



**THE COORDINATION OF ECONOMIC POLICIES AT EU
LEVEL,
A RENEWED ROLE FOR THE EUROPEAN SEMESTER**

**The economic convergence
within the Euro Area
*- recent evolutions and perspectives-***

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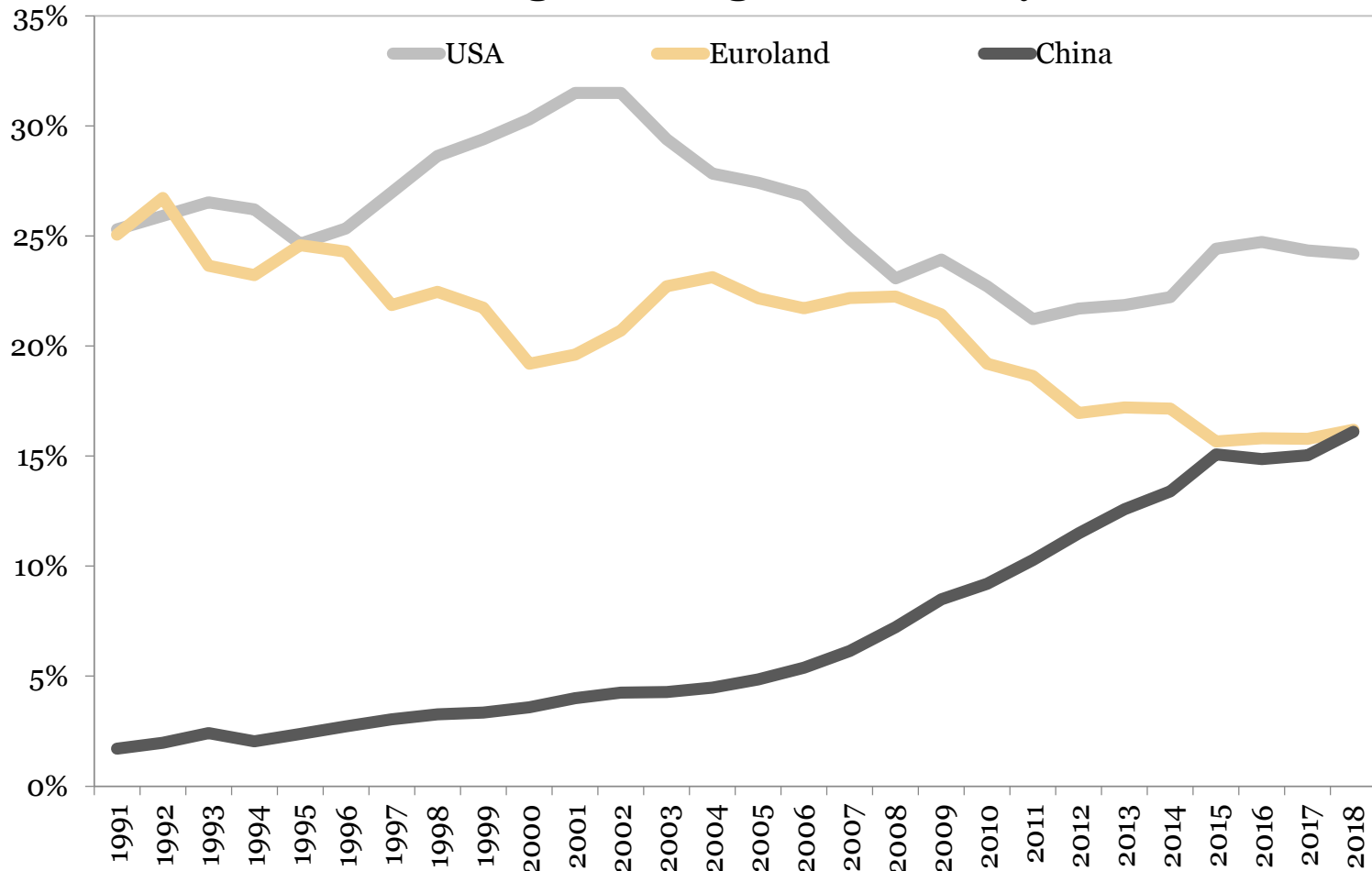


EURO AREA IN THE POST-CRISIS CYCLE

- ❑ The core of the European Union at the maturity phase of the post-crisis cycle
- ❑ A cycle strongly supported by the New Economic Governance (NEG)
- ❑ At present the confidence indicators present a downward trend
- ❑ The fading out of the impact of the expansionary monetary policy
- ❑ Several challenges, including the global trade tensions and the incomplete EU integration
- ❑ The Economic Convergence – the fundamental concept behind EMU
- ❑ The Great Recession – a maturity test for the Euro Zone
- ❑ Euro Zone – from nominal convergence to real divergence and then to both nominal and real convergence

