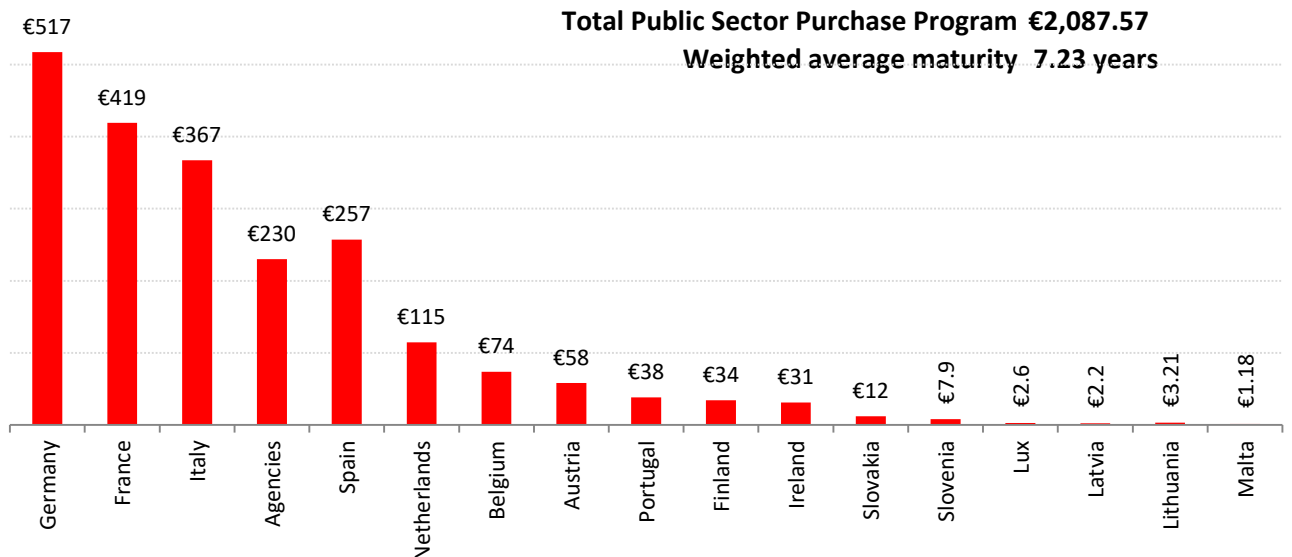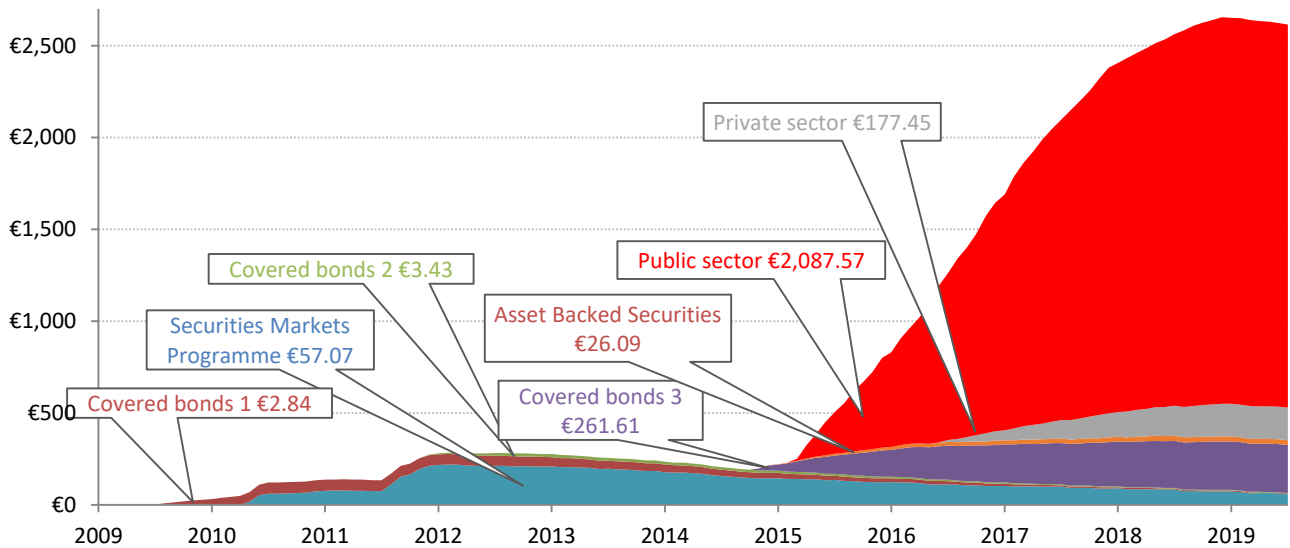# Data Insights: Euro Area Recovery Monitor

