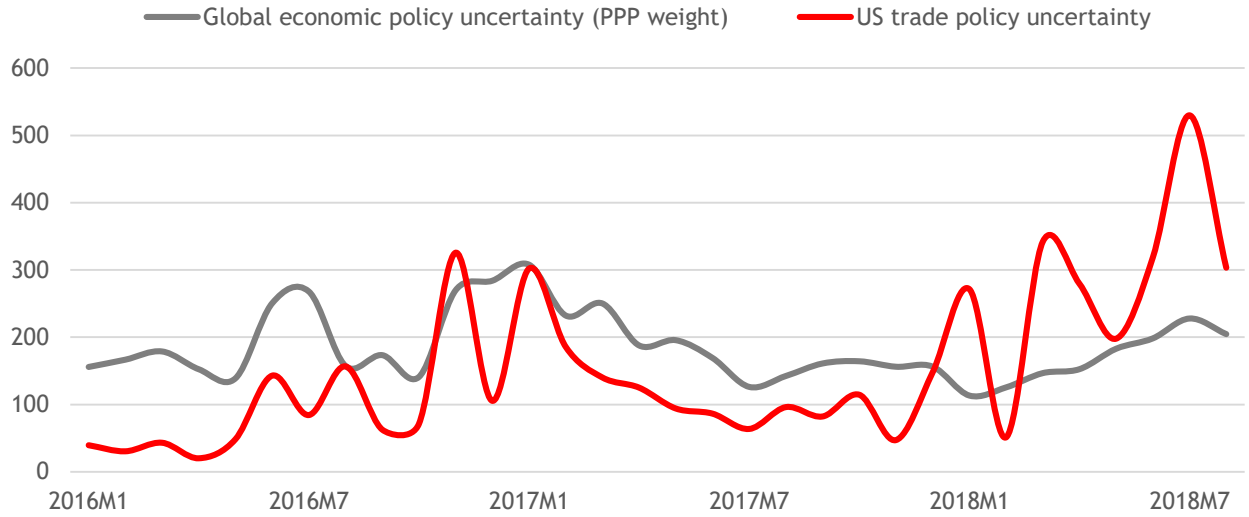
The GLOBAL and the EUROPEAN Economic Outlook

Valencia, 30th May 2019

IUCAB

Risks have risen in the past six months

Policy uncertainty

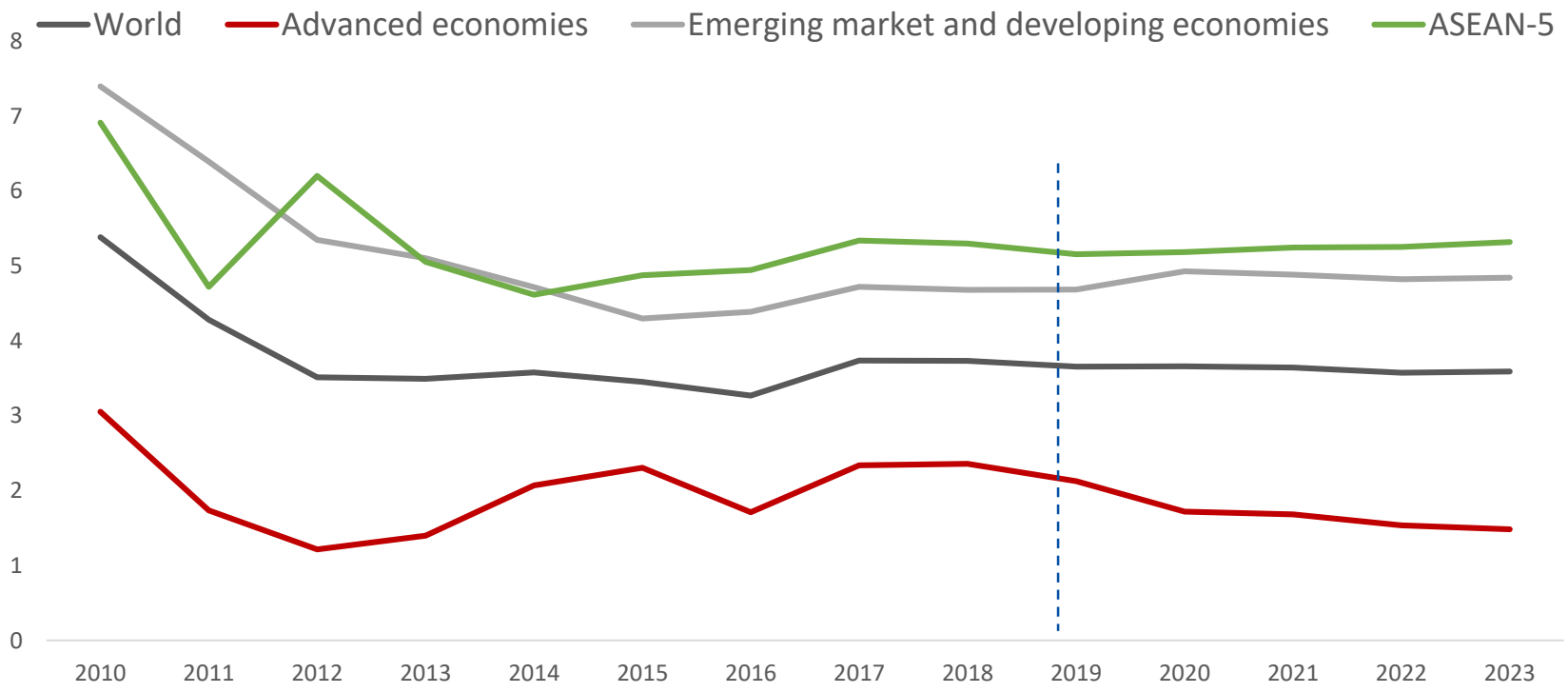


- Uncertainty linked to geopolitical tensions
- Protectionism and nationalism
- Abrupt moves in oil prices or financial turmoil
- Financial markets and currencies (exchange rates)
- Raw material prices: development
- Climate & Cybersecurity

- Brexit
- Political uncertainties and public debt levels
- Monetary policy (end of expansionary monetary policy?)
- Public debt levels