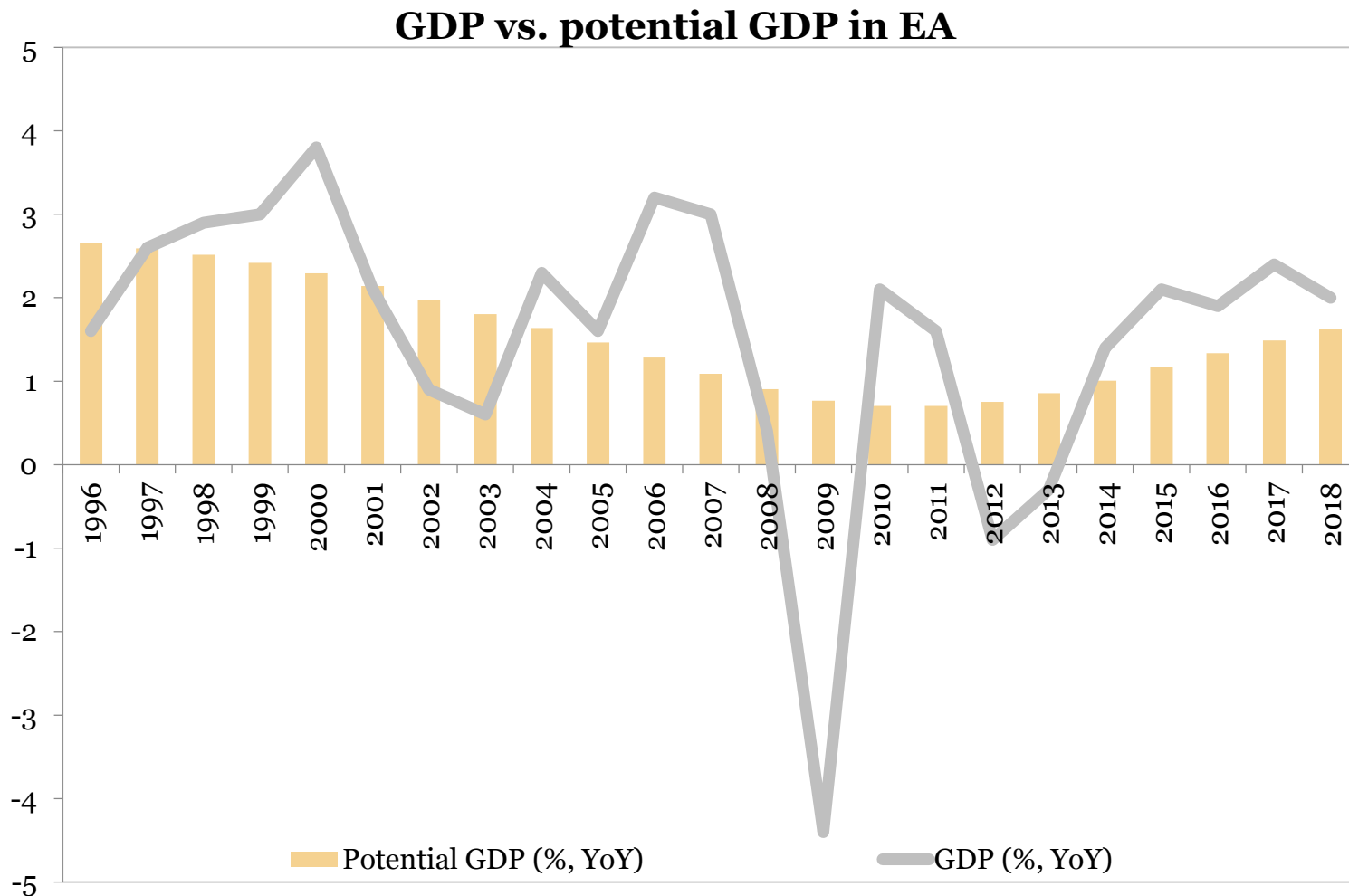
EA – THE BALANCE OF THE WORLD ECONOMY

GDP weight in the global economy



Source: BT based on IMF database

W CRISIS - LOSS IN TERMS OF POTENTIAL OUTPUT

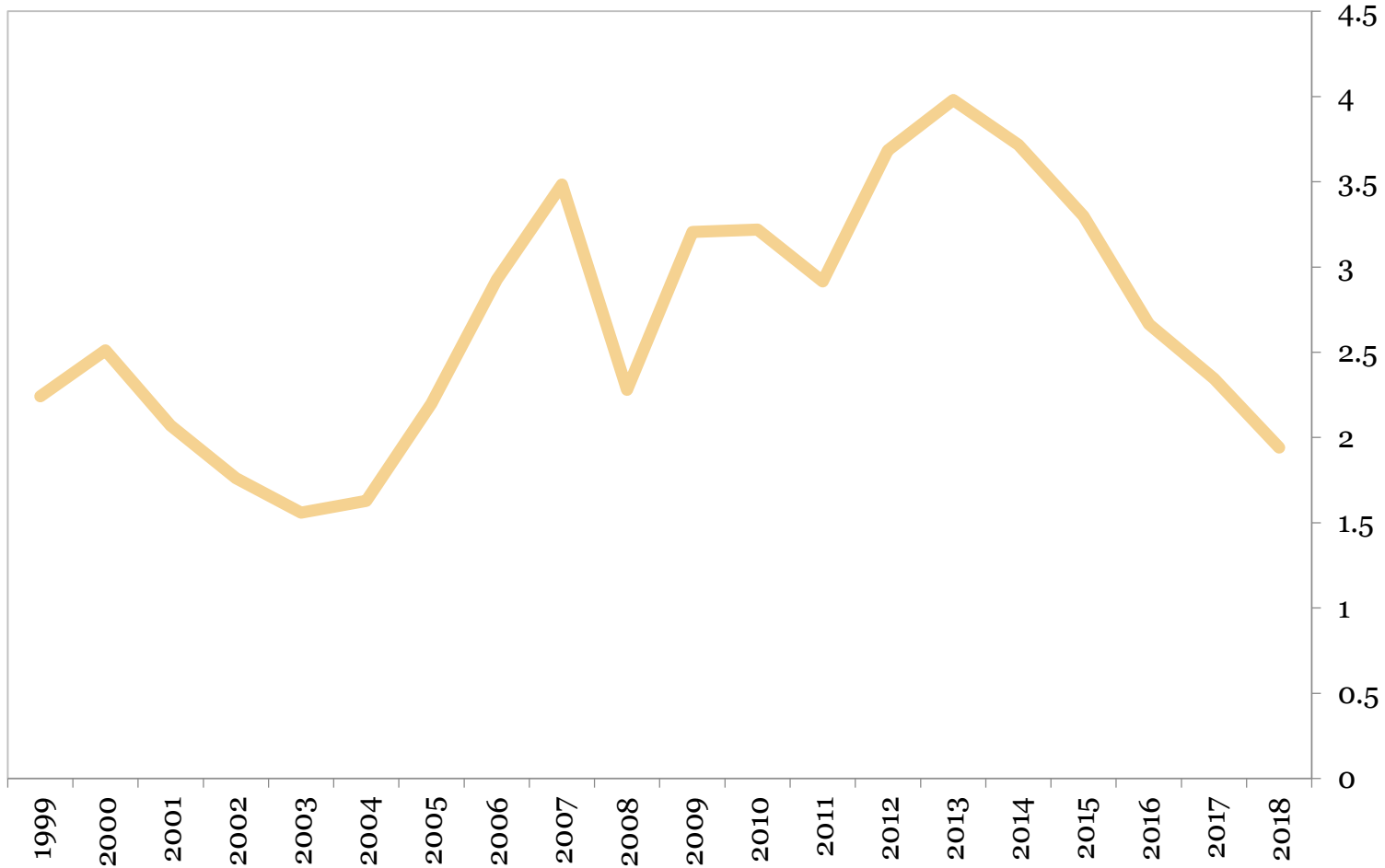


Source: BT based on Eurostat



