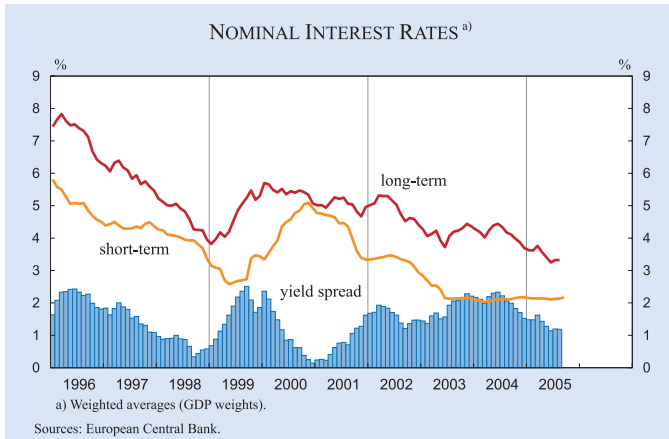
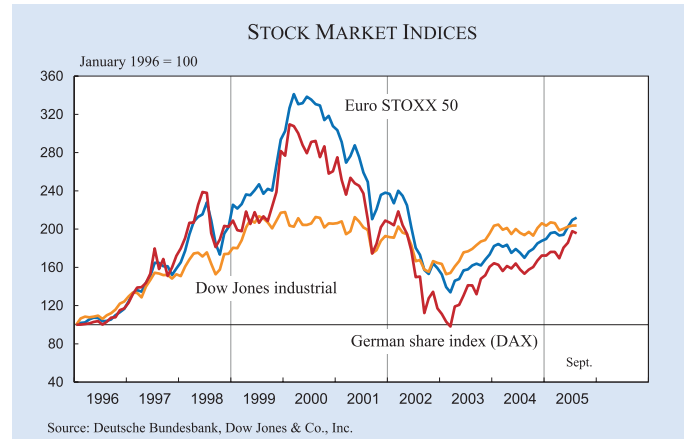


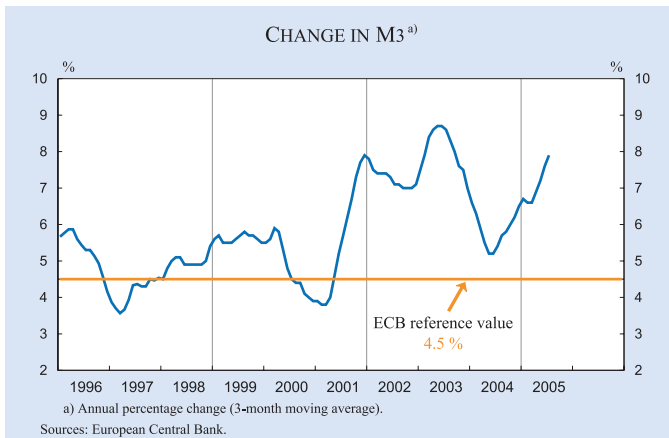
## FINANCIAL CONDITIONS IN THE EURO AREA



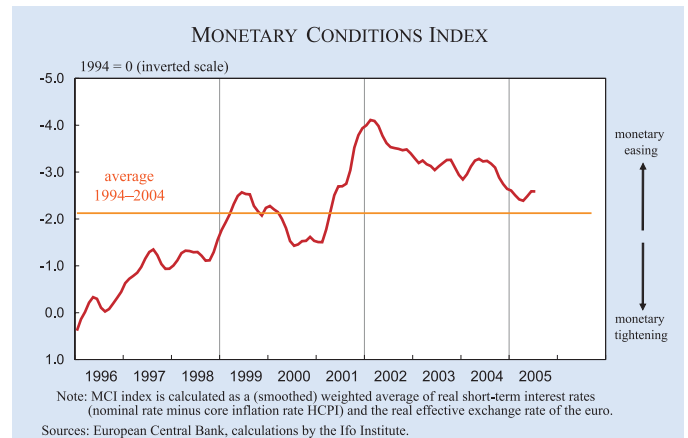
In the euro area, the key interest rate remained unchanged at 2%. This is reflected in the 3-month money market rate that has averaged 2.14% since January and stood at 2.13% in July and August. Ten-year bond yields have also stayed at 3.32% in July and August, leaving the yield spread at 1.19%.



