



EUROPEAN CENTRAL BANK

EUROSYSTEM

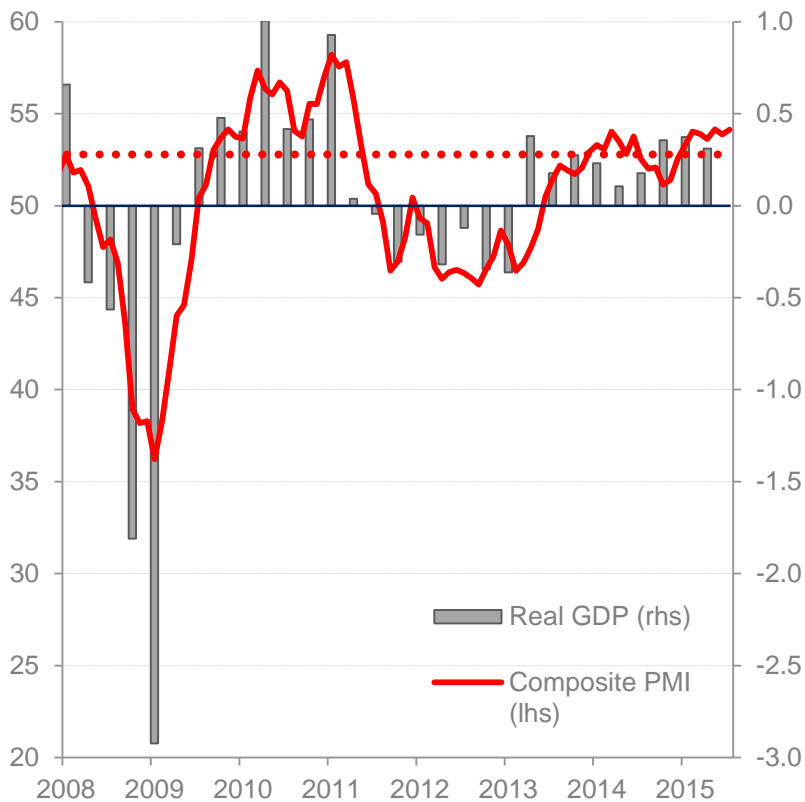
**Peter Praet**

# **Presentation at BVI Asset Management**

Frankfurt, 1 October 2015

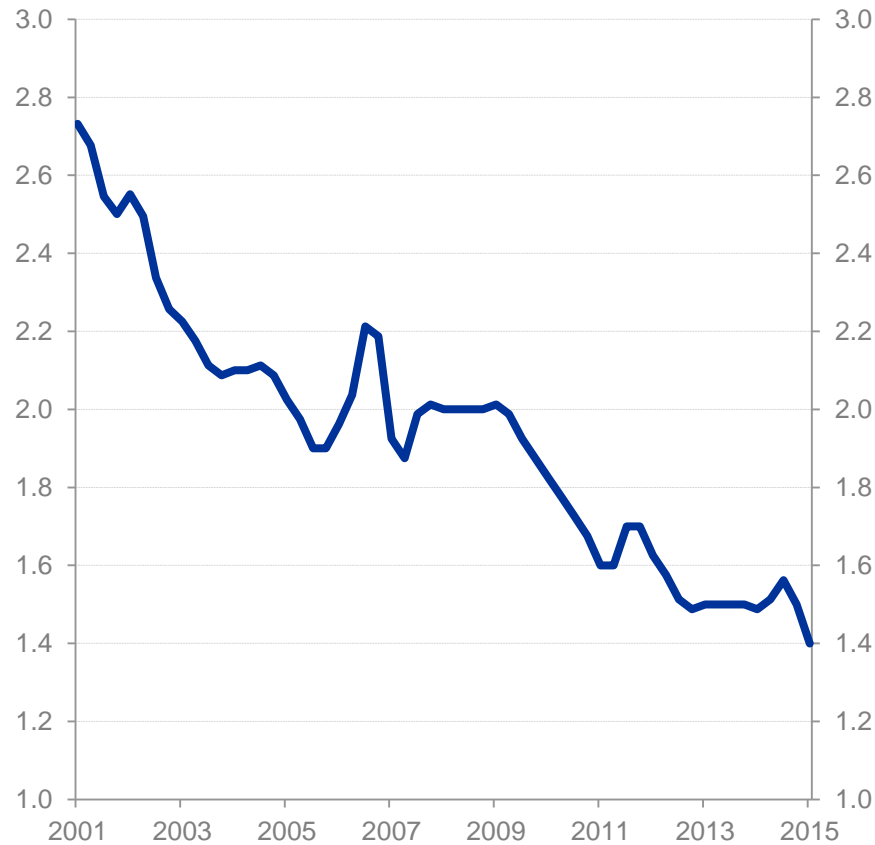
## Real GDP growth and PMI Composite output

quarter-on-quarter percentage growth; diffusion index



Sources: Eurostat, Markit and ECB staff calculations.  
Latest observation: 2015Q2 for GDP growth, August 2015 for PMI.

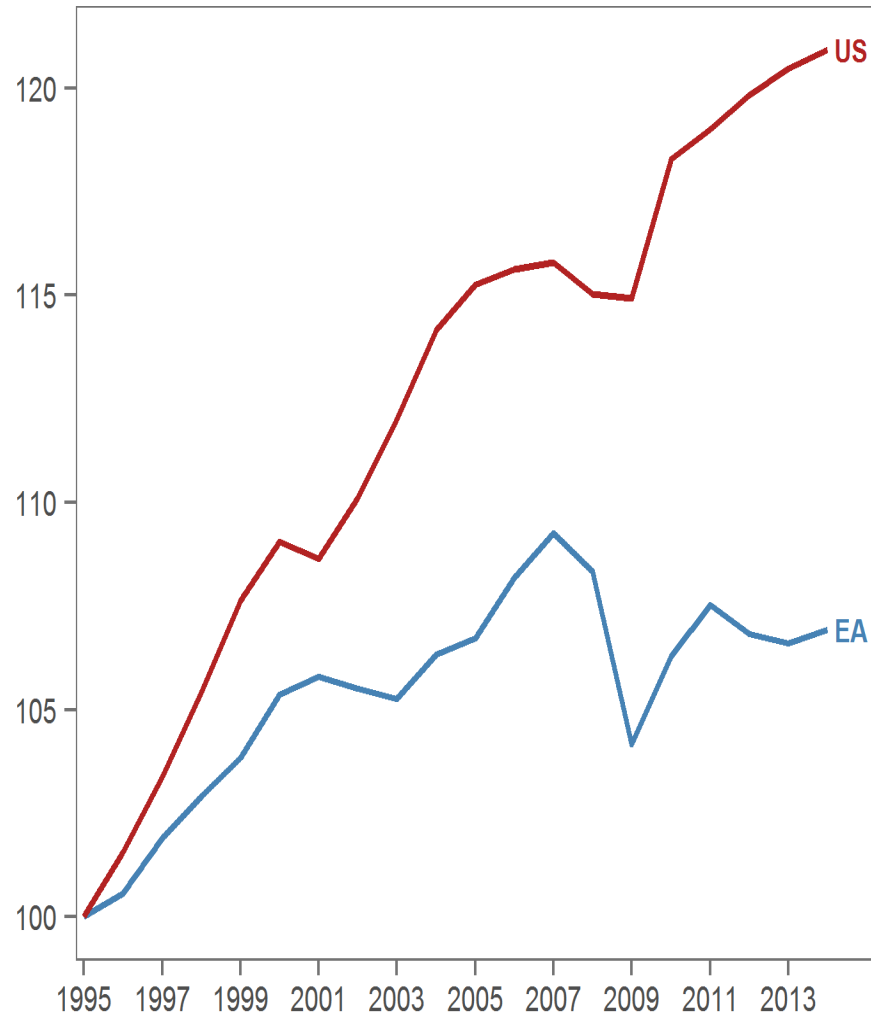
## 5 years ahead growth expectations for the euro area % p.a.



