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Article

Statistics Update

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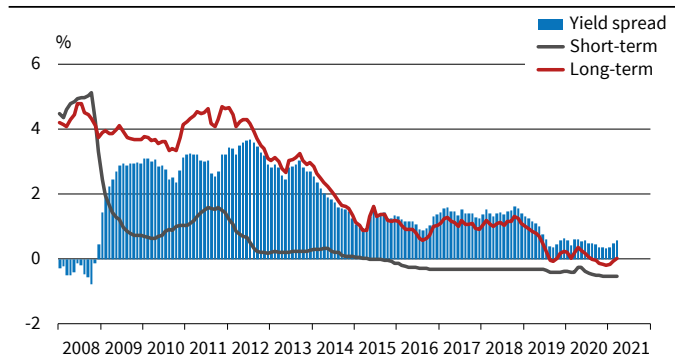
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Statistics Update

Financial Conditions in the Euro Area

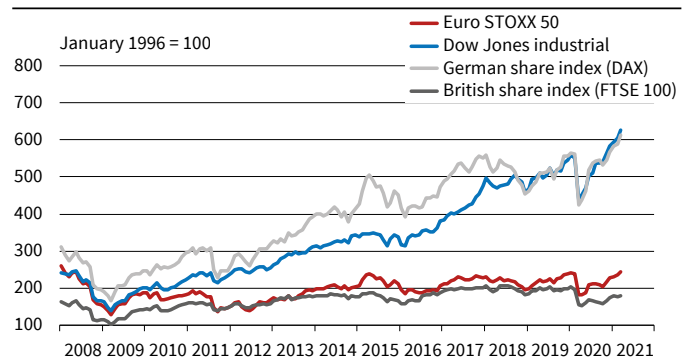
Nominal Interest Rates^a



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

In the three-month period from January 2021 to March 2021 short-term interest rates increased slightly: the three-month EURIBOR rate amounted to - 0.54% in March 2021, compared to - 0.55% in January 2021. The ten-year bond yields also increased from - 0.18% in January 2021 to 0.03% in March 2021, while the yield spread grew from 0.37% to 0.57% between January 2021 and March 2021.

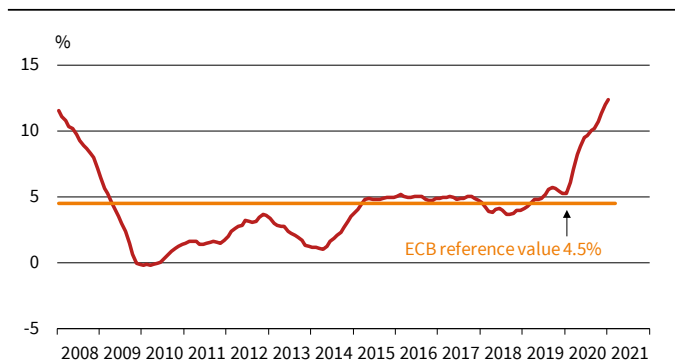
Stock Market Indices



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. Yet the German stock index DAX continued to grow in March 2021, averaging 14,508 points compared to 13,951 points in February 2021, while the UK FTSE-100 also increased from 6,584 to 6,714 in the same period of time. The Euro STOXX amounted to 3,813 in March 2021, up from 3,667 in February 2021. Furthermore, the Dow Jones Industrial continued to increase, averaging 32,373 points in March 2021, compared to 31,293 points in February 2021.

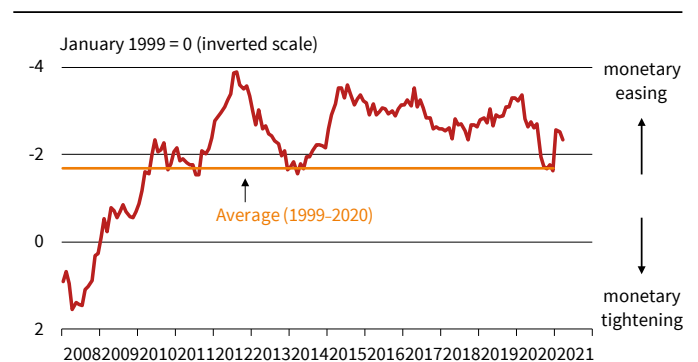
Change in M3^a



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

The annual growth rate of M3 decreased to 12.3% in February 2021, from 12.5% in January 2021. The three-month average of the annual growth rate of M3 over the period from December 2020 to February 2021 reached 12.4%.