Source: IMF, WKÖ

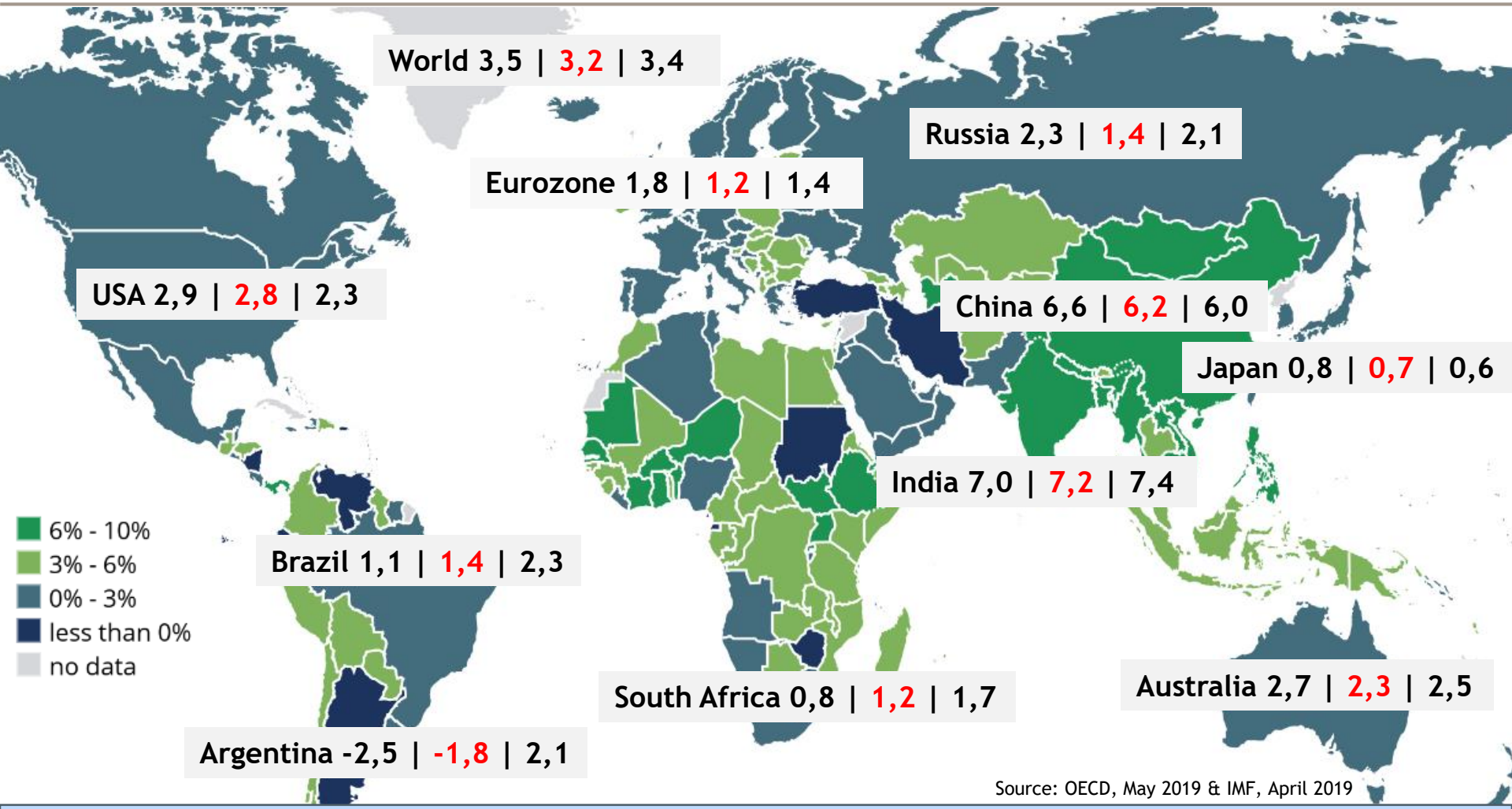
GDP growth, yoy in %



Source: IWF

- Emerging market and developing economies are growing strongly
- Advanced economies: gap between the United States and Euro Area

