ECONOMIC RESEARCH

Working Paper 213

March 21, 2018

MACROECONOMICS | FINANCIAL MARKETS | ECONOMIC POLICY | SECTORS

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Euro Monitor 2017

The Eurozone is becoming more stable

Allianz

Working Paper

No. 213

Euro Monitor 2017

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1. INTRODUCTION: THE EUROZONE IS BECOMING MORE STABLE

The Eurozone currently finds itself in an economic sweetspot. GDP growth has registered above the potential rate since 2014 – at 2.5% last year, it reached the highest rate since the beginning of the global financial crisis. An end to the upturn is not in sight; indeed, the boom phase has only just begun. EMU sentiment indicators support this view. They stand at a level notably above the long-term average and, in some cases, recently even reached a new all-time high. This solid economic performance has been a key driver in steadily reducing the burdens of the past crisis in recent years. Unemployment has dropped sharply, the current account can now boast a robust surplus and the positive trend in public finances means that in 2018, for the first time ever, government deficits are likely to register below the 3% mark in all EMU countries.

This positive economic development is reflected in the result of this year's Euro Monitor, in which we assess the stability or health of the Eurozone economies each year on the basis of twenty indicators in four areas (fiscal sustainability, competitiveness, employment & productivity, private & foreign debt). At 6.8 points, the overall indicator for the euro area occupies the solid middle of the scale from one to ten. This is the highest value since 2001 and for the first time in more than 10 years above the pre-crisis level.

The strong improvement in the overall indicator since 2012 shows how macroeconomic imbalances have been reduced. In addition to the improving economic backdrop, this was mainly due to a consolidation of public finances, social security reforms, a moderation in private debt in some countries and a decline in foreign debt. Internal adjustment mechanisms were strengthened by structural reforms of the labour and product markets, which resulted in increased wage and price flexibility. These developments have also benefited convergence in key macroeconomic parameters - the most important prerequisite for a stable currency area. Our studies based on Euro Monitor data support this thesis. After the severe setbacks during the crisis years, the economic convergence of EMU members has clearly picked up again. Even if the development at indicator level was not uniform, the economic divergence between the economies today is, according to our calculations, lower than before the crisis. There are clear signs that the euro area is now more crisis-resistant and stable than in 2007, and the thesis of many critics that the necessary adjustment processes in the euro area cannot take place due to political or social constraints can be refuted. The crisis of the years around 2012 was not due to monetary union itself, but due to a misguided policy mix in some countries, which resulted in excessive debt, foreign trade deficits and a loss of competitiveness. The problem was not the currency, but economic and fiscal policy.

But of course, in view of the remaining imbalances, such as the high public debt burden and elevated unemployment rates in many EMU member countries, the clean-up process is not yet complete. In this context, it is problematic that the results of the Euro Monitor suggest that reform momentum is waning: subdividing the indicator set into longer-term level parameters on the one hand and, on the other, indicators that reflect shorter term progress or steps backward on te path to more economic stability (see box below) reveals that in 2017 the improvement in the overall indicator was solely driven by the level indicator while the progress indicator stagnated. A diminished crisis mood and the ultra-expansionary monetary policy of the ECB in addition to the bright economic outlook have led many countries to relax their reform ambitions, despite the fact that the current macro backdrop offers an opportune moment to redouble reform efforts. Not only can the economic costs associated with structural reforms be minimised in a

positive economic environment, implementation can also prolong the current economic upswing or even give a new boost thanks to the expected positive effect on economic sentiment.

The next downturn is sure to come. How should the Eurozone prepare for it? What is the best way to use the time until the economic upswing runs out of steam? On the one hand, it is essential, especially now, to follow up on the reform successes of recent years. For the former crisis countries, this means further reducing the burden of the crisis and continuing their already successful economic recovery. By contrast, the EMU core countries, on the other hand, should take advantage of the current economic tailwind and make up for the lack of reforms in recent years. This concerns mainly France, Italy and Belgium, which take bottom spots in our ranking, but also Germany and Luxembourg. The latter two countries, which have recently stood out more for their policy inaction rather than reform ambition, cannot afford to rest on their laurels. In addition, support for national reform efforts requires measures at EMU level aimed at promoting convergence in the monetary area, such as better coordination of economic policies and (financial) incentives for the implementation of structural reforms. After all, more market-based convergence can partially compensate for a lack of institutional deepening of the euro zone, which is progressing only slowly.

Box: What contributes to economic stability?

Economic stability in the individual member states is essential to safeguard prosperity and underpin the credibility of the single currency. A host of factors play a role when determining whether an economy is stable. As a macroeconomic monitoring system, the Euro Monitor aims to expose existing and emerging imbalances in order to flag up the economic aberrations of the kind that led to the sovereign debt crisis in the euro area in a timely fashion. The criteria must by definition rely heavily on macroeconomic data which financial markets consider to be material. We have developed what we believe to be a balanced measurement concept for economic stability in four key categories:

- Fiscal sustainability
- International competitiveness
- Employment and productivity
- Private and foreign debt

The past few years have shown that most of the structural weaknesses that many EMU countries are grappling with can only be resolved over a long period of time. The most important thing, however, is that reforms and consolidation efforts are made to get things moving in the right direction and that progress is made in reducing imbalances. Financial markets often attach more importance to the rate of change than to the level of a parameter.

In each category, we make a distinction between indicators that show longer-term strengths and weaknesses and indicators that measure the progress made in reducing weaknesses/developing strengths. The first category tends to consist of parameters or ratios. The progress made in reducing imbalances tends to be expressed in the form of flow variables or changes in parameters and ratios. We then combine these two groups of indicators to form one sub-indicator for existing strengths and weaknesses (level indicator) and one sub-indicator that shows the progress made in reducing weaknesses (progress indicator). Both sub-indicators contain ten individual indicators each.

Fiscal sustainability

The first economic stability category looks at "fiscal sustainability" based on four indicators: the government debt level and interest payments, both expressed in relation to gross domestic product, indicate the solidity of state finances, although long-term changes only tend to occur after a number of years. High debt levels do not necessarily translate into a considerable interest burden for a country's budget if investors are prepared to lend the government money at a low interest rate, as in the case of Japan, for example. Unlike with the debt level, new government borrowing is an area in which fairly rapid improvements can be made. We have used net lending/borrowing as a fiscal indicator because, as a Maastricht criterion, it is one of the indicators that the financial markets keep a close eye on. We have also looked at structural net lending/borrowing and, if the overall balance is negative, at the rate of change in each case, because this parameter is deemed to be a better gauge of consolidation progress than the unadjusted balance.

International competitiveness

Competitiveness is a complex phenomenon and can be measured based on a whole range of different parameters. In this category, we have used three indicators that look at longer-term developments, and two focusing on shorter-term trends:

Divergent wage trends are likely to be one of the main causes behind competitive differences and external imbalances within the euro area. Consequently, we have used nominal labor costs per unit of production as an indicator for assessing price competitiveness taking into consideration, on the one hand, the annual change in unit labor costs but also, on the other, the longer-term trend, i.e. the extent to which structural imbalances have emerged. This shows the cumulative deviation of unit labor costs from what we deem to be a stable development level, i.e. an annual increase of 1.5%[1] since 2000.

But a lack of competitiveness is not only caused by cost disadvantages. The root can also lie in a lack of product innovation or a less attractive product range. Within this context, the development of a country's global trade share is a key sub-indicator, because this parameter also reflects changes in the quality and structure of the goods offered by a country on the global markets. The change in the share of global trade is compared with the year 2000. As with unit labor costs, however, we also take a look at the change compared to the previous year.

After all, a country could lack a sufficient export base to cover its imports. This is why we have used the ratio of exports to GDP as a further indicator, although our rating scale differentiates between small and large economies. In large economies, the domestic sector tends to be bigger in relation to foreign trade than in small economies.

[1] Labor costs are a major determinant of domestic inflation. The target path of a 1.5% increase in labor costs per year is more or less consistent with the ECB's price stability norm (close to but below 2%) if we include other costs, such as higher indirect taxes and phases of rising commodity prices, which result in further inflation pressures per se.

Jobs and productivity

The third category looks at "imbalances" on the labor market and the efficiency of a country's economic output: financial markets generally consider countries boasting higher economic growth to be better equipped to tackle debt problems. A country's economic performance is tied to its growth in employment and labor productivity.

A high employment rate and low unemployment rate point towards a balanced labor market development and are also a prerequisite for the good utilization of macroeconomic production capacities. Major imbalances on the labor market, however, are virtually impossible to resolve in the short term. In order to record the progress made nonetheless, we have also looked at the changes in the unemployment rate and the number of people in work in a year-on-year comparison. We have measured productivity based on the change in productivity per person in work on a year earlier. Along with the change in the number of people in work and productivity per person in work, GDP growth is implicitly included in this category.

Private and foreign debt

For an economy to be stable, moderate government debt is not the only prerequisite; it is also extremely important for economies to keep a tight rein on private and foreign debt. The property bubble that emerged in a number of countries triggered a dramatic rise in the demand for loans and a marked increase in household debt. Consequently, the Monitor looks at the level of the private debt ratio and its trend – measured in terms of the changes over the past three years. Similarly, it also includes both the level and the changes in the debt ratio of non-financial corporations.

As far as foreign debt is concerned, we have used the current account balance and the "net international investment position", which is based on a concept developed by the IMF and serves as a sort of "external solvency ratio" that is expanded to include capital market positions.[2]

Economies that have been reporting considerable current account deficits for many years generally need a long time to return to a more sustainable foreign asset position.

[2] According to the IMF, the net international investment position refers to the stock of external assets minus the stock of external liabilities. The data includes direct investment, securities investments, financial derivatives and other investments, as well as currency reserves. The indicator is expressed as a percentage of GDP.

20 indicators to evaluate economic fundamentals and the four key categories of economic stability

C1 Fiscal sustainability

- (1A) Gross government debt as % of GDP
- (1B) General government interest payments as % of GDP
- (1C) General government deficit/surplus as % of GDP
- (1D) Change in the structural balance of general government as % of potential GDP

C2 Competitiveness

- (2A) Exports in relation to GDP
- (2B) Unit labor costs, deviation from the target path of 1.5% rise per year in index points
- (2C) Global merchandise trade shares, exports, deviation from base year 2000 in %
- (2D) Annual change in nominal unit labor costs in %
- (2E) Growth in export of goods (real) - growth in world trade volumes (real) in %-points

C3 Jobs & productivity (Labor market und growth)

- (3A) Unemployment rate in %
- (3B) Employment rate in %
- (3C) Annual change in the unemployment rate in %-points
- (3D) Annual change in employment in %
- (3E) Annual change in (real) labor productivity in %

C4 Private & foreign debt

- (4A) Debt-to-GDP ratio of households
- (4B) Debt-to-GDP ratio of non-financial corporations
- (4C) Net international investment position as % of GDP
- (4D) Debt-to-GDP ratio of households, change over three years in %-points
- (4E) Debt-to-GDP ratio of non-financial corporations, change over three years in %-points
- (4F) Current account balance as % of GDP

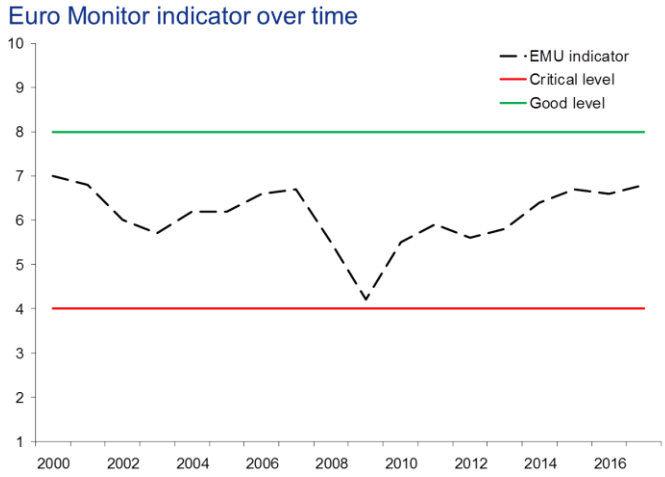
In order to enable an assessment of the 20 indicators and to tally the individual results up to produce the overall indicator, the values for each indicator are expressed on a scale from 1 (very poor) to 10 (very good). We have defined three rating classes: values 1-4 signal poor performance and an alert threshold, 5-7 indicate middling performance and 8-10 good performance.[3] If, say, a member state has a government debt level of more than 60% of GDP, it is assigned a poor to moderate indicator rating of between 1 and 7 depending on the actual debt level. If the debt ratio is lower than 60%, the country is assigned a good indicator rating.

Since the individual indicators are assigned an equal weighting in the overall rating score, the overall score for each country corresponds to the average rating of all 20 indicators, meaning that it is also expressed as a value from 1 to 10. The country rating is calculated as the average of the individual indicator ratings in the sub-indicator for existing strengths/weaknesses, in the progress indicator and in the four categories.

2. KEY FINDINGS OF THE 2017 ALLIANZ EURO MONITOR

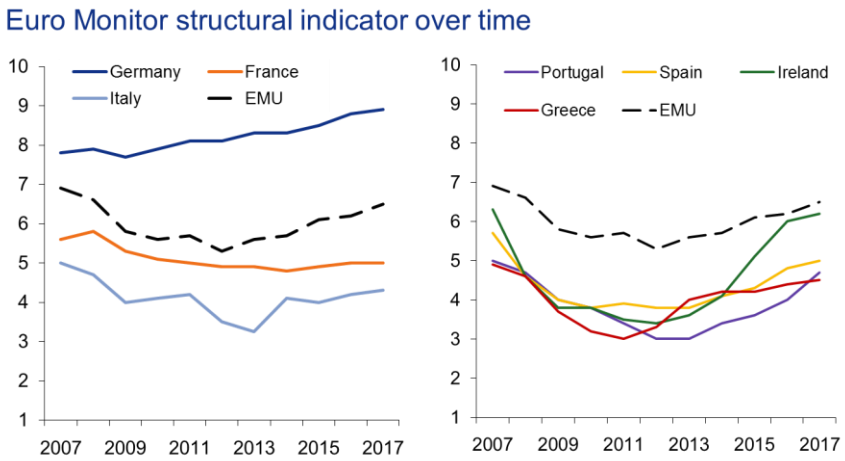
- **Overall Eurozone assessment reaches highest level since 2001:** Economic stability in the Eurozone has improved somewhat in 2017, more than making up for the small setback last year. After 6.6 points in the previous year, the average overall indicator for all EMU countries comes in at 6.8 points, which is the highest level seen since 2001.

[3] The rating spectrum for each indicator is set out in the appendix on pp. 27 et seq.



- **Performance has not been consistently positive:** Fifteen countries were able to improve on their rating in 2017 compared with 2016, with only four losing ground. In most countries, public-sector deficits and government debt ratios improved, as well as unemployment rates, employment growth and labor productivity. There were backward steps, however, in reducing structural budget deficits, export growth in relation to global trade dynamics and in reducing corporate debt, with the result that, on balance, only a moderate improvement remained.

