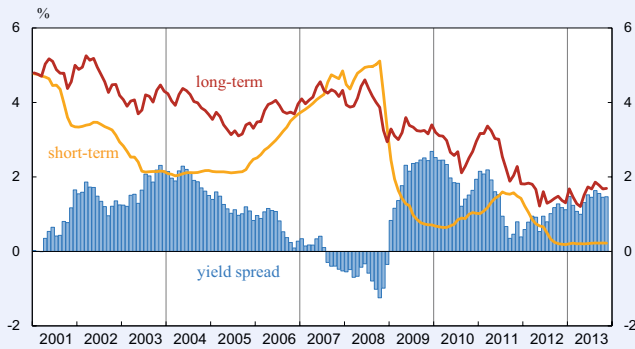


FINANCIAL CONDITIONS IN THE EURO AREA

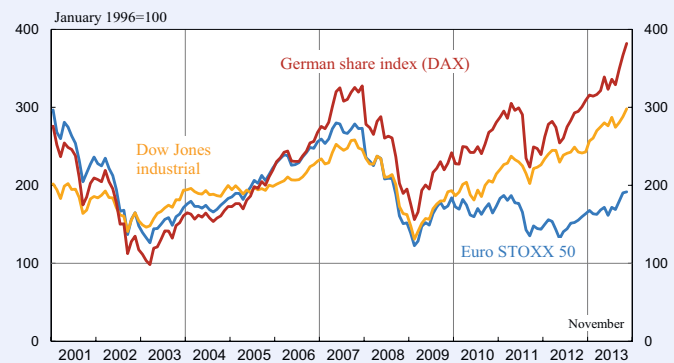
Nominal Interest Rates ^{a)}

a) Weighted averages (GDP weights).

Source: European Central Bank.

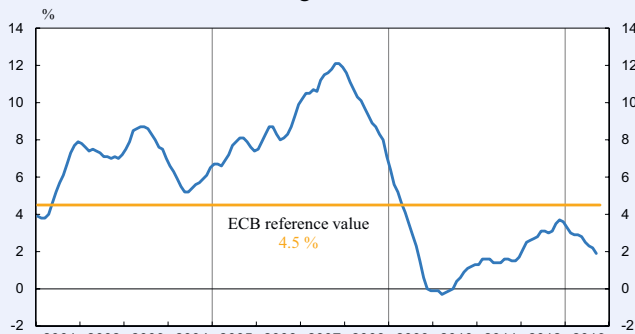
In the three-month period from September 2013 to November 2013 short-term interest rates remained unchanged: the three-month EURIBOR rate grew slightly from 0.22% in September to 0.23% in October but declined to 0.22% in November 2013. The ten-year bond yields decreased from 1.78% to 1.69% in the same period of time. Furthermore the yield spread declined from 1.56% in September 2013 to 1.47% in November 2013.

Stock Market Indices



Source: Deutsche Börse; Dow Jones; STOXX; Datastream.

The German stock index DAX increased in November 2013, averaging 9,405 points compared to 9,034 points in October 2013. The Euro STOXX grew also from 3,068 to 3,087 in the same period of time. The Dow Jones International increased also, averaging 16,086 points in November 2013, compared to 15,546 points in October 2013.

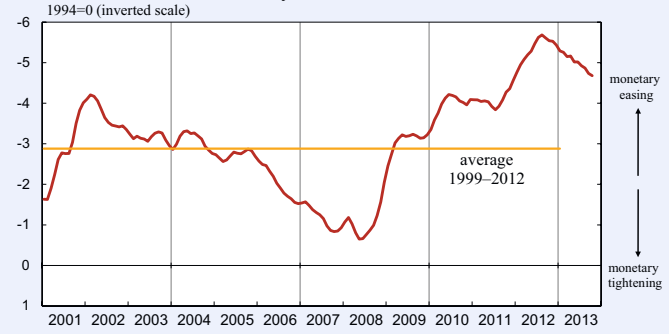
Change in M3 ^{a)}

a) Annual percentage change (3-month moving average).

Source: European Central Bank.

The annual growth rate of M3 decreased to 1.4% in October 2013, compared to 2.0% in September 2013. The three-month average of the annual growth rate of M3 over the period from August 2013 to October 2013 decreased to 1.9%, from 2.2% in the period from July 2013 to September 2013.

Monetary Conditions Index

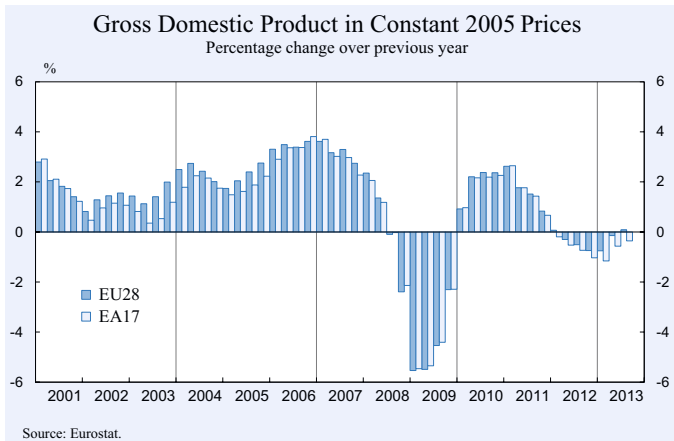


Note: MCI index is calculated as a (smoothed) weighted average of real short-term interest rates (nominal rate minus core inflation rate HCPI) and the real effective exchange rate of the euro.

