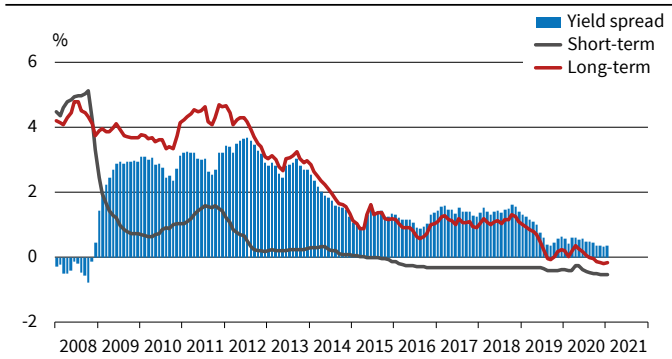


Statistics Update

Financial Conditions in the Euro Area

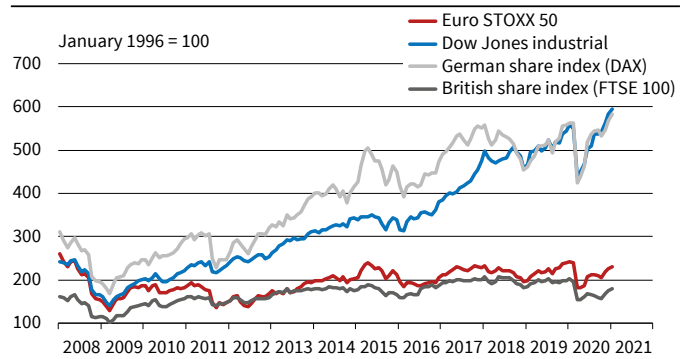
Nominal Interest Rates^a



^a Weighted average (GDP weights).
Source: European Central Bank; calculations by the ifo Institute. © ifo Institute

In the three-month period from November 2020 to January 2021 short-term interest rates decreased: the three-month EURIBOR rate amounted to - 0.55 in January 2021, compared to - 0.52 in November 2020. The ten-year bond yields remained stable (- 0.18% in November 2020 and also in January 2021), while the yield spread grew from 0.34% to 0.37% between November 2020 and January 2021.

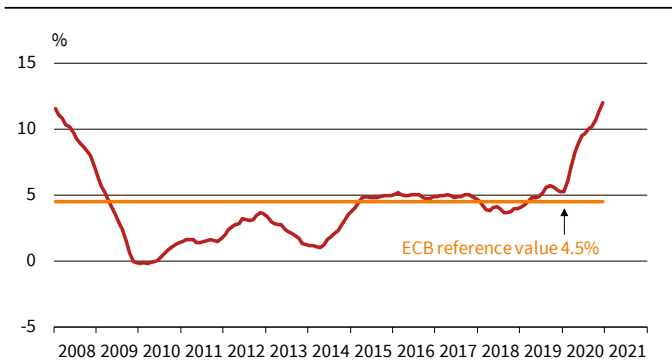
Stock Market Indices



Source: Deutsche Börse; Dow Jones; FTSE; STOXX. © ifo Institute

The global fears about the spread of the Coronavirus, oil price drops caused by an oil price war between Russia and the OPEC countries, and the possibility of a recession led to the stock market crash in March 2020, and global stocks saw a severe downturn in this month. Yet the German stock index DAX continued to grow in January 2021, averaging 13,818 points compared to 13,453 points in December 2020, while the UK FTSE-100 also increased from 6,519 to 6,699 in the same period of time. The Euro STOXX amounted to 3,590 in January 2021, up from 3,531 in December 2020. Furthermore, the Dow Jones Industrial continued to increase, averaging 30,811 points in January 2021, compared to 30,151 points in December 2020.

