

DG ECFIN Research Directorate

	LTA <sup>(1)</sup>	2006	2007	07Q3	07Q4	08Q1	08Q2	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	
<b>1. Output</b>														
Economic Sentiment	indicator	100.6	106.3	108.4	108.7	104.3	100.5	96.5	100.2	99.6	97.1	97.6	94.9	--
Industrial confidence	balance	-6.1	2.2	4.4	4.0	2.0	0.5	-2.8	0.2	0.1	-2.0	-1.7	-4.7	--
Services confidence	balance	17.8	18.0	19.3	19.7	14.9	10.3	8.1	9.8	8.6	6.8	8.3	9.2	--
Industrial production	% ch. on prev. period				1.5	0.2	0.7	--	0.3	-0.5	0.9	--	--	--
(excluding construction)	% ch. on prev. year	1.7	4.0	3.4	4.0	3.1	2.8	--	3.3	1.6	3.9	--	--	--
Gross domestic product	% ch. on prev. period				0.7	0.3	0.8	--						
	% ch. on prev. year	2.2	2.8	2.6	2.7	2.1	2.2	--						
Labour productivity	% ch. on prev. period				0.2	0.0	0.5	--						
	% ch. on prev. year	0.9	1.2	0.9	0.8	0.4	0.6	--						
<b>2. Private consumption</b>														
Consumer confidence	balance	-11.1	-9.1	-4.9	-3.9	-7.7	-11.9	-14.6	-12.0	-12.1	-12.4	-14.6	-16.7	--
Retail confidence	balance	-6.0	0.6	0.6	1.2	0.4	-0.6	-3.4	0.9	0.6	-5.2	-0.9	-4.2	--
Private consumption	% ch. on prev. period				0.4	-0.1	0.2	--						
	% ch. on prev. year	1.9	1.8	1.6	1.8	1.2	1.2	--						
Retail sales	% ch. on prev. period				0.3	-0.8	0.0	--	-0.2	-0.9	-0.6	1.2	--	--
	% ch. on prev. year	1.5	1.6	0.9	1.4	-0.4	-0.1	--	1.4	-2.3	-3.0	0.2	--	--
<b>3. Investment</b>														
Capacity utilisation	level (%)	81.9	83.0	84.2	84.1	84.0	83.9	83.5	--	--	83.5	--	--	--
Production expectations (manuf.)	balance	6.5	12.8	13.1	12.8	11.4	9.8	6.7	9.8	7.9	7.8	7.3	4.9	--
Gross fixed capital formation	% ch. on prev. period				0.9	1.0	1.6	--						
	% ch. on prev. year	3.0	5.2	4.5	3.9	3.2	3.6	--						
- equipment investment	% ch. on prev. period				1.2	1.7	--	--						
	% ch. on prev. year	4.6	6.5	5.1	5.1	5.4	--	--						
- construction investment	% ch. on prev. period				0.9	0.0	--	--						
	% ch. on prev. year	1.6	4.1	3.7	3.0	1.6	--	--						
Change in stocks	contrib. to GDP (pp.)	0.0	0.1	0.1	0.1	-0.1	0.3	--						
<b>4. Labour market</b>														
Employment expectations (manuf.)	balance	-12.3	-5.2	1.9	2.1	1.4	-0.5	-3.1	-0.7	-0.8	-1.8	-2.9	-4.5	--
Employment expectations (services)	balance	9.6	10.7	13.5	14.3	13.8	10.4	8.2	10.1	8.8	7.5	9.7	7.5	--
Employment	% ch. on prev. period				0.4	0.3	0.3	--						
	% ch. on prev. year	1.3	1.6	1.8	1.9	1.8	1.5	--						
Employment (000)	abs. ch. on prev. period		2,226	2,506	606	427	445	--						
Compensation of employees per head (nominal)	% ch. on prev. period				0.2	0.9	--	--						
	% ch. on prev. year	2.2	2.3	2.5	2.3	2.8	--	--						
Unemployment rate	% of lab. force		8.2	7.4	7.4	7.3	7.2	--	7.2	7.2	7.2	7.2	--	--
Unemployment (000)	abs. ch. on prev. period		-773	-1,133	-134	-106	-93	--	-37	-11	62	67	--	--
<b>5. International transactions</b>														
World trade	% ch. on prev. period				2.7	0.4	1.9	--	-1.2	-1.6	2.3	--	--	--
	% ch. on prev. year	7.4	9.3	7.2	7.9	5.7	6.0	--	5.8	4.5	7.0	--	--	--
Export order books	balance	-17.8	-1.1	3.5	3.6	1.3	-2.0	-6.7	-2.4	-1.9	-4.6	-6.2	-9.4	--
Trade balance (merchandise)	billion EUR		-1.1	2.1	1.9	0.5	0.0	--	2.5	-1.1	2.2	--	--	--
Exports of goods and services	% ch. on prev. period				2.2	0.3	1.9	--						
	% ch. on prev. year	6.0	7.9	6.0	7.2	4.4	5.4	--						
Imports of goods and services	% ch. on prev. period				2.4	-0.3	1.8	--						
	% ch. on prev. year	6.0	7.6	5.3	6.1	4.0	4.3	--						
Current account balance	billion EUR		-0.3	2.1	3.3	-1.3	-4.5	--	7.5	-13.2	-0.3	--	--	--
Direct investment	billion EUR		-12.1	-7.9	-13.6	6.1	-22.1	--	-20.0	-16.3	-24.2	--	--	--
Portfolio investment	billion EUR		22.2	21.2	21.7	-14.7	22.9	--	19.4	-0.1	0.5	--	--	--
<b>6. Prices</b>														
Consumer inflation expectations	balance	22.7	21.9	22.5	24.1	27.4	27.4	28.7	27.6	26.4	27.7	27.8	30.6	--
Headline inflation (HICP)	% ch. on prev. year		2.2	2.1	1.9	2.9	3.4	2.0	3.3	3.6	3.3	3.7	4.0	--
Core HICP	% ch. on prev. year		1.5	2.0	2.0	2.3	2.5	1.3	2.4	2.7	2.4	2.5	--	--
Domestic producer prices	% ch. on prev. year		5.1	2.8	2.1	4.0	5.4	4.3	5.4	5.8	6.2	7.1	--	--
Import prices	% ch. on prev. year		7.4	1.4	1.0	5.7	10.4	--	10.3	10.6	--	--	--	--
Oil (Brent) in USD	level		66.2	72.5	74.3	88.3	96.1	121.9	94.0	102.8	109.7	123.6	132.8	141.9
	% ch. on prev. year		20.0	9.5	4.5	45.5	64.6	77.5	61.4	65.4	61.8	81.8	89.2	102.1
Oil (Brent) in EUR	level		52.7	52.6	54.0	60.9	64.1	78.0	63.7	66.2	69.6	79.4	85.3	89.6
	% ch. on prev. year		18.3	-0.1	-3.1	29.5	43.9	53.2	43.1	41.1	38.8	57.8	63.1	71.4
Non-energy commodity prices (EUR)	% ch. on prev. period				-3.3	-3.2	13.3	1.1	5.8	-1.3	-1.3	1.3	1.7	--
	% ch. on prev. year		25.2	8.0	6.5	0.3	10.2	7.2	12.9	9.5	5.8	6.4	9.5	--
<b>7. Monetary and financial indicators</b>														
Nominal interest rates (3 month)	level		3.08	4.28	4.49	4.72	4.48	4.86	4.36	4.60	4.78	4.86	4.94	4.96
Nominal interest rates (10 year)	level		3.78	4.23	4.36	4.22	3.94	4.27	3.96	3.81	4.06	4.21	4.56	4.64
ECB repo rate	level		2.76	3.84	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.25
Stock market (Eurostoxx)	% ch. on prev. period				-2.3	1.4	-13.0	-2.7	-6.2	-4.8	4.8	1.2	-7.5	-6.7
	% ch. on prev. year		18.3	13.8	15.9	8.6	-8.2	-16.2	-10.7	-11.7	-13.1	-14.2	-21.1	-26.4
Money demand (M3)	% ch. on prev. year		8.5	11.1	11.5	12.0	11.0	--	11.3	10.1	10.5	10.5	--	--
Loans to households	% ch. on prev. year		9.2	7.2	6.9	6.5	5.8	--	5.9	5.4	5.2	4.9	--	--
Loans to companies	% ch. on prev. year		11.5	13.4	13.9	14.1	14.7	--	14.8	14.9	14.9	14.2	--	--
Bilateral exchange rate EUR/USD	level		1.26	1.37	1.37	1.45	1.50	1.56	1.47	1.55	1.58	1.56	1.56	1.53
	% ch. on prev. year		0.9	9.1	7.8	12.4	14.3	15.9	12.8	17.3	16.5	15.1	15.9	17.7
Nominal effective exchange rate	% ch. on prev. period				0.5	2.7	2.0	2.6	-0.2	2.5	1.3	-0.5	0.0	0.6
	% ch. on prev. year		0.3	3.9	3.0	5.7	6.8	7.9	6.0	7.9	8.3	7.6	7.9	8.6

(1) LTA=Long-Term Average

(2) Data available until date of update



## 1. Output

In June, the **industrial confidence** indicator declined somewhat in the euro area, but is currently still above its long-term average, despite its gradual downward trend since mid 2007. The decline of the indicator in June was mainly caused by managers' negative assessment of their production expectations and their order books, while their views on stocks of finished products improved slightly.

In April, seasonally adjusted **industrial production** grew by 0.9% month-on-month (mom). The production of all categories increased in mom terms; with capital goods up by 2.0%, durable consumer goods by 1.7%, intermediate goods by 0.3%, non-durable goods by 0.2% and energy by 1.4%. Production rose (mom) in 17 economies but declined in Ireland, Germany and Sweden. Compared with April 2007, industrial production increased by 3.9% in the euro area and by 3.7% in the EU.

