

KEY INDICATORS FOR THE EURO AREA



European Commission, DG ECFIN

Key indicators for the euro area

this update: 01 April 2008
next update: 30 April 2008

		2005	2006	2007	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08
1 Output										
Industrial confidence ^{1.1}	Balance	-7.2	2.2	4.4	1.7	2.6	1.6	1.1	0.2	0.1
Industrial production ^{1.2}	mom % ch.	1.4	4.0	3.5	0.6	-0.3	0.0	0.9	--	--
		2005	2006	2007	06Q4	07Q1	07Q2	07Q3	07Q4	08Q1
Gross domestic product ^{1.3}	qoq % ch.	1.6	2.7	2.6	0.8	0.8	0.3	0.8	0.4	--
2 Private consumption										
Consumer confidence ^{2.1}	Balance	-13.9	-9.1	-4.9	-6.2	-8.1	-8.7	-11.5	-12.0	-12.1
Retail sales ^{2.2}	mom % ch.	1.2	1.5	0.9	-0.6	-0.5	-0.1	0.4	--	--
		2005	2006	2007	06Q4	07Q1	07Q2	07Q3	07Q4	08Q1
Private consumption ^{2.3}	qoq % ch.	1.6	1.8	1.4	0.4	0.0	0.6	0.5	-0.1	--
3 Investment										
Capacity utilization ^{3.1}	%	81.3	83.0	84.2	83.9	84.4	84.8	84.1	84.0	83.9
Gross fixed capital formation ^{3.2}	qoq % ch.	3.0	5.2	4.9	1.5	1.7	0.0	1.2	0.8	--
Change in stocks ^{3.3}	% of GDP	0.1	0.3	0.3	0.0	0.5	0.2	0.4	0.3	--
4 Labour market										
Unemployment ^{4.1}	%	8.8	8.3	7.4	7.3	7.2	7.2	7.1	7.1	--
		2005	2006	2007	06Q4	07Q1	07Q2	07Q3	07Q4	08Q1
Employment ^{4.2}	yoy % ch.	0.9	1.5	1.7	1.6	1.8	1.7	1.8	1.7	--
Shortage of labour ^{4.3}	%	2.3	3.8	6.2	5.0	5.1	6.0	6.5	7.2	7.5
Wages ^{4.4}	yoy % ch.	2.8	2.5	2.8	2.1	2.4	2.9	2.7	2.9	--
5 International transactions										
Export order books ^{5.1}	Balance	-15.6	-1.1	3.5	1.7	1.0	1.2	-1.8	-2.4	-1.7
World trade ^{5.2}	Index	158.5	173.4	185.0	190.2	189.8	187.0	191.3	--	--
Exports of goods ^{5.3}	Bn. EUR	1237.0	1383.5	1497.1	128.2	128.0	123.5	132.5	--	--
Imports of goods ^{5.4}	Bn. EUR	1227.6	1397.2	1472.3	126.8	126.2	125.2	134.5	--	--
Trade balance ^{5.5}	Bn. EUR	9.5	-14.4	23.0	1.5	1.8	-1.8	-2.0	--	--
		2005	2006	2007	06Q4	07Q1	07Q2	07Q3	07Q4	08Q1
Exports of goods and services ^{5.6}	qoq % ch.	4.7	7.9	5.8	3.1	0.9	0.8	2.1	0.5	--
Imports of goods and services ^{5.7}	qoq % ch.	5.4	7.7	5.0	1.7	1.4	0.3	2.5	-0.4	--
		2005	2006	2007	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08
Current account balance ^{5.8}	Bn. EUR	9.0	-14.1	14.8	2.2	0.3	-3.5	-10.6	--	--
Direct investment (net) ^{5.9}	Bn. EUR	-205.4	-131.3	-107.8	21.7	11.4	-21.0	-32.2	--	--
Portfolio investment (net) ^{5.10}	Bn. EUR	138.8	273.7	233.6	-55.3	8.3	3.5	54.3	--	--
6 Prices										
HICP ^{6.1}	yoy % ch.	2.2	2.2	2.1	2.6	3.1	3.1	3.2	3.3	3.5
Core HICP ^{6.2}	yoy % ch.	1.5	1.5	2.0	2.1	2.3	2.3	2.3	2.4	--
Producer prices ^{6.3}	yoy % ch.	3.5	4.4	2.6	3.4	4.3	4.4	5.1	--	--
Import prices ^{6.4}	Index	104.8	112.9	105.2	116.3	118.2	118.9	--	--	--
7 Monetary and financial indicators										
Interest rate (3 months) ^{7.1}	% p.a.	2.1	2.9	3.9	4.7	4.6	4.8	4.5	4.4	4.6
Bond yield (10 years) ^{7.2}	% p.a.	3.4	3.8	4.2	4.3	4.1	4.2	4.0	4.0	3.8
ECB repo rate ^{7.3}	% p.a.	2.0	2.8	3.8	4.0	4.0	4.0	4.0	4.0	4.0
Stock markets ^{7.4}	Index	3207.1	3793.3	4316.4	4430.8	4314.9	4386.4	4025.8	3776.6	3595.9
M3 ^{7.5}	yoy % ch.	7.4	8.5	11.1	12.3	12.4	11.4	11.5	11.3	--
Credit to private sector (loans) ^{7.6}	yoy % ch.	8.1	11.0	10.8	11.3	11.1	11.2	11.1	10.9	--
Exchange rate USD/EUR ^{7.7}	Value	1.24	1.26	1.37	1.42	1.47	1.46	1.47	1.47	1.55
Nominal effective exchange rate ^{7.8}	Index	109.0	110.9	115.7	117.5	119.4	119.9	120.6	120.6	123.9



1. Output

In March, the **industrial confidence** indicator remained stable in the euro area. Despite the downward trend observed since mid-2007, the indicator still stands well above its long-term average. Looking at the breakdown, managers gave a slightly more optimistic assessment of their order books, while their expectations about production declined further and their views regarding the stocks of finished products remained unchanged.

Seasonally adjusted **industrial production** rose in January by 0.9% m-o-m, compared to a revised no-growth in the previous month. This positive trend goes mainly on account of marked increase of capital goods production (by 2.7%) and production of durable consumer goods (by 1.9%). In contrast, production of energy dropped significantly (by 1.9%). Among the larger economies, industrial production rebounded in Spain, Italy, France and Germany. Weighted against January 2007, industrial production increased by 3.8%, after growth of 1.7% in December 2007.

The **Commission's autumn forecast** assumed that financial distress would be relatively short-lived and fundamentals would be sufficiently sound to hold up growth reasonably well. Real GDP growth was projected at 2.2% in 2008. However, according to the **interim forecast** prepared in February 2008, the euro-area economy will still be fairly resilient in view of the current sizeable headwinds (US at the brink of a recession, financial market turbulence still ongoing, soaring commodity prices), GDP growth is revised down to 1.8% in 2008.

In the last quarter of 2007, according to the Eurostat's first estimate, **real GDP growth** decelerated to 0.4% quarter-on-quarter (from 0.8% in the third quarter). Growth moderated in France and Germany (0.3%) but was still robust in Spain (0.8%). As to the breakdown, GDP growth in 07Q4 was driven by net-exports and gross fixed capital formation, while private consumption contracted. Despite the moderation towards the end of the year, annual average GDP growth was 2.6%, still well above potential.

2. Private consumption

Private consumption dropped slightly quarter-on-quarter (by 0.1%) after increasing by 0.5% in the third quarter. On an annual basis, private consumption expenditure rose by 1.1% in 07Q4, weaker than in the third quarter (+1.6%). The weakening was broad-based at the country level, though much sharper in Germany (-0.8% q-o-q).

In March, **consumer confidence** remained unchanged. The indicator has been on a downward path since its peak in May 2007 and, unlike the industrial confidence, currently stands below its long-term average. Consumers' expectations regarding the general economic situation and unemployment improved somewhat. Moreover, households' expectations regarding their own financial situation remained unchanged, while their views on savings decreased.

In January 2008 compared to December 2007, the volume of **retail trade** rose by 0.4%, after having fallen in the three previous months. On an annual basis, the retail sales index fell by -0.1%.

3. Investment

After a rebound in the third quarter, **investment** growth decelerated in 07Q4, to 0.8% q-o-q from 1.2% in 07Q3. Capital spending was strong in the Netherlands (+4.2%) and the UK (+1.6%), but less robust in Germany and France (+0.6).

According to the DG ECFIN's quarterly survey, **capacity utilisation** remains broadly stable at 83.9% in 08Q1, compared to 84.0% in 07Q3.

4. Labour market

In February 2008, the **unemployment** rate stood at 7.1%, unchanged compared to January. It was 7.6% in February 2007.

In 07Q4, **employment** growth moderated to 0.2% (q-o-q), down from 0.3% in the third quarter. Compared to one year ago, the increase in 07Q4 was 1.7%. Over the year 2007, employment increased by 1.7% representing about 2.4 mio. persons.

Following declines in recent months, **employment expectations** have stabilised in March. Compared to February, managers' employment expectations for the next three months remained unchanged in manufacturing industry, while they decreased slightly in the services sector.

The level of recorded **labour shortages in manufacturing** continued to increase in 08Q1, with 7.5% of firms (7.2% in 07Q4) reporting that unfilled job openings were constraining production.

5. International transactions

Three consecutive month of -2 value for assessment of **export-order books** in manufacturing indicate its relative stabilisation, while more detailed analysis shows some deterioration in March at a decimal level from -2.4 to -1.7, still well above long-term average.



The seasonally adjusted **trade balance** posted a second consecutive deficit of -2.0 bn euro in January after previous long period of trade surpluses. Both extra-euro-area exports and imports grew at +7.4% m-o-m rate in January. As component of GDP, **exports of goods and services** in volume terms were up by 0.5% quarter-on-quarter in 07Q4, while **imports** went down by -0.4%.

