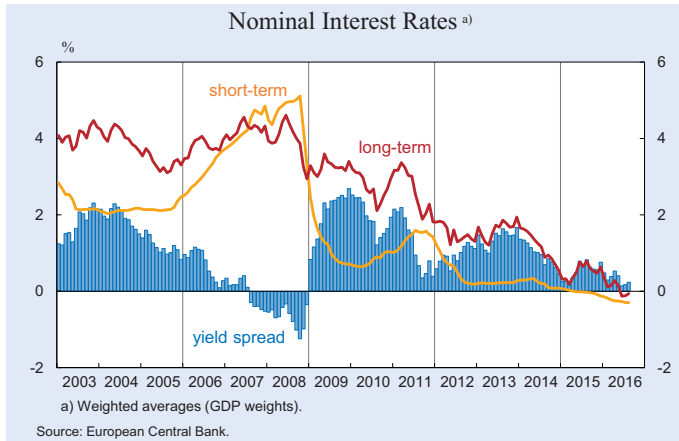
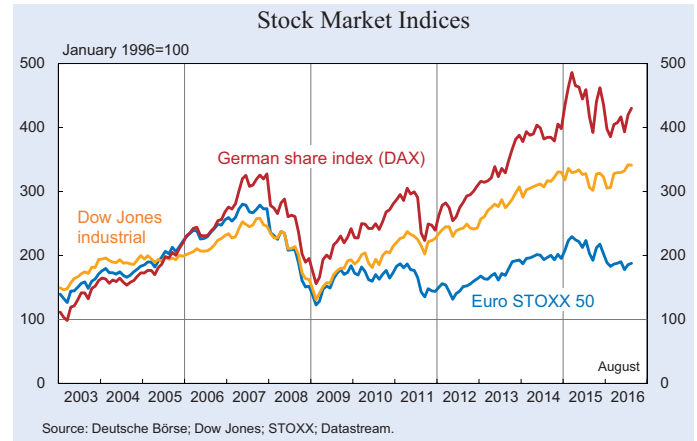


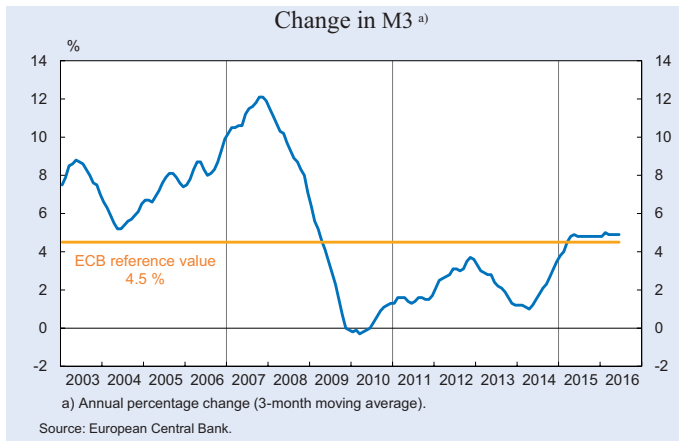
FINANCIAL CONDITIONS IN THE EURO AREA



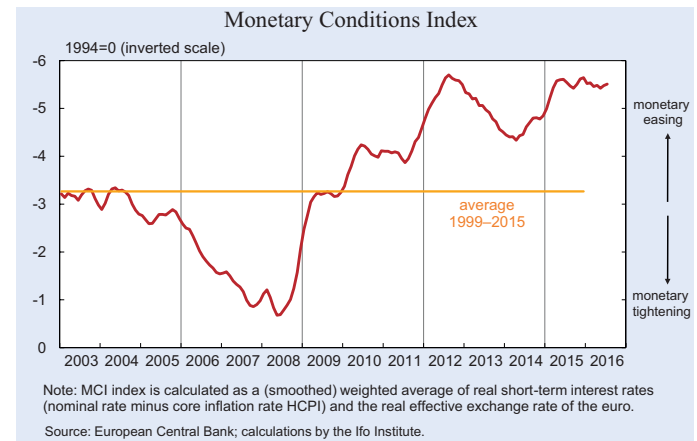
In the three-month period from June 2016 to August 2016 short-term interest rates decreased: the three-month EURIBOR rate declined from -0.27% in June 2016 to -0.30% in August 2016. Yet the ten-year bond yields increased from -0.13% to -0.06% in the same period. The yield spread reached 0.24% in August 2016, up from 0.14% in June 2016.