GDP Growth forecast
2018, 2019 and 2020

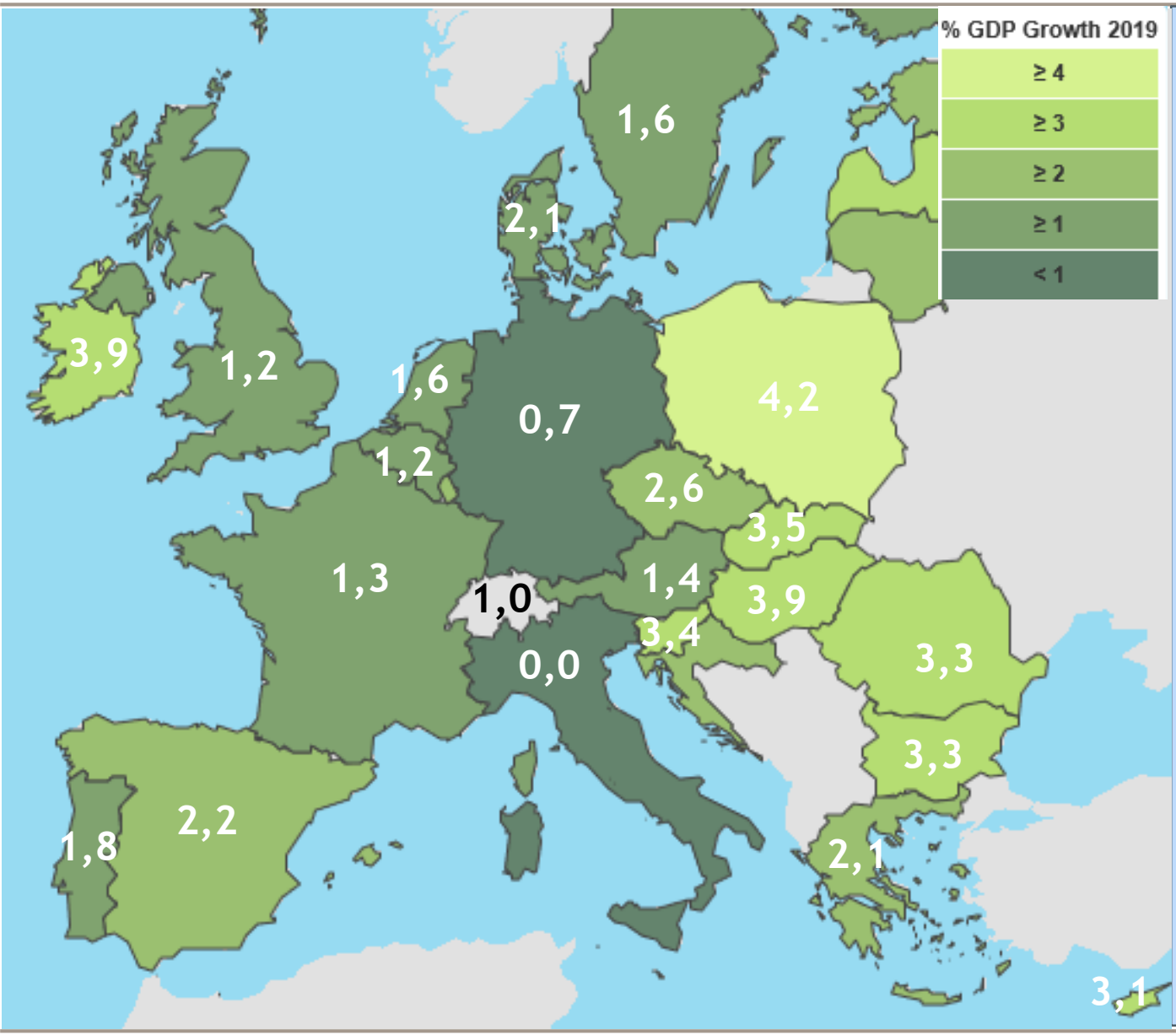


Source: OECD, May 2019 & IMF, April 2019

World economy: trade uncertainty dragging down global growth

- Business and consumer confidence have declined
- Policy uncertainty remains high
- Brexit; Trade barriers: Higher tariffs on trade between US and China; additional tariffs on trade between US and EU

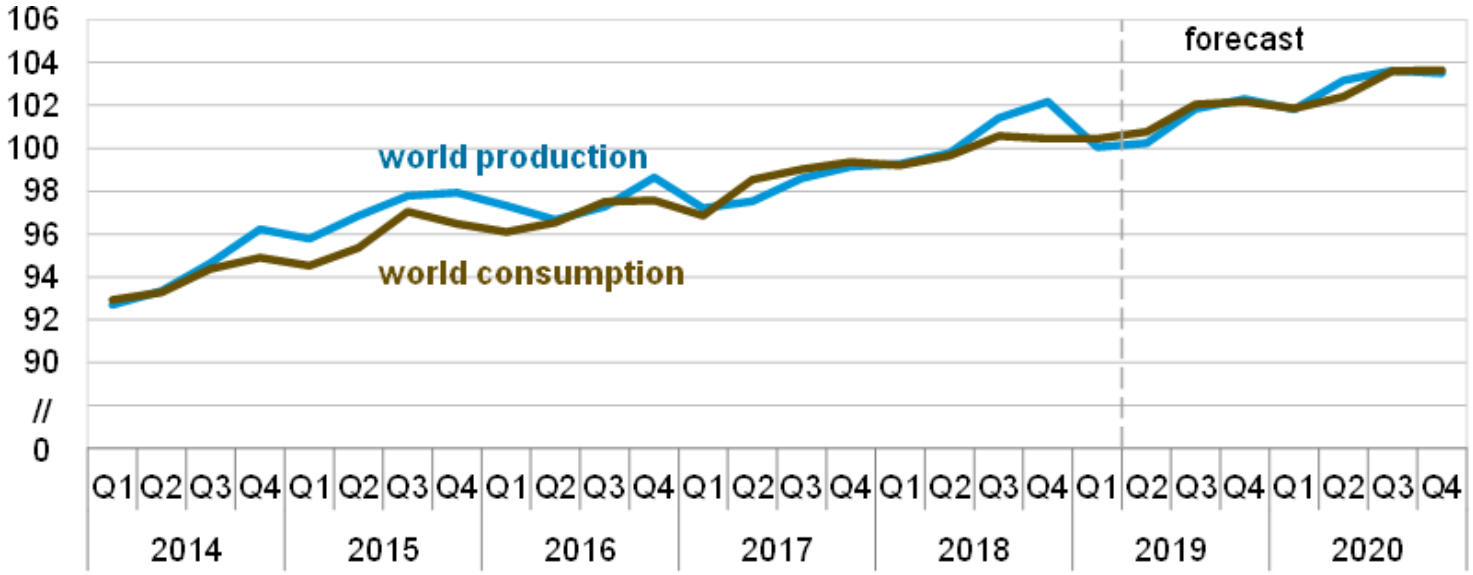
Annual GDP Forecasts in Europe 2019



- Weaker growth performance!
- Eastern European countries and Ireland with higher growth rates
- France, Austria, Spain and Greece stable, rising employment, stronger consumption
- Lowest growth rates in Germany as well as in Italy and UK (Brexit)

Source: OECD, May 2019

Oil production & consumption
million barrel per day



$ 71

- Production:
  US 12,2 mio barrel per day
  Saudia Arabia 9,8
  Russia 11,1
- reduction of the oil production in OPEC countries, political tension US-Iran
- higher demand due to the increased GDP

