

DG ECFIN - Directorate A - Policy strategy and co-ordination

	LTA <sup>(1)</sup>	2008	2009	09Q4	10Q1	10Q2	10Q3	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	
<b>1. Output</b>														
Economic Sentiment	indicator	100.7	93.5	80.8	91.9	96.6	99.3	102.2	98.9	101.1	102.3	103.2	104.1	--
Industrial confidence	balance	-7.0	-9.3	-28.4	-18.5	-12.2	-6.4	-2.9	-5.6	-4.0	-2.9	-1.7	0.5	--
Services confidence	balance	14.5	2.0	-15.6	-4.3	0.4	4.3	7.1	3.9	6.5	7.1	7.8	8.3	--
Industrial production	% ch. on prev. period				1.3	2.3	2.3	--	-0.2	0.1	1.1	--	--	--
(excluding construction)	% ch. on prev. year	0.6	-1.8	-14.9	-7.4	4.7	9.1	--	8.3	7.2	8.4	--	--	--
Gross domestic product	% ch. on prev. period				0.2	0.3	1.0	--						
	% ch. on prev. year	1.6	0.5	-4.1	-2.0	0.8	1.9	--						
Labour productivity	% ch. on prev. period				0.4	0.3	1.0	--						
	% ch. on prev. year	0.7	-0.3	-2.2	0.0	2.0	2.6	--						
<b>2. Private consumption</b>														
Consumer confidence	balance	-11.9	-18.1	-24.7	-17.0	-16.8	-16.7	-12.1	-17.3	-14.0	-11.4	-11.0	-10.9	--
Retail confidence	balance	-6.7	-6.9	-15.5	-12.1	-6.6	-4.3	-2.8	-5.6	-4.2	-3.3	-0.9	-1.1	--
Private consumption	% ch. on prev. period				0.2	0.2	0.2	--						
	% ch. on prev. year	1.6	0.4	-1.1	-0.4	0.3	0.5	--						
Retail sales	% ch. on prev. period				0.2	0.5	0.1	0.4	0.4	0.2	-0.2	-0.2	--	--
	% ch. on prev. year	1.1	-0.7	-2.3	-1.0	0.5	0.6	1.2	1.4	1.4	1.3	1.1	--	--
<b>3. Investment</b>														
Capacity utilisation	level (%)	81.3	83.0	71.4	71.0	72.3	75.5	77.2	--	77.2	--	--	77.6	--
Production expectations (manuf.)	balance	5.4	-1.7	-14.9	1.2	7.1	9.4	10.4	9.3	9.4	10.0	11.7	14.2	--
Gross fixed capital formation	% ch. on prev. period				-1.2	-0.3	1.5	--						
	% ch. on prev. year	1.5	-0.8	-11.3	-9.6	-4.9	-1.2	--						
- equipment investment	% ch. on prev. period				0.0	1.4	3.1	--						
	% ch. on prev. year		1.2	-17.5	-14.1	-1.3	5.0	--						
- construction investment	% ch. on prev. period	2.6			-1.9	-1.6	1.2	--						
	% ch. on prev. year	0.8	-2.3	-7.9	-6.9	-7.0	-4.1	--						
Change in stocks	contrib. to GDP (pp.)	0.0	-0.2	-1.0	0.0	0.8	0.4	--						
<b>4. Labour market</b>														
Employment expectations (manuf.)	balance	-12.8	-8.6	-31.2	-24.0	-18.3	-10.6	-5.1	-8.9	-5.8	-6.4	-3.2	0.1	--
Employment expectations (services)	balance	7.5	4.4	-12.5	-6.9	-4.0	0.5	2.1	0.4	1.4	0.3	4.7	5.8	--
Employment	% ch. on prev. period				-0.2	0.0	0.0	--						
	% ch. on prev. year	1.0	0.8	-1.9	-2.0	-1.2	-0.7	--						
Employment (000)	abs. ch. on prev. period		1 132	-2 754	-277	27	-10	--						
Compensation of employees per head (nominal)	% ch. on prev. period				0.3	0.3	0.7	--						
	% ch. on prev. year	2.1	3.2	1.6	1.4	1.5	2.0	--						
Unemployment rate	% of lab. force		7.6	9.4	9.9	9.9	10.0	10.0	10.0	10.0	10.0	10.1	--	--
Unemployment (000)	abs. ch. on prev. period		209	2 981	226	99	181	44	-23	22	-8	67	--	--
<b>5. International transactions</b>														
World trade	% ch. on prev. period				6.1	5.7	3.6	--	1.0	-1.0	1.5	--	--	--
	% ch. on prev. year	5.6	2.2	-12.8	0.1	17.1	20.9	--	20.9	16.5	19.7	--	--	--
Export order books	balance	-19.1	-14.9	-58.0	-51.2	-41.3	-28.7	-18.4	-24.9	-21.4	-18.0	-15.8	-12.7	--
Trade balance (merchandise)	billion EUR		-51.2	20.8	9.8	4.1	-4.3	--	-1.7	-0.2	-1.4	--	--	--
Exports of goods and services	% ch. on prev. period				2.0	2.5	4.3	--						
	% ch. on prev. year	4.6	1.0	-13.2	-5.2	5.6	11.6	--						
Imports of goods and services	% ch. on prev. period				1.2	4.2	4.0	--						
	% ch. on prev. year	4.5	0.8	-11.9	-7.0	4.8	12.1	--						
Current account balance	billion EUR		-132.2	-52.1	-2.1	-5.4	-17.1	--	-5.7	-4.1	-7.5	--	--	--
Direct investment	billion EUR		-240.3	-74.5	11.6	-40.3	-37.6	--	-11.0	-0.6	-11.0	--	--	--
Portfolio investment	billion EUR		303.8	264.8	30.7	16.6	101.7	--	-7.0	-17.0	10.2	--	--	--
<b>6. Prices</b>														
Consumer inflation expectations	balance	21.6	23.0	-6.7	-10.2	0.7	10.2	10.8	10.6	11.2	10.9	10.3	9.6	--
Headline inflation (HICP)	% ch. on prev. year		3.3	0.3	0.4	1.1	1.5	1.7	1.4	1.7	1.6	1.8	1.9	--
Core HICP	% ch. on prev. year		2.4	1.3	1.0	0.9	0.8	1.0	0.9	1.0	1.0	--	--	--
Domestic producer prices	% ch. on prev. year		6.1	-5.1	-4.7	-0.1	3.0	3.9	3.1	4.0	3.6	4.2	--	--
Import prices	% ch. on prev. year		8.0	-8.9	-7.1	5.1	11.3	--	11.3	13.3	--	--	--	--
Oil (Brent) in USD	level		98.6	62.5	75.3	77.2	79.7	76.8	75.7	75.2	77.2	77.9	83.5	86.4
	% ch. on prev. year		36.1	-36.7	28.8	69.5	34.2	11.5	9.6	14.6	6.0	13.8	14.0	11.6
Oil (Brent) in EUR	level		66.2	44.5	51.0	55.9	62.6	59.4	62.0	58.7	59.9	59.5	60.1	61.8
	% ch. on prev. year		25.7	-32.8	14.9	60.0	44.2	23.3	25.8	26.1	17.2	26.6	21.6	19.2
Non-energy commodity prices (EUR)	% ch. on prev. period				5.1	10.3	19.2	6.7	1.4	2.1	3.1	1.9	-3.5	--
	% ch. on prev. year		4.2	-17.3	5.3	27.4	43.6	47.4	43.4	47.8	43.8	50.8	43.5	--
<b>7. Monetary and financial indicators</b>														
Nominal interest rates (3 month)	level		4.64	1.22	0.72	0.66	0.69	0.87	0.73	0.85	0.90	0.88	1.00	1.05
Nominal interest rates (10 year)	level		4.01	3.27	3.25	3.20	2.84	2.45	2.63	2.65	2.37	2.34	2.37	2.43
ECB repo rate	level		3.90	1.28	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Stock market (Eurostoxx)	% ch. on prev. period				8.0	-0.8	-4.0	-0.7	0.0	1.1	1.6	2.0	1.9	1.6
	% ch. on prev. year		-23.1	-24.0	14.8	31.8	14.9	2.1	7.9	8.4	0.4	-2.2	-1.7	0.6
Money demand (M3)	% ch. on prev. year		9.5	3.0	-0.1	-0.2	0.0	0.8	0.2	0.2	1.1	1.0	--	--
Loans to households	% ch. on prev. year		1.7	1.3	1.3	2.2	2.7	2.8	2.7	2.7	2.8	2.8	--	--
Loans to non-financial corporations	% ch. on prev. year		9.5	-2.2	-2.2	-2.3	-1.7	-0.6	-1.7	-1.5	-1.1	-0.6	--	--
Bilateral exchange rate EUR/USD	level		1.47	1.39	1.48	1.38	1.27	1.29	1.22	1.28	1.29	1.31	1.39	1.40
	% ch. on prev. year		7.3	-5.2	12.1	6.1	-6.8	-9.7	-12.9	-9.4	-9.6	-10.3	-6.2	-6.2
Nominal effective exchange rate	% ch. on prev. period				1.5	-4.4	-5.1	-0.8	-2.1	1.8	-0.4	0.4	3.5	0.0
	% ch. on prev. year		4.0	1.1	6.4	-1.1	-7.1	-8.7	-10.1	-8.2	-8.6	-9.3	-7.2	-7.0

(1) LTA=Long-Term Average

(2) Data available until date of update



## 1. Output

**GDP growth** was confirmed at 1% quarter-on-quarter (q-o-q) in 10Q2, the best performance in almost four years. The breakdown of GDP in the second quarter was encouraging since growth was not fuelled solely by the external sector. Domestic demand proved to be rather dynamic, adding about ½ pp. Net foreign demand and inventories also added to GDP growth (0.1 pp. and 0.3 pp., respectively).