Thursday, July 25, 2019
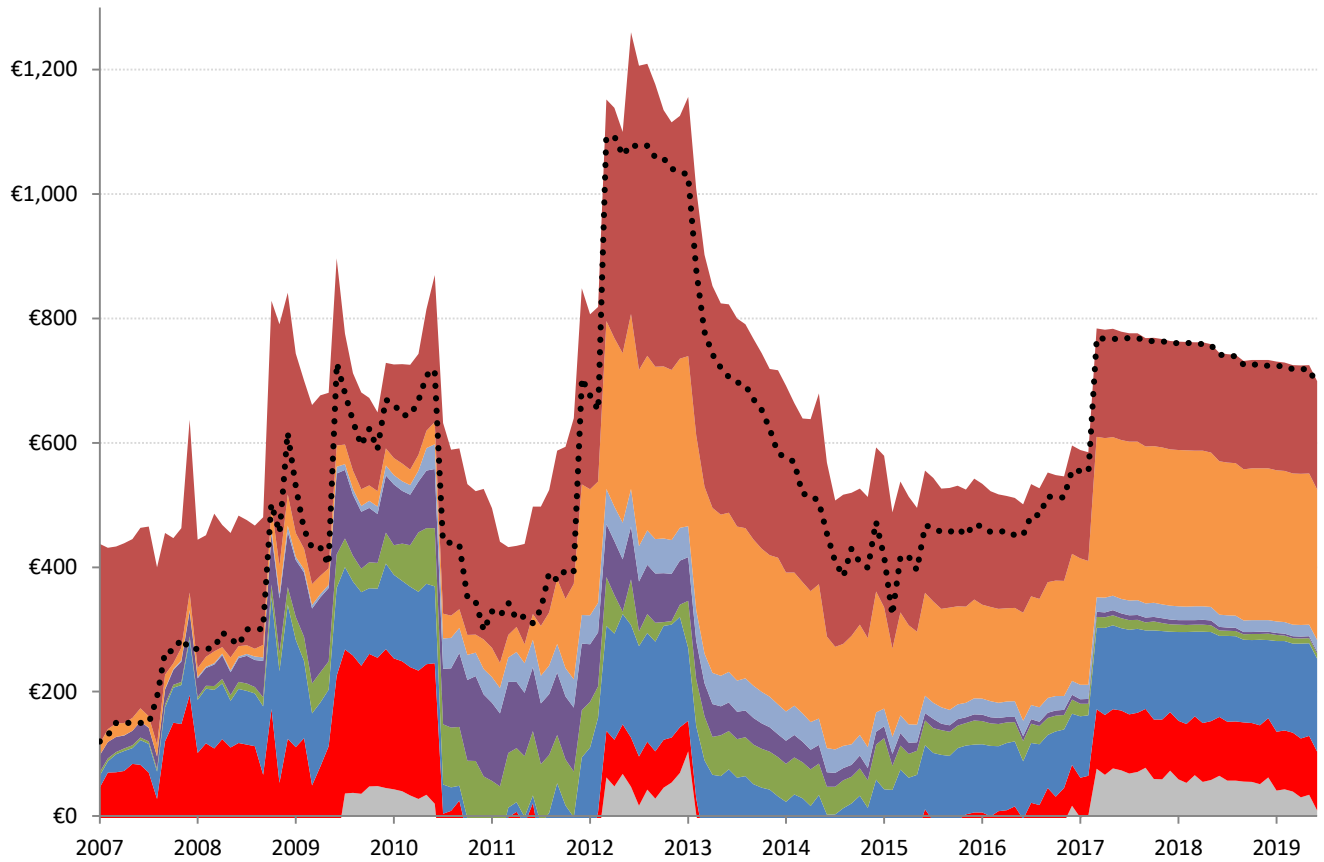
Euro-QE at the end of the road – for now   (€ billions)

