





## 1. Output

Euro-area **GDP growth** for 2010Q1 was confirmed at 0.2% quarter-on-quarter (q-o-q), after 0.1% in 2009Q4, according to Eurostat's second estimate. On a year-on-year (y-o-y) comparison, GDP expanded by 0.6% following 5 quarters of contraction. The implied carry-over for 2010 GDP growth remains unchanged at 0.5%. Among the largest euro-area economies, GDP in 2010Q1 increased by 0.4% (q-o-q) in Italy, 0.3% in the Netherlands, 0.2% in Germany, while it was broadly stable in France and Spain (0.1%).

Concerning **euro-area demand components**, investment and consumer spending declined by 1.2% and 0.1%, respectively, in 2010Q1. The relative resilience of private consumption can be largely explained by the muted decline in employment, sticky wages and sizeable disinflation. Government consumption growth was revised down significantly (to 0.2%) from the previous estimate (0.6%). While exports picked up further, imports were significantly stronger. As a result, net exports subtracted some  $\frac{3}{4}$  pp from growth. Thus, inventories, with a strong 0.8 pp contribution, were the main factor pushing the recovery forward.

According to the **Commission's spring forecast**, the euro-area economic recovery is underway, although it is set to be a gradual one. GDP growth is expected to average at about 0.9% this year, a modest upward revision compared to the autumn forecast in light of the improved external environment. Growth is expected to regain ground more firmly by the end of 2010 only. This is related to the still very low level of capacity utilisation, deleveraging and heightened risk aversion that hold back investment, and restrain private consumption growth.

In April 2010, euro-area **industrial production** grew by 0.8% compared to the previous month (by 9.5% on a yearly basis) Production of capital goods grew by 1.1% (m-o-m), non-durable consumer goods fell by 1.2%, durable consumer goods decreased by -0.1%, intermediate goods gained 2.2% and production of energy decreased by 0.9%. As to the biggest euro-area economies, growth of industrial production was up 1% in Italy, 0.8% in Germany while it contracted in Spain (-0.3%) and France (-0.4). **Euro-area industrial new orders** rose by 0.9% (m-o-m) in April, after a sharp rise in March (by 5.1%).

June brought some declines in sentiment indicators apart from IFO, however all indicators moved only within a marginal scale. The **Economic Sentiment Indicator** (ESI) remained broadly unchanged in the euro area (at 98.7, up by 0.3 points). There was no clear cross-sector pattern of ESI. Sentiment in

**industry** remained unchanged, where managers - despite unchanged production expectations - were more upbeat about their order books. Confidence in **services** improved by 1 point, driven by a brighter assessment of the business situation over the past 3 months. At the same time, managers' expectations of demand weakened. Less reassuring, sentiment in **construction** dropped by 2 points. *Business survey data since May 2010 are classified according to an updated Nomenclature of Economic Activities; Recent developments in business survey data should therefore be interpreted with caution.*

After a sharp decline in May, euro-area **consumer confidence** (not subject to the NACE rev.2 changeover) improved marginally (+1), as unemployment fears continued to ease and consumers were more optimistic about the general economic situation. However, some divergent patterns seem to be emerging across Member States.

Having risen by 0.5% in March, the volume of **retail trade** fell by 1.2% in April. Compared to April 2009, the retail sales index declined by 1.5%. The **retail confidence indicator** remained unchanged in June.

## 3. Investment

In 2010Q1 **gross fixed capital formation** continued to contract at the same pace recorded in the previous quarter. On an annual basis, investment was still down by almost 5% in 20Q1. Investment has been a main source of weakness during this recession, with the contraction mostly due to building and construction (-7.2% y-o-y in 2010Q1) while equipment investment has recovered (-1% y-o-y) from the drop observed in previous quarters.

After hitting the bottom in the third quarter of last year, the rate of **capacity utilisation** in manufacturing has improved gradually in the euro area. According to the Commission's quarterly survey, in the second quarter of 2010 the rate increased to 75.5%, which is still below the long-term average and the levels reported in 2008.

## 4. Labour market

In May, the **unemployment rate** was 10.0% in the euro area, unchanged compared to their down-ward revised April figures (by 0.1pp.). These represent some 15.8 million unemployed. In May 2009, they were 9.4%. Unemployment rates in the euro-area Member States stood between 4.0% in Austria and 19.9% in Spain.

In 2010Q1, **employment** stabilised in the euro area compared to 09Q4. Over 2009 as a whole, employment decreased by 1.8% (about 2.72 million persons).

In June, the **employment expectations** in the euro area seem to have either slightly improved or remained



constant. While in manufacturing sector, employment expectations increased, in the services sector they remained unchanged. Unemployment fears continued to ease.

According to the quarterly manufacturing survey, the level of **labour shortages** increased in second quarter of 2010, but remains still at low levels; with 1.8% of firms reporting that unfilled job openings were constraining production, up from 0.9% in 2010Q1 and about a similar level as a year ago.

## 5. International transactions

In June, the assessment of **export order books** improved further (by +4 points), while the current level (-25) is still well below the long-term average (-20). In April, the seasonally-adjusted **euro-area trade** with the rest of the world showed a surplus for the 13th month in a row amounting to 1.8 bn. euro. In 2010Q1, **exports of goods and services** increased by 2.1% (q-o-q) in volume terms (revised downward from 2.5%) and **imports** rose by 3.8%. imports (also estimated less dynamic compared to the previous estimate of 4%).

In April 2010, the euro-area **current account** recorded a deficit of EUR 5.1 billion in April 2010. This reflected deficits in current transfers (EUR 7.3 billion) and income (EUR 2.7 billion), which were only partly offset by surpluses in services (EUR 3.6 billion) and goods (EUR 1.3 billion). In the **financial account**, combined direct and portfolio investment recorded net inflows of EUR 19 billion.

## 6. Prices

The flash estimate of the euro-area annual **inflation** came in at 1.4% in June. HICP inflation had reached 1.6% in May, up from 1.5% in April. Developments of headline inflation in May were related to the upward movement of energy and food prices. **Core inflation** increased only slightly from 0.8% to 0.9%.

According to the Commission's Spring 2010 forecast, inflation is set to gradually pick up in 2010 (1.5%) though it is expected to remain subdued going forward given the ongoing weakness in demand.

**Oil prices** rebounded during 2009, after declining sharply in 08H2. Amid much volatility, this trend continued in the first months of 2010. In May, the volatility of the oil price development continued to be high, with prices ranging between 69 USD/bl. and 88.5 USD/bl. Although somewhat stabilising in June, the prices were still ranging between 72 and 79 USD/bl. On 7 July, the price of Brent crude oil was 72.3 USD per barrel.

Euro-area **industrial producer prices** rose by 0.3% (m-o-m) in May, after rising by 1.0% in April. On a yearly basis, industrial producer prices rose strongly by 3.1% in April. Hourly **labour-costs** growth in the euro area increased to 2.1% y-o-y in 2010Q1, while compensation per employee grew 2% y-o-y.

## 7. Monetary and financial indicators

**Interbank money market** conditions continued to tighten slightly in recent weeks. Last week, European money markets came under renewed pressure. The 3-month Euribor was up to 0.78% while the US remained constant at 0.53% respectively. Also, the 3-month Libor-OIS spread widened in the EU (+3 bps. to 28 bps.) while it remained constant in the US. The specific euro-area stress was related to worries on the European banking sector after the ECB ended its 12-month liquidity facility.

**Bond yields** of US Treasuries and German Bunds have recently declined, benefitting from increased "flight-to-quality" flows in response to concerns about sovereign bonds in parts of Europe. As a result, spreads have widened. On 7 July the 10-year bond yield in Greece stood at 10.3%, while it had reached 12.3% in 7 May, the highest rate since the euro-area inception. The euro-area benchmark 10-year bond yield is currently 2.60% (7 July). The US 10-year Treasury yield stood at 2.98%.

The annual rate of change of **M3** stood at -0.2% in May 2010, unchanged from the previous month. **Loan growth to the private sector** stood at 0.2% in May, after 0.1% in the previous month. The annual rate of change of **loans to non-financial corporations** increased to -2.1% in May, from -2.6% in April. The annual growth rate of **loans to households** stood at 2.6% in May, after 2.5% in the previous month.

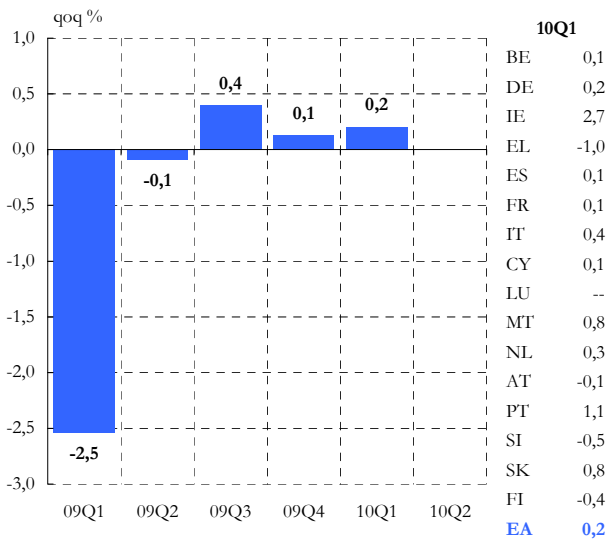
Concerns about fiscal sustainability in certain Member States and the expectation of a stronger growth trajectory outside Europe were among the main causes mentioned in foreign exchange markets for the slide of the **euro** in June. Although fears over the global recovery received increased attention in recent days, the dollar did not benefit and lost ground against the euro. On 7 July, the USD-EUR exchange rate was at 1.26 USD/EUR, slightly above the recent low of 1.19 on 8 June. Against the JPY, the euro traded at 109.67 JPY.

The **stock market** indices kept a positive momentum until mid-April this year, mainly on the back of encouraging macroeconomic data and positive earnings. In May and even more so in June, global market indices suffered broad losses with Europe continuing to underperform US and Asian indicators. Stock markets have recovered somewhat in the first week of July. On 7 July, both the Eurostoxx and the Dow Jones traded about 2 ½% higher than a week before.

