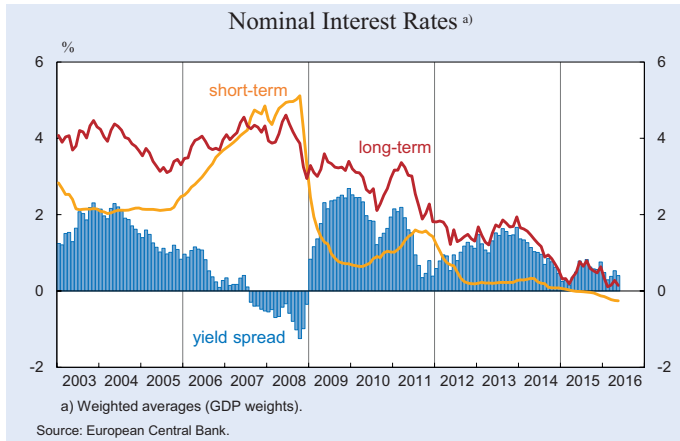
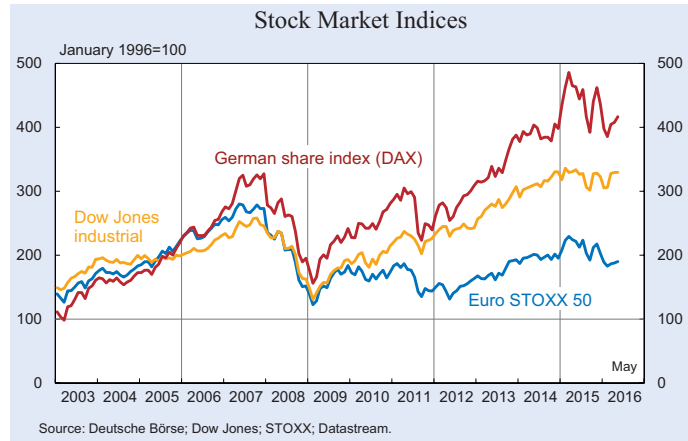


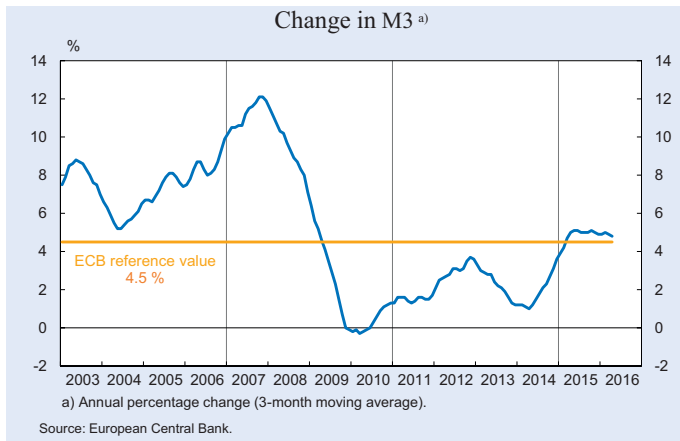
## FINANCIAL CONDITIONS IN THE EURO AREA



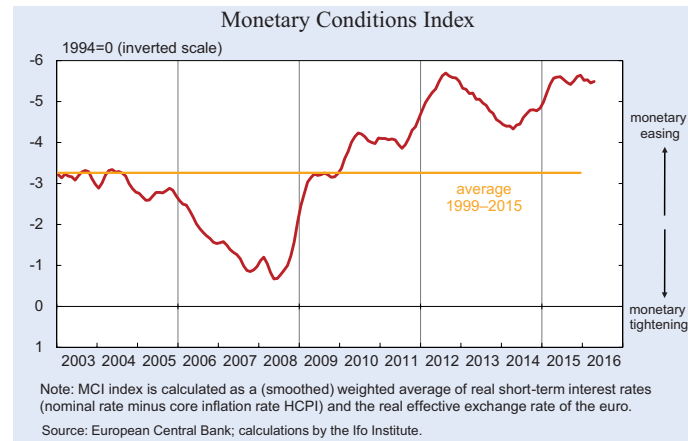
In the three-month period from March 2016 to May 2016 short-term interest rates decreased: the three-month EURIBOR rate declined from -0.23% in March 2016 to -0.26% in May 2016. The ten-year bond yields also slightly decreased from 0.16% to 0.15% in the same period. The yield spread reached 0.40% in May 2016, up from 0.38% in March 2016.



