

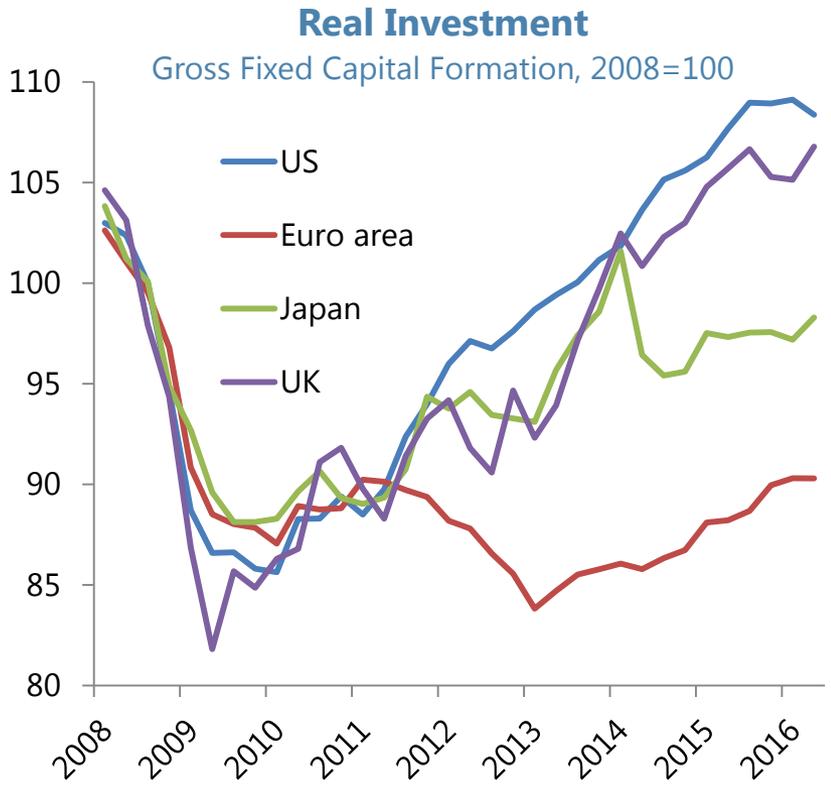


INTERNATIONAL MONETARY FUND

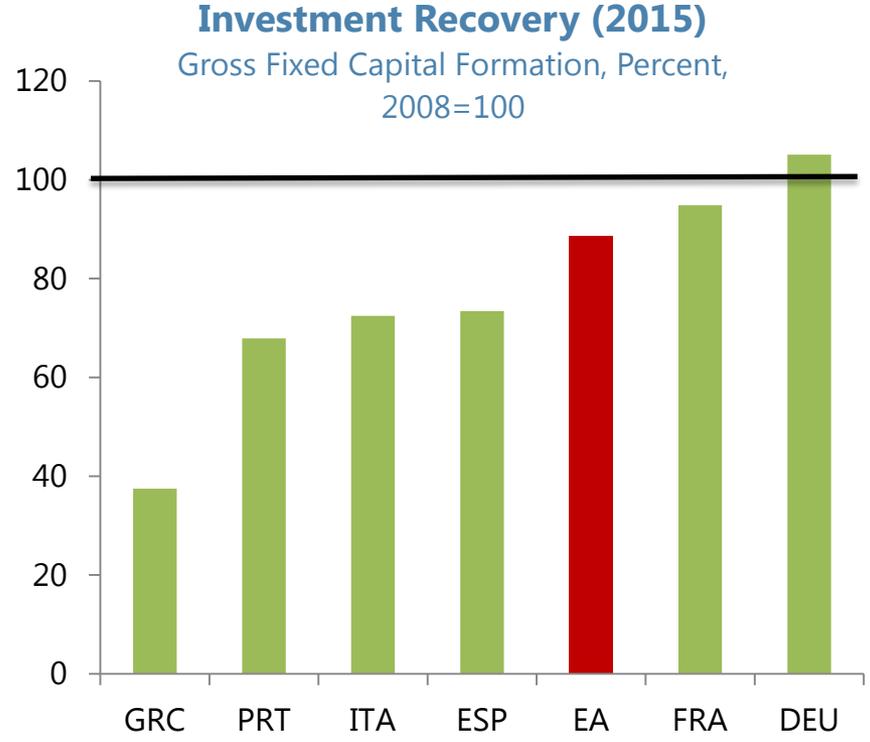
INVESTMENT IN THE EURO AREA: AN INTERNATIONAL PERSPECTIVE

Jeffrey Franks
Director, IMF Europe Office
International Monetary Fund

THE EURO AREA'S INVESTMENT RECOVERY HAS BEEN SLOW AND UNEVEN



Source: Haver Analytics, and IMF staff calculations.



