

# Euro Zone Barometer© - September 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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**Survey Deadline: September 15th, 2014**

## **Bold Stimulus as Negativity Returns**

- The ECB's moves to inject **more liquidity** into the eurosystem by lowering its main intervention rates and outlining other expansionary measures were hardly unexpected.
- The region's **growth prospects** have been sliding in recent months, notably in this month's survey as our forecasting experts have scaled down their exports and investment projections in particular.
- Concerned by deflation threats caused by austerity combining with the Russian trade embargo halting the region's recovery prospects, Mario Draghi and his team of policymakers have ignored **German government resistance** to monetary expansion as a cure-all for the region's problems.
- For Angela Merkel and her compatriots, **structural reform** is still the pressing issue for France, Italy, Greece and other indebted sovereigns struggling with little or no growth and missing their fiscal targets.
- **However, the key is to restore confidence across the region, which** has nosedived, and combat an unemployment rate still uncomfortably high some six years since the global financial crisis struck.
- **Next month** our panel will be asked to reassess their long-term projections to 2018, alongside their regular short term annual and quarterly assessments.

**Next Month's Survey Deadline:  
October 20th, 2014**

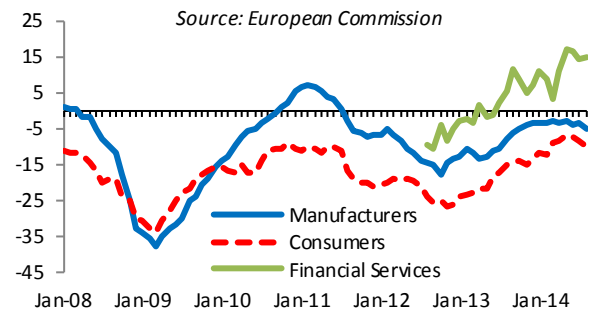
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## **Euro Zone Confidence Tracker**

% net balance

Source: European Commission



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## Outlook for 2014-15

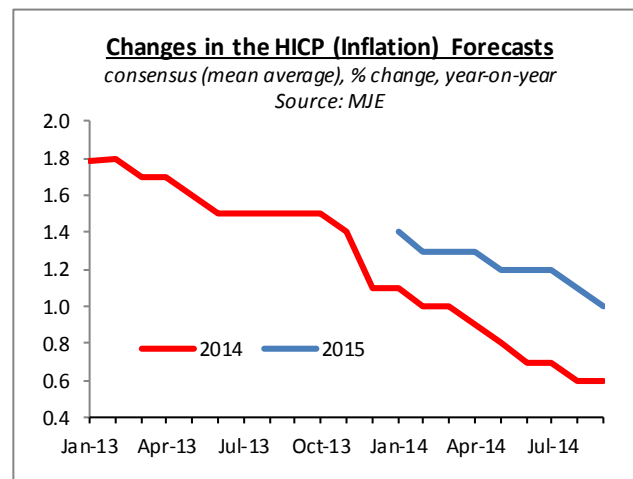
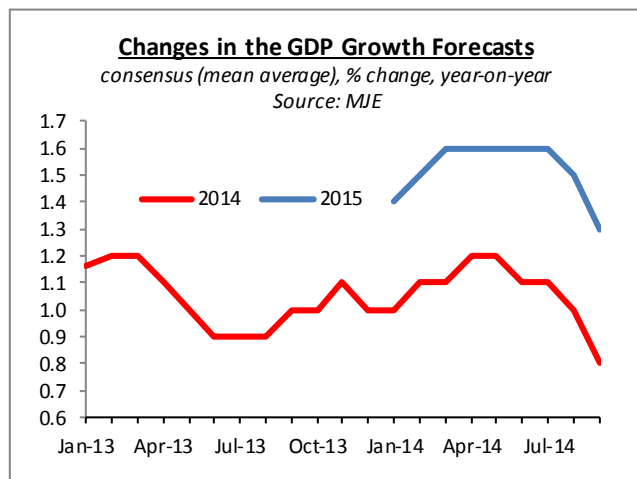
- *The economic growth picture is darkening as our experts become more pessimistic over the region's prospects in light of the Ukraine-Russia crisis harming trade and capital flows, China's economy slowing and austerity taking its toll.*
- *Downgraded forecasts for real GDP growth this year and next reflect large adjustments to exports and investment expectations, with a knock-on effect for industrial production.*
- *A substantial negative output gap and flatter commodity prices are keeping a lid on inflation. Our panel's forecasts for both consumer and producer price rises have been reduced as a result.*
- *The fiscal deficit reduction trend is intact, but with a weaker economic environment forecasters now anticipate that next year's deficit will be somewhat higher than had been previously envisaged.*

### 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>
<b>Gross Domestic Product</b>	1.9	1.6	-0.7	-0.4	0.8	1.3
<b>Private Consumption</b>	1.0	0.3	-1.3	-0.7	0.7	1.2
<b>Government Consumption</b>	0.6	-0.1	-0.6	0.1	0.7	0.7
<b>Gross Fixed Investment</b>	-0.4	1.6	-4.0	-2.9	1.4	2.5
<b>Change in Stocks (Inventories)<sup>1</sup></b>	0.6	0.3	-0.5	0.0	0.0	0.0
<b>Goods and Services Exports</b>	11.6	6.5	2.5	1.4	2.9	4.0
<b>Goods and Services Imports</b>	10.0	4.5	-0.9	0.4	3.2	4.1
<b>Net Exports<sup>2</sup></b>	0.7	0.9	1.5	0.5	0.0	0.0
<b>Industrial Production (ex. construction)</b>	7.3	3.5	-2.5	-0.7	1.1	2.3
<b>Retail Sales Volume</b>	0.5	-0.8	-1.7	-0.8	1.1	1.5
<b>Unemployment Rate, % of labour force</b>	10.1	10.1	11.3	11.9	11.6	11.3
<b>Money Supply, M3, end period, % change</b>	1.1	1.5	2.9	2.4	1.5	2.3
<b>Harmonised Index of Consumer Prices</b>	1.6	2.7	2.5	1.4	0.6	1.0
<b>Producer Prices</b>	2.7	5.7	2.8	-0.2	-0.9	1.3
<b>Nominal Labour Costs</b>	1.5	2.2	1.9	1.5	1.4	1.3
<b>Current Account Balance, annual total, €bn</b>	5.3	12.1	133.1	227.8	231.8	238.1
<b>Current Account Balance, % of GDP</b>	0.1	0.1	1.4	2.4	2.4	2.4
<b>General Govt Budget Balance, % of GDP</b>	-6.2	-4.1	-3.7	-3.0	-2.6	-2.2
<b><u>Financial Indicators (end period)</u></b>						
<b>3 Month Interest Rate, % per annum</b>	1.01	1.36	0.19	0.29	0.12	0.18
<b>10 Year German Bond Yield, % per annum</b>	2.92	1.83	1.32	1.94	1.28	1.73
<b>US\$ per € Exchange Rate</b>	1.336	1.294	1.318	1.378	1.288	1.236

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



Business and consumer confidence waned in August as dark clouds began to hang over the beleaguered euro zone. With Germany and other countries suffering as Russian trade measures bite, China slows and austerity causes problems, gloomier output and orders expectations have spread among manufacturers and service sector firms across the region, pushing the European Commission's economic sentiment indicator down to 100.6, its lowest level since December. Consumer confidence has slipped to a net balance of -10, also marking its worst level all year.

Industrial production rebounded in July, growing by 1% m/m and 2.2% y/y thanks to increased capital goods output, although that follows two months of decline that could easily return if these forward-looking sentiment indicators prove a reliable guide. Retail trade performance in any event was poor during the same month, sliding 0.4% and growing by just 0.8% y/y, with consumers cutting back on food and non-food items, except fuel, compared to June. Worryingly, the gentle slide in the euro zone unemployment rate has come to a halt, levelling off at 11.5% in July.

### Quarterly Forecasts and Historical Data

% change year-on-year, unless otherwise stated

(% change year-on-year, unless otherwise stated)	<b>Q1'13</b>	<b>Q2'13</b>	<b>Q3'13</b>	<b>Q4'13</b>
<b>Gross Domestic Product</b>	-1.1	-0.6	-0.3	0.5
<b>Private Consumption</b>	-1.4	-0.7	-0.4	0.2
<b>Industrial Production</b>	-2.3	-1.0	-1.0	1.6
<b>Harmonised Index of Consumer Prices</b>	1.9	1.4	1.3	0.8
<b>3 month Interest Rate, % per annum, end period</b>	0.78	0.65	0.22	0.29
<b>10 Year Bond Yield, % per annum, end period</b>	1.82	2.69	1.46	1.94
	<b>Q1'14</b>	<b>Q2'14</b>	<b>Q3'14</b>	<b>Q4'14</b>
<b>Gross Domestic Product</b>	1.0	0.7	<b>0.8</b>	<b>0.8</b>
<b>Private Consumption</b>	0.6	0.7	<b>0.7</b>	<b>0.9</b>
<b>Industrial Production</b>	1.3	0.8	<b>1.4</b>	<b>1.3</b>
<b>Harmonised Index of Consumer Prices</b>	0.7	0.6	<b>0.4</b>	<b>0.7</b>
<b>3 month Interest Rate, % per annum, end period</b>	0.31	0.21	<b>0.13</b>	<b>0.12</b>
<b>10 Year Bond Yield, % per annum, end period</b>	1.57	1.25	<b>1.19</b>	<b>1.28</b>
	<b>Q1'15</b>	<b>Q2'15</b>	<b>Q3'15</b>	<b>Q4'15</b>
<b>Gross Domestic Product</b>	<b>0.9</b>	<b>1.2</b>	<b>1.4</b>	<b>1.5</b>
<b>Private Consumption</b>	<b>1.0</b>	<b>1.1</b>	<b>1.2</b>	<b>1.2</b>
<b>Industrial Production</b>	<b>1.8</b>	<b>2.2</b>	<b>2.6</b>	<b>2.7</b>
<b>Harmonised Index of Consumer Prices</b>	<b>0.8</b>	<b>1.0</b>	<b>1.2</b>	<b>1.2</b>
<b>3 month Interest Rate, % per annum, end period</b>	<b>0.12</b>	<b>0.13</b>	<b>0.15</b>	<b>0.18</b>
<b>10 Year Bond Yield, % per annum, end period</b>	<b>1.33</b>	<b>1.47</b>	<b>1.61</b>	<b>1.73</b>

