

Euro Economics Weekly

ECB QE: Why, When and How?

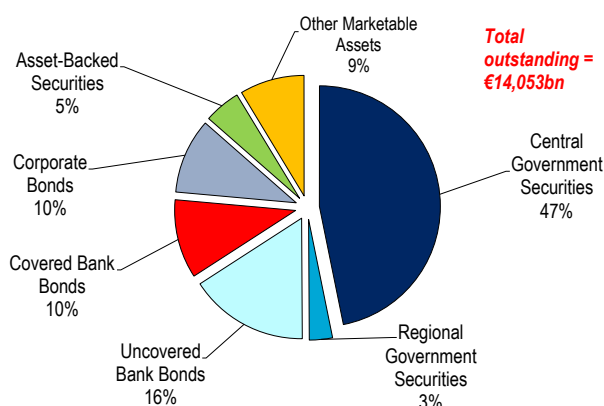
- **Reinforcing our QE view** — The euro area recovery is struggling, as evidenced by Q2 GDP reports and Q3 surveys. Downside risks to economic activity, a still-strong euro, large output gap and persistent undershooting of its inflation target, all point even more strongly to the ECB announcing a large QE programme soon.
- **December more likely to September** — We do not expect QE to be announced at the September meeting, mainly because of expectations that the June policy decisions will ease funding conditions further, uncertainty pertaining to the AQR and ECB stress tests, and the ECB's hope of strong bids at the Sep and Dec TLTROs. However, we believe that the consensus underestimates the likelihood of QE in late Q4-14 or early Q1-15, and the ECB's willingness to defend its inflation target.
- **€1tn asset purchase programme** — Increasing signs that medium-to-long term inflation expectations are drifting lower and the need to defend its mandate and credibility will lead to aggressive action, in our view. We expect a 60/40 split between public and private sector assets, with the latter focused mainly on bank bonds and loans.

Figure 1. Citi Forecasts

	\$/€	Euro Repo	10-yr Bunds	£/€	UK Bank Rate	10-Yr Gilt Bund
4Q 14	1.34	0.15	0.75	0.80	0.50	177
2Q 15	1.33	0.15	1.25	0.79	1.00	177

Source: Citi Research

Figure 2. Euro Area — Eurosystem Eligible Market Assets, € Billions, Q1-2014



Sources: European Central Bank and Citi Research

Guillaume Menuet

+44-20-7986-1314
guillaume.menuet@citi.com

Ebrahim Rahbari

+44-20-7986-6522
ebrahim.rahbari@citi.com

Giada Giani

+44-20-7986-3281
giada.giani@citi.com

Michael Saunders

+44-20-7986-3299
michael.saunders@citi.com

Antonio Montilla

+44-20-7986-3282
antonio.montilla@citi.com

Ann O'Kelly

+44-20-7986-3297
ann.okelly@citi.com

[Click to play](#)

Guillaume Menuet



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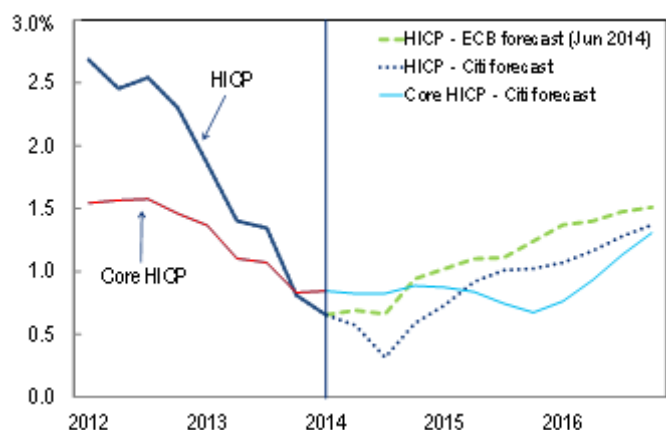
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ECB QE: Why, When and How?

The euro area recovery is struggling, as evidenced by the Q2 GDP reports and surveys. This lower-than-expected performance prompted us to cut our real GDP forecasts for 2014 and 2015 by 0.3pp and 0.2pp to 0.8% and 1.5%, respectively. This marks the largest cut in our numbers since Jan-2012 and the third downward adjustment in four months. With further indications of a sub-par economic performance in the flash August euro area composite PMIs and rising geo-political risks (including [developments in Russia](#)), many questions remain about whether economic activity will continue to weaken or will pick up in coming months ([Is the Euro Area Recovery at Risk of Faltering?](#)). We believe that the materialisation of downside risks to GDP growth will likely lead the European Central Bank (ECB) to launch a large quantitative easing (QE) programme in coming months as the persistence of a large output gap increases the likelihood of inflation remaining well below its target for an extended period of time.

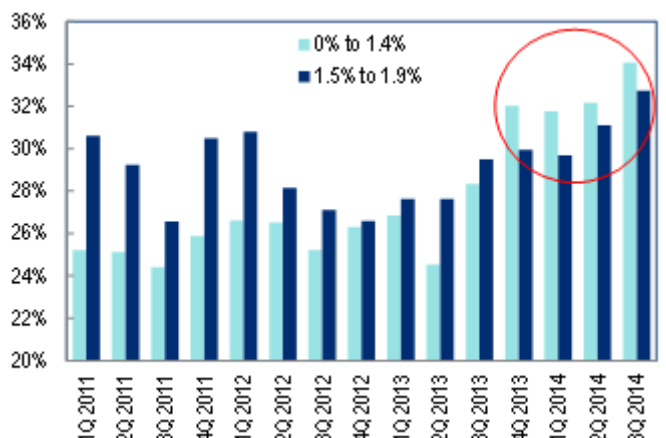
Inflation rate divergence from target becoming more pronounced. At the same time, inflation continues to slow, hitting a new low of 0.4% YY in July from 0.5% YY in June, suggesting that the Q3 average will again undershoot the ECB's baseline that we estimate to be around 0.65% YY (see Figure 3). Our forecasts envisage that the flash HICP August reading could fall to a new cycle low of 0.3% YY, with a risk of a 0.2% YY print. Note that the Q3-14 Survey of Professional Forecasters (SPF) released in the August ECB monthly bulletin revealed a further downward drift in the 2014-15 average inflation forecasts to 0.7% and 1.2%, while also showing that the cumulative proportion of respondents expecting inflation to be between 0.0% and 1.4% in 2019 (34.1%) exceeds those expecting inflation between 1.5% and 1.9% (32.7%) for the fourth successive survey (see Figure 4). These findings suggest a widespread sense that risks of a persistent inflation undershoot now are greater than at any time in the survey's 15-year history.

Figure 3. Euro Area — Inflation: ECB & Citi Forecasts, Mar-12 to Dec-16



Sources: European Central Bank and Citi Research

Figure 4. Euro Area — Aggregate Probability Distribution of Average Long-Term (5Y) Inflation Expectations, 1Q-11 to 3Q-14



Sources: European Central Bank and Citi Research

So what should the ECB do about it? One option for the Governing Council (GC) is to do nothing and hide behind its forward guidance for a few more months or quarters, hoping that the turnaround in monetary policy cycles in the US and the UK drives the euro lower, boosting the euro area's export competitiveness and generating higher HICP via imported inflation. We believe that this would be a suboptimal outcome, and that President Draghi's reassurances that "*looking ahead, we will maintain a high degree of monetary accommodation*" will eventually lead the GC to deliver additional stimulus to combat persistent 'low-inflation'. The promise to "*safeguard the firm anchoring of inflation over the medium to long term*" is being

increasingly challenged by the inflation market, while private sector inflation expectations continue to remain well below historical averages. With the case for monetary easing correspondingly stronger now, and the risk that the consequence of policy inaction would over time be far more damaging to the economy and the ECB's reputation, we see a higher probability that the ECB will ease further via a major QE program in the next couple of quarters.

