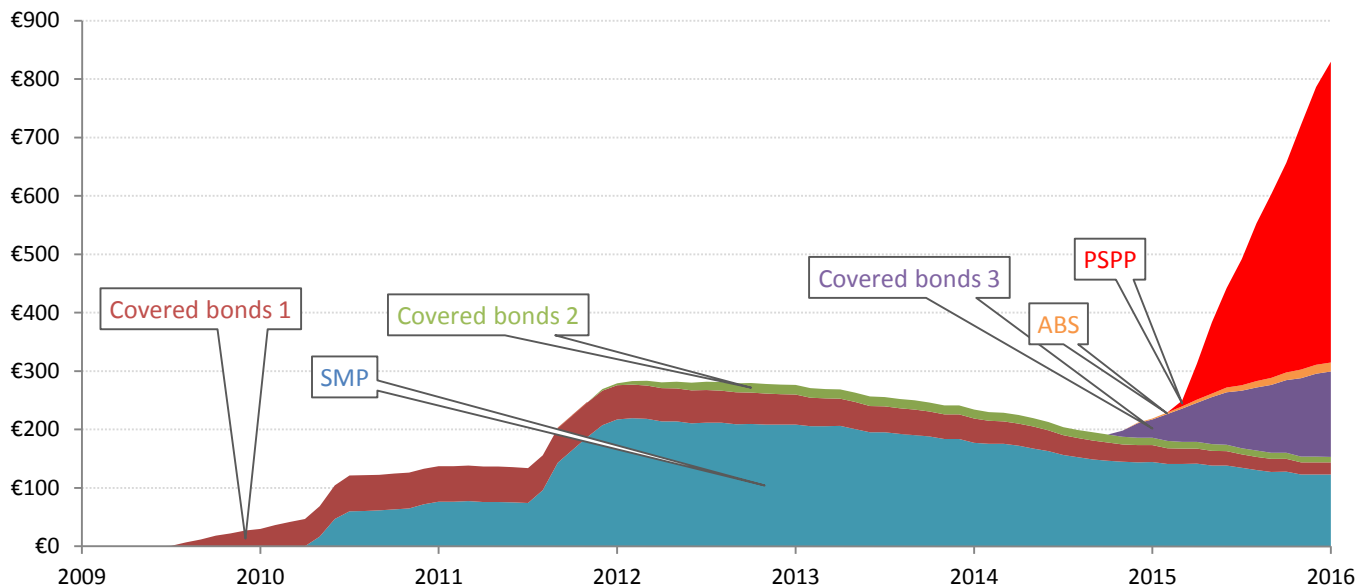# Data Insights: Euro Area Recovery Monitor
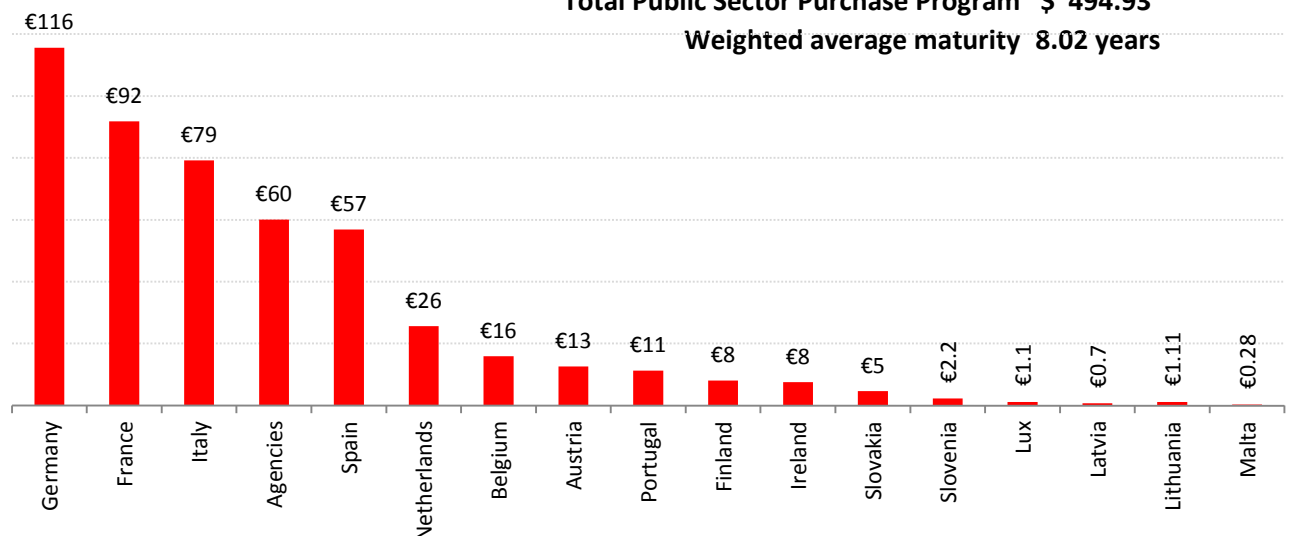Thursday, January 21, 2016