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

## Euro Zone - Forecasts for 2014

<b>National Accounts (constant prices)</b> <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
<b>Panellists</b>								
Allianz SE	0.8	0.7	0.8	1.3	na	3.0	3.3	na
BBVA	0.9	0.7	0.4	2.0	0.0	2.8	3.2	0.1
BNP Paribas	0.7	0.4	0.5	2.6	0.2	2.8	3.4	na
Commerzbank	0.7	0.7	1.0	0.5	0.3	2.9	3.8	-0.4
Danske Bank	1.0	1.0	0.8	1.5	0.1	3.2	3.5	na
DZ Bank	0.7	0.7	0.8	0.9	na	3.6	3.6	na
Econ Intelligence Unit	0.9	0.8	0.5	2.4	na	2.4	2.3	0.2
ETLA	0.9	0.5	0.1	1.5	na	3.0	4.0	na
G&P Institutional Mgmt	1.0	0.9	1.1	1.6	0.1	3.0	4.0	-0.2
HSBC	0.7	0.7	0.8	1.1	-0.4	2.4	2.7	-0.3
IHS Economics	0.8	0.7	0.9	0.7	na	3.2	3.3	0.0
Intesa Sanpaulo	0.9	0.6	0.2	1.5	0.0	3.7	3.7	0.2
J P Morgan Chase	0.8	0.7	0.8	1.2	0.0	2.6	2.8	0.1
Morgan Stanley	0.8	0.8	2.1	1.2	0.0	2.6	3.1	-0.1
Oxford Economics	0.8	0.7	0.4	0.9	0.2	3.0	3.4	0.0
Raiffeisen Bank International	0.8	0.8	0.9	0.9	na	2.7	3.0	na
Santander	0.8	0.7	0.7	1.3	na	2.6	3.0	0.0
SEB	0.7	0.5	0.3	1.2	0.0	2.5	2.5	na
UBS	0.9	0.9	0.5	1.7	-0.2	2.9	3.0	0.1
UniCredit Bank	0.8	0.7	0.8	1.2	0.0	2.4	2.7	0.0
<b>Consensus (Mean)</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>	<b>1.4</b>	<b>0.0</b>	<b>2.9</b>	<b>3.2</b>	<b>0.0</b>
Last Month	1.0	0.7	0.5	1.9	0.0	3.2	3.6	0.1
2 Months Ago	1.1	0.7	0.4	2.2	0.0	3.5	3.7	0.1
Median	0.8	0.7	0.8	1.3	0.0	2.9	3.3	0.0
High	1.0	1.0	2.1	2.6	0.3	3.7	4.0	0.2
Low	0.7	0.4	0.1	0.5	-0.4	2.4	2.3	-0.4
Standard Deviation	0.1	0.1	0.4	0.6	0.2	0.4	0.5	0.2
Number of Forecasts	20	20	20	20	13	20	20	13
<b>Other Forecasts</b>								
ECB (Sep. '14)	0.9	0.7	0.7	1.1	na	3.1	3.5	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

<b>Other Indicators</b> <i>average % change from previous year unless otherwise noted</i>	<b>Industrial Produc- tion</b> <i>(excl. construc- tion)</i>	<b>Retail Sales Volume</b>	<b>Unem- ploy- ment Rate</b> <i>(% of labour force)</i>	<b>Money Supply, M3</b> <i>(end period, %)</i>	<b>Con- sumer Prices</b> <i>(HICP)</i>	<b>Pro- ducer Prices</b> <i>(indust., excl, con- struction)</i>	<b>Labour Costs</b> <i>(business sector, ex pub adm, education &amp; health)</i>	<b>Current Account Balance</b> <i>(annual total, €bn)</i>	<b>Current Account Balance</b> <i>(% of GDP)</i>	<b>General Govt. Balance</b> <i>(% of GDP)</i>
<b>Panellists</b>										
Allianz SE	1.2	na	11.5	na	0.6	-0.9	na	225.0	2.3	-2.5
BBVA	na	na	11.7	na	0.6	na	na	na	2.2	-2.6
BNP Paribas	na	na	11.6	na	0.6	na	na	270.0	2.7	-2.5
Commerzbank	0.8	na	11.6	2.0	0.6	-0.9	1.2	200.0	na	-2.2
Danske Bank	na	na	11.6	na	0.6	na	na	na	2.9	-2.5
DZ Bank	na	na	11.6	na	0.6	na	na	na	na	na
Econ Intelligence Unit	1.2	na	11.6	na	0.6	-0.7	na	279.0	2.8	-2.5
ETLA	1.1	na	11.7	na	0.3	na	na	na	na	-2.7
G&P Institutional Mgmt	na	na	11.6	na	0.5	na	na	na	na	-3.5
HSBC	1.2	na	11.6	na	na	na	1.2	207.0	2.2	-2.8
IHS Economics	1.5	1.1	11.6	na	0.6	-0.7	1.4	248.0	2.5	-2.5
Intesa Sanpaulo	0.2	na	11.5	na	0.6	-1.0	1.6	na	2.7	-2.5
J P Morgan Chase	1.1	0.8	11.6	na	0.6	na	na	na	na	na
Morgan Stanley	na	na	11.5	na	0.6	na	na	na	2.5	-2.7
Oxford Economics	1.9	1.3	11.5	na	0.7	-1.2	na	253.0	2.6	-2.6
Raiffeisen Bank International	1.0	na	11.7	na	0.5	na	na	224.0	2.3	-2.5
Santander	na	na	11.6	na	0.6	na	na	180.5	1.9	-2.5
SEB	na	na	11.5	na	0.5	na	na	na	na	na
UBS	na	na	11.5	0.9	0.6	-0.6	na	na	2.0	-2.6
UniCredit Bank	na	na	11.6	na	0.5	na	na	na	na	-2.6
<b>Consensus (Mean)</b>	<b>1.1</b>	<b>1.1</b>	<b>11.6</b>	<b>1.5</b>	<b>0.6</b>	<b>-0.9</b>	<b>1.4</b>	<b>231.8</b>	<b>2.4</b>	<b>-2.6</b>
Last Month	1.5	1.2	11.7	1.6	0.6	-0.4	1.4	241.3	2.5	-2.6
2 Months Ago	1.6	0.9	11.7	1.4	0.7	-0.2	1.3	232.1	2.4	-2.6
Median	1.2	1.1	11.6	1.5	0.6	-0.9	1.3	225.0	2.5	-2.5
High	1.9	1.3	11.7	2.0	0.7	-0.6	1.6	279.0	2.9	-2.2
Low	0.2	0.8	11.5	0.9	0.3	-1.2	1.2	180.5	1.9	-3.5
Standard Deviation	0.4	0.3	0.1	0.8	0.1	0.2	0.2	33.1	0.3	0.3
Number of Forecasts	10	3	20	2	19	7	4	9	13	17
<b>Other Forecasts</b>										
ECB (Sep. '14)	na	na	11.6	na	0.6	na	na	na	2.3	-2.6
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

<b>National Accounts (constant prices)</b> <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
<b>Panellists</b>								
Allianz SE	1.4	1.2	0.8	2.6	na	4.1	4.3	na
BBVA	1.9	1.4	0.7	4.6	0.0	4.6	4.6	0.2
BNP Paribas	1.2	0.4	0.0	3.7	0.1	4.6	4.6	na
Commerzbank	0.9	1.2	1.4	2.0	0.3	3.9	4.5	-0.7
Danske Bank	1.8	1.5	0.1	3.3	0.0	4.6	4.3	na
DZ Bank	1.0	1.1	0.9	1.8	na	4.9	5.1	na
Econ Intelligence Unit	1.3	1.1	0.7	2.2	na	3.2	3.3	0.1
ETLA	1.3	0.9	0.7	2.5	na	4.8	4.9	na
G&P Institutional Mgmt	1.4	1.8	1.5	3.0	0.2	3.9	4.9	-0.3
HSBC	1.0	0.9	0.8	1.5	-0.1	2.6	2.6	0.0
IHS Economics	1.4	1.3	0.5	2.2	na	4.0	4.0	0.1
Intesa Sanpaulo	1.3	1.2	0.3	2.5	0.0	4.2	4.4	0.1
J P Morgan Chase	1.8	1.4	1.1	2.7	0.0	3.6	3.3	0.3
Morgan Stanley	1.2	1.1	2.4	2.1	0.0	3.7	3.9	0.1
Oxford Economics	1.5	1.4	0.3	2.3	0.0	4.1	4.0	0.2
Raiffeisen Bank International	1.6	1.5	0.8	1.7	na	4.9	4.8	na
Santander	1.2	0.9	0.0	3.2	na	3.7	3.9	0.1
SEB	1.1	0.8	0.3	1.6	0.0	3.3	3.0	na
UBS	1.4	1.3	0.5	3.2	-0.2	4.0	4.2	0.1
UniCredit Bank	1.2	0.9	0.6	1.8	0.1	2.8	3.0	0.1
<b>Consensus (Mean)</b>	<b>1.3</b>	<b>1.2</b>	<b>0.7</b>	<b>2.5</b>	<b>0.0</b>	<b>4.0</b>	<b>4.1</b>	<b>0.0</b>
Last Month	1.5	1.3	0.6	3.0	0.1	4.3	4.3	0.2
2 Months Ago	1.6	1.3	0.6	3.2	0.1	4.4	4.5	0.1
Median	1.3	1.2	0.7	2.4	0.0	4.0	4.3	0.1
High	1.9	1.8	2.4	4.6	0.3	4.9	5.1	0.3
Low	0.9	0.4	0.0	1.5	-0.2	2.6	2.6	-0.7
Standard Deviation	0.3	0.3	0.6	0.8	0.1	0.7	0.7	0.3
Number of Forecasts	20	20	20	20	13	20	20	13
<b>Other Forecasts</b>								
ECB (Sep. '14)	1.6	1.4	0.4	3.1	na	4.5	4.5	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