Private sector €177.45

Covered bonds 2 €3.43

Securities Markets Programme €57.07

Covered bonds 1 €2.84

Asset Backed Securities €26.09

Public sector €2,087.57

Covered bonds 3 €261.61

Total Public Sector Purchase Program €2,087.57
Weighted average maturity 7.23 years

€517 Germany
€419 France
€367 Italy
€230 Agencies
€257 Spain
€115 Netherlands
€74 Belgium
€58 Austria
€38 Portugal
€34 Finland
€31 Ireland
€12 Slovakia
€7.9 Slovenia
€2.6 Lux
€2.2 Latvia
€3.21 Lithuania
€1.18 Malta
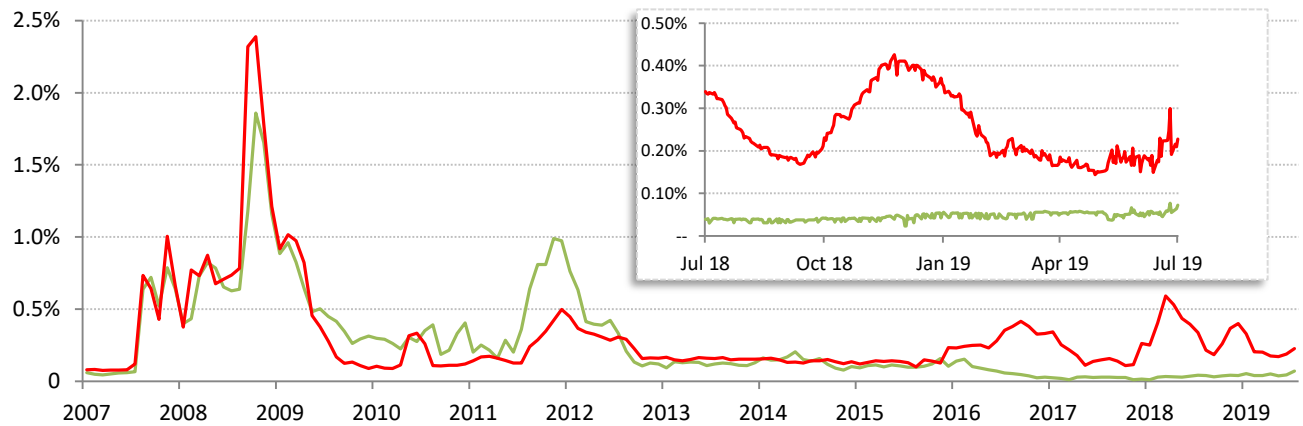
Source: ECB, TrendMacro calculations

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

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

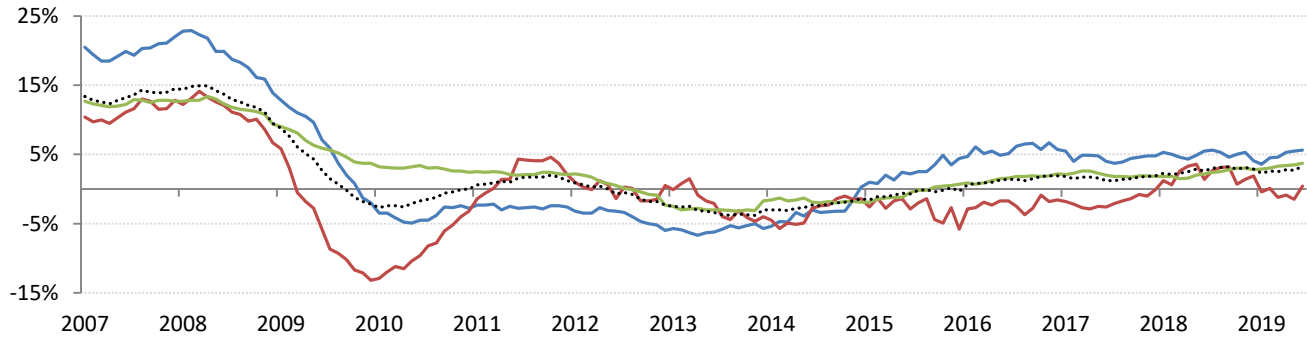Source: ECB, National central banks, TrendMacro calculations