We believe that the consensus is wrong not to price the possibility of ECB QE soon. We think that this situation stems from a combination of factors such as the market giving too much weight to the clear opposition to QE expressed by some hawks on the GC and a generally overly optimistic inflation forecast partly based on expectations of some significant weakening in the euro. We think the probability of QE has risen in recent weeks, and we would not rule out the possibility of the ECB surprising the market again with a QE announcement outside its quarterly forecasting rounds. We still believe that QE is more likely towards year-end than in the very short-term, and expect that the consensus underestimates the willingness of the GC to defend its inflation target, no longer tolerating the risks of a persistent undershoot.

Navigating around some short-term issues. Nevertheless, we recognise that the hurdle for additional policy action remains elevated in the short-term following the June announcements (lower key rates and targeted long-term refinancing operations — TLTROs). Previewing the September 4 GC meeting, we expect the ECB to remain in wait-and-see mode and doubt that much will also be announced with respect to ABS purchases. While there are uncertainties we believe the probability of policy action soon is higher than the consensus view, reflecting both a higher probability of action and a higher chance that action will come relatively early in the event of further broad-based weakening in surveys and dis-anchoring in the inflation market.

Why QE? A central bank would typically provide additional monetary policy stimulus by implementing non-standard measures when its policy rate is close to zero. Those non-standard measures can take a number of forms, but in the ECB's case, we believe the choice of policy options is now limited, with balance sheet expansion as the only meaningful instrument at its disposal. A QE programme would likely take the form of unsterilized large-scale asset purchases.

Via QE, the ECB would be trying to deliver some easing in financial conditions (cost and availability of credit, but also the price of various financial assets) to arrest the decline in long-term inflation expectations and help the economy return to full operating capacity by closing the output gap. The ECB would be trying to create a positive feedback loop between asset prices and economic activity, helping to meet its price stability target.

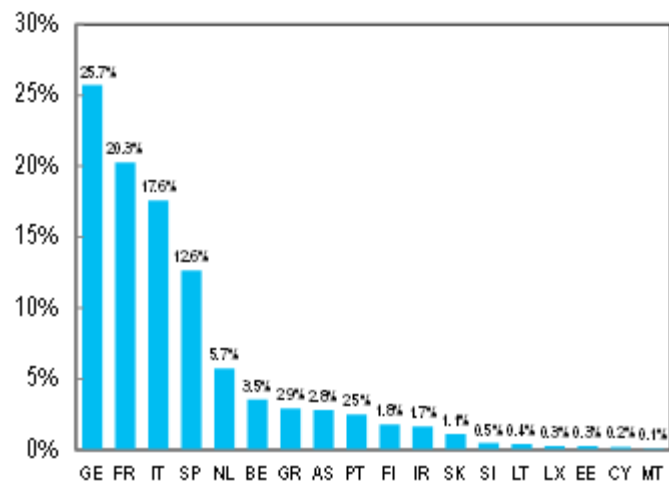
What is QE and how does it work? Under a QE programme, the central bank expands the size of its balance sheet through the acquisition of assets, paid for by creation of reserves (on the liabilities side of its balance sheet). In theory, the process can be unlimited, although its scope will be capped by the stock of assets outstanding. QE allows the central bank to control the size of its balance sheet, compared to the current system of allowing the banking system to determine how much collateralized borrowing it takes from the ECB at a pre-agreed price. Previous episodes of QE in the US, UK and Japan have shown that the portfolio rebalancing effect of such a policy is the main channel through which it operates in the economy as it would change the composition of the aggregate portfolio of financial assets held by economic agents. Its effect is visible not only on assets bought but also through 'leakage' into other asset prices.

How much QE to do? There are merits to the approach of an open-ended QE programme, in the sense that it would show the ECB's commitment to adopt a more ambitious monetary policy strategy until the objective of price stability is met in the medium-term. However, the ECB has always assigned a quantity target to its purchase programmes and it will be mindful of the recent German Constitutional Court challenges about the unlimited nature of OMT (outright monetary transactions). Nevertheless, QE would need to be large in order to meaningfully improve financial conditions, especially if analysed in the context of how much the Fed and BoE bought at a time of greater financial market dislocation. With asset prices now much higher, generating the same economic benefit would probably require larger purchases.

Our baseline is that the ECB would likely target an initial €1tn (85% of monetary base, 49% of Eurosystem's balance sheet, 10% of euro area GDP) programme (see ["The ECB And QE: "Whatever it Takes", Redux"](#), Guillaume Menuet, 22 April 2014, Citi), possibly implemented through purchases of around €80bn per month for a year, reviewable every three months to coincide with the update of its quarterly staff projections. We estimate that €1tn QE could improve the Citi FCI by 0.4-0.5SD and boost real GDP by 0.7% in total over the next three years, while inflation could be raised by 0.1-0.2% per year (see ["How Might QE Affect Financial Conditions?"](#), *Euro Economics Weekly*, Giada Giani, 9 May 2014, Citi). We doubt that the ECB would take the risk of announcing a small programme for fear of appearing uncertain about its decision to alter its monetary policy strategy, a situation that could further dis-anchor inflation expectations to the downside. If need be, the ECB would still be in a position to initiate further QE programmes in due course.

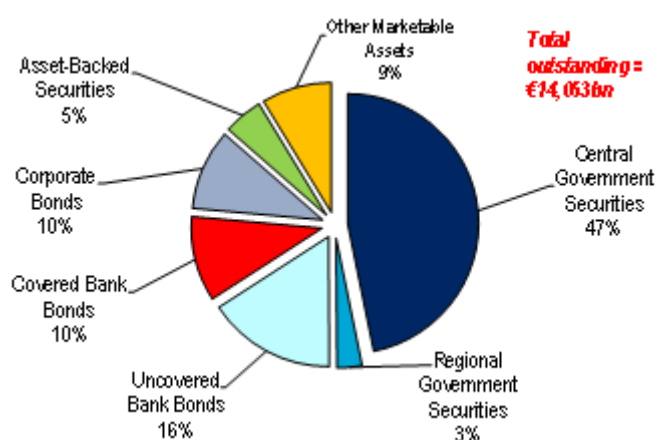
What assets to buy? Given the amounts of policy support needed, we would be surprised if the ECB were to restrict its purchases to private sector assets on the grounds that buying government debt would contravene European treaties that expressly prohibit monetary financing (article 123). We think that a 60/40 split between public and private sector asset would make sense at the euro area level, with some probable variations at the national central bank level depending on the nature of the breakdown of eligible assets. Sovereign debt purchases would likely be implemented across member states using the ECB capital contribution key (see Figure 5).

Figure 5. ECB — Euro Area Member States' Capital Subscription, Jan-14



Sources: European Central Bank and Citi Research

Figure 6. Eurosystem — Eligible Market Assets, € Billions, Q1-2014



Sources: European Central Bank and Citi Research

Longer-dated instruments would be more effective than focusing purchases on the short-end of the curve. The main ECB objective would be to deliver the maximum stimulus to a feeble euro area economy experiencing very low (in some cases negative) inflation, where the main problem does not appear to be an excessively high level of yields, even for sovereign debt in the periphery. Tackling banking sector fragmentation will help to ensure the best possible pass-through from its monetary policy stance to the real economy.