Yet, aggregate figures mask significant divergences between Member states. The strong GDP reading in 10Q2 was mainly due to exceptional performance of Germany, where GDP rose by 2.2% (q-o-q, i.e. 8.7% annualised), the fastest pace since German reunification. Among the other large economies, growth was much less upbeat but still firm in France (0.7%) and in Italy (0.5%), while it was almost nil in Spain (0.2%). GDP was even worse in some peripheral countries (Ireland: -1.2%, Greece: -1.8%).

According to the **Commission's interim economic forecast**, published on 13 September 2010, the euro-area economy is recovering at a faster pace than previously envisaged. Based on an update for the largest Member States, **GDP** in the euro area is now expected to expand by 1.7% in 2010, implying a sizable upward revision from the 0.9% forecast in spring.

In October, **sentiment in industry** improved by 2 points. All components of the index rose, but the improvement was mainly driven by sizeable positive shift in the order books. Industrial confidence has improved markedly since the March 2009 record low and its level in October was above the long-term average for the 7<sup>th</sup> consecutive month. *Note that since May 2010 business surveys data are classified in accordance with an updated version of the Nomenclature of Economic Activities (NACE rev. 2) causing a potential break in series at this date.*

Mirroring the softening of global demand, **industrial production** was up by only 1% in July-August vis-à-vis the previous quarter, down from a q-o-q growth rate of 2½% in both 10Q1 and 10Q2. In August, production of capital goods and durable consumer goods was strong, while that of non-durable consumer goods and energy fell.

In August 2010 compared with July 2010, the euro area **industrial new orders index** increased by 5.3%.

## 2. Private consumption

**Private consumption** rose by 0.2% q-o-q in the 10Q2 (0.5% y-o-y). Households continue to remain under pressure, dragged down by contracting car sales (-7.4% q-o-q in 10Q2 and so far weak also in 10Q3 due

to the end of scrapping premia in several Member States) and poor retail sales. Moreover, so far Quarterly National Accounts data for 10Q2 do not show significant spill-over effects from Germany to other core EA countries. The aggregate "euro area excluding Germany" shows flat consumption in 10Q2. The positive news is that employment is stabilizing, the unemployment rate is flattening out, and precautionary savings has started to ease,

In October 2010, the **consumer confidence** indicator remained broadly unchanged for the 3<sup>rd</sup> consecutive month. Consumers were somewhat more optimistic about their future general economic situation and savings, while the unemployment fears among consumers increased first time after seven months of improvement.

**Retail sales** decreased for the second consecutive month (by 0.2% m-o-m) in September. Still, they were up by 0.4% (q-o-q) in 10Q3, compared to almost flat (0.1%) growth in 10Q2. The **retail confidence** in October remained broadly unchanged (at -1), above the long-term average (-7).

## 3. Investment

After having contracted for six consecutive quarters, **gross fixed capital formation** swung back into growth in 10Q2 (1.5% q-o-q), reflecting improved business confidence and rising capacity utilisation rates, particularly in Germany. Excluding Germany, investment was still weak in 10Q2 (0.2%), but has stopped contracting.

Having reached a historic low in 09Q3 (at 69.6%), the rate of **capacity utilisation** in manufacturing has been improving since to stand at 77.6% in 10Q4. However, this is still below the long-term average (81.1%).

## 4. Labour market

After 6 month of stable **unemployment rate** at 10.0%, the rate increased slightly to 10.1% in September. However, the aggregate numbers conceal sharply differing situations between the Member States, ranging between 4.4% in the Netherlands and 20.8% in Spain. Labour market developments vary considerably due to differences in the share of the most affected industries, pre-existing weaknesses and the exposure to rebounding international trade. In addition, flexible working time arrangements have differed across Member States, contributing to the differences in the labour market responses and the unemployment situation.

For the second consecutive quarter, **employment** in 10Q2 remained stable. Compared to one year earlier, employment was down by 0.6%. In October, the perceptions of **employment expectations** improved for



managers, while for consumers they have deteriorated, following seven months of improvement. Assessment of managers in manufacturing increased by 3 points (reaching the highest level since the start of the recovery) and in services sector by 1 point. The level of **labour shortages** is gradually increasing from the historical lows in the second half of 2009; currently (10Q4) 3.2% of firms report that unfilled job openings were constraining production (2.4% in 10Q3, 1.8% in 10Q2 and 0.9% in 10Q1).

## 5. International transactions

In October, the assessment of **export order books** improved further (by +3 points), for 3rd month in a row exceeding its long-term average. In August, the seasonally-adjusted **euro-area trade balance** with the rest of the world showed a deficit of 1.4 bn. euro. In 2010Q2, **exports of goods and services** increased by 4.3% q-o-q in volume terms (2.5% in 10Q1) and **imports** rose by equal 4.0% (4.2% in 10Q1).

In August 2010, the euro-area **current account** recorded a deficit of 7.5 billion euro. This reflected deficits in current transfers and income, which were only partly offset by surpluses in goods and services. The **financial account** recorded net outflows of 1 billion euro, as net outflows in direct investment were partly offset by net inflows in portfolio investment.

## 6. Prices

The flash estimate for October **HICP inflation** pointed to a slight increase to 1.9% in the annual rate. It was 1.8% in September, up from 1.6% in August. **Core inflation** in September was stable for the third month at 1.0%. **The Commission's interim forecast** has revised euro-area inflation marginally down to 1.4%, from 1.5% in the spring forecast.

**Industrial producer prices** rose by 0.3% (m-o-m) in September (0.1% in August).

Following a sharp decline from its peak in 08H2, **oil prices** were rebounding, amid some volatility, up to May 2010, when the prices heavily fluctuated (between 69 and 88 USD/bl.). Thereafter, prices were moving more moderately, although they almost reached their yearly high in the first days of November, on the back of expectations of USD weakening as a result of announced further quantitative easing in the US. On 10 November, the price of Brent crude oil was 88.6 USD per barrel.

## 7. Monetary and financial indicators

**Interbank money market** conditions diverged substantially between the US and the EU during the

summer, with the US Libor dropping and the Euribor consolidating. More recently in Europe, the Euribor rates have been rising suggesting a normalisation in money markets in the context of a decline in excess liquidity and stricter ECB rules regarding the access to ECB funding for banks with weaker balance sheets; financial institutions are raising more money in private markets instead of borrowing from the ECB. The 3-month Euribor has remained at 1.05% (10 November) for the last 2 weeks, above the ECB's official Repo rate of 1%. The US 3-month Libor rate has been at 0.29% since the beginning of September (0.53% in July).

**Benchmark sovereign bond yields** have declined sharply during the summer, with the 10-year German Bund reaching its all-time low (2.1% end August) and US 10-year bond yield reaching its almost 2-year low (2.39%). Although since then they increased somewhat, they are still low when looking at 2010 as a whole: DE: 2.46% and US: 2.64% (10 November). Yield spreads in many euro area countries, on the other hand, have widened on the back of persistent concerns regarding their fiscal situation and more recently on the back of discussions about a new rescue system promoted by Germany and France.

The annual rate of change of **M3** decreased slightly to 1.0% in September 2010, from 1.1% growth in August. **Loan growth to the private sector** in August remained stable at 1.2%, after 0.7% in July and 0.3% in June. The annual rate of change of **loans to non-financial corporations** increased to -0.6 in September, from -1.1% in August. The annual growth rate of **loans to households** decreased to 2.8% in September, after 2.9% in the previous month.