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

Source: Bloomberg, TrendMacro calculations

The credit drought: loans to non-financial businesses (YOY growth)
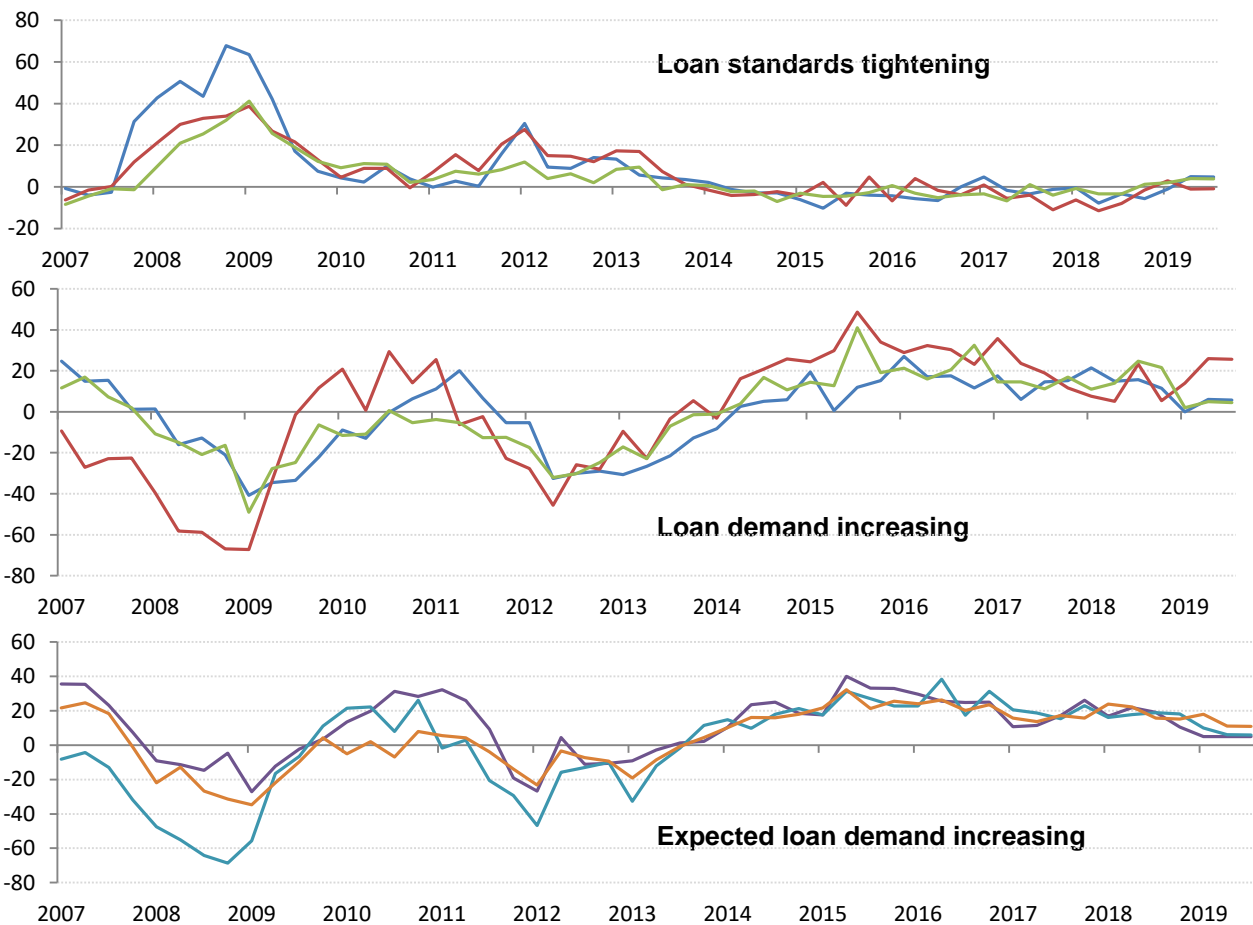
— Loans to 1 year   — Loans 1-5 years   — Loans 5 years plus   ··· Total

