



In, On and For Emerging Markets

A CEIC Insights Report

Euro Area Economy in a Snapshot Q1 2020



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Executive Summary



Key Highlights

- The economy of the eurozone expanded by just 0.1% q/q in Q4 2019 on the back of a depressed industry and softer private consumption.
- On an annual basis, economic growth declined to 1.03% y/y (seasonally adjusted), underpinned by an unexpected drop of GDP growth to 0.85% y/y in France and 0.02% y/y in Italy.
- Inflation accelerated to 1.4% in January 2020 as the policy of the European Central Bank (ECB) remained ultra-accommodative and the bank restarted its quantitative easing programme in September 2019.
- The eurozone posted a trade surplus of EUR 22.2bn in December 2019. Exports expanded by 1.5% y/y to EUR 196.7bn in December, while imports contracted by 2.2% y/y to EUR 174.5bn in the same period.

Economic Outlook

No acceleration in economic activity is expected in the short term, according to the CEIC Leading Indicator. The indicator declined to 88.7 in January 2020. It has now remained for over a year under the long-term threshold of 100, which divides positive and negative outlook. High-frequency data suggests a contraction of the Euro Area economy comparable to the one of 2008 economic crisis. The flash estimate of the composite PMI for the eurozone plummeted to 31.4 in March 2020 – the lowest value recorded in the history of the index. Given the overall weakness of the manufacturing sector in 2019, the eurozone relied on the services sector to keep the economy out of recession. Due to the lockdown in many countries, services will collapse as shown by the estimated services PMI for March, which plunged to 28.4. On top of that, several automakers such as Volkswagen and Renault, put production on hold as workers are made to self-isolate.

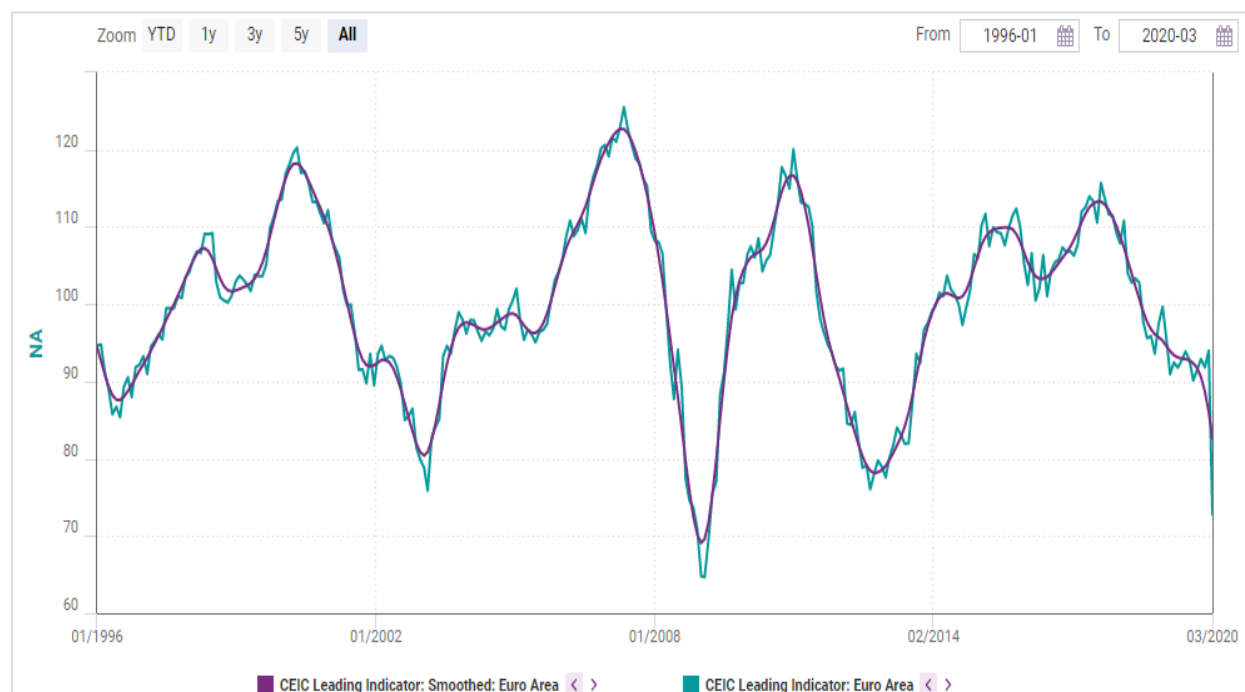
On the political stage, the UK is now officially into an 11-month transition period as it formally left the EU on January 31, 2020. Since the UK is one of the eurozone's top trading partners, analysts expect the event to have significant consequences throughout the bloc. Regarding external trade, the eurozone might be adversely affected by the COVID-19 outbreak in China. Although analysts state that it is too early to estimate the extent of the effect, the economy of the Euro Area will likely be impacted by both supply-side and demand-side distortions in the Chinese economy.

On March 24, 2020, the finance ministers of the EU member states agreed to allow governments to boost public spending in response to the adverse economic shock from the COVID-19 pandemic. Due to the severe economic downturn in the Euro Area, the member states will temporarily not be required to comply with the regulations of the Stability and Growth Pact.^[1] On the monetary policy side, ECB will combat the negative effects of the pandemic with a temporary asset purchase programme of private and public sector securities which amounts to EUR 750bn. Additionally, the ECB committed to extending the asset purchase programmes for as long as needed to support households, firms, banks and governments.^[2]

The ECB's monetary policy stance remained unchanged after its February 2020 meeting. In her address to the European Parliament's plenary session in Strasbourg, ECB chief Christine Lagarde admitted that she is aware of the impact that the ultra-low interest rate environment has on asset valuation, savings income and housing prices and the possible risks.^[3] Lagarde suggested once again that fiscal and structural policies must be implemented to complement the ECB's accommodative policy to boost productivity and lift the growth potential.

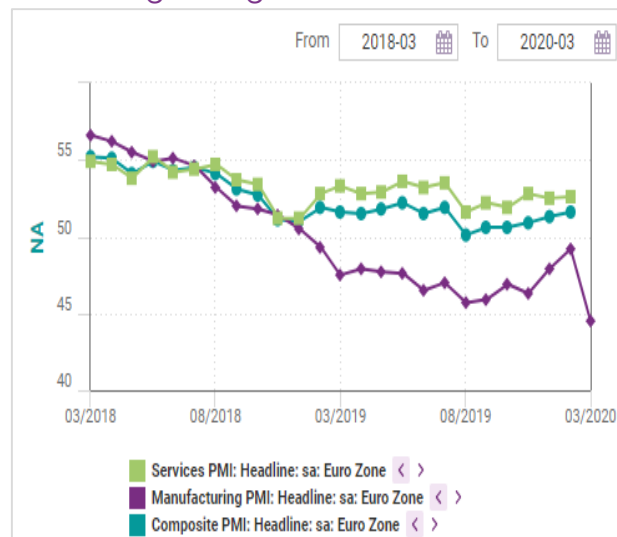
According to IMF projections, the economy of the eurozone will grow by 1.3% in 2020 and 1.4% in 2021. Economic growth in Germany is foreseen to accelerate to 1.1% in 2020 and 1.4% in 2021, whereas the French economy is expected to expand by 1.3% in 2020 and 2021.

CEIC Leading Indicator (Long-Term Trend = 100)



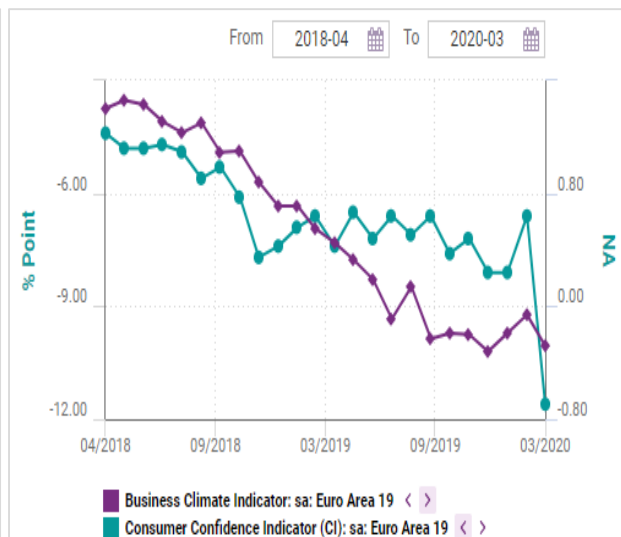
Source: CEIC Data

Purchasing Managers' Index



Source: CEIC Data

Consumer Confidence and Business Climate



Source: CEIC Data

Summary

The **seasonally adjusted growth** of the eurozone's economy stood at 1.03% y/y in Q4 2019. On a quarterly basis, the economy grew by a mere 0.1% q/q – the weakest reading since Q3 2013.

Industrial production shrunk by 3.26% y/y in December 2019, underpinned by a 7.31% y/y contraction of the mining sector and a 3.2% y/y decline in manufacturing. Industrial production growth remained in negative territory in Q4 which meant that it has contracted on an annual basis throughout the whole 2019.

Growth in **wholesale and retail trade** declined from 2.46% y/y in September 2019 to 1.3% y/y and 1.64% y/y in October and November respectively. In November, retail sales expanded by 2.36% y/y, while wholesale trade grew by a mere 0.17% y/y.

The **unemployment** rate inched downwards to 7.4% in October 2019 from 7.5% in September according to seasonally adjusted data. Among the eurozone's top economies, unemployment stood at 13.8%, 9.73% and 8.1% in Spain, Italy and France, respectively, in Q4.

Harmonized inflation trended upwards since November 2019 and reached 1.4% in January 2020. Core inflation posted a steep upward trend in Q4 from 1% in September to 1.3% in December, although it slipped in January to 1.1%.

In September 2019, the yield on **10-year government bonds** dropped to a record low monthly average of 0.05%. The return trended upwards in Q4 as it increased to 0.37% on average in December, before declining slightly to 0.32% on average in January.

The eurozone recorded a **trade surplus** of EUR 22.2bn in December 2019. Exports expanded by 1.54% y/y to EUR 196.7bn in December, underpinned by a 9.7% y/y growth of exports to China. Imports contracted by 2.15% y/y to EUR 174.5bn in the same period on the back of a 0.68% y/y contraction in imports from the US.

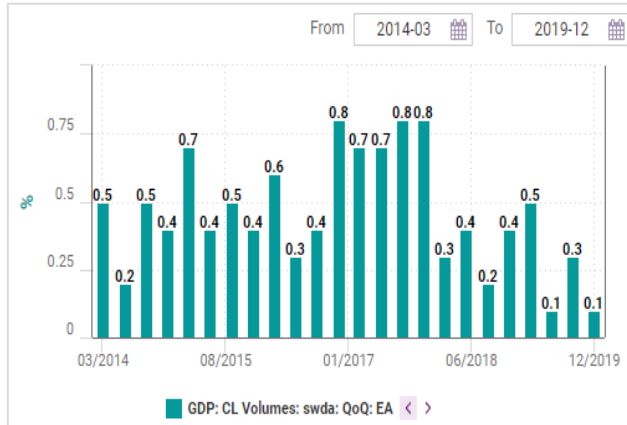
The **current account surplus** expanded by 20.44% y/y to EUR 32.4bn in November 2019. As a fraction of GDP, the current surplus surged to 3.96% in Q3 from 1.39% in Q2.

EA Economy: Statistics at a Glance

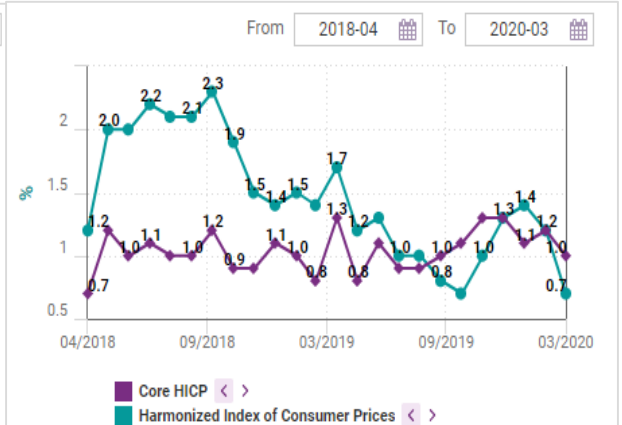
	Unit	03/2020	02/2020	01/2020	12/2019	11/2019	10/2019
Industrial Production Index: YoY	%			-1.81	-3.26	-1.63	-1.99
Consumer Price Index: YoY	%	0.70	1.20	1.40	1.30	1.00	0.70
PPI: YoY	%			-0.29	-0.29	-1.15	-1.53
Imports: YoY	%			0.63	-2.15	-1.15	-2.86
Exports: YoY	%			0.60	1.55	1.19	3.79
Unemployment Rate	%		7.30	7.40	7.40	7.40	7.40
Wholesale & Retail Index: YoY	%				3.08	1.64	1.30
Wages & Salaries Index	%				2.35		
Money Supply: M2: YoY	%		5.94	5.69	5.83	6.28	6.15
Government Bond Yield: Monthly Average: Euro: 10 Years	% pa	0.38	0.14	0.32	0.37	0.31	0.14
Policy Rate	% pa	0.00	0.00	0.00	0.00	0.00	0.00
Direct Investment	EUR bn			20.51	-36.01	-21.91	64.47
Current Account	EUR bn			8.68	51.19	35.17	42.91

Source: CEIC Data

Real GDP Growth: QoQ



Headline and Core Inflation





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Real Sector



Real Sector

The economy of the Euro Area softened in Q4 2019 as seasonally adjusted real GDP growth declined to 1.03% y/y from 1.3% y/y in the previous quarter. On a quarterly basis, the economy grew by just 0.1% q/q in Q4. The growth of both household consumption and government expenditure slipped in Q4 to 1.22% y/y and 1.77% y/y, respectively. Imports grew more than exports in Q4, by 3.82% y/y and 2.03% y/y, respectively, contributing to the overall growth slowdown. The only positive result came from fixed investment which expanded by 6.29% y/y in Q4.

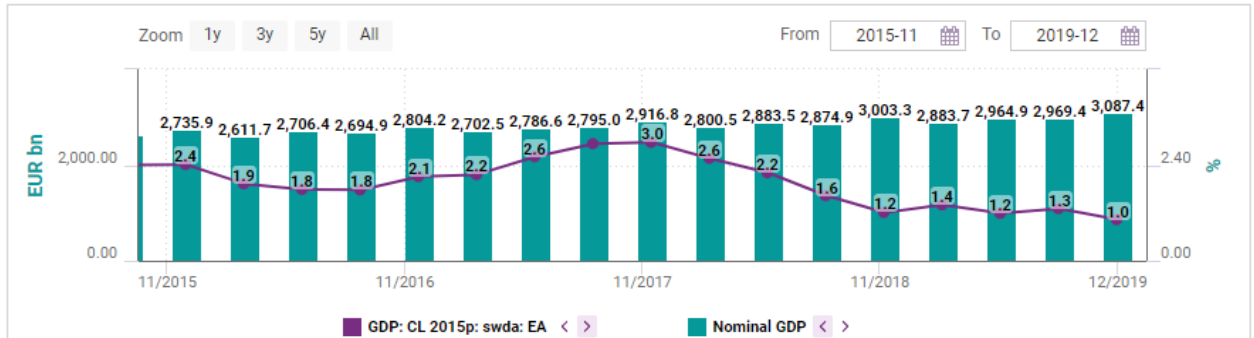
Growth in wholesale and retail sales declined from 2.46% y/y in September 2019 to 1.3% y/y in October and 1.56% y/y in November. In volume terms, retail sales growth declined from 2.24% y/y in November to 1.41% y/y in December. Retail sales growth in Spain trended downwards from 3.5% y/y in September to 1.7% y/y in December. German retail sales growth fluctuated in Q4 and ended 2019 at 1.21% y/y, while in Italy retail sales grew by 1.58% y/y in December.

Industrial production growth remained in negative territory in Q4 which meant that it has contracted on an annual basis throughout the whole 2019. The eurozone's industrial production growth stood at -1.99% y/y and -1.63% y/y in October and November, respectively, before plunging to a 2019 low of -3.26% y/y in December. Among the IPI's components, the mining industry contracted by 7.31% y/y in December while the manufacturing sector shrunk by 3.24% y/y in the same period. Capital goods' production contracted by 4.73% y/y in December and has declined on an annual basis in all eight preceding months. The growth of consumer goods production remained sluggish at 2.32% y/y in December.