Monetary Conditions Index



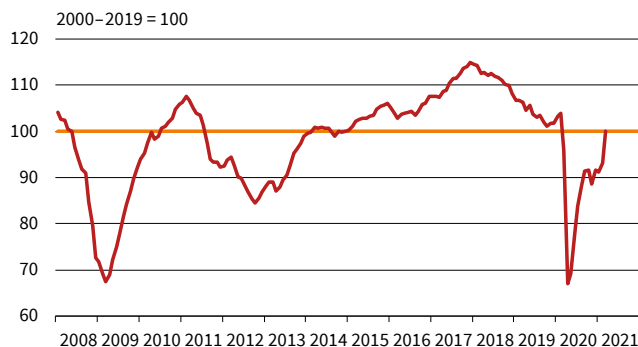
Source: European Commission. © ifo Institute

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. Its rapid growth in January 2021 was again followed by a continuous decline in the index in February and March 2021.

EU Survey Results

EU27 Economic Sentiment Indicator

Seasonally adjusted

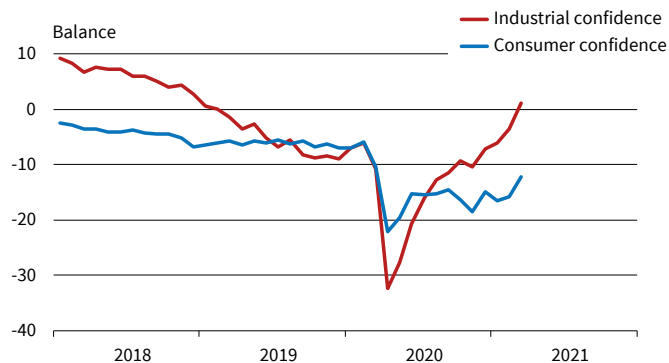


Source: European Commission. © ifo Institute

In March 2021 the Economic Sentiment Indicator (ESI) improved sharply in both the EU27 (+ 6.9 points to 100.0) and the euro area (+ 7.6 points to 101.0), compared to February 2021. In the EU27, the ESI's increase in March 2021 was driven by improving confidence in all surveyed business sectors (i.e., industry, services, retail trade, construction) and among consumers.

EU27 Industrial and Consumer Confidence Indicators

Percentage balance, seasonally adjusted



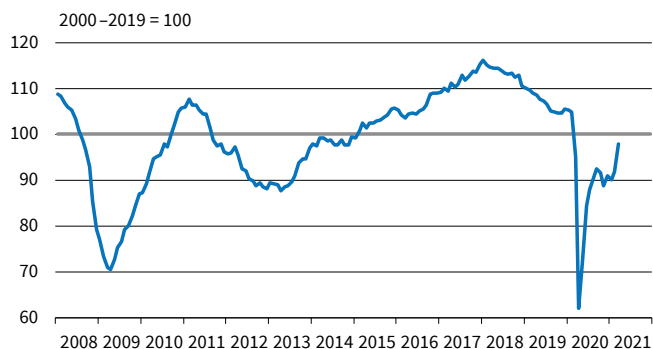
Source: European Commission. © ifo Institute

* 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 March 2021, the *industrial confidence indicator* increased by 4.6 in the EU27 and by 5.1 in the euro area (EA19). The *consumer confidence indicator* also increased by 3.6 in the EU27 and by 4.0 in the EA19 in March 2021.

EU27 Employment Expectations Indicator

Seasonally adjusted

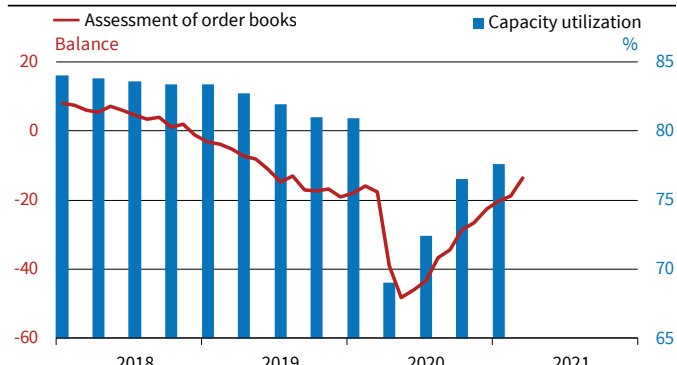


Source: European Commission. © ifo Institute

In March 2021 the Employment Expectations Indicator (EEI) saw a forceful increase: + 6.1 points to 98.0 in the EU27, and + 6.8 points to 97.7 in the euro area.

EU27 Capacity Utilisation and Order Books in the Manufacturing Industry

Seasonally adjusted

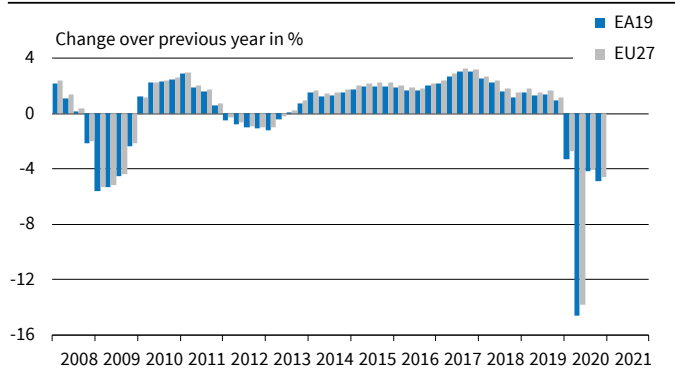


Source: European Commission. © ifo Institute

Managers' assessment of order books reached - 13.7 in March 2021, compared to - 18.7 in February 2021. In January 2021 the indicator had amounted to - 20.3. Capacity utilization stood at 77.6 in the first quarter of 2021, up from 76.5 in the fourth quarter of 2020, showing the gradual improvement from the Covid-19 shock.