Source: Consensus.

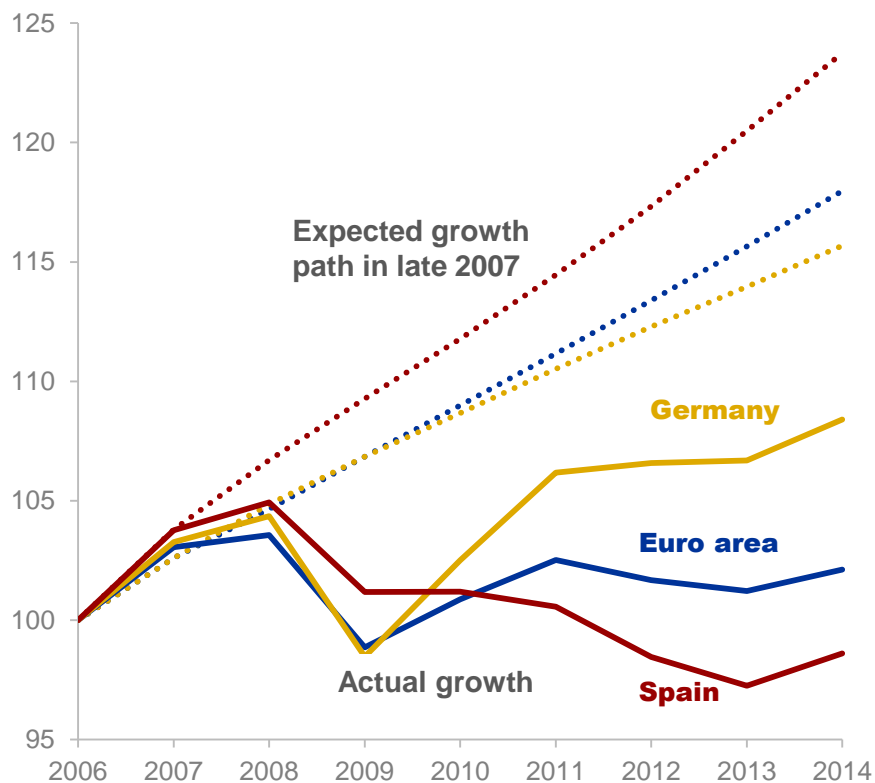
# Total factor productivity

Index: 1995 = 100



Source: European Commission.  
Note: Latest observation is 2014.

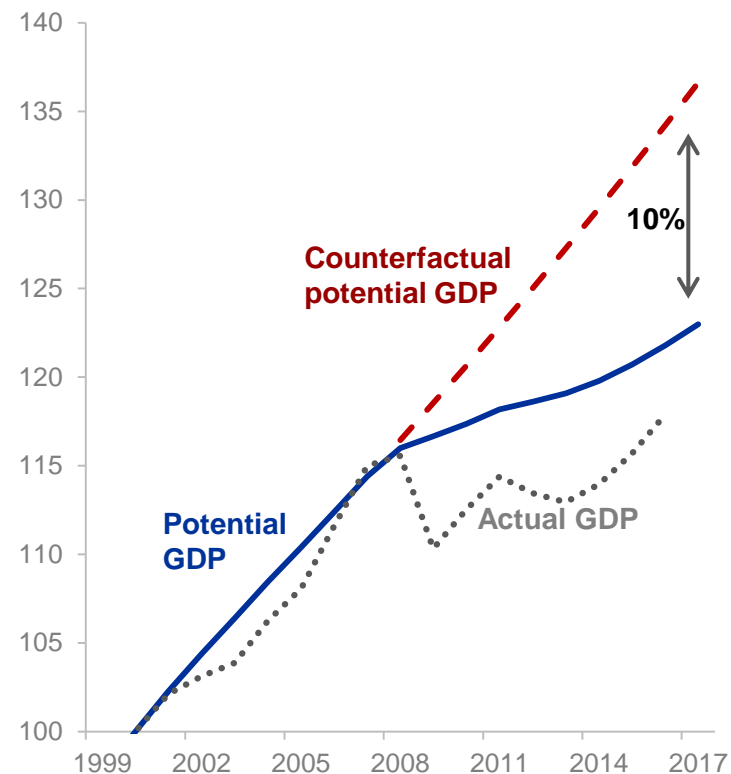
## Real GDP & pre-crisis expected path index, 2006 = 100



Sources: European Commission, Consensus Economics and ECB calculations.  
Latest data: 2014 for GDP outcome.

Note: The dotted line represents the evolution of GDP based on private sector expectations as measured by Consensus Economics in October 2007.

