



In, On and For Emerging Markets

A CEIC Insights Report

Euro Area Economy in a Snapshot Q4 2019



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Executive Summary



Key Highlights

- Following four consecutive quarters of gradual slowdown, the economy of the Euro Area accelerated to 1.49% y/y in Q3 2019. That is a significant rise in activity in comparison to the modest 1.05% y/y growth posted in the second quarter of 2019.
- Investments replicated their robust Q2 performance, recording an 8.14% seasonally-adjusted rise y/y in Q3.
- Unemployment remains at a record-low level of 7.5%.
- France's economic growth outpaced that of Germany for another quarter - at 1.33% y/y and 0.52% y/y, respectively, according to seasonally-adjusted data. The Italian economy picked up some steam to 0.32% y/y, whereas Spanish economic activity decelerated by 7 bp to 1.96% y/y (seasonally-adjusted).
- As of November 1, 2019, the eight-year long tenure of the European Central Bank (ECB) chief Mario Draghi came to an end and he was succeeded by former IMF leader Christine Lagarde. Despite the further drop of the repo rate to -0.5%, inflation kept slipping to a 2019-low of 0.7% in October
- Trade surplus widened, as exports grew by 2.15% y/y, whereas imports dropped by 1.52% in September.

Economic Outlook

No signs of a rebound in economic activity across the Euro Area are forecast in the short term according to data from our CEIC Leading Indicator. The indicator decreased to 87.2 in October, a reading way below the long-run trend of 100, which divides positive and negative outlook. The stark contrast between the levels of performance of manufacturing and services remained. Manufacturing PMI kept trending downwards in Q3, reaching a 2019 low of 45.7 in September before it increased marginally to 45.9 in October. In contrast, services PMI remains above the threshold of 50, standing at 52.2 in October. Composite PMI also persisted in expansionary territory at 50.6 in October.

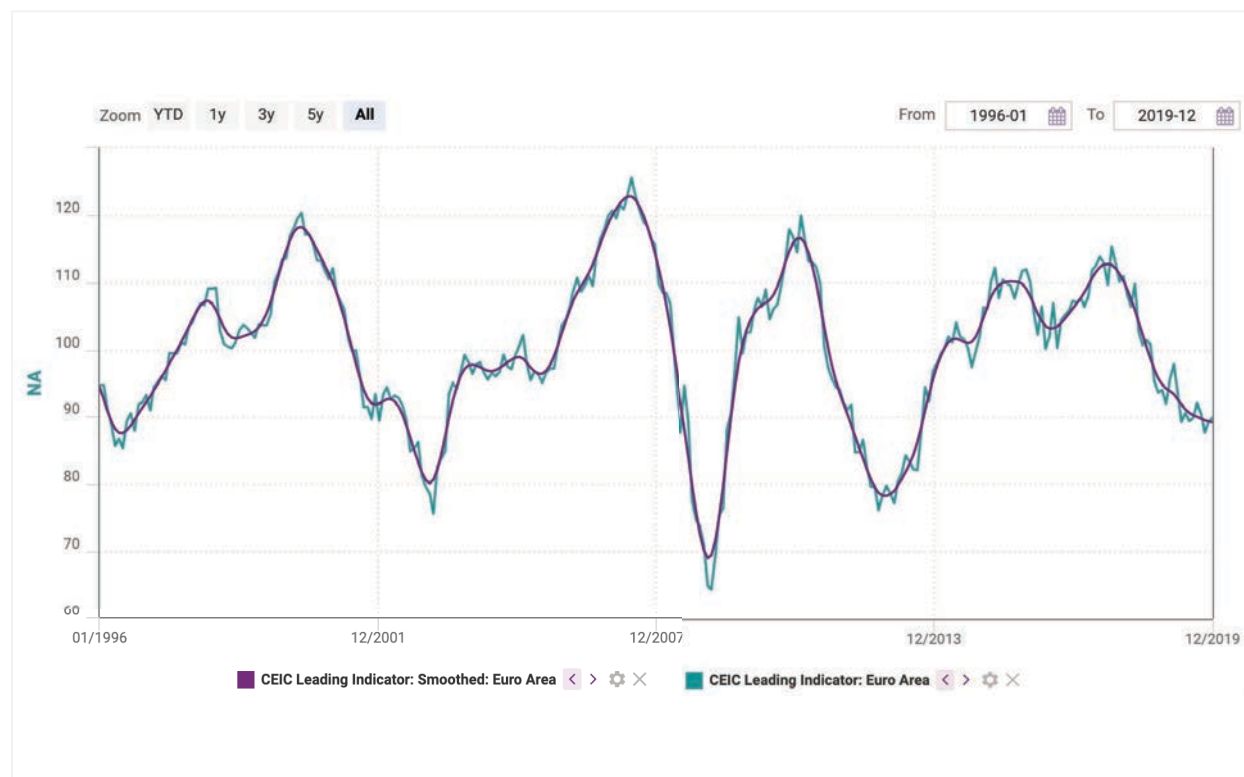
Business confidence as measured by the business climate indicator remained predominantly negative in Q3 and in the beginning of Q4, down to -0.23% in November from its latest positive reading of 0.13% in August. Consumers are still mostly pessimistic as shown by the consumer confidence indicator which scored a 2019 low of -7.6% in October.

The IMF revised downwards its growth projections for the eurozone to 1.2% in 2019. The institution cut its 2019 estimates for both Germany and France to 0.5% and 1.2% from 0.8% and 1.3%, respectively. Growth is expected to remain modest in 2020, at 1.2% in Germany and at 1.3% in France. Economic growth in Italy is seen at 0.5% and that of Spain is projected at 1.8% y/y. Inflation in the eurozone is forecast to be 1.2% in 2019, still way below the ECB's goal.

Although expanding, the volume of exports remains subject to external risks. Boris Johnson's decisive victory in the UK elections in December did little to assure the eurozone that a good deal would be achieved. Across the Atlantic, the tariffs that the US imposed on up to EUR 6.7bn of EU goods can drastically reduce trade outflows. On the positive side, the new European Commission finally assumed office on December 1, after it had been approved by the European Parliament on November 27, leading to greater stability in the bloc's leadership.

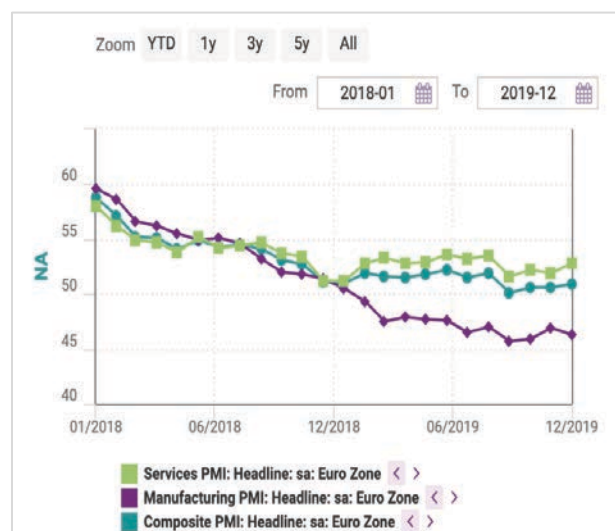
Mario Draghi's tenure as ECB chief came to an end in an environment of slipping inflation despite the ultra-loose monetary policy exercised by his administration. Former IMF boss and Draghi successor Christine Lagarde inherited a rather undesirable situation of sluggish growth and limited room for further policy easing. She has promised to assess how the ECB does business and the current inflation targets. Furthermore, Lagarde has taken it upon herself to contribute to the fight against climate change through the means that the new position gives her. As for her approach to the current ECB ultra-loose stance, Lagarde has reassured the markets that no policy turns are expected in the short term as inflation picked up in November and growth accelerated in the third quarter.

CEIC Leading Indicator (Long-Term Trend = 100)



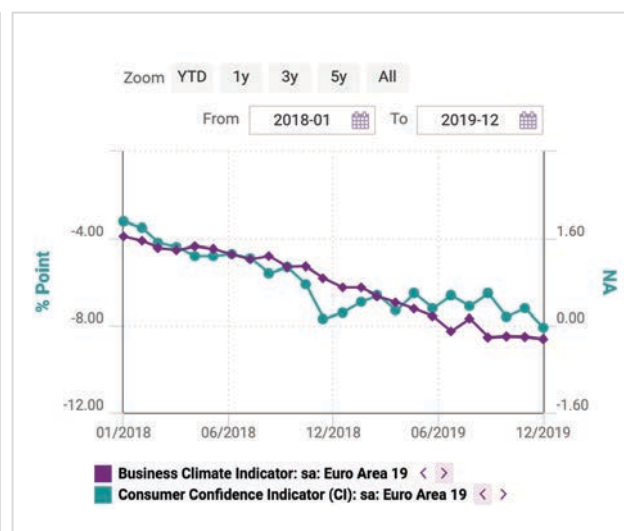
Source: CEIC Data

Purchasing Managers' Index



Source: CEIC Data

Consumer Confidence and Business Climate



Source: CEIC Data

Summary

Against the backdrop of a widening trade surplus, **real GDP growth** in the Euro Area accelerated by 44 bp to 1.49% y/y. Government expenditure boosted the economy, accelerating to 1.81% y/y, while investment weighed on growth, slowing down to 3.7% y/y.

Industrial production contracted by 1.89% y/y in September, weighed down by a 4.44% y/y plunge in Germany's IPI. In France and Spain industrial production is slowing down, although it remained in expansionary territory in September at 0.23% y/y and 0.616% y/y, respectively. Italy's IPI contracted by 2.15% y/y in the same period.

Inflation drifted further away from the ECB's 2% target, down to a nearly three-year low at 0.7% in October. Even though it picked up to 1% in November, it is still far from the ECB target. Core inflation has been on the rise since September to reach 1.3% in November 2019. The decrease reflects CPI decreases in all four major eurozone economies, with Germany and France CPI standing slightly above the average at 1.15% and 0.76%, respectively, in October. Italy and Spain, however, recorded values significantly lower than the Euro Area average – at 0.19% and 0.1%, respectively.

In September, the ECB cut the **policy rate** to a new historic low of -0.5%. The rate remained unchanged during the first policy meeting under Christine Lagarde's leadership in December.

The **yield** on the benchmark 10-year government bonds picked up in October and further rose in November to 0.31%. The rise comes after reaching a historic low of 0.05% in September 2019. Germany's fiscal spending remained conservative, with a marginal 8 bp drop in the budget surplus to 1.60% of GDP in Q3. Spain, Italy and France kept running deficits of 2.86%, 2.1% and 3.05% of GDP, respectively, in Q2 2019.

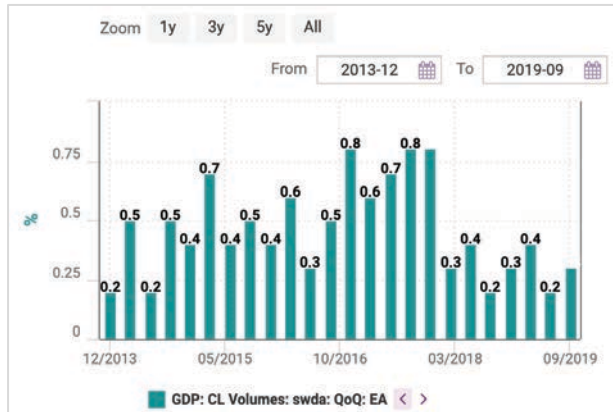
The Euro Area's **trade surplus** widened to EUR 18.33bn in September, up 32.9% on an annual basis, boosting the otherwise stagnant economy of the bloc. Exports expanded by 2.15% y/y in September, while imports decreased by 1.52% in the same period. However, potential US tariffs coupled with the Brexit uncertainties pose serious risks to trade outflows.

EA Economy: Statistics at a Glance

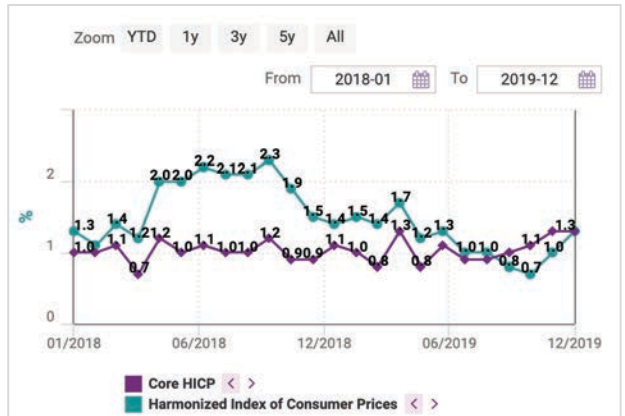
	Unit	12.2019	11.2019	10.2019	09.2019	08.2019	07.2019
Industrial Production Index: YoY	%		-1,53	-2,83	-1,80	-2,44	-1,99
Consumer Price Index: YoY	%	1,30	1,00	0,70	0,80	1,00	1,00
PPI: YoY	%		-1,15	-1,53	-0,96	-0,87	-0,29
Imports: YoY	%		-1,66	-3,08	-0,21	-1,00	-0,02
Exports: YoY	%		0,92	3,73	2,28	1,18	2,39
Unemployment Rate	%		7,50	7,50	7,60	7,50	7,60
Wholesale & Retail Index: YoY	%			1,21	2,46	2,45	3,27
Wages & Salaries Index	%				2,58		
Money Supply: M2: YoY	%		6,25	6,09	5,91	6,46	5,48
Government Bond Yield: Monthly Average: Euro: 10 Years	% pa	0,37	0,31	0,14	0,05	0,10	0,36
Policy Rate	% pa	0,00	0,00	0,00	0,00	0,00	0,00
Direct Investment	EUR bn		-26,76	67,49	0,05	15,13	-3,34
Current Account	EUR bn		36,59	44,39	40,23	38,64	38,51

Source: CEIC Data

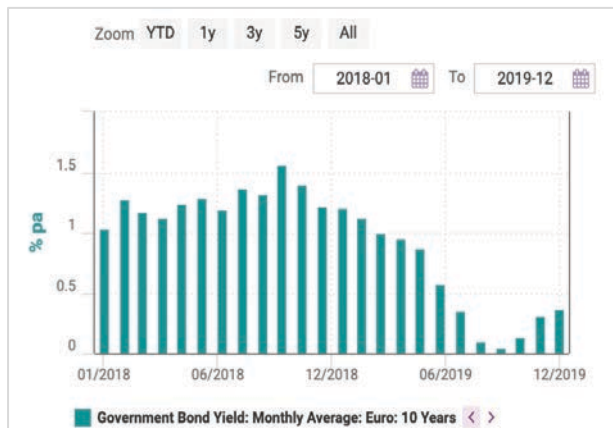
Real GDP Growth: QoQ



Headline and Core Inflation



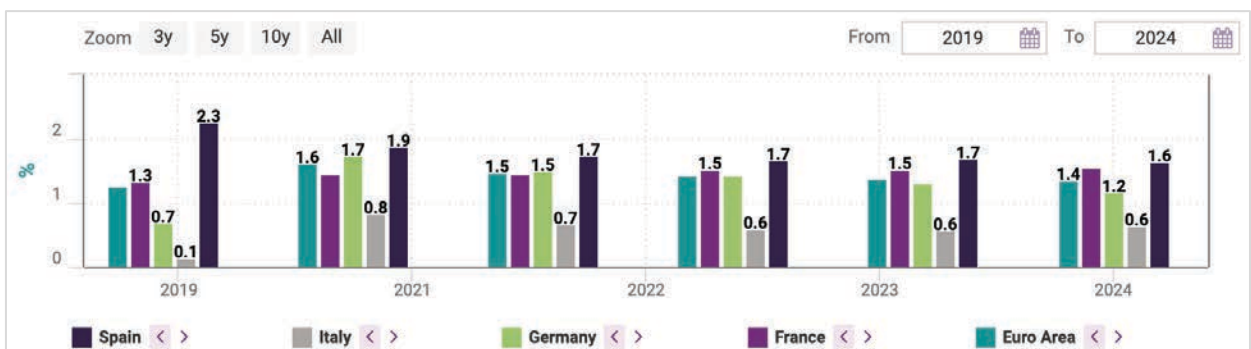
ECB: Government Bond Yield: Current and Projection



Unemployment Rate: sa: Euro Area



IMF GDP Growth Projections



Source: CEIC Data



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Real Sector



Real Sector

According to seasonally- and working day adjusted data, the economy of the eurozone showed no signs of recovery, growing by 1.49% y/y in Q3 2019. Following a nine-month period of stagnation in private consumption, expenditure growth accelerated to 1.49% y/y in Q3. Government spending provided further impetus to the slowing economy, with a 1.75% y/y increase. Exports remained robust in the third quarter, growing by 2.4% y/y, whereas imports growth slowed down marginally to 4.97%. In an environment of ultra-loose monetary policy, investment recorded yet another strong quarter with an 8.14% annual growth.