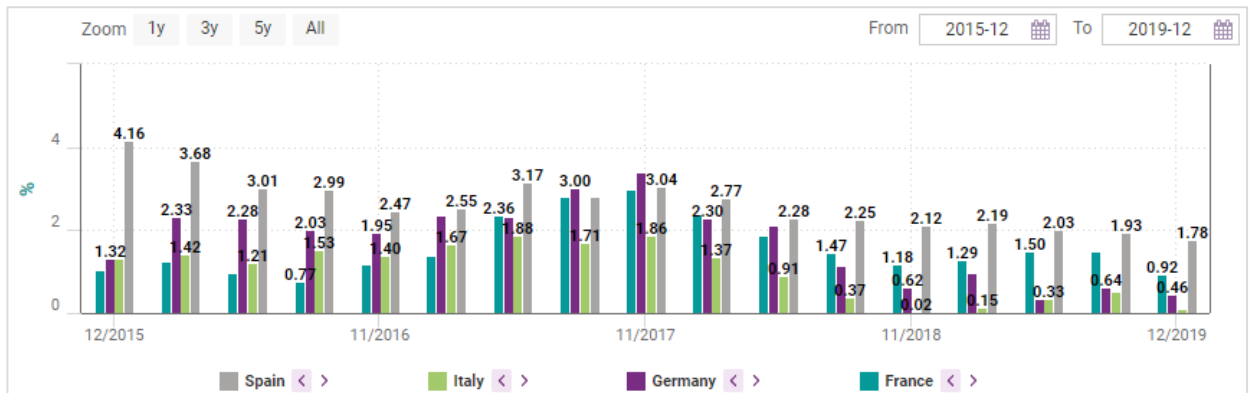
Construction production growth declined in Q3 to 0.37% y/y in September 2019 but rebounded in October and rose further in November to 1.67% y/y. Housing prices' growth remained robust at 4.15% y/y in Q3 2019.

The labour market remained strong as the seasonally adjusted unemployment rate inched downwards to 7.4% in October 2019 from 7.5% in September. The decrease came on the back of a 10-bp decrease in the unemployment rate of people aged 15-24 from 15.7% in September to 15.6% in December. The unemployment rate among people aged 25 and above declined by 10 bp to 6.7% in October and has remained at this level. Among the eurozone's top economies, unemployment stood at 13.8%, 9.78% and 8.1% in Spain, Italy and France, respectively, in Q4.

GDP: Real Growth and Nominal



Real GDP Growth: Top 4 Economies

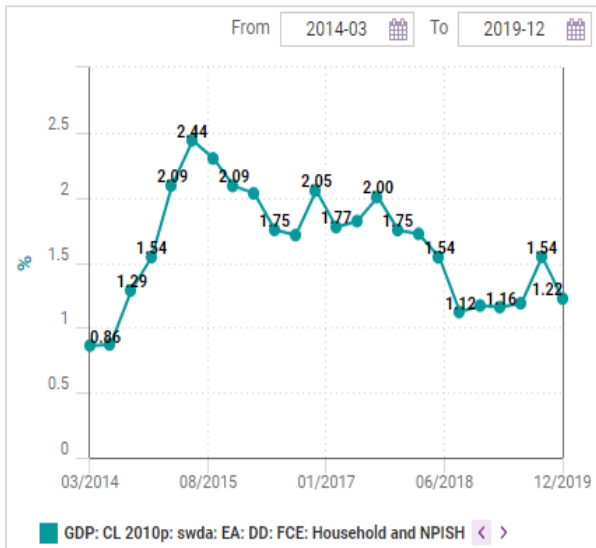


GDP by Expenditure

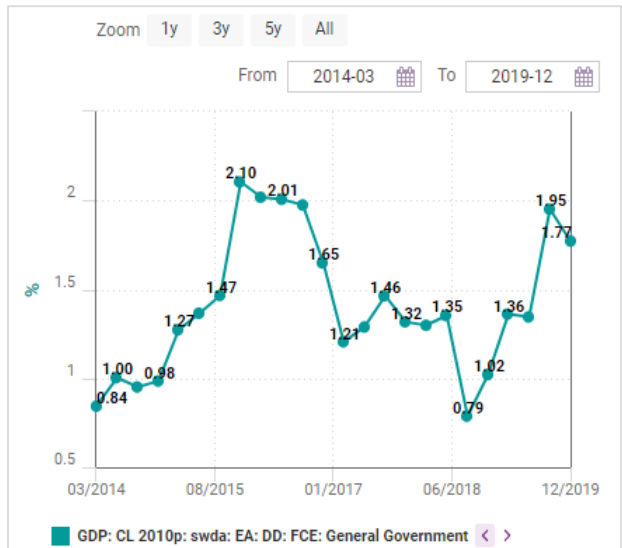
	Unit	12/2019	09/2019	06/2019	03/2019	12/2018	09/2018
GDP: CL 2010p: swda: EA	EUR bn	2683.88	2680.82	2672.56	2668.62	2656.52	2646.29
Domestic Demand (DD)	EUR bn	2597.53	2573.42	2589.49	2554.36	2551.30	2542.35
DD: Final Consumption Expenditure (FCE)	EUR bn	2001.11	1997.56	1987.38	1981.99	1973.98	1965.01
DD: FCE: General Government	EUR bn	558.64	556.72	553.67	551.27	548.91	546.07
DD: FCE: Household and NPISH	EUR bn	1442.51	1440.86	1433.74	1430.74	1425.08	1418.95
DD: Gross Capital Formation (GCF)	EUR bn	596.76	576.26	602.42	572.76	577.72	577.76
DD: GCF: Gross Fixed Capital Formation	EUR bn	596.23	572.15	594.52	566.03	560.93	554.43
Exports	EUR bn	1341.14	1335.53	1327.21	1326.62	1314.37	1300.93
Exports: Goods	EUR bn	978.10	974.72	968.14	973.13	964.81	955.86
Exports: Services	EUR bn	362.63	360.43	358.68	353.38	349.50	345.06
Imports	EUR bn	1255.88	1228.57	1245.26	1212.57	1209.67	1197.41
Imports: Goods	EUR bn	902.47	901.59	899.63	896.30	895.58	887.18
Imports: Services	EUR bn	353.10	327.92	345.64	317.63	315.50	311.68

Source: CEIC Data

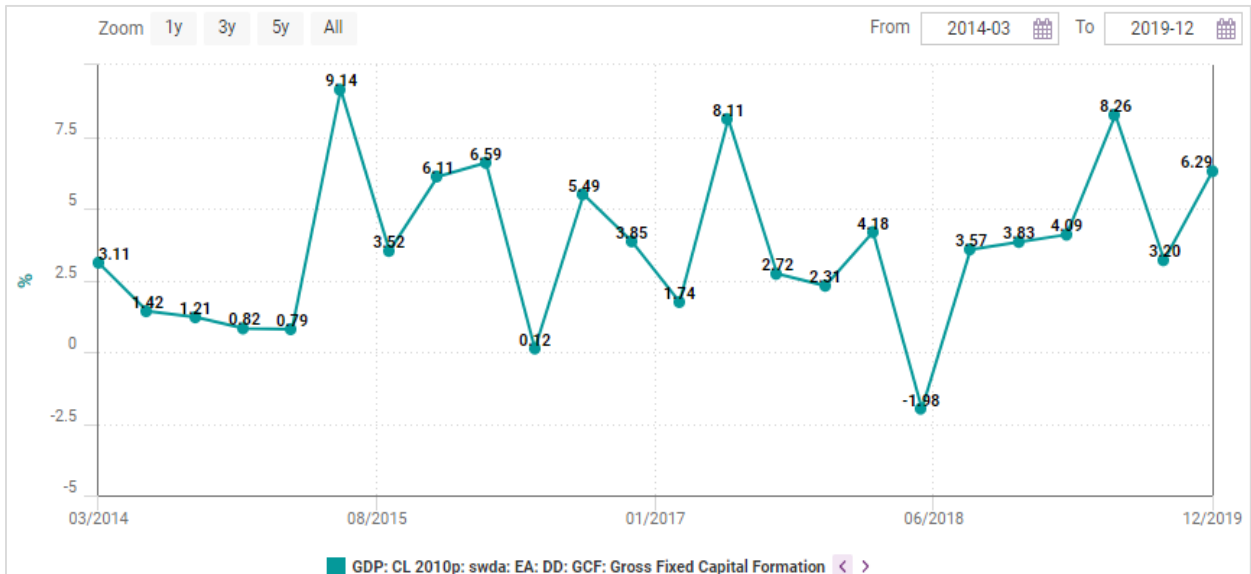
Households and NPISH: Consumption Expenditure: YoY



