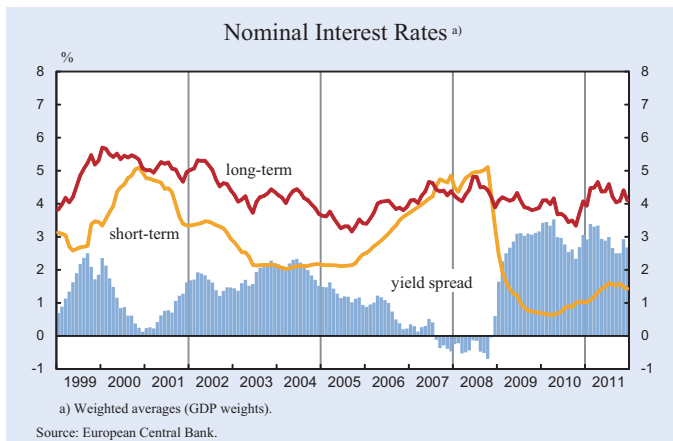
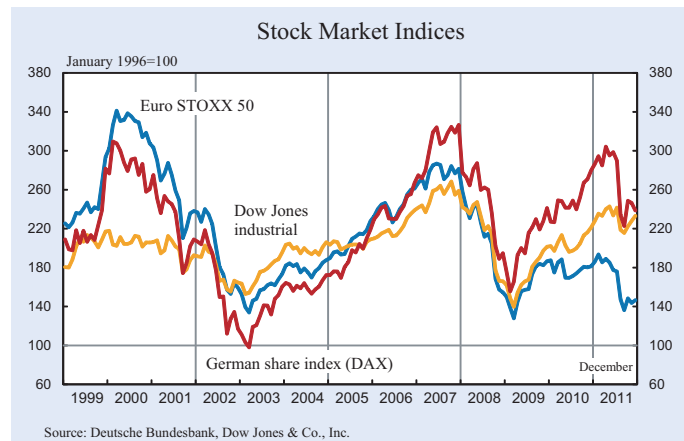


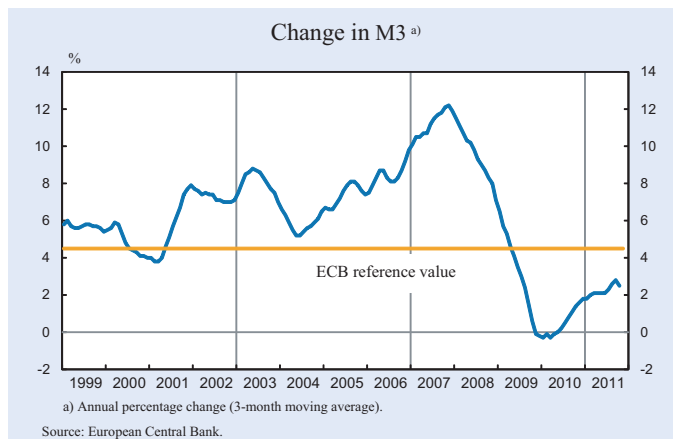
FINANCIAL CONDITIONS IN THE EURO AREA



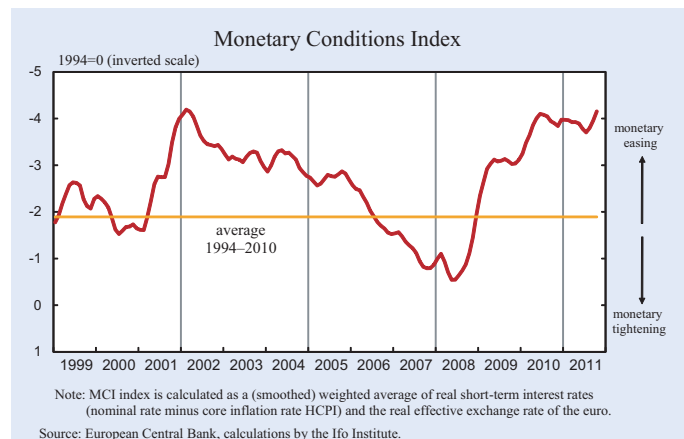
In the three-month period from October to December 2011 short-term interest rates decreased. The three-month EURIBOR rate declined from an average 1.58% in October 2011 to 1.43% in December 2011. Yet the ten-year bond yields slightly increased from 4.09% in October 2011 to 4.11% in December 2011. In the same period of time the yield spread also increased from 2.51% to 2.68%.