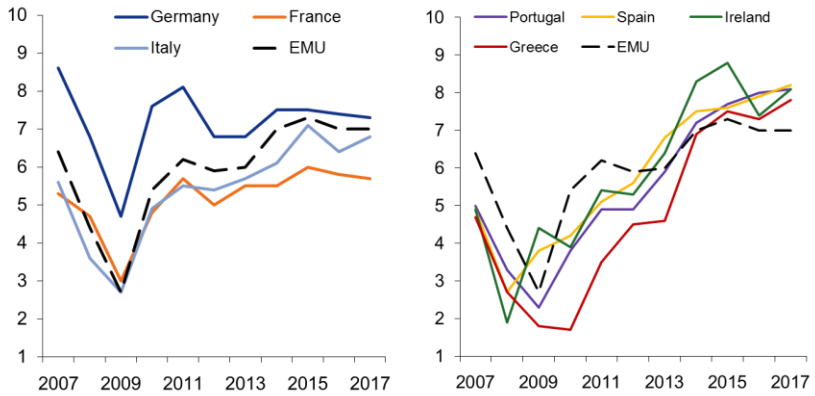
- **Improvement in the level indicator:** The increase in the overall assessment in 2017 was driven by the strong performance of the level indicator. Following quasi-stagnation in 2016, the indicator rose from 6.2 to 6.5 points in 2017 to reach the highest level since 2008. A particularly encouraging sign is the progress made in eliminating the biggest and most persistent weaknesses, namely government debt in relation to GDP and the unemployment rate. The fact that the level indicator is still below its pre-crisis score of 6.9 points shows that the legacies of the debt crisis have yet to be dealt with and the clean-up work started in the wake of the financial and economic crisis will not be completed for a long time yet.



- **Shorter-term trend is stagnating:** In contrast, the shorter-term progress made in reducing imbalances has not contributed to the improvement in the overall indicator in 2017. Although this sub-indicator is still sitting in favorable territory with 7.0 points for the Eurozone as a whole, the figure for 2015 was as high as 7.3

points. By way of comparison: in the crisis-ridden year of 2009, the sub-indicator was still clearly stuck in critical territory at only 2.7 points.

Euro Monitor progress indicator over time



- **Winners ...:** Germany remains in pole position within the euro area in terms of economic stability, with an overall score of 8.1 in 2017 – unchanged from the previous year. This is due, in particular, to the country's solid performance in the fiscal sustainability and private and foreign debt categories. The Netherlands is just behind Germany in second place with 8.0 points. These are the only two EMU countries that fall into the Euro Monitor's "good" category. In 2017, Slovenia successfully defended its third place with 7.7 points.

- **...and losers:** France takes bottom spot in our overall rankings this year with 5.4 points, just behind Italy with 5.6 points. This puts two EMU heavyweights behind Greece and Cyprus, which both share the third last place with Belgium. This poor placing is due to the fact that France and Italy have allowed the economic imbalances to grow again in recent years, especially in the category competitiveness, whereas Greece and Cyprus are at least moving in the right direction. Encouragement can, however, be taken from the fact that there are no longer any EMU countries with a critical rating overall.

Euro Monitor Rating 2017

Rank 2017	Country Code	EMU Member State	Rating 2017	Rank 2016	Rating 2016	Rank 2012	Rating 2012
1	DE	Germany	8.1	1	8.1	2	7.5
2	NL	Netherlands	8.0	2	7.6	8	6.4
3	SL	Slovenia	7.7	3	7.2	9	5.9
4	MT	Malta	7.5	4	7.1	10	5.6
5	AT	Austria	7.2	9	6.5	6	6.5
6	IE	Ireland	7.2	10	6.5	16	4.4
7	EE	Estonia	7.1	8	6.7	2	7.5
8	LT	Lithuania	7.0	7	7.0	1	7.8
9	LV	Latvia	6.9	6	7.0	4	6.9
10	SK	Slovakia	6.9	4	7.1	5	6.7
11	ES	Spain	6.6	12	6.4	14	4.7
12	LU	Luxembourg	6.5	10	6.5	7	6.4
13	FI	Finland	6.4	14	6.1	11	5.4
13	PT	Portugal	6.4	15	6.0	17	4.0
15	BE	Belgium	6.2	13	6.2	12	5.2
15	CY	Cyprus	6.2	17	5.4	19	3.7
15	GR	Greece	6.2	16	5.9	18	3.9
18	IT	Italy	5.6	19	5.3	15	4.5
19	FR	France	5.4	17	5.4	13	5.0
	EZ19	Eurozone	6.8		6.6		5.6

- **Shooting stars of the year:** Looking at ranking improvements alone, the countries that moved up the most were Austria and Ireland. Cyprus, on the other hand, made the biggest leap in terms of the overall score, which rose by 0.8 points to 6.2. As a result the former crisis country has climbed up two notches in our overall ranking to 15th place, having taken the bottom spot in 2014. Austria and Ireland also posted significant improvements of 0.7 points each. As far as the level indicator is concerned, Germany leads the field with 8.9 points. Slovenia (8.4 points) and Malta (8.3 points), on the other hand, top the progress indicator table.

- **Weaknesses…:** Despite a slight improvement, the individual indicator that gave the most cause for concern in 2017 was again the EMU unemployment rate (2017: 9.1%). The average EMU rating remains in the critical zone with four points, despite clear improvements in recent years. Only six countries – Germany, the Netherlands, Luxembourg, Malta, Estonia and Austria – fell into the "good" category.

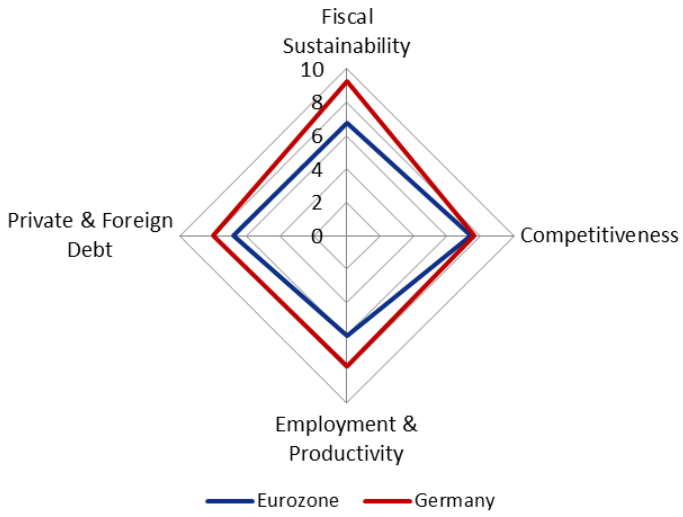
- **…and strengths:** Once again, the best results were achieved in the current account indicator (average EMU rating: 10 points). Long-term development in unit labor costs, the budget deficit and employment growth have also been positive on the whole.

- **Conclusion:** Overall, the Euro Monitor 2017 results are positive. After last year's setback, the Eurozone is once again moving in the right direction.Thanks to the reform and consolidation effort of recent years and the good economic outlook, the average Euro Monitor rating for the Eurozone has after one decade finally surpassed its pre-crisis level. Good progress has been made with regards to long-standing key weaknesses – in particular, the government debt ratio and unemployment. Overall reform momentum however has stalled since 2015. It is definitely too early for that. The clean-up work following the crisis has not yet been completed. It is precisely now that the reform efforts must be continued or made up for in order to provide tailwind to the Eurozone convergence process and in turn get the monetary union in shape for not so sunny economic days.

Eurozone country profiles

Germany: Positive overall picture, but more progress should be possible

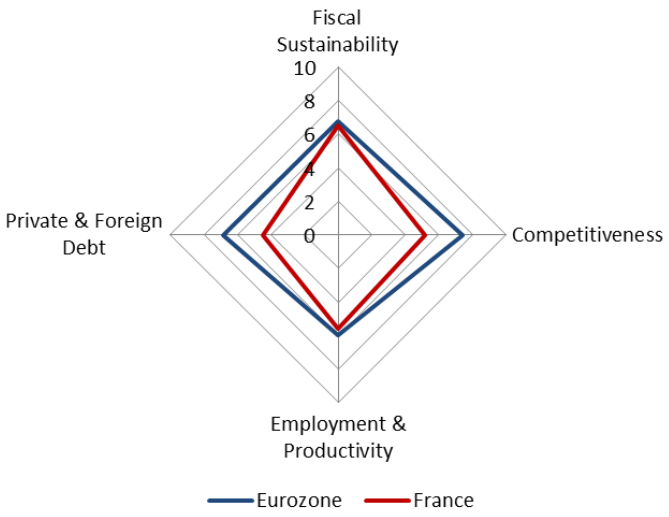
- Germany managed to defend its top spot in the overall Eurozone ranking with an unchanged score of 8.1 points compared to 2016. At 8.9 points, Germany fares exceptionally well in the level indicator thanks to the country's low debt ratios, low labor market imbalances and a stable international competitive position.



- Nevertheless, reform momentum in Germany is not all that great. This is shown by the progress indicator: its score for Germany declined slightly to 7.3 (2016: 7.4). This places Germany only at a mid-field ninth position within the Eurozone. Germany has not been in this modest position in the progress indicator since 2003 – a time when Germany was labeled the sick man of Europe.
- Weak labor productivity has been the Achilles' heel of the German economy for some years now. Once again, it increased by less than 1% in 2017, despite the very robust economic conditions.

France: Bottom place contrasts with current positive perception

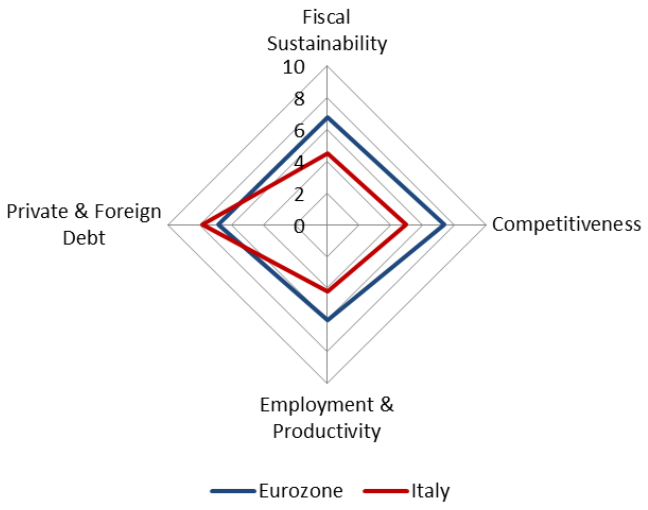
- France is treading water – with its overall score remaining unchanged against the previous year at 5.4, it is now the holder of the Eurozone's wooden spoon. Export performance remains a major weakness (once again an individual indicator score of 1 for France's share in global exports, a dteriation in the assessment of export growth relative to global trade down to 5 points). Corporate debt is also increasingly worrying. It stands at over 130% of GDP with a sustained upward trend, so that the French central bank has proposed the implementation of macro-prudential measures with a view of keeping a more stringent lid on loans to corporate customers.



- On the positive side, however, unit labor costs continue to perform quite well and in particular the situation on the French labor market is improving. Although the rating of 4 both for the unemployment and employment rate still leaves much to be desired, our indicators show that the change in the unemployment and employment rate is moving in the right direction. All in all, we believe that France is not only experiencing a "sentiment bubble" after Macron's election as president, but that there are real opportunities for the country to escape its bottom position.

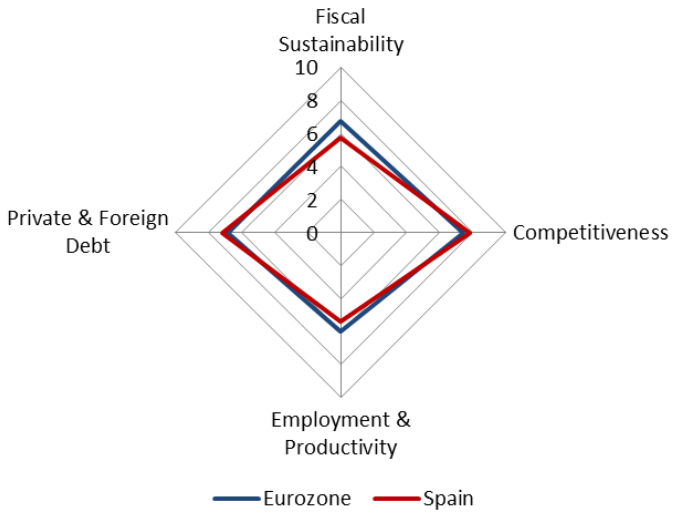
Italy: Too little progress

- Due to a slight improvement in its overall rating (+0.3 points), Italy has climbed up one rung in the Euro Monitor ranking and is now second from the bottom. With regard to the level indicator this EU heavyweight brings up the rear with 4.3 points, just above the critical mark. In the progress indicator, Italy does a little better occupying the 12th place with 6.8 points. It can only be hoped that when it comes to reducing macroeconomic imbalances the incoming Italian government will not only bet on the current cyclical economic upturn, but above all on growth-boosting structural reforms.
- Apart from the category 'Private & foreign debt', where Italy is at an advantage due to moderate and declining household and corporate debt as well as a robust current account surplus, Italy's scores are well below the European average in all other areas. Its major weak spots are government debt (at 132% relative to GDP, the second highest in the Eurozone) and its still precarious labor market situation. In this context, encouragement can be taken from the progress made in reducing the budget deficit to around 2% of economic output and the sustained growth in employment (1.2% in 2017).



Spain: On the right track

- Due to a slight improvement in its overall rating to 6.6 points (+0.2 points), Spain has moved up one notch to the 11th spot. Spain has made real progress in reducing its macroeconomic imbalances over the last few years. Since 2013, the former crisis country has been one of the clear top performers in the sub-ranking that measures shorter-term progress, thanks to ambitious structural reforms and strong economic growth. In 2017 it holds 3rd place jointly with the Netherlands. Spain's ongoing poor position in the level indicator ranking (14th place) is testimony to just how painstaking the process involved in ridding the economy of the burdens of the past really is.

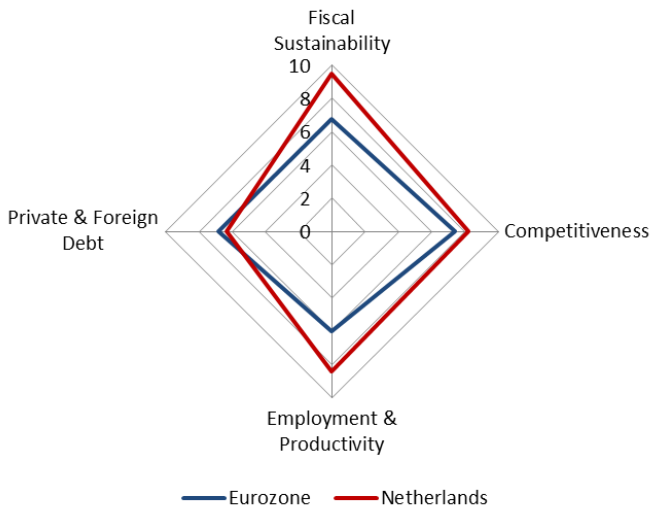


- The Spanish labor market is clearly on the rebound. Although the ratings for the unemployment (17.2%) and employment rate (61%) are still clearly in critical territory, significant progress has been made over the past few years with regard to these two indicator which has been rewarded with the top grade in 2017 for the third year in a row.
- Relative to the country's strong economic recovery, consolidation of public finances is only making sluggish headway. Although Spanish GDP has risen by more than 3%

each year since 2015, government debt has not fallen even two percentage points over the same period. Despite a declining interest burden, the Spanish budget deficit was above the Maastricht deficit criterion (3.3% of GDP) in 2017 for the tenth time in a row.

