21 November 2014 | 20 pages

Developed Markets
Western Europe

Euro Economics Weekly

Spain: Improving Economy, Politics The Main Risk

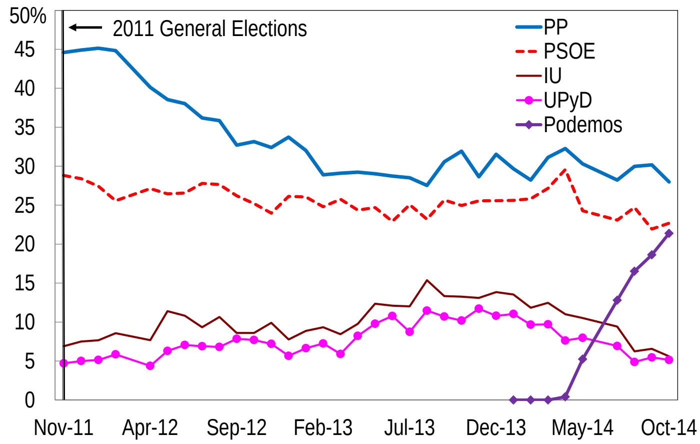
- The combination of more supportive fiscal policy, high confidence levels, an improving labour market, and less tight financial conditions, is now allowing a broader and stronger economic recovery in Spain. We expect real GDP to rise by around 2% YY in coming years, making Spain a clear GDP growth outperformer within the Euro Area (EA).
- Yet, political uncertainties are likely to rise in the run-up to national elections due in Q4 2015. The degree of popularity of new political parties such as Podemos suggests the next Spanish government is unlikely to enjoy a similarly strong popular mandate as the current government had in 2012, with a reasonable probability of a multi-party coalition or minority government. Political fragmentation is likely to increase the risks of political inaction, in our view, both in terms of structural reform progress as well as fiscal consolidation efforts. Additionally, separatist pressures are likely to persist with Catalonia, although independence remains unlikely, in our view.

Figure 1. Citi Forecasts

	$/€	Euro Repo	10-yr Bunds	£/€	UK Bank Rate	10-Yr Gilt Bund
4Q 14	1.22	0.05	0.65	0.77	0.50	161
2Q 15	1.16	0.05	1.00	0.76	0.75	187

Source: Citi Research

Figure 2. Spain — Opinion Polls and Election Results (%), Nov-2011–Oct-2014



Note: Data correspond to monthly average of opinion polls available. Partido Popular (PP), Partido Socialista Obrero Español (PSOE), Izquierda Unida (IU), Unión Progreso y Democracia (UPyD).
Sources: Various polling agencies and Citi Research

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See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

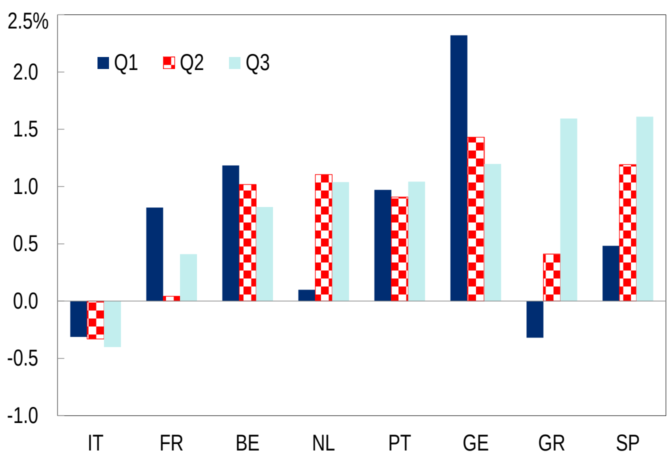
Spain: Politics the Main Risk

The Spanish economic recovery has strengthened significantly in 2014: real GDP growth has been running at around 2% SAAR year-to-date, the unemployment rate has fallen to 2012 levels, survey-based confidence measures continue to rise, and the slump in the housing sector seems to be receding. This broad improvement has been driven by domestic demand, while the external balance has deteriorated.

We project Spanish real GDP to rise by around 2% YY in coming years, with further gains in domestic demand supported by a slower pace of fiscal consolidation as well as more accommodative financial conditions. We expect Spanish GDP growth to outperform other major EA countries over the next couple of years, reflecting good progress in structural reforms and an improved competitive position.

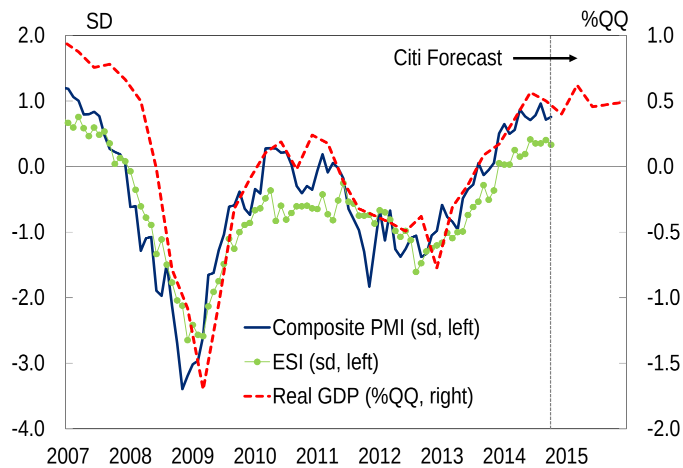
The main downside risks to this outlook, in our view, are a further deterioration of Spain's external position as well as political uncertainties ahead of the national elections due in Q4 2015. Polls suggest that the next government is unlikely to enjoy a single-party majority, amid the rise of the new far-left party Podemos, suggesting that greater political uncertainty will be a feature of Spain's political landscape. Additionally, separatist pressures are likely to persist with Catalonia, although independence remains unlikely, in our view.

Figure 3. Selected EA Countries — Real GDP Growth (%YY), Q1-Q3 2014



Sources: Eurostat and Citi Research

Figure 4. Spain — Real GDP (%QQ) and Business Surveys (SD from Long-Term Average), 2007-2015F



Sources: INE, European Commission, Markit and Citi Research

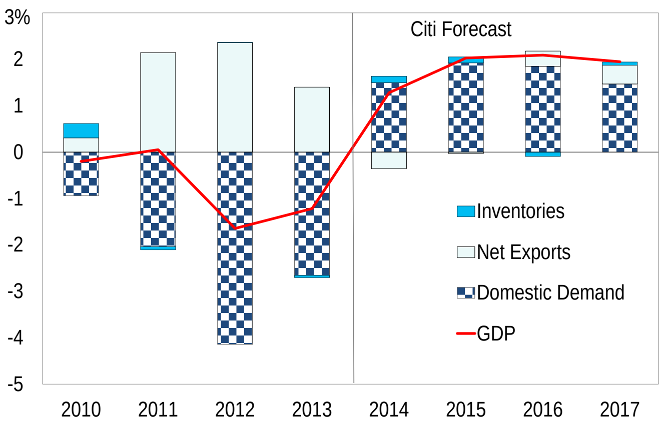
GDP Growth Outperformance

Spanish real GDP rose by 0.5% QQ in Q3 14, marking the fifth consecutive quarter of positive QQ real GDP growth, and after 0.6% QQ in Q2. On an annual basis, real GDP rose by 1.6% in Q3, the fastest YY growth since Q2 2008, and the fastest rate of economic activity among the six largest EA member states (see Figure 3). Preliminary data available so far suggest that Q4 real growth is likely to be around 0.4-0.5% QQ. The composite PMI remained above the 50 expansionary threshold for the 13th consecutive month in October, standing well above its long-term average. In addition, the EU Commission economic sentiment indicator stood 0.3sd above its long-term average in October — albeit falling a little relative to its Q3 average — while the consumer confidence indicator remained 0.4sd above its long-term average in October (see Figure 4).

