

Euro Zone Barometer© - June 2014

A monthly survey of economic forecasts and expert opinion for the euro zone single currency area, distributed to subscribers by e-mail within just a few working days of the polling date. Rapid compilation and dissemination make the Euro Zone Barometer a unique reference tool for investors, traders and corporate planners.

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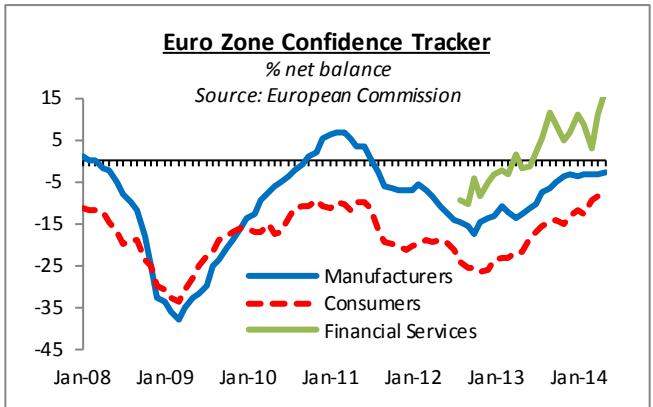
Liquidity Boost

- The European Central Bank’s move last month to **inject more liquidity** into the euro-system via reduced interest rates and invoke a cost to commercial banks to park funds due to a negative deposit rate (amid other lending measures aimed at stimulating business activity) highlight the degree of concern over the region’s slow recovery and deflation threat.
- Fortunately, **confidence is slowly returning** with various indicators pointing upwards (notably in Italy and Spain). However, considerable threats exist that could undermine the nascent recovery, including the debt problems in Greece, the Ukraine crisis, a potential oil shock and export dips if China or other important external markets fade.
- Policymakers are also still facing the **interminable problem** of ensuring sufficient employment for the region to keep extremist political forces at bay with a slight increase in the region-wide job vacancy rate and gradual decline in unemployment both welcome but only small steps toward the optimal outcome.
- This month** our survey includes comparison euro zone average forecasts from the ECB alongside forecasts from other quasi-government institutions, including the European Commission, IMF and OECD.
- Next month** our survey will ask experts to reassess their long term projections to 2018 for a large selection of variables, in addition to their regular short-term updates.

**Next Month's Survey Deadline:
July 21st, 2014**

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Outlook for 2014-15

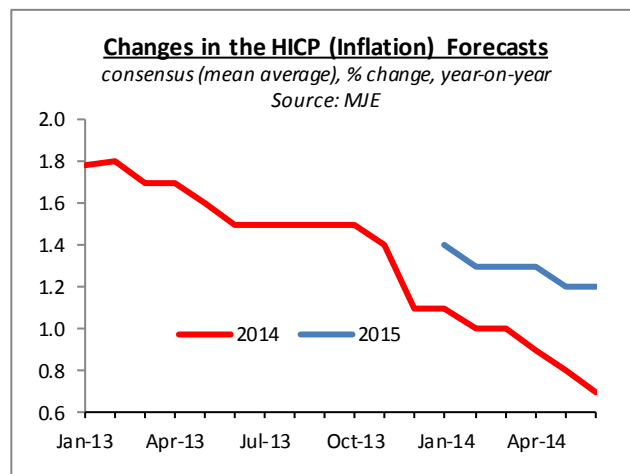
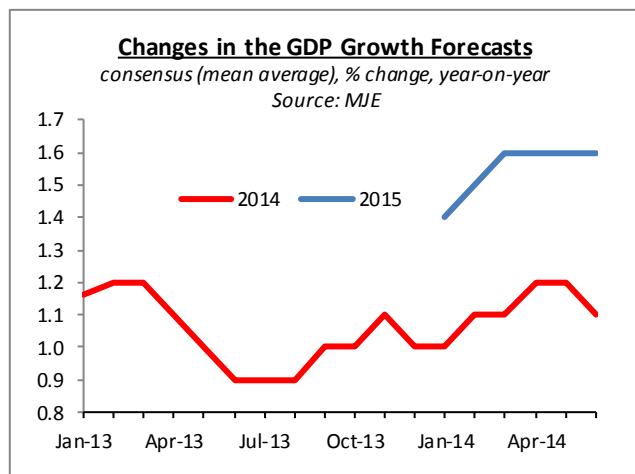
- Forecasters have toned down their GDP growth expectations for 2014 as the sluggish recovery in exports has a knock-on effect for investment. All three variables are downgraded this month, along with industrial production.
- Experts have also factored in the continuing low consumer prices trend, which with a fall in the euro zone average inflation last month has seen price expectations diminish.
- Forecasts for 2015 are more favourable, with higher predictions for the main domestic demand variables (private consumption and investment), and for industrial production and retail sales, providing signs of confidence in the region's ability to escape recession.
- Forecasters also expect further progress in terms of fiscal correction, although the forecasts are unchanged.

Six Year Summary: Historical Data and Consensus Forecasts

(% change year-on-year, unless otherwise stated)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014f</u>	<u>2015f</u>
Gross Domestic Product	1.9	1.6	-0.7	-0.4	1.1	1.6
Private Consumption	1.0	0.3	-1.3	-0.7	0.7	1.3
Government Consumption	0.6	-0.1	-0.6	0.1	0.4	0.6
Gross Fixed Investment	-0.4	1.6	-4.0	-2.9	2.3	3.2
Change in Stocks (Inventories)¹	0.6	0.3	-0.5	0.0	0.0	0.0
Goods and Services Exports	11.6	6.5	2.5	1.4	3.5	4.3
Goods and Services Imports	10.0	4.5	-0.9	0.4	3.7	4.4
Net Exports²	0.7	0.9	1.5	0.5	0.1	0.1
Industrial Production (ex. construction)	7.3	3.4	-2.5	-0.7	1.9	2.8
Retail Sales Volume	0.5	-0.7	-1.7	-0.9	0.9	1.5
Unemployment Rate, % of labour force	10.1	10.1	11.3	12.0	11.8	11.5
Money Supply, M3, end period, % change	1.1	1.5	2.9	2.4	1.7	2.3
Harmonised Index of Consumer Prices	1.6	2.7	2.5	1.4	0.7	1.2
Producer Prices	2.7	5.7	2.8	-0.2	0.0	1.8
Nominal Labour Costs	1.5	2.2	1.8	1.4	1.4	1.7
Current Account Balance, annual total, €bn	5.3	12.1	133.1	227.7	222.9	230.2
Current Account Balance, % of GDP	0.1	0.1	1.4	2.4	2.4	2.4
General Govt Budget Balance, % of GDP	-6.2	-4.1	-3.7	-3.0	-2.6	-2.2
<u>Financial Indicators (end period)</u>						
3 Month Interest Rate, % per annum	1.01	1.36	0.19	0.29	0.23	0.41
10 Year German Bond Yield, % per annum	2.92	1.83	1.32	1.94	1.82	2.36
US\$ per € Exchange Rate	1.336	1.294	1.318	1.378	1.325	1.285

Notes: f = consensus (mean average) forecast. For other notes, sources and definitions see page 23.



The latest “real economy” indicators are providing positive pointers to the gradual recovery widely predicted for the region. Industrial production, for one, increased in April by a seasonally-adjusted 0.8% m/m, having declined by 0.4% in March, to deliver a rise of 1.4% y/y. Retail sales volume, for another, increased by 0.4% m/m and by 2.4% y/y, stronger than the national accounts reading of private consumption for Q1.

The European Commission’s monthly confidence survey endorses these findings with the headline

indicator climbing to 102.7 in May, continuing an upward trend that was interrupted in May – perhaps by negativity surrounding the doorstep crisis in Ukraine. The improvement was fairly broad-based with the exception of the construction industry still weighed down by a lack of corporate spending and tight lending criteria.

The unemployment rate is slowly responding (falling to 11.7% in April), but with labour markets taking time to improve, amid considerable spare capacity, HICP inflation slipped to 0.5% y/y in May.

Quarterly Forecasts and Historical Data

% change year-on-year, unless otherwise stated

(% change year-on-year, unless otherwise stated)	Q1'13	Q2'13	Q3'13	Q4'13
Gross Domestic Product	-1.1	-0.6	-0.3	0.5
Private Consumption	-1.4	-0.7	-0.4	0.1
Industrial Production	-2.3	-1.1	-1.1	1.5
Harmonised Index of Consumer Prices	1.9	1.4	1.3	0.8
3 month Interest Rate, % per annum, end period	0.78	0.65	0.22	0.29
10 Year Bond Yield, % per annum, end period	1.82	2.69	1.46	1.94
	Q1'14	Q2'14	Q3'14	Q4'14
Gross Domestic Product	0.9	0.9	1.2	1.4
Private Consumption	0.4	0.6	0.7	1.0
Industrial Production	1.1	1.5	2.0	2.1
Harmonised Index of Consumer Prices	0.7	0.7	0.6	0.9
3 month Interest Rate, % per annum, end period	0.31	0.24	0.21	0.23
10 Year Bond Yield, % per annum, end period	1.57	1.59	1.67	1.82
	Q1'15	Q2'15	Q3'15	Q4'15
Gross Domestic Product	1.6	1.7	1.7	1.7
Private Consumption	1.2	1.3	1.4	1.5
Industrial Production	2.5	2.7	2.8	2.9
Harmonised Index of Consumer Prices	1.1	1.2	1.3	1.4
3 month Interest Rate, % per annum, end period	0.25	0.26	0.31	0.41
10 Year Bond Yield, % per annum, end period	2.01	2.09	2.24	2.36

Note: consensus (mean average) forecasts from our latest survey are shown in bold