The German stock index DAX increased in August 2016, averaging 10,593 points compared to 9,680 points in June 2016. The Euro STOXX also grew from 2,865 to 3,023 in the same period of time. The Dow Jones International increased as well, averaging 18,401 points in August 2016, compared to 17,930 points in June 2016.

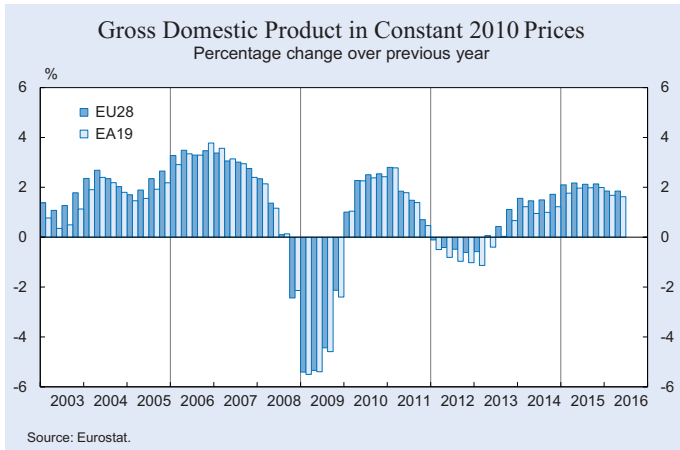


The annual growth rate of M3 decreased to 4.8% in July 2016, from 5.0% in June 2016. The three-month average of the annual growth rate of M3 over the period from May 2016 to July 2016 reached 4.9%.

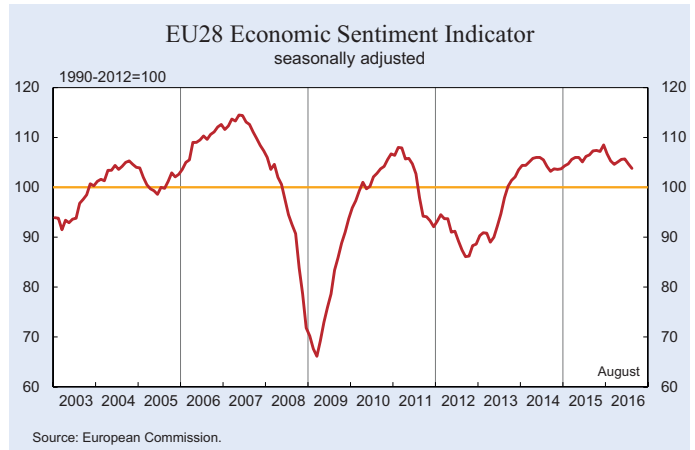


Between April 2010 and July 2011 the monetary conditions index remained rather stable. This index then continued its fast upward trend since August 2011 and reached its peak in July 2012, signalling greater monetary easing. In particular, this was the result of decreasing real short-term interest rates. In July 2016 the index started to slightly grow again while some minor fluctuations have been observed in last months on a high level, comparable to that of July 2012.

