to which the external financing of households and non-financial corporations in the euro area is based on banks (which refers here to the origination and holding of bank loans) is much greater than in the United States, where non-bank lenders (such as government sponsored enterprises and private issuers of asset-backed securities) and market-based financing (including securitisation, whereby bank loans are removed from banks' balance sheets) play a more important role. With respect to the period of the financial turmoil, which started in mid-2007, the growth of the external financing of households and non-financial corporations in both economic areas has declined. With respect to non-financial corporations, bank financing gained importance in both economic areas in the period of the financial turmoil. In the case of US non-financial businesses in particular, this is likely to be related to problems encountered by banks in off-loading loans via loan sales and securitisation. While bank credit standards and the cost of financing of non-financial corporations have tightened considerably in both economic areas, there were no clear indications as at the third quarter of 2008 that quantitative credit restrictions for euro area non-financial corporations have played a substantial role in shaping financial developments.

1 INTRODUCTION

The structure and development of the external financing of households and non-financial corporations in the euro area and the United States is, first, closely connected with the structure of the financial system in the respective economic areas. As the euro area financial system is more bank-based, loans on the balance sheets of banks have a much greater importance in the euro area than in the United States in the external financing of households and non-financial corporations. Second, external financing delivers interesting insights about the need for this financing in the context of economic developments, household disposable income and saving ratios, and corporate profit and investment developments. Third, the structure of external financing provides information about the relative importance of financing instruments and about financial innovation, such as the growing importance of securitisation in recent years prior to the start of the financial turmoil in mid-2007, and the decline in such financing alternatives thereafter.

The financial turmoil had an impact on the external financing of households and non-financial corporations as some financing alternatives practically dried up and questions arose regarding impediments to access to financing. In this context, it is of interest to compare the extent to which the worldwide financial turmoil has affected external financing in economic areas with different financial structures, such as the euro area and the United States.

The dominant role of banks in financing and the smaller scale of securitisation activities in the euro area have limited the scope for re-intermediation and possible substitution into bank lending from non-bank and market-based funding in the wake of the financial turmoil, compared with the situation in the United States. Moreover, lower household debt levels and higher saving ratios should make euro area households less dependent on external financing for sustaining consumption and less sensitive to variations in asset values. By contrast, non-financial corporations in the euro area could be more susceptible to changes in financial conditions, despite debt levels broadly comparable to those of the non-financial business sector in the United States, given that they have relied on net borrowing to finance investment to a greater extent than their US counterparts.

Therefore, analysing financial positions and financing developments is important in order to understand to what extent the crisis has affected the household and non-financial corporate sectors in the two economic areas. Furthermore, since changes in the financing patterns of both households and non-financial corporations have occurred since the start of the financial turmoil, this article examines two periods, i) from 2000 to mid-2007[1] and ii) from mid-2007 to the third quarter of 2008 (the last period for which comprehensive data are available for the euro area). Hence, this article does not take into account financing developments after the intensification and broadening of the financial crisis from September 2008.

Against this background, this article mainly focuses on external financing flows of households and non-financial corporations in the euro area and the United States and compares their significance and changes over time. The article first presents a short overview of some of the main features of the capital markets in the euro area and the United States (Section 2). Section 3 investigates the financial situation, financing structure and financing developments with respect to the household sector in the euro area and the United States. Section 4 presents the corresponding analysis with respect to non-financial corporations. Section 5 concludes.

2 THE FINANCIAL SYSTEM IN THE EURO AREA AND THE UNITED STATES

The external financing structure of households and non-financial corporations is connected with the structure of the financial system, namely the importance of bank financing (which refers here to the combination of originating and holding bank loans) versus market-based financing (which includes the option to sell loans, which have been originated by banks, to non-banks or securitise them). Overall, capital markets related to the private sector are somewhat larger in the United States than those in the euro area (see the table), amounting to 375% of GDP in 2007, compared with 311% of GDP in the euro area. The euro area has traditionally had a largely bank-based financial system, with loans to the private sector that remain on banks' balance sheets amounting to 145% of GDP in 2007. By contrast, in the United States bank lending (with loans being originated and held by banks) to the private sector is much less important, and amounted to 63% of GDP in 2007.

While euro area stock market (quoted shares issued) and corporate bond market (debt securities issued by the private sector) capitalisations have increased in the past decade, to stand at 85% and 81% of GDP respectively in 2007, these markets are still considerably smaller than those in the United States, where the market capitalisations amounted to 144% and 168% of GDP respectively in 2007.

The more market-based system in the United States reflects long-standing disintermediation over previous decades, while the largely bank-based system in the euro area has changed in

1 For a comparison with the period from the mid-1990s to 2002, see the article entitled "Developments in private sector balance sheets in the euro area and the United States" in the February 2004 issue of the Monthly Bulletin.

The size of capital markets related to the private sector in the euro area and the United States

(percentages of GDP; end of year)

	euro area		United States	
	1998	2007	1998	2007
capital market related to the private sector	200	311	300	375
of which:				
quoted shares issued	63	85	145	144
debt securities issued by the private sector	45	81	107	168
bank loans to the private sector	92	145	49	63

Sources: BIS, DataStream, ECB, Eurostat, IMF, World Federation of Exchanges and ECB calculations.
Notes: The size of capital markets is defined as the sum of the stock market capitalisation (quoted shares issued), bank loans granted to the private sector and debt securities issued by the private sector. Figures may not add up due to rounding.

recent years.[2] The rapid growth of securitisation markets and a surge in syndicated lending activity in the euro area, until the slowdown owing to the financial turmoil which started in mid-2007, led to a stronger market orientation on the part of the euro area banking sector. Financial innovation, including in particular the option to raise funds through securitisation processes,[3] had a favourable impact on the funding costs of banks. These developments blurred the traditional distinction between a bank-based and a market-based system. Moreover, banks were able to grant additional loans without increasing leverage due to the option to sell assets in the context of true-sale securitisation, at least to the extent that this allowed the assets to be removed from their balance sheets ("derecognised"). In turn, this kind of financing influenced the pricing of bank loans and contributed overall to easier credit availability in the euro area economy in recent years prior to mid-2007. This was mirrored by an increasing gap between bank loans granted to the private sector and deposits from the private sector (the so-called funding gap). Nevertheless, those deposits remained the main funding source for the euro area banking sector.

In line with the largely bank-based financial system in the euro area, the external financing of euro area non-financial corporations consists to a large extent of loans originated and held by banks. In the United States, loans from non-bank providers and market-based external financing are considerably more important than in the euro area. The importance of non-bank loans reflects the larger role of securitisation and syndicated loan activity compared with the euro area. The larger role of securitisation in the United States may be driven partly by accounting standards that allow bank loans which are sold to non-banks during a securitisation process to be derecognised from banks' balance sheets more easily than in the euro area. A similar picture emerges for the external financing of households. In both currency areas, banks are the main originator of financing for households. However, the spectrum of institutions that exists in the United States to take over loans originated by banks is considerably larger than in the euro area. These institutions were created for the purpose of enhancing the availability and reducing the cost of credit to certain sectors of the economy, with the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), in particular, being tasked with promoting home ownership. The enhancement of the credit supply stems from an implicit government guarantee that allows these two agencies to enjoy a lower cost of capital in order to fund their activities, which involve purchasing, guaranteeing and securitising mortgages. In addition to government sponsored enterprises, there exists in the United States a broader set of private issuers of asset-backed securities compared with the euro area. These issuers are in many cases linked to banks and have increased in size and importance since 2004, in part as a reaction to tighter capital requirements and greater balance sheet controls applied to government sponsored enterprises, but also due to regulatory changes leading to an acceleration in the growth of off-balance-sheet activities of banks and higher leverage ratios.

At the same time, on a worldwide scale, the move from a traditional "originate to hold" model to what is sometimes called an "originate to distribute" model was accompanied by an insufficient pricing of risk, easing in underwriting standards and increased reliance on complex and opaque credit instruments. These instruments proved fragile under stress, particularly in the context of the financial turmoil which was triggered by the sub-prime crisis in the United States. The drying-up of some markets since the start of the financial turmoil, related to the greater risk aversion of investors, led to a rebound in bank financing as a share of the total external financing of private borrowers, in particular non-financial corporations, both in the euro area and in the United States (see Sections 3 and 4).

2 See the article entitled "The role of banks in the monetary policy transmission mechanism" in the August 2008 issue of the Monthly Bulletin.

3 For more details, see the article entitled "Securitisation in the euro area" in the February 2008 issue of the Monthly Bulletin.

Box

A COMPARISON OF THE EURO AREA ACCOUNTS WITH THE INTEGRATED MACROECONOMIC ACCOUNTS OF THE UNITED STATES

Euro area accounts

The euro area accounts (EAA) present a comprehensive overview of economic and financial developments in the euro area, broken down by institutional sector. The EAA are the implementation of the integrated economic accounts described in the System of National Accounts 1993 (SNA93) and the European System of National and Regional Accounts (ESA95). The EAA distinguish five institutional sectors in the non-financial accounts (non-financial corporations, financial corporations, general government, households and non-profit institutions serving households, and the rest of the world). In the financial accounts, the financial corporations sector is subdivided into monetary financial institutions (MFIs), insurance corporations and pension funds (ICPFs) and other financial intermediaries (OFIs). The EAA provide a full description of all transactions between economic agents in a given period, from income generating transactions to financial transactions, as well as other changes in assets and the financial balance sheet. The accounts are nearly fully reconciled: uses (including changes in financial assets) are equal to resources (including changes in liabilities) for all flows and stocks in the system and there are no statistical discrepancies regarding the financial corporations, general government and rest of the world sectors.

The EAA have been published at a quarterly frequency since June 2007, and time series are available from the first quarter of 1999. The accounts are jointly compiled by the ECB and the Statistical Office of the European Communities (Eurostat). While the compilation of the non-financial accounts is the shared responsibility of the two institutions, the ECB is responsible for the compilation of the financial accounts.

Integrated macroeconomic accounts of the United States

The Board of Governors of the Federal Reserve System (FRB) has published tables of flow-of-funds account (FFA) data at a quarterly frequency since 1959. These tables cover the transactions reported in the capital account (savings and capital expenditures), as well as financial investment and financing of institutional sectors. The Bureau of Economic Analysis (BEA) produces the national income and product accounts (NIPA), which focus on macroeconomic aggregates but also provide breakdowns by institutional sector and transaction, as well as the international transactions accounts (ITA).

Although the NIPA, FFA and ITA together provide most of the economic accounts described in the SNA93, these data are not fully integrated and show some inconsistencies. Since 2006 the BEA and the FRB have jointly published annual data called the "integrated macroeconomic accounts of the United States" (SNA-USA), describing the full sequence of accounts. However, the SNA-USA are not reconciled across transactions and sectors. They also differ in some respects from the SNA93 framework, for instance in the delineation between the non-financial corporation and household sectors. In the United States, all sole proprietorships and partnerships are part of the non-financial non-corporate business sub-sector. Moreover, this sub-sector, which forms part of the non-financial business sector, includes individuals in their capacity as receivers of rental income. Therefore, in order to be consistent with the SNA93 (and comparable to the EAA) part of this sub-sector would need to be allocated to the household sector.

Comparability of the system of accounts in the two currency areas

The EAA financial accounts present the MFI sector, which is shown consolidated for most of the transactions, together with the OFI and ICPF sectors. In the SNA-USA, the total financial corporation sector is presented, while a more detailed breakdown is available in the FFA. The EAA MFI sector broadly corresponds to four financial sub-sectors in the FFA that are not consolidated, namely the central bank, commercial banking, savings institutions and credit unions sub-sectors.

In terms of asset coverage, the EAA do not yet provide estimates for non-financial assets by sector, contrary to the SNA-USA and the FFA. Some further differences exist in the definition of general government investment and non-financial assets as regards certain types of defence expenditure. Moreover, the SNA-USA and FFA data do not include inter-company loans or inter-company equity holdings, whereas the EAA do. The latter difference is particularly relevant in the case of equity purchases related to mergers and acquisitions, which may result in negative equity issuance in the US data when financed by debt.

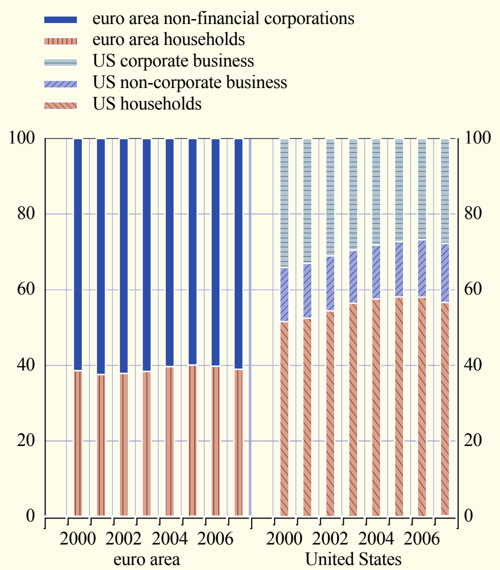
The different classifications of non-corporate business also affect the comparability of debt data. The chart shows the debt of the various sectors as a share in the total debt of the private non-financial sectors of the two economic areas. The fact that debt incurred by certain non-corporate business units is classified as part of the debt of the business sector implies a lower figure for US household debt (and a higher figure for US business sector debt) than the amount calculated in a way that is methodologically comparable to the way in which the EAA household debt is calculated. The area in the chart which corresponds to the total debt of the non-corporate business sector provides an upper limit to such difference.

To be fully comparable, the corporate debt figures for the two economic areas should also be corrected for differences in the valuation of debt securities: in the EAA, debt securities are valued at market prices, whereas in the US FFA they are valued at the nominal value adjusted for accrued interest. Similarly, unquoted equity is valued at the book value in the US data, while current value estimates are provided in the EAA.

In the quarterly data some additional differences exist between the US statistics and the EAA. For example, the NIPA and FFA employ a concept of "net personal disposable income" that is slightly different from the European "net disposable income" concept, as it includes interest payable and current transfers payable. These items are entered in the accounts as part of "personal outlay", a broader category than the SNA93 definition of individual final consumption. Moreover, the FFA treat household consumer durables

Breakdown of the debt of the private non-financial sectors in the euro area and the United States

(percentages)



Sources: ECB and Board of Governors of the Federal Reserve System.

as non-financial assets, whereas the NIPA exclude them from gross fixed capital formation (creating an inconsistency between the two sets of US data also).

For the purposes of this article, the SNA-USA data have been adjusted to make them comparable to euro area data to the extent possible. In some cases, however, adjustments have been made to EAA data, rather than the US data, when the converse adjustment was not possible. Specifically, EAA data on inter-company loans and corporate equity have been consolidated. Finally, the different sector delineations and instrument valuations have not been harmonised, as no information is available to enable such adjustments to be made.

3 EXTERNAL FINANCING OF HOUSEHOLDS IN THE EURO AREA AND THE UNITED STATES

This section examines the overall financial situation of households in both economic areas and then describes the main features of the financing structure of households and its development in the euro area and the United States over the past decade. In addition, external financing flows are analysed over that period, with a focus on the period of financial market tensions since mid-2007. Due to methodological differences described in detail in the box above, differences between the two currency areas, for example in terms of debt levels or debt service burdens, may be even more pronounced than is visible in the data.

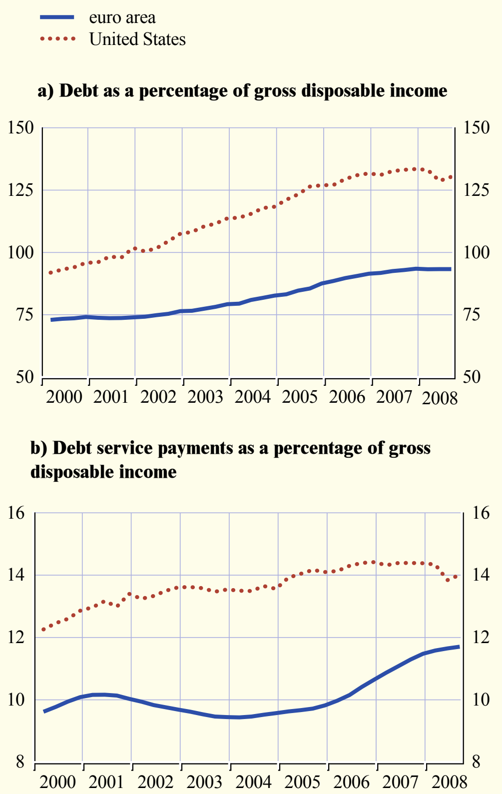
FINANCIAL SITUATION

In both currency areas, household debt levels (defined as outstanding debt relative to gross disposable income) have remained elevated in recent quarters, with household debt in the United States, however, at considerably higher levels. Debt levels in the euro area increased in particular in the period between 2003 and early 2007, after a period of stable debt levels between 2000 and 2002 linked to the end of the "new economy" boom and the subsequent worsening of the economic situation. In the third quarter of 2008 the household debt level in the United States stood at 130% of disposable income – considerably above the level in the euro area, which was 93% in the same period (see Chart 1). Differing debt levels in the two currency areas may give some insights about different needs for deleveraging and thus different financing developments in the future. However, "sustainable" debt levels are difficult to derive theoretically and a proper assessment of debt levels measured at the macro level should be complemented by a distributional analysis at the micro level. Unfortunately, the data required for such an analysis are not available for the most recent years and with a suitable frequency. The increase in debt levels in the period 2003-2006 mainly reflected favourable financing conditions, strong housing market dynamics and a robust economic outlook. Household indebtedness levelled off in 2007 and 2008. This development occurred due to moderating loan dynamics on account of increases in interest rates and later due to the start of the financial market turmoil triggered by the sub-prime crisis and leading to moderating house prices – in the United States and some euro area countries house prices even declined. This levelling-off occurred on the back of moderating mortgage debt in both currency areas. Mortgage debt is by far the largest component of household debt: in the third quarter of 2008 it accounted for 75.9% of the total debt of US households, whereas MFI mortgage loans comprised 63.6% of the outstanding debt of the euro area household sector in the same period.

Changes in household debt levels may hide structural changes that allow households to assume a higher debt level without necessarily incurring a higher debt service burden (measured in terms of debt service payments as a percentage of gross disposable income). In the case of the euro area, such structural changes in past years have also been associated with the process of convergence towards lower inflation and interest rates in a number of countries in the context of the introduction of the euro.

Chart 1 Household debt and debt service payments

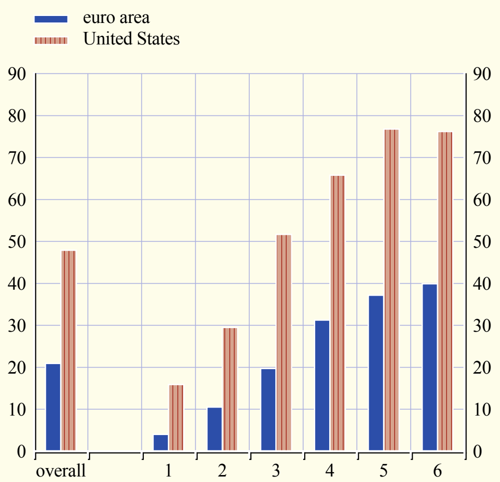
(percentages)



Sources: ECB, Board of Governors of the Federal Reserve System and Eurostat.

Chart 2 Share of households with mortgage debt broken down by income level

(percentages)



Sources: Survey of Consumer Finances for the United States (2004) and ECB calculations for the euro area using the EU Statistics on Income and Living Conditions (2005).
Note: Income levels refer to percentiles of the population: 1: 0-20; 2: 20-40; 3: 40-60; 4: 60-80; 5: 80-90; 6: 90-100.

The higher debt level in the United States compared with the euro area is also reflected in a higher debt service burden (see Charts 1a and 1b).

However, the higher debt level and debt service burden in the United States on a macro level in part reflect the considerably larger share of households with mortgage debt, which, based on micro data (see Chart 2), was approximately 48% in 2004, compared with only 20% in the euro area in 2005 (although the dispersion in the latter currency area was wide). This can be observed across all income categories and, according to data from 2004 in the United States and 2005 in the euro area, was particularly pronounced in the case of the lowest income category, where the share of US households with mortgages was four times larger than in the euro area.

Thus, on the one hand, the difference between household debt burdens in the United States and the euro area is considerably narrower when only households with a mortgage are considered. On the other hand, however, the considerably larger share of low income households with mortgage loans in the United States in 2004 points to greater vulnerability of households compared with the euro area. A further increase in mortgage loans among lower income households can be assumed for the period between 2004 and 2007, when, in particular, the sub-prime segment of the mortgage market grew strongly, not least in the context of US government initiatives to increase the home ownership rate, especially for lower income households, but also due to an incentive structure in the financial system that increasingly favoured fees generated through loan securitisation as a source of revenue. The increase in the financing of mortgages of lower income households in the United States was accompanied in

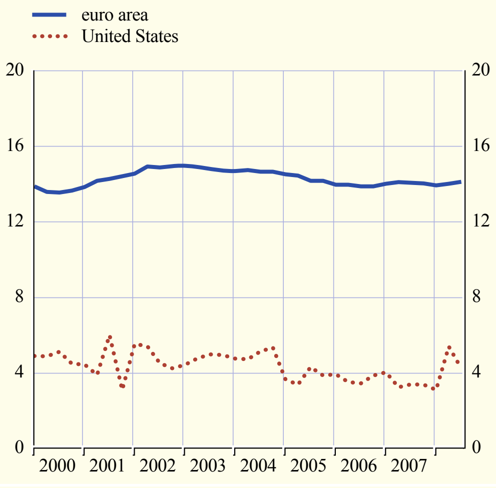
2004-2007 by the development of a number of products that further increased the sensitivity of households to changes in house prices and interest rates. Whereas traditionally in the United States mortgage debt had been based on fixed rate mortgages, in the years between 2004 and 2007 the growth of the sub-prime market led to the increasing importance of adjustable rate mortgages, "teaser" rates (i.e. rates for adjustable rate mortgages that are very low for an initial period), interest only mortgages and negative amortisation mortgages (i.e. loan payments during a period that are less than the interest charged over that period). A number of such products, which relied heavily on the assumption of constantly increasing house prices, substantially contributed to triggering the financial turmoil when house prices started to moderate. Finally, the greater vulnerability of US households to developments in house prices also stems from the fact that mortgage equity withdrawals (i.e. the decision by consumers to borrow money against the value of their houses) have played an important role in recent years in financing consumption.

By contrast, mortgage equity withdrawals on a euro area-wide level have continued to be of relatively low significance in recent years. However, in some euro area countries, flexible mortgage interest rates have traditionally played a greater role than in the United States, implying higher sensitivity of households with such contracts to changes in interest rates.

Thus, overall, taking into account the distribution of debt among income categories, the relevance of mortgage equity withdrawals for consumption and the interest rate features of mortgage contracts described above, households in the United States remain more vulnerable than those in the euro area. This is particularly significant in the light of the differences in the saving ratio levels of households in the euro area and the United States (a measure of household savings divided by household gross disposable income). As shown in Chart 3, saving ratios in the euro area, although declining, have remained at levels of between 13.5% and 15% in the period since 2000, whereas the saving ratio for US households has been around 4% in this period. All else being equal, this implies that the net wealth (i.e. total assets minus total liabilities) of households has increased considerably faster in the euro area compared with the United States. Furthermore, when looking at net lending and net borrowing figures in both currency areas, it becomes visible that between 2000 and 2008 households in the euro area were net providers of funds, whereas households in the United States were net borrowers. At the same time, the ratio of total financial assets (i.e. gross financial wealth) to debt was higher for households in the United States than for those in the euro area, putting the different saving ratios somewhat into perspective. Finally, in the euro area debt service capacity continues to be primarily determined by income developments, while US households' financial positions are more directly affected by the value of houses as collateral and are also more sensitive to adverse stock price developments in view of the composition of their asset holdings (in the euro

Chart 3 Standardised household saving ratios

(percentages of gross disposable income)



Sources: ECB, Board of Governors of the Federal Reserve System, Bureau of Economic Analysis and ECB calculations.
Note: US data have been adjusted to enable a comparison to be made with the euro area. This has been done by excluding net investment in consumer durables from saving and by excluding personal interest payments and current transfer payments from disposable income.

area asset holdings are dominated by deposits and insurance products).

FINANCING STRUCTURE AND FINANCING DEVELOPMENTS

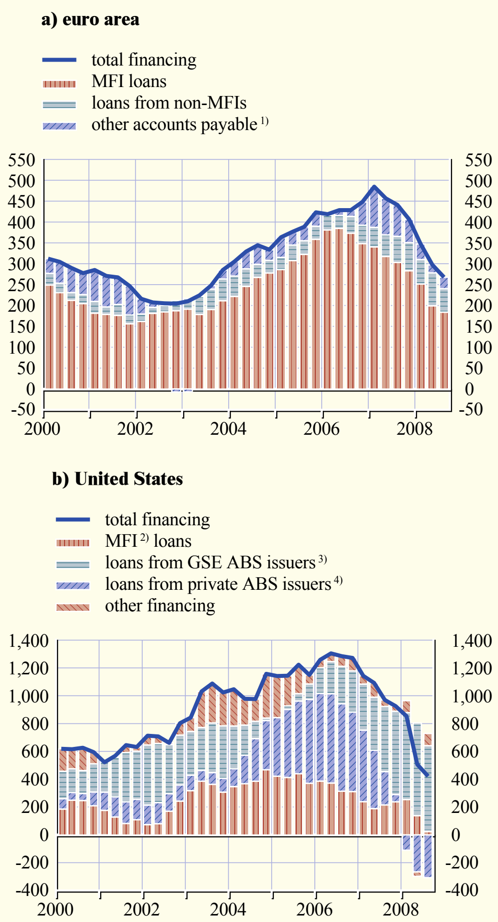
On a stylised basis, the dynamics of household financing in the euro area and the United States were relatively similar between 2000 and the third quarter of 2008 (see Chart 4). In the period between 2000 and early 2003 household financing declined in the euro area and remained relatively stable in the United States, reflecting the economic slowdown following the end of the new economy boom with its favourable financing conditions for households in both currency areas. In the period 2003-2006 developments were similar in both currency areas, reflecting the credit boom based on favourable financing conditions, expectations of robust output growth and low levels of interest rates. In the period between 2007 and the third quarter of 2008 a moderation in house price inflation, accompanied by weaker housing demand and a weaker supply of housing financing, led to moderating financing flows in both currency areas. However, despite these comparable stylised developments, considerable differences can be observed when looking in detail at financing sources, as shown in Chart 4. In particular, loan financing by euro area households had already peaked in early 2006, in line with the peak in the housing cycle and increases in interest rates, and, until the third quarter of 2008, showed no sign of a significant additional impact from the financial turmoil. Moreover, in the euro area MFI loans continued to provide by far the bulk of financing.

For households in the United States, the chart reveals the importance of government sponsored enterprises in household financing, in particular in the period 2000-2003. However, in 2004 new regulatory limits on those enterprises (i.e. greater capital requirements and balance sheet controls) reduced their importance in the external financing of households. Private issuers of asset-backed securities stepped in, and, due to reasons described in Section 2, their importance as a source of financing for households sharply increased in the period 2004-2006. A considerable number of these issuers were less regulated non-depository institutions, in many cases acting as subsidiaries of investment banks.

However, with house prices declining and interest rates increasing, the sub-prime crisis triggered the financial market turmoil, during

Chart 4 Financing of households

(four-quarter cumulated transactions in billions of local currency units)



Sources: ECB, Board of Governors of the Federal Reserve System and ECB calculations.
1) Also includes trade credit and net liabilities of financial derivatives.
2) Commercial banks, savings institutions and credit unions.
3) Loans from government sponsored enterprises (GSEs) and from agency and GSE-backed mortgage pools.
4) Loans from private asset-backed securities issuers.

which the market for privately issued residential mortgage-backed securities dried up. This led to a moderation in financing for households from late 2006 to early 2008, which declined at roughly the same speed as it had grown between 2004 and 2006. Furthermore, in the second and third quarters of 2008 financing via privately issued mortgage-backed securities made a significant negative contribution to the external financing of households (i.e. reducing their total external financing). At the same time, as the "originate to distribute" model of bank lending proved to leave more risks than previously thought with banks that originated the loans, banks did not compensate for this fall in the supply of financing to households by private issuers of asset-backed securities, so that in the third quarter of 2008, on an annual basis, virtually only government sponsored enterprises (mainly Fannie Mae and Freddie Mac, which, since 7 September 2008, have been under the conservatorship of the Federal Housing Finance Agency) contributed positively to household financing. Overall, external financing flows to households declined in the third quarter of 2008 to one-third of their level at the peak in 2006, and halved between the second and third quarters of 2008, reflecting the intensification of the turmoil.

The overall dynamics of household financing in the euro area between 2000 and mid-2006 were relatively similar to the developments described for US households. In particular, from 2003 to late 2006 annual transactions related to the external financing of households doubled – the same size of increase as that observed for the United States. Loan securitisation developed rapidly, although on a considerably smaller scale than in the United States (expressed as percentages of GDP, loan securitisation constituted around 3% in the euro area at its peak in 2006, compared with 17% in the United States), and made a positive contribution to the financing of households, in particular mortgages,[4] from 2003 to 2006. At the same time, loans originated and retained by MFIs remained by far the largest source of external financing for euro area households throughout the period. Notably, from the start of the financial crisis in mid-2007 to the third quarter of 2008 financing flows of households halved compared with their peak in 2006 in the euro area, whereas they declined to one-third in the United States in the same period. Newly available data for the United States for the fourth quarter of 2008 suggest that annual external financing transactions (annual flows) fell significantly compared with the third quarter, and even turned negative. This reflects negative annual flows up to the end of 2008 in all sub-components except for loans provided by government sponsored issuers of asset-backed securities (mainly Fannie Mae and Freddie Mac). MFI loans remained the main source of financing for households in the euro area throughout the period of the financial turmoil. MFI loan flows to households were maintained during the turmoil possibly in part due to the fact that MFIs could undertake retained securitisation activities. Such activities refer to loan securitisation processes whereby the created securities are bought back by the MFI, often in order to receive liquidity from the ECB, a feature that gained further importance when the ECB changed to fixed rate operations with full allotment for the provision of liquidity in October 2008. This option may thus have eased the strains for euro area MFIs that stemmed from the fact that market-based securitisation has moderated considerably since August 2007.

4 FINANCING OF NON-FINANCIAL CORPORATIONS IN THE EURO AREA AND THE UNITED STATES

This section describes the overall financial situation of non-financial corporations in the euro area and the United States and then examines the main features of the financing structure of non-financial corporations and its development over the past decade. In addition, external financing growth is analysed over that period, with a focus on the period of the financial

4 For a quantitative analysis, see Charts 1 and 2 of the article entitled "The role of banks in the monetary policy transmission mechanism" in the August 2008 issue of the Monthly Bulletin.

market tensions that commenced in mid-2007. It should be borne in mind that there are some methodological differences in the data for the non-financial sectors across the two economic areas, as described in the box above.

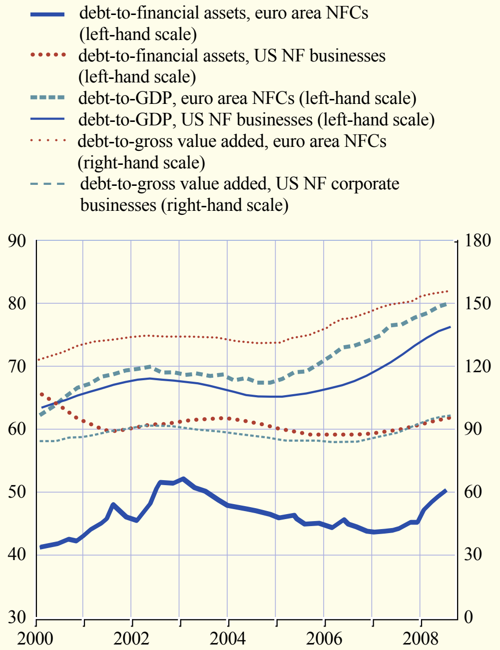
FINANCIAL SITUATION

In recent years non-financial corporations in both the euro area and the United States have accumulated a considerable amount of debt, leading debt-to-GDP ratios to increase to historically high levels. In the euro area the ratio stood at 80% in the third quarter of 2008 and in the United States it stood at 76% for the non-financial business sector[5] (see Chart 5).[6] Hence, debt ratios of non-financial corporations were broadly similar in the two economic areas. As the level of saving of US non-financial businesses has been higher or broadly equal to their level of capital formation, the net borrowing of non-financial businesses in the United States has been close to zero in recent years. Consequently, the rise in the level of their debt was mainly related to financial investment (mergers and acquisitions)[7] and share buybacks. By contrast, in the euro area, non-financial corporations have had greater recourse to net borrowing to finance both capital formation and financial investment – the latter increasing in particular in 2005-2006 in the context of mergers and acquisitions. Unlike in the United States, share buybacks on the part of euro area non-financial corporations have been limited in the past decade.

As a consequence of the significant acquisition of financial assets by non-financial corporations, their debt-to-financial assets ratios remained overall far more stable than debt-to-GDP ratios in both economies. In the United States, the debt-to-financial assets ratio of the non-financial business sector was somewhat higher (61.4% in the third quarter of 2008) than that of euro area non-financial corporations (50.7% in the same quarter). However, the ratio of euro area non-financial corporations was broadly similar to that of US non-financial corporate businesses (49.9% in the third quarter of 2008), which may indicate that larger enterprises in particular have accumulated considerable holdings of financial assets in the past decade.

Chart 5 Debt ratios of non-financial corporations (NFCs) in the euro area and the United States

(percentages)



Sources: Bureau of Economic Analysis, Board of Governors of the Federal Reserve System and ECB.
Note: The US non-financial (NF) corporate business sector is not directly comparable to euro area non-financial corporations (NFCs) as the former does not include unincorporated businesses.

5 The US non-financial business sector is the most comparable sector to the euro area non-financial corporate sector. However, it includes sole proprietorships and partnerships, which in the euro area are part of the household sector.

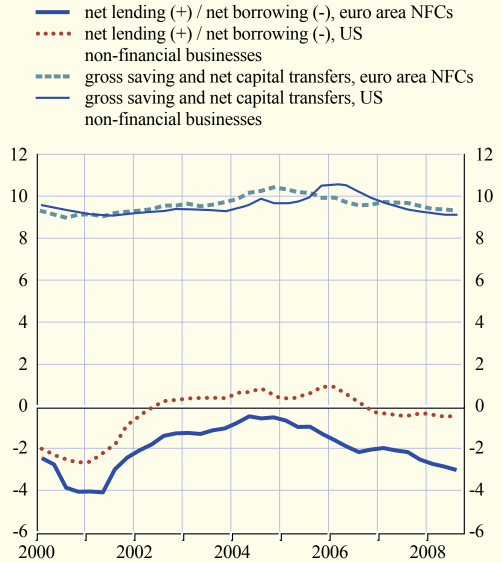
6 Ratios relating to non-financial corporations, such as the ratio of their debt to their gross value added, are not directly comparable between the euro area and the United States. For the United States, this ratio can only be calculated for the non-financial corporate business sector, which, in contrast to the euro area non-financial corporate sector, does not include unincorporated non-financial businesses.

7 When one company takes over another and clearly establishes itself as the new owner, the purchase is called an acquisition. From a legal point of view, the acquired company ceases to exist, the buyer "swallows" the business and the buyer's stock continues to be traded. A merger happens when two companies, often of about the same size, agree to go forward as a single new company rather than remaining separately owned and operated. Both companies' stocks are surrendered and new company stock is issued in its place.

The favourable economic situation between 2003 and mid-2007 led to an increase in the generation of internal funds (gross saving and net capital transfers) by non-financial corporations in the euro area and the United States (see Chart 6). From mid-2007 to the third quarter of 2008 the generation of internal funds by non-financial corporations in both economic areas declined, reflecting the deterioration of the general economic outlook. In the same period, the ratio of internal funds to GDP stood at similar levels for non-financial corporations in both economic areas. Moreover, developments in the internal funds of euro area non-financial corporations contributed together with growing capital formation to an increase of broadly 1 percentage point in their net borrowing, which stood at 3.0% of GDP in the third quarter of 2008. In the United States, by contrast, the net borrowing of non-financial businesses was broadly stable and close to zero from the fourth quarter of 2006 to the third quarter of 2008, as both internal funds and capital formation decreased in that period. Thus, on average, US non-financial corporations have financed their gross capital formation out of retained earnings.

Chart 6 Saving and net borrowing of non-financial corporations (NFCs) in the euro area and the United States

(percentages of GDP)



Sources: Board of Governors of the Federal Reserve System and ECB.
Notes: Net lending (+) / net borrowing (-) broadly equals gross saving and net capital transfers minus gross capital formation.

FINANCING STRUCTURE AND FINANCING DEVELOPMENTS

With respect to the external financing structure of euro area non-financial corporations, bank-based financing has traditionally played an important role for non-financial corporations in the euro area. MFI loans are the main source of external financing. In the period 2000-2003 they accounted for an average of 37% of total external financing (based on annual flows). Between 2004 and the second quarter of 2007 bank financing accounted for an average of 63% (see Chart 7).[8] But these high levels of bank financing probably also reflected the favourable conditions for bank loan financing compared with other sources of external financing. Loans from other financial intermediaries (OFIs)[9] also gained importance, especially in the period from 2006 to the first half of 2007, reaching a peak of 11% of the external financing of euro area non-financial corporations in the second quarter of 2007. This indicates that securitisation and syndicated loan activity played an increasing role in this period. Debt securities issued and net equity issued (netting equity issuance with the acquisition of equity) by non-financial corporations accounted for 11% and 0.5% respectively of their total external financing on average from 2000 until the second quarter of 2007, indicating the limited importance of market-based financing for euro area non-financial corporations.

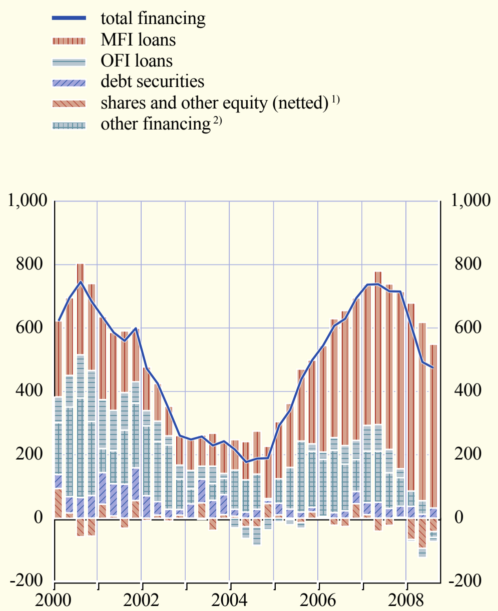
By contrast with the euro area, US non-financial businesses generally rely to a much larger

8 For the purposes of the comparison with the United States, external financing of euro area non-financial corporations is defined as loans (excluding intra-euro area inter-company loans), debt securities issued, net equity issued (equity issued minus the acquisition of equity), other accounts payable and pension fund reserves. The exclusion of intra-euro area inter-company loans and the netting of equity assets bring the definition more in line with the definition of external financing of non-financial businesses in the US flow-of-funds accounts.

9 Other financial intermediaries include financial vehicle corporations (FVCs).

Chart 7 Breakdown of the financing of non-financial corporations in the euro area

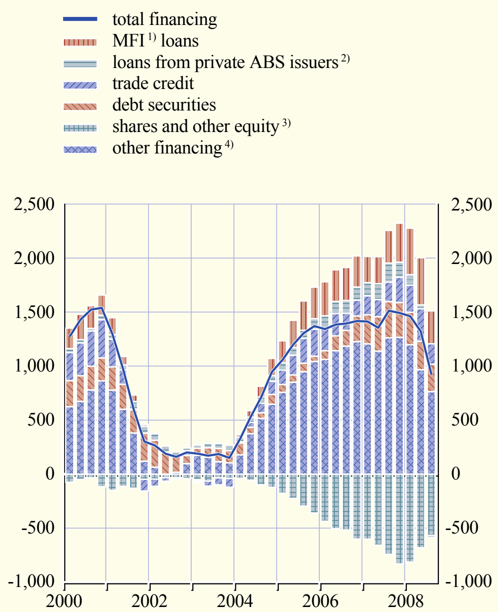
(four-quarter moving sum of transactions; EUR billions)



Source: ECB.
1) In order to increase the comparability to the United States, shares and other equity have been "consolidated" by netting out non-financial corporations' equity investment.
2) "Other financing" includes other accounts payable and financing through direct pension commitments. In order to increase the comparability to the United States, inter-company loans have been "consolidated" by netting out intra-euro area loans granted by non-financial corporations.

Chart 8 Breakdown of the financing of non-financial businesses in the United States

(four-quarter moving sum of transactions; USD billions)



Source: Board of Governors of the Federal Reserve System.
1) Commercial banks, savings institutions and credit unions.
2) Loans from private asset-backed securities issuers.
3) Net issuance of shares and other equity minus net acquisition of shares and other equity.
4) No further breakdown is available.

extent on non-bank sources of financing (see Chart 8). Bank financing (loans originated and held by banks) contributed in part negatively (based on annual flows) in 2002 and 2003 to the external financing of US non-financial businesses (i.e. reduced their total external financing). In the period from 2004 to the second quarter of 2007 bank financing amounted on average to 18% of the external financing of US non-financial businesses (based on annual flows) while, in the period of the financial crisis, i.e. between the third quarter of 2007 and the third quarter of 2008, it accounted for 29%. Compared with the euro area, financing via the issuance of debt securities forms a more significant part of the external financing of non-financial businesses in the United States (accounting for 32% of external financing from 2000 to the second quarter of 2007). By contrast, the net issuance of equity has been negative for US non-financial businesses in the entire period under review, related to equity acquisitions in the context of share buybacks and mergers and acquisitions activity.

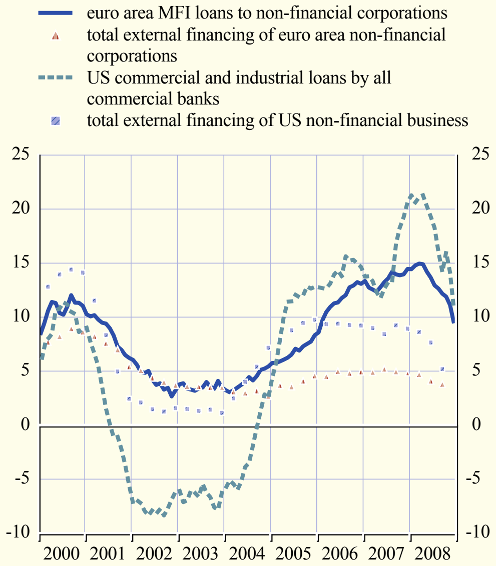
Loans from private asset-backed securities issuers have gained considerable importance in the past few years, accounting for 11% of the external financing of US non-financial businesses in the third quarter of 2007. In addition, "other financing" accounts for a very large fraction of external financing, which leads to some uncertainty in the interpretation of the US data. According to data for the US non-financial corporate business sector, loan syndication has become increasingly important in external financing in recent years, accounting for 15% of the external financing of this sector in 2007. Most syndicated lending activity has been conducted by issuers of asset-backed securities according to information from the US flow-of-funds accounts. In the third quarter of 2008, however, the share of syndicated loan activity dropped to 8%, based on annual flows.

In order to investigate developments in the external financing of non-financial corporations in the euro area and the United States, emphasis is given to developments in the different financing instruments, especially in the period of the financial market turmoil.

In the euro area, the annual growth rate of the total external financing of non-financial corporations stood at 3.8% in the third quarter of 2008 and was therefore considerably below the annual growth rate of MFI loans to non-financial corporations, which stood at 12.2% in the same quarter (see Chart 9). This may hint at potential substitution effects between different sources of external funding, driven by the financial market tensions, tending towards much greater reliance on MFI loans.

Chart 9 External financing of non-financial corporations in the euro area and the United States

(annual percentage changes)



Sources: Board of Governors of the Federal Reserve System and ECB.
Note: External financing includes total financial liabilities.

The relatively less reliance on equity compared with loan financing on the part of non-financial corporations in the period 2004-2008 is likely to be related to the considerably lower real cost of debt financing for non-financial corporations. In addition, an increase in the use of securitisation, whereby loans were derecognised from banks' balance sheets, and the sale of loans on the secondary loan market in recent years, have given additional scope to banks to grant loans to non-financial corporations under competitive conditions compared with alternative sources of external financing for non-financial corporations. The period from 2003 to mid-2007 was also characterised by a strong build-up of internal funds which also contributed to the lower growth of equity.

Looking at the period from the start of the financial market tensions in mid-2007, bank loans grew strongly until the first quarter of 2008 in both the euro area and the United States.

In the euro area, MFI loans to non-financial corporations have gained further importance, accounting for an average of 95% of the external financing of euro area non-financial corporations, while external financing via other instruments has declined considerably. First, OFI financing of euro area non-financial corporations has dropped significantly in the context of the financial turmoil. In the third quarter of 2008 OFI loans contributed negatively to the annual external financing flows of euro area non-financial corporations, indicating a decline in securitisation and syndicated loan activity. Second, the issuance of debt securities by euro area non-financial corporations decreased to a share of 4.8% in the external financing of non-financial corporations on average from the third quarter of 2007 to the third quarter of 2008. Third, the negative net equity financing (annual flows) in the first three quarters of 2008 was a result of both a decrease in equity issued by euro area non-financial corporations and an increase in the acquisition of equity.

In the United States the temporary acceleration in recorded loan growth was substantially affected by re-intermediation, as banks brought securitised assets back onto their balance sheets, while the scale of such effects has been much more limited in the euro area. In addition, substitution effects resulting in a greater reliance on bank loans in the context of the financial market tensions, with the market environment having become more difficult for debt securities issuance, are likely to be more significant in the United States owing to the greater importance in external financing of debt securities issued by US non-financial corporations than those issued by euro area non-financial corporations. In addition, US accounting standards allow bank loans that are sold to non-banks during a securitisation process to be removed from banks' balance sheets more easily than in the euro area, which would also facilitate the re-intermediation of loans. At the same time, bank loans are considerably less important as an external financing instrument for non-financial corporations in the United States than for those in the euro area.

In addition, a substantial reduction in funding provided by other sources (including hedge funds) can also be observed in the United States in recent quarters. This probably reflects a decrease in mergers and acquisitions and leveraged buyout activities, and potentially a considerable reduction in funding sources for such activities, in line with the significant decline in syndicated loans witnessed in the first half of 2008. This reduction in funds is mirrored somewhat by a less negative net contribution of shares and other equity to overall financing. Although both items are linked to some extent (via the funding of share buyback programmes), the less negative net contribution of shares and other equity to overall funding may also reflect demand factors of non-financial corporations, as such buyback programmes are considerably less attractive in an environment of reduced profitability. In the fourth quarter of 2008, for which so far only US data are available, the annual growth in the external financing of US non-financial businesses dropped further, to 4.3% (from 5.5% in the third quarter). This was mainly due to a considerable decrease in transactions (annual flows) in bank loans to non-financial businesses. Such developments reflect the slowdown in economic activity as well as tighter credit conditions.

5 CONCLUSION

This article compares the structure of and developments in the external financing of households and non-financial corporations in the euro area and the United States. One of the main differences between the two economic areas is that the financial system in the euro area is largely bank-based, whereas in the United States market-based financing and financing by non-banks (directly and via loan sales and securitisation after origination by banks) plays a much larger role.

With respect to external financing developments in the period of the financial turmoil since mid-2007, the pace of growth of the external financing of households and non-financial corporations has declined in both the euro area and the United States. In the case of households in the United States, this decline is partly due to moderating demand but also reflects the fact that the market for private issuers of asset-backed securities dried up during the period of financial turmoil and banks could not act as complete substitutes, as the risk contained on banks' balance sheets for securitised loans was bigger than previously thought. In addition, the increased risk of borrowers related to the decline in asset values may have also contributed to a lower willingness of banks to grant loans. Within the euro area, the moderation of flows in household financing was sharp, but predated the onset of the financial turmoil, and has so far been considerably less pronounced than that seen in the United States. This is likely to be linked to the fact that household financing is less dependent on non-MFI sources of funding in the euro area and, in particular, there is less reliance on loan securitisation. Moreover, the opportunity for MFIs to undertake retained securitisation activities in order to create collateral for ECB liquidity operations may have helped to maintain a certain financing flow. For non-financial corporations in both economic areas, bank loans have become increasingly important in relation to their total external financing since the start of the financial turmoil. In the case of US non-financial businesses in particular, this may be related to problems in derecognising such loans via loan sales and securitisation, given that those markets have partly dried up. While bank credit standards and the cost of financing of non-financial corporations in both economic areas have tightened considerably, there were no clear indications as at the third quarter of 2008 that quantitative credit restrictions for euro area non-financial corporations had played a substantial role in shaping financial developments.

REVISIONS TO GDP ESTIMATES IN THE EURO AREA

First (or "flash") estimates of GDP in the euro area are released within 45 days of the reference quarter, and revisions to those first estimates over time typically reflect the arrival of additional information. The more reliable the first estimates, the better equipped are policy-makers to assess the economic situation and outlook. Against this background, this article examines the reliability of the first estimates. It shows that the revisions to overall GDP data are generally smaller than those to GDP components. Similarly, revisions to euro area data are generally smaller than those to country data. Both results stem from a well-known statistical regularity, namely that revisions at a disaggregated level tend partially to cancel out at the aggregate level. The article also shows that the advancement of the release of first estimates by 25 days in 2003 did not result in less reliable information on developments in euro area GDP, an indication that timeliness may not necessarily come at the expense of reliability.

1 INTRODUCTION

Estimates of the volume growth of quarterly GDP and its components are derived from various basic statistics and sources, including administrative data, censuses and surveys of businesses and households, and typically summarise a very large number of transactions in a single figure. An effective assessment of economic developments requires such estimates to be both reliable and timely. Therefore, Eurostat and the national statistical institutes (NSIs) seek to optimise the provision of reliable and timely estimates.

The need for early information implies that first estimates are based on fewer, or less complete, data sources than later estimates and may, therefore, be subject to revisions, leading to more reliable estimates. Revisions may include both regular and so-called benchmark revisions. Regular revisions are the result of incorporating more, but less timely, quarterly or annual basic information, including updated parameters for seasonal and working day adjustment. Benchmark revisions, undertaken at intervals of approximately five years, reflect improved multi-annual source data and methodological improvements.

Information about revisions can help policy-makers interpret first estimates. Such information might be used to assess the uncertainty surrounding the most recent data releases, for instance, or it might be used for guesses about future data releases that will incorporate future revisions.[1]

This article presents the stylised facts in the revisions of first GDP estimates and its components for the euro area and the six largest euro area countries, summarised by means of selected revision indicators.[2] Some of these indicators show whether economic activity is changing pace, while others show how large and volatile revisions are and the extent of the bias in the first estimates.

The article is structured as follows. The revision indicators and the estimates considered for the analysis are presented in Section 2. The findings are then reported in Section 3, and the main conclusions are provided in Section 4.

2 THE ESTIMATES AND REVISION INDICATORS SELECTED FOR THE ANALYSIS

Data for quarter-on-quarter seasonally and working day-adjusted GDP and its expenditure components for the euro area are released by Eurostat, while those for the euro area countries are published, as a rule, by the NSIs. The different releases considered in this article are illustrated in Table 1, using the results for euro area GDP in the first quarter of 2003 as an example. Eurostat's very first flash estimate for euro area GDP growth, referring to the first

1 A possible framework for this is described by A. Cunningham, J. Eklund, C. Jeffery, G. Kapetanios and V. Labhard, "A state-space approach to extracting the signal from uncertain data", *Journal of Business and Economic Statistics*, forthcoming.

2 For previous analysis, see also the box entitled "The reliability of estimates of euro area GDP growth and its components" in the June 2006 issue of the Monthly Bulletin.

quarter of 2003, was published on 15 May 2003. Since then, Eurostat and most NSIs have published a flash estimate for GDP growth around 45 days after the end of the reference quarter.

The flash estimate is usually followed within about two weeks by a first full release that also includes the expenditure components (that for the first quarter of 2003 was published on 5 June 2003). A further estimate, referred to in the following as the quarterly update, becomes available three months later (that for the first quarter of 2003 became available on 14 August 2003). An estimate that may incorporate important new information from, in particular, annual data sources, referred to as the annual update in Table 1 below, is typically released in the fourth quarter of the subsequent year (that for the first quarter of 2003 became available on 12 November 2004).

In the following, revisions to GDP growth are calculated by taking the difference between the flash estimate, on one hand, and the first full release, the quarterly update and the annual update respectively, on the other. For the expenditure components, the first full release is compared with the subsequent two related estimates.

The releases mentioned above were selected with a view to covering the regular revisions, as well as the release and revision practices, of both Eurostat and the NSIs. Further releases and the estimates with respect to developments in 2008 are not considered in order to avoid any distortion of the results by the introduction of major benchmark revisions or by methodological improvements such as the introduction of chain-linked volume measures in the course of 2005-06.

It should be borne in mind that the release and revision practices of the statistical offices are not yet fully coordinated and that this may affect the analysis, in particular in the case of euro area revisions which reflect both improved information and some methodological changes on an ongoing basis, i.e. as and when information and/or methods are incorporated in one or more euro area countries, thus making it difficult to disentangle the sources of such revisions.

In terms of the revision indicators, the focus in this article is on measures that show both the extent to which first estimates are biased and how large and volatile revisions are – measures that are informative over the entire business cycle.

The first measure is the size of revisions, or the average absolute revision, which is computed as the arithmetic mean of the absolute value of the revisions. Smaller revisions imply that the corresponding preliminary data releases are more reliable, and thus provide a better starting point for policy-makers' assessments of the economic situation and outlook in the euro area.

The second measure is the volatility of revisions, computed as the standard deviation of revisions. This measure indicates how variable revisions are. As with the size of revisions, the smaller the volatility of revisions, the more reliable are the corresponding estimates.

The third measure, the bias of the estimate, or average revision, shows whether revisions are, on average, close to zero, positive or negative. This measure is similar to the absolute average revision, except that it takes into account the sign of the individual revisions. The more the average revisions tend towards zero, the more

Table 1 Releases for euro area GDP volume growth in the first quarter of 2003

(percentage changes; quarter-on-quarter)

Flash estimate 15 May 2003	First release 5 June 2003	Quarterly update 14 August 2003	Annual update 12 November 2004
0.0	0.0	0.1	0.0

reliable the estimates are in correctly capturing GDP and its components.

These measures are only a selection of the revision indicators that might be useful. Other indicators include those that focus on tracing turning points. With respect to GDP, such indicators are considered in this article in order to measure how well the flash estimate indicates the direction of change and whether GDP is accelerating or decelerating.

3 RESULTS

3.1 RESULTS FOR GDP

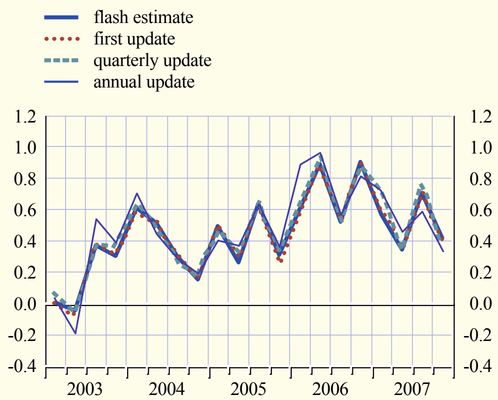
A first glance at the development of quarter-on-quarter euro area GDP growth between 2003 and 2007 illustrates that the flash estimate is not revised much when compared with the subsequent estimates (see Chart 1), except in the case of the first quarter of 2006 when the flash estimate was revised upwards by 0.3 percentage point.

The absence of major revisions to the first estimates is confirmed by the revision indicators that trace turning points, as shown in Table 2. In comparison with the different benchmarks, the flash estimates have been successful in indicating both the direction and the pace of euro area GDP growth. Also at the national level, GDP flash estimates show only small revisions when compared with the first and quarterly updates. In comparison with the annual update, the flash estimates' success rate in indicating the direction of economic growth ranges from 85% for the Netherlands to 100% for Belgium and Italy, while the acceleration or deceleration of growth was indicated correctly within a range of between 69% in the case of Belgium and 100% in that of Italy.

A comparison of the first estimate with the flash estimate for GDP reveals that the first full release does not provide a significantly different description of economic developments than the flash estimate. This illustrates that an

Chart 1 Euro area quarter-on-quarter GDP volume growth

(percentage changes)



Sources: Eurostat and ECB calculations.

Table 2 GDP volume growth estimates and turning points

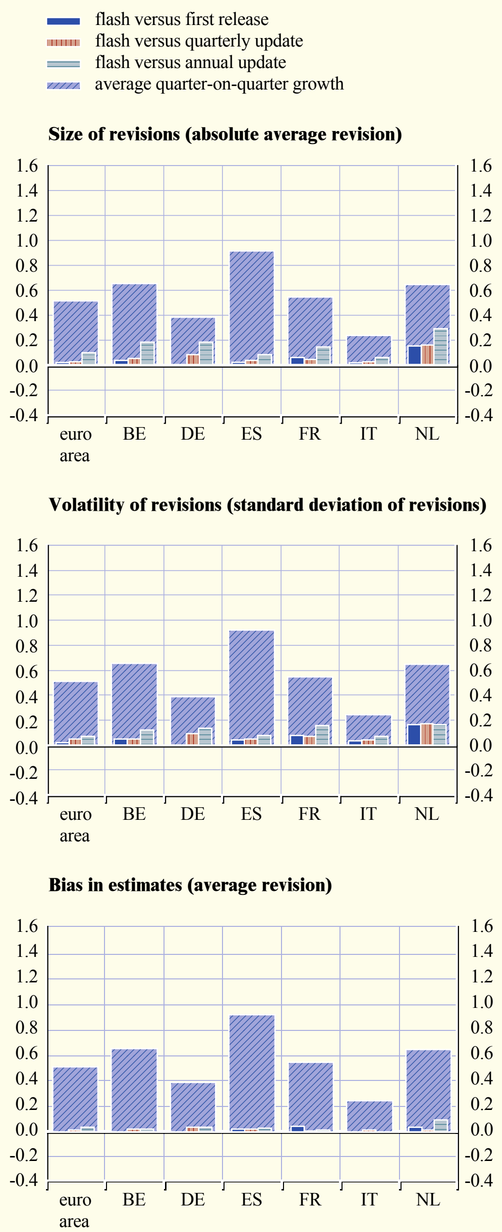
(percentage of time)

	Euro area	Belgium	Germany	Spain	France	Italy	Netherlands
Success in indicating direction of change							
Flash versus first	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Flash versus quarterly	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Flash versus annual	100.0	100.0	95.0	100.0	94.4	100.0	85.0
Success in indicating acceleration or deceleration							
Flash versus first	100.0	100.0	100.0	100.0	100.0	100.0	95.0
Flash versus quarterly	100.0	100.0	100.0	100.0	100.0	100.0	90.0
Flash versus annual	100.0	68.8	90.0	85.7	94.4	100.0	80.0

Sources: ECB calculations based on Eurostat data.
Notes: For the euro area, Germany, Italy and the Netherlands, the period from the first quarter of 2003 to the fourth quarter of 2007 is covered. For Belgium, Spain and France, the periods covered are the first quarter of 2004 to the fourth quarter of 2007, the third quarter of 2004 to the fourth quarter of 2007 and the third quarter of 2003 to the fourth quarter of 2007 respectively. The flash estimate for Belgium is released with a delay of 30 days after the reference quarter.

Chart 2 Revision indicators for GDP volume growth estimates, comparison across countries

(percentage changes and percentage points)



Sources: Eurostat and ECB calculations.
Note: Sample from the first quarter of 2003 to the fourth quarter of 2007.

improvement in timeliness, as brought about by the introduction of the flash estimates for GDP, does not necessarily come at the expense of reliability.[3] This favourable assessment may be due to the careful preparation by Eurostat and the NSIs, e.g. the introduction of improvements in the methods and available sources that underlie the GDP flash estimates.

At present, the feasibility of bringing the release of GDP flash estimates further forward, by 15 days, i.e. to 30 days after the end of the reference quarter, by 2012 is being investigated, in line with the amended list of Principal European Economic Indicators (PEEIs) published by the Economic and Financial Committee (EFC) in its 2008 Status Report on information requirements in Economic and Monetary Union, which was endorsed by the Ecofin Council in November 2008. This further improvement in timeliness would better accommodate policy-making needs and would bring the timeliness of euro area GDP flash estimates into line with international best practices, including the "advance" GDP estimate for the United States, which is also published around 30 days after the end of the quarter.[4]

Focussing on the other revision indicators, several findings are worth noting. First, the size and volatility of revisions between the first estimate and the quarterly update tend to be smaller than between the first estimate and the annual update, as can be seen in Chart 2. This finding, which applies to the euro area and to the individual countries concerned, is not surprising because more information becomes available

3 Flash estimates, which are released 45 days after the end of the reference quarter, constituted an important improvement over the first estimates of euro area GDP growth which had previously been published with a delay of 70 days. This advancement was in line with the timeliness requirements of the PEEIs – a set of key euro area and EU statistics required by the Ecofin Council in February 2003, and reviewed and updated in 2008. For more information, see, for example, the box entitled "Principal European Economic Indicators: progress up to September 2004" in the September 2004 issue of the Monthly Bulletin.

4 According to the news releases of the US Bureau of Economic Analysis, the advance estimate of quarterly GDP growth indicated the direction of change in GDP growth successfully 98% of the time over the period from 1983 to 2005, while it indicated whether GDP was rising or falling correctly 75% of the time. In comparison with the preliminary estimate released one month later, the average size and volatility of revisions came to 0.1 percentage point. There was no evidence of a significant bias. The average quarter-on-quarter growth in the period from 1983 to 2005 was 0.8%.

over time, and increases the likelihood of larger and more volatile revisions.

The second result to note is that the size and volatility of revisions appear to differ across the euro area and the individual countries, and tend to be smallest for the euro area. This is mainly because revisions to national data are not perfectly correlated, and thus offset each other at least partially. As regards the bias in the first estimates, the results suggest that this tends to be small and is not statistically significant for either the euro area or individual countries.

3.2 RESULTS FOR THE MAIN EXPENDITURE COMPONENTS

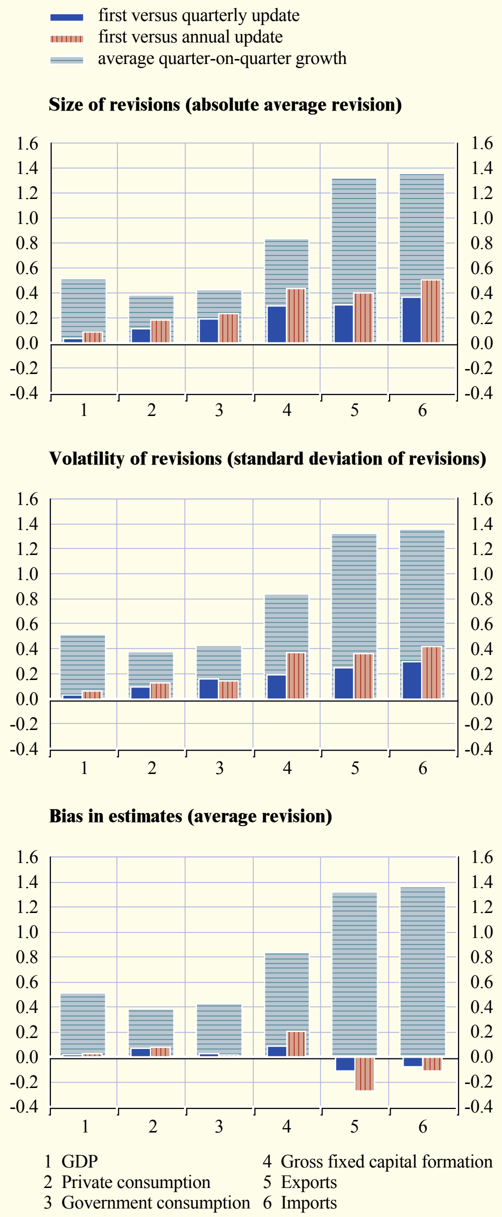
In this sub-section, the main expenditure components of euro area GDP are considered, including private consumption, government consumption, gross fixed capital formation, exports and imports. Starting with private consumption, revisions for that component tend to be larger and more volatile than those for total GDP, as can be seen in Chart 3. The bias in the estimate of private consumption tends to be small. The picture for government consumption is broadly similar to that for private consumption, although both size and volatility are a little larger than in the case of private consumption.

The revisions for gross fixed capital formation are considerably larger and more volatile, also when taking into account the larger average growth rate of that component in comparison with GDP. It is interesting to note, however, that size and volatility are broadly of the same magnitude, as in the case of the consumption components and GDP. The bias in the estimate of gross fixed capital formation is slightly larger than for GDP.

Turning to the foreign trade components of expenditure,[5] the revisions between the first release and the quarterly update are larger for exports than in the case of GDP, and broadly as large and volatile as for gross fixed capital

Chart 3 Revision indicators for euro area GDP volume growth estimates, comparison across components

(percentage changes and percentage points)



Sources: Eurostat and ECB calculations.
Note: Sample from the first quarter of 2003 to the fourth quarter of 2007.

5 Euro area exports and imports include cross-border intra-euro area trade.

formation. The bias in revisions to exports is much larger than in the case of GDP, also when considering the higher average growth rate of exports. The picture for imports is similar to that for exports, as can be seen in Chart 3.

4 CONCLUSIONS

In this article, the reliability of first estimates in the euro area was examined, updating and extending the results outlined in a box on the topic in a previous issue of the Monthly Bulletin.[6]

An important caveat of the analysis presented in this article should be borne in mind, namely that the sample considered is relatively small. For countries such as the United States, for example, samples go back to the 1970s, and thus offer more robust results, also for different phases of the business cycle. On the other hand, one could question the relevance of the first estimates and corresponding revisions for observations of two or more decades earlier for assessing the reliability of current first estimates, as the practices of statistical offices and economic relationships change over time.