General Government: Consumption Expenditure: YoY

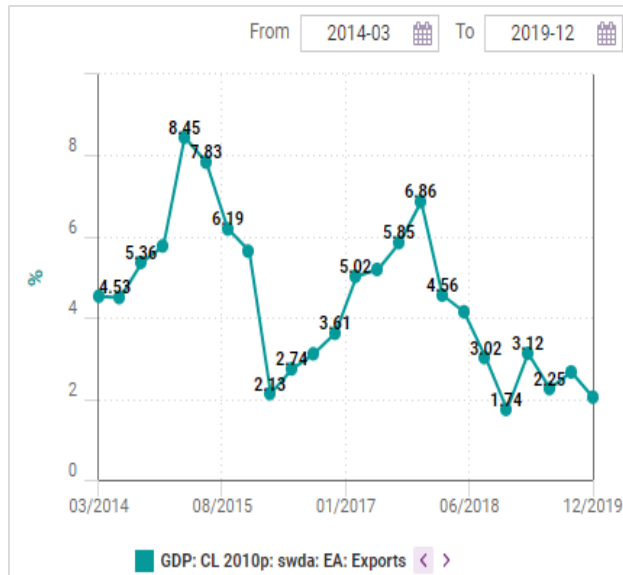


Fixed Investment: YoY

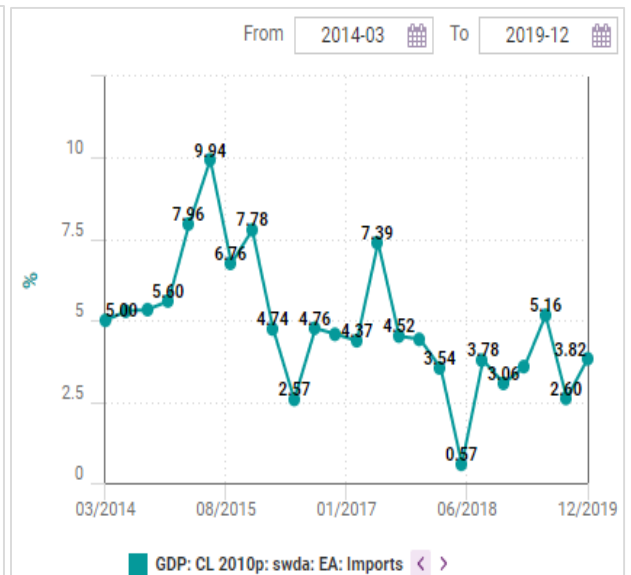


Source: CEIC Data

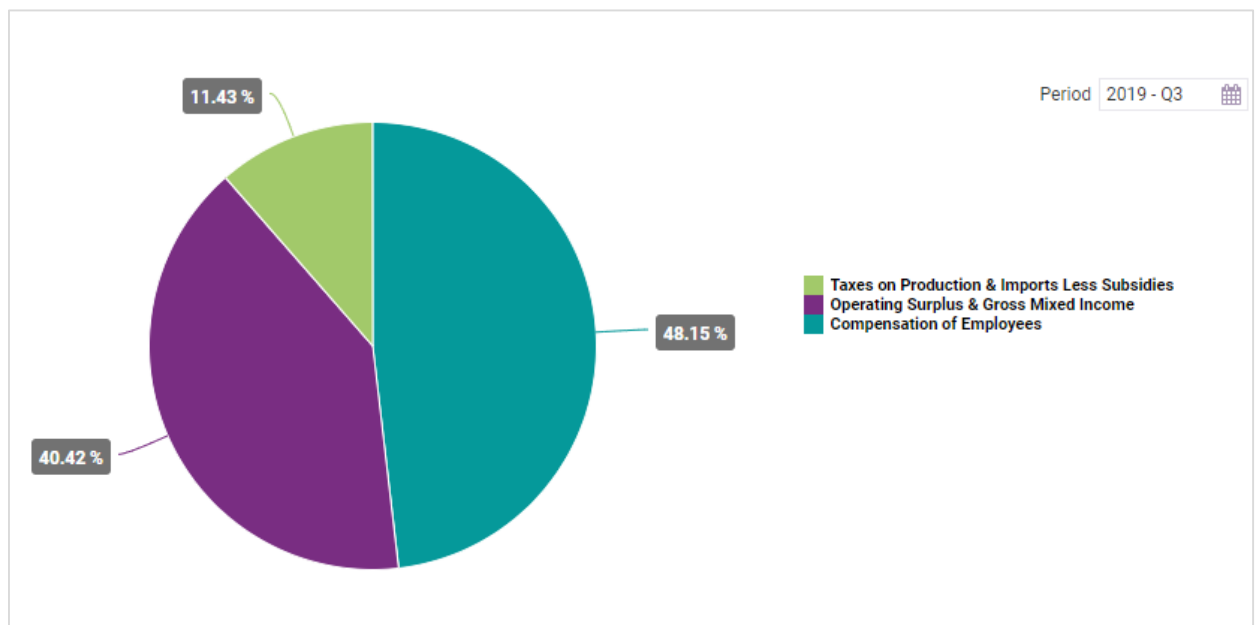
Exports of Goods and Services: YoY



Imports of Goods and Services: YoY

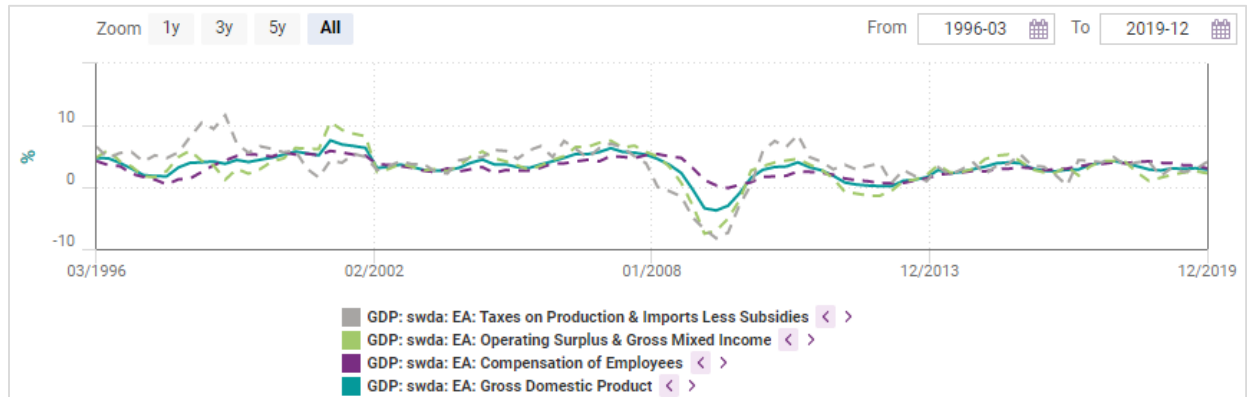


GDP: by Income

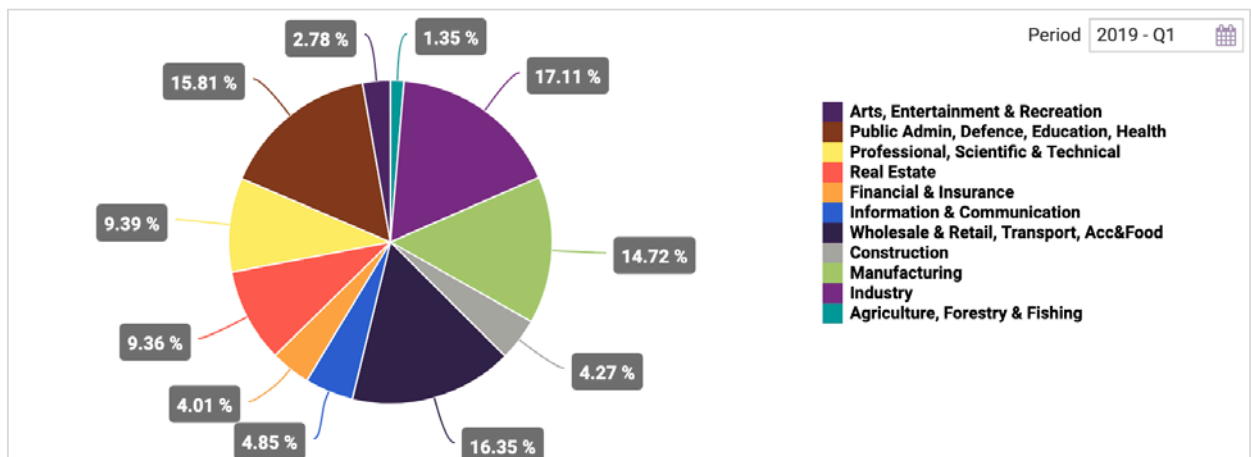


Source: CEIC Data

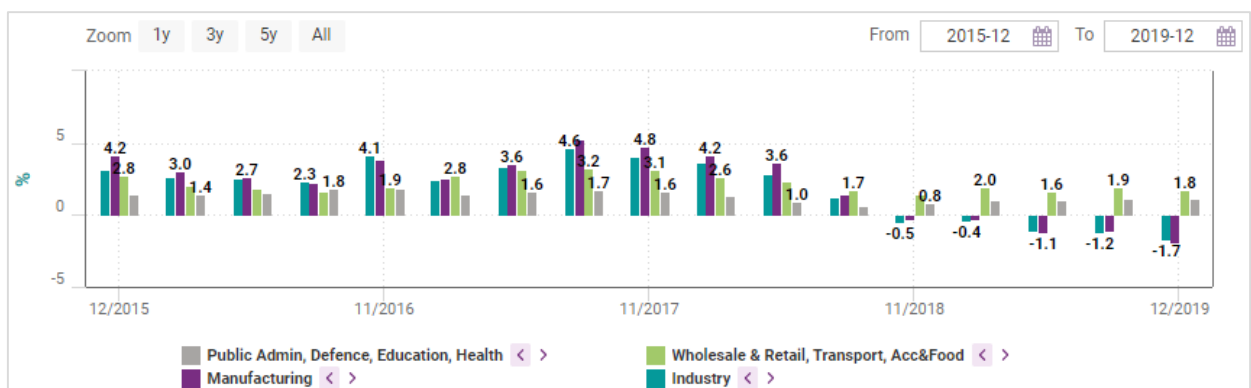
GDP by Income: YoY



Gross Value Added: by Industry

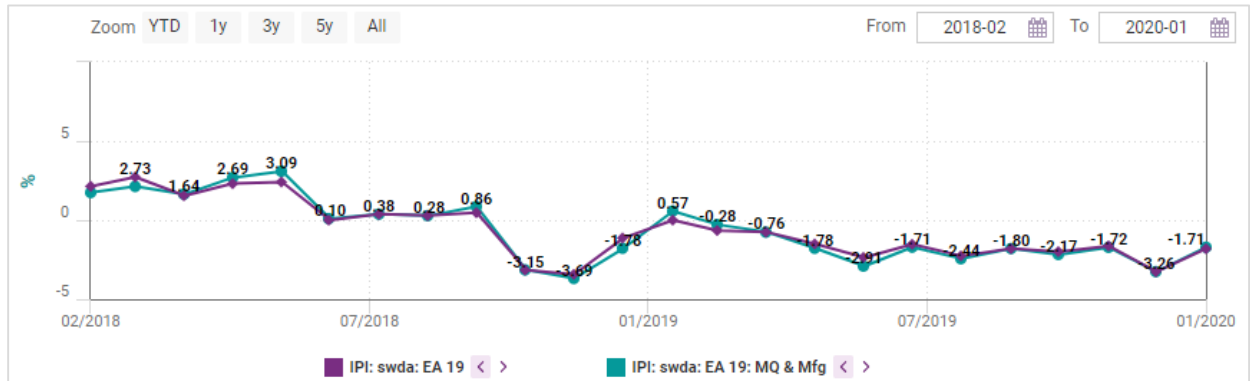


GVA Growth: Major Industries

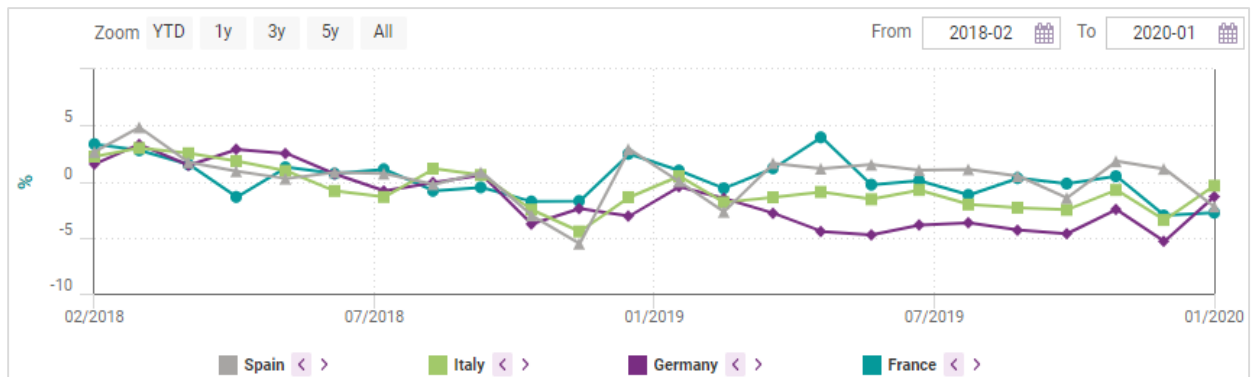


Source: CEIC Data

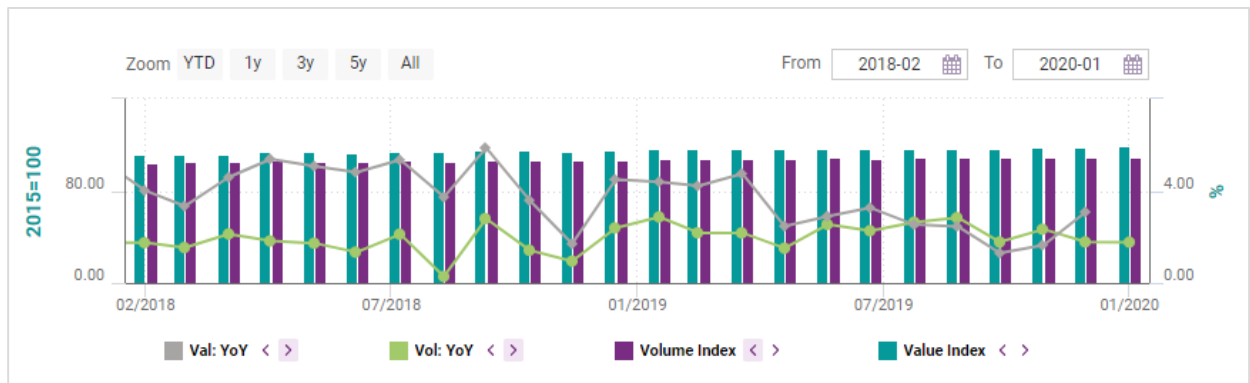
Industrial Production Index: YoY



IPI: Top 4 Economies

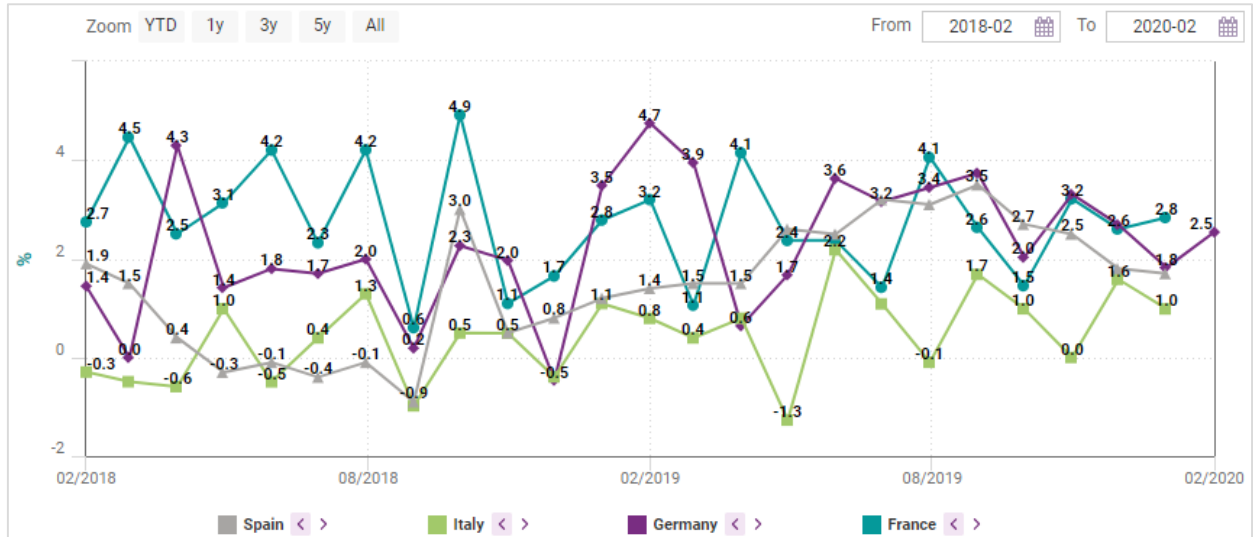


Wholesale and Retail Trade Index: Volume and Value

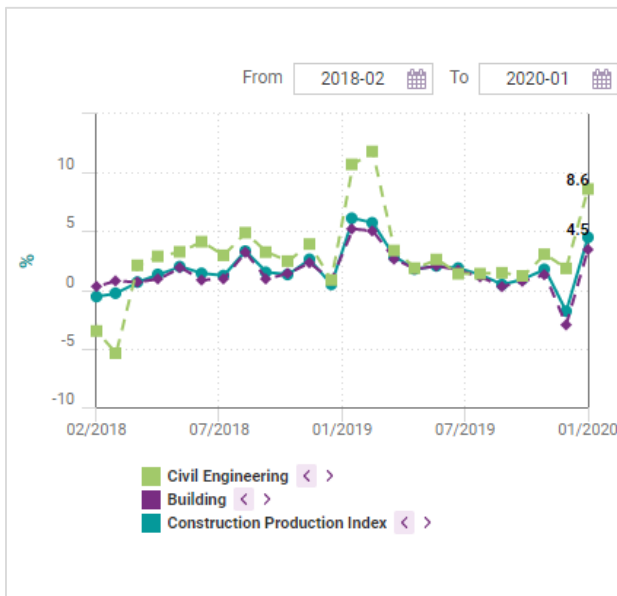


Source: CEIC Data

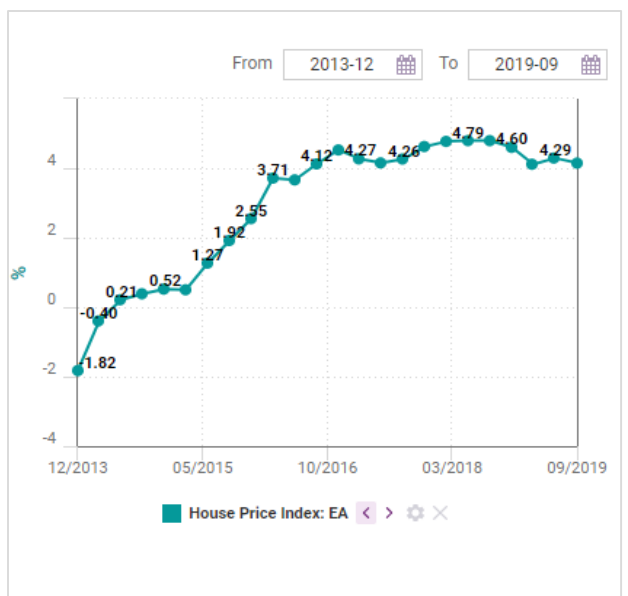
Retail Sales: Top 4 Economies



Construction Production Index: YoY

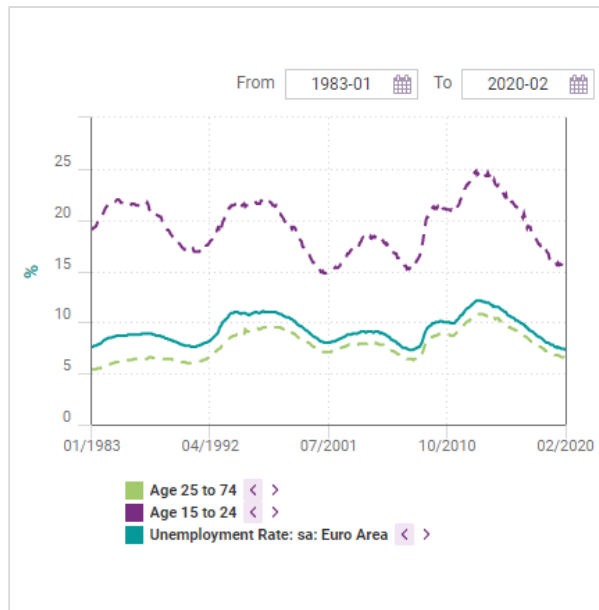


House Price Index: YoY

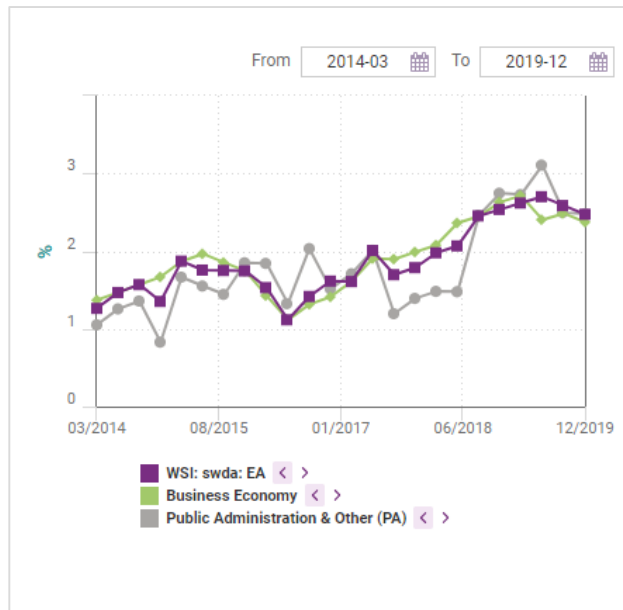


Source: CEIC Data

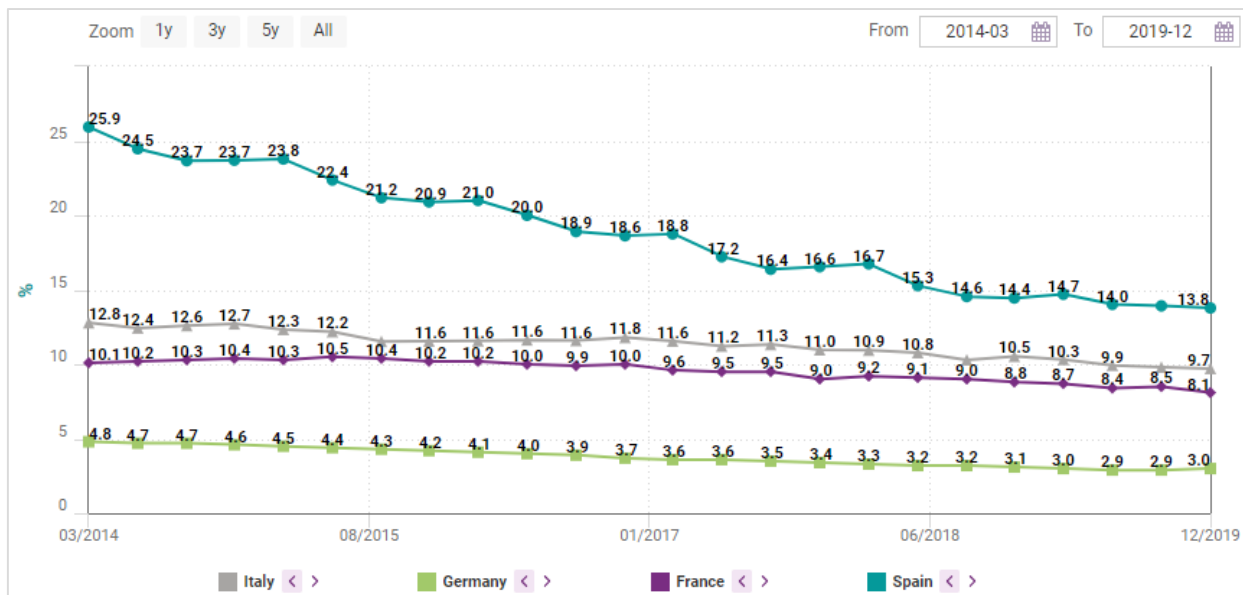
Unemployment Rate



Wages and Salaries Index: YoY



Unemployment Rate: Top 4 Economies



Source: CEIC Data



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Monetary & Financial Sector



Monetary & Financial Sector

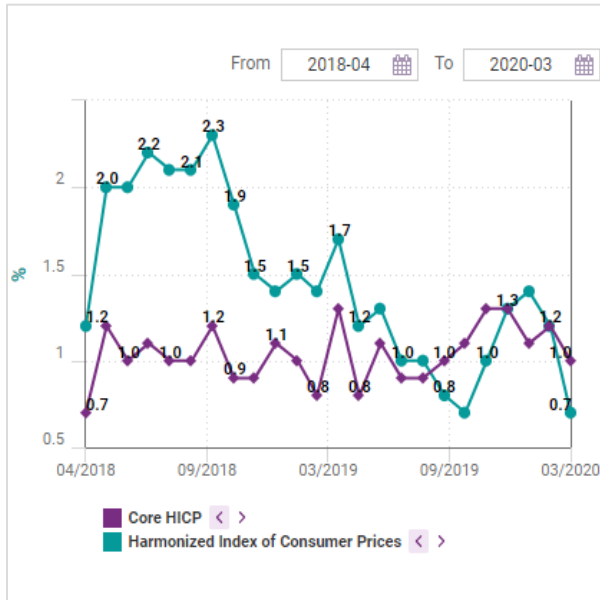
Inflation in the Euro Area slipped to an almost three-year low of 0.7% in October 2019, way below the 2% target of the ECB. In the following months, however, inflation picked up and reached 1.4% in January 2020. Analysts argue that the acceleration comes because of the new cycle of quantitative easing (QE) which former ECB chief Mario Draghi initiated at his last policy meeting in September 2019. Under the QE programme the ECB committed to purchase EUR 20bn worth of assets each month. Additionally, central bankers decided to cut the main rate on deposits to -0.5% from -0.4%, which provided further impetus to inflation growth. Core inflation posted a steep upward trend in Q4 from 1% in September to 1.3% in December, though it slipped in January to 1.1%. Inflation of food products rose to 1.75% in December providing a boost to general CPI growth. Inflation in transport activities increased to 1.87% in December from just 0.01% in September.