High-frequency indicators suggest a protraction of the industrial output depression amid an overall drop in business confidence. Industrial production plunged by 2.63% y/y in August but its decline slowed down to 1.89% y/y in September. Depressed industrial output in Germany is a major driver behind the plunge, with IPI declining by 4.44% y/y in September. Production growth in Italy dropped by 2.06%, while France recorded a growth of 0.15% y/y in the same period.

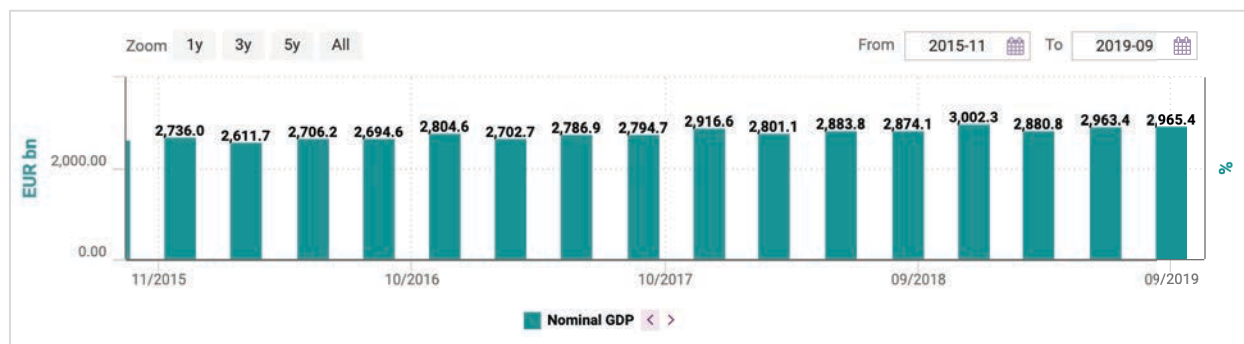
Although still below the eurozone average, the German economy slightly accelerated in Q3 to 0.52% y/y (seasonally- and working day adjusted). In turn, real GDP growth in France and Spain slowed down to 1.33% y/y and 1.96% y/y in the same period. The Italian economy keeps accelerating, recording a 0.32% annual real GDP growth in Q3.

Domestic demand picked up significantly in Q3 compared to Q2. Growth of retail trade in terms of volume accelerated to a 2019 high of 3.12% y/y in September. The overall effect was underpinned by Germany's 3.45% y/y rise in retail sales on a seasonally- and working day adjusted basis, and further strengthened by a 3.40% and 1.68% increases and Spain and Italy, respectively. Amid record-low unemployment, retail sales are forecast to remain robust until the end of 2019.

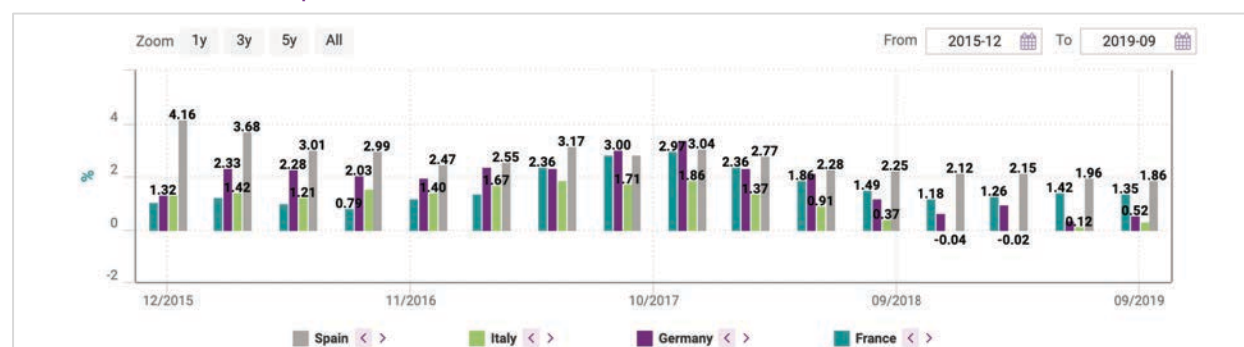
Despite a slight uptick to 7.6% in July, in August and September the unemployment rate remained at an 11-year low of 7.5%. In Germany, unemployment was down to a record low of 2.8% in the third quarter. Among the other three largest economies, unemployment rose only in France to 8.6% in Q3 from 8.5% in Q2, whereas in Spain and Italy the rate dropped to 13.9% and 9.8%, respectively.

The growth of construction production declined throughout Q3 to 0.27% y/y in September from its June reading of 2.42% y/y. The slowdown was brought upon by a 0.91% y/y contraction of residential buildings production. In the same period, growth of civil engineering construction remained relatively robust at 1.45% on an annual basis in September. Housing prices growth picked up to 4.2% in Q2.

GDP: Real Growth and Nominal



Real GDP Growth: Top 4 Economies

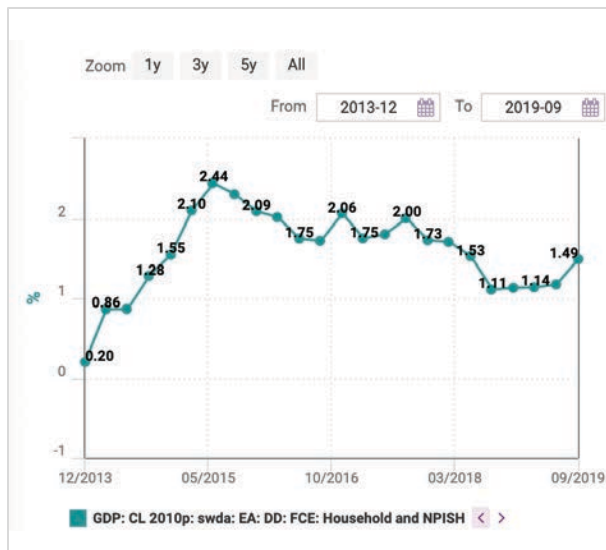


GDP by Expenditure

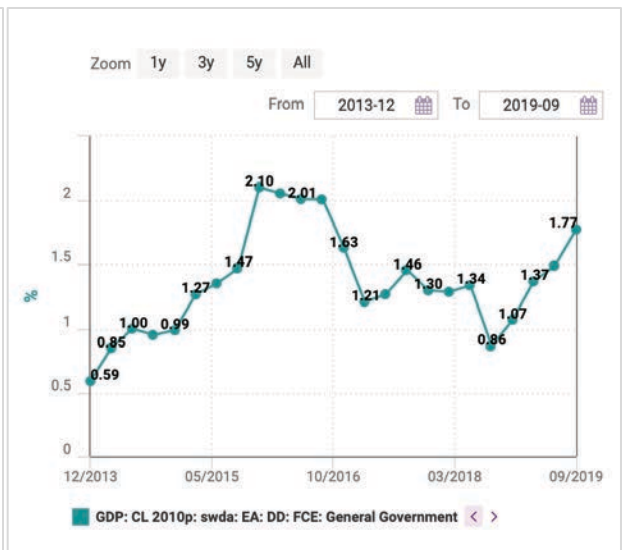
	Unit	09.01.2019	06.01.2019	03.01.2019	12.01.2018	09.01.2018	06.01.2018
GDP: CL 2010p: swda: EA	EUR bn	2676,85	2671,84	2666,80	2655,44	2646,51	2641,34
Domestic Demand (DD)	EUR bn		2588,24	2552,95	2550,29	2539,34	2528,20
DD: Final Consumption Expenditure (FCE)	EUR bn		1985,16	1980,42	1973,27	1965,85	1962,81
DD: FCE: General Government	EUR bn		553,19	551,24	548,92	546,70	546,03
DD: FCE: Household and NPISH	EUR bn		1431,99	1429,21	1424,37	1419,17	1416,80
DD: Gross Capital Formation (GCF)	EUR bn		603,40	572,90	577,41	573,88	565,75
DD: GCF: Gross Fixed Capital Formation	EUR bn		597,28	565,37	562,70	553,91	549,68
Exports	EUR bn		1330,50	1328,19	1314,34	1302,87	1297,71
Exports: Goods	EUR bn		973,83	976,98	966,00	957,33	957,05
Exports: Services	EUR bn		356,44	351,24	348,33	345,52	340,81
Imports	EUR bn		1248,01	1214,57	1209,70	1196,02	1184,64
Imports: Goods	EUR bn		902,69	899,53	895,51	887,17	881,80
Imports: Services	EUR bn		345,40	316,50	315,60	310,38	304,60

Source: CEIC Data

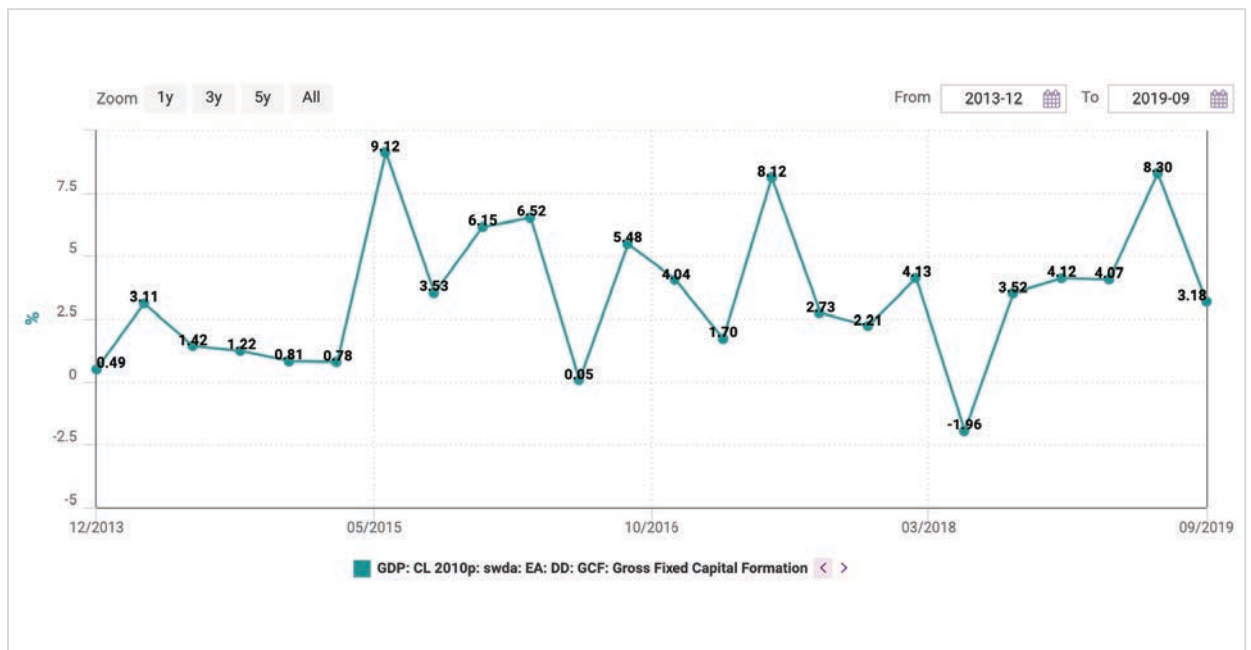
Households and NPISH: Consumption Expenditure: YoY



