

Summary for non-specialists  
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## **Quarterly Report on the Euro Area (QREA)**

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The focus section takes a look at cross-country growth differences in the euro area since the crisis and their main drivers. It finds that cyclical differences have recently reached record highs and also documents a worrying trend of income divergence. A first special topic discusses the short-term outlook for inflation using a simple open-economy New Keynesian Phillips curve. The second special topic discusses how institutional structures of housing and mortgage markets affected market developments during the last cycle. The third and final special topic presents a new indicator of external competitiveness based on sector unit labour costs.