The ECB's struggle to build purchased assets   (€ billions)

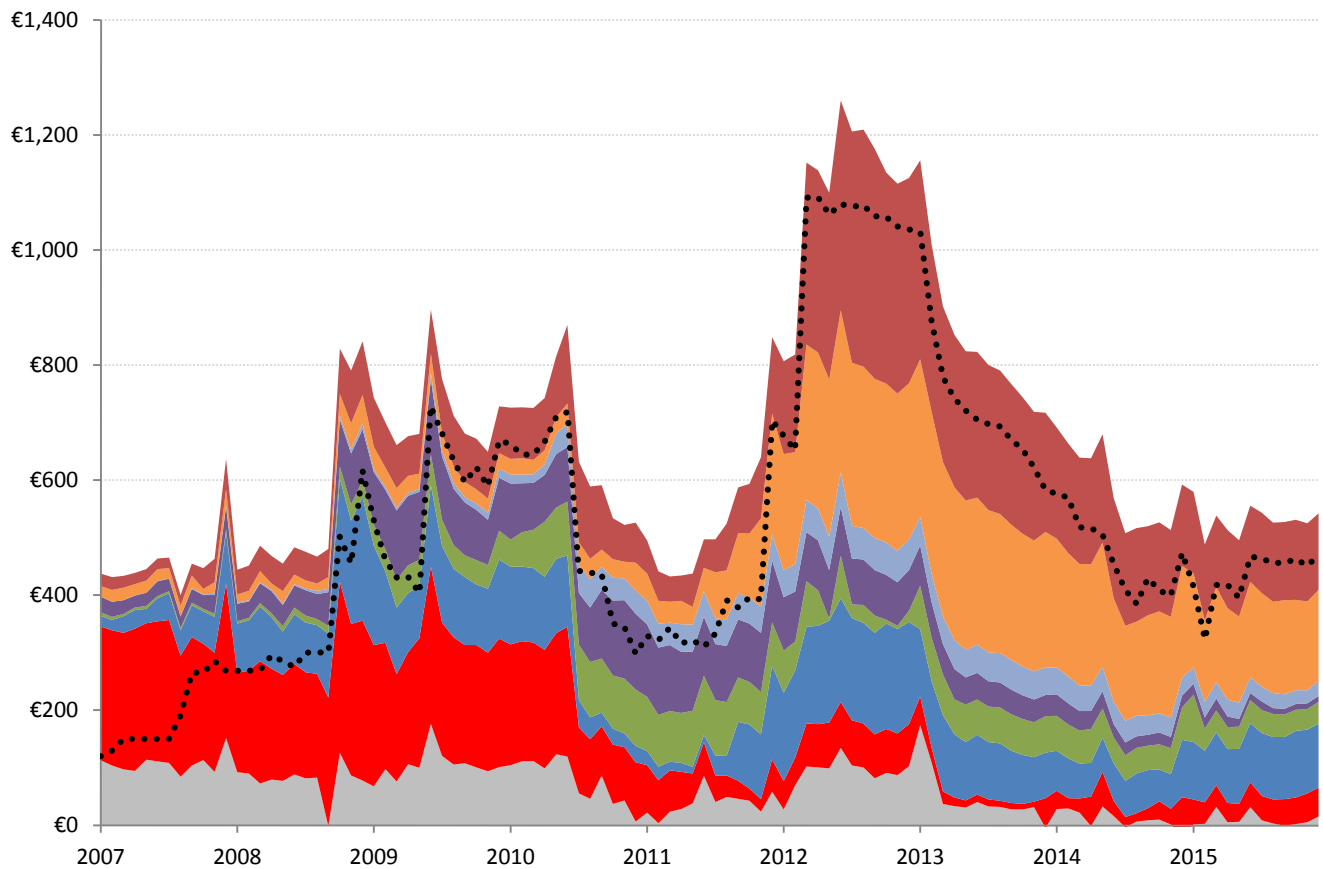**Total Public Sector Purchase Program $ 494.93**
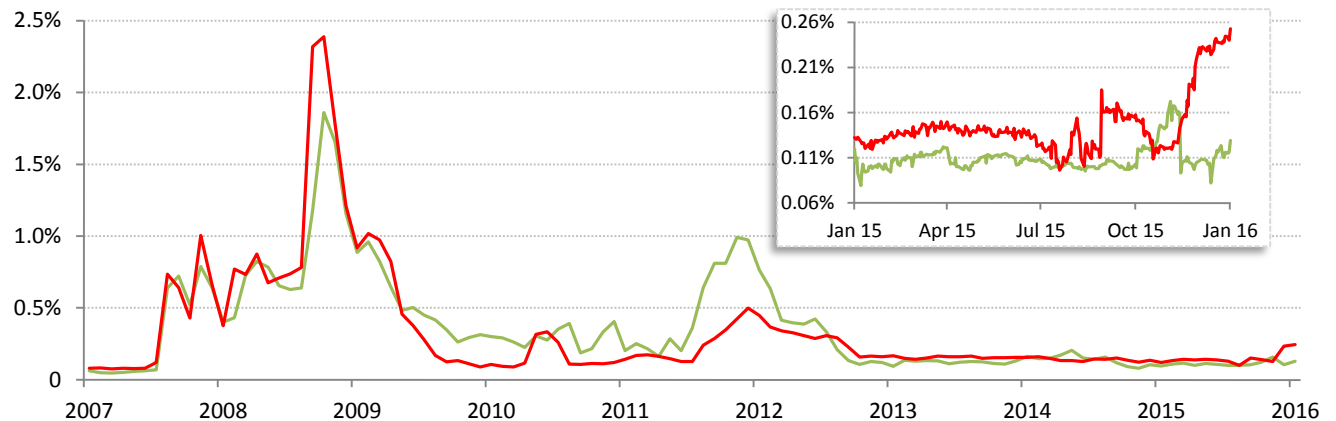**Weighted average maturity 8.02 years**

