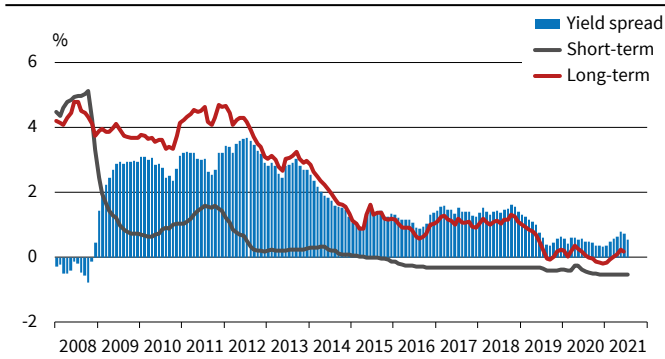


# Statistics Update

## Financial Conditions in the Euro Area

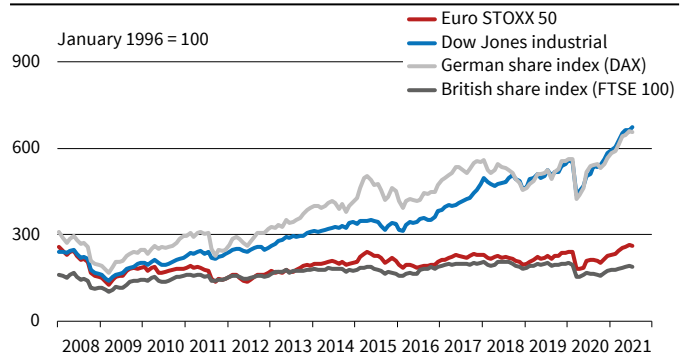
Nominal Interest Rates<sup>a</sup>



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

In the three-month period from May 2021 to July 2021 short-term interest rates remained unchanged: the three-month EURIBOR rate amounted to - 0.54% in all these months. The ten-year bond yields decreased from 0.24% in May 2021 to 0.17% in June 2021, while the yield spread also decreased from 0.78% to 0.54% between May 2021 and July 2021.

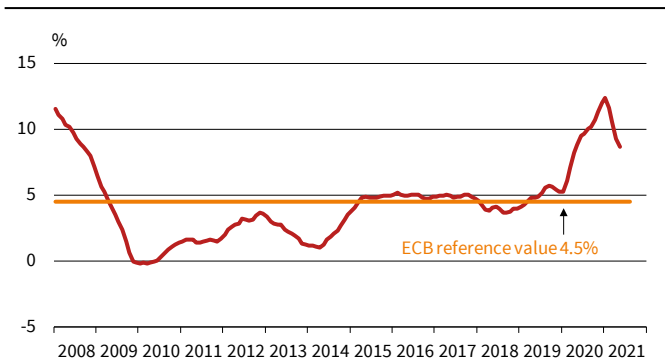
Stock Market Indices



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. The subsequent steady rise of the German stock index DAX came to a halt in July 2021, averaging 15,573 points compared to 15,619 points in June 2021, while the UK FTSE-100 also fell from 7,097 to 7,048 points over the same period. Furthermore, the Euro STOXX amounted to 4,063 in July 2021, down from 4,106 in June 2021. Yet, the Dow Jones Industrial continued to increase, averaging 34,798 points in July 2021, compared to 34,290 points in June 2021.

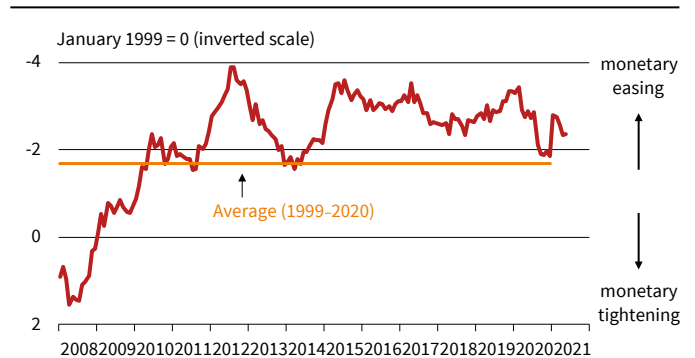
Change in M3<sup>a</sup>



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

The annual growth rate of M3 decreased to 8.3% in June 2021, from 8.5% in May 2021. The three-month average of the annual growth rate of M3 over the period from April 2021 to June 2021 reached 8.7%.

Monetary Conditions Index

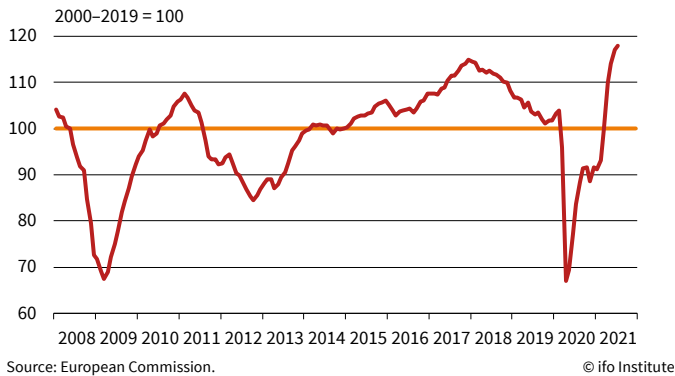


Source: European Commission. © ifo Institute

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. The rapid increase of the index in January 2021 was followed by a decline in the period February to April 2021, while a slight increase was again recorded in May 2021.