In Q4 2019, inflation among all top four economies of the Euro Area trended upwards. Inflation in Spain surpassed that of Italy, standing at 0.8% and 0.49% respectively in December. German inflation stood marginally above that of France, at 1.53% and 1.46%, respectively, in the same period. That was not the case with producer prices, which either grew insignificantly or contracted in Q4. The German PPI entered negative territory in September and remained there in the following three months, standing at -0.19% y/y in December. After six consecutive negative readings, PPI growth in France picked up to 0.39% y/y in December. The PPI in both Spain and Italy contracted throughout the whole H2 2019 and it declined by 1.9% y/y and 2.1% y/y, respectively in December.

The official reserve assets in the eurozone increased by 13.15% y/y to EUR 813.6bn in December 2019. The growth was mainly driven by a 10.19% y/y rise in securities to EUR 223.4bn in December and a 20.77% y/y surge in gold reserves to EUR 469.1bn in the same period.

The euro remained stable against the US dollar in Q4 2019 as it stood at 0.9 EUR/USD. European equities saw a strong Q4 as the Dow Jones Euro Stoxx index rose to 403.9 points in December from 384.2 points in September. In January, the index slipped to 396.6 points. The equity markets in all four top eurozone economies trended upwards in Q4 but declined slightly in January 2020.

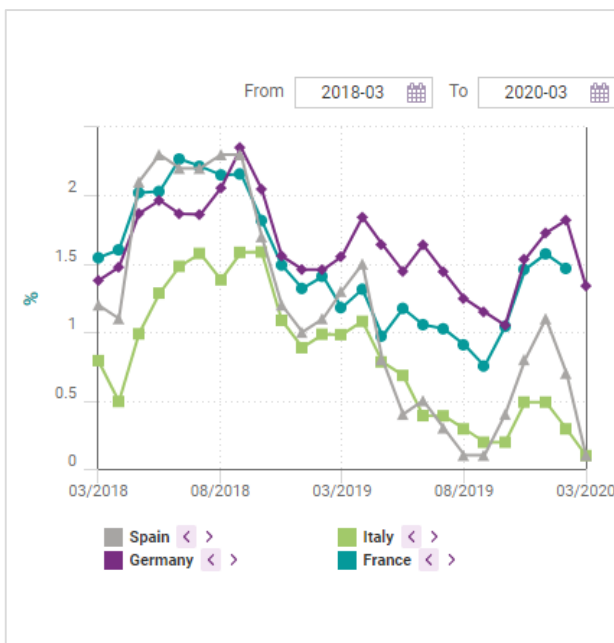
Headline and Core Inflation



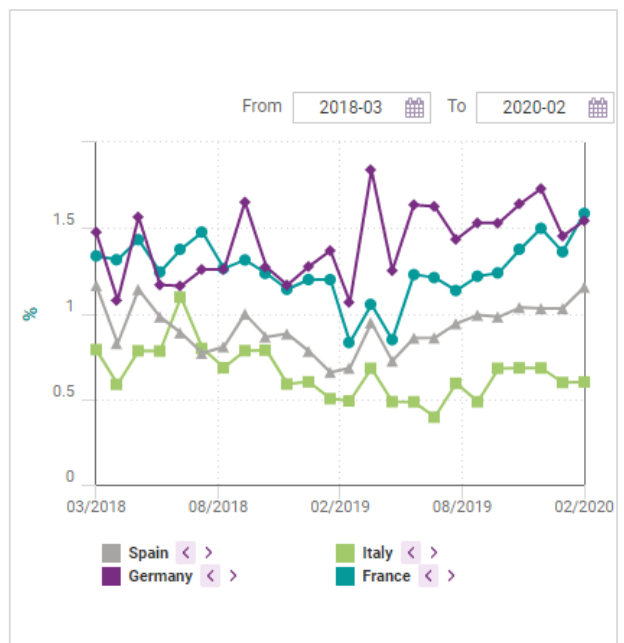
Harmonised Index of Consumer Prices



CPI: Top 4 Economies

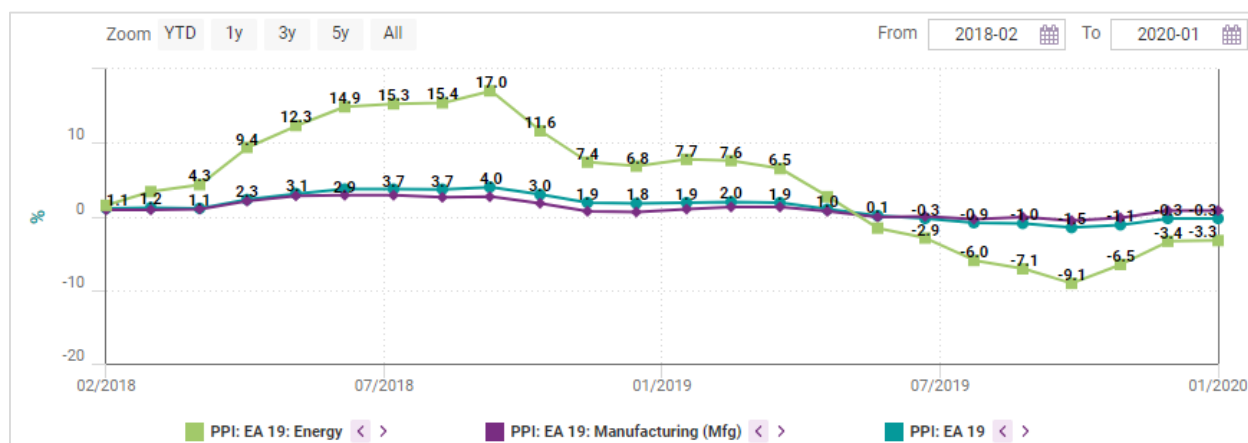


Core CPI: Top 4 Economies



Source: CEIC Data

Producer Price Index: EA 19

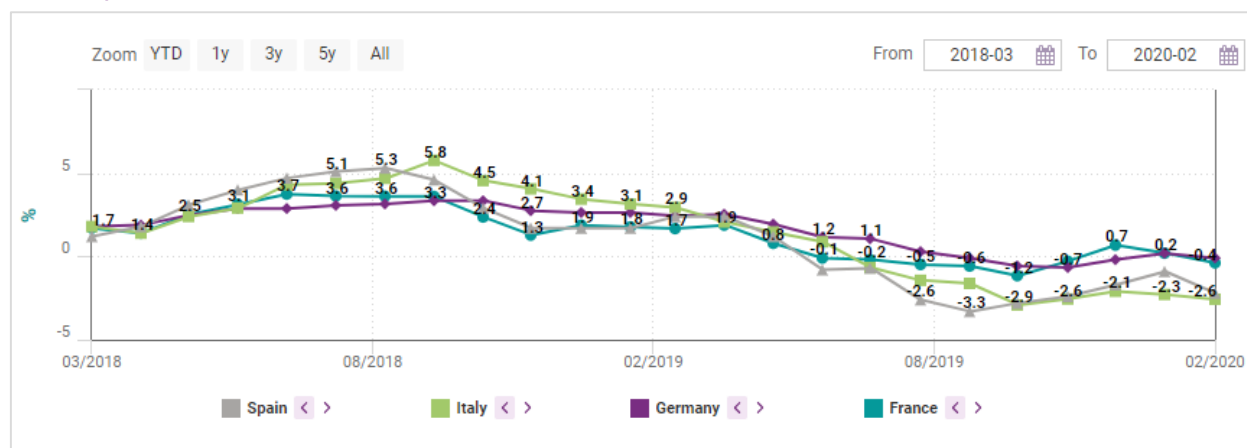


Harmonised Consumer Price Index

	Unit	03/2020	02/2020	01/2020	12/2019	11/2019	10/2019
Harmonised Consumer Price Index: Euro Area	%	0.74	1.22	1.36	1.33	0.96	0.73
Food & Non-Alcoholic	%		1.80	1.69	1.66	1.54	1.21
Alcoholic, Tobacco & Narcotics	%		3.26	3.54	3.42	3.43	2.77
Housing, Water, Electricity, Gas & Other Fuels	%		0.18	0.57	0.66	0.15	0.41
Communications	%		-1.13	-1.42	-1.42	-1.32	-1.52
Restaurants & Hotels	%		2.02	1.98	2.00	1.87	1.96
MS: Insurance	%		1.77	1.64	1.94	1.97	2.10
Services	%	1.28	1.61	1.53	1.80	1.85	1.54
All Items: excl Energy & Seasonal Food	%		1.38	1.29	1.44	1.43	1.21
Clothing & Footwear	%		0.92	0.33	0.90	0.70	0.64
Furnishings, Household Equipment	%		0.72	0.45	0.55	0.52	0.46
Health	%		0.69	0.68	0.81	0.73	0.71
Transport	%		1.81	3.00	1.87	0.01	-0.19
Recreation & Culture	%		0.37	-0.01	1.10	1.61	-0.14
Education	%		0.44	0.45	0.92	0.98	0.98
Miscellaneous Goods & Services	%		1.71	1.62	1.68	1.63	1.68
Goods excl Services	%		0.91	1.22	0.95	0.26	0.08

Source: CEIC Data

PPI: Top 4 Economies

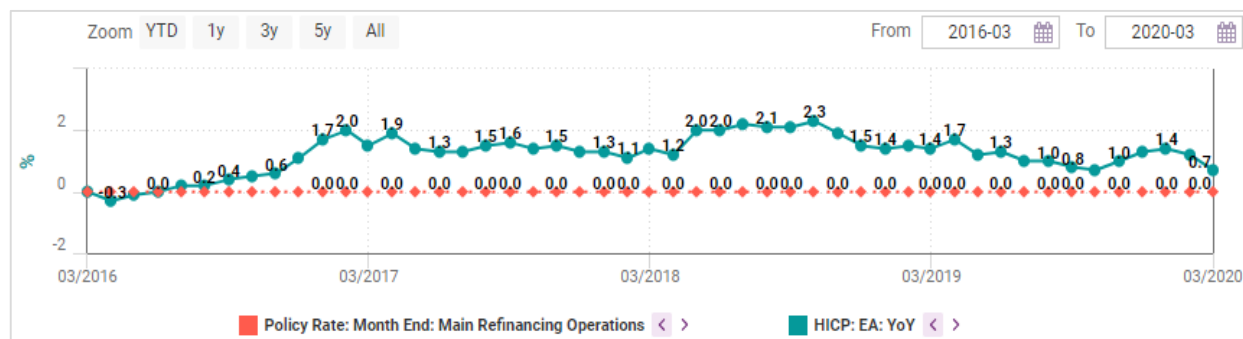


Producer Price Index: EA

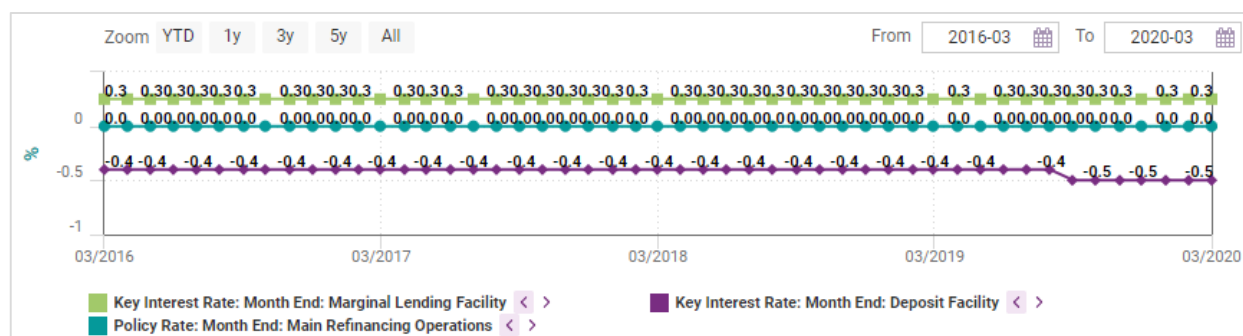
	Unit	01/2020	12/2019	11/2019	10/2019	09/2019	08/2019
PPI: EA 19	%	-0.29	-0.29	-1.15	-1.53	-0.96	-0.87
Industry: excl Construction	%	-0.38	-0.19	-1.05	-1.43	-0.86	-0.77
MQ & Mfg	%	0.78	0.58	-0.29	-0.77	-0.38	-0.39
Mining & Quarrying (MQ)	%	-10.99	-11.32	-14.53	-17.71	-17.64	-15.55
Manufacturing (Mfg)	%	0.78	0.78	-0.19	-0.58	-0.10	-0.39
Electricity, Gas & Air Conditioning Supply (EA)	%	-7.65	-6.84	-6.08	-6.76	-5.51	-3.61
Intermediate Goods	%	-1.15	-1.24	-1.53	-1.14	-0.67	-0.76
Energy	%	-3.28	-3.38	-6.53	-9.10	-7.12	-5.99
Capital Goods	%	0.88	1.08	1.18	0.89	1.18	0.78
Consumer Goods	%	1.88	1.78	1.49	1.29	1.19	0.89
Consumer Durables	%	0.98	0.98	0.98	1.18	1.18	0.98
Consumer Non Durables	%	1.98	1.88	1.59	1.39	1.19	0.79