Because of the high level of intermediation in the euro area we continue to believe that the ECB would be inclined to focus a large part of its purchasing strategy by targeting assets on banks' balance sheets. This is why we think that purchasing uncovered bank bonds would make more sense than buying corporate bonds (see Figure 6), while the arrival of bail-in rules would make subordinated debt purchases too risky. We also expect that the purchasing strategy could extend to other marketable asset or loans, as a way of unclogging some banks' balance sheets once the results from the AQR and EBA stress tests have been communicated in the middle of October.

ABS purchases would also likely feature in a QE programme, in our view. This is one of the reasons why we think that the growing state of preparedness with respect to ABS should be interpreted as a sign of the ECB being willing to do more and increasing the likelihood of QE, given the limited impact that a probably modest ABS programme would have on the euro area economy. We suspect that the breakdown of private sector asset purchases at the member state level could be done relative to the size of the stocks of eligible assets outstanding.

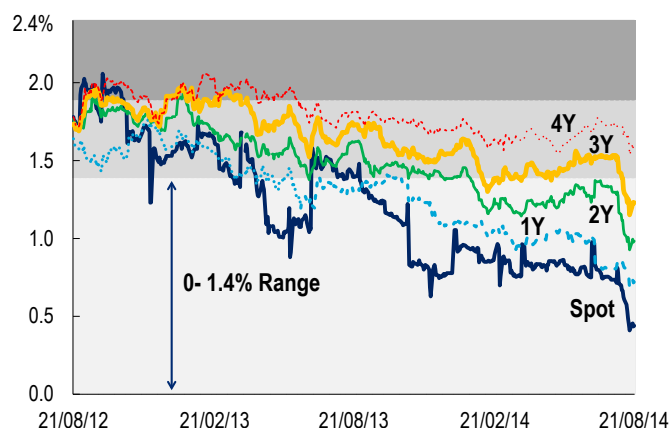
When to do it? In order to bring QE opponents on board with policy action, we think that the GC will need to conclude that downside risks to the ECB's medium-term price stability mandate have risen decisively. As a result, the earliest possibility of such a conclusion being reached is likely to be at the December meeting when the Eurosystem staff projections will be extended to 2017 for the first time. If as we expect, the mid-point is estimated to be around 1.5%, it would amount to five years of below-target ("less but close to 2%") inflation and as many as 16 quarters of inflation in the 0%-1.4% range. To be sure, some GC members would probably also want to see banks' appetite for long-term ECB liquidity in the second TLTRO before sanctioning QE, together with further confirmation of the fragility of recovery prospects. With the change in the schedule of GC meeting starting in January 2015, there will be only two meetings in Q1 on 22 January and 5 March.

Is QE priced in?

What is the inflation market saying? Our fixed income strategist colleagues ("*Should the ECB be concerned about euro break-evens?*" Euro Inflation Strategy, Jamie Searle, 18 Aug 2014, Citi) indicate that recent moves lower in cash break-even and inflation swaps add to the feeling that the inflation market is becoming a little unhinged in both the 5- and 10-year segments. But there are important caveats in terms of low summer liquidity, impending negative carry and seasonal distortions to suggest that cash break-evens are exaggerating how far actual inflation expectations have fallen.

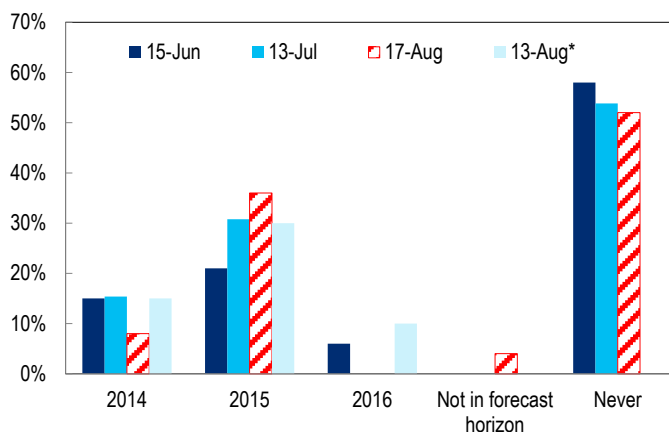
In the past month, the market has ratcheted down its expectation of 1-year inflation in 2 years by 35bp and of 1-year inflation in 3 years by 29bp. With both tenors supposed to coincide with the horizon of monetary policy transmission it is surprising to us that the ECB continues to argue that inflation expectations are anchored despite both metrics being already below 1.5% at 0.98% and 1.23% respectively. Even the 1-year inflation in four years is 5bp away from breaching the 1.5% threshold.

Figure 7. Euro Area — 1-Year Inflation Swaps at Different Tenors (Spot, 1Y, 2Y, 3Y and 4Y), Aug-12 to Aug-14



Sources: Bloomberg and Citi Research

Figure 8. ECB — Newswires Poll: When do you think the ECB will take action? (% of responses, or median probability for Reuters)



Note: *Reuters survey published on 13 Aug.

Sources: Bloomberg, Reuters and Citi Research

We interpret the message from the inflation market (see Figure 7) as follows: either the ECB will not do QE or that QE will be ineffective. Since delivering price stability over the medium term is the ECB's sole mandate, current pricing suggests that the central bank is at risk of creating some credibility deficit. We argue that this is a problem for any central bank as it makes it much harder to influence expectations through forward guidance.

What are surveys saying about QE? A survey conducted by Reuters between August 7 and 12 showed that the consensus among economists was assigning a 15% chance to the ECB undertaking quantitative easing this year. For 2015, the median probability was about double (1/3). Reuters noted that each time it had polled economists in 2014 the median responses have remained “around one-in-five or one-in-three”. Interestingly, a Reuters poll of money market traders assigns a higher probability to QE, with even odds of “some sort of QE in the next twelve months” in the Aug 18 poll, up from 35% in the Jun 25 poll.

Bloomberg polls asking analysts “when do you think the ECB will take action?” also indicate that a majority of respondents does not believe that the ECB will ever launch a QE programme or that its activation could take place beyond the forecast horizon (see Figure 8). As a result, we are in a minority expecting an ECB QE programme to be announced either in late 2014 or early 2015. Nevertheless, we suspect that disappointing GDP data and very low inflation prints together with muted recovery prospects and the growing likelihood of a persistent undershooting of the ECB's inflation target will lead to more respondents eventually adopting a QE baseline in coming months.

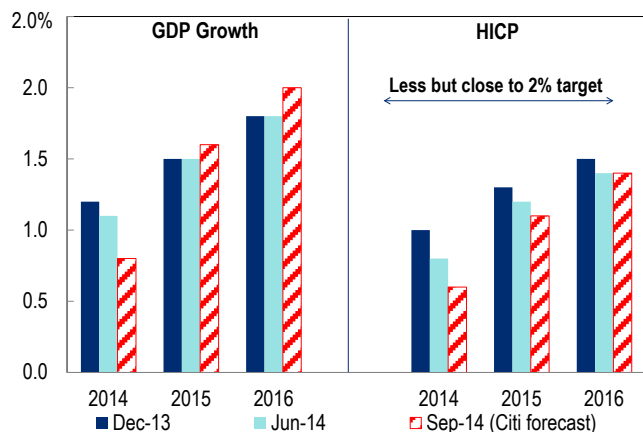
What happens at the September 4 ECB GC meeting?