In January 2008, the **current account** of the euro area showed a deficit of EUR 10.6 billion. This reflected deficits in current transfers (EUR 10.3 billion) and income (EUR 4.7 billion), which were only partly compensated for by a surplus in services (4.2 billion). The goods account was balanced. The **financial account**, combined direct and portfolio investment showed net inflows of EUR 22 billion.

6. Prices

HICP is expected to be 3.5% in March 2008 according to the Eurostat's flash estimate, up from 3.3% in February. **Core inflation** in February was 2.4%, up from 2.3% in January. Acceleration in oil and food prices constitute the main elements behind the current record-high level of headline inflation, although the actual breakdown is not yet available.

In March, the **Brent Index** continued to increase to a new record of 107.4 US/bl. noted on 17 March. However, later in the month the index eased somewhat and reached 104.17 US/bl. on 31 March. The markets remain volatile and are still driven by limited spare capacity, robust demand from emerging markets, geopolitical tensions in the oil producing countries and the weakness of the dollar. Compared to March 2007, oil prices are now about 66% higher in USD and 41% higher in EUR.

In January 2008, **industrial producer prices** went up by 0.8% (m-o-m) compared with marginal 0.1% increase in December. Excluding energy, producer prices rose by 0.6% (m-o-m). Compared with January 2007, industrial producer prices gained 4.9%.

7. Monetary and financial indicators

ECB has kept its key interest rates unchanged. The **3-month short-term interest rate** has increased in the course of March and stood at 4.73 on 31 March, back to its end-December level. This is about 70 bp above the refi rate (4%), while the historical average is around 20 bp, reflecting e.g. the lack of confidence between commercial banks. On March 18, the Fed lowered its key target interest rate, by 75 bp to 2.25%, and the discount rate also by 75 bp to 2.5%. This is the sixth cut since last September. On 31 March, the

US 3-month interest rate was 2.69%, a significant decrease from the 4.8% posted at the beginning of the year.

In March, **bond yields** in both the euro area and the US were volatile. Especially in the US, the bond markets have been affected by a series of FED's commitments and the resulting swings in equity and credit markets as well as by the growing concerns surrounding US economic growth prospects. On 31 March, the ten-year government bond was 3.41% in the US and 3.9% in the euro area.

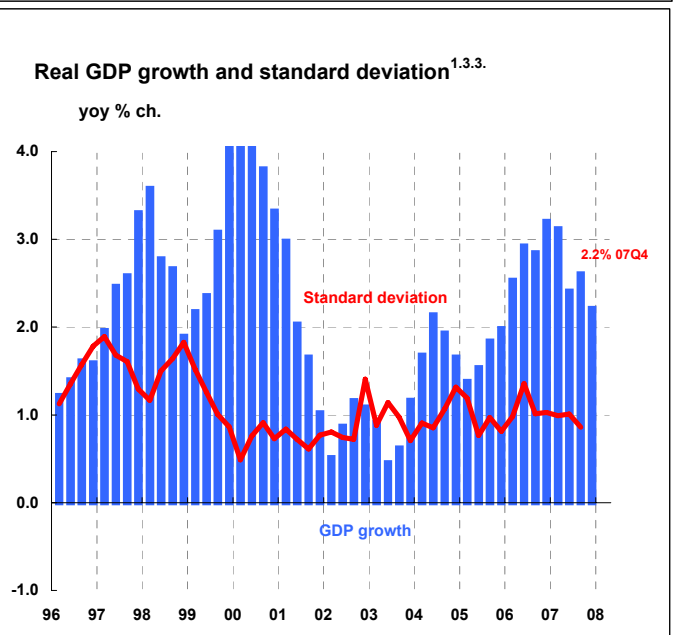
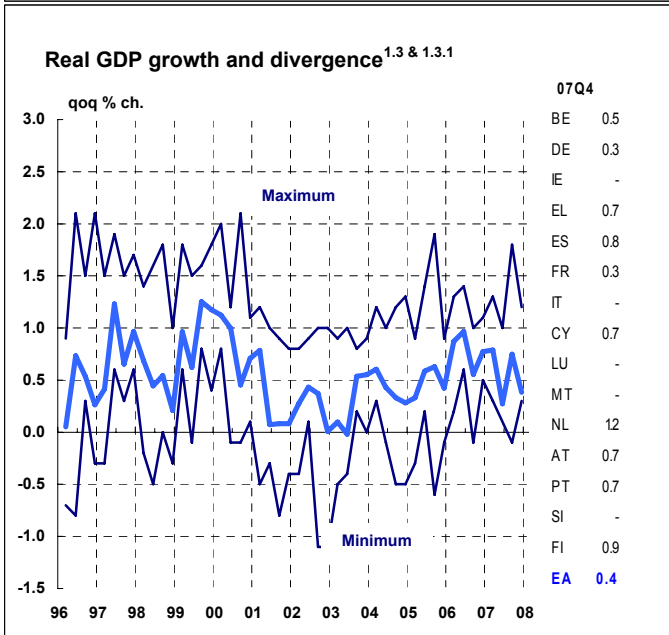
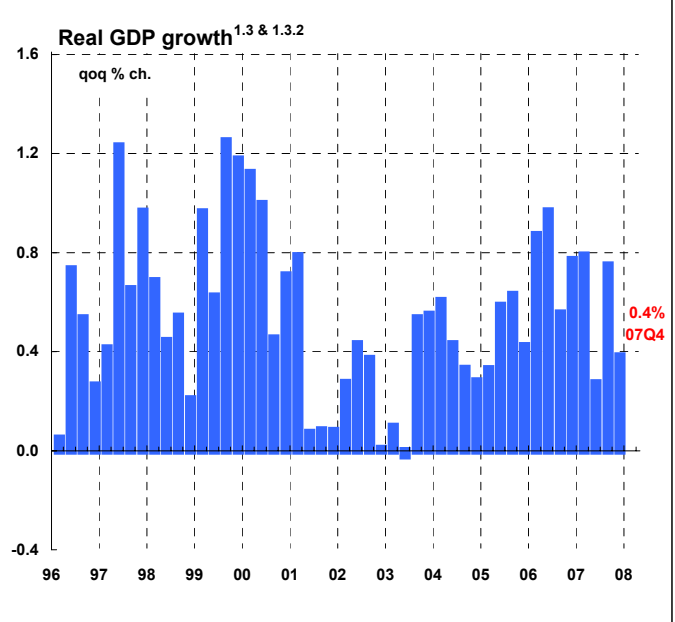
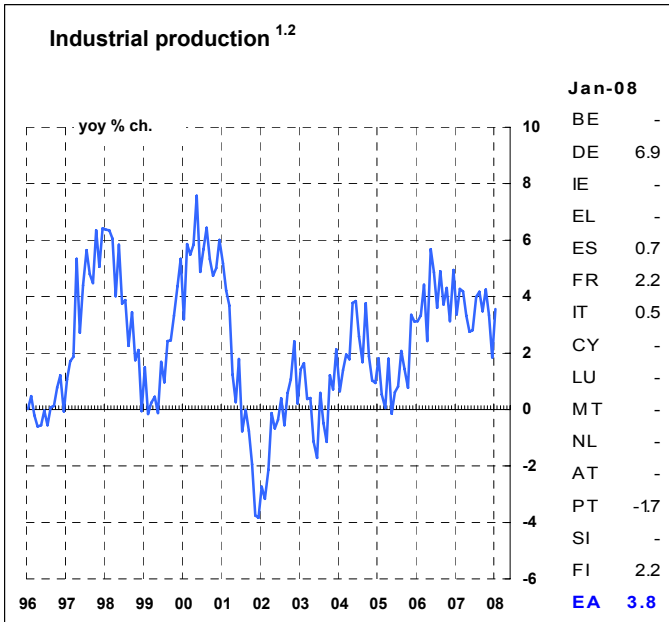
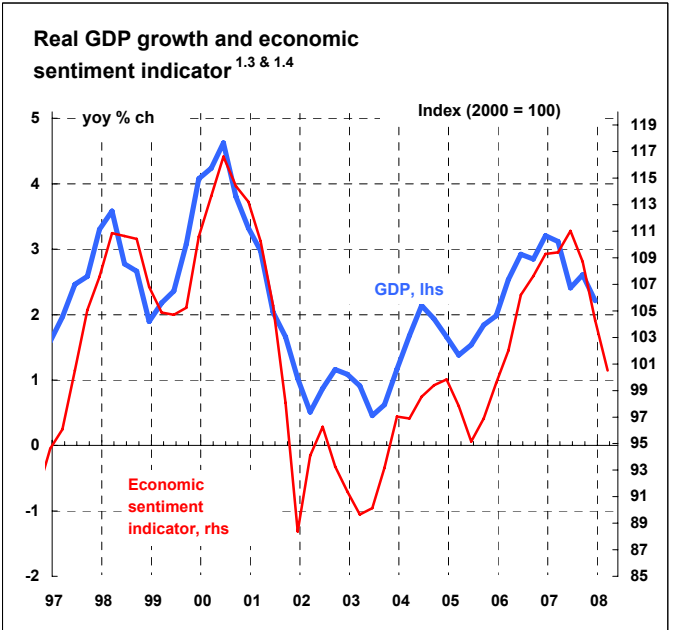
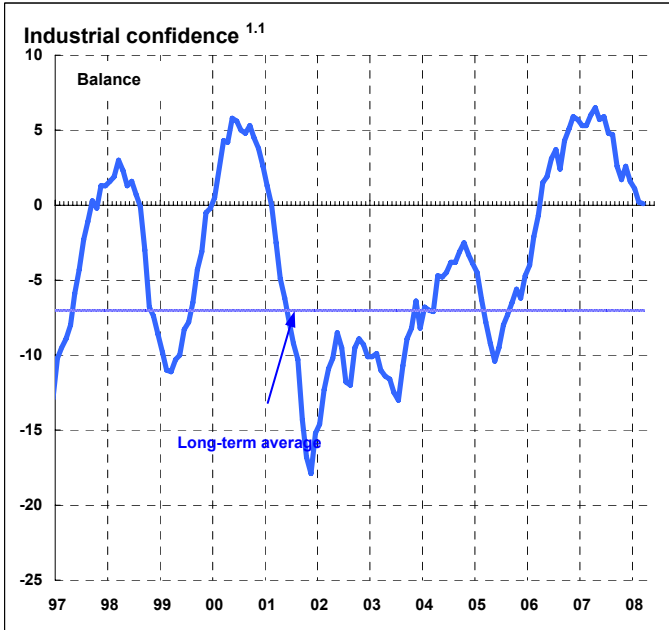
So far, there are no signs of a credit crunch in **lending data**. According to ECB, the annual rate of **growth of M3** decreased to 11.3% in February 2008, from 11.5% in January 2008. The 3-month moving average (over the period Dec.07-Feb.08) declined to 11.4%, from 11.7% recorded last month. Annual rate of growth of **loans to the private sector** stood at 10.9% in February, after 11.1% in the previous month. The annual growth rate of **loans to non-financial corporations** increased to 14.8% in February, after 14.5% in January, while growth rate of **loans to households** decreased to 5.8% in February, from 6.0% in the previous month.