EA CYCLES – FROM DIVERGENCE TO CONVERGENCE

Stdv for the cyclical components of the GDP

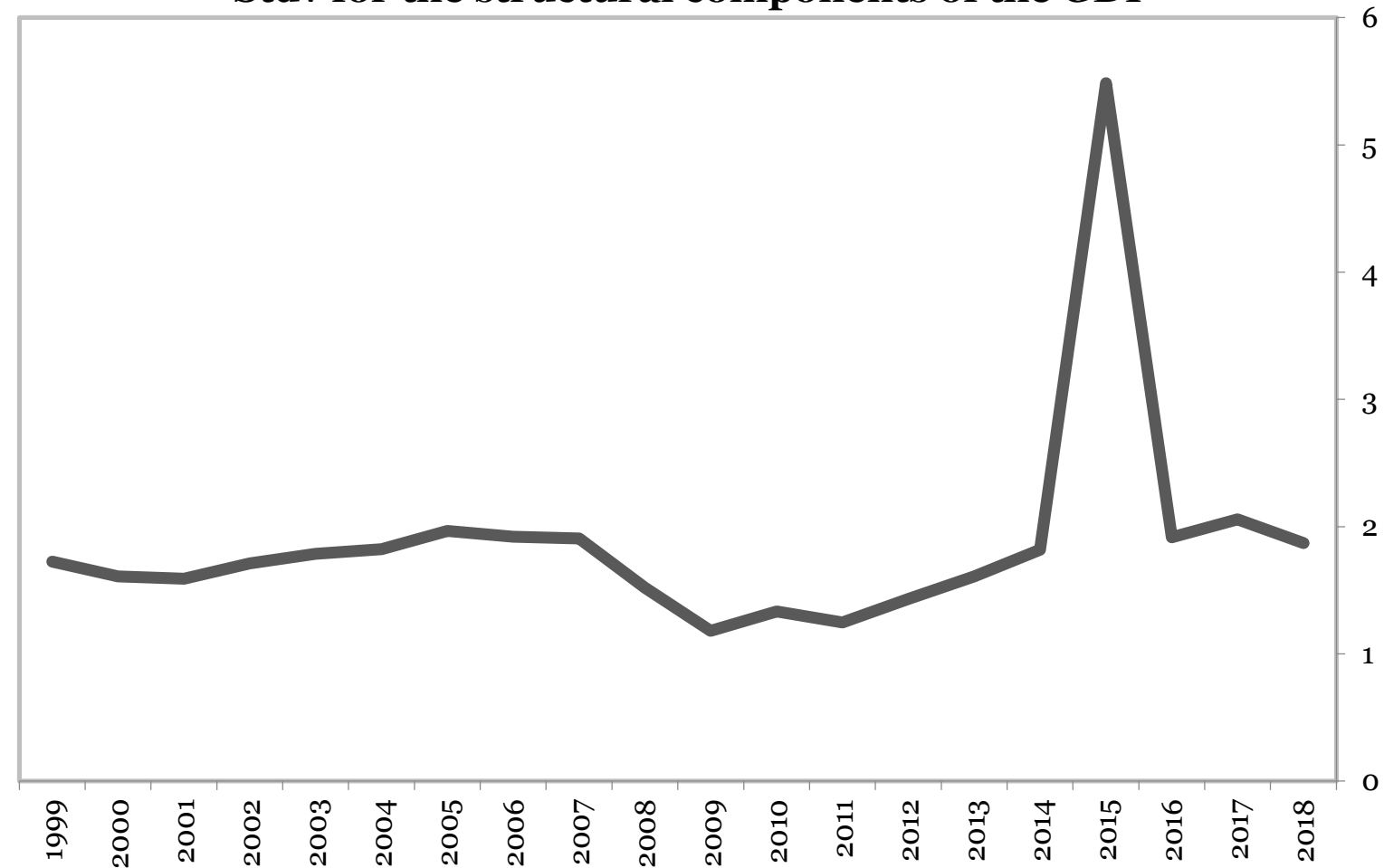


Source: BT based on Eurostat



CONVERGENCE OF POTENTIAL GDP STAGNATING

Stdv for the structural components of the GDP

