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EUROPEAN CENTRAL BANK

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In 2010 all ECB publications feature a motif taken from the €500 banknote.

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ABBREVIATIONS

COUNTRIES

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

OTHERS

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

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

EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council decided at its meeting on 10 June 2010 to leave the key ECB interest rates unchanged. The current rates remain appropriate. Taking into account all the new information which has become available since its meeting on 6 May 2010, the Governing Council continues to expect price developments to remain moderate over the policy-relevant medium-term horizon. Global inflationary pressures may persist, while domestic price pressures are expected to remain low. The latest information has also confirmed that the economic recovery in the euro area continued in the first half of 2010, but quarterly growth rates are likely to be rather uneven. Looking ahead, the Governing Council expects the euro area economy to grow at a moderate pace, in an environment of continued tensions in some financial market segments and of unusually high uncertainty. The monetary analysis confirms that inflationary pressures over the medium term remain contained, as suggested by weak money and credit growth. Overall, the Governing Council expects price stability to be maintained over the medium term, thereby supporting the purchasing power of euro area households. Inflation expectations remain firmly anchored in line with the aim of keeping inflation rates below, but close to, 2% over the medium term. The firm anchoring of inflation expectations remains of the essence.

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

Turning to the economic analysis, euro area economic activity has been expanding since mid-2009, after a period of sharp decline. According to Eurostat's first estimate, euro area real GDP increased, on a quarterly basis, by 0.2% in the first quarter of 2010. While adverse weather conditions, in particular, dampened growth in the early part of the year, the latest economic indicators suggest that a rebound took place during the spring. Looking ahead, the Governing Council expects real GDP to grow at a moderate and still uneven pace over time and across economies and sectors of the euro area. The ongoing recovery at the global level and its impact on the demand for euro area exports, together with the accommodative monetary policy stance and the measures adopted to restore the functioning of the financial system, should provide support to the euro area economy. However, the recovery of activity is expected to be dampened by the process of balance sheet adjustment in various sectors and weak labour market prospects.

This assessment is also reflected in the June 2010 Eurosystem staff macroeconomic projections for the euro area, according to which annual real GDP growth will range between 0.7% and 1.3% in 2010 and between 0.2% and 2.2% in 2011. Compared with the March 2010 ECB staff macroeconomic projections, the range for real GDP growth this year has been revised slightly upwards, owing to the positive impact of stronger activity worldwide in the short run, while the range has been revised somewhat downwards for 2011, reflecting mainly domestic demand prospects. The June 2010 Eurosystem staff projections are broadly in line with forecasts by international organisations.

In the Governing Council's assessment, the risks to the economic outlook are broadly balanced, in an environment of unusually high uncertainty. On the upside, the global economy and foreign trade may recover more strongly than projected, thereby further supporting euro area exports. On the downside, concerns remain relating to renewed tensions in some financial market segments and related confidence effects. In addition, a stronger or more protracted than expected negative feedback loop between the real economy and the financial sector, renewed increases in oil and other commodity prices, and protectionist pressures, as well as the possibility of a disorderly correction of global imbalances, may weigh on the downside.

With regard to price developments, euro area annual HICP inflation was 1.6% in May 2010, according to Eurostat's flash estimate, after 1.5% in April. The rise in inflation over recent months mostly reflects higher energy prices. During the second half of this year some further slight increases in HICP inflation cannot be excluded. Looking further ahead, inflation rates should overall remain moderate. Upward pressures on commodity prices may persist, while euro area domestic price pressures are expected to remain low. Inflation expectations over the medium to longer term continue to be firmly anchored in line with the Governing Council's aim of keeping inflation rates below, but close to, 2% over the medium term.

This assessment is also reflected in the June 2010 Eurosystem staff macroeconomic projections for the euro area, which foresee annual HICP inflation in a range between 1.4% and 1.6% for 2010 and between 1.0% and 2.2% for 2011. Compared with the ECB staff projections of March 2010, the ranges have been adjusted somewhat upwards, mainly reflecting higher euro prices for commodities. Available forecasts from international organisations provide a broadly similar picture.

Risks to the outlook for price developments are broadly balanced. Upside risks over the medium term relate, in particular, to the evolution of commodity prices. Furthermore, increases in indirect taxation and administered prices may be greater than currently expected, owing to the need for fiscal consolidation in the coming years. At the same time, risks to domestic price and cost developments are contained. Overall, the Governing Council will monitor closely the future evolution of all available price indicators.

Turning to the monetary analysis, the annual growth rate of M3 was unchanged at -0.1% in April 2010. The annual growth rate of loans to the private sector increased somewhat further and turned positive, but remained weak at 0.1%. Together, these data continue to support the assessment that the underlying pace of monetary expansion is moderate and that inflationary pressures over the medium term are contained. Shorter-term developments in M3 and loans have remained volatile and, given the renewed tensions in some financial market segments, volatility in M3 and its components may well continue.

The actual growth in M3 continues to understate the underlying pace of monetary expansion, but the downward impact of the rather steep yield curve and the associated allocation of funds to longer-term deposits and securities outside M3 appear to be gradually waning. The same holds for the shifts within M3 that have been observed as a response to the narrow spreads between the interest rates paid on different M3 instruments. At 10.7%, annual M1 growth is still very strong.

The still weak annual growth rate of bank loans to the private sector conceals the fact that monthly flows have now been positive for a number of months. At the same time, these aggregate developments continue to reflect mainly an ongoing strengthening in the annual growth of loans to households, while the annual growth of loans to non-financial corporations has remained negative. A lagged response of loans to non-financial corporations to economic activity is a normal feature of the business cycle.

The latest data confirm that the reduction in the size of banks' overall balance sheets has not continued since the turn of the year. However, further adjustments cannot be ruled out and the challenge remains for banks to expand the availability of credit to the non-financial sector when demand picks up. To address this challenge, banks should turn to the market to strengthen further their capital bases and, where necessary, take full advantage of government support measures for recapitalisation.

To sum up, the current key ECB interest rates remain appropriate. Taking into account all the new information which has become available since its meeting on 6 May 2010, the Governing Council continues to expect price developments to remain moderate over the policy-relevant medium-term horizon. Global inflationary pressures may persist, while domestic price pressures are expected to remain low. The latest information has also confirmed that the economic recovery in the euro area continued in the first half of 2010, but quarterly growth rates are likely to be rather uneven. Looking ahead, the Governing Council expects the euro area economy to grow at a moderate pace, in an environment of continued tensions in some financial market segments and unusually high uncertainty. A cross-check of the outcome of the economic analysis with that of the monetary analysis confirms that inflationary pressures over the medium term remain contained, as suggested by weak money and credit growth. Overall, the Governing Council expects price stability to be maintained over the medium term, thereby supporting the purchasing power of euro area households. Inflation expectations remain firmly anchored in line with the aim of keeping inflation rates below, but close to, 2% over the medium term. The firm anchoring of inflation expectations remains of the essence. Accordingly, the Governing Council will continue to monitor all developments over the period ahead very closely.

As regards fiscal policies, the Governing Council welcomes the recent decision by euro area countries to formally establish a European Financial Stability Facility. This needs to be accompanied by decisive action at the level of governments. It is essential that all countries stick to their commitments to correct high budget deficits and government debt and reduce fiscal vulnerability. To this end, the concrete adjustment measures needed to achieve the budgetary targets should be fully specified. All countries must ensure that confidence in the sustainability of public finances is guaranteed. The Governing Council welcomes the fact that a number of euro area governments with the highest deficits and strongly increasing debt levels have adopted additional fiscal consolidation measures and set out more ambitious fiscal targets. In this context, the Governing Council took note of the spring 2010 orientations for fiscal policies in euro area countries agreed by the euro area finance ministers on 7 June, and welcomes the commitment to take additional measures, where needed, in order to ensure the achievement of the budgetary targets for 2010 and beyond. It is indeed key that the new budgetary targets be achieved. The Governing Council fully agrees with the ministers on the priority of halting and reversing the increase in the debt ratio and welcomes the commitment to take immediate action to that effect.

For all euro area countries, structural reforms leading to higher growth and employment are crucial to support a sustainable recovery. Existing competitiveness problems, as well as domestic and external imbalances, need to be urgently addressed by the countries concerned. To that end, wage-bargaining should allow wages to adjust appropriately to the competitiveness and unemployment situation. Likewise, measures that increase price flexibility and non-price competitiveness are essential. Finally, an appropriate restructuring of the banking sector should play an important role. Sound balance sheets, effective risk management and transparent, robust business models are key to strengthening banks' resilience to shocks and to ensuring adequate access to finance, thereby laying the foundations for sustainable growth, job creation and financial stability.

ECONOMIC AND MONETARY DEVELOPMENTS

1 THE EXTERNAL ENVIRONMENT OF THE EURO AREA

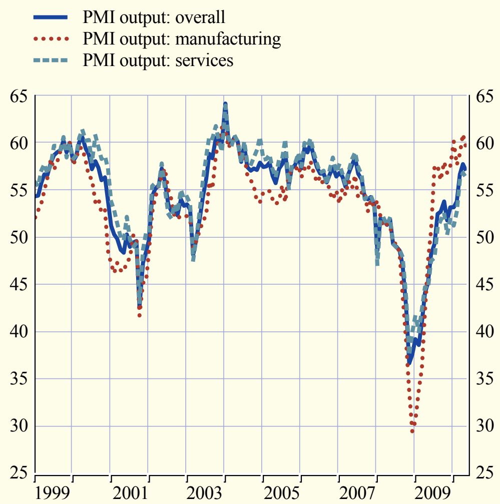
The global economy has continued to recover in recent months, partly supported by the monetary and fiscal policy stimuli and a prolonged inventory cycle. Global inflation has increased mainly on account of higher commodity prices, but underlying inflationary pressures remain rather contained overall, particularly in major advanced economies, in line with low capacity utilisation and well anchored inflation expectations. In some emerging economies, by contrast, inflationary pressures have been surfacing, supported by buoyant domestic demand. In an environment of unusually high uncertainty, risks to the global economic outlook are seen to be broadly balanced.

1.1 DEVELOPMENTS IN THE WORLD ECONOMY

The global economy continued to expand in the first quarter of 2010 and short-term indicators point to robust growth in the beginning of the second quarter. The recovery remains supported by the effects of monetary and fiscal policy stimuli and a prolonged inventory cycle. These positive developments in global economic activity have been accompanied by a further recovery in world trade. Global employment indicators have also improved in the last few months, following widespread job losses throughout much of the preceding two years.

Chart 1 Global PMI output

(diffusion index; seasonally adjusted; monthly data)



Source: Markit.

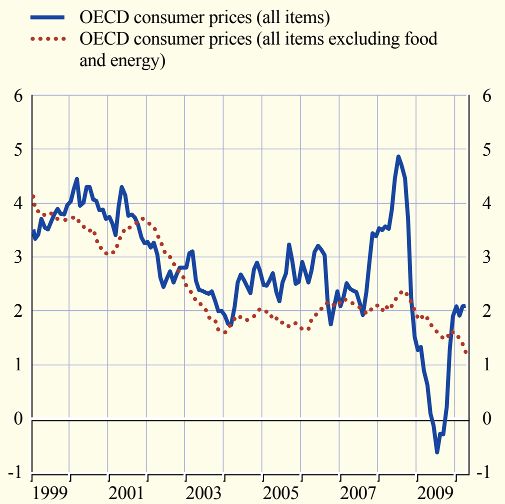
In greater detail, the latest indicator-based evidence continues to point to a further improvement in global economic conditions. Although the global composite Purchasing Managers' Index (PMI) eased somewhat to 57.0 in May from 57.7 in the previous month, it remained well above the series average, consistent with continued global expansion (see Chart 1). Business activity in both the manufacturing and the services sectors lost some momentum, but remained at rather high levels. The PMI indices for new orders moderated in May, with the slowdown in new business growth having been slightly more pronounced in the services sector than in manufacturing. Overall, manufacturing continued to lead the recovery, supported by a rather solid expansion in new orders.

Along with the recovery in world economic activity, world trade continued to expand at the end of 2009 and in the first quarter of 2010, possibly also reflecting the fact that manufacturing continued to lead the rebound in activity. According to the latest available indicators, world trade volumes expanded by 3.5% in March, following a 1.7% increase in February. Import volumes increased in March in all major regions apart from Japan, where they declined. Available trade data and leading indicators point to a stagnation of world trade in April. Looking at quarter-on-quarter growth rates, world trade volumes increased by 5.3% in the first quarter of 2010, moderating from 6.0% in the last quarter of 2009. At the end of March 2010, world trade volumes were still around 4% below the peak of April 2008, but 21% higher than the trough in May 2009.

Global inflation has increased mainly on account of higher commodity prices, but underlying inflationary pressures remain rather contained overall, particularly in major advanced economies, in line with low capacity utilisation and well anchored inflation expectations. In the OECD area, headline consumer price inflation was 2.1% in the year to April, unchanged from the previous month (see Chart 2). Excluding food and energy, annual CPI inflation declined to 1.2% in April 2010, the lowest level on record. In some emerging economies, by contrast, inflationary pressures have been surfacing, supported by buoyant domestic demand. Global PMI input prices remained at elevated levels in May 2010 against the backdrop of rising energy prices.

Chart 2 International price developments

(monthly data; annual percentage changes)



Source: OECD.

UNITED STATES

In the United States, the economy remains on a recovery path. Having turned positive in the second half of 2009, real GDP growth gained further traction in early 2010. According to the second estimate by the Bureau of Economic Analysis, real GDP increased by 3.0% in annualised terms in the first quarter of 2010, following a 5.6% increase in the last quarter of 2009. The economic expansion in the first three months of the year reflected resilient consumer spending, a rebound in investment in equipment and software, and a strong positive contribution from private inventories. On the other hand, growth was held down by lower state and local government spending, as well as declining investment in residential and business construction. In addition, net trade subtracted 0.7 percentage point from real GDP growth, as the increase in imports outpaced that in exports.

As regards price developments, annual CPI inflation stood at 2.2% in April, broadly in line with the observed average rate of inflation in the year to date. The increase in inflation in the early months of 2010 – compared with an average of -0.4% in 2009 – largely stems from the rebound in energy prices, following previous marked declines. Excluding food and energy, annual inflation slowed further to 0.9% in April, the lowest rate since January 1966. The disinflationary trend in core items continues to reflect ongoing slack in domestic product and labour markets.

Looking ahead, the recovery in the near term is likely to remain supported by the fiscal and monetary policy stimuli, as well as the boost from the inventory cycle. However, thereafter, fading support from temporary factors might bring some moderation in the pace of economic expansion. Further normalisation in confidence and financial conditions, a turnaround in labour market developments and the pace of progress in private sector balance sheet repair remain key factors likely to shape future economic activity. As regards price developments, inflation is likely to remain contained in the presence of a large output gap.

On 28 April 2010 the US Federal Open Market Committee (FOMC) decided to maintain its target range for the federal funds rate at 0% to 0.25%. The FOMC continues to hold the view that economic conditions, including low rates of resource utilisation, subdued inflationary trends and stable inflation expectations, are likely to warrant exceptionally low levels of the federal funds rate for an extended period. In May 2010 the Federal Reserve announced the re-establishment of temporary US dollar liquidity swap facilities with the aim of improving liquidity conditions on account of the re-emergence of strains in financial markets.

JAPAN

In Japan, real GDP expanded in the first quarter of 2010 by 1.2% quarter on quarter according to the first preliminary data release of Japan's Cabinet Office. Economic activity was mainly driven by net exports of goods and services, which accounted for 0.7 percentage point of the quarterly real GDP growth, and by private demand (0.5 percentage point). For the first time in two years, personal consumption and residential and business investment showed positive quarterly growth rates.

Consumer price inflation remained negative owing to the significant slack in the economy. Overall annual CPI inflation declined by 1.2% in April compared with 1.1% in March. Annual CPI inflation excluding fresh food and energy stood at -1.6%, while CPI inflation excluding fresh food fell to -1.5%.

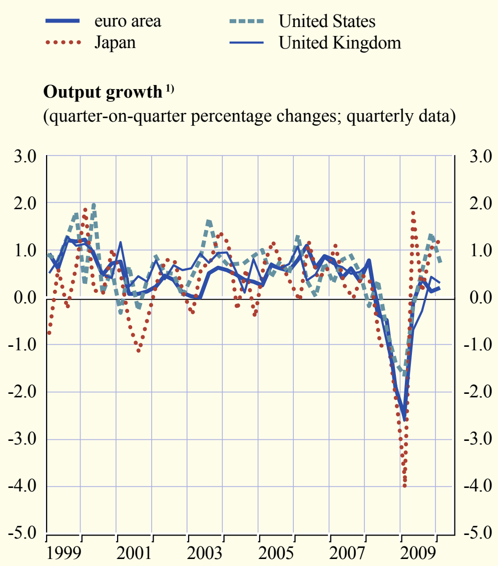
Looking ahead, Japan's economy is expected to remain on a recovery trend. However, growth momentum is likely to slip in the course of 2010 following the waning impact of fiscal stimulus measures on domestic consumption and a stabilisation in the growth of net exports.

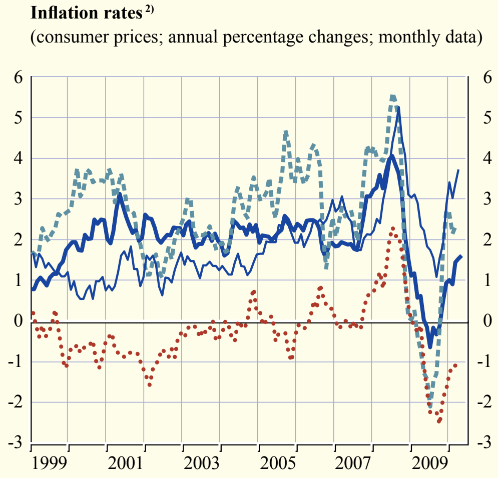
As in its previous meetings this year, the Bank of Japan decided to leave its target for the uncollateralised overnight call rate unchanged at around 0.1% at its meeting on 21 May 2010.

UNITED KINGDOM

In the United Kingdom, economic growth has also been making a gradual recovery recently. Real GDP increased by 0.3% quarter on quarter in the first quarter of 2010, compared with a 0.4% increase in the fourth quarter of 2009 (see Chart 3). Economic growth in the first quarter of 2010 was mainly driven by a positive contribution from inventories, while household expenditure remained unchanged and net trade continued to weigh negatively. Overall, activity indicators suggest that the gradual improvement in the economic situation has continued in recent

Chart 3 Main developments in major industrialised economies





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

months. As regards house prices, following several months of recovery in 2009, the upward trend continued in year-on-year terms in the first quarter of 2010, notwithstanding some monthly volatility. Credit flows continued to recover slowly, at a pace well below that witnessed in 2008. Looking ahead, activity is expected to continue its gradual recovery, supported by lagged effects of the depreciation of the pound sterling, the monetary stimulus and the improvement in overall global conditions.

Annual CPI inflation has continued to increase in recent months, standing at 3.7% in April. The expiration of the temporary VAT rate reduction and increases in energy prices played a key role in the increase in inflation in early 2010. Looking forward, inflation is expected to moderate as spare capacity will exert a dampening influence on price dynamics. In recent months, the Bank of England's Monetary Policy Committee has maintained the official Bank Rate paid on commercial bank reserves at 0.5%. The Committee also held the stock of asset purchases financed by the issuance of central bank reserves at GBP 200 billion.

OTHER EUROPEAN COUNTRIES

The economic situation has also continued to improve in recent quarters in the other non-euro area EU countries. In most countries, real GDP growth returned to positive territory and capacity utilisation rates increased in manufacturing. This gradual recovery mainly reflected the continued improvement in external demand, the gradual pick up in consumer confidence and also, in some countries, the effects of currency depreciation compared with pre-crisis levels. Overall, short-term activity indicators suggest continuing recovery.

In Sweden, real GDP increased by 1.4% quarter on quarter in the first quarter of 2010, after growth of 0.4% in the fourth quarter of 2009. In Denmark, output increased by 0.6% in the first quarter of 2010, up from 0.1% in the fourth quarter of 2009. Short-term indicators clearly point to recovery in Sweden and Denmark, although business investment remained weak in both countries. In April 2010 annual HICP inflation stood at 2.4% in Denmark and 2.1% in Sweden. On 25 March and 19 May 2010, Danmarks Nationalbank reduced its main policy rate by a total of 20 basis points to 0.60%.

In the largest central and eastern European EU Member States, the economic situation has improved considerably in recent quarters. However, the growth pattern has differed markedly across countries, reflecting, among other factors, the impact of fiscal adjustment in some countries and differences in inventory cycles. Among the largest central and eastern European EU countries, only Romania registered negative growth in real GDP in the first quarter of 2010, where it stood at -0.3% quarter on quarter. At the same time, growth turned out to be particularly strong in Hungary at 0.9% quarter on quarter. In the Czech Republic and Poland, growth stood at 0.5%. Overall, recent confidence indicators as well as industrial production and trade figures point to an improvement in activity in all four countries. At the same time, a number of factors – including rising unemployment and weak credit conditions (particularly in Hungary and Romania) – point to continued weakness in domestic demand. Annual HICP inflation has been hovering at a low level in the Czech Republic, at around 0.4% in recent months, picking up somewhat to 0.9% in April 2010. In contrast, in Hungary, Poland and Romania, annual HICP inflation has stayed at higher levels in recent months, standing at 5.7%, 2.7% and 4.2% respectively in April 2010. On 6 May Česká Národní Banka reduced its key interest rate by 25 basis points to 0.75%. On 29 March and 26 April 2010 Magyar Nemzeti Bank decreased its main policy rate by a total of 50 basis points to a historical low of 5.25%. On 29 March and 4 May 2010 Banca Națională a României decreased the main policy rate by a total of 75 basis points to 6.25%.

Among all EU countries, the Baltic countries have seen the most pronounced economic adjustment in the global downturn. Similar to other non-euro area countries, the recent improvement reflected strengthening external demand, supported by some gains of competitiveness through restraint in unit labour costs. Compared with the Baltic States, the crisis-related decline and the subsequent recovery have been less strong in Bulgaria. Recent growth performance has, however, been very volatile in quarter-on-quarter terms. In the first quarter of 2010, quarter-on-quarter growth was negative in Estonia and Lithuania and slightly positive in Latvia. The latest short-term activity and confidence indicators point to an improvement in the economic situation in all four countries. Net exports are expected to continue to play a key role in the recovery, while domestic demand is expected to remain weak for a more protracted period, reflecting weak labour market and credit conditions.

In Russia, real GDP contracted by 7.9% in 2009. Preliminary quarterly figures for the first quarter of 2010 suggest that the recovery of output – which started during the third quarter of 2009 but lost pace in the fourth quarter – remained sluggish. Leading indicators of economic activity suggest that output growth might have accelerated during the second quarter of 2010 on the back of a robust expansion of investment and construction. The main risks to a swift recovery stem from weaker than expected commodity prices and subdued credit growth. Inflation continued to ease to 6.1% in April as earlier rouble appreciations dampened import price growth. While inflation might continue to fall in the short term, price pressures might re-emerge in the medium term owing to recovering domestic demand and accelerating capital inflows.

EMERGING ASIA

In emerging Asia, GDP growth accelerated further in the first quarter of 2010. Strong external demand and supportive fiscal and monetary policies contributed to the strength in economic activity almost uniformly in the region. Albeit less consistent across countries, private domestic demand has also become an important driver of growth.

In China, real GDP growth accelerated to 11.9% year on year in the first quarter of 2010, the strongest pace since the fourth quarter of 2007. Although the policy stimuli continue to fuel growth, private domestic demand – both investment and consumption – has become increasingly self-sustained. External demand is recovering as well, though the surge in nominal imports – derived in part from strong demand for raw materials and higher import prices – explains the shrinking trade surplus witnessed since the beginning of 2010. Inflationary pressures continue to increase, with CPI inflation reaching 2.8% year on year in April, mainly on account of rising food and raw material prices. Moreover, property and land prices as well as residential investment have picked up strongly as a result of increased demand against the background of ample liquidity, loose credit conditions and negative real interest rates on deposits. In the last few months, the government has introduced a wide range of administrative measures targeted at cooling down residential prices and has raised the reserve requirements for commercial banks to withdraw excess domestic liquidity.

In Korea, real GDP rose by 8.1% year on year in the first quarter of 2010, up from 6.1% in the previous quarter. The increase in GDP growth was mainly due to a solid export performance as well as government spending. Annual CPI inflation was 2.6% in April, compared with 2.3% a month earlier.

In India, the slowdown in economic activity reported by the revised data for the fourth quarter of 2009 was due to temporary factors, in particular a poor harvest. In the first quarter of 2010 GDP recorded robust growth of 8.6% year on year, driven by the revival in agriculture and the expansion in the services sector. Wholesale price inflation – the Reserve Bank of India's (RBI) preferred measure of inflation – was 9.6% in April. The RBI has responded to the recent high rates of inflation by raising its policy rates by a total of 50 basis points in March and April to 5.25% for the repo rate and 3.75% for the reverse repo rate.

Overall, emerging Asia's strong economic performance is expected to continue for the remainder of 2010 as the underlying factors of the rebound – supportive fiscal and monetary policies and rising world and domestic private demand – remain in place. Increasing inflationary pressures represent an important policy challenge in some countries.

LATIN AMERICA

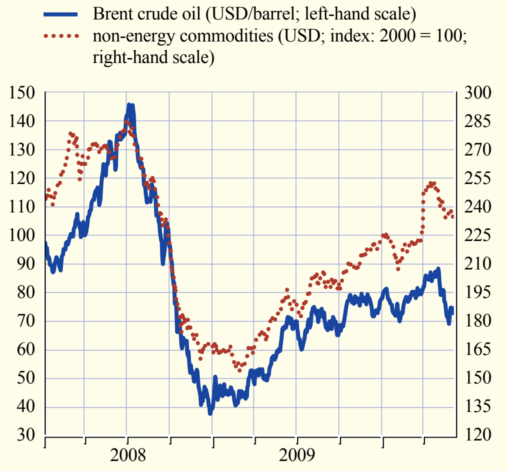
In Latin America, the pace of economic activity continued to strengthen in the first quarter of 2010. At the same time, inflationary pressures picked up across the region. In more detail, in Mexico, real GDP grew by 4.4% compared with a year earlier, after falling by 2.4% in the fourth quarter of 2009. Annual price inflation averaged 4.8% in the first quarter compared with 4.0% in the final quarter of 2009. In Argentina, economic activity grew solidly in the first quarter of 2010, with industrial production increasing at an average rate of 9.0% year on year, after increasing by 5.3% a quarter earlier. Meanwhile, inflationary pressures picked up significantly. More specifically, annual CPI inflation averaged 9.0% in the first quarter of 2010, up from 7.1% in the last quarter of 2009. In Brazil, high frequency indicators suggest that economic activity strengthened substantially in the year to March, with industrial production rising by 18.1% on average, after having increased by 5.9% in the fourth quarter of 2009. Inflation in Brazil also picked up to reach 4.8% in the first quarter of 2010.

Overall, output growth is expected to continue to strengthen throughout 2010 in the region as a whole, thanks to strengthening external demand, particularly for commodities, and continued robust domestic demand.

1.2 COMMODITY MARKETS

Oil prices have made a strong recovery since the second quarter of 2009 and currently stand at a level about 90% higher than the lows reached in the first half of last year. During the last three months, however, oil prices have been subject to considerable volatility. Following strong demand-driven rises during April, oil prices declined considerably in May and early June amid renewed tensions in the financial markets (see Chart 4). Brent crude oil prices stood at USD 72.0 per barrel on 9 June, which is almost 8% lower than at the beginning of the year. Looking ahead, market participants are expecting higher oil prices in the medium term, with futures contracts for December 2012 trading at around USD 84.4 per barrel.

Chart 4 Main developments in commodity prices



Sources: Bloomberg and HWWI.

Regarding oil market fundamentals, global oil demand is still recovering from the low levels recorded in the second quarter of 2009, mainly driven by continued rises in non-OECD oil demand. On the supply side, OPEC production has remained ample as OPEC members are producing well above their target. Oil inventories increased from the second half of 2009 onwards, largely as a result of high OECD inventory levels.

Meanwhile, the International Energy Agency (IEA) has revised its oil demand forecast for 2010 upwards on the back of higher growth in non-OECD oil demand. On the other hand, the IEA also projects non-OPEC oil supply to increase owing to higher production expectations for the United States and Canada, which will contribute to the dampening of demand-side price pressures.

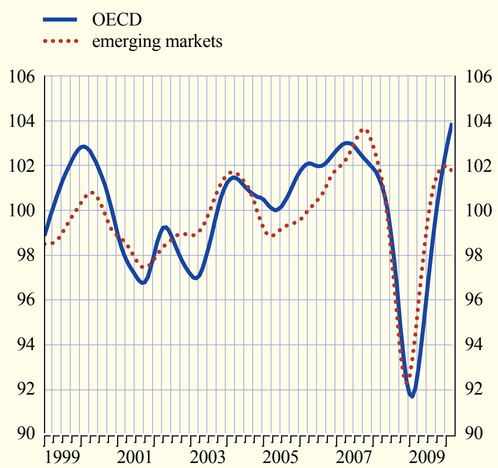
After having recovered during most of 2009 and early 2010, the prices of non-energy commodities have decreased in the last three months. Apart from a short-lived recovery in April, food prices continued to decline, mostly as a result of ample supply. Despite declining over the last few months, metal prices displayed volatile behaviour driven by the interplay of strong fundamentals concerning metal demand and strains in financial markets. In aggregate terms, the price index for non-energy commodities (denominated in US dollars) was almost 5% higher in early June than at the beginning of the year.

1.3 OUTLOOK FOR THE EXTERNAL ENVIRONMENT

Available data and survey-based indicators signal that the global economy is likely to continue its recovery in the near term, supported by the policy stimulus measures and the inventory cycles, although some moderation in the growth momentum might be expected later this year as the impact of these temporary factors is expected to wane. The OECD composite leading indicators for March 2010 continue to point to economic expansion, albeit with some signs of moderation in the momentum of economic growth in both advanced and emerging economies approximately one to two quarters ahead (see Chart 5). In particular, some evidence of a potential slowdown in China and Brazil has emerged in the leading indicators for March. Further evidence of an improvement in global economic prospects is also shown by the Ifo World Economic Climate Indicator, which continued to rise in the second quarter of the year. The upward movement of this indicator stemmed from an improvement in the assessment of the current economic situation, while expectations for the upcoming six months eased somewhat compared with the previous quarter. Consistent with the return of the global economy to positive growth rates, equity price indices and confidence indicators continued to recover in the first few months of 2010 from the trough reached in spring 2009.

Chart 5 OECD composite leading indicators

(monthly data; amplitude-adjusted)



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

However, equity prices retreated somewhat in May as the sovereign debt crisis elevated the perceived level of risk in financial markets.

In an environment of unusually high uncertainty, the risks to global activity remain broadly balanced. On the upside, trade may recover more strongly than projected. On the downside, concerns remain relating to renewed tensions in some financial market segments and related confidence effects. In addition, a stronger or more protracted than expected negative feedback loop between the real economy and the financial sector, renewed increases in oil and other commodity prices, and protectionist pressures, as well as the possibility of a disorderly correction of global imbalances, may weigh on the downside.

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

The latest monetary data point towards continued weak growth of both M3 and credit, although with some signs of stabilisation after the earlier deceleration. The data still supports the assessment that the pace of underlying monetary expansion is moderate and that inflationary pressures are contained over the medium term. Given the strong downward impact of the steep yield curve, headline M3 continues to understate the pace of underlying monetary growth, although this effect has been diminishing. The annual growth rate of MFI loans to the private sector increased slightly further and turned marginally positive in April, reflecting the further strengthening of lending to households, while that of loans to non-financial corporations declined further and remained in negative territory. The pattern of sectoral loan developments remains consistent with the current stage of the economic cycle. Finally, developments in recent months suggest that the process of contraction observed in euro area MFIs' balance sheets in 2009 has come to a halt.

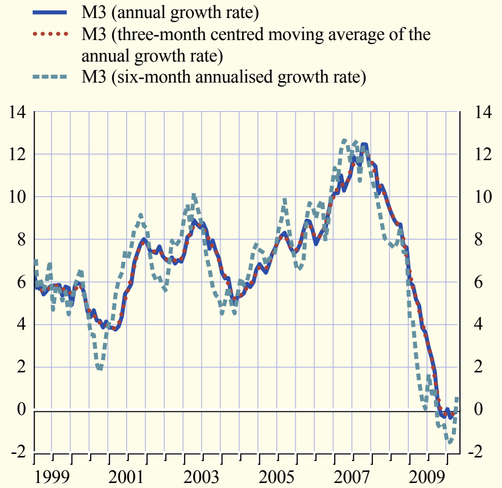
THE BROAD MONETARY AGGREGATE M3

The annual growth of the broad monetary aggregate M3 remained weak, standing at -0.1% in April 2010, after -0.2% in the first quarter of 2010 and 0.3% in the last quarter of 2009 (see Chart 6). The short-term dynamics of M3 growth, as measured by the annualised three and six-month growth rates of M3, picked up in April, reflecting robust month-on-month growth (0.7%, after 0.1% in March). However, given that growth was driven by a strong contribution from other financial intermediaries except insurance corporations and pension funds (OFIs), which is often volatile, and that it could reflect the financial market environment prevailing at the end of April, caution is warranted with respect to interpreting this latest development as an indication of an incipient recovery of monetary growth.

The weakness of the monetary expansion continued to reflect the strong impact of the exceptionally steep yield curve, which still provides incentives to shift funds out of M3 and into less liquid and riskier assets and makes headline M3 growth understate the pace of underlying monetary growth. However, this effect has been losing strength over recent months as the current shape of the yield curve has been in place since early 2009. At the same time, the narrow spreads between the interest rates on the various short-term deposits continued to foster substitution within M3, with shifts towards overnight deposits, and thus M1.

Chart 6 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

As regards the counterparts of M3, the annual growth rate of loans to the private sector, the largest component of overall bank credit, rose to -0.4% in the first quarter of 2010 and 0.1% in April, after -0.6% in the last quarter of 2009. From a sectoral perspective, the annual growth rate of lending to households continued to increase moderately both in the first quarter and in April 2010, providing further confirmation of a turning point in the loan growth cycle. At the same time, the annual growth rate of loans to non-financial corporations declined further and remained in negative territory. Business cycle regularities imply that a turning point in the annual growth of loans to non-financial corporations should occur by mid-2010. A possible delay in the turning point in lending to non-financial corporations could in part reflect substitution from loan into market financing as well as the uneven recovery within the euro area, with some countries and sectors that previously contributed substantially to euro area loan growth recovering more slowly.

MFIs' main assets increased in the first quarter of 2010 and also in April, reflecting a growth of both inter-MFI loans and loans to euro area non-MFIs. This provides further evidence of a halt in the process of contraction observed in the balance sheets of euro area MFIs in 2009.

MAIN COMPONENTS OF M3

Developments in the main components of M3 in the first quarter of 2010 did not run counter to the pattern observed since late 2008. The main feature of this pattern has been the marked divergence of the robust annual growth rate of M1 from the contraction seen in the less liquid components, namely short-term deposits other than overnight deposits (i.e. M2 minus M1) and marketable instruments (i.e. M3 minus M2; see Chart 7). This notwithstanding, there are tentative indications that the extent of this divergence is gradually diminishing, as the size of inflows into M1 and outflows from M3 minus M1 declined in the first quarter of 2010.

Although the annual growth rate of M1 remained high in the first quarter of 2010, it declined to 11.3%, down from 12.3% in the previous quarter. A further decrease to 10.7% was observed in April 2010 (see Table 1), despite a particularly large monthly inflow into overnight deposits.

Table 1 Summary table of monetary variables

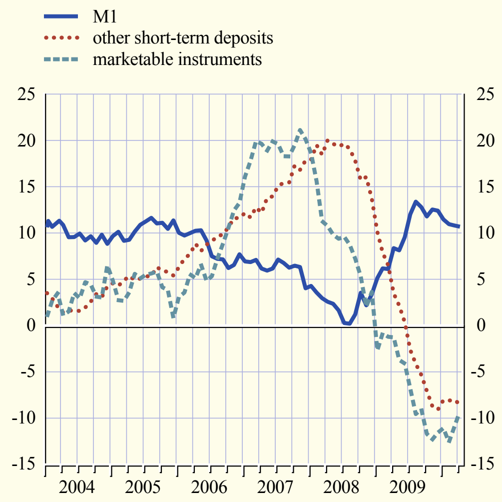
(quarterly figures are averages; adjusted for seasonal and calendar effects)

	Outstanding amount as a percentage of M3 [1]	Annual growth rates					
		2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Mar.	2010 Apr.
M1	**49.5**	**8.1**	**12.2**	**12.3**	**11.3**	**10.8**	**10.7**
Currency in circulation	8.2	13.2	12.8	7.5	6.2	6.8	5.5
Overnight deposits	41.3	7.1	12.1	13.3	12.4	11.7	11.8
M2 – M1 (= other short-term deposits)	38.5	3.0	-3.1	-7.7	-8.2	-8.0	-8.5
Deposits with an agreed maturity of up to two years	18.9	-0.8	-13.2	-22.1	-22.8	-22.0	-22.5
Deposits redeemable at notice of up to three months	19.6	8.6	12.9	15.8	13.3	11.8	10.6
M2	**88.0**	**5.6**	**4.5**	**2.2**	**1.7**	**1.6**	**1.4**
M3 – M2 (= marketable instruments)	12.0	-2.6	-7.7	-11.4	-11.6	-10.9	-9.2
M3	**100.0**	**4.4**	**2.7**	**0.3**	**-0.2**	**-0.1**	**-0.1**
Credit to euro area residents		**5.0**	**3.7**	**3.0**	**1.9**	**1.8**	**1.8**
Credit to general government		9.5	12.0	14.2	9.9	9.8	8.7
Loans to general government		1.6	2.6	3.1	3.8	6.4	5.5
Credit to the private sector		4.1	2.1	0.8	0.3	0.1	0.3
Loans to the private sector		2.1	0.4	-0.6	-0.4	-0.2	0.1
Loans to the private sector adjusted for sales and securitisation		3.5	1.6	0.3	-0.2	-0.1	0.1
Longer-term financial liabilities (excluding capital and reserves)		**4.2**	**4.7**	**6.7**	**5.4**	**4.9**	**5.1**

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

Chart 7 Main components of M3

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



Source: ECB.

In the first quarter of 2010 the opportunity cost of holding M1 assets, as opposed to less liquid deposits included in M3, stabilised. While past reductions in this opportunity cost continued to support the growth of M1 in the first quarter of 2010, this impact appears to be waning. This is because the portfolio reallocations within M3 triggered by changes in the rates of return on monetary instruments are gradually coming to an end. At the same time, as long as the opportunity cost of holding M1 assets remains low, this liquid component will remain attractive for new funds accumulated within M3. The particularly large monthly inflow into overnight deposits observed in April was largely due to increased holdings of this instrument by OFIs, which tend to be volatile. Also in view of the renewed tensions in some financial market segments at the end of April, such monthly developments should not be over-interpreted.

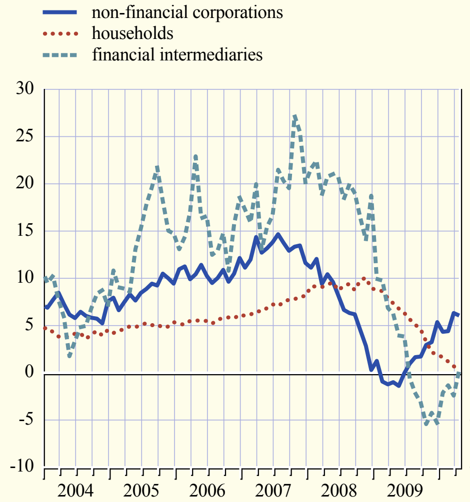
A further contraction of short-term deposits other than overnight deposits was observed in the first quarter of 2010, with the annual growth rate declining to -8.2%, from -7.7% in the previous quarter. This continued to reflect divergent developments within the individual sub-components as short-term time deposits (deposits with an agreed maturity of up to two years) continued to contract significantly, while short-term savings deposits (deposits redeemable at notice of up to three months) partly compensated for these outflows, although the annual rate of growth in the latter was lower than in the previous quarter. Remuneration considerations have accounted for also this divergence over recent quarters, as the overall decline in the interest rate paid on short-term time deposits has been far more pronounced than in the case of that paid on savings deposits. The contraction in short-term deposits other than overnight deposits continued at a slightly accelerated pace in April 2010, as the annual growth rate declined further to stand at -8.5%.

Marketable instruments included in M3 also registered a further contraction in the first quarter of 2010, bringing the annual growth rate to -11.6%, from -11.4% in the previous quarter. This was due to further significant redemptions of the money-holding sectors' holdings of money market fund shares/units in the first quarter of 2010. The stabilisation of short-term money market rates at particularly low levels suggests that the remuneration on this instrument, which is closely linked to these rates, is also low. This has tended to prompt investors to seek higher returns in alternative instruments, such as longer-term time deposits and shares/units of other types of investment funds (for more details of developments in the financial investment of the non-financial sector, see Section 2.2.). At the same time, the annual growth rates of repurchase agreements and debt securities with a maturity of up to two years became less negative in the first quarter of 2010, following moderate positive flows over the quarter. These flows continued in April, leading to a less negative annual growth rate of marketable instruments (-9.2%).

The annual growth rate of M3 deposits – which comprise short-term deposits and repurchase agreements, and represent the broadest monetary aggregate for which reliable information is available at a sectoral level – declined somewhat further to stand at 1.1% in the first quarter of 2010, down from 1.4% in the last quarter of 2009. This development was mainly driven by the marked ongoing deceleration of the annual growth of households' M3 deposits, which declined to 1.4% in the first quarter of 2010 and further to 0.3% in April (see Chart 8). The direction of developments in households' M3 deposit holdings is consistent with the main determinants of these holdings, namely income (which tends to lag general economic activity) and the interest rate configuration. At the same time, the sharpness of the decline in the growth of households' M3 deposit holdings suggests that it may partly reflect a correction of the large increase in these holdings in late 2008.

Chart 8 Short-term deposits and repurchase agreements

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



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

Non-financial corporations increased their holdings of M3 deposits at an annual rate of 4.9% in the first quarter of 2010, up from 3.2% in the previous quarter, thereby taking over from households the role of the largest contributor to the annual growth rate of total M3 deposits in the past few months. A recovery in the M3 deposit holdings of non-financial corporations typically precedes that in the holdings of households and in MFI lending to non-financial corporations, as firms tend to rebuild liquidity buffers and rely on internal funding in the early stages of an economic recovery. In the current circumstances, however, some additional hoarding of cash – partly generated through securities issuance – may in part reflect concerns about the availability of bank financing.

The annual growth rate of M3 deposit holdings of non-monetary financial intermediaries remained negative in the first quarter of 2010, albeit less so than in the previous quarter. In April, however, it increased to 0.3%, reflecting the particularly large monthly increase in OFIs' holdings of overnight deposits and repurchase agreements. To a significant extent, this relates to increased activity in secured interbank transactions settled through centralised counterparties, which are classified as belonging to the OFI sector. These kinds of transactions tend to be very volatile, and can thus not be seen as pointing towards more lasting changes in monetary dynamics.

MAIN COUNTERPARTS OF M3

As regards the counterparts of M3, the annual growth rate of total MFI credit to euro area residents continued to decline in the first quarter of 2010 (to 1.9%, down from 3.0% in the previous quarter), before stabilising at 1.8% in April 2010 (see Table 1). The drop in the first quarter reflected further reductions in the annual growth rate of MFI credit to both general government and the private sector. The April development, however, conceals opposite movements in these two main components. While the annual growth of credit to the general government moderated further, that of credit to the private sector stabilised.

The continued decline observed in the annual growth rate of MFI credit to general government (which decreased to 8.7% in April 2010, down from 14.2% in the fourth quarter of 2009) resulted from a gradual moderation of the ongoing accumulation of government securities by the MFI sector. The selling of government debt securities by MFIs observed around the turn of the year has dissipated in the three months under review. Going forward, it remains to be seen how MFI holdings of government securities evolve in the context of the tensions in some sovereign debt markets and the subsequent policy response.

The annual growth rate of MFI credit to the private sector continued to decline in the first quarter of 2010, to 0.3% (down from 0.8% in the previous quarter), and stabilised at that level in April. The annual growth rate of MFIs' holdings of private sector securities other than shares continued to decrease, falling from 15.6% in the fourth quarter to 5.1% in the first quarter and 1.2% in April. This decline can be explained, at least in part, by weaker retained securitisation activity following the higher levels observed in the first half of 2009. By contrast, the annual growth rate of MFIs' holdings of shares and other equity increased to 0.8% in the first quarter of 2010, up from -3.0% in the fourth quarter of 2009, before recovering further to stand at 2.4% in April.

The annual growth rate of MFI loans to the private sector – the largest component of credit to the private sector – increased in the first quarter of 2010, to -0.4%, up from -0.6% in the previous quarter, and rose further to 0.1% in April (see Table 1). These developments could be pointing to a break of the downward trend in private sector loan dynamics observed since the first half of 2008. The difference vis-à-vis the series adjusted for the impact of true-sale securitisation activities has virtually disappeared, reflecting the subdued securitisation flows observed, on average, over the last 12 months. In fact, the flow of derecognised loans has been negative in recent months, as a result of redemptions. Therefore, in the absence of a revival in true-sale securitisation activity, the annual growth of the adjusted series should be expected to fall slightly below that of the unadjusted series in the quarters ahead.

The slight increase in the annual growth rate of loans to the private sector observed in the first quarter of 2010 reflects the further strengthening of lending to households, as well as the moderation of the downward dynamics of lending to non-financial corporations. The further rise in April is largely explained by a sizeable positive monthly flow for loans to OFIs that was related to the settling of interbank transactions through centralised counterparties, and – although to a lesser extent – by the continuation of positive flows for loans to households.

The continued increases observed in the annual growth rate of loans to households confirm the turning point observed in the course of 2009. This does not, however, point to a rapid recovery in lending to households, given the moderate nature of these increases. Indeed, the monthly flows for loans to households for house purchase, which continue to be the main driver of the recovery in lending to households, have stabilised at levels between €10 billion and €15 billion over the last six months, volumes that are relatively modest in comparison with the average monthly flows of some €20 billion observed over the period from February 2003 to September 2008.

The annual growth rate of loans to non-financial corporations declined to -2.5% in the first quarter of 2010, down from -1.4% in the previous quarter. After having shown some tentative signs of stabilisation in early 2010, it declined to -2.6% in April. Developments continue to be driven by negative flows in loans with maturities of less than five years, whereas the monthly flows of loans with maturities of over five years have, on average, remained positive.

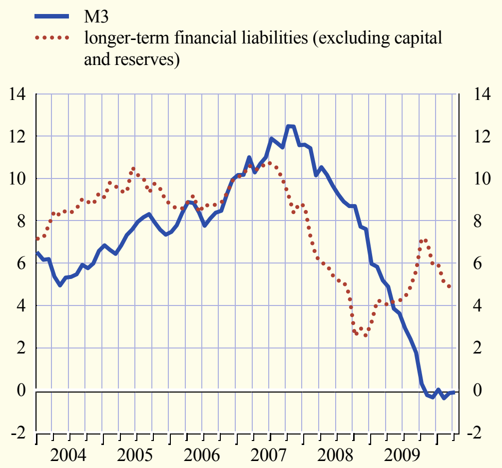
The weakness of lending to non-financial corporations, especially that at shorter maturities, may partly reflect a recovery in cash flows and retained earnings, in particular in export-oriented sectors. This implies a lower need to cover their short-term financing requirements with bank loans and to replace redeemed short-term debt with new loans, something that is also visible in the accumulation of deposits held by non-financial corporations. Furthermore, the replacement of bank with market financing, as well as the still subdued domestic demand and, in particular, the weak performance of the construction and housing sectors, are also likely to have contributed to the sluggishness of corporate borrowing (see Sections 2.6 and 2.7 for more details of sectoral developments in loans and financing).

Overall, developments in the growth of loans to the non-financial private sector remain consistent with historical regularities in the business cycle. The turning point in the dynamics of real lending to households has occurred at roughly the same time as the recovery in the annual growth of real GDP. Taking this into account, a turning point in the growth of lending to non-financial corporations should be expected by mid-2010.

Turning to the other counterparts of M3, the annual growth rate of MFIs' longer-term financial liabilities (excluding capital and reserves) decreased to 5.4% in the first quarter of 2010, down from 6.7% in the previous quarter, and then further to 5.1% in April (see Chart 9). This development is explained by a reduction in the annual growth of long-term deposits (i.e. those with an agreed maturity of over two years and those redeemable at notice of over three months). This provides indications that the portfolio reallocation from M3 deposits to longer-term deposits triggered by the current interest rate constellation has lost some momentum. At the same time, the annual growth rate of debt securities issued with a maturity of over two years increased further to stand at 3.7% in April, up from 3.2% in the first quarter

Chart 9 M3 and MFI longer-term financial liabilities

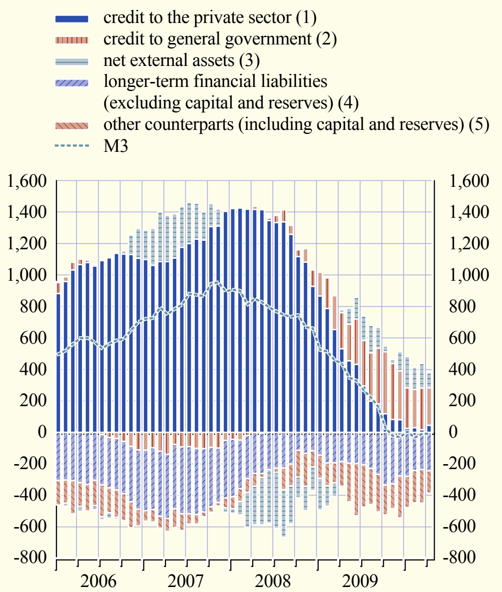
(annual percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

Chart 10 Counterparts of M3

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



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

of 2010 and 2.9% in the fourth quarter of 2009. The last few months have, on average, seen a return of the money-holding sectors to purchases of bank debt securities.

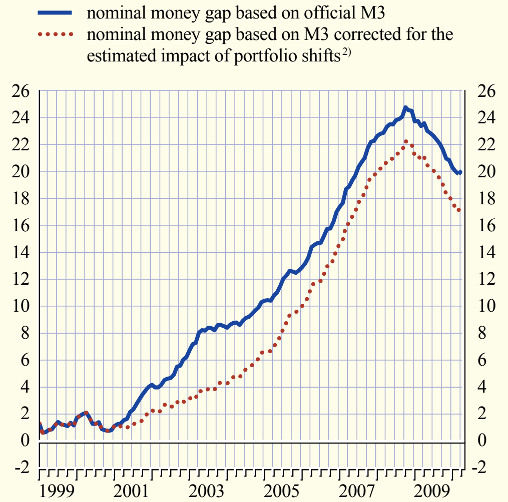
Finally, the annual inflow to MFIs' net external asset position increased to €156 billion in the first quarter of 2010, up from the €123 billion observed in the previous quarter (see Chart 10). In April this annual flow was reduced to €95 billion, almost exclusively reflecting base effects. These positive annual flows to the net external asset position conceal the fact that both gross external assets and gross external liabilities have continued to contract on an annual basis in the first months of the 2010. However, the annual outflows from the gross positions have declined significantly further in recent months, and the monthly flows into gross external assets have been modestly positive since end-2009.

GENERAL ASSESSMENT OF MONETARY LIQUIDITY CONDITIONS IN THE EURO AREA

On the basis of the development of the nominal and real money gaps, the amount of monetary liquidity in the euro area declined further in the first quarter of 2010, although it picked up slightly in April and remained at elevated levels (see Charts 11 and 12). Such measures of the liquidity situation need to be interpreted with caution, as they rely on an assessment of equilibrium money holdings, which is always uncertain and especially so at present in the wake of the financial crisis. Indeed, the differences between the various money gap measures may be taken as an indication of the considerable uncertainty surrounding the liquidity situation in the euro area at the current juncture. These caveats notwithstanding, these measures point to a clear accumulation of monetary

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

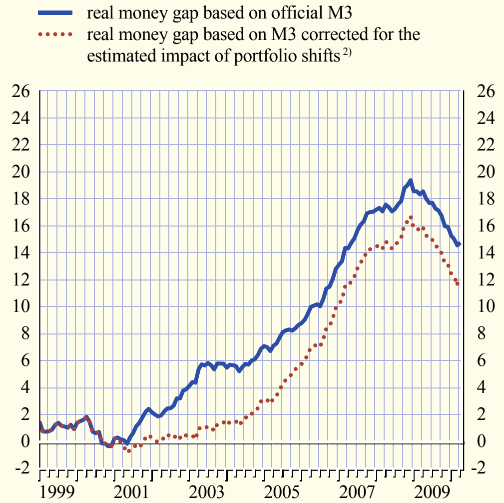
(as a percentage of the stock of M3; adjusted for seasonal and calendar effects; December 1998 = 0)



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

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

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



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

liquidity over the past few years, and the period of subdued M3 growth observed since the end of 2008 is unlikely to have resulted in the unwinding of this earlier accumulation. Box 1 below discusses the effects of the "Securities Markets Programme" announced by the Governing Council on 10 May 2010 on euro area money growth and liquidity.

Overall, the continued weakness observed in the growth of both M3 and credit supports the assessment that the pace of underlying monetary expansion is moderate and that inflationary pressures are contained over the medium term. At the same time, the latest data also suggest that the previously steep downward path in monetary dynamics has given way to stabilisation, albeit at low levels. Growth in headline M3 continues to understate the pace of underlying monetary growth owing to the strong – although diminishing – downward impact from the steep yield curve.

Box 1

EURO AREA MONEY GROWTH AND THE "SECURITIES MARKETS PROGRAMME"

The "Securities Markets Programme" (SMP), which was announced by the Governing Council on 10 May 2010, is intended to ensure depth and liquidity in malfunctioning segments of the debt securities markets and to restore an appropriate functioning of the monetary policy transmission mechanism.[1] As the purchases of debt securities conducted in the context of the SMP are sterilised, they do not change central bank liquidity. Importantly, the SMP does not alter the stance of monetary policy as determined by the Governing Council. This box discusses different concepts of liquidity and, in particular, explains to what extent there could be direct or indirect effects of the programme on monetary liquidity as measured in broad monetary aggregates.

Different concepts of liquidity

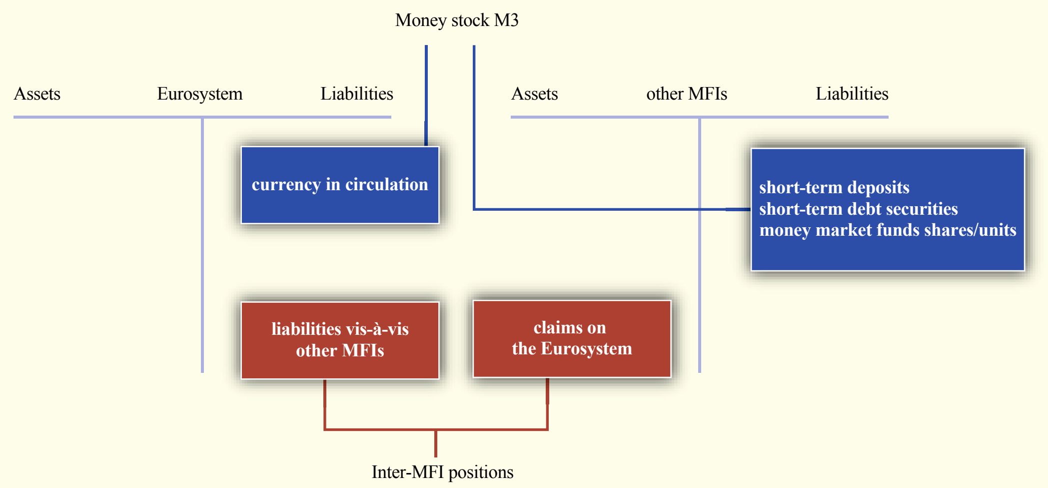
A key consideration behind the setting-up of the SMP was the inability of certain financial market segments to absorb transactions without much effect on prices. It is this notion of liquidity, commonly referred to as *financial market liquidity*,[2] that the SMP is intended to restore. By contrast, the SMP is not intended to alter banks' holdings of *central bank liquidity*, a concept that centres on the ability of banks to pay their obligations with deposits held with the central bank. At the same time, the SMP should not alter the *monetary liquidity* of the euro area either, which relates to the ability of the money-holding sector to make payments and is commonly measured by a broad monetary aggregate – such as M3 in the case of the euro area.

Direct effects on central bank liquidity and M3 are precluded

The SMP involves the purchase of debt securities by the Eurosystem from its counterparts. In the first instance, these purchases are settled by increases in the current account holdings of the MFI sector with the Eurosystem. A key element of the SMP is the re-absorption of these highly liquid deposits through fine-tuning operations into fixed-term deposits. This so-called sterilisation intends to keep banks' holdings of central bank liquidity unchanged at the aggregate level.

1 See the box entitled "Additional measures decided by the Governing Council" in the May 2010 issue of the Monthly Bulletin.
2 Financial market liquidity is normally defined as the ability to undertake transactions in such a way as to adjust portfolios and risk profiles without disturbing underlying prices (see A. Crockett, "Market liquidity and financial stability", in Banque de France, *Financial Stability Review*, Special issue on liquidity, No 11, February 2008).

MFIs' monetary liabilities and inter-MFI positions



Source: ECB.
Note: This stylised representation focuses solely on balance sheet items that are relevant for the issues discussed in this box.

Moreover, the SMP has no mechanical effects on euro area monetary aggregates (the items contained in the blue boxes in the chart), given that they are compiled on the basis of the consolidated MFI balance sheet, i.e. net of all transactions that take place between the Eurosystem and other MFIs (the items contained in the red boxes in the chart). Therefore, transactions of the Eurosystem with credit institutions, viewed from an accounting perspective, cannot have any impact on M3, irrespective of their volume.

Can an indirect impact on money arise through portfolio composition effects?

An orderly functioning of financial markets is necessary for the appropriate transmission of the monetary policy stance, as determined by the Governing Council, to the economy. In the case of malfunctioning markets, however, excessive liquidity premia render the financing of banks more costly (e.g. via the benchmark role of government bond yields for bank debt securities) and ultimately increase the cost of credit to non-financial corporations and households in an inappropriate manner. By restoring more orderly market conditions, the SMP fosters a risk and return configuration of financial assets in dislocated markets that is more in line with what a normal transmission of the monetary policy stance would imply. Thus, compared with a situation in which market dislocation was allowed to proliferate, the SMP will lead to a shift in the composition of financial market participants' portfolios. Through this shift, the SMP makes the yield configuration more compatible with what would prevail in a situation of orderly functioning financial markets, and thus limits any effect from disorderly markets on the economy and, thereby, on monetary aggregates.[3]

3 While all purchases are settled through euro area credit institutions, the securities may have originally been held by non-MFIs. In this respect, it may be helpful to distinguish between resident and non-resident holders. Purchases of securities originally held by the euro area money holding sector could lead to higher money holdings if the sellers alter their portfolio behaviour toward holding more liquid monetary assets. However, to the extent that orderly market conditions are re-established, any such changes in portfolio behaviour would not seem warranted. Purchases of securities originally held by non-residents are neutral with regard to monetary aggregates as they are balanced by a decline in the net external asset position.

Monetary liquidity is what matters for inflation dynamics

From a medium to longer-term perspective, inflation moves in line with broad monetary aggregates. This relationship holds true across countries and monetary policy regimes, suggesting that it is "hardwired" into the deep structure of the economy. Empirical evidence confirms this relationship for the euro area and underpins the prominent role assigned to money in the ECB's monetary policy strategy. It also suggests that inflation is not linked to short-term fluctuations in monetary aggregates. To the extent that the SMP restores the orderly functioning of financial markets, and thereby establishes an appropriate yield configuration, and the purchases are sterilised, there is every reason to believe that the medium to longer-term dynamics of broad money will be unaffected. Thus, the SMP should not give rise to risks to price stability, in particular those stemming from developments in monetary liquidity.

Concluding remarks

Overall, there are clear and important differences between the SMP and asset purchase programmes intended to provide additional monetary stimulus to the economy, as the SMP is designed to be neutral with respect to the supply of money, while the latter are intended to boost the money supply.

The ECB's monetary policy strategy ensures the regular monitoring of developments in euro area money and credit and that these developments are taken into account in the formulation of monetary policy. This, in turn, provides a safeguard against any unintended effects on risks to price stability that result from monetary developments.

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

The annual growth rate of total financial investment by the non-financial sectors declined significantly in the fourth quarter of 2009, primarily on account of a substantial reduction of investment by the general government sector. The annual inflow to investment fund shares/units increased further in the first quarter of 2010, mirroring the steep yield curve and improved investor confidence at the time. The annual growth rate of financial investment by insurance corporations and pension funds continued to rise in the fourth quarter of 2009, reflecting money-holding sectors' increased investment in insurance technical reserves.

NON-FINANCIAL SECTORS

In the fourth quarter of 2009 (the most recent quarter for which data are available from the euro area accounts), the annual growth rate of total financial investment by the non-financial sectors declined to 2.6%, markedly down from 3.6% in the previous quarter and the lowest reading since the start of Stage Three of EMU (see Table 2). This development primarily reflected a decrease in the contributions of investment in currency and deposits, and in unquoted shares and other equity, as well as – although to a lesser extent – a fall in the contribution from debt securities into negative territory. By contrast, the contributions from insurance technical reserves and from investment in mutual fund shares increased further, although still remaining marginally negative in the latter case (on the basis of annual growth rates).

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

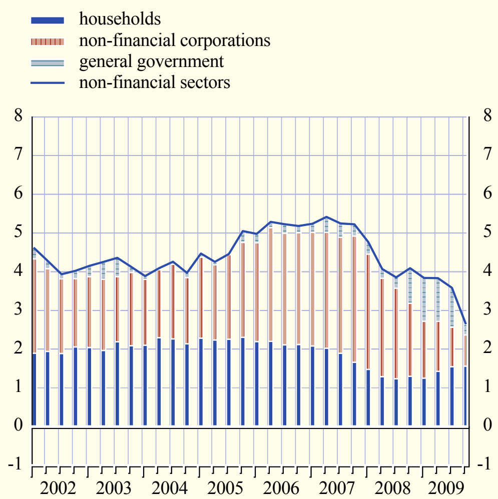
	Outstanding amount as a percentage of financial assets[1)]	Annual growth rates									
		2007 Q3	2007 Q4	2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4
Financial investment	**100**	**5.2**	**5.2**	**4.8**	**4.1**	**3.9**	**4.1**	**3.8**	**3.8**	**3.6**	**2.6**
Currency and deposits	24	6.9	6.3	6.4	5.4	5.5	6.9	7.2	6.8	5.7	3.4
Debt securities, excluding financial derivatives	6	6.0	5.9	3.7	1.6	2.5	4.5	4.4	3.6	2.6	-1.6
of which: short-term	0	35.5	32.7	17.2	8.1	-10.5	4.3	-16.0	-19.1	-12.9	-24.5
of which: long-term	5	2.9	3.3	2.0	0.8	4.4	4.5	7.2	6.3	4.4	1.1
Shares and other equity, excluding mutual fund shares	29	3.2	3.9	3.8	3.4	3.1	3.8	4.4	4.7	4.4	2.9
of which: quoted shares	6	1.7	3.3	3.5	4.2	4.3	3.1	4.3	4.5	6.2	7.1
of which: unquoted shares and other equity	23	3.8	4.1	3.8	3.1	2.7	4.0	4.4	4.8	3.9	1.8
Mutual fund shares	5	-1.0	-3.1	-4.8	-5.7	-5.8	-6.4	-5.4	-4.9	-2.9	-0.1
Insurance technical reserves	15	5.2	4.7	4.2	3.7	3.4	2.7	2.7	3.3	3.9	5.1
Other[2)]	21	8.9	9.5	8.8	8.2	7.1	5.6	2.4	2.1	1.8	1.7
M3[3)]		11.5	11.6	10.1	9.7	8.7	7.6	5.2	3.6	1.8	-0.3

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

As regards the sectoral breakdown, the significant decline in the annual growth rate of total financial investment is explained primarily by a substantial reduction of the contribution from the general government sector (see Chart 13). The annual growth rate of this sector's financial investment in the fourth quarter of 2009 fell sharply from the record levels witnessed in the previous four quarters (to levels close to those observed, on average, in the past). This decline reflected sizeable cutbacks in the granting of loans and in purchases of equity and debt securities – linked mainly to base effects – and the drawing down of deposit holdings. The base effects are related to the impact of the government support measures in the banking sector, which took place at the end of 2008 and in early 2009 and which are now dropping out from the annual flows used to calculate the annual growth rate of governments' total financial investment. The contribution from the non-financial corporations sector also declined slightly further, driven mainly by a reduction of holdings of shares and other equity. The contribution from the household sector remained broadly unchanged. For more detailed information on developments in financial investment by the private sector, see Sections 2.6 and 2.7.

Chart 13 Financial investment of non-financial sectors

(annual percentage changes; contributions in percentage points)



Source: ECB.

INSTITUTIONAL INVESTORS

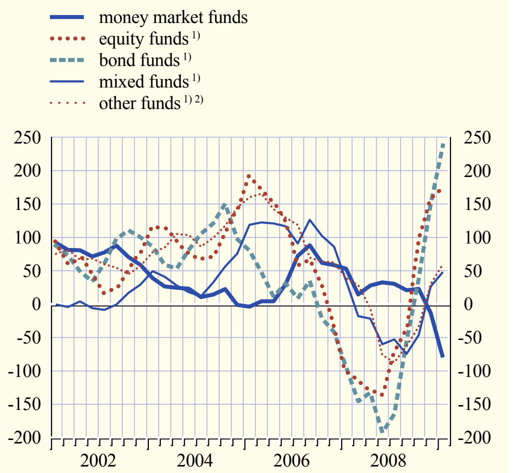
The new harmonised investment fund statistics for the euro area indicate that inflows into investment fund shares/units (excluding money market funds) in the period from the second quarter of 2009 to the first quarter of 2010 increased to €516 billion – an annual growth rate of 11.9%.[1] The increased inflows into investment fund shares/units should be seen against the background of a steep yield curve and improving financial market conditions between the second quarter of 2009 and the first quarter of 2010. These two factors fostered stronger shifts from monetary assets into riskier longer-term assets.

The breakdown of net issuance of investment fund shares/units by investment policy shows that most of the growth in investment fund shares/units continued to be accounted for by significant and increasing annual inflows into both bond funds and equity funds in the first quarter of 2010 (see Chart 14). At the same time, annual inflows into mixed funds and other funds remained more limited, although these also increased moderately. In contrast to other fund types and in line with the shape of the yield curve, money market funds again recorded noticeable quarterly outflows in the first quarter, leading to a negative annual growth rate of -10.2%.

Looking at quarter-on-quarter developments, the inflow in investment fund shares/units (excluding money market funds) totalled €130 billion in the first quarter of 2010 (on the basis of non-seasonally adjusted data) after €107 billion in the previous quarter. This rise was mostly due to substantially higher inflows into bond funds, while the inflows in the case of equity funds and mixed funds were smaller than in the previous quarter. The inflow of €130 billion accounted for 40% of the increase in the outstanding amount of investment fund shares/units issued, with the rest of the increase reflecting sizeable positive valuation effects. These valuation effects were

Chart 14 Net annual flows into money market and investment funds

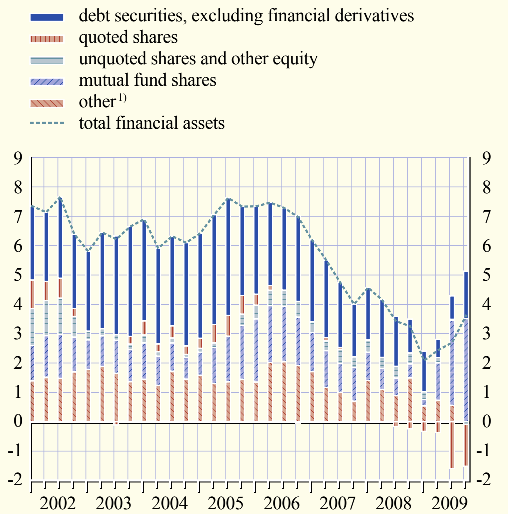
(EUR billions)



Sources: ECB and EFAMA.
1) Prior to 2009Q1, quarterly flow estimates are derived from nonharmonised ECB investment fund statistics, ECB calculations based on national data provided by EFAMA, and ECB estimations.
2) Includes real estate funds, hedge funds and funds not classified elsewhere.

Chart 15 Financial investment of insurance corporations and pension funds

(annual percentage changes; contributions in percentage points)



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

1 The inflows also include sizeable purchases of specific investment fund shares by two Dutch pension funds that amounted to more than €97 billion in July 2009 and about €70 billion in June 2009.

particularly marked in the case of equity funds, but they were also significant for bond funds and mixed funds.

The annual growth rate of total financial investment by insurance corporations and pension funds (ICPFs) increased to 3.6% in the fourth quarter of 2009, up from 2.7% in the previous quarter (see Chart 15). This increase mainly reflected rising contributions from investment in debt securities and in mutual fund shares, which more than offset a lower contribution from deposit holdings. At the same time, the negative contribution from investment in quoted shares declined slightly, but still remained highly negative. The further strengthening of total financial investment by ICPFs mirrored the continued stepping-up of the money-holding sector's investment in insurance technical reserves that is visible on the liabilities side of the ICPF balance sheet.

In this respect, it is worth noting that the quarterly inflow into insurance technical reserves in the fourth quarter of 2009 exceeded the average flow observed since 1999 by a sizeable margin. This development is likely to have reflected the prevailing interest rate constellation, which continued to encourage shifting assets from shorter to longer maturities in search for yield.

2.3 MONEY MARKET INTEREST RATES

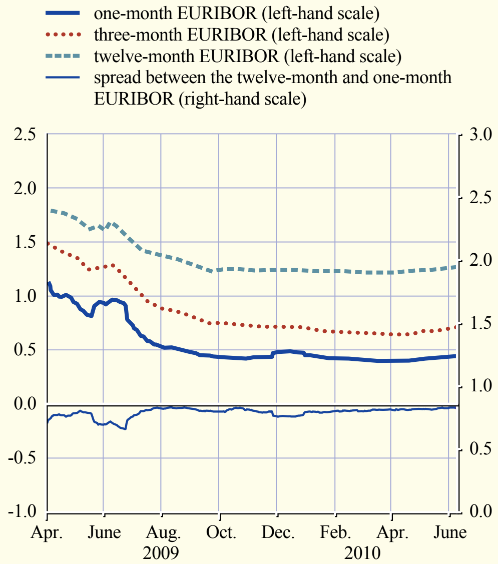
Money market rates increased slightly in the period from March to June 2010, with high volatility, especially in the secured market segment. Spreads between unsecured and secured rates were also volatile and remained elevated by comparison with the levels observed prior to the onset of the financial market turmoil in August 2007. In part, these developments reflected tensions relating to financial market participants' concerns about sovereign risks in some euro area countries, in spite of continued ample liquidity conditions. In response to these incipient tensions, the Governing Council of the ECB announced several measures on 10 May 2010, including the introduction of the Securities Markets Programme.

Unsecured money market interest rates increased marginally across all maturities over the past three months. On 9 June 2010 the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.44%, 0.72%, 1.00% and 1.27% respectively – i.e. 2, 6, 4 and 5 basis points higher respectively than the levels observed on 3 March 2010. Overall, the spread between the twelve-month and one-month EURIBOR – an indicator of the slope of the money market yield curve – increased by 3 basis points in that period, standing at 83 basis points on 9 June (see Chart 16).

Over the past three-months, volatile developments were observed for secured money

Chart 16 Money market interest rates

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



Sources: ECB and Reuters.

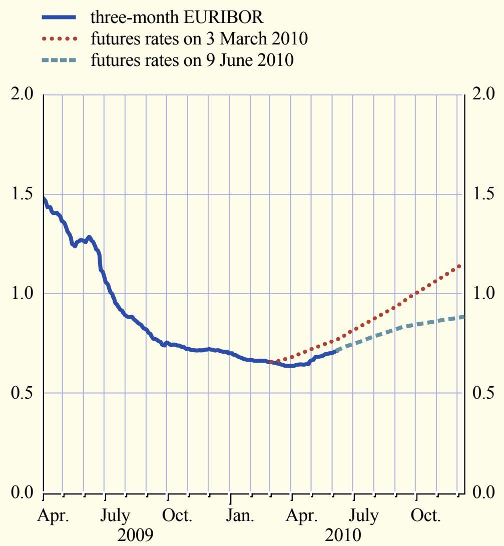
Chart 17 Three-month EUREPO, EURIBOR and overnight index swap

(percentages per annum; daily data)

Sources: ECB, Bloomberg and Reuters.

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

(percentages per annum; daily data)



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

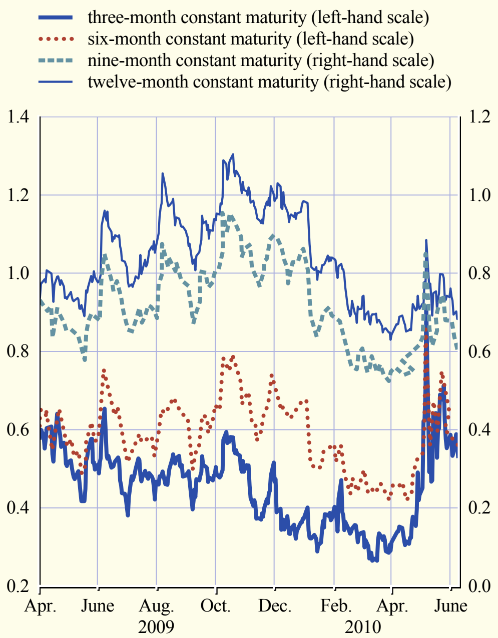
market rates, such as the EUREPO or those derived from the EONIA swap index. They generally declined in March 2010 and increased significantly in April and the first week of May, before declining again to reach relatively low levels towards the beginning of June. At three-month maturity, the EONIA swap rate stood at 40 basis points on 9 June, around 3 basis points higher than on 3 March. As a result, the spread between this secured money market rate and the corresponding unsecured EURIBOR declined from 29 basis points on 3 March 2010 to a trough of 21 basis points on 27 April, before rising to 31 basis points on 9 June. Overall, these spreads remain relatively wide in comparison with the levels prevailing prior to the onset of the financial market turmoil in August 2007 (see Chart 17). Developments towards the end of the reporting period partly reflected recent tensions in connection with financial market participants' concerns about sovereign risks in some euro area countries, in spite of continued ample liquidity conditions.

The interest rates implied by the prices of three-month EURIBOR futures contracts maturing in September and December 2010 and in March 2011 stood at 0.83%, 0.89% and 0.94% respectively on 9 June, representing decreases of around 13, 27 and 41 basis points respectively in comparison with the levels observed on 3 March (see Chart 18). Implied volatilities with constant maturities of three, six, nine and twelve months derived from options on three-month EURIBOR futures contracts have increased over the past three months, especially for shorter-maturities, reversing a downward trend that started in October 2009 (see Chart 19).

Looking at overnight maturity, on average, the EONIA remained around 5-9 basis points above the rate on the deposit facility over the past three months, with rare spikes related to liquidity-absorbing operations on the last days of the maintenance period. On 9 June the EONIA stood at 0.332% (see Chart 20). These developments reflect the large amount of outstanding excess

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

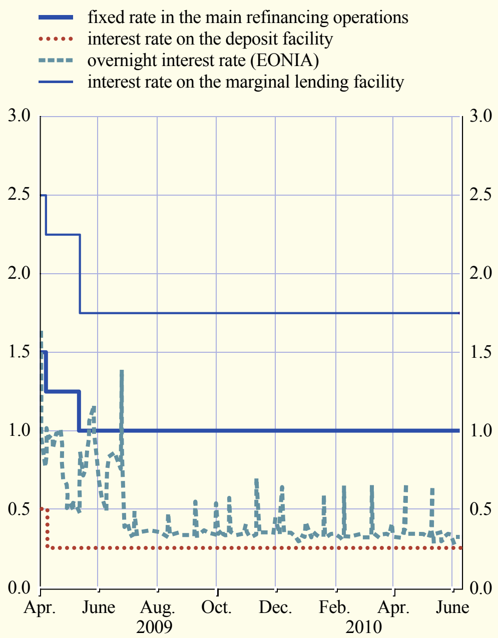
(percentages per annum; daily data)



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

Chart 20 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Reuters.

liquidity in the euro area, especially following the Eurosystem's one-year longer-term refinancing operations (LTROs) conducted in 2009. The abundant liquidity in the euro area is in part being absorbed by considerable daily recourse to the deposit facility.

The ECB has continued to support the money markets through a number of liquidity-providing operations with maturities of one week, one maintenance period, three months and six months. The Eurosystem's liquidity-providing operations were conducted as fixed rate tender procedures with full allotment – except in the case of the three-month operation on 28 April (conducted as a variable rate tender procedure, in which €75.6 billion were allotted) and the six-month operation on 12 May (conducted at a rate fixed at the average minimum bid rate in the main refinancing operations over the life of the operation, in which €35.7 billion were allotted). On 8 June 2010 the ECB conducted a one-week liquidity-absorbing operation as a variable rate tender with a maximum bid rate of 1.00%, with settlement on 9 June. With this operation, the ECB allotted €40.5 billion, which corresponds to the size of purchases under the Securities Markets Programme, taking into account transactions with settlement on or before 4 June. Moreover, the Eurosystem continued its covered bond purchase programme and the total value of purchases reached €56.3 billion on 9 June, with €60 billion worth of bonds set to be purchased by the end of June 2010. Furthermore, the ECB, in coordination with other central banks, decided to reactivate its US dollar liquidity-providing operations through foreign exchange swaps, with effect from 11 May 2010.

Box 2

LIQUIDITY CONDITIONS AND MONETARY POLICY OPERATIONS IN THE PERIOD FROM 10 FEBRUARY 2010 TO 11 MAY 2010

This box describes the ECB's liquidity management during the three reserve maintenance periods that ended on 9 March, 13 April and 11 May 2010 respectively.

Over this period, the ECB continued to implement some of the non-standard measures it had introduced in response to the intensification of the financial crisis in October 2008 and, by the end of the third maintenance period, it had introduced additional measures amid the risk that renewed financial market tensions would hamper the transmission mechanism of monetary policy.

Specifically, on 4 March 2010, the Governing Council of the ECB announced that:

(i) its main refinancing operations (MROs) would continue to be conducted as fixed rate tender procedures with full allotment for as long as needed – and at least until the end of this year's ninth maintenance period on 12 October 2010;

(ii) special term refinancing operations with a maturity of one maintenance period would also continue to be conducted as fixed rate tender procedures – with the same fixed rate as that used in the respective MRO – at least until the end of the ninth maintenance period;

(iii) an additional six-day fine-tuning operation with announcement, allotment and settlement on 1 July 2010 would be carried out in order to smoothen the liquidity effect of the 12-month long-term refinancing operation (LTRO) maturing on 1 July 2010. This fine-tuning operation would be conducted as fixed rate tender procedure with full allotment, with the same fixed rate as that used for the prevailing MRO;

(iv) the rate in the six-month LTRO to be allotted on 31 March 2010 would be fixed at the average minimum bid rate of the MROs over the life of this operation.

On 4 March 2010, the Governing Council also announced that it would return to variable rate tender procedures in the regular three-month LTROs, starting with the operation to be allotted on 28 April 2010. Indicative allotment amounts in these operations would be pre-set in order to ensure smooth conditions in the money market and to avoid any significant spreads between bid rates and the prevailing MRO rate, which would be used as the minimum bid rate. On 10 May 2010, however, in order to address renewed severe tensions in financial markets, the Governing Council announced that the regular three-month LTROs to be allotted on 26 May and 30 June 2010 would instead be conducted as fixed rate tender procedures with full allotment.

Specifically, on 10 May 2010, the Governing Council also announced that:

(i) interventions would be conducted in the euro area public and private debt securities markets (Securities Markets Programme) to address the malfunctioning that had arisen in certain security market segments and restore their depth and liquidity. The scope of these interventions would be determined by the Governing Council. To sterilise their impact, specific operations would be conducted to re-absorb the liquidity injected;

(ii) a six-month LTRO would be carried out with full allotment on 12 May 2010, at a rate fixed at the average minimum bid rate of the MROs over the life of this operation;

(iii) temporary swap lines with the Federal Reserve would be reactivated, in coordination with other central banks, and US dollar liquidity-providing operations with maturity periods of seven and 84 days would be resumed. These operations would take the form of repurchase operations against collateral fulfilling the ECB's eligible criteria and be carried out as fixed rate tenders with full allotment. The first operation would be conducted on 11 May 2010.

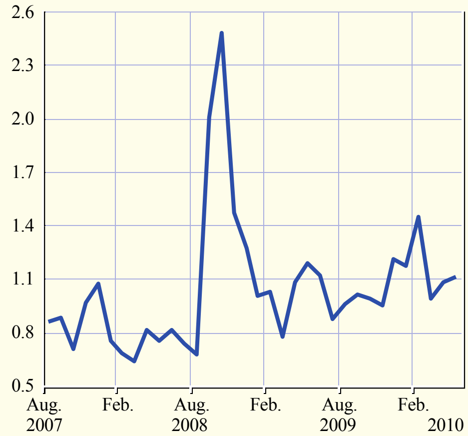
Liquidity needs of the banking system

In the three maintenance periods under review, the banking system's aggregate daily liquidity needs – defined as the sum of autonomous factors, reserve requirements and excess reserves (i.e. current account holdings in excess of reserve requirements, see Chart A) – averaged €563.3 billion,which was €22.2 billion less than the average level registered in the previous three maintenance periods.

This was mainly due to a decrease of €23.3 billion in the average value of the autonomous factors, which stood at €351.1 billion (see Chart B). Instead, average reserve requirements rose by €1.2 billion to €211.2 billion. Daily excess reserves averaged €1.1 billion, thereby increasing by €0.2 billion in comparison with the three previous maintenance periods.

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

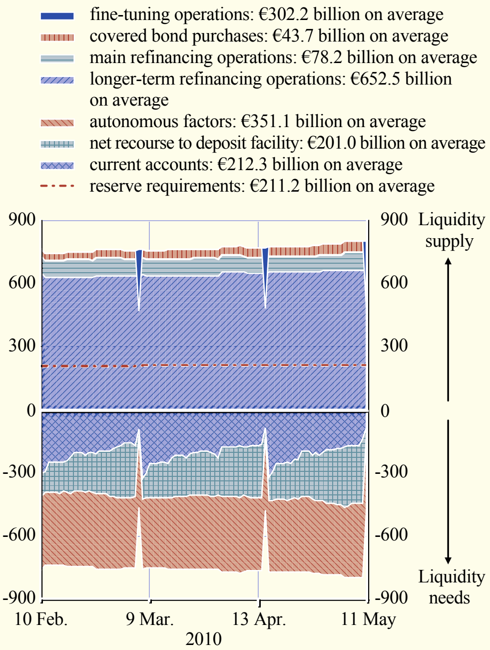
(EUR billions; average level in each maintenance period)



Source: ECB.

Chart B Liquidity needs of the banking system and liquidity supply

(EUR billions)



Source: ECB.

Liquidity supply

Over the three maintenance periods under review, the volume of refinancing operations outstanding averaged €721 billion, up from the average level of €686 billion recorded in the three previous maintenance periods.

The average size of the one-week MROs stood at €78.2 billion, registering an increase of €20.2 billion, while the size of special term refinancing operations with a maturity of one maintenance period averaged €9.3 billion, up from €3.4 billion in the previous three maintenance periods. At the same time, the total volume of three and six-month LTROs outstanding continued to decrease, totalling €29.5 billion on 11 May 2010, compared with €42.1 billion on 9 February 2010, as some of these operations matured and were not replaced.

The central banks of the Eurosystem continued their outright purchases of euro-denominated covered bonds as part of the covered bond purchase programme (CBPP), which began on 6 July 2009. During the period under review, average purchases per working day amounted to €255 million, so that total purchases rose to a cumulative value of €52.1 billion on 11 May 2010. The targeted amount of the CBPP is €60 billion, which is to be reached by late June 2010.

In the period from 10 February 2010 to 11 May 2010, the liquidity absorbed via fine-tuning operations on the last day of each maintenance period averaged €302.2 billion. This compares with an average of €219.4 billion in the previous three maintenance periods (see Chart B).

Use of standing facilities

As a result of the steady increase in the liquidity supply and the slight decline in the aggregate liquidity needs of the banking system, net recourse to the deposit facility[1] rose to a daily average[2] of €201.0 billion in the maintenance period ending on 11 May 2010, up from €149.1 billion in the maintenance period ending on 9 February 2010.

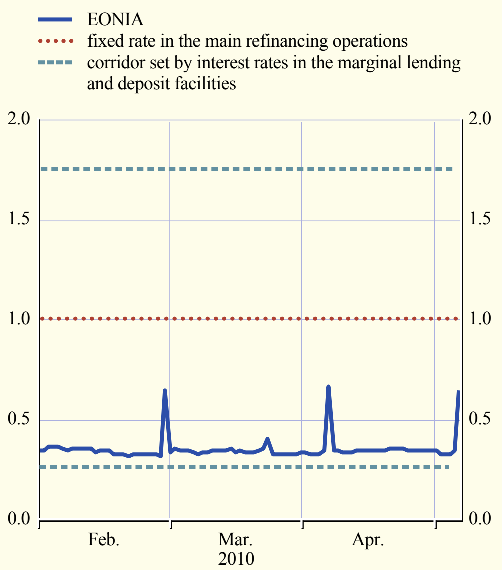
Interest rates

The ECB's key interest rates have remained unchanged since 13 May 2009, with the rate on the MROs standing at 1%, the marginal lending rate at 1.75% and the deposit rate at 0.25%.

As a result of the ample liquidity in the euro area, the EONIA continued to remain close to the rate on the deposit facility, averaging 0.346% in the period under review (see Chart C), which

Chart C The EONIA and the ECB interest rates

(daily interest rates in percentages)



Source: ECB.

1 Net recourse to the deposit facility = recourse to the deposit facility minus recourse to the marginal lending facility.
2 Average net recourse to the deposit facility includes weekends.

is almost identical to the average of 0.352% prevailing in the preceding three maintenance periods. On the last day of each of the three maintenance periods under review, the average EONIA rose to 0.649%, i.e. about 30 basis points above the level observed on the previous day, as a result of the absorption of liquidity on those days via fine-tuning operations.

In addition, in the period under review, the average spread between the three-month EURIBOR and the three-month EONIA swap rate – which indicates the level of credit and liquidity risk – declined slightly to 27 basis points, compared with an average level of 30 basis points in the three previous maintenance periods.

2.4 BOND MARKETS

Developments in bond markets over the last three months were primarily driven by mounting financial market concerns about the sovereign debt of some euro area countries. On 6-7 May market tensions spread beyond domestic sovereign bond markets to financial markets more generally, triggering flight-to-safety behaviour by investors on a large scale. As a result, long-term government bond yields declined markedly in the euro area and in the United States. Long-term euro area break-even inflation rates based on government bonds remained broadly unchanged. Sovereign risk spreads increased sharply in some euro area countries during the period under review. In line with the rebound in risk aversion observed during the review period, corporate bond spreads widened, undoing most of the narrowing recorded in the course of 2010.

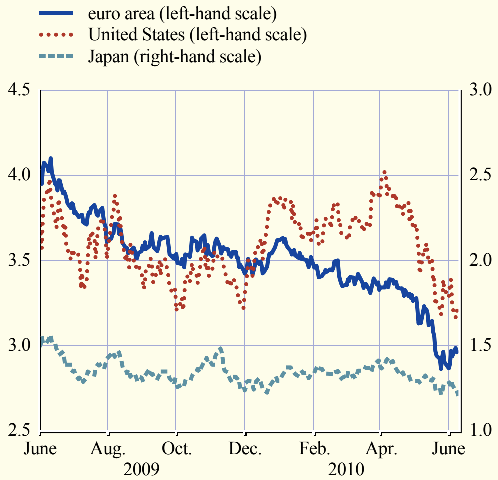
Between the end of February and 9 June 2010 the level of euro area and United States ten-year government bond yields declined by 40 basis points to around 3.0% and 3.2% respectively (see Chart 21). Accordingly, the ten-year nominal interest rate differential between US and euro area government bonds remained unchanged. The decline in ten-year government bond yields mainly reflects developments since the end of April. Between the end of February and the end of April, yields had remained broadly unchanged in the euro area and had actually increased to reach an 18-month high in the United States.

Market participants' uncertainty about near-term developments in long-term bond yields in the major markets, as measured by implied bond market volatility, has increased strongly since end-April 2010 and currently stands at levels similar to those observed in mid-2009.