Netherlands: Second place on the podium again

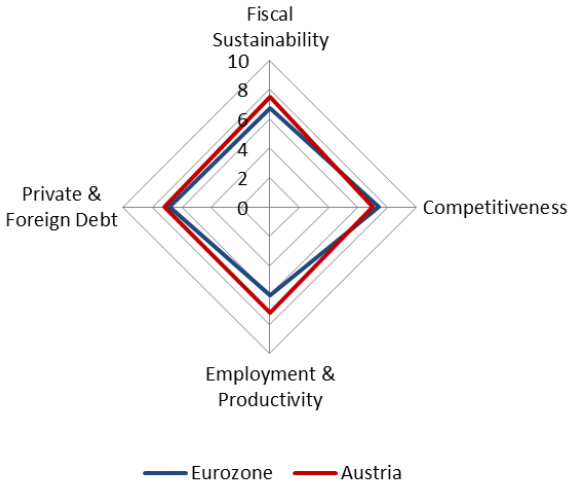
- The Netherlands has successfully defended its silver medal and, with an overall rating of 8.0 points, achieves only a slightly lower score than top-placed Germany. The country does particularly well in the indicator group for the sustainability of public finances. Its Achilles' heel nevertheless remains the high level of household and corporate debt, although at least debt levels in both sectors have embarked on a gradual downward trend.



- It is notable that, on the one hand, the Dutch economy is experiencing a strong upswing (gross domestic product grew more than 3% in 2017) and the labor market situation has improved significantly, yet on the other hand, unit labor cost have risen at an only gradual pace. A plausible explanation for this is that the increasing flexibility of the labor market in the Netherlands, i.e. the rising proportion of workers with flexible contracts, is resulting in diminishing wage bargaining power.

Austria: On the upswing

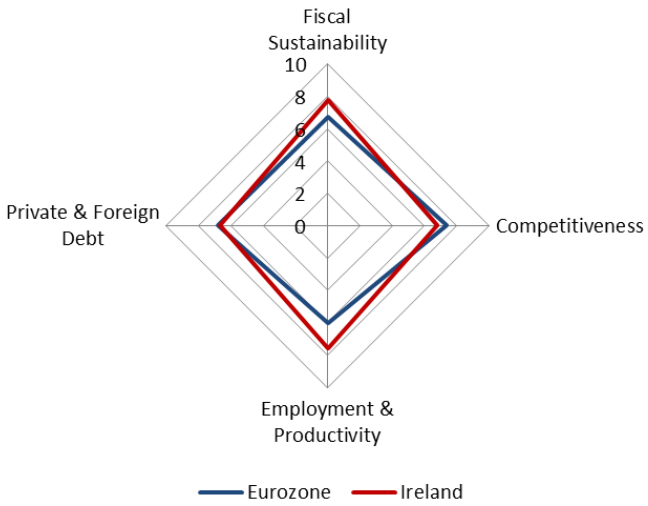
- Austria's overall rating has improved considerably, from 6.5 in 2016 to 7.2 in 2017. This pushes the country's ranking up from 9th place to 5th. Austria was rated higher in ten individual indicators, while only one had slipped.
- A pick-up in economic growth has had a positive impact. As a result, the unemployment rate saw a trend reversal declining in 2017 for the first time since 2011. An marked slowdown in the upward drive of unit labor costs has also been under way in 2017 on the back of quite considerable increases in previous years. This has had a positive impact on price competitiveness. This factor, combined with the buoyant economic performance of key trading partners, is likely to have contributed to Austria's merchandise exports growing in real terms more strongly than real global trade in 2017.



- The solid macroeconomic performance is also having a positive impact on public finances: The government debt ratio dropped significantly in 2017 for the first time in years. The outlook for debt of non-financial companiesis not quite as rosy, with the relatively debt ratios stagnating at relatively high levels.

Ireland: Up and down

- Ireland is one of the shooting stars of the year in our Euro Monitor ranking 2017 – yet again. Thanks to a 0.7 point improvement in its overall evaluation, Ireland climbed four steps to secure 6th place in the ranking, on 7.2 points. It remains to be seen whether Ireland can maintain its top placement this time. In 2015 the Celtic Tiger had secured a good spot (ranked 5th), but then in 2016 it fell back to 10th place. Although the picture of the Irish economy is heavily distorted by the operations of the multinationals based there, the reform successes of recent years are nonetheless clearly evident: In 2008, Ireland took the EMU bottom spot due to major economic imbalances.

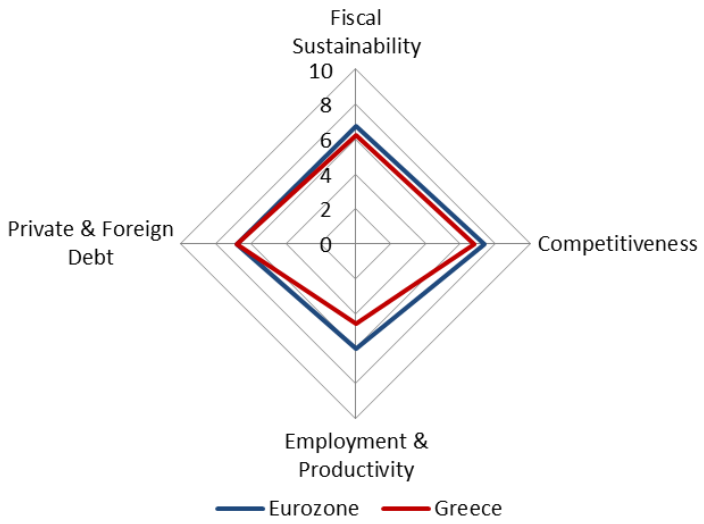


- As far as labor market developments are concerned, Ireland is one of the EMU's frontrunners: although the employment rate remains in critical territory at around 66%, the ongoing rapid reduction in unemployment (6.7% in 2017 compared with 7.9% a year earlier) and the strong employment growth (2017: 2.9%) earn the country top marks.

- The worst scores for Ireland again come in the "Private and foreign debt" category. Although the buoyant economic growth seen in recent years has given a helping hand to the private sector – as well as the public sector – in terms of debt reduction, corporate debt ratios (around 200% of GDP) and unfavorable net international investment position (at -177% of GDP) are still worryingly high.

Greece: Only limited progress

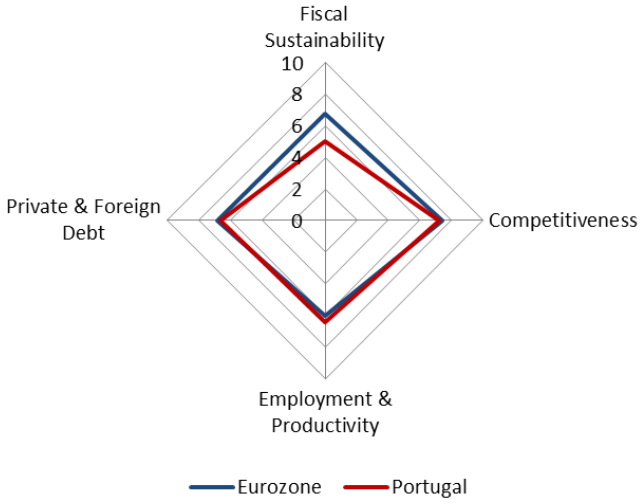
- Thanks to a 0.3 point improvement in its overall assessment to 6.2 points, Greece moves up one place in the Eurozone ranking, to rank 15. The imbalances are still too great and progress is still too little: although the progress indicator shows Greece in 7th place in Eurozone-wide comparison with 7.8 points, the level indicator (4.5 points) is only enough to get the country the18th spot. The gradual upward trend in the economic recovery (we expect annual economic growth of above 2% for 2018/19) is likely to help reduce the macroeconomic imbalances. In particular, the already very positive labor market trend (employment growth was around 2% in 2017) could pick up speed again.



- The extremely positive development of unit labor costs shows that the reforms are bearing fruit. Relative to their level in 2010, these costs have fallen by more than 12%. Greek exports benefit from this. They have grown faster than global trade for four years in a row, which explains Greece's increasing share of world trade.

Portugal: The economic comeback continues

- In the eurozone ranking, Portugal advanced two places to rank 13th thanks to an improvement in its overall rating of 0.4 points. The good placing in the progress indicator (5th place, 8.1 points) demonstrates that clean-up efforts in the aftermath of the European debt crisis are resulting in large steps forward. The still poor average rating of the level indicator (16th place, 4.7 points) nonetheless shows that the path is still quite long. Fiscal sustainability remains a weak point: this is largely due to high sovereign debt corresponding to 127% of GDP and the hefty interest burden in the national budget – the highest in the Eurozone.

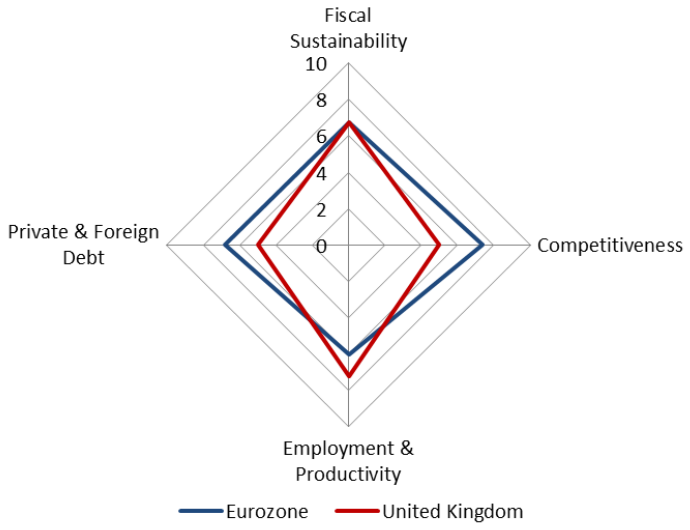


- Portugal has been made remarkable progress with regard to the labor market. This is mainly due to the sharp decline in unemployment – at 9% in the single-digit range for the first time since 2008 – and accelerating employment growth (2.9%). The latter figure positions Portugal among the Eurozone front-runners. The long-term trend in unit labor costs is also very encouraging: together with Germany, the Netherlands and Ireland, Portugal is one of the few countries to post a decline since the year 2000, relative to the target path of 1.5% growth per year. The improved competitiveness is evident in the strong export growth in relation to global trade.

Selected EU countries

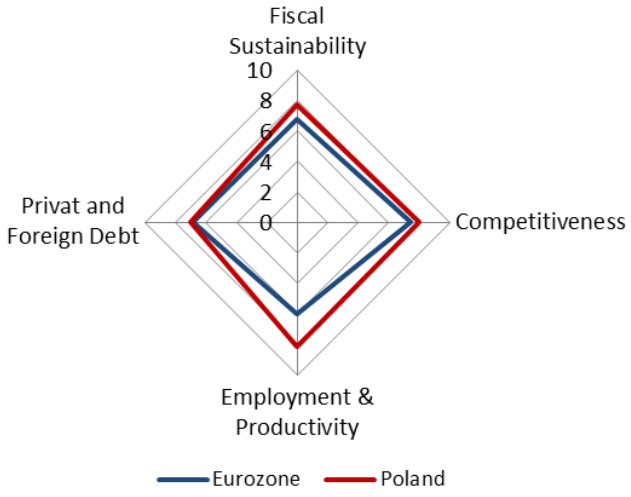
UK: Unsatisfactory competitiveness

- The UK slides to third last place in our EU ranking, despite an unchanged overall rating (5.9 points). The poor average score might come as a surprise, especially given that the UK managed to clock up economic growth of 1.7% in 2017 despite Brexit-related uncertainty weighing down on the economy. The weak performance can be traced back to some extent to an unfavorable trend in unit labor costs since the year 2000, which has been reflected in a declining share of global trade.
- The British labor market is in very good shape. The UK ranks among the leaders of the EU pack thanks to an unemployment rate of 4.5% and an employment rate of more than 74%.
- In the 'Private and foreign debt' category, the UK achieves only a moderate result. Despite the solid economic situation, household and corporate sector debt continued its upward trend in 2017. Another weak point is the current account deficit, which still accounts for around 5% of economic output.



Poland: Further improvement at a high level

- With an overall rating of 7.7 (+0.3 points) Poland has moved up one place in the EU ranking to fourth place. The improvement in the average assessment was largely driven by the very favorable labor market trend. In the category 'Employment & productivity' Poland now comes in third place EU-wide after the Netherlands and the Czech Republic due to very high marks for an unemployment rate of below 5%, strong productivity gains (3.1%) and dynamic employment growth (1.6%). The employment rate of 66% may leave much to be desired, but considerable progress has been made on this front in recent years: In 2003 the employment rate was a full 15 percentage points lower.

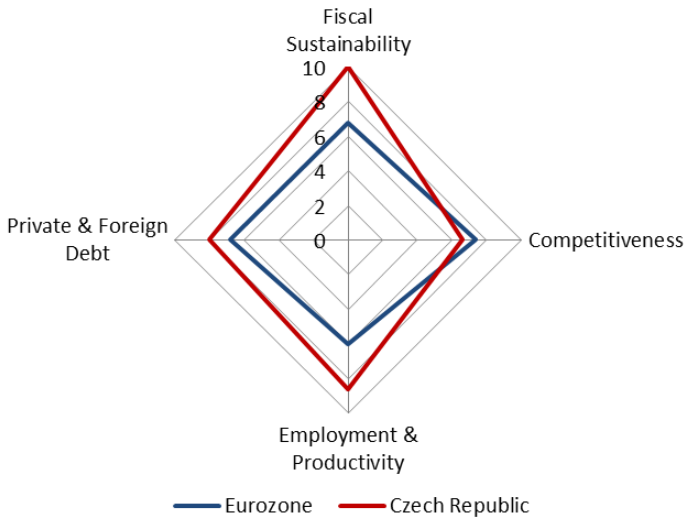


- Poland performs relatively well in the 'Fiscal sustainability' category, too, with a score of 7.8. The country meets the Maastricht criteria with new borrowing corresponding to 1.7% of GDP and a government debt ratio of 53% in relation to GDP. The lack of deleveraging in the household sector and rising corporate indebtedness meanwhile are not a matter of great concern, given that private sector debt at about half the Eurozone average is quite low.

- In the 'Competitiveness' category, Poland still takes the third EU spot behind the Netherlands and Croatia despite a recent decline in the score to 8.0 points. The moderate acceleration in annual unit labor costs has put a slight damper on Poland's dynamic export growth, nevertheless the country's share in global exports continued its upward trend in 2017.

Czech Republic: First place in EU ranking

- The Czech Republic continues to see stable and very strong growth and as a result displays only a low level of macroeconomic imbalances. With an overall rating of 8.2 points, the country tops the EU table once again, ahead of Germany.
- Very low debt ratios in the private and public sector and the exceptionally positive labor market situation are the main factors behind this excellent performance. The unemployment rate is now below 3%.
- However, signs of overheating are beginning to appear. The tight labor market contributes to ever higher wage increases and despite strong productivity gains, this has led to considerable growth in unit labor costs. As a result exisiting advantages in price competitiveness are undoubtedly diminishing.