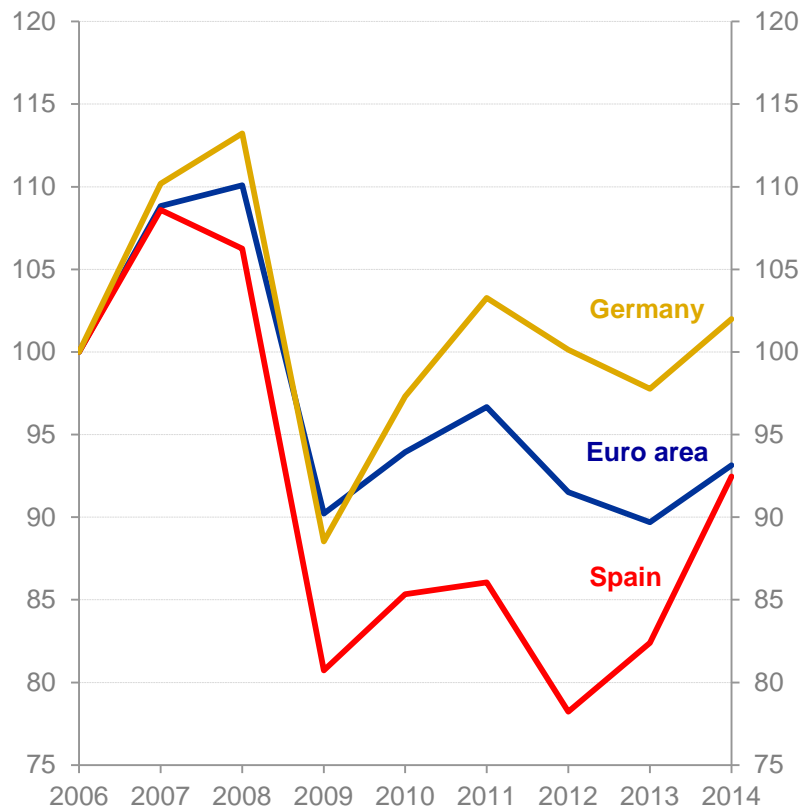
## EA: Potential output reduction index, potential GDP in 1999=100



Source: European Commission Spring 2015 forecast, Output Gap Working Group.

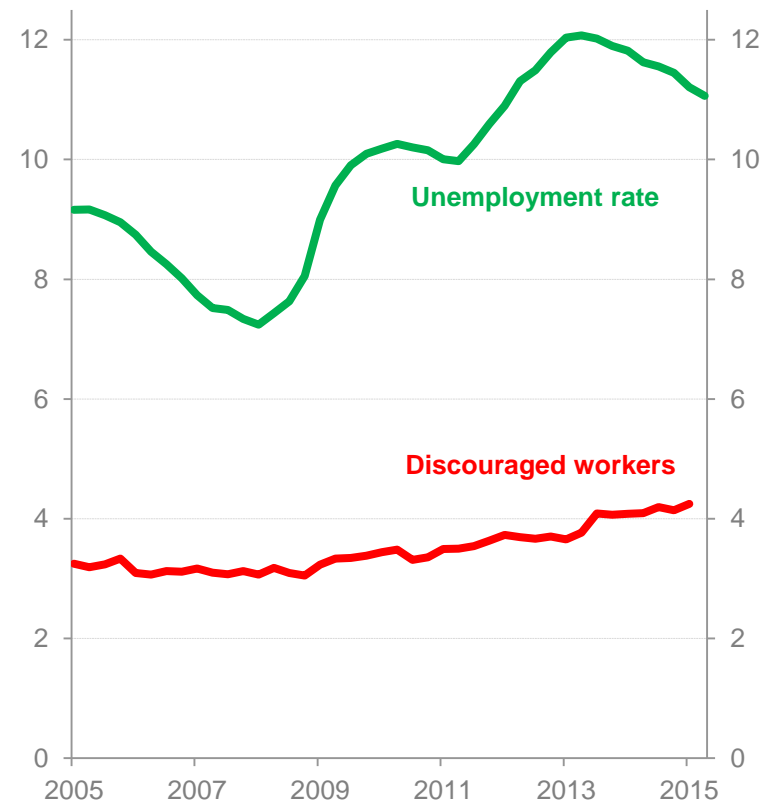
Note: counterfactual potential GDP assumes that potential GDP continued to grow at its 2007 growth rate. I.e. it reflects the observation that potential growth has already slowed down before the crisis.

Equipment investment  
2006=100



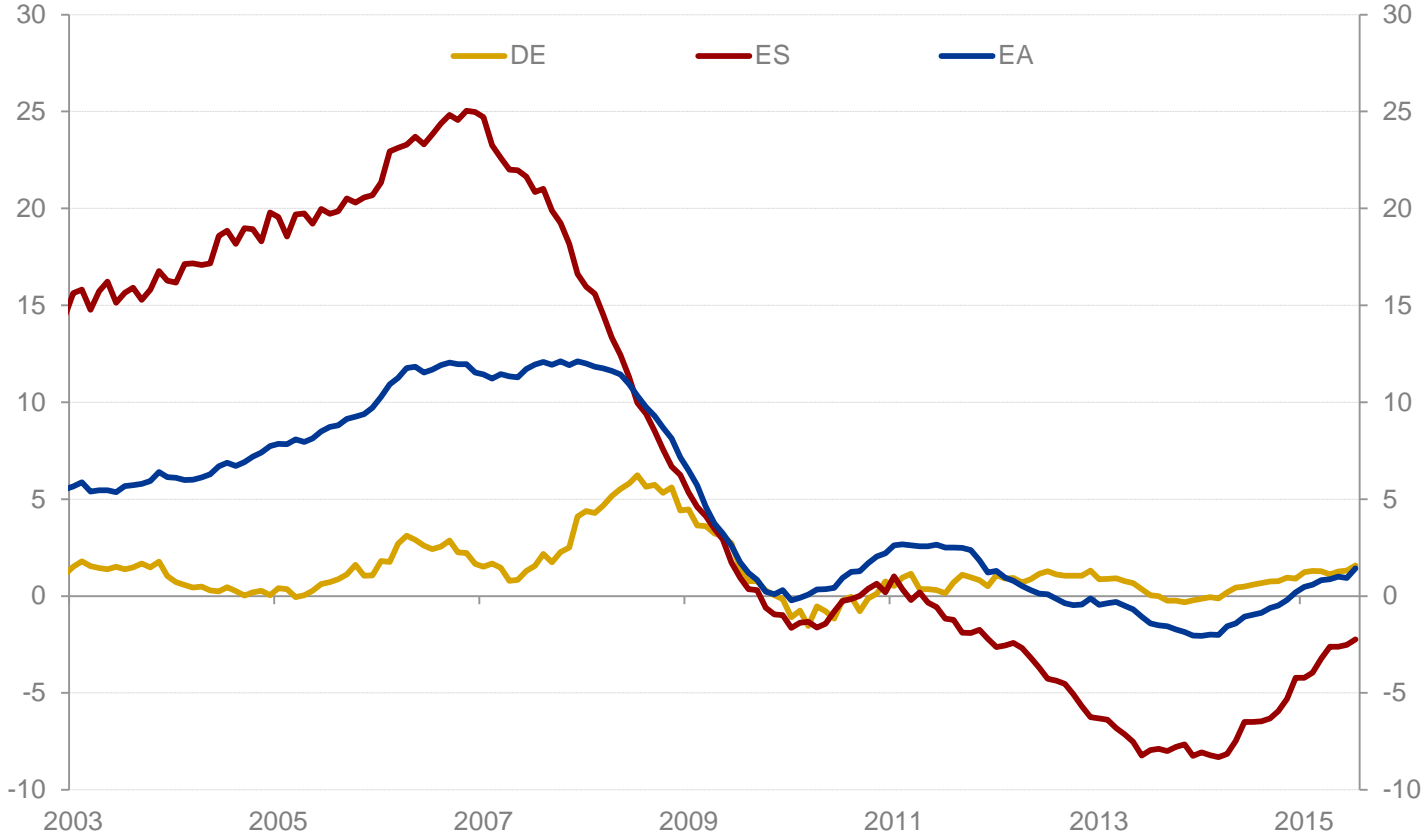
Sources: European Commission and ECB calculations.  
Note: 2014 partially based on forecasts. Euro area refers to euro area 12.

