

17 September 2021

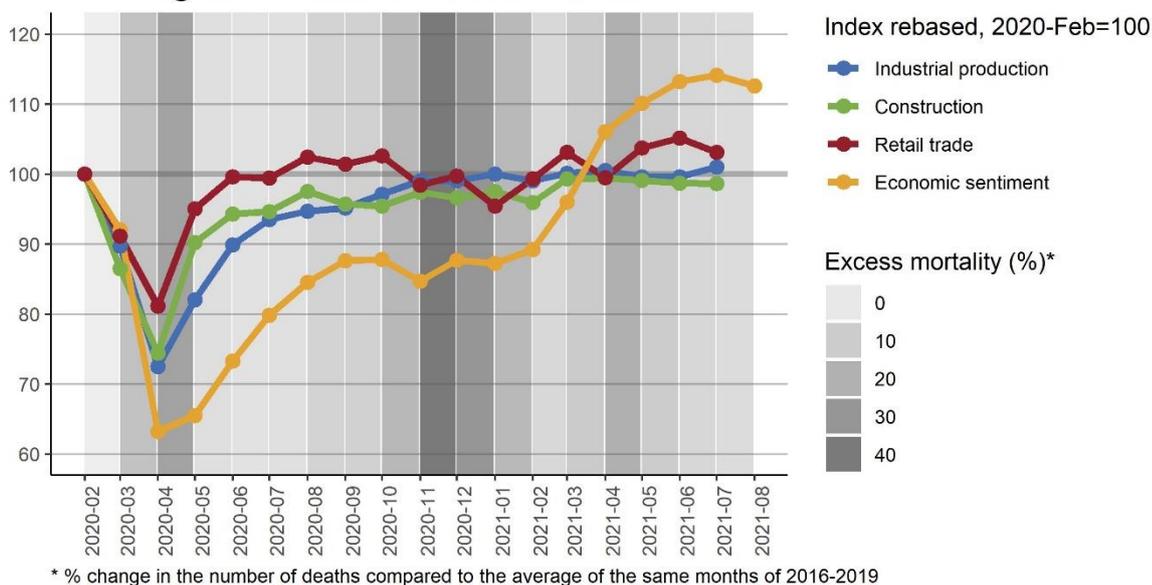
EU industrial production rises, while excess mortality declines, after GDP expands

After the EU economy expanded in Q2 2021, industrial production grew but production in construction and retail sales edged down in July 2021 (see Figure 1).

In August 2021, EU Inflation has risen to its highest level in almost a decade, driven upwards by factors such as the recent economic rebound from the impact of the pandemic and higher energy prices.

Economic sentiment dropped in August 2021 after improving for six straight months. DG ECFIN's Economic Sentiment Indicator weakened from a fall in confidence in services, industry and among consumers, while confidence picked up again in construction and remained virtually unchanged in retail trade.

Figure 1: Selected indicators for the EU



Source: Eurostat ([sts_inpr_m](#), [sts_copr_m](#), [sts_trtu_m](#), [ei_bssi_m_r2](#), [demo_mexrt](#))

The EU unemployment rate continued to decline in July 2021. In the same month, excess deaths also decreased, following a declining trend which started at the end of April. Excess mortality, however, continues to have a varying intensity across the Member States.

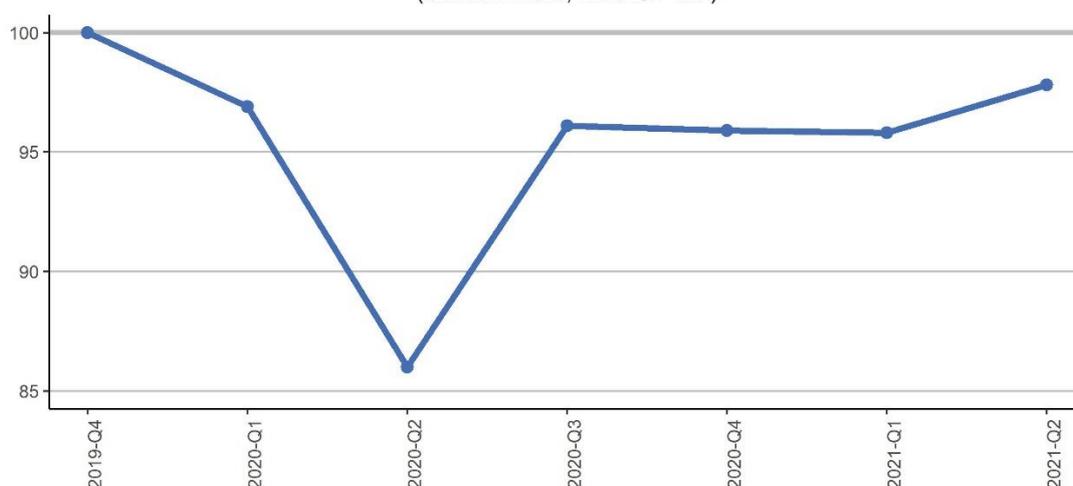
According to the indicator on air quality, in August 2021 the concentration of nitrogen dioxide in European capital cities was on average 24.1 % below its pre-pandemic level in August 2019.