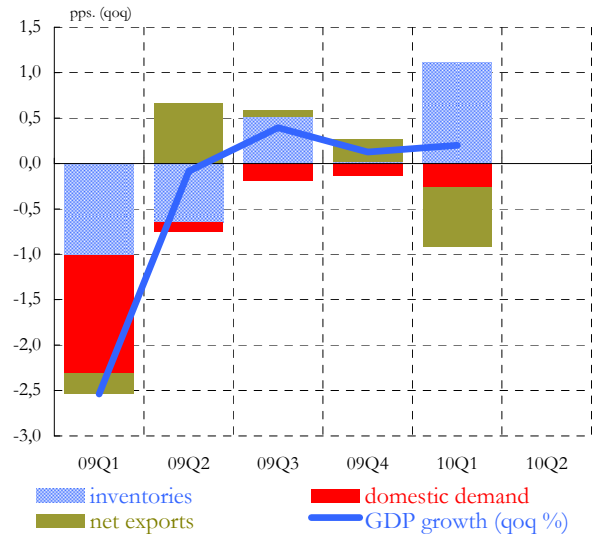


1. OUTPUT

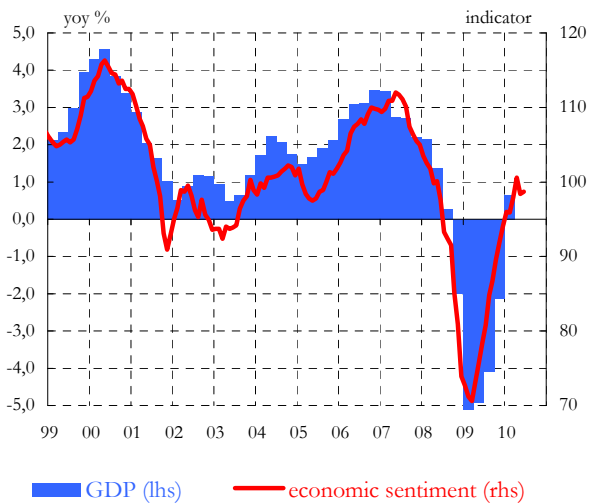
GDP



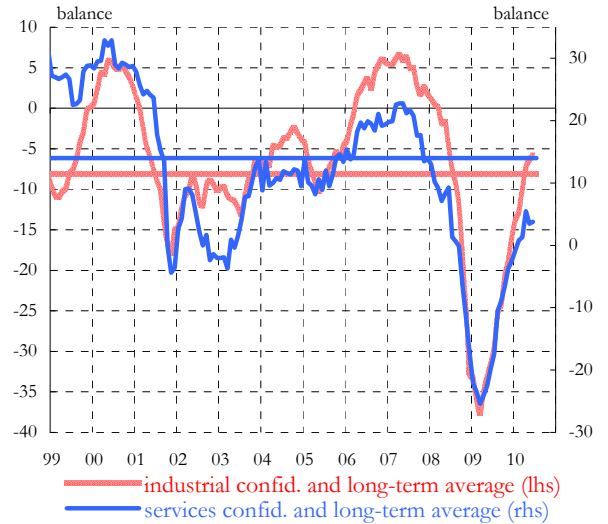
Contributions to GDP growth



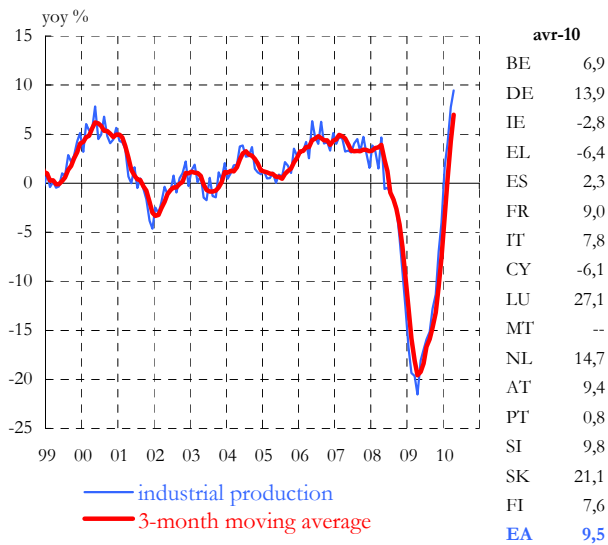
GDP and Economic Sentiment Indicator



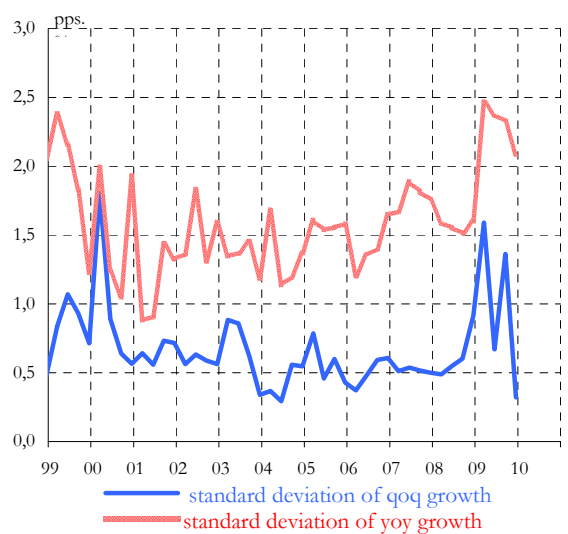
Industrial and services confidence



Industrial production



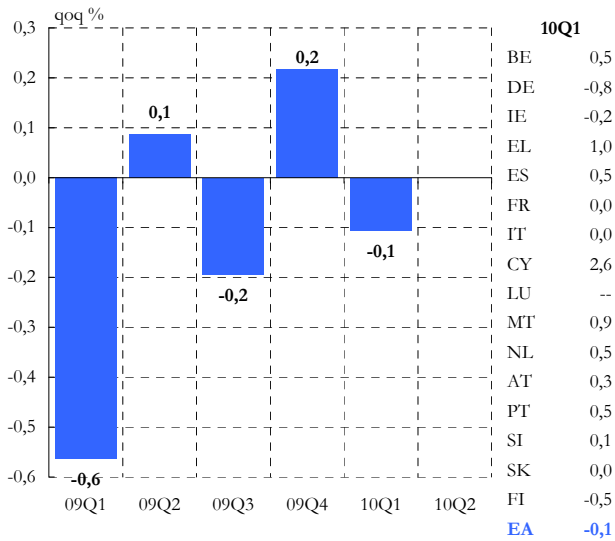
GDP growth divergence, euro area



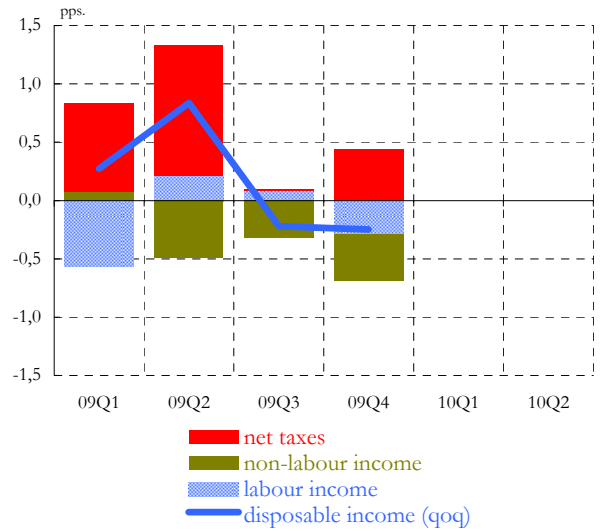


2. PRIVATE CONSUMPTION

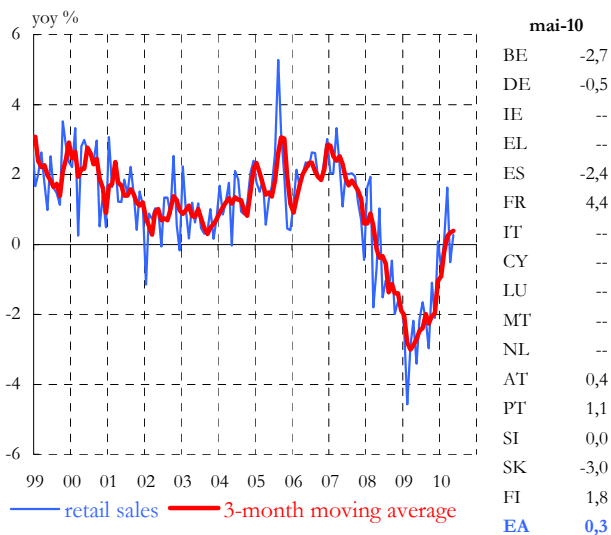
Private consumption



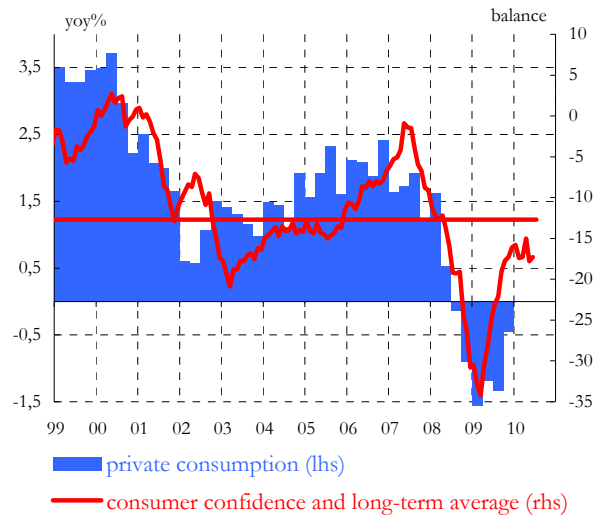
Gross disposable income and its components



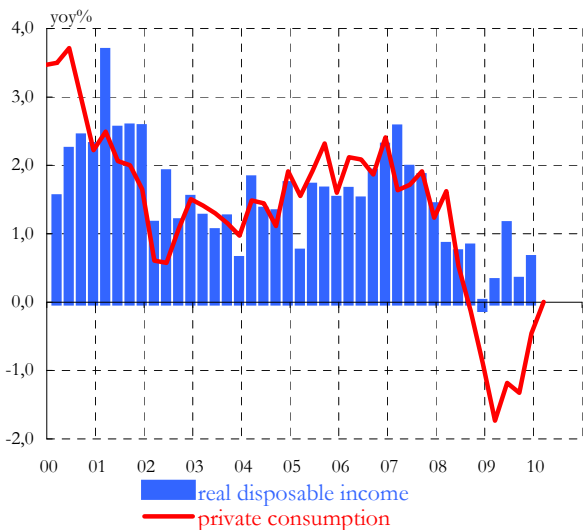
Retail sales



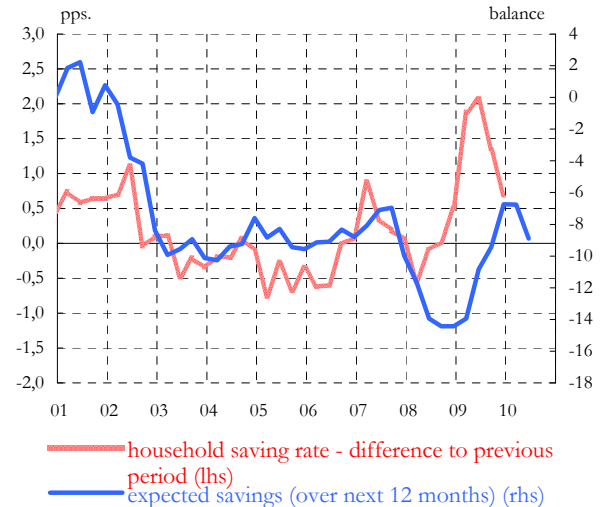
Consumer confidence and private consumption



Households: real disposable income and consumption



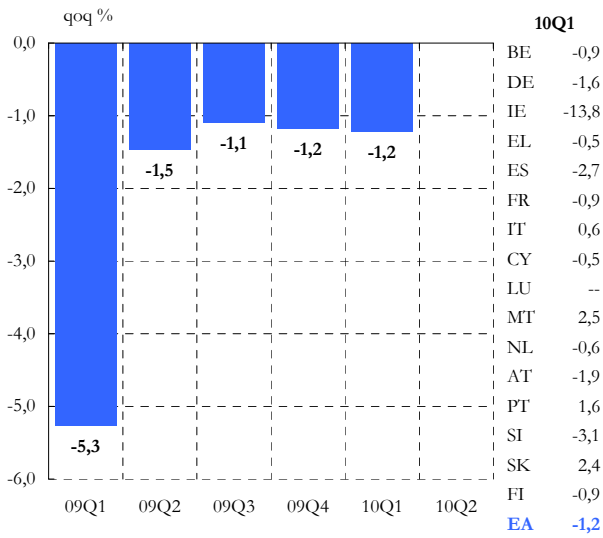
Households: actual saving rate and expected savings



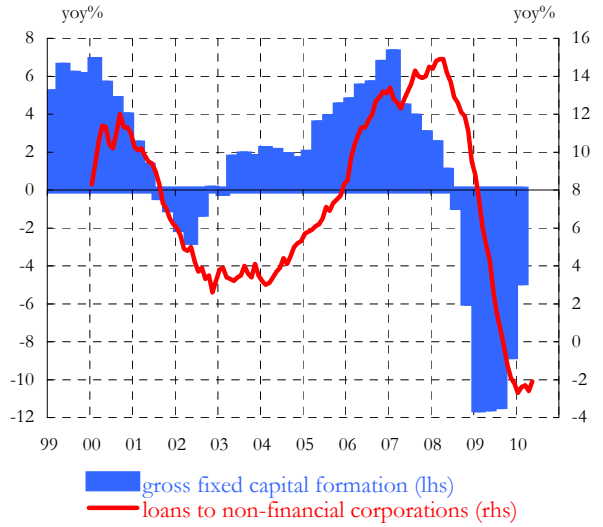


3. INVESTMENT

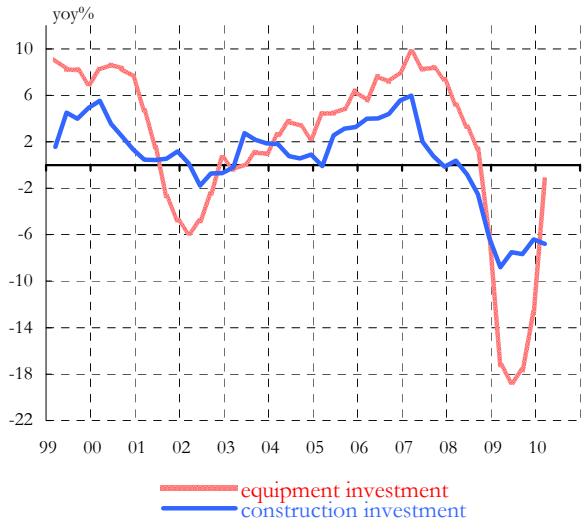
Gross fixed capital formation



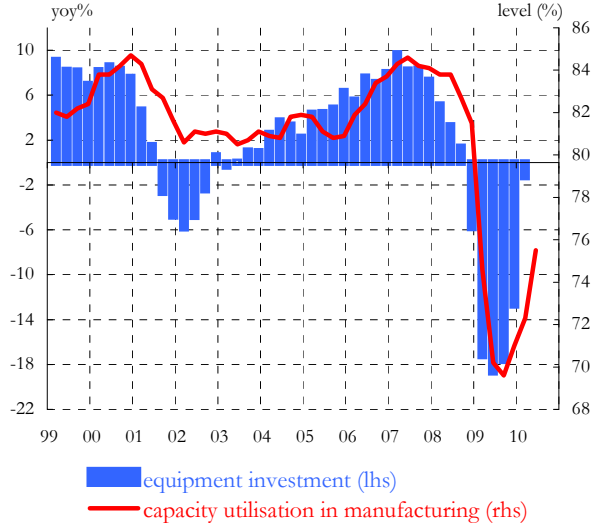
Gross fixed capital formation and corporate loans



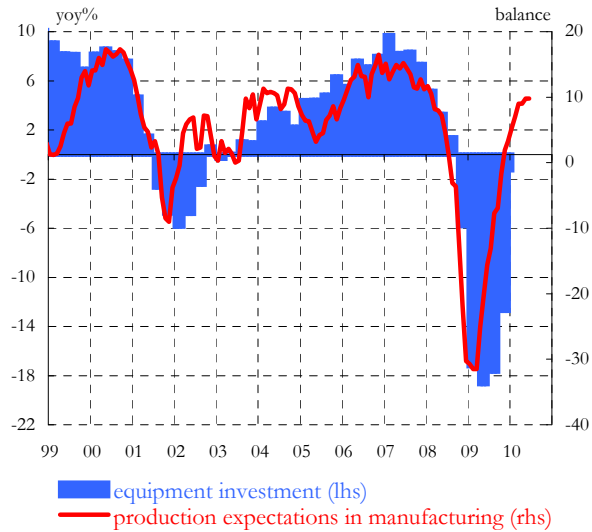
Equipment and construction investment



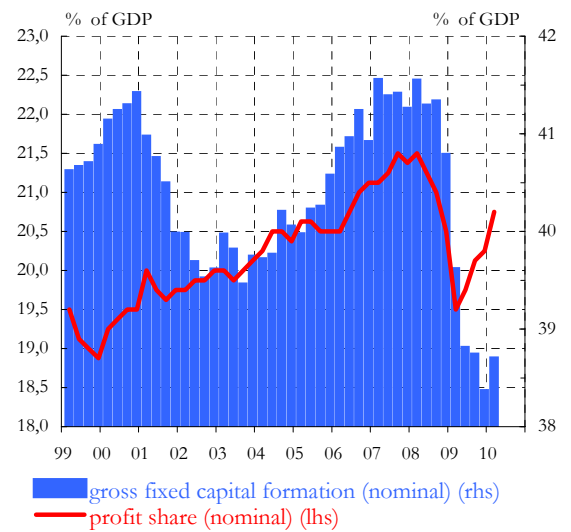
Equipment investment and capacity utilisation



Equipment investment and production expectations



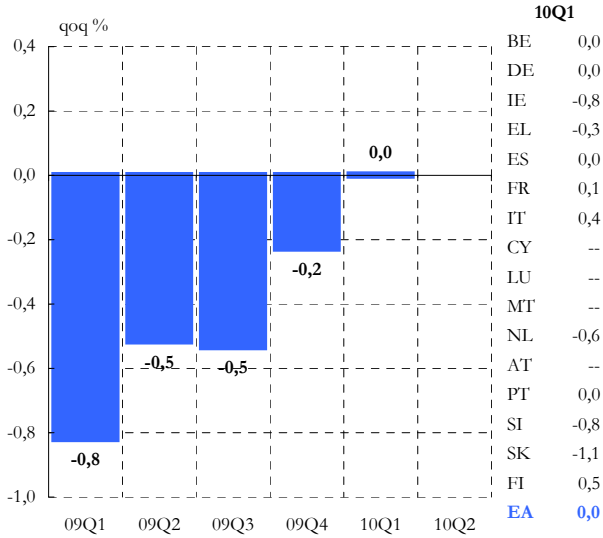
Gross fixed capital formation and profit share