General Government: Consumption Expenditure: YoY

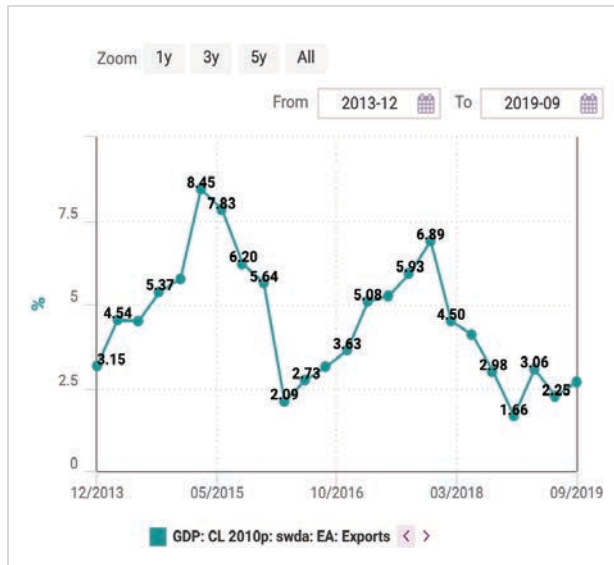


Fixed Investment: YoY

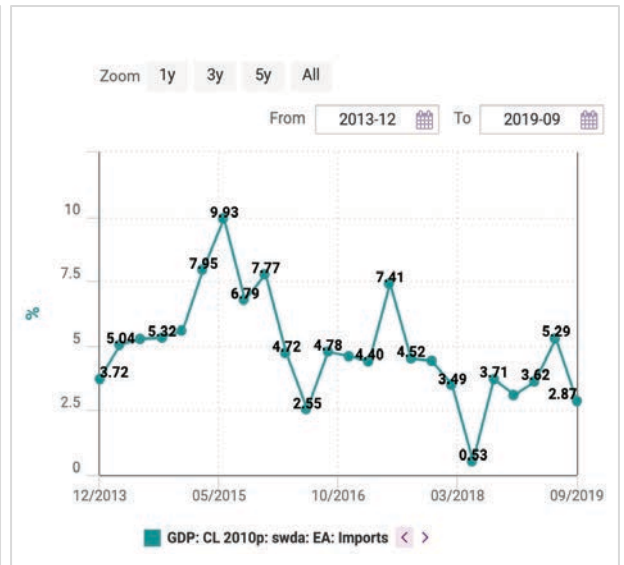


Source: CEIC Data

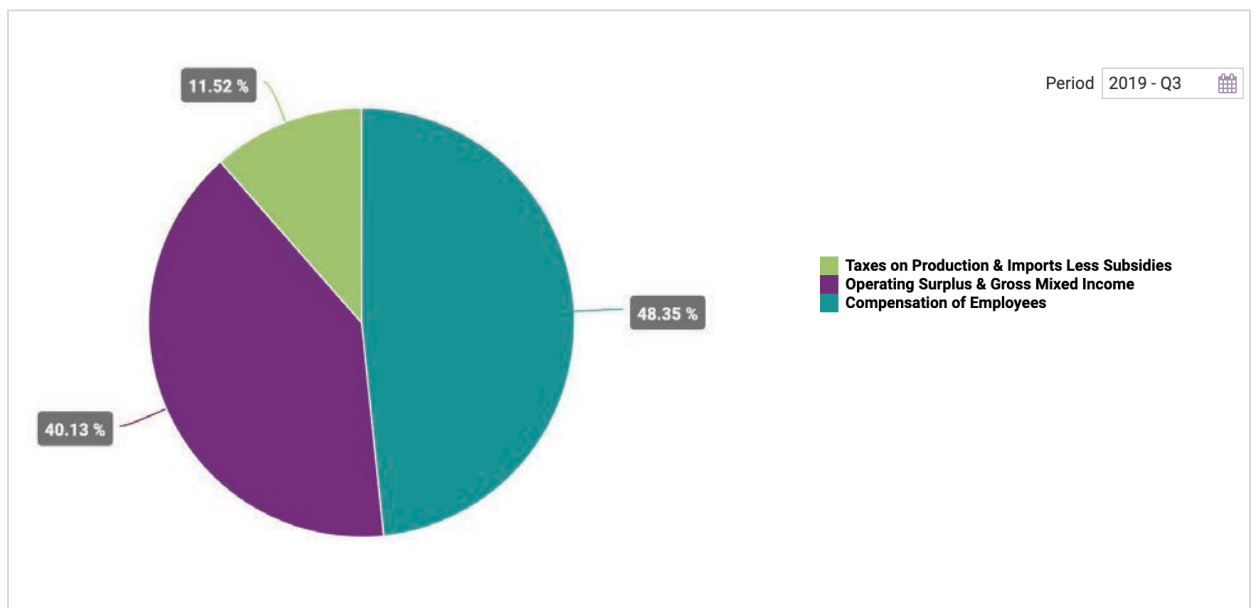
Exports of Goods and Services: YoY



Imports of Goods and Services: YoY

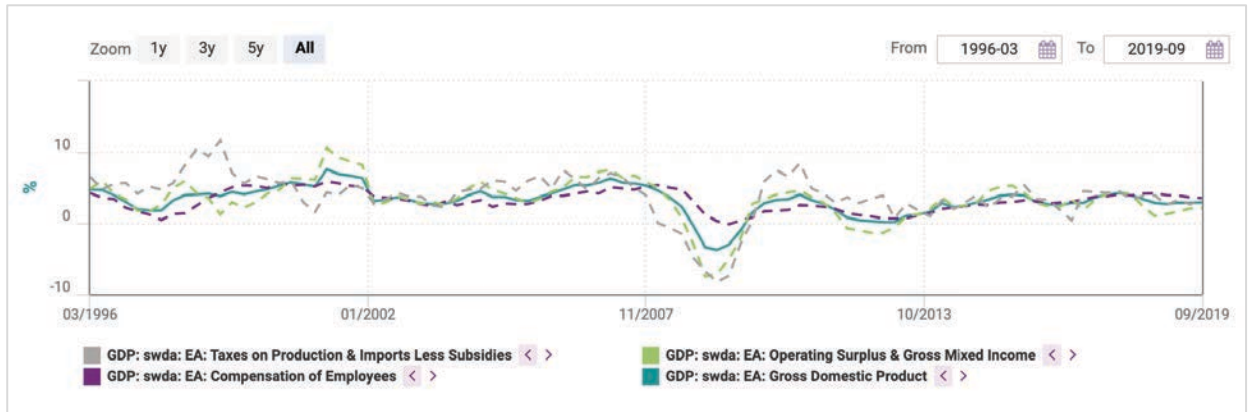


GDP: by Income

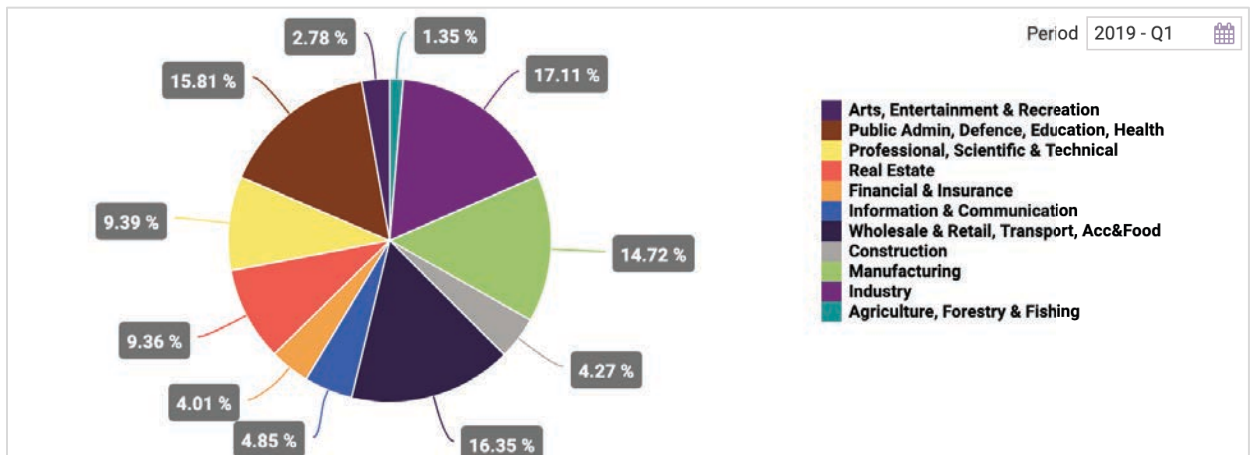


Source: CEIC Data

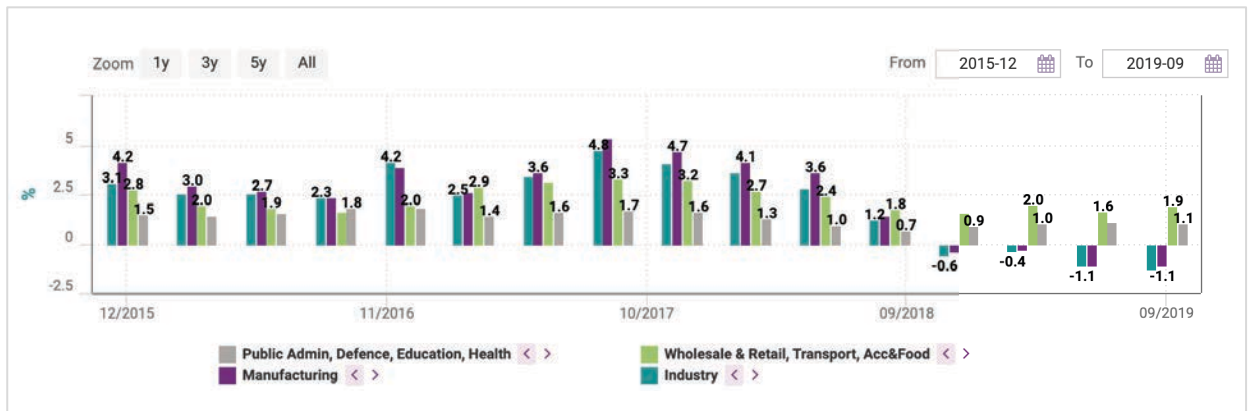
GDP by Income: YoY



Gross Value Added: by Industry

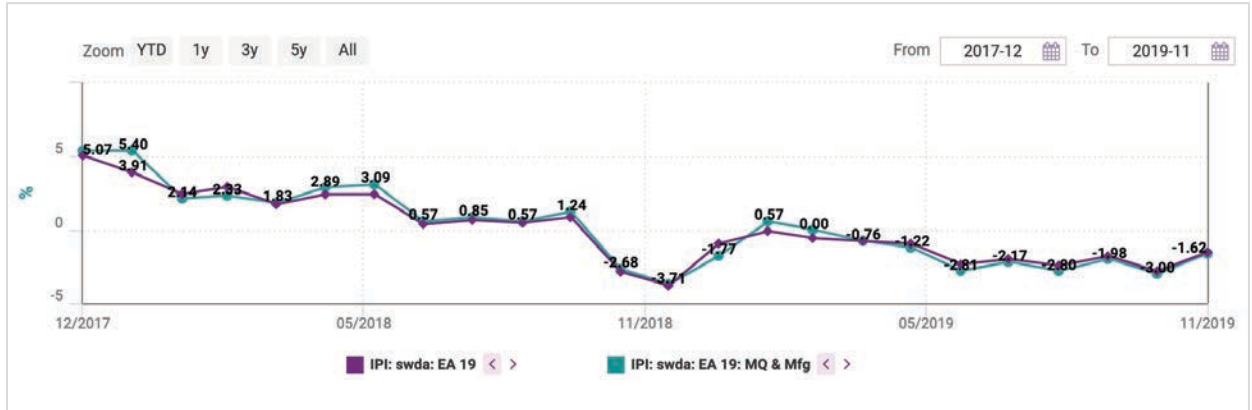


GVA Growth: Major Industries

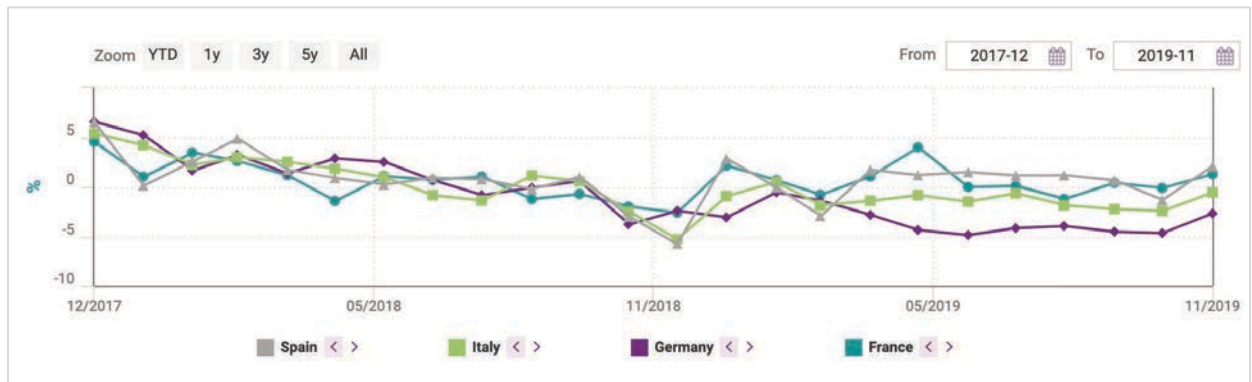


Source: CEIC Data

Industrial Production Index: YoY



IPI: Top 4 Economies

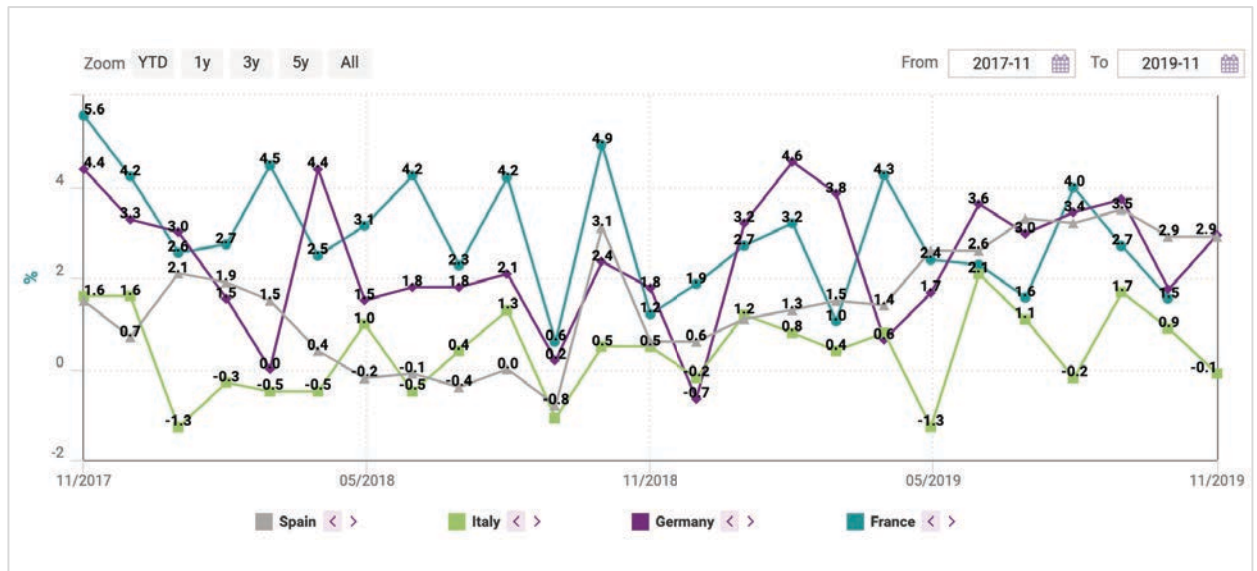


Wholesale and Retail Trade Index: Volume and Value

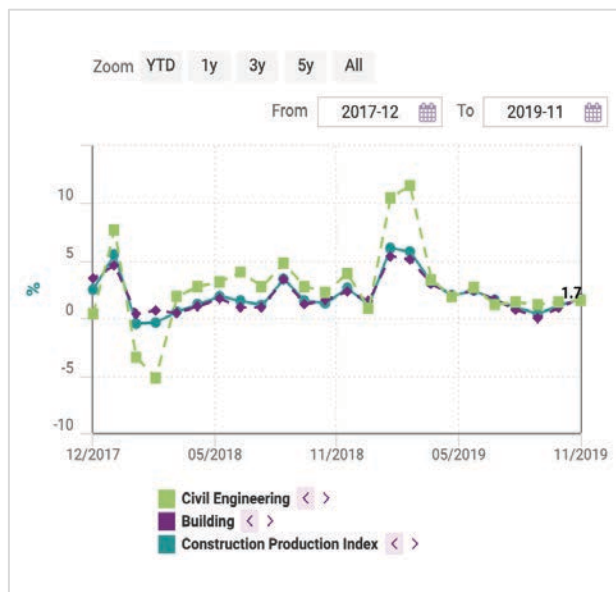


Source: CEIC Data

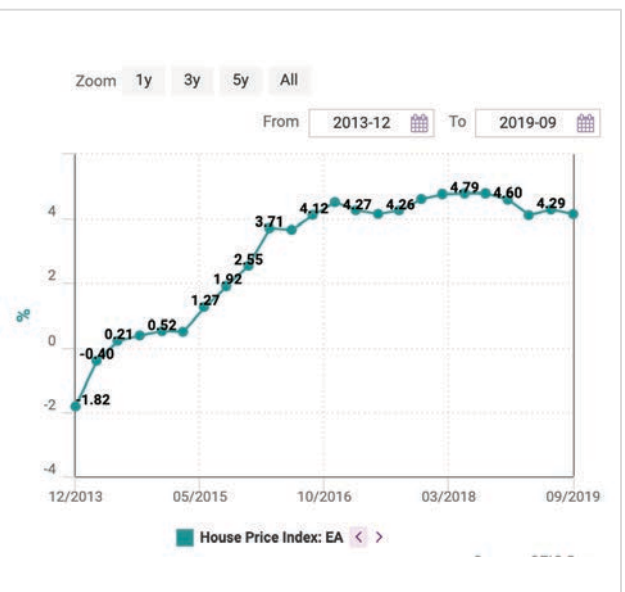
Retail Sales: Top 4 Economies



Construction Production Index: YoY



House Price Index: YoY



Source: CEIC Data

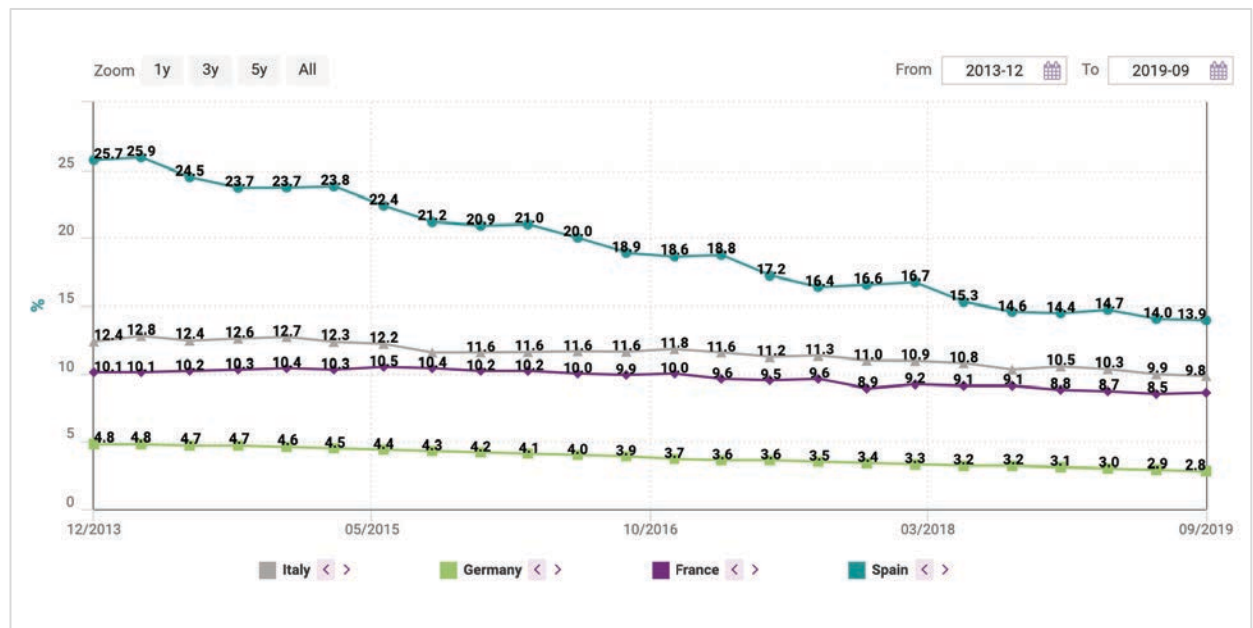
Unemployment Rate



Wages and Salaries Index: YoY



Unemployment Rate: Top 4 Economies



Source: CEIC Data



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Monetary & Financial Sector



Monetary & Financial Sector

Inflation, as measured by the harmonised index of consumer prices, fell to a nearly three-year low of 0.7% in October. The reading is still way below the ECB's 2% target, despite the ultra-loose monetary stance of the bank. The drop is caused mainly by declining inflation of non-core components such as food and non-alcoholic beverages, and housing, water, electricity, gas and other fuels, which stood at 1.21% and 0.41%, respectively. On the opposite, core inflation, a measure which excludes changes in food and energy prices, picked up in September to 1% and rose by an additional 10 bp to 1.1% in October.

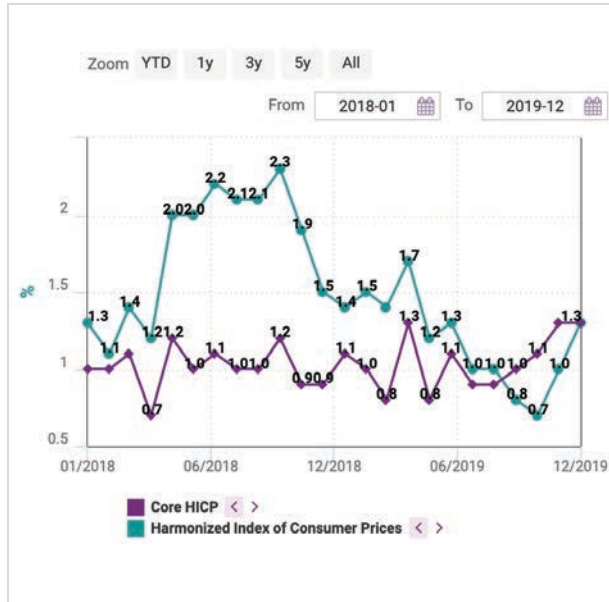
During the ECB's last meeting with Mario Draghi as a president, the bank's governing council decided to keep the interest rate on the deposit facility unchanged at -0.5%. Analysts fear that the rate is close to the minimum value at which it is effective and argue that further cuts would not make economic sense. Although the main rates are intact, the bank's policy remains accommodative. On November 1 the ECB began the second round of its quantitative easing programme in an effort to bring up inflation and stimulate the otherwise stagnant economy. According to the governing council, it will be enforced at the monthly pace of EUR 20bn for as long as necessary. ECB's stance remained dovish after the first policy meeting under Christine Lagarde's presidency in December. The main deposit rate was kept at a historic low of -0.5%, while asset purchases are to continue at the same pace.