The EU economy expands in Q2 2021 ...

The EU economy expanded in Q2 2021, after contracting in Q1 2021, but nevertheless remained below its pre-pandemic level (see Figure 2). In quarter-on-quarter terms, **gross domestic product** (GDP) increased by 2.1 % in Q2 2021, according to Eurostat's latest estimate, after a decrease of 0.1 % in Q1 2021. Across Member States, in Q2 2021, the quarter-on-quarter growth rate ranged from -0.5 % in Malta, -0.2 % in Croatia and 0.2 % in Cyprus to 4.4 % in Latvia, 4.9 % in Portugal and 6.3 % in Ireland. When compared to its pre-pandemic level in Q4 2019, EU GDP was 2.2 % down in Q2 2021.

Figure 2: Gross domestic product for the EU

(rebased index, 2019Q4=100)



Source: Eurostat ([namq_10_gdp](#))

Bankruptcy filings in the EU increased in Q2 2021, but still remained well below pre-pandemic levels. The number of **declarations of bankruptcies** increased quarter-on-quarter by 1.6 % in Q2 2021 after an increase of 1.9 % in Q1 2021. The number of **registrations of new businesses** increased quarter-on-quarter by 5.3 % in Q2 2021, after a slight increase of 0.1 % in Q1 2021. When compared to pre-pandemic levels in Q4 2019, bankruptcy declarations were 17.6 % down, while business registrations were 6.7 % up in Q2 2021.

EU **turnover in services** rose for the fourth quarter in a row in Q2 2021, surpassing its pre-pandemic level. Turnover in services jumped quarter-on-quarter by 4.6 % in Q2 2021 after an increase of 2.3 % in Q1 2021. When compared to its pre-pandemic level in Q4 2019, EU turnover in services was 0.7 % higher in Q2 2021.

The air transport and the tourism sectors, which have been amongst the hardest hit by the pandemic, continued to show signs of improvement at EU level. In August 2021, the total **number of commercial flights** was 31.2 % lower compared to the same month two years ago, but this is another significant improvement compared with the shortfall exceeding 60 % in the period of January-May 2021. In June 2021, the total **number of nights spent at tourist accommodation establishments** was 44.8 % below the same month two years ago, an improvement from the

period of January-April 2021, when they were close to 80 % below the corresponding months two years ago. Across Member States, in June 2021 compared to the same month two years ago, the total number of nights spent at tourist accommodation establishments has fallen less in the Netherlands and Finland (-25.4 %) as well Poland (-30.6 %), and more in Greece (-74.4 %), Latvia (-63.7 %) and Malta (-60.2 %).

... and industrial production rises, but construction output drops slightly in July ...

EU **industrial production** rose in July 2021. In month-on-month terms, EU industrial production increased by 1.4 % in July 2021, after remaining stable in June. Across Member States, in July 2021, the month-on-month changes in industrial production show some variability, ranging from -2.0 % in Lithuania, -1.8 % in Slovenia and -1.6 % in Croatia to 3.5 % in Portugal, 5.0 % in Belgium and 7.8 % in Ireland. When compared to its pre-pandemic level in February 2020, EU industrial production was 1.0 % up in July 2021. With regard to EU **electricity consumption**, in June 2021, this was 0.5 % below the lowest value for the corresponding month in the period 2016-2019.