The period under review was characterised, on the one hand, by gradually improving macroeconomic conditions and, on the other hand, by mounting financial market concerns about the sovereign debt of some euro area

Chart 21 Long-term government bond yields

(percentages per annum; daily data)



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

countries with fiscal positions which had deteriorated sharply. In March and for most of April, US ten-year government bond yields continued to increase, following the upward trend since 2008. Amid an upbeat mood on the markets and positive data releases reflecting improving conditions in the US labour market, the US ten-year government bond yield reached values close to 4.0% by the end of April. Indicators of economic activity in both the euro area and the United States were positive, and confidence indicators, including the thus far relatively subdued consumer confidence indicator, came out better than anticipated. During April conditions in housing markets also improved. In the euro area, however, government bond yields remained broadly unchanged with respect to end-February levels during March and most of April. Concerns about public debt and the negative impact on economic activity from the austerity measures announced by several euro area governments partly counteracted the positive effect of data releases pointing to an ongoing economic recovery. In the last days of April, however, the crisis of confidence in the sustainability of the Greek fiscal position intensified and flight-to-quality behaviour, which involved a heavy reallocation of funds towards AAA-rated euro area and US government bonds, put downward pressure on euro area ten-year government bond yields.

On 6-7 May tensions in some euro area sovereign debt markets spread to financial markets more generally. Volatility increased at the overnight maturity, liquidity decreased and the functioning of some segments of the financial markets was seriously impaired. The sudden change in sentiment triggered a large-scale flight to safety by financial investors, which put renewed downward pressure on government bond yields. In order to address these tensions in the financial markets, the EU finance ministers agreed on a European Financial Stabilisation Mechanism on 9 May, while the ECB announced on 10 May the introduction of several policy measures. A detailed analysis of the financial market tensions on 6-7 May is provided in Box 3.

Box 3

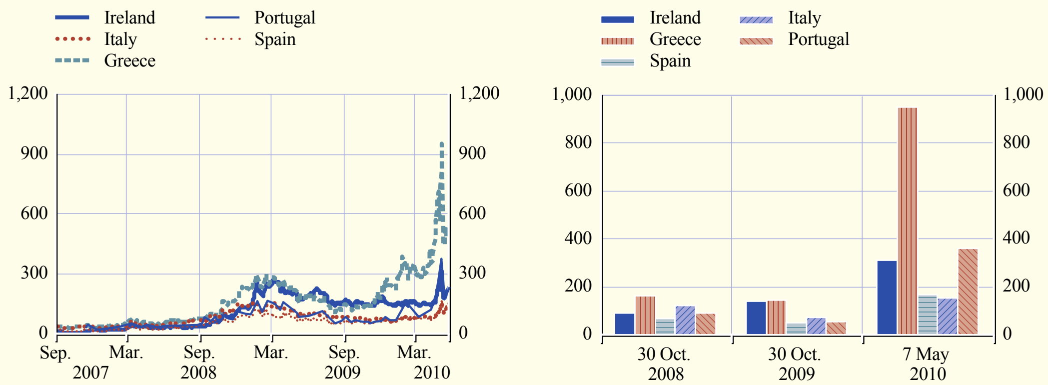
DEVELOPMENTS IN FINANCIAL MARKETS IN EARLY MAY

On 6-7 May 2010, amid increasing concerns about the fiscal situation in Greece, financial markets throughout the world, but especially those in Europe, experienced a sudden re-intensification of tensions that was reflected in a wide range of indicators. Although these tensions were a response to a different constellation of shocks than those that led to the intensification of tensions observed in October 2008 after the bankruptcy of Lehman Brothers in the United States, the events on these days were in some respects comparable to the former, in particular as regards the suddenness of the change in sentiment and the abruptness of the flight to safety by financial investors.

Underlying the financial market developments on 6-7 May was an environment characterised, on the one hand, by gradually improving macroeconomic conditions and, on the other hand, by mounting financial market concerns about the fiscal situation of some euro area countries, but also about economic and political developments outside the euro area (e.g. uncertainty about US labour market data and the consequences of the general election in the United Kingdom). Following the sudden plunge in the US Dow Jones index on 6 May, whose cause is still under review, concerns suddenly spread from sovereign debt markets to financial markets more generally. Volatility in financial markets increased sharply overnight and liquidity decreased sharply on 7 May. The functioning of several segments of the financial markets was seriously impaired.

Chart A Ten-year sovereign bond spreads (vis-à-vis Germany)

(basis points)



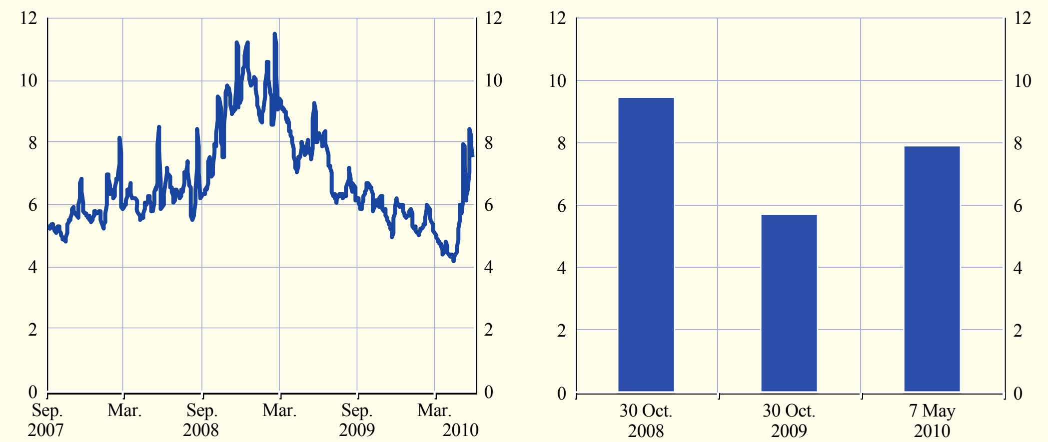
Source: Datastream.
Note: Last observation refers to 25 May 2010.

Sovereign debt markets

In the euro area, sovereign bond spreads (vis-à-vis Germany) widened considerably on 6 May, especially in the case of Greece (see Chart A). Potential spillovers to other euro area sovereign issuers, in particular to Portugal and Ireland, as well as, to a somewhat lesser extent, Spain and Italy, gained increasing attention among market commentators. On 7 May ten-year sovereign bond spreads were at record highs and volatility in the bond markets increased very sharply as a result of a flight to quality by investors on a scale last seen in early 2009 (see Chart B). As a result, liquidity conditions in the sovereign bond markets of several euro area countries deteriorated very sharply and liquidity almost completely dried up for Greece.

Chart B Implied bond market volatility in the euro area

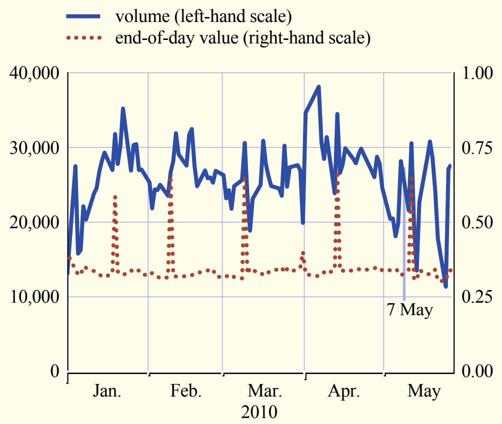
(percentages per annum)



Source: Bloomberg.
Notes: Three-day moving averages of daily data. Last observation refers to 25 May 2010.

Chart C EONIA volumes and values

(EUR millions, percentages per annum)



Source: ECB.
Note: Last observation refers to 26 May 2010.

Chart D European senior financial five-year CDS spreads

(basis points)

Source: JP Morgan Chase.
Notes: The chart shows the iTraxx Europe senior financial five-year CDS mid-spread index. The data shown in the chart are provided by JP Morgan and are not the official iTraxx data.

Money markets

Developments in the money markets on 6-7 May suffered from contagion from the turmoil in sovereign debt markets, triggered by a sharp increase in uncertainty relating to counterparty risk. Liquidity also became scarce in the interbank money markets. Liquidity in unsecured lending worsened not only in the case of term maturities, but also for the overnight market. This was indirectly reflected in lower volumes underlying the fixing of the EONIA, which averaged around €20 billion per day in early May (see Chart C). Unsecured lending had been suffering since the collapse of Lehman Brothers, but trading in the shortest maturity segment (one week or less) had remained resilient until 5 May. The disruption of the functioning of the overnight market observed on 6-7 May was thus of particular concern. At the same time, access by euro area banks to US dollar funding also worsened. The costs of US dollar borrowing implied by foreign exchange swap quotations jumped significantly above the US dollar LIBOR of equivalent maturities. The iTraxx senior financials index rose sharply in early May, reaching levels above those recorded in October 2008 (see Chart D). The iTraxx senior financials index is a standardised credit derivative used to hedge credit risk. The index is composed of 25 investment-grade entities from the European financial sector. The sharp increase on 7 May would thus suggest heightened concerns about the probability of default of some European financial institutions. Indeed, the probability of a simultaneous default of two or more euro area large and complex banking groups, as measured by the systemic risk indicator shown in Chart E, rose sharply on 7 May,

Chart E Systemic risk indicator

(percentages; Jan. 2007 – May 2010, probability of default)

Sources: Bloomberg, ECB calculations.

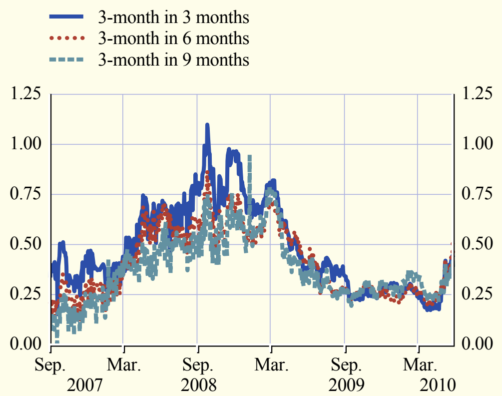
reaching values higher than in the aftermath of the collapse of Lehman Brothers.[1] Against this background, all commonly used measures of risk, such as the spreads of EURIBOR-linked derivatives vis-à-vis EONIA swaps, or implied volatilities of interest rates, increased sharply (see Chart F). Access to market financing by banks across the euro area was seriously impaired.

Stock markets

The escalation of tensions in the sovereign bond markets on 6-7 May also led to a sell-off in euro area equity markets. Financial stocks were strongly affected, but the market value of non-financial corporations was also significantly down as a result of investors' flight-to-quality behaviour. Moreover, the volatility in euro area stock markets increased abruptly (see Chart G). Volatility in the equity markets was exacerbated further by the turmoil brought about by a presumably technical error that had caused the Dow Jones index to suddenly plunge by around 9% on 6 May.[2] The Dow Jones index recovered part of that loss after a technical justification was communicated to participants. Financial markets remained, however, volatile and highly risk-averse.

Chart F EURIBOR-OIS spreads

(percentages)



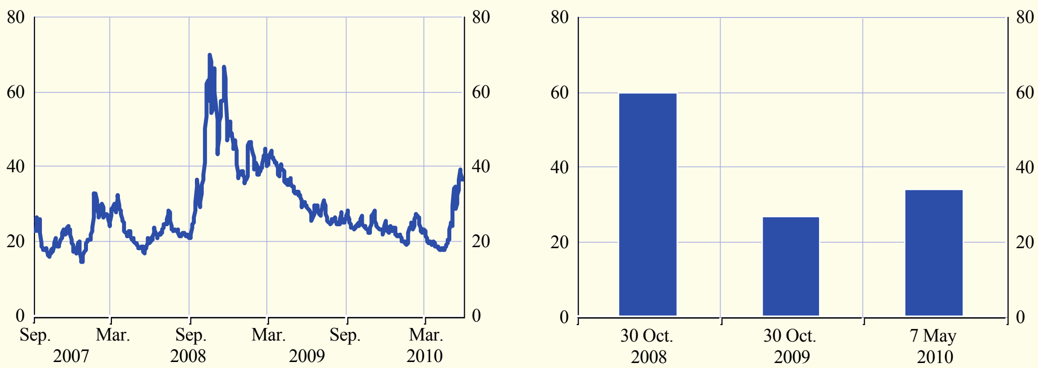
Sources: Reuters and ECB calculations.
Note: Last observation refers to 26 May 2010.

1 The indicator is based on the information embedded in the five-year CDS spreads of euro area large and complex banking groups. For further details of the indicator, see the box entitled "A market-based indicator of the probability of adverse systemic events involving large and complex banking groups" in the December 2007 ECB Financial Stability Review.

2 While a full clarification of the main reasons for the plunge is still pending, in their preliminary findings the US Securities and Exchange Commission and the US Commodity Futures Trading Commission have found no evidence of "fat finger" errors, computer hacking or terrorist activity.

Chart G Implied stock market volatility in the euro area

(percentages per annum)



Source: Bloomberg.
Notes: Last observation refers to 25 May 2010. Three-day moving averages of daily data.

Settlement in the foreign exchange market

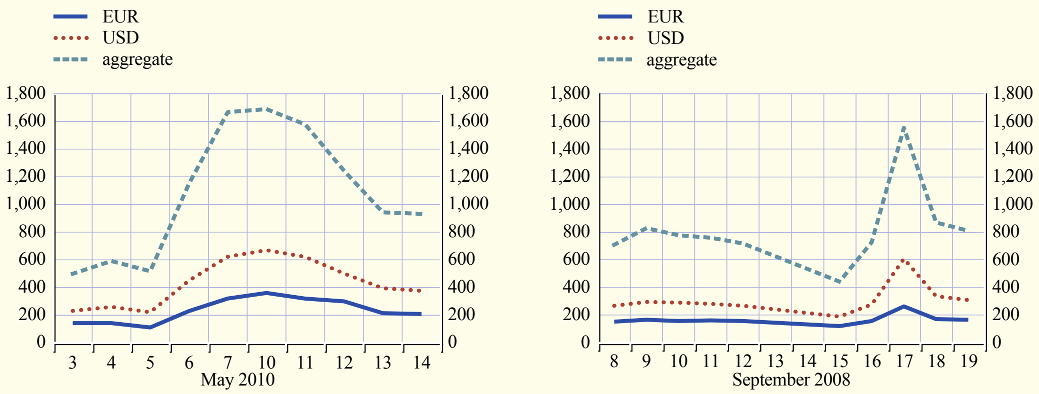
The exceptional financial market developments that occurred on 6-7 May also had an impact on CLS, the world's largest multi-currency foreign exchange settlement system. CLS was established in 2002 in order to eliminate settlement risk on foreign exchange trades involving different currencies. The market turmoil led to a significant increase in the foreign exchange trading instructions submitted to CLS. On 7 May CLS settled over 1.5 million sides and settlement levels remained over 1 million until 12 May (see Chart H). This was double the normal average daily CLS settlement volume over several days and the situation somewhat resembled that on 17 September 2008 when transactions had shot up to over 1.5 million (see Chart H). CLS coped with this situation, but the unexpectedly high volumes did have an impact both on the input process in the CLS system and on the receipt of notifications by its participants.

While days with business peaks are not unusual for CLS, especially in a currency on a business day that follows a holiday in that currency area, input levels under the stressed market conditions experienced in early May surged at times to nearly double the normal levels. This caused occasional backlogs to occur within the CLS system itself, in Member gateways into CLS (i.e. the direct participants in CLS), or in the internal systems of a very small number of CLS Members which were processing a very high volume of activity on those days. These processing backlogs within the overall CLS environment led to uncertainty as larger than normal volumes of unmatched trades existed for a more extended period. This resulted in some concerns that there might be a more severe systemic issue, rather than merely a surge in input volumes.[3]

3 To alleviate these concerns, CLS initiated increased reporting on system performance to Members. Moreover, CLS has in the meantime taken a number of actions to address the emergence of such temporary backlogs and has issued recommendations to CLS Members (related mainly to current capacity limits in their back-office systems and the technical capability to prioritise very time-critical value instruction submissions over others). The overseers will continue monitoring the CLS settlement process and the performance of the system in settling the submitted foreign exchange trades in order to ensure the smooth functioning and efficiency of the CLS system and thus the stability of the currencies involved in the settlement.

Chart H Daily volume of settled sides in CLS

(daily data in units; thousands)



Sources: CLS/ECB.
Note: Aggregate refers to all eligible currencies in CLS.

Summary

In summary, on 6-7 May tensions in the sovereign debt markets of some euro area countries spread to other segments of the financial markets. Volatility in the financial markets increased sharply and liquidity conditions deteriorated significantly not only in sovereign bond markets, but also and to a critical degree in the money markets. Transactions within the interbank market declined rapidly and uncertainty among banks about counterparties' creditworthiness increased. As a result, there was a risk that the normal functioning of markets and the first link in the transmission mechanism between the central bank and credit institutions could become impaired and that the ability of banks – the primary source of financing in the euro area – to provide credit to the real economy could be seriously harmed. The malfunctioning of several sovereign bond markets in the euro area was also likely to adversely affect the cost of financing provided to the private sector as sovereign financing conditions usually provide a benchmark for bank lending rates.

On 10 May the European Central Bank, with a view to restoring the conditions necessary for the effective conduct of monetary policy oriented towards price stability in the medium term, and in particular to support the transmission mechanism of monetary policy, announced the introduction of several measures. These comprised interventions in the euro area public and private debt securities markets (under the Securities Markets Programme), the reactivation of swap lines with the Federal Reserve and the introduction of additional liquidity-providing operations.[4] Following the announcement of these policy measures, tensions in financial markets declined significantly, but did not completely dissipate.

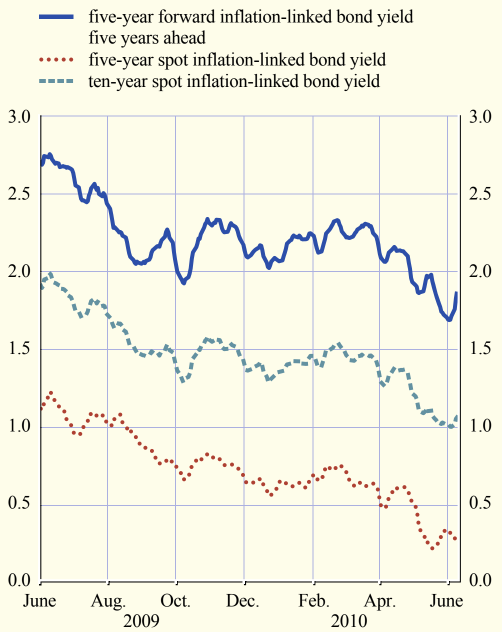
4 More details on these measures are given in the box entitled "Liquidity conditions and monetary policy operations in the period from 10 February 2010 to 11 May 2010" in this issue of the Monthly Bulletin.

Euro area ten-year sovereign bond spreads (vis-à-vis Germany) widened considerably, in particular for Greece, Portugal and Ireland, for much of the period under review. The support package for Greece that had been agreed during the weekend of 10-11 April induced only a temporary decline in bond market-based measures of Greek sovereign credit risk. Towards the end of April the downgrading of Greece to the speculative grade category (with a negative outlook) by Standard & Poor's contributed to investors' disposal of Greek bonds and a surge in the ten-year government bond yield spreads. Following developments on 6-7 May, with Greek ten-year sovereign spreads at record highs, potential spillovers to other euro area sovereign issuers, especially Portugal and Ireland, and to a lesser extent also Spain and Italy, attracted increasing attention. Following the announcement of new policy measures by the ECB, and in particular the introduction of the Securities Markets Programme, euro area ten-year government bond spreads vis-à-vis Germany declined.

Between the end of February and 6 June 2010 yields on euro area five-year and ten-year inflation-linked government bonds both declined by around 40 basis points, to stand at 0.3% and 1.1% respectively on 9 June (see Chart 22). Euro area break-even inflation rates at medium to long-term horizons, meanwhile, remained broadly unchanged during the same period (see Chart 23). Break-even inflation rates, however, have been volatile over the past three months and especially following the developments in early May. Another factor explaining the volatility in break-even inflation rates in early June was the Fitch downgrade of Spanish sovereign debt. The downgrade of the Fitch AAA rating of Spanish sovereign debt to AA+ on 28 May had resulted in the removal of Spanish bonds from the computation of the euro area AAA yield curve by the ECB. This caused the nominal yield curve to move downwards at short-to-medium maturities and a corresponding decline in short-term break-even inflation rates. Inflation-linked swap rates declined slightly over the review period. Overall, financial

Chart 22 Euro area zero coupon inflation-linked bond yields

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



Sources: Reuters and ECB calculations.

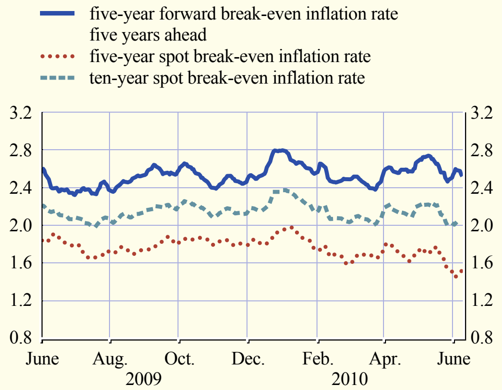
market data continue to suggest that inflation expectations remain firmly anchored.

Between end-February and 9 June 2010 the implied forward overnight interest rate curve for euro area government bonds shifted down across all maturities (see Chart 24). The shift reflects primarily developments in late April and early May, which prompted a downward revision of investors' expectations regarding the future path of short-term interest rates in the euro area.

Following developments in financial markets on 6-7 May, corporate bond spreads vis-à-vis government yields were significantly affected by renewed risk aversion and the flight-to-quality behaviour of investors and, as a result, widened for both financial and non-financial corporate bonds. The corporate bond spread for BBB-rated financial sector corporate debt widened by as much as 100 basis points between 6-7 May and early June, undoing most of the narrowing that had taken place during the course of this year, while remaining well below the peaks seen in early 2009.

Chart 23 Euro area zero coupon break-even inflation rates

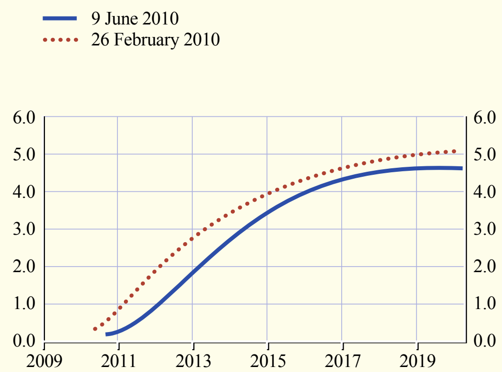
(percentages per annum; five-day moving averages of daily data; seasonally adjusted)



Sources: Reuters and ECB calculations.

Chart 24 Implied forward euro area overnight interest rates

(percentages per annum; daily data)



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

2.5 EQUITY MARKETS

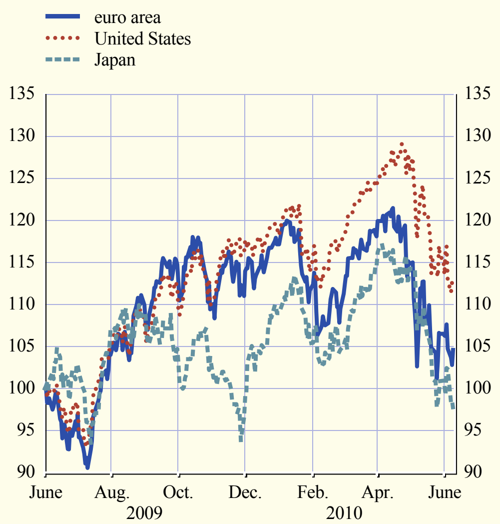
In the euro area and the United States stock prices declined between end-February and early June. Positive developments during March and most of April, when stock price indices recorded year-high levels, were fully reversed as a result of the intensification of the Greek fiscal crisis, which in early May triggered flight-to-safety behaviour on a large scale. Against this background, stock market uncertainty, as measured by implied volatility, rose markedly in May and early June.

Between the end of February and 9 June 2010 stock prices in the euro area and the United States declined overall by 4.3% and 4.4% respectively (see Chart 25). In the course of March and for most of April, against a background of positive economic data releases, increased risk appetite was reflected in strong increases in stock prices, which not only reversed the falls recorded in February, but also lifted the indices to year-high levels. The intensification of the Greek fiscal crisis in late April and early May, however, prompted flight-to-quality behaviour, which fully reversed those gains in stock prices. Over the same period Japanese stock prices, as measured by the Nikkei 225 index, declined by 6.8%.

During the period under review, stock market uncertainty, as measured by implied volatility, increased, reaching levels last seen in early 2009. Behind the overall developments, two rather different periods can be identified. During March and for most of April, implied volatility remained broadly unchanged. However, volatility in euro area and US stock markets increased abruptly following the intensification of the Greek fiscal crisis in late April, and in particular following developments on 6-7 May. Volatility in the equity markets at that time was exacerbated also by technical factors that caused the US Dow Jones index to suddenly plunge by around 9% in the afternoon of 6 May. The Dow Jones index recovered part of that loss after a technical justification was communicated to participants.

Chart 25 Stock price indices

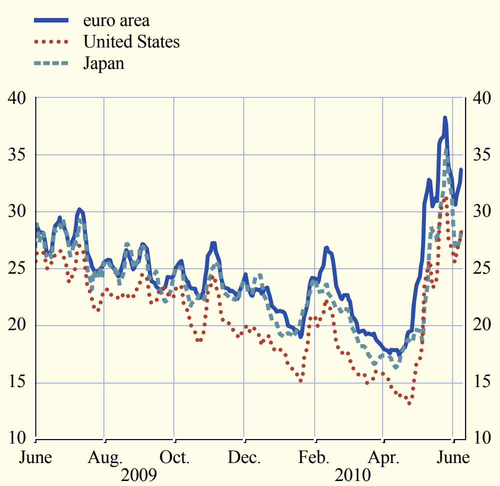
(index: 1 June 2009 = 100; daily data)



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 26 Implied stock market volatility

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



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

Table 3 Price changes in the Dow Jones EURO STOXX economic sector indices

(percentages of end-of-period prices)

	EURO STOXX	Basic materials	Consumer services	Consumer goods	Oil and gas	Financial	Health-care	Industrial	Tech-nology	Tele-communi-cations	Utility
Share of sector in market capitalisation *(end-of-period data)*	100.0	9.1	7.0	14.6	7.3	22.9	4.3	13.8	4.7	7.2	9.1
Price changes *(end-of-period data)*											
Q1 2009	-14.0	-13.6	-8.3	-11.5	-5.9	-20.1	-7.4	-14.0	-9.5	-8.8	-21.0
Q2 2009	16.4	19.8	3.3	17.7	9.7	34.2	3.9	18.0	15.8	0.0	9.0
Q3 2009	20.7	21.8	14.9	15.8	7.3	32.4	14.2	26.4	13.6	14.7	14.9
Q4 2009	2.1	15.3	3.3	9.0	6.8	-5.5	7.7	3.8	-3.9	2.0	0.3
Q1 2010	0.8	1.6	6.8	3.5	-1.7	-2.6	4.0	4.1	16.0	-4.5	-3.3
April 2010	-2.8	-2.0	0.8	2.5	-3.1	-6.7	-4.8	1.2	-7.0	-4.0	-3.3
May 2010	-7.2	-7.0	-6.7	-1.7	-8.8	-11.0	-3.2	-6.5	-6.4	-6.8	-8.2
28 Feb. 2010-9 June 2010	-4.3	0.2	2.1	10.2	-6.4	-14.5	-4.3	3.8	-3.1	-9.8	-9.7

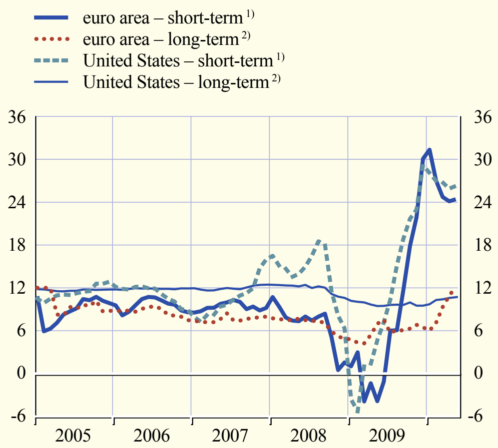
Sources: Thomson Financial Datastream and ECB calculations.

The period under review was initially characterised by increased risk appetite following positive economic data releases, which triggered strong stock price increases in both the euro area and the United States. These reversed the fall in stock prices during February and lifted stock indices to year-high levels. Euro area employment and industrial production data releases brought positive surprises, while a number of data releases also signalled a favourable outlook for the world economy. Earlier concerns about the strength of the recovery in household demand in both the euro area and the United States were tempered during April when the thus far relatively subdued consumer confidence indicator came out better than anticipated. During April conditions in housing markets also improved, as reflected in house sales data in the United States and mortgage loan data for the euro area.

The intensification of the Greek fiscal crisis during the last week of April and the sovereign credit rating downgrade of Portugal, Spain and Greece overshadowed previous positive economic data releases and prompted a sell-off in euro area stock markets. The intensification of the tensions in some euro area sovereign debt markets on 6-7 May triggered flight-to-quality behaviour on a large scale, which spread beyond the euro area financial markets. In early June stock price indices in the euro area and the United States subsequently traded at or close to their lowest values for 2010. In the early stages of the reversal of the trend in stock prices, euro area financial stock prices were the first to be affected, reflecting concerns about possible write-downs on banks' portfolio holdings of euro area government debt securities. As the tensions

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

(percentages per annum; monthly data)



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

intensified, however, the decline in stock prices spread to euro area non-financial stock prices and also beyond euro area equity markets to the United States.

The recent decoupling of positive economic data releases pointing to an ongoing economic recovery and stock price developments can be seen in the favourable outlook for earnings expectations 12 months ahead, which is overall not reflected in stock price movements. To a lesser extent, this applies also to the gradual upward adjustment of actual earnings. For companies listed in the Dow Jones EURO STOXX index, the pace of the year-on-year deterioration in realised earnings continued to slow (see Chart 27), with growth in realised earnings per share improving from -21% in February to -15% in May. Expectations for earnings per share growth over the next 12 months remained roughly unchanged at a robust level of 24% in May, whereas longer-term earnings expectations improved marginally further.

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

The real cost of financing for euro area non-financial corporations increased slightly between December 2009 and April 2010, interrupting the downward trend that had lasted for more than a year. The rise in financing costs was due to an increase in the cost of issuing quoted shares, while the cost of market-based sources of debt financing and, to a lesser extent, bank lending rates continued to decline. Debt securities issuance by non-financial corporations remained buoyant over the review period, while bank financing contracted further.

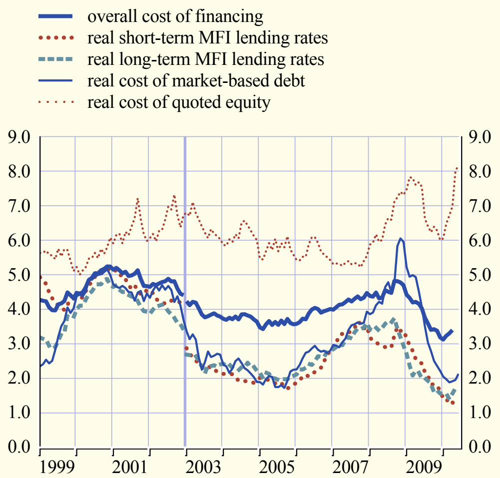
FINANCING CONDITIONS

The real cost of external financing for euro area non-financial corporations – as calculated by weighting the cost of financing from different sources on the basis of their outstanding amounts, corrected for valuation effects – increased to 3.4% in April 2010. This represents an increase of 21 basis points compared with the last quarter of 2009 (see Chart 28).

Developments in bank lending rates during the period under review point to the fading out of the gradual pass-through to banks' retail customers of past declines in key ECB interest rates. Real short-term MFI interest rates decreased by 31 basis points between December 2009 and April 2010, while real long-term MFI rates increased by 4 basis points. At the same time, the real cost of market-based debt decreased by around 30 basis points, driven by further reductions in corporate bond spreads during most of this period. Since December 2009 the real cost of equity increased overall by more than 90 basis points up to April 2010 and by a further 100 basis points during May as

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

(percentages per annum; monthly data)



Sources: ECB, Thomson Financial Datastream, Merrill Lynch and Consensus Economics forecasts.
Notes: The real cost of external financing of non-financial corporations is calculated as a weighted average of the cost of bank lending, the cost of debt securities and the cost of equity, based on their respective amounts outstanding and deflated by inflation expectations (see Box 4 in the March 2005 issue of the Monthly Bulletin). The introduction of the harmonised MFI lending rates at the beginning of 2003 led to a break in the statistical series.

Table 4 MFI interest rates on new loans to non-financial corporations

(percentages per annum; basis points)

	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Mar.	2010 Apr.	Change in basis points up to April 2010[1] 2009 Jan.	2010 Jan.	2010 Mar.
MFI interest rates on loans									
Bank overdrafts to non-financial corporations	5.08	4.55	4.25	4.06	3.98	3.97	-168	-8	-1
Loans to non-financial corporations of up to €1 million									
with a floating rate and an initial rate fixation of up to one year	4.03	3.64	3.36	3.28	3.24	3.18	-155	-7	-6
with an initial rate fixation of over five years	4.74	4.49	4.16	3.96	4.00	3.90	-134	-9	-10
Loans to non-financial corporations of over €1 million									
with a floating rate and an initial rate fixation of up to one year	2.85	2.57	2.06	2.19	1.99	2.00	-152	-1 1	
with an initial rate fixation of over five years	3.87	3.71	3.64	3.58	3.44	3.45	-113	-20	1
Memo items									
Three-month money market interest rate	1.63	1.22	0.77	0.71	0.64	0.64	-182	-4	0
Two-year government bond yield	1.75	1.68	1.28	1.39	1.40	1.75	-39	24	35
Seven-year government bond yield	3.38	3.53	3.10	3.10	3.15	3.26	-18	3	11

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

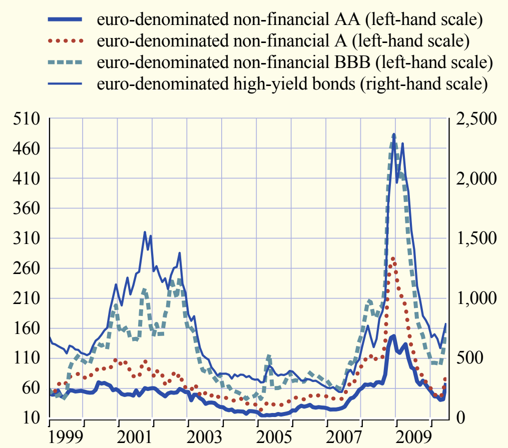
tensions in sovereign debt markets heightened volatility in financial markets in general. Taking a longer-term perspective, the real overall cost of financing for non-financial corporations in the euro area remained in the first quarter of 2010 at around the lowest levels recorded since 1999 for all components, except the real cost of equity.

Between December 2009 and April 2010 most nominal MFI interest rates on new loans to non-financial corporations recorded slight further declines (see Table 4). The downward trend observed in MFI interest rates since November 2008 seems to have moderated in the first quarter of 2010. Developments in April 2010 may also start reflecting the increases in those money market rates and bond yields, whose developments normally affect banks' short-term funding costs and longer-term lending rates, respectively.

The sharp decrease in the real cost of market-based debt financing is mainly being driven by the narrowing of corporate bond spreads. During the first quarter of 2010 and in April 2010 these spreads declined across all rating classes, falling below the levels recorded in August 2008 (i.e. shortly before the broad-based widening of corporate bond spreads that occurred as the crisis intensified) (see Chart 29). Conversely, in May 2010 corporate bond spreads were affected by the strong flight-to-quality behaviour of financial investors and, as a result, started to widen again, reversing most of the narrowing that had taken place during the course of this year. For instance, between April and May 2010,

Chart 29 Corporate bond spreads of non-financial corporations

(basis points; monthly averages)



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

spreads on BBB-rated bonds increased by around 20 basis points, while those on high-yield bonds rose by 100 basis points. Spreads for higher rating categories were less affected by the change in sentiment and remained at similar levels to those observed before the latest tensions began.

FINANCIAL FLOWS

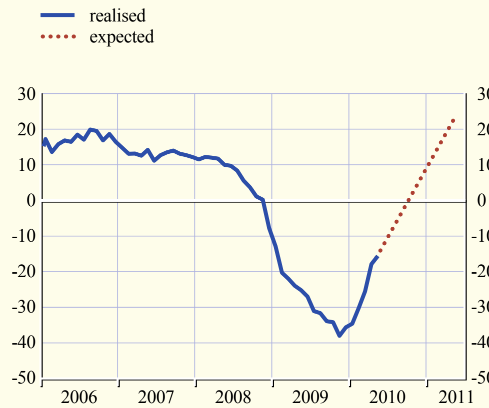
Most indicators of euro area non-financial corporations' profitability point to a further improvement during the first quarter of 2010 and in April and May. However, the annual rate of change in earnings per share for listed non-financial corporations in the euro area still remained negative in May 2010 (at -15% after -26% in March) (see Chart 30). Looking ahead, profits are expected to improve further, but the annual growth of non-financial firms' earnings per share is generally expected to remain in negative territory until autumn 2010.

As regards external financing, MFI loans to non-financial corporations continued to contract, while issuance of market instruments (in particular debt securities) increased at double-digit rates (see Chart 31). At the end of the first quarter of 2010 the annual rate of growth of quoted shares issued by non-financial corporations slightly decreased. Debt securities issuance remained buoyant up to March 2010, with a strong increase in the annual growth rate of issuance at long-term maturities, as the sector was influenced by refinancing activity, which has favoured long-term debt securities issuance to the detriment of short-term debt securities issuance.

Growth of bank loans to non-financial corporations was negative (-2.4%) at the end of the first quarter of 2010 (see Table 5). In April 2010 the annual growth rate of loans to non-financial corporations declined further to -2.6%. In particular, short-term loans to non-financial corporations (with maturities of up to one year) contracted most, with annual growth rates remaining in negative territory since March 2009. Only loans with a maturity above five years showed some signs of stabilisation in recent months, with positive flows in April 2010. Empirical evidence suggests that loans to non-financial corporations typically tend to lag the business cycle substantially. The slowdown in loans, therefore, remains broadly consistent with historical regularities, given the protracted effects of weak economic conditions on loan demand and the ongoing substitution towards market-based financing.

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

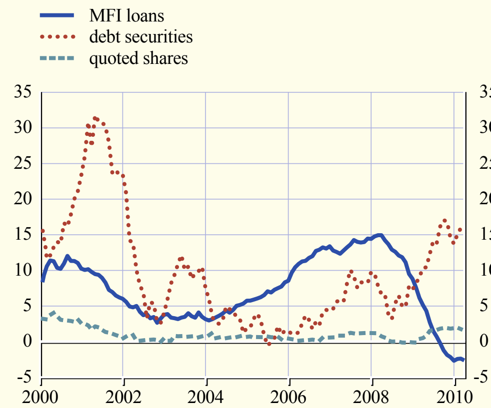
(percentages per annum; monthly data)



Sources: Thomson Financial Datastream and ECB calculations.

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

(annual percentage changes)



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

Table 5 Financing of non-financial corporations

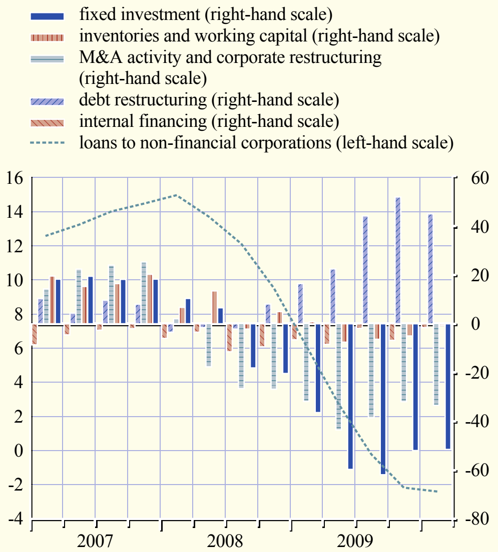
(percentage changes; end of quarter)

	Annual growth rates				
	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1
MFI loans	**6.1**	**2.7**	**-0.2**	**-2.2**	**-2.4**
Up to one year	-0.5	-5.8	-10.2	-13.2	-10.6
Over one and up to five years	11.0	7.2	2.0	-1.9	-4.4
Over five years	8.1	5.9	4.6	3.8	2.7
Debt securities issued	**9.1**	**12.3**	**16.1**	**14.5**	**16.0**
Short-term	-10.5	-23.8	-25.2	-38.4	-21.5
Long-term, *of which:* [1]	12.9	19.4	24.0	24.8	21.8
Fixed rate	17.6	25.1	31.4	32.3	26.4
Variable rate	-0.5	-1.1	-4.8	-4.2	-0.1
Quoted shares issued	**0.4**	**1.5**	**1.8**	**1.8**	**1.8**
Memo items [2]					
Total financing	3.4	2.9	2.1	1.2	-
Loans to non-financial corporations	6.5	4.1	1.7	0.0	-
Insurance technical reserves [3]	0.5	0.5	0.5	0.5	-

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

Chart 32 Loan growth and factors contributing to non-financial corporations' demand for loans

(annual percentage changes; net percentages)



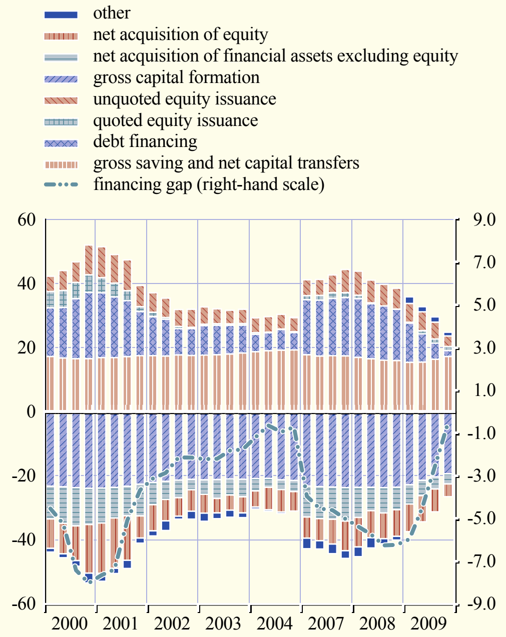
Source: ECB.
Notes: The net percentages refer to the difference between the percentage of banks reporting that the given factor contributed to an increase in demand and the percentage reporting that it contributed to a decrease. See also the April 2010 bank lending survey.

The results of the latest bank lending survey for the euro area suggest that demand-side factors, such as lower fixed investment and M&A activity, had a negative impact on demand for loans by non-financial corporations in the first quarter of 2010 (see Chart 32). At the same time, the survey confirmed that, despite some improvements in banks' liquidity position, the cost of their capital position and their ability to access market financing still contributed to a tightening of credit standards for loans to enterprises. Therefore, although the overall net tightening remained unchanged in the same period, credit constraints still appear to be having an impact on loan developments.

The financing gap (or net borrowing) by non-financial corporations – i.e. the difference between outlays for real investment and internally generated funds (gross savings) – decreased significantly to 0.5% of gross value added in the fourth quarter of 2009 on the basis of four-quarter moving sums. Chart 33 illustrates the components that make up euro area firms' saving, financing and investment as reported in the euro area

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

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



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

accounts, for which data are available up to the fourth quarter of 2009. As shown by the chart, corporate real investment (gross fixed capital formation) could almost entirely be financed by internal funds, while the growth of external financing has strongly diminished, almost disappearing as a source of corporate financing. At the same time, the net acquisition of financial assets including equity declined further in the fourth quarter of 2009.

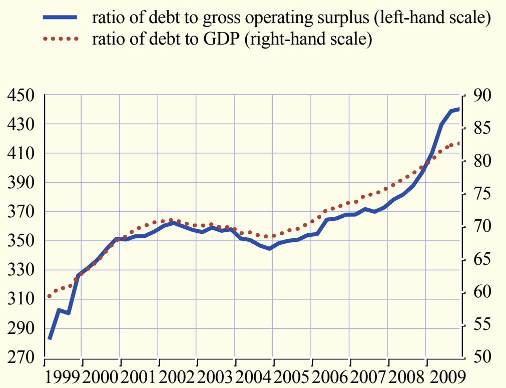
FINANCIAL POSITION

In the fourth quarter of 2009 non-financial corporate indebtedness remained broadly unchanged at the high levels of 83% and 440% in terms of the ratio of debt to GDP and the ratio of debt to gross operating surplus, respectively (see Chart 34). The lower external financing flows and the moderation in the contraction of internal financing sources recorded during the second half of 2009 may suggest that firms are actively consolidating their financial position.

Non-financial corporations benefited from the decline in bank lending and market interest rates through a further reduction of their interest burden in the first quarter of 2010 and in April 2010 (see Chart 35). Overall, the level of

Chart 34 Debt ratios of non-financial corporations

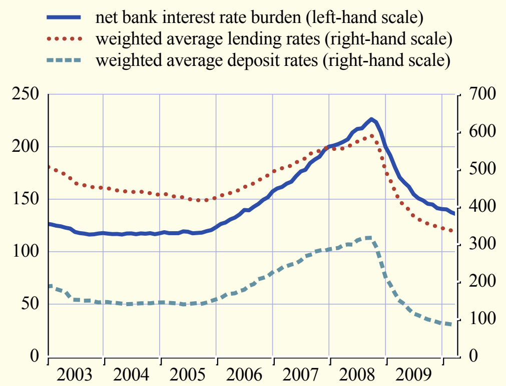
(percentages)



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

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

(basis points)



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

debt and the associated interest rate burden remained high, suggesting subdued demand for external finance going forward and continued scope for balance sheet restructuring in conjunction with a recovery in cash flow.

2.7 FINANCIAL FLOWS AND FINANCIAL POSITION OF THE HOUSEHOLD SECTOR

In the first quarter of 2010 households' financing conditions were characterised by a further slight decline in bank lending rates. At the same time, the net tightening of credit standards on loans to households increased somewhat for the first time since autumn 2008. The annual growth rate of household borrowing rose further in the first quarter of 2010 and in April 2010, still mainly driven by loans for house purchase. Households' debt-to-income ratio increased slightly, while their interest payment burden eased further.

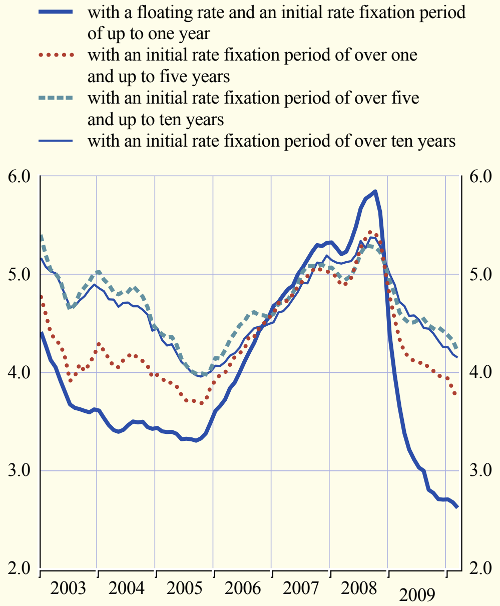
FINANCING CONDITIONS

Households' cost of financing in the euro area declined further in the first quarter of 2010, albeit to a lesser extent than in previous quarters. MFI interest rates on loans to households for house purchase continued to fall in the first quarter (see Chart 36). This reduction, which was broadly based across maturities, mainly reflected a further narrowing of spreads between rates on new loans for house purchase and comparable market interest rates. The term structure of interest rates on loans for house purchase remained characterised by a substantial positive spread between the rates on loans with long initial rate fixation periods (of over five years) and those on loans with short ones (i.e. loans with a floating rate and an initial rate fixation period of up to one year). As a result, loans with a shorter period of initial interest rate fixation continued to account for slightly more than half of total new business in the first quarter.

In the first quarter of 2010 MFI interest rates on consumer credit remained unchanged, on average. This development conceals a further decline in the rates on loans with short initial rate fixation periods (i.e. loans with a floating rate and an initial rate fixation period of up to one year), while the rates on loans with long initial rate fixation periods of over five years registered a slight increase, the first since autumn 2008. The spreads between rates on consumer credit loans and comparable market rates decreased for short rate fixation periods, while those on loans with longer fixation periods increased. Overall, the rates on loans with an initial rate fixation period of over one and up to five years remained the lowest, followed very closely by those on loans with the shortest rate fixation period, while those on loans with a rate fixation period of over five years remained the highest.

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

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



Source: ECB.

The results of the bank lending survey of April 2010 suggest that the net percentage of banks reporting a tightening of credit standards on loans to households increased slightly in the first quarter of 2010. This increase in net tightening, which was the first recorded since autumn 2008, was concentrated on loans for house purchase, while credit standards on consumer credit and other loans remained broadly unchanged. The increase reported in the net tightening of standards on loans for house purchase was not reflected in the underlying factors, which either remained broadly unchanged (as in the case of housing market prospects, for instance) or contributed less to the net tightening (as holds true of the general economic outlook). Part of the explanation for the increase in the net tightening of credit standards may thus be related to other factors such as changes in the risk management of banks. As in the previous survey round, factors related to banks' cost of funds and balance sheet constraints – which can be seen as pure supply factors with respect to the provision of loans – remained neutral for all types of loans. Finally, banks felt that net demand for loans for house purchase had declined in the first quarter, after having increased for three consecutive quarters. This was explained, in particular, by a less positive contribution of housing market prospects and a more negative contribution of consumer confidence. The net demand for consumer credit and other lending appeared to have been somewhat more sluggish in the first quarter.

FINANCIAL FLOWS

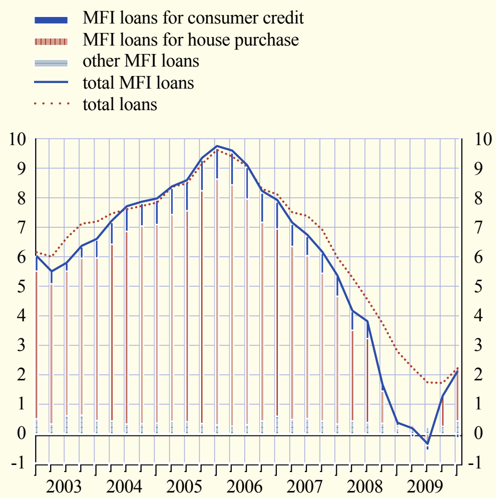
The annual growth rate of total loans granted to households remained unchanged at 1.7% in the fourth quarter of 2009 (the most recent quarter for which data from the euro area integrated accounts are available), thus breaking the downward trend observed since mid-2006. However, this conceals a marked decline in the annual growth of non-MFI loans to households, to 4.3%, down from 15.6% in the previous quarter. This fall was due to the fact that the impact of true-sale securitisation activity (where loans are derecognised and thereby removed from MFIs' balance sheets, subsequently being recorded as loans from OFIs), which was particularly strong at the end of 2008, dropped out from the calculation of annual growth rate. Data on MFI loans and securitisation activity indicate that the annual growth of total loans to households increased to slightly above 2% in the first quarter of 2010 (see Chart 37).

In April 2010 the annual growth rate of MFI loans to households increased to 2.5%, up from 1.7% and 0.3% in the first quarter of 2010 and the fourth quarter of 2009 respectively. The latest developments provide further confirmation of the turning point in the course of 2009. Taking into account the impact of derecognition in the context of securitisation activity, the recovery in the annual growth rate of loans to households is less marked.

The continued positive flows for MFI loans and the increases observed in the annual growth rate appear to be consistent with longer-term

Chart 37 Total loans granted to households

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



Source: ECB.
Notes: Total loans comprise loans to households from all institutional sectors, including the rest of the world. For the first quarter of 2010, total loans to households have been estimated on the basis of transactions reported in money and banking statistics.
For information on differences between MFI loans and total loans in terms of the calculation of growth rates, see the relevant technical notes.

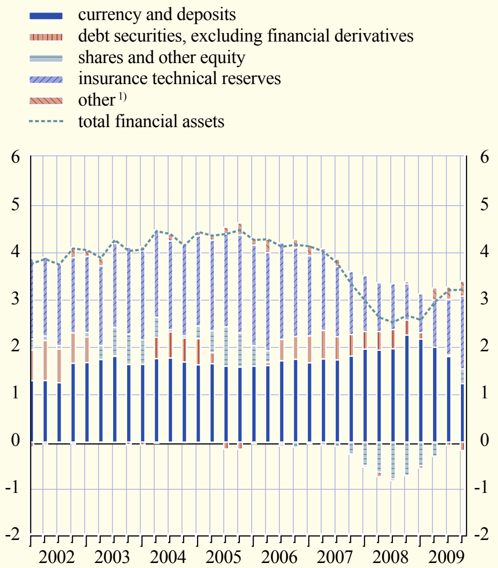
regularities, whereby household borrowing tends to improve early in the economic cycle. Going forward, however, loan dynamics may remain modest, given that housing markets and income prospects are still surrounded by considerable uncertainty and also given that the level of household indebtedness remains high relative to previous cycles.

Within MFI loans to households, the annual growth rate of loans for house purchase increased to 2.9% in April 2010, up from an average of 2.0% in the first quarter of 2010, reflecting sustained monthly inflows since mid-2009. The same pattern can be observed for other lending, the annual growth rate of which rose to 3.0% in April, up from 2.4% in the first quarter. The annual growth rate of consumer credit, by contrast, remained in negative territory (standing at -0.3% in April) despite strengthening modestly further in comparison with the first quarter.

Turning to the assets side of the euro area household sector's balance sheet, as recorded in the euro area accounts, the annual growth rate of total financial investment remained unchanged at 3.2% in the fourth quarter of 2009 (see Chart 38). This development masks noticeable portfolio reallocations, however. Indeed, the contribution of investment in currency and deposits declined significantly, and this asset category lost its position as the largest contributor to total financial investment growth. Households continued to shift funds from liquid assets into longer-term and riskier assets in the context of the steep yield curve and improved market sentiment. In particular, acquisitions of insurance technical reserves increased substantially, and this asset class became the

Chart 38 Financial investment of households

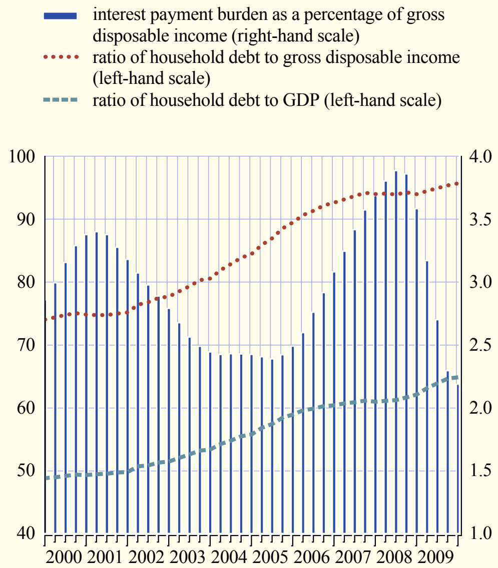
(annual percentage changes; contributions in percentage points)



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

Chart 39 Household debt and interest payments

(percentages)



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

largest contributor to total financial investment growth. Households also increased their purchases of mutual fund shares/units (other than money market funds) further. By contrast, they reduced their direct holdings of bonds and quoted shares.

FINANCIAL POSITION

The debt-to-disposable income ratio of households is estimated to have increased slightly further to just below 96% in the first quarter of 2010, after having remained broadly stable from end-2007 to mid-2009 (see Chart 39). This development reflects the modest pick-up in household borrowing and the subdued income growth observed in recent quarters. By contrast, households' debt-to-GDP ratio is estimated to have remained virtually unchanged in the first quarter, reflecting the fact that overall economic activity has been displaying a stronger cyclical pick-up than household income. The household sector's interest payment burden is estimated to have declined further – albeit far less markedly than in previous quarters – to stand at 2.2% of disposable income in the first quarter, after 2.3% in the previous quarter. With households' debt-to-income ratio increasing slightly, this reflects the impact of lower interest rates on their interest payments.

3 PRICES AND COSTS

Euro area annual HICP inflation was 1.6% in May 2010, according to Eurostat's flash estimate, after standing at 1.5% in April. The rise in inflation over recent months mostly reflects higher energy prices. Looking ahead, inflation rates should, overall, remain moderate. Upward pressures on commodity prices may persist, while euro area domestic price pressures are expected to remain low. This assessment is also reflected in the June 2010 Eurosystem staff macroeconomic projections for the euro area, which foresee annual HICP inflation in a range between 1.4% and 1.6% for 2010 and between 1.0% and 2.2% for 2011. Compared with the ECB staff projections of March 2010, the ranges have been adjusted somewhat upwards, mainly reflecting higher euro prices for commodities. Available forecasts from international organisations provide a broadly similar picture. Risks to this outlook over the medium term are broadly balanced.

3.1 CONSUMER PRICES

According to Eurostat's flash estimate, euro area annual HICP inflation stood at 1.6% in May 2010, up from 1.5% in April (see Table 6). Taking a longer-term perspective, the annual rate of HICP inflation has witnessed strong swings over the last two years. Driven by falls in food and energy prices, the year-on-year change in HICP inflation eased steadily between mid-2008 and mid-2009. In July 2009, annual HICP inflation reached historical lows of -0.6%. Thereafter, due to base effects in November 2009, the annual HICP inflation rate returned to positive territory. The index has accelerated in recent months, mainly driven by increases in energy prices.

Looking at the most recent news on HICP developments at the sectoral level, in April, the year-on-year change in the HICP energy component increased to 9.1%, up from 7.2% in March (see Chart 40). Taking a longer-term perspective, the annual change in energy prices has been rising steadily since the trough in July 2009, when it stood at -14.4%. The increase since July last year was fuelled by both the sharp increases in oil prices recorded since last summer and positive base effects stemming from the sharp fall in oil prices in the latter part of 2008. Within the prices of the energy items, it is notable that the upward trend during this period mainly derives from the rising prices of items directly linked to oil price developments (liquid fuels: personal transportation and home heating), whereas annual price changes in non-oil related energy items (such as electricity

Table 6 Price developments

(annual percentage changes, unless otherwise indicated)

	2008	2009	2009 Dec.	2010 Jan.	2010 Feb.	2010 Mar.	2010 Apr.	2010 May
HICP and its components								
Overall index [1]	3.3	0.3	0.9	1.0	0.9	1.4	1.5	*1.6*
Energy	10.3	-8.1	1.8	4.0	3.3	7.2	9.1	.
Unprocessed food	3.5	0.2	-1.6	-1.3	-1.2	-0.1	0.7	.
Processed food	6.1	1.1	0.7	0.6	0.6	0.5	0.6	.
Non-energy industrial goods	0.8	0.6	0.4	0.1	0.1	0.1	0.2	.
Services	2.6	2.0	1.6	1.4	1.3	1.6	1.2	.
Other price indicators								
Industrial producer prices	6.1	-5.1	-2.9	-1.0	-0.4	0.9	2.8	.
Oil prices (EUR per barrel)	65.9	44.6	51.6	54.0	54.5	59.1	64.0	61.6
Non-energy commodity prices	2.0	-18.5	19.2	27.3	25.4	34.5	51.9	51.9

Sources: Eurostat, ECB and ECB calculations based on Thomson Financial Datastream data.
Note: The non-energy commodity price index is weighted according to the structure of euro area imports in the period 2004-06.
1) HICP inflation in May 2010 refers to Eurostat's flash estimate.

and gas) have remained more stable. During recent months, higher refining margins (measured as the difference between the price of the refined products and crude oil prices) have also contributed to the upward movement in energy prices. The latest data indicate that refining margins currently stand at a level higher than their long-term average. Looking ahead, on the basis of current oil price futures, energy price inflation is expected to remain at an elevated level for the remainder of 2010, with some slight positive contributions from base effects and indirect taxation.

After hovering in negative territory for seven months, the annual growth rate of total food prices (including alcohol and tobacco) moved back into positive territory in March, reaching a level of 0.3%. The upward trend continued in April when food prices recorded an annual growth rate of 0.7%. Food prices, together with the above-mentioned energy prices, are two of the most volatile components included in the HICP basket. Thus, even though the food price component makes up only around 20% of the total HICP basket, it can still contribute significantly to overall HICP fluctuations. Indeed, the observed drop in HICP inflation between mid-2008 and mid-2009 can, to a large extent, be attributed to significantly lower commodity food prices in international markets over the same period. In the autumn months of 2009, the downward trend in food prices came to a halt and since then some stabilisation can be observed.

Developments in food prices are usually analysed looking separately at processed and unprocessed food prices. During the autumn months of 2009 and the first four months of 2010, the largest processed food components, such as bread and dairy products (milk, cheese and eggs), remained in negative territory in terms of their annual growth rates, while components more affected by indirect taxation (tobacco, wine, beer and spirits) exerted upward pressure on processed food prices. With regard to the latter point, tobacco constitutes around one-fourth of the processed food component, and rising indirect taxation over the past year brought the annual rate to 6.2% in April, which is above the long-time average of 5.4% since 1998.

Price developments in unprocessed food products, in terms of year-on-year changes, also displayed some stabilisation in the latter part of 2009 and early 2010, but began to edge up in March and April. Two factors have contributed to this recent pick-up. First, some components, such as vegetable prices, are partly influenced by transportation costs, which have increased in the past few months as a result of higher oil prices. Second, part of the recent upturn is also a result of base effects stemming from unprocessed food price developments a year ago. Box 4 analyses recent food price developments in more detail.

Box 4

AGRICULTURAL COMMODITIES AND EURO AREA HICP FOOD PRICES

Food items represent around 20% of the euro area expenditure basket, and food prices have accounted, together with energy prices, for a large part of the overall volatility in headline HICP inflation since mid-2007. Understanding their dynamics, therefore, has a clear relevance for monetary policy. This box describes recent developments in HICP food prices and analyses the transmission of commodity price shocks through the food supply chain in the euro area.

Food prices have experienced large swings in the euro area in recent years both at the producer and consumer levels (see Chart A). Annual HICP food inflation rose sharply in the course of 2007

Unprocessed and processed food components of the euro area HICP and their main sub-components

(annual percentage changes)

	HICP weights (%) 2010	2007	2008	2009	2009 Nov.	2009 Dec.	2009 Jan.	2010 Feb.	2010 Mar.	2010 Apr.
Food	**19.2**	**2.8**	**5.1**	**0.7**	**-0.1**	**-0.2**	**-0.1**	**-0.1**	**0.3**	**0.7**
Unprocessed food	**7.3**	**3.0**	**3.5**	**0.2**	**-1.3**	**-1.6**	**-1.3**	**-1.2**	**-0.1**	**0.7**
Meat	3.6	2.7	3.9	1.4	-0.2	-0.4	-0.7	-0.6	-0.6	-0.2
Fish	1.1	2.8	2.9	-0.6	-0.4	-0.6	-0.6	-0.6	1.0	1.3
Fruit	1.1	3.4	6.2	-1.8	-2.9	-1.7	-2.1	-3.3	-3.1	-1.3
Vegetables	1.5	3.3	1.0	-0.3	-2.9	-4.8	-2.5	-1.3	2.4	4.0
Processed food excluding tobacco	**9.5**	**0.5**	**1.6**	**2.3**	**-0.7**	**-0.7**	**-0.8**	**-0.8**	**-0.7**	**-0.7**
Bread and cereals	2.6	3.5	8.6	1.3	-0.5	-0.6	-0.7	-0.5	-0.5	-0.5
Milk, cheese and eggs	2.2	3.4	10.6	-2.8	-3.3	-2.9	-2.8	-2.6	-2.5	-2.4
Oil and fats	0.5	-1.7	6.4	-4.0	-3.5	-2.6	-2.0	-2.3	-1.9	-1.3
Sugar, jam, honey, chocolate and confectionery	1.0	1.1	4.4	1.6	0.0	-0.3	-0.3	-0.3	-0.2	-0.3
Food products not elsewhere classified	0.5	0.7	4.1	2.1	0.6	0.3	-0.2	0.2	-0.2	-0.5
Tobacco	**2.4**	**4.5**	**3.2**	**4.7**	**6.0**	**6.6**	**6.5**	**6.3**	**5.9**	**6.2**

Sources: Eurostat and ECB calculations.
Note: The processed food aggregate also includes mineral waters, soft drinks, fruit and vegetable juices, spirits, wine and beer, which are not reported in this table.

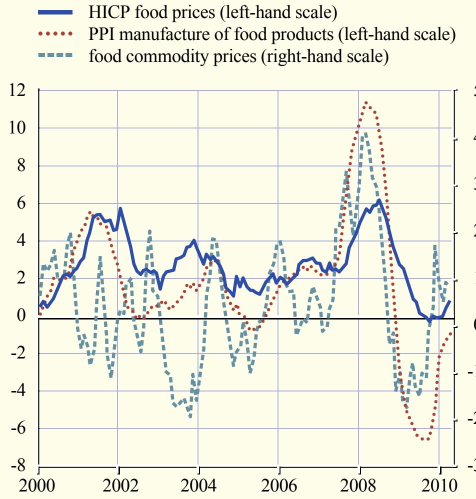
and 2008, peaking at 6.1% in July 2008. Thereafter, it eased steadily reaching a historical low (on the basis of data available from January 1991) of -0.4% in October 2009, before recovering to 0.7% in April 2010. This compares with an average annual growth rate of this component of 2.4% between January 1998 and March 2010. Most of the rise and fall in HICP food prices between 2007 and 2009 was accounted for by movements in the components with a higher content of commodity inputs – such as meat, bread and cereals, milk, cheese and eggs, and oil and fats. However, the pick-up in HICP food prices in more recent months has owed mainly to seasonal fish and vegetable prices, the latter likely reflecting the impact of the cold weather on fresh food items (see the table above).

The food supply chain

The wide swing observed in HICP food prices since mid-2007 has been attributed, to a large extent, to the sharp fluctuations in food commodity prices in international markets and their eventual pass-through to consumer prices in the euro area. Indeed, food commodity prices rose sharply in international markets between early 2006 and mid-2008, before falling back in the wake of the global financial crisis. The steady increases in international prices implied that EU internal market prices also started to rise. Furthermore, non-food commodity prices increased sharply in international markets between 2007 and mid-2008 and then fell abruptly.

Chart A International food commodity prices, PPI and HICP food prices in the euro area

(annual percentage changes)



Source: Eurostat.

These movements may have affected HICP food prices indirectly via changes in other input costs. For example, rising energy prices may have raised processing, transportation and packaging costs. Margins at various stages of the food production chain may have also adjusted to the business cycle conditions.

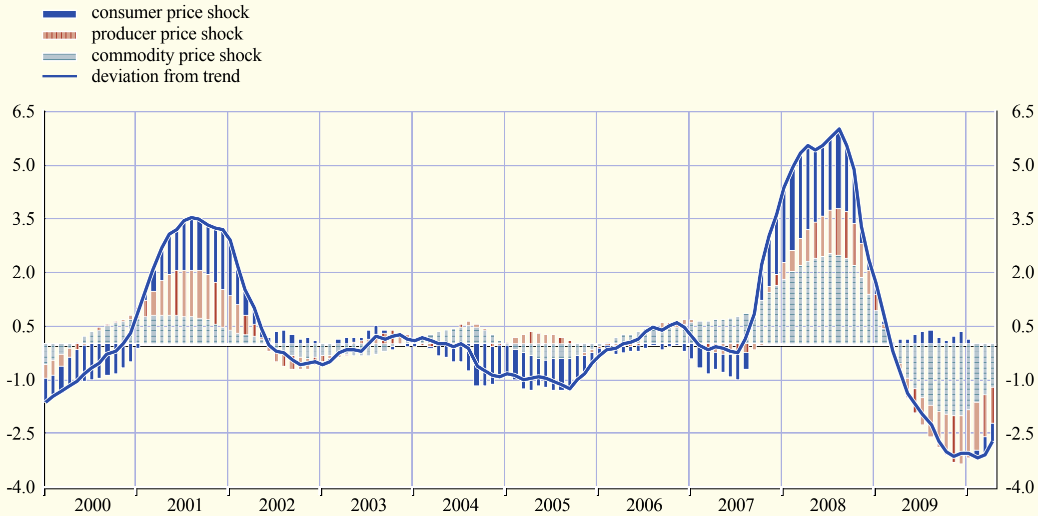
A simple empirical analysis can be used to determine the extent to which shocks in food commodity prices are transmitted through the food supply chain and how changes in input costs at various stages of the production process affect food price developments at the retail level.[1] A stylised representation of the food supply chain is used, relating food commodity prices to producer and consumer prices of food products. The analysis focuses on selected food items representing around 50% of the HICP food basket: seasonal items, such as fruit and vegetables, items with low commodity content, such as soft drinks, and items whose prices are heavily dependent on indirect taxes, such as tobacco and alcoholic beverages, are excluded from this analysis. Furthermore, instead of using international prices of food commodities, a database of farm-gate and internal market prices collected in the European Union has been employed.

The solid line in Chart B shows the deviation from trend of the selected HICP food prices. The bars illustrate how much of the deviation can be attributed to shocks at different stages of the food supply chain: the commodity price shock, the producer price shock (defined as a shock that causes movements in producer prices on top of the transmission of the commodity price shock,

1 Formally, the decomposition is based on a vector auto-regression, using the innovation accounting technique proposed by C.A. Sims, "Macroeconomics and reality", *Econometrica*, No. 48, pp. 1-48, 1980. The decomposition is based on a "pricing chain approach", whereby commodity prices affect producer prices contemporaneously and these affect consumer prices contemporaneously, but the opposite takes time. See G. Ferrucci, R. Jiménez-Rodrìguez and L. Onorante, "Food price pass-through in the euro area: the role of asymmetries and non-linearities", *ECB Working Paper Series*, No. 1168, April 2010.

Chart B Deviation from trend of HICP food prices and shock contributions

(annual percentage changes and percentage point contributions)



Source: G. Ferrucci, R. Jiménez-Rodrìguez and L. Onorante, "Food price pass-through in the euro area: the role of asymmetries and non-linearities", *ECB Working Paper Series*, No 1168, April 2010.
Notes: Historical decomposition of the deviation from trend of selected HICP food items, using C.A. Sims' innovation accounting methodology, 1980.

for example through changes in profit margins and other input costs at the producer level) and the consumer price shock (similarly defined as a shock that causes movements in consumer prices on top of the transmission of the commodity and producer price shocks, for example through changes in profit margins and other input costs at the retail level). According to this analysis, the increase in food commodity prices in global markets in 2006 exerted upward pressure on retail food prices in the euro area, as shown by the positive contribution from the commodity price shock during that period. This shock explained almost entirely the mild acceleration in retail food prices during the course of the year. Upward pressure in commodity prices continued unabated in 2007. However, it appears that in this year, rising commodity prices were not immediately passed on to the consumers, but were absorbed by other components of the final price, as indicated by the negative contributions from the producer and consumer price shocks. By contrast, by the end of 2007, and increasingly so until the end of the summer of 2008, shocks at the level of food processing and distribution added further upward pressures to the HICP food prices and the commodity price shock was, according to this model, responsible for around a half of the total deviation from trend of the selected HICP food price items. Obviously, a few caveats need to be highlighted in this analysis, notably the fact that the estimates are based on a partial approach and may be sensitive to the particular order of the exogenous shocks along the food supply chain. Still, it is worth noting that around half of the deviation from trend of HICP food prices during the 2007-08 period does not appear to be related purely to commodity price shocks.

Indeed, the co-movements of the different elements that affect consumer prices along the food supply chain have often given rise to concerns about the lack of competition in the food sector. In this respect, the findings from the analysis summarised in Chart B are consistent with the conclusions of a market monitoring exercise conducted by the European Commission in the wake of the food price shock to analyse the functioning of the food supply chain in Europe.[2] The exercise involved stakeholders in the food industry and National Competition Authorities, with the mandate, inter alia, to understand the competitive structure of the European food supply chain and to identify potential competition-related concerns. The exercise indicated that in many cases, competition-related concerns are justified. The lack of market transparency, inequalities in bargaining power and anti-competitive practices have led to market distortions with negative effects on the competitiveness of the food supply chain as a whole. Similarly, price rigidities have negatively affected the adjustment capacity and innovativeness of all the industries along the supply chain. While there are significant differences across countries, in several countries enhancing competition in this important market segment will be paramount in ensuring that inflationary pressures due to market inefficiency and second-round effects remain contained in the future.

2 See the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled "A better functioning food supply chain in Europe", at http://ec.europa.eu/economy_finance/publications/publication16061_en.pdf, October 2009.

Excluding all food and energy items, which represent around 30% of the HICP basket, annual HICP inflation has followed a gradual downward movement over the past one-and-a-half years. The most recent observation for April showed that HICP excluding food and energy items increased by 0.8% compared with 12 months earlier. This outcome was 0.2 percentage point lower than in March. There are two important features to note with regard to this aggregate. First, through the entire latest period of downward trend starting in late 2008, this measure of "underlying inflation" has followed a less volatile path compared with the HICP aggregate. Second, while the annual growth rate of overall HICP has gradually increased after the disinflation period recorded during the summer and autumn of 2009, HICP inflation excluding food and energy items has continued to fall.

HICP excluding food and energy prices reflects the developments in the prices of its two components, non-energy industrial goods and services, which are determined mostly by domestic factors, such as wages and profit mark-ups. As for the most recent data in April, the annual rate of change in non-energy industrial goods prices was just 0.2%, after 0.1% in March. The low outcomes in recent months confirm the subdued trend observed in this component since 2008. Looking through the volatility caused by short-term factors, the annual rate of non-energy industrial goods inflation stood, on average, for the first four months of 2010, at 0.1%, compared with an average of 0.6% in 2009. Weak consumer demand can be considered to be the main driver behind these developments.

Non-energy industrial goods can be further decomposed into three sub-components: non-durable (water supply, pharmaceutical products, newspapers, etc.), semi-durable (clothing materials, textiles, books, etc.) and durable goods (cars, furniture, electronic appliances, etc.). The further fall in non-energy industrial goods inflation in the first four months of 2010 was mainly a result of lower contributions from non-durable and semi-durable goods. The latest figures for non-durable goods prices show similar downward tendencies across most items, probably reflecting weak demand. The annual rate of change in semi-durable goods prices also decreased further in the first few months of 2010, heavily affected by the winter sales price reductions in clothing and footwear. This can partly be related to sluggish demand.

Meanwhile, the negative contribution from durable goods prices to non-energy industrial goods inflation has remained broadly unchanged in 2010, although the annual rate of change in this component seems to have come out of the trough registered in September 2009. This largely reflects the apparent end to strong discounts on car prices, but also to lower price drops for some consumer electronics.

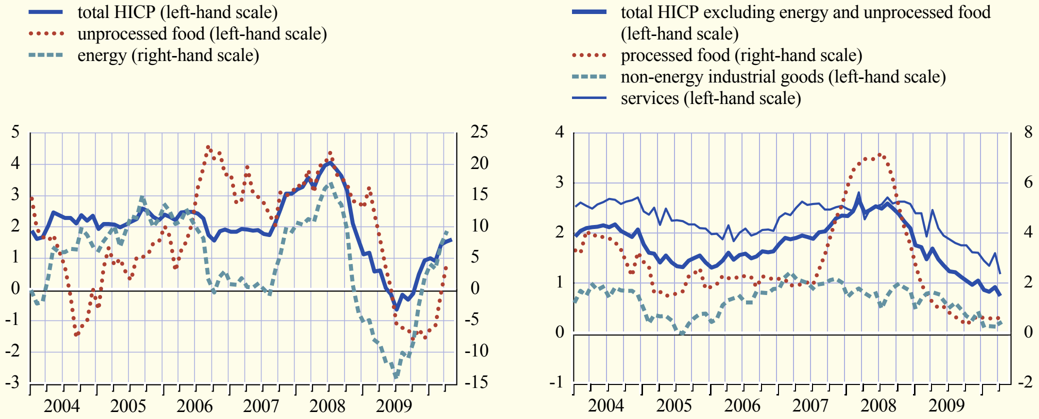
Looking ahead, available leading indicators for non-energy industrial goods inflation, such as price developments in producer prices for consumer goods (excluding food and tobacco) and in import prices of consumer goods (again excluding food and tobacco), continue to suggest subdued pipeline pressures. Neither demand nor the pricing power of firms is expected to greatly nudge prices upwards in the near future, and, in the context of weak labour markets, wage pressures are also likely to remain low. However, there are indications of higher external price pressures from recent exchange rate movements as well as higher global inflation.

The annual growth rate of services price inflation dropped to a new unprecedented low since 1991 of 1.2% in April, after standing at 1.6% in March. Part of this strong decline can be explained by a calendar effect due to the different timing of Easter with respect to the previous year. However, even after accounting for the calendar effect, services price inflation stood, in April, at very low levels, comparable to the subdued services price inflation witnessed in the period 1999-2000 and well below its average since 1999 of 2.2%.

As for the longer-term trend, services price inflation has been on a declining path since autumn 2008. The subdued developments in services prices during this period can be explained by a number of factors such as indirect effects of declines in commodity prices, weak demand and falling wage pressures. The decline in services price inflation has been broad-based across the sub-items. The sharpest declines were recorded in non-essential or leisure items such as package holidays, restaurants and accommodation services. On the other hand, in contrast to the

Chart 40 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

remaining major sub-components, communication services price inflation followed an upward path (albeit remaining in negative territory), increasing from -2.6% in September 2008 to -0.6% in April 2010.

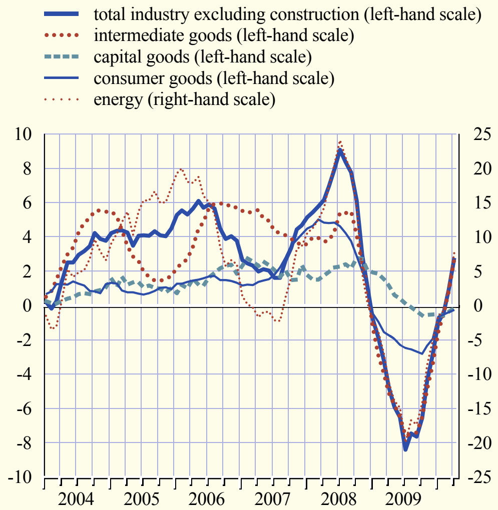
Looking ahead, services inflation is expected to stay moderate due to low wage pressures and weak consumer demand. However, some upward pressure on services prices may emanate from the transport services component resulting from the lagged effects of rising oil prices.

3.2 INDUSTRIAL PRODUCER PRICES

The most recent data on industrial producer prices (excluding construction) indicate upward price pressures in the production chain as the annual growth rate increased to 2.8% in April, up from 0.9% in March (see Chart 41). Industrial producer prices have gradually increased since the trough of -8.4% in July 2009. In March 2010, industrial producer prices (excluding construction) entered positive territory in terms of their annual growth rate. The upward trend since last summer was mainly driven by the energy and intermediate goods components, reflecting the combination of upward base effects stemming from the fall in global crude oil prices in the latter part of 2008 and early 2009 and recent developments in these prices. At the same time, the annual rates of change in the other components of industrial producer prices have remained more stable, albeit at very subdued levels, on account of

Chart 41 Breakdown of industrial producer prices

(annual percentage changes; monthly data)



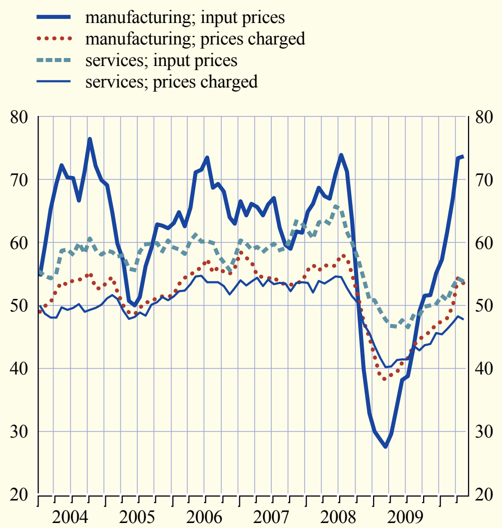
Sources: Eurostat and ECB calculations.

low input costs and weak demand for industrial products. The component that, historically, has been most closely correlated with near-term HICP developments, is the consumer goods component (excluding tobacco and food). This component also increased during the latter part of 2009 and the first four months of 2010. Despite the upward trend, the annual growth rate of this component was, however, still negative in April, standing at -0.3%.

Purchasing Managers' Index data on prices in May remained broadly stable compared with April's results (see Chart 42). An index level above 50 indicates higher prices and a value below 50 falling prices. In the manufacturing sector, indices for both input prices and prices charged changed little in May. In the services sector, input price indices decreased somewhat reflecting mainly subdued wage developments. Prices charged in the services sector still remained below the threshold of 50, thereby indicating falling prices. Taking a longer-term perspective, all indices have, overall, increased steadily since the second quarter of 2009. The slightly higher levels observed for input prices, compared with the levels recorded for output prices, suggest that firms are still having some difficulty passing the higher input prices through to consumers.

Chart 42 Producer input and output price surveys

(diffusion indices; monthly data)



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

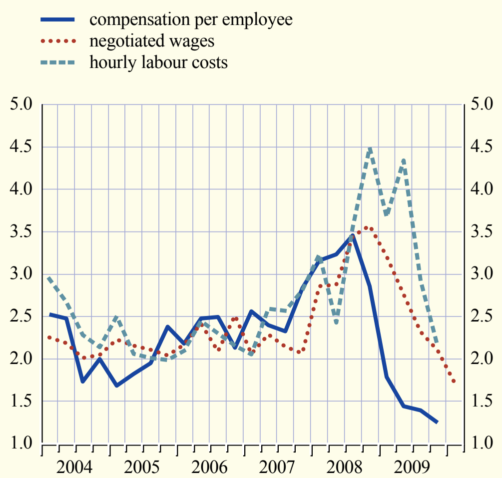
3.3 LABOUR COST INDICATORS

Recent labour markets indicators showed that labour costs continued to moderate in the fourth quarter, confirming the trend that started in late 2008 (see Chart 43 and Table 7).

Dynamics in the various indicators are significantly influenced by changes in hours worked. In March 2010 Eurostat released, for the first time, data on hours worked, allowing for the calculation of compensation per hour. As a result of short-time working schemes implemented in several euro area countries, the release showed that a strong reduction in hours worked per employee took place at the end of 2008 and the beginning of 2009 (measured in annual growth rates). During this period, remuneration also declined, but proportionally less, which gave rise to a substantial decoupling

Chart 43 Selected labour cost indicators

(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.

Table 7 Labour cost indicators

(annual percentage changes, unless otherwise indicated)

	2008	2009	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1
Negotiated wages	3.2	2.6	3.2	2.8	2.3	2.1	1.7
Total hourly labour costs	3.5	3.3	3.6	4.3	3.0	2.2	.
Compensation per employee	3.2	1.5	1.8	1.4	1.4	1.2	.
Memo items:							.
Labour productivity	-0.2	-2.3	-3.9	-3.1	-2.0	0.0	.
Unit labour costs	3.4	3.8	5.9	4.7	3.4	1.3	.

Sources: Eurostat, national data and ECB calculations.

between various labour cost indicators. The annual growth rate of hours worked continued to drop in the latter half of 2009, albeit at a slower pace. Indeed, short-term dynamics, as measured by quarter-on-quarter growth rates, showed that euro area hours worked rose by 0.2% in the fourth quarter of 2009.

The annual rate of growth in negotiated wages in the euro area, the only labour cost indicator currently available for the first quarter of 2010, declined to 1.7% in that quarter, from 2.1% in the previous quarter. The recent decline confirmed that negotiated wage growth in the euro area remains on the downward path observed since the beginning of 2009. The figure recorded in the first quarter is the lowest annual growth rate observed since the start of the series in 1991. Looking ahead, it is likely that the annual rate of growth in negotiated wages will continue to decline further in the coming quarters as older contracts are gradually replaced by new ones with smaller agreed wage increases in both the private and public sectors.

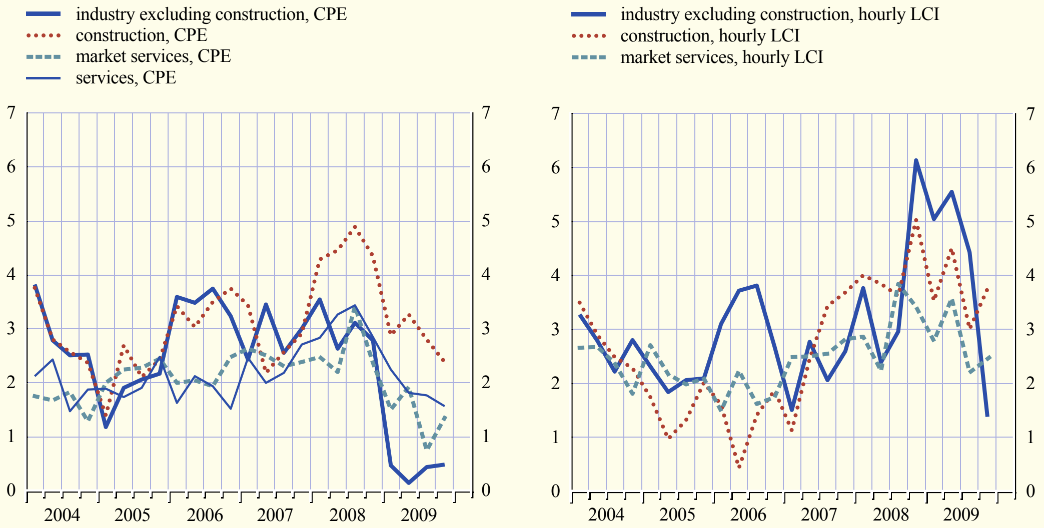
Wage restraint is also visible in the annual growth rate of euro area compensation per employee, which slowed to 1.2% in the fourth quarter of 2009, down from 1.4% a quarter earlier. The sectoral breakdown indicates that the decline in growth in compensation per employee in the fourth quarter of 2009 was, to a large extent, driven by developments in the construction sector (see Chart 44). Between the fourth quarter of 2008 and the fourth quarter of 2009, growth in compensation per employee fell by 1.7 percentage points. In the same period, growth in negotiated wages declined slightly less, by 1.5 percentage points. This indicates that a small negative wage drift took place during this period as firms adjusted wage increases downwards owing to the economic downturn by cutting flexible components of the salary.

The annual growth rate of hourly labour costs in the euro area fell significantly in the last quarter of 2009 to 2.2%, from 3.0% in the third quarter. This growth rate is now close to the historical lows observed in 2005 and reflects, as mentioned above, a substantial reduction in the rate of decline of hours worked per employee. As for the sectoral breakdown, the deceleration in the annual growth rates between the third and fourth quarters is entirely driven by developments in the industrial sector, while the annual growth rate of hourly labour costs actually edged up in construction and market-related services. Hourly labour costs rose in annual terms by 1.4% in industry, compared with 3.7% in construction and 2.4% in market services.

Following the record low observed in the first quarter of 2009, the annual growth rate of euro area productivity showed continued improvements in subsequent quarters, reflecting the lagged adjustment of employment to output growth developments. In the fourth quarter of 2009,

Chart 44 Sectoral labour cost developments

(annual percentage changes; quarterly data)



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

productivity per person employed was flat in annual terms, compared with a decline of 2.0% in the third quarter of the year. The improved productivity, combined with the slowdown in the annual rate of growth in compensation per employee, helped to bring down annual growth in unit labour costs, from 3.4% in the third quarter of 2009 to 1.3% in the fourth quarter.

Looking ahead, the expected further falls in employment, coupled with a gradual improvement in economic activity, can be expected to lead to a return to positive annual productivity growth during the course of 2010. This expected recovery in productivity, coupled with subdued compensation per employee growth, should then also contribute to further easing in unit labour costs for euro area firms throughout 2010.

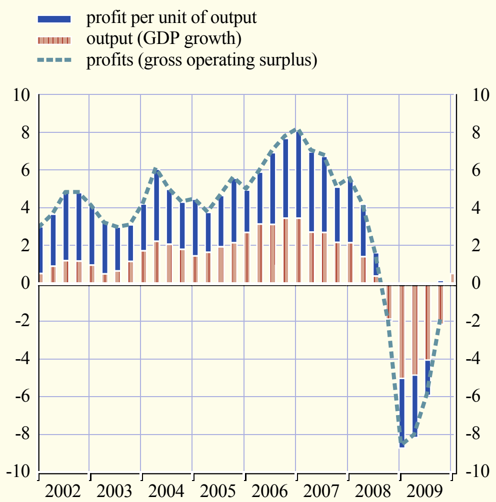
3.4 CORPORATE PROFIT DEVELOPMENTS

In the fourth quarter of 2009, euro area corporate profits declined by 2.0%, year on year, thus continuing to reduce its pace of contraction compared with the first three quarters of 2009. This decline was brought about by a fall in economic activity (volume) and slightly increasing unit profits (margin per unit of output) (see Chart 45). The latter have stabilised mainly on account of easing unit labour cost growth. This notwithstanding, profit fell at a record rate in 2009 (in excess of 6%) compared with 2008, pushed down mainly by high unit labour cost growth stemming from both relatively high wages and the labour hoarding policies implemented by euro area companies during the recent downturn.

