ECONOMIC RESEARCH

Working Paper 214

February 27, 2019

▸ MACROECONOMICS ▸ FINANCIAL MARKETS ▸ ECONOMIC POLICY ▸ SECTORS

Katharina Utermöhl

Euro Monitor 2018

As good as it gets?

Allianz

Working Paper

No. 214

Euro Monitor 2018

AUTHOR:

KATHARINA UTERMÖHL
Phone +49.69.24431-3790
katharina.utermoehl@allianz.com

1. INTRODUCTION: AS GOOD AS IT GETS?

What the 2018 Euro Monitor results tell us: A decade after the onset of the great financial crisis, the Eurozone as a whole appears to be in relatively good shape again. This positive economic development is reflected in the results of this year's Euro Monitor, in which we assess the stability or health of the Eurozone economies on the basis of 20 indicators in four categories: fiscal sustainability, competitiveness, employment & productivity and private & foreign debt. Despite no further improvement in 2018, at 6.8 points, the Euro Monitor rating for the Eurozone occupies the solid middle of the scale from '1' to '10'. The last time the Eurozone received a higher Euro Monitor score was in 2001.

In addition to ambitious structural reforms implemented particularly in the former crisis countries, the robust economic recovery in the Eurozone over the past five years has provided some tailwind for the reduction of macroeconomic imbalances. As a result, unemployment has dropped sharply, the current account now boasts a robust surplus and the positive trend in public finances meant that in 2018, for the first time ever, all Eurozone countries registered below the 3% Maastricht criterion, with the average budget deficit coming in at 0.6% in relation to GDP.

However, some areas of concern remain:

- Reform momentum in reverse gear: In 2018, only the Euro Monitor's *level indicator* which aggregates longer-term level parameters, posted a mild improvement. Meanwhile, the *progress indicator,* which reflects the shorter-term reform advances, actually declined. This trend reversal was largely driven by lower grades for indicators that measure competitiveness, namely the annual change in labor productivity and unit labor costs, as well as the performance of Eurozone exports compared to global trade dynamics. The u-turn in reform momentum is worrying in view of the remaining macroeconomic imbalances, such as the high public-debt burden and elevated unemployment rates in many EMU member countries.

- Key laggards are the four Eurozone heavyweights: When taking a country perspective, it is the four biggest Eurozone economies that are cause for particular concern – albeit for different reasons. First there are Italy and France, both of which have largely treaded water over the past decade with their Euro Monitor scores, even as their peers recovered, first from the great financial crisis and then the Eurozone debt crisis. As a result, the FR-IT duo has been the Euro Monitor tail light since 2016. Spain, meanwhile, has seen its rating improve notably in recent years. However, reform momentum reversed markedly in 2018, judging by the deterioration in its Euro Monitor ranking, as well as its rating, which saw the country come in third from the bottom just above France and Italy. The fourth laggard, as identified by our Euro Monitor rating, is Germany, despite once again occupying the pole position in the 2018 overall ranking. This verdict is based on the sharp deterioration in Germany's reform momentum relative to its peers. In the Euro Monitor *progress indicator* sub-ranking, Germany has fallen back to place 13 – its worst result since the inception of the Euro – and down from 2nd place as recently as 2014. This political complacency could clearly put Germany's economic prosperity at risk.

- The roof has not been fully fixed yet: After a good five-year run, the growth upswing in the Eurozone is increasingly running out of steam. While we don't expect a recession to hit any time soon, how prepared are Eurozone countries to deal with another sharp economic setback? Looking at the 2007-2009 downturn, the indicators that saw their ratings deteriorate the most were the unemployment rate and the debt-to-GDP ratio. Worryingly, the Euro Monitor grades for these two individual indicators are still weaker now than they were in 2007, with13 Eurozone countries boasting a lower rating for their public debt ratios and 11 for their unemployment rate. Despite the opportune macro backdrop of recent years, the roof has not been fully repaired yet.

2019 Euro Monitor preview: Prospects for further Euro Monitor rating improvements are rather dim. For one, going forward, macroeconomic imbalances will no longer just melt away as the Eurozone economic upswing continues to slow. In addition, Eurozone reform momentum has clearly passed its peak and is unlikely to re-accelerate any time soon. In fact the rising political instability at the national as well as the EU level, driven by the surge in populism, evaporating mainstream majorities and the increasing fragmentation of the political landscape, is undermining the already weakened European consensus in favor of macroeconomic convergence and fiscal discipline. This development poses a clear threat to the stability of the Eurozone. Italy serves as a prime example where the populist government's reversal of structural reforms and increase in non-productive public spending has raised the country's – and in turn also the Eurozone's – crisis vulnerability markedly. At the EU level, the strong faring of populists in the looming parliamentary elections in May 2019 will likely boost their influence on the EU policy agenda and could further embolden national populist parties to push ahead with their agendas even if these clash with EU rules. Core countries, on the other hand, are likely to be more reluctant to push ahead with EU integration and to agree to more burden-sharing in such an environment. Moreover, amid a renewed economic downturn, the high degree of political fragmentation lowers the probability that Europe will be able to agree in a timely manner on concerted action to stabilize the economy. Only a marked political rethink – at the national as well as the European level – could help turn this trend around. Without it, the 2018 Euro Monitor results are probably a case of as good as it gets.

Box: What contributes to economic stability?

Economic stability in the individual member states is essential to safeguard prosperity and underpin the credibility of the Euro. 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 the economic aberrations, such as those 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 based on 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 first two are the government debt level and interest payments, both expressed in relation to GDP, to 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. Thereafter we have new government borrowing, which, unlike the debt level, 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. Lastly, we have 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 of 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

[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.

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.

Jobs and productivity

The third category looks at “imbalances” in 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 in 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 compared to 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

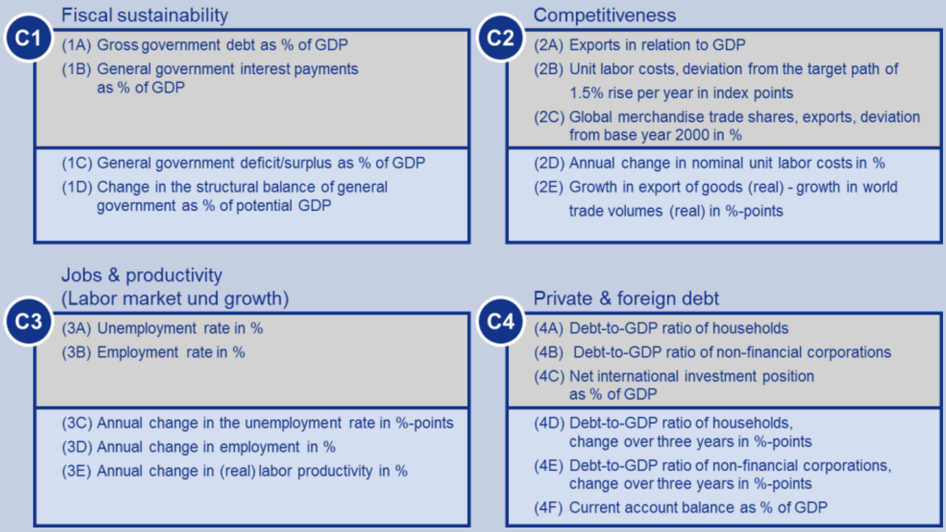
For an economy to be stable, moderate government debt is not the only prerequisite; it is also extremely important for economies to keep a tight rein on private and foreign debt. The property bubble that emerged in a number of countries triggered a dramatic rise in the demand for loans and a marked increase in household debt. Consequently, the Euro 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



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’ to ‘4’ signal poor performance and an alert threshold; ‘5’ to ‘7’ indicate middling performance and ‘8’ to ‘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.

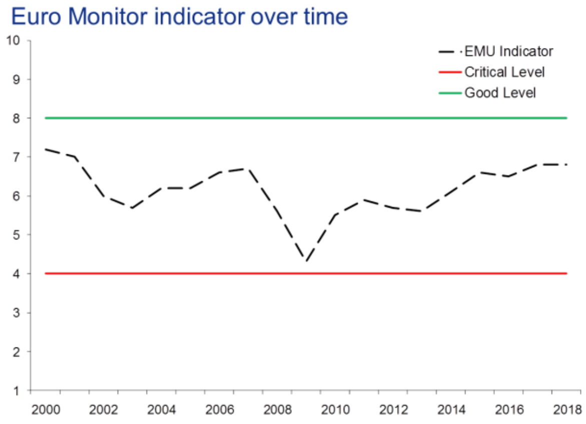
Since the individual indicators are assigned an equal weighting in the overall rating score, the overall score for each country corresponds to the average rating of all 20 indicators, meaning that it is also expressed as a value from ‘1’ to ‘10’. The country rating is calculated as the average of the 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 2018 ALLIANZ EURO MONITOR