Banking system dependency: borrowing from the ECB (€ billions)

••• Total LTRO ■ Spain ■ Italy ■ Portugal ■ Ireland ■ Greece ■ France ■ Germany ■ Other

Source: ECB, National central banks, TrendMacro calculations

Bank stability: 90-day LIBOR/OIS spreads — USD — EUR

Source: Bloomberg, TrendMacro calculations

2

The credit drought: loans to non-financial businesses (YOY growth)

— Loans to 1 year — Loans 1-5 years — Loans 5 years plus ⋯ Total
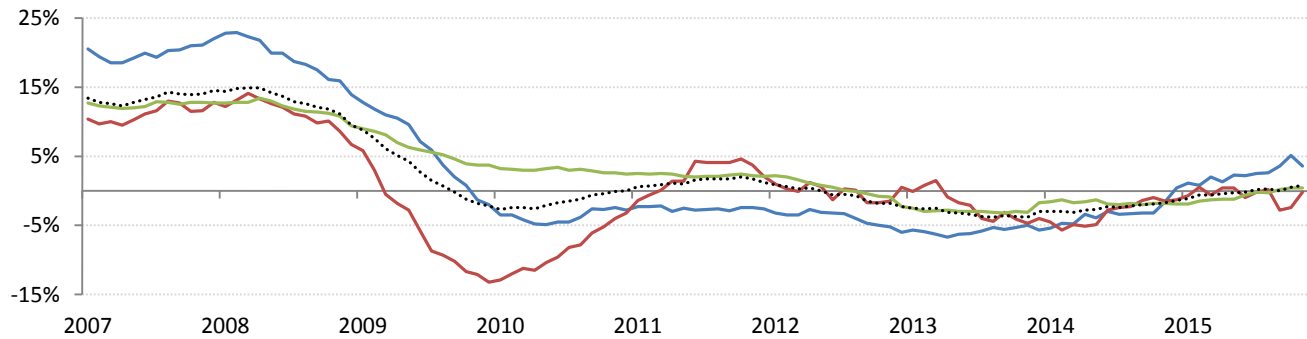
Source: ECB, TrendMacro calculations