Unemployment rate  
% of (extended) labor force



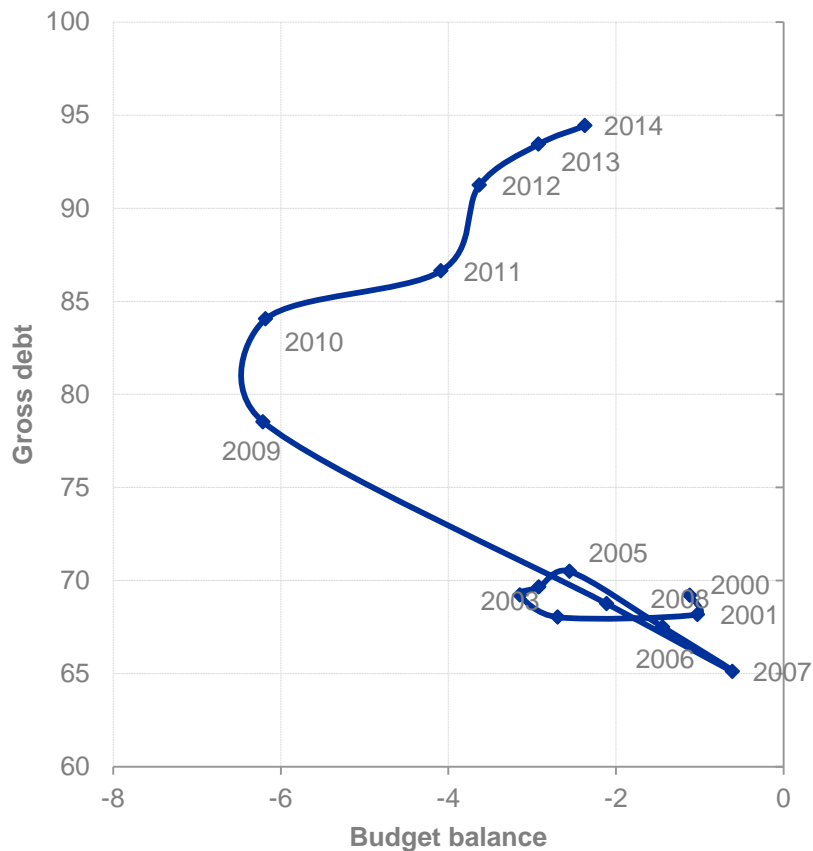
Sources: Labour Force Survey and ECB staff calculation.  
Note: Discouraged workers are inactive people who are available but not searching a job. The extended labor force is the number of active persons extended with the number of discouraged workers.

# Bank loans to private sector annual percentage changes



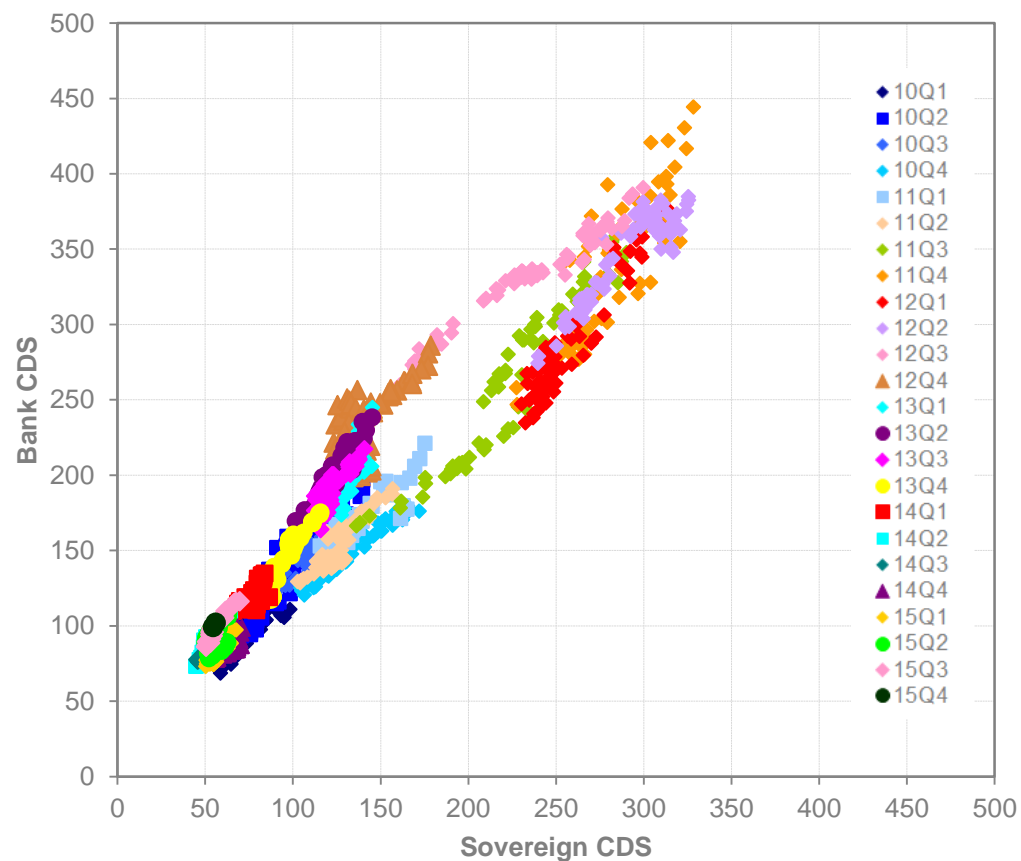
Source: ECB.  
Latest observation: June 2015.

