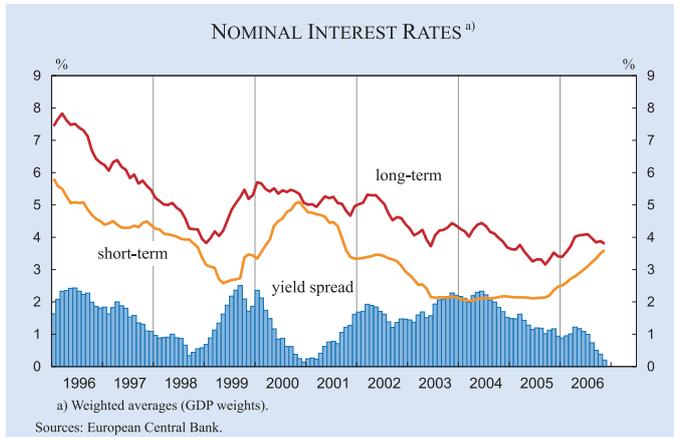
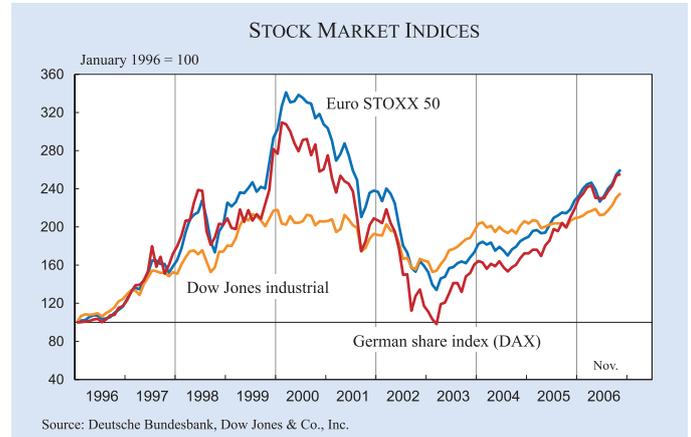


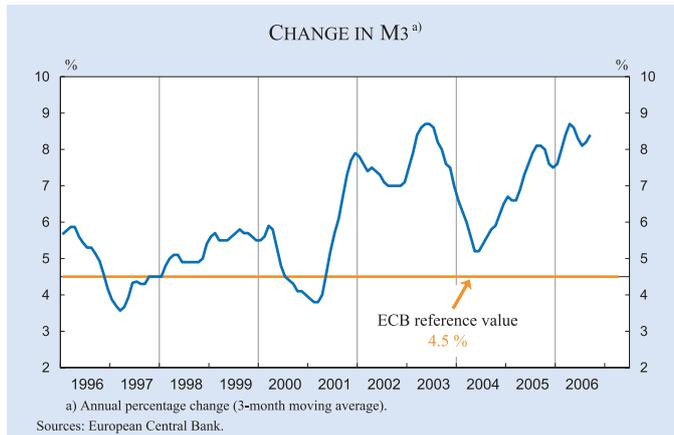
FINANCIAL CONDITIONS IN THE EURO AREA



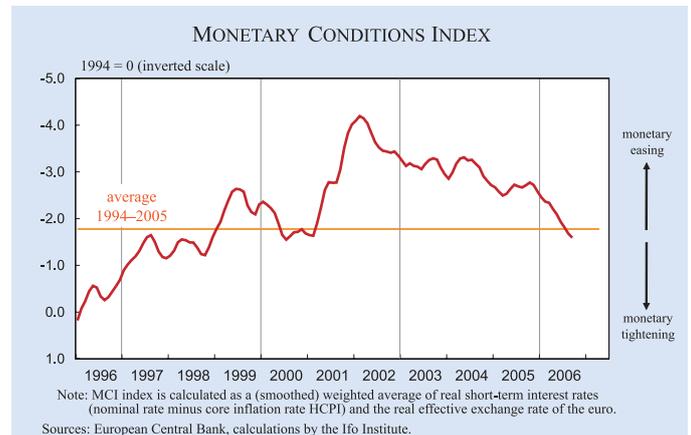
In the three-month period from September to November 2006, short-term interest rates rose over their entire range. The three-month EURIBOR increased from an average 3.34% in September to 3.60% in November. Ten-year bond yields rose from 3.84% in September – a decline from 3.97% in August – to 3.88% in October and a somewhat lower 3.80% in November. The yield spread continued to shrink to 0.20 points.