Supply and demand for lending: ECB Bank Survey

Net number of banks reporting for: — Enterprises — Home mortgage — Consumer

Loan standards tightening

Loan demand increasing

Expected loan demand increasing

Source: ECB, TrendMacro calculations

Sovereign stress monitor: 10-year bond spreads · High · Low · Last

	2000 to present	Trailing 12m

Germany
Spread to US
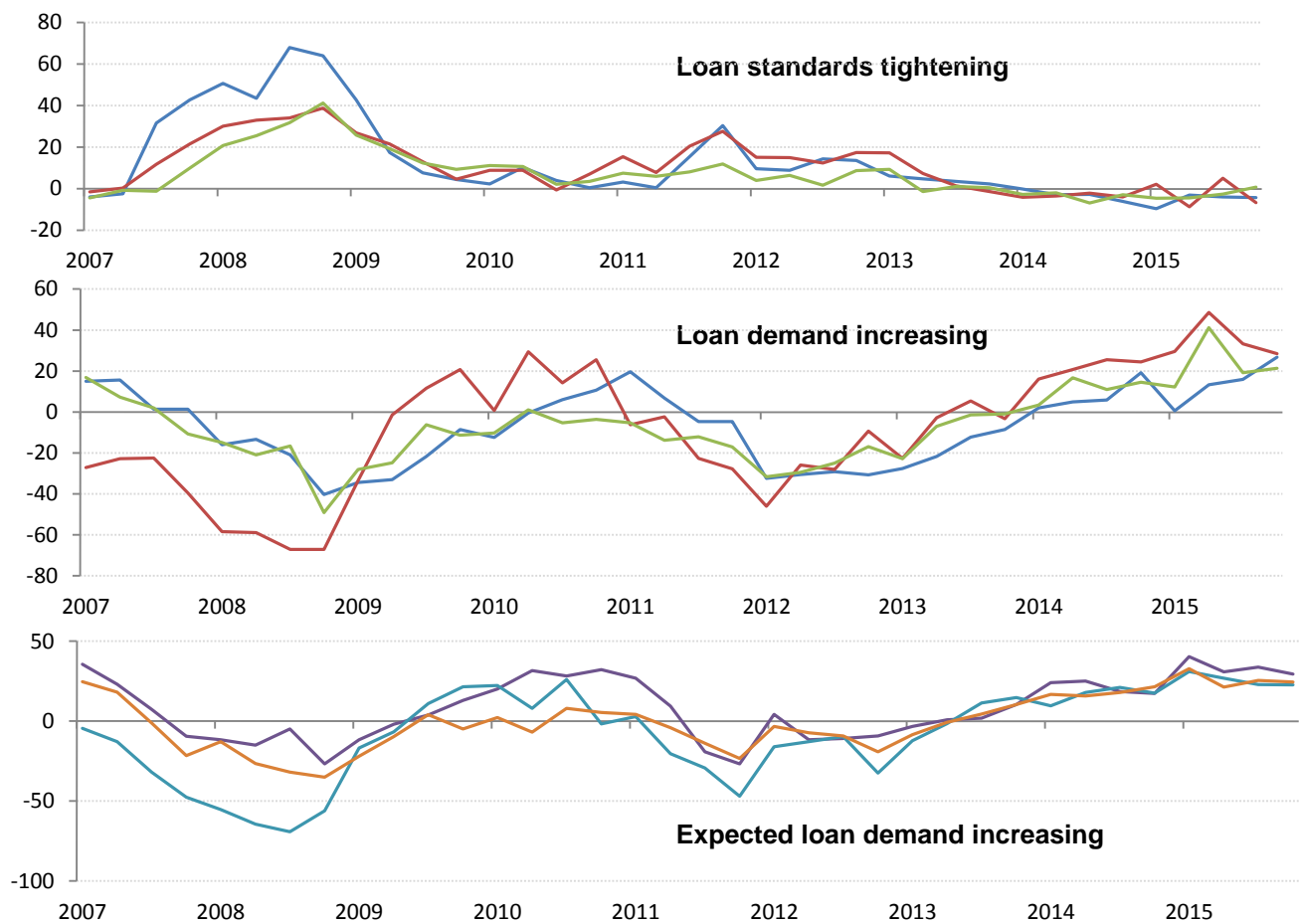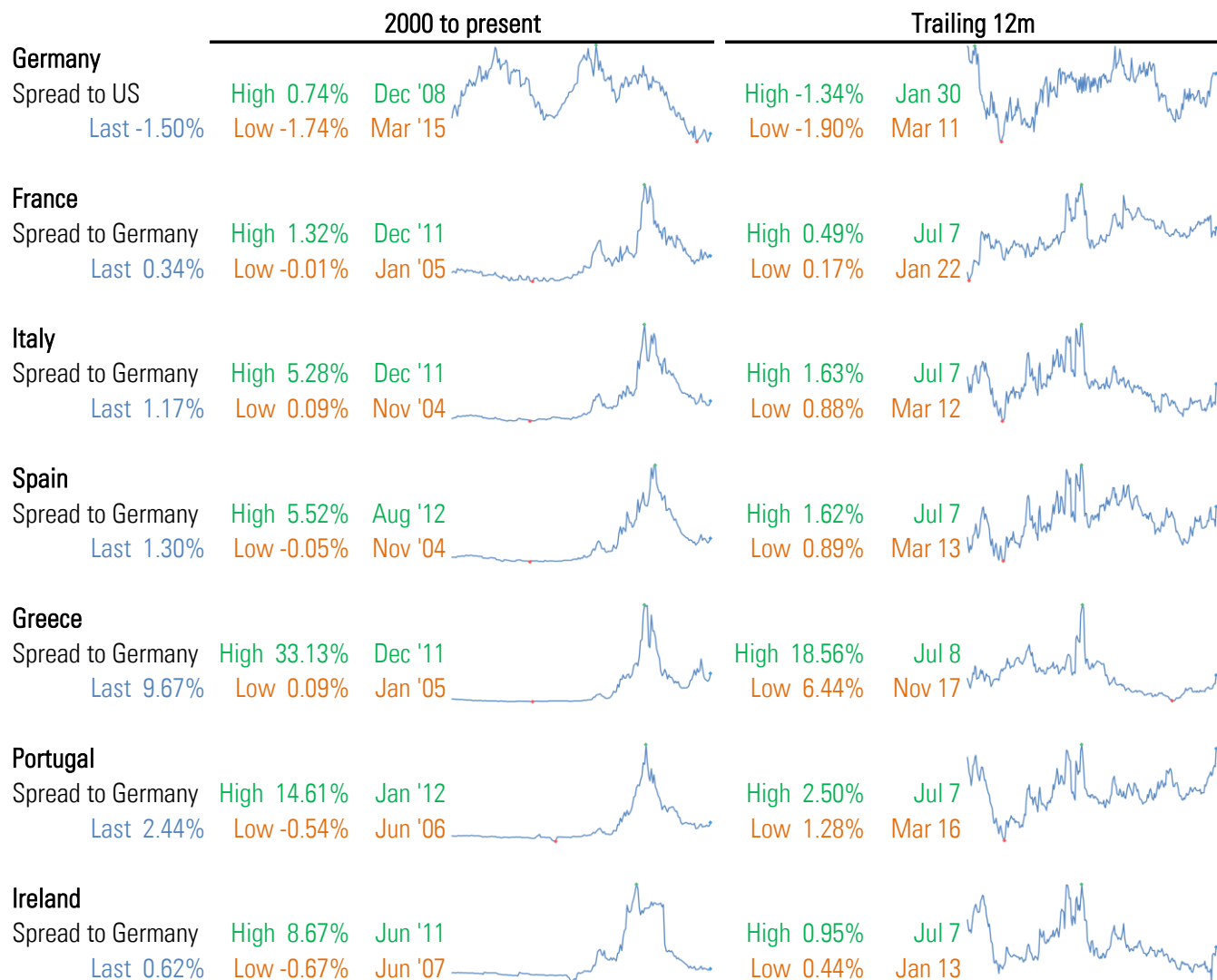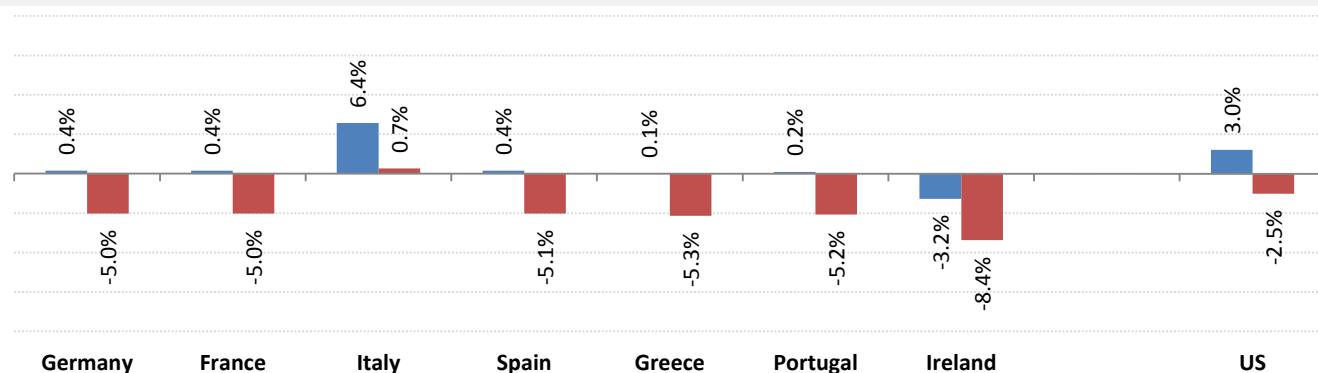High 0.74% Dec '08
Last -1.50% Low -1.74% Mar '15
High -1.34% Jan 30
Low -1.90% Mar 11

