

Europe's Economy: Inflation Surges, ECB Rate Cuts, and Supply Chain Woes

European Finance · Answer Key · 10 Questions

1. What was the approximate year-on-year inflation rate in the Euro area in November 2024?

- A) 1.8%
- B) 2.0%
- C) 2.2%**
- D) 2.5%

2. Which factor was identified as a primary driver for the increase in French inflation in April 2024?

- A) A decrease in energy prices
- B) A sharp rise in energy prices, notably petroleum products**
- C) Lower food inflation
- D) A