

**Peter Praet**

Member of the  
Executive Board of the ECB

# **The Outlook for Reform**

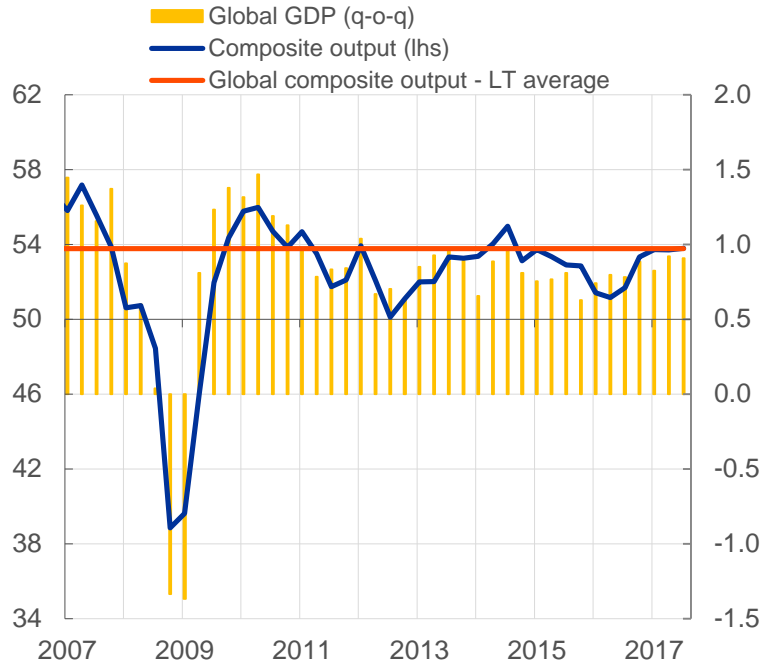
## **Cementing Growth and Delivering Sustainable Employment**

Brussels, 30 November 2017

*Ludwig Erhard lecture*

## Global PMI composite output and global output

(diffusion index, lhs; q-o-q % changes, rhs)

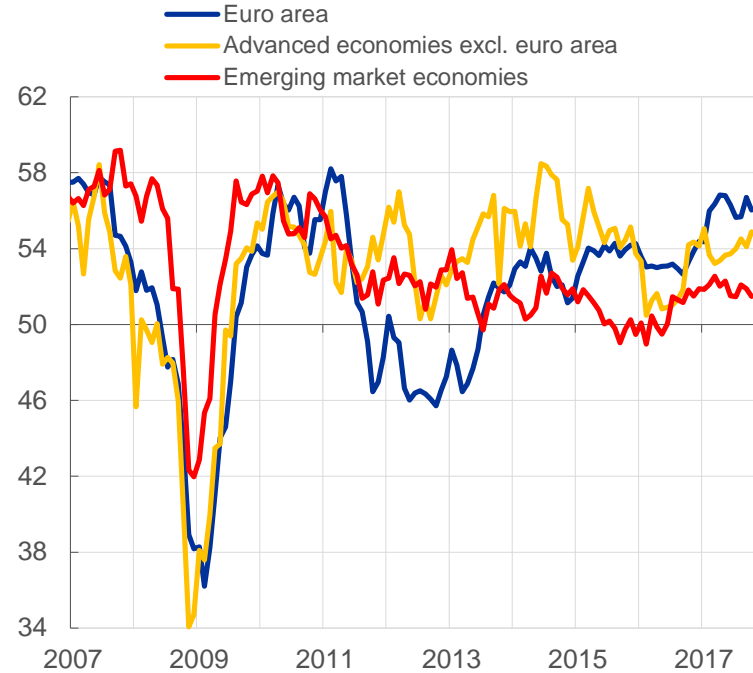


Sources: Markit, ECB staff calculations.

Note: Long-term average refers to 1999 onwards. Latest observation: 2017Q3 for PMI and Q2 for global GDP. ECB staff calculation for 2017Q3 global GDP.

## Composite output PMIs: euro area, advanced economies and EMEs

(diffusion index; monthly data)



Sources: Markit, Haver Analytics, ECB staff calculations.

Notes: ECB staff calculations for the aggregate advanced economies excluding the euro area, comprising US, Japan and UK. Latest observation: October 2017.