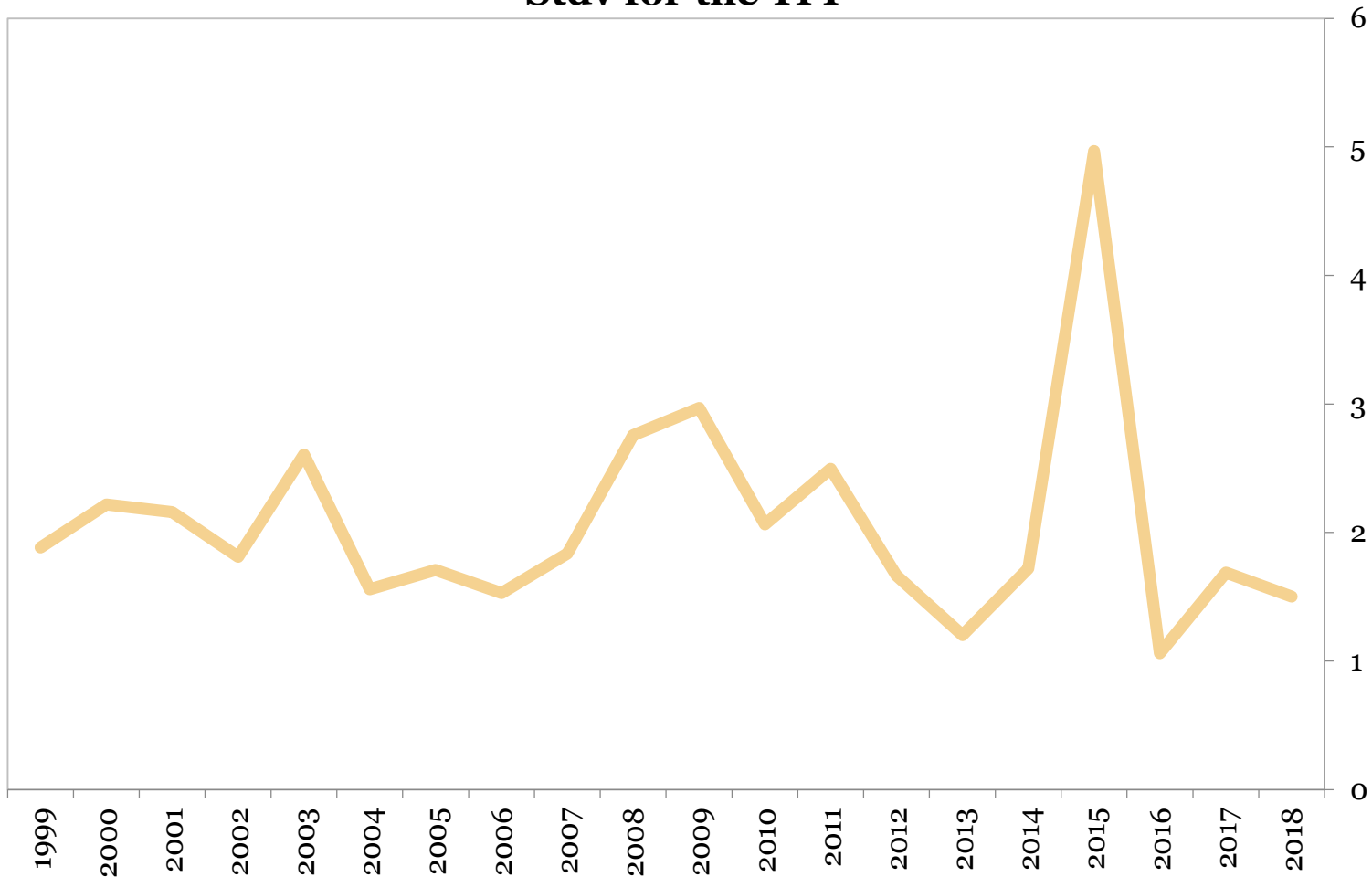


Source: BT based on Eurostat



EA DIVERGENCE IN TERMS OF TPF

Stdv for the TPF

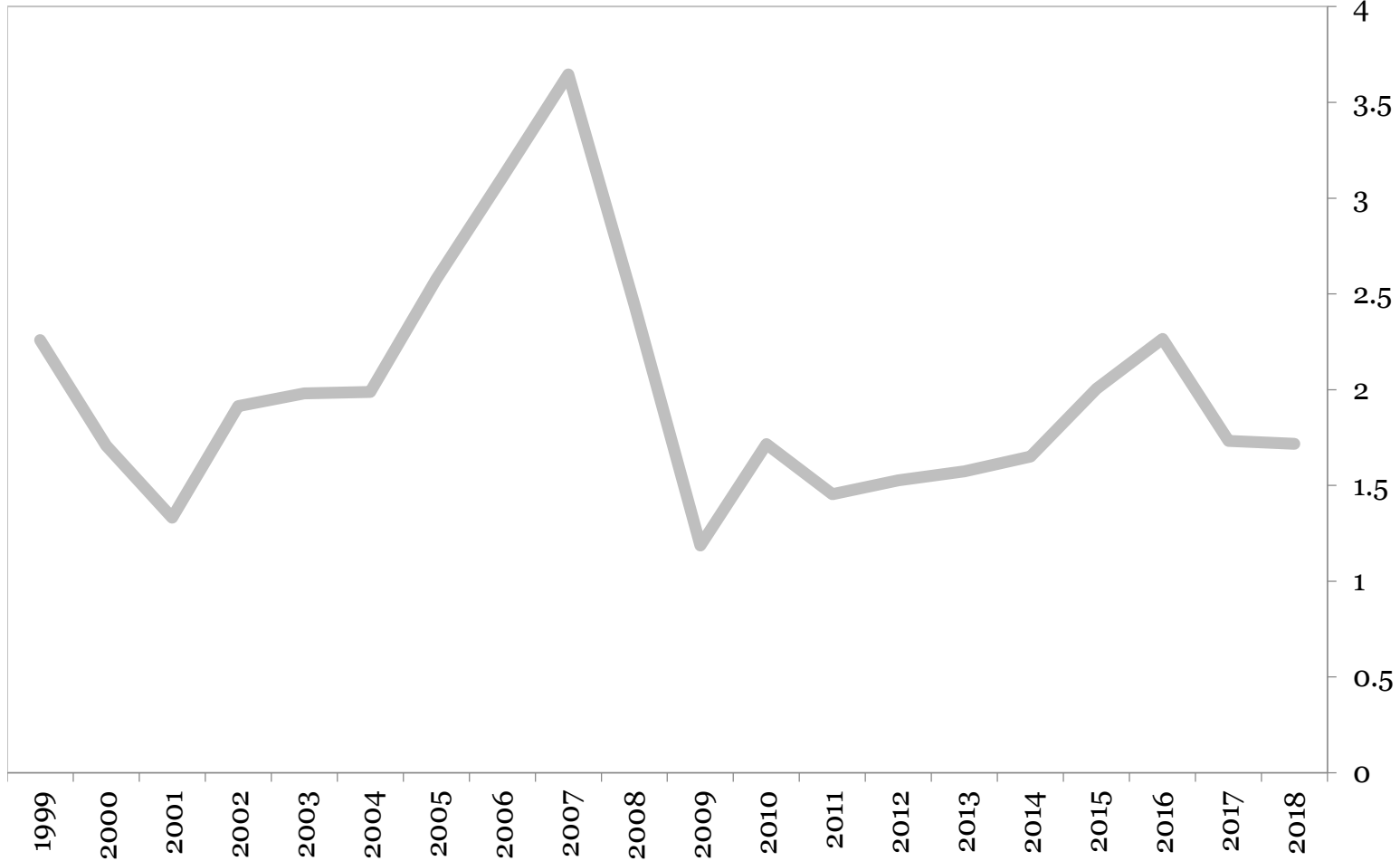


Source: BT based on Eurostat



AN ACCELERATION OF INVESTMENTS IS NEEDED

