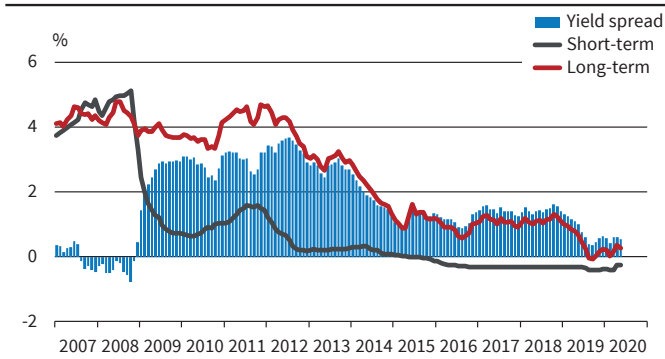


Statistics Update

Financial Conditions in the Euro Area

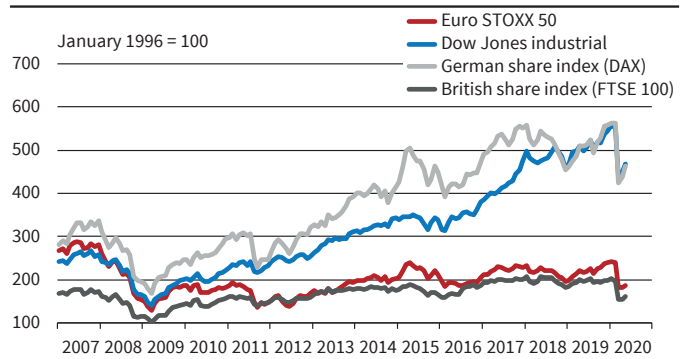
Nominal Interest Rates^a



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

In the three-month period from March 2020 to May 2020 short-term interest rates increased: the three-month EURIBOR rate amounted to -0.27% in May 2020 compared to -0.42 in March 2020. The ten-year bond yields also increased from 0.18% in March 2020 to 0.27% in May 2020, while the yield spread decreased from 0.60% to 0.54% between March 2020 and May 2020.

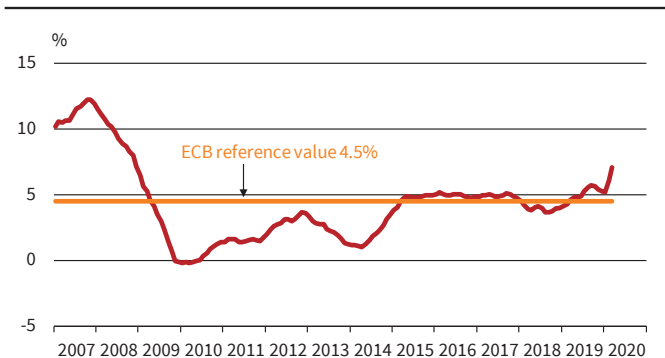
Stock Market Indices



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 started to increase in May 2020, averaging 10,987 points compared to 10,034 points in March 2020, while the UK FTSE-100 also increased from 5,741 to 5,956 in the same period of time. The Euro STOXX amounted to 2,909 in May, up from 2,824 in March 2020. The Dow Jones Industrial also increased, averaging 24,280 points in May 2020, compared to 22,637 points in March 2020.

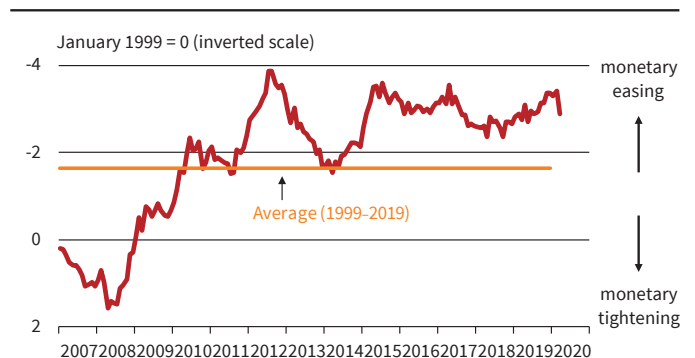
Change in M3^a



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

The annual growth rate of M3 increased to 8.3% in April 2020, from 7.5% in March 2020. The three-month average of the annual growth rate of M3 over the period from February 2020 to April 2020 reached 7.1%.