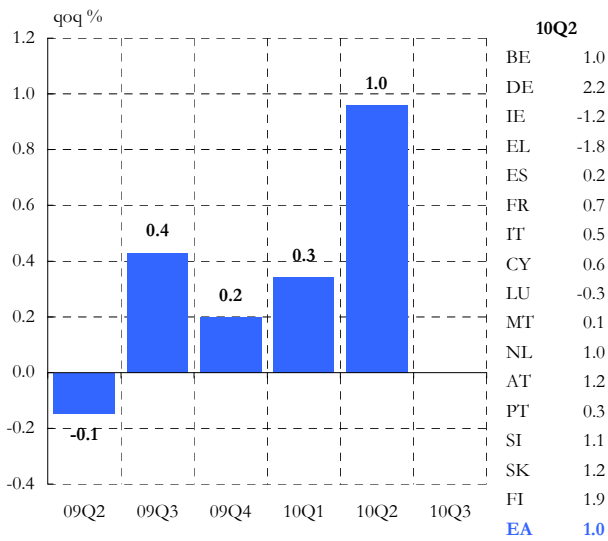
Concerns about fiscal sustainability in some Member States and the expectation of a stronger growth outside Europe were among the main causes mentioned in **foreign exchange markets** for the slide of the euro exchange rate in May and June, reaching its 4-year low at 1.19 USD/EUR beginning June. During summer, although still volatile, Euro recovered part of its earlier losses. In the wake of the Federal Reserve's decision on "quantitative easing" the euro strengthened further in early November. On 10 November, 2010, USD/EUR rate stood at 1.38 and JPY/EUR rate stood at 113.4.

**The stock market indices** kept a positive momentum until mid-April this year. However, they suffered broad losses in May and June. Since then, especially Dow Jones (DJ) and Eurostoxx have been recovering, with DJ reaching its 2-year high in the first days of November helped by FED's announcement for the 2nd round of quantitative easing. Currently, only the Dow Jones index is higher than in the beginning of the year, while the Eurostoxx50 and Nikkei 225 indices are still below (by some 3.5% and 5% respectively).