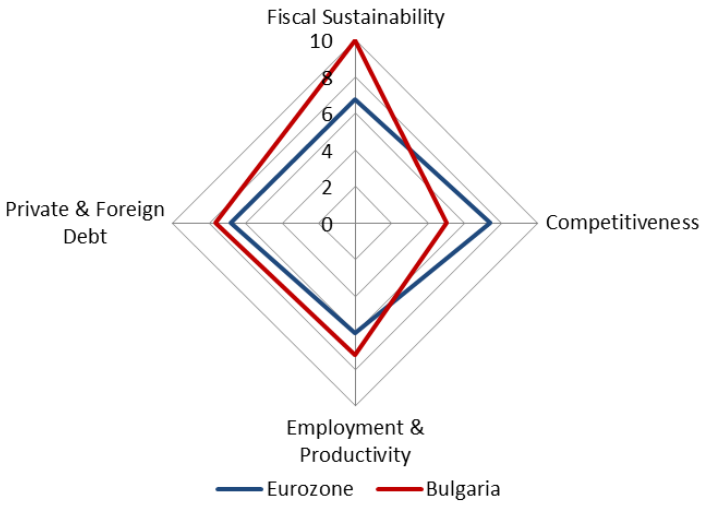


- While relatively high employment growth goes hand in hand with moderate productivity growth in many EU economies, the opposite occurs in the Czech Republic. The number of people in employment rose by barely just 1% in 2017, yet labor productivity increased by almost 2.7%.

Bulgaria: Rating result underpins EMU accession ambitions

- Looking at the entire EU28 set of countries, Bulgaria occupies a good seventh place with 7.4 points. A prominent and positive aspect is the maximum score of 10 on every individual indicator in the public finances category. On the other hand, Bulgaria gets the minimal value of 1 for the sharp rise in unit labor costs.
- Toward the middle of the year, the Bulgarian government intends to join the exchange rate mechanism ERM II (the "forecourt" or "waiting room" to the European Monetary Union). At present, the country would meet the rest of the nominal convergence criteria (price stability, interest rates, government budget balance and

debt) for subsequent Eurozone membership. This can take place no earlier than two years after joining the exchange rate mechanism. Bulgaria's results in our Euro Monitor also bear testimony predominantly to a healthy economic basis for growth. It should be noted, however, that our indicators do not cover either the standard of living or the institutional framework of a country, which constitute the main sticking points for Bulgaria's accession to the Eurozone.



Euro Monitor Rating 2017 – EU28

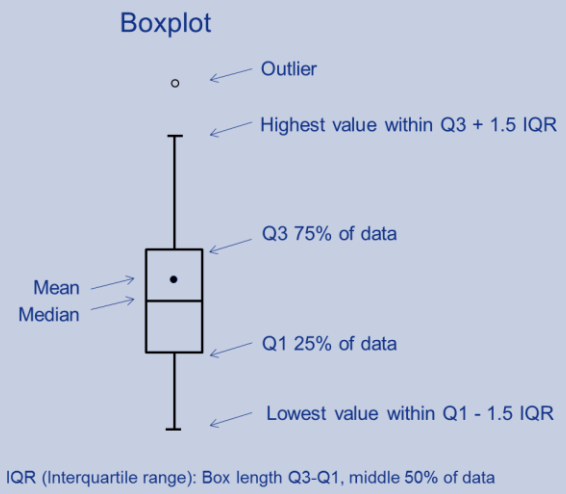
Rank 2017	Country Code	EMU Member State	Rating 2017	Rank 2016	Rating 2016	Rank 2012	Rating 2012
1	CZ	Czech Republic	8.2	1	8.3	6	6.5
2	DE	Germany	8.1	2	8.1	2	7.5
3	NL	Netherlands	8.0	4	7.6	9	6.4
4	SL	Slovenia	7.7	7	7.2	15	5.9
4	PL	Poland	7.7	5	7.4	10	6.3
6	MT	Malta	7.5	9	7.1	16	5.6
7	BG	Bulgaria	7.4	3	7.7	13	6.1
8	AT	Austria	7.2	17	6.5	7	6.5
8	HR	Croatia	7.2	6	7.2	22	4.7
10	IE	Ireland	7.2	18	6.5	25	4.4
11	EE	Estonia	7.1	15	6.7	2	7.5
12	LT	Lithuania	7.0	12	7.0	1	7.8
13	LV	Latvia	6.9	11	7.0	4	6.9
13	DK	Denmark	6.9	13	6.8	12	6.2
13	HU	Hungary	6.9	13	6.8	18	5.3
16	SK	Slovakia	6.9	9	7.1	5	6.7
17	SE	Sweden	6.8	7	7.2	14	6.0
18	RO	Romania	6.7	16	6.6	10	6.3
19	ES	Spain	6.6	20	6.4	22	4.7
20	LU	Luxembourg	6.5	18	6.5	8	6.4
21	FI	Finland	6.4	22	6.1	17	5.4
21	PT	Portugal	6.4	23	6.0	26	4.0
23	BE	Belgium	6.2	21	6.2	19	5.2
23	CY	Cyprus	6.2	26	5.4	28	3.7
23	GR	Greece	6.2	25	5.9	27	3.9
26	UK	United Kingdom	5.9	24	5.9	20	5.1
27	IT	Italy	5.6	28	5.3	24	4.5
28	FR	France	5.4	26	5.4	21	5.0

3. IS THE EUROZONE CONVERGING?

Convergence in key macroeconomic parameters is essential for a stable currency area. This is why specific convergence requirements, the Maastricht criteria, were introduced as a prerequisite for accession to the European Monetary Union. However, this did not prevent divergence in relation to some macroeconomic parameters from re-occurring between countries after the introduction of the euro. A high level of imbalances in a number of countries became the trigger for the European debt crisis. Our Euro Monitor results show that, on average, most countries in the Eurozone have had fewer imbalances and undesirable developments in the past few years. This suggests that the Eurozone has re-started a process of convergence This is what we want to assess on the basis of selected indicators from our Euro Monitor by examining the dispersion in the base data over time (see table below). Generally speaking, the reduction of imbalances in severely affected countries should be accompanied by convergence, i.e. lower dispersion of the values among the countries as a whole. We do not weigh each of the countries differently because, in the monetary union, even small countries could trigger serious effects on the financial markets through contagion.

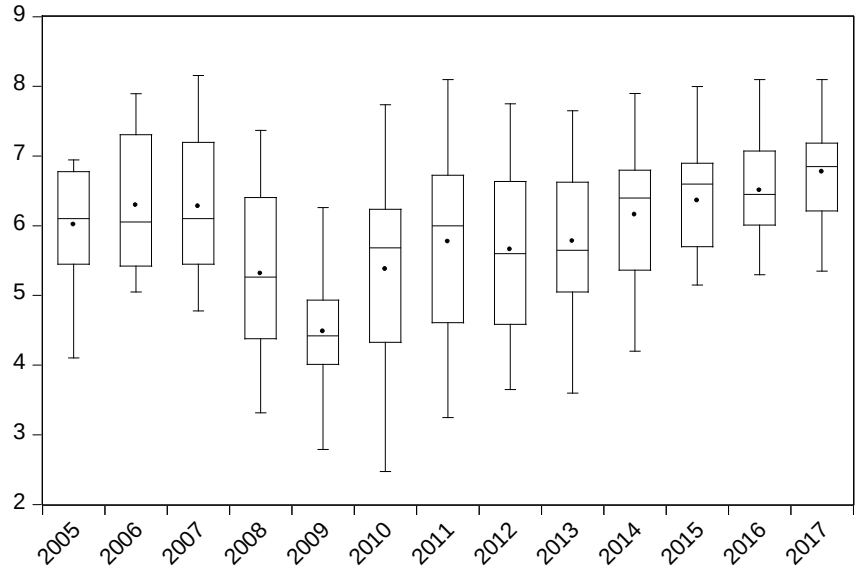
Box 2: How we measures convergence

We use the boxplot to illustrate convergence/divergence. This is a descriptive tool to analyze the distribution of data. The 25% of the data with the lowest values are located on the lower "whisker", which connects to the box.



The box represents the middle 50% of data and is divided by the median (horizontal line) into two 25% sections. The mean (average), marked as a dot, is also located in the box. The last 25% of the data is shown in the upper "whisker". The exceptions are outliers, which lie more than 1.5 times the box length above (below) the top (bottom) end of the box. These are marked as points outside the whiskers.

Total Euro Monitor score for the Eurozone



The convergence trend in the Eurozone is particularly evident when looking at the overall Euro Monitor indicator. The disparity between the countries has become significantly smaller in recent years. The difference between the highest and lowest indicator value has almost halved since 2010. In addition, the middle 50% of countries have moved much closer together. The 2017 situation, i.e. a relatively good overall rating and a large number of countries with similar ratings, is unprecedented for the Euro Monitor. Nonetheless, we assess this only as a step in the right direction for the Eurozone, as this trend cannot yet be regarded as a stable development.

Dispersion of selected indicators in the Eurozone

	2007		Maximal imbalance measured by variance		2017	
	mean[1)]	variance[2)]	mean	variance	mean	variance
General government budget balance as % of GDP	-0.14	7.30	-6.92 *(2010)*	44.50 *(2010)*	-0.76	1.56
Current account balance as % of GDP	-5.24	102.81	-5.24 *(2007)*	102.81 *(2007)*	1.94	15.34
Unemployment rate in %	6.43	4.06	11.83 *(2013)*	37.11 *(2013)*	8.54	18.27
Gross government debt as % of GDP	46.91	883.89	78.92 *(2016)*	1639.49 *(2016)*	77.39	1599.30
Debt-to-GDP ratio of non-financial corporations	104.43	2731.96	124.15 *(2015)*	6369.09 *(2015)*	117.17	5138.07
Total Euro Monitor score for the Eurozone	6.23	0.91	5.38 *(2010)*	1.70 *(2010)*	6.77	0.53

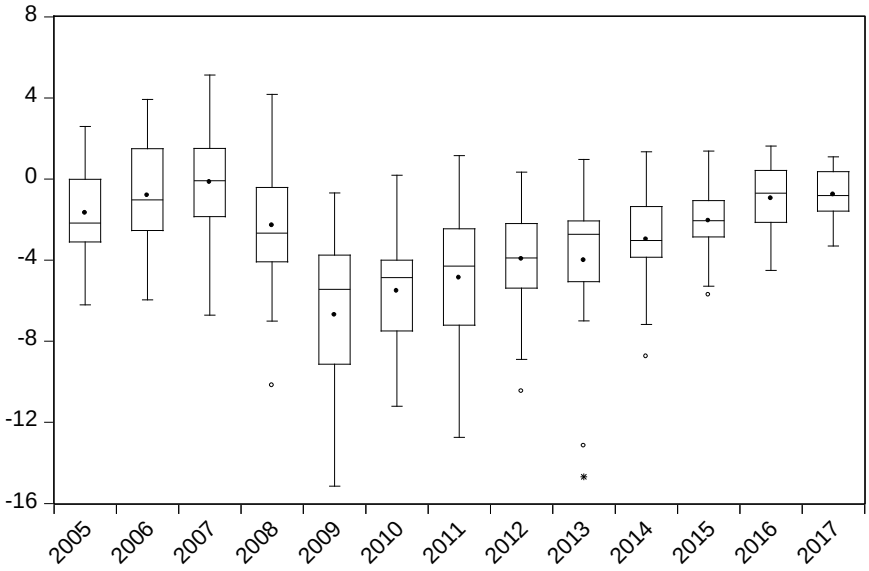
[1) 2)] unweighted mean/variance of EMU member states.

Overall, the indicators under consideration highlight that convergence and the reduction of imbalances have preominated in recent years. When moving to the indicator level however – we restrict ourselves to those indicators that are essential for stability and resilience against future crises in the Eurozone including government budget balances, current account balances, unemployment rates, productivity growth, as well as the debt ratio of the state and non-financial companies – the trend is not consistent. For this reason, we make a distinction between three cases:

1) **Positive convergence:** In the case of government budget balance, current account balance and unemployment rate, the positive trend is accompanied by a reduction of imbalances.

The consequences of the global financial and economic crisis of 2008/09 are clearly visible in all three indicators. Both in the case of government deficit and the unemployment rate, the period from 2009 onwards saw a steep increase in divergence, as measured by the dispersion measures: variance, interquartile range and spread. The turnaround only started in 2012 through economic stabilization.

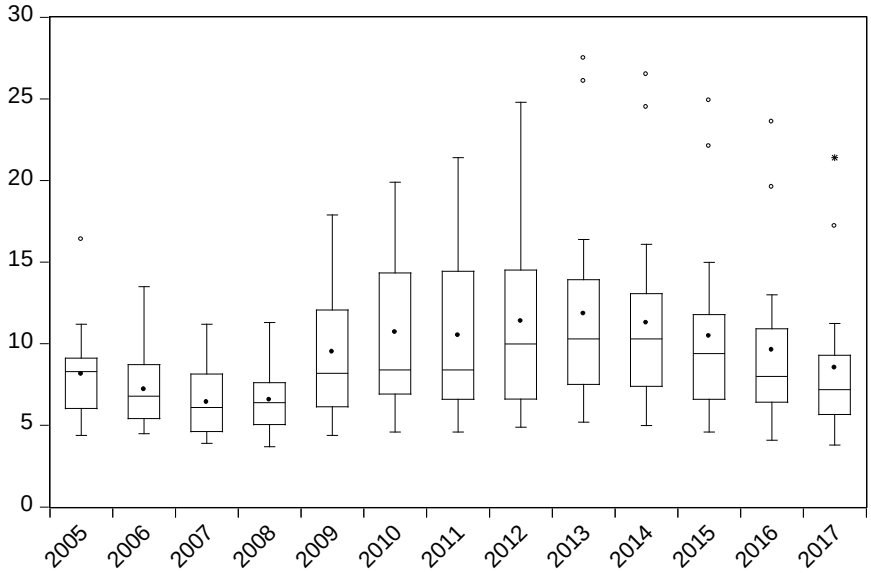
General government budget balance as % of GDP



Note: Irland with a budget deficit of almost 32% in 2010 was excluded so as not to distort the graph

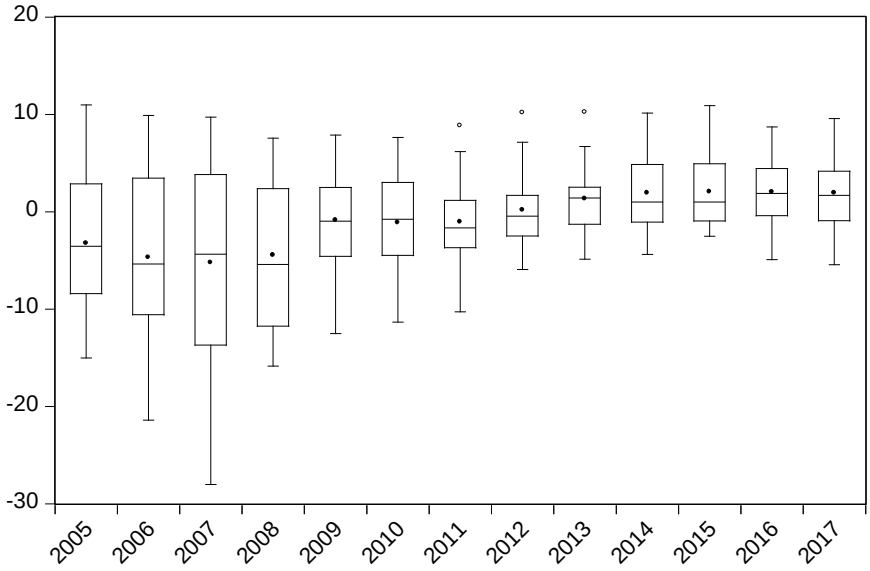
Even though the mean and median of the public deficit in 2017 are still slightly higher than the pre-crisis level, the convergence of individual countries is remarkable. While the difference between the highest budget surplus and deficit in 2010 stood at 32.2 percentage points, it had shrunk to 4.5 percentage points in 2017. With a budget deficit of 3.3%, Spain is the only country that was still in breach of the Maastricht deficit criterion in 2017.