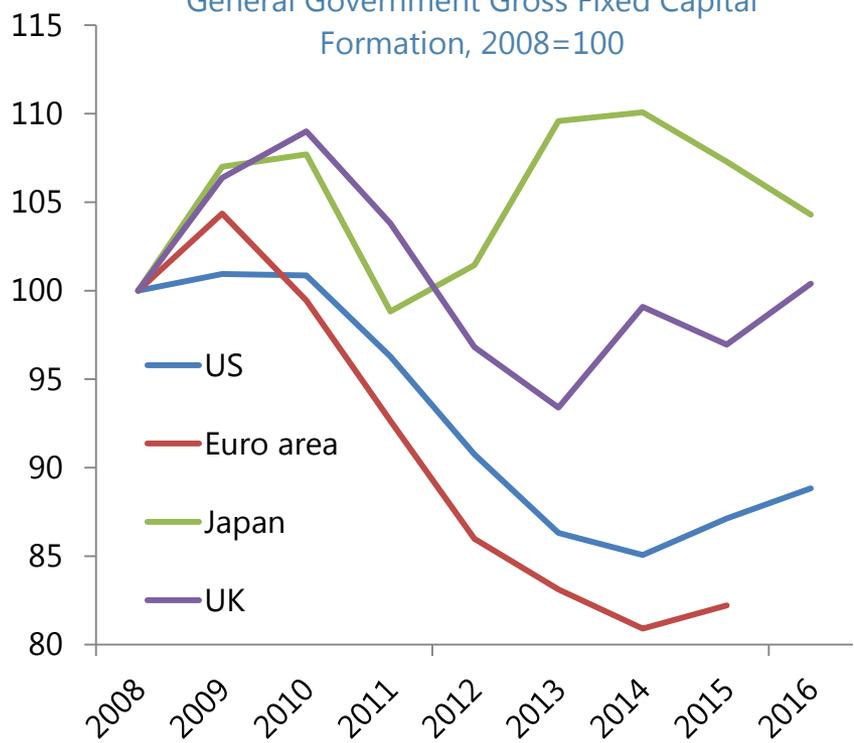
Source: WEO, and IMF staff calculations.