As regards developments in the main branches of activity (industry and market services), available data indicate that the contraction in profits was particularly severe for industry, with profits posting an annual year-on-year decline close to 13% in the last quarter of 2009. This, however, was a considerable easing in the rate of deterioration compared with a fall in excess of 25% in the third

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

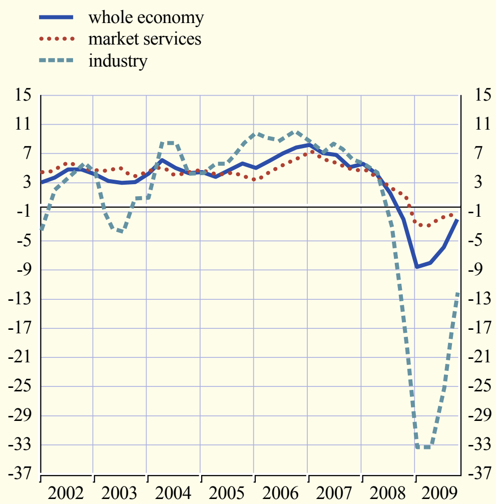
(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.

Chart 46 Euro area profit developments by main branch of activity

(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.

quarter (see Chart 46). This overall very marked decline in industry owes to a sharper decline in activity in this branch as well as a stronger rise in unit labour costs. Profit growth in industry tends, indeed, to be higher during cyclical upswings and to decline more strongly during downturns. A year-on-year fall in profits in the industry was observed for the last time in the middle of 2003. On the contrary, the decline in annual year-on-year profit in market services, starting in the first quarter of 2009 and continuing in the fourth quarter, was the first to be recorded since the data series began in 1996.

Looking ahead, improving demand conditions and the expected cyclical increase in productivity in the context of weak labour market developments should help profits to continue to recover from their trough. However, owing to the depth of the 2008-09 recession and the unprecedented contraction in aggregate demand during this period, the outlook for this variable in the short term is highly uncertain. See also the Box entitled “Profit developments and their behaviour after periods of recession” published in the April 2010 issue of the Monthly Bulletin.

3.5 THE OUTLOOK FOR INFLATION

HICP inflation is expected to remain moderate over the policy-relevant horizon. Upward pressures on commodity prices may persist, while euro area domestic price pressures are expected to remain low.

This assessment is also reflected in the June 2010 Eurosystem staff macroeconomic projections for the euro area, which foresee annual HICP inflation in a range between 1.4% and 1.6% for 2010 and between 1.0% and 2.2% for 2011. Compared with the ECB staff projections of March 2010, the ranges have been adjusted somewhat upwards, mainly reflecting higher euro area prices for commodities. Available forecasts from international organisations provide a broadly similar picture.

Risks to this outlook are broadly balanced. Upside risks over the medium term relate, in particular, to the evolution of commodity prices. Furthermore, increases in indirect taxation and administered prices may be greater than currently expected, owing to the need for fiscal consolidation in the coming years. At the same time, risks to domestic price and cost developments are contained.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

Economic activity in the euro area has been expanding since the middle of 2009. Euro area real GDP rose, on a quarterly basis, by 0.2% in the first quarter of 2010, following an increase of 0.1% in the final quarter of 2009. Euro area activity has been benefiting from the ongoing recovery in the world economy and a rebound in inventories. While adverse weather conditions, in particular, dampened growth in the early part of 2010, the latest economic indicators suggest that growth was somewhat stronger in the spring. Looking ahead, real GDP is expected to continue growing at a moderate and uneven pace over time and across economies and sectors of the euro area. The ongoing recovery at the global level, and its impact on the demand for euro area exports, as well as the accommodative monetary policy stance and the measures adopted to restore the functioning of the financial system, should provide support to the euro area economy. However, the recovery is expected to be dampened by the ongoing process of balance sheet adjustment in various sectors and weak labour market prospects.

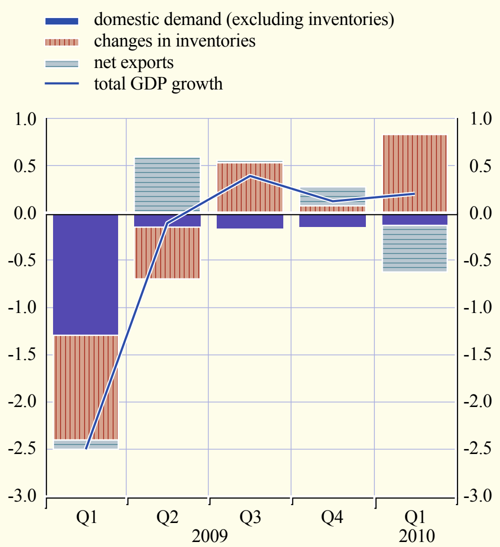
This assessment is also in line with the June 2010 Eurosystem staff macroeconomic projections for the euro area, according to which annual real GDP growth will range between 0.7% and 1.3% in 2010 and between 0.2% and 2.2% in 2011. Compared with the March 2010 ECB staff macroeconomic projections, the range for real GDP growth this year has been revised slightly upwards, owing to the positive impact of stronger activity worldwide in the short run, while the range has been revised somewhat downwards for 2011, reflecting mainly domestic demand prospects. The risks to the economic outlook remain broadly balanced, in an environment of unusually high uncertainty.

4.1 REAL GDP AND DEMAND COMPONENTS

Economic activity in the euro area has been expanding since the middle of 2009, after contracting between the second quarter of 2008 and the same quarter of 2009. According to Eurostat's first estimate, euro area real GDP grew, on a quarterly basis, by 0.2% in the first quarter of 2010, after increasing by 0.1% in the final quarter of 2009 (which was revised upwards from flat growth) and by 0.4% in the third quarter (see Chart 47). These developments have confirmed the expectation that the economic recovery in the euro area would be moderate and follow an uneven path. Available indicators suggest that some further strengthening in GDP growth may have taken place in the spring of 2010.

Chart 47 Real GDP growth and contributions

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



Sources: Eurostat and ECB calculations.

The real GDP growth rate in the first quarter of 2010 reflected a large positive contribution from changes in inventories, of 0.8 percentage point, as well as dynamic export growth driven by the strong recovery in the world economy. By contrast, final domestic demand provided a negative contribution, of 0.1 percentage point, largely owing to a sharp decline in investment, which was affected by adverse weather conditions.

As imports displayed a stronger increase than exports, the contribution from net trade was negative, at -0.5 percentage point.

PRIVATE CONSUMPTION

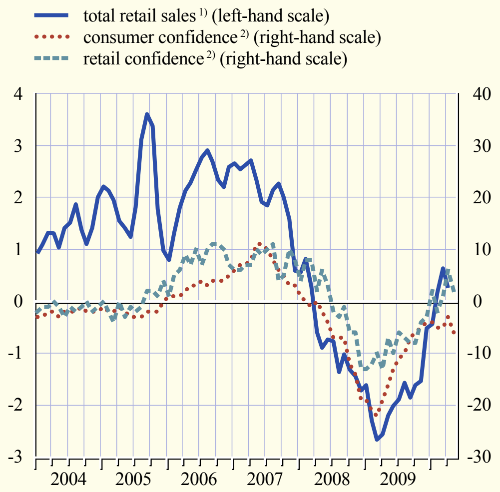
While economic activity in the euro area has started to recover, private consumption has remained subdued following the severe contractions recorded during the trough of the last economic downturn in late 2008 and early 2009. Private consumption declined by 0.1%, on a quarterly basis, in the first quarter of 2010, after increasing by 0.2% in the fourth quarter of 2009 (the latter figure was revised upwards by 0.2 percentage point) and declining by 0.2% in the third quarter. Recent indicators suggest that consumer spending has continued to be weak in the spring of 2010.

A number of factors have contributed to the persistent lack of dynamism in consumption observed over recent quarters. The main driver has been the weakness in household real disposable income. On the one hand, household disposable income has been supported by growth in nominal compensation (see Section 3.3) which, despite slowing in 2009 and early 2010, remained at relatively high rates considering, first, the severity of the economic downturn and, second, the moderate pace of the recovery. Moreover, the low levels of HICP inflation in 2009 and early 2010 supported income growth in real terms. On the other hand, the drop in employment has dampened labour income and thus consumption. In addition, consumer spending has been dampened by uncertainty concerning employment prospects, falling residential property prices (see the box entitled "Recent housing market developments in the euro area" in the May 2010 issue of the Monthly Bulletin) and accumulated losses in financial wealth. Moreover, demand for consumer loans has been sluggish in recent quarters and the conditions for consumer credit, which tightened substantially during the economic downturn, have tightened further in recent quarters, although at a slower pace (see the box entitled "The results of the April 2010 bank lending survey for the euro area" in the May 2010 issue of the Monthly Bulletin). Against this background, the household saving ratio has risen sharply over the past 12 months, probably reflecting to a large extent precautionary savings, owing to heightened uncertainty caused by the economic downturn. According to the euro area integrated accounts, the household saving ratio stood at 15.1%, on a seasonally adjusted basis, in the final quarter of 2009 – 0.7 percentage point above its level a year earlier. This was, however, somewhat below the peak of 15.7% reached in the second and third quarters of 2009.

The subdued dynamics of consumption have been reflected in developments in retail sales, new car registrations and consumer confidence. Retail sales increased by 0.2%, on a quarterly basis, in the first three months of 2010, but declined by 1.2% month on month in April (see Chart 48). Car registrations declined by 7.3% quarter on quarter in the first quarter of the year and by 12.1% month on month in April.

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

(monthly data)



Sources: European Commission Business and Consumer Surveys and Eurostat.
Note: From May 2010, Commission business survey data refer to the NACE Rev. 2 Classification.
1) Annual percentage changes; three-month moving averages; working day-adjusted. Excludes fuel.
2) Percentage balances; seasonally and mean-adjusted.

Retail sales including car registrations, which together represent about 50% of consumption, declined by 0.6% quarter on quarter in the first quarter of 2010, whereas this indicator increased marginally in the previous quarter, supported by growing car sales. In April 2010 retail sales including car registrations declined by 2.3% compared with the previous month.

The drop in car registrations in 2010 is explained by the impact of the unwinding of the fiscal incentives offered in several euro area economies to consumers who scrapped old cars and bought new ones. These subsidies supported car sales and thus consumer spending in 2009, especially in the second quarter when new car registrations increased at a quarterly rate of 13.5%. However, despite this support, they remained below the 2000-07 average and in the first four months of 2010 they fell below the average recorded in 2008, a year in which car registrations declined considerably. These developments indicate that government subsidies for new car purchases have only exerted a temporary effect on consumption, prompting some consumers to bring forward to 2009 planned future purchases of this specific durable good.

Driven by improvements in the assessment of the general economic situation and employment prospects, consumer confidence trended upwards in 2009. This upward trend was interrupted in the first quarter of 2010 when consumer confidence remained unchanged from its level in the final quarter of 2009. Subsequently, consumer confidence dropped in May, reversing the increase recorded in April, and returning to a level previously recorded in October 2009, which is below the long-term average for the period since 1985. Although consumer confidence has proved to be a relatively poor indicator of quarter-on-quarter changes in euro area consumption, it has provided a reasonably good indication of trends in consumption. Overall, the latest fluctuations, amid renewed tensions in the financial markets, signal that euro area consumers are currently uncertain about the strength and sustainability of the economic recovery and indicate that consumption growth is likely to remain weak in the near term.

INVESTMENT

The trend in investment also remains very subdued. In the first quarter of 2010 gross capital formation fell, on a quarterly basis, by 1.1%, following a decline of 1.3% in the last quarter of 2009. Investment has continued to contract since the second quarter of 2008, driven by weak demand, low capacity utilisation, tight lending standards and low business confidence. Investment dropped particularly sharply in the final quarter of 2008 and the first quarter of 2009, declining, on a quarterly basis, by more than 4% and 5% respectively. In view of those falls, the recent declines in investment can be viewed as an improvement.

The ongoing weakness in construction investment, which includes residential and commercial building and accounts for about half of total investment, is largely influenced by developments in property markets. Subdued developments in property prices have hampered construction investment by making residential investment less attractive. Growth in residential property prices has slowed steadily in recent years and contracted in 2009. The countries that recorded the strongest house price increases prior to 2005 have exhibited the most pronounced price corrections (for additional information, see the box entitled "Recent housing market developments in the euro area" in the May 2010 issue of the Monthly Bulletin). Against the background of these developments in house prices, as well as overcapacity in some countries and financing constraints, construction investment growth has been negative since the second quarter of 2008. The severe weather conditions in many euro area countries during the past winter have contributed to a further reduction in construction activity in early 2010.

Looking ahead, the issuance of building permits – which is considered a leading indicator for housing investment – suggests that the contraction in the housing market will continue in the coming months, as the number of permits issued continued to fall in the last quarter of 2009. However, a gradual easing in the pace of the contraction can be expected as this reduction was smaller than the decline seen in the previous quarter. Moreover, the negative impact on construction stemming from the unusually adverse weather conditions during last winter can be expected to be reversed later in the year. This expectation is supported by data showing that construction production rebounded strongly in March. Moreover, loans for house purchase grew marginally in the final quarter of 2009, and at a faster pace in the first quarter of 2010.

Non-construction investment, which mainly consists of assets employed in the production of goods and services, also fell sharply during the recent downturn, driven by declining demand, very low capacity utilisation, negative earnings growth and tight lending standards. Since the middle of 2009, however, non-construction investment has declined at much slower rates, as the factors that determined its sharp decline have waned in intensity. In the final quarter of 2009 non-construction investment declined, on a quarterly basis, by 0.7%, compared with a rate of -0.1% in the previous quarter.

In the coming quarters non-construction investment is expected to progressively strengthen, as overall economic activity is expected to be supportive, but to remain subdued, owing to weak prospects for domestic demand growth, overall uncertainty, low profitability and persistently high spare capacity. The rate of capacity utilisation has recently risen from the trough reached in the middle of 2009, but it remains very low and below the level reached during the recession in the early 1990s. This wide margin of spare capacity is likely to continue to hinder capital spending growth in the near future. Conversely, capital expenditure is likely to be supported by the cost of financing, which remains low, while the net tightening of credit standards applied by banks was unchanged in the first quarter of 2010, after having declined in previous quarters (for additional information, see the box entitled "The results of the April 2010 bank lending survey for the euro area" in the May 2010 issue of the Monthly Bulletin).

GOVERNMENT CONSUMPTION

In contrast to other components of domestic demand, government consumption growth was positive in the first quarter of 2010, following flat growth in the fourth quarter of 2009. However, the support to domestic demand stemming from government consumption is expected to remain moderate in the remainder of 2010, reflecting expected fiscal consolidation efforts in a number of euro area countries.

INVENTORIES

Changes in inventories have contributed positively to quarterly GDP growth rates since the middle of 2009, whereas they provided large negative contributions to the contraction in euro area GDP in the first half of 2009. Inventories appear to have followed a normal cyclical pattern during the past recession and the ongoing recovery. When firms observed a steep and possibly prolonged fall in demand, they reduced their inventories by cutting production aggressively, as they strived to maintain an optimal inventories-to-sales ratio. The pace of destocking of inventories began to slow in the third quarter of 2009 to prevent an excessive fall in the ratio as sales started to grow again.

In the first quarter of 2010 the phase of accelerated destocking came to a halt, in anticipation of increasing demand. As a result, inventories made a positive contribution to real GDP growth, of 0.8 percentage point, compared with 0.1 percentage point in the previous quarter and 0.5 percentage point in the third quarter of 2009.

Looking ahead, both surveys and anecdotal evidence indicate that the level of inventories is perceived as lean. Although many firms have signalled that they do not intend to restore inventories to their previous levels, changes in inventories may make a further positive contribution to euro area GDP growth in the second and/or third quarter of 2010. The size of that contribution, however, is uncertain, as it depends on how demand evolves and the extent to which firms revise their expectations regarding future prospects.

TRADE

Euro area trade continued to grow in the first quarter of 2010, driven by the recovery in the global economy and the moderate increase in economic activity in the euro area. Quarter-on-quarter growth in imports in the first three months of the year was considerably stronger than that in exports; as a consequence, net trade provided a negative contribution to GDP growth in the first quarter of 2010, of 0.5 percentage point, whereas it had supported GDP growth in the previous quarter.

Following a sharp contraction around the end of 2008 and the beginning of 2009, and a further, albeit more moderate, decline in the second quarter of 2009, imports and exports have increased, on a quarterly basis, since the middle of 2009. This rebound has been broadly based across all major product categories. In particular, imports and exports of intermediate goods, which were the main drivers of the previous decline in trade flows, exhibited strong increases. The rebound in trade accelerated in the first quarter of 2010 with exports growing, on a quarterly basis, by 2.5%, compared with a growth rate of 1.7% in the final quarter of 2009. Imports increased at a much faster pace of 4.0%, compared with 1.2% in the fourth quarter of 2009, influenced by the euro area recovery and growing demand for exports, which have a substantial import content.

Looking ahead, the growth of the global economy – and of the emerging markets in particular – together with expansion in international trade are likely to bring about further increases in demand for euro area products, which should also benefit from the recent depreciation of the euro. By contrast, given that the euro area recovery is expected to be moderate and less dynamic than the upturn in global economic activity, import growth may prove slightly more sluggish than export growth. As a consequence, net trade is likely to provide positive contributions to euro area GDP growth in the coming quarters.

4.2 OUTPUT, SUPPLY AND LABOUR MARKET DEVELOPMENTS

From a value added perspective, the euro area recovery has not been widespread across sectors, but has been largely driven by the industrial sector. The services sector recorded moderate growth in the final quarter of 2009 and the first quarter of 2010, while the construction sector continued to contract. In the first quarter of 2010 total value added increased by 0.5%, mainly on account of a strong performance in industry excluding construction. The difference between the growth rate of GDP and the growth rate of value added is mainly due to the inclusion in the former of taxes less subsidies on products, which declined by 2.3% quarter on quarter in the first quarter of 2010. Survey data suggest a further increase in value added in the second quarter of 2010.

Labour market conditions have continued to deteriorate in the euro area (see the labour market section below). Employment contracted by 0.3% in the final quarter of 2009, while the unemployment rate reached 10.1% in April 2010.

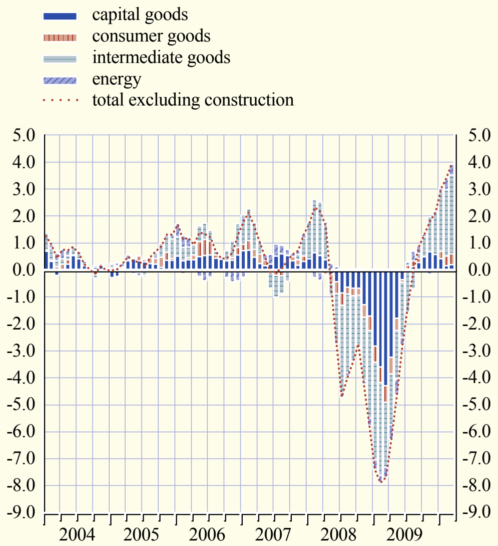
SECTORAL OUTPUT

Industrial activity has been the major driver of the increase in total euro area value added since the start of the recovery in the middle of 2009. Value added in the industrial sector (excluding construction) grew by 2.2% in the first quarter of 2010, following increases of 0.3% in the fourth quarter of 2009 and 2.1% in the third quarter. The increase in industrial production in the first quarter of 2010, of 3.8%, was even stronger than that in industrial value added (see Chart 49). The relatively large discrepancy in developments in the two indicators in the first three months of the year may be mainly related to differences in seasonal adjustment, as seasonally adjusted data are currently subject to relatively high uncertainty on account of the large swings in the data during the economic downturn and subsequent recovery. Looking at the main industrial sectors, production increased, in particular, in the intermediate goods industries, but production also increased somewhat in the capital goods industries as well as in the consumer goods industries. This sectoral pattern is consistent with the early stages of a recovery, when more robust growth is normally seen in the intermediate goods sector. Moreover, energy production grew considerably, most likely boosted by the unusually cold winter.

Looking ahead, a broad-based recovery in industrial activity is signalled by the rising trend in industrial new orders, as orders received can be expected to subsequently appear in production. This indicator rose by 3.7% quarter on quarter in the first quarter of 2010, following an increase of 3.2% in the previous quarter. Moreover, timely data in the form of business surveys suggest that growth in the industrial sector remained positive at the beginning of the second quarter of 2010 (see Chart 50).

Chart 49 Industrial production growth and contributions

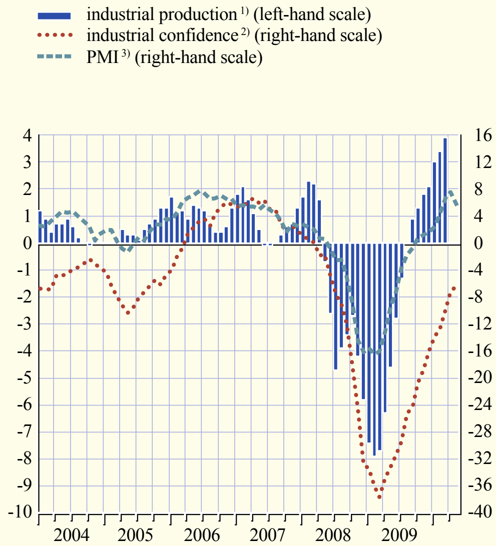
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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

Chart 50 Industrial production, industrial confidence and the PMI

(monthly data; seasonally adjusted)



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

The Purchasing Managers' Index (PMI) for the euro area manufacturing sector increased further in April but decreased in May, remaining, however, above the average of the first quarter of 2010. Although an adverse impact from the recent sovereign debt-related turmoil on manufacturing confidence cannot be ruled out, the short-term assessment is positive, as the output and new orders components as well as the suppliers' delivery times component remained in May close to their highest level for a decade. Conversely, confidence in the manufacturing sector increased marginally in May, according to the European Commission Business Survey.

Activity in the construction sector has continued to decline in recent quarters. Value added in construction dropped by 2.7% quarter on quarter in the first quarter of 2010 – a considerably higher rate than in the previous two quarters when it diminished at a quarterly rate of 1.3%. The sizeable fall in construction activity in the first three months of the year can be attributed, to a large extent, to the severe weather conditions that affected many euro area countries in the winter months. The weather-related contraction in activity exacerbated the necessary adjustment in the housing market described above. It is expected that the weather-related decline in sectoral activity will be reversed to a large extent in the second quarter of the year.

Activity in the services sector is much less sensitive to cyclical developments than manufacturing and construction activity. However, the strength of the services sector recovery is crucial to a substantial recovery and value added growth in the services sector has been rather muted since the middle of 2009. Services sector value added posted a small increase of 0.3% in the first quarter of 2010, accelerating marginally from the low rate of growth recorded in the final quarter of 2009, after having stagnated in the previous three-month period. Available information on the main services sub-sectors shows that, following the sharp falls around the end of 2008 and the beginning of 2009, value added has so far only broadly stabilised in trade and transportation, while it appears to have picked up in financial intermediation and business services, which tends to be the most cyclical and volatile of the services sub-sectors. Looking ahead, recently published survey data suggest that the services sector recorded further growth at the beginning of the second quarter of 2010.

LABOUR MARKET

In contrast to developments in economic activity, conditions in the euro area labour markets have continued to deteriorate in recent quarters, as changes in employment often lag behind business

Table 8 Employment growth

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

	Annual rates		Quarterly rates				
	2008	2009	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4
Whole economy	0.7	-1.9	-0.4	-0.8	-0.5	-0.5	-0.3
of which:							
Agriculture and fishing	-1.4	-2.6	0.0	-0.8	-0.9	-1.2	0.5
Industry	-0.7	-5.7	-1.5	-1.8	-1.7	-1.7	-0.9
Excluding construction	0.0	-5.2	-1.1	-1.6	-1.8	-1.7	-1.1
Construction	-2.1	-6.9	-2.3	-2.3	-1.3	-1.7	-0.4
Services	1.3	-0.5	0.0	-0.4	-0.1	-0.1	-0.1
Trade and transport	1.3	-1.8	-0.4	-0.8	-0.5	-0.2	-0.5
Finance and business	2.2	-2.2	-0.5	-0.9	-0.8	-0.5	-0.1
Public administration [1]	0.9	1.5	0.6	0.2	0.6	0.2	0.2

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

cycle fluctuations. During the last economic downturn employment started to diminish earlier in the construction sector than in the industrial and services sectors. This is partly explained by the overcapacity affecting the construction sector in some euro area countries and by the fact that typically a large number of workers are employed on a temporary basis in this sector, which makes employment more flexible. As the recession continued, employment dropped in the industrial sector also, while the services sector was considerably less affected by labour adjustment (see Table 8).

In many euro area countries special working time schemes supported employment as the economic downturn intensified. These schemes reduced working hours through various channels, including changes to firms' flexible working arrangements, general reductions in overtime and special employment-saving schemes set up by a number of European governments. The use of these schemes has helped to prevent a sharper decline in employment and has smoothed the process of labour adjustment in the context of falling demand. Euro area employment appears to have been relatively resilient throughout the economic downturn, considering the sharp drop recorded in economic activity. A large part of the adjustment in employment has actually taken place through a reduction in hours worked per person employed rather than through heavy labour shedding. However, labour market developments have differed considerably across euro area economies. The economic downturn also hampered labour supply growth in the euro area, which had previously trended upwards. Box 5 looks at the relative contributions to euro area labour supply growth from population and participation effects across different groups and countries.

Box 5

RECENT LABOUR SUPPLY DEVELOPMENTS

In the period 2008-09 the euro area experienced its most severe recession since the end of the Second World War. The recession has implied a significant fall in demand for labour and a rise in unemployment rates. However, ultimately, an economic crisis can be expected to affect not only labour demand, but also more broadly labour supply. This effect comes about via two distinct channels, affecting both population growth and participation rates. This box assesses the impact of the recent downturn on euro area labour supply using data from the EU Labour Force Survey.

The effects of the economic crisis on population growth tend to be driven, in the short run, by migration. This is, in turn, largely determined by relative earnings and employment opportunities.[1] Severe downturns – and the resulting reductions in job opportunities – may dampen immigration into the euro area, thus reducing population growth.

Severe downturns are also likely to influence participation rates. However, the effect is not clear-cut. On the one hand, sharp downturns may encourage workers to leave the labour market – for instance, older workers may decide to take early retirement and younger workers may opt to continue in full-time education. In addition, the lower likelihood of finding employment during a severe downturn may lead some workers to withdraw from the labour force – the so-called "discouraged worker" effect. Both phenomena will induce reductions in participation rates – or, at least, reductions in the rate of participation growth. On the other hand, severe

1 See, for example, Frigyes Ferdinand Heinz and Melanie Ward-Warmedinger, "Cross-border labour mobility within an enlarged EU", *ECB Occasional Paper Series*, No 44, October 2006.

downturns may also increase participation growth – if reductions in household incomes (due to job or financial losses) draw formerly inactive "added workers" into employment.

Changes in labour force growth and contributions

Prior to the crisis, taking the average of the period 2006-08, euro area labour supply grew by 1.1% per year, boosted to a large extent by considerable inward migration into the euro area by job-seekers from the new Member States following EU enlargement (see the table). By contrast, following the downturn, annual euro area labour force growth fell significantly, recording, in the third quarter of 2009, the first year-on-year contraction in the ten-year history of the series. This resulted in an annual average rate of euro area labour supply growth of only 0.3% in 2009. In part, the contraction in labour supply growth seen in the second half of 2009 reflects a sharp slowing in the rate of inward migration into the euro area, which had previously helped to mitigate otherwise low levels of (natural) population growth. But the recession (which began in the second quarter of 2008) also had a marked impact on the growth of euro area participation, particularly for younger citizens.

Participation effects

Overall, euro area participation growth has clearly stagnated since the onset of the crisis, in stark contrast to the steady growth seen in the middle part of the decade. Moreover, as shown in the table, the recent downturn has resulted in a broad and marked acceleration in the secular decline in participation among younger age groups (aged 15-24). Part of this decrease undoubtedly reflects simply the reduction in market opportunities for school leavers as a consequence of the

Growth in euro area labour force, population and participation rates for selected groups

(annual percentage changes)

	2006	2007	2008	2009	2009 Q4
Labour force					
Total	**1.2**	**1.0**	**1.1**	**0.3**	**0.1**
Young (15-24)	-0.8	-0.2	-0.3	-2.8	-3.6
Prime age (25-54)	1.1	0.6	0.9	0.0	0.0
Older (55-64)	4.6	4.7	3.7	4.5	4.1
Male	0.9	0.6	0.6	-0.3	-0.4
Female	1.7	1.4	1.6	0.9	0.7
Participation					
Total	**0.8**	**0.5**	**0.7**	**0.1**	**0.1**
Young (15-24)	-0.2	0.3	0.4	-1.8	-2.6
Prime age (25-54)	0.6	0.3	0.5	0.0	0.0
Older (55-64)	2.9	2.7	2.0	2.9	2.6
Male	0.3	0.2	0.2	-0.3	-0.4
Female	1.3	0.9	1.2	0.8	0.6
Population					
Total	**0.5**	**0.5**	**0.4**	**0.1**	**0.0**
Young (15-24)	-0.6	-0.5	-0.7	-1.1	-1.1
Prime age (25-54)	0.5	0.4	0.4	0.0	-0.1
Older (55-64)	1.6	1.9	1.7	1.5	1.4
Male	0.5	0.5	0.4	0.1	0.0
Female	0.4	0.5	0.4	0.1	0.1
Euro area nationals	0.1	-0.4	0.2	-0.2	-0.2
Other EU nationals	3.9	116.1	29.1	6.4	2.9

Sources: EU Labour Force Survey and ECB calculations.

sharp contraction in activity in the construction and industrial sectors. Faced with worsening employment prospects, young people were forced to reconsider their options outside the labour market, with many simply choosing to continue in further education and training. A priori, factors which contribute to increased take-up of further education and training (albeit, by temporarily postponing labour market entry) might be expected to give rise to higher participation rates in later life, with cohorts demonstrating stronger labour market attachment. However, there is also a growing body of evidence suggesting that low employment rates among young people whose early working lives coincide with severe recessions may lead to permanent decreases in labour market attachment among these groups.[2]

In addition, it appears that participation growth among men has also begun to contract, again reflecting, in large part, the heavy sectoral concentration of the crisis in traditionally "male dominated" industries (construction, manufacturing and transport). However, the slowdown in growth is largely concentrated among younger workers, with participation among "prime age" males showing markedly lower rates of contraction, while participation rates among older males continue to register positive rates of growth, which are even slightly higher than those observed before the onset of the crisis.

In contrast to most sub-groups, two groups of workers continue to show steady participation growth: women and older workers. Ongoing growth in female participation, in large part, points simply to a continuation of the longer-term secular trends for this group; but it is likely also to reflect an increase in traditional "added worker" effects, which are typical in severe downturns. Similarly, while part of the notable increases in participation rates among older workers may simply reflect a tightening-up or reversal of early retirement schemes, some part is also likely due to a need to make up for wealth losses sustained as a consequence of the financial crisis and for lower expected pensions from defined contribution schemes.[3]

Population effects

Since the onset of the recession, euro area population growth has progressively slowed – turning negative for the first time in the history of the series in the third quarter of 2009 – after growth of around 0.5% per year, on average, in the years prior to the onset of the crisis. While much of this decline simply reflects long-standing developments in the euro area working age population, part also reflects a marked slowing in inward migration into the euro area.

Cross-country differences

Behind the euro area total, country developments show considerable heterogeneity, as depicted in the chart, which shows the relative contributions from population and participation effects to euro area and individual countries' annual labour force growth between the fourth quarters of 2008 and 2009. These data show developments ranging from an annual labour force contraction of 3.3% in Ireland to a continuing growth rate of around 2.2% in Malta.[4]

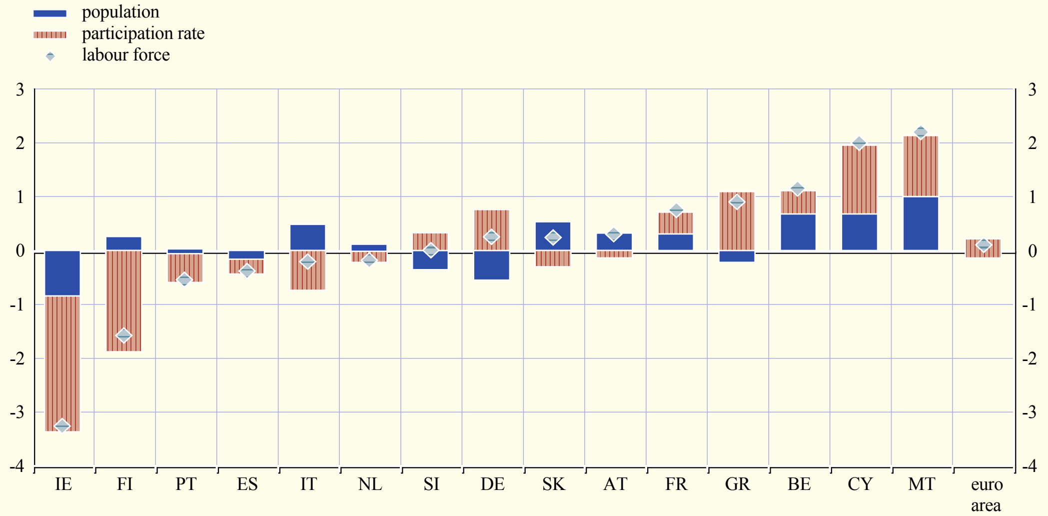
2 See, for example, K. Hämäläinen, "Education and unemployment: state dependence in unemployment among young people in the 1990s", VATT Discussion Paper No 312, 2003; and S. Burgess, C. Propper, H. Rees and A. Shearer, "The class of 1981: the effects of early career unemployment on subsequent unemployment experiences", *Labour Economics*, Vol. 10, Issue 3, 2003.

3 See, for example, the boxes entitled "Country-specific evidence of effects from early retirement and disability schemes on participation" and "Participation decisions in response to sharp drops in pension wealth", *OECD Working Paper Series*, ECO/CPE/WP1(2010)2 entitled "The response of labour force participation to severe downturns".

4 Data for Luxembourg are not reported, following recommendations from the Banque centrale du Luxembourg.

Contributions of growth in population and participation to labour force growth in euro area countries Q4 2008-Q4 2009

(annual percentage changes; percentage point contributions)



Sources: Eurostat and ECB calculations.
Note: Data unavailable for Luxembourg.

The reaction of labour force participation to the recent downturn appears to be fairly evenly split between the euro area countries, with 8 of the 15 countries considered here reporting decreases in participation growth rates, and 7 showing increases. Recorded declines in participation rates appear to have been particularly sharp in Ireland and Finland in part reflecting the severity of the output declines experienced in these countries.

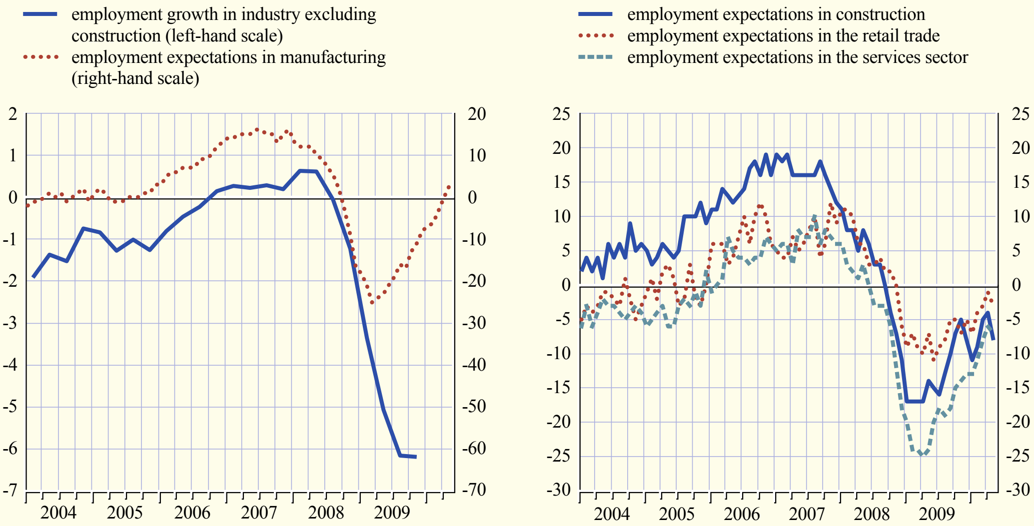
The pattern of migration across euro area countries is fairly balanced. Where the population has fallen, it tends to be largely attributable both to a voluntary withdrawal of foreign workers from national labour markets and to a reduction in inflows from new migrants as a consequence of reduced opportunities.

This box has shown that over recent quarters euro area labour supply growth has been adversely affected via both the participation and population channels. Some of these effects should be of a cyclical nature and can be expected to be reversed when the economy strengthens again. However, it is vital to avoid a situation in which part of the decline in labour supply growth becomes longer-lasting. In the longer run, labour supply is a key determinant of potential output, thus influencing long-term productivity potential and ultimately the chances of improvements in the living standards of euro area citizens.

Employment contracted at a quarterly rate of 0.3% in the final quarter of 2009, posting a less marked decline compared with previous quarters. At the sectoral level, manufacturing (industry excluding construction) continued to bear the brunt of job losses, as employment continued to decline, falling by 1.1% quarter on quarter in the fourth quarter, although this was a slower rate than in the previous quarter when it dropped by 1.7%. The fourth quarter of the year saw a slowdown in the rate of job shedding observed in the construction sector, which recorded a quarterly decline of 0.4% in employment, after a 1.7% fall in the third quarter of 2009. As in previous quarters, services sector employment changed little overall in the fourth quarter, falling

Chart 51 Employment growth and employment expectations

(annual percentage changes; percentage balances; seasonally adjusted)



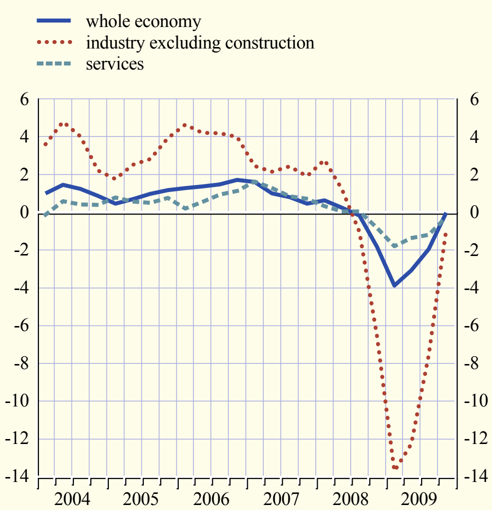
Sources: Eurostat and European Commission Business and Consumer Surveys.
Note: Percentage balances are mean-adjusted. From May 2010, Commission business survey data refer to the NACE Rev. 2 Classification.

by 0.1% quarter on quarter, although the services aggregate masks sizeable differences across sub-sectors. Employment in the trade and transportation sub-sector recorded a sharp decline at the end of the year, falling by 0.5%, compared with a decline of 0.2% in the third quarter of 2009, while the contraction in employment in the finance and business sub-sector recorded a further considerable moderation, declining by 0.1%, compared with a fall of 0.5% in the third quarter. For the first time, Eurostat released data on quarterly hours worked in the euro area. These data point to the first signs of positive growth in total hours worked since June 2008. The 0.2% quarter-on-quarter increase in the final quarter of 2009 masks the fact that a reduction in total hours worked in manufacturing was offset by positive growth in hours worked in services, particularly in the finance and business sub-sector, as well as in the public administration sub-sector (see Chart 51).

The recovery in euro area output growth combined with the reduction in employment in recent quarters contributed to an inflection in the decline in productivity. In year-on-year terms, aggregate euro area productivity (measured as output per person employed) remained flat in the final quarter of 2009, which is a substantial improvement on the 2.0% drop seen in the previous quarter and the record contractions seen in the first half of 2009 (see Chart 52).

Chart 52 Labour productivity

(annual percentage changes)



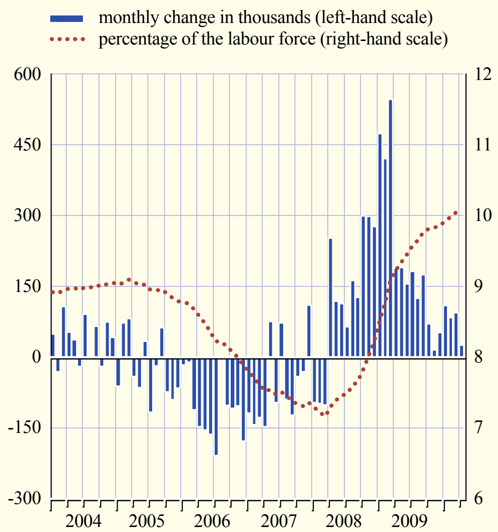
Sources: Eurostat and ECB calculations.

Developments in hourly productivity have exhibited a similar pattern and recorded the first positive result since the third quarter of 2008, rising by 0.3% in the final quarter of 2009.

Following an interruption around the turn of the year, the euro area unemployment rate rose to 10.0% in the first quarter of 2010, from 9.8% in the final quarter of 2009. It increased to 10.1% in April 2010 (see Chart 53) and currently stands at the highest level recorded since June 1998. Looking ahead, employment expectations have improved from their lows, but still suggest further – albeit relatively moderate – increases in euro area unemployment in the months ahead.

Chart 53 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

4.3 THE OUTLOOK FOR ECONOMIC ACTIVITY

Looking ahead, euro area real GDP is expected to continue growing at a moderate and uneven pace over time and across economies and sectors of the euro area. The ongoing recovery at the global level, and its impact on the demand for euro area exports, as well as the accommodative monetary policy stance and the measures adopted to restore the functioning of the financial system, should provide support to the euro area economy. However, the recovery is expected to be dampened by the ongoing process of balance sheet adjustment in various sectors and weak labour market prospects.

This assessment is broadly in line with the June 2010 Eurosystem staff macroeconomic projections for the euro area, according to which annual real GDP growth will range between 0.7% and 1.3% in 2010 and between 0.2% and 2.2% in 2011. Compared with the March 2010 ECB staff macroeconomic projections, the range for real GDP growth this year has been revised slightly upwards, owing to the positive impact of stronger activity worldwide in the short run, while the range has been revised somewhat downwards for 2011, reflecting mainly domestic demand prospects.

Risks to this outlook continue to be viewed as broadly balanced, in an environment of unusually high uncertainty. On the upside, the global economy and foreign trade may recover more strongly than projected, thereby supporting further growth in euro area exports. On the downside, concerns remain relating to renewed tensions in some financial market segments and related confidence effects. In addition, a stronger or more protracted than expected negative feedback loop between the real economy and the financial sector, renewed increases in oil and other commodity prices, and protectionist pressures, as well as the possibility of a disorderly correction of global imbalances, may weigh on the downside.

5 FISCAL DEVELOPMENTS

According to the European Commission's spring 2010 economic forecast, the euro area government deficit will continue to increase to 6.6% of GDP in 2010, before edging downward in 2011. The euro area government debt ratio is projected to rise to nearly 90% of GDP in 2011. For some countries, fiscal imbalances are even more pronounced, which has contributed to heightened tensions on the government bond markets. To contain the negative spillover effects and ensure financial stability in the euro area, unprecedented decisions were made both at the EU and euro area levels. Following EU/IMF financial support to Greece under strict policy conditions, Member States decided to establish a European financial stabilisation mechanism and committed to meet their fiscal policy targets and accelerate fiscal consolidation. The political determination to reinforce the EU fiscal framework is a strong signal in support of fiscal sustainability in the euro area.

FISCAL DEVELOPMENTS IN 2009

According to Eurostat's spring 2010 fiscal notification, the euro area general government deficit in 2009 was 6.3% of GDP, following a deficit of 2.0% in 2008 (see Table 9). With the exception of Luxembourg and Finland, all euro area countries reported a deficit in excess of 3% of GDP.

The general government debt for the euro area stood at 78.7% of GDP in 2009, compared with 69.4% in 2008. Ten euro area countries out of 16 notified debt ratios above the 60% of GDP reference value – and well above 100% of GDP in the cases of Greece and Italy. Particularly strong increases in government indebtedness were witnessed in Ireland, Greece and Spain, which recorded budget deficits above 10% of GDP in 2009. At the aggregate euro area level the impact of additional financial market stabilisation measures on government debt was limited. It contributed 0.5% of GDP to the increase in the euro area debt ratio through deficit-debt adjustments, against 1.9% in 2008.

FISCAL OUTLOOK FOR 2010 AND 2011

The outlook for public finances in the euro area is still unfavourable, although some improvement is foreseen for 2011. According to the European Commission's spring 2010 economic forecast, the euro area general government deficit will peak at 6.6% of GDP in 2010, before declining to 6.1% in 2011 (see Table 9). General government deficits of all euro area countries are projected to breach the 3% of GDP reference value in 2010. Although the deficits are projected to stabilise or decline in 2011 in the majority of countries, only Finland is expected to bring its deficit below the reference value in that year. In view of these developments, the European Commission took the first step

Table 9 Fiscal developments in the euro area

(as a percentage of GDP)

	2008	2009	2010	2011
a. Total revenue	44.9	44.4	44.2	44.1
b. Total expenditure	46.8	50.7	50.8	50.2
of which:				
c. Interest expenditure	3.0	2.8	3.0	3.2
d. Primary expenditure (b-c)	43.8	47.9	47.8	47.0
Budget balance (a-b)	-2.0	-6.3	-6.6	-6.1
Primary budget balance (a-d)	1.0	-3.5	-3.6	-2.9
Cyclically adjusted budget balance	-2.9	-4.8	-5.1	-4.8
Gross debt	69.4	78.7	84.7	88.5
Memo item: real GDP (percentage change)	0.6	-4.1	0.9	1.5

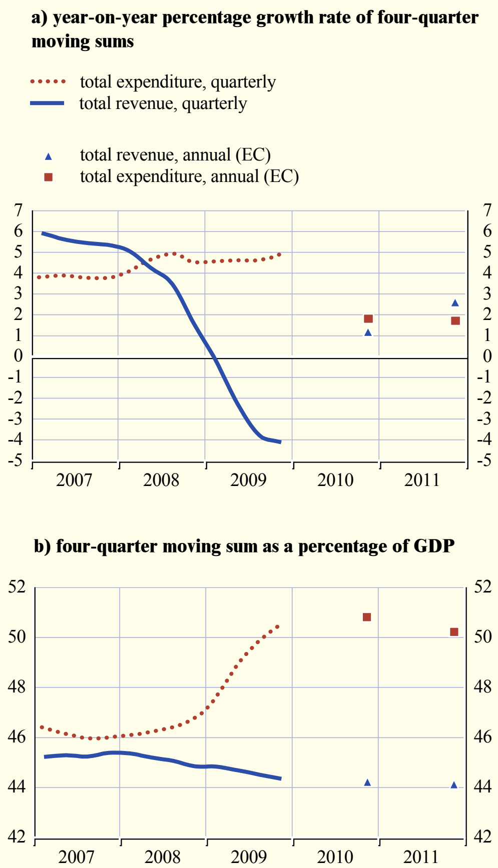
Sources: European Commission's spring 2010 economic forecast and ECB calculations.
Note: Figures may not add up due to rounding.

towards initiating excessive deficit procedures (EDPs) for Cyprus and Finland in May 2010, as Cyprus breached the 3% of GDP reference value in 2009, and both countries are likely to do so in 2010.

According to the Commission's forecast, the gap between nominal revenue and expenditure growth is set to narrow substantially in 2010 and to become slightly positive in 2011 (see Chart 54a). Nominal revenue growth in the euro area is set to rebound in 2010 after a strong decline in 2009 and to accelerate to around 2.5% in 2011, when it is expected to slightly outpace total expenditure growth. After the brisk pace observed in previous years, nominal expenditure growth is indeed projected to ease to below 2% in 2010 and 2011. In combination with nominal GDP growth picking up gradually, the euro area revenue ratio is expected to edge down in 2010-11, while the expenditure ratio is projected to stabilise in 2010 and then to decline to 50.2% of GDP in 2011, still well above its 2007 level of 46.0% of GDP (see Chart 54b).

Turning to the impact of the macroeconomic environment on budgetary developments, it appears that the projected positive real GDP growth will not prevent a further increase in the euro area deficit in 2010 (see Chart 55a). The analysis of factors underlying the fiscal deterioration is made particularly difficult by the uncertainty regarding the distinction between cyclical and trend effects, which rests on the identification of the output gap in real time. Keeping in mind this caveat, following its strong deterioration in 2009, the cyclical component of the budget balance is expected to remain unchanged in 2010 at -1.5% of GDP (see Chart 55b). This means that despite the positive real GDP growth, the operation of automatic fiscal stabilisers will still have an adverse impact on deficits. This is because the composition of economic growth will be fiscally unfavourable: growth will be led by exports and changes in inventories, which are not tax-intensive components, whereas one of the main tax bases, private consumption, will be lagging behind. Moreover, it is expected that the cyclically adjusted budget balance will deteriorate slightly at the euro area level. This is due to a moderate further fiscal loosening, as well as revenue shortfalls and the pickup in interest payments. In 2011 the projected reduction in the euro area deficit reflects equally positive contributions from the economic recovery and the improvement in the cyclically adjusted budget balance. This fiscal tightening is expected to be mainly expenditure-driven, as the announced consolidation measures include cuts in compensation of government employees and government investment and, to a lesser extent, tax increases.

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

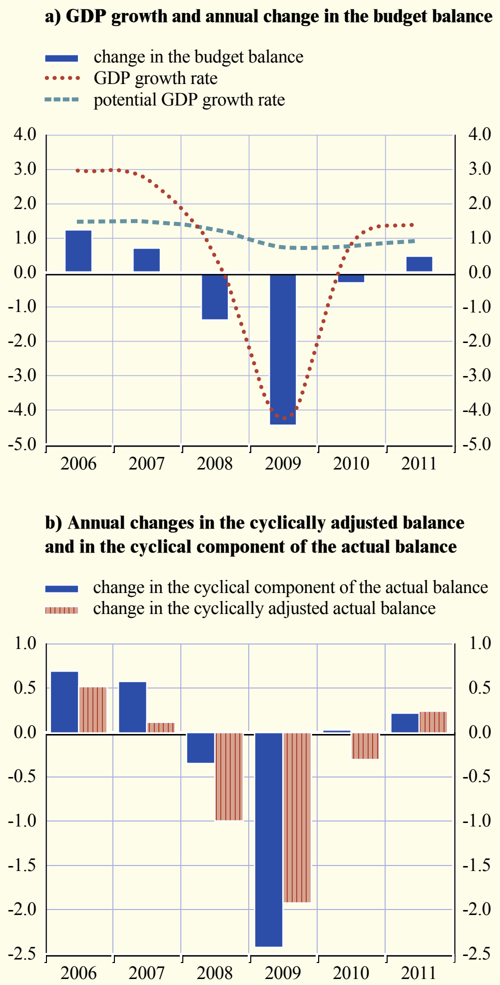


Sources: ECB calculations based on Eurostat and national data, European Commission's spring 2010 economic forecast.
Notes: The charts show the evolution of total revenue and total expenditure in terms of four-quarter moving sums for the period from the first quarter of 2007 to the fourth quarter of 2009, plus the annual projections for 2010 and 2011 from the European Commission's spring 2010 economic forecast.

Reflecting the high primary budget deficits and rising interest expenditure, the euro area average general government debt-to-GDP ratio is expected to increase further from 78.7% of GDP in 2009 to 88.5% in 2011 (see Table 9). The debt ratio is projected to increase in all euro area countries, with increases of around 20% of GDP envisaged in Greece, Spain and France. In 2011, 12 euro area countries are projected to have a debt ratio above the reference value of 60% of GDP, i.e. two more than in 2009. In three countries, namely Belgium, Greece and Italy, the debt ratio is projected to be in excess of 100% of GDP in 2011.

Chart 55 Determinants of budgetary developments in the euro area

(in percentage points of GDP; percentage changes)



Sources: European Commission's spring 2010 economic forecast and ECB calculations.

ASSESSMENT AND OUTLOOK

The dramatic fiscal deterioration which started in 2008 and accelerated in 2009 has not yet come to an end. Most euro area Member States plan to start reining in their deficits in 2010 or 2011 and to correct their excessive deficits in line with recommendations made under the EDPs. However, the planned adjustment presented in the latest stability programme updates is generally back-loaded and, in many countries, concrete measures have not yet been defined in detail, especially for the outer years. This is mirrored in the gap between the euro area deficit implied by the targets set in the stability programmes for 2011 (5.2% of GDP) and the deficit projected by the Commission for that year (6.1% of GDP).

Against this background, concerns regarding governments' willingness and ability to restore sustainable public finances over the medium term have fed tensions in government bond markets. In view of steeply rising sovereign bond yields, at the end of April 2010 the Greek government requested financial assistance from other euro area governments and the IMF. This assistance was granted to contain the risks to financial stability in the euro area as a whole.

The bilateral loans to Greece from the euro area countries are for a maximum of €80 billion. As these loans are combined with IMF financing, the financial support totals €110 billion over the period 2010-13. It is provided under strong policy conditionality and paid out in instalments on the basis of progress made with an ambitious economic and financial adjustment programme submitted by the Greek authorities. This programme – which is not included in the Commission's forecast as it was submitted after the cut-off date – targets structural fiscal consolidation of around 11% of GDP in cumulative terms until 2013. It aims to bring the government deficit below the 3% of GDP reference value in 2014. It also envisages a stabilisation in the government debt ratio, which is expected to peak at nearly 150% of GDP in 2013, before starting to decline in 2014. The programme includes revenue-increasing measures coupled with cuts in public wages, pensions, intermediate consumption and investment. It also contains a reform of the social security system, measures to safeguard financial stability and structural reforms in the public sector and the product and labour markets. The Greek authorities have declared their strong commitment to the full implementation of these measures, which is vital to restore market confidence.[1]

In the early days of May, market turmoil was spreading to other euro area countries with large fiscal imbalances and unfavourable growth prospects. To prevent contagion, European governments agreed on 9-10 May to establish a European financial stabilisation mechanism. This mechanism consists of an EU loan facility available to all Member States up to €60 billion, as well as an intergovernmental agreement to provide for three years up to €440 billion in financial support through a Special Purpose Vehicle guaranteed on a pro rata basis by Member States participating in the facility. The IMF will participate in financing arrangements and is expected to provide at least half as much as the EU contribution through its usual facilities. In parallel, the ECB took emergency measures to restore the proper functioning of money markets and monetary transmission, including through intervention in the secondary markets for euro area government bonds under a temporary Securities Markets Programme. These exceptional ECB interventions will be sterilised (i.e. neutral for the monetary stance) and are conditional on governments meeting their fiscal targets.

Over the past weeks Member States have repeatedly expressed their strong political commitment to fiscal consolidation. In the statement of the Heads of State or Government of the euro area of 7 May, they committed to ensure the stability, unity and integrity of the euro area and agreed to take all measures needed to meet their fiscal targets in line with EDP recommendations. In the conclusions of the ECOFIN Council of 9 May, the Member States reaffirmed a strong commitment to accelerate fiscal consolidation, where warranted.

Following the ECOFIN Council meeting, the Spanish, Italian and Portuguese governments set out additional consolidation measures beyond those specified in their respective stability programme updates issued earlier this year (these measures were not included in the Commission's spring 2010 forecast as it had already been published).

In Spain, on 27 May the Parliament ratified a government plan to carry out fiscal austerity measures. These include cuts in public wages in 2010 followed by a wage freeze in 2011, freezing of pensions in 2011, the withdrawal of tax benefits for young families, and cuts in public investment and other spending items, with a total cumulative impact of 0.5% of GDP in 2010 and 1.5% of GDP in 2011. The Spanish government's deficit targets are now 9.3% of GDP for 2010 and 6.0% of GDP for 2011 (against 9.8% and 7.5% respectively in the stability programme).

The Italian government adopted on 25 May a corrective fiscal package with an announced cumulative impact of 1.6% of GDP over the period 2010-12 in order to meet its deficit targets. These additional consolidation measures are mainly on the expenditure side and affect in particular the public wage bill, pension expenditure, transfers to local governments and intermediate consumption. There will also be some corrective measures on the revenue side, in particular to fight tax evasion.

In Portugal, on 13 May the government announced a package of additional consolidation measures that implies a revision of the deficit targets from 8.3% of GDP to 7.3% in 2010 and from 6.6% of

1 See the box entitled "The Greek economic and financial adjustment programme" in the May 2010 issue of the Monthly Bulletin.

GDP to 4.6% in 2011. The measures, which have been approved by Parliament, include increases in direct and indirect taxes, as well as reduced and postponed government expenditure and the front-loading of planned consolidation measures.

In Member States with unfavourable economic and fiscal prospects, implementing such strong corrective action is crucial to convince markets in the short run that they can deliver on their commitments to achieve sound public finances and reverse current debt dynamics. Moreover, the announcement and implementation of credible and ambitious consolidation plans, focusing on the expenditure side and combined with structural reforms, is likely to bring about beneficial effects in the longer run that offset the short-term costs in terms of lower economic growth (see Box 6).

Box 6

FISCAL CONSOLIDATIONS: PAST EXPERIENCE, COSTS AND BENEFITS

The financial crisis and the severe economic downturn have contributed to a strong deterioration in the budget balance and a substantial increase in the government debt-to-GDP ratio in many euro area countries. As this situation is creating serious risks for the longer-term sustainability of public finances, this box examines past experience with government debt reduction in the euro area countries and reviews the possible costs and benefits associated with fiscal consolidation.

Past experience with government debt reduction in euro area countries

Judging from past experience[1] in euro area countries, large reductions in government debt require a firm longer-term commitment to fiscal consolidation, a strong focus on spending reduction and parallel structural reforms to support potential growth. In particular, Belgium, Ireland, Spain, the Netherlands and Finland have in the past implemented substantial budgetary adjustments, often complemented by structural reforms, and successfully reduced their government debt-to-GDP ratios. Examples of sizeable reductions in the debt ratio (although generally not continuous) range from an overall decline of around 24 percentage points in Finland (1995 to 2008) to around 50 percentage points in Belgium (1994 to 2007), up to more than 69 percentage points in Ireland (1994 to 2006).

Significant primary surpluses contributed most to the successful debt reductions. The budgetary adjustment in the above-mentioned countries mainly occurred on the expenditure side. The periods of large debt reduction in Ireland, the Netherlands and Finland were accompanied by decreases in the respective government expenditure ratios of more than 10 percentage points. While part of this decline may be explained by the reduction in interest payments, primary expenditure ratios also fell markedly over these periods. These sharp declines even allowed countries to reduce their revenue ratios and still achieve budgetary improvements over the respective debt reduction periods. In Belgium and Spain, expenditure ratios also declined, but fiscal adjustment consisted of increases in revenue ratios too.

1 See the boxes entitled “Experience with government debt reduction in euro area countries” and “The Greek economic and financial adjustment programme” in the September 2009 and May 2010 issues of the Monthly Bulletin respectively.

Costs and benefits of fiscal consolidations

Fiscal consolidation may to some extent entail costs in terms of lower economic growth in the short run. Any such "Keynesian" short-term costs may, however, be rather limited under certain circumstances, as suggested by the literature. The circumstances which help to reduce the short-term costs include when: (i) the fiscal starting position is particularly precarious and thus confidence in the sustainability of public finances is rather low; (ii) fiscal consolidation is pursued in a credible and consistent manner, in particular as part of a comprehensive reform strategy; (iii) the composition of fiscal adjustment is of "high quality" (e.g. focused on reforms that improve the longer-term sustainability of public finances); (iv) economic adjustment is not impeded by nominal rigidities; (v) the share of consumers discounting the future effects of fiscal retrenchment (i.e. so called "Ricardian" consumers) is high; (vi) the openness of the economy is high; and (vii) the short-run impact of tighter fiscal policy is offset by a depreciation of the exchange rate and/or by a more expansionary monetary policy.

Expectation effects could also in theory more than offset the short-run contractionary impact on growth of fiscal consolidations (the so-called non-Keynesian fiscal effects). The hypothesis of expansionary fiscal contractions posits that consumers anticipate benefits arising from fiscal consolidations for their permanent income and consequently increase private consumption. However, if the reduction in government expenditure is small and temporary, or not credible, private consumption may not respond positively to the fiscal cutback.[2] Non-Keynesian effects may also be associated with tax increases at high levels of government indebtedness. This kind of argument is based on the "expectational view of fiscal policy". For instance, if the fiscal consolidation appears to the public as a credible attempt to reduce public sector borrowing requirements, there may be an induced positive wealth effect, leading to an increase in private consumption.[3] Furthermore, the reduction of government borrowing requirements diminishes the risk premium associated with government debt issuance, which reduces real interest rates and allows the "crowding-in" of private investment.

Moreover, if fiscal consolidation gives rise to some negative short-run effects on real GDP growth, unduly delaying fiscal consolidation will ultimately result in even greater adjustment costs as the government debt accumulated in the interim will necessitate an even more pronounced fiscal correction later on.

Overall, the longer-run benefits of fiscal consolidation are largely undisputed. They consist, notably, of a reduction in governments' financing needs leading both to lower long-term interest rates (owing to lower demand and declining risk premia) and the freeing up of revenues to finance more productive expenditure or growth-enhancing tax cuts. More leeway is then also created to allow the automatic fiscal stabilisers to operate when required.

2 See Giavazzi, F. and Pagano, M., "Can severe fiscal contractions be expansionary? Tales of two small European countries", in *NBER Macroeconomics Annual* 1990, Vol. 5, Blanchard, O. and Fischer, S. (eds.), MIT Press, 1990 and Alesina, A. and Ardagna, S., "Tales of fiscal contractions", in *Economic Policy*, 27, 1998, pp. 487-545.

3 See Blanchard, O., "Comment on Giavazzi and Pagano", in *NBER Macroeconomics Annual* 1990, Blanchard, O. and Fischer, S. (eds.), 1990, pp. 111-116 and Sutherland, A., "Fiscal Crises and Aggregate Demand: Can High Public Debt Reverse the Effects of Fiscal Policy?", in *Journal of Public Economics*, 65(2), August 1997, pp. 147-162.

Lessons from the past

Past experience suggests that creating significant primary surpluses through fiscal consolidation will be pivotal to reducing the very high debt ratios for many euro area countries and thereby limiting their dampening impact on output growth. Moreover, case studies conducted for Belgium, Ireland, Spain, the Netherlands and Finland found that fiscal consolidations based on expenditure reforms were the most likely to promote output growth, especially when combined with structural reforms.[4] Overall, it appears that expenditure-based fiscal consolidations are more successful and have more beneficial effects on long-run economic growth than revenue-based ones.[5] With tax burdens already high, the scope for revenue-based consolidation may be limited as many euro area countries may already be close to their revenue-maximising levels of taxation, i.e. the peaks of their Laffer curves.[6]

The empirical literature offers diverse results as to whether fiscal consolidations in the euro area have had expansionary effects on economic activity in the short run. With reference to the periods of sizeable government debt reductions mentioned above, expansionary fiscal consolidations are suggested in Ireland, the Netherlands and Finland.[7] Looking at a broader range of experiences, it is found that around half of the fiscal consolidations in the EU in the last 30 years have been followed by an improved output growth performance in the short term relative to the initial starting position.[8] Finally, it is also shown that fiscal consolidations have had negative but limited short-term implications for real output growth in a number of countries.[9]

Although fiscal consolidation may imply costs in terms of lower economic growth in the short run, the longer-run beneficial effects of fiscal consolidation are undisputed. Moreover, such short-term costs will tend to be rather limited for countries with precarious fiscal starting positions and must be weighed against the costs of greater adjustment efforts the longer the fiscal correction is postponed. By contrast, the early announcement and implementation of credible and ambitious consolidation plans, focusing on the expenditure side and combined with structural reforms, will strengthen public confidence in the sustainability of public finances, reduce risk premia in interest rates and thus support macroeconomic and financial stability. Given the substantial increases in government debt ratios, there is an urgent need to accelerate the correction of fiscal imbalances in many euro area countries to restore sound public finances, which are a necessary support for monetary policy in its task of maintaining price stability.

4 See Hauptmeier, S., Heipertz, M. and Schuknecht, L., "Expenditure Reform in Industrialised Countries: A Case-Study Approach", in *Fiscal Studies*, 28(3), 2007, pp. 293-342.
5 See Alesina, A., "Fiscal adjustments: lessons from recent history", mimeo, Harvard University, April 2010.
6 See Trabandt, M. and Uhlig, H., "How far are we from the slippery slope? The Laffer curve revisited", ECB Working Paper No 1174, April 2010.
7 See Alesina, A. and Ardagna, S., "Large changes in fiscal policy: taxes versus spending", NBER Working Paper No 15438, October 2009.
8 See Giudice, G., Turrini, A. and in't Veld, J., "Non-Keynesian Fiscal Adjustments? A Close Look at Expansionary Fiscal Consolidations in the EU", in *Open Economies Review*, Vol. 18(5), 2007, pp. 613-630.
9 See Afonso, A., "Expansionary fiscal consolidations in Europe: new evidence", in *Applied Economics Letters*, 17(2), 2010, pp. 105-109.

Determined action on the part of governments to undertake fiscal and structural reforms is necessary to preserve stability and cohesion in the euro area. A sustained commitment to consolidation, possibly including a speeding up of current plans and their delivery, is required from all governments to ensure that the time afforded by the exceptional measures is used to put public finances on a permanently sounder footing. As a minimum, in the coming years compliance with recommendations under the EDPs needs to be ensured. Correcting excessive deficits and building structural surpluses to reduce government debt ratios in the euro area is all the more necessary as government financial liabilities exceed government financial assets by a large margin, and these financial assets can therefore not be seen as a sufficient buffer (see Box 7).

In addition to urgent fiscal action, discussions on reinforcing the EU fiscal framework are taking place. Following an announcement by the European Council in March 2010, a task force chaired by the President of the European Council, Herman Van Rompuy, was set up. It is requested to consider, inter alia, measures needed to strengthen the surveillance and prevention of budgetary risks and to establish an improved crisis resolution framework.

Box 7

GROSS GOVERNMENT DEBT AND GOVERNMENT FINANCIAL ASSETS IN THE EURO AREA

The purpose of this box is to discuss the definition and use of various concepts of government debt. First, it presents two concepts of gross government debt in the euro area, namely the Maastricht (or EDP) debt and the ESA 95 debt. Second, it introduces and assesses the concept of net government debt, i.e. government debt net of financial assets held by government.

In general terms, gross government debt consists of the liabilities owed by general government. The two concepts of gross government debt presented below differ mainly in terms of the liabilities that they include and their valuation.

The first concept of government debt in EU countries, usually referred to as the Maastricht debt, is defined as the gross debt of general government at nominal value outstanding at the end of the year and consolidated at general government sub-sector level.[1] It covers government liabilities in the form of currency and deposits, loans and securities other than shares. The Maastricht debt excludes certain financial instruments, such as financial derivatives and trade credits. This concept of government debt applies within the framework of the excessive deficit procedure (EDP) and is therefore also called EDP debt. It is the relevant concept for procedural purposes in the EU. In particular, it is used for fiscal monitoring under the Stability and Growth Pact to assess whether the criterion of a government debt ratio below the 60% of GDP reference value is met.

The second definition of gross government debt is directly derived from the national accounts in line with the European System of Accounts 1995 (ESA 95) and is therefore referred to as ESA 95 debt. Although there is no formal definition of ESA 95 government debt in national accounts, in practice it covers all government liabilities, excluding only equity. In addition to the instruments included in the EDP debt, the ESA 95 debt also covers some financial instruments, namely financial derivatives, other accounts payable and insurance technical reserves, if applicable. As regards the valuation of liabilities, the ESA 95 debt as it appears in the balance sheet of general government is recorded at market value.

1 As defined in Protocol No 12 on the excessive deficit procedure annexed to the Treaty on the Functioning of the European Union and in Article 1(5) of Council Regulation (EC) No 479/2009.

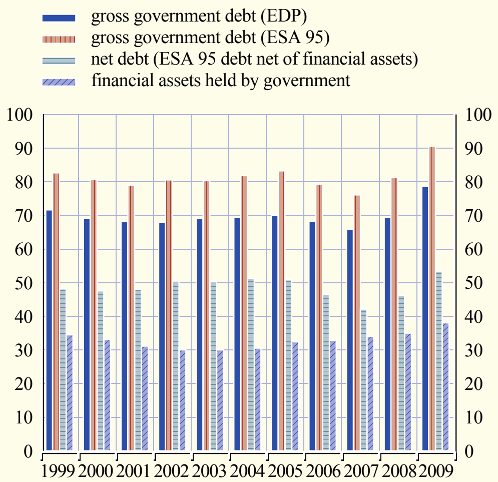
Chart A exhibits euro area average gross government debt-to-GDP ratios, in the sense of both the EDP debt and the ESA 95 debt, for the period 1999-2009. By the end of 2009 the euro area average EDP debt ratio amounted to 78.7% of GDP and the ESA 95 debt ratio to 91.5% of GDP. As shown in Chart A, the ESA 95 debt was on average around 12% of GDP higher than the EDP debt during that period, which is mainly explained by the differences in instrument coverage and valuation. In particular, the level of the ESA 95 debt is affected by changes in market yields, since liabilities are recorded at market value. This is not the case for the EDP debt, under which the financial instruments are measured at nominal value.

From a solvency perspective, it is also interesting to look at an indicator of net government debt, whereby the financial assets held by government are subtracted from the liabilities. Doing so requires data on the stock of financial assets. Government financial assets mainly include currency and deposits, loans granted by government, securities other than shares, shares and other equity, insurance technical reserves and other accounts receivable. These financial assets are also recorded at market value as they appear in the balance sheet of general government. The average amount of financial assets held by governments in the euro area has fluctuated at between 30% and 38% of GDP over the past ten years and was around 38% of GDP at the end of 2009, as shown in Chart A. In other words, the market value of government financial liabilities is more than twice as large as that of government financial assets. This is why the euro area average net government debt, defined here as the ESA 95 debt minus financial assets, hovered at around 50% of GDP in the last decade and increased to 53.4% of GDP in 2009.

Looking more closely at the composition of financial assets, in 2009 the financial assets held by governments in the euro area mainly consisted of shares and other equity (about 38% of total financial assets), currency and deposits and other accounts receivable (both about 19%), loans (13%) and securities other than shares (11%) (see Chart B). The financial assets held by

Chart A Euro area government gross and net debt and financial assets in 1999-2009

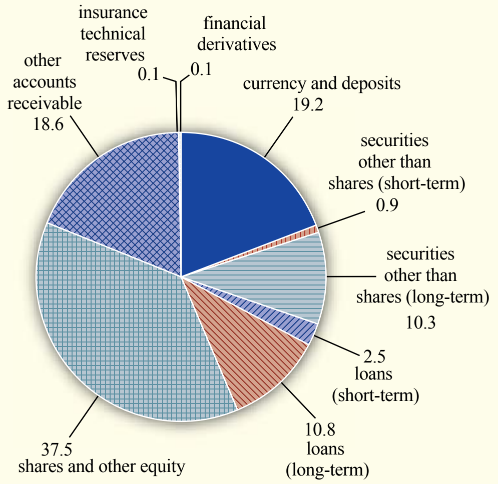
(as a percentage of GDP)



Sources: European Commission and ECB, based on Mink, R. and Rodriguez, M. "The Measurement of Government Debt in the Economic and Monetary Union", Sixth Banca d'Italia Workshop on Public Finance, 2004.

Chart B Composition of euro area government financial assets in 2009

(percentages)



Source: ECB.

governments constitute only to some extent a buffer against government liabilities, as some of these assets (for example, shares and other equity invested in public corporations) are illiquid and cannot therefore be quickly mobilised for redeeming gross debt. The short-term financial assets, which are supposed to be liquid, include currency and deposits, short-term debt securities, short-term loans and other accounts receivable. They represent about 41% of the total financial assets held by euro area governments.

Three conclusions can be drawn from this analysis of government debt. First, irrespective of the definition used, the euro area average government debt ratio both in gross and net terms has been on an upward trend since 2008 and has increased by 11% to 15% of GDP in the past two years. Second, the euro area average net debt is large, which implies that the financial assets held by governments do not constitute a sufficient buffer, especially as some of these assets are illiquid. Third, each measurement of debt sheds light on specific issues. In particular, the concept of gross debt is useful for analysing government short-term refinancing risk, while both gross and net concepts may be relevant for assessing longer-term solvency. Ideally, it would also be interesting to measure government net worth, which could be defined as the balancing item of total government (financial and non-financial) assets and liabilities. However, this is currently not feasible given the unavailability of data on government non-financial assets.

6 EUROSYSTEM STAFF MACROECONOMIC PROJECTIONS FOR THE EURO AREA

On the basis of the information available up to 27 May 2010, Eurosystem staff have prepared projections for macroeconomic developments in the euro area.[1] Benefiting from the prospect of an economic recovery worldwide, average annual real GDP growth is projected to be between 0.7% and 1.3% in 2010 and between 0.2% and 2.2% in 2011. Inflation is projected to remain moderate over the projection horizon, being dampened by the slack prevailing in the euro area. The average rate of overall HICP inflation is expected to be between 1.4% and 1.6% in 2010 and between 1.0% and 2.2% in 2011.

Box 8

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

The technical assumptions about interest rates and both energy and non-energy commodity prices are based on market expectations, with a cut-off date of 20 May 2010.[1] The assumption about short-term interest rates is of a purely technical nature. Short-term rates are measured by the three-month EURIBOR, with market expectations derived from futures rates. The methodology gives an overall average level of short-term interest rates of 0.8% for 2010 and 1.1% for 2011. The market expectations for euro area ten-year nominal government bond yields imply an average level of 3.9% in 2010, increasing to 4.2% in 2011. The baseline projection takes into account the recent improvements in financing conditions and assumes that, over the projection horizon, bank lending rate spreads vis-à-vis the above-mentioned interest rates will narrow somewhat. Similarly, credit supply conditions are assumed to ease gradually over the horizon. As regards commodities, on the basis of the path implied by futures markets in the two-week period ending on the cut-off date, oil prices per barrel are assumed to average USD 79.5 in 2010 and USD 83.7 in 2011. The prices of non-energy commodities in US dollars are assumed to rise by 17.9% in 2010, followed by a more modest increase of 1.2% in 2011.

Bilateral exchange rates are assumed to remain unchanged over the projection horizon at the average levels prevailing in the ten-working day period ending on the cut-off date. This implies a EUR/USD exchange rate of 1.30 in 2010 and 1.26 in 2011, and an effective exchange rate of the euro that, on average, depreciates by 6.4% in 2010 and by a further 1.8% in 2011.

Fiscal policy assumptions are based on individual euro area countries' national budget plans as available on 27 May 2010. They include all policy measures that have already been approved by national parliaments or that have been specified in detail by governments and are likely to pass the legislative process.

1 Oil and food price assumptions are based on futures prices up to end-2011. For other commodities, prices are assumed to follow futures up to end-2010 and thereafter to develop in line with global economic activity.

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

THE INTERNATIONAL ENVIRONMENT

The global economic outlook has continued to recover, more robustly than envisaged in the March ECB staff macroeconomic projections. Looking ahead, world growth is expected to experience a temporary deceleration in the second half of 2010, reflecting the fading-out of some of the factors that initially supported the recovery, such as policy stimuli and the inventory cycle. Thereafter, global activity is projected to be supported by a normalisation in financial conditions and by some improvements in confidence and in the labour market. Global economic growth is expected to remain below past trends over 2010-11, as advanced economies in particular experience a subdued recovery following the financial crisis. World real GDP outside the euro area is projected to increase by 4.7% in 2010 and by 4.1% in 2011. Growth in the euro area's export markets is estimated to be 8.6% in 2010 and 6.0% in 2011.

REAL GDP GROWTH PROJECTIONS

Real GDP grew modestly in the first quarter of 2010. Available evidence suggests that inventories contributed strongly to growth, while several other factors dampened domestic demand growth, such as the end of government incentives for car purchases and adverse weather conditions. In the second quarter, real GDP growth is projected to be considerably stronger, benefiting among other things from a rebound in construction activity. However, over the remainder of 2010, growth is expected to remain subdued, as the factors that temporarily boosted growth in the initial phase of the recovery – such as the fiscal stimuli and the inventory cycle – diminish in strength. Further ahead, the economic pick-up is projected to strengthen, supported by gradually rising domestic demand. The lagged effects of monetary policy moves and the significant efforts to restore the functioning of the financial system are expected to support activity over the full projection horizon. Growth in 2010 and 2011 is, however, projected to remain weaker than before the recession, owing to the ongoing need for balance sheet repair in various sectors, while private consumption is dampened by high unemployment, precautionary savings and modest income growth. In addition, the outlook also takes into account ongoing fiscal adjustments aimed at re-establishing and consolidating confidence in medium-term sustainability. In annual terms, following a decline of 4.1% in 2009, real GDP is expected to grow by between 0.7% and 1.3% in 2010, and between 0.2% and 2.2% in 2011.

In more detail, among the domestic components of GDP, non-residential private investment is expected to remain fairly weak during 2010, limited by high spare capacity, weak and uncertain demand prospects, low profitability and financing constraints, but to recover slowly thereafter. After some short-term weather-related volatility early in 2010, residential investment is projected to remain subdued, dampened by ongoing adjustments in housing markets in some countries. In line with the fiscal packages announced in several euro area countries and their subsequent withdrawal, government investment in real terms is assumed to stabilise over 2010, before declining markedly the following year.

Private consumption growth is expected to rise modestly in 2010 before gradually picking up further the following year. Real incomes are expected overall to be dampened by the weakness of projected employment growth. At the same time, the saving ratio is projected to remain substantially above its pre-crisis level, as some precautionary savings continue to be held in a context of high economic uncertainty and modest prospects for income growth. However, the saving ratio is expected to fall somewhat as the economic situation gradually improves.

Table 10 Macroeconomic projections for the euro area

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

	2009	2010	2011
HICP	0.3	1.4 - 1.6	1.0 - 2.2
Real GDP	-4.1	0.7 - 1.3	0.2 - 2.2
Private consumption	-1.2	-0.2 - 0.4	-0.2 - 1.6
Government consumption	2.6	0.3 - 1.3	-0.3 - 1.1
Gross fixed capital formation	-10.8	-3.4 - -1.2	-2.1 - 2.7
Exports (goods and services)	-13.2	5.5 - 9.1	1.1 - 7.9
Imports (goods and services)	-12.0	3.8 - 7.0	0.4 - 6.8

1) The projections for real GDP and its components refer to working day-adjusted data. The projections for exports and imports include intra-euro area trade.
2) Data refer to all 16 countries of the euro area.

Euro area exports rebounded towards the end of last year, and grew strongly again in early 2010. Over the projection horizon, the recovery in exports continues, driven by foreign demand and higher competitiveness. As a consequence, net trade is projected to contribute positively to GDP growth in both 2010 and 2011.

Reflecting the lagged adjustment to the sharp drop in output experienced until mid-2009 and the expected subdued recovery in economic activity along with downward wage rigidities, the unemployment rate is expected to increase until early 2011 before stabilising.

Largely reflecting the impact of the crisis, potential growth is expected to be modest, albeit recovering somewhat, over the projection horizon. This results from the rise in structural unemployment, lower labour force participation rates and the strong decline in investment, which weighs on the capital stock. The magnitude of these effects, however, is very uncertain and projections of potential growth, and accordingly of the output gap, are surrounded by an even higher degree of uncertainty than usual. This notwithstanding, the estimated output gap is expected to narrow somewhat but to remain negative over the projection horizon.

PRICE AND COST PROJECTIONS

Following a strong pick-up in March 2010, the overall HICP inflation rate is projected to increase slightly further in the second half of 2010, mostly driven by base effects arising from past food price decreases. Thereafter, inflation is expected to moderate slightly, in line with the assumed decline of the rate of increase in energy prices. By contrast, the growth rate of the HICP excluding food and energy is projected to increase gradually over the projection horizon, driven by improvements in activity and in the labour market. The average annual inflation rate is expected to be between 1.4% and 1.6% in 2010, and between 1.0% and 2.2% in 2011.

In more detail, external price pressures are projected to increase in 2010, broadly reflecting the assumed path of commodity prices and the depreciation of the euro, but to subside in 2011. Turning to domestic price pressures, the growth in compensation per hour is projected to decrease strongly in 2010. Thereafter, only a gradual and modest increase is expected. Combined with the projected strong recovery in labour productivity, this overall subdued wage profile implies a substantial deceleration in unit labour cost growth rates in 2010, followed by a limited rebound. Profit margins in turn are projected to recover significantly in 2010, and to continue to grow at a steady pace thereafter, supported by the rebound in activity and the moderate wage growth prospects.

Table 11 Comparison with the March 2010 projections

(average annual percentage changes)

	2010	2011
Real GDP – March 2010	0.4 - 1.2	0.5 - 2.5
Real GDP – June 2010	0.7 - 1.3	0.2 - 2.2
HICP – March 2010	0.8 - 1.6	0.9 - 2.1
HICP – June 2010	1.4 - 1.6	1.0 - 2.2

COMPARISON WITH THE MARCH 2010 PROJECTIONS

With regard to real GDP growth, the projection range for 2010 has been revised upwards compared with that published in the March 2010 issue of the Monthly Bulletin, reflecting more buoyant demand in the short term than previously expected. At the same time, the range for 2011 has shifted downwards, reflecting mainly the downward revisions to domestic demand prospects.

With regard to HICP inflation, the projection range for 2010 is close to the upper end of that published in March, while the range for 2011 lies somewhat higher than in the previous projections. The upward revision relates mostly to the effects of stronger assumptions for commodity prices in euro.

Box 9

FORECASTS BY OTHER INSTITUTIONS

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

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

(average annual percentage changes)

		GDP growth		HICP inflation	
	Date of release	2010	2011	2010	2011
IMF	April 2010	1.0	1.5	1.1	1.3
Survey of Professional Forecasters	April 2010	1.1	1.5	1.4	1.5
European Commission	May 2010	0.9	1.5	1.5	1.7
Consensus Economics Forecasts	May 2010	1.1	1.5	1.3	1.4
OECD	May 2010	1.2	1.8	1.4	1.0
Eurosystem staff projections	June 2010	0.7 - 1.3	0.2 - 2.2	1.4 - 1.6	1.0 - 2.2

Sources: European Commission Economic Forecasts, Spring 2010; IMF World Economic Outlook, April 2010; OECD Economic Outlook, May 2010; Consensus Economics Forecasts; and the ECB's Survey of Professional Forecasters.
Notes: The Eurosystem staff macroeconomic projections and the OECD forecasts both report working day-adjusted annual growth rates, whereas the European Commission and the IMF report annual growth rates that are not adjusted for the number of working days per annum. Other forecasts do not specify whether they report working day-adjusted or non-working day-adjusted data.

In the forecasts currently available from other institutions, euro area real GDP is expected to grow by between 0.9% and 1.2% in 2010 and between 1.5% and 1.8% in 2011. All these forecasts fall within the ranges of the Eurosystem staff projections.

As regards inflation, available forecasts from other institutions anticipate average annual HICP inflation to be between 1.1% and 1.5% in 2010, and between 1.0 and 1.7% in 2011. These forecasts for inflation are also in line with the ranges of the Eurosystem staff projections.

7 EXCHANGE RATE AND BALANCE OF PAYMENTS DEVELOPMENTS

7.1 EXCHANGE RATES

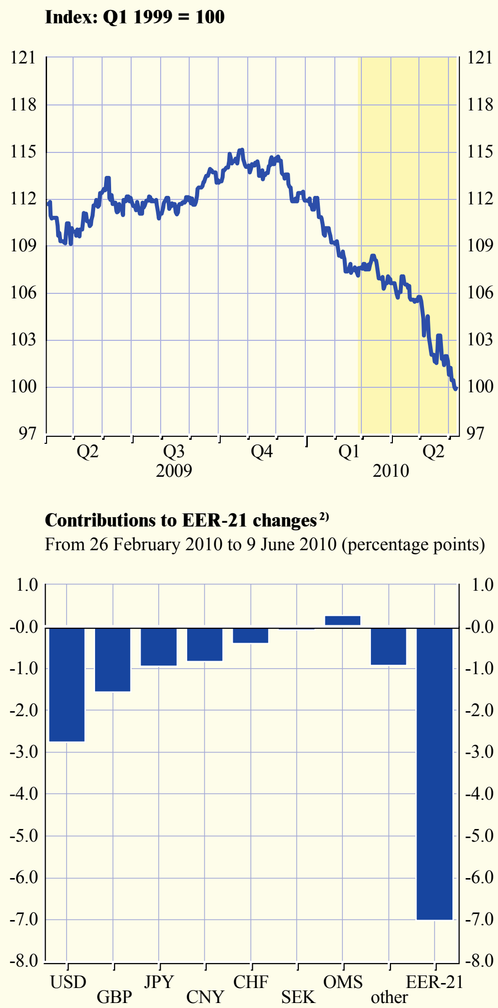
In an environment of heightened implied volatility, the euro has continued to weaken in nominal effective terms over the last three months. This weakening has been broadly based.

EFFECTIVE EXCHANGE RATE OF THE EURO

Over the past three months the euro has remained on a path of broad-based depreciation, in nominal effective terms, reaching a level well below its 2009 average (see Chart 56). On 9 June the nominal effective exchange rate of the euro – as measured against the currencies of 21 of the euro area's most important trading partners – was 7.0% lower than at the end of February and 10.4% below its average level in 2009. The depreciation of the euro, which has been particularly pronounced vis-à-vis the US dollar and the Japanese yen, has been accompanied by a sharp increase in the implied volatility of the bilateral exchange rates of the euro vis-à-vis other major currencies, both at the short and long horizons.

Chart 56 Euro effective exchange rate (EER-21) and its decomposition [1]

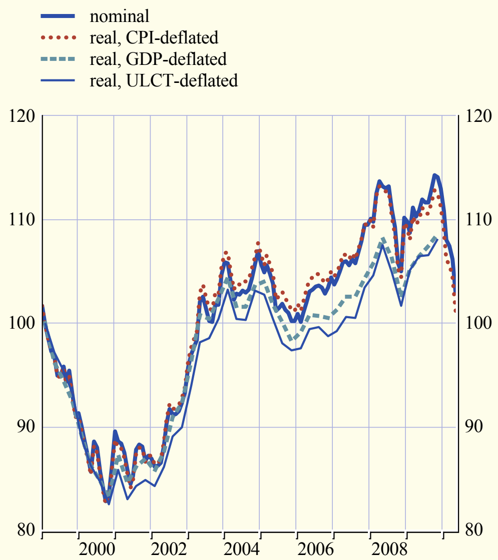
(daily data)



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

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

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



Source: ECB.
1) An upward movement of the EER-21 indices represents an appreciation of the euro. The latest observations for monthly data are for May 2010. In the case of the GDP and ULCT-based real EER-21, the latest observation is for the fourth quarter of 2009 and is partly based on estimates.

With regard to indicators of the international price and cost competitiveness of the euro area, in April 2010 the real effective exchange rate of the euro based on consumer prices was around 5.6% lower than its average 2009 level (see Chart 57).

US DOLLAR/EURO

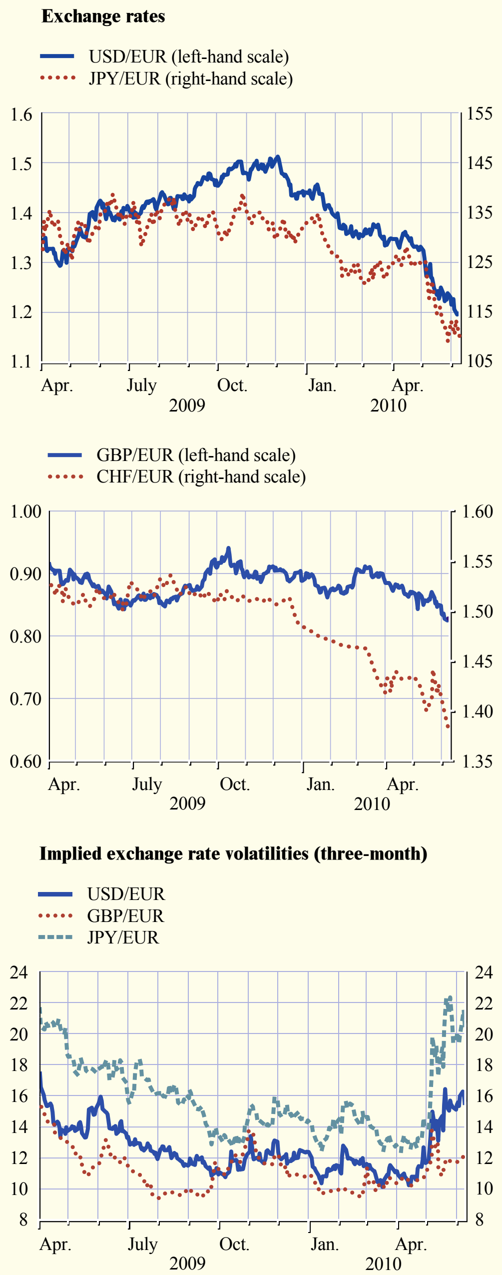
In the three-month period to 9 June the euro continued to weaken against the US dollar (see Chart 58), reaching a level last seen in early 2006, which was well below its 2009 average. Over the same period the implied volatility of the USD/EUR exchange rate increased, shifting sharply upward in early May, especially at the short horizon (see Chart 58). The increase in volatility over the entire horizon of available options contracts (up to one year), suggests that market participants do not expect a decline in market uncertainty over the medium term. Such a rise in market uncertainty commonly leads to a flight into safe assets, which traditionally benefits the US dollar. On 9 June the euro traded at USD 1.20, 11.5% lower than at the end of February and around 13.9% below its 2009 average.