Euro Zone - Forecasts for 2014

National Accounts (constant prices) <i>average % change from previous year unless otherwise noted</i>	Gross Domestic Product	Private Consump- tion	Govern- ment Consump- tion	Gross Fixed Invest- ment	Stock (inventory) Building, % contribu- tion to GDP growth	Goods & Services Exports	Goods & Services Imports	Net Exports, % contribu- tion to GDP growth
Panellists								
Allianz SE	1.2	0.6	0.4	2.3	na	3.8	3.9	na
BBVA	1.1	0.8	0.3	3.1	na	3.1	3.1	0.1
BNP Paribas	1.2	0.8	0.3	2.5	0.2	3.7	4.0	na
Commerzbank	1.0	0.7	0.4	1.9	0.2	3.8	4.0	-0.1
Danske Bank	1.2	0.7	0.1	3.2	0.2	3.9	3.5	na
DZ Bank	1.0	0.7	0.4	2.4	na	4.1	3.9	na
Econ Intelligence Unit	1.1	0.8	0.4	3.3	na	3.1	3.1	0.2
ETLA	1.2	0.5	0.3	2.0	na	1.7	4.2	na
G&P Institutional Mgmt	1.2	0.8	0.9	2.2	0.1	4.1	4.5	0.0
HSBC	0.9	0.6	0.4	1.4	-0.5	3.1	3.4	na
IHS Economics	1.1	0.7	0.7	2.5	na	3.2	3.6	-0.1
Intesa Sanpaulo	1.1	0.6	0.6	1.8	0.1	4.3	4.3	0.2
J P Morgan Chase	1.2	0.8	0.4	na	0.4	3.0	3.4	0.0
Morgan Stanley	1.0	0.8	0.4	2.5	-0.3	3.3	3.5	0.3
Oxford Economics	1.1	0.7	0.5	1.7	0.1	3.1	3.1	0.2
Raiffeisen Bank International	1.2	0.7	0.5	2.4	na	4.3	4.1	na
Santander	1.1	0.5	0.2	2.4	na	3.4	3.7	0.1
SEB	1.0	0.8	0.1	1.7	0.0	3.8	3.8	na
UBS	1.1	0.8	0.4	2.7	-0.3	3.7	3.3	0.3
UniCredit Bank	1.4	0.5	0.2	2.2	0.3	4.3	4.0	0.3
Consensus (Mean)	1.1	0.7	0.4	2.3	0.0	3.5	3.7	0.1
Last Month	1.2	0.7	0.3	2.4	0.0	3.7	3.7	0.2
2 Months Ago	1.2	0.7	0.3	2.4	0.0	3.8	3.7	0.2
Median	1.1	0.7	0.4	2.4	0.1	3.7	3.8	0.2
High	1.4	0.8	0.9	3.3	0.4	4.3	4.5	0.3
Low	0.9	0.5	0.1	1.4	-0.5	1.7	3.1	-0.1
Standard Deviation	0.1	0.1	0.2	0.5	0.3	0.6	0.4	0.1
Number of Forecasts	20	20	20	19	12	20	20	12
Other Forecasts								
ECB (Jun. '14)	1.0	0.7	0.4	1.7	na	3.6	3.6	na
EC (May '14)	1.2	0.8	0.7	2.3	0.0	4.0	3.8	0.3
IMF (Apr. '14)	1.2	0.6	0.3	2.2	0.1	na	na	0.4
OECD (May '14)	1.2	0.7	0.3	2.5	na	na	na	0.5

Euro Zone - Forecasts for 2014

Other Indicators <i>average % change from previous year unless otherwise noted</i>	Industrial Produc- tion <i>(excl. construc- tion)</i>	Retail Sales Volume	Unem- ploy- ment Rate <i>(% of labour force)</i>	Money Supply, M3 <i>(end period, %)</i>	Con- sumer Prices <i>(HICP)</i>	Pro- ducer Prices <i>(indust., excl, con- struction)</i>	Labour Costs <i>(business sector, ex pub adm, education & health)</i>	Current Account Balance <i>(annual total, €bn)</i>	Current Account Balance <i>(% of GDP)</i>	General Govt. Balance <i>(% of GDP)</i>
Panellists										
Allianz SE	1.8	na	11.7	na	0.8	-0.6	na	246.0	2.5	-2.5
BBVA	na	na	11.9	na	0.9	na	na	na	2.2	-2.6
BNP Paribas	1.4	na	11.7	na	0.6	1.4	na	270.0	2.7	-2.5
Commerzbank	1.2	na	11.7	2.5	0.7	-0.6	1.2	200.0	na	na
Danske Bank	na	na	11.7	na	0.7	na	na	na	2.9	-2.5
DZ Bank	na	na	11.8	na	0.8	na	na	na	na	na
Econ Intelligence Unit	1.3	na	11.8	na	0.7	-0.4	na	299.1	3.0	-2.6
ETLA	1.9	na	11.7	na	0.7	na	na	na	na	-2.7
G&P Institutional Mgmt	na	na	11.7	na	0.7	na	na	na	na	-3.0
HSBC	2.6	na	11.9	na	0.7	na	1.3	231.4	2.4	na
IHS Economics	2.0	1.0	11.8	na	0.8	-0.5	1.6	230.0	2.4	-2.5
Intesa Sanpaulo	na	0.5	11.8	2.0	na	1.0	na	135.0	na	na
J P Morgan Chase	1.8	na	11.8	na	0.6	na	na	178.8	1.8	na
Morgan Stanley	na	na	11.7	na	0.5	na	na	279.2	2.9	-2.7
Oxford Economics	2.0	1.1	11.6	na	0.7	-0.7	na	262.2	2.7	-2.5
Raiffeisen Bank International	3.0	na	11.7	na	0.8	na	na	186.7	1.9	-2.6
Santander	na	na	11.8	na	0.8	na	na	156.0	1.6	-2.5
SEB	na	na	11.7	na	0.7	na	na	na	na	na
UBS	na	na	11.9	0.6	0.7	0.5	na	na	2.2	-2.6
UniCredit Bank	na	na	12.0	na	0.7	na	na	na	2.7	-2.4
Consensus (Mean)	1.9	0.9	11.8	1.7	0.7	0.0	1.4	222.9	2.4	-2.6
Last Month	2.1	0.9	11.8	1.9	0.8	0.0	1.4	211.4	2.2	-2.6
2 Months Ago	2.0	0.7	11.9	1.3	0.9	0.2	1.0	210.3	2.3	-2.6
Median	1.9	1.0	11.8	2.0	0.7	-0.5	1.3	230.7	2.5	-2.6
High	3.0	1.1	12.0	2.5	0.9	1.4	1.6	299.1	3.0	-2.4
Low	1.2	0.5	11.6	0.6	0.5	-0.7	1.2	135.0	1.6	-3.0
Standard Deviation	0.6	0.3	0.1	1.0	0.1	0.8	0.2	51.7	0.4	0.1
Number of Forecasts	10	3	20	3	19	8	3	12	14	14
Other Forecasts										
ECB (Jun. '14)	na	na	11.8	na	0.7	na	na	na	2.6	-2.5
EC (May '14)	na	na	11.8	na	0.8	na	na	394.2	2.9	-2.5
IMF (Apr. '14)	na	na	na	na	0.9	na	na	na	2.4	-2.6
OECD (May '14)	na	na	11.7	na	0.7	na	na	na	3.1	-2.5

Euro Zone - Forecasts for 2015

National Accounts (constant prices) <i>average % change from previous year unless otherwise noted</i>	Gross Domestic Product	Private Consump- tion	Govern- ment Consump- tion	Gross Fixed Invest- ment	Stock (inventory) Building, % contribu- tion to GDP growth	Goods & Services Exports	Goods & Services Imports	Net Exports, % contribu- tion to GDP growth
Panellists								
Allianz SE	1.5	1.2	0.8	3.0	na	4.3	4.5	na
BBVA	1.9	1.3	0.7	5.1	na	4.2	4.6	0.0
BNP Paribas	1.9	1.3	0.0	4.1	0.1	5.5	5.3	na
Commerzbank	1.2	1.2	0.9	2.8	0.2	5.3	5.3	-0.5
Danske Bank	1.7	1.2	-0.1	4.1	0.0	4.5	4.3	na
DZ Bank	1.4	1.1	0.9	3.2	na	5.0	5.4	na
Econ Intelligence Unit	1.5	1.1	0.7	3.0	na	3.9	3.9	0.2
ETLA	1.5	0.9	0.7	2.5	na	5.2	4.9	na
G&P Institutional Mgmt	2.0	1.8	1.5	3.9	0.2	4.4	5.0	0.0
HSBC	1.1	0.8	0.4	1.6	-0.3	3.1	3.1	na
IHS Economics	1.6	1.4	0.6	2.4	na	3.8	3.8	0.1
Intesa Sanpaulo	na	na	na	na	na	na	na	na
J P Morgan Chase	2.0	1.7	0.9	na	0.2	3.4	3.7	0.0
Morgan Stanley	1.5	1.1	0.8	3.0	-0.1	4.1	4.0	0.3
Oxford Economics	1.5	1.5	0.3	2.3	-0.1	3.9	3.7	0.3
Raiffeisen Bank International	2.0	1.9	0.8	3.4	na	5.3	5.5	na
Santander	1.6	1.1	0.0	4.0	na	4.3	4.3	0.2
SEB	1.6	1.3	0.8	2.8	0.0	4.0	3.9	na
UBS	1.5	1.4	0.5	2.9	0.0	4.0	4.2	0.1
UniCredit Bank	1.7	1.1	0.4	2.7	0.3	4.4	4.2	0.3
Consensus (Mean)	1.6	1.3	0.6	3.2	0.0	4.3	4.4	0.1
Last Month	1.6	1.2	0.6	3.0	0.1	4.3	4.4	0.1
2 Months Ago	1.6	1.2	0.6	3.0	0.1	4.2	4.3	0.1
Median	1.6	1.2	0.7	3.0	0.0	4.3	4.3	0.1
High	2.0	1.9	1.5	5.1	0.3	5.5	5.5	0.3
Low	1.1	0.8	-0.1	1.6	-0.3	3.1	3.1	-0.5
Standard Deviation	0.3	0.3	0.4	0.8	0.2	0.7	0.7	0.2
Number of Forecasts	19	19	19	18	11	19	19	11
Other Forecasts								
ECB (Jun. '14)	1.7	1.5	0.4	3.1	na	4.8	4.8	na
EC (May '14)	1.7	1.3	0.5	4.2	0.0	5.3	5.5	0.1
IMF (Apr. '14)	1.5	1.0	-0.2	2.6	0.0	na	na	0.4
OECD (May '14)	1.7	1.3	0.2	3.3	na	na	na	0.3