There are two key findings. The first is that the first estimates have generally been quite reliable. Notably, the revisions to overall GDP data are generally smaller than those to GDP components, and the revisions to euro area data are generally smaller than those to country data. Both results stem from the fact that revisions at a disaggregated level tend to cancel out at the aggregate level.

Related to this first finding are a few interesting results. As regards GDP, the revisions tend to be larger and more volatile when comparing the flash estimate and the annual update than when comparing the flash estimate and the first (full) release or the quarterly update. This reflects the increased availability of data sources. As regards the components of GDP, the revisions to private and government consumption appear to be smaller and less volatile, and the first estimates for those components less biased, than those to fixed capital formation, exports and imports. This may be the result of a wider availability of an exhaustive and timely set of underlying source data. Examples include the retail trade turnover index for private consumption, and administrative data for government consumption. Gross fixed capital formation, by contrast, is generally more difficult to measure, and is often based on fewer and less timely data sources. As regards foreign trade, the lower reliability of the first estimates may be related to difficulties in the computation of trade deflators and the measurement of services.

The second key finding in the article is that the description of economic developments provided by the flash estimate does not differ significantly from that provided by the first full release published around two weeks later, which means that – despite the additional delay – the new basic information that has become available does not generally require a significant revision of the flash estimate published earlier (for euro area GDP, the bias in the flash estimate and the average size of revisions are close to zero). This shows that, as in the case of the release of flash estimates 45 days after the end of the reference quarter, improvements in timeliness do not necessarily come at the expense of lower reliability.

The two key findings are particularly important as official statistics, which form the foundations of policy-making, need to be both reliable and timely. They are also of relevance for the current discussions on the feasibility of publishing the flash estimate of euro area GDP growth 30 days after the end of the reference quarter, which would better address policy-making needs and bring the timeliness into line with international standards.

6 See footnote 2.

THE FUNCTIONAL COMPOSITION OF GOVERNMENT SPENDING IN THE EUROPEAN UNION

The quality of government expenditure has become a prominent issue in the European policy debate, and the size, efficiency and effectiveness of the public sector have been analysed in a number of studies. Available empirical evidence derived from functional spending data indicates that performance differs significantly from country to country with regard to the various government functions and suggests to policy-makers that there is room for efficiency gains. As a result, the need for timely and detailed data on the composition of government expenditure has increased. More detailed information providing a breakdown of spending on individual government functions such as education or health is already being sent to Eurostat on a voluntary basis by 19 European Union Member States. This functional classification is a valuable source of information when comparing and assessing public sector performance across the EU. This article compares the composition of government expenditure in the various EU Member States, while also emphasising that such comparisons need to take account of institutional differences, particularly as regards those countries' social security and tax systems.

1 INTRODUCTION

In recent years the quality of public expenditure has received increased attention in the European policy debate. Consequently, qualitative elements relating to European Union Member States' public finances have found their way into the European fiscal surveillance framework, not least in connection with the Lisbon strategy and the reform of the Stability and Growth Pact in 2005. The level and composition of government expenditure feature prominently in this respect, as both are widely regarded as having an impact on economic growth and the smooth functioning of Economic and Monetary Union.[1]

This article describes and analyses the basic trends in the level and composition of government expenditure in the EU. Although statistics on the functional distribution of government expenditure (e.g. spending on health or education) are still less readily available than statistics on different types of economic transaction (e.g. spending on subsidies or investment), the timeliness, international comparability and level of detail of these data have improved greatly in recent years. Ensuring the comparability of government expenditure across countries is not always easy, given that the organisation of the government sector differs from country to country. For instance, the government can effect direct expenditure (for example on housing) that benefits part of the population, or it can provide those target groups with earmarked subsidies or make their private expenditure tax-deductible. Thus, government expenditure data could vary considerably for economically equivalent arrangements. Taking these caveats into account, statistics on the functional classification of government expenditure are a valuable source of information when assessing the quality of government expenditure across the EU in terms of its level, efficiency and effectiveness.

The article is organised as follows: Section 2 looks at the sources of functional government expenditure data; Section 3 reviews developments in the functional composition of government spending in the EU; Section 4 provides an illustrative aggregation of the main functions of government expenditure and shows the ways in which functional data may be used for analytical purposes; and Section 5 concludes.

2 SOURCES OF FUNCTIONAL GOVERNMENT EXPENDITURE DATA

The functions of government expenditure can be analysed using the "Classification of the Functions of Government" (COFOG). This classification was developed by the OECD and

1 See the article entitled "The importance of public expenditure reform for economic growth and stability" in the April 2006 issue of the Monthly Bulletin.

Table 1 The Classification of the Functions of Government

Categories	Sub-categories
01 General public services	01.7 Public debt transactions
02 Defence	
03 Public order and safety	
04 Economic affairs	
05 Environmental protection	
06 Housing and community amenities	
07 Health	07.1 Medical products, appliances and equipment
	07.2 Outpatient services
	07.3 Hospital services
08 Recreation, culture and religion	
09 Education	09.1 Pre-primary and primary education
	09.2 Secondary education
	09.3 Post-secondary non-tertiary education
	09.4 Tertiary education
10 Social protection	10.1 Sickness and disability
	10.2 Old age
	10.4 Family and children
	10.5 Unemployment

was published by the United Nations Statistics Division. The COFOG classification divides government expenditure into ten categories, which are each divided into several sub-categories. Table 1 lists all categories, as well as the most important sub-categories in terms of spending-to-GDP ratios for the categories "general public services", "health", "education" and "social protection".[2]

The EU Member States are obliged to report data on the ten COFOG categories to Eurostat within 12 months of the end of the reference year. In addition, 19 countries currently send Eurostat a more detailed breakdown of government expenditure on a voluntary basis, and others plan to do likewise in the future.

The meaning of the various functions in Table 1 seems intuitively clear. However, as always, the devil is in the detail. For instance, how should government expenditure on a military hospital be classified: as defence spending or as health care expenditure? Such issues need to be settled and documented in order to ensure the harmonised compilation of COFOG data across countries (see the box).

The data reported in this article relate to the general government sector. General government expenditure includes not only central government expenditure, but also expenditure by local government bodies and social security funds. Flows between different government units, such as interest payments and transfers, must be consolidated in order to properly reflect total government expenditure. At present, expenditure derived from the EU budget (e.g. agricultural subsidies) is not included in COFOG expenditure data. In 2007 expenditure from the EU budget ranged from 0.1% of GDP in Luxembourg to 3.4% of GDP in Lithuania.

2 See the Eurostat publication "Manual on sources and methods for the compilation of COFOG statistics – Classification of the Functions of Government (COFOG)" for a full overview of all COFOG functions (http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-RA-07-022/EN/KS-RA-07-022-EN.PDF).

Box

THE HARMONISATION OF STATISTICS

It is important to ensure that COFOG statistics are not only harmonised across countries, but also in line with other statistics on government expenditure.

Twice a year the EU Member States provide Eurostat with data on government expenditure broken down by type of economic transaction (e.g. compensation of government employees or government investment). These expenditure data should be in line with the government deficit and debt figures that the Member States report to Eurostat at the same time, which are used in the excessive deficit procedure.

The accounting rules that the Member States are required to apply to all of these statistics are laid down in the European System of Accounts 1995 (ESA 95).

An important rule in the ESA 95 is the requirement that transactions be recorded using the "accrual principle". This means, for instance, that if military equipment is ordered by a government in year t, delivered in year t+1 and paid for in year t+2, government expenditure should be recorded in year t+1 rather than in year t or t+2. The moment at which the obligation to pay arises determines the time at which the government expenditure is recorded. However, government budgets are often prepared on a cash basis. As a result, statisticians need to correct these budget data when compiling government expenditure statistics under the ESA 95 accounting rules. Moreover, under the ESA 95, government expenditure does not include the repayment of government debt. This means that the COFOG sub-category "public debt transactions" does not include the repayment of debt and consists mainly of interest payable on government debt.

In order to check that the COFOG data are consistent with the expenditure data broken down by type of economic transaction, Eurostat asks the Member States to provide breakdowns of government expenditure by function and by type of economic transaction. For most countries, these breakdowns are consistent.

3 DEVELOPMENTS IN FUNCTIONAL GOVERNMENT EXPENDITURE IN THE EU

Total government expenditure in the euro area averaged 46.7% of GDP in 2006, almost 2 percentage points below the figure for 1998. In 2006 the ratio of government expenditure to GDP was higher than the euro area average in Belgium, France, Austria, Italy and Finland. By contrast, total government expenditure was significantly below the euro area average in Ireland, Slovakia and Spain. In the United Kingdom this ratio remained below the EU average in 2006, despite a remarkable increase between 1998 and 2006. The government expenditure ratios of Denmark and Sweden remained among the highest in the EU in 2006, despite having declined since 1998 (see Table 2).[3]

Social protection is by far the largest component of total expenditure in every euro area country. Spending on social protection as a percentage of GDP was higher than the euro area average in France, Germany, Finland and Austria in 2006, while in Ireland, Cyprus and Slovakia it was well below it.

3 The COFOG classification does not provide a full picture of the state of government finances. For example, under ESA 95 guidelines, equity injections in public or private enterprises and guarantees provided by governments do not form part of government expenditure. Instead, equity injections are recorded as financial transactions and guarantees are classified as contingent liabilities.

Table 2 Functional classification of government expenditure

(as a percentage of GDP)

COFOG categories	General public services		Defence and public order and safety		Economic affairs		Health		Education		Social protection		Other categories		Total	
	1998	2006	1998	2006	1998	2006	1998	2006	1998	2006	1998	2006	1998	2006	1998	2006
Belgium	11.0	8.5	2.8	2.0	4.7	5.0	6.1	6.9	6.0	5.9	17.6	17.3	2.1	2.8	50.4	48.4
Germany	6.7	5.6	2.9	2.0	4.0	3.2	6.1	6.3	4.3	3.9	21.7	21.6	2.3	2.7	48.0	45.3
Ireland	5.8	3.6	2.5	1.0	4.6	4.5	5.7	7.8	4.2	4.2	9.8	9.7	1.8	3.0	34.5	33.8
Greece	13.3	8.1	3.3	4.5	6.3	4.5	4.3	4.7	3.1	2.3	17.9	17.9	1.2	0.1	49.5	42.2
Spain	6.7	4.6	3.0	2.2	4.8	5.0	5.2	5.6	4.4	4.3	13.6	12.8	3.3	3.9	41.1	38.5
France	7.9	6.9	3.5	3.7	3.2	2.9	6.6	7.2	6.4	6.0	21.8	22.3	3.3	3.7	52.7	52.7
Italy	11.4	8.7	3.1	2.7	4.0	5.9	5.6	7.0	4.8	4.5	17.7	18.2	2.7	1.8	49.2	48.9
Cyprus	8.8	9.9	4.0	4.6	4.4	4.4	2.7	3.1	6.0	7.2	7.7	10.4	3.2	3.7	36.7	43.4
Luxembourg	4.9	4.0	1.3	0.5	4.4	4.5	4.8	4.6	4.9	4.5	16.9	16.4	3.9	4.0	41.0	38.6
Malta	5.5	6.7	2.7	1.6	7.4	5.7	4.6	6.4	5.4	5.5	13.4	14.0	3.9	3.6	43.0	43.6
Netherlands	9.5	7.3	3.0	2.9	4.6	4.7	3.8	5.9	4.8	5.1	17.8	16.5	3.1	3.0	46.7	45.6
Austria	9.0	7.0	2.4	1.7	4.7	4.8	7.7	6.9	5.9	5.9	21.2	20.4	3.0	2.5	54.0	49.4
Portugal	6.0	6.9	3.3	2.6	6.4	3.8	6.2	7.2	6.3	7.1	12.1	16.0	2.5	2.7	42.8	46.3
Slovenia	.	6.2	.	2.9	.	4.1	.	6.2	.	6.4	.	17.1	.	1.6	46.3	44.5
Slovakia	.	5.0	.	3.6	.	4.1	.	5.3	.	4.1	.	12.2	.	2.8	45.8	37.1
Finland	7.6	6.5	3.2	3.0	5.2	4.5	5.9	6.8	6.1	5.8	22.4	20.4	2.1	1.7	52.5	48.9
Euro area	**8.3**	**6.6**	**2.9**	**2.6**	**4.1**	**4.2**	**5.9**	**6.6**	**5.1**	**4.8**	**19.5**	**19.1**	**2.8**	**2.7**	**48.6**	**46.7**
Bulgaria	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	36.5
Czech Republic	4.0	4.9	3.7	2.5	9.5	6.9	5.9	7.2	4.0	4.9	12.6	12.7	3.4	4.8	43.2	43.8
Denmark	9.1	6.0	2.7	3.2	4.1	3.5	6.9	7.0	7.6	7.7	23.0	21.8	2.2	1.9	55.6	51.2
Estonia	4.6	2.6	4.0	2.7	4.7	4.2	4.5	4.0	7.3	6.0	10.9	9.5	3.5	5.1	39.4	34.2
Latvia	6.7	6.1	3.3	2.9	4.9	6.0	2.7	2.9	6.6	6.3	13.7	9.6	2.3	4.2	40.2	37.9
Lithuania	.	4.2	.	3.3	.	4.0	.	4.7	.	5.5	.	10.0	.	1.9	40.4	33.6
Hungary	.	9.6	.	2.8	.	6.3	.	5.5	.	5.8	.	17.7	.	4.3	52.8	51.9
Poland	.	5.9	.	2.3	.	4.4	.	4.7	.	6.0	.	16.9	.	3.7	44.3	43.8
Romania	.	.	.	.	.	.	.	.	.	.	.	.	.	.	38.5	35.3
Sweden	10.2	7.7	3.7	3.4	4.5	4.8	6.2	6.8	7.4	7.1	23.1	22.7	3.7	1.6	58.8	54.1
United Kingdom	5.5	4.3	4.6	5.1	2.0	2.9	5.4	7.1	4.6	6.1	15.3	15.4	1.6	3.0	39.0	43.9
EU	**8.0**	**6.2**	**3.5**	**3.1**	**4.0**	**4.0**	**6.0**	**6.6**	**5.3**	**5.2**	**19.2**	**18.3**	**1.2**	**2.9**	**47.3**	**46.3**

Sources: Eurostat, national data and ECB calculations.
Notes: The euro area data relate to the Euro 15. "." indicates that data are not yet available.

Social protection expenditure in the euro area is mainly related to the payment of old age pensions. In 2006 this budgetary item totalled almost 9% of GDP in Finland, 10% in Germany and 12-13% in Greece and Italy (see Table 3). Between 1998 and 2006 expenditure on old age pensions rose strongly in Cyprus and Portugal. As regards the EU Member States outside the euro area, social protection expenditure in the United Kingdom has been relatively stable over time, with almost half of it being devoted to old age pensions. The ratio of social protection expenditure to GDP is relatively high in Denmark and, in particular, Sweden, despite a declining trend in both countries between 1998 and 2006.

When interpreting these figures, an important caveat concerns the institutional differences between the social security and tax systems of the various countries.[4] For instance, while in some countries social benefits accruing to households are taxed in the same way as wage income, in others they are partially or fully exempt from taxation. In other words, in the latter group of countries the government transfers social benefits to recipients net of

4 The fact that countries have different social systems and models obviously plays a role in explaining cross-country differences. See, for instance, G. Bonoli (1997), "Classifying Welfare States: A Two-dimension Approach", *Journal of Social Policy*, 26 (3), pp. 351-372.

Table 3 Sub-categories for main expenditure items

(data for 2006; as a percentage of GDP)

COFOG categories	Social protection					Education					Health			
	Sickness and disability	Old age	Family and children	Unemploy-ment	Other	Pre-primary and primary education	Secondary education	Post-secondary non-tertiary education	Tertiary education	Other	Medical products, appliances and equipment	Out-patient services	Hospital services	Other
Belgium	2.3	7.1	2.1	2.5	3.3	1.9	2.5	0.0	0.7	0.7	0.8	2.1	3.4	0.6
Germany	2.7	10.0	2.2	2.6	4.1	1.0	1.8	0.1	0.7	0.3	1.5	2.0	2.6	0.2
Ireland	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Greece	2.8	12.5	0.5	0.5	1.7	0.3	1.0	0.0	0.5	0.4	1.3	0.2	2.5	0.6
Spain	2.2	6.1	0.5	1.6	2.6	1.6	1.5	0.0	0.9	0.3	1.2	0.0	4.3	0.2
France	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Italy	1.7	12.2	1.0	0.5	2.7	1.7	1.9	0.2	0.4	0.4	0.9	2.2	3.8	0.1
Cyprus	0.2	4.4	1.9	0.8	3.1	1.5	1.9	0.0	1.3	2.5	0.6	0.1	0.4	2.0
Luxembourg	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Malta	1.9	7.5	1.1	0.6	3.0	1.3	2.3	0.0	0.8	1.1	1.2	0.6	4.2	0.3
Netherlands	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Austria	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Portugal	1.6	9.6	1.1	1.2	2.5	0.3	4.3	0.0	1.3	1.3	2.2	2.4	2.5	0.2
Slovenia	2.7	10.4	1.9	0.7	1.4	2.2	2.7	0.0	1.1	0.5	1.2	1.9	2.5	0.5
Slovakia	1.9	6.7	1.2	0.2	2.2	1.7	0.9	0.0	0.7	0.8	2.0	1.7	1.2	0.4
Finland	4.3	8.9	2.7	2.3	2.2	1.1	2.7	0.0	1.7	0.4	0.7	1.7	2.2	2.3
Bulgaria	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Czech Republic	2.8	6.5	1.5	0.3	1.5	0.5	2.9	0.0	1.0	0.5	1.2	1.4	2.9	1.6
Denmark	4.8	7.0	5.0	2.5	2.5	3.4	1.5	0.0	1.6	1.2	0.4	1.0	5.4	0.3
Estonia	1.8	5.5	1.6	0.2	0.5	2.1	2.0	0.4	1.2	0.4	0.5	0.6	2.7	0.2
Latvia	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Lithuania	2.5	4.9	1.0	0.4	1.2	1.3	2.2	0.0	1.2	0.8	0.8	1.2	1.9	0.8
Hungary	3.8	6.5	2.4	0.5	4.5	1.9	1.1	0.0	1.0	1.8	1.8	1.0	2.1	0.6
Poland	0.8	13.9	1.1	0.5	0.5	2.0	1.7	0.0	1.7	0.7	0.4	0.7	2.1	1.4
Romania	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Sweden	5.7	10.6	2.7	2.0	1.8	4.0	1.3	0.0	1.4	0.3	0.9	2.9	2.5	0.4
United Kingdom	2.8	7.2	2.5	0.3	2.4	1.8	1.8	0.7	0.7	1.0	0.1	0.5	6.4	0.1

Sources: Eurostat, national data and ECB calculations.
Note: "." indicates that data are not yet available.

income tax. As a result, the relevant government expenditure is, on average, higher in the first group, while the disposable income of the beneficiaries could be the same in both groups of countries. Such transfers are taxed in more or less the same way as wage income in Italy and the Nordic countries, while in other countries (e.g. Austria, Germany and Portugal for unemployment benefits paid out in cash, and Germany and Portugal for sickness benefits) they tend not to be taxed. Likewise, mandatory private insurance schemes for pensions, unemployment or health care reduce the headline figures for government expenditure in some countries, whereas state contributions to compensate for households' voluntary payments into social security funds increase government expenditure. Likewise, a change from one type of insurance system to another may complicate any comparison of government spending levels over time for the country concerned.

Health expenditure by governments increased in the euro area in the period under review, with an increase being observed in the ratio of health spending to GDP in all euro area countries with the exception of Luxembourg and Austria. Between 1998 and 2006 Ireland, Malta and the Netherlands saw the largest increases in government expenditure on health relative to GDP. In 2006 public expenditure on health was particularly high in Ireland, France, Portugal and Italy, while it was relatively low in Cyprus, Luxembourg and Greece. In the case of Italy and Portugal, health expenditure was driven mainly by expenditure on outpatient services and hospital services. Following an increase in its expenditure on outpatient and hospital services, the United Kingdom's health expenditure was one of the highest in the EU in 2006 as a percentage of GDP. Spending on health in Denmark and Sweden was slightly above the EU average in 2006.

Between 1998 and 2006 government expenditure on education decreased relative to GDP in the euro area. In Greece the ratio of education expenditure to GDP declined by 0.8 percentage point, and in Germany, France and Italy it declined by around 0.4 percentage point. In 2006 spending on education by the governments of Cyprus, Portugal and Slovenia significantly exceeded the euro area average as a percentage of GDP. In the case of Cyprus and Portugal, these high levels of expenditure followed a noticeable increase between 1998 and 2006. Greece, Germany and Slovakia had the lowest ratios of education expenditure to GDP in 2006 (see Table 2). With education expenditure totalling 6.1% of GDP in 2006, the UK government exceeded the EU average. Education expenditure was also relatively high in Denmark and Sweden in that year.

General public services also accounted for a sizeable share of total government expenditure in the euro area in 2006, despite having declined since 1998. Expenditure levels in Cyprus, Italy, Belgium and Greece were well above average in this category. However, in the case of Italy, Belgium and Greece, more than half of this expenditure was due to interest paid on those countries' public debts, which are very large in relation to their GDP. Conversely, countries with low debt ratios reported below average expenditure on general public services in 2006. This was the case for Ireland, Luxembourg and Spain. In both 1998 and 2006 UK expenditure on general public services was less than the EU average. Expenditure on general public services declined significantly in Denmark and Sweden between 1998 and 2006 as a percentage of GDP, although Sweden's spending was still above the EU average in 2006.

4 AGGREGATION AND USEFULNESS OF FUNCTIONAL DATA ON GENERAL GOVERNMENT SPENDING

The ten top-level categories in the COFOG classification can be consolidated to reflect the five main functions of government, namely: redistribution; pure public goods; health and education;[5] general public services; and private activities (i.e. those that could also be performed through private sector arrangements). Following this approach, the "redistribution" function is represented by the COFOG category "social protection", and "pure public goods" comprises the COFOG categories "defence" and "public order and safety".[6] "Health and education" comprises the equivalent COFOG categories. The item "general public services" also has a direct equivalent in the COFOG classification and includes administrative spending, as well as public debt transactions related to interest payments. Finally, "private activities" covers programmes for agriculture, energy, manufacturing and infrastructure and includes the COFOG categories "economic affairs", "environmental protection", "housing and community amenities", and "recreation, culture and religion".[7] The aggregation of COFOG categories to form these functional categories is summarised in Table 4.

5 A healthy and well-educated population could be considered a prerequisite if a country is to have smooth functioning markets, secure property rights, the rule of law and plentiful opportunities which are, in principle, available to all (see A. Afonso, L. Schuknecht and V. Tanzi (2005), "Public Sector Efficiency: An International Comparison", *Public Choice*, 123 (3), pp. 321-347).

6 Using Samuelson's definition of non-rival and non-excludable public goods – although Barro argues that some public goods, such as defence and police, can be subject to congestion (see: R. Barro (1990), "Government Spending in a Simple Model of Endogenous Growth", *Journal of Political Economy*, 98 (5); and P. Samuelson (1954), "The pure theory of public expenditure", *Review of Economics and Statistics*, 36, pp. 387-389).

7 Although this is a reasonable presentation of government functions for illustrative purposes, the various categories could of course be aggregated in other ways. For instance, one could also regard much of the category "environmental protection" as constituting a pure public good.

Table 4 Aggregated functional breakdown of expenditure

Main functions of government	COFOG categories
A. Redistribution	10 – Social protection
B. Pure public goods	02 – Defence 03 – Public order and safety
C. Health and education	07 – Health 09 – Education
D. General public services	01 – General public services
E. Private activities	04 – Economic affairs 05 – Environmental protection 06 – Housing and community amenities 08 – Recreation, culture and religion

Charts 1 and 2 report these aggregated functional expenditure categories as a percentage of total government spending for the euro area for 1998 and 2006 respectively. On average, the functional breakdown of expenditure did not change much over that period. Government expenditure on health and education increased from 22.6% of total government expenditure in 1998 to 24.2% in 2006, while the share of redistribution increased by 0.6 percentage point. On the other hand, the share of total government expenditure directed towards pure public goods decreased somewhat, while a more significant decline was observed for general public services, partly reflecting developments in interest payments on government debt. Interest payments in the EU increased until the mid-1990s, but then declined gradually thereafter on account of the low interest rate environment.

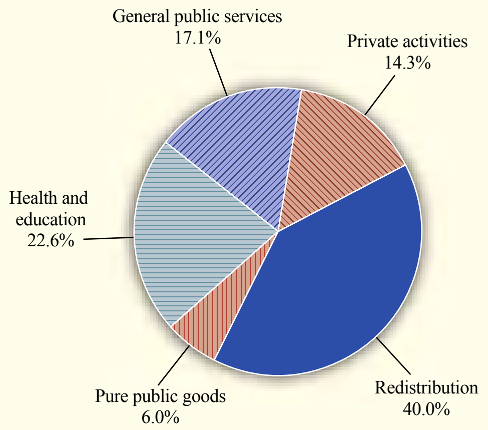
Table 5 breaks down the aggregated functional category "general public services" into different types of economic transaction, which helps to illustrate the heterogeneity among countries as regards interest payments.[8]

In recent years the quality of public finances in terms of the size, efficiency and

8 In addition, the most important types of economic transaction in 2006 in terms of the COFOG categories were: social benefits in the case of social protection; the compensation of employees in the case of education; and social benefits and the compensation of employees in the case of health.

Chart 1 Aggregated functional breakdown of euro area government expenditure in 1998

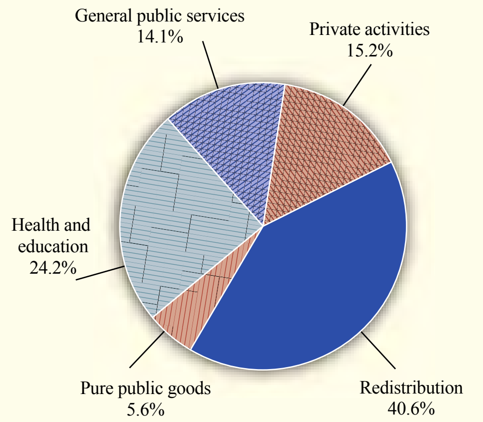
(percentages)



Sources: Eurostat, national data and ECB calculations.
Note: Data relate to the Euro 15.

Chart 2 Aggregated functional breakdown of euro area government expenditure in 2006

(percentages)



Sources: Eurostat, national data and ECB calculations.
Note: Data relate to the Euro 15.

Table 5 General public services broken down by type of economic transaction

(data for 2006; as a percentage of GDP)

Economic transactions	Compensation of employees	Intermediate consumption	Investment	Interest	Other
Belgium	2.4	1.0	0.0	4.0	1.0
Germany	1.1	0.7	.	2.8	.
Ireland	0.9	0.5	.	0.9	.
Greece	2.0	1.2	0.5	4.3	0.1
Spain	1.0	0.7	0.2	1.6	1.1
France	2.1	0.6	0.3	2.6	1.3
Italy	1.6	1.1	0.5	4.7	0.9
Cyprus	3.2	0.7	0.7	3.3	2.1
Luxembourg	1.6	0.7	.	0.2	.
Malta	1.5	1.1	0.4	3.5	0.3
Netherlands	1.7	1.7	.	2.2	.
Austria	1.7	0.9	0.1	2.9	1.4
Portugal	2.0	1.0	0.2	2.8	1.0
Slovenia	1.6	1.1	.	1.4	.
Slovakia	1.2	1.1	0.4	1.5	0.9
Finland	1.6	1.8	0.3	1.5	1.2
Euro area	**1.6**	**0.9**	.	**2.9**	.
Bulgaria	.	.	.	1.4	.
Czech Republic	1.4	1.2	-0.1	1.1	1.2
Denmark	1.1	0.7	0.3	1.8	2.2
Estonia	1.1	0.7	0.1	0.2	0.5
Latvia	1.4	1.2	1.2	0.5	1.8
Lithuania	1.3	0.9	0.4	0.7	0.9
Hungary	2.5	1.4	0.5	4.0	1.2
Poland	1.4	0.7	0.3	2.7	0.8
Romania	.	.	.	0.8	.
Sweden	1.6	2.0	0.6	1.8	1.8
United Kingdom	0.8	0.2	0.1	2.1	1.2
EU	**1.4**	**0.8**	.	**2.7**	.

Sources: Eurostat, national data and ECB calculations.
Notes: The euro area data relate to the Euro 15. "." indicates that data are not yet available.

effectiveness of the public sector have been analysed in a number of studies.[9] This empirical evidence points to performance differing significantly from country to country with regard to the individual government functions and indicates to policy-makers the areas in which improvements are necessary. This evidence, which also makes use of functional spending data, suggests, for example, that there is room for efficiency gains in the education and health sectors in OECD countries.[10] In particular, empirical studies for a sample of OECD countries show that while some countries (e.g. Portugal, Germany and Italy) are relatively inefficient, other countries (e.g. the Czech Republic, Finland, Australia and the United Kingdom) are more efficient in relative terms.

Homogeneous second-level COFOG data may prove useful as regards the category "social protection" (the largest component of total government spending),[11] notably with regard to

9 For an overview, see S. Deroose and C. Kastrop (2008; eds.), "The Quality of Public Finances: Findings of the Economic Policy Committee Working Group (2004-2007)", European Commission Occasional Paper 37.

10 See: A. Afonso and M. St Aubyn (2005), "Non-parametric Approaches to Public Education and Health Efficiency in OECD Countries", *Journal of Applied Economics*, 8 (2), pp. 227-246; A. Afonso and M. St Aubyn (2006), "Assessing Education and Health Efficiency in OECD Countries using Alternative Input Measures", in *Public Expenditure*, Banca d'Italia, pp. 361-388; and D. Sutherland, R. Price, I. Joumard and C. Nicq (2007), "Performance indicators for public spending efficiency in primary and secondary education", OECD Economics Department Working Paper 546.

11 Detailed information on social benefits is available in the European System of Integrated Social Protection Statistics on the Eurostat website for most of the countries under consideration. However, these data are less timely than the COFOG data.

assessing issues such as income inequality and its links with economic growth.[12]

The literature also finds considerable differences across industrialised countries as regards the performance of the public sector as a whole.[13] A range of indicators suggest that better public sector performance is largely uncorrelated with increased public spending. This indicates declining marginal returns for public spending and suggests that it is possible to obtain favourable outcomes for key policy objectives with levels of public spending that are lower than those observed today in many countries. Governments should also favour redirecting public expenditure towards more productive, growth-enhancing activities by increasing the importance of the accumulation of capital – both physical and human – and supporting research, development and innovation. Naturally, obtaining favourable outcomes requires a combination of capital accumulation and current spending, while the appropriate economic and functional composition of public expenditure must necessarily be regarded as country-specific.

Consequently, the availability of functional expenditure data for all levels of the COFOG classification is indispensable in order to analyse the efficiency and effectiveness of government expenditure. Indeed, at the EU level, the work conducted under the guidance of the Economic Policy Committee in cooperation with Eurostat has made a significant contribution to the improvement of these data and the understanding of their policy relevance. Further efforts in this area can be expected to yield important further insights which will assist in the much-needed improvement of the efficiency and effectiveness of public policies.

5 CONCLUSION

Given the scarcity of public resources, it is essential that expenditure programmes be pursued in an efficient and effective manner in order to improve long-term growth prospects while ensuring the sustainability of public finances. Efficient public spending should help to reduce total expenditure while reinforcing its positive leverage effects on productivity and growth. Moreover, given the significant cross-country differences within the EU in terms of the level and evolution of government expenditure, cross-country comparisons looking at the efficiency and effectiveness of public spending can be useful, provided that the necessary caution is exercised with regard to the measurement and comparability of data. Improving the efficiency and effectiveness of public spending will help to combine the fiscal discipline demanded by the Stability and Growth Pact with the structural reform agenda of the EU's Lisbon strategy.

The availability of detailed COFOG data is crucial for any analysis of how best to improve the quality of government expenditure, a topical issue in the European policy debate. Detailed information of this kind is currently available for many – but not all – EU Member States. A requirement that data be provided on a regular basis for some (but not all) top-level COFOG categories, with a breakdown by sub-category, could significantly increase the policy relevance of those data without unduly increasing the burden for the national governments and data compilers. In particular, the analysis of government expenditure would benefit from more detailed data for the COFOG categories "health", "social protection" and "education", which accounted for around 65% of total government expenditure in the euro area in 2006.

12 See R. Barro (2000), "Inequality and Growth in a Panel of Countries", *Journal of Economic Growth*, 5 (1), pp. 5-32.

13 See: A. Afonso, L. Schuknecht and V. Tanzi (2005), "Public Sector Efficiency: An International Comparison", *Public Choice*, 123 (3), pp. 321-347; and A. Afonso, L. Schuknecht and V. Tanzi (2006), "Public Sector Efficiency: Evidence for New EU Member States and Emerging Markets", ECB Working Paper No 581.

EURO AREA STATISTICS

CONTENTS[1]

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

ENLARGEMENT OF THE EURO AREA ON 1 JANUARY 2009 TO INCLUDE SLOVAKIA

Unless otherwise indicated, all data series covering observations for 2009 relate to the Euro 16 (the euro area including Slovakia) for the whole time series. For interest rates, monetary statistics and the HICP (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), the statistical series relating to the euro area cover the EU Member States that had adopted the euro at the time to which the statistics relate. Where applicable, this is indicated in the tables by means of a footnote. In such cases, where underlying data are available, absolute and percentage changes for the respective year of entry into the euro area of Greece (2001), Slovenia (2007), Cyprus (2008), Malta (2008) and Slovakia (2009), calculated from bases covering the year prior to the year of entry, use a series in which the impact of these countries' joining the euro area is taken into account. Historical data referring to the euro area before the entry of Slovakia are available on the ECB's website at http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html

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
2007	6.4	9.9	11.1	-	10.8	18.6	4.28	4.38
2008	2.3	9.5	9.6	-	9.5	19.1	4.64	3.69
2008 Q2	2.3	10.0	10.1	-	10.5	17.3	4.86	4.73
Q3	0.6	9.1	9.0	-	9.1	18.6	4.98	4.34
Q4	2.7	8.9	8.1	-	7.3	20.4	4.24	3.69
2009 Q1	.	.	.	-	.	.	2.01	3.77
2008 Oct.	3.7	9.3	8.7	8.3	7.8	18.1	5.11	4.25
Nov.	2.2	8.8	7.7	8.0	7.1	20.5	4.24	3.77
Dec.	3.3	8.2	7.6	7.1	5.7	24.5	3.29	3.69
2009 Jan.	5.1	7.5	6.0	6.5	5.0	25.5	2.46	4.02
Feb.	6.3	7.0	5.9	.	4.2	.	1.94	3.85
Mar.	.	.	.	.	.	.	1.64	3.77

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

	HICP [1]	Industrial producer prices	Hourly labour costs	Real GDP	Industrial production excluding construction	Capacity utilisation in manufacturing (percentages)	Employment	Unemployment (% of labour force)
	1	2	3	4	5	6	7	8
2007	2.1	2.7	2.7	2.7	3.9	84.1	1.8	7.5
2008	3.3	5.9	3.5	0.8	-1.8	81.9	0.8	7.5
2008 Q3	3.8	8.2	4.2	0.6	-1.5	82.2	0.6	7.6
Q4	2.3	3.3	3.8	-1.3	-9.0	78.3	0.0	8.0
2009 Q1	.	.	.	.	.	.	.	.
2008 Oct.	3.2	6.0	-	-	-5.9	81.5	-	7.8
Nov.	2.1	2.9	-	-	-9.1	-	-	8.0
Dec.	1.6	1.2	-	-	-12.4	-	-	8.1
2009 Jan.	1.1	-0.6	-	-	-17.4	75.0	-	8.3
Feb.	1.2	.	-	-	.	-	-	8.5
Mar.	0.6	.	-	-	.	-	-	.

3. Balance of payments, reserve assets and exchange rates

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)				Reserve assets (end-of-period positions)	Effective exchange rate of the euro: EER-21 [6] (index, 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Direct investment	Portfolio investment		Nominal	Real (CPI)	
	1	2	3	4	5	6	7	8
2007	45.7	52.8	-88.5	135.6	347.4	107.9	109.0	1.3705
2008	-53.6	-4.2	-281.4	409.2	383.9	113.0	113.6	1.4708
2008 Q2	-24.3	6.3	-51.5	42.9	353.9	116.0	116.6	1.5622
Q3	-12.5	-8.0	-42.4	110.5	370.9	114.1	114.3	1.5050
Q4	-14.4	-1.2	-82.1	182.2	383.9	109.1	109.6	1.3180
2009 Q1	.	.	.	.	.	111.9	112.3	1.3029
2008 Oct.	-4.8	2.6	-13.8	120.5	368.0	107.9	108.3	1.3322
Nov.	-11.2	-4.4	-52.4	50.5	393.4	107.1	107.6	1.2732
Dec.	1.6	0.6	-15.9	11.1	383.9	112.4	112.9	1.3449
2009 Jan.	-17.7	-9.1	-19.5	-3.3	409.9	111.9	112.3	1.3239
Feb.	.	.	.	.	419.7	110.4	110.8	1.2785
Mar.	.	.	.	.	.	113.3	113.6	1.3050

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

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

1) Data refer to the changing composition of the euro area. For further information, see the General notes.
2) Annual percentage changes of monthly data refer to the end of the month, whereas those of quarterly and yearly data refer to the annual change in the period average of the series. 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 table 4.7.
5) Unless otherwise indicated, data refer to Euro 16.
6) For the definition of the trading partner groups and other information, please refer to the General notes.

1 MONETARY POLICY STATISTICS

1.1 Consolidated financial statement of the Eurosystem
(EUR millions)

1. Assets

	2009 6 March	2009 13 March	2009 20 March	2009 27 March
Gold and gold receivables	217,743	217,638	217,625	217,543
Claims on non-euro area residents in foreign currency	156,800	155,272	154,347	152,358
Claims on euro area residents in foreign currency	135,981	144,063	143,600	140,844
Claims on non-euro area residents in euro	21,000	20,336	17,427	16,987
Lending to euro area credit institutions in euro	696,826	680,795	680,099	661,908
Main refinancing operations	244,147	227,701	226,066	229,980
Longer-term refinancing operations	452,198	452,765	452,766	430,745
Fine-tuning reverse operations	0	0	0	0
Structural reverse operations	0	0	0	0
Marginal lending facility	478	322	1,193	1,134
Credits related to margin calls	3	7	75	49
Other claims on euro area credit institutions in euro	29,134	28,796	29,508	32,042
Securities of euro area residents in euro	286,182	288,238	289,545	290,571
General government debt in euro	37,425	37,425	37,425	37,423
Other assets	259,729	256,870	252,972	253,407
Total assets	1,840,819	1,829,433	1,822,548	1,803,083

2. Liabilities

	2009 6 March	2009 13 March	2009 20 March	2009 27 March
Banknotes in circulation	746,035	746,337	745,802	745,756
Liabilities to euro area credit institutions in euro	315,618	306,641	293,029	263,829
Current accounts (covering the minimum reserve system)	179,448	244,244	228,572	218,543
Deposit facility	135,612	61,841	63,915	45,106
Fixed-term deposits	0	0	0	0
Fine-tuning reverse operations	0	0	0	0
Deposits related to margin calls	558	556	542	180
Other liabilities to euro area credit institutions in euro	300	300	349	231
Debt certificates issued	0	0	0	0
Liabilities to other euro area residents in euro	130,426	132,708	145,248	155,551
Liabilities to non-euro area residents in euro	204,741	211,501	208,006	207,197
Liabilities to euro area residents in foreign currency	-249	176	2,613	2,616
Liabilities to non-euro area residents in foreign currency	10,057	10,312	8,917	8,530
Counterpart of special drawing rights allocated by the IMF	5,446	5,446	5,446	5,446
Other liabilities	180,115	167,457	164,581	165,099
Revaluation accounts	176,589	176,589	176,589	176,589
Capital and reserves	71,742	71,967	71,967	72,240
Total liabilities	1,840,819	1,829,433	1,822,548	1,803,083

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

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 to the deposit and marginal lending facilities and to the main refinancing operations (changes effective from the first main refinancing operation following the Governing Council discussion), 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 tenders [1), 2)]
(EUR millions; interest rates in percentages per annum)

1. Main and longer-term refinancing operations [3), 4)]

Date of settlement	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tenders	Variable rate tenders			Running for (...) days
				Fixed rate	Minimum bid rate	Marginal rate [5)]	Weighted average rate	
	1	2	3	4	5	6	7	8
	Main refinancing operations							
2008 3 Dec.	339,520	787	339,520	3.25	-	-	-	7
10	217,856	783	217,856	2.50	-	-	-	7
17	209,721	792	209,721	2.50	-	-	-	6
23	223,694	640	223,694	2.50	-	-	-	7
30	238,891	629	238,891	2.50	-	-	-	7
2009 6 Jan.	216,122	600	216,122	2.50	-	-	-	8
14	203,792	614	203,792	2.50	-	-	-	7
21	251,516	668	251,516	2.00	-	-	-	7
28	214,150	544	214,150	2.00	-	-	-	7
4 Feb.	207,052	501	207,052	2.00	-	-	-	7
11	197,727	511	197,727	2.00	-	-	-	7
18	215,285	527	215,285	2.00	-	-	-	7
25	237,801	504	237,801	2.00	-	-	-	7
4 Mar.	244,147	481	244,147	2.00	-	-	-	7
11	227,701	503	227,701	1.50	-	-	-	7
18	226,066	537	226,066	1.50	-	-	-	7
25	229,979	538	229,979	1.50	-	-	-	7
1 Apr.	238,071	522	238,071	1.50	-	-	-	7
	Longer-term refinancing operations							
2008 18 Dec.	50,793	169	50,793	2.50	-	-	-	98
2009 8 Jan.	7,559	39	7,559	2.50	-	-	-	182
8	9,454	45	9,454	2.50	-	-	-	98
21	113,395	139	113,395	2.00	-	-	-	21
29	43,239	133	43,239	2.00	-	-	-	91
11 Feb.	104,731	93	104,731	2.00	-	-	-	28
12	18,479	39	18,479	2.00	-	-	-	91
12	10,721	39	10,721	2.00	-	-	-	182
26	21,641	57	21,641	2.00	-	-	-	91
11 Mar.	120,189	97	120,189	1.50	-	-	-	28
12	10,811	60	10,811	1.50	-	-	-	182
12	30,229	71	30,229	1.50	-	-	-	91
26	28,774	87	28,774	1.50	-	-	-	91

2. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tenders	Variable rate tenders				Running for (...) days
					Fixed rate	Minimum bid rate	Maximum bid rate	Marginal rate [5)]	Weighted average rate	
	1	2	3	4	5	6	7	8	9	10
2008 15 Sep.	Reverse transaction	90,270	51	30,000	-	4.25	-	4.30	4.39	1
16	Reverse transaction	102,480	56	70,000	-	4.25	-	4.32	4.40	1
18	Reverse transaction	49,330	43	25,000	-	4.25	-	4.30	4.39	1
24	Reverse transaction	50,335	36	40,000	-	4.25	-	4.25	4.35	1
1 Oct.	Collection of fixed-term deposits	173,047	52	173,047	4.25	-	-	-	-	1
2	Collection of fixed-term deposits	216,051	65	200,000	4.25	-	-	-	-	1
3	Collection of fixed-term deposits	193,844	54	193,844	4.25	-	-	-	-	3
6	Collection of fixed-term deposits	171,947	111	171,947	4.25	-	-	-	-	1
7	Collection of fixed-term deposits	147,491	97	147,491	4.25	-	-	-	-	1
9	Reverse transaction	24,682	99	24,682	3.75	-	-	-	-	6
11 Nov.	Collection of fixed-term deposits	149,656	117	79,940	-	-	3.75	3.60	3.51	1
9 Dec.	Collection of fixed-term deposits	152,655	95	137,456	-	-	3.25	3.05	2.94	1
2009 20 Jan.	Collection of fixed-term deposits	143,835	103	140,013	-	-	2.50	2.30	2.15	1
10 Feb.	Collection of fixed-term deposits	130,435	119	129,135	-	-	2.00	1.80	1.36	1
10 Mar.	Collection of fixed-term deposits	111,502	119	110,832	-	-	2.00	1.80	1.52	1

Source: ECB.
1) The amounts shown may differ slightly from those in Section 1.1 due to operations allotted but not settled.
2) With effect from April 2002, split tender operations, i.e. operations with one-week maturity conducted as standard tenders in parallel with a main refinancing operation, are classified as main refinancing operations. For split tender operations conducted before this month, see Table 2 in Section 1.3.
3) On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tenders. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids.
4) 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.
5) In liquidity-providing (absorbing) operations, the marginal rate refers to the lowest (highest) rate at which bids were accepted.

1.4 Minimum reserve and liquidity statistics

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

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at [1]	Total	Liabilities to which a 2% reserve coefficient is applied		Liabilities to which a 0% reserve coefficient is applied		
		Deposits (overnight, up to 2 years' agreed maturity and notice period)	Debt securities up to 2 years' agreed maturity	Deposits (over 2 years' agreed maturity and notice period)	Repos	Debt securities over 2 years' agreed maturity
	1	2	3	4	5	6
2006	15,648.3	8,411.7	601.9	1,968.4	1,180.3	3,486.1
2007	17,394.7	9,438.8	815.0	2,143.1	1,364.0	3,633.9
2008 Q1	17,703.3	9,551.7	840.2	2,126.0	1,558.4	3,627.1
Q2	17,971.8	9,775.4	916.3	2,172.4	1,439.4	3,668.1
Q3	18,231.2	9,968.9	917.1	2,186.7	1,457.1	3,701.5
2008 Oct. [2]	18,439.8	10,156.0	900.0	2,211.7	1,445.4	3,726.8
Nov. [2]	18,396.5	10,195.5	884.3	2,227.2	1,378.8	3,710.8
Dec. [2]	18,169.6	10,056.8	848.7	2,376.9	1,243.5	3,643.7
2009 Jan.	18,512.4	10,186.3	881.8	2,424.3	1,315.3	3,704.7

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
2006	172.5	173.2	0.7	0.0	3.30
2007	195.9	196.8	1.0	0.0	4.17
2008 7 Oct.	214.8	216.8	2.0	0.0	4.58
11 Nov.	216.1	218.6	2.4	0.0	3.94
9 Dec.	217.2	218.7	1.5	0.0	3.25
2009 20 Jan. [3]	220.2	221.5	1.2	0.0	2.50
10 Feb.	221.1	222.1	1.0	0.0	2.00
10 Mar.	217.6	218.6	1.0	0.0	2.00
7 Apr.	220.8	.	.	.	.

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	Deposit facility	Other liquidity-absorbing operations	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net) [4]		
	1	2	3	4	5	6	7	8	9	10	11	12
2006	327.0	313.1	120.0	0.1	0.1	0.1	0.0	598.6	54.9	-66.4	173.2	771.8
2007	327.5	173.0	278.6	0.3	0.0	0.4	2.2	644.6	61.9	-126.6	196.8	841.9
2008 7 Oct.	417.3	174.1	334.3	7.5	5.9	19.9	45.5	684.3	55.2	-82.6	216.8	921.0
11 Nov.	549.0	301.6	452.5	12.7	4.2	213.7	2.3	722.1	85.0	78.2	218.6	1,154.4
9 Dec.	580.5	337.3	457.2	2.7	0.0	200.9	4.9	731.1	107.8	114.3	218.7	1,150.7
2009 20 Jan.	581.3	219.2	613.6	2.9	0.0	238.5	3.3	753.1	99.9	100.6	221.5	1,213.1
10 Feb.	547.4	224.9	551.4	2.1	0.0	175.4	6.1	740.2	102.7	79.3	222.1	1,137.7
10 Mar.	512.7	224.3	472.4	1.6	0.0	95.5	4.0	741.5	110.1	41.4	218.6	1,055.5

Source: ECB.

1) End of period.

2) Includes the reserve bases of credit institutions in Slovakia. On a transitional basis, credit institutions located in the euro area may have decided to deduct from their own reserve bases any liabilities owed to credit institutions located in Slovakia. Starting from the reserve base as at end-January 2009, the standard treatment applies (see Decision of the European Central Bank of 28 October 2008 on transitional provisions for the application of minimum reserves by the European Central Bank following the introduction of the euro in Slovakia (ECB/2008/14)).

3) Owing to the adoption of the euro by Slovakia on 1 January 2009, the reserve requirement is an average - weighted by the number of calendar days - of the reserve requirements for the then 15 countries of the euro area for the period 10-31 December 2008 and the reserve requirements for the 16 countries now in the euro area for the period 1-20 January 2009.

4) Starting from 1 January 2009, includes monetary policy operations which were conducted by the Národná Banka Slovenska before 1 January 2009 and were still outstanding after this date.

MONEY, BANKING AND INVESTMENT FUNDS

2.1 Aggregated balance sheet of euro area MFIs [1]

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Money market fund shares/ units [2]	Holdings of shares/ other equity issued by euro area residents	External assets	Fixed assets	Remaining assets
		Total	General government	Other euro area residents	MFIs	Total	General government	Other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Eurosystem													
2006	1,558.2	695.7	19.7	0.6	675.3	217.0	187.5	2.5	27.0	-	17.2	351.4	14.7	262.4
2007	2,046.1	1,031.7	17.8	0.6	1,013.3	268.6	225.1	1.9	41.6	-	17.4	373.7	15.2	339.6
2008 Q3	2,473.4	1,342.5	18.5	0.7	1,323.3	278.9	237.4	2.4	39.1	-	14.7	482.4	16.0	338.9
2008 Oct.	2,781.3	1,632.6	18.5	0.6	1,613.5	283.8	242.5	2.4	38.9	-	13.9	478.7	16.0	356.2
Nov.	2,803.0	1,632.5	18.5	0.6	1,613.3	291.3	249.9	2.4	39.0	-	14.2	497.0	16.0	352.0
Dec.	2,983.0	1,809.4	18.6	0.6	1,790.1	350.8	307.9	2.4	40.4	-	14.4	479.8	15.7	313.0
2009 Jan.	2,830.1	1,606.0	18.6	0.7	1,586.8	362.5	314.6	2.5	45.4	-	14.2	523.7	16.0	307.7
Feb. (p)	2,771.4	1,537.1	18.6	0.7	1,517.8	366.5	318.3	2.7	45.6	-	13.6	530.5	15.9	307.9
	MFIs excluding the Eurosystem													
2006	25,950.2	14,904.3	810.5	9,160.3	4,933.5	3,555.4	1,276.5	645.9	1,632.9	83.5	1,171.4	4,329.0	172.6	1,733.9
2007	29,446.8	16,904.0	956.0	10,159.1	5,788.9	3,881.5	1,194.3	950.5	1,736.6	93.5	1,296.2	4,873.3	206.0	2,192.4
2008 Q3	31,535.5	18,146.6	980.7	10,820.4	6,345.6	4,192.7	1,192.5	1,098.9	1,901.3	101.8	1,318.3	5,118.5	203.5	2,454.1
2008 Oct.	32,450.9	18,443.9	980.6	10,876.7	6,586.6	4,253.2	1,185.1	1,133.8	1,934.4	95.5	1,264.6	5,294.7	204.4	2,894.6
Nov.	32,423.9	18,285.0	978.3	10,885.4	6,421.3	4,365.1	1,226.8	1,167.3	1,971.0	96.6	1,243.6	5,161.9	205.3	3,066.4
Dec.	31,834.9	18,017.7	970.2	10,779.0	6,268.4	4,621.7	1,242.2	1,392.8	1,986.8	98.4	1,200.2	4,754.5	213.0	2,929.5
2009 Jan.	32,265.2	18,175.7	986.2	10,863.8	6,325.6	4,749.7	1,307.9	1,394.2	2,047.6	101.4	1,206.2	4,874.1	211.9	2,946.3
Feb. (p)	32,232.0	18,045.2	983.5	10,838.8	6,222.8	4,831.3	1,341.5	1,416.2	2,073.6	102.6	1,191.4	4,782.5	216.3	3,062.7

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/ units [3]	Debt securities issued [4]	Capital and reserves	External liabilities	Remaining liabilities
			Total	Central government	Other general government/ other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
	Eurosystem										
2006	1,558.2	647.0	431.6	33.7	15.9	382.0	-	0.1	208.6	35.3	235.6
2007	2,046.1	697.0	714.7	23.9	19.1	671.8	-	0.1	238.0	66.0	330.3
2008 Q3	2,473.4	705.4	932.3	51.3	17.7	863.3	-	0.1	264.4	288.1	283.1
2008 Oct.	2,781.3	749.1	1,026.0	78.9	29.8	917.3	-	0.1	262.0	411.9	332.1
Nov.	2,803.0	752.9	1,079.9	107.7	27.6	944.6	-	0.1	283.5	380.6	306.0
Dec.	2,983.0	784.8	1,217.5	68.8	16.6	1,132.1	-	0.1	273.9	383.3	323.4
2009 Jan.	2,830.1	761.9	1,093.1	102.5	19.1	971.6	-	0.1	302.6	329.1	343.3
Feb. (p)	2,771.4	762.6	1,075.8	110.9	22.3	942.6	-	0.1	313.8	301.5	317.7
	MFIs excluding the Eurosystem										
2006	25,950.2	-	13,257.2	124.2	7,890.6	5,242.4	698.3	4,247.6	1,449.7	3,991.1	2,306.2
2007	29,446.8	-	15,082.4	127.1	8,865.9	6,089.4	754.1	4,645.2	1,678.9	4,533.2	2,753.0
2008 Q3	31,535.5	-	16,216.3	140.2	9,324.5	6,751.6	833.2	4,865.3	1,751.0	4,886.0	2,983.6
2008 Oct.	32,450.9	-	16,817.3	179.6	9,416.3	7,221.5	825.6	4,881.9	1,743.5	4,875.9	3,306.6
Nov.	32,423.9	-	16,688.4	221.2	9,440.4	7,026.9	836.6	4,898.7	1,753.0	4,781.6	3,465.6
Dec.	31,834.9	-	16,741.9	193.0	9,681.2	6,867.7	825.4	4,831.1	1,766.8	4,393.2	3,276.5
2009 Jan.	32,265.2	-	16,796.9	221.4	9,738.9	6,836.6	859.8	4,903.2	1,787.1	4,677.8	3,240.4
Feb. (p)	32,232.0	-	16,688.6	231.1	9,742.8	6,714.7	880.3	4,955.3	1,795.4	4,569.1	3,343.3

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 maturity up to two years held by non-euro area residents are included in external liabilities.

2.2 Consolidated balance sheet of euro area MFIs [1]

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

1. Assets

	Total	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/ other equity issued by other euro area residents	External assets	Fixed assets	Remaining assets
		Total	General government	Other euro area residents	Total	General government	Other euro area residents				
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2006	19,723.8	9,991.1	830.2	9,161.0	2,112.4	1,464.0	648.4	811.2	4,680.4	187.3	1,941.4
2007	22,331.2	11,133.5	973.8	10,159.7	2,371.9	1,419.4	952.5	884.3	5,247.0	221.1	2,473.5
2008 Q3	23,792.8	11,820.2	999.2	10,821.0	2,531.3	1,430.0	1,101.3	876.4	5,600.9	219.5	2,744.7
2008 Oct.	24,471.6	11,876.4	999.1	10,877.3	2,563.7	1,427.6	1,136.2	837.1	5,773.4	220.4	3,200.6
Nov.	24,605.5	11,882.8	996.8	10,886.1	2,646.4	1,476.7	1,169.7	826.7	5,658.9	221.4	3,369.2
Dec.	24,145.3	11,768.5	988.9	10,779.6	2,945.3	1,550.1	1,395.2	787.9	5,234.3	228.6	3,180.8
2009 Jan.	24,509.5	11,869.3	1,004.8	10,864.5	3,019.2	1,622.5	1,396.7	791.0	5,397.8	227.8	3,204.4
Feb. (p)	24,568.9	11,841.6	1,002.1	10,839.5	3,078.6	1,659.7	1,418.9	780.7	5,313.1	232.2	3,322.7
	Transactions										
2006	1,997.5	877.3	-14.4	891.6	10.7	-96.8	107.5	97.7	801.9	6.4	203.5
2007	2,594.2	1,015.9	-9.8	1,025.7	230.3	-46.6	277.0	60.1	792.9	-0.5	495.4
2008	1,621.0	596.5	12.3	584.2	358.2	60.6	297.6	-64.5	-65.8	-1.0	797.5
2008 Q3	273.9	148.1	4.7	143.4	-15.9	-34.4	18.4	23.3	74.3	2.2	42.0
Q4	226.9	-49.2	-9.8	-39.3	199.3	55.1	144.3	-74.8	-329.4	2.1	478.8
2008 Oct.	406.5	16.4	-0.9	17.3	26.6	-6.5	33.1	-33.1	-55.0	1.0	450.6
Nov.	173.1	16.0	-2.2	18.1	78.1	42.2	35.9	-6.8	-82.3	0.9	167.2
Dec.	-352.7	-81.5	-6.8	-74.7	94.7	19.4	75.3	-34.9	-192.0	0.1	-139.0
2009 Jan.	69.3	37.2	14.4	22.8	54.6	58.2	-3.6	11.1	-33.7	-2.4	2.4
Feb. (p)	26.6	-26.6	-2.6	-24.0	57.6	37.6	20.0	-5.4	-115.6	4.4	112.2

2. Liabilities

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Money market fund shares/ units [2]	Debt securities issued [3]	Capital and reserves	External liabilities	Remaining liabilities	Excess of inter-MFI liabilities
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2006	19,723.8	592.2	158.0	7,906.5	614.6	2,587.8	1,280.8	4,026.5	2,541.8	15.6
2007	22,331.2	638.5	151.0	8,885.0	660.4	2,867.1	1,487.6	4,599.2	3,083.3	-41.1
2008 Q3	23,792.8	657.1	191.5	9,342.1	731.1	2,925.0	1,558.7	5,174.1	3,266.7	-53.9
2008 Oct.	24,471.6	698.8	258.4	9,446.1	729.8	2,908.7	1,564.2	5,287.8	3,638.7	-61.3
Nov.	24,605.5	703.7	328.9	9,468.0	739.7	2,888.8	1,605.5	5,162.3	3,771.6	-63.1
Dec.	24,145.3	723.1	261.8	9,697.9	726.6	2,804.0	1,614.0	4,776.5	3,599.9	-58.7
2009 Jan.	24,509.5	712.3	323.8	9,757.9	758.1	2,810.3	1,660.3	5,006.9	3,583.7	-104.2
Feb. (p)	24,568.9	714.7	341.9	9,765.2	777.4	2,836.2	1,684.9	4,870.5	3,661.0	-83.3
	Transactions									
2006	1,997.5	59.4	-15.2	683.7	27.6	285.5	57.4	601.6	252.2	45.3
2007	2,594.2	45.8	-13.3	835.1	54.5	270.5	163.1	778.8	467.6	-8.0
2008	1,621.0	83.5	108.1	596.9	30.1	-73.5	143.1	52.4	698.1	-17.9
2008 Q3	273.9	5.1	-19.9	73.2	-4.2	14.7	71.7	53.1	117.5	-37.3
Q4	226.9	66.0	70.3	198.5	-10.1	-125.7	42.5	-401.9	394.2	-6.9
2008 Oct.	406.5	41.7	67.0	70.7	-1.3	-72.9	14.1	-97.6	461.4	-76.6
Nov.	173.1	4.8	70.4	30.2	10.1	-14.2	24.0	-97.9	133.8	11.9
Dec.	-352.7	19.4	-67.1	97.5	-18.9	-38.6	4.4	-206.4	-201.0	57.8
2009 Jan.	69.3	-12.2	59.1	-8.2	32.6	-28.3	25.7	84.8	10.8	-95.0
Feb. (p)	26.6	2.4	18.1	7.8	19.5	26.8	19.4	-148.9	65.3	16.3

Source: ECB.

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

2.3 Monetary statistics [1]

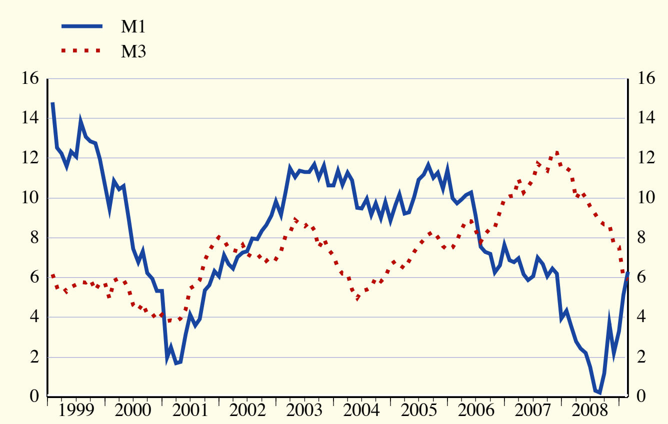
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period, transactions during period)

1. Monetary aggregates [2] and counterparts

	M3					M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents			Net external assets [4]
	M2			M3-M2						Loans	Memo item: Loans adjusted for sales and securitisation [3]	
	M1	M2-M1										
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2006	3,685.4	2,954.2	6,639.6	1,101.5	7,741.1	-	5,434.1	2,321.3	10,644.4	9,171.5	-	634.3
2007	3,832.7	3,507.2	7,339.9	1,310.5	8,650.4	-	5,977.8	2,417.2	12,027.2	10,175.6	-	627.5
2008 Q3	3,879.1	3,976.9	7,856.0	1,371.7	9,227.6	-	6,133.6	2,443.0	12,825.3	10,819.1	-	423.2
2008 Oct.	4,002.2	4,010.4	8,012.5	1,360.8	9,373.4	-	6,134.9	2,435.4	12,870.6	10,886.4	-	466.8
Nov.	3,960.8	4,054.3	8,015.1	1,350.8	9,365.9	-	6,170.8	2,471.2	12,885.4	10,879.4	-	471.5
Dec.	3,978.3	4,027.7	8,006.0	1,384.6	9,390.6	-	6,262.7	2,565.3	12,994.2	10,797.9	-	438.4
2009 Jan.	4,096.1	3,973.3	8,069.4	1,314.8	9,384.2	-	6,434.5	2,628.3	13,073.9	10,869.3	-	387.7
Feb. (p)	4,138.0	3,952.6	8,090.5	1,336.7	9,427.2	-	6,494.1	2,662.3	13,075.2	10,858.5	-	437.6
	Transactions											
2006	261.2	310.5	571.7	130.9	702.6	-	427.7	-114.7	1,105.8	898.6	961.7	200.6
2007	145.4	525.4	670.7	220.3	891.0	-	489.5	-60.1	1,369.9	1,031.0	1,132.1	13.5
2008	127.4	479.7	607.1	50.9	657.9	-	120.9	73.7	818.3	586.4	757.3	-117.3
2008 Q3	26.8	136.6	163.4	17.5	180.9	-	84.3	0.4	251.6	170.5	179.3	26.2
Q4	96.6	48.0	144.6	12.3	156.8	-	-44.6	56.4	35.2	-19.1	70.5	56.7
2008 Oct.	111.8	17.1	128.9	-7.8	121.2	-	-55.5	-12.6	10.8	28.3	42.3	27.3
Nov.	-41.0	46.7	5.7	-9.3	-3.6	-	28.9	29.1	30.1	2.4	30.3	9.2
Dec.	25.8	-15.8	10.0	29.3	39.3	-	-18.1	39.9	-5.7	-49.8	-2.0	20.2
2009 Jan.	79.3	-79.1	0.2	-64.4	-64.2	-	104.5	47.3	20.5	9.4	17.6	-102.3
Feb. (p)	41.8	-19.8	21.9	23.6	45.6	-	53.3	34.5	5.1	-9.8	-2.2	31.5
	Growth rates											
2006 Dec.	7.6	11.7	9.4	13.3	10.0	9.8	8.5	-4.7	11.6	10.8	11.5	200.6
2007 Dec.	3.9	17.7	10.1	20.0	11.5	11.8	9.0	-2.6	12.8	11.2	12.2	13.5
2008 Sep.	1.2	17.7	8.9	7.4	8.7	8.7	5.2	1.0	10.1	8.5	9.6	-195.4
2008 Oct.	3.7	15.5	9.3	5.2	8.7	8.3	3.3	0.7	8.7	7.8	8.9	-166.1
Nov.	2.2	16.0	8.8	1.8	7.7	8.0	3.6	2.4	8.2	7.1	8.4	-179.7
Dec.	3.3	13.6	8.2	3.8	7.6	7.1	2.0	3.1	6.8	5.7	7.3	-117.3
2009 Jan.	5.1	10.1	7.5	-2.2	6.0	6.5	3.0	5.2	6.1	5.0	6.7	-219.3
Feb. (p)	6.3	7.7	7.0	0.0	5.9	.	4.2	6.9	5.4	4.2	5.9	-168.7

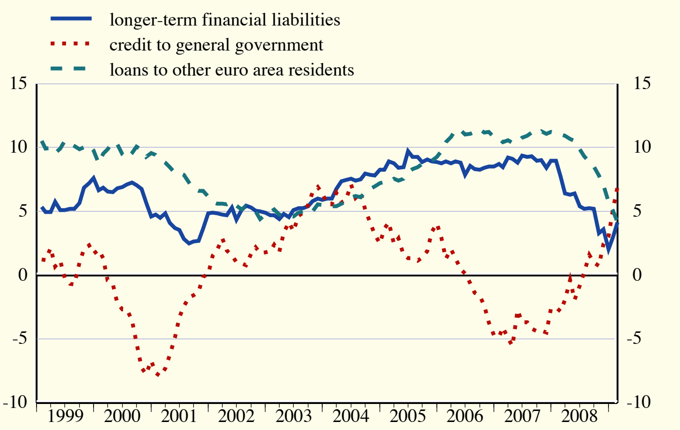
C1 Monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C2 Counterparts [1]

(annual growth rates; seasonally adjusted)



Source: ECB.