Source: CEIC Data

Policy Rate and Inflation



Key Rates

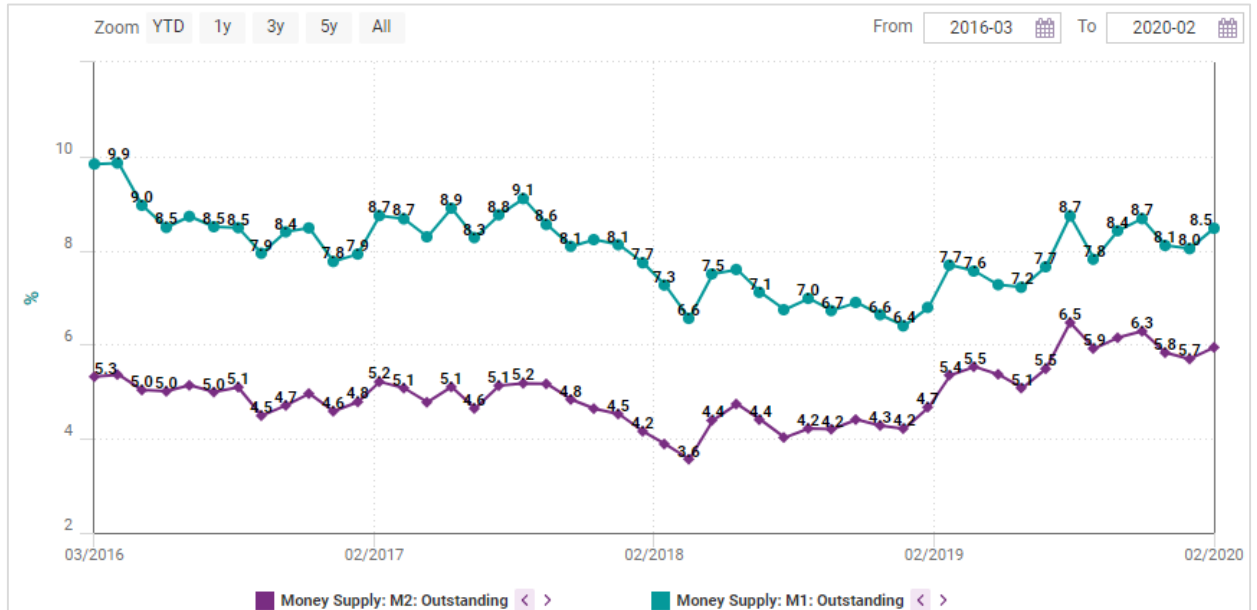


Key Rates

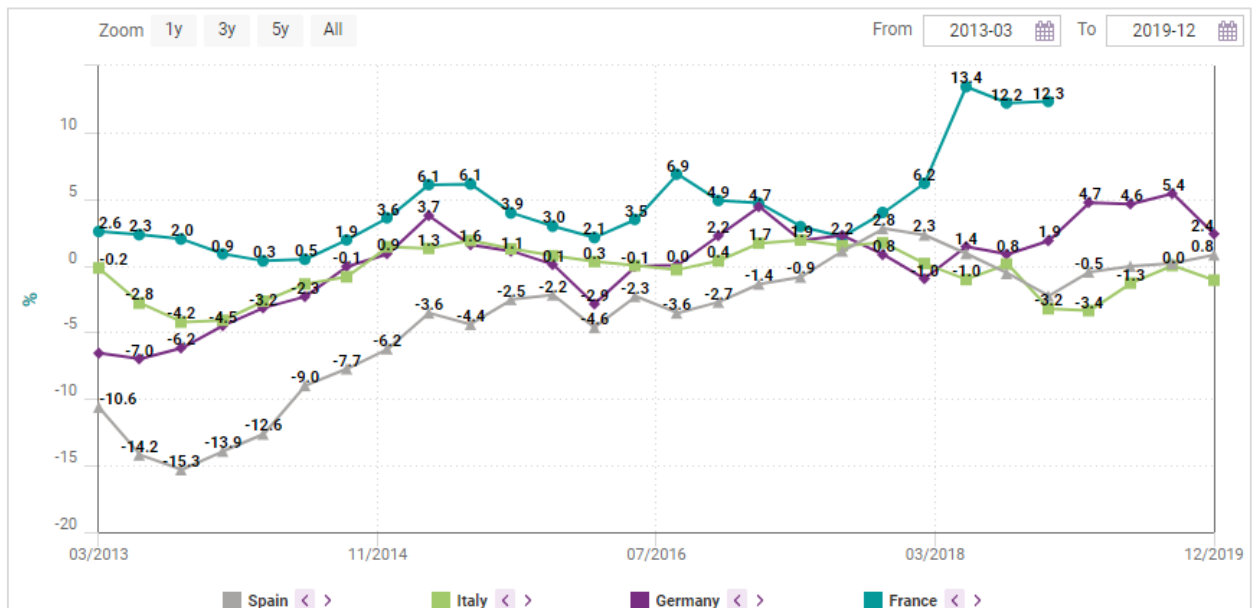
	Unit	03/2020	02/2020	01/2020	12/2019	11/2019	10/2019
Policy Rate: Month End: Main Refinancing Operations	% pa	0.00	0.00	0.00	0.00	0.00	0.00
Key Interest Rate: Month End: Deposit Facility	% pa	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
Key Interest Rate: Month End: Marginal Lending Facility	% pa	0.25	0.25	0.25	0.25	0.25	0.25
RRR: Reserve Coefficient: OvernightDeposit, Deposit, Debt Sec, MMPaper	%	1.00	1.00	1.00	1.00	1.00	1.00
MFI: Lending Rate: NB: HH: Consumer Credit (CC): Fixation: Total	% pa		5.56	5.68	5.30	5.51	5.58
MFI: Lending Rate: NB: HH: House Purchase (HP): Fixation: Total	% pa		1.39	1.42	1.42	1.51	1.43
Euro Index Average (EONIA): Overnight	% pa	-0.44	-0.46	-0.45	-0.45	-0.45	-0.46
Short Term Interest Rate: Month End: EURIBOR: 3 Months	% pa	-0.36	-0.42	-0.39	-0.38	-0.40	-0.39
Euro Interbank Rate: Month Average: Overnight: Euro Area	% pa	-0.45	-0.45	-0.45	-0.46	-0.45	-0.46

Source: CEIC Data

Money Supply: YoY Growth



Total Loans Growth: Top 4 Economies



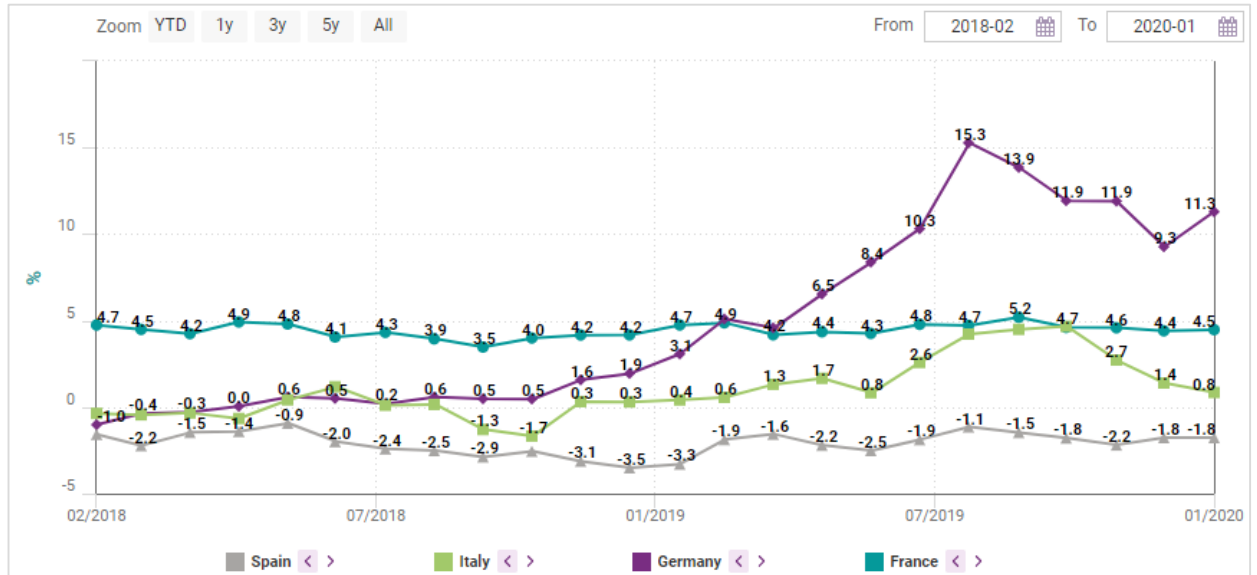
Source: CEIC Data

Eurosystem: Reserve and Foreign Assets

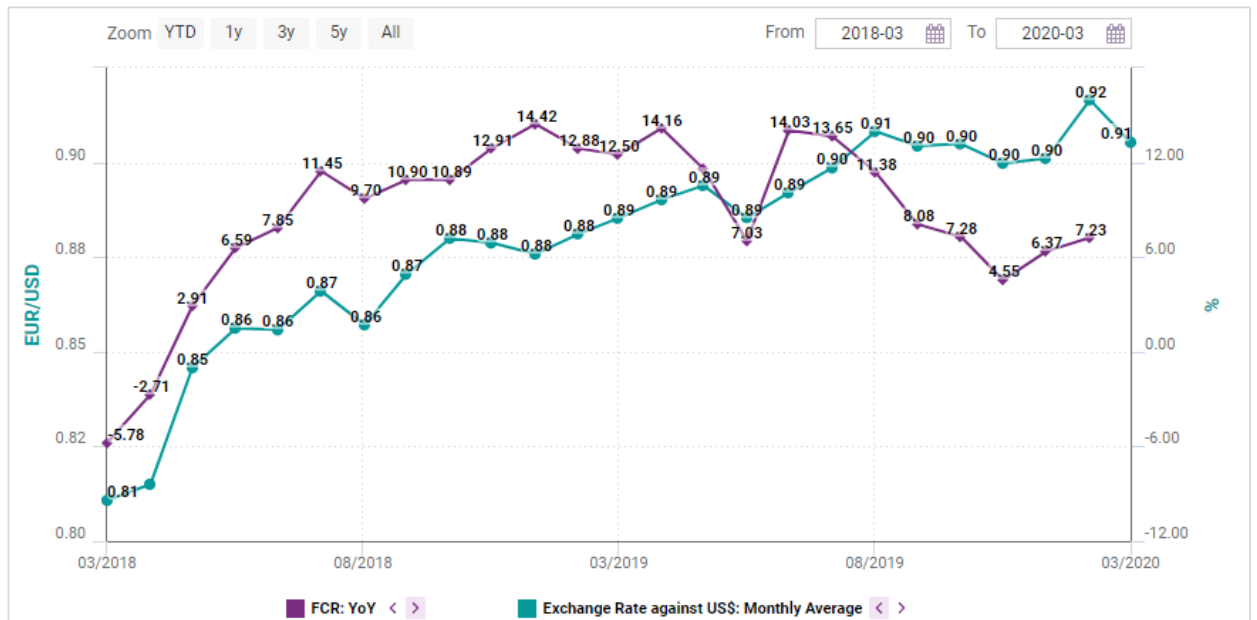
	Unit	02/2020	01/2020	12/2019	11/2019	10/2019	09/2019
Official Reserve Assets (ORA)	EUR bn	864.59	846.82	813.57	808.04	816.51	827.00
ORA: ow Include Financial Derivatives	EUR bn	269.98	267.08	263.69	267.65	266.85	272.12
ORA: Foreign Currency Reserves (FCR)	%	7.23	6.37	4.55	7.28	8.08	11.38
ORA: FCR: Securities	EUR bn	225.41	223.22	223.40	230.56	226.89	226.91
ORA: FCR: Securities: ow Issuer Headquartered in EA	EUR bn	0.13	0.17	0.17	0.17	0.17	0.14
ORA: FCR: Total Currency & Deposits with (CD)	EUR bn	44.77	44.41	41.28	38.19	40.99	45.72
ORA: FCR: CD: Other National Central Banks, BIS & IMF	EUR bn	30.40	30.63	30.92	27.79	29.50	37.68
ORA: FCR: CD: Banks	EUR bn	14.37	13.78	10.35	10.40	11.49	8.04
ORA: FCR: CD: Banks: HQ in Euro Area & Located Abroad	EUR bn	3.85	3.05	1.46	2.22	2.23	0.56
ORA: FCR: CD: Banks: HQ & Located Outside Euro Area	EUR bn	10.52	10.73	8.90	8.18	9.27	7.48
ORA: IMF Reserve Position	EUR bn	24.13	24.57	24.35	24.57	25.17	25.52
ORA: SDR	EUR bn	54.18	53.96	53.41	53.93	53.40	53.96
ORA: Gold Including Gold Deposits & Gold Swapped	EUR bn	511.71	495.73	469.14	458.55	468.25	472.46
ORA: Gold Including Gold Deposits & Gold Swapped: Volume	Unit mn	346.40	346.46	346.46	346.46	346.46	346.46
ORA: Other Claim	EUR bn	4.39	4.94	1.99	2.25	1.80	2.42
ORA: Other Claim: excl Financial Derivatives	EUR bn	4.53	5.47	2.93	3.30	2.83	2.92
ORA: Other Claim: Financial Derivatives	EUR bn	-0.21	-0.54	-0.98	-1.11	-1.04	-0.51
ORA: Other Claim: Other	EUR bn	0.06	0.02	0.04	0.06	0.01	0.02
Other Foreign Currency Assets (FC)	EUR bn	17.91	16.29	20.12	18.16	17.10	19.06
FC: Securities Not Included in Office Reserve Assets	EUR bn	7.17	7.21	6.87	7.12	7.08	7.12
FC: Deposits Not Included in Office Reserve Assets	EUR bn	10.88	9.19	13.21	11.16	10.07	12.30
FC: Loans Not Included in Office Reserve Assets	EUR bn	0.02	0.02	0.02	0.05	0.02	0.02
FC: Financial Not Included in Office Reserve Assets	EUR bn	-0.17	-0.14	-0.01	-0.19	-0.10	-0.40
FC: Other	EUR bn	0.02	0.02	0.02	0.02	0.02	0.02