The German stock index DAX declined in December 2011, averaging 5,898 points compared to 6,141 points in October 2011. The Euro STOXX also decreased from 2,312 to 2,283 in the same period of time. However, the Dow Jones International grew, averaging 12,076 points in December 2011 compared to 11,516 points in October 2011.

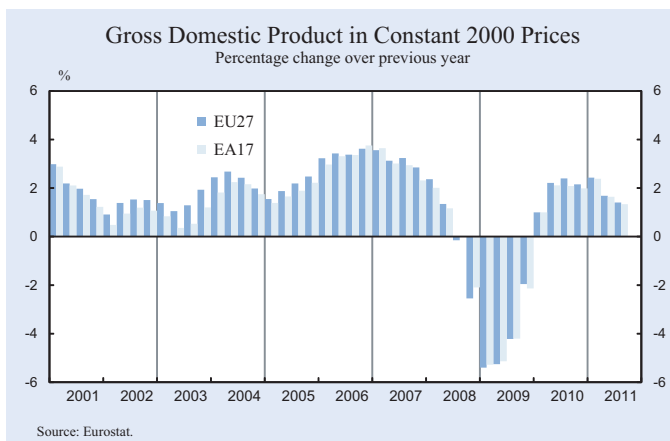


The annual growth rate of M3 decreased to 2.0% in November 2011, compared to 2.6% in October. The three-month average of the annual growth rate of M3 over the period from September to November 2011 decreased to 2.5%, from 2.8% in the period from August to October 2011.

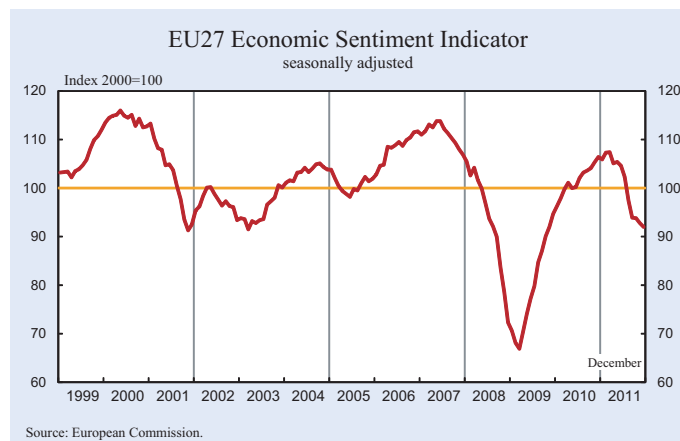


Between April and November 2009 the monetary conditions index remained rather stable after its rapid growth that had started in mid-2008. The index started to grow again since December 2009, signalling greater monetary easing and reached its peak in June 2010. In particular, this has been the result of decreasing real short-term interest rates. In October 2011 the index has continued its slow upward trend started in August 2011.