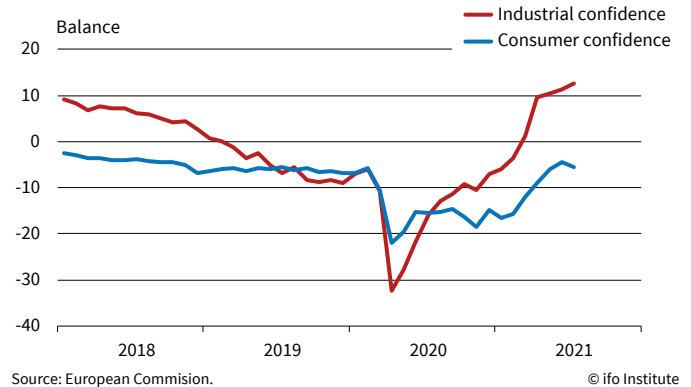
# EU Survey Results

**EU27 Economic Sentiment Indicator**  
Seasonally adjusted



In July 2021, the *Economic Sentiment Indicator* (ESI) increased again in both the EU (+ 0.9 points) and the euro area (+ 1.1 points). The current level (118.0 in the EU and 119.0 in the EA19) is the highest since 1985. Compared to the last months, the latest improvement was much weaker, suggesting that the indicator is approaching its peak. In the EU27, the ESI's increase in July was driven by improving confidence in industry and services, while confidence weakened in construction and among consumers, and remained virtually unchanged in retail trade.

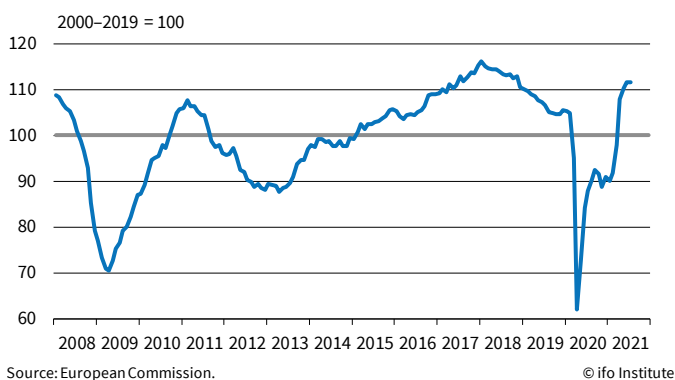
**EU27 Industrial and Consumer Confidence Indicators**  
Percentage balance, seasonally adjusted



\* 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.

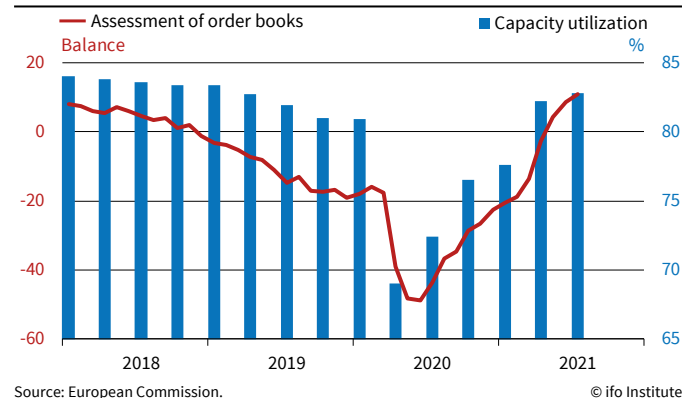
In July 2021, the *industrial confidence indicator* increased by 1.3 in the EU and by 1.8 in the euro area, compared to June 2021. However, the *consumer confidence indicator* edged down by 1.1 points in both the EU and the euro area in July 2021, compared to June 2021.

**EU27 Employment Expectations Indicator**  
Seasonally adjusted



In July 2021, the *Employment Expectations Indicator* (EEI) stayed flat, at 111.6 points in the EU and 111.7 points in the euro area, well above its pre-pandemic level.

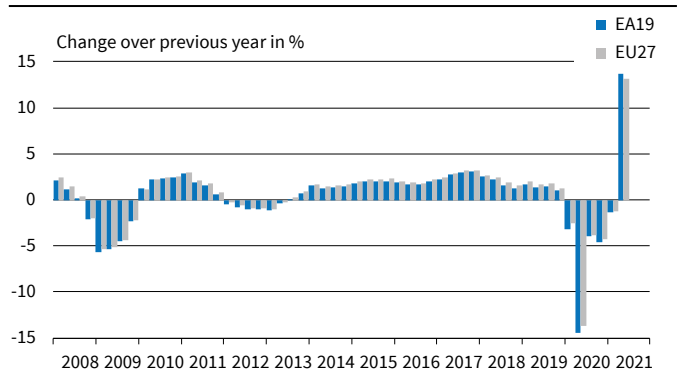
**EU27 Capacity Utilisation and Order Books in the Manufacturing Industry**  
Seasonally adjusted



Managers' assessment of *order books* reached 10.9 in July 2021, compared to 8.6 in June 2021. In May 2021 the indicator had amounted to 4.4. *Capacity utilization* stood at 82.8 in the third quarter of 2021, up from 82.2 in the second quarter of 2021, showing the gradual improvement from the Covid-19 shock.