Euro Area Indicators

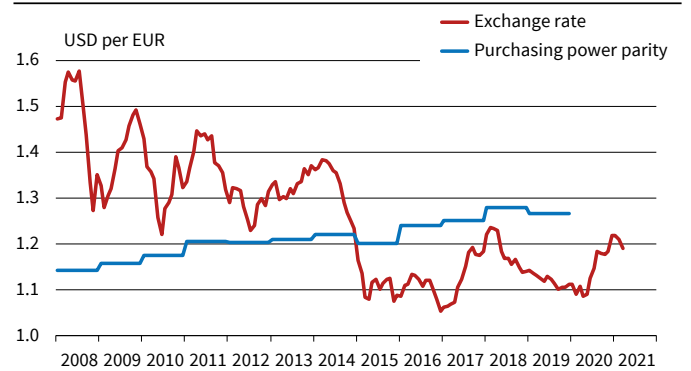
Gross Domestic Product in Constant 2015 Prices



Source: Eurostat. © ifo Institute

According to the Eurostat estimates, GDP decreased by 0.7% in the euro area (EA19), and by 0.5% in the EU27 during the fourth quarter of 2020, compared to the previous quarter. These declines follow a strong rebound in the third quarter of 2020 (+ 12.5% in the EA19 and + 11.6% in the EU27) and the sharp decreases in the second quarter of 2020 (- 11.6% in the EA19 and - 11.2% in the EU27). Compared to the fourth quarter of 2019, i.e., year over year, seasonally adjusted GDP decreased by 4.9% in the EA19 and by 4.6% in the EU27 in the fourth quarter of 2020.

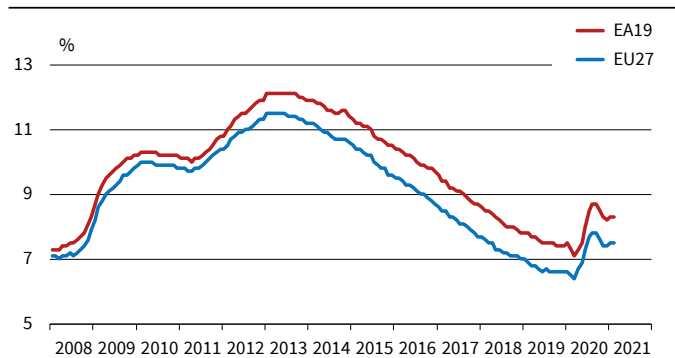
Exchange Rate of the Euro and Purchasing Power Parity



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

The exchange rate of the euro against the US dollar averaged approximately 1.21 \$/€ between January 2021 and March 2021. (In December 2020 the rate had amounted to around 1.22 \$/€.)

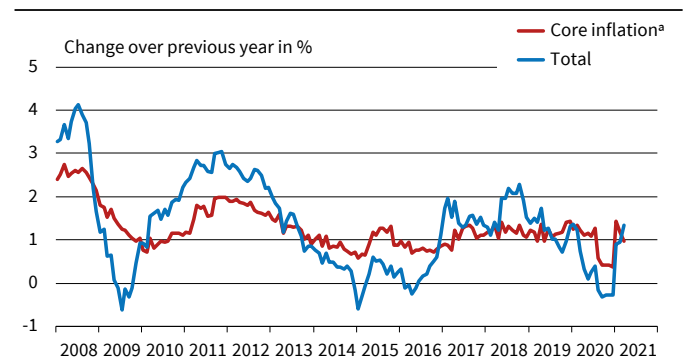
Unemployment Rate



Source: Eurostat. © ifo Institute

Euro area unemployment (seasonally adjusted) amounted to 8.3% in February 2021, stable compared to January 2021. EU27 unemployment rate was 7.5% in February 2021, also stable compared to January 2021. In February 2021 the lowest unemployment rate was recorded in Poland (3.1%), Czechia (3.2%) and the Netherlands (3.6%), while the rate was highest in Spain (16.1%) and Greece (15.8%).

Euro Area Inflation Rate (HICP)



^a Total excl. energy and unprocessed food. Source: Eurostat. © ifo Institute

Euro area annual inflation (HICP) amounted to 1.3% in March 2021, up from 0.9% in February 2021. Year-on-year EA19 core inflation (excluding energy and unprocessed foods) amounted to 1.0% in March 2021, down from 1.2 in February 2021.