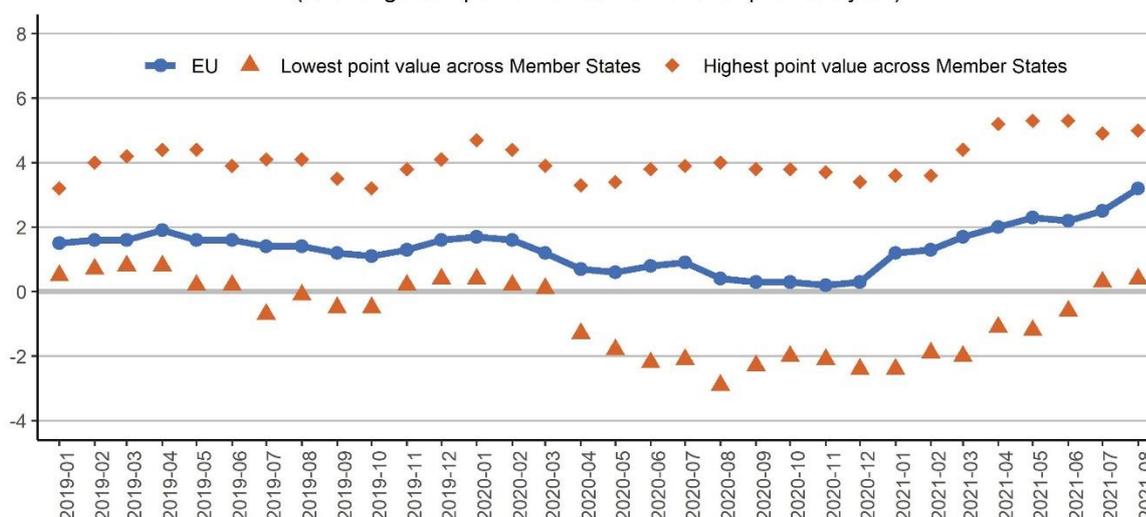
At the EU level, **construction output** dropped for the third month in a row in July 2021, however this time only marginally. Production in construction decreased month-on-month by 0.1 % in July 2021, after a 0.4 % decrease in June 2021. Across Member States for which data are available, in July 2021, the month-on-month changes in construction output ranged from -3.9 % in Slovenia, -3.5 % in Romania and -3.4 % in Austria to 1.0 % in Belgium, 1.1 % in Germany and 1.3 % in France.

EU **retail sales** declined in July 2021, but nevertheless remained above its pre-pandemic level. Retail trade contracted month-on-month across the EU by 1.9 % in July 2021, following an increase of 1.4 % in June. There was, however, substantial variation across Member States, as in July 2021 the month-on-month changes in retail trade ranged from -5.9 % in Ireland, -5.1 % in Germany and -3.9 % in Austria to 2.2 % in Luxembourg, 2.3 % in Malta and 2.5 % in Croatia. When compared to its pre-pandemic level in February 2020, EU retail sales were 3.1 % up in July 2021.

... while inflation surges to a decade-high level in August ...

In August 2021, EU **inflation** has risen to its highest level in almost a decade, driven upwards by factors such as the recent economic rebound from the impact of the pandemic and higher energy prices. The EU annual inflation rate reached 3.2 % in August 2021, up from 2.5 % in July (see Figure 3), hitting its highest level since November 2011. Across Member States, in August 2021, annual inflation ranged from 0.4 % in Malta, 1.2 % in Greece, and 1.3 % in Portugal to 5.0 % in Estonia, Lithuania and Poland.

Figure 3: Annual inflation in the EU
(% change compared with same month of previous year)



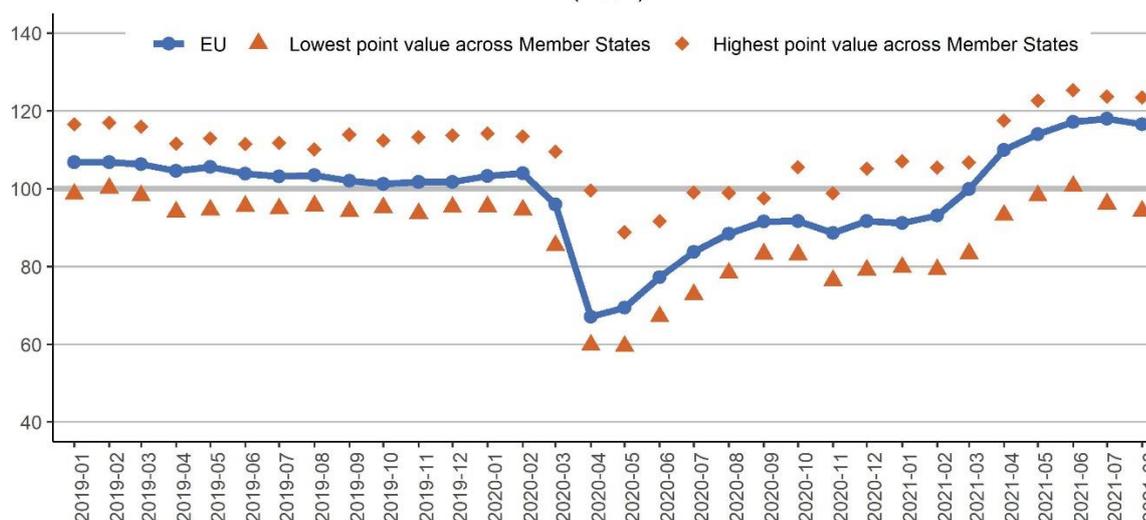
Source: Eurostat ([prc_hicp_manr](#))