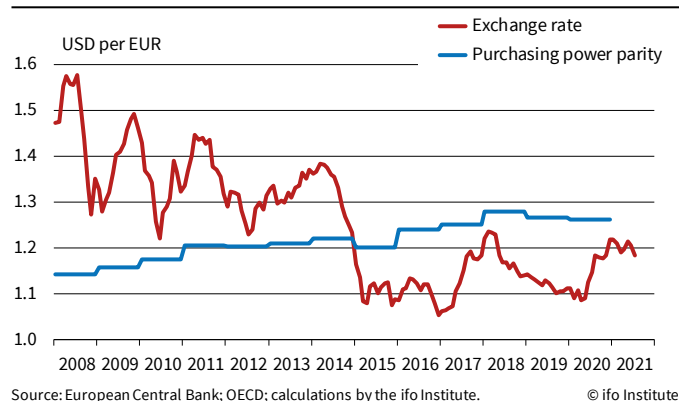
## Euro Area Indicators

Gross Domestic Product in Constant 2015 Prices



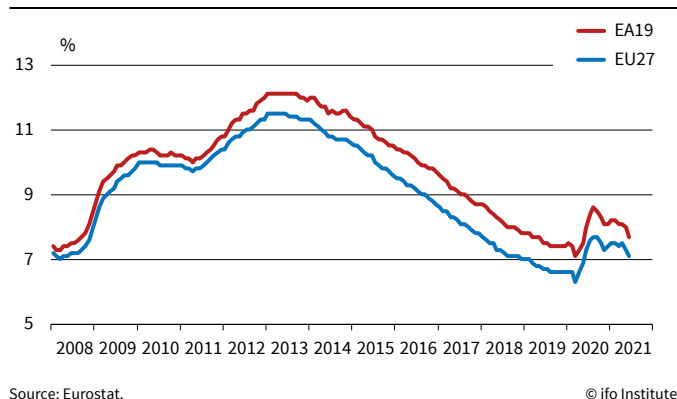
According to the Eurostat estimates, seasonally adjusted GDP decreased by 0.3% in the euro area and by 0.1% in the EU during the first quarter of 2021, compared to the previous quarter. These declines follow falls in the fourth quarter of 2020 (-0.6% in the EA19 and -0.4% in the EU27), after a strong rebound in the third quarter of 2020 (+12.6% in the EA19 and +11.7% in the EU27). Compared to the first quarter of 2020, i.e., year over year, (seasonally adjusted) GDP decreased by 1.3% in the EA19 and by 1.2% in the EU27 in the first quarter of 2021.

Exchange Rate of the Euro and Purchasing Power Parity



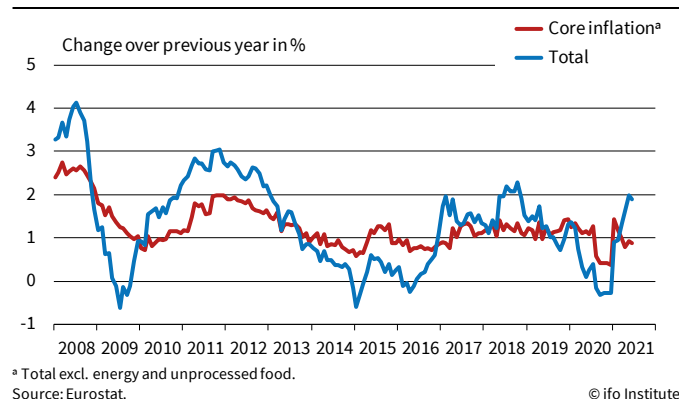
The exchange rate of the euro against the US dollar averaged approximately 1.20 \$/€ between March 2021 and May 2021. (In February 2021 the rate had amounted to around 1.21 \$/€.)

Unemployment Rate



Euro area unemployment (seasonally adjusted) amounted to 8.0% in April 2021, down from 8.1% in March 2021. The EU27 unemployment rate was 7.3% in April 2021, stable compared to March 2021. In April 2021 the lowest unemployment rate was recorded in Poland (3.1%), Czechia and the Netherlands (both 3.4%), while the rate was highest in Greece (15.8%) and Spain (15.4%).

Euro Area Inflation Rate (HICP)



Euro area annual inflation (HICP) amounted to 2.0% in May 2021, up from 1.6% in April 2021. Year-on-year EA19 core inflation (excluding energy and unprocessed foods) amounted to 0.9% in May 2021, up from 0.8% in April 2021.