JAPANESE YEN/EURO

After strengthening in 2009, the euro started to depreciate vis-à-vis the Japanese yen at the beginning of 2010. During the three months to 9 June the euro continued to depreciate vis-à-vis the Japanese yen, completely reversing its appreciation in 2009 and reaching a level last seen at the end of 2001. On 9 June the euro stood at JPY 110, 9.0% weaker than at the end of February and 15.6% below its 2009 average. Over the same period the implied volatility of the JPY/EUR exchange rate increased sharply, to reach levels last seen in the first quarter of 2009 (see Chart 58).

Chart 58 Patterns in exchange rates and implied volatilities

(daily data)



Sources: Bloomberg and ECB.

EU MEMBER STATES' CURRENCIES

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

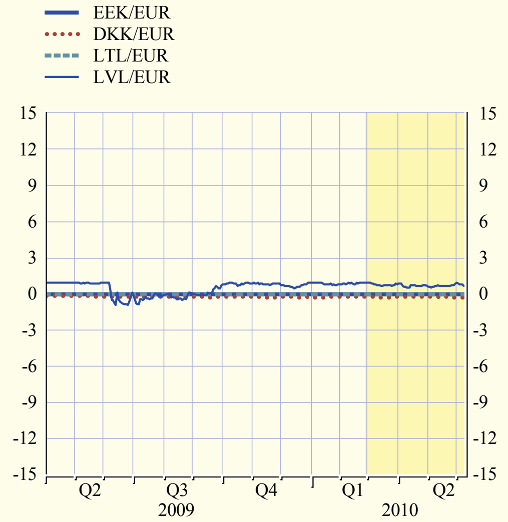
As regards the currencies of the EU Member States not participating in ERM II, the euro has depreciated vis-à-vis the pound sterling (by 7.5%) over the past three months, trading on 9 June at GBP 0.83. At the same time, the implied volatility of the GBP/EUR exchange rate increased at the short horizon (see Chart 58) and the euro strengthened vis-à-vis the Polish zloty (3.6%) and the Hungarian forint (4.4%).

OTHER CURRENCIES

The euro weakened vis-à-vis the Swiss franc, falling by around 6% over the three months to 9 June, to CHF 1.38. Over the same period the bilateral euro exchange rates vis-à-vis the Chinese renminbi and the Hong Kong dollar moved in line with the USD/EUR exchange rate. During this period, notwithstanding a sharp rebound in mid-May, the euro weakened against major commodity currencies, such as the Canadian dollar (by 12.7%) and the Australian dollar (by 5.0%).

Chart 59 Patterns in exchange rates in ERM II

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



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

7.2 BALANCE OF PAYMENTS

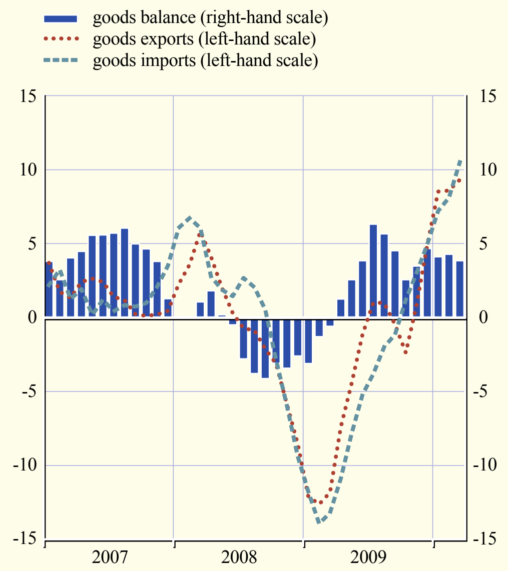
Extra-euro area trade in goods continued to expand in the first quarter of 2010. The 12-month cumulated current account deficit of the euro area narrowed to €41.7 billion in March (around 0.5% of GDP). In the financial account, lower net inflows in portfolio investment accounted for the decrease in net inflows in combined direct and portfolio investment to a cumulative €147.4 billion in the year to March.

TRADE AND THE CURRENT ACCOUNT

Following a rebound at the end of 2009, extra-euro area trade in goods continued to recover at an accelerating pace in the first quarter of 2010. Compared with the preceding quarter, export values of goods increased at a rate of 9.3% (see Chart 60 and Table 12), which was well above the longer-term quarterly average. The rise in exports was driven primarily by a further pick-up in foreign demand, which was due partly to the continued effects of fiscal stimuli and a prolonged inventory cycle in the euro area's

Chart 60 Extra-euro area trade in goods

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



Source: ECB.

trading partners. In particular, exports of goods to Asia, the United States and OPEC increased, while exports to the United Kingdom and other EU Member States stabilised (see Chart 61). Furthermore, owing to the depreciation of the euro, euro area exporters are likely to have benefited from more favourable export price developments, as compared with their main competitors. The available breakdown of extra-euro area export values into volumes and prices indicates that the recent rise in exports was driven mainly by an increase in volumes, while export prices picked up at a more moderate pace.

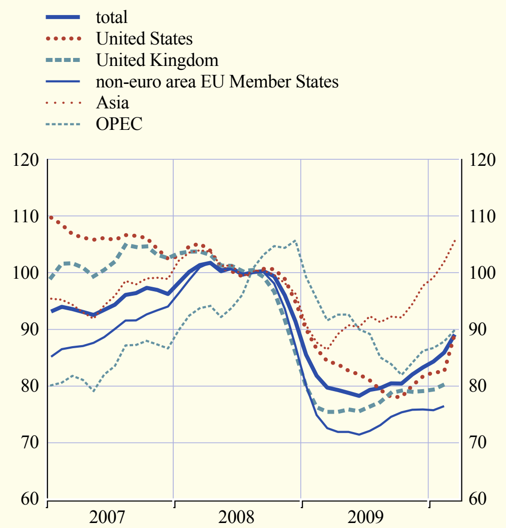
Compared with the fourth quarter of 2009, extra-euro area import values of goods also increased markedly in the first quarter of 2010, rising at a rate of 10.5% and considerably exceeding the average quarterly growth rate observed in the past. The expansion of imports of goods appears to have been underpinned, among other factors, by export-induced demand for imported inputs. Meanwhile, the depreciation of the euro has possibly had a dampening effect on imports.

By contrast with extra-euro area trade in goods, trade in services appears to have lost momentum in the first quarter of 2010. In quarter-on-quarter terms, export and import values of services declined by 0.5% and 0.9% respectively, after increasing slightly in previous months.

Overall, as a result of import growth being stronger than export growth, the trade surplus of goods and services narrowed in the first quarter of 2010 compared with the preceding quarter. In 12-month cumulated terms, however, the trade surplus of goods and services increased, thus contributing to a lower current account deficit (see Chart 62). Indeed, in the year to March, the cumulated current account deficit stood at €41.7 billion (around 0.5% of GDP), compared with €164.0 billion a year

Chart 61 Extra-euro area export volumes for selected trading partners

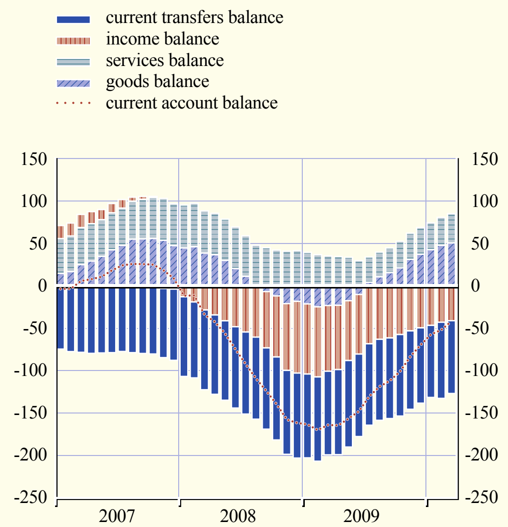
(indices: third quarter of 2008 = 100; seasonally adjusted; three-month moving averages)



Sources: Eurostat and ECB calculations.
Notes: The latest observations refer to March 2010, except for the non-euro area EU Member States and the United Kingdom (February 2010). The non-euro area EU Member States aggregate does not include Denmark, Sweden or the United Kingdom.

Chart 62 Main items of the current account

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



Source: ECB.

Table 12 Main items of the euro area balance of payments

(seasonally adjusted data, unless otherwise indicated)

	2010 Feb.	2010 Mar.	Three-month averages 2009 Q2	2009 Q3	2009 Q4	2010 Q1	12-month cumulated figures to end 2009 Q1	2010 Q1
			EUR billions					
Current account	-4.5	1.7	-5.8	-3.6	-3.0	-1.5	-164.0	-41.7
Goods balance	5.3	3.8	3.8	4.5	4.7	3.8	-23.2	50.5
Exports	119.0	126.4	105.9	105.4	110.5	120.8	1,491.2	1,327.9
Imports	113.7	122.7	102.1	100.9	105.9	117.0	1,514.4	1,277.3
Services balance	3.6	4.0	1.8	2.7	3.4	3.6	35.2	34.6
Exports	38.7	39.9	38.8	38.4	39.5	39.3	508.0	468.1
Imports	35.2	35.9	37.0	35.7	36.1	35.7	472.7	433.5
Income balance	-1.5	-0.9	-4.2	-4.0	-3.9	-1.5	-77.5	-41.1
Current transfers balance	-11.9	-5.1	-7.2	-6.9	-7.2	-7.3	-98.6	-85.7
Financial account 1)	4.5	0.9	3.6	-4.2	-1.3	6.6	185.2	14.4
Combined net direct and portfolio investment	8.1	-37.8	23.7	18.1	18.4	-11.2	188.5	147.4
Net direct investment	0.6	-25.4	0.1	-7.9	-2.6	-9.3	-198.3	-59.0
Net portfolio investment	7.5	-12.4	23.6	26.1	21.0	-1.9	386.8	206.4
Equities	5.0	-5.4	12.9	16.6	4.9	6.9	-126.5	124.0
Debt instruments	2.5	-6.9	10.7	9.4	16.2	-8.8	513.3	82.5
Bonds and notes	-0.9	-6.7	1.8	-15.5	5.8	-6.7	266.9	-44.1
Money market instruments	3.4	-0.2	8.9	25.0	10.4	-2.1	246.4	126.6
Net other investment	0.1	41.4	-27.2	-21.0	-21.6	-27.2	4.6	-156.1
			Percentage changes from previous period					
Goods and services								
Exports	0.8	5.5	-1.9	-0.6	4.4	6.7	-2.8	-10.2
Imports	-1.3	6.5	-4.5	-1.8	3.9	7.6	0.9	-13.9
Goods								
Exports	1.6	6.3	-1.1	-0.5	4.9	9.3	-3.9	-11.0
Imports	-0.8	7.9	-5.2	-1.2	5.0	10.5	0.1	-15.7
Services								
Exports	-1.6	3.0	-3.9	-1.1	2.9	-0.5	0.5	-7.9
Imports	-2.9	2.0	-2.4	-3.5	1.0	-0.9	3.7	-8.3

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

earlier. This was attributable not only to the improved trade balance of goods and services, but also to lower deficits in the income balance and current transfers.

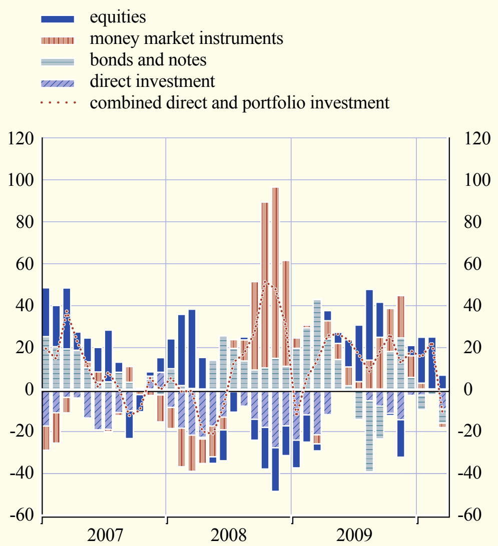
Looking ahead, available indicators suggest that extra-euro area exports of goods will continue to grow in the near term. The Purchasing Managers' Index of new export orders in the euro area manufacturing sector remained well above the expansion/contraction threshold of 50, despite declining marginally in recent months. However, there may be some loss of momentum as the impact of temporary factors – such as fiscal stimuli and support from the inventory cycle – affecting foreign demand gradually fades.

FINANCIAL ACCOUNT

In the first quarter of 2010 the euro area recorded average monthly net outflows in combined direct and portfolio investment of €11.2 billion, compared with net inflows of €18.4 billion in the previous quarter (see Chart 63). This development reflects primarily a shift in portfolio investment from net inflows of €21.0 billion to net outflows of €1.9 billion, which was driven mainly by a change from

Chart 63 Main items of the financial account

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



Source: ECB.

net inflows to net outflows in debt instruments. In more detail, the significant increase in investment by euro area residents in debt instruments abroad, notably in bonds and notes, was compounded by a scaling down in financial inflows in euro area debt instruments by non-residents. In contrast, net inflows in equities increased slightly amid a degree of renewed risk appetite among international investors. At the same time, as inward foreign direct investment showed signs of deceleration, net outflows in direct investment rose to €9.3 billion in the first quarter of 2010, from €2.6 billion in the last quarter of 2009.

From a longer-term perspective, in the year to March the euro area recorded lower net inflows in combined direct and portfolio investment, of €147.4 billion, compared with €188.5 billion a year earlier (see Table 12). This decrease was attributable largely to lower net inflows in portfolio investment, which in turn masked significant changes in cross-border financial transactions in debt and equity markets. In particular, in the course of 2009 and the first quarter of 2010, the shift in preferences towards low-risk assets, including short-term maturity debt and government bonds, lost momentum in view of the more favourable global economic outlook and improved financial market conditions. This resulted in significantly lower net inflows in debt instruments – mainly as a result of lower purchases of euro area debt instruments by foreign investors compared with the peak levels reached in 2008 – which more than offset the shift from net outflows to net inflows in equities. The impact of the financial crisis on the level and composition of euro area cross-border financial flows is analysed in more detail in Box 10.

Overall, in the 12-month period to March, the euro area recorded a decrease in net inflows in the financial account to €14.4 billion. The reduction in net inflows in combined direct and portfolio investment and the shift from net inflows to net outflows in other investment accounted for this development.

Box 10

FINANCIAL TURMOIL AND EURO AREA CROSS-BORDER FINANCIAL FLOWS

The financial turmoil that started in the summer of 2007 and intensified in the autumn of 2008 had major implications for the external balances of the euro area through both the trade and the financial channels. While developments in external trade have been examined in detail on previous occasions,[1] this box focuses on the impact of the financial crisis on the level and

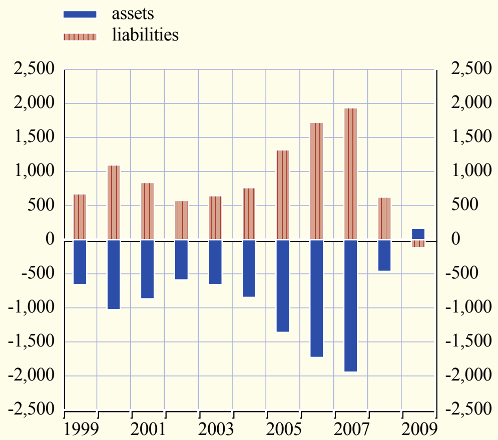
1 See, for example, the box entitled "Recent developments in euro area trade" in the February 2010 issue of the Monthly Bulletin.

composition of euro area cross-border financial transactions and examines the evolution of these flows in the ensuing period of global economic recovery.[2]

In the years prior to the financial crisis, cross-border purchases of financial assets by both euro area residents abroad (assets) and non-residents in the euro area (liabilities) recorded a strong surge, in particular over the period from 2005 to mid-2007 (see Chart A). This was partly driven by global financial innovation and the extensive use by a number of financial institutions of new risk transfer instruments, such as securitised debt and other derivative contracts. In addition, further deepening of global financial integration also contributed to the rising demand for external assets, coupled with low risk aversion on the part of investors and favourable macroeconomic conditions.

Chart A Euro area financial account

(EUR billions; annual flows)



Source: ECB.
Note: The financial account includes direct investment, portfolio investment, financial derivatives, other investment and reserve assets. Inflows (+); outflows (-).

The intensification of the financial crisis in autumn 2008 marked a break in the surge of cross-border financial flows on the asset and liability sides of the euro area financial account. Overall, a significant scaling down of external financial transactions by euro area residents and non-residents was recorded in 2008, and was evident across all types of investors from the banking and non-banking sectors and across the whole range of investments or instruments.

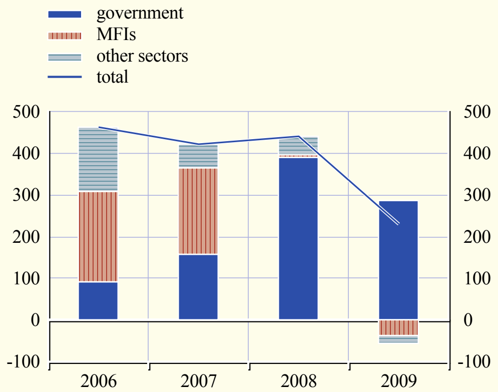
A number of exceptional circumstances amplified the reduction in cross-border investment – or in some cases resulted in disinvestment (i.e. deleveraging) – by euro area residents and non-residents during the crisis. First, liquidity shortages owing to the breakdown of the interbank and asset-backed securities markets resulted initially in significant (fire) sales of other assets to raise cash. Second, heightened uncertainty and asymmetric information between lenders and borrowers changed investors' perceptions regarding risk, while also encouraging herd behaviour to some extent. The exceptionally high liquidity needs and soaring risk aversion were coupled with extensive balance sheet restructuring triggered by concerns about solvency. As a result, the "home bias", as manifested in the strong repatriation of funds, increased and "flight to safety" motives gained importance. Taken together, these developments not only led to a scaling down in cross-border transactions in direct investment, portfolio investment and other investment, they also resulted in changes in the composition of euro area cross-border portfolio flows, particularly in shifts from: (i) equity to debt instruments; (ii) long-term to short-term maturity debt instruments; and (iii) private sector securities to public sector debt, as illustrated, for example, in Chart B, which shows foreign investment in debt instruments issued by various euro area sectors.

As the global economy started to show signs of stabilisation in 2009, some of the trends in cross-border financial flows by euro area residents and non-residents observed during the crisis abated

2 Note that this box reports on the aggregate external financial flows of the euro area. The intra-euro area financial flows are excluded from the analysis.

Chart B Foreign investment in euro area debt across sectors

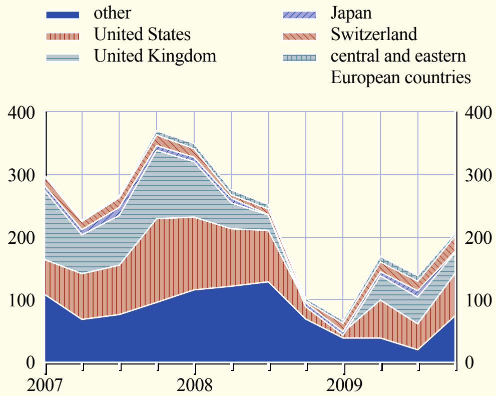
(EUR billions; annual flows)



Source: ECB.
Note: MFIs are monetary financial institutions, including the Eurosystem.

Chart C Direct investment inflows in the euro area by geographical region

(EUR billions; four-quarter cumulated flows)



Source: ECB.

or even reversed. As regards portfolio investment, low-risk assets, including short-term maturity debt and government securities, lost some of their appeal in 2009 in view of the more favourable global economic outlook and improved financial market conditions. Meanwhile, the cross-border deleveraging process in which euro area residents and non-residents engaged in 2008 came to an end for equities on the back of a partial rebound in investors' risk appetite. Deleveraging has, however, remained significant for cross-border loans and deposits, as reflected in the "other investment" flows of the euro area financial account. The need to strengthen capital positions and reduce international risk exposure largely accounted for the continued disinvestment in foreign assets and the reduction in cross-border liabilities by the euro area banking sector. Similarly, the need to adjust balance sheets and repay debt led, for the first time since 1999, to a decline in cross-border assets and liabilities in loans and deposits by the euro area non-banking sector. Finally, direct investment – which moderated but proved more resilient than other forms of private capital during the crisis – showed some signs of recovery in 2009. Inward direct investment picked up again but remained substantially subdued, notably from the United Kingdom and the United States (see Chart C). At the same time direct investment by euro area residents abroad stabilised.

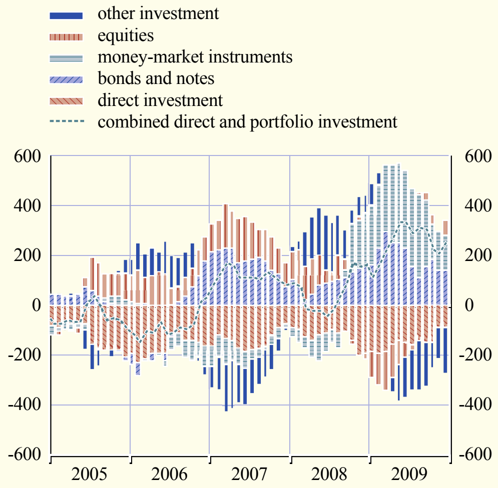
In summary, the financial crisis introduced significant changes to the size and composition of cross-border financial flows by both euro area residents and non-residents. High liquidity needs, soaring risk aversion and extensive balance sheet restructuring triggered a sizeable scaling-down or disinvestment process across the whole range of investments or instruments. As a result, the euro area registered a pronounced increase in net inflows in combined direct and portfolio investment in 2008. This increase largely reflected strong net inflows in bonds and notes as well as money-market instruments, which offset net outflows in direct investment and portfolio equity investment. At the same time, the "other investment" item of the euro area financial account recorded net inflows as a result of the US dollar liquidity-providing operations by the ECB[3] (see Chart D). However, in 2009 the major trends in cross-border financial activity observed during

3 With the intensification of the crisis in September 2008, elevated pressures in the US dollar funding markets emerged. The ECB initiated a temporary reciprocal currency arrangement (swap line) with the US Federal Reserve that enabled the ECB to conduct US dollar liquidity-providing operations with its counterparties against Eurosystem-eligible collateral.

the crisis became less marked or even reversed. The shift of portfolio equity investment from net outflows to net inflows and the reduction in net outflows in direct investment more than offset the significantly reduced net purchases of euro area debt instruments by foreign investors compared with the 2008 peak levels. Overall, these developments resulted in even higher net inflows in combined direct and portfolio investment in 2009. Meanwhile, other investment recorded net outflows on account of the unwinding of the US dollar liquidity-providing operations undertaken by the ECB a year earlier and against the backdrop of continued bank deleveraging.

Chart D Main items of the euro area financial account

(EUR billions; 12-month cumulated net flows)



Source: ECB.
Note: Last observation refers to December 2009. Net inflows (+); net outflows (-).

Looking ahead, euro area cross-border financial flows may remain below pre-crisis levels for some time as balance sheet restructuring by euro area residents and non-residents continues. Following the surge in international financial activity prior to the crisis, there may be a normalisation of cross-border financial flows towards somewhat lower levels. The quarterly cross-border financial flows by euro area residents and non-residents in the first quarter of 2010 were, indeed, below their long-term averages. Although there has been a recent rebound in risk appetite and a subsequent revival of cross-border portfolio equity transactions, it is uncertain whether these trends will continue in the near future. In addition, much depends on the outlook for the global economy and, notably, the outlook for fiscal developments in various parts of the world.

EURO AREA STATISTICS

CONTENTS [1]

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

Conventions used in the tables

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

EURO AREA OVERVIEW

Summary of economic indicators for the euro area
(annual percentage changes, unless otherwise indicated)

1. Monetary developments and interest rates [1)]

	M1 [2)]	M2 [2)]	M3 [2), 3)]	M3 [2), 3)] 3-month moving average (centred)	MFI loans to euro area residents excluding MFIs and general government [2)]	Securities other than shares issued in euro by non-MFI corporations [2)]	3-month interest rate (EURIBOR; % per annum; period averages)	10-year spot rate (% per annum; end of period) [4)]
	1	2	3	4	5	6	7	8
2008	2.4	9.6	9.7	-	9.5	18.9	4.64	3.69
2009	9.5	4.8	3.3	-	1.6	24.1	1.22	3.76
2009 Q2	8.1	5.6	4.4	-	2.1	26.9	1.31	3.99
Q3	12.2	4.5	2.7	-	0.4	24.4	0.87	3.64
Q4	12.3	2.2	0.3	-	-0.6	19.7	0.72	3.76
2010 Q1	11.3	1.7	-0.2	-	-0.4	10.7	0.66	3.46
2009 Dec.	12.4	1.6	-0.3	-0.2	-0.2	12.1	0.71	3.76
2010 Jan.	11.5	1.8	0.0	-0.2	-0.6	12.2	0.68	3.66
Feb.	11.0	1.6	-0.4	-0.2	-0.4	9.5	0.66	3.49
Mar.	10.8	1.6	-0.1	-0.2	-0.2	8.9	0.64	3.46
Apr.	10.7	1.4	-0.1	.	0.1	.	0.64	3.40
May	.	.	.	.	.	.	0.69	3.00

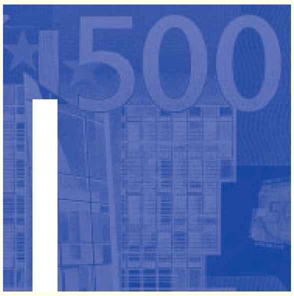
2. Prices, output, demand and labour markets

	HICP [1)]	Industrial producer prices	Hourly labour costs	Real GDP	Industrial production excluding construction	Capacity utilisation in manufacturing (%)	Employment	Unemployment (% of labour force)
	1	2	3	4	5	6	7	8
2008	3.3	6.1	3.5	0.6	-1.7	81.8	0.7	7.5
2009	0.3	-5.1	3.3	-4.1	-15.1	71.1	-1.9	9.4
2009 Q3	-0.4	-7.8	3.0	-4.1	-14.5	70.3	-2.3	9.7
Q4	0.4	-4.6	2.2	-2.1	-7.6	71.7	-2.1	9.8
2010 Q1	1.1	-0.2	.	0.6	4.3	73.9	.	10.0
2009 Dec.	0.9	-2.9	-	-	-4.0	-	-	9.9
2010 Jan.	1.0	-1.0	-	-	1.6	72.3	-	9.9
Feb.	0.9	-0.4	-	-	4.0	-	-	10.0
Mar.	1.4	0.9	-	-	7.2	-	-	10.0
Apr.	1.5	2.8	-	-	.	75.5	-	10.1
May	1.6	.	-	-	.	.	-	.

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 [5)] (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
2008	-144.0	-19.1	-198.7	344.1	374.2	110.5	110.1	1.4708
2009	-47.8	39.5	-95.7	317.9	462.4	111.7	110.6	1.3948
2009 Q2	-19.8	14.0	0.3	70.8	381.5	111.1	110.2	1.3632
Q3	-2.2	13.8	-23.7	78.2	430.9	112.1	110.9	1.4303
Q4	9.9	19.4	-7.8	63.1	462.4	113.8	112.2	1.4779
2010 Q1	-16.9	3.8	-27.9	-5.6	498.7	108.7	106.9	1.3829
2009 Dec.	10.9	5.9	2.7	61.1	462.4	113.0	111.2	1.4614
2010 Jan.	-13.0	-7.4	-3.1	-0.7	468.7	110.8	108.9	1.4272
Feb.	-5.3	5.1	0.6	7.5	492.6	108.0	106.1	1.3686
Mar.	1.4	6.1	-25.4	-12.4	498.7	107.4	105.7	1.3569
Apr.	.	.	.	.	521.6	106.1	104.4	1.3406
May	.	.	.	.	.	102.8	101.2	1.2565

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



MONETARY POLICY STATISTICS

1.1 Consolidated financial statement of the Eurosystem
(EUR millions)

1. Assets

	14 May 2010	21 May 2010	28 May 2010	4 June 2010
Gold and gold receivables	286,697	286,696	286,692	286,692
Claims on non-euro area residents in foreign currency	214,961	211,749	212,274	213,020
Claims on euro area residents in foreign currency	35,173	29,798	33,743	28,705
Claims on non-euro area residents in euro	16,446	19,267	18,061	17,843
Lending to euro area credit institutions in euro	806,663	811,688	815,138	826,577
Main refinancing operations	99,570	104,752	106,014	117,727
Longer-term refinancing operations	706,880	706,881	708,837	708,805
Fine-tuning reverse operations	0	0	0	0
Structural reverse operations	0	0	0	0
Marginal lending facility	167	13	250	8
Credits related to margin calls	45	42	36	37
Other claims on euro area credit institutions in euro	36,688	39,861	40,414	37,574
Securities of euro area residents in euro	377,311	387,114	398,211	400,650
Securities held for monetary policy purposes	68,692	79,797	90,010	96,178
Other securities	308,619	307,317	308,200	304,471
General government debt in euro	35,576	35,582	35,576	35,576
Other assets	253,427	248,214	248,343	251,871
Total assets	2,062,943	2,069,968	2,088,450	2,098,508

2. Liabilities

	14 May 2010	21 May 2010	28 May 2010	4 June 2010
Banknotes in circulation	805,040	804,587	804,705	809,442
Liabilities to euro area credit institutions in euro	527,411	516,213	526,345	557,257
Current accounts (covering the minimum reserve system)	301,800	246,239	183,676	171,325
Deposit facility	225,606	253,469	316,163	350,902
Fixed-term deposits	0	16,500	26,500	35,000
Fine-tuning reverse operations	0	0	0	0
Deposits related to margin calls	5	5	6	30
Other liabilities to euro area credit institutions in euro	572	390	507	613
Debt certificates issued	0	0	0	0
Liabilities to other euro area residents in euro	117,238	126,471	145,729	125,371
Liabilities to non-euro area residents in euro	45,563	59,248	48,506	40,639
Liabilities to euro area residents in foreign currency	3,447	2,383	2,051	2,184
Liabilities to non-euro area residents in foreign currency	13,384	12,619	13,142	13,265
Counterpart of special drawing rights allocated by the IMF	53,033	53,033	53,033	53,033
Other liabilities	171,392	169,162	167,914	170,183
Revaluation accounts	249,205	249,205	249,205	249,205
Capital and reserves	76,657	76,657	77,313	77,314
Total liabilities	2,062,943	2,069,968	2,088,450	2,098,508

Source: ECB.

1.2 Key ECB interest rates

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

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

Source: ECB.

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

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

(EUR millions; interest rates in percentages per annum)

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

Date of settlement	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures			Running for (...) days
				Fixed rate	Minimum bid rate	Marginal rate [4)]	Weighted average rate	
	1	2	3	4	5	6	7	8
				Main refinancing operations				
2010 10 Feb.	76,083	79	76,083	1.00	-	-	-	7
17	81,935	78	81,935	1.00	-	-	-	7
24	81,421	71	81,421	1.00	-	-	-	7
3 Mar.	80,455	65	80,455	1.00	-	-	-	7
10	78,402	71	78,402	1.00	-	-	-	7
17	79,032	79	79,032	1.00	-	-	-	7
24	81,062	81	81,062	1.00	-	-	-	7
31	78,266	73	78,266	1.00	-	-	-	7
7 Apr.	71,535	67	71,535	1.00	-	-	-	7
14	70,577	68	70,577	1.00	-	-	-	7
21	70,228	67	70,228	1.00	-	-	-	7
28	75,624	66	75,624	1.00	-	-	-	7
5 May	90,317	76	90,317	1.00	-	-	-	7
12	99,570	81	99,570	1.00	-	-	-	7
19	104,752	81	104,752	1.00	-	-	-	7
26	106,014	83	106,014	1.00	-	-	-	7
2 June	117,727	86	117,727	1.00	-	-	-	7
9	122,039	96	122,039	1.00	-	-	-	7
				Longer-term refinancing operations				
2010 20 Jan.	5,739	7	5,739	1.00	-	-	-	21
28	3,268	22	3,268	1.00	-	-	-	91
10 Feb.	2,757	14	2,757	1.00	-	-	-	28
25	10,205	23	10,205	1.00	-	-	-	91
10 Mar.	9,315	11	9,315	1.00	-	-	-	35
1 Apr.	2,015	11	2,015	1.00	-	-	-	91
1 [5)]	17,876	62	17,876	.	-	-	-	182
14	15,730	12	15,730	1.00	-	-	-	28
29 [3)]	4,846	24	4,846	-	1.00	1.00	1.15	91
12 May	20,480	18	20,480	1.00	-	-	-	35
13 [5)]	35,668	56	35,668	.	-	-	-	182
27	12,163	35	12,163	1.00	-	-	-	91

2. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures				Running for (...) days
					Fixed rate	Minimum bid rate	Maximum bid rate	Marginal rate [4)]	Weighted average rate	
	1	2	3	4	5	6	7	8	9	10
2009 7 July	Collection of fixed-term deposits	279,477	165	275,986	-	-	1.00	0.80	0.64	1
11 Aug.	Collection of fixed-term deposits	238,847	159	238,345	-	-	1.00	0.80	0.70	1
8 Sep.	Collection of fixed-term deposits	196,299	157	195,099	-	-	1.00	0.80	0.73	1
13 Oct.	Collection of fixed-term deposits	170,131	160	169,680	-	-	1.00	0.80	0.74	1
10 Nov.	Collection of fixed-term deposits	191,883	165	191,379	-	-	1.00	0.80	0.76	1
7 Dec.	Collection of fixed-term deposits	130,896	147	129,709	-	-	1.00	0.80	0.76	1
2010 19 Jan.	Collection of fixed-term deposits	259,013	188	258,907	-	-	1.00	0.80	0.75	1
9 Feb.	Collection of fixed-term deposits	270,783	187	270,566	-	-	1.00	0.80	0.76	1
9 Mar.	Collection of fixed-term deposits	295,461	193	294,486	-	-	1.00	0.80	0.76	1
13 Apr.	Collection of fixed-term deposits	292,470	186	292,295	-	-	1.00	0.80	0.76	1
11 May	Collection of fixed-term deposits	319,752	193	319,693	-	-	1.00	0.80	0.76	1
19	Collection of fixed-term deposits	162,744	223	16,500	-	-	1.00	0.29	0.28	7
26	Collection of fixed-term deposits	86,003	93	26,500	-	-	1.00	0.28	0.27	7
2 June	Collection of fixed-term deposits	73,576	68	35,000	-	-	1.00	0.28	0.28	7
9	Collection of fixed-term deposits	75,627	64	40,500	-	-	1.00	0.35	0.31	7

Source: ECB.

1) The amounts shown may differ slightly from those in Section 1.1 owing to operations that have been allotted but not settled.

2) With effect from April 2002, split tender operations (i.e. operations with a one-week maturity conducted as standard tender procedures in parallel with a main refinancing operation) are classified as main refinancing operations. For split tender operations conducted before this month, see Table 2 in Section 1.3.

3) On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tender procedures. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids. On 8 October 2008 the ECB announced that, starting from the operation to be settled on 15 October 2008, the weekly main refinancing operations would be carried out through a fixed rate tender procedure with full allotment at the interest rate on the main refinancing operations. On 4 March 2010 the ECB decided to return to variable rate tender procedures in the regular three-month longer-term refinancing operations, starting with the operation to be allotted on 28 April 2010 and settled on 29 April 2010.

4) In liquidity-providing (absorbing) operations, the marginal rate refers to the lowest (highest) rate at which bids were accepted.

5) In the final one-year longer-term refinancing operation, which was settled on 17 December 2009, as well as in the six-month longer-term refinancing operations settled on 1 April and 13 May 2010, the rate at which all bids were satisfied was indexed to the average minimum bid rate in the main refinancing operations over the life of the operation.

1.4 Minimum reserve and liquidity statistics

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

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at: 1)	Total	Liabilities to which a 2% reserve coefficient is applied		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2007	17,394.7	9,438.8	815.0	2,143.1	1,364.0	3,633.9
2008	18,169.6	10,056.8	848.7	2,376.9	1,243.5	3,643.7
2009 Nov.	18,285.8	9,743.0	756.6	2,436.5	1,245.0	4,104.6
Dec.	18,318.2	9,808.5	760.4	2,475.7	1,170.1	4,103.5
2010 Jan.	18,454.5	9,829.1	766.1	2,465.6	1,225.0	4,168.7
Feb.	18,516.2	9,828.1	759.3	2,479.5	1,282.5	4,166.8
Mar.	18,587.7	9,807.3	782.6	2,506.7	1,283.5	4,207.6

2. Reserve maintenance

Maintenance period ending on:	Required reserves	Credit institutions' current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
2008	217.2	218.7	1.5	0.0	3.25
2009	210.2	211.4	1.2	0.0	1.00
2010 19 Jan.	210.1	211.2	1.2	0.0	1.00
9 Feb.	209.5	210.9	1.4	0.0	1.00
9 Mar.	210.9	211.8	1.0	0.0	1.00
13 Apr.	211.4	212.5	1.2	0.0	1.00
11 May	211.2	212.4	1.2	0.0	1.00
15 June	211.3	.	.	.	.

3. Liquidity

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money
		Monetary policy operations of the Eurosystem										
	Eurosystem's net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations 2)	Deposit facility	Other liquidity-absorbing operations 3)	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)		
	1	2	3	4	5	6	7	8	9	10	11	12
2008	580.5	337.3	457.2	2.7	0.0	200.9	4.9	731.1	107.8	114.3	218.7	1,150.7
2009	407.6	55.8	593.4	0.7	24.6	65.7	9.9	775.2	150.1	-130.2	211.4	1,052.3
2010 19 Jan.	413.0	60.6	648.4	0.4	28.4	147.0	8.1	796.8	119.8	-132.1	211.2	1,155.0
9 Feb.	425.6	59.7	662.2	0.2	33.5	168.3	13.3	783.6	122.6	-117.5	210.9	1,162.8
9 Mar.	426.9	80.5	641.1	0.9	38.0	186.4	10.5	784.6	113.2	-119.3	211.8	1,182.9
13 Apr.	439.8	77.7	650.5	0.4	43.6	200.7	8.4	792.9	113.6	-116.1	212.5	1,206.1
11 May	457.0	76.7	666.4	0.9	49.4	218.2	11.4	796.6	112.1	-100.3	212.4	1,227.2

Source: ECB.
1) End of period.
2) Includes liquidity provided under the Eurosystem's covered bond purchase programme.
3) Includes liquidity absorbed as a result of the Eurosystem's foreign exchange swap operations.
For more information, please see: http://www.ecb.europa.eu/mopo/liq/html/index.en.html

2 MONEY, BANKING AND 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													
2007	2,046.2	1,029.6	19.9	0.6	1,009.1	300.7	257.2	1.9	41.6	-	17.4	431.1	8.9	258.4
2008	2,982.9	1,803.0	20.6	0.6	1,781.8	362.3	319.6	2.4	40.3	-	14.4	484.7	8.6	309.9
2009 Q4	2,829.9	1,475.6	19.5	0.7	1,455.4	451.7	368.3	3.6	79.8	-	16.5	557.7	8.5	320.0
2010 Q1	2,880.9	1,476.1	19.6	0.7	1,455.9	472.4	376.1	4.1	92.2	-	16.6	583.0	8.4	324.4
2010 Jan.	2,823.5	1,464.9	19.5	0.7	1,444.8	451.7	364.3	3.8	83.6	-	16.2	563.2	8.4	319.1
Feb.	2,867.1	1,479.4	19.5	0.7	1,459.3	465.4	373.7	3.9	87.9	-	16.1	585.8	8.4	312.0
Mar.	2,880.9	1,476.1	19.6	0.7	1,455.9	472.4	376.1	4.1	92.2	-	16.6	583.0	8.4	324.4
Apr. (p)	2,946.2	1,511.9	19.0	0.7	1,492.3	478.9	377.6	4.5	96.8	-	16.4	609.9	8.4	321.0
	MFIs excluding the Eurosystem													
2007	29,500.2	16,893.0	954.5	10,144.3	5,794.2	3,950.6	1,197.1	1,013.2	1,740.3	93.5	1,293.8	4,878.9	205.7	2,184.7
2008	31,842.1	18,052.6	968.4	10,772.1	6,312.0	4,630.0	1,245.9	1,406.8	1,977.4	98.7	1,196.1	4,754.3	211.4	2,898.9
2009 Q4	31,153.8	17,703.7	1,002.3	10,780.3	5,921.1	5,061.5	1,483.9	1,496.8	2,080.8	85.1	1,234.9	4,258.1	220.4	2,590.2
2010 Q1	31,566.8	17,742.3	1,033.0	10,795.4	5,913.9	5,128.6	1,551.6	1,482.1	2,094.8	77.7	1,227.6	4,421.3	218.0	2,751.3
2010 Jan.	31,408.1	17,723.1	1,013.9	10,770.2	5,939.0	5,077.0	1,496.5	1,493.2	2,087.4	86.9	1,250.2	4,383.5	219.7	2,667.6
Feb.	31,525.0	17,712.6	1,009.1	10,773.5	5,930.0	5,094.9	1,523.7	1,497.4	2,073.7	85.6	1,232.7	4,432.0	218.2	2,749.0
Mar.	31,566.8	17,742.3	1,033.0	10,795.4	5,913.9	5,128.6	1,551.6	1,482.1	2,094.8	77.7	1,227.6	4,421.3	218.0	2,751.3
Apr. (p)	31,983.4	17,890.7	1,037.0	10,816.4	6,037.3	5,139.9	1,564.4	1,491.4	2,084.0	76.7	1,270.8	4,519.2	218.0	2,868.4

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										
2007	2,046.2	697.0	739.1	23.9	19.1	696.2	-	0.1	238.0	113.9	258.1
2008	2,982.9	784.7	1,240.7	68.8	16.6	1,155.2	-	0.1	273.8	377.8	305.9
2009 Q4	2,829.9	829.3	1,185.7	102.6	22.6	1,060.5	-	0.1	320.9	140.2	353.7
2010 Q1	2,880.9	819.9	1,222.8	101.2	22.0	1,099.6	-	0.1	353.0	135.4	349.6
2010 Jan.	2,823.5	806.2	1,204.1	116.3	23.5	1,064.2	-	0.1	328.4	133.5	351.3
Feb.	2,867.1	807.0	1,225.9	107.0	23.6	1,095.2	-	0.1	344.7	138.1	351.4
Mar.	2,880.9	819.9	1,222.8	101.2	22.0	1,099.6	-	0.1	353.0	135.4	349.6
Apr. (p)	2,946.2	821.1	1,264.2	87.8	22.0	1,154.4	-	0.1	369.2	140.1	351.5
	MFIs excluding the Eurosystem										
2007	29,500.2	-	15,141.9	126.9	8,927.5	6,087.5	754.1	4,630.9	1,683.6	4,538.6	2,751.1
2008	31,842.1	-	16,740.2	191.0	9,690.4	6,858.8	824.8	4,848.4	1,767.6	4,404.3	3,256.9
2009 Q4	31,153.8	-	16,465.8	144.2	10,034.6	6,287.1	732.3	4,919.1	1,921.0	4,099.8	3,015.8
2010 Q1	31,566.8	-	16,419.7	166.3	10,024.3	6,229.1	705.8	5,013.0	1,928.1	4,290.0	3,210.3
2010 Jan.	31,408.1	-	16,461.2	161.1	10,009.6	6,290.5	738.8	4,975.7	1,920.4	4,227.0	3,084.9
Feb.	31,525.0	-	16,460.3	166.5	10,012.0	6,281.8	729.4	4,961.0	1,916.9	4,285.4	3,172.0
Mar.	31,566.8	-	16,419.7	166.3	10,024.3	6,229.1	705.8	5,013.0	1,928.1	4,290.0	3,210.3
Apr. (p)	31,983.4	-	16,591.8	159.6	10,111.3	6,320.9	713.9	5,024.2	1,932.0	4,404.8	3,316.7

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

2.2 Consolidated balance sheet of euro area MFIs 1)

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

1. Assets

	Total	Loans to euro area residents: Total	General government	Other euro area residents	Holdings of securities other than shares issued by euro area residents: Total	General government	Other euro area residents	Holdings of shares/ other equity issued by other euro area residents	External assets	Fixed assets	Remaining assets
	1	2	3	4	5	6	7	8	9	10	11
					Outstanding amounts						
2007	22,380.4	11,119.4	974.4	10,144.9	2,469.4	1,454.3	1,015.1	882.2	5,310.0	214.6	2,384.7
2008	24,126.7	11,761.8	989.0	10,772.8	2,974.7	1,565.5	1,409.2	784.2	5,239.0	220.0	3,147.1
2009 Q4	23,862.6	11,802.7	1,021.7	10,781.0	3,352.5	1,852.2	1,500.3	811.8	4,815.8	228.9	2,851.0
2010 Q1	24,311.4	11,848.7	1,052.6	10,796.1	3,413.9	1,927.7	1,486.2	793.6	5,004.3	226.4	3,024.5
2010 Jan.	24,090.2	11,804.2	1,033.3	10,770.9	3,357.7	1,860.7	1,497.0	815.6	4,946.7	228.1	2,937.7
Feb.	24,260.7	11,802.7	1,028.5	10,774.2	3,398.7	1,897.4	1,501.2	801.4	5,017.8	226.6	3,013.6
Mar.	24,311.4	11,848.7	1,052.6	10,796.1	3,413.9	1,927.7	1,486.2	793.6	5,004.3	226.4	3,024.5
Apr. (p)	24,632.3	11,873.1	1,056.0	10,817.1	3,438.0	1,942.1	1,495.9	825.5	5,129.1	226.4	3,140.9
					Transactions						
2007	2,621.2	1,014.4	-10.0	1,024.4	289.0	-38.3	327.3	55.5	832.9	-1.2	431.1
2008	1,711.0	599.0	12.8	586.2	499.4	90.1	409.2	-56.0	-56.3	-3.0	728.9
2009 Q4	-124.2	-3.3	10.2	-13.5	-5.7	-11.4	5.7	9.2	-34.7	3.9	-93.5
2010 Q1	270.4	26.9	30.4	-3.4	52.2	71.7	-19.5	-13.0	54.0	-2.6	152.8
2010 Jan.	125.8	-18.8	11.3	-30.1	2.0	8.6	-6.6	4.9	62.5	-0.7	75.8
Feb.	117.6	-2.6	-4.9	2.4	34.4	31.9	2.5	-12.1	16.7	-1.8	83.0
Mar.	27.0	48.3	24.0	24.3	15.8	31.2	-15.3	-5.9	-25.2	0.0	-6.0
Apr. (p)	275.1	30.4	3.3	27.2	23.1	14.1	9.0	34.8	71.9	0.0	115.5

2. Liabilities

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Money market fund shares/ units 2)	Debt securities issued 3)	Capital and reserves	External liabilities	Remaining liabilities	Excess of inter-MFI liabilities over inter-MFI assets
	1	2	3	4	5	6	7	8	9	10
					Outstanding amounts					
2007	22,380.4	638.6	150.8	8,946.6	660.4	2,849.1	1,492.7	4,652.5	3,009.2	-19.7
2008	24,126.7	722.9	259.8	9,707.1	725.7	2,830.7	1,615.2	4,782.1	3,562.7	-79.9
2009 Q4	23,862.6	770.1	246.8	10,057.2	646.9	2,758.5	1,802.3	4,240.0	3,369.6	-29.0
2010 Q1	24,311.4	768.7	267.4	10,046.3	628.1	2,826.0	1,830.6	4,425.4	3,559.9	-41.0
2010 Jan.	24,090.2	757.2	277.4	10,033.2	651.9	2,804.8	1,798.1	4,360.4	3,436.2	-29.1
Feb.	24,260.7	759.7	273.5	10,035.6	643.7	2,799.4	1,814.1	4,423.5	3,523.4	-12.2
Mar.	24,311.4	768.7	267.4	10,046.3	628.1	2,826.0	1,830.6	4,425.4	3,559.9	-41.0
Apr. (p)	24,632.3	772.7	247.4	10,133.2	636.9	2,843.5	1,839.4	4,544.9	3,668.3	-54.3
					Transactions					
2007	2,621.2	45.8	-13.4	887.5	54.5	269.3	143.4	857.8	446.6	-70.4
2008	1,711.0	83.3	106.1	700.3	29.4	-32.0	139.0	93.1	616.2	-24.6
2009 Q4	-124.2	29.4	-48.6	103.1	-46.1	-22.8	52.8	-87.6	-139.2	34.8
2010 Q1	270.4	-1.3	20.7	-33.0	-19.1	41.6	-0.7	76.3	191.7	-5.7
2010 Jan.	125.8	-12.8	30.7	-32.3	4.7	30.3	-8.8	56.3	72.0	-14.2
Feb.	117.6	2.4	-3.9	-10.6	-8.2	-13.3	-1.0	28.9	100.8	22.5
Mar.	27.0	9.0	-6.1	9.8	-15.6	24.7	9.2	-8.8	18.9	-14.0
Apr. (p)	275.1	4.0	-20.0	82.8	4.8	13.5	-4.7	90.2	111.7	-7.4

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

2.3 Monetary statistics [1]

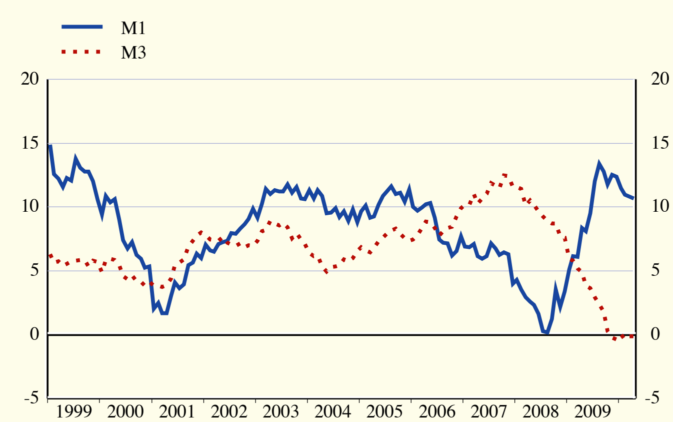
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

1. Monetary aggregates [2] and counterparts

	M3					M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents			Net external assets [3]
	M2			M3-M2						Loans	Memo item: Loans adjusted for sales and securitisation [4]	
	M1	M2-M1										
	1	2	3	4	5	6	7	8	9	10	11	12
						Outstanding amounts						
2007	3,831.9	3,508.3	7,340.2	1,302.6	8,642.8	-	6,019.1	2,449.9	12,053.7	10,153.6	-	638.7
2008	3,980.2	4,033.1	8,013.3	1,372.0	9,385.4	-	6,285.9	2,576.2	12,965.8	10,777.2	-	437.2
2009 Q4	4,492.2	3,688.4	8,180.6	1,146.3	9,327.0	-	6,757.7	2,899.9	13,083.3	10,779.2	-	555.7
2010 Q1	4,567.8	3,652.6	8,220.4	1,102.5	9,322.9	-	6,895.6	2,979.4	13,090.5	10,801.2	-	590.5
2010 Jan.	4,538.0	3,665.0	8,203.0	1,099.5	9,302.5	-	6,839.5	2,897.3	13,099.2	10,774.1	-	570.2
Feb.	4,561.1	3,659.6	8,220.7	1,091.1	9,311.8	-	6,872.5	2,929.6	13,118.3	10,795.6	-	572.7
Mar.	4,567.8	3,652.6	8,220.4	1,102.5	9,322.9	-	6,895.6	2,979.4	13,090.5	10,801.2	-	590.5
Apr. (p)	4,648.3	3,617.7	8,266.1	1,125.5	9,391.6	-	6,944.2	2,986.1	13,097.8	10,819.0	-	611.5
						Transactions						
2007	148.3	528.6	676.9	220.2	897.1	-	507.7	-51.0	1,403.5	1,024.8	1,115.4	-26.0
2008	130.2	484.0	614.1	47.8	661.9	-	253.1	103.1	927.9	581.9	737.8	-150.3
2009 Q4	89.6	-102.4	-12.8	-24.9	-37.7	-	52.5	17.1	-19.9	-4.6	-6.1	27.8
2010 Q1	71.7	-46.3	25.3	-43.4	-18.1	-	74.4	75.2	-11.7	3.5	-5.8	9.4
2010 Jan.	43.7	-27.1	16.6	-46.2	-29.6	-	57.5	-2.7	-6.5	-25.2	-29.5	10.3
Feb.	21.2	-11.7	9.5	-8.6	0.9	-	3.4	27.3	18.6	20.7	17.7	-17.6
Mar.	6.7	-7.5	-0.8	11.4	10.6	-	13.5	50.6	-23.8	8.0	6.0	16.8
Apr. (p)	79.3	-37.1	42.3	22.0	64.3	-	27.3	6.3	15.5	24.0	26.0	-2.6
						Growth rates						
2007	4.0	17.8	10.2	20.1	11.6	11.9	9.3	-2.2	13.2	11.2	12.1	-26.0
2008	3.4	13.7	8.3	3.6	7.6	7.1	4.2	4.2	7.7	5.7	7.1	-150.3
2009 Q4	12.4	-9.1	1.6	-11.6	-0.3	-0.2	6.6	11.9	0.6	-0.2	0.2	122.9
2010 Q1	10.8	-8.0	1.6	-10.9	-0.1	-0.2	5.8	9.8	0.1	-0.2	-0.1	155.9
2010 Jan.	11.5	-8.1	1.8	-11.1	0.0	-0.2	6.3	9.7	0.2	-0.6	-0.3	199.6
Feb.	11.0	-8.1	1.6	-12.6	-0.4	-0.2	5.6	9.2	0.2	-0.4	-0.2	139.2
Mar.	10.8	-8.0	1.6	-10.9	-0.1	-0.2	5.8	9.8	0.1	-0.2	-0.1	155.9
Apr. (p)	10.7	-8.5	1.4	-9.2	-0.1	.	5.7	8.7	0.3	0.1	0.1	95.1

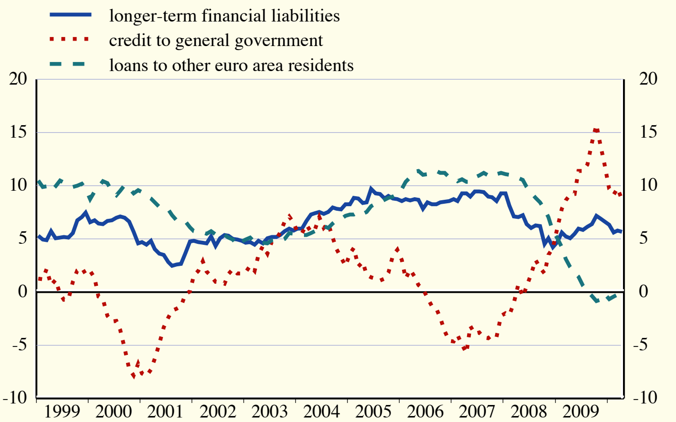
C1 Monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C2 Counterparts [1]

(annual growth rates; seasonally adjusted)



Source: ECB.

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

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

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

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

2.3 Monetary statistics [1]

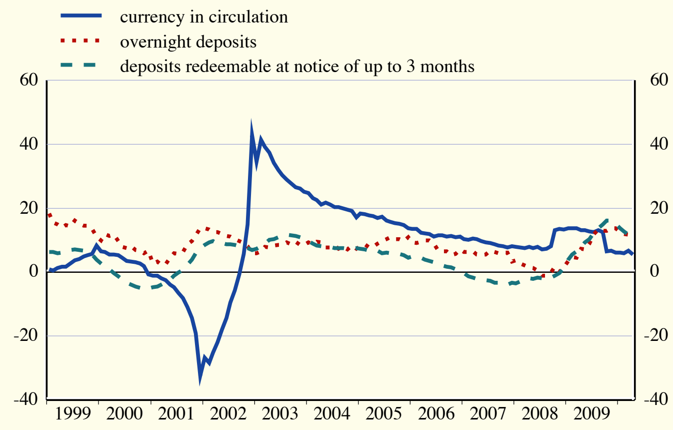
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

	Currency in circulation	Overnight deposits	Deposits with an agreed maturity of up to 2 years	Deposits redeemable at notice of up to 3 months	Repos	Money market fund shares/units	Debt securities with a maturity of up to 2 years	Debt securities with a maturity of over 2 years	Deposits redeemable at notice of over 3 months	Deposits with an agreed maturity of over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
						Outstanding amounts					
2007	625.9	3,206.0	1,966.8	1,541.5	304.6	685.8	312.2	2,548.1	119.6	1,867.6	1,483.7
2008	710.6	3,269.7	2,464.5	1,568.6	350.3	754.9	266.9	2,576.0	121.6	1,984.4	1,603.9
2009 Q4	755.3	3,736.9	1,883.0	1,805.4	340.3	673.5	132.6	2,638.4	131.9	2,198.3	1,789.1
2010 Q1	775.5	3,792.4	1,816.8	1,835.8	343.0	625.3	134.2	2,693.5	132.2	2,241.1	1,828.8
2010 Jan.	760.8	3,777.1	1,844.5	1,820.5	308.7	658.5	132.3	2,689.0	131.7	2,226.0	1,792.8
Feb.	764.8	3,796.3	1,830.1	1,829.5	323.6	641.7	125.8	2,681.0	131.2	2,245.2	1,815.0
Mar.	775.5	3,792.4	1,816.8	1,835.8	343.0	625.3	134.2	2,693.5	132.2	2,241.1	1,828.8
Apr. (p)	769.2	3,879.1	1,777.0	1,840.7	359.2	627.4	138.9	2,709.0	131.2	2,256.4	1,847.6
						Transactions					
2007	46.7	101.6	580.6	-52.0	41.0	58.5	120.6	149.3	9.8	207.3	141.3
2008	83.6	46.5	463.4	20.5	47.0	32.6	-31.9	1.2	0.7	114.6	136.7
2009 Q4	8.8	80.9	-147.6	45.2	12.4	-23.6	-13.7	4.4	-1.1	4.9	44.3
2010 Q1	20.2	51.5	-75.7	29.4	2.5	-48.5	2.5	28.0	0.3	35.4	10.7
2010 Jan.	5.6	38.2	-41.3	14.2	-31.7	-15.2	0.7	33.3	-0.2	25.4	-1.0
Feb.	4.0	17.3	-20.6	8.9	14.9	-16.8	-6.7	-15.7	-0.5	14.4	5.2
Mar.	10.7	-4.0	-13.8	6.3	19.4	-16.5	8.5	10.5	1.0	-4.5	6.4
Apr. (p)	-6.3	85.6	-41.8	4.7	16.2	-1.9	7.7	8.5	-0.8	14.4	5.2
						Growth rates					
2007	8.1	3.3	41.2	-3.3	15.5	9.2	62.1	6.3	9.6	12.4	10.8
2008	13.3	1.4	23.3	1.3	15.3	4.7	-10.6	0.1	0.5	6.1	9.3
2009 Q4	6.1	13.8	-24.4	15.1	-2.8	-1.8	-50.1	3.0	7.2	9.6	8.6
2010 Q1	6.8	11.7	-22.0	11.8	1.3	-11.7	-29.8	3.2	5.5	7.0	8.2
2010 Jan.	6.2	12.6	-22.7	13.7	-4.9	-5.7	-38.3	3.8	6.1	8.5	7.6
Feb.	6.0	12.0	-22.5	12.7	-1.2	-9.4	-41.0	2.7	5.9	8.1	7.2
Mar.	6.8	11.7	-22.0	11.8	1.3	-11.7	-29.8	3.2	5.5	7.0	8.2
Apr. (p)	5.5	11.8	-22.5	10.6	7.3	-11.2	-29.7	3.7	3.9	6.9	7.5

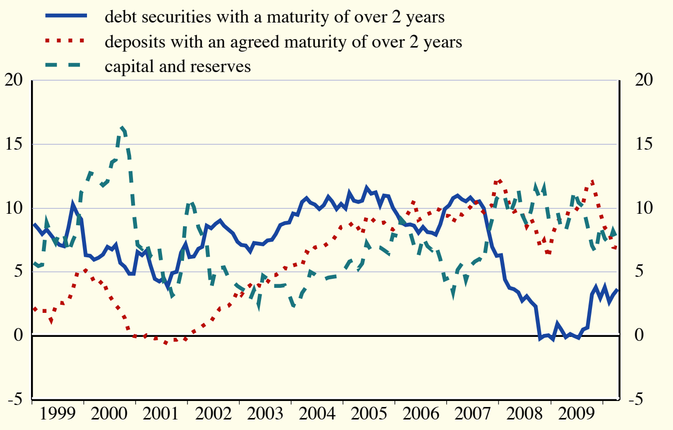
C3 Components of monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C4 Components of longer-term financial liabilities [1]

(annual growth rates; seasonally adjusted)



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

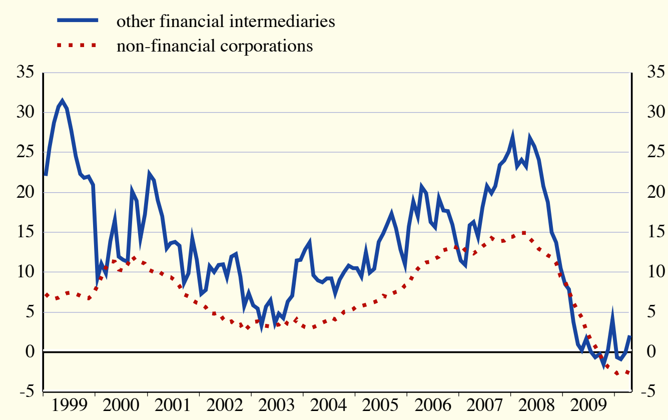
2.4 MFI loans: breakdown [1), 2)]

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

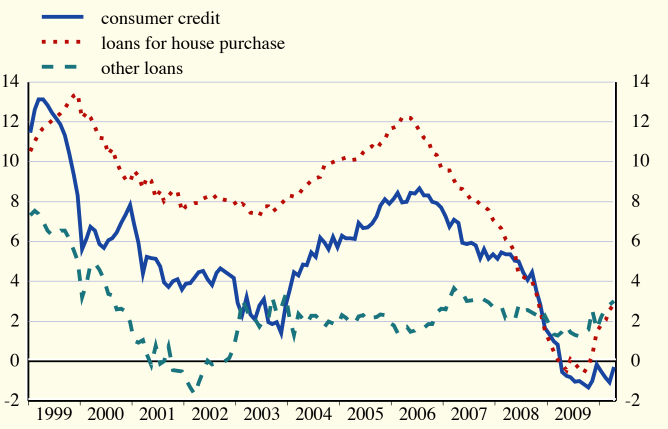
1. Loans to financial intermediaries, non-financial corporations and households

	Insurance corporations and pension funds	Other financial intermediaries [3)]	Non-financial corporations				Households [4)]			
	Total	Total	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Consumer credit	Loans for house purchase	Other loans
	1	2	3	4	5	6	7	8	9	10
					Outstanding amounts					
2007	107.5	876.6	4,384.6	1,282.9	859.8	2,241.9	4,784.9	616.7	3,421.0	747.3
2008	104.9	973.0	4,822.5	1,381.6	961.1	2,479.8	4,876.8	631.0	3,482.3	763.5
2009 Q4	90.0	1,059.9	4,685.9	1,185.8	936.9	2,563.2	4,943.4	630.3	3,542.4	770.6
2010 Q1	87.4	1,048.6	4,684.0	1,173.3	923.0	2,587.6	4,981.2	622.0	3,580.4	778.8
2010 Jan.	87.5	1,049.1	4,681.3	1,185.6	929.6	2,566.2	4,956.0	627.1	3,554.8	774.2
Feb.	91.3	1,042.4	4,694.8	1,183.9	931.2	2,579.7	4,967.1	624.8	3,565.5	776.9
Mar.	87.4	1,048.6	4,684.0	1,173.3	923.0	2,587.6	4,981.2	622.0	3,580.4	778.8
Apr. (p)	90.5	1,068.3	4,663.5	1,155.9	918.8	2,588.7	4,996.6	624.0	3,593.2	779.5
					Transactions					
2007	16.7	175.2	554.9	145.6	155.7	253.6	278.0	31.4	226.5	20.0
2008	-3.7	87.2	418.7	86.8	119.8	212.0	79.8	10.4	52.3	17.1
2009 Q4	-3.4	10.3	-46.3	-45.4	-15.1	14.2	34.9	0.4	30.1	4.3
2010 Q1	-2.7	-32.4	-0.3	-3.0	-10.9	13.5	38.9	-4.4	35.5	7.8
2010 Jan.	-2.5	-29.5	-5.7	-0.7	-6.5	1.5	12.5	-1.8	11.5	2.9
Feb.	3.7	-6.6	12.1	-2.2	1.9	12.4	11.4	-1.8	10.1	3.0
Mar.	-3.9	3.6	-6.7	-0.1	-6.3	-0.3	15.0	-0.9	13.9	1.9
Apr. (p)	3.0	18.6	-14.3	-17.4	-0.6	3.7	16.5	0.6	12.8	3.2
					Growth rates					
2007	18.2	24.7	14.5	12.8	22.0	12.8	6.2	5.4	7.1	2.7
2008	-3.5	10.0	9.5	6.7	13.9	9.4	1.7	1.7	1.5	2.3
2009 Q4	-13.0	3.6	-2.2	-13.1	-1.9	3.8	1.3	-0.1	1.5	1.6
2010 Q1	-11.3	0.1	-2.4	-10.6	-4.4	2.7	2.1	-1.1	2.6	2.8
2010 Jan.	-10.3	-0.5	-2.7	-12.9	-3.4	3.1	1.6	-0.5	1.8	2.2
Feb.	-5.4	-0.6	-2.4	-12.0	-3.5	3.1	1.8	-0.8	2.1	2.7
Mar.	-11.3	0.1	-2.4	-10.6	-4.4	2.7	2.1	-1.1	2.6	2.8
Apr. (p)	-7.4	2.2	-2.6	-10.9	-4.9	2.6	2.5	-0.3	2.9	3.0

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



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



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

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

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

2. Loans to financial intermediaries and non-financial corporations

	Insurance corporations and pension funds				Other financial intermediaries [3)]				Non-financial corporations			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2008	93.7	69.3	6.2	18.2	962.5	555.4	169.0	238.1	4,828.2	1,377.4	961.3	2,489.5
2009 Q4	80.3	57.4	7.0	15.9	1,052.9	593.4	186.2	273.3	4,692.3	1,181.7	937.3	2,573.3
2010 Q1	87.1	65.4	5.8	15.9	1,056.2	594.5	184.8	276.9	4,680.5	1,170.1	924.2	2,586.2
2010 Feb.	88.2	66.5	5.7	16.0	1,036.0	576.2	183.6	276.2	4,689.9	1,180.1	929.8	2,580.0
Mar.	87.1	65.4	5.8	15.9	1,056.2	594.5	184.8	276.9	4,680.5	1,170.1	924.2	2,586.2
Apr. (p)	92.2	70.2	5.9	16.0	1,076.1	612.7	185.5	277.9	4,667.6	1,159.6	920.4	2,587.6
	Transactions											
2008	-3.4	-3.1	-1.3	1.0	90.2	27.7	20.1	42.4	419.2	86.1	120.0	213.1
2009 Q4	-14.0	-14.2	-0.8	1.0	-9.9	-5.5	-5.2	0.8	-29.4	-46.1	-12.5	29.1
2010 Q1	6.6	7.9	-1.3	0.0	-17.8	-14.9	-5.9	3.0	-10.2	-2.2	-10.1	2.1
2010 Feb.	2.1	4.0	-1.6	-0.3	-7.3	-7.6	-0.5	0.8	1.7	-6.5	0.9	7.2
Mar.	-1.2	-1.1	0.0	-0.1	17.7	19.2	-1.8	0.2	-5.3	0.4	-3.7	-2.0
Apr. (p)	5.1	4.9	0.2	0.1	18.8	17.5	0.5	0.7	-6.7	-10.5	-0.2	4.0
	Growth rates											
2008	-3.5	-4.3	-17.8	6.1	10.5	5.5	13.5	22.0	9.5	6.7	13.9	9.4
2009 Q4	-13.1	-17.1	14.2	-4.8	4.1	4.3	4.4	3.1	-2.2	-13.1	-1.9	3.8
2010 Q1	-11.2	-12.5	-13.4	-3.2	-0.1	-0.7	-5.6	5.3	-2.4	-10.6	-4.4	2.7
2010 Feb.	-5.5	-4.9	-17.4	-1.7	-0.9	-2.0	-4.2	3.5	-2.4	-12.0	-3.5	3.1
Mar.	-11.2	-12.5	-13.4	-3.2	-0.1	-0.7	-5.6	5.3	-2.4	-10.6	-4.4	2.7
Apr. (p)	-7.5	-8.1	-4.6	-4.7	2.1	3.5	-5.5	4.2	-2.6	-10.9	-4.9	2.6

3. Loans to households [4)]

	Total	Consumer credit				Loans for house purchase				Other loans			
		Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2008	4,887.8	633.0	138.8	196.2	298.0	3,490.4	17.2	67.5	3,405.7	764.4	155.0	90.4	519.0
2009 Q4	4,954.8	632.3	135.6	195.0	301.8	3,550.8	14.8	60.9	3,475.1	771.6	146.2	87.3	538.1
2010 Q1	4,971.6	619.8	130.5	191.1	298.2	3,574.8	14.8	60.7	3,499.3	777.1	147.0	85.5	544.6
2010 Feb.	4,959.4	619.8	130.6	191.2	297.9	3,564.4	14.6	60.8	3,489.0	775.2	146.8	85.6	542.8
Mar.	4,971.6	619.8	130.5	191.1	298.2	3,574.8	14.8	60.7	3,499.3	777.1	147.0	85.5	544.6
Apr. (p)	4,980.6	621.6	130.2	191.5	299.9	3,582.4	14.8	60.6	3,507.0	776.6	145.7	83.9	547.0
	Transactions												
2008	80.2	10.4	1.0	-9.1	18.6	52.6	1.1	-3.8	55.3	17.1	2.5	-5.4	20.0
2009 Q4	39.8	0.6	3.0	-1.1	-1.3	34.4	-0.4	-1.6	36.4	4.8	-2.4	0.0	7.2
2010 Q1	17.9	-8.8	-3.5	-2.6	-2.6	21.4	0.0	0.1	21.4	5.2	0.3	-1.0	6.0
2010 Feb.	5.9	-3.8	-3.0	-0.5	-0.3	7.5	-0.1	-0.2	7.8	2.1	0.0	-0.1	2.2
Mar.	13.1	1.9	1.0	0.7	0.2	9.3	0.1	0.2	9.0	2.0	0.1	-0.1	2.0
Apr. (p)	10.0	0.5	-0.3	-0.5	1.3	7.6	0.0	-0.1	7.7	1.9	-1.2	-0.4	3.6
	Growth rates												
2008	1.7	1.7	0.7	-4.4	6.7	1.5	7.0	-5.2	1.7	2.3	1.7	-5.2	4.0
2009 Q4	1.3	-0.1	-0.9	-2.2	1.6	1.5	-15.3	-12.0	1.8	1.6	-5.1	-1.9	4.2
2010 Q1	2.1	-1.1	-1.7	-2.4	0.1	2.6	-10.4	-7.4	2.8	2.8	-2.2	-1.5	5.0
2010 Feb.	1.8	-0.8	-1.9	-2.8	0.9	2.1	-15.2	-9.3	2.4	2.7	-1.8	-1.6	4.7
Mar.	2.1	-1.1	-1.7	-2.4	0.1	2.6	-10.4	-7.4	2.8	2.8	-2.2	-1.5	5.0
Apr. (p)	2.5	-0.3	-0.7	-1.8	0.9	2.9	-7.8	-7.4	3.1	3.0	-1.3	-2.4	5.2

Source: ECB.

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

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

3) Including investment funds.

4) Including non-profit institutions serving households.

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

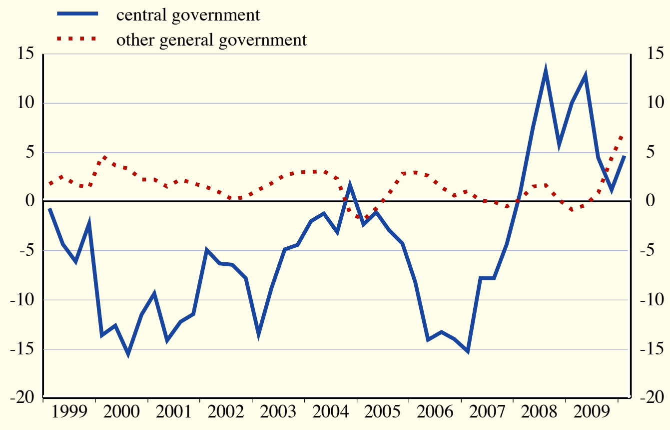
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

4. Loans to government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2008	968.4	227.1	210.1	509.0	22.2	3,247.8	2,282.0	965.8	57.8	908.1
2009	1,002.3	229.9	211.0	527.7	33.8	2,826.3	1,917.4	908.9	46.3	862.6
2009 Q2	999.0	249.4	206.5	514.5	28.6	2,949.2	1,999.9	949.3	57.1	892.2
Q3	994.7	235.9	209.7	518.3	30.7	2,808.1	1,894.1	914.0	47.7	866.2
Q4	1,002.3	229.9	211.0	527.7	33.8	2,826.3	1,917.4	908.9	46.3	862.6
2010 Q1 (p)	1,033.0	244.0	210.5	543.6	34.9	2,956.1	1,986.9	969.1	47.5	921.6
	Transactions									
2008	13.7	12.4	-8.1	16.5	-7.2	-59.3	-85.8	26.4	0.3	26.1
2009	36.0	2.8	0.9	20.8	11.5	-385.5	-346.8	-39.3	-1.5	-37.8
2009 Q2	28.0	16.9	0.9	2.6	7.6	-72.3	-78.9	6.9	-1.1	8.1
Q3	-4.2	-13.4	3.2	3.9	2.1	-75.1	-70.0	-5.1	0.8	-5.9
Q4	10.2	-6.2	1.3	12.0	3.1	-4.0	10.6	-15.4	-1.4	-14.0
2010 Q1 (p)	30.3	13.6	-0.4	16.0	1.2	55.8	26.7	32.1	0.0	32.1
	Growth rates									
2008	1.4	5.8	-3.7	3.3	-24.5	-1.8	-3.6	2.8	0.5	3.0
2009	3.7	1.2	0.5	4.1	52.0	-11.8	-15.1	-4.1	-3.1	-4.2
2009 Q2	2.6	12.8	-4.1	3.9	-31.9	-13.8	-16.5	-7.5	-7.8	-7.5
Q3	1.7	4.5	-0.2	4.4	-32.3	-18.2	-21.9	-9.4	-1.3	-9.9
Q4	3.7	1.2	0.5	4.1	52.0	-11.8	-15.1	-4.1	-3.1	-4.2
2010 Q1 (p)	6.6	4.7	2.4	6.8	66.2	-3.1	-5.3	2.0	-3.5	2.3

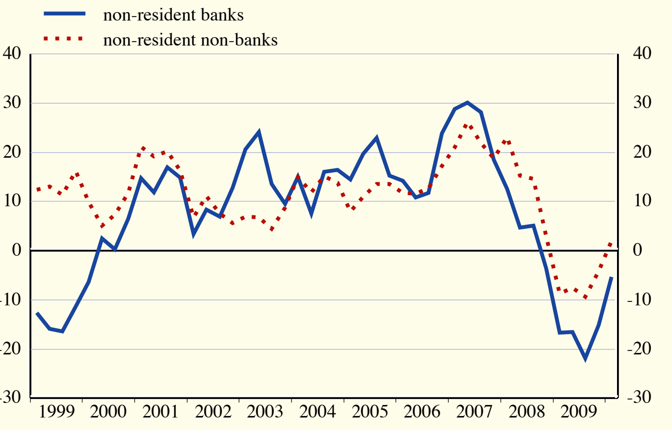
C7 Loans to government [2)]

(annual growth rates; not seasonally adjusted)



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

(annual growth rates; not seasonally adjusted)



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

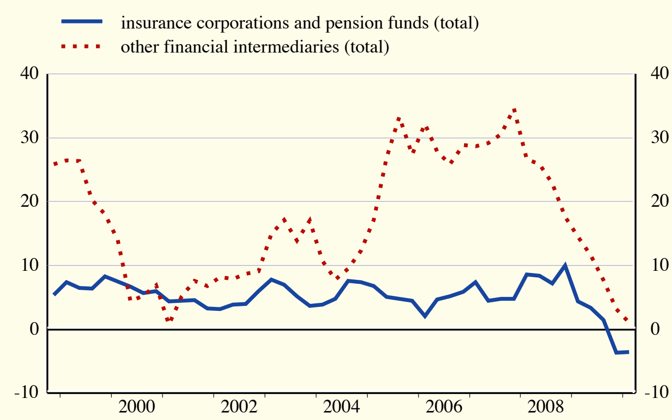
2.5 Deposits held with MFIs: breakdown [1), 2)]

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

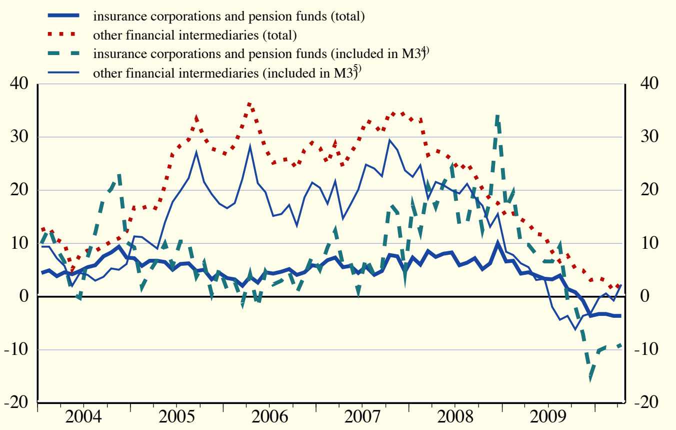
1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries [3)]						
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts													
2007	689.5	70.8	69.6	526.4	0.8	1.1	20.8	1,525.0	311.8	345.5	708.1	12.2	0.3	147.1
2008	761.9	84.4	114.3	537.5	1.1	1.5	23.1	1,803.1	320.3	420.6	852.9	12.3	0.1	197.0
2009 Q4	738.3	84.2	87.0	543.3	2.2	1.4	20.2	1,873.1	313.4	335.3	957.6	15.9	0.0	250.9
2010 Q1	735.8	87.1	84.9	539.7	2.5	1.4	20.2	1,886.8	329.1	311.9	956.7	17.1	0.1	272.0
2010 Jan.	743.4	94.0	83.1	540.2	2.3	1.4	22.3	1,877.2	342.4	323.2	960.9	17.0	0.1	233.6
Feb.	736.4	90.3	85.6	539.5	2.3	1.4	17.3	1,897.4	334.4	327.4	962.9	17.0	0.2	255.5
Mar.	735.8	87.1	84.9	539.7	2.5	1.4	20.2	1,886.8	329.1	311.9	956.7	17.1	0.1	272.0
Apr. (p)	735.8	88.4	84.5	540.7	2.5	1.4	18.3	1,948.4	367.3	301.8	966.3	18.4	0.2	294.4
	Transactions													
2007	31.3	0.8	10.4	24.7	-0.3	-0.3	-4.1	394.9	33.9	98.7	236.3	1.7	0.1	24.1
2008	69.4	12.4	42.8	12.3	-0.3	0.1	2.2	268.9	4.5	71.8	142.3	-0.3	-0.3	51.0
2009 Q4	-4.6	0.6	0.8	-7.3	0.3	0.0	1.1	-17.1	-1.9	-4.3	-9.8	1.4	-0.1	-2.4
2010 Q1	-3.8	2.7	-3.1	-3.7	0.3	0.0	0.0	-3.0	13.4	-30.2	-8.3	1.1	0.1	20.9
2010 Jan.	4.8	9.7	-4.0	-3.1	0.2	0.0	2.1	-0.3	27.9	-13.1	1.2	1.1	0.0	-17.4
Feb.	-7.2	-3.8	2.4	-0.7	0.0	0.0	-5.0	9.2	-8.8	-0.9	-2.9	-0.1	0.1	21.8
Mar.	-1.4	-3.2	-1.5	0.2	0.2	0.0	3.0	-12.0	-5.7	-16.2	-6.6	0.0	0.0	16.5
Apr. (p)	-0.1	1.3	-0.5	0.9	0.0	0.0	-1.9	58.3	37.4	-11.7	8.8	1.3	0.0	22.4
	Growth rates													
2007	4.8	1.1	17.5	4.9	-25.3	-	-16.4	34.5	12.0	39.7	49.5	16.4	-	19.1
2008	10.0	17.3	60.0	2.3	-23.4	-	10.5	17.6	1.4	20.9	20.0	-2.5	-	34.6
2009 Q4	-3.6	-1.1	-26.5	1.0	96.8	-	-12.3	3.1	2.0	-22.0	10.0	30.0	-	27.4
2010 Q1	-3.5	-4.7	-16.4	-1.1	53.8	-	-5.6	1.1	2.7	-15.2	3.0	18.1	-	15.9
2010 Jan.	-3.3	-7.7	-17.9	-0.5	89.2	-	10.8	3.5	4.2	-13.1	7.4	33.6	-	14.1
Feb.	-3.2	-3.1	-14.6	-0.8	64.7	-	-18.9	3.1	2.1	-13.0	5.7	21.7	-	20.6
Mar.	-3.5	-4.7	-16.4	-1.1	53.8	-	-5.6	1.1	2.7	-15.2	3.0	18.1	-	15.9
Apr. (p)	-3.6	-2.1	-15.7	-1.6	42.3	-	-12.1	2.7	11.3	-20.0	3.2	22.0	-	23.7

C9 Total deposits by sector [2)]
(annual growth rates)



C10 Total deposits and deposits included in M3 by sector [2)] (annual growth rates)



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

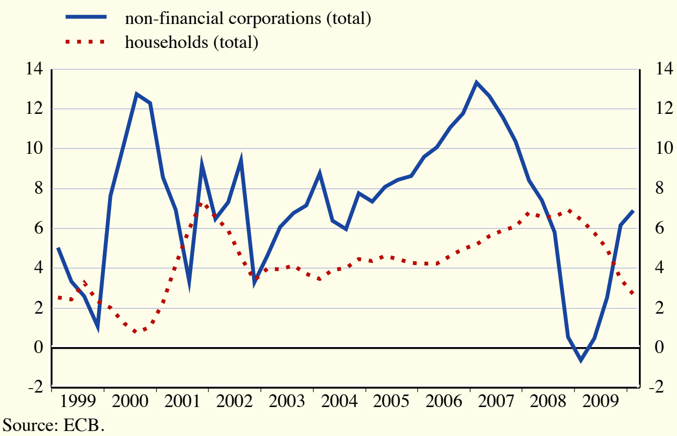
2.5 Deposits held with MFIs: breakdown [1), 2)]

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

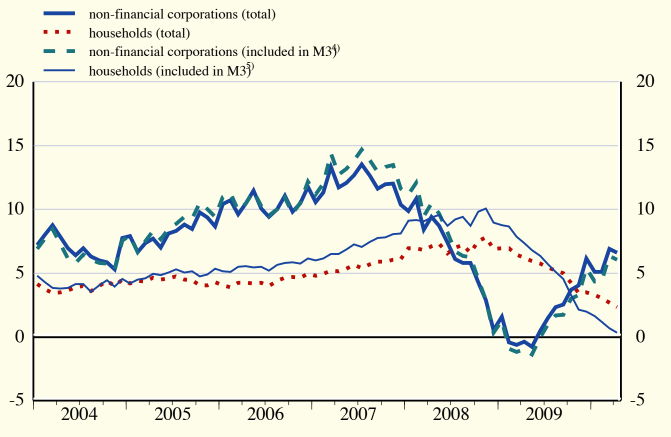
2. Deposits by non-financial corporations and households

	Non-financial corporations							Households [3)]						
	Total	Overnight	With an agreed maturity of: Up to 2 years	With an agreed maturity of: Over 2 years	Redeemable at notice of: Up to 3 months	Redeemable at notice of: Over 3 months	Repos	Total	Overnight	With an agreed maturity of: Up to 2 years	With an agreed maturity of: Over 2 years	Redeemable at notice of: Up to 3 months	Redeemable at notice of: Over 3 months	Repos
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Outstanding amounts														
2007	1,477.2	884.0	479.4	59.5	29.3	1.4	23.7	4,989.0	1,777.4	993.3	561.5	1,458.6	111.1	87.1
2008	1,502.8	883.4	502.2	64.4	27.9	1.3	23.7	5,368.6	1,813.3	1,350.0	517.9	1,490.2	113.6	83.7
2009 Q4	1,603.3	1,001.2	434.7	80.7	68.7	1.7	16.3	5,590.9	2,155.6	988.5	605.6	1,680.2	123.7	37.3
2010 Q1	1,576.5	982.4	423.8	82.9	72.9	1.8	12.6	5,593.7	2,157.8	925.0	631.6	1,721.5	121.7	36.1
2010 Jan.	1,548.0	964.5	418.3	81.6	68.7	1.7	13.2	5,611.5	2,174.1	953.9	615.5	1,708.9	122.2	37.0
Feb.	1,534.7	954.1	414.8	81.7	70.7	1.8	11.7	5,611.7	2,176.5	935.8	625.0	1,715.9	121.6	37.0
Mar.	1,576.5	982.4	423.8	82.9	72.9	1.8	12.6	5,593.7	2,157.8	925.0	631.6	1,721.5	121.7	36.1
Apr. (p)	1,588.6	995.1	420.3	83.7	73.7	1.9	13.8	5,608.3	2,184.1	909.5	634.6	1,726.3	119.8	33.9
Transactions														
2007	140.2	34.1	126.8	-8.1	-10.8	-0.7	-1.1	282.9	22.4	320.9	-45.4	-43.2	11.2	17.1
2008	7.8	-5.1	13.3	3.2	-3.4	-0.3	0.0	347.5	28.7	335.5	-43.1	28.1	1.7	-3.4
2009 Q4	51.7	49.4	-10.0	2.7	10.4	0.2	-1.1	90.8	102.5	-96.5	45.0	43.3	2.3	-5.8
2010 Q1	-28.5	-20.3	-11.3	2.5	4.2	0.1	-3.7	0.5	2.2	-64.6	25.8	40.4	-2.0	-1.2
2010 Jan.	-57.4	-37.9	-17.2	1.0	0.0	0.0	-3.1	19.1	18.8	-35.3	9.6	27.7	-1.5	-0.3
Feb.	-14.2	-11.0	-4.0	0.2	2.0	0.0	-1.4	-0.8	2.1	-18.7	9.5	6.9	-0.6	0.0
Mar.	43.0	28.7	9.9	1.3	2.2	0.1	0.9	-17.8	-18.6	-10.7	6.6	5.7	0.1	-0.9
Apr. (p)	11.7	12.7	-3.8	0.7	0.9	0.0	1.2	14.3	26.1	-15.5	2.9	4.7	-1.8	-2.2
Growth rates														
2007	10.4	4.0	35.1	-11.8	-26.3	-31.6	-4.4	6.1	1.3	47.7	-7.5	-3.3	11.2	24.4
2008	0.5	-0.6	2.8	5.4	-11.0	-16.2	0.0	6.9	1.6	33.2	-7.7	1.9	1.5	-3.9
2009 Q4	6.2	12.9	-13.9	23.1	146.6	28.3	-31.2	3.5	17.5	-27.3	16.4	12.8	7.5	-55.4
2010 Q1	6.9	12.7	-10.7	17.8	89.7	37.2	-29.4	2.7	13.6	-27.8	20.5	10.0	5.3	-41.2
2010 Jan.	5.1	10.6	-12.9	20.6	115.1	32.9	-33.4	3.3	17.1	-28.4	17.8	11.6	6.3	-51.6
Feb.	5.1	11.3	-12.9	18.1	100.9	32.4	-45.1	3.1	15.6	-28.4	19.7	10.8	5.8	-47.1
Mar.	6.9	12.7	-10.7	17.8	89.7	37.2	-29.4	2.7	13.6	-27.8	20.5	10.0	5.3	-41.2
Apr. (p)	6.6	13.8	-12.2	16.8	68.0	33.5	-29.9	2.3	11.7	-26.7	20.2	9.0	3.5	-40.3

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



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



Source: ECB.

