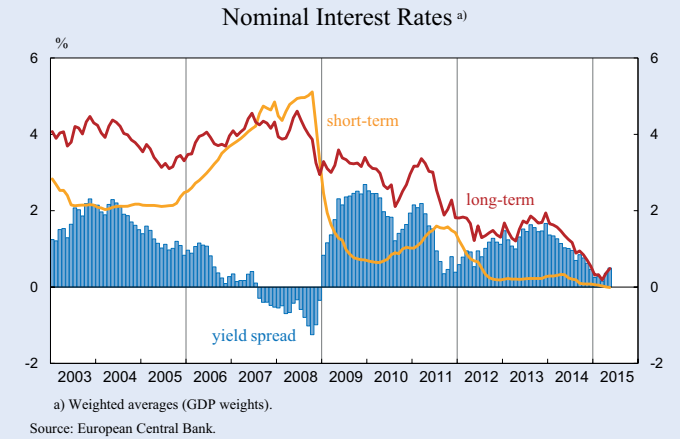
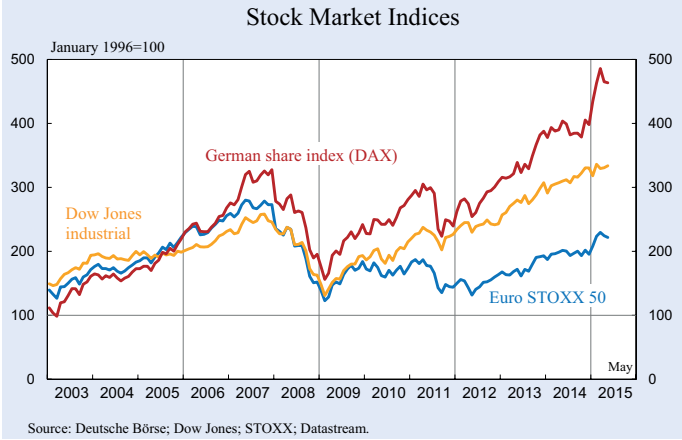
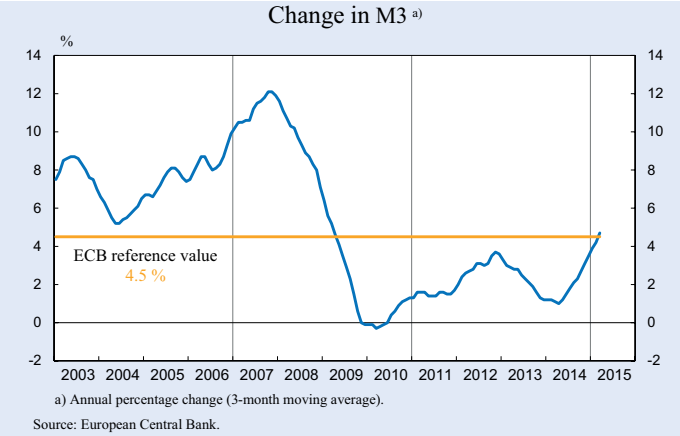
Financial conditions in the euro area



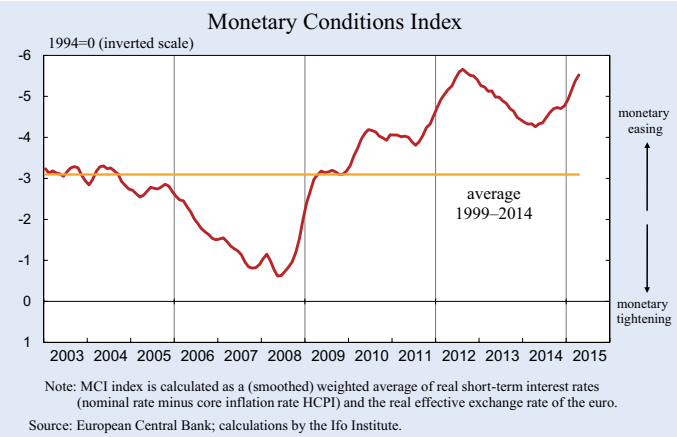
In the three-month period from March 2015 to May 2015 short-term interest rates decreased: the three-month EURIBOR rate declined from 0.03% in March 2015 to – 0.01% in May 2015. On the other hand the ten-year bond yields increased from 0.19% to 0.49% in the same period. The yield spread reached 0.50% in May 2015, up from 0.16% in March 2015.