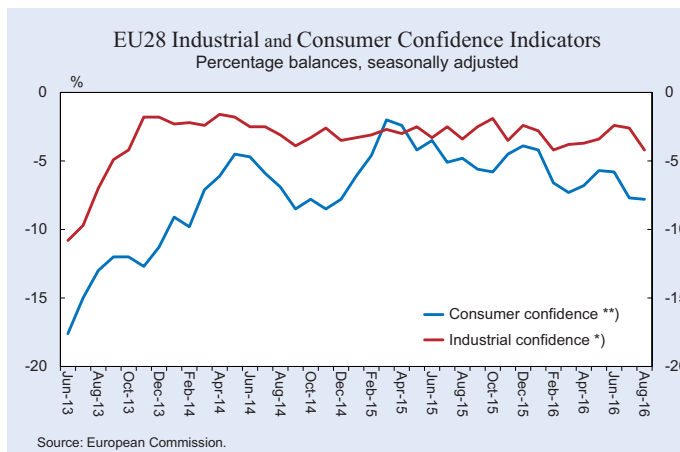
EU SURVEY RESULTS



According to the Eurostat estimates, GDP grew by 0.3% in the euro area (EA19) and by 0.4% in the EU28 during the second quarter of 2016, compared to the previous quarter. In the first quarter of 2016 the GDP grew by 0.5% in both zones. Compared to the second quarter of 2015, i.e. year over year, seasonally adjusted GDP rose by 1.6% in the EA19 and by 1.8% in the EU28 in the second quarter of 2016.



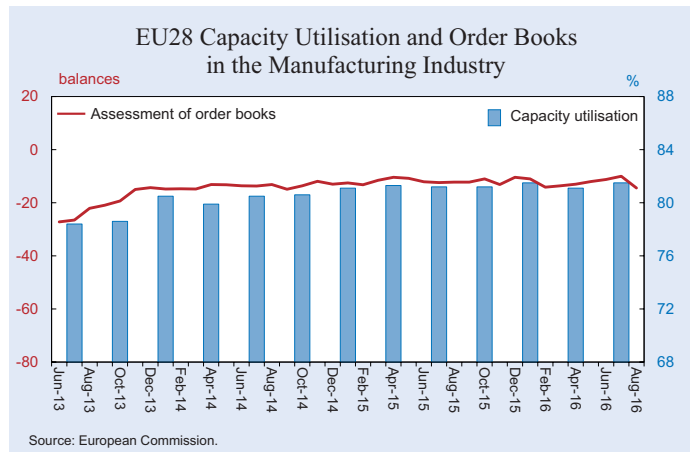
In August 2016 the Economic Sentiment Indicator (ESI) decreased in the euro area (by 1.0 points to 103.5) and the EU28 (by 0.9 points to 103.8). In both the EU28 and the EA19 the ESI stands above its long-term average.



* 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).

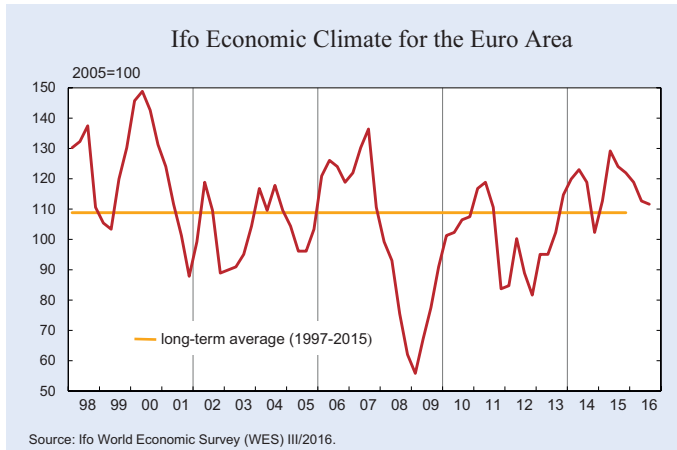
** New consumer confidence indicators, calculated as an arithmetic average of the following questions: financial and general economic situation (over the next 12 months), unemployment expectations (over the next 12 months) and savings (over the next 12 months). Seasonally adjusted data.

In August 2016, the *industrial confidence indicator* decreased by 1.6 in the EU28 and by 1.8 in the euro area (EA19). The *consumer confidence indicator* also decreased by 0.1 in the EU28 and by 0.6 in the EA19.