Real growth supported by rising domestic demand. We estimate that real domestic demand expanded by around 2% YY in Q3, after 1.3% YY in H1, while the net export contribution to YY real GDP growth likely remained negative in Q3, after

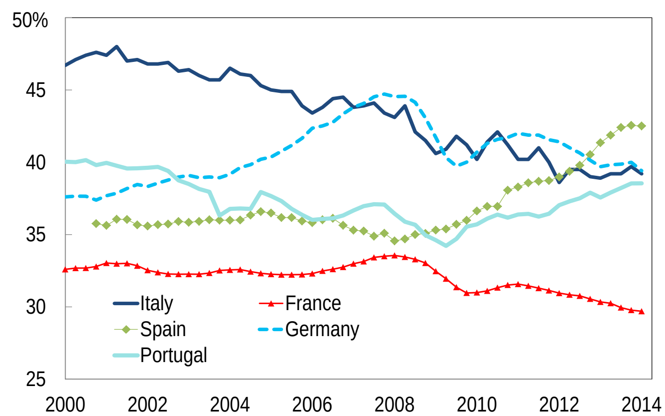
subtracting 0.4pp on average in H1.[1] Indeed, Q1-Q3 data suggest the recovery in Spain has broadened out from the exporting sectors to domestic demand, after more than four years when GDP was solely supported by export growth, while domestic demand kept shrinking (see Figure 5). In our view, the current rebalancing is the result of a significant improvement in non-financial corporate profits, supported by four years of a solid export recovery and large labour cost cuts (see Figure 6). Better internal funding capacity has allowed a solid rebound in business equipment investment (i.e. gross fixed capital formation excluding construction), which is growing at 8% YY despite tight financial conditions, creating the conditions for an earlier-than-expected improvement in job growth and a subsequent recovery in private consumption.

Figure 5. Spain — Contributions to Real GDP Growth (%), 2010-2017F



Note: 2014-16 correspond to Citi Research forecast.
Sources: INE and Citi Research.

Figure 6. Selected EA Countries — Non-Financial Corporations Profit Share (%), 2000-2014



Note: Profit share corresponds to the ratio of the 4Q sum gross operating surplus and 4Q sum gross value added. Sources: Eurostat and Citi Research

An earlier-than-expected recovery in the job market

Seasonally-adjusted net job creation has been positive since Q4 2013, after only one quarter of positive real GDP growth (i.e. 0.3% SAAR in Q3 2013). This is unusual by historical standards for Spain: during previous recessions employment growth usually lagged GDP dynamics by a few quarters, while the real GDP growth threshold required for job creation was around 2% YY. In 2010, small positive real GDP growth readings for five quarters did not generate job creation, while in the 1990s cycle it took eight quarters for employment to post the first quarterly growth rate after the first positive print in QQ real GDP.

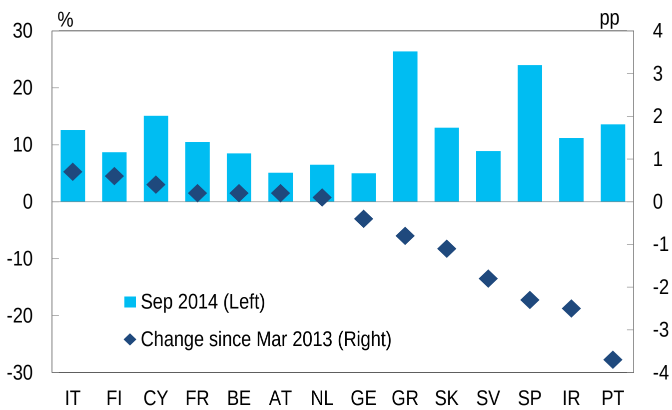
The unemployment rate has continued to drop. Net job creation has contributed to a fall in the unemployment rate to 23.7% in Q3 from a 26.9% peak level in Q1 2013, the third largest fall in the jobless rate across EA countries after Portugal and Ireland, according to the Labour Force Survey (see Figure 7). But it is important to note that the fall in the jobless rate has also been driven by a steep decline in the labour force, which reflects the shrinkage of the working-age population (falling by 0.4% YY on average since 2012) and a decline in the participation rate (59.5% of working age population older than 16 in Q3 2014, lowest since Q4 2007). We expect job growth to remain quite strong and to expand in 2014 as a whole (for the first time since 2007), as recent extensive job-shedding means that even modest output growth requires new hiring. Nevertheless, we highlight that further

[1]INE is due to publish its second release of Q3 national accounts (including GDP split) on 27 November.

contractions in the labour force, and more broadly in Spanish population, will probably continue to cap potential GDP growth in Spain in coming years.[2]

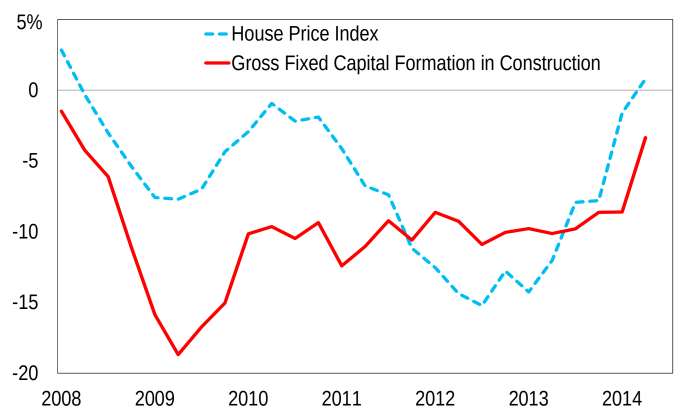
Job creation together with very subdued inflation dynamics (we forecast HICP inflation to average 0.3% in 2015 after -0.1% in 2014) and a further reduction in the pace of fiscal tightening are likely to imply some pick-up in real disposable income in coming years, further supporting the recovery in private consumption.

Figure 7. Selected EA Countries — Unemployment Rate (%), Sep 2014



Sources: Eurostat and Citi Research

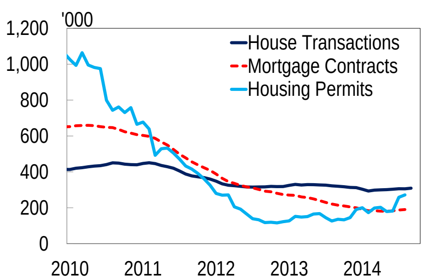
Figure 8. Spain — Real Construction Investment and Nominal House Prices (% YY), 2008-2014



Sources: INE and Citi Research

Signs of Stabilisation in the Construction Sector

Figure 9. Spain — Housing Sector Monthly Indicators (12M Sum, '000), 2010-2014



Note: 12M sum. Permits measured in €, house transactions and mortgage contracts in units.
Sources: Bank of Spain, INE and Citi Research

The investment recovery has also started to broaden out to the construction sector. Rising confidence and a still-robust financial position of Spanish firms are continuing to support a recovery in fixed investment. In the last five quarters, business equipment investment has risen strongly — on average by around 6% YY — and we expect it to grow by 8% in 2014 and by 6% in 2015. Real construction investment rose by 0.9% QQ in Q2 2014 (-3.4% YY), the first QQ increase since Q3 2011, and the largest since Q4 2007. Other short-term indicators of housing supply and demand in Spain have also shown some clear signs of stabilisation over 2014: the number of house transactions rose by 13% YY in September after an 8.6% YY average expansion over the previous six months, mortgage contracts are up by 24% YY in August (following a 29% YY increase in July), while housing permits have risen by around 40% YY on average in Jan-Aug 2014 (albeit from record-low levels as these only represent roughly 20% of the prevailing average in 2007, see Figure 9). Furthermore, bank lending surveys indicate that mortgage lending standards have stopped tightening since Q2 2014.

Official data released by INE also showed nominal house prices rising by 0.8% YY in Q2 2014, their first YY rise since Q1 2008, and we expect house prices to continue to show positive, albeit small, YY growth in coming quarters.