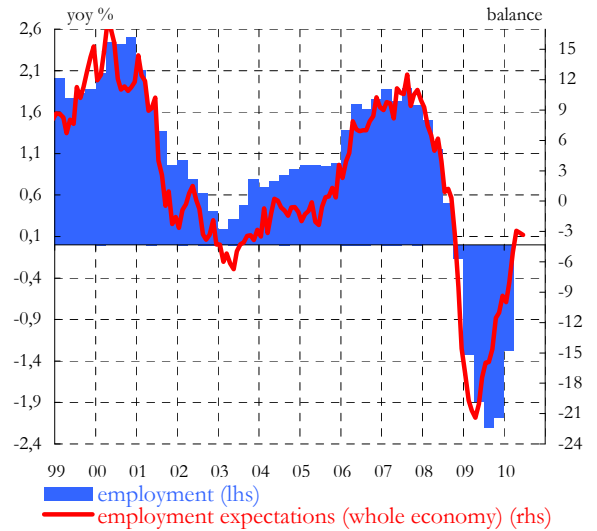


4. LABOUR MARKET

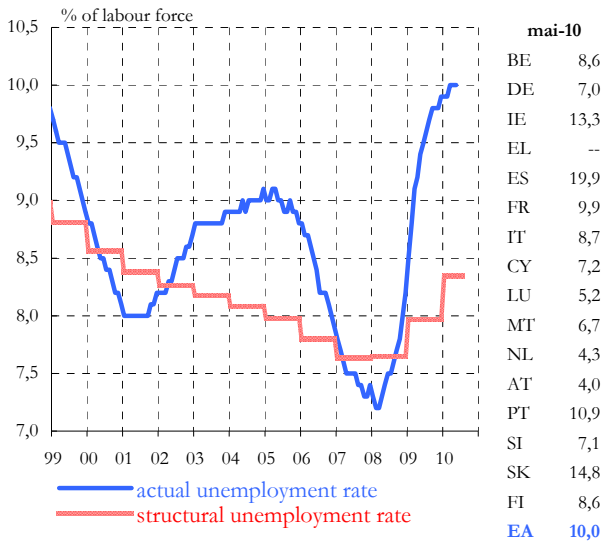
Employment



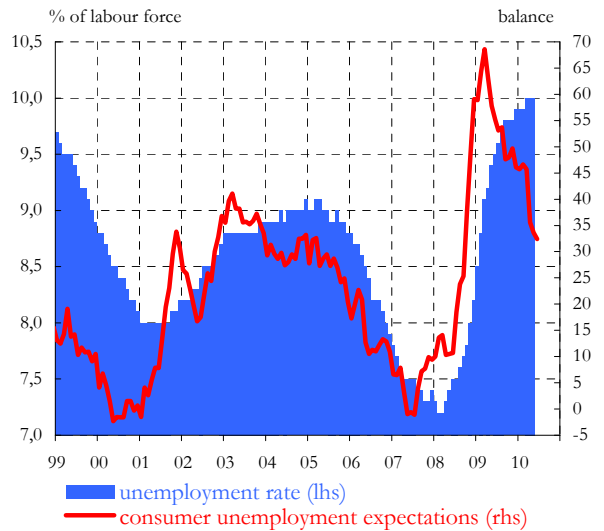
Employment and employment expectations



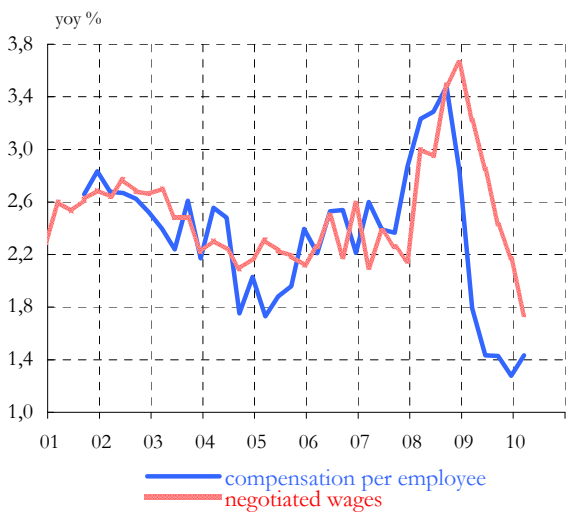
Actual and structural unemployment rate



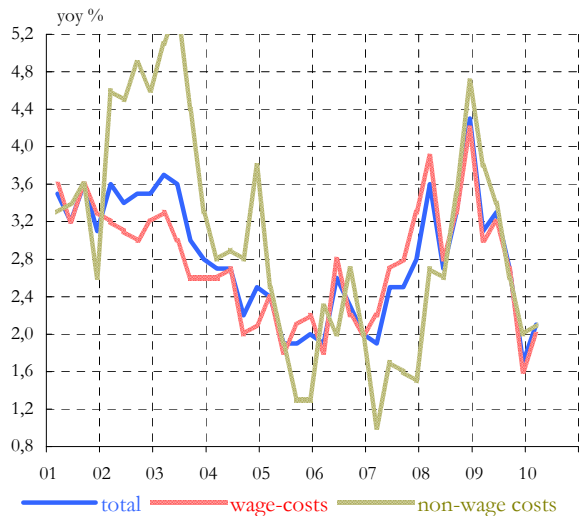
Unemployment rate and unemployment expectations



Compensation per head and negotiated wages (nominal)



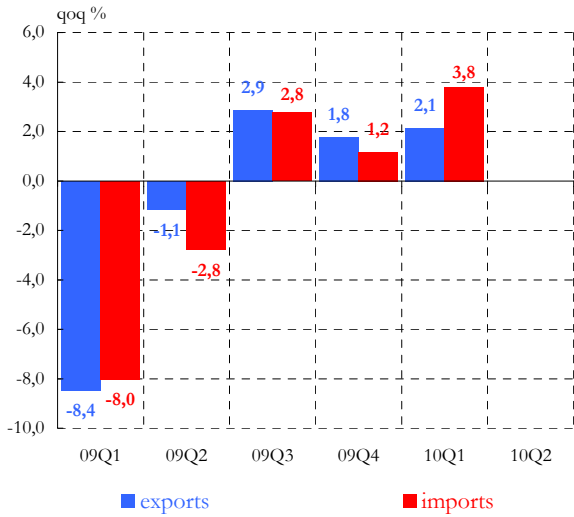
Labour costs in the private business sector (nominal)



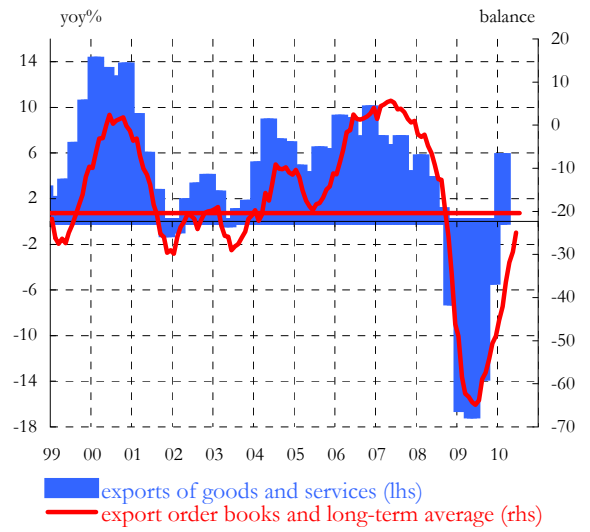


5. INTERNATIONAL TRANSACTIONS

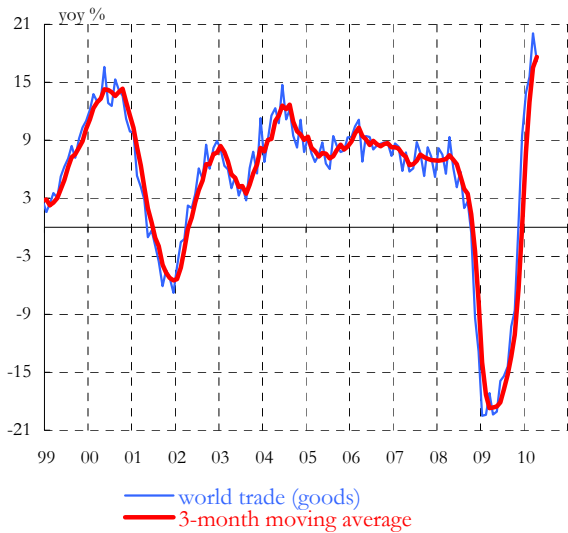
Exports and imports of goods and services



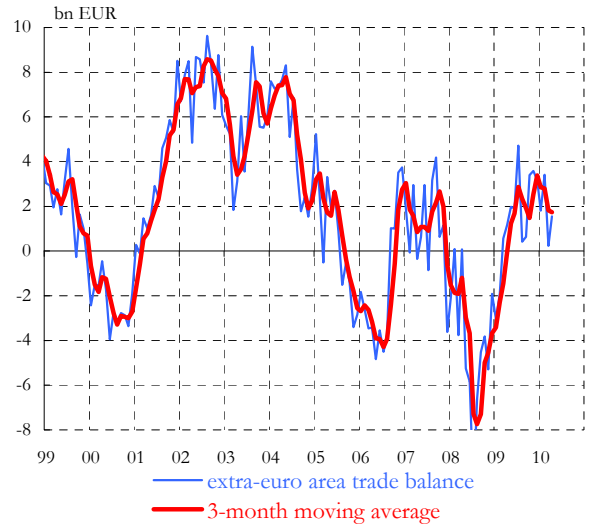
Exports and export order books



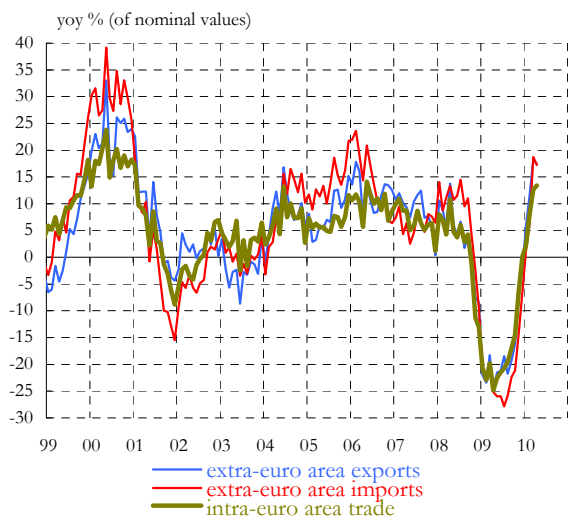
World trade



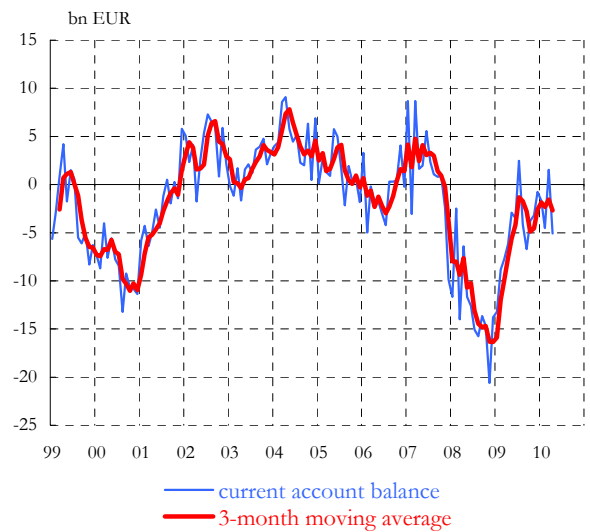
Extra euro-area trade balance



Extra- and intra-euro area trade



Current account balance

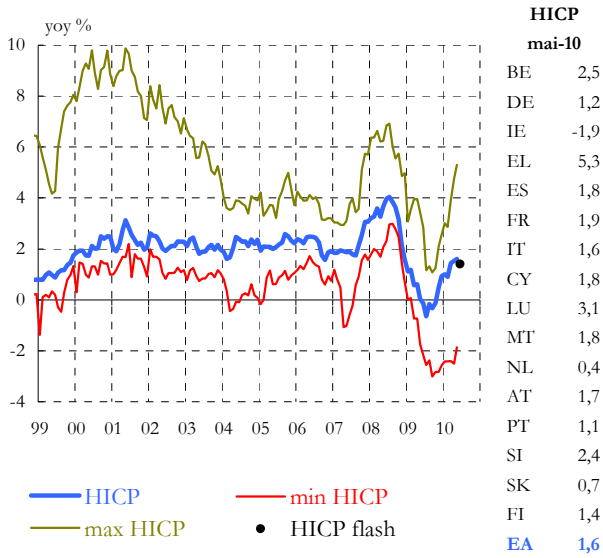




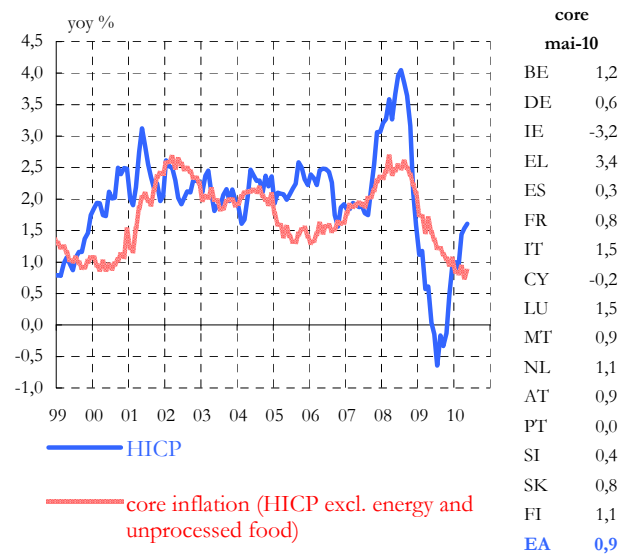


6. PRICES

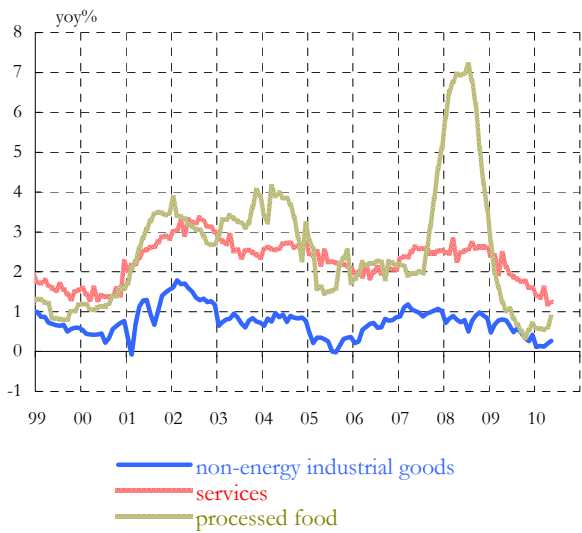
Harmonised index of consumer prices (HICP)