1) Data refer to the changing composition of the euro area. For further information, see the General notes.
Monthly and other shorter-term growth rates for selected items are available at http://www.ecb.europa.eu/stats/money/aggregates/aggr/html/index.en.html

2) Monetary liabilities of MFIs and central government (post office, treasury) vis-à-vis non-MFI euro area residents excluding central government (M1, M2, M3: see glossary).

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

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

2.3 Monetary statistics [1]

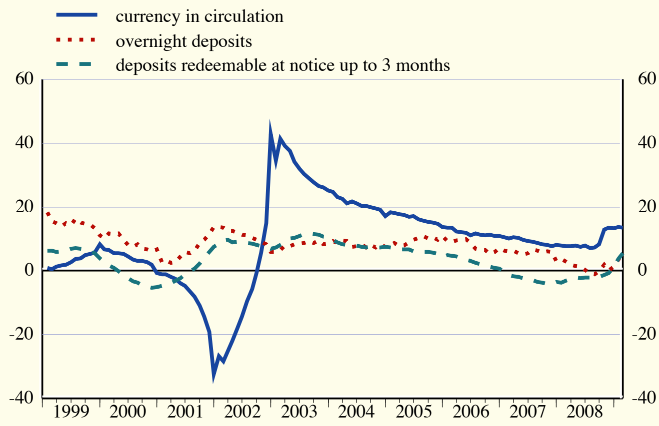
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period, transactions during period)

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

	Currency in circulation	Overnight deposits	Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Repos	Money market fund shares/units	Debt securities up to 2 years	Debt securities over 2 years	Deposits redeemable at notice over 3 months	Deposits with agreed maturity over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2006	578.4	3,107.0	1,402.2	1,552.0	266.1	636.9	198.5	2,399.6	102.2	1,655.0	1,277.3
2007	625.8	3,206.9	1,971.8	1,535.3	307.4	686.6	316.6	2,561.0	119.6	1,813.5	1,483.7
2008 Q3	662.9	3,216.2	2,455.0	1,521.9	344.5	736.3	290.9	2,630.0	114.2	1,836.4	1,553.0
2008 Oct.	698.4	3,303.8	2,485.7	1,524.7	346.1	734.1	280.6	2,619.6	116.3	1,835.0	1,564.0
Nov.	704.1	3,256.7	2,522.3	1,532.0	329.9	741.8	279.1	2,607.7	118.8	1,830.8	1,613.4
Dec.	710.7	3,267.6	2,470.6	1,557.1	355.6	756.8	272.2	2,542.6	121.7	1,988.5	1,609.9
2009 Jan.	716.9	3,379.2	2,377.3	1,596.0	327.2	766.4	221.2	2,612.6	124.5	2,036.6	1,660.8
Feb. (p)	721.0	3,417.0	2,331.3	1,621.2	330.9	782.2	223.5	2,623.8	123.8	2,059.9	1,686.6
	Transactions										
2006	57.3	203.9	301.2	9.3	30.9	30.0	70.0	217.2	15.4	138.1	57.0
2007	46.9	98.4	581.3	-55.9	43.3	58.6	118.3	152.3	9.9	164.5	162.8
2008	83.8	43.5	464.4	15.3	49.5	33.6	-32.2	-40.4	0.7	17.9	142.7
2008 Q3	13.3	13.5	152.3	-15.6	3.6	6.0	7.9	19.2	-2.7	-0.7	68.6
Q4	47.8	48.8	12.9	35.1	12.7	14.6	-15.1	-95.3	7.5	-0.9	44.0
2008 Oct.	35.5	76.3	14.7	2.4	1.3	-2.2	-6.8	-70.4	2.1	-6.7	19.5
Nov.	5.7	-46.6	39.3	7.4	-14.5	7.9	-2.6	-5.0	2.5	-0.7	32.0
Dec.	6.6	19.1	-41.1	25.3	26.0	8.9	-5.7	-20.0	2.9	6.5	-7.5
2009 Jan.	4.8	74.5	-117.5	38.4	-28.7	10.7	-46.5	30.6	2.0	41.6	30.3
Feb. (p)	4.1	37.7	-45.1	25.3	3.8	16.0	3.9	10.5	-0.7	23.0	20.6
	Growth rates										
2006 Dec.	11.0	7.0	27.2	0.6	13.2	4.9	54.4	9.9	17.8	9.1	4.7
2007 Dec.	8.1	3.2	41.4	-3.6	16.3	9.2	59.6	6.3	9.6	9.9	12.5
2008 Sep.	8.2	-0.2	34.4	-2.0	16.5	4.1	5.7	2.3	-5.7	4.0	13.1
2008 Oct.	13.0	1.9	29.3	-1.3	19.5	2.1	-2.0	-0.2	-4.4	2.8	10.7
Nov.	13.5	0.1	29.3	-0.7	11.6	1.7	-7.5	-0.2	-2.2	2.6	12.1
Dec.	13.4	1.4	23.3	1.0	16.0	4.8	-10.6	-1.5	0.6	1.0	9.8
2009 Jan.	13.7	3.5	14.9	3.7	7.1	2.6	-24.0	-1.2	0.7	2.9	10.8
Feb. (p)	13.5	4.9	9.4	5.4	5.9	3.5	-16.7	-0.2	1.4	4.2	11.9

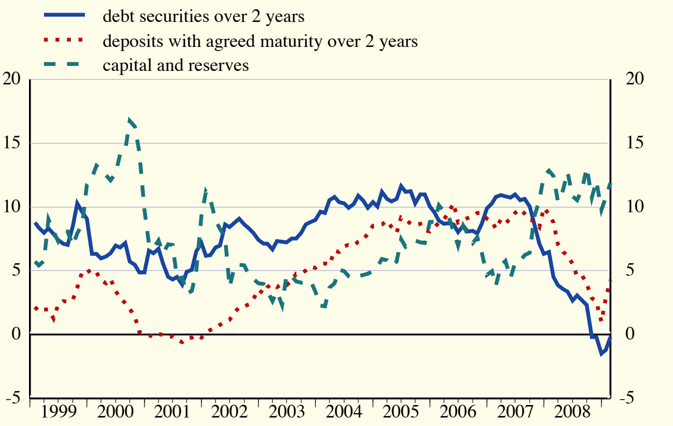
C3 Components of monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C4 Components of longer-term financial liabilities [1]

(annual growth rates; seasonally adjusted)



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

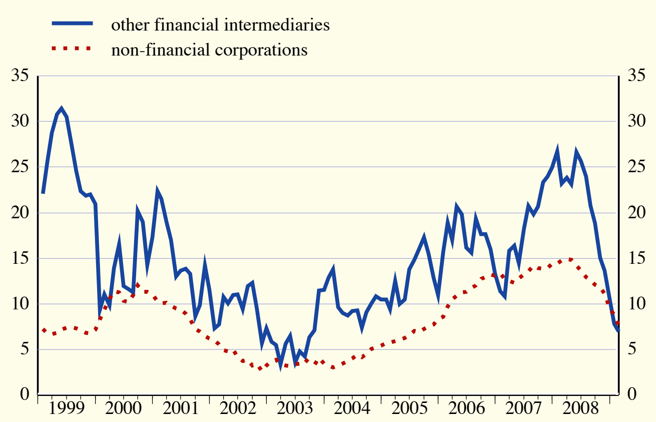
2.4 MFI loans, breakdown [1), 2)]

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

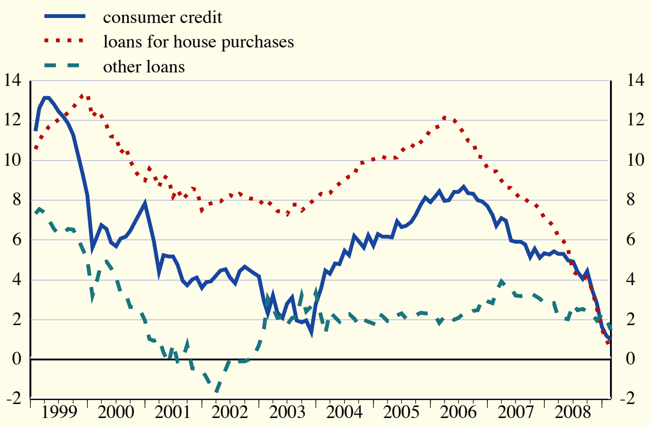
1. Loans to financial intermediaries, non-financial corporations and households

	Insurance corporations and pension funds	Other financial interme-diaries [3)]	Non-financial corporations				Households [4)]			
	Total	Total	Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total	Consumer credit	Loans for house purchase	Other loans
	1	2	3	4	5	6	7	8	9	10
				Outstanding amounts						
2006	93.8	709.7	3,837.9	1,139.6	706.7	1,991.6	4,530.0	584.3	3,207.8	737.9
2007	107.9	886.4	4,380.3	1,279.3	857.9	2,243.1	4,801.0	615.5	3,432.7	752.9
2008 Q3	100.5	1,010.9	4,771.4	1,376.6	954.8	2,439.9	4,936.3	636.1	3,532.6	767.6
2008 Oct.	102.2	1,019.1	4,827.6	1,390.5	965.3	2,471.7	4,937.6	635.5	3,533.3	768.8
Nov.	99.0	1,011.7	4,847.2	1,383.1	978.2	2,485.9	4,921.5	632.7	3,520.1	768.8
Dec.	104.0	985.9	4,820.1	1,381.7	960.3	2,478.1	4,887.8	629.6	3,488.2	770.0
2009 Jan.	96.2	987.8	4,879.3	1,393.6	977.8	2,507.9	4,906.0	638.1	3,497.2	770.6
Feb. (p)	96.5	979.9	4,874.8	1,373.3	981.1	2,520.4	4,907.3	639.9	3,498.4	769.0
				Transactions						
2006	20.7	87.5	445.2	101.4	122.6	221.2	345.3	42.5	281.9	20.9
2007	15.9	180.1	554.4	145.9	155.1	253.5	280.6	31.1	228.6	20.9
2008	-4.4	94.5	416.9	89.0	121.3	206.7	79.3	10.2	51.9	17.2
2008 Q3	-1.1	7.1	112.3	26.7	28.7	56.9	52.1	3.9	44.3	3.9
Q4	3.4	-23.9	45.5	-5.0	23.5	27.1	-44.1	-7.0	-40.1	2.9
2008 Oct.	1.3	-4.1	35.1	6.3	6.1	22.7	-3.9	-0.9	-3.2	0.2
Nov.	-3.1	-4.9	24.1	-5.6	14.3	15.3	-13.6	-2.3	-12.2	0.9
Dec.	5.2	-14.8	-13.7	-5.7	3.0	-10.9	-26.6	-3.7	-24.7	1.9
2009 Jan.	-8.0	-11.0	30.4	1.7	9.5	19.2	-2.1	-0.5	-1.1	-0.5
Feb. (p)	0.3	-9.1	-3.6	-19.4	3.2	12.7	2.7	2.2	1.4	-0.9
				Growth rates						
2006 Dec.	28.2	14.0	13.1	9.8	20.7	12.4	8.2	7.7	9.6	2.9
2007 Dec.	17.0	25.2	14.4	12.8	21.9	12.7	6.2	5.3	7.1	2.8
2008 Sep.	-9.3	18.7	12.1	9.8	17.6	11.4	3.9	4.4	4.1	2.4
2008 Oct.	-9.4	14.8	11.9	10.1	16.2	11.2	3.3	3.5	3.5	2.3
Nov.	-6.6	13.6	11.1	8.5	16.1	10.8	2.5	2.8	2.6	1.9
Dec.	-4.1	10.7	9.5	6.9	14.1	9.2	1.6	1.7	1.5	2.3
2009 Jan.	-5.0	7.9	8.8	6.1	13.2	8.7	1.2	1.2	1.0	2.0
Feb. (p)	-8.4	7.2	7.6	3.3	12.1	8.4	0.7	1.0	0.5	1.5

C5 Loans to other financial intermediaries and non-financial corporations [2)] (annual growth rates; not seasonally adjusted)



C6 Loans to households [2)] (annual growth rates; not seasonally adjusted)



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

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

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

2. Loans to financial intermediaries and non-financial corporations

	Insurance corporations and pension funds				Other financial intermediaries [3)]				Non-financial coporations			
	Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2007	95.1	70.6	7.5	17.0	867.9	526.3	148.5	193.1	4,388.0	1,276.5	858.9	2,252.6
2008 Q3	100.8	77.0	6.4	17.5	1,017.7	620.7	170.0	227.0	4,761.9	1,372.3	953.4	2,436.3
2008 Nov.	101.0	77.2	5.6	18.2	1,013.7	616.0	173.3	224.4	4,842.8	1,382.5	977.3	2,483.0
Dec.	91.6	68.1	5.2	18.2	963.7	557.9	169.1	236.7	4,828.8	1,378.3	961.8	2,488.8
2009 Jan.	96.0	72.3	6.1	17.6	989.0	570.6	178.5	240.0	4,877.5	1,388.9	977.6	2,511.0
Feb. (p)	93.4	69.7	6.0	17.7	984.6	562.5	179.7	242.3	4,863.9	1,365.3	979.4	2,519.3
	Transactions											
2007	14.0	15.8	-5.2	3.4	175.4	113.5	34.5	27.4	555.6	144.9	155.7	255.0
2008 Q3	-3.0	-2.5	-1.3	0.9	12.1	-10.6	8.5	14.2	84.4	3.9	27.6	53.0
Q4	-9.4	-9.0	-1.1	0.7	-53.0	-61.2	-0.2	8.4	63.8	-4.0	26.4	41.4
2008 Oct.	2.9	3.6	-0.6	-0.1	-14.1	-4.9	-2.9	-6.3	33.0	2.4	8.2	22.4
Nov.	-3.1	-3.7	-0.1	0.8	0.2	-5.9	4.6	1.5	31.4	2.2	12.8	16.4
Dec.	-9.2	-8.9	-0.4	0.1	-39.1	-50.4	-1.9	13.2	-0.5	-8.5	5.4	2.6
2009 Jan.	4.2	4.0	0.8	-0.6	12.4	5.6	8.7	-1.9	19.8	0.4	7.9	11.6
Feb. (p)	-2.5	-2.6	0.0	0.0	-5.7	-8.7	1.2	1.9	-12.6	-22.7	1.6	8.4
	Growth rates											
2007 Dec.	16.8	28.5	-41.0	23.2	25.0	27.0	29.9	16.5	14.4	12.7	22.0	12.7
2008 Sep.	-9.0	-12.3	-26.0	18.4	18.8	15.5	24.4	24.4	12.1	9.8	17.6	11.4
2008 Oct.	-9.3	-10.8	-31.6	9.4	15.0	15.5	13.4	15.0	11.9	10.1	16.3	11.2
Nov.	-6.6	-7.9	-32.3	11.7	13.7	13.3	14.7	13.9	11.1	8.5	16.1	10.8
Dec.	-4.1	-3.8	-30.5	6.0	10.5	5.4	14.4	21.7	9.5	6.9	14.1	9.2
2009 Jan.	-5.0	-5.1	-25.1	5.4	7.8	0.5	20.2	19.6	8.8	6.0	13.2	8.8
Feb. (p)	-8.5	-9.7	-24.0	4.5	7.0	-1.3	19.5	21.6	7.6	3.2	12.1	8.4

3. Loans to households [4)]

	Total	Consumer credit				Loans for house purchase				Other loans			
		Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2007	4,808.1	617.8	137.6	203.7	276.5	3,436.9	15.9	73.8	3,347.2	753.4	147.5	104.0	501.9
2008 Q3	4,940.0	637.5	139.4	201.1	297.0	3,535.1	16.9	71.8	3,446.5	767.4	149.6	100.1	517.7
2008 Nov.	4,927.9	633.2	136.2	198.9	298.2	3,524.0	16.9	70.3	3,436.8	770.7	151.6	98.1	520.9
Dec.	4,894.9	632.0	137.2	197.2	297.5	3,492.3	17.0	68.3	3,407.0	770.6	155.4	90.8	524.4
2009 Jan.	4,901.4	636.4	135.4	203.7	297.3	3,496.2	17.0	66.6	3,412.6	768.8	152.7	90.0	526.1
Feb. (p)	4,896.9	634.2	134.4	202.7	297.2	3,495.4	17.1	66.2	3,412.1	767.3	150.4	89.4	527.5
	Transactions												
2007	280.6	31.2	3.6	1.1	26.6	228.6	0.9	2.3	225.3	20.8	1.7	4.4	14.7
2008 Q3	49.8	2.1	-0.3	-2.5	4.9	48.2	1.0	-0.9	48.1	-0.5	-3.2	-2.1	4.8
Q4	-40.8	-6.0	-1.9	-4.4	0.2	-38.4	0.2	-1.5	-37.1	3.6	1.1	-1.7	4.2
2008 Oct.	-4.5	0.0	-0.3	-1.0	1.4	-3.6	0.1	-0.7	-3.0	-0.9	-2.4	-0.3	1.8
Nov.	-10.4	-4.1	-2.7	-1.0	-0.4	-10.4	-0.1	-0.8	-9.5	4.1	3.9	-1.1	1.4
Dec.	-25.9	-2.0	1.1	-2.3	-0.8	-24.5	0.1	0.0	-24.6	0.5	-0.3	-0.2	1.0
2009 Jan.	-13.6	-4.6	-2.1	-1.4	-1.0	-6.3	0.0	-1.8	-4.4	-2.8	-3.1	-0.9	1.1
Feb. (p)	-3.1	-1.7	-0.9	-0.9	0.1	-0.6	0.0	-0.4	-0.2	-0.9	-2.2	-0.5	1.8
	Growth rates												
2007 Dec.	6.2	5.3	2.7	0.5	10.7	7.1	6.1	3.2	7.2	2.8	1.2	4.4	3.0
2008 Sep.	3.9	4.4	4.1	-1.4	8.9	4.1	4.8	-1.3	4.2	2.4	2.2	-2.3	3.5
2008 Oct.	3.3	3.5	2.4	-2.3	8.3	3.5	5.9	-2.7	3.6	2.3	1.2	-2.9	3.7
Nov.	2.5	2.8	2.7	-3.2	7.4	2.6	5.7	-3.8	2.7	2.0	0.6	-4.4	3.7
Dec.	1.6	1.7	-0.4	-3.8	6.7	1.5	5.9	-4.1	1.6	2.3	1.9	-4.9	3.9
2009 Jan.	1.2	1.2	-1.0	-4.1	6.0	1.0	6.7	-6.3	1.1	2.0	1.1	-5.6	3.9
Feb. (p)	0.7	1.0	-0.9	-3.7	5.3	0.5	7.3	-6.6	0.6	1.5	0.5	-7.0	3.5

Source: ECB.

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

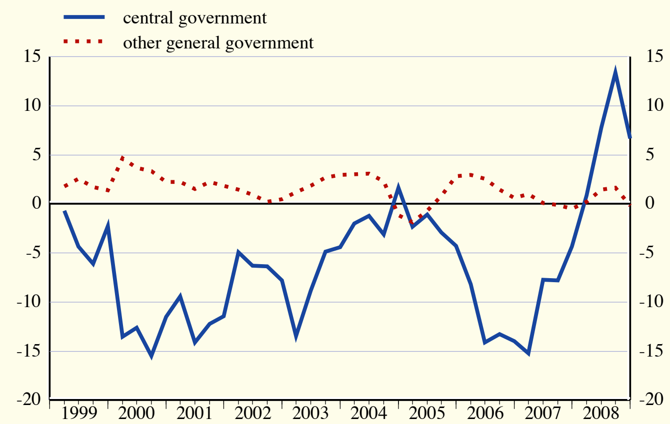
2.4 MFI loans, breakdown [1), 2)]

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

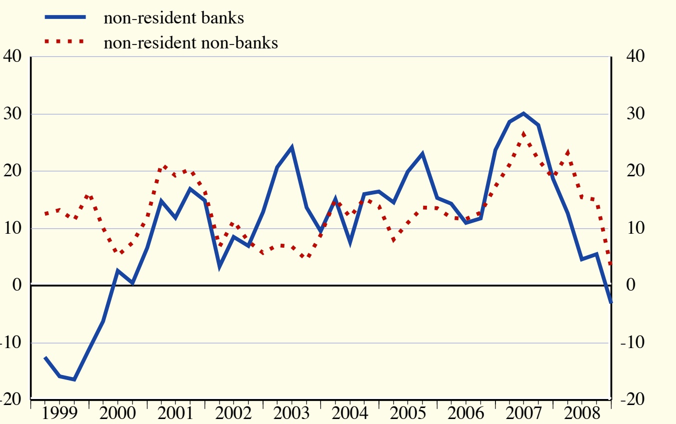
4. Loans to government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2006	810.5	104.1	232.5	448.1	25.8	2,924.3	2,061.0	863.4	63.2	800.2
2007	956.0	213.4	217.6	495.6	29.4	3,295.3	2,337.9	957.4	59.8	897.5
2008 Q1	957.8	210.6	212.8	497.2	37.2	3,413.9	2,395.5	1,018.4	61.5	956.9
Q2	975.6	221.0	215.1	497.5	42.0	3,310.8	2,299.2	1,011.5	63.0	948.5
Q3	980.7	225.9	210.0	499.5	45.4	3,519.1	2,452.3	1,066.8	61.9	1,004.9
Q4 (p)	970.2	229.0	210.1	491.3	39.8	3,241.6	2,271.0	970.7	59.7	911.0
	Transactions									
2006	-13.4	-17.6	-14.3	21.9	-3.4	532.5	402.9	129.5	-0.1	129.6
2007	-7.9	-4.5	-13.0	6.1	3.5	542.1	382.1	160.1	0.3	159.8
2008 (p)	13.1	14.4	-8.1	-3.5	10.4	-45.0	-73.4	28.3	0.1	28.2
2008 Q1	0.7	-3.3	-4.8	1.0	7.8	215.8	122.3	93.3	2.9	90.4
Q2	17.7	10.3	2.1	0.6	4.8	-100.1	-94.8	-5.2	1.6	-6.7
Q3	4.7	4.6	-5.2	2.0	3.4	94.3	77.1	17.2	-3.2	20.4
Q4 (p)	-10.0	2.9	-0.2	-7.0	-5.6	-255.0	-178.0	-77.1	-1.1	-75.9
	Growth rates									
2006 Dec.	-1.6	-14.0	-5.8	5.1	-11.6	21.8	23.7	17.4	-0.1	19.1
2007 Dec.	-1.0	-4.3	-5.6	1.4	13.7	18.7	18.6	18.8	0.5	20.3
2008 Mar.	0.1	0.9	-5.1	1.6	19.5	15.7	12.7	23.2	10.0	24.1
June	2.4	7.8	-1.8	2.3	11.8	7.7	4.6	15.4	9.5	15.8
Sep.	3.4	13.4	-1.9	2.8	9.7	8.2	5.5	15.0	1.8	15.9
Dec. (p)	1.4	6.7	-3.7	-0.7	35.3	-1.3	-3.1	3.0	0.1	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 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 of a similar type to MFIs resident outside the euro area.

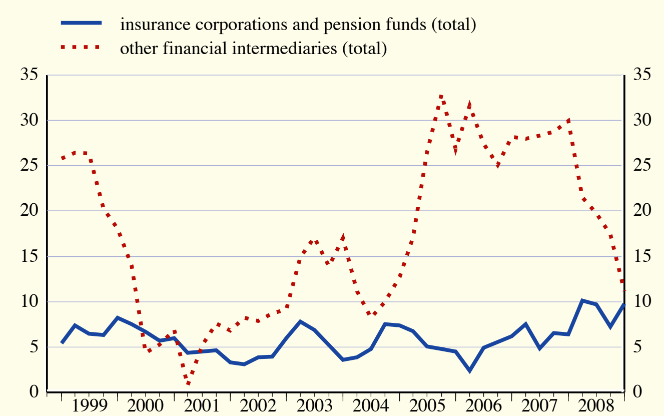
2.5 Deposits held with MFIs, breakdown [1), 2)]

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

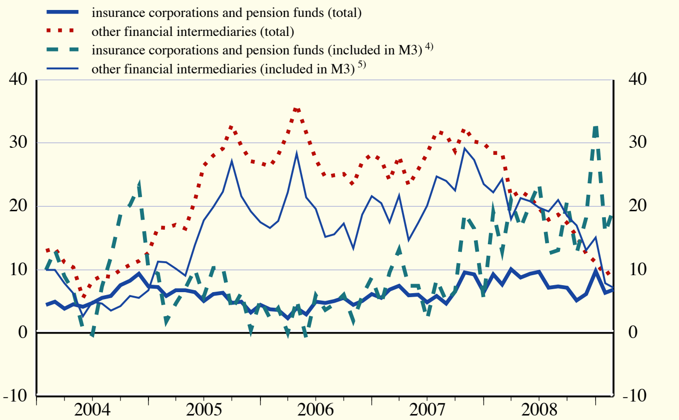
1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries [3)]						
	Total	Overnight	With agreed maturity		Redeemable at notice		Repos	Total	Overnight	With agreed maturity		Redeemable at notice		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													
2006	650.0	70.2	57.1	495.4	1.0	1.4	24.9	1,140.3	283.1	251.8	469.4	10.6	0.2	125.1
2007	688.2	71.1	68.9	525.4	0.8	1.1	20.9	1,472.7	312.3	348.0	652.8	12.2	0.3	147.1
2008 Q3	727.9	75.5	90.3	538.9	1.2	1.6	20.4	1,641.3	322.6	445.5	673.9	11.7	0.1	187.5
2008 Oct.	736.0	83.6	90.4	538.2	1.2	1.5	21.1	1,674.4	336.3	445.2	684.2	12.2	0.1	196.4
Nov.	738.1	85.0	95.0	535.9	1.1	1.5	19.7	1,654.9	319.8	443.7	685.6	12.0	0.1	193.7
Dec.	757.8	83.9	111.8	536.4	1.1	1.5	23.1	1,802.4	320.6	420.1	852.3	12.3	0.1	197.0
2009 Jan.	762.3	99.8	97.7	541.8	1.2	1.5	20.2	1,809.3	341.1	365.2	885.1	12.9	0.1	205.0
Feb. (p)	756.0	92.6	96.8	542.3	1.4	1.5	21.4	1,827.9	341.6	359.6	898.7	14.2	0.1	213.8
	Transactions													
2006	37.9	2.7	5.5	25.6	-0.2	0.0	4.4	249.2	45.5	67.8	130.5	0.3	0.1	4.9
2007	41.8	0.8	11.8	33.7	-0.2	-0.3	-4.1	341.1	32.7	98.9	183.7	1.7	0.1	24.1
2008	67.6	12.3	41.2	12.1	-0.3	0.1	2.2	164.8	4.4	68.8	41.3	-0.3	-0.3	51.0
2008 Q3	8.4	1.7	6.0	0.3	-0.2	0.0	0.5	28.3	-16.5	53.8	-12.4	-0.6	-0.1	4.1
Q4	31.7	8.3	21.4	-0.6	-0.1	-0.1	2.7	5.1	-2.7	-25.6	21.8	0.5	0.0	11.1
2008 Oct.	6.8	7.6	-0.7	-0.6	0.0	0.0	0.6	18.5	9.1	-4.9	5.4	0.3	0.0	8.6
Nov.	4.0	1.4	4.8	-0.6	-0.1	0.0	-1.3	-16.1	-16.2	-1.0	2.3	-0.2	0.0	-1.0
Dec.	20.8	-0.7	17.4	0.6	0.0	0.0	3.4	2.7	4.3	-19.7	14.1	0.5	0.0	3.5
2009 Jan.	2.6	15.3	-15.2	5.3	0.1	0.0	-2.9	-1.6	17.4	-56.7	29.3	0.5	0.0	7.8
Feb. (p)	-6.4	-7.3	-1.0	0.5	0.2	0.0	1.2	17.4	-0.1	-5.7	13.1	1.2	0.0	8.8
	Growth rates													
2006 Dec.	6.2	4.0	10.7	5.4	-16.3	-	21.2	28.2	19.5	36.8	38.9	2.9	-	4.0
2007 Dec.	6.4	1.1	20.6	6.8	-22.5	-	-16.3	30.0	11.5	39.5	39.1	16.0	-	19.0
2008 Sep.	7.2	10.8	40.2	3.2	-20.1	-	-3.1	17.4	-3.2	44.6	16.0	-11.6	-	16.1
2008 Oct.	5.2	12.3	18.2	2.7	-20.0	-	-3.7	15.3	1.9	28.5	13.0	-5.8	-	25.2
Nov.	6.2	21.7	20.3	2.3	-29.7	-	0.3	12.6	-7.9	33.2	12.1	-2.1	-	17.1
Dec.	9.8	17.2	58.2	2.3	-23.3	-	10.6	11.2	1.4	20.0	6.3	-2.3	-	34.6
2009 Jan.	6.4	18.1	26.0	3.0	-17.4	-	-20.1	9.2	1.1	6.6	10.0	-2.1	-	25.3
Feb. (p)	6.8	25.9	25.2	2.6	-11.5	-	-13.4	10.1	5.7	-1.9	13.0	15.4	-	29.4

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 ESA 95.
2) Data refer to the changing composition of the euro area. For further information, see the General notes.
3) This category includes investment funds.
4) Covers deposits in columns 2, 3, 5 and 7.
5) Covers deposits in columns 9, 10, 12 and 14.

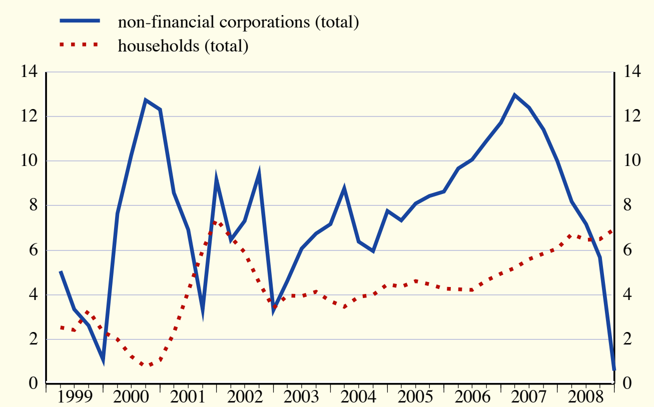
2.5 Deposits held with MFIs, breakdown [1), 2)]

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

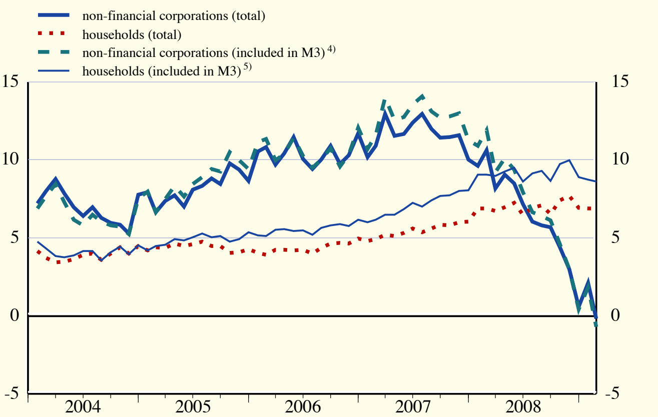
2. Deposits by non-financial corporations and households

	Non-financial corporations							Households [3)]						
	Total	Overnight	With agreed maturity		Redeemable at notice		Repos	Total	Overnight	With agreed maturity		Redeemable at notice		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													
2006	1,343.1	851.8	355.3	69.4	40.5	1.3	24.8	4,552.6	1,751.2	669.0	606.8	1,355.7	99.8	70.0
2007	1,470.4	882.1	474.6	59.4	29.2	1.4	23.7	4,988.8	1,777.7	994.4	560.9	1,457.6	111.1	87.1
2008 Q3	1,498.1	873.6	508.4	64.1	25.6	1.4	25.1	5,197.3	1,750.0	1,271.1	523.8	1,441.3	103.1	108.0
2008 Oct.	1,500.5	860.8	518.4	65.9	24.9	1.4	29.0	5,252.6	1,758.5	1,332.3	515.4	1,439.3	106.1	101.1
Nov.	1,498.1	870.8	509.5	65.5	26.0	1.3	25.0	5,290.2	1,778.1	1,352.6	511.6	1,443.0	109.8	95.1
Dec.	1,498.7	882.4	498.9	64.4	27.9	1.3	23.7	5,369.2	1,814.4	1,351.8	520.3	1,485.3	113.7	83.7
2009 Jan.	1,481.5	877.1	479.1	67.0	32.0	1.3	25.0	5,434.2	1,858.2	1,337.5	521.4	1,526.1	114.5	76.6
Feb. (p)	1,463.6	861.1	474.6	68.7	35.2	1.3	22.7	5,443.8	1,882.9	1,310.9	521.4	1,544.3	114.4	69.9
	Transactions													
2006	141.2	85.7	55.7	3.9	-4.2	0.1	0.2	215.2	65.7	137.5	-23.1	2.5	15.4	17.2
2007	134.4	31.8	123.3	-8.1	-11.0	-0.7	-1.1	280.7	21.7	321.8	-45.5	-45.6	11.2	17.1
2008	8.8	-5.2	14.4	3.2	-3.3	-0.3	-0.1	348.4	29.5	336.3	-40.0	24.2	1.8	-3.4
2008 Q3	4.4	2.7	1.0	0.8	-2.2	-0.1	2.1	33.8	-34.4	89.3	-8.7	-19.2	-2.6	9.5
Q4	-1.3	7.9	-10.7	0.6	2.3	-0.1	-1.4	168.3	63.8	77.7	-3.4	43.9	10.6	-24.4
2008 Oct.	-6.9	-17.3	5.7	1.3	-0.6	0.0	3.9	47.5	7.0	55.2	-8.4	-2.3	2.9	-7.0
Nov.	-1.8	10.1	-8.6	-0.3	1.0	0.0	-4.0	37.4	19.6	20.1	-3.8	3.8	3.7	-6.0
Dec.	7.4	15.1	-7.7	-0.5	1.8	0.0	-1.3	83.3	37.2	2.4	8.8	42.4	3.9	-11.4
2009 Jan.	-33.7	-15.2	-26.2	2.3	4.2	0.0	1.3	24.6	21.9	-28.9	-1.5	40.4	0.0	-7.1
Feb. (p)	-17.1	-15.4	-4.3	1.8	3.2	0.0	-2.3	10.6	24.8	-25.7	0.1	18.2	-0.1	-6.7
	Growth rates													
2006 Dec.	11.7	11.2	18.4	5.7	-9.4	5.9	0.6	5.0	3.9	25.8	-3.7	0.2	18.2	32.6
2007 Dec.	10.0	3.7	34.8	-11.9	-26.9	-31.6	-4.3	6.1	1.2	47.8	-7.5	-3.5	11.2	24.4
2008 Sep.	5.7	3.0	14.4	-2.6	-22.8	-17.3	2.9	6.5	-0.6	40.8	-7.0	-1.3	-5.1	28.6
2008 Oct.	4.4	1.8	10.5	-0.1	-19.6	-12.6	19.6	7.4	1.2	40.5	-7.8	-0.5	-3.4	17.1
Nov.	3.0	1.3	7.9	3.4	-22.3	-15.4	3.2	7.7	2.1	38.7	-7.9	0.3	-0.9	8.9
Dec.	0.6	-0.6	3.1	5.4	-10.7	-15.8	-0.2	6.9	1.7	33.2	-7.1	1.7	1.6	-3.9
2009 Jan.	2.1	2.8	-0.6	9.2	7.3	-17.2	12.3	6.9	4.1	24.7	-6.7	4.3	1.6	-16.5
Feb. (p)	-0.2	1.8	-6.0	11.3	21.2	-11.1	-2.7	6.9	6.4	19.4	-5.8	5.6	2.2	-27.2

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 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)]

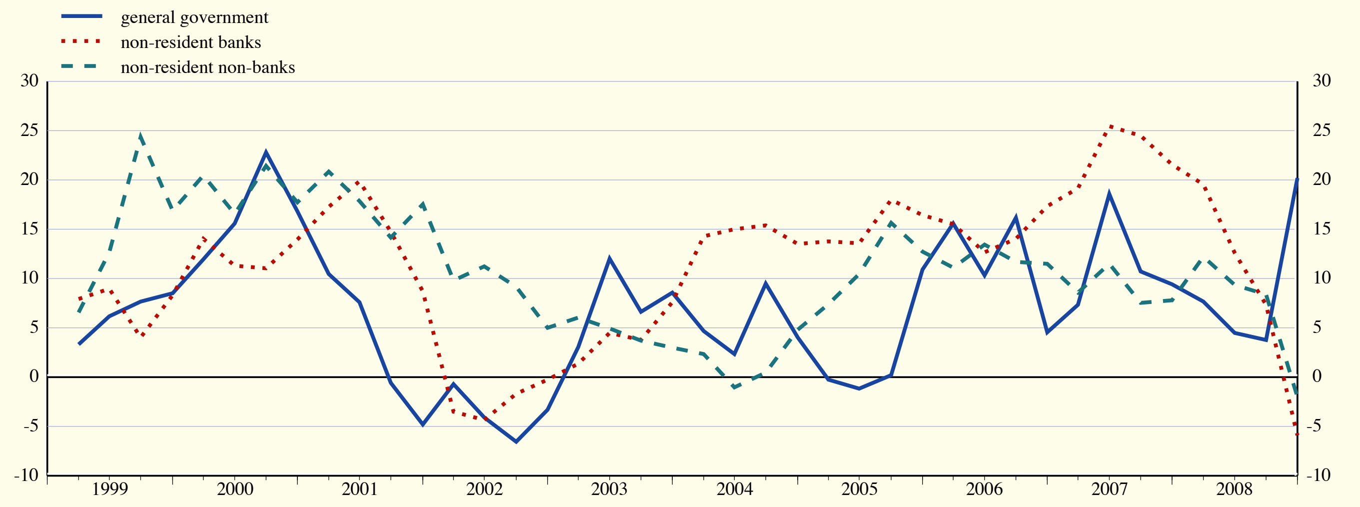
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

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									
2006	329.0	124.2	45.4	90.8	68.6	3,429.0	2,557.1	871.9	128.6	743.3
2007	372.9	127.1	59.0	106.8	80.1	3,856.2	2,944.2	912.0	143.4	768.6
2008 Q1	375.9	139.6	49.6	107.6	79.1	4,039.7	3,075.7	964.1	131.1	833.0
Q2	410.6	156.2	56.4	112.0	86.0	4,019.9	3,036.7	983.2	129.3	853.9
Q3	400.2	140.2	61.7	112.8	85.5	4,140.1	3,132.8	1,007.3	141.9	865.4
Q4 (p)	446.2	193.0	52.3	115.4	85.6	3,702.4	2,802.1	900.3	67.6	832.7
	Transactions									
2006	14.2	-24.5	7.0	7.8	23.9	476.6	385.8	90.8	6.6	84.2
2007	30.9	-3.1	13.6	8.9	11.5	614.6	547.2	67.4	20.2	47.2
2008 (p)	75.4	65.5	-6.5	9.4	7.0	-194.8	-174.9	-19.9	-36.2	16.4
2008 Q1	2.8	12.4	-9.3	0.7	-1.0	279.2	220.4	58.8	-8.5	67.3
Q2	34.7	16.3	6.8	4.4	7.2	-17.5	-37.0	19.5	-1.8	21.3
Q3	-10.7	-16.0	5.2	0.7	-0.6	-20.5	-21.7	1.1	8.8	-7.6
Q4 (p)	48.5	52.8	-9.2	3.6	1.3	-436.0	-336.6	-99.4	-34.7	-64.6
	Growth rates									
2006 Dec.	4.5	-16.5	18.4	9.6	53.5	15.8	17.3	11.5	5.3	12.6
2007 Dec.	9.4	-2.3	29.9	9.8	16.7	18.0	21.5	7.8	15.8	6.4
2008 Mar.	7.7	-3.7	18.1	13.4	16.5	17.8	19.6	12.2	5.5	13.4
June	4.5	-12.0	28.9	10.0	21.0	11.8	12.6	9.4	-0.2	11.0
Sep.	3.8	-6.7	2.9	8.4	19.1	7.6	7.3	8.4	-1.3	10.2
Dec. (p)	20.2	51.5	-11.0	8.8	8.7	-5.0	-5.9	-2.0	-25.2	2.3

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 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 of a similar type to MFIs resident outside the euro area.

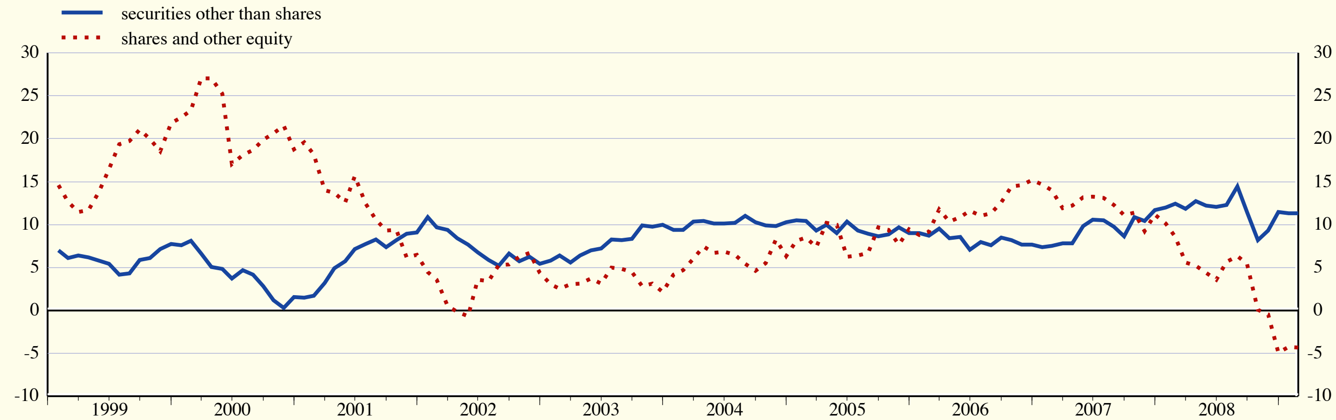
2.6 MFI holdings of securities, breakdown [1), 2)]

(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											
2006	4,664.3	1,560.6	72.3	1,260.4	16.2	615.8	30.1	1,108.9	1,465.9	373.0	798.5	294.4
2007	5,114.5	1,652.6	84.0	1,177.7	16.6	917.2	33.4	1,233.1	1,639.9	424.8	871.4	343.7
2008 Q3	5,500.2	1,799.3	102.0	1,176.9	15.6	1,049.4	49.5	1,307.5	1,608.3	452.2	866.2	290.0
2008 Oct.	5,564.0	1,825.1	109.3	1,165.8	19.3	1,080.7	53.1	1,310.7	1,551.5	436.9	827.7	286.9
Nov.	5,666.4	1,866.9	104.1	1,208.6	18.2	1,115.0	52.3	1,301.3	1,530.5	426.5	817.0	286.9
Dec.	5,852.8	1,890.7	96.1	1,223.1	19.1	1,334.0	58.8	1,231.1	1,480.3	422.2	778.0	280.1
2009 Jan.	6,027.8	1,943.0	104.6	1,284.5	23.4	1,338.6	55.6	1,278.1	1,490.9	424.9	781.3	284.7
Feb. (p)	6,118.3	1,966.5	107.0	1,320.5	20.9	1,359.3	56.9	1,287.1	1,467.4	419.8	771.6	276.0
	Transactions											
2006	337.4	122.8	10.6	-122.7	0.5	100.6	6.5	219.0	193.3	58.6	96.2	38.5
2007	542.1	136.3	18.2	-86.5	1.5	268.0	9.5	195.0	164.5	52.0	60.0	52.5
2008	587.7	223.5	9.6	39.4	1.7	273.6	23.6	16.4	-77.9	30.3	-64.9	-43.3
2008 Q3	-41.5	4.6	-2.9	-33.3	-0.8	19.3	-0.8	-27.6	27.8	0.7	23.5	3.6
Q4	211.9	91.0	-4.5	40.5	3.1	137.5	6.8	-62.5	-94.5	-11.7	-75.3	-7.5
2008 Oct.	-7.4	26.6	-1.4	-11.9	1.8	34.6	-1.5	-55.5	-48.5	-14.1	-33.1	-1.4
Nov.	112.7	43.3	-3.7	37.8	-1.1	36.2	-0.4	0.5	-8.3	-3.1	-7.1	1.9
Dec.	106.5	21.0	0.6	14.7	2.4	66.7	8.6	-7.4	-37.6	5.5	-35.0	-8.1
2009 Jan.	110.0	49.7	1.5	54.3	2.3	3.9	-7.4	5.7	24.9	6.2	11.0	7.7
Feb. (p)	86.8	23.2	2.3	37.4	-2.4	19.0	0.8	6.6	-14.8	-2.4	-5.4	-7.0
	Growth rates											
2006 Dec.	7.7	8.5	16.5	-8.9	3.0	19.3	25.7	24.2	15.2	18.6	13.6	15.2
2007 Dec.	11.7	8.7	25.6	-6.8	10.5	43.0	33.4	17.7	11.2	13.9	7.5	17.8
2008 Sep.	11.4	11.1	24.0	-1.8	6.5	31.2	46.0	10.1	5.5	13.4	7.8	-10.1
2008 Oct.	8.2	9.4	16.2	-2.9	17.1	29.4	28.9	1.5	0.0	11.3	-1.5	-10.0
Nov.	9.3	11.5	15.1	0.5	10.6	30.7	42.7	-0.9	-0.5	11.3	-2.1	-10.5
Dec.	11.4	13.4	12.0	3.3	8.4	29.9	69.9	1.4	-4.9	7.0	-7.6	-13.1
2009 Jan.	11.3	14.4	5.1	6.5	15.9	29.5	35.1	-1.6	-4.2	6.8	-7.3	-10.4
Feb. (p)	11.3	13.8	5.9	9.8	18.5	28.3	38.0	-3.0	-4.3	4.1	-5.8	-11.7

C14 MFI holdings of securities [2)]

(annual growth rates)



Source: ECB.

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

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

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

(EUR billions)

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

	Consumer credit				Lending for house purchase				Other lending			
	Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12
2006	-3.9	-1.5	-0.9	-1.6	-2.7	-0.1	-0.1	-2.4	-6.7	-1.1	-2.0	-3.6
2007	-4.2	-1.2	-1.4	-1.6	-2.7	-0.2	-0.2	-2.3	-6.9	-0.8	-2.3	-3.7
2008	-4.4	-1.1	-1.5	-1.9	-3.2	0.0	-0.2	-3.0	-6.7	-1.2	-2.3	-3.2
2008 Q3	-1.0	-0.2	-0.4	-0.4	-0.4	0.0	0.0	-0.4	-1.3	-0.2	-0.5	-0.7
Q4	-1.5	-0.3	-0.5	-0.7	-1.1	0.0	-0.1	-1.0	-2.1	-0.4	-0.8	-1.0
2008 Oct.	-0.6	-0.3	-0.2	-0.1	-0.6	0.0	0.0	-0.6	-0.7	0.1	-0.5	-0.2
Nov.	-0.3	0.0	-0.2	-0.1	-0.2	0.0	0.0	-0.1	-0.5	0.0	-0.1	-0.3
Dec.	-0.6	0.0	-0.2	-0.4	-0.3	0.0	0.0	-0.3	-1.0	-0.4	-0.1	-0.5
2009 Jan.	-0.6	-0.2	-0.2	-0.3	-0.6	0.0	0.0	-0.5	-0.9	-0.5	0.0	-0.4
Feb. (p)	-0.5	0.0	-0.2	-0.3	-0.1	0.0	0.0	-0.1	-0.5	-0.1	-0.1	-0.4

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

	Non-financial corporations				Non-euro area residents		
	Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 year
	1	2	3	4	5	6	7
2006	-13.2	-3.5	-4.6	-5.1	-0.8	-0.1	-0.7
2007	-12.5	-2.1	-5.4	-4.9	-5.2	-3.4	-1.8
2008	-17.8	-4.0	-9.2	-4.5	-6.6	-3.4	-3.2
2008 Q3	-4.0	-0.8	-2.2	-1.0	-1.3	-0.7	-0.5
Q4	-5.6	-1.2	-2.8	-1.6	-2.9	-0.8	-2.1
2008 Oct.	-1.3	0.0	-0.9	-0.3	-1.0	-0.2	-0.8
Nov.	-1.8	-0.3	-1.1	-0.4	-0.6	-0.2	-0.4
Dec.	-2.6	-0.9	-0.8	-0.9	-1.3	-0.4	-0.9
2009 Jan.	-1.8	-0.8	-0.3	-0.6	-1.3	-0.9	-0.5
Feb. (p)	-1.4	-0.6	-0.3	-0.4	-0.4	-0.1	-0.3

3. Revaluation of securities held by MFIs

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
2006	-8.6	1.2	-0.4	-7.9	-0.2	-0.4	-0.3	-0.7	31.5	7.1	16.3	8.0
2007	-11.8	-2.7	0.0	0.6	-0.2	-2.5	-0.5	-6.5	12.6	3.0	8.8	0.8
2008	-56.1	-9.9	0.0	2.8	0.0	-19.7	1.0	-30.3	-66.9	-17.0	-36.2	-13.8
2008 Q3	-1.7	-1.2	0.2	5.8	0.2	-1.7	0.0	-5.0	-19.3	-7.6	-6.7	-5.1
Q4	-13.9	-2.4	0.1	5.2	0.1	-10.7	2.2	-8.4	-19.1	-5.4	-11.4	-2.3
2008 Oct.	-6.1	-0.9	0.2	0.8	0.2	-3.2	-0.1	-3.1	-8.2	-1.2	-5.3	-1.7
Nov.	1.3	0.0	0.0	5.0	0.1	-1.4	0.0	-2.4	-5.7	-1.6	-2.3	-1.8
Dec.	-9.1	-1.5	-0.1	-0.6	-0.2	-6.1	2.3	-2.9	-5.2	-2.6	-3.8	1.2
2009 Jan.	-10.2	2.1	0.0	-3.0	0.1	-3.6	0.1	-6.1	-14.9	-4.6	-8.2	-2.1
Feb. (p)	0.1	0.9	-0.1	-1.4	0.0	1.4	0.2	-1.0	-8.7	-2.7	-4.3	-1.7

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

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

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

1. Deposits

	MFIs [3)]							Non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total	USD	JPY	CHF	GBP			Total	USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	By euro area residents													
2006	5,242.4	90.7	9.3	5.6	0.4	1.5	1.2	8,014.8	96.4	3.6	2.2	0.3	0.1	0.6
2007	6,089.4	92.1	7.9	4.8	0.4	1.1	1.0	8,993.0	96.4	3.6	2.2	0.4	0.1	0.5
2008 Q1	6,147.8	91.8	8.2	4.7	0.5	1.3	1.0	9,151.4	96.4	3.6	2.1	0.4	0.1	0.6
Q2	6,287.4	91.6	8.4	5.0	0.4	1.4	1.0	9,372.6	96.4	3.6	2.1	0.5	0.1	0.5
Q3	6,751.6	89.4	10.6	6.9	0.4	1.5	1.0	9,464.7	96.2	3.8	2.2	0.5	0.1	0.6
Q4 (p)	6,867.7	89.7	10.3	7.2	0.4	1.2	0.8	9,874.2	96.8	3.2	1.9	0.4	0.1	0.4
	By non-euro area residents													
2006	2,557.1	45.3	54.7	35.1	2.3	2.7	11.5	871.9	50.7	49.3	32.0	1.3	2.0	10.4
2007	2,944.2	46.8	53.2	33.6	2.9	2.4	11.1	912.0	50.0	50.0	32.9	1.6	1.8	9.9
2008 Q1	3,075.7	48.1	51.9	32.9	3.0	2.6	10.5	964.1	52.3	47.7	31.9	1.4	1.8	8.7
Q2	3,036.7	46.5	53.5	33.9	3.0	2.7	10.6	983.2	51.8	48.2	31.8	1.2	1.7	9.3
Q3	3,132.8	45.6	54.4	35.3	3.2	2.7	9.9	1,007.3	52.5	47.5	30.3	1.3	1.5	10.3
Q4 (p)	2,802.1	47.9	52.1	34.3	2.8	2.6	9.6	900.3	54.7	45.3	28.9	1.4	2.0	9.4

2. Debt securities issued by euro area MFIs

	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total	USD	JPY	CHF	GBP
	1	2	3	4	5	6	7
2006	4,485.5	80.5	19.5	10.0	1.6	1.9	3.5
2007	4,948.0	81.4	18.6	9.3	1.7	1.9	3.4
2008 Q1	4,993.0	82.1	17.9	8.8	1.8	1.9	3.2
Q2	5,146.7	82.0	18.0	8.9	1.7	1.8	3.5
Q3	5,183.3	81.8	18.2	8.9	1.9	1.8	3.3
Q4 (p)	5,096.7	83.1	16.9	8.6	2.0	1.9	2.6

Source: ECB.
1) MFI sector excluding the Eurosystem; sectoral classification is based on 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 of a similar type to euro area MFIs.
4) Including items expressed in the national denominations of the euro.

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

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

3. Loans

	MFIs [3)]							Non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total	USD	JPY	CHF	GBP			Total	USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	To euro area residents													
2006	4,933.5	-	-	-	-	-	-	9,970.8	96.4	3.6	1.6	0.2	1.1	0.5
2007	5,788.9	-	-	-	-	-	-	11,115.1	96.2	3.8	1.8	0.2	0.9	0.6
2008 Q1	5,836.3	-	-	-	-	-	-	11,414.1	96.1	3.9	1.8	0.2	1.0	0.6
Q2	6,001.5	-	-	-	-	-	-	11,636.4	96.0	4.0	1.9	0.2	1.0	0.6
Q3	6,345.6	-	-	-	-	-	-	11,801.1	95.8	4.2	2.1	0.2	1.0	0.5
Q4 (p)	6,268.4	-	-	-	-	-	-	11,749.2	95.9	4.1	2.1	0.3	1.0	0.4
	To non-euro area residents													
2006	2,061.0	50.7	49.3	28.9	2.0	2.3	11.0	863.4	39.3	60.7	43.2	1.1	4.0	8.6
2007	2,337.9	48.0	52.0	28.9	2.3	2.4	12.7	957.4	40.9	59.1	41.3	1.2	3.7	8.2
2008 Q1	2,395.5	48.2	51.8	27.9	2.9	2.8	12.4	1,018.4	43.0	57.0	39.1	1.3	4.2	7.8
Q2	2,299.2	46.4	53.6	29.3	2.3	2.9	12.7	1,011.5	43.0	57.0	38.4	1.1	4.0	8.6
Q3	2,452.3	42.5	57.5	33.3	2.9	2.6	12.4	1,066.8	41.4	58.6	40.5	1.5	3.9	8.0
Q4 (p)	2,271.0	45.8	54.2	32.3	2.5	2.6	11.2	970.7	40.8	59.2	41.6	1.8	4.1	7.2

4. Holdings of securities other than shares

	Issued by MFIs [3)]							Issued by non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total	USD	JPY	CHF	GBP			Total	USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Issued by euro area residents													
2006	1,632.9	95.6	4.4	2.3	0.2	0.3	1.3	1,922.5	97.6	2.4	1.3	0.3	0.1	0.7
2007	1,736.6	95.2	4.8	2.4	0.3	0.3	1.5	2,144.8	97.7	2.3	1.4	0.2	0.1	0.5
2008 Q1	1,816.0	95.2	4.8	2.5	0.3	0.3	1.4	2,220.8	97.2	2.8	1.9	0.3	0.1	0.4
Q2	1,893.9	94.8	5.2	2.6	0.4	0.3	1.6	2,299.5	97.3	2.7	1.8	0.3	0.1	0.5
Q3	1,901.3	94.6	5.4	2.9	0.4	0.3	1.5	2,291.5	97.2	2.8	1.9	0.3	0.1	0.4
Q4 (p)	1,986.8	95.2	4.8	2.6	0.4	0.2	1.3	2,635.0	97.0	3.0	2.0	0.3	0.1	0.4
	Issued by non-euro area residents													
2006	514.5	52.2	47.8	28.8	0.7	0.4	14.5	594.4	38.9	61.1	36.5	4.9	0.8	14.2
2007	580.8	53.8	46.2	27.4	0.7	0.4	14.4	652.3	35.8	64.2	39.4	4.5	0.8	12.6
2008 Q1	636.2	50.8	49.2	30.2	0.8	0.6	14.4	629.5	38.0	62.0	36.8	5.8	0.9	11.4
Q2	663.7	50.2	49.8	30.7	0.7	0.5	14.9	627.0	38.5	61.5	36.9	5.8	0.8	10.4
Q3	644.4	51.0	49.0	30.8	0.8	0.5	14.2	663.1	37.1	62.9	38.2	6.4	0.9	10.5
Q4 (p)	578.5	53.3	46.7	29.0	0.8	0.5	13.6	652.6	38.9	61.1	39.3	5.9	0.9	9.4

Source: ECB.
1) MFI sector excluding the Eurosystem; sectoral classification is based on 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 of a similar type to euro area MFIs.
4) Including items expressed in the national denominations of the euro.

2.9 Aggregated balance sheet of euro area investment funds [1]
(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Deposits	Holdings of securities other than shares: Total	Up to 1 year	Over 1 year	Holdings of shares/ other equity	Holdings of investment fund shares	Fixed assets	Other assets
	1	2	3	4	5	6	7	8	9
2007 Q2	5,993.1	344.2	2,046.7	191.9	1,854.8	2,219.3	786.1	179.7	417.2
Q3	5,892.8	358.3	2,015.0	187.0	1,828.0	2,168.5	773.6	180.6	396.6
Q4	5,781.3	353.4	1,993.4	184.1	1,809.3	2,077.4	784.0	189.1	384.0
2008 Q1	5,160.6	365.5	1,857.8	164.8	1,693.0	1,670.3	719.8	197.1	350.1
Q2	5,015.2	359.3	1,807.2	157.5	1,649.7	1,624.4	690.7	204.9	328.7
Q3 (p)	4,713.2	377.1	1,747.3	148.1	1,599.2	1,411.4	641.3	202.8	333.3

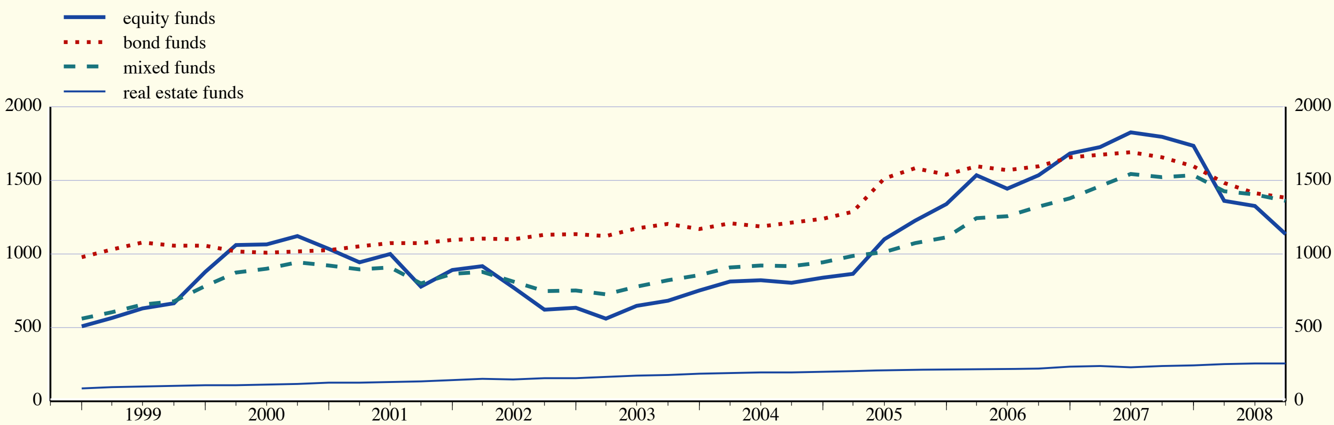
2. Liabilities

	Total	Deposits and loans taken	Investment fund shares	Other liabilities
	1	2	3	4
2007 Q2	5,993.1	82.9	5,589.0	321.3
Q3	5,892.8	78.5	5,496.8	317.5
Q4	5,781.3	76.8	5,411.5	293.0
2008 Q1	5,160.6	76.4	4,846.6	237.6
Q2	5,015.2	74.8	4,720.9	219.5
Q3 (p)	4,713.2	71.0	4,413.4	228.7

3. Total assets/liabilities broken down by investment policy and type of investor

	Total	Funds by investment policy: Equity funds	Bond funds	Mixed funds	Real estate funds	Other funds	Funds by type of investor: General public funds	Special investors' funds
	1	2	3	4	5	6	7	8
2007 Q2	5,993.1	1,826.0	1,692.8	1,541.6	230.8	701.8	4,579.4	1,413.8
Q3	5,892.8	1,797.1	1,654.6	1,523.2	236.1	681.7	4,468.3	1,424.5
Q4	5,781.3	1,735.5	1,596.8	1,535.4	244.2	669.4	4,344.6	1,436.7
2008 Q1	5,160.6	1,362.6	1,483.3	1,427.8	249.6	637.4	3,778.1	1,382.5
Q2	5,015.2	1,325.3	1,413.4	1,405.2	256.1	615.3	3,647.1	1,368.1
Q3 (p)	4,713.2	1,132.6	1,382.5	1,358.8	253.1	586.2	3,340.8	1,372.4

C15 Total assets of investment funds
(EUR billions)



Source: ECB.
1) Other than money market funds. For further details, see the General notes.

2.10 Assets of euro area investment funds broken down by investment policy and type of investor
(EUR billions; outstanding amounts at end of period)

1. Funds by investment policy

	Total	Deposits	Holdings of securities other than shares: Total	Up to 1 year	Over 1 year	Holdings of shares/ other equity	Holdings of investment fund shares	Fixed assets	Other assets
	1	2	3	4	5	6	7	8	9
	Equity funds								
2007 Q2	1,826.0	61.1	67.7	27.0	40.7	1,546.9	84.5	-	65.8
Q3	1,797.1	72.0	68.7	26.7	41.9	1,505.5	82.4	-	68.5
Q4	1,735.5	58.1	71.8	26.5	45.2	1,464.2	79.5	-	61.9
2008 Q1	1,362.6	51.2	63.0	21.3	41.7	1,130.9	65.7	-	51.7
Q2	1,325.3	54.3	65.0	22.0	43.0	1,088.6	65.7	-	51.6
Q3 (p)	1,132.6	48.3	61.3	20.2	41.1	915.2	57.6	-	50.2
	Bond funds								
2007 Q2	1,692.8	115.1	1,347.9	98.3	1,249.6	62.3	55.6	-	112.0
Q3	1,654.6	109.9	1,318.4	97.0	1,221.5	62.6	53.3	-	110.4
Q4	1,596.8	116.1	1,273.1	92.7	1,180.4	58.0	49.8	-	99.8
2008 Q1	1,483.3	124.7	1,167.7	80.3	1,087.5	56.8	45.5	-	88.6
Q2	1,413.4	115.9	1,118.4	74.6	1,043.7	57.9	42.7	-	78.5
Q3 (p)	1,382.5	128.7	1,073.5	67.9	1,005.6	55.7	41.1	-	83.5
	Mixed funds								
2007 Q2	1,541.6	81.5	530.2	50.8	479.4	399.2	347.9	0.9	181.9
Q3	1,523.2	86.2	522.6	46.3	476.3	405.4	345.1	0.5	163.3
Q4	1,535.4	89.7	547.0	47.3	499.7	393.1	343.6	0.7	161.4
2008 Q1	1,427.8	97.9	528.0	46.4	481.6	339.4	313.9	1.2	147.3
Q2	1,405.2	99.0	519.9	42.6	477.3	341.6	307.9	0.8	135.9
Q3 (p)	1,358.8	108.9	512.6	42.2	470.4	312.1	287.1	1.1	137.0
	Real estate funds								
2007 Q2	230.8	18.8	6.6	1.9	4.7	4.3	10.0	178.1	12.9
Q3	236.1	20.7	6.4	1.6	4.8	3.9	13.1	179.2	12.8
Q4	244.2	19.7	6.0	1.5	4.5	3.4	12.5	187.9	14.7
2008 Q1	249.6	19.9	5.3	1.1	4.2	3.1	11.3	195.4	14.6
Q2	256.1	17.9	5.9	1.1	4.8	3.0	10.1	203.5	15.7
Q3 (p)	253.1	18.9	4.7	1.3	3.4	3.0	9.3	201.2	15.9

2. Funds by type of investor

	Total	Deposits	Holdings of securities other than shares	Holdings of shares/ other equity	Holdings of investment fund shares	Fixed assets	Other assets
	1	2	3	4	5	6	7
	General public funds						
2007 Q2	4,579.4	278.8	1,434.5	1,819.1	577.5	145.0	324.5
Q3	4,468.3	287.9	1,375.7	1,791.2	564.1	142.9	306.4
Q4	4,344.6	279.9	1,336.9	1,717.4	569.6	149.1	291.8
2008 Q1	3,778.1	277.6	1,218.3	1,362.1	514.2	154.1	251.9
Q2	3,647.1	264.5	1,177.3	1,326.8	485.5	155.0	238.0
Q3 (p)	3,340.8	265.1	1,104.7	1,140.7	440.7	152.4	237.2
	Special investors' funds						
2007 Q2	1,413.8	65.4	612.2	400.2	208.6	34.7	92.6
Q3	1,424.5	70.4	639.3	377.3	209.5	37.7	90.2
Q4	1,436.7	73.4	656.6	360.0	214.5	40.0	92.2
2008 Q1	1,382.5	88.0	639.6	308.1	205.6	43.0	98.2
Q2	1,368.1	94.8	629.9	297.6	205.2	49.9	90.7
Q3 (p)	1,372.4	112.0	642.5	270.7	200.6	50.5	96.1

Source: ECB.