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

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

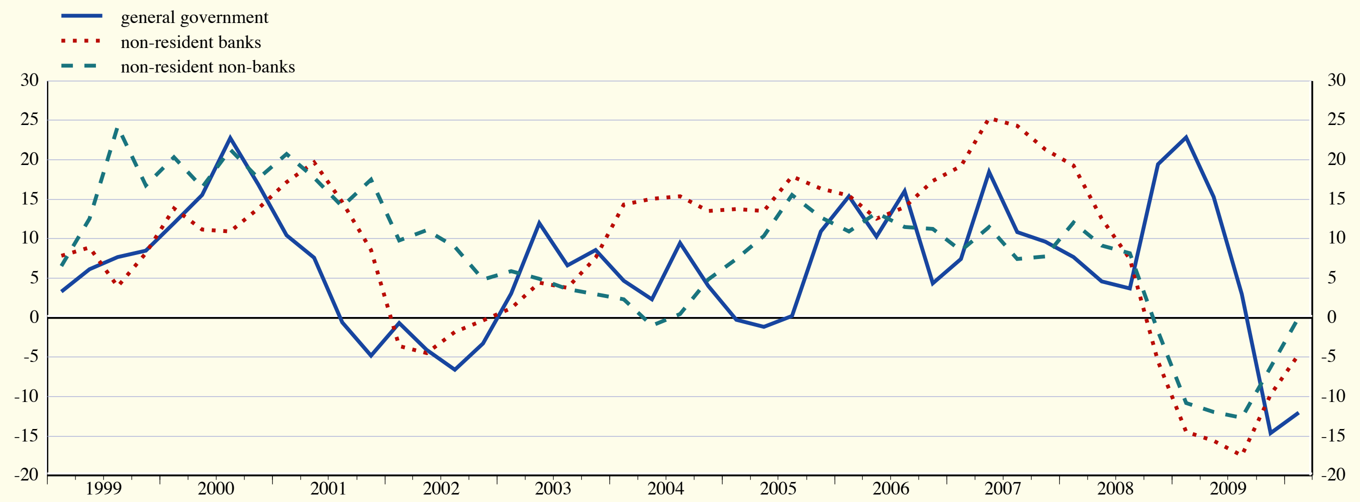
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

3. Deposits by government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
					Outstanding amounts					
2007	373.7	126.9	59.0	107.6	80.3	3,862.1	2,953.9	908.2	143.3	764.9
2008	445.0	191.0	52.3	115.9	85.8	3,715.5	2,818.1	897.4	65.8	831.7
2009 Q2	476.6	227.3	48.9	118.9	81.4	3,565.2	2,685.4	879.8	64.3	815.5
Q3	403.0	157.0	51.2	123.0	71.8	3,422.4	2,564.0	858.5	63.5	795.0
Q4	373.1	144.2	45.0	112.7	71.2	3,370.5	2,534.2	836.3	56.9	779.5
2010 Q1 (p)	397.7	166.3	51.6	106.5	73.3	3,544.8	2,660.0	884.8	64.7	820.1
					Transactions					
2007	31.9	-3.1	13.6	9.8	11.6	609.4	542.6	66.8	20.2	46.6
2008	72.8	63.5	-6.5	8.7	7.1	-183.5	-165.9	-17.6	-36.9	19.3
2009	-64.9	-38.2	-7.2	-4.0	-15.5	-331.6	-275.8	-55.8	-4.5	-51.3
2009 Q2	11.8	10.9	-1.6	4.5	-2.0	-61.4	-67.8	6.4	0.7	5.7
Q3	-62.1	-58.9	2.3	4.1	-9.6	-80.1	-73.1	-7.0	-0.2	-6.9
Q4	-30.2	-12.8	-6.1	-10.3	-0.9	-80.4	-56.3	-24.1	-2.7	-21.5
2010 Q1 (p)	24.6	22.1	6.5	-6.1	2.1	93.6	68.3	25.4	6.8	18.6
					Growth rates					
2007	9.7	-2.4	29.9	10.7	16.9	17.9	21.3	7.7	15.8	6.3
2008	19.5	49.9	-11.0	8.1	8.8	-4.6	-5.6	-1.8	-25.6	2.7
2009 Q2	15.3	43.7	-13.0	5.3	-4.9	-14.7	-15.6	-11.9	-21.9	-10.4
Q3	2.9	18.6	-16.6	8.2	-15.4	-16.3	-17.4	-12.7	-27.0	-10.3
Q4	-14.6	-20.1	-13.8	-3.4	-17.9	-8.9	-9.8	-6.2	-6.9	-6.2
2010 Q1 (p)	-12.1	-17.5	2.0	-6.9	-12.5	-3.5	-4.7	0.1	8.1	-0.5

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

(annual growth rates)



Source: ECB.

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

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

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

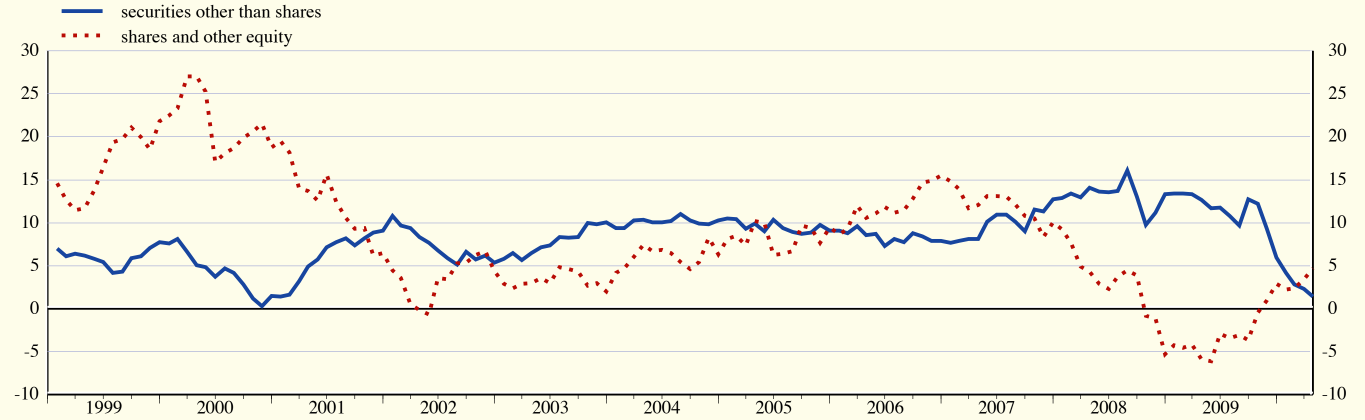
2.6 MFI holdings of securities: breakdown [1), 2)]

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

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2007	5,185.3	1,656.4	84.0	1,180.5	16.6	979.9	33.3	1,234.7	1,636.5	424.5	869.3	342.7
2008	5,857.6	1,884.9	92.4	1,226.6	19.3	1,355.6	51.2	1,227.5	1,473.3	421.7	774.4	277.2
2009 Q4	6,209.6	1,971.7	109.2	1,467.9	16.1	1,457.3	39.4	1,148.0	1,515.9	434.7	800.2	281.0
2010 Q1	6,302.7	1,980.9	114.0	1,534.9	16.7	1,442.1	40.0	1,174.2	1,515.6	445.7	781.9	288.0
2010 Jan.	6,248.9	1,976.3	111.0	1,477.4	19.1	1,452.0	41.2	1,171.9	1,531.9	445.9	804.3	281.7
Feb.	6,275.5	1,964.1	109.6	1,507.4	16.3	1,456.8	40.6	1,180.7	1,516.0	442.6	790.1	283.2
Mar.	6,302.7	1,980.9	114.0	1,534.9	16.7	1,442.1	40.0	1,174.2	1,515.6	445.7	781.9	288.0
Apr. (p)	6,326.2	1,968.8	115.2	1,547.4	17.1	1,451.5	39.9	1,186.3	1,561.4	456.8	814.0	290.5
	Transactions											
2007	592.4	136.0	18.1	-86.2	1.5	318.3	9.5	195.2	147.8	51.3	55.4	41.0
2008	696.1	214.4	5.9	38.3	1.9	389.7	19.0	26.9	-84.8	22.4	-56.5	-50.7
2009 Q4	-97.7	-44.5	4.4	-17.8	-2.2	12.7	-7.3	-43.1	14.8	1.7	8.9	4.2
2010 Q1	48.4	7.9	-0.3	65.2	-0.3	-17.9	-2.1	-4.2	8.8	12.5	-13.0	9.3
2010 Jan.	14.6	4.9	-1.2	10.0	2.4	-7.3	0.5	5.4	18.8	12.8	5.0	1.1
Feb.	9.0	-14.3	-2.7	26.4	-3.1	3.8	-1.3	0.3	-15.0	-4.0	-12.1	1.1
Mar.	24.7	17.2	3.7	28.8	0.4	-14.4	-1.2	-9.8	5.0	3.7	-5.9	7.2
Apr. (p)	7.7	-14.5	0.5	11.2	-0.2	9.2	-0.6	2.0	49.4	12.7	34.7	1.9
	Growth rates											
2007	12.7	8.7	25.4	-6.8	10.7	50.2	33.4	17.7	10.0	13.7	6.9	13.9
2008	13.4	12.8	8.1	3.2	9.9	39.9	57.2	2.2	-5.3	5.3	-6.7	-15.3
2009 Q4	6.0	4.4	17.5	18.7	-16.0	7.6	-23.2	-5.3	2.9	7.0	1.5	0.7
2010 Q1	2.3	-0.4	7.8	12.0	-19.1	3.0	-23.2	-4.1	3.4	7.3	0.6	5.5
2010 Jan.	4.2	1.3	11.7	14.7	-12.6	7.2	-22.5	-4.8	2.2	7.0	0.9	-1.3
Feb.	2.8	-0.7	5.4	13.5	-18.5	5.8	-24.8	-5.1	2.4	6.8	0.4	1.3
Mar.	2.3	-0.4	7.8	12.0	-19.1	3.0	-23.2	-4.1	3.4	7.3	0.6	5.5
Apr. (p)	1.4	-2.6	11.6	11.4	-20.2	1.9	-23.9	-3.3	4.7	8.8	2.2	5.5

C14 MFI holdings of securities [2)]

(annual growth rates)



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

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

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

	Consumer credit				Lending for house purchase				Other lending			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12
2007	-4.2	-1.2	-1.4	-1.6	-2.7	-0.2	-0.2	-2.3	-6.9	-0.8	-2.3	-3.7
2008	-4.6	-1.1	-1.5	-1.9	-2.7	0.0	-0.2	-2.5	-6.7	-1.2	-2.3	-3.2
2009	-7.4	-1.8	-2.2	-3.4	-3.9	-0.1	-0.2	-3.7	-7.4	-1.6	-1.3	-4.5
2009 Q3	-1.7	-0.3	-0.5	-0.9	-0.8	0.0	0.0	-0.7	-1.6	-0.3	-0.2	-1.0
Q4	-2.4	-0.8	-0.7	-0.9	-1.0	0.0	-0.1	-0.9	-2.3	-0.4	-0.6	-1.2
2010 Q1	-1.9	-1.1	-0.6	-0.2	-0.8	0.0	0.0	-0.7	-2.3	-0.5	-0.3	-1.4
2010 Jan.	-0.6	-0.4	0.0	-0.2	-0.4	0.0	0.0	-0.4	-1.1	-0.4	-0.2	-0.6
Feb.	-0.3	0.0	-0.1	-0.2	-0.2	0.0	0.0	-0.2	-0.6	-0.1	-0.1	-0.4
Mar.	-1.0	-0.7	-0.5	0.2	-0.2	0.0	0.0	-0.2	-0.6	-0.1	-0.1	-0.5
Apr. (p)	-0.3	0.0	-0.1	-0.2	-0.1	0.0	0.0	-0.1	-0.4	-0.1	-0.1	-0.3

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

	Non-financial corporations				Non-euro area residents		
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 year
	1	2	3	4	5	6	7
2007	-12.5	-2.1	-5.4	-4.9	-5.2	-3.4	-1.8
2008	-17.8	-4.1	-9.1	-4.6	-6.6	-3.4	-3.2
2009	-35.5	-12.7	-12.5	-10.3	-6.8	-2.6	-4.2
2009 Q3	-7.0	-2.2	-2.1	-2.7	-1.0	-0.5	-0.5
Q4	-15.4	-5.3	-6.3	-3.8	-2.1	-0.5	-1.6
2010 Q1	-9.4	-7.1	-4.0	1.7	-1.0	-0.4	-0.6
2010 Jan.	-3.6	-1.2	-1.1	-1.3	-0.5	-0.4	-0.2
Feb.	-1.7	-0.5	-1.0	-0.2	-0.4	0.0	-0.4
Mar.	-4.1	-5.4	-2.0	3.2	-0.1	0.0	-0.1
Apr. (p)	-4.2	-1.1	-2.4	-0.7	-0.1	-0.1	-0.1

3. Revaluation of securities held by MFIs

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
2007	-14.2	-3.3	0.1	-0.4	-0.2	-3.2	-0.6	-6.7	27.6	3.8	11.7	12.1
2008	-60.5	-12.1	0.0	4.5	0.0	-19.1	-2.2	-31.7	-63.6	-9.2	-46.2	-8.2
2009	4.3	8.2	0.2	-0.8	-0.1	-1.0	0.8	-2.9	1.0	-5.9	3.4	3.5
2009 Q3	19.5	5.7	0.1	3.9	0.0	4.2	0.2	5.3	14.5	3.3	7.6	3.7
Q4	1.1	1.2	0.1	-1.5	-0.1	0.2	-0.1	1.2	-0.4	-1.7	0.6	0.8
2010 Q1	14.3	3.2	0.3	4.5	0.1	2.4	0.1	3.7	0.4	-1.0	-0.2	1.7
2010 Jan.	1.2	-0.1	0.1	-0.5	0.0	0.7	0.1	0.9	-2.7	-1.6	-0.8	-0.3
Feb.	7.9	1.6	0.1	3.6	0.1	1.1	0.0	1.4	-0.9	0.7	-2.1	0.4
Mar.	5.2	1.7	0.1	1.4	0.0	0.6	0.0	1.4	4.1	-0.1	2.6	1.5
Apr. (p)	1.3	2.1	-0.7	-1.8	0.3	0.0	0.0	1.4	-3.6	-1.6	-2.6	0.6

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

2.8 Currency breakdown of selected MFI balance sheet items [1], [2]
(percentages of total; outstanding amounts in EUR billions; end of period)

1. Deposits

	MFIs [3]							Non-MFIs						
	All currencies (outstanding amount)	Euro [4]	Non-euro currencies					All currencies (outstanding amount)	Euro [4]	Non-euro currencies				
			Total							Total				
				USD	JPY	CHF	GBP				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	By euro area residents													
2007	6,087.5	92.1	7.9	4.8	0.4	1.1	1.0	9,054.4	95.8	4.2	2.2	0.4	0.1	0.5
2008	6,858.8	89.7	10.3	7.3	0.4	1.2	0.8	9,881.4	96.9	3.1	1.9	0.5	0.1	0.4
2009 Q2	6,625.7	92.2	7.8	5.1	0.3	1.1	0.8	10,145.9	97.0	3.0	1.9	0.3	0.1	0.5
Q3	6,287.5	92.4	7.6	4.8	0.4	1.1	0.8	10,061.2	97.0	3.0	1.9	0.3	0.1	0.4
Q4	6,287.1	93.0	7.0	4.4	0.3	1.1	0.7	10,178.7	97.0	3.0	1.9	0.2	0.1	0.4
2010 Q1 (p)	6,229.1	93.1	6.9	4.1	0.3	1.2	0.8	10,190.6	97.0	3.0	2.0	0.2	0.1	0.4
	By non-euro area residents													
2007	2,953.9	47.0	53.0	33.5	2.9	2.4	11.0	908.2	50.1	49.9	32.9	1.6	1.8	9.9
2008	2,818.1	48.3	51.7	33.4	2.8	2.6	10.2	897.4	54.9	45.1	28.7	1.4	1.9	9.4
2009 Q2	2,685.4	49.0	51.0	33.2	1.6	2.6	10.7	879.8	51.9	48.1	32.5	1.8	1.8	7.8
Q3	2,564.0	49.1	50.9	34.3	1.5	2.5	9.5	858.5	54.1	45.9	30.6	1.5	1.6	7.7
Q4	2,534.2	49.2	50.8	34.2	1.8	2.2	9.6	836.3	53.5	46.5	31.4	1.1	1.8	7.5
2010 Q1 (p)	2,660.0	50.4	49.6	33.2	2.0	2.1	9.1	884.8	54.2	45.8	32.2	1.1	1.4	6.3

2. Debt securities issued by euro area MFIs

	All currencies (outstanding amount)	Euro [4]	Non-euro currencies				
			Total				
				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7
2007	4,933.2	81.5	18.5	9.2	1.7	1.9	3.4
2008	5,111.7	83.3	16.7	8.4	2.0	1.9	2.5
2009 Q2	5,225.1	83.6	16.4	8.3	1.8	1.8	2.7
Q3	5,203.1	84.0	16.0	8.2	1.8	1.9	2.3
Q4	5,179.1	83.3	16.7	8.7	1.7	1.9	2.5
2010 Q1 (p)	5,289.1	82.5	17.5	9.4	1.6	1.9	2.5

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

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

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

3. Loans

	MFIs [3]							Non-MFIs						
	All currencies (outstanding amount)	Euro [4]	Non-euro currencies					All currencies (outstanding amount)	Euro [4]	Non-euro currencies				
			Total							Total				
				USD	JPY	CHF	GBP				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	To euro area residents													
2007	5,794.2	-	-	-	-	-	-	11,098.9	96.2	3.8	1.8	0.2	0.9	0.6
2008	6,312.0	-	-	-	-	-	-	11,740.6	95.9	4.1	2.1	0.3	1.0	0.4
2009 Q2	6,215.5	-	-	-	-	-	-	11,835.0	96.1	3.9	2.0	0.2	1.0	0.5
Q3	5,911.3	-	-	-	-	-	-	11,763.1	96.2	3.8	1.9	0.2	1.0	0.4
Q4	5,921.1	-	-	-	-	-	-	11,782.6	96.2	3.8	1.9	0.2	1.0	0.4
2010 Q1 (p)	5,913.9	-	-	-	-	-	-	11,828.4	96.1	3.9	2.0	0.2	1.0	0.4
	To non-euro area residents													
2007	2,344.5	48.2	51.8	28.8	2.3	2.4	12.7	955.7	40.9	59.1	41.2	1.2	3.7	8.2
2008	2,282.0	45.8	54.2	31.8	3.0	2.6	11.3	965.8	40.5	59.5	41.9	1.4	4.3	7.4
2009 Q2	1,999.9	45.2	54.8	29.6	2.8	3.2	13.5	949.3	40.2	59.8	42.5	1.1	3.9	7.6
Q3	1,894.1	45.5	54.5	29.9	2.7	3.1	12.6	914.0	40.4	59.6	41.9	1.5	3.8	7.6
Q4	1,917.4	45.8	54.2	29.4	2.7	2.9	12.6	908.9	40.1	59.9	42.0	1.2	3.7	8.0
2010 Q1 (p)	1,986.9	46.4	53.6	29.7	2.5	3.0	11.3	969.1	40.7	59.3	42.2	1.1	3.4	7.4

4. Holdings of securities other than shares

	Issued by MFIs [3]							Issued by non-MFIs						
	All currencies (outstanding amount)	Euro [4]	Non-euro currencies					All currencies (outstanding amount)	Euro [4]	Non-euro currencies				
			Total							Total				
				USD	JPY	CHF	GBP				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Issued by euro area residents													
2007	1,740.3	95.2	4.8	2.4	0.3	0.3	1.5	2,210.3	97.7	2.3	1.4	0.2	0.1	0.5
2008	1,977.4	95.3	4.7	2.6	0.4	0.2	1.2	2,652.7	97.3	2.7	1.7	0.3	0.1	0.4
2009 Q2	2,123.6	95.0	5.0	2.5	0.5	0.4	1.4	2,961.9	97.7	2.3	1.5	0.2	0.1	0.3
Q3	2,118.3	95.1	4.9	2.9	0.2	0.3	1.3	2,998.1	97.9	2.1	1.4	0.2	0.1	0.4
Q4	2,080.8	94.8	5.2	3.1	0.2	0.3	1.4	2,980.7	98.1	1.9	1.2	0.2	0.1	0.3
2010 Q1 (p)	2,094.8	94.6	5.4	3.3	0.2	0.3	1.4	3,033.7	98.1	1.9	1.2	0.2	0.1	0.3
	Issued by non-euro area residents													
2007	582.4	53.9	46.1	27.3	0.7	0.4	14.4	652.3	35.9	64.1	39.3	4.5	0.8	12.6
2008	580.7	54.1	45.9	28.6	0.9	0.5	13.3	646.8	39.0	61.0	37.1	6.4	0.8	11.0
2009 Q2	571.0	55.3	44.7	24.6	1.7	1.4	14.6	633.1	33.5	66.5	41.4	4.0	0.9	15.0
Q3	562.7	56.3	43.7	25.3	0.6	0.5	14.7	618.5	34.8	65.2	39.3	4.2	0.9	15.1
Q4	547.2	55.8	44.2	26.3	0.4	0.5	14.8	600.9	34.9	65.1	38.5	4.2	0.9	15.2
2010 Q1 (p)	564.0	55.1	44.9	28.0	0.4	0.5	14.9	610.1	32.9	67.1	39.5	4.4	0.9	15.1

Source: ECB.

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

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

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

1. Assets

	Total	Deposits and loan claims	Securities other than shares	Shares and other equity (excl. investment fund/ money market fund shares)	Investment fund/ money market fund shares	Non-financial assets	Other assets (incl. financial derivatives)
	1	2	3	4	5	6	7
	Outstanding amounts						
2009 Sep.	5,162.5	349.0	1,998.6	1,544.6	680.4	206.0	383.9
Oct.	5,175.6	351.2	2,017.7	1,523.4	688.1	207.9	387.2
Nov.	5,240.5	340.5	2,043.4	1,562.2	693.6	208.2	392.6
Dec.	5,370.4	343.7	2,076.6	1,673.3	709.0	212.6	355.2
2010 Jan.	5,454.6	353.7	2,120.0	1,650.4	726.5	215.1	389.0
Feb.	5,528.0	356.1	2,146.2	1,670.5	741.3	216.3	397.6
Mar. (p)	5,776.2	350.9	2,209.5	1,802.5	766.6	233.1	413.7
	Transactions						
2009 Q3	173.1	-9.0	69.9	112.6	9.1	2.7	-12.1
Q4	86.9	-12.0	58.1	42.6	15.5	5.9	-23.4
2010 Q1 (p)	181.4	-2.9	65.7	29.7	29.5	17.3	42.0

2. Liabilities

	Total	Loans and deposits received	Investment fund shares issued				Other liabilities (incl. financial derivatives)
			Total	Held by euro area residents		Held by non-euro area residents	
					Investment funds		
	1	2	3	4	5	6	7
	Outstanding amounts						
2009 Sep.	5,162.5	96.8	4,739.2	3,875.9	514.0	863.3	326.6
Oct.	5,175.6	97.5	4,746.8	3,874.9	522.9	871.9	331.3
Nov.	5,240.5	98.2	4,807.7	3,911.2	528.8	896.5	334.6
Dec.	5,370.4	101.2	4,965.0	4,020.0	539.6	945.1	304.2
2010 Jan.	5,454.6	100.9	5,016.2	4,042.2	546.5	973.9	337.6
Feb.	5,528.0	100.8	5,078.1	4,080.9	559.1	997.1	349.2
Mar. (p)	5,776.2	112.9	5,290.6	4,219.7	582.3	1,070.9	372.8
	Transactions						
2009 Q3	173.1	0.8	186.2	94.8	16.7	91.4	-13.9
Q4	86.9	4.0	107.4	76.9	15.3	30.6	-24.5
2010 Q1 (p)	181.4	5.2	129.9	94.0	21.8	35.9	46.4

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

	Total	Funds by investment policy						Funds by type		Memo item: Money market funds
		Bond funds	Equity funds	Mixed funds	Real estate funds	Hedge funds	Other funds	Open-end funds	Closed-end funds	
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2009 Aug.	4,648.5	1,516.0	1,292.8	1,139.7	230.5	78.2	391.3	4,580.4	68.1	1,285.2
Sep.	4,739.2	1,531.5	1,344.7	1,164.8	227.8	77.4	393.1	4,671.3	67.9	1,253.0
Oct.	4,746.8	1,547.8	1,322.9	1,178.7	232.4	78.8	386.2	4,679.0	67.7	1,246.2
Nov.	4,807.7	1,561.5	1,349.8	1,194.4	235.0	78.8	388.3	4,740.1	67.6	1,223.7
Dec.	4,965.0	1,577.6	1,450.7	1,215.9	240.5	84.4	396.1	4,893.5	71.6	1,201.6
2010 Jan.	5,016.2	1,614.4	1,422.1	1,238.1	243.8	93.6	404.1	4,943.8	72.4	1,215.5
Feb.	5,078.1	1,639.5	1,441.4	1,248.5	245.6	95.3	407.8	5,005.0	73.0	1,202.0
Mar. (p)	5,290.6	1,702.1	1,551.3	1,271.5	249.4	97.9	418.4	5,215.7	74.9	1,174.8
	Transactions									
2009 Sep.	27.0	4.4	9.7	13.1	0.7	-0.1	-0.8	26.4	0.6	-26.3
Oct.	36.4	14.1	5.0	16.8	2.7	1.1	-3.3	36.5	-0.1	-5.2
Nov.	19.9	8.6	5.4	4.2	1.2	-0.5	1.0	20.0	-0.1	-18.6
Dec.	51.1	4.9	18.8	15.4	7.0	2.7	2.2	47.3	3.7	-36.7
2010 Jan.	60.0	20.2	10.7	11.4	6.8	7.3	3.6	59.4	0.6	3.0
Feb.	21.8	13.3	4.2	2.9	1.1	0.2	0.0	21.6	0.1	-16.7
Mar. (p)	48.1	39.4	2.2	-6.5	1.2	3.6	8.2	46.8	1.4	-29.2

Source: ECB.

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

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

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

1. Securities other than shares

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2009 Q2	1,872.9	1,293.8	357.9	635.7	173.3	4.0	122.9	579.1	161.9	234.6	21.8
Q3	1,998.6	1,384.6	388.6	669.0	186.0	4.9	136.2	614.0	180.2	234.4	21.8
Q4	2,076.6	1,413.3	387.7	689.0	186.8	5.5	144.3	663.3	198.8	252.0	15.9
2010 Q1 (p)	2,209.5	1,462.9	392.5	710.0	199.5	5.9	155.0	746.5	211.4	290.2	15.3
	Transactions										
2009 Q3	69.9	47.6	10.6	20.9	6.1	0.3	9.7	22.2	11.2	3.5	-1.0
Q4	58.1	23.9	-2.9	18.9	0.2	0.5	7.2	34.3	15.9	13.3	-6.2
2010 Q1 (p)	65.7	24.2	0.3	8.9	8.2	0.0	6.8	41.5	10.7	16.4	-1.6

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

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2009 Q2	1,251.3	565.6	69.5	-	28.7	16.8	450.4	685.8	110.8	210.9	59.7
Q3	1,544.6	701.4	97.2	-	35.8	24.8	543.4	843.2	127.0	265.1	61.8
Q4	1,673.3	723.1	97.5	-	36.1	23.8	565.5	950.2	138.4	295.5	65.8
2010 Q1 (p)	1,802.5	741.7	92.9	-	36.9	28.3	583.5	1,060.8	147.2	327.9	75.3
	Transactions										
2009 Q3	112.6	34.6	7.5	-	4.1	2.3	20.6	78.0	2.4	34.0	1.4
Q4	42.6	3.2	4.6	-	1.0	-0.7	-1.6	39.4	3.2	7.5	3.5
2010 Q1 (p)	29.7	8.1	-0.1	-	-0.2	1.8	6.5	21.6	0.2	1.7	0.9

3. Investment fund/money market fund shares

	Total	Euro area						Rest of the world			
		Total	MFIs [2]	General government	Other financial intermediaries [2]	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2009 Q2	628.0	540.2	82.9	-	457.3	-	-	87.9	12.9	16.2	0.4
Q3	680.4	592.0	78.1	-	514.0	-	-	88.4	14.5	18.9	0.3
Q4	709.0	614.0	74.4	-	539.6	-	-	95.0	15.7	19.0	0.3
2010 Q1 (p)	766.6	653.8	71.5	-	582.3	-	-	112.8	18.2	33.5	0.5
	Transactions										
2009 Q3	9.1	10.5	-6.2	-	16.7	-	-	-1.5	0.9	-0.3	0.0
Q4	15.5	10.9	-4.4	-	15.3	-	-	4.6	0.9	-0.4	0.1
2010 Q1 (p)	29.5	18.1	-3.7	-	21.8	-	-	11.5	1.3	12.2	0.2

Source: ECB.
1) Other than money market funds. For further details, see the General Notes.
2) Investment fund shares (other than money market fund shares) are issued by other financial intermediaries. Money market fund shares are issued by MFIs.

EURO AREA ACCOUNTS

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

Uses 2009 Q4	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						471.4
Trade balance [1]						-29.2
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,189.9	120.7	743.2	60.5	265.5	
Other taxes less subsidies on production	31.1	7.2	13.4	5.0	5.5	
Consumption of fixed capital	351.2	96.8	196.9	11.4	46.1	
Net operating surplus and mixed income [1]	526.2	277.2	225.5	26.0	-2.5	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						4.9
Taxes less subsidies on production						
Property income	635.6	34.6	233.5	307.5	59.9	91.4
Interest	366.0	31.6	59.1	215.4	59.9	52.3
Other property income	269.6	3.0	174.5	92.1	0.0	39.1
Net national income [1]	1,991.6	1,646.1	83.6	22.2	239.7	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	293.6	244.3	42.1	6.8	0.3	1.4
Social contributions	448.9	448.9				1.1
Social benefits other than social transfers in kind	471.1	1.5	16.1	33.5	420.0	0.8
Other current transfers	208.4	75.1	27.3	47.9	58.2	9.1
Net non-life insurance premiums	45.0	32.1	11.2	1.0	0.7	1.3
Non-life insurance claims	45.3			45.3		0.6
Other	118.1	43.0	16.0	1.6	57.4	7.2
Net disposable income [1]	1,959.2	1,443.6	26.8	29.0	459.8	
Use of income account						
Net disposable income						
Final consumption expenditure	1,865.1	1,321.2			544.0	
Individual consumption expenditure	1,647.3	1,321.2			326.1	
Collective consumption expenditure	217.9				217.9	
Adjustment for the change in the net equity of households in pension fund reserves	14.8	0.1	0.2	14.6	0.0	0.0
Net saving/current external account [1]	94.0	137.1	26.6	14.4	-84.1	-7.0
Capital account						
Net saving/current external account						
Gross capital formation	438.3	138.7	207.4	13.1	79.1	
Gross fixed capital formation	461.6	137.9	231.6	12.9	79.1	
Changes in inventories and acquisitions less disposals of valuables	-23.3	0.8	-24.2	0.1	0.0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	-0.2	-1.8	0.8	0.1	0.7	0.2
Capital transfers	60.9	13.9	1.2	1.3	44.4	5.4
Capital taxes	10.9	10.6	0.3	0.0		0.0
Other capital transfers	49.9	3.4	0.9	1.3	44.4	5.4
Net lending (+)/net borrowing (-) (from capital account) [1]	10.5	97.1	46.3	14.3	-147.2	-10.5
Statistical discrepancy	0.0	2.3	-2.3	0.0	0.0	0.0

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

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

(EUR billions)

Resources 2009 Q4	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Imports of goods and services						442.2
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,098.4	501.9	1,179.0	102.9	314.6	
Taxes less subsidies on products	234.2					
Gross domestic product (market prices)[2]	2,332.6					
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	526.2	277.2	225.5	26.0	-2.5	
Compensation of employees	1,191.3	1,191.3				3.6
Taxes less subsidies on production	279.9				279.9	-14.6
Property income	629.8	212.2	91.6	303.8	22.1	97.2
Interest	354.5	53.9	36.4	255.6	8.7	63.7
Other property income	275.2	158.4	55.3	48.2	13.4	33.5
Net national income						
Secondary distribution of income account						
Net national income	1,991.6	1,646.1	83.6	22.2	239.7	
Current taxes on income, wealth, etc.	294.2				294.2	0.8
Social contributions	448.9	1.3	16.9	48.5	382.2	1.1
Social benefits other than social transfers in kind	469.1	469.1				2.8
Other current transfers	177.4	97.0	11.7	46.4	22.2	40.2
Net non-life insurance premiums	45.3			45.3		1.1
Non-life insurance claims	44.4	34.2	9.2	0.7	0.3	1.4
Other	87.7	62.9	2.5	0.4	21.9	37.7
Net disposable income						
Use of income account						
Net disposable income	1,959.2	1,443.6	26.8	29.0	459.8	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	14.8	14.8				0.0
Net saving/current external account						
Capital account						
Net saving/current external account	94.0	137.1	26.6	14.4	-84.1	-7.0
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	351.2	96.8	196.9	11.4	46.1	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	64.2	14.0	32.3	2.9	15.1	2.0
Capital taxes	10.9				10.9	0.0
Other capital transfers	53.3	14.0	32.3	2.9	4.1	2.0
Net lending (+)/net borrowing (-) (from capital account)						
Statistical discrepancy						

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

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

Assets 2009 Q4	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediaries	Insurance corporations and pension funds	General govern-ment	Rest of the world
Opening balance sheet, financial assets								
Total financial assets		17,858.5	15,622.3	32,292.6	12,592.4	6,270.2	3,434.4	15,134.1
Monetary gold and special drawing rights (SDRs)				285.9				
Currency and deposits		6,305.3	1,732.0	9,325.4	1,988.5	845.7	707.7	3,700.9
Short-term debt securities		34.3	134.5	632.4	318.3	360.4	24.6	874.5
Long-term debt securities		1,445.0	176.8	6,408.4	2,006.3	2,045.7	372.8	3,137.6
Loans		75.4	2,917.0	12,705.3	3,034.2	419.3	469.8	1,740.6
of which: Long-term		58.0	1,614.3	9,776.9	2,526.4	312.1	360.1	.
Shares and other equity		4,144.0	7,146.8	2,050.7	4,996.7	2,147.3	1,265.6	5,137.5
Quoted shares		720.2	1,212.4	522.9	1,716.2	409.7	295.2	.
Unquoted shares and other equity		2,047.0	5,550.1	1,179.4	2,631.3	437.7	824.2	.
Mutual fund shares		1,376.7	384.3	348.4	649.2	1,299.8	146.2	.
Insurance technical reserves		5,383.6	145.0	1.9	0.0	191.3	3.2	140.3
Other accounts receivable and financial derivatives		471.0	3,370.3	882.5	248.4	260.6	590.6	402.5
Net financial worth								
Financial account, transactions in financial assets								
Total transactions in financial assets		161.6	154.0	28.5	196.7	78.9	-46.2	91.1
Monetary gold and SDRs				1.0				-1.0
Currency and deposits		111.9	54.4	62.4	-29.1	-1.5	-51.2	-97.1
Short-term debt securities		-21.9	3.7	-20.4	-10.6	21.5	7.2	-20.7
Long-term debt securities		-17.0	17.3	-55.5	85.6	10.5	-19.4	68.9
Loans		-0.3	24.8	-8.3	1.6	0.0	-15.0	24.0
of which: Long-term		-0.5	9.1	65.8	4.1	3.5	3.1	.
Shares and other equity		0.0	-27.3	-18.3	138.9	48.6	3.2	110.9
Quoted shares		-6.9	-18.3	13.6	69.0	-1.3	3.8	.
Unquoted shares and other equity		6.7	8.3	-3.9	56.2	1.1	-4.0	.
Mutual fund shares		0.3	-17.2	-28.1	13.7	48.9	3.4	.
Insurance technical reserves		73.5	-0.4	0.1	0.0	0.8	0.0	6.6
Other accounts receivable and financial derivatives		15.5	81.4	67.6	10.3	-1.1	28.8	-0.6
Changes in net financial worth due to transactions								
Other changes account, financial assets								
Total other changes in financial assets		53.5	233.9	42.1	39.0	71.6	27.1	115.6
Monetary gold and SDRs				30.0				
Currency and deposits		0.6	-2.0	35.9	12.3	2.6	-0.9	30.0
Short-term debt securities		-0.9	-0.3	3.0	-6.7	6.2	0.0	-12.9
Long-term debt securities		2.1	12.9	-16.6	15.3	29.2	-2.4	-0.5
Loans		0.0	-0.5	-0.7	-12.3	-0.8	-1.5	4.6
of which: Long-term		0.0	-5.3	-13.9	-13.5	-0.8	4.7	.
Shares and other equity		30.3	261.8	-6.7	21.8	34.7	12.7	74.6
Quoted shares		18.1	115.9	-23.1	20.3	8.3	-11.1	.
Unquoted shares and other equity		0.4	142.5	3.8	-13.5	-0.2	26.2	.
Mutual fund shares		11.9	3.4	12.6	14.9	26.6	-2.4	.
Insurance technical reserves		21.5	0.1	0.0	0.0	-0.1	0.0	5.3
Other accounts receivable and financial derivatives		-0.2	-38.1	-2.8	8.6	-0.3	19.3	14.6
Other changes in net financial worth								
Closing balance sheet, financial assets								
Total financial assets		18,073.6	16,010.2	32,363.2	12,828.2	6,420.6	3,415.3	15,341.7
Monetary gold and SDRs				316.9				
Currency and deposits		6,417.9	1,784.4	9,423.6	1,971.8	846.7	655.7	3,633.8
Short-term debt securities		11.5	137.9	615.0	301.0	388.2	31.8	841.0
Long-term debt securities		1,430.1	207.0	6,336.3	2,107.2	2,085.4	351.0	3,206.0
Loans		75.0	2,941.3	12,696.4	3,023.5	418.5	453.4	1,769.2
of which: Long-term		57.4	1,618.2	9,828.7	2,517.0	314.9	367.9	.
Shares and other equity		4,174.3	7,381.3	2,025.7	5,157.3	2,230.6	1,281.5	5,323.0
Quoted shares		731.3	1,310.0	513.5	1,805.5	416.7	287.8	.
Unquoted shares and other equity		2,054.1	5,700.8	1,179.4	2,674.0	438.7	846.5	.
Mutual fund shares		1,388.9	370.5	332.9	677.8	1,375.3	147.1	.
Insurance technical reserves		5,478.6	144.7	2.0	0.0	192.1	3.2	152.2
Other accounts receivable and financial derivatives		486.3	3,413.5	947.4	267.3	259.2	638.8	416.6
Net financial worth								

Source: ECB.

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

(EUR billions)

Liabilities 2009 Q4	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediaries	Insurance corporations and pension funds	General govern-ment	Rest of the world
Opening balance sheet, liabilities								
Total liabilities		6,431.3	24,377.8	31,527.4	12,565.9	6,419.4	8,158.4	13,438.4
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			29.5	21,916.5	27.2	0.0	223.4	2,409.0
Short-term debt securities			326.2	680.2	63.5	9.2	1,051.0	248.8
Long-term debt securities			490.7	4,599.3	2,564.9	39.4	5,129.0	2,769.3
Loans		5,762.9	8,308.5		2,780.9	256.6	1,345.8	2,907.0
of which: Long-term		5,403.6	5,892.6		1,796.3	99.5	1,132.5	.
Shares and other equity			11,849.0	3,008.5	6,905.8	489.2	5.4	4,624.0
Quoted shares			3,299.0	595.0	189.7	176.1	0.0	.
Unquoted shares and other equity		6.6	8,549.9	1,160.7	2,157.7	312.3	5.4	.
Mutual fund shares				1,252.7	4,558.4			.
Insurance technical reserves		33.9	332.2	67.3	0.8	5,430.7	0.4	
Other accounts payable and financial derivatives		627.9	3,041.6	1,255.6	222.7	194.4	403.5	480.3
Net financial worth [1]	-1,409.7	11,427.3	-8,755.5	765.2	26.6	-149.3	-4,724.0	
Financial account, transactions in liabilities								
Total transactions in liabilities		62.2	109.9	48.7	180.9	60.2	101.0	101.6
Monetary gold and SDRs								
Currency and deposits			-0.1	35.6	-3.4	0.0	10.7	7.1
Short-term debt securities			-12.6	5.2	9.8	-0.7	-44.0	1.2
Long-term debt securities			22.0	-39.8	30.1	0.7	71.0	6.4
Loans		45.4	19.4		-10.8	-18.5	4.2	-12.9
of which: Long-term		45.6	38.6		-2.3	-2.4	32.8	.
Shares and other equity			30.5	-30.3	143.7	3.0	1.6	107.6
Quoted shares			9.5	14.5	8.7	2.7	0.0	.
Unquoted shares and other equity		0.0	21.0	15.7	38.3	0.2	1.6	.
Mutual fund shares				-60.5	96.7			.
Insurance technical reserves		0.1	0.1	1.8	0.0	78.7	0.0	
Other accounts payable and financial derivatives		16.7	50.7	76.2	11.5	-3.0	57.5	-7.8
Changes in net financial worth due to transactions [1]	10.5	99.3	44.1	-20.2	15.8	18.7	-147.2	-10.5
Other changes account, liabilities								
Total other changes in liabilities		1.4	261.3	19.9	101.4	27.7	-40.4	181.4
Monetary gold and SDRs								
Currency and deposits			0.0	58.1	0.0	0.0	0.0	20.2
Short-term debt securities			-9.5	2.4	-1.4	1.1	1.1	-5.1
Long-term debt securities			4.3	14.8	14.7	0.5	-33.3	39.0
Loans		-3.5	-15.1		14.6	-1.7	-0.2	-5.3
of which: Long-term		-2.2	-3.1		5.0	-1.2	-0.1	.
Shares and other equity			283.6	-42.7	88.7	-3.9	-0.6	104.0
Quoted shares			121.1	-36.2	-6.3	-6.9	0.0	.
Unquoted shares and other equity		0.1	162.5	-15.6	-8.3	3.0	-0.6	.
Mutual fund shares				9.1	103.3			.
Insurance technical reserves		0.2	0.0	0.0	0.0	26.7	0.0	
Other accounts payable and financial derivatives		4.6	-1.9	-12.6	-15.1	5.2	-7.5	28.5
Other changes in net financial worth [1]	95.8	52.1	-27.4	22.2	-62.4	43.8	67.6	-65.8
Closing balance sheet, liabilities								
Total liabilities		6,494.9	24,749.0	31,596.0	12,848.2	6,507.3	8,219.0	13,721.4
Monetary gold and SDRs								
Currency and deposits			29.4	22,010.3	23.8	0.0	234.0	2,436.3
Short-term debt securities			304.1	687.7	71.9	9.6	1,008.1	244.9
Long-term debt securities			517.0	4,574.3	2,609.8	40.6	5,166.7	2,814.7
Loans		5,804.8	8,312.8		2,784.7	236.3	1,349.9	2,888.8
of which: Long-term		5,447.0	5,928.1		1,799.0	95.8	1,165.2	.
Shares and other equity			12,163.0	2,935.4	7,138.2	488.3	6.4	4,835.7
Quoted shares			3,429.7	573.4	192.1	171.9	0.0	.
Unquoted shares and other equity		6.7	8,733.4	1,160.8	2,187.7	315.5	6.4	.
Mutual fund shares				1,201.3	4,758.3			.
Insurance technical reserves		34.1	332.3	69.1	0.8	5,536.0	0.4	
Other accounts payable and financial derivatives		649.3	3,090.4	1,319.2	219.1	196.6	453.5	501.0
Net financial worth [1]	-1,303.4	11,578.7	-8,738.9	767.2	-20.0	-86.7	-4,803.7	

Source: ECB.

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

Uses	2005	2006	2007	2008 Q1-2008 Q4	2008 Q2-2009 Q1	2008 Q3-2009 Q2	2008 Q4-2009 Q3	2009 Q1-2009 Q4
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	3,906.8	4,069.0	4,256.9	4,433.7	4,439.5	4,437.3	4,428.8	4,420.4
Other taxes less subsidies on production	129.8	129.3	137.1	131.7	128.7	121.8	116.5	109.2
Consumption of fixed capital	1,190.3	1,250.6	1,318.1	1,381.5	1,391.8	1,398.7	1,403.5	1,407.4
Net operating surplus and mixed income [1]	2,067.3	2,183.2	2,328.7	2,342.6	2,277.8	2,197.2	2,152.2	2,141.6
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	2,585.5	3,013.8	3,580.0	3,864.4	3,740.9	3,495.6	3,224.1	2,985.4
Interest	1,344.6	1,643.3	2,058.0	2,306.8	2,211.9	2,051.3	1,836.2	1,640.7
Other property income	1,240.9	1,370.5	1,522.0	1,557.6	1,528.9	1,444.3	1,387.8	1,344.7
Net national income [1]	6,967.8	7,321.7	7,703.1	7,787.9	7,703.1	7,610.2	7,547.1	7,532.9
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	935.9	1,028.2	1,111.7	1,122.8	1,111.6	1,074.4	1,044.6	1,017.7
Social contributions	1,477.9	1,539.8	1,595.2	1,660.9	1,668.4	1,668.3	1,670.5	1,672.0
Social benefits other than social transfers in kind	1,505.5	1,553.4	1,598.9	1,665.6	1,690.0	1,721.3	1,752.3	1,781.5
Other current transfers	712.0	723.3	752.8	792.0	786.8	779.0	770.3	767.7
Net non-life insurance premiums	179.6	179.9	184.3	189.8	187.0	183.5	179.0	175.0
Non-life insurance claims	180.5	180.2	184.1	190.9	188.0	184.2	179.6	175.4
Other	351.9	363.2	384.4	411.3	411.8	411.2	411.7	417.3
Net disposable income [1]	6,881.4	7,229.5	7,608.5	7,682.5	7,597.5	7,503.6	7,438.5	7,422.9
Use of income account								
Net disposable income								
Final consumption expenditure	6,355.4	6,631.8	6,893.4	7,161.8	7,169.8	7,164.5	7,158.9	7,174.5
Individual consumption expenditure	5,690.5	5,946.6	6,181.8	6,410.6	6,407.8	6,394.9	6,382.4	6,392.8
Collective consumption expenditure	664.9	685.3	711.6	751.2	762.0	769.6	776.5	781.7
Adjustment for the change in the net equity of households in pension fund reserves	60.8	62.9	60.1	64.9	64.7	63.0	60.9	59.5
Net saving [1]	526.4	597.9	715.2	520.7	427.7	339.1	279.6	248.5
Capital account								
Net saving								
Gross capital formation	1,716.7	1,875.4	2,019.9	2,058.1	1,991.4	1,891.8	1,808.9	1,738.0
Gross fixed capital formation	1,709.9	1,853.4	1,992.6	2,022.5	1,970.7	1,899.7	1,839.0	1,795.7
Changes in inventories and acquisitions less disposals of valuables	6.8	22.1	27.4	35.6	20.7	-7.9	-30.0	-57.6
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	-0.4	-0.4	-1.1	0.7	1.1	0.7	0.4	0.2
Capital transfers	183.7	169.9	151.5	160.8	159.1	170.1	172.2	179.0
Capital taxes	24.4	22.5	24.3	23.8	23.6	28.6	29.0	33.9
Other capital transfers	159.3	147.4	127.2	137.0	135.5	141.6	143.3	145.2
Net lending (+)/net borrowing (-) (from capital account) [1]	13.5	-12.0	29.3	-145.7	-164.5	-145.9	-117.1	-73.1

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

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

(EUR billions; four-quarter cumulated flows)

Resources	2005	2006	2007	2008 Q1-2008 Q4	2008 Q2-2009 Q1	2008 Q3-2009 Q2	2008 Q4-2009 Q3	2009 Q1-2009 Q4
Generation of income account								
Gross value added (basic prices)	7,294.3	7,632.1	8,040.8	8,289.6	8,237.8	8,155.0	8,101.1	8,078.5
Taxes less subsidies on products	845.3	914.0	959.5	946.5	930.2	913.7	902.7	895.1
Gross domestic product (market prices)2)	8,139.6	8,546.1	9,000.4	9,236.1	9,168.0	9,068.7	9,003.8	8,973.6
Compensation of employees								
Other taxes less subsidies on production								
Consumption of fixed capital								
Net operating surplus and mixed income								
Allocation of primary income account								
Net operating surplus and mixed income	2,067.3	2,183.2	2,328.7	2,342.6	2,277.8	2,197.2	2,152.2	2,141.6
Compensation of employees	3,914.1	4,076.5	4,264.9	4,442.1	4,447.7	4,445.4	4,436.6	4,427.4
Taxes less subsidies on production	988.2	1,054.7	1,103.6	1,084.3	1,064.6	1,042.3	1,027.6	1,019.7
Property income	2,583.8	3,021.0	3,585.9	3,783.4	3,654.0	3,420.9	3,154.7	2,929.7
Interest	1,319.0	1,613.7	2,016.4	2,245.4	2,146.8	1,984.9	1,767.3	1,574.4
Other property income	1,264.8	1,407.3	1,569.5	1,538.0	1,507.2	1,436.0	1,387.5	1,355.2
Net national income								
Secondary distribution of income account								
Net national income	6,967.8	7,321.7	7,703.1	7,787.9	7,703.1	7,610.2	7,547.1	7,532.9
Current taxes on income, wealth, etc.	939.5	1,032.9	1,119.1	1,131.0	1,119.6	1,080.7	1,050.1	1,023.4
Social contributions	1,477.2	1,539.0	1,594.4	1,660.3	1,667.5	1,667.2	1,669.5	1,671.2
Social benefits other than social transfers in kind	1,497.9	1,545.4	1,590.0	1,657.5	1,681.9	1,713.4	1,744.6	1,773.7
Other current transfers	630.5	635.3	660.5	687.2	682.1	675.1	664.8	660.5
Net non-life insurance premiums	180.5	180.2	184.1	190.9	188.0	184.2	179.6	175.4
Non-life insurance claims	178.3	177.1	181.5	187.3	184.3	180.8	176.1	172.1
Other	271.6	277.9	294.9	309.1	309.8	310.1	309.1	313.0
Net disposable income								
Use of income account								
Net disposable income	6,881.4	7,229.5	7,608.5	7,682.5	7,597.5	7,503.6	7,438.5	7,422.9
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	61.0	63.1	60.3	64.9	64.7	63.0	60.9	59.5
Net saving								
Capital account								
Net saving	526.4	597.9	715.2	520.7	427.7	339.1	279.6	248.5
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,190.3	1,250.6	1,318.1	1,381.5	1,391.8	1,398.7	1,403.5	1,407.4
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	196.8	184.4	166.2	171.7	167.5	178.9	181.3	188.4
Capital taxes	24.4	22.5	24.3	23.8	23.6	28.6	29.0	33.9
Other capital transfers	172.3	161.9	142.0	147.9	144.0	150.4	152.3	154.5
Net lending (+)/net borrowing (-) (from capital account)								

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

3.3 Households

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

	2005	2006	2007	2008 Q1-2008 Q4	2008 Q2-2009 Q1	2008 Q3-2009 Q2	2008 Q4-2009 Q3	2009 Q1-2009 Q4
Income, saving and changes in net worth								
Compensation of employees (+)	3,914.1	4,076.5	4,264.9	4,442.1	4,447.7	4,445.4	4,436.6	4,427.4
Gross operating surplus and mixed income (+)	1,338.9	1,415.3	1,499.4	1,550.8	1,543.7	1,531.4	1,520.4	1,515.9
Interest receivable (+)	225.4	261.6	304.9	336.6	321.9	296.2	263.5	235.4
Interest payable (-)	130.5	163.4	209.1	233.7	217.4	192.6	164.0	139.8
Other property income receivable (+)	702.7	747.7	790.2	795.4	787.3	762.1	745.1	736.3
Other property income payable (-)	9.5	9.8	10.0	10.1	10.2	10.3	10.3	10.2
Current taxes on income and wealth (-)	741.7	794.3	851.7	892.3	890.3	877.8	871.8	860.8
Net social contributions (-)	1,474.0	1,535.7	1,591.0	1,656.5	1,664.0	1,663.7	1,665.9	1,667.2
Net social benefits (+)	1,492.6	1,539.9	1,584.3	1,651.7	1,676.0	1,707.5	1,738.7	1,767.8
Net current transfers receivable (+)	66.4	66.7	69.4	72.1	73.6	76.7	79.8	82.1
= Gross disposable income	5,384.4	5,604.3	5,851.5	6,056.1	6,068.3	6,074.9	6,072.1	6,086.9
Final consumption expenditure (-)	4,690.6	4,897.9	5,088.5	5,267.0	5,249.0	5,225.1	5,198.6	5,197.8
Changes in net worth in pension funds (+)	60.6	62.7	59.8	64.6	64.3	62.7	60.6	59.2
= Gross saving	754.4	769.2	822.8	853.7	883.6	912.4	934.0	948.3
Consumption of fixed capital (-)	326.0	345.2	366.0	384.1	386.5	388.2	389.4	389.8
Net capital transfers receivable (+)	24.0	18.7	12.0	13.5	13.1	14.3	15.7	10.9
Other changes in net worth [1] (+)	565.8	523.4	62.3	-1,689.2	-1,330.9	-722.3	56.9	524.0
= Changes in net worth [1]	1,018.1	966.1	531.1	-1,206.1	-820.7	-183.8	617.2	1,093.4
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	552.6	605.3	644.7	642.3	623.0	598.2	575.1	557.2
Consumption of fixed capital (-)	326.0	345.2	366.0	384.1	386.5	388.2	389.4	389.8
Main items of financial investment (+)								
Short-term assets	205.4	308.1	423.2	427.4	381.2	290.4	194.7	33.6
Currency and deposits	246.8	284.1	349.8	439.0	398.4	335.6	256.3	121.8
Money market fund shares	-21.4	1.4	38.3	-13.1	1.8	-17.1	-22.0	-43.1
Debt securities [2]	-20.0	22.6	35.1	1.5	-19.0	-28.0	-39.5	-45.1
Long-term assets	412.8	336.8	153.0	39.4	72.8	171.7	302.9	449.7
Deposits	-7.6	1.9	-31.1	-27.4	-13.7	15.7	55.1	88.1
Debt securities	-2.6	56.1	45.4	56.2	43.2	25.6	27.4	14.8
Shares and other equity	130.2	-19.4	-83.4	-115.9	-90.2	-33.5	28.1	96.1
Quoted and unquoted shares and other equity	63.2	-4.5	-4.5	12.1	25.2	39.0	47.5	42.7
Mutual fund shares	67.0	-14.9	-78.8	-128.0	-115.4	-72.5	-19.4	53.4
Life insurance and pension fund reserves	292.7	298.2	222.2	126.6	133.5	163.8	192.3	250.7
Main items of financing (-)								
Loans	398.9	395.2	356.9	206.1	154.8	126.0	98.5	98.3
of which: From euro area MFIs	358.5	349.0	283.7	82.8	20.1	10.3	-15.8	63.1
Other changes in financial assets (+)								
Shares and other equity	473.3	468.3	55.6	-1,407.7	-1,069.6	-628.3	-61.1	335.5
Life insurance and pension fund reserves	109.5	46.7	25.1	-252.6	-201.2	-99.6	55.5	152.9
Remaining net flows (+)	-10.5	-58.6	-47.7	-64.7	-85.7	-2.0	38.0	52.6
= Changes in net worth [1]	1,018.1	966.1	531.1	-1,206.1	-820.7	-183.8	617.2	1,093.4
Financial balance sheet								
Financial assets (+)								
Short-term assets	4,478.6	4,744.5	5,199.8	5,698.3	5,772.1	5,787.1	5,745.9	5,731.7
Currency and deposits	4,173.7	4,453.9	4,842.8	5,314.4	5,375.7	5,431.0	5,397.6	5,468.3
Money market fund shares	291.2	252.7	289.4	317.2	342.3	310.9	307.6	243.6
Debt securities [2]	13.6	37.9	67.6	66.7	54.0	45.2	40.7	19.8
Long-term assets	11,075.6	11,988.0	12,168.2	10,452.6	10,184.5	10,638.6	11,225.5	11,439.1
Deposits	998.8	1,009.8	943.4	883.7	859.4	878.4	907.7	949.5
Debt securities	1,238.8	1,306.6	1,332.1	1,366.7	1,337.7	1,372.7	1,438.6	1,421.7
Shares and other equity	4,570.6	5,059.3	5,033.1	3,468.6	3,243.7	3,507.9	3,836.4	3,930.7
Quoted and unquoted shares and other equity	3,234.3	3,641.6	3,674.1	2,488.1	2,309.3	2,497.0	2,767.2	2,785.4
Mutual fund shares	1,336.2	1,417.7	1,359.1	980.5	934.4	1,010.9	1,069.2	1,145.3
Life insurance and pension fund reserves	4,267.4	4,612.3	4,859.6	4,733.6	4,743.8	4,879.6	5,042.8	5,137.1
Remaining net assets (+)	270.8	241.9	211.7	228.5	211.1	238.3	218.7	212.6
Liabilities (-)								
Loans	4,766.1	5,165.6	5,510.9	5,708.0	5,701.9	5,739.4	5,762.9	5,804.8
of which: From euro area MFIs	4,201.0	4,553.1	4,825.5	4,901.1	4,878.7	4,899.0	4,916.2	4,956.0
= Net financial wealth	11,058.9	11,808.8	12,068.8	10,671.4	10,465.8	10,924.5	11,427.3	11,578.7

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

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

	2005	2006	2007	2008 Q1-2008 Q4	2008 Q2-2009 Q1	2008 Q3-2009 Q2	2008 Q4-2009 Q3	2009 Q1-2009 Q4
Income and saving								
Gross value added (basic prices) (+)	4,163.1	4,369.3	4,620.3	4,750.3	4,693.1	4,612.1	4,556.3	4,528.4
Compensation of employees (-)	2,471.3	2,583.9	2,713.6	2,831.9	2,828.1	2,818.6	2,802.5	2,787.2
Other taxes less subsidies on production (-)	72.8	75.4	80.3	76.1	74.0	68.9	64.2	59.1
= Gross operating surplus (+)	1,619.0	1,710.0	1,826.4	1,842.2	1,791.0	1,724.6	1,689.6	1,682.1
Consumption of fixed capital (-)	670.5	701.9	738.6	774.2	780.2	783.6	786.2	788.6
= Net operating surplus (+)	948.4	1,008.1	1,087.8	1,068.1	1,010.8	941.0	903.4	893.5
Property income receivable (+)	433.8	506.0	574.0	594.1	570.8	536.6	507.7	478.6
Interest receivable	141.3	169.7	198.9	223.8	211.8	194.9	174.3	157.0
Other property income receivable	292.5	336.3	375.1	370.3	358.9	341.6	333.4	321.7
Interest and rents payable (-)	236.1	284.0	345.7	400.1	381.4	350.5	310.7	274.2
= Net entrepreneurial income (+)	1,146.1	1,230.1	1,316.1	1,262.1	1,200.2	1,127.0	1,100.5	1,097.9
Distributed income (-)	857.5	926.2	987.4	1,030.3	1,018.2	976.1	941.3	917.2
Taxes on income and wealth payable (-)	149.1	189.8	211.9	193.5	186.5	165.8	144.8	131.6
Social contributions receivable (+)	72.8	74.9	63.7	66.0	65.6	65.6	65.5	65.6
Social benefits payable (-)	60.7	60.6	62.0	63.5	63.7	64.0	64.3	64.4
Other net transfers (-)	61.4	65.8	56.6	58.9	58.3	58.5	59.5	60.4
= Net saving	90.1	62.5	62.0	-18.2	-60.9	-71.8	-43.9	-10.1
Investment, financing and saving								
Net acquisition of non-financial assets (+)	253.0	311.7	363.9	354.3	298.2	212.9	149.8	95.4
Gross fixed capital formation (+)	915.9	989.9	1,077.1	1,095.1	1,059.7	1,006.9	967.6	942.2
Consumption of fixed capital (-)	670.5	701.9	738.6	774.2	780.2	783.6	786.2	788.6
Net acquisition of other non-financial assets (+)	7.7	23.8	25.4	33.4	18.7	-10.3	-31.6	-58.2
Main items of financial investment (+)								
Short-term assets	128.5	159.8	168.4	61.7	3.7	35.0	81.0	114.5
Currency and deposits	113.8	146.1	154.4	13.7	-6.4	10.2	37.7	90.0
Money market fund shares	7.4	2.3	-19.2	28.7	29.1	36.4	41.9	42.6
Debt securities [1]	7.4	11.5	33.2	19.3	-19.0	-11.5	1.3	-18.1
Long-term assets	390.4	517.6	736.0	663.1	685.5	561.3	413.4	207.2
Deposits	31.8	24.0	-25.6	22.6	36.5	39.7	11.9	-2.1
Debt securities	-34.4	14.0	-32.4	-71.5	-3.0	17.2	-6.4	-6.2
Shares and other equity	234.2	285.4	446.9	365.7	376.1	340.8	283.7	137.5
Other (mainly intercompany loans)	158.8	194.3	347.2	346.2	275.9	163.6	124.2	78.1
Remaining net assets (+)	87.8	117.4	110.1	53.2	-102.6	-75.8	-76.6	-54.4
Main items of financing (-)								
Debt	432.7	732.4	843.0	760.7	575.7	405.7	230.4	82.5
of which: Loans from euro area MFIs	276.7	449.0	544.2	392.6	252.0	98.2	-35.0	-151.4
of which: Debt securities	14.0	40.0	33.5	62.6	67.5	79.2	92.2	76.9
Shares and other equity	275.9	238.8	404.7	311.1	287.6	317.3	297.5	206.2
Quoted shares	101.7	38.1	70.4	2.5	13.2	47.1	57.9	58.6
Unquoted shares and other equity	174.2	200.7	334.2	308.5	274.4	270.2	239.5	147.6
Net capital transfers receivable (-)	60.6	72.3	69.8	76.3	78.8	77.4	78.3	81.0
= Net saving	90.1	62.5	62.0	-18.2	-60.9	-71.8	-43.9	-10.1
Financial balance sheet								
Financial assets								
Short-term assets	1,509.3	1,675.1	1,827.7	1,889.0	1,876.5	1,908.3	1,957.9	1,999.2
Currency and deposits	1,229.6	1,367.3	1,507.7	1,537.6	1,510.0	1,551.2	1,579.5	1,634.1
Money market fund shares	173.4	181.4	157.4	182.2	208.1	213.6	220.4	206.5
Debt securities [1]	106.3	126.4	162.6	169.2	158.4	143.6	158.0	158.6
Long-term assets	8,809.7	10,197.0	11,102.2	9,365.6	9,098.1	9,494.4	10,149.1	10,452.8
Deposits	107.9	151.8	156.0	173.6	173.9	162.4	152.6	150.3
Debt securities	282.4	296.9	262.7	177.5	181.9	157.7	153.2	186.3
Shares and other equity	6,432.5	7,564.1	8,178.4	6,160.1	5,838.3	6,280.5	6,926.4	7,174.9
Other (mainly intercompany loans)	1,986.9	2,184.1	2,505.2	2,854.4	2,904.0	2,893.9	2,917.0	2,941.3
Remaining net assets	335.8	352.9	385.2	461.1	448.8	479.6	503.2	497.2
Liabilities								
Debt	7,195.5	7,892.8	8,633.5	9,381.1	9,414.3	9,450.5	9,457.7	9,466.3
of which: Loans from euro area MFIs	3,524.3	3,981.9	4,507.1	4,895.6	4,859.3	4,825.9	4,759.4	4,708.9
of which: Debt securities	667.1	686.4	684.1	739.6	736.6	771.2	816.9	821.1
Shares and other equity	11,206.7	13,218.6	14,408.5	10,616.8	9,955.0	10,688.9	11,849.0	12,163.0
Quoted shares	3,721.5	4,533.5	5,023.9	2,850.0	2,483.7	2,827.6	3,299.0	3,429.7
Unquoted shares and other equity	7,485.1	8,685.0	9,384.6	7,766.9	7,471.3	7,861.3	8,549.9	8,733.4

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

3.5 Insurance corporations and pension funds

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

	2005	2006	2007	2008 Q1-2008 Q4	2008 Q2-2009 Q1	2008 Q3-2009 Q2	2008 Q4-2009 Q3	2009 Q1-2009 Q4
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	22.9	64.4	69.2	116.5	69.7	54.6	41.8	22.6
Currency and deposits	7.2	11.0	6.5	57.0	18.4	11.8	-0.7	-33.2
Money market fund shares	-0.9	3.4	2.8	20.7	18.6	12.1	7.0	9.0
Debt securities [1]	16.6	49.9	59.9	38.8	32.7	30.6	35.5	46.7
Long-term assets	290.8	293.7	169.9	67.8	49.7	81.6	112.1	178.4
Deposits	16.7	68.4	48.8	-4.7	8.0	9.1	17.2	15.2
Debt securities	132.9	111.5	48.8	33.5	52.8	7.6	12.8	49.1
Loans	-0.5	-1.3	-15.6	21.8	-2.1	10.3	7.9	5.3
Quoted shares	31.3	-2.5	-0.4	-15.2	-20.2	-22.7	-96.9	-84.0
Unquoted shares and other equity	19.0	29.5	22.0	23.3	16.1	11.1	2.4	-5.8
Mutual fund shares	91.5	88.2	66.4	9.2	-4.9	66.3	168.8	198.6
Remaining net assets (+)	-0.7	9.6	-11.5	19.6	8.3	31.2	30.4	32.6
Main items of financing (-)								
Debt securities	-0.4	5.7	3.0	11.7	13.8	9.9	10.0	0.8
Loans	12.8	44.9	-5.3	24.3	-2.3	12.3	5.9	-28.3
Shares and other equity	10.5	9.2	1.7	0.1	1.5	2.3	4.4	4.3
Insurance technical reserves	340.4	307.5	242.3	133.1	117.8	147.8	174.0	258.9
Net equity of households in life insurance and pension fund reserves	296.4	301.0	239.1	129.5	122.5	151.7	178.4	250.1
Prepayments of insurance premiums and reserves for outstanding claims	44.0	6.5	3.2	3.6	-4.6	-3.9	-4.4	8.8
= Changes in net financial worth due to transactions	-50.3	0.5	-14.2	34.6	-3.1	-4.9	-10.0	-2.2
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	197.7	178.8	17.6	-564.7	-433.5	-280.2	-57.6	176.3
Other net assets	60.9	-39.8	-39.7	35.8	30.0	51.5	95.4	91.2
Other changes in liabilities (-)								
Shares and other equity	123.0	41.4	-33.3	-179.1	-187.8	-123.2	-53.4	14.2
Insurance technical reserves	144.7	55.1	27.6	-248.8	-203.9	-97.6	65.9	163.2
Net equity of households in life insurance and pension fund reserves	153.8	51.3	27.7	-249.3	-197.9	-93.9	65.5	166.3
Prepayments of insurance premiums and reserves for outstanding claims	-9.1	3.8	-0.1	0.5	-6.0	-3.7	0.3	-3.1
= Other changes in net financial worth	-9.2	42.5	-16.5	-101.0	-11.9	-7.9	25.4	90.1
Financial balance sheet								
Financial assets (+)								
Short-term assets	430.4	503.0	566.2	688.4	709.9	709.1	695.7	720.2
Currency and deposits	146.6	157.1	163.6	224.5	213.2	196.1	190.3	195.2
Money market fund shares	74.3	80.1	80.7	98.8	112.3	104.2	103.2	99.1
Debt securities [1]	209.5	265.8	321.9	365.2	384.4	408.8	402.2	425.9
Long-term assets	4,715.6	5,125.4	5,273.9	4,796.8	4,749.6	4,909.8	5,122.6	5,249.1
Deposits	519.8	589.8	638.8	636.1	649.4	651.6	655.4	651.5
Debt securities	1,801.1	1,853.9	1,859.5	1,909.3	1,948.1	1,928.2	2,003.9	2,047.6
Loans	411.4	406.9	393.1	413.8	414.6	419.5	419.3	418.5
Quoted shares	634.5	718.1	713.2	417.1	374.9	436.9	409.7	416.7
Unquoted shares and other equity	414.4	487.8	527.2	445.4	417.2	416.1	437.7	438.7
Mutual fund shares	934.4	1,068.9	1,142.2	975.1	945.5	1,057.4	1,196.6	1,276.1
Remaining net assets (+)	182.6	212.6	193.1	235.5	236.6	250.7	257.5	254.8
Liabilities (-)								
Debt securities	21.3	35.9	29.3	46.0	44.9	44.8	48.7	50.2
Loans	201.1	242.8	233.9	265.7	268.4	268.2	256.6	236.3
Shares and other equity	629.8	680.3	648.7	469.8	410.3	436.3	489.2	488.3
Insurance technical reserves	4,597.0	4,959.6	5,229.5	5,113.8	5,116.7	5,260.4	5,430.7	5,536.0
Net equity of households in life insurance and pension fund reserves	3,910.9	4,263.2	4,530.0	4,410.2	4,417.1	4,557.4	4,724.2	4,826.6
Prepayments of insurance premiums and reserves for outstanding claims	686.1	696.3	699.5	703.6	699.6	703.0	706.5	709.4
= Net financial wealth	-120.6	-77.6	-108.3	-174.6	-144.3	-140.1	-149.3	-86.7

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

4

FINANCIAL MARKETS

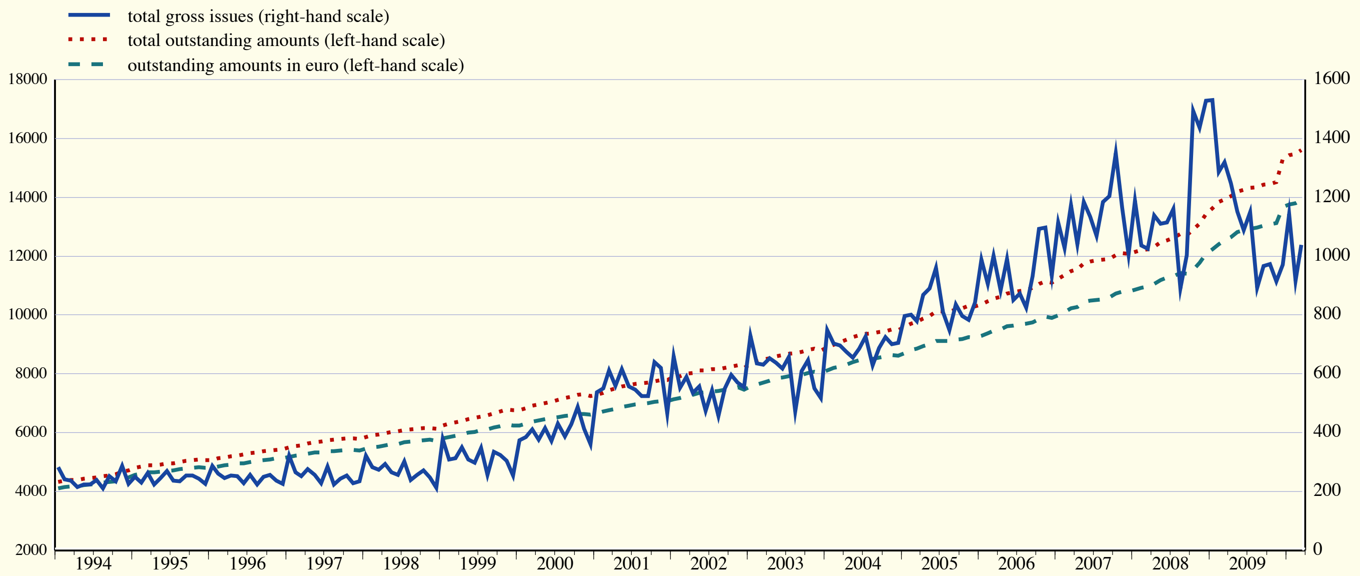
4.1 Securities other than shares by original maturity, residency of the issuer and currency

(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					
											Seasonally adjusted[2]	
	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Annual growth rates	Net issues	6-month growth rates
	1	2	3	4	5	6	7	8	9	10	11	12
						Total						
2009 Mar.	14,763.4	1,318.2	165.5	12,539.7	1,230.0	129.6	13,937.2	1,318.8	147.8	11.7	133.1	14.8
Apr.	14,841.1	1,233.9	79.6	12,640.5	1,167.6	102.8	14,048.4	1,248.1	107.1	11.9	89.9	14.2
May	15,050.4	1,160.1	208.7	12,815.8	1,070.8	174.8	14,191.5	1,151.3	176.9	11.9	116.5	12.7
June	15,141.7	1,090.0	90.4	12,877.5	1,007.8	60.4	14,263.0	1,088.0	74.7	11.7	92.9	10.5
July	15,173.5	1,124.2	32.3	12,933.4	1,069.5	56.5	14,330.7	1,148.7	69.0	11.6	104.3	10.4
Aug.	15,224.6	883.1	50.0	12,965.6	827.3	31.2	14,352.0	893.4	24.1	10.8	63.7	8.9
Sep.	15,330.0	965.6	106.1	13,044.1	882.4	79.2	14,421.3	966.2	84.7	11.8	149.9	9.1
Oct.	15,331.6	951.3	1.7	13,074.4	901.7	30.4	14,457.0	973.1	38.5	10.9	10.6	7.8
Nov.	15,384.1	889.8	51.9	13,129.2	847.6	54.0	14,515.7	913.4	63.7	9.6	38.7	6.6
Dec.	15,921.4	936.7	-48.6	13,668.3	883.2	-46.8	15,300.4	970.6	-50.5	8.1	21.4	5.3
2010 Jan.	16,004.6	1,089.8	82.6	13,753.8	1,027.2	84.8	15,432.2	1,143.6	105.2	7.6	80.8	4.9
Feb.	16,042.2	870.8	39.0	13,792.9	822.0	40.6	15,479.6	916.5	34.8	6.3	-17.6	3.7
Mar.	16,197.3	1,030.4	153.5	13,906.0	926.5	111.5	15,606.4	1,038.5	119.9	6.0	110.7	3.0
						Long-term						
2009 Mar.	13,154.8	320.0	145.0	11,074.2	280.4	134.9	12,273.7	302.1	138.9	10.1	137.1	12.8
Apr.	13,231.2	292.6	78.8	11,142.8	257.8	71.2	12,350.8	276.6	72.4	10.1	69.8	13.5
May	13,435.4	339.3	204.9	11,314.1	281.4	172.0	12,502.0	301.9	179.4	10.4	116.1	12.9
June	13,557.3	314.2	119.6	11,424.0	275.6	107.4	12,634.0	309.5	130.2	10.6	102.5	11.7
July	13,584.4	269.2	27.4	11,457.7	247.8	33.9	12,677.6	272.7	44.2	10.6	87.1	11.0
Aug.	13,644.7	131.5	59.9	11,502.8	108.9	44.8	12,720.1	121.8	48.8	10.3	98.6	10.3
Sep.	13,716.8	223.7	71.7	11,577.2	197.1	74.0	12,782.4	222.6	75.3	11.3	124.4	10.0
Oct.	13,783.1	245.1	64.2	11,639.5	216.7	60.1	12,845.8	236.1	66.7	11.6	61.6	9.8
Nov.	13,867.0	200.9	81.9	11,719.2	180.1	77.8	12,921.9	195.3	81.1	10.7	46.3	8.5
Dec.	14,387.1	169.5	-20.8	12,249.3	154.0	-11.0	13,675.7	166.0	-20.9	9.1	-24.1	6.1
2010 Jan.	14,467.3	309.2	81.2	12,322.9	277.7	74.5	13,791.3	315.5	92.4	9.0	138.6	6.8
Feb.	14,523.3	211.4	57.5	12,385.3	192.9	64.0	13,863.5	210.8	60.2	7.9	18.3	5.4
Mar.	14,669.3	308.3	144.7	12,506.3	248.3	119.7	13,995.1	279.6	126.5	7.7	132.4	5.4

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

(EUR billions)



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

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

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

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

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

1. Outstanding amounts and gross issues

	Outstanding amounts						Gross issues [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2008	13,429	5,272	2,170	709	4,938	340	1,177	817	75	100	162	24
2009	15,300	5,379	3,225	814	5,510	373	1,124	738	58	85	221	22
2009 Q2	14,263	5,438	2,355	769	5,349	351	1,162	750	62	90	241	20
Q3	14,421	5,432	2,379	799	5,452	358	1,003	652	43	84	212	12
Q4	15,300	5,379	3,225	814	5,510	373	952	628	49	73	182	20
2010 Q1	15,606	5,471	3,238	853	5,656	388	1,033	653	57	73	230	20
2009 Dec.	15,300	5,379	3,225	814	5,510	373	971	695	67	69	121	18
2010 Jan.	15,432	5,433	3,260	823	5,549	368	1,144	722	80	69	259	14
Feb.	15,480	5,418	3,234	841	5,612	375	916	574	35	71	215	22
Mar.	15,606	5,471	3,238	853	5,656	388	1,038	663	56	80	215	25
	Short-term											
2008	1,595	822	66	116	566	25	961	722	27	92	101	19
2009	1,625	733	75	71	725	21	874	639	14	68	137	15
2009 Q2	1,629	785	44	86	699	16	866	631	14	69	139	13
Q3	1,639	751	35	83	752	19	797	569	10	71	139	8
Q4	1,625	733	75	71	725	21	753	550	14	60	116	13
2010 Q1	1,611	747	63	77	708	17	764	547	24	60	123	10
2009 Dec.	1,625	733	75	71	725	21	805	621	20	59	93	12
2010 Jan.	1,641	737	75	74	741	13	828	598	20	61	144	6
Feb.	1,616	734	65	78	723	16	706	499	25	54	115	12
Mar.	1,611	747	63	77	708	17	759	545	26	66	111	12
	Long-term [2]											
2008	11,834	4,450	2,104	593	4,371	315	216	95	48	8	61	4
2009	13,676	4,646	3,150	743	4,784	353	250	99	44	16	84	6
2009 Q2	12,634	4,653	2,311	684	4,650	335	296	119	48	21	102	7
Q3	12,782	4,681	2,344	717	4,701	339	206	83	33	14	72	4
Q4	13,676	4,646	3,150	743	4,784	353	199	79	35	13	66	6
2010 Q1	13,995	4,724	3,175	776	4,948	371	269	106	33	13	107	10
2009 Dec.	13,676	4,646	3,150	743	4,784	353	166	75	47	10	28	7
2010 Jan.	13,791	4,696	3,185	748	4,808	355	316	124	60	8	115	8
Feb.	13,864	4,684	3,169	763	4,890	358	211	75	10	17	100	10
Mar.	13,995	4,724	3,175	776	4,948	371	280	118	30	14	104	13
	of which: Long-term fixed rate											
2008	7,720	2,306	754	455	3,955	250	120	49	9	6	53	3
2009	8,839	2,587	1,034	610	4,338	271	172	60	18	16	74	4
2009 Q2	8,357	2,472	866	548	4,211	260	210	72	23	20	90	5
Q3	8,491	2,507	892	582	4,251	259	139	49	14	13	61	3
Q4	8,839	2,587	1,034	610	4,338	271	132	46	10	12	59	5
2010 Q1	9,100	2,656	1,047	637	4,482	277	185	61	10	11	95	7
2009 Dec.	8,839	2,587	1,034	610	4,338	271	83	33	8	8	27	6
2010 Jan.	8,898	2,628	1,043	612	4,347	268	205	81	13	7	100	4
Feb.	8,996	2,628	1,038	624	4,435	271	160	41	4	14	93	8
Mar.	9,100	2,656	1,047	637	4,482	277	190	61	14	13	93	10
	of which: Long-term variable rate											
2008	3,601	1,744	1,302	128	363	64	82	36	38	1	5	1
2009	4,399	1,772	2,050	122	374	81	62	28	25	1	6	2
2009 Q2	3,738	1,762	1,402	125	374	74	65	31	24	1	7	2
Q3	3,734	1,747	1,411	125	372	79	49	21	18	1	7	1
Q4	4,399	1,772	2,050	122	374	81	58	26	24	1	5	2
2010 Q1	4,441	1,779	2,059	129	382	93	70	38	20	1	7	3
2009 Dec.	4,399	1,772	2,050	122	374	81	75	34	38	2	1	0
2010 Jan.	4,445	1,779	2,073	126	382	85	92	34	44	0	8	5
Feb.	4,417	1,766	2,062	128	374	86	40	30	3	3	3	2
Mar.	4,441	1,779	2,059	129	382	93	77	50	14	1	8	4

Source: ECB.

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

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

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

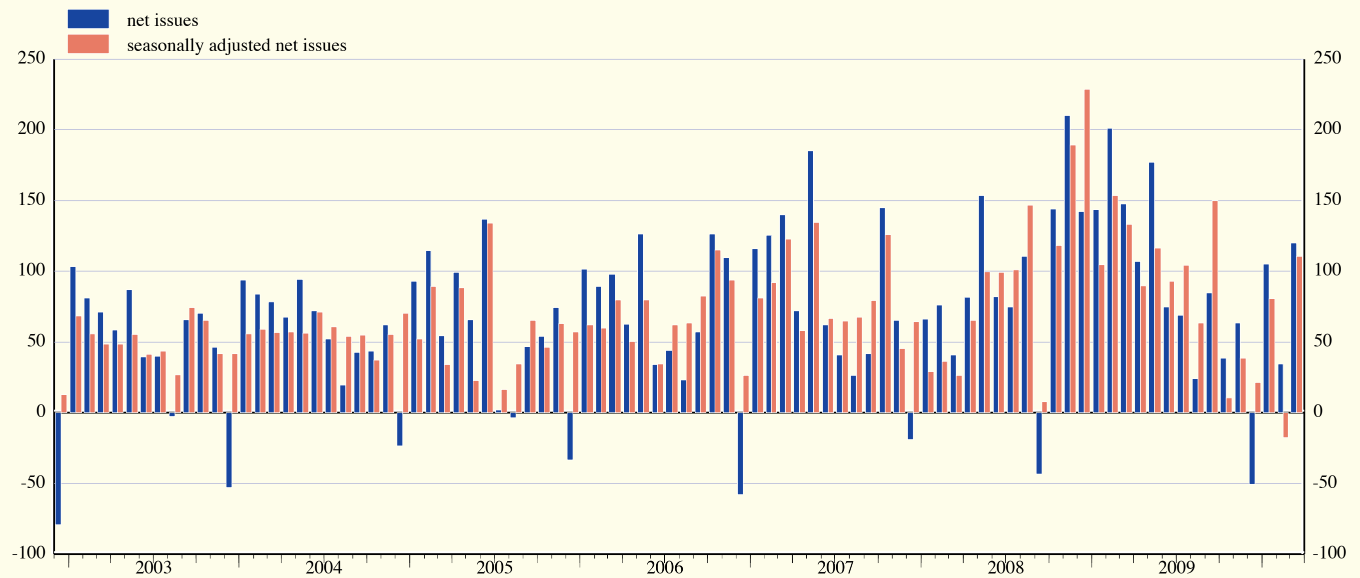
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

2. Net issues

	Non-seasonally adjusted [1]						Seasonally adjusted [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2008	95.0	22.9	34.9	4.3	31.8	1.1	95.7	23.1	34.1	4.4	33.1	1.0
2009	90.0	10.2	22.1	8.6	46.4	2.8	89.9	9.9	21.6	8.3	47.3	2.8
2009 Q2	119.6	22.0	28.1	12.8	53.8	2.8	99.8	21.4	27.9	8.7	39.0	2.8
Q3	59.3	0.3	10.2	11.1	35.4	2.3	105.9	9.8	31.6	13.9	47.1	3.5
Q4	17.3	-21.9	18.1	3.4	12.5	5.1	23.6	-12.2	-16.5	5.5	44.3	2.5
2010 Q1	86.6	25.4	0.0	11.7	46.4	3.1	58.0	7.6	17.6	11.4	17.0	4.5
2009 Dec.	-50.5	-28.4	23.1	-2.7	-49.4	7.1	21.4	23.3	-47.3	5.9	36.4	3.2
2010 Jan.	105.2	43.3	25.7	6.1	35.7	-5.6	80.8	19.3	69.6	2.2	-8.9	-1.5
Feb.	34.8	-21.4	-28.2	17.1	60.7	6.6	-17.6	-47.1	-30.8	18.4	34.6	7.3
Mar.	119.9	54.4	2.7	11.7	42.9	8.3	110.7	50.5	13.9	13.5	25.2	7.6
	Long-term											
2008	65.5	16.0	32.8	2.8	13.4	0.6	64.8	16.1	32.0	2.9	13.3	0.5
2009	89.5	15.4	24.2	12.3	34.5	3.1	89.1	15.5	23.6	12.3	34.6	3.1
2009 Q2	127.3	36.4	28.9	17.1	41.3	3.7	96.1	25.7	27.8	13.4	25.7	3.5
Q3	56.1	12.2	13.1	12.0	17.4	1.4	103.4	22.4	34.8	13.9	29.8	2.5
Q4	42.3	-12.6	16.0	7.2	27.3	4.4	27.9	-3.0	-18.4	7.7	38.1	3.5
2010 Q1	93.0	22.1	4.1	9.7	52.8	4.3	96.5	13.5	21.9	11.4	45.4	4.2
2009 Dec.	-20.9	-46.2	23.7	1.7	-5.0	4.9	-24.1	-19.1	-45.4	3.7	30.9	5.7
2010 Jan.	92.4	41.2	25.4	2.8	20.9	2.0	138.6	43.7	66.4	4.1	22.7	1.7
Feb.	60.2	-18.6	-17.8	13.9	79.5	3.2	18.3	-41.0	-18.0	15.2	57.9	4.3
Mar.	126.5	43.7	4.7	12.5	58.1	7.5	132.4	37.7	17.3	15.1	55.6	6.8

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

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



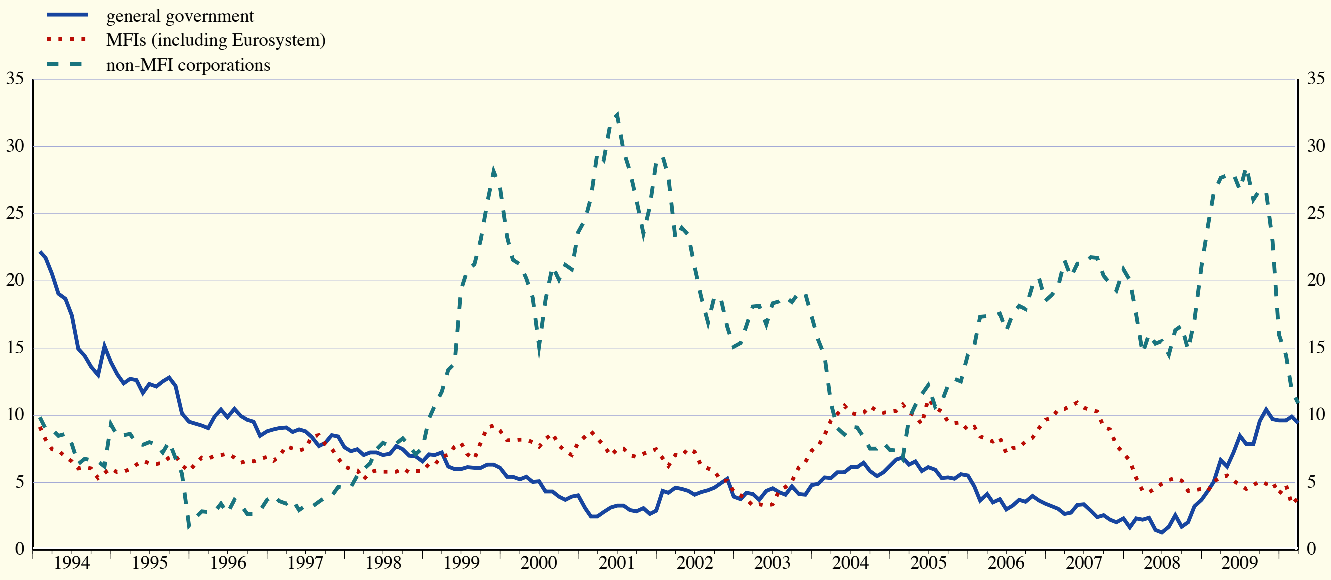
Source: ECB.