Monetary Conditions Index

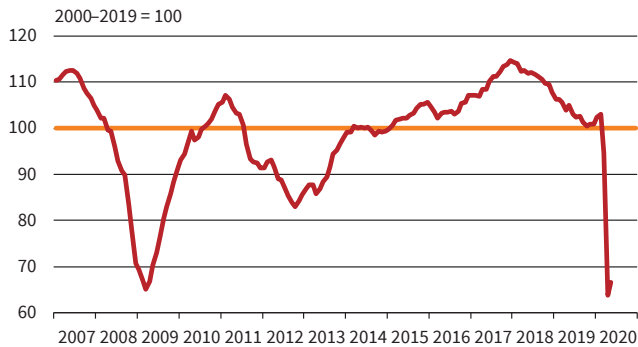


Source: European Commission. © ifo Institute

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 the highest level in the investigated period since 2004 and its slow downward trend was observed thereafter. Since October 2018 a continuous upward development prevailed, yet this trend was abruptly stopped in March 2020 as the Covid-19 crisis started.

EU Survey Results

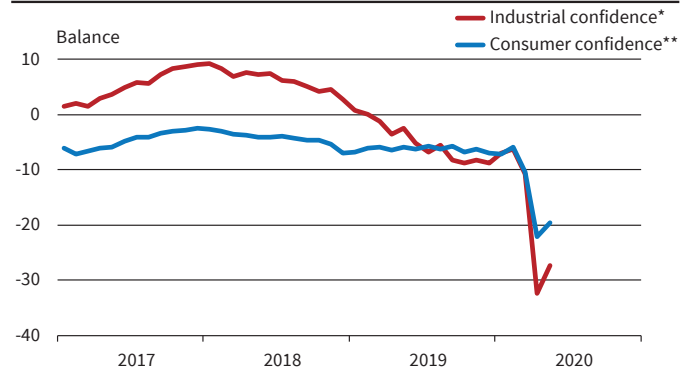
EU27 Economic Sentiment Indicator
Seasonally adjusted



Source: European Commission. © ifo Institute

In May 2020 the Economic Sentiment Indicator (ESI) showed first signs of recovery after the record slumps of March and April caused by the global Covid-19 shock: it increased in both the euro area (by 2.6 points to 67.5), and the EU27 (by 2.9 points to 66.7).

EU27 Industrial and Consumer Confidence Indicators
Percentage balance, seasonally adjusted

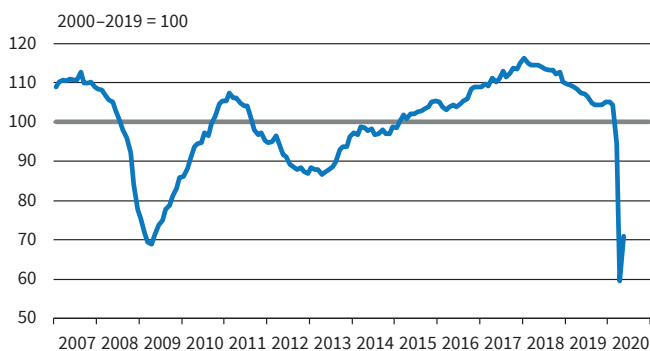


Source: European Commission. © ifo Institute

* 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 May 2020, the *industrial confidence indicator* increased by 5.0 in both the EU27 and the euro area (EA19). The consumer confidence indicator also increased by 2.5 in the EU27 and by 3.2 in the EA19 in May 2020.

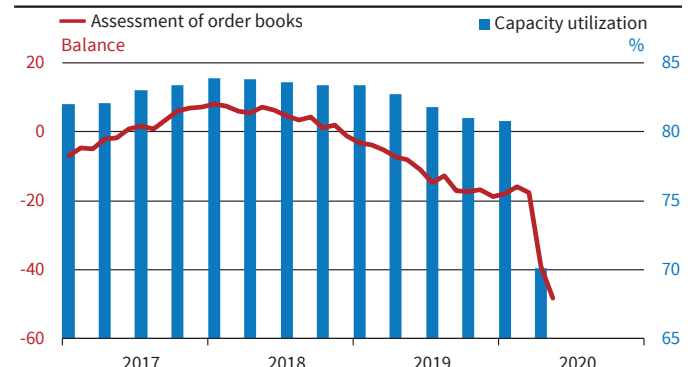
EU27 Employment Expectations Indicator
Seasonally adjusted



Source: European Commission. © ifo Institute

In May 2020 the Employment Expectations Indicator (EEI) led the way, bouncing back by 11.3 points in both areas to levels of 70.2 points in the EA19 and 70.9 points in the EU27.