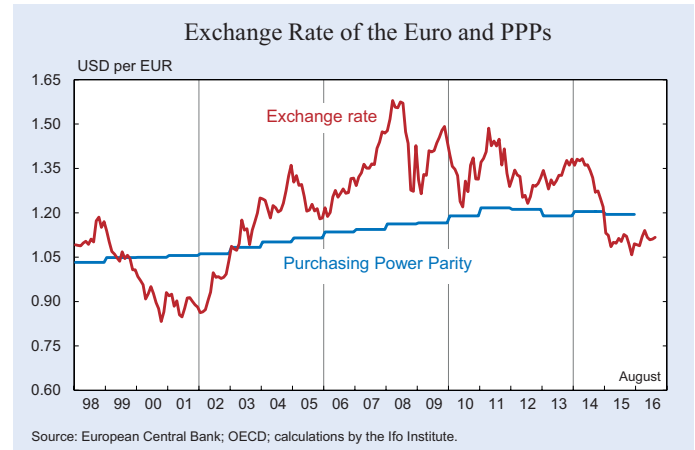


Managers' assessment of *order books* reached – 14.4 in August 2016, compared to – 10.0 in July 2016. In June 2016 the indicator had amounted to – 11.2. *Capacity utilisation* reached 81.5 in the third quarter of 2016, up from 81.1 in the second quarter of 2016.

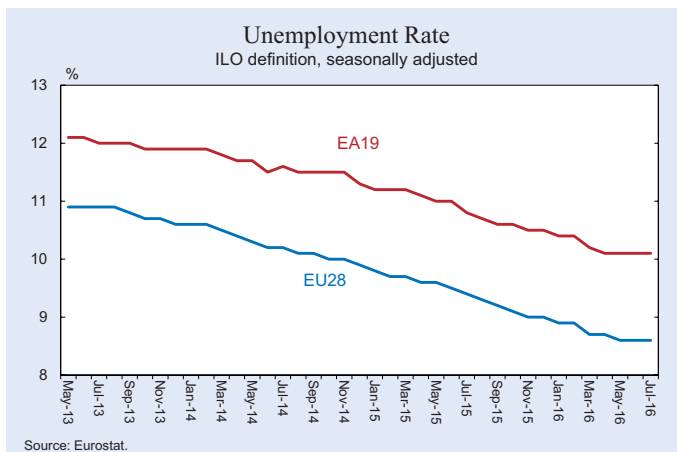
EURO AREA INDICATORS



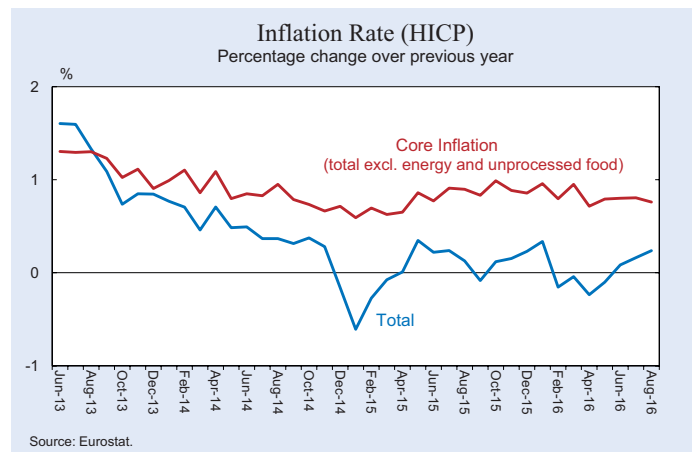
The Ifo Economic Climate Indicator for the euro area (EA19) fell to 111.6 points in the third quarter of 2016 from 112.7 points in the second quarter, but nevertheless remains way above its long-term average. The deterioration in the economic climate was entirely due to less positive assessments of the economic outlook. The current economic situation, by contrast, improved. The economic recovery in the euro area continued this quarter, but lacked impetus.



The exchange rate of the euro against the US dollar averaged approximately 1.11 \$/€ between June 2016 and August 2016. (In May 2016 the rate had amounted to around 1.12 \$/€.)



Euro area (EA19) unemployment (seasonally adjusted) amounted to 10.1% in July 2016, stable compared to that of June 2016. EU28 unemployment rate was 8.6% in July 2016, again stable compared to that of June 2016. In July 2016 the lowest unemployment rate was recorded in Malta (3.9%), the Czech Republic and Germany (both 4.2%), while the rate was highest in Greece (23.5%) and Spain (19.6%).



Euro area annual inflation (HICP) was 0.2% in August 2016, stable compared to that of July 2016. A year earlier the rate had amounted to 0.1%. Year-on-year EA19 core inflation (excluding energy and unprocessed foods) amounted to 0.8% in August 2016, stable compared to that of July 2016.