Source: ECB, TrendMacro calculations

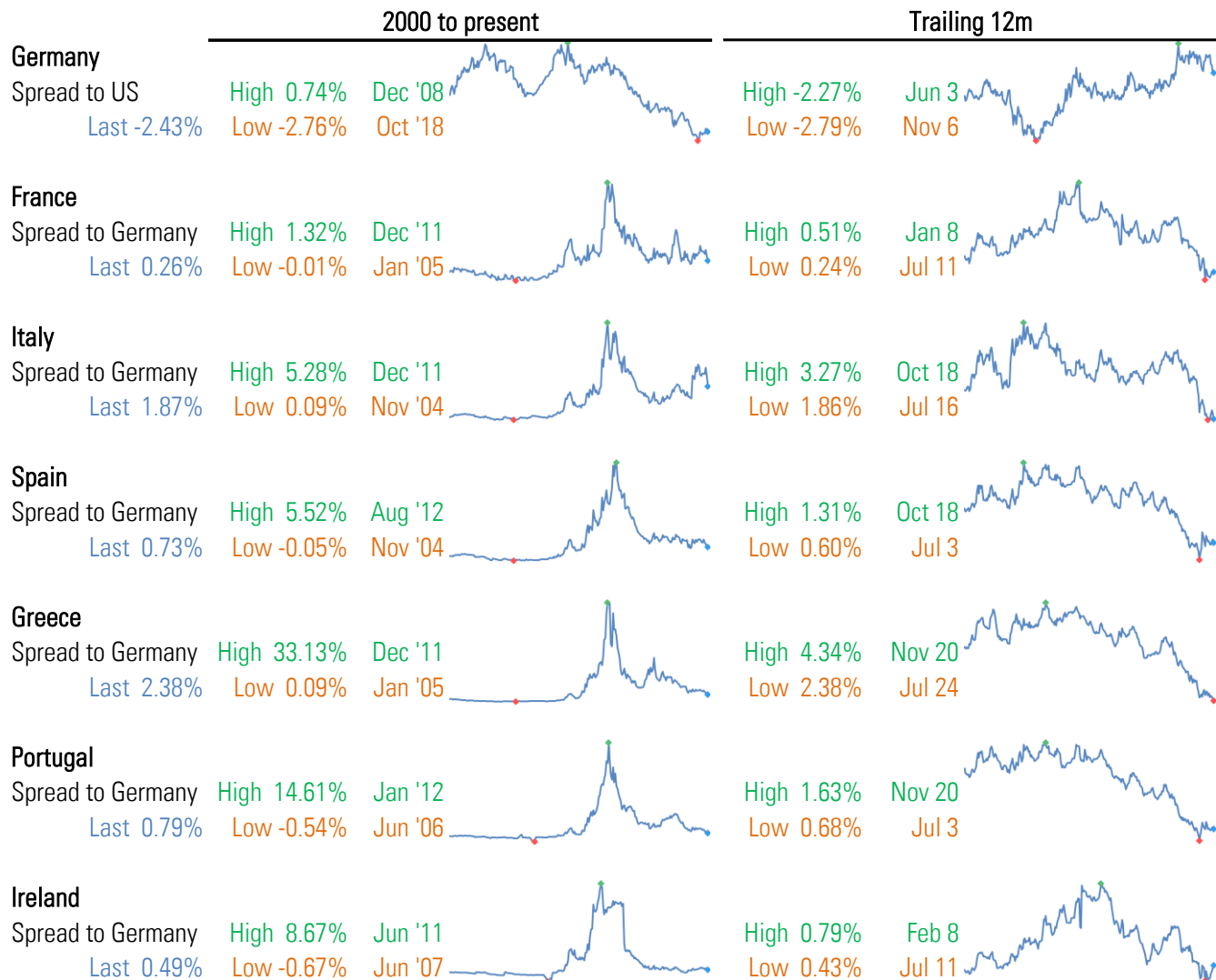## Supply and demand for lending: ECB Bank Survey