3 EURO AREA ACCOUNTS

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

Uses 2008 Q3	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						530.8
Trade balance [1]						-4.1
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,069.1	106.5	688.2	53.0	221.5	
Other taxes less subsidies on production	28.1	6.1	14.6	3.8	3.6	
Consumption of fixed capital	339.0	91.6	192.6	11.2	43.6	
Net operating surplus and mixed income [1]	609.1	300.2	279.9	30.3	-1.3	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						4.4
Taxes less subsidies on production						
Property income	872.6	61.8	281.6	457.9	71.2	147.0
Interest	582.0	59.7	93.6	357.6	71.1	85.2
Other property income	290.6	2.1	188.1	100.3	0.1	61.8
Net national income [1]	1,932.3	1,564.5	103.8	63.4	200.5	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	266.4	205.9	49.8	10.5	0.3	1.7
Social contributions	405.4	405.4				1.0
Social benefits other than social transfers in kind	411.4	1.4	15.8	27.4	366.9	0.6
Other current transfers	183.4	72.5	23.7	46.6	40.5	6.9
Net non-life insurance premiums	44.7	34.0	9.2	0.8	0.7	1.1
Non-life insurance claims	44.6			44.6		0.6
Other	94.1	38.5	14.5	1.2	39.8	5.3
Net disposable income [1]	1,910.9	1,379.0	41.6	68.9	421.4	
Use of income account						
Net disposable income						
Final consumption expenditure	1,764.7	1,316.6			448.1	
Individual consumption expenditure	1,587.5	1,316.6			270.9	
Collective consumption expenditure	177.2				177.2	
Adjustment for the change in net equity of households in pension fund reserves	16.8	0.0	0.2	16.6	0.0	0.0
Net saving/current external account [1]	146.3	79.2	41.4	52.3	-26.7	19.9
Capital account						
Net saving / current external account						
Gross capital formation	505.2	159.7	275.3	13.2	57.0	
Gross fixed capital formation	494.6	156.7	267.8	13.2	56.9	
Changes in inventories and acquisitions less disposals of valuables	10.6	3.0	7.5	0.0	0.1	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	0.1	-1.6	1.1	0.4	0.3	-0.1
Capital transfers	34.2	9.3	1.9	1.0	22.1	4.2
Capital taxes	6.2	6.0	0.2	0.0		0.0
Other capital transfers	28.0	3.2	1.7	1.0	22.1	4.2
Net lending (+)/net borrowing (-) (from capital account) [1]	-18.2	12.5	-26.3	49.6	-54.1	18.2
Statistical discrepancy	0.0	-6.8	6.8	0.0	0.0	0.0

Sources: ECB and Eurostat.
1) For 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 2008 Q3	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Imports of goods and services						526.7
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,045.3	504.3	1,175.3	98.3	267.4	
Taxes less subsidies on products	228.7					
Gross domestic product (market prices)[2]	2,274.0					
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	609.1	300.2	279.9	30.3	-1.3	
Compensation of employees	1,070.2	1,070.2				3.3
Taxes less subsidies on production	255.3				255.3	1.5
Property income	870.2	255.9	105.6	491.0	17.7	149.3
Interest	566.8	85.9	49.9	422.9	8.1	100.5
Other property income	303.5	169.9	55.8	68.2	9.6	48.9
Net national income						
Secondary distribution of income account						
Net national income	1,932.3	1,564.5	103.8	63.4	200.5	
Current taxes on income, wealth, etc.	267.5				267.5	0.7
Social contributions	405.4	1.0	16.3	44.1	344.0	1.1
Social benefits other than social transfers in kind	408.9	408.9				3.1
Other current transfers	163.5	89.9	10.7	45.9	17.1	26.8
Net non-life insurance premiums	44.6			44.6		1.2
Non-life insurance claims	44.0	36.2	6.9	0.7	0.3	1.2
Other	75.0	53.7	3.8	0.6	16.8	24.4
Net disposable income						
Use of income account						
Net disposable income	1,910.9	1,379.0	41.6	68.9	421.4	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in net equity of households in pension fund reserves	16.9	16.9				0.0
Net saving/current external account						
Capital account						
Net saving / current external account	146.3	79.2	41.4	52.3	-26.7	19.9
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	339.0	91.6	192.6	11.2	43.6	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	36.0	9.0	18.0	0.6	8.4	2.4
Capital taxes	6.2				6.2	0.0
Other capital transfers	29.8	9.0	18.0	0.6	2.1	2.4
Net lending (+)/net borrowing (-) (from capital account)						
Statistical discrepancy						

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

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

(EUR billions)

Assets 2008 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		17,189.2	14,624.5	23,246.6	10,120.3	6,161.5	2,936.1	15,097.4
Monetary gold and special drawing rights (SDRs)				212.2				
Currency and deposits		5,875.2	1,768.1	2,387.5	1,666.7	830.4	606.0	4,184.1
Short-term debt securities		62.2	119.8	144.4	383.1	278.2	29.8	755.4
Long-term debt securities		1,381.2	195.2	3,870.1	1,778.2	2,003.9	223.9	2,709.1
Loans		40.3	2,345.5	12,672.2	1,812.7	353.1	368.3	1,730.6
of which long-term		23.5	1,235.8	9,489.1	1,430.8	291.3	330.3	.
Shares and other equity		4,396.9	7,140.5	1,854.8	4,256.6	2,202.3	1,127.8	4,926.0
Quoted shares		838.9	1,598.1	603.7	2,060.5	613.2	364.8	.
Unquoted shares and other equity		2,083.6	5,189.0	1,005.6	1,563.6	466.2	618.5	.
Mutual fund shares		1,474.4	353.4	245.5	632.5	1,122.8	144.5	.
Insurance technical reserves		5,198.3	142.6	2.0	0.0	150.9	3.4	219.3
Other accounts receivable and financial derivatives		235.1	2,912.7	2,103.4	222.9	342.7	576.9	572.9
Net financial worth								
Financial account, transactions in financial assets								
Total transactions in financial assets		56.7	115.8	251.4	-39.9	69.4	-16.3	178.7
Monetary gold and special drawing rights (SDRs)				-0.2				0.2
Currency and deposits		38.8	33.7	80.6	24.8	1.8	-38.6	91.1
Short-term debt securities		5.3	-3.1	-5.9	-35.6	6.3	-2.1	39.6
Long-term debt securities		-7.4	-2.6	-32.1	-26.8	41.3	10.0	96.7
Loans		0.5	6.0	158.6	9.4	1.9	1.2	6.2
of which long-term		0.3	-5.3	159.3	-7.2	-0.6	1.9	.
Shares and other equity		-32.9	86.5	-1.7	-26.9	15.8	13.0	-63.5
Quoted shares		-13.5	51.8	-4.0	-24.7	2.4	0.8	.
Unquoted shares and other equity		21.8	33.1	5.1	35.3	9.3	10.2	.
Mutual fund shares		-41.2	1.7	-2.8	-37.4	4.0	2.0	.
Insurance technical reserves		51.7	0.5	0.0	0.0	2.6	0.0	3.1
Other accounts receivable and financial derivatives		0.7	-5.2	51.9	15.1	-0.3	0.2	5.3
Changes in net financial worth due to transactions								
Other changes account, financial assets								
Total other changes in financial assets		-431.6	-274.8	170.6	-266.5	-83.8	-46.5	186.6
Monetary gold and special drawing rights (SDRs)				9.4				
Currency and deposits		0.9	14.5	101.3	11.9	3.1	1.4	216.0
Short-term debt securities		-1.2	1.5	0.0	-0.6	-0.6	0.0	28.7
Long-term debt securities		-42.9	0.8	116.5	-1.0	13.6	0.9	96.3
Loans		0.1	34.3	55.0	-9.4	0.4	0.1	35.0
of which long-term		0.0	18.6	19.5	0.9	0.2	0.1	.
Shares and other equity		-319.9	-353.1	-41.4	-268.9	-101.7	-49.5	-192.4
Quoted shares		-100.9	-149.9	-28.9	-192.2	-55.9	-45.5	.
Unquoted shares and other equity		-180.2	-193.2	-7.0	-63.6	-18.4	1.8	.
Mutual fund shares		-38.8	-10.0	-5.5	-13.1	-27.4	-5.8	.
Insurance technical reserves		-66.6	-0.5	0.0	0.0	0.0	0.0	-0.9
Other accounts receivable and financial derivatives		-2.0	27.7	-70.3	1.4	1.6	0.5	4.0
Other changes in net financial worth								
Closing balance sheet, financial assets								
Total financial assets		16,814.3	14,465.6	23,668.6	9,813.8	6,147.1	2,873.3	15,462.5
Monetary gold and special drawing rights (SDRs)				221.5				
Currency and deposits		5,915.0	1,816.2	2,569.4	1,703.4	835.3	568.8	4,491.2
Short-term debt securities		66.2	118.3	138.5	347.0	283.9	27.7	823.6
Long-term debt securities		1,330.9	193.5	3,954.5	1,750.4	2,058.8	234.9	2,902.1
Loans		40.9	2,385.8	12,885.8	1,812.7	355.4	369.5	1,771.9
of which long-term		23.9	1,249.1	9,667.8	1,424.5	290.9	332.3	.
Shares and other equity		4,044.1	6,874.0	1,811.8	3,960.8	2,116.3	1,091.3	4,670.2
Quoted shares		724.5	1,500.0	570.9	1,843.6	559.6	320.1	.
Unquoted shares and other equity		1,925.2	5,028.9	1,003.7	1,535.3	457.1	630.5	.
Mutual fund shares		1,394.4	345.1	237.1	582.0	1,099.5	140.7	.
Insurance technical reserves		5,183.4	142.6	2.0	0.0	153.5	3.4	221.5
Other accounts receivable and financial derivatives		233.8	2,935.2	2,085.0	239.5	344.0	577.6	582.1
Net financial worth								

Source: ECB.

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

(EUR billions)

Liabilities 2008 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		6,195.2	23,242.4	22,997.3	9,853.0	6,373.6	6,860.4	13,641.4
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			24.8	14,316.0	31.9	2.4	239.1	2,703.7
Short-term debt securities			294.2	411.4	111.0	0.3	679.0	277.0
Long-term debt securities			429.5	2,801.2	1,896.2	26.4	4,367.3	2,641.0
Loans		5,512.6	7,779.5		1,683.7	201.5	1,213.2	2,932.3
of which long-term		5,180.4	5,222.5		809.4	69.3	1,038.1	.
Shares and other equity			11,798.5	2,910.1	6,018.1	582.5	5.4	4,590.3
Quoted shares			3,946.7	661.7	226.2	216.1	0.0	.
Unquoted shares and other equity			7,851.9	1,083.5	1,085.9	365.7	5.4	.
Mutual fund shares				1,164.8	4,706.0			.
Insurance technical reserves		33.1	329.1	58.1	0.6	5,295.0	0.5	
Other accounts payable and financial derivatives		649.5	2,586.8	2,500.5	111.4	265.5	355.9	497.0
Net financial worth [1]	-1,243.8	10,994.0	-8,618.0	249.3	267.3	-212.1	-3,924.3	
Financial account, transactions in liabilities								
Total transactions in liabilities		51.0	135.4	210.7	-23.2	43.6	37.8	160.5
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			0.4	148.1	2.0	-0.2	-5.3	87.1
Short-term debt securities			-1.3	-32.4	12.0	0.2	30.9	-4.8
Long-term debt securities			4.0	11.4	52.0	0.1	16.3	-4.5
Loans		45.8	102.5		4.5	-3.0	-7.3	41.4
of which long-term		48.2	98.7		15.2	0.5	-9.6	.
Shares and other equity			44.0	18.5	-83.3	2.2	0.0	9.0
Quoted shares			-0.2	14.0	0.7	0.1	0.0	.
Unquoted shares and other equity			44.2	12.6	20.2	2.1	0.0	.
Mutual fund shares				-8.2	-104.2			.
Insurance technical reserves		0.0	0.2	0.9	0.0	56.8	0.0	
Other accounts payable and financial derivatives		5.2	-14.4	64.3	-10.4	-12.4	3.2	32.2
Changes in net financial worth due to transactions [1]	-18.2	5.7	-19.5	40.6	-16.8	25.7	-54.1	18.2
Other changes account, liabilities								
Total other changes in liabilities		7.8	-763.6	66.5	-298.9	-67.7	151.8	148.5
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			0.0	244.8	0.6	0.0	0.0	103.6
Short-term debt securities			0.2	7.9	-0.6	0.0	1.4	18.9
Long-term debt securities			1.8	43.5	-0.1	-0.5	101.8	37.6
Loans		-0.6	18.9		24.7	0.9	17.1	54.5
of which long-term		0.1	14.3		12.9	0.1	17.1	.
Shares and other equity			-801.8	-110.3	-315.0	-17.1	-0.3	-82.3
Quoted shares			-530.1	-66.5	-50.9	-3.2	0.0	.
Unquoted shares and other equity			-271.7	-46.1	-64.6	-13.9	-0.3	.
Mutual fund shares				2.4	-199.5			.
Insurance technical reserves		0.0	0.0	0.0	0.0	-68.1	0.0	
Other accounts payable and financial derivatives		8.4	17.3	-119.5	-8.5	17.1	31.8	16.2
Other changes in net financial worth [1]	-28.6	-439.4	488.8	104.1	32.4	-16.1	-198.3	38.0
Closing balance sheet, liabilities								
Total liabilities		6,254.0	22,614.3	23,274.5	9,531.0	6,349.5	7,050.0	13,950.3
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			25.3	14,708.9	34.5	2.2	233.8	2,894.5
Short-term debt securities			293.1	386.8	122.5	0.5	711.3	291.1
Long-term debt securities			435.3	2,856.2	1,948.1	26.0	4,485.4	2,674.1
Loans		5,557.8	7,900.8		1,713.0	199.3	1,222.9	3,028.1
of which long-term		5,228.7	5,335.4		837.5	69.9	1,045.5	.
Shares and other equity			11,040.7	2,818.3	5,619.8	567.6	5.1	4,517.0
Quoted shares			3,416.3	609.2	176.0	213.0	0.0	.
Unquoted shares and other equity			7,624.3	1,050.0	1,041.4	353.9	5.1	.
Mutual fund shares				1,159.0	4,402.4			.
Insurance technical reserves		33.1	329.3	59.0	0.6	5,283.8	0.5	
Other accounts payable and financial derivatives		663.1	2,589.8	2,445.3	92.5	270.2	390.8	545.5
Net financial worth [1]	-1,290.7	10,560.2	-8,148.7	394.0	282.9	-202.4	-4,176.7	

Source: ECB.

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

Uses	2004	2005	2006	2006 Q4-2007 Q3	2007 Q1-2007 Q4	2007 Q2-2008 Q1	2007 Q3-2008 Q2	2007 Q4-2008 Q3
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	3,777.3	3,891.5	4,050.2	4,178.6	4,231.3	4,280.6	4,332.1	4,377.9
Other taxes less subsidies on production	122.9	130.0	129.2	135.2	136.8	137.2	137.4	138.1
Consumption of fixed capital	1,124.0	1,177.8	1,234.9	1,284.5	1,299.4	1,310.7	1,322.7	1,335.3
Net operating surplus and mixed income [1]	1,990.3	2,061.3	2,173.9	2,274.3	2,301.1	2,321.4	2,349.8	2,357.2
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	2,367.3	2,610.3	3,018.4	3,396.6	3,519.0	3,609.9	3,708.9	3,792.5
Interest	1,250.2	1,343.5	1,635.0	1,902.7	1,999.8	2,078.7	2,150.8	2,221.8
Other property income	1,117.1	1,266.8	1,383.4	1,493.9	1,519.2	1,531.2	1,558.1	1,570.7
Net national income [1]	6,692.8	6,938.0	7,288.1	7,562.5	7,649.8	7,712.0	7,773.3	7,818.0
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	883.8	933.3	1,024.6	1,085.3	1,109.0	1,124.8	1,135.1	1,135.8
Social contributions	1,430.0	1,472.4	1,534.7	1,576.8	1,593.6	1,610.5	1,627.2	1,644.4
Social benefits other than social transfers in kind	1,455.4	1,499.2	1,549.5	1,579.1	1,594.9	1,606.5	1,619.7	1,636.8
Other current transfers	684.7	707.1	714.9	732.6	742.2	751.9	758.8	761.4
Net non-life insurance premiums	178.0	178.3	177.4	181.4	182.7	183.0	184.3	184.7
Non-life insurance claims	178.7	179.3	177.5	181.2	182.1	182.4	183.9	184.5
Other	328.0	349.5	360.0	370.0	377.4	386.5	390.5	392.2
Net disposable income [1]	6,617.0	6,851.2	7,196.9	7,471.6	7,557.0	7,614.1	7,674.3	7,721.7
Use of income account								
Net disposable income								
Final consumption expenditure	6,084.4	6,327.2	6,591.2	6,767.6	6,839.6	6,907.4	6,981.7	7,053.2
Individual consumption expenditure	5,438.2	5,666.1	5,912.5	6,070.9	6,135.8	6,197.4	6,262.3	6,324.5
Collective consumption expenditure	646.2	661.1	678.7	696.7	703.8	710.0	719.5	728.7
Adjustment for the change in net equity of households in pension funds reserves	58.0	60.4	59.0	58.0	59.4	60.5	63.4	65.6
Net saving [1]	532.8	524.3	606.0	704.2	717.6	706.9	692.8	668.7
Capital account								
Net saving								
Gross capital formation	1,613.4	1,704.2	1,855.4	1,952.5	1,988.0	2,009.7	2,037.3	2,056.5
Gross fixed capital formation	1,602.0	1,697.9	1,842.5	1,942.1	1,967.8	1,985.7	2,009.4	2,023.0
Changes in inventories and acquisitions less disposals of valuables	11.5	6.3	12.9	10.4	20.1	24.0	27.9	33.5
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	-1.1	-0.1	0.5	-0.1	0.2	0.3	0.6	0.6
Capital transfers	174.5	180.8	173.8	177.3	166.4	166.6	170.1	163.6
Capital taxes	29.9	24.4	22.5	23.8	23.8	23.4	23.6	23.9
Other capital transfers	144.7	156.4	151.2	153.6	142.5	143.2	146.4	139.7
Net lending (+)/net borrowing (-) (from capital account) [1]	60.5	11.2	-0.3	51.3	43.1	23.8	-4.7	-36.4

Sources: ECB and Eurostat.
1) For 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	2004	2005	2006	2006 Q4-2007 Q3	2007 Q1-2007 Q4	2007 Q2-2008 Q1	2007 Q3-2008 Q2	2007 Q4-2008 Q3
Generation of income account								
Gross value added (basic prices)	7,014.4	7,260.6	7,588.3	7,872.5	7,968.5	8,049.9	8,141.9	8,208.5
Taxes less subsidies on products	797.5	841.3	910.2	946.6	953.9	955.4	952.7	951.5
Gross domestic product (market prices)[2)]	7,811.9	8,101.9	8,498.5	8,819.2	8,922.4	9,005.4	9,094.6	9,159.9
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	1,990.3	2,061.3	2,173.9	2,274.3	2,301.1	2,321.4	2,349.8	2,357.2
Compensation of employees	3,784.8	3,897.9	4,057.0	4,185.5	4,238.2	4,287.8	4,339.3	4,385.1
Taxes less subsidies on production	935.0	983.8	1,050.4	1,088.9	1,097.3	1,097.7	1,095.2	1,094.9
Property income	2,350.2	2,605.1	3,025.1	3,410.5	3,532.2	3,614.9	3,697.8	3,773.2
Interest	1,216.8	1,315.9	1,609.1	1,872.1	1,964.5	2,035.2	2,099.2	2,162.1
Other property income	1,133.4	1,289.3	1,416.1	1,538.5	1,567.7	1,579.8	1,598.6	1,611.1
Net national income								
Secondary distribution of income account								
Net national income	6,692.8	6,938.0	7,288.1	7,562.5	7,649.8	7,712.0	7,773.3	7,818.0
Current taxes on income, wealth, etc.	886.8	937.1	1,029.6	1,092.9	1,116.6	1,132.1	1,142.8	1,143.2
Social contributions	1,429.1	1,471.7	1,533.9	1,575.9	1,592.8	1,609.6	1,626.3	1,643.6
Social benefits other than social transfers in kind	1,447.8	1,491.4	1,541.3	1,569.9	1,585.6	1,597.1	1,610.2	1,627.3
Other current transfers	614.2	625.2	627.8	644.1	651.8	656.9	662.6	668.1
Net non-life insurance premiums	178.7	179.3	177.5	181.2	182.1	182.4	183.9	184.5
Non-life insurance claims	175.9	177.0	174.7	178.8	179.8	180.2	181.4	181.9
Other	259.6	268.9	275.5	284.1	289.9	294.3	297.2	301.7
Net disposable income								
Use of income account								
Net disposable income	6,617.0	6,851.2	7,196.9	7,471.6	7,557.0	7,614.1	7,674.3	7,721.7
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in net equity of households in pension funds reserves	58.2	60.7	59.3	58.2	59.6	60.7	63.6	65.8
Net saving								
Capital account								
Net saving	532.8	524.3	606.0	704.2	717.6	706.9	692.8	668.7
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,124.0	1,177.8	1,234.9	1,284.5	1,299.4	1,310.7	1,322.7	1,335.3
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	190.6	194.1	188.4	192.4	180.6	182.8	187.8	180.4
Capital taxes	29.9	24.4	22.5	23.8	23.8	23.4	23.6	23.9
Other capital transfers	160.7	169.7	165.9	168.6	156.8	159.4	164.2	156.4
Net lending (+)/net borrowing (-) (from capital account)								

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

3.3 Households

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

	2004	2005	2006	2006 Q4-2007 Q3	2007 Q1-2007 Q4	2007 Q2-2008 Q1	2007 Q3-2008 Q2	2007 Q4-2008 Q3
Income, saving and changes in net worth								
Compensation of employees (+)	3,784.8	3,897.9	4,057.0	4,185.5	4,238.2	4,287.8	4,339.3	4,385.1
Gross operating surplus and mixed income (+)	1,270.6	1,321.8	1,397.7	1,462.7	1,480.6	1,499.5	1,517.8	1,532.8
Interest receivable (+)	233.2	229.9	266.4	291.9	301.8	311.1	321.1	330.6
Interest payable (-)	126.2	130.5	164.4	198.2	208.7	215.6	222.1	228.2
Other property income receivable (+)	667.1	716.1	756.4	787.3	793.9	795.4	799.6	803.8
Other property income payable (-)	9.2	9.5	9.7	9.7	9.9	9.9	10.0	9.7
Current taxes on income and wealth (-)	707.4	739.8	792.3	832.9	851.8	866.1	880.3	886.4
Net social contributions (-)	1,426.3	1,468.4	1,530.6	1,572.6	1,589.4	1,606.3	1,623.0	1,640.2
Net social benefits (+)	1,442.9	1,486.2	1,535.9	1,564.3	1,580.0	1,591.5	1,604.6	1,621.7
Net current transfers receivable (+)	64.0	67.0	67.1	68.7	69.4	69.5	72.1	73.1
= Gross disposable income	5,193.5	5,370.8	5,583.5	5,747.1	5,804.2	5,857.0	5,919.1	5,982.6
Final consumption expenditure (-)	4,489.7	4,669.7	4,867.5	4,996.4	5,048.8	5,101.5	5,152.3	5,203.4
Changes in net worth in pension funds (+)	57.8	60.3	58.9	58.1	59.6	60.8	63.6	65.7
= Gross saving	761.5	761.4	774.9	808.7	815.0	816.3	830.4	845.0
Consumption of fixed capital (-)	301.5	317.3	334.5	348.4	352.7	355.7	359.2	362.2
Net capital transfers receivable (+)	18.4	23.9	22.1	17.7	15.2	15.6	15.8	15.2
Other changes in net worth [1] (+)	322.6	525.0	542.7	239.9	-36.0	-838.4	-1,240.6	-1,466.8
= Changes in net worth [1]	801.0	993.0	1,005.2	717.8	441.6	-362.2	-753.6	-968.9
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	519.9	552.0	607.2	638.5	640.9	642.4	643.1	640.7
Consumption of fixed capital (-)	301.5	317.3	334.5	348.4	352.7	355.7	359.2	362.2
Main items of financial investment (+)								
Short-term assets	214.2	206.3	307.6	395.0	417.6	439.4	415.9	424.0
Currency and deposits	212.7	247.1	284.3	327.7	347.3	381.9	382.7	387.8
Money market fund shares	-7.1	-20.2	0.9	42.5	40.0	34.1	10.5	14.3
Debt securities [2]	8.6	-20.6	22.5	24.9	30.3	23.4	22.7	21.9
Long-term assets	349.7	422.0	349.3	213.8	208.8	153.8	166.2	109.7
Deposits	32.8	-4.8	0.2	-29.6	-28.6	-33.1	-30.7	-31.8
Debt securities	64.2	3.1	85.6	17.4	35.7	50.6	82.2	73.5
Shares and other equity	0.0	130.8	-22.4	-40.6	-50.6	-104.2	-112.6	-147.7
Quoted, unquoted shares and other equity	-9.6	62.6	-2.2	26.9	23.8	-9.4	-3.8	-14.9
Mutual fund shares	9.6	68.2	-20.1	-67.5	-74.4	-94.8	-108.8	-132.8
Life insurance and pension fund reserves	252.7	292.9	285.8	266.7	252.3	240.5	227.3	215.7
Main items of financing (-)								
Loans	308.0	389.9	392.3	365.7	350.8	310.2	278.2	240.3
of which from euro area MFIs	277.8	358.5	348.3	303.2	283.2	251.2	199.2	183.9
Other changes in financial assets (+)								
Shares and other equity	281.9	450.3	493.3	233.1	-69.4	-746.0	-1,096.5	-1,198.4
Life insurance and pension fund reserves	48.9	105.6	54.5	21.6	2.1	-76.1	-130.9	-182.5
Remaining net flows (+)	-4.1	-35.9	-80.0	-70.0	-55.1	-110.0	-114.0	-159.9
= Changes in net worth [1]	801.0	993.0	1,005.2	717.8	441.6	-362.2	-753.6	-968.9
Financial balance sheet								
Financial assets (+)								
Short-term assets	4,271.6	4,487.7	4,749.8	5,013.7	5,201.4	5,354.4	5,472.5	5,531.8
Currency and deposits	3,925.7	4,175.5	4,455.9	4,652.6	4,843.4	4,934.1	5,050.7	5,100.9
Money market fund shares	309.9	296.4	257.6	298.4	296.0	347.0	346.5	349.5
Debt securities [2]	36.0	15.8	36.4	62.7	62.1	73.3	75.3	81.5
Long-term assets	9,943.8	10,945.7	11,908.3	12,085.0	12,014.0	11,356.8	11,087.6	10,650.7
Deposits	898.1	947.6	945.2	912.8	879.6	831.3	824.5	814.1
Debt securities	1,219.1	1,198.6	1,312.6	1,301.6	1,347.8	1,368.2	1,368.1	1,315.6
Shares and other equity	3,976.5	4,550.9	5,061.6	5,077.4	4,943.2	4,329.8	4,050.4	3,694.6
Quoted, unquoted shares and other equity	2,804.4	3,209.1	3,640.6	3,689.6	3,587.5	3,146.4	2,922.5	2,649.6
Mutual fund shares	1,172.2	1,341.8	1,420.9	1,387.9	1,355.7	1,183.4	1,128.0	1,044.9
Life insurance and pension fund reserves	3,850.1	4,248.6	4,588.9	4,793.2	4,843.4	4,827.6	4,844.6	4,826.4
Remaining net assets (+)	99.7	55.6	18.1	9.1	-14.1	-47.0	-53.5	-64.5
Liabilities (-)								
Loans	4,285.3	4,691.9	5,091.2	5,329.3	5,413.2	5,450.4	5,512.6	5,557.8
of which from euro area MFIs	3,812.5	4,210.4	4,559.5	4,769.8	4,827.8	4,863.3	4,890.1	4,940.1
= Net financial wealth	10,029.9	10,797.1	11,585.1	11,778.4	11,788.2	11,213.9	10,994.0	10,560.2

Sources: ECB and Eurostat.
1) Excluding changes in net worth due to other changes in non-financial assets such as revaluations of residential property.
2) Securities issued by MFIs with a maturity of less than two years and 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)

	2004	2005	2006	2006 Q4-2007 Q3	2007 Q1-2007 Q4	2007 Q2-2008 Q1	2007 Q3-2008 Q2	2007 Q4-2008 Q3
Income and saving								
Gross value added (basic prices) (+)	4,015.8	4,155.7	4,354.7	4,531.1	4,587.4	4,632.6	4,684.8	4,720.1
Compensation of employees (-)	2,397.7	2,469.6	2,580.2	2,670.7	2,705.1	2,739.8	2,771.9	2,802.1
Other taxes less subsidies on production (-)	65.6	72.8	75.1	80.0	81.2	81.3	80.9	81.0
= Gross operating surplus (+)	1,552.5	1,613.3	1,699.4	1,780.4	1,801.1	1,811.5	1,831.9	1,837.0
Consumption of fixed capital (-)	636.9	667.3	698.0	726.7	735.5	742.0	748.8	756.5
= Net operating surplus (+)	915.6	946.0	1,001.5	1,053.6	1,065.6	1,069.4	1,083.1	1,080.5
Property income receivable (+)	376.9	442.3	505.8	563.7	579.0	586.7	590.5	594.9
Interest receivable	125.1	136.1	158.3	177.6	184.7	189.6	193.9	195.8
Other property income receivable	251.9	306.1	347.5	386.1	394.3	397.1	396.7	399.1
Interest and rents payable (-)	226.3	236.3	278.5	317.4	331.4	345.2	357.2	368.7
= Net entrepreneurial income (+)	1,066.3	1,152.0	1,228.8	1,299.9	1,313.2	1,310.9	1,316.4	1,306.7
Distributed income (-)	773.3	878.0	944.8	990.6	1,002.4	1,011.4	1,024.3	1,031.8
Taxes on income and wealth payable (-)	135.4	148.6	187.5	204.5	208.9	209.7	206.9	201.3
Social contributions receivable (+)	73.5	72.7	77.1	69.0	66.8	66.0	66.6	67.0
Social benefits payable (-)	60.4	60.6	62.5	64.0	64.4	64.5	64.3	64.0
Other net transfers (-)	59.8	61.4	64.2	56.0	54.9	54.5	55.9	55.6
= Net saving	110.9	76.1	46.9	53.9	49.3	36.8	31.6	20.9
Investment, financing and saving								
Net acquisition of non-financial assets (+)	218.1	244.2	293.8	321.7	343.0	353.2	366.6	376.3
Gross fixed capital formation (+)	847.9	903.5	975.5	1,035.8	1,055.9	1,069.5	1,086.7	1,099.1
Consumption of fixed capital (-)	636.9	667.3	698.0	726.7	735.5	742.0	748.8	756.5
Net acquisition of other non-financial assets (+)	7.1	7.9	16.3	12.6	22.5	25.7	28.8	33.7
Main items of financial investment (+)								
Short-term assets	103.8	128.2	148.9	171.8	167.6	160.7	120.6	100.2
Currency and deposits	89.2	113.7	144.0	158.4	149.1	122.4	110.3	87.6
Money market fund shares	16.1	8.3	2.6	-7.7	-18.1	-10.0	-9.3	7.1
Debt securities [1]	-1.5	6.2	2.3	21.1	36.6	48.3	19.7	5.5
Long-term assets	193.8	379.7	412.0	476.8	462.5	513.8	485.2	495.2
Deposits	-4.5	29.2	28.6	28.6	23.4	-3.0	-21.7	10.9
Debt securities	-50.6	-33.4	-20.3	-51.7	-70.0	-84.5	-111.2	-72.5
Shares and other equity	189.0	242.2	229.6	289.6	322.8	390.3	402.6	385.1
Other, mainly intercompany loans	59.9	141.7	174.0	210.4	186.3	211.0	215.5	171.7
Remaining net assets (+)	67.7	84.9	196.6	204.3	179.4	110.9	35.6	-22.6
Main items of financing (-)								
Debt	204.8	439.3	703.3	770.1	783.5	782.0	696.3	665.0
of which loans from euro area MFIs	164.8	264.5	449.8	522.4	559.5	593.7	562.8	517.2
of which debt securities	9.7	14.3	38.5	29.9	35.3	37.0	11.8	31.3
Shares and other equity	202.0	260.8	229.9	273.8	253.6	251.4	210.3	189.4
Quoted shares	11.7	101.5	38.7	82.0	41.8	21.4	-13.1	-28.9
Unquoted shares and other equity	190.3	159.3	191.1	191.8	211.8	230.0	223.4	218.2
Net capital transfers receivable (-)	65.7	60.7	71.2	74.6	66.8	69.2	73.3	76.6
= Net saving	110.9	76.1	46.9	53.9	49.3	36.8	31.6	20.9
Financial balance sheet								
Financial assets								
Short-term assets	1,379.7	1,510.1	1,652.2	1,753.9	1,821.3	1,838.4	1,845.6	1,862.4
Currency and deposits	1,102.9	1,221.8	1,357.5	1,430.4	1,501.2	1,486.0	1,514.0	1,529.7
Money market fund shares	164.1	176.5	184.9	186.6	162.0	183.0	183.2	183.6
Debt securities [1]	112.7	111.8	109.9	136.9	158.1	169.4	148.5	149.1
Long-term assets	7,577.4	8,591.9	9,838.6	10,461.0	10,549.9	9,919.4	9,723.5	9,525.4
Deposits	159.6	198.9	227.2	275.0	269.7	259.8	254.1	286.6
Debt securities	323.7	279.3	273.1	206.0	201.8	186.8	166.6	162.7
Shares and other equity	5,398.0	6,270.7	7,316.1	7,795.1	7,848.3	7,182.5	6,957.4	6,690.4
Other, mainly intercompany loans	1,696.2	1,843.0	2,022.1	2,185.0	2,230.1	2,290.2	2,345.5	2,385.8
Remaining net assets	296.1	363.1	469.4	557.0	582.0	552.1	493.3	513.2
Liabilities								
Debt	6,524.1	7,013.8	7,713.8	8,286.7	8,483.0	8,650.7	8,832.3	8,958.5
of which loans from euro area MFIs	3,160.8	3,433.0	3,872.5	4,247.9	4,407.4	4,548.1	4,670.7	4,763.0
of which debt securities	649.6	672.7	689.6	710.4	715.0	720.8	723.7	728.4
Shares and other equity	9,583.9	10,929.7	12,718.8	13,614.6	13,631.8	12,251.9	11,798.5	11,040.7
Quoted shares	2,992.4	3,689.1	4,457.7	4,939.0	4,960.3	4,184.4	3,946.7	3,416.3
Unquoted shares and other equity	6,591.6	7,240.5	8,261.1	8,675.6	8,671.5	8,067.5	7,851.9	7,624.3

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

	2004	2005	2006	2006 Q4-2007 Q3	2007 Q1-2007 Q4	2007 Q2-2008 Q1	2007 Q3-2008 Q2	2007 Q4-2008 Q3
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	39.4	25.6	53.7	51.5	47.9	64.4	78.4	93.7
Currency and deposits	13.2	7.2	12.4	8.8	7.8	32.6	34.3	32.5
Money market fund shares	2.7	-0.5	3.5	1.6	3.1	15.8	14.2	20.5
Debt securities [1]	23.5	18.9	37.8	41.0	37.0	16.0	29.9	40.6
Long-term assets	223.6	293.5	321.1	263.6	236.1	228.9	187.4	176.2
Deposits	36.8	16.9	76.9	67.2	53.3	30.0	17.1	0.6
Debt securities	133.3	131.9	129.5	150.7	128.2	108.9	93.9	97.1
Loans	7.3	-4.1	1.6	-21.7	-17.6	16.4	16.6	20.5
Quoted shares	12.7	30.7	0.0	2.6	-0.6	4.0	1.5	-2.2
Unquoted shares and other equity	2.6	30.9	29.2	23.8	23.6	42.4	39.1	44.8
Mutual fund shares	30.9	87.2	83.9	41.0	49.1	27.2	19.1	15.4
Remaining net assets (+)	12.7	18.3	22.8	30.5	5.4	4.1	6.5	13.2
Main items of financing (-)								
Debt securities	-1.7	-0.4	5.2	3.0	1.1	1.1	2.0	2.2
Loans	4.7	17.4	40.2	22.2	7.2	32.3	11.9	4.0
Shares and other equity	12.3	13.8	10.7	9.2	1.5	1.7	4.1	3.3
Insurance technical reserves	262.6	334.3	332.4	324.9	305.5	287.5	273.3	258.6
Net equity of households in life insurance and pension fund reserves	231.0	292.1	282.7	277.2	267.3	255.8	241.3	226.1
Prepayments of insurance premiums and reserves for outstanding claims	31.7	42.2	49.7	47.6	38.2	31.6	32.0	32.5
= Changes in net financial worth due to transactions	-2.2	-27.8	9.1	-13.7	-25.9	-25.1	-19.1	15.0
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	110.7	190.7	178.8	123.2	-4.5	-217.2	-325.8	-390.8
Other net assets	142.4	68.5	-35.2	-98.8	-54.4	-6.7	-6.8	-11.9
Other changes in liabilities (-)								
Shares and other equity	21.3	118.4	47.3	14.9	-21.0	-92.1	-152.9	-133.3
Insurance technical reserves	83.7	137.9	52.7	24.7	15.2	-61.5	-117.0	-171.6
Net equity of households in life insurance and pension fund reserves	63.9	147.0	56.0	25.0	1.3	-74.1	-128.5	-180.8
Prepayments of insurance premiums and reserves for outstanding claims	19.8	-9.1	-3.3	-0.3	13.9	12.6	11.5	9.3
= Other changes in net financial worth	148.1	2.9	43.6	-15.2	-53.2	-70.3	-62.7	-97.8
Financial balance sheet								
Financial assets (+)								
Short-term assets	403.1	433.4	488.0	522.2	530.7	570.4	590.1	612.7
Currency and deposits	133.6	142.7	154.6	154.0	163.2	190.9	180.0	189.1
Money market fund shares	74.4	75.6	81.5	82.9	82.4	95.4	94.8	98.0
Debt securities [1]	195.1	215.1	251.9	285.3	285.0	284.1	315.4	325.6
Long-term assets	4,092.9	4,614.6	5,050.3	5,252.7	5,233.0	5,121.2	5,077.8	5,037.0
Deposits	500.8	520.9	597.9	647.1	647.8	646.5	650.4	646.1
Debt securities	1,617.9	1,776.8	1,848.7	1,927.3	1,934.6	1,970.0	1,966.8	2,017.1
Loans	348.3	353.1	350.4	332.7	327.6	354.2	353.1	355.4
Quoted shares	587.2	653.3	732.4	768.7	737.0	637.7	613.2	559.6
Unquoted shares and other equity	349.6	403.2	474.3	484.0	497.1	479.2	466.2	457.1
Mutual fund shares	689.2	907.2	1,046.6	1,092.9	1,088.8	1,033.8	1,028.1	1,001.5
Remaining net assets (+)	131.9	176.7	223.2	221.0	224.5	239.8	225.6	225.1
Liabilities (-)								
Debt securities	22.3	21.3	26.7	26.1	27.2	26.2	26.7	26.4
Loans	118.0	136.3	171.8	195.0	175.9	210.1	201.5	199.3
Shares and other equity	497.6	629.8	687.8	697.6	668.3	613.7	582.5	567.6
Insurance technical reserves	4,086.9	4,559.2	4,944.3	5,196.7	5,265.0	5,267.5	5,295.0	5,283.8
Net equity of households in life insurance and pension fund reserves	3,454.5	3,893.5	4,232.3	4,451.9	4,500.9	4,492.3	4,512.6	4,497.2
Prepayments of insurance premiums and reserves for outstanding claims	632.5	665.6	712.0	744.8	764.0	775.1	782.4	786.6
= Net financial wealth	-96.9	-121.8	-69.1	-119.6	-148.2	-186.1	-212.1	-202.4

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

4

FINANCIAL MARKETS

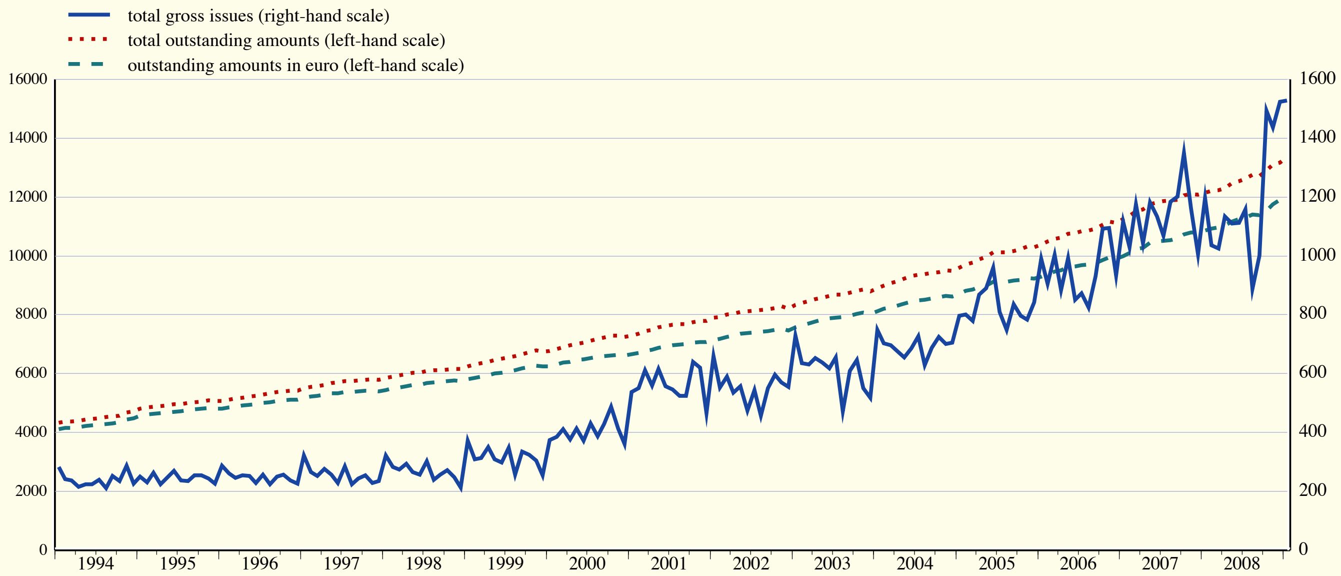
4.1 Securities, other than shares, by original maturity, residency of the issuer and currency

(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											
2008 Jan.	12,942.0	1,201.3	36.6	10,852.8	1,131.7	57.4	12,152.2	1,197.4	67.0	8.5	28.3	7.5
Feb.	13,024.2	1,027.0	82.6	10,924.9	968.4	72.6	12,209.3	1,036.6	76.0	8.0	45.4	6.9
Mar.	13,129.6	1,073.2	104.4	10,971.4	968.7	45.3	12,229.4	1,024.4	43.5	7.1	19.8	6.1
Apr.	13,179.5	1,160.4	49.9	11,036.7	1,068.8	65.2	12,307.9	1,133.4	77.0	7.1	57.8	5.0
May	13,358.5	1,126.5	177.9	11,176.2	1,036.7	138.4	12,471.0	1,110.6	153.2	6.7	98.1	5.8
June	13,493.1	1,154.7	135.0	11,249.7	1,039.4	74.0	12,540.8	1,111.9	80.3	6.8	87.1	5.6
July	13,505.1	1,137.7	10.6	11,306.7	1,072.1	55.2	12,615.8	1,159.2	74.6	7.1	96.8	6.8
Aug.	13,632.0	879.8	124.0	11,415.7	815.2	106.2	12,747.3	888.9	112.0	7.8	163.1	8.7
Sep.	13,636.1	1,021.9	2.5	11,384.4	930.3	-32.7	12,708.6	1,001.5	-42.0	7.1	-13.2	8.2
Oct.	13,733.6	1,454.0	97.4	11,534.8	1,417.0	150.1	12,906.9	1,494.6	144.9	7.0	103.0	8.9
Nov.	13,951.6	1,422.1	218.4	11,761.9	1,369.7	227.8	13,099.6	1,437.2	213.4	8.1	199.3	10.5
Dec.	14,136.9	1,535.2	188.9	11,914.2	1,447.3	156.2	13,171.4	1,524.7	142.4	9.5	274.1	13.6
2009 Jan.	.	.	.	12,054.2	1,448.9	136.6	13,372.7	1,528.0	145.6	10.1	103.4	13.6
	Long-term											
2008 Jan.	11,649.7	195.2	0.7	9,684.2	166.9	-5.3	10,792.4	190.8	0.0	6.7	14.6	5.1
Feb.	11,696.1	182.8	46.8	9,732.7	163.3	48.9	10,830.6	187.8	51.4	6.1	29.0	4.7
Mar.	11,731.4	180.1	34.5	9,757.6	145.2	23.9	10,831.7	160.6	21.2	5.3	11.6	4.5
Apr.	11,818.3	258.6	86.9	9,820.8	207.5	63.2	10,905.1	225.2	68.3	5.5	64.0	4.4
May	11,972.6	290.6	153.6	9,935.3	234.9	113.8	11,030.1	257.4	122.9	5.1	69.2	4.9
June	12,086.6	283.6	114.2	10,022.5	230.1	87.5	11,116.6	253.3	94.9	5.2	67.9	4.8
July	12,113.0	206.9	24.9	10,054.3	176.8	29.9	11,155.6	195.0	35.5	5.4	60.5	5.7
Aug.	12,203.4	159.0	88.3	10,133.4	132.7	77.1	11,255.9	148.1	78.3	6.1	134.3	7.7
Sep.	12,193.2	183.5	-9.4	10,112.3	145.5	-20.3	11,240.4	158.5	-30.8	5.7	-16.8	7.1
Oct.	12,217.1	198.5	24.6	10,147.7	182.3	36.0	11,332.6	194.9	30.3	5.3	22.4	6.3
Nov.	12,392.2	275.3	174.2	10,323.1	253.8	174.8	11,487.9	262.4	165.5	6.3	145.5	7.7
Dec.	12,570.2	361.0	179.4	10,494.2	327.0	172.7	11,581.1	338.5	151.8	7.3	180.2	9.7
2009 Jan.	.	.	.	10,584.1	274.8	89.0	11,715.5	298.3	89.4	8.1	111.7	10.6

C16 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 the calculation of the growth rates, see the Technical notes. The 6-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											
2007	12,085	5,061	1,510	654	4,534	327	1,138	841	59	109	116	12
2008	13,171	5,279	1,941	696	4,916	340	1,177	818	74	99	162	24
2008 Q1	12,229	5,104	1,524	659	4,625	317	1,086	787	38	92	150	19
Q2	12,541	5,244	1,629	670	4,677	320	1,119	786	69	102	140	20
Q3	12,709	5,281	1,697	680	4,726	324	1,017	691	54	97	147	27
Q4	13,171	5,279	1,941	696	4,916	340	1,486	1,006	136	107	209	28
2008 Oct.	12,907	5,321	1,736	687	4,833	330	1,495	1,019	96	112	242	25
Nov.	13,100	5,339	1,809	691	4,930	332	1,437	966	125	97	224	25
Dec.	13,171	5,279	1,941	696	4,916	340	1,525	1,032	186	111	162	34
2009 Jan.	13,373	5,353	1,969	710	5,004	337	1,528	1,017	82	105	269	56
	Short-term											
2007	1,288	788	36	100	345	18	946	755	18	101	64	9
2008	1,590	823	61	115	566	25	962	723	26	92	101	19
2008 Q1	1,398	820	49	111	407	11	906	701	21	88	83	14
Q2	1,424	835	51	111	415	11	873	666	21	92	77	17
Q3	1,468	826	62	111	457	13	849	615	25	92	94	24
Q4	1,590	823	61	115	566	25	1,220	911	38	95	152	23
2008 Oct.	1,574	827	64	113	554	17	1,300	933	54	105	190	18
Nov.	1,612	843	61	115	575	17	1,175	885	35	89	146	20
Dec.	1,590	823	61	115	566	25	1,186	916	27	92	120	30
2009 Jan.	1,657	863	38	108	630	19	1,230	905	18	82	178	47
	Long-term[2]											
2007	10,797	4,273	1,473	553	4,189	309	191	86	41	8	52	3
2008	11,581	4,456	1,880	580	4,350	315	214	94	48	8	60	4
2008 Q1	10,832	4,284	1,475	548	4,219	306	180	86	17	4	67	5
Q2	11,117	4,409	1,577	559	4,262	309	245	121	48	10	64	3
Q3	11,240	4,455	1,635	570	4,270	311	167	76	29	5	53	3
Q4	11,581	4,456	1,880	580	4,350	315	265	94	97	11	57	5
2008 Oct.	11,333	4,494	1,672	575	4,279	313	195	86	43	7	53	7
Nov.	11,488	4,496	1,748	575	4,355	314	262	81	91	8	77	5
Dec.	11,581	4,456	1,880	580	4,350	315	338	116	159	19	42	3
2009 Jan.	11,716	4,490	1,931	602	4,375	318	298	111	64	23	91	9
	Of which long-term fixed rate											
2007	7,338	2,277	594	420	3,797	250	108	44	10	5	45	3
2008	7,615	2,338	636	444	3,947	250	119	48	9	6	53	3
2008 Q1	7,317	2,273	587	412	3,798	246	110	43	4	3	56	3
Q2	7,484	2,361	605	424	3,846	248	145	66	11	9	56	2
Q3	7,542	2,385	619	432	3,859	248	101	42	7	3	47	2
Q4	7,615	2,338	636	444	3,947	250	120	42	13	10	53	2
2008 Oct.	7,577	2,407	621	437	3,863	249	96	38	2	6	47	4
Nov.	7,647	2,398	629	439	3,933	248	131	33	17	8	72	1
Dec.	7,615	2,338	636	444	3,947	250	132	54	20	16	40	3
2009 Jan.	7,715	2,361	664	466	3,974	251	213	75	27	23	82	6
	Of which long-term variable rate											
2007	3,004	1,621	861	123	342	58	69	31	30	3	4	0
2008	3,477	1,723	1,215	126	349	64	81	36	38	1	4	1
2008 Q1	3,043	1,633	866	124	359	60	53	32	12	1	7	2
Q2	3,176	1,682	947	125	362	60	88	46	36	1	4	1
Q3	3,225	1,697	989	129	348	61	52	24	21	2	4	1
Q4	3,477	1,723	1,215	126	349	64	129	39	83	1	3	2
2008 Oct.	3,282	1,716	1,023	129	351	63	88	42	39	1	3	3
Nov.	3,362	1,726	1,090	128	354	64	116	36	73	1	3	3
Dec.	3,477	1,723	1,215	126	349	64	182	41	138	2	2	1
2009 Jan.	3,497	1,723	1,240	125	343	66	61	19	36	0	3	3

Source: ECB.

1) Monthly averages of/monthly data for the transactions during this period.

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

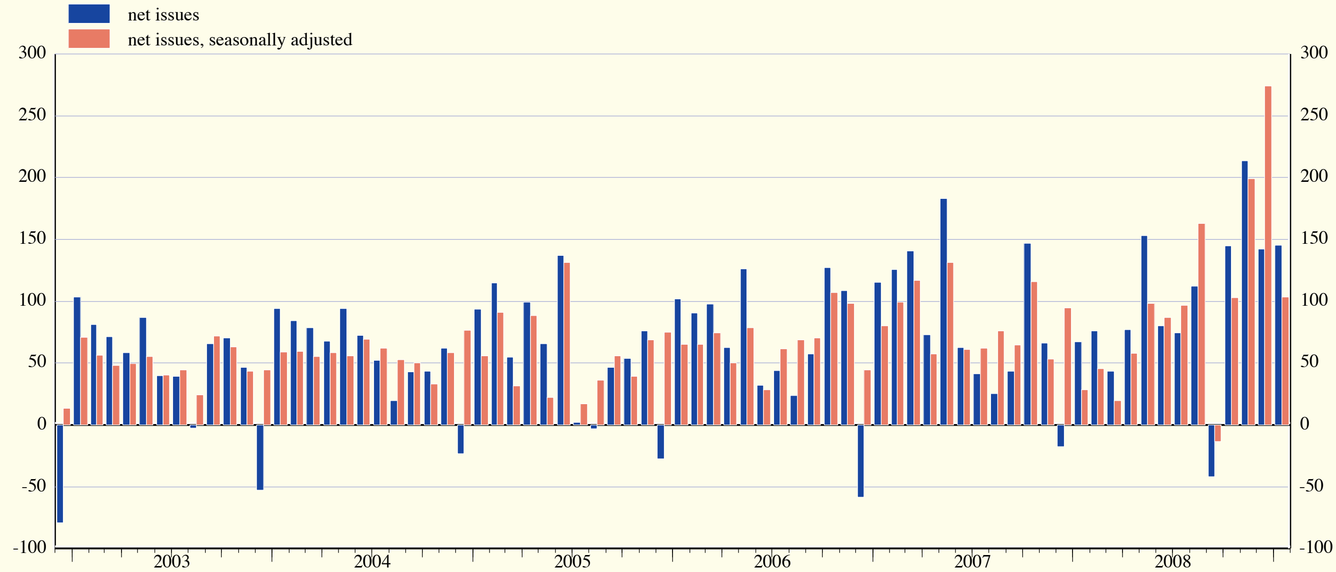
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

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											
2007	83.8	40.8	27.8	4.2	9.9	1.2	84.4	41.4	27.3	4.3	10.2	1.2
2008	95.2	23.0	35.9	3.8	31.4	1.1	96.6	23.1	35.2	3.9	33.4	1.1
2008 Q1	62.2	23.8	7.0	2.8	31.7	-3.1	31.2	4.6	16.6	2.2	11.2	-3.4
Q2	103.5	46.0	34.9	4.8	16.9	0.9	81.0	47.9	30.8	0.7	1.1	0.6
Q3	48.2	11.2	19.9	1.8	14.1	1.2	82.2	19.1	33.2	5.1	22.4	2.4
Q4	166.9	10.9	82.0	5.8	62.9	5.3	192.1	20.9	60.1	7.6	98.7	4.8
2008 Oct.	144.9	13.3	27.0	1.3	97.8	5.6	103.0	-23.5	12.0	-4.0	113.9	4.5
Nov.	213.4	35.1	74.6	4.9	97.0	1.9	199.3	41.5	64.9	5.6	88.4	-1.2
Dec.	142.4	-15.7	144.5	11.2	-6.1	8.5	274.1	44.6	103.4	21.4	93.7	11.0
2009 Jan.	145.6	40.5	18.2	9.1	80.9	-3.2	103.4	9.8	51.5	6.2	40.6	-4.8
	Long-term											
2007	62.0	24.0	27.2	2.4	7.8	0.7	61.6	24.1	26.7	2.4	7.8	0.7
2008	65.8	16.0	33.9	2.4	12.9	0.5	65.2	16.1	33.2	2.4	12.9	0.5
2008 Q1	24.2	11.8	2.8	-0.8	11.1	-0.7	18.4	2.7	12.3	1.6	2.5	-0.8
Q2	95.4	42.4	34.0	4.0	14.1	0.9	67.0	36.1	30.0	0.4	-0.2	0.7
Q3	27.7	7.6	16.5	2.4	0.7	0.5	59.3	15.4	29.1	4.0	9.2	1.6
Q4	115.8	2.0	82.3	4.3	25.9	1.5	116.0	10.1	61.4	3.7	40.3	0.5
2008 Oct.	30.3	2.1	25.1	-0.7	2.0	1.8	22.4	-5.4	7.6	-2.4	21.8	0.8
Nov.	165.5	9.0	77.3	2.3	75.5	1.3	145.5	13.4	68.9	1.4	63.4	-1.7
Dec.	151.8	-5.2	144.4	11.2	0.1	1.3	180.2	22.4	107.8	12.2	35.5	2.3
2009 Jan.	89.4	9.2	41.5	16.7	19.2	2.9	111.7	9.8	73.4	20.6	5.2	2.7

C17 Net issues of securities, other than shares, seasonally adjusted and non-seasonally adjusted

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

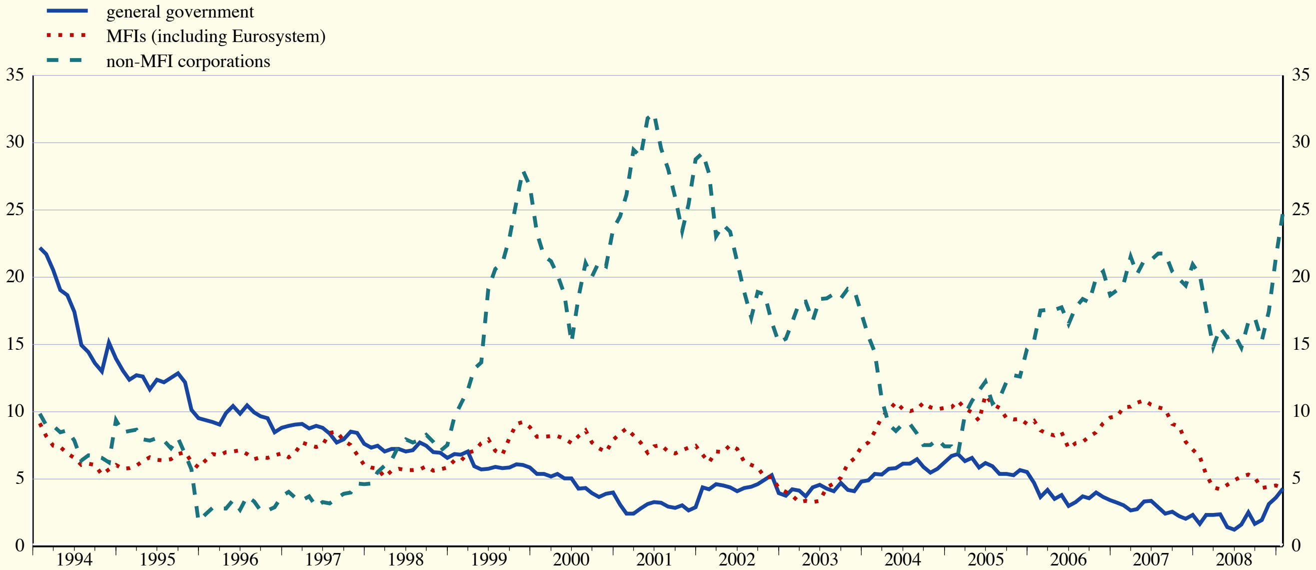


Source: ECB.
1) Monthly averages of/monthly data for the transactions during this period.

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											
2008 Jan.	8.5	10.1	26.8	9.4	2.3	3.0	7.5	9.9	23.9	4.2	0.9	4.3
Feb.	8.0	8.8	23.9	9.2	3.0	2.1	6.9	7.6	21.9	7.2	2.2	0.4
Mar.	7.1	7.9	20.2	7.4	2.8	1.1	6.1	5.8	22.4	6.6	2.1	-1.0
Apr.	7.1	7.4	22.2	6.1	3.0	0.3	5.0	4.2	19.0	4.2	2.5	-3.3
May	6.7	7.9	21.2	6.2	1.7	1.9	5.8	6.4	19.9	4.1	1.6	-0.9
June	6.8	8.3	23.1	3.4	1.4	2.1	5.6	6.3	20.2	2.6	1.6	-5.2
July	7.1	8.5	22.0	2.6	2.0	3.3	6.8	7.3	20.2	1.0	3.1	2.2
Aug.	7.8	8.3	24.5	4.8	3.0	3.4	8.7	9.1	27.1	2.6	3.7	6.6
Sep.	7.1	6.9	24.4	5.9	2.6	2.3	8.2	8.0	26.7	5.3	3.1	5.8
Oct.	7.0	5.3	21.6	4.2	4.9	2.8	8.9	6.3	24.4	4.1	7.4	9.5
Nov.	8.1	5.6	24.6	4.1	6.7	2.8	10.5	4.8	29.5	4.2	11.9	6.7
Dec.	9.5	5.5	28.5	7.0	8.3	3.9	13.6	4.6	37.3	11.7	16.3	14.1
2009 Jan.	10.1	5.2	30.5	6.7	9.5	5.3	13.6	3.2	41.8	12.7	16.8	8.5
	Long-term											
2008 Jan.	6.7	6.6	26.5	6.3	1.6	2.2	5.1	4.2	22.6	3.9	1.0	3.1
Feb.	6.1	5.3	22.6	6.2	2.4	1.9	4.7	3.0	18.8	4.6	2.3	0.9
Mar.	5.3	4.4	19.0	4.8	2.4	0.9	4.5	2.9	19.2	3.9	1.9	0.0
Apr.	5.5	4.2	21.1	4.7	2.5	0.4	4.4	2.7	17.7	4.2	2.2	-1.9
May	5.1	4.6	19.9	5.1	1.4	1.8	4.9	4.5	18.4	4.3	1.4	0.5
June	5.2	4.9	21.5	2.2	1.2	1.9	4.8	5.5	18.4	2.2	0.3	-0.1
July	5.4	5.2	20.0	2.1	1.5	3.1	5.7	6.2	17.5	0.3	2.0	3.0
Aug.	6.1	5.3	22.3	3.0	2.4	3.5	7.7	7.7	25.8	1.4	2.5	6.2
Sep.	5.7	5.1	22.2	4.4	1.6	2.2	7.1	7.3	25.4	4.9	1.3	4.6
Oct.	5.3	4.3	19.9	3.7	2.0	1.4	6.3	5.9	22.0	3.0	1.8	5.0
Nov.	6.3	4.4	23.2	3.1	3.3	1.3	7.7	4.3	28.1	1.9	5.2	2.2
Dec.	7.3	4.5	27.6	5.3	3.7	2.0	9.7	3.5	37.4	8.5	7.1	4.1
2009 Jan.	8.1	4.3	31.2	7.9	4.3	3.3	10.6	2.4	46.7	16.1	6.7	3.4

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

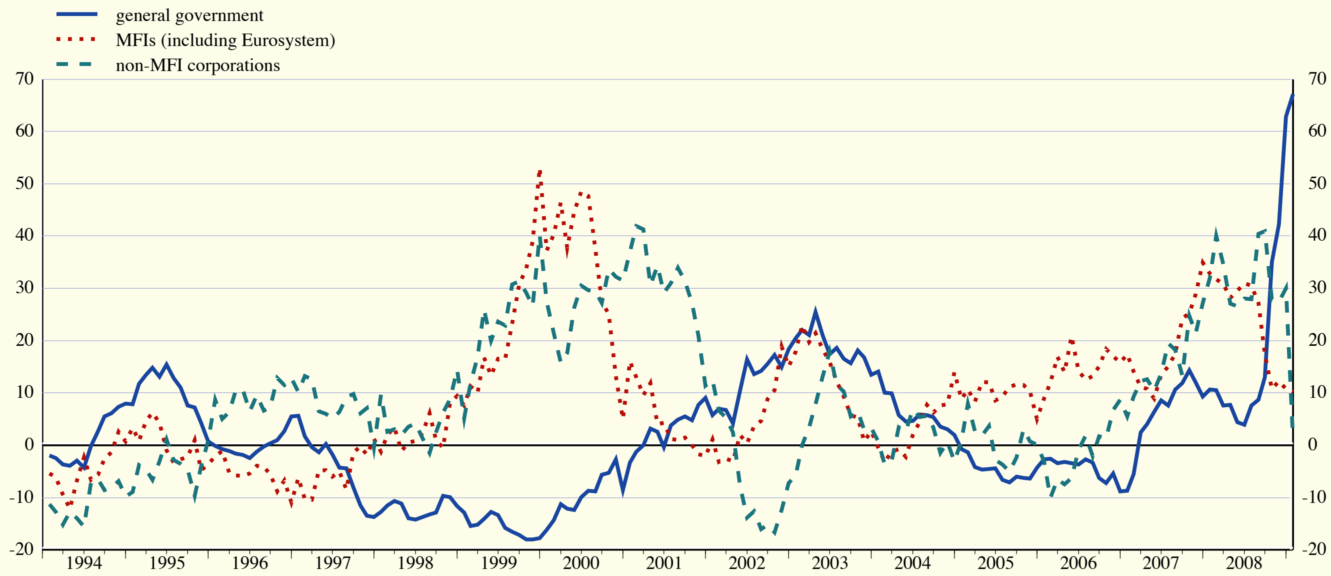


Source: ECB.
1) For the calculation of the growth rates, see the Technical notes.The 6-month growth rates have been annualised.

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											
2007	5.2	7.2	17.1	3.9	2.5	6.6	15.8	11.1	37.8	18.4	3.8	-1.8
2008	3.1	4.9	5.7	4.1	1.6	1.4	12.9	5.4	34.5	7.2	6.4	3.2
2008 Q1	3.3	5.4	8.2	4.7	1.3	3.3	14.1	6.0	37.4	12.9	11.0	-3.2
Q2	2.7	4.3	5.0	4.0	1.3	1.4	12.0	5.0	32.3	8.7	7.2	0.4
Q3	3.1	5.6	5.0	3.3	1.4	2.0	12.4	5.3	33.3	3.4	6.0	6.0
Q4	3.2	4.5	4.9	4.3	2.4	-0.8	13.2	5.6	35.1	4.5	1.8	10.2
2008 Aug.	3.4	5.6	4.3	3.5	1.9	2.4	13.7	5.7	35.5	3.8	9.0	7.0
Sep.	3.1	5.5	5.7	5.0	1.1	0.8	12.3	5.1	34.4	4.7	2.3	7.4
Oct.	2.8	4.6	3.5	3.8	1.7	-0.7	11.8	5.3	31.4	5.2	1.3	9.2
Nov.	3.3	4.1	4.9	3.2	3.0	-1.7	13.7	5.9	35.8	4.8	2.0	12.1
Dec.	4.1	3.9	6.8	6.6	3.8	-0.4	15.6	6.0	41.3	2.0	2.0	10.9
2009 Jan.	5.3	4.1	10.9	10.5	5.0	1.2	15.6	5.2	45.1	0.4	-1.9	10.0
	In euro											
2007	4.6	6.4	13.7	2.2	2.7	6.7	15.1	10.3	35.5	18.2	3.9	-2.4
2008	2.9	4.8	6.1	2.0	1.8	1.3	14.4	6.4	36.1	7.3	6.7	2.0
2008 Q1	3.0	5.0	6.9	3.2	1.5	3.5	14.6	5.9	37.7	12.1	11.4	-4.0
Q2	2.4	4.0	4.4	1.9	1.5	1.4	13.1	5.6	33.5	8.5	7.6	-1.2
Q3	3.0	5.5	6.0	0.9	1.6	1.8	14.3	6.7	35.3	4.0	6.4	4.6
Q4	3.4	4.7	7.2	2.0	2.6	-1.2	15.5	7.6	37.8	5.2	2.0	9.2
2008 Aug.	3.3	5.5	5.9	1.0	2.2	2.1	15.6	7.1	37.7	4.6	9.4	5.6
Sep.	3.0	5.6	7.4	2.9	1.4	0.4	14.4	6.9	36.7	5.5	2.6	6.3
Oct.	2.8	4.7	5.4	1.8	1.9	-1.2	13.9	7.0	33.9	6.1	1.5	8.2
Nov.	3.5	4.3	7.5	1.0	3.2	-2.3	16.1	8.0	38.7	5.5	2.2	11.3
Dec.	4.4	4.7	9.8	3.6	4.1	-1.0	18.3	8.5	44.0	2.3	2.1	9.7
2009 Jan.	5.8	5.2	13.8	7.7	5.2	0.6	18.6	8.0	48.0	0.7	-1.8	9.2

C19 Annual growth rates of short-term debt securities, by sector of the issuer, in all currencies combined
(annual percentage changes)



Source: ECB.
1) For the calculation of the growth rates, see the Technical notes.

