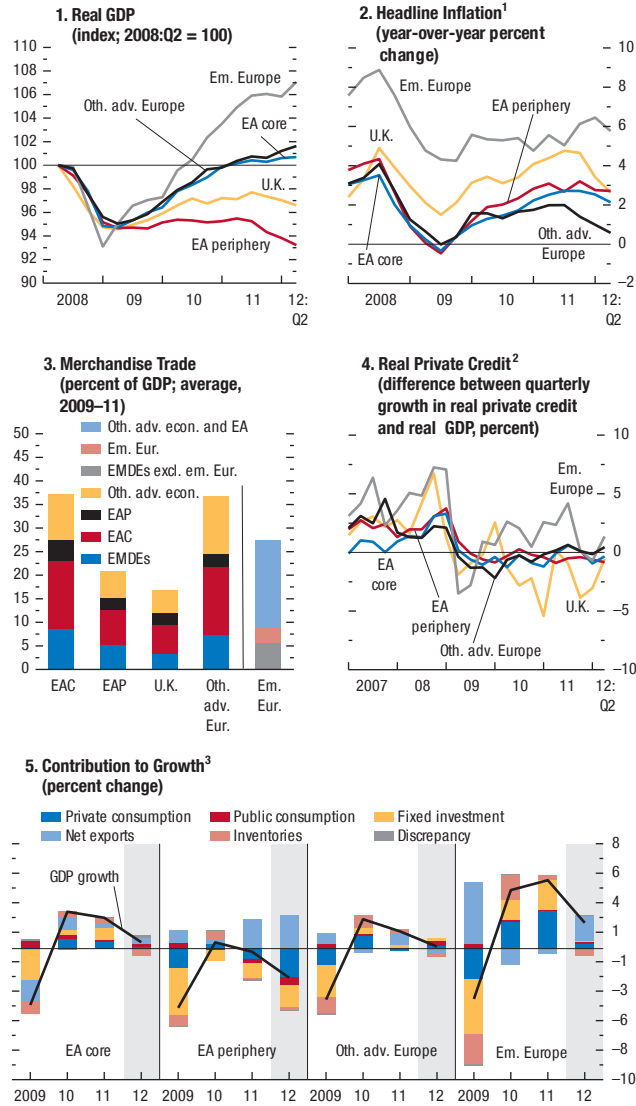


Figure 2.5. Europe: In the Midst of Economic and Financial Stress

Activity has slowed throughout Europe, with recession in the euro area periphery and the United Kingdom. Increased uncertainty about policy and prospects has weighed on confidence and investment throughout the region. Growth in real private credit has fallen below that of GDP in some economies, highlighting pressure from bank balance sheet deleveraging and funding problems.



Sources: IMF, Direction of Trade Statistics database; IMF, International Financial Statistics database; and IMF staff estimates.

Note: EA = euro area; EAC = euro area core; EAP = euro area periphery; EMDEs = emerging market and developing economies; Em. Eur. = emerging Europe; U.K. = United Kingdom. See Figure 2.1 for regional country compositions, except other advanced Europe (Oth. adv. Eur.): Czech Republic, Denmark, Iceland, Norway, Sweden, Switzerland; and other advanced economies (Oth. adv. econ.): advanced economies excluding euro area, other advanced Europe, and United Kingdom.

¹Emerging Europe excludes Albania, Kosovo, FYR Macedonia, and Montenegro.

²Real GDP and private credit data are seasonally adjusted.

³Due to data limitations, Kosovo and FYR Macedonia are excluded from emerging Europe. Other advanced Europe includes the United Kingdom.