## Euro area government debt and deficit % of GDP



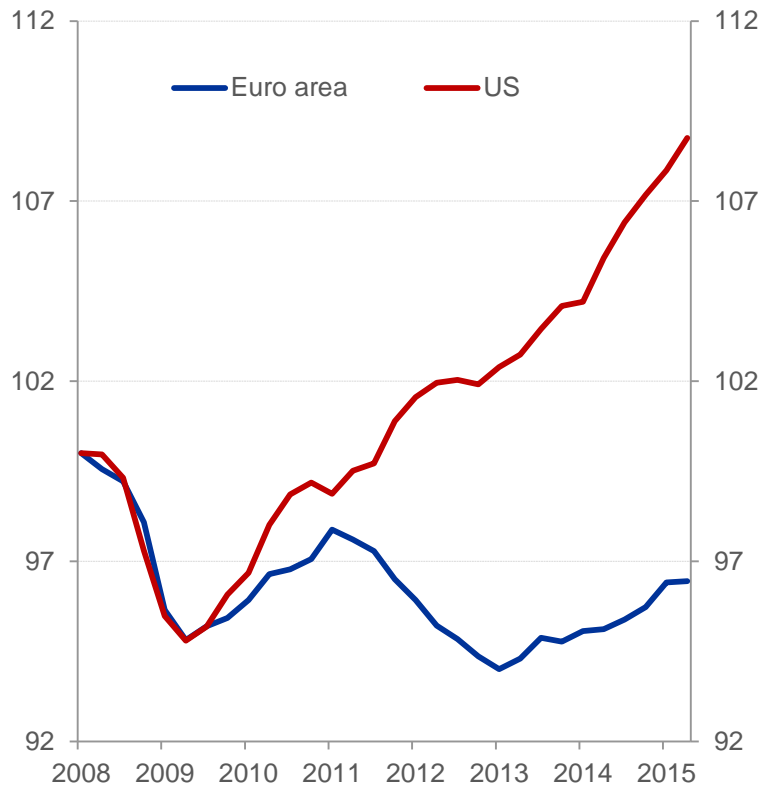
Sources: European Commission's spring 2015 economic forecast, ESA95 data before 2006.  
Note: Budget balance excludes UMTS proceeds.

## Euro Area Banks and Sovereigns Credit Default Swaps (CDS) basis points; Q1 2010 – Q3 2015

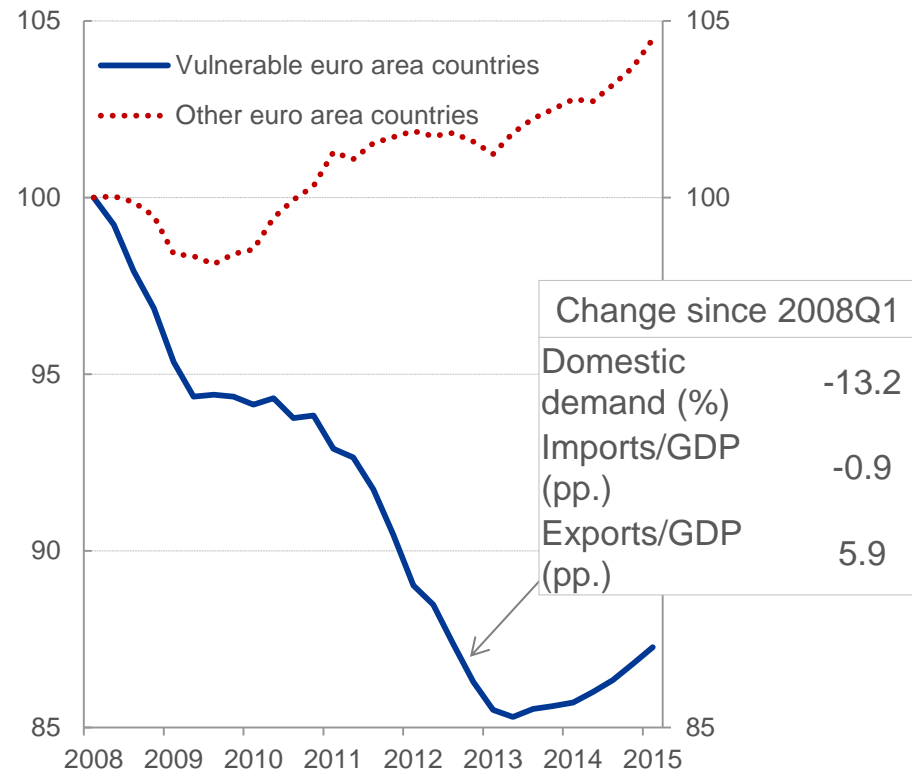


Sources: Thomson Reuters and ECB calculations.  
Latest observation: 1 September 2015.

## Real domestic demand 2008q1 = 100



Sources: Bureau of Economic Analysis and Eurostat.

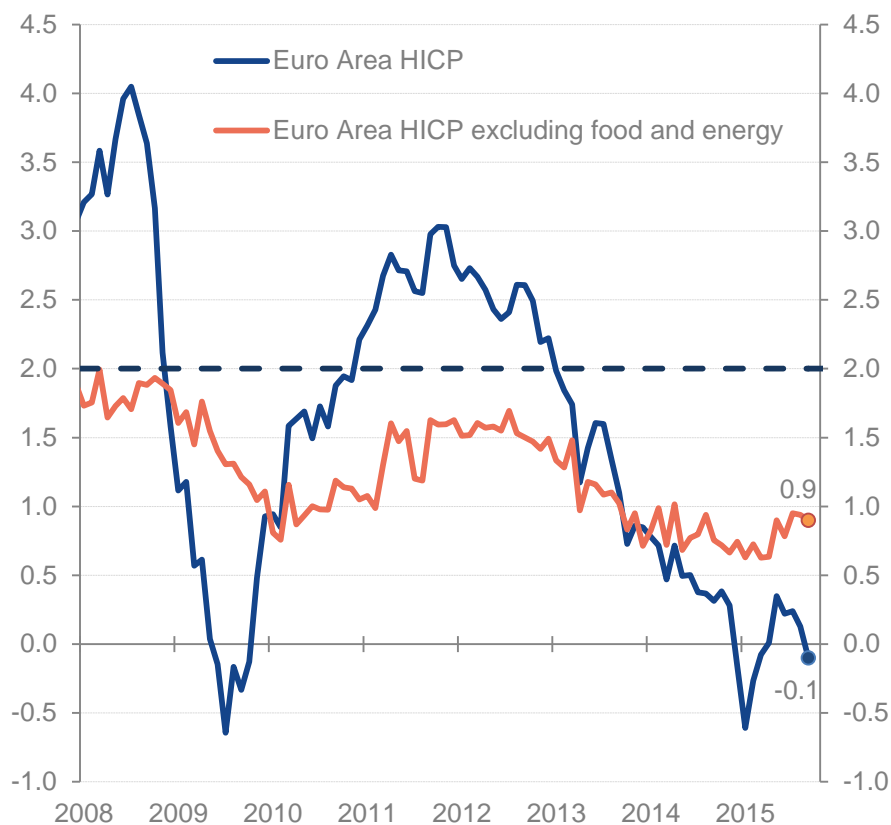


Sources: Eurostat and ECB calculations.