<b>Other Indicators</b> <i>average % change from previous year unless otherwise noted</i>	<b>Industrial Produc- tion</b> <i>(excl. construc- tion)</i>	<b>Retail Sales Volume</b>	<b>Unem- ploy- ment Rate</b> <i>(% of labour force)</i>	<b>Money Supply, M3</b> <i>(end period, %)</i>	<b>Con- sumer Prices</b> <i>(HICP)</i>	<b>Pro- ducer Prices</b> <i>(indust., excl, con- struction)</i>	<b>Labour Costs</b> <i>(business sector, ex pub adm, education &amp; health)</i>	<b>Current Account Balance</b> <i>(annual total, €bn)</i>	<b>Current Account Balance</b> <i>(% of GDP)</i>	<b>General Govt. Balance</b> <i>(% of GDP)</i>
<b>Panellists</b>										
Allianz SE	2.4	na	11.0	na	1.3	1.4	na	240.0	2.4	-2.0
BBVA	na	na	11.4	na	1.1	na	na	na	2.1	-2.1
BNP Paribas	na	na	11.1	na	0.9	na	na	280.0	2.8	-2.0
Commerzbank	1.8	na	11.2	3.5	0.9	1.5	1.8	250.0	na	-2.0
Danske Bank	na	na	11.2	na	1.0	na	na	na	2.9	-2.2
DZ Bank	na	na	11.4	na	1.2	na	na	na	na	na
Econ Intelligence Unit	1.7	na	11.3	na	1.1	1.4	na	263.8	2.7	-2.1
ETLA	2.1	na	11.4	na	0.9	na	na	na	na	-2.4
G&P Institutional Mgmt	na	na	11.1	na	0.9	na	na	na	na	-2.9
HSBC	2.2	na	11.3	na	na	na	1.4	191.8	2.0	-2.9
IHS Economics	2.5	1.5	11.2	na	1.2	1.4	1.8	235.0	2.4	-2.0
Intesa Sanpaulo	1.6	na	11.1	na	1.2	1.0	0.0	na	2.8	-2.4
J P Morgan Chase	2.6	1.5	11.2	na	0.9	na	na	na	na	na
Morgan Stanley	na	na	11.3	na	1.2	na	na	na	2.6	-2.3
Oxford Economics	2.6	1.4	11.3	na	1.2	1.2	na	254.0	2.5	-2.1
Raiffeisen Bank International	3.2	na	11.5	na	1.1	na	na	239.9	2.4	-2.3
Santander	na	na	11.4	na	1.1	na	na	188.0	1.9	-2.0
SEB	na	na	11.2	na	0.6	na	na	na	na	na
UBS	na	na	11.3	1.0	1.1	1.4	na	na	2.0	-2.0
UniCredit Bank	na	na	11.4	na	1.0	na	na	na	na	-2.3
<b>Consensus (Mean)</b>	<b>2.3</b>	<b>1.5</b>	<b>11.3</b>	<b>2.3</b>	<b>1.0</b>	<b>1.3</b>	<b>1.3</b>	<b>238.1</b>	<b>2.4</b>	<b>-2.2</b>
Last Month	2.7	1.5	11.3	2.3	1.1	1.6	0.7	237.6	2.4	-2.2
2 Months Ago	2.8	1.5	11.4	2.1	1.2	1.6	1.8	240.4	2.3	-2.2
Median	2.3	1.5	11.3	2.3	1.1	1.4	1.6	240.0	2.4	-2.1
High	3.2	1.5	11.5	3.5	1.3	1.5	1.8	280.0	2.9	-2.0
Low	1.6	1.4	11.0	1.0	0.6	1.0	0.0	188.0	1.9	-2.9
Standard Deviation	0.5	0.1	0.1	na	0.2	0.2	0.9	30.6	0.3	0.3
Number of Forecasts	10	3	20	2	19	7	4	9	13	17
<b>Other Forecasts</b>										
ECB (Sep. '14)	na	na	11.2	na	1.1	na	na	na	2.3	-2.4
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

<i>All forecasts are for end year</i>		2014	2015
<b>3-month Euribor Interest Rate, %</b> Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">0.08</span>	<b>Mean Average</b>	<b>0.12</b>	<b>0.18</b>
	High	0.40	0.50
	Low	0.02	0.05
	Standard deviation	0.10	0.16
	Number of Forecasts	14	14
<b>10-year Benchmark German Bond Yield, %</b> Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">1.07</span>	<b>Mean Average</b>	<b>1.28</b>	<b>1.73</b>
	High	1.70	2.32
	Low	0.98	1.35
	Standard deviation	0.27	0.31
	Number of Forecasts	10	10
<b>US Dollars/Euro Exchange Rate</b> Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">1.294</span>	<b>Mean Average</b>	<b>1.288</b>	<b>1.236</b>
	High	1.350	1.330
	Low	1.100	1.000
	Standard deviation	0.044	0.072
	Number of Forecasts	33	31
<b>Japanese Yen/Euro Exchange Rate</b> Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">138.7</span>	<b>Mean Average</b>	<b>138.0</b>	<b>138.5</b>
	High	148.5	158.4
	Low	130.0	124.0
	Standard deviation	5.2	8.5
	Number of Forecasts	14	13
<b>UK Pound/Euro Exchange Rate</b> Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">0.797</span>	<b>Mean Average</b>	<b>0.786</b>	<b>0.772</b>
	High	0.820	0.806
	Low	0.760	0.720
	Standard deviation	0.019	0.025
	Number of Forecasts	16	15
<b>Swedish Krona/Euro Exchange Rate</b> Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">9.213</span>	<b>Mean Average</b>	<b>9.078</b>	<b>8.799</b>
	High	9.400	9.100
	Low	8.770	8.124
	Standard deviation	0.168	0.248
	Number of Forecasts	24	22
<b>Swiss Franc/Euro Exchange Rate</b> Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">1.211</span>	<b>Mean Average</b>	<b>1.222</b>	<b>1.247</b>
	High	1.240	1.310
	Low	1.210	1.200
	Standard deviation	0.010	0.033
	Number of Forecasts	12	10
<b>Oil Prices, Brent Blend, US\$ per barrel</b> Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">96.4</span>	<b>Mean Average</b>	<b>105.8</b>	<b>105.1</b>
	High	112.0	120.0
	Low	95.0	90.0
	Standard deviation	4.1	6.7
	Number of Forecasts	21	21

*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.*



### Interest Rate Data

All data are period averages

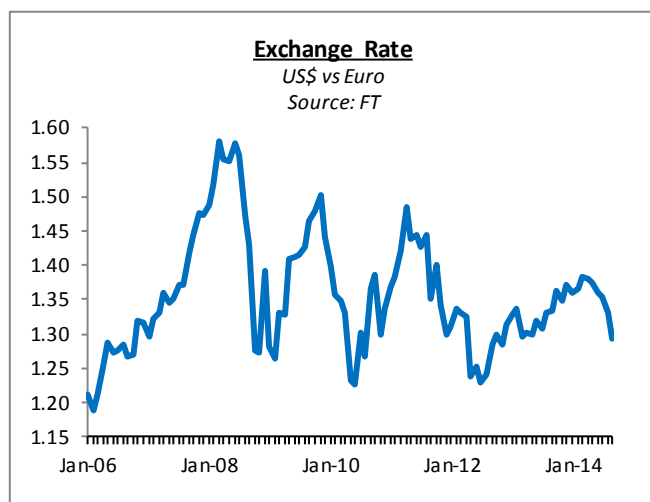
<u>Euro Zone Interest Rates, %</u>	<u>Mar '14</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>
Overnight	0.19	0.25	0.25	0.08	0.04	0.02
3-month	0.31	0.33	0.32	0.24	0.21	0.19
6-month	0.41	0.43	0.42	0.33	0.30	0.29
12-month	0.58	0.60	0.59	0.51	0.49	0.47
10-year bond yields	2.89	2.61	2.55	2.28	2.16	1.99
<u>International Rates, %</u>						
US 3-month (Euro dollar deposits)	0.23	0.23	0.23	0.23	0.23	0.23
US 10-year	2.97	2.87	2.69	2.74	2.80	2.58
Japan 3-month (Euro yen deposits)	0.14	0.14	0.14	0.13	0.13	0.13
Japan 10-year	0.84	0.81	0.75	0.72	0.67	0.62
<u>Euro Zone / US Yield Differentials, %</u>						
3-month	0.08	0.10	0.09	0.01	-0.02	-0.04
10-year	-0.08	-0.26	-0.14	-0.46	-0.64	-0.59