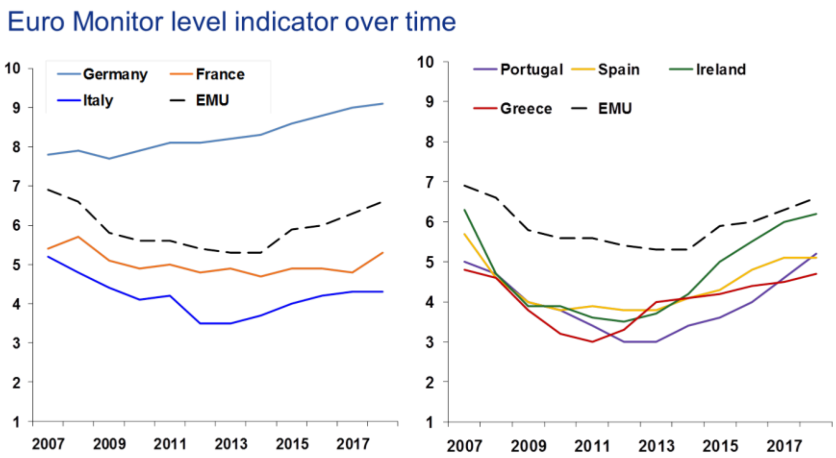
- Overall Eurozone assessment stagnates: Economic stability in the Eurozone recorded no further improvement in 2018. The average Eurozone reading remained stuck at 6.8. Nevertheless, this result falls in the solid middle of the Euro Monitor scale, which ranges from ‘1’ to ‘10’. The last time the Eurozone received a higher score was in 2001.
- Performance has not been consistently positive: Twelve countries were able to improve their ratings in 2018, compared to 2017, while five lost ground and two remained unchanged. In most countries, corporate debt ratios improved and the positive labor market development saw further gains in the employment rate and a continued decline in unemployment. There were backward steps, however, due to sluggish

[3] The rating spectrum for each indicator is set out in the appendix on pp. 21 et seq.

export growth in relation to global trade dynamics and a less favorable trend around unit labor costs in the short- as well as the long-term.

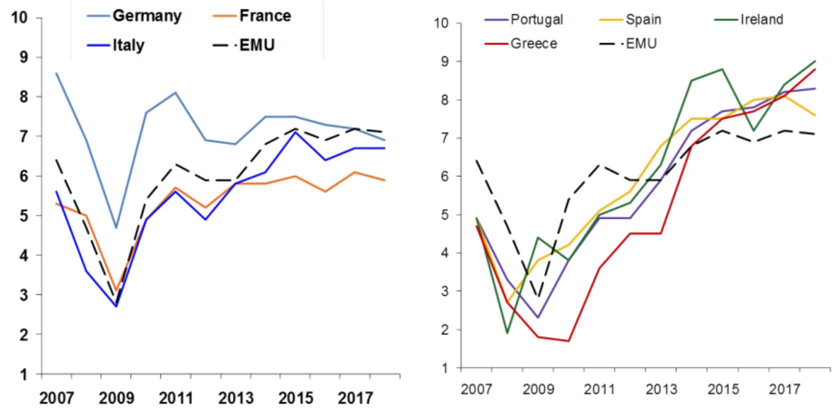


- Improvement in the *level indicator*: The overall Eurozone rating in 2018 was supported by an increase in the *level indicator*. This indicator rose from 6.3 to 6.6 points in 2018 to reach the highest level since 2007. A particularly encouraging sign is the progress made in eliminating the biggest and most persistent weaknesses, namely high government debt in relation to GDP and elevated unemployment. 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 not yet fully been dealt with.



- Shorter-term trend slightly negative: The *progress indicator* reversed slightly in 2018. Although this sub-indicator is still sitting in favorable territory with 7.1 points for the Eurozone as a whole, the figure for 2017 was 7.2 points. By way of comparison, in the crisis-ridden year of 2009, this sub-indicator registered deep in critical territory at only 2.8 points.

Euro Monitor progress indicator over time



- Winners…: Germany remains in pole position within the Eurozone in terms of economic stability, with an overall score of 8.0 in 2018. The overall result is due to the country's solid performance in the fiscal sustainability and private and foreign debt categories. Germany is the only EMU country that falls into the Euro Monitor’s “good” category, which requires an overall rating of ‘8’ or higher. However, its score has dropped by 0.1 points compared to 2017 and, more alarmingly, the clear reversal in the *progress indicator* since 2015 is evidence of Germany’s reform complacency. In 2018, Slovenia and the Netherlands share second place with 7.9 points. The positions of the top three countries remain unchanged from last year despite Germany and Slovenia witnessing a slight deterioration in the overall rating.

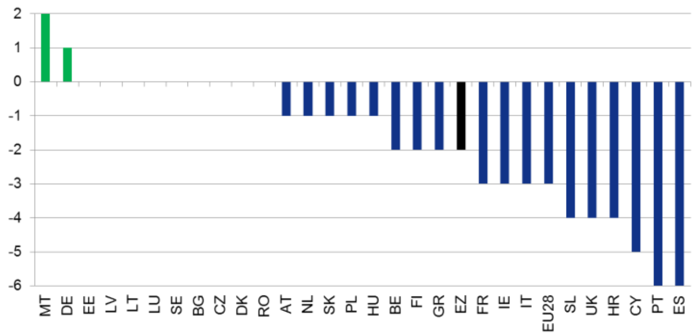
Euro Monitor Rating 2018

Rank 2018	Country Code	EMU Member State	Rating 2018	Rank 2017	Rating 2017	Rank 2013	Rating 2013
1	DE	Germany	8.0	1	8.1	2	7.5
2	NL	Netherlands	7.9	3	7.9	8	6.1
2	SL	Slovenia	7.9	2	8.0	10	5.7
4	EE	Estonia	7.7	5	7.4	3	7.0
5	IE	Ireland	7.6	6	7.2	15	5.0
6	MT	Malta	7.5	4	7.6	9	6.0
7	LT	Lithuania	7.3	6	7.2	1	7.6
8	AT	Austria	7.2	8	7.1	7	6.2
9	LV	Latvia	7.1	10	6.9	6	6.5
9	SK	Slovakia	7.1	9	7.0	5	6.7
11	LU	Luxembourg	6.9	13	6.6	4	6.8
12	GR	Greece	6.8	16	6.3	18	4.3
12	PT	Portugal	6.8	14	6.4	17	4.5
14	FI	Finland	6.6	11	6.8	11	5.4
15	CY	Cyprus	6.5	17	5.9	19	3.6
16	BE	Belgium	6.4	15	6.4	14	5.3
17	ES	Spain	6.4	12	6.6	13	5.3
18	FR	France	5.5	19	5.5	11	5.4
18	IT	Italy	5.5	18	5.5	16	4.7
	EZ19	Eurozone	6.8		6.8		5.6

- …and losers: With only 5.5 points each, France and Italy together take last place in the 2018 Euro Monitor ranking. Together with Spain, this puts three EMU heavyweights at the bottom of our Eurozone comparison table. While the FR-IT duo has largely treaded water over the past decade with their Euro Monitor scores, their Eurozone peers steadily recovered – first from the great financial crisis and then the Eurozone debt crisis. As a result, the FR-IT duo has been the Euro Monitor tail light since 2016. Spain, meanwhile, has seen its rating improve notably in recent years but reform momentum reversed markedly in 2018, whereas former crisis countries such as Greece, Ireland and Portugal continued to register clear progress. Encouragement can, however, be taken from the fact that there are no longer any EMU countries with a critical rating overall, i.e. an average score of '4' points or less.

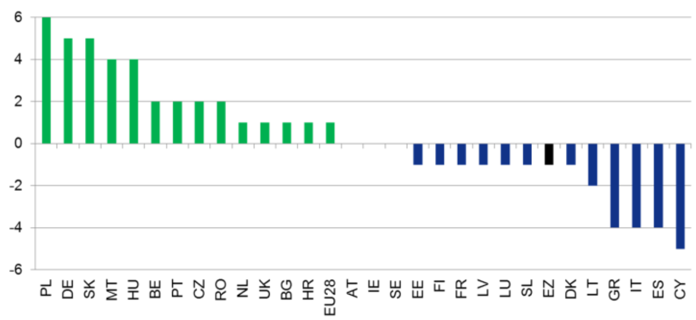
- Shooting stars of the year: Some Eurozone countries stood out in particular with regards to their reform progress in 2018. Looking at Euro Monitor ranking improvements alone, the country that moved up the most was Greece, which jumped four places. Cyprus made the biggest leap in terms of the overall score, which rose by 0.6 points to 6.5. As a result, the former crisis country has climbed up two notches in our overall ranking to 15th place, having taken the bottom spot as recently as 2014. As far as the *level indicator* is concerned, Germany leads the field with 9.1 points. Ireland (9.0 points) and Greece (8.8 points), on the other hand, top the *progress indicator* ranking.
- Weaknesses…: In 2018, for the first time ever, no individual Euro Monitor indicator for the Eurozone as a whole registered in the critical zone (a rating of '4' or less). However, the indicators that received the lowest scores are productivity growth, export performance in relation to global trade dynamics, corporate & public debt and the unemployment rate. During the 2007-2009 downturn, it was the latter two indicators that saw a particularly strong deterioration. Worryingly, the Euro Monitor grades for public debt and unemployment are still weaker now than they were in 2007, with13 Eurozone countries boasting a lower rating for their public debt ratios and 11 for their unemployment rate.

Euro Monitor rating for public debt (% of GDP), change since 2007



Greece, Italy and France have the lowest average scores when only looking at these two indicators. Clearly, the clean-up process is not yet complete. Further headway in reducing macroeconomic imbalances is called for to make the Eurozone more resilient.