Euro Zone - Forecasts for 2015

Other Indicators <i>average % change from previous year unless otherwise noted</i>	Industrial Produc- tion <i>(excl. construc- tion)</i>	Retail Sales Volume	Unem- ploy- ment Rate <i>(% of labour force)</i>	Money Supply, M3 <i>(end period, %)</i>	Con- sumer Prices <i>(HICP)</i>	Pro- ducer Prices <i>(indust., excl, con- struction)</i>	Labour Costs <i>(business sector, ex pub adm, education & health)</i>	Current Account Balance <i>(annual total, €bn)</i>	Current Account Balance <i>(% of GDP)</i>	General Govt. Balance <i>(% of GDP)</i>
Panellists										
Allianz SE	3.0	na	11.2	na	1.5	1.7	na	250.0	2.5	-2.0
BBVA	na	na	11.4	na	1.3	na	na	na	2.1	-2.1
BNP Paribas	3.0	na	11.2	na	1.1	3.0	na	280.0	2.8	-2.0
Commerzbank	2.2	na	11.4	3.5	1.1	1.6	1.8	250.0	na	na
Danske Bank	na	na	11.4	na	1.1	na	na	na	3.0	-2.4
DZ Bank	na	na	11.7	na	1.5	na	na	na	na	na
Econ Intelligence Unit	2.0	na	11.5	na	1.2	1.8	na	308.9	3.1	-2.1
ETLA	2.6	na	11.4	na	1.2	na	na	na	na	-2.4
G&P Institutional Mgmt	na	na	11.1	na	1.1	na	na	na	na	-2.7
HSBC	2.6	na	11.7	na	0.9	na	1.3	241.6	2.5	na
IHS Economics	2.4	1.5	11.5	na	1.3	1.5	2.0	225.0	2.2	-1.9
Intesa Sanpaulo	na	na	na	na	na	na	na	na	na	na
J P Morgan Chase	3.0	na	11.6	na	1.0	na	na	152.4	1.5	na
Morgan Stanley	na	na	11.4	na	1.2	na	na	317.4	3.2	-2.5
Oxford Economics	2.5	1.5	11.5	na	1.2	1.6	na	274.4	2.7	-2.0
Raiffeisen Bank International	4.3	na	11.5	na	1.3	na	na	152.6	1.5	-2.5
Santander	na	na	11.7	na	1.4	na	na	80.0	0.8	-2.0
SEB	na	na	11.5	na	0.8	na	na	na	na	na
UBS	na	na	11.6	1.0	1.5	1.3	na	na	2.2	-2.0
UniCredit Bank	na	na	11.8	na	1.2	na	na	na	2.8	-2.0
Consensus (Mean)	2.8	1.5	11.5	2.3	1.2	1.8	1.7	230.2	2.4	-2.2
Last Month	2.6	1.4	11.6	2.3	1.2	1.6	1.7	216.9	2.1	-2.2
2 Months Ago	2.6	1.4	11.6	1.0	1.3	1.6	1.8	218.1	2.2	-2.2
Median	2.6	1.5	11.5	2.3	1.2	1.6	1.8	250.0	2.5	-2.1
High	4.3	1.5	11.8	3.5	1.5	3.0	2.0	317.4	3.2	-1.9
Low	2.0	1.5	11.1	1.0	0.8	1.3	1.3	80.0	0.8	-2.7
Standard Deviation	0.6	0.0	0.2	na	0.2	0.6	0.4	73.4	0.7	0.3
Number of Forecasts	10	2	19	2	19	7	3	11	14	14
Other Forecasts										
ECB (Jun. '14)	na	na	11.5	na	1.1	na	na	na	2.6	-2.3
EC (May '14)	na	na	11.4	na	1.2	na	na	398.9	2.9	-2.3
IMF (Apr. '14)	na	na	na	na	1.2	na	na	na	2.5	-2.0
OECD (May '14)	na	na	11.4	na	1.1	na	na	na	3.2	-1.8

Financial Forecasts		2014	2015
<i>All forecasts are for end year</i>			
3-month Euribor Interest Rate, %	Mean Average	0.23	0.41
Rate on Survey Date: 0.23	High	0.40	0.95
	Low	0.10	0.11
	Standard deviation	0.08	0.24
	Number of Forecasts	19	18
10-year Benchmark German Bond Yield, %	Mean Average	1.82	2.36
Rate on Survey Date: 1.36	High	2.69	3.26
	Low	1.10	1.80
	Standard deviation	0.39	0.40
	Number of Forecasts	13	12
US Dollars/Euro Exchange Rate	Mean Average	1.325	1.285
Rate on Survey Date: 1.357	High	1.380	1.370
	Low	1.250	1.200
	Standard deviation	0.031	0.043
	Number of Forecasts	29	26
Japanese Yen/Euro Exchange Rate	Mean Average	141.2	143.8
Rate on Survey Date: 138.3	High	152.6	158.4
	Low	131.8	129.6
	Standard deviation	5.9	9.3
	Number of Forecasts	12	11
UK Pound/Euro Exchange Rate	Mean Average	0.798	0.779
Rate on Survey Date: 0.799	High	0.830	0.830
	Low	0.757	0.720
	Standard deviation	0.022	0.031
	Number of Forecasts	14	13
Swedish Krona/Euro Exchange Rate	Mean Average	8.821	8.621
Rate on Survey Date: 8.991	High	9.200	9.100
	Low	8.500	8.020
	Standard deviation	0.190	0.313
	Number of Forecasts	22	19
Swiss Franc/Euro Exchange Rate	Mean Average	1.238	1.251
Rate on Survey Date: 1.218	High	1.260	1.310
	Low	1.220	1.220
	Standard deviation	0.014	0.029
	Number of Forecasts	9	8
Oil Prices, Brent Blend, US\$ per barrel	Mean Average	106.8	105.5
Rate on Survey Date: 113.3	High	114.0	120.0
	Low	101.8	95.0
	Standard deviation	3.0	6.8
	Number of Forecasts	20	20
<i>Note: The consensus (mean average) forecasts for US\$/€, Skr/€ and oil prices are based on responses from panellists in our Euro Zone Barometer survey and those in our companion publication, the Nordic Barometer.</i>			

Interest Rate Data

All data are period averages

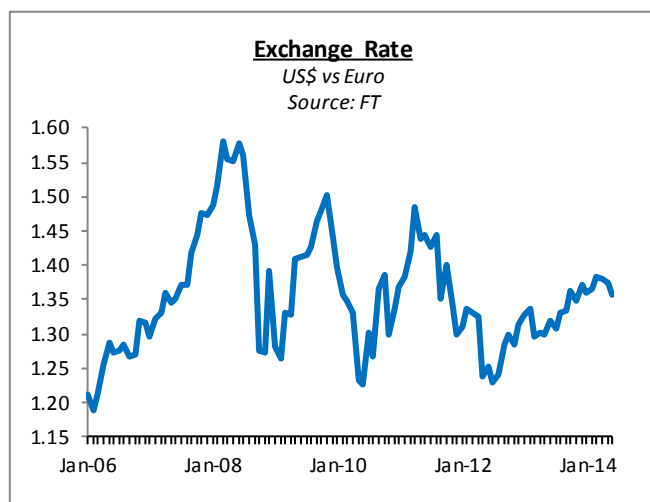
<u>Euro Zone Interest Rates, %</u>	<u>Dec '13</u>	<u>Jan '14</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>
Overnight	0.17	0.20	0.16	0.19	0.25	0.25
3-month	0.27	0.29	0.29	0.31	0.33	0.32
6-month	0.37	0.40	0.39	0.41	0.43	0.42
12-month	0.54	0.56	0.55	0.58	0.60	0.59
10-year bond yields	3.31	3.21	3.09	2.89	2.61	2.55
<u>International Rates, %</u>						
US 3-month (Euro dollar deposits)	0.24	0.24	0.24	0.23	0.23	0.23
US 10-year	3.27	2.93	2.90	2.97	2.87	2.69
Japan 3-month (Euro yen deposits)	0.15	0.14	0.14	0.14	0.14	0.14
Japan 10-year	0.95	0.82	0.81	0.84	0.81	0.75
<u>Euro Zone / US Yield Differentials, %</u>						
3-month	0.03	0.05	0.05	0.08	0.10	0.09
10-year	0.04	0.28	0.19	-0.08	-0.26	-0.14

Exchange Rate Data

period averages vs euro

	<u>Dec '13</u>	<u>Jan '14</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>
Trade Weighted Nominal Index * (1999 Q1=100)	103.9	103.4	103.6	104.6	104.5	103.8
Australian dollar	1.524	1.538	1.522	1.522	1.483	1.476
Canadian dollar	1.458	1.488	1.509	1.535	1.518	1.495
Chinese renminbi	8.325	8.237	8.306	8.533	8.598	8.566
Danish krone	7.460	7.461	7.462	7.464	7.466	7.464
Hong Kong dollar	10.63	10.56	10.60	10.73	10.71	10.65
Japanese yen	141.7	141.5	139.4	141.5	141.6	139.7
Norwegian krone	8.405	8.393	8.356	8.291	8.251	8.151
Singapore dollar	1.724	1.733	1.730	1.751	1.735	1.719
South Korean won	1447	1454	1463	1480	1441	1407
Swedish krona	8.960	8.834	8.872	8.867	9.033	9.030
Swiss franc	1.225	1.232	1.221	1.218	1.219	1.220
UK pound	0.836	0.827	0.825	0.832	0.825	0.815
US dollar	1.370	1.361	1.366	1.382	1.381	1.373

* ECB index, known as EER20, calculated against 20 partner countries.



The euro fell slightly in the wake of the ECB's decision to introduce a package of monetary stimulus measures earlier this month, which included lowering its main policy interest rate to a record low and introducing for the first time a negative interest rate trialled previously by the Danish central bank. After climbing to as high as \$1.38 earlier this year the euro has been marked down closer to \$1.35 in spite of a region-wide current account surplus, with forex speculators increasingly favouring higher-yielding assets notably the dollar and pound-sterling supported by their economies. Experts predict the euro will be further marked down during the second half of the year to reach \$1.325 by year end.

ECB Watch

- Our expert panel of forecasters correctly predicted that the ECB would loosen monetary policy to support the nascent economic recovery and prevent deflation. In the event the 10 basis point reduction on June 5th lowered the main intervention rate to a record low of 0.15% while also creating a small negative deposit rate for commercial banks to encourage more lending.
- The monetary stimulus package also involved “targeted long-term refinancing operations”, which essentially involves €400bn of cheap, fixed-rate loans for small and medium-sized enterprises to avoid the perils of a classic liquidity trap. Whether it works only time will tell, but no further moves are expected in the short term.

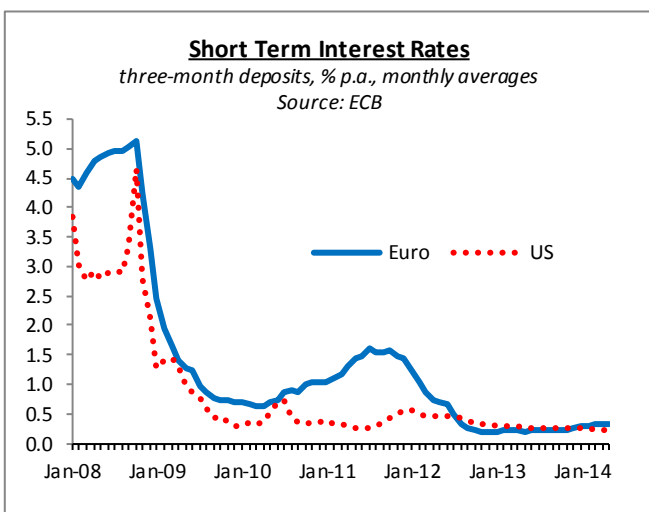
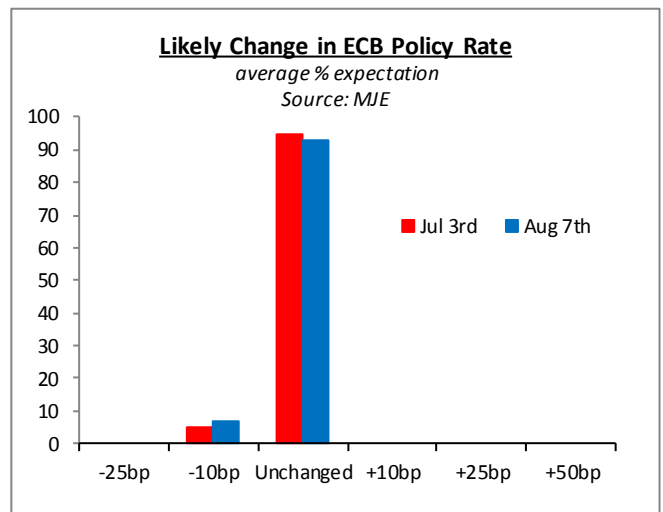
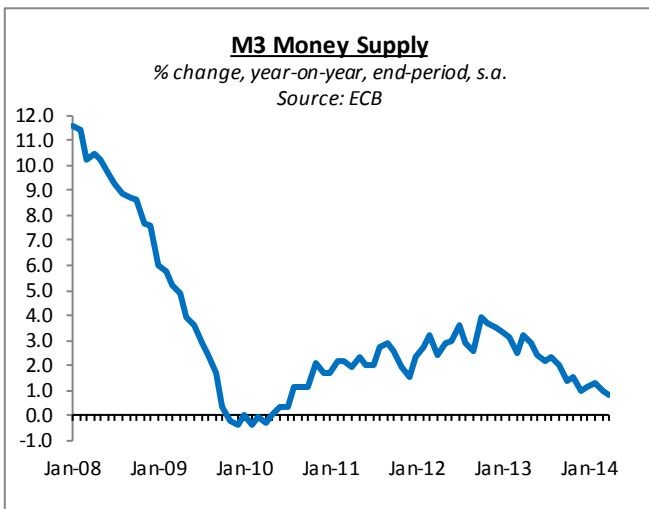
Euro Zone Barometer

