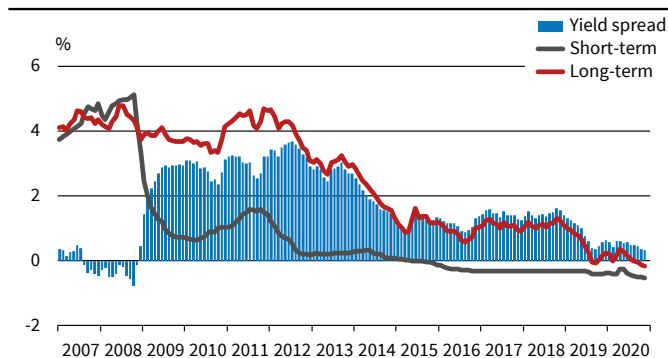


Statistics Update

Financial Conditions in the Euro Area

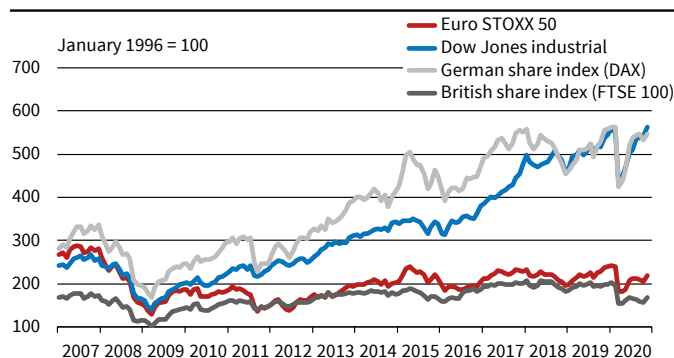
Nominal Interest Rates^a



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

In the three-month period from September 2020 to November 2020 short-term interest rates decreased: the three-month EURIBOR rate amounted to -0.52 in November 2020, compared to -0.49% in September 2020. The ten-year bond yields also decreased from -0.03% in September 2020 to -0.18% in November 2020, while the yield spread reduced from 0.46% to 0.34% between September 2020 and November 2020.

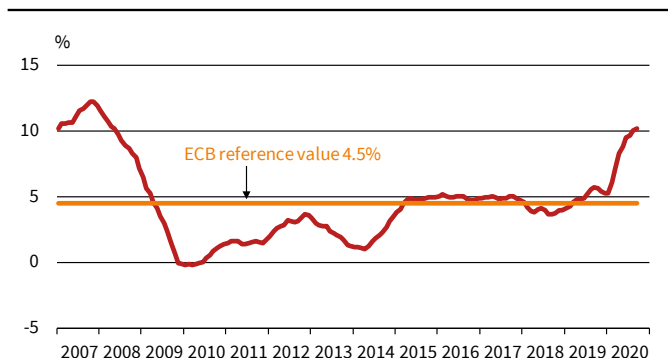
Stock Market Indices



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 grew in November 2020, averaging 12,961 points compared to 12,603 points in October 2020, while the UK FTSE-100 also increased from 5,851 to 6,223 in the same period of time. The Euro STOXX amounted to 3,391 in November 2020, up from 3,180 in October 2020. Furthermore, the Dow Jones Industrial continued to increase, averaging 29,160 points in November 2020, compared to 28,005 points in October 2020.

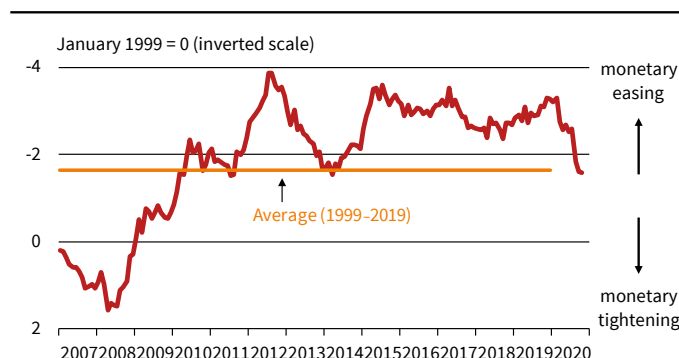
Change in M3^a



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

The annual growth rate of M3 slightly increased to 10.5% in October 2020, from 10.4% in September 2020. The three-month average of the annual growth rate of M3 over the period from August 2020 to October 2020 reached 10.1%.