The German stock index DAX had breached the 6,000 mark in September and reached an average of 6,300 points in November. The Euro STOXX also rose continuously during this 3-month period, breaching the 4,000 mark in November. Finally, the Dow Jones Industrial continued its upward trend from an average 6,000 points in September to an average 6,300 in November.

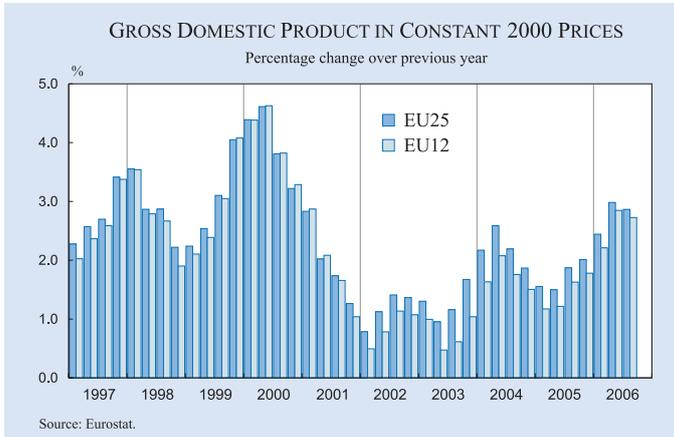


The annual rate of growth of M3 stood at 8.5% in October 2006, unchanged from the previous month. The three-month moving average of the annual growth rates of M3 over the period August to October 2006 rose to 8.4% from 8.2% in the period July to September 2006. The annual rate of growth of M1 declined to 6.3% in October, from 7.2% in September and August. It averaged 6.9% for the three-month period August to October.

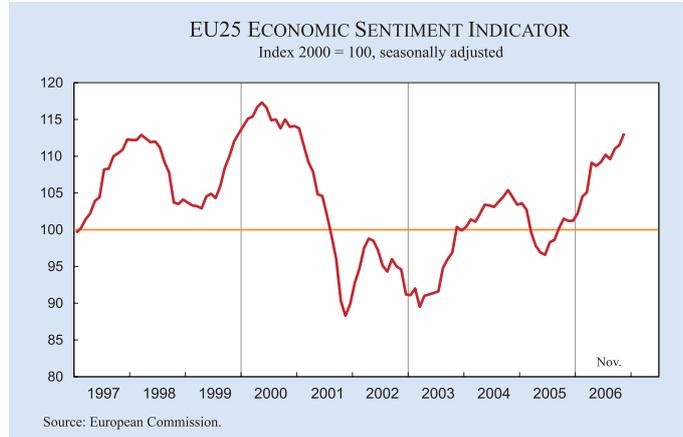


In September 2006, the monetary conditions index continued its decline that had started in late 2005, signalling further monetary tightening. This is the result of a further substantial rise in short-term real interest rates and a small decline in the real effective exchange rate of the euro in September.

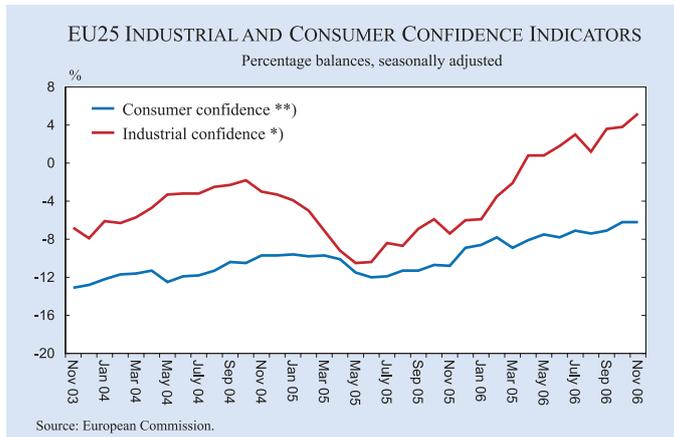
EU SURVEY RESULTS



According to first Eurostat estimates, euro area real GDP grew by 0.5% in the third quarter of 2006 and EU25 real GDP by 0.6% compared to the previous quarter. Compared to the third quarter of 2005, GDP rose by 2.7% in the euro area and by 2.9% in the EU25m after 2.8% and 3.0%, respectively, for the previous quarter.