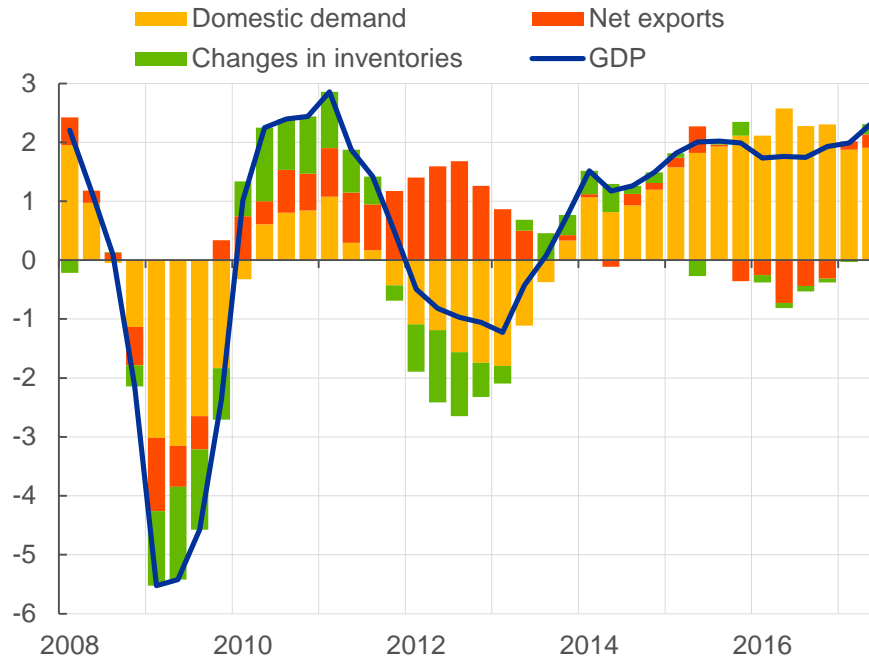
## G20 communique

“Our growth must be shored up by well-designed and coordinated policies. We are determined to use all policy tools - monetary, fiscal and structural - individually and collectively to achieve our goal of strong, sustainable, balanced and inclusive growth.”

*G20 Leaders' Communique, Hangzhou Summit, 4-5 September 2016*

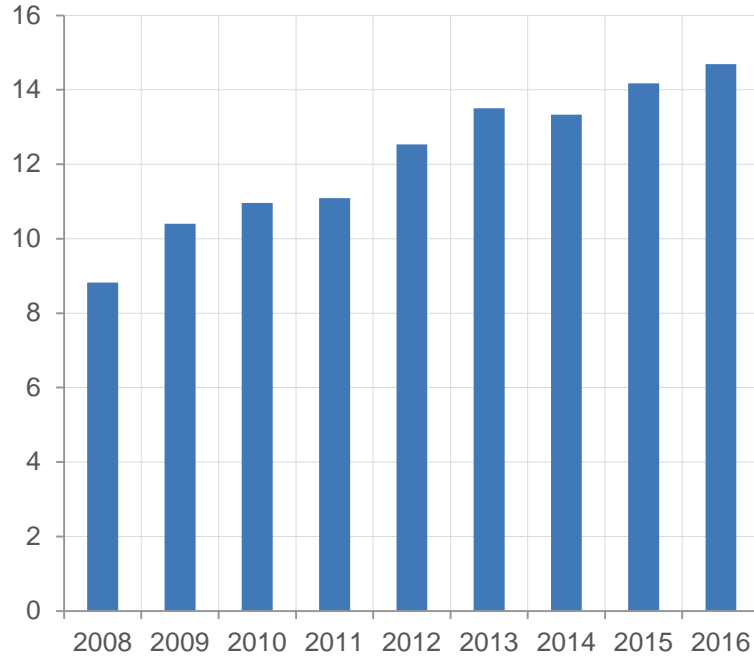
## GDP composition

(annual percentage changes, p.p.)



Sources: Eurostat, ECB staff calculations.  
Latest observation: 2017Q2.

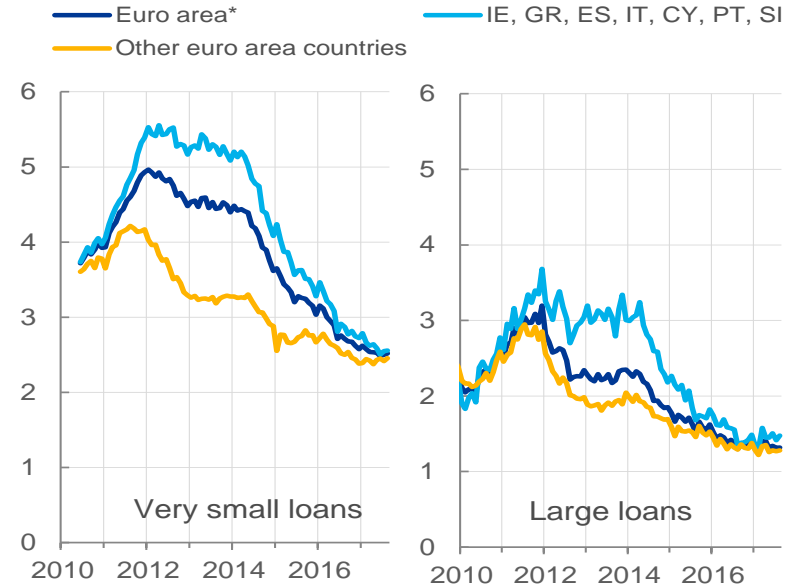
## Tier 1 capital ratio (%,)



Sources: ECB staff calculations.

