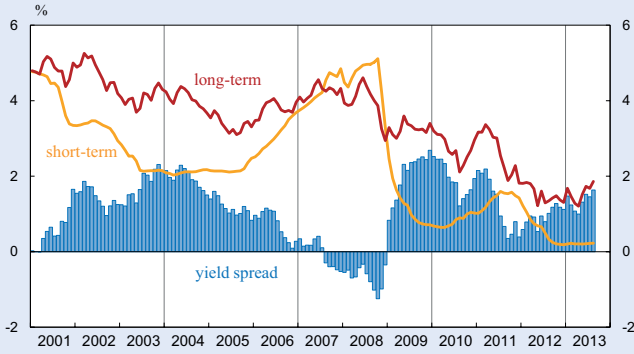


## FINANCIAL CONDITIONS IN THE EURO AREA

### Nominal Interest Rates <sup>a)</sup>

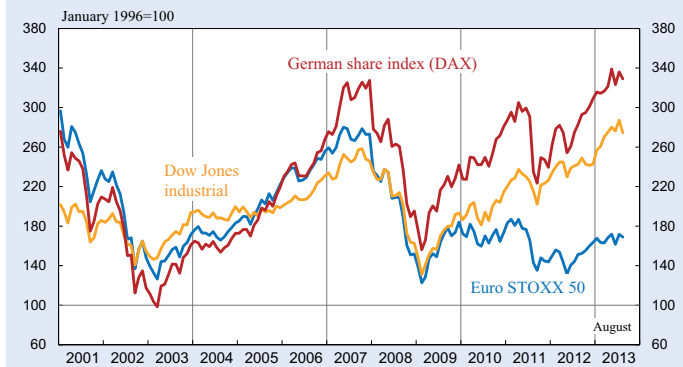


a) Weighted averages (GDP weights).

Source: European Central Bank.

In the three-month period from June 2013 to August 2013 short-term interest rates slightly increased. The three-month EURIBOR rate grew from an average 0.21% in June 2013 to 0.23% in August 2013. The ten-year bond yields increased also from 1.73% to 1.86% in the same period of time. Furthermore the yield spread grew from 1.52% in June 2013 to 1.63% in August 2013.

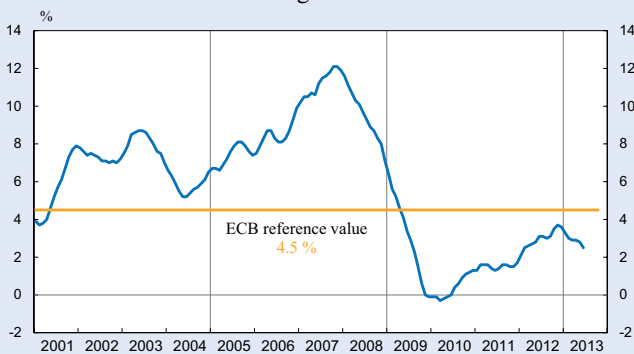
### Stock Market Indices



Source: Deutsche Börse; Dow Jones; STOXX; Datastream.

The German stock index DAX decreased in August 2013, averaging 8,103 points compared to 8,276 points in July 2013. The Euro STOXX declined also from 2,768 to 2,721 in the same period of time. The Dow Jones International decreased, averaging 14,810 points in August 2013, compared to 15,500 points in July 2013.

### Change in M3 <sup>a)</sup>

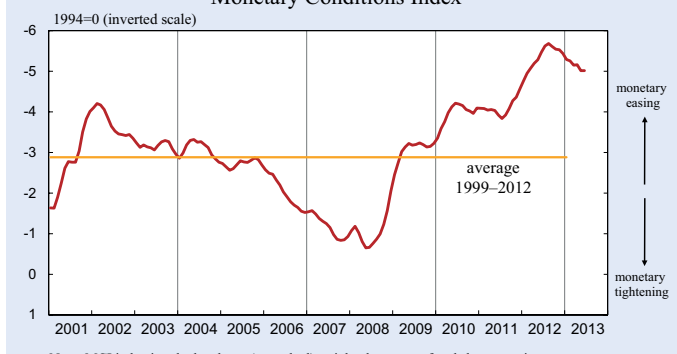


a) Annual percentage change (3-month moving average).

Source: European Central Bank.

The annual growth rate of M3 decreased to 2.2% in July 2013, compared to 2.4% in June 2013. The three-month average of the annual growth rate of M3 over the period from May 2013 to July 2013 decreased to 2.5%, from 2.8% in the period from April 2013 to June 2013.