Unemployment rate in %



A similar picture also emerges for the unemployment rate in 2017. The EMU countries have made good progress in reducing the major imbalances in the labor market since 2013. The average unemployment rate has dropped sharply since then. Despite considerable progress, the former crisis countries, Greece and Spain, still battle with exceptionally high unemployment rates. Excluding these two countries, the variance of the unemployment rate in EMU countries is back near its pre-crisis level.

Current account balance as % of GDP

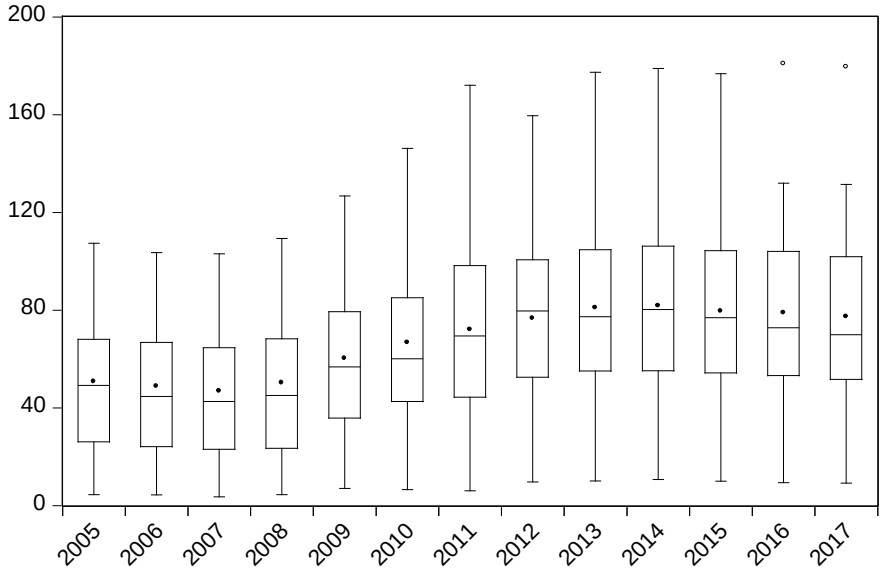


Convergence in the current account balances has already been apparent since 2007. Domestic demand consolidation processes imposed by the financial market and debt crisis have led to the elimination of the high foreign trade deficits in a number of countries. The Eurozone's current account surplus has settled down at a level of about 2% of GDP since 2014. The difference between the highest surplus and the highest deficit of a country (expressed as a percentage of GDP) has plummeted by 60% in the past ten years.

As a conclusion regarding the three indicators under consideration, the following can be stated: convergence, which can be identified in the significantly reduced spread, interquartile range and variance, has been visible in all indicators over the last few years.

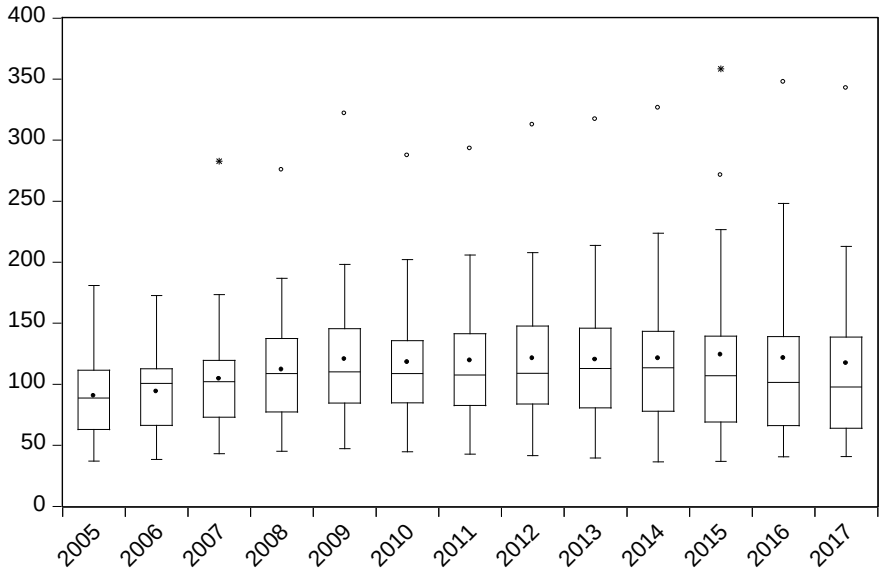
2) Lack of convergence and/or divergence: Government debt and borrowing by non-financial businesses continue to be risk factors

Gross government debt as % of GDP



The sharp rise in government debt ratios as a response to the global financial and economic crisis has been accompanied by divergence among EMU countries. The variance in particular has almost doubled since 2007. A reversal of the trend in this parameter has so far only occurred to a very limited extent. Despite substantially lower budget deficits, supported by sharply falling interest payments among other factors, and an economic recovery, the ratios have declined only marginally so far. The variance has even been stagnating at a high level since 2014.

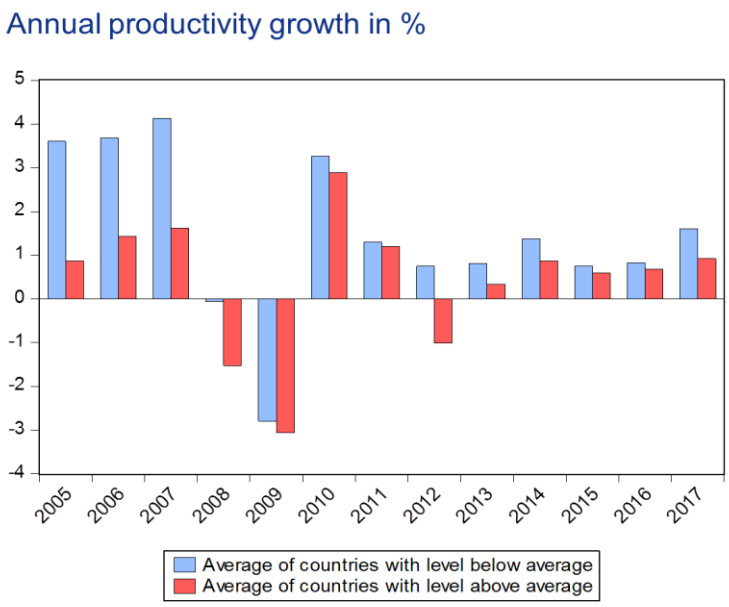
Debt-to-GDP ratio of non-financial corporations as % of GDP



It is the same picture for the debt of non-financial companies. The economic upturn has not been used to systematically reduce debt. Instead, the low interest rate phase has enabled companies to take on new debt on favorable terms. High debt ratios are a considerable liability in the event of a significant rise in interest rates. The current lack of convergence in the debt ratios has the potential to act as a catalyst for renewed divergence in economically less favorable times.

3) **Positive divergence:** Catch-up in productivity in full swing – but only in Central and Eastern Europe

In contrast to the indicators considered so far, divergence (or absence of convergence) may certainly be desirable regarding productivity growth. If, in the initial situation, there are large productivity differences between countries, for example through differing capital resources, it is necessary for the economies with low efficiency to make greater productivity gains than those characterized by high efficiency, with a view to the uniformity of living conditions and the homogeneity of the currency zone. This is the only way to achieve convergence in standards of living over the long term.



For this reason, we compare the average productivity growth rates of EMU countries with a productivity level below the mean value with those above the mean value[4]

It appears that, in terms of productivity growth, countries with a lower productivity level outperformed those with a higher level in each year. However, a two-tier structure is evident among the countries with a low level of productivity. The convergence process is being driven by the central and eastern European countries of Estonia, Latvia, Lithuania, Slovakia and Slovenia. In 2017, for example, these five countries accounted for five out of the six highest productivity growth rates in the Eurozone. Greece and Portugal, on the other hand, are putting the brakes on the convergence process with negative growth rates. This could be referred to as divergence within the general convergence process.

[4] In order not to distort the result, Ireland was disregarded due to exorbitant statistics-related growth rates in 2014 and 2015.

Conclusion: On the right path

Overall, it is apparent that convergence and the reduction of imbalances have predominated in recent years. However, it remains unclear whether the Eurozone countries will continue to reduce their remaining imbalances. It was foreseeable that economically less stable countries that were hit particularly hard by the global financial and economic crisis (e.g. with unemployment rates of over 15%) would reduce (converge) these imbalances after the crisis. Convergence and divergence also depend heavily on the economic situation. However, the pronounced convergence in government budget balances and current account balances is not solely due to economic influences. It is to be hoped that this convergence trend will remain stable in the future.

It would be illusory to assume that convergence is an ongoing state. When the economy slows down or a new crisis erupts, imbalances in different categories will reappear, as the Eurozone is too heterogeneous to develop completely uniformly. However, convergence in stability indicators, at a sustainable level, can make recessions less severe or even completely avoid crises. Even if cyclical divergence is unavoidable, its volatility could be limited. In this context, the strong convergence in current account and government budget balances is particularly encouraging, but the continued high debt ratios of governments and non-financial corporations could become a major problem. Overall, however, we are optimistic that the Eurozone will continue to become more stable and learn from its mistakes so that convergence will remain predominant and divergent phases, both in length and strength, become increasingly limited.

APPENDIX

Scaling

For each indicator the countries are rated on a scale from 1 (very poor) to 10 (very good):

- Ratings from 1 to 4 are considered poor performance and a sort of alert indicator,
- Ratings from 5 to 7 are considered middling performance
- Ratings from 8 to 10 are considered good performance.

If, say, a member state has a government debt level of more than 60% of GDP, it is assigned a poor to moderate indicator rating of between 1 and 7 depending on the actual debt level. If the debt ratio is lower than 60%, the country is assigned a good indicator rating.

The scales for each indicator are listed on the following pages, as well as the Euro Monitor country ratings for 2012 to 2017

Euro Monitor structural indicator over time

Rank 2017	Country Code	EMU Member State	Rating 2017	Rank 2016	Rating 2016	Rank 2012	Rating 2012
1	DE	Germany	8.9	1	8.8	1	8.1
2	NL	Netherlands	7.7	4	7.1	4	6.8
3	EE	Estonia	7.6	3	7.4	5	6.7
3	LT	Lithuania	7.6	2	7.5	2	7.0
5	AT	Austria	7.3	6	6.9	3	6.9
5	SK	Slovakia	7.3	5	7.0	5	6.7
7	LV	Latvia	7.1	7	6.7	10	5.8
8	SL	Slovenia	7.0	8	6.4	8	6.2
9	MT	Malta	6.7	10	6.3	12	5.1
10	LU	Luxembourg	6.5	8	6.4	7	6.6
11	IE	Ireland	6.2	13	5.5	17	3.4
12	BE	Belgium	5.9	11	5.9	11	5.5
13	FI	Finland	5.8	12	5.6	9	6.0
14	FR	France	5.0	14	5.0	13	4.9
14	ES	Spain	5.0	15	4.8	14	3.8
16	PT	Portugal	4.7	19	4.0	19	3.0
17	CY	Cyprus	4.6	17	4.2	15	3.7
18	GR	Greece	4.5	16	4.4	18	3.3
19	IT	Italy	4.3	17	4.2	16	3.5

Euro Monitor progress indicator over time

Rank 2017	Country Code	EMU Member State	Rating 2017	Rank 2016	Rating 2016	Rank 2012	Rating 2012
1	SL	Slovenia	8.4	3	7.9	10	5.6
2	MT	Malta	8.3	3	7.9	7	6.1
3	NL	Netherlands	8.2	1	8.1	9	5.9
3	ES	Spain	8.2	3	7.9	10	5.6
5	IE	Ireland	8.1	6	7.4	13	5.3
5	PT	Portugal	8.1	2	8.0	15	4.9
7	GR	Greece	7.8	8	7.3	18	4.5
8	CY	Cyprus	7.7	11	6.6	19	3.6
9	DE	Germany	7.3	6	7.4	4	6.8
10	AT	Austria	7.1	17	6.1	8	6.0
11	FI	Finland	7.0	12	6.5	17	4.8
12	IT	Italy	6.8	15	6.4	12	5.4
13	LV	Latvia	6.7	8	7.3	3	7.9
14	EE	Estonia	6.6	18	6.0	2	8.2
15	LU	Luxembourg	6.5	12	6.5	6	6.2
16	BE	Belgium	6.4	12	6.5	15	4.9
16	LT	Lithuania	6.4	15	6.4	1	8.5
16	SK	Slovakia	6.4	10	7.2	5	6.7
19	FR	France	5.7	19	5.8	14	5.0