Notes: Chart shows annual data. Based on quarterly figures, the tier 1 capital ratio stood at 15% in 2017Q2 and the CET1 ratio at 14.1%

## Bank lending rates for very small versus large loans to NFCs (% per annum)

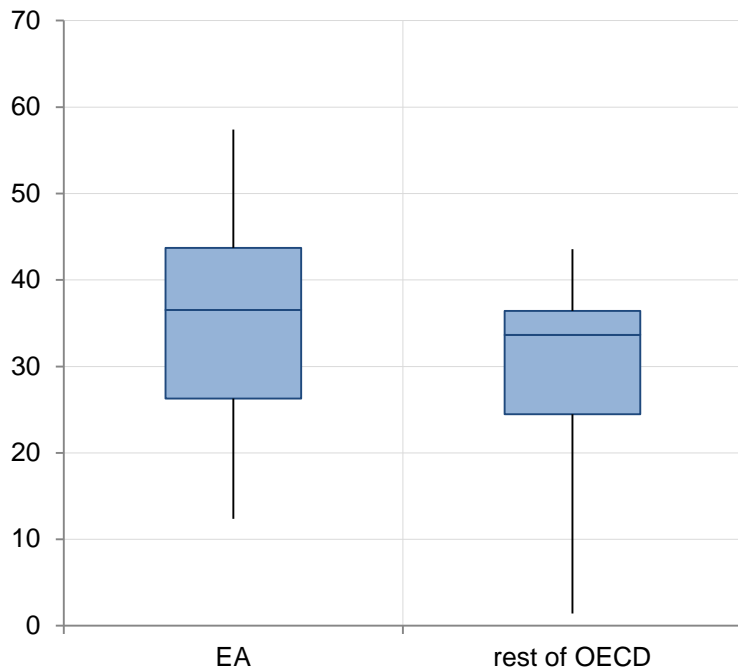


Source: ECB.

Notes: The light blue line includes Ireland, Greece, Spain, Italy, Cyprus, Portugal and Slovenia. Very small loans are loans of up to €0.25 million, while large loans are those above €1 million. Aggregation is based on new business volumes. \*The euro area series is calculated as weighted average of country spreads. Latest observation: August 2017.

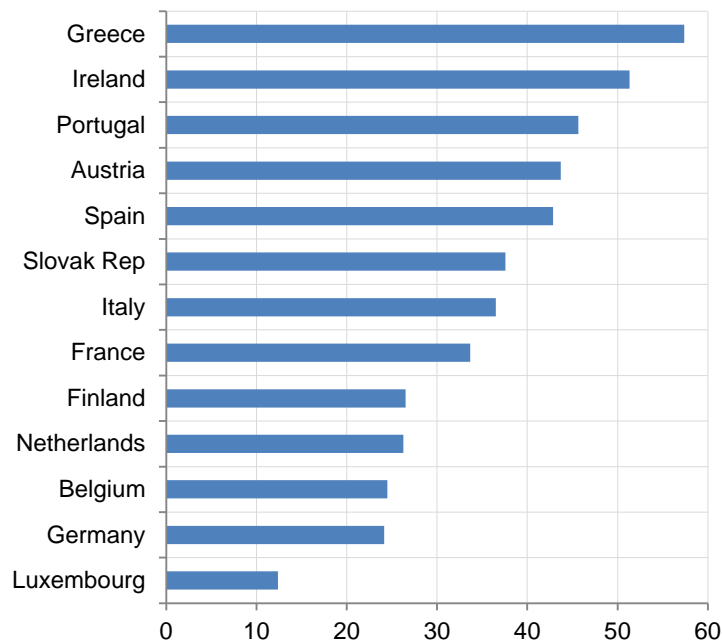
## Responsiveness rate to OECD going for growth recommendations

(%, average over period 2007-2016, interquartile range, minimum and maximum values)