The German stock index DAX increased in May 2016, averaging 10,263 points compared to 9,966 points in March 2016. The Euro STOXX also grew from 3,005 to 3,063 in the same period of time. The Dow Jones International increased as well, averaging 17,787 points in May 2016, compared to 17,685 points in March 2016.

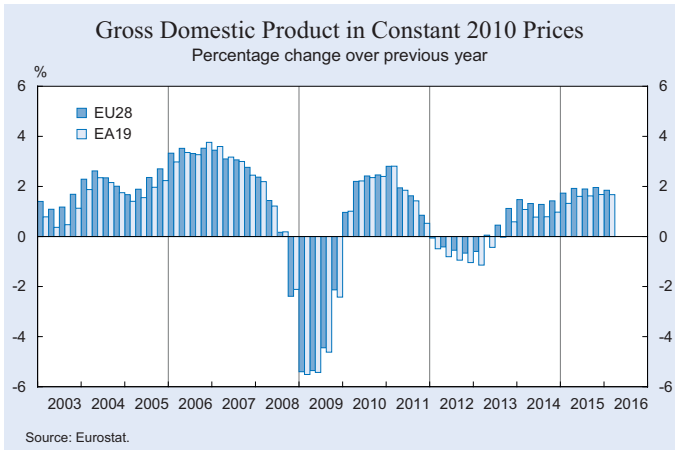


The annual growth rate of M3 increased to 4.9% in May 2016, from 4.6% in April 2016. The three-month average of the annual growth rate of M3 over the period from March 2016 to May 2016 reached 4.8%.

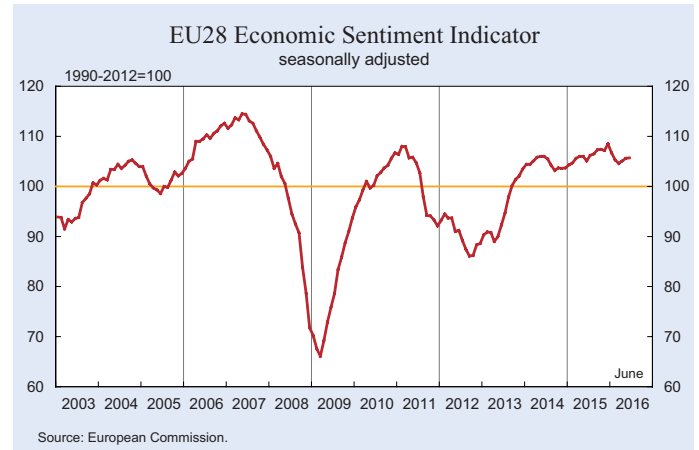


Between April 2010 and July 2011 the monetary conditions index remained rather stable. This index then continued its fast upward trend since August 2011 and reached its peak in July 2012, signalling greater monetary easing. In particular, this was the result of decreasing real short-term interest rates. In April 2016 the index started to slightly fall again while such minor fluctuations have been observed in last months.