Euro Monitor rating for the unemployment rate, change since 2007

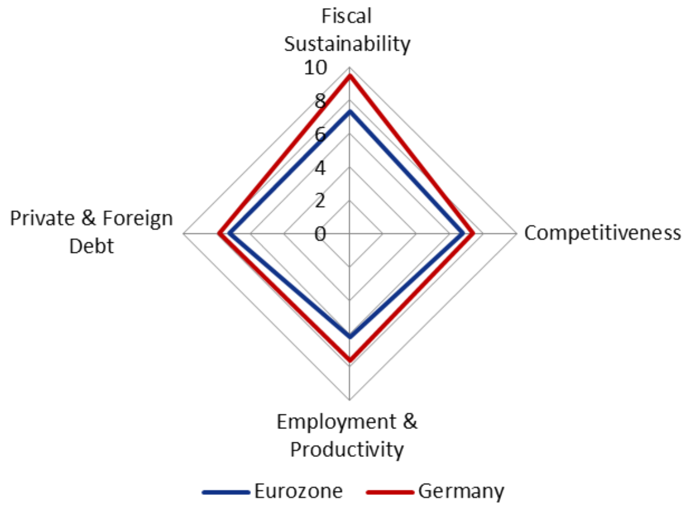


- ...and strengths: Once again, the best results were achieved in the current account indicator (average Eurozone rating: ten points). The interest burden as a percentage of GDP, the budget deficit and exports in relation to GDP have also been positive on the whole with an average Eurozone rating of '9' points.

Eurozone country profiles

Germany: Once again in pole position, but reform complacency is a concern

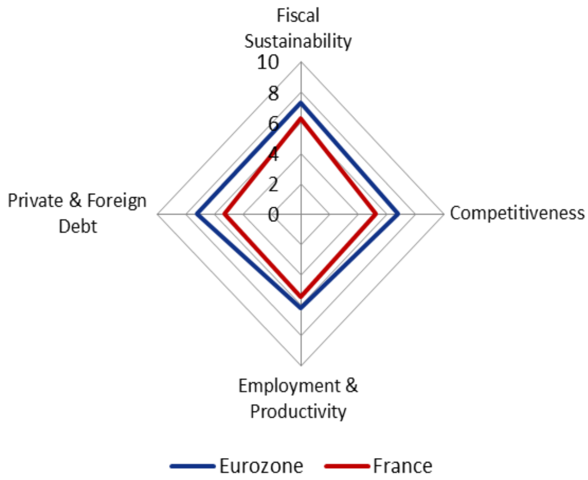
- Despite a slight decline in the overall score from 8.1 points in 2017 to 8.0, Germany for the fifth consecutive year successfully defended its top rating in the Euro Monitor ranking.
- However, if Germany does not step up its reform game, the Euro Monitor pole position will soon be occupied by another Eurozone country. Reform momentum in Germany – as measured by the *progress indicator* – declined to 6.9 points (2017: 7.2) – the lowest rating since 2013. As a result, Germany now occupies the lower mid-field position (rank 13) within the Eurozone – down from 2nd place as recently as 2014. This is Germany's lowest ranking position in the *progress indicator* since the inception of the Euro. The apparent reform complacency could clearly put Germany's economic prosperity at risk.
- By comparison, at 9.1 points, Germany still fares exceptionally well in the *level indicator,* thanks to the country's low debt ratios, strong labor market and an overall favorable international competitive position.
- Weak labor productivity has been the Achilles heel of the German economy for some years now. Once again, it increased by less than 0.5% in 2017, despite the very robust economic conditions. Worryingly, with a rating of '4' points, this indicator now registers in the critical territory.



France: Bottom place and dim prospects for improvement

- France has been treading water for some time now. With an overall score of 5.5, the country has now taken the Euro Monitor's bottom spot for the third consecutive year – even if in 2018 the honor is not exclusive but rather shared with Italy. A consistently weak *progress indicator* compared to other Eurozone countries – since 2014 France has ranked among the bottom three in the *progress indicator* sub-rating – highlights that the country has failed to keep up with its peers. Prospects for a near-term boost to Macron's reform agenda are however rather dim in light of the persistent momentum around the "yellow vest'" movement.

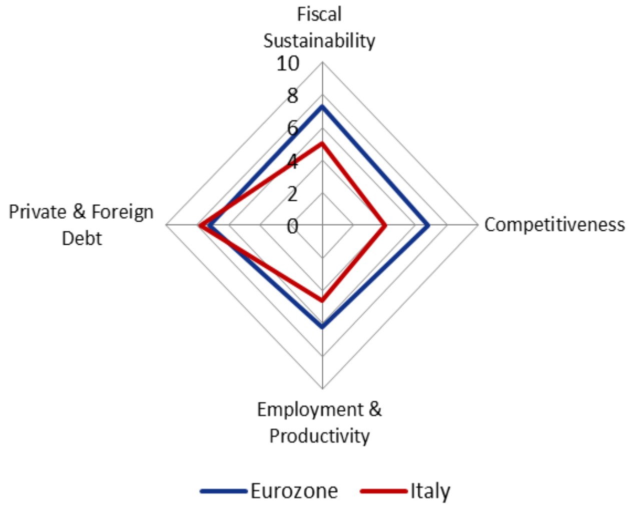
- There are two indicators for which France receives the lowest possible score of '1', namely its share in global exports and the level of corporate debt. The latter towers at more than 140% of GDP and while the upward trend moderated slightly in 2018 it remains unbroken. On the positive side, however, unit labor costs continue to develop quite favorably, with the annual change registering below the one observed in Germany for the seventh consecutive year now.
- Compared to 2017, France's performance in the category 'Employment & productivity' deteriorated the most. With an overall score of 5.4 points, France now has the worst rating in this area after Greece and Italy. Worryingly, the positive labor market trend lost momentum in 2018, despite unemployment at 9% still registering above the pre-crisis level. Productivity growth also declined in 2018 but still slightly exceeded the Eurozone average of 0.7%.



Italy: Stagnation in 2018 does not yet reflect recent reform backtracking

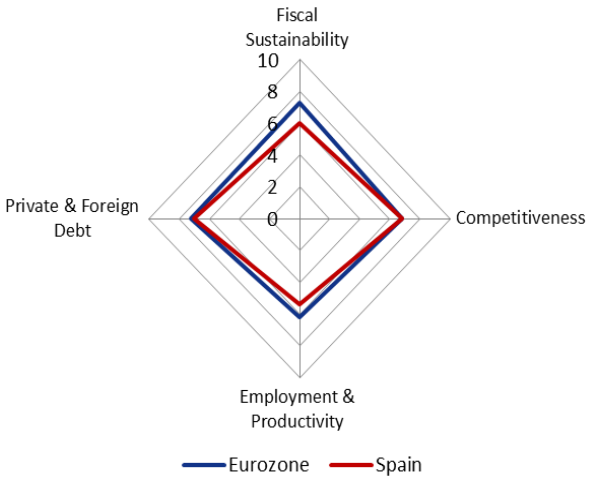
- Italy together with France occupies the bottom spot in the 2018 Euro Monitor ranking with a rating of 5.5 points – unchanged from the previous year. While Italy's *level indicator* has remained stuck at 4.3 points, the lowest rating among Eurozone countries and just above the critical mark, the *progress indicator* has in fact hinted at a timid positive trend in 2018. However, the populist government's reversal of structural reforms and increase in non-productive public consumption towards the turn of 2018/19 is likely to trigger a clear deterioration in Italy's 2019 Euro Monitor rating.
- 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, the country's Euro Monitor scores are well below the European average in all other categories. Its major weak spots are government debt (131% relative to GDP, the second highest in the Eurozone) and the still precarious labor market situation. In this context, encouragement can be taken from the progress made in reducing the budget deficit to below 2% of economic output and the sustained growth in employment of around 1% annually since 2016. However, the dim economic outlook for Italy, together with the government's fiscal policy, suggests no further improvements should be expected on this front.
- In 2018, Italy saw a strong deterioration in the category 'Competitiveness' due to an unfavorable development in the unit labor cost trend, as well as a weak performance

of Italian exports in relation to global trade dynamics. This is a major concern with the export nation's economic wealth heavily dependent on its external competitiveness.



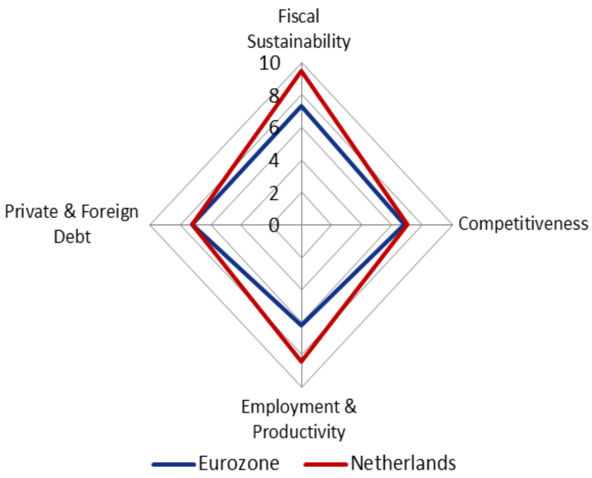
Spain: Too early to loosen the reform reigns

- A decline of 0.2 points in its Euro Monitor rating – one of the strongest observed among all Eurozone countries in 2018 – saw Spain slide down five places to rank 17. This is the first setback for Spain after nine consecutive years of progress in reducing its macroeconomic imbalances, a painstaking process driven by ambitious structural reforms and, more recently, buoyant economic growth. The loss of reform momentum, which is most pronounced in the Euro Monitor category 'Competitiveness', is clearly premature: Spain's ongoing poor position in the *level indicator* ranking (rank 15) highlights that the clean-up process is not complete yet.
- The Spanish labor market is clearly on the rebound. Although the ratings for the unemployment (15.3%) and employment rate (62.2%) are still in critical territory, significant progress has been made over the past few years with regard to these two indicators, which has been rewarded with top grades in 2018 for the fourth consecutive year.
- Relative to the country's strong economic recovery, the consolidation of Spain's public finances is making only sluggish headway. Although Spain's real GDP has risen by more than 2.5% each year since 2015, government debt has fallen little more than three percentage points in total over the same period. At 97% of GDP, this remains notably above its pre-crisis low (36% in 2007). The Spanish budget deficit finally complying with the Maastricht deficit criterion (2.7% of GDP) in 2018 - after being in violation for ten consecutive years - provides evidence that fiscal consolidation is at least moving in the right direction, albeit slowly.