Monetary Conditions Index

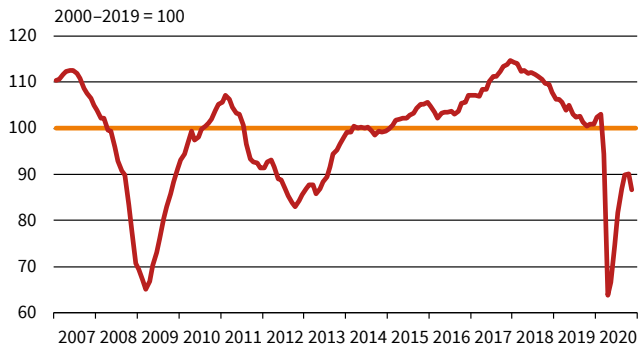


Source: European Commission. © ifo Institute

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 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 continuous decrease of the index was observed also in October 2020.

EU Survey Results

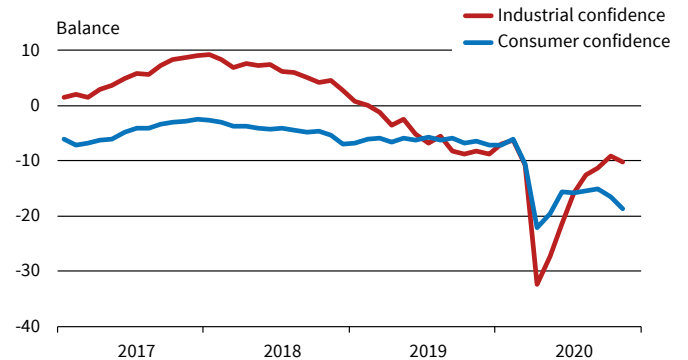
EU27 Economic Sentiment Indicator
Seasonally adjusted



Source: European Commission. © ifo Institute

In November 2020 the Economic Sentiment Indicator (ESI) fell in the euro area (-3.5 points down to 87.6) and the EU27 (-3.6 points down to 86.6). After the recovery of the ESI between May and September and the broad sideways movement in October, the drop is the first one since the indicator fell sharply in the first Covid-19 wave.

EU27 Industrial and Consumer Confidence Indicators
Percentage balance, seasonally adjusted



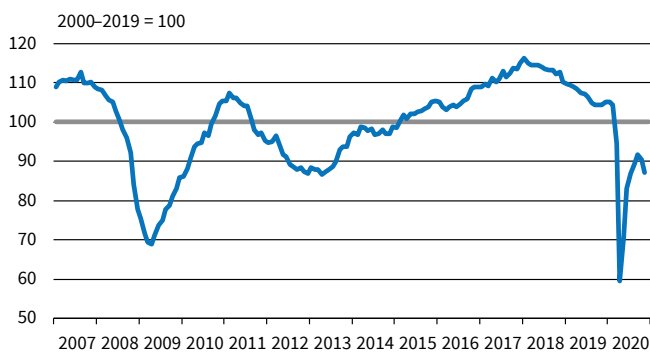
Source: European Commission. © ifo Institute

* 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 November 2020, the industrial confidence indicator decreased by 1.0 in the EU27 and by 0.9 in the euro area (EA19). The consumer confidence indicator also decreased by 2.2 in the EU27 and by 2.1 in the EA19 in November 2020.

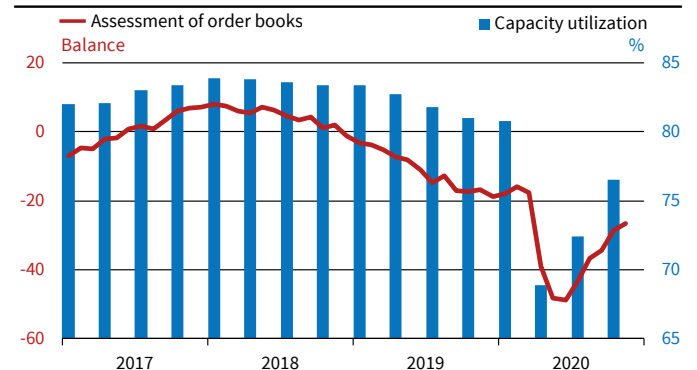
EU27 Employment Expectations Indicator
Seasonally adjusted



Source: European Commission. © ifo Institute

In November 2020 the Employment Expectations Indicator (EEI) posted the second monthly decline in a row (down by 3.3 points in both regions to 86.6 in the euro area and 87.2 in the EU27).