Note: "Vulnerable euro area countries" refers to CY, GR, IE, ES, IT, PT & SI.

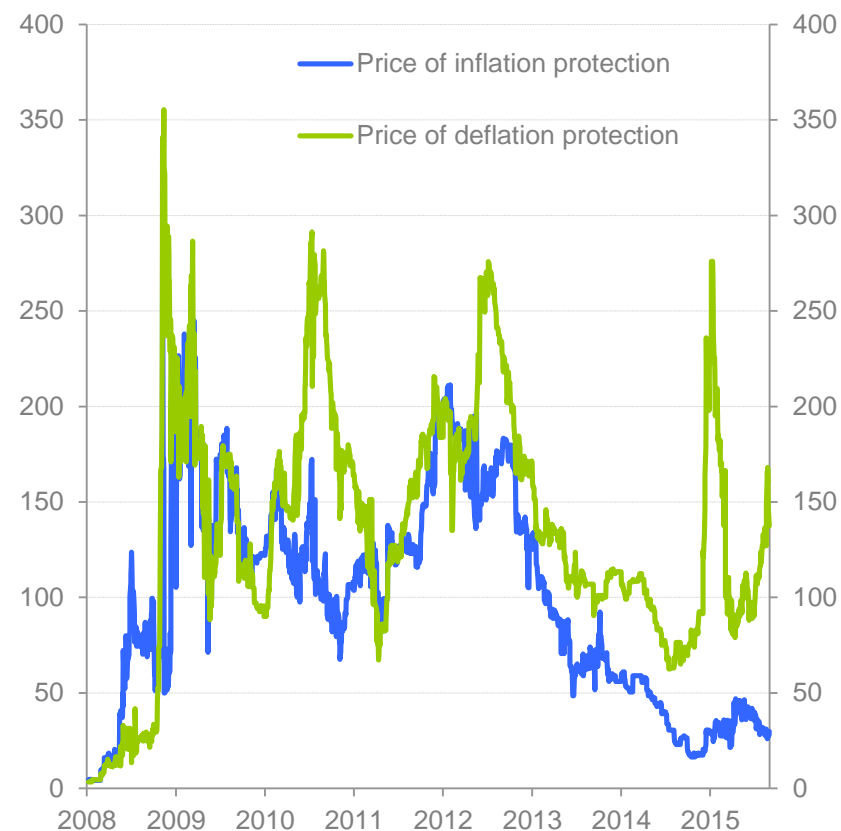


## Euro area inflation % p.a.



Source: Eurostat.  
Latest observation: September 2015 (flash)

## Price of inflation and deflation protection basis points per annum



Source: Bloomberg.  
Note: Price of 0% floor and 4% cap options (year-on-year) on euro area HICP inflation – 5Y maturity. Developments should be interpreted with caution due to limited market liquidity. Latest observation: 2 September 2015.

## Long-term government bond yields

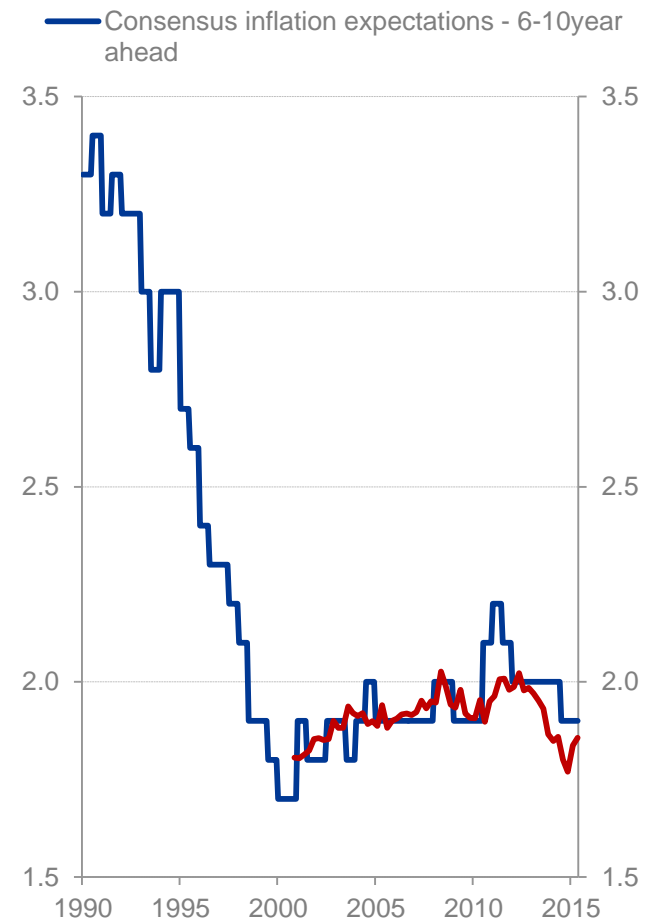
10-year yields; % p.a.



Source: ECB.

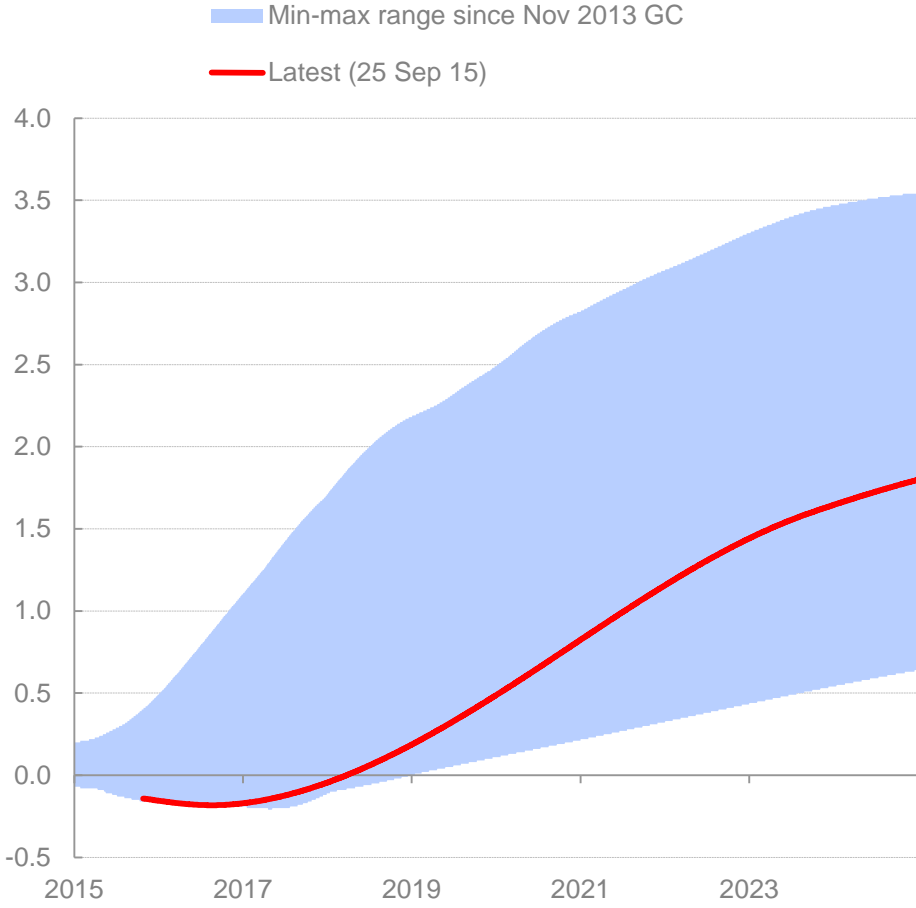
## Long-term inflation expectations

% p.a.