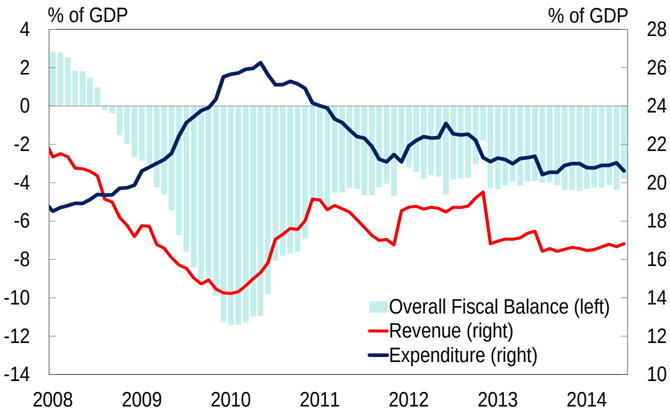
A More Supportive Fiscal Policy

Better economic data and labour market performance has also fed into an improving fiscal position, mainly in the form of higher tax revenues. The central government deficit fell to €33.1bn (3.1% of annual GDP) in Jan-Sep, €3.4bn below

[2] According to the demographic projections by INE, the Spanish population will decrease by 0.2% YY on average in the next decade, after falling by 0.5% in 2013 and by 0.2% in 2012.

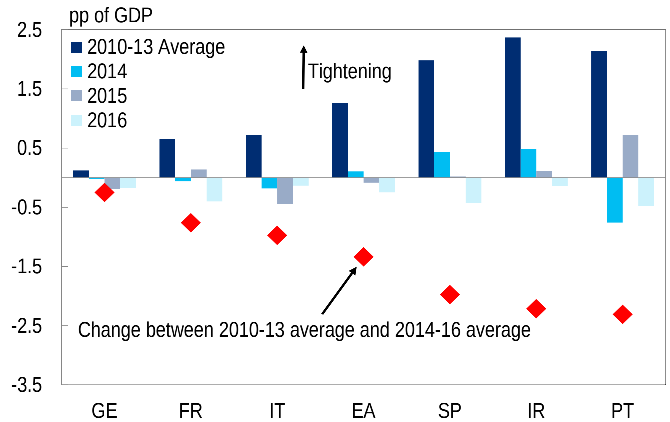
the deficit during the same period of 2013, with tax revenues rising by €3.7bn (3.6% YY). However, fiscal revenues relative to GDP remain far below the 2000-2007 average (although the ratio has stabilised recently at around 17%), due to the large revenue shortfall resulting from the bursting of the housing bubble and still very high unemployment (see Figure 10). Year-to-date budget data for the general government (excluding local authorities) up to August (deficit of 4.3% of annual GDP) suggest that the 2014 fiscal deficit target (of 5.5% of GDP) remains within reach, falling from 6.3% of GDP (net of bank recap costs) in 2013.

Figure 10. Spain — Central Government Budget Trends (% of GDP), 2008-Sep 2014



Note: 12M sum.
Sources: IGAE and Citi Research

Figure 11. Selected EA Countries — Annual Fiscal Tightening (pp of GDP), 2010-2016



Note: Change in cyclically-adjusted primary balance.
Sources: European Commission and Citi Research

The heavy fiscal tightening of 2010-13 has given way to only mild tightening in 2014 and we expect fiscal policy to be neutral or slightly loose in 2015-16. As part of the fiscal reform, the government announced income tax cuts at both personal and corporate levels, to be introduced progressively from 2015. We estimate a net impact on government deficit (i.e. raising the deficit) of around 0.3pp of GDP in both 2015 and 2016. In particular, personal income tax will be reduced by 12.5% for the average household in 2015-16, according to government calculations, while the nominal income tax rate for corporates will be reduced progressively to 25% (from 30% currently).[3] We estimate these measures are likely to add 0.3pp to real GDP growth in 2015-16, supporting the ongoing recovery in domestic demand. According to the latest forecast update by the EU Commission, the pace of fiscal consolidation (i.e. measured by the change in the cyclically-adjusted primary balance) in Spain has indeed fallen sharply already from 2pp of GDP on average per year in 2010-2013 to 0.4pp in 2014. The EU Commission judges that the fiscal stance will be roughly neutral in 2015 and expand by 0.4pp of GDP in 2016 (Figure 11). We expect the government to overshoot fiscal deficit targets in coming years (4.7% of GDP vs. target of 4.2% in 2015, and 3.7% vs. target of 2.8% in 2016).

Downside Risks: A further deterioration in the external (im)balance

One key risk to this outlook is the possibility of further deterioration in the current account (CA) balance. To be sure, the CA balance turned from a 9% deficit in 2008 to a 1.5% surplus in 2013, as export growth had risen strongly but also due to a collapse in imports. Yet, as domestic demand started to recover more vigorously in H1 2014, the CA balance swung into negative territory, standing at

[3] Cuts in corporate income nominal tax rate will be joined with an overall cutback in tax deductions, bringing the nominal tax rate close to the effective rate.

Figure 12. Selected Countries — International Investment Position (% of GDP), 2013

	Gross Int Assets	Gross Int Liabilities	Net Int. Assets
Ireland	1,624.2	1,791.7	-167.5
Greece	120.3	244.6	-124.4
Portugal	178.5	299.2	-120.7
Spain	136.1	235.9	-99.8
Italy	129.6	160.0	-30.3
US	130.7	157.9	-27.2
France	285.1	302.5	-17.3
UK	566.6	582.2	-15.6
EA	198.6	211.1	-12.5
Sweden	295.3	300.8	-5.5
Canada	155.1	153.6	1.5
Austria	266.8	264.0	2.8
Finland	341.4	326.0	15.3
Denmark	274.1	234.4	39.7
Belgium	465.3	422.0	43.3
Netherlands	502.2	456.3	45.9
Germany	255.5	205.9	49.6
Japan	165.0	96.9	68.1
Norway	270.0	170.0	99.9

Sources: IMF and Citi Research

-€4.6bn (0.4% of annual GDP) in the Jan-Aug 14 period versus a surplus of €8.7bn (0.8%) in the same period of last year. The deterioration was accounted for mostly by a widening in the merchandise deficit (-€18.9bn in Jan-Sep 14 from -€11bn in Jan-Sep 13), as nominal export growth slowed markedly (from 9% YY on average over 2010-13 to 2% YY in Q3 14) and imports rose sharply (from 2% YY to 5% YY).

We expect the CA balance to stabilise at 0.5-0.7% in 2015-17. In our view, a further worsening in the CA balance, and in particular if resulting from lower export growth, could potentially lead to some deterioration in corporate profitability, putting at risk the rebound in business investment, and limiting gains in job creation. However, we expect that a weaker euro coupled with some recovery in Spain's main export markets and some additional competitiveness gains (on the back of structural reforms passed since 2010) are likely to provide enough support to lift export growth in coming years.

The level at which the current account balance stabilises remains crucial in our view, given Spain's weak external position. The net international investment position (IIP) was negative to the tune of around 100% of GDP in 2013, a very high level in cross-country comparison (see Figure 12), with the ratio of external liabilities to GDP up to 236% in 2013 (from 210% in 2007). The negative net IIP is well beyond the threshold of -35% envisaged by EU macroeconomic imbalances scoreboard.

Politics The Main Wild Card

Spain's general elections, due in Q4 2015, will be one of the most closely-watched events in the European political calendar. Current polls suggest a sharp decline in support for the two main political parties, ruling Partido Popular (PP) and the opposition Socialist Workers' Party (PSOE), on the back of a rise for new far-left party Podemos. This is consistent with our longstanding observation about the rise in support for political alternatives. The joint share of support for Spain's two mainstream parties has now dropped below 50% of voting preferences (taking the average of the five latest available polls) from roughly 75% gathered at the 2011 general elections (see Figure 2).

In our view, ongoing corruption scandals involving senior members of both parties (at least three since the end of summer 2014) coupled with public discontent amid continued depressed economic conditions and lingering high unemployment levels are the key factors contributing to the sharp decline in support for Spanish mainstream parties. The latest survey by the Centre for Sociological Research (CIS), for example, showed that fraud and corruption are jointly considered the second biggest problem currently facing Spain (unemployment is considered the biggest problem). In our previous research evaluating the conditions that lead to Vox Populi Risk, perceptions of elite abuse of power/corruption scandals were the single most consistent factor catalyst for the rise in support for non-mainstream parties and/or mass protests.