Monthly Interest Rate Poll

Panellists' estimates of the probability of movements in the euro zone policy rate at the ECB Council's next two meetings:

	Jul 3rd	Aug 7th
-50bp	0.0%	0.0%
-25bp	0.0%	0.0%
-10bp	5.3%	7.1%
Unchanged	94.7%	92.9%
+10bp	0.0%	0.0%
+25bp	0.0%	0.0%
+50bp	0.0%	0.0%

Source: MJE



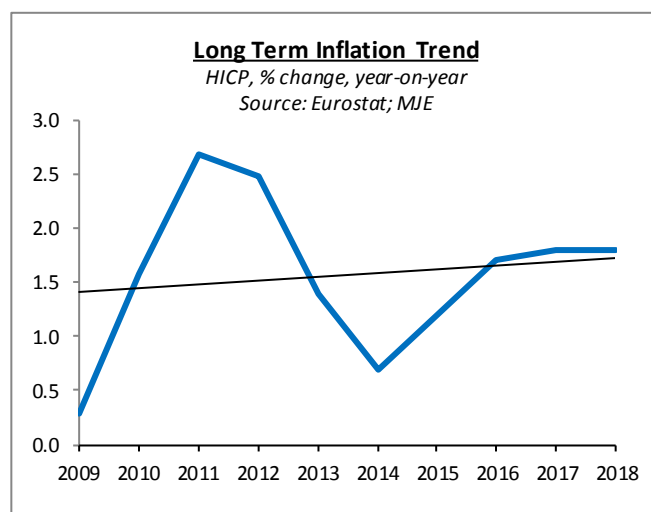
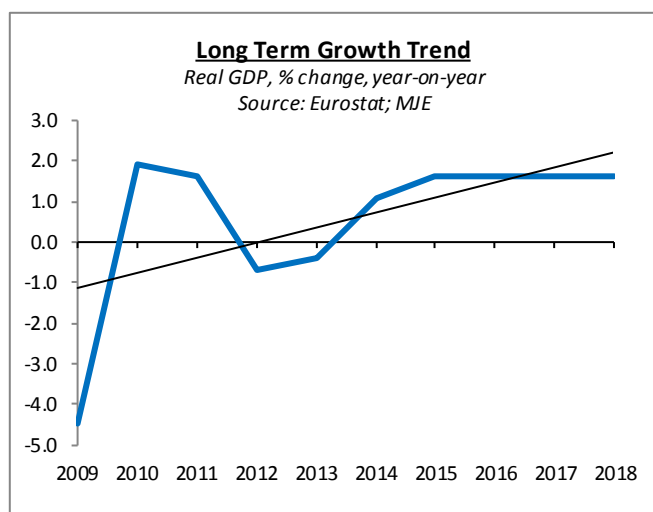
Last Five ECB Interest Rate Changes:

- June 5th, 2014**
A 10bp DECREASE to 0.15%
- November 7th, 2013**
A 25bp DECREASE to 0.25%
- May 2nd, 2013**
A 25bp DECREASE to 0.50%
- July 5th, 2012**
A 25bp DECREASE to 0.75%
- December 14th, 2011**
A 25bp DECREASE to 1.00%

Long Term Forecasts

Forecasts for 2016 to 2018 are taken from our April 2014 long term forecasts survey

(% change year-on-year, unless otherwise stated)	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Gross Domestic Product	-0.4	1.1	1.6	1.6	1.6	1.6
Private Consumption	-0.7	0.7	1.3	1.3	1.4	1.4
Gross Fixed Investment	-2.9	2.3	3.2	2.4	2.5	2.4
Industrial Production (excl. construction)	-0.7	1.9	2.8	2.0	2.0	1.8
Unemployment Rate, % of labour force	12.0	11.8	11.5	11.7	11.3	10.9
Harmonised Index of Consumer Prices	1.4	0.7	1.2	1.7	1.8	1.8
Current Account, annual total, % of GDP	2.4	2.4	2.4	1.8	1.7	1.5
General Government Balance, % of GDP	-3.0	-2.6	-2.2	-1.8	-1.4	-1.2
<u>Financial Indicators (end period)</u>						
3 Month Interest Rate, % per annum	0.29	0.23	0.41	1.83	2.34	2.13
10 Year Bond Yield, % per annum	1.94	1.82	2.36	3.27	3.43	3.57
10 year - 3 month Yield Differential	1.65	1.59	1.95	1.44	1.09	1.44
US\$ per € Exchange Rate	1.378	1.325	1.285	1.253	1.279	1.319



GERMANY - Forecasts for 2014

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	Gross Domestic Product	Private Consump- tion	Gross Fixed Invest- ment	Industrial Produc- tion (excl. construc- tion)	Unem- ployment Rate (EU defn., % of labour force)	Con- sumer Prices (HICP)	Current Account Balance (% of GDP)	General Govt. Balance (% of GDP)	General Govt. Debt (% of GDP)
Panellists									
Allianz SE	2.0	1.4	na	3.4	5.2	1.0	7.5	0.2	na
BBVA	1.8	1.4	4.2	na	na	na	6.7	0.0	na
BNP Paribas	2.1	1.3	5.6	3.3	na	0.9	7.2	0.1	na
Danske Bank	2.5	1.5	6.0	na	5.3	1.1	6.6	0.1	77.1
DZ Bank	2.3	1.3	5.3	na	na	1.1	7.2	-0.2	76.0
Economist Intelligence Unit	2.0	1.8	3.7	1.6	5.1	1.1	7.1	0.5	75.2
G&P Institutional Mgmt	1.7	1.6	5.7	na	5.1	0.7	na	0.1	na
HSBC	1.7	0.9	3.7	4.1	na	0.9	6.5	0.1	77.5
IHS Economics	2.1	1.6	6.9	4.0	5.2	1.1	7.2	0.1	75.8
Intesa Sanpaulo	1.8	1.4	4.2	1.0	na	1.7	6.2	-0.1	na
J P Morgan Chase	1.8	na	na	na	na	1.2	na	na	na
Morgan Stanley	1.8	1.3	3.2	2.2	5.5	1.9	6.6	0.1	77.8
Oxford Economics	2.0	1.5	4.6	3.1	5.1	1.1	7.6	0.0	na
Raiffeisen Bank International	1.8	na	na	na	na	na	7.0	0.0	77.3
Santander	1.8	1.1	5.4	3.5	5.2	0.9	7.1	0.1	75.0
SEB	1.8	1.2	2.5	3.0	5.5	1.6	na	0.0	77.0
UBS	1.8	1.3	5.0	2.9	na	0.9	7.7	0.0	76.4
Unicredit Bank	2.5	1.1	5.5	3.5	5.2	1.5	6.0	-0.2	75.9
Consensus (Mean Average)	2.0	1.4	4.8	3.0	5.2	1.2	6.9	0.1	76.5
Last Month	2.0	1.3	4.6	3.1	5.2	1.3	7.0	0.0	76.6
2 Months Ago	1.9	1.2	4.5	3.1	5.2	1.4	6.8	0.1	76.8
Median	1.8	1.4	5.0	3.2	5.2	1.1	7.1	0.1	76.4
High	2.5	1.8	6.9	4.1	5.5	1.9	7.7	0.5	77.8
Low	1.7	0.9	2.5	1.0	5.1	0.7	6.0	-0.2	75.0
Standard Deviation	0.3	0.2	1.2	0.9	0.2	0.3	0.5	0.2	0.9
Number of Forecasts	18	16	15	12	10	16	15	17	11
Other Forecasts									
EC (May '14)	1.8	1.5	4.5	na	5.1	1.1	7.3	0.0	76.0
IMF (Apr. '14)	1.7	1.0	3.2	na	5.2	1.4	7.3	0.0	74.6
OECD (May '14)	1.9	1.4	5.7	na	5.0	1.1	7.9	-0.2	na

- Evidence to suggest that Germany will not grow quite as strongly as it did during the first quarter can be seen in the key IFO index of business confidence, which fell in May to 110.4 from 111.2 in April. The drop is an indication of the impact of the crisis in Ukraine on German exports, which may act as a drag on an economy otherwise pumped up by strong domestic demand.
- The IFO index contradicts the latest confidence survey from the European Commission showing a rise in May and should

not completely cloud a reasonably bright picture highlighted by positive sales expectations from the German car industry. The EC survey trend nonetheless stuttered in April and highlights a third successive month of waning construction sector sentiment.

- Meanwhile the ECB's moves to provide additional liquidity to bolster the euro economy and eradicate the deflation threat are becoming all too apparent from the slide in inflation in Germany where consumer prices rose by just 0.6% y/y in May.