The **foreign exchange rate markets** were affected by US economic worsening and by speculations on possible FED's actions. In the course of March, the dollar weakened against the euro and hit several record lows, with a minimum of 1,58 recorded on 27 March, after 1,52 at the beginning of the month. On 10 March, the dollar approached also an eight-year low versus the yen, trading at 158,5. On 31 March the euro was trading at 157.56 against JPY.

After some signs of a rebound in the course of September and October 2007, the major **stock market indices**, DowJones (DJ), Eurostoxx (EX) and Nikkei have been hit again at the start of the year. The markets seem to be very volatile and responsive to the macroeconomic news and company earning reports. After Fed's cuts in March, the stock market indices recuperated slightly. However, gains are limited owing to recurrent worries about growth prospects. On 31 March, DowJones closed at 133.5, Eurostoxx at 102.4 and Nikkei at 93.4.



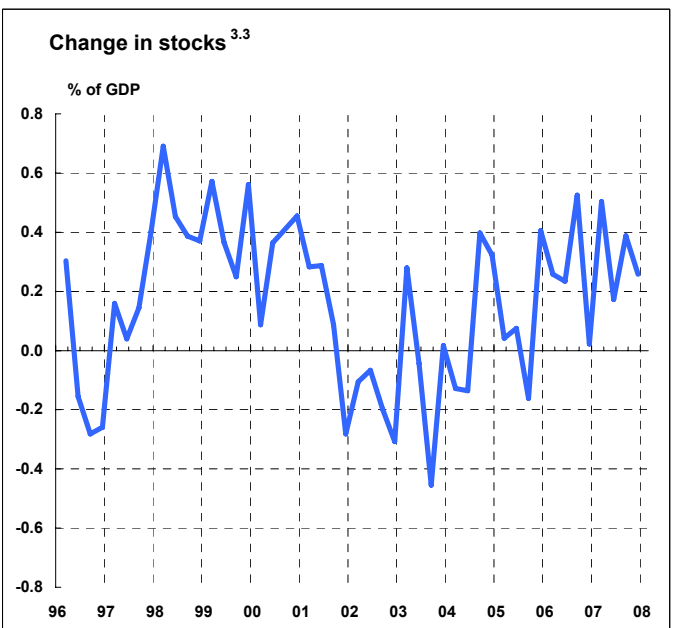
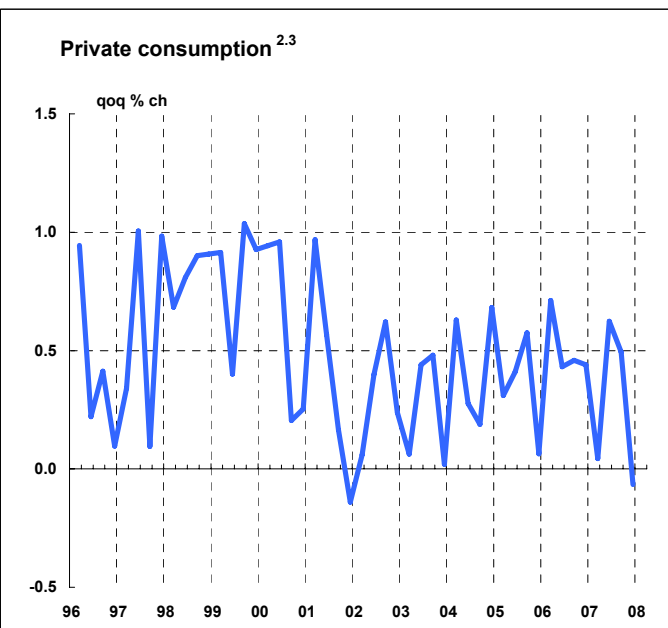
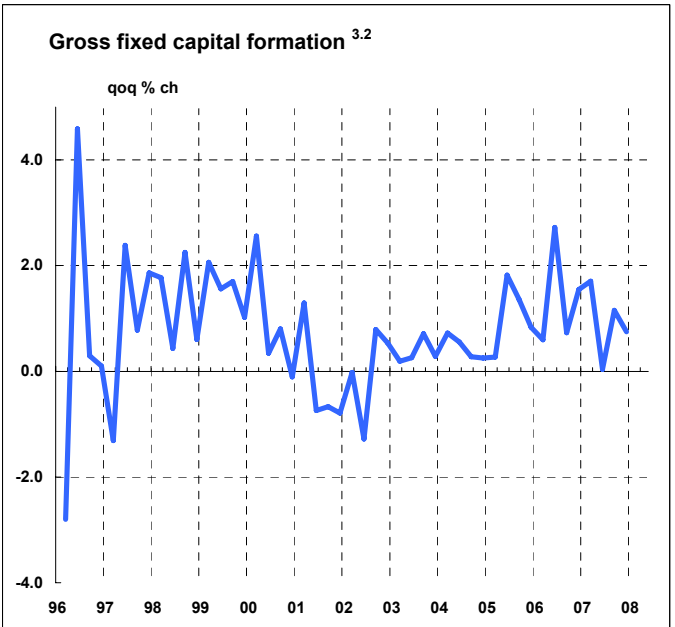
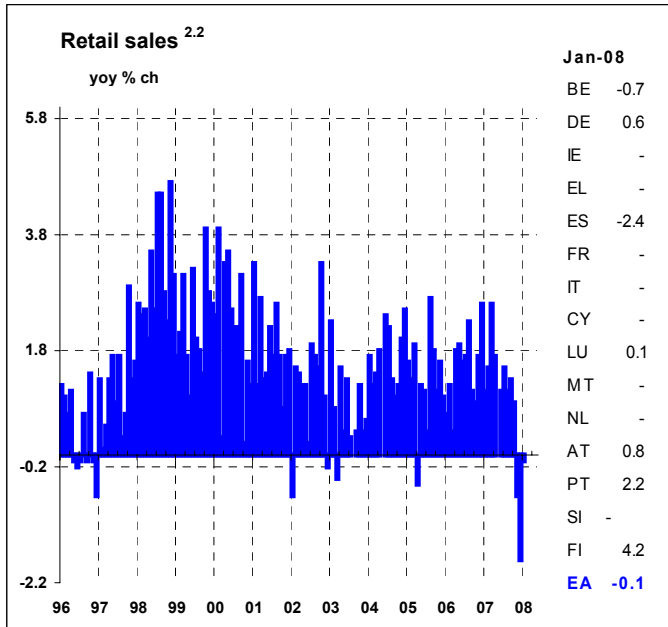
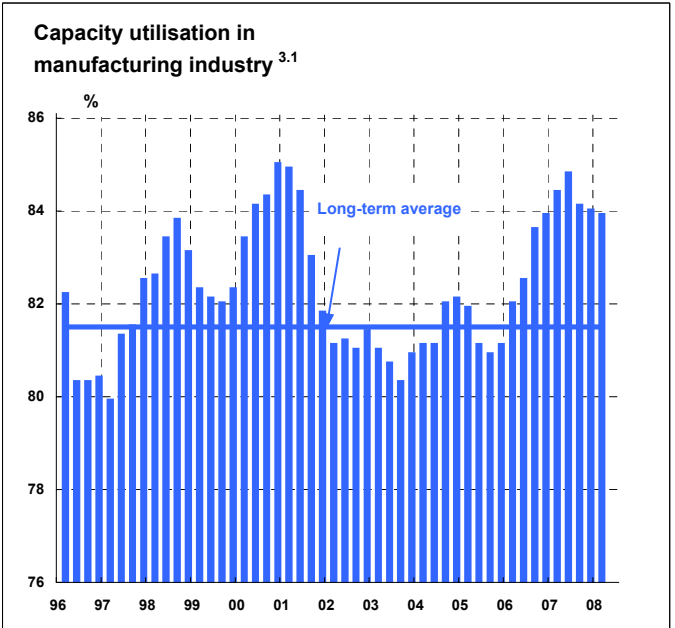
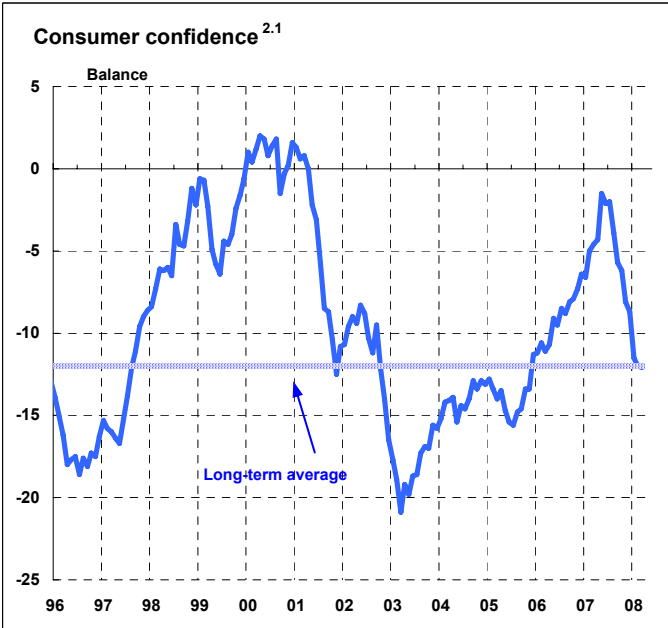
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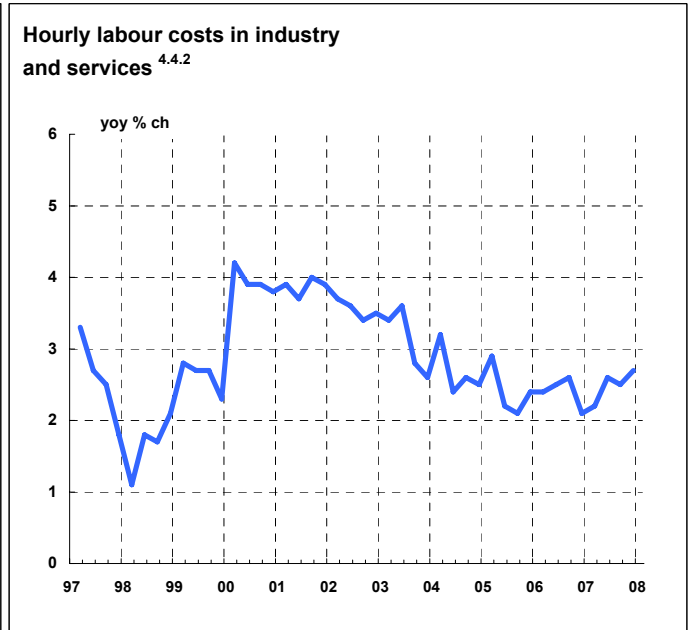
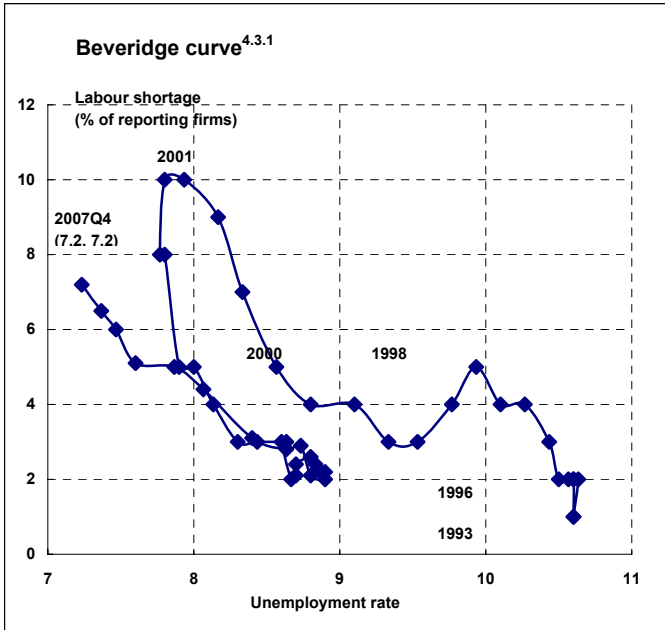
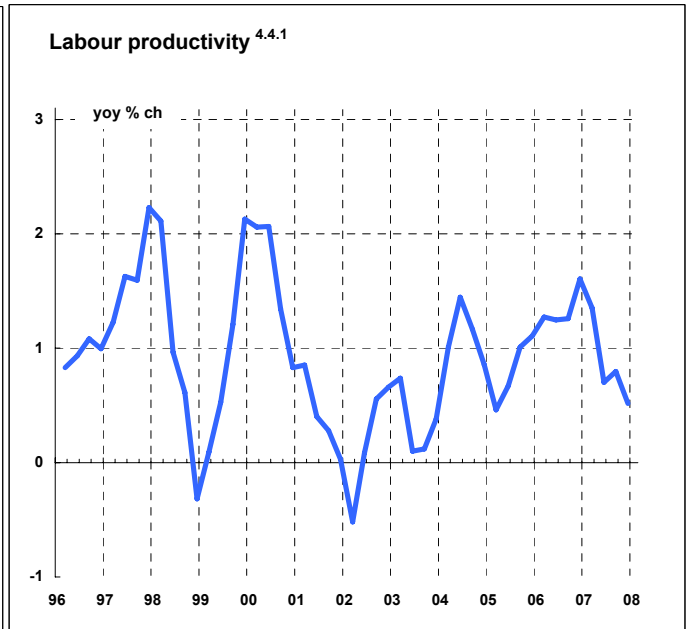
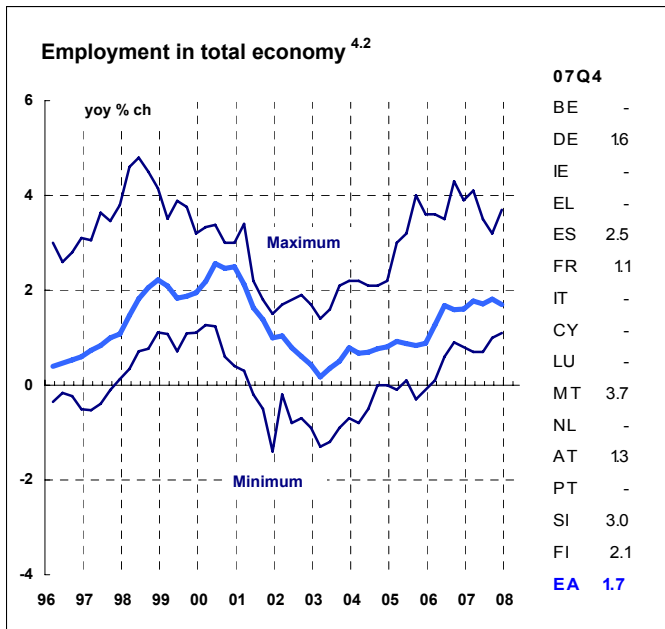
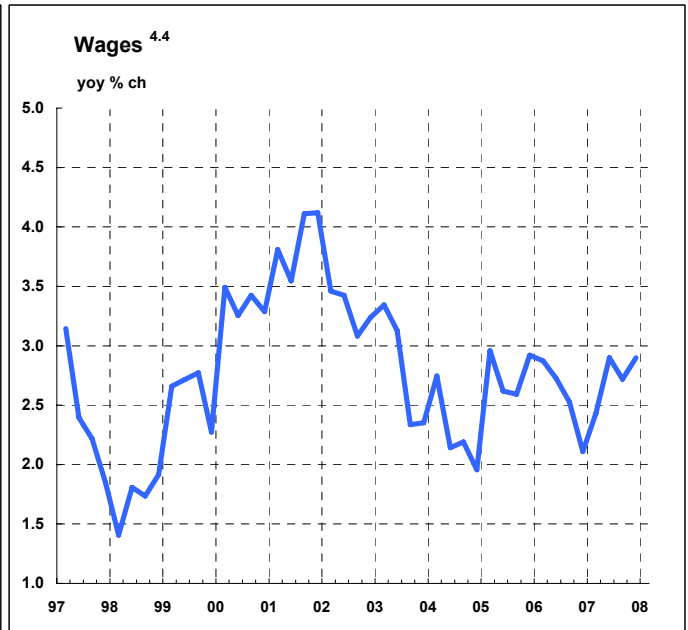
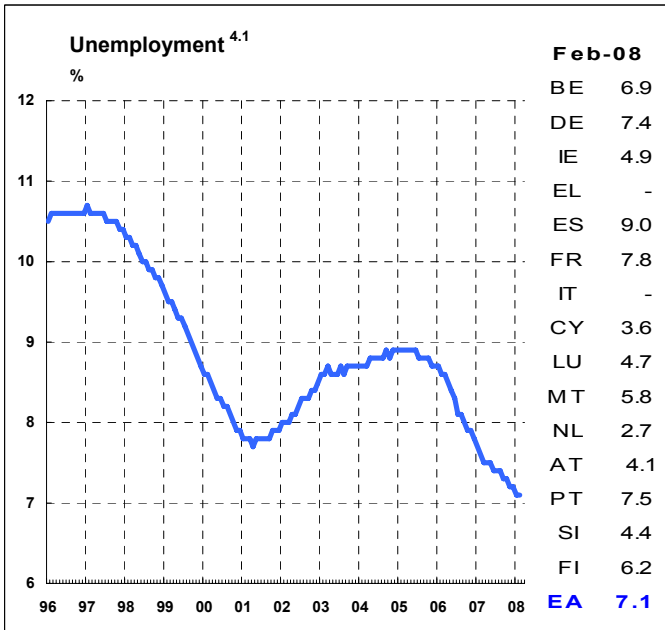
2. PRIVATE CONSUMPTION