The **Commission's spring forecast** projected economic growth to ease from 2.6% in 2007 to 1.7% in 2008 and 1.5% in 2009. This moderation should be seen in the context of marked slowdown in global activity, especially in the US, the persisting turmoil in the financial markets and soaring commodity prices.

According to the first release, euro-area **real GDP** increased by 0.8% quarter-on-quarter (qoq) in the first quarter 2008, faster than the spring forecast of 0.5% qoq. The better-than-expected outcome is mainly due to upside surprises for Germany (+1.5% q-o-q, against 0.7% in the spring forecast) and France (+0.6% q-o-q, against the projected 0.4%). While significantly slower than in the fourth quarter of 2007, growth came broadly in line with the spring forecast in Spain (0.3%), the Netherlands (0.2%) and the UK (0.4%). In 08Q1, growth was driven by investment accelerating from 1.0% in 07Q4 to 1.6% in 08Q1, reflecting e.g. construction investment profiting from weather conditions during winter months. Private consumption was rather weak (0.2%) and contribution of net trade to GDP growth was modest, while stocks contributed 0.2pp. to GDP growth.

## 2. Private consumption

**Private consumption** increased by 0.2% qoq in 08Q1, after having slightly decreased in 07Q4 (-0.1% q-o-q). On an annual basis, private consumption expanded by 1.2%, broadly constant compared with the last quarter of 2007.

In June, **consumer confidence** deteriorated to -17, from -14 in May. The decline came on the back of a

worsening of all underlying components, except of consumers' unemployment expectations, which improved slightly. The indicator remains below its long-term average of -10 since February 2008.

In May, the volume of **retail trade** grew by 1.2% mom. Compared to one year before, retail sales rose by 0.2%.

## 3. Investment

**Investment**, which has been the main engine of domestic demand in the last two years, accelerated further from 1.0% (qoq) in 07Q4 to 1.6% in 08Q1. Euro-area capital spending benefited from strong increase in Germany (3.7%) and healthy performance in France (1.1%), while it hardly grew in Spain (0.1%).

According to the DG ECFIN's quarterly survey, **capacity utilisation** decreased slightly between January and April and is at 83.5%, although remained well above its long-term average.

## 4. Labour market

In May 2008, the **unemployment** rate stood at 7.2%, unchanged compared to April. It was 7.5% in May 2007.

In 08Q1, the number of persons employed in the **euro area** rose by 0.3% (446 000 persons) compared with the previous quarter, so up from 0.2% (qoq) in 07Q4. Compared with first quarter of 2007, the increase in 08Q1 was 1.6%, down from 1.8% in 07Q4.

In June, **employment expectations** in manufacturing industry as well as services shifted down, both by 2 points. **Consumers' unemployment expectations** worsened somewhat and stand below their long-term averages.

The level of recorded **labour shortages in manufacturing** decreased in 08Q2, with 7.3% of firms (7.6% in 08Q1) reporting that unfilled job openings were constraining production.

## 5. International transactions

Assessment of **export order books** in manufacturing continued their gradual slowdown in June, but remains still well above long-term average of -18. The seasonally adjusted **euro-area trade balance** with the rest of the world recorded a 2.2 bn Euro surplus in April, despite soaring commodity prices. As component of GDP, **exports of goods and services** in volume terms were up by robust 1.9% quarter-on-quarter in 08Q1. They were, however, offset by almost equally strong **imports** of 1.8%.



In April 2008, the working-day and seasonally adjusted **current account** of the euro area was close to balance (corresponding to a deficit of EUR 9.2 billion in non-adjusted terms). This reflected deficits in current transfers (EUR 7.4 billion) and income (EUR 2.1 billion), which were offset by surpluses in goods (EUR 5.9 billion) and services (EUR 3.3 billion). Sizeable differences across countries persist. The 12-month cumulated, working day-adjusted current account up to April 2008 was close to balance, compared with a surplus of EUR 10.3 billion a year earlier. The **financial account**, combined direct and portfolio investment showed net outflows of EUR 24 billion, reflecting net outflows in direct investment (EUR 24 billion) and balanced portfolio investment.

## 6. Prices

**HICP** in May stood at 3.7%, up from 3.3% in April. According to the flash estimate, the euro-area inflation surged to 4.0% in June. Acceleration in oil and food prices constitutes the main element behind the current record-high level of headline inflation. **Core inflation** was 2.5% in May, up from 2.4% in April.

In June, the **Brent Index** continued to increase, reaching a new high at 140.9 on June 30. Markets are still driven by persistent supply constraints, geopolitical tensions in some oil producing countries, robust demand from emerging markets and the weakness of the dollar. Moreover, commodities are increasingly seen as an investment opportunity leading to a speculative pressure. Compared to June 2007, oil prices are now about 91% higher in USD and 55% higher in EUR terms.

In May 2008 compared with April 2008, the **industrial producer price** index rose by 1.2% in the euro area, up from 0.9% growth in April. Excluding energy, producer prices rose by 0.3% (mom). In May 2008 compared with May 2007, industrial producer prices gained 7.1%.

## 7. Monetary and financial indicators

ECB hiked up its key interest rate to 4.25% on 3 July, as widely expected. The **3-month interbank interest rate** in the euro area has been relatively stable in the course of June, however at elevated levels and reaching 4.95 on 30 June. This is around 90 bps above 3-month overnight interest rates swaps, while the historical average is around 10 bps, implying persistent concerns of counterparty risk between commercial banks. On 30 April, the Fed lowered its target interest rate by 25 bps to 2.0%, the seventh cut since last September. It has since then voiced

increasing concern about the inflation outlook. On 30 June, the US 3-month interest rate was at 2.78%, significantly lower than 4.8% posted at the beginning of this year.

The **bond yields** in both the euro area and the US are on the rise since mid-March, however with some sign of stability in the course of June. In the euro area, this upward trend mainly follows increased inflationary concerns and hawkish tones adopted by the ECB at the beginning of the month. On 30 June, the ten-year interest rate was 3.97% in the US and 4.61% in the euro area (compared to 4.37% from the beginning of June).

According to ECB, the annual rate of **growth of M3** remained stable at 10.5% in May 2008. The 3-month moving average (over the period March-May 2008) declined to 10.4%, from 10.6% recorded last month. Annual rate of growth of **loans to the private sector** decreased to 10.4% in May, after 10.6% in April. The annual growth rate of **loans to non-financial corporations** decreased to 14.2% in May, after 14.9% in April. The growth rate of **loans to households** declined further to 5.5% in May, from 5.9% in April.

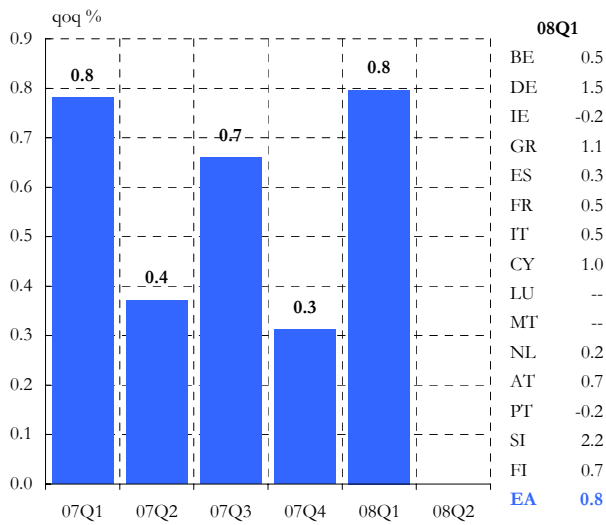
In June, the euro **exchange rate** has appreciated slightly versus the dollar on the back of the better than expected euro area growth data. Factors underlying the euro dollar exchange rate development remain the ongoing uncertainty of the US economic outlook and its cyclical divergence with Europe and recent expectations of a change in the ECB monetary policy stance following their comments in early June. Euro was closing at 1.576 against USD on 30 June, not far below the historical peak of 1.59 EUR/USD recorded on 23 April. On 30 June, the euro was trading at 167.51 against JPY.

The major **stock market indices** continue to be responsive to macroeconomic news and company earning reports. Soaring oil prices and commodity prices and linked to high inflationary prospects are in the front of high uncertainty and contribute to the concerns about consumer spending and corporate profits of, in particular, energy-intensive industries (such as automobile industry). In addition, the ability of financial institutions to generate earnings is still under stress. Indices in Europe, US and Japan lost some ground in the course of June. On 30 June, the Dow Jones closed at 123.6, Eurostoxx at 94.6 and Nikkei at 100.4, down broadly by 7 to 10% from the beginning of June.