GERMANY - Forecasts for 2015

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	Gross Domestic Product	Private Consump- tion	Gross Fixed Invest- ment	Industrial Produc- tion (excl. construc- tion)	Unem- ployment Rate (EU defn., % of labour force)	Con- sumer Prices (HICP)	Current Account Balance (% of GDP)	General Govt. Balance (% of GDP)	General Govt. Debt (% of GDP)
Panellists									
Allianz SE	1.6	1.6	na	2.9	5.1	1.7	7.0	0.2	na
BBVA	2.0	1.6	5.0	na	na	na	7.0	0.0	na
BNP Paribas	2.0	1.6	5.1	3.7	na	1.4	7.0	0.2	na
Danske Bank	3.0	1.7	7.4	na	5.1	1.5	6.4	0.2	74.1
DZ Bank	1.8	1.6	4.3	na	na	2.1	6.3	-0.1	74.0
Economist Intelligence Unit	1.7	1.7	4.0	1.8	5.0	1.6	6.8	0.7	72.8
G&P Institutional Mgmt	2.0	2.3	4.0	na	5.0	1.5	na	0.0	na
HSBC	2.7	1.2	2.4	3.9	na	1.5	6.0	0.1	75.2
IHS Economics	2.0	1.9	4.0	3.0	5.0	1.8	6.9	0.3	72.6
Intesa Sanpaulo	na	na	na	na	na	na	na	na	na
J P Morgan Chase	2.2	na	na	na	na	1.7	na	na	na
Morgan Stanley	na	na	na	na	na	na	na	na	na
Oxford Economics	1.8	2.0	2.8	2.4	5.4	1.8	7.6	0.2	na
Raiffeisen Bank International	2.5	na	na	na	na	na	6.5	0.0	74.5
Santander	2.0	1.2	3.1	2.5	5.2	1.7	6.5	0.0	72.0
SEB	2.1	1.3	3.5	5.0	5.4	2.0	na	0.5	74.0
UBS	1.9	1.9	5.1	3.7	na	1.4	7.5	0.5	73.3
Unicredit Bank	2.5	1.6	3.3	3.0	5.1	2.2	6.0	0.3	72.0
Consensus (Mean Average)	2.1	1.7	4.2	3.2	5.1	1.7	6.7	0.2	73.5
Last Month	2.2	1.7	4.3	3.1	5.1	1.8	6.7	0.2	73.7
2 Months Ago	2.2	1.6	4.3	2.8	5.1	1.8	6.5	0.2	73.8
Median	2.0	1.6	4.0	3.0	5.1	1.7	6.8	0.2	73.7
High	3.0	2.3	7.4	5.0	5.4	2.2	7.6	0.7	75.2
Low	1.6	1.2	2.4	1.8	5.0	1.4	6.0	-0.1	72.0
Standard Deviation	0.4	0.3	1.3	0.9	0.2	0.3	0.5	0.2	1.1
Number of Forecasts	16	14	13	10	9	14	13	15	10
Other Forecasts									
EC (May '14)	2.0	1.8	4.5	na	5.1	1.4	7.0	-0.1	73.6
IMF (Apr. '14)	1.6	1.1	2.5	na	5.2	1.4	7.1	-0.1	70.8
OECD (May '14)	2.1	2.0	4.8	na	4.9	1.8	7.4	0.2	na

Germany: Historical Data

<i>% change, year-on-year</i>	2010	2011	2012	2013
Gross Domestic Product	3.8	3.4	0.9	0.5
Private Consumption	0.9	1.7	0.7	1.0
Gross Fixed Investment	5.9	6.2	-1.9	-0.5
Industrial Production	10.7	7.7	-0.3	0.0
Unemploy. Rate, % of L.F.	7.1	5.9	5.5	5.3
Consumer Prices	1.2	2.5	2.1	1.6
Current Acc., % of GDP	6.4	6.3	7.0	7.3
Budget Bal., % of GDP	-4.2	-0.8	0.1	0.0
Public Debt, % of GDP	82.5	80.0	81.0	79.5

Source: ECB; Eurostat; national statistical office

Germany: Background Information

Prime Minister:	Angela Merkel
Government:	Christian Democrat. Union led coalition
Next Election:	2017 (parliamentary)
Capital City:	Berlin
Economic Freedom:	19th out of 177 countries
Doing Business:	21st out of 189 countries
Competitiveness:	4th out of 148 countries
Corruption:	12th out of 175 countries
Corporate Tax Rate:	15.0% (national rate) 14.0-17.0% (local rate) 15.0% (branch rate)

Note: 5.5% solidarity rate and municipal rates also levied.

Sources: BIS, Deloitte, IFES Election Guide, IMF, FT, Heritage Foundation, MJE, Transparency International, World Bank, World Economic Forum

FRANCE - Forecasts for 2014

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	Gross Domestic Product	Household Consump- tion	Gross Fixed Invest- ment	Industrial Produc- tion (excl. construc- tion)	Unem- ployment Rate (EU defn., % of labour force)	Con- sumer Prices (HICP)	Current Account Balance (% of GDP)	General Govt. Balance (% of GDP)	General Govt. Debt (% of GDP)
Panellists									
BBVA	0.9	0.9	1.5	na	na	na	-1.7	-3.8	na
BNP Paribas	0.8	0.2	-0.4	0.2	10.4	0.8	-1.2	-3.8	na
Danske Bank	0.9	0.7	1.7	na	11.0	0.8	-1.5	-3.8	95.3
DZ Bank	0.6	-0.1	-0.4	na	10.8	0.8	-1.8	-3.9	96.0
Economist Intelligence Unit	0.9	0.8	0.9	1.0	9.7	0.8	-1.1	-3.9	95.6
G&P Institutional Mgmt	0.6	0.3	0.2	na	10.3	1.0	na	-3.9	na
HSBC	0.6	0.8	-0.1	0.4	10.9	0.8	-1.4	-4.0	98.0
IHS Economics	0.6	0.0	-0.9	0.2	10.1	1.0	-1.3	-4.1	96.1
Intesa Sanpaulo	1.1	1.1	na	1.1	10.5	1.4	na	na	na
J P Morgan Chase	0.8	na	na	na	na	1.0	na	na	na
Morgan Stanley	0.6	0.5	0.4	na	10.8	na	-2.2	-3.5	95.3
Oxford Economics	0.7	0.4	-0.5	0.6	10.3	0.9	-1.3	-3.6	na
Raiffeisen Bank International	0.7	na	na	na	na	1.0	-1.7	-3.8	95.9
SEB	0.8	0.6	1.5	0.5	11.0	1.5	na	-3.9	95.0
UBS	1.0	0.9	1.4	0.5	na	1.1	-1.4	-3.8	97.5
Consensus (Mean Average)	0.8	0.5	0.4	0.6	10.5	1.0	-1.5	-3.8	96.1
Last Month	0.8	0.7	0.9	0.6	10.5	1.1	-1.6	-3.9	96.1
2 Months Ago	0.9	0.8	1.1	0.6	10.6	1.1	-1.7	-3.8	96.1
Median	0.8	0.6	0.3	0.5	10.5	1.0	-1.4	-3.8	95.9
High	1.1	1.1	1.7	1.1	11.0	1.5	-1.1	-3.5	98.0
Low	0.6	-0.1	-0.9	0.2	9.7	0.8	-2.2	-4.1	95.0
Standard Deviation	0.2	0.4	0.9	0.3	0.4	0.2	0.3	0.2	1.0
Number of Forecasts	15	13	12	8	11	13	11	13	9
Other Forecasts									
EC (May '14)	1.0	0.6	1.3	na	10.4	1.0	-1.8	-3.9	95.6
IMF (Apr. '14)	1.0	0.9	1.9	na	11.0	1.0	-1.7	-3.7	96.1
OECD (May '14)	0.9	0.5	1.0	na	9.9	0.9	-1.6	-3.8	na

- Faced with a large black hole in its finances caused by over-estimating the likely revenue from tax-raising measures by double the realised amount, the ruling Socialist Party must continue to impose strict austerity and reforms on an already weakened French economy.

- The government's difficulties are underlined by another disappointing confidence survey from the European Commission showing a fall in the headline economic sentiment indicator in May to 96.7 which is mirrored by

similar misfortune in the latest purchasing managers' survey. Although the services sector registered further improvement in the EC survey, confidence among French consumers and manufacturers waned – the latter highlighting the flat-lining of industrial production m/m, and continuing y/y decline.

- Inflation stabilised at 0.8% y/y in May, according to the HICP, keeping the threat of deflation at bay. However, the unemployment rate was unmoved at 10.4% for a third successive month.

FRANCE - Forecasts for 2015

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	Gross Domestic Product	Household Consumption	Gross Fixed Investment	Industrial Production (excl. construc- tion)	Unem- ployment Rate (EU defn., % of labour force)	Con- sumer Prices (HICP)	Current Account Balance (% of GDP)	General Govt. Balance (% of GDP)	General Govt. Debt (% of GDP)
Panellists									
BBVA	1.5	1.2	2.5	na	na	na	-1.6	-3.0	na
BNP Paribas	1.4	1.1	3.1	2.0	10.3	1.1	-1.3	-3.4	na
Danske Bank	1.5	1.3	3.8	na	11.3	1.0	-1.5	-3.7	96.0
DZ Bank	1.2	0.8	2.8	na	10.7	1.2	-1.9	-3.9	96.9
Economist Intelligence Unit	1.4	0.9	2.4	2.2	9.6	0.9	-0.9	-3.6	97.5
G&P Institutional Mgmt	1.4	1.6	3.2	na	9.8	1.4	na	-3.4	na
HSBC	1.0	0.9	1.3	2.6	10.8	1.2	-1.5	-3.6	99.3
IHS Economics	1.3	1.2	1.7	1.5	9.9	1.4	-1.0	-3.4	96.4
Intesa Sanpaulo	na	na	na	na	na	na	na	na	na
J P Morgan Chase	1.3	na	na	na	na	1.0	na	na	na
Morgan Stanley	na	na	na	na	na	na	na	na	na
Oxford Economics	1.1	1.5	1.9	1.8	10.1	1.1	-1.5	-3.1	na
Raiffeisen Bank International	1.8	na	na	na	na	1.3	-1.9	-3.3	96.4
SEB	1.4	1.4	2.0	1.5	10.8	1.8	na	-3.5	96.0
UBS	1.5	1.8	1.8	1.5	na	1.2	-1.0	-2.9	96.8
Consensus (Mean Average)	1.4	1.2	2.4	1.9	10.4	1.2	-1.4	-3.4	96.9
Last Month	1.4	1.2	2.5	1.8	10.3	1.3	-1.6	-3.4	97.0
2 Months Ago	1.4	1.2	2.4	1.8	10.4	1.3	-1.6	-3.4	96.8
Median	1.4	1.2	2.4	1.8	10.3	1.2	-1.5	-3.4	96.6
High	1.8	1.8	3.8	2.6	11.3	1.8	-0.9	-2.9	99.3
Low	1.0	0.8	1.3	1.5	9.6	0.9	-1.9	-3.9	96.0
Standard Deviation	0.2	0.3	0.8	0.4	0.6	0.2	0.4	0.3	1.1
Number of Forecasts	13	11	11	7	9	12	10	12	8
Other Forecasts									
EC (May '14)	1.5	1.2	4.5	na	10.2	1.1	-2.0	-3.4	96.6
IMF (Apr. '14)	1.5	1.0	2.7	na	10.7	1.2	-1.0	-3.0	87.7
OECD (May '14)	1.5	1.5	2.5	na	9.8	1.1	-1.4	-3.1	na

France: Historical Data

<i>% change, year-on-year</i>	2010	2011	2012	2013
Gross Domestic Product	1.7	2.0	0.0	0.3
Private Consumption	1.6	0.6	-0.3	0.4
Gross Fixed Investment	1.4	2.9	-1.2	-2.1
Industrial Production	4.8	2.4	-2.6	-0.5
Unemploy. Rate, % of L.F.	9.7	9.6	10.2	10.8
Consumer Prices	1.7	2.3	2.2	1.0
Current Acc., % of GDP	-1.9	-2.5	-2.1	-1.7
Budget Bal., % of GDP	-7.1	-5.3	-4.8	-4.3
Public Debt, % of GDP	82.4	85.8	90.2	93.5

Source: ECB; Eurostat; national statistical office

France: Background Information

President:	Francois Hollande
Government:	Socialist Party
Next Election:	2017 (presidential & parliamentary)
Capital City:	Paris
Economic Freedom:	62nd out of 177 countries
Doing Business:	38th out of 189 countries
Competitiveness:	23rd out of 148 countries
Corruption:	22nd out of 1754 countries
Corporate Tax Rate:	33.33% (national rate) 0.0% (local rate) 33.33% (branch rate)

Note: 3.3% social sec. surcharge levied over certain threshold.