### Exchange Rate Data

period averages vs euro

	<u>Mar '14</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>
<b>Trade Weighted Nominal Index *</b> (1999 Q1=100)	104.6	104.5	103.8	103.0	102.6	101.9
Australian dollar	1.522	1.483	1.476	1.452	1.442	1.431
Canadian dollar	1.535	1.518	1.495	1.473	1.452	1.455
Chinese renminbi	8.533	8.598	8.566	8.470	8.394	8.197
Danish krone	7.464	7.466	7.464	7.459	7.456	7.455
Hong Kong dollar	10.73	10.71	10.65	10.54	10.49	10.32
Japanese yen	141.5	141.6	139.7	138.7	137.7	137.1
Norwegian krone	8.291	8.251	8.151	8.215	8.388	8.252
Singapore dollar	1.751	1.735	1.719	1.701	1.683	1.662
South Korean won	1480	1441	1407	1385	1382	1364
Swedish krona	8.867	9.033	9.030	9.091	9.233	9.188
Swiss franc	1.218	1.219	1.220	1.218	1.215	1.212
UK pound	0.832	0.825	0.815	0.804	0.793	0.797
US dollar	1.382	1.381	1.373	1.359	1.354	1.332

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



An interest rate reduction from the ECB and a weak euro zone economy have all put downward pressure on the single currency in recent weeks, exaggerating a trend that started months ago. The unexpected reduction in all of the ECB's main intervention rates to record lows sent the euro spiralling down 1.6% to a new 14-month low of \$1.29, where it remained on this month's survey date. Although the weakened euro is as much to do with Europe's fundamentals, with low inflation, high unemployment and weak growth prospects prompting the ECB to act to provide additional liquidity it also reflects a resurgent dollar riding high on global uncertainties and talk of an earlier tightening move from the US Fed.

## ECB Watch

- The ECB’s decision to reduce its main intervention rates earlier this month was not entirely unexpected in light of the region’s ongoing problems. The refinancing rate was lowered to 0.05% and the bank deposit rate pushed further into negative territory to -0.2%, effectively raising the cost to banks of not lending. Other liquidity-enhancing measures will involve purchasing covered bonds and asset-backed securities (a form of quantitative easing, or monetary expansion) which the ECB plans to explain more fully in October.
- These moves endorse the strategy adopted by its President Mario Draghi of encouraging a more competitive euro to raise exports to markets outside the zone and eliminate deflation risk.

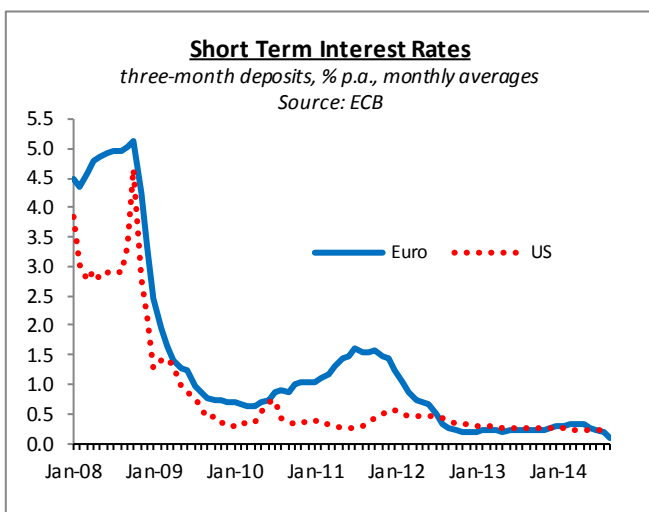
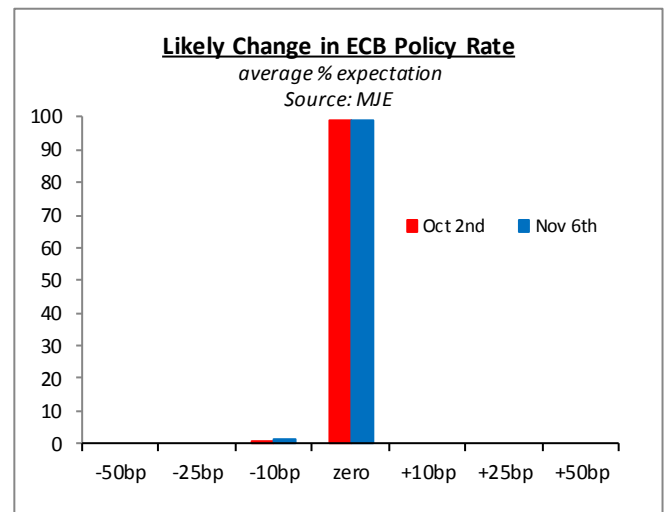
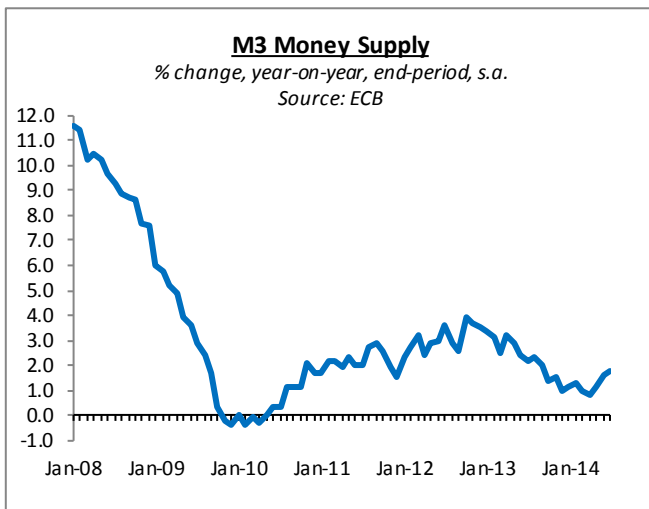
### Euro Zone Barometer

#### 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:

	<b>Oct 2nd</b>	<b>Nov 6th</b>
-50bp	0.0%	0.0%
-25bp	0.0%	0.0%
-10bp	0.8%	1.3%
<b>Unchanged</b>	<b>99.2%</b>	<b>98.8%</b>
+10bp	0.0%	0.0%
+25bp	0.0%	0.0%
+50bp	0.0%	0.0%

Source: MJE



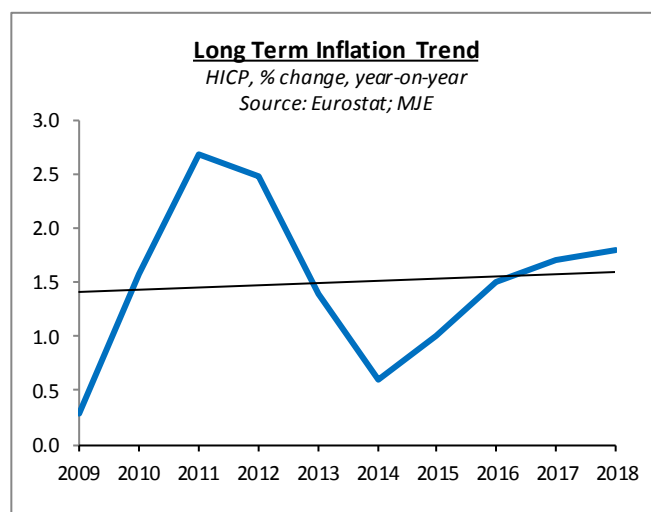
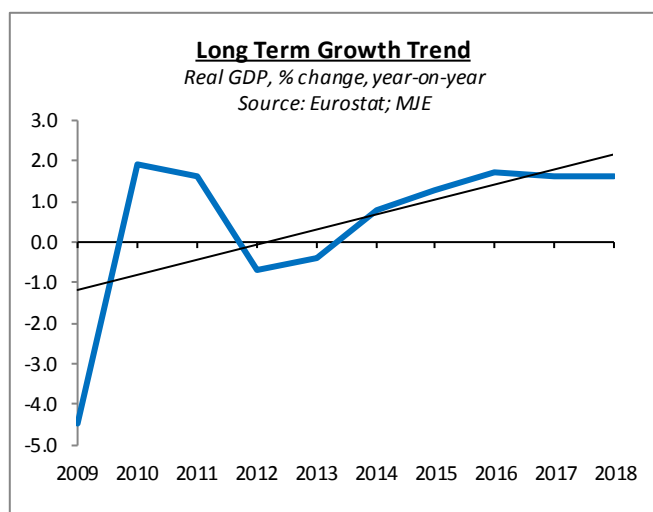
#### Last Five ECB Interest Rate Changes:

- September 4th, 2014**  
A 10bp DECREASE to 0.05%
- 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%