The German stock index DAX decreased in May 2015, averaging 11,414 points compared to 11,454 points in April 2015. The Euro STOXX also declined from 3,616 to 3,571 in the same period of time. On the other hand, the Dow Jones International increased, averaging 18,011 points in May 2015, compared to 17,841 points in April 2015.

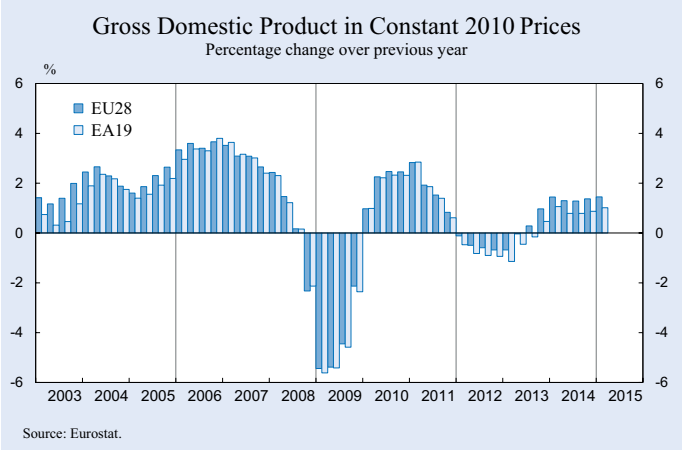


The annual growth rate of M3 increased to 5.3% in April 2015, from 4.6% in March 2015. The three-month average of the annual growth rate of M3 over the period from February 2015 to April 2015 also increased to 4.7%, compared to 4.2% in the period from January 2015 to March 2015.

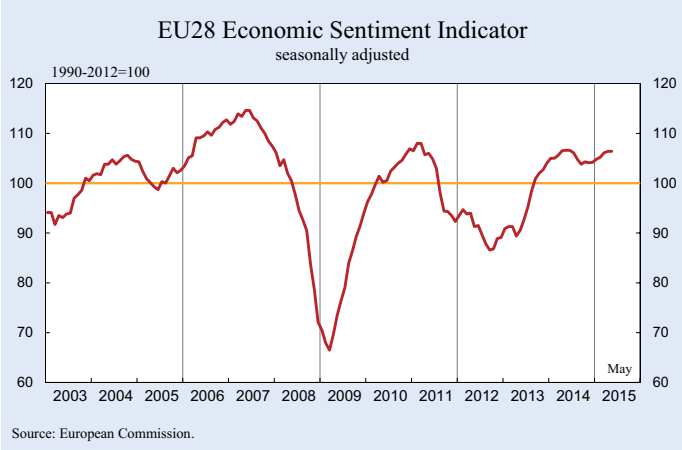


Between April 2010 and July 2011 the monetary conditions index remained rather stable. This index then continued its fast upward trend since August 2011 and reached its peak in July 2012, signalling greater monetary easing. In particular, this was the result of decreasing real short-term interest rates. In April 2015 the index continued its upward trend, initiated in May 2014.