Source: EIA, May 2019

Exchange rates

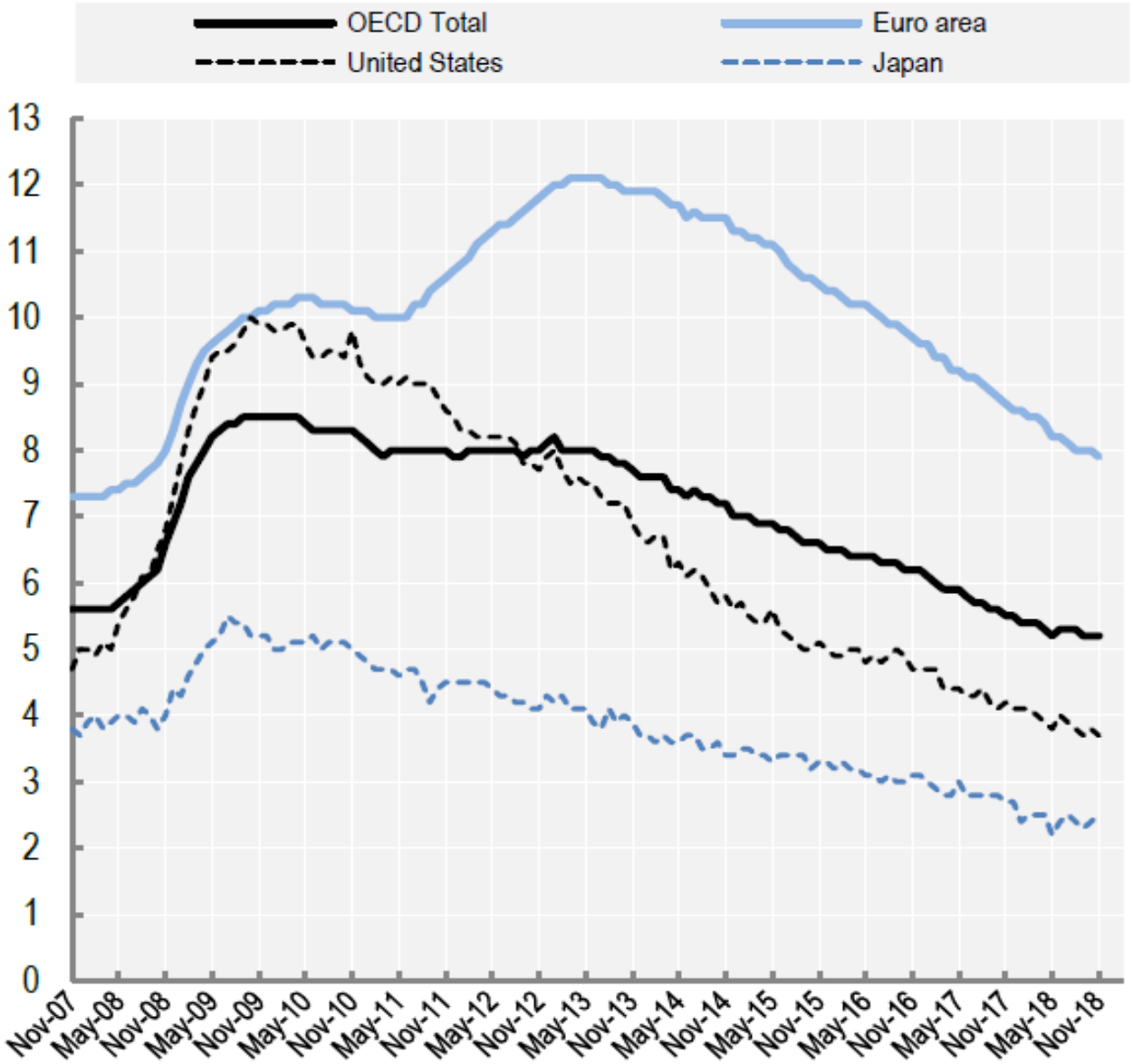
€ becoming weaker, 23 May 2019

Euro in US Dollar | 1,11

Euro in British Pound | 0,87

Source: xe

Unemployment rate



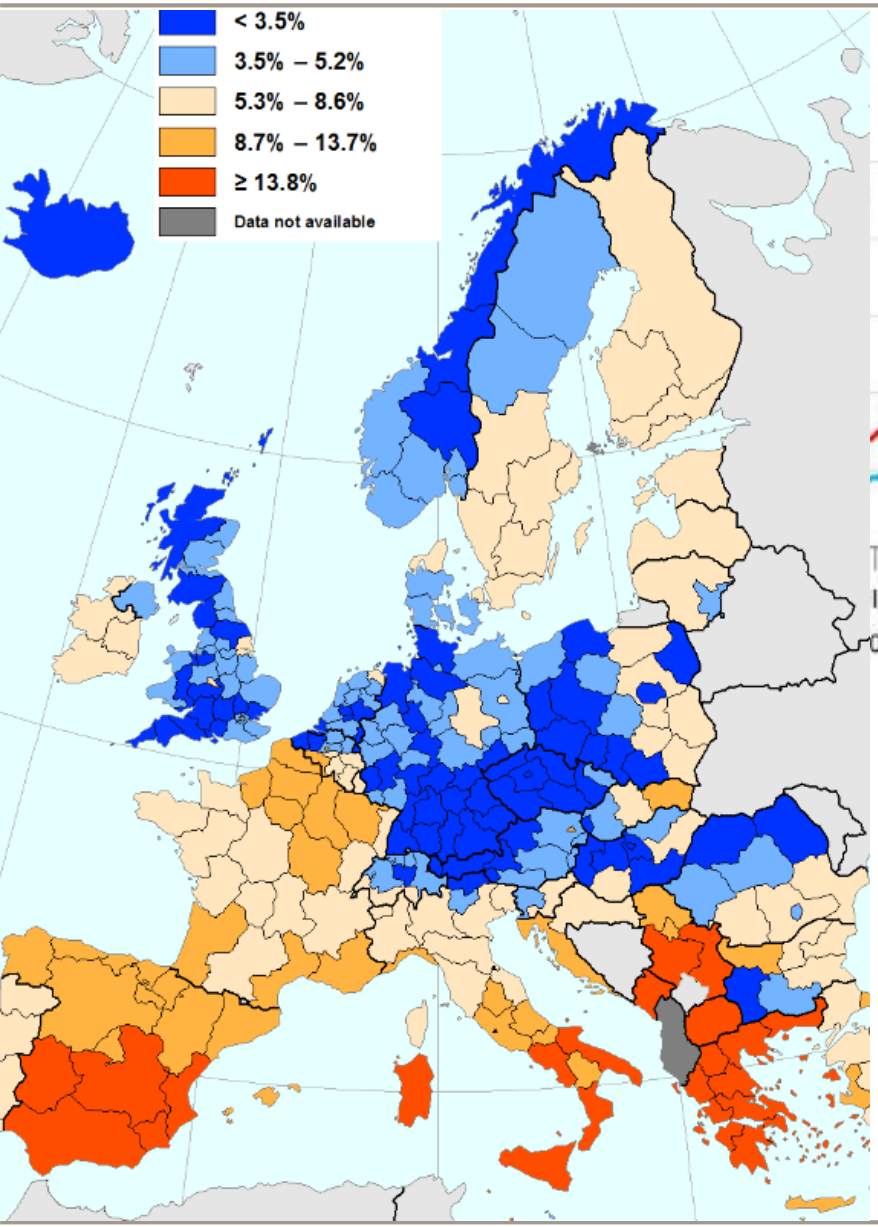
7,7% Euro area