EU **exports** of goods to the rest of the world and **imports** increased month-on-month by 0.7 % and 0.3 %, respectively, in July 2021. When compared to pre-pandemic levels in February 2020, exports were lower by 1.0 %, while imports were higher by 8.0 % in July 2021.

... and economic sentiment weakens

Economic sentiment dropped in August 2021 after improving for six straight months. DG ECFIN's Economic Sentiment Indicator (ESI) edged down by 1.5 points, but still remained at a high level of 116.5 in August 2021 (see Figure 4), 12.6 points above its pre-pandemic level in February 2020.

Figure 4: Economic sentiment indicator for the EU
(index)



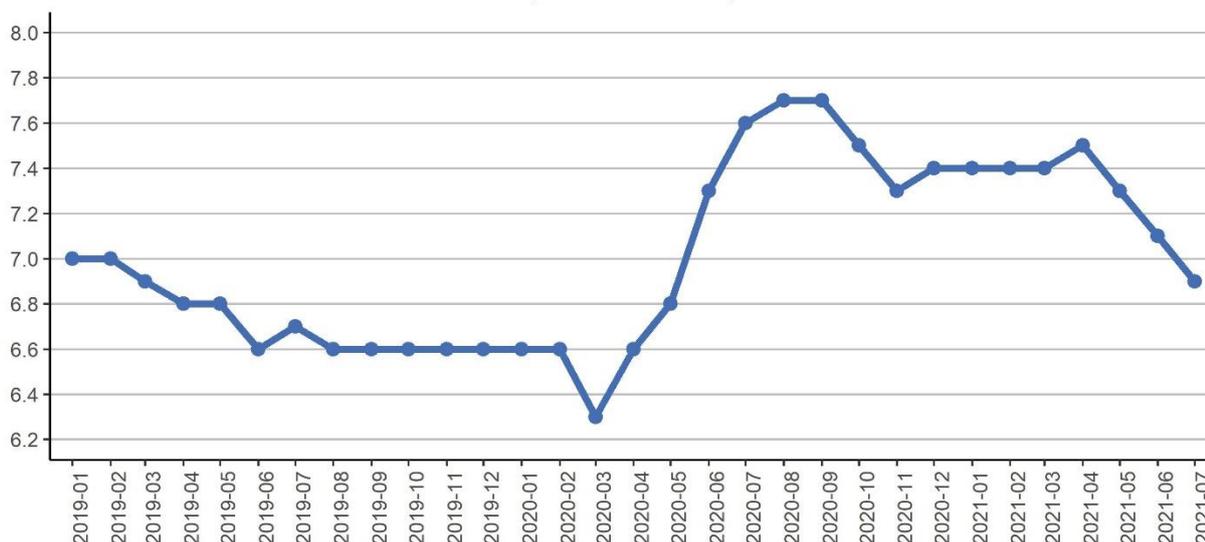
Source: Eurostat ([ei_bssi_m_r2](#))

In August 2021, the ESI was weakened by a fall in confidence in services, industry and among consumers, while confidence picked up again in construction and remained virtually unchanged in retail trade. Across Member States, the ESI ranged from 94.2 in Czechia, 95.8 in Slovakia and 99.9 in Bulgaria to 121.7 in Austria, 123.2 in Sweden and 123.4 in Luxembourg.

Unemployment continues to fall ...

EU **unemployment** decreased for the third month in a row in July 2021. The EU unemployment rate was 6.9 % in July 2021, down from 7.1 % in June (see Figure 5). When compared to its pre-pandemic level in February 2020, the unemployment rate was still 0.3 percentage points higher in July 2021.