Sources: BIS, Deloitte, IFES Election Guide, IMF, FT, Heritage Foundation, MJE, Transparency International, World Bank, World Economic Forum

ITALY - Forecasts for 2014

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	Gross Domestic Product	Household Consump- tion	Gross Fixed Invest- ment	Industrial Produc- tion (excl. construc- tion)	Unem- ployment Rate (EU defn., % of labour force)	Con- sumer Prices (HICP)	Current Account Balance (% of GDP)	General Govt. Balance (% of GDP)	General Govt. Debt (% of GDP)
Panellists									
BBVA	0.7	0.1	1.2	na	na	na	1.1	-2.6	na
BNP Paribas	0.3	-0.2	1.5	1.0	12.8	0.4	1.2	-2.6	na
Danske Bank	0.5	0.0	1.4	na	12.5	0.6	1.2	-2.7	134.0
DZ Bank	0.4	0.3	1.6	na	12.2	0.6	1.2	-3.0	134.0
Economist Intelligence Unit	0.1	-0.2	0.2	0.2	12.8	0.4	1.3	-3.0	135.9
G&P Institutional Mgmt	0.2	0.0	-0.4	na	12.5	0.6	na	-2.7	na
HSBC	0.4	-0.1	0.4	1.6	12.7	0.4	1.3	-3.1	134.0
IHS Economics	0.3	0.3	-0.9	0.9	12.9	0.5	1.6	-2.6	134.1
Intesa Sanpaulo	0.5	0.2	0.7	0.7	na	na	0.6	-2.6	na
J P Morgan Chase	0.7	na	na	na	na	0.5	na	na	na
Morgan Stanley	0.4	-0.2	na	na	12.4	na	1.4	-2.4	131.6
Oxford Economics	0.3	-0.2	0.1	1.0	12.6	0.5	1.8	-3.0	na
Raiffeisen Bank International	0.5	na	na	na	na	0.8	1.1	-2.9	134.6
SEB	0.3	na	na	1.0	12.0	0.9	na	-2.5	134.0
UBS	0.3	0.2	-0.2	0.7	12.8	0.5	na	-2.9	132.2
Unicredit Bank	0.5	0.2	1.1	na	12.8	0.6	1.4	-2.7	135.3
Consensus (Mean Average)	0.4	0.0	0.6	0.9	12.6	0.6	1.3	-2.8	134.0
Last Month	0.5	0.0	0.9	0.8	12.6	0.7	1.3	-2.8	134.0
2 Months Ago	0.6	0.1	1.1	1.0	12.6	0.8	1.1	-2.8	134.1
Median	0.4	0.0	0.6	1.0	12.7	0.5	1.3	-2.7	134.0
High	0.7	0.3	1.6	1.6	12.9	0.9	1.8	-2.4	135.9
Low	0.1	-0.2	-0.9	0.2	12.0	0.4	0.6	-3.1	131.6
Standard Deviation	0.2	0.2	0.8	0.4	0.3	0.2	0.3	0.2	1.3
Number of Forecasts	16	13	12	8	12	13	12	15	10
Other Forecasts									
EC (May '14)	0.6	0.4	1.6	na	12.8	0.7	1.5	-2.6	135.2
IMF (Apr. '14)	0.6	-0.2	1.9	na	12.4	0.7	1.1	-2.7	133.1
OECD (May '14)	0.5	0.1	1.0	na	12.8	0.5	1.2	-2.7	na

- Although the government must do more to reinvigorate the economy with structural reforms, an improvement in industrial production in April, rising by 0.7% q/q and 1.6% y/y, is just the fillip required to bring Italy out of recession and points to weak but positive growth in Q2.
- Confidence indicators too are providing some hope for better prospects. The European Commission's economic sentiment indicator climbed to 101.3 in May, continuing a four-month uninterrupted gradual trend based on improving consumer and retail sentiment.
- As in other parts of the region, with considerable spare capacity and moderating commodity prices, a 0.4% y/y increase in the harmonised consumer price index highlights negligible inflationary pressure and the ever-present threat of deflation that could exacerbate Italy's debt problem and defer spending, especially with an unemployment rate still exceeding 12% in May.
- The economy may receive an inadvertent boost from Istat including more of its illicit criminal activities believed to be worth up to 20% of total GDP.

ITALY - Forecasts for 2015

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	Gross Domestic Product	Household Consump- tion	Gross Fixed Invest- ment	Industrial Produc- tion (excl. construc- tion)	Unem- ployment Rate (EU defn., % of labour force)	Con- sumer Prices (HICP)	Current Account Balance (% of GDP)	General Govt. Balance (% of GDP)	General Govt. Debt (% of GDP)
Panellists									
BBVA	1.4	1.2	2.4	na	na	na	0.9	-2.0	na
BNP Paribas	1.3	0.8	3.8	3.6	12.5	1.1	1.5	-2.2	na
Danske Bank	1.4	1.0	2.4	na	12.1	1.2	1.1	-2.5	133.1
DZ Bank	1.2	0.7	3.0	na	12.1	1.0	1.3	-2.9	132.0
Economist Intelligence Unit	1.0	0.2	1.0	1.5	12.5	0.6	1.6	-2.8	135.4
G&P Institutional Mgmt	1.7	0.8	3.1	na	12.2	1.5	na	-2.5	na
HSBC	0.6	0.3	1.3	2.1	12.5	0.5	1.4	-2.9	133.5
IHS Economics	1.1	0.7	0.6	1.3	12.4	1.0	1.5	-1.8	133.0
Intesa Sanpaulo	na	na	na	na	na	na	na	na	na
J P Morgan Chase	1.6	na	na	na	na	0.7	na	na	na
Morgan Stanley	na	na	na	na	na	na	na	na	na
Oxford Economics	1.2	1.0	1.6	2.6	12.4	0.9	1.8	-2.4	na
Raiffeisen Bank International	1.5	na	na	na	na	1.2	1.2	-2.5	134.1
SEB	1.0	na	na	1.0	12.0	1.1	na	-2.5	134.0
UBS	0.7	0.6	0.6	2.4	12.8	1.5	na	-2.9	133.5
Unicredit Bank	1.4	1.4	2.5	na	12.8	1.2	1.2	-2.4	134.1
Consensus (Mean Average)	1.2	0.8	2.0	2.1	12.4	1.0	1.4	-2.5	133.6
Last Month	1.2	0.9	1.8	1.8	12.4	1.1	1.4	-2.5	133.7
2 Months Ago	1.3	0.9	2.1	1.9	12.4	1.2	1.0	-2.5	134.0
Median	1.3	0.8	2.4	2.1	12.4	1.1	1.4	-2.5	133.5
High	1.7	1.4	3.8	3.6	12.8	1.5	1.8	-1.8	135.4
Low	0.6	0.2	0.6	1.0	12.0	0.5	0.9	-2.9	132.0
Standard Deviation	0.3	0.4	1.1	0.9	0.3	0.3	0.3	0.3	0.9
Number of Forecasts	14	11	11	7	11	13	10	13	9
Other Forecasts									
EC (May '14)	1.2	0.8	4.0	na	12.5	1.2	1.5	-2.2	133.9
IMF (Apr. '14)	1.1	0.5	2.6	na	11.9	1.0	1.1	-1.8	121.7
OECD (May '14)	1.1	0.6	2.6	na	12.5	0.9	1.3	-2.1	na

Italy: Historical Data

<i>% change, year-on-year</i>	2010	2011	2012	2013
Gross Domestic Product	1.7	0.5	-2.5	-1.8
Private Consumption	1.5	-0.3	-4.1	-2.6
Gross Fixed Investment	0.6	-2.2	-8.3	-4.6
Industrial Production	6.9	0.3	-6.3	-2.9
Unemploy. Rate, % of L.F.	8.4	8.4	10.7	12.2
Consumer Prices	1.6	2.9	3.3	1.3
Current Acc., % of GDP	-3.5	-3.1	-0.5	0.7
Budget Bal., % of GDP	-4.5	-3.8	-3.0	-2.8
Public Debt, % of GDP	119.3	120.7	127.0	132.6

Source: ECB; Eurostat; national statistical office

Italy: Background Information

Prime Minister:	Enrico Letta
Government:	Coalition including PD and PDL
Next Election:	2018
Capital City:	Rome
Economic Freedom:	83rd out of 177 countries
Doing Business:	65th out of 189 countries
Competitiveness:	49th out of 148 countries
Corruption:	69th out of 175 countries
Corporate Tax Rate:	27.5% (national rate) 3.9% (local rate) 27.5% (branch rate)

Note: Regional tax also levied, generally at 3.9%.

Sources: BIS, Deloitte, IFES Election Guide, IMF, FT, Heritage Foundation, MJE, Transparency International, World Bank, World Economic Forum

NETHERLANDS - Forecasts for 2014

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	Gross Domestic Product	Private Consump- tion	Gross Fixed Invest- ment	Industrial Produc- tion (excl. construc- tion)	Unem- ployment Rate (EU defn., % of labour force)	Con- sumer Prices (HICP)	Current Account Balance (% of GDP)	General Govt. Balance (% of GDP)	General Govt. Debt (% of GDP)
Panellists									
DZ Bank	0.7	-0.6	3.7	na	7.2	1.2	10.1	-2.9	75.0
Economist Intelligence Unit	0.6	-0.7	2.0	1.9	7.4	0.8	9.5	-2.8	74.1
IHS Economics	0.6	-0.7	5.5	-1.4	na	na	10.7	-2.2	76.9
Intesa Sanpaulo	0.9	0.6	3.7	na	na	na	na	na	na
J P Morgan Chase	0.9	na	na	na	na	na	na	na	na
Morgan Stanley	0.5	-0.5	1.4	1.8	7.4	1.5	9.9	-3.5	77.0
Oxford Economics	0.4	-0.7	3.2	-2.2	7.3	0.8	9.7	-2.4	na
Raiffeisen Bank International	0.7	na	na	na	na	0.6	9.5	-3.2	75.3
UBS	1.0	0.0	9.4	0.5	na	1.1	9.9	-3.5	76.0
Consensus (Mean Average)	0.7	-0.4	4.1	0.1	7.3	1.0	9.9	-2.9	75.7
Last Month	0.8	-0.4	4.3	0.2	7.4	0.9	9.9	-3.0	76.0
2 Months Ago	0.9	-0.2	4.5	0.6	7.5	1.0	10.1	-3.1	76.1
Median	0.7	-0.6	3.7	0.5	7.4	1.0	9.9	-2.9	75.7
High	1.0	0.6	9.4	1.9	7.4	1.5	10.7	-2.2	77.0
Low	0.4	-0.7	1.4	-2.2	7.2	0.6	9.5	-3.5	74.1
Standard Deviation	0.2	0.5	2.7	1.9	0.1	0.3	0.4	0.5	1.1
Number of Forecasts	9	7	7	5	4	6	7	7	6
<u>Other Forecasts</u>									
EC (May '14)	1.2	-0.2	4.9	na	7.4	0.7	8.2	-2.8	73.8
IMF (Apr. '14)	0.8	na	na	na	7.3	0.8	10.1	na	na
OECD (May '14)	1.0	-0.6	4.2	na	7.6	0.5	8.9	-2.7	na

- The unemployment rate is still high, measuring 7.2% in April according to Eurostat (higher on domestic calculations), and deflation is perilously close with only a negligible rise in prices registered in May – both of which highlight the substantial spare capacity that built up during the recession
- However, confidence among consumers and producers, which had weakened in April, has revived again lately in all but the construction sector, according to the European Commission.
- These readings are consistent with the central bank's latest views, suggesting the recovery will continue, but with the economy under-performing partly because of weakened natural gas production.
- Fortunately fiscal austerity has delivered results, with the government making substantial progress in bringing its deficit below 3% of GDP last year. Consequently, credit rating agencies have backed off from further downgrades to the Netherlands' sovereign creditworthiness.