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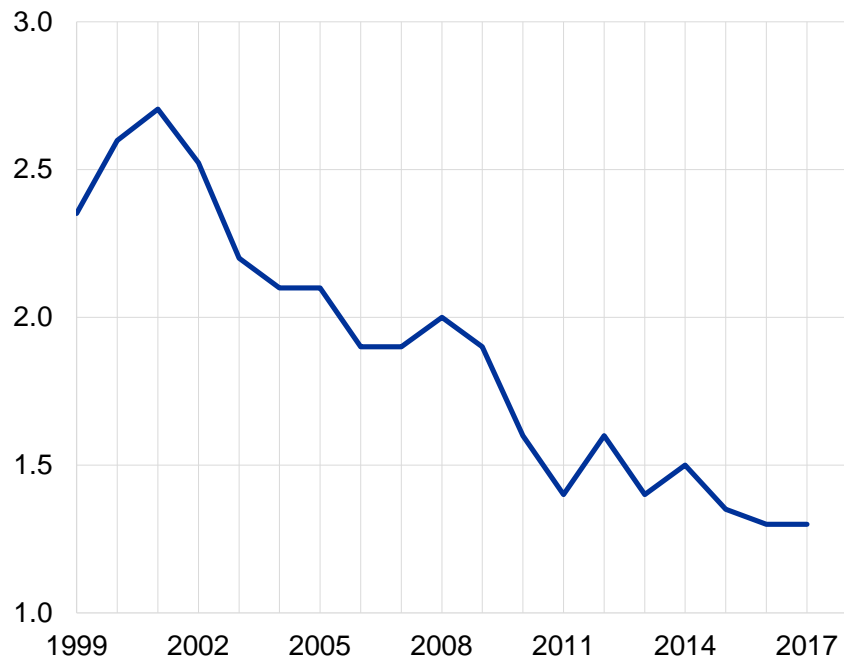


Sources: OECD Going for Growth and ECB staff calculations

Note: The average responsiveness rate over the period 2007-2016 is calculated as the unweighted average of the annual responsiveness rates to the OECD Going for Growth recommendations for each the country. The left hand chart shows the median, maximum, minimum and interquartile range of these calculations for the euro area and rest of OECD countries,

## Expected real GDP growth in 6-10 years in the euro area and selected countries

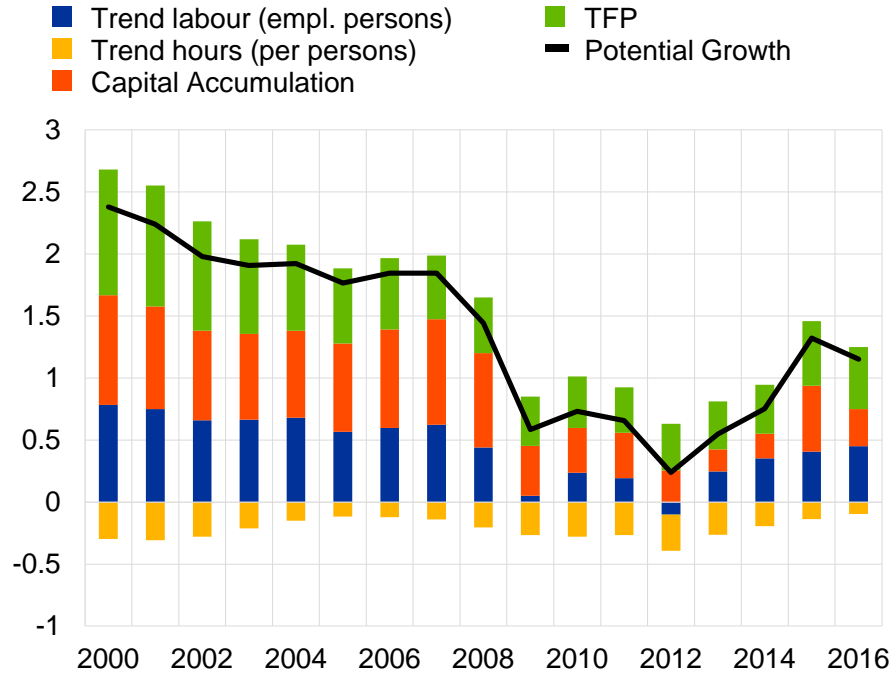
(annual percentage change)



Sources: Market Data Services  
Note: Data from October 2017.

# Contributions to euro area potential growth

(Annual growth rate)

