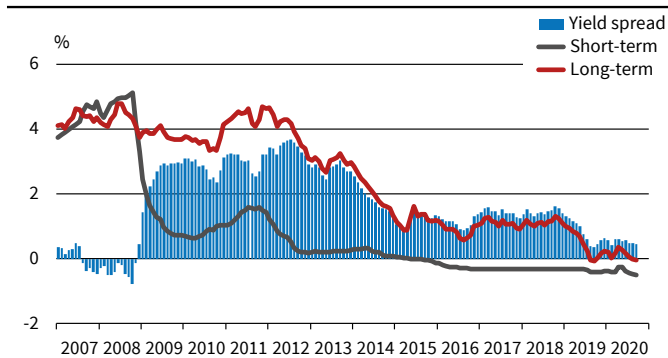


Statistics Update

Financial Conditions in the Euro Area

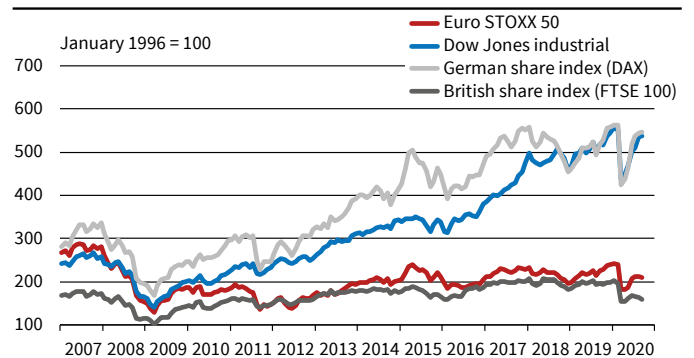
Nominal Interest Rates ^a



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

In the three-month period from July 2020 to September 2020 short-term interest rates decreased: the three-month EURIBOR rate amounted to -0.49 in September 2020 compared -0.44% in July 2020. The ten-year bond yields also decreased from 0.05% in July 2020 to -0.03% in September 2020, while the yield spread reduced from 0.49% to 0.46% between July 2020 and September 2020.

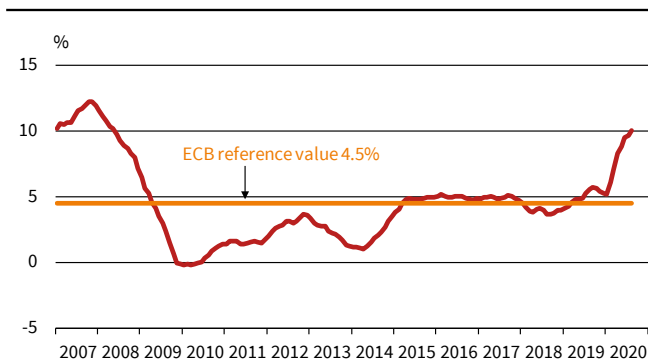
Stock Market Indices



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 September 2020, averaging 12,961 points compared to 12,741 points in July 2020, while the UK FTSE-100 decreases from 6,167 to 5,933 in the same period of time. The Euro STOXX amounted to 3,261 in September 2020, down from 3,316 in July 2020. On the other hand, the Dow Jones Industrial increased, averaging 27,752 points in September 2020, compared to 26,562 points in July 2020.

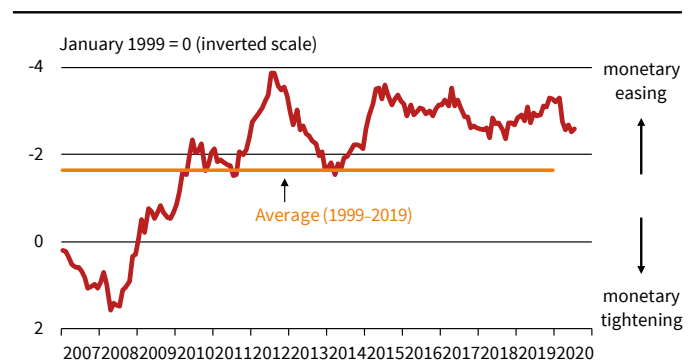
Change in M3 ^a



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

The annual growth rate of M3 increased to 10.4% in September 2020, from 9.5% in August 2020. The three-month average of the annual growth rate of M3 over the period from July 2020 to September 2020 reached 10,0%.