4.4 Quoted shares issued by euro area residents [1]

(EUR billions, unless otherwise indicated; market values)

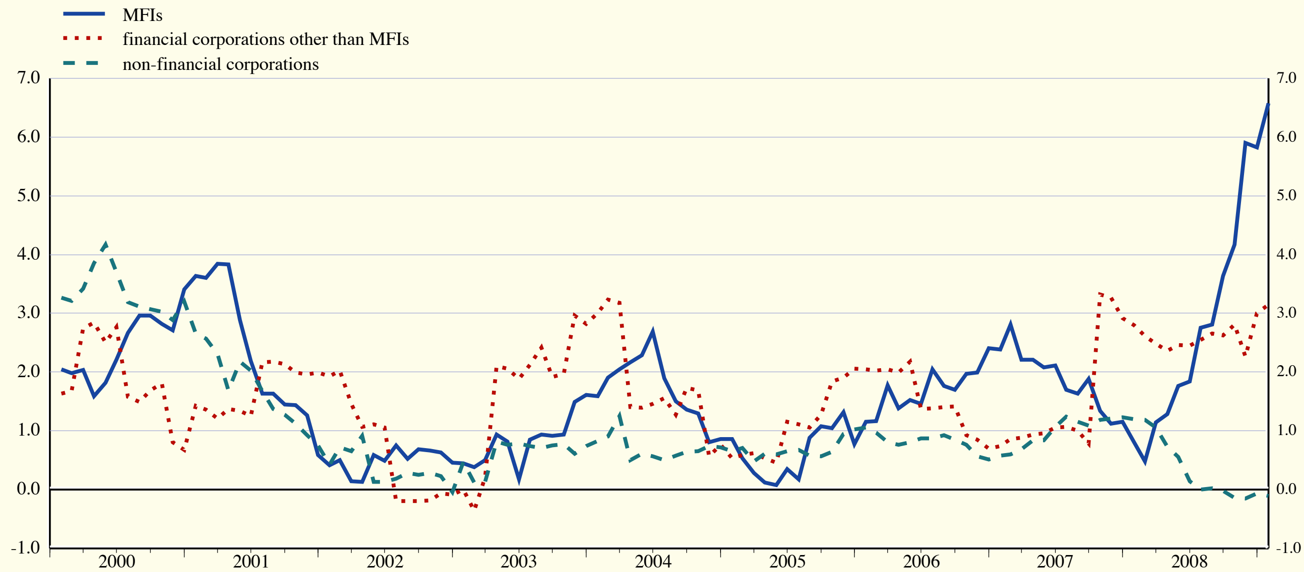
1. Outstanding amounts and annual growth rates

(outstanding amounts as end-of-period)

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index Dec. 01 = 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
2007 Jan.	6,374.2	103.9	0.9	1,125.2	2.4	646.3	0.7	4,602.7	0.6
Feb.	6,288.4	104.0	1.0	1,094.6	2.8	637.9	0.9	4,555.9	0.6
Mar.	6,514.7	104.1	1.0	1,113.2	2.2	649.3	0.9	4,752.1	0.7
Apr.	6,765.0	104.3	1.1	1,170.5	2.2	675.6	0.9	4,919.0	0.8
May	7,044.7	104.4	1.1	1,176.3	2.1	688.9	1.0	5,179.5	0.8
June	6,966.3	104.7	1.3	1,130.4	2.1	677.2	1.1	5,158.7	1.1
July	6,735.9	104.8	1.3	1,101.6	1.7	608.9	1.1	5,025.4	1.2
Aug.	6,622.6	104.8	1.2	1,062.0	1.6	583.8	1.0	4,976.8	1.2
Sep.	6,686.6	104.8	1.2	1,050.6	1.9	597.3	0.8	5,038.7	1.1
Oct.	6,941.4	105.1	1.4	1,074.6	1.3	629.3	3.3	5,237.5	1.2
Nov.	6,627.1	105.2	1.4	1,034.6	1.1	579.2	3.3	5,013.3	1.2
Dec.	6,584.0	105.2	1.4	1,019.0	1.2	579.0	2.9	4,985.9	1.2
2008 Jan.	5,761.5	105.3	1.3	889.8	0.8	497.4	2.8	4,374.4	1.2
Feb.	5,815.9	105.3	1.2	860.1	0.5	492.4	2.6	4,463.4	1.2
Mar.	5,562.3	105.3	1.2	860.5	1.1	501.3	2.5	4,200.5	1.1
Apr.	5,743.0	105.3	1.0	837.2	1.3	519.4	2.4	4,386.4	0.7
May	5,723.8	105.3	0.9	771.0	1.8	497.1	2.5	4,455.7	0.6
June	5,075.4	105.3	0.6	665.3	1.8	435.8	2.4	3,974.4	0.1
July	4,967.1	105.5	0.6	691.6	2.8	428.2	2.5	3,847.3	0.0
Aug.	4,993.7	105.5	0.6	665.5	2.8	438.4	2.7	3,889.8	0.0
Sep.	4,424.6	105.6	0.7	612.2	3.6	382.2	2.6	3,430.2	0.0
Oct.	3,738.6	105.8	0.7	451.9	4.2	280.3	2.8	3,006.4	-0.1
Nov.	3,478.2	106.1	0.9	394.5	5.9	265.3	2.3	2,818.3	-0.2
Dec.	3,477.3	106.3	1.0	377.0	5.8	269.2	3.0	2,831.1	-0.1
2009 Jan.	3,281.1	106.4	1.0	344.6	6.6	240.0	3.1	2,696.5	-0.1

C20 Annual growth rates for quoted shares issued by euro area residents

(annual percentage changes)



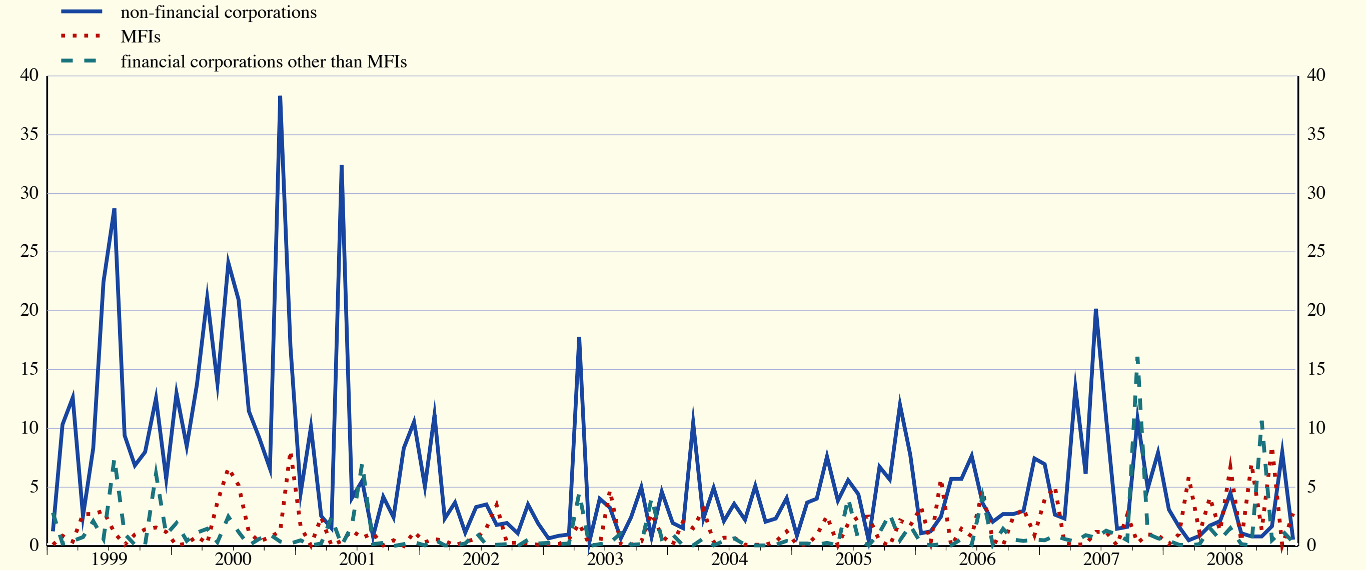
Source: ECB.
1) For the calculation of the index and the growth rates, see the Technical notes.

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

2. Transactions during the month

	Total			MFIs			Financial corporations other than MFIs			Non-financial corporations		
	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues
	1	2	3	4	5	6	7	8	9	10	11	12
2007 Jan.	11.4	3.9	7.4	4.0	0.1	3.8	0.4	0.0	0.4	7.0	3.8	3.2
Feb.	8.6	2.0	6.5	5.0	0.0	5.0	0.9	0.0	0.9	2.7	2.0	0.7
Mar.	3.1	1.7	1.4	0.2	0.0	0.2	0.6	0.3	0.3	2.3	1.4	1.0
Apr.	13.9	0.4	13.4	0.1	0.3	-0.2	0.3	0.0	0.3	13.4	0.2	13.2
May	7.2	2.0	5.2	0.1	0.0	0.1	0.9	0.0	0.9	6.1	2.0	4.1
June	22.0	1.6	20.4	1.2	0.0	1.1	0.7	0.0	0.7	20.2	1.6	18.6
July	13.3	1.8	11.5	1.2	0.0	1.2	1.3	0.3	1.0	10.9	1.5	9.3
Aug.	2.5	6.6	-4.2	0.0	0.1	-0.1	1.0	1.4	-0.5	1.5	5.1	-3.6
Sep.	4.7	2.5	2.2	2.6	0.0	2.6	0.4	0.3	0.1	1.6	2.1	-0.5
Oct.	27.2	8.0	19.1	0.2	3.2	-3.0	16.1	0.5	15.6	10.8	4.3	6.5
Nov.	6.8	3.3	3.5	0.9	0.0	0.9	1.0	1.3	-0.3	4.9	2.0	2.9
Dec.	9.5	4.6	4.9	0.9	0.0	0.9	0.7	2.2	-1.5	7.9	2.5	5.5
2008 Jan.	3.6	1.4	2.3	0.1	0.0	0.1	0.4	0.7	-0.2	3.1	0.7	2.4
Feb.	2.8	1.9	0.9	1.0	0.0	1.0	0.1	0.3	-0.2	1.6	1.6	0.1
Mar.	6.4	6.0	0.3	5.9	0.0	5.9	0.0	0.5	-0.4	0.4	5.6	-5.1
Apr.	2.0	3.0	-0.9	1.1	0.0	1.1	0.1	0.5	-0.3	0.8	2.5	-1.7
May	7.3	6.0	1.4	4.1	0.1	4.1	1.5	0.3	1.2	1.7	5.6	-3.9
June	3.9	4.8	-0.9	1.3	0.0	1.3	0.5	0.1	0.4	2.1	4.7	-2.6
July	12.7	3.4	9.4	6.7	0.0	6.7	1.5	0.5	1.0	4.5	2.9	1.6
Aug.	1.5	3.0	-1.4	0.3	0.0	0.3	0.1	0.0	0.1	1.1	3.0	-1.9
Sep.	7.8	2.8	5.0	7.0	0.0	7.0	0.0	0.1	-0.1	0.8	2.7	-1.9
Oct.	12.8	0.6	12.2	1.4	0.0	1.4	10.7	0.0	10.7	0.8	0.6	0.1
Nov.	10.6	2.9	7.7	8.4	0.5	8.0	0.5	2.1	-1.6	1.7	0.3	1.4
Dec.	9.3	2.5	6.8	0.0	0.0	0.0	1.3	0.0	1.2	8.0	2.5	5.6
2009 Jan.	3.6	0.5	3.1	2.8	0.0	2.8	0.3	0.0	0.3	0.5	0.4	0.1

C21 Gross issues of quoted shares by sector of the issuer
(EUR billions; transactions during the month; market values)



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

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

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

1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight [2]	With agreed maturity			Redeemable at notice [2), 3)]		Overnight [2]	With agreed maturity			
		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
2008 Feb.	1.21	4.10	4.18	3.22	2.65	3.77	2.01	4.07	4.18	4.36	3.93
Mar.	1.22	4.14	3.97	3.08	2.69	3.78	2.03	4.20	4.23	4.07	3.96
Apr.	1.22	4.28	4.16	3.14	2.72	3.81	2.05	4.27	4.56	4.64	4.00
May	1.23	4.32	4.27	3.17	2.73	3.84	2.07	4.26	4.68	4.48	4.03
June	1.24	4.43	4.62	3.28	2.74	3.88	2.06	4.28	4.72	4.01	4.11
July	1.26	4.61	4.83	3.37	2.81	3.94	2.14	4.46	5.06	4.57	4.26
Aug.	1.29	4.59	4.84	3.45	2.87	3.98	2.17	4.46	5.34	4.55	4.30
Sep.	1.32	4.65	4.85	3.35	2.97	4.01	2.20	4.52	5.19	4.69	4.27
Oct.	1.34	4.77	4.85	3.56	3.01	4.12	2.20	4.25	5.12	4.55	3.66
Nov.	1.29	4.26	4.67	3.71	3.02	4.20	1.98	3.53	4.58	4.09	3.19
Dec.	1.16	3.75	4.35	3.69	2.95	4.17	1.62	2.87	4.24	4.09	2.63
2009 Jan.	1.02	3.28	3.91	3.53	2.88	4.08	1.28	2.24	3.83	3.73	2.05

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

	Bank overdrafts [2]	Consumer credit				Lending for house purchase					Other lending by initial rate fixation		
		By initial rate fixation			Annual percentage rate of charge [4]	By initial rate fixation				Annual percentage rate of charge [4]			
		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
2008 Feb.	10.45	8.55	7.24	8.44	8.70	5.26	4.97	5.02	5.11	5.35	5.55	5.87	5.55
Mar.	10.52	8.42	7.05	8.42	8.56	5.20	4.89	4.96	5.11	5.28	5.65	5.79	5.46
Apr.	10.53	8.33	7.02	8.46	8.55	5.23	4.91	4.95	5.12	5.29	5.83	5.80	5.45
May	10.57	8.69	7.01	8.44	8.63	5.34	4.96	4.98	5.13	5.36	5.99	5.87	5.59
June	10.63	8.61	6.93	8.44	8.57	5.48	5.11	5.08	5.20	5.46	6.03	6.12	5.67
July	10.66	8.82	7.15	8.58	8.80	5.67	5.27	5.22	5.34	5.62	6.08	6.21	5.82
Aug.	10.77	8.85	7.22	8.69	8.95	5.77	5.37	5.29	5.26	5.69	6.05	6.28	5.70
Sep.	10.80	8.77	7.20	8.70	8.85	5.80	5.43	5.28	5.37	5.71	6.24	6.36	5.77
Oct.	10.83	8.88	7.22	8.70	8.92	5.84	5.39	5.28	5.37	5.69	6.37	6.26	5.80
Nov.	10.78	8.98	7.17	8.69	8.92	5.62	5.34	5.23	5.28	5.58	5.84	6.15	5.75
Dec.	10.45	8.22	7.06	8.39	8.50	5.09	5.06	5.10	5.13	5.30	4.97	5.75	5.29
2009 Jan.	10.13	8.30	7.02	8.61	8.65	4.39	4.80	4.93	5.03	4.89	4.42	5.43	5.21

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

	Bank overdrafts [2]	Other loans up to EUR 1 million by initial rate fixation			Other loans over EUR 1 million by initial rate fixation		
		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years	Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7
2008 Feb.	6.56	5.84	5.86	5.24	5.04	5.43	5.14
Mar.	6.56	5.91	5.77	5.23	5.19	5.44	5.34
Apr.	6.54	6.03	5.77	5.20	5.30	5.42	5.39
May	6.57	6.10	5.93	5.25	5.27	5.70	5.38
June	6.67	6.16	6.09	5.43	5.35	5.68	5.52
July	6.74	6.26	6.29	5.53	5.45	5.82	5.55
Aug.	6.77	6.27	6.34	5.49	5.45	5.60	5.56
Sep.	6.92	6.34	6.37	5.64	5.62	5.84	5.63
Oct.	6.89	6.52	6.35	5.57	5.59	5.75	5.07
Nov.	6.67	6.04	6.10	5.41	4.86	5.02	4.96
Dec.	6.26	5.38	5.78	5.32	4.29	4.50	4.76
2009 Jan.	5.72	4.73	5.45	5.21	3.51	3.96	4.58

Source: ECB.
1) Data refer to the changing composition of the euro area. For further information, see the General notes.
2) For this instrument category, new business and outstanding amounts coincide. End-of-period.
3) For this instrument category, households and non-financial corporations are merged and allocated to the household sector, since the outstanding amounts of non-financial corporations are negligible compared with those of the household sector in all participating Member States combined.
4) The annual percentage rate of charge covers the total cost of a loan. The total cost comprises an interest rate component and a component of other (related) charges, such as the cost of inquiries, administration, preparation of documents, guarantees, etc.

4.5 MFI interest rates on euro-denominated deposits and loans by euro area residents (cont'd)

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

4. Interest rates on deposits (outstanding amounts)

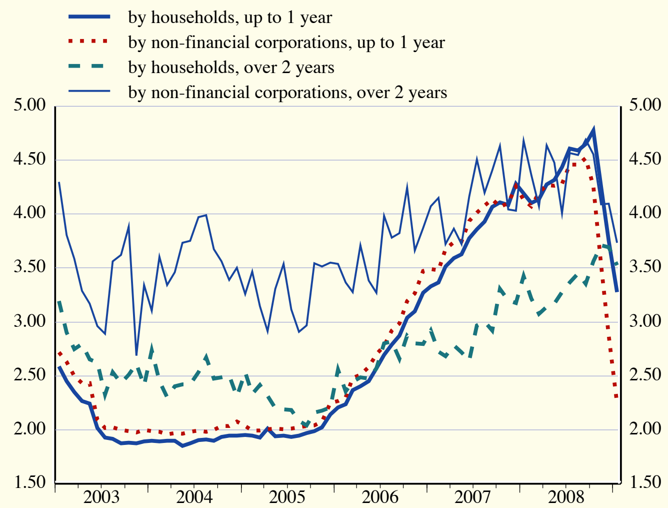
	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight [2)]	With agreed maturity		Redeemable at notice [2),3)]		Overnight [2)]	With agreed maturity		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2008 Feb.	1.21	3.99	3.11	2.65	3.77	2.01	4.23	4.24	3.97
Mar.	1.22	4.01	3.07	2.69	3.78	2.03	4.29	4.23	3.96
Apr.	1.22	4.07	3.07	2.72	3.81	2.05	4.37	4.29	3.91
May	1.23	4.13	3.06	2.73	3.84	2.07	4.43	4.26	4.04
June	1.24	4.20	3.08	2.74	3.88	2.06	4.47	4.31	4.12
July	1.26	4.31	3.07	2.81	3.94	2.14	4.59	4.39	4.24
Aug.	1.29	4.38	3.09	2.87	3.98	2.17	4.65	4.38	4.23
Sep.	1.32	4.45	3.11	2.97	4.01	2.20	4.73	4.44	4.32
Oct.	1.34	4.54	3.08	3.01	4.12	2.20	4.68	4.45	4.06
Nov.	1.29	4.51	3.12	3.02	4.20	1.98	4.44	4.40	3.95
Dec.	1.16	4.40	3.07	2.95	4.17	1.62	4.01	4.30	3.56
2009 Jan.	1.02	4.15	3.10	2.88	4.08	1.28	3.49	4.03	3.04

5. Interest rates on loans (outstanding amounts)

	Loans to households						Loans to non-financial corporations		
	Lending for house purchase, with maturity			Consumer credit and other loans, with maturity			With maturity		
	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
2008 Feb.	5.60	4.82	5.03	9.05	7.21	6.26	5.99	5.52	5.30
Mar.	5.61	4.80	5.02	9.06	7.19	6.25	5.99	5.51	5.27
Apr.	5.59	4.85	5.03	9.07	7.22	6.28	6.04	5.54	5.29
May	5.62	4.85	5.05	9.08	7.22	6.27	6.09	5.59	5.32
June	5.68	4.89	5.07	9.11	7.29	6.35	6.18	5.68	5.39
July	5.72	4.93	5.11	9.19	7.34	6.37	6.25	5.76	5.44
Aug.	5.78	4.95	5.11	9.26	7.38	6.41	6.28	5.79	5.46
Sep.	5.77	5.03	5.14	9.38	7.47	6.47	6.40	5.90	5.54
Oct.	5.78	5.06	5.17	9.45	7.48	6.48	6.43	5.99	5.58
Nov.	5.71	5.01	5.16	9.24	7.48	6.47	6.17	5.81	5.51
Dec.	5.50	4.89	5.08	9.01	7.38	6.38	5.72	5.42	5.27
2009 Jan.	5.23	4.75	4.96	8.72	7.16	6.23	5.11	4.89	4.89

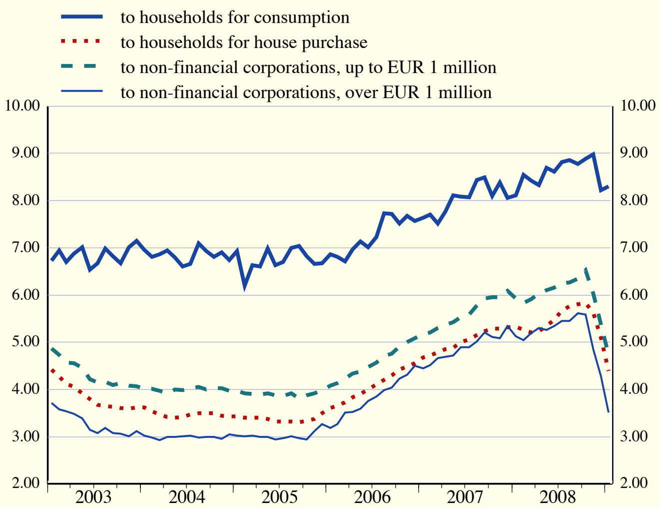
C22 New deposits with agreed maturity

(percentages per annum excluding charges; period averages)



C23 New loans at floating rate and up to 1 year initial rate fixation

(percentages per annum excluding charges; period averages)



Source: ECB.

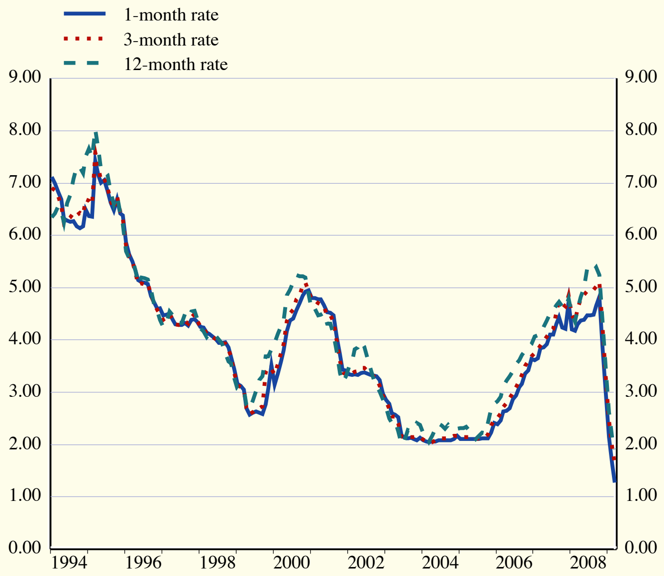
4.6 Money market interest rates

(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
2006	2.83	2.94	3.08	3.23	3.44	5.20	0.30
2007	3.87	4.08	4.28	4.35	4.45	5.30	0.79
2008	3.87	4.28	4.64	4.73	4.83	2.93	0.93
2008 Q1	4.05	4.23	4.48	4.48	4.48	3.29	0.92
Q2	4.00	4.41	4.86	4.93	5.05	2.75	0.92
Q3	4.25	4.54	4.98	5.18	5.37	2.91	0.90
Q4	3.17	3.92	4.24	4.31	4.38	2.77	0.96
2009 Q1	1.37	1.67	2.01	2.11	2.22	1.24	0.67
2008 Mar.	4.09	4.30	4.60	4.59	4.59	2.78	0.97
Apr.	3.99	4.37	4.78	4.80	4.82	2.79	0.92
May	4.01	4.39	4.86	4.90	4.99	2.69	0.92
June	4.01	4.47	4.94	5.09	5.36	2.77	0.92
July	4.19	4.47	4.96	5.15	5.39	2.79	0.92
Aug.	4.30	4.49	4.97	5.16	5.32	2.81	0.89
Sep.	4.27	4.66	5.02	5.22	5.38	3.12	0.91
Oct.	3.82	4.83	5.11	5.18	5.25	4.06	1.04
Nov.	3.15	3.84	4.24	4.29	4.35	2.28	0.91
Dec.	2.49	2.99	3.29	3.37	3.45	1.83	0.92
2009 Jan.	1.81	2.14	2.46	2.54	2.62	1.21	0.73
Feb.	1.26	1.63	1.94	2.03	2.14	1.24	0.64
Mar.	1.06	1.27	1.64	1.77	1.91	1.27	0.62

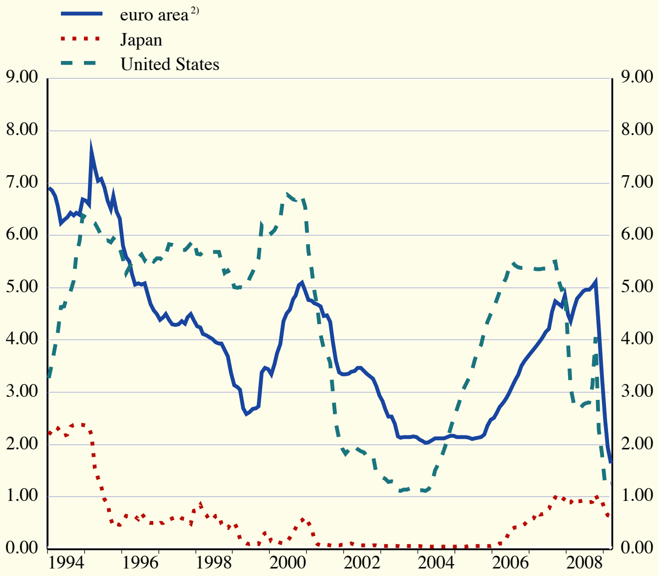
C24 Euro area money market rates [2)]

(monthly; percentages per annum)



C25 3-month money market rates

(monthly; 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.

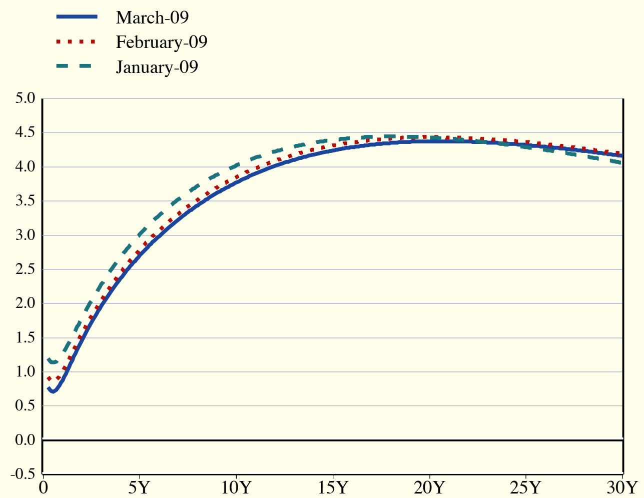
4.7 Euro area yield curves [1]

(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
2006 Dec.	3.44	3.76	3.82	3.83	3.86	3.91	0.47	0.09	3.92	3.85	3.88	4.08
2007 Jan.	3.54	3.84	3.92	3.96	4.00	4.06	0.53	0.15	4.01	3.97	4.05	4.25
Feb.	3.63	3.79	3.80	3.81	3.85	3.92	0.29	0.12	3.85	3.77	3.90	4.13
Mar.	3.70	3.92	3.95	3.93	3.96	4.02	0.33	0.08	4.03	3.93	3.97	4.25
Apr.	3.81	4.01	4.06	4.06	4.08	4.13	0.32	0.07	4.14	4.08	4.08	4.33
May	3.86	4.21	4.31	4.32	4.33	4.37	0.51	0.06	4.44	4.37	4.33	4.51
June	3.90	4.26	4.38	4.43	4.46	4.51	0.61	0.13	4.51	4.48	4.49	4.68
July	3.98	4.23	4.28	4.28	4.30	4.36	0.38	0.08	4.36	4.28	4.32	4.53
Aug.	3.86	3.98	4.03	4.12	4.20	4.32	0.47	0.29	4.07	4.09	4.32	4.67
Sep.	3.80	3.96	4.03	4.15	4.25	4.38	0.57	0.35	4.08	4.13	4.39	4.75
Oct.	3.87	4.01	4.06	4.10	4.17	4.29	0.42	0.23	4.11	4.08	4.25	4.63
Nov.	3.86	3.84	3.82	3.91	4.03	4.21	0.35	0.39	3.81	3.80	4.19	4.76
Dec.	3.85	4.00	4.01	4.11	4.23	4.38	0.52	0.36	4.06	4.02	4.40	4.78
2008 Jan.	3.81	3.55	3.42	3.59	3.79	4.05	0.24	0.62	3.32	3.34	4.08	4.80
Feb.	3.83	3.42	3.20	3.43	3.72	4.06	0.23	0.86	3.04	3.03	4.16	4.99
Mar.	3.87	3.70	3.60	3.70	3.87	4.13	0.26	0.54	3.53	3.49	4.10	4.91
Apr.	3.90	3.89	3.86	3.95	4.10	4.32	0.42	0.46	3.86	3.81	4.29	4.95
May	3.88	4.20	4.28	4.27	4.35	4.52	0.64	0.24	4.41	4.29	4.40	5.03
June	4.21	4.49	4.62	4.63	4.65	4.73	0.52	0.11	4.73	4.72	4.64	5.00
July	4.20	4.31	4.31	4.31	4.39	4.53	0.33	0.21	4.36	4.27	4.46	4.93
Aug.	4.24	4.20	4.13	4.11	4.19	4.34	0.10	0.21	4.13	4.02	4.26	4.82
Sep.	3.71	3.60	3.59	3.88	4.09	4.34	0.63	0.75	3.52	3.67	4.45	5.00
Oct.	2.52	2.86	2.68	3.58	3.95	4.25	1.74	1.58	2.27	2.99	4.80	4.97
Nov.	2.00	2.10	2.38	3.16	3.49	3.77	1.78	1.40	2.33	2.97	4.16	4.48
Dec.	1.75	1.85	2.14	2.95	3.32	3.69	1.94	1.55	2.09	2.76	4.04	4.60
2009 Jan.	1.19	1.27	1.79	3.02	3.53	4.02	2.83	2.24	1.70	2.85	4.53	5.26
Feb.	0.93	1.01	1.56	2.79	3.31	3.85	2.93	2.30	1.48	2.64	4.32	5.25
Mar.	0.78	0.88	1.46	2.70	3.23	3.77	3.00	2.31	1.41	2.58	4.24	5.19

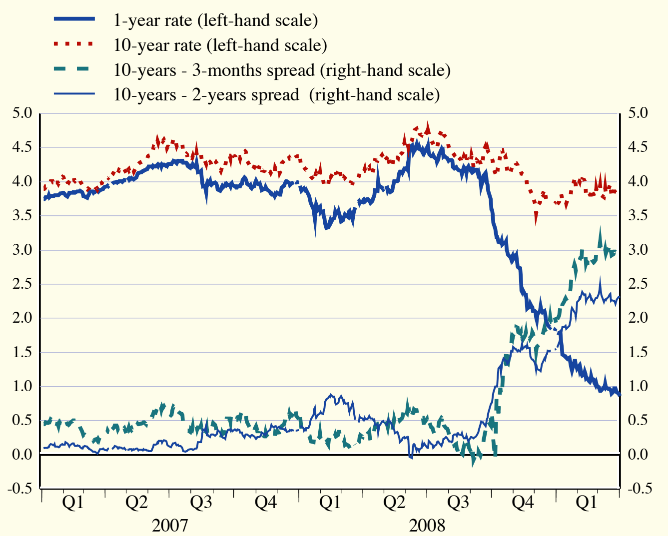
C26 Euro area spot yield curves

(percentages per annum; end-of-period)



C27 Euro area spot rates and spreads

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

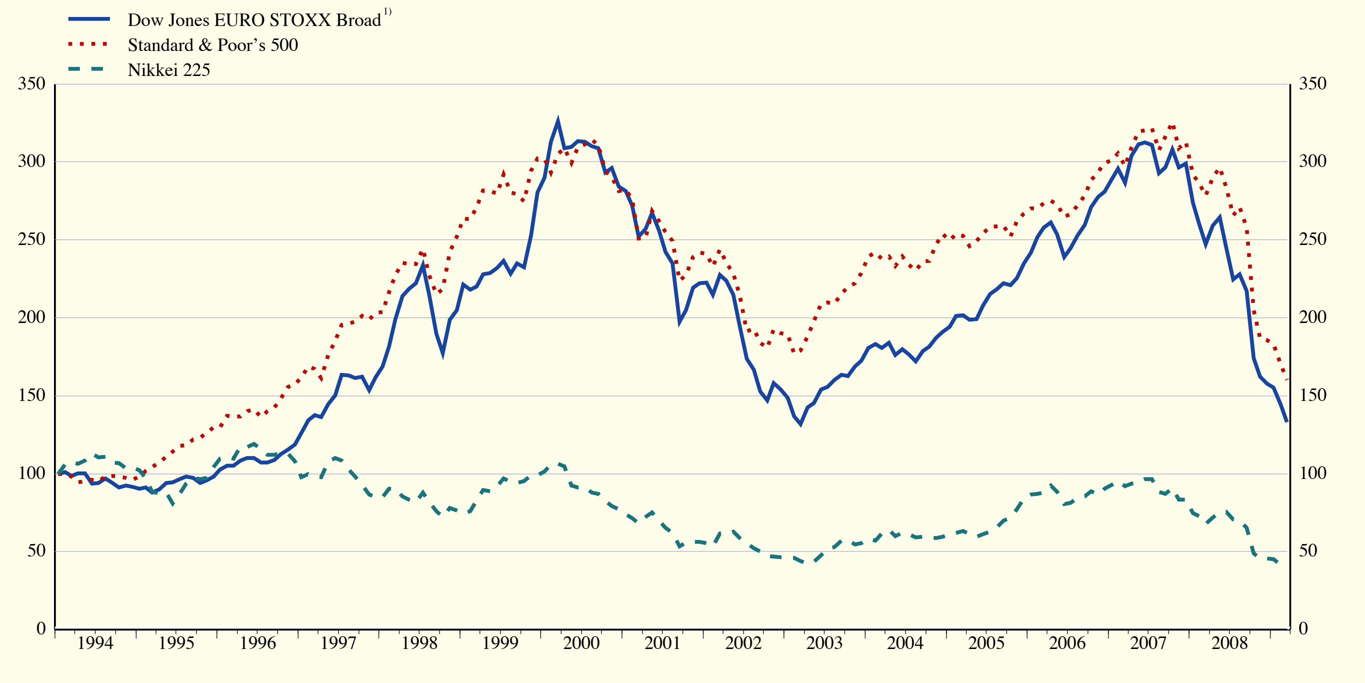


Source: ECB, underlying data provided by EuroMTS, ratings provided by Fitch Ratings.
1) Data refer to the changing composition of the euro area. For further information, see the General notes.

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

	Dow Jones EURO STOXX indices [1]												United States	Japan
	Benchmark		Main industry indices											
	Broad	50	Basic materials	Consumer services	Consumer goods	Oil & gas	Financials	Industrials	Technology	Utilities	Telecom.	Health care	Standard & Poor's 500	Nikkei 225
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2006	357.3	3,795.4	402.3	205.0	293.7	419.8	370.3	391.3	345.3	440.0	416.8	530.2	1,310.5	16,124.0
2007	416.4	4,315.8	543.8	235.4	366.5	449.6	408.3	488.4	383.4	561.4	492.7	519.2	1,476.5	16,984.4
2008	313.7	3,319.5	480.4	169.3	290.7	380.9	265.0	350.9	282.5	502.0	431.5	411.5	1,220.7	12,151.6
2008 Q1	361.8	3,809.4	520.9	194.0	327.1	412.0	318.1	413.3	339.2	573.3	490.1	454.4	1,351.7	13,372.6
Q2	355.9	3,705.6	576.2	185.0	317.8	442.8	313.7	408.2	306.5	557.1	437.7	427.1	1,371.7	13,818.3
Q3	309.7	3,278.8	506.0	162.2	282.2	382.8	260.5	345.7	285.6	494.8	412.4	407.4	1,252.7	12,758.7
Q4	228.7	2,497.7	320.7	136.5	236.9	287.6	169.3	238.1	200.0	384.7	387.0	358.1	910.9	8,700.4
2009 Q1	200.2	2,166.4	293.6	131.6	207.9	272.5	126.3	223.0	175.7	340.6	367.2	345.7	810.1	7,968.8
2008 Mar.	342.9	3,587.3	511.4	184.7	317.6	395.2	300.8	394.7	308.9	540.2	444.9	414.1	1,317.5	12,586.6
Apr.	359.6	3,768.1	553.9	189.3	324.6	423.2	326.5	406.2	312.8	550.2	449.3	429.6	1,370.5	13,382.1
May	367.1	3,812.8	588.9	189.2	328.2	462.5	325.8	424.3	313.2	567.2	447.5	436.3	1,402.0	14,000.2
June	340.2	3,527.8	586.2	176.1	299.6	442.6	287.6	393.5	292.8	553.8	415.3	414.7	1,341.3	14,084.6
July	311.9	3,298.7	529.0	158.2	272.7	401.5	260.0	348.6	281.7	513.7	412.7	418.1	1,257.6	13,153.0
Aug.	316.1	3,346.0	513.7	167.1	287.0	388.1	266.0	356.6	304.4	504.4	411.2	403.0	1,281.5	12,989.4
Sep.	301.3	3,193.7	474.6	161.8	287.4	358.2	255.8	332.2	271.8	465.8	413.2	400.6	1,220.0	12,126.2
Oct.	241.5	2,627.3	342.1	135.6	249.1	287.9	195.0	245.1	212.8	392.4	378.2	363.7	968.8	9,080.5
Nov.	225.0	2,452.9	315.2	136.2	237.6	294.8	159.0	229.5	197.7	393.6	386.0	361.7	883.3	8,502.7
Dec.	219.0	2,407.0	304.0	137.8	224.2	281.0	152.5	238.7	189.4	369.2	396.6	349.4	877.2	8,492.1
2009 Jan.	215.5	2,344.9	309.7	136.8	220.8	280.5	143.4	236.4	188.1	376.5	384.1	364.8	866.6	8,402.5
Feb.	200.4	2,159.8	299.2	132.7	208.0	280.9	123.3	226.1	175.7	341.0	361.7	354.1	806.3	7,707.3
Mar.	184.6	1,993.9	272.5	125.3	194.9	256.9	111.8	206.8	163.5	304.2	355.2	319.1	757.1	7,772.8

C28 Dow Jones EURO STOXX Broad, Standard & Poor's 500 and Nikkei 225
(January 1994 = 100; monthly averages)



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

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

5

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

1. Harmonised Index of Consumer Prices [1]

	Total					Total (s.a., percentage change on previous period)						Memo item: Administered prices [2]	
	Index 2005 = 100	Total	Total excl. unprocessed food and energy	Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
% of total [3]	100.0	100.0	83.0	58.6	41.4	100.0	11.9	7.5	29.7	9.6	41.4	89.3	10.7
	1	2	3	4	5	6	7	8	9	10	11	12	13
2005	100.0	2.2	1.5	2.1	2.3	-	-	-	-	-	-	2.1	2.5
2006	102.2	2.2	1.5	2.3	2.0	-	-	-	-	-	-	2.1	2.7
2007	104.4	2.1	2.0	1.9	2.5	-	-	-	-	-	-	2.1	2.1
2008	107.8	3.3	2.4	3.8	2.6	-	-	-	-	-	-	3.3	3.0
2007 Q4	105.7	2.9	2.3	3.2	2.5	1.0	2.6	1.3	0.2	2.9	0.6	3.0	1.9
2008 Q1	106.4	3.4	2.5	3.9	2.6	1.0	2.1	0.7	0.2	3.4	0.7	3.5	2.5
Q2	108.1	3.6	2.5	4.5	2.4	1.1	1.1	1.0	0.2	6.0	0.6	3.7	2.8
Q3	108.4	3.8	2.5	4.7	2.6	0.7	0.9	0.9	0.2	2.1	0.7	3.9	3.3
Q4	108.2	2.3	2.2	2.1	2.6	-0.6	0.2	0.4	0.3	-8.7	0.6	2.1	3.4
2008 Oct.	108.6	3.2	2.4	3.5	2.6	-0.1	0.1	0.4	0.1	-2.9	0.2	3.1	3.4
Nov.	108.0	2.1	2.2	1.8	2.6	-0.4	0.0	-0.1	0.0	-4.9	0.2	2.0	3.4
Dec.	107.9	1.6	2.1	0.9	2.6	-0.4	0.0	0.2	0.0	-4.7	0.2	1.4	3.4
2009 Jan.	107.0	1.1	1.8	0.2	2.4	0.0	0.0	0.2	-0.1	0.0	0.1	0.9	2.9
Feb.	107.4	1.2	1.7	0.3	2.4	0.2	-0.1	0.5	0.1	0.5	0.2	1.0	2.9
Mar. [4]	.	0.6	.	.	.	.	.	.	.	.	.	.	.

	Goods						Services					
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal	Miscellaneous
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy		Rents				
% of total [3]	19.3	11.9	7.5	39.3	29.7	9.6	10.1	6.0	6.3	3.2	14.9	6.8
	14	15	16	17	18	19	20	21	22	23	24	25
2005	1.6	2.0	0.8	2.4	0.3	10.1	2.6	2.0	2.7	-2.2	2.3	3.1
2006	2.4	2.1	2.8	2.3	0.6	7.7	2.5	2.1	2.5	-3.3	2.3	2.3
2007	2.8	2.8	3.0	1.4	1.0	2.6	2.7	2.0	2.6	-1.9	2.9	3.2
2008	5.1	6.1	3.5	3.1	0.8	10.3	2.3	1.9	3.9	-2.2	3.2	2.5
2007 Q4	3.9	4.5	3.1	2.8	1.0	8.1	2.7	2.0	2.6	-2.1	3.0	3.2
2008 Q1	5.2	6.4	3.5	3.2	0.8	10.7	2.5	1.9	3.1	-2.5	3.2	3.2
Q2	5.7	6.9	3.7	3.9	0.8	13.6	2.3	1.9	3.6	-1.8	3.0	2.2
Q3	5.6	6.7	3.9	4.2	0.7	15.1	2.3	1.9	4.4	-2.4	3.4	2.3
Q4	3.8	4.3	3.0	1.2	0.9	2.1	2.2	1.9	4.5	-2.0	3.3	2.2
2008 Sep.	5.2	6.2	3.6	4.0	0.9	13.5	2.3	1.9	4.5	-2.6	3.3	2.3
Oct.	4.4	5.1	3.4	3.1	1.0	9.6	2.3	1.9	4.6	-2.2	3.3	2.3
Nov.	3.7	4.2	2.8	0.8	0.9	0.7	2.2	1.8	4.4	-2.1	3.4	2.2
Dec.	3.3	3.5	2.8	-0.3	0.8	-3.7	2.2	1.8	4.5	-1.8	3.2	2.1
2009 Jan.	2.7	2.7	2.6	-1.0	0.5	-5.3	2.0	1.7	3.9	-1.9	3.1	2.2
Feb.	2.5	2.0	3.3	-0.7	0.7	-4.9	2.0	1.8	3.9	-1.4	3.0	2.1

Sources: Eurostat and ECB calculations.

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

2) ECB estimates based on Eurostat data; 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 http://www.ecb.europa.eu/stats/prices/hicp/html/index.en.html for a note explaining the methodology used in the compilation of this indicator.

3) Referring to the index period 2009.

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

2. Industry, construction and residential property prices [1]

	Industrial producer prices excluding construction										Construction [2]	Residential property prices [3]
	Total (index 2005 = 100)	Total		Industry excluding construction and energy						Energy		
			Manufacturing	Total	Intermediate goods	Capital goods	Consumer goods					
							Total	Durable	Non-durable			
% of total [4]	100.0	100.0	83.2	75.3	30.0	20.3	24.9	3.0	21.9	24.7		
	1	2	3	4	5	6	7	8	9	10	11	12
2005	100.0	4.1	3.3	1.8	2.9	1.2	1.1	1.4	0.9	13.9	2.8	7.6
2006	105.1	5.1	3.5	2.8	4.6	1.6	1.7	1.6	1.5	12.8	4.1	6.5
2007	107.9	2.7	3.1	3.2	4.6	2.2	2.3	2.2	2.2	1.2	4.0	4.4
2008	114.3	5.9	4.8	3.5	4.1	2.1	3.9	2.7	4.1	13.5	-	.
2007 Q4	109.9	4.1	4.7	3.3	3.8	1.9	3.8	2.6	4.1	6.7	3.3	3.9 [5]
2008 Q1	111.9	5.3	5.5	3.6	4.0	1.6	4.7	2.9	5.0	11.0	3.1	-
Q2	114.7	6.8	6.4	3.8	4.1	1.9	4.9	2.7	5.2	16.6	4.0	2.7 [5]
Q3	117.1	8.2	6.7	4.3	5.7	2.3	4.2	2.6	4.4	20.7	5.5	-
Q4	113.6	3.3	0.7	2.4	2.7	2.4	2.0	2.6	1.9	6.0	.	.
2008 Aug.	116.9	8.2	6.7	4.3	5.6	2.4	4.2	2.5	4.5	20.6	-	-
Sep.	116.7	7.6	5.8	4.1	5.7	2.3	3.7	2.6	3.9	18.4	-	-
Oct.	115.7	6.0	3.5	3.3	4.3	2.7	2.8	2.6	2.9	13.8	-	-
Nov.	113.3	2.9	0.3	2.3	2.6	2.6	1.9	2.6	1.8	4.3	-	-
Dec.	111.7	1.2	-1.7	1.4	1.2	2.0	1.3	2.5	1.1	0.1	-	-
2009 Jan.	110.5	-0.6	-2.9	-0.1	-1.3	1.8	0.2	2.0	-0.1	-2.7	-	-

3. Commodity prices and gross domestic product deflators [1]

	Oil prices [6] (EUR per barrel)	Non-energy commodity prices						GDP deflators							
		Import-weighted [7]			Use-weighted [8]			Total (s.a. index 2000 = 100)	Total	Domestic demand				Exports [9]	Imports [9]
		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	44.3	55.7								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2005	44.6	11.9	0.9	17.9	9.0	2.5	14.4	111.6	2.0	2.3	2.1	2.4	2.5	2.4	3.3
2006	52.9	27.5	5.8	37.6	24.4	5.9	38.1	113.8	2.0	2.4	2.2	2.1	3.0	2.7	3.9
2007	52.8	7.5	14.3	5.0	5.1	9.4	2.7	116.4	2.3	2.2	2.2	1.7	2.7	1.5	1.3
2008	65.9	2.0	18.1	-4.3	-1.7	9.6	-8.5	119.0	2.2	2.8	2.9	2.7	2.4	2.1	3.6
2008 Q1	64.2	8.4	36.4	-1.3	7.2	31.6	-5.8	117.9	2.1	2.9	3.0	2.4	2.3	2.3	4.3
Q2	78.5	2.5	32.4	-7.5	-0.3	20.3	-11.1	118.8	2.2	3.2	3.3	3.4	2.4	2.3	4.6
Q3	77.6	6.7	16.2	2.8	0.5	4.3	-1.9	119.4	2.2	3.2	3.5	2.7	2.9	2.9	5.3
Q4	43.5	-10.2	-8.0	-11.2	-14.6	-13.0	-15.8	120.0	2.4	2.1	2.0	2.3	2.0	1.0	0.2
2009 Q1	35.1	.	.	.	.	.	.	.	.	.	.	.	.	.	.
2008 Oct.	55.2	-6.4	-5.0	-7.0	-11.8	-12.6	-11.1	-	-	-	-	-	-	-	-
Nov.	43.1	-7.0	-4.4	-8.3	-10.7	-7.4	-13.0	-	-	-	-	-	-	-	-
Dec.	32.1	-17.3	-14.4	-18.7	-21.5	-18.7	-23.7	-	-	-	-	-	-	-	-
2009 Jan.	34.3	-21.2	-10.8	-26.0	-22.4	-13.6	-28.7	-	-	-	-	-	-	-	-
Feb.	34.6	-24.2	-17.5	-27.4	-26.3	-21.0	-30.4	-	-	-	-	-	-	-	-
Mar.	36.5	.	.	.	.	.	.	-	-	-	-	-	-	-	-

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

1) Data refer to the Euro 16.
2) Input prices for residential buildings.
3) Experimental data based on non-harmonised national sources (see the ECB website for further details).
4) In 2005.
5) The quarterly data for the second (fourth) quarter refer to semi-annual averages of the first (second) half of the year, respectively. Since some national data are only available at annual frequency, the semi-annual estimate is partially derived from annual results; therefore, the accuracy of semi-annual data is lower than the accuracy of annual data.
6) Brent Blend (for one-month forward delivery).
7) Refers to prices expressed in euro. Weighted according to the structure of euro area imports in the period 2004-06.
8) 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 the ECB website for details).
9) Deflators for exports and imports refer to goods and services and include cross-border trade within the euro area.

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

4. Unit labour costs, compensation per employee and labour productivity [1]
(seasonally adjusted)

	Total (index 2000 = 100)	Total	By economic activity: Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
	1	2	3	4	5	6	7	8
	Unit labour costs [2]							
2005	109.0	1.2	8.7	-1.1	2.9	1.4	2.0	2.0
2006	110.0	0.9	3.2	-0.6	3.4	0.1	2.5	2.1
2007	111.8	1.7	1.0	-0.5	4.0	1.4	2.8	2.1
2008	115.4	3.2	.	.	.	.	.	.
2007 Q4	113.0	2.5	0.7	0.0	4.1	2.8	3.3	2.8
2008 Q1	113.5	2.5	-0.3	1.1	1.3	2.5	3.5	3.1
Q2	114.8	2.9	-2.2	1.6	1.3	3.3	2.5	4.5
Q3	115.7	3.4	-1.5	4.3	1.7	4.9	3.0	2.8
Q4	117.9	4.3	.	.	.	.	.	.
	Compensation per employee							
2005	112.3	2.0	2.4	1.8	2.0	2.1	2.4	1.9
2006	114.8	2.2	3.4	3.5	3.5	1.4	2.3	1.5
2007	117.7	2.5	2.7	2.9	2.9	2.2	2.4	2.4
2008	121.5	3.2	.	.	.	.	.	.
2007 Q4	119.2	3.0	2.5	3.2	3.2	2.3	2.7	3.3
2008 Q1	120.1	3.1	2.6	3.5	3.7	2.5	2.4	3.4
Q2	121.1	3.2	2.2	2.7	4.6	2.4	2.1	4.4
Q3	121.9	3.5	2.7	3.2	5.2	4.1	2.6	3.3
Q4	122.8	3.0	.	.	.	.	.	.
	Labour productivity [3]							
2005	103.1	0.8	-5.8	2.9	-0.8	0.7	0.3	-0.1
2006	104.4	1.3	0.2	4.2	0.1	1.4	-0.1	-0.6
2007	105.3	0.8	1.7	3.4	-1.0	0.7	-0.4	0.3
2008	105.3	0.0	.	.	.	.	.	.
2007 Q4	105.5	0.4	1.8	3.2	-0.8	-0.5	-0.6	0.5
2008 Q1	105.8	0.6	2.9	2.4	2.4	0.0	-1.1	0.4
Q2	105.5	0.3	4.4	1.1	3.3	-0.8	-0.4	-0.1
Q3	105.4	0.0	4.3	-1.0	3.4	-0.8	-0.4	0.5
Q4	104.1	-1.3	.	.	.	.	.	.

5. Hourly labour costs [1), 4)]

	Total (s.a. index 2000 = 100)	Total	By component: Wages and salaries	Employers' social contributions	By selected economic activity: Mining, manufacturing and energy	Construction	Services	Memo: indicator of negotiated wages [5]
% of total [6]	100.0	100.0	73.1	26.9	34.6	9.1	56.3	
	1	2	3	4	5	6	7	8
2005	116.5	2.4	2.5	2.2	2.4	2.1	2.5	2.1
2006	119.4	2.5	2.6	2.1	3.4	1.6	2.1	2.3
2007	122.5	2.7	2.8	2.3	2.6	3.1	2.6	2.1
2008	126.8	3.5	3.6	3.4	4.1	4.6	3.1	3.2
2007 Q4	123.8	3.0	3.2	2.3	3.1	4.0	2.8	2.1
2008 Q1	124.8	3.5	3.7	3.1	4.3	4.2	3.0	2.8
Q2	125.9	2.6	2.7	2.4	2.7	4.0	2.4	2.9
Q3	127.4	4.2	4.2	4.3	3.8	5.0	4.3	3.4
Q4	128.9	3.8	3.9	3.6	5.4	5.1	2.6	3.6

Sources: Eurostat, ECB calculations based on Eurostat data (Table 4 in Section 5.1 and column 7 in Table 5 in Section 5.1) and ECB calculations (column 8 in Table 5 in Section 5.1).
1) Data refer to Euro 16.
2) Compensation (at current prices) per employee divided by value added (volumes) per person employed.
3) Value added (volumes) per person employed.
4) Hourly labour costs for the whole economy, excluding agriculture, public administration, education, health and services not elsewhere classified. Owing to differences in coverage, the estimates for the components may not be consistent with the total.
5) Experimental data (see the ECB website for further details).
6) In 2000.

1. GDP and expenditure components [1]

	GDP								
	Total	Domestic demand					External balance [2]		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories [3]	Total	Exports [2]	Imports [2]
	1	2	3	4	5	6	7	8	9
	Current prices (EUR billions, seasonally adjusted)								
2005	8,143.8	8,022.7	4,668.4	1,664.9	1,684.2	5.2	121.1	3,113.3	2,992.2
2006	8,558.4	8,455.5	4,871.9	1,732.5	1,837.0	14.2	102.8	3,473.1	3,370.3
2007	8,995.5	8,856.8	5,062.4	1,800.6	1,969.8	24.0	138.7	3,740.4	3,601.6
2008	9,269.2	9,177.4	5,240.6	1,887.9	2,022.0	27.0	91.7	3,883.9	3,792.2
2007 Q4	2,279.4	2,247.6	1,288.3	456.9	501.8	0.7	31.8	956.4	924.6
2008 Q1	2,309.8	2,277.6	1,299.8	461.7	511.5	4.6	32.2	982.3	950.1
Q2	2,323.3	2,292.2	1,308.8	473.0	509.9	0.5	31.1	988.6	957.5
Q3	2,329.6	2,315.9	1,321.6	474.9	510.8	8.6	13.7	996.3	982.6
Q4	2,306.4	2,291.7	1,310.3	478.3	489.9	13.3	14.7	916.7	902.0
	percentage of GDP								
2008	100.0	99.0	56.5	20.4	21.8	0.3	1.0	-	-
	Chain-linked volumes (prices of the previous year, seasonally adjusted [4])								
	quarter-on-quarter percentage changes								
2007 Q4	0.4	0.1	0.3	0.2	0.9	-	-	0.8	0.1
2008 Q1	0.7	0.5	0.1	0.5	1.2	-	-	1.6	1.2
Q2	-0.2	-0.4	-0.3	0.9	-1.2	-	-	-0.1	-0.5
Q3	-0.2	0.3	0.2	0.8	-0.6	-	-	-0.1	1.3
Q4	-1.5	-0.7	-0.3	0.1	-3.7	-	-	-6.4	-4.7
	annual percentage changes								
2005	1.7	1.9	1.8	1.5	3.3	-	-	5.0	5.7
2006	2.9	2.8	2.0	1.9	5.6	-	-	8.4	8.3
2007	2.7	2.4	1.6	2.2	4.4	-	-	6.0	5.4
2008	0.8	0.8	0.5	2.0	0.0	-	-	1.4	1.4
2007 Q4	2.2	2.0	1.4	2.1	3.2	-	-	4.2	3.7
2008 Q1	2.2	1.6	1.5	1.4	3.2	-	-	5.4	4.1
Q2	1.5	0.9	0.6	2.1	1.8	-	-	4.1	2.8
Q3	0.6	0.5	0.3	2.3	0.2	-	-	2.2	2.1
Q4	-1.3	-0.2	-0.3	2.3	-4.3	-	-	-5.2	-2.8
	contributions to quarter-on-quarter percentage changes of GDP in percentage points								
2007 Q4	0.4	0.1	0.2	0.0	0.2	-0.3	0.3	-	-
2008 Q1	0.7	0.5	0.1	0.1	0.3	0.1	0.2	-	-
Q2	-0.2	-0.4	-0.2	0.2	-0.3	-0.2	0.1	-	-
Q3	-0.2	0.3	0.1	0.2	-0.1	0.2	-0.6	-	-
Q4	-1.5	-0.7	-0.2	0.0	-0.8	0.3	-0.8	-	-
	contributions to annual percentage changes of GDP in percentage points								
2005	1.7	1.9	1.0	0.3	0.7	-0.2	-0.1	-	-
2006	2.9	2.7	1.1	0.4	1.2	0.1	0.2	-	-
2007	2.7	2.4	0.9	0.4	0.9	0.1	0.3	-	-
2008	0.8	0.8	0.3	0.4	0.0	0.1	0.0	-	-
2007 Q4	2.2	2.0	0.8	0.4	0.7	0.1	0.2	-	-
2008 Q1	2.2	1.6	0.9	0.3	0.7	-0.3	0.6	-	-
Q2	1.5	0.9	0.4	0.4	0.4	-0.3	0.6	-	-
Q3	0.6	0.5	0.2	0.5	0.1	-0.1	0.1	-	-
Q4	-1.3	-0.2	-0.2	0.5	-1.0	0.5	-1.1	-	-

Sources: Eurostat and ECB calculations.
1) Data refer to Euro 16.
2) Exports and imports cover goods and services and include cross-border intra-euro area trade. They are not fully consistent with Tables 7.1.2 and 7.3.1.
3) Including acquisitions less disposals of valuables.
4) Annual data are not adjusted for the variations in the number of working days.

5.2 Output and demand

2. Value added by economic activity [1]

	Gross value added (basic prices): Total	Agriculture, hunting, forestry and fishing activities	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services	Taxes less subsidies on products
	1	2	3	4	5	6	7	8
	Current prices (EUR billions, seasonally adjusted)							
2005	7,299.0	144.1	1,482.4	441.6	1,539.8	2,021.8	1,669.3	844.9
2006	7,643.9	141.6	1,557.8	478.9	1,603.5	2,137.7	1,724.4	914.5
2007	8,037.5	151.6	1,642.7	517.5	1,668.7	2,260.7	1,796.3	958.0
2008	8,316.5	153.9	1,663.9	547.1	1,717.9	2,366.9	1,866.8	952.7
2007 Q4	2,041.6	39.2	416.3	132.6	422.3	575.3	455.9	237.9
2008 Q1	2,068.5	39.6	423.4	136.9	427.8	582.8	458.0	241.3
Q2	2,085.5	38.9	424.5	137.0	428.2	590.0	466.9	237.8
Q3	2,090.6	38.5	419.0	137.8	432.0	595.7	467.7	239.0
Q4	2,071.8	36.9	397.0	135.3	430.0	598.4	474.3	234.6
	percentage of value added							
2008	100.0	1.9	20.0	6.6	20.7	28.5	22.4	-
	Chain-linked volumes (prices of the previous year, seasonally adjusted [2])							
	quarter-on-quarter percentage changes							
2007 Q4	0.5	1.3	0.6	0.9	0.3	0.7	0.4	-0.7
2008 Q1	0.6	1.9	0.3	2.6	0.6	0.7	0.1	1.6
Q2	-0.1	0.0	-0.7	-1.8	-0.5	0.5	0.4	-1.2
Q3	-0.3	-0.4	-1.4	-1.3	-0.2	0.1	0.5	0.1
Q4	-1.5	0.0	-5.4	-1.8	-1.4	-0.4	0.5	-1.5
	annual percentage changes							
2005	1.7	-6.4	1.8	1.8	1.4	2.8	1.4	1.8
2006	2.9	-1.8	3.9	2.8	3.1	3.7	1.3	3.3
2007	2.9	0.4	3.7	3.0	2.7	3.7	1.7	0.7
2008	0.9	2.1	-0.8	0.7	0.5	2.1	1.4	0.0
2007 Q4	2.5	0.4	3.4	1.4	1.8	3.4	1.8	-0.7
2008 Q1	2.4	1.6	2.8	2.8	2.4	2.9	1.3	0.5
Q2	1.6	2.4	1.2	1.6	0.9	2.6	1.3	0.4
Q3	0.7	2.8	-1.2	0.4	0.2	1.9	1.5	-0.2
Q4	-1.3	1.5	-7.1	-2.3	-1.5	0.9	1.6	-1.0
	contributions to quarter-on-quarter percentage changes of value added in percentage points							
2007 Q4	0.5	0.0	0.1	0.1	0.1	0.2	0.1	-
2008 Q1	0.6	0.0	0.1	0.2	0.1	0.2	0.0	-
Q2	-0.1	0.0	-0.1	-0.1	-0.1	0.1	0.1	-
Q3	-0.3	0.0	-0.3	-0.1	0.0	0.0	0.1	-
Q4	-1.5	0.0	-1.1	-0.1	-0.3	-0.1	0.1	-
	contributions to annual percentage changes of value added in percentage points							
2005	1.7	-0.1	0.4	0.1	0.3	0.8	0.3	-
2006	2.9	0.0	0.8	0.2	0.7	1.0	0.3	-
2007	2.9	0.0	0.8	0.2	0.6	1.0	0.4	-
2008	0.9	0.0	-0.2	0.0	0.1	0.6	0.3	-
2007 Q4	2.5	0.0	0.7	0.1	0.4	1.0	0.4	-
2008 Q1	2.4	0.0	0.6	0.2	0.5	0.8	0.3	-
Q2	1.6	0.0	0.3	0.1	0.2	0.7	0.3	-
Q3	0.7	0.0	-0.3	0.0	0.0	0.5	0.3	-
Q4	-1.3	0.0	-1.5	-0.1	-0.3	0.2	0.4	-

Sources: Eurostat and ECB calculations.
1) Data refer to Euro 16.
2) Annual data are not adjusted for the variations in the number of working days.