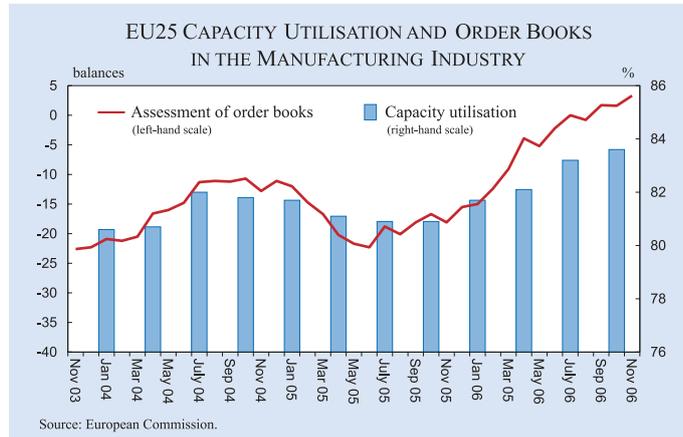
The EU Economic Sentiment Indicator continued to rise in November, reaching its highest level since the beginning of 2001. The indicator rose by 1.6 points in the EU to 113.1, having been on an upward trend since mid-2005. Confidence improved in Germany, France, Poland and in the UK, while it decreased in Italy and Spain.



* 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).

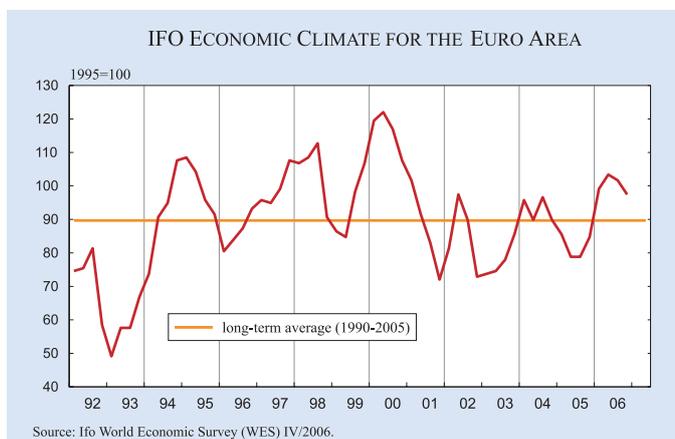
** New consumer confidence indicators, calculated as an arithmetic average of the following questions: financial and general economic situation (over the next 12 months), unemployment expectations (over the next 12 months) and savings (over the next 12 months). Seasonally adjusted data.

The industrial confidence indicator improved in most EU member states. While it fell in Italy, it remained virtually unchanged in France and Spain. EU Consumer confidence stayed at the same level in November. Although the level is currently above its long-term average, it is significantly below the record level of 2000. At the country level, the results show confident consumers in all large countries except the UK.

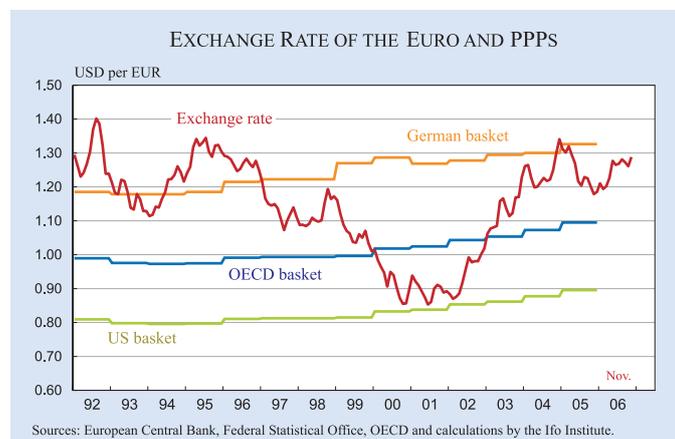


Economic confidence in the EU rose in all three underlying components: production expectations, stocks of finished products and order books. The assessment of order books improved from 1.6 in October to 3.3 in November. Capacity utilisation rose to 83.6 in the fourth quarter from 83.2 in the third quarter.