Euro Monitor 2017 – Raw data

Country code	European Monetary Union Member State	Gross government debt as % of GDP	General government interest payments as % of GDP	General government deficit/surplus as % of GDP	Change in the structural balance of general government as % of potential GDP	Exports in relation to GDP	Unit labor costs, deviation from the target path of 1.5 % rise per year	Global merchandise trade shares, exports, deviation from base year 2000 in %	Annual change in nominal unit labor costs in %	Growth in export of goods (real) - growth in world trade volumes (real) in % -points	Unemployment rate in %	Employment rate in %	Annual change in the unemployment rate in % -points	Annual change in employment in %	Annual change in (real) labor productivity in %	Debt-to-GDP ratio of households	Debt-to-GDP ratio of non-financial corporations	Net international investment position as % of GDP	Debt-to-GDP ratio of households, change over three years in % -points	Debt-to-GDP ratio of non-financial corporations, change over three years in % -points	Current account balance as % of GDP
		1A	1B	1C	1D	2A	2B	2C	2D	2E	3A	3B	3C	3D	3E	4A	4B	4C	4D	4E	4F
AT	Austria	79.0	1.9	-0.8	0.2	54.1	2.2	-8.1	0.4	1.8	5.5	72.0	-0.5	1.5	1.2	52.0	91.1	5.5	0.2	-0.7	2.2
BE	Belgium	104.0	2.6	-1.7	0.7	84.7	2.4	-13.6	1.4	1.2	7.2	62.8	-0.6	1.1	0.3	63.2	166.4	50.7	1.3	17.1	-1.0
CY	Cyprus	103.0	2.4	1.1	-0.7	64.9	2.0	155.6	0.0	-13.9	11.1	65.0	-1.9	2.9	0.5	134.6	213.1	-121.4	-14.9	-10.7	-5.4
EE	Estonia	9.2	0.1	-0.2	-0.6	77.7	102.3	69.2	3.4	-0.6	5.8	73.0	-1.0	0.8	2.2	45.7	82.0	-33.9	1.6	-8.5	2.3
FI	Finland	62.7	1.0	-1.4	-0.7	38.2	3.7	-45.0	-2.8	6.4	8.6	69.8	-0.2	0.5	1.8	72.9	111.3	-3.1	3.2	-6.8	-1.1
FR	France	96.8	1.8	-3.0	0.2	29.8	2.2	-39.0	1.1	-0.9	9.4	64.6	-0.7	1.0	0.8	69.0	135.7	-24.6	4.3	11.0	-2.8
DE	Germany	64.8	1.2	1.1	0.0	47.3	-8.8	-2.2	1.9	0.9	3.8	75.0	-0.3	1.5	0.7	53.6	53.4	58.2	-1.1	0.9	7.8
GR	Greece	179.6	3.2	-1.2	-2.7	32.8	0.9	0.9	1.0	1.5	21.4	53.5	-2.2	1.8	-0.7	62.3	62.1	-139.3	-9.2	-2.7	-0.2
IE	Ireland	69.9	2.0	-0.3	0.6	119.2	-36.1	-10.9	0.7	-6.0	6.7	66.0	-1.2	2.9	2.4	51.0	204.3	-176.7	-36.1	-18.0	2.9
IT	Italy	131.5	3.8	-1.9	-0.4	31.0	12.5	-22.0	0.3	0.9	11.3	57.9	-0.4	1.2	0.2	55.1	72.9	-7.9	-1.4	-6.8	2.5
LV	Latvia	39.0	0.9	-0.9	-1.1	60.4	105.5	171.8	3.2	0.0	8.7	69.8	-0.9	0.2	4.6	26.9	69.5	-58.2	-2.8	-8.2	-1.4
LT	Lithuania	41.5	1.2	0.1	-0.7	81.4	35.8	209.2	4.5	6.0	7.1	70.2	-0.8	-0.3	4.4	27.1	40.9	-40.1	0.1	4.3	-0.7
LU	Luxembourg	23.7	0.3	0.5	-1.4	228.7	31.8	-22.2	2.9	1.1	5.6	66.3	-0.7	3.1	-0.1	64.6	342.6	27.2	6.2	16.1	4.6
MT	Malta	54.9	1.9	0.9	-0.2	136.3	13.9	-49.2	-0.2	-3.2	4.0	67.0	-0.7	4.7	1.8	62.4	139.8	63.7	-5.8	-14.1	9.6
NL	Netherlands	58.0	1.0	0.5	-0.6	86.3	-0.5	2.6	0.2	1.7	4.9	75.7	-1.1	2.2	0.9	117.2	121.2	64.1	-6.9	-0.6	9.1
PT	Portugal	127.4	3.9	-1.4	0.1	43.1	-7.8	-4.3	1.7	3.5	9.0	67.0	-2.2	2.9	-0.6	87.6	107.3	-105.0	-12.2	-19.1	0.2
SK	Slovakia	50.6	1.3	-1.6	0.3	95.3	14.0	173.2	2.5	0.7	8.1	66.1	-1.6	1.3	1.2	43.0	59.8	-64.0	7.0	7.2	0.8
SL	Slovenia	76.4	2.6	-0.8	-0.1	82.3	27.0	59.8	0.6	5.2	6.8	68.0	-1.2	2.3	2.1	31.6	54.9	-31.4	-1.1	-24.1	5.9
ES	Spain	98.5	2.5	-3.3	0.2	34.1	0.1	3.3	-0.1	1.8	17.2	60.7	-2.4	2.6	0.4	62.7	97.9	-83.7	-14.9	-15.7	1.7
EA 19	**Euro Area**	**89.3**	**2.0**	**-0.8**	**-0.1**	**47.1**	**0.1**	**-10.8**	**0.9**	**0.3**	**9.1**	**66.3**	**-0.9**	**1.6**	**0.7**	**64.2**	**96.6**	**-5.0**	**-1.9**	**0.5**	**3.4**
UK	United Kingdom	87.4	2.7	-2.3	0.8	30.3	16.3	-41.2	2.2	4.6	4.5	74.0	-0.3	0.9	0.7	94.5	87.2	-10.4	2.3	5.2	-5.1
SE	Sweden	39.2	0.4	0.8	-0.3	45.3	7.1	-33.2	2.0	0.6	6.7	76.9	-0.2	1.8	0.1	89.7	148.4	8.3	3.1	-2.6	4.9
PL	Poland	53.2	1.5	-1.7	0.1	53.6	-7.9	168.8	1.0	2.2	4.9	66.0	-1.3	1.6	3.1	36.9	49.6	-64.7	0.5	3.5	1.0
BG	Bulgaria	25.7	0.9	0.0	-0.1	65.4	90.9	129.3	4.6	1.7	6.3	66.0	-1.3	1.5	2.1	29.5	93.2	-41.5	-1.0	-20.4	3.0
HR	Croatia	80.3	2.8	-0.9	-0.6	51.5	-9.7	30.7	-1.5	3.1	11.1	57.5	-2.3	1.8	1.5	35.2	91.1	-62.1	-6.2	-10.7	3.1
CZ	Czech Republic	34.6	0.8	1.2	-0.1	79.7	15.0	136.5	3.6	3.0	2.9	73.2	-1.1	0.9	2.7	35.2	46.6	-24.9	1.4	-3.6	-0.2
DK	Denmark	35.9	1.2	-1.2	-0.7	55.2	11.0	-24.4	0.8	0.6	5.7	74.8	-0.5	1.9	0.5	132.1	85.0	52.9	-4.3	-5.6	8.4
HU	Hungary	72.6	2.8	-2.1	-1.2	91.9	52.1	53.1	5.2	4.2	4.2	67.8	-0.9	1.1	1.7	23.9	64.1	-60.3	-6.1	-18.5	4.3
RO	Romania	37.9	1.5	-3.0	-1.1	42.5	238.1	154.5	10.5	4.0	4.9	63.0	-1.0	0.7	3.1	24.4	37.3	-50.8	0.2	-7.8	-3.1
EU28	**EU28**	**83.5**	**2.0**	**-1.0**	**0.1**	**45.6**	**7.7**	**-9.6**	**1.2**	**0.9**	**7.6**	**67.3**	**-1.0**	**1.4**	**0.7**	**67.0**	**91.8**	**0.0**	**-3.5**	**-1.2**	**1.6**

Euro Monitor 2017

European Monetary Union Member State	Gross government debt as % of GDP	General government interest payments as % of GDP	General government deficits/surplus as % of GDP	Change in the structural balance of general government as % of potential GDP	Exports in relation to GDP	Unit labor costs, deviation from the target path of 1.5% rise per year	Global merchandise trade shares, exports, deviation from base year 2000 in %	Annual change in nominal unit labor costs in %	Growth in export of goods (real) - growth in world trade volumes (real) in %-points	Unemployment rate in %	Employment rate in %	Annual change in the unemployment rate in %-points	Annual change in employment in %	Annual change in (real) labor productivity in %	Debt/to-GDP ratio of households	Debt/to-GDP ratio of non-financial corporations	Net international investment position as % of GDP	Debt/to-GDP ratio of households, change over three years in %-points	Debt/to-GDP ratio of non-financial corporations, change over three years in %-points	Current account balance as % of GDP	Sum over all indicators	Number of indicators observed	(C1) Fiscal Sustainability = sum 1a - 1d / obs 1a - 1d	(C2) Competitiveness = sum 2a - 2e / obs 2a - 2e	(C3) Employment and Productivity = sum 3a - 3e / obs 3a - 3e	(C4) Private and Foreign Debt = sum 4a - 4h / obs 4a - 4h	Monitor Rating = sum / obs	Euro Monitor Rank
	1A	1B	1C	1D	2A	2B	2C	2D	2E	3A	3B	3C	3D	3E	4A	4B	4C	4D	4E	4F	Sum	Obs	C1	C2	C3	C4	EM17	Rank
Germany	7	10	10	10	9	10	7	6	6	10	9	6	9	5	8	9	10	6	5	10	162	20	9.3	7.6	7.8	8.0	8.1	1.
Netherlands	8	10	10	10	8	10	8	8	7	9	10	8	10	5	2	2	10	8	6	10	159	20	9.5	8.2	8.4	6.3	8.0	2.
Slovenia	6	7	9	5	8	1	10	8	10	7	6	8	10	8	10	9	6	6	10	10	154	20	6.8	7.4	7.8	8.5	7.7	3.
Malta	8	9	10	10	10	5	1	9	2	10	6	7	10	7	7	1	10	8	10	10	150	20	9.3	5.4	8.0	7.7	7.5	4.
Austria	6	9	9	6	5	9	6	8	7	8	8	6	8	6	8	5	9	5	6	10	144	20	7.5	7.0	7.2	7.2	7.2	5.
Ireland	7	8	9	7	10	10	5	8	1	7	5	8	10	8	8	1	1	10	10	10	143	20	7.8	6.8	7.6	6.7	7.2	6.
Estonia	10	10	9	3	7	1	10	3	5	8	9	7	7	8	9	6	6	5	9	10	142	20	8.0	5.2	7.8	7.5	7.1	7.
Lithuania	9	10	10	3	8	1	10	1	10	6	7	7	5	10	10	10	5	5	4	9	140	20	8.0	6.0	7.0	7.2	7.0	8.
Latvia	10	10	9	2	6	1	10	3	6	5	7	7	6	10	10	8	4	7	9	8	138	20	7.8	5.2	7.0	7.7	6.9	9.
Slovakia	8	10	8	7	9	5	10	4	6	5	5	9	8	6	9	9	3	3	3	10	137	20	8.3	6.8	6.6	6.2	6.9	10.
Spain	4	7	6	6	6	9	8	9	7	1	2	10	10	4	7	5	1	10	10	10	132	20	5.8	7.8	5.4	7.2	6.6	11.
Luxembourg	10	10	10	10	10	1	3	4	7	8	5	7	10	3	7	1	10	3	1	10	130	20	10.0	5.0	6.6	5.3	6.5	12.
Finland	7	10	8	3	3	8	1	10	10	5	7	6	6	7	6	3	8	4	8	8	128	20	7.0	6.4	6.2	6.2	6.4	13.
Portugal	1	5	8	6	4	10	7	6	9	4	6	10	10	2	5	4	1	10	10	10	128	20	5.0	7.2	6.4	6.7	6.4	13.
Belgium	3	7	8	8	8	9	5	7	7	6	3	7	8	4	7	1	10	5	1	9	123	20	6.5	7.2	5.6	5.5	6.2	15.
Cyprus	3	8	10	10	6	9	10	8	1	2	5	9	10	5	1	1	1	10	10	4	123	20	7.8	6.8	6.2	4.5	6.2	15.
Greece	1	6	8	10	3	9	8	7	7	1	1	10	9	2	7	8	1	9	7	9	123	20	6.3	6.8	4.6	6.8	6.2	15.
Italy	1	5	8	4	3	5	3	8	6	2	1	6	8	4	8	7	8	6	8	10	111	20	4.5	5.0	4.2	7.8	5.6	18.
France	4	9	7	6	4	9	1	7	5	4	4	7	8	5	7	1	7	4	1	7	107	20	6.5	5.2	5.6	4.5	5.4	19.
Euro Area	5	8	9	5	9	9	5	8	6	4	5	7	9	5	7	5	8	6	5	10	135	20	6.8	7.4	6.0	6.8	6.8	
EU28	5	8	9	6	8	7	6	7	6	6	6	7	8	5	7	5	#	7	6	10	129	19	7.0	6.8	6.4	7.0	6.8	

Euro Monitor 2016

European Monetary Union Member State	Gross government debt as % of GDP	General government interest payments as % of GDP	General government deficit/surplus as % of GDP	Change in the structural balance of general government as % of potential GDP	Exports in relation to GDP	Unit labor costs, deviation from the target path of 1.5% rise per year	Global merchandise trade shares, exports, deviation from base year 2000 in %	Annual change in nominal unit labor costs in %	Growth in export of goods (real) - growth in world trade volumes (real) in %-points	Unemployment rate in %	Employment rate in %	Annual change in the unemployment rate in %-points	Annual change in employment in %	Annual change in (real) labor productivity in %	Debt/to-GDP ratio of households	Debt/to-GDP ratio of non-financial corporations	Net international investment position as % of GDP	Debt/to-GDP ratio of households, change over three years in %-points	Debt/to-GDP ratio of non-financial corporations, change over three years in %-points	Current account balance as % of GDP	Sum over all indicators	Number of indicators observed	(C1) Fiscal Sustainability = sum 1a - 1d / obs 1a - 1d	(C2) Competitiveness = sum 2a - 2e / obs 2a - 2e	(C3) Employment and Productivity = sum 3a - 3e / obs 3a - 3e	(C4) Private and Foreign Debt = sum 4a - 4h / obs 4a - 4h	Monitor Rating = sum / obs	Euro Monitor Rank
	1A	1B	1C	1D	2A	2B	2C	2D	2E	3A	3B	3C	3D	3E	4A	4B	4C	4D	4E	4F	Sum	Obs	C1	C2	C3	C4	EM15	Rank
Germany	7	10	10	10	9	10	7	7	6	9	9	6	8	5	8	9	10	6	6	10	162	20	9.3	7.8	7.4	8.2	8.1	1.
Netherlands	7	10	10	10	8	9	7	8	9	7	9	7	8	6	2	2	10	8	5	10	152	20	9.3	8.2	7.4	6.2	7.6	2.
Slovenia	6	6	8	6	7	1	10	6	10	5	5	7	9	6	10	8	6	7	10	10	143	20	6.5	6.8	6.4	8.5	7.2	3.
Malta	8	8	10	10	10	4	1	5	1	9	5	7	10	7	7	1	10	9	10	10	142	20	9.0	4.2	7.6	7.8	7.1	4.
Slovakia	8	9	7	7	9	5	10	8	10	4	4	9	10	5	9	9	3	2	4	10	142	20	7.8	8.4	6.4	6.2	7.1	4.
Latvia	9	10	10	9	6	1	10	1	8	4	6	6	5	8	10	7	4	8	8	10	140	20	9.5	5.2	5.8	7.8	7.0	6.
Lithuania	9	10	10	7	7	1	10	1	6	6	7	8	9	4	10	10	5	5	5	9	139	20	9.0	5.0	6.8	7.3	7.0	7.
Estonia	10	10	9	4	7	1	10	1	8	7	8	4	6	7	9	6	6	5	6	10	134	20	8.3	5.4	6.4	7.0	6.7	8.
Austria	5	8	8	3	5	8	6	5	6	7	8	5	8	4	8	5	9	5	7	10	130	20	6.0	6.0	6.4	7.3	6.5	9.
Ireland	6	8	9	6	10	10	1	7	5	6	4	8	10	8	8	1	1	10	1	10	129	20	7.3	6.6	7.2	5.2	6.5	10.
Luxembourg	10	10	10	10	10	1	3	9	1	7	5	6	10	4	7	1	10	4	1	10	129	20	10.0	4.8	6.4	5.5	6.5	10.
Spain	4	7	5	3	5	9	8	9	7	1	2	10	10	5	7	4	1	10	10	10	127	20	4.8	7.6	5.6	7.0	6.4	12.
Belgium	3	7	7	6	8	9	5	8	10	6	3	7	8	4	7	1	10	4	1	10	124	20	5.8	8.0	5.6	5.5	6.2	13.
Finland	7	10	8	7	3	6	1	8	6	5	7	7	6	6	6	3	8	4	5	8	121	20	8.0	4.8	6.2	5.7	6.1	14.
Portugal	1	4	8	7	3	10	6	6	9	2	5	8	9	3	5	3	1	10	10	10	120	20	5.0	6.8	5.4	6.5	6.0	15.
Greece	1	6	10	10	3	9	7	5	8	1	1	8	6	2	7	8	1	9	6	9	117	20	6.8	6.4	3.6	6.7	5.9	16.
Cyprus	3	7	10	10	6	8	10	9	1	1	4	9	10	3	1	1	1	8	1	5	108	20	7.5	6.8	5.4	2.8	5.4	17.
France	4	9	6	6	4	9	1	8	7	3	4	6	7	5	7	1	8	5	1	7	108	20	6.3	5.8	5.0	4.8	5.4	17.
Italy	1	5	7	2	2	5	3	8	6	2	1	6	8	3	8	7	8	6	8	10	106	20	3.8	4.8	4.0	7.8	5.3	19.
Euro Area	4	8	8	6	8	9	5	8	7	3	5	7	8	4	7	5	8	7	5	10	132	20	6.5	7.4	5.4	7	6.6	
EU28	5	8	8	7	8	8	5	6	7	5	5	7	8	5	7	5	#	7	6	10	127	19	7	6.8	6	7	6.7	