Stdv for the capital stock

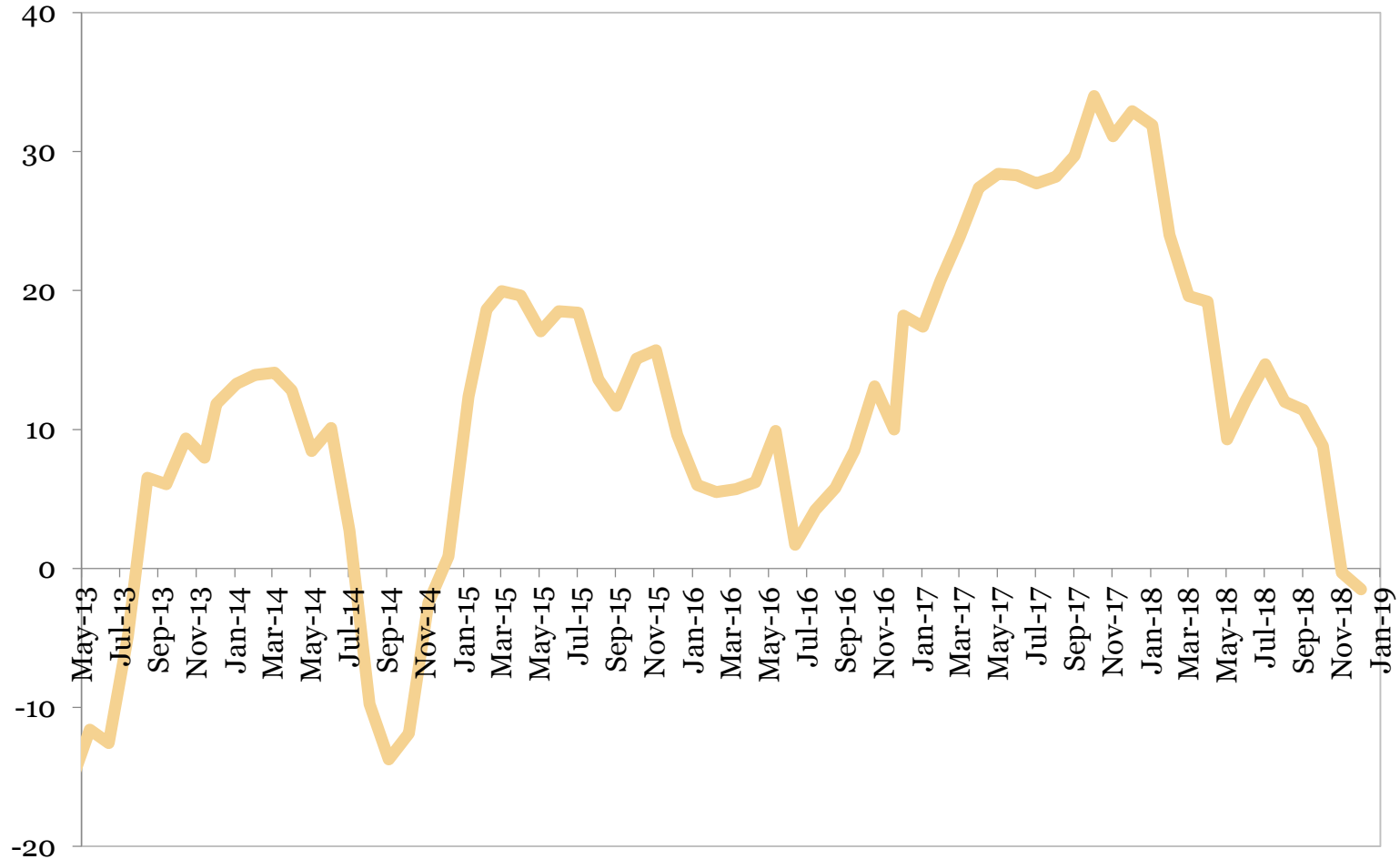


Source: BT based on Eurostat



LEADING INDICATORS ON A DOWNWARD TREND

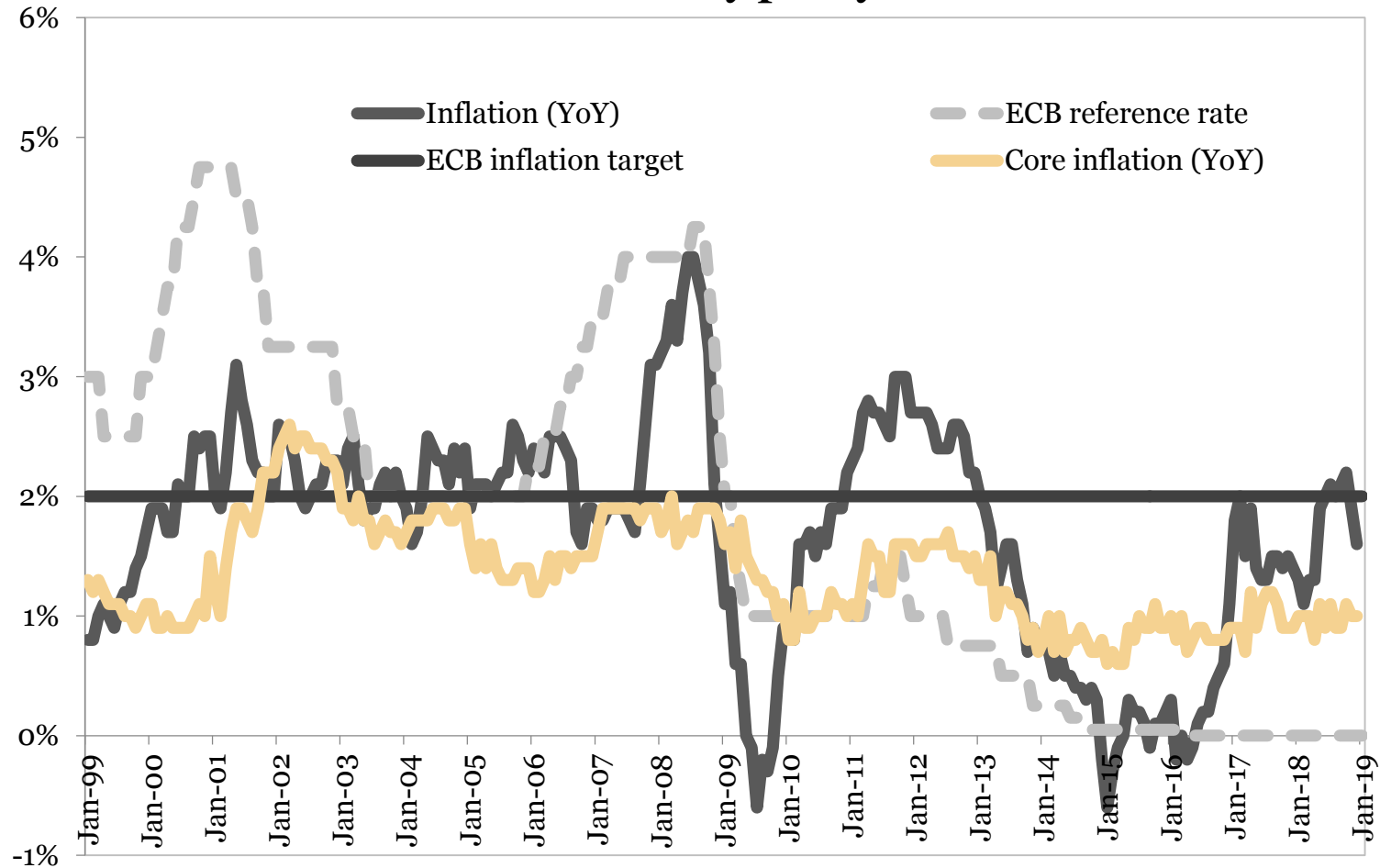
Investor confidence



Source: Sentix

EXPANSIONARY MONETARY POLICY (I)