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

Loan standards tightening

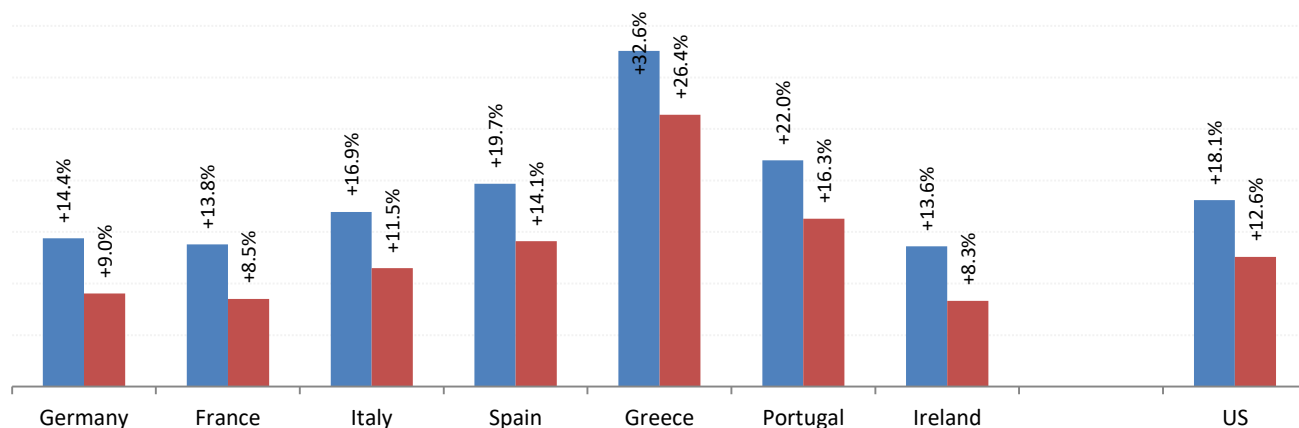Loan demand increasing

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   High -2.27%   Jun 3
Last -2.43%   Low -2.76%   Oct '18   Low -2.79%   Nov 6

France
Spread to Germany   High 1.32%   Dec '11   High 0.51%   Jan 8
Last 0.26%   Low -0.01%   Jan '05   Low 0.24%   Jul 11

Italy
Spread to Germany   High 5.28%   Dec '11   High 3.27%   Oct 18
Last 1.87%   Low 0.09%   Nov '04   Low 1.86%   Jul 16

Spain
Spread to Germany   High 5.52%   Aug '12   High 1.31%   Oct 18
Last 0.73%   Low -0.05%   Nov '04   Low 0.60%   Jul 3

Greece
Spread to Germany   High 33.13%   Dec '11   High 4.34%   Nov 20
Last 2.38%   Low 0.09%   Jan '05   Low 2.38%   Jul 24

Portugal
Spread to Germany   High 14.61%   Jan '12   High 1.63%   Nov 20
Last 0.79%   Low -0.54%   Jun '06   Low 0.68%   Jul 3

Ireland
Spread to Germany   High 8.67%   Jun '11   High 0.79%   Feb 8
Last 0.49%   Low -0.67%   Jun '07   Low 0.43%   Jul 11