3. Industrial production [1]

	Total	Industry excluding construction: Total (s.a. index 2005 = 100)	Industry excluding construction: Total	Industry excluding construction: Manu-facturing	Industry excluding construction and energy: Total	Industry excluding construction and energy: Intermediate goods	Industry excluding construction and energy: Capital goods	Consumer goods: Total	Consumer goods: Durable	Consumer goods: Non-durable	Energy	Construction
% of total [2]	100.0	75.0	75.0	67.4	66.8	27.6	21.6	17.6	2.6	15.0	8.2	25.0
	1	2	3	4	5	6	7	8	9	10	11	12
2006	4.1	104.3	4.3	4.7	4.3	4.9	5.9	3.0	4.7	2.9	0.3	3.7
2007	3.4	108.3	3.9	4.2	3.7	3.8	6.7	2.6	1.8	2.8	-1.0	1.9
2008	-2.2	106.4	-1.8	-1.9	-2.4	-3.3	-0.4	-1.6	-5.2	-0.9	-0.2	-4.2
2008 Q1	2.2	111.2	2.7	2.6	1.6	1.8	5.1	0.9	-1.0	1.2	3.5	0.0
Q2	0.0	108.7	1.0	1.0	0.7	0.2	3.4	-0.9	-1.9	-0.7	1.0	-3.8
Q3	-2.2	106.0	-1.5	-1.5	-2.1	-1.8	-0.7	-2.1	-6.8	-1.4	-0.4	-4.7
Q4	-8.7	99.6	-9.0	-9.3	-9.5	-13.5	-8.8	-4.0	-10.9	-2.7	-4.4	-7.8
2008 Aug.	-1.4	106.8	-0.9	-0.8	-1.6	0.0	0.6	-3.2	-6.3	-2.9	-0.2	-3.5
Sep.	-3.2	104.5	-2.4	-2.5	-3.0	-3.7	-1.5	-2.4	-7.4	-1.6	-0.5	-6.2
Oct.	-5.8	102.4	-5.9	-6.0	-6.1	-8.0	-5.8	-3.6	-8.2	-2.6	-3.2	-5.6
Nov.	-8.3	99.6	-9.1	-9.3	-9.5	-12.6	-8.9	-4.7	-11.5	-3.3	-5.3	-5.6
Dec.	-12.4	96.8	-12.4	-13.2	-13.4	-21.4	-11.9	-3.9	-13.7	-2.1	-4.6	-12.8
2009 Jan.	-15.6	93.7	-17.4	-19.1	.	-24.4	-21.6	-6.9	-17.7	-5.1	-2.9	-9.3
	month-on-month percentage changes (s.a.)											
2008 Aug.	-0.1	-	0.1	0.2	0.4	0.1	1.4	-0.4	0.6	-0.5	1.1	-0.5
Sep.	-1.8	-	-2.1	-2.4	-2.2	-3.5	-2.9	-0.9	-2.4	-0.5	-0.5	-1.3
Oct.	-1.5	-	-2.1	-2.2	-1.9	-3.1	-2.6	-0.3	-1.1	0.1	-1.3	-0.2
Nov.	-2.6	-	-2.7	-2.8	-2.8	-4.0	-3.3	-0.8	-3.7	-0.5	-2.3	-1.3
Dec.	-3.1	-	-2.8	-3.2	-3.1	-6.6	-2.6	-0.2	-2.6	0.1	0.5	-2.7
2009 Jan.	-1.9	-	-3.2	-3.7	.	-2.5	-6.0	-1.1	-2.2	-1.0	-1.5	1.4

4. Industrial new orders and turnover, retail sales and new passenger car registrations [1]

	Industrial new orders: Manufacturing [3] (current prices): Total (s.a. index 2005 = 100)	Industrial new orders: Manufacturing [3] (current prices): Total	Industrial turnover: Manufacturing (current prices): Total (s.a. index 2000 = 100)	Industrial turnover: Manufacturing (current prices): Total	Retail sales (exluding automotive fuel): Current prices: Total	Constant prices: Total (s.a. index 2005 = 100)	Constant prices: Total	Constant prices: Food, beverages, tobacco	Non-food	Non-food: Textiles, clothing, footwear	Non-food: Household equipment	New passenger car registrations: Total (s.a., thousands) [4]	New passenger car registrations: Total
% of total [2]	100.0	100.0	100.0	100.0	100.0	100.0	100.0	43.3	56.7	10.1	13.6		
	1	2	3	4	5	6	7	8	9	10	11	12	13
2006	110.3	10.0	119.6	7.8	2.9	108.5	2.0	0.8	3.0	2.6	4.6	978	3.3
2007	119.3	8.4	127.0	6.3	2.4	109.5	1.2	-0.1	2.1	3.2	1.5	970	-0.9
2008	112.7	-5.1	128.7	1.7	1.7	108.0	-1.0	-1.3	-0.7	-2.1	-2.6	892	-8.0
2008 Q1	122.0	3.3	132.6	4.4	3.2	103.4	0.8	0.9	0.8	-0.9	-1.4	949	-1.3
Q2	118.8	0.1	132.5	6.3	2.0	102.3	-1.2	-1.8	-0.8	-2.2	-2.2	907	-4.8
Q3	115.3	-1.4	130.6	3.9	2.3	102.3	-1.2	-1.7	-0.8	-1.5	-3.4	891	-8.8
Q4	94.8	-21.8	119.2	-7.4	-0.4	101.3	-2.1	-2.4	-1.9	-3.6	-3.3	821	-18.5
2008 Sep.	111.6	-1.5	128.2	6.7	2.5	102.4	-0.9	-1.8	-0.2	-1.0	-3.0	867	-11.4
Oct.	103.8	-14.9	124.8	-2.8	0.6	101.4	-2.0	-2.1	-2.1	-2.9	-4.0	839	-14.4
Nov.	94.0	-27.0	120.3	-11.8	-0.6	101.2	-2.5	-2.7	-2.2	-3.5	-4.5	810	-18.2
Dec.	86.5	-23.8	112.6	-7.7	-1.1	101.3	-1.8	-2.3	-1.5	-4.1	-1.8	814	-23.2
2009 Jan.	83.6	-34.1	.	.	.	101.0	-2.1	-2.2	-2.2	.	.	779	-20.5
Feb.	.	.	.	.	.	.	.	.	.	.	.	841	-12.7
	month-on-month percentage changes (s.a.)												
2008 Oct.	-	-7.0	-	-2.7	-1.0	-	-0.9	-0.8	-1.0	-3.1	-0.6	-	-3.2
Nov.	-	-9.4	-	-3.6	-0.3	-	-0.2	-0.6	0.0	-0.8	-1.1	-	-3.5
Dec.	-	-8.0	-	-6.4	-0.5	-	0.0	-0.1	-0.1	-0.6	1.2	-	0.5
2009 Jan.	-	-3.4	-	.	.	-	-0.3	-0.7	0.1	.	.	-	-4.3
Feb.	-	.	-	.	.	-	.	.	.	.	.	-	8.0

Sources: Eurostat, except columns 12 and 13 in Table 4 in Section 5.2 (ECB calculations based on data from the ACEA, European Automobile Manufacturers' Association).
1) Data refer to Euro 16.
2) In 2005.
3) Includes manufacturing industries working mainly on the basis of orders, representing 60.1% of total manufacturing in 2005.
4) 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] (percentages)	Total [4]	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
		Total [4]	Order books	Stocks of finished products	Production expectations						
	1	2	3	4	5	6	7	8	9	10	11
2005	98.2	-7	-16	11	6	81.1	-14	-4	-15	28	-9
2006	106.8	2	0	6	13	83.1	-9	-3	-9	15	-9
2007	108.9	4	5	5	13	84.1	-5	-2	-4	4	-8
2008	91.1	-9	-15	11	-2	81.9	-18	-10	-25	23	-14
2008 Q1	101.4	1	-1	7	10	83.8	-12	-7	-17	11	-12
Q2	97.5	-3	-6	9	7	83.3	-15	-10	-22	13	-14
Q3	89.9	-10	-15	12	-2	82.2	-19	-12	-28	22	-15
Q4	75.8	-25	-36	18	-22	78.3	-26	-11	-34	44	-15
2009 Q1	65.7	-36	-56	20	-31	.	-32	-11	-41	62	-14
2008 Oct.	81.6	-18	-26	15	-13	81.5	-24	-12	-33	34	-15
Nov.	76.8	-25	-36	17	-22	-	-25	-11	-32	43	-15
Dec.	68.9	-33	-47	22	-30	-	-30	-11	-39	55	-14
2009 Jan.	67.2	-33	-49	20	-31	75.0	-31	-11	-38	58	-15
Feb.	65.3	-36	-57	20	-32	-	-33	-12	-41	62	-15
Mar.	64.6	-38	-61	21	-32	-	-34	-11	-44	66	-13

	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
2005	-7	-12	-2	-7	-12	13	4	11	5	10	18
2006	1	-4	6	1	3	14	13	18	13	18	24
2007	0	-8	7	1	4	15	12	19	16	19	23
2008	-14	-20	-7	-7	-6	16	1	2	-5	4	7
2008 Q1	-7	-13	-1	0	3	16	12	10	4	12	15
Q2	-10	-17	-3	-3	-1	16	7	8	3	9	13
Q3	-14	-21	-7	-9	-9	17	-1	1	-7	3	6
Q4	-23	-31	-16	-15	-16	17	-13	-12	-20	-9	-6
2009 Q1	-31	-37	-26	-19	-21	15	-20	-24	-33	-21	-18
2008 Oct.	-20	-26	-13	-13	-14	17	-9	-7	-13	-4	-3
Nov.	-23	-31	-15	-13	-11	15	-12	-12	-21	-8	-7
Dec.	-27	-35	-19	-20	-23	19	-18	-17	-27	-15	-10
2009 Jan.	-30	-35	-26	-20	-21	20	-18	-22	-32	-19	-15
Feb.	-32	-37	-26	-19	-21	17	-20	-24	-33	-19	-19
Mar.	-32	-38	-26	-18	-21	10	-22	-25	-34	-23	-19

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 of the economic sentiment indicator above (below) 100 indicate above-average (below-average) economic sentiment, calculated for the period 1990 to 2008.

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]

(annual percentage changes, unless otherwise indicated)

1. Employment

	Whole economy		By employment status		By economic activity					
	Millions (s.a.)		Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
% of total [2]	100.0	100.0	85.0	15.0	3.9	17.2	7.8	25.5	15.7	29.9
	1	2	3	4	5	6	7	8	9	10
2005	141.863	1.0	1.1	0.4	-0.7	-1.1	2.7	0.7	2.5	1.5
2006	144.179	1.6	1.8	0.7	-1.9	-0.3	2.7	1.7	3.8	1.8
2007	146.830	1.8	2.0	0.9	-1.3	0.3	4.1	1.9	4.0	1.4
2008	148.027	0.8	1.0	-0.2	.	.	.	.	.	.
2007 Q4	147.605	1.7	1.9	0.6	-1.6	0.1	2.4	2.3	3.9	1.4
2008 Q1	148.137	1.5	1.7	0.7	-1.1	0.3	0.4	2.4	4.0	0.8
Q2	148.262	1.1	1.4	-0.1	-1.9	0.1	-1.6	1.6	3.1	1.4
Q3	148.082	0.6	0.9	-0.9	-1.5	-0.1	-2.8	1.0	2.3	1.0
Q4	147.628	0.0	0.1	-0.6	.	.	.	.	.	.
	quarter-on-quarter percentage changes (s.a.)									
2007 Q4	0.392	0.3	0.4	-0.7	-0.3	0.1	0.0	0.2	0.8	0.3
2008 Q1	0.532	0.4	0.3	0.5	0.6	0.2	0.1	0.5	1.1	-0.1
Q2	0.125	0.1	0.2	-0.3	-1.3	-0.1	-1.5	0.2	0.3	0.6
Q3	-0.180	-0.1	-0.1	-0.4	-0.5	-0.4	-1.5	0.1	0.1	0.1
Q4	-0.454	-0.3	-0.3	-0.6	.	.	.	.	.	.

2. Unemployment

(seasonally adjusted)

	Total		By age [3]				By gender [4]			
	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 [2]	100.0		78.2		21.8		49.2		50.8	
	1	2	3	4	5	6	7	8	9	10
2005	13.718	9.0	10.675	7.9	3.044	17.5	6.925	8.1	6.794	10.0
2006	12.875	8.3	10.053	7.3	2.822	16.4	6.397	7.5	6.478	9.4
2007	11.650	7.5	9.113	6.6	2.537	14.9	5.734	6.7	5.916	8.5
2008	11.891	7.5	9.281	6.6	2.611	15.3	6.007	6.9	5.884	8.3
2007 Q4	11.445	7.3	8.929	6.4	2.515	14.7	5.653	6.5	5.791	8.2
2008 Q1	11.376	7.2	8.886	6.4	2.491	14.6	5.609	6.5	5.767	8.2
Q2	11.640	7.4	9.082	6.5	2.558	15.0	5.810	6.7	5.830	8.3
Q3	11.938	7.6	9.319	6.6	2.619	15.5	6.071	7.0	5.867	8.3
Q4	12.611	8.0	9.836	7.0	2.775	16.3	6.537	7.5	6.074	8.5
2008 Sep.	12.087	7.7	9.440	6.7	2.647	15.6	6.176	7.1	5.911	8.3
Oct.	12.381	7.8	9.652	6.8	2.728	16.1	6.387	7.3	5.994	8.4
Nov.	12.609	8.0	9.834	7.0	2.775	16.3	6.538	7.5	6.071	8.5
Dec.	12.843	8.1	10.020	7.1	2.822	16.6	6.686	7.7	6.157	8.6
2009 Jan.	13.167	8.3	10.290	7.3	2.877	16.9	6.899	7.9	6.268	8.8
Feb.	13.486	8.5	10.528	7.4	2.958	17.3	7.106	8.1	6.379	8.9

Source: Eurostat.

1) Data refer to Euro 16. Data for employment refer to persons and are based on the ESA 95. Data for unemployment refer to persons and follow ILO recommendations.
2) In 2007.
3) Adult: 25 years of age and over; youth: below 25 years of age; rates are expressed as a percentage of the labour force for the relevant age group.
4) Rates are expressed as a percentage of the labour force for the relevant gender.

GOVERNMENT FINANCE

6

6.1 Revenue, expenditure and deficit/surplus [1]

(as a percentage of GDP)

1. Euro area – revenue

	Total	Current revenue										Capital revenue		Memo: fiscal burden [2]
			Direct taxes	Households	Corporations	Indirect taxes	Received by EU institutions	Social contributions	Employers	Employees	Sales		Capital taxes	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1999	47.0	46.7	12.5	9.3	2.9	14.1	0.6	16.1	8.3	4.9	2.3	0.3	0.3	43.0
2000	46.5	46.2	12.7	9.4	3.0	13.9	0.6	15.8	8.2	4.8	2.2	0.3	0.3	42.6
2001	45.7	45.5	12.3	9.2	2.7	13.6	0.5	15.6	8.1	4.7	2.2	0.2	0.3	41.7
2002	45.2	44.9	11.8	9.1	2.5	13.5	0.4	15.6	8.2	4.6	2.1	0.3	0.3	41.2
2003	45.0	44.4	11.4	8.8	2.3	13.5	0.4	15.8	8.2	4.6	2.1	0.6	0.5	41.2
2004	44.6	44.1	11.3	8.5	2.5	13.5	0.3	15.6	8.1	4.5	2.1	0.5	0.4	40.8
2005	44.9	44.4	11.6	8.6	2.7	13.7	0.3	15.4	8.1	4.5	2.2	0.5	0.3	41.0
2006	45.5	45.1	12.1	8.8	3.0	13.9	0.3	15.3	8.1	4.5	2.1	0.3	0.3	41.6
2007	45.6	45.3	12.5	9.0	3.2	13.8	0.3	15.2	8.0	4.4	2.1	0.3	0.3	41.8

2. Euro area – expenditure

	Total	Current expenditure								Capital expenditure				Memo: 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
1999	48.4	44.5	10.6	4.8	4.1	25.1	22.1	2.1	0.5	3.9	2.5	1.4	0.1	44.3
2000	46.5	43.8	10.4	4.8	3.9	24.7	21.7	2.0	0.5	2.8	2.5	1.3	0.0	42.6
2001	47.6	43.7	10.3	4.8	3.8	24.8	21.7	1.9	0.5	3.9	2.5	1.4	0.0	43.8
2002	47.8	44.0	10.4	4.9	3.5	25.1	22.2	1.9	0.5	3.8	2.4	1.4	0.0	44.2
2003	48.1	44.2	10.5	4.9	3.3	25.4	22.6	1.9	0.5	4.0	2.5	1.4	0.1	44.8
2004	47.5	43.6	10.4	5.0	3.1	25.1	22.4	1.8	0.5	3.9	2.5	1.5	0.1	44.4
2005	47.4	43.5	10.4	5.0	3.0	25.1	22.3	1.7	0.5	3.9	2.5	1.4	0.1	44.4
2006	46.8	42.9	10.2	5.0	2.9	24.8	22.1	1.7	0.5	3.8	2.5	1.4	0.0	43.8
2007	46.2	42.4	10.0	5.0	3.0	24.4	21.7	1.6	0.4	3.9	2.5	1.3	0.0	43.3

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
1999	-1.4	-1.7	-0.1	0.1	0.4	2.6	19.9	10.6	4.8	4.9	1.8	2.3	8.3	11.6
2000	0.0	-0.4	-0.1	0.1	0.5	3.9	19.7	10.4	4.8	4.9	1.8	2.2	8.2	11.6
2001	-1.9	-1.7	-0.4	-0.1	0.3	2.0	19.8	10.3	4.8	5.0	1.8	2.2	8.1	11.7
2002	-2.6	-2.1	-0.5	-0.2	0.2	0.9	20.2	10.4	4.9	5.1	1.8	2.1	8.2	12.0
2003	-3.1	-2.4	-0.5	-0.2	0.0	0.2	20.5	10.5	4.9	5.2	1.8	2.1	8.3	12.2
2004	-3.0	-2.5	-0.4	-0.3	0.2	0.2	20.4	10.4	5.0	5.1	1.9	2.1	8.3	12.1
2005	-2.6	-2.2	-0.3	-0.2	0.2	0.4	20.4	10.4	5.0	5.2	1.9	2.2	8.1	12.3
2006	-1.3	-1.4	-0.1	-0.2	0.4	1.6	20.3	10.2	5.0	5.2	1.9	2.1	8.0	12.3
2007	-0.6	-1.2	0.0	0.0	0.5	2.3	20.1	10.0	5.0	5.2	1.9	2.1	7.9	12.2

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

	BE	DE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2004	-0.2	-3.8	1.4	-7.5	-0.3	-3.6	-3.5	-4.1	-1.2	-4.7	-1.7	-4.4	-3.4	-2.2	-2.3	2.4
2005	-2.6	-3.3	1.7	-5.1	1.0	-2.9	-4.3	-2.4	-0.1	-2.8	-0.3	-1.5	-6.1	-1.4	-2.8	2.9
2006	0.3	-1.5	3.0	-2.8	2.0	-2.4	-3.4	-1.2	1.3	-2.3	0.6	-1.5	-3.9	-1.2	-3.5	4.1
2007	-0.3	-0.2	0.2	-3.5	2.2	-2.7	-1.6	3.5	3.2	-1.8	0.3	-0.4	-2.6	0.5	-1.9	5.3

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

1) The data refer to the Euro 15. Revenue, expenditure and deficit/surplus are based on the ESA 95. Transactions involving the EU budget are included and consolidated. Transactions among Member States' governments are not consolidated.
2) The fiscal burden comprises taxes and social contributions.
3) Comprises total expenditure minus interest expenditure.
4) Corresponds to final consumption expenditure (P.3) of general government in the ESA 95.
5) Includes proceeds from the sale of UMTS licences and settlements under swaps and forward rate agreements.

6.2 Debt [1]

(as a percentage of GDP)

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

	Total	Financial instruments				Holders				
		Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [2]				Other creditors [3]
						Total	MFIs	Other financial corporations	Other sectors	
	1	2	3	4	5	6	7	8	9	10
1998	72.9	2.8	15.2	5.3	49.6	52.5	26.5	14.5	11.4	20.4
1999	72.0	2.9	14.4	4.3	50.5	48.8	25.4	13.8	9.7	23.2
2000	69.3	2.7	13.1	3.7	49.7	44.2	22.0	12.4	9.7	25.1
2001	68.2	2.8	12.4	4.0	49.1	42.0	20.6	11.1	10.3	26.2
2002	68.1	2.7	11.8	4.5	49.0	40.1	19.4	10.7	10.1	27.9
2003	69.2	2.1	12.4	5.0	49.7	39.4	19.5	11.2	8.7	29.8
2004	69.6	2.2	12.0	5.0	50.5	37.5	18.4	10.8	8.2	32.1
2005	70.2	2.4	11.8	4.7	51.3	35.4	17.2	11.2	7.0	34.8
2006	68.5	2.5	11.4	4.1	50.4	33.8	17.6	9.4	6.8	34.7
2007	66.3	2.2	10.8	4.3	49.0	32.6	17.0	8.7	6.9	33.7

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

	Total	Issued by [4]				Original maturity			Residual maturity			Currencies	
		Central gov.	State gov.	Local gov.	Social security funds	Up to 1 year	Over 1 year		Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Euro or participating currencies [5]	Other currencies
								Variable interest rate					
	1	2	3	4	5	6	7	8	9	10	11	12	13
1998	72.9	61.2	6.1	5.2	0.3	8.2	64.7	8.0	15.5	26.3	31.0	71.1	1.8
1999	72.0	60.5	6.0	5.1	0.4	7.3	64.7	7.0	13.6	27.8	30.7	70.0	2.0
2000	69.3	58.1	5.9	4.9	0.4	6.5	62.8	6.3	13.4	27.8	28.1	67.5	1.8
2001	68.2	57.1	6.1	4.7	0.4	7.0	61.2	5.3	13.7	26.6	27.9	66.7	1.5
2002	68.1	56.7	6.3	4.7	0.4	7.6	60.4	5.2	15.5	25.3	27.2	66.8	1.3
2003	69.2	57.0	6.5	5.0	0.6	7.8	61.4	5.1	14.9	26.0	28.3	68.3	0.9
2004	69.6	57.4	6.6	5.1	0.4	7.8	61.7	4.8	14.9	26.2	28.5	68.7	0.9
2005	70.2	57.7	6.7	5.2	0.5	7.9	62.3	4.7	14.9	25.6	29.7	69.2	1.0
2006	68.5	56.0	6.5	5.4	0.5	7.5	61.0	4.5	14.5	24.1	29.9	67.8	0.7
2007	66.3	54.2	6.3	5.3	0.6	7.5	58.8	4.2	14.2	22.6	29.5	65.8	0.5

3. Euro area countries

	BE	DE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2004	94.3	65.6	29.4	98.6	46.2	64.9	103.8	70.2	6.3	72.1	52.4	64.8	58.3	27.2	41.4	44.1
2005	92.1	67.8	27.3	98.8	43.0	66.4	105.9	69.1	6.1	69.9	51.8	63.7	63.6	27.0	34.2	41.3
2006	87.8	67.6	24.7	95.9	39.6	63.6	106.9	64.6	6.6	63.8	47.4	62.0	64.7	26.7	30.4	39.2
2007	83.9	65.1	24.8	94.8	36.2	63.9	104.1	59.5	7.0	62.2	45.7	59.5	63.6	23.4	29.4	35.1

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

1) The data refer to the Euro 15. Gross general government debt at nominal value and consolidated between sub-sectors of government. Holdings by non-resident governments are not consolidated. Data are partially estimated.
2) Holders resident in the country whose government has issued the debt.
3) Includes residents of euro area countries other than the country whose government has issued the debt.
4) Excludes debt held by general government in the country whose government has issued it.
5) Before 1999, this comprises debt in ECU, in domestic currency and in the currencies of other Member States which have adopted the euro.

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]	Aggregation effect [5]	Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [6]	MFIs	Other financial corporations	Other creditors [7]
	1	2	3	4	5	6	7	8	9	10	11	12	13
1999	2.0	1.6	0.4	0.0	-0.1	0.2	-0.2	-0.9	2.8	-1.6	-0.2	-0.2	3.6
2000	1.0	1.1	0.0	-0.1	0.0	0.0	-0.5	-0.3	1.9	-2.1	-2.0	-0.6	3.1
2001	1.8	1.9	-0.1	0.1	0.0	0.2	-0.2	0.4	1.4	-0.3	-0.5	-0.8	2.2
2002	2.1	2.7	-0.5	0.0	0.0	0.0	-0.2	0.7	1.6	-0.5	-0.5	-0.1	2.6
2003	3.1	3.3	-0.2	0.0	0.0	-0.6	0.9	0.6	2.1	0.4	0.7	0.8	2.7
2004	3.1	3.2	-0.1	0.0	0.0	0.2	0.1	0.1	2.7	-0.3	-0.3	0.1	3.4
2005	3.1	3.1	0.0	0.0	0.0	0.3	0.3	-0.1	2.6	-0.8	-0.6	0.8	3.9
2006	1.5	1.4	0.1	0.0	0.0	0.2	0.2	-0.4	1.5	0.1	1.2	-1.3	1.5
2007	1.1	1.1	0.0	0.0	0.0	-0.1	-0.1	0.4	0.9	0.4	0.3	-0.2	0.7

2. Euro area − deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+) [8]	Deficit-debt adjustment [9]											
			Total	Transactions in main financial assets held by general government							Valuation effects		Other changes in volume	Other [10]
				Total	Currency and deposits	Loans	Securities [11]	Shares and other equity	Privatisations	Equity injections		Exchange rate effects		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1999	2.0	-1.4	0.6	0.0	0.5	0.1	0.0	-0.5	-0.8	0.0	0.4	0.3	0.0	0.2
2000	1.0	0.0	1.0	1.0	0.7	0.2	0.2	0.0	-0.4	0.2	0.0	0.1	-0.1	0.1
2001	1.8	-1.9	0.0	-0.5	-0.6	0.1	0.1	-0.1	-0.3	0.1	-0.1	0.0	0.1	0.6
2002	2.1	-2.6	-0.5	0.1	0.1	0.0	0.0	0.0	-0.3	0.1	-0.5	-0.1	0.0	0.0
2003	3.1	-3.1	0.0	0.1	0.1	0.0	0.0	0.1	-0.2	0.1	-0.2	-0.1	0.0	0.1
2004	3.1	-3.0	0.1	0.2	0.2	0.0	0.1	0.0	-0.5	0.2	-0.1	0.0	0.0	0.0
2005	3.1	-2.6	0.5	0.7	0.4	0.1	0.2	0.1	-0.3	0.2	0.0	0.0	0.0	-0.2
2006	1.5	-1.3	0.2	0.3	0.3	-0.2	0.3	-0.1	-0.3	0.1	0.1	0.0	0.0	-0.2
2007	1.1	-0.6	0.5	0.6	0.2	0.0	0.2	0.1	-0.2	0.2	0.0	0.0	0.0	-0.1

Source: ECB.
1) The data refer to the Euro 15 and are partially estimated. Annual change in gross nominal consolidated debt is expressed as a percentage of GDP, i.e. [debt(t) - debt(t-1)] ÷ GDP(t).
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) The difference between the changes in the aggregated debt, resulting from the aggregation of countries' debt, and the aggregation of countries' change in debt is due to variations in the exchange rates used for aggregation before 2001.
6) Holders resident in the country whose government has issued the debt.
7) Includes residents of euro area countries other than the country whose government has issued the debt.
8) Including proceeds from sales of UMTS licences.
9) The difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.
10) Mainly composed of transactions in other assets and liabilities (trade credits, other receivables/payables and financial derivatives).
11) 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: fiscal burden [2]
			Direct taxes	Indirect taxes	Social contributions	Sales	Property income		Capital taxes	
	1	2	3	4	5	6	7	8	9	10
2002 Q3	43.5	43.1	11.2	12.8	15.5	1.9	0.7	0.4	0.3	39.7
Q4	49.0	48.4	13.4	14.1	16.2	2.9	0.9	0.6	0.3	44.0
2003 Q1	41.9	41.4	9.8	12.8	15.5	1.7	0.7	0.5	0.2	38.4
Q2	46.0	44.6	12.0	12.9	15.7	2.0	1.4	1.4	1.2	41.7
Q3	42.6	42.1	10.8	12.5	15.5	1.9	0.6	0.5	0.2	39.0
Q4	49.3	48.2	13.1	14.2	16.2	2.9	0.8	1.0	0.3	43.8
2004 Q1	41.3	40.9	9.6	12.8	15.3	1.7	0.6	0.4	0.3	38.0
Q2	45.0	44.2	12.1	13.0	15.3	2.0	1.0	0.8	0.6	41.0
Q3	42.7	42.2	10.6	12.7	15.4	1.9	0.6	0.5	0.3	39.0
Q4	49.1	48.1	13.0	14.3	16.2	2.9	0.7	1.0	0.4	43.9
2005 Q1	42.0	41.5	9.9	13.0	15.3	1.7	0.6	0.5	0.3	38.4
Q2	44.6	44.0	11.8	13.2	15.1	2.0	1.1	0.6	0.3	40.4
Q3	43.3	42.6	11.0	12.9	15.2	1.9	0.7	0.7	0.3	39.4
Q4	49.2	48.4	13.4	14.3	16.1	2.9	0.8	0.8	0.3	44.0
2006 Q1	42.4	41.9	10.2	13.3	15.1	1.7	0.8	0.5	0.3	38.9
Q2	45.7	45.2	12.4	13.6	15.1	2.0	1.3	0.5	0.3	41.4
Q3	43.6	43.2	11.5	12.9	15.2	1.9	0.8	0.5	0.3	39.9
Q4	49.5	48.9	14.1	14.3	15.9	2.9	0.8	0.6	0.3	44.6
2007 Q1	42.2	41.8	10.3	13.4	14.8	1.7	0.8	0.4	0.3	38.8
Q2	46.2	45.8	13.0	13.6	15.0	2.0	1.4	0.4	0.3	41.9
Q3	43.8	43.3	12.1	12.8	15.0	1.9	0.8	0.5	0.3	40.1
Q4	49.7	49.2	14.5	14.2	15.8	2.9	0.9	0.5	0.3	44.8
2008 Q1	42.3	41.9	10.6	13.0	14.9	1.7	0.8	0.4	0.2	38.7
Q2	45.5	45.1	12.9	13.0	15.0	1.9	1.5	0.4	0.3	41.2
Q3	43.2	42.8	11.8	12.4	15.1	1.9	0.8	0.4	0.3	39.6

2. Euro area – quarterly expenditure and deficit/surplus

	Total	Current expenditure							Capital expenditure			Deficit (-)/ surplus (+)	Primary deficit (-)/ surplus (+)
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers				Investment	Capital transfers		
							Social benefits	Subsidies					
	1	2	3	4	5	6	7	8	9	10	11	12	13
2002 Q3	46.9	43.2	10.1	4.7	3.5	24.9	21.4	1.4	3.7	2.5	1.2	-3.4	0.1
Q4	50.8	46.4	11.1	5.6	3.3	26.4	22.7	1.6	4.4	2.8	1.6	-1.8	1.6
2003 Q1	46.8	43.3	10.3	4.6	3.5	25.0	21.5	1.3	3.5	1.9	1.6	-5.0	-1.5
Q2	47.1	43.6	10.4	4.7	3.4	25.1	21.7	1.3	3.5	2.3	1.2	-1.1	2.3
Q3	47.1	43.4	10.3	4.8	3.3	25.1	21.6	1.3	3.7	2.5	1.2	-4.5	-1.2
Q4	51.2	46.3	11.0	5.6	3.1	26.5	22.9	1.5	4.8	3.3	1.6	-1.9	1.2
2004 Q1	46.4	43.0	10.3	4.6	3.2	25.0	21.4	1.2	3.4	1.9	1.5	-5.1	-1.9
Q2	46.6	43.2	10.4	4.8	3.3	24.8	21.4	1.3	3.4	2.3	1.1	-1.6	1.6
Q3	46.1	42.7	10.0	4.7	3.1	24.9	21.5	1.3	3.4	2.4	1.0	-3.4	-0.3
Q4	50.9	45.7	11.0	5.7	2.9	26.1	22.6	1.4	5.2	3.1	2.1	-1.8	1.1
2005 Q1	46.9	43.1	10.2	4.6	3.1	25.2	21.4	1.2	3.7	1.9	1.8	-4.9	-1.8
Q2	46.1	42.8	10.2	4.9	3.2	24.5	21.3	1.1	3.4	2.3	1.1	-1.5	1.6
Q3	45.8	42.4	9.9	4.8	3.0	24.7	21.3	1.2	3.4	2.5	1.0	-2.6	0.4
Q4	50.6	45.8	11.1	5.8	2.8	26.1	22.5	1.3	4.8	3.1	1.6	-1.4	1.4
2006 Q1	45.3	42.2	10.0	4.6	2.9	24.7	21.1	1.1	3.1	1.9	1.2	-2.9	0.0
Q2	45.5	42.3	10.2	4.9	3.1	24.1	21.1	1.1	3.2	2.3	0.9	0.2	3.3
Q3	45.4	42.0	9.8	4.7	2.9	24.5	21.1	1.2	3.4	2.5	1.0	-1.7	1.2
Q4	50.4	45.1	10.7	5.8	2.7	25.9	22.3	1.3	5.3	3.2	2.2	-0.9	1.8
2007 Q1	44.4	41.3	9.8	4.6	3.0	23.9	20.5	1.1	3.1	2.0	1.2	-2.2	0.7
Q2	44.8	41.6	9.9	4.8	3.2	23.7	20.7	1.1	3.2	2.3	0.8	1.4	4.6
Q3	45.1	41.4	9.6	4.7	3.0	24.0	20.8	1.2	3.7	2.5	1.2	-1.3	1.7
Q4	50.2	45.1	10.7	5.7	2.8	25.9	22.1	1.4	5.1	3.3	1.8	-0.5	2.3
2008 Q1	44.5	41.3	9.8	4.6	2.9	24.1	20.5	1.2	3.2	2.0	1.1	-2.2	0.7
Q2	45.1	41.8	10.1	4.9	3.1	23.7	20.6	1.1	3.3	2.4	1.0	0.4	3.5
Q3	45.6	42.1	9.7	4.9	3.1	24.3	21.1	1.2	3.5	2.5	1.0	-2.4	0.8

Source: ECB calculations based on Eurostat and national data.

1) The data refer to the Euro 15. 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, and except for different data transmission deadlines, the quarterly data are consistent with the annual data. The data are not seasonally adjusted.

2) The fiscal burden comprises taxes and social contributions.

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

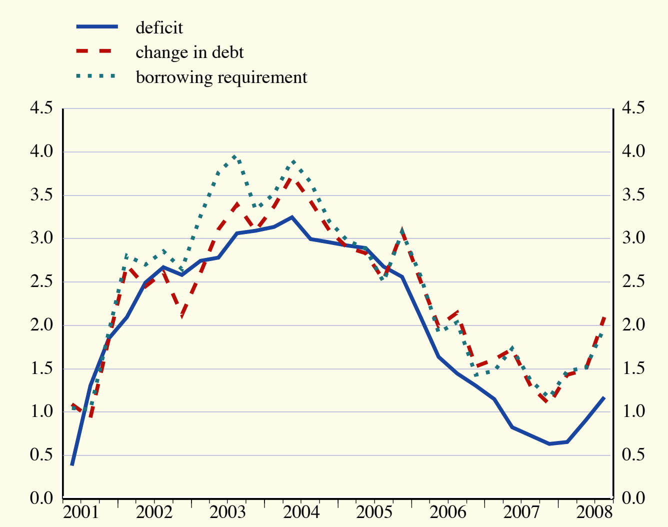
1. Euro area − Maastricht debt by financial instrument [2]

	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2005 Q4	70.2	2.4	11.8	4.7	51.3
2006 Q1	70.5	2.5	11.7	4.9	51.3
Q2	70.6	2.5	11.6	4.9	51.6
Q3	70.1	2.5	11.6	4.7	51.2
Q4	68.5	2.5	11.4	4.1	50.4
2007 Q1	68.8	2.4	11.5	4.8	50.1
Q2	68.9	2.2	11.2	5.1	50.4
Q3	68.0	2.1	11.1	5.2	49.6
Q4	66.3	2.2	10.8	4.3	49.0
2008 Q1	67.2	2.2	11.1	5.0	49.0
Q2	67.5	2.1	11.0	5.0	49.3
Q3	67.5	2.1	10.9	5.6	48.9

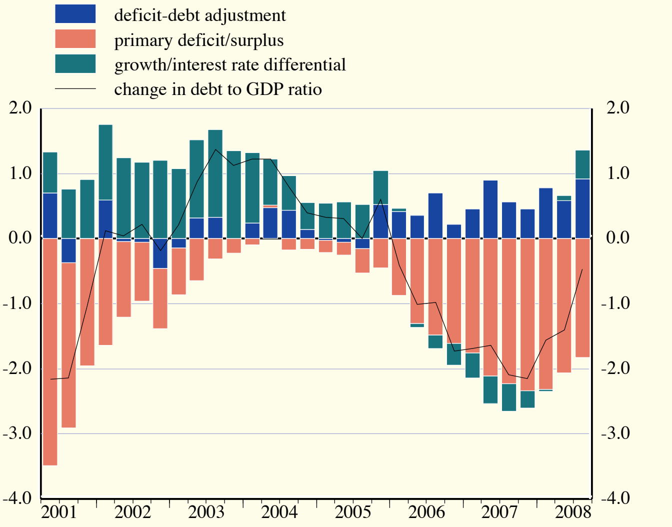
2. Euro area − deficit-debt adjustment

	Change in debt	Deficit (-)/ surplus (+)	Deficit-debt adjustment								Memo: 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
2005 Q4	-0.6	-1.4	-2.0	-0.4	0.0	0.0	-0.3	-0.1	0.0	-1.5	-0.6
2006 Q1	4.8	-2.9	1.9	1.2	1.0	0.1	0.6	-0.5	-0.4	1.0	5.1
Q2	3.3	0.2	3.5	3.2	2.5	0.0	0.4	0.2	0.6	-0.3	2.6
Q3	1.2	-1.7	-0.5	-0.8	-0.7	-0.1	0.2	-0.1	0.2	0.1	1.0
Q4	-2.8	-0.9	-3.7	-2.2	-1.4	-0.6	-0.2	-0.2	-0.1	-1.4	-2.7
2007 Q1	4.9	-2.2	2.7	2.1	1.0	0.1	0.6	0.3	-0.2	0.8	5.1
Q2	3.6	1.4	5.1	4.8	4.1	0.0	0.5	0.2	0.1	0.2	3.6
Q3	-0.4	-1.3	-1.8	-1.6	-2.1	0.2	0.4	0.0	0.0	-0.2	-0.4
Q4	-3.4	-0.5	-3.9	-2.9	-2.2	-0.1	-0.6	0.0	-0.1	-0.9	-3.3
2008 Q1	6.1	-2.2	3.9	2.2	1.9	0.0	0.1	0.3	0.0	1.7	6.2
Q2	3.8	0.4	4.1	2.4	2.0	0.2	0.1	0.0	0.1	1.7	3.7
Q3	2.0	-2.4	-0.4	-0.7	-1.6	0.1	0.2	0.6	0.5	-0.1	1.5

C29 Deficit, borrowing requirement and change in debt
(four-quarter moving sum as a percentage of GDP)



C30 Maastricht debt
(annual change in the debt to GDP ratio and underlying factors)



Source: ECB calculations based on Eurostat and national data.
1) The data refer to the Euro 15.
2) The stock data in quarter t are expressed as a percentage of the sum of GDP in t and the previous three quarters.

EXTERNAL TRANSACTIONS AND POSITIONS

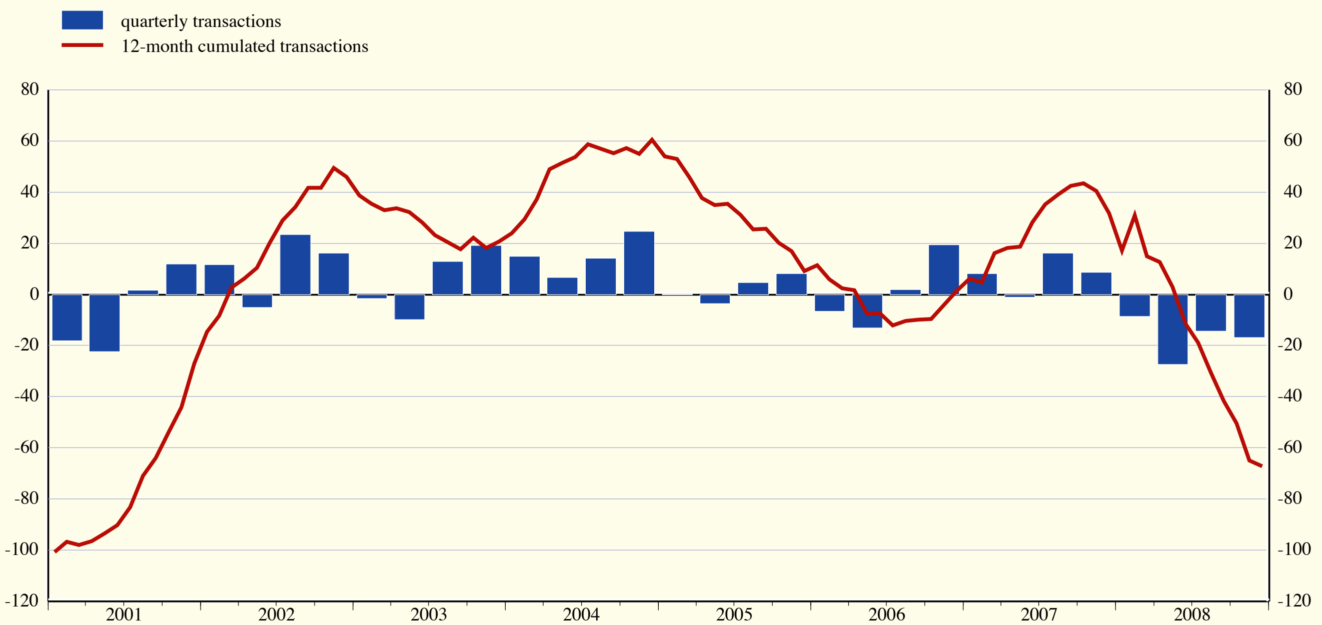
7.1 Summary balance of payments [1]

(EUR billions; net transactions)

	Current account					Capital account	Net lending/ borrowing to/from rest of the world (columns 1+6)	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers			Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2006	1.4	14.2	44.6	21.5	-78.9	9.3	10.6	141.6	-152.4	292.7	2.9	-0.6	-0.9	-152.3
2007	31.7	52.8	53.8	9.4	-84.3	14.0	45.7	33.0	-88.5	135.6	-53.8	44.8	-5.1	-78.8
2008	-67.3	-4.2	51.2	-22.0	-92.3	13.7	-53.6	212.6	-281.4	409.2	-12.3	102.1	-4.9	-159.1
2007 Q4	8.7	8.8	11.4	8.9	-20.5	5.3	13.9	-73.1	25.7	-74.1	-19.1	-10.2	4.7	59.1
2008 Q1	-8.5	-1.3	12.1	7.8	-27.1	6.2	-2.3	0.5	-105.4	73.6	-21.2	58.5	-5.1	1.9
Q2	-27.5	6.3	14.3	-30.9	-17.3	3.2	-24.3	89.2	-51.5	42.9	-8.7	106.5	0.0	-64.9
Q3	-14.4	-8.0	15.4	1.9	-23.6	1.9	-12.5	36.9	-42.4	110.5	-8.5	-24.2	1.6	-24.4
Q4	-16.8	-1.2	9.4	-0.8	-24.3	2.4	-14.4	86.0	-82.1	182.2	26.2	-38.8	-1.5	-71.6
2008 Jan.	-15.1	-8.0	3.6	0.0	-10.7	2.6	-12.5	8.1	-64.2	58.7	-27.0	47.0	-6.4	4.4
Feb.	10.9	5.9	4.6	4.8	-4.4	2.4	13.3	-21.8	-18.5	0.7	2.5	-11.1	4.5	8.5
Mar.	-4.3	0.8	4.0	3.0	-12.1	1.2	-3.1	14.2	-22.7	14.2	3.3	22.5	-3.2	-11.0
Apr.	-5.4	6.0	3.7	-7.1	-8.0	0.7	-4.6	28.1	-23.8	-13.9	-2.9	72.0	-3.3	-23.4
May	-22.9	-1.5	4.4	-20.3	-5.4	1.9	-21.0	43.7	-8.4	13.0	-10.4	46.7	2.7	-22.7
June	0.7	1.9	6.1	-3.4	-3.9	0.6	1.3	17.5	-19.3	43.8	4.6	-12.2	0.5	-18.8
July	0.2	1.5	5.5	1.1	-7.9	0.9	1.1	31.7	-12.1	25.8	0.1	20.2	-2.3	-32.8
Aug.	-10.0	-7.6	4.9	0.2	-7.6	0.5	-9.5	-7.5	-8.9	11.5	-8.6	-3.8	2.3	17.0
Sep.	-4.6	-2.0	5.0	0.6	-8.1	0.5	-4.1	12.8	-21.4	73.2	0.0	-40.6	1.6	-8.7
Oct.	-4.8	2.6	3.6	0.0	-11.1	0.0	-4.8	73.7	-13.8	120.5	25.5	-49.8	-8.6	-68.9
Nov.	-12.7	-4.4	2.5	-1.4	-9.3	1.5	-11.2	5.4	-52.4	50.5	-1.8	9.7	-0.7	5.8
Dec.	0.7	0.6	3.4	0.6	-3.8	0.9	1.6	6.9	-15.9	11.1	2.5	1.4	7.8	-8.5
2009 Jan.	-18.2	-9.1	2.6	-2.0	-9.8	0.5	-17.7	54.2	-19.5	-3.3	5.9	65.7	5.4	-36.4
	12-month cumulated transactions													
2009 Jan.	-70.4	-5.2	50.2	-23.9	-91.4	11.6	-58.8	258.7	-236.7	347.1	20.6	120.8	6.9	-199.9

C31 B.o.p. current account balance

(EUR billions)



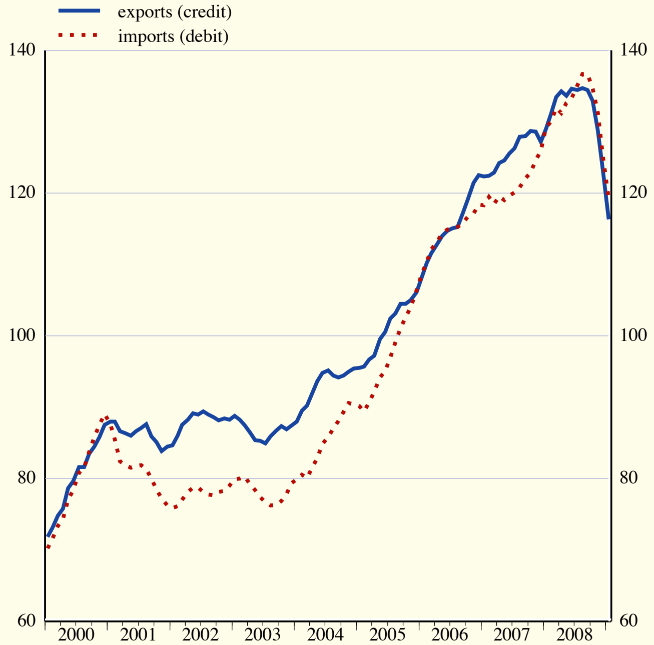
Source: ECB.
1) The sign convention is explained in the general notes.

7.2 Current and capital accounts
(EUR billions; transactions)

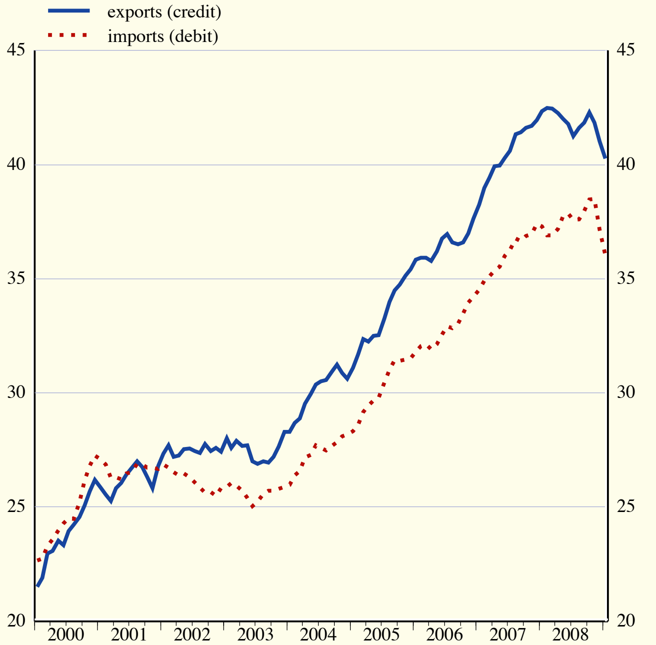
1. Summary current and capital accounts

	Current account													Capital account	
	Total			Goods		Services		Income		Current transfers					
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit		Debit		Credit	Debit
											Workers remit-tances		Workers remit-tances		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2006	2,429.0	2,427.6	1.4	1,396.6	1,382.4	440.2	395.6	502.4	480.8	89.8	5.4	168.8	17.3	23.9	14.6
2007	2,692.0	2,660.3	31.7	1,511.4	1,458.6	489.9	436.0	600.7	591.3	90.0	6.4	174.3	20.4	26.0	12.0
2008	2,778.4	2,845.6	-67.3	1,583.0	1,587.2	502.0	450.8	604.9	627.0	88.5	-	180.8	-	26.6	12.9
2007 Q4	704.6	696.0	8.7	395.3	386.5	126.6	115.3	155.7	146.7	27.0	1.6	47.4	5.6	8.8	3.5
2008 Q1	687.0	695.5	-8.5	390.4	391.7	116.4	104.2	153.5	145.8	26.7	1.6	53.9	5.1	9.0	2.8
Q2	712.4	739.9	-27.5	407.7	401.3	125.5	111.2	156.9	187.8	22.2	1.5	39.5	5.2	7.3	4.1
Q3	701.6	716.0	-14.4	402.5	410.5	136.1	120.7	149.2	147.3	13.9	1.8	37.5	5.3	4.9	3.0
Q4	677.4	694.2	-16.8	382.5	383.6	124.0	114.6	145.3	146.1	25.6	-	49.9	-	5.4	3.0
2008 Nov.	214.7	227.4	-12.7	123.3	127.7	38.5	36.0	47.8	49.2	5.1	.	14.5	.	2.2	0.7
Dec.	221.8	221.2	0.7	115.1	114.5	41.5	38.1	49.5	48.9	15.8	.	19.6	.	2.4	1.4
2009 Jan.	180.0	198.2	-18.2	99.5	108.6	35.1	32.5	39.7	41.7	5.7	.	15.5	.	1.7	1.2
	Seasonally adjusted														
2007 Q4	683.1	688.6	-5.5	381.7	377.8	125.8	112.2	153.0	154.4	22.5	.	44.2	.	.	.
2008 Q1	706.4	715.3	-8.8	400.4	395.8	127.4	110.7	157.2	159.7	21.5	.	49.1	.	.	.
Q2	705.1	714.0	-8.9	403.8	399.8	125.3	113.6	152.3	156.1	23.6	.	44.4	.	.	.
Q3	700.0	721.0	-21.0	403.5	410.1	125.5	113.9	152.8	157.1	18.3	.	39.8	.	.	.
Q4	657.3	687.3	-29.9	369.5	375.3	123.1	111.5	143.4	153.7	21.3	.	46.8	.	.	.
2008 Aug.	234.1	242.7	-8.7	134.3	138.2	42.9	38.1	51.3	53.5	5.6	.	12.9	.	.	.
Sep.	232.1	239.6	-7.5	132.9	134.9	42.1	39.0	50.4	52.2	6.6	.	13.4	.	.	.
Oct.	229.2	235.8	-6.6	131.5	130.9	41.9	38.3	49.4	51.5	6.4	.	15.0	.	.	.
Nov.	220.7	236.5	-15.7	122.0	128.2	41.5	38.1	50.9	54.8	6.3	.	15.3	.	.	.
Dec.	207.4	215.0	-7.6	116.0	116.1	39.8	35.0	43.1	47.4	8.5	.	16.5	.	.	.
2009 Jan.	199.6	212.2	-12.7	111.0	113.3	39.6	35.0	43.6	47.8	5.3	.	16.1	.	.	.

C32 B.o.p. goods
(EUR billions, seasonally adjusted; three-month moving average)



C33 B.o.p. services
(EUR billions, seasonally adjusted; three-month moving average)



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
2005	16.8	9.4	369.6	376.9	146.1	39.9	106.7	-13.1	16.0	16.8	31.5	70.2	82.4	80.9	93.7	102.2
2006	17.5	9.9	484.9	471.0	184.0	43.7	108.9	34.8	20.5	20.1	39.6	99.6	103.6	90.9	137.2	151.5
2007	18.2	10.4	582.6	580.9	209.0	80.4	128.2	35.0	25.9	23.4	45.5	116.5	118.7	114.4	183.5	198.4
2007 Q3	4.5	3.2	144.1	138.2	49.2	23.8	29.0	14.6	6.1	5.5	11.0	24.1	30.1	28.5	47.7	51.1
Q4	4.8	2.7	150.9	144.0	52.5	16.2	30.9	5.4	7.3	6.4	9.2	20.7	32.0	32.4	49.9	53.6
2008 Q1	4.8	2.0	148.8	143.8	53.3	25.7	30.2	14.3	6.8	6.1	9.6	21.0	31.4	33.4	47.8	53.2
Q2	4.5	2.6	152.4	185.2	54.3	16.4	35.7	6.3	7.4	6.7	14.3	58.1	29.8	31.6	46.6	53.0
Q3	4.5	3.1	144.7	144.2	50.3	22.1	31.0	14.9	6.9	5.8	10.1	23.8	31.4	31.4	46.0	52.2

3. Geographical breakdown
(cumulated transactions)

2007 Q4 to 2008 Q3	Total	European Union 27 (outside the euro area)						Brazil	Canada	China	India	Japan	Russia	Switzer-land	United States	Other
		Total	Den-mark	Sweden	United Kingdom	Other EU countries	EU insti-tutions									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Credits															
Current account	2,805.6	1,040.1	60.9	87.3	538.9	294.2	58.9	40.5	38.3	85.9	33.0	56.6	101.9	185.4	411.5	812.5
Goods	1,595.8	569.5	37.0	56.6	242.5	233.4	0.0	21.9	18.7	65.8	24.9	33.7	78.5	90.8	195.3	496.6
Services	504.6	176.7	12.4	13.6	116.0	29.2	5.6	6.9	6.8	15.3	6.1	10.9	13.8	49.1	80.8	138.4
Income	615.3	228.6	10.7	15.6	167.1	28.4	6.8	11.5	12.0	4.5	1.9	11.7	9.3	39.3	128.9	167.7
Investment income	596.8	221.6	10.6	15.4	164.9	27.6	3.0	11.4	11.9	4.4	1.9	11.6	9.2	32.5	127.4	164.8
Current transfers	89.8	65.3	0.8	1.5	13.3	3.3	46.5	0.2	0.8	0.3	0.1	0.4	0.3	6.3	6.5	9.7
Capital account	30.0	26.3	0.0	0.1	0.8	0.2	25.2	0.0	0.0	0.0	0.0	0.0	0.0	0.4	1.7	1.4
	Debits															
Current account	2,847.4	928.7	48.5	85.6	461.1	231.3	102.2	-	30.5	-	-	101.7	-	178.0	374.6	-
Goods	1,590.0	448.2	29.9	53.0	181.1	184.2	0.0	27.7	13.8	175.2	20.5	56.5	115.3	78.5	142.1	512.2
Services	451.4	138.9	9.2	10.7	88.2	30.6	0.2	5.2	6.8	10.8	4.5	7.9	9.7	38.2	91.0	138.4
Income	627.6	230.1	8.5	20.6	180.1	11.8	9.0	-	8.1	-	-	36.8	-	55.5	135.9	-
Investment income	617.2	223.9	8.4	20.5	178.7	7.3	9.0	-	8.0	-	-	36.7	-	55.0	135.0	-
Current transfers	178.3	111.5	0.8	1.4	11.7	4.7	93.0	1.4	1.9	2.3	0.7	0.5	0.6	5.7	5.6	48.1
Capital account	13.5	2.5	0.0	0.1	1.2	0.3	0.8	0.2	1.1	0.1	0.2	0.1	0.1	0.6	1.3	7.4
	Net															
Current account	-41.8	111.4	12.4	1.6	77.9	62.8	-43.3	-	7.7	-	-	-45.1	-	7.5	36.9	-
Goods	5.9	121.3	7.1	3.6	61.5	49.2	0.0	-5.9	5.0	-109.3	4.4	-22.8	-36.7	12.3	53.1	-15.5
Services	53.2	37.8	3.2	2.9	27.8	-1.5	5.4	1.7	0.0	4.5	1.6	3.0	4.1	10.9	-10.2	0.0
Income	-12.3	-1.5	2.2	-5.0	-13.0	16.6	-2.3	-	3.8	-	-	-25.2	-	-16.2	-6.9	-
Investment income	-20.4	-2.3	2.2	-5.1	-13.7	20.3	-6.1	-	3.9	-	-	-25.1	-	-22.5	-7.5	-
Current transfers	-88.5	-46.2	0.0	0.1	1.6	-1.4	-46.5	-1.2	-1.1	-2.0	-0.6	-0.1	-0.3	0.5	0.9	-38.4
Capital account	16.5	23.8	0.0	0.0	-0.4	-0.1	24.3	-0.1	-1.0	-0.1	-0.2	-0.1	0.0	-0.2	0.4	-6.0

Source: ECB.

7.3 Financial account

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

1. Summary financial account

	Total [1]			Total as a % of GDP			Direct investment		Portfolio investment		Net financial derivatives	Other investment		Reserve assets
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts (international investment position)													
2004	8,602.5	9,518.4	-915.9	109.5	121.2	-11.7	2,268.7	2,235.4	3,045.0	4,080.2	-37.4	3,045.2	3,202.9	281.0
2005	10,785.2	11,605.3	-820.2	132.3	142.4	-10.1	2,790.8	2,444.3	3,887.5	5,109.1	-21.4	3,805.8	4,052.0	322.5
2006	12,258.8	13,306.1	-1,047.3	143.3	155.5	-12.2	3,131.7	2,728.7	4,371.5	5,866.5	-20.8	4,448.7	4,711.0	327.7
2007	13,750.6	14,915.4	-1,164.9	152.9	165.9	-13.0	3,526.1	3,091.6	4,653.8	6,340.0	-10.2	5,233.5	5,483.9	347.4
2008 Q2	13,672.9	14,835.8	-1,162.9	148.9	161.6	-12.7	3,636.2	3,097.5	4,432.8	6,044.0	-4.2	5,254.2	5,694.2	353.9
Q3	13,947.9	15,148.1	-1,200.1	150.8	163.8	-13.0	3,749.2	3,135.3	4,301.4	6,066.6	24.7	5,501.7	5,946.1	370.9
	Changes to outstanding amounts													
2004	740.8	888.6	-147.8	9.4	11.3	-1.9	99.2	151.2	389.4	494.0	-17.3	295.4	243.4	-25.7
2005	2,182.7	2,086.9	95.7	26.8	25.6	1.2	522.1	209.0	842.5	1,028.9	16.0	760.6	849.1	41.5
2006	1,473.6	1,700.8	-227.1	17.2	19.9	-2.7	340.9	284.3	484.0	757.4	0.6	642.9	659.0	5.2
2007	1,491.8	1,609.3	-117.5	16.6	17.9	-1.3	394.4	362.9	282.3	473.5	10.6	784.7	772.9	19.7
2008 Q2	-32.2	-10.6	-21.6	-1.4	-0.5	-0.9	40.4	15.5	80.3	-35.7	-12.3	-138.1	9.5	-2.5
Q3	275.0	312.3	-37.2	12.0	13.6	-1.6	113.1	37.8	-131.4	22.5	28.9	247.5	252.0	17.0
	Transactions													
2005	1,329.2	1,339.4	-10.2	16.3	16.4	-0.1	358.4	152.4	416.2	543.3	17.3	554.9	643.7	-17.7
2006	1,681.8	1,823.4	-141.6	19.7	21.3	-1.7	412.1	259.7	531.9	824.5	-2.9	739.8	739.2	0.9
2007	1,868.6	1,901.7	-33.0	20.8	21.1	-0.4	454.3	365.8	442.0	577.6	53.8	913.4	958.3	5.1
2008	345.6	558.3	-212.6	3.7	6.0	-2.3	332.4	51.0	-33.6	375.6	12.3	29.7	131.7	4.9
2008 Q2	75.3	164.5	-89.2	3.2	7.0	-3.8	40.3	-11.2	129.8	172.7	8.7	-103.5	3.0	0.0
Q3	123.4	160.4	-36.9	5.4	7.0	-1.6	78.2	35.8	-64.2	46.3	8.5	102.5	78.3	-1.6
Q4	-385.3	-299.3	-86.0	-16.3	-12.6	-3.6	63.5	-18.6	-168.9	13.3	-26.2	-255.2	-294.0	1.5
2008 Sep.	45.2	57.9	-12.8	.	.	.	37.3	15.8	-88.1	-14.9	0.0	97.6	57.0	-1.6
Oct.	-89.4	-15.7	-73.7	.	.	.	15.8	2.0	-130.9	-10.4	-25.5	42.5	-7.3	8.6
Nov.	-53.1	-47.8	-5.4	.	.	.	36.1	-16.2	-1.3	49.3	1.8	-90.4	-80.8	0.7
Dec.	-242.8	-235.8	-6.9	.	.	.	11.6	-4.3	-36.7	-25.6	-2.5	-207.3	-205.9	-7.8
2009 Jan.	-12.9	41.2	-54.2	.	.	.	31.1	11.6	19.5	16.1	-5.9	-52.2	13.5	-5.4
	Other changes													
2004	-76.9	97.0	-173.9	-1.0	1.2	-2.2	-69.8	61.8	43.6	76.2	-25.8	-11.7	-41.0	-13.3
2005	853.5	747.5	105.9	10.5	9.2	1.3	163.7	56.5	426.3	485.6	-1.4	205.7	205.4	59.2
2006	-208.2	-122.7	-85.5	-2.4	-1.4	-1.0	-71.2	24.6	-47.9	-67.1	3.4	-96.9	-80.2	4.3
2007	-376.9	-292.3	-84.5	-4.2	-3.3	-0.9	-59.9	-2.9	-159.6	-104.1	-43.2	-128.7	-185.3	14.6
	Other changes due to exchange rate changes													
2004	-168.8	-96.4	-72.4	-2.1	-1.2	-0.9	-36.0	7.4	-62.3	-50.2	.	-61.2	-53.5	-9.4
2005	369.3	214.4	154.9	4.5	2.6	1.9	86.9	-18.2	136.8	118.1	.	126.9	114.5	18.7
2006	-321.6	-207.9	-113.8	-3.8	-2.4	-1.3	-70.7	11.7	-131.1	-118.0	.	-104.6	-101.5	-15.3
2007	-501.5	-244.1	-257.4	-5.6	-2.7	-2.9	-109.9	27.1	-194.5	-124.1	.	-182.2	-147.1	-14.9
	Other changes due to price changes													
2004	102.1	218.6	-116.5	1.3	2.8	-1.5	30.7	25.0	100.3	193.6	-25.8	.	.	-3.1
2005	288.1	327.5	-39.4	3.5	4.0	-0.5	60.7	48.6	186.6	278.9	-1.4	.	.	42.1
2006	296.5	309.6	-13.0	3.5	3.6	-0.2	61.1	39.4	215.6	270.1	3.4	.	.	16.3
2007	169.8	-63.9	233.7	1.9	-0.7	2.6	29.6	12.3	151.7	-76.2	-43.2	.	.	31.6
	Other changes due to other adjustments													
2004	-10.3	-25.2	15.0	-0.1	-0.3	0.2	-64.5	29.4	5.6	-67.2	.	49.5	12.5	-0.8
2005	195.5	205.6	-10.2	2.4	2.5	-0.1	16.0	26.1	102.9	88.6	.	78.8	90.9	-2.2
2006	-182.7	-224.4	41.7	-2.1	-2.6	0.5	-61.7	-26.5	-132.5	-219.2	.	7.8	21.4	3.7
2007	-44.9	15.7	-60.6	-0.5	0.2	-0.7	20.3	-42.3	-116.8	96.2	.	53.5	-38.2	-1.9
	Growth rates of outstanding amounts													
2004	10.3	9.1	-	.	.	.	7.8	4.2	12.8	11.5	.	11.1	9.5	-4.1
2005	14.9	13.7	-	.	.	.	15.2	6.8	13.1	12.8	.	17.6	19.5	-5.8
2006	15.7	15.8	-	.	.	.	14.9	10.6	13.9	16.3	.	19.5	18.3	0.2
2007	15.3	14.2	-	.	.	.	14.5	13.4	10.1	9.8	.	20.6	20.4	1.6
2008 Q2	9.9	10.0	-	.	.	.	12.1	8.2	7.6	7.0	.	9.9	14.8	1.4
Q3	7.8	7.5	-	.	.	.	10.9	6.6	5.2	6.4	.	7.4	9.5	-0.4
Q4	2.5	3.8	.	.	.	.	9.5	1.6	-1.0	6.2	.	0.6	2.5	1.4

Source: ECB.

1) Net financial derivatives are included in assets.