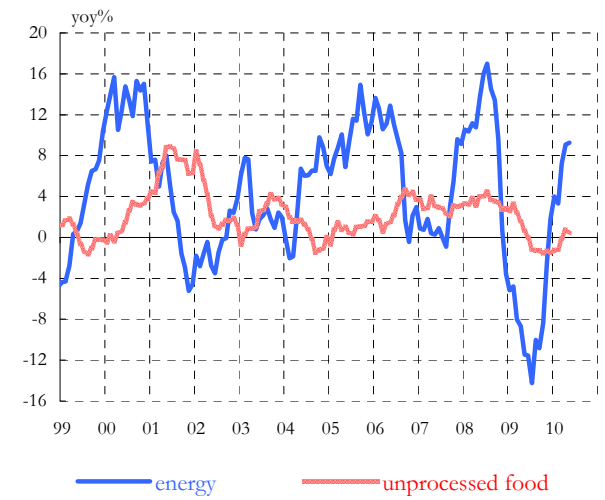
HICP and core inflation



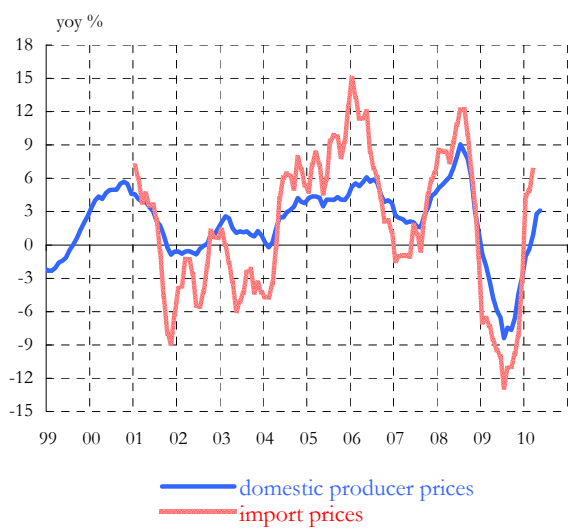
Breakdown of core inflation



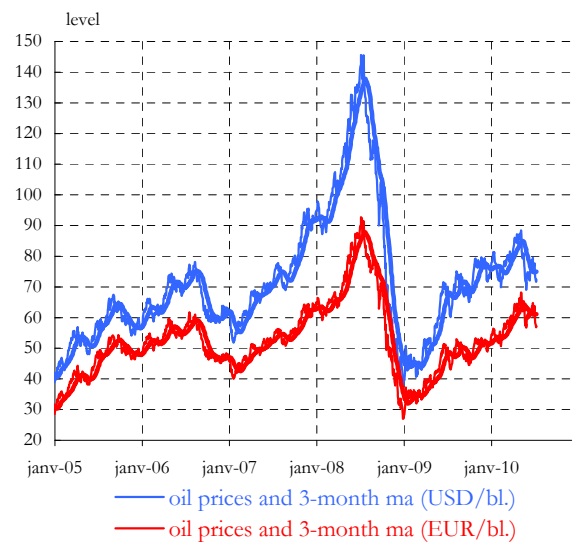
Energy and unprocessed food



Domestic producer prices and import prices



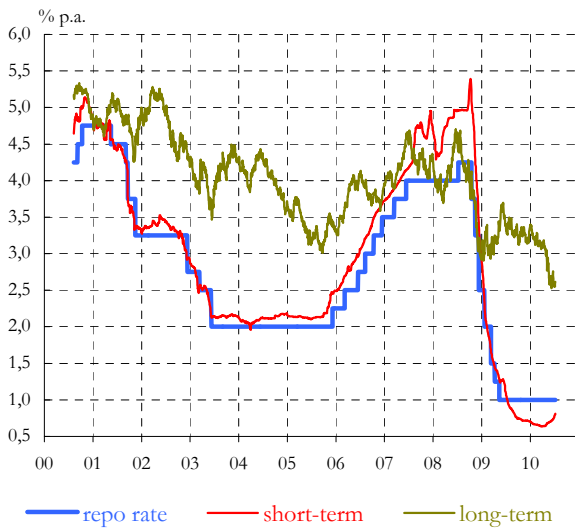
Oil prices



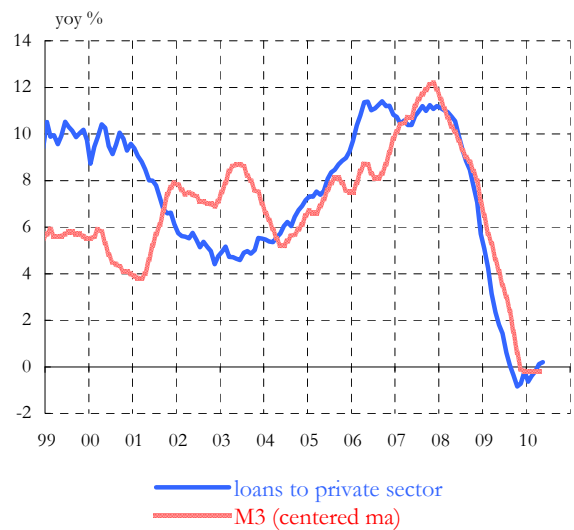


7. MONETARY AND FINANCIAL INDICATORS

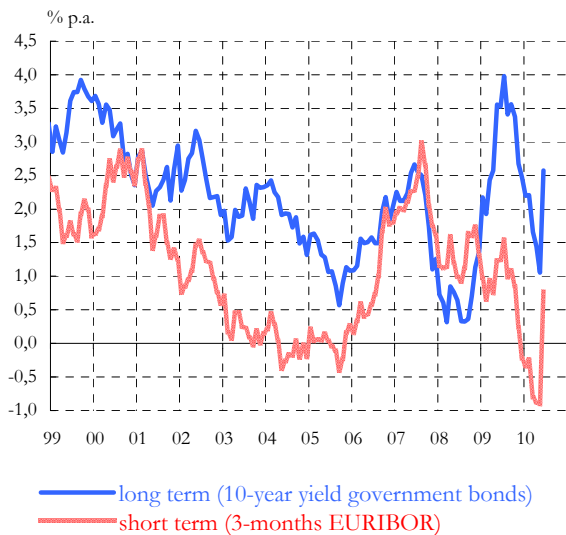
Nominal interest rates



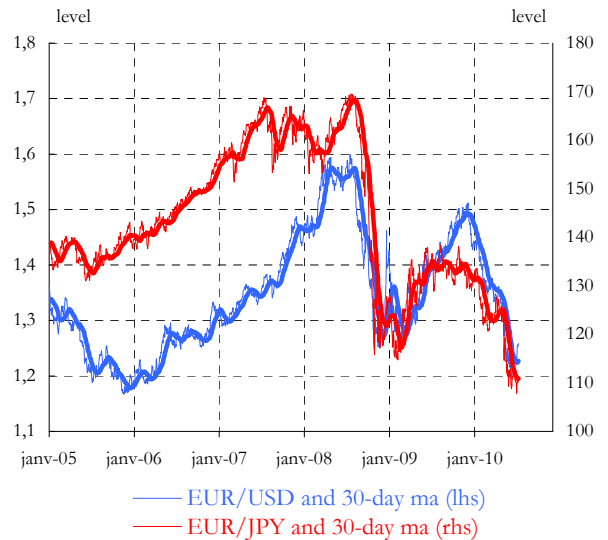
Loans to private sector and money supply



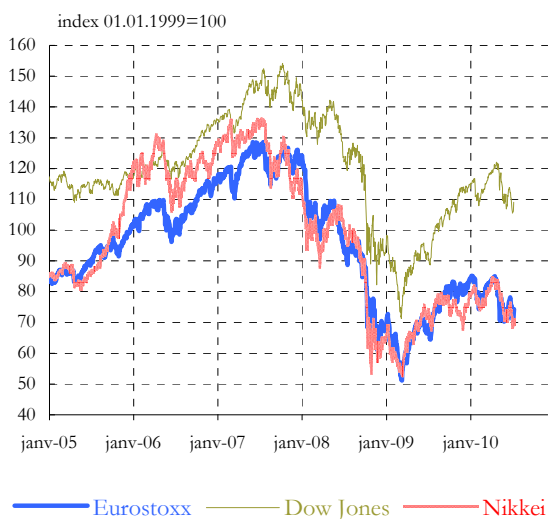
Real interest rates



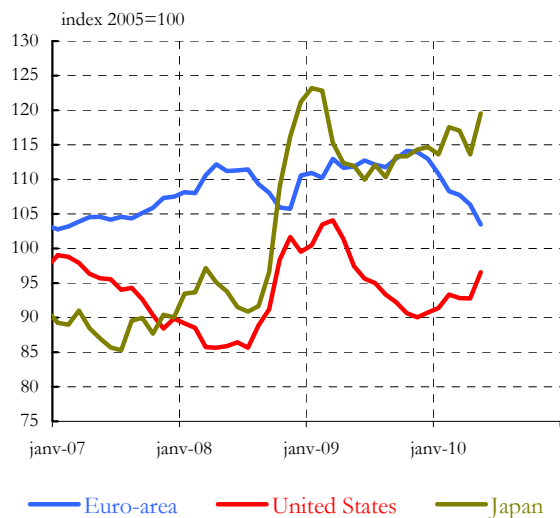
Euro vis-à-vis US dollar and JP yen



Stock market indices



Nominal effective exchange rates







## 1. Output

According to the Eurostat's first estimate, euro-area **GDP** in 10Q1 increased by 0.2% quarter-on-quarter (q-o-q), after a stable 09Q4. On a year-on-year (y-o-y) comparison, GDP was growing by 0.5%, following 5 quarters of contraction. Among the largest euro-area economies, growth in 10Q1 increased by 0.1% q-o-q in France and Spain, by 0.2% in Germany and more markedly in Italy (+0.5%). As the release is only a flash estimate, GDP components are not yet available.

According to the **Commission's spring forecast**, the euro-area economic recovery is underway, although it is set to be a gradual one. GDP growth is expected to average at about 0.9% this year, a modest upward revision compared to the autumn forecast in light of the improved external environment. Growth is expected to regain ground more firmly by the end of 2010 only. This is related to the still very low level of capacity utilisation, deleveraging and heightened risk aversion that hold back investment, and restrain private consumption growth.

*ECFIN business surveys data for May 2010 should be interpreted with caution as they were for the first time classified according to an updated version of the Nomenclature of Economic Activities (NACE rev.2), whereas data up to April 2010 are based on NACE rev.1. On the whole these level shifts did not affect the direction of changes, but their magnitudes.* **Industrial confidence** rose for the 14<sup>th</sup> consecutive month in May, mainly driven by considerably better order books and a somewhat smaller rise in production expectations. In a long-term perspective, industrial confidence has improved markedly since the March 2009 record low, and the current level is for the second month higher than the long-term average.

In March 2010, **industrial production** increased by 1.3% month-on-month (m-o-m) compared to 0.7% rise in February. Production experienced a strong year-on-year (y-o-y) growth of 6.9%. Moreover, on a quarterly basis it rose by almost 4.0%, the highest increase since the start of the series in early 1990s. As to the biggest economies, growth of industrial production was very strong in Germany (2.6%) and Spain (2.1%), robust in France (1.0%) and slightly negative in Italy (-0.1%).

The **industrial new orders index** increased in March by strong 5.2% m-o-m, after rising by 1.9% in February.

## 2. Private consumption

**Private consumption** was flat (q-o-q) in 09Q4, after the decline in 09Q3. The relative resilience of private

consumption can be largely explained by strong government measures, the relatively muted decline in employment, sticky wages and sizeable disinflation.

The **consumer confidence indicator**, which is not subject to the NACE rev.2 changeover, declined markedly among euro-area consumers (by 3 points). The sharpest drops were reported in Southern Europe. Consumers were worried about the general economic outlook, although their assessment of the labour market continued to improve.

The volume of **retail trade** fell by 1.2% m-o-m in April, after a 0.5% rise in March. On an annual comparison, retail sales were down by 1.5%, substantive drop from a 1.3% growth in March. The **retail confidence** indicator declined in May and offset a rise recorded in April.

## 3. Investment

**Gross fixed capital formation** continued to contract, by 1.3%, in 09Q4 (q-o-q). Investment has been a main source of weakness during this recession, with the contraction mostly due to non-construction investment. On an annual basis, investment was still down by a remarkable 8.8% in 09Q4.

Firms reported a continuing increase in their **capacity utilisation**, which now stands at 75.5% in 10Q2 (after 71% in 09Q4 and 72.3% in 10Q1). The increase was particularly strong in Germany, up from 73.9% to 79.8% respectively.

## 4. Labour market

In April, the **unemployment** rate rose to 10.1%, from 10% in March. It's the highest rate since May 1998. Unemployment rates in the euro-area Member States stood between 4.1% in the Netherlands and 4.9% in Austria, on the lower end, and 19.7% in Spain, followed by 14.1% in Slovakia, on the upper end.

The number of **persons employed** decreased by 0.2% (q-o-q) in 09Q4. Although still falling, this reveals a slight improvement compared to the 0.5% decrease in 09Q2 and 09Q3. On an annual basis, employment growth was also negative (-2.0%) in 09Q4; up from -2.2% in 09Q3. Over 2009 as a whole, employment decreased by 1.8% (about 2.7 mil. persons), after a positive 0.9% growth in 2008.

While managers' **employment expectations** in manufacturing as well as consumers' assessment of the labour market situation still improved, the expectations fell slightly among managers in services sector.

According to the quarterly manufacturing survey, the level of **labour shortages** increased in second quarter



of 2010, but remains still at low levels; with 1.8% of firms reporting that unfilled job openings were constraining production, up from 0.9% in 10Q1 and about a similar level as a year ago.

## 5. International transactions

In May, the assessment of **export order books** improved further (by +2 points), while the current level (-30) is still well below the long-term average (-20). In March, the seasonally-adjusted **euro-area trade** with the rest of the world showed a surplus for the 12th month in a row, although this time with 0.6 bn. euro it was very close to a balanced level. In 09Q4, **exports of goods and services** increased by 1.9% (q-o-q) in volume terms while **imports** rose by 1.3%; reflecting buoyant global demand and weak domestic spending.

In March 2010, the euro-area **current account** recorded a surplus of 1.7 bn. euro. This reflected surpluses in goods and services, which were partly counterbalanced by deficits in current transfers and in income. The **financial account**, combined direct and portfolio investment, recorded net outflows of 38 bn. euro (non-seasonally adjusted).

## 6. Prices

According to the flash estimate, annual **inflation** in May is expected to be 1.6%, up from 1.4% in April. Developments in the euro-area inflation in April were a result of two offsetting forces: the upward movement of energy and food inflation and the easing of **core inflation** (down from 0.9% in March to 0.7% in April).

**Oil prices** have rebounded during 2009 after declining sharply in 08H2. In May, the volatility of the oil price development was very high, with prices ranging between 69 USD/bl. and 88.5 USD/bl., pointing to high uncertainty in the markets. On 2 June, the price of Brent crude oil was 73 USD per barrel.

Euro-area **industrial producer prices** rose by 0.9% (m-o-m) in April, after rising by 0.6% in March. On a yearly basis, industrial producer prices rose strongly by 2.8% in April.

## 7. Monetary and financial indicators

**Interbank money market** conditions continued to tighten slightly in the recent weeks. In the euro area, the 3-month Euribor increased to 0.70% (2 June), while the 3-month Libor rate in the US increased more notably to 0.54%, while they were 0.66% and 0.25% respectively late February. Some banks still struggle to raise money in the light of their exposure to the debt issued by Greece and other countries.

Moreover, spreads between 3-months euro and dollar Libor on the one hand and "risk-free" overnight index swap rates widened over the last few weeks, suggesting persisting tensions in the money market.

**Bond markets** (10-year benchmark government yields) were experienced substantial tensions in the recent weeks. Benchmark sovereign bond yields accelerated their decline in May. At the end of the month, the euro-area 10-year government bond yield stood at 2.58%, the lowest ever observed (3.18% mid-April). On 2 June, the 10-year yield closed at 2.66%. The US 10-year Treasury rate was at 3.35% (3.85% mid-April). In May, the sovereign bond markets continued to be influenced by the situation in Greece, but, among others, also by announcements of new consolidation measures, debt auctions in several Member States as well reactions on positive/negative stock markets' evolution.

The annual rate of growth of **M3** in April continued to decline at -0.1%, the same as in March. **Loan growth to the private sector** turned positive, although it grew by a mere 0.1%, nevertheless up from -0.2% contraction in March. The divergence in developments of loans to non-financial corporations and households is increasing. While **lending to non-financial corporations** continued to decline at a rapid pace (-2.6%), down from -2.4% in March, growth of **loans to households** continued to increase to 2.5% in April (up from 2.1% in March).

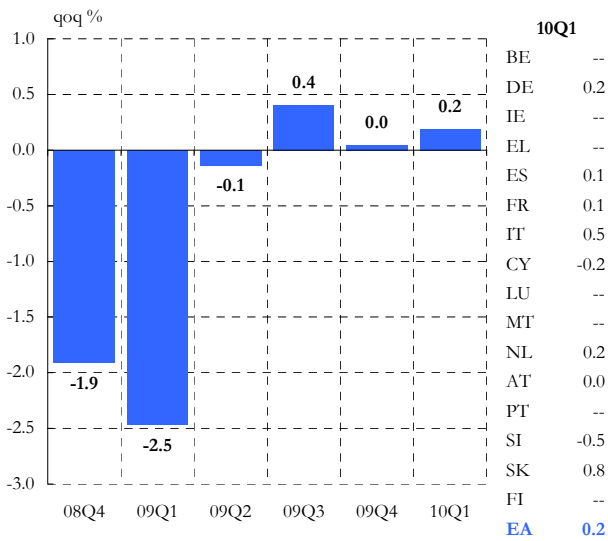
After appreciating for most of 2009, the **euro** weakened since the turn of the year. In recent weeks, concerns about public finances have put the exchange rate under pressure, pushing it to a 4-year low against the USD in late May (1.21 USD/EUR). Against the JPY, the euro traded at 109.3 JPY last week, the lowest level since end-2001. Since then, the euro slightly recuperated some of its strength.