Sources: Consensus Economics and Survey of Professional Forecasters.

# EA: EONIA expectations based on the OIS yield curve % p.a.



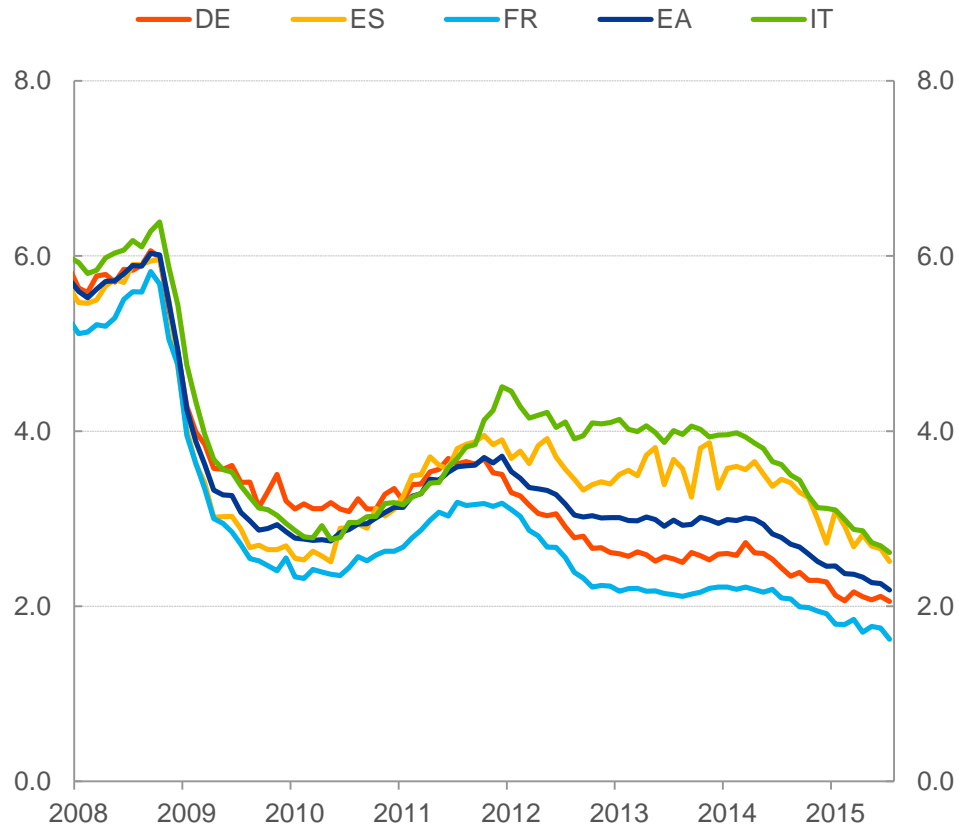
Sources: Reuters and ECB calculations.  
Note: OIS = overnight index swap.

# 1y1y EUR and USD OIS % p.a.



Source: Bloomberg.

## Composite indicator of the nominal cost of bank borrowing for non-financial corporations % p.a.

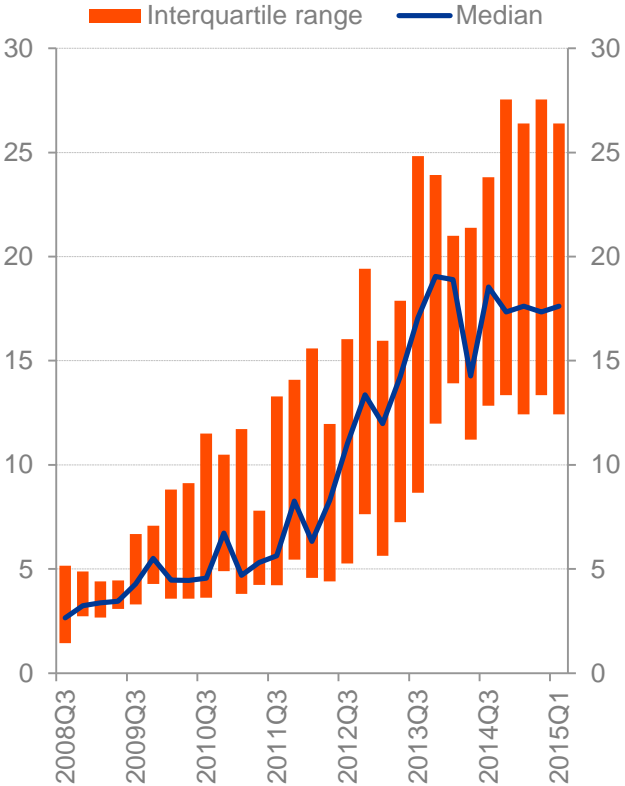


Source: ECB.

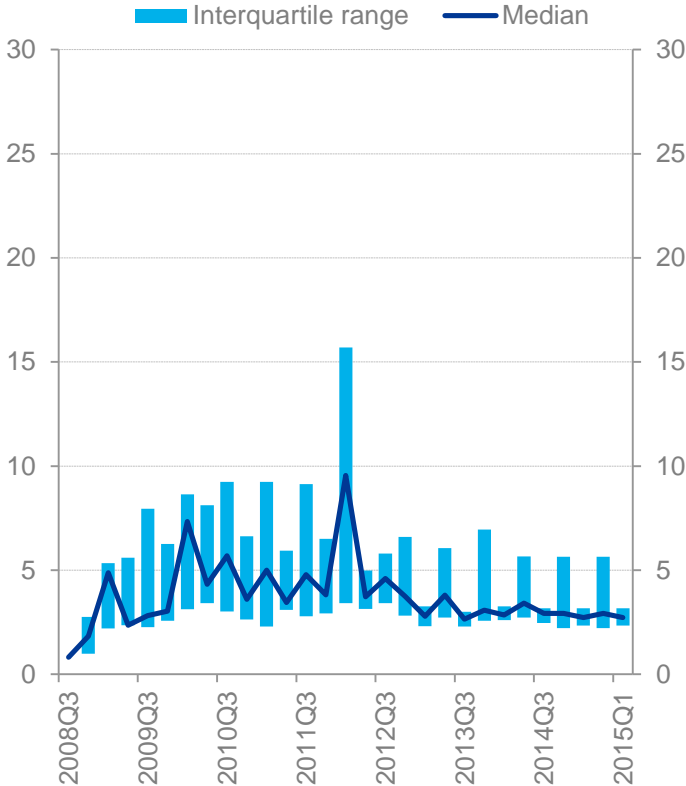
Note: The indicator for the total cost of bank borrowing is calculated by aggregating short- and long-term rates using a 24-month moving average of new business volumes. Latest observation: July 2015.