Source: CEIC Data

Domestic Credit Growth: Top 4 Economies

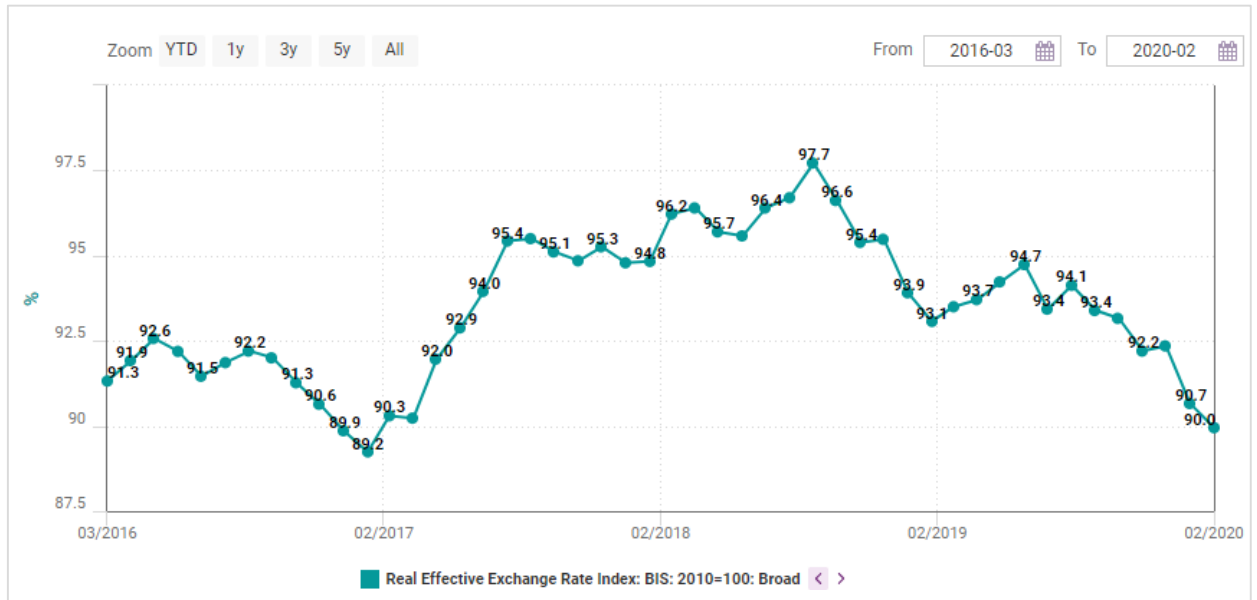


FX Rate and Foreign Currency Reserves Growth

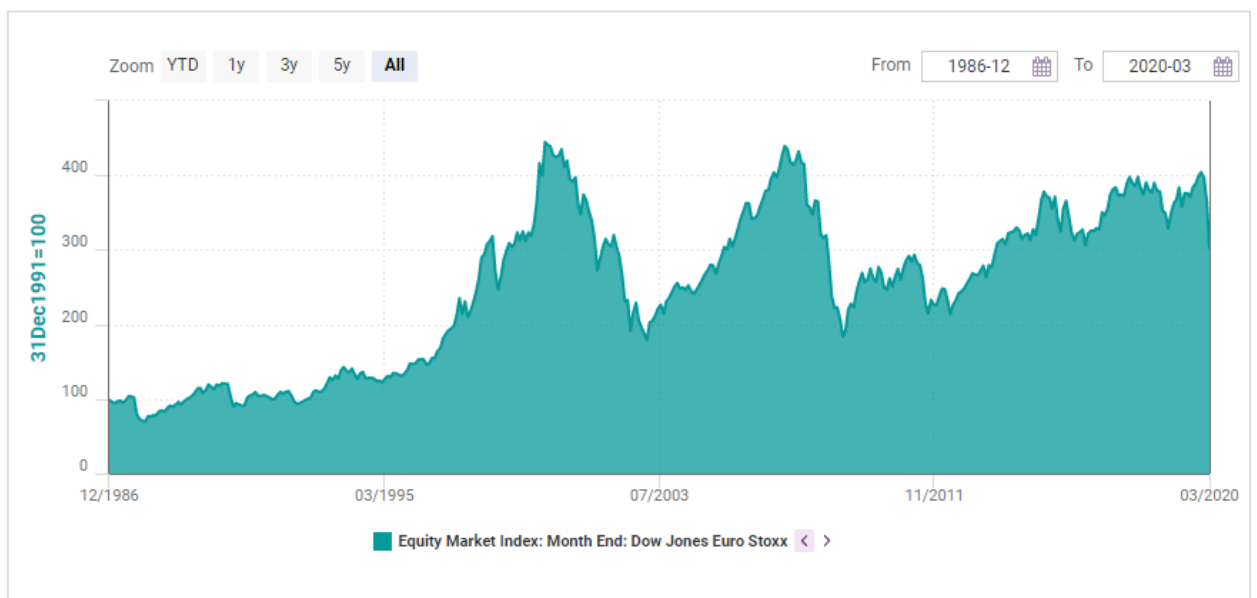


Source: CEIC Data

Real Effective Exchange Rate Index: BIS: 2010=100: Broad



Equity Market Index: Month End: Dow Jones Euro Stoxx



Source: CEIC Data



In, On and For Emerging Markets

Euro Area Economy in a Snapshot, Q1 2020

A CEIC Insights Report



Fiscal Sector



Fiscal Sector

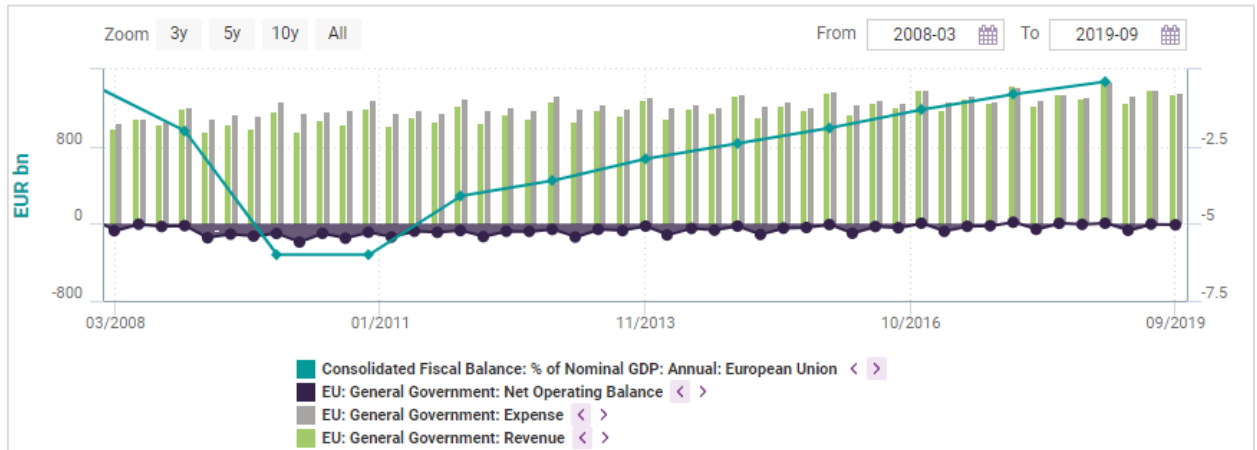
Germany's consolidated fiscal surplus stood at 1.46% of GDP in Q3 2019, declining for four consecutive quarters. Italy's fiscal deficit recorded no significant changes as it slipped marginally to 2.09% of GDP in Q3 from 2.07% of GDP in Q2 2019. According to seasonally adjusted data, France's fiscal deficit narrowed to 2.65% of GDP in Q3 from 2.77% in Q2. However, it widened on an annual basis from 2.52% of GDP in Q3 2018. Spain kept running the largest fiscal deficit among the eurozone's top economies as it stood at 2.78% of GDP in Q3, slightly lower than its Q2 reading of 2.86% of GDP.

On March 23, 2020, the European Council announced a decision made by the finance ministers of the member states to allow a temporary increase of government spending across the EU to counter the adverse effects of the COVID-19 pandemic. Consequently, in the short term member states will not be obliged to comply with the rules of the Stability and Growth Pact regarding excess budget deficits and public debt levels.

Gross debt in the Euro Area grew by 1.64% y/y in Q3 2019. The growth of central government debt slipped to 1.7% y/y in Q3 from 2.42% y/y in Q2, although state government debt growth surged to 3.03% y/y in Q3 from 1.81% y/y in Q2. Italy remains the most indebted country with a government debt of 137.3% of GDP in Q3. France's government debt inched up to 100.4% of GDP in Q3 from 99.5% of GDP in Q2, whereas Spanish government debt declined marginally to 97.9% from 98.9% in the same period. In Q3 2019, the German government's debt increased for the first time since Q2 2012 as it rose to 61.18% of GDP from 61.15% of GDP in Q2.

In September 2019, the yield on 10-year government bonds dropped to a record low monthly average of 0.05%. The return trended upwards in Q4 as it increased to 0.37% on average in December, before declining slightly to 0.32% on average in January. The yield on two-year government bonds reached a historic low of -0.57% in September but rose to -0.43% in January.

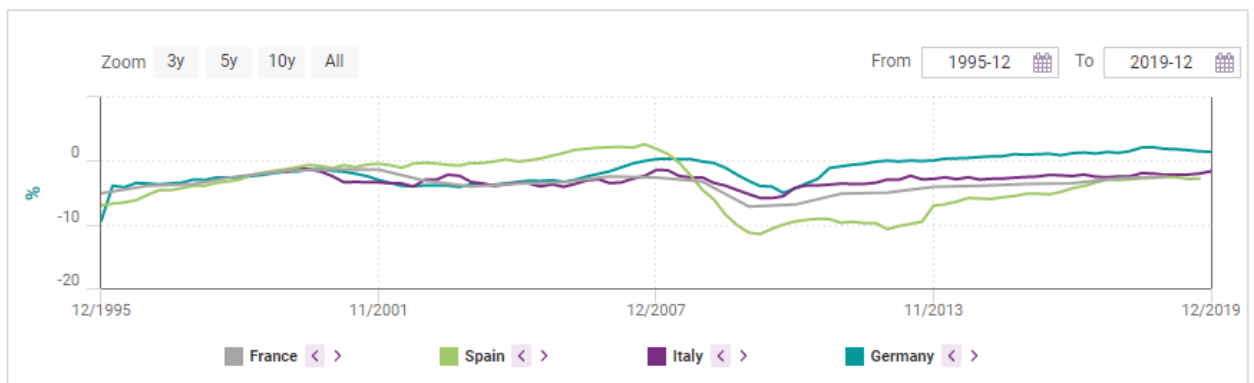
General Government Balance: Euro Area



General Government Balance: Top 4

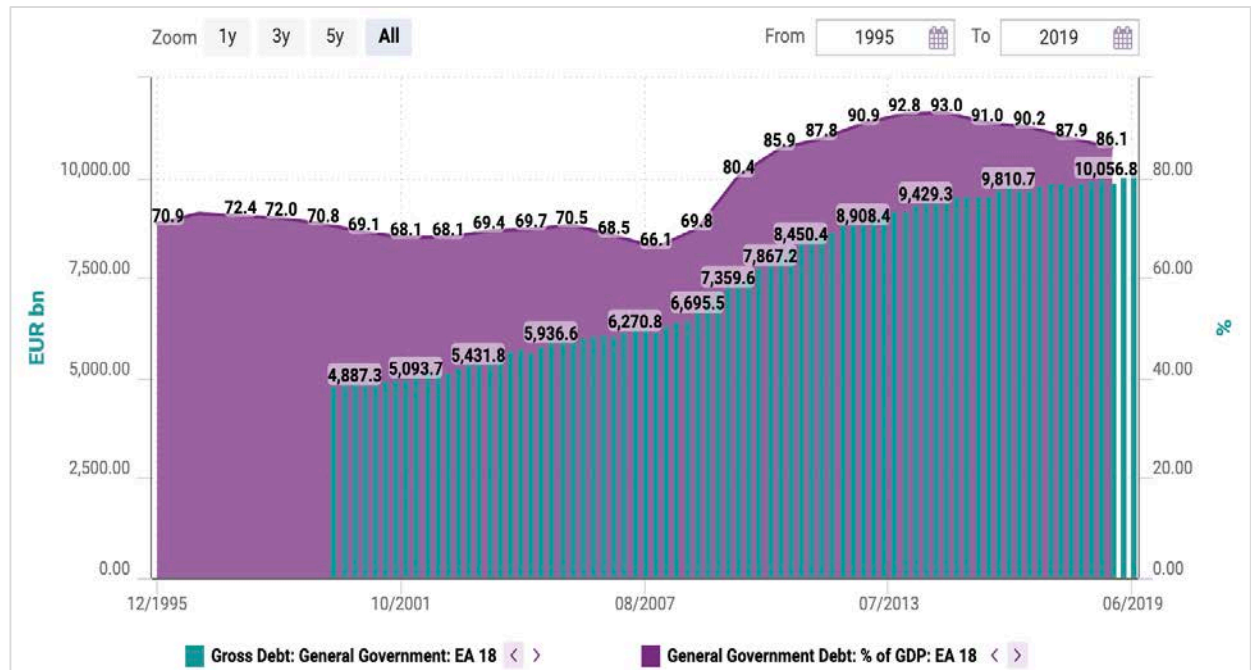
	Unit	09.2019	06.2019	03.2019	12.2018	09.2018	06.2018
Germany	EUR bn	7,23	27,04	19,06	1,13	9,55	32,12
France	EUR bn	-15,23	-18,49	-19,37	-15,01	-16,52	-14,75
Italy	EUR bn		-4,70	-30,22	5,35	-7,68	-5,58
Spain	EUR bn	8,79	-22,67	-4,51	-15,90	8,02	-19,05