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

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

	Annual growth rates (non-seasonally adjusted)						6-month seasonally adjusted growth rates					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
						Total						
2009 Mar.	11.7	6.4	31.9	9.1	11.6	7.9	14.8	4.7	35.4	12.9	19.8	10.0
Apr.	11.9	6.2	31.6	10.3	11.7	10.6	14.2	5.9	37.9	15.7	15.1	11.3
May	11.9	5.4	31.1	10.4	12.8	9.5	12.7	5.8	31.7	16.4	13.0	11.9
June	11.7	4.8	28.0	12.3	13.7	9.6	10.5	4.8	21.0	11.8	12.0	9.6
July	11.6	4.2	28.8	14.1	13.5	9.4	10.4	4.8	21.1	15.8	11.0	10.3
Aug.	10.8	3.5	25.1	13.8	13.4	9.0	8.9	3.2	16.8	14.4	10.7	10.8
Sep.	11.8	4.1	25.4	16.1	14.9	10.6	9.1	3.5	16.4	19.2	10.2	11.3
Oct.	10.9	3.0	24.8	17.1	13.6	10.4	7.8	0.2	13.0	18.6	12.1	9.4
Nov.	9.6	2.5	20.1	16.9	12.1	10.6	6.6	-0.6	9.6	17.4	11.3	9.3
Dec.	8.1	2.3	11.9	14.5	11.3	9.7	5.3	-0.3	3.4	15.9	10.7	10.4
2010 Jan.	7.6	2.3	12.1	13.7	10.2	9.1	4.9	0.0	3.6	11.6	9.4	7.8
Feb.	6.3	0.6	8.6	15.0	9.8	10.8	3.7	-1.8	0.9	15.6	8.8	11.0
Mar.	6.0	1.4	7.2	16.0	8.6	11.6	3.0	-0.5	-1.2	12.9	6.9	11.9
						Long-term						
2009 Mar.	10.1	5.4	33.3	12.9	6.7	5.8	12.8	3.8	39.7	20.8	11.8	7.3
Apr.	10.1	5.5	32.8	14.8	6.0	8.7	13.5	5.0	42.6	26.2	10.0	11.8
May	10.4	5.1	32.4	16.3	7.2	8.5	12.9	5.7	35.5	30.5	9.1	14.2
June	10.6	4.8	29.6	19.4	8.5	8.4	11.7	5.7	23.9	29.8	9.8	12.6
July	10.6	4.5	31.1	22.0	7.8	8.0	11.0	6.2	22.0	28.1	8.6	12.0
Aug.	10.3	4.8	27.8	21.6	7.8	8.0	10.3	6.8	17.9	24.0	8.3	13.2
Sep.	11.3	5.1	28.1	24.0	9.6	9.3	10.0	6.4	17.7	27.3	7.5	11.4
Oct.	11.6	4.9	27.2	26.0	10.4	10.4	9.8	4.8	13.5	25.9	11.0	9.0
Nov.	10.7	5.0	22.0	27.1	9.6	10.8	8.5	4.4	9.9	23.8	10.1	7.6
Dec.	9.1	4.1	13.5	24.8	9.5	11.8	6.1	2.5	3.8	20.1	9.0	10.9
2010 Jan.	9.0	4.8	12.4	21.7	9.5	11.4	6.8	3.5	3.4	15.6	10.5	10.7
Feb.	7.9	3.4	9.2	21.7	9.7	12.3	5.4	0.0	1.0	19.4	11.2	11.4
Mar.	7.7	3.8	8.0	21.8	9.2	12.7	5.4	1.3	-0.9	16.6	10.9	14.0

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



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

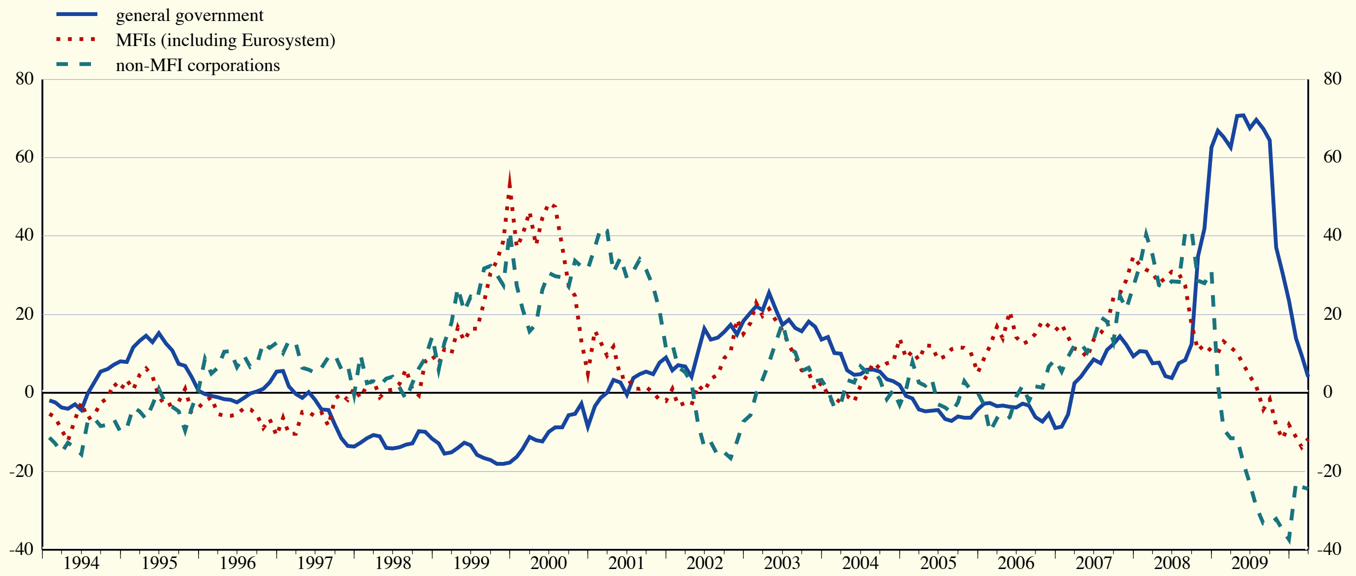
4.3 Growth rates of securities other than shares issued by euro area residents [1] (cont'd)

(percentage changes)

	Long-term fixed rate						Long-term variable rate					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	13	14	15	16	17	18	19	20	21	22	23	24
	In all currencies combined											
2008	3.1	4.9	5.7	4.9	1.5	1.4	12.7	5.4	33.4	7.0	7.6	3.2
2009	9.5	7.0	18.2	24.0	8.1	4.2	12.2	1.9	36.2	-2.0	0.1	20.7
2009 Q2	8.9	6.8	17.9	21.2	7.5	4.8	14.4	3.1	43.2	-1.1	-0.6	19.9
Q3	10.5	7.2	21.2	28.2	9.0	3.9	11.4	1.0	35.5	-3.2	-1.6	25.1
Q4	12.2	9.0	21.4	33.5	10.3	6.6	7.7	-1.6	24.4	-4.1	2.0	26.2
2010 Q1	11.1	9.7	14.1	27.9	9.6	8.1	2.4	-3.8	8.6	-2.3	4.6	26.7
2009 Oct.	12.5	8.6	22.3	33.8	11.1	6.4	9.3	-1.2	30.3	-4.0	1.3	26.1
Nov.	12.4	9.5	21.7	34.9	10.1	7.1	7.0	-1.7	22.5	-3.9	1.7	25.8
Dec.	11.9	9.7	19.3	32.3	9.7	8.3	2.8	-3.9	10.8	-4.2	3.0	25.2
2010 Jan.	11.5	10.7	16.2	27.7	9.3	7.0	3.5	-3.2	10.1	-3.2	7.3	28.2
Feb.	10.8	9.0	11.6	26.8	10.0	8.3	1.6	-4.4	7.4	-1.6	3.2	27.1
Mar.	10.4	9.1	10.2	26.4	9.4	9.5	1.4	-3.6	5.9	-0.1	3.5	24.4
	In euro											
2008	3.0	4.8	6.1	3.0	1.7	1.3	14.3	6.6	35.1	7.2	7.9	2.0
2009	10.0	8.9	21.4	22.5	8.2	3.6	14.5	3.9	38.7	-2.5	-0.4	21.8
2009 Q2	9.6	8.8	21.8	19.4	7.7	4.2	17.2	5.4	46.3	-1.8	-0.7	21.7
Q3	11.2	9.4	24.4	27.2	9.2	3.3	13.7	2.9	38.1	-3.8	-2.4	27.4
Q4	12.8	11.3	23.5	33.1	10.4	6.1	9.2	-0.1	25.9	-4.9	0.7	26.8
2010 Q1	11.4	10.7	15.3	28.7	9.7	7.8	3.0	-3.3	9.4	-2.6	3.2	26.7
2009 Oct.	13.2	11.1	24.9	33.3	11.2	5.7	11.2	0.6	31.9	-4.9	0.0	26.9
Nov.	12.9	11.9	23.5	34.4	10.2	6.8	8.4	-0.5	23.8	-4.6	0.4	25.9
Dec.	12.2	11.2	20.5	33.0	9.8	8.0	3.7	-3.0	11.8	-4.7	1.7	25.1
2010 Jan.	11.7	11.7	17.8	28.4	9.3	6.6	4.1	-2.8	11.0	-3.7	5.9	28.3
Feb.	11.1	9.9	12.5	27.8	10.1	8.0	2.1	-4.1	8.1	-1.8	1.8	27.0
Mar.	10.7	9.7	11.4	27.3	9.4	9.4	1.9	-3.2	6.5	0.2	2.1	24.5

C18 Annual growth rates of short-term debt securities, by sector of the issuer, in all currencies combined

(annual percentage changes)



Source: ECB.

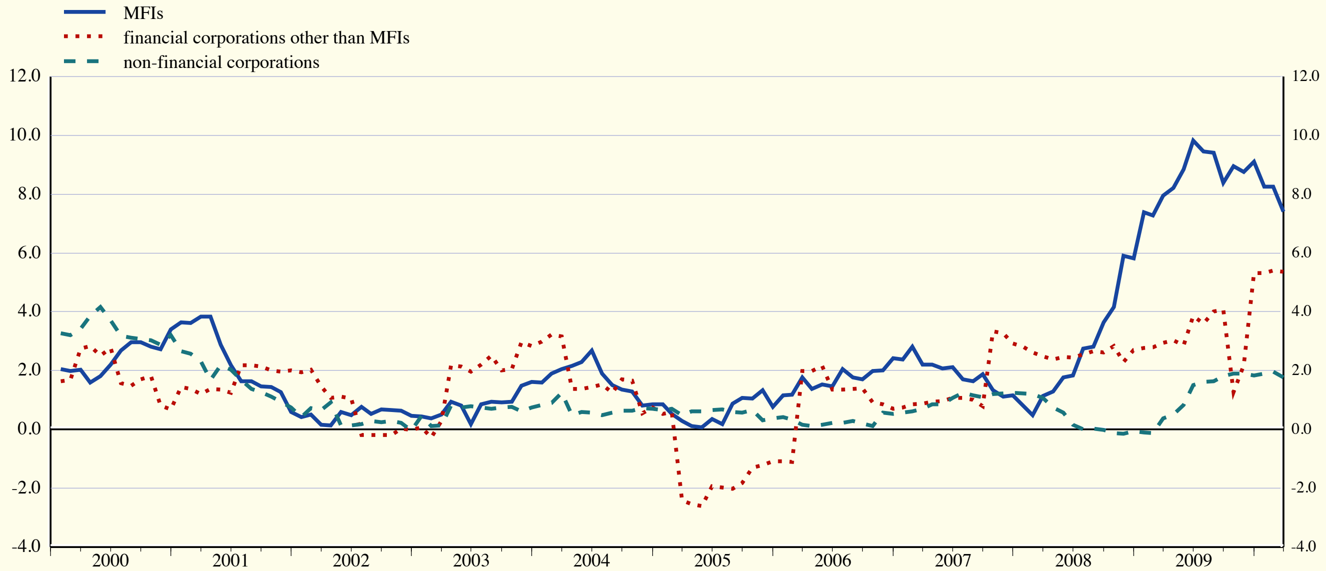
1) Annual percentage changes for monthly data refer to the end of the month, whereas those for quarterly and yearly data refer to the annual change in the period average. See the Technical Notes for details.

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

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

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 2001 = 100	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)
	1	2	3	4	5	6	7	8	9
2008 Mar.	5,585.3	104.5	1.2	861.7	1.1	501.5	2.5	4,222.2	1.1
Apr.	5,766.6	104.5	1.0	838.5	1.3	519.6	2.4	4,408.5	0.7
May	5,747.7	104.5	0.9	772.3	1.8	497.1	2.5	4,478.4	0.6
June	5,100.2	104.5	0.6	666.5	1.8	435.8	2.5	3,997.9	0.2
July	4,991.5	104.7	0.6	692.8	2.7	428.2	2.5	3,870.5	0.0
Aug.	5,017.9	104.6	0.7	666.7	2.8	438.4	2.7	3,912.7	0.0
Sep.	4,448.1	104.7	0.7	613.3	3.6	382.3	2.6	3,452.5	0.0
Oct.	3,760.0	105.0	0.7	452.9	4.2	280.5	2.8	3,026.6	-0.1
Nov.	3,504.9	105.2	0.9	395.6	5.9	265.4	2.3	2,843.9	-0.1
Dec.	3,512.7	105.4	1.0	378.1	5.8	282.5	2.7	2,852.1	-0.1
2009 Jan.	3,315.7	105.6	1.1	343.7	7.4	259.0	2.8	2,712.9	-0.1
Feb.	2,943.5	105.6	1.1	275.9	7.3	206.3	2.8	2,461.3	-0.1
Mar.	3,027.4	106.1	1.5	315.5	7.9	223.9	2.9	2,488.0	0.4
Apr.	3,461.0	106.2	1.6	413.7	8.2	274.6	3.0	2,772.7	0.5
May	3,609.3	106.5	1.9	454.1	8.9	283.3	2.9	2,871.9	0.8
June	3,560.2	107.3	2.7	449.5	9.8	279.4	3.9	2,831.4	1.5
July	3,846.1	107.5	2.7	510.4	9.5	301.1	3.6	3,034.6	1.6
Aug.	4,044.3	107.5	2.7	573.3	9.4	321.7	4.0	3,149.3	1.6
Sep.	4,213.9	107.6	2.8	594.0	8.4	351.6	4.1	3,268.3	1.8
Oct.	4,068.7	107.8	2.7	569.0	9.0	326.2	1.3	3,173.6	1.9
Nov.	4,082.3	108.1	2.7	568.5	8.8	317.9	2.2	3,195.9	1.9
Dec.	4,428.9	108.5	3.0	572.1	9.1	348.8	5.3	3,508.0	1.8
2010 Jan.	4,261.5	108.7	2.9	522.5	8.3	338.7	5.3	3,400.3	1.9
Feb.	4,179.3	108.7	3.0	503.6	8.2	337.2	5.4	3,338.4	2.0
Mar.	4,492.6	109.0	2.8	548.3	7.4	363.3	5.4	3,581.0	1.8

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



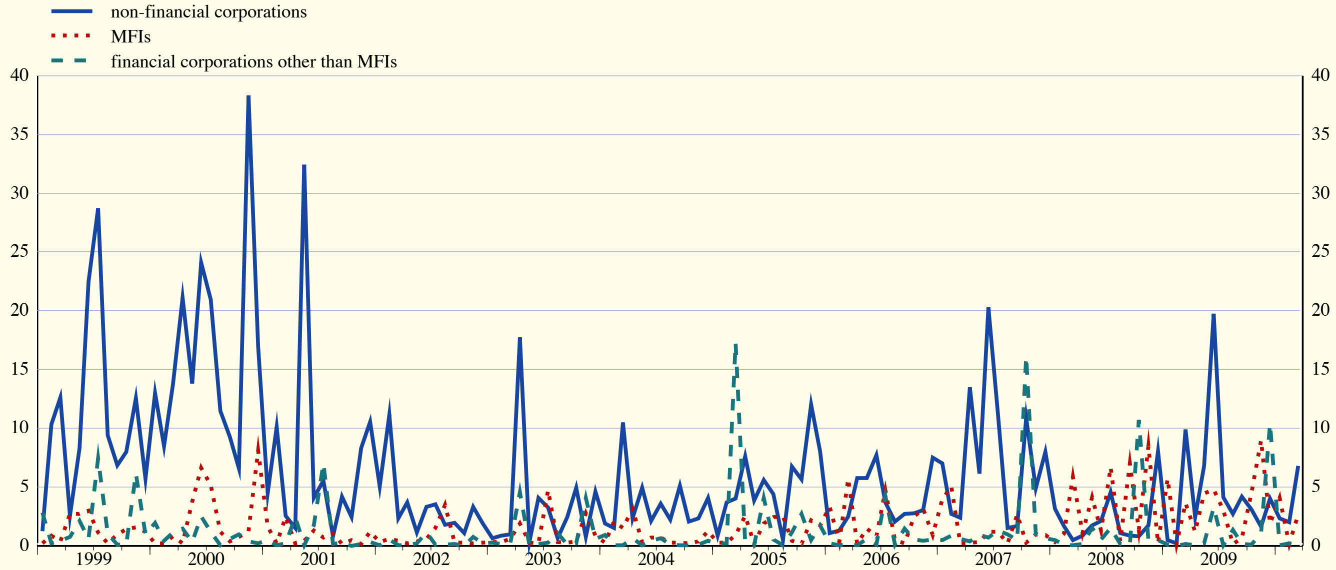
Source: ECB.
1) For details of the calculation of the index and the growth rates, see the Technical Notes.

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

2. Transactions during the month

	Total			MFIs			Financial corporations other than MFIs			Non-financial corporations		
	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues
	1	2	3	4	5	6	7	8	9	10	11	12
2008 Mar.	6.4	6.0	0.4	5.9	0.0	5.9	0.0	0.5	-0.4	0.5	5.6	-5.1
Apr.	2.1	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.	1.6	3.0	-1.4	0.3	0.0	0.3	0.1	0.0	0.1	1.1	3.0	-1.9
Sep.	7.8	2.9	5.0	7.0	0.0	7.0	0.0	0.1	-0.1	0.8	2.8	-2.0
Oct.	12.9	0.6	12.2	1.4	0.0	1.4	10.7	0.0	10.7	0.8	0.6	0.1
Nov.	10.6	2.9	7.7	8.4	0.5	8.0	0.5	2.1	-1.6	1.7	0.3	1.4
Dec.	8.5	2.6	6.0	0.0	0.0	0.0	0.5	0.0	0.4	8.0	2.5	5.5
2009 Jan.	6.3	0.5	5.8	5.7	0.0	5.7	0.1	0.0	0.0	0.5	0.4	0.1
Feb.	0.2	0.9	-0.7	0.0	0.0	0.0	0.0	0.1	-0.1	0.2	0.8	-0.6
Mar.	13.7	0.2	13.4	3.6	0.0	3.6	0.2	0.0	0.1	9.9	0.2	9.7
Apr.	3.7	0.3	3.4	1.2	0.0	1.2	0.1	0.0	0.0	2.4	0.3	2.1
May	11.4	0.3	11.1	4.4	0.0	4.4	0.2	0.0	0.1	6.8	0.3	6.5
June	27.8	2.0	25.8	4.8	0.0	4.8	3.3	0.3	3.0	19.7	1.8	18.0
July	7.2	0.2	7.0	3.0	0.0	3.0	0.0	0.0	0.0	4.1	0.2	4.0
Aug.	4.0	3.3	0.7	0.0	0.0	0.0	1.3	0.0	1.3	2.7	3.3	-0.6
Sep.	5.0	0.3	4.7	0.6	0.0	0.6	0.2	0.0	0.1	4.2	0.2	3.9
Oct.	7.7	0.3	7.4	4.5	0.0	4.5	0.1	0.0	0.1	3.1	0.2	2.8
Nov.	11.6	0.2	11.4	9.0	0.0	9.0	1.0	0.0	1.0	1.6	0.2	1.4
Dec.	16.2	0.2	16.1	1.9	0.0	1.9	10.4	0.1	10.3	4.0	0.1	3.9
2010 Jan.	6.4	0.0	6.4	4.1	0.0	4.1	0.1	0.0	0.1	2.3	0.0	2.3
Feb.	2.2	0.3	1.9	0.0	0.0	0.0	0.2	0.0	0.2	2.0	0.3	1.7
Mar.	9.5	0.2	9.3	2.6	0.0	2.6	0.1	0.0	0.1	6.8	0.2	6.6

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



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

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

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

1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight [2)]	With an agreed maturity of:			Redeemable at notice of: [2), 3)]		Overnight [2)]	With an agreed maturity of:			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9	10	11
2009 May	0.61	1.89	2.39	2.71	1.99	3.62	0.73	1.08	2.38	3.11	1.02
June	0.56	1.86	2.38	2.57	1.95	3.52	0.63	1.04	2.17	2.58	0.93
July	0.52	1.86	2.41	2.61	1.86	3.38	0.57	0.82	2.41	2.92	0.68
Aug.	0.50	1.72	2.32	2.64	1.64	3.23	0.54	0.71	2.06	2.93	0.57
Sep.	0.49	1.61	2.27	2.52	1.60	3.12	0.52	0.69	2.10	2.74	0.58
Oct.	0.46	1.68	2.11	2.55	1.55	2.97	0.49	0.66	1.99	2.72	0.56
Nov.	0.46	1.67	2.23	2.56	1.52	2.76	0.48	0.70	2.11	2.92	0.58
Dec.	0.45	1.67	2.31	2.40	1.53	2.45	0.47	0.77	2.00	2.53	0.64
2010 Jan.	0.43	1.74	2.33	2.52	1.47	2.23	0.45	0.72	1.95	2.44	0.53
Feb.	0.42	1.75	2.24	2.36	1.45	2.11	0.44	0.73	2.11	2.39	0.53
Mar.	0.42	1.90	2.38	2.24	1.45	2.05	0.44	0.80	2.73	2.34	0.50
Apr.	0.41	2.02	2.64	2.15	1.42	2.01	0.43	0.78	2.78	2.30	0.58

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
2009 May	9.62	7.82	6.44	8.16	8.08	3.22	4.15	4.50	4.58	4.12	3.60	4.71	4.90
June	9.55	7.26	6.36	8.03	7.83	3.12	4.12	4.51	4.58	4.07	3.55	4.76	4.95
July	9.31	7.63	6.49	8.03	8.02	3.03	4.10	4.54	4.54	4.02	3.35	4.77	4.91
Aug.	9.26	7.93	6.54	7.96	8.17	3.00	4.10	4.54	4.45	4.06	3.24	4.74	4.82
Sep.	9.26	7.69	6.45	7.91	8.00	2.81	4.05	4.48	4.45	3.92	3.13	4.66	4.74
Oct.	9.16	7.32	6.38	7.94	7.87	2.77	4.02	4.45	4.40	3.85	3.21	4.73	4.72
Nov.	9.07	7.03	6.29	7.87	7.76	2.71	3.97	4.46	4.32	3.78	3.16	4.57	4.66
Dec.	8.99	6.42	6.26	7.56	7.43	2.71	3.96	4.42	4.26	3.81	3.08	4.40	4.35
2010 Jan.	8.94	6.83	6.42	8.04	7.86	2.71	3.94	4.38	4.26	3.79	3.13	4.45	4.46
Feb.	9.01	6.72	6.25	7.98	7.78	2.68	3.83	4.32	4.18	3.74	3.17	4.48	4.74
Mar.	8.82	6.35	6.21	7.94	7.59	2.63	3.72	4.21	4.15	3.66	3.05	4.61	4.55
Apr.	8.77	6.83	6.15	7.92	7.69	2.62	3.70	4.18	4.12	3.67	3.06	4.32	4.53

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

	Bank overdrafts [2)]	Other loans of up to EUR 1 million by initial rate fixation			Other loans of over EUR 1 million by initial rate fixation		
		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years	Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7
2009 May	4.64	3.73	5.00	4.52	2.48	3.21	3.98
June	4.55	3.64	4.85	4.49	2.57	3.08	3.71
July	4.34	3.56	4.78	4.32	2.37	2.89	3.90
Aug.	4.23	3.42	4.67	4.24	2.30	2.80	3.83
Sep.	4.25	3.36	4.54	4.16	2.06	2.89	3.64
Oct.	4.18	3.33	4.49	4.18	2.14	2.73	3.64
Nov.	4.11	3.34	4.49	4.10	2.22	2.74	3.80
Dec.	4.06	3.28	4.22	3.96	2.19	3.15	3.58
2010 Jan.	4.05	3.25	4.20	3.99	2.01	2.88	3.65
Feb.	4.03	3.25	4.22	4.05	1.94	2.90	3.61
Mar.	3.98	3.24	4.21	4.00	1.99	2.54	3.44
Apr.	3.97	3.18	4.17	3.90	2.00	2.66	3.45

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 when all participating Member States are combined.
4) The annual percentage rate of charge covers the total cost of a loan. The total cost comprises both an interest rate component and a component incorporating other (related) charges, such as the cost of inquiries, administration, preparation of documents and guarantees.

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

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

4. Interest rates on deposits (outstanding amounts)

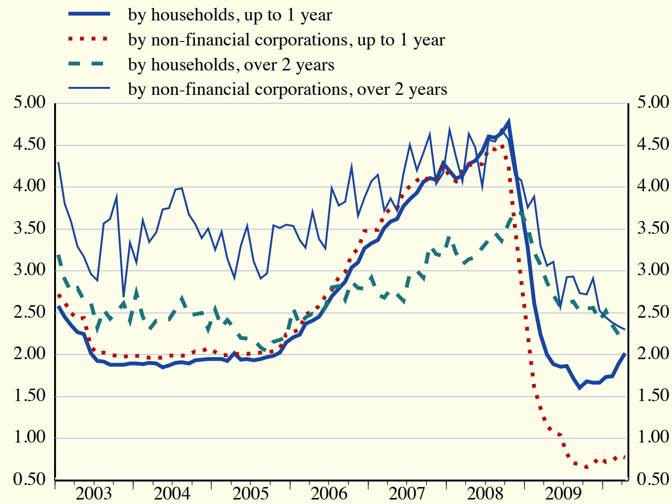
	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight [2]	With an agreed maturity of:		Redeemable at notice of: [2),3)]		Overnight [2]	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2009 May	0.61	3.38	3.04	1.99	3.62	0.73	2.35	3.70	1.79
June	0.56	3.25	3.07	1.95	3.52	0.63	2.19	3.65	1.63
July	0.52	3.07	3.03	1.86	3.38	0.57	1.97	3.52	1.53
Aug.	0.50	2.94	3.01	1.64	3.23	0.54	1.89	3.39	1.53
Sep.	0.49	2.83	3.01	1.60	3.12	0.52	1.80	3.39	1.45
Oct.	0.46	2.64	2.96	1.55	2.97	0.49	1.70	3.34	1.35
Nov.	0.46	2.50	2.95	1.52	2.76	0.48	1.62	3.37	1.28
Dec.	0.45	2.36	2.91	1.53	2.45	0.47	1.56	3.30	1.21
2010 Jan.	0.43	2.20	2.80	1.47	2.23	0.45	1.45	3.23	1.20
Feb.	0.42	2.15	2.84	1.45	2.11	0.44	1.42	3.31	1.20
Mar.	0.42	2.13	2.75	1.45	2.05	0.44	1.38	3.26	1.16
Apr.	0.41	2.13	2.75	1.42	2.01	0.43	1.37	3.24	1.13

5. Interest rates on loans (outstanding amounts)

	Loans to households						Loans to non-financial corporations		
	Lending for house purchase with a maturity of:			Consumer credit and other loans with a maturity of:			With a maturity of:		
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9
2009 May	4.59	4.45	4.56	8.09	6.92	5.84	4.00	3.84	4.12
June	4.50	4.40	4.46	7.97	6.91	5.79	3.91	3.71	4.00
July	4.31	4.31	4.36	7.82	6.79	5.70	3.72	3.59	3.81
Aug.	4.23	4.25	4.28	7.82	6.74	5.65	3.65	3.50	3.73
Sep.	4.18	4.26	4.25	7.80	6.71	5.63	3.62	3.43	3.68
Oct.	4.05	4.19	4.18	7.69	6.66	5.54	3.56	3.37	3.60
Nov.	4.01	4.15	4.12	7.56	6.66	5.51	3.53	3.36	3.57
Dec.	4.08	4.11	4.07	7.55	6.57	5.43	3.46	3.35	3.50
2010 Jan.	3.99	4.05	4.00	7.51	6.52	5.38	3.47	3.31	3.45
Feb.	4.04	4.11	4.03	7.49	6.61	5.43	3.45	3.33	3.43
Mar.	3.99	4.04	3.98	7.44	6.51	5.35	3.43	3.26	3.37
Apr.	3.90	4.01	3.92	7.38	6.50	5.30	3.42	3.21	3.33

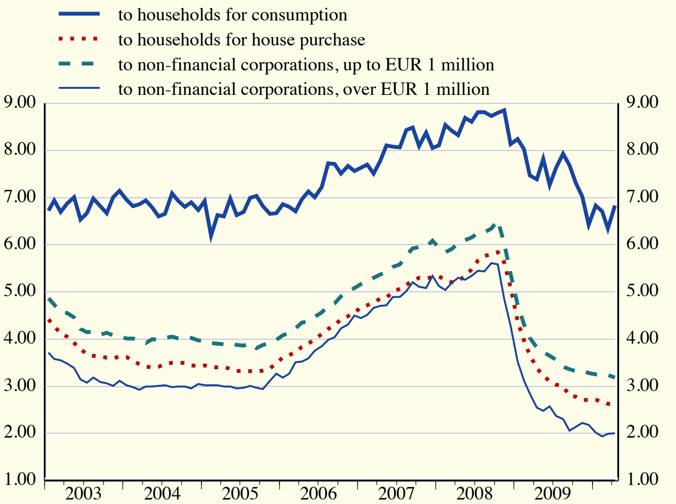
C21 New deposits with an agreed maturity

(percentages per annum excluding charges; period averages)



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

(percentages per annum excluding charges; period averages)

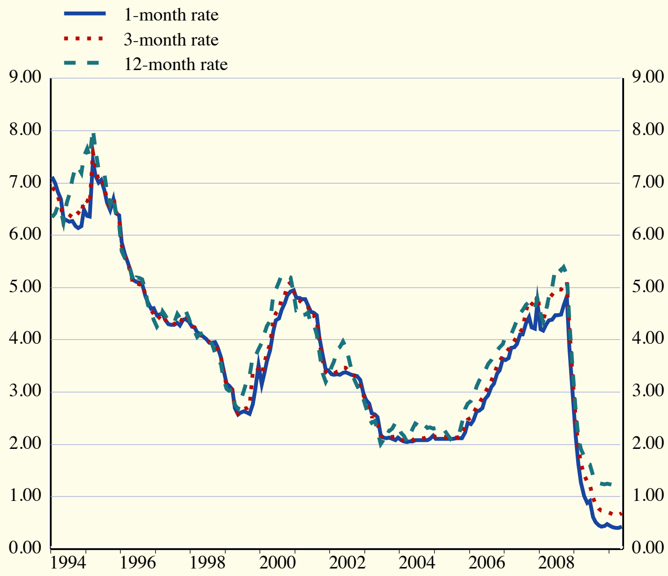


Source: ECB.
1) Data refer to the changing composition of the euro area. For further information, see the General Notes.

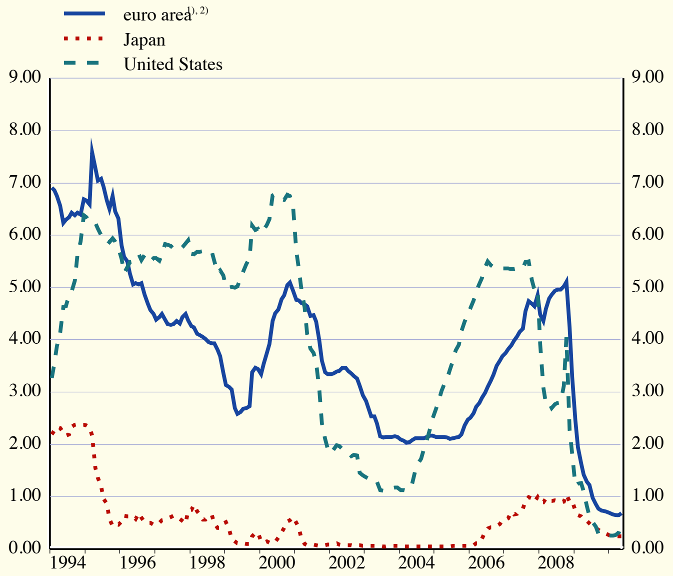
4.6 Money market interest rates
(percentages per annum; period averages)

	Euro area [1), 2)]					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2007	3.87	4.08	4.28	4.35	4.45	5.30	0.79
2008	3.87	4.28	4.64	4.73	4.83	2.93	0.93
2009	0.71	0.89	1.22	1.43	1.61	0.69	0.47
2009 Q1	1.37	1.67	2.01	2.11	2.22	1.24	0.67
Q2	0.77	0.94	1.31	1.51	1.67	0.84	0.53
Q3	0.36	0.53	0.87	1.13	1.34	0.41	0.40
Q4	0.36	0.45	0.72	1.00	1.24	0.27	0.31
2010 Q1	0.34	0.42	0.66	0.96	1.22	0.26	0.25
2009 May	0.78	0.88	1.28	1.48	1.64	0.82	0.53
June	0.70	0.91	1.23	1.44	1.61	0.62	0.49
July	0.36	0.61	0.97	1.21	1.41	0.52	0.43
Aug.	0.35	0.51	0.86	1.12	1.33	0.42	0.40
Sep.	0.36	0.46	0.77	1.04	1.26	0.30	0.36
Oct.	0.36	0.43	0.74	1.02	1.24	0.28	0.33
Nov.	0.36	0.44	0.72	0.99	1.23	0.27	0.31
Dec.	0.35	0.48	0.71	1.00	1.24	0.25	0.28
2010 Jan.	0.34	0.44	0.68	0.98	1.23	0.25	0.26
Feb.	0.34	0.42	0.66	0.96	1.23	0.25	0.25
Mar.	0.35	0.41	0.64	0.95	1.22	0.27	0.25
Apr.	0.35	0.40	0.64	0.96	1.23	0.31	0.24
May	0.34	0.42	0.69	0.98	1.25	0.46	0.24

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



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



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

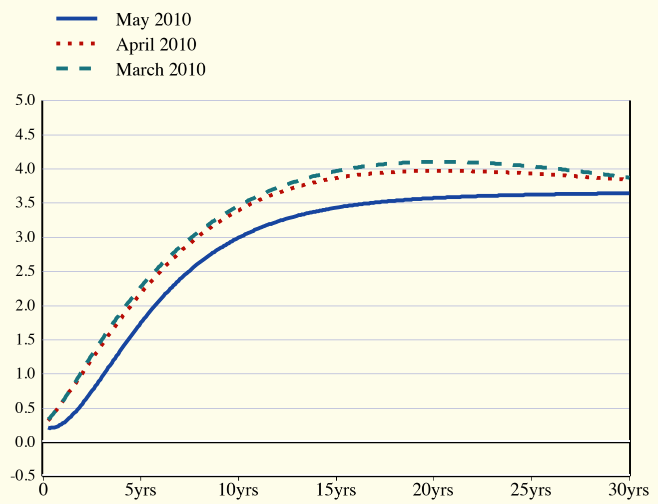
4.7 Euro area yield curves [1]

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

	Spot rates								Instantaneous forward rates			
	3 months	1 year	2 years	5 years	7 years	10 years	10 years - 3 months (spread)	10 years - 2 years (spread)	1 year	2 years	5 years	10 years
	1	2	3	4	5	6	7	8	9	10	11	12
2007	3.85	4.00	4.01	4.11	4.23	4.38	0.52	0.36	4.06	4.02	4.40	4.78
2008	1.75	1.85	2.14	2.95	3.32	3.69	1.94	1.55	2.09	2.76	4.04	4.60
2009	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20
2009 Q1	0.78	0.88	1.46	2.70	3.23	3.77	3.00	2.31	1.41	2.58	4.24	5.19
Q2	0.62	0.90	1.50	2.85	3.42	3.99	3.37	2.49	1.47	2.67	4.54	5.42
Q3	0.41	0.70	1.33	2.59	3.12	3.64	3.23	2.31	1.34	2.47	4.14	4.96
Q4	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20
2010 Q1	0.33	0.60	1.05	2.28	2.86	3.46	3.13	2.41	1.02	1.98	3.96	5.02
2009 May	0.79	0.93	1.53	3.00	3.60	4.18	3.39	2.65	1.43	2.77	4.81	5.61
June	0.62	0.90	1.50	2.85	3.42	3.99	3.37	2.49	1.47	2.67	4.54	5.42
July	0.49	0.74	1.43	2.68	3.21	3.74	3.26	2.31	1.49	2.62	4.21	5.13
Aug.	0.44	0.74	1.46	2.69	3.19	3.68	3.24	2.22	1.55	2.66	4.16	4.95
Sep.	0.41	0.70	1.33	2.59	3.12	3.64	3.23	2.31	1.34	2.47	4.14	4.96
Oct.	0.50	0.81	1.43	2.61	3.13	3.68	3.18	2.25	1.49	2.50	4.12	5.11
Nov.	0.44	0.80	1.34	2.49	3.01	3.57	3.13	2.23	1.38	2.32	4.00	5.04
Dec.	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20
2010 Jan.	0.28	0.71	1.25	2.48	3.06	3.66	3.38	2.42	1.28	2.25	4.15	5.23
Feb.	0.30	0.54	1.02	2.29	2.88	3.49	3.19	2.46	0.98	2.01	3.99	5.08
Mar.	0.33	0.60	1.05	2.28	2.86	3.46	3.13	2.41	1.02	1.98	3.96	5.02
Apr.	0.32	0.60	1.01	2.18	2.78	3.40	3.07	2.39	1.00	1.85	3.89	4.94
May	0.21	0.28	0.57	1.75	2.39	3.00	2.78	2.43	0.47	1.28	3.58	4.46

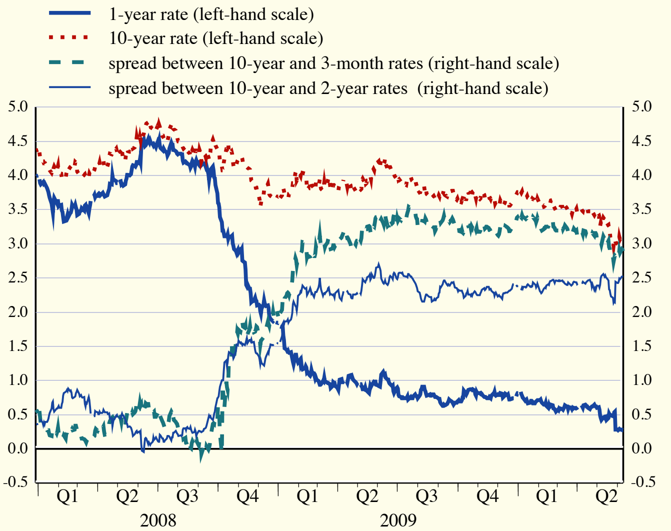
C25 Euro area spot yield curves

(percentages per annum; end of period)



C26 Euro area spot rates and spreads

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



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

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

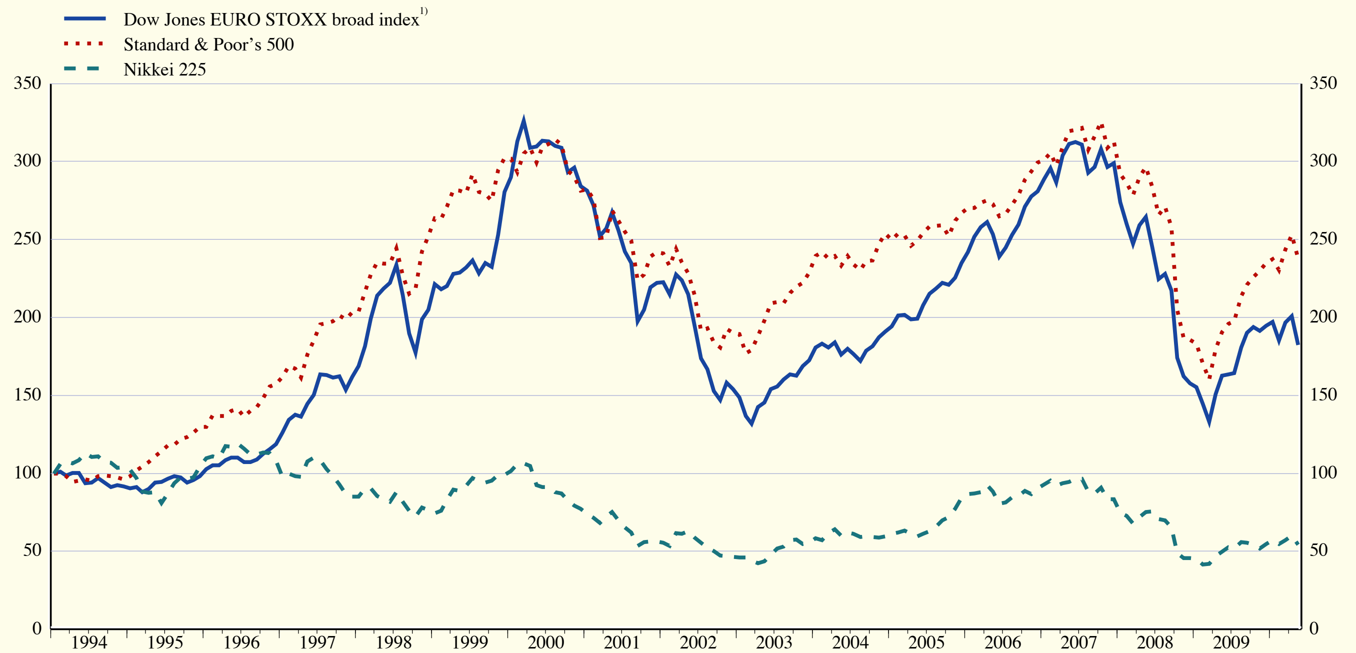
4.8 Stock market indices

(index levels in points; period averages)

	Dow Jones EURO STOXX indices[1]												United States	Japan
	Benchmark		Main industry indices											
	Broad index	50	Basic materials	Consumer services	Consumer goods	Oil and gas	Financials	Industrials	Technology	Utilities	Telecoms	Health care	Standard & Poor's 500	Nikkei 225
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2007	416.4	4,315.8	543.8	235.4	366.5	449.6	408.3	488.4	383.4	561.4	492.7	519.2	1,476.5	16,984.4
2008	313.7	3,319.5	480.4	169.3	290.7	380.9	265.0	350.9	282.5	502.0	431.5	411.5	1,220.7	12,151.6
2009	234.2	2,521.0	353.2	140.5	244.5	293.5	172.1	269.7	200.7	353.7	380.4	363.5	946.2	9,321.6
2009 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
Q2	220.5	2,376.6	326.9	136.6	229.5	287.3	158.6	251.0	201.1	337.7	351.5	343.8	892.0	9,274.8
Q3	247.2	2,660.6	369.0	142.0	257.1	296.8	192.7	286.0	211.3	361.1	386.0	365.1	994.2	10,117.3
Q4	268.1	2,872.7	422.1	151.5	282.8	316.9	209.7	317.7	214.1	375.3	416.5	399.3	1,088.7	9,969.2
2010 Q1	268.0	2,849.0	445.0	159.3	294.9	320.0	195.5	326.7	229.9	372.4	398.8	426.3	1,123.6	10,511.2
2009 May	225.7	2,426.7	331.6	140.1	233.8	296.0	164.5	259.8	203.1	346.3	348.0	346.7	901.7	9,257.7
June	226.7	2,449.0	341.0	135.3	235.9	298.3	166.8	255.5	204.3	343.8	349.6	357.0	926.1	9,810.3
July	228.0	2,462.1	337.9	134.8	243.7	288.6	170.6	256.8	198.8	334.7	364.8	352.9	934.1	9,678.3
Aug.	250.7	2,702.7	377.6	142.1	261.8	293.2	198.6	290.3	208.5	365.7	387.2	364.1	1,009.7	10,430.4
Sep.	264.0	2,827.9	393.3	149.5	266.5	308.7	210.2	312.5	227.2	384.4	407.0	378.8	1,044.6	10,302.9
Oct.	268.7	2,865.5	403.7	150.1	277.5	314.2	216.0	318.4	221.3	375.4	415.0	393.6	1,067.7	10,066.2
Nov.	265.4	2,843.8	415.4	149.5	280.0	315.3	208.7	313.6	209.9	369.8	414.5	391.5	1,088.1	9,641.0
Dec.	270.1	2,907.6	447.0	155.0	290.9	321.1	204.3	321.0	211.0	380.5	419.8	412.4	1,110.4	10,169.0
2010 Jan.	273.5	2,922.7	449.4	158.9	295.7	329.8	204.6	331.6	223.1	384.1	407.4	425.5	1,123.6	10,661.6
Feb.	257.0	2,727.5	427.9	154.3	285.3	309.8	183.9	312.3	222.7	360.9	386.8	415.0	1,089.2	10,175.1
Mar.	272.6	2,890.5	456.0	164.0	302.4	320.3	197.7	335.0	242.2	372.2	401.9	436.8	1,152.0	10,671.5
Apr.	278.6	2,937.3	470.9	171.7	313.8	328.6	199.7	349.0	248.8	378.9	396.7	430.0	1,197.3	11,139.8
May	252.7	2,642.1	431.4	159.6	305.2	295.4	170.8	324.8	221.9	341.7	360.0	401.0	1,125.1	10,104.0

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

(January 1994 = 100; monthly averages)



Source: ECB.

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

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

1. Harmonised Index of Consumer Prices [1]

	Total					Total (s.a.; percentage change vis-à-vis previous period)						Memo item: Administered prices [2]	
	Index: 2005 = 100	Total	Total excl. unprocessed food and energy	Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
% of total [3]	100.0	100.0	83.1	58.0	42.0	100.0	11.9	7.3	29.3	9.6	42.0	88.9	11.1
	1	2	3	4	5	6	7	8	9	10	11	12	13
2006	102.2	2.2	1.5	2.3	2.0	-	-	-	-	-	-	2.1	2.5
2007	104.4	2.1	2.0	1.9	2.5	-	-	-	-	-	-	2.1	2.3
2008	107.8	3.3	2.4	3.8	2.6	-	-	-	-	-	-	3.4	2.7
2009	108.1	0.3	1.3	-0.9	2.0	-	-	-	-	-	-	0.1	1.7
2009 Q1	107.4	1.0	1.6	0.1	2.2	-0.2	0.0	0.3	0.1	-4.9	0.5	0.7	2.9
Q2	108.3	0.2	1.5	-1.2	2.2	0.2	0.1	-0.9	0.1	0.7	0.4	0.0	1.8
Q3	108.0	-0.4	1.2	-1.9	1.8	0.2	0.3	-0.9	0.0	0.8	0.4	-0.6	1.2
Q4	108.6	0.4	1.0	-0.4	1.7	0.2	0.1	0.0	0.0	0.3	0.4	0.4	0.8
2010 Q1	108.6	1.1	0.9	0.9	1.5	0.5	0.0	0.9	0.0	3.0	0.3	1.2	0.4
2009 Dec.	108.9	0.9	1.0	0.5	1.6	0.0	0.2	-0.1	0.1	-0.5	0.1	0.9	0.8
2010 Jan.	108.1	1.0	0.9	0.7	1.4	0.2	-0.1	0.3	-0.1	2.1	0.0	1.1	0.4
Feb.	108.4	0.9	0.8	0.6	1.3	0.1	0.0	0.5	0.0	-0.1	0.1	1.0	0.4
Mar.	109.4	1.4	0.9	1.3	1.6	0.4	0.0	0.8	0.0	2.6	0.3	1.6	0.4
Apr.	109.9	1.5	0.7	1.8	1.2	0.2	0.1	0.3	0.1	2.0	-0.1	1.6	1.2
May [4]	.	1.6	.	.	.	.	.	.	.	.	.	.	.

	Goods						Services					
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal	Miscellaneous
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy		Rents				
% of total [3]	19.2	11.9	7.3	38.9	29.3	9.6	10.2	6.0	6.6	3.3	14.9	7.1
	14	15	16	17	18	19	20	21	22	23	24	25
2006	2.4	2.1	2.8	2.3	0.6	7.7	2.5	2.1	2.5	-3.3	2.3	2.3
2007	2.8	2.8	3.0	1.4	1.0	2.6	2.7	2.0	2.6	-1.9	2.9	3.2
2008	5.1	6.1	3.5	3.1	0.8	10.3	2.3	1.9	3.9	-2.2	3.2	2.5
2009	0.7	1.1	0.2	-1.7	0.6	-8.1	2.0	1.8	2.9	-1.0	2.1	2.1
2009 Q1	2.4	2.1	2.8	-1.1	0.7	-6.1	2.0	1.7	3.6	-1.7	2.7	2.1
Q2	1.0	1.1	0.8	-2.3	0.7	-10.7	2.1	1.8	3.1	-1.2	2.7	2.0
Q3	-0.1	0.6	-1.2	-2.8	0.5	-11.9	2.0	1.8	2.5	-0.6	1.8	2.1
Q4	-0.2	0.5	-1.5	-0.5	0.3	-3.2	1.9	1.7	2.5	-0.6	1.4	2.2
2010 Q1	0.0	0.6	-0.8	1.3	0.1	4.8	1.9	1.6	2.5	-0.5	1.1	1.6
2009 Nov.	-0.1	0.5	-1.3	-0.4	0.3	-2.4	1.9	1.7	2.4	-0.7	1.3	2.2
Dec.	-0.2	0.7	-1.6	0.8	0.4	1.8	1.9	1.7	2.5	-0.8	1.2	2.2
2010 Jan.	-0.1	0.6	-1.3	1.1	0.1	4.0	1.9	1.7	2.6	-0.9	1.0	1.6
Feb.	-0.1	0.6	-1.2	0.9	0.1	3.3	1.9	1.6	2.2	-0.4	0.9	1.6
Mar.	0.3	0.5	-0.1	1.8	0.1	7.2	1.9	1.6	2.7	-0.3	1.4	1.5
Apr.	0.7	0.6	0.7	2.3	0.2	9.1	1.9	1.5	2.4	-0.6	0.4	1.4

Sources: Eurostat and ECB calculations.
1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) These experimental statistics can only provide an approximate measure of price administration, since changes in administered prices cannot be fully isolated from other influences. Please refer to Eurostat's website (http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/introduction) for a note explaining the methodology used in the compilation of this indicator.
3) Weighting used in 2010.
4) Estimate based on provisional national releases, which usually cover around 95% of the euro area, as well as on early information on energy prices.

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

2. Industry, construction and residential property prices

	Industrial producer prices excluding construction										Construction [1]	Residential property prices [2]
	Total (index: 2005 = 100)	Total		Industry excluding construction and energy						Energy		
			Manufacturing	Total	Intermediate goods	Capital goods	Consumer goods					
							Total	Durable	Non-durable			
% of total [3]	100.0	100.0	83.0	75.8	30.1	21.9	23.7	2.7	21.0	24.2		
	1	2	3	4	5	6	7	8	9	10	11	12
2006	105.1	5.1	3.5	2.7	4.6	1.6	1.5	1.4	1.4	13.5	4.6	6.6
2007	107.9	2.7	3.0	3.2	4.6	2.2	2.2	2.5	2.2	1.2	4.1	4.5
2008	114.4	6.1	4.8	3.4	3.9	2.1	3.9	2.8	4.1	14.1	3.8	1.5
2009	108.6	-5.1	-5.4	-2.8	-5.3	0.4	-2.0	1.2	-2.4	-11.5	0.1	-3.1
2009 Q1	109.8	-2.0	-4.3	-1.1	-2.7	1.8	-1.0	1.8	-1.4	-4.4	2.6	-
Q2	108.3	-5.7	-6.8	-3.0	-5.8	0.7	-2.0	1.5	-2.5	-13.4	-0.2	-3.1 [4]
Q3	108.0	-7.8	-7.4	-4.1	-7.5	-0.1	-2.6	1.0	-3.1	-18.0	-1.7	-
Q4	108.4	-4.6	-3.0	-3.1	-5.0	-0.6	-2.4	0.5	-2.8	-9.5	-0.2	-3.1 [4]
2010 Q1	109.6	-0.2	1.7	-0.5	-0.4	-0.5	-0.5	0.3	-0.7	0.1	.	-
2009 Nov.	108.4	-4.4	-2.8	-3.0	-4.9	-0.6	-2.4	0.5	-2.7	-8.7	-	-
Dec.	108.5	-2.9	-0.8	-2.3	-3.5	-0.5	-2.0	0.5	-2.3	-5.1	-	-
2010 Jan.	109.3	-1.0	0.9	-1.0	-1.6	-0.6	-0.7	0.5	-0.8	-1.6	-	-
Feb.	109.4	-0.4	1.4	-0.5	-0.5	-0.6	-0.5	0.3	-0.6	-0.8	-	-
Mar.	110.1	0.9	2.7	0.1	0.8	-0.4	-0.4	0.3	-0.5	2.9	-	-
Apr.	111.1	2.8	3.7	1.0	2.7	-0.1	-0.3	0.4	-0.4	7.7	-	-

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

	Oil prices [5] (EUR per barrel)	Non-energy commodity prices						GDP deflators							
		Import-weighted [6]			Use-weighted [7]			Total (s.a.; index: 2000 = 100)	Total	Domestic demand				Exports [8]	Imports [8]
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consumption	Government consumption	Gross fixed capital formation		
% of total		100.0	35.0	65.0	100.0	45.0	55.0								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2006	52.9	27.7	5.8	37.9	24.5	5.9	38.2	113.8	1.9	2.4	2.2	2.0	2.9	2.6	3.8
2007	52.8	7.8	14.3	5.5	5.3	9.4	2.9	116.5	2.4	2.3	2.3	1.7	2.7	1.7	1.4
2008	65.9	2.0	18.5	-4.4	-1.7	9.7	-8.6	119.1	2.2	2.7	2.9	2.6	2.3	2.6	3.7
2009	44.6	-18.5	-8.9	-23.1	-18.0	-11.5	-22.8	120.2	1.0	0.1	-0.2	1.9	-0.8	-3.1	-5.6
2009 Q1	35.1	-29.3	-15.0	-36.1	-28.7	-17.7	-36.9	120.2	1.8	1.0	0.3	2.5	0.6	-1.9	-4.1
Q2	43.8	-24.5	-11.2	-30.9	-22.5	-10.0	-31.4	120.1	1.0	-0.1	-0.4	1.4	-0.9	-3.5	-6.6
Q3	48.1	-18.7	-12.7	-21.5	-18.9	-15.3	-21.4	120.2	0.9	-0.6	-0.8	2.3	-1.7	-4.3	-7.9
Q4	51.2	3.2	5.8	1.9	2.5	-0.9	5.1	120.3	0.2	0.0	0.2	1.4	-1.3	-2.7	-3.6
2010 Q1	56.0	29.0	7.5	42.7	27.4	7.5	46.6	120.8	0.5	0.1	1.4	1.0	-0.7	2.1	1.0
2009 Dec.	51.6	19.2	16.2	20.9	19.8	11.0	27.2	-	-	-	-	-	-	-	-
2010 Jan.	54.0	27.3	8.5	39.2	25.7	7.7	43.1	-	-	-	-	-	-	-	-
Feb.	54.5	25.4	5.0	38.4	25.0	7.1	42.3	-	-	-	-	-	-	-	-
Mar.	59.1	34.5	8.9	50.5	31.5	7.7	54.5	-	-	-	-	-	-	-	-
Apr.	64.0	51.9	8.1	78.7	43.8	8.8	76.2	-	-	-	-	-	-	-	-
May	61.6	51.9	10.6	77.9	43.4	11.4	73.9	-	-	-	-	-	-	-	-

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

1) Input prices for residential buildings.
2) Experimental data based on non-harmonised national sources (see http://www.ecb.europa.eu/stats/intro/html/experiment.en.html for further details).
3) In 2005.
4) The quarterly data for the second and fourth quarters refer to biannual averages for the first and second halves of the year respectively. Since some national data are only available annually, the biannual estimate is partially derived from annual results; consequently, the accuracy of biannual data is lower than the accuracy of annual data.
5) Brent Blend (for one-month forward delivery).
6) Refers to prices expressed in euro. Weighted according to the structure of euro area imports in the period 2004-06.
7) Refers to prices expressed in euro. Weighted according to euro area domestic demand (domestic production plus imports minus exports) in the period 2004-06. Experimental data (see http://www.ecb.europa.eu/stats/intro/html/experiment.en.html for details).
8) Deflators for exports and imports refer to goods and services and include cross-border trade within the euro area.

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

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

(seasonally adjusted)

	Total (index: 2000 = 100)	Total	By economic activity					
			Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
	1	2	3	4	5	6	7	8
	Unit labour costs [1]							
2006	110.0	1.0	1.4	-0.5	3.4	0.6	2.2	2.0
2007	111.7	1.6	2.0	0.7	4.1	0.7	2.4	1.6
2008	115.5	3.4	-0.2	3.7	3.2	3.2	3.2	2.9
2009	119.9	3.8	-0.7	10.1	1.5	5.0	0.8	2.4
2008 Q4	118.2	4.8	-0.7	10.0	3.1	5.3	2.4	2.9
2009 Q1	120.2	5.9	-0.7	16.4	2.3	7.4	0.7	3.1
Q2	120.3	4.7	-0.3	14.1	1.2	6.1	1.3	1.6
Q3	119.8	3.4	-1.6	8.7	0.6	3.8	0.4	3.3
Q4	119.7	1.3	-1.1	1.4	1.6	2.4	0.7	1.7
	Compensation per employee							
2006	114.9	2.3	3.2	3.4	3.5	1.7	2.3	1.7
2007	117.8	2.5	3.9	2.9	2.7	2.1	2.4	2.5
2008	121.6	3.2	2.8	3.0	4.5	2.7	2.4	3.7
2009	123.4	1.5	3.2	0.4	2.8	1.5	1.3	2.2
2008 Q4	122.6	2.9	1.9	2.8	4.3	2.9	1.8	3.3
2009 Q1	122.6	1.8	3.0	0.5	2.9	2.4	0.6	2.9
Q2	123.1	1.4	3.4	0.1	3.3	2.1	1.8	1.5
Q3	123.7	1.4	3.4	0.4	2.8	0.5	1.3	2.8
Q4	124.1	1.2	2.8	0.5	2.4	1.1	1.9	1.7
	Labour productivity [2]							
2006	104.5	1.3	1.8	4.0	0.1	1.1	0.1	-0.4
2007	105.5	1.0	1.9	2.2	-1.4	1.4	0.0	0.9
2008	105.3	-0.2	3.1	-0.7	1.3	-0.5	-0.8	0.7
2009	102.9	-2.3	3.9	-8.9	1.3	-3.3	0.6	-0.2
2008 Q4	103.7	-1.8	2.6	-6.5	1.2	-2.3	-0.6	0.4
2009 Q1	101.9	-3.9	3.8	-13.7	0.5	-4.7	-0.2	-0.2
Q2	102.4	-3.1	3.8	-12.3	2.1	-3.7	0.4	-0.1
Q3	103.3	-2.0	5.1	-7.6	2.2	-3.2	0.9	-0.4
Q4	103.7	0.0	4.0	-0.9	0.7	-1.3	1.2	0.0

5. Hourly labour costs [3]

	Total (s.a.; index: 2008 = 100)	Total	By component		For selected economic activities			Memo item: Indicator of negotiated wages [4]
			Wages and salaries	Employers' social contributions	Mining, manufacturing and energy	Construction	Services	
% of total [5]	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2006	94.3	2.3	2.3	2.2	3.4	1.3	1.8	2.3
2007	96.6	2.5	2.8	1.4	2.2	2.7	2.6	2.1
2008	100.0	3.5	3.5	3.3	3.9	4.2	3.1	3.2
2009	103.3	3.3	3.1	3.9	4.1	3.7	2.8	2.6
2009 Q1	102.2	3.6	3.4	4.6	5.0	3.5	2.8	3.2
Q2	103.2	4.3	4.1	4.7	5.5	4.5	3.6	2.8
Q3	103.5	3.0	2.8	3.5	4.4	3.0	2.2	2.3
Q4	104.1	2.2	2.0	2.7	1.4	3.7	2.4	2.1
2010 Q1	.	.	.	.	.	.	.	1.7

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) Compensation (at current prices) per employee divided by value added (volumes) per person employed.
2) Value added (volumes) per person employed.
3) Hourly labour costs for the whole economy, excluding agriculture, public administration, education, health and services not classified elsewhere. Owing to differences in coverage, the estimates for the components may not be consistent with the total.
4) Experimental data (see http://www.ecb.europa.eu/stats/intro/html/experiment.en.html for further details).
5) In 2008.

1. GDP and expenditure components

	GDP								
	Total	Domestic demand					External balance[1]		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories[2]	Total	Exports[1]	Imports[1]
	1	2	3	4	5	6	7	8	9
	Current prices (EUR billions; seasonally adjusted)								
2006	8,557.6	8,460.1	4,869.8	1,733.3	1,832.2	24.8	97.5	3,451.7	3,354.2
2007	9,007.6	8,867.2	5,063.0	1,802.9	1,968.5	32.7	140.4	3,733.6	3,593.2
2008	9,252.9	9,152.9	5,225.1	1,891.9	1,997.5	38.4	100.0	3,861.6	3,761.6
2009	8,964.5	8,845.9	5,156.4	1,979.3	1,766.6	-56.4	118.6	3,247.2	3,128.6
2009 Q1	2,237.4	2,220.9	1,284.7	488.3	453.4	-5.5	16.5	807.6	791.1
Q2	2,233.2	2,203.4	1,286.6	493.4	443.5	-20.1	29.8	791.6	761.8
Q3	2,244.8	2,211.7	1,287.5	499.7	437.6	-13.2	33.1	814.5	781.5
Q4	2,249.1	2,209.9	1,297.6	497.8	432.1	-17.5	39.2	833.4	794.3
2010 Q1	2,261.8	2,229.7	1,302.5	503.2	427.4	-3.3	32.1	873.9	841.7
	percentage of GDP								
2009	100.0	98.7	57.5	22.1	19.7	-0.6	1.3	-	-
	Chain-linked volumes (prices for the previous year; seasonally adjusted[3])								
	quarter-on-quarter percentage changes								
2009 Q1	-2.5	-2.4	-0.6	0.7	-5.1	-	-	-8.4	-8.1
Q2	-0.1	-0.7	0.1	0.7	-1.7	-	-	-1.1	-2.7
Q3	0.4	0.4	-0.2	0.7	-1.0	-	-	2.8	2.8
Q4	0.1	-0.1	0.2	0.0	-1.3	-	-	1.7	1.2
2010 Q1	0.2	0.7	-0.1	0.6	-1.1	-	-	2.5	4.0
	annual percentage changes								
2006	3.0	2.9	2.0	2.1	5.4	-	-	8.5	8.5
2007	2.8	2.4	1.6	2.3	4.7	-	-	6.3	5.5
2008	0.6	0.6	0.3	2.2	-0.6	-	-	1.0	1.0
2009	-4.1	-3.5	-1.2	2.6	-10.9	-	-	-13.3	-12.0
2009 Q1	-5.2	-3.7	-1.7	2.8	-11.4	-	-	-16.4	-13.3
Q2	-4.9	-3.8	-1.2	2.8	-11.6	-	-	-17.0	-14.7
Q3	-4.1	-3.5	-1.3	3.0	-11.4	-	-	-13.6	-12.5
Q4	-2.1	-2.8	-0.5	2.1	-8.9	-	-	-5.2	-7.0
2010 Q1	0.6	0.3	0.0	2.0	-5.0	-	-	6.0	5.3
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2009 Q1	-2.5	-2.4	-0.4	0.1	-1.1	-1.1	-0.1	-	-
Q2	-0.1	-0.7	0.0	0.2	-0.4	-0.6	0.6	-	-
Q3	0.4	0.4	-0.1	0.1	-0.2	0.5	0.0	-	-
Q4	0.1	-0.1	0.1	0.0	-0.3	0.1	0.2	-	-
2010 Q1	0.2	0.7	-0.1	0.1	-0.2	0.8	-0.5	-	-
	contributions to annual percentage changes in GDP; percentage points								
2006	3.0	2.8	1.2	0.4	1.1	0.1	0.1	-	-
2007	2.8	2.4	0.9	0.5	1.0	0.0	0.4	-	-
2008	0.6	0.6	0.2	0.4	-0.1	0.1	0.0	-	-
2009	-4.1	-3.4	-0.7	0.5	-2.4	-0.9	-0.7	-	-
2009 Q1	-5.2	-3.6	-0.9	0.6	-2.5	-0.8	-1.5	-	-
Q2	-4.9	-3.7	-0.6	0.6	-2.5	-1.1	-1.2	-	-
Q3	-4.1	-3.4	-0.7	0.6	-2.5	-0.8	-0.6	-	-
Q4	-2.1	-2.8	-0.3	0.4	-1.9	-1.1	0.7	-	-
2010 Q1	0.6	0.3	0.0	0.4	-1.0	0.9	0.3	-	-

Sources: Eurostat and ECB calculations.

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

5.2 Output and demand

2. Value added by economic activity

	Gross value added (basic prices)							Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services	
	1	2	3	4	5	6	7	8
	Current prices (EUR billions; seasonally adjusted)							
2006	7,643.7	140.7	1,564.8	477.3	1,593.9	2,135.9	1,731.1	913.9
2007	8,049.0	150.9	1,643.2	510.3	1,668.2	2,271.8	1,804.6	958.6
2008	8,307.2	146.6	1,655.7	533.3	1,727.9	2,359.7	1,884.0	945.7
2009	8,072.1	129.8	1,431.5	515.1	1,667.7	2,369.3	1,958.7	892.4
2009 Q1	2,014.6	33.9	357.0	131.1	416.6	591.5	484.5	222.8
Q2	2,011.9	32.6	353.5	129.4	416.6	591.9	487.8	221.3
Q3	2,021.2	31.5	359.9	128.2	417.5	592.1	492.0	223.6
Q4	2,024.4	31.8	361.0	126.3	417.0	593.8	494.4	224.7
2010 Q1	2,041.2	32.9	368.9	123.6	418.2	600.0	497.6	220.7
	percentage of value added							
2009	100.0	1.6	17.7	6.4	20.7	29.4	24.3	-
	Chain-linked volumes (prices for the previous year; seasonally adjusted [1])							
	quarter-on-quarter percentage changes							
2009 Q1	-2.6	0.9	-8.3	-1.3	-3.3	-1.0	0.1	-1.7
Q2	-0.2	0.2	-1.1	-1.1	-0.1	-0.1	0.6	0.3
Q3	0.3	0.7	2.1	-1.3	0.1	-0.2	0.1	1.0
Q4	0.1	-0.4	0.3	-1.3	0.0	0.1	0.3	0.4
2010 Q1	0.5	0.0	2.2	-2.7	-0.1	0.6	0.5	-2.3
	annual percentage changes							
2006	2.9	0.0	3.6	2.8	2.7	4.1	1.4	3.3
2007	3.0	0.4	2.5	2.3	3.4	4.1	2.1	0.9
2008	0.8	1.7	-0.7	-0.9	0.8	1.4	1.7	-1.3
2009	-4.3	1.2	-13.6	-5.7	-5.0	-1.6	1.3	-2.7
2009 Q1	-5.2	1.2	-16.6	-6.6	-5.9	-1.6	1.2	-4.9
Q2	-5.1	1.3	-16.7	-5.6	-5.6	-1.9	1.5	-3.5
Q3	-4.3	2.0	-13.3	-5.4	-5.1	-1.9	1.2	-2.5
Q4	-2.3	1.4	-7.1	-4.9	-3.2	-1.1	1.2	0.0
2010 Q1	0.7	0.4	3.5	-6.2	-0.1	0.5	1.6	-0.6
	contributions to quarter-on-quarter percentage changes in value added; percentage points							
2009 Q1	-2.6	0.0	-1.6	-0.1	-0.7	-0.3	0.0	-
Q2	-0.2	0.0	-0.2	-0.1	0.0	0.0	0.1	-
Q3	0.3	0.0	0.4	-0.1	0.0	0.0	0.0	-
Q4	0.1	0.0	0.1	-0.1	0.0	0.0	0.1	-
2010 Q1	0.5	0.0	0.4	-0.2	0.0	0.2	0.1	-
	contributions to annual percentage changes in value added; percentage points							
2006	2.9	0.0	0.7	0.2	0.6	1.1	0.3	-
2007	3.0	0.0	0.5	0.1	0.7	1.2	0.5	-
2008	0.8	0.0	-0.1	-0.1	0.2	0.4	0.4	-
2009	-4.3	0.0	-2.7	-0.4	-1.0	-0.5	0.3	-
2009 Q1	-5.2	0.0	-3.4	-0.4	-1.2	-0.4	0.3	-
Q2	-5.1	0.0	-3.4	-0.4	-1.2	-0.5	0.3	-
Q3	-4.3	0.0	-2.6	-0.3	-1.1	-0.5	0.3	-
Q4	-2.3	0.0	-1.3	-0.3	-0.7	-0.3	0.3	-
2010 Q1	0.7	0.0	0.6	-0.4	0.0	0.1	0.4	-

Sources: Eurostat and ECB calculations.

1) Annual data are not working day-adjusted.

5.2 Output and demand

(annual percentage changes, unless otherwise indicated)

3. Industrial production

	Total	Industry excluding construction										Construction
		Total (s.a.; index: 2005 = 100)	Total		Industry excluding construction and energy						Energy	
				Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
% of total 1)	100.0	78.0	78.0	69.4	68.8	28.2	22.1	18.5	2.6	15.9	9.1	22.0
	1	2	3	4	5	6	7	8	9	10	11	12
2007	3.2	108.1	3.7	4.1	4.3	3.7	6.6	2.3	1.4	2.5	-0.9	1.2
2008	-2.3	106.1	-1.7	-1.9	-1.9	-3.4	-0.1	-2.0	-5.7	-1.4	0.3	-4.4
2009	-13.9	90.3	-15.1	-16.1	-16.5	-19.2	-21.3	-5.0	-17.5	-3.0	-5.7	-8.2
2009 Q2	-16.9	88.8	-18.8	-19.7	-20.1	-24.3	-24.7	-5.9	-21.2	-3.3	-8.9	-7.5
Q3	-13.8	89.6	-14.5	-15.3	-15.9	-18.3	-21.4	-4.0	-18.4	-1.9	-6.1	-9.1
Q4	-7.5	91.5	-7.6	-8.1	-8.6	-6.8	-14.3	-2.6	-10.2	-1.4	-3.8	-6.1
2010 Q1	1.4	95.1	4.3	4.6	4.5	7.7	2.6	2.3	-0.1	2.6	2.8	-10.7
2009 Oct.	-10.5	90.5	-11.3	-11.9	-12.5	-12.3	-17.7	-4.8	-14.4	-3.2	-4.9	-6.6
Nov.	-7.3	91.7	-7.0	-7.2	-7.5	-5.8	-13.4	-1.9	-7.9	-1.0	-5.1	-7.5
Dec.	-4.0	92.5	-4.0	-4.4	-4.8	-0.2	-11.5	-0.8	-7.3	0.1	-1.8	-3.8
2010 Jan.	-0.8	94.2	1.6	1.7	2.0	4.4	-0.3	0.5	-2.7	0.9	0.8	-10.8
Feb.	0.2	94.9	4.0	4.3	4.3	7.0	3.1	1.9	0.9	2.0	2.0	-15.3
Mar.	4.4	96.3	7.2	7.5	7.1	11.4	4.6	4.3	1.2	4.8	5.9	-6.4
	month-on-month percentage changes (s.a.)											
2009 Oct.	0.3	-	0.3	0.0	-0.3	1.2	-0.6	-1.1	0.1	-1.3	1.5	0.1
Nov.	0.8	-	1.3	1.5	1.5	0.8	1.6	1.4	2.0	1.0	-2.4	-1.2
Dec.	0.5	-	0.8	0.3	-0.2	-1.2	0.0	0.4	-1.5	0.7	3.1	0.2
2010 Jan.	1.2	-	1.9	1.8	2.1	1.2	-0.8	0.5	2.2	0.3	2.8	-2.0
Feb.	-1.1	-	0.7	0.7	0.1	1.0	0.6	0.1	0.4	0.1	-0.8	-7.0
Mar.	2.9	-	1.4	1.6	1.2	0.3	1.5	0.7	-0.2	1.3	0.3	7.0

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

	Industrial new orders		Industrial turnover		Retail sales (excluding automotive fuel)							New passenger car registrations	
	Manufacturing 2) (current prices)		Manufacturing (current prices)		Current prices	Constant prices							
	Total (s.a.; index: 2005 = 100)	Total	Total (s.a.; index: 2005 = 100)	Total	Total	Total (s.a.; index: 2005 = 100)	Total	Food, beverages, tobacco	Non-food			Total (s.a.; thousands) 3)	Total
										Textiles, clothing, footwear	Household equipment		
% of total 1)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	42.9	57.1	9.9	13.9		
	1	2	3	4	5	6	7	8	9	10	11	12	13
2007	119.8	8.6	115.1	6.5	2.6	104.3	1.8	0.0	3.1	4.0	3.1	968	-0.6
2008	113.1	-5.3	116.9	1.9	1.7	103.4	-0.8	-1.9	-0.1	-1.8	-1.9	896	-7.0
2009	87.6	-22.8	95.5	-18.5	-2.6	101.7	-1.7	-1.5	-1.9	-1.2	-3.7	925	3.2
2009 Q2	84.2	-30.6	93.7	-23.4	-3.0	101.8	-2.0	-1.4	-2.4	-2.1	-5.4	942	0.2
Q3	90.5	-21.4	96.0	-18.9	-3.4	101.5	-1.8	-1.3	-2.4	-2.8	-3.0	962	10.1
Q4	92.2	-2.8	97.5	-9.2	-1.5	101.8	-0.5	-0.3	-0.6	0.4	-0.7	968	20.7
2010 Q1	95.5	13.8	101.0	6.4	0.5	101.9	0.6	1.2	0.5	3.2	0.8	897	7.4
2009 Nov.	92.6	-0.4	98.0	-6.9	-2.6	101.4	-1.6	-1.3	-1.7	-3.9	-1.7	970	34.3
Dec.	93.9	9.7	97.8	-2.9	-0.4	102.1	0.3	0.9	0.0	1.9	0.3	954	19.8
2010 Jan.	92.5	7.5	99.3	1.1	-0.9	101.8	-0.2	0.7	-0.6	2.3	-1.5	863	8.3
Feb.	94.3	12.6	100.4	6.1	0.2	101.8	0.4	0.6	0.4	2.0	0.6	884	2.9
Mar.	99.6	20.3	103.3	11.0	2.0	102.2	1.7	2.0	1.7	5.3	3.1	944	10.2
Apr.	.	.	.	.	0.2	101.0	-1.3	-1.8	-1.1	.	.	830	-10.1
	month-on-month percentage changes (s.a.)												
2009 Dec.	-	1.3	-	-0.2	0.9	-	0.8	0.7	0.7	2.3	1.1	-	-1.6
2010 Jan.	-	-1.5	-	1.5	-0.3	-	-0.3	-0.2	-0.3	1.3	-1.4	-	-9.6
Feb.	-	2.0	-	1.1	0.1	-	0.0	-0.1	0.0	-1.0	0.5	-	2.4
Mar.	-	5.5	-	2.9	0.6	-	0.4	0.1	0.5	2.0	1.1	-	6.9
Apr.	-	.	-	.	-0.7	-	-1.2	-1.1	-1.1	.	.	-	-12.1

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

5.2 Output and demand
(percentage balances, [1] unless otherwise indicated; seasonally adjusted)

5. Business [2] and Consumer Surveys

	Economic sentiment indicator [3] (long-term average = 100)	Manufacturing industry					Consumer confidence indicator				
		Industrial confidence indicator				Capacity utilisation [4] (%)	Total [5]	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
		Total [5]	Order books	Stocks of finished products	Production expectations						
	1	2	3	4	5	6	7	8	9	10	11
2006	107.2	2	0	6	13	83.2	-9	-3	-9	15	-9
2007	109.2	5	5	5	13	84.2	-5	-2	-4	5	-8
2008	93.5	-9	-15	11	-2	81.8	-18	-10	-25	24	-14
2009	80.8	-28	-56	14	-15	71.1	-25	-7	-26	56	-10
2009 Q1	71.5	-36	-56	20	-31	72.4	-33	-11	-41	64	-14
Q2	75.6	-33	-62	18	-20	69.9	-28	-9	-34	59	-11
Q3	84.1	-26	-58	12	-9	70.3	-21	-5	-20	51	-9
Q4	91.9	-19	-50	7	1	71.7	-17	-3	-11	48	-7
2010 Q1	96.6	-12	-41	2	7	73.9	-17	-4	-11	46	-7
2009 Dec.	94.1	-16	-47	5	3	-	-16	-3	-10	46	-5
2010 Jan.	96.0	-14	-44	3	5	72.3	-16	-3	-9	46	-6
Feb.	95.9	-13	-42	4	7	-	-17	-4	-12	47	-7
Mar.	97.9	-10	-39	0	9	-	-17	-5	-12	46	-7
Apr.	100.6	-7	-32	-1	9	75.5	-15	-5	-12	36	-8
May	98.4	-6	-28	1	10	-	-18	-7	-21	34	-10

	Construction confidence indicator			Retail trade confidence indicator				Services confidence indicator			
	Total [5]	Order books	Employment expectations	Total [5]	Present business situation	Volume of stocks	Expected business situation	Total [5]	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
2006	1	-4	6	1	3	14	13	18	13	18	24
2007	0	-7	7	1	5	15	13	20	16	19	24
2008	-13	-20	-6	-7	-6	17	2	2	-5	4	7
2009	-31	-40	-22	-15	-21	11	-15	-16	-22	-16	-9
2009 Q1	-31	-36	-26	-19	-21	15	-20	-24	-33	-21	-18
Q2	-33	-42	-24	-17	-23	9	-19	-22	-29	-23	-15
Q3	-31	-41	-22	-14	-19	10	-13	-12	-18	-13	-5
Q4	-28	-40	-16	-12	-19	10	-7	-4	-8	-8	3
2010 Q1	-27	-37	-17	-7	-9	8	-2	0	-4	-2	7
2009 Dec.	-28	-40	-17	-10	-15	9	-6	-3	-7	-6	5
2010 Jan.	-29	-38	-20	-5	-6	8	-2	-1	-6	-2	5
Feb.	-29	-39	-18	-9	-12	9	-5	1	-2	-3	7
Mar.	-25	-35	-14	-6	-9	9	-1	1	-3	-1	8
Apr.	-25	-37	-13	-1	-1	8	4	6	0	5	11
May	-28	-40	-17	-5	-6	11	1	3	-1	3	8

Source: European Commission (Economic and Financial Affairs DG).
1) Difference between the percentages of respondents giving positive and negative replies.
2) From May 2010 onwards, data refer to the new version of the classification of economic activitites in the European Union ("NACE Revision 2").
3) The economic sentiment indicator is composed of the industrial, services, consumer, construction and retail trade confidence indicators; the industrial confidence indicator has a weight of 40%, the services confidence indicator a weight of 30%, the consumer confidence indicator a weight of 20% and the two other indicators a weight of 5% each. Values for the economic sentiment indicator of above (below) 100 indicate above-average (below-average) economic sentiment, calculated for the period 1990 to 2008.
4) Data are collected in January, April, July and October each year. The quarterly figures shown are averages of two successive surveys. Annual data are derived from quarterly averages.
5) The confidence indicators are calculated as simple averages of the components shown; the assessments of stocks (columns 4 and 17) and unemployment (column 10) are used with inverted signs for the calculation of confidence indicators.

5.3 Labour markets [1]

1. Employment

(annual percentage changes, unless otherwise indicated)

	Whole economy		By employment status		By economic activity					
	Total (s.a.; millions)	Total	Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
% of total [2]	100.0	100.0	85.2	14.8	3.9	17.1	7.5	25.7	16.0	29.9
	1	2	3	4	5	6	7	8	9	10
2006	144.166	1.6	1.8	0.8	-1.8	-0.3	2.7	1.6	4.0	1.8
2007	146.731	1.8	2.0	0.8	-1.5	0.2	3.7	2.0	4.1	1.3
2008	147.804	0.7	0.9	-0.3	-1.4	0.0	-2.1	1.3	2.2	0.9
2009	145.028	-1.9	-1.8	-2.1	-2.6	-5.2	-6.9	-1.8	-2.2	1.5
2008 Q4	147.227	-0.1	0.0	-0.8	-1.1	-1.2	-4.9	0.4	0.5	1.2
2009 Q1	146.077	-1.3	-1.1	-2.1	-2.3	-3.2	-7.1	-1.3	-1.4	1.5
Q2	145.317	-1.9	-1.9	-2.0	-2.5	-5.0	-7.4	-2.0	-2.3	1.6
Q3	144.543	-2.3	-2.3	-2.2	-3.0	-6.4	-7.5	-1.9	-2.8	1.6
Q4	144.173	-2.1	-2.0	-2.2	-2.5	-6.2	-5.6	-2.0	-2.2	1.2
	quarter-on-quarter percentage changes (s.a.)									
2008 Q4	-0.542	-0.4	-0.4	-0.3	0.0	-1.1	-2.3	-0.4	-0.5	0.6
2009 Q1	-1.150	-0.8	-0.8	-0.8	-0.8	-1.6	-2.3	-0.8	-0.9	0.2
Q2	-0.759	-0.5	-0.5	-0.5	-0.9	-1.8	-1.3	-0.5	-0.8	0.6
Q3	-0.775	-0.5	-0.5	-0.7	-1.2	-1.7	-1.7	-0.2	-0.5	0.2
Q4	-0.370	-0.3	-0.3	-0.2	0.5	-1.1	-0.4	-0.5	-0.1	0.2

2. Unemployment

(seasonally adjusted)

	Total		By age [3]				By gender [4]			
			Adult		Youth		Male		Female	
	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force
% of total [2]	100.0		78.4		21.6		53.8		46.2	
	1	2	3	4	5	6	7	8	9	10
2006	12.877	8.3	10.053	7.3	2.824	16.4	6.390	7.5	6.487	9.4
2007	11.679	7.5	9.126	6.6	2.553	14.9	5.737	6.7	5.942	8.5
2008	11.893	7.6	9.268	6.6	2.625	15.4	5.999	6.9	5.894	8.3
2009	14.854	9.4	11.640	8.2	3.214	19.4	7.990	9.2	6.864	9.6
2009 Q1	13.892	8.8	10.794	7.7	3.097	18.4	7.348	8.5	6.544	9.2
Q2	14.763	9.3	11.524	8.2	3.240	19.4	7.954	9.2	6.810	9.5
Q3	15.253	9.7	11.974	8.5	3.279	19.9	8.234	9.5	7.019	9.8
Q4	15.508	9.8	12.269	8.7	3.240	19.9	8.425	9.8	7.083	9.9
2010 Q1	15.744	10.0	12.536	8.9	3.209	19.9	8.555	9.9	7.190	10.0
2009 Nov.	15.496	9.8	12.260	8.7	3.236	19.9	8.436	9.8	7.060	9.9
Dec.	15.548	9.9	12.339	8.7	3.209	19.7	8.446	9.8	7.102	9.9
2010 Jan.	15.657	9.9	12.459	8.8	3.198	19.8	8.524	9.9	7.133	10.0
Feb.	15.741	10.0	12.520	8.8	3.222	20.0	8.570	10.0	7.172	10.0
Mar.	15.835	10.0	12.628	8.9	3.208	19.9	8.570	10.0	7.265	10.1
Apr.	15.860	10.1	12.642	8.9	3.219	20.0	8.561	10.0	7.299	10.2

Source: Eurostat.
1) 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 2009.
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

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

1. Euro area – revenue

	Total	Current revenue	Direct taxes	Households	Corporations	Indirect taxes	Received by EU institutions	Social contributions	Employers	Employees	Sales	Capital revenue	Capital taxes	Memo item: Fiscal burden [2]
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2001	45.7	45.4	12.2	9.4	2.8	13.5	0.5	15.6	8.2	4.7	2.1	0.2	0.3	41.6
2002	45.1	44.8	11.8	9.2	2.5	13.5	0.4	15.6	8.2	4.6	2.1	0.3	0.3	41.2
2003	45.0	44.4	11.4	9.0	2.3	13.5	0.4	15.7	8.3	4.6	2.1	0.6	0.5	41.1
2004	44.5	44.0	11.3	8.7	2.5	13.5	0.3	15.5	8.2	4.5	2.1	0.5	0.4	40.7
2005	44.8	44.3	11.5	8.8	2.7	13.7	0.3	15.4	8.1	4.5	2.2	0.5	0.3	40.9
2006	45.3	45.0	12.1	8.9	3.0	13.9	0.3	15.3	8.1	4.5	2.1	0.3	0.3	41.5
2007	45.4	45.2	12.4	9.1	3.2	13.8	0.3	15.1	8.0	4.4	2.1	0.3	0.3	41.6
2008	44.9	44.7	12.2	9.3	2.8	13.3	0.3	15.3	8.1	4.5	2.1	0.2	0.3	41.0
2009	44.5	44.2	11.4	9.2	2.0	13.1	0.3	15.7	8.3	4.5	2.2	0.3	0.4	40.5

2. Euro area – expenditure

	Total	Current expenditure: Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments	Subsidies	Paid by EU institutions	Capital expenditure	Investment	Capital transfers	Paid by EU institutions	Memo item: Primary expenditure [3]
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
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	47.7	43.9	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	44.1	10.5	5.0	3.3	25.4	22.5	1.9	0.5	3.9	2.5	1.4	0.1	44.8
2004	47.5	43.6	10.4	5.0	3.1	25.1	22.3	1.8	0.5	3.9	2.4	1.5	0.1	44.4
2005	47.4	43.5	10.4	5.0	3.0	25.0	22.3	1.7	0.5	3.9	2.5	1.4	0.0	44.4
2006	46.7	42.9	10.2	5.0	2.9	24.8	22.0	1.7	0.5	3.8	2.5	1.4	0.0	43.8
2007	46.1	42.3	10.0	5.0	3.0	24.4	21.6	1.6	0.4	3.8	2.6	1.2	0.0	43.1
2008	46.9	43.1	10.1	5.1	3.0	24.8	22.0	1.6	0.4	3.8	2.5	1.3	0.0	43.9
2009	50.8	46.6	10.8	5.6	2.8	27.3	24.2	1.9	0.5	4.2	2.8	1.4	0.0	48.0

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

	Deficit (-)/surplus (+): Total	Central gov.	State gov.	Local gov.	Social security funds	Primary deficit (-)/surplus (+)	Government consumption [4]: 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
2001	-1.9	-1.7	-0.4	-0.1	0.3	1.9	19.9	10.3	4.8	4.9	1.8	2.1	8.2	11.7
2002	-2.6	-2.1	-0.5	-0.2	0.2	0.9	20.2	10.4	4.9	5.1	1.8	2.1	8.3	12.0
2003	-3.1	-2.4	-0.5	-0.2	0.0	0.2	20.5	10.5	5.0	5.2	1.8	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	5.1	1.9	2.2	8.2	12.3
2006	-1.3	-1.5	-0.1	-0.2	0.4	1.6	20.3	10.2	5.0	5.2	1.9	2.1	8.0	12.2
2007	-0.6	-1.1	0.0	-0.1	0.5	2.3	20.0	10.0	5.0	5.2	1.9	2.1	7.9	12.1
2008	-2.0	-2.0	-0.2	-0.2	0.4	1.0	20.5	10.1	5.1	5.3	1.9	2.1	8.1	12.4
2009	-6.2	-5.0	-0.5	-0.3	-0.4	-3.4	22.1	10.8	5.6	5.8	2.0	2.2	8.8	13.3

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

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

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

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

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

	Total	Financial instruments				Holders				
		Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [2]				Other creditors [3]
						Total	MFIs	Other financial corporations	Other sectors	
	1	2	3	4	5	6	7	8	9	10
2000	69.2	2.7	13.2	3.7	49.6	43.9	22.1	12.3	9.5	25.4
2001	68.2	2.8	12.4	4.0	49.0	42.0	20.6	11.0	10.4	26.2
2002	68.0	2.7	11.8	4.6	48.9	40.5	19.4	10.6	10.5	27.4
2003	69.1	2.1	12.4	5.0	49.6	39.7	19.6	11.0	9.1	29.3
2004	69.5	2.2	12.0	5.0	50.3	38.2	18.5	10.7	9.0	31.3
2005	70.1	2.4	11.8	4.7	51.1	36.3	17.2	11.1	8.0	33.8
2006	68.2	2.4	11.5	4.1	50.2	34.4	17.4	9.3	7.7	33.8
2007	65.9	2.2	10.8	4.2	48.7	32.6	16.7	8.5	7.3	33.4
2008	69.4	2.3	11.0	6.7	49.4	32.4	16.6	7.9	7.8	37.0
2009	78.8	2.4	11.9	8.6	55.8	36.6	19.7	8.7	8.2	42.2

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

	Total	Issued by: [4]				Original maturity			Residual maturity			Currencies	
		Central gov.	State gov.	Local gov.	Social security funds	Up to 1 year	Over 1 year		Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currencies	Other currencies
								Variable interest rate					
	1	2	3	4	5	6	7	8	9	10	11	12	13
2000	69.2	58.2	5.8	4.9	0.4	6.5	62.7	6.2	13.4	27.8	28.1	67.4	1.8
2001	68.2	57.1	6.0	4.7	0.4	7.0	61.2	5.3	13.7	26.6	27.9	66.7	1.5
2002	68.0	56.7	6.2	4.7	0.4	7.6	60.4	5.2	15.5	25.3	27.2	66.7	1.3
2003	69.1	56.9	6.5	5.1	0.6	7.8	61.3	5.0	14.9	26.0	28.2	68.2	0.9
2004	69.5	57.3	6.6	5.1	0.4	7.8	61.6	4.7	14.8	26.2	28.5	68.6	0.9
2005	70.1	57.6	6.7	5.2	0.5	7.9	62.2	4.6	14.8	25.5	29.7	69.1	1.0
2006	68.2	55.9	6.5	5.3	0.5	7.4	60.8	4.3	14.4	24.0	29.8	67.7	0.6
2007	65.9	54.0	6.2	5.2	0.5	7.4	58.5	4.3	14.6	23.5	27.8	65.4	0.5
2008	69.4	57.2	6.6	5.2	0.4	10.2	59.2	4.4	17.8	23.3	28.4	68.6	0.8
2009	78.8	64.9	7.6	5.6	0.6	12.2	66.5	4.5	19.8	26.7	32.2	78.0	0.8

3. Euro area countries

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

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

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

6.3 Change in debt [1]

(as a percentage of GDP)

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

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

2. Euro area − deficit-debt adjustment

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

Source: ECB.

