

# EIOPA's July 2019 Risk Dashboard shows broadly stable risk trends for the European Union insurance sector, with macro and market risks now at a high level

The European Insurance and Occupational Pensions Authority (EIOPA) published today its updated [Risk Dashboard](#) based on the first quarter 2019 Solvency II data.

The results show that the risk exposures of the European Union insurance sector remain overall stable, with macro and market risks now at a high level. This is due to a further decline in swap rates and lower returns on investments in 2018, which put strain on those life insurers offering guaranteed rates.

The low interest rate environment remains a key risk for the insurance sector. Credit risks continue at medium level with broadly stable Credit Default Swap (CDS) spreads for government and corporate bonds. Profitability and solvency risks increased due to lower return on investments for life insurers observed in year-end 2018 data. Solvency Capital Requirement (SCR) ratios are above 100% for most undertakings in the sample even when excluding the impact of the transitional measures.

Market perceptions were marked by a performance of insurers' stocks broadly in line with overall equity markets, while median CDS spreads have slightly increased.

No change was observed in insurers' external ratings and rating outlooks.

## **Background**

This Risk Dashboard based on Solvency II data summarises the main risks and vulnerabilities in the European Union insurance sector through a set of risk indicators of the first quarter of 2019. This data is based on financial stability and prudential reporting collected from 96 insurance groups and 2,868 solo insurance undertakings.

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## First quarter of 2019 – Household real income per capita up in both euro area and EU28 – Real consumption per capita up in euro area and stable in EU28

In the **euro area**, in real terms, household income per capita increased by 0.6% in the first quarter of 2019, after an increase of 0.4% in the previous quarter. Household real consumption per capita increased by 0.4% in the first quarter of 2019, after an increase of 0.1% in the fourth quarter of 2018.

[Full text available on EUROSTAT website](#)

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## Results of the Q3 2019 ECB Survey of Professional Forecasters



PRESS RELEASE

26 July 2019

- Inflation expectations revised down by 0.1 p.p. at all horizons
- Real GDP growth expectations broadly unchanged
- Unemployment rate expectations revised down

Respondents to the ECB Survey of Professional Forecasters (SPF) for the third quarter of 2019 reported point forecasts for annual HICP inflation averaging 1.3%, 1.4% and 1.5% for 2019, 2020 and 2021, respectively. These results represent downward revisions of 0.1 percentage points (p.p.) for each of those years compared with the previous (Q2 2019) survey round. Average longer-term inflation expectations (which, like all other longer-term expectations in this SPF, refer to 2024) declined from 1.8% to 1.7%.

SPF respondents' expectations for growth in euro area real GDP averaged 1.2%, 1.3% and 1.4% for 2019, 2020 and 2021, respectively. This represents no change to the expectations for 2019 and 2021 and a downward revision of 0.1 p.p. for 2020. At 1.4%, average longer-term expectations for real GDP growth were also unchanged.

Average unemployment rate expectations were revised down by 0.2 p.p. for each of 2019, 2020 and 2021 to stand at 7.6%, 7.4% and 7.3%, respectively. The latest expectations continued to point to further falls in the unemployment rate. Expectations for the unemployment rate in the longer term were revised down to 7.3%.

**Table: Results of the ECB Survey of Professional Forecasters for Q3 2019**  
(annual percentage changes, unless otherwise indicated)

Survey horizon	2019	2020	2021	Longer term (1)
<b>HICP inflation</b>				
SPF Q3 2019	1.3	1.4	1.5	1.7
<i>Previous SPF (Q2 2019)</i>	1.4	1.5	1.6	1.8
<b>HICP inflation excluding energy, food, alcohol and tobacco</b>				
SPF Q3 2019	1.1	1.3	1.5	1.7
<i>Previous SPF (Q2 2019)</i>	1.2	1.4	1.6	1.7
<b>Real GDP growth</b>				
SPF Q3 2019	1.2	1.3	1.4	1.4
<i>Previous SPF (Q2 2019)</i>	1.2	1.4	1.4	1.4
<b>Unemployment rate (2)</b>				
SPF Q3 2019	7.6	7.4	7.3	7.3
<i>Previous SPF (Q2 2019)</i>	7.8	7.6	7.5	7.4

1) Longer-term expectations refer to 2024 in the Q3 2019 SPF and to 2023 in the Q2 2019 SPF.

2) As a percentage of the labour force.

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#### Notes:

- The SPF is conducted on a quarterly basis and gathers expectations for the rates of inflation, real GDP growth and unemployment in the euro area for several horizons, together with a quantitative assessment of

the uncertainty surrounding them. The participants in the survey are experts affiliated with financial or non-financial institutions based within the European Union. The survey results do not represent the views of the ECB's decision-making bodies or its staff. The next ECB staff macroeconomic projections will be published on 13 September 2019.

- Since 2015 the results of the SPF have been published on the ECB's website. For surveys prior to the first quarter of 2015, see the ECB's Monthly Bulletin (2002-14: Q1 – February, Q2 – May, Q3 – August, Q4 – November).
- This survey was conducted between 1 and 5 July 2019. The number of responses was 52.
- The SPF report and data are available via the [SPF webpage](#) and via the ECB's [Statistical Data Warehouse](#).