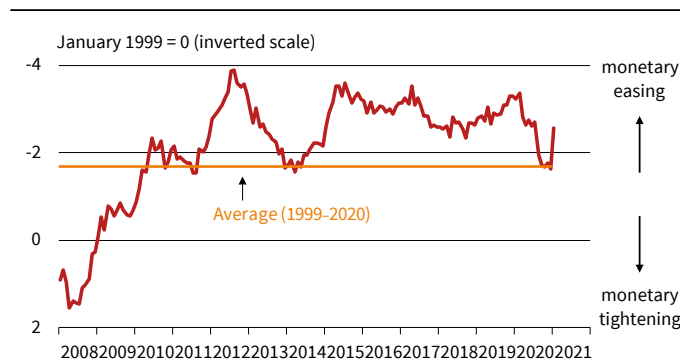
Change in M3^a



^a Annual percentage change (3-month moving average).
Source: European Central Bank. © ifo Institute

The annual growth rate of M3 slightly increased to 12.5% in January 2021, from 12.4% in December 2020. The three-month average of the annual growth rate of M3 over the period from November 2020 to January 2021 reached 12.0%.

Monetary Conditions Index

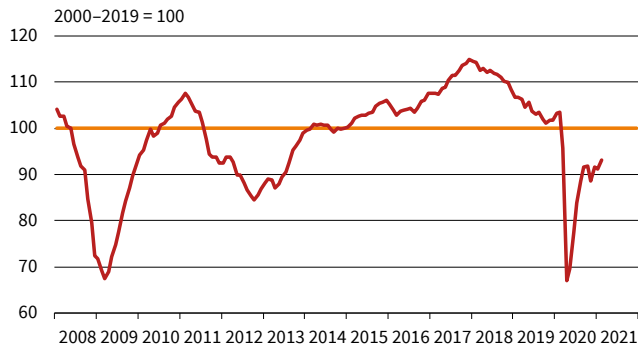


Source: European Commission. © ifo Institute

Between April 2010 and July 2011, the monetary conditions index had remained stable. Its rapid upward trend since August 2011 had led to the first peak in July 2012, signaling greater monetary easing. In particular, this was the result of decreasing real short-term interest rates. In May 2017 the index had reached one of the highest levels in the investigated period since 2007 and its slow downward trend was observed thereafter. A steady upward trend that had prevailed since October 2018 was abruptly halted in March 2020 with the onset of the Covid-19 crisis, and the index continued to decline in 2020. In January 2021, the index started to grow again.

EU Survey Results

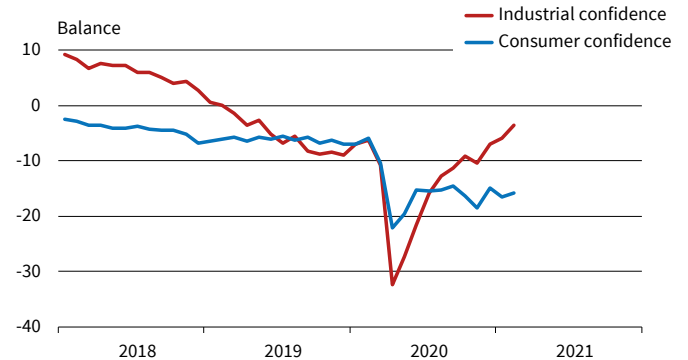
EU27 Economic Sentiment Indicator
Seasonally adjusted



Source: European Commission. © ifo Institute

In February 2021 the Economic Sentiment Indicator (ESI) picked up in both the EU27 (+ 1.9 points to 93.1) and the euro area (+ 1.9 points to 93.4), compared to January 2021. In the EU27, the ESI's increase in February 2021 was driven by improving confidence in industry, services and among consumers, while confidence declined slightly in retail trade and remained broadly unchanged in construction.