Monetary Conditions Index

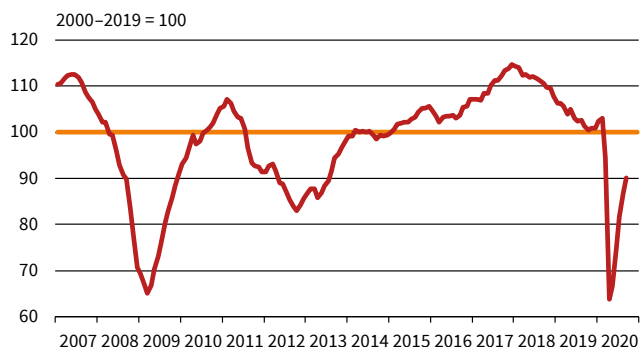


Source: European Commission. © ifo Institute

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

EU Survey Results

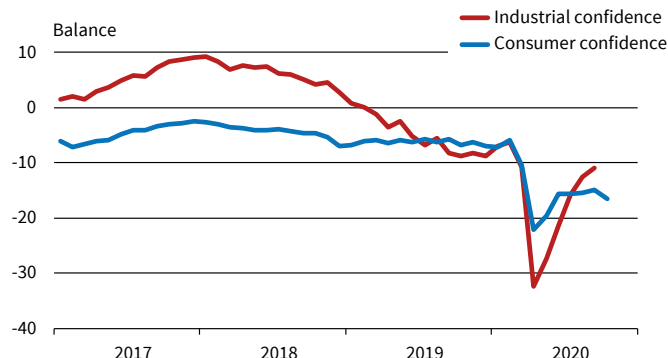
EU27 Economic Sentiment Indicator
Seasonally adjusted



Source: European Commission. © ifo Institute

In September 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 3.6 points to 91.1), and the EU27 (by 3.4 points to 90.2).

EU27 Industrial and Consumer Confidence Indicators
Percentage balance, seasonally adjusted

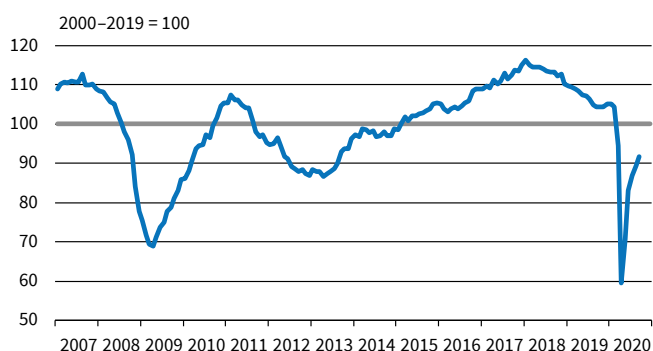


Source: European Commission. © ifo Institute

* 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 September 2020, the *industrial confidence indicator* increased by 1.6 in the EU27 and by 1.7 in the euro area (EA19). The *consumer confidence indicator* also increased by 0.6 in the EU27 and by 0.8 in the EA19 in September 2020.

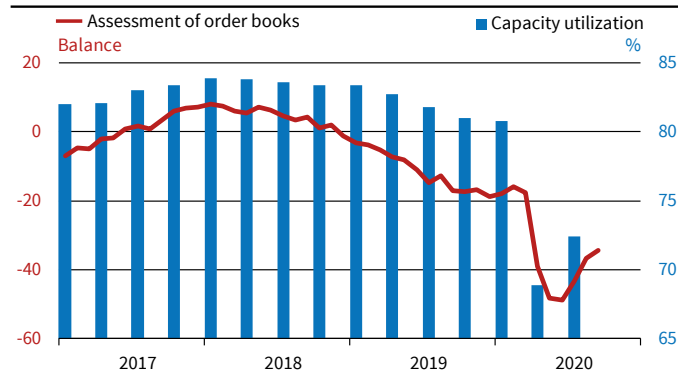
EU27 Employment Expectations Indicator
Seasonally adjusted



Source: European Commission. © ifo Institute

In September 2020 the Employment Expectations Indicator (EEI) improved for the fifth month in a row by 2.3 points to 91.8 in the euro area and by 2.4 points to 91.8 in the EU27.