The **stock market indices** kept a positive momentum until mid-April this year, mainly on the back of encouraging macroeconomic data and positive earnings. More recently, in May, global market indices suffered high losses with Europe continuing to underperform US and Asian indicators. The Eurostoxx Index has fallen about 10% in May compared to April, while Dow Jones lost some 6% and Nikkei about 9%.

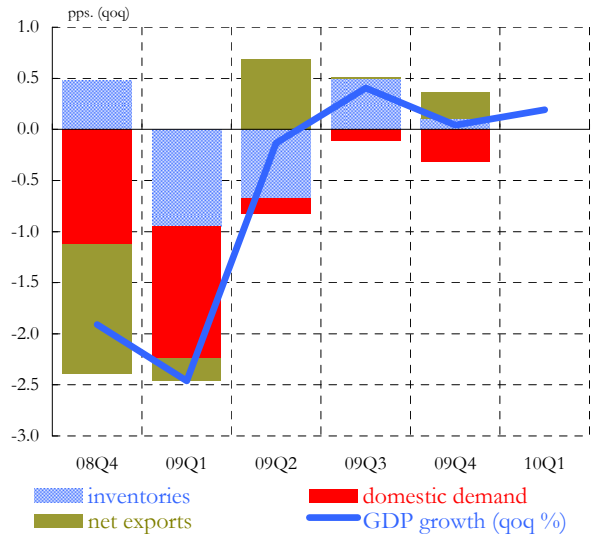


1. OUTPUT

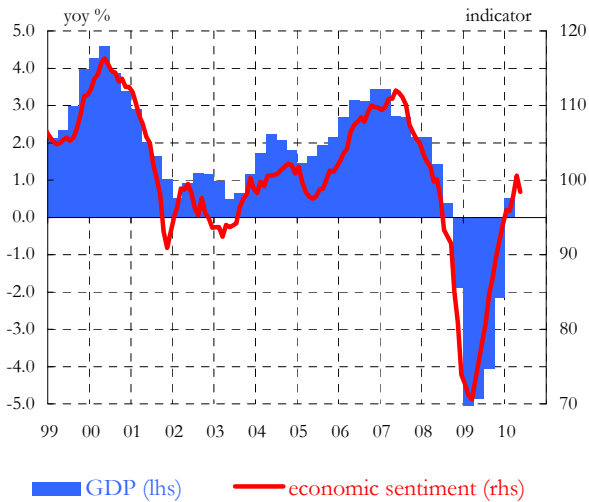
GDP



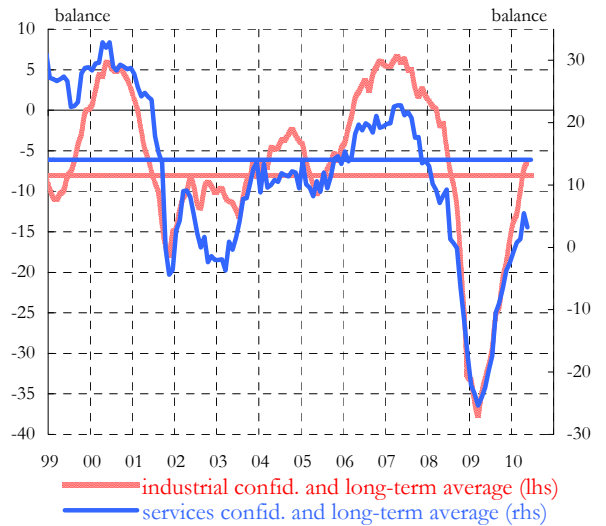
Contributions to GDP growth



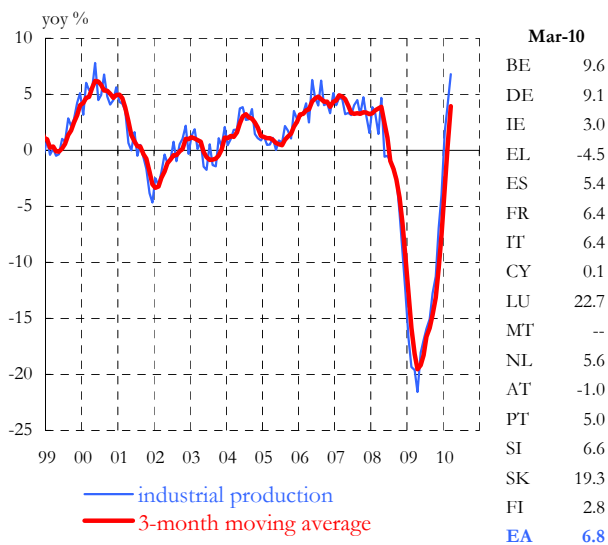
GDP and Economic Sentiment Indicator



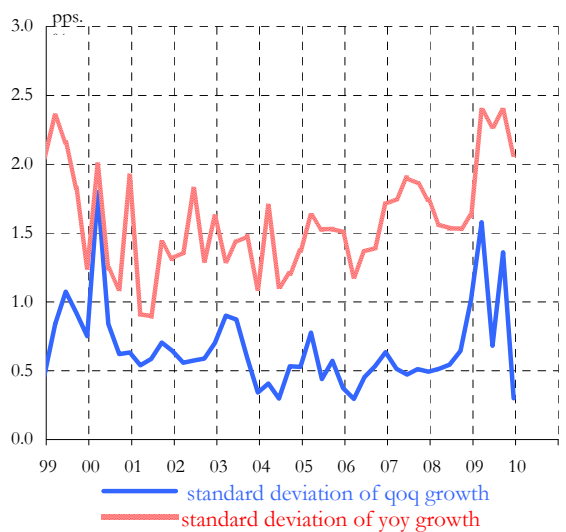
Industrial and services confidence



Industrial production



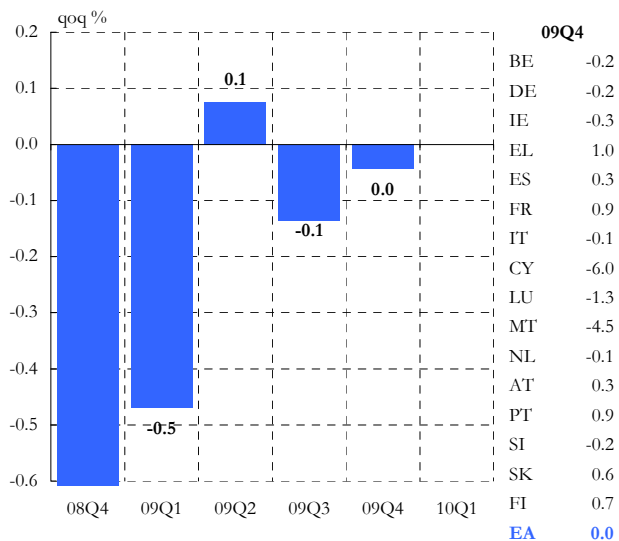
GDP growth divergence, euro area



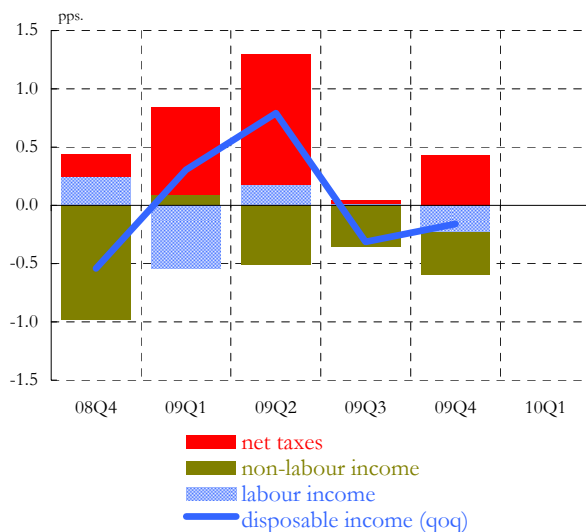


2. PRIVATE CONSUMPTION

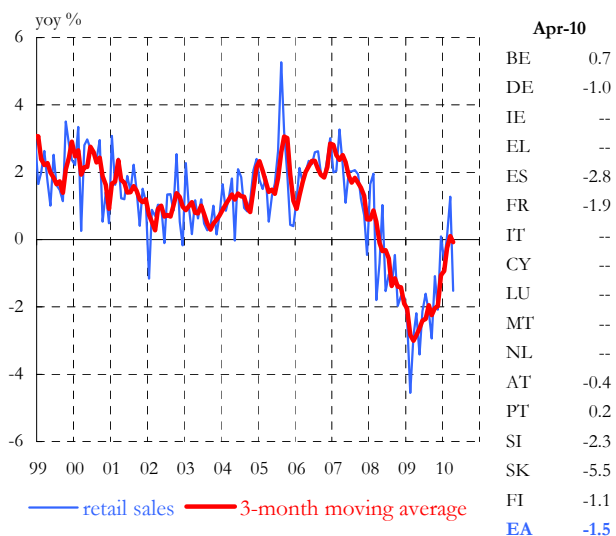
Private consumption



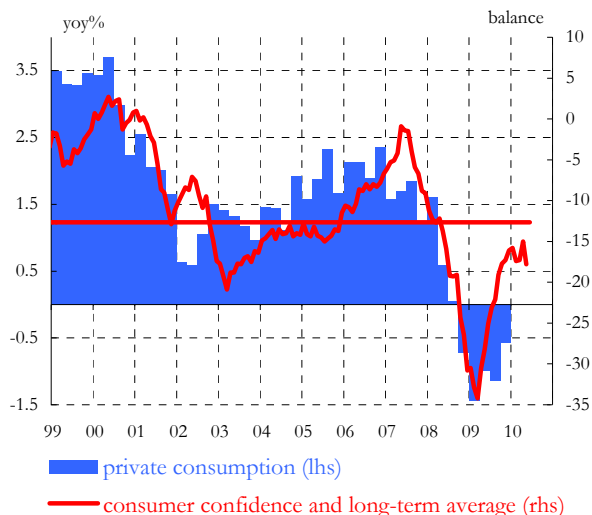
Gross disposable income and its components



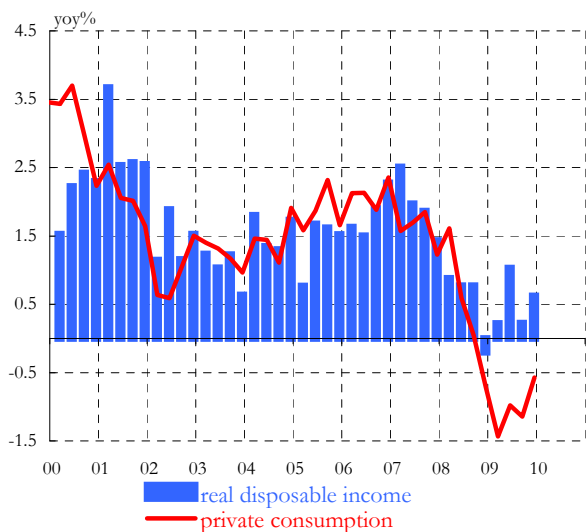
Retail sales



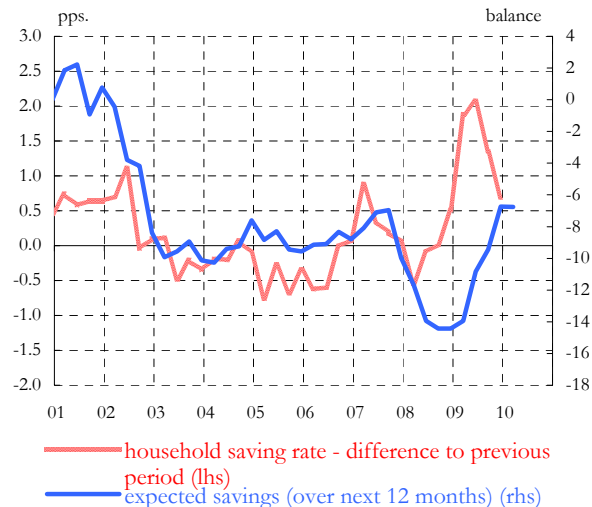
Consumer confidence and private consumption



Households: real disposable income and consumption



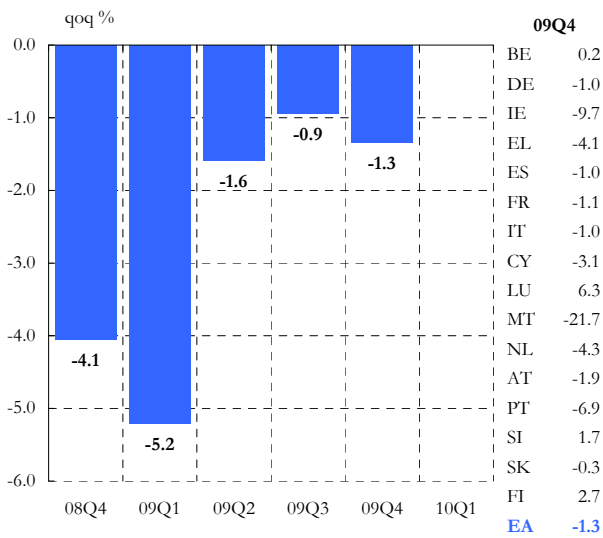
Households: actual saving rate and expected savings



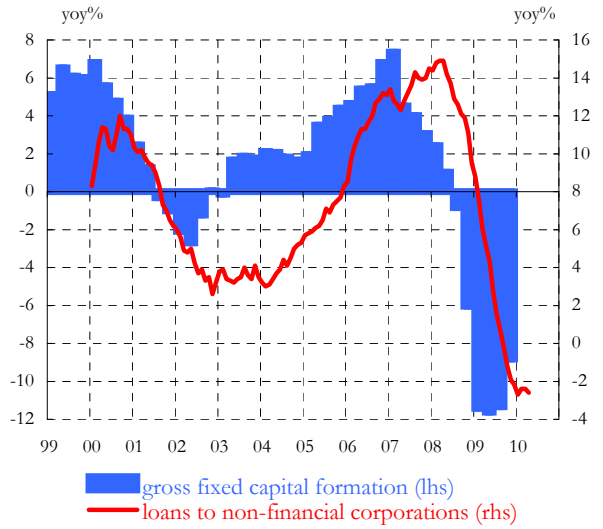


3. INVESTMENT

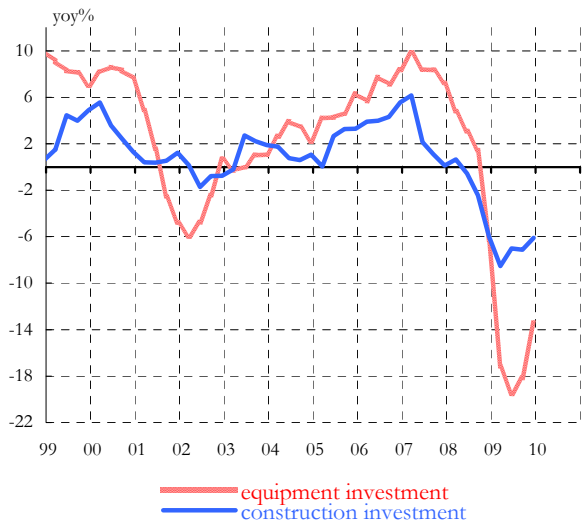
Gross fixed capital formation



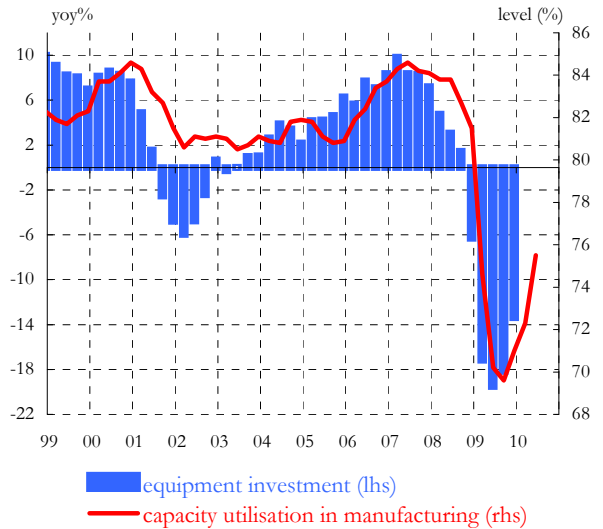
Gross fixed capital formation and corporate loans