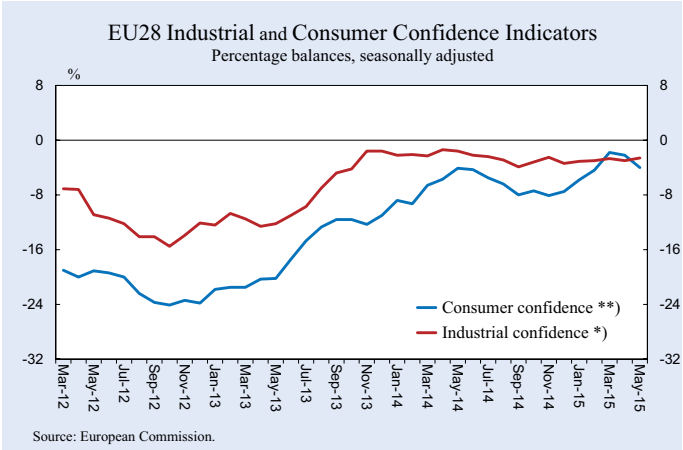
EU survey results



According to the second Eurostat estimates, GDP grew by 0.4% in both the euro area (EA19) and the EU28 during the first quarter of 2015, compared to the previous quarter. In the fourth quarter of 2014 the growth rates were 0.4% in both areas. Compared to the first quarter of 2014, i.e. year over year, seasonally adjusted GDP rose by 1.0% in the EA19 and by 1.5% in the EU28 in the first quarter of 2015.

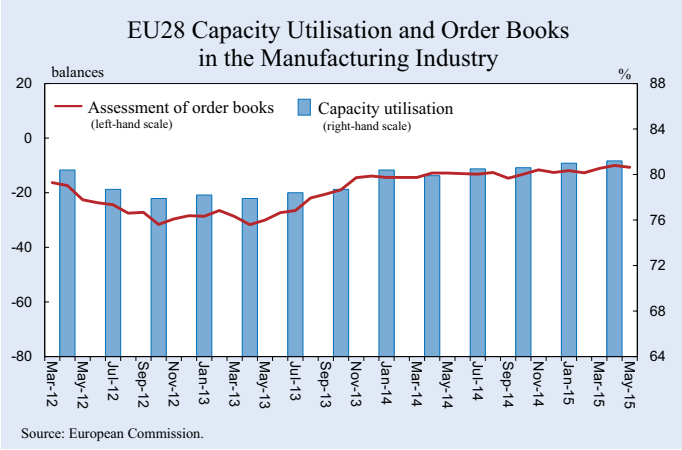


In May 2015 the Economic Sentiment Indicator (ESI) remained unchanged in both the euro area (at 103.8) and the EU28 (at 106.4). In both the EU28 and the EA19 the ESI stands above its long-term average.



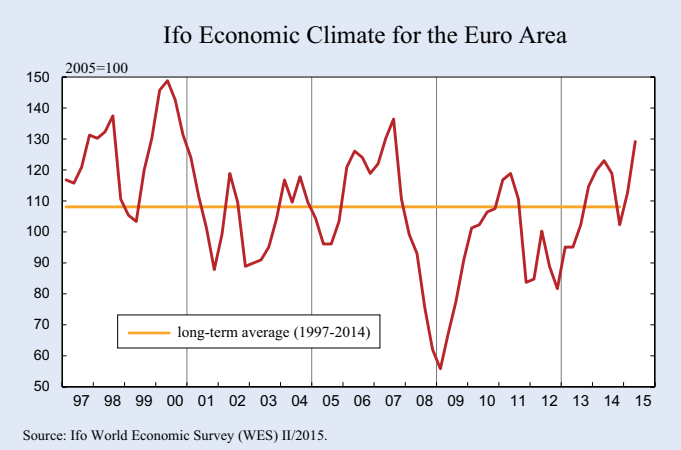
* The industrial confidence indicator is an average of responses (balances) to the questions on production expectations, order-books and stocks (the latter with inverted sign).
** New consumer confidence indicators, calculated as an arithmetic average of the following questions: financial and general economic situation (over the next 12 months), unemployment expectations (over the next 12 months) and savings (over the next 12 months). Seasonally adjusted data.

In May 2015, the *industrial confidence indicator* increased by 0.4 in the EU28 and by 0.2 in the euro area (EA19). On the other hand, the *consumer confidence indicator* decreased by 1.8 in the EU28 and by 0.9 in the EA19.