No additional stimulus just yet. We expect the ECB to leave all its key interest rates unchanged. We see very little in the recent flow of data or central bankers' commentary to suggest that the ‘wait-and-see’ majority view could have changed since the August 7 meeting. To be sure, surveys have been highlighting downside risks to the ECB's baseline of “weak, fragile and uneven” recovery and the slowdown in euro area inflation to 0.4% YY in July suggests that the ECB's expectations of inflation averaging around 0.65% in the third quarter will have been widely optimistic once again. But there does not appear to be much urgency for

another round of monetary policy stimulus. President Draghi remarked in the August press conference that the TLTROs “*will enhance our accommodative policy stance*”, suggesting that the GC will want at least to see how much banks bid at the first window on Sep 18 before drawing any early conclusions. So all eyes will be on the September ECB staff projections and whether the GC is any closer to announcing ABS purchases.

On the first topic, we suspect that the ECB staff will be keen to incorporate in its baseline the additional loosening in monetary conditions provided by the June policy decisions. Looking at some of the main likely changes in the technical assumptions, the three-month Euribor yields and the euro will probably be lower compared to June levels, alongside a decline in the 10-year government bond yields, as well as lower commodity prices (using the CRY index). These trends should support some upward drift in the 2015-16 real GDP forecasts, worth 0.1pp to 1.6% in 2014 and 0.2pp to 2.0% in 2016. (See Figure 9). At the same time, we estimate that the ECB will lower the **2014 GDP mid-point** by 0.3pp to 0.8%, reflecting the sizeable miss in Q2 euro area GDP despite the [better-than-expected performance in the euro area periphery excluding Italy](#).

Figure 9. Euro Area — Staff Macroeconomic Projections (%), Mar-14, Jun-14 and Sep-14



Note: the values refer to the mid-points within a range
Sources: European Central Bank and Citi Research

Figure 10. Euro Area — Citi's Estimates of Technical Assumptions for the Sep ECB Staff Macroeconomic Projections

	Sep 14			Revisions since June-14		
	2014	2015	2016	2014	2015	2016
Three-month Euribor (pct. per annum)	0.2	0.2	0.3	-0.1	-0.1	-0.3
Ten-year government bond yields (pct. per annum)	2.0	2.2	2.4	-0.4	-0.4	-0.6
Oil price (in USD/barrel)	106.9	104.9	102.3	0.5	3.1	4.6
EUR/USD exchange rate	1.34	1.34	1.34	-3.1	-3.1	-3.1
Euro nominal effective exchange rate (annual pct. change)	0.5	0.1	0.0	-2.1	0.0	0.0

Note: Revisions are expressed as percentages for levels, differences for growth rates and percentage points for interest rates and bond yields
Sources: European Central Bank and Citi Research

Turning to inflation, we estimate that the ECB will mark down its 2014 HICP mid-point by 0.2pp to 0.6% and lower the 2015 mid-point by 0.1pp to 1.1%. Part of this change is a simple mark-to-market exercise as the Q3-14 average will likely undershoot the ECB's June baseline of 0.65% YY by some margin. Looking ahead to 2016, technical assumptions are likely to be based on somewhat higher oil prices with the futures strip 4.6% higher than in June. In addition, EUR/USD has softened markedly, falling by 3.1%. Furthermore, on a trade-weighted basis, the euro nominal effective exchange rate is likely to see a much more limited gain compared to 2013 levels than in June. On balance, we suspect that the all-important 2016 mid-point will be increased to 1.5%. Given the monetary policy signals of a change in the long-dated inflation forecast, we expect that the ECB will want to stay on-message with the fact that the current monetary policy stance is appropriate. (See Figure 10)

With respect to the **ABS securities purchase programme**, it is very uncertain that enough progress has been made since the August meeting for the GC to announce that it is ready to start buying. Despite some “*intensification*” of its preparatory work,

and Draghi indicating in the August press conference that a consultant is about to be hired to help with the design of the programme, we believe that the probability of a significant delay in agreeing on any regulatory changes is likely to scupper the ECB's ability to enhance the functioning of the monetary policy transmission mechanism through the ABS channel. Our estimate of the likely size of an ABS programme is around €50bn, which would represent about a third of the float in SME and credit card ABS outstanding. On average 44% of outstanding ABS were already being used for ECB refi operations in the four quarters ending Q1-14.

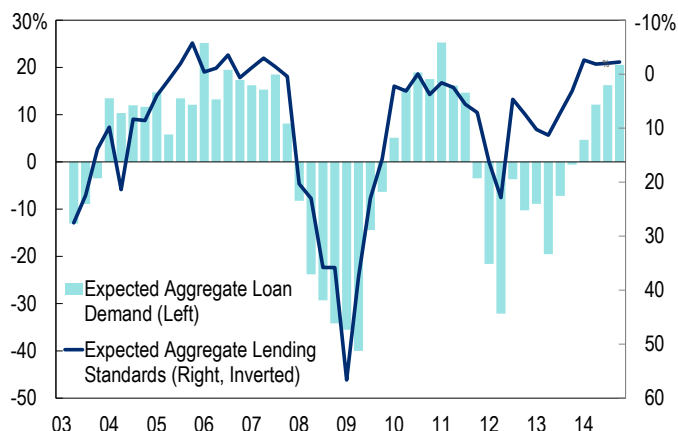
We doubt that the announcement of an ABS securities purchase programme (in September or afterwards) would have much bearing on the timing of QE that we think will likely be enacted by the end of Q1-14 at the latest. This is because the likely modest size of the ABS initiative would be too small to make much difference to the prospect of a continued persistent large inflation undershoot.

Risks to scenario of aggressive take-up in initial TLTROs

Cutting our estimate of the 2014 TLTRO take-up. We lower our estimates of the likely take-up in the first two TLTRO to €250bn (split between €150bn on 18 Sep and €100bn on 11 Dec) from the €340bn we had published in June in the immediate aftermath of the ECB's liquidity policy announcements. We had anticipated at the time that the total take-up in the first two TLTROs would be around 85% of the theoretical maximum of €400bn — this corresponds to 7% of non-financial corporate and non-mortgage household loans outstanding in the Eurosystem.

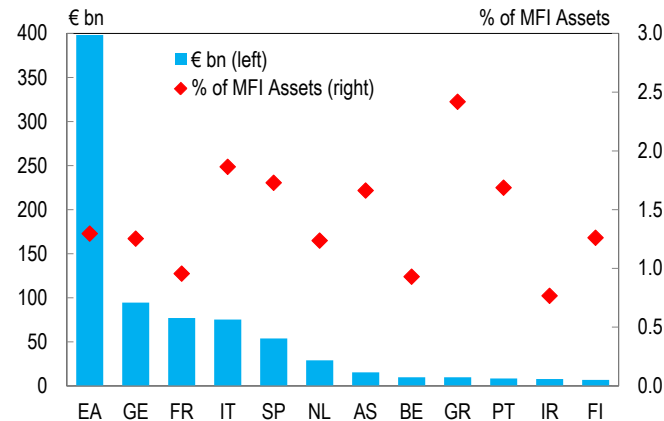
In the three months since June, we suspect that banks' likely appetite for cheap and long-term ECB funding has probably declined in the face of disappointing slow growth, although the pick-up in loan demand reported in the July bank lending survey (see Figure 11) and President Draghi's sales pitch ("*TLTROs will actually happen at the right time when there is demand for them*") will still likely ensure a significant take-up. Note that while most banks will likely be strongly encouraged by their supervisors and regulators to bid for ECB liquidity, there might still be some negative bias associated with a large opening bid only a month before the publication of the AQR and stress test results expected around mid-October.