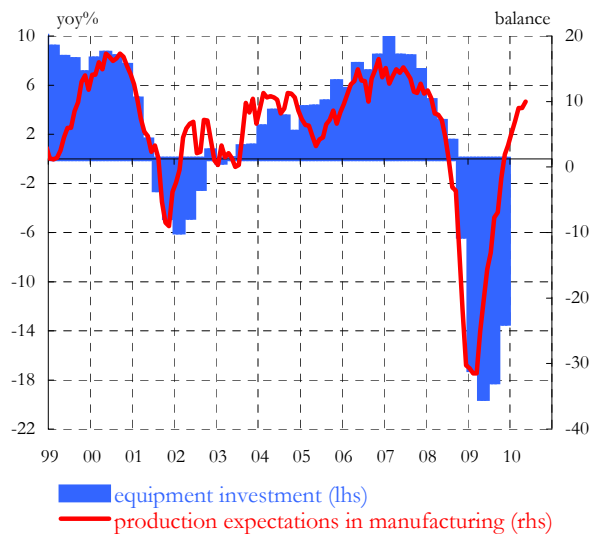
Equipment and construction investment



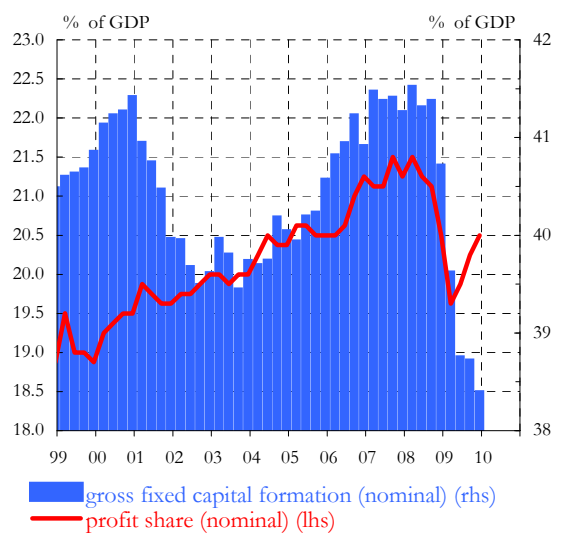
Equipment investment and capacity utilisation



Equipment investment and production expectations



Gross fixed capital formation and profit share

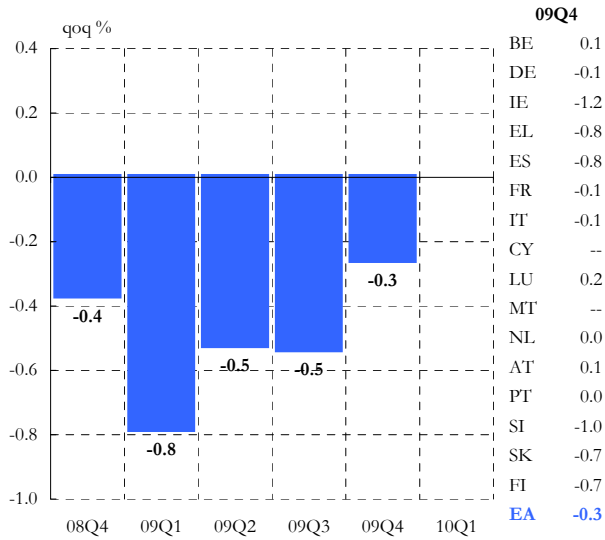




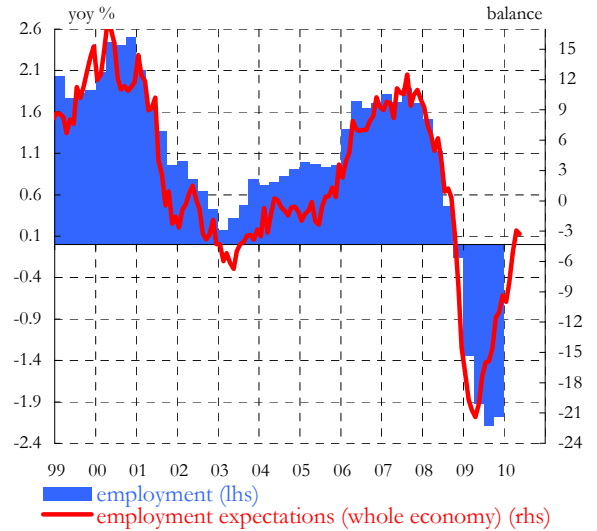


4. LABOUR MARKET

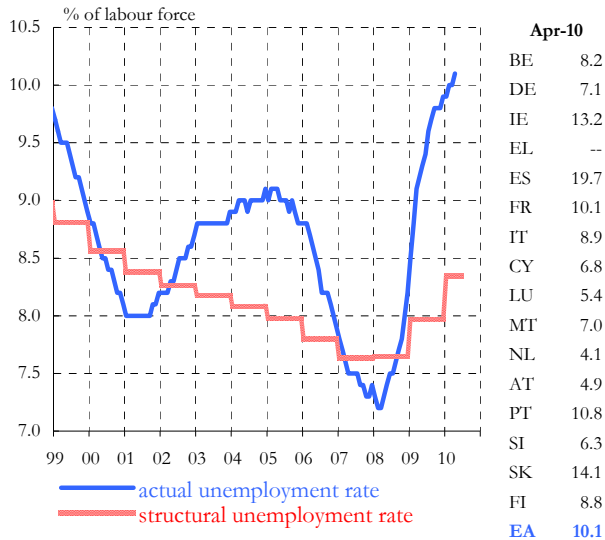
Employment



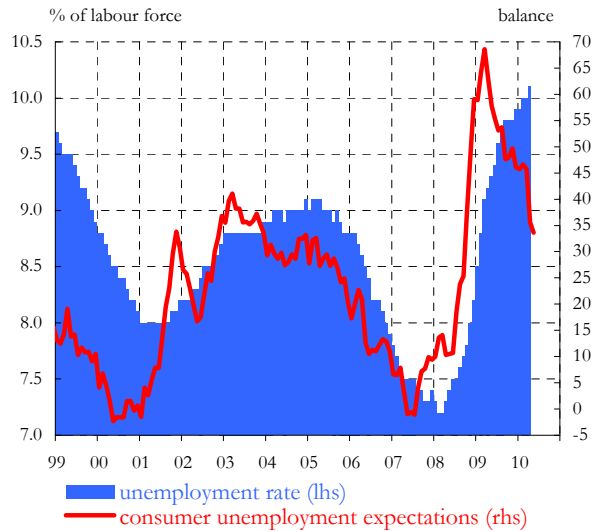
Employment and employment expectations



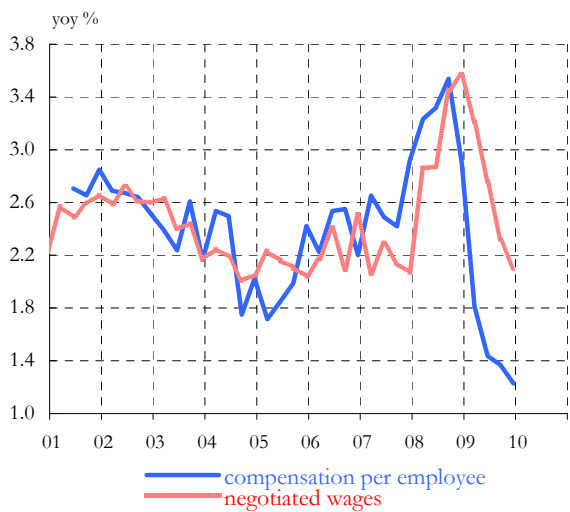
Actual and structural unemployment rate



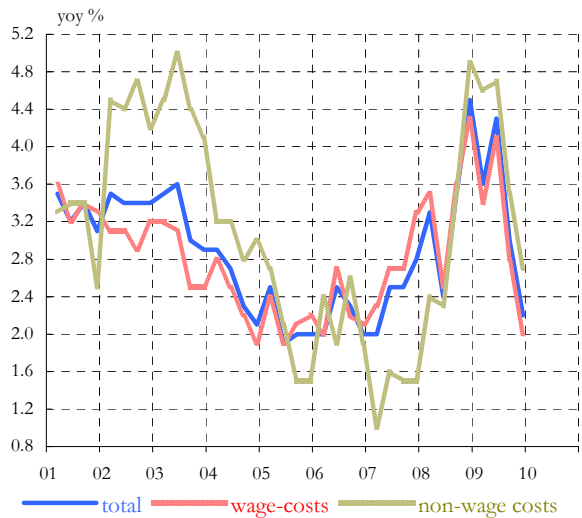
Unemployment rate and unemployment expectations



Compensation per head and negotiated wages (nominal)



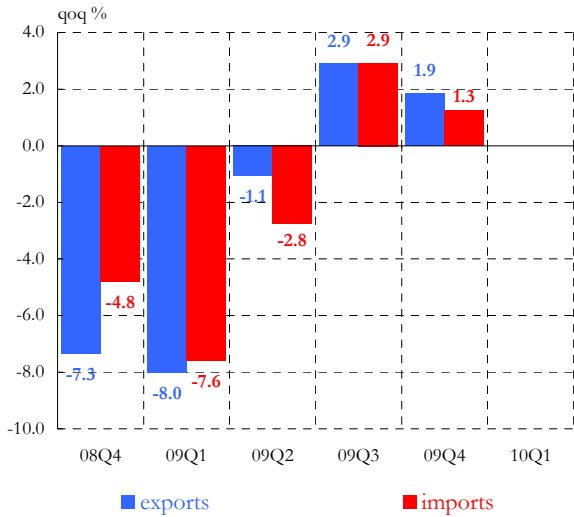
Labour costs in the private business sector (nominal)



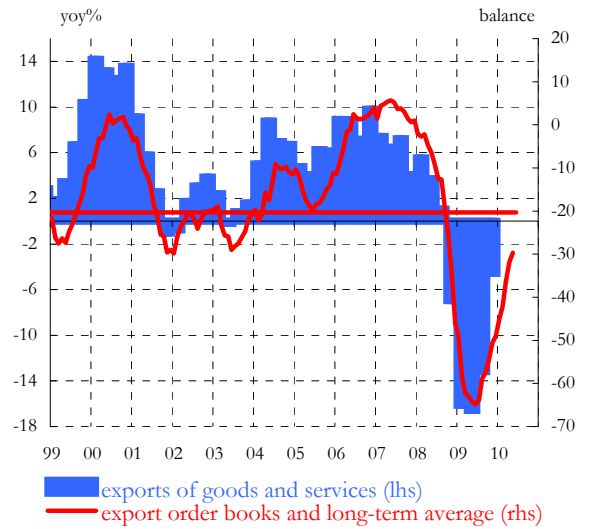


5. INTERNATIONAL TRANSACTIONS

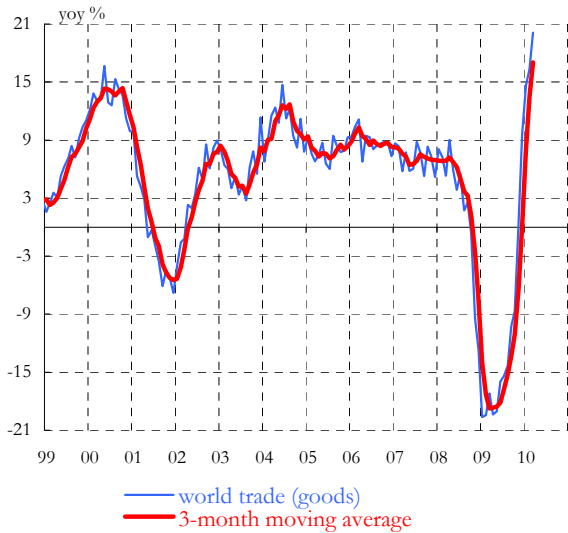
Exports and imports of goods and services