Consolidated Fiscal Balance: % of Nominal GDP

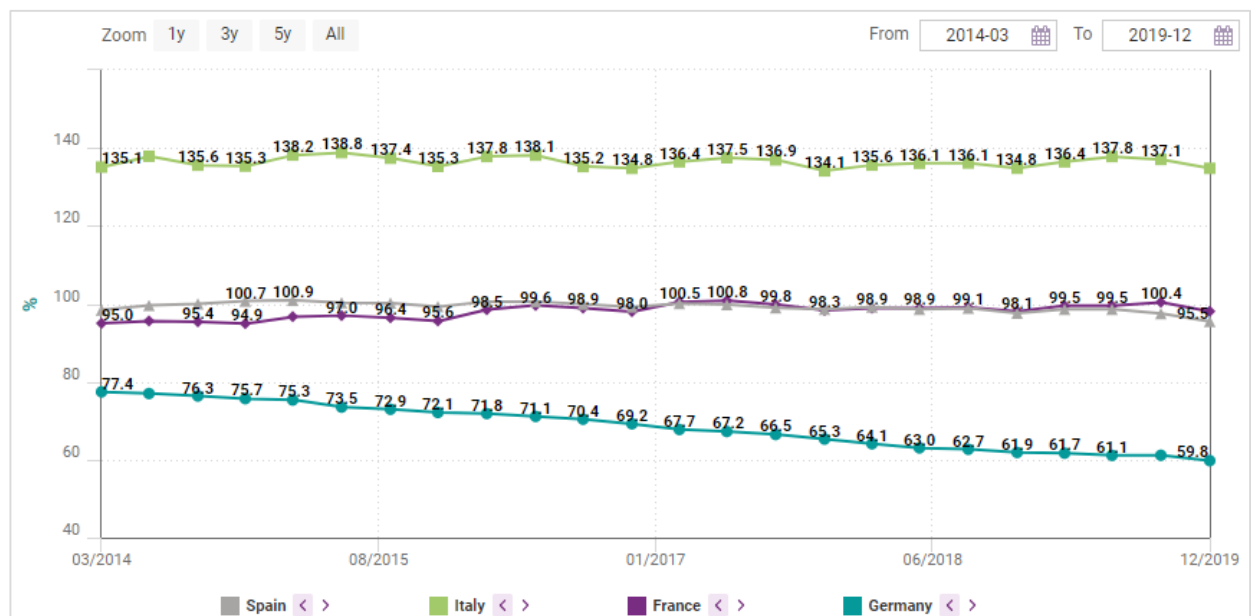


Source: CEIC Data

Government Debt: EA 18

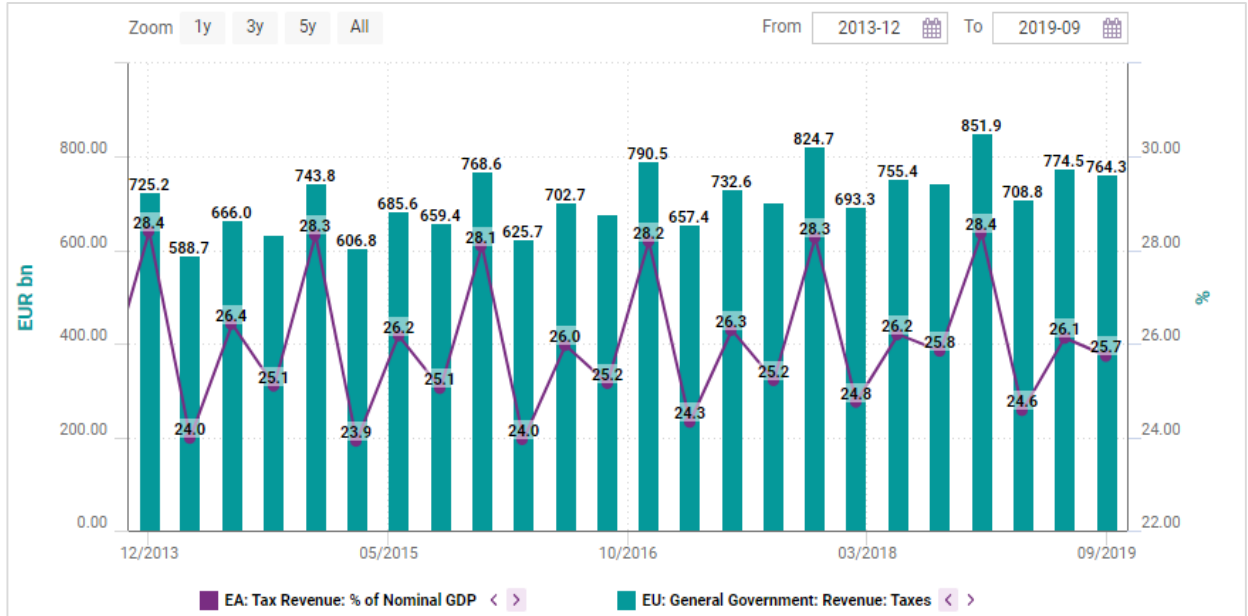


Government Debt: % of GDP: Top 4

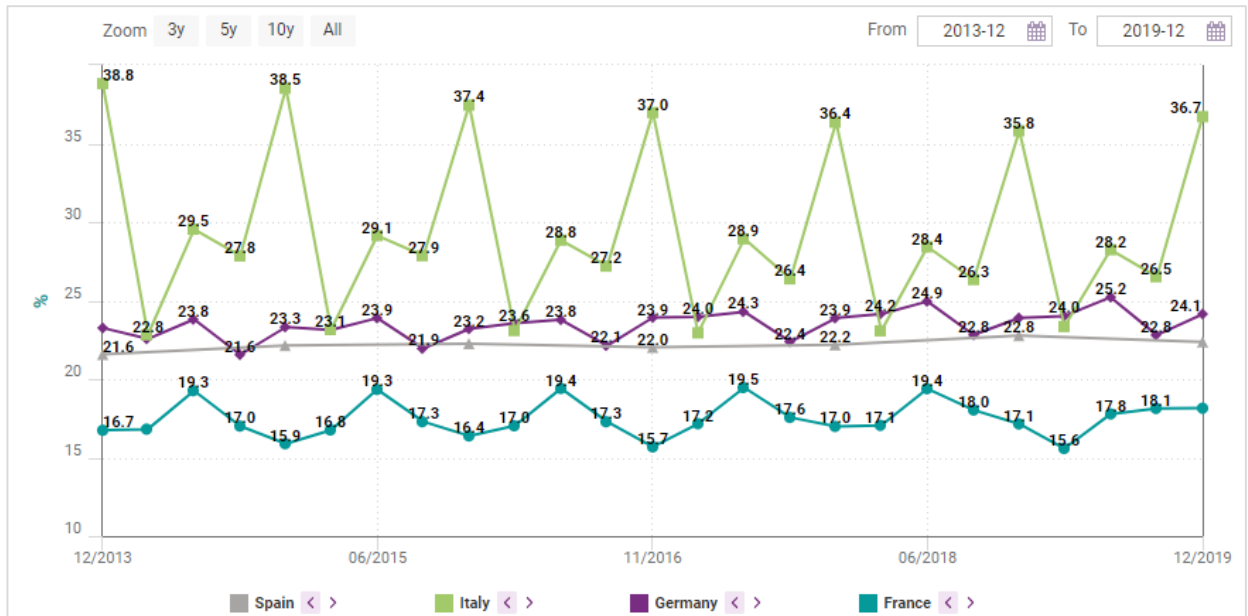


Source: CEIC Data

Euro Area: Tax Revenue

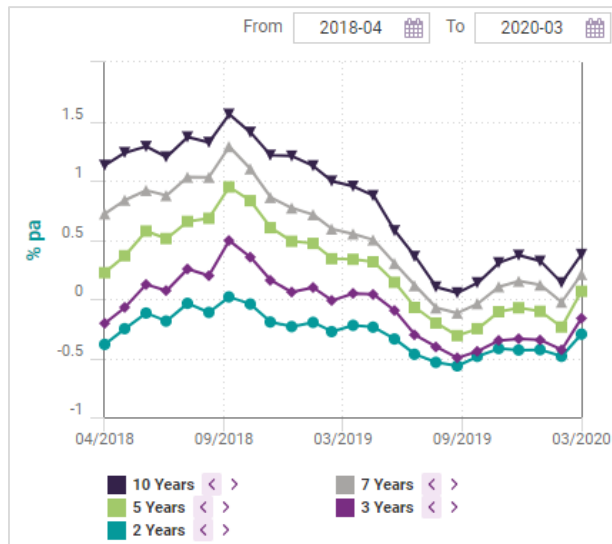


Government Debt: % of GDP: Top 4

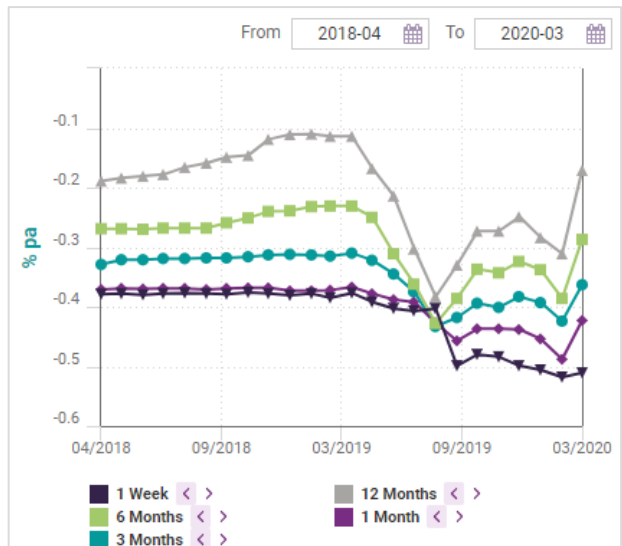


Source: CEIC Data

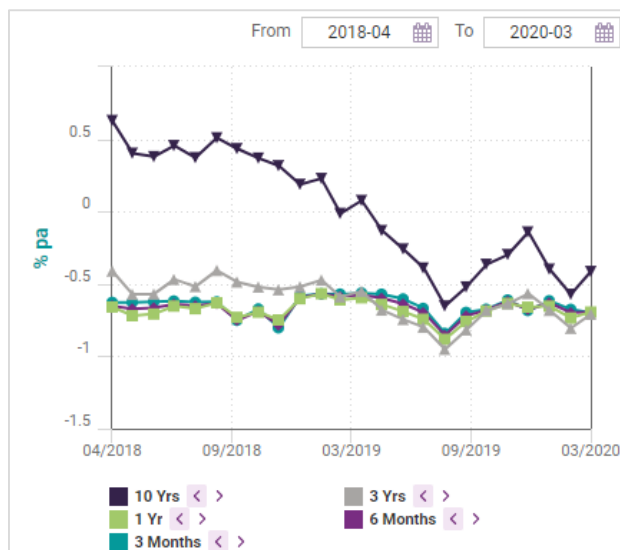
Government Bond Yield: Monthly Average: Euro



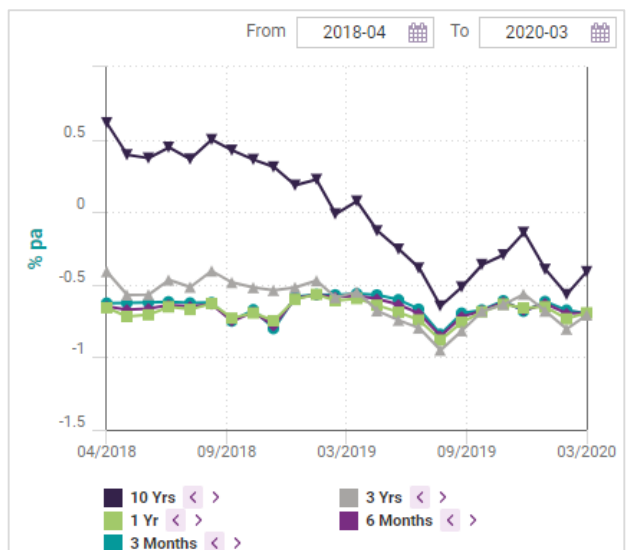
Euro Interbank Offered Rate



Govt Bond Yield: Spot Rate: AAA



Govt Bond Yield: Par Yield Rate: AAA



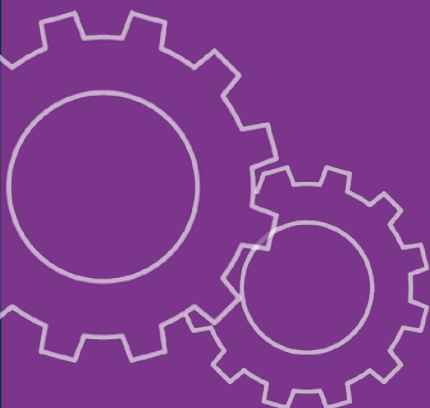
Source: CEIC Data



In, On and For Emerging Markets

Euro Area Economy in a Snapshot, Q1 2020

A CEIC Insights Report



External Sector



External Sector

On the back of robust exports and declining imports, the Euro Area's trade surplus widened to EUR 23.5bn in October 2019 but slipped to EUR 18.7bn in November. The trade surplus was boosted by a 28.9% y/y expansion of capital goods' net exports in October. The export sector provided essential impetus to the Euro Area's economy in Q4 2019. Exports grew by 3.78% y/y to EUR 200.17bn in October and by 1.19% y/y to EUR 194.59bn in November. Imports kept deteriorating as the sector contracted by 2.86% y/y and 1.15% y/y in October and November, respectively.

Among the eurozone's top economies, trade surpluses in Germany and Italy widened to EUR 20mn and EUR 6.38mn, respectively, in October 2019 but declined to EUR 18.52mn and 4.72mn in November. Trade deficits in Spain and France narrowed down to EUR 2.2mn and EUR 4.7mn in October though grew to EUR 2.4mn and EUR 5.3mn in November.

The growth of exports to the US – the Euro Area's largest trade partner – slowed down to 3.04% y/y in November 2019 from 8.08% y/y in September. There are growing uncertainties regarding the future trade volumes between the bloc and the US as the WTO formally authorized the US to impose tariffs on up to USD 7.5bn imports from the EU.

Exports to the UK recovered in September and October as they grew by 2.07% y/y and 5.02% y/y, respectively. However, exports plunged into negative territory again in November as they contracted by 9.48% y/y. Exports to China trended downwards in Q2 and Q3 as they reached a 2019 low, declining by 4.64% y/y in September. Exports to Beijing recovered in Q4 as they grew by 3.2% y/y and 1.7% y/y in October and November, respectively.

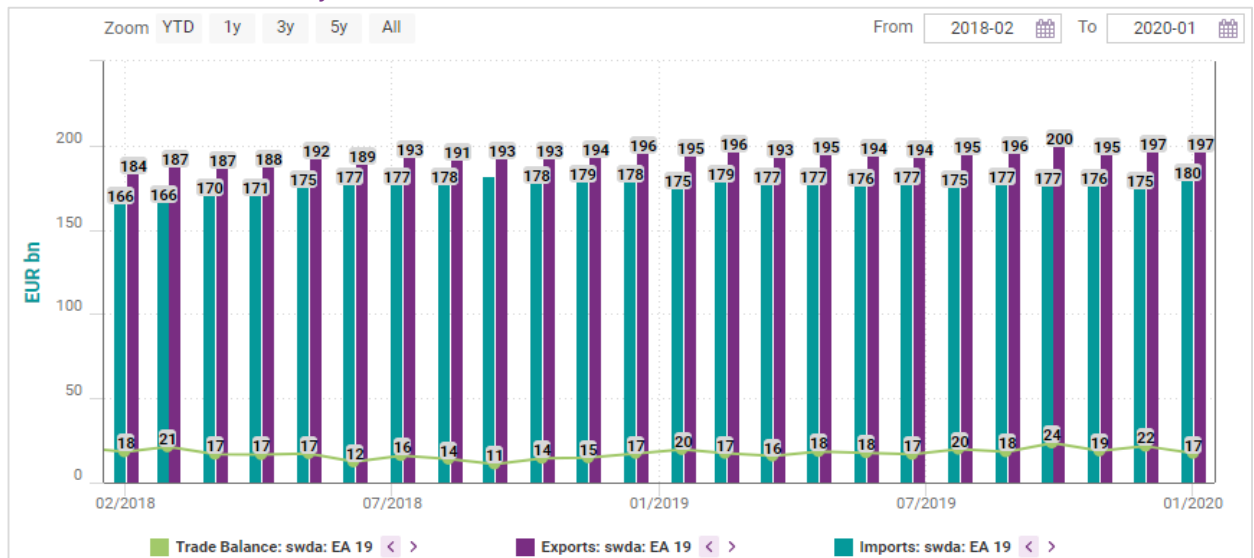
An impetus to exports' growth in October came from a surge of exports of machinery and transport equipment, which grew by 5.15% y/y to a record high of EUR 83.35bn, but contracted by 0.57% y/y in November. Exports of manufactured products followed a similar pattern as they expanded by 4.74% y/y in October before growth declined to just 0.44% y/y in November.

Growth of imports from China has been declining in Q2 and Q3 2019 from its peak at 10.76% y/y in April to 3.75% y/y in September. In Q4, imports expanded by a mere 1.7% and 2% y/y in October and November respectively. The growth of US imports remained robust in Q3 and the beginning of Q4, though contracted in December by 0.68% y/y. Imports from the UK contracted throughout the whole Q2 and Q3 2019. Growth picked up to 1.65% y/y in October, though it slipped in November to -4.14% y/y.

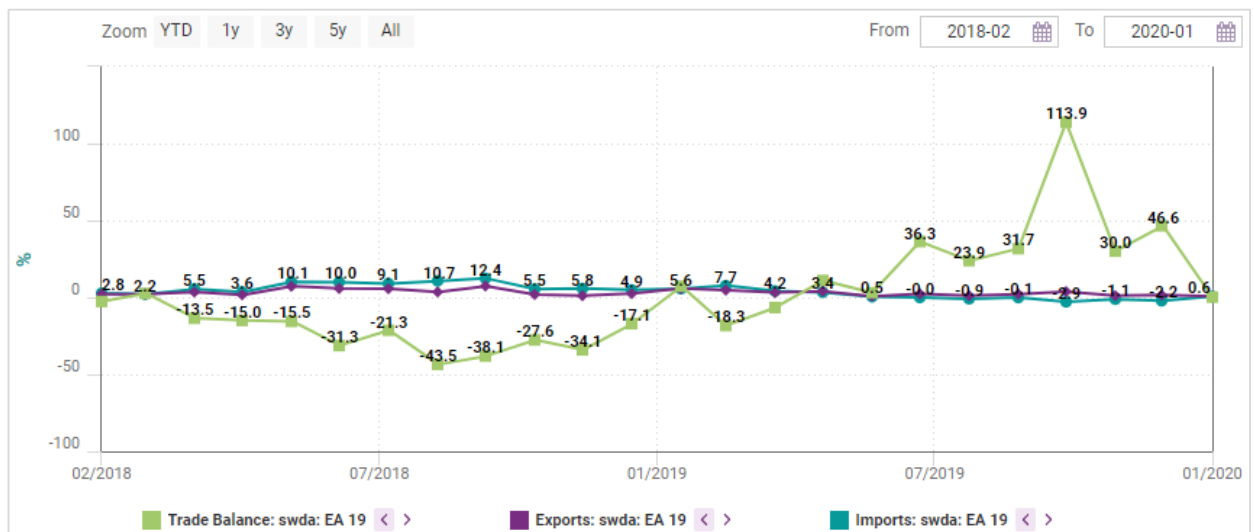
Growth of mineral fuel imports plunged into negative territory in Q3 2019 and has not recovered since. Given the depressed manufacturing industry of the eurozone and the subdued demand for energy commodities, imports of mineral fuels contracted by 24.7% y/y in October and 10.4% y/y in November. Imports of manufactured products, which accounted for 71.2% of all imports into the eurozone, contracted by 0.68% in November. The growth of machinery and transport equipment imports – the second highest grossing industry – has trended downwards from 7.4% y/y in August to 3.2% y/y in November.

On the back of a widening trade surplus, the current account surplus expanded by 25.88% y/y to EUR 32.4bn in November 2019. As a fraction of GDP, the current surplus surged to 3.96% in Q3 2019 from 1.39% in Q2. The current account surplus widened in Germany and Italy to 7.4% and 3.9% of GDP in Q3, whereas in Spain it narrowed down to 2.5% of GDP. Foreign direct investment into the Euro Area surged to 5.08% of GDP in Q3 from 0.43% of Q2. Impetus to growth came largely from Germany and Italy where FDI reached 3.49% and 2.59% of GDP respectively in Q3, whereas in France FDI fell to 1.03% of GDP in Q3.

Trade Balance: Monthly

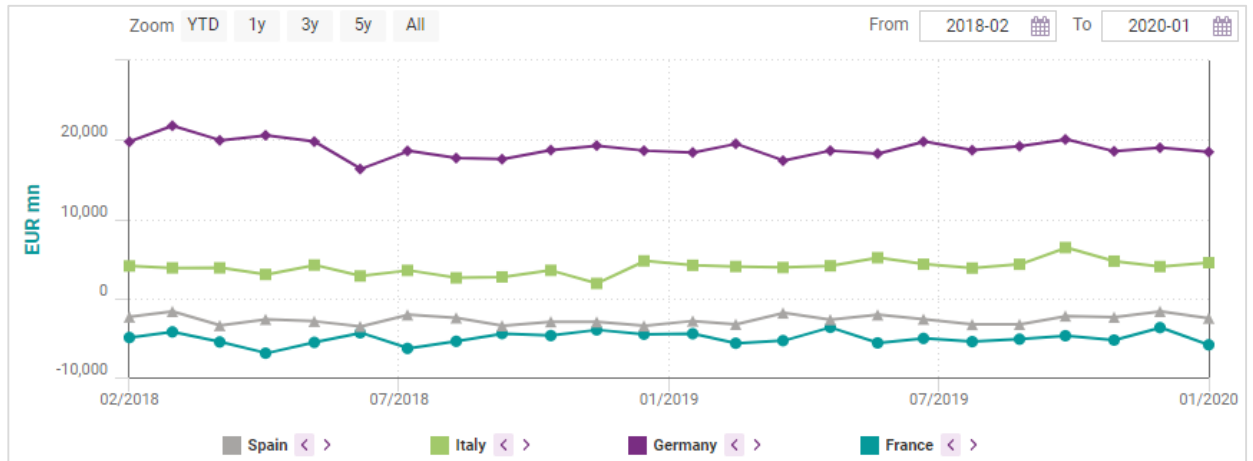


Monthly Trade Balance: YoY Growth



Source: CEIC Data

Trade Balance: Top 4



EA: Exports: by Main Category

	Unit	01/2020	12/2019	11/2019	10/2019	09/2019	08/2019
Exports: swda: EA 19	EUR bn	196.86	196.71	194.96	200.18	195.69	195.24
Food, Drink and Tobacco	EUR bn	15.69	15.21	15.16	15.42	15.09	15.04
Food and Live Animals Chiefly for Food	EUR bn	12.24	11.91	11.95	12.10	11.63	11.65
Beverages and Tobacco	EUR bn	3.44	3.30	3.21	3.32	3.46	3.38
Raw Materials	EUR bn	4.57	4.44	4.55	4.49	4.41	4.60
Crude Materials, Inedible Except Fuels	EUR bn	4.00	3.89	4.01	3.95	3.84	4.02
Mineral Fuels, Lubricants	EUR bn	8.21	9.05	8.30	8.59	8.81	8.54
Petroleum Products	EUR bn		8.56	7.66	7.90	8.02	7.76
Animals & Vegetable Oils, Fats & Waxes	EUR bn	0.58	0.54	0.54	0.54	0.56	0.58
Manufactured Products	EUR bn	163.23	164.11	163.77	168.15	163.13	163.57
Chemicals & Related Products, nes	EUR bn	38.08	36.79	36.56	37.95	37.53	36.86
Other Manufactured Products	EUR bn	46.19	46.01	46.85	46.86	46.42	46.92
Manufactured Gds	EUR bn	22.34	21.86	22.44	22.63	22.44	22.82
Machinery and Transport Equipment	EUR bn	78.96	81.31	80.36	83.35	79.19	79.79
Miscellaneous Manufactured Articles	EUR bn	23.85	24.14	24.41	24.23	23.97	24.10
Goods, nes	EUR bn	5.15	3.90	3.18	3.52	4.26	3.48