DEEP CUTS IN PUBLIC INVESTMENT HAVE NOT BEEN REVERSED

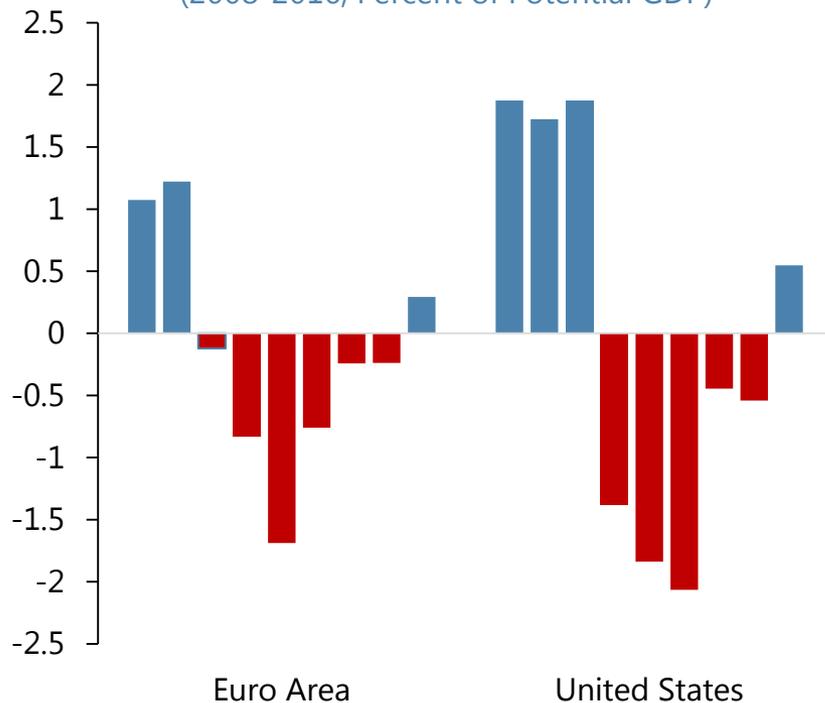
Real Public Investment

General Government Gross Fixed Capital Formation, 2008=100



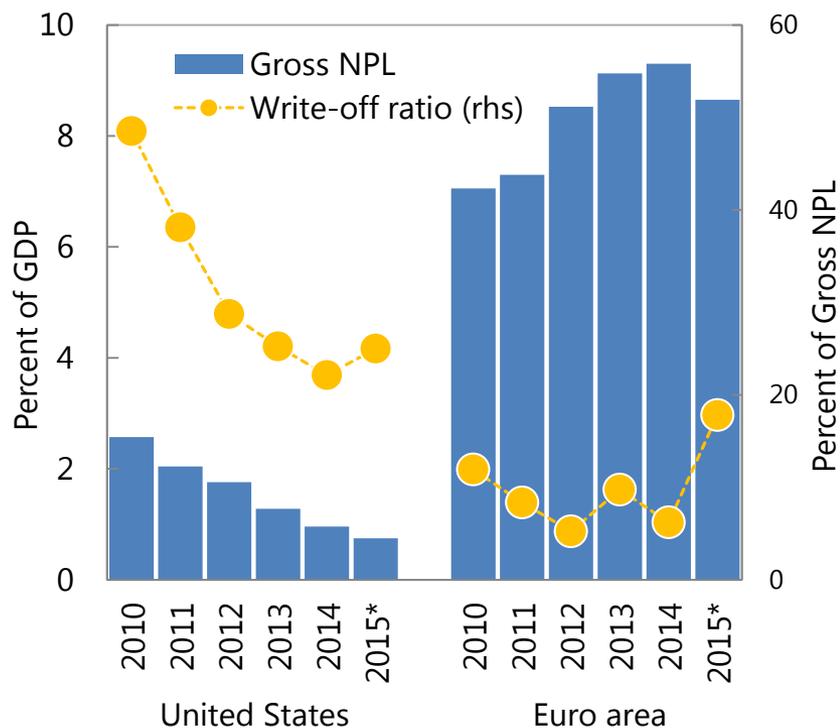
Structural Balance Fiscal Impulse

(2008-2016, Percent of Potential GDP)



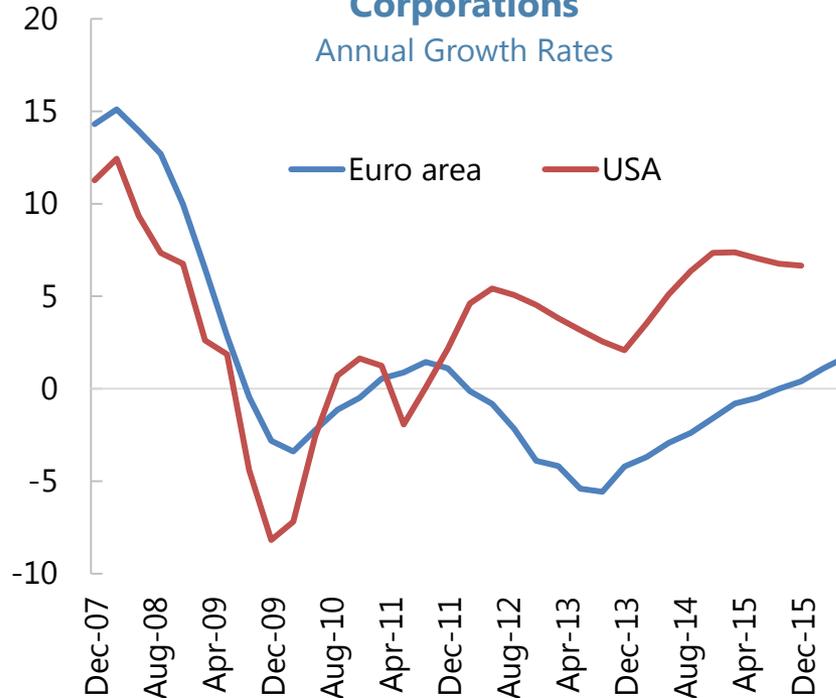
HIGH NPLS HOLD BACK CREDIT ...

Nonperforming Loans and Write-offs



Sources: Bloomberg, ECB, EBA Transparency Exercise (2015), U.S. Federal Reserve, IMF WEO, and IMF staff calculations.
 Note: */ as of end-Sept. 2015 for the United States and end-June 2015 for the Euro Area.