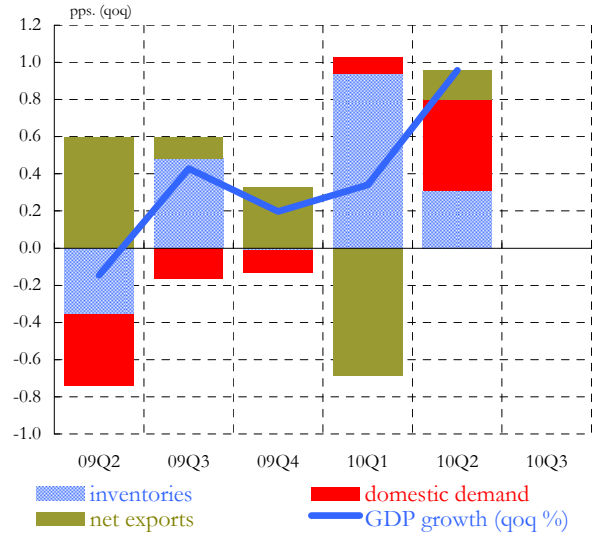


1. OUTPUT

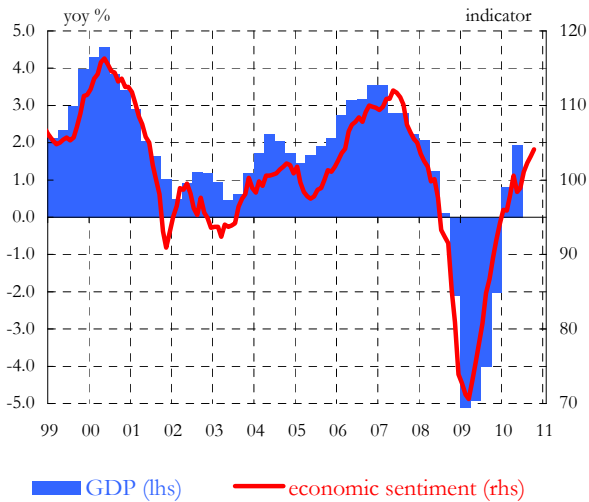
GDP



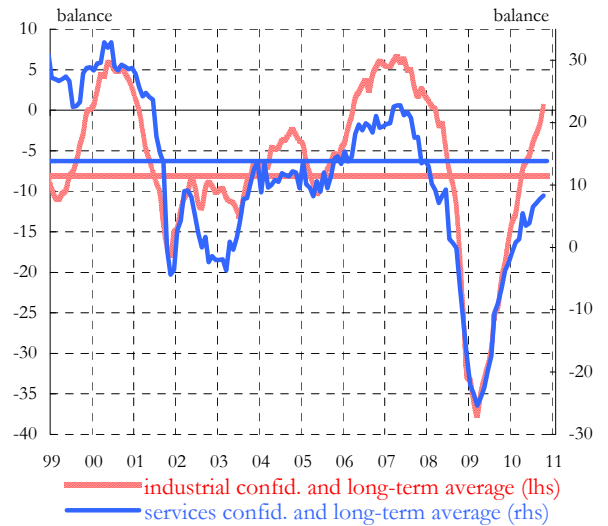
Contributions to GDP growth



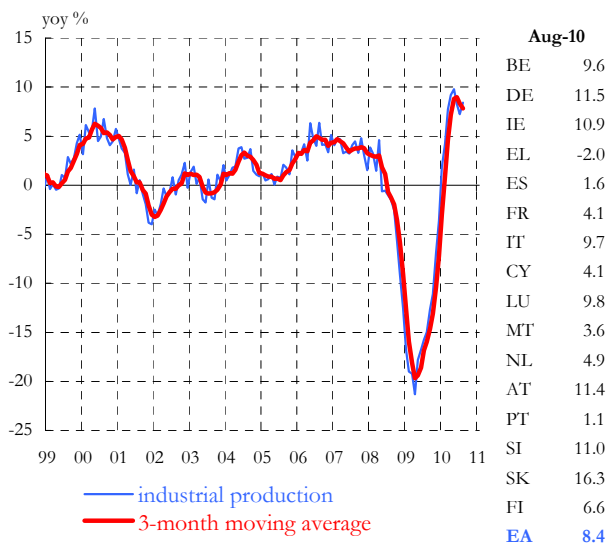
GDP and Economic Sentiment Indicator



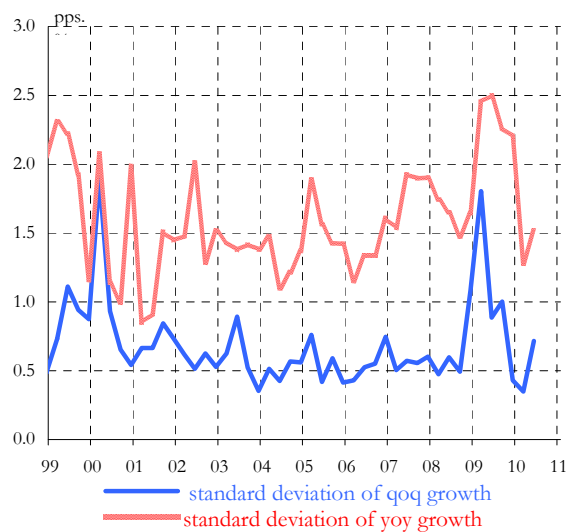
Industrial and services confidence



Industrial production



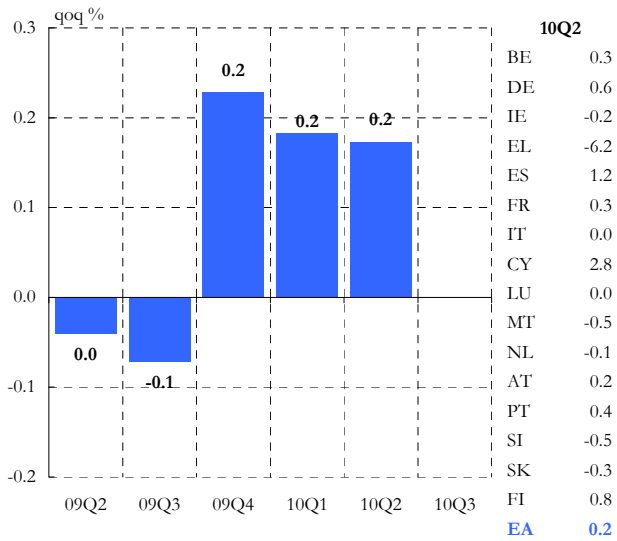
GDP growth divergence, euro area



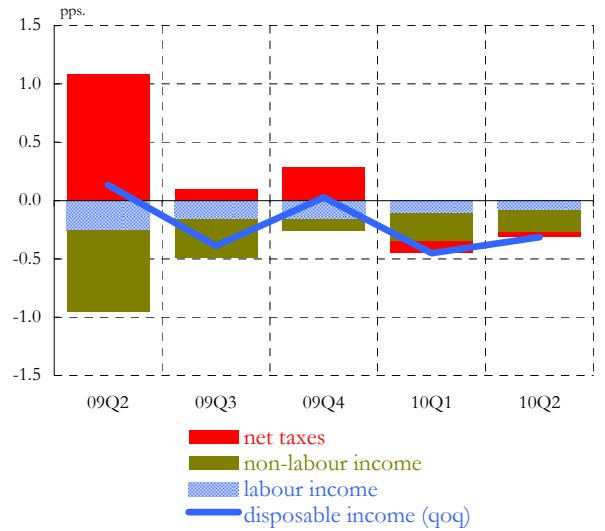


2. PRIVATE CONSUMPTION

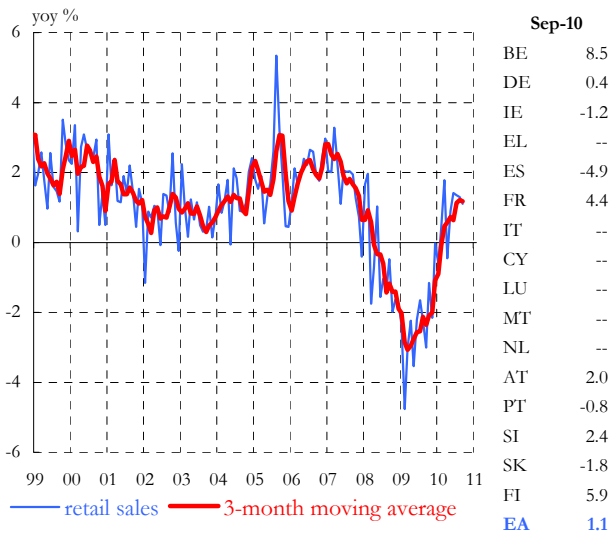
Private consumption



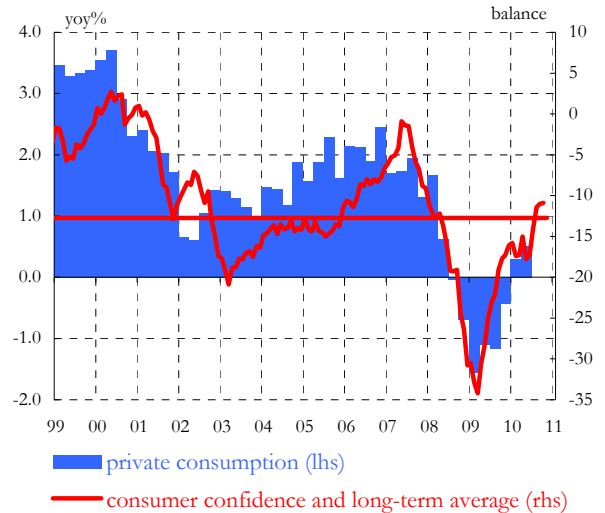
Gross disposable income and its components



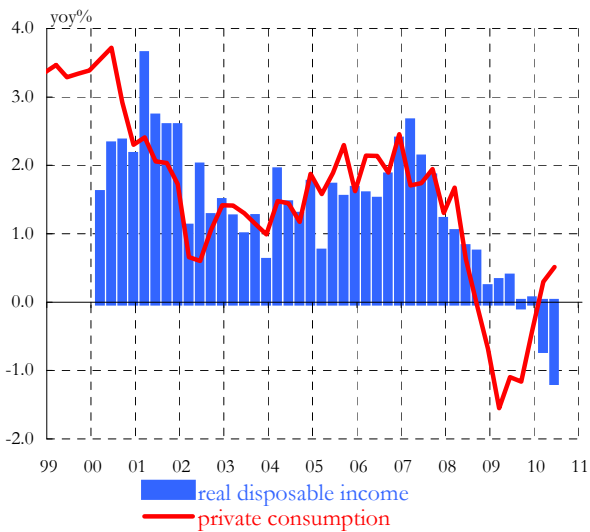
Retail sales



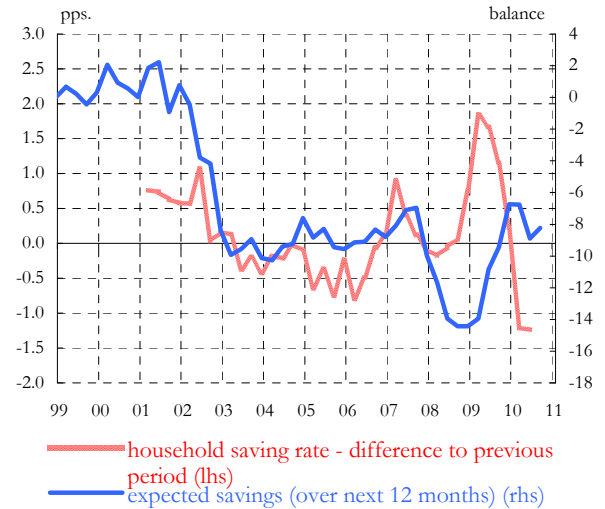
Consumer confidence and private consumption



Households: real disposable income and consumption



Households: actual saving rate and expected savings

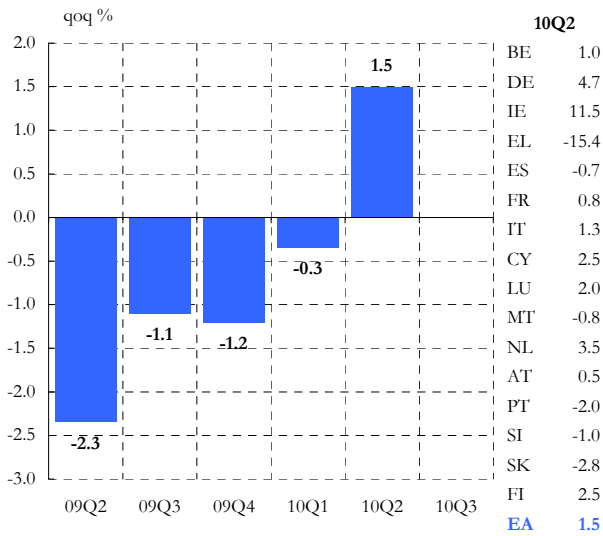




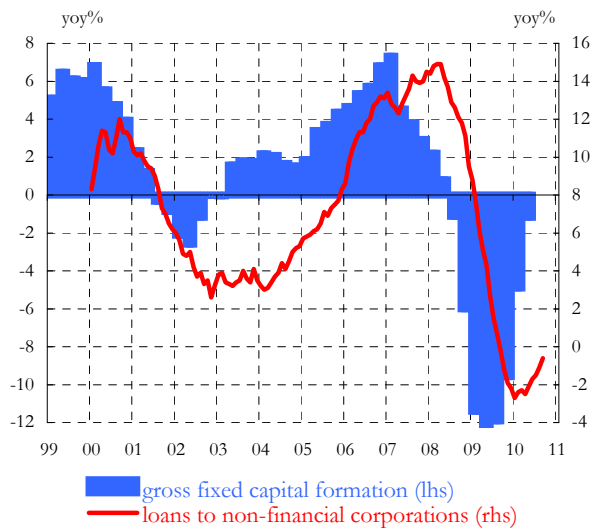


3. INVESTMENT

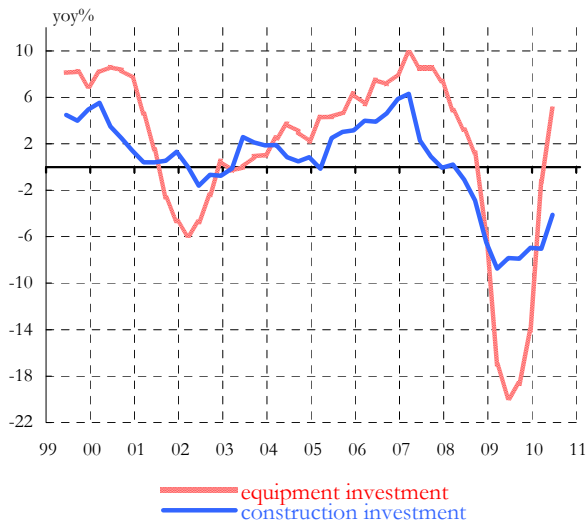
Gross fixed capital formation



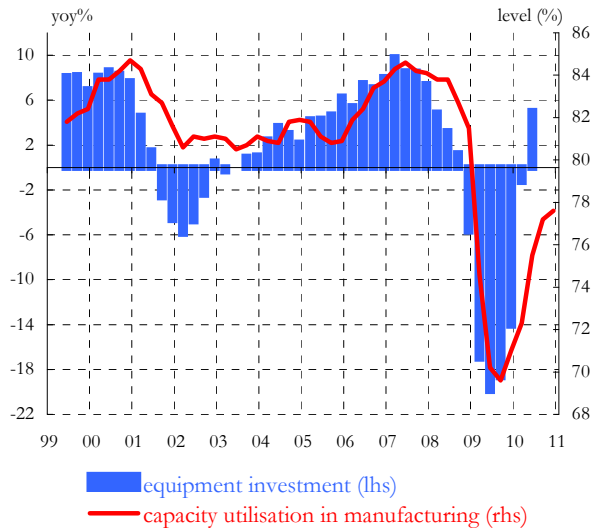
Gross fixed capital formation and corporate loans



