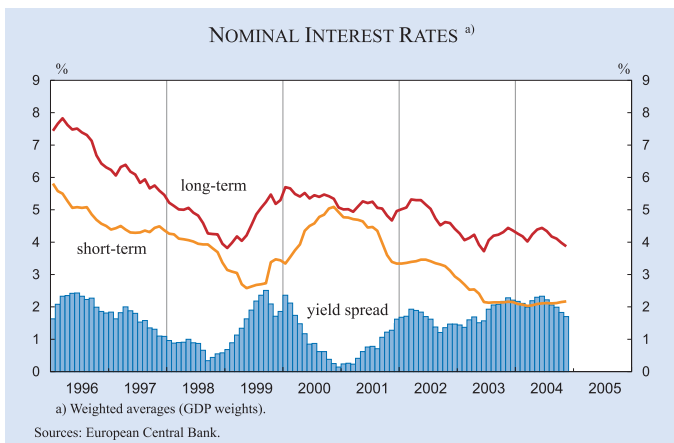
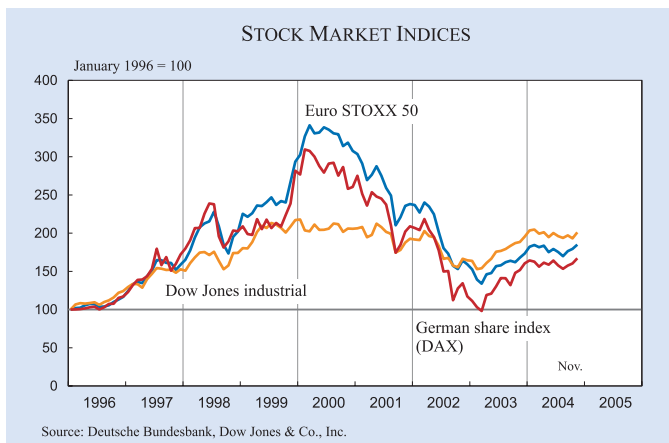


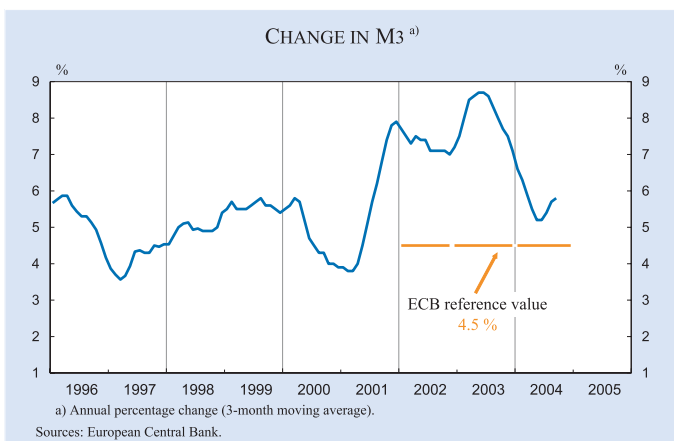
FINANCIAL CONDITIONS IN THE EURO AREA



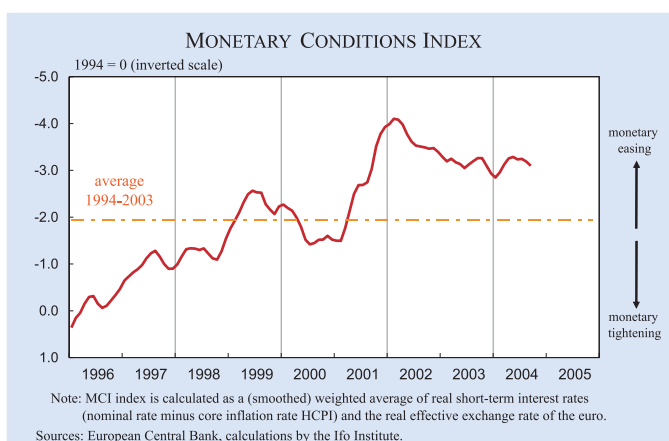
While short-term interest rates have remained unchanged, long-term rates (yields on 10-year government bonds) continued to decline during the past three months, from an average 4.11% in September to 3.98% in October and 3.87% in November 2004. Correspondingly, the yield spread continued to narrow.



The stock markets recovered during the past three months. The Dow Jones reached 10,411 in November, the Euro Stoxx 2,883 and the German DAX 4,126. They thus recouped the losses suffered in 2002 and 2003.