Figure 11. Euro Area — Expected Loan Demand and Lending Standards (% of Net Balances), Jan-03 to July -14



Source: Citi Research

Figure 12. Selected Countries — Maximum TLTRO Size (€ bn) and Share of TLTRO in Monetary Financial Institutions Assets (%), April 2014



Sources: European Central Bank and Citi Research

Anecdotal evidence suggests that the ten biggest Italian banks could seek €51.8bn in TLTRO funds, according to *Il Sole 24 Ore*. This would amount to almost 69% of

the theoretical maximum available to Italian lenders (see Figure 12). A Cinco Dias article in early August suggested that Spanish banks were likely to fully use their €54bn theoretical allocation. Note that Bloomberg's survey of how much banks are likely to bid in the first two TLTROs shows a drop in the medium estimate to €300bn in August from €305bn in July (and to €650bn from €710 for the eight TLTROs combined). Comparable numbers from Reuters were €300bn for economists and €363bn for money market traders at the end of July.

Conclusion

The combination of downside risks to economic activity, a still strong euro, a persistently large output gap and undershooting inflation are increasing the likelihood of the ECB delivering additional monetary policy stimulus in coming months or quarters in order to meet its medium-term price stability objective. We believe that the main near-term obstacles to non-conventional policy announcements include the expectation that the June policy decisions will ease funding conditions further, uncertainty pertaining to the AQR and EBA stress test results and the hope that banks will bid aggressively for cheap long-term ECB liquidity at the Sep-14 and Dec-14 TLTROs.

In the meantime, there are increasing signs, from both economic agents and professional forecasters, that medium-to-long term inflation expectations are drifting lower both in the inflation market and the private sector. We estimate that the ECB GC could be in a position to announce a large €1tn QE programme as early as December 4 when the new staff projections will likely point to a persistent undershooting of its inflation target extending to 2017. With the euro area being, in our view, one step away from deflation, we think that the GC will eventually acknowledge the need to act, recognising that the consequence of policy inaction would over time be far more damaging to the economy and its own reputation. We believe that the market is underestimating the likelihood of policy action in late Q4-14 or early Q1-15, reflecting both a higher probability of action and a higher chance that action will come relatively early.

Will QE work? Only time will tell, but once asset purchases start, we believe that the ECB will continue until the loosening in its monetary policy stance generates sufficient upside in terms of economic activity to allay fear of a persistent undershooting of its inflation target.

Figure 13. Key Economic Indicators (25 August — 29 August 2014)

During The Week		Forecast	Last
07:00	UK: Nationwide House Prices, Aug		
Monday 25 August		Forecast	Last
08:00	Spain: Producer Prices, Jul		
08:30	Netherlands: Producer Confidence, Aug		
09:00	Germany: ifo Business Climate, Aug	108.7	109.7
14:00	Belgium: Business Confidence, Aug		
	UK: Bank Holiday		
Tuesday 26 August		Forecast	Last
08:30	Sweden: Producer Prices, Jul		
09:30	UK: BBA Mortgage Loans for House Purchase, Jul		
11:00	Ireland: Quarterly National Household Survey – Unemployment, 2Q		
11:00	Ireland: Population and Migration Estimates, Apr		
Wednesday 27 August		Forecast	Last
07:00	Germany: GfK Consumer Confidence, Sep		
07:00	Germany: Import Prices, Jul	0.1% MM, -1.2% YY	0.2% MM, -1.2% YY
07:45	France: Manufacturing Confidence, Aug	96	97
	Own-Company Production Outlook, Aug	-3	0
07:45	France: Industrial Investment Survey, Jul		
08:15	Sweden: Consumer Confidence, Aug	100.4	99.9
	Manufacturing Confidence, Aug	100.9	101.0
08:30	Sweden: Household Lending, Jul	5.5% YY	5.4% YY
09:00	Norway: LFS Unemployment Rate, Jun	3.2%	3.2%
09:00	Italy: Consumer Confidence, Aug	104.1	104.6
11:00	Ireland: Residential Property Prices, Jul		
17:00	France: Jobseekers – Net Change, Jul	15.0K	9.4K
	Total Jobseekers, Jul	3,3413.3K	3,398.3K
Thursday 28 August		Forecast	Last
08:00	Spain: GDP Details, 2Q	0.6% QQ	0.4% QQ
08:00	Spain: HICP, Aug Flash	-0.5% YY	-0.4% YY
08:30	Sweden: Retail Sales, Jul	0.3% MM	0.5% MM
08:55	Germany: Unemployment, Aug	5K MM SA, 19K MM NSA	-12K MM, SSA, 40K MM NSA
09:00	Italy: Retail Sales, Jun		
09:00	Euro Area: M3, Jul	1.5% YY	1.5% YY
09:30	UK: Migration Report, 2Q		
10:00	Italy: Business Confidence, Aug	98.4	99.7
10:00	Euro Area: Economic Sentiment, Aug	101.1	102.2
11:00	Italy: Contractual Wages, Jul		
11:00	Ireland: Retail Sales, Jul		
11:00	UK: CBI Retail Survey, Aug		
13:00	Germany: HICP, Aug Flash	0.1% MM, 0.9% YY	0.3% MM, 0.8% YY
	National CPI, Aug Flash	0.1% MM, 0.9% YY	0.3% MM, 0.8% YY
Friday 29 August		Forecast	Last
00:01	UK: GfK Consumer Confidence, Aug		
07:00	Germany: Retail Sales, Jul	0.7% MM, 2.8% YY	1.0% MM, 2.2% YY
07:45	France: Producer Prices, Jul		
08:00	Switzerland: KOF Economic Barometer, Aug		
08:00	Spain: Retail Sales, Jul	0.2% YY	0.3% YY
08:00	Denmark: GDP, 2Q Flash		
09:00	Norway: Retail Sales (ex Petrol Stations), Jul	0.2% MM	1.2% MM
09:00	Norway: Registered Unemployment Rate, Aug	2.9%	3.0%
09:00	Norway: Norges Bank Daily FX Purchases, Sep	NOK 0.0 Million/Day	NOK 0.0 Million/Day
09:00	Italy: Unemployment Rate, Jul	12.3%	12.3%
10:00	Italy: HICP Flash, Aug	-0.2% YY	0.0% YY
10:00	Euro Area: Unemployment Rate, Jul	11.5%	11.5%
10:00	Euro Area: HICP, Aug Flash	0.3% YY	0.4% YY
11:00	Italy: GDP Details, 1Q	-0.2% QQ	-0.1% QQ
	Spain: Budget Balance, Jul YTD	€-30.4 Billion	Jan-Jul 2013: €-36.9 Billion
Saturday 30 August		Forecast	Last
	EU: Special Meeting of European Council of EU Heads of State and Government to discuss key EU appointments		