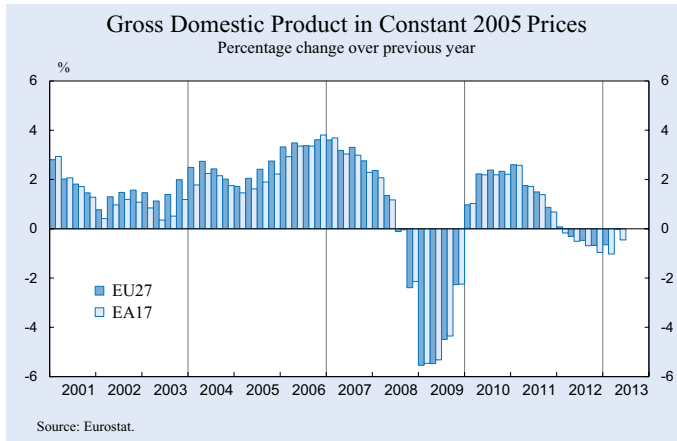
### Monetary Conditions Index



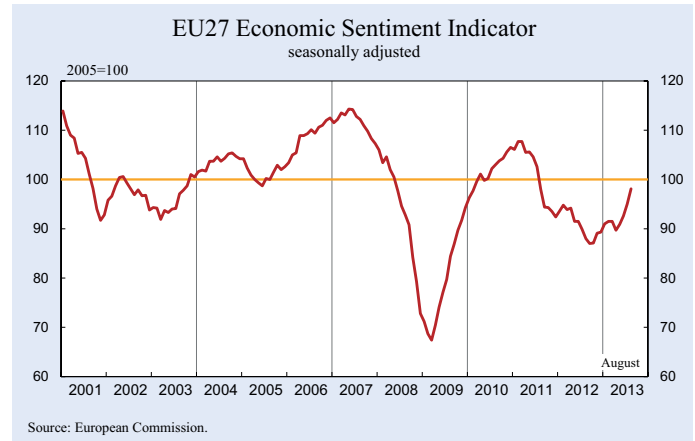
Note: MCI index is calculated as a (smoothed) weighted average of real short-term interest rates (nominal rate minus core inflation rate HCPI) and the real effective exchange rate of the euro.  
Source: European Central Bank; calculations by the Ifo Institute.

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 June 2013 the index continued its downward trend, initiated in August 2012.

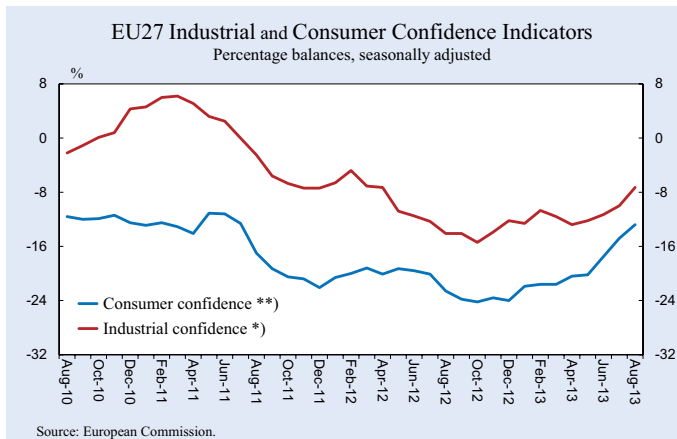
# EU SURVEY RESULTS



According to the second Eurostat estimates, GDP grew by 0.3% in the euro area (EA17) and by 0.4% in the EU27 during the second quarter of 2013, compared to the previous quarter. In the first quarter of 2013 the growth rates were -0.2% and -0.1%, respectively. Compared to the second quarter of 2012, i.e. year over year, seasonally adjusted GDP fell by 0.5% in the EA17 and remained stable in the EU27 in the second quarter of 2013.



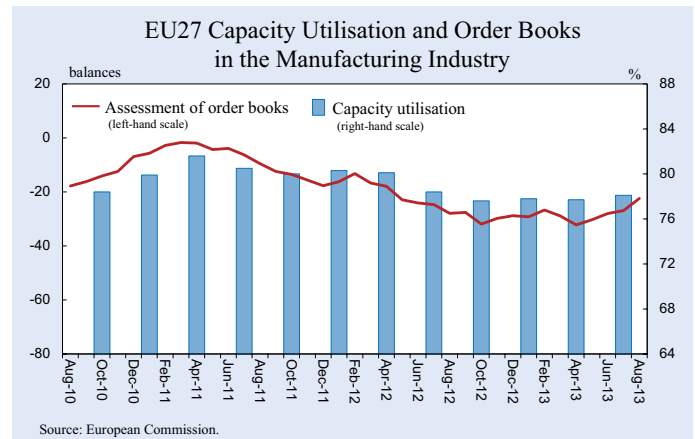
In August 2013 the Economic Sentiment Indicator (ESI) increased by 2.7 points in the euro area (to 95.2) and 3.1 points in the EU27 (to 98.1). In both the EU27 and the EA17 the ESI stands below its long-term average.



\* 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.