7.3 Financial account

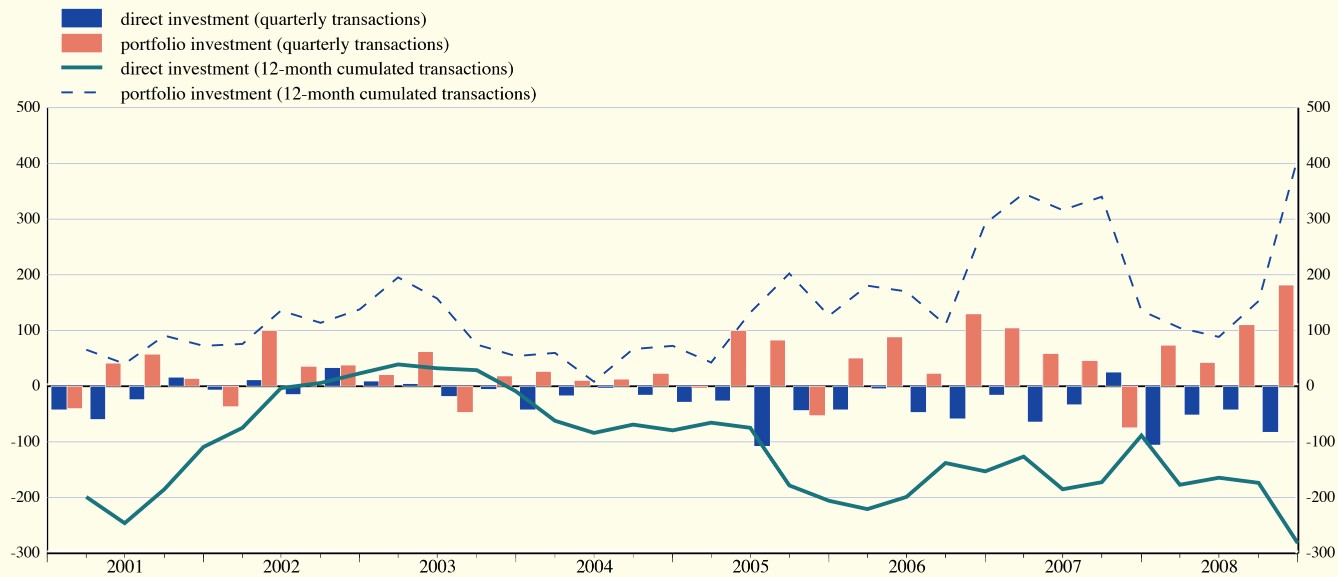
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

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)													
2006	3,131.7	2,540.4	217.4	2,323.0	591.3	2.2	589.1	2,728.7	2,091.9	65.5	2,026.4	636.8	9.7	627.1
2007	3,526.1	2,844.3	246.4	2,597.9	681.9	6.3	675.6	3,091.6	2,343.9	69.1	2,274.8	747.7	14.9	732.8
2008 Q2	3,636.2	2,894.2	256.6	2,637.6	742.0	6.5	735.5	3,097.5	2,340.0	64.0	2,276.0	757.6	19.1	738.5
Q3	3,749.2	2,984.5	257.9	2,726.7	764.7	6.7	758.1	3,135.3	2,354.9	65.4	2,289.5	780.4	18.2	762.2
	Transactions													
2007	454.3	353.5	28.2	325.3	100.8	-0.6	101.5	365.8	251.3	4.6	246.7	114.5	1.4	113.1
2008	332.4	224.6	21.4	203.2	107.8	-0.2	108.0	51.0	54.5	-1.3	55.8	-3.5	2.0	-5.5
2008 Q2	40.3	15.1	8.8	6.2	25.2	-1.9	27.1	-11.2	-8.1	-2.3	-5.8	-3.2	1.0	-4.2
Q3	78.2	59.7	-5.7	65.4	18.5	-0.4	18.9	35.8	21.3	0.7	20.6	14.5	0.5	14.0
Q4	63.5	36.4	8.5	27.9	27.1	-0.3	27.4	-18.6	2.7	0.3	2.4	-21.3	0.4	-21.7
2008 Sep.	37.3	21.0	4.9	16.1	16.3	-0.6	16.9	15.8	10.5	0.2	10.3	5.3	0.2	5.1
Oct.	15.8	13.6	3.0	10.6	2.2	0.0	2.2	2.0	3.7	-0.7	4.5	-1.8	0.2	-2.0
Nov.	36.1	16.3	3.1	13.2	19.8	0.2	19.6	-16.2	-5.4	0.5	-5.9	-10.8	0.2	-11.0
Dec.	11.6	6.5	2.4	4.1	5.1	-0.5	5.6	-4.3	4.4	0.6	3.8	-8.8	0.0	-8.7
2009 Jan.	31.1	23.1	4.3	18.8	8.0	-0.5	8.5	11.6	6.7	0.6	6.1	5.0	0.2	4.8
	Growth rates													
2006	14.9	14.4	22.2	13.7	17.0	-2.8	17.1	10.6	12.2	9.5	12.3	5.8	-1.0	5.9
2007	14.5	14.0	12.7	14.1	17.0	-90.3	17.3	13.4	12.0	7.4	12.2	18.0	8.7	18.2
2008 Q2	12.1	10.9	13.8	10.7	17.0	5.5	17.1	8.2	7.0	1.5	7.2	12.2	16.9	12.1
Q3	10.9	9.7	3.4	10.4	15.5	7.8	15.5	6.6	5.4	0.2	5.6	10.5	16.9	10.4
Q4	9.5	8.0	8.8	7.9	15.8	-4.1	16.0	1.6	2.3	-2.0	2.5	-0.4	13.0	-0.7

C34 B.o.p. net direct and portfolio investment

(EUR billions)



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)															
2006	4,371.5	1,936.2	127.8	2.8	1,808.4	37.0	2,056.0	875.0	13.0	1,181.0	14.1	379.3	311.6	11.1	67.7	0.2
2007	4,653.8	1,984.7	145.2	2.4	1,839.5	44.6	2,231.5	937.4	15.5	1,294.0	16.9	437.7	350.6	33.9	87.1	0.5
2008 Q2	4,432.8	1,689.7	94.9	2.7	1,594.8	40.1	2,242.5	962.5	19.4	1,280.0	18.4	500.6	411.4	57.3	89.2	0.8
Q3	4,301.4	1,525.3	93.9	2.7	1,431.3	39.0	2,274.5	981.5	18.2	1,293.0	19.4	501.6	401.8	59.1	99.8	0.7
	Transactions															
2007	442.0	81.1	36.2	-0.4	44.9	5.4	283.4	154.1	3.8	129.3	2.2	77.4	68.5	25.0	8.9	0.3
2008	-33.6	-130.5	-65.2	0.6	-65.3	-	93.9	39.0	10.6	54.9	-	2.9	22.6	23.8	-19.7	-
2008 Q2	129.8	31.3	-5.5	0.1	36.8	0.8	92.2	36.8	8.2	55.3	1.5	6.3	16.1	18.8	-9.8	0.1
Q3	-64.2	-50.9	-4.4	0.1	-46.5	0.6	16.7	-2.5	-1.2	19.2	1.1	-29.9	-33.4	-1.4	3.5	-0.2
Q4	-168.9	-66.6	-14.3	0.4	-52.3	-	-54.6	-25.6	-0.5	-29.0	-	-47.6	-18.9	-0.3	-28.7	-
2008 Sep.	-88.1	-30.8	-9.1	0.0	-21.7	.	-2.9	-7.4	-1.0	4.5	.	-54.4	-51.8	-0.4	-2.5	.
Oct.	-130.9	-48.9	-11.6	0.0	-37.3	.	-30.9	-13.1	-0.2	-17.8	.	-51.0	-30.5	0.0	-20.6	.
Nov.	-1.3	-2.6	2.5	0.3	-5.2	.	-2.0	-2.5	-0.1	0.5	.	3.4	3.2	-0.3	0.2	.
Dec.	-36.7	-15.0	-5.3	0.1	-9.8	.	-21.7	-10.0	-0.2	-11.7	.	0.0	8.4	0.0	-8.4	.
2009 Jan.	19.5	8.0	-0.3	0.0	8.2	.	9.7	3.9	-0.7	5.7	.	1.8	-0.5	1.0	2.3	.
	Growth rates															
2006	13.9	9.0	17.5	0.9	8.4	22.1	17.3	24.1	15.8	12.9	9.4	21.4	22.2	220.7	20.5	-27.3
2007	10.1	4.1	29.2	-13.1	2.4	14.0	13.8	17.9	30.1	10.8	15.6	20.7	22.5	225.0	12.9	173.4
2008 Q2	7.6	1.5	-27.2	0.6	3.7	8.0	10.5	11.5	81.9	9.8	19.7	20.6	28.9	203.5	-10.2	-93.6
Q3	5.2	-2.4	-25.6	6.6	-0.7	4.5	9.8	10.4	61.6	9.4	21.6	16.2	21.9	135.5	-6.4	-94.8
Q4	-1.0	-7.6	-44.6	26.3	-4.4	-	4.3	4.1	48.7	4.4	-	0.8	6.5	91.1	-22.2	-

4. Portfolio investment liabilities

	Total	Equity			Debt instruments							
					Bonds and notes				Money market instruments			
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	MFIs	Non-MFIs	
								General government				General government
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts (international investment position)											
2006	5,866.5	2,910.8	657.6	2,253.2	2,656.9	953.8	1,705.5	1,019.2	298.8	125.7	173.2	138.0
2007	6,340.0	3,103.1	754.7	2,348.3	2,917.3	1,128.0	1,789.3	1,113.4	319.6	153.4	166.1	142.5
2008 Q2	6,044.0	2,661.9	738.0	1,923.9	3,016.3	1,094.1	1,922.2	1,166.1	365.9	171.4	194.5	171.0
Q3	6,066.6	2,383.9	741.5	1,642.4	3,227.1	1,172.0	2,055.0	1,265.3	455.6	177.6	278.1	229.9
	Transactions											
2007	577.6	96.1	76.1	19.6	445.6	232.5	213.1	152.0	35.9	37.7	-1.8	3.2
2008	375.6	-65.7	76.2	-141.8	280.9	57.2	223.6	-	160.4	-44.3	204.7	-
2008 Q2	172.7	-17.9	17.0	-34.9	169.8	68.0	101.7	43.9	20.9	2.2	18.6	10.7
Q3	46.3	-92.6	-18.4	-74.3	69.8	11.9	57.9	56.5	69.1	-4.3	73.4	53.0
Q4	13.3	-1.0	4.4	-5.4	-38.3	-45.7	7.4	-	52.6	-46.2	98.8	-
2008 Sep.	-14.9	-88.7	.	.	29.2	.	.	.	44.6	.	.	.
Oct.	-10.4	-42.7	.	.	-22.9	.	.	.	55.2	.	.	.
Nov.	49.3	33.4	.	.	19.6	.	.	.	-3.8	.	.	.
Dec.	-25.6	8.3	.	.	-35.0	.	.	.	1.1	.	.	.
2009 Jan.	16.1	-43.8	.	.	30.5	.	.	.	29.4	.	.	.
	Growth rates											
2006	16.3	12.2	17.3	10.7	23.1	26.0	21.4	15.1	0.9	18.8	-9.7	-12.1
2007	9.8	3.3	11.3	0.9	16.8	24.6	12.5	15.0	11.8	30.5	0.3	3.8
2008 Q2	7.0	0.1	11.4	-3.5	14.1	16.1	12.9	16.2	7.5	21.0	0.2	2.7
Q3	6.4	-3.6	5.0	-6.6	14.1	12.5	15.0	18.1	24.8	17.6	33.2	27.9
Q4	6.2	-2.7	10.1	-6.9	9.8	5.2	12.6	-	48.0	-25.1	122.4	-

Source: ECB.

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

5. Other investment assets

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other assets	Total	Loans/ currency and deposits	Other assets		Trade credits	Loans/currency and deposits	Currency and deposits		Trade credits	Loans/currency and deposits	Currency and deposits
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2006	4,448.7	14.1	12.7	1.4	2,937.6	2,874.9	62.8	120.0	14.2	58.2	15.4	1,377.1	187.9	1,062.1	395.6
2007	5,233.5	39.1	37.7	1.4	3,342.5	3,271.4	71.1	107.1	12.7	48.1	13.5	1,744.8	191.1	1,387.7	441.7
2008 Q2	5,254.2	34.9	34.0	0.9	3,354.6	3,278.4	76.2	106.0	12.4	47.7	16.9	1,758.6	200.4	1,355.3	381.9
Q3	5,501.7	34.2	33.2	1.0	3,554.1	3,478.3	75.8	100.1	12.3	39.4	8.7	1,813.3	202.1	1,387.9	384.1
	Transactions														
2007	913.4	22.0	22.0	0.0	550.4	543.2	7.2	-7.6	-1.4	-7.1	-2.0	348.7	13.4	293.4	37.5
2008	29.7	-9.7	-	-	-36.0	-	-	-6.4	-	-	-5.9	81.8	-	-	-47.1
2008 Q2	-103.5	-9.3	-9.3	0.0	-102.5	-103.4	1.0	6.2	-0.4	5.9	5.6	2.1	10.7	-21.1	-48.2
Q3	102.5	-1.9	-1.9	0.0	81.4	81.4	0.0	-8.0	-0.1	-8.8	-8.3	31.0	4.4	6.8	-2.5
Q4	-255.2	-7.6	-	-	-232.7	-	-	0.3	-	-	-2.0	-15.2	-	-	-5.4
2008 Sep.	97.6	-0.2	.	.	72.2	.	.	1.9	.	.	1.1	23.8	.	.	3.5
Oct.	42.5	-5.9	.	.	26.7	.	.	0.3	.	.	-2.8	21.4	.	.	14.9
Nov.	-90.4	1.5	.	.	-89.6	.	.	7.3	.	.	8.1	-9.6	.	.	0.5
Dec.	-207.3	-3.2	.	.	-169.8	.	.	-7.3	.	.	-7.2	-27.0	.	.	-20.8
2009 Jan.	-52.2	-2.4	.	.	-51.3	.	.	13.4	.	.	11.3	-11.9	.	.	-5.8
	Growth rates														
2006	19.5	-37.6	-40.0	1.6	21.1	21.4	10.6	-5.5	-26.1	-4.4	24.4	20.1	3.4	24.6	8.6
2007	20.6	157.3	173.8	-1.7	18.8	19.0	11.3	-6.4	-9.8	-12.4	-13.1	25.2	7.3	27.4	9.5
2008 Q2	9.9	25.4	26.9	-1.1	7.5	7.5	6.3	-12.1	-9.9	-23.0	-34.1	16.3	12.2	15.8	-10.1
Q3	7.4	2.0	2.3	0.3	7.6	7.6	10.4	-5.2	-8.9	-13.6	-31.3	7.9	13.8	3.6	-12.3
Q4	0.6	-28.2	-	-	-1.1	-	-	-6.0	-	-	-46.3	4.7	-	-	-10.7

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)														
2006	4,711.0	116.3	116.1	0.2	3,484.8	3,430.4	54.5	51.6	0.0	47.5	4.1	1,058.2	146.8	819.6	91.7
2007	5,483.9	201.7	201.4	0.2	3,938.7	3,871.7	67.0	51.8	0.0	46.6	5.2	1,291.7	158.4	1,024.1	109.3
2008 Q2	5,694.2	258.5	258.3	0.3	4,079.0	4,010.1	68.8	49.9	0.0	46.3	3.6	1,306.8	169.7	1,032.7	104.4
Q3	5,946.1	371.8	371.4	0.3	4,195.9	4,126.5	69.4	52.6	0.0	48.6	4.0	1,325.9	171.5	1,042.3	112.1
	Transactions														
2007	958.3	91.4	91.4	0.0	634.7	629.9	4.8	-1.2	0.0	-2.1	0.8	233.5	9.8	227.6	-3.9
2008	131.7	280.1	-	-	-194.8	-	-	8.8	-	-	-	37.6	-	-	-
2008 Q2	3.0	42.0	42.1	-0.1	-25.5	-23.4	-2.1	-1.0	0.0	-1.5	0.4	-12.5	6.1	-11.7	-6.9
Q3	78.3	107.8	107.7	0.1	-27.4	-30.4	3.0	2.0	0.0	2.0	0.1	-4.2	1.3	-8.2	2.8
Q4	-294.0	110.7	-	-	-425.6	-	-	8.9	-	-	-	12.0	-	-	-
2008 Sep.	57.0	107.1	.	.	-47.0	.	.	1.9	.	.	.	-5.1	.	.	.
Oct.	-7.3	130.9	.	.	-179.5	.	.	6.8	.	.	.	34.5	.	.	.
Nov.	-80.8	-31.5	.	.	-56.8	.	.	2.7	.	.	.	4.9	.	.	.
Dec.	-205.9	11.4	.	.	-189.3	.	.	-0.6	.	.	.	-27.4	.	.	.
2009 Jan.	13.5	-59.2	.	.	101.0	.	.	2.1	.	.	.	-30.4	.	.	.
	Growth rates														
2006	18.3	22.4	22.4	5.7	16.1	16.2	13.3	3.7	-24.1	4.3	-3.2	26.9	9.7	31.6	17.5
2007	20.4	79.2	79.4	-6.9	18.3	18.5	8.8	-2.3	29.1	-4.2	16.4	21.6	6.7	27.8	-2.3
2008 Q2	14.8	72.5	72.7	-6.3	11.7	11.9	3.1	-9.3	26.4	-7.2	-30.3	18.5	10.3	23.7	-8.8
Q3	9.5	126.0	126.2	10.3	7.2	7.2	5.9	-10.8	59.7	-8.0	-36.0	2.5	9.4	2.7	-7.6
Q4	2.5	141.0	-	-	-4.9	-	-	16.7	-	-	-	2.9	-	-	-

Source: ECB.

7.3 Financial account

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

7. Reserve assets

	Reserve assets														Memo: Assets	Memo: Liabilities
	Total	Monetary gold: In EUR billions	Monetary gold: In fine troy ounces (millions)	Special drawing rights	Reserve position in the IMF	Foreign exchange: Total	Currency and deposits: With monetary authorities and the BIS	Currency and deposits: With banks	Securities: Total	Securities: Equity	Securities: Bonds and notes	Securities: Money market instruments	Financial derivatives	Other claims	Claims on euro area residents in foreign currency	Predetermined short-term net drains in foreign currency
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Outstanding amounts (international investment position)															
2005	320.1	163.4	375.861	4.3	10.6	141.7	12.6	21.4	107.9	0.6	69.4	38.0	-0.2	0.0	25.6	-17.9
2006	325.8	176.3	365.213	4.6	5.2	139.7	6.3	22.5	110.7	0.5	79.3	30.8	0.3	0.0	24.6	-21.5
2007	347.4	201.0	353.688	4.6	3.6	138.2	7.2	22.0	108.5	0.4	87.8	20.3	0.5	0.0	44.1	-38.5
2008 Q1	356.3	208.4	353.060	4.3	3.4	140.1	6.6	26.8	105.9	0.5	89.8	15.6	0.9	0.1	36.7	-37.3
Q2	353.9	207.9	352.314	4.3	4.0	137.7	7.4	24.0	105.6	0.5	89.9	15.2	0.6	0.0	59.4	-59.2
Q3	370.9	216.8	350.634	4.6	4.0	145.4	11.6	18.2	117.8	0.5	100.0	17.2	-2.1	0.0	188.9	-185.3
2008 Dec.	383.9	217.0	349.190	4.7	7.3	154.8	7.6	8.0	129.5	-	-	-	9.7	0.1	253.6	-245.4
2009 Jan.	409.9	251.2	350.157	5.0	7.7	145.9	6.1	6.2	137.0	-	-	-	-3.4	0.1	213.4	-197.4
Feb.	419.7	263.1	349.401	5.0	7.6	144.0	6.7	5.8	135.1	-	-	-	-3.7	0.1	171.2	-153.8
	Transactions															
2006	0.9	-4.2	-	0.5	-5.2	9.8	-6.1	2.4	13.6	0.0	19.3	-5.7	0.0	0.0	-	-
2007	5.1	-3.2	-	0.3	-0.9	8.8	1.0	1.6	6.2	0.0	14.5	-8.3	0.0	0.0	-	-
2008	4.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2008 Q2	0.0	-0.4	-	0.0	0.7	-0.2	0.7	-2.9	2.0	0.0	1.7	0.3	-0.1	-0.1	-	-
Q3	-1.6	-0.3	-	0.1	-0.2	-1.3	4.5	-7.7	1.7	0.0	1.8	-0.1	0.3	0.0	-	-
Q4	1.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Growth rates															
2005	-5.8	-2.8	-	4.4	-44.7	-3.8	-2.0	-23.7	1.6	2.2	6.9	-7.9	20.5	-	-	-
2006	0.2	-2.4	-	11.6	-48.8	7.2	-48.4	10.6	13.1	0.0	28.4	-15.3	-73.2	-	-	-
2007	1.6	-1.7	-	7.3	-18.2	6.3	15.0	6.2	5.7	1.1	18.5	-27.5	-59.1	-	-	-
2008 Q2	1.4	-1.4	-	-2.4	2.7	5.3	27.2	-3.6	6.4	165.8	17.3	-33.7	-47.9	-	-	-
Q3	-0.4	-1.3	-	-1.5	6.1	0.8	51.2	-36.7	6.1	81.6	16.6	-33.3	67.2	-	-	-
Q4	1.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: ECB.

7.3 Financial account
(EUR billions; outstanding amounts at end of period, transactions during period)

8. Geographical breakdown

	Total	European Union 27 (outside the euro area)						Canada	China	Japan	Switzer-land	United States	Offshore financial centres	Internat. organisa-tions	Other countries
		Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2007	Outstanding amounts (international investment position)														
Direct investment	434.6	-97.4	-4.0	-32.9	-277.8	217.6	-0.3	23.7	27.0	-11.0	112.6	-67.4	-37.4	-0.2	484.6
Abroad	3,526.1	1,285.8	37.1	82.5	916.2	249.9	0.0	91.6	30.7	69.1	350.1	684.4	391.6	0.0	622.8
Equity/reinvested earnings	2,844.3	1,012.7	32.3	55.2	710.0	215.2	0.0	67.8	24.1	57.8	292.5	525.9	366.1	0.0	497.4
Other capital	681.9	273.1	4.9	27.3	206.2	34.7	0.0	23.8	6.6	11.4	57.6	158.6	25.5	0.0	125.3
In the euro area	3,091.6	1,383.2	41.2	115.4	1,194.0	32.3	0.3	67.9	3.7	80.1	237.4	751.9	429.0	0.3	138.2
Equity/reinvested earnings	2,343.9	1,127.8	33.6	93.7	988.2	12.1	0.2	56.6	0.9	65.7	181.6	552.6	267.8	0.1	90.8
Other capital	747.7	255.4	7.6	21.7	205.8	20.2	0.1	11.3	2.7	14.4	55.9	199.3	161.2	0.2	47.4
Portfolio investment assets	4,653.8	1,371.3	68.2	139.3	995.5	97.8	70.6	82.5	42.0	241.9	132.4	1,493.5	630.2	26.8	633.3
Equity	1,984.7	415.3	11.4	45.9	335.4	22.1	0.5	20.3	39.5	141.7	115.7	635.1	285.3	1.0	331.0
Debt instruments	2,669.2	956.0	56.8	93.4	660.1	75.6	70.1	62.3	2.5	100.2	16.6	858.4	344.9	25.9	302.4
Bonds and notes	2,231.5	781.0	52.7	78.2	505.6	75.0	69.4	58.6	2.2	63.5	12.9	713.3	303.1	24.8	272.0
Money market instruments	437.7	174.9	4.0	15.1	154.5	0.6	0.7	3.6	0.3	36.7	3.8	145.1	41.8	1.1	30.4
Other investment	-250.4	-163.9	-155.4	-8.8	122.2	43.5	-165.5	-66.0	-45.3	-31.5	-54.9	-71.1	-91.2	-23.8	297.4
Assets	5,233.5	2,571.9	104.5	72.3	2,242.6	141.7	10.8	23.5	35.0	81.3	266.2	840.1	516.8	57.5	841.1
General government	107.1	21.6	0.8	0.1	10.3	1.2	9.2	0.0	1.8	0.2	0.1	3.1	1.4	38.3	40.7
MFIs	3,381.6	1,916.2	86.7	52.1	1,663.5	113.0	0.8	15.0	15.3	45.0	157.5	411.6	353.5	18.7	448.8
Other sectors	1,744.8	634.1	16.9	20.1	568.8	27.5	0.9	8.5	17.9	36.1	108.6	425.4	162.0	0.5	351.6
Liabilities	5,483.9	2,735.8	259.8	81.0	2,120.5	98.1	176.4	89.5	80.3	112.8	321.1	911.2	608.1	81.3	543.7
General government	51.8	28.9	0.0	0.3	2.4	0.0	26.2	0.0	0.0	0.5	0.8	6.3	0.3	11.9	3.0
MFIs	4,140.4	2,142.4	249.6	58.4	1,660.0	72.6	101.9	81.5	62.2	89.0	247.6	525.1	523.7	66.8	402.1
Other sectors	1,291.7	564.5	10.2	22.4	458.0	25.6	48.3	8.0	18.1	23.3	72.7	379.8	84.1	2.6	138.7
2007 Q4 to 2008 Q3	Cumulated transactions														
Direct investment	173.6	47.4	0.7	0.3	26.7	19.6	0.0	0.4	4.4	13.7	34.0	-12.7	34.2	0.0	52.3
Abroad	370.2	77.0	2.9	9.2	38.1	26.8	0.0	5.8	4.1	13.8	44.8	59.0	80.2	0.0	85.4
Equity/reinvested earnings	268.1	52.4	2.1	6.5	28.9	14.9	0.0	4.6	3.8	6.0	34.3	44.8	69.6	0.0	52.6
Other capital	102.0	24.6	0.8	2.7	9.2	11.9	0.0	1.2	0.3	7.8	10.6	14.2	10.6	0.0	32.8
In the euro area	196.5	29.6	2.2	8.8	11.3	7.2	0.0	5.4	-0.2	0.0	10.8	71.7	46.1	0.0	33.1
Equity/reinvested earnings	123.7	33.9	0.6	6.1	26.2	0.9	0.0	3.3	0.1	3.3	5.0	39.5	25.5	0.0	13.2
Other capital	72.8	-4.3	1.6	2.7	-14.8	6.3	0.0	2.1	-0.4	-3.2	5.8	32.3	20.6	0.0	19.9
Portfolio investment assets	234.6	107.4	2.8	7.5	83.7	9.9	3.5	17.8	5.8	17.0	-12.3	34.1	17.2	-1.0	48.5
Equity	-43.8	-17.0	-0.6	-4.3	-14.0	1.6	0.2	6.4	4.5	-26.5	-12.3	-17.3	20.4	-0.1	-2.0
Debt instruments	278.4	124.5	3.4	11.9	97.7	8.3	3.3	11.4	1.3	43.5	0.0	51.3	-3.3	-0.9	50.6
Bonds and notes	209.9	94.0	2.3	4.2	78.8	7.0	1.6	12.4	0.5	11.6	1.2	53.2	-14.0	0.0	50.9
Money market instruments	68.6	30.5	1.1	7.6	18.9	1.2	1.6	-1.0	0.8	31.9	-1.2	-1.9	10.7	-0.9	-0.4
Other investment	-130.6	-169.2	30.9	2.2	-256.7	52.3	2.0	6.7	17.6	4.2	-79.1	-90.0	65.2	18.3	95.7
Assets	382.2	46.3	7.8	7.4	-37.8	62.6	6.2	2.7	8.4	26.9	-56.6	90.4	93.3	7.5	163.3
General government	-5.4	-2.2	-1.3	0.2	-2.0	-0.5	1.4	0.0	-0.1	0.0	0.0	0.1	0.0	0.7	-4.1
MFIs	253.1	8.0	9.0	6.9	-70.6	58.2	4.7	3.3	5.8	29.0	-57.9	93.1	67.0	6.8	98.0
Other sectors	134.6	40.4	0.2	0.3	34.9	5.0	0.1	-0.5	2.7	-2.1	1.3	-2.8	26.3	0.0	69.4
Liabilities	512.8	215.5	-23.1	5.2	218.8	10.3	4.2	-3.9	-9.2	22.7	22.5	180.4	28.1	-10.8	67.6
General government	-6.2	-5.6	0.0	0.2	-2.7	0.0	-3.1	0.0	0.0	0.0	0.0	-0.8	0.1	0.4	-0.4
MFIs	486.5	204.0	-23.6	2.0	218.3	4.8	2.4	-2.1	-10.4	24.0	26.3	180.8	11.0	-11.1	63.8
Other sectors	32.6	17.0	0.5	2.9	3.2	5.5	4.9	-1.9	1.2	-1.3	-3.9	0.4	17.0	-0.1	4.2

Source: ECB.

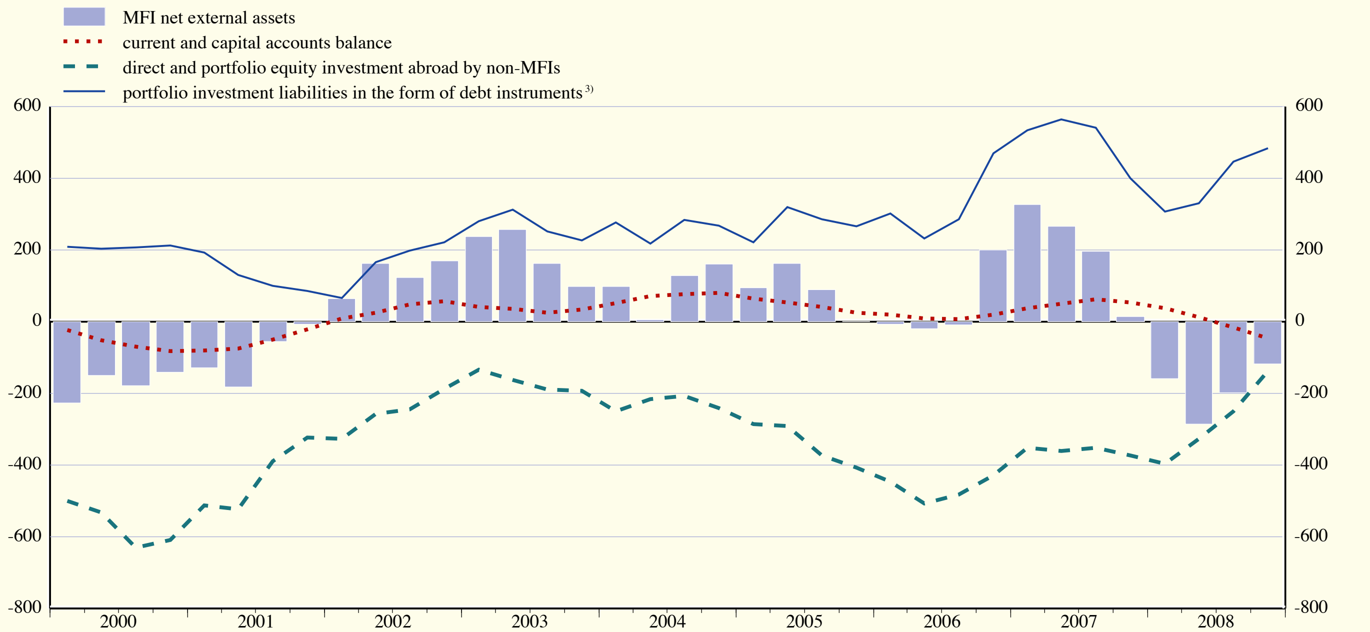
7.4 Monetary presentation of the balance of payments [1]

(EUR billions; transactions)

	B.o.p. items balancing transactions in the external counterpart of M3											Memo: Transactions in the external counterpart of M3
	Current and capital accounts balance	Direct investment		Portfolio investment			Other investment		Financial derivatives	Errors and omissions	Total of columns 1 to 10	
		By resident units abroad (non-MFIs)	By non-resident units in the euro area	Assets	Liabilities		Assets	Liabilities				
				Non-MFIs	Equity [2]	Debt instruments [3]	Non-MFIs	Non-MFIs				
	1	2	3	4	5	6	7	8	9	10	11	12
2006	19.8	-381.6	264.2	-286.6	239.7	469.7	-225.9	223.7	3.2	-150.5	175.5	200.3
2007	53.4	-428.5	363.4	-184.1	50.3	399.5	-341.3	232.3	-54.1	-77.6	13.1	14.1
2008	-46.2	-311.7	48.4	30.5	-116.3	484.2	-76.1	46.9	-12.2	-158.6	-111.0	-118.2
2007 Q4	17.3	-107.6	126.0	-19.4	-40.8	33.2	-39.2	0.3	-19.2	62.3	13.1	-6.6
2008 Q1	-0.9	-138.4	44.4	-21.3	4.4	75.3	-59.0	41.3	-21.2	2.3	-73.3	-84.7
Q2	-22.1	-33.2	-11.5	-82.2	-34.0	163.3	-8.4	-13.4	-8.6	-64.6	-114.7	-127.1
Q3	-10.8	-84.5	35.2	23.9	-88.6	174.1	-23.2	-2.1	-8.7	-24.3	-9.2	21.1
Q4	-12.3	-55.6	-19.6	110.1	2.0	71.6	14.5	21.2	26.3	-71.9	86.2	72.5
2008 Jan.	-12.1	-84.4	25.4	6.6	-10.1	52.8	3.5	27.1	-27.0	4.9	-13.2	-18.1
Feb.	13.0	-34.1	18.8	-4.7	19.4	4.1	-35.7	-9.3	2.5	9.3	-16.8	-18.3
Mar.	-1.8	-19.9	0.2	-23.2	-4.8	18.4	-26.8	23.5	3.3	-12.0	-43.2	-48.2
Apr.	-4.4	12.4	-31.0	-20.1	-42.7	52.0	-5.5	-8.4	-2.8	-22.6	-73.0	-72.3
May	-20.1	-23.1	15.1	-42.9	-1.6	47.3	-2.9	-4.6	-10.3	-23.8	-67.0	-70.2
June	2.4	-22.5	4.5	-19.3	10.3	64.0	0.0	-0.4	4.6	-18.3	25.2	15.4
July	1.1	-35.7	10.6	6.2	-10.6	30.0	-2.2	12.4	0.1	-30.7	-18.7	-1.3
Aug.	-8.6	-15.7	8.8	-2.2	-25.7	33.6	4.7	-11.3	-8.7	15.5	-9.5	-7.4
Sep.	-3.3	-33.2	15.8	19.8	-52.3	110.4	-25.8	-3.2	-0.1	-9.1	19.0	29.8
Oct.	-4.2	-12.7	1.6	75.8	-42.2	59.6	-21.9	41.4	25.4	-70.2	52.5	42.6
Nov.	-10.4	-32.7	-16.6	4.6	12.2	48.0	2.2	7.7	-1.8	6.5	19.5	15.6
Dec.	2.2	-10.1	-4.6	29.8	32.0	-36.0	34.2	-27.8	2.7	-8.3	14.2	14.4
2009 Jan.	-17.7	-27.3	11.5	-16.2	-59.9	49.0	-1.5	-28.3	5.9	-36.4	-121.1	-118.5
	12-month cumulated transactions											
2009 Jan.	-51.8	-254.6	34.4	7.7	-166.0	480.4	-81.2	-8.4	20.7	-200.0	-218.9	-218.5

C35 Main b.o.p. transactions underlying the developments in MFI net external assets [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.
2) Excluding money market fund shares/units.
3) Excluding debt securities with a maturity of up to two years issued by euro area MFIs.

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:	Total				Memo:	
	Exports	Imports		Intermediate	Capital	Consumption	Manufactures		Intermediate	Capital	Consumption	Manufactures	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)												
2007	11,3	8,8	1 505,9	739,1	326,1	401,1	1 280,6	1 490,0	913,4	234,3	323,1	1 020,5	227,5
2008	3,9	7,3	1 561,7	768,5	333,0	409,5	1 306,9	1 592,9	1 010,2	228,1	327,1	1 022,5	287,1
2008 Q1	7,1	8,8	398,5	197,5	84,3	106,9	339,2	401,8	253,5	58,1	82,8	263,8	70,7
Q2	8,6	11,2	397,9	197,5	83,9	104,5	331,7	403,5	257,6	55,9	81,7	256,7	75,9
Q3	5,6	12,5	399,0	198,4	84,3	102,7	330,7	411,9	268,9	58,3	82,3	259,7	85,5
Q4	-5,0	-2,5	366,3	175,1	80,6	95,4	305,3	375,7	230,3	55,9	80,3	242,3	55,0
2008 Aug.	-2,5	6,2	130,9	65,2	26,7	33,6	109,0	135,2	88,7	19,2	27,1	86,3	28,4
Sep.	9,3	15,6	133,6	65,5	29,0	34,4	110,2	136,6	88,3	19,1	27,6	86,1	26,0
Oct.	0,1	3,2	129,4	63,2	28,0	33,4	107,8	132,2	83,6	18,6	27,2	83,7	23,0
Nov.	-11,5	-5,3	119,8	57,2	25,7	31,3	99,1	124,7	76,4	18,9	26,7	81,0	17,4
Dec.	-3,8	-6,0	117,1	54,8	26,8	30,7	98,4	118,7	70,3	18,4	26,4	77,6	14,6
2009 Jan.	-24,1	-22,5	104,5	.	.	.	87,7	110,0	.	.	.	74,1	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2007	8,8	7,3	144,7	141,7	153,2	144,8	142,0	129,3	123,4	143,5	141,7	134,7	107,7
2008	1,6	-0,5	146,8	142,1	156,0	146,2	143,5	128,2	121,5	141,0	140,8	133,4	105,9
2008 Q1	5,0	0,4	151,4	148,7	158,5	152,9	150,2	132,4	126,5	143,0	143,3	139,1	108,8
Q2	7,2	2,3	150,5	147,1	158,4	149,7	147,2	130,3	123,0	140,9	144,1	137,0	102,4
Q3	2,7	1,2	148,6	144,5	158,1	146,0	144,8	127,2	121,0	146,3	141,3	134,9	106,5
Q4	-7,7	-5,8	136,5	128,0	148,9	136,2	131,7	122,7	115,4	133,8	134,4	122,5	105,8
2008 Aug.	-4,8	-5,0	147,1	143,1	151,0	144,2	143,9	125,2	119,2	146,6	140,4	135,2	105,7
Sep.	5,8	5,0	148,6	142,4	163,8	146,2	144,1	127,4	121,3	142,2	141,1	132,7	105,7
Oct.	-2,8	-3,7	144,7	138,0	156,7	143,0	140,3	126,5	119,4	137,5	138,4	128,8	107,3
Nov.	-14,1	-8,9	133,7	125,0	142,5	134,0	127,9	121,1	113,6	136,0	132,8	122,0	100,4
Dec.	-6,0	-4,8	131,3	121,1	147,4	131,7	126,9	120,4	113,3	127,9	131,9	116,9	109,5
2009 Jan.	.	.	.	.	.	.	.	.	.	.	.	.	.

2. Prices [2)]

(annual percentage changes, unless otherwise indicated)

	Industrial producer export prices (f.o.b.) [3)]							Industrial import prices (c.i.f.)						
	Total (index 2005 = 100)	Total					Memo: Manufac-turing	Total (index 2005 = 100)	Total					Memo: Manufac-turing
			Intermediate goods	Capital goods	Consumer goods	Energy				Intermediate goods	Capital goods	Consumer goods	Energy	
% of total	100.0	100.0	32.2	46.3	17.7	3.8	99.4	100.0	100.0	28.4	27.9	22.1	21.6	81.1
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2007	102,3	0,6	2,3	-0,3	0,9	2,6	0,6	105,9	0,2	2,4	-3,6	0,5	1,2	-0,3
2008	103,9	1,5	1,4	0,0	2,2	23,7	1,5	112,8	6,5	-0,1	-3,5	2,4	28,5	0,8
2008 Q2	104,1	1,5	0,6	-0,6	1,8	36,7	1,6	115,7	10,1	-1,4	-4,3	1,9	47,4	0,9
Q3	105,2	2,7	2,4	0,3	2,3	42,5	2,6	117,3	10,3	1,3	-3,6	2,3	43,3	1,9
Q4	103,4	1,0	2,0	1,7	3,4	-11,6	0,9	107,4	-1,2	0,5	-1,6	3,7	-8,0	0,1
2008 July	105,1	2,6	2,0	-0,2	2,0	47,8	2,5	118,9	11,8	0,0	-3,6	1,9	51,1	2,0
Aug.	105,1	2,5	2,3	0,2	2,4	43,0	2,5	117,4	11,0	1,3	-3,8	2,3	47,1	1,9
Sep.	105,3	2,9	3,0	0,9	2,4	36,5	2,8	115,5	8,0	2,5	-3,2	2,5	31,6	2,0
Oct.	104,7	2,4	3,0	1,7	3,5	11,2	2,2	111,5	3,3	1,5	-1,9	3,8	11,1	1,5
Nov.	103,6	1,2	2,4	2,2	3,8	-16,7	1,0	107,7	-1,4	1,0	-1,2	4,4	-9,9	0,4
Dec.	101,9	-0,5	0,6	1,2	2,9	-27,5	-0,6	103,0	-5,6	-1,2	-1,6	3,0	-24,0	-1,6

Source: Eurostat.

1) Product groups according to the classification by Broad Economic Categories. Unlike the product groups shown in Table 2, intermediate and consumption product groups include agricultural and energy products.

2) Product groups according to the classification of 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 the latter 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	European Union 27 (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.)														
2007	1,505.9	34.2	55.6	230.1	214.8	67.8	82.4	41.5	196.1	296.8	60.5	34.3	87.5	61.6	137.5
2008	1,561.7	35.2	54.2	221.6	231.1	78.4	86.1	42.8	186.9	308.9	65.5	33.7	100.7	68.0	147.8
2007 Q3	381.6	8.7	14.3	58.7	54.7	17.4	20.7	10.3	49.4	75.2	15.6	8.5	22.1	15.4	34.8
Q4	384.6	8.6	13.8	58.3	56.3	17.8	20.9	10.9	47.7	76.5	15.9	8.2	22.5	15.7	35.7
2008 Q1	398.5	8.9	14.0	57.2	58.9	19.9	21.3	12.2	49.6	79.5	16.9	8.7	24.1	16.3	36.5
Q2	397.9	9.1	14.5	58.2	59.5	20.0	22.0	11.3	47.3	77.9	16.9	8.5	24.9	16.5	36.7
Q3	399.0	9.1	14.1	56.4	60.0	20.7	21.8	10.8	46.3	76.8	16.0	8.3	26.5	17.8	38.7
Q4	366.3	8.0	11.6	49.8	52.7	17.7	21.0	8.5	43.8	74.7	15.7	8.2	25.3	17.4	35.9
2008 Aug.	130.9	3.1	4.7	18.2	19.8	6.5	7.2	3.5	15.4	25.4	5.2	2.7	8.9	5.8	12.4
Sep.	133.6	2.9	4.6	18.7	20.1	7.0	7.3	3.5	15.7	25.5	5.2	2.7	8.8	6.1	13.2
Oct.	129.4	2.9	4.4	18.3	19.3	6.7	7.2	3.2	14.9	25.2	5.5	2.7	8.5	6.2	12.6
Nov.	119.8	2.5	3.8	16.1	17.3	5.4	7.0	2.7	14.8	24.8	5.3	2.7	8.3	5.3	11.8
Dec.	117.1	2.6	3.4	15.3	16.1	5.6	6.8	2.6	14.1	24.7	5.0	2.7	8.4	6.0	11.5
2009 Jan.	104.5	.	.	.	.	4.2	6.6	2.7	13.6	20.3	3.9	2.5	6.7	4.0	.
	% share of total exports														
2008	100.0	2.2	3.5	14.2	14.8	5.0	5.5	2.7	12.0	19.8	4.2	2.2	6.5	4.4	9.5
	Imports (c.i.f.)														
2007	1,490.0	28.7	52.0	169.3	168.9	101.9	67.2	32.4	131.9	455.9	172.8	59.1	113.7	75.1	93.0
2008	1,592.9	30.2	52.1	165.3	185.4	117.5	69.5	32.2	137.1	476.8	184.1	56.7	139.6	80.7	106.5
2007 Q3	375.2	7.2	12.9	43.0	42.8	24.7	17.1	8.2	33.3	115.2	44.7	14.8	27.8	18.6	24.2
Q4	385.6	7.1	13.3	43.0	44.1	28.6	16.6	8.2	32.5	115.4	43.8	14.8	31.0	20.2	25.4
2008 Q1	401.8	7.4	13.7	43.7	46.5	29.4	16.8	8.6	34.7	121.1	44.9	14.8	34.4	20.2	25.5
Q2	403.5	7.7	13.5	42.1	47.3	30.6	17.5	8.4	33.9	119.6	44.9	14.5	36.9	19.9	26.1
Q3	411.9	7.9	13.4	42.1	47.6	33.4	17.8	8.1	34.9	122.7	47.6	14.0	37.6	21.0	25.2
Q4	375.7	7.3	11.5	37.4	44.0	24.1	17.3	7.1	33.6	113.5	46.7	13.5	30.6	19.6	29.7
2008 Aug.	135.2	2.5	4.3	14.2	15.9	10.5	5.9	2.7	11.2	41.0	16.0	4.6	12.4	7.2	7.3
Sep.	136.6	2.6	4.5	13.9	15.8	10.8	5.9	2.7	11.6	40.3	15.9	4.7	12.3	7.1	9.0
Oct.	132.2	2.4	4.3	13.9	15.5	9.4	5.9	2.5	11.0	39.5	16.0	4.6	10.8	6.6	10.5
Nov.	124.7	2.4	3.7	11.9	15.0	7.9	5.8	2.5	11.2	37.8	15.5	4.5	10.2	6.6	9.7
Dec.	118.7	2.4	3.5	11.6	13.5	6.8	5.7	2.1	11.4	36.2	15.2	4.4	9.6	6.3	9.6
2009 Jan.	110.0	.	.	.	.	6.1	5.6	2.1	10.4	34.4	14.5	4.3	7.8	4.6	.
	% share of total imports														
2008	100.0	1.9	3.3	10.4	11.6	7.3	4.4	2.0	8.6	29.9	11.6	3.6	8.7	5.1	6.7
	Balance														
2007	15.9	5.5	3.6	60.8	45.9	-34.2	15.2	9.1	64.1	-159.1	-112.2	-24.8	-26.2	-13.4	44.4
2008	-31.2	5.0	2.1	56.3	45.8	-39.1	16.5	10.6	49.8	-167.9	-118.6	-23.0	-38.8	-12.7	41.3
2007 Q3	6.5	1.4	1.4	15.7	11.8	-7.4	3.6	2.1	16.1	-40.0	-29.2	-6.3	-5.7	-3.2	10.6
Q4	-0.9	1.5	0.5	15.3	12.1	-10.8	4.3	2.7	15.2	-38.9	-27.8	-6.7	-8.5	-4.6	10.3
2008 Q1	-3.4	1.6	0.3	13.5	12.4	-9.4	4.5	3.6	14.9	-41.5	-28.0	-6.0	-10.3	-3.9	11.0
Q2	-5.6	1.5	0.9	16.1	12.2	-10.6	4.5	2.9	13.4	-41.7	-28.0	-5.9	-12.0	-3.3	10.6
Q3	-12.9	1.3	0.7	14.3	12.4	-12.7	3.9	2.7	11.4	-45.9	-31.6	-5.7	-11.1	-3.2	13.4
Q4	-9.4	0.7	0.1	12.4	8.8	-6.4	3.7	1.4	10.2	-38.8	-31.1	-5.3	-5.4	-2.2	6.2
2008 Aug.	-4.3	0.6	0.3	4.0	3.9	-4.0	1.3	0.8	4.3	-15.6	-10.8	-1.9	-3.5	-1.5	5.1
Sep.	-3.0	0.4	0.1	4.8	4.3	-3.8	1.4	0.8	4.2	-14.7	-10.6	-2.0	-3.5	-1.0	4.2
Oct.	-2.8	0.5	0.2	4.4	3.8	-2.6	1.3	0.7	3.9	-14.3	-10.5	-1.8	-2.3	-0.5	2.1
Nov.	-4.9	0.1	0.1	4.2	2.3	-2.5	1.2	0.2	3.6	-13.0	-10.3	-1.8	-1.9	-1.3	2.1
Dec.	-1.7	0.1	-0.1	3.7	2.6	-1.3	1.1	0.5	2.7	-11.4	-10.3	-1.7	-1.2	-0.4	2.0
2009 Jan.	-5.5	.	.	.	.	-1.9	1.1	0.6	3.2	-14.1	-10.6	-1.8	-1.0	-0.6	.

Source: Eurostat.

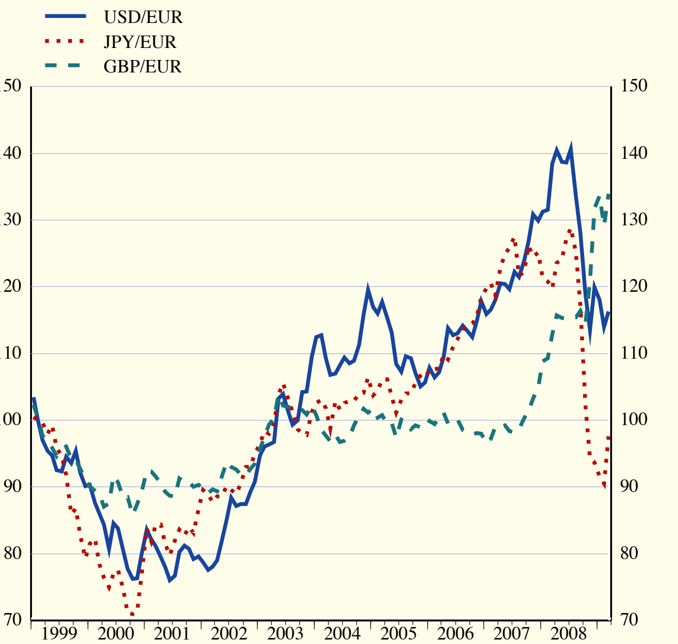
8 EXCHANGE RATES

8.1 Effective exchange rates [1]
(period averages; index 1999 Q1=100)

	EER-21						EER-41	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2006	103.7	105.0	103.2	102.3	101.4	100.9	110.1	103.8
2007	107.9	109.0	107.1	106.4	104.5	104.4	114.3	107.1
2008	113.0	113.6	110.0	111.5	111.0	109.9	120.0	111.0
2008 Q1	112.9	113.8	111.4	111.4	110.2	109.2	119.6	111.2
Q2	116.0	116.6	113.1	114.4	113.6	112.7	122.9	114.0
Q3	114.1	114.3	110.2	112.5	112.7	110.5	120.8	111.4
Q4	109.1	109.6	105.1	107.8	107.4	107.0	116.7	107.5
2009 Q1	111.9	112.3	105.8	.	.	.	120.1	110.2
2008 Mar.	114.8	115.6	113.0	-	-	-	121.8	113.3
Apr.	116.3	117.0	114.0	-	-	-	123.4	114.5
May	115.8	116.5	113.0	-	-	-	122.7	113.8
June	115.8	116.4	112.4	-	-	-	122.7	113.7
July	116.2	116.6	112.3	-	-	-	123.2	113.8
Aug.	113.9	114.1	110.2	-	-	-	120.3	111.0
Sep.	112.0	112.1	108.1	-	-	-	118.7	109.3
Oct.	107.9	108.3	104.2	-	-	-	115.4	106.3
Nov.	107.1	107.6	103.2	-	-	-	114.5	105.5
Dec.	112.4	112.9	107.9	-	-	-	120.3	110.6
2009 Jan.	111.9	112.3	106.5	-	-	-	119.9	110.1
Feb.	110.4	110.8	104.4	-	-	-	118.6	108.8
Mar.	113.3	113.6	106.4	-	-	-	121.6	111.5
	% change versus previous month							
2009 Mar.	2.6	2.6	2.0	-	-	-	2.6	2.5
	% change versus previous year							
2009 Mar.	-1.4	-1.8	-5.8	-	-	-	-0.1	-1.6

C36 Effective exchange rates
(monthly averages; index 1999 Q1=100)

C37 Bilateral exchange rates
(monthly averages; index 1999 Q1=100)



Source: ECB.
1) For the definition of the trading partner groups and other information, please refer to the General notes.

8.2 Bilateral exchange rates
(period averages; units of national currency per euro)

	Danish krone	Swedish krona	Pound sterling	US dollar	Japanese yen	Swiss franc	South Korean won	Hong Kong dollar	Singapore dollar	Canadian dollar	Norwegian krone	Australian dollar
	1	2	3	4	5	6	7	8	9	10	11	12
2006	7.4591	9.2544	0.68173	1.2556	146.02	1.5729	1,198.58	9.7545	1.9941	1.4237	8.0472	1.6668
2007	7.4506	9.2501	0.68434	1.3705	161.25	1.6427	1,272.99	10.6912	2.0636	1.4678	8.0165	1.6348
2008	7.4560	9.6152	0.79628	1.4708	152.45	1.5874	1,606.09	11.4541	2.0762	1.5594	8.2237	1.7416
2008 Q3	7.4592	9.4738	0.79504	1.5050	161.83	1.6115	1,600.93	11.7372	2.1010	1.5650	8.0604	1.6955
Q4	7.4512	10.2335	0.83907	1.3180	126.71	1.5249	1,796.44	10.2191	1.9588	1.5916	8.9328	1.9606
2009 Q1	7.4514	10.9410	0.90878	1.3029	122.04	1.4977	1,847.59	10.1016	1.9709	1.6223	8.9472	1.9648
2008 Sep.	7.4583	9.5637	0.79924	1.4370	153.20	1.5942	1,630.26	11.1905	2.0549	1.5201	8.1566	1.7543
Oct.	7.4545	9.8506	0.78668	1.3322	133.52	1.5194	1,759.07	10.3368	1.9666	1.5646	8.5928	1.9345
Nov.	7.4485	10.1275	0.83063	1.2732	123.28	1.5162	1,783.12	9.8687	1.9183	1.5509	8.8094	1.9381
Dec.	7.4503	10.7538	0.90448	1.3449	122.51	1.5393	1,850.06	10.4240	1.9888	1.6600	9.4228	2.0105
2009 Jan.	7.4519	10.7264	0.91819	1.3239	119.73	1.4935	1,801.97	10.2687	1.9742	1.6233	9.2164	1.9633
Feb.	7.4514	10.9069	0.88691	1.2785	118.30	1.4904	1,843.90	9.9128	1.9411	1.5940	8.7838	1.9723
Mar.	7.4509	11.1767	0.91966	1.3050	127.65	1.5083	1,894.48	10.1138	1.9949	1.6470	8.8388	1.9594
	% change versus previous month											
2009 Mar.	0.0	2.5	3.7	2.1	7.9	1.2	2.7	2.0	2.8	3.3	0.6	-0.7
	% change versus previous year											
2009 Mar.	-0.1	18.9	18.7	-16.0	-18.5	-4.1	24.4	-16.3	-7.2	6.1	10.9	16.9

	Czech koruna	Estonian kroon	Latvian lats	Lithuanian litas	Hungarian forint	Polish zloty	Bulgarian lev	New Romanian leu	Croatian kuna	New Turkish lira
	13	14	15	16	17	18	19	20	21	22
2006	28.342	15.6466	0.6962	3.4528	264.26	3.8959	1.9558	3.5258	7.3247	1.8090
2007	27.766	15.6466	0.7001	3.4528	251.35	3.7837	1.9558	3.3353	7.3376	1.7865
2008	24.946	15.6466	0.7027	3.4528	251.51	3.5121	1.9558	3.6826	7.2239	1.9064
2008 Q3	24.093	15.6466	0.7045	3.4528	236.07	3.3081	1.9558	3.5768	7.1827	1.8235
Q4	25.344	15.6466	0.7090	3.4528	263.36	3.7658	1.9558	3.8165	7.1752	2.0261
2009 Q1	27.601	15.6466	0.7061	3.4528	294.19	4.4988	1.9558	4.2682	7.4116	2.1635
2008 Sep.	24.497	15.6466	0.7060	3.4528	240.68	3.3747	1.9558	3.6248	7.1223	1.7843
Oct.	24.768	15.6466	0.7093	3.4528	260.15	3.5767	1.9558	3.7479	7.1639	1.9612
Nov.	25.193	15.6466	0.7092	3.4528	265.32	3.7326	1.9558	3.7838	7.1366	2.0342
Dec.	26.120	15.6466	0.7084	3.4528	265.02	4.0044	1.9558	3.9227	7.2245	2.0894
2009 Jan.	27.169	15.6466	0.7043	3.4528	279.86	4.2300	1.9558	4.2354	7.3603	2.1233
Feb.	28.461	15.6466	0.7056	3.4528	298.30	4.6467	1.9558	4.2864	7.4309	2.1280
Mar.	27.231	15.6466	0.7083	3.4528	304.14	4.6210	1.9558	4.2828	7.4430	2.2340
	% change versus previous month									
2009 Mar.	-4.3	0.0	0.4	0.0	2.0	-0.6	0.0	-0.1	0.2	5.0
	% change versus previous year									
2009 Mar.	8.0	0.0	1.6	0.0	17.0	30.7	0.0	15.1	2.4	15.7

	Brazilian real [1)]	Chinese yuan renminbi	Icelandic krona [2)]	Indian rupee [3)]	Indonesian rupiah	Malaysian ringgit	Mexican peso [1)]	New Zealand dollar	Philippine peso	Russian rouble	South African rand	Thai baht
	23	24	25	26	27	28	29	30	31	32	33	34
2006	2.7333	10.0096	87.76	56.844	11,512.37	4.6044	13.6936	1.9373	64.379	34.1117	8.5312	47.594
2007	2.6594	10.4178	87.63	56.419	12,528.33	4.7076	14.9743	1.8627	63.026	35.0183	9.6596	44.214
2008	2.6737	10.2236	143.83	63.614	14,165.16	4.8893	16.2911	2.0770	65.172	36.4207	12.0590	48.475
2008 Q3	2.4986	10.2969	125.69	65.797	13,868.99	5.0209	15.5214	2.1094	68.422	36.4917	11.7055	50.959
Q4	3.0102	9.0155	261.87	64.007	14,469.21	4.6798	17.1856	2.2829	63.653	35.9649	13.0786	45.904
2009 Q1	3.0168	8.9066	-	64.795	15,174.96	4.7259	18.7267	2.4498	62.133	44.4165	12.9740	46.038
2008 Sep.	2.5712	9.8252	131.33	65.412	13,430.23	4.9461	15.2805	2.1293	67.113	36.3727	11.5899	49.264
Oct.	2.9112	9.1071	274.64	64.587	13,283.63	4.6895	16.8177	2.1891	63.882	35.2144	12.9341	45.872
Nov.	2.8967	8.6950	242.95	62.144	14,984.85	4.5682	16.6735	2.2554	62.496	34.7964	12.8785	44.677
Dec.	3.2266	9.2205	290.00	65.146	15,276.62	4.7755	18.0764	2.4119	64.505	37.8999	13.4275	47.107
2009 Jan.	3.0596	9.0496	-	64.510	14,802.07	4.7291	18.3762	2.4132	62.354	42.3282	13.1255	46.218
Feb.	2.9685	8.7406	-	62.885	15,233.33	4.6466	18.6536	2.4851	60.832	45.8079	12.8005	45.156
Mar.	3.0198	8.9210	-	66.803	15,477.84	4.7949	19.1278	2.4527	63.105	45.1451	12.9870	46.667
	% change versus previous month											
2009 Mar.	1.7	2.1	-	6.2	1.6	3.2	2.5	-1.3	3.7	-1.4	1.5	3.3
	% change versus previous year											
2009 Mar.	14.2	-18.8	-	7.1	8.7	-3.0	14.8	26.8	-1.4	22.6	5.0	-4.5

Source: ECB.
1) For these currencies the ECB computes and publishes euro reference exchange rates as from 1 January 2008. Previous data are indicative.
2) The most recent rate for the Icelandic krona refers to 3 December 2008.
3) For this currency the ECB computes and publishes euro reference exchange rates as from 1 January 2009. Previous data are indicative.

9 DEVELOPMENTS OUTSIDE THE EURO AREA

9.1 In other EU Member States

(annual percentage changes, unless otherwise indicated)

1. Economic and financial developments

	Bulgaria	Czech Republic	Denmark	Estonia	Latvia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10	11
	HICP										
2007	7.6	3.0	1.7	6.7	10.1	5.8	7.9	2.6	4.9	1.7	2.3
2008	12.0	6.3	3.6	10.6	15.3	11.1	6.0	4.2	7.9	3.3	3.6
2008 Q2	14.0	6.7	3.7	11.5	17.5	12.3	6.8	4.3	8.6	3.6	3.4
Q3	12.5	6.5	4.6	11.0	15.6	12.0	6.3	4.4	8.2	4.0	4.8
Q4	9.0	4.4	3.0	8.7	11.9	9.4	4.2	3.6	6.9	2.7	3.9
2008 Oct.	11.2	5.7	3.8	10.1	13.7	10.7	5.1	4.0	7.4	3.4	4.5
Nov.	8.8	4.1	2.8	8.5	11.6	9.2	4.1	3.6	6.8	2.4	4.1
Dec.	7.2	3.3	2.4	7.5	10.4	8.5	3.4	3.3	6.4	2.1	3.1
2009 Jan.	6.0	1.4	1.7	4.7	9.7	9.5	2.4	3.2	6.8	2.0	3.0
Feb.	5.4	1.3	1.7	3.9	9.4	8.5	2.9	3.6	6.9	2.2	3.2
	General government deficit (-)/surplus (+) as a % of GDP										
2005	1.9	-3.6	5.2	1.5	-0.4	-0.5	-7.8	-4.3	-1.2	2.4	-3.4
2006	3.0	-2.7	5.1	2.9	-0.2	-0.4	-9.3	-3.8	-2.2	2.3	-2.7
2007	0.1	-1.0	4.9	2.7	0.1	-1.2	-5.0	-2.0	-2.6	3.6	-2.8
	General government gross debt as a % of GDP										
2005	29.2	29.8	36.4	4.5	12.4	18.4	61.7	47.1	15.8	50.9	42.3
2006	22.7	29.6	30.5	4.3	10.7	18.0	65.6	47.7	12.4	45.9	43.4
2007	18.2	28.9	26.2	3.5	9.5	17.0	65.8	44.9	12.9	40.4	44.2
	Long-term government bond yield as a % per annum, period average										
2008 Sep.	5.17	4.42	4.37	-	6.60	5.45	7.99	5.89	8.32	3.90	4.57
Oct.	5.17	4.53	4.43	-	6.60	5.40	9.57	6.35	8.27	3.57	4.52
Nov.	6.00	4.52	4.06	-	7.60	8.16	9.41	6.23	8.38	3.34	4.13
Dec.	7.76	4.30	3.50	-	9.03	9.00	8.31	5.70	8.38	2.67	3.37
2009 Jan.	7.14	4.21	3.44	-	10.64	13.95	8.76	5.46	9.23	2.80	3.17
Feb.	7.09	4.74	3.55	-	11.50	14.50	10.65	5.97	8.42	2.93	3.23
	3-month interest rate as a % per annum, period average										
2008 Sep.	7.32	3.81	5.42	6.34	6.35	5.80	8.62	6.56	13.00	5.33	5.91
Oct.	7.69	4.19	5.99	6.69	10.03	7.00	8.95	6.80	18.21	5.27	6.13
Nov.	7.89	4.24	6.08	7.25	12.19	7.86	-	6.74	15.24	4.50	4.45
Dec.	7.74	3.89	5.29	7.84	13.94	9.20	11.18	6.38	14.70	2.75	3.20
2009 Jan.	7.03	3.14	4.44	7.28	11.86	8.67	9.80	5.49	14.48	2.23	2.32
Feb.	6.61	2.50	3.86	6.90	10.65	7.19	-	4.69	14.61	1.52	2.09
	Real GDP										
2007	6.2	6.0	1.6	6.3	10.0	8.9	1.1	6.7	6.2	2.6	3.0
2008	6.0	3.2	-1.1	-3.6	-4.6	3.0	0.5	4.8	7.1	-0.2	0.7
2008 Q2	7.1	4.0	1.0	-1.1	-2.9	4.6	1.4	5.5	9.3	0.8	1.7
Q3	6.8	2.9	-1.5	-3.5	-5.6	2.0	0.4	4.9	9.2	-0.5	0.2
Q4	3.5	0.7	-3.6	-9.7	-10.4	-1.3	-1.3	3.1	2.9	-4.4	-1.9
	Current and capital accounts balance as a % of GDP										
2007	-27.2	-2.6	0.7	-16.9	-20.6	-12.8	-5.3	-3.6	-12.9	8.5	-2.7
2008	-24.5	-2.2	1.8	-7.7	-11.2	-9.7	-7.3	-4.4	-11.8	8.2	-1.5
2008 Q2	-30.3	-4.5	3.3	-9.6	-11.4	-13.5	-7.1	-4.2	-15.0	5.7	-1.3
Q3	-14.2	-3.0	3.4	-6.5	-11.0	-8.4	-9.2	-4.2	-10.9	9.1	-2.1
Q4	-28.7	-5.2	2.8	-3.5	-7.0	-2.9	-9.1	-5.0	-8.3	7.7	-1.6
	Unit labour costs										
2007	14.2	3.1	4.2	19.8	27.0	10.3	4.7	2.4	14.6	4.7	1.3
2008	16.2	3.5	7.0	17.5	23.2	10.6	4.7	6.3	15.1	2.7	2.6
2008 Q2	17.7	3.8	3.8	15.2	22.6	11.4	-	-	-	0.5	0.7
Q3	13.0	2.9	.	19.6	24.5	12.0	-	-	-	2.2	1.1
Q4	17.5	4.6	.	13.8	18.5	9.3	-	-	-	6.0	.
	Standardised unemployment rate as a % of labour force (s.a.)										
2007	6.9	5.3	3.8	4.6	6.0	4.3	7.4	9.6	6.4	6.1	5.3
2008	5.6	4.4	3.4	5.5	7.5	6.0	7.8	7.2	5.8	6.2	5.6
2008 Q2	5.8	4.3	3.2	4.2	6.3	4.8	7.8	7.3	5.8	5.8	5.3
Q3	5.3	4.3	3.3	6.3	7.5	6.3	7.8	6.9	5.7	6.1	5.8
Q4	5.1	4.5	3.8	7.5	10.3	8.4	8.1	6.9	5.8	6.9	6.3
2008 Oct.	5.1	4.4	3.6	6.9	9.2	7.2	7.8	6.8	5.8	6.7	6.1
Nov.	5.0	4.5	3.8	7.4	10.3	8.3	8.1	6.9	5.8	7.0	6.3
Dec.	5.3	4.6	4.1	8.4	11.4	9.7	8.4	7.0	5.8	7.0	6.4
2009 Jan.	5.3	4.9	4.4	9.1	13.0	11.6	8.4	7.1	.	7.2	.
Feb.	5.5	4.9	4.8	9.9	14.4	13.7	8.7	7.4	.	7.5	.