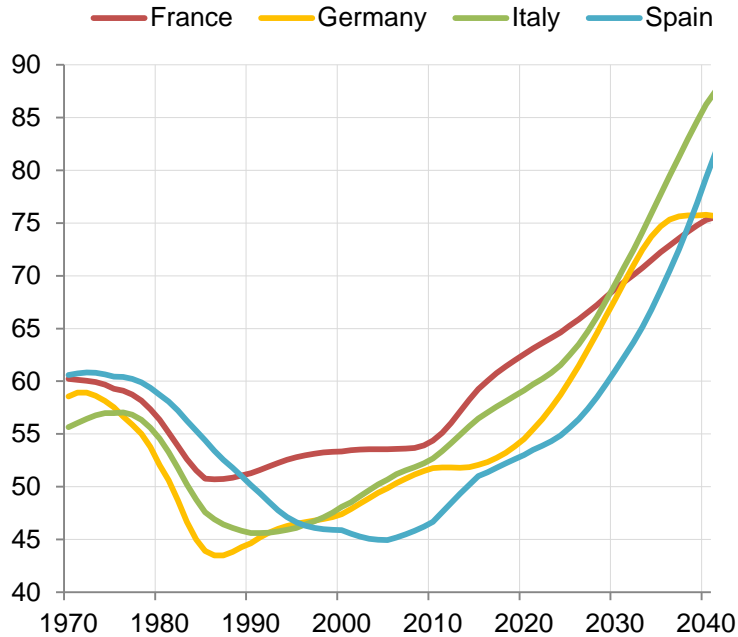


Source: European Commission, Output Gap Working Group



## Dependency ratio

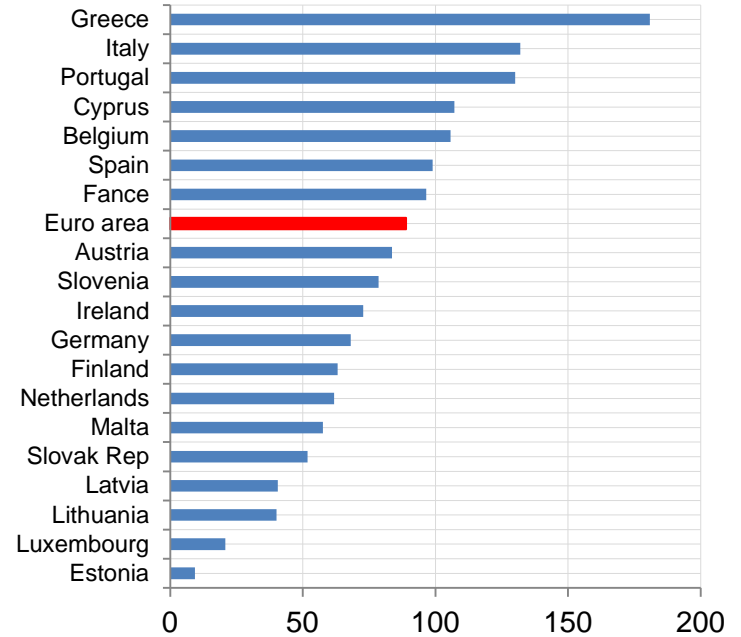
(Ratio of population age 0-14 and 65+ per hundred population age 15-64)



Source: Haver Analytics and UN population statistics. Chart shows projections from 2017 onwards.

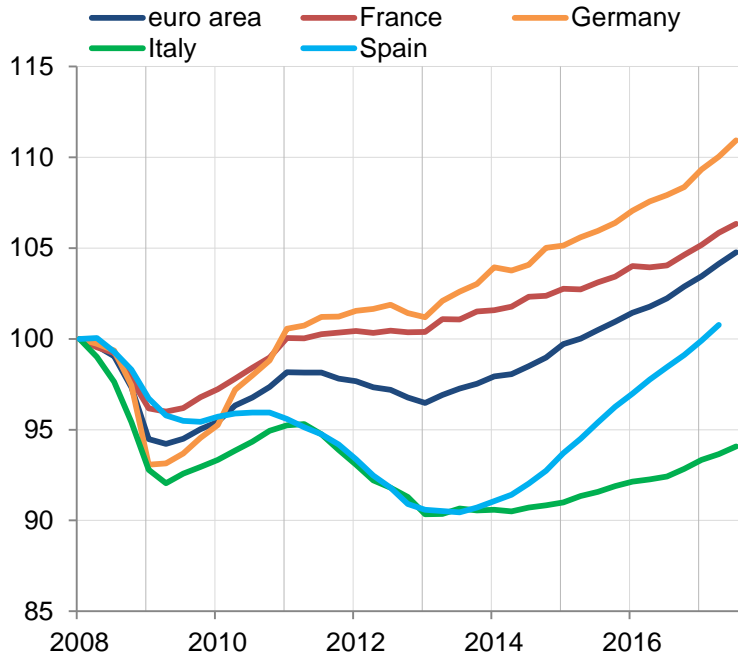
## General government debt to GDP ratio

(2016, %)