Against this background**, the support for the fledgling left-wing party Podemos has risen dramatically**, from 1% in April 2014 to over 20% on the latest polls. From its sudden emergence, Podemos is now running neck and neck with the main opposition party PSOE. The party gathered 8% of the vote in this year's European Parliament elections in May, securing 5 MPs (out of 54), only four months after it was founded. Among the measures included in its policy platform,[4] the party is calling for public control over '*strategic*' sectors of the economy, the introduction of a state-funded basic income for all citizens, reversing some key structural reforms

[4] See http://podemos.info/wordpress/wp-content/uploads/2014/05/Programa-Podemos.pdf

approved since the outbreak of the crisis (e.g. labour market reform, pension reform), lowering the retirement age to 60 years old (from 65 currently), a 35-hour working week, as well as a proposal to ban profitable companies from firing workers. In addition, the party demands an audit of Spain's public debt in order to assess which part '*may be considered illegitimate*', as well as government control over the ECB.

At this juncture it remains to be seen if Podemos's support will rise further, stabilise at current levels, or decline given expectations of a strengthening economic recovery. Even so, elsewhere in Europe the link between economic growth and support for mainstream parties appears partly broken, with the UK a case in point: despite real GDP growth of 3%, support for UKIP has risen to around 15% on average. In Spain, while real GDP growth returned to positive territory since Q3 2013 (currently outperforming the rest of the EA), unemployment remains very high (at 24%) and real wages are still falling.

We remain sceptical about the ability of Podemos to achieve many of the measures currently envisaged in its programme — in the highly unlikely scenario where the party wins the elections and is successfully able to form a government — and in particular in a context where many of the domestic economic decisions are already constrained by the rules under the monetary union. Yet, we highlight that political uncertainties are likely to remain elevated in the run-up to the national elections, leaving room for potential market volatility, and posing some downside risks to our current baseline scenario of a solid economic recovery. A spike in the currently-low borrowing costs for the sovereign could also well imply a bigger deviation from Spain's budgetary objectives than the one we currently anticipate.

The fracturing of Spain's two-party system is likely to imply political instability in the medium-term. The next signpost in Spain's pre-election political trajectory will be the upcoming regional and local elections on May 24, 2015. In our view, while Spanish general elections are some months away and polls have limited predictive power at such an early stage, the degree of popularity of new political parties such as Podemos suggests that the next Spanish government is unlikely to enjoy the same broad popular mandate as the current one, with reasonable probability of a multi-party coalition or minority government. The lack of a large and/or stable majority for the next government will likely increase the risk of political inaction, both in terms of structural reform progress and fiscal consolidation efforts, further capping potential economic growth in Spain in the medium-term.

Continued tensions between the central government and the regions are also likely to remain a source of political instability, in particular with Catalonia. The region held a non-binding consultation vote on independence on November 9, despite the ballot having been deemed invalid by the Spanish Constitutional Court three times this year. While results showed an overall 80.1% support for independence (i.e. 'Yes/Yes' vote),[5] the ballot failed to generate the large turnout the Catalan government was hoping for, comprising around 35% (using population aged over 16 resident in Catalonia) [6] versus an 85% turnout for example in the Scottish independence referendum. Spanish PM Rajoy has already made it clear that his government is unwilling to hold negotiations with the Catalan government on holding a formal legally-binding referendum in the future, let alone a constitutional reform to allow more sovereignty to the region.

[5] The consultation vote was based on two questions: "Do you want Catalonia to become a State?" and (among those who answer yes) "Do you want this State to be independent?"

[6] This figure excludes Catalan voters living abroad.

The failure to find an agreement with the central government could well trigger early regional elections in Catalonia in coming months, as the main opposition party supporting the minority government, the radical pro-independence Esquerra Republicana per Catalunya (ERC), may withdraw its support, as suggested by its leader Oriol Junqueras.[7] A test of the ability of Catalan Premier Artur Mas to hold the government together will be the negotiations for the approval of the 2015 budget bill for the region, which are expected to kick off in the regional Parliament in early December. Mr Mas has also hinted at the possibility that all pro-independence parties (CiU, ERC, CUP, ICV) could form a joint front in the event of a regional election, de facto making the regional election appear a consultation on independence. If strong popular backing emerges for the joint front, this could reinforce the regional government's position in its negotiations with Madrid. While we do not rule out this option, we believe that the large ideological divergences between pro-independence parties make it unlikely. In any of the possible scenarios, we expect political tensions between Catalonia and the central government to remain elevated in coming months, and even years.

For now we consider it unlikely that Catalonia will become a fully independent state, even in the long-run, and we continue to see more fiscal autonomy within Spain as a more likely outcome.[8] In our view, while independence might bring legislative, administrative and executive autonomy to Catalonia, it could also carry large costs or risks, including the potential inheritance of a share of central government debt, as well as the likely need to re-apply for EA and EU membership (as illustrated in the run-up to the Scottish independence referendum). A move to independence without EA membership could trigger severe financial strains in Catalonia, as banks domiciled in the region could potentially lose access to Eurosystem funding. Catalan independence would also be likely to have significant negative effects for Spain's central government, mainly because of a likely sharp deterioration in the country's fiscal position (given Catalonia's large tax revenues).

Figure 13. Spain — Economic Forecasts, 2013-16F

		2013	2014F	2015F	2016F
Real GDP	YY	-1.2	1.3	2.0	2.1
Final Domestic Demand	YY	-2.7	1.6	2.0	1.9
Private Consumption	YY	-2.0	2.2	2.1	2.0
Public Consumption	YY	-2.3	0.5	0.5	0.5
Fixed Investment	YY	-5.0	0.9	3.2	3.2
Exports	YY	4.9	3.7	5.7	5.4
Imports	YY	0.4	5.3	6.3	4.8
Consumer Prices	YY	1.5	-0.1	0.3	0.7
Unemployment Rate	%	26.1	24.5	22.9	21.5
Current Account Balance	€bn	15.1	-0.7	5.0	5.7
	% of GDP	1.5	-0.1	0.5	0.5
General Government Balance	€bn	-71.3	-57.7	-49.6	-40.1
	% of GDP	-7.0	-5.6	-4.7	-3.7
Primary Balance	% of GDP	-3.6	-2.3	-1.6	-0.7
General Government Debt	% of GDP	94.4	99.6	102.0	102.8

F Citi forecast. YY Year-to-year growth rate. Fiscal deficits include the effect of financial support for banks in 2013 (€2.8bn). Sources: INE, Haver Analytics, Eurostat and Citi Research forecasts.

[7] Catalan Government spokesman Frances Homs said on 14 November 2014 that Premier Artur Mas will reveal his plans over the possibility of holding early regional elections in Catalonia in a month.

[8] For further discussion see Spain - Catalonia Referendum: Will it Happen? If So, What?, Antonio Montilla et al, October 2014, and Spain - Elections In Catalonia: Down The Path Of 'Two-Speed Spain', Ebrahim Rahbari and Antonio Montilla, November 2012, Citi Research.