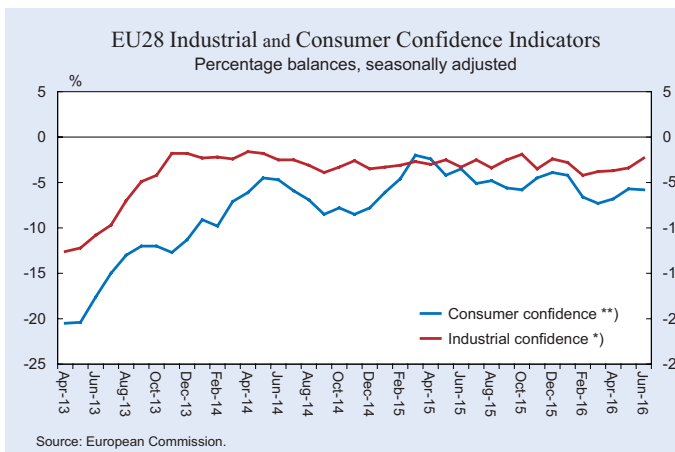
# EU SURVEY RESULTS



According to the Eurostat estimates, GDP grew by 0.6% in the euro area (EA19) and by 0.5% in the EU28 during the first quarter of 2016, compared to the previous quarter. In the fourth quarter of 2015 the GDP grew by 0.4% and 0.5% respectively. Compared to the first quarter of 2015, i.e. year over year, seasonally adjusted GDP rose by 1.7% in the EA19 and by 1.8% in the EU28 in the first quarter of 2016.



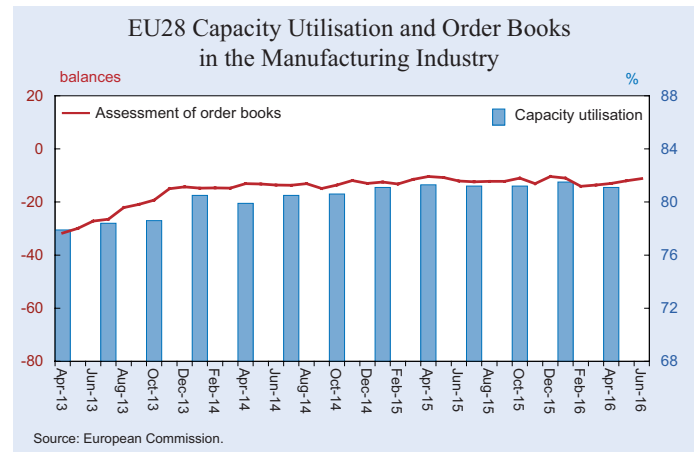
In June 2016 the Economic Sentiment Indicator (ESI) remained broadly unchanged in both the euro area (by -0.2 points to 104.4) and the EU28 (by +0.1 points to 105.7). In both the EU28 and the EA19 the ESI stands above its long-term average.



\* The industrial confidence indicator is an average of responses (balances) to the questions on production expectations, order-books and stocks (the latter with inverted sign).

\*\* New consumer confidence indicators, calculated as an arithmetic average of the following questions: financial and general economic situation (over the next 12 months), unemployment expectations (over the next 12 months) and savings (over the next 12 months). Seasonally adjusted data.

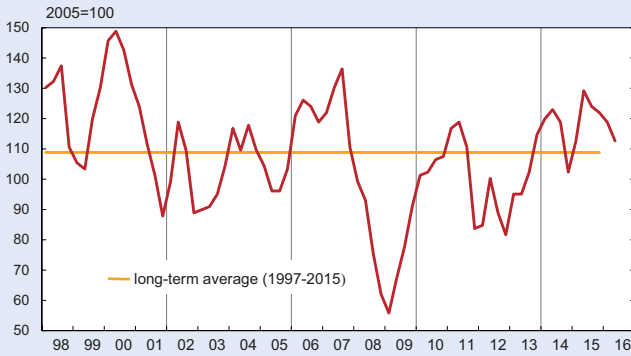
In June 2016, the *industrial confidence indicator* increased by 1.1 in the EU28 and by 0.8 in the euro area (EA19). On the other hand, the *consumer confidence indicator* decreased by 0.1 in the EU28 and by 0.3 in the EA19.



Managers' assessment of *order books* reached -11.2 in June 2016, compared to -12.0 in May 2016. In April 2016 the indicator had amounted to -13.0. *Capacity utilisation* reached 81.1 in the second quarter of 2016, down from 81.5 in the first quarter of 2016.