Euro Monitor 2015

European Monetary Union Member State	Gross government debt as % of GDP	General government interest payments as % of GDP	General government deficit/surplus as % of GDP	Change in the structural balance of general government as % of potential GDP	Exports in relation to GDP	Unit labor costs, deviation from the target path of 1.5% rise per year	Global merchandise trade shares, exports, deviation from base year 2000 in %	Annual change in nominal unit labor costs in %	Growth in export of goods (real) - growth in world trade volumes (real) in %-points	Unemployment rate in %	Employment rate in %	Annual change in the unemployment rate in %-points	Annual change in employment in %	Annual change in (real) labor productivity in %	Debt-to-GDP ratio of households	Debt-to-GDP ratio of non-financial corporations	Net international investment position as % of GDP	Debt-to-GDP ratio of households, change over three years in %-points	Debt-to-GDP ratio of non-financial corporations, change over three years in %-points	Current account balance as % of GDP	Sum over all indicators	Number of indicators observed	(C1) Fiscal Sustainability = sum 1a - 1d / obs 1a - 1d	(C2) Competitiveness = sum 2a - 2e / obs 2a - 2e	(C3) Employment and Productivity = sum 3a - 3e / obs 3a - 3e	(C4) Private and Foreign Debt = sum 4a - 4h / obs 4a - 4h	Monitor Rating = sum / obs	Euro Monitor Rank
	1A	1B	1C	1D	2A	2B	2C	2D	2E	3A	3B	3C	3D	3E	4A	4B	4C	4D	4E	4F	Sum	Obs	C1	C2	C3	C4	EM15	Rank
Germany	6	9	10	10	9	10	6	6	8	9	9	6	7	5	8	9	10	7	6	10	160	20	8.8	7.8	7.2	8.3	8.0	1.
Malta	7	8	8	7	10	4	1	8	5	8	4	6	10	10	7	1	10	8	10	10	142	20	7.5	5.6	7.6	7.7	7.1	2.
Slovenia	5	7	7	7	7	1	10	8	9	4	5	7	8	6	10	8	6	7	10	10	142	20	6.5	7.0	6.0	8.5	7.1	2.
Slovakia	8	9	7	5	9	5	10	7	10	2	3	9	9	7	10	10	3	3	4	10	140	20	7.3	8.2	6.0	6.7	7.0	4.
Ireland	6	7	8	10	10	10	1	10	10	4	4	9	10	10	7	1	1	10	1	10	139	20	7.8	8.2	7.4	5.0	7.0	5.
Netherlands	7	10	8	4	8	8	6	9	7	7	9	6	7	6	1	2	10	7	6	10	138	20	7.3	7.6	7.0	6.0	6.9	6.
Austria	5	8	8	8	5	8	5	6	7	8	8	5	7	4	8	5	9	6	6	10	136	20	7.3	6.2	6.4	7.3	6.8	7.
Luxembourg	10	10	10	10	10	1	3	8	7	7	5	5	10	5	8	1	10	4	2	10	136	20	10.0	5.8	6.4	5.8	6.8	7.
Latvia	10	10	8	5	5	1	10	1	4	4	6	7	8	6	10	7	3	9	10	9	133	20	8.3	4.2	6.2	8.0	6.7	9.
Lithuania	9	9	9	8	7	2	10	1	3	4	6	9	8	4	10	10	5	4	8	7	133	20	8.8	4.6	6.2	7.3	6.7	9.
Estonia	10	10	10	6	7	1	10	1	3	7	8	8	10	1	9	5	5	6	4	10	131	20	9.0	4.4	6.8	6.5	6.6	11.
Spain	4	6	4	3	5	9	7	8	8	1	1	10	10	5	6	4	1	10	10	10	122	20	4.3	7.4	5.4	6.8	6.1	12.
Greece	1	5	2	10	3	9	7	10	10	1	1	9	7	2	7	8	1	8	7	10	118	20	4.5	7.8	4.0	6.8	5.9	13.
Belgium	3	7	7	6	8	8	4	9	7	5	3	5	7	5	7	1	10	4	1	10	117	20	5.8	7.2	5.0	5.5	5.9	14.
Portugal	1	3	5	4	4	10	5	9	10	1	4	8	8	4	5	3	1	10	10	9	114	20	3.3	7.6	5.0	6.3	5.7	15.
Italy	1	4	7	6	5	5	2	8	8	2	1	7	7	4	8	7	7	6	8	10	113	20	4.5	5.6	4.2	7.7	5.7	16.
France	4	8	6	6	5	8	1	8	10	3	4	5	6	5	7	2	8	5	3	8	112	20	6.0	6.4	4.6	5.5	5.6	17.
Finland	7	10	7	7	3	6	1	8	1	4	6	4	5	5	6	3	9	4	3	9	108	20	7.8	3.8	4.8	5.7	5.4	18.
Cyprus	3	7	8	10	6	7	10	10	1	1	3	8	7	5	1	1	1	4	1	7	101	20	7.0	6.8	4.8	2.5	5.1	19.
Euro Area	4	8	7	6	9	9	4	8	10	3	4	7	8	6	7	5	#	7	6	10	128	19	6.3	8.0	5.6	7.0	6.7	
EU28	5	8	7	6	8	8	5	8	10	4	5	7	8	6	7	4	#	7	7	10	130	19	6.5	7.8	6.0	7.0	6.8	

Euro Monitor 2014

European Monetary Union Member State	Gross government debt as % of GDP	General government interest payments as % of GDP	General government deficits/surplus as % of GDP	Change in the structural balance of general government as % of potential GDP	Exports in relation to GDP	Unit labor costs, deviation from the target path of 1.5% rise per year	Global merchandise trade shares, exports, deviation from base year 2000 in %	Annual change in nominal unit labor costs in %	Growth in export of goods (real) - growth in world trade volumes (real) in %-points	Unemployment rate in %	Employment rate in %	Annual change in the unemployment rate in %-points	Annual change in employment in %	Annual change in (real) labor productivity in %	Debt-to-GDP ratio of households	Debt-to-GDP ratio of non-financial corporations	Net international investment position as % of GDP	Debt-to-GDP ratio of households, change over three years in %-points	Debt-to-GDP ratio of non-financial corporations, change over three years in %-points	Current account balance as % of GDP	Sum over all indicators	Number of indicators observed	(C1) Fiscal Sustainability = sum 1a - 1d / obs 1a - 1d	(C2) Competitiveness = sum 2a - 2e / obs 2a - 2e	(C3) Employment and Productivity = sum 3a - 3e / obs 3a - 3e	(C4) Private and Foreign Debt = sum 4a - 4h / obs 4a - 4h	Monitor Rating = sum / obs	Euro Monitor Rank
	1A	1B	1C	1D	2A	2B	2C	2D	2E	3A	3B	3C	3D	3E	4A	4B	4C	4D	4E	4F	Sum	Obs	C1	C2	C3	C4	EM14	Rank
Germany	6	9	10	10	8	10	6	6	7	8	9	6	7	5	8	9	10	7	6	10	157	20	8.8	7.4	7.0	8.3	7.9	1.
Estonia	10	10	10	7	8	1	10	5	5	6	7	8	7	8	9	5	5	8	4	10	143	20	9.3	5.8	7.2	6.8	7.2	2.
Lithuania	9	9	9	7	8	3	10	3	5	3	5	8	10	6	10	10	5	5	8	10	143	20	8.5	5.8	6.4	8.0	7.2	2.
Luxembourg	10	10	10	10	10	1	3	8	8	7	5	5	10	8	8	1	10	4	5	10	143	20	10.0	6.0	7.0	6.3	7.2	2.
Netherlands	7	10	7	6	8	7	7	9	6	6	9	5	5	7	1	2	10	7	6	10	135	20	7.5	7.4	6.4	6.0	6.8	5.
Slovakia	8	9	7	4	9	5	10	8	9	1	2	7	8	6	10	10	3	3	5	10	134	20	7.0	8.2	4.8	6.8	6.7	6.
Slovenia	5	6	4	4	7	1	10	10	9	4	4	6	6	9	10	7	5	6	10	10	133	20	4.8	7.4	5.8	8.0	6.7	7.
Latvia	9	10	8	4	5	1	10	1	8	3	5	7	3	10	10	7	3	10	10	8	132	20	7.8	5.0	5.6	8.0	6.6	8.
Malta	7	7	8	1	10	4	1	10	1	8	3	7	10	10	7	1	10	6	10	10	131	20	5.8	5.2	7.6	7.3	6.6	9.
Austria	5	8	7	7	5	8	5	5	5	8	8	5	7	3	8	5	9	6	5	10	129	20	6.8	5.6	6.2	7.2	6.5	10.
Ireland	3	5	6	6	10	10	1	10	10	2	3	9	9	10	5	1	1	10	1	10	122	20	5.0	8.2	6.6	4.7	6.1	11.
Spain	3	6	4	6	5	8	7	9	6	1	1	9	7	4	6	3	1	9	10	10	115	20	4.8	7.0	4.4	6.5	5.8	12.
Belgium	3	6	6	5	8	7	5	9	6	5	3	5	6	6	7	1	10	4	1	9	112	20	5.0	7.0	5.0	5.3	5.6	13.
Greece	1	5	6	10	3	7	8	10	7	1	1	7	6	4	6	8	1	6	6	7	110	20	5.5	7.0	3.8	5.7	5.5	14.
Portugal	1	3	2	9	4	10	5	10	7	1	3	10	8	2	4	2	1	7	7	9	105	20	3.8	7.2	4.8	5.0	5.3	15.
Finland	7	10	6	4	3	6	1	7	3	5	6	4	5	3	6	3	8	4	4	8	103	20	6.8	4.0	4.6	5.5	5.2	16.
France	4	8	6	7	4	7	1	8	5	3	4	5	6	4	7	2	8	6	2	6	103	20	6.3	5.0	4.4	5.2	5.2	16.
Italy	1	3	7	5	4	4	3	8	6	1	1	4	6	4	8	6	7	6	6	10	100	20	4.0	5.0	3.2	7.2	5.0	18.
Cyprus	3	7	1	10	6	6	10	10	5	1	3	5	2	4	1	1	1	2	1	5	84	20	5.3	7.4	3.0	1.8	4.2	19.
Euro Area	4	7	7	6	8	8	4	8	6	2	4	6	7	5	7	5	#	7	5	10	116	19	6.0	6.8	4.8	6.8	6.1	
EU28	5	7	7	6	8	7	5	8	7	3	4	7	7	5	6	4	#	7	5	10	118	19	6.3	7.0	5.2	6.4	6.2	

Euro Monitor 2013

European Monetary Union Member State	Gross government debt as % of GDP	General government interest payments as % of GDP	General government deficits/surplus as % of GDP	Change in the structural balance of general government as % of potential GDP	Exports in relation to GDP	Unit labor costs, deviation from the target path of 1.5% rise per year	Global merchandise trade shares, exports, deviation from base year 2000 in %	Annual change in nominal unit labor costs in %	Growth in export of goods (real) - growth in world trade volumes (real) in %-points	Unemployment rate in %	Employment rate in %	Annual change in the unemployment rate in %-points	Annual change in employment in %	Annual change in (real) labor productivity in %	Debt-to-GDP ratio of households	Debt-to-GDP ratio of non-financial corporations	Net international investment position as % of GDP	Debt-to-GDP ratio of households, change over three years in %-points	Debt-to-GDP ratio of non-financial corporations, change over three years in %-points	Current account balance as % of GDP	Sum over all indicators	Number of indicators observed	(C1) Fiscal Sustainability = sum 1a - 1d / obs 1a - 1d	(C2) Competitiveness = sum 2a - 2e / obs 2a - 2e	(C3) Employment and Productivity = sum 3a - 3e / obs 3a - 3e	(C4) Private and Foreign Debt = sum 4a - 4h / obs 4a - 4h	Monitor Rating = sum / obs	Euro Monitor Rank
	1A	1B	1C	1D	2A	2B	2C	2D	2E	3A	3B	3C	3D	3E	4A	4B	4C	4D	4E	4F	Sum	Obs	C1	C2	C3	C4	EM13	Rank
Lithuania	10	9	7	7	8	4	10	3	10	2	4	9	8	8	10	10	5	8	9	10	151	20	8.3	7.0	6.2	8.7	7.6	1.
Germany	6	9	9	10	8	10	5	6	4	8	9	6	7	3	8	9	10	7	5	10	149	20	8.5	6.6	6.6	8.2	7.5	2.
Luxembourg	10	10	10	10	10	1	3	9	10	8	5	4	9	8	8	1	10	4	4	10	144	20	10.0	6.6	6.8	6.2	7.2	3.
Estonia	10	10	9	4	8	1	10	1	6	5	6	8	8	4	9	6	4	10	10	9	138	20	8.3	5.2	6.2	8.0	6.9	4.
Slovakia	8	9	7	10	9	5	10	8	10	1	2	5	4	8	10	10	3	3	4	10	136	20	8.5	8.4	4.0	6.7	6.8	5.
Latvia	10	10	9	3	6	1	10	1	3	2	5	10	10	5	10	6	3	10	10	7	131	20	8.0	4.2	6.4	7.7	6.6	6.
Netherlands	7	9	7	10	8	7	7	7	5	6	9	2	3	5	1	2	10	7	6	10	128	20	8.3	6.8	5.0	6.0	6.4	7.
Austria	5	7	8	8	5	9	5	5	2	8	8	5	6	3	8	5	9	7	4	10	127	20	7.0	5.2	6.0	7.2	6.4	8.
Malta	7	7	7	8	10	2	1	7	1	7	2	5	10	5	6	1	10	5	8	10	119	20	7.3	4.2	5.8	6.7	6.0	9.
Slovenia	6	7	1	5	7	1	10	8	6	3	4	3	3	4	10	6	5	6	8	10	113	20	4.8	6.4	3.4	7.5	5.7	10.
Finland	8	10	7	5	3	5	1	7	5	5	6	5	4	3	7	3	9	4	4	8	109	20	7.5	4.2	4.6	5.8	5.5	11.
Spain	4	6	2	10	5	7	6	9	9	1	1	3	1	5	5	2	1	8	10	10	105	20	5.5	7.2	2.2	6.0	5.3	12.
France	4	8	5	8	4	7	1	7	4	3	4	4	6	4	7	3	8	7	3	7	104	20	6.3	4.6	4.2	5.8	5.2	13.
Belgium	3	6	6	8	8	6	5	5	3	5	3	4	5	4	7	1	10	3	1	10	103	20	5.8	5.4	4.2	5.3	5.2	14.
Ireland	2	4	4	10	10	8	1	4	2	1	2	9	10	1	4	1	1	10	1	10	95	20	5.0	5.0	4.6	4.5	4.8	15.
Italy	1	3	7	7	4	4	2	8	4	1	1	3	2	4	8	6	7	5	6	10	93	20	4.5	4.4	2.2	7.0	4.7	16.
Portugal	1	3	5	7	3	10	5	6	10	1	2	4	1	7	4	1	1	10	2	10	93	20	4.0	6.8	3.0	4.7	4.7	16.
Greece	1	4	1	10	3	6	9	10	4	1	1	1	1	2	6	8	1	3	7	7	86	20	4.0	6.4	1.2	5.3	4.3	18.
Cyprus	3	6	5	10	5	4	10	10	1	1	3	1	1	3	1	1	1	2	1	5	74	20	6.0	6.0	1.8	1.8	3.7	19.
Euro Area	4	7	7	8	8	8	4	7	5	1	4	4	4	4	7	5	#	7	5	10	109	19	6.5	6.4	3.4	6.8	5.7	
EU28	5	7	6	8	8	7	4	7	5	3	4	5	5	5	6	4	#	7	5	10	111	19	6.5	6.2	4.4	6.4	5.8	