1) Data refer to the Euro 16 and are partially estimated. Annual change in gross nominal consolidated debt is expressed as a percentage of GDP, i.e. [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) Holders resident in the country whose government has issued the debt.
6) Includes residents of euro area countries other than the country whose government has issued the debt.
7) Including proceeds from sales of UMTS licences.
8) The difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.
9) Mainly composed of transactions in other assets and liabilities (trade credits, other receivables/payables and financial derivatives).
10) Excluding financial derivatives.

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

1. Euro area – quarterly revenue

	Total	Current revenue						Capital revenue		Memo item: Fiscal burden [2]
			Direct taxes	Indirect taxes	Social contributions	Sales	Property income		Capital taxes	
	1	2	3	4	5	6	7	8	9	10
2003 Q4	49.2	48.2	13.1	14.1	16.2	2.9	0.8	1.0	0.3	43.7
2004 Q1	41.4	40.9	9.5	12.9	15.3	1.7	0.6	0.4	0.3	38.0
Q2	44.7	44.0	11.9	12.9	15.3	2.0	1.1	0.8	0.6	40.7
Q3	42.8	42.4	10.7	12.8	15.4	1.9	0.7	0.5	0.3	39.2
Q4	49.0	48.0	12.9	14.2	16.2	2.9	0.7	1.0	0.4	43.7
2005 Q1	42.0	41.5	10.0	13.0	15.2	1.7	0.6	0.5	0.3	38.5
Q2	44.3	43.7	11.5	13.2	15.1	2.0	1.1	0.6	0.3	40.1
Q3	43.6	42.9	11.1	13.0	15.2	1.9	0.7	0.7	0.3	39.7
Q4	49.0	48.3	13.3	14.2	16.1	2.9	0.8	0.8	0.3	43.9
2006 Q1	42.4	42.0	10.3	13.4	15.1	1.6	0.8	0.4	0.3	39.0
Q2	45.4	44.9	12.2	13.5	15.1	1.9	1.3	0.5	0.3	41.1
Q3	43.8	43.3	11.6	13.0	15.2	2.0	0.8	0.5	0.3	40.0
Q4	49.3	48.7	14.0	14.3	15.8	2.9	0.9	0.6	0.3	44.4
2007 Q1	42.1	41.7	10.2	13.5	14.8	1.7	0.8	0.3	0.3	38.8
Q2	45.6	45.2	12.7	13.5	15.0	1.8	1.5	0.4	0.3	41.4
Q3	43.8	43.3	12.2	12.8	14.9	1.9	0.8	0.5	0.3	40.1
Q4	49.8	49.1	14.4	14.1	15.8	3.0	0.9	0.6	0.3	44.6
2008 Q1	42.4	41.9	10.7	12.9	14.8	1.7	1.0	0.5	0.2	38.6
Q2	45.1	44.6	12.6	12.8	15.0	1.9	1.5	0.5	0.3	40.7
Q3	43.3	42.9	11.9	12.4	15.1	1.9	0.8	0.3	0.3	39.7
Q4	48.6	48.4	13.6	13.6	16.3	3.0	1.0	0.2	0.3	43.7
2009 Q1	41.2	41.8	10.2	12.5	15.4	1.8	1.0	-0.6	0.2	38.4
Q2	43.8	43.9	11.5	12.6	15.5	2.0	1.5	-0.1	0.5	40.1
Q3	42.8	42.4	10.9	12.3	15.5	2.0	0.8	0.4	0.3	39.1
Q4	49.8	47.9	12.7	13.6	16.4	3.2	0.9	1.9	0.5	43.2

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
2003 Q4	51.1	46.3	11.1	5.7	3.1	26.4	22.8	1.5	4.8	3.3	1.6	-1.9	1.2
2004 Q1	46.3	43.0	10.3	4.6	3.2	24.9	21.3	1.2	3.4	1.9	1.5	-5.0	-1.8
Q2	46.6	43.2	10.4	4.8	3.3	24.7	21.4	1.3	3.4	2.3	1.1	-1.8	1.4
Q3	46.1	42.7	9.9	4.7	3.1	24.9	21.5	1.3	3.4	2.4	1.0	-3.2	-0.1
Q4	50.9	45.6	11.0	5.7	2.9	26.1	22.6	1.4	5.2	3.1	2.1	-1.9	1.0
2005 Q1	46.7	43.0	10.2	4.6	3.1	25.1	21.3	1.2	3.7	1.9	1.8	-4.8	-1.7
Q2	46.2	42.8	10.2	4.9	3.2	24.5	21.3	1.1	3.4	2.3	1.1	-1.8	1.3
Q3	45.8	42.4	9.9	4.8	3.0	24.7	21.3	1.2	3.4	2.5	1.0	-2.2	0.7
Q4	50.5	45.7	11.1	5.8	2.7	26.1	22.5	1.3	4.8	3.1	1.7	-1.5	1.2
2006 Q1	45.3	42.1	10.0	4.6	3.0	24.6	21.1	1.2	3.1	1.9	1.2	-2.9	0.1
Q2	45.4	42.2	10.2	4.9	3.1	24.0	21.0	1.1	3.2	2.3	1.0	-0.1	3.0
Q3	45.4	42.0	9.8	4.7	2.9	24.5	21.1	1.2	3.4	2.4	1.0	-1.5	1.4
Q4	50.3	45.0	10.7	5.7	2.7	25.9	22.2	1.4	5.3	3.2	2.2	-1.0	1.7
2007 Q1	44.2	41.1	9.8	4.5	2.9	23.8	20.4	1.2	3.1	2.0	1.1	-2.2	0.8
Q2	44.6	41.4	9.9	4.8	3.2	23.5	20.5	1.1	3.1	2.3	0.8	1.1	4.3
Q3	44.6	41.2	9.6	4.8	2.9	24.0	20.7	1.2	3.4	2.5	0.9	-0.9	2.1
Q4	50.4	45.2	10.7	5.8	2.8	26.0	22.2	1.5	5.2	3.4	1.8	-0.6	2.1
2008 Q1	44.8	41.4	9.7	4.6	3.0	24.1	20.5	1.2	3.3	2.0	1.4	-2.4	0.6
Q2	45.4	41.9	10.1	5.0	3.2	23.7	20.6	1.1	3.5	2.3	1.2	-0.3	2.9
Q3	45.5	42.0	9.7	4.8	3.1	24.4	21.2	1.2	3.5	2.5	1.0	-2.2	0.8
Q4	51.5	46.8	11.0	6.1	2.8	27.0	23.0	1.4	4.7	3.4	1.4	-3.0	-0.2
2009 Q1	47.6	44.9	10.5	5.2	2.9	26.3	22.4	1.3	2.7	2.2	0.4	-6.4	-3.5
Q2	49.5	46.1	10.9	5.5	3.2	26.6	23.1	1.3	3.4	2.7	0.6	-5.7	-2.5
Q3	49.4	45.5	10.4	5.2	2.7	27.1	23.5	1.4	3.9	2.6	1.2	-6.6	-3.9
Q4	56.1	49.4	11.4	6.3	2.5	29.2	24.8	1.6	6.7	3.4	3.2	-6.3	-3.7

Sources: ECB calculations based on Eurostat and national data.
1) The concepts "revenue", "expenditure" and "deficit/surplus" are based on the ESA 95. Transactions between the EU budget and entities outside the government sector are not included. Otherwise, except for different data transmission deadlines, the quarterly data are consistent with the annual data. The data are not seasonally adjusted.
2) The fiscal burden comprises taxes and social contributions.

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

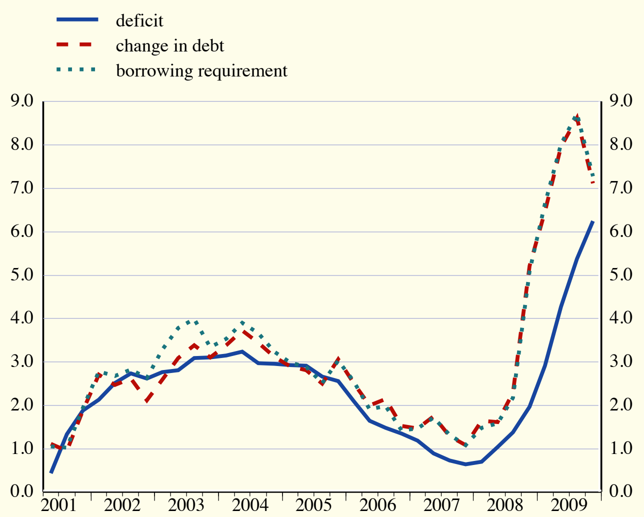
1. Euro area – Maastricht debt by financial instrument [1)]

	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2007 Q1	68.4	2.4	11.5	4.7	49.9
Q2	68.7	2.2	11.2	5.1	50.2
Q3	67.7	2.1	11.0	5.1	49.3
Q4	65.9	2.2	10.8	4.2	48.7
2008 Q1	67.0	2.1	11.2	5.0	48.7
Q2	67.3	2.1	11.2	4.9	49.0
Q3	67.4	2.1	11.1	5.5	48.7
Q4	69.4	2.3	11.0	6.7	49.4
2009 Q1	72.8	2.3	11.3	7.9	51.4
Q2	76.1	2.4	11.6	8.4	53.7
Q3	77.9	2.3	11.7	9.2	54.6
Q4	78.8	2.4	11.9	8.6	55.8

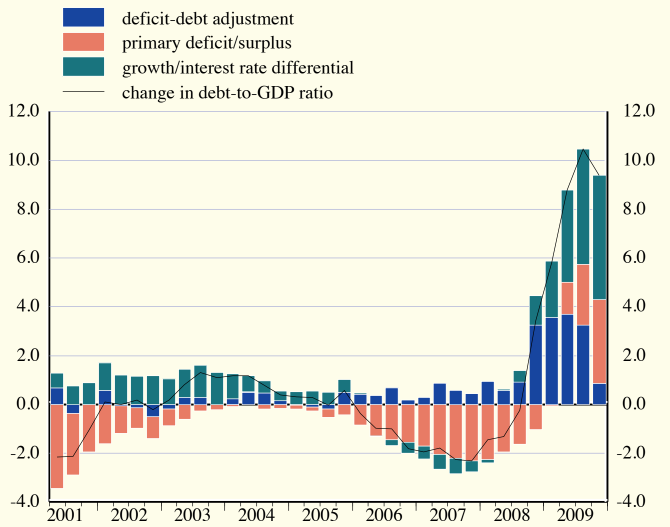
2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-)/ surplus (+)	Deficit-debt adjustment								Memo item: Borrowing requirement
			Total	Transactions in main financial assets held by general government					Valuation effects and other changes in volume	Other	
				Total	Currency and deposits	Loans	Securities	Shares and other equity			
	1	2	3	4	5	6	7	8	9	10	11
2007 Q1	4.5	-2.2	2.3	1.8	1.1	0.0	0.6	0.1	-0.7	1.2	5.2
Q2	4.2	1.1	5.2	4.9	4.1	0.0	0.5	0.3	0.6	-0.3	3.6
Q3	-0.6	-0.9	-1.4	-1.4	-2.1	0.0	0.4	0.2	0.1	-0.1	-0.6
Q4	-3.5	-0.6	-4.1	-2.9	-2.1	0.0	-0.6	-0.2	0.0	-1.2	-3.4
2008 Q1	6.6	-2.4	4.2	3.3	2.0	0.0	1.1	0.3	0.0	0.9	6.6
Q2	4.0	-0.3	3.7	3.9	1.8	0.3	1.3	0.4	0.1	-0.3	3.9
Q3	2.2	-2.2	0.0	-0.9	-1.6	0.0	0.2	0.5	0.4	0.4	1.8
Q4	8.0	-3.0	5.1	5.8	0.8	2.6	0.5	1.9	0.0	-0.8	8.0
2009 Q1	11.9	-6.4	5.5	6.5	5.1	-0.1	0.9	0.7	-1.3	0.3	13.2
Q2	9.9	-5.7	4.2	3.3	2.5	-0.6	0.2	1.2	0.6	0.4	9.3
Q3	4.7	-6.6	-1.9	-2.9	-3.2	0.7	0.0	-0.4	0.2	0.8	4.5
Q4	2.2	-6.3	-4.1	-2.6	-2.6	0.0	-0.1	0.1	-0.2	-1.3	2.4

C28 Deficit, borrowing requirement and change in debt
(four-quarter moving sum as a percentage of GDP)



C29 Maastricht debt
(annual change in the debt-to-GDP ratio and underlying factors)



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

7 EXTERNAL TRANSACTIONS AND POSITIONS

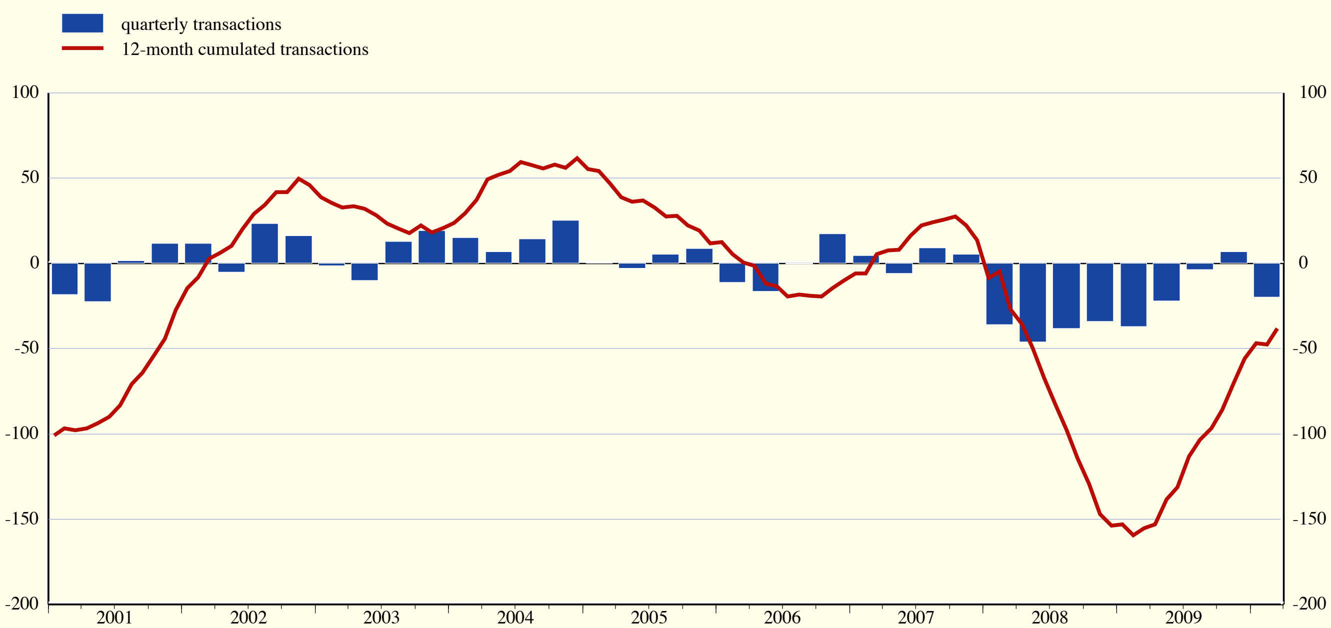
7.1 Summary balance of payments [1)]

(EUR billions; net transactions)

	Current account					Capital account	Net lending/ borrowing to/from rest of the world (columns 1+6)	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers			Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2007	13.5	48.0	49.6	2.9	-87.0	5.0	18.5	-10.7	-73.7	151.5	-63.7	-19.6	-5.1	-7.8
2008	-153.8	-19.1	41.4	-76.6	-99.5	9.8	-144.0	163.2	-198.7	344.1	-62.5	83.7	-3.4	-19.2
2009	-55.8	39.5	31.4	-38.0	-88.7	8.0	-47.8	45.4	-95.7	317.9	39.9	-221.2	4.5	2.4
2009 Q1	-37.2	-7.6	1.8	-3.0	-28.4	1.5	-35.8	50.9	-64.6	105.8	15.8	-11.8	5.6	-15.1
Q2	-22.0	14.0	6.9	-25.5	-17.3	2.2	-19.8	10.9	0.3	70.8	22.9	-81.7	-1.4	8.9
Q3	-3.6	13.8	12.2	-6.7	-22.8	1.4	-2.2	-12.6	-23.7	78.2	-4.5	-62.9	0.3	14.8
Q4	7.0	19.4	10.6	-2.8	-20.2	3.0	9.9	-3.8	-7.8	63.1	5.8	-64.8	-0.1	-6.2
2010 Q1	-19.6	3.8	4.9	1.1	-29.5	2.7	-16.9	19.9	-27.9	-5.6	4.8	53.3	-4.7	-3.0
2009 Mar.	-7.9	2.9	0.6	0.9	-12.3	0.7	-7.2	10.9	-27.6	53.3	5.6	-19.6	-0.9	-3.6
Apr.	-9.8	4.1	2.0	-6.6	-9.3	1.6	-8.2	18.1	7.7	-5.3	13.0	1.5	1.2	-9.9
May	-13.7	2.6	3.0	-12.7	-6.7	0.2	-13.5	9.4	17.5	33.8	9.4	-49.1	-2.2	4.1
June	1.5	7.3	1.8	-6.2	-1.3	0.3	1.8	-16.6	-24.8	42.3	0.5	-34.2	-0.4	14.8
July	8.1	14.1	3.9	-3.0	-6.9	0.9	9.0	-19.4	7.2	-26.5	6.4	-2.9	-3.7	10.4
Aug.	-6.1	-1.9	4.1	0.0	-8.3	0.5	-5.5	-10.8	1.7	25.7	-9.8	-29.2	0.8	16.3
Sep.	-5.6	1.5	4.1	-3.7	-7.5	0.0	-5.6	17.6	-32.6	78.9	-1.1	-30.8	3.3	-11.9
Oct.	-0.2	8.5	4.1	0.5	-13.3	0.2	0.0	1.5	-3.0	8.2	1.8	-4.8	-0.6	-1.5
Nov.	-2.4	5.0	1.6	-2.8	-6.1	1.4	-1.0	2.8	-7.4	-6.2	-0.1	15.1	1.4	-1.8
Dec.	9.5	5.9	4.9	-0.5	-0.7	1.4	10.9	-8.1	2.7	61.1	4.1	-75.0	-0.8	-2.8
2010 Jan.	-14.7	-7.4	0.8	-1.1	-7.1	1.7	-13.0	14.5	-3.1	-0.7	5.1	11.7	1.5	-1.5
Feb.	-6.2	5.1	2.0	1.1	-14.3	0.9	-5.3	4.5	0.6	7.5	-0.1	0.1	-3.6	0.7
Mar.	1.3	6.1	2.1	1.1	-8.1	0.1	1.4	0.9	-25.4	-12.4	-0.2	41.4	-2.5	-2.3
	12-month cumulated transactions													
2010 Mar.	-38.2	51.0	34.5	-33.9	-89.8	9.3	-28.9	14.4	-59.0	206.4	29.0	-156.1	-5.9	14.5

C30 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

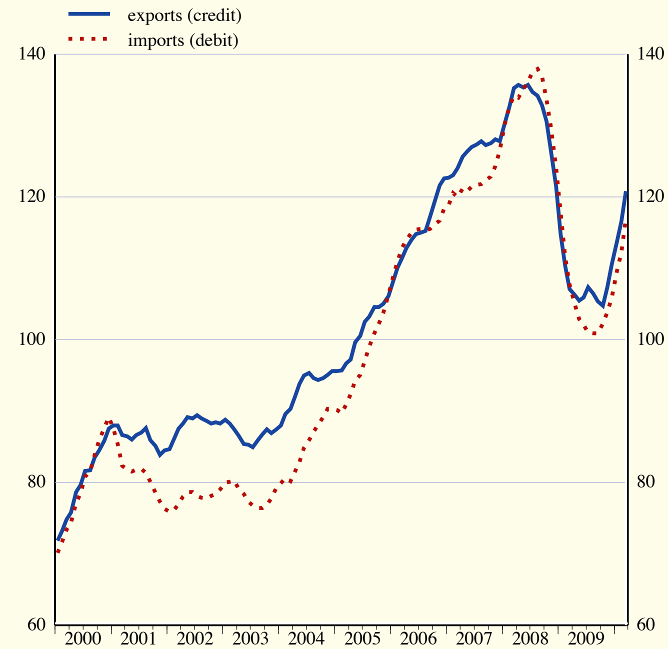
(EUR billions; transactions)

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
2007	2,702.7	2,689.2	13.5	1,518.0	1,470.1	494.9	445.3	598.7	595.8	91.0	6.4	178.1	20.7	25.7	20.7
2008	2,732.5	2,886.3	-153.8	1,580.4	1,599.5	517.6	476.2	546.1	622.6	88.5	6.7	188.0	21.4	24.2	14.5
2009	2,274.9	2,330.7	-55.8	1,290.1	1,250.5	471.1	439.7	421.0	459.0	92.8	6.1	181.5	21.6	18.9	10.9
2009 Q1	557.1	594.4	-37.2	307.5	315.1	110.4	108.6	113.5	116.4	25.8	1.4	54.2	5.0	4.1	2.6
Q2	559.5	581.4	-22.0	312.5	298.5	114.8	107.9	111.2	136.7	21.0	1.6	38.3	5.4	4.9	2.8
Q3	556.0	559.6	-3.6	322.5	308.7	124.0	111.9	95.1	101.8	14.3	1.6	37.2	5.5	3.9	2.4
Q4	602.3	595.3	7.0	347.6	328.2	121.8	111.3	101.2	104.0	31.7	1.5	51.8	5.7	6.0	3.0
2010 Q1	573.6	593.3	-19.6	347.6	343.8	107.6	102.7	94.2	93.1	24.2	.	53.7	.	5.3	2.5
2010 Jan.	174.3	189.0	-14.7	100.2	107.5	35.1	34.3	28.7	29.9	10.4	.	17.4	.	2.5	0.8
Feb.	185.0	191.2	-6.2	111.7	106.6	34.2	32.2	30.3	29.2	8.8	.	23.2	.	1.6	0.7
Mar.	214.3	213.0	1.3	135.7	129.6	38.4	36.3	35.2	34.1	5.0	.	13.1	.	1.1	1.0
	Seasonally adjusted														
2009 Q1	580.2	610.0	-29.8	321.3	323.0	121.1	113.7	117.1	127.6	20.7	.	45.7	.	.	.
Q2	566.2	578.8	-12.6	317.6	306.2	116.4	111.0	108.6	116.6	23.6	.	45.0	.	.	.
Q3	551.7	560.1	-8.4	316.2	302.6	115.2	107.1	98.6	108.1	21.8	.	42.3	.	.	.
Q4	573.3	581.0	-7.7	331.6	317.6	118.5	108.2	96.7	107.1	26.5	.	48.1	.	.	.
2010 Q1	600.3	604.8	-4.5	362.5	351.0	118.0	107.2	97.2	101.9	22.7	.	44.7	.	.	.
2009 Oct.	188.0	191.8	-3.8	107.6	103.4	38.7	35.1	33.1	35.3	8.6	.	17.9	.	.	.
Nov.	191.9	195.1	-3.2	110.4	105.6	39.0	37.1	31.9	36.0	10.6	.	16.4	.	.	.
Dec.	193.4	194.2	-0.7	113.6	108.6	40.8	36.0	31.7	35.8	7.3	.	13.8	.	.	.
2010 Jan.	199.5	201.1	-1.7	117.1	114.6	39.3	36.2	31.9	34.1	11.1	.	16.1	.	.	.
Feb.	195.1	199.6	-4.5	119.0	113.7	38.7	35.2	32.7	34.2	4.6	.	16.5	.	.	.
Mar.	205.8	204.1	1.7	126.4	122.7	39.9	35.9	32.6	33.5	6.9	.	12.0	.	.	.

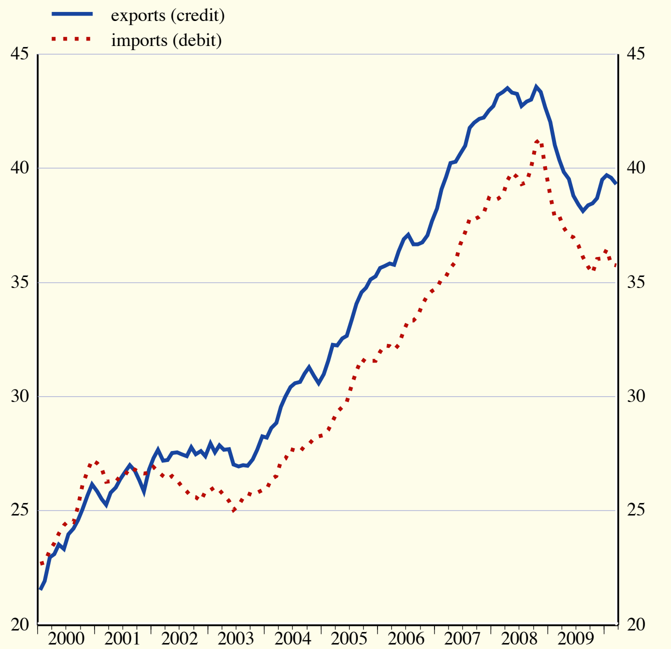
C31 B.o.p. goods

(EUR billions; seasonally adjusted; three-month moving average)



C32 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
2007	18.8	10.3	579.9	585.5	208.7	70.9	137.7	44.2	26.6	25.2	45.3	113.7	118.8	111.1	180.5	197.8
2008	18.9	10.4	527.1	612.2	154.4	17.9	147.0	50.0	29.9	24.8	43.0	119.0	125.2	125.3	174.5	196.1
2009	18.9	11.6	402.0	447.4	131.7	23.2	106.5	37.1	20.3	20.8	31.4	80.0	110.2	141.9	108.5	98.3
2008 Q4	4.9	2.7	127.8	142.3	35.9	-1.5	36.5	10.1	8.4	6.0	8.4	19.9	31.6	32.7	43.5	47.1
2009 Q1	4.7	2.1	108.8	114.4	34.1	7.8	26.7	15.2	5.2	5.1	6.9	13.3	29.4	37.5	33.3	31.9
Q2	4.6	2.6	106.6	134.2	33.1	1.5	25.6	4.3	5.6	5.9	10.6	38.8	27.5	36.6	29.8	27.2
Q3	4.6	3.5	90.5	98.4	29.0	7.5	25.1	8.5	4.1	4.7	7.1	13.9	27.4	34.8	22.9	19.9
Q4	5.0	3.5	96.2	100.5	35.5	6.3	29.1	9.1	5.4	5.0	6.8	14.1	25.9	33.0	22.5	19.3

3. Geographical breakdown
(cumulated transactions)

2009 Q1 to 2009 Q4	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzer-land	United States	Other
		Total	Den-mark	Sweden	United Kingdom	Other EU countries	EU insti-tutions									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Credits															
Current account	2,274.9	803.1	45.9	65.9	393.5	234.0	63.7	34.4	30.6	87.0	29.3	46.7	70.3	167.3	306.4	699.8
Goods	1,290.1	429.7	27.7	41.2	183.8	176.8	0.2	18.5	15.7	69.1	21.8	28.8	50.2	83.8	153.2	419.3
Services	471.1	157.2	11.1	12.1	101.9	26.6	5.5	7.4	6.5	13.0	5.9	10.6	12.8	48.4	70.4	138.9
Income	421.0	148.5	6.5	11.3	96.1	27.1	7.5	8.1	7.6	4.8	1.5	7.1	7.0	28.1	77.6	130.7
Investment income	402.0	141.8	6.4	11.1	94.5	26.5	3.3	8.1	7.5	4.7	1.5	7.1	6.9	20.9	75.7	127.8
Current transfers	92.8	67.8	0.7	1.3	11.8	3.4	50.6	0.4	0.8	0.2	0.1	0.2	0.3	6.9	5.1	10.9
Capital account	18.9	14.6	0.0	0.0	0.8	0.2	13.5	0.0	0.0	0.0	0.0	0.0	0.1	0.3	0.5	3.3
	Debits															
Current account	2,330.7	749.6	40.6	67.3	336.3	207.7	97.6	-	24.6	-	-	85.9	-	157.0	324.9	-
Goods	1,250.5	359.7	26.2	37.0	136.4	160.0	0.0	20.1	10.3	153.4	18.0	41.8	78.3	72.1	121.4	375.5
Services	439.7	133.8	7.1	10.4	84.4	31.6	0.2	5.7	5.6	9.7	4.4	7.6	7.5	40.3	94.3	130.7
Income	459.0	145.9	6.4	18.8	103.0	11.7	6.0	-	7.0	-	-	36.1	-	38.6	102.2	-
Investment income	447.4	138.5	6.3	18.7	101.4	6.0	6.0	-	6.9	-	-	36.0	-	38.1	101.4	-
Current transfers	181.5	110.1	0.8	1.1	12.5	4.4	91.4	1.4	1.7	2.9	0.7	0.4	0.5	5.9	6.9	50.9
Capital account	10.9	2.4	0.1	0.1	0.9	0.2	1.0	0.1	0.1	0.1	0.2	0.1	0.0	0.5	0.8	6.6
	Net															
Current account	-55.8	53.6	5.3	-1.4	57.2	26.2	-33.9	-	6.0	-	-	-39.2	-	10.2	-18.5	-
Goods	39.5	70.0	1.5	4.2	47.4	16.8	0.2	-1.5	5.4	-84.3	3.8	-13.0	-28.2	11.7	31.8	43.8
Services	31.4	23.3	3.9	1.7	17.5	-5.0	5.2	1.7	0.9	3.2	1.6	3.0	5.3	8.1	-23.9	8.2
Income	-38.0	2.5	0.1	-7.5	-6.9	15.5	1.5	-	0.6	-	-	-29.0	-	-10.5	-24.6	-
Investment income	-45.4	3.3	0.1	-7.6	-7.0	20.5	-2.7	-	0.6	-	-	-29.0	-	-17.2	-25.7	-
Current transfers	-88.7	-42.4	-0.2	0.2	-0.7	-1.0	-40.8	-1.1	-0.9	-2.6	-0.6	-0.1	-0.2	0.9	-1.8	-40.0
Capital account	8.0	12.3	0.0	-0.1	-0.1	0.0	12.5	-0.1	-0.1	-0.1	-0.2	-0.1	0.0	-0.1	-0.3	-3.3

Source: ECB.

7.3 Financial account

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

1. Summary financial account

	Total [1)]			Total as a % of GDP			Direct investment		Portfolio investment		Net financial derivatives	Other investment		Reserve assets
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts (international investment position)													
2006	12,384.3	13,399.8	-1,015.5	144.8	156.7	-11.9	3,153.4	2,729.4	4,372.1	5,950.0	-20.8	4,553.8	4,720.4	325.8
2007	13,908.5	15,155.8	-1,247.3	154.5	168.3	-13.9	3,572.8	3,130.7	4,631.6	6,556.5	-26.0	5,382.9	5,468.6	347.2
2008	13,315.2	14,949.2	-1,634.0	143.8	161.5	-17.6	3,744.4	3,217.0	3,763.9	6,078.6	-36.2	5,468.8	5,653.6	374.2
2009 Q2	13,309.9	14,845.3	-1,535.4	146.7	163.6	-16.9	4,012.1	3,302.8	3,898.5	6,304.5	-57.8	5,075.6	5,238.0	381.5
Q3	13,381.5	14,979.0	-1,597.5	148.7	166.4	-17.7	4,042.1	3,345.1	4,059.8	6,626.7	-60.1	4,908.9	5,007.2	430.8
Q4	13,687.5	15,154.8	-1,467.3	152.6	169.0	-16.4	4,138.5	3,386.5	4,209.0	6,816.7	-48.3	4,926.0	4,951.6	462.4
	Changes to outstanding amounts													
2005	2,209.7	2,070.3	139.3	27.1	25.4	1.7	522.1	209.0	842.5	1,012.3	16.0	790.0	849.1	39.1
2006	1,545.8	1,845.7	-299.9	18.1	21.6	-3.5	362.6	285.1	484.6	892.2	0.6	692.3	668.4	5.7
2007	1,524.2	1,756.0	-231.9	16.9	19.5	-2.6	419.4	401.3	259.5	606.5	-5.2	829.1	748.1	21.4
2008	-593.3	-206.6	-386.6	-6.4	-2.2	-4.2	171.7	86.3	-867.7	-478.0	-10.2	85.9	185.1	27.0
2009 Q3	71.6	133.7	-62.1	3.2	6.0	-2.8	30.0	42.3	161.2	322.2	-2.3	-166.7	-230.8	49.3
Q4	306.0	175.8	130.2	13.1	7.5	5.6	96.4	41.4	149.2	190.0	11.8	17.1	-55.6	31.5
	Transactions													
2006	1,728.6	1,719.1	9.4	20.2	20.1	0.1	417.6	257.4	519.8	708.5	0.6	789.3	753.2	1.3
2007	1,946.6	1,935.9	10.7	21.6	21.5	0.1	476.5	402.9	438.5	589.9	63.7	962.8	943.1	5.1
2008	464.8	628.0	-163.2	5.0	6.8	-1.8	323.8	125.1	-10.2	333.9	62.5	85.3	169.0	3.4
2009	-164.6	-119.3	-45.4	-1.8	-1.3	-0.5	314.4	218.6	74.2	392.1	-39.9	-508.8	-729.9	-4.5
2009 Q3	20.8	8.1	12.6	0.9	0.4	0.6	62.0	38.2	45.6	123.7	4.5	-91.0	-153.8	-0.3
Q4	55.9	52.2	3.8	2.4	2.2	0.2	62.8	55.0	38.0	101.1	-5.8	-39.1	-103.9	0.1
2010 Q1	174.9	194.8	-19.9	7.9	8.8	-0.9	53.1	25.2	70.0	64.4	-4.8	51.9	105.2	4.7
2009 Nov.	44.0	46.8	-2.8	.	.	.	16.7	9.3	19.5	13.3	0.1	9.1	24.2	-1.4
Dec.	-77.5	-85.6	8.1	.	.	.	15.3	17.9	-6.4	54.7	-4.1	-83.1	-158.2	0.8
2010 Jan.	79.6	94.0	-14.5	.	.	.	5.8	2.6	30.9	30.2	-5.1	49.5	61.2	-1.5
Feb.	42.6	47.2	-4.5	.	.	.	14.4	15.0	9.0	16.5	0.1	15.5	15.7	3.6
Mar.	52.7	53.6	-0.9	.	.	.	33.0	7.6	30.1	17.7	0.2	-13.1	28.3	2.5
	Other changes													
2005	851.4	749.6	101.7	10.5	9.2	1.2	163.7	56.5	426.3	487.7	-1.4	205.7	205.4	57.1
2006	-182.7	126.6	-309.3	-2.1	1.5	-3.6	-55.0	27.7	-35.2	183.7	0.0	-97.0	-84.8	4.4
2007	-422.5	-179.9	-242.5	-4.7	-2.0	-2.7	-57.1	-1.5	-179.0	16.6	-69.0	-133.6	-195.0	16.3
2008	-1,058.0	-834.6	-223.4	-11.4	-9.0	-2.4	-152.1	-38.8	-857.5	-811.8	-72.7	0.6	16.1	23.6
	Other changes due to exchange rate changes													
2005	394.2	245.0	149.2	4.8	3.0	1.8	89.8	5.7	158.3	101.4	.	129.2	137.9	17.0
2006	-343.3	-228.5	-114.8	-4.0	-2.7	-1.3	-72.1	-4.2	-151.6	-101.1	.	-105.7	-123.2	-13.9
2007	-531.1	-291.5	-239.6	-5.9	-3.2	-2.7	-113.3	-5.9	-219.2	-106.0	.	-185.0	-179.6	-13.7
2008	-40.3	59.3	-99.6	-0.4	0.6	-1.1	-17.3	-0.2	1.8	42.0	.	-34.0	17.5	9.2
	Other changes due to price changes													
2005	284.5	430.3	-145.8	3.5	5.3	-1.8	45.0	40.8	199.0	389.5	-1.4	.	.	41.9
2006	288.6	298.4	-9.8	3.4	3.5	-0.1	45.4	33.5	226.0	264.9	0.0	.	.	17.1
2007	82.4	124.7	-42.4	0.9	1.4	-0.5	46.5	12.5	75.0	112.2	-69.8	.	.	30.7
2008	-1,013.8	-1,102.1	88.3	-10.9	-11.9	1.0	-155.6	-138.4	-803.6	-963.7	-75.9	.	.	21.2
	Other changes due to other adjustments													
2005	172.7	74.3	98.3	2.1	0.9	1.2	29.0	10.0	69.0	-3.1	.	76.5	67.4	-1.8
2006	-128.1	56.7	-184.7	-1.5	0.7	-2.2	-28.3	-1.6	-109.6	19.8	.	8.7	38.4	1.2
2007	30.7	-16.9	47.6	0.3	-0.2	0.5	5.0	-13.6	-33.0	12.4	.	59.5	-15.7	-0.8
2008	-20.9	191.6	-212.5	-0.2	2.1	-2.3	18.0	87.4	-56.9	102.2	.	25.4	2.0	-7.3
	Growth rates of outstanding amounts													
2005	15.2	13.4	-	.	.	.	15.2	6.8	13.1	12.1	.	18.5	19.5	-5.9
2006	16.1	14.8	-	.	.	.	15.0	10.5	13.6	13.7	.	20.5	18.7	0.3
2007	15.7	14.3	-	.	.	.	15.1	14.7	10.0	9.8	.	21.2	20.0	1.6
2008	3.3	4.2	-	.	.	.	9.2	4.0	-0.5	5.3	.	1.6	3.2	1.0
2009 Q3	-4.0	-3.0	-	.	.	.	7.9	4.9	-3.0	4.4	.	-12.2	-14.9	-1.1
Q4	-1.2	-0.8	-	.	.	.	8.3	6.8	1.9	6.4	.	-9.3	-12.8	-1.2
2010 Q1	2.1	1.4	.	.	.	.	6.8	6.4	5.6	6.1	.	-3.5	-7.0	1.3

Source: ECB.
1) Net financial derivatives are included in assets.

7.3 Financial account

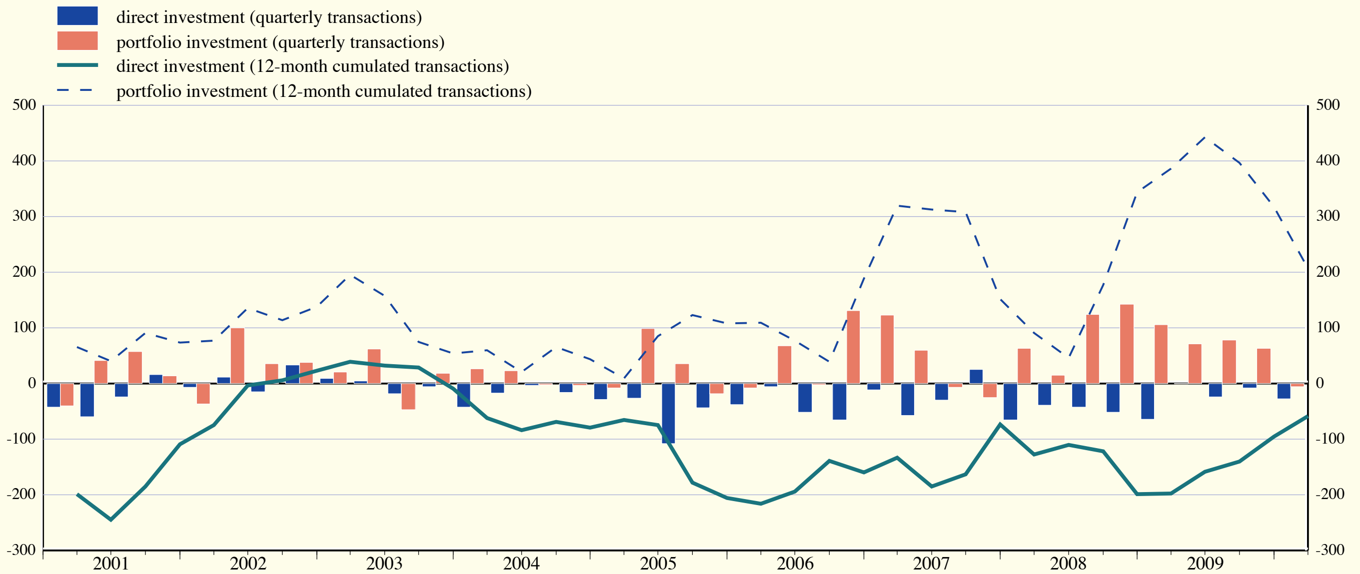
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

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	In MFIs	In non-MFIs	Total	To MFIs	To non-MFIs
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts (international investment position)													
2007	3,572.8	2,886.7	240.8	2,645.9	686.1	6.4	679.7	3,130.7	2,401.0	69.5	2,331.5	729.8	15.4	714.4
2008	3,744.4	2,946.9	234.8	2,712.1	797.5	9.3	788.2	3,217.0	2,405.5	77.0	2,328.5	811.6	16.4	795.1
2009 Q3	4,042.1	3,158.3	259.6	2,898.7	883.8	10.4	873.4	3,345.1	2,517.5	74.7	2,442.8	827.6	15.2	812.4
Q4	4,138.5	3,246.9	259.8	2,987.1	891.6	11.0	880.6	3,386.5	2,566.9	76.7	2,490.2	819.6	15.2	804.4
	Transactions													
2007	476.5	368.4	18.9	349.5	108.2	-0.1	108.3	402.9	305.4	5.4	300.1	97.4	1.4	96.0
2008	323.8	195.1	-4.8	199.9	128.7	-0.2	128.9	125.1	93.0	-1.3	94.3	32.1	1.6	30.4
2009	314.4	227.0	22.0	205.0	87.4	3.4	84.0	218.6	212.3	8.1	204.2	6.3	-0.6	6.9
2009 Q3	62.0	37.0	-1.6	38.7	24.9	0.3	24.6	38.2	35.4	2.4	33.0	2.8	-1.1	3.9
Q4	62.8	64.4	-1.2	65.6	-1.6	1.7	-3.3	55.0	60.9	3.0	57.9	-5.9	0.1	-5.9
2010 Q1	53.1	28.0	5.7	22.3	25.1	0.2	24.8	25.2	15.4	0.3	15.1	9.9	0.5	9.4
2009 Nov.	16.7	19.7	0.8	18.9	-3.0	0.2	-3.2	9.3	8.1	-0.9	9.0	1.2	-0.2	1.4
Dec.	15.3	15.6	-1.5	17.1	-0.3	1.2	-1.5	17.9	25.4	4.9	20.5	-7.4	0.3	-7.8
2010 Jan.	5.8	7.0	0.2	6.8	-1.3	0.0	-1.3	2.6	4.6	0.4	4.2	-2.0	-2.2	0.3
Feb.	14.4	7.4	3.9	3.4	7.0	0.2	6.8	15.0	6.1	0.1	6.0	8.9	4.7	4.1
Mar.	33.0	13.7	1.6	12.1	19.3	0.0	19.3	7.6	4.6	-0.2	4.9	3.0	-2.0	5.0
	Growth rates													
2007	15.1	14.4	8.3	15.0	18.5	-55.0	18.7	14.7	14.6	8.8	14.7	15.3	6.3	15.4
2008	9.2	6.8	-2.0	7.6	18.9	-2.0	19.1	4.0	3.9	-1.8	4.1	4.5	9.9	4.4
2009 Q3	7.9	6.3	8.5	6.1	14.2	13.8	14.2	4.9	7.2	7.1	7.2	-1.9	-5.0	-1.8
Q4	8.3	7.6	9.4	7.5	10.9	37.0	10.6	6.8	8.9	11.3	8.8	0.8	-3.7	0.9
2010 Q1	6.8	6.6	3.9	6.9	7.6	28.0	7.3	6.4	7.7	10.1	7.6	2.5	-1.9	2.5

C33 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	
				Eurosystem		General government			Eurosystem		General government			Eurosystem		General government
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Outstanding amounts (international investment position)															
2007	4,631.6	1,961.8	136.7	2.8	1,825.1	44.6	2,279.7	990.2	16.4	1,289.5	17.2	390.1	297.3	34.6	92.8	0.5
2008	3,763.9	1,162.7	68.4	3.0	1,094.3	27.3	2,179.1	970.9	19.9	1,208.2	18.4	422.1	353.3	61.6	68.8	1.3
2009 Q3	4,059.8	1,368.1	75.3	3.1	1,292.8	32.0	2,277.7	926.8	16.8	1,351.0	37.9	413.9	341.9	45.0	72.1	1.5
Q4	4,209.0	1,482.0	78.2	3.1	1,403.9	34.4	2,344.9	924.3	17.2	1,420.6	37.0	382.0	324.4	44.9	57.7	2.0
	Transactions															
2007	438.5	64.7	26.7	0.0	38.0	8.2	290.5	148.0	4.9	142.4	3.3	83.3	63.3	26.3	20.0	0.8
2008	-10.2	-103.9	-38.4	0.6	-65.6	-0.2	96.7	44.1	3.2	52.6	2.6	-3.0	26.8	15.1	-29.8	0.4
2009	74.2	46.6	-2.9	-0.2	49.5	1.6	29.3	-103.3	-3.5	132.6	17.2	-1.8	5.4	-12.7	-7.2	1.0
2009 Q3	45.6	39.6	3.7	0.0	35.9	0.2	27.4	-7.0	-0.8	34.4	-1.4	-21.4	-10.1	-11.8	-11.2	-0.1
Q4	38.0	35.8	-0.6	-0.2	36.3	0.4	25.1	-14.0	-0.5	39.1	-1.5	-22.9	-17.9	1.3	-5.0	0.8
2010 Q1	70.0	20.2	7.0	0.0	13.2	.	47.5	2.1	-0.2	45.4	.	2.3	-7.8	-1.4	10.1	.
2009 Nov.	19.5	12.7	-2.2	-0.2	14.9	.	19.3	-0.4	-0.2	19.8	.	-12.5	-12.4	3.0	-0.1	.
Dec.	-6.4	8.9	1.0	0.1	7.9	.	0.6	-5.6	0.3	6.2	.	-15.9	-11.4	-5.7	-4.4	.
2010 Jan.	30.9	-2.9	-0.5	0.0	-2.4	.	14.5	0.4	0.3	14.1	.	19.3	9.8	4.8	9.5	.
Feb.	9.0	3.8	1.3	0.0	2.5	.	5.5	-0.4	0.0	5.9	.	-0.3	-1.6	-0.3	1.3	.
Mar.	30.1	19.3	6.2	0.0	13.1	.	27.5	2.1	-0.6	25.4	.	-16.6	-15.9	-5.9	-0.7	.
	Growth rates															
2007	10.0	3.3	22.3	-0.5	2.0	21.3	13.9	16.6	38.9	11.9	23.2	23.9	23.7	272.7	29.4	277.4
2008	-0.5	-6.2	-30.0	24.6	-4.5	-0.5	4.3	4.6	20.4	4.1	15.6	-0.6	9.1	41.9	-32.3	71.6
2009 Q3	-3.0	-3.0	-8.6	12.4	-2.6	0.5	-2.5	-10.6	-20.1	4.0	96.8	-6.7	-0.2	-30.8	-31.4	69.4
Q4	1.9	3.4	-4.5	-7.2	3.9	5.8	1.2	-10.4	-17.7	10.8	93.2	-1.1	0.9	-22.0	-9.8	73.2
2010 Q1	5.6	8.3	13.6	-6.9	8.0	.	6.0	-5.5	-7.7	15.0	.	-5.6	-7.1	-23.9	3.4	.

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)											
2007	6,556.5	3,272.5	594.6	2,677.9	3,041.1	1,143.5	1,897.6	1,118.5	243.0	141.5	101.5	76.1
2008	6,078.6	2,168.7	640.7	1,528.0	3,466.5	1,263.8	2,202.8	1,357.1	443.3	108.9	334.4	272.9
2009 Q3	6,626.7	2,577.5	717.6	1,859.9	3,502.3	1,170.8	2,331.5	1,454.7	546.8	70.4	476.4	420.2
Q4	6,816.7	2,719.4	710.9	2,008.5	3,527.3	1,186.7	2,340.6	1,444.7	570.1	99.4	470.7	414.2
	Transactions											
2008	333.9	-107.1	94.8	-201.9	236.3	26.3	210.0	196.7	204.7	-20.1	224.8	194.6
2009	392.1	139.8	6.4	133.4	134.2	-12.4	146.5	137.0	118.1	-2.5	120.6	148.0
2009 Q3	123.7	89.5	11.7	77.7	-19.2	-9.1	-10.1	-8.7	53.5	10.0	43.5	59.2
Q4	101.1	50.4	-7.1	57.5	42.4	9.3	33.2	20.4	8.3	14.5	-6.2	-4.0
2010 Q1	64.4	40.9	13.1	27.8	27.4	19.8	7.7	.	-3.9	5.5	-9.5	.
2009 Nov.	13.3	8.8	-3.6	12.4	4.8	-4.3	9.1	.	-0.2	-1.6	1.4	.
Dec.	54.7	57.2	-0.7	57.8	6.8	2.7	4.1	.	-9.3	21.9	-31.2	.
2010 Jan.	30.2	18.3	-0.3	18.6	2.1	25.6	-23.6	.	9.8	-4.3	14.1	.
Feb.	16.5	8.8	0.1	8.7	4.6	-13.1	17.7	.	3.1	7.5	-4.4	.
Mar.	17.7	13.8	13.4	0.5	20.8	7.3	13.5	.	-16.9	2.3	-19.2	.
	Growth rates											
2007	9.8	5.5	4.4	5.8	13.3	15.5	12.1	13.9	29.6	55.3	10.1	32.0
2008	5.3	-4.7	16.2	-9.8	7.8	2.3	11.1	17.6	81.5	-13.3	215.6	271.7
2009 Q3	4.4	-0.1	4.6	-1.3	1.7	-5.6	6.0	11.6	59.5	-23.2	111.6	168.4
Q4	6.4	6.0	1.0	8.2	3.9	-1.0	6.6	10.1	26.6	3.2	35.7	54.9
2010 Q1	6.1	8.0	2.9	10.0	2.5	1.6	3.0	.	22.9	35.7	21.6	.

Source: ECB.

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

5. Other investment assets

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other assets	Total	Loans/ currency and deposits	Other assets		Trade credits	Loans/currency and deposits			Trade credits	Loans/currency and deposits	
											Currency and deposits				Currency and deposits
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2007	5,382.9	36.9	35.6	1.4	3,354.4	3,283.2	71.2	107.8	12.7	48.8	13.7	1,883.7	196.2	1,520.0	473.1
2008	5,468.8	28.8	27.7	1.0	3,280.7	3,221.6	59.1	101.0	12.1	40.9	7.2	2,058.3	186.1	1,647.7	461.7
2009 Q3	4,908.9	22.8	22.5	0.3	2,823.8	2,790.5	33.3	114.8	11.8	54.0	8.9	1,947.5	191.7	1,524.6	407.1
Q4	4,926.0	29.7	29.4	0.3	2,842.1	2,811.5	30.6	122.0	11.8	60.5	10.0	1,932.2	190.1	1,492.2	381.2
	Transactions														
2007	962.8	22.0	22.0	0.0	546.7	539.5	7.2	-7.8	-1.4	-7.4	-5.5	401.9	14.1	344.9	54.9
2008	85.3	-9.4	-9.4	0.0	-48.4	-64.8	16.5	-7.0	-1.1	-7.2	-6.0	150.0	2.8	88.3	-41.1
2009	-508.8	-2.4	-2.4	0.0	-414.5	-394.0	-20.5	9.5	-0.3	7.9	1.1	-101.5	1.9	-105.7	-42.8
2009 Q3	-91.0	-6.7	-6.7	0.0	-83.6	-81.3	-2.3	0.0	-0.3	0.1	-4.0	-0.6	0.4	2.1	14.7
Q4	-39.1	5.5	5.5	0.0	-4.4	-2.3	-2.1	6.6	0.0	6.2	1.1	-46.8	-0.6	-47.5	-41.7
2010 Q1	51.9	-7.1	.	.	58.4	.	.	-7.4	.	.	-3.7	8.0	.	.	1.8
2009 Nov.	9.1	-0.1	.	.	17.1	.	.	3.6	.	.	1.5	-11.4	.	.	-13.6
Dec.	-83.1	4.1	.	.	-35.6	.	.	3.4	.	.	0.1	-54.9	.	.	-21.6
2010 Jan.	49.5	-5.1	.	.	67.7	.	.	-4.1	.	.	-2.9	-9.0	.	.	-5.5
Feb.	15.5	-1.7	.	.	6.4	.	.	-1.1	.	.	0.8	12.0	.	.	8.8
Mar.	-13.1	-0.3	.	.	-15.6	.	.	-2.2	.	.	-1.6	5.0	.	.	-1.5
	Growth rates														
2007	21.2	157.3	173.7	-1.7	18.6	18.8	11.3	-6.5	-9.8	-12.6	-28.6	27.2	7.5	29.6	13.9
2008	1.6	-26.2	-26.9	5.0	-1.4	-2.0	23.4	-6.5	-8.9	-14.7	-43.8	8.0	1.4	5.9	-8.9
2009 Q3	-12.2	-42.5	-43.9	4.1	-18.3	-18.4	-23.1	3.5	-4.7	7.8	-13.4	-1.6	-3.8	-1.6	0.6
Q4	-9.3	-10.6	-11.7	0.2	-12.6	-12.2	-36.8	8.9	-2.4	16.2	16.1	-5.0	1.0	-6.6	-10.3
2010 Q1	-3.5	-4.9	.	.	-3.9	.	.	-3.9	.	.	-67.5	-2.8	.	.	-2.5

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)														
2007	5,468.6	201.7	201.4	0.2	3,935.1	3,872.6	62.5	52.3	0.0	46.9	5.4	1,279.5	156.9	1,009.7	112.8
2008	5,653.6	482.3	481.9	0.4	3,751.8	3,698.1	53.6	61.9	0.0	58.0	3.9	1,357.6	170.2	1,069.6	117.8
2009 Q3	5,007.2	264.3	263.8	0.6	3,450.3	3,413.6	36.8	59.5	0.0	56.2	3.3	1,233.1	179.4	943.5	110.2
Q4	4,951.6	249.6	249.3	0.3	3,394.6	3,356.3	38.3	57.2	0.0	53.6	3.6	1,250.3	181.1	952.3	116.8
	Transactions														
2007	943.1	89.6	89.6	0.0	625.1	620.4	4.6	-1.0	0.0	-2.0	1.0	229.5	10.0	220.5	-1.1
2008	169.0	280.7	280.6	0.1	-178.9	-190.0	11.1	9.4	0.0	10.8	-1.4	57.8	10.9	47.3	-0.4
2009	-729.9	-231.7	-236.5	4.7	-354.3	-343.0	-11.3	-6.9	0.0	-6.7	-0.2	-137.1	0.9	-113.4	-24.5
2009 Q3	-153.8	-43.5	-43.7	0.3	-79.5	-80.1	0.6	0.7	0.0	1.2	-0.5	-31.5	1.0	-20.8	-11.7
Q4	-103.9	-16.8	-16.5	-0.2	-81.1	-81.9	0.8	-3.9	0.0	-4.4	0.6	-2.1	1.0	4.3	-7.4
2010 Q1	105.2	-6.0	.	.	98.4	.	.	4.6	.	.	.	8.3	.	.	.
2009 Nov.	24.2	-1.3	.	.	16.6	.	.	0.9	.	.	.	8.0	.	.	.
Dec.	-158.2	-7.2	.	.	-104.5	.	.	-10.8	.	.	.	-35.7	.	.	.
2010 Jan.	61.2	-7.5	.	.	70.5	.	.	-0.1	.	.	.	-1.7	.	.	.
Feb.	15.7	3.2	.	.	32.6	.	.	4.7	.	.	.	-24.8	.	.	.
Mar.	28.3	-1.8	.	.	-4.7	.	.	0.0	.	.	.	34.8	.	.	.
	Growth rates														
2007	20.0	68.1	68.2	-6.9	18.0	18.2	9.2	-1.8	27.4	-4.0	20.7	20.9	6.8	26.4	0.5
2008	3.2	141.3	141.4	20.8	-4.5	-4.9	17.8	18.1	-20.1	23.0	-25.1	4.5	6.8	4.6	-0.9
2009 Q3	-14.9	-27.7	-29.0	935.0	-16.3	-16.4	-13.9	11.8	234.7	13.2	-9.0	-8.0	-3.1	-8.8	-8.7
Q4	-12.8	-47.9	-48.8	644.2	-9.4	-9.2	-20.3	-11.0	-148.2	-11.4	-6.3	-9.9	0.2	-10.5	-19.7
2010 Q1	-7.0	-38.7	.	.	-3.9	.	.	-1.9	.	.	.	-6.1	.	.	.

Source: ECB.

7.3 Financial account

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

7. Reserve assets

	Reserve assets: Total	Monetary gold: In EUR billions	Monetary gold: In fine troy ounces (millions)	SDR holdings	Reserve position in the IMF	Foreign exchange: Total	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	Memo items: Other foreign currency assets	Memo items: Pre-determined short-term net drains on foreign currency	Memo items: SDR allo-cations
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	Outstanding amounts (international investment position)																
2006	325.8	176.3	365.213	4.6	5.2	139.7	6.3	22.5	110.7	0.5	79.3	30.8	0.3	0.0	24.6	-21.5	5.6
2007	347.2	201.0	353.688	4.6	3.6	138.0	7.2	22.0	108.5	0.4	87.8	20.3	0.3	0.0	44.3	-38.5	5.3
2008	374.2	217.0	349.190	4.7	7.3	145.1	7.6	8.0	129.5	0.6	111.3	17.6	0.0	0.1	262.8	-245.7	5.5
2009 Q2	381.5	229.8	347.546	4.2	11.3	136.2	9.5	6.6	119.9	0.5	99.3	20.0	0.2	0.0	77.6	-65.6	5.4
Q3	430.8	236.1	347.200	49.8	11.7	133.2	12.7	7.1	113.2	0.5	89.8	22.9	0.2	0.0	56.7	-42.4	50.9
Q4	462.4	266.0	347.163	50.8	10.0	135.5	12.3	8.1	115.2	0.5	92.0	22.7	-0.1	0.0	32.1	-24.5	51.2
2010 Mar.	498.7	287.3	347.176	52.7	12.2	146.5	10.1	10.6	126.1	-	-	-	-0.3	0.0	28.8	-23.0	53.0
Apr.	521.6	307.5	347.173	53.0	12.3	148.8	9.7	12.0	127.3	-	-	-	-0.3	0.0	28.0	-22.1	53.4
	Transactions																
2007	5.1	-3.2	-	0.3	-0.9	8.8	1.0	1.6	6.2	0.0	14.5	-8.3	0.0	0.0	-	-	-
2008	3.4	-2.7	-	-0.1	3.8	2.4	5.0	-15.7	11.8	0.1	15.8	-4.1	1.3	0.0	-	-	-
2009	-4.5	-2.0	-	0.8	2.7	-5.9	3.7	-1.2	-9.5	0.0	-14.1	4.6	1.2	0.0	-	-	-
2009 Q3	-0.3	-0.2	-	0.3	0.6	-1.0	2.3	0.3	-3.8	0.0	-7.0	3.2	0.2	0.0	-	-	-
Q4	0.1	0.0	-	1.0	-2.0	1.2	-0.5	0.5	1.1	0.0	1.5	-0.4	0.1	0.0	-	-	-
2010 Q1	4.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Growth rates																
2006	0.3	-2.4	-	11.6	-49.0	7.7	-48.4	12.7	13.4	0.0	29.2	-15.3	-	-	-	-	-
2007	1.6	-1.7	-	7.3	-18.3	6.3	14.9	6.4	5.7	1.1	18.6	-27.6	-	-	-	-	-
2008	1.0	-1.3	-	-2.6	105.3	1.7	67.7	-68.9	10.8	28.0	17.9	-20.6	-	-	-	-	-
2009 Q3	-1.1	-1.3	-	-2.9	200.8	-6.2	60.3	-70.1	-2.7	1.3	-8.9	34.6	-	-	-	-	-
Q4	-1.2	-0.9	-	-2.0	35.2	-4.0	47.5	-22.6	-7.3	1.0	-12.8	25.6	-	-	-	-	-
2010 Q1	1.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

8. Gross external debt

	Total	By instrument: Loans, currency and deposits	By instrument: Money market instruments	By instrument: Bonds and notes	By instrument: Trade credits	By instrument: Other debt liabilities	By instrument: Direct investment: inter-company lending	By sector (excluding direct investment): General government	By sector: Eurosystem	By sector: MFIs (excluding Eurosystem)	By sector: Other sectors
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts (international investment position)										
2006	8,683.9	4,425.5	217.5	2,697.9	144.1	150.8	1,048.0	1,115.2	116.3	4,586.8	1,817.5
2007	9,972.8	5,130.6	243.0	3,041.1	157.0	181.0	1,220.2	1,246.8	201.7	5,220.1	2,084.0
2008	10,941.3	5,307.6	443.3	3,466.5	170.2	175.8	1,377.8	1,692.0	482.3	5,124.4	2,264.7
2009 Q2	10,625.9	4,890.6	493.7	3,503.7	183.1	164.4	1,390.4	1,856.1	313.4	4,853.8	2,212.2
Q3	10,461.0	4,677.0	546.8	3,502.3	179.4	150.8	1,404.6	1,934.4	264.3	4,691.5	2,166.1
Q4	10,457.9	4,611.5	570.1	3,527.3	181.1	159.0	1,408.9	1,916.1	249.6	4,680.6	2,202.6
	Outstanding amounts as a percentage of GDP										
2006	101.5	51.7	2.5	31.5	1.7	1.8	12.2	13.0	1.4	53.6	21.2
2007	110.7	57.0	2.7	33.8	1.7	2.0	13.5	13.8	2.2	58.0	23.1
2008	118.2	57.4	4.8	37.5	1.8	1.9	14.9	18.3	5.2	55.4	24.5
2009 Q2	117.0	53.8	5.4	38.6	2.0	1.8	15.3	20.4	3.4	53.4	24.4
Q3	116.1	51.9	6.1	38.9	2.0	1.7	15.6	21.5	2.9	52.1	24.0
Q4	116.7	51.4	6.4	39.3	2.0	1.8	15.7	21.4	2.8	52.2	24.6

Source: ECB.

7.3 Financial account

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

9. Geographical breakdown

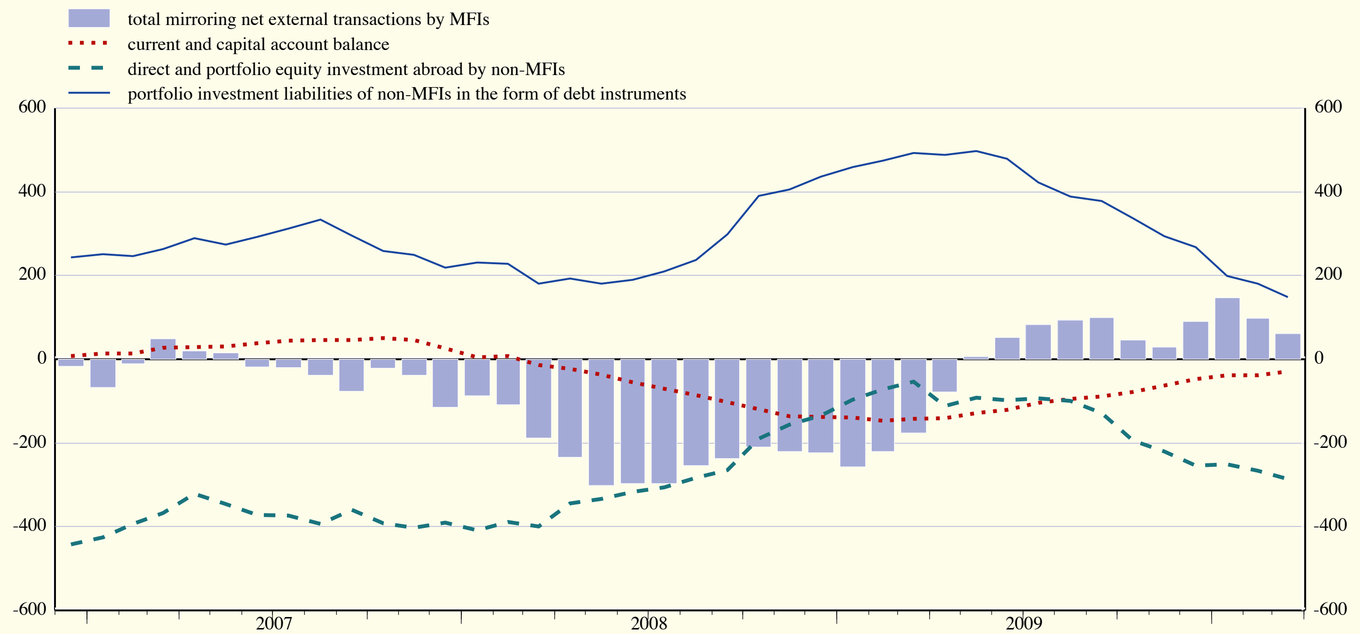
	Total	EU Member States outside the euro area						Canada	China	Japan	Switzer-land	United States	Offshore financial centres	Interna-tional organisa-tions	Other countries
		Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2008	Outstanding amounts (international investment position)														
Direct investment	527.4	-93.0	-2.1	-30.2	-293.9	233.6	-0.3	41.1	35.2	-9.5	126.2	-68.7	-7.1	-0.2	503.3
Abroad	3,744.4	1,255.3	34.9	93.9	865.7	260.8	0.0	104.1	38.8	71.7	384.5	734.6	418.5	0.1	736.8
Equity/reinvested earnings	2,946.9	967.5	30.1	60.3	660.1	216.9	0.0	83.3	32.0	53.6	335.3	551.3	386.7	0.0	537.4
Other capital	797.5	287.9	4.8	33.6	205.7	43.8	0.0	20.7	6.9	18.1	49.2	183.4	31.9	0.0	199.4
In the euro area	3,217.0	1,348.3	37.0	124.1	1,159.7	27.1	0.3	63.0	3.6	81.2	258.3	803.3	425.6	0.3	233.4
Equity/reinvested earnings	2,405.5	1,096.8	28.3	97.4	956.9	13.9	0.2	50.6	0.8	68.7	191.1	590.8	284.1	0.1	122.5
Other capital	811.6	251.5	8.7	26.7	202.8	13.2	0.1	12.4	2.9	12.5	67.2	212.5	141.6	0.2	110.9
Portfolio investment assets	3,763.9	1,242.2	63.7	122.4	895.5	80.7	80.0	82.8	25.6	213.4	95.4	1,225.8	458.4	30.5	389.8
Equity	1,162.7	228.7	6.4	19.9	191.7	9.8	0.9	18.2	22.8	84.5	81.3	378.8	197.8	2.0	148.6
Debt instruments	2,601.3	1,013.6	57.3	102.5	703.7	71.0	79.1	64.6	2.9	128.8	14.1	847.0	260.6	28.5	241.3
Bonds and notes	2,179.1	849.1	50.3	81.5	569.1	70.3	77.8	61.6	2.3	61.7	12.6	705.4	238.2	28.4	219.9
Money market instruments	422.1	164.5	6.9	21.0	134.6	0.6	1.3	3.0	0.6	67.1	1.5	141.5	22.4	0.1	21.4
Other investment	-184.8	-91.1	51.1	28.0	-110.4	108.8	-168.6	-6.2	-16.0	-10.2	-131.2	-286.3	-0.4	1.8	354.8
Assets	5,468.8	2,419.7	100.9	83.3	2,020.2	201.8	13.4	25.7	34.0	109.4	276.5	852.5	638.2	58.7	1,054.0
General government	101.0	15.0	0.7	0.4	3.6	0.7	9.7	0.0	1.8	0.2	0.1	3.4	1.4	40.1	39.1
MFIs	3,309.5	1,731.1	83.9	58.3	1,419.1	167.9	1.9	16.8	14.5	79.0	164.5	418.9	367.7	18.2	498.8
Other sectors	2,058.3	673.5	16.4	24.6	597.5	33.3	1.8	8.9	17.7	30.3	111.9	430.2	269.2	0.5	516.2
Liabilities	5,653.6	2,510.8	49.8	55.3	2,130.6	93.0	182.0	32.0	50.0	119.5	407.7	1,138.8	638.6	57.0	699.2
General government	61.9	32.5	0.0	0.1	2.5	0.0	29.7	0.0	0.0	0.6	0.5	7.0	0.3	17.7	3.3
MFIs	4,234.1	1,907.6	38.9	33.5	1,664.9	70.0	100.2	24.4	32.1	91.2	328.7	751.1	535.1	36.8	527.2
Other sectors	1,357.6	570.8	10.8	21.7	463.2	23.0	52.0	7.5	17.9	27.8	78.6	380.8	103.2	2.5	168.7
2009 Q1 to 2009 Q4	Cumulated transactions														
Direct investment	95.7	46.9	0.6	-2.2	37.0	11.5	0.0	-6.0	4.7	-1.9	3.9	-0.8	37.6	-0.2	11.6
Abroad	314.4	90.7	2.2	10.8	70.4	7.2	0.0	5.5	4.9	-0.4	33.0	66.9	66.9	0.0	46.9
Equity/reinvested earnings	227.0	62.7	1.1	8.9	45.4	7.2	0.0	4.8	3.1	0.6	17.4	56.4	51.6	0.0	30.4
Other capital	87.4	28.0	1.1	1.9	25.0	0.0	0.0	0.6	1.8	-1.0	15.5	10.6	15.3	0.0	16.6
In the euro area	218.6	43.8	1.7	13.0	33.4	-4.3	0.0	11.4	0.2	1.6	29.1	67.7	29.3	0.2	35.4
Equity/reinvested earnings	212.3	59.0	0.7	16.7	45.7	-4.1	0.0	12.3	0.3	2.3	15.7	81.4	21.5	0.2	19.6
Other capital	6.3	-15.3	0.9	-3.8	-12.3	-0.1	0.0	-0.8	-0.1	-0.7	13.4	-13.7	7.9	0.0	15.7
Portfolio investment assets	74.2	56.4	14.4	19.9	-5.3	3.8	23.6	1.1	7.8	-28.2	4.9	14.0	-58.5	0.3	76.5
Equity	46.6	16.4	0.9	3.2	10.8	1.3	0.1	3.0	8.8	1.9	4.0	11.2	-30.9	0.0	32.2
Debt instruments	27.6	40.0	13.5	16.7	-16.1	2.4	23.4	-1.9	-1.0	-30.2	0.8	2.8	-27.6	0.2	44.3
Bonds and notes	29.3	40.8	12.4	18.4	-11.4	1.5	19.9	-1.6	-0.7	-25.5	-1.3	-9.3	-20.8	-0.2	47.9
Money market instruments	-1.8	-0.8	1.1	-1.7	-4.7	0.9	3.5	-0.3	-0.3	-4.7	2.1	12.1	-6.8	0.4	-3.6
Other investment	221.2	-11.0	-6.3	-4.1	4.5	-10.8	5.8	4.0	1.0	29.8	25.5	200.5	21.1	11.3	-61.0
Assets	-508.8	-160.6	3.6	0.3	-159.7	-7.4	2.6	-0.5	-1.7	-14.2	-72.7	-144.5	-29.0	-0.3	-85.2
General government	9.5	7.4	-0.5	4.7	2.3	0.0	0.8	0.0	-0.1	0.0	0.0	0.1	-0.2	1.2	1.2
MFIs	-416.8	-193.6	5.6	-4.4	-186.1	-8.3	-0.3	-1.6	-4.0	-10.8	-49.9	-66.9	-15.2	-1.5	-73.1
Other sectors	-101.5	25.6	-1.5	0.0	24.1	1.0	2.1	1.1	2.4	-3.3	-22.8	-77.7	-13.5	0.0	-13.3
Liabilities	-729.9	-149.6	9.9	4.4	-164.2	3.5	-3.2	-4.5	-2.7	-44.0	-98.2	-345.0	-50.0	-11.6	-24.3
General government	-6.9	-4.3	0.0	0.0	0.6	0.0	-5.0	0.1	0.0	-0.2	-0.3	-0.4	0.0	-2.0	0.3
MFIs	-586.0	-127.7	11.4	4.8	-142.3	2.7	-4.2	-3.8	-3.1	-45.0	-98.6	-234.1	-55.0	-9.5	-9.3
Other sectors	-137.1	-17.6	-1.5	-0.4	-22.5	0.8	6.0	-0.8	0.3	1.2	0.7	-110.5	5.0	-0.1	-15.3

Source: ECB.

7.4 Monetary presentation of the balance of payments [1]
(EUR billions; transactions)

	B.o.p. items mirroring net transactions by MFIs											
	Total	Current and capital account balance	Transactions by non-MFIs								Financial derivatives	Errors and omissions
			Direct investment		Portfolio investment				Other investment			
			By resident units abroad	By non-resident units in euro area	Assets		Liabilities		Assets	Liabilities		
					Equity	Debt instruments	Equity	Debt instruments				
	1	2	3	4	5	6	7	8	9	10	11	12
2007	-114.3	25.6	-459.4	395.0	-38.8	-162.6	144.5	218.4	-394.3	228.5	-64.0	-7.4
2008	-224.1	-137.0	-329.3	124.5	65.5	-22.4	-202.2	435.4	-143.8	67.7	-62.4	-20.2
2009	90.4	-47.8	-289.0	211.1	-49.5	-125.4	133.4	267.1	92.0	-143.9	39.9	2.4
2009 Q1	-38.4	-35.8	-83.6	36.5	32.5	4.9	-48.1	116.5	-13.3	-48.8	15.8	-15.1
Q2	77.9	-19.8	-79.7	85.7	-9.7	-73.1	46.3	90.2	64.5	-58.3	22.9	8.9
Q3	3.5	-2.2	-63.3	36.9	-35.9	-23.2	77.7	33.4	0.7	-30.9	-4.5	14.8
Q4	47.4	9.9	-62.3	52.0	-36.3	-34.1	57.5	27.0	40.2	-6.0	5.8	-6.2
2010 Q1	-68.2	-16.9	-47.1	24.5	-13.2	-55.5	27.8	-1.8	-0.6	12.8	4.8	-3.0
2009 Mar.	3.6	-7.2	-37.5	15.3	11.8	10.0	-12.0	25.6	-13.9	9.5	5.6	-3.6
Apr.	18.1	-8.2	-58.8	72.8	5.3	-45.9	-26.0	42.3	-7.5	41.0	13.0	-9.9
May	6.3	-13.5	-5.3	20.6	-1.9	-33.9	26.5	29.9	83.7	-113.4	9.4	4.1
June	53.6	1.8	-15.7	-7.6	-13.1	6.7	45.8	18.0	-11.8	14.1	0.5	14.8
July	0.6	9.0	-10.8	18.9	-16.5	-21.2	35.3	-33.5	2.2	0.3	6.4	10.4
Aug.	20.4	-5.5	-13.9	17.1	-12.1	-22.1	48.3	5.1	9.4	-12.2	-9.8	16.3
Sep.	-17.5	-5.6	-38.6	0.9	-7.3	20.1	-5.9	61.8	-10.9	-18.9	-1.1	-11.9
Oct.	15.0	0.0	-31.0	28.9	-13.5	-12.7	-12.7	43.5	-19.2	31.5	1.8	-1.5
Nov.	-3.1	-1.0	-15.7	10.4	-14.9	-19.7	12.4	10.5	7.8	8.9	-0.1	-1.8
Dec.	35.5	10.9	-15.6	12.7	-7.9	-1.8	57.8	-27.1	51.6	-46.4	4.1	-2.8
2010 Jan.	-11.1	-13.0	-5.5	4.5	2.4	-23.5	18.6	-9.4	13.1	-1.8	5.1	-1.5
Feb.	-23.4	-5.3	-10.2	10.1	-2.5	-7.3	8.7	13.3	-10.9	-20.1	-0.1	0.7
Mar.	-33.7	1.4	-31.4	9.8	-13.1	-24.7	0.5	-5.7	-2.8	34.8	-0.2	-2.3
	12-month cumulated transactions											
2010 Mar.	60.6	-28.9	-252.5	199.1	-95.1	-185.9	209.3	148.8	104.7	-82.3	29.0	14.5

C34 Main b.o.p. items mirroring developments in MFI net external transactions [1]
(EUR billions; 12-month cumulated transactions)



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

7.5 Trade in goods

1. Values and volumes by product group [1)]

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)					Imports (c.i.f.)					
			Total				Memo item:	Total				Memo items:	
	Exports	Imports		Intermediate	Capital	Consumption	Manufacturing		Intermediate	Capital	Consumption	Manufacturing	Oil
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Values (EUR billions; annual percentage changes for columns 1 and 2)												
2008	3.9	8.1	1,561.6	771.0	338.0	414.1	1,304.5	1,611.6	1,019.2	233.1	333.9	1,021.8	293.6
2009	-18.1	-22.1	1,275.6	625.5	261.6	352.9	1,061.7	1,258.3	725.6	191.7	313.0	838.0	174.5
2009 Q2	-22.9	-26.9	310.3	153.4	63.7	85.2	258.3	304.5	173.0	47.4	77.4	204.4	41.7
Q3	-19.5	-25.7	319.1	157.2	64.6	88.6	266.3	313.3	179.8	47.5	78.6	207.3	47.6
Q4	-8.6	-14.5	330.2	163.1	67.2	92.5	275.8	320.5	189.3	47.2	77.8	211.3	49.2
2010 Q1	12.6	9.2	353.2	.	.	.	291.2	347.6	.	.	.	229.5	.
2009 Oct.	-17.1	-22.3	108.2	53.9	22.4	29.7	91.5	104.8	61.7	15.2	25.7	69.6	15.9
Nov.	-6.0	-13.8	109.8	53.8	21.3	31.9	90.5	106.2	63.4	15.8	25.7	69.9	16.7
Dec.	-0.7	-5.4	112.2	55.3	23.4	30.9	93.8	109.5	64.3	16.3	26.4	71.8	16.6
2010 Jan.	4.2	1.0	112.3	56.4	20.3	31.4	92.0	110.7	66.5	16.2	26.7	73.8	17.3
Feb.	9.9	6.2	116.1	57.6	22.3	32.1	94.4	112.6	67.6	16.1	26.1	74.0	15.9
Mar.	22.2	19.9	124.8	.	.	.	104.8	124.2	.	.	.	81.6	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2008	1.4	0.1	143.4	136.7	154.2	147.0	142.3	127.0	119.2	140.4	144.4	133.3	108.1
2009	-16.7	-14.6	119.2	114.7	117.6	128.2	115.6	108.7	101.2	114.7	135.0	110.3	97.1
2009 Q2	-21.6	-19.3	116.6	113.4	115.0	124.0	112.8	106.0	97.5	111.4	133.8	107.2	97.7
Q3	-17.4	-15.9	119.2	115.4	115.9	128.2	116.1	107.1	99.7	115.3	135.5	109.9	95.3
Q4	-6.0	-7.8	123.7	119.8	121.3	134.8	120.9	110.7	104.1	116.5	137.6	114.0	95.5
2010 Q1	.	.	.	.	.	.	.	.	.	.	.	.	.
2009 Oct.	-14.3	-13.9	122.1	119.6	121.8	129.6	120.7	109.5	104.0	112.5	136.9	113.0	96.5
Nov.	-3.1	-6.2	123.7	118.2	116.1	141.2	119.2	110.5	103.9	117.4	136.5	113.3	95.4
Dec.	1.2	-2.4	125.4	121.7	126.0	133.7	122.9	112.2	104.5	119.6	139.4	115.6	94.6
2010 Jan.	3.7	-3.2	124.4	121.6	110.5	133.9	119.5	110.9	103.5	116.2	136.7	116.4	94.7
Feb.	9.1	1.4	127.5	123.7	120.3	134.3	121.8	111.6	103.2	114.2	134.8	116.5	86.6
Mar.	.	.	.	.	.	.	.	.	.	.	.	.	.

2. Prices [2)]

(annual percentage changes, unless otherwise indicated)

	Industrial producer export prices (f.o.b.) [3)]							Industrial import prices (c.i.f.)						
	Total (index: 2005 = 100)	Total					Memo item: Manufacturing	Total (index: 2005 = 100)	Total					Memo item: Manufacturing
			Intermediate goods	Capital goods	Consumer goods	Energy				Intermediate goods	Capital goods	Consumer goods	Energy	
% of total	100.0	100.0	32.2	46.3	17.7	3.8	99.4	100.0	100.0	28.4	27.9	22.1	21.6	81.1
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2008	103.5	1.6	1.5	-0.4	2.4	25.2	1.5	112.7	6.5	0.2	-3.4	2.4	28.2	0.8
2009	100.9	-2.5	-4.1	0.6	0.5	-26.5	-2.5	102.2	-9.4	-5.8	-0.8	0.2	-26.5	-3.8
2009 Q3	100.9	-4.0	-6.2	0.7	0.4	-34.0	-3.8	102.3	-13.0	-7.8	-1.0	-0.3	-33.8	-5.2
Q4	100.6	-2.0	-5.2	-1.1	-0.5	6.8	-1.9	103.4	-3.3	-4.9	-2.1	-2.9	-2.9	-3.2
2010 Q1	102.5	1.3	-0.3	-0.2	0.6	37.8	1.4	107.6	6.1	2.5	-1.1	-0.9	26.7	1.5
2009 Nov.	100.7	-2.2	-5.4	-1.6	-0.7	10.6	-2.0	103.4	-3.5	-5.5	-2.4	-3.6	-2.3	-3.6
Dec.	100.6	-0.2	-3.7	-0.6	0.3	33.1	-0.1	103.9	1.9	-2.0	-1.7	-2.0	15.1	-1.0
2010 Jan.	101.8	0.4	-1.7	-0.7	0.4	32.2	0.5	106.1	4.6	0.5	-1.4	-1.3	22.9	0.4
Feb.	102.6	1.2	-0.4	-0.1	0.4	36.5	1.3	107.3	5.6	2.0	-1.1	-1.2	25.3	1.1
Mar.	103.3	2.3	1.3	0.3	1.1	44.4	2.4	109.3	8.1	5.0	-0.8	-0.3	31.7	2.9
Apr.	104.4	3.6	3.7	0.3	1.6	47.5	3.7	111.7	11.1	8.5	-0.1	0.5	40.4	4.6

Source: Eurostat.

1) Product groups as classified in the Broad Economic Categories. Unlike the product groups shown in Table 2, intermediate and consumption product groups include agricultural and energy products.

2) Product groups as classified in the Main Industrial Groupings. Unlike the product groups shown in Table 1, intermediate and consumer goods do not include energy products, and agricultural goods are not covered. Manufacturing has a different composition compared with the data shown in columns 7 and 12 of Table 1. Data shown are price indices which follow the pure price change for a basket of products and are not simple ratios of the value and volume data shown in Table 1, which are affected by changes in the composition and quality of traded goods. These indices differ from the GDP deflators for imports and exports (shown in Table 3 in Section 5.1), mainly because those deflators include all goods and services and cover cross-border trade within the euro area.

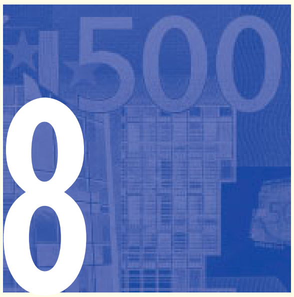
3) Industrial producer export prices refer to direct transactions between domestic producers and non-domestic customers. Contrary to the data shown for values and volumes in Table 1, exports from wholesalers and re-exports are not covered.

7.5 Trade in goods
(EUR billions, unless otherwise indicated; seasonally adjusted)

3. Geographical breakdown

	Total	EU Member States outside the euro area				Russia	Switzer-land	Turkey	United States	Asia			Africa	Latin America	Other countries
		Denmark	Sweden	United Kingdom	Other EU countries						China	Japan			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Exports (f.o.b.)														
2008	1,561.6	35.1	53.9	220.4	233.7	78.6	86.7	42.7	186.9	309.4	65.7	33.7	100.1	68.1	145.8
2009	1,275.6	27.5	41.1	174.6	177.0	49.4	78.7	34.4	152.1	282.4	68.0	28.7	91.6	53.9	113.1
2008 Q4	362.5	8.0	11.5	48.5	52.3	18.0	21.1	8.4	44.2	74.1	15.8	8.1	24.9	17.2	34.0
2009 Q1	316.1	7.3	9.9	42.6	43.6	12.6	20.2	7.7	39.3	66.5	15.2	7.1	23.4	13.0	29.8
Q2	310.3	6.7	9.8	42.7	42.9	12.1	19.1	8.3	38.3	69.6	16.8	7.1	22.6	12.4	25.7
Q3	319.1	6.8	10.5	44.5	44.8	12.1	19.3	9.0	36.4	71.0	17.4	7.2	22.4	14.0	28.0
Q4	330.2	6.7	10.8	44.7	45.6	12.6	20.1	9.3	38.1	75.2	18.6	7.4	23.1	14.4	29.5
2010 Q1	353.2	.	.	.	.	13.2	21.3	10.8	41.6	81.3	22.2	8.0	24.8	16.7	.
2009 Oct.	108.2	2.2	3.6	15.1	15.3	4.1	6.5	3.0	12.5	24.6	6.1	2.4	7.6	4.7	9.1
Nov.	109.8	2.2	3.5	14.4	15.0	4.2	6.9	3.1	12.8	24.6	6.3	2.4	7.7	4.8	10.5
Dec.	112.2	2.2	3.6	15.3	15.3	4.2	6.7	3.2	12.9	26.1	6.2	2.6	7.8	4.9	9.9
2010 Jan.	112.3	2.2	3.7	15.2	15.2	4.2	7.0	3.4	12.8	25.7	7.0	2.6	7.9	4.8	10.2
Feb.	116.1	2.2	3.8	14.9	15.5	4.4	6.9	3.6	12.8	26.7	7.4	2.7	8.3	5.8	11.3
Mar.	124.8	.	.	.	.	4.6	7.4	3.8	16.0	28.9	7.9	2.8	8.6	6.1	.
	Percentage share of total exports														
2009	100.0	2.2	3.2	13.7	13.9	3.9	6.2	2.7	11.9	22.1	5.3	2.3	7.2	4.2	8.9
	Imports (c.i.f.)														
2008	1,611.6	30.7	52.1	164.7	184.9	122.0	70.0	32.4	135.8	480.5	185.0	57.4	141.2	81.7	115.5
2009	1,258.3	26.4	37.7	125.6	162.1	81.4	64.9	26.3	116.0	376.7	159.0	42.9	93.6	59.1	88.5
2008 Q4	373.4	7.3	11.4	36.6	43.0	24.8	17.4	7.1	33.2	114.0	47.4	13.3	30.9	20.2	27.5
2009 Q1	319.9	6.9	9.5	31.3	38.8	17.8	16.7	6.6	31.8	97.1	41.4	11.5	23.8	14.7	25.0
Q2	304.5	6.5	8.9	30.6	39.3	18.1	16.1	6.3	30.3	92.2	39.4	10.1	22.9	14.2	19.1
Q3	313.3	6.7	9.7	31.6	41.1	21.8	16.1	6.6	26.1	93.3	38.9	10.7	22.7	14.8	22.8
Q4	320.5	6.4	9.6	32.0	42.9	23.7	16.0	6.8	27.8	94.1	39.2	10.6	24.3	15.4	21.6
2010 Q1	347.6	.	.	.	.	24.3	16.9	7.3	28.3	108.5	46.1	11.6	26.6	16.3	.
2009 Oct.	104.8	2.2	3.1	10.8	14.3	7.8	5.2	2.3	9.1	31.0	12.7	3.5	7.3	4.9	6.7
Nov.	106.2	2.1	3.1	10.2	14.0	7.9	5.3	2.3	9.3	31.2	12.9	3.6	8.5	5.2	7.0
Dec.	109.5	2.1	3.4	11.0	14.5	7.9	5.5	2.2	9.4	31.9	13.6	3.5	8.5	5.3	7.8
2010 Jan.	110.7	2.0	3.2	11.2	14.4	8.2	5.5	2.4	9.5	34.0	13.3	3.8	8.2	5.2	6.8
Feb.	112.6	2.0	3.3	11.4	14.8	7.2	5.6	2.4	9.2	34.2	14.2	3.6	8.8	5.4	8.3
Mar.	124.2	.	.	.	.	8.9	5.7	2.5	9.6	40.3	18.6	4.2	9.6	5.8	.
	Percentage share of total imports														
2009	100.0	2.1	3.0	10.0	12.9	6.5	5.2	2.1	9.2	29.9	12.6	3.4	7.4	4.7	7.0
	Balance														
2008	-49.9	4.4	1.8	55.7	48.8	-43.5	16.8	10.4	51.1	-171.1	-119.3	-23.6	-41.1	-13.6	30.3
2009	17.4	1.0	3.4	49.0	14.9	-32.0	13.8	8.1	36.1	-94.4	-90.9	-14.2	-2.0	-5.2	24.6
2008 Q4	-10.9	0.7	0.0	12.0	9.4	-6.9	3.7	1.3	11.0	-39.9	-31.6	-5.2	-6.0	-2.9	6.5
2009 Q1	-3.9	0.4	0.5	11.3	4.8	-5.2	3.5	1.2	7.5	-30.6	-26.2	-4.4	-0.4	-1.6	4.8
Q2	5.8	0.2	0.9	12.1	3.6	-6.0	3.0	2.0	7.9	-22.6	-22.6	-3.1	-0.2	-1.7	6.6
Q3	5.8	0.1	0.8	12.9	3.8	-9.7	3.2	2.5	10.3	-22.2	-21.5	-3.6	-0.2	-0.8	5.2
Q4	9.7	0.3	1.2	12.7	2.8	-11.1	4.1	2.5	10.3	-18.9	-20.6	-3.2	-1.2	-1.0	8.0
2010 Q1	5.6	.	.	.	.	-11.1	4.4	3.5	13.3	-27.2	-23.9	-3.6	-1.8	0.4	.
2009 Oct.	3.4	0.0	0.5	4.2	1.0	-3.7	1.2	0.7	3.4	-6.4	-6.6	-1.1	0.3	-0.2	2.4
Nov.	3.6	0.1	0.4	4.1	1.0	-3.7	1.6	0.9	3.5	-6.6	-6.6	-1.2	-0.8	-0.4	3.5
Dec.	2.7	0.2	0.3	4.3	0.8	-3.7	1.2	1.0	3.4	-5.8	-7.4	-0.9	-0.7	-0.4	2.1
2010 Jan.	1.6	0.2	0.5	4.0	0.8	-4.0	1.5	1.0	3.3	-8.3	-6.3	-1.2	-0.3	-0.4	3.3
Feb.	3.4	0.2	0.5	3.5	0.7	-2.9	1.2	1.2	3.6	-7.5	-6.8	-1.0	-0.5	0.5	3.0
Mar.	0.6	.	.	.	.	-4.3	1.7	1.3	6.4	-11.4	-10.8	-1.4	-1.0	0.4	.