### Long Term Forecasts

Forecasts for 2016 to 2018 are taken from our July 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>
<b>Gross Domestic Product</b>	-0.4	0.8	1.3	1.7	1.6	1.6
<b>Private Consumption</b>	-0.7	0.7	1.2	1.4	1.5	1.5
<b>Gross Fixed Investment</b>	-2.9	1.4	2.5	2.5	2.5	2.6
<b>Industrial Production (excl. construction)</b>	-0.7	1.1	2.3	2.1	2.0	1.9
<b>Unemployment Rate, % of labour force</b>	11.9	11.6	11.3	11.0	10.6	10.3
<b>Harmonised Index of Consumer Prices</b>	1.4	0.6	1.0	1.5	1.7	1.8
<b>Current Account, annual total, % of GDP</b>	2.4	2.4	2.4	2.2	1.9	1.8
<b>General Government Balance, % of GDP</b>	-3.0	-2.6	-2.2	-1.6	-1.4	-1.2
<b><u>Financial Indicators (end period)</u></b>						
<b>3 Month Interest Rate, % per annum</b>	0.29	0.12	0.18	0.93	1.68	2.20
<b>10 Year Bond Yield, % per annum</b>	1.94	1.28	1.73	2.82	3.28	3.55
<b>10 year - 3 month Yield Differential</b>	1.65	1.16	1.55	1.89	1.60	1.35
<b>US\$ per € Exchange Rate</b>	1.378	1.288	1.236	1.291	1.306	1.307



## GERMANY - Forecasts for 2014

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Private Consump- tion</b>	<b>Gross Fixed Invest- ment</b>	<b>Industrial Produc- tion (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
Allianz SE	1.6	1.1	na	1.6	5.1	1.0	7.3	0.5	na
BBVA	1.7	1.5	4.7	na	na	0.9	6.7	0.0	na
BNP Paribas	1.4	1.2	4.2	1.6	na	0.9	7.2	0.1	76.8
Danske Bank	1.9	1.4	5.0	na	5.1	1.0	7.3	0.0	76.0
DZ Bank	1.5	1.2	5.3	na	na	0.9	7.1	-0.2	76.0
Economist Intelligence Unit	1.7	1.7	3.1	1.8	5.3	0.9	6.9	0.5	75.8
G&P Institutional Mgmt	1.7	1.1	3.4	na	5.0	0.9	na	0.1	na
HSBC	1.5	0.9	3.5	na	na	0.9	6.7	0.3	73.5
IHS Economics	1.6	1.3	3.8	2.0	5.0	1.0	6.7	0.2	75.8
Intesa Sanpaulo	1.8	1.5	5.4	1.2	na	1.0	7.1	0.0	77.0
J P Morgan Chase	1.5	na	na	na	na	0.9	na	na	na
Oxford Economics	1.5	1.3	4.5	2.2	5.1	1.1	7.1	0.0	na
Raiffeisen Bank International	1.5	na	na	na	na	1.0	7.0	0.0	77.3
Santander	1.6	1.2	3.7	1.8	5.2	1.0	7.5	0.1	75.0
SEB	1.2	na	na	na	5.5	na	na	na	na
UBS	1.5	1.2	4.3	1.7	na	1.0	7.0	0.0	76.9
<b>Consensus (Mean Average)</b>	<b>1.6</b>	<b>1.3</b>	<b>4.2</b>	<b>1.7</b>	<b>5.2</b>	<b>1.0</b>	<b>7.0</b>	<b>0.1</b>	<b>76.0</b>
Last Month	1.8	1.4	5.0	2.5	5.2	1.0	7.1	0.1	76.2
2 Months Ago	2.0	1.4	4.9	2.6	5.2	1.1	7.0	0.0	76.2
Median	1.6	1.2	4.3	1.8	5.1	1.0	7.1	0.1	76.0
High	1.9	1.7	5.4	2.2	5.5	1.1	7.5	0.5	77.3
Low	1.2	0.9	3.1	1.2	5.0	0.9	6.7	-0.2	73.5
Standard Deviation	0.2	0.2	0.8	0.3	0.2	0.1	0.3	0.2	1.1
Number of Forecasts	16	13	12	8	8	15	13	14	10
<b>Other Forecasts</b>									
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

- The government is under pressure to revitalise its economic policy in the wake of introducing a minimum wage, forcing up energy costs from investing in renewables and causing problems for exporters in Russia and the rest of Eastern Europe.
- In that light the industrial production figures were encouraging with a strong rebound in July on the back of solid exports delivering a strong trade surplus. The unemployment rate also fell to 4.9%, and to 7.8% among the under-25s of working age.
- However, confidence among German households and businesses nosedived in August in the shadow of the economic contraction that occurred during Q2 2014. The European Commission's Economic Sentiment Indicator slipped to 104.1, its worst level since last September, with consumer confidence dragged down to a net balance of 0.3, and all of the main sectors deteriorating.
- Retail sales were disappointing in July, falling sharply to wipe out the rise in June.

## GERMANY - Forecasts for 2015

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Private Consump- tion</b>	<b>Gross Fixed Invest- ment</b>	<b>Industrial Produc- tion (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
Allianz SE	1.7	1.5	na	2.2	5.0	1.6	6.9	0.4	na
BBVA	2.0	1.7	4.8	na	na	1.5	7.0	0.0	na
BNP Paribas	1.6	1.2	4.4	3.4	na	1.0	7.0	0.3	74.3
Danske Bank	2.8	1.8	6.2	na	5.1	1.3	7.0	-0.1	73.6
DZ Bank	1.3	1.4	4.3	na	na	1.9	6.2	-0.1	74.0
Economist Intelligence Unit	1.6	1.8	3.5	1.8	5.2	1.4	6.6	0.8	73.5
G&P Institutional Mgmt	2.1	2.2	2.4	na	5.0	1.6	na	0.0	na
HSBC	1.6	1.0	2.1	na	na	1.4	6.2	0.2	71.0
IHS Economics	2.0	2.2	4.5	3.3	4.8	1.8	6.4	0.4	72.6
Intesa Sanpaulo	1.7	1.7	3.7	2.8	na	1.8	6.9	-0.1	75.0
J P Morgan Chase	2.1	na	na	na	na	1.5	na	na	na
Oxford Economics	2.0	2.0	3.7	2.9	5.4	1.8	6.8	0.2	na
Raiffeisen Bank International	2.0	na	na	na	na	2.0	6.5	0.0	74.5
Santander	1.7	1.1	2.0	1.9	5.2	1.7	7.0	0.0	72.0
SEB	1.4	na	na	na	5.4	na	na	na	na
UBS	1.8	1.4	5.9	3.1	na	1.4	7.0	0.5	73.8
<b>Consensus (Mean Average)</b>	<b>1.8</b>	<b>1.6</b>	<b>4.0</b>	<b>2.7</b>	<b>5.1</b>	<b>1.6</b>	<b>6.7</b>	<b>0.2</b>	<b>73.4</b>
Last Month	2.0	1.7	4.1	3.1	5.2	1.7	6.8	0.2	73.5
2 Months Ago	2.1	1.7	4.2	3.1	5.2	1.7	6.8	0.2	73.2
Median	1.8	1.7	4.0	2.9	5.2	1.6	6.9	0.1	73.7
High	2.8	2.2	6.2	3.4	5.4	2.0	7.0	0.8	75.0
Low	1.3	1.0	2.0	1.8	4.8	1.0	6.2	-0.1	71.0
Standard Deviation	0.4	0.4	1.4	0.6	0.2	0.3	0.3	0.3	1.2
Number of Forecasts	16	13	12	8	8	15	13	14	10
<b>Other Forecasts</b>									
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>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Gross Domestic Product</b>	3.8	3.4	0.9	0.2
<b>Private Consumption</b>	0.9	1.7	0.7	1.0
<b>Gross Fixed Investment</b>	5.9	6.2	-1.9	-0.6
<b>Industrial Production</b>	10.7	7.7	-0.3	0.1
<b>Unemploy. Rate, % of L.F.</b>	7.1	5.9	5.5	5.3
<b>Consumer Prices</b>	1.2	2.5	2.1	1.6
<b>Current Acc., % of GDP</b>	6.4	6.3	7.0	6.9
<b>Budget Bal., % of GDP</b>	-4.2	-0.8	0.1	0.2
<b>Public Debt, % of GDP</b>	82.5	80.0	81.0	78.4