3. INVESTMENT



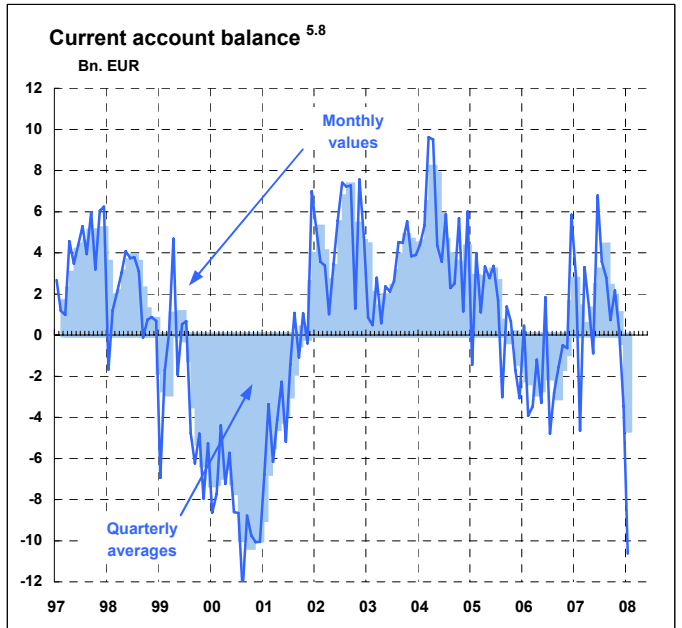
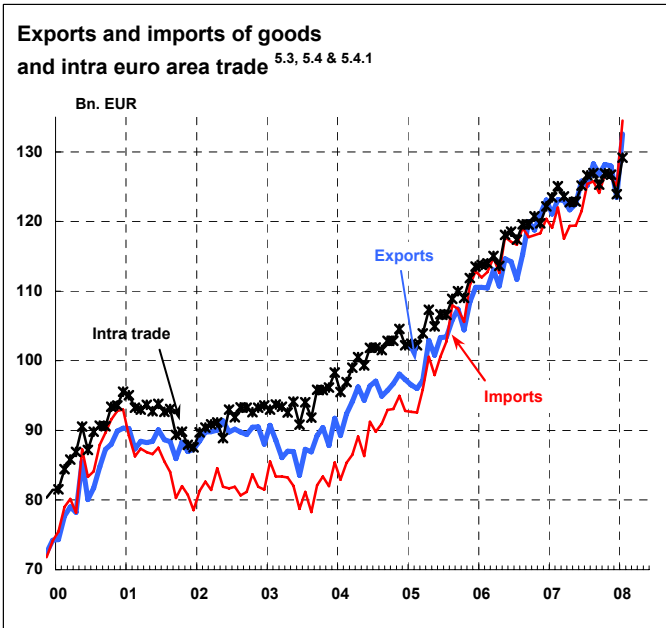
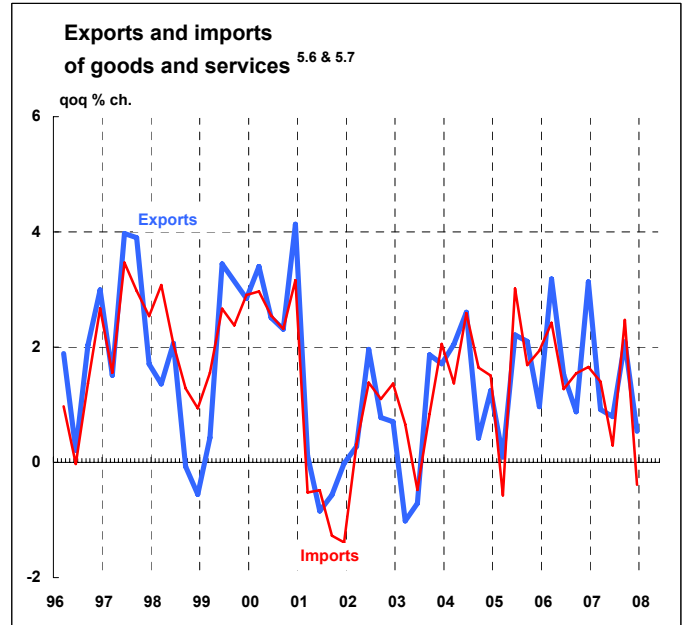
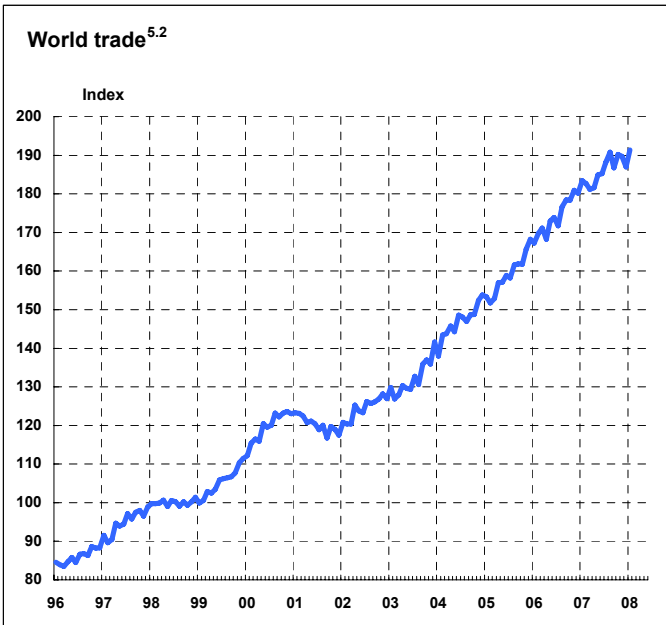
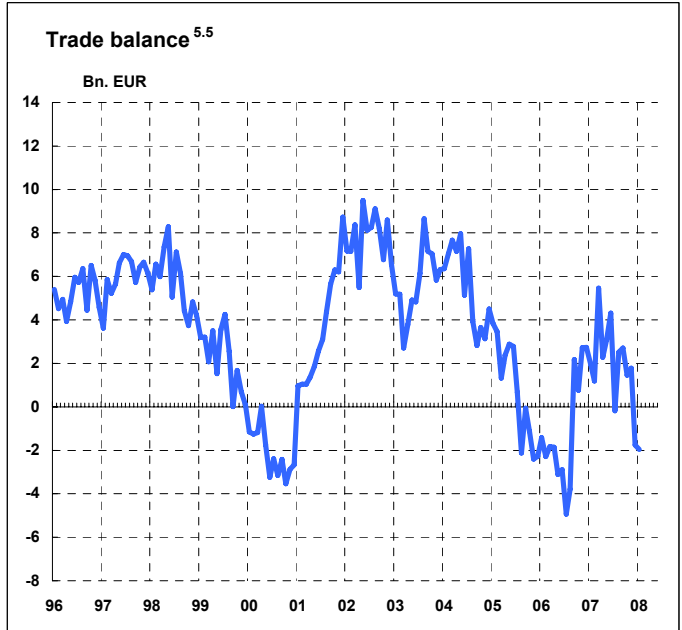
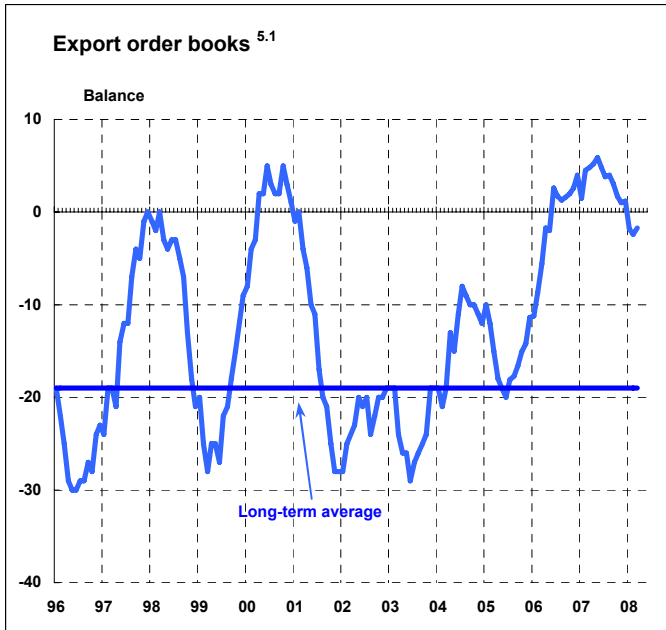


4. LABOUR MARKET





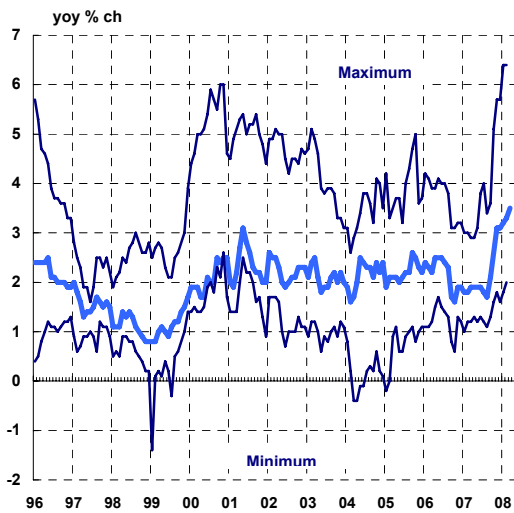
5. INTERNATIONAL TRANSACTIONS





6. PRICES

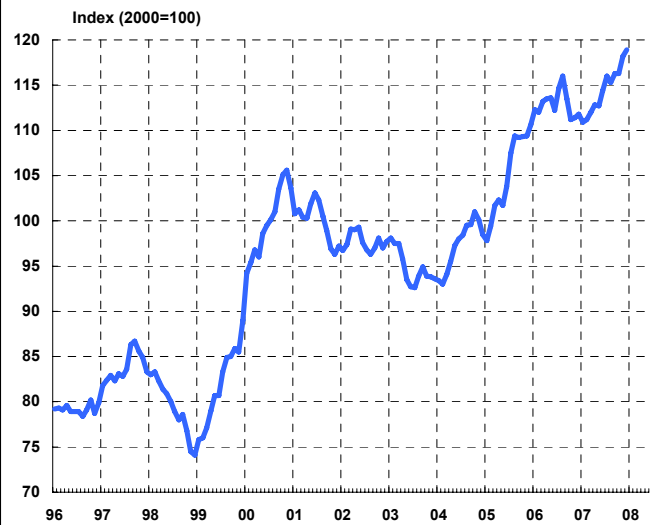
Harmonised index of consumer prices ^{6.1}