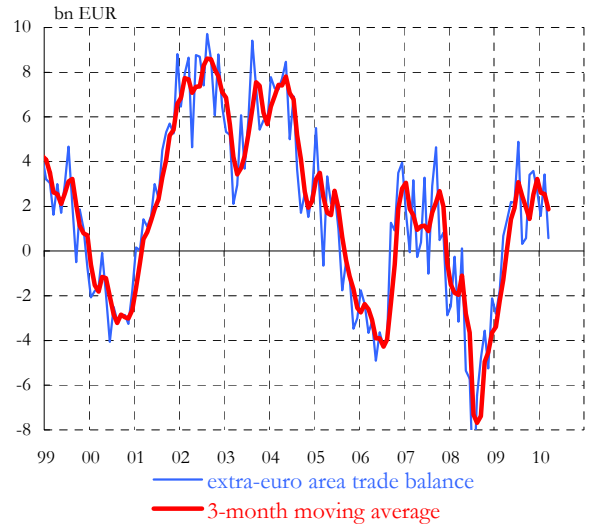
Exports and export order books



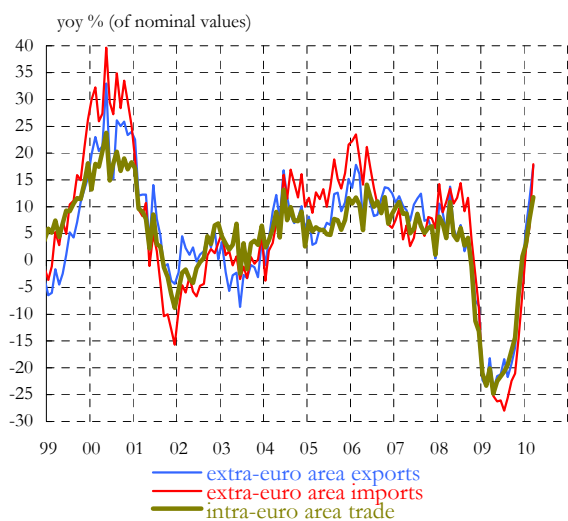
World trade



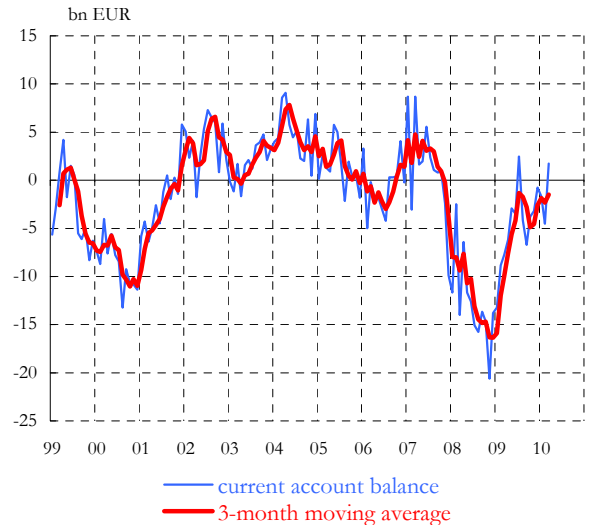
Extra euro-area trade balance



Extra- and intra-euro area trade



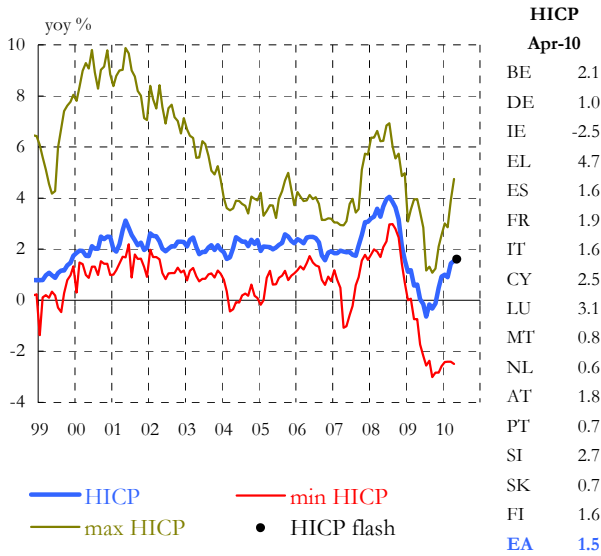
Current account balance



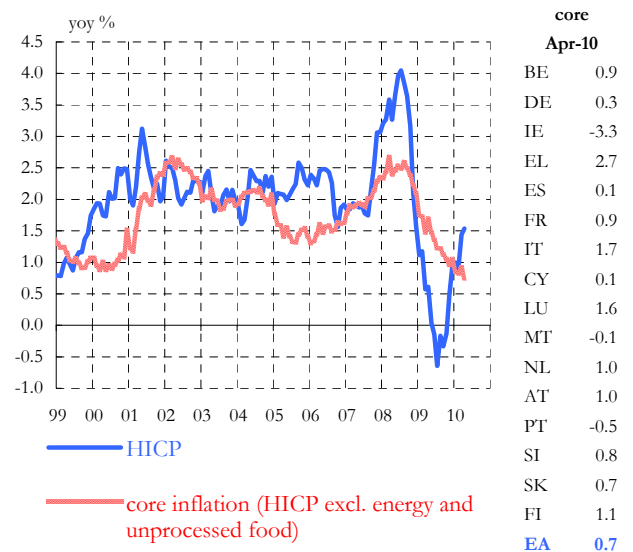


6. PRICES

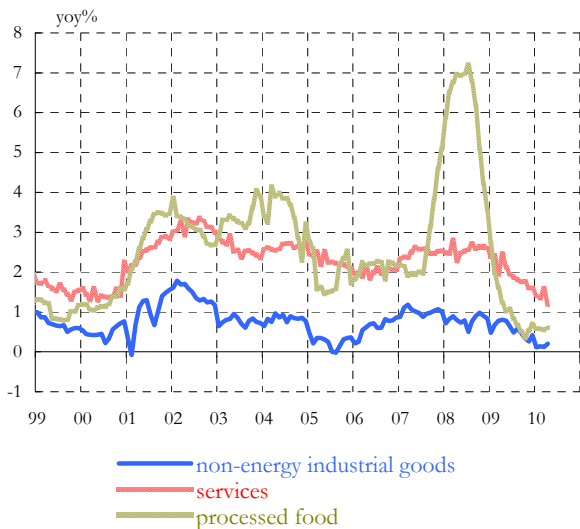
Harmonised index of consumer prices (HICP)



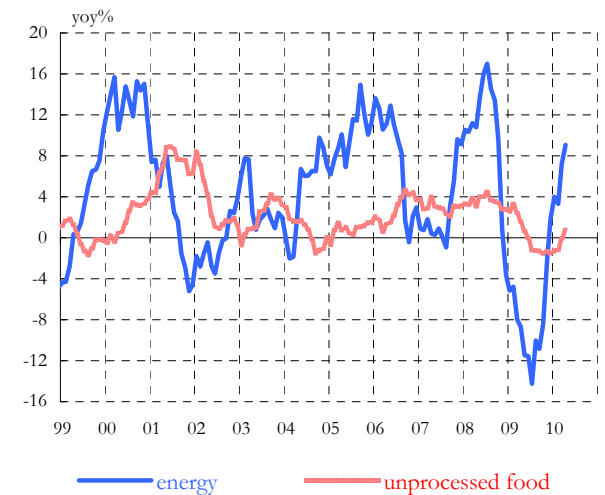
HICP and core inflation



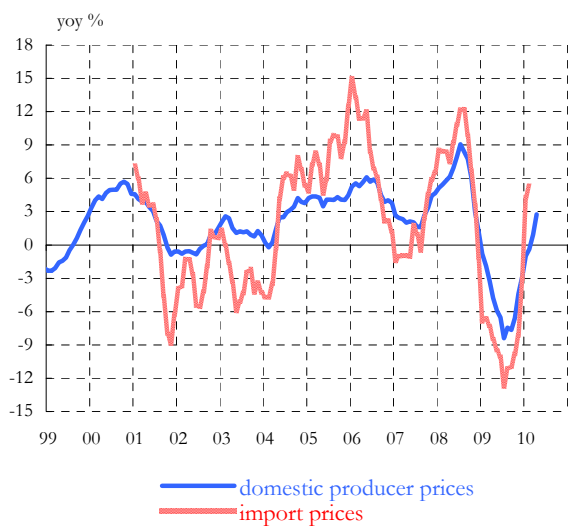
Breakdown of core inflation



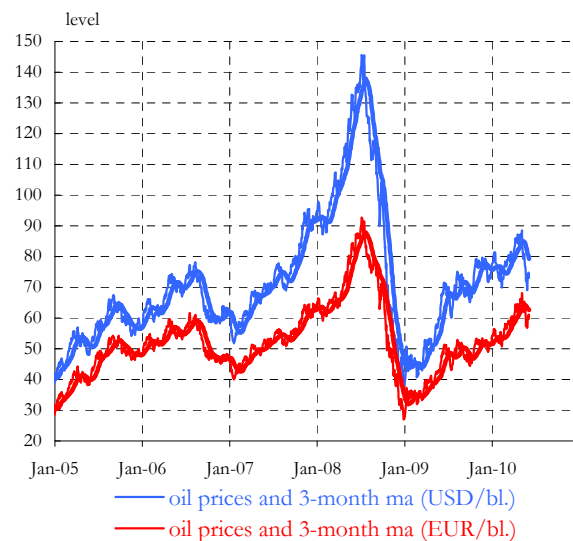
Energy and unprocessed food



Domestic producer prices and import prices



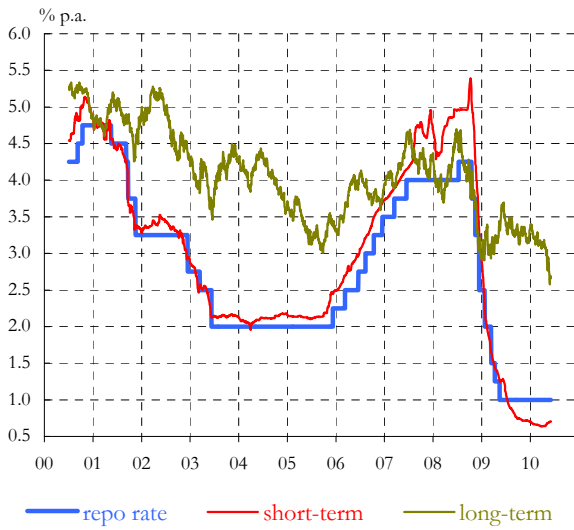
Oil prices



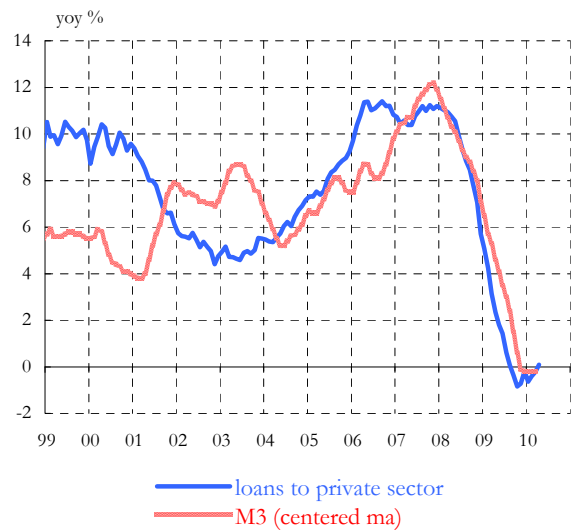


7. MONETARY AND FINANCIAL INDICATORS

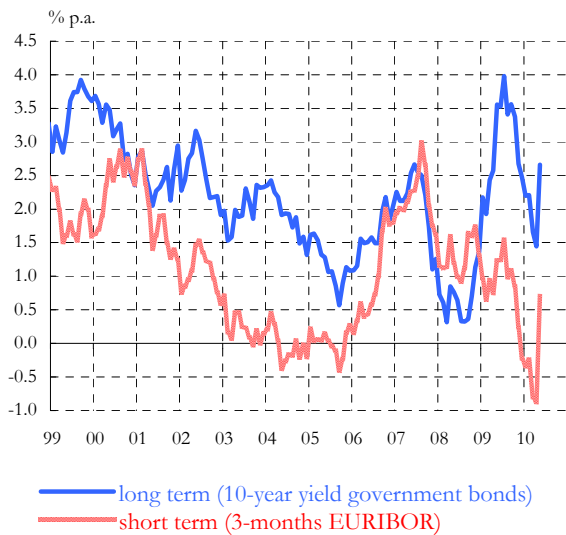
Nominal interest rates



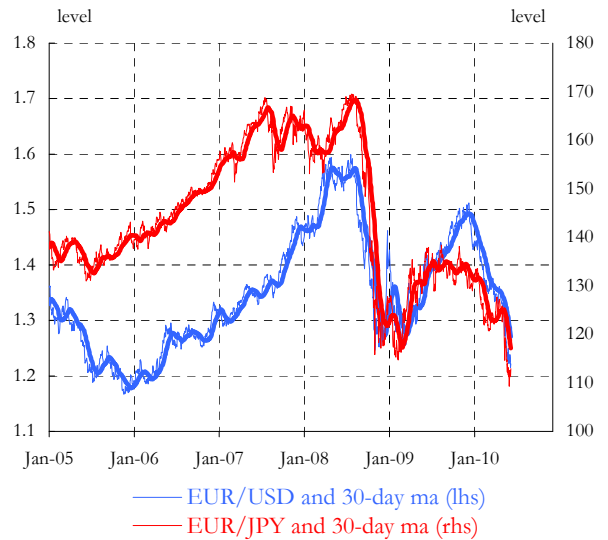
Loans to private sector and money supply