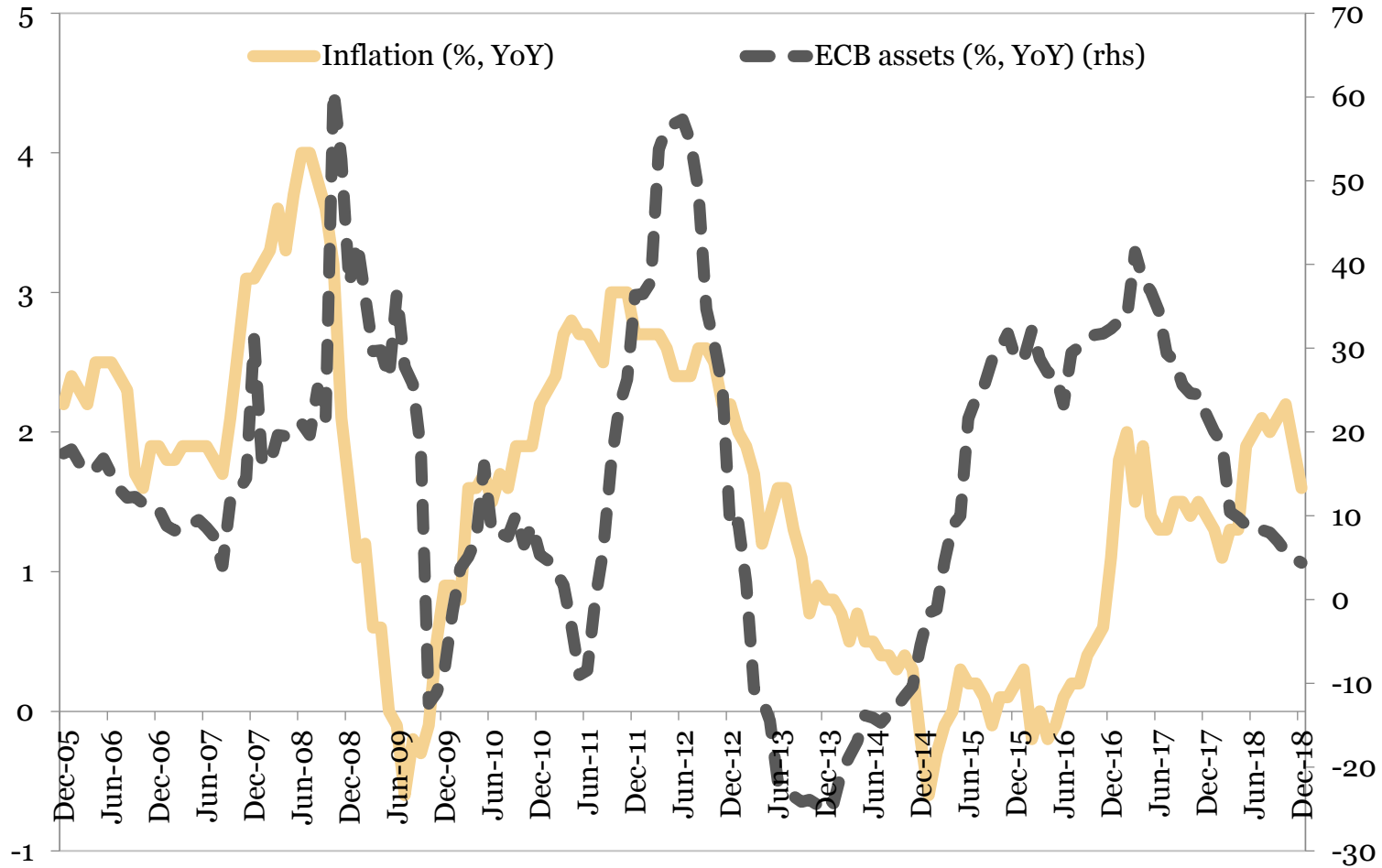
Inflation vs. monetary policy in Euro Area



Sources: Eurostat and European Central Bank

EXPANSIONARY MONETARY POLICY (II)