The monthly average of the German DAX rose steeply through July, suffering a temporary decline in August, but finally climbing above the threshold of 5,000 in September. The Euro STOXX continued on its upward trend, averaging 3,303.3 in August. The Dow Jones Industrial moved sideways at a level slightly above 10,500.

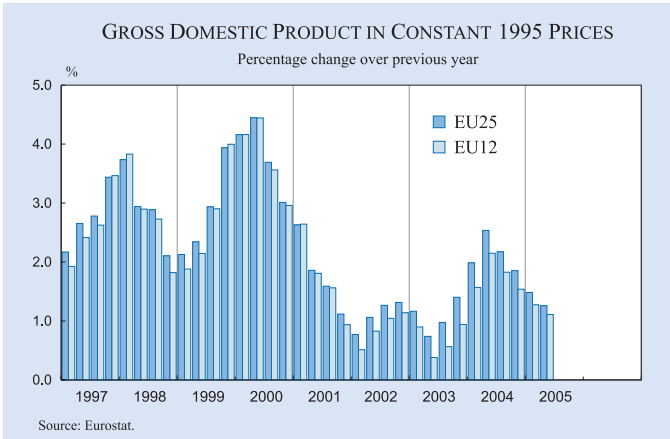


During past months, the annual growth rate of M3 continued to rise, reaching 8.1% in August compared to 7.9% in July 2005. It averaged 7.0% in the second quarter and 6.6% in the first quarter of the year. The three-month moving average of the annual M3 growth rates over the period from June to August 2005 rose to 7.9% compared to 7.6% in the previous three-month period. The strong growth of M1 contributed most to the dynamics of M3. The annual growth of M1 rose to 11.5% in August from 11.1% in July.

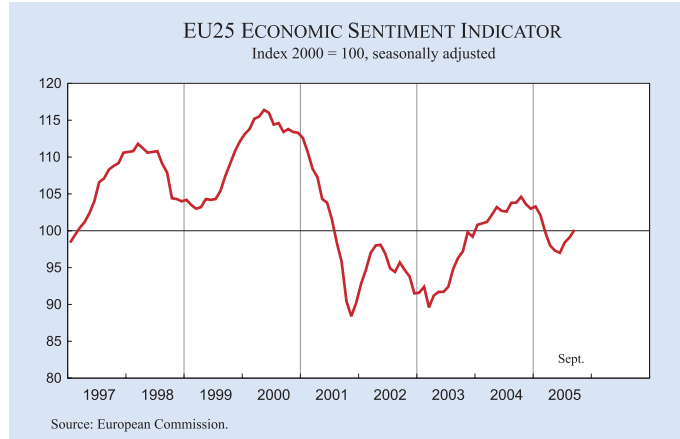


In June and July, the monetary conditions index remained unchanged after having risen during the previous two months signalling monetary easing. Real short-term interest rates declined in August, whereas the real effective exchange rate of the euro rose.

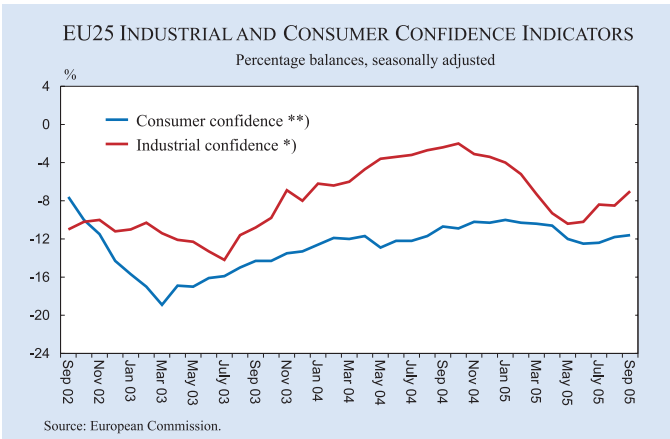
# EU SURVEY RESULTS



In the second quarter of 2005, real gross domestic product (seasonally adjusted) of the 25 EU countries rose by 0.3% over the first quarter, the same growth rate as in the euro area. Year-on-year, real GDP growth of the EU25 countries was 1.3%, versus 1.1% in the euro area.