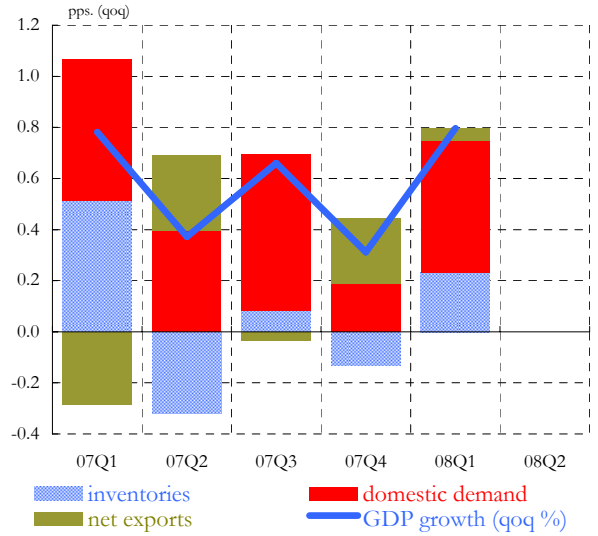


1. OUTPUT

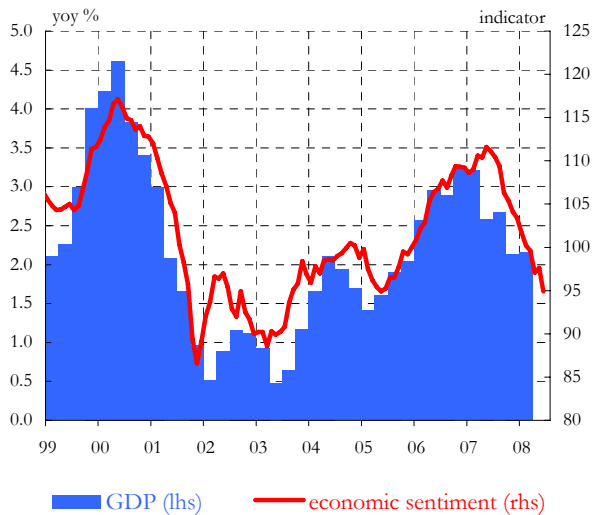
GDP



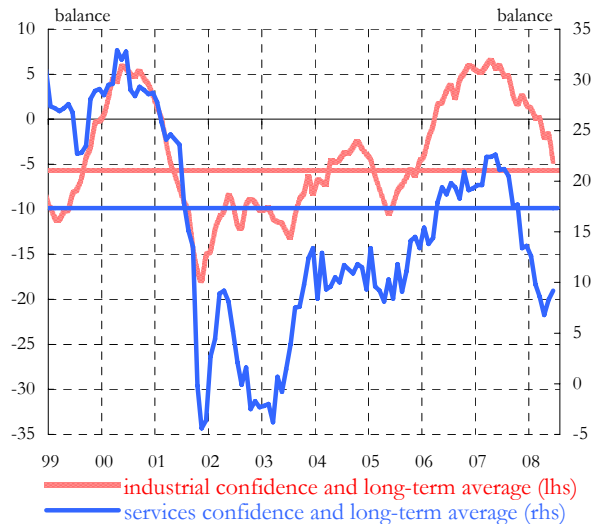
Contributions to GDP growth



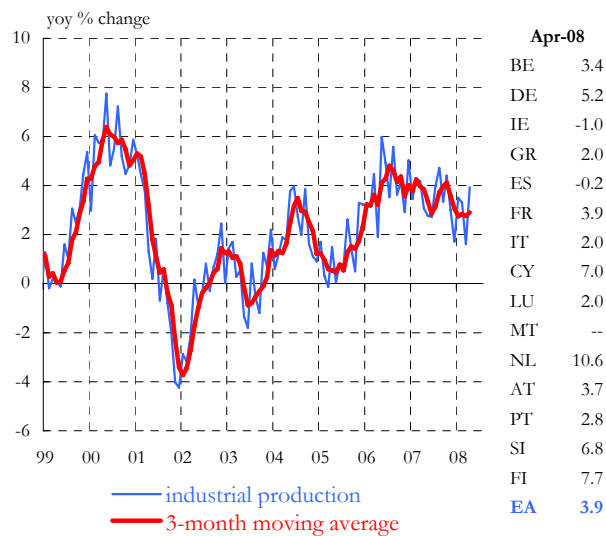
GDP and Economic Sentiment Indicator



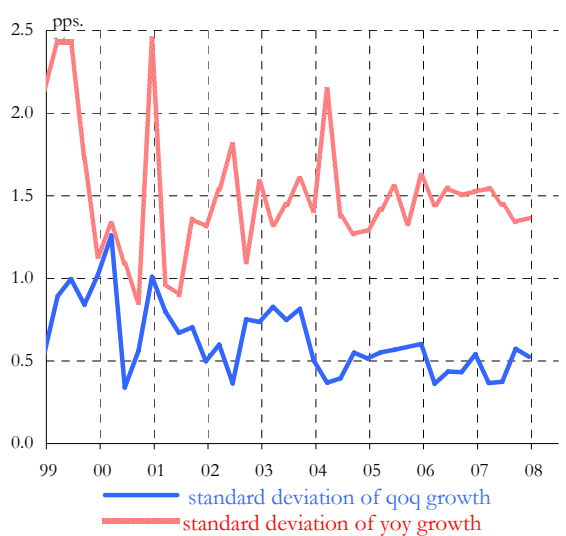
Industrial and services confidence



Industrial production



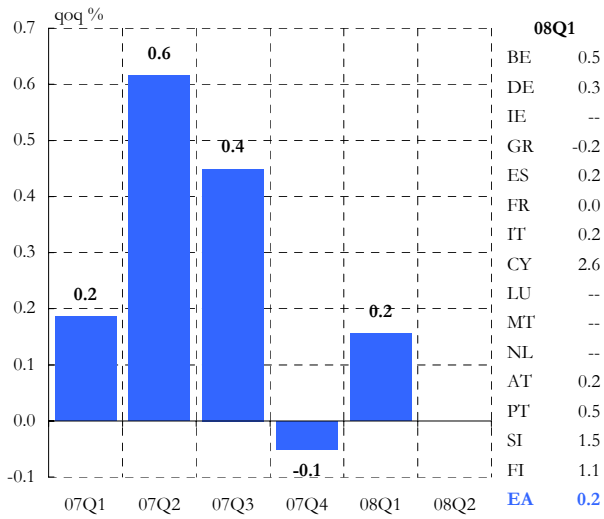
GDP growth divergence, euro area



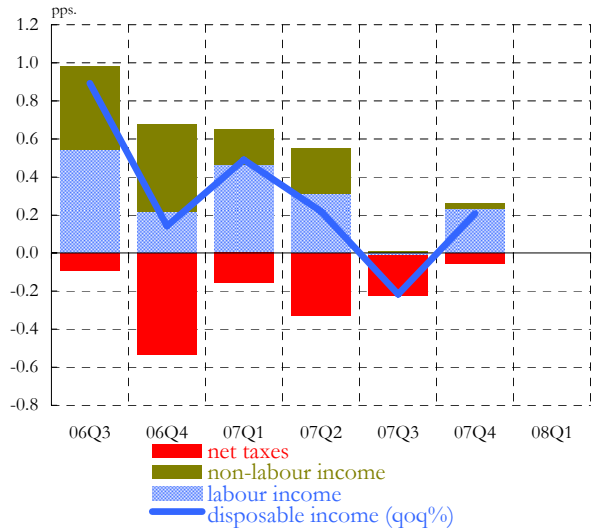


2. PRIVATE CONSUMPTION

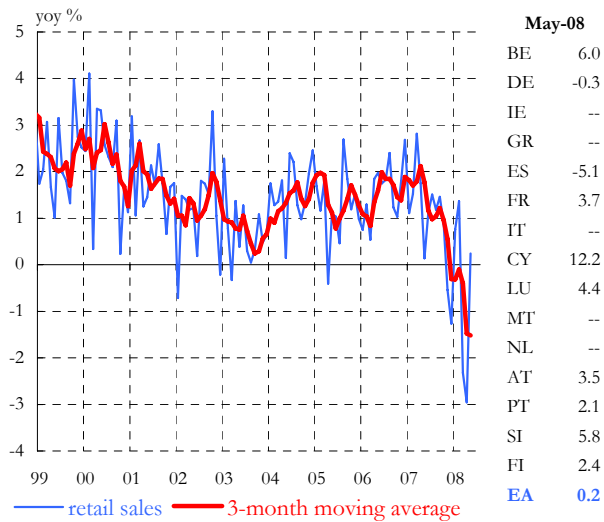
Private consumption



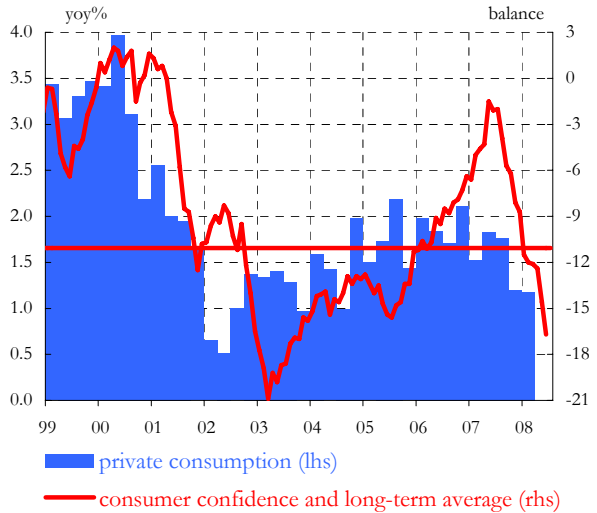
Gross disposable income and its components



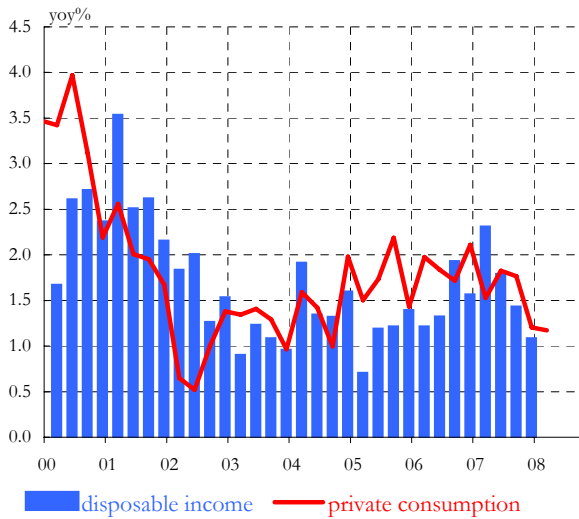
Retail sales



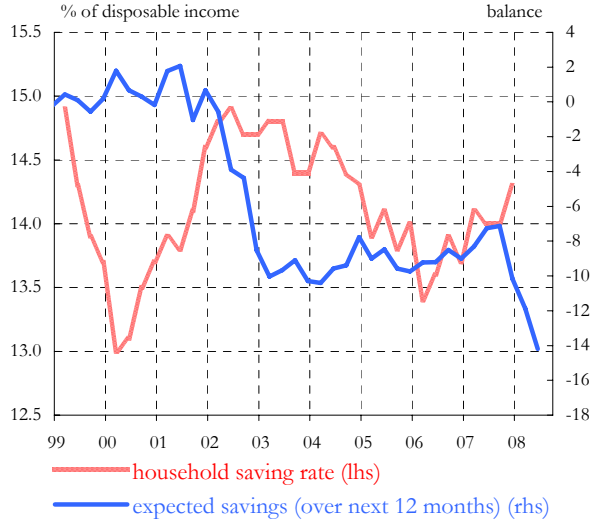
Consumer confidence and private consumption