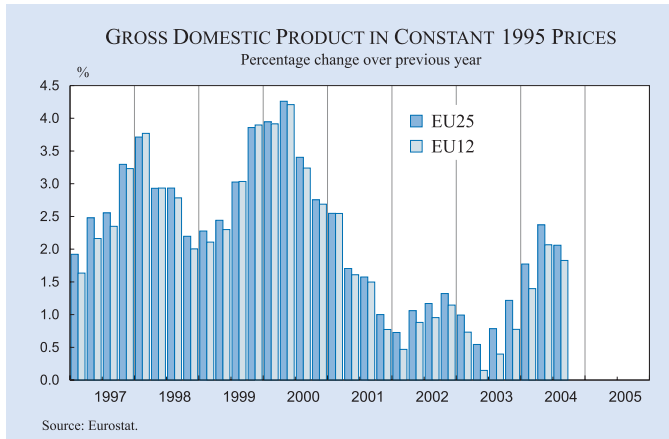


The annual rate of growth of M3 declined to 5.8% in October 2004, from 6% in September. This was mainly due to a decrease in the growth rate of marketable instruments, but also – to a lesser extent – of M1. The three-month average of the annual growth rates of M3 over the period August 2004 – October 2004 was 5.8% compared with 5.7% in the previous 3-month period.

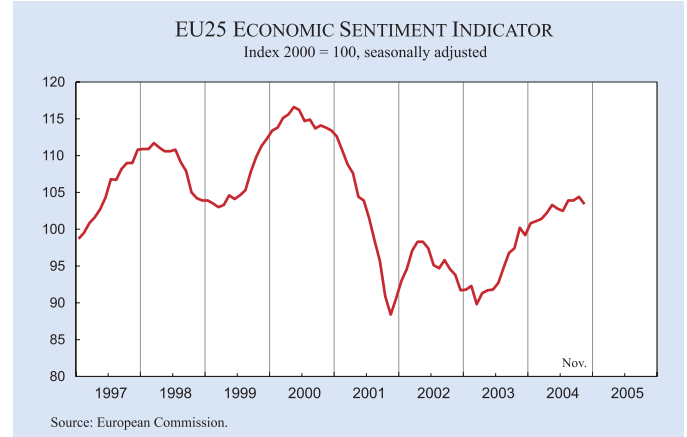


The MCI index continued to decline, implying a very slight monetary tightening, due to an rise in the real effective exchange rate of the euro.

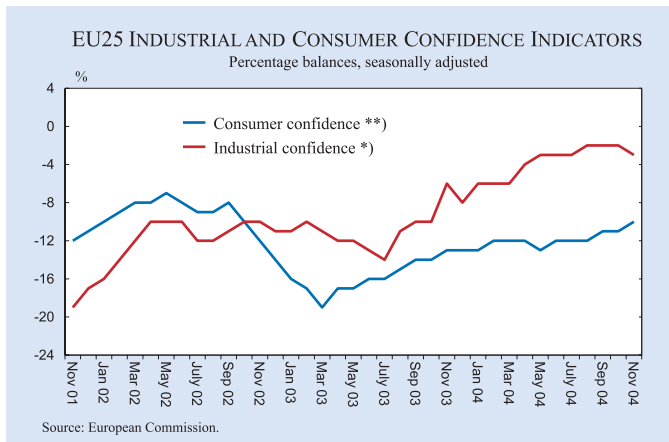
EU SURVEY RESULTS



In the third quarter of 2004, the year-over-year growth rate of real GDP was 1.8% in the euro area (EU12) and 2.1% in the entire EU (EU25). Thus growth was somewhat less than in the second quarter, when the rates were 2.1% and 2.4%, respectively. Above average growth rates in the euro area were registered by Spain (2.6%), Belgium (3%) and France (2%). In the EU25, Lithuania (6.3%), Finland (3.7%) and Greece (3.8%) stood out.



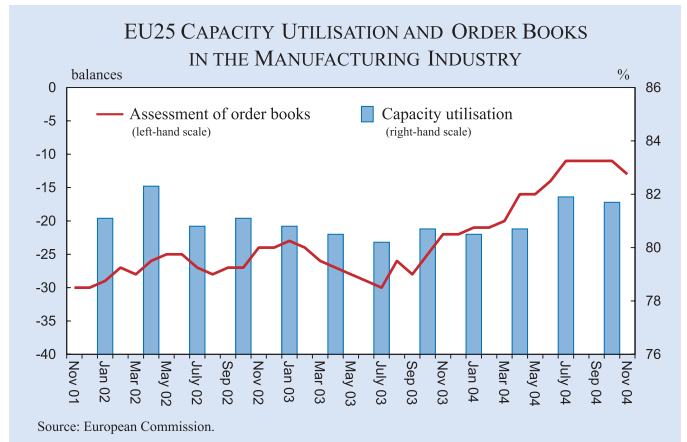
The economic sentiment indicator (ESI) for the EU fell in November by 1 point to a level of 103.4. The component most decisive for the decline was the services confidence indicator, which fell by 2 points. Among the larger member countries, the ESI improved in Spain and Poland, but fell in France and the UK. In Germany and Italy, the indicator moved sideways.