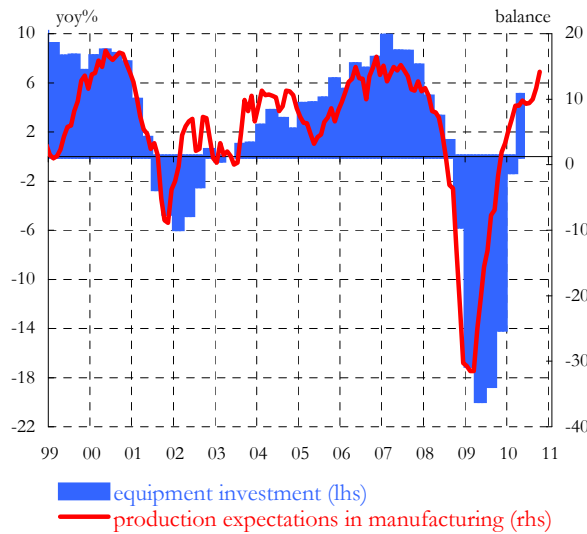
Equipment and construction investment



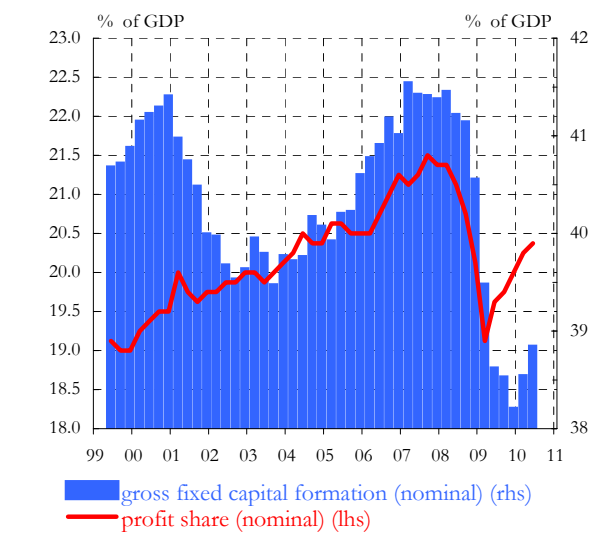
Equipment investment and capacity utilisation



Equipment investment and production expectations



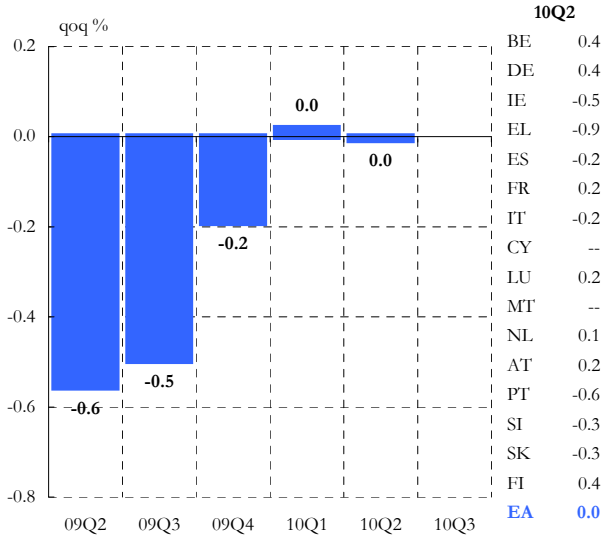
Gross fixed capital formation and profit share



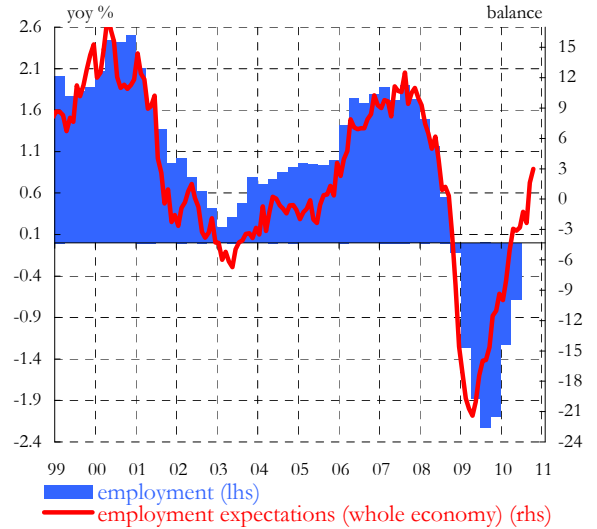


4. LABOUR MARKET

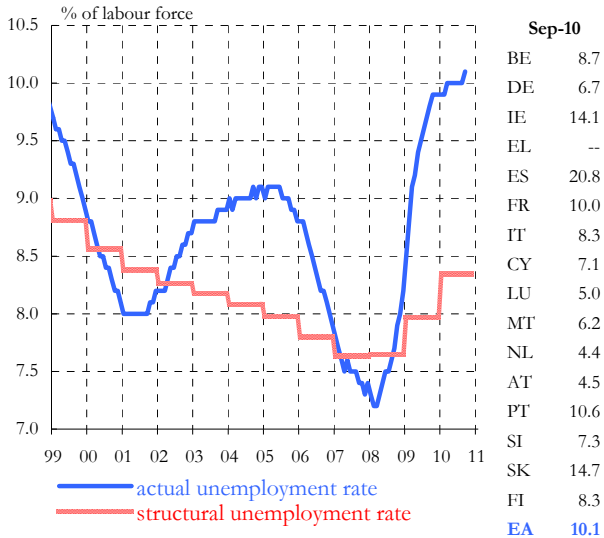
Employment



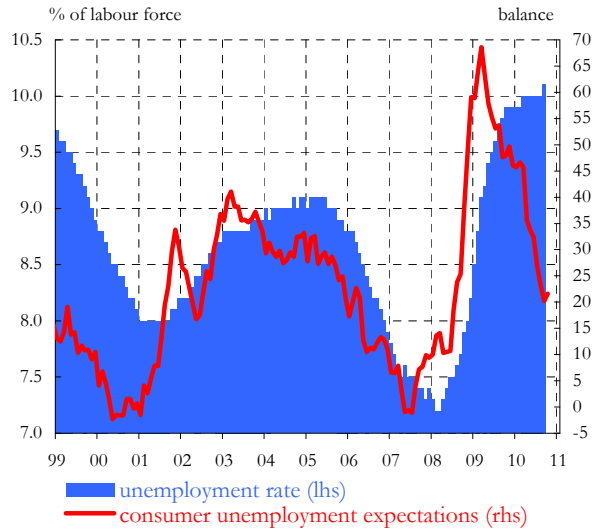
Employment and employment expectations



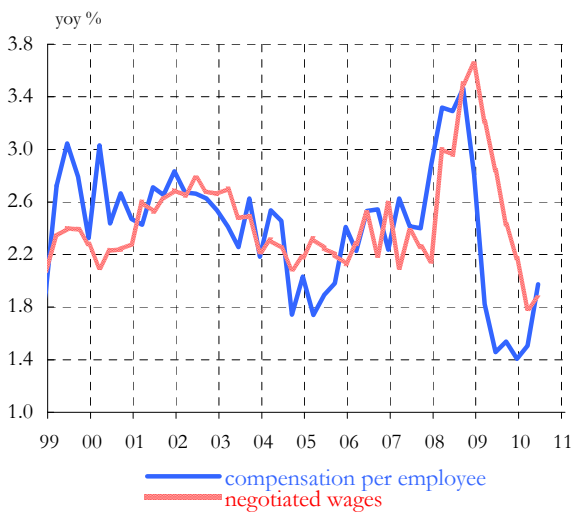
Actual and structural unemployment rate



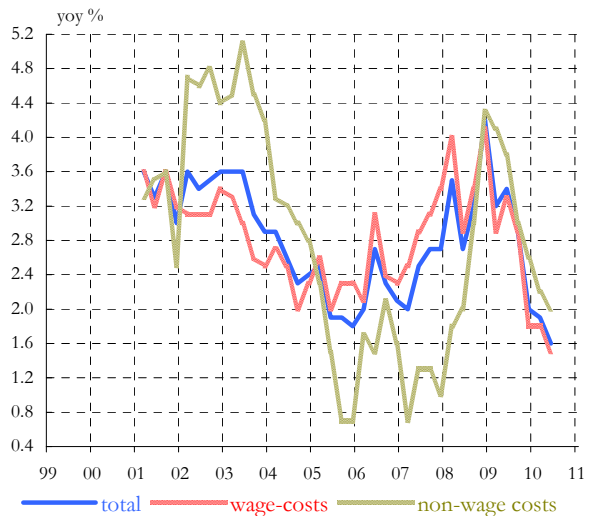
Unemployment rate and unemployment expectations



Compensation per head and negotiated wages (nominal)