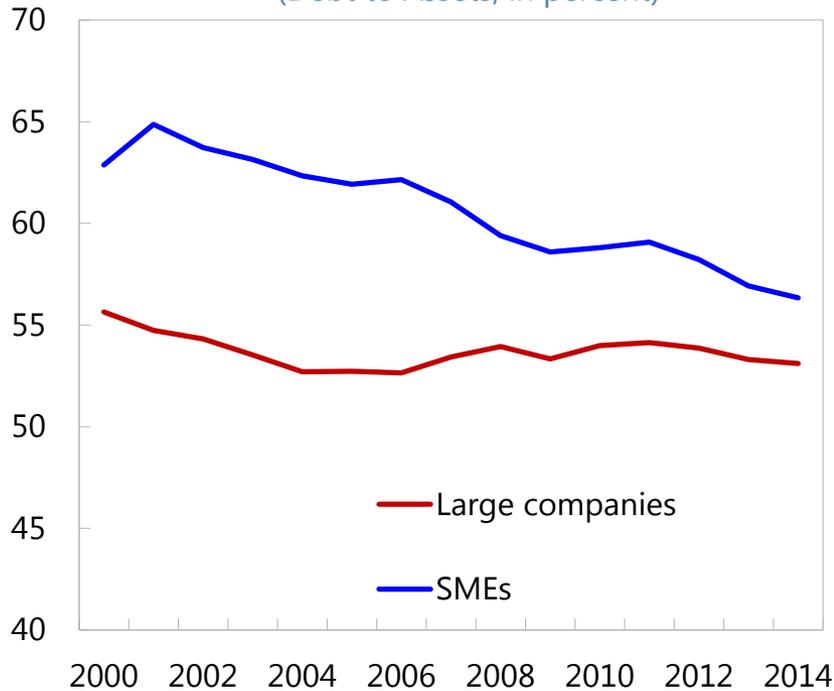
Bank Credit to Non-Financial Corporations



Sources: ECB Statistical Data Warehouse, FRED, and IMF staff calculations.

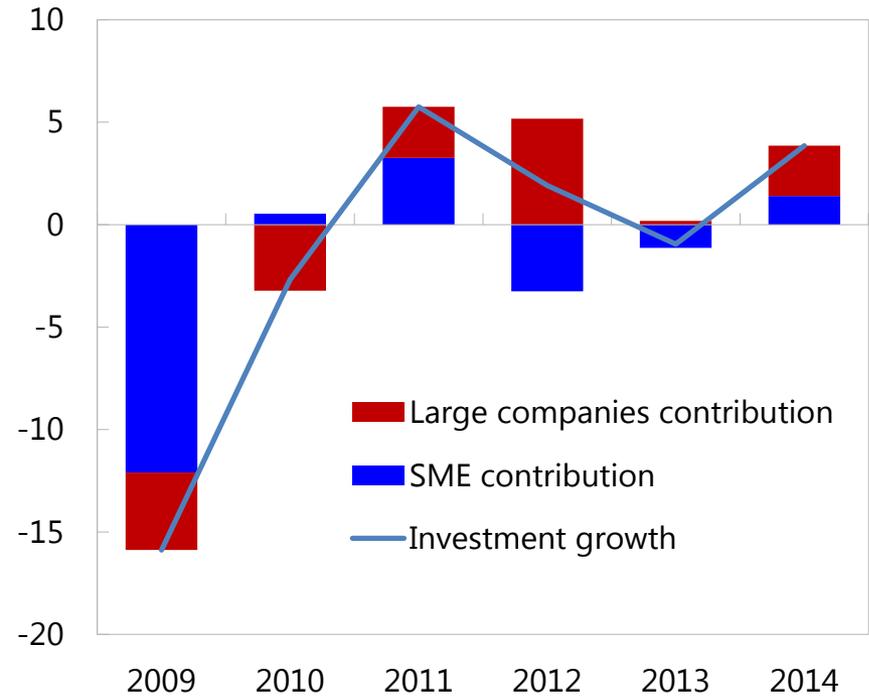
... IMPEDING INVESTMENT BY BANK-DEPENDENT SMEs²

Euro Area: NFC Leverage
(Debt to Assets; in percent)



Source: Banque de France, BACH database.