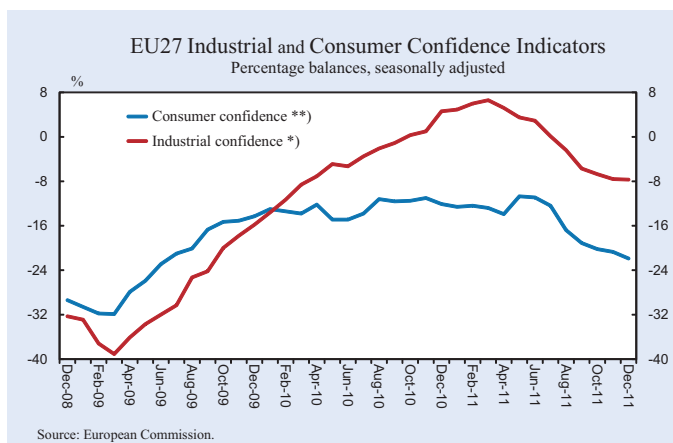
EU SURVEY RESULTS



According to the second Eurostat estimates, GDP increased by 0.2% in the euro area (EU17) and by 0.3% in the EU27 during the third quarter of 2011, compared to the previous quarter. In the second quarter of 2011 the growth rates were 0.2% in both zones. Compared to the third quarter of 2010, i.e. year over year, seasonally adjusted GDP increased by 1.4% in both the euro area and the EU27.



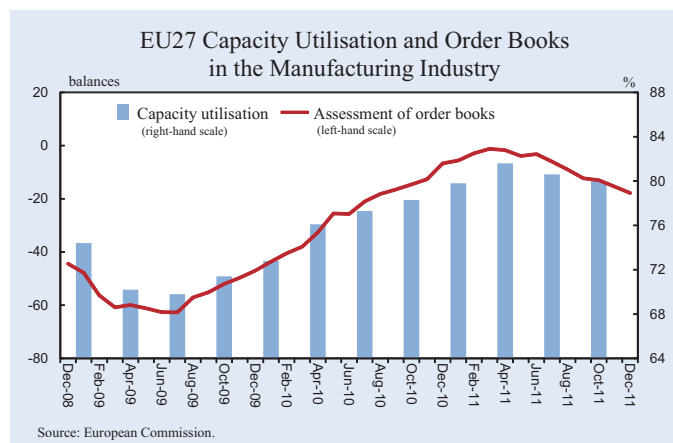
In December 2011 the Economic Sentiment Indicator (ESI) continued its downward trend in both the EU27 and the euro area (EU17). The indicator declined by 0.8 points in the EU27 and by 0.5 points in the euro area, to 92.0 and 93.3 respectively. In both the EU27 and the euro area the ESI stands below its 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.

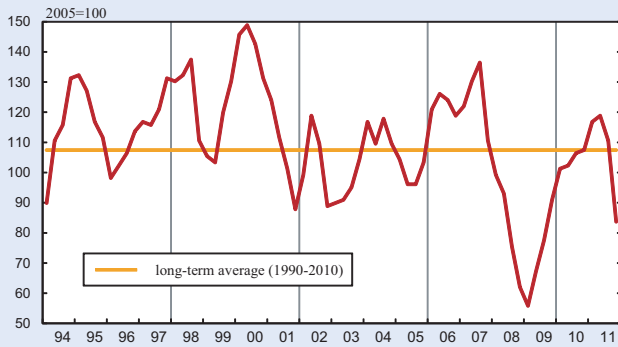
In December 2011, the *industrial confidence indicator* declined by 0.1 points in the EU27, while it remained unchanged in the euro area (EU17). The *consumer confidence indicator* also decreased in both the EU27 (-1.2) and the euro area (-0.7).



Managers' assessment of *order books* worsened from -15.4 in November to -17.8 in December 2011. In August 2011 the indicator had reached -9.0. *Capacity utilisation* also slightly decreased to 80.0 in the fourth quarter of 2011, from 80.6 in the previous quarter.