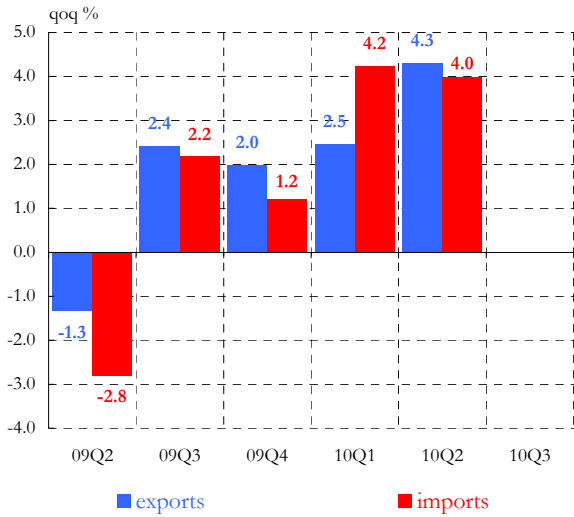
Labour costs in the private business sector (nominal)



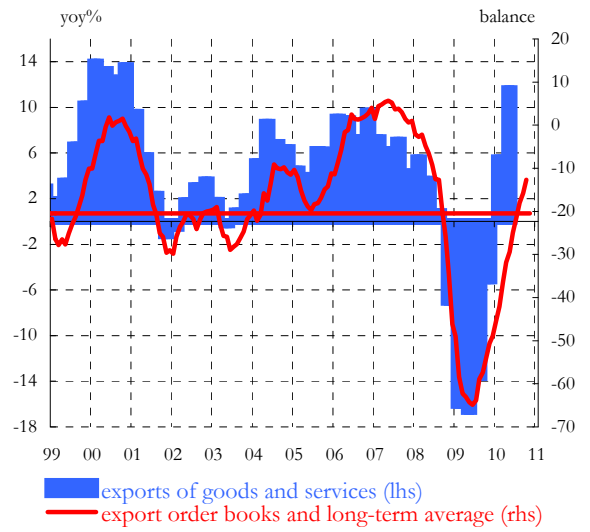


5. INTERNATIONAL TRANSACTIONS

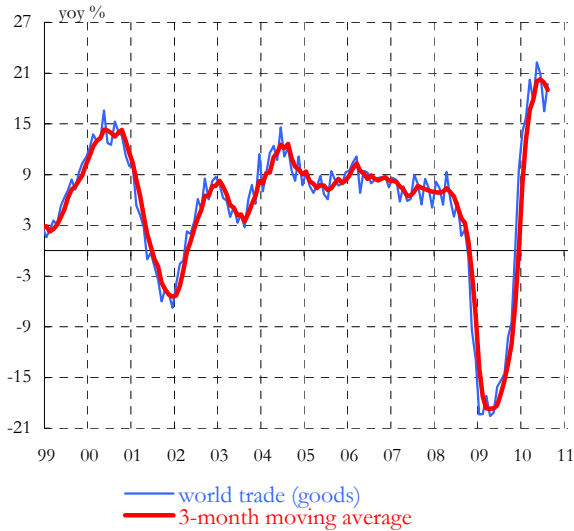
Exports and imports of goods and services



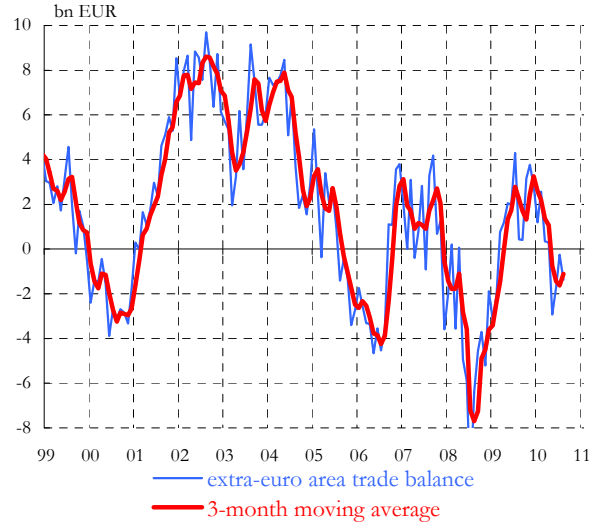
Exports and export order books



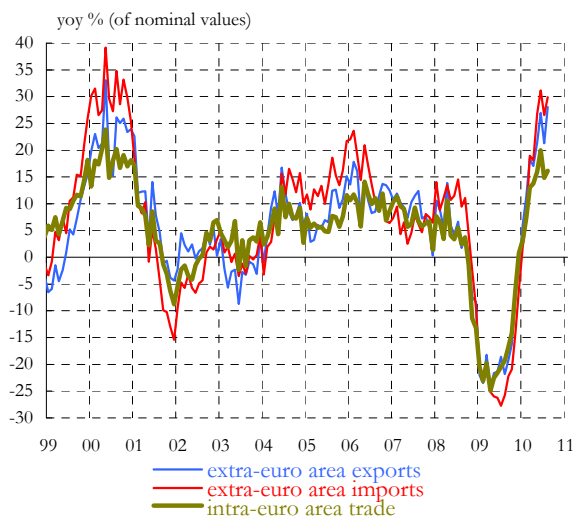
World trade



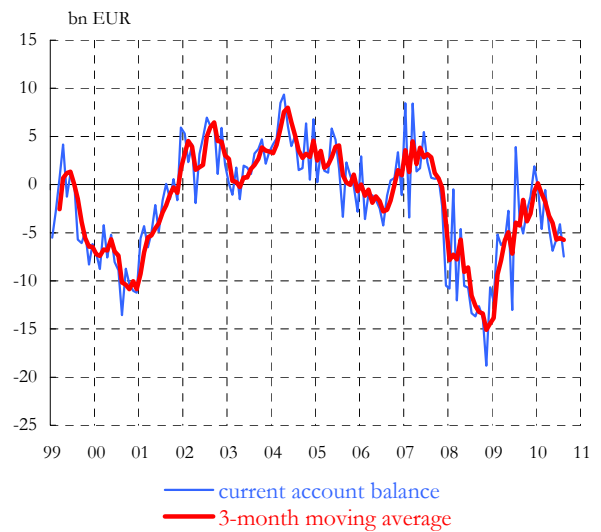
Extra euro-area trade balance



Extra- and intra-euro area trade



Current account balance

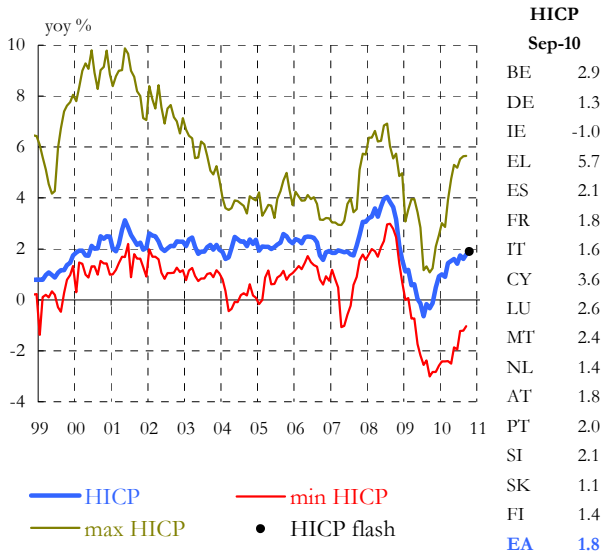




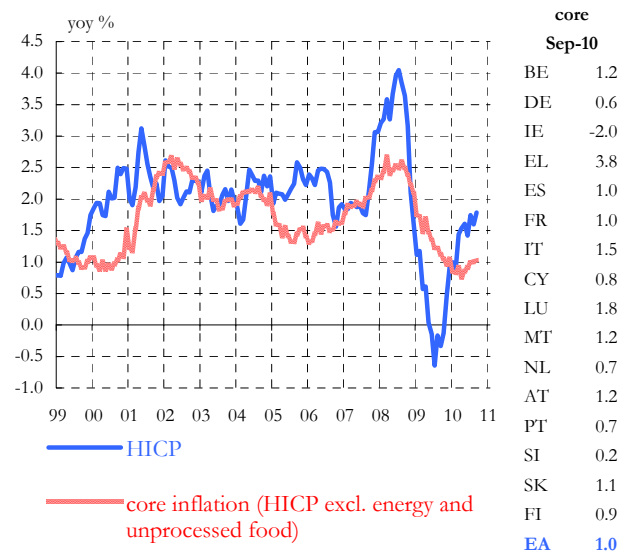


6. PRICES

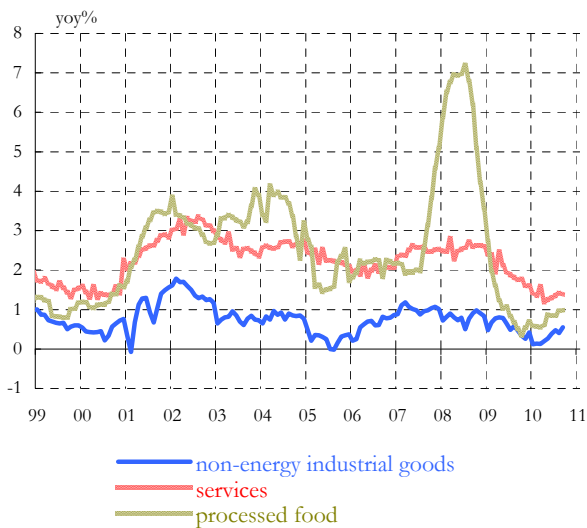
Harmonised index of consumer prices (HICP)



