EEAG Report 2016
Europe: What next?

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Macroeconomic Outlook
Regional contributions to world trade and industrial production

World trade

Emerging and developing countries

Advanced economies

World industrial production

Emerging and developing countries

Advanced economies

a) Three month moving average level. b) Contribution to annualised monthly growth rate thereof.
Inflation in the world and oil price movements

Ifo World Economic Survey
Economic situation

Contributions to GDP growth\textsuperscript{a)} in the United States

Seasonally adjusted data

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{gdp_contributions.png}
\caption{Contributions to GDP growth in the United States.}
\end{figure}

\textsuperscript{a)} Annualised quarterly growth.

Source: US Bureau of Economic Analysis, last accessed on 1 January 2016; EEAG calculations.
Business cycle developments in the United States

Private consumption

- Annualised quarterly growth rates (right-hand scale)
- Consumption (left-hand scale)

Gross fixed capital formation

- Annualised quarterly growth rates (GFCF) (right-hand scale)
- Gross fixed capital formation (left-hand scale)
- Gross capital formation (left-hand scale)

Foreign trade

- Trade balance (right-hand scale)
- Imports (left-hand scale)
- Exports (left-hand scale)

Figure 1.
Unemployment rates

Source: OECD, Main Economic Indicators, Ministry of Human Resources and Social Security, China, last accessed on 11 January 2016.
Inflation rates

% change over previous year's month

last accessed on 1 January 2016.

Core inflation rates

% change over previous year's month

last accessed on 1 January 2016.
Contributions to GDP growth\(^a\) in the European Union

Seasonally adjusted data

\[ \text{Change in inventories} \]

\[ \text{Foreign balance} \]

\[ \text{Final domestic demand (excl. inventories)} \]

\(^a\) Annualised quarterly growth.

Source: Eurostat, last accessed on 1 January 2016; EEAG calculations.

Figure 1.
Business cycle developments in the European Union

- **Private consumption**
  - Annualised quarterly growth rates (right-hand scale)

- **Gross fixed capital formation**
  - Annualised quarterly growth rates (GFCF) (right-hand scale)

- **Foreign trade**
  - Exports (left-hand scale)
  - Imports (left-hand scale)
  - Trade balance (right-hand scale)

*In constant prices, chain-linked volumes, reference year 2010, seasonally adjusted and work-day adjusted.*

Source: Eurostat, last accessed on 1 January 2016.
Price developments in the euro area

% change over previous year's month

HICP

Core inflation rate

GDP deflator

-1
0
1
2
3
4

a) Harmonised Index of Consumer Prices (HICP). b) HICP excluding energy, food, alcohol and tobacco.

Source: Eurostat, last accessed on 11 January 2016.
Unemployment rates in selected countries of the euro area

Source: Eurostat, last accessed on 1 January 2016.
Government structural budget balances

Source: OECD, OECD Economic Outlook, Vol. 2015 issue 2, November.
First-time asylum applicants in the European Union

Number of first-time asylum applicants (left-hand scale)
Growth in first-time asylum applicants (right-hand scale)

Source: Eurostat, last accessed on 1 January 2016.

Figure 1.
Changes in the primary fiscal balances relative to pre-crisis GDP

% of GDP in 2007

-15 -10 -5 0 5 10 15

Ireland Greece Portugal Lithuania Romania Spain Latvia Slovakia Cyprus Slovenia United Kingdom Czech Republic Poland Germany France Austria Netherlands Italy Estonia Belgium Bulgaria Malta Hungary Luxembourg Finland Denmark Sweden Switzerland

% of GDP in 2007

-15 -10 -5 0 5 10 15


a) Below the horizontal axis at zero deteriorations of the primary fiscal balance are reported; above this line improvements are shown. The sum of the three bars result in the overall change during 2008-2015.

Main refinancing rate (ECB, euro area)
Federal target rate (Fed, United States)
Target policy rate (BoJ, Japan)
Bank rate (BoE, United Kingdom)

Liquidity provision by the ECB

Figure 1.

a) Monthly average of main and longer-term refinancing operations, marginal lending facility and securities held for monetary policy purposes. b) Monthly average of the use of fixed-term deposits at the ECB. c) Monthly average of excess reserves at the ECB. d) Monthly average of all securities held for monetary purposes.

Source: European Central Bank, last accessed on 1 January 2016.
These indexes of adjusted outstanding amounts are calculated according to $I_t = I_{t-1}(1 + F_t/L_{t-1})$, where $L$ stands for the outstanding nominal amount of credit and $F$ the amount of transactions (credit granted). The transactions $F$ are calculated from differences in outstanding amounts adjusted for reclassifications, other revaluations, exchange rate variations and other changes which do not arise from transactions (see European Central Bank, 2010, for details). A specific securitisation operation in France has led to a downward level shift in mortgages in May 2014.