EURO AREA INDICATORS

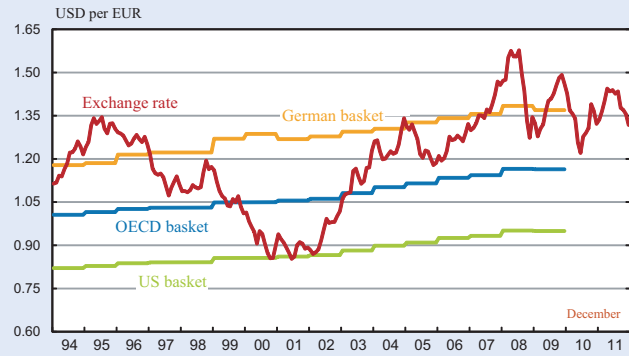
Ifo Economic Climate for the Euro Area



Source: Ifo World Economic Survey (WES) IV/2011.

The Ifo indicator of the economic climate in the euro area (EU17) has fallen further in the fourth quarter, and is now significantly below its long-term average. Both the assessments of the current situation and the expectations for the next six months worsened considerably over the third quarter of 2011. The results suggest that the economic weakening in the euro area will continue.

Exchange Rate of the Euro and PPPs

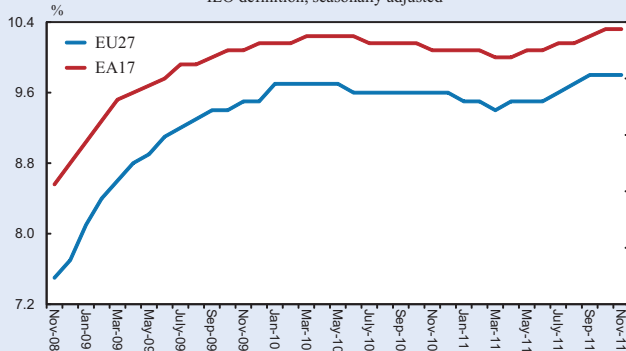


Source: European Central Bank, Federal Statistical Office, OECD and calculations by the Ifo Institute.

The exchange rate of the euro against the US dollar averaged approximately 1.35 \$/€ between October and December 2011. (In September 2011 the rate had also amounted to around 1.38 \$/€.)

Unemployment Rate

ILO definition, seasonally adjusted

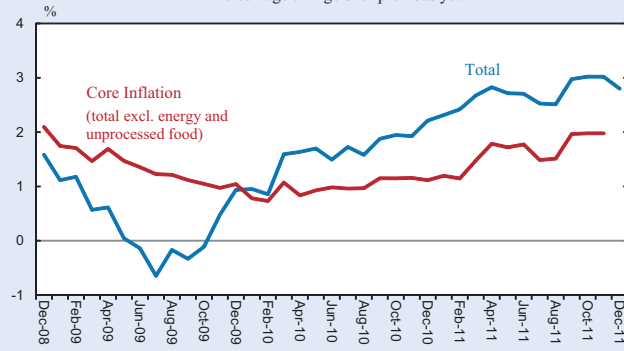


Source: Eurostat.

Euro area (EU17) unemployment (seasonally adjusted) amounted to 10.3% in November 2011, unchanged compared to October. It was 10.0% in November 2010. EU27 unemployment stood at 9.8% in November 2011, also unchanged compared to October. The rate was 9.6% in November 2010. In November 2011 the lowest rate was registered in Austria (4.0%), the Netherlands and Luxembourg (both 4.9%), while the unemployment rate was highest in Spain (22.9%).

Inflation Rate (HICP)

Percentage change over previous year



Source: Eurostat.

Euro area annual inflation (HICP) was 3% in November 2011, unchanged compared to October. A year earlier the rate had amounted to 1.9%. The EU27 annual inflation rate reached 3.4% in November 2011, unchanged compared to October. A year earlier the rate had been 2.3%. An EU-wide HICP comparison shows that in November 2011 the lowest annual rates were observed in Sweden (1.1%), Malta (1.5%) and Ireland (1.7%), and the highest rates in Romania (6.2%), Estonia (5.2%) and Britain (4.4%). Year-on-year EU17 core inflation (excluding energy and unprocessed foods) slightly increased to 1.98% in November 2011 from 1.96% in September.