Households: disposable income and consumption



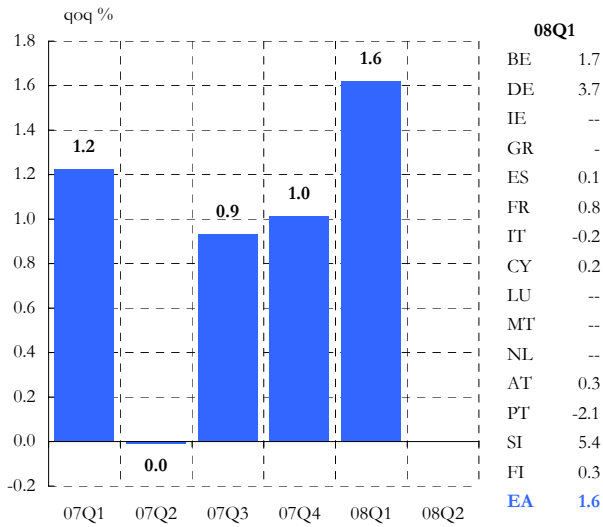
Households: actual saving rate and expected savings



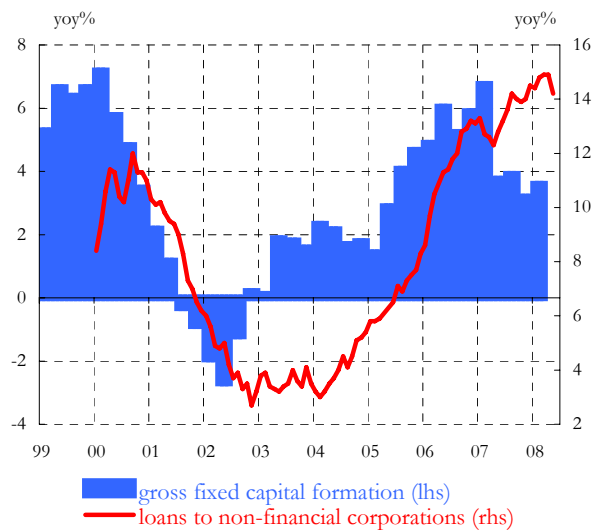


3. INVESTMENT

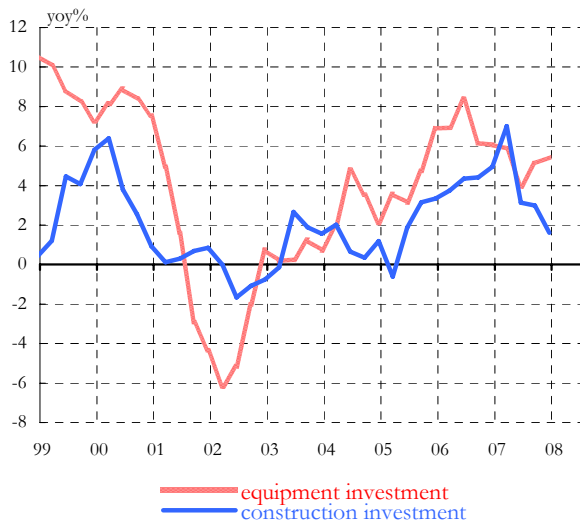
Gross fixed capital formation



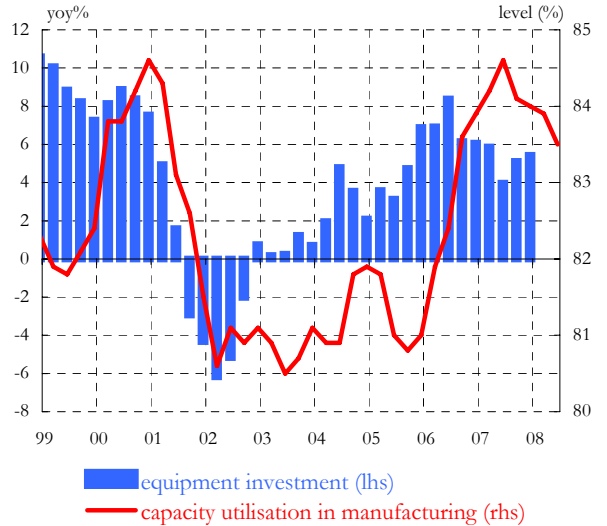
Gross fixed capital formation and corporate loans



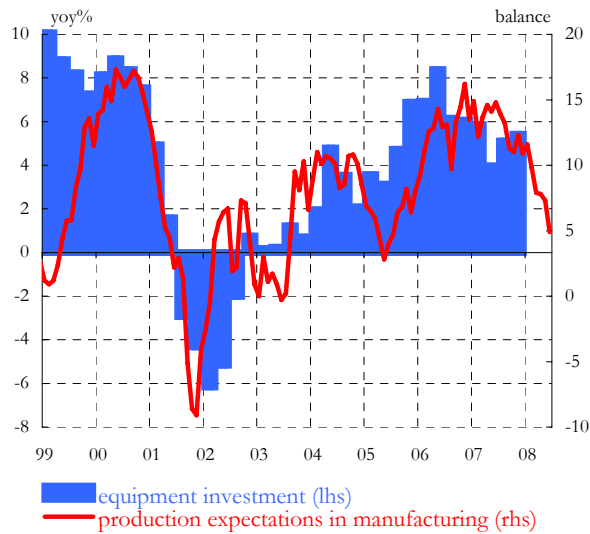
Equipment and construction investment



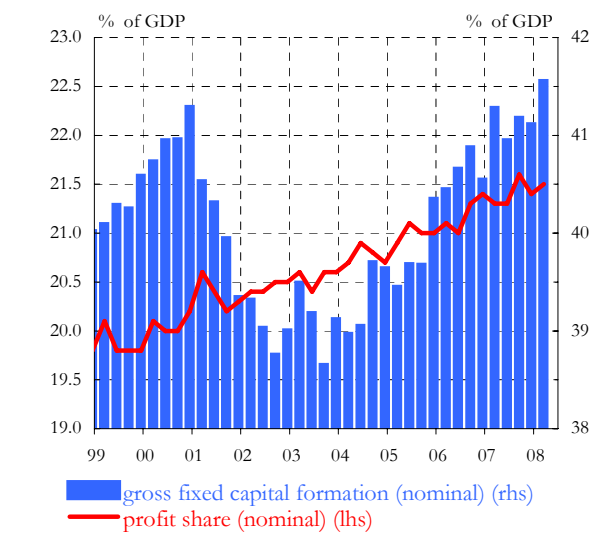
Equipment investment and capacity utilisation