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

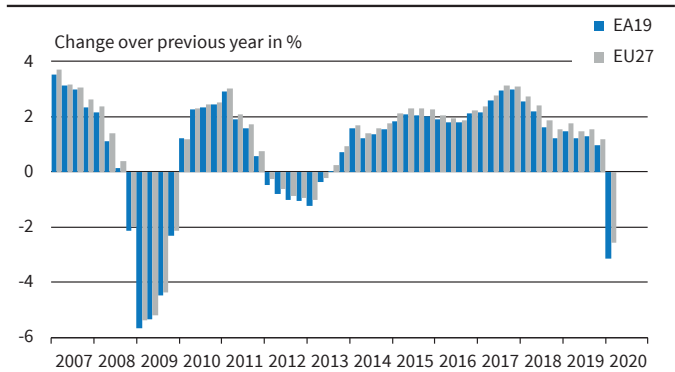


Source: European Commission. © ifo Institute

Managers' assessment of *order books* reached -48.2 in May 2020, compared to -39.1 in April 2020. In March 2020 the indicator had amounted to -17.6. *Capacity utilization* stood at 70.1 in the second quarter of 2020, strongly down from 80.8 in the first quarter of 2020, again showing the severe effects of Covid-19 pandemic.

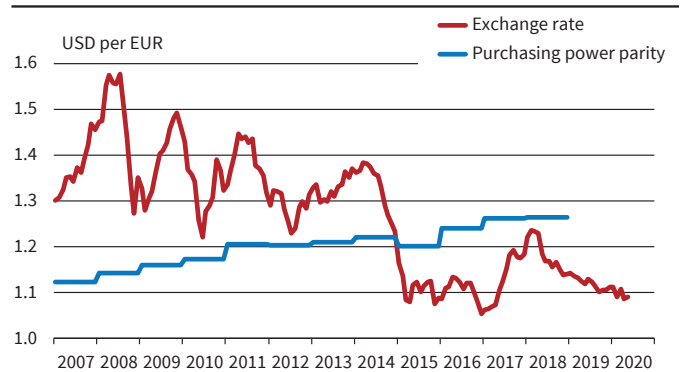
Euro Area Indicators

Gross Domestic Product in Constant 2015 Prices



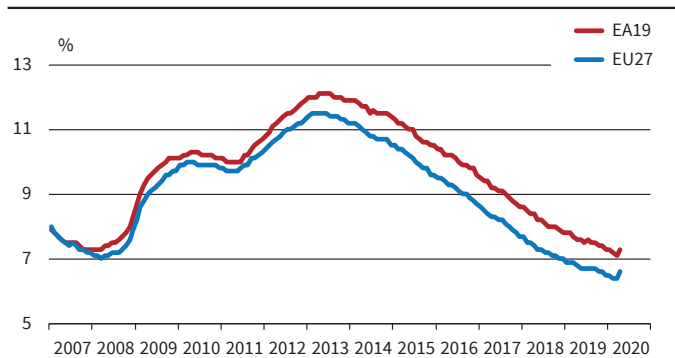
According to the Eurostat estimates, GDP decreased by 3.6% in the euro area (EA19), and by 3.2% in the EU27 during the first quarter of 2020, compared to the previous quarter. These were the sharpest declines observed since 1995. In the fourth quarter of 2019 GDP had grown by 0.1% in both the EA19 and the EU27. Compared to the first quarter of 2019, i.e., year over year, seasonally adjusted GDP decreased by 3.1% in the EA19 and by 2.6% in the EU27 in the first quarter of 2020.

Exchange Rate of the Euro and Purchasing Power Parity



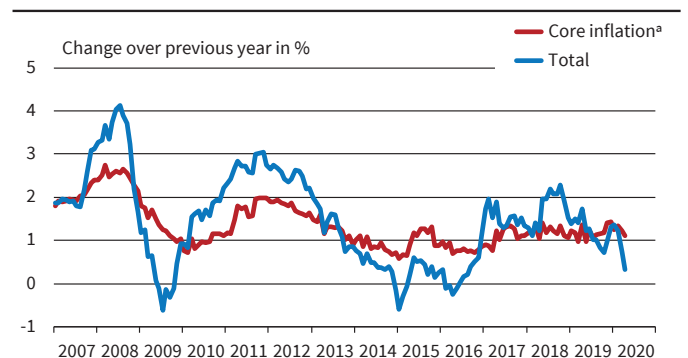
The exchange rate of the euro against the US dollar averaged approximately 1.09 \$/€ between March 2020 and May 2020. (In February 2020 the rate had also amounted to around 1.09 \$/€.)

Unemployment Rate



Euro area unemployment (seasonally adjusted) amounted to 7.3% in April 2020, up from 7.1% in March 2020. EU27 unemployment rate was 6.6% in April 2020, again up from 6.4% in March 2020. In April 2020 the lowest unemployment rate was recorded in Czechia (2.1%), Poland (2.9%), and the Netherlands (3.4%), while the rate was highest in Greece (16.1%), and Spain (14.8%).

Euro Area Inflation Rate (HICP)



Euro area annual inflation (HICP) amounted to 0.1% in May 2020, down from 0.3% in April 2020. Year-on-year EA19 core inflation (excluding energy and unprocessed foods) also went down to 1.1% in April 2020, from 1.2% in March 2020.