EU27 Industrial and Consumer Confidence Indicators
Percentage balance, seasonally adjusted

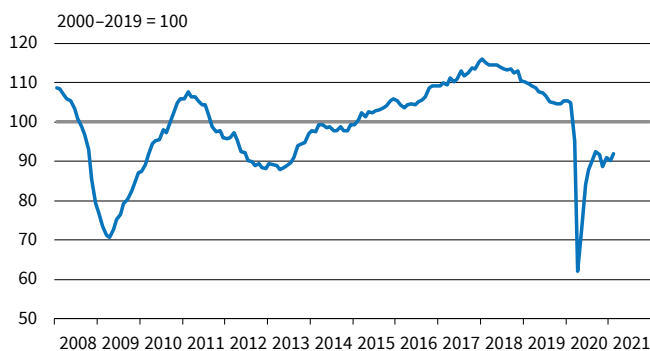


Source: European Commission. © ifo Institute

* 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.

In February 2021, the *industrial confidence indicator* increased by 2.4 in the EU27 and by 2.8 in the euro area (EA19). The *consumer confidence indicator* also increased by 0.8 in the EU27 and by 0.7 in the EA19 in February 2021.

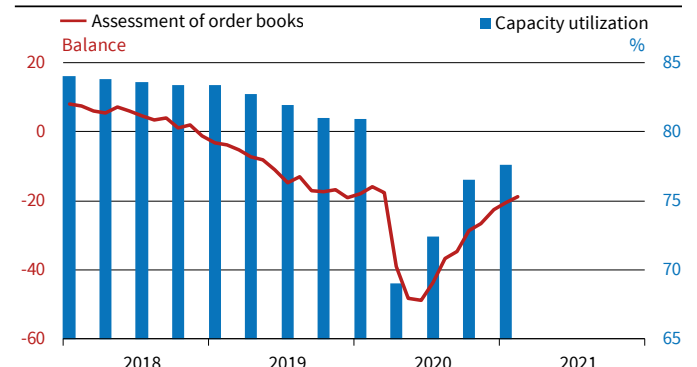
EU27 Employment Expectations Indicator
Seasonally adjusted



Source: European Commission. © ifo Institute

In February 2021 the Employment Expectations Indicator (EEI) increased by + 1.7 points to 91.9 in the EU27 and by + 1.8 points to 90.9 in the euro area.

EU27 Capacity Utilisation and Order Books in the Manufacturing Industry
Seasonally adjusted

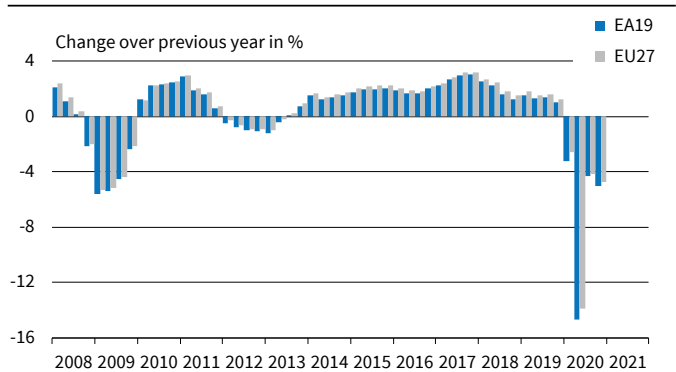


Source: European Commission. © ifo Institute

Managers' assessment of *order books* reached - 18.9 in February 2021, compared to - 20.4 in January 2021. In December 2020 the indicator had amounted to - 22.5. Capacity utilization stood at 77.6 in the first quarter of 2021, up from 76.5 in the fourth quarter of 2020, showing the gradual improvement from the Covid-19 shock.