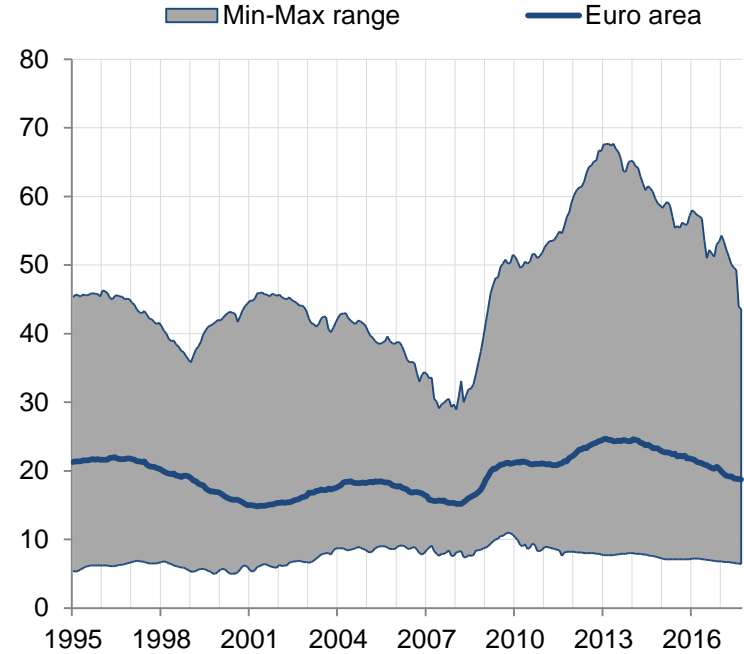
Source: Eurostat

## Real GDP levels (2008Q1=100)



Sources: Haver Analytics and ECB staff calculations  
Note: Latest observation 2017Q2.

## Unemployment rate in the euro area (% of the labour force)



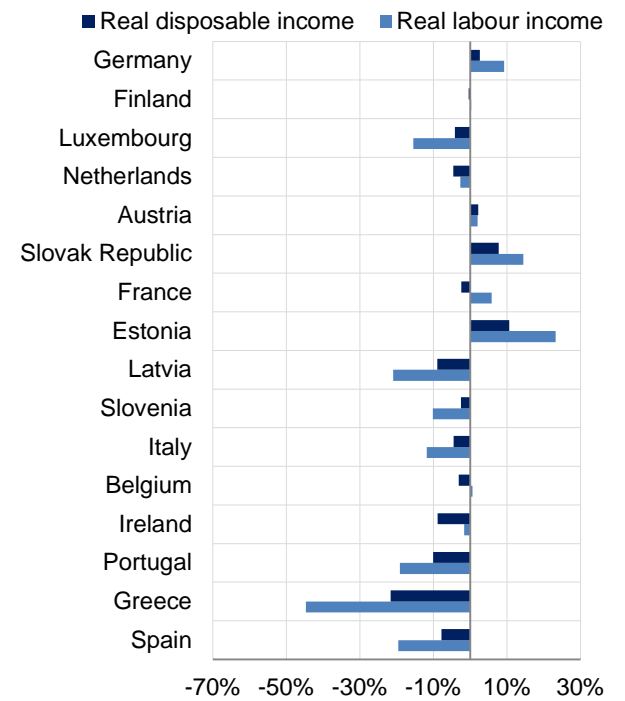
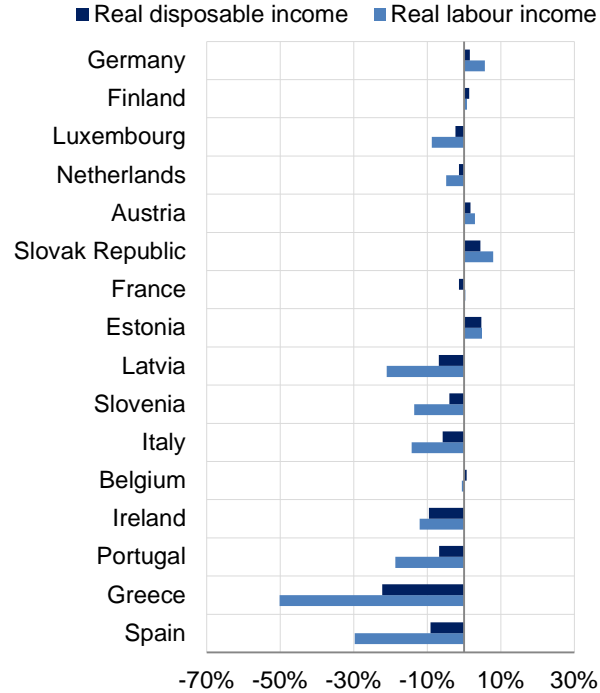
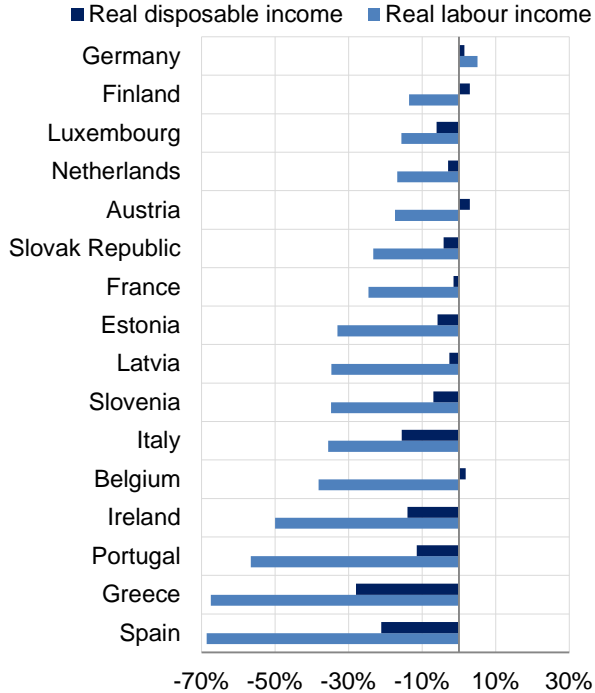
Source: Eurostat and ECB staff calculations  
Last observation: September 2017.