Equipment investment and production expectations



Gross fixed capital formation and profit share

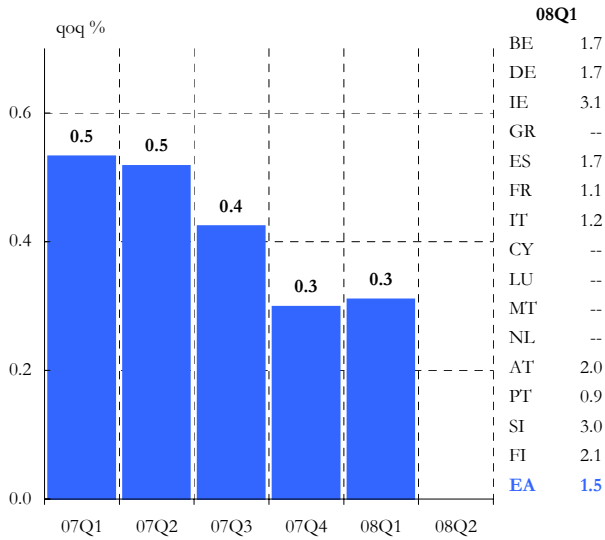




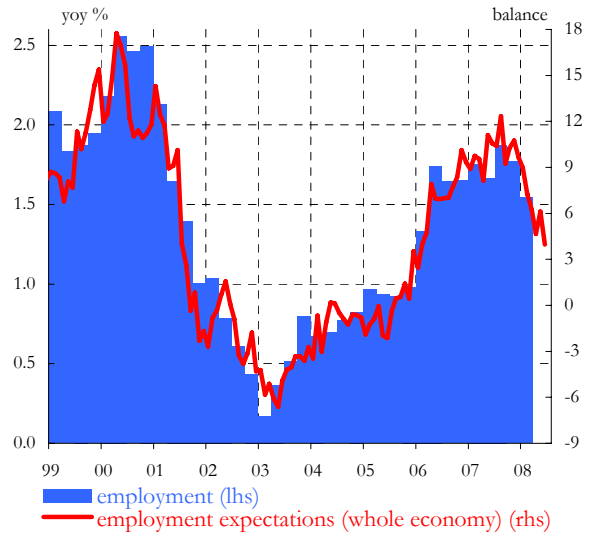


4. LABOUR MARKET

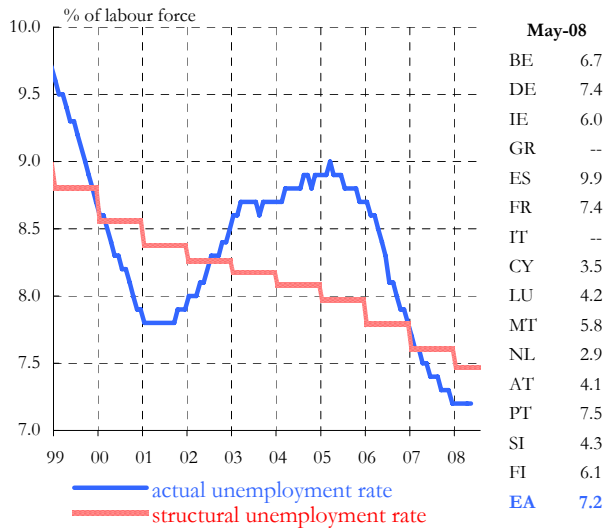
Employment



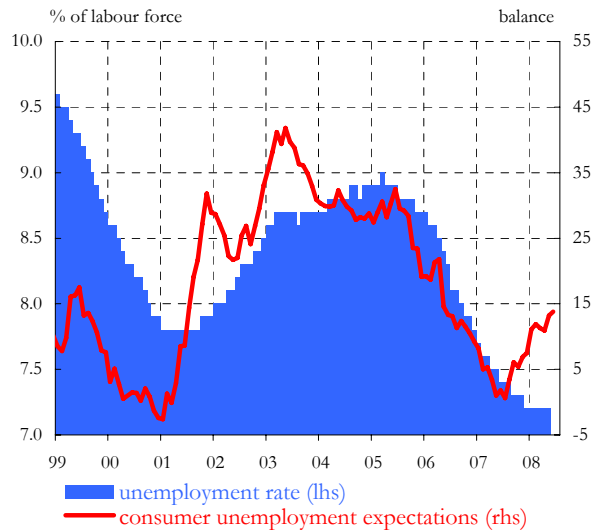
Employment and employment expectations



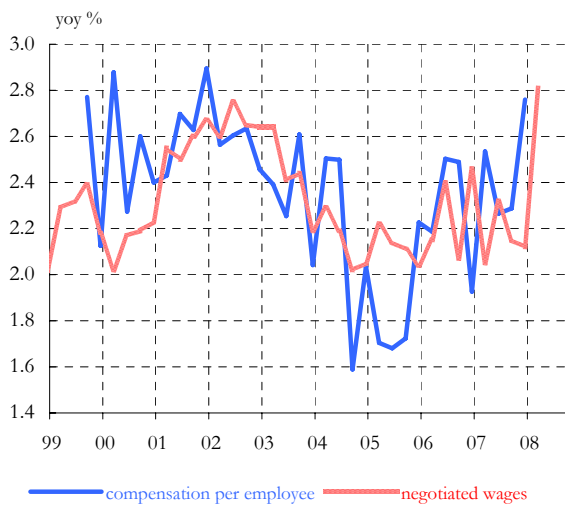
Actual and structural unemployment rate



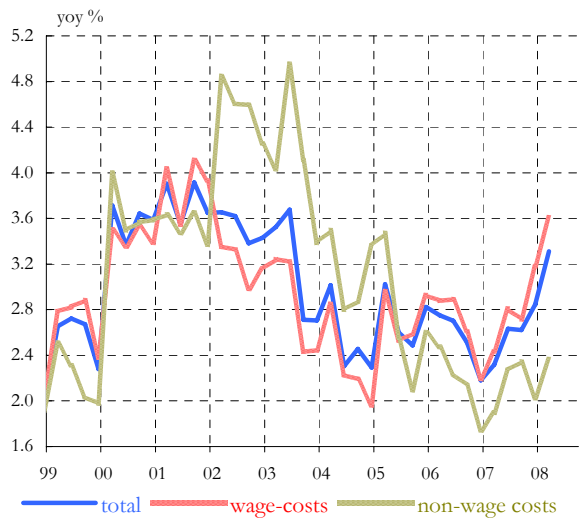
Unemployment rate and unemployment expectations



Compensation per head and negotiated wages (nominal)



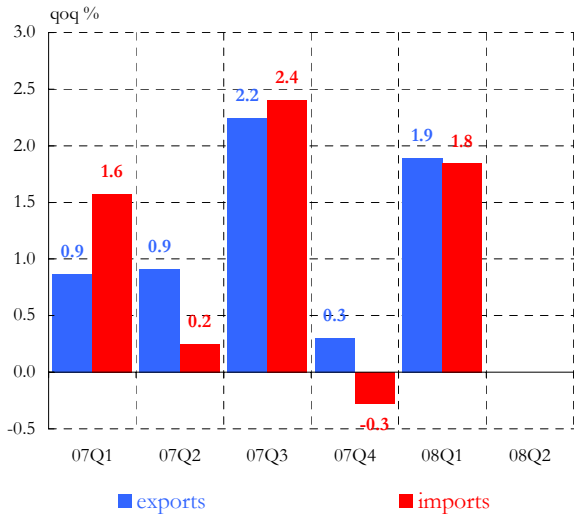
Labour costs in the private business sector (nominal)



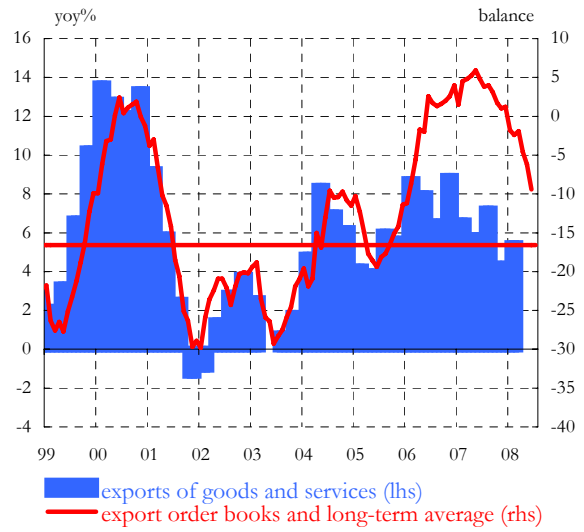


5. INTERNATIONAL TRANSACTIONS

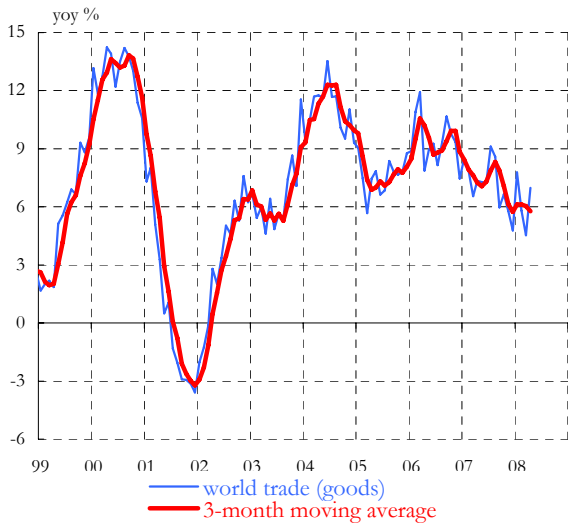
Exports and imports of goods and services



