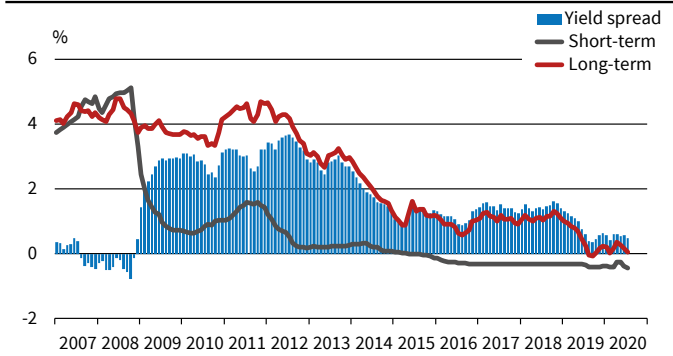


Statistics Update

Financial Conditions in the Euro Area

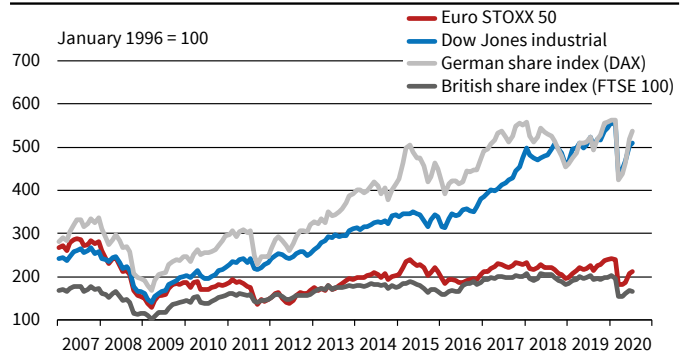
Nominal Interest Rates^a



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

In the three-month period from May 2020 to July 2020 short-term interest rates decreased: the three-month EURIBOR rate amounted to -0.44% in July 2020 compared -0.27% in May 2020. The ten-year bond yields also decreased from 0.27% in May 2020 to 0.05% in July 2020, while the yield spread reduced from 0.54% to 0.49% between May 2020 and July 2020.

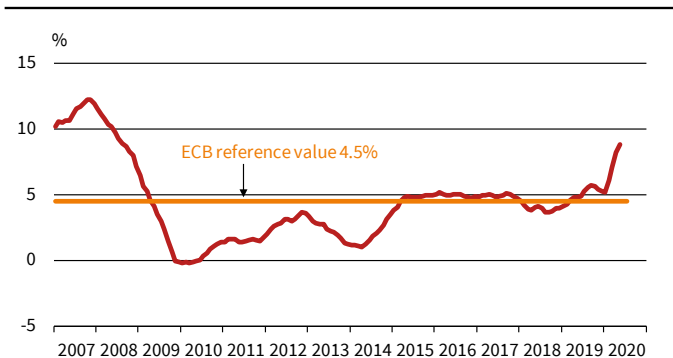
Stock Market Indices



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 continued to grow in July 2020, averaging 12,741 points compared to 10,987 points in May 2020, while the UK FTSE-100 also increased from 5,956 to 6,167 in the same period of time. The Euro STOXX amounted to 3,237 in July, up from 2,909 in May 2020. The Dow Jones Industrial also increased, averaging 26,362 points in July 2020, compared to 24,280 points in May 2020.

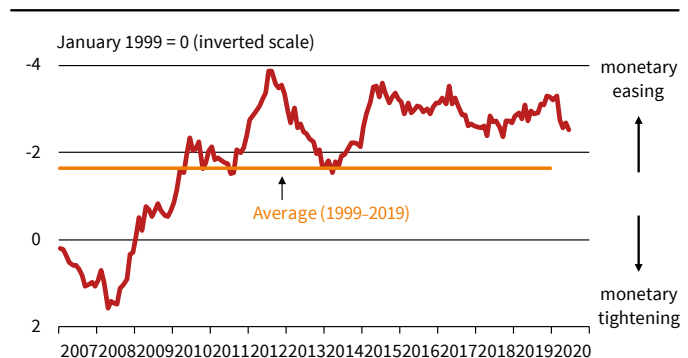
Change in M3^a



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

The annual growth rate of M3 increased to 9.2% in June 2020, from 8.9% in May 2020. The three-month average of the annual growth rate of M3 over the period from April 2020 to June 2020 reached 8.8%.