# Cumulated change in real income and real disposable income 2007-2014

Bottom 10%

Mean

Top10%



Source: OECD inequality report.

## Legal framework: distance to frontier

(Frontier = 100, Chart shows the minimum, maximum and interquartile range  
Green: euro area countries, Blue: rest of OECD)

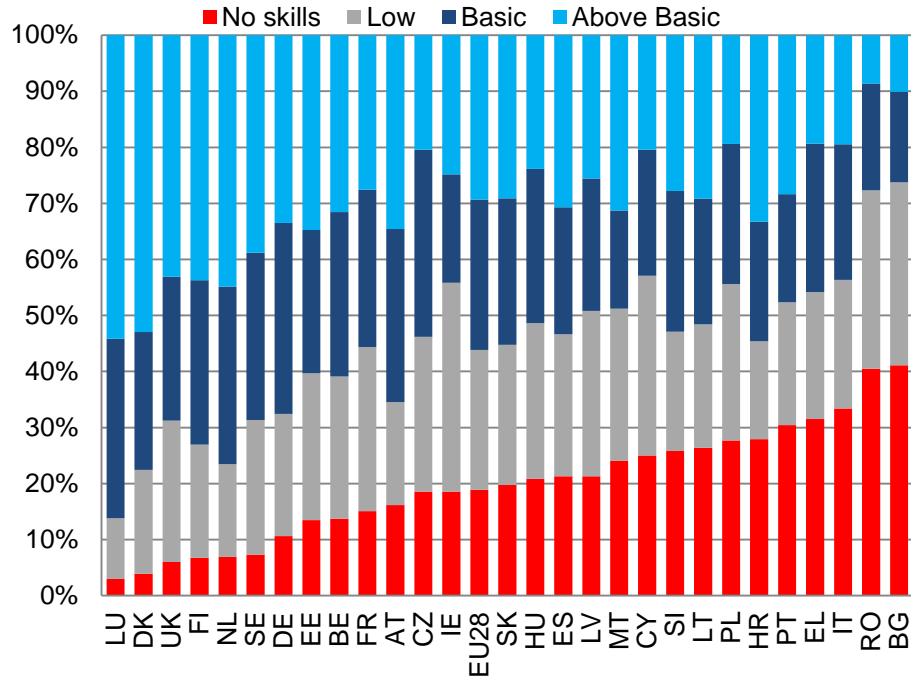


Sources: World Bank Doing Business 2017

Note: The chart shows the distance to frontier for the four World Bank Doing Business indicator. The green bars show euro area countries. The light blue bars show the rest of the OECD countries.

# Digital skills of the workforce

(% of individuals in 2016)



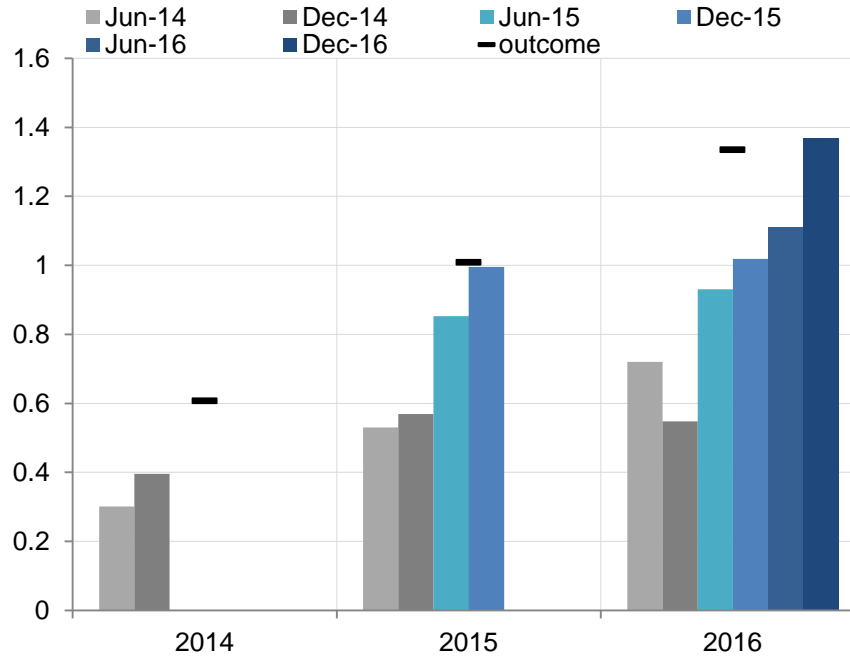
Sources: Commission services based on Eurostat data