Netherlands: A worthy contender for the top spot

- The Netherlands successfully defended its silver medal but with an overall rating of 7.9 points in 2018 is sharing the honor with Slovenia. A good score in the *level indicator* (7.6 points), coupled with a strong faring in the *progress indicator* (8.3 points), makes the Netherlands a worthy contender for the Euro Monitor's top spot going forward.
- The country does particularly well in the categories 'Fiscal sustainability' and 'Employment & productivity'. Its Achilles heel nevertheless remains the high level of household and corporate debt. Encouragingly, though, debt levels in both sectors have embarked on a pronounced downward trend since 2014, helped by the strong economic upswing.

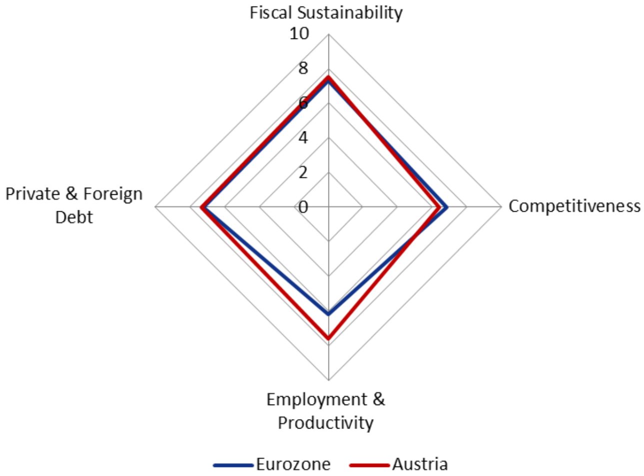


- In 2018, the Netherlands saw a marked decline in the ratings of several indicators related to its competitive position. A less favorable trend in unit labor costs, a weakening export performance in relation to global trade dynamics and slowing productivity growth bode ill for the country's growth prospects, given its export-dependence.

Austria: On the right path

- Despite a slight increase in Austria's overall rating, from 7.1 in 2017 to 7.2 in 2018, its ranking (place eight) remained unchanged compared to the previous year.

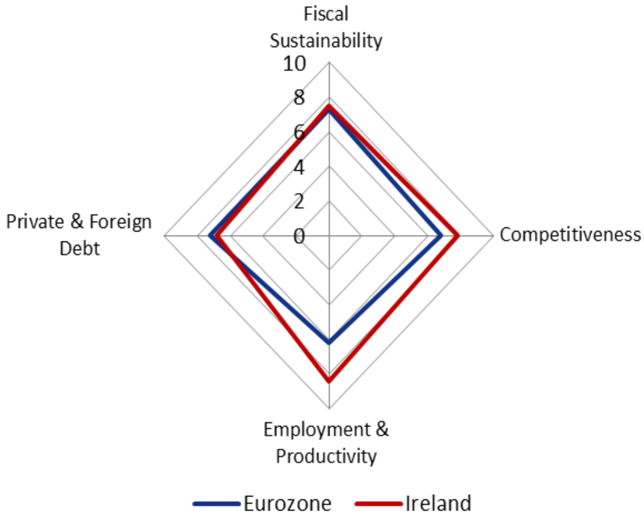
- The pick-up in economic growth since 2016 has provided some tailwind to the process of reducing macroeconomic imbalances. For instance, the decline in unemployment, which only began in 2017, shifted up another gear in 2018, pushing the joblessness rate down from 5.5% to 4.8% - the lowest rate since 2011.
- A notable slowdown in the upward drive of unit labor costs has also been under way in 2017/18 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 exports growing notably stronger in real terms than real global trade in 2018.



- The solid macroeconomic performance is also having a positive impact on public finances: The government debt ratio continued its marked downward trend in 2018 to 75%, the lowest level since 2008. The outlook for corporate debt, however, is not quite as rosy, with the debt ratio stagnating at relatively high levels.

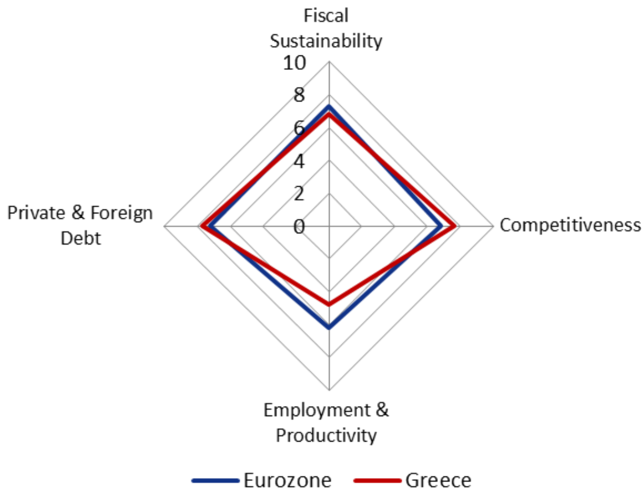
Ireland: Once again a strong improvement

- Yet again, Ireland is one of the shooting stars of the year in our Euro Monitor ranking 2018. Thanks to a 0.4 point improvement in its overall evaluation, Ireland climbed another step to secure fifth place in the ranking, with an overall rating of 7.6 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 (rank four), but then in 2016 it fell back to 12th 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 had taken the EMU bottom spot as a result of major macroeconomic imbalances.
- As far as labor market developments are concerned, Ireland is one of the EMU's frontrunners. Although there is still room for improvement with the employment rate at around 69%, the ongoing rapid reduction in unemployment (5.7% in 2018 compared with 15.5% in 2012) and the strong employment growth (around 3% for six consecutive years) 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 190% of GDP) and an unfavorable net international investment position (at -140% of GDP) are still worryingly high.



Greece: Recovery process shifts up a gear

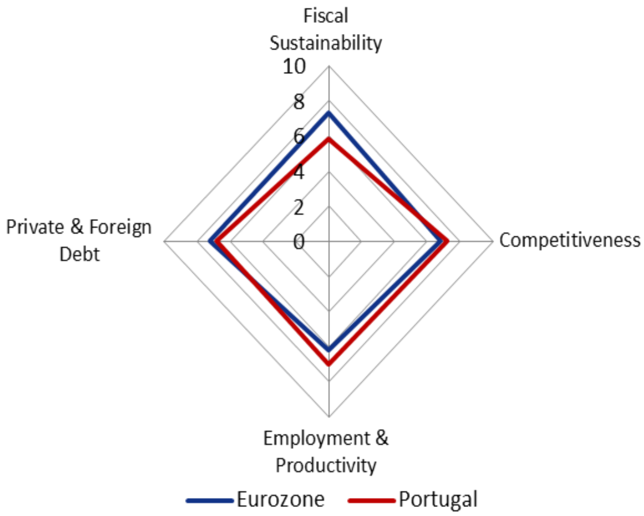
- Thanks to a 0.5 point improvement in its overall assessment to 6.8 points, Greece moves up four places in the Eurozone ranking to number 12, leaving core countries, including Belgium and Finland, behind it.
- The imbalances are, however, still too great and the progress is still too little in comparison. Although the *progress indicator* sub-ranking shows Greece in second place with 8.8 points, the *level indicator* at 4.7 points is only enough to get the country the 18th spot. The acceleration in the economic recovery (we expect annual economic growth of above 2% for 2018-20) is likely to help reduce the macroeconomic imbalances going forward. In particular, the already very positive labor market trend (employment growth came in at around 2% in 2018) is likely to continue. Nevertheless, Greece will have to stay on a reform course for some years to come to ensure a full recovery of its economy.



- The very favorable 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 11%. Greek exports are clear beneficiaries: Greece is one of only three Eurozone countries – together with Portugal and Slovenia – where exports have grown faster than global trade for five consecutive years. As a result, Greece has seen its share in world trade rise in 2018.

Portugal: The economic comeback continues

- In the Eurozone ranking, Portugal advanced two places to rank 12th, thanks to an improvement in its overall rating by 0.4 points. The good faring in the *progress indicator* (third place, 8.3 points) demonstrates that clean-up efforts in the aftermath of the European debt crisis have led to large steps forward. The sustained poor average rating of the *level indicator* (14th place, 5.2 points) nonetheless shows that the path ahead is still quite long. Fiscal sustainability remains the weakest category for now, which is largely due to the towering sovereign debt burden corresponding to 122% of GDP and the hefty interest payable figure in the national budget – at 3.5% of GDP the highest in the Eurozone with the exception of Italy.