NETHERLANDS - Forecasts for 2015

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	Gross Domestic Product	Private Consump- tion	Gross Fixed Invest- ment	Industrial Produc- tion (excl. construc- tion)	Unem- ployment Rate (EU defn., % of labour force)	Con- sumer Prices (HICP)	Current Account Balance (% of GDP)	General Govt. Balance (% of GDP)	General Govt. Debt (% of GDP)
Panellists									
DZ Bank	1.3	1.0	3.1	na	7.0	1.5	10.7	-2.6	75.5
Economist Intelligence Unit	1.5	0.2	2.8	2.5	7.3	1.4	9.8	-2.2	73.7
IHS Economics	1.6	0.7	3.2	1.5	na	na	10.6	-2.0	77.2
Intesa Sanpaulo	na	na	na	na	na	na	na	na	na
J P Morgan Chase	1.3	na	na	na	na	na	na	na	na
Morgan Stanley	na	na	na	na	na	na	na	na	na
Oxford Economics	1.2	0.5	1.9	3.1	7.2	1.1	8.8	-2.0	na
Raiffeisen Bank International	2.1	na	na	na	na	1.4	8.0	-2.9	75.6
UBS	1.8	0.5	6.5	4.7	na	1.9	9.7	-2.9	78.5
Consensus (Mean Average)	1.5	0.6	3.5	3.0	7.2	1.5	9.6	-2.4	76.1
Last Month	1.4	0.5	3.7	3.0	7.2	1.4	9.6	-2.5	76.7
2 Months Ago	1.4	0.5	3.4	2.7	7.3	1.5	9.6	-2.5	76.6
Median	1.5	0.5	3.1	2.8	7.2	1.4	9.8	-2.4	75.6
High	2.1	1.0	6.5	4.7	7.3	1.9	10.7	-2.0	78.5
Low	1.2	0.2	1.9	1.5	7.0	1.1	8.0	-2.9	73.7
Standard Deviation	0.3	0.3	1.8	1.3	0.2	0.3	1.0	0.4	1.8
Number of Forecasts	7	5	5	4	3	5	6	6	5
Other Forecasts									
EC (May '14)	1.4	0.9	2.9	na	7.3	0.9	8.6	-1.8	73.4
IMF (Apr. '14)	1.6	na	na	na	7.1	1.0	10.1	na	na
OECD (May '14)	1.3	0.1	2.3	na	7.6	0.8	9.8	-2.0	na

Netherlands: Historical Data

<i>% change, year-on-year</i>	2010	2011	2012	2013
Gross Domestic Product	1.5	0.9	-1.2	-0.8
Private Consumption	0.3	-1.1	-1.6	-2.1
Gross Fixed Investment	-7.4	6.1	-4.0	-4.8
Industrial Production	7.8	-0.8	-0.4	0.6
Unemploy. Rate, % of L.F.	4.5	4.4	5.3	6.7
Consumer Prices	0.9	2.5	2.8	2.6
Current Acc., % of GDP	5.0	7.4	7.7	11.6
Budget Bal., % of GDP	-5.1	-4.3	-4.1	-2.5
Public Debt, % of GDP	63.4	65.7	71.3	73.5

Source: ECB; Eurostat; national statistical office

Netherlands: Background Information

Prime Minister:	Mark Rutte
Government:	VVD led coalition
Next Election:	September 2016 (parliamentary)
Capital City:	The Hague
Economic Freedom:	17th out of 177 countries
Doing Business:	28th out of 189 countries
Competitiveness:	8th out of 148 countries
Corruption:	8th out of 175 countries
Corporate Tax Rate:	25.0% (national rate) 0.0% (local rate) 25.0% (branch rate)

Note: Reduced tax of 20% on income below certain threshold.

Sources: BIS, Deloitte, IFES Election Guide, IMF, FT, Heritage Foundation, MJE, Transparency International, World Bank, World Economic Forum

SPAIN - Forecasts for 2014

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	Gross Domestic Product	Household Consump- tion	Gross Fixed Invest- ment	Industrial Produc- tion (excl. construc- tion)	Unem- ployment Rate (EU defn., % of labour force)	Con- sumer Prices (HICP)	Current Account Balance (% of GDP)	General Govt. Balance (% of GDP)	General Govt. Debt (% of GDP)
Panellists									
BBVA	1.1	1.4	1.0	na	25.1	0.3	1.3	-5.8	98.4
BNP Paribas	1.3	0.8	0.1	2.1	25.6	0.1	0.9	-5.5	na
Danske Bank	1.1	1.7	1.4	na	26.1	0.2	2.6	-5.9	99.9
DZ Bank	0.9	1.5	0.5	na	25.5	0.4	1.5	-6.0	99.1
Economist Intelligence Unit	0.9	0.9	0.6	1.6	25.6	0.4	1.8	-5.8	99.8
G&P Institutional Mgmt	1.2	1.5	1.4	na	25.0	0.2	na	-5.6	na
HSBC	0.7	0.8	0.0	1.2	26.3	0.2	0.8	na	97.9
IHS Economics	0.9	1.3	0.0	1.8	25.2	0.2	0.6	-5.7	99.5
Intesa Sanpaulo	0.6	-0.5	-0.6	na	na	na	na	-6.9	na
J P Morgan Chase	0.9	na	na	na	na	0.1	na	na	na
Morgan Stanley	0.8	0.1	-3.0	na	25.6	0.8	2.8	-6.0	96.2
Oxford Economics	1.1	1.6	1.1	1.8	24.6	0.1	0.3	-5.9	na
Raiffeisen Bank International	1.5	na	na	na	na	0.3	0.9	-5.5	97.4
Santander	1.1	1.5	0.7	na	24.5	0.5	1.0	-5.5	na
UBS	0.8	0.6	0.6	1.3	25.4	0.4	1.6	-6.0	100.0
Consensus (Mean Average)	1.0	1.0	0.3	1.6	25.4	0.3	1.3	-5.9	98.7
Last Month	1.0	1.0	0.6	1.6	25.4	0.3	1.4	-5.9	98.5
2 Months Ago	0.9	0.8	0.5	1.4	25.6	0.4	1.6	-5.9	98.5
Median	0.9	1.3	0.6	1.7	25.5	0.3	1.2	-5.8	99.1
High	1.5	1.7	1.4	2.1	26.3	0.8	2.8	-5.5	100.0
Low	0.6	-0.5	-3.0	1.2	24.5	0.1	0.3	-6.9	96.2
Standard Deviation	0.2	0.7	1.1	0.3	0.5	0.2	0.8	0.4	1.3
Number of Forecasts	15	13	13	6	12	14	12	13	9
Other Forecasts									
EC (May '14)	1.1	1.3	-1.4	na	25.5	0.1	1.4	-5.6	100.2
IMF (Apr. '14)	0.9	1.2	0.6	na	25.5	0.3	0.8	na	na
OECD (May '14)	1.0	1.0	0.3	na	25.4	0.1	1.6	-5.5	na

- The setback to Spain's recovery highlighted by falling services and construction sector confidence in April proved to be temporary with some improvement occurring in May in all areas of the economy with the exception of non-retail services.
- Importantly the manufacturing component achieved its highest level all year, climbing to a negative balance of 8.0, preceded by growth of 1.7% m/m and 4.7% y/y in industrial production that signals – alongside better domestic demand and financing conditions - continuing GDP growth during Q2 2014.
- The unemployment rate is edging in the right direction, having fallen by around one percentage point over the past year to 25.1% in April. Better employment prospects are expected as the economy recovers but labour market strife will continue with around six million Spaniards out of work and many more having migrated in search of work.
- Increased investor confidence in the country's growth prospects, with structural reforms boosting competitiveness, is boosting Spain's creditworthiness following the shock of the deep recession and banking crisis.

SPAIN - Forecasts for 2015

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	Gross Domestic Product	Household Consumption	Gross Fixed Investment	Industrial Production (excl. construc- tion)	Unem- ployment Rate (EU defn., % of labour force)	Con- sumer Prices (HICP)	Current Account Balance (% of GDP)	General Govt. Balance (% of GDP)	General Govt. Debt (% of GDP)
Panellists									
BBVA	1.9	1.3	4.7	na	24.2	0.9	1.5	-5.1	100.4
BNP Paribas	1.7	1.2	1.8	3.7	25.3	0.7	1.1	-4.5	na
Danske Bank	1.9	1.6	2.9	na	25.3	0.8	3.1	-6.6	104.3
DZ Bank	1.5	1.7	0.9	na	24.5	1.0	2.0	-6.6	103.5
Economist Intelligence Unit	1.4	1.1	0.7	1.8	24.9	1.0	2.0	-4.8	104.1
G&P Institutional Mgmt	2.2	1.4	5.6	na	23.0	1.0	na	-5.0	na
HSBC	1.1	0.8	1.6	2.2	25.6	0.4	0.8	na	102.0
IHS Economics	1.4	1.5	0.8	1.3	24.4	0.6	0.8	-4.6	102.9
Intesa Sanpaolo	na	na	na	na	na	na	na	na	na
J P Morgan Chase	1.3	na	na	na	na	0.0	na	na	na
Morgan Stanley	na	na	na	na	na	na	na	na	na
Oxford Economics	1.6	1.7	2.3	2.8	24.0	0.4	1.2	-4.5	na
Raiffeisen Bank International	2.0	na	na	na	na	0.9	1.0	-5.0	99.7
Santander	2.0	1.7	3.7	na	23.2	1.0	1.7	-4.2	na
UBS	1.3	0.8	0.9	1.7	24.6	1.6	2.1	-5.2	104.0
Consensus (Mean Average)	1.6	1.3	2.4	2.3	24.5	0.8	1.6	-5.1	102.6
Last Month	1.6	1.3	2.4	2.1	24.3	0.8	1.5	-5.3	102.3
2 Months Ago	1.6	1.2	2.0	2.1	24.6	0.9	1.7	-5.2	102.7
Median	1.6	1.4	1.8	2.0	24.5	0.9	1.5	-5.0	103.2
High	2.2	1.7	5.6	3.7	25.6	1.6	3.1	-4.2	104.3
Low	1.1	0.8	0.7	1.3	23.0	0.0	0.8	-6.6	99.7
Standard Deviation	0.3	0.3	1.7	0.9	0.8	0.4	0.7	0.8	1.8
Number of Forecasts	13	11	11	6	11	13	11	11	8
Other Forecasts									
EC (May '14)	2.1	1.6	4.2	na	24.0	0.8	1.5	-6.1	103.8
IMF (Apr. '14)	1.0	0.9	1.2	na	24.9	0.8	1.4	na	na
OECD (May '14)	1.5	1.0	2.0	na	24.4	0.5	2.0	-4.5	na