Source: CEIC Data

EA: Imports: by Main Category

	Unit	01/2020	12/2019	11/2019	10/2019	09/2019	08/2019
Imports: swda: EA 19	EUR bn	179.54	175.16	176.22	176.68	177.42	175.42
Food, Drink and Tobacco	EUR bn	11.91	11.70	11.69	12.00	11.94	11.85
Food and Live Animals Chiefly for Food	EUR bn	10.68	10.38	10.46	10.68	10.66	10.58
Beverages and Tobacco	EUR bn	1.22	1.31	1.23	1.32	1.27	1.28
Raw Materials	EUR bn	7.06	6.96	7.11	7.56	7.27	7.28
Crude Materials, Inedible Except Fuels	EUR bn	6.19	6.12	6.31	6.68	6.44	6.46
Mineral Fuels, Lubricants	EUR bn	27.28	27.17	26.10	24.76	25.41	26.12
Petroleum Products	EUR bn		21.43	20.25	19.25	19.73	20.13
Animals & Vegetable Oils, Fats & Waxes	EUR bn	0.87	0.84	0.80	0.88	0.83	0.82
Manufactured Products	EUR bn	127.83	126.83	128.89	129.64	129.61	128.50
Chemicals & Related Products, nes	EUR bn	21.86	21.38	21.04	21.43	21.48	20.78
Other Manufactured Products	EUR bn	44.21	43.73	44.84	44.79	44.71	44.35
Manufactured Gds	EUR bn	18.96	18.45	18.89	18.98	18.98	19.03
Machinery and Transport Equipment	EUR bn	61.76	61.73	63.01	63.42	63.42	63.36
Miscellaneous Manufactured Articles	EUR bn	25.26	25.27	25.95	25.81	25.73	25.32
Goods, nes	EUR bn	5.45	2.50	2.44	2.72	3.19	1.67

EA: Exports: by Main Trading Partner

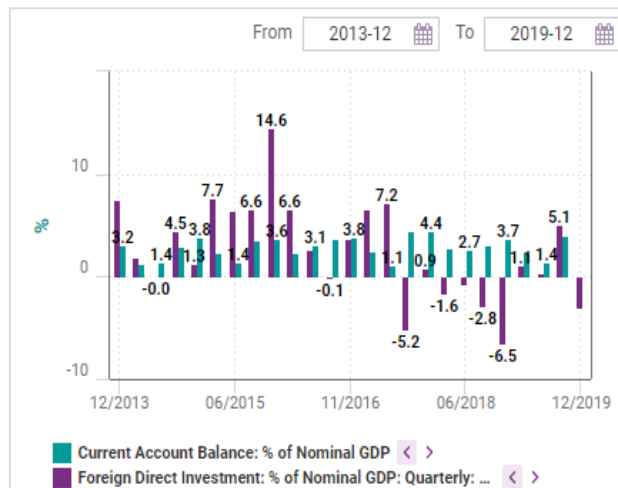
	Unit	01/2020	12/2019	11/2019	10/2019	09/2019	08/2019
Intra EA	EUR bn	164.44	163.02	163.49	164.41	163.10	162.34
United Kingdom	EUR bn	22.30	21.63	21.05	24.39	23.41	22.84
United States	EUR bn	29.69	28.15	28.46	29.70	29.27	30.32
China (except Hong Kong SAR)	EUR bn	14.54	15.67	15.28	15.51	14.62	14.62
Poland	EUR bn		11.71	11.99	11.84	11.81	11.90
Switzerland	EUR bn	12.12	11.57	11.53	12.15	11.49	11.60
Czech Republic	EUR bn		7.61	7.89	7.62	7.61	7.56
Sweden	EUR bn		6.08	6.29	6.09	6.22	6.29
Russia	EUR bn	6.04	5.80	5.93	6.64	5.76	6.09
Hungary	EUR bn		4.89	5.04	5.01	5.05	5.05
Turkey	EUR bn	5.38	5.35	5.09	5.01	4.74	4.90
Japan	EUR bn	4.51	4.15	4.50	4.58	4.73	4.64
Denmark	EUR bn		3.65	3.76	3.60	3.58	3.62
Romania	EUR bn		3.72	3.85	3.79	3.74	3.82
South Korea	EUR bn	3.55	3.28	3.37	3.19	3.21	3.08

Source: CEIC Data

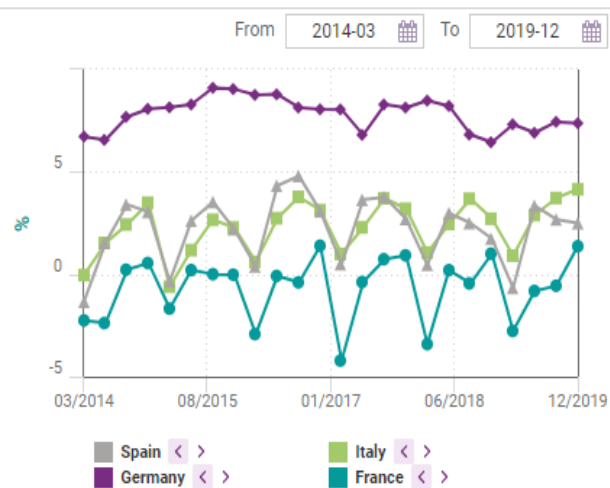
EA: Imports: by Main Trading Partner

	Unit	01/2020	12/2019	11/2019	10/2019	09/2019	08/2019
Intra EA	EUR bn	161.00	159.32	161.49	161.85	162.43	160.46
United Kingdom	EUR bn	14.97	14.34	13.53	14.63	13.98	14.07
United States	EUR bn	18.22	17.81	17.76	18.70	18.69	17.75
Russia	EUR bn	8.86	8.99	8.86	8.71	8.29	8.89
Poland	EUR bn		10.95	11.26	10.91	10.93	10.84
Czech Republic	EUR bn		8.81	9.02	8.89	9.21	9.15
Switzerland	EUR bn	9.33	9.25	8.95	8.87	9.33	8.82
Sweden	EUR bn		4.99	5.06	4.97	5.10	5.45
Hungary	EUR bn		4.96	5.12	5.06	5.25	5.03
Turkey	EUR bn	4.67	4.69	4.85	4.74	4.90	4.74
Japan	EUR bn	4.73	4.45	4.65	4.70	4.71	4.76
Norway	EUR bn	2.88	3.22	2.88	2.73	2.46	2.64
Romania	EUR bn		3.16	3.18	3.16	3.15	3.10
South Korea	EUR bn	3.17	3.06	2.91	2.84	3.07	3.27
China (except Hong Kong SAR)	EUR bn	25.13	24.46	25.14	25.35	24.84	24.71

Current Account Balance and Foreign Direct Investment

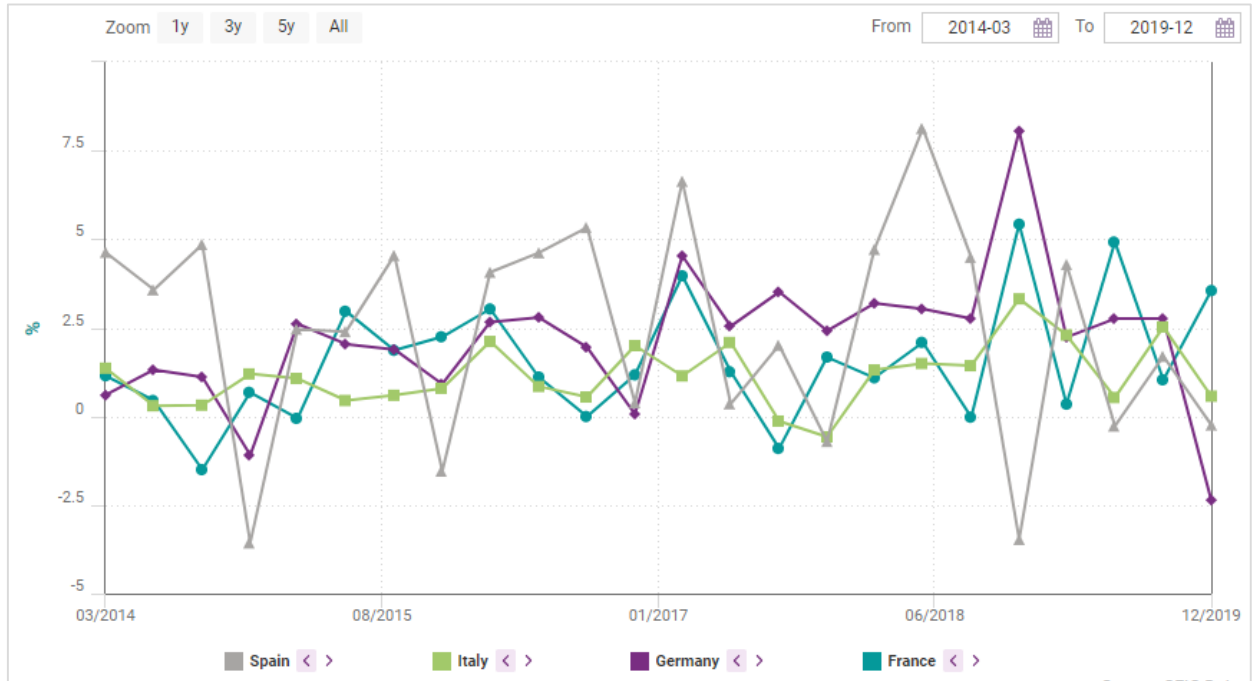


Current Account Balance: Top 4

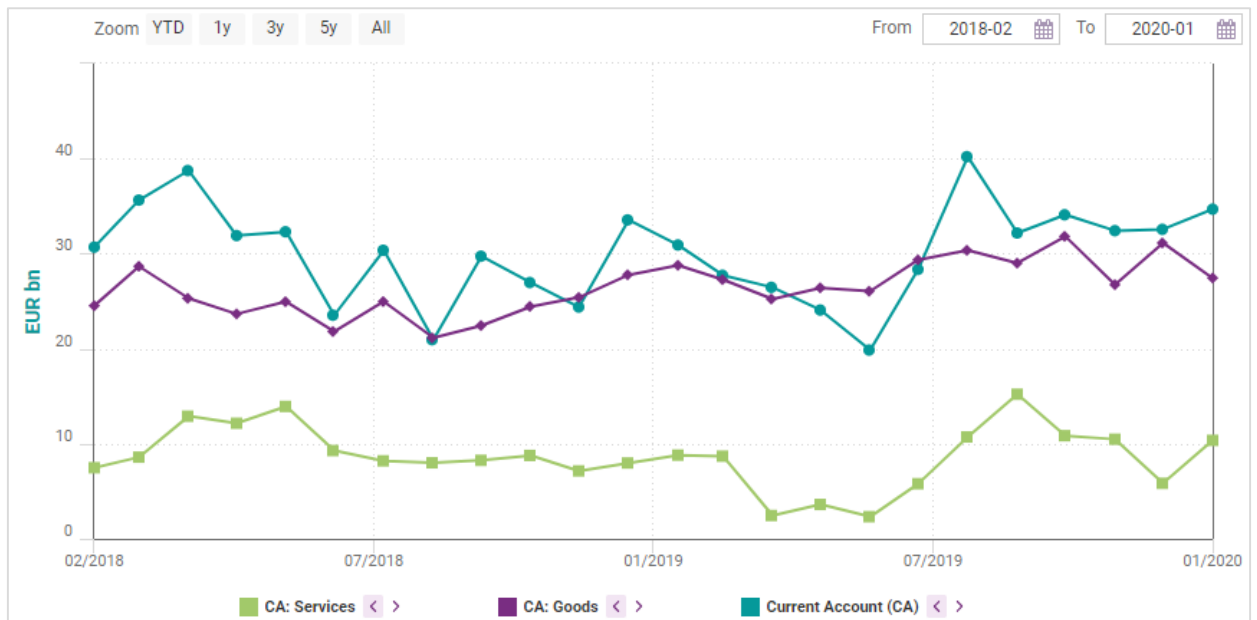


Source: CEIC Data

Foreign Direct Investment: Top 4

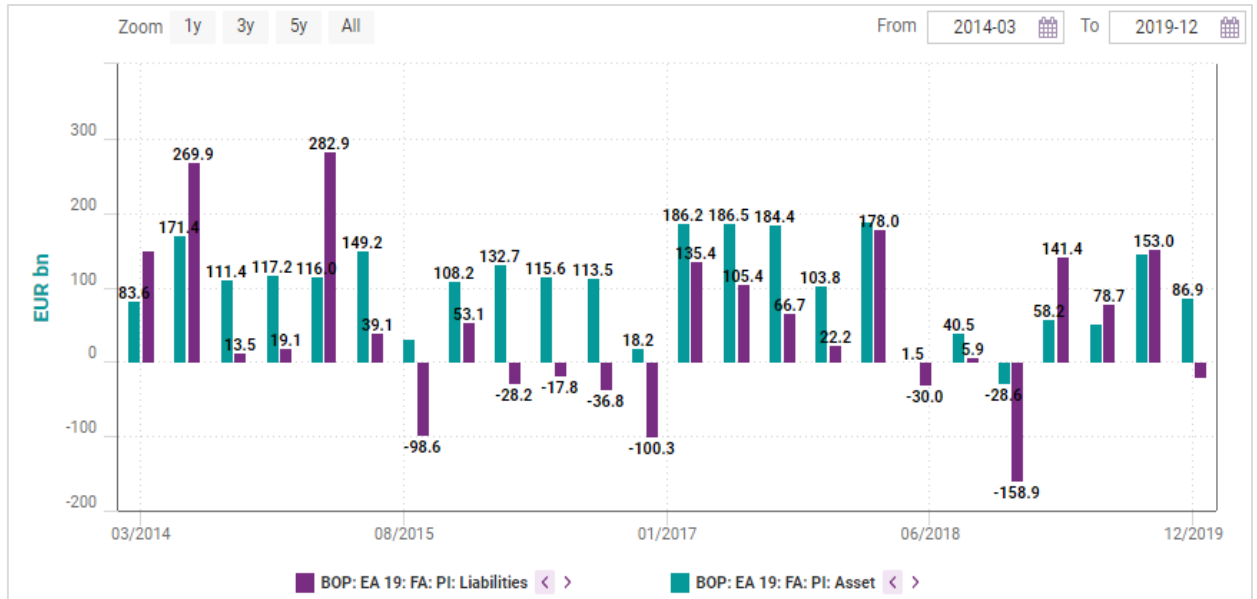


Current Account Balance: Seasonally Adjusted

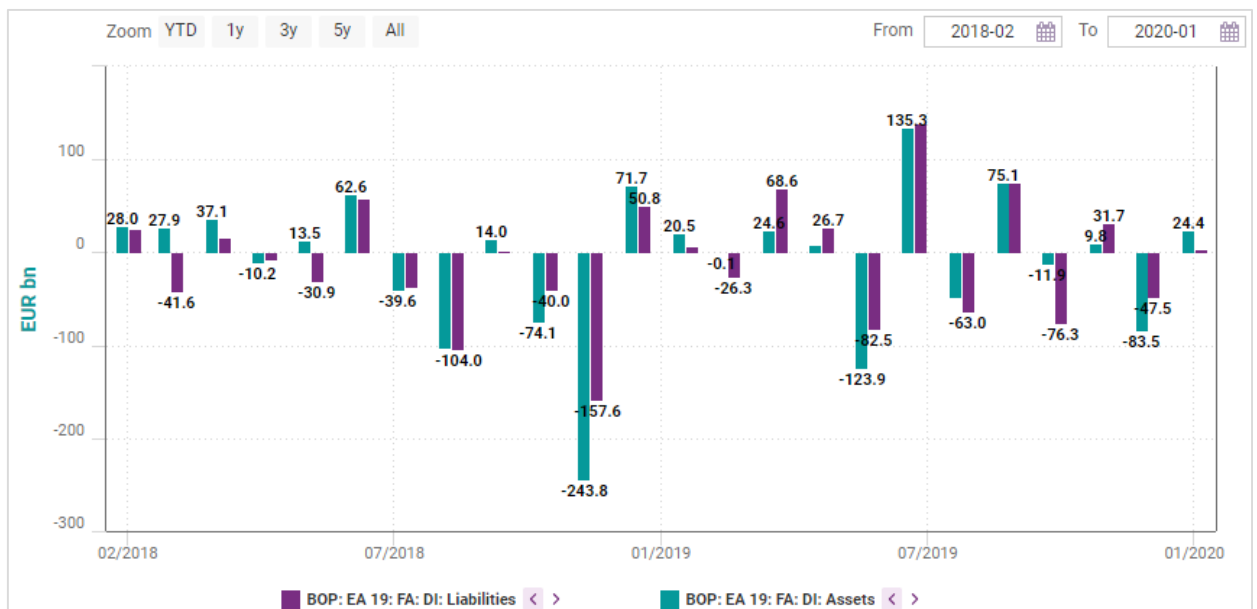


Source: CEIC Data

Direct Investment



Portfolio Investment



Source: CEIC Data



In, On and For Emerging Markets



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