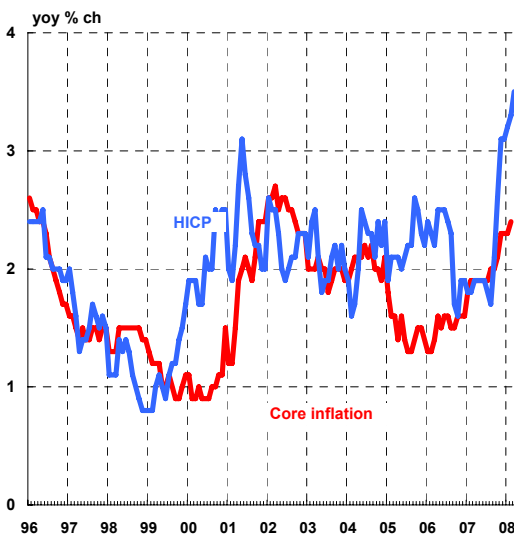
Feb-08

BE	3.6
DE	2.9
IE	3.5
EL	4.5
ES	4.4
FR	3.2
IT	3.1
CY	4.7
LU	4.2
MT	4.0
NL	2.0
AT	3.1
PT	2.9
SI	6.4
FI	3.3
EA	3.3

Import prices ^{6.4}



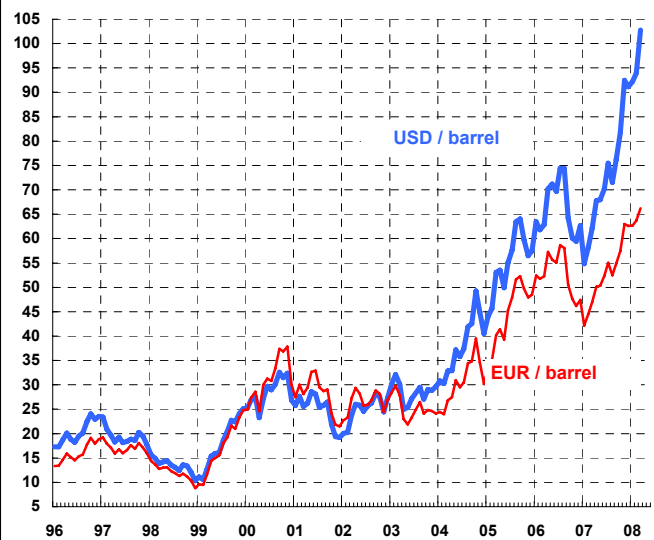
Core inflation and HICP ^{6.1 & 6.2}



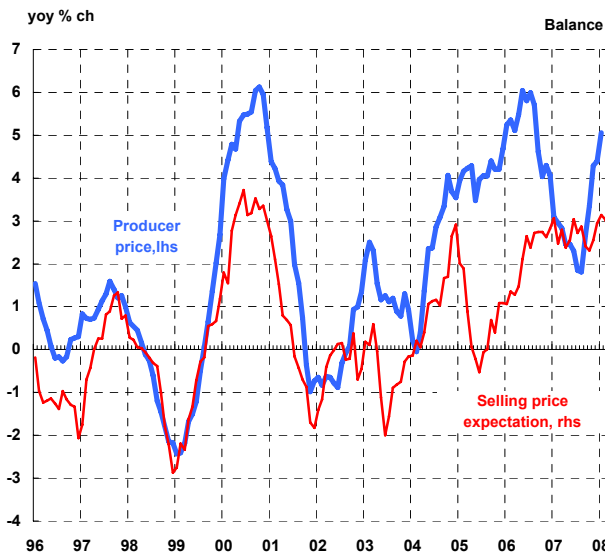
Feb-08

BE	2.5
DE	2.2
IE	3.0
EL	3.1
ES	3.3
FR	2.3
IT	2.5
CY	2.7
LU	2.6
MT	3.1
NL	1.8
AT	2.1
PT	2.7
SI	5.6
FI	2.1
EA	2.4

Oil prices ^{6.4.1}

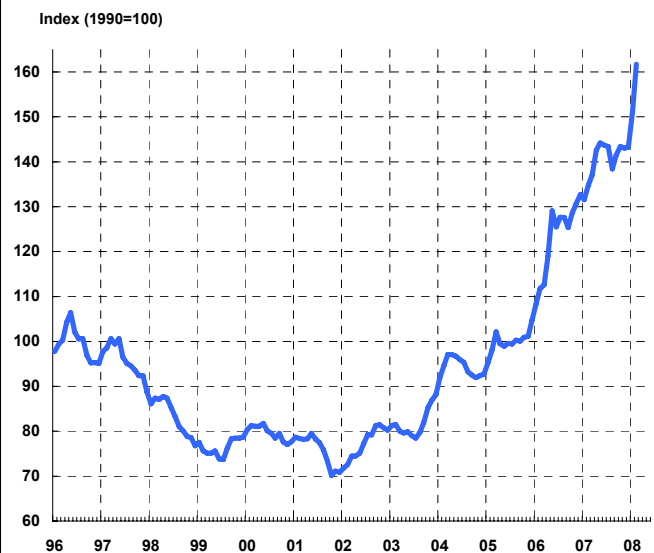


Producer prices ^{6.3 & 6.3.1}



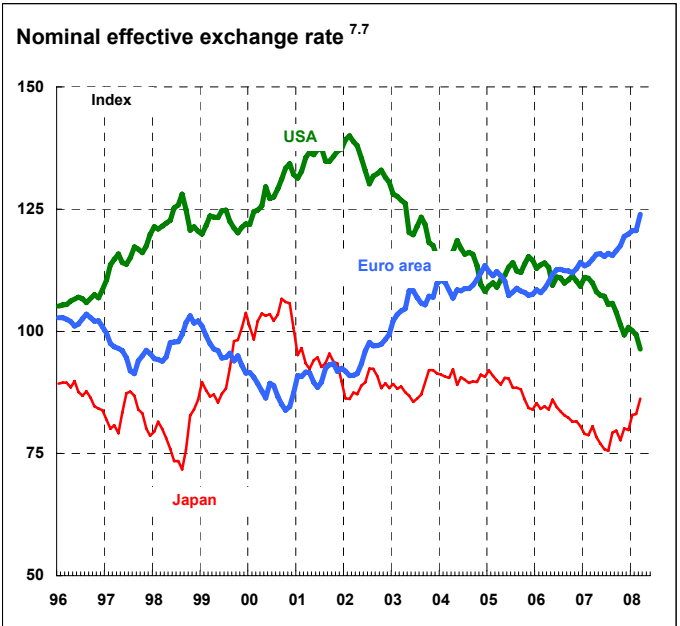
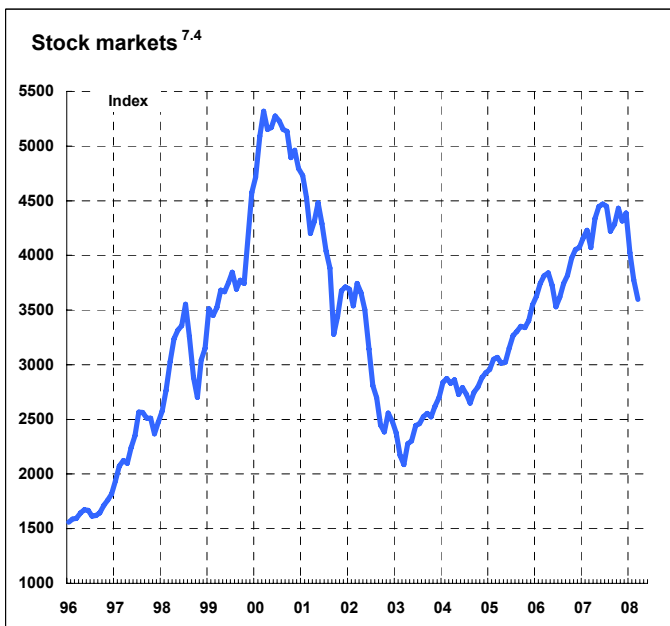
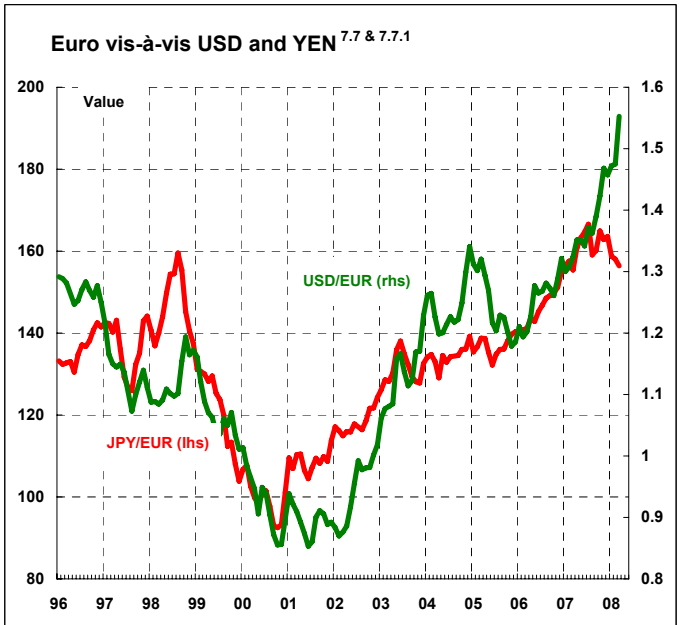
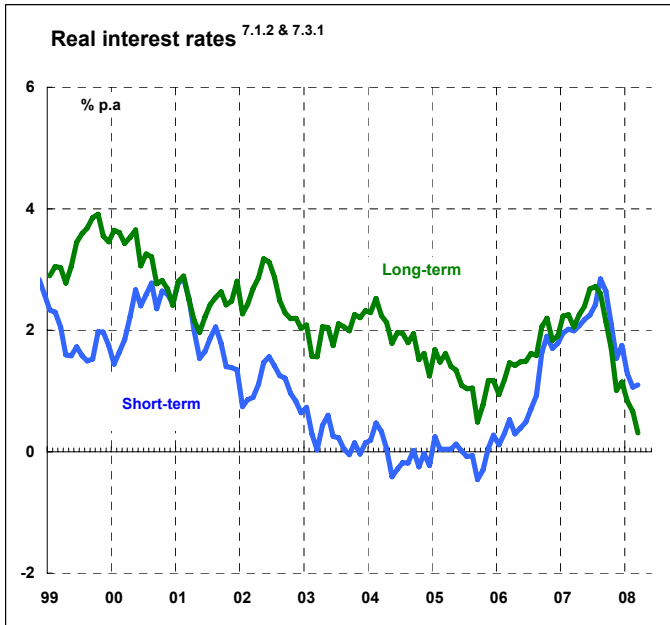
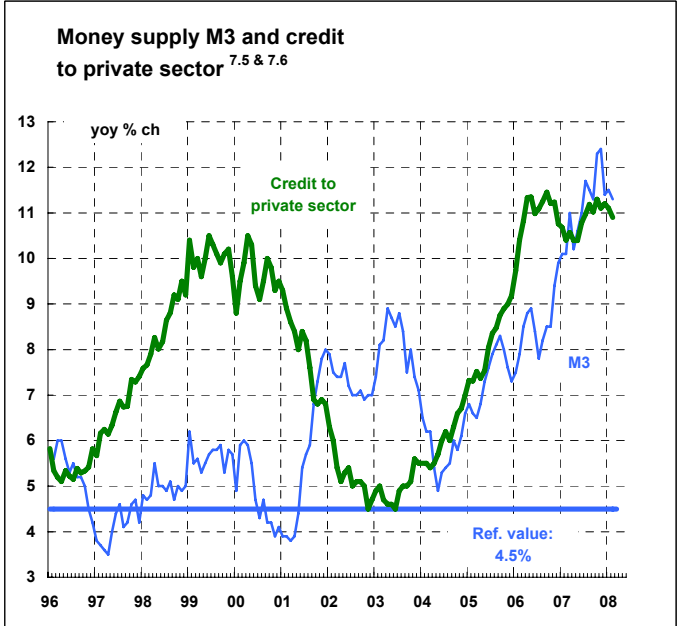
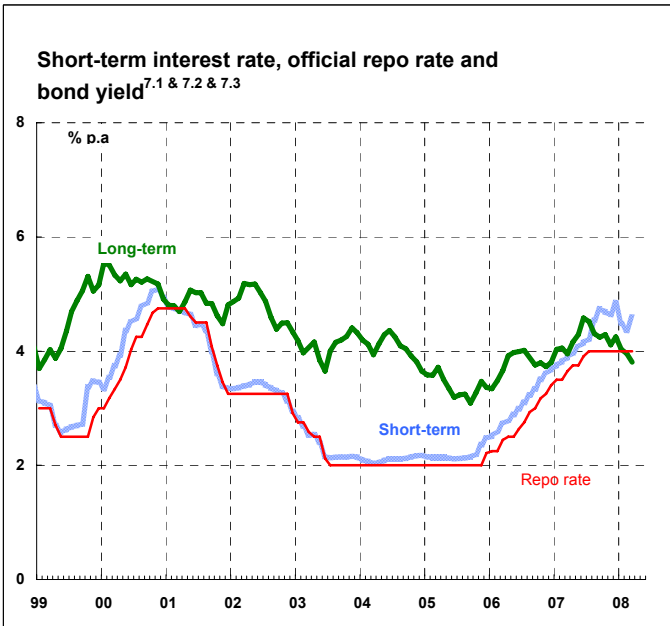
Balance