Euro area: Contribution to Investment Growth (Percent)



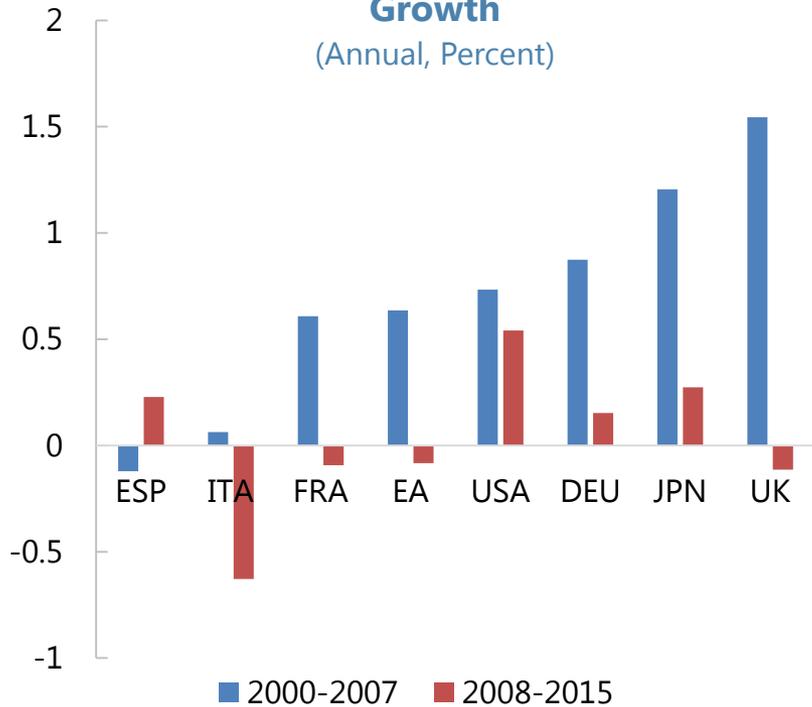
Sources: Banque de France, BACH database; and KfW SME Panel 2009-2015.

² "Investment, Firm Size, and the Corporate Debt Burden: A Firm-Level Analysis of the Euro Area," IMF 2016 Euro Area Selected Issues Paper



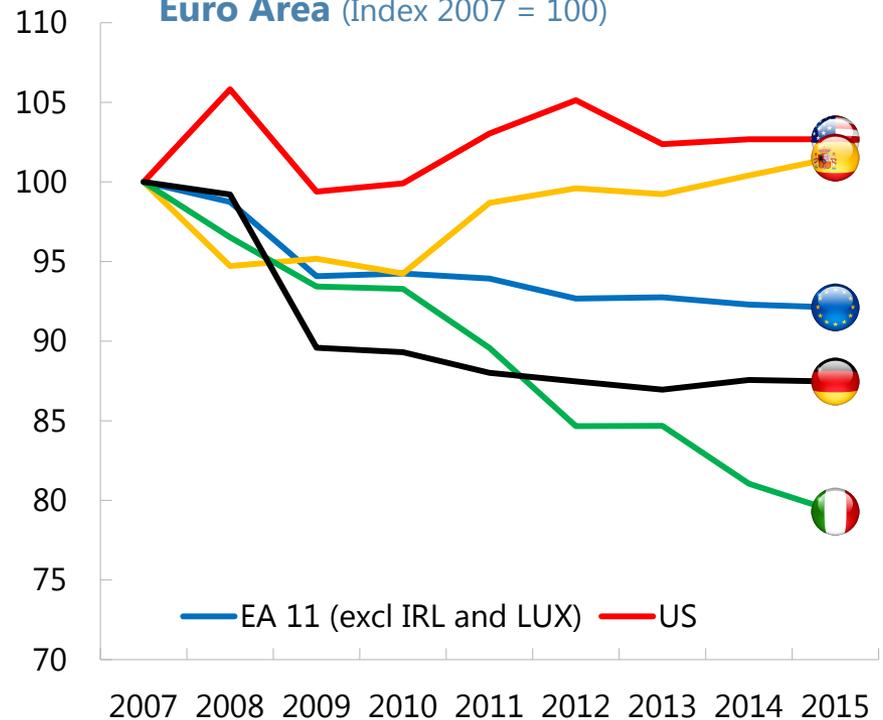
PRODUCTIVITY GROWTH IS WEAK ACROSS ADVANCED ECONOMIES

Average Total Factor Productivity Growth
(Annual, Percent)



Source: AMECO database, and IMF staff calculations.

Service Sector Productivity: US and Euro Area (Index 2007 = 100)



Source: Haver Analytics.



Thank You!

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