Figure 14. Key Economic Indicators (24 November – 28 November)

Monday 24 November		Forecast	Last
08:30	Netherlands: Producer Confidence, Oct		
09:00	Germany: ifo Business Climate, Nov	104.7	103.2
14:00	Belgium: Business Confidence, Oct	-7.5	-6.8
Tuesday 25 November		**Forecast**	**Last**
07:00	Germany: GDP Details, 3Q	0.1% QQ, 1.2% YY	-0.1% QQ, 1.4% YY
07:45	France: Manufacturing Confidence, Nov	96	97
	Own-Company Production Outlook, Nov	5	8
09:00	Italy: Retail Sales, Sep		
09:30	UK: BBA Advances for House Purchase, Oct		
10:00	General: OECD releases *Economic Outlook*		
	Spain: Budget Balance, Oct		
Wednesday 26 November		**Forecast**	**Last**
07:00	Germany: Import Prices, Oct	-0.7% MM, -1.6% YY	0.3% MM, -1.6% YY
07:45	France: Consumer Confidence, Nov	84	85
08:00	Sweden: Consumer Confidence, Nov	99.8	98.0
	Manufacturing Confidence, Nov	105.1	107.7
09:00	Norway: LFS Unemployment Rate, Sep	3.6%	3.7%
09:00	Italy: Consumer Confidence, Nov	101.1	101.4
09:30	UK: Service Sector Output, Sep	0.5% MM, 3.3% YY	0.0% MM, 3.1% YY
09:30	UK: GDP, 3Q (2nd Release)	0.7% QQ, 3.0% YY	0.9% MM, 3.2% YY
11:00	UK: CBI Retail Survey, Oct		
11:00	Ireland: Residential Property Prices, Oct		
11:00	Ireland: QNHS Unemployment Rate, 3Q		
Thursday 27 November		**Forecast**	**Last**
08:00	Spain: GDP Details, 3Q	0.5% QQ	0.6% QQ
08:00	Spain: HICP, Nov Flash	-0.3% YY	-0.2% YY
08:15	Switzerland: Industrial Production, 3Q		
08:30	Sweden: Household Lending, Oct	5.7% YY	5.7% YY
08:55	Germany: Unemployment, Nov	10K MM SA, 7K MM NSA	-22K MM SA, -75K MM NSA
09:00	Italy: Business Confidence, Nov	95.7	96.0
09:00	Euro Area: M3, Oct	2.7% YY	2.5% YY
10:00	Euro Area: Economic Sentiment, Nov	100.3	100.7
12:00	Germany: GfK Consumer Confidence, Dec		
13:00	Germany: HICP, Nov Flash	0.0% MM, 0.6% YY	-0.3% MM, 0.7% YY
	Consumer Prices, Nov Flash	0.0% MM, 0.6% YY	-0.3% MM, 0.8% YY
17:00	France: Jobseekers – Net Change, Oct	7.5K	19.2K
	Jobseekers – Total, Oct	3,440.0K	3,432.5K
	US: Thanksgiving Holiday		
Friday 28 November		**Forecast**	**Last**
00:01	UK: GfK Consumer Confidence, Nov		
07:00	UK: Nationwide House Prices, Nov		
07:00	Germany: Retail Sales, Oct	1.4% MM, -0.2% YY	-2.8% MM, -0.8% YY
07:45	France: Consumer Spending, Oct	0.4% MM, 1.0% YY	-0.8% MM, 0.2% YY
08:00	Spain: Retail Sales, Oct	2.7% YY	1.2% YY
08:00	Denmark: GDP, 3Q		
08:00	Switzerland: KOF Economic Barometer, Nov		
08:30	Sweden: GDP, 3Q	0.2% QQ	0.7% QQ
08:30	Sweden: Retail Sales, Oct	0.4% MM	-0.6% MM
09:00	Norway: Registered Unemployment Rate, Nov	2.7%	2.7%
09:00	Norway: Retail Sales Ex Petrol Stations, Oct	0.5% MM	-0.1% MM
09:00	Italy: Unemployment Rate, Oct	12.6%	12.6%
09:30	Slovenia: GDP (SWDA), 3Q	2.9% YY	2.8% YY
10:00	Italy: HICP, Nov Flash	0.1% YY	0.2% YY
10:00	Greece: GDP Details, 3Q		
10:00	Euro Area: Unemployment Rate, Nov	11.5%	11.5%
10:00	Euro Area: HICP, Nov Flash	0.3% YY	0.4% YY
14:00	Belgium: GDP Details, 2Q	0.2% QQ, 0.8% YY	0.1% QQ, 1.0% YY
	Spain: Current Account, Sep		

Sources: National statistical offices, central banks and Citi Research

Figure 15. Economic Indicators – Comments: Euro Area and Germany

Euro Area			
Nov 27 09:00 London Time	*M3, Oct*	Forecast: 2.7% YY	Prior: 2.5% YY
	We look for a further improvement in M3 annual growth to 2.7%, corresponding to a 0.3% MM uptick in October. Our forecast would imply the fastest rate of M3 growth since Jun-13. We estimate that adjusted flows of private-sector lending were probably close to zero in October. This would be enough to drive the annual growth in private sector loans to -0.4% YY from -0.6% in September. We anticipate that private sector lending flows will turn positive in 2015, post the AQR, and once economic sentiment recovers, helped by ECB action, sometime in the late spring.		
Nov 27 10:00 London Time	*Economic Sentiment, Nov*	Forecast: 100.3	Prior: 100.7
	We think that the economic sentiment indicator (ESI) compiled by the European Commission is likely to have posted a drop in October, worth 0.4 points, to 100.3 in November. Greater financial market volatility in the latter part of October and further signs of slowing economic activity in Germany and France (as evidenced by the flash PMIs) suggest some unwind of the September rebound. Based on this November estimate, the 4Q ESI average would continue to decline, albeit modestly, but would move below its historical average at -0.1SD.		
Nov 28 10:00 London Time	*Unemployment Rate, Oct*	Forecast: 11.5%	Prior: 11.5%
	The jobless rate likely remained stable in October at 11.5%, confirming a break with the pattern of the past year when the unemployment rate declined by 0.1pp every two months. To be sure, economic activity has slowed down in the past couple of quarters, and this is reflected with a lag in terms of unemployment dynamics. Despite favourable developments in the euro area periphery, we doubt that these will be enough to compensate for disappointing readings in France and Italy, while Germany is also beginning to show signs of stabilisation in jobless metrics.		
Nov 28 10:00 London Time	*HICP, Nov Flash*	Forecast: 0.3% YY	Prior: 0.4% YY
	We look for a 10bp decline in the inflation rate to 0.3% YY in November. Although unprocessed food price inflation likely rebounded in November, energy inflation fell, providing some offset, while the core measure (ex-unprocessed, food and energy) is expected to have slowed to a new record low of around 0.6%. Going into year-end, we estimate that euro area inflation rates will likely fall further, possibly as low as 0.2% YY.		
Germany			
Nov 24 09:00 London Time	*Ifo Business Climate, Nov*	Forecast: 104.7	Prior: 103.2
	The German ifo business climate has fallen for six months in a row and is now below its long-term average. In our view, the mixed data flow in recent weeks suggests that a small increase in the ifo index is due over the next month or two and we pencil in an increase in November for now. The increase would cancel out the decline in October, but still leave the ifo business climate below its long-term average. Given the subdued outlook for the German economy, we expect the ifo index to remain relatively rangebound in coming months. But it is worth noting that the ifo headline measure covers the industry, retail and wholesale trade and construction sectors. The separate ifo Services Business Climate, which mainly covers business services, has been more positive than the headline measure.		
Nov 25 07:00 London Time	*GDP Details, 3Q*	Forecast: 0.1% QQ, 1.2% YY	Prior: -0.1% QQ, 1.4% YY
	The flash reading of German GDP growth in 3Q came in at 0.1% QQ while 2Q growth was revised up from -0.2% QQ to -0.1% QQ. We expect the first detailed reading of 3Q GDP to confirm the flash reading. In terms of the GDP components, we expect private consumption and net trade to have made positive contributions, while investment and inventories were a drag. The data available to date suggest that growth in 4Q remains very subdued, but we expect some pickup in growth in 2015		
Nov 26 07:00 London Time	*Import Prices, Oct*	Forecast: -0.7% MM, -1.6% YY	Prior: 0.3% MM, -1.6% YY
	We continue to expect German import prices to fall at a rate of roughly 1.5% YY currently (for October, we expect -1.6% YY). Declines in the prices of imported energy remain the main driver of the declines and compensate for the early impact of a weaker exchange rate for the time being.		
Nov 27 08:55 London Time	*Unemployment, Nov*	Forecast: 10K MM SA, 7K MM NSA	Prior: -22K MM SA, -75K MM NSA
	In October, German unemployment fell unexpectedly by the largest number in six months. The October reading therefore highlighted that, even though the strong momentum in the German labour market has recently stalled, the labour market situation remains very robust. In November, we expect another small uptick in German unemployment in seasonally-adjusted terms (implying a somewhat smaller increase in the number of unemployed on a non-seasonally-adjusted nature), but leaving the unemployment rate at the lowest level since 1991.		
Nov 27 13:00 London Time	*HICP, Nov Flash* *National CPI, Nov Flash*	Forecast: 0.0% MM, 0.6% YY Forecast: 0.0% MM, 0.6% YY	Prior: -0.3% MM, 0.7% YY Prior: -0.3% MM, 0.8% YY
	We expect German inflation to slow again in November to another recent low of 0.6% YY for both the national and the HICP definition. This would be the lowest rate of inflation since February 2010 for the national definition and May 2014 for the HICP definition. German inflation therefore seems to be drifting down again, mostly driven by falls in commodity prices. In our view, it is likely that the trough in German inflation is close and we expect a gradual increase in German inflation from early in 2015.		
Nov 28 07:00 London Time	*Retail Sales (Ex Cars, SWDA), Oct*	Forecast: 1.4% MM, -0.2% YY	Prior: -2.8% MM, -0.8% YY
	October saw a large decline in German retail sales (excluding car sales), even if it was later revised down somewhat (from -3.2% MM to -2.8% MM, but still the largest monthly decline since the fall of 2009), leaving retail sales almost 1% below the level of September 2013. In October we expect some rebound in retail sales from the large drop, but even with the increase we expect retail sales would be 1.6% lower than the 3Q average, highlighting that it appears likely that retail and private consumption growth will remain subdued in 4Q.		