Source: European Central Bank, last accessed on 1 January 2016.
a) The synthetic euro area benchmark bond refers to the weighted average yield of the benchmark bond series from each European Monetary Union member.
Source: Datastream, last accessed on 1 January 2016.
Regional disparities w.r.t. government bond yields in the euro area

Differences between 10-year national and synthetic euro area benchmark bond yields

% points

Greece (left-hand scale)
Portugal
Ireland
Italy
Spain
Belgium
France
Austria
Finland
Netherlands
Germany

Source: Datastream, last accessed on 1 January 2016.
Interest rates on loans to businesses in selected countries of the euro area

![Graph showing interest rates on loans to businesses in selected countries of the euro area.]

a) New loans to non-financial corporates up to one million euros using floating rates or up to 1 year initial rate fixation. The Euribor rate is based on secured interbank loans with a maturity of one year. Source: European Central Bank, last accessed on 1 January 2016.
Developments in international stock markets from an euro-area perspective

Index (2007=100)

- DJ Industrial Average
- Shanghai SE Composite
- Nikkei 225
- FTSE 100
- Euro STOXX 50

Figure 1.

a) Stock market indexes outside the euro area are first converted into euros.

Source: Datastream, last accessed on 1 January 2016.
Developments of selected stock markets within the euro area

Source: Datastream, last accessed on 1 January 2016.
Real effective exchange rates around the world

Source: Bank for International Settlements, last accessed on 1 January 2016.
a) The nominal exchange rate is based on monthly data, while the exchange rate based on purchasing power parity (PPP) is given at a quarterly frequency. The US dollar-euro PPP rate is calculated as the GDP-weighted average of the euro country-specific PPP estimates vis-à-vis the US dollar. The PPP upper bound represents the 90th percentile of the euro country-specific PPP estimates vis-à-vis the US dollar; the lower bound the 10th percentile. In calculating these bounds the 11 euro area member countries with the largest GDP weights are used. Source: OECD, OECD Economic Outlook, Vol. 2015 issue 2, November, European Central Bank, last accessed on 1 January 2016.
Abbildung 1.2

Verlauf wichtiger Konjunkturgrößen um den Zeitpunkt von Terroranschlägen

Figure 1.
World economic growth and the Ifo World Economic Climate

**Abbildung 1.1**


**Source:** IMF, World Economic Outlook, October 2015; GDP 2015 and 2016: EEAG forecast; Ifo World Economic Survey IV/2015.
Regional contributions to world GDP growth\(^a\)

\(^a\) Based on market weights.

Source: IMF; EEAG calculations. 2015 and 2016: EEAG forecast.

Figure 1.
Ifo World Economic Survey
Economic expectations for the next six months

Figure 1.

Economic growth by region

Real GDP percentage change from previous year

United States
Japan
European Union
China (right-hand scale)

Source: BEA; Eurostat; ESRI; National Bureau of Statistics of China; 2015 and 2016 EEAG forecast.
Figure 1.

Confidence indicators\textsuperscript{a)} for different sectors in the European Union

\textsuperscript{a)} Arithmetic means of selected (seasonally adjusted) balances on business and consumer tendency survey questions. Balances are constructed as the difference between the percentages of respondents giving positive and negative replies. Source: European Commission, last accessed on 11 January 2016.
Real GDP in the European Union
Seasonally adjusted data

Source: Eurostat; EEAG calculations and forecast.

Figure 1.
Demand contributions to GDP growth in the European Union\textsuperscript{a)}

![Graph showing demand contributions to GDP growth]

\textsuperscript{a)} Gross domestic product at market prices (prices of the previous year). Annual percentage change. Source: Eurostat; EEAG calculations and forecast.

Figure 1
Employment in the European Union
Seasonally and work-day adjusted data

Index (2002=100)

Annualised quarterly growth (right-hand scale)
Annual growth
Employment (left-hand scale)

Source: Eurostat; EEAG calculations and forecast.

Figure 1.
Unemployment rates in the euro area and the European Union

Seasonally adjusted data

European Union

Euro area

Forecast period

Source: Eurostat; EEAG calculations and forecast.

Figure 1.
Economic growth in the EU member countries

Average real GDP growth, 2005–2014

Real GDP growth, 2015

Real GDP growth, 2016

Source: Eurostat, last accessed on 1 January 2016; 2015 and 2016: EEAG forecast.