Inflation in Germany and France was above the Euro Area average, at 1.15% and 0.76%, respectively, in October. Italy and Spain, however, recorded values significantly lower than the Euro Area average – at 0.19% and 0.1%, respectively. The highest inflation growth of 2.77% in October was recorded by Slovakia, while in Cyprus inflation dropped by 0.98%. Notably, the four countries with lowest inflation are located in Southern Europe: Italy (0.19%), Spain (0.1%), Portugal (0.02%) and Greece (-0.71%).

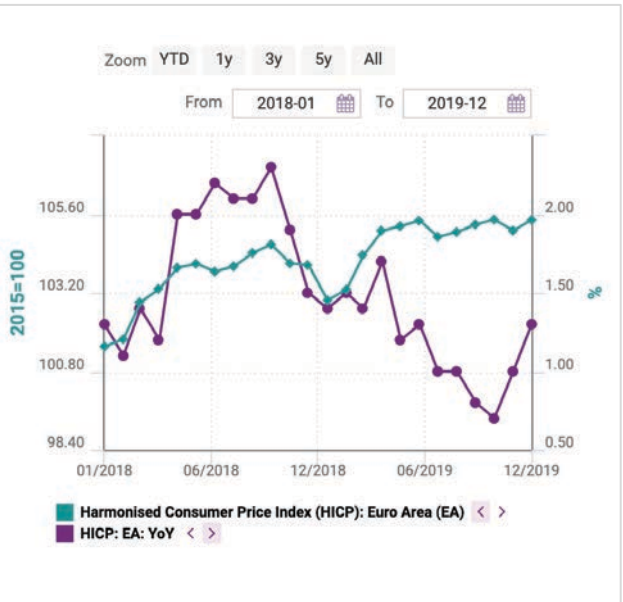
The producer price index slumped to a three-year low of -0.96% in September. While manufacturing prices remained relatively stable, those in the energy production sector dropped by 7.21%. In Spain, producers' selling prices declined by 3.3% in September, while those in Germany slipped by just 0.096% in the same period.

In the face of monetary policy easing on both sides of the Atlantic, the euro depreciated by 2.83% to 0.9 EUR/USD in November. The Dow Jones Euro Stoxx index was on the rise in 2019, up to 399.34 points in November compared to 348.98 points in the same month of 2018. The benchmark German index DAX surged to 13,236.7 points in November 2019 from 11,257.2 in November 2018, while the main index for France – CAC 40 – rose to a 2019-high of 5,905.1 in November.

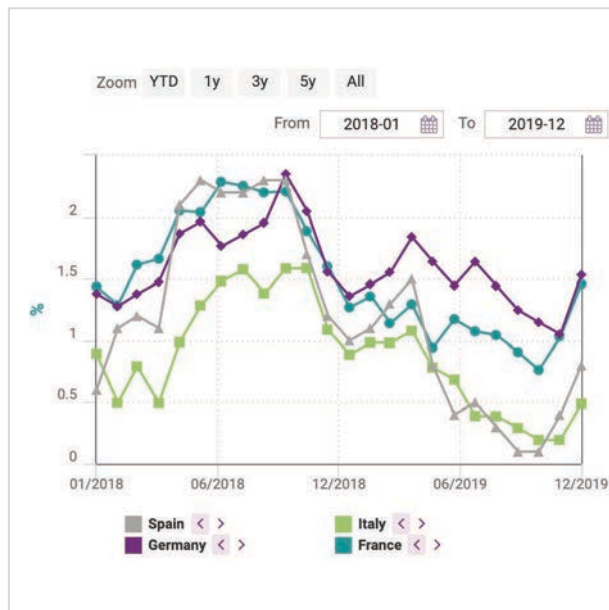
Headline and Core Inflation



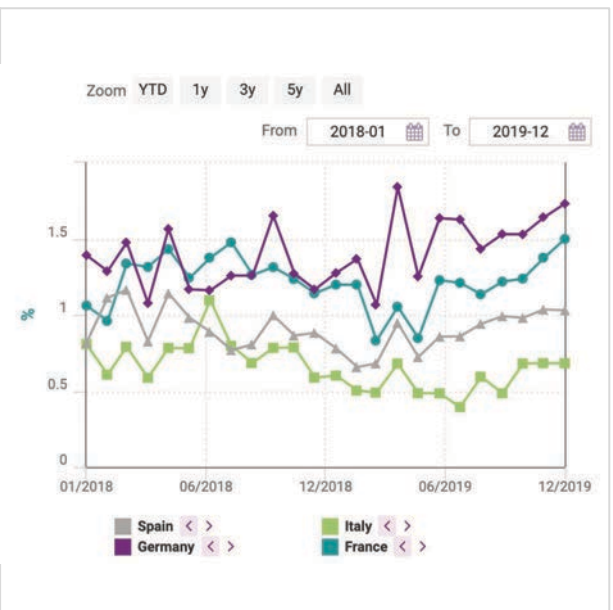
Harmonised Index of Consumer Prices



CPI: Top 4 Economies

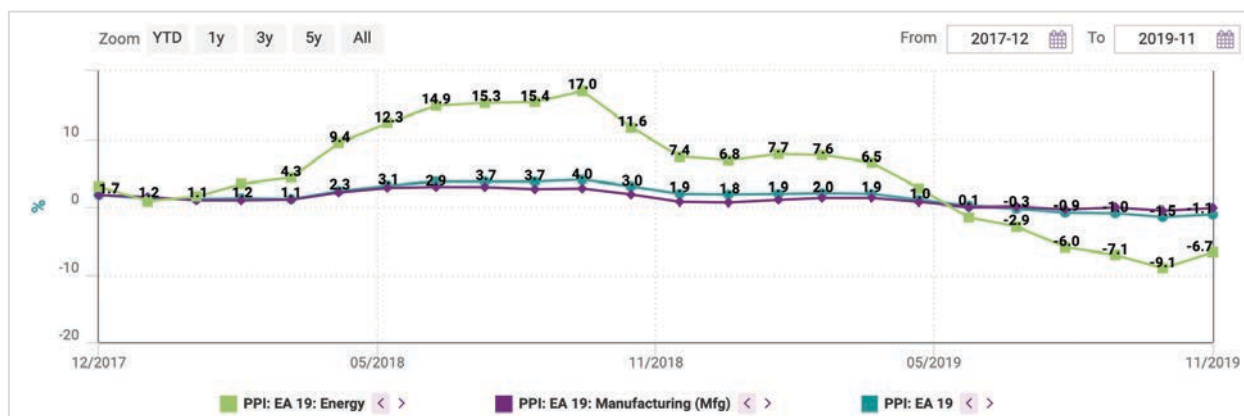


Core CPI: Top 4 Economies



Source: CEIC Data

Producer Price Index: EA 19

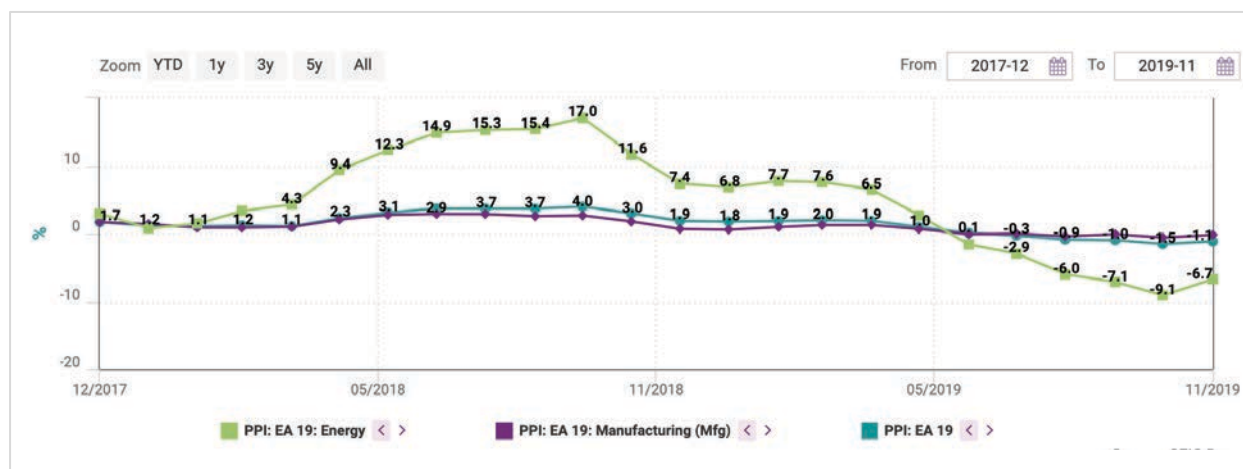


Harmonised Consumer Price Index

	Unit	12.2019	11.2019	10.2019	09.2019	08.2019	07.2019
Harmonised Consumer Price Index: Euro Area	%	1,33	0,96	0,73	0,83	1,01	1,02
Food & Non-Alcoholic	%	1,66	1,54	1,21	1,23	1,89	1,70
Alcoholic, Tobacco & Narcotics	%	3,42	3,43	2,77	2,79	2,76	2,73
Housing, Water, Electricity, Gas & Other Fuels	%	0,66	0,15	0,41	0,95	1,30	1,52
Communications	%	-1,42	-1,32	-1,52	-1,79	-2,15	-2,52
Restaurants & Hotels	%	2,00	1,87	1,96	1,97	1,95	2,01
MS: Insurance	%	1,94	1,97	2,10	1,92	1,90	1,79
Services	%	1,80	1,85	1,54	1,48	1,30	1,17
All Items: excl Energy & Seasonal Food	%	1,44	1,43	1,21	1,18	1,14	1,07
Clothing & Footwear	%	0,90	0,70	0,64	0,53	1,25	1,33
Furnishings, Household Equipment	%	0,55	0,52	0,46	0,42	0,54	0,53
Health	%	0,81	0,73	0,71	0,79	0,89	0,66
Transport	%	1,87	0,01	-0,19	0,01	0,61	0,99
Recreation & Culture	%	1,10	1,61	-0,14	-0,11	-0,87	-0,97
Education	%	0,92	0,98	0,98	0,58	0,77	-0,66
Miscellaneous Goods & Services	%	1,68	1,63	1,68	1,68	1,66	1,55
Goods excl Services	%	0,95	0,26	0,08	0,31	0,75	0,90