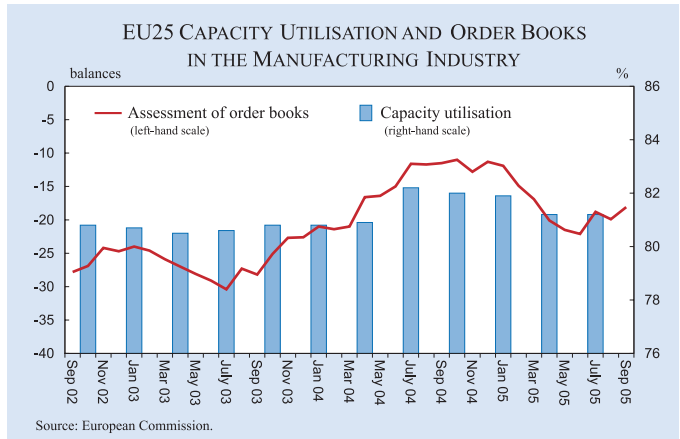
In September, the EU Economic Sentiment Indicator increased to 100.1, the third continuous rise since June 2005. Consumer confidence continued to improve but only slowly and still stood at a low level. Industrial confidence continued along its rising trend, improving quite strongly in August. Confidence was also up in other business sectors, recovering in retail trade, remaining fairly stable in services, and showing considerable improvement in construction.



\* The industrial confidence indicator is an average of responses (balances) to the questions on production expectations, order-books and stocks (the latter with inverted sign).  
\*\* New consumer confidence indicators, calculated as an arithmetic average of the following questions: financial and general economic situation (over the next 12 months), unemployment expectations (over the next 12 months) and savings (over the next 12 months). Seasonally adjusted data.

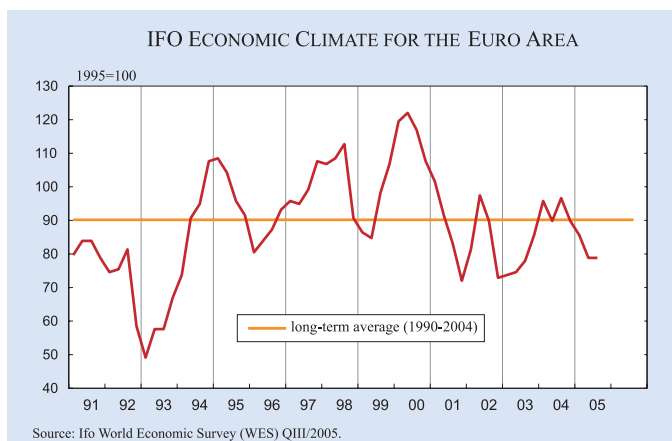
The EU industrial confidence indicator rose to -7 in September from -9 in August and -8 in July. Deterioration in the confidence indicator was registered in France, Sweden and Denmark. Only in the Eastern European countries did industrial confidence move in the positive range.

The EU consumer confidence indicator remained steady during August/September. The underlying components of the indicator developed in a slightly less stable manner. While households' expectations regarding the general economic situation improved, they worsened with regard to their financial situation. Only unemployment expectations improved slightly in September.