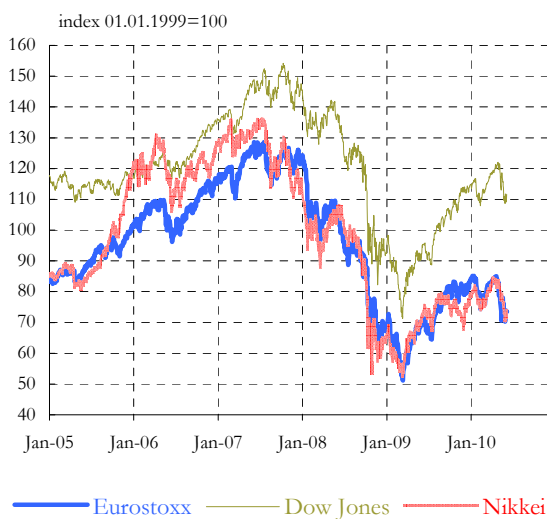
Real interest rates



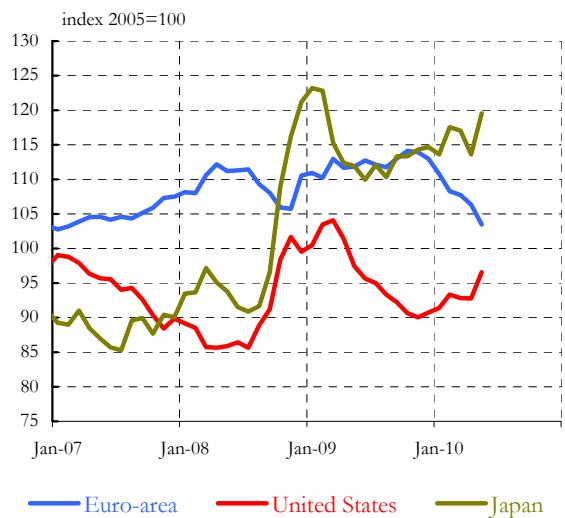
Euro vis-à-vis US dollar and JP yen



Stock market indices



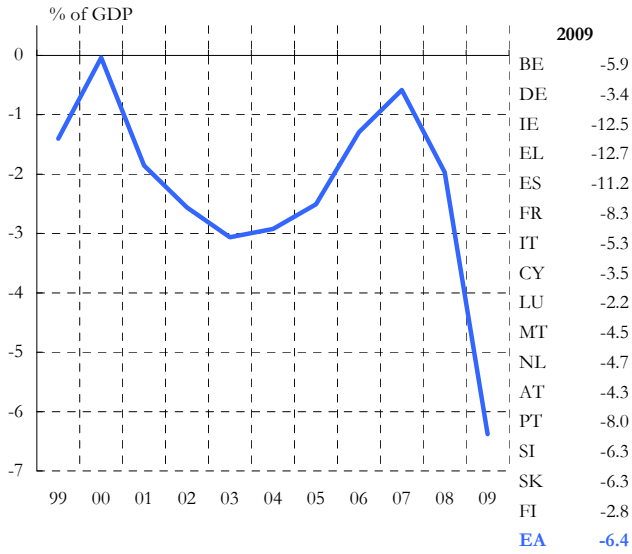
Nominal effective exchange rates



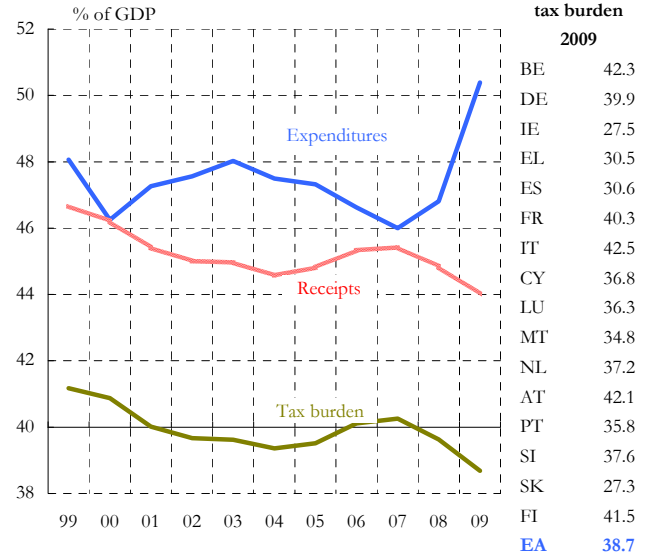


8. PUBLIC FINANCES\*

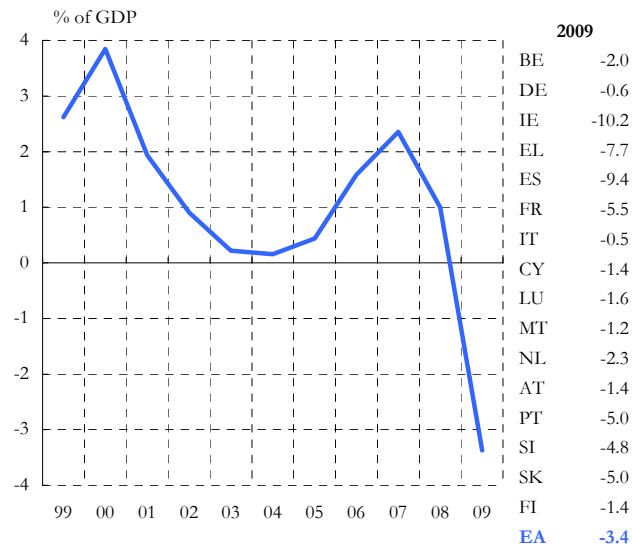
Government general balance



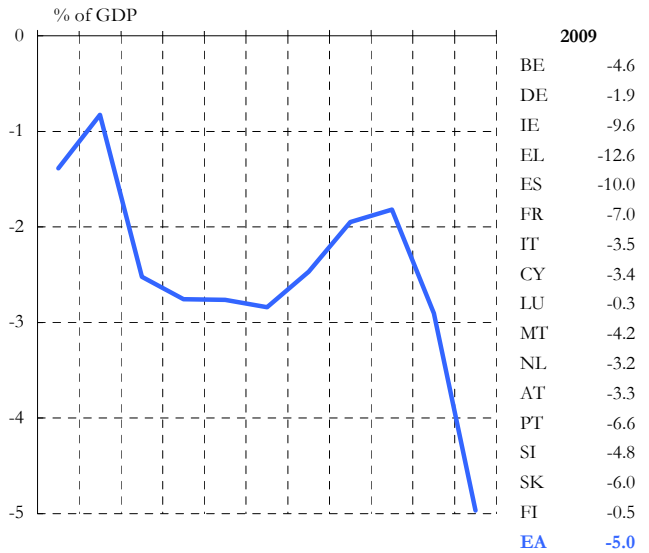
General government expenditures and receipts



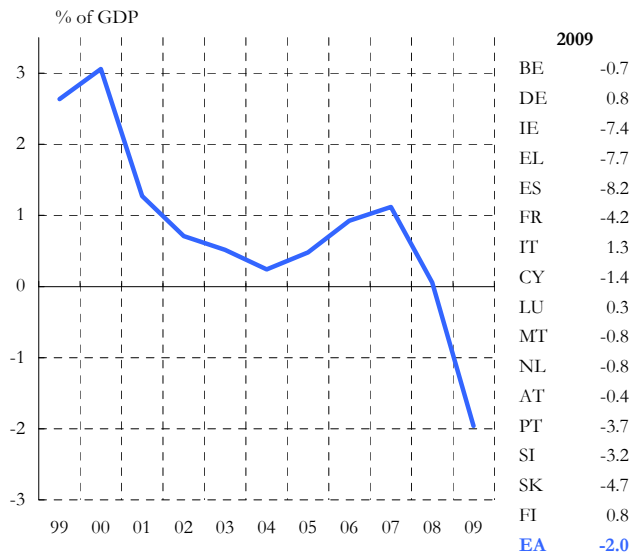
Primary balance



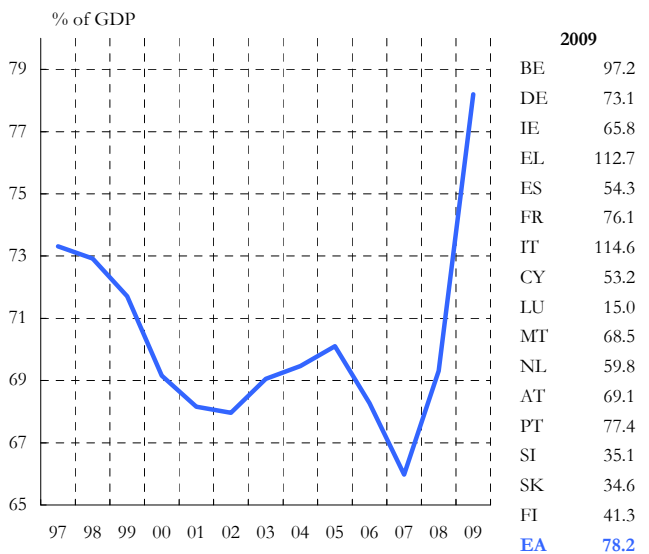
Cyclically adjusted balance



Cyclically adjusted primary balance



General government debt



\* Figures are from the Commission's autumn 2009 forecast

## KEY INDICATORS FOR THE EURO AREA



Euro-area	Indicators as from 2009 refer to Belgium (BE), Germany (DE), Ireland (IE), Greece (GR), Spain (ES), France (FR), Italy (IT), Cyprus (CY), Luxembourg (LU), Malta (MT), the Netherlands (NL), Austria (AT), Portugal (PT), Slovenia (SI), Slovakia (SK), Finland (FI).	
Indicator	Note	Source
<b>1. Output</b>		
Economic Sentiment Indicator	The economic sentiment indicator is the weighted average (of the industrial confidence indicator (40%), the services confidence indicator (30%), the consumer confidence indicator (20%), the construction confidence indicator (5%) and the retail trade confidence indicator (5%)). Data are seasonally adjusted.	DG ECFIN
Industrial confidence indicator	The industrial confidence indicator is the arithmetic average of the balances (%) referring to the questions on production expectations, order books and stocks (the latter with inverted sign) from the survey of manufacturing industry. The long-term average refers to the period as from publishing of the indicator up to now. Data are seasonally adjusted.	DG ECFIN
Services confidence indicator	The services confidence indicator is the arithmetic average of the balances (%) referring to the questions on business situation and recent and expected evolution of demand from the survey of services. The long-term average refers to the period as from publishing of the indicator up to now. Data are seasonally adjusted.	DG ECFIN
Industrial production	Monthly Production Index (2005=100), NACE Rev.2 B-C-D, Total industry (excluding construction). Mom % ch. and qoq% ch. are seasonally adjusted, yoy% ch. are working-day adjusted.	Eurostat
Gross domestic product	Gross domestic product at constant market prices (chain-linked volumes, reference year 2000), EUR. Data are seasonally and working-day adjusted.	Eurostat
Labour productivity	Labour productivity defined as the difference between GDP growth and employment growth.	Eurostat
GDP divergence	Standard deviation of GDP growth of the following countries: BE, DE, ES, FR, IT, CY, LU, NL, AT, PT, SI, FI.	Eurostat
<b>2. Private consumption</b>		
Consumer confidence indicator	The consumer confidence indicator is the arithmetic average of the balances (%) referring to the questions on the financial situation of households, general economic situation, unemployment expectations (with inverted sign) and savings; all over next 12 months. The long-term average refers to the period as from publishing of the indicator up to now. Data are seasonally adjusted.	DG ECFIN
Retail confidence indicator	The retail confidence indicator is the arithmetic average of the balances (%) referring to the questions on the present and the future business situation and the volume of stocks (with inverted sign). The long-term average refers to the period from publishing of the indicator up to now. Data are seasonally adjusted.	DG ECFIN
Private consumption	Household & NPISH final consumption expenditure at constant market prices (chain-linked volumes, reference year 2000), EUR. Data are seasonally and working-day adjusted.	Eurostat
Retail sales	Retail trade (NACE Rev.2 G47) excluding motor vehicles, motorcycles; Deflated turnover, mom % ch. and qoq% ch. are seasonally adjusted, yoy% ch. are working-day adjusted.	Eurostat
<b>3. Investment</b>		
Capacity utilization	In percent of full capacity in the manufacturing sector. Data are seasonally adjusted (collected in January, April, July and October).	DG ECFIN
Production expectations	Production expectations in manufacturing sector. Data are seasonally adjusted.	DG ECFIN
Gross fixed capital formation	Gross fixed capital formation at constant market prices (chain-linked volumes, reference year 2000), EUR. Data are seasonally and working-day adjusted.	Eurostat
Equipment investment	Gross fixed capital formation at constant market prices (chain-linked volumes, reference year 2000), EUR, metal products, machinery and transport equipment. Data are seasonally and working-day adjusted.	Eurostat
Construction investment	Gross fixed capital formation at constant market prices (chain-linked volumes, reference year 2000), EUR, construction work and housing. Data are seasonally and working-day adjusted.	Eurostat
Change in stocks	Changes in inventories and acquisitions less disposals of valuables (at prices of previous year).	Eurostat
Profit share	Ratio of nominal gross operating surplus and gross mixed income to nominal GDP	Eurostat

## KEY INDICATORS FOR THE EURO AREA



4. Labour market		
Employment expectations (manufacturing)	Managers' employment expectations over the next three months in the manufacturing sector. Data are seasonally adjusted.	DG ECFIN
Employment expectations (services)	Managers' employment expectations over the next three months in the services sector. Data are seasonally adjusted.	DG ECFIN
Employment expectations (whole economy)	Weighted average of managers' employment expectations over the next three months in the manufacturing (19%), services (65%), construction (6%) and retail sectors (10%). Weights in brackets according to value-added share on GDP of the respective sector. Data are seasonally adjusted.	DG ECFIN
Employment	Total domestic employment (number of persons). Data are seasonally and working-day adjusted.	Eurostat
Compensation of employees per head	Nominal compensation of employees divided by the number of employees. Data are seasonally and working-day adjusted.	DG ECFIN
Unemployment expectations	Consumers' unemployment expectations over the next twelve months. Data are seasonally adjusted.	DG ECFIN
Unemployment rate	Harmonized unemployment rate (in percent of labour force), ILO definition. Data are seasonally adjusted.	Eurostat
Structural unemployment rate	Non-accelerating inflation rate of unemployment. Data are seasonally adjusted.	OECD
Total labour costs	Nominal wage- and non-wage costs less subsidies in the private business sector. Data are seasonally and working-day adjusted.	Eurostat
Wage costs	Nominal wage and salary costs include direct remunerations, bonuses, and allowances, payments to employees saving schemes, payments for days not worked and remunerations in kind. Data are seasonally and working-day adjusted.	Eurostat
Non-wage costs	Nominal non-wage costs include the employers' social contributions plus employment taxes less subsidies. Data are seasonally and working-day adjusted.	Eurostat
Labour productivity	Ratio between GDP and employment. Data are seasonally and working-day adjusted.	DG ECFIN
5. International transactions		
World trade	Volume, 1998=100, seasonally adjusted	CPB
Export order books	Managers' export order expectations in the manufacturing sector. Data are seasonally adjusted.	DG ECFIN
Extra-euro area exports	Nominal extra-euro area exports of goods, fob. Data are seasonally adjusted.	Eurostat
Extra-euro area imports	Nominal extra-euro area imports of goods, cif. Data are seasonally adjusted.	Eurostat
Extra-euro area trade balance	Difference between extra-euro area exports and extra-euro area imports. Data are seasonally adjusted.	Eurostat
Intra-euro area trade	Nominal intra-euro area trade in goods, fob. Data are seasonally adjusted.	Eurostat
Current account balance	Transactions in goods and services plus income and current transfers between residents and non-residents of the euro area. Data are seasonally and working-day adjusted.	ECB
Exports of goods and services	Exports of goods and services at constant market prices (chain-linked volumes, reference year 2000), EUR. Data are seasonally and working-day adjusted.	Eurostat
Imports of goods and services	Imports of goods and services at constant market prices (chain-linked volumes, reference year 2000), EUR. Data are seasonally and working-day adjusted.	Eurostat
Direct investment	Nominal transactions/positions in assets abroad by euro-area residents less nominal transactions/positions in euro-area assets by non-residents. To be regarded as a direct investment, ownership in an enterprise must be equivalent to more than 10% of the ordinary shares or voting power.	ECB
Portfolio investment	Nominal transactions/positions in securities (including equities) abroad by euro-area residents less nominal transactions/positions in euro-area securities (including equities) by non-residents. To be regarded as a portfolio investment, ownership in an enterprise must be equivalent to less than 10% of the ordinary shares or voting power.	ECB

## KEY INDICATORS FOR THE EURO AREA



6. Prices		
HICP	Harmonized index of consumer prices (index 2005=100)	Eurostat
Core HICP	HICP excluding energy and unprocessed food (index 2005=100)	Eurostat
Producer prices	Domestic producer price index, total industry excluding construction (index 2005=100)	Eurostat
Selling price expectation	Managers' selling-price expectations in the manufacturing sector. Data are seasonally adjusted.	DG ECFIN
Import prices	Unit value index of imports, Current Prices (index 2000=100)	Eurostat
Oil prices	Price of north sea Brent in USD/barrel and EUR/barrel	ICE
Non-energy commodity prices	Market price for non-fuel commodities in EUR terms (index 2000c=100)	HWWI
7. Monetary and financial indicators		
Nominal interest rate (3-month)	3-month EURIBOR interbank rate (360 day)	ECB/Ec owin
Nominal interest rate (10-year)	10-year interest rate on government bonds for euro area (based upon the 10-year German government bond)	ECB/Ec owin
ECB repo rate	Minimum bid rate of main refinancing operations, end of period.	ECB/Ec owin
Money demand (M3)	Monetary aggregate including currency in circulating (banknotes and coins), operational deposits in central bank, money in current accounts, saving accounts, money market deposits, certificates of deposit, all other deposits and repurchase agreements. Data are seasonally adjusted.	ECB
Loans to private sector	Loans by MFI (monetary and financial institutions) to euro area residents (excl government). Data are seasonally adjusted.	ECB
Real long-term interest rates	Nominal interest rate (10-year) deflated by HICP index	DG ECFIN
Real short-term interest rates	Nominal interest rate (3-month) deflated by HICP index	DG ECFIN
Stock markets	Eurostoxx50, Dow Jones and Nikkei indices (1.1.1999=100)	Ecwin
Exchange rates	EUR/USD and EUR/JPY reference rates	ECB
Nominal effective exchange rate	Monthly Nominal Effective Exch. Rates vs. rest of IC36 (index 2005 = 100)	DG ECFIN
8. Public finance		
General government balance	Net lending (+) or net borrowing (-) of general government	DG ECFIN
Primary government balance	Net lending (+) or net borrowing (-) of general government minus interest payment	DG ECFIN
Cyclically adjusted balance	Net lending (+) or net borrowing (-) of general government corrected for the influence of the business cycle	DG ECFIN
Cyclically adjusted primary balance	Primary government balance corrected for the influence of the business cycle	DG ECFIN
General government expenditures and receipts	Nominal expenditures and receipts; tax burden includes taxes on production and imports (incl. taxed paid to EU), current taxes on income and wealth (direct taxes) and actual social contributions	DG ECFIN
General government debt	Cumulative sum of net lending (+) or net borrowing (-) positions of general government	DG ECFIN