Non-fuel commodities ^{6.4.2}



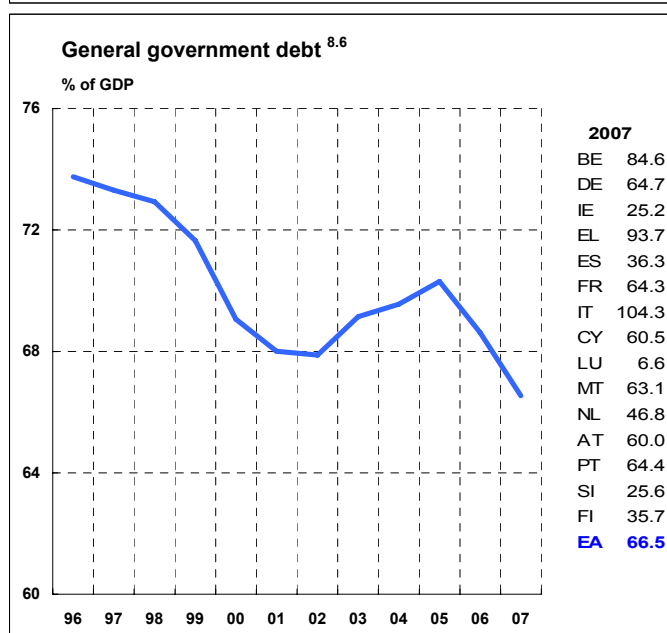
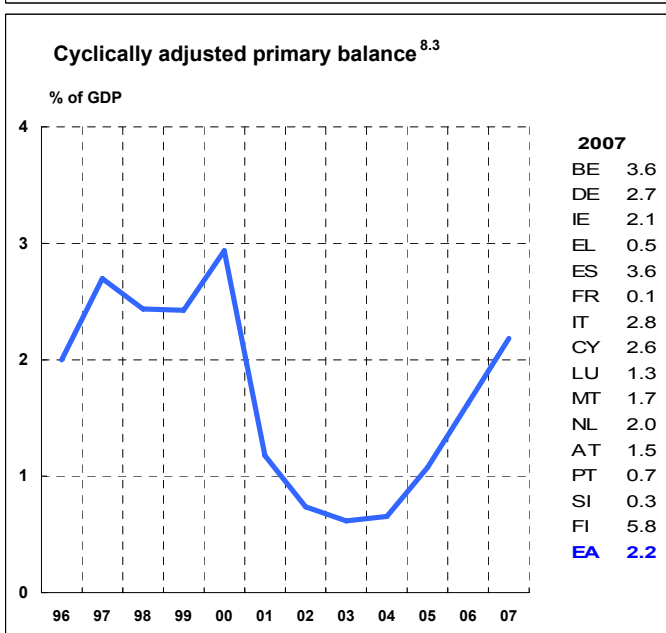
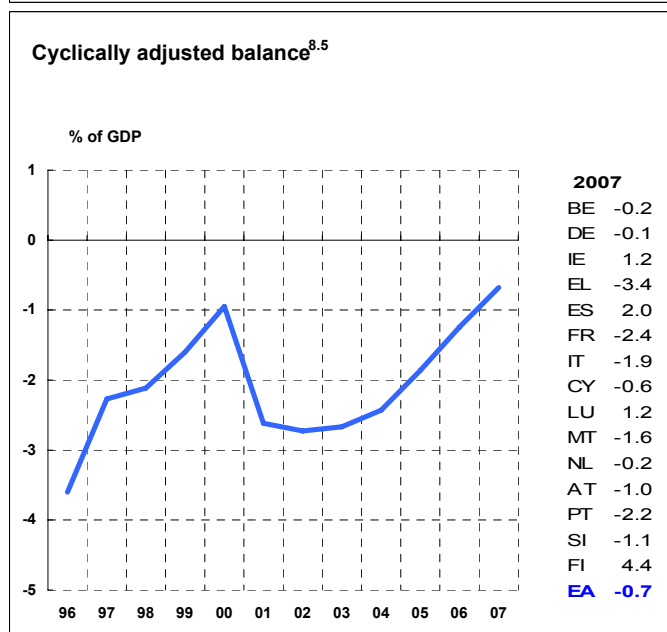
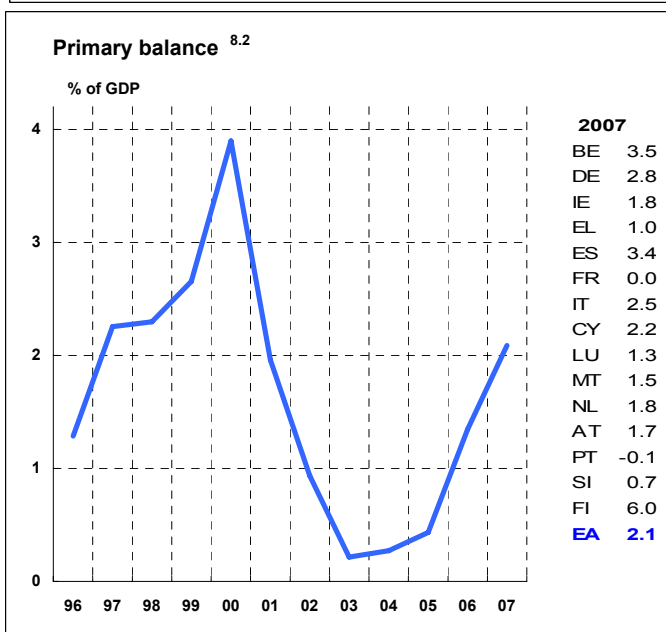
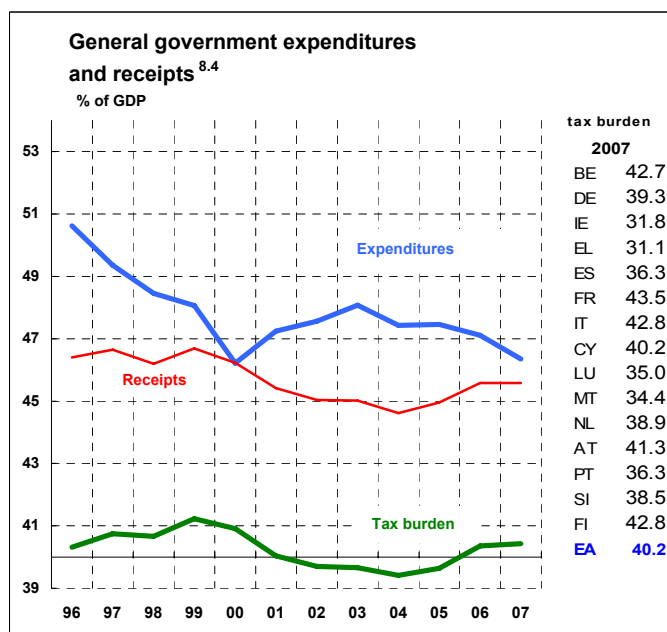
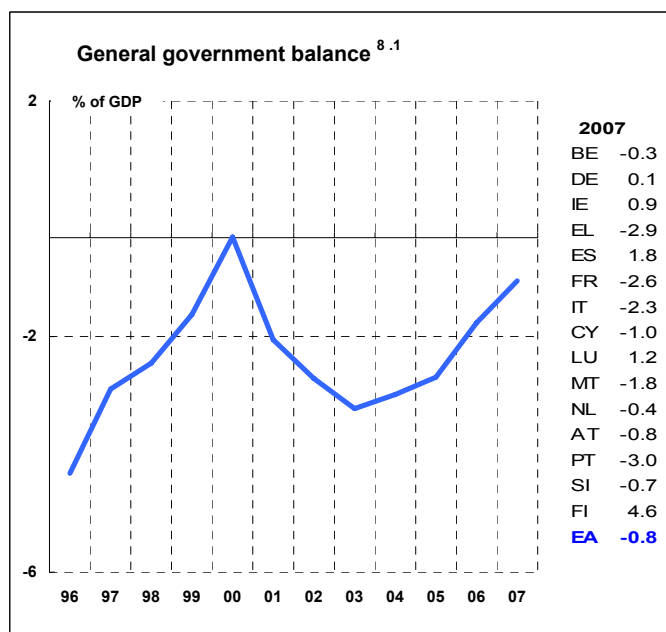