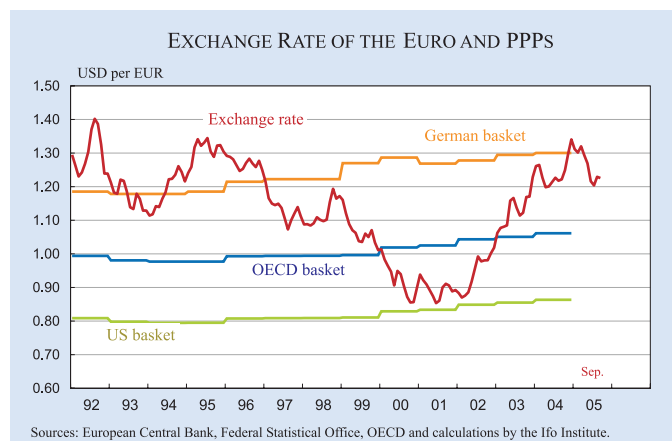


The slight increase of EU industrial confidence in September was caused by an improvement in the assessment of order books, whereas production expectations remained unchanged. Capacity utilisation remained stable at 81.2 in the third quarter of 2005.

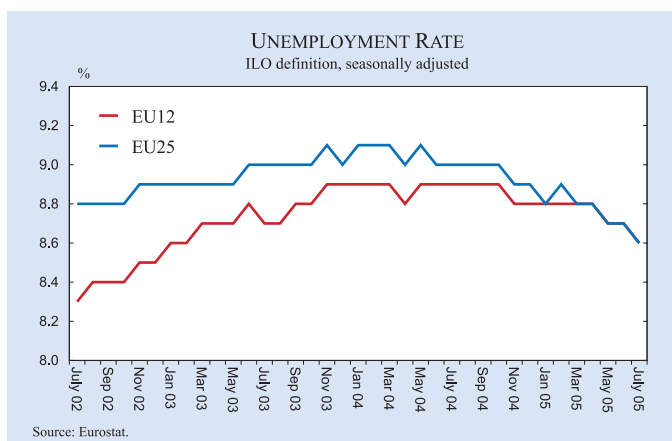
## EURO AREA INDICATORS



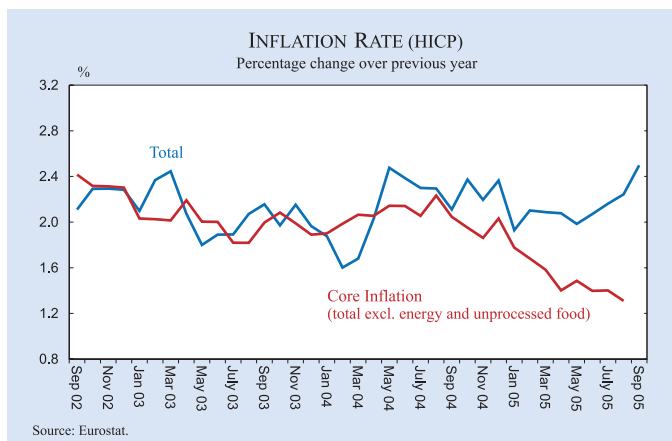
The Ifo World Economic Survey for the Euro area remained unchanged at 78.8 in the third quarter of 2005, after having fallen for three quarters in succession. Whereas the assessments of the current situation continued to decline, expectations for the next six months improved.



The exchange rate of the euro against the US dollar remained constant at an average of 1.22 in September. This is a slight recovery after a continuous decline since its rate of 1.34 US dollars in December 2004.



Euro-area unemployment (seasonally adjusted), like that in EU 25, stood at 8.6% in July 2005, down from 8.7% in May and June. The lowest rates were again registered in Ireland (4.3%), the UK (4.76% in March), Denmark (4.8%), the Netherlands (4.8%) and Austria (5.1%). Unemployment rates were highest in Poland (17.6%), Slovakia (15.2%), Greece (9.9%) France (9.7%), Spain (9.4%) and Germany (9.3%).



The annual inflation rate of the euro area (HICP) is expected to be 2.5% in September, according to a flash estimate issued by Eurostat on 30 September. It was 2.2% in August. In August, the lowest annual rates were observed in Finland and Sweden (both 1.0%), the Czech Republic (1.4%) and Cyprus (1.5%). The highest rates were registered in Latvia (6.3%), Luxembourg (4.3%), Estonia (4.2%) and Greece (3.6%). Year-on-year core inflation (excluding energy and unprocessed foods), which had remained stable in July, declined in August.