Source: CEIC Data

PPI: Top 4 Economies

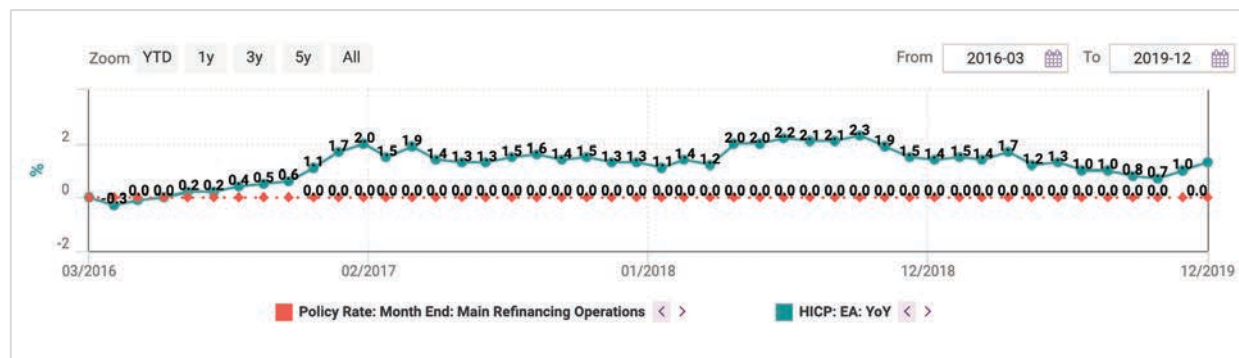


Producer Price Index: EA

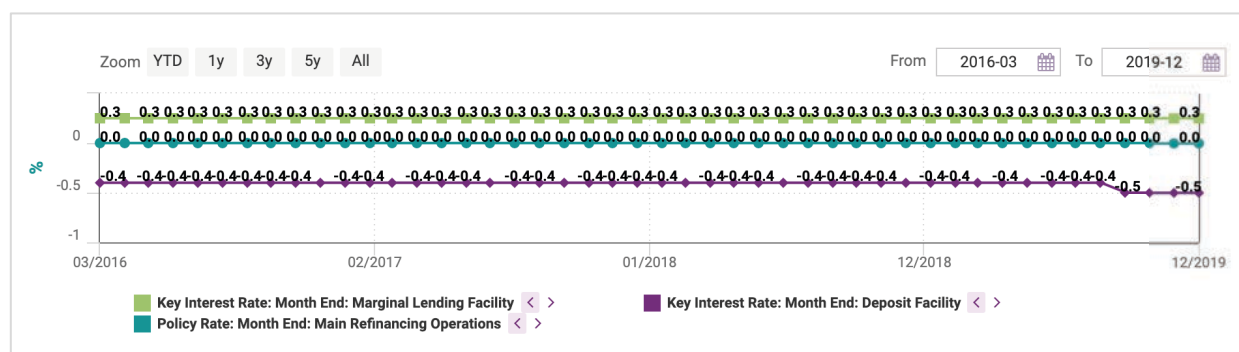
	Unit	11.2019	10.2019	09.2019	08.2019	07.2019	06.2019
PPI: EA 19	%	-1,15	-1,53	-0,96	-0,87	-0,29	0,10
Industry: excl Construction	%	-1,05	-1,43	-0,86	-0,77	-0,29	0,19
MQ & Mfg	%	-0,29	-0,77	-0,38	-0,39	-0,10	-0,10
Mining & Quarrying (MQ)	%	-14,81	-17,80	-17,64	-15,55	-14,62	-11,75
Manufacturing (Mfg)	%	-0,19	-0,58	-0,10	-0,39	0,00	-0,10
Electricity, Gas & Air Conditioning Supply (EA)	%	-6,26	-6,76	-5,51	-3,61	-1,15	1,49
Intermediate Goods	%	-1,53	-1,14	-0,67	-0,76	-0,48	-0,10
Energy	%	-6,70	-9,10	-7,12	-5,99	-2,94	-1,59
Capital Goods	%	1,08	0,89	1,18	0,78	0,78	0,69
Consumer Goods	%	1,49	1,29	1,19	0,89	0,79	0,59
Consumer Durables	%	0,98	1,18	1,18	0,98	1,08	0,88
Consumer Non Durables	%	1,59	1,39	1,19	0,79	0,69	0,59

Source: CEIC Data

Policy Rate and Inflation



Key Rates

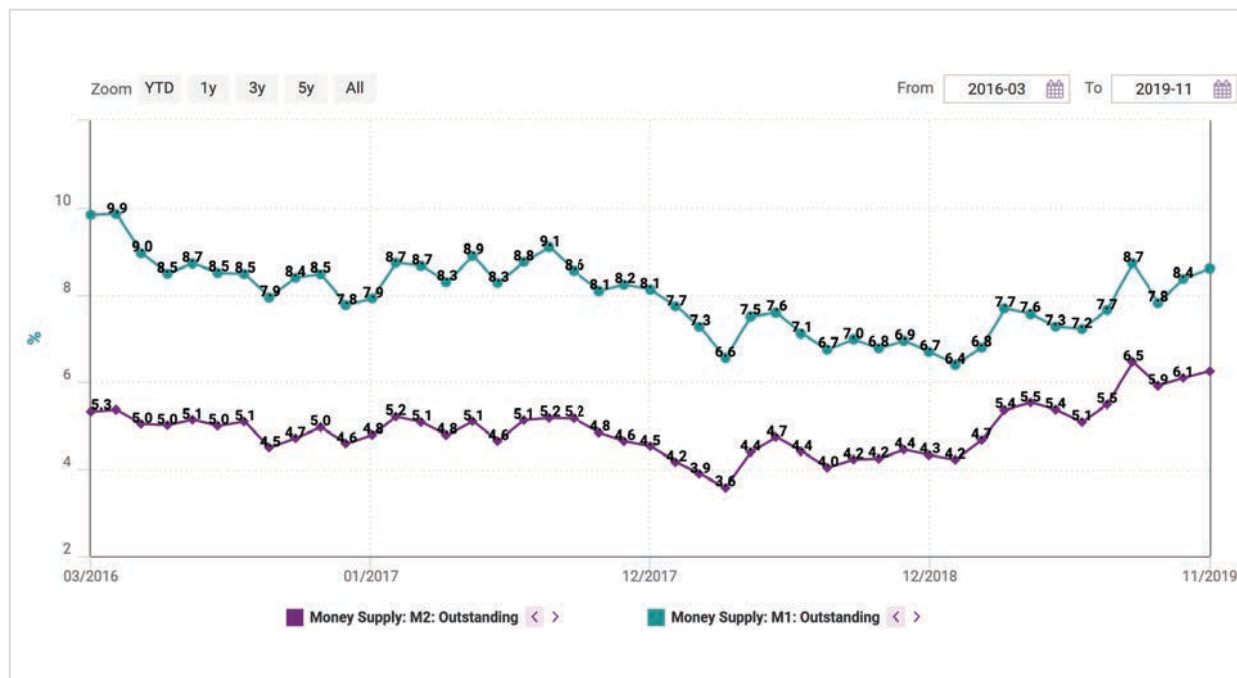


Key Rates

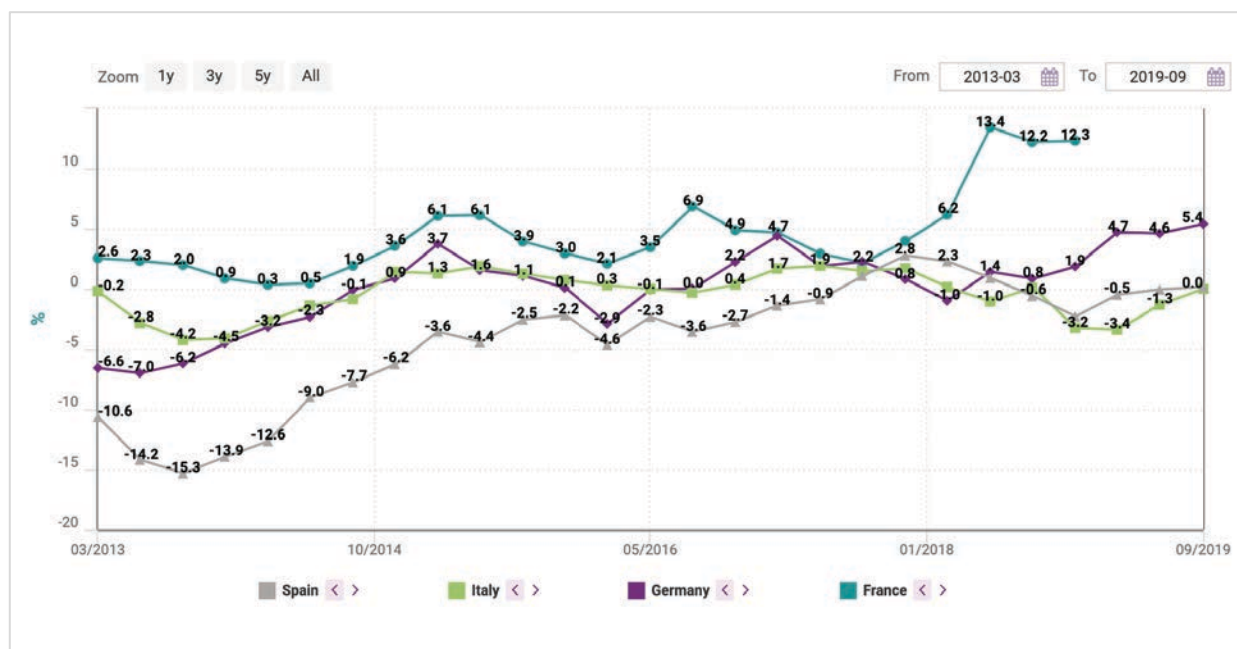
	Unit	12.2019	11.2019	10.2019	09.2019	08.2019	07.2019
Policy Rate: Month End: Main Refinancing Operations	% pa	0,00	0,00	0,00	0,00	0,00	0,00
Key Interest Rate: Month End: Deposit Facility	% pa	-0,50	-0,50	-0,50	-0,50	-0,40	-0,40
Key Interest Rate: Month End: Marginal Lending Facility	% pa	0,25	0,25	0,25	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		5,51	5,58	5,62	5,80	5,74
MFI: Lending Rate: NB: HH: House Purchase (HP): Fixation: Total	% pa		1,51	1,43	1,47	1,52	1,58
Euro Index Average (EONIA): Overnight	% pa	-0,45	-0,45	-0,46	-0,45	-0,36	-0,36
Short Term Interest Rate: Month End: EURIBOR: 3 Months	% pa	-0,38	-0,40	-0,39	-0,42	-0,43	-0,38
Euro Interbank Rate: Month Average: Overnight: Euro Area	% pa	-0,46	-0,45	-0,46	-0,40	-0,36	-0,37