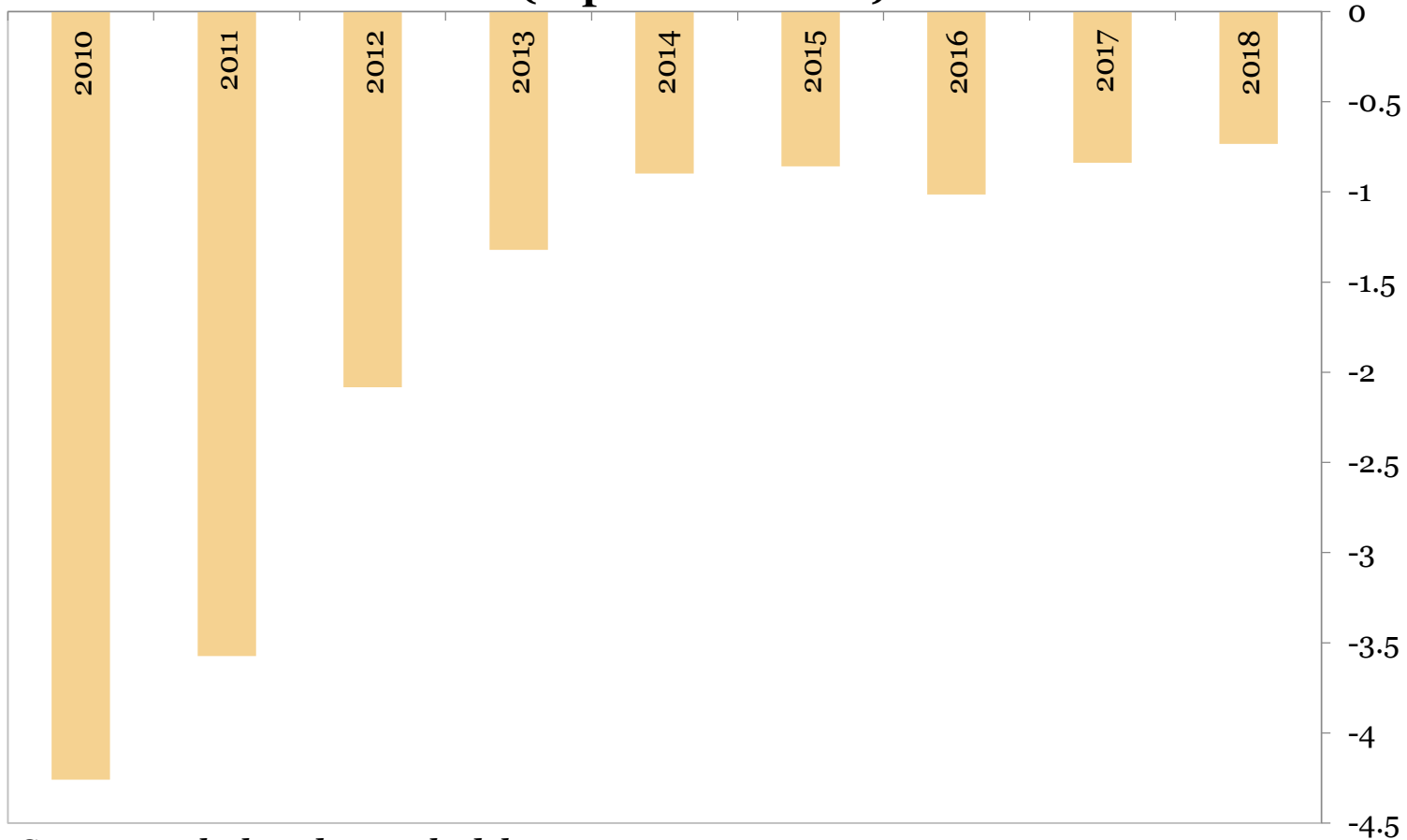
ECB assets vs. inflation in Euro Area



Sources: based on ECB and Eurostat

FISCAL CONSOLIDATION INCOMPLETE

**Structural component of the budget deficit
(% potential GDP)**

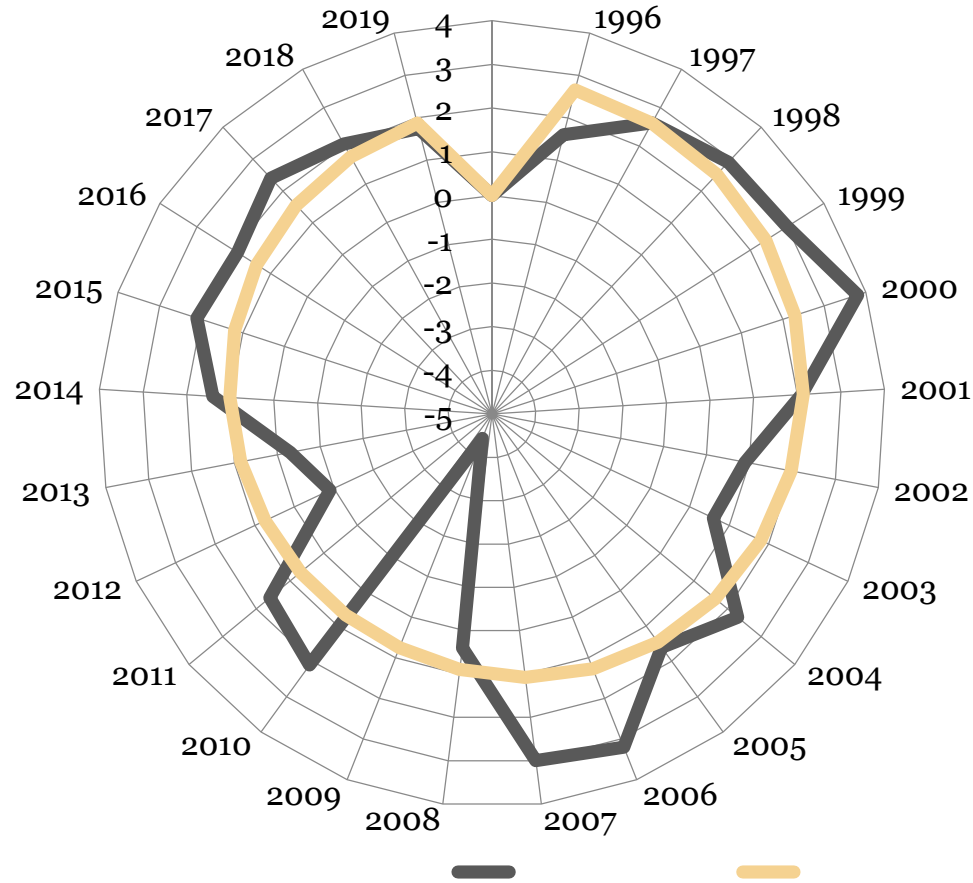


Source: results based on methodology



OUTPUT GAP MAY TURN NEGATIVE IN 2019

GDP vs. potential GDP

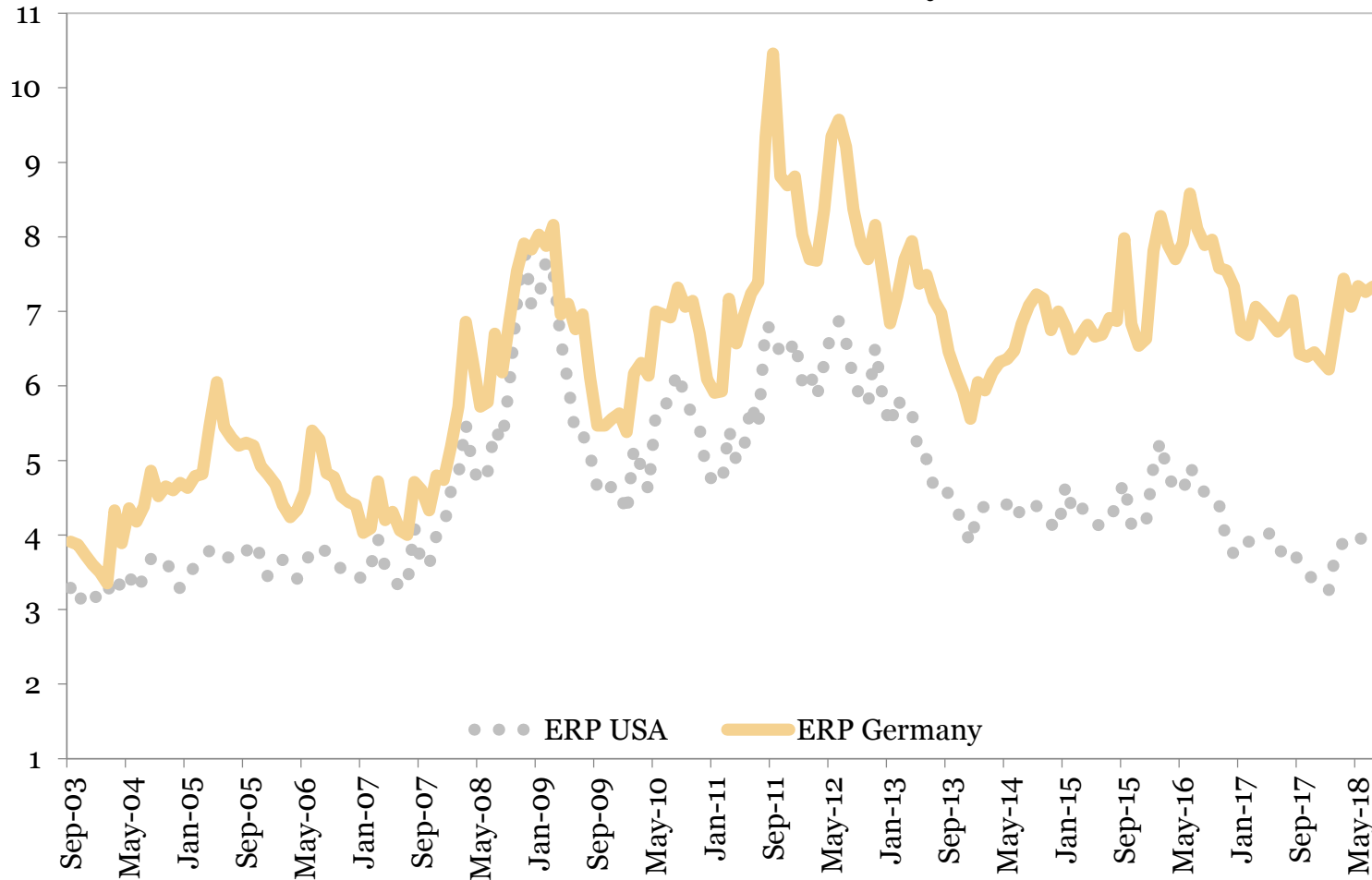