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

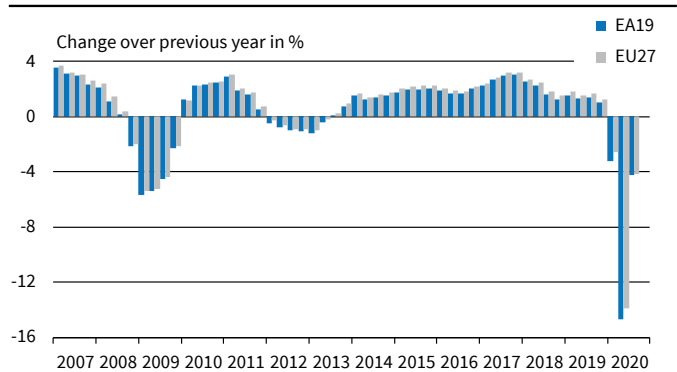


Source: European Commission. © ifo Institute

Managers' assessment of *order books* reached -26.6 in November 2020, compared to -28.7 in October 2020. In September 2020 the indicator had amounted to -34.5. *Capacity utilization* stood at 76.6 in the fourth quarter of 2020, up from 72.4 in the third quarter of 2020, again showing the improvement from the Covid-19 shock.

Euro Area Indicators

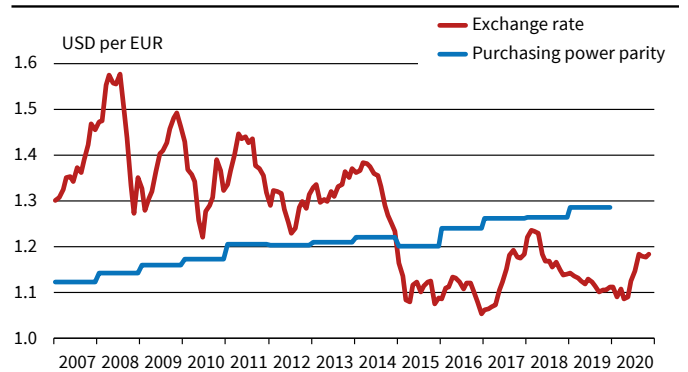
Gross Domestic Product in Constant 2015 Prices



Source: Eurostat. © ifo Institute

According to the Eurostat estimates, GDP increased by 12.5% in the euro area (EA19), and by 11.5% in the EU27 during the third quarter of 2020, compared to the previous quarter. These were the sharpest increases observed since 1995. In the second quarter of 2020, GDP had decreased by 11.7% in the EA19 and by 11.3% in the EU27. Compared to the third quarter of 2019, i.e., year over year, seasonally adjusted GDP decreased by 4.3% in the EA19 and by 4.2% in the EU27 in the third quarter of 2020.

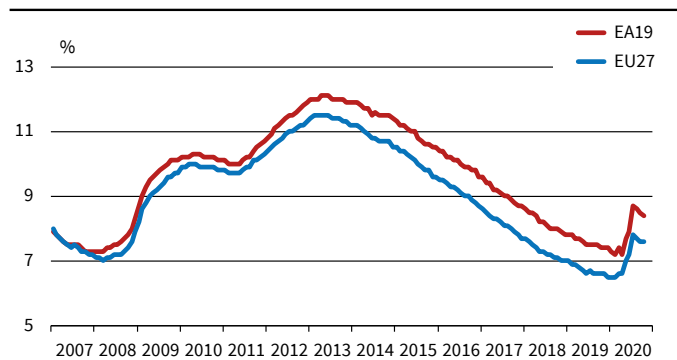
Exchange Rate of the Euro and Purchasing Power Parity



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

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

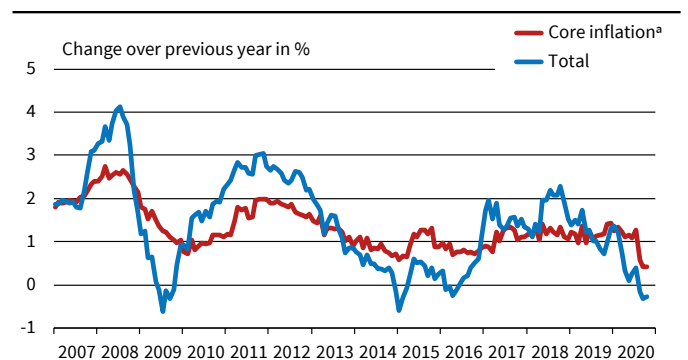
Unemployment Rate



Source: Eurostat. © ifo Institute

Euro area unemployment (seasonally adjusted) amounted to 8.4% in October 2020, slightly down from 8.5% in September 2020. EU27 unemployment rate was 7.6% in October 2020, stable compared to September 2020. In October 2020 the lowest unemployment rate was recorded in Czechia (2.9%), Poland (3.5%) and Malta (3.9%), while the rate was highest in Greece (16.8%) and Spain (16.2%).

Euro Area Inflation Rate (HICP)



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

Euro area annual inflation (HICP) amounted to -0.3% in October 2020, stable compared to September 2020. Year-on-year EA19 core inflation (excluding energy and unprocessed foods) amounted to 0.4% in October 2020, again stable compared to September 2020.