Source: CEIC Data

Money Supply: YoY Growth



Total Loans Growth: Top 4 Economies



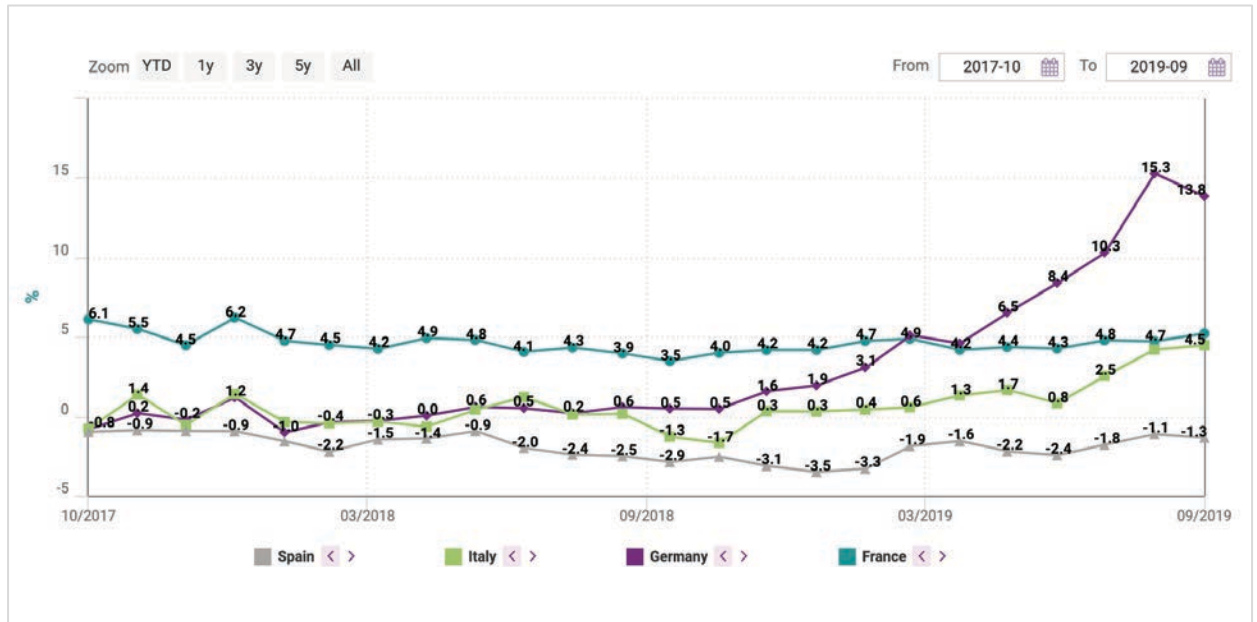
Source: CEIC Data

Eurosystem: Reserve and Foreign Assets

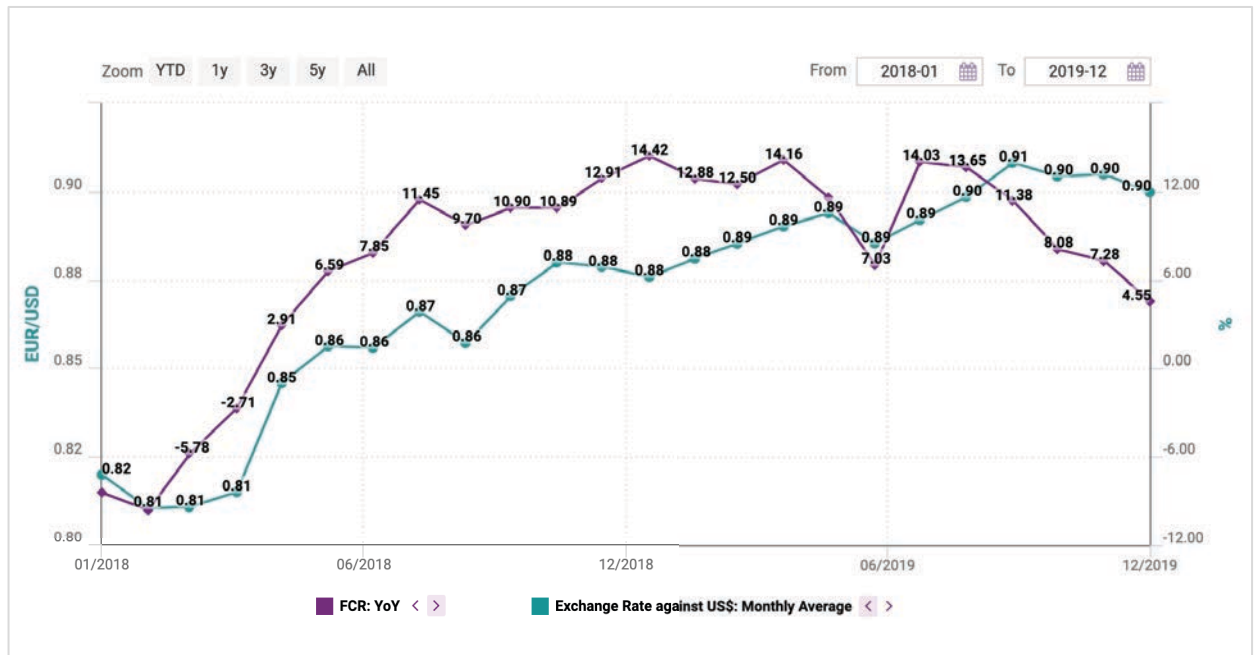
	Unit	12.2019	11.2019	10.2019	09.2019	08.2019	07.2019
Official Reserve Assets (ORA)	EUR bn	813,58	808,04	816,51	827,00	836,51	797,87
ORA: ow Include Financial Derivatives	EUR bn	263,70	267,65	266,85	272,12	274,66	270,45
ORA: Foreign Currency Reserves (FCR)	%	4,55	7,28	8,08	11,38	13,65	14,03
ORA: FCR: Securities	EUR bn	223,40	230,56	226,89	226,91	227,41	226,34
ORA: FCR: Securities: ow Issuer Headquartered in EA	EUR bn	0,17	0,17	0,17	0,14	0,14	0,13
ORA: FCR: Total Currency & Deposits with (CD)	EUR bn	41,28	38,19	40,99	45,72	47,65	44,25
ORA: FCR: CD: Other National Central Banks, BIS & IMF	EUR bn	30,92	27,79	29,50	37,68	33,95	32,71
ORA: FCR: CD: Banks	EUR bn	10,35	10,40	11,49	8,04	13,69	11,53
ORA: FCR: CD: Banks: HQ in Euro Area & Located Abroad	EUR bn	1,46	2,22	2,23	0,56	2,05	1,84
ORA: FCR: CD: Banks: HQ & Located Outside Euro Area	EUR bn	8,90	8,18	9,27	7,48	11,65	9,70
ORA: IMF Reserve Position	EUR bn	24,35	24,57	25,17	25,52	25,44	25,36
ORA: SDR	EUR bn	53,41	53,93	53,40	53,96	53,45	53,08
ORA: Gold Including Gold Deposits & Gold Swapped	EUR bn	469,14	458,55	468,25	472,46	479,13	445,42
ORA: Gold Including Gold Deposits & Gold Swapped: Volume	Unit mn	346,46	346,46	346,46	346,46	346,46	346,46
ORA: Other Claim	EUR bn	1,99	2,25	1,80	2,42	3,44	3,43
ORA: Other Claim: excl Financial Derivatives	EUR bn	2,93	3,30	2,83	2,92	3,82	3,56
ORA: Other Claim: Financial Derivatives	EUR bn	-0,98	-1,11	-1,04	-0,51	-0,39	-0,13
ORA: Other Claim: Other	EUR bn	0,04	0,06	0,01	0,02	0,01	0,00
Other Foreign Currency Assets (FC)	EUR bn	20,12	18,16	17,10	19,06	18,27	17,48
FC: Securities Not Included in Office Reserve Assets	EUR bn	6,87	7,12	7,08	7,12	7,53	7,36
FC: Deposits Not Included in Office Reserve Assets	EUR bn	13,21	11,16	10,07	12,30	11,03	10,35
FC: Loans Not Included in Office Reserve Assets	EUR bn	0,02	0,05	0,02	0,02	0,02	0,02
FC: Financial Not Included in Office Reserve Assets	EUR bn	-0,01	-0,19	-0,10	-0,40	-0,33	-0,28
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

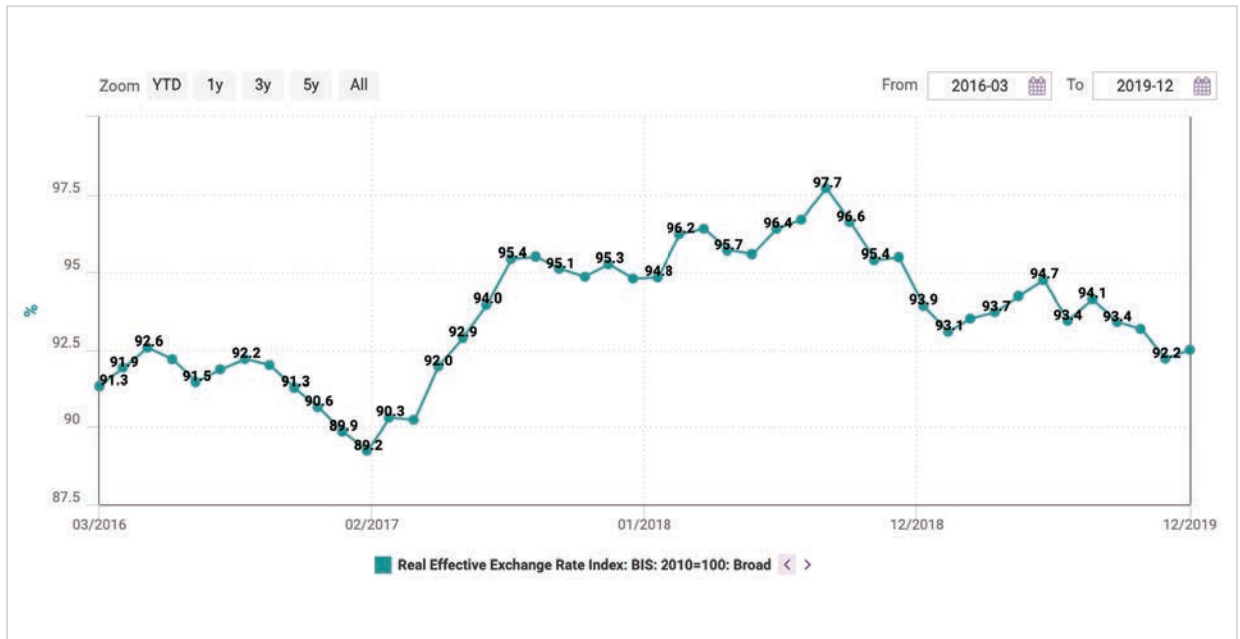


FX Rate and Foreign Currency Reserves Growth

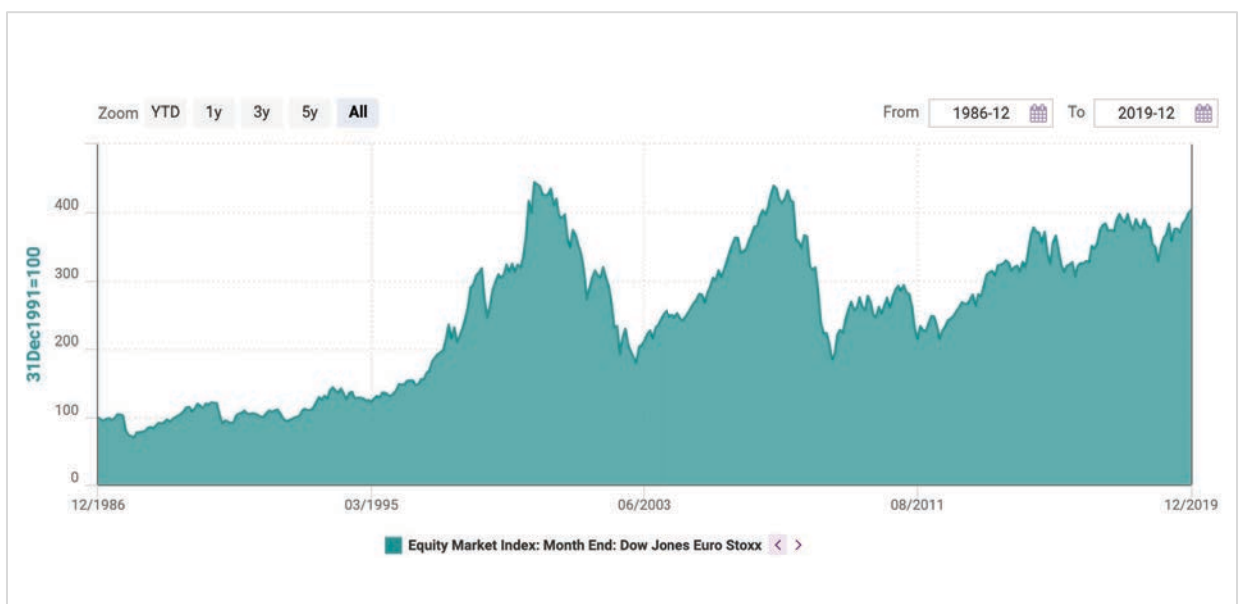


Source: CEIC Data

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, Q4 2019

A CEIC Insights Report



Fiscal Sector



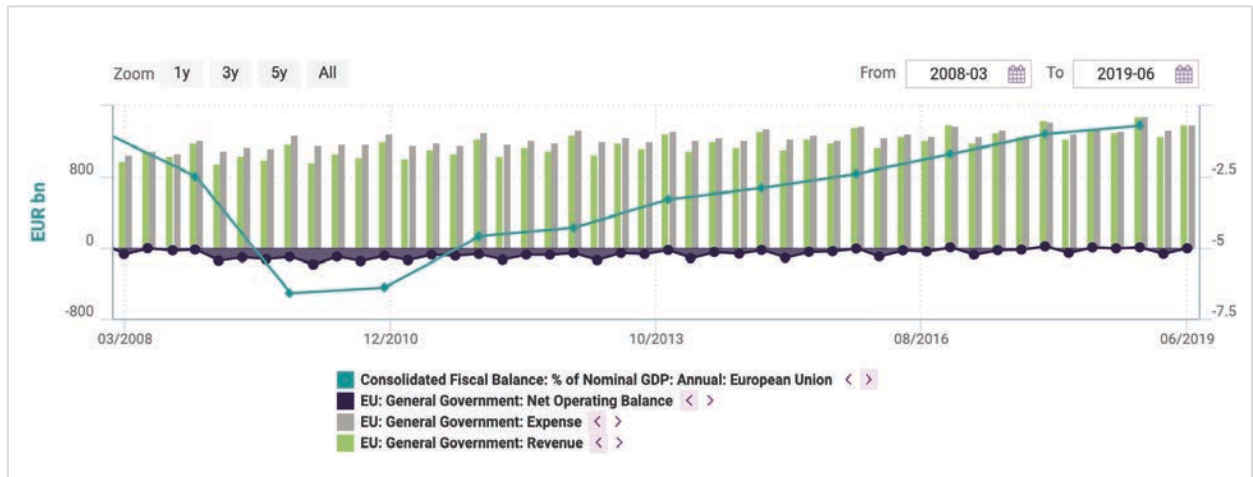
Fiscal Sector

In the face of slower than desired growth rates, several European officials raised voices for greater fiscal spending to counter the slump in industrial production. Paulo Gentiloni, the newly elected economic and financial affairs commissioner, called in October for less restrictive budget policies on behalf of members of the eurozone that have the fiscal space. The statement mainly refers to Germany, which is still in austerity mode with a budget surplus of 1.60% in Q3 2019, just 17 bp lower than the reading in Q1. France, on the other hand, is getting deeper into negative territory, down to a fiscal deficit of 3.05% as a fraction of GDP in Q2 2019. Fiscal deficit in Spain also widened to 2.83% of GDP in Q2 from 2.56% in the previous quarter, whereas the deficit in Italy inched up by 1 bp to 2.11% in Q2.

Despite the widening deficits, Spain and France sustained their government debts at their former levels in Q2 – at 98.9% and 99.5% of GDP, respectively. The German government debt kept trending downwards down to 61.1% in Q2, whereas Italy still has the second-highest debt in the Euro Area – at 138% of GDP in Q2, surpassed only by Greece.

After a year of constant drops, government bond yields picked up in October. The yield on 10-year bonds rose to 0.13% from 0.05% in September, while the rate on two-year securities increased to -0.48% from -0.56% in the same period, according to monthly average data. According to ECB estimations, the rate will remain below 1% in the following couple of years – at 0.3% and 0.4% in 2020 and 2021, respectively.