[Media contacts](#)

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## Euro banknote counterfeiting decreased further in the first half of 2019



PRESS RELEASE

26 July 2019

- 251,000 counterfeit euro banknotes were withdrawn from circulation in the first half of 2019
- Over 80% of those counterfeits were €20 and €50 banknotes
- Euro banknotes continue to be a trusted and safe means of payment

- All euro banknotes can be verified using the “feel, look and tilt” method

Some 251,000 counterfeit euro banknotes were withdrawn from circulation in the first half of 2019, a decrease of 4.2% when compared with the second half of 2018 and 16.6% less than in the first half of 2018. The likelihood of receiving a counterfeit is very small indeed as the number of counterfeits remains very low compared with the number of genuine banknotes in circulation, which has risen steadily at rates in excess of GDP growth since they were first introduced. In 2018 the number and value of [euro banknotes in circulation](#) grew by around 5.6% and 5.2%, respectively. There are now over 22 billion euro banknotes in circulation, with a total value of around €1.2 trillion.

The half-yearly figures are shown below:

Period	H1 2016	H2 2016	H1 2017	H2 2017	H1 2018	H2 2018	H1 2019
Number of counterfeits	331,000	353,000	331,000	363,000	301,000	262,000	251,000

#### **Breakdown by denomination:**

Denomination	€5	€10	€20	€50	€100	€200	€500
Percentage of total	1.6%	3.0%	27.9%	54.2%	10.4%	1.4%	1.5%

In the first half of 2019:

- The €20 and €50 notes continued to be the most counterfeited banknotes, jointly accounting for over 80% of all counterfeits.
- Most counterfeits (97.2%) were found in euro area countries. The rest were found in non-euro area EU Member States (2.1%) and in other parts of the world (0.7%).

Check your banknotes!

Ever since the first series of euro banknotes was issued, the Eurosystem – i.e. the European Central Bank (ECB) and the 19 national central banks of the euro area – has encouraged people to be vigilant when receiving banknotes. You can check your notes by using the simple “feel, look and tilt” method described in the [“The Euro”](#) section of the ECB’s website and on the websites of the national central banks. If you receive a suspect banknote, compare it directly with one you know to be genuine. If your suspicions are confirmed please contact the police or – depending on national practice – your national central bank or your own retail or commercial bank. The Eurosystem supports law enforcement agencies in their fight against currency counterfeiting.

The Eurosystem communicates in various ways to help people distinguish between genuine and counterfeit notes, as well as to help professional cash handlers ensure that banknote-handling and processing machines can reliably identify counterfeits and withdraw them from circulation.

The Eurosystem has a duty to safeguard the integrity of euro banknotes and to continue improving banknote technology. The second series of banknotes – the

[Europa series](#) – is even more secure and is helping to maintain public trust in the currency.

New €100 and €200 banknotes with enhanced security features entered into circulation on 28 May 2019. This marked the completion of the Europa series, which has involved many years of preparation and cooperation within the Eurosystem.

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## **Joint Statement by the European Union and Canada on an Interim Appeal Arbitration Arrangement**

Following the successful EU-Canada Summit on July 17-18, 2019, leaders from the EU and Canada reaffirmed a shared commitment to the rules-based international order and to preserve and safeguard a functioning World Trade Organization (WTO) dispute settlement system.

Resolution of the blockage of the Appellate Body remains our clear priority. If the current impasse persists, the Appellate Body will be unable to hear new appeals after December 10, 2019.

The EU and Canada share a resolve for rapid and concerted action to address longstanding and unprecedented challenges facing the multilateral trading system, and will continue to work with all WTO members on ideas and potential solutions that seek to modernize and strengthen the WTO.

We strongly support the informal process chaired by Ambassador David Walker to hold solution-oriented discussions with a view to restoring a fully operational Appellate Body without delay. We welcome Ambassador Walker's most recent report to the General Council on July 23, and urgently call on all members to engage fully in this process. This will be critical to its success.

However, in the event these efforts are unsuccessful, due diligence commands that we work together to preserve our rights in WTO disputes. It is with this aim that the EU and Canada have agreed on an interim appeal arbitration arrangement based on existing WTO rules. The interim arrangement will apply to disputes between us in the event the Appellate Body is unable to hear appeals and will remain in effect until the Appellate Body is operational. The WTO Dispute Settlement Body has been notified of the EU-Canada interim

appeal arrangement. Taking this step ensures the details of this arrangement are circulated to all WTO members, and reinforces the EU's and Canada's shared commitment to transparency and fairness.

An effective and binding dispute settlement system, which provides for the possibility of appealing panel reports, seeks to preserve the rights and obligations of WTO members. This interim arrangement helps to preserve access to such a system, promoting security and predictability in the resolution of WTO disputes to ensure the stability of international trade. Canada and the EU are proud to have demonstrated leadership in the creation of this interim arrangement.

**For more information**

[Text of the interim appeal arrangement](#)

[EU Appellate Body reform proposal](#)

[WTO dispute settlement system](#)