Monetary Conditions Index

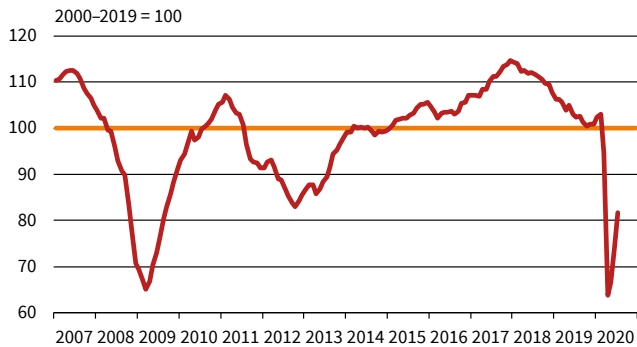


Source: European Commission. © ifo Institute

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 continuous upward development prevailed since October 2018 was abruptly stopped in March 2020 as the Covid-19 crisis started. A further slight decrease of the index was observed in June 2020.

EU Survey Results

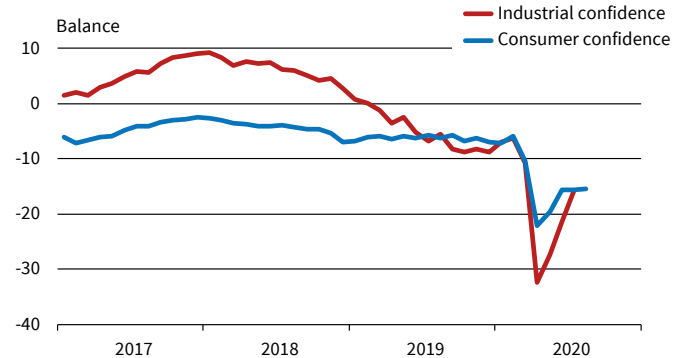
EU27 Economic Sentiment Indicator
Seasonally adjusted



Source: European Commission. © ifo Institute

In July 2020 the recovery of the Economic Sentiment Indicator (ESI) continued from the record slumps of March and April caused by the global Covid-19 shock: it increased in both the euro area (by 6.5 points to 82.3), and the EU27 (by 6.9 points to 81.8).

EU27 Industrial and Consumer Confidence Indicators
Percentage balance, seasonally adjusted

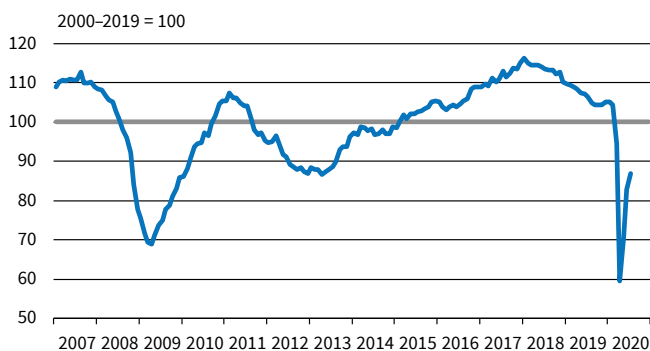


Source: European Commission. © ifo Institute

* 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 July 2020, the *industrial confidence indicator* increased by 5.0 in the EU27 and by 5.4 in the euro area (EA19). The *consumer confidence indicator* remained unchanged in the EU27 but decreased by 0.3 in the EA19 in July 2020.

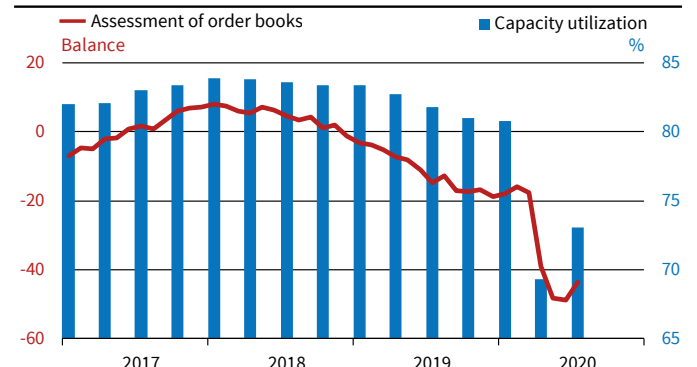
EU27 Employment Expectations Indicator
Seasonally adjusted



Source: European Commission. © ifo Institute

In July 2020 the Employment Expectations Indicator (EEI) improved for the third month in a row (by 4.0 points to 87.0 in the euro area and by 4.1 points to 87.0 in the EU27).

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

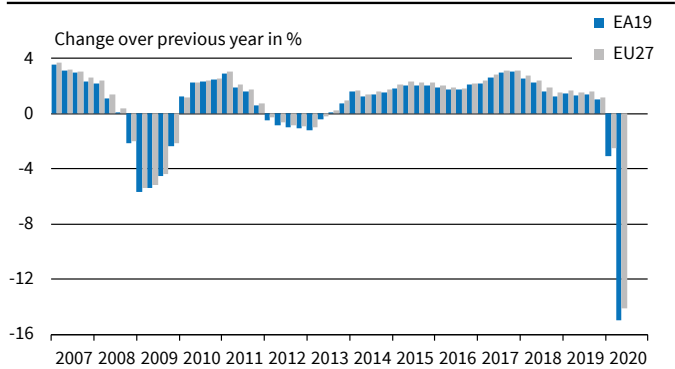


Source: European Commission. © ifo Institute

Managers' assessment of *order books* reached -43.5 in July 2020, compared to -48.7 in June 2020. In May 2020 the indicator had amounted to -48.3. *Capacity utilization* stood at 73.1 in the third quarter of 2020, up from 69.3 in the second quarter of 2020, again showing the improvement from the Covid-19 shock.