Sources: BT using Eurostat database



RISK PERCEPTION HIGH, DESPITE LOW RATES

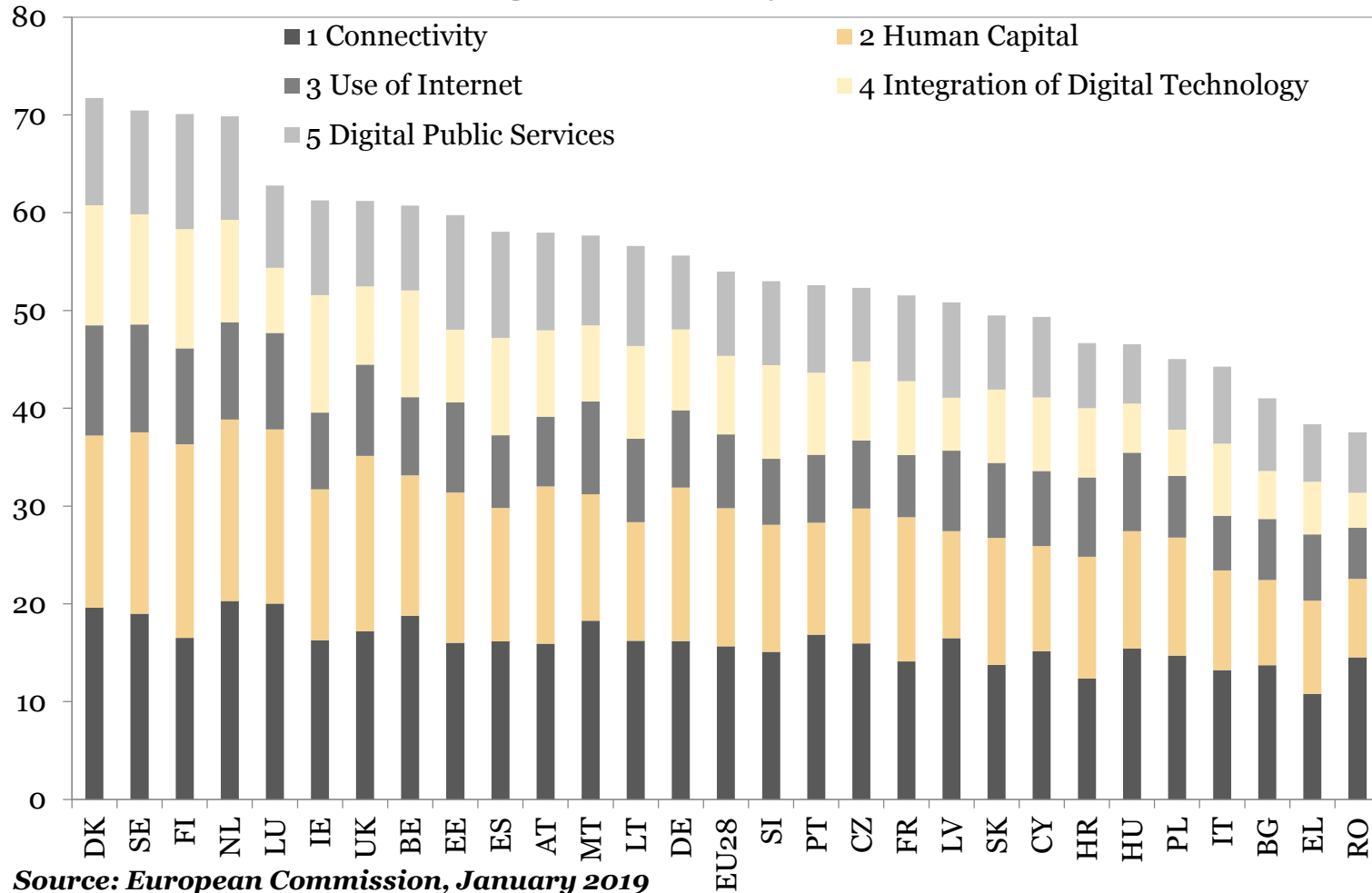
ERP in USA vs. Germany



Source: BT using Eurostat and FED databases

DIGITAL ECONOMY – IMPORTANT GAPS

Digital Economy (2019)



Source: European Commission, January 2019



THANK YOU!

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