Euro Area Indicators

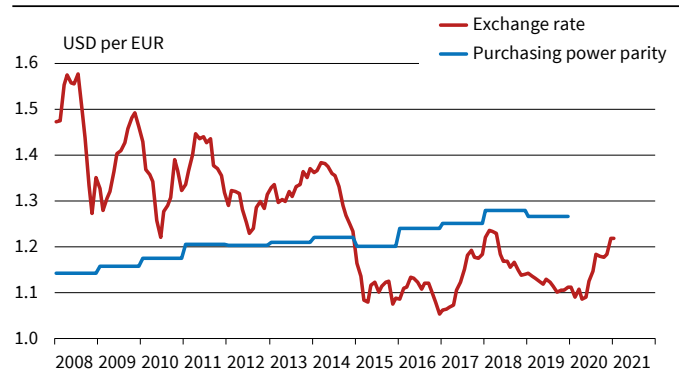
Gross Domestic Product in Constant 2015 Prices



Source: Eurostat. © ifo Institute

According to the Eurostat estimates, GDP decreased by 0.6% in the euro area (EA19), and by 0.4% in the EU27 during the fourth quarter of 2020, compared to the previous quarter. These declines follow a strong rebound in the third quarter of 2020 (+ 12.4% in the EA19 and + 11.5% in the EU27) and the sharp decreases in the second quarter of 2020 (- 11.7% in the EA19 and - 11.4% in the EU27). Compared to the fourth quarter of 2019, i.e., year over year, seasonally adjusted GDP decreased by 5.0% in the EA19 and by 4.8% in the EU27 in the fourth quarter of 2020.

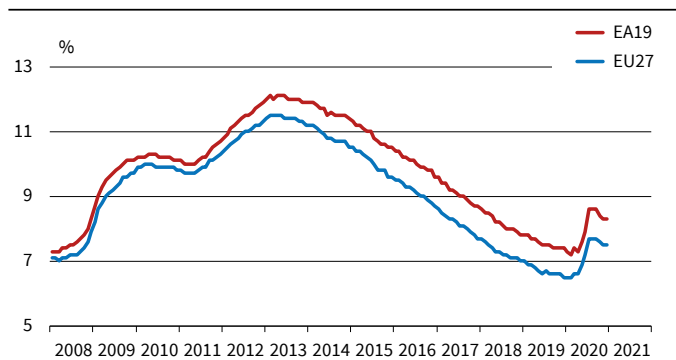
Exchange Rate of the Euro and Purchasing Power Parity



Source: European Central Bank; OECD; calculations by the ifo Institute. © ifo Institute

The exchange rate of the euro against the US dollar averaged approximately 1.21 \$/€ between November 2020 and January 2021. (In October 2020 the rate had amounted to around 1.18 \$/€.)

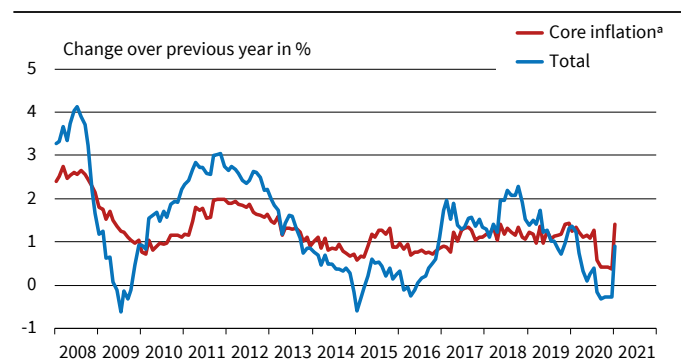
Unemployment Rate



Source: Eurostat. © ifo Institute

Euro area unemployment (seasonally adjusted) amounted to 8.3% in December 2020, stable compared to November 2020. EU27 unemployment rate was 7.5% in December 2020, also stable compared to November 2020. In December 2020 the lowest unemployment rate was recorded in Czechia (3.1%), Poland (3.3%) and the Netherlands (3.9%), while the rate was highest in Greece (16.7%) and Spain (16.2%).

Euro Area Inflation Rate (HICP)



Source: Eurostat. © ifo Institute

Euro area annual inflation (HICP) amounted to 0.9% in January 2021, up from - 0.3 in December 2020. Year-on-year EA19 core inflation (excluding energy and unprocessed foods) amounted to 1.4% in January 2021, again up from 0.4 in December 2020.