Source: ECB; Eurostat; national statistical office

### Germany: Background Information

<b>Prime Minister:</b>	Angela Merkel
<b>Government:</b>	Christian Democrat. Union led coalition
<b>Next Election:</b>	2017 (parliamentary)
<b>Capital City:</b>	Berlin
<b>Economic Freedom:</b>	18th out of 178 countries
<b>Doing Business:</b>	21st out of 189 countries
<b>Competitiveness:</b>	5th out of 144 countries
<b>Corruption:</b>	12th out of 175 countries
<b>Corporate Tax Rate:</b>	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>	<b>Gross Domestic Product</b>	<b>Household Consump- tion</b>	<b>Gross Fixed Invest- ment</b>	<b>Industrial Produc- tion (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
BBVA	0.5	0.5	0.4	na	na	0.7	-1.7	-3.8	na
BNP Paribas	0.3	0.2	-2.3	-1.1	10.2	0.7	-1.2	-4.2	95.1
Danske Bank	0.6	0.4	-1.4	na	10.4	0.7	-1.8	-3.9	95.6
DZ Bank	0.4	0.2	-1.8	na	10.8	0.7	-1.8	-4.2	97.5
Economist Intelligence Unit	0.3	0.3	-2.2	-1.0	9.8	0.7	-0.9	-4.0	93.6
G&P Institutional Mgmt	0.1	0.3	-1.8	na	10.2	0.7	na	-4.5	na
HSBC	0.3	0.1	0.6	na	10.2	0.6	-2.2	-4.4	97.4
IHS Economics	0.4	0.1	-2.0	-0.7	9.7	0.8	-1.4	-4.1	96.1
Intesa Sanpaulo	0.6	0.0	-0.4	0.6	9.8	0.8	-1.2	-4.0	95.8
J P Morgan Chase	0.4	na	na	na	na	0.7	na	na	na
Oxford Economics	0.4	0.3	-2.2	-0.5	10.1	1.0	-1.2	-4.0	na
Raiffeisen Bank International	0.4	na	na	na	na	0.7	-1.5	-4.0	93.8
SEB	0.1	na	na	na	10.5	0.7	na	na	na
UBS	0.5	0.2	-1.6	-0.7	na	0.8	-1.0	-4.5	96.6
<b>Consensus (Mean Average)</b>	<b>0.4</b>	<b>0.2</b>	<b>-1.3</b>	<b>-0.6</b>	<b>10.2</b>	<b>0.7</b>	<b>-1.4</b>	<b>-4.1</b>	<b>95.7</b>
Last Month	0.6	0.3	-0.7	0.0	10.3	0.8	-1.4	-3.9	95.4
2 Months Ago	0.7	0.4	0.0	0.1	10.4	0.9	-1.5	-3.9	95.2
Median	0.4	0.2	-1.8	-0.7	10.2	0.7	-1.4	-4.1	95.8
High	0.6	0.5	0.6	0.6	10.8	1.0	-0.9	-3.8	97.5
Low	0.1	0.0	-2.3	-1.1	9.7	0.6	-2.2	-4.5	93.6
Standard Deviation	0.2	0.1	1.0	0.6	0.3	0.1	0.4	0.2	1.4
Number of Forecasts	14	11	11	6	10	14	11	12	9
<b>Other Forecasts</b>									
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

- Unexpectedly President Francois Hollande's Socialist government is struggling once again to hit its fiscal deficit-reduction target, and forecasting lower GDP growth of 0.4% for 2014 (in line with our own consensus), rising to 1% in 2015. The government now predicts a fiscal deficit of 4.4% of GDP this year, compared to 3.8% previously, 4.3% in 2015 and below 3% by 2017 assuming there are no further setbacks.
- Yet the economy is still showing few signs of improvement in the short term. The European Commission's economic sentiment

indicator for France slipped to 95.1 in August, its lowest level in eleven months as manufacturers, retail traders and construction firms all adopted a more pessimistic tone.

- The government is looking into ways it can improve competition by tackling existing monopolies, making shop opening hours more flexible and revitalising the construction industry, though deeper reforms may be required to provide sufficient employment with the French unemployment rate rising to 10.3% in July.

## FRANCE - Forecasts for 2015

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Household Consumption</b>	<b>Gross Fixed Investment</b>	<b>Industrial Production (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
BBVA	1.4	1.2	3.1	na	na	1.0	-1.6	-3.0	na
BNP Paribas	0.8	1.2	-0.2	0.4	10.4	0.9	-1.3	-3.8	97.4
Danske Bank	1.5	1.4	3.5	na	10.2	1.0	-2.0	-3.4	96.6
DZ Bank	0.8	0.9	0.9	na	10.7	1.1	-1.9	-3.8	98.5
Economist Intelligence Unit	0.8	0.9	-0.1	1.5	9.8	0.8	-1.5	-3.9	96.1
G&P Institutional Mgmt	0.9	1.5	2.4	na	9.8	0.9	na	-4.3	na
HSBC	0.7	0.8	2.1	na	10.3	0.9	-2.5	-5.0	100.5
IHS Economics	1.1	0.8	0.8	1.2	9.5	1.4	-1.1	-3.4	96.4
Intesa Sanpaulo	1.1	1.2	2.0	0.5	9.6	1.0	-1.6	-3.7	96.8
J P Morgan Chase	1.5	na	na	na	na	1.0	na	na	na
Oxford Economics	1.0	1.3	0.8	2.1	10.0	1.4	-1.4	-3.5	na
Raiffeisen Bank International	0.9	na	na	na	na	1.3	-1.7	-3.6	95.5
SEB	0.7	na	na	na	11.0	0.2	na	na	na
UBS	1.0	1.0	1.4	1.3	na	1.4	-1.0	-3.4	97.5
<b>Consensus (Mean Average)</b>	<b>1.0</b>	<b>1.1</b>	<b>1.5</b>	<b>1.2</b>	<b>10.1</b>	<b>1.0</b>	<b>-1.6</b>	<b>-3.7</b>	<b>97.3</b>
Last Month	1.3	1.2	2.0	1.6	10.1	1.2	-1.2	-3.5	96.4
2 Months Ago	1.3	1.2	2.2	1.7	10.2	1.3	-1.4	-3.5	96.2
Median	1.0	1.2	1.4	1.3	10.1	1.0	-1.6	-3.7	96.8
High	1.5	1.5	3.5	2.1	11.0	1.4	-1.0	-3.0	100.5
Low	0.7	0.8	-0.2	0.4	9.5	0.2	-2.5	-5.0	95.5
Standard Deviation	0.3	0.2	1.2	0.6	0.5	0.3	0.4	0.5	1.5
Number of Forecasts	14	11	11	6	10	14	11	12	9
<b>Other Forecasts</b>									
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>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Gross Domestic Product</b>	1.7	2.0	0.0	0.3
<b>Private Consumption</b>	1.6	0.6	-0.3	0.4
<b>Gross Fixed Investment</b>	1.4	2.9	-1.2	-2.1
<b>Industrial Production</b>	4.8	2.4	-2.6	-0.5
<b>Unemploy. Rate, % of L.F.</b>	9.7	9.6	10.2	10.8
<b>Consumer Prices</b>	1.7	2.3	2.2	1.0
<b>Current Acc., % of GDP</b>	-1.9	-2.5	-2.1	-1.7
<b>Budget Bal., % of GDP</b>	-7.0	-5.2	-4.9	-4.3
<b>Public Debt, % of GDP</b>	82.7	86.2	90.6	93.5

Source: ECB; Eurostat; national statistical office

### France: Background Information

<b>President:</b>	Francois Hollande
<b>Government:</b>	Socialist Party
<b>Next Election:</b>	2017 (presidential & parliamentary)
<b>Capital City:</b>	Paris
<b>Economic Freedom:</b>	70th out of 178 countries
<b>Doing Business:</b>	38th out of 189 countries
<b>Competitiveness:</b>	23rd out of 144 countries
<b>Corruption:</b>	22nd out of 1754 countries
<b>Corporate Tax Rate:</b>	33.33% (national rate) 0.0% (local rate) 33.33%/30% (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>	<b>Gross Domestic Product</b>	<b>Household Consump- tion</b>	<b>Gross Fixed Invest- ment</b>	<b>Industrial Produc- tion (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
BBVA	0.1	0.0	0.3	na	na	0.4	1.1	-2.7	na
BNP Paribas	-0.1	na	na	na	na	0.4	na	na	na
Danske Bank	0.0	0.1	-1.1	na	12.6	0.2	1.5	-2.6	135.2
DZ Bank	-0.1	-0.1	-0.3	na	12.2	0.3	1.2	-3.0	134.0
Economist Intelligence Unit	-0.3	-0.2	-0.5	0.3	12.3	0.4	1.2	-3.2	136.7
G&P Institutional Mgmt	-0.1	0.1	-1.5	na	12.4	0.2	na	-3.2	na
HSBC	-0.2	0.0	-1.6	na	12.6	1.0	1.2	-3.1	135.0
IHS Economics	-0.3	0.0	-1.7	-0.4	12.6	0.2	1.7	-3.1	na
Intesa Sanpaulo	-0.1	0.2	-0.8	0.1	12.6	0.3	1.8	-3.0	136.4
J P Morgan Chase	-0.1	na	na	na	na	0.2	na	na	na
Oxford Economics	-0.2	0.0	-0.8	0.4	12.7	0.3	1.8	-3.1	147.1
Raiffeisen Bank International	-0.2	na	na	na	na	0.0	1.5	-3.0	136.3
SEB	-0.2	na	na	na	12.5	0.2	na	na	na
UBS	-0.2	0.2	-1.5	0.4	12.6	0.2	na	-2.9	132.2
Unicredit Bank	-0.2	0.1	-1.6	na	12.6	0.3	1.5	-3.0	136.8
<b>Consensus (Mean Average)</b>	<b>-0.1</b>	<b>0.0</b>	<b>-1.0</b>	<b>0.2</b>	<b>12.5</b>	<b>0.3</b>	<b>1.5</b>	<b>-3.0</b>	<b>136.6</b>
Last Month	0.1	0.1	-0.7	0.8	12.5	0.4	1.4	-2.8	135.7
2 Months Ago	0.3	0.1	-0.1	1.0	12.6	0.5	1.3	-2.7	134.2
Median	-0.2	0.0	-1.1	0.3	12.6	0.3	1.5	-3.0	136.3
High	0.1	0.2	0.3	0.4	12.7	1.0	1.8	-2.6	147.1
Low	-0.3	-0.2	-1.7	-0.4	12.2	0.0	1.1	-3.2	132.2
Standard Deviation	0.1	0.1	0.7	0.3	0.2	0.2	0.3	0.2	4.2
Number of Forecasts	15	11	11	5	11	15	10	12	9
<b>Other Forecasts</b>									
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

- As in France the Italian government is encountering similar problems in finding the right recipe for growth as it tries to pare down a public debt burden climbing above 136% of GDP this year.
- All eyes will be focused on the coalition's draft budget for 2015, due to be unveiled before parliament in October. With reduced debt servicing costs the fiscal deficit should come in just below the EU's 3% of GDP threshold, causing the debt ratio to peak.
- Unfortunately, however, confidence is in short supply and the budget will need to be tailored to maximise spending cuts, while also attempting to bring back the feel-good factor.
- The European Commission's Italian economic sentiment indicator crashed below 100 (to 97.8) in August, its worst level since January. Although the drop was partly export-related it was also broad-based - highlighting a deep mood of pessimism sweeping the country.
- Meanwhile, industrial production declined in July, and the unemployment rate, which had fallen in June, rebounded to 12.6% with still chronically high levels among the under-25s.



