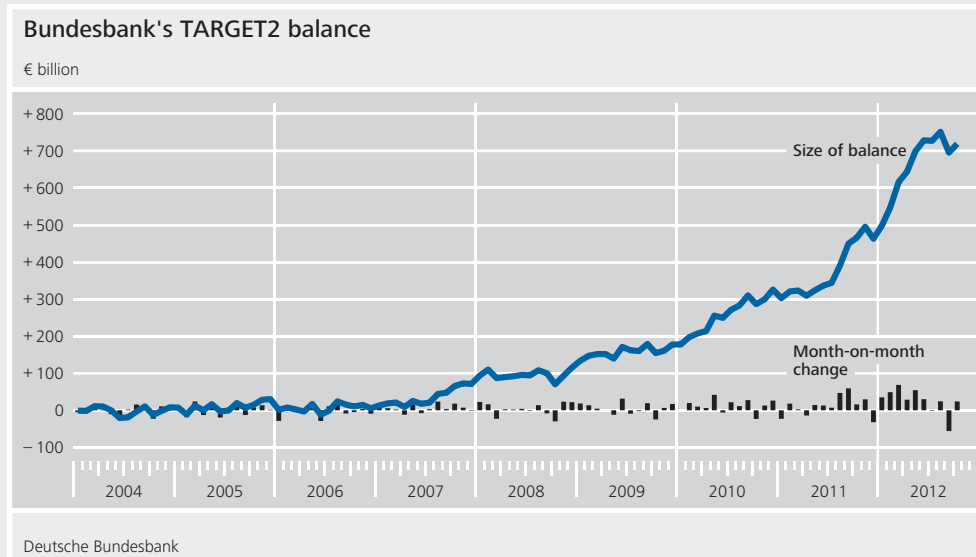


## Recent developments with regard to TARGET2 balances



Balances within the European large-value payment system TARGET2 have stabilised in the past few months, after expanding significantly in the first half of 2012 when they rose by more than €200 billion. Since June they have averaged slightly above the amount of €1,000 billion.<sup>1</sup> During the same period, the Bundesbank's claims under the TARGET2 payment system have hovered in the region of approximately €740 billion; at the end of October 2012 they amounted to €719 billion. However, the overall stabilisation observed has, at times, been accompanied by considerable daily fluctuations.

In the course of the financial and sovereign debt crisis there have been several phases when TARGET2 balances temporarily stopped growing or even decreased, for example in 2009 and during the first half of 2011. However, these periods were each followed by a phase of renewed growth. For this reason, not too much importance should be assigned to the sideways motion which has persisted since the middle of 2012. Nevertheless, this development highlights the fact that the additional external

funding requirements of peripheral countries, in particular, are no longer primarily being covered by national central banks. Countries receiving financial aid from the assistance programmes, above all, have not recorded any noticeable rises in their (negative) TARGET2 balances for some time now. In fact, the Irish central bank has considerably reduced its liabilities to the ECB since these peaked at the end of 2010. A similar picture holds for other euro-area countries which attracted the attention of the financial markets in the first half of 2012 and greatly contributed to the expanding TARGET2 balances witnessed during this period, but which have seen a contraction of their TARGET2 liabilities of late.

<sup>1</sup> This represents the sum of all national central banks' TARGET2 claims on the ECB. These claims correspond to the amount arising from the sum of all TARGET2 liabilities.