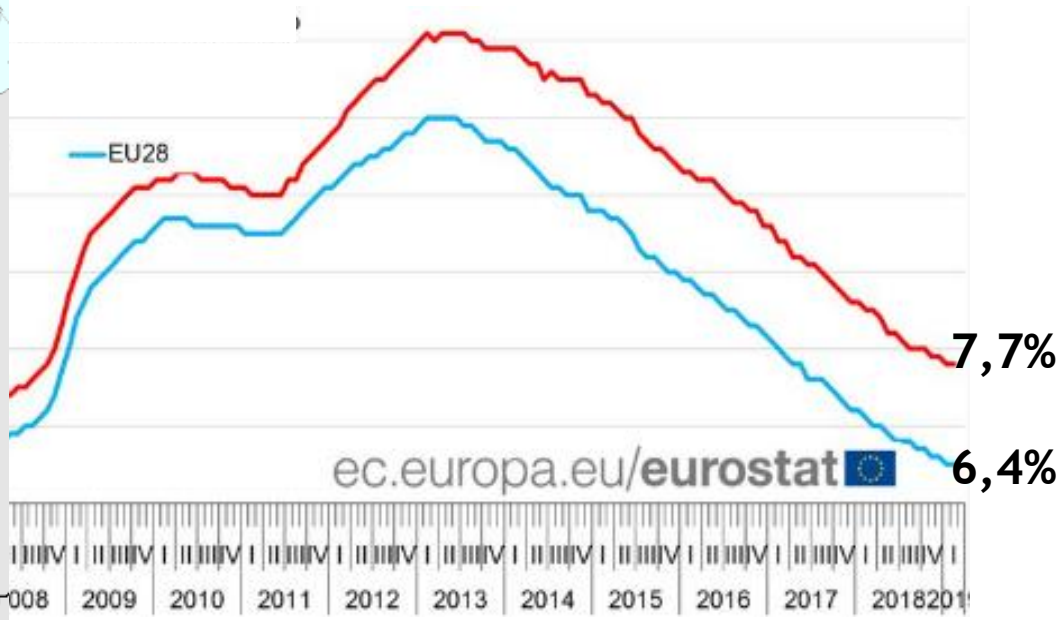
5,1% OECD

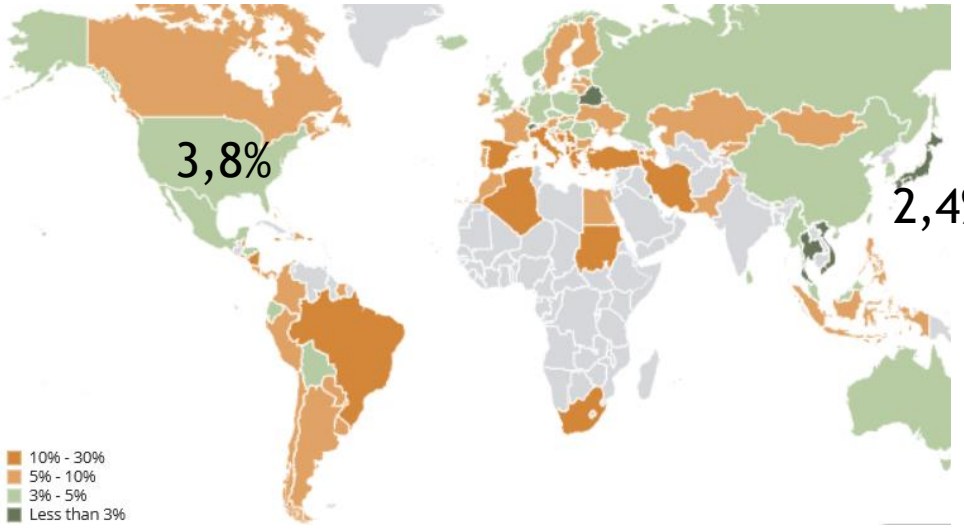
3,7% USA

2,4% Japan

Unemployment falls
February 2019

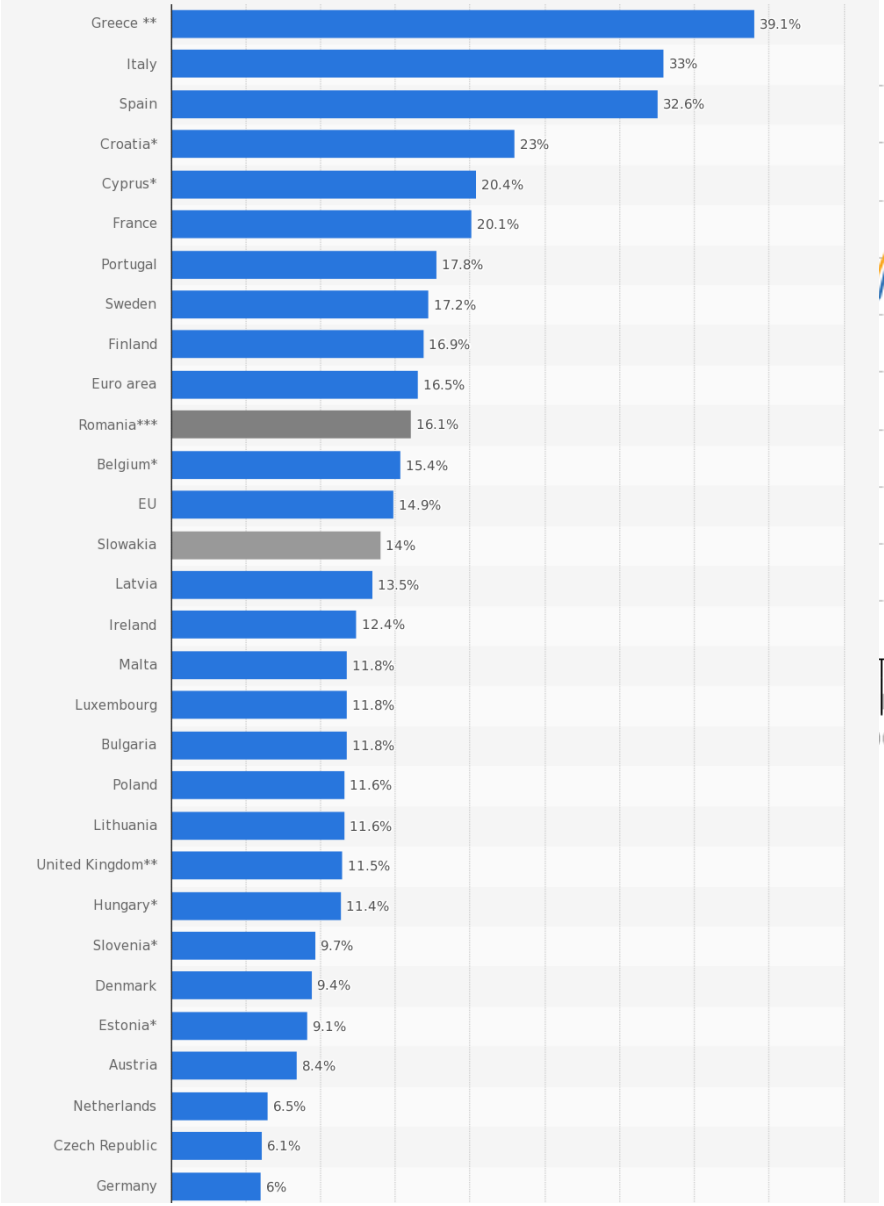


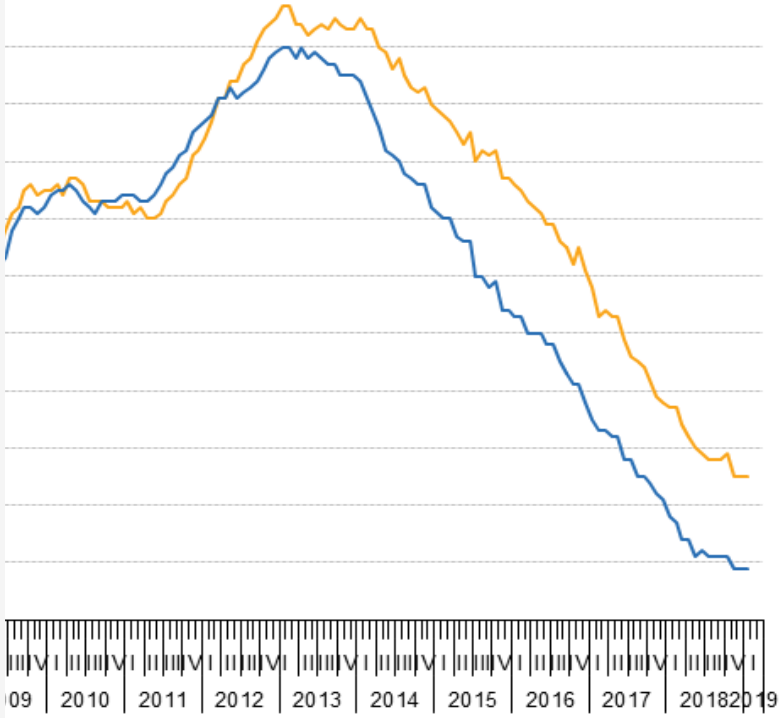




Source: Eurostat, IMF