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

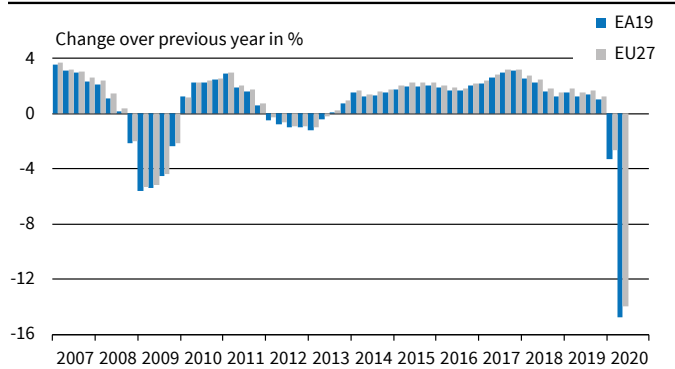


Source: European Commission. © ifo Institute

Managers' assessment of *order books* reached - 34.5 in September 2020, compared to - 36.7 in August 2020. In July 2020 the indicator had amounted to - 43.8. *Capacity utilization* stood at 72.4 in the third quarter of 2020, up from 68.9 in the second quarter of 2020, again showing the improvement from the Covid-19 shock.

Euro Area Indicators

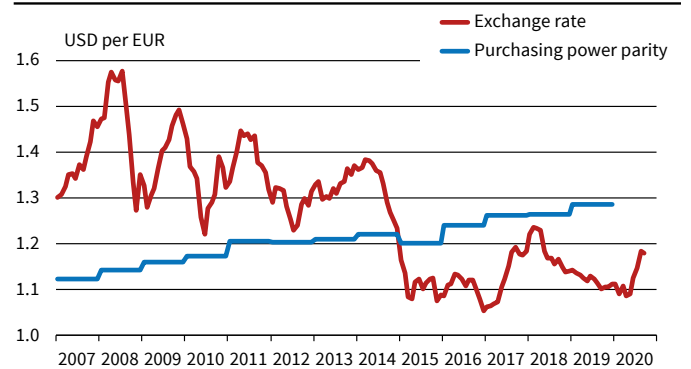
Gross Domestic Product in Constant 2015 Prices



Source: Eurostat. © ifo Institute

According to the Eurostat estimates, GDP decreased by 11.8% in the euro area (EA19), and by 11.4% 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 3.7% in the EA19 and by 3.3% in the EU27. Compared to the second quarter of 2019, i.e., year over year, seasonally adjusted GDP decreased by 14.7% in the EA19 and by 13.9% in the EU27 in the second quarter of 2020.

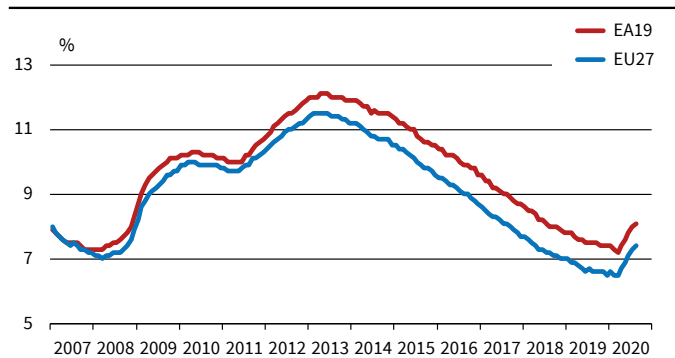
Exchange Rate of the Euro and Purchasing Power Parity



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

The exchange rate of the euro against the US dollar averaged approximately 1.17 \$/€ between July 2020 and September 2020. (In June 2020 the rate had also amounted to around 1.13 \$/€.)

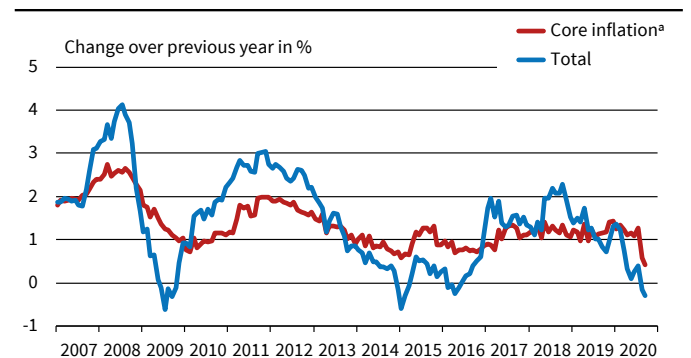
Unemployment Rate



Source: Eurostat. © ifo Institute

Euro area unemployment (seasonally adjusted) amounted to 8.1% in August 2020, up from 8.0% in July 2020. EU27 unemployment rate was 7.4% in August 2020, again up from 7.3% in July 2020. In August 2020 the lowest unemployment rate was recorded in Czechia (2.7%), Poland (3.1%) and Malta (4.1%), while the rate was highest in Greece (18.3%) 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 September 2020, down from -0.2% in August 2020. Year-on-year EA19 core inflation (excluding energy and unprocessed foods) also went down to 0.4% in September 2020, from 0.6% in August 2020.