France
Spread to Germany
High 1.32% Dec '11
Last 0.34% Low -0.01% Jan '05
High 0.49% Jul 7
Low 0.17% Jan 22

Italy
Spread to Germany
High 5.28% Dec '11
Last 1.17% Low 0.09% Nov '04
High 1.63% Jul 7
Low 0.88% Mar 12

Spain
Spread to Germany
High 5.52% Aug '12
Last 1.30% Low -0.05% Nov '04
High 1.62% Jul 7
Low 0.89% Mar 13

Greece
Spread to Germany
High 33.13% Dec '11
Last 9.67% Low 0.09% Jan '05
High 18.56% Jul 8
Low 6.44% Nov 17

Portugal
Spread to Germany
High 14.61% Jan '12
Last 2.44% Low -0.54% Jun '06
High 2.50% Jul 7
Low 1.28% Mar 16

Ireland
Spread to Germany
High 8.67% Jun '11
Last 0.62% Low -0.67% Jun '07
High 0.95% Jul 7
Low 0.44% Jan 13

10-year sovereign bond total returns, trailing 12-months   ■ EUR   ■ USD

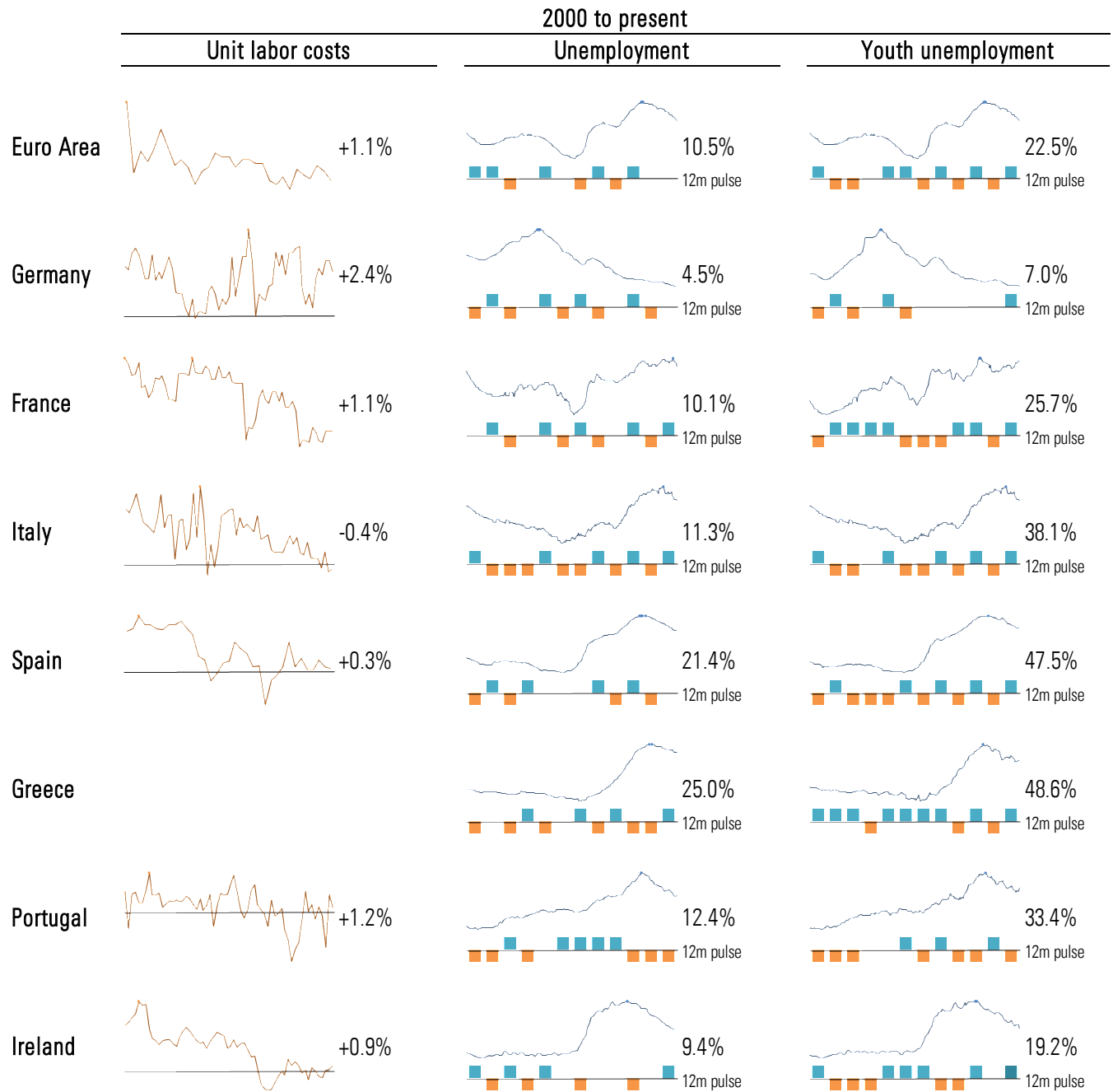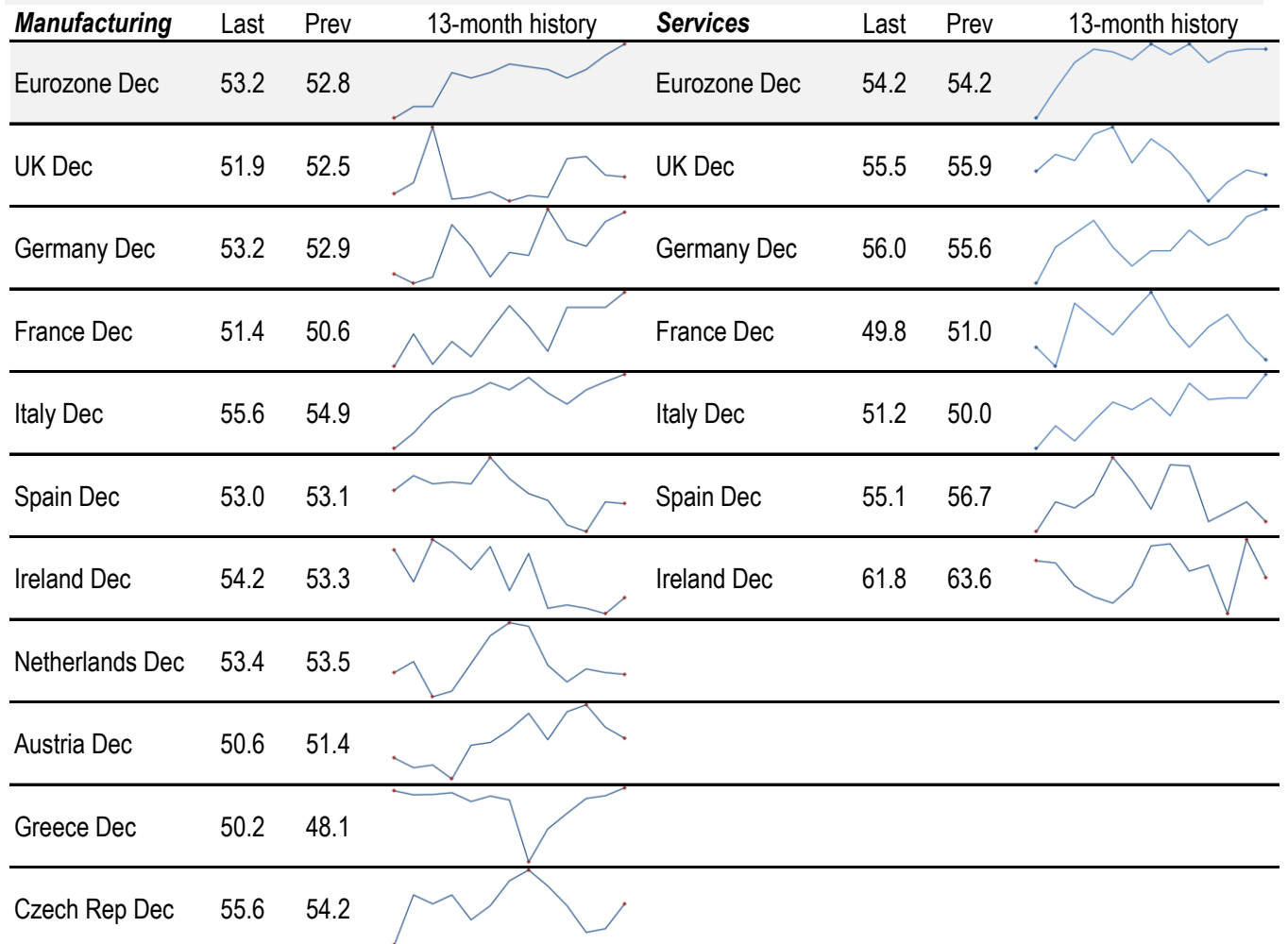|	Germany	France	Italy	Spain	Greece	Portugal	Ireland	US
EUR	0.4%	0.4%	6.4%	0.4%	0.1%	0.2%	-3.2%	3.0%
USD	-5.0%	-5.0%	0.7%	-5.1%	-5.3%	-5.2%	-8.4%	-2.5%