Sources: National statistical offices, central banks and Citi Research

Figure 14. Economic Indicators – Comments: Euro Area and Germany

Euro Area			
Aug 28 09:00	M3, Jul	Forecast: 1.5% YY	Prior: 1.5% YY
London Time	M3 annual growth probably remained at 1.5% YY in July, at the same level as June. While still extremely low by historical standards, this is slightly above the April-14 trough of 0.7% YY, confirming signs of stabilisation in the process of banks' balance sheet deleveraging. The annual pace of contraction in private sector loans should continue easing, from -1.1% YY in June.		
Aug 28 10:00	Economic Sentiment, Aug	Forecast: 101.1	Prior: 102.2
London Time	The overall economic sentiment indicator probably dropped in August, after a roughly unchanged reading in Jul and a decline in June. The flash consumer confidence index lost 1.6ppts in August, and business surveys, especially in the industrial sector, have been losing momentum over the past few months – a trend likely to have continued in August. This suggests that the scope for a strong rebound in GDP growth in 2H 2014 is rather limited.		
Aug 29 10:00	Unemployment Rate, Jul	Forecast: 11.5%	Prior: 11.5%
London Time	The unemployment rate should have remained stable at 11.5% in July, after declining by 0.1pp in the previous month. The jobless rate in the euro area aggregate has been trending lower at a pace of 0.1pp every two months over the past ten months, driven by a declining trend in the periphery and in Germany.		
Aug 29 10:00	HICP, Aug Flash	Forecast: 0.3% YY	Prior: 0.4% YY
London Time	We estimate headline inflation probably declined further in August to a new cycle-low of 0.3% YY, but we acknowledge risks of a 0.2% print. The drop in the headline rate should mainly reflect falling oil prices (fuel prices at the pump down by more than 1% in August vs. July). The effect of the over-supply in some fresh food markets after the Russian ban on food imports may also have caused some downward pressures on these prices. Core HICP likely to remain stuck at 0.8% YY, where it has been hovering over the past 10 months.		
Germany			
Aug 25 09:00	ifo Business Climate, Aug	Forecast: 108.7	Prior: 109.7
London Time	After three consecutive monthly falls, we expect the ifo business climate index to register another decline in August. Recent data have continued weak in Germany, with GDP contracting for the first time since 2012 and the ZEW survey weakening quite sharply in August. Even though we think that these readings do not reflect the underlying growth momentum of the economy, they suggest that both the current situation and the expectations component of the ifo index could decline. Even after the decline, both components remain above their long-run averages, but they have weakened fairly significantly now, with the expectations component slowly drifting back to its long-term average.		
Aug 27 07:00	Import Prices, Jul	Forecast: 0.1% MM, -1.2% YY	Prior: 0.2% MM, -1.2% YY
London Time	German import prices continue to fall as the euro remains strong and food and energy prices (earlier in the year) remained subdued. But the rate of decline has been moderating fairly steadily. In June, the rate of decline in import prices was -1.2%, less than year-on-year declines of 2%-3% observed since the spring of 2013. In July, we expect the pace of decline to remain unchanged and to slowly continue its trend moderation in coming months.		
Aug 28 08:55	Unemployment, Aug	Forecast: 5K MM SA, 19K MM NSA	Prior: -12K MM SA, 40K MM NSA
London Time	We expect German unemployment to remain flat in August in seasonally-adjusted terms (implying a small increase in the number of unemployed). The German labour market remains very strong, with the unemployment rate at the lowest level since 1991. But along with some weakness in other indicators, the gradual decline in unemployment seems to have stalled in recent months. Thus, in the six months between November 2013 and April 2014, unemployment fell by 14K per month on average, (seasonally adjusted) whereas it has risen by 6K on average in the three months since.		
Aug 28 13:00	HICP, Aug Flash	Forecast: 0.1% MM, 0.9% YY	Prior: 0.3% MM, 0.8% YY
London Time	National CPI, Aug Flash	Forecast: 0.1% MM, 0.9% YY	Prior: 0.3% MM, 0.8% YY
	After declining to 0.8% YY in July, we expect German inflation to slightly tick up again in August to 0.9% YY for both the HICP and the national definition. In recent months, German CPI inflation has still remained very low, even as the falls in the PPI and the import price index have started to moderate, and leading us to revise our forecast for full-year inflation in Germany down to only 1.0% for 2014.		
Aug 29 07:00	Retail Sales (ex Cars, SWDA), Jul	Forecast: 0.7% MM, 2.8% YY	Prior: 1.0% MM, 2.2% YY
London Time	After the 1% (revised down from 1.3%) month-on-month rise in retail sales (excluding cars) in June, we expect retail sales to rise again in July, which would leave them 1.3% above the 2Q average and almost 3% higher than a year ago. Even though retail sales data in Germany are quite volatile on a monthly basis and often significantly revised, these are still some of the first hard data we have for 3Q, which should give us an indication of the level of momentum in German activity. Note that despite the contraction in GDP in 2Q, private consumption growth was positive, even though retail sales fell in 2Q by 0.4%.		

Sources: National Statistical Offices, National Central Banks, Bloomberg, and Citi Research forecasts.

Figure 15. Economic Indicators – Comments: France, Italy and Spain

France			
Aug 27 07:45 London Time	Manufacturing Confidence, Aug	Forecast: 96	Prior: 97
	Own-Company Production Outlook, Aug	Forecast: -3	Prior: 0
	Manufacturing confidence likely declined in August, in our view, extending the series of sentiment drops to a fourth successive month. The strong euro, together with worries related to increasing geo-political risk and the difficulties of the government in communicating its supply-side economic policies have probably dampened confidence further. Similarly, own-company output expectations look vulnerable, probably falling back into negative territory for the first time since the spring of 2013.		
Aug 27 17:00 London Time	Jobseekers – Net Change, Jul	Forecast: 15.0K	Prior: 9.4K
	Total Jobseekers, Jul	Forecast: 3,3413.3K	Prior: 3,398.3K
	Private sector employment expectations took a turn for the worse in July (-0.23sd), falling back below their long-term historical average, recording their largest monthly drop in three years and hitting their lowest level since Sep-13. Despite the government's best efforts to reassure corporates that the focus on supply side policies will be maintained, weak confidence is likely to keep job vacancies low and unemployment levels high.		
Italy			
Aug 27 10:00 London Time	Consumer Confidence	Forecast: 104.1	Prior: 104.6
	We expect a third consecutive decline in consumer confidence in August, possibly negatively affected by the weak 2Q economic data and the discussions on local media about potential austerity measures that may become necessary to rein in the budget deficit.		
Aug 28 09:00 London Time	Business Confidence, Aug	Forecast: 98.4	Prior: 99.7
	Indications from leading indicators together with the sharp declines in share prices in the past few weeks suggest that business confidence likely declined for the third consecutive month in August, slipping just below its long-term average (-0.1 sd).		
Aug 29 09:00 London Time	Unemployment Rate, Jul	Forecast: 12.3%	Prior: 12.3%
	The unemployment rate probably remained unchanged in July, after dropping by a larger-than-expected 0.3pp in June. 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. However, some signs of stabilisation in the job market have emerged in the past three-four months.		
Aug 29 10:00 London Time	HICP, Aug Flash	Forecast: -0.2% YY	Prior: 0.0% YY
	Inflation is expected to drop into negative territory in August, mainly reflecting base effects in the energy component and recent declines in fuel prices. A small payback in core inflation (from 0.5% YY to 0.6% YY when measured by the HICP ex-energy, food and tobacco) should occur in Aug, reversing the 0.2pp drop in July. Italian inflation has been undershooting consensus to a larger degree than other large euro area countries in the past year or so.		
Aug 29 11:00 London Time	GDP, 2Q Details	Forecast: -0.2% QQ	Prior: 0.0% QQ
	Although the second 2Q GDP release will likely confirm growth was negative at -0.2% QQ, we estimate domestic demand should have expanded mildly, by 0.1% QQ, while a negative contribution from net trade (on the back of very weak exports) probably explained the contraction in overall GDP.		
Spain			
Aug 28 08:00 London Time	GDP, 2Q Details	Forecast: 0.6% QQ	Prior: 0.4% QQ
	We expect real GDP growth to be confirmed at +0.6% QQ (1.2% YY) in 2Q 14 (in line with the flash reading), the fastest QQ pace since 4Q07, amid a continuation of the recovery in domestic demand. We expect private consumption to have increased strongly in 2Q, boosted by some pick-up in real disposable income reflecting better-than-expected dynamics in the labour market, reduced fiscal tightening, and subdued inflation. Further gains in business confidence together with the robust financial position of firms should keep business investment growing in 2Q. In addition, we expect exports growth to bounce back to 1.8% QQ in 2Q (after -0.4% in 1Q), although rising imports are likely to continue capping the net exports contribution to real GDP growth.		
Aug 28 08:00 London Time	HICP, Aug Flash	Forecast: -0.5% YY	Prior: -0.4% YY
	We expect the annual HICP inflation rate to fall further to -0.5% YY in August (from -0.4% in Jul), lowest YY growth since Oct 2009. Lower fuel prices together with adverse base effects are likely to push the YY inflation rate in the energy component into negative territory in August, while further weak dynamics in fresh food prices have likely continued. In addition, we expect core inflation (excluding fresh food and energy) to have remained broadly unchanged in August (vs. -0.1% YY in July). Overall, we expect inflation to remain close to zero on average in 2014.		
Aug 29 08:00 London Time	Retail Sales, Jul	Forecast: 0.2% YY	Prior: 0.3% YY
	We expect real retail sales growth to bounce back in July (to +0.5% MM), mainly as a payback after the weak reading in June (of -0.7% MM). We estimate this will translate into the YY growth rate (WDA) remaining broadly stable at 0.2% in July (vs. 0.3% in June). Overall we expect retail sales growth to remain positive over 3Q (after a 1.2% QQ expansion in 2Q, fastest pace since 3Q 13), on the back of reduced fiscal tightening, net job creation, and very subdued inflation.		
Aug 29	Budget Balance, Jul YTD	Forecast: €-30.4 Billion	Prior (Jan-Jul 2013): €-36.9 Billion
	We project the YTD central government deficit to show further modest improvements in July relative to the same period of 2013. On a monthly basis, we project a deficit of €4.2bn in July, down by €0.3bn relative to July 2013. This should bring the YTD deficit figure 18% below the Jan-Jul 13 average. We expect the 2014 general government fiscal deficit to come broadly in line with the government's target (at 5.6% of GDP vs. 5.5% target), down from 6.6% (net of bank recaps) recorded in 2013, thanks to the cyclical improvement in the economy.		