7. MONETARY AND FINANCIAL INDICATORS





8. PUBLIC FINANCE*



* Figures are from the Commission's autumn 2007 forecast

Key indicators for the euro area - Explanatory notes

The euro area includes currently 15 countries (BE, DE, EL, ES, FR, IE, IT, LU, NL, AT, PT, FI, SI, CY, MT)
mom % ch., qoq % ch., yoy % ch.: monthly, quarterly and annual percentage change respectively.

No.	Indicator	Note	Source
1	Output		
1.1	Industrial confidence indicator	Industry survey, average of balances to replies on production expectations, order books, and stocks (the latter with inverted sign)	ECFIN
1.2	Industrial production	Volume, excluding construction, working day adjusted	Eurostat
1.3	Gross domestic product	Volume (1995), seasonally adjusted	Eurostat
1.3.1	Gross domestic product & divergence	From 1992 until 1996 the minimum and maximum is based on BE, DE, ES, FR, IT, NL, PT and FI; from 1996 it includes also AT	Eurostat
1.3.2	Gross domestic product	Volume (1995), seasonally adjusted	Eurostat
1.3.3	Gross domestic product and standard deviation	From 1992 until 1996 the standard deviation is based on BE, DE, ES, FR, IT, NL, PT and FI; from 1996 it includes also AT	ECFIN/ Consensus Forecasts
1.4	Economic sentiment indicator	Composite of indicators for industry, construction, retail trade and consumers (1995 = 100)	ECFIN
2	Private consumption		
2.1	Consumer confidence indicator	Consumer survey, average of balances to replies to four questions (financial and economic situation, unemployment, savings over next 12 months)	ECFIN
2.2	Retail sales	Volume, excluding motor vehicles, working day adjusted	Eurostat
2.3	Private consumption	Volume (1995 prices), seasonally adjusted	Eurostat
3	Investment		
3.1	Capacity utilization	In percent of full capacity, manufacturing, seasonally adjusted, survey data (collected each January, April, July and October). Last value available for 07Q2: 84.8	ECFIN
3.2	Gross fixed capital formation	Volume (1995 prices), seasonally adjusted	Eurostat
3.3	Change in stocks	In percent of GDP, volume (2000 prices), Stocks (prices of previous year), seasonally and calendar day adjusted	Eurostat
4	Labour market		
4.1	Unemployment	In percent of total workforce, ILO definition, seasonally adjusted	Eurostat
4.2	Employment	Total employment, domestic concept, seasonally and working day adjusted	Eurostat
4.3	Shortage of labour	Percent of firms in the manufacturing sector reporting a shortage of labour (unfilled job openings) as a constraint to production, seasonally adjusted	ECFIN
4.3.1	Beveridge curve	Relationship between the unemployment rate and shortage of labour as defined in 4.3	ECFIN/ Eurostat
4.4	Wages	Wages and salaries. Labour cost index, industry and services (excluding public administration), nominal, working day adjusted	Eurostat
4.4.1	Labour productivity	Difference between GDP growth and employment growth	ECFIN
4.4.2	Hourly labour costs in industry and services	Labour cost index, industry, construction and services (excluding public administration), hourly labour costs, working day adjusted	Eurostat
5	International transactions		
5.1	Export order books	Industry survey; balance of positive and negative replies, seasonally adjusted	ECFIN
5.2	World trade	Volume, 1998=100, seasonally adjusted	CPB
5.3	Exports of goods	Bn. EUR, excluding intra euro area trade, fob, seasonally and working day adjusted	Eurostat
5.4	Imports of goods	Bn. EUR, excluding intra euro area trade, cif, seasonally and working day adjusted	Eurostat
5.4.1	Intra trade	Bn. EUR, intra euro area trade, seasonally and working day adjusted	Eurostat
5.5	Trade balance	Bn. EUR, excluding intra euro area trade, fob-cif, seasonally and working day adjusted	Eurostat
5.6	Exports of goods and services	Volume (2000 prices), including intra euro area trade, seasonally adjusted	Eurostat
5.7	Imports of goods and services	Volume (2000 prices), including intra euro area trade, seasonally adjusted	Eurostat
5.8	Current account balance	Bn. EUR, excluding intra euro area transactions; before 1997 partly estimated	ECB
5.9	Direct investment	(net) Bn. EUR, excluding intra euro area transactions	ECB
5.10	Portfolio investment	(net) Bn. EUR, excluding intra euro area transactions	ECB

No.	Indicator	Note	Source
6	Prices		
6.1	HICP	Harmonised index of consumer prices, national CPI until 1996	Eurostat
6.2	Core HICP	Harmonised index of consumer prices, excluding energy and unprocessed food	Eurostat
6.3	Producer prices	Without construction	Eurostat
6.3.1	Selling price expectation	Industry survey; balance of positive and negative replies, seasonally adjusted	ECFIN
6.4	Import prices	Import unit values index for goods, 2000=100	Eurostat
6.4.1	Oil prices	Brent light; USD/barrel and EUR/barrel	Ecowin
6.4.2	Non-fuel commodities prices	Index of market prices for non-fuel commodities, 2005=100, in USD terms	IMF
7	Monetary and financial indicators		
7.1	Interest rate	Percent p.a., 3-month interbank money market rate, period averages	Ecowin
7.1.2	Real short-term interest rates	3-month interbank money market rate (period averages) minus annual percentage change of HICP (CPI before 1996)	Ecowin/ Eurostat
7.2	ECB repo rate	Percent p.a., minimum bid rate of the ECB, end of period	Ecowin
7.3	Bond yield	Percent p.a., 10-year government bond yields (before 1995 long-term bond yield available) lowest level prevailing in the euro area, period averages	Ecowin
7.3.1	Real long-term interest rates	10-year government bond yields (lowest level prevailing in the euro area, period averages) minus annual percentage change of HICP (CPI before 1996)	Ecowin/ Eurostat
7.4	Stock markets	DJ Euro STOXX50 index, period averages	Ecowin
7.5	M3	Seasonally adjusted, three-month moving average (attributed to middle month): from 1997 onwards corrected for holdings by non-residents	ECB
7.6	Credit to private sector (loans)	MFI loans to euro area residents excluding MFIs and general government, monthly values: month end values, annual values: annual averages	ECB
7.7	Exchange rate USD/EUR	Period averages, until December 1998: USD/ECU rates	ECB
7.7.1	Exchange rate JPY/EUR	Period averages, until December 1998: JPY/ECU rates	ECB
7.8	Nominal effective exchange rate	Against IC24 other industrialized countries, double export weighted, 1995 = 100, increase (decrease): appreciation (depreciation)	ECFIN
8	Public finance		
8.1	General government balance	In percent of GDP, net lending (+) or net borrowing (-) general government, ESA 79 up to 1994, ESA 95 as of 1995, 2005 estimates are based on ECFIN spring 2006 forecasts	ECFIN
8.2	Primary balance	In percent of GDP; net lending/borrowing minus interest payment; ESA 79 up to 1994, ESA 95 as of 1995; incl. 2000 and 2001 one-off proceeds relative to UMTS licences, 2005 results are based on ECFIN spring 2006 forecasts	ECFIN
8.3	Cyclically adjusted primary balance	In percent of GDP; primary balance corrected for the influence of the cycle; ESA 79 up to 1994, ESA 95 as of 1995, proceeds from UMTS licences excluded, 2005 results are based on ECFIN spring 2006 forecasts	ECFIN
8.4	General government expenditure and receipts	In percent of GDP, ESA 79 up to 1994, ESA 95 as of 1995; proceeds from UMTS licences booked as expenditure with negative sign; tax burden: taxes on production and imports (incl. taxed paid to EU) + current taxes on income and wealth (direct taxes) + actual social contributions received (ESA 1995)	ECFIN
8.5	Cyclically adjusted balance	In percent of GDP, general government balance corrected for the influence of the cycle; ESA 79 up to 1994, ESA 95 as of 1995, proceeds from UMTS licences excluded, 2005 results are based on ECFIN spring 2006 forecasts	ECFIN
8.6	General government debt	In percent of GDP, ESA 79 up to 1994, ESA 95 from 1995 onwards, 2005 results are based on ECFIN spring 2006 forecasts	ECFIN