Source: Bloomberg, TrendMacro calculations

Labor market in intensive care

ULC: Nominal, quarterly YOY   UE: · High   12m pulse: monthly ■improvement or ■worsening in rate of change

2000 to present

	Unit labor costs	Unemployment	Youth unemployment
Euro Area	+1.1%	10.5%	22.5%
Germany	+2.4%	4.5%	7.0%
France	+1.1%	10.1%	25.7%
Italy	-0.4%	11.3%	38.1%
Spain	+0.3%	21.4%	47.5%
Greece		25.0%	48.6%
Portugal	+1.2%	12.4%	33.4%
Ireland	+0.9%	9.4%	19.2%

12m pulse

Purchasing Manager Indices

| Manufacturing	Last	Prev	13-month history	Services	Last	Prev	13-month history
Eurozone Dec	53.2	52.8		Eurozone Dec	54.2	54.2	
UK Dec	51.9	52.5		UK Dec	55.5	55.9	
Germany Dec	53.2	52.9		Germany Dec	56.0	55.6	
France Dec	51.4	50.6		France Dec	49.8	51.0	
Italy Dec	55.6	54.9		Italy Dec	51.2	50.0	
Spain Dec	53.0	53.1		Spain Dec	55.1	56.7	
Ireland Dec	54.2	53.3		Ireland Dec	61.8	63.6	
Netherlands Dec	53.4	53.5					
Austria Dec	50.6	51.4					
Greece Dec	50.2	48.1					
Czech Rep Dec	55.6	54.2					

Source: Markit, TrendMacro calculations

Regional currency flight — Euro vs Swiss franc ···· Swiss National Bank floor ■ SNB FX reserves