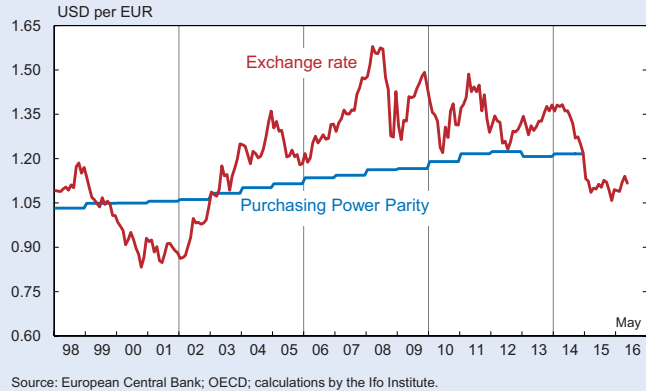
## EURO AREA INDICATORS

### Ifo Economic Climate for the Euro Area



The Ifo Economic Climate Indicator for the euro area (EA19) continued to fall, declining from 118.9 points to 112.7 points in the second quarter of 2016. The index nevertheless remains above its long-term average. The economic climate deteriorated due to both less favourable assessments of the current economic situation and slightly more sceptical business expectations. There are still no signs of a sweeping economic recovery in the euro area.

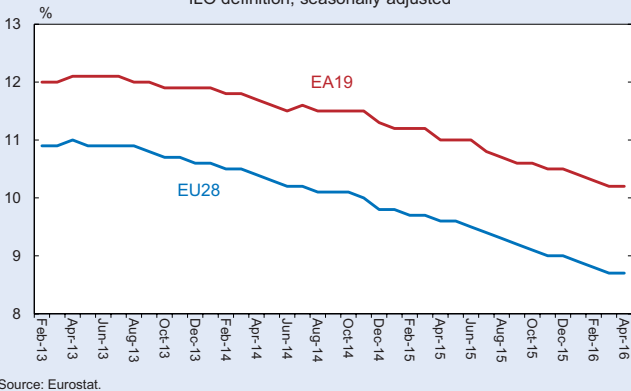
### Exchange Rate of the Euro and PPPs



The exchange rate of the euro against the US dollar averaged approximately 1.13 \$/€ between March 2016 and May 2016. (In February 2016 the rate had amounted to around 1.09 \$/€.)

### Unemployment Rate

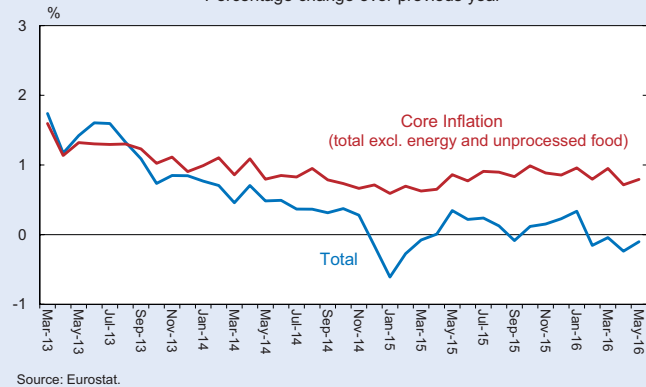
ILO definition, seasonally adjusted



Euro area (EA19) unemployment (seasonally adjusted) amounted to 10.2% in April 2016, stable compared to that of March 2016. EU28 unemployment rate was 8.7% in April 2016, down from 8.8% in March 2016. In April 2016 the lowest unemployment rate was recorded in the Czech Republic (4.1%), Germany (4.2%) and Malta (4.3%), while the rate was highest in Greece (24.2%) and Spain (20.1%).

### Inflation Rate (HICP)

Percentage change over previous year



Euro area annual inflation (HICP) was -0.1% in May 2016, up from -0.2% in April 2016. A year earlier the rate had amounted to 0.3%. Year-on-year EA19 core inflation (excluding energy and unprocessed foods) slightly increased to 0.8% in May 2016, from 0.7% in April 2016.