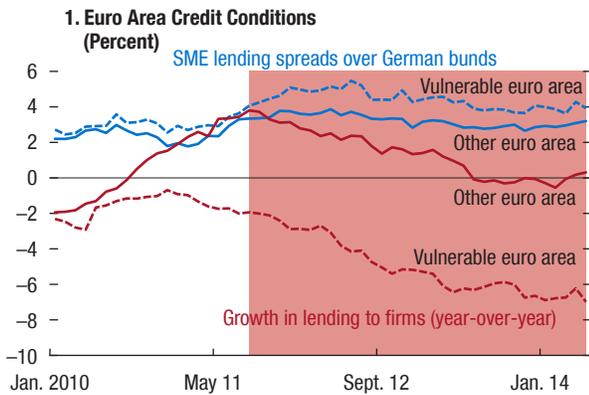


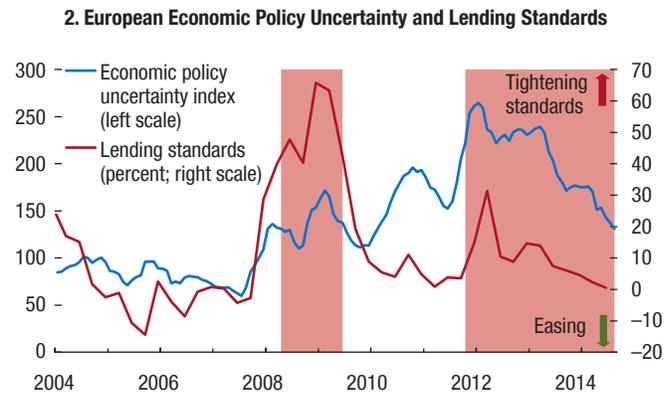
Figure 1.9. Euro Area Nonfinancial Firms: Capital Expenditure Developments

Bank lending remains anemic as...



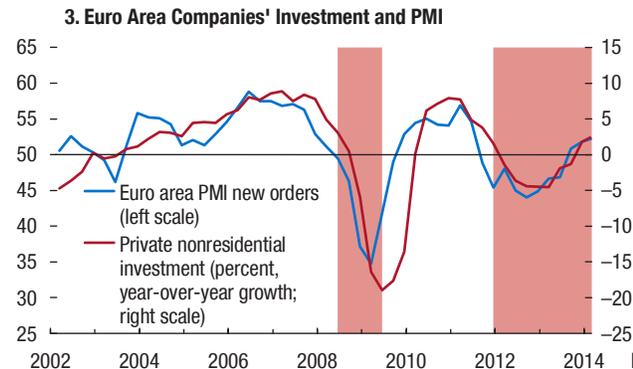
Sources: European Commission; Eurostat; and IMF staff estimates.
 Note: Shows spreads of one- to five-year corporate loans of less than €1 million to five-year German bunds. SME = small- and medium-sized enterprises. Vulnerable euro area countries are those that have faced a sharp fall in bank lending. In this chart, the group includes Greece, Ireland, Italy, Portugal, and Spain. Other euro area comprises Austria, Belgium, France, Germany, and Netherlands.

... tight lending standards and elevated economic uncertainty...



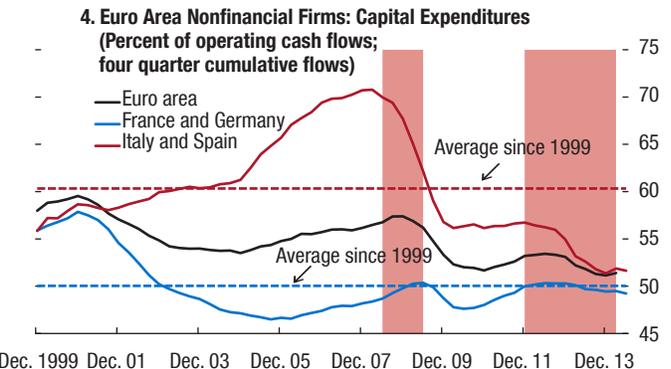
Sources: Baker, Bloom, and Davis (2012); Haver Analytics; and IMF staff estimates.
 Note: Lending standards show the change in credit standards for SME loans over the past three months, on a net percentage basis. SME = small- and medium-sized enterprises. Pink bars indicate Center for Economic Policy Research recession dates.

... continue to dampen prospects for capital expenditure, while incoming data do not point to a strong pickup either.



Sources: Haver Analytics; and IMF staff calculations.
 Note: PMI = Purchasing Managers' Index. Pink bars indicate Center for Economic Policy Research recession dates.

Capital expenditure remains below its historical average.



Sources: European Central Bank; Haver Analytics' and IMF staff estimates.
 Note: Figures for Germany include both nonfinancial and financial firms.