Source: Bloomberg, TrendMacro calculations
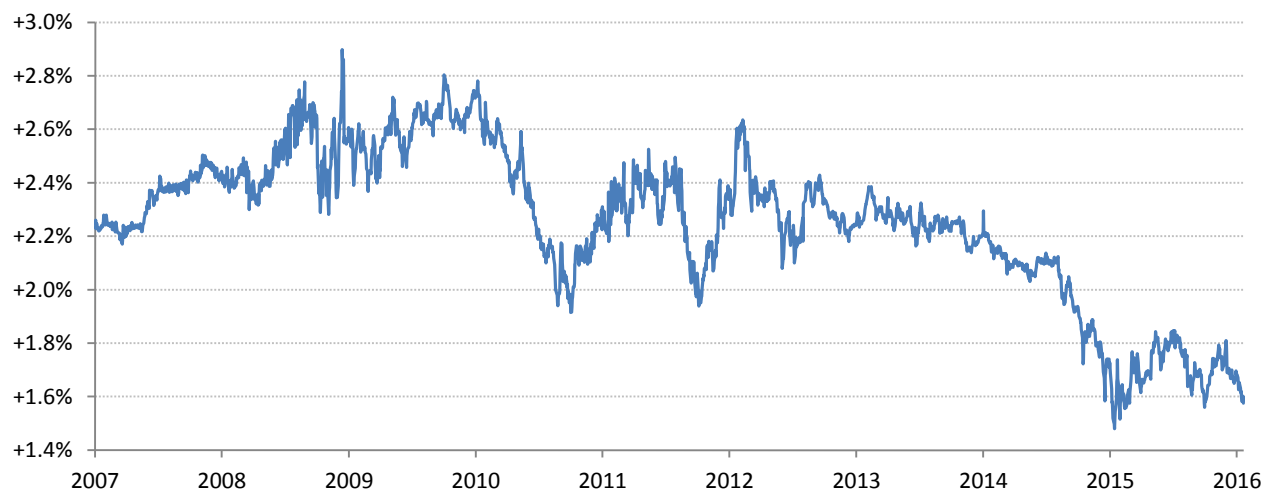
Euro area consumer inflation, year on year

Country: ■ Headline ■ Ex-food and energy ■ Ex-energy Euro area: ━ Headline ━ Energy ━ Ex-energy
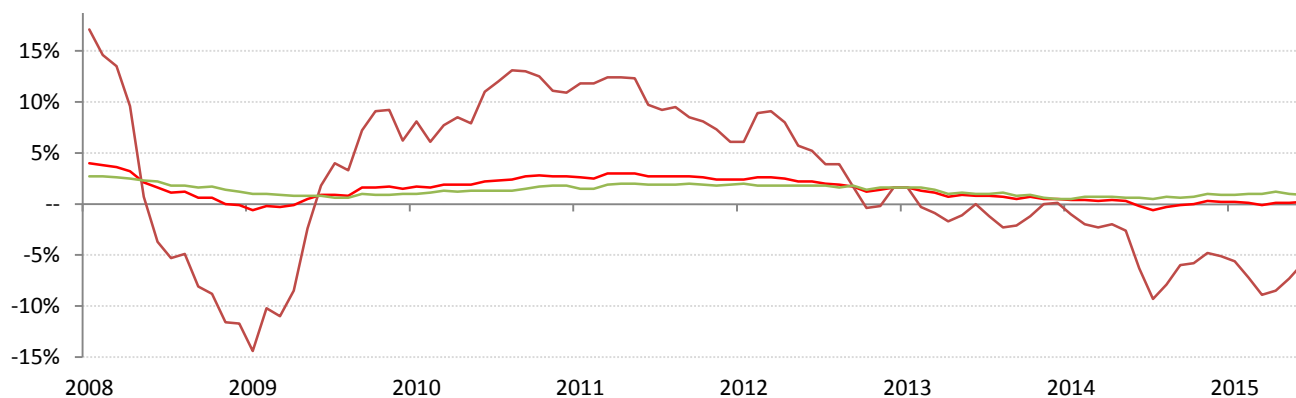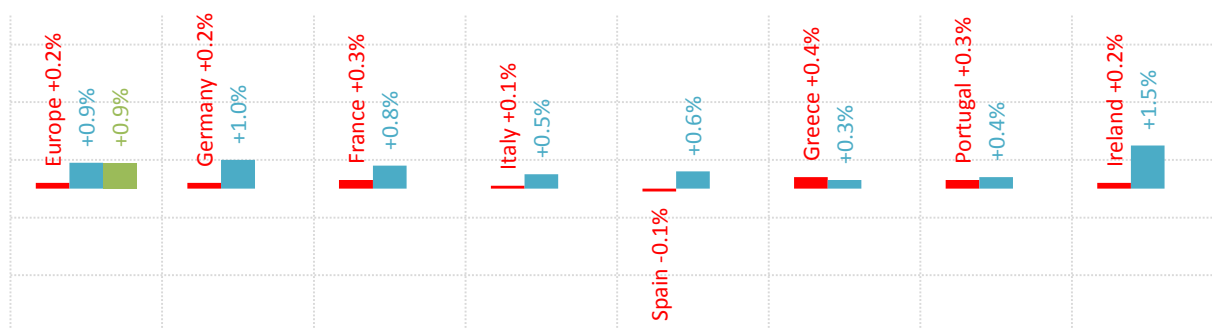
Source: Eurosat, TrendMacro calculations

Draghi's dashboard: swap-implied inflation expectations

━ 5-year inflation-swap rate, 5 years forward

Source: Bloomberg, TrendMacro calculations

7