* 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.

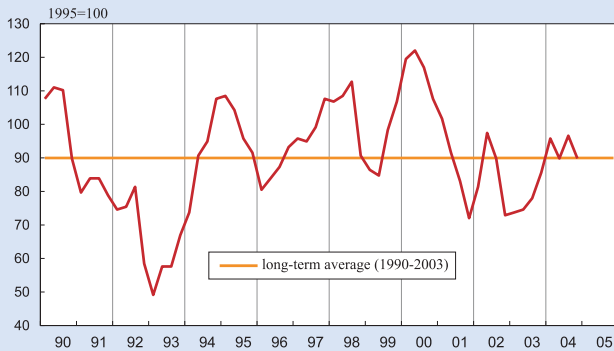
Industrial confidence fell by 1 point in the EU. Confidence in the industry sector has changed very little since early summer. There was a decline in production expectations, whereas the assessment of the stock of finished products remained unchanged. *Consumer confidence* recorded a small improvement, raising it above its long-term average for the first time since October 2002.



There was a slight decline in capacity utilisation and also in the assessment of order books. The latter was most pronounced in Denmark (+ 4 to - 10), in the UK (- 4 to - 13), Hungary (- 15 to - 20), and Lithuania (- 22 to - 27), compared to October.

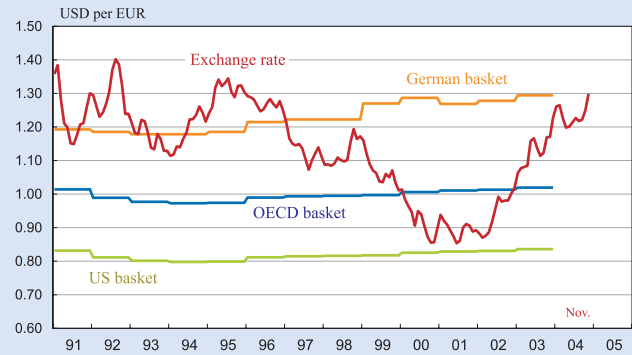
EURO AREA INDICATORS

Ifo Economic Climate for the Euro Area



According to the Ifo World Economic Survey, the economic climate for the euro area declined to 89.8 in the fourth quarter 2004 compared to 96.6 in the third quarter. Considering the zigzag course during the year, one could say that there has been a sideways movement in 2004.

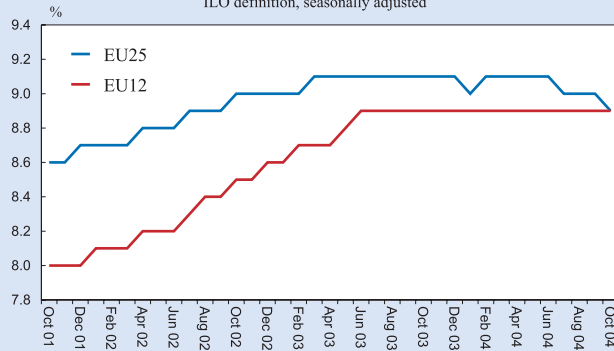
Exchange Rate of the Euro and PPPs



The euro registered a sharp increase against the dollar in November, when it averaged \$1.2991. It continued to rise during the month of December, breaching the \$1.34 mark. In November it reached the 2003 purchasing power parity based on the German market basket.

UNEMPLOYMENT RATE

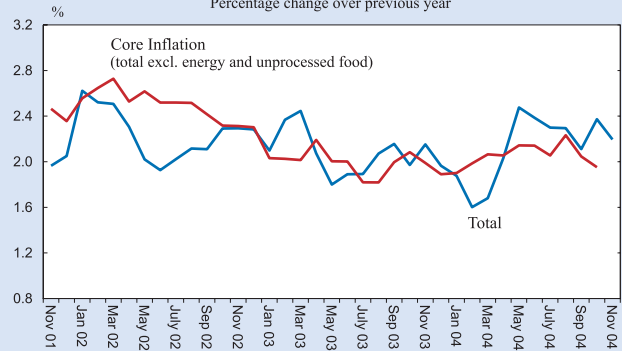
ILO definition, seasonally adjusted



The seasonally adjusted unemployment rate (ILO definition) in the euro area remained unchanged at the level of 8.9% that has prevailed since June 2003. The unemployment rate for the larger EU25 declined to the same 8.9% in October, from 9% during the preceding three months. It was 9.1% in October 2003.

INFLATION RATE (HICP)

Percentage change over previous year



The euro-area inflation rate (consumer prices HICP) declined to 2.19% year-over-year in November from 2.37% in October. Core inflation (excl. energy and unprocessed food), for which the October rate is the latest one available, declined to 1.95% year-over-year from 2.05% in September. Rising energy prices will increase the gap between the two measures.