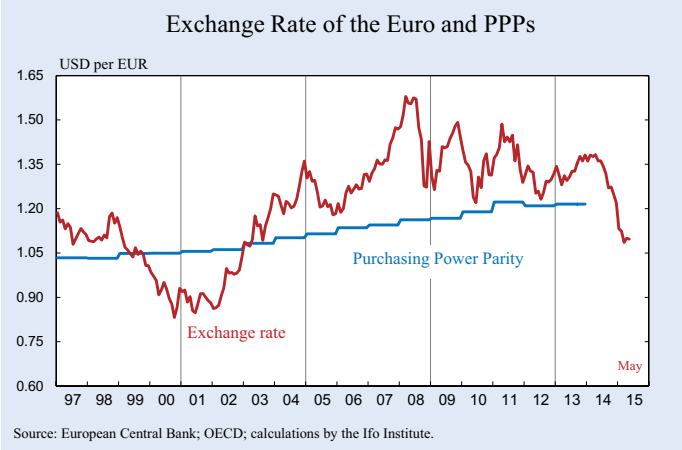


Managers' assessment of *order books* reached – 10.7 in May 2015, compared to – 10.0 in April 2015. In March 2015 the indicator had amounted to – 11.1. *Capacity utilisation* reached 81.2 in the second quarter of 2015, slightly increased from 81.0 in the first quarter of 2015.

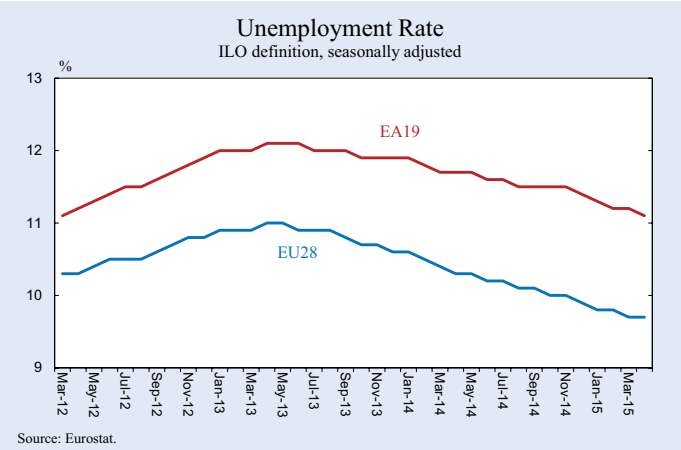
Euro area indicators



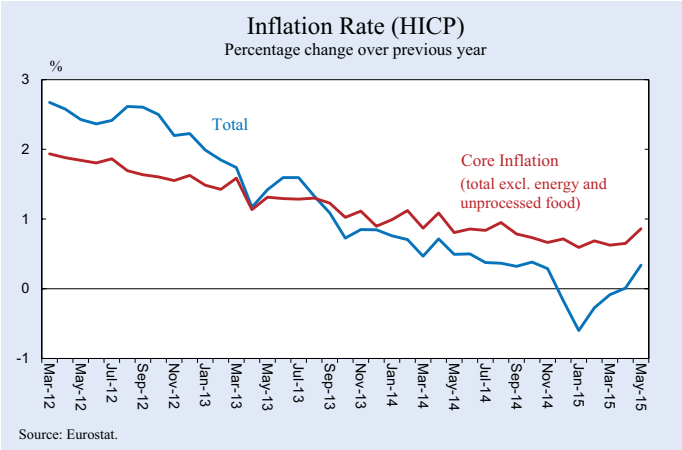
The Ifo Economic Climate Indicator for the euro area (EA19) sharply grew to 129.2 points in the second quarter of 2015 from 112.7 points last quarter. The index rose to a level last seen prior to the outbreak of the world financial crisis and significantly above its long-term average of 106.1 points. Both assessments of the current economic situation and the six-month economic outlook brightened considerably. The euro area's economy is experiencing a clear upturn.



The exchange rate of the euro against the US dollar averaged approximately 1.09 $/€ between March 2015 and May 2015. (In February 2015 the rate had amounted to around 1.12 $/€.)



Euro area (EA19) unemployment (seasonally adjusted) amounted to 11.1% in April 2015, down from 11.2% in March 2015. EU28 unemployment rate was 9.7% in April 2015, stable compared to March 2015. In April 2015 the lowest unemployment rate was registered in Germany (4.7%), while the rate was highest in Greece (25.4%) and Spain (22.7%).



Euro area annual inflation (HICP) was 0.3% in May 2015, up from 0.0% in April 2015. A year earlier the rate had amounted to 0.5%. Year-on-year EA19 core inflation (excluding energy and unprocessed foods) increased to 0.86% in May 2015, from 0.65% in April 2015.