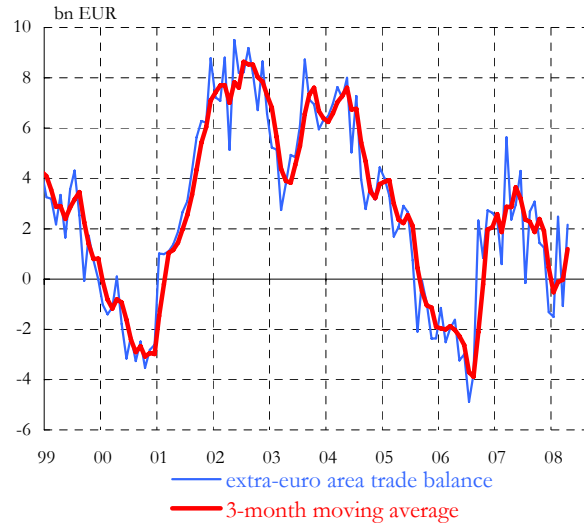
Exports and export order books



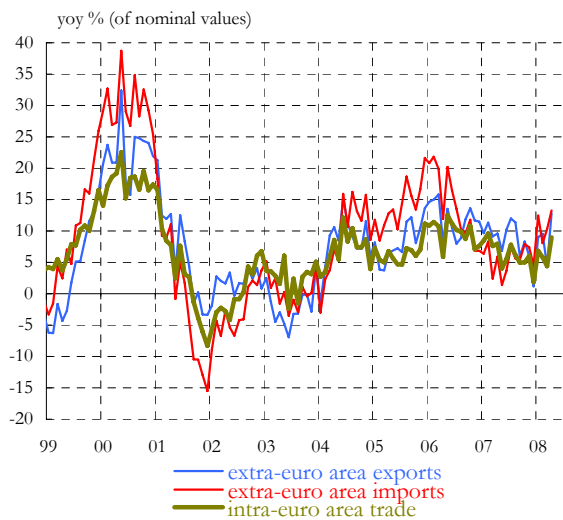
World trade



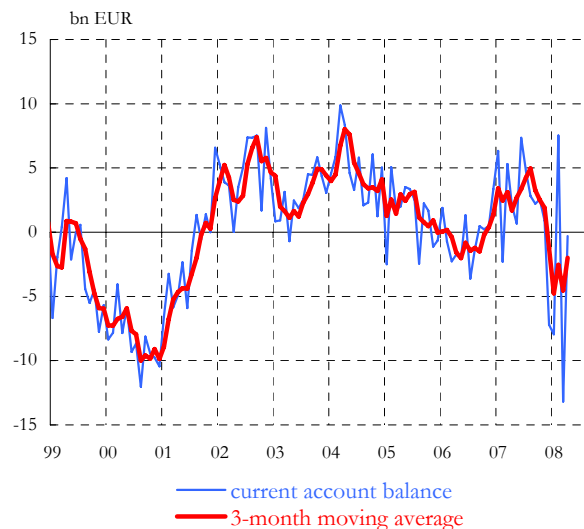
Extra euro-area trade balance



Extra- and intra-euro area trade



Current account balance

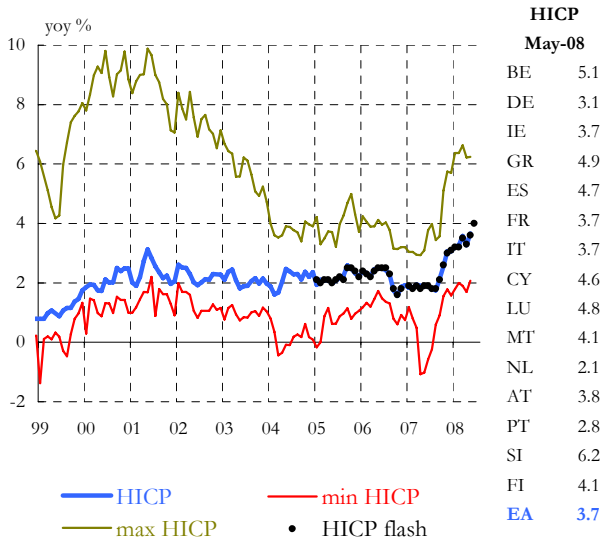




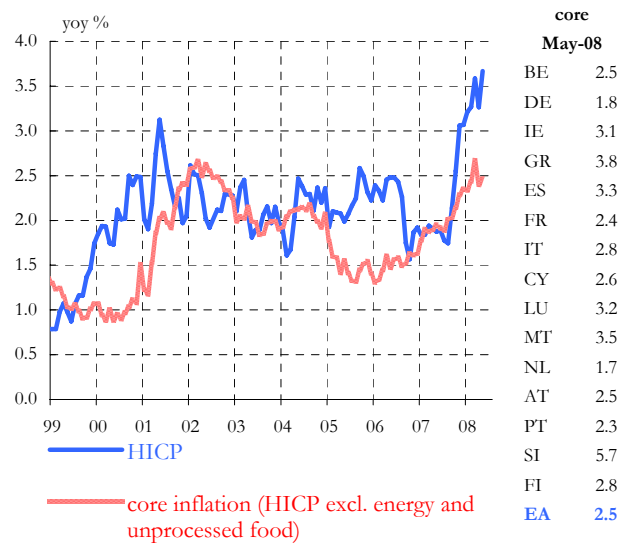


6. PRICES

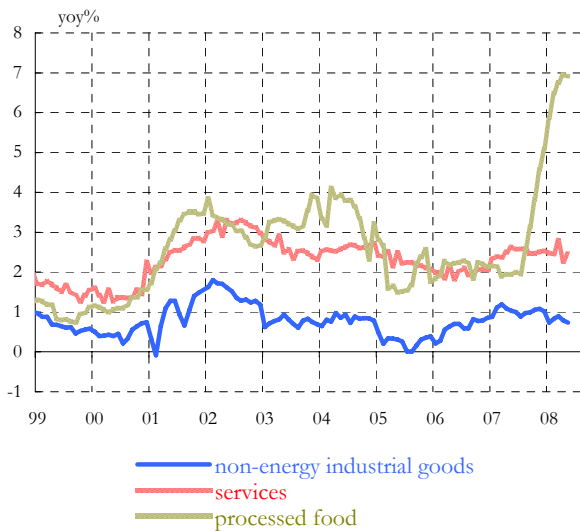
Harmonised index of consumer prices (HICP)



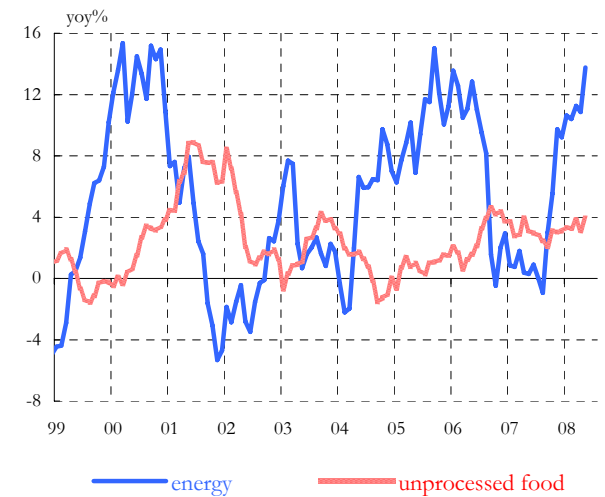
HICP and core inflation



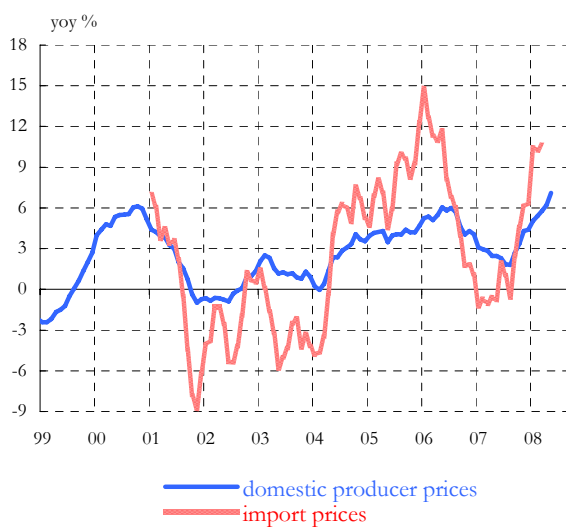
Breakdown of core inflation



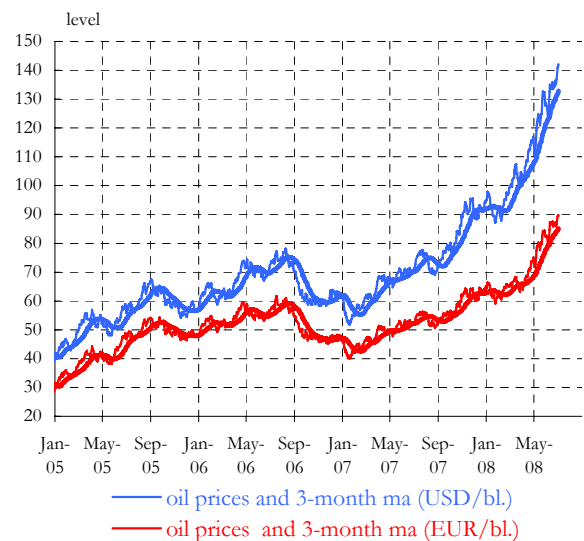
Energy and unprocessed food



Domestic producer prices and import prices



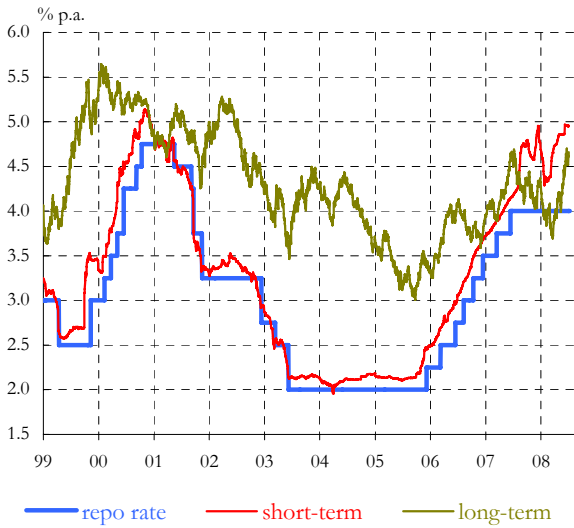
Oil prices



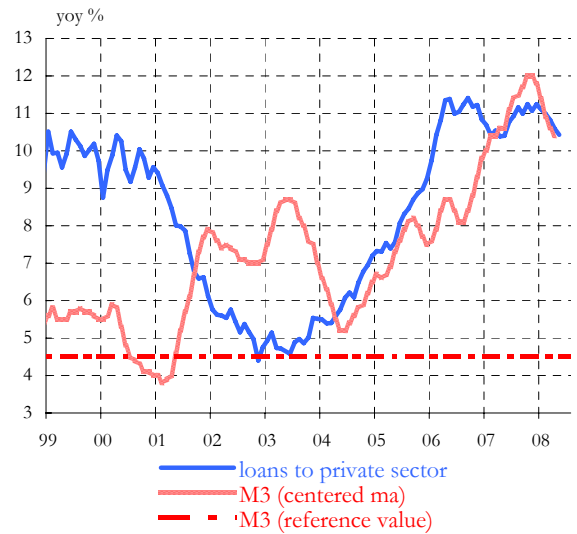


7. MONETARY AND FINANCIAL INDICATORS

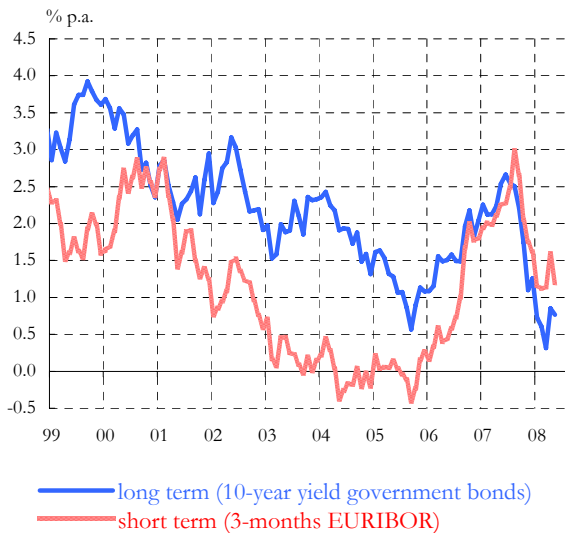
Nominal interest rates



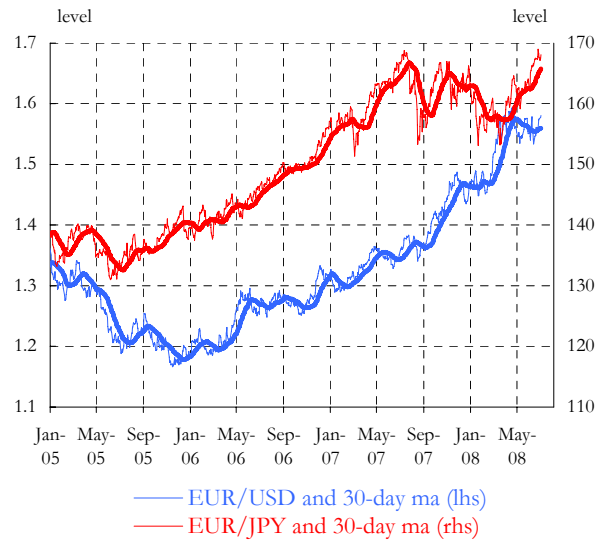
Loans to private sector and money supply



