

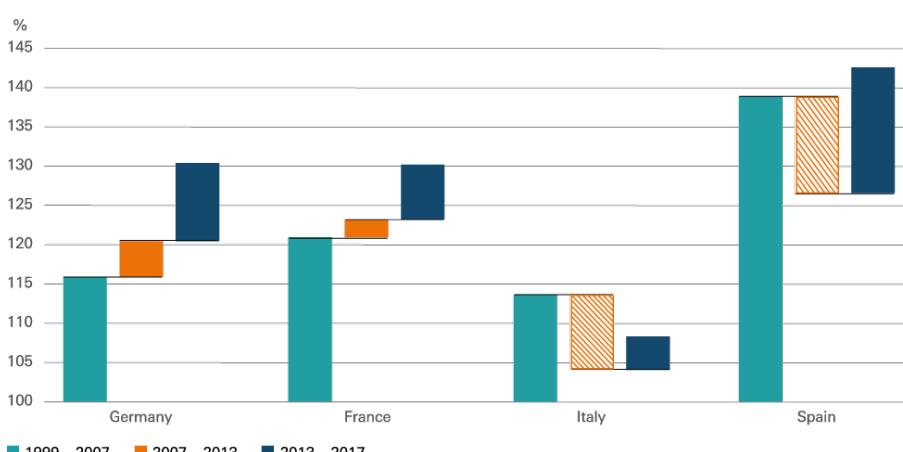
## Chart of the week

### For almost two decades, Europe has had a common currency, but growth patterns have been far from uniform

From the very beginning of Europe's monetary union, the economic performance of several members of the Eurozone has been on diverging paths. Germany had a weak start, however, it later managed to catch up. France recorded robust growth in the early stages of the common currency, but lost momentum during the past 10 years. The two countries are now tied in terms of GDP growth, as our "Chart of the Week" demonstrates (using the year-end figures of 2017, and taking 1999 as the starting point).

Italy's performance was weak in the beginning, and suffered a severe setback during the European debt crisis<sup>1</sup>. The country started to recover in 2014, but unfortunately, it continues to lag its peers. Spain, by contrast, enjoyed a booming economy during the early years of the common currency. This came at the expense of a rapid buildup of debt, and a deteriorating external balance. The party caused a severe hangover, with Spanish GDP shrinking by almost 10% between 2008 and 2013. As a result, cynical commentators kept coming up with unflattering, if not outright offensive acronyms for the countries of the Eurozone periphery back then.

Since 2014, however, Spain is on the fast track again, with annual growth rates of 3%. A stable banking sector, a positive external balance, and declining unemployment have provided further evidence that Spain is back among the strong countries of the Eurozone. Based on these developments, DWS has stopped already some time ago to count Spain as a member of the so-called Euro periphery. According to Oliver Eichmann, co-head European rates at DWS, Spain is well on its way to becoming a semi-core Eurozone country again.



Sources: Bloomberg Finance L.P., Deutsche Asset Management Investment GmbH, as of 4/30/18

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<sup>1</sup>A Sovereign-debt crisis starting in 2009 when the solvency of several Eurozone countries was called into question.

All articles are available on <https://go.dws.com/cio-view-articles>

## Glossary

### Eurozone

The **Eurozone** is formed of 19 European Union member states that have adopted the euro as their common currency and sole legal tender.

### Gross domestic product (GDP)

The **gross domestic product (GDP)** is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

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