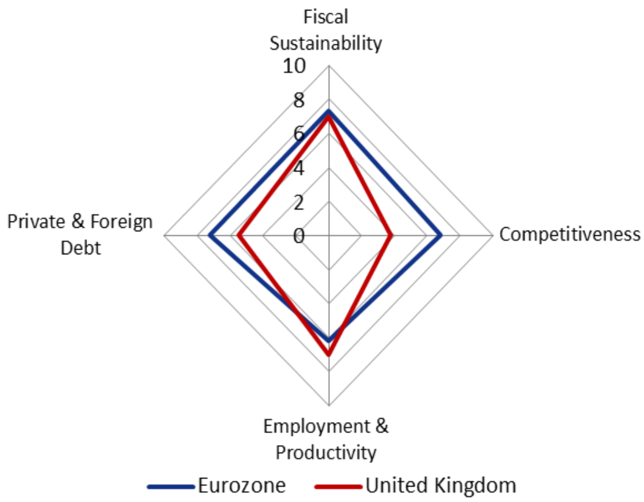
- Portugal has made remarkable progress with regard to the labor market. This is mainly due to the sharp decline in unemployment – at 7% only half of what it used to be as recently as 2014 – and buoyant employment growth (2.2%). The long-term trend in unit labor costs is also very encouraging: Together with Germany and Ireland, Portugal is one of only three Eurozone 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 performance, with growth exceeding that of global trade for eight consecutive years.

Selected EU countries

UK: Unsatisfactory competitiveness

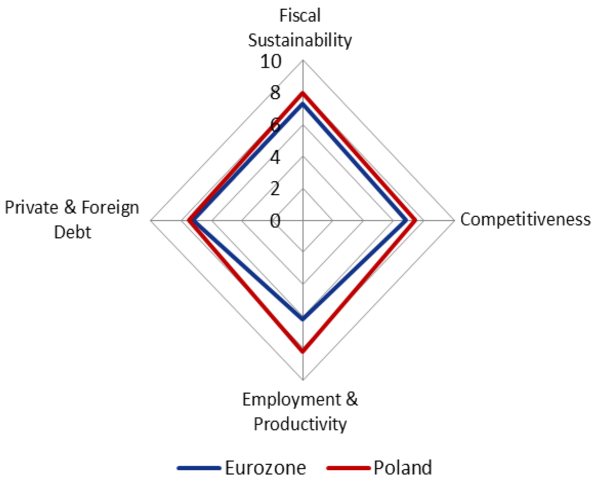
- The UK slides to third-last place in our EU ranking, thanks to a 0.3 point decrease in the overall rating to 5.8 points. As recently as 2015, the UK still registered in the middle field of the Euro Monitor ranking. The poor average score might come as a surprise but it can be traced back to a very weak faring across the board in the 'Competitiveness' category. With 3.8 points, the UK receives here the EU-wide lowest score due to sluggish productivity growth and high household debt (92% of GDP in 2018).

- The loss of competitiveness, together with the Brexit-related uncertainty about the future UK trade regime, has weighed markedly on export performance in 2018. This in turn has reinforced the decline in the UK's share in world trade, which has almost halved since 2000.
- However, 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 4.1% 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, corporate debt continued its upward trend in 2018. Another weak point is the current account deficit, which still accounts for around 4% of economic output.



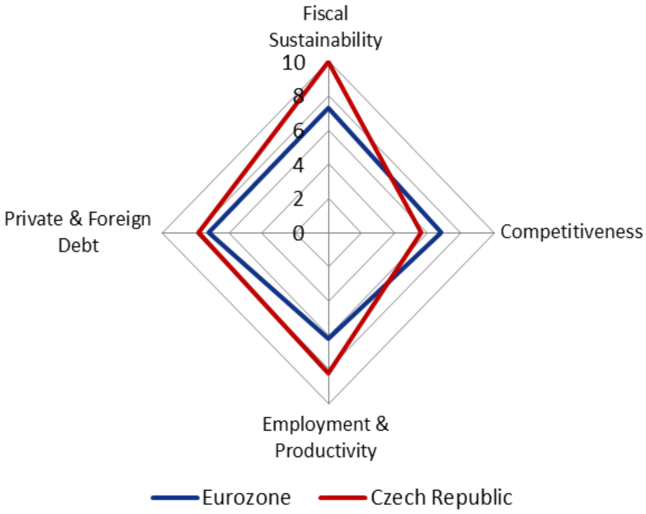
Poland: Stagnation but at a high level

- With an overall rating of 7.8, unchanged from last year, Poland once again occupies the fifth place in our EU ranking. Poland's strong point is the category 'Employment & productivity' where it shares with the Czech Republic the third place in the EU-wide ranking, just behind the Netherlands and Ireland. This strong result is thanks to very high marks for an unemployment rate of below 4%, strong productivity gains (4.6%) and solid employment growth. 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 16 percentage points lower.
- Poland also performs relatively well in the 'Fiscal sustainability' category, with a score of 8.0. The country meets the Maastricht criteria with new borrowing corresponding to 1.0% of GDP and a government debt ratio of 50% 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 is quite low at about half the Eurozone average.
- In the 'Competitiveness' category, Poland has seen its rating decline, but at 7.4 points it remains clearly above the EU average. The acceleration in annual unit labor costs has put a slight damper on Poland's dynamic export growth. But the country's share in global exports continued its upward trend in 2018.



Czech Republic: Strong results despite slight setback

- The Czech Republic continues to see stable and very strong growth, and, as a result, displays only a low level of macroeconomic imbalances. Nevertheless, in 2018, the country was unable to defend the top spot in our EU ranking, instead sliding to rank four as its average Euro Monitor rating declined to 7.8 (-0.6).
- This setback can be traced back to the economy displaying sings of overheating. The tight labor market contributed to ever higher wage increases and despite strong productivity gains, this has led to considerable growth in unit labor costs. In fact, both indicators - the short as well as the long-term trend in unit labor costs - receive the grade '2' and hence register in critical territory. As a result, the Czech Republic's existing advantages in price competitiveness are undoubtedly diminishing – one explanation for the disappointing 2018 export performance when compared to global trade dynamics.
- Very low debt ratios in the private and public sector and the exceptionally positive labor market situation - the unemployment rate is now at 2.2% - are the main factors that explain why the Czech Republic is still enjoying a good Euro Monitor rating overall.



Euro Monitor Rating 2018 – EU28

Rank 2018	Country Code	EMU Member State	Rating 2018	Rank 2017	Rating 2017	Rank 2013	Rating 2013
1	DE	Germany	8.0	2	8.1	2	7.5
2	NL	Netherlands	7.9	4	7.9	13	6.1
2	SL	Slovenia	7.9	3	8.0	17	5.7
4	CZ	Czech Republic	7.8	1	8.4	6	6.7
5	PL	Poland	7.8	5	7.8	9	6.4
6	EE	Estonia	7.7	8	7.4	4	7.0
7	IE	Ireland	7.6	10	7.2	24	5.0
8	MT	Malta	7.5	6	7.6	14	6.0
9	BG	Bulgaria	7.3	7	7.5	15	6.0
10	LT	Lithuania	7.3	10	7.2	1	7.6
11	AT	Austria	7.2	12	7.1	10	6.2
12	LV	Latvia	7.1	16	6.9	8	6.5
12	SK	Slovakia	7.1	15	7.0	6	6.7
12	HU	Hungary	7.1	16	6.9	12	6.2
15	HR	Croatia	7.0	8	7.4	22	5.3
16	RO	Romania	7.0	14	7.0	3	7.1
17	DK	Denmark	6.9	13	7.1	10	6.2
18	LU	Luxembourg	6.9	21	6.6	5	6.8
19	GR	Greece	6.8	24	6.3	27	4.3
19	PT	Portugal	6.8	22	6.4	26	4.5
21	SE	Sweden	6.6	19	6.8	16	5.8
22	FI	Finland	6.6	18	6.8	19	5.4
23	CY	Cyprus	6.5	26	5.9	28	3.6
24	BE	Belgium	6.4	23	6.4	22	5.3
25	ES	Spain	6.4	20	6.6	21	5.3
26	UK	United Kingdom	5.8	25	6.1	17	5.7
27	FR	France	5.5	28	5.5	19	5.4
27	IT	Italy	5.5	27	5.5	25	4.7

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 2018	Country Code	EMU Member State	Rating 2018	Rank 2017	Rating 2017	Rank 2013	Rating 2013
1	DE	Germany	9.1	1	9.0	1	8.2
2	LT	Lithuania	8.0	2	7.8	2	7.2
3	EE	Estonia	7.8	3	7.7	3	6.9
4	NL	Netherlands	7.6	4	7.5	6	6.5
5	SL	Slovenia	7.5	5	7.2	9	5.9
6	SK	Slovakia	7.4	7	7.1	5	6.6
7	LV	Latvia	7.3	8	7.0	8	6.3
8	AT	Austria	7.2	5	7.2	3	6.9
9	MT	Malta	7.0	9	6.6	12	5.4
10	LU	Luxembourg	6.3	10	6.3	6	6.5
11	IE	Ireland	6.2	11	6.0	16	3.7
12	BE	Belgium	6.1	12	5.9	11	5.6
12	FI	Finland	6.1	12	5.9	10	5.7
14	PT	Portugal	5.2	16	4.6	19	3.0
15	FR	France	5.1	15	4.8	13	4.9
15	ES	Spain	5.1	14	5.1	15	3.8
17	CY	Cyprus	4.8	17	4.5	18	3.4
18	GR	Greece	4.7	17	4.5	14	4.0
19	IT	Italy	4.3	19	4.3	17	3.5