Sources: National statistical offices, national central banks, Bloomberg, and Citi Research forecasts.

Figure 16. Economic Indicators – Comments: France, Belgium and Italy

France			
Nov 25 07:45 London Time	*Manufacturing Confidence, Nov* *Own-Company Production Outlook, Nov*	Forecast; 96 Forecast: 5	Prior: 97 Prior: 8
	We look for a one-point decline in French manufacturing confidence in November. The reading of 96 would imply that industrial sentiment stands some 0.4sd below its historical average. Note that the flash manufacturing PMI remained very close to a 15-month low in November, suggesting that activity had contracted further. We continue to believe that manufacturing confidence will likely stabilise and recover a little in coming quarters partly due to additional monetary policy stimulus delivered by the ECB and a clearer pro-business strategy from the government. Own-company output expectations likely eased a little in November.		
Nov 26 07:45 London Time	*Consumer Confidence, Nov*	Forecast: 84	Prior: 85
	Household confidence is expected to record a one-point drop to an 11-month low of 84 in November. This would leave the Oct/Nov average on track to decline by at least one point, perhaps two, depending on December outcome. To be sure, underlying consumer spending dynamics remain weak, despite the very low inflation rate providing a modicum of support to household expenditure. The continued deterioration in unemployment figures is likely to weigh on confidence, as is the very limited clarity about whether the tax burden will stop rising in 2015.		
Nov 27 07:45 London Time	*Jobseekers – Net Change, Oct* *Jobseekers – Total, Oct*	Forecast: 7.5K Forecast: 3,440.0K	Prior: 19.2K Prior: 3,432.5K
	We look for a 7.5K increase in the total number of registered jobseekers in October, representing the 11th increase in the past 12 months. Although private sector employment expectations appeared to recover somewhat in October, we continue to think that recovery in employment will be delayed by the limited visibility with respect to the government's ability to deliver meaningful changes in employment law and greater flexibility in the 35-hour workweek. We look for the jobless rate to rise to around 10% in 4Q-14 and to stabilise at this level for about a year.		
Nov 28 07:45 London Time	*Consumer Spending, Oct*	Forecast: 0.4% MM, 1.0% YY	Prior: -0.8% MM, 0.2% YY
	Retail confidence surveys compiled by INSEE for October recovered and the forward looking component also rebounded. Together with a significant gain in the retail PMI to a four-month high and a BdF retail sales estimate showing that spending had risen by 0.5% YY in October, we see room for consumer spending to increase by 0.4% MM, leaving the 4Q entry point some 0.1% up versus the 3Q average. This is consistent with our forecast that household expenditure will increase slowly in 4Q, around 0.1% QQ (0.3% YY).		
Belgium			
Nov 24 14:00 London Time	*Business Confidence, Nov*	Forecast: -7.5	Prior: -6.8
	We expect that business confidence likely declined in November, unwinding the improvement registered in the past three months. Although the change of government and a more pro-business set of economic policies should be a long-term positive for confidence, there have been growing stress protests and the signals from the global economy are not particularly constructive at this stage. Finally, the persistent weakness in economic activity in Belgium's main trading partners such as Germany and France in 3Q will probably start to be factored in.		
Nov 28 09:00 London Time	*GDP Details, 2Q*	Forecast: 0.2% QQ, 0.8% YY	Prior: 0.1% QQ, 1.0% YY
	Economic activity expanded at a faster rate in the second quarter, but the YY rate fell for the second successive quarter, highlighting some loss of positive momentum in the euro area's six largest economies compared to 2013. We expect the splits to show that domestic demand growth likely moderated for the third successive quarter, mainly visible through the gross fixed capital formation segment. Based on our expectations that business confidence could decline a little in the coming months, we estimate that 4Q GDP growth will be close to zero.		
Italy			
Nov 26 09:00 London Time	*Consumer Confidence, Nov*	Forecast: 101.1	Prior: 101.4
	The recent sequence of negative economic data and discussions about new austerity measures possibly necessary to comply with fiscal consolidation targets agreed with the EU Commission has likely led to a further 0.3pp MM decline in consumer sentiment in November, to 0.3SD below its long-term average.		
Nov 27 09:00 London Time	*Business Confidence, Nov*	Forecast: 95.7	Prior: 96.0
	We expect business confidence to fall by 0.3pp MM in November, after a 0.5pp MM rise in October, amid ongoing uncertainties related to the approval of the 2015 Fiscal Budget bill as well as weak 3Q real GDP data (which showed the Italian economy fell back into recession in 3Q). This will leave the business confidence index remaining 0.6sd below its long-term average, suggesting a very subdued industrial output dynamic in 4Q.		
Nov 28 09:00 London Time	*Unemployment Rate, Oct*	Forecast: 12.6%	Prior: 12.6%
	We estimate the jobless rate remained broadly stable in October, standing slightly above the average of the previous six months (of 12.5%). The unemployment rate seems to have stabilised at around these levels, but we do not see it entering a clear downward trend any time soon. Job creation in Italy has been lagging the rest of the euro area periphery, in part due to the large pool of idled workers (under the so-called Cig scheme) included in official employment statistics, but not actually working.		
Nov 28 09:00 London Time	*HICP, Nov Flash*	Forecast: 0.1% YY	Prior: 0.2% YY
	We expect the HICP inflation rate to have eased marginally to 0.1% YY in November (from 0.2% YY in October). A further reduction in fuel prices is likely to bring energy inflation to -2.8% YY in November from -2.4% YY in October. On the other hand, we estimate the decline in food prices to have slowed in November, adding something to the YY headline rate. We expect Italian inflation to hover around 0% YY in coming months.		