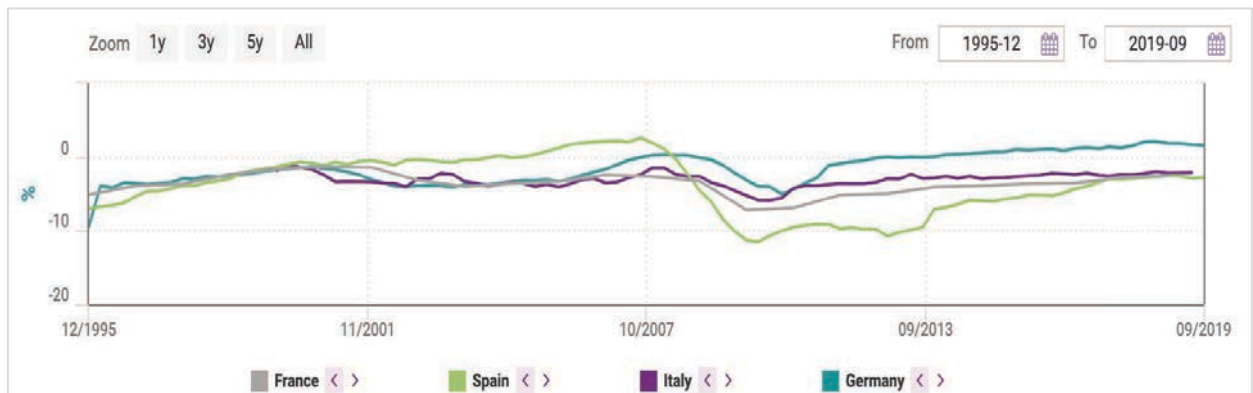
General Government Balance: Euro Area



General Government Balance: Top 4

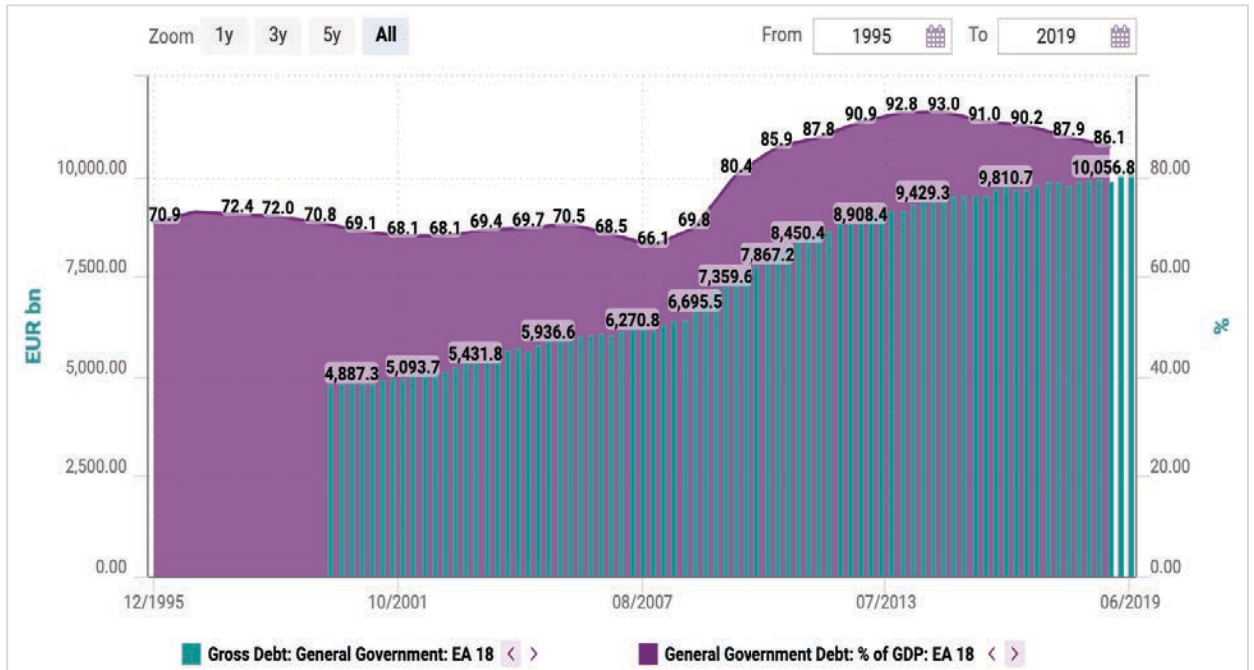
	Unit	09.2019	06.2019	03.2019	12.2018	09.2018	06.2018
Germany	EUR bn	7,23	27,04	19,06	1,13	9,55	32,12
France	EUR bn	-15,23	-18,49	-19,37	-15,01	-16,52	-14,75
Italy	EUR bn		-4,70	-30,22	5,35	-7,68	-5,58
Spain	EUR bn	8,79	-22,67	-4,51	-15,90	8,02	-19,05

Consolidated Fiscal Balance: % of Nominal GDP

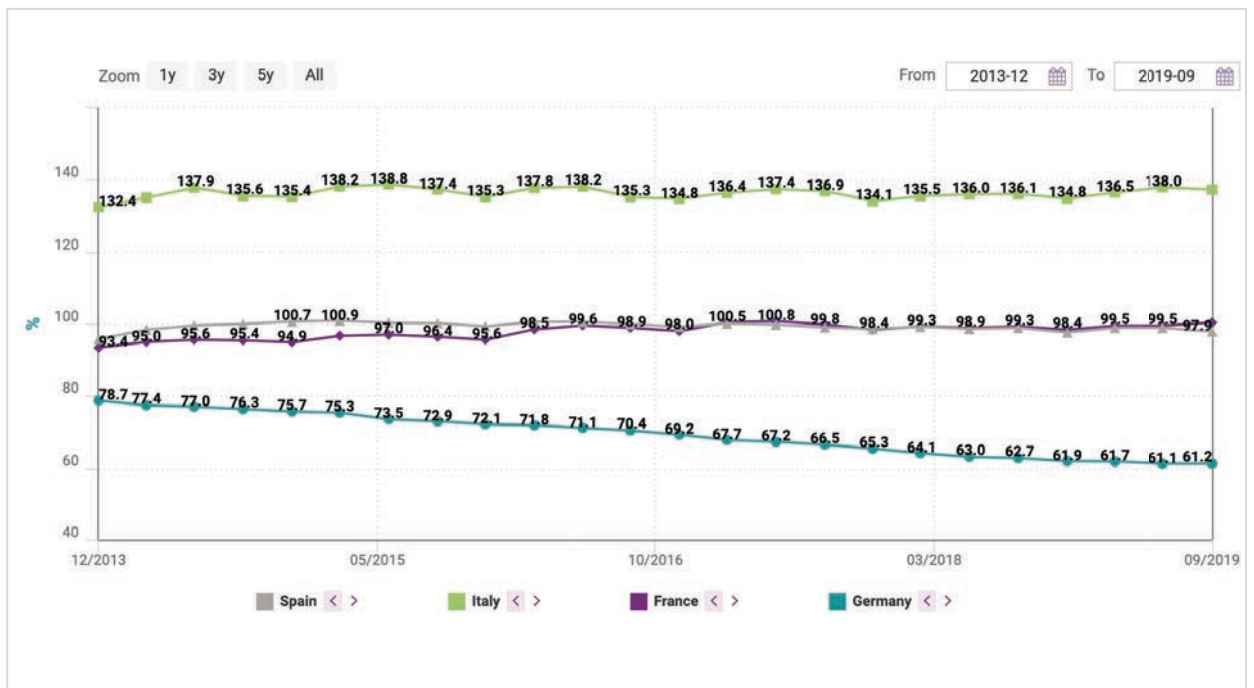


Source: CEIC Data

Government Debt: EA 18



Government Debt: % of GDP: Top 4

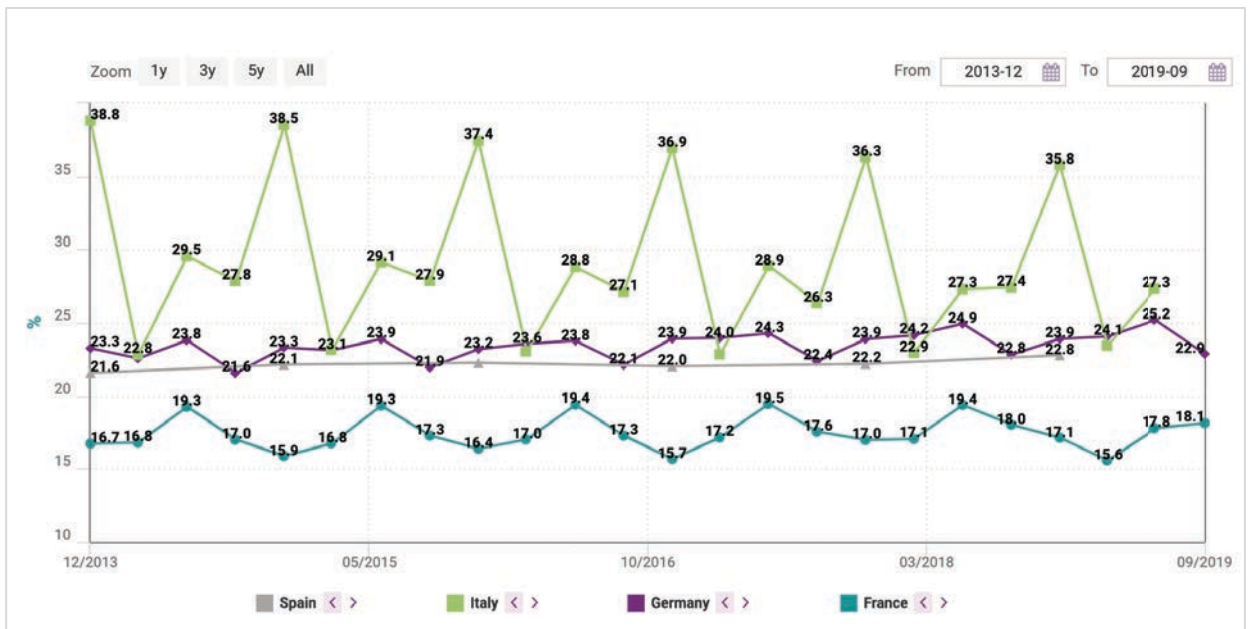


Source: CEIC Data

Euro Area: Tax Revenue



Government Debt: % of GDP: Top 4



Source: CEIC Data

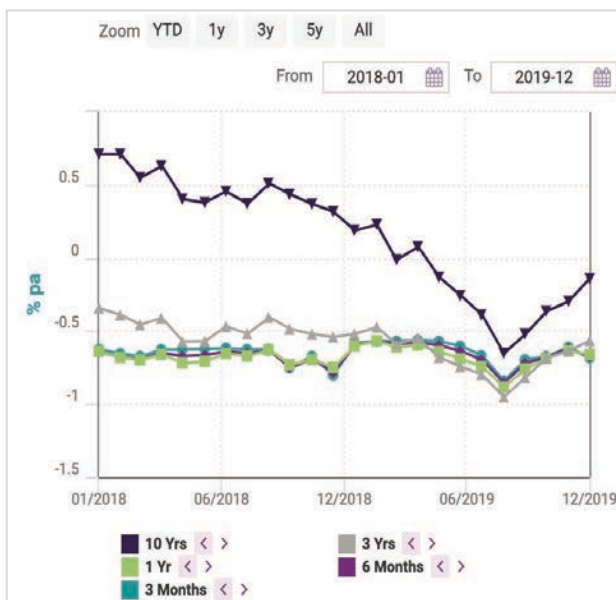
Government Bond Yield: Monthly Average: Euro



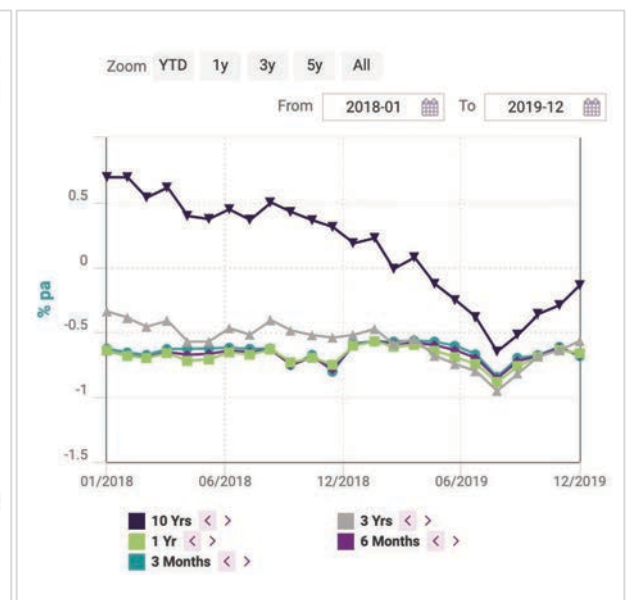
Euro Interbank Offered Rate



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, Q4 2019

A CEIC Insights Report



External Sector



External Sector

On the basis of sluggish consumption, imports growth went into negative territory in Q3 for the first time since Q3 2016. The value of imports shrunk by 1.52% y/y in August, though the decline decelerated to -0.24% y/y in September. Exports grew steadily in nominal terms to reach EUR 195.5bn in September, a 2.15% increase on an annual basis. As a consequence, the eurozone's trade surplus widened to EUR 18.33bn in September, up by 32.9% y/y, boosting the otherwise stagnant economy of the bloc.

The US remained the main export partner of the eurozone, even though exports to the country slipped to EUR 29.3bn in September from a record high of EUR 30.2bn in July. However, export value might significantly decrease from October onwards as the US imposed tariffs on EUR 6.7bn of EU produced goods. Tariffs will impact a variety of products such as Scotch whiskey, Spanish olive oil, French wines etc. As for the other top trade partners, exports to the UK rose by 4.1% y/y in September, whereas exports to China contracted by 4.2% on an annual basis.

Exports of manufactured products, which account for more than 80% of the total, grew by 0.5% y/y to EUR 162bn. Although exports of machinery and transport equipment shrunk by 1.9% y/y, the negative effect was counterbalanced by a 7.3% y/y expansion in exports of chemicals and related products in September.

Growth of imports from China accelerated to 3.3% y/y in September, reaching EUR 24.7bn. However, this was not enough to compensate for the drop of imports from key trade partners such as the UK and Russia, imports from which dropped by 2.5% y/y and 25.8% y/y, respectively, in September. Imports from Russia are still adversely affected from the Druzhba pipeline crisis in April, which led to a sharp drop in crude oil exports to Germany and other central European states.

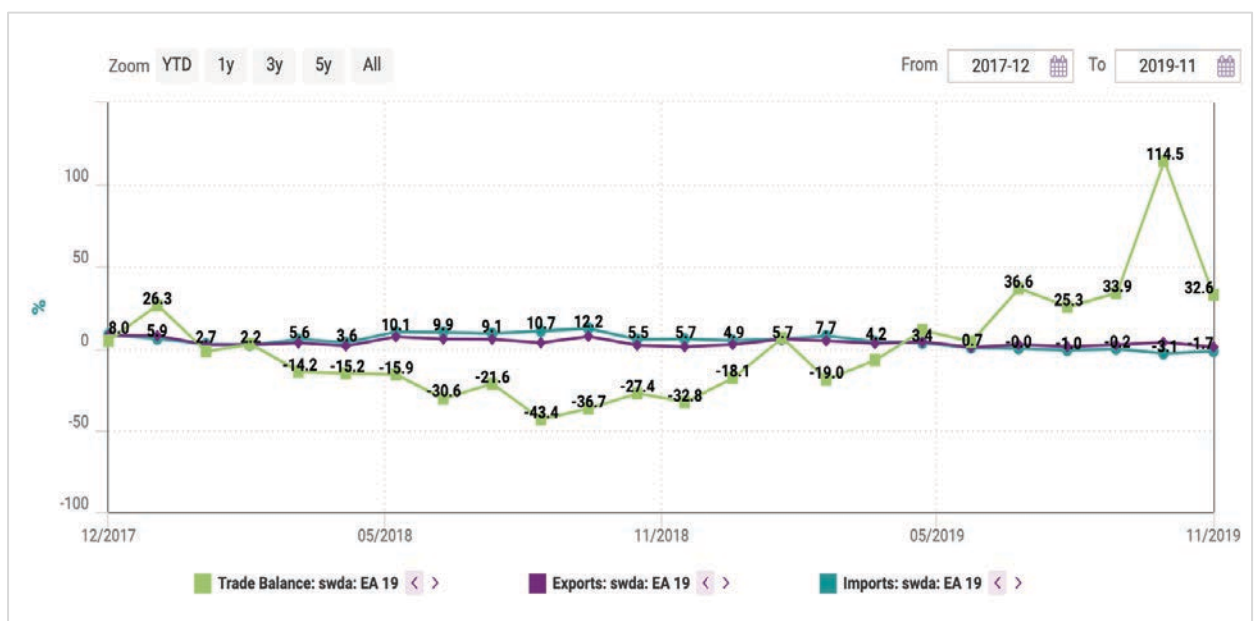
Imports of the two highest-grossing categories – manufactured products and machinery and transport equipment – rose by 1.93% y/y and 3.13% y/y respectively in September. Mineral fuel imports, on the other hand, plunged by 19.8%.

The traditional surplus on the eurozone's current account narrowed down to EUR 25.7bn in September, down by 13.3% y/y. Germany's current account surplus widened to 8% of GDP, whereas France's current account deficit grew to 1.2% of GDP. The surplus on the Euro Area's financial account, on the other hand, widened to EUR 23.9bn in August from EUR 15.5bn in July 2019.