Euro Area Indicators

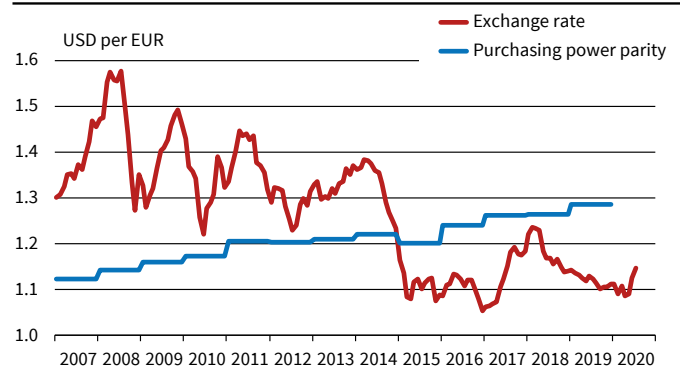
Gross Domestic Product in Constant 2015 Prices



Source: Eurostat. © ifo Institute

According to the Eurostat estimates, GDP decreased by 12.1% in the euro area (EA19), and by 11.7% in the EU27 during the second quarter of 2020, compared to the previous quarter. These were the sharpest declines observed since 1995. In the first quarter of 2020 GDP had decreased by 3.6% in the EA19 and by 3.2% in the EU27. Compared to the second quarter of 2019, i.e., year over year, seasonally adjusted GDP decreased by 15.0% in the EA19 and by 14.1% in the EU27 in the second quarter of 2020.

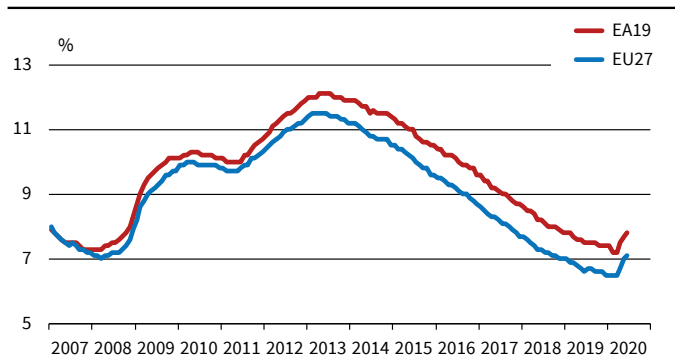
Exchange Rate of the Euro and Purchasing Power Parity



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

The exchange rate of the euro against the US dollar averaged approximately 1.12 \$/€ between May 2020 and July 2020. (In April 2020 the rate had also amounted to around 1.09 \$/€.)

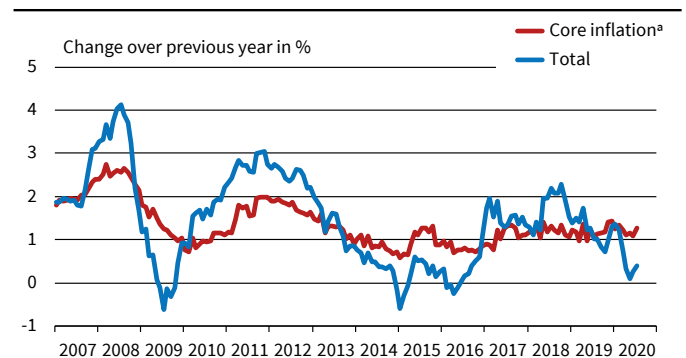
Unemployment Rate



Source: Eurostat. © ifo Institute

Euro area unemployment (seasonally adjusted) amounted to 7.8% in June 2020, up from 7.7% in May 2020. EU27 unemployment rate was 7.1% in June 2020, again up from 7.0% in May 2020. In June 2020 the lowest unemployment rate was recorded in Czechia (2.6%) and Poland (3.0%), while the rate was highest in Spain (15.6%) and Greece (15.5%).

Euro Area Inflation Rate (HICP)



^a Total excl. energy and unprocessed food.
Source: Eurostat.

© ifo Institute

Euro area annual inflation (HICP) amounted to 0.4% in July 2020, up from 0.3% in June 2020. Year-on-year EA19 core inflation (excluding energy and unprocessed foods) also went up to 1.3% in July 2020, from 1.2% in May 2020.