[http://digital-agenda-data.eu/datasets/digital\\_agenda\\_scoreboard\\_key\\_indicators/visualizations](http://digital-agenda-data.eu/datasets/digital_agenda_scoreboard_key_indicators/visualizations)

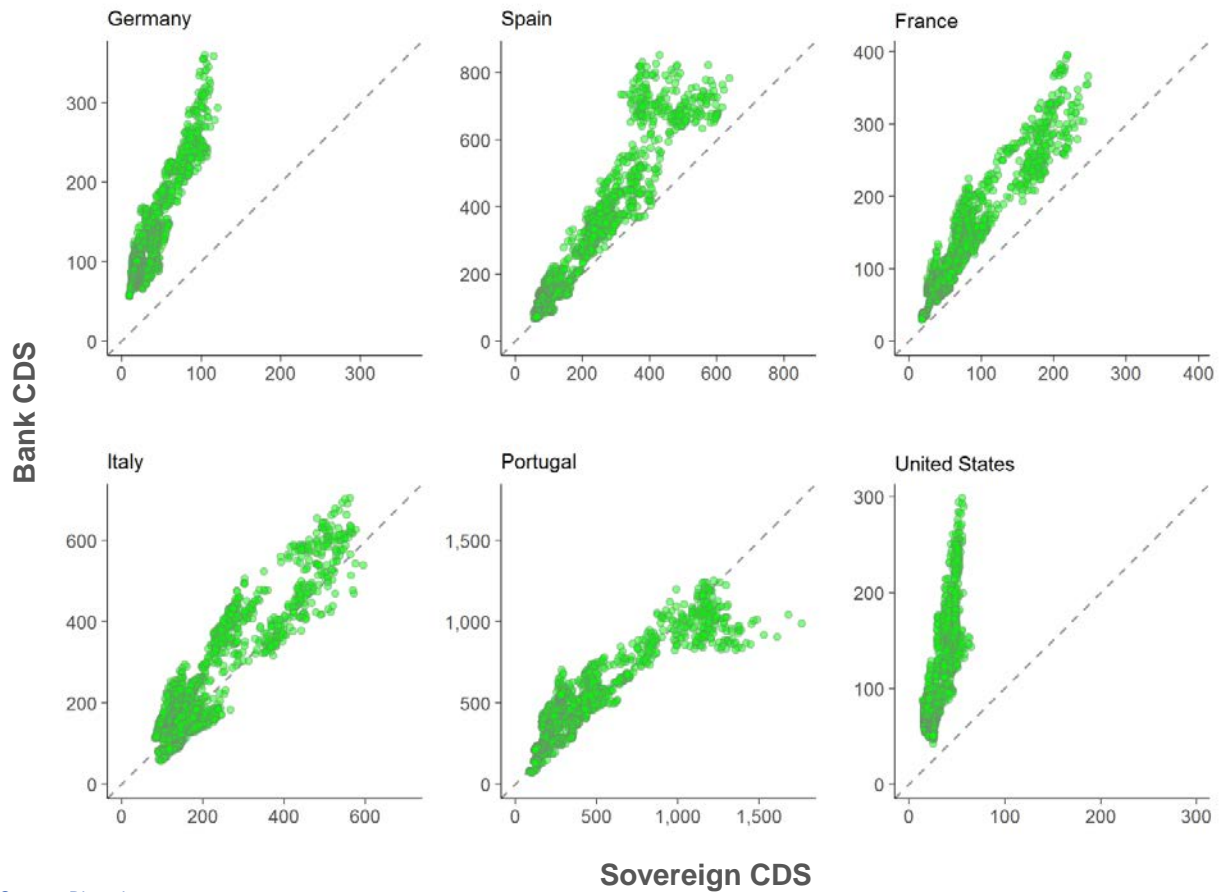
Note: for Latvia the data shown refers to 2015.

## Projected annual employment growth from Eurosystem projections and outcomes

(Annual growth rates)



Sources: BMPE projections database and ECB staff calculations



Source: Bloomberg.

Note: Sample period is 1-1-2010 to 22-11-2017.