Trade Balance: Monthly

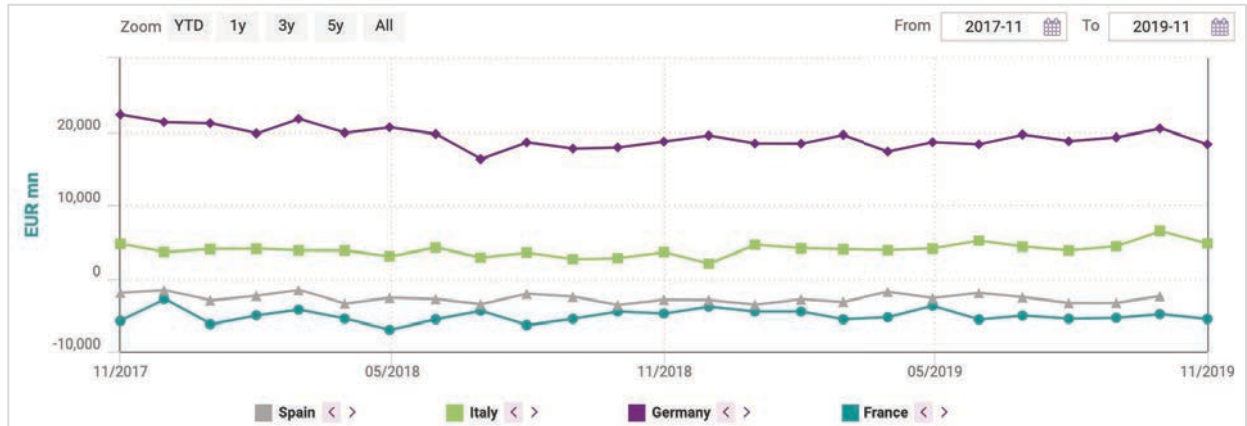


Monthly Trade Balance: YoY Growth



Source: CEIC Data

Trade Balance: Top 4



EA: Exports: by Main Category

	Unit	11.2019	10.2019	09.2019	08.2019	07.2019	06.2019
Exports: swda: EA 19	EUR bn	194,59	200,18	195,84	195,29	193,63	193,84
Food, Drink and Tobacco	EUR bn	15,02	15,39	15,08	15,03	14,90	14,55
Food and Live Animals Chiefly for Food	EUR bn	11,83	12,08	11,63	11,65	11,56	11,26
Beverages and Tobacco	EUR bn	3,19	3,31	3,45	3,38	3,34	3,29
Raw Materials	EUR bn	4,54	4,48	4,41	4,61	4,50	4,55
Crude Materials, Inedible Except Fuels	EUR bn	4,00	3,94	3,85	4,03	3,95	3,99
Mineral Fuels, Lubricants	EUR bn	8,37	8,61	8,83	8,56	8,74	8,39
Petroleum Products	EUR bn		7,88	8,03	7,77	7,82	7,63
Animals & Vegetable Oils, Fats & Waxes	EUR bn	0,55	0,55	0,57	0,58	0,55	0,56
Manufactured Products	EUR bn	162,61	168,05	163,27	163,62	161,90	163,25
Chemicals & Related Products, nes	EUR bn	36,44	37,87	37,50	36,85	36,70	36,49
Other Manufactured Products	EUR bn	46,65	46,93	46,50	46,99	46,23	46,36
Manufactured Gds	EUR bn	22,24	22,61	22,47	22,85	22,33	22,46
Machinery and Transport Equipment	EUR bn	79,52	83,25	79,28	79,77	78,97	80,40
Miscellaneous Manufactured Articles	EUR bn	24,40	24,31	24,03	24,15	23,90	23,90
Goods, nes	EUR bn	4,04	3,65	4,24	3,48	3,60	3,11

Source: CEIC Data

EA: Imports: by Main Category

	Unit	11.2019	10.2019	09.2019	08.2019	07.2019	06.2019
Imports: swda: EA 19	EUR bn	175,40	176,21	177,18	175,28	176,67	176,07
Food, Drink and Tobacco	EUR bn	11,50	11,99	11,92	11,85	11,91	11,57
Food and Live Animals Chiefly for Food	EUR bn	10,29	10,66	10,64	10,57	10,68	10,36
Beverages and Tobacco	EUR bn	1,21	1,33	1,28	1,28	1,23	1,21
Raw Materials	EUR bn	6,92	7,61	7,27	7,26	7,06	7,39
Crude Materials, Inedible Except Fuels	EUR bn	6,18	6,66	6,45	6,46	6,24	6,58
Mineral Fuels, Lubricants	EUR bn	26,09	24,75	25,39	26,13	26,25	27,85
Petroleum Products	EUR bn		19,20	19,70	20,14	20,28	21,30
Animals & Vegetable Oils, Fats & Waxes	EUR bn	0,73	0,94	0,81	0,80	0,82	0,81
Manufactured Products	EUR bn	126,86	129,19	129,52	128,33	128,74	128,33
Chemicals & Related Products, nes	EUR bn	20,77	21,37	21,45	20,77	21,90	21,41
Other Manufactured Products	EUR bn	44,22	44,58	44,67	44,34	44,98	44,52
Manufactured Gds	EUR bn	18,50	18,78	18,93	19,01	19,78	19,00
Machinery and Transport Equipment	EUR bn	61,86	63,24	63,40	63,22	61,86	62,40
Miscellaneous Manufactured Articles	EUR bn	25,72	25,80	25,74	25,34	25,20	25,52
Goods, nes	EUR bn	4,04	2,68	3,10	1,70	2,70	0,93

EA: Exports: by Main Trading Partner

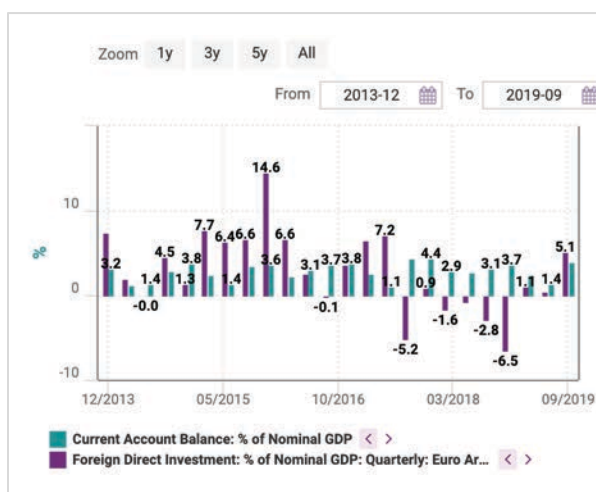
	Unit	11.2019	10.2019	09.2019	08.2019	07.2019	06.2019
Intra EA	EUR bn	162,70	164,28	162,90	162,25	163,00	163,54
United Kingdom	EUR bn	21,46	24,38	23,46	22,86	21,83	21,88
United States	EUR bn	28,33	29,70	29,26	30,28	30,14	29,33
China (except Hong Kong SAR)	EUR bn	15,31	15,54	14,69	14,64	14,25	14,58
Poland	EUR bn		11,79	11,77	11,87	11,68	11,83
Switzerland	EUR bn	11,51	12,14	11,48	11,59	11,34	11,26
Czech Republic	EUR bn		7,50	7,60	7,53	7,58	7,71
Sweden	EUR bn		6,10	6,22	6,30	6,46	6,16
Russia	EUR bn	5,98	6,43	5,79	6,13	5,70	5,69
Hungary	EUR bn		5,01	5,05	5,05	4,91	4,95
Turkey	EUR bn	5,05	4,98	4,72	4,88	4,63	4,71
Japan	EUR bn	4,56	4,61	4,74	4,65	4,48	4,71
Denmark	EUR bn		3,61	3,59	3,63	3,67	3,66
Romania	EUR bn		3,77	3,73	3,80	3,73	3,79
South Korea	EUR bn	3,36	3,18	3,21	3,08	3,28	3,42

Source: CEIC Data

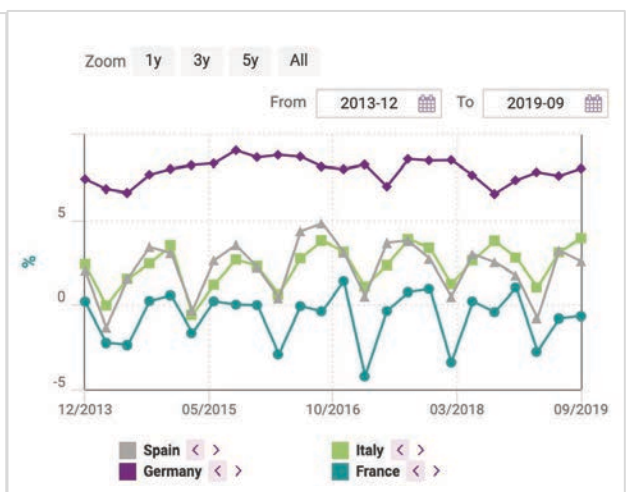
EA: Imports: by Main Trading Partner

	Unit	11.2019	10.2019	09.2019	08.2019	07.2019	06.2019
Intra EA	EUR bn	160,36	161,53	162,49	160,28	160,54	162,16
United Kingdom	EUR bn	13,77	14,57	13,94	14,07	13,52	14,01
United States	EUR bn	17,37	18,72	18,69	17,76	18,09	17,76
Russia	EUR bn	8,91	8,70	8,31	8,91	9,24	8,86
Poland	EUR bn		10,85	10,86	10,79	10,62	10,92
Czech Republic	EUR bn		8,92	9,22	9,16	9,12	9,26
Switzerland	EUR bn	8,94	8,85	9,31	8,81	8,68	8,88
Sweden	EUR bn		4,92	5,09	5,45	5,11	5,35
Hungary	EUR bn		5,05	5,25	5,03	4,95	5,06
Turkey	EUR bn	4,85	4,75	4,91	4,74	4,96	4,33
Japan	EUR bn	4,64	4,69	4,71	4,76	4,72	4,59
Norway	EUR bn	2,88	2,74	2,45	2,64	2,61	2,83
Romania	EUR bn		3,17	3,15	3,10	3,16	3,21
South Korea	EUR bn	2,89	2,81	3,07	3,28	3,07	2,99
China (except Hong Kong SAR)	EUR bn	24,99	25,13	24,85	24,72	25,33	24,89

Current Account Balance and Foreign Direct Investment

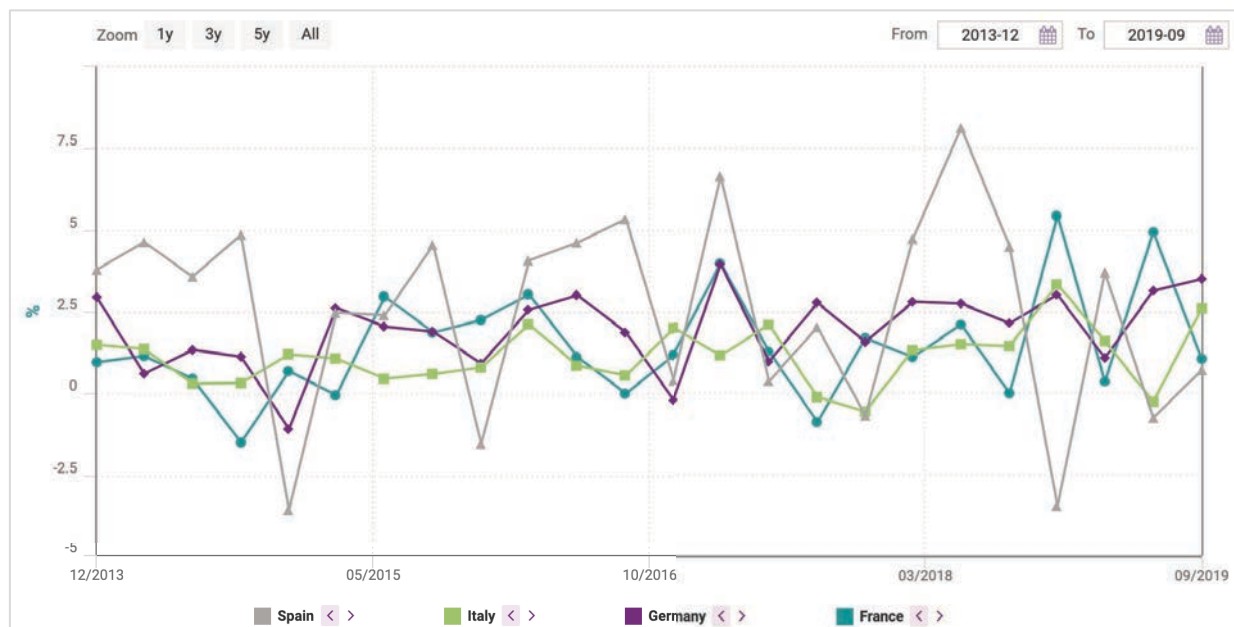


Current Account Balance: Top 4

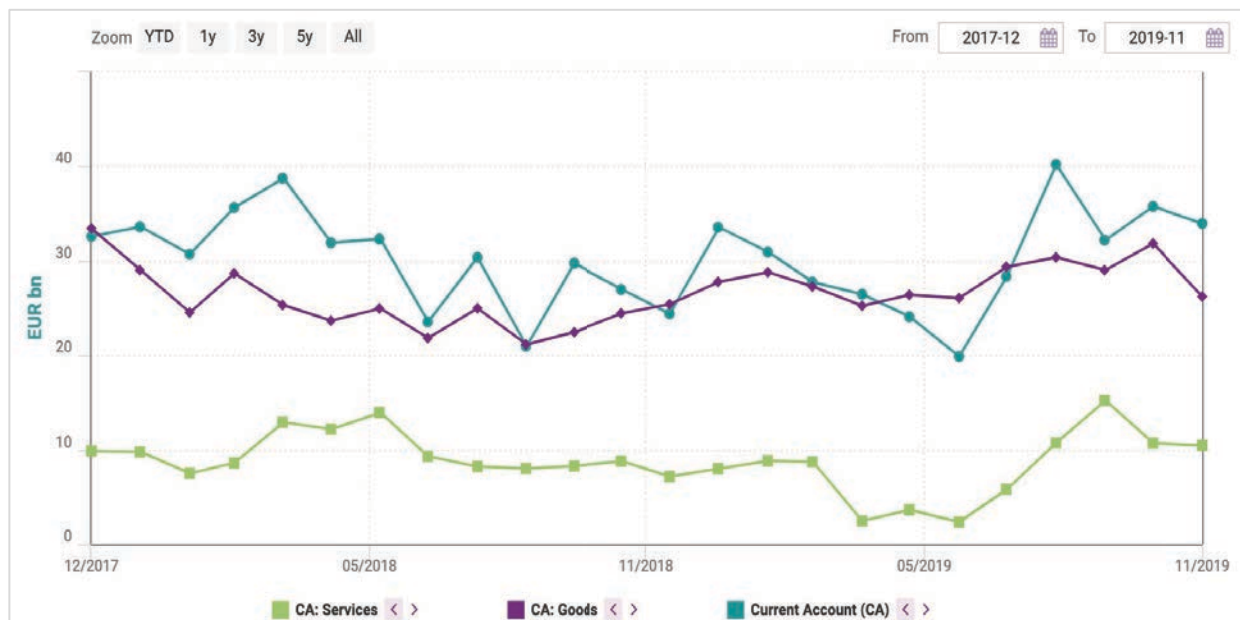


Source: CEIC Data

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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