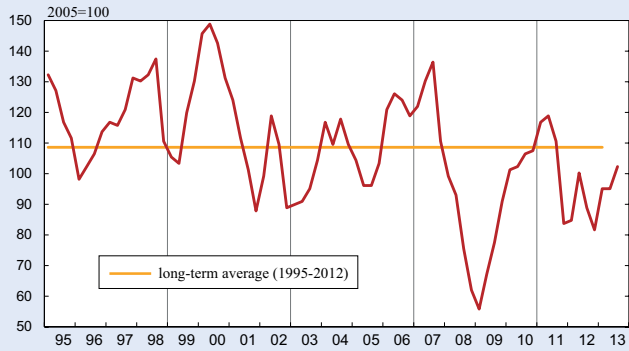
In August 2013, the *industrial confidence indicator* increased by 2.7 in both the EU27 and the euro area (EA17). The *consumer confidence indicator* also improved by 2.0 in the EU27 and by 1.8 in the EA17.



Managers' assessment of *order books* improved from -26.9 in July 2013 to -22.4 in August 2013. In June 2013 the indicator had reached -28.0. *Capacity utilisation* increased slightly to 78.1 in the third quarter of 2013, from 77.7 in the previous quarter.

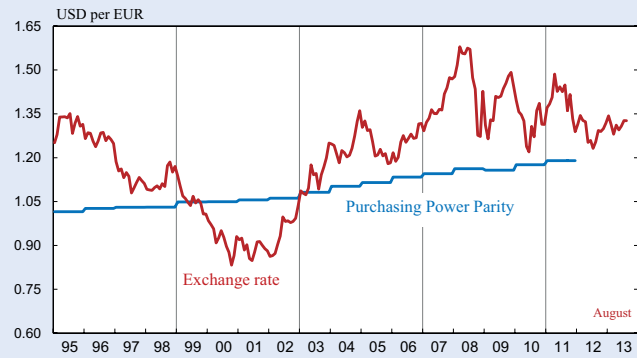
## EURO AREA INDICATORS

### Ifo Economic Climate for the Euro Area



The Ifo Economic Climate Indicator for the euro area (EA17) improved, but remains below its long-term average value in the third quarter of 2013. The current economic situation in the EA17 brightened only slightly and remains at a low level overall. Expectations for the next six months, on the other hand, were significantly more positive than last quarter. An economic stabilization in the euro area seems to be emerging.

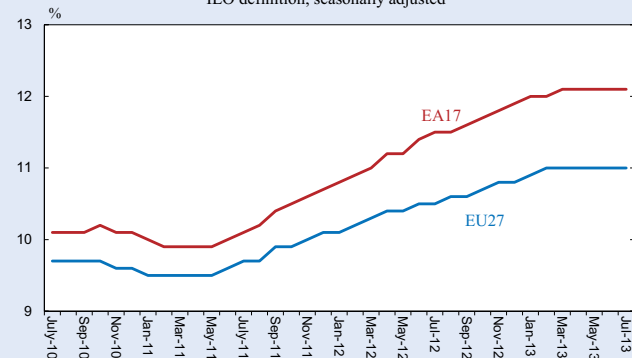
### Exchange Rate of the Euro and PPPs



The exchange rate of the euro against the US dollar averaged approximately 1.32 \$/€ between June 2013 and August 2013. (In May 2013 the rate had amounted to around 1.30 \$/€.)

### Unemployment Rate

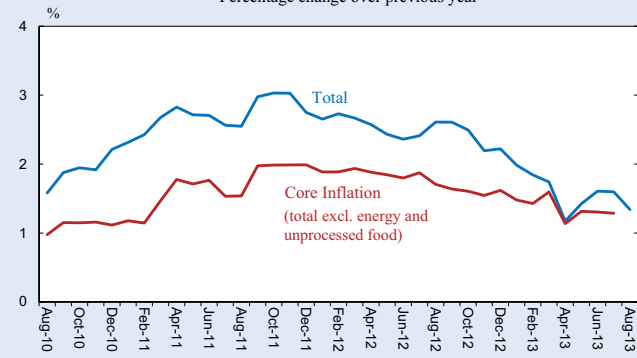
ILO definition, seasonally adjusted



Euro area (EA17) unemployment (seasonally adjusted) amounted to 12.4% in July 2013, stable compared to June 2013. EU28 (including Croatia) unemployment rate was 11.0% in July 2013, also stable compared to the previous month. In both zones, rates have risen compared to July 2012, when they were 11.5% and 10.5%, respectively. In July 2013 the lowest unemployment rate was registered in Austria (4.8%), Germany (5.3%) and Luxembourg (5.7%), while the rate was highest in Greece (27.6%) and Spain (26.3%).

### Inflation Rate (HICP)

Percentage change over previous year



Euro area annual inflation (HICP) was 1.6% in July 2013, stable compared to June 2013. A year earlier the rate had amounted to 2.4%. The EU27 annual inflation rate reached 1.7% in July 2013, stable compared to June 2013. A year earlier the rate had been 2.5%. An EU-wide HICP comparison shows that in July 2013 the lowest annual rates were observed in Greece (-0.5%), Bulgaria (0.0%) and Denmark (0.4%), and the highest rates in Estonia (3.9%), Romania (3.4%) and the Netherlands (3.1%). Year-on-year EA17 core inflation (excluding energy and unprocessed foods) slightly decreased to 1.29% in July 2013, from 1.30% in June 2013.