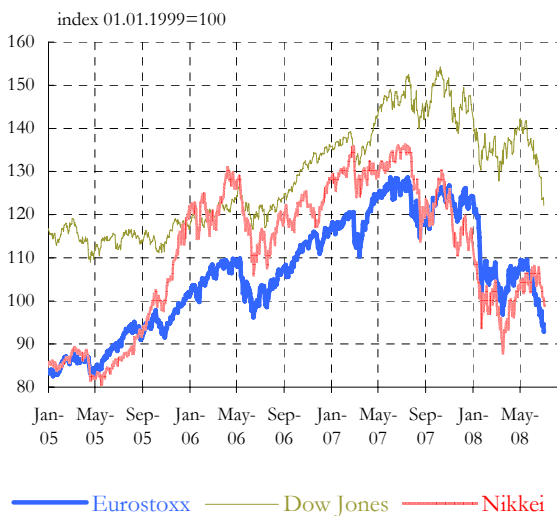
Real interest rates



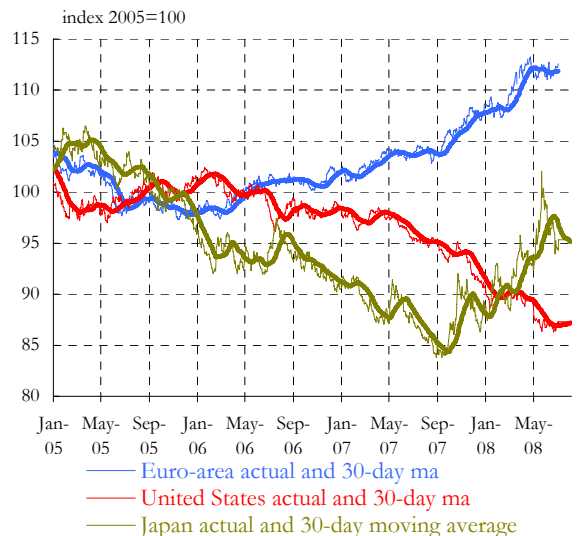
Euro vis-à-vis US dollar and JP yen



Stock market indices



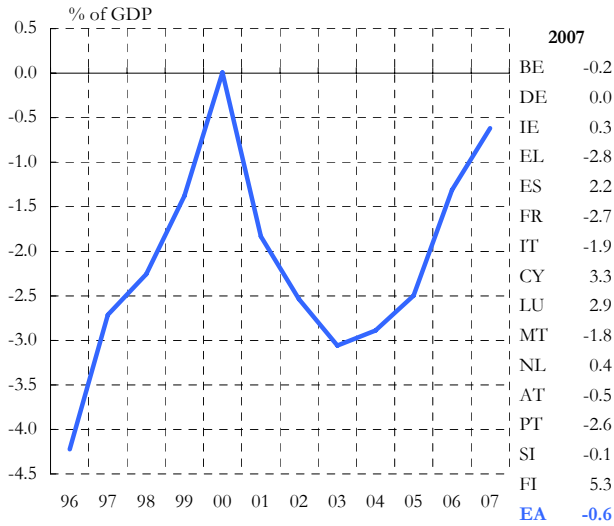
Nominal effective exchange rates



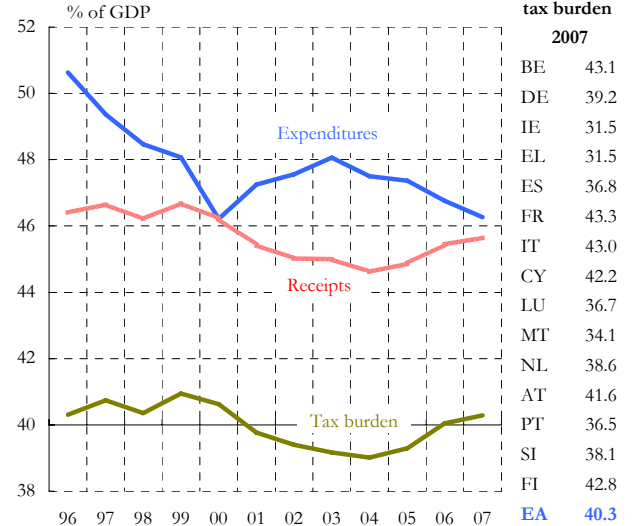


8. PUBLIC FINANCES\*

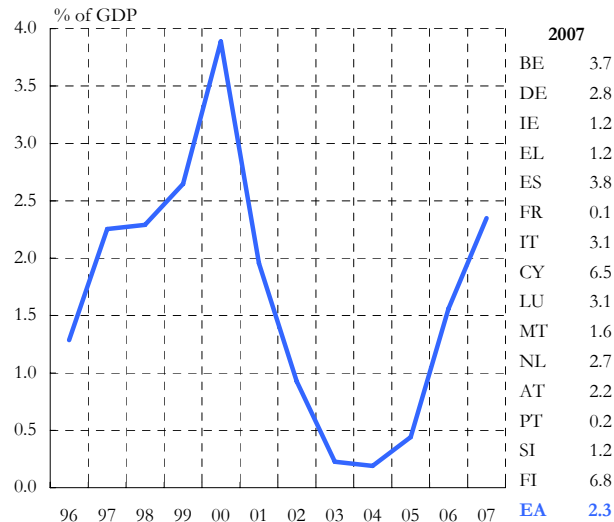
Government general balance



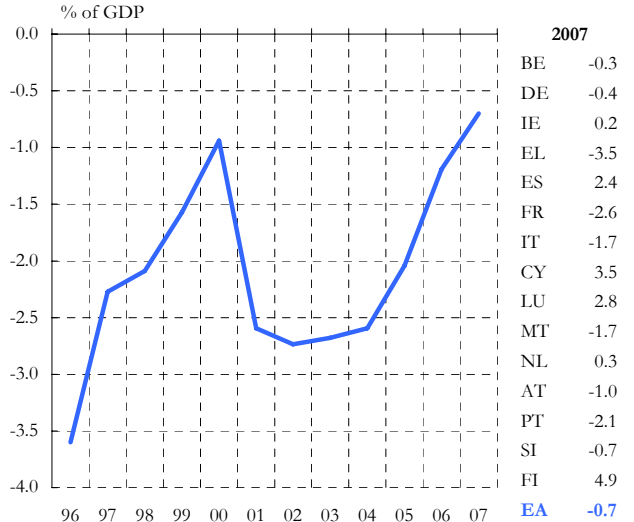
General government expenditures and receipts