Sources: National statistical offices, national central banks, Bloomberg, and Citi Research forecasts

Figure 17. Economic Indicators – Comments: Spain, Slovenia and Sweden

Spain			
Nov 27 08:00	*GDP, 3Q Final*	Forecast: 0.5% QQ	Prior: 0.6% QQ
London Time	We estimate the final 3Q real GDP reading to be confirmed at 0.5% QQ (1.6% YY), marking the fifth consecutive quarter with positive QQ real GDP growth, and after a 0.6% QQ expansion in 2Q. The GDP split is likely to confirm that the economic recovery continues to be driven by rising domestic demand. We expect private consumption to continue rising strongly in 3Q (after 0.7% QQ in 2Q), boosted by some pick-up in real disposable income stemming from net job creation, reduced fiscal tightening, and subdued inflation. Gross fixed capital formation has also likely continued to expand strongly in 3Q (we estimate by 1.3% QQ). On the other hand, rising imports are likely to continue to cap the net exports contribution to real growth.		
Nov 27 08:00	*HICP, Nov Flash*	Forecast: -0.3% YY	Prior: -0.2% YY
London Tim	We expect the annual HICP inflation rate to fall to -0.3% YY in Nov, from a -0.2% YY in October, driven mostly by lower fuel prices. We estimate energy inflation fell to -2.5% YY in November from -1.1% YY in October. On the other hand, we project food inflation to continue to accelerate in October (to 2.2% YY, largest since Sep 2013), while core inflation (i.e. excluding fresh food and energy) is likely to remain unchanged (at -0.3% YY). Overall, we expect inflation to remain close to zero on average in 2014.		
Nov 28 08:00	*Retail Sales, Oct*	Forecast: 2.7% YY	Prior: 1.2% YY
London Time	We expect real retail sales (SA) to return to positive MM growth in October (up by 0.3% MM), mainly as a payback after the strong decline registered in Sept (-1.8% MM, biggest MM decline since Dec 2013). We estimate this will translate into the YY growth rate (WDA) rising to +2.7% in October (from +1.2% in Sept) also boosted by base effects. Overall we expect real retail sales to remain in expansionary territory in 4Q, although likely slowing down from a 0.9% QQ increase in 3Q.		
Slovenia			
Nov 28 03:30	*GDP, 3Q*	Forecast: 2.9% YY	Prior: 2.8% YY
London Time	We expect that GDP increased by 0.6% QQ after 1% a quarter ago. If this materializes, it would result in 2.9% YY growth in 3Q14 after 2.8% a quarter ago and represent an upside risk to our annual GDP growth forecast of 1.9% YY in 2014. 3Q GDP dynamics probably remained solid, though 2Q GDP growth of 1% QQ is challenging due to a high base and contradictory forces in 3Q14. There was a quarterly contraction in both industrial and construction output in QQ terms in 3Q14. However, retail sales performed better, supported by both higher employment and real wage growth because of higher nominal growth and CPI deflation. Moreover, exports surged well ahead of imports. Hence, GDP growth was probably driven by net exports and private consumption, while destocking of inventories likely made a negative contribution. Looking forward, while October confidence improved, our momentum guide worsened. However, the outlook on foreign demand continues to be supportive (also supported by a weaker currency outlook), though less so than in previous months.		
Sweden			
Nov 26 08:00	*Consumer Confidence, Nov*	Forecast: 99.8	Prior: 98.0
London Time	Consumer sentiment returned to its depressed readings in October after a temporary rebound in September. Strong income growth, an improving labour market and higher asset prices suggest that consumer confidence should improve further ahead. However, increased uncertainty abroad and weaker global growth prospects pull in the opposite direction. In November, we expect consumer confidence to rebound somewhat. Household inflation is expected to stay around the October level (of 0.4% YY).		
Nov 26 08:00	*Manufacturing Confidence, Nov*	Forecast: 105.1	Prior: 107.7
London Time	The Economic Tendency Indicator rose 2.8 points to 104.3 in October, the highest level in nine months. Being 4.3 points above the historical average, the indicator suggests that growth in the Swedish economy is slightly above a normal level. All of the business indicators improved, with manufacturing sentiment accounting for the largest gain. The outlook for manufacturing is dependent on developments in the international business cycle, in particular in Germany. The NIER indicator now signals a decent upturn in the sector, clearly contrasting the subdued development in hard data. Following the strong gain in October, we expect some setback this month.		
Nov 27 08:30	*Household Lending, Oct*	Forecast: 5.7% YY	Prior: 5.7% YY
London Time	Annual lending growth is showing signs of acceleration. Given ongoing gains on the housing market, we see a clear risk that household lending could pick up further ahead. Increasing pressure on macro prudential measures with e.g. tougher amortization requirements already having been announced should contribute to dampening lending growth next year. With ongoing very low inflation and the associated risk of falling inflation expectations, we do not reckon lending growth will become an issue for monetary policy again.		
Nov 28 08:30	*GDP, 3Q*	Forecast; 0.2% QQ	Prior: 0.7% QQ
London Time	In line with the Riksbank's forecast, we expect that economic growth moderated quite markedly in the third quarter after a strong 0.7% QQ gain in the previous quarter. Growth was likely driven by private consumption and residential investment, while exports and manufacturing investment likely stayed weak.		
Nov 28 08:30	*Retail Sales, Oct*	Forecast: 0.4% MM	Prior: -0.6% MM
London Time	Retail sales slipped in September following a stronger-than-expected gain in August. We note that sales volumes according to the NIER survey stayed elevated also in October. Income growth, labour market (strong employment growth) and asset prices should support private consumption going forward, in our view. In October, we expect retail sales to rebound following the minor setback in September.		

Sources: National statistical offices, national central banks, Bloomberg, and Citi Research forecasts

Figure 18. Economic Indicators – Comments: Norway and UK

Norway			
Nov 26 09:00	*LFS Unemployment Rate, Sep*	Forecast: 3.6%	Prior: 3.7%
London Time	Although the Labour Force Survey is very volatile on a monthly basis, the trend during the summer has been clear; strong employment growth has outpaced growth in labour supply, pushing unemployment lower. Meanwhile, the survey posted a negative surprise in August with the jobless rate jumping from a near two-year low of 3.2% in 2Q to a one-and-a-half year high of 3.7% in 3Q. Our forecast has assumed gradually rising unemployment amid increasing lay-offs within petroleum and related segments given the sharply downshifting investment cycle for oil and gas extraction. Nevertheless, the gain in 3Q appears somewhat exaggerated. In turn, we expect LFS unemployment to fall in September (average of Aug-Oct). We note, though, that Norges Bank tends to put more emphasis on the timelier and less volatile unemployment figures from labour offices.		
Nov 28 09:00	*Registered Unemployment Rate, Nov*	Forecast: 2.7%	Prior: 2.7%
London Time	The registered jobless rate during the first ten months of the year averages 2.8% (in seasonally-adjusted terms), which is well in line with Norges Bank's full-year 2.75% forecast from the September *Monetary Policy Report*. In November, we expect the registered unemployment rate to be confirmed at 2.7%.		
Nov 28 09:00	*Retail Sales, Excluding Petrol Stations, Oct*	Forecast: 0.5% MM	Prior: -0.1% MM
London Time	Monthly metrics point to stagnant consumption growth; households' domestic spending on goods (accounts for a little less than 50% of overall private consumption) slipped 0.7% QQ in 3Q, hence, offsetting entirely the 2Q gain. Ahead, improving conditions on the housing market (existing home prices are in an upward trend) and an ongoing resilient labour market should support private consumption in the near-term. In addition, we note that income growth remains robust, and is running ahead of consumption.		
United Kingdom			
Nov 26 09:30	*Service Sector Output, Sep*	Forecast: 0.5% MM, 3.3% YY	Prior: 0.0% MM, 3.1% YY
London Time	Business surveys suggest that service sector output continues to grow quite strongly and hence we expect a rebound after the flat August reading. Such a figure would leave 3Q output up 0.7% QQ after a 1.0% gain in 2Q and 0.8% gain in 1Q. We expect continued solid growth in 4Q.		
Nov 26 09:30	*GDP, 3Q (2nd Release)*	Forecast: 0.7% QQ, 3.0% YY	Prior: 0.9% MM, 3.2% YY
London Time	We do not expect any revisions to the overall growth of GDP at this stage, although we note that when such revisions have occurred they have tended to be upwards. The split is likely to show continued solid growth in consumer spending and investment (we expect gains of 0.6% QQ and 1.0% QQ respectively), offset by weakness in exports. Nominal GDP growth is likely to remain at the 4%-5% YY pace of recent quarters.		