Euro Monitor progress indicator over time

Rank 2018	Country Code	EMU Member State	Rating 2018	Rank 2017	Rating 2017	Rank 2013	Rating 2013
1	IE	Ireland	9.0	3	8.4	9	6.3
2	GR	Greece	8.8	6	8.1	18	4.5
3	PT	Portugal	8.3	5	8.2	10	5.9
3	SL	Slovenia	8.3	1	8.7	14	5.5
5	CY	Cyprus	8.2	9	7.2	19	3.8
5	NL	Netherlands	8.2	4	8.3	13	5.7
7	MT	Malta	7.9	2	8.5	8	6.6
8	ES	Spain	7.6	6	8.1	4	6.8
9	EE	Estonia	7.5	11	7.0	2	7.0
10	LU	Luxembourg	7.4	13	6.8	2	7.0
11	AT	Austria	7.2	11	7.0	14	5.5
12	FI	Finland	7.0	8	7.7	16	5.0
13	DE	Germany	6.9	9	7.2	4	6.8
14	LV	Latvia	6.8	13	6.8	6	6.7
15	BE	Belgium	6.7	13	6.8	17	4.9
15	IT	Italy	6.7	17	6.7	11	5.8
15	SK	Slovakia	6.7	13	6.8	6	6.7
18	LT	Lithuania	6.5	18	6.6	1	7.9
19	FR	France	5.9	19	6.1	11	5.8

Euro Monitor 2018 – Raw data

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
Austria	74.5	1.6	-0.3	0.3	54.4	6.7	-8.1	1.2	1.5	4.8	72.9	-0.7	1.8	0.9	50.6	90.9	5.5	-1.1	-0.8	2.0
Belgium	101.4	2.4	-1.0	0.9	86.4	4.7	-16.6	1.0	-0.2	5.9	64.2	-1.2	1.0	0.3	64.3	152.8	52.0	1.8	0.4	1.2
Cyprus	105.0	2.7	2.8	0.2	64.6	6.0	244.4	0.5	17.1	8.7	68.4	-2.4	3.9	-0.2	126.2	192.7	-106.7	-21.1	-34.2	-8.2
Estonia	8.5	0.0	0.2	-0.8	77.1	108.3	69.8	2.5	0.7	5.6	74.4	-0.2	0.8	2.0	43.9	72.2	-29.3	-0.3	-13.6	3.5
Finland	59.8	0.9	-0.8	0.3	39.2	3.3	-44.9	-0.7	0.7	7.5	72.1	-1.2	2.2	-0.2	76.2	117.4	-1.6	4.7	-7.0	0.7
France	98.7	1.9	-2.6	0.3	31.3	5.7	-40.9	1.1	-0.1	9.0	65.3	-0.4	0.7	0.7	70.9	143.3	-12.8	2.4	6.8	-0.6
Germany	59.9	0.9	1.7	0.1	47.2	-5.3	-4.9	1.6	-0.5	3.3	75.7	-0.5	1.3	0.3	52.6	56.2	60.0	-1.1	3.6	7.8
Greece	182.5	3.2	0.6	-0.4	33.2	3.8	9.2	0.7	4.4	19.6	54.8	-1.9	1.8	0.4	55.3	56.9	-136.5	-14.2	-8.3	-0.2
Ireland	63.9	1.6	-0.1	0.8	120.5	-32.1	-33.7	0.8	5.2	5.7	68.5	-1.0	3.1	3.6	47.8	191.7	-139.3	-13.3	-79.0	11.7
Italy	131.1	3.7	-1.9	-0.3	31.6	15.6	-24.2	1.1	-2.0	10.6	58.5	-0.6	1.0	0.5	52.3	70.9	-3.2	-2.4	-5.3	2.6
Latvia	38.1	0.8	-1.0	-1.2	59.8	123.9	179.8	4.9	0.7	7.4	71.8	-1.3	1.5	2.6	26.2	67.0	-49.7	-1.5	-6.2	0.0
Lithuania	37.5	0.9	0.4	-0.3	80.7	42.7	231.3	3.3	1.2	6.2	71.8	-0.9	-0.4	2.6	26.2	45.8	-33.1	-3.3	8.9	-0.8
Luxembourg	21.4	0.3	1.3	0.2	232.1	36.2	-31.4	1.9	-0.5	5.3	66.8	-0.3	3.6	-0.5	66.7	335.0	40.5	3.8	-50.4	0.7
Malta	47.9	1.6	1.3	2.8	133.0	19.8	-64.5	1.6	-8.8	3.8	71.0	-0.8	5.0	0.7	53.2	128.6	63.5	-10.6	-11.1	12.3
Netherlands	53.2	0.8	1.1	0.3	87.0	4.3	2.6	1.8	-0.8	3.9	77.0	-1.1	2.1	0.3	105.7	167.5	65.6	-10.7	-9.4	10.1
Portugal	121.5	3.5	-0.7	0.8	44.6	-4.7	-2.7	0.8	1.9	7.0	69.6	-2.0	2.2	-0.2	80.4	99.4	-103.1	-12.1	-20.0	0.0
Slovakia	49.5	1.3	-1.0	1.2	98.2	18.3	174.1	2.2	1.2	6.6	67.4	-1.5	1.7	2.1	43.3	63.2	-66.6	5.2	12.3	0.0
Slovenia	70.9	2.0	0.3	0.7	83.6	29.9	67.2	0.9	4.7	5.4	70.9	-1.2	3.0	1.5	29.2	50.4	-27.2	-2.5	-17.4	7.5
Spain	96.9	2.4	-2.7	0.4	34.3	3.3	0.7	1.1	-0.7	15.3	62.2	-2.0	2.2	0.4	64.5	90.9	-81.3	-8.2	-16.0	1.2
Euro Area	**86.9**	**1.9**	**-0.6**	**0.2**	**47.7**	**3.8**	**-13.5**	**1.2**	**-0.1**	**8.2**	**67.3**	**-0.9**	**1.4**	**0.5**	**61.0**	**99.3**	**NA**	**-3.7**	**-3.8**	**3.8**
United Kingdom	86.0	2.5	-1.3	1.0	30.3	19.4	-44.0	1.5	-2.3	4.1	74.6	-0.3	0.8	0.3	91.9	86.7	-5.5	-0.9	7.2	-4.0
Sweden	37.8	0.3	1.1	0.6	44.8	10.0	-36.3	1.4	-0.2	6.3	77.5	-0.4	1.7	0.8	90.1	156.0	10.9	3.3	4.7	3.2
Poland	50.2	1.5	-1.0	0.0	54.7	-1.4	170.8	2.6	2.0	3.8	67.4	-1.1	0.7	4.6	34.9	45.2	-59.3	-1.9	-2.1	-0.6
Bulgaria	23.8	0.7	0.6	0.8	66.0	110.9	117.2	4.8	-4.7	5.4	67.7	-0.9	0.5	3.0	25.1	85.1	-36.8	-4.2	-14.8	5.9
Croatia	75.0	2.4	0.1	1.4	53.1	-3.0	35.7	1.3	1.4	8.5	60.7	-2.6	2.3	0.5	34.7	92.1	-53.0	-4.7	-7.4	2.5
Czech Republic	33.5	0.7	1.6	0.2	81.5	22.0	131.8	3.6	0.7	2.2	74.6	-0.7	1.6	1.2	34.3	46.2	-25.8	1.0	-1.3	-0.5
Denmark	33.3	1.0	0.2	1.1	55.0	16.4	-29.7	1.7	-2.7	5.0	75.3	-0.7	1.7	-0.6	133.2	88.0	65.4	-0.1	-6.9	6.1
Hungary	72.5	2.5	-2.7	-1.7	93.7	60.8	50.1	4.1	3.6	3.7	69.2	-0.5	0.9	2.3	23.3	62.9	-48.3	-2.4	-12.4	1.2
Romania	36.5	1.4	-3.6	-1.2	43.5	254.8	158.3	6.6	3.0	4.2	64.9	-0.7	0.2	3.8	19.5	33.7	-48.0	-1.8	-10.1	-3.7
EU28	**81.4**	**1.9**	**-0.7**	**0.3**	**46.2**	**8.4**	**-12.2**	**1.5**	**-0.1**	**6.9**	**68.6**	**-0.8**	**1.2**	**0.8**	**67.6**	**25.0**	**NA**	**-1.6**	**-71.9**	**2.5**