# Impaired loans of euro area banks *percentages of gross loans*

Vulnerable countries



Other countries

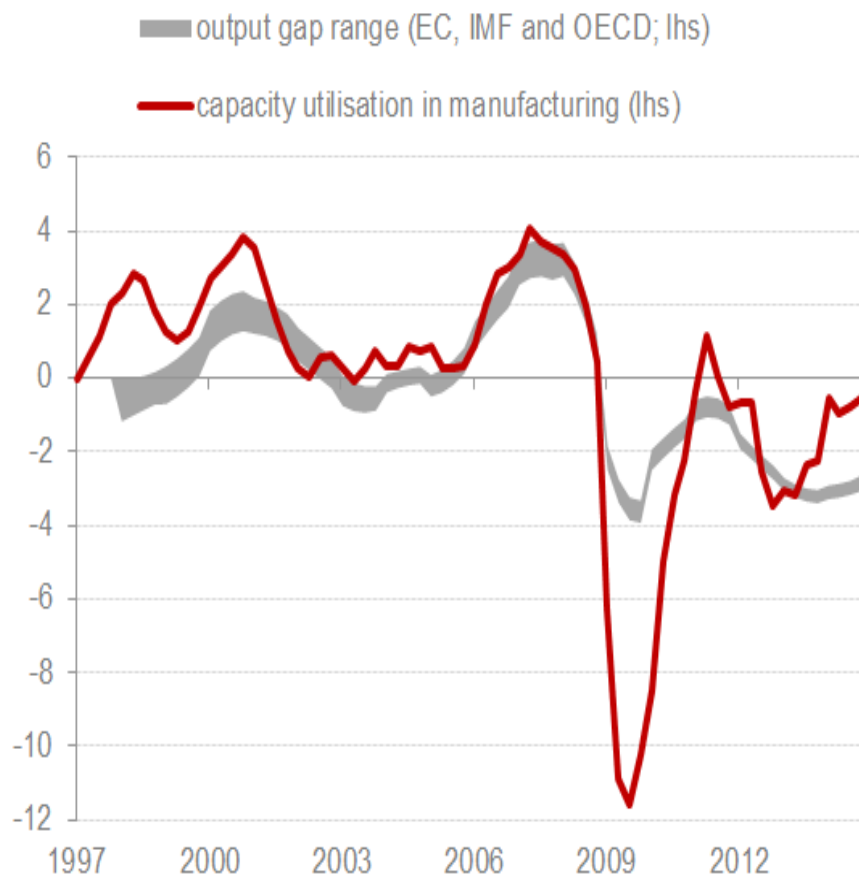


Sources: SNL and ECB calculations.

Notes: Based on an unbalanced sample of 32 euro area banks for vulnerable countries and 25 euro area banks for less vulnerable countries. The charts represents ratios of gross impaired customer and bank loans over gross loans.

## Output gap and capacity utilisation

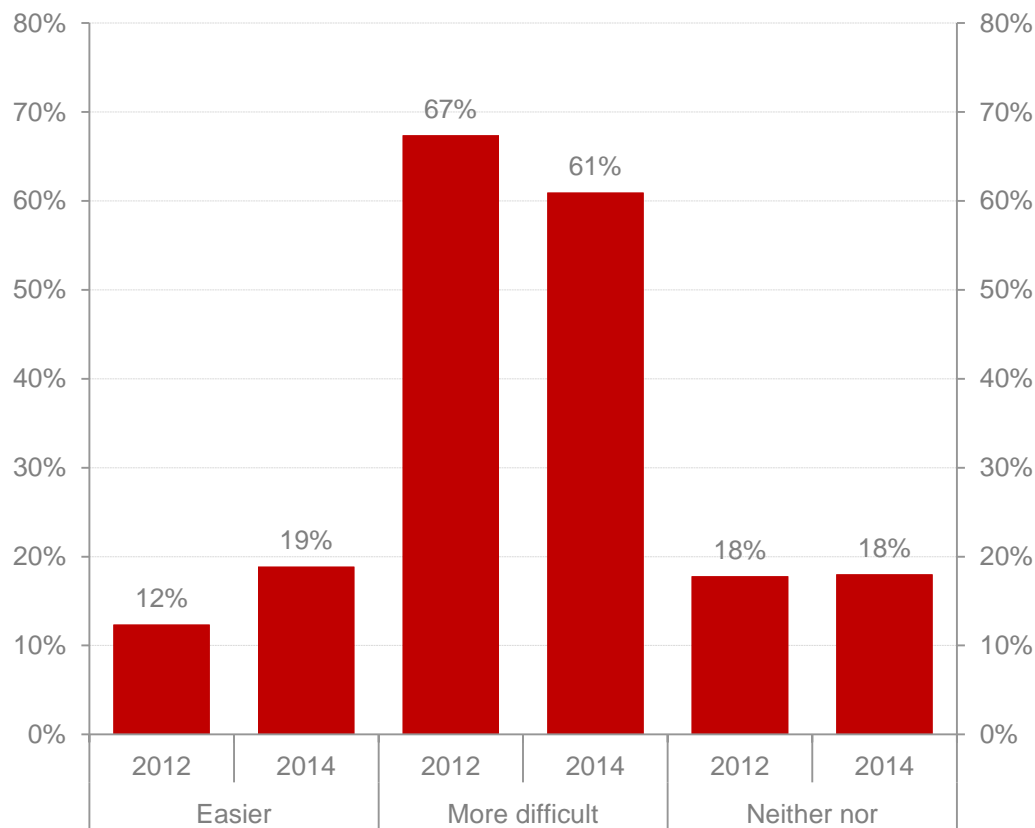
*Output gap: in percent of potential output; survey indicators: deviation of balances from their historical mean*



*Sources: European Commission, IMF and OECD.*

“Generally speaking, do you think that the life of those in the EU who are children today will be easier, more difficult, or about the same as the life of those of your own generation?”

*Share of respondents in the euro area*



Source: Eurobarometer 's 70.1, 78.2 and 81.1.

Note: Excludes response “Don't know”.