Youth Unemployment rate, up to 25 years
February 2019

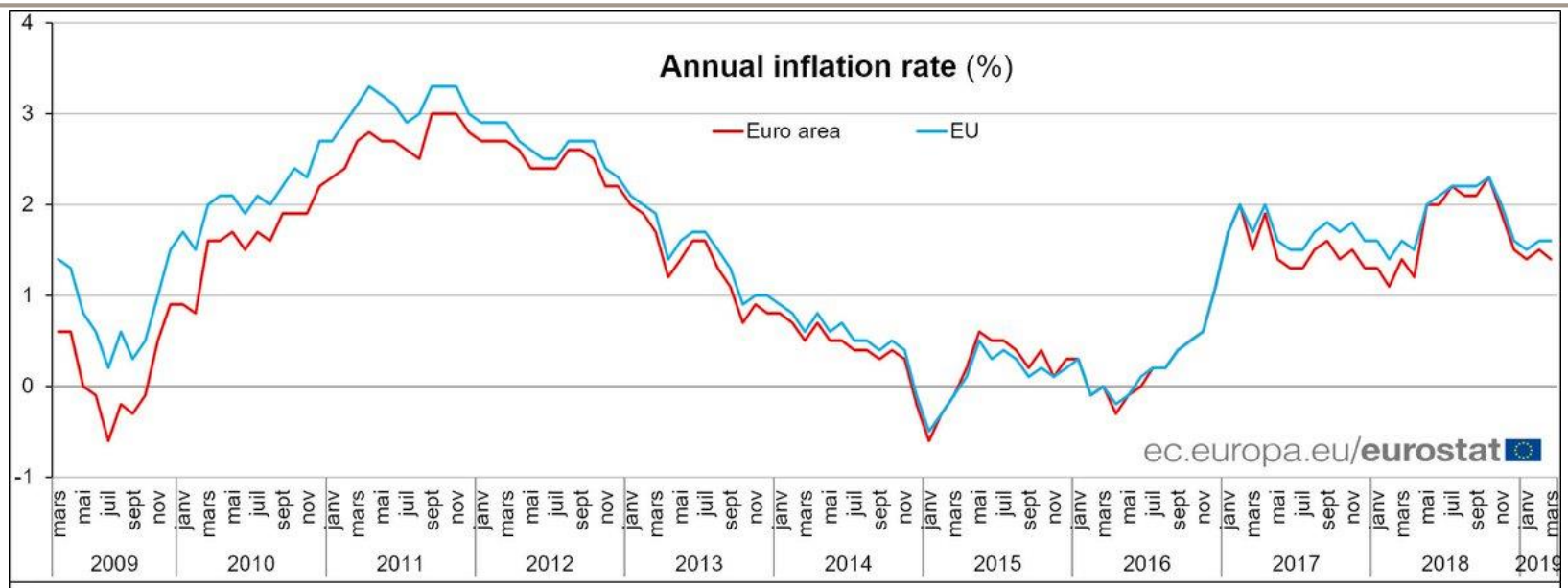


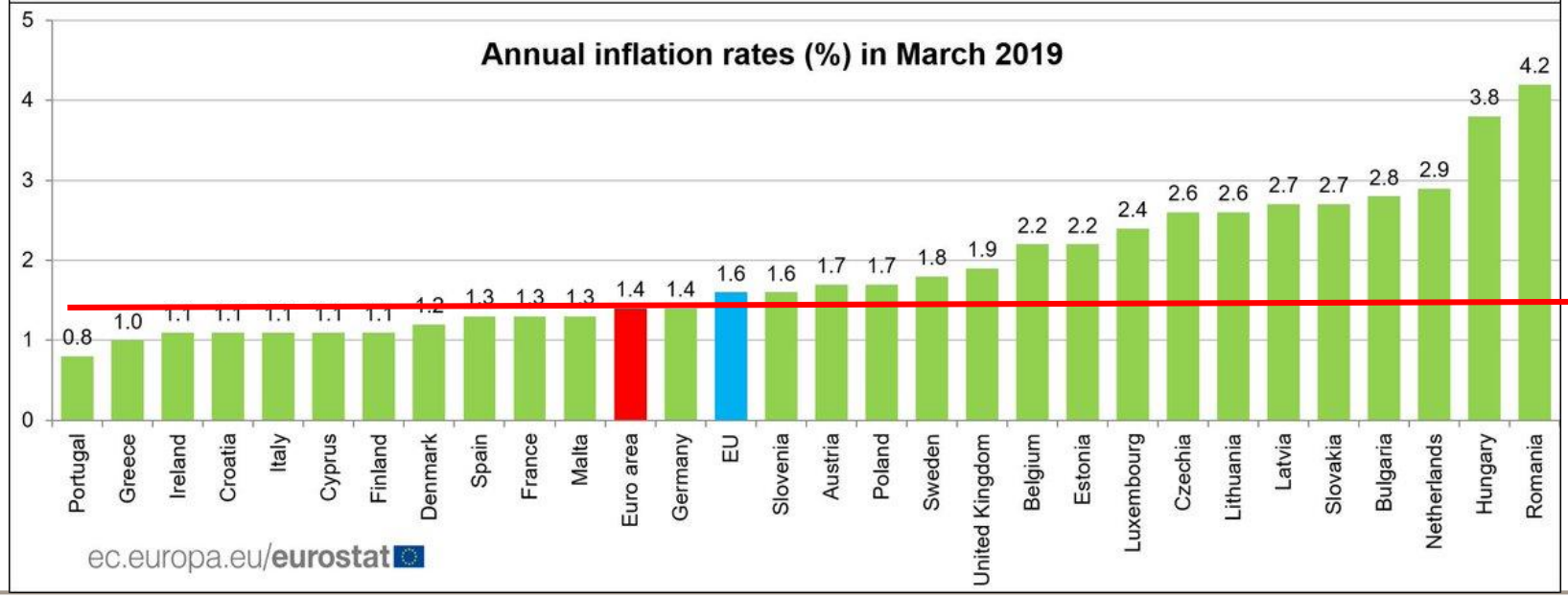


16,5%

14,9%

Falling inflation in the euro area

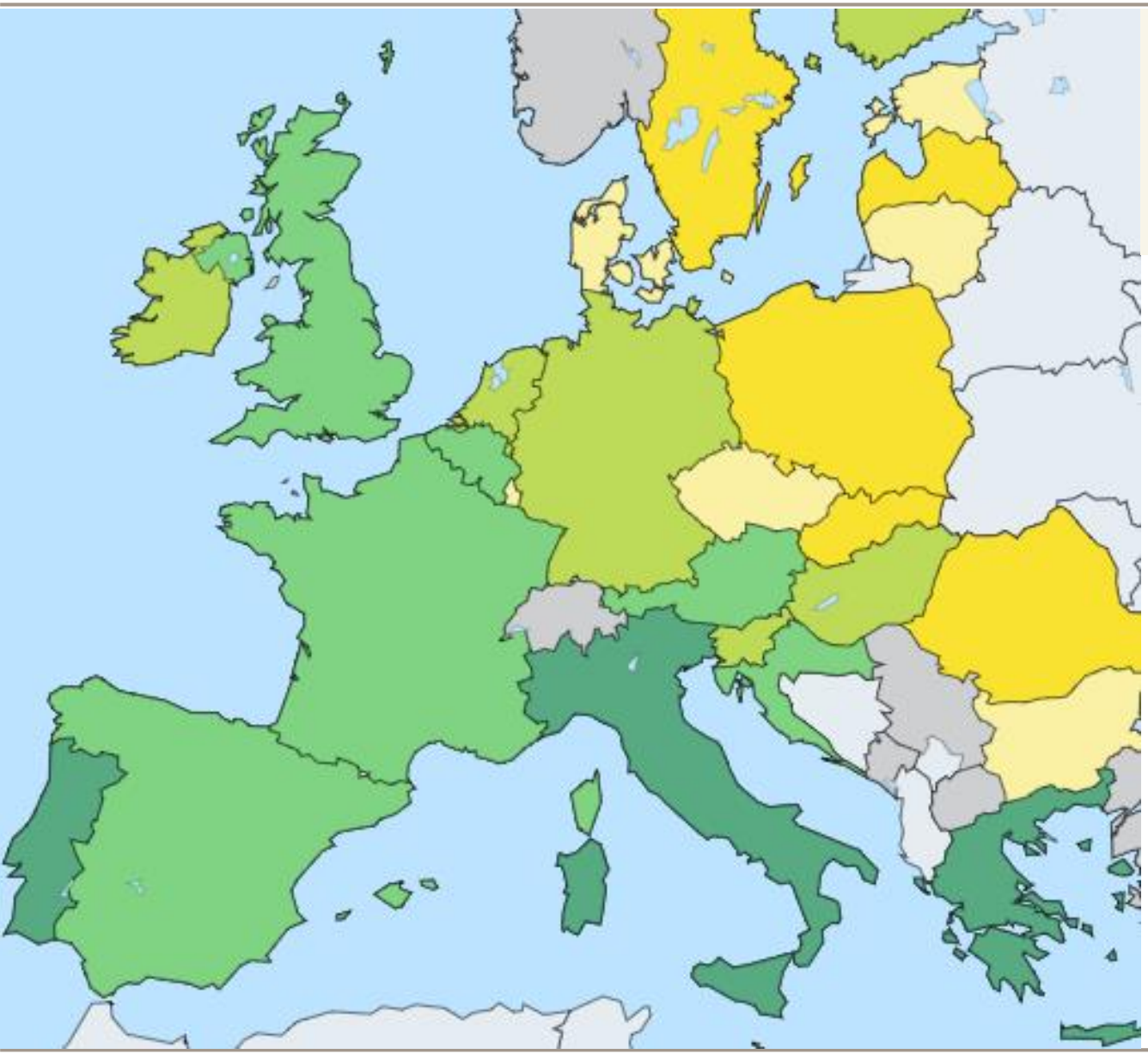