Sources: National statistical offices, national central banks, Bloomberg, and Citi Research forecasts

Figure 19. Key Economic Indicators (1 December – 5 December)

During The Week		Forecast	Last
08:00	UK: Halifax House Prices, Nov		
Monday 1 December		Forecast	Last
07:30	Sweden: Manufacturing PMI, Nov		
08:00	Norway: Manufacturing PMI, Nov		
09:00	Norway: C2 Credit Indicator, Oct		
09:00	Italy: GDP Details, 3Q		
09:00	Euro Area: Manufacturing PMI, Nov Final		
09:30	UK: Manufacturing PMI, Nov	52.5	53.2
090:30	UK: Mortgage Approvals, Oct	63,000 MM, -7.7% YY	61,267 MM, -8.7% YY
	Italy: Budget Balance, Nov		
Tuesday 2 December		Forecast	Last
08:00	Spain: Unemployment, Nov		
09:30	UK: Construction PMI, Nov		
10:00	Euro Area: Industrial Producer Prices, Oct		
Wednesday 3 December		Forecast	Last
06:45	Switzerland: GDP, 3Q		
09:00	Euro Area: Services PMI, Nov Final		
	Composite PMI, Nov Final		
09:30	UK: Services PMI, Nov	57.0	56.2
10:00	Euro Area: Retail Sales, Oct		
15:00	Bank of Canada Interest Rate Announcement		
Thursday 4 December		Forecast	Last
06:30	France: Unemployment Rate, 3Q		
08:30	Netherlands: Consumer Prices, Nov		
12:00	UK: MPC Outcome		
12:45	ECB Outcome – Press Conference at 13:30		
Friday 5 December		Forecast	Last
00:01	UK: KPMB/RECE Report on Jobs		
07:00	Germany: Incoming Orders, Oct		
08:00	Spain: Industrial Production, Oct		
08:30	Sweden: Services Production, Oct		
08:30	Sweden: Industrial Production, Oct		
09:00	Norway: Industrial Production, Oct		
09:30	UK: BoE/GfK Inflation Attitudes Survey		
10:00	Euro Area: GDP, 3Q (2nd Estimate)		

Sources: National statistical offices, central banks and Citi Research

Figure 20. Recent Research from the European Economics Team

Euro Area - Sovereign Debt Update		
Draghi Highlights Need to Act Fast, Pushes for QE	European Economics Team	Nov 21, 2014
Weaker Nov Flash PMIs and Threat of Deflation	European Economics Team	Nov 20, 2014
EU Investment Plan: France Proposes New Structure	European Economics Team	Nov 19, 2014
ECB Speakers Stress Objective of Balance-Sheet Expansion	European Economics Team	Nov 18, 2014
EU to Target €300bn Investment Boost with around €30bn of EU Funds;	European Economics Team	Nov 17, 2014
Euro Area		
Euro Area - Dovish Draghi stresses need for aggressive B/S expansion	Guillaume Menuet	Nov 21, 2014
Euro Area - Draghi Reinforces Balance Sheet Targeting, More Easing Ahead	Guillaume Menuet	Nov 6, 2014
Euro Area - EC forecasts points to non-compliance for some 2015 budgets	Guillaume Menuet	Nov 4, 2014
Global Economic Forecasts - October 2014	Michael Saunders	Oct 31, 2014
Euro Area - Will the ECB do a BoJ? Unlikely at the Nov meeting, in our view	Guillaume Menuet	Oct 31, 2014
European Economic Forecast Highlights, October 2014	Ann O'Kelly	Oct 30, 2014
Euro Area - Comprehensive Assessment Ends With A Whimper	Ebrahim Rahbari	Oct 26, 2014
Spain - Catalonia Referendum: Will it Happen? If So, What?	Antonio Montilla	Oct 10, 2014
ECB - ECB: 'Let's See' First, But Leaves Door Open To QE	Ebrahim Rahbari	Oct 2, 2014
Euro Area - ECB Preview: Will all be revealed on Oct 2?	Guillaume Menuet	Sep 25, 2014
Italy - Growth and Inflation keep undershooting expectations	Giada Giani	Sep 25, 2014
Euro Area - ECB Cuts Rates and Announces Asset Purchase Programme	Guillaume Menuet	Sep 4, 2014
Euro Area - Euro Area: What Are The Prospects For Fiscal Easing?	Ebrahim Rahbari	Sep 3, 2014
Euro Economics Weekly		
Will Germany Let the ECB Do QE?	Ebrahim Rahbari	Nov 14, 2014
Door Open to QE, Favouring January over December	Guillaume Menuet	Nov 7, 2014
Credit And The Eurozone Malaise	Ebrahim Rahbari	Oct 31, 2014
Will the Euro Area Suffer from Oil Blues?	Guillaume Menuet	Oct 24, 2014
How Much Will the Weaker Euro Boost Eurozone Growth?	Ebrahim Rahbari	Oct 17, 2014
France: Rejecting Austerity, For Now	Guillaume Menuet	Oct 10, 2014
Greece — Six Crucial Months Ahead	Giada Giani	Oct 3, 2014
Focus On The ECB's Balance Sheet	Ebrahim Rahbari	Sep 26, 2014
H2 GDP Uptick Too Small to Stop ECB QE	Guillaume Menuet	Sep 19, 2014
Euro Area: Housing Sector Close to a Turnaround	Antonio Montilla	Sep 12, 2014
Low-flation Is Here To Stay	Giada Giani	Sep 5, 2014
Is the Period of German Outperformance Over?	Ebrahim Rahbari	Aug 29, 2014
ECB QE: Why, When and How?	Guillaume Menuet	Aug 22, 2014
What's Behind the Periphery Growth Outperformance?	Giada Giani	Aug 15, 2014
How Might Russia Developments Affect The Eurozone Economy?	Ebrahim Rahbari	Aug 1, 2014
France: More Reforms to Jump Start Confidence?	Guillaume Menuet	Jul 25, 2014
Public Debt Sustainability: Has It Really Been Restored?	Giada Giani	Jul 18, 2014
Why Banking Union Matters: Then and Now	Ebrahim Rahbari	Jul 11, 2014
Is The Euro Area Recovery at Risk of Faltering?	Guillaume Menuet	Jul 4, 2014
Weak Pay Trends Imply Further Inflation Undershoot	Giada Giani	Jun 27, 2014
A Great Rotation towards Eurozone Portfolio Assets?	Ebrahim Rahbari	Jun 20, 2014
Labour Market Slack	Giada Giani	Jun 13, 2014
Chief Economist Publications		
Global Economic Outlook and Strategy — October 2014	Willem Buiter	Oct 29, 2014
Scandi and Swiss		
Scandi Economics Update	Tina Mortensen	Nov 21, 2014
Norway - 3Q Mainland GDP Growth Beats Expectations	Tina Mortensen	Nov 20, 2014
Sweden - No Discussion on Extraordinary Measures in Minutes	Tina Mortensen	Nov 11, 2014
UK		
UK - Minutes And ASHE Data	Michael Saunders	Nov 19, 2014
UK - Corporate Profitability Highest Since the Late 1990s	Michael Saunders	Nov 14, 2014
UK - BoE Inflation Report — First Impressions;	Michael Saunders	Nov 12, 2014
UK - Labour Market Data;	Michael Saunders	Nov 12, 2014
UK Economics Weekly		
Golden Scenario	Michael Saunders	Nov 14, 2014
The UK's Achilles Heel	Michael Saunders	Nov 7, 2014
"Low for Longer" ≠ "Low Forever"	Michael Saunders	Oct 31, 2014
Will "Low-flation" Persist?	Michael Saunders	Oct 17, 2014
Persistent Political Uncertainties Likely	Michael Saunders	Oct 10, 2014

Appendix A-1

Analyst Certification

The research analyst(s) primarily responsible for the preparation and content of this research report are named in bold text in the author block at the front of the product except for those sections where an analyst's name appears in bold alongside content which is attributable to that analyst. Each of these analyst(s) certify, with respect to the section(s) of the report for which they are responsible, that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc and its affiliates. No part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst in this report.

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