Euro Monitor 2018

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 = sum1a - 1d / obs 1a - 1d	(C2) Competitiveness = sum2a - 2e / obs 2a - 2e	(C3) Employment and Productivity = sum3a - 3e / obs 3a - 3e	(C4) Private and Foreign Debt = sum4a - 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	EM18	Rank
Germany	8	10	10	10	9	10	7	6	5	10	10	6	8	4	8	9	10	6	4	10	160	20	9.5	7.4	7.6	7.8	8.0	1.
Netherlands	8	10	10	10	8	8	8	6	5	10	10	8	10	4	3	1	10	10	9	10	158	20	9.5	7.0	8.4	7.2	7.9	2.
Slovenia	6	9	10	4	8	1	10	8	10	8	7	8	10	7	10	9	7	6	10	10	158	20	7.3	7.4	8.0	8.7	7.9	2.
Estonia	10	10	10	8	7	1	10	4	6	8	9	6	7	8	9	7	7	6	10	10	153	20	9.5	5.6	7.6	8.2	7.7	4.
Ireland	7	9	9	5	10	10	1	8	10	8	6	8	10	10	9	1	1	10	10	10	152	20	7.5	7.8	8.4	6.8	7.6	5.
Malta	9	9	10	10	10	3	1	6	1	10	8	7	10	5	8	2	10	10	10	10	149	20	9.5	4.2	8.0	8.3	7.5	6.
Lithuania	10	10	10	6	8	1	10	3	7	7	8	7	5	9	10	10	6	7	2	9	145	20	9.0	5.8	7.2	7.3	7.3	7.
Austria	6	9	9	6	5	7	6	7	7	9	8	7	9	5	8	5	9	6	6	10	144	20	7.5	6.4	7.6	7.3	7.2	8.
Latvia	10	10	9	4	5	1	10	1	6	6	8	8	8	9	10	8	5	6	8	9	141	20	8.3	4.6	7.8	7.7	7.1	9.
Slovakia	9	10	9	6	9	3	10	5	7	7	6	9	9	8	9	8	3	3	1	10	141	20	8.5	6.8	7.8	5.7	7.1	9.
Luxembourg	10	10	10	10	10	1	1	6	5	8	5	6	10	3	7	1	10	4	10	10	137	20	10.0	4.6	6.4	7.0	6.9	11.
Greece	1	6	10	10	3	8	9	8	10	1	1	9	9	4	8	9	1	10	9	9	135	20	6.8	7.6	4.8	7.7	6.8	12.
Portugal	1	6	9	7	4	10	7	8	7	6	7	9	10	3	5	5	1	10	10	10	135	20	5.8	7.2	7.0	6.8	6.8	12.
Finland	8	10	9	3	3	8	1	9	6	6	8	8	10	3	6	3	8	4	8	10	131	20	7.5	5.4	7.0	6.5	6.6	14.
Cyprus	3	7	10	10	6	8	10	8	10	5	6	10	10	3	1	1	1	10	10	1	130	20	7.5	8.4	6.8	4.0	6.5	15.
Belgium	3	8	9	6	8	8	4	7	5	8	4	8	8	4	7	1	10	5	5	10	128	20	6.5	6.4	6.4	6.3	6.4	16.
Spain	4	8	7	5	6	8	8	7	5	1	3	9	10	4	7	5	1	9	10	10	127	20	6.0	6.8	5.4	7.0	6.4	17.
France	4	9	7	5	5	8	1	7	5	4	5	6	7	5	6	1	8	5	3	9	110	20	6.3	5.2	5.4	5.3	5.5	18.
Italy	1	5	8	6	3	4	3	7	3	3	1	7	7	5	8	7	8	6	8	10	110	20	5.0	4.0	4.6	7.8	5.5	18.
Euro Area	5	9	9	6	9	8	5	7	5	5	6	7	8	5	7	5	#	7	7	10	130	19	7.3	6.8	6.2	7.2	6.8	
EU28	5	9	9	6	9	7	5	7	5	7	6	7	8	5	7	10	#	6	10	10	138	19	7.3	6.6	6.6	8.6	7.3	

Euro Monitor 2017

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	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	EM16	Rank
Germany	7	10	10	10	9	10	7	6	6	9	9	6	8	5	8	9	10	6	6	10	161	20	9.3	7.6	7.4	8.2	8.1	1.
Malta	8	8	10	10	10	4	1	8	8	8	6	7	10	5	7	1	10	9	10	10	150	20	9.0	6.2	7.2	7.8	7.5	2.
Netherlands	7	10	10	10	8	9	7	8	8	7	9	7	8	6	2	1	10	10	1	10	148	20	9.3	8.0	7.4	5.7	7.4	3.
Slovenia	6	6	8	6	7	1	10	6	10	5	5	7	9	6	10	8	6	6	10	10	142	20	6.5	6.8	6.4	8.3	7.1	4.
Latvia	9	10	10	10	6	1	10	1	7	4	6	6	5	8	10	7	4	8	9	10	141	20	9.8	5.0	5.8	8.0	7.1	5.
Estonia	10	10	9	2	7	1	10	1	10	7	8	4	6	10	9	6	6	5	8	10	139	20	7.8	5.8	7.0	7.3	7.0	6.
Lithuania	10	10	10	7	7	1	10	1	5	6	7	8	9	4	10	10	5	5	5	9	139	20	9.3	4.8	6.8	7.3	7.0	6.
Slovakia	8	9	7	6	9	5	10	7	10	4	4	9	10	5	9	9	3	2	4	8	138	20	7.5	8.2	6.4	5.8	6.9	8.
Austria	5	8	8	2	5	8	6	5	6	7	8	5	8	5	8	5	9	5	7	10	130	20	5.8	6.0	6.6	7.3	6.5	9.
Luxembourg	10	10	10	10	10	1	3	8	6	7	5	6	10	2	7	1	10	4	1	9	130	20	10.0	5.6	6.0	5.3	6.5	9.
Spain	4	7	5	3	5	9	8	9	8	1	2	10	10	5	7	4	1	10	10	10	128	20	4.8	7.8	5.6	7.0	6.4	11.
Ireland	6	8	9	9	10	10	1	9	4	5	5	9	10	6	8	1	1	10	1	5	127	20	8.0	6.8	7.0	4.3	6.4	12.
Finland	7	10	8	6	3	6	1	9	7	5	7	7	6	8	6	3	9	4	5	9	126	20	7.8	5.2	6.6	6.0	6.3	13.
Belgium	3	7	7	6	8	9	5	9	10	6	3	7	8	4	7	1	10	4	1	9	124	20	5.8	8.2	5.6	5.3	6.2	14.
Greece	1	6	10	10	3	9	7	9	8	1	1	8	6	2	7	8	1	9	6	9	121	20	6.8	7.2	3.6	6.7	6.1	15.
Portugal	1	4	8	6	3	10	6	5	8	2	5	8	9	4	5	3	1	10	10	10	118	20	4.8	6.4	5.6	6.5	5.9	16.
Cyprus	3	7	10	10	6	8	10	9	1	1	4	9	10	4	1	1	1	9	3	4	111	20	7.5	6.8	5.6	3.2	5.6	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	18.
France	4	9	6	6	4	9	1	8	5	3	4	6	7	4	6	1	8	4	1	9	105	20	6.3	5.4	4.8	4.8	5.3	19.
Euro Area	5	8	8	5	8	9	5	8	7	3	5	7	8	5	7	4	#	7	4	10	123	19	6.5	7.4	5.6	6.4	6.5	
EU28	5	8	8	6	8	8	5	7	7	5	5	7	8	5	7	5	#	7	5	10	126	19	6.75	7	6	6.8	6.6	