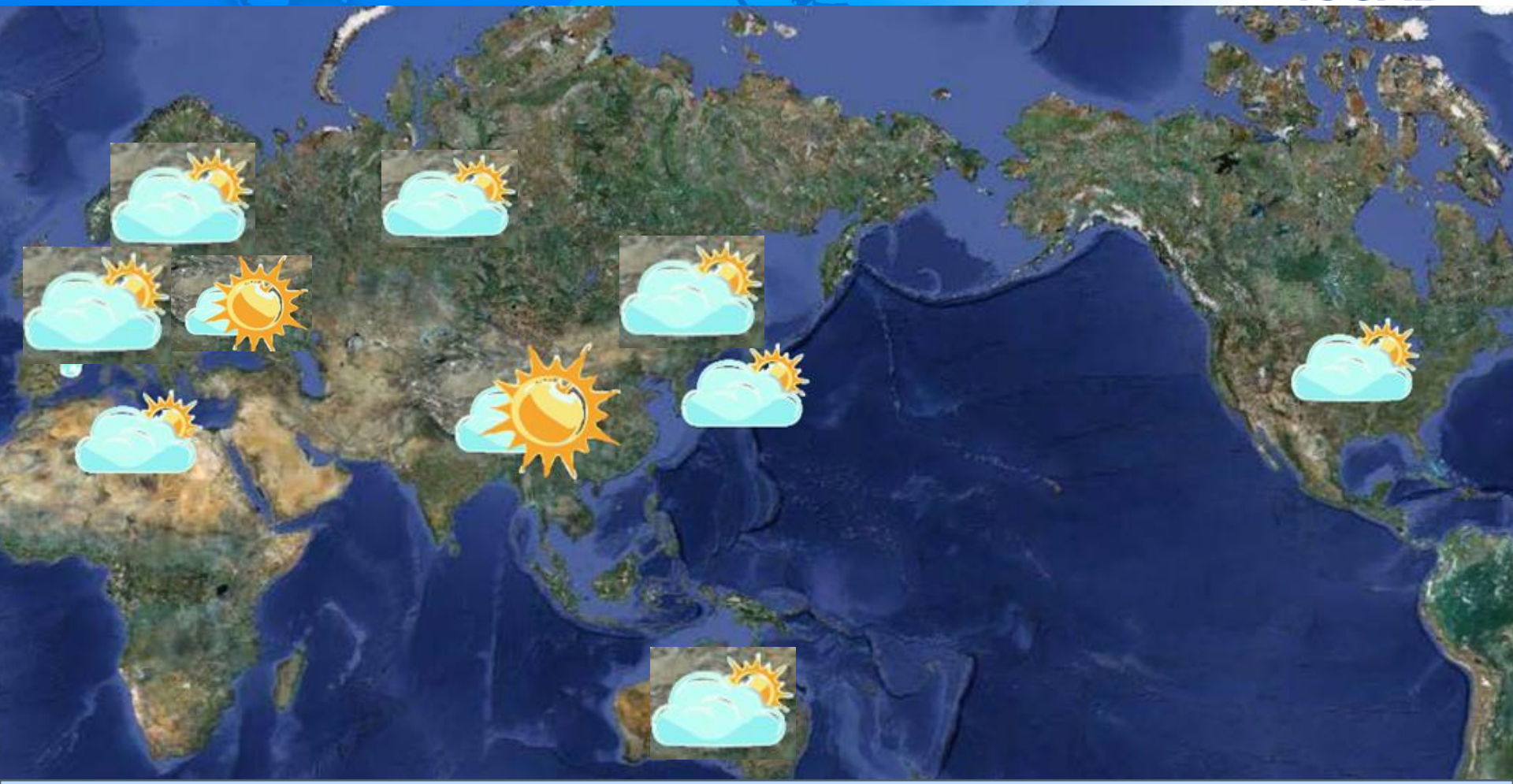
Maastricht criteria for € 1,5%

Government dept to GDP ration 2019 in %

Maastricht criteria for €-area 60%



Weather forecast … for 2019 & 2020



- The global economy is expected to grow at a rate of 3,2% in 2019 and of 3,4% in 2020
- US President causes uncertainty worldwide
- Europe is also in a period of political uncertainty and faces challenges
- The Chinese economy appears to be stabilizing but still has its problems

- SUMMARY: Growth is slowing down in most economies