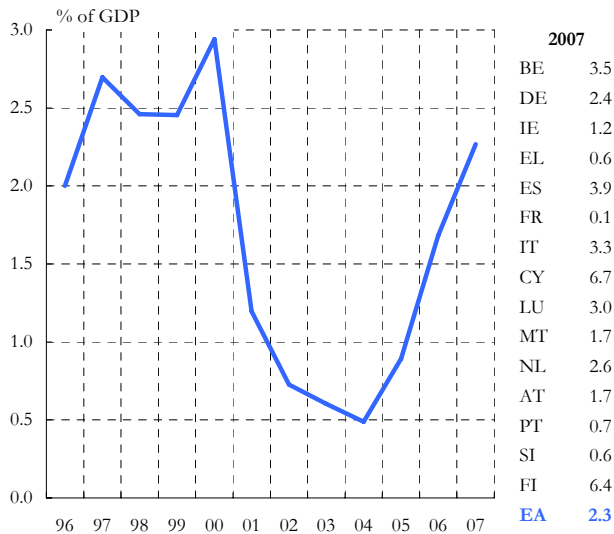
Primary balance



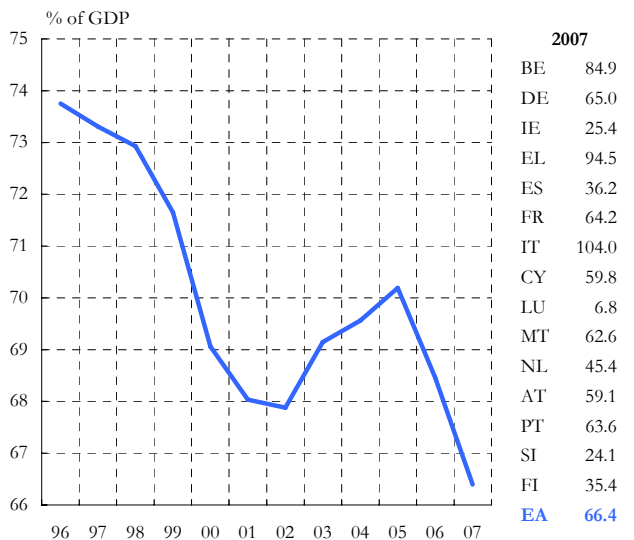
Cyclically adjusted balance



Cyclically adjusted primary balance



General government debt



\* Figures are from the Commission's spring 2008 forecast

## KEY INDICATORS FOR THE EURO AREA



Euro-area	As from 1.1.2008 the figures refer to Belgium (BE), Germany (DE), Ireland (IE), Greece (GR), Spain (ES), France (FR), Italy (IT), Cyprus (CY), Luxembourg (LU), Malta (MT), the Netherlands (NL), Austria (AT), Portugal (PT), Slovenia (SI), Finland (FI).	
Indicator	Note	Source
<b>1. Output</b>		
Economic Sentiment Indicator	The economic sentiment indicator is the weighted average (of the industrial confidence indicator (40%), the services confidence indicator (30%), the consumer confidence indicator (20%), the construction confidence indicator (5%) and the retail trade confidence indicator (5%)). Data are seasonally adjusted.	DG ECFIN
Industrial confidence indicator	The industrial confidence indicator is the arithmetic average of the balances (%) referring to the questions on production expectations, order books and stocks (the latter with inverted sign) from the survey of manufacturing industry. The long-term average refers to the period as from publishing of the indicator up to now. Data are seasonally adjusted.	DG ECFIN
Services confidence indicator	The services confidence indicator is the arithmetic average of the balances (%) referring to the questions on business situation and recent and expected evolution of demand from the survey of services. The long-term average refers to the period as from publishing of the indicator up to now. Data are seasonally adjusted.	DG ECFIN
Industrial production	Monthly Production Index (2000=100), NACE Rev.1 C-D-E, Total industry (excluding construction). Mom % ch. and qoq% ch. are seasonally adjusted, yoy% ch. are working-day adjusted.	Eurostat
Gross domestic product	Gross domestic product at constant market prices (chain-linked volumes, reference year 2000), EUR. Data are seasonally and working-day adjusted.	Eurostat
Labour productivity	Labour productivity defined as the difference between GDP growth and employment growth.	Eurostat
GDP divergence	Standard deviation of GDP growth of the following countries: BE, DE, ES, FR, IT, CY, LU, NL, AT, PT, SI, FI.	Eurostat
<b>2. Private consumption</b>		
Consumer confidence indicator	The consumer confidence indicator is the arithmetic average of the balances (%) referring to the questions on the financial situation of households, general economic situation, unemployment expectations (with inverted sign) and savings; all over next 12 months. The long-term average refers to the period as from publishing of the indicator up to now. Data are seasonally adjusted.	DG ECFIN
Retail confidence indicator	The retail confidence indicator is the arithmetic average of the balances (%) referring to the questions on the present and the future business situation and the volume of stocks (with inverted sign). The long-term average refers to the period from publishing of the indicator up to now. Data are seasonally adjusted.	DG ECFIN
Private consumption	Household & NPISH final consumption expenditure at constant market prices (chain-linked volumes, reference year 2000), EUR. Data are seasonally and working-day adjusted.	Eurostat
Retail sales	Retail trade (NACE Rev.1 52) excluding motor vehicles, motorcycles; Deflated turnover, mom % ch. and qoq% ch. are seasonally adjusted, yoy% ch. are working-day adjusted.	Eurostat
<b>3. Investment</b>		
Capacity utilization	In percent of full capacity in the manufacturing sector. Data are seasonally adjusted (collected in January, April, July and October).	DG ECFIN
Production expectations	Production expectations in manufacturing sector. Data are seasonally adjusted.	DG ECFIN
Gross fixed capital formation	Gross fixed capital formation at constant market prices (chain-linked volumes, reference year 2000), EUR. Data are seasonally and working-day adjusted.	Eurostat
Equipment investment	Gross fixed capital formation at constant market prices (chain-linked volumes, reference year 2000), EUR, metal products, machinery and transport equipment. Data are seasonally and working-day adjusted.	Eurostat
Construction investment	Gross fixed capital formation at constant market prices (chain-linked volumes, reference year 2000), EUR, construction work and housing. Data are seasonally and working-day adjusted.	Eurostat
Change in stocks	Changes in inventories and acquisitions less disposals of valuables (at prices of previous year).	Eurostat
Profit share	Ratio of nominal gross operating surplus and gross mixed income to nominal GDP	Eurostat

## KEY INDICATORS FOR THE EURO AREA



4. Labour market		
Employment expectations (manufacturing)	Managers' employment expectations over the next three months in the manufacturing sector. Data are seasonally adjusted.	DG ECFIN
Employment expectations (services)	Managers' employment expectations over the next three months in the services sector. Data are seasonally adjusted.	DG ECFIN
Employment expectations (whole economy)	Weighted average of managers' employment expectations over the next three months in the manufacturing (19%), services (65%), construction (6%) and retail sectors (10%). Weights in brackets according to value-added share on GDP of the respective sector. Data are seasonally adjusted.	DG ECFIN
Employment	Total domestic employment (number of persons). Data are seasonally and working-day adjusted.	Eurostat
Compensation of employees per head	Nominal compensation of employees divided by the number of employees. Data are seasonally and working-day adjusted.	DG ECFIN
Unemployment expectations	Consumers' unemployment expectations over the next twelve months. Data are seasonally adjusted.	DG ECFIN
Unemployment rate	Harmonized unemployment rate (in percent of labour force), ILO definition. Data are seasonally adjusted.	Eurostat
Structural unemployment rate	Non-accelerating inflation rate of unemployment. Data are seasonally adjusted.	OECD
Total labour costs	Nominal wage- and non-wage costs less subsidies in the private business sector. Data are seasonally and working-day adjusted.	Eurostat
Wage costs	Nominal wage and salary costs include direct remunerations, bonuses, and allowances, payments to employees saving schemes, payments for days not worked and remunerations in kind. Data are seasonally and working-day adjusted.	Eurostat
Non-wage costs	Nominal non-wage costs include the employers' social contributions plus employment taxes less subsidies. Data are seasonally and working-day adjusted.	Eurostat
Labour productivity	Ratio between GDP and employment. Data are seasonally and working-day adjusted.	DG ECFIN
5. International transactions		
World trade	Volume, 1998=100, seasonally adjusted	CPB
Export order books	Managers' export order expectations in the manufacturing sector. Data are seasonally adjusted.	DG ECFIN
Extra-euro area exports	Nominal extra-euro area exports of goods, fob. Data are seasonally adjusted.	Eurostat
Extra-euro area imports	Nominal extra-euro area imports of goods, cif. Data are seasonally adjusted.	Eurostat
Extra-euro area trade balance	Difference between extra-euro area exports and extra-euro area imports. Data are seasonally adjusted.	Eurostat
Intra-euro area trade	Nominal intra-euro area trade in goods, fob. Data are seasonally adjusted.	Eurostat
Current account balance	Transactions in goods and services plus income and current transfers between residents and non-residents of the euro area. Data are seasonally and working-day adjusted.	ECB
Exports of goods and services	Exports of goods and services at constant market prices (chain-linked volumes, reference year 2000), EUR. Data are seasonally and working-day adjusted.	Eurostat
Imports of goods and services	Imports of goods and services at constant market prices (chain-linked volumes, reference year 2000), EUR. Data are seasonally and working-day adjusted.	Eurostat
Direct investment	Nominal transactions/positions in assets abroad by euro-area residents less nominal transactions/positions in euro-area assets by non-residents. To be regarded as a direct investment, ownership in an enterprise must be equivalent to more than 10% of the ordinary shares or voting power.	ECB
Portfolio investment	Nominal transactions/positions in securities (including equities) abroad by euro-area residents less nominal transactions/positions in euro-area securities (including equities) by non-residents. To be regarded as a portfolio investment, ownership in an enterprise must be equivalent to less than 10% of the ordinary shares or voting power.	ECB

## KEY INDICATORS FOR THE EURO AREA



6. Prices		
HICP	Harmonized index of consumer prices (index 2005=100)	Eurostat
Core HICP	HICP excluding energy and unprocessed food (index 2005=100)	Eurostat
Producer prices	Domestic producer price index, total industry excluding construction (index 2000=100)	Eurostat
Selling price expectation	Managers' selling-price expectations in the manufacturing sector. Data are seasonally adjusted.	DG ECFIN
Import prices	Unit value index of imports, Current Prices (index 2000=100)	Eurostat
Oil prices	Price of north sea Brent in USD/barrel and EUR/barrel	ICE
Non-energy commodity prices	Market price for non-fuel commodities in EUR terms (index 2000c=100)	HWWI
7. Monetary and financial indicators		
Nominal interest rate (3-month)	3-month EURIBOR interbank rate (360 day)	ECB/Ec owin
Nominal interest rate (10-year)	10-year interest rate on government bonds for euro area (based upon the 10-year German government bond)	ECB/Ec owin
ECB repo rate	Minimum bid rate of main refinancing operations, end of period.	ECB/Ec owin
Money demand (M3)	Monetary aggregate including currency in circulating (banknotes and coins), operational deposits in central bank, money in current accounts, saving accounts, money market deposits, certificates of deposit, all other deposits and repurchase agreements. Data are seasonally adjusted.	ECB
Loans to private sector	Loans by MFI (monetary and financial institutions) to euro area residents (excl government). Data are seasonally adjusted.	ECB
Real long-term interest rates	Nominal interest rate (10-year) deflated by HICP index	DG ECFIN
Real short-term interest rates	Nominal interest rate (3-month) deflated by HICP index	DG ECFIN
Stock markets	Eurostoxx50, Dow Jones and Nikkei indices (1.1.1999=100)	Ecwin
Exchange rates	EUR/USD and EUR/JPY reference rates	ECB
Nominal effective exchange rate	Weighted average of reference group of bilateral exchange rate against 22 industrialised countries; double export weights (index 2005=100)	DG ECFIN
8. Public finance		
General government balance	Net lending (+) or net borrowing (-) of general government	DG ECFIN
Primary government balance	Net lending (+) or net borrowing (-) of general government minus interest payment	DG ECFIN
Cyclically adjusted balance	Net lending (+) or net borrowing (-) of general government corrected for the influence of the business cycle	DG ECFIN
Cyclically adjusted primary balance	Primary government balance corrected for the influence of the business cycle	DG ECFIN
General government expenditures and receipts	Nominal expenditures and receipts; tax burden includes taxes on production and imports (incl. taxed paid to EU), current taxes on income and wealth (direct taxes) and actual social contributions	DG ECFIN
General government debt	Cumulative sum of net lending (+) or net borrowing (-) positions of general government	DG ECFIN