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

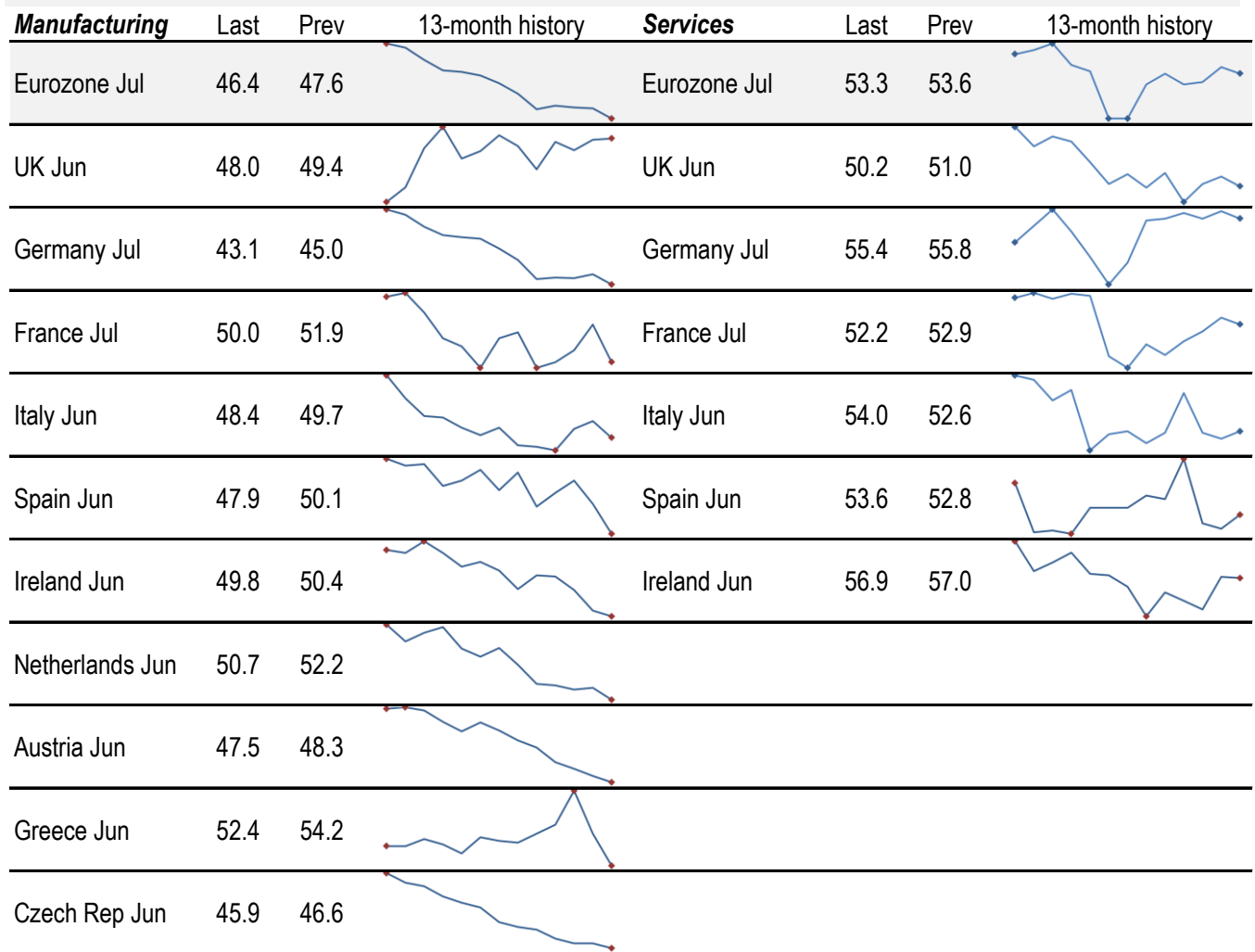| Country	EUR	USD
Germany	+14.4%	+9.0%
France	+13.8%	+8.5%
Italy	+16.9%	+11.5%
Spain	+19.7%	+14.1%
Greece	+32.6%	+26.4%
Portugal	+22.0%	+16.3%
Ireland	+13.6%	+8.3%
US	+18.1%	+12.6%

Labor market in intensive care

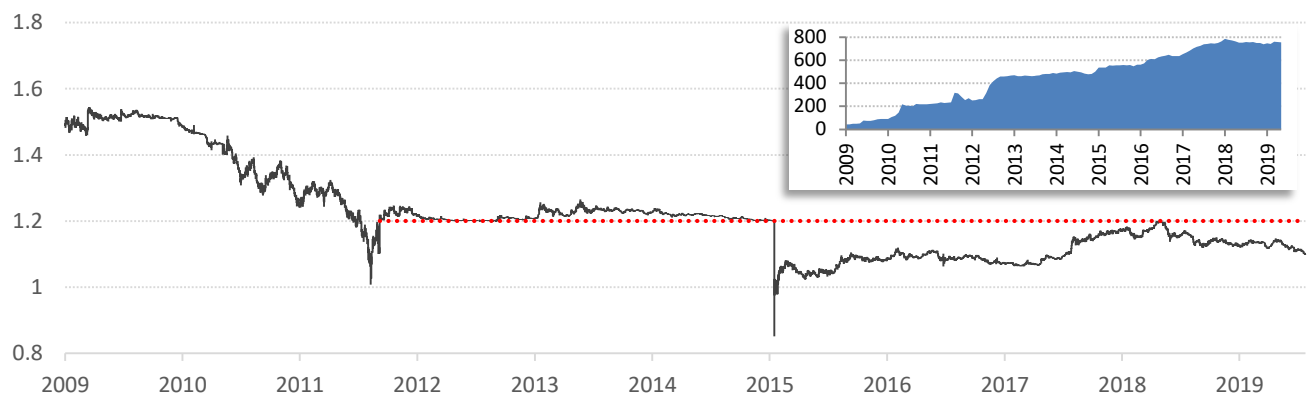ULC: Nominal, quarterly YOY   UE: · High   12m pulse: monthly ■improvement or ■worsening in rate of change

2000 to present

	Unit labor costs	Unemployment	Youth unemployment
Euro Area	+2.4%	7.5%	15.7%
Germany	+2.5%	3.1%	5.1%
France	+2.7%	8.6%	20.2%
Italy	+2.6%	9.9%	30.5%
Spain	+2.5%	13.6%	31.7%
Greece		17.6%	39.6%
Portugal	+1.0%	6.6%	18.7%
Ireland	+2.0%	4.5%	10.1%