Sources: National Statistical Offices, National Central Banks, Bloomberg, and Citi Research forecasts

Figure 16. Economic Indicators – Comments: Sweden and Norway

Sweden			
Aug 27 08:00 London Time	Consumer Confidence, Aug	Forecast: 100.4	Prior: 99.9
	Consumers still appear somewhat reluctant to spend. This is somewhat worrying as household spending is expected to be the main growth driver behind economic recovery. Strong income growth, an improving labour market and higher asset prices, meanwhile, suggest that consumer confidence should improve further ahead. Improved sentiment during the second half of 2013 has partly been reflected in hard data. Household inflation is expected to stay at a low level (0.7% YY in July).		
Aug 27 08:00 London Time	Manufacturing Confidence, Aug	Forecast: 100.9	Prior: 101.0
	The manufacturing PMI was largely stable in July at approximately the same level as the NIER survey. Meanwhile, the German and euro area manufacturing PMIs fell back somewhat in August. Swedish sentiment surveys are generally at decent levels, suggesting growth at or slightly above trend. Still, the upward trend for sentiment since the beginning of last year seems to have been derailed, at least for now.		
Aug 27 08:30 London Time	Household Lending, Jul	Forecast: 5.5%	Prior: 5.4%
	Annual lending growth is showing signs of acceleration, although the upturn has been somewhat weaker than expected. Given ongoing gains on the housing market, we see a clear risk that household lending could pick up further ahead. Ongoing signs of faster lending growth likely imply that the Riksbank, the FSA and the government will return their focus to financial stability concerns. Meanwhile, with ongoing very low inflation and the associated risk of falling inflation expectations, we do not reckon that lending growth will become an issue for monetary policy again. Instead, ongoing house price gains and accelerating lending growth suggest that additional macro prudential measures are likely in the pipeline – with an amortization requirement being the most likely measure. Here, we note that the Riksbank's latest forecast assumes a gradual acceleration in household lending to around 6.5% YY in early-2016.		
Aug 28 08:30 London Time	Retail Sales, Jul	Forecast: 0.3% MM	Prior: 0.5% MM
	Momentum in the services sector is improving, hence offsetting weakness in manufacturing. This is in line with indications from services PMI, which has now been above 50 for 13 consecutive months, and with a 60.1 reading in July points to strong growth in the sector. NIER retail sector sentiment has improved steadily since late-2011 and stood at a well-above-average 110.0 in July. In sum, the trend for private consumption remains positive, and continues to be supported by improving business confidence. Low consumer confidence, meanwhile remains an uncertain factor (stands around historical average).		
Norway			
Aug 27 09:00 London Time	LFS Unemployment Rate, Jun	Forecast: 3.2%	Prior: 3.2%
	Unemployment on the LFS measure fell from 3.4% in April to 3.2% in May (average of Apr-Jun), reflecting strong employment growth, well in excess of the growth in labour supply. Although the Labour Forces Survey is very volatile on a monthly basis, the trend is clear; strong employment growth has outpaced growth in labour supply, pushing unemployment lower. This clearly contrasts with Norges Bank's forecast of rising unemployment (3.5% this year and 3.75% next year). If anything, this reduces the probability of a near-term rate cut. We note, though, that Norges Bank tends to put more emphasis on the timelier and less volatile unemployment figures from labour offices.		
Aug 29 09:00 London Time	Retail Sales (ex Petrol Stations), Jul	Forecast: 0.2% MM	Prior: 1.2% MM
	Monthly metrics confirm that the weak trend for private consumption throughout most of 2013 has been broken, with momentum in retail sales (1.4% QQ vs. 1.2% QQ in 1Q) and the more important spending on goods components (0.9% QQ vs. 1.1% QQ in 1Q) staying firm also in 2Q. Improving conditions on the housing market and a surprisingly resilient labour market should also support private consumption ahead. Note that goods consumption accounts for a little less than 50% of overall private consumption.		
Aug 29 09:00 London Time	Registered Unemployment Rate, Aug	Forecast: 2.9%	Prior: 3.0%
	The registered jobless rate during the first seven months of the year averages 2.75% (in seasonally-adjusted terms), which is well in line with Norges Bank's full-year forecast from the June Monetary Policy Report. In line with the seasonal pattern, we expect the registered unemployment rate to fall by 0.1pp to 2.9% in August.		
Aug 29 09:00 London Time	Norges Bank's Daily FX Purchases, Sep	Forecast: NOK 0.0 Million/Day	Prior: NOK 0.0 Million/Day
	The revised budget (of 15 May) supports our expectations that Norges Bank will have no need to buy FX (sell NOK) this year on behalf of the Government for the Pension Fund Global. This was confirmed in the press statement on Norges Bank's foreign exchange purchases in June, saying that "This means that Norges Bank will not purchase foreign exchange for the GPFG in the coming months". Meanwhile, we might end up in a situation where the Bank might well have to buy NOK, possibly next year: "Somewhat further ahead, the government's foreign currency revenues from the SDFI may exceed the transfers to the GPFG. In that case, the surplus foreign exchange will have to be sold in the market". Hence, "Norges Bank will be tasked with selling the foreign exchange in the same way as it has been tasked to date with purchasing foreign exchange, on behalf of the government, for the GPFG".		