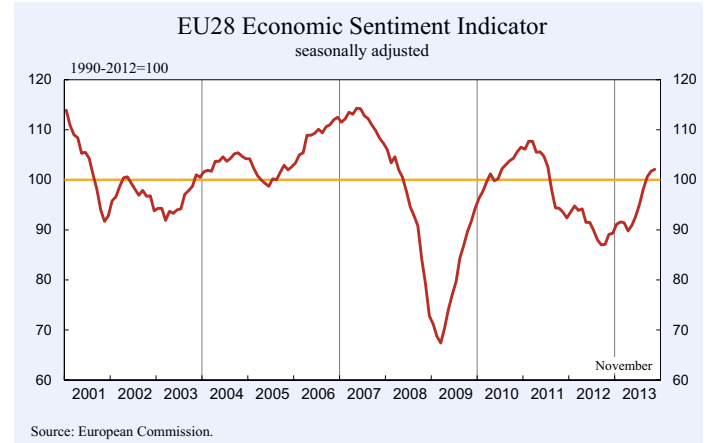
Source: European Central Bank; calculations by the Ifo Institute.

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 October 2013 the index continued its downward trend, initiated in August 2012.

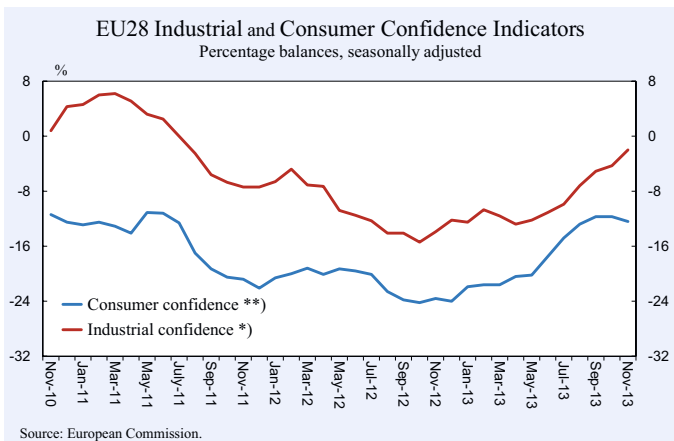
EU SURVEY RESULTS



According to the second Eurostat estimates, GDP grew by 0.1% in the euro area (EA17) and by 0.2% in the EU28 during the third quarter of 2013, compared to the previous quarter. In the second quarter of 2013 the growth rates were 0.3% and 0.4%, respectively. Compared to the third quarter of 2012, i.e. year over year, seasonally adjusted GDP fell by 0.4% in the EA17 and rose by 0.1% in the EU28 in the third quarter of 2013.



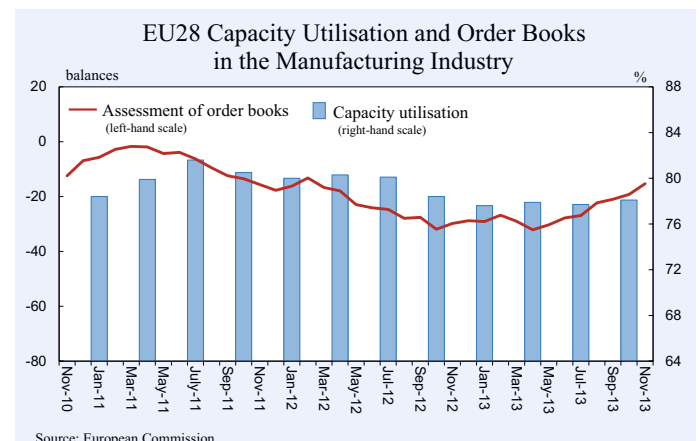
In November 2013 the Economic Sentiment Indicator (ESI) increased by 0.8 points in the euro area (to 98.5) and 0.4 points in the EU28 (to 102.1). In both the EU28 and the EA17 the ESI stands above its long-term average.



* 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.

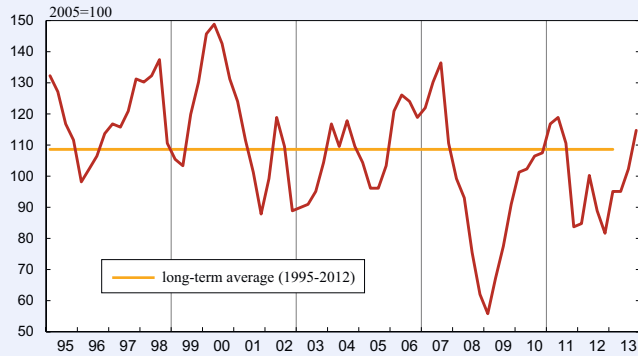
In November 2013, the *industrial confidence indicator* increased by 2.3 in the EU28 and by 1.1 in the euro area (EA17). By contrast the *consumer confidence indicator* decreased by 0.7 in the EU28 and by 0.9 in the EA17.