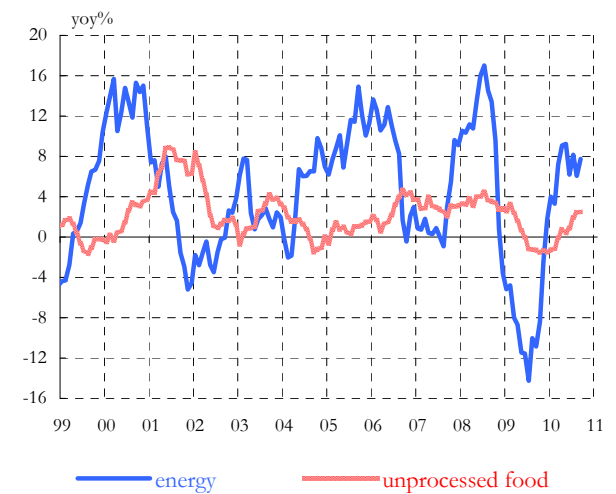
HICP and core inflation



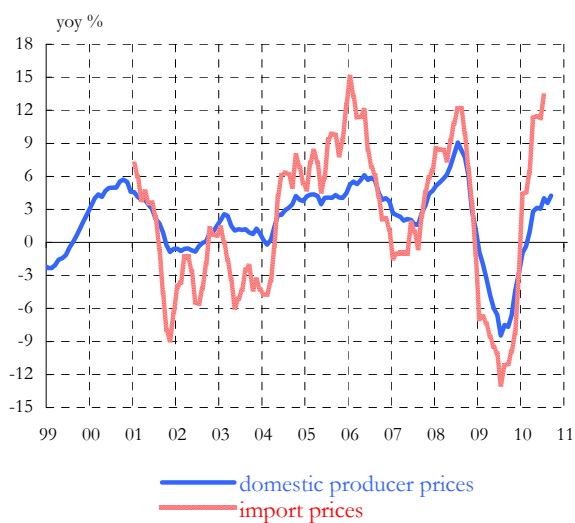
Breakdown of core inflation



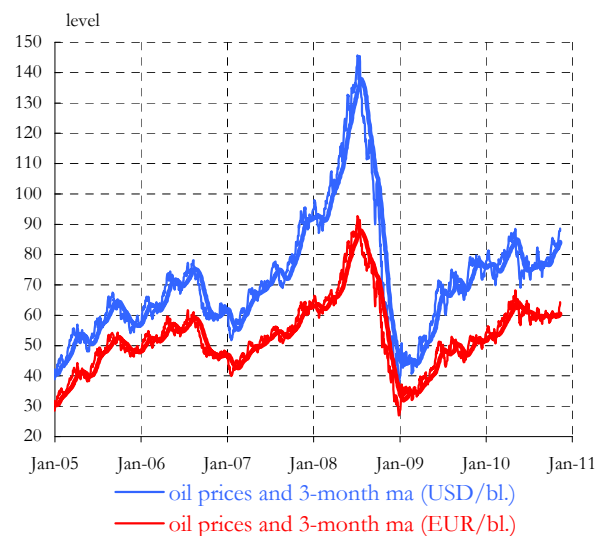
Energy and unprocessed food



Domestic producer prices and import prices



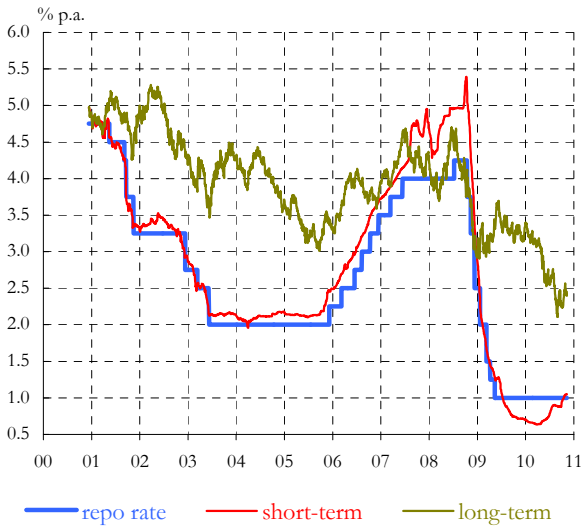
Oil prices



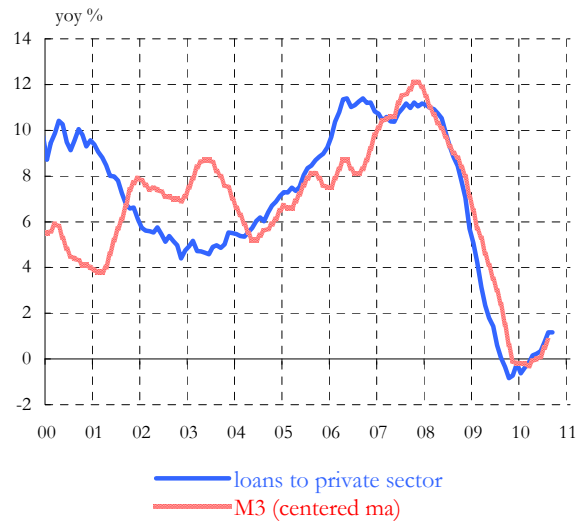


7. MONETARY AND FINANCIAL INDICATORS

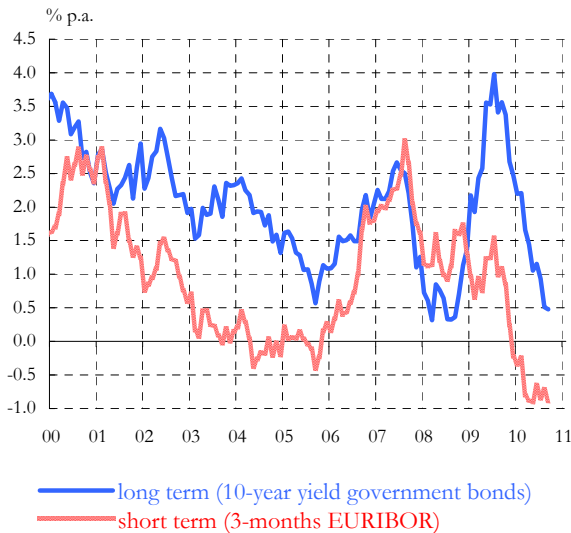
Nominal interest rates



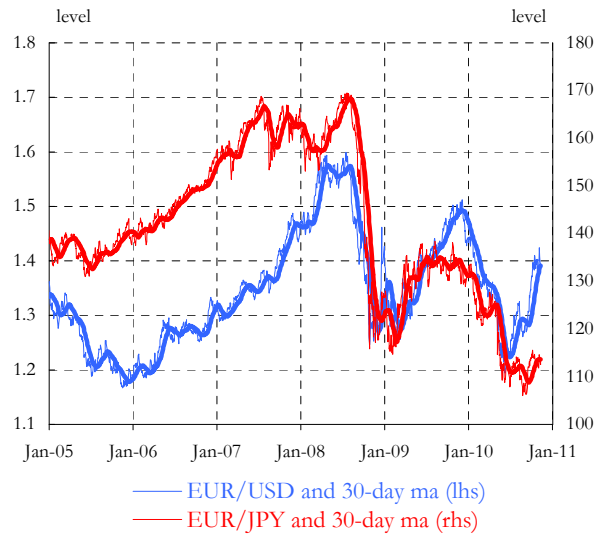
Loans to private sector and money supply