Figure 5: Unemployment rate in the EU
(% of labour force)



Source: Eurostat ([une_rt_m](#))

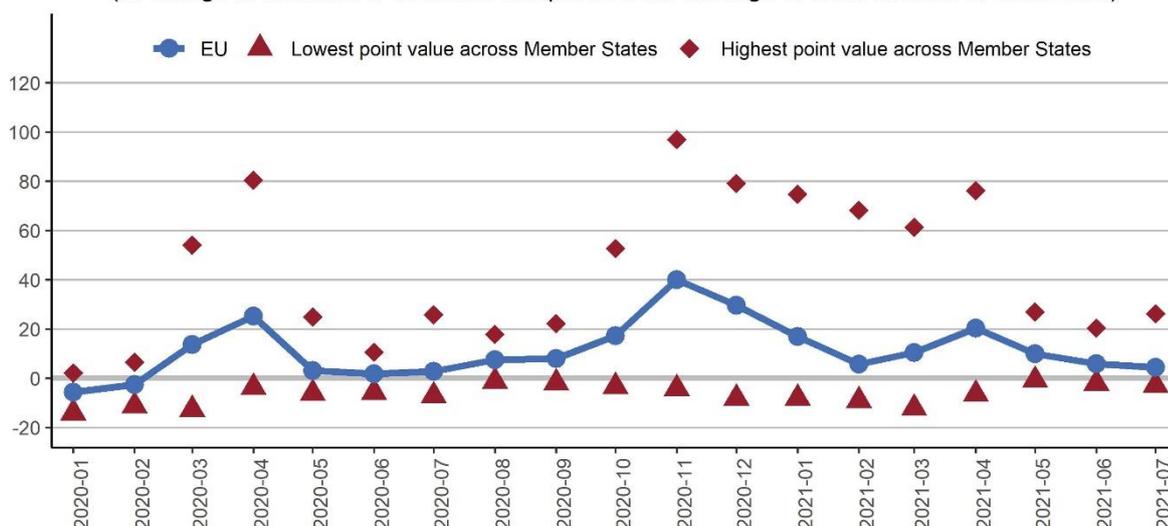
Across Member States, in June 2021, the unemployment rate ranged from 2.8 % in Czechia, 3.1 % in the Netherlands and 3.3 % in Malta to 9.3 % in Italy, 14.3 % in Spain and 14.6 % in Greece.

... and excess deaths continue to decline ...

In July 2021, **excess deaths** in the EU declined for the third month in a row to its lowest rate since July 2020. Statistics on excess mortality include all deaths, irrespective of their causes, and may help to assess the direct and indirect effects of the pandemic. The excess mortality rate – measured as a percentage change in the number of deaths compared to the average of the same months of 2016-2019 – fell to 4.4 % in July 2021 from 5.9 % in June (see Figure 6), after the last peak of 20.4 % in April. The observed rates, however, vary considerably across Member States. In July 2021, the lowest negative excess mortality rates were recorded in Belgium (-2.8 %), Sweden (-2.5 %), Czechia (-2.1 %) and Slovakia (-1.3 %), while the highest rates were posted in Malta (17.7 %), Greece (25.0 %) and Cyprus (26.2 %).

Figure 6: Excess mortality in the EU

(% change in the number of deaths compared to the average of same months of 2016-2019)



Source: Eurostat (demo_mexrt)

... while the concentration of nitrogen dioxide in European capital cities remains well below its pre-pandemic level

In the capital cities of EU Member States, the **concentration of nitrogen dioxide** was on average 18.3 µg/m³ (micrograms per cubic meter) in August 2021, down from 24.1 µg/m³ in the same month two years ago. Across the European capital cities, in August 2021, the concentration of nitrogen dioxide ranged from 8.5 µg/m³ in Tallinn, 9.7 µg/m³ in Riga and 10.9 µg/m³ in Helsinki to 27.1 µg/m³ in Zagreb, 34.8 µg/m³ in Athens and 44.3 µg/m³ in Bucharest.

Which indicators are at pre-pandemic levels for the EU?

The table below covers those indicators for which a comparison with pre-pandemic levels is possible, and highlights in green those ones that are at or beyond pre-pandemic levels.

ECONOMY & PRICES	BUSINESS & TRADE	PEOPLE & WORK
GDP	Industrial production	Excess mortality
Inflation	Business registrations	Air quality
Economic sentiment indicator	Bankruptcy declarations	Unemployment rate
Government surplus/deficit	Service turnover	
Government debt	Accommodation & food	
Number of flights	Production in construction	
Electricity consumption	Retail trade	
	Tourism nights	
	Exports	
	Imports	
	Openness to trade	