Source: Eurostat, TrendMacro calculations

Purchasing Manager Indices

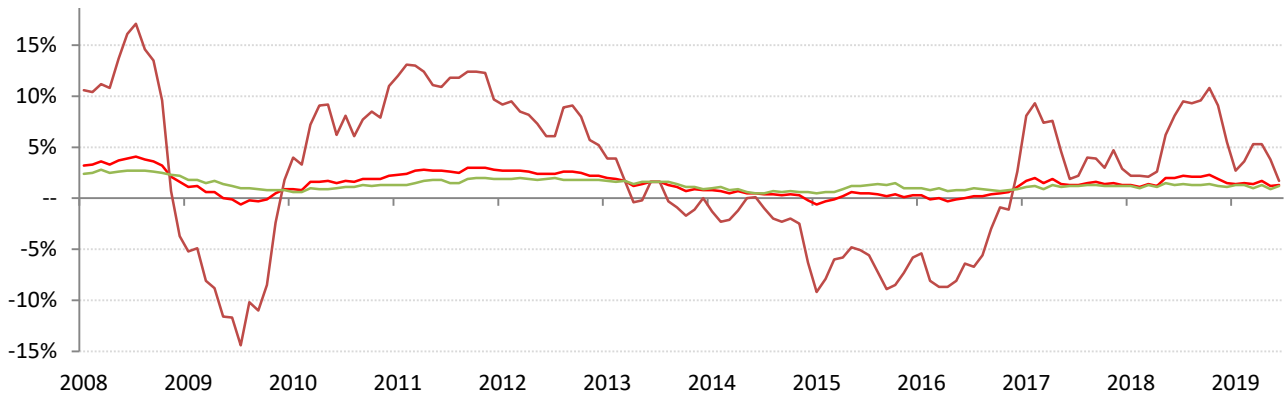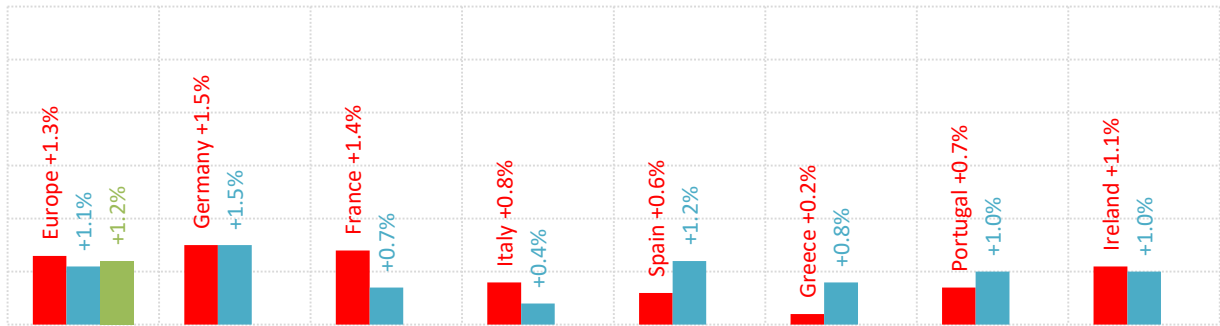| Manufacturing	Last	Prev	13-month history	Services	Last	Prev	13-month history
Eurozone Jul	46.4	47.6		Eurozone Jul	53.3	53.6	
UK Jun	48.0	49.4		UK Jun	50.2	51.0	
Germany Jul	43.1	45.0		Germany Jul	55.4	55.8	
France Jul	50.0	51.9		France Jul	52.2	52.9	
Italy Jun	48.4	49.7		Italy Jun	54.0	52.6	
Spain Jun	47.9	50.1		Spain Jun	53.6	52.8	
Ireland Jun	49.8	50.4		Ireland Jun	56.9	57.0	
Netherlands Jun	50.7	52.2					
Austria Jun	47.5	48.3					
Greece Jun	52.4	54.2					
Czech Rep Jun	45.9	46.6					

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: Eurostat, TrendMacro calculations

Draghi's dashboard: swap-implied inflation expectations since "Whatever it takes"

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

Source: Bloomberg, TrendMacro calculations