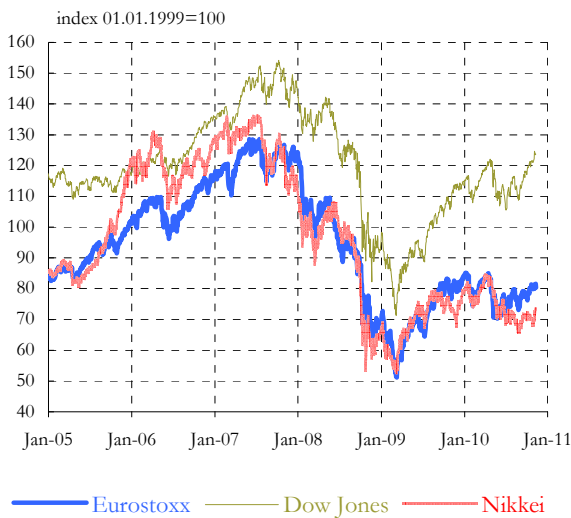
Real interest rates



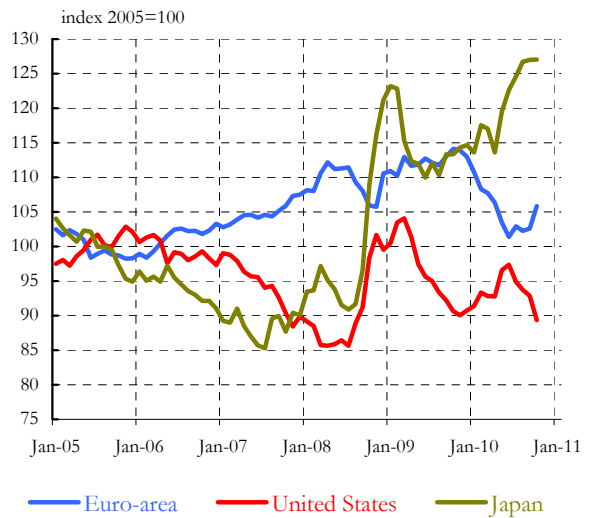
Euro vis-à-vis US dollar and JP yen



Stock market indices



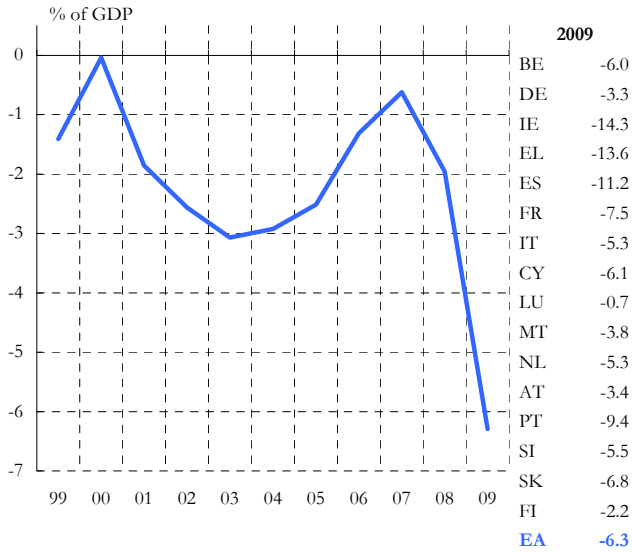
Nominal effective exchange rates



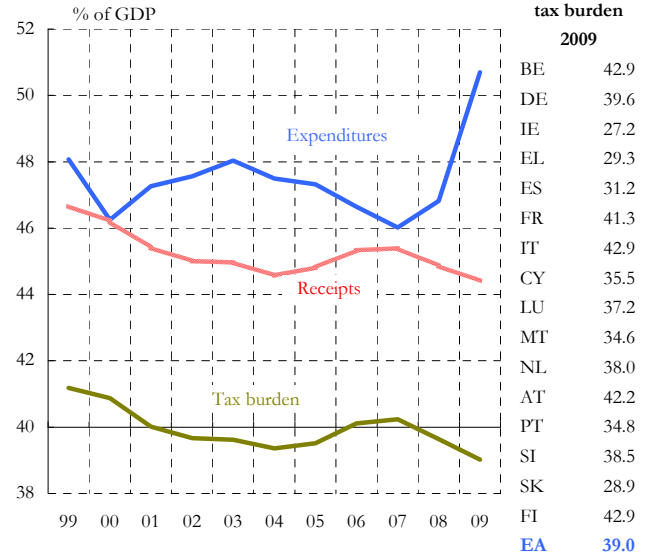


8. PUBLIC FINANCES\*

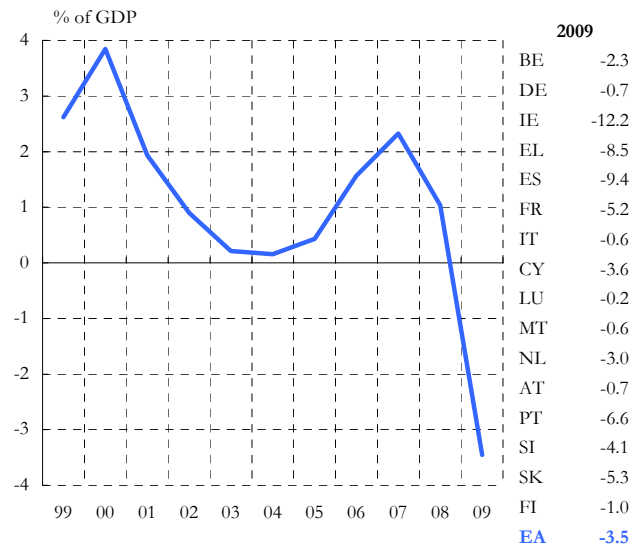
Government general balance



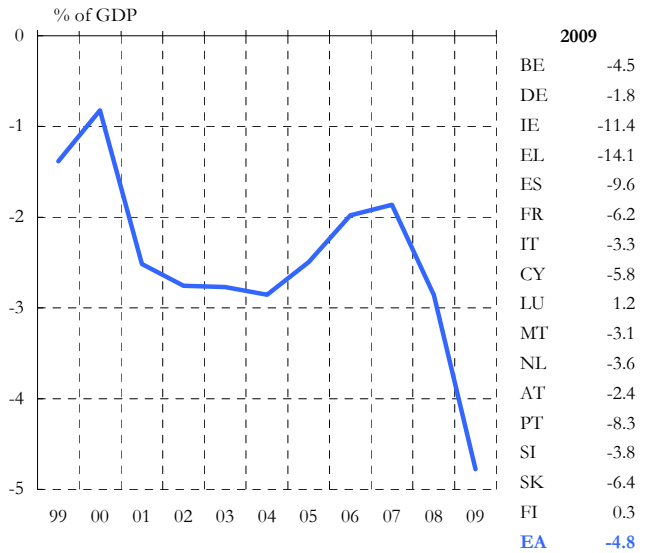
General government expenditures and receipts



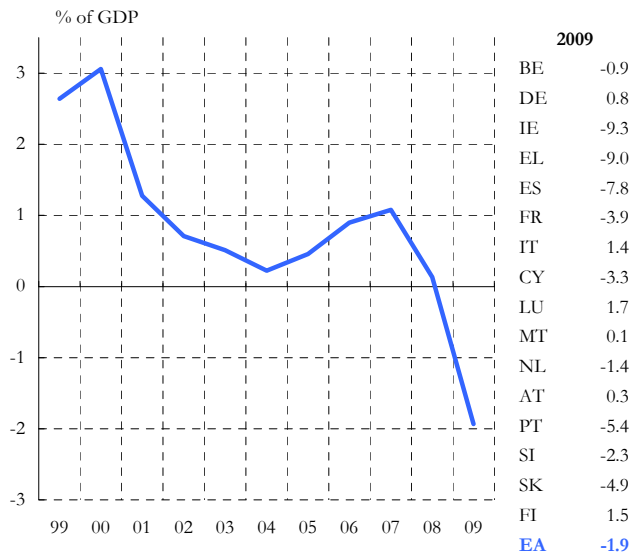
Primary balance



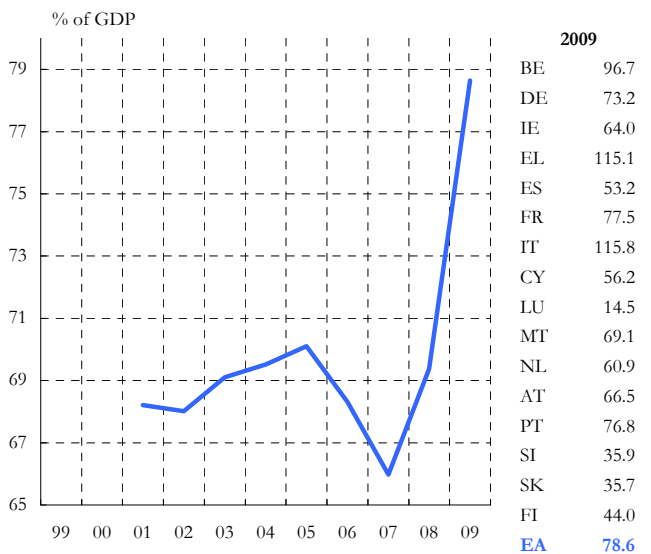
Cyclically adjusted balance



Cyclically adjusted primary balance



General government debt



\* Figures are from the Commission's spring 2010 forecast

## KEY INDICATORS FOR THE EURO AREA



Euro-area	Indicators as from 2009 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), Slovakia (SK), 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 (2005=100), NACE Rev.2 B-C-D, 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.2 G47) 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 2005=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	Monthly Nominal Effective Exch. Rates vs. rest of IC36 (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