Spain: Historical Data

<i>% change, year-on-year</i>	2010	2011	2012	2013
Gross Domestic Product	-0.2	0.1	-1.6	-1.2
Private Consumption	0.2	-1.2	-2.8	-2.1
Gross Fixed Investment	-5.5	-5.4	-7.0	-5.1
Industrial Production	0.9	-1.4	-6.0	-1.7
Unemploy. Rate, % of L.F.	20.1	21.7	25.0	26.4
Consumer Prices	2.0	3.1	2.4	1.5
Current Acc., % of GDP	-4.4	-4.0	-1.2	0.7
Budget Bal., % of GDP	-9.6	-9.6	-10.6	-6.6
Public Debt, % of GDP	61.7	70.5	86.0	93.4

Source: ECB; Eurostat; national statistical office

Spain: Background Information

Prime Minister:	Mariano Rajoy
Government:	Popular Party
Next Election:	2015 (parliamentary)
Capital City:	Madrid
Economic Freedom:	46th out of 177 countries
Doing Business:	52nd out of 189 countries
Competitiveness:	35th out of 148 countries
Corruption:	40th out of 175 countries
Corporate Tax Rate:	30.0% (national rate) variable (local rate) 30.0%/21.0% (branch rate)

Note: Reduced rate for SMEs.

Sources: BIS, Deloitte, IFES Election Guide, IMF, FT, Heritage Foundation, MJE, Transparency International, World Bank, World Economic Forum

Forecasts For Other Euro-Zone Countries¹

		Real GDP Growth (%)		Harmonized Inflation (%)		Current Account (% of GDP)		Gen Govt Bal (% of GDP)		Gen Govt Debt (% of GDP)	
		2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Austria	EC	1.6	1.8	1.6	1.7	3.4	3.8	-2.8	-1.5	80.3	79.2
	IMF	1.7	1.7	1.8	1.7	3.5	3.5	na	na	na	na
	OECD	1.5	2.1	1.4	1.6	2.9	3.0	-2.8	-1.3	90.0	89.5
Belgium	EC	1.4	1.6	0.9	1.3	0.3	-0.3	-2.6	-2.8	101.7	101.5
	IMF	1.2	1.2	1.0	1.1	-1.3	-1.0	na	na	na	na
	OECD	1.5	1.9	0.8	1.0	-0.8	-0.2	-2.1	-1.2	106.8	105.4
Cyprus	EC	-4.8	0.9	0.4	1.4	0.0	0.4	-5.8	-6.1	122.2	126.4
	IMF	-4.8	0.9	0.4	1.4	0.1	0.3	na	na	na	na
	OECD	na	na	na	na	na	na	na	na	na	na
Estonia	EC	1.9	3.0	1.5	3.0	-2.7	-2.8	-0.5	-0.6	9.8	9.6
	IMF	2.4	3.2	3.2	2.8	-1.3	-1.5	na	na	na	na
	OECD	1.2	3.1	0.7	1.7	-2.8	-3.2	-0.2	-0.1	13.0	12.7
Greece	EC	0.6	2.9	-0.8	0.3	-2.3	-2.2	-1.6	-1.0	177.2	172.4
	IMF	0.6	2.9	-0.4	0.3	0.9	0.3	na	na	na	na
	OECD	-0.3	1.9	-1.1	-1.0	0.2	0.8	-2.5	-1.4	188.7	188.2
Ireland	EC	1.7	3.0	0.6	1.1	7.4	8.9	-4.8	-4.2	121.0	120.4
	IMF	1.7	2.5	0.6	1.1	6.4	6.5	na	na	na	na
	OECD	1.9	2.2	0.3	0.7	6.6	7.6	-4.7	-3.1	133.1	132.0
Luxembourg	EC	2.6	2.7	1.4	2.4	6.4	5.0	-0.2	-1.4	23.4	25.5
	IMF	2.1	1.9	1.6	1.8	6.7	5.5	na	na	na	na
	OECD	2.8	2.5	1.0	2.2	7.0	6.5	0.3	-0.9	31.6	33.5
Malta	EC	2.3	2.3	1.2	1.9	0.3	1.0	-2.5	-2.5	72.5	71.1
	IMF	1.8	1.8	1.2	2.6	1.4	1.4	na	na	na	na
	OECD	na	na	na	na	na	na	na	na	na	na
Portugal	EC	1.2	1.5	0.4	1.1	1.0	1.4	-4.0	-2.5	126.7	124.8
	IMF	1.2	1.5	0.7	1.2	0.8	1.2	na	na	na	na
	OECD	1.1	1.4	-0.3	0.4	0.8	1.1	-4.0	-2.4	141.3	142.2
Slovakia	EC	2.2	3.1	0.4	1.6	2.4	2.4	-2.9	-2.8	56.3	57.8
	IMF	2.3	3.0	0.7	1.6	2.7	2.9	na	na	na	na
	OECD	2.0	2.9	0.4	1.0	1.6	2.2	-2.7	-2.6	59.1	60.1
Slovenia	EC	0.8	1.4	0.7	1.2	6.0	6.2	-4.3	-3.1	80.4	81.3
	IMF	0.3	0.9	1.2	1.6	6.1	5.8	na	na	na	na
	OECD	0.3	1.2	0.7	0.9	6.3	7.4	-4.1	-2.6	85.9	89.7

¹ Forecasts for Germany, Finland, Italy, the Netherlands and Spain shown on pages 12-22; Forecasts for Finland are shown in Nordic Barometer. EC - European Commission (May'14); IMF - International Monetary Fund (Apr'14); OECD - Organisation for Economic Cooperation & Dev (May'14).

Euro Zone: Background Information

Member Countries	Area (sq km)	Popn (m)	Capital
Austria	83,855	8.5	Vienna
Belgium	30,520	11.1	Brussels
Cyprus	9,251	0.8	Nicosia
Estonia	45,200	1.3	Tallinn
Finland	338,145	5.4	Helsinki
France	543,965	63.6	Paris
Germany	357,028	81.8	Berlin
Greece	131,957	10.8	Athens
Ireland	70,282	4.7	Dublin
Italy	301,245	60.9	Rome
Luxembourg	2,586	0.5	Lux. City
Malta	316	0.4	Valletta
Netherlands	41,526	16.7	The Hague
Portugal	88,940	10.6	Lisbon
Slovakia	49,035	5.4	Bratislava
Slovenia	20,251	2.1	Ljubljana
Spain	504,782	46.2	Madrid

Other Euro Users

Andorra, Kosovo, Monaco, Montenegro, San Marino, Vatican City
Sources: The Times; PRB; MJE

Euro Zone: Election Timetable

Date	Country	Type
July 2014	Slovenia	Parliamentary
November 2014	Spain (Catalonia)	Referendum
March 2015	Estonia	Parliamentary
March 2015	Finland	Parliamentary
October 2015	Portugal	Parliamentary
December 2015	Spain	Parliamentary
January 2016	Portugal	Presidential
April 2016	Austria	Presidential
April 2016	Ireland	Parliamentary
May 2016	Cyprus	Legislative
September 2016	Netherlands	Parliamentary
December 2016	Greece	Parliamentary
2017	Germany	Presidential
2017	France	Presidential
2017	France	Parliamentary
2017	Slovenia	Presidential
2018	Italy	Parliamentary
2018	Cyprus	Presidential
2018	Finland	Presidential

Sources: IFES Election Guide; MJE

Notes, Sources and Definitions

¹ Contribution to overall GDP growth, calculated as the change in stockbuilding as a % of the previous year's GDP.

² Contribution to overall GDP growth, calculated as the change in net exports (real goods and services exports minus real goods and services imports) as a % of the previous year's GDP.

OECD = Organisation

for Economic Cooperation and Development; IMF = International Monetary Fund; EC = European Commission; ECB = European Central Bank.

bp – basis points (1/100th of a percentage point)

sa – seasonally adjusted

q/q – quarter on quarter

m/m – month-on-month

wda – working day adjusted

y/y – year on year

<u>Variable</u>	<u>Definition</u>	<u>Source</u>
Gross Domestic Product	Seasonally and working day adj., 2005 prices (chain-linked)	Eurostat
Private Consumption	Seasonally and working day adj., 2005 prices (chain-linked)	Eurostat
Government Consumption	Seasonally and working day adj., 2005 prices (chain-linked)	Eurostat
Gross Fixed Capital Formation	Seasonally and working day adj., 2005 prices (chain-linked)	Eurostat
Change in Stocks (Inventories)	Seasonally and working day adj., 2005 prices (chain-linked)	Eurostat
Exports, Imports & Net Exports	Seasonally and working day adj., 2005 prices (chain-linked)	Eurostat
Industrial Production	Seasonally adjusted, 2005 = 100 index, excluding construction	Eurostat
Retail Sales	Seasonally adjusted, 2005 = 100 index, total sales volume	Eurostat
Unemployment Rate	Seasonally adjusted, total, % of labour force, ILO definition	Eurostat
Money Supply	M3 monetary aggregate (ECB target measure), seas. adj., €bn, end period	ECB
Consumer Prices	Harmonised index of consumer prices (HICP), total, 2005=100	Eurostat
Producer Prices	Industrial producer prices, domestic market, total industry excluding construction, 2005 = 100	Eurostat
Wages/Earnings	Labour cost index, business economy (excluding public administration, education and social services), 2008 = 100	Eurostat
Current Account	Balance of payments current account, total net flows, €bn	Eurostat
Budget Balance	General govt fiscal position, total balance as a % of GDP	Eurostat
Short Term Interest Rate	3 month euro interest rate (EURIBOR – interbank offered Rate), % p.a., end period	ECB/FT
Long Term Interest Rate	Yield on 10 year German govt bond, % p.a., end period	ECB/FT
Exchange Rate	Foreign currency per euro, market rate, end period	FT

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