Managers' assessment of *order books* improved from -19.2 in October 2013 to -15.3 in November 2013. In September 2013 the indicator had reached -21.0. *Capacity utilisation* increased slightly to 78.3 in the fourth quarter of 2013, from 78.1 in the previous quarter.

EURO AREA INDICATORS

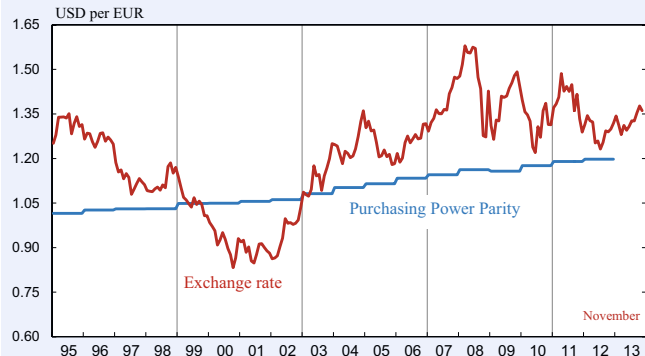
Ifo Economic Climate for the Euro Area



Source: Ifo World Economic Survey (WES) IV/2013.

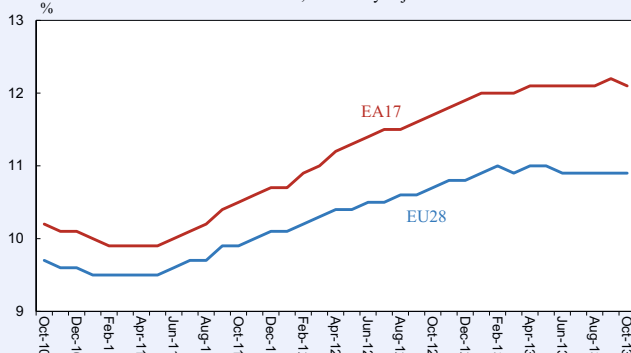
The Ifo Economic Climate Indicator for the euro area (EA17) continued to rise in the fourth quarter of 2013 and exceeded its long-term average for the first time since the end of 2011. Although the current economic situation in the euro area brightened slightly, assessments remain unfavourable. The economic outlook for the next six months, on the other hand, is considerably more optimistic than three months ago. Expectations are at their highest level in almost three years.

Exchange Rate of the Euro and PPPs



Source: European Central Bank; OECD; calculations by the Ifo Institute.

The exchange rate of the euro against the US dollar averaged approximately 1.36 \$/€ between September 2013 and November 2013. (In August 2013 the rate had amounted to around 1.33 \$/€.)

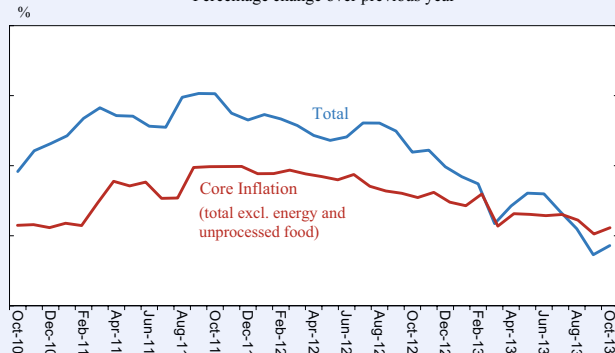
Unemployment Rate
ILO definition, seasonally adjusted

Source: Eurostat.

Euro area (EA17) unemployment (seasonally adjusted) amounted to 12.1% in October 2013, down from 12.2% in September 2013. EU28 unemployment rate was 10.9% in October 2013, stable compared to the previous month. In both zones, rates have risen compared to October 2012, when they were 11.7% and 10.7%, respectively. In October 2013 the lowest unemployment rate was registered in Austria (4.8%), Germany (5.2%) and Luxembourg (5.9%), while the rate was highest in Greece (27.3%) and Spain (26.7%).

Inflation Rate (HICP)

Percentage change over previous year



Source: Eurostat.

Euro area annual inflation (HICP) was 0.9% in November 2013, up from 0.7% in October 2013. A year earlier the rate had amounted to 2.2%. The EU28 annual inflation rate reached 1.0% in November 2013, again up from 0.9% in October 2013. A year earlier the rate had been 2.4%. An EU-wide HICP comparison shows that in November 2013 the lowest annual rates were observed in Greece (-2.9%), Bulgaria (-1.0%) and Cyprus (0.8%), and the highest rates in Estonia (2.1%), Finland (1.8%) and Germany (1.6%). Year-on-year EA17 core inflation (excluding energy and unprocessed foods) increased to 1.1% in November 2013, from 1.02% in October 2013.