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	10	10	10	9	10	6	6	8	9	9	6	7	5	8	9	10	7	6	10	161	20	9.0	7.8	7.2	8.3	8.1	1.
Malta	8	8	8	6	10	4	1	8	6	8	5	6	10	10	7	1	10	9	10	10	145	20	7.5	5.8	7.8	7.8	7.3	2.
Slovenia	5	6	7	8	7	1	10	8	9	4	5	7	8	5	10	8	6	7	10	10	141	20	6.5	7.0	5.8	8.5	7.1	3.
Estonia	10	10	10	10	7	1	10	1	2	7	8	8	10	2	9	6	5	6	6	10	138	20	10.0	4.2	7.0	7.0	6.9	4.
Ireland	6	7	8	10	10	10	1	10	10	3	4	9	10	10	7	1	1	10	1	10	138	20	7.8	8.2	7.2	5.0	6.9	4.
Netherlands	7	10	7	4	8	9	7	10	8	7	9	6	7	5	2	1	10	10	1	10	138	20	7.0	8.4	6.8	5.7	6.9	4.
Austria	5	8	8	7	5	9	5	6	7	8	8	5	7	5	8	5	9	6	5	10	136	20	7.0	6.4	6.6	7.2	6.8	7.
Latvia	10	10	8	5	6	1	10	1	4	4	6	7	8	7	10	7	3	9	10	9	135	20	8.3	4.4	6.4	8.0	6.8	8.
Lithuania	9	9	9	8	7	2	10	1	4	4	6	9	8	5	10	10	5	5	7	7	135	20	8.8	4.8	6.4	7.3	6.8	8.
Slovakia	8	9	7	5	9	5	10	6	9	2	3	9	9	8	10	9	3	3	4	7	135	20	7.3	7.8	6.2	6.0	6.8	8.
Luxembourg	10	10	10	10	10	1	4	4	1	7	5	4	10	6	7	1	10	5	1	9	125	20	10.0	4.0	6.4	5.5	6.3	11.
Belgium	3	6	7	7	8	8	4	9	5	5	3	5	7	5	7	1	10	4	6	9	119	20	5.8	6.8	5.0	6.2	6.0	12.
Spain	4	6	4	2	5	8	7	7	7	1	1	10	10	5	6	4	1	10	10	10	118	20	4.0	6.8	5.4	6.8	5.9	13.
Greece	1	5	4	10	3	8	7	10	10	1	1	9	7	1	7	8	1	8	6	10	117	20	5.0	7.6	3.8	6.7	5.9	14.
Portugal	1	3	5	4	4	10	5	9	10	1	4	8	8	4	4	3	1	10	10	9	113	20	3.3	7.6	5.0	6.2	5.7	15.
Italy	1	4	7	6	2	5	2	8	8	2	1	7	7	4	8	7	8	6	8	10	111	20	4.5	5.0	4.2	7.8	5.6	16.
France	4	9	6	6	4	8	1	9	8	3	4	5	6	5	7	1	8	5	1	9	109	20	6.3	6.0	4.6	5.2	5.5	17.
Cyprus	3	6	8	10	6	7	10	10	5	1	3	8	9	4	1	1	1	5	1	7	106	20	6.8	7.6	5.0	2.7	5.3	18.
Finland	7	10	7	8	3	6	1	7	1	4	6	4	5	4	6	2	9	4	1	9	104	20	8.0	3.6	4.6	5.2	5.2	19.
Euro Area	5	8	7	6	9	9	4	8	9	3	4	7	8	6	7	4	#	7	4	10	125	19	6.5	7.8	5.6	6.4	6.6	
EU28	5	8	7	6	8	8	5	8	9	4	5	7	8	6	7	5	#	7	6	10	129	19	6.5	7.6	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 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	EM14	Rank
Germany	6	9	10	10	8	10	6	6	7	8	9	6	7	6	8	9	10	7	6	10	158	20	8.8	7.4	7.2	8.3	7.9	1.
Lithuania	9	9	9	7	8	3	10	3	5	3	5	8	10	7	10	10	5	7	8	10	146	20	8.5	5.8	6.6	8.3	7.3	2.
Estonia	10	10	10	10	8	1	10	1	5	6	7	8	7	8	9	6	5	8	5	10	144	20	10.0	5.0	7.2	7.2	7.2	3.
Luxembourg	10	10	10	10	10	1	3	9	10	7	5	5	10	7	7	1	10	4	1	8	138	20	10.0	6.6	6.8	5.2	6.9	4.
Austria	5	8	7	9	5	9	5	6	6	8	8	5	7	3	8	5	9	6	6	10	135	20	7.3	6.2	6.2	7.3	6.8	5.
Latvia	9	10	8	4	6	1	10	1	9	3	5	8	3	10	10	7	3	10	10	8	135	20	7.8	5.4	5.8	8.0	6.8	5.
Netherlands	7	10	7	9	8	7	7	8	6	6	9	5	5	7	2	1	10	9	1	10	134	20	8.3	7.2	6.4	5.5	6.7	7.
Slovenia	5	6	4	3	7	1	10	10	9	4	4	6	6	9	10	7	5	6	10	10	132	20	4.5	7.4	5.8	8.0	6.6	8.
Malta	7	7	8	2	10	3	1	10	1	7	4	6	10	9	7	1	10	7	10	10	130	20	6.0	5.0	7.2	7.5	6.5	9.
Slovakia	8	9	7	4	9	5	10	8	7	1	2	7	8	6	10	9	3	2	3	10	128	20	7.0	7.8	4.8	6.2	6.4	10.
Ireland	3	5	6	9	10	10	1	10	10	2	4	9	10	10	5	1	1	10	1	10	127	20	5.8	8.2	7.0	4.7	6.4	11.
Belgium	3	6	6	6	8	7	5	9	7	5	3	5	6	5	7	1	10	4	5	9	117	20	5.3	7.2	4.8	6.0	5.9	12.
Spain	3	6	4	6	5	8	7	9	7	1	1	9	7	4	6	3	1	9	10	10	116	20	4.8	7.2	4.4	6.5	5.8	13.
Greece	1	5	6	10	3	7	8	10	7	1	1	7	7	3	6	8	1	5	6	7	109	20	5.5	7.0	3.8	5.5	5.5	14.
Portugal	1	3	2	10	4	10	5	10	7	1	3	10	8	2	4	2	1	7	7	9	106	20	4.0	7.2	4.8	5.0	5.3	15.
France	4	8	6	7	4	7	1	8	5	3	4	5	7	4	7	1	8	7	1	8	105	20	6.3	5.0	4.6	5.3	5.3	16.
Finland	7	10	6	4	3	6	1	7	1	5	6	4	5	3	7	3	8	4	1	8	99	20	6.8	3.6	4.6	5.2	5.0	17.
Italy	1	3	6	5	2	4	3	8	6	1	1	4	6	4	8	7	7	6	6	10	98	20	3.8	4.6	3.2	7.3	4.9	18.
Cyprus	3	6	1	10	6	6	10	10	5	1	3	5	2	5	1	1	1	2	1	5	84	20	5.0	7.4	3.2	1.8	4.2	19.
Euro Area	4	7	7	7	8	8	4	8	7	2	4	6	7	5	7	4	#	7	4	10	116	19	6.3	7.0	4.8	6.4	6.1	
EU28	5	8	7	6	8	7	5	8	7	3	4	7	8	5	6	5	#	7	5	10	121	19	6.5	7.0	5.4	6.6	6.4	

Euro Monitor 2013

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	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	6	10	150	20	8.5	6.6	6.6	8.3	7.5	2.
Estonia	10	10	9	4	8	1	10	1	5	5	6	8	8	5	9	6	4	10	10	10	139	20	8.3	5.0	6.4	8.2	7.0	3.
Luxembourg	10	10	10	10	10	1	3	8	8	8	5	4	9	7	7	1	10	5	1	8	135	20	10.0	6.0	6.6	5.3	6.8	4.
Slovakia	8	9	7	10	9	5	10	8	9	1	2	5	4	8	10	9	3	3	3	10	133	20	8.5	8.2	4.0	6.3	6.7	5.
Latvia	10	10	8	4	6	1	10	1	3	2	5	10	10	4	10	6	3	10	10	7	130	20	8.0	4.2	6.2	7.7	6.5	6.
Austria	5	7	8	6	5	9	5	4	2	8	8	4	6	3	8	5	9	7	5	10	124	20	6.5	5.0	5.8	7.3	6.2	7.
Netherlands	7	9	7	8	8	7	7	7	5	6	9	2	3	6	1	1	10	8	1	10	122	20	7.8	6.8	5.2	5.2	6.1	8.
Malta	7	7	7	9	10	2	1	7	1	7	3	5	10	5	6	1	10	5	7	10	120	20	7.5	4.2	6.0	6.5	6.0	9.
Slovenia	6	7	1	7	7	1	10	8	6	3	4	3	3	3	10	6	5	6	8	10	114	20	5.3	6.4	3.2	7.5	5.7	10.
Finland	8	10	7	5	3	5	1	7	3	5	6	5	4	3	7	3	9	4	4	8	107	20	7.5	3.8	4.6	5.8	5.4	11.
France	4	8	5	9	4	7	1	7	4	3	4	4	6	4	7	3	8	7	3	9	107	20	6.5	4.6	4.2	6.2	5.4	11.
Spain	4	6	3	10	5	7	6	9	9	1	1	3	1	5	5	2	1	8	10	10	106	20	5.8	7.2	2.2	6.0	5.3	13.
Belgium	3	6	6	7	8	7	5	5	3	5	3	4	5	5	8	1	10	3	1	10	105	20	5.5	5.6	4.4	5.5	5.3	14.
Ireland	2	4	3	10	10	10	1	7	2	1	3	9	10	1	4	1	1	10	1	10	100	20	4.8	6.0	4.8	4.5	5.0	15.
Italy	1	3	7	8	2	4	2	8	4	1	1	3	2	4	8	6	7	6	6	10	93	20	4.8	4.0	2.2	7.2	4.7	16.
Portugal	1	3	5	7	3	10	5	6	10	1	2	4	1	7	3	1	1	7	2	10	89	20	4.0	6.8	3.0	4.0	4.5	17.
Greece	1	4	1	10	3	6	9	10	4	1	1	1	1	2	6	8	1	3	6	7	85	20	4.0	6.4	1.2	5.2	4.3	18.
Cyprus	3	6	4	10	5	3	10	10	1	1	3	1	1	4	1	1	1	2	1	4	72	20	5.8	5.8	2.0	1.7	3.6	19.
Euro Area	4	7	6	8	8	8	4	7	4	1	4	4	4	4	7	5	#	7	5	10	107	19	6.3	6.2	3.4	6.8	5.6	
EU28	5	7	6	9	8	7	4	7	4	3	4	5	5	5	6	5	#	7	5	10	112	19	6.8	6.0	4.4	6.6	5.9	

Indicator Rating Spectrum

(1A) Gross government debt as % of GDP	
%	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

(1B) General government interest payments as % of GDP	
%	Rating
1.5 > x ≥ 0	10
2 > x ≥ 1.5	9
2.5 > x ≥ 2	8
3 > x ≥ 2.5	7
3.5 > x ≥ 3	6
4 > x ≥ 3.5	5
4.5 > x ≥ 4	4
5 > x ≥ 4.5	3
5.5 > x ≥ 5	2
x ≥ 5.5	1

(1C) General government deficit/surplus 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

(1D) Change in the structural balance of general government as % of potential GDP	
Percentage Points	Rating
x ≥ 1.2	10
1.2 > x ≥ 0.9	9
0.9 > x ≥ 0.6	8
0.6 > x ≥ 0.3	7
0.3 > x ≥ 0	6
0 > x ≥-0.3	5
-0.3 > x ≥-0.6	4
-0.6 > x ≥-0.9	3
-0.9 > x ≥-1.2	2
-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

ABOUT ALLIANZ

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 660 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. These assessments are, as always, subject to the disclaimer provided below.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements. Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events), (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the euro/US-dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

NO DUTY TO UPDATE

The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required to be disclosed by law.