Source: Eurostat.



8 EXCHANGE RATES

8.1 Effective exchange rates [1)]

(period averages; index: 1999 Q1=100)

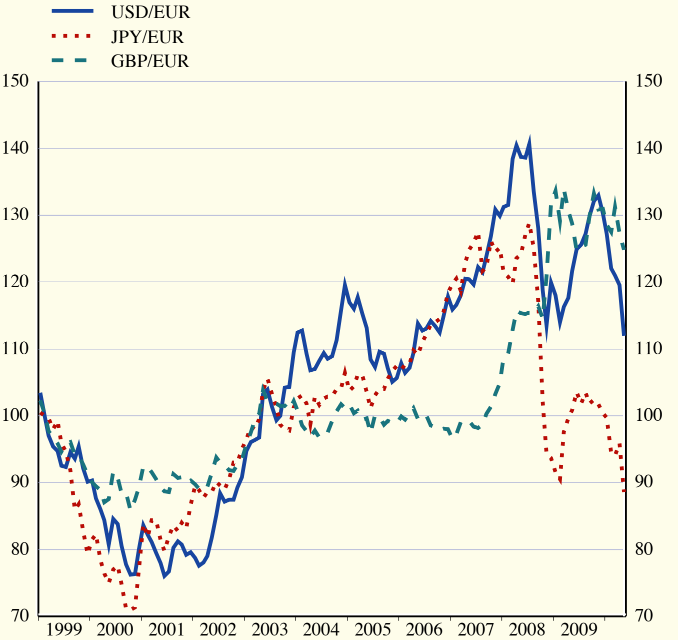
	EER-21						EER-41	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2007	106.3	106.8	105.2	102.7	106.9	101.0	113.0	104.2
2008	110.5	110.1	107.4	105.7	112.8	104.7	118.0	107.0
2009	111.7	110.6	105.9	106.9	119.0	106.6	120.6	107.8
2009 Q1	109.9	109.2	104.7	105.2	116.9	105.1	119.0	106.9
Q2	111.1	110.2	105.3	106.5	119.9	106.4	119.8	107.4
Q3	112.1	110.9	106.2	107.4	119.0	106.6	121.0	108.1
Q4	113.8	112.2	107.3	108.6	120.2	108.1	122.5	108.8
2010 Q1	108.7	106.9	102.2	.	.	.	116.9	103.2
2009 May	110.8	109.9	105.2	-	-	-	119.5	107.1
June	112.0	111.2	106.2	-	-	-	120.7	108.3
July	111.6	110.5	105.8	-	-	-	120.5	107.7
Aug.	111.7	110.6	106.0	-	-	-	120.6	107.8
Sep.	112.9	111.6	106.9	-	-	-	122.0	108.7
Oct.	114.3	112.8	108.2	-	-	-	123.0	109.5
Nov.	114.0	112.5	107.6	-	-	-	122.9	109.2
Dec.	113.0	111.2	106.2	-	-	-	121.7	107.8
2010 Jan.	110.8	108.9	104.0	-	-	-	119.1	105.3
Feb.	108.0	106.1	101.6	-	-	-	116.2	102.5
Mar.	107.4	105.7	101.1	-	-	-	115.2	101.8
Apr.	106.1	104.4	100.1	-	-	-	113.5	100.2
May	102.8	101.2	97.2	-	-	-	109.9	97.0
	Percentage change versus previous month							
2010 May	-3.1	-3.1	-2.9	-	-	-	-3.2	-3.2
	Percentage change versus previous year							
2010 May	-7.2	-8.0	-7.6	-	-	-	-8.0	-9.5

C35 Effective exchange rates

(monthly averages; index: 1999 Q1=100)

C36 Bilateral exchange rates

(monthly averages; index: 1999 Q1=100)



Source: ECB.

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

8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	Danish krone	Swedish krona	Pound sterling	US dollar	Japanese yen	Swiss franc	South Korean won	Hong Kong dollar	Singapore dollar	Canadian dollar	Norwegian krone	Australian dollar
	1	2	3	4	5	6	7	8	9	10	11	12
2007	7.4506	9.2501	0.68434	1.3705	161.25	1.6427	1,272.99	10.6912	2.0636	1.4678	8.0165	1.6348
2008	7.4560	9.6152	0.79628	1.4708	152.45	1.5874	1,606.09	11.4541	2.0762	1.5594	8.2237	1.7416
2009	7.4462	10.6191	0.89094	1.3948	130.34	1.5100	1,772.90	10.8114	2.0241	1.5850	8.7278	1.7727
2009 Q3	7.4442	10.4241	0.87161	1.4303	133.82	1.5195	1,772.14	11.0854	2.0570	1.5704	8.7397	1.7169
Q4	7.4424	10.3509	0.90483	1.4779	132.69	1.5088	1,725.91	11.4555	2.0604	1.5604	8.3932	1.6250
2010 Q1	7.4426	9.9464	0.88760	1.3829	125.48	1.4632	1,581.41	10.7364	1.9395	1.4383	8.1020	1.5293
2009 Nov.	7.4415	10.3331	0.89892	1.4914	132.97	1.5105	1,735.17	11.5588	2.0711	1.5805	8.4143	1.6223
Dec.	7.4419	10.4085	0.89972	1.4614	131.21	1.5021	1,703.03	11.3296	2.0392	1.5397	8.4066	1.6185
2010 Jan.	7.4424	10.1939	0.88305	1.4272	130.34	1.4765	1,624.76	11.0783	1.9930	1.4879	8.1817	1.5624
Feb.	7.4440	9.9505	0.87604	1.3686	123.46	1.4671	1,582.70	10.6305	1.9326	1.4454	8.0971	1.5434
Mar.	7.4416	9.7277	0.90160	1.3569	123.03	1.4482	1,542.59	10.5313	1.8990	1.3889	8.0369	1.4882
Apr.	7.4428	9.6617	0.87456	1.3406	125.33	1.4337	1,494.53	10.4065	1.8505	1.3467	7.9323	1.4463
May	7.4413	9.6641	0.85714	1.2565	115.83	1.4181	1,465.81	9.7843	1.7503	1.3060	7.8907	1.4436
	Percentage change versus previous month											
2010 May	0.0	0.0	-2.0	-6.3	-7.6	-1.1	-1.9	-6.0	-5.4	-3.0	-0.5	-0.2
	Percentage change versus previous year											
2010 May	-0.1	-8.7	-3.1	-7.9	-12.1	-6.2	-14.3	-7.5	-12.2	-16.9	-10.3	-19.0

	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
2007	27.766	15.6466	0.7001	3.4528	251.35	3.7837	1.9558	3.3353	7.3376	1.7865
2008	24.946	15.6466	0.7027	3.4528	251.51	3.5121	1.9558	3.6826	7.2239	1.9064
2009	26.435	15.6466	0.7057	3.4528	280.33	4.3276	1.9558	4.2399	7.3400	2.1631
2009 Q3	25.597	15.6466	0.7019	3.4528	271.35	4.1978	1.9558	4.2263	7.3232	2.1444
Q4	25.923	15.6466	0.7084	3.4528	270.88	4.1745	1.9558	4.2680	7.2756	2.2029
2010 Q1	25.868	15.6466	0.7087	3.4528	268.52	3.9869	1.9558	4.1135	7.2849	2.0866
2009 Nov.	25.812	15.6466	0.7088	3.4528	270.92	4.1646	1.9558	4.2896	7.2952	2.2262
Dec.	26.089	15.6466	0.7077	3.4528	273.22	4.1439	1.9558	4.2284	7.2907	2.2013
2010 Jan.	26.133	15.6466	0.7088	3.4528	269.43	4.0703	1.9558	4.1383	7.2938	2.1028
Feb.	25.979	15.6466	0.7090	3.4528	271.21	4.0144	1.9558	4.1196	7.3029	2.0756
Mar.	25.541	15.6466	0.7083	3.4528	265.40	3.8906	1.9558	4.0866	7.2616	2.0821
Apr.	25.308	15.6466	0.7076	3.4528	265.53	3.8782	1.9558	4.1306	7.2594	1.9983
May	25.663	15.6466	0.7075	3.4528	276.78	4.0567	1.9558	4.1767	7.2630	1.9459
	Percentage change versus previous month									
2010 May	1.4	0.0	0.0	0.0	4.2	4.6	0.0	1.1	0.0	-2.6
	Percentage change versus previous year									
2010 May	-4.0	0.0	-0.2	0.0	-1.8	-8.0	0.0	0.2	-1.2	-8.4

	Brazilian real 1)	Chinese yuan renminbi	Icelandic krona 2)	Indian rupee 3)	Indonesian rupiah	Malaysian ringgit	Mexican peso 1)	New Zealand dollar	Philippine peso	Russian rouble	South African rand	Thai baht
	23	24	25	26	27	28	29	30	31	32	33	34
2007	2.6633	10.4178	87.63	56.4186	12,528.33	4.7076	14.9743	1.8627	63.026	35.0183	9.6596	44.214
2008	2.6737	10.2236	143.83	63.6143	14,165.16	4.8893	16.2911	2.0770	65.172	36.4207	12.0590	48.475
2009	2.7674	9.5277	-	67.3611	14,443.74	4.9079	18.7989	2.2121	66.338	44.1376	11.6737	47.804
2009 Q3	2.6699	9.7702	-	69.1909	14,285.93	5.0333	18.9695	2.1232	68.815	44.7703	11.1618	48.575
Q4	2.5703	10.0905	-	68.9088	13,999.42	5.0275	19.3003	2.0297	69.080	43.5740	11.0757	49.221
2010 Q1	2.4917	9.4417	-	63.4796	12,809.32	4.6590	17.6555	1.9510	63.593	41.2697	10.3852	45.472
2009 Nov.	2.5777	10.1827	-	69.4421	14,115.45	5.0553	19.5478	2.0450	70.165	43.1835	11.2134	49.634
Dec.	2.5566	9.9777	-	68.0924	13,830.84	4.9859	18.7787	2.0383	67.706	43.9019	10.9261	48.544
2010 Jan.	2.5383	9.7436	-	65.5361	13,263.60	4.8170	18.2820	1.9646	65.702	42.5749	10.6492	47.150
Feb.	2.5237	9.3462	-	63.4291	12,786.05	4.6743	17.7154	1.9615	63.317	41.2845	10.4964	45.360
Mar.	2.4233	9.2623	-	61.7352	12,434.53	4.5083	17.0587	1.9301	61.999	40.1219	10.0589	44.111
Apr.	2.3550	9.1505	-	59.6203	12,101.70	4.2935	16.3957	1.8814	59.788	39.1335	9.8658	43.279
May	2.2750	8.5794	-	57.6166	11,517.01	4.0874	15.9856	1.8010	57.315	38.2707	9.6117	40.714
	Percentage change versus previous month											
2010 May	-3.4	-6.2	-	-3.4	-4.8	-4.8	-2.5	-4.3	-4.1	-2.2	-2.6	-5.9
	Percentage change versus previous year											
2010 May	-19.4	-7.9	-	-12.9	-18.5	-14.9	-11.2	-20.5	-11.3	-12.2	-16.0	-13.8

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										
2008	12.0	6.3	3.6	10.6	15.3	11.1	6.0	4.2	7.9	3.3	3.6
2009	2.5	0.6	1.1	0.2	3.3	4.2	4.0	4.0	5.6	1.9	2.2
2009 Q4	0.9	0.0	0.9	-2.0	-1.3	1.2	4.9	3.8	4.5	2.3	2.1
2010 Q1	1.9	0.4	1.9	0.0	-3.9	-0.4	5.8	3.4	4.6	2.7	3.3
2010 Mar.	2.4	0.4	2.1	1.4	-4.0	-0.4	5.7	2.9	4.2	2.5	3.4
Apr.	3.0	0.9	2.4	2.5	-2.8	0.2	5.7	2.7	4.2	2.1	3.7
May	.	1.0	.	.	.	0.5	.	.	.	.	.
	General government deficit (-)/surplus (+) as a percentage of GDP										
2007	0.1	-0.7	4.8	2.6	-0.3	-1.0	-5.0	-1.9	-2.5	3.8	-2.8
2008	1.8	-2.7	3.4	-2.7	-4.1	-3.3	-3.8	-3.7	-5.4	2.5	-4.9
2009	-3.9	-5.9	-2.7	-1.7	-9.0	-8.9	-4.0	-7.1	-8.3	-0.5	-11.5
	General government gross debt as a percentage of GDP										
2007	18.2	29.0	27.4	3.8	9.0	16.9	65.9	45.0	12.6	40.8	44.7
2008	14.1	30.0	34.2	4.6	19.5	15.6	72.9	47.2	13.3	38.3	52.0
2009	14.8	35.4	41.6	7.2	36.1	29.3	78.3	51.0	23.7	42.3	68.1
	Long-term government bond yield as a percentage per annum; period average										
2009 Nov.	6.53	4.19	3.62	-	13.75	14.50	7.37	6.14	8.24	3.27	3.46
Dec.	6.61	3.98	3.53	-	13.75	9.10	7.69	6.22	8.66	3.24	3.60
2010 Jan.	6.65	4.28	3.57	-	13.76	8.15	7.62	6.13	9.05	3.37	4.01
Feb.	6.05	4.33	3.50	-	13.62	7.15	7.69	6.09	7.92	3.28	4.02
Mar.	5.82	4.02	3.40	-	10.54	5.15	7.16	5.72	7.11	3.20	3.98
Apr.	5.94	3.84	3.34	-	10.13	5.15	6.57	5.57	6.97	3.14	3.96
	3-month interest rate as a percentage per annum; period average										
2009 Nov.	4.80	1.80	1.56	4.54	11.87	5.39	7.56	4.19	10.19	0.48	0.61
Dec.	4.71	1.64	1.55	3.28	8.39	4.54	7.47	4.23	10.18	0.48	0.61
2010 Jan.	4.44	1.55	1.46	2.74	4.77	3.07	6.78	4.24	8.56	0.48	0.61
Feb.	4.27	1.52	1.39	2.12	3.16	2.24	6.59	4.17	6.93	0.48	0.63
Mar.	4.21	1.43	1.37	1.86	2.33	1.87	6.65	4.13	6.01	0.49	0.65
Apr.	4.21	1.42	1.28	1.79	2.14	1.57	6.14	3.69	4.99	0.52	0.66
	Real GDP										
2008	6.0	2.5	-0.9	-3.6	-4.6	2.8	0.6	5.1	7.3	-0.4	0.5
2009	-5.0	-4.1	-4.9	-14.1	-18.0	-14.8	-6.3	1.8	-7.1	-5.1	-4.9
2009 Q3	-5.4	-4.4	-5.4	-15.6	-19.2	-14.7	-6.8	1.4	-7.1	-5.8	-5.3
Q4	-5.9	-3.2	-3.0	-9.5	-17.1	-12.5	-4.6	2.8	-6.5	-1.5	-3.1
2010 Q1	.	1.1	-0.6	-2.0	.	-2.6	-0.9	2.8	-2.6	2.9	-0.2
	Current and capital account balance as a percentage of GDP										
2008	-23.2	0.2	2.0	-8.4	-11.5	-10.1	-5.9	-3.9	-11.1	9.2	-1.3
2009	-8.0	0.1	3.9	7.4	11.8	7.2	1.5	0.1	-4.0	7.1	-1.1
2009 Q3	3.0	-2.0	5.6	10.9	11.8	8.0	2.8	-0.9	-2.8	7.0	-1.6
Q4	-7.1	0.9	5.0	9.8	14.4	13.2	2.2	-1.1	-3.9	4.9	-0.2
2010 Q1	.	1.6	2.3	8.4	.	-0.3	2.1	0.2	-6.2	6.0	.
	Gross external debt as a percentage of GDP										
2007	100.4	44.5	170.6	111.0	127.6	71.9	115.1	48.4	50.9	176.2	401.3
2008	108.8	50.0	179.0	118.5	128.5	71.6	155.0	56.5	56.0	203.8	431.4
2009 Q2	107.2	47.6	189.8	121.2	131.7	77.6	167.8	60.0	61.5	211.6	390.7
Q3	107.8	46.7	192.0	124.0	145.8	82.9	168.8	60.2	66.7	203.2	411.1
Q4	111.3	50.8	190.8	126.8	154.7	86.5	163.2	59.3	68.9	203.3	405.0
	Unit labour costs										
2008	16.2	5.1	6.5	14.1	21.0	9.3	4.5	6.8	14.5	2.6	2.8
2009	10.6	3.6	5.1	1.7	-7.1	0.9	1.5	2.3	5.1	4.8	4.9
2009 Q3	10.2	2.9	4.9	1.5	-13.1	-6.5	-	4.5	-	5.3	4.5
Q4	3.7	2.2	-0.6	-7.5	-19.4	-11.4	-	-3.5	-	0.2	4.0
2010 Q1	.	-2.7	0.4	-8.9	.	-9.5	-	.	-	-1.1	.
	Standardised unemployment rate as a percentage of labour force (s.a.)										
2008	5.6	4.4	3.4	5.5	7.5	5.9	7.8	7.2	5.8	6.2	5.7
2009	6.8	6.7	6.0	13.8	17.2	13.7	10.0	8.2	6.9	8.3	7.6
2009 Q4	8.0	7.4	7.1	15.6	20.2	15.9	10.6	8.9	7.6	8.8	7.8
2010 Q1	8.6	7.8	7.1	19.0	21.5	17.4	10.9	9.7	.	8.9	.
2010 Feb.	8.7	7.8	7.1	-	21.5	17.4	10.9	9.8	.	9.0	7.9
Mar.	8.8	7.9	7.1	-	22.1	17.4	10.8	9.9	.	8.8	.
Apr.	8.8	7.7	7.0	-	22.5	.	10.4	9.9	.	9.3	.

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

9.2 In the United States and Japan

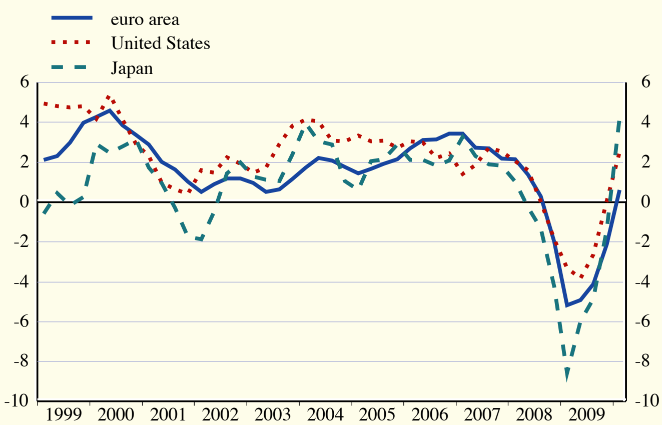
(annual percentage changes, unless otherwise indicated)

1. Economic and financial developments

	Consumer price index	Unit labour costs [1]	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force (s.a.)	Broad money [2]	3-month interbank deposit rate [3]	10-year zero coupon government bond yield; [3] end of period	Exchange rate [4] as national currency per euro	Fiscal deficit (-)/ surplus (+) as a % of GDP	Gross public debt [5] as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
					United States						
2006	3.2	2.8	2.7	2.7	4.6	5.3	5.20	5.26	1.2556	-2.2	47.8
2007	2.9	2.3	2.1	1.6	4.6	6.3	5.30	4.81	1.3705	-2.8	48.4
2008	3.8	1.0	0.4	-3.1	5.8	7.1	2.93	2.70	1.4708	-6.5	56.4
2009	-0.4	-1.9	-2.4	-11.1	9.3	7.8	0.69	4.17	1.3948	-11.0	67.7
2009 Q1	0.0	0.0	-3.3	-13.9	8.2	9.6	1.24	2.96	1.3029	-9.9	59.9
Q2	-1.2	0.4	-3.8	-14.6	9.3	8.7	0.84	3.95	1.3632	-11.6	62.8
Q3	-1.6	-2.7	-2.6	-10.6	9.6	7.8	0.41	3.61	1.4303	-11.6	65.9
Q4	1.4	-5.2	0.1	-4.7	10.0	5.1	0.27	4.17	1.4779	-11.1	67.7
2010 Q1	2.4	-4.2	2.5	3.2	9.7	2.0	0.26	4.01	1.3829	.	.
2010 Jan.	2.6	-	-	2.2	9.7	2.2	0.25	3.92	1.4272	-	-
Feb.	2.1	-	-	2.3	9.7	2.4	0.25	3.89	1.3686	-	-
Mar.	2.3	-	-	4.9	9.7	1.5	0.27	4.01	1.3569	-	-
Apr.	2.2	-	-	6.5	9.9	1.6	0.31	3.84	1.3406	-	-
May	.	-	-	.	9.7	.	0.46	3.52	1.2565	-	-
					Japan						
2006	0.2	-0.5	2.0	4.5	4.1	1.0	0.30	1.85	146.02	-1.6	159.9
2007	0.1	-1.0	2.3	2.8	3.8	1.6	0.79	1.70	161.25	-2.4	156.3
2008	1.4	2.6	-1.2	-3.4	4.0	2.1	0.93	1.21	152.45	-2.1	162.2
2009	-1.4	.	-5.2	-21.9	5.1	2.7	0.47	1.42	130.34	.	.
2009 Q1	-0.1	3.7	-8.6	-34.6	4.5	2.1	0.67	1.33	122.04	.	.
Q2	-1.0	1.2	-6.0	-27.4	5.1	2.6	0.53	1.41	132.59	.	.
Q3	-2.2	1.4	-4.8	-19.4	5.4	2.8	0.40	1.45	133.82	.	.
Q4	-2.0	.	-1.4	-4.2	5.2	3.3	0.31	1.42	132.69	.	.
2010 Q1	-1.2	.	4.2	27.6	4.9	2.8	0.25	1.48	125.48	.	.
2010 Jan.	-1.3	-	-	19.1	4.9	3.0	0.26	1.42	130.34	-	-
Feb.	-1.1	-	-	31.5	4.8	2.7	0.25	1.43	123.46	-	-
Mar.	-1.1	-	-	31.9	5.0	2.7	0.25	1.48	123.03	-	-
Apr.	-1.2	-	-	25.9	.	2.9	0.24	1.37	125.33	-	-
May	.	-	-	.	.	3.1	0.24	1.37	115.83	-	-

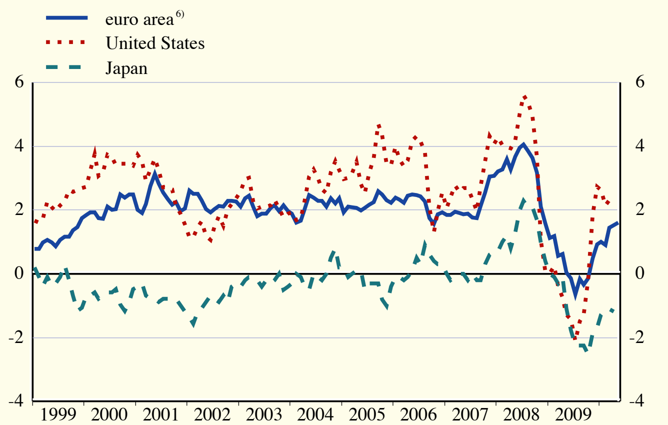
C37 Real gross domestic product

(annual percentage changes; quarterly data)



C38 Consumer price indices

(annual percentage changes; monthly data)



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

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

LIST OF CHARTS

TECHNICAL NOTES

EURO AREA OVERVIEW

CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

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

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

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

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

SECTIONS 2.1 TO 2.6

CALCULATION OF TRANSACTIONS

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

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

$$c)\quad F_t^M = (L_t - L_{t-1}) - C_t^M - E_t^M - V_t^M$$

Similarly, the quarterly transactions F_t^Q for the quarter ending in month t are defined as:

$$d)\quad F_t^Q = (L_t - L_{t-3}) - C_t^Q - E_t^Q - V_t^Q$$

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 can be calculated from transactions or from the index of adjusted outstanding amounts. If F_t^M and L_t are defined as above, the index I_t of adjusted outstanding amounts in month t is defined as:

$$e)\quad I_t = I_{t-1} \times \left(1 + \frac{F_t^M}{L_{t-1}}\right)$$

The base of the index (for the non-seasonally adjusted series) is currently set as December 2006 = 100. Time series for the index of adjusted outstanding amounts are available on the ECB's website (www.ecb.europa.eu) in the "Monetary and financial statistics" sub-section of the "Statistics" section.

The annual growth rate a_t for month t – i.e. the change in the 12 months ending in month t – can be calculated using either of the following two formulae:

$$f)\quad a_t = \left[\prod_{i=0}^{11}\left(1 + F_{t-i}^M / L_{t-1-i}\right) - 1\right] \times 100$$

$$g)\quad a_t = \left(I_t / I_{t-12} - 1\right) \times 100$$

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 for December 2002 by the index for December 2001.

Growth rates for intra-annual periods can be derived by adapting formula g). For example, the month-on-month growth rate a_t^M can be calculated as:

$$\text{h)} \quad a_t^M = \left(\frac{I_t}{I_{t-1}} - 1 \right) \times 100$$

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:

$$\text{i)} \quad I_t = I_{t-3} \times \left(1 + \frac{F_t^Q}{L_{t-3}} \right)$$

The annual growth rate in the four quarters ending in month t (i.e. a_t) can be calculated using formula g).

SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS [1]

The approach used is based on multiplicative decomposition using X-12-ARIMA.[2] The seasonal adjustment may include a day-of-the-week adjustment, and for some series it is carried out indirectly by means of a linear combination of components. This is the case for M3, which is derived by aggregating the seasonally adjusted series for M1, M2 less M1, and M3 less M2.

The seasonal adjustment procedures are first applied to the index of adjusted outstanding amounts.[3] The resulting estimates of seasonal factors are then applied to the levels and to the adjustments arising from reclassifications and revaluations, in turn yielding seasonally adjusted transactions. Seasonal (and trading day) factors are revised at annual intervals or as required.

SECTIONS 3.1 TO 3.5

EQUALITY OF USES AND RESOURCES

In Section 3.1 the data conform to a basic accounting identity. For non-financial transactions, total uses equal total resources for each transaction category. This accounting identity is also reflected in the financial account – i.e. for each financial instrument category, total transactions in financial assets equal total transactions in liabilities. In the other changes in assets account and the financial balance sheets, total financial assets equal total liabilities for each financial instrument category, with the exception of monetary gold and special drawing rights, which are by definition not a liability of any sector.

CALCULATION OF BALANCING ITEMS

The balancing items at the end of each account in Sections 3.1 and 3.2 are computed as follows.

The trade balance equals euro area imports minus exports vis-à-vis the rest of the world for goods and services.

1 For details, see “Seasonal adjustment of monetary aggregates and HICP for the euro area”, ECB (August 2000) and the “Monetary and financial statistics” sub-section of the “Statistics” section of the ECB’s website (www.ecb.europa.eu).

2 For details, see Findley, D., Monsell, B., Bell, W., Otto, M. and Chen, B. C. (1998), “New Capabilities and Methods of the X-12-ARIMA Seasonal Adjustment Program”, Journal of Business and Economic Statistics, 16, 2, pp.127-152, or “X-12-ARIMA Reference Manual”, Time Series Staff, Bureau of the Census, Washington, D.C.
For internal purposes, the model-based approach of TRAMO-SEATS is also used. For details of TRAMO-SEATS, see Gomez, V. and Maravall, A. (1996), “Programs TRAMO and SEATS: Instructions for the User”, Banco de España, Working Paper No 9628, Madrid.

3 It follows that for the seasonally adjusted series, the level of the index for the base period (i.e. December 2001) generally differs from 100, reflecting the seasonality of that month.

Net operating surplus and mixed income is defined for resident sectors only and is calculated as gross value added (gross domestic product at market prices for the euro area) minus compensation of employees (uses) minus other taxes less subsidies on production (uses) minus consumption of fixed capital (uses).

Net national income is defined for resident sectors only and is computed as net operating surplus and mixed income plus compensation of employees (resources) plus taxes less subsidies on production (resources) plus net property income (resources minus uses).

Net disposable income is also defined only for resident sectors and equals net national income plus net current taxes on income and wealth (resources minus uses) plus net social contributions (resources minus uses) plus net social benefits other than social transfers in kind (resources minus uses) plus net other current transfers (resources minus uses).

Net saving is defined for resident sectors and is calculated as net disposable income plus the net adjustment for the change in the net equity of households in pension fund reserves (resources minus uses) minus final consumption expenditure (uses). For the rest of the world, the current external account is compiled as the trade balance plus all net income (resources minus uses).

Net lending/net borrowing is computed from the capital account as net saving plus net capital transfers (resources minus uses) minus gross capital formation (uses) minus acquisitions less disposals of non-produced non-financial assets (uses) plus consumption of fixed capital (resources). It can also be calculated in the financial account as total transactions in financial assets minus total transactions in liabilities (also known as changes in net financial worth (wealth) due to transactions). For the household and non-financial corporation sectors, there is a statistical discrepancy between the balancing items computed from the capital account and the financial account.

Changes in net worth (wealth) are calculated as changes in net worth (wealth) due to savings and capital transfers plus other changes in net financial worth (wealth). They currently exclude other changes in non-financial assets owing to the unavailability of data.

Net financial worth (wealth) is calculated as total financial assets minus total liabilities, whereas changes in net financial worth (wealth) are equal to the sum of changes in net financial worth (wealth) due to transactions (lending/net borrowing from the financial account) and other changes in net financial worth (wealth).

Finally, changes in net financial worth (wealth) due to transactions are computed as total transactions in financial assets minus total transactions in liabilities, and other changes in net financial worth (wealth) are calculated as total other changes in financial assets minus total other changes in liabilities.

SECTIONS 4.3 AND 4.4

CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

Growth rates are calculated on the basis of financial transactions and therefore exclude reclassifications, revaluations, exchange rate variations and any other changes which do not arise from transactions. They can be calculated from transactions or from the index of notional stocks. If N_t^M represents the transactions (net issues) in month t and L_t the level outstanding at the end of month t, the index I_t of notional stocks in month t is defined as:

j) $$I_t = I_{t-1} \times \left(1 + \frac{N_t}{L_{t-1}}\right)$$

As a base, the index is set equal to 100 in December 2001. The growth rate a_t for month t, corresponding to the change in the 12 months ending in month t, can be calculated using either of the following two formulae:

k) $$a_t = \left[\prod_{i=0}^{11}\left(1 + N_{t-i}^M / L_{t-1-i}\right) - 1\right] \times 100$$

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 instead of an "F". This is to show that the method used to obtain "net issues" for securities issues statistics differs from that used to calculate equivalent "transactions" for the monetary aggregates.

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

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

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 calculations are based on financial transactions, which exclude reclassifications, revaluations and any other changes that do not arise from transactions. Exchange rate variations are not included, as all quoted shares covered are denominated in euro.

SEASONAL ADJUSTMENT OF SECURITIES ISSUES STATISTICS [4]

The approach used is based on multiplicative decomposition using X-12-ARIMA. The seasonal adjustment of total securities issues is carried out indirectly by means of a linear combination of sector and maturity component breakdowns.

The seasonal adjustment procedures are applied to the index of notional stocks. The resulting estimates of seasonal factors are then applied to the outstanding amounts, from which seasonally adjusted net issues are derived. Seasonal factors are revised at annual intervals or as required.

As in formulae k) and l), the growth rate a_t for month t, corresponding to the change in the six months ending in month t, can be calculated using either of the following two formulae:

o) $$a_t = \left[\prod_{i=0}^{5}\left(1 + N_{t-i}^M / L_{t-1-i}\right) - 1\right] \times 100$$

p) $$a_t = \left(I_t / I_{t-6} - 1\right) \times 100$$

TABLE 1 IN SECTION 5.1

SEASONAL ADJUSTMENT OF THE HICP [4]

The approach used is based on multiplicative decomposition using X-12-ARIMA (see footnote 2 on page S78). The seasonal adjustment of the overall HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy, and services. Energy is added without adjustment, since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

4 For details, see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000) and the "Monetary and financial statistics" sub-section of the "Statistics" section of the ECB's website (www.ecb.europa.eu).

TABLE 2 IN SECTION 7.1

SEASONAL ADJUSTMENT OF THE BALANCE OF PAYMENTS CURRENT ACCOUNT

The approach used is based on multiplicative decomposition using X-12-ARIMA (see footnote 2 on page S78). The raw data for goods, services and income are preadjusted to take a working day effect into account. The working day adjustment in goods and services is corrected for national public holidays. The seasonal adjustment of these items is carried out using these preadjusted series. The seasonal adjustment of the total current account is carried out by aggregating the seasonally adjusted euro area series for goods, services, income and current transfers. Seasonal (and trading day) factors are revised at biannual intervals or as required.

SECTION 7.3

CALCULATION OF GROWTH RATES FOR THE QUARTERLY AND ANNUAL SERIES

The annual growth rate for quarter t is calculated on the basis of quarterly transactions (F_t) and positions (L_t) as follows:

$$a_t = \left(\prod_{i=t-3}^{t} \left(1 + \frac{F_i}{L_{i-1}} \right) - 1 \right) \times 100$$

The growth rate for the annual series is equal to the growth rate in the last quarter of the year.

GENERAL NOTES

The "Euro area statistics" section of the Monthly Bulletin focuses on statistics for the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available in the "Statistics" section of the ECB's website (www.ecb.europa.eu). This allows user-friendly access to data via the ECB's Statistical Data Warehouse (http://sdw.ecb.europa.eu), which includes search and download facilities. Further services available in the "Data services" sub-section include subscriptions to different datasets and a repository of compressed Comma Separated Value (CSV) files. For further information, please contact us at: statistics@ecb.europa.eu.

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the Governing Council of the ECB's first meeting of the month. For this issue, the cut-off date was 9 June 2010.

Unless otherwise indicated, all data series including observations for 2009 and beyond relate to the Euro 16 (the euro area including Slovakia) for the whole time series. For interest rates, monetary statistics and the HICP (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), statistical series refer to the changing composition of the euro area (see below for details). Where applicable, this is indicated in the tables by means of a footnote. In such cases, where underlying data are available, absolute and percentage changes for the respective year of entry into the euro area of Greece (2001), Slovenia (2007), Cyprus (2008), Malta (2008) and Slovakia (2009), calculated from bases covering the year prior to the year of entry, use a series in which the impact of these countries' joining the euro area is taken into account.

The statistical series referring to the changing composition of the euro area are based on the euro area composition at the time to which the statistics relate. Thus, data prior to 2001 refer to the Euro 11, i.e. the following 11 EU Member States: Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Data from 2001 to 2006 refer to the Euro 12, i.e. the Euro 11 plus Greece. Data for 2007 refer to the Euro 13, i.e. the Euro 12 plus Slovenia. Data for 2008 refer to the Euro 15, i.e. the Euro 13 plus Cyprus and Malta, and data as of 2009 refer to the Euro 16, i.e. the Euro 15 plus Slovakia.

Given that the composition of the European currency unit (ECU) does not coincide with the former currencies of the countries that have adopted the single currency, pre-1999 amounts originally expressed in the participating currencies and converted into ECU at current ECU exchange rates are affected by movements in the currencies of EU Member States that have not adopted the euro. To avoid this effect on the monetary statistics, pre-1999 data[1] are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless otherwise indicated, price and cost statistics before 1999 are based on data expressed in national currency terms.

Methods of aggregation and/or consolidation (including cross-country consolidation) have been used where appropriate.

Recent data are often provisional and may be revised. Discrepancies between totals and their components may arise from rounding.

The group "Other EU Member States" comprises Bulgaria, the Czech Republic, Denmark, Estonia, Latvia, Lithuania, Hungary, Poland, Romania, Sweden and the United Kingdom.

In most cases, the terminology used within the tables follows international standards, such as those contained in the European System

1 Data on monetary statistics in Sections 2.1 to 2.8 are available for periods prior to January 1999 on the ECB's website (http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html) and in the SDW (http://sdw.ecb.europa.eu/browse.do?node=2018811).

of Accounts 1995 and the IMF Balance of Payments Manual. Transactions refer to voluntary exchanges (measured directly or derived), while flows also encompass changes in outstanding amounts owing to price and exchange rate changes, write-offs and other changes.

In the tables, the wording "up to (x) years" means "up to and including (x) years".

OVERVIEW

Developments in key indicators for the euro area are summarised in an overview table.

MONETARY POLICY STATISTICS

Section 1.4 shows statistics on minimum reserve and liquidity factors. Maintenance periods for minimum reserve requirements start every month on the settlement day of the main refinancing operation (MRO) following the Governing Council meeting for which the monthly assessment of the monetary policy stance is scheduled. They end on the day preceding the corresponding settlement day in the following month. Annual/quarterly observations refer to averages for the last reserve maintenance period of the year/quarter.

Table 1 in Section 1.4 shows the components of the reserve base of credit institutions subject to reserve requirements. Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks are excluded from the reserve base. When a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years which are held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. The percentage used to calculate the reserve base was 10% until November 1999 and has been 30% since that date.

Table 2 in Section 1.4 contains average data for completed maintenance periods. First, the reserve requirement of each individual credit institution is calculated by applying the reserve ratios for the corresponding categories of liability to the eligible liabilities, using the balance sheet data from the end of each calendar month. Subsequently, each credit institution deducts from this figure a lump-sum allowance of €100,000. The resulting required reserves are then aggregated at the euro area level (column 1). Current account holdings (column 2) are the aggregate average daily current account holdings of credit institutions, including those that serve to fulfil reserve requirements. Excess reserves (column 3) are the average current account holdings over the maintenance period in excess of the required reserves. Deficiencies (column 4) are defined as the average shortfalls of current account holdings from required reserves over the maintenance period, computed on the basis of those credit institutions that have not fulfilled their reserve requirements. The interest rate on minimum reserves (column 5) is equal to the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's MROs (see Section 1.3).

Table 3 in Section 1.4 shows the banking system's liquidity position, which is defined as euro area credit institutions' current account holdings with the Eurosystem in euro. All amounts are derived from the consolidated financial statement of the Eurosystem. Other liquidity-absorbing operations (column 7) exclude the issuance of debt certificates initiated by NCBs in Stage Two of EMU. Net other factors (column 10) represent the netted remaining items in the consolidated financial statement of the Eurosystem. Credit institutions' current accounts (column 11) are equal to the difference between the sum of liquidity-providing factors (columns 1 to 5) and the sum of liquidity-absorbing factors (columns 6 to 10). Base money (column 12) is calculated as the sum of the deposit facility (column 6), banknotes in circulation (column 8) and credit institutions' current account holdings (column 11).

MONEY, BANKING AND INVESTMENT FUNDS

Section 2.1 shows the aggregated balance sheet of the monetary financial institution sector, i.e. the sum of the harmonised balance sheets of all MFIs resident in the euro area. MFIs comprise central banks, credit institutions as defined under Community law, money market funds and other institutions whose business it is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or make investments in securities. A complete list of MFIs is published on the ECB's website.

Section 2.2 shows the consolidated balance sheet of the MFI sector, which is obtained by netting the aggregated balance sheet positions of MFIs in the euro area. Owing to a small amount of heterogeneity in recording practices, the sum of the inter-MFI positions is not necessarily zero; the balance is shown in column 10 of the liabilities side of Section 2.2. Section 2.3 sets out the euro area monetary aggregates and counterparts. These are derived from the consolidated MFI balance sheet and include positions of non-MFIs resident in the euro area held with MFIs resident in the euro area; they also take account of some monetary assets/ liabilities of central government. Statistics on monetary aggregates and counterparts are adjusted for seasonal and trading day effects. The external liabilities item in Sections 2.1 and 2.2 shows the holdings by non-euro area residents of: (i) shares/units issued by money market funds located in the euro area; and (ii) debt securities issued with a maturity of up to two years by MFIs located in the euro area. In Section 2.3, however, these holdings are excluded from the monetary aggregates and contribute to the item "net external assets".

Section 2.4 provides analysis, broken down by sector, type and original maturity, of loans granted by MFIs other than the Eurosystem (i.e. the banking system) resident in the euro area. Section 2.5 provides analysis, broken down by sector and instrument, of deposits held with the euro area banking system. Section 2.6 shows the securities held by the euro area banking system, broken down by type of issuer.

Sections 2.2 to 2.6 include data on transactions, which are derived as differences in outstanding amounts adjusted for reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. Section 2.7 shows selected revaluations that are used in the derivation of transactions. Sections 2.2 to 2.6 also provide growth rates based on those transactions in the form of annual percentage changes. Section 2.8 shows a quarterly currency breakdown of selected MFI balance sheet items.

Details of sector definitions are set out in the third edition of the "Monetary financial institutions and markets statistics sector manual – Guidance for the statistical classification of customers" (ECB, March 2007). The publication "Guidance Notes to the Regulation ECB/2001/13 on the MFI Balance Sheet Statistics" (ECB, November 2002) explains practices that NCBs are recommended to follow. Since 1 January 1999, statistical information has been collected and compiled on the basis of Regulation ECB/1998/16 of 1 December 1998 concerning the consolidated balance sheet of the monetary financial institutions sector,[2] as last amended by Regulation ECB/2003/10[3].

In line with this Regulation, the balance sheet item "money market paper" has been merged with the item "debt securities" on both the assets and liabilities sides of the MFI balance sheet.

Section 2.9 shows outstanding amounts and transactions on the balance sheet of euro area investment funds (other than money market funds, which are included in the MFI balance sheet statistics). An investment fund is a collective investment undertaking that invests capital raised from the public in financial and/ or non-financial assets. A complete list of euro

2 OJ L 356, 30.12.1998, p. 7.
3 OJ L 250, 2.10.2003, p. 19.

area investment funds is published on the ECB's website. The balance sheet is aggregated, so investment funds' assets include their holdings of shares/units issued by other investment funds. Shares/units issued by investment funds are also broken down by investment policy (i.e. into bond funds, equity funds, mixed funds, real estate funds, hedge funds and other funds) and by type (i.e. into open-end funds and closed-end funds). Section 2.10 provides further details on the main types of asset held by euro area investment funds. This Section contains a geographical breakdown of the issuers of securities held by investment funds, as well as breaking issuers down by economic sector where they are resident in the euro area.

Further information on these investment fund statistics can be found in the "Manual on investment fund statistics". Since December 2008 harmonised statistical information has been collected and compiled on the basis of Regulation ECB/2007/8 concerning statistics on the assets and liabilities of investment funds.

EURO AREA ACCOUNTS

Section 3.1 shows quarterly integrated euro area accounts data, which provide comprehensive information on the economic activities of households (including non-profit institutions serving households), non-financial corporations, financial corporations and general government, as well as on the interaction between these sectors and both the euro area and the rest of the world. Non-seasonally adjusted data on current prices are displayed for the last available quarter, following a simplified sequence of accounts in accordance with the methodological framework of the European System of Accounts 1995.

In short, the sequence of accounts (transactions) comprises: (1) the generation of income account, which shows how production activity translates into various categories of income; (2) the allocation of primary income account, which records receipts and expenses relating to various forms of property income (for the economy as a whole; the balancing item of the primary income account is national income); (3) the secondary distribution of income account, which shows how the national income of an institutional sector changes because of current transfers; (4) the use of income account, which shows how disposable income is spent on consumption or saved; (5) the capital account, which shows how savings and net capital transfers are spent in the acquisition of non-financial assets (the balancing item of the capital account is net lending/net borrowing); and (6) the financial account, which records the net acquisitions of financial assets and the net incurrence of liabilities. As each non-financial transaction is mirrored by a financial transaction, the balancing item of the financial account conceptually also equals net lending/net borrowing as calculated from the capital account.

In addition, opening and closing financial balance sheets are presented, which provide a picture of the financial wealth of each individual sector at a given point in time. Finally, other changes in financial assets and liabilities (e.g. those resulting from the impact of changes in asset prices) are also shown.

The sectoral coverage of the financial account and the financial balance sheets is more detailed for the financial corporation sector, which is broken down into MFIs, other financial intermediaries (including financial auxiliaries), and insurance corporations and pension funds.

Section 3.2 shows four-quarter cumulated flows (transactions) for the "non-financial accounts" of the euro area (i.e. accounts (1) to (5) above), also following the simplified sequence of accounts.

Section 3.3 shows four-quarter cumulated flows (transactions and other changes) for households' income, expenditure and accumulation accounts, as well as outstanding amounts for the financial balance sheet accounts, presenting data in a more analytical manner. Sector-specific transactions and balancing items are arranged in a way that more clearly depicts the financing and investment decisions of households, while respecting the accounting identities presented in Sections 3.1 and 3.2.

Section 3.4 displays four-quarter cumulated flows (transactions) for non-financial corporations' income and accumulation accounts, as well as outstanding amounts for the financial balance sheet accounts, presenting data in a more analytical manner.

Section 3.5 shows four-quarter cumulated financial flows (transactions and other changes) and outstanding amounts for the financial balance sheets of insurance corporations and pension funds.

FINANCIAL MARKETS

The series on financial market statistics for the euro area cover those EU Member States that had adopted the euro at the time to which the statistics relate (i.e. a changing composition), with the exception of statistics on securities issues (Sections 4.1 to 4.4), which relate to the Euro 16 for the whole time series (i.e. a fixed composition).

Statistics on securities other than shares and statistics on quoted shares (Sections 4.1 to 4.4) are produced by the ECB using data from the ESCB and the BIS. Section 4.5 presents MFI interest rates on euro-denominated deposits from and loans to euro area residents. Statistics on money market interest rates, long-term government bond yields and stock market indices (Sections 4.6 to 4.8) are produced by the ECB using data from wire services.

Statistics on securities issues cover: (i) securities other than shares, excluding financial derivatives; and (ii) quoted shares. The former are presented in Sections 4.1, 4.2 and 4.3, while the latter are presented in Section 4.4. Debt securities are broken down into short-term and long-term securities. "Short-term" means securities with an original maturity of one year or less (in exceptional cases, two years or less). Securities with (i) a longer maturity, (ii) optional maturity dates, the latest of which is more than one year away, or (iii) indefinite maturity dates are classified as "long-term". Long-term debt securities issued by euro area residents are broken down further into fixed and variable rate issues. Fixed rate issues consist of issues where the coupon rate does not change during the life of the issue. Variable rate issues comprise all issues where the coupon is periodically refixed with reference to an independent interest rate or index. The euro-denominated securities indicated in Sections 4.1, 4.2 and 4.3 also include items expressed in national denominations of the euro.

Section 4.1 shows securities other than shares, broken down by original maturity, residency of the issuer and currency. It presents outstanding amounts, gross issues and net issues of securities other than shares, broken down into: (i) issues denominated in euro and issues in all currencies; (ii) issues by euro area residents and total issues; and (iii) total and long-term maturities. Net issues differ from the changes in outstanding amounts owing to valuation changes, reclassifications and other adjustments. This section also presents seasonally adjusted statistics, including six-month annualised seasonally adjusted growth rates for total and long-term debt securities. Seasonally adjusted data are derived from the index of notional stocks, from which the seasonal effects have been removed. See the Technical Notes for details.

Section 4.2 contains a sectoral breakdown of outstanding amounts, gross issues and net issues for issuers resident in the euro area in line with the ESA 95. The ECB is included in the Eurosystem.

The total outstanding amounts for total and long-term debt securities in column 1 of Table 1 in Section 4.2 correspond to the data on outstanding amounts for total and long-term debt securities issued by euro area residents in column 7 of Section 4.1. The outstanding amounts for total and long-term debt securities issued by MFIs in column 2 of Table 1 in Section 4.2 are broadly comparable with the data on debt securities issued on the liabilities side of the aggregated MFI balance sheet in column 8 of Table 2 in Section 2.1. The total net issues for total debt securities in column 1 of Table 2 in Section 4.2 correspond to the data on total net issues by euro area residents in column 9 of Section 4.1. The residual difference between long-term debt securities and total fixed and variable rate long-term debt securities in Table 1 of Section 4.2 consists of zero coupon bonds and revaluation effects.

Section 4.3 shows seasonally adjusted and non-seasonally adjusted growth rates for debt securities issued by euro area residents (broken down by maturity, type of instrument, sector of the issuer and currency), which are based on financial transactions that occur when an institutional unit incurs or redeems liabilities. The growth rates therefore exclude reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. The seasonally adjusted growth rates have been annualised for presentational purposes. See the Technical Notes for details.

Columns 1, 4, 6 and 8 in Table 1 of Section 4.4 show the outstanding amounts of quoted shares issued by euro area residents broken down by issuing sector. The monthly data for quoted shares issued by non-financial corporations correspond to the quarterly series shown in Section 3.4 (financial balance sheet; quoted shares).

Columns 3, 5, 7 and 9 in Table 1 of Section 4.4 show annual growth rates for quoted shares issued by euro area residents (broken down by the sector of the issuer), which are based on financial transactions that occur when an issuer issues or redeems shares for cash, excluding investments in the issuer's own shares. The calculation of annual growth rates excludes reclassifications, revaluations and any other changes that do not arise from transactions.

Section 4.5 presents statistics on all the interest rates that MFIs resident in the euro area apply to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area. Euro area MFI interest rates are calculated as a weighted average (by corresponding business volume) of the euro area countries' interest rates for each category.

MFI interest rate statistics are broken down by type of business coverage, sector, instrument category and maturity, period of notice or initial period of interest rate fixation. These MFI interest rate statistics replaced the ten transitional statistical series on euro area retail interest rates that had been published in the Monthly Bulletin as of January 1999.

Section 4.6 presents money market interest rates for the euro area, the United States and Japan. For the euro area, a broad spectrum of money market interest rates is covered, ranging from interest rates on overnight deposits to those on twelve-month deposits. Before January 1999, synthetic euro area interest rates were calculated on the basis of national rates weighted by GDP. With the exception of the overnight rate prior to January 1999, monthly, quarterly and yearly values are period averages. Overnight deposits are represented by end-of-period interbank deposit bid rates up to and including December 1998 and period averages for the euro overnight index average (EONIA) thereafter. As of January 1999, euro area interest rates on one, three, six and twelve-month deposits are euro interbank offered rates (EURIBOR); prior to that date, they are London interbank offered rates (LIBOR) where available. For the United States and Japan, interest rates on three-month deposits are represented by LIBOR.

Section 4.7 shows end-of-period rates estimated from nominal spot yield curves based on AAA-rated euro-denominated bonds issued by euro area central governments. The yield curves are estimated using the Svensson model[4]. Spreads between the ten-year rates and the three-month and two-year rates are also released. Additional yield curves (daily releases, including charts and tables) and the corresponding methodological information are available at: http://www.ecb.europa.eu/stats/money/yc/html/index.en.html. Daily data can also be downloaded.

Section 4.8 shows stock market indices for the euro area, the United States and Japan.

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

Most of the data described in this section are produced by the European Commission (mainly Eurostat) and national statistical authorities. Euro area results are obtained by aggregating data for individual countries. As far as possible, the data are harmonised and comparable. Statistics on hourly labour costs, GDP and expenditure components, value added by economic activity, industrial production, retail sales and passenger car registrations are working day-adjusted.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 1 in Section 5.1) is available from 1995 onwards. It is based on national HICPs, which follow the same methodology in all euro area countries. The breakdown into goods and services components is derived from the classification of individual consumption by purpose (Coicop/HICP). The HICP covers monetary expenditure by households on final consumption in the economic territory of the euro area. The table includes seasonally adjusted HICP data and experimental HICP-based estimates of administered prices, which are compiled by the ECB.

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial new orders, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics[5]. 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,[6] has been applied in the production of short-term statistics. The breakdown by end-use of product for industrial producer prices and industrial production is the harmonised sub-division of industry excluding construction (NACE Revision 2, sections B to E) into Main Industrial Groupings (MIGs) as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007[7]. Industrial producer prices reflect the ex-factory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

The two non-energy commodity price indices shown in Table 3 in Section 5.1 are compiled with the same commodity coverage, but using two different weighting schemes: one based on the respective commodity imports of the euro area (columns 2-4), and the other (columns 5-7) based on estimated euro area domestic demand, or "use", taking into account information on imports, exports and the domestic production of each commodity (ignoring, for the sake of simplicity, inventories, which are assumed to be relatively stable over the observed period). The import-weighted commodity price index is appropriate for analysing external developments, while the use-weighted index is suitable for the specific purpose of analysing international commodity price pressures on euro area inflation. The use-weighted commodity price indices are experimental data. For more details as regards the compilation of the ECB commodity price indices, see Box 1 in the December 2008 issue of the Monthly Bulletin.

4 Svensson, L. E., "Estimating and Interpreting Forward Interest Rates: Sweden 1992-1994", Centre for Economic Policy Research, Discussion Paper No 1051, 1994.
5 OJ L 162, 5.6.1998, p. 1.
6 OJ L 393, 30.12.2006, p. 1.
7 OJ L 155, 15.6.2007, p. 3.

The labour cost indices (Table 5 in Section 5.1) measure the changes in labour costs per hour worked in industry (including construction) and market services. Their methodology is laid down in Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index[8] and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003[9]. 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 derived from the ESA 95 quarterly national accounts.

Industrial new orders (Table 4 in Section 5.2) measure the orders received during the reference period and cover industries working mainly on the basis of orders – in particular the textile, pulp and paper, chemical, metal, capital goods and durable consumer goods industries. The data are calculated on the basis of current prices.

Indices for turnover in industry and for the retail trade (Table 4 in Section 5.2) measure the turnover, including all duties and taxes (with the exception of VAT), invoiced during the reference period. Retail trade turnover covers all retail trade (excluding sales of motor vehicles and motorcycles), except automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars. The euro area series excludes Cyprus and Malta.

Qualitative business and consumer survey data (Table 5 in Section 5.2) draw on the European Commission Business and Consumer Surveys.

Unemployment rates (Table 2 in Section 5.3) conform to International Labour Organization guidelines. They refer to persons actively seeking work as a share of the labour force, using harmonised criteria and definitions. The labour force estimates underlying the unemployment rate are different from the sum of the employment and unemployment levels published in Section 5.3.

GOVERNMENT FINANCE

Sections 6.1 to 6.5 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The annual euro area aggregates in Sections 6.1 to 6.3 are compiled by the ECB on the basis of harmonised data provided by the NCBs, which are regularly updated. The deficit and debt data for the euro area countries may therefore differ from those used by the European Commission within the excessive deficit procedure. The quarterly euro area aggregates in Sections 6.4 and 6.5 are compiled by the ECB on the basis of Eurostat and national data.

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000[10] amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include summary data for the individual euro area countries owing to their importance within the framework of the Stability and Growth Pact. The deficits/surpluses presented for the individual euro area countries correspond to excessive deficit procedure B.9, as defined by Council Regulation (EC) No 479/2009 as regards references to the ESA 95. Section 6.3 presents changes in general

8 OJ L 69, 13.3.2003, p. 1.
9 OJ L 169, 8.7.2003, p. 37.
10 OJ L 172, 12.7.2000, p. 3.

government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents quarterly figures on general government revenue and expenditure on the basis of definitions laid down in Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly non-financial accounts for general government[11]. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided by the Member States under Regulation (EC) No 501/2004 and Regulation (EC) No 222/2004 and data provided by the NCBs.

EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB (ECB/2004/15)[12] and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)[13]. Additional information regarding the methodologies and sources used in the euro area b.o.p. and i.i.p. statistics can be found in the ECB publication entitled "European Union balance of payments/international investment position statistical methods" (May 2007) and in the reports of the Task Force on Portfolio Investment Collection Systems (June 2002), the Task Force on Portfolio Investment Income (August 2003) and the Task Force on Foreign Direct Investment (March 2004), all of which can be downloaded from the ECB's website. In addition, a report by the ECB/European Commission (Eurostat) Task Force on Quality looking at balance of payments and international investment position statistics (June 2004) is available on the website of the Committee on Monetary, Financial and Balance of Payments Statistics (www.cmfb.org). The annual quality report on the euro area b.o.p./i.i.p., which is based on the Task Force's recommendations and follows the basic principles of the ECB Statistics Quality Framework published in April 2008, is available on the ECB's website.

The tables in Sections 7.1 and 7.4 follow the sign convention in the IMF Balance of Payments Manual – i.e. surpluses in the current account and the capital account have a plus sign, while in the financial account a plus sign denotes an increase in liabilities or a decrease in assets. In the tables in Section 7.2, both credit and debit transactions are presented with a plus sign. Furthermore, as of the February 2008 issue of the Monthly Bulletin, the tables in Section 7.3 have been restructured in order to allow the data on the balance of payments, the international investment position and related growth rates to be presented together; in the new tables, transactions in assets and liabilities that correspond to increases in positions are shown with a plus sign.

The euro area b.o.p. is compiled by the ECB. Recent monthly figures should be regarded as provisional. Data are revised when figures for the following month and/or the detailed quarterly b.o.p. are published. Earlier data are revised periodically or as a result of methodological changes in the compilation of the source data.

Table 1 in Section 7.2 also contains seasonally adjusted data for the current account. Where appropriate, the adjustment also covers working day, leap year and/or Easter-related effects. Table 3 in Section 7.2 and Table 9 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis major partner countries, both individually and as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions (which,

11 OJ L 179, 9.7.2002, p. 1.
12 OJ L 354, 30.11.2004, p. 34.
13 OJ L 159, 20.6.2007, p. 48.

with the exception of the ECB, are considered to be outside the euro area for statistical purposes, regardless of their physical location) and, for some purposes, offshore centres and international organisations. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives or international reserves. In addition, separate data are not provided for investment income payable to Brazil, mainland China, India or Russia. The geographical breakdown is described in the article entitled "Euro area balance of payments and international investment position vis-à-vis main counterparts" in the February 2005 issue of the Monthly Bulletin.

The data on the euro area b.o.p. financial account and i.i.p. in Section 7.3 are based on transactions and positions vis-à-vis non-residents of the euro area, regarding the euro area as a single economic entity (see also Box 9 in the December 2002 issue of the Monthly Bulletin, Box 5 in the January 2007 issue of the Monthly Bulletin and Box 6 in the January 2008 issue of the Monthly Bulletin). The i.i.p. is valued at current market prices, with the exception of direct investment, where book values are used for unquoted shares, and other investments (e.g. loans and deposits). The quarterly i.i.p. is compiled on the basis of the same methodological framework as the annual i.i.p. As some data sources are not available on a quarterly basis (or are available with a delay), the quarterly i.i.p. is partly estimated on the basis of financial transactions, asset prices and foreign exchange developments.

Table 1 in Section 7.3 summarises the i.i.p. and financial transactions in the euro area b.o.p. The breakdown of the change in the annual i.i.p. is obtained by applying a statistical model to i.i.p. changes other than transactions, using information from the geographical breakdown and currency composition of assets and liabilities, as well as price indices for different financial assets. In this table, columns 5 and 6 refer to direct investment by resident units abroad and direct investment by non-resident units in the euro area.

In Table 5 in Section 7.3, the breakdown into "loans" and "currency and deposits" is based on the sector of the non-resident counterpart – i.e. assets vis-à-vis non-resident banks are classified as deposits, whereas assets vis-à-vis other non-resident sectors are classified as loans. This breakdown follows the distinction made in other statistics, such as the MFI consolidated balance sheet, and conforms to the IMF Balance of Payments Manual.

The outstanding amounts for the Eurosystem's international reserves and related assets and liabilities are shown in Table 7 of Section 7.3. These figures are not fully comparable with those in the Eurosystem's weekly financial statement owing to differences in coverage and valuation. The data in Table 7 are in line with the recommendations for the template on international reserves and foreign currency liquidity. Changes in the gold holdings of the Eurosystem (column 3) are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999, which was updated on 27 September 2009. More information on the statistical treatment of the Eurosystem's international reserves can be found in a publication entitled "Statistical treatment of the Eurosystem's international reserves" (October 2000), which can be downloaded from the ECB's website. The website also contains more comprehensive data in accordance with the template on international reserves and foreign currency liquidity.

The euro area's gross external debt statistics in Table 8 of Section 7.3 represent outstanding actual (rather than contingent) liabilities vis-à-vis non-euro area residents that require the payment of principal and/or interest by the debtor at one or more points in the future. Table 8 shows a breakdown of gross external debt by instrument and institutional sector.

Section 7.4 contains a monetary presentation of the euro area balance of payments, showing the transactions by non-MFIs that mirror the net external transactions by MFIs. Included in the transactions by non-MFIs are b.o.p. transactions for which a sectoral breakdown is not available. These concern the current and capital accounts (column 2) and financial derivatives (column 11). An up-to-date methodological note on the monetary presentation of the euro area balance of payments is available in the "Statistics" section of the ECB's website. See also Box 1 in the June 2003 issue of the Monthly Bulletin.

Section 7.5 shows data on euro area external trade in goods. The source is Eurostat. Value data and volume indices are seasonally and working day-adjusted. The breakdown by product group in columns 4 to 6 and 9 to 11 of Table 1 in Section 7.5 is in line with the classification contained in the Broad Economic Categories and corresponds to the basic classes of goods in the System of National Accounts. Manufactured goods (columns 7 and 12) and oil (column 13) are in line with the SITC Rev. 4 definition. The geographical breakdown (Table 3 in Section 7.5) shows major trading partners both individually and in regional groups. China excludes Hong Kong. On account of differences in definitions, classification, coverage and time of recording, external trade data, in particular for imports, are not fully comparable with the goods item in the b.o.p. statistics (Sections 7.1 and 7.2). Part of the difference arises from the inclusion of insurance and freight services in the recording of imported goods in external trade data.

Industrial import prices and industrial producer export prices (or industrial output prices for the non-domestic market) shown in Table 2 in Section 7.5 were introduced by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98, which is the principal legal basis for short-term statistics. The industrial import price index covers industrial products imported from outside the euro area under sections B to E of the Statistical Classification of Products by Activity in the European Economic Community (CPA) and all institutional import sectors except households, governments and non-profit institutions. It reflects the cost, insurance and freight price excluding import duties and taxes, and refers to actual transactions in euro recorded at the point when ownership of the goods is transferred. The industrial producer export prices cover all industrial products exported directly by euro area producers to the extra-euro area market under sections B to E of NACE Revision 2. Exports from wholesalers and re-exports are not covered. The indices reflect the free on board price expressed in euro and calculated at the euro area frontier, including any indirect taxes except VAT and other deductible taxes. Industrial import prices and industrial producer export prices are available by Main Industrial Grouping as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007. For more details, see Box 11 in the December 2008 issue of the Monthly Bulletin.

EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro's bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003 and 2004-2006, and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these four sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-21 group of trading partners is composed of the 11 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-41 group comprises the EER-21 plus the following countries: Algeria, Argentina, Brazil, Chile, Croatia, Iceland, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela. Real EERs are calculated using consumer price indices, producer price indices, gross domestic product deflators and unit labour costs, both for the manufacturing sector and for the total economy.

For more detailed information on the calculation of the EERs, see Box 5, entitled "International trade developments and revision of the effective exchange rates of the euro", in the January 2010 issue of the Monthly Bulletin, the relevant methodological note and ECB Occasional Paper No 2 ("The effective exchange rates of the euro" by Luca Buldorini, Stelios Makrydakis and Christian Thimann, February 2002), which can be downloaded from the ECB's website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies.

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. As a result, data on current and capital accounts and gross external debt include special-purpose vehicles. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

ANNEXES

CHRONOLOGY OF MONETARY POLICY MEASURES OF THE 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 re-widened symmetrically to 200 basis points.

15 JANUARY 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 2.00%, starting from the operations to be settled on 21 January 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 3.00% and 1.00% respectively, with effect from 21 January 2009, in line with the decision of 18 December 2008.

5 FEBRUARY 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.00%, 3.00% and 1.00% respectively.

5 MARCH 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 1.50%, starting from the operations to be settled on 11 March 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 2.50% and 0.50% respectively, with effect from 11 March 2009.

Moreover, the Governing Council decides to continue the fixed rate tender procedure with full allotment for all main refinancing operations, special-term refinancing operations and supplementary and regular longer-term refinancing operations for as long as needed, and in any case beyond the end of 2009. In addition, the Governing Council decides to continue with the current frequency and maturity profile of supplementary longer-term refinancing operations and special-term refinancing operations for as long as needed, and in any case beyond the end of 2009.

2 APRIL 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operations to be settled on 8 April 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 2.25% and 0.25% respectively, with effect from 8 April 2009.

7 MAY 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.00%, starting from the operation to be settled on 13 May 2009. In addition, it decides to decrease the interest rate on the marginal lending facility by 50 basis points to 1.75% with effect from 13 May 2009, and to leave the interest rate on the deposit facility unchanged at 0.25%. In addition, the Governing Council of the ECB decides to proceed with its enhanced credit support approach. In particular, it decides that the Eurosystem will conduct liquidity-providing longer-term refinancing operations with a maturity of one year as fixed rate tender procedure with full allotment. In addition, it decides in principle that the Eurosystem will purchase euro-denominated covered bonds issued in the euro area.

4 JUNE 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. In addition, the Governing Council of the ECB decides upon the technical modalities related to the purchase of euro-denominated covered bonds issued in the euro area decided on 7 May 2009.

2 JULY, 6 AUGUST, 3 SEPTEMBER, 8 OCTOBER, 5 NOVEMBER AND 3 DECEMBER 2009, AND 14 JANUARY, 4 FEBRUARY, 4 MARCH, 8 APRIL AND 6 MAY 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

10 MAY 2010

The Governing Council of the ECB decides on several measures to address severe tensions in financial markets. In particular, it decides to conduct interventions in the euro area public and private debt securities markets (Securities Markets Programme).

10 JUNE 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. In addition, it decides to adopt a fixed rate tender procedure with full allotment in the regular three-month longer-term refinancing operations to be allotted during the third quarter of 2010.

THE TARGET (TRANS-EUROPEAN AUTOMATED REAL-TIME GROSS SETTLEMENT EXPRESS TRANSFER) SYSTEM

TARGET2[1] is instrumental in promoting the integrated euro area money market, which is a prerequisite for the effective conduct of the single monetary policy, and furthermore contributes to the integration of the euro area financial markets. More than 4,400 commercial banks, as well as 22 national central banks, use TARGET2 to initiate payments of their own or on their customers' behalf. Taking into account branches and subsidiaries, over 50,000 banks worldwide (and thus all the customers of these banks) can be addressed via TARGET2.

TARGET2 is used to make large-value and time-critical payments, such as payments to facilitate settlements in other interbank funds transfer systems (e.g. Continuous Linked Settlement or EURO1), and to settle money market, foreign exchange and securities transactions. It is also used for smaller-value customer payments. TARGET2 provides intraday finality for transactions and allows the funds credited to a participant's account to become immediately available for other payments.

PAYMENT FLOWS IN TARGET2

In the first quarter of 2010, TARGET2 settled 21,700,092 transactions with a total value of €138,726 billion, which corresponds to a daily average of 344,446 transactions with a value of €2,202 billion. The highest level of TARGET2 traffic during this quarter was recorded on 31 March, when 477,776 payments were processed. This corresponded to the usual peak observed on the last business day of the month.

With a market share of 60% in terms of volume and 90% in terms of value, TARGET2 maintained its dominant position in the market for large-value payments in euro. The stability of TARGET2's market share confirms banks' strong interest in settlement in central bank money, particularly in times of market turbulence. The average proportion of interbank payments was 42% in terms of volume and 94% in terms of value. The average value of an interbank payment processed in the system was €14.2 million, while that of a customer payment was €0.7 million. 68% of the payments had a value of below €50,000, while 11% had a value of above €1 million. On average, there were 347 payments with a value of above €1 billion per day.

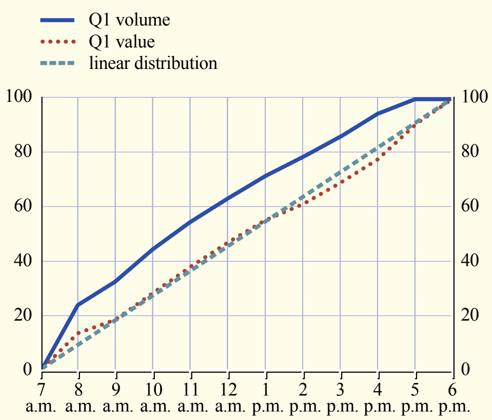
INTRADAY PATTERN OF VOLUMES AND VALUES

The chart shows the intraday distribution of TARGET2 traffic, i.e. the percentage of daily volumes and values processed at different times of the day, for the first quarter of 2010. In value terms, the curve is very close to the linear distribution. This indicates that turnover was evenly spread throughout the day and that liquidity circulated appropriately among participants, thereby ensuring the smooth settlement of TARGET2 transactions. By 1 p.m. CET, 54% of the value exchanged in TARGET2 had already been settled, a figure that rose to 90% one hour before the system closed. In volume terms, the curve is well above the linear distribution, with 71% of the volume already exchanged by 1 p.m. CET and 99.7% one hour before the system closed.

1 TARGET2 is the second generation of TARGET, launched in 2007.

Intraday pattern

(percentages)



Source:

TARGET2 AVAILABILITY AND BUSINESS PERFORMANCE

In the first quarter of 2010, TARGET2 achieved 100% overall availability. Incidents considered in the calculation of TARGET2's availability are those that completely prevent the processing of payments for ten minutes or more. On 29 March the Single Shared Platform of TARGET2 experienced a slowdown of around two hours. However, this was not considered to be a case of technical unavailability since some transactions continued to be settled. If that incident had been taken into account in the calculation, the overall availability of the system would have amounted to 99.73% for the quarter. As a consequence of the incident on 29 March, 1.5% of all payments in March took more than 15 minutes to be processed.

Table 1 Payment instructions processed by TARGET2 and EURO1: volume of transactions

(number of payments)

	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1
TARGET2 [1]					
Total volume	21,374,119	21,580,925	22,078,092	23,484,185	21,700,092
Daily average	339,272	348,079	334,517	361,295	344,446
EURO1 (EBA)					
Total volume	13,962,739	14,517,507	14,650,126	15,154,195	14,200,046
Daily average	221,631	234,153	221,972	233,141	225,398

1) Since January 2009 the ESCB has implemented a new methodology in the collection and reporting of TARGET2 data in order to improve the quality of the information. This should be considered when comparing data from before and after the implementation date.

Table 2 Payment instructions processed by TARGET2 and EURO1: value of transactions

(EUR billions)

	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1
TARGET2 [1]					
Total value	142,761	138,208	132,263	137,942	138,726
Daily average	2,266	2,229	2,004	2,122	2,202
EURO1 (EBA)					
Total value	17,701	16,504	15,583	15,416	15,294
Daily average	281	266	236	237	243

1) Since January 2009 the ESCB has implemented a new methodology in the collection and reporting of TARGET2 data in order to improve the quality of the information. This should be considered when comparing data from before and after the implementation date.

DOCUMENTS PUBLISHED BY THE EUROPEAN CENTRAL BANK SINCE 2009

This list is designed to inform readers about selected documents published by the European Central Bank since January 2009. For Working Papers, which as of January 2009 (from Working Paper No 989 onwards) are available online only, the list only refers to publications released between March and May 2010. As of November 2009 (from Legal Working Paper No 9 onwards) Legal Working Papers are also available online only. Unless otherwise indicated, hard copies can be obtained or subscribed to free of charge, stock permitting, by contacting info@ecb.europa.eu.

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"Annual Report 2009", April 2010.

CONVERGENCE REPORT

"Convergence Report 2010", May 2010.

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"Revisions to GDP estimates in the euro area", April 2009.
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GLOSSARY

This glossary contains selected items that are frequently used in the Monthly Bulletin. A more comprehensive and detailed glossary can be found on the ECB's website (www.ecb.europa.eu/home/glossary/html/index.en.html).

Autonomous liquidity factors: liquidity factors that do not normally stem from the use of monetary policy instruments. Such factors are, for example, banknotes in circulation, government deposits with the central bank and the net foreign assets of the central bank.

Balance of payments (b.o.p.): a statistical statement that summarises, for a specific period of time, the economic transactions of an economy with the rest of the world.

Bank lending survey (BLS): a quarterly survey on lending policies that has been conducted by the Eurosystem since January 2003. It addresses qualitative questions on developments in credit standards, terms and conditions of loans and loan demand for both enterprises and households to a predefined sample group of banks in the euro area.

Borrowing requirement (general government): net incurrence of debt by the general government.

Break-even inflation rate: the spread between the yield on a nominal bond and that on an inflation-linked bond of the same (or as similar as possible) maturity.

Capital account: a b.o.p. account that covers all capital transfers and acquisitions/disposals of non-produced, non-financial assets between residents and non-residents.

Capital accounts: part of the system of national (or euro area) accounts consisting of the change in net worth that is due to net saving, net capital transfers and net acquisitions of non-financial assets.

Central parity (or central rate): the exchange rate of each ERM II member currency vis-à-vis the euro, around which the ERM II fluctuation margins are defined.

Compensation per employee or per hour worked: the total remuneration, in cash or in kind, that is payable by employers to employees, i.e. gross wages and salaries, as well as bonuses, overtime payments and employers' social security contributions, divided by the total number of employees or by the total number of employees' hours worked.

Consolidated balance sheet of the MFI sector: a balance sheet obtained by netting out inter-MFI positions (e.g. inter-MFI loans and deposits) in the aggregated MFI balance sheet. It provides statistical information on the MFI sector's assets and liabilities vis-à-vis residents of the euro area not belonging to this sector (i.e. the general government and other euro area residents) and vis-à-vis non-euro area residents. It is the main statistical source for the calculation of monetary aggregates, and it provides the basis for the regular analysis of the counterparts of M3.

Current account: a b.o.p. account that covers all transactions in goods and services, income and current transfers between residents and non-residents.

Debt (financial accounts): loans taken out by households, as well as the loans, debt securities and pension fund reserves (resulting from employers' direct pension commitments on behalf of their employees) of non-financial corporations, valued at market prices at the end of the period.

Debt (general government): the gross debt (currency and deposits, loans and debt securities) at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government.

Debt security: a promise on the part of the issuer (i.e. the borrower) to make one or more payment(s) to the holder (the lender) on a specified future date or dates. Such securities usually carry a specific rate of interest (the coupon) and/or are sold at a discount to the amount that will be repaid at maturity. Debt securities issued with an original maturity of more than one year are classified as long-term.

Debt-to-GDP ratio (general government): the ratio of general government debt to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit.

Deficit (general government): the general government's net borrowing, i.e. the difference between total government revenue and total government expenditure.

Deficit-debt adjustment (general government): the difference between the general government deficit and the change in general government debt.

Deficit ratio (general government): the ratio of the general government deficit to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit. It is also referred to as the budget deficit ratio or the fiscal deficit ratio.

Deflation: a generalised, persistent and self-reinforcing decline in a broad set of prices that results from a drop in aggregate demand and becomes entrenched in expectations.

Deposit facility: a standing facility of the Eurosystem which counterparties may use to make overnight deposits, remunerated at a pre-specified interest rate, at an NCB.

Disinflation: a process of decelerating inflation that may lead to negative inflation rates of a temporary nature.

Direct investment: cross-border investment for the purpose of obtaining a lasting interest in an enterprise resident in another economy (assumed, in practice, for ownership of at least 10% of the ordinary shares or voting power). Included are equity capital, reinvested earnings and other capital associated with inter-company operations. The direct investment account records net transactions/positions in assets abroad by euro area residents (as "direct investment abroad") and net transactions/positions in euro area assets by non-residents (as "direct investment in the euro area").

Effective exchange rates (EERs) of the euro (nominal/real): weighted averages of bilateral euro exchange rates against the currencies of the euro area's main trading partners. The EER indices of the euro are calculated against two groups of trading partners: the EER-21 (comprising the 11 non-euro area EU Member States and 10 trading partners outside the EU) and the EER-41 (composed of the EER-21 and 20 additional countries). The weights used reflect the share of each partner country in the euro area's trade in manufactured goods and account for competition in third markets. Real EERs are nominal EERs deflated by a weighted average of foreign, relative to domestic, prices or costs. They are thus measures of price and cost competitiveness.

Enhanced credit support: the non-standard measures taken by the ECB/Eurosystem during the financial crisis with a view to supporting financing conditions and credit flows above and beyond what could be achieved through reductions in key ECB interest rates alone.

EONIA (euro overnight index average): a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks.

Equities: securities representing ownership of a stake in a corporation. They comprise shares traded on stock exchanges (quoted shares), unquoted shares and other forms of equity. Equities usually produce income in the form of dividends.

ERM II (exchange rate mechanism II): the exchange rate arrangement that provides the framework for exchange rate policy cooperation between the euro area countries and the EU Member States not participating in Stage Three of EMU.

EURIBOR (euro interbank offered rate): the rate at which a prime bank is willing to lend funds in euro to another prime bank, computed daily for interbank deposits with different maturities of up to 12 months.

Euro area: the area formed by those EU Member States in which the euro has been adopted as the single currency in accordance with the Treaty on the Functioning of the European Union.

European Commission surveys: harmonised surveys of business and/or consumer sentiment conducted on behalf of the European Commission in each of the EU Member States. Such questionnaire-based surveys are addressed to managers in the manufacturing, construction, retail and services industries, as well as to consumers. From each monthly survey, composite indicators are calculated that summarise the replies to a number of different questions in a single indicator (confidence indicators).

Eurosystem: the central banking system made up of the ECB and the NCBs of those EU Member States that have already adopted the euro.

Eurozone Purchasing Managers' Surveys: surveys of business conditions in manufacturing and in services industries conducted for a number of countries in the euro area and used to compile indices. The Eurozone Manufacturing Purchasing Managers' Index (PMI) is a weighted indicator calculated from indices of output, new orders, employment, suppliers' delivery times and stocks of purchases. The services sector survey asks questions on business activity, expectations of future business activity, the amount of business outstanding, incoming new business, employment, input prices and prices charged. The Eurozone Composite Index is calculated by combining the results from the manufacturing and services sector surveys.

External trade in goods: exports and imports of goods with countries outside the euro area, measured in terms of value and as indices of volume and unit value. External trade statistics are not comparable with the exports and imports recorded in the national accounts, as the latter include both intra-euro area and extra-euro area transactions, and also combine goods and services. Nor are they fully comparable with the goods item in b.o.p. statistics. Besides methodological adjustments, the main difference is that imports in external trade statistics are recorded including insurance and freight services, whereas they are recorded free on board in the goods item in the b.o.p. statistics.

Financial account: a b.o.p. account that covers transactions between residents and non-residents in direct investment, portfolio investment, other investment, financial derivatives and reserve assets.

Financial accounts: part of the system of national (or euro area) accounts showing the financial positions (stocks or balance sheets), financial transactions and other changes of the different institutional sectors of an economy by type of financial asset.

Fixed rate tender: a tender procedure in which the interest rate is specified in advance by the central bank and in which participating counterparties bid the amount of money they wish to transact at the fixed interest rate.

Fixed rate full-allotment tender procedure: a tender procedure in which the interest rate is specified by the central bank and in which counterparties bid the amount of money they want to transact at that rate, knowing in advance that all their bids will be satisfied.

General government: a sector defined in the ESA 95 as comprising resident entities that are engaged primarily in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. Included are central, regional and local government authorities as well as social security funds. Excluded are government-owned entities that conduct commercial operations, such as public enterprises.

Gross domestic product (GDP): the value of an economy's total output of goods and services less intermediate consumption, plus net taxes on products and imports. GDP can be broken down by output, expenditure or income components. The main expenditure aggregates that make up GDP are household final consumption, government final consumption, gross fixed capital formation, changes in inventories, and imports and exports of goods and services (including intra-euro area trade).

Harmonised Index of Consumer Prices (HICP): a measure of the development of consumer prices that is compiled by Eurostat and harmonised for all EU Member States.

Hourly labour cost index: a measure of labour costs, including gross wages and salaries (in cash and in kind, including bonuses) and other labour costs (employers' social contributions plus employment-related taxes paid by the employer minus subsidies received by the employer), per hour actually worked (including overtime).

Implied volatility: the expected volatility (i.e. standard deviation) in the rates of change of the price of an asset (e.g. a share or a bond). It can be derived from the asset's price, maturity date and exercise price of its options, as well as from a riskless rate of return, using an option pricing model such as the Black-Scholes model.

Index of negotiated wages: a measure of the direct outcome of collective bargaining in terms of basic pay (i.e. excluding bonuses) at the euro area level. It refers to the implied average change in monthly wages and salaries.

Industrial producer prices: factory-gate prices (transportation costs are not included) of all products sold by industry excluding construction on the domestic markets of the euro area countries, excluding imports.

Industrial production: the gross value added created by industry at constant prices.

Inflation: an increase in the general price level, e.g. in the consumer price index.

Inflation-indexed government bonds: debt securities issued by the general government, the coupon payments and principal of which are linked to a specific consumer price index.

International investment position (i.i.p.): the value and composition of an economy's outstanding net financial claims on (or financial liabilities to) the rest of the world.

International reserves: external assets readily available to and controlled by monetary authorities for directly financing or regulating the magnitude of payments imbalances through intervention in exchange markets. The international reserves of the euro area comprise non-euro denominated claims on non-euro area residents, gold, special drawing rights and the reserve positions in the IMF which are held by the Eurosystem.

Investment funds (except money market funds): financial institutions that pool capital raised from the public and invest it in financial and non-financial assets. See also MFIs.

Job vacancies: a collective term covering newly created jobs, unoccupied jobs or jobs about to become vacant in the near future, for which the employer has recently taken active steps to find a suitable candidate.

Key ECB interest rates: the interest rates, set by the Governing Council, which reflect the monetary policy stance of the ECB. They are the rates at the main refinancing operations, on the marginal lending facility and on the deposit facility.

Labour force: the sum total of persons in employment and the number of unemployed.

Labour productivity: the output that can be produced with a given input of labour. It can be measured in several ways, but is commonly measured as GDP (volume) divided by either total employment or total hours worked.

Longer-term refinancing operations: credit operations with a maturity of more than one week that are executed by the Eurosystem in the form of reverse transactions. The regular monthly operations are conducted with a maturity of three months. During the financial market turmoil that started in August 2007, supplementary operations with maturities ranging from one maintenance period to one year were conducted, the frequency of which varied.

M1: a narrow monetary aggregate that comprises currency in circulation plus overnight deposits held with MFIs and central government (e.g. at the post office or treasury).

M2: an intermediate monetary aggregate that comprises M1 plus deposits redeemable at a period of notice of up to and including three months (i.e. short-term savings deposits) and deposits with an agreed maturity of up to and including two years (i.e. short-term time deposits) held with MFIs and central government.

M3: a broad monetary aggregate that comprises M2 plus marketable instruments, in particular repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs.

Main refinancing operation: a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

Marginal lending facility: a standing facility of the Eurosystem which counterparties may use to receive overnight credit from an NCB at a pre-specified interest rate against eligible assets.

MFI credit to euro area residents: MFI loans granted to non-MFI euro area residents (including general government and the private sector) and MFI holdings of securities (shares, other equity and debt securities) issued by non-MFI euro area residents.

MFI interest rates: the interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area.

MFI longer-term financial liabilities: deposits with an agreed maturity of over two years, deposits redeemable at a period of notice of over three months, debt securities issued by euro area MFIs with an original maturity of more than two years and the capital and reserves of the euro area MFI sector.

MFI net external assets: the external assets of the euro area MFI sector (such as gold, foreign currency banknotes and coins, securities issued by non-euro area residents and loans granted to non-euro area residents) minus the external liabilities of the euro area MFI sector (such as non-euro area residents' deposits and repurchase agreements, as well as their holdings of money market fund shares/units and debt securities issued by MFIs with a maturity of up to and including two years).

MFIs (monetary financial institutions): financial institutions which together form the money-issuing sector of the euro area. These include the Eurosystem, resident credit institutions (as defined in Community law) and all other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities. The latter group consists predominantly of money market funds, i.e. funds that invest in short-term and low-risk instruments usually with a maturity of one year or less.

Minimum bid rate: the lower limit to the interest rates at which counterparties may submit bids in the variable tenders.

Other investment: an item in the b.o.p. and the i.i.p. that covers the financial transactions/positions with non-residents in trade credits, deposits and loans, and other accounts receivable and payable.

Portfolio investment: euro area residents' net transactions and/or positions in securities issued by non-residents of the euro area ("assets") and non-residents' net transactions and/or positions in securities issued by euro area residents ("liabilities"). Included are equity securities and debt securities (bonds and notes, and money market instruments). Transactions are recorded at the effective price paid or received, less commissions and expenses. To be regarded as a portfolio asset, ownership in an enterprise must be equivalent to less than 10% of the ordinary shares or voting power.

Price stability: the maintenance of price stability is the primary objective of the Eurosystem. The Governing Council defines price stability as a year-on-year increase in the HICP for the euro area of below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

Purchasing power parity (PPP): the rate at which one currency is converted into another so as to equalise the purchasing power of the two currencies by eliminating the differences in the price levels prevailing in the countries concerned. In their simplest form, PPPs show the ratio of the prices in national currency of the same good or service in different countries.

Reference value for M3 growth: the annual growth rate of M3 over the medium term that is consistent with the maintenance of price stability. At present, the reference value for annual M3 growth is 4½%.

Reserve requirement: the minimum amount of reserves a credit institution is required to hold with the Eurosystem over a predefined maintenance period. Compliance with the requirement is determined on the basis of the average of the daily balances in the reserve accounts over the maintenance period.

Survey of Professional Forecasters (SPF): a quarterly survey that has been conducted by the ECB since 1999 to collect macroeconomic forecasts on euro area inflation, real GDP growth and unemployment from a panel of experts affiliated to financial and non-financial organisations based in the EU.

Unit labour costs: a measure of total labour costs per unit of output calculated for the euro area as the ratio of total compensation per employee to labour productivity (defined as GDP (volume) per person employed).

Variable rate tender: a tender procedure where the counterparties bid both the amount of money they wish to transact with the central bank and the interest rate at which they wish to enter into the transaction.

Volatility: the degree of fluctuation in a given variable.

Write-down: a downward adjustment to the value of loans recorded in the balance sheets of MFIs when it is recognised that the loans have become partly unrecoverable.

Write-off: the removal of the value of loans from the balance sheets of MFIs when the loans are considered to be totally unrecoverable.

Yield curve: a graphical representation of the relationship between the interest rate or yield and the residual maturity at a given point in time for sufficiently homogenous debt securities with different maturity dates. The slope of the yield curve can be measured as the difference between the interest rates or yield at two selected maturities.

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