## ITALY - Forecasts for 2015

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Household Consump- tion</b>	<b>Gross Fixed Invest- ment</b>	<b>Industrial Produc- tion (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
BBVA	1.3	0.8	3.3	na	na	0.9	0.9	-2.2	na
BNP Paribas	0.8	na	na	na	na	0.7	na	na	na
Danske Bank	1.6	1.1	3.0	na	12.1	0.8	1.5	-2.2	133.9
DZ Bank	0.8	0.5	1.9	na	12.1	0.8	1.3	-2.9	132.0
Economist Intelligence Unit	0.6	0.1	0.5	0.6	12.0	0.5	1.3	-3.0	136.4
G&P Institutional Mgmt	1.4	0.8	1.8	na	12.0	1.0	na	-3.0	na
HSBC	0.4	0.2	0.0	na	12.9	0.2	1.6	-3.2	137.0
IHS Economics	0.5	0.3	-0.1	0.9	12.3	0.7	1.7	-2.5	na
Intesa Sanpaulo	1.1	1.2	1.7	1.2	12.3	0.9	1.7	-2.6	134.9
J P Morgan Chase	1.2	na	na	na	na	0.6	na	na	na
Oxford Economics	0.9	0.6	1.5	2.2	12.6	0.7	1.9	-2.6	147.4
Raiffeisen Bank International	0.7	na	na	na	na	0.3	1.3	-2.5	136.6
SEB	0.5	na	na	na	12.4	0.0	na	na	na
UBS	0.6	0.7	0.6	2.3	12.8	0.9	na	-2.9	133.5
Unicredit Bank	0.7	0.9	0.5	na	12.7	0.8	1.1	-2.9	137.4
<b>Consensus (Mean Average)</b>	<b>0.9</b>	<b>0.7</b>	<b>1.3</b>	<b>1.4</b>	<b>12.4</b>	<b>0.7</b>	<b>1.4</b>	<b>-2.7</b>	<b>136.6</b>
Last Month	1.1	0.8	1.8	1.8	12.4	0.9	1.5	-2.5	135.0
2 Months Ago	1.2	0.8	2.0	1.9	12.4	1.0	1.4	-2.5	133.7
Median	0.8	0.7	1.5	1.2	12.3	0.7	1.4	-2.8	136.4
High	1.6	1.2	3.3	2.3	12.9	1.0	1.9	-2.2	147.4
Low	0.4	0.1	-0.1	0.6	12.0	0.0	0.9	-3.2	132.0
Standard Deviation	0.4	0.4	1.1	0.8	0.3	0.3	0.3	0.3	4.5
Number of Forecasts	15	11	11	5	11	15	10	12	9
<b>Other Forecasts</b>									
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>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Gross Domestic Product</b>	1.7	0.5	-2.5	-1.8
<b>Private Consumption</b>	1.5	-0.3	-4.1	-2.6
<b>Gross Fixed Investment</b>	0.6	-2.2	-8.3	-4.6
<b>Industrial Production</b>	6.9	0.3	-6.3	-2.9
<b>Unemploy. Rate, % of L.F.</b>	8.4	8.4	10.7	12.2
<b>Consumer Prices</b>	1.6	2.9	3.3	1.3
<b>Current Acc., % of GDP</b>	-3.5	-3.1	-0.5	0.7
<b>Budget Bal., % of GDP</b>	-4.5	-3.7	-3.0	-3.0
<b>Public Debt, % of GDP</b>	119.3	120.7	127.0	132.6

Source: ECB; Eurostat; national statistical office

### Italy: Background Information

<b>Prime Minister:</b>	Enrico Letta
<b>Government:</b>	Coalition including PD and PDL
<b>Next Election:</b>	2018
<b>Capital City:</b>	Rome
<b>Economic Freedom:</b>	86th out of 178 countries
<b>Doing Business:</b>	65th out of 189 countries
<b>Competitiveness:</b>	49th out of 144 countries
<b>Corruption:</b>	69th out of 175 countries
<b>Corporate Tax Rate:</b>	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>	<b>Gross Domestic Product</b>	<b>Private Consump- tion</b>	<b>Gross Fixed Invest- ment</b>	<b>Industrial Produc- tion (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
DZ Bank	0.7	-0.5	0.3	na	6.9	0.6	10.1	-2.7	69.0
Economist Intelligence Unit	0.7	-0.5	2.5	-1.5	7.2	0.5	8.7	-2.7	74.2
HSBC	1.2	-0.2	na	na	7.4	0.7	na	-2.8	73.8
IHS Economics	0.7	-0.3	0.7	-1.3	na	na	9.9	-2.5	70.9
Intesa Sanpaulo	0.8	-0.5	na	na	na	na	na	na	na
Oxford Economics	0.7	-0.3	0.7	-1.7	6.9	0.7	10.6	-2.3	na
Raiffeisen Bank International	0.7	na	na	na	na	0.3	11.0	-2.8	73.8
UBS	0.7	-0.3	1.2	-1.5	na	0.7	10.1	-3.5	76.0
<b>Consensus (Mean Average)</b>	<b>0.8</b>	<b>-0.4</b>	<b>1.1</b>	<b>-1.5</b>	<b>7.1</b>	<b>0.6</b>	<b>10.1</b>	<b>-2.8</b>	<b>73.0</b>
Last Month	0.8	-0.4	2.7	-1.7	7.0	0.6	10.2	-2.7	73.9
2 Months Ago	0.7	-0.3	3.6	-1.0	7.2	0.8	10.1	-2.8	75.5
Median	0.7	-0.3	0.7	-1.5	7.1	0.7	10.1	-2.7	73.8
High	1.2	-0.2	2.5	-1.3	7.4	0.7	11.0	-2.3	76.0
Low	0.7	-0.5	0.3	-1.7	6.9	0.3	8.7	-3.5	69.0
Standard Deviation	0.2	0.1	0.9	0.2	0.2	0.2	0.8	0.4	2.5
Number of Forecasts	8	7	5	4	4	6	6	7	6
<b><u>Other Forecasts</u></b>									
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 economy is not as weak as it is France or Italy. Industrial production increased by 0.5% in July, to deliver a positive y/y figure for the first time this year.
- The unemployment rate, too, is edging in the right direction, having fallen to 6.7% in July, and to 10.4% among the under-25s, with job creation expected to continue as the government, having made good progress on the fiscal front, will ease back on austerity.
- Yet the Netherlands is just as prone to slowing economic growth arising from

geopolitical risks, having been caught up in the European Union crisis with Russia and partly dependent on Germany for its prosperity.

- Our panel's forecasts highlight weak real GDP growth, below 1% this year, and as in other countries the Dutch economic sentiment indicator published by the European Commission slipped in August, to 100.9. Confidence in the construction sector held up (albeit at a depressed level), but weakened among manufacturers and in the services sector.

## NETHERLANDS - Forecasts for 2015

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Private Consump- tion</b>	<b>Gross Fixed Invest- ment</b>	<b>Industrial Produc- tion (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
DZ Bank	1.3	0.1	1.8	na	6.5	1.3	10.7	-2.5	69.4
Economist Intelligence Unit	1.3	0.3	2.8	2.5	7.1	1.5	8.6	-2.1	73.7
HSBC	1.4	0.9	na	na	7.3	0.9	na	-1.9	73.4
IHS Economics	1.4	0.4	1.7	1.5	na	na	9.7	-2.5	70.9
Intesa Sanpaulo	1.6	0.8	na	na	na	na	na	na	na
Oxford Economics	1.2	0.5	2.1	2.5	6.7	1.1	10.0	-2.1	na
Raiffeisen Bank International	1.8	na	na	na	na	0.5	11.0	-1.8	73.4
UBS	1.4	0.6	3.2	3.9	na	1.5	9.0	-2.9	77.5
<b>Consensus (Mean Average)</b>	<b>1.4</b>	<b>0.5</b>	<b>2.3</b>	<b>2.6</b>	<b>6.9</b>	<b>1.1</b>	<b>9.8</b>	<b>-2.3</b>	<b>73.1</b>
Last Month	1.6	0.6	3.2	2.6	6.9	1.3	9.9	-2.2	73.9
2 Months Ago	1.5	0.8	3.4	2.6	7.0	1.3	10.0	-2.3	75.2
Median	1.4	0.5	2.1	2.5	6.9	1.2	9.9	-2.1	73.4
High	1.8	0.9	3.2	3.9	7.3	1.5	11.0	-1.8	77.5
Low	1.2	0.1	1.7	1.5	6.5	0.5	8.6	-2.9	69.4
Standard Deviation	0.2	0.3	0.7	1.0	0.4	0.4	0.9	0.4	2.8
Number of Forecasts	8	7	5	4	4	6	6	7	6
<b>Other Forecasts</b>									
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>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Gross Domestic Product</b>	1.5	0.9	-1.2	-0.8
<b>Private Consumption</b>	0.3	-1.1	-1.6	-2.1
<b>Gross Fixed Investment</b>	-7.4	6.1	-4.0	-4.8
<b>Industrial Production</b>	7.8	-0.8	-0.4	0.6
<b>Unemploy. Rate, % of L.F.</b>	4.5	4.4	5.3	6.7
<b>Consumer Prices</b>	0.9	2.5	2.8	2.6
<b>Current Acc., % of GDP</b>	5.0	7.4	7.7	11.6
<b>Budget Bal., % of GDP</b>	-4.5	-2.5	-2.6	-1.5
<b>Public Debt, % of GDP</b>	63.4	65.7	71.3	73.5