Euro Monitor 2012

European Monetary Union Member State	Gross government debt as % of GDP	General government interest payments as % of GDP	General government deficit/surplus as % of GDP	Change in the structural balance of general government as % of potential GDP	Exports in relation to GDP	Unit labor costs, deviation from the target path of 1.5% rise per year	Global merchandise trade shares, exports, deviation from base year 2000 in %	Annual change in nominal unit labor costs in %	Growth in export of goods (real) - growth in world trade volumes (real) in %-points	Unemployment rate in %	Employment rate in %	Annual change in the unemployment rate in %-points	Annual change in employment in %	Annual change in (real) labor productivity in %	Debt-to-GDP ratio of households	Debt-to-GDP ratio of non-financial corporations	Net international investment position as % of GDP	Debt-to-GDP ratio of households, change over three years in %-points	Debt-to-GDP ratio of non-financial corporations, change over three years in %-points	Current account balance as % of GDP	Sum over all indicators	Number of indicators observed	(C1) Fiscal Sustainability = sum 1a - 1d / obs 1a - 1d	(C2) Competitiveness = sum 2a - 2e / obs 2a - 2e	(C3) Employment and Productivity = sum 3a - 3e / obs 3a - 3e	(C4) Private and Foreign Debt = sum 4a - 4h / obs 4a - 4h	Monitor Rating = sum / obs	Euro Monitor Rank
	1A	1B	1C	1D	2A	2B	2C	2D	2E	3A	3B	3C	3D	3E	4A	4B	4C	4D	4E	4F	Sum	Obs	C1	C2	C3	C4	EM12	Rank
Lithuania	10	9	6	9	8	5	10	5	10	1	3	9	9	8	10	10	4	10	10	9	155	20	8.5	7.6	6.0	8.8	7.8	1.
Germany	6	8	9	9	8	10	5	3	5	8	9	6	8	2	8	9	10	8	7	10	148	20	8.0	6.2	6.6	8.7	7.4	2.
Estonia	10	10	9	5	8	1	10	2	6	3	6	10	9	9	9	6	4	10	10	8	145	20	8.5	5.4	7.4	7.8	7.3	3.
Latvia	9	9	9	9	6	1	10	1	10	1	3	8	8	9	10	6	3	10	9	6	137	20	9.0	5.6	5.8	7.3	6.9	4.
Slovakia	8	9	5	7	9	5	10	8	10	1	2	5	6	7	10	10	3	3	6	10	134	20	7.3	8.4	4.2	7.0	6.7	5.
Luxembourg	10	10	10	10	10	1	3	1	1	8	5	5	10	1	8	1	10	5	10	10	129	20	10.0	3.2	5.8	7.3	6.5	6.
Austria	5	7	7	8	5	9	5	3	4	9	8	5	8	3	8	5	8	6	5	10	128	20	6.8	5.2	6.6	7.0	6.4	7.
Netherlands	7	9	6	10	8	7	7	4	7	8	9	4	5	2	1	2	10	6	5	10	127	20	8.0	6.6	5.6	5.7	6.4	8.
Slovenia	8	8	5	10	7	1	10	8	3	5	4	4	4	1	10	5	5	5	6	10	119	20	7.8	5.8	3.6	6.8	6.0	9.
Malta	7	6	6	3	10	2	1	3	10	7	2	6	10	4	6	1	9	6	3	10	112	20	5.5	5.2	5.8	5.8	5.6	10.
Finland	8	10	7	4	3	5	1	1	4	6	7	6	7	1	7	4	9	4	5	8	107	20	7.3	2.8	5.4	6.2	5.4	11.
Belgium	3	5	5	7	8	7	4	3	2	6	3	5	6	3	8	1	10	3	6	10	105	20	5.0	4.8	4.6	6.3	5.3	12.
France	5	7	5	8	4	7	1	5	4	4	4	4	6	3	7	2	8	6	2	7	99	20	6.3	4.2	4.2	5.3	5.0	13.
Spain	5	7	1	10	5	6	5	10	4	1	1	1	1	6	5	2	1	7	7	9	94	20	5.8	6.0	2.0	5.2	4.7	14.
Italy	1	2	7	10	4	3	2	6	5	3	1	1	5	1	8	6	7	5	5	9	91	20	5.0	4.0	2.2	6.7	4.6	15.
Portugal	1	3	4	10	3	10	4	10	7	1	3	1	1	4	4	1	1	7	1	7	83	20	4.5	6.8	2.0	3.5	4.2	16.
Ireland	2	4	2	10	10	8	1	7	1	1	1	5	4	2	3	1	1	10	1	7	81	20	4.5	5.4	2.6	3.8	4.1	17.
Greece	1	2	1	10	2	2	9	10	10	1	1	1	1	1	6	8	1	1	5	5	78	20	3.5	6.6	1.0	4.3	3.9	18.
Cyprus	6	7	4	8	5	1	10	7	3	2	4	1	1	4	1	1	1	1	4	4	75	20	6.3	5.2	2.4	2.0	3.8	19.
Euro Area	4	6	6	10	8	8	4	6	5	2	4	3	5	3	7	5	#	6	5	10	107	19	6.5	6.2	3.4	6.6	5.6	
EU28	5	7	5	9	8	7	4	6	5	3	4	4	5	3	6	4	#	7	5	10	107	19	6.5	6.0	3.8	6.4	5.6	

Indicator Rating Spectrum

(1A) Gross government debt as % of GDP		(1B) General government interest payments as % of GDP		(1C) General government deficit/surplus as % of GDP		(1D) Change in the structural balance of general government as % of potential GDP	
%	Rating	%	Rating	%	Rating	Percentage Points	Rating
40 > x	10	1.5 > x ≥ 0	10	x ≥ 0	10	x ≥ 1.2	10
50 > x ≥ 40	9	2 > x ≥ 1.5	9	0 > x ≥-1	9	1.2 > x ≥ 0.9	9
60 > x ≥ 50	8	2.5 > x ≥ 2	8	-1 > x ≥-2	8	0.9 > x ≥ 0.6	8
70 > x ≥ 60	7	3 > x ≥ 2.5	7	-2 > x ≥-3	7	0.6 > x ≥ 0.3	7
80 > x ≥ 70	6	3.5 > x ≥ 3	6	-3 > x ≥-4	6	0.3 > x ≥ 0	6
90 > x ≥ 80	5	4 > x ≥ 3.5	5	-4 > x ≥-5	5	0 > x ≥-0.3	5
100 > x ≥ 90	4	4.5 > x ≥ 4	4	-5 > x ≥-6	4	-0.3 > x ≥-0.6	4
110 > x ≥100	3	5 > x ≥ 4.5	3	-6 > x ≥-7	3	-0.6 > x ≥-0.9	3
120 > x ≥110	2	5.5 > x ≥ 5	2	-7 > x ≥-8	2	-0.9 > x ≥-1.2	2
x ≥120	1	x ≥ 5.5	1	-8 > x	1	-1.2 > x	1

Indicator Rating Spectrum

(2A) Exports in relation to GDP - Large economies (ES, DE, IT, FR, UK, USA)	
%	Rating
x ≥ 50	10
50 > x ≥ 46	9
46 > x ≥ 42	8
42 > x ≥ 38	7
38 > x ≥ 34	6
34 > x ≥ 30	5
30 > x ≥ 26	4
26 > x ≥ 22	3
22 > x ≥ 18	2
18 > x	1

(2A) Exports in relation to GDP - Small economies (rest)	
%	Rating
x ≥ 100	10
100 > x ≥ 90	9
90 > x ≥ 80	8
80 > x ≥ 70	7
70 > x ≥ 60	6
60 > x ≥ 50	5
50 > x ≥ 40	4
40 > x ≥ 30	3
30 > x ≥ 20	2
20 > x	1

(2B) Unit labor costs, deviation from the target path of 1.5 % rise per year in index points	
Index Points	Rating
0 > x	10
3 > x ≥ 0	9
6 > x ≥ 3	8
9 > x ≥ 6	7
12 > x ≥ 9	6
15 > x ≥ 12	5
18 > x ≥ 15	4
21 > x ≥ 18	3
24 > x ≥ 21	2
x ≥ 24	1

(2C) Global merchandise trade shares, exports, deviation from base year 2000 in %	
%	Rating
x ≥ 10	10
10 > x ≥ 5	9
5 > x ≥ 0	8
0 > x ≥-5	7
-5 > x ≥-10	6
-10 > x ≥-15	5
-15 > x ≥-20	4
-20 > x ≥-25	3
-25 > x ≥-30	2
-30 >x	1

(2D) Annual change in nominal unit labor costs in %	
%	Rating
-1 > x	10
0 > x ≥ -1	9
1 > x ≥ 0	8
1.5 > x ≥ 1	7
2 > x ≥ 1.5	6
2.5 > x ≥ 2	5
3 > x ≥ 2.5	4
3.5 > x ≥ 3	3
4 > x ≥ 3.5	2
x ≥ 4	1

(2E) Growth in export of goods (real) minus growth in world trade volumes (real) in percentage points	
Percentage points	Rating
x ≥ 4	10
4 > x ≥ 3	9
3 > x ≥ 2	8
2 > x ≥ 1	7
1 > x ≥ 0	6
0 > x ≥-1	5
-1 > x ≥-2	4
-2 > x ≥-3	3
-3 > x ≥-4	2
-4 > x	1

Indicator Rating Spectrum

(3A) Unemployment rate in %	
%	Rating
4 > x	10
5 > x ≥ 4	9
6 > x ≥ 5	8
7 > x ≥ 6	7
8 > x ≥ 7	6
9 > x ≥ 8	5
10 > x ≥ 9	4
11 > x ≥ 10	3
12 > x ≥ 11	2
x ≥ 12	1

(3B) Employment rate in %	
%	Rating
x ≥ 75	10
75 > x ≥ 73	9
73 > x ≥ 71	8
71 > x ≥ 69	7
69 > x ≥ 67	6
67 > x ≥ 65	5
65 > x ≥ 63	4
63 > x ≥ 61	3
61 > x ≥ 59	2
59 > x	1

(3C) Annual change in the unemployment rate in percentage points	
Percentage Points	Rating
-2 > x	10
-1.5 > x ≥-2	9
-1 > x ≥-1.5	8
-0.5 > x ≥-1	7
0 > x ≥-0.5	6
0.5 > x ≥ 0	5
1 > x ≥ 0.5	4
1.5 > x ≥ 1	3
2 > x ≥ 1.5	2
x ≥ 2	1

(3D) Annual change in employment in %	
%	Rating
x ≥ 2	10
2 > x ≥ 1.5	9
1.5 > x ≥ 1	8
1 > x ≥ 0.5	7
0.5 > x ≥ 0	6
0 > x ≥-0.5	5
-0.5 > x ≥-1	4
-1 > x ≥-1.5	3
-1.5 > x ≥-2	2
-2 > x	1

(3E) Annual change real labor productivity in %	
%	Rating
x ≥ 3	10
3 > x ≥ 2.5	9
2.5 > x ≥ 2	8
2 > x ≥ 1.5	7
1.5 > x ≥ 1	6
1 > x ≥ 0.5	5
0.5 > x ≥ 0	4
0 > x ≥-0.5	3
-0.5 > x ≥-1	2
-1 > x	1

Indicator Rating Spectrum

(4A) Debt-to-GDP ratio of households	
%	Rating
40 > x	10
50 > x ≥ 40	9
60 > x ≥ 50	8
70 > x ≥ 60	7
80 > x ≥ 70	6
90 > x ≥ 80	5
100 > x ≥ 90	4
110 > x ≥ 100	3
120 > x ≥ 110	2
x ≥ 120	1

(4B) Debt-to-GDP ratio of non-financial corporations	
%	Rating
50 > x	10
60 > x ≥ 50	9
70 > x ≥ 60	8
80 > x ≥ 70	7
90 > x ≥ 80	6
100 > x ≥ 90	5
110 > x ≥ 100	4
120 > x ≥ 110	3
130 > x ≥ 120	2
x ≥ 130	1

(4C) Net international investment position as % of GDP	
%	Rating
x ≥ 20	10
20 > x ≥ 0	9
0 > x ≥-20	8
-20 > x ≥-30	7
-30 > x ≥-40	6
-40 > x ≥-50	5
-50 > x ≥-60	4
-60 > x ≥-70	3
-70 > x ≥-80	2
-80 > x	1

(4D) Debt-to-GDP ratio of households, change over three years in percentage points	
Percentage Points	Rating
-10 > x	10
-7.5 > x ≥-10	9
-5 > x ≥-7.5	8
-2.5 > x ≥-5	7
0 > x ≥-2.5	6
2.5 > x ≥ 0	5
5 > x ≥ 2.5	4
7.5 > x ≥ 5	3
10 > x ≥ 7.5	2
x ≥ 10	1

(4E) Debt-to-GDP ratio of non-financial corporations, change over three years in percentage points	
Percentage Points	Rating
-10 > x	10
-7.5 > x ≥-10	9
-5 > x ≥-7.5	8
-2.5 > x ≥-5	7
0 > x ≥-2.5	6
2.5 > x ≥ 0	5
5 > x ≥ 2.5	4
7.5 > x ≥ 5	3
10 > x ≥ 7.5	2
x ≥ 10	1

(4F) Current account balance as % of GDP	
%	Rating
x ≥ 0	10
0 > x ≥-1	9
-1 > x ≥-2	8
-2 > x ≥-3	7
-3 > x ≥-4	6
-4 > x ≥-5	5
-5 > x ≥-6	4
-6 > x ≥-7	3
-7 > x ≥-8	2
-8 > x	1

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The Allianz Group is one of the world's leading insurers and asset managers with more than 86 million retail and corporate customers. Allianz customers benefit from a broad range of personal and corporate insurance services, ranging from property, life and health insurance to assistance services to credit insurance and global business insurance. Allianz is one of the world's largest investors, managing over 650 billion euros on behalf of its insurance customers while our asset managers Allianz Global Investors and PIMCO manage an additional 1.4 trillion euros of third-party assets. Thanks to our systematic integration of ecological and social criteria in our business processes and investment decisions, we hold the leading position for insurers in the Dow Jones Sustainability Index. In 2017, over 140,000 employees in more than 70 countries achieved total revenue of 126 billion euros and an operating profit of 11 billion euros for the group.

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