Sources: National Statistical Offices, National Central Banks, Bloomberg and Citi Research forecasts

Figure 17. Key Economic Indicators (1 September – 5 September 2014)

During The Week		Forecast	Last
08:00	UK: Halifax House Prices, Aug		
Monday 1 September		Forecast	Last
07:00	Germany: GDP Details, 2Q		
07:30	Sweden: Manufacturing PMI, Aug	54.9	55.2
08:00	Norway: Manufacturing PMI, Aug	50.4	50.6
09:00	Norway: Credit Indicator C2, Jul	5.4% YY	5.4% YY
09:00	Euro Area: Manufacturing PMI, Aug Final		
09:30	UK: Manufacturing PMI, Aug	56.0	55.4
09:30	UK: Mortgage Approvals, Jul	68.0K MM, 10.3% YY	67.2K MM, 14.2% YY
10:00	Greece: GDP Details, 2Q		
10:00	Cyprus: GDP Details, 2Q		
	Italy: Budget Balance, Aug		
Tuesday 2 September		Forecast	Last
06:45	Switzerland: GDP, 2Q		
08:00	Spain: Unemployment, Aug		
09:30	UK: Construction PMI, Aug		
10:00	Euro Area: Industrial Producer Prices, Jul		
14:00	Belgium: GDP Details, 2Q		
Wednesday 3 September		Forecast	Last
07:30	Sweden: PMI Services, Aug	57.3	60.1
09:00	Euro Area: Services PMI, Aug Final		
	Composite PMI, Aug Final		
09:30	UK: Services PMI, Aug	58.5	59.1
10:00	Euro Area: Retail Sales, Jul		
10:00	Euro Area: GDP Details, 2Q		
Thursday 4 September		Forecast	Last
06:30	France: Unemployment, 2Q		
07:00	Germany: Incoming Orders, Jul		
08:30	Netherlands: Consumer Prices, Aug		
08:30	Sweden: Riksbank Interest Rate Decision	Unchanged at 0.25%	0.25%
09:00	Norway: Labour Costs, 2Q		
12:00	UK: MPC Outcome		
12:45	Euro Area: ECB Outcome (Press Conference at 13:30)		
Friday 5 September		Forecast	Last
07:00	Germany: Industrial Production, Jul		
07:45	France: Consumer Confidence, Aug		
08:15	Switzerland: Industrial Production, 2Q		
08:30	Sweden: Industrial Production, Jul	0.3% MM	1.0% MM
08:30	Sweden: Services Production, Jul	0.4% MM	0.1% MM
09:00	Norway: Manufacturing Production, Jun	-0.5%	1.7%

Sources: National statistical offices, central banks and Citi Research

Figure 18. Recent Research

Euro Area - Sovereign Debt Update

BIS's Caruana: ECB Assessment to be Broad and Strict	European Economics Team	Aug 22, 2014
France: Hollande Pledges "Faster and Further" Reforms	European Economics Team	Aug 21, 2014
Bundesbank's Dombret: Reform Fatigue is a Major Risk	European Economics Team	Aug 20, 2014
Bundesbank Questions German Upturn in 2H14	European Economics Team	Aug 19, 2014
ECB's Coene: Central Banks Can't Do Everything	European Economics Team	Aug 18, 2014

Euro Area

Euro Area - PMIs Suggest Very Little Room for Economic Rebound in H2 14	Giada Giani	Aug 21, 2014
Euro Area - SPF Survey: Downward Drift In 2014-15 Inflation Expectations	Guillaume Menuet	Aug 14, 2014
Euro Area: NFC Net Borrowing Falling More Slowly	Antonio Montilla	Aug 12, 2014
European Economic Indicators – Week Ahead	Michael Saunders	Aug 8, 2014
Euro Area - ECB – Happy To Wait And See, For Now	Giada Giani	Aug 7, 2014
Italy - Why is the Economy Underperforming so Badly?	Giada Giani	Aug 6, 2014
Europe: Monthly Inflation Profiles for Selected Countries	Ann O'Kelly	Jul 31, 2014
European Economic Forecast Highlights, July 2014	Ann O'Kelly	Jul 31, 2014
Spain: Economic Recovery Strengthens in Q2	Antonio Montilla	Jul 31, 2014
Euro Area: Lending Survey Records Improving Credit Demand	Ebrahim Rahbari	Jul 31, 2014
Euro Area: Periphery-Core Rebalancing Continues in July	Ebrahim Rahbari	Jul 30, 2014
New 2015 ECB Calendar: Governing Council Meetings	Guillaume Menuet	Jul 18, 2014
Euro Area - ZEW Survey Confirms Downside Risks to Economic Activity	Guillaume Menuet	Jul 15, 2014
Portugal - One Lender Causes Widespread Market Turbulence	Giada Giani	Jul 10, 2014
Euro Area - Financial Conditions Improve in Q2, But Remain Tight	Giada Giani	Jul 9, 2014

Euro Economics Weekly

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
ECB TLTRO: Ambitious But Probably Not Enough, QE Lies Ahead	Guillaume Menuet	Jun 6, 2014
Negative Deposit Rate: Limiting Risks, Limited Upside	Ebrahim Rahbari	May 30, 2014
Soft Growth, Low HICP And Weak SPF Point To ECB Cut In June	Guillaume Menuet	May 23, 2014
Long Live (s) The Rise of the Current Account Surplus	Ebrahim Rahbari	May 16, 2014
Euro Economics Weekly - How Might QE Affect Financial Conditions?	Giada Giani	May 9, 2014
ECB: Reaction Function Points to Looser Stance Ahead	Guillaume Menuet	May 2, 2014

Chief Economist Publications

Global Economic Outlook and Strategy — August 2014	Willem Buiter	Aug 20, 2014
	Michael Saunders	Aug 21, 2014

Scandi

Scandi Economics Update	Tina Mortensen	Aug 22, 2014
Norway - Mainland GDP Growth At Well-Above Trend In 2Q	Tina Mortensen	Aug 21, 2014
Norway - Strong Recovery in Monthly Private Spending Metrics in June	Tina Mortensen	Aug 13, 2014
Sweden - Core Inflation Inches Lower, But Stays Above Riksbank Forecast	Tina Mortensen	Aug 12, 2014

UK

UK - Update on Under-Employment	Michael Saunders	Aug 22, 2014
UK - Scottish Independence Referendum: Less Than A Month To Go	Michael Saunders	Aug 22, 2014
UK - Retail Sales and Fiscal Data	Michael Saunders	Aug 21, 2014
UK - MPC Split On Rate Decision	Michael Saunders	Aug 20, 2014
UK - CPI and PPI Inflation Both Weaken	Michael Saunders	Aug 19, 2014

UK Economics Weekly

Change in Rate View	Michael Saunders	Aug 15, 2014
IR to Signal Shift in the MPC's Outlook	Michael Saunders	Aug 8, 2014
UK Economics Weekly - Is Sterling Really Over-Valued?	Michael Saunders	Aug 1, 2014
Economy Likely to Outperform Further	Michael Saunders	Jul 11, 2014

Source: Citi Research

Appendix A-1

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