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

9.2 In the United States and Japan

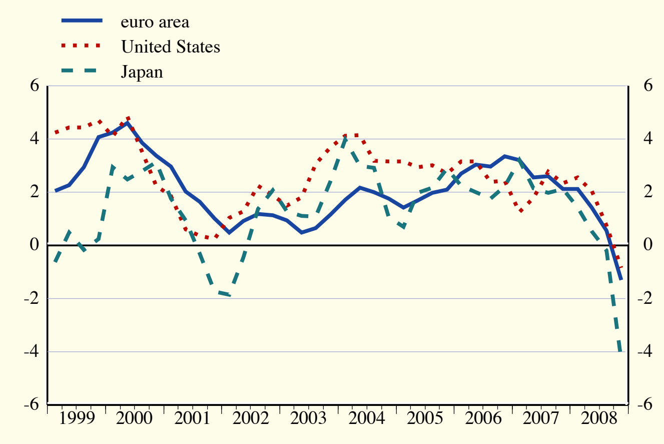
(annual percentage changes, unless otherwise indicated)

1. Economic and financial developments

	Consumer price index	Unit labour costs [1]	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force (s.a.)	Broad money [2]	3-month interbank deposit rate [3]	10-year zero coupon government bond yield [3] end-of-period	Exchange rate [4] as national currency per euro	Fiscal deficit (-)/ surplus (+) as a % of GDP	Gross public debt [5] as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
					United States						
2005	3.4	2.2	2.9	4.2	5.1	4.3	3.57	4.84	1.2441	-3.3	49.1
2006	3.2	2.8	2.8	2.7	4.6	5.0	5.20	5.41	1.2556	-2.2	48.5
2007	2.9	2.7	2.0	1.6	4.6	5.7	5.30	5.35	1.3705	-2.9	49.3
2008	3.8	0.9	1.1	-3.0	5.8	6.8	2.93	4.39	1.4708	.	56.8
2008 Q1	4.1	0.0	2.5	1.3	4.9	6.3	3.29	4.48	1.4976	-4.0	50.4
Q2	4.4	0.2	2.1	-0.9	5.4	6.2	2.75	4.66	1.5622	-5.7	49.6
Q3	5.3	1.7	0.7	-3.9	6.1	6.1	2.91	4.69	1.5050	-5.9	52.8
Q4	1.6	1.8	-0.8	-8.5	6.9	8.5	2.77	3.71	1.3180	.	56.8
2009 Q1	.	.	.	.	.	.	1.24	3.03	1.3029	.	.
2008 Nov.	1.1	-	-	-8.3	6.8	8.0	2.28	3.95	1.2732	-	-
Dec.	0.1	-	-	-11.3	7.2	9.9	1.83	2.75	1.3449	-	-
2009 Jan.	0.0	-	-	-13.6	7.6	10.5	1.21	2.75	1.3239	-	-
Feb.	0.2	-	-	-13.8	8.1	9.8	1.24	3.20	1.2785	-	-
Mar.	.	-	-	.	.	.	1.27	3.15	1.3050	-	-
					Japan						
2005	-0.3	-2.1	1.9	1.4	4.4	1.8	0.06	1.49	136.85	-6.7	163.2
2006	0.2	-0.6	2.1	4.5	4.1	1.0	0.30	1.98	146.02	-1.6	160.0
2007	0.1	-1.9	2.4	2.8	3.8	1.6	0.79	1.89	161.25	-2.5	156.1
2008	1.4	.	-0.7	-3.4	4.0	2.1	0.93	1.67	152.45	.	.
2008 Q1	1.0	0.1	1.4	2.3	3.9	2.2	0.92	1.61	157.80	.	.
Q2	1.4	0.1	0.5	1.0	4.0	2.0	0.92	1.85	163.35	.	.
Q3	2.2	0.8	-0.2	-1.3	4.0	2.2	0.90	1.75	161.83	.	.
Q4	1.0	.	-4.3	-14.8	4.0	1.8	0.96	1.46	126.71	.	.
2009 Q1	.	.	.	.	.	.	0.67	1.24	122.04	.	.
2008 Nov.	1.0	-	-	-16.6	4.0	1.8	0.91	1.50	123.28	-	-
Dec.	0.4	-	-	-20.9	4.3	1.8	0.92	1.33	122.51	-	-
2009 Jan.	0.0	-	-	-31.0	4.2	1.9	0.73	1.27	119.73	-	-
Feb.	-0.1	-	-	-38.5	4.4	2.1	0.64	1.20	118.30	-	-
Mar.	.	-	-	.	.	.	0.62	1.26	127.65	-	-

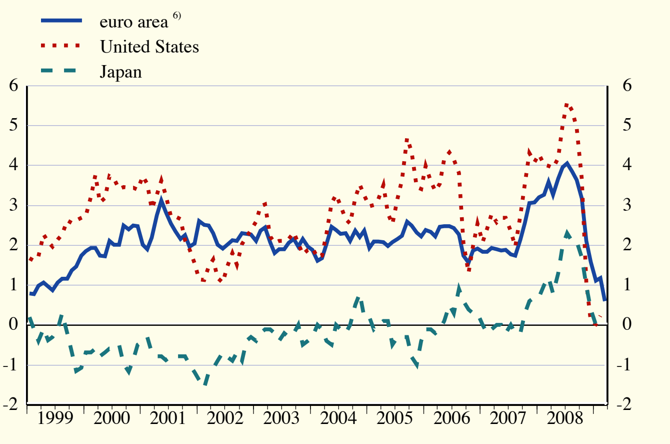
C38 Real gross domestic product

(annual percentage changes; quarterly)



C39 Consumer price indices

(annual percentage changes; monthly)



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

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

LIST OF CHARTS

TECHNICAL NOTES

RELATING TO THE EURO AREA OVERVIEW

CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

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

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

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

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

RELATING TO SECTIONS 2.1 TO 2.6

CALCULATION OF TRANSACTIONS

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

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

$$\text{c)} \quad F_t^M = (L_t - L_{t-1}) - C_t^M - E_t^M - V_t^M$$

Similarly, the quarterly transactions F_t^Q for the quarter ending in month t are defined as:

$$\text{d)} \quad F_t^Q = (L_t - L_{t-3}) - C_t^Q - E_t^Q - V_t^Q$$

where L_{t-3} is the amount outstanding at the end of month t-3 (the end of the previous quarter) and, for example, C_t^Q is the reclassification adjustment in the quarter ending in month t.

For those quarterly series for which monthly observations are now available (see below), the quarterly transactions can be derived as the sum of the three monthly transactions in the quarter.

CALCULATION OF GROWTH RATES FOR MONTHLY SERIES

Growth rates may be calculated from transactions or from the index of adjusted outstanding amounts. If F_t^M and L_t are defined as above, the index I_t of adjusted outstanding amounts in month t is defined as:

$$\text{e)} \quad I_t = I_{t-1} \times \left(1 + \frac{F_t^M}{L_{t-1}} \right)$$

The base of the index (of the non-seasonally adjusted series) is currently set as December 2006 = 100. Time series of the index of adjusted outstanding amounts are available on the ECB's website (www.ecb.europa.eu) under the "Money, banking and financial markets" 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 – may be calculated using either of the following two formulae:

$$\text{f)} \quad a_t = \left[\prod_{i=0}^{11} \left(1 + F_{t-i}^M / L_{t-1-i} \right) - 1 \right] \times 100$$

$$\text{g)} \quad a_t = \left(I_t / I_{t-12} - 1 \right) \times 100$$

Unless otherwise indicated, the annual growth rates refer to the end of the indicated period. For example, the annual percentage change for the year 2002 is calculated in g) by dividing the index of December 2002 by the index of December 2001.

Growth rates for intra-annual periods may be derived by adapting formula g). For example, the month-on-month growth rate a_t^M may be calculated as:

$$h) \quad a_t^M = \left(\frac{I_t}{I_{t-1}} - 1 \right) \times 100$$

Finally, the three-month moving average (centred) for the annual growth rate of M3 is obtained as $(a_{t+1} + a_t + a_{t-1})/3$, where a_t is defined as in f) or g) above.

CALCULATION OF GROWTH RATES FOR QUARTERLY SERIES

If F_t^Q and L_{t-3} are defined as above, the index I_t of adjusted outstanding amounts for the quarter ending in month t is defined as:

$$i) \quad I_t = I_{t-3} \times \left(1 + \frac{F_t^Q}{L_{t-3}} \right)$$

The annual growth rate in the four quarters ending in month t, i.e. a_t, may be calculated using formula g).

SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS [1]

The approach used relies on a multiplicative decomposition through X-12-ARIMA.[2] The seasonal adjustment may include a day-of-the-week adjustment, and for some series is carried out indirectly by means of a linear combination of components. In particular, this is the case for M3, 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 the 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.

RELATING TO SECTIONS 3.1 TO 3.5

EQUALITY OF USES AND RESOURCES

In Table 3.1 the data conform to a basic accounting identity. As regards non-financial transactions, total uses equal total resources for each transaction category. Likewise in the financial account, this accounting identity is also reflected, i.e. for each financial instrument category, total transactions in financial assets equal total transactions in liabilities. In the other changes in assets account and the financial balance sheets, total financial assets equal total liabilities for each financial instrument category, with the exception of monetary gold and special drawing rights, which are by definition not a liability of any sector.

CALCULATION OF BALANCING ITEMS

The balancing items at the end of each account in Tables 3.1 and 3.2 are computed as follows:

The trade balance equals imports minus exports of goods and services vis-à-vis the euro area rest of the world.

1 For details, see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000) and the "Statistics" section of the ECB's website (www.ecb.europa.eu), under the "Money, banking and financial markets" sub-section.

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 on TRAMO-SEATS, see Gomez, V. and Maravall, A. (1996), "Programs TRAMO and SEATS: Instructions for the User", Banco de España, Working Paper No. 9628, Madrid.

3 It follows that for the seasonally adjusted series, the level of the index for the base period, i.e. December 2001, generally differs from 100, reflecting the seasonality of that month.

Net operating surplus and mixed income is defined for resident sectors only and is calculated as gross value added (gross domestic product at market prices for the euro area) minus compensation of employees (uses) minus other taxes less subsidies on production (uses) minus consumption of fixed capital (uses).

Net national income is defined for resident sectors only and is computed as net operating surplus and mixed income plus compensation of employees (resources) plus taxes less subsidies on production (resources) plus net property income (resources minus uses).

Net disposable income is also only defined 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 net equity of households in pension funds reserves (resources minus uses) minus final consumption expenditure (uses). For the rest of the world, 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 netfinancial worth (wealth) due to transactions). For the household and non-financial corporation sectors, there is a statistical discrepancy between these balancing items computed from the capital account and the financial account, respectively.

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). It currently excludes other changes in non-financial assets due to unavailability of data.

Net financial worth (wealth) is calculated as total financial assets minus total liabilities, whereas changes in net financial worth (wealth) are equal to the sum of changes in net financial worth (wealth) due to transactions (lending/ net borrowing from the financial account) and other changes in net financial worth (wealth).

Finally, changes in net financial worth (wealth) due to transactions are computed as total transactions in financial assets minus total transactions in liabilities and other changes in net financial worth (wealth) are calculated as total other changes in financial assets minus total other changes in liabilities.

RELATING TO SECTION 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 may 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 the month t, the index I_t of notional stocks in month t is defined as:

$$j) \quad I_t = I_{t-1} \times \left(1 + \frac{N_t}{L_{t-1}}\right)$$

As a base, the index is set equal to 100 on December 2001. The growth rate a_t for month t corresponding to the change in the 12 months ending in month t, may be calculated using either of the following two formulae:

k) $$a_t = \left[\prod_{i=0}^{11}\left(1 + {N^M_{t-i}}/{L_{t-1-i}}\right) - 1\right] \times 100$$

l) $$a_t = \left({I_t}/{I_{t-12}} - 1\right) \times 100$$

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 rather than an "F". The reason for this is to distinguish between the different ways of obtaining "net issues" for securities issues statistics and the equivalent "transactions" calculated used for the monetary aggregates.

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

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

where I_t is the index of notional stocks as at month t. Likewise, for the year ending in month t, the average growth rate is calculated as:

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

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 basis for the calculation are financial transactions, which exclude reclassifications, revaluations or 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 relies on a multiplicative decomposition through X-12-ARIMA. The seasonal adjustment for the securities issues total 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 the 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.

Similar as depicted in formula l) and m), the growth rate a_t for month t corresponding to the change in the 6 months ending in month t, may be calculated using either of the following two formulae:

o) $$a_t = \left[\prod_{i=0}^{5}\left(1 + {N^M_{t-i}}/{L_{t-1-i}}\right) - 1\right] \times 100$$

p) $$a_t = \left({I_t}/{I_{t-6}} - 1\right) \times 100$$

RELATING TO TABLE 1 IN SECTION 5.1

SEASONAL ADJUSTMENT OF THE HICP [4]

The approach used relies on multiplicative decomposition through X-12-ARIMA (see footnote 2 on page S78). The seasonal adjustment of the overall HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy, and services. Energy is added without adjustment since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

4 For details, see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000) and the "Statistics" section of the ECB's website (www.ecb.europa.eu), under the "Money, banking and financial markets" sub-section.

RELATING TO TABLE 2 IN SECTION 7.1

SEASONAL ADJUSTMENT OF THE BALANCE OF PAYMENTS CURRENT ACCOUNT

The approach relies on multiplicative decomposition through X-12-ARIMA (see footnote 2 on page S78). The raw data for goods, services and income are pre-adjusted to take a working-day effect into account. The working-day adjustment in goods and services is corrected for national public holidays. The seasonal adjustment for 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 semi-annual intervals or as required.

RELATING TO SECTION 7.3

CALCULATION OF GROWTH RATES FOR THE QUARTERLY AND ANNUAL SERIES

The annual growth rate for quarter t is calculated on the basis of quarterly transactions (F_t) and positions (L_t), as follows:

$$a_t = \left(\prod_{i=t-3}^{t} \left(1 + \frac{F_i}{L_{i-1}} \right) - 1 \right) \times 100$$

The growth rate for the annual series is equal to the growth rate in the last quarter of the year.

GENERAL NOTES

The "Euro area statistics" section of the Monthly Bulletin focuses on statistics for the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available in the "Statistics" section of the ECB's website (www.ecb.europa.eu). This allows user-friendly access to data via the ECB's Statistical Data Warehouse (http://sdw.ecb.europa.eu/), which includes search and download facilities. Further services available under the "Data services" sub-section include the subscription 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 first meeting in the month of the ECB's Governing Council. For this issue, the cut-off date was 1 April 2009.

Unless otherwise indicated, all data series covering observations for 2009 relate to the Euro 16 (the euro area including Slovakia) for the whole time series. For interest rates, monetary statistics and the HICP (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), the statistical series refer to the changing composition of the euro area. Where applicable, this is indicated in the tables by means of a footnote. In such cases, where underlying data are available, absolute and percentage changes for the respective year of entry into the euro area of Greece (2001), Slovenia (2007), Cyprus (2008), Malta (2008) and Slovakia (2009), calculated from bases covering the year prior to the year of entry, use a series in which the impact of these countries' joining the euro area is taken into account. Historical data referring to the euro area before the entry of Slovakia are available on the ECB's website at http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html.

The statistical series referring to the changing composition of the euro area are based on the euro area composition at the time to which the statistics relate. Thus, data prior to 2001 refer to the Euro 11, i.e. the following 11 EU Member States: Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Data from 2001 to 2006 refer to the Euro 12, i.e. the Euro 11 plus Greece. Data for 2007 refer to the Euro 13, i.e. the Euro 12 plus Slovenia. Data for 2008 refer to the Euro 15, i.e. the Euro 13 plus Cyprus and Malta, and data as of 2009 refer to the Euro 16, i.e. the Euro 15 plus Slovakia.

Given that the composition of the European currency unit (ECU) does not coincide with the former currencies of the countries that have adopted the single currency, pre-1999 amounts originally expressed in the participating currencies and converted into ECU at current ECU exchange rates are affected by movements in the currencies of EU Member States that have not adopted the euro. To avoid this effect on the monetary statistics, the pre-1999 data in Sections 2.1 to 2.8 are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless otherwise indicated, price and cost statistics before 1999 are based on data expressed in national currency terms.

Methods of aggregation and/or consolidation (including cross-country consolidation) have been used where appropriate.

Recent data are often provisional and may be revised. Discrepancies between totals and their components may arise from rounding.

The group "Other EU Member States" comprises Bulgaria, the Czech Republic, Denmark, Estonia, Latvia, Lithuania, Hungary, Poland, Romania, Sweden and the United Kingdom.

In most cases, the terminology used within the tables follows international standards, such as those contained in the European System of Accounts 1995 (ESA 95) 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 term "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 at which the monthly assessment of the monetary policy stance is scheduled, and end on the day preceding the corresponding settlement day in the following month. Annual and quarterly observations refer to averages of the last reserve maintenance period of the year/quarter.

Table 1 in Section 1.4 shows the components of the reserve base of credit institutions subject to reserve requirements. The liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks (NCBs) 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 held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. The percentage for calculating the reserve base was 10% until November 1999 and 30% thereafter.

Table 2 in Section 1.4 contains average data for completed maintenance periods. The amount of the reserve requirement of each individual credit institution is first calculated by applying the reserve ratio for the corresponding categories of liabilities 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). The current account holdings (column 2) are the aggregate average daily current account holdings of credit institutions, including those that serve the fulfilment of reserve requirements. The excess reserves (column 3) are the average current account holdings over the maintenance period in excess of the required reserves. The 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 requirement. 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 the current account holdings in euro of credit institutions in the euro area with the Eurosystem. All amounts are derived from the consolidated financial statement of the Eurosystem. The other liquidity-absorbing operations (column 7) exclude the issuance of debt certificates initiated by NCBs in Stage Two of EMU. The net other factors (column 10) represent the netted remaining items in the consolidated financial statement of the Eurosystem. The 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). The base money (column 12) is calculated as the sum of the deposit facility (column 6), the banknotes in circulation (column 8) and the credit institutions' current account holdings (column 11).

MONEY, BANKING AND INVESTMENT FUNDS

Section 2.1 shows the aggregated balance sheet of the monetary financial institution (MFI) sector, i.e. the sum of the harmonised balance sheets of all MFIs resident in the euro area. MFIs are central banks, credit institutions as defined under Community law, money market funds and other institutions whose business it is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credits 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 between MFIs in the euro area. Due to limited 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 of 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 an analysis by sector, type and original maturity of loans granted by MFIs other than the Eurosystem (the banking system) resident in the euro area. Section 2.5 shows an analysis, 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, by type of issuer.

Sections 2.2 to 2.6 include transactions, which are derived as differences in outstanding amounts adjusted for reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. Section 2.7 shows selected revaluations that are used in the derivation of transactions. Sections 2.2 to 2.6 also provide growth rates in terms of annual percentage changes based on the transactions. Section 2.8 shows a quarterly currency breakdown of selected MFI balance sheet items.

Details of the sector definitions are set out in the "Monetary Financial Institutions and Markets Statistics Sector Manual – Guidance for the statistical classification of customers. Third Edition" (ECB, March 2007). The "Guidance Notes to the Regulation ECB/2001/13 on the MFI Balance Sheet Statistics" (ECB, November 2002) explains practices that NCBs are recommended to follow. Since 1 January 1999, the statistical information has been collected and compiled on the basis of Regulation ECB/1998/16 of 1 December 1998 concerning the consolidated balance sheet of the Monetary Financial Institutions sector[1], as last amended by Regulation ECB/2003/10[2].

In line with this Regulation, the balance sheet item "money market paper" has been merged with the item "debt securities" on both the assets and liabilities side of the MFI balance sheet.

Section 2.9 shows end-of-quarter outstanding amounts for the balance sheet of the euro area investment funds (other than money market funds). The balance sheet is aggregated and therefore includes, among the liabilities, holdings by investment funds of shares/units issued by other investment funds. Total assets/liabilities are also broken down by investment policy (equity funds, bond funds, mixed funds, real estate funds and other funds) and by type of investor (general public funds and special investors' funds). Section 2.10 shows the aggregated balance sheet for each investment fund sector, as identified by investment policy and type of investor.

1 OJ L 356, 30.12.1998, p. 7.
2 OJ L 250, 2.10.2003, p. 19.

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. The non-seasonally adjusted data on current prices are displayed for the last available quarter, following a simplified sequence of accounts in accordance with the methodological framework of the European System of Accounts 1995 (ESA 95).

In short, the sequence of accounts (transactions) comprises: (1) the generation of income account, which shows how the 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 the national income); (3) the secondary distribution of income account, which shows how the national income of an institutional sector changes because of current transfers; (4) the use of income account, which shows how disposable income is spent on consumption or saved; (5) the capital account, which shows how savings and net capital transfers are spent in the acquisition of non-financial assets (the balancing item of the capital account is net lending/net borrowing); and (6) the financial account, which records the net acquisitions of financial assets and the net incurrence of liabilities. As each non-financial transaction is mirrored by a financial transaction, the balancing item of the financial account conceptually also equals net lending/net borrowing as calculated from the capital account.

In addition, opening and closing financial balance sheets are presented, which provide a picture of the financial wealth of each individual sector at a given point in time. Finally, other changes in financial assets and liabilities (e.g. those resulting from the impact of changes in asset prices) are also shown.

The sector coverage of the financial account and of the financial balance sheets is more detailed for the financial corporations sector, showing a breakdown 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 so-called 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, and outstanding amounts for the financial balance sheet accounts, following a more analytical presentation. Sector-specific transactions and balancing items are arranged so as to more easily depict financing and investment decisions of households, whilst respecting the account identities as 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, and outstanding amounts for the financial balance sheet accounts, following a more analytical presentation.

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 the EU Member States that had adopted the euro at the time to which the statistics relate (changing composition), with the exception of statistics on securities issues (Tables 4.1 to 4.4), which relate to the Euro 16 (i.e. the Euro 15 plus Slovakia) for the whole time series (fixed composition).

Statistics on securities other than shares and 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 and loans by 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 securities other than shares (debt securities), which are presented in Sections 4.1, 4.2 and 4.3, and quoted shares, which 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 a longer maturity, or with optional maturity dates, the latest of which is more than one year away, or with 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 issues. Variable rate issues include all issues where the coupon is periodically re-fixed by reference to an independent interest rate or index. The statistics on debt securities are estimated to cover approximately 95% of total issues by euro area residents. 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, by original maturity, residency of the issuer and currency. The section presents outstanding amounts, gross issues and net issues of securities other than shares denominated in euro and securities other than shares issued by euro area residents in euro and in all currencies for total and long-term debt securities. 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 annualised six-month seasonally adjusted growth rates for total and long-term debt securities. The latter are calculated from the seasonally adjusted 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 corresponds 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 data for debt securities issued, as shown 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 in Section 4.2 consists of zero coupon bonds and revaluation effects.

Section 4.3 shows non-seasonally and 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.

Section 4.4, columns 1, 4, 6 and 8, 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).

Section 4.4, columns 3, 5, 7 and 9, 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 issuers' 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. The new MFI interest rate statistics replace the ten transitional statistical series on euro area retail interest rates that have been published in the Monthly Bulletin since 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 to December 1998, monthly, quarterly and yearly values are period averages. Overnight deposits are represented by interbank deposit bid rates up to December 1998. From January 1999, column 1 of Section 4.6 shows the euro overnight index average (EONIA). These are end-of-period rates up to December 1998 and period averages thereafter. From January 1999, interest rates on one-, three-, six- and twelve-month deposits are euro interbank offered rates (EURIBOR); until December 1998, London interbank offered rates (LIBOR) where available. For the United States and Japan, interest rates on three-month deposits are represented by LIBOR.

Table 4.7 shows end-of-period rates estimated from nominal spot yield curves based on AAA-rated euro-denominated bonds issued by euro area central governments. The yield curves are estimated using the Svensson model[3]. Spreads between the ten-year rates and the three-month and two-year rates are also released. Additional yield curves (daily releases, including charts and tables) and the corresponding methodological information are available at http://www.ecb.europa.eu/stats/money/yc/html/index.en.html. Daily data may 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 hourly labour costs, GDP and expenditure components, value added by economic activity, industrial production, retail sales and passenger

3 Svensson, L. E., "Estimating and Interpreting Forward Interest Rates: Sweden 1992-1994", Centre for Economic Policy Research, Discussion Paper No 1051, 1994.

car registrations are adjusted for the variations in the number of working days.

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 by goods and services components is derived from the classification of individual consumption by purpose (Coicop/HICP). The HICP covers monetary expenditure by households on final consumption in the economic territory of the euro area. The table includes seasonally adjusted HICP data and experimental HICP-based estimates of administered prices, which are compiled by the ECB.

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial new orders, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics.[4] Since January 2009, the revised classification of economic activities (NACE Revision 2), as covered by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90, as well as certain EC Regulations on specific statistical domains,[5] has been applied in the production of short-term statistics. The breakdown by end-use of products for industrial producer prices and industrial production is the harmonised sub-division of industry excluding construction (NACE Revision 2 sections B to E) into main industrial groupings (MIGs), as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007[6].Industrial producer prices reflect the ex-factory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

The two non-energy commodity price indices shown in Table 3 in Section 5.1 are compiled with the same commodity coverage but using two different weighting schemes: one based on the respective commodity imports of the euro area (columns 2-4), and the other (columns 5-7) based on estimated euro area domestic demand, or "use", taking into account information on imports, exports and the domestic production of each commodity (ignoring for 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 on compilation of the ECB commodity price indices, refer to Box 1 in the December 2008 issue of the Monthly Bulletin.

The labour cost indices (Table 5 in Section 5.1) measure the changes in labour costs per hour worked in industry (including construction) and market services. Their methodology is laid down in Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index[7] and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003.[8] A breakdown of hourly labour costs for the euro area is available by labour cost component (wages and salaries, and employers' social contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 3 of Section 5.1) on the basis of non-harmonised, national-definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 3 in Section 5.1) and employment statistics (Table 1 in Section 5.3) are results of the ESA 95 quarterly national accounts.

4 OJ L 162, 5.6.1998, p. 1.
5 OJL L 393, 30.12.2006, p. 1
6 OJ L 155, 15.6.2007, p. 3.
7 OJ L 69, 13.3.2003, p. 1.
8 OJ L 169, 8.7.2003, p. 37.

Industrial new orders (Table 4 in Section 5.2) measure the orders received during the reference period and cover industries working mainly on the basis of orders – in particular the textile, pulp and paper, chemical, metal, capital goods and durable consumer goods industries. The data are calculated on the basis of current prices.

Indices for turnover in industry and for the retail trade (Table 4 in Section 5.2) measure the turnover, including all duties and taxes with the exception of VAT, invoiced during the reference period. Retail trade turnover covers all retail trade (excluding sales of motor vehicles and motorcycles), except automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars. The series for the euro area excludes Cyprus and Malta.

Qualitative business and consumer survey data (Table 5 in Section 5.2) draw on the European Commission Business and Consumer Surveys.

Unemployment rates (Table 2 in Section 5.3) conform to International Labour Organization (ILO) guidelines. They refer to persons actively seeking work as a share of the labour force, using harmonised criteria and definitions. The labour force estimates underlying the unemployment rate are different from the sum of the employment and unemployment levels published in Section 5.3.

GOVERNMENT FINANCE

Sections 6.1 to 6.5 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The annual euro area aggregates in Sections 6.1 to 6.3 are compiled by the ECB on the basis of harmonised data provided by the NCBs, which are regularly updated. The deficit and debt data for the euro area countries may therefore differ from those used by the European Commission within the excessive deficit procedure. The quarterly euro area aggregates in Sections 6.4 and 6.5 are compiled by the ECB on the basis of Eurostat and national data.

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000[9] amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include summary data for the individual euro area countries owing to their importance in the framework of the Stability and Growth Pact. The deficits/surpluses presented for the individual euro area countries correspond to excessive deficit procedure B.9, as defined by Commission Regulation (EC) No 351/2002 of 25 February 2002 amending Council Regulation (EC) No 3605/93 as regards references to the ESA 95. Section 6.3 presents changes in general government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents quarterly figures on general government revenue and expenditure on the basis of definitions laid down in Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly non-financial accounts for general government[10]. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided by the Member States under Regulations (EC) No 501/2004 and No 222/2004 and data provided by the NCBs.

EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments (b.o.p.) and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB

9 OJ L 172, 12.7.2000, p. 3.
10 OJ L 179, 9.7.2002, p. 1.

(ECB/2004/15)[11] and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)[12]. Additional references about 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 following Task Force reports: "Portfolio investment collection systems" (June 2002), "Portfolio investment income" (August 2003) and "Foreign direct investment" (March 2004), all of which can be downloaded from the ECB's website. In addition, the report by the ECB/European Commission (Eurostat) Task Force on Quality of 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, is available on the ECB's website.

The tables in Sections 7.1 and 7.4 follow the sign convention in the IMF Balance of Payments Manual, i.e. surpluses in the current account and in 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, starting with the February 2008 issue of the Monthly Bulletin, the tables in Section 7.3 have been restructured in order to allow the data on 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.

In Section 7.2, Table 1 also contains seasonally adjusted data for the current account. Where appropriate, the adjustment also covers working-day, leap-year and/or Easter effects. Table 3 in Section 7.2 and Table 8 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis main partner countries individually or as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions (which, apart from the ECB, are treated statistically as outside the euro area, regardless of their physical location) and, for some purposes, also offshore centres and international organisations. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives and international reserves. In addition, separate data are not provided for investment income payable to Brazil, mainland China, India and 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, considering the euro area as a single economic entity (see also Box 9 in the December 2002 issue of the Monthly Bulletin, Box 5 in the January 2007 issue of the Monthly Bulletin and Box 6 in the January 2008 issue of the Monthly Bulletin). The i.i.p. is valued at current market prices, with the exception of direct investment, where book values are used for unquoted shares, and other investments (e.g. loans and deposits). The quarterly i.i.p. is compiled on the basis of the same methodological framework as the annual i.i.p. As some data sources are not available on a quarterly basis (or are available with a delay), the quarterly i.i.p. is partly estimated on the basis of financial transactions, asset prices and foreign exchange developments.

11 OJ L 354, 30.11.2004, p. 34.
12 OJ L 159, 20.6.2007, p. 48.

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 the i.i.p. changes other than transactions with 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 of the Eurosystem's international reserves and related assets and liabilities are shown in Section 7.3, Table 7. These figures are not fully comparable with those of the Eurosystem's weekly financial statement owing to differences in coverage and valuation. The data in Table 7 are in line with the recommendations for the template on international reserves and foreign currency liquidity. Changes in the gold holdings of the Eurosystem (column 3) are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999, which was updated on 8 March 2004. 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.

Section 7.4 contains a monetary presentation of the euro area balance of payments, in which the balance of payments transactions mirror the transactions in the external counterpart to M3. In portfolio investment liabilities (Columns 5 and 6), the transactions include sales and purchases of equity and debt securities issued by MFIs in the euro area, excluding shares of money market funds and debt securities with a maturity of up to two years. A 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 by 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 main trading partners individually or 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 goods imported 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 sectors of the importers except households, governments and non-profit institutions. It reflects the cost, insurance and freight (c.i.f.) price excluding import duties and taxes, and refers to the actual transactions in euro recorded at the point when ownership of the goods is being 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 (f.o.b.) price expressed in euro and calculated at the euro area frontiers, including any indirect taxes except VAT and other deductible taxes. Industrial import prices and industrial producer export prices are available by Main Industrial Groupings (MIGs) as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007. For more details, refer to Box 11 in the December 2008 issue of the Monthly Bulletin.

EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate (EER) indices for the euro, calculated by the ECB on the basis of weighted averages of bilateral exchange rates of the euro against the currencies of the euro area's trading partners. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with the trading partners in the periods 1995-1997 and 1999-2001, and are calculated to account for third-market effects. The EER indices result from the linking at the beginning of 1999 of the indices based on 1995-1997 weights to those based on 1999-2001 weights. The EER-21 group of trading partners is composed of the 11 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-41 group includes the EER-21 and the following countries: Algeria, Argentina, Brazil, Chile, Croatia, Iceland, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela. Real EERs are calculated using consumer price indices, producer price indices, gross domestic product deflators, unit labour costs in manufacturing and unit labour costs in the total economy.

For more detailed information on the calculation of the EERs, see Box 8 entitled "The effective exchange rates of the euro following the recent euro area and EU enlargements" in the March 2007 issue of the Monthly Bulletin and the ECB's Occasional Paper No 2 ("The effective exchange rates of the euro" by Luca Buldorini, Stelios Makrydakis and Christian Thimann, February 2002), which can be downloaded from the ECB's website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies. The reference rate of the Indian rupee vis-à-vis Euro has been inserted for the first time in column 26. However data prior to 1 January 2009 are to be considered as indicative rates

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as those for data relating to the euro area. 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]

11 JANUARY AND 8 FEBRUARY 2007

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 3.50%, 4.50% and 2.50% respectively.

8 MARCH 2007

The Governing Council of the ECB decides to increase the minimum bid rate on the main refinancing operations by 25 basis points to 3.75%, starting from the operation to be settled on 14 March 2007. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 4.75% and 2.75%, both with effect from 14 March 2007.

12 APRIL AND 10 MAY 2007

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 3.75%, 4.75% and 2.75% respectively.

6 JUNE 2007

The Governing Council of the ECB decides to increase the minimum bid rate on the main refinancing operations by 25 basis points to 4%, starting from the operation to be settled on 13 June 2007. In addition, it decides to increase by 25 basis points the interest rates on both the marginal lending facility and the deposit facility, to 5% and 3% respectively, with effect from 13 June 2007.

5 JULY, 2 AUGUST, 6 SEPTEMBER, 4 OCTOBER, 8 NOVEMBER AND 6 DECEMBER 2007, AND 10 JANUARY, 7 FEBRUARY, 6 MARCH, 10 APRIL, 8 MAY AND 5 JUNE 2008

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.00%, 5.00% and 3.00% respectively.

3 JULY 2008

The Governing Council of the ECB decides to increase the minimum bid rate on the main refinancing operations by 25 basis points to 4.25%, starting from the operation to be settled on 9 July 2008. In addition, it decides to increase by 25 basis points the interest rates on both the marginal lending facility and the deposit facility, to 5.25% and 3.25% respectively, with effect from 9 July 2008.

7 AUGUST, 4 SEPTEMBER AND 2 OCTOBER 2008

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.25%, 5.25% and 3.25% respectively.

8 OCTOBER 2008

The Governing Council of the ECB decides to decrease the minimum bid rate on the main refinancing operations by 50 basis points to 3.75%, starting from the operations to be settled on 15 October 2008. In addition, it decides to decrease by 50 basis points the interest rates on

1 The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2006 can be found in the ECB's Annual Report for the respective years.

both the marginal lending facility and the deposit facility, to 4.75% and 2.75% respectively, with immediate effect. Moreover, the Governing Council decides that, as from the operation settled on 15 October, the weekly main refinancing operations will be carried out through a fixed-rate tender procedure with full allotment at the interest rate on the main refinancing operation. Furthermore, as of 9 October, the ECB will reduce the corridor of standing facilities from 200 basis points to 100 basis points around the interest rate on the main refinancing operation. The two measures will remain in place for as long as needed, and at least until the end of the first maintenance period of 2009, on 20 January.

15 OCTOBER 2008

The Governing Council of the ECB decides to further expand the collateral framework and enhance the provision of liquidity. To do so, the Governing Council decides: (i) to expand the list of assets eligible as collateral in Eurosystem credit operations, with this expansion remaining in force until the end of 2009, (ii) to enhance the provision of longer-term refinancing, with effect from 30 October 2008 and until the end of the first quarter of 2009, and (iii) to provide US dollar liquidity through foreign exchange swaps.

6 NOVEMBER 2008

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 3.25%, starting from the operations to be settled on 12 November 2008. In addition, it decides to decrease by 50 basis points the interest rates on both the marginal lending facility and the deposit facility, to 3.75% and 2.75% respectively, with effect from 12 November 2008.

4 DECEMBER 2008

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations of the Eurosystem by 75 basis points to 2.50%, starting from the operations to be settled on 10 December 2008. In addition, it decides to decrease by 75 basis points the interest rates on both the marginal lending and the deposit facility to 3.00% and 2.00% respectively, with effect from 10 December 2008.

18 DECEMBER 2008

The Governing Council of the ECB decides that the main refinancing operations will continue to be carried out through a fixed rate tender procedure with full allotment beyond the maintenance period ending on 20 January 2009. This measure will be in place for as long as needed, and at least until the last allotment of the third maintenance period in 2009 on 31 March. Moreover, as of 21 January 2009, the corridor of standing facility rates, which on 9 October 2008 was reduced to 100 basis points around the prevailing interest rate of the main refinancing operation, will be be re-widened symmetrically to 200 basis points.

15 JANUARY 2009

The Governing Council of the ECB decides to decrease the fixed rate on the main refinancing operations by 50 basis points to 2.00%, starting from the operations to be settled on 21 January 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 3.00% and 1.00% respectively, with effect from 21 January 2009, in line with the decision of 18 December 2008.

5 FEBRUARY 2009

The Governing Council of the ECB decided that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.00%, 3.00% and 1.00% respectively.

5 MARCH 2009

The Governing Council of the ECB decides to decrease the fixed rate on the main refinancing operations by 50 basis points to 1.50%, starting from the operations to be settled on 11 March 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 2.50% and 0.50% respectively, with effect from 11 March 2009.

Moreover, the Governing Council decides to continue the fixed rate tender procedure with full allotment for all main refinancing operations, special-term refinancing operations and supplementary and regular longer-term refinancing operations for as long as needed, and in any case beyond the end of 2009. In addition, the Governing Council decides to continue with the current frequency and maturity profile of supplementary longer-term refinancing operations and special-term refinancing operations for as long as needed, and in any case beyond the end of 2009.

2 APRIL 2009

The Governing Council of the ECB decides to decrease the fixed rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operations to be settled on 8 April 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 2.25% and 0.25% respectively, with effect from 8 April 2009.

DOCUMENTS PUBLISHED BY THE EUROPEAN CENTRAL BANK SINCE 2008

This list is designed to inform readers about selected documents published by the European Central Bank since January 2008. For Working Papers, the list only refers to publications released between January and March 2009. Unless otherwise indicated, hard copies can be obtained or subscribed to free of charge, stock permitting, by contacting info@ecb.europa.eu.

For a complete list of documents published by the European Central Bank and by the European Monetary Institute, please visit the ECB's website (http://www.ecb.europa.eu).

ANNUAL REPORT

"Annual Report 2007", April 2008.

CONVERGENCE REPORT

"Convergence Report May 2008".

MONTHLY BULLETIN SPECIAL EDITION

"10th anniversary of the ECB 1998-2008", May 2008.

MONTHLY BULLETIN ARTICLES

"Productivity developments and monetary policy", January 2008.
"Globalisation, trade and the euro area macroeconomy", January 2008.
"The Eurosystem's experience with forecasting autonomous factors and excess reserves", January 2008.
"The analysis of the euro money market from a monetary policy perspective", February 2008.
"Securitisation in the euro area", February 2008.
"The new euro area yield curves", February 2008.
"Business investment in the euro area and the role of firms' financial positions", April 2008.
"Short-term forecasts of economic activity in the euro area", April 2008.
"Developments in the EU arrangements for financial stability", April 2008.
"Price stability and growth", May 2008.
"The Eurosystem's open market operations during the recent period of financial market volatility", May 2008.
"One monetary policy and many fiscal policies: ensuring a smooth functioning of EMU", July 2008.
"Euro area trade in services: some key stylised facts", July 2008.
"The Eurosystem as a provider of technical assistance to EU neighbouring regions", July 2008.
"The external dimension of monetary analysis", August 2008.
"The role of banks in the monetary policy transmission mechanism", August 2008.
"Ten years of the Stability and Growth Pact", October 2008.
"Cross-border bank mergers & acquisitions and institutional investors", October 2008.
"Monitoring labour cost developments across euro area countries", November 2008.
"Valuing stock markets and the equity risk premium", November 2008.
"Ten years of TARGET and the launch of TARGET2", November 2008.
"Housing wealth and private consumption in the euro area", January 2009.
"Foreign asset accumulation by authorities in emerging markets", January 2009.
"New survey evidence on wage setting in Europe", February 2009.
"Assessing global trends in protectionism", February 2009.

"The external financing of households and non-financial corporations: a comparison of the euro area and the United States", April 2009.
"Revisions to GDP estimates in the euro area", April 2009.
"The functional composition of government spending in the European Union", April 2009.

STATISTICS POCKET BOOK

Available monthly since August 2003.

LEGAL WORKING PAPER SERIES

6 "The legal implications of the prudential supervisory assessment of bank mergers and acquisitions under EU law" by S. Kerjean, June 2008.
7 "Electronic money institutions: current trends, regulatory issues and future prospects" by P. Athanassiou and N. Mas-Guix, July 2008.

OCCASIONAL PAPER SERIES

78 "A framework for assessing global imbalances" by T. Bracke, M. Bussière, M. Fidora and R. Straub, January 2008.
79 "The workings of the Eurosystem: monetary policy preparations and decision-making – selected issues" by P. Moutot, A. Jung and F. P. Mongelli, January 2008.
80 "China's and India's roles in global trade and finance: twin titans for the new millennium?" by M. Bussière and A. Mehl, January 2008.
81 "Measuring financial integration in new EU Member States" by M. Baltzer, L. Cappiello, R. A. De Santis and S. Manganelli, March 2008.
82 "The sustainability of China's exchange rate policy and capital account liberalisation" by L. Cappiello and G. Ferrucci, March 2008.
83 "The predictability of monetary policy" by T. Blattner, M. Catenaro, M. Ehrmann, R. Strauch and J. Turunen, March 2008.
84 "Short-term forecasting of GDP using large monthly datasets: a pseudo real-time forecast evaluation exercise" by G. Rünstler, K. Barhoumi, R. Cristadoro, A. Den Reijer, A. Jakaitiene, P. Jelonek, A. Rua, K. Ruth, S. Benk and C. Van Nieuwenhuyze, May 2008.
85 "Benchmarking the Lisbon strategy" by D. Ioannou, M. Ferdinandusse, M. Lo Duca and W. Coussens, June 2008.
86 "Real convergence and the determinants of growth in EU candidate and potential candidate countries: a panel data approach" by M. M. Borys, É. K. Polgár and A. Zlate, June 2008.
87 "Labour supply and employment in the euro area countries: developments and challenges", by a Task Force of the Monetary Policy Committee of the European System of Central Banks, June 2008.
88 "Real convergence, financial markets, and the current account – emerging Europe versus emerging Asia" by S. Herrmann and A. Winkler, June 2008.
89 "An analysis of youth unemployment in the euro area" by R. Gomez-Salvador and N. Leiner-Killinger, June 2008.
90 "Wage growth dispersion across the euro area countries: some stylised facts" by M. Andersson, A. Gieseck, B. Pierluigi and N. Vidalis, July 2008.
91 "The impact of sovereign wealth funds on global financial markets" by R. Beck and M. Fidora, July 2008.

92 "The Gulf Cooperation Council countries: economic structures, recent developments and role in the global economy" by M. Sturm, J. Strasky, P. Adolf and D. Peschel, July 2008.
93 "Russia, EU enlargement and the euro" by Z. Polański and A. Winkler, August 2008.
94 "The changing role of the exchange rate in a globalised economy" by F. di Mauro, R. Rüffer and I. Bunda, September 2008.
95 "Financial stability challenges in candidate countries managing the transition to deeper and more market-oriented financial systems" by the International Relations Committee expert group on financial stability challenges in candidate countries, September 2008.
96 "The monetary presentation of the euro area balance of payments" by L. Bê Duc, F. Mayerlen and P. Sola, September 2008.
97 "Globalisation and the competitiveness of the euro area" by F. di Mauro and K. Forster, September 2008.
98 "Will oil prices decline over the long run?" by R. Kaufmann, P. Karadeloglou and F. di Mauro, October 2008.
99 "The ECB and IMF indicators for the macro-prudential analysis of the banking sector: a comparison of the two approaches" by A. M. Agresti, P. Baudino and P. Poloni, November 2008.
100 "Survey data on household finance and consumption: research summary and policy use" by the Eurosystem Household Finance and Consumption Network, January 2009.
101 "Housing finance in the euro area" by the Task Force of the Monetary Policy Committee of the European System of Central Banks, March 2009.

RESEARCH BULLETIN

"Research Bulletin", No 7, June 2008.
"Research Bulletin", No 8, March 2009.

WORKING PAPER SERIES

989 "Modelling loans to non-financial corporations in the euro area" by C. Kok Sørensen, D. Marqués Ibáñez and C. Rossi, January 2009.
990 "Fiscal policy, housing and stock prices" by A. Afonso and R. M. Sousa, January 2009.
991 "The macroeconomic effects of fiscal policy" by A. Afonso and R. M. Sousa, January 2009.
992 "FDI and productivity convergence in central and eastern Europe: an industry-level investigation" by M. Bijsterbosch and M. Kolasa, January 2009.
993 "Has emerging Asia decoupled? An analysis of production and trade linkages using the Asian international input-output table" by G. Pula and T. A. Peltonen, January 2009.
994 "Fiscal sustainability and policy implications for the euro area" by F. Balassone, J. Cunha, G. Langenus, B. Manzke, J. Pavot, D. Prammer and P. Tommasino, January 2009.
995 "Current account benchmarks for central and eastern Europe: a desperate search?" by M. Ca' Zorzi, A. Chudik and A. Dieppe, January 2009.
996 "What drives euro area break-even inflation rates?" by M. Ciccarelli and J. A. García, January 2009.
997 "Financing obstacles and growth: an analysis for euro area non-financial corporations" by C. Coluzzi, A. Ferrando and C. Martinez-Carrascal, January 2009.
998 "Infinite-dimensional VARs and factor models" by A. Chudik and M. H. Pesaran, January 2009.
999 "Risk-adjusted forecasts of oil prices" by P. Pagano and M. Pisani, January 2009.

1000 "Wealth effects in emerging market economies" by T. A. Peltonen, R. M. Sousa and I. S. Vansteenkiste, January 2009.
1001 "Identifying the elasticity of substitution with biased technical change" by M. A. León-Ledesma, P. McAdam and A. Willman, January 2009.
1002 "Assessing portfolio credit risk changes in a sample of EU large and complex banking groups in reaction to macroeconomic shocks" by O. Castrén, T. Fitzpatrick and M. Sydow, February 2009.
1003 "Real wages over the business cycle: OECD evidence from the time and frequency domains" by J. Messina, C. Strozzi and J. Turunen, February 2009.
1004 "Characterising the inflation-targeting regime in South Korea" by M. Sánchez, February 2009.
1005 "Labour market institutions and macroeconomic volatility in a panel of OECD countries" by F. Rumler and J. Scharler, February 2009.
1006 "Understanding sectoral differences in downward real wage rigidity: workforce composition, institutions, technology and competition" by P. Du Caju, C. Fuss and L. Wintr, February 2009.
1007 "Sequential bargaining in a new-Keynesian model with frictional unemployment and staggered wage negotiation" by G. de Walque, O. Pierrard, H. Sneessens and R. Wouters, February 2009.
1008 "Liquidity (risk) concepts: definitions and interactions" by K. Nikolaou, February 2009.
1009 "Optimal sticky prices under rational inattention" by B. Maćkowiak and M. Wiederholt, February 2009.
1010 "Business cycles in the euro area" by D. Giannone, M. Lenza and L. Reichlin, February 2009.
1011 "The global dimension of inflation – evidence from factor-augmented Phillips curves" by S. Eickmeier and K. Moll, February 2009.
1012 "Petrodollars and imports of oil-exporting countries" by R. Beck and A. Kamps, February 2009.
1013 "Structural breaks, cointegration, and the Fisher effect" by A. Beyer, A. Haug and B. Dewald, February 2009.
1014 "Asset prices and current account fluctuations in G7 economies" by M. Fratzscher and R. Straub, February 2009.
1015 "Inflation forecasting in the new EU Member States" by O. Arratibel, C. Kamps and N. Leiner-Killinger, February 2009.
1016 "When does lumpy factor adjustment matter for aggregate dynamics?" by S. Fahr and F. Yao, March 2009.
1017 "Optimal prediction pools" by J. Geweke and G. Amisano, March 2009.
1018 "Cross-border mergers and acquisitions: financial and institutional forces" by N. Coeurdacier, R. A. De Santis and A. Aviat, March 2009.
1019 "What drives returns to euro area housing? Evidence from a dynamic dividend-discount model" by P. Hiebert and M. Sydow, March 2009.
1020 "Opting out of the Great Inflation: German monetary policy after the breakdown of Bretton Woods" by A. Beyer, V. Gaspar, C. Gerberding and O. Issing, March 2009.
1021 "Rigid labour compensation and flexible employment? Firm-level evidence with regard to productivity for Belgium" by C. Fuss and L. Wintr, March 2009.
1022 "Understanding inter-industry wage structures in the euro area" by V. Genre, K. Kohn and D. Momferatou, March 2009.
1023 "Bank loan announcements and borrower stock returns: does bank origin matter?" by S. Ongena and V. Roscovan, March 2009.

1024 "Funding liquidity risk: definition and measurement" by M. Drehmann and K. Nikolaou, March 2009.
1025 "Liquidity risk premia in unsecured interbank money markets" by J. Eisenschmidt and J. Tapking, March 2009.
1026 "Do house price developments spill over across euro area countries? Evidence from a global VAR" by I. Vansteenkiste and P. Hiebert, March 2009.
1027 "Long-run evidence on money growth and inflation" by L. Benati, March 2009.
1028 "Large debt financing: syndicated loans versus corporate bonds" by Y. Altunbaş, A. Kara and D. Marqués-Ibáñez, March 2009.
1029 "The role of fiscal transfers for regional economic convergence in Europe" by C. Checherita, C. Nickel and P. Rother, March 2009.
1030 "Forecast evaluation of small nested model sets" by K. Hubrich and K. D. West, March 2009.
1031 "Global roles of currencies" by C. Thimann, March 2009.
1032 "Assessing long-term fiscal developments: a new approach" by A. Afonso, L. Agnello, D. Furceri and R. Sousa, March 2009.
1033 "Fiscal competition over taxes and public inputs: theory and evidence" by S. Hauptmeier, F. Mittermaier and J. Rincke, March 2009.
1034 "The role of the United States in the global economy and its evolution over time" by S. Dées and A. Saint-Guilhem, March 2009.
1035 "The role of labour markets for euro area monetary policy" by K. Christoffel, K. Kuester and T. Linzert, March 2009.
1036 "Search in the product market and the real business cycle" by T. Y. Mathä and O. Pierrard, March 2009.
1037 "What do asset prices have to say about risk appetite and uncertainty?" by G. Bekaert, M. Hoerova and M. Scheicher, March 2009.
1038 "Are 'intrinsic inflation persistence' models structural in the sense of Lucas (1976)?" by L. Benati, March 2009.
1039 "Real Time' early warning indicators for costly asset price boom/bust cycles: a role for global liquidity" by L. Alessi and C. Detken, March 2009.
1040 "The external and domestic side of macroeconomic adjustment in China" by R. Straub and C. Thimann, March 2009.

OTHER PUBLICATIONS

"Bond markets and long-term interest rates in non-euro area Member States of the European Union", January 2008 (online only).
"Oversight framework for card payment schemes – standards", January 2008 (online only).
"The role of money – money and monetary policy in the twenty-first century – proceedings of the Fourth ECB Central Banking Conference 2006", February 2008.
"Euro area balance of payments and international investment position statistics – Annual quality report", March 2008 (online only).
"ECB statistics quality framework (SQF)", April 2008 (online only).
"Quality assurance procedures within the ECB statistical function", April 2008 (online only).
"ECB statistics – an overview", April 2008 (online only).
"TARGET Annual Report 2007", April 2008 (online only).
"Financial integration in Europe", April 2008.
"Financial Stability Review", June 2008.

"Labour supply and employment in the euro area countries: developments and challenges", June 2008.
"The international role of the euro", July 2008 (online only).
"Payment systems and market infrastructure oversight report", July 2008 (online only).
"Letter from the ECB President to Mr Dimitrios Papadimoulis, Member of the European Parliament", July 2008 (online only).
"Letter from the ECB President to Mr Ashley Mote, Member of the European Parliament", July 2008 (online only).
"Legal framework of the Eurosystem and the ESCB. ECB legal acts and instruments", July 2008.
"CCBM2 User Requirements 4.1", July 2008 (online only).
"Simulating financial instability – conference on stress testing and financial crisis simulation exercises, 12-13 July 2007", September 2008.
"New procedure for constructing ECB staff projection ranges", September 2008 (online only).
"Commission's draft directive/regulation on credit rating agencies – Eurosystem contribution to the public consultation", September 2008 (online only).
"Euro money market survey", September 2008 (online only).
"EU banking structures", October 2008 (online only).
"Letter from the ECB President to Mr Mario Borghezio, Member of the European Parliament", October 2008 (online only).
"Letter from the ECB President to Mr Ashley Mote, Member of the European Parliament", October 2008 (online only).
"A strategic vision for statistics: challenges for the next 10 years – Fourth ECB Conference on Statistics, 24 and 25 April 2008", November 2008.
"The implementation of monetary policy in the euro area: General documentation on Eurosystem monetary policy instruments and procedures", November 2008.
"The Eurosystem policy principles on the location and operation of infrastructures settling euro-denominated payment transactions: specification of 'legally and operationally located in the euro area' ", November 2008 (online only).
"Single Euro Payments Area – sixth progress report", November 2008 (online only).
"EU banks' liquidity stress-testing and contingency funding plans", November 2008 (online only).
"Government finance statistics guide", December 2008 (online only).
"Financial Stability Review", December 2008.
"Covered bonds in the EU financial system", December 2008 (online only).
"The incentive structure of the 'originate and distribute' model", December 2008 (online only).
"Recommendations of the Governing Council of the European Central Bank on the pricing of recapitalisations", December 2008 (online only).
"Recommendations of the Governing Council of the European Central Bank on government guarantees for bank debt", December 2008 (online only).
"Commercial property markets – financial stability risks, recent developments and EU banks' exposures", December 2008 (online only).
"Correspondent central banking model (CCBM) – procedures for Eurosystem counterparties", December 2008 (online only).
"Letter from the ECB President to Mr Robert Sturdy, Member of the European Parliament", January 2009 (online only).
"Euro money market study 2008", February 2009 (online only).
"Eurosystem oversight policy framework", February 2009 (online only).
"Harmonised oversight approach and oversight standards for payment instruments", February 2009 (online only).

"European Commission's consultation on hedge funds – Eurosystem contribution", February 2009 (online only).
"Guiding principles for bank asset support schemes", March 2009 (online only).
"Letter from the ECB President to Mr José Ribeiro e Castro, Member of the European Parliament", March 2009 (online only).
"Letter from the ECB President to Mr Dimitrios Papadimoulis, Member of the European Parliament", March 2009 (online only).
"Letter from the ECB President to Mr Manolis Mavrommatis, Member of the European Parliament, regarding the issuance of low denomination euro banknotes", March 2009 (online only).
"Letter from the ECB President to Mr Eoin Ryan, Member of the European Parliament, concerning the recent widening of spreads between euro area government bond yields", March 2009 (online only).
"Eurosystem's SEPA expectations", March 2009 (online only).
"Housing finance in the euro area", March 2009 (online only).
"Euro area monetary and financial statistics: 2008 quality report", March 2009 (online only).
"Euro area balance of payments and international investment position statistics: 2008 quality report", March 2009 (online only).

INFORMATION BROCHURES

"The European Central Bank, the Eurosystem, the European System of Central Banks", 2nd edition, April 2008.
"Price Stability – why is it important for you?", June 2008.
"A single currency – an integrated market infrastructure", September 2008.

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.

Capital account: a b.o.p. account that covers all capital transfers and acquisitions/disposals of non-produced, non-financial assets between residents and non-residents.

Capital accounts: part of the system of national (or euro area) accounts consisting of the change in net worth that is due to net saving, net capital transfers and net acquisitions of non-financial assets.

Central parity (or central rate): the exchange rate of each ERM II member currency vis-à-vis the euro, around which the ERM II fluctuation margins are defined.

Compensation per employee or per hour worked: the total remuneration, in cash or in kind, that is payable by employers to employees, i.e. gross wages and salaries, as well as bonuses, overtime payments and employers' social security contributions, divided by the total number of employees or by the total number of employees' hours worked.

Consolidated balance sheet of the MFI sector: a balance sheet obtained by netting out inter-MFI positions (e.g. inter-MFI loans and deposits) in the aggregated MFI balance sheet. It provides statistical information on the MFI sector's assets and liabilities vis-à-vis residents of the euro area not belonging to this sector (i.e. the general government and other euro area residents) and vis-à-vis non-euro area residents. It is the main statistical source for the calculation of monetary aggregates, and it provides the basis for the regular analysis of the counterparts of M3.

Current account: a b.o.p. account that covers all transactions in goods and services, income and current transfers between residents and non-residents.

Debt (financial accounts): loans, deposit liabilities, debt securities issued and pension fund reserves of non-financial corporations (resulting from employers' direct pension commitments on behalf of their employees), valued at market value at the end of the period.

Debt (general government): the gross debt (deposits, loans and debt securities excluding financial derivatives) 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 104(2) of the Treaty establishing the European Community 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 104(2) of the Treaty establishing the European Community 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 decline in the general price level, e.g. in the consumer price index.

Deposit facility: a standing facility of the Eurosystem which counterparties may use to make overnight deposits, remunerated at a pre-specified interest rate, at an NCB.

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 nominal EER indices for the euro are calculated against two groups of trading partners: the EER-21 (comprising the 11 non-euro area EU Member States and 10 trading partners outside the EU) and the EER-41 (composed of the EER-21 and 20 additional countries). The weights used reflect the share of each partner country in euro area trade 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.

EONIA (euro overnight index average): a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks.

Equities: securities representing ownership of a stake in a corporation. They comprise shares traded on stock exchanges (quoted shares), unquoted shares and other forms of equity. Equities usually produce income in the form of dividends.

ERM II (exchange rate mechanism II): the exchange rate arrangement that provides the framework for exchange rate policy cooperation between the euro area countries and the EU Member States not participating in Stage Three of EMU.

EURIBOR (euro interbank offered rate): the rate at which a prime bank is willing to lend funds in euro to another prime bank, computed daily for interbank deposits with different maturities of up to 12 months.

Euro area: the area formed by those EU Member States in which the euro has been adopted as the single currency in accordance with the Treaty establishing the European Community.

European Commission surveys: harmonised surveys of business and/or consumer sentiment conducted on behalf of the European Commission in each of the EU Member States. Such questionnaire-based surveys are addressed to managers in the manufacturing, construction, retail and services industries, as well as to consumers. From each monthly survey, composite indicators are calculated that summarise the replies to a number of different questions in a single indicator (confidence indicators).

Eurosystem: the central banking system made up of the ECB and the NCBs of those EU Member States that have already adopted the euro.

Eurozone Purchasing Managers' Surveys: surveys of business conditions in manufacturing and in services industries conducted for a number of countries in the euro area and used to compile indices. The Eurozone Manufacturing Purchasing Managers' Index (PMI) is a weighted indicator calculated from indices of output, new orders, employment, suppliers' delivery times and stocks of purchases. The services sector survey asks questions on business activity, expectations of future business activity, the amount of business outstanding, incoming new business, employment, input prices and prices charged. The Eurozone Composite Index is calculated by combining the results from the manufacturing and services sector surveys.

External trade in goods: exports and imports of goods with countries outside the euro area, measured in terms of value and as indices of volume and unit value. External trade statistics are not comparable with the exports and imports recorded in the national accounts, as the latter include both intra-euro area and extra-euro area transactions, and also combine goods and services. Nor are they fully comparable with the goods item in b.o.p. statistics. Besides methodological adjustments, the main difference is that imports in external trade statistics are recorded including insurance and freight services, whereas they are recorded free on board in the goods item in the b.o.p. statistics.

Financial account: a b.o.p. account that covers transactions between residents and non-residents in direct investment, portfolio investment, other investment, financial derivatives and reserve assets.

Financial accounts: part of the system of national (or euro area) accounts showing the financial positions (stocks or balance sheets), financial transactions and other changes of the different institutional sectors of an economy by type of financial asset.

Fixed rate tender: a tender procedure in which the interest rate is specified in advance by the central bank and in which participating counterparties bid the amount of money they wish to transact at the fixed interest rate.

General government: a sector defined in the ESA 95 as comprising resident entities that are engaged primarily in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. Included are central, regional and local government authorities as well as social security funds. Excluded are government-owned entities that conduct commercial operations, such as public enterprises.

Gross domestic product (GDP): the value of an economy's total output of goods and services less intermediate consumption, plus net taxes on products and imports. GDP can be broken down by output, expenditure or income components. The main expenditure aggregates that make up GDP are household final consumption, government final consumption, gross fixed capital formation, changes in inventories, and imports and exports of goods and services (including intra-euro area trade).

Harmonised Index of Consumer Prices (HICP): a measure of the development of consumer prices that is compiled by Eurostat and harmonised for all EU Member States.

Hourly labour cost index: a measure of labour costs, including gross wages and salaries (in cash and in kind, including bonuses) and other labour costs (employers' social contributions plus employment-related taxes paid by the employer minus subsidies received by the employer), per hour actually worked (including overtime).

Implied volatility: the expected volatility (i.e. standard deviation) in the rates of change of the price of an asset (e.g. a share or a bond). It can be derived from the asset's price, maturity date and exercise price of its options, as well as from a riskless rate of return, using an option pricing model such as the Black-Scholes model.

Index of negotiated wages: a measure of the direct outcome of collective bargaining in terms of basic pay (i.e. excluding bonuses) at the euro area level. It refers to the implied average change in monthly wages and salaries.

Industrial producer prices: factory-gate prices (transportation costs are not included) of all products sold by industry excluding construction on the domestic markets of the euro area countries, excluding imports.

Industrial production: the gross value added created by industry at constant prices.

Inflation: an increase in the general price level, e.g. in the consumer price index.

Inflation-indexed government bonds: debt securities issued by the general government, the coupon payments and principal of which are linked to a specific consumer price index.

International investment position (i.i.p.): the value and composition of an economy's outstanding net financial claims on (or financial liabilities to) the rest of the world.

International reserves: external assets readily available to and controlled by monetary authorities for directly financing or regulating the magnitude of payments imbalances through intervention in exchange markets. The international reserves of the euro area comprise non-euro denominated claims on non-euro area residents, gold, special drawing rights (SDRs) and the reserve positions in the IMF which are held by the Eurosystem.

Investment funds (except money market funds): financial institutions that pool capital raised from the public and invest it in financial and non-financial assets. See also **MFIs**.

Job vacancies: a collective term covering newly created jobs, unoccupied jobs or jobs about to become vacant in the near future, for which the employer has recently taken active steps to find a suitable candidate.

Key ECB interest rates: the interest rates, set by the Governing Council, which reflect the monetary policy stance of the ECB. They are the rates at the main refinancing operations, on the marginal lending facility and on the deposit facility.

Labour force: the sum total of persons in employment and the number of unemployed.

Labour productivity: the output that can be produced with a given input of labour. It can be measured in several ways, but is commonly measured as GDP (volume) divided by either total employment or total hours worked.

Longer-term refinancing operation: a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a monthly standard tender and normally have a maturity of three months.

M1: a narrow monetary aggregate that comprises currency in circulation plus overnight deposits held with MFIs and central government (e.g. at the post office or treasury).

M2: an intermediate monetary aggregate that comprises M1 plus deposits redeemable at a period of notice of up to and including three months (i.e. short-term savings deposits) and deposits with an agreed maturity of up to and including two years (i.e. short-term time deposits) held with MFIs and central government.

M3: a broad monetary aggregate that comprises M2 plus marketable instruments, in particular repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs.

Main refinancing operation: a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

Marginal lending facility: a standing facility of the Eurosystem which counterparties may use to receive overnight credit from an NCB at a pre-specified interest rate against eligible assets.

MFI credit to euro area residents: MFI loans granted to non-MFI euro area residents (including general government and the private sector) and MFI holdings of securities (shares, other equity and debt securities) issued by non-MFI euro area residents.

MFI interest rates: the interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area.

MFI longer-term financial liabilities: deposits with an agreed maturity of over two years, deposits redeemable at a period of notice of over three months, debt securities issued by euro area MFIs with an original maturity of more than two years and the capital and reserves of the euro area MFI sector.

MFI net external assets: the external assets of the euro area MFI sector (such as gold, foreign currency banknotes and coins, securities issued by non-euro area residents and loans granted to non-euro area residents) minus the external liabilities of the euro area MFI sector (such as non-euro area residents' deposits and repurchase agreements, as well as their holdings of money market fund shares/units and debt securities issued by MFIs with a maturity of up to and including two years).

MFIs (monetary financial institutions): financial institutions which together form the money-issuing sector of the euro area. These include the Eurosystem, resident credit institutions (as defined in Community law) and all other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities. The latter group consists predominantly of money market funds, i.e. funds that invest in short-term and low-risk instruments usually with a maturity of one year or less.

Minimum bid rate: the lower limit to the interest rates at which counterparties may submit bids in the variable tenders.

Other investment: an item in the b.o.p. and the i.i.p. that covers the financial transactions/positions with non-residents in trade credits, deposits and loans, and other accounts receivable and payable.

Portfolio investment: euro area residents' net transactions and/or positions in securities issued by non-residents of the euro area ("assets") and non-residents' net transactions and/or positions in securities issued by euro area residents ("liabilities"). Included are equity securities and debt securities (bonds and notes, and money market instruments). Transactions are recorded at the effective price paid or received, less commissions and expenses. To be regarded as a portfolio asset, ownership in an enterprise must be equivalent to less than 10% of the ordinary shares or voting power.

Price stability: the maintenance of price stability is the primary objective of the Eurosystem. The Governing Council defines price stability as a year-on-year increase in the HICP for the euro area of below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

Purchasing power parity (PPP): the rate at which one currency is converted into another so as to equalise the purchasing power of the two currencies by eliminating the differences in the price levels prevailing in the countries concerned. In their simplest form, PPPs show the ratio of the prices in national currency of the same good or service in different countries.

Reference value for M3 growth: the annual growth rate of M3 over the medium term that is consistent with the maintenance of price stability. At present, the reference value for annual M3 growth is 4½%.

Reserve requirement: the minimum amount of reserves a credit institution is required to hold with the Eurosystem over a predefined maintenance period. Compliance with the requirement is determined on the basis of the average of the daily balances in the reserve accounts over the maintenance period.

Survey of Professional Forecasters (SPF): a quarterly survey that has been conducted by the ECB since 1999 to collect macroeconomic forecasts on euro area inflation, real GDP growth and unemployment from a panel of experts affiliated to financial and non-financial organisations based in the EU.

Unit labour costs: a measure of total labour costs per unit of output calculated for the euro area as the ratio of total compensation per employee to labour productivity (defined as GDP (volume) per person employed).

Variable rate tender: a tender procedure where the counterparties bid both the amount of money they wish to transact with the central bank and the interest rate at which they wish to enter into the transaction.

Write-down: a downward adjustment to the value of loans recorded in the balance sheets of MFIs when it is recognised that the loans have become partly unrecoverable.

Write-off: the removal of the value of loans from the balance sheets of MFIs when the loans are considered to be totally unrecoverable.

Yield curve: a graphical representation of the relationship between the interest rate or yield and the residual maturity at a given point in time for sufficiently homogenous debt securities with different maturity dates. The slope of the yield curve can be measured as the difference between the interest rates or yield at two selected maturities.

ISSN 1561-0136