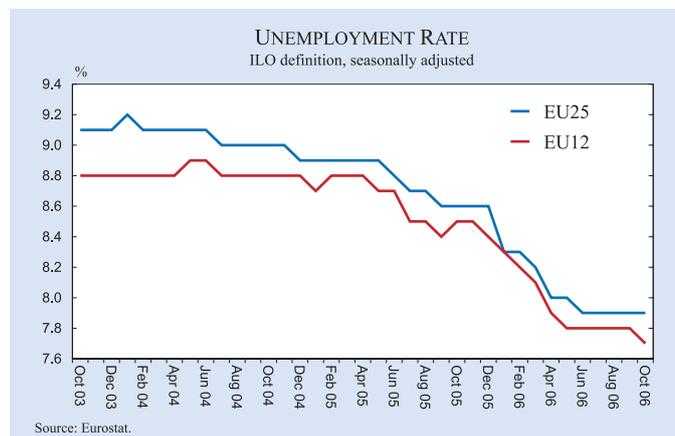
EURO AREA INDICATORS



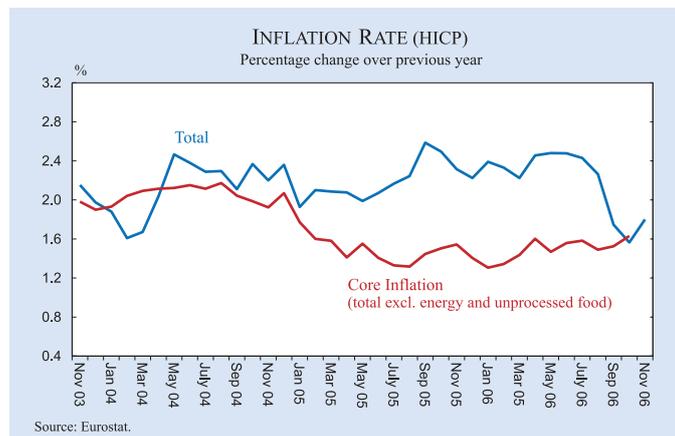
The Ifo indicator for the economic climate in the euro area again weakened slightly to 101.7 points in the fourth quarter of 2006. As in the previous quarter, this decline was solely the result of less optimistic expectations for the coming six months. Assessment of the current economic situation improved further, reaching a five-year high. The latest survey results indicate a continuation of the economic recovery in the euro area, albeit at a weakened pace.



The exchange rate of the euro against the US dollar averaged 1.29 \$/€ in November 2006, up from 1.26 \$/€ in October, fluctuating within a narrow band since last May.



Euro-area unemployment (seasonally adjusted) declined to 7.7% in October 2006 compared to 7.8% in the previous five months, and was lower than the year earlier rate of 8.5%. EU25 unemployment stood at 7.9% in October 2006, unchanged since June, but 0.7 points lower than a year earlier. The lowest rates were registered in Denmark (3.5% in September), the Netherlands (3.9%), Estonia and Ireland (both at 4.2%), and Austria (4.7%). Unemployment rates were highest in Poland (14.0%), Greece (9.0% in the second quarter), France (8.8%), and Spain (8.4%).



Euro area annual inflation (HICP) was estimated at 1.8% in November 2006, up from 1.6% in October. A year earlier the rate had been 2.3%. In October, the lowest annual rates were observed in Luxembourg (0.6%), the Czech Republic (0.8%), and Finland (0.9%) and the highest rates in Hungary (6.3%), Latvia (5.6%), and Estonia (3.8%). Year-on-year core inflation (excluding energy and unprocessed foods), rose to 1.63% in October 2006 from 1.53% in September.