Source: ECB; Eurostat; national statistical office

### Netherlands: Background Information

<b>Prime Minister:</b>	Mark Rutte
<b>Government:</b>	VVD led coalition
<b>Next Election:</b>	September 2016 (parliamentary)
<b>Capital City:</b>	The Hague
<b>Economic Freedom:</b>	15th out of 178 countries
<b>Doing Business:</b>	28th out of 189 countries
<b>Competitiveness:</b>	8th out of 144 countries
<b>Corruption:</b>	8th out of 175 countries
<b>Corporate Tax Rate:</b>	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>	<b>Gross Domestic Product</b>	<b>Household Consump- tion</b>	<b>Gross Fixed Invest- ment</b>	<b>Industrial Produc- tion (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
BBVA	1.3	1.9	1.2	na	24.5	0.1	0.3	-5.5	99.8
BNP Paribas	1.2	1.4	1.4	2.1	25.0	0.1	1.0	-5.6	100.1
Danske Bank	1.2	1.6	1.0	na	25.2	0.0	1.4	-5.6	100.2
DZ Bank	1.0	1.5	-0.2	na	25.5	0.0	1.5	-6.0	100.2
Economist Intelligence Unit	1.1	1.7	0.4	1.2	24.9	-0.1	0.4	-5.7	100.1
G&P Institutional Mgmt	1.3	2.1	0.7	na	25.0	-0.1	na	-5.3	na
HSBC	1.1	2.1	0.4	1.6	24.7	-0.1	-0.5	-6.6	101.0
IHS Economics	1.2	2.1	0.2	1.6	24.8	-0.1	0.7	-5.3	na
Intesa Sanpaulo	1.3	1.5	0.4	na	na	na	na	na	na
J P Morgan Chase	1.2	na	na	na	na	0.0	na	na	na
Oxford Economics	1.3	1.9	1.1	2.5	24.5	0.1	0.6	-5.6	na
Raiffeisen Bank International	1.3	na	na	na	na	0.0	-0.3	-5.4	99.9
Santander	1.3	2.1	0.9	na	24.6	0.3	0.5	na	na
UBS	1.3	2.2	0.2	2.0	25.0	0.1	0.2	-5.7	100.2
<b>Consensus (Mean Average)</b>	<b>1.2</b>	<b>1.8</b>	<b>0.6</b>	<b>1.8</b>	<b>24.9</b>	<b>0.0</b>	<b>0.5</b>	<b>-5.7</b>	<b>100.2</b>
Last Month	1.2	1.6	0.8	2.1	25.0	0.1	0.9	-5.7	99.4
2 Months Ago	1.1	1.3	0.3	2.0	25.1	0.2	1.1	-5.8	99.0
Median	1.3	1.9	0.6	1.8	24.9	0.0	0.5	-5.6	100.2
High	1.3	2.2	1.4	2.5	25.5	0.3	1.5	-5.3	101.0
Low	1.0	1.4	-0.2	1.2	24.5	-0.1	-0.5	-6.6	99.8
Standard Deviation	0.1	0.3	0.5	0.5	0.3	0.1	0.6	0.4	0.4
Number of Forecasts	14	12	12	6	11	13	11	11	8
<b>Other Forecasts</b>									
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 economic revival seen in Spain's GDP figures is giving rise to optimism that one of the worst affected economies is springing back, giving hope to those still out of work.
- With a larger share of the Latin American export market than the core euro zone participants, Spain would appear to be less acutely affected by the Russia crisis.
- Signs the housing market is now delivering higher prices for the first time in six years will undoubtedly drive the optimism.
- Indeed, contrasting with the downturn in confidence in other euro zone states in August the European Commission's economic sentiment indicator for Spain was unchanged at 103.5.
- Manufacturing confidence was unmoved relative to July, it worsened in the services sector, but improved among consumers, retail traders and within the construction industry - in fact quite noticeably since June, which might help to deliver stronger output figures in the coming months.

## SPAIN - Forecasts for 2015

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Household Consump- tion</b>	<b>Gross Fixed Invest- ment</b>	<b>Industrial Produc- tion (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
BBVA	2.3	2.0	4.9	na	23.1	0.9	1.1	-4.5	101.3
BNP Paribas	2.0	1.3	4.0	3.7	24.1	0.8	1.1	-4.2	102.5
Danske Bank	2.0	1.6	3.8	na	24.0	0.6	1.5	-6.1	103.3
DZ Bank	1.5	1.6	0.9	na	24.5	0.5	2.0	-5.5	103.8
Economist Intelligence Unit	1.4	1.4	1.0	1.6	24.2	0.5	-0.2	-4.5	104.4
G&P Institutional Mgmt	2.3	2.1	5.0	na	23.0	0.7	na	-4.6	na
HSBC	1.2	1.7	1.4	1.7	23.7	0.5	-0.1	-6.2	105.0
IHS Economics	1.7	1.9	1.0	1.3	23.7	0.3	1.0	-4.5	na
Intesa Sanpaulo	1.7	1.4	2.1	na	na	na	na	na	na
J P Morgan Chase	2.1	na	na	na	na	0.0	na	na	na
Oxford Economics	2.0	2.1	2.6	2.9	23.5	0.4	0.9	-4.4	na
Raiffeisen Bank International	2.0	na	na	na	na	0.7	-0.5	-5.0	102.4
Santander	2.1	2.0	4.3	na	23.2	0.9	0.6	na	na
UBS	2.0	2.8	1.6	2.5	24.3	1.0	1.1	-4.6	102.5
<b>Consensus (Mean Average)</b>	<b>1.9</b>	<b>1.8</b>	<b>2.7</b>	<b>2.3</b>	<b>23.8</b>	<b>0.6</b>	<b>0.8</b>	<b>-4.9</b>	<b>103.2</b>
Last Month	1.8	1.6	3.0	2.5	24.0	0.7	1.0	-4.9	102.5
2 Months Ago	1.8	1.5	2.9	2.4	24.0	0.7	1.1	-5.1	102.4
Median	2.0	1.8	2.4	2.1	23.7	0.6	1.0	-4.6	102.9
High	2.3	2.8	5.0	3.7	24.5	1.0	2.0	-4.2	105.0
Low	1.2	1.3	0.9	1.3	23.0	0.0	-0.5	-6.2	101.3
Standard Deviation	0.3	0.4	1.6	0.9	0.5	0.3	0.8	0.7	1.2
Number of Forecasts	14	12	12	6	11	13	11	11	8
<b>Other Forecasts</b>									
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>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Gross Domestic Product</b>	-0.2	0.1	-1.6	-1.2
<b>Private Consumption</b>	0.2	-1.2	-2.8	-2.1
<b>Gross Fixed Investment</b>	-5.5	-5.4	-7.0	-5.1
<b>Industrial Production</b>	0.9	-1.4	-6.0	-1.7
<b>Unemploy. Rate, % of L.F.</b>	20.1	21.7	25.0	26.4
<b>Consumer Prices</b>	2.0	3.1	2.4	1.5
<b>Current Acc., % of GDP</b>	-4.4	-4.0	-1.2	0.7
<b>Budget Bal., % of GDP</b>	-9.6	-9.6	-10.6	-7.1
<b>Public Debt, % of GDP</b>	61.7	70.5	86.0	93.9

Source: ECB; Eurostat; national statistical office

### Spain: Background Information

<b>Prime Minister:</b>	Mariano Rajoy
<b>Government:</b>	Popular Party
<b>Next Election:</b>	2015 (parliamentary)
<b>Capital City:</b>	Madrid
<b>Economic Freedom:</b>	49th out of 178 countries
<b>Doing Business:</b>	52nd out of 189 countries
<b>Competitiveness:</b>	35th out of 144 countries
<b>Corruption:</b>	40th out of 175 countries
<b>Corporate Tax Rate:</b>	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 Countries<sup>1</sup>

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

<sup>1</sup> 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	11.2	Brussels
Cyprus	9,251	0.9	Nicosia
Estonia	45,200	1.3	Tallinn
Finland	338,145	5.5	Helsinki
France	543,965	65.9	Paris
Germany	357,028	80.8	Berlin
Greece	131,957	11	Athens
Ireland	70,282	4.6	Dublin
Italy	301,245	60.8	Rome
Luxembourg	2,586	0.5	Lux. City
Malta	316	0.4	Valletta
Netherlands	41,526	16.8	The Hague
Portugal	88,940	10.4	Lisbon
Slovakia	49,035	5.4	Bratislava
Slovenia	20,251	2.1	Ljubljana
Spain	504,782	46.5	Madrid

#### Other Euro Users

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

#### Euro Zone: Election Timetable

Date	Country	Type
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

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

<sup>2</sup> 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 (1/100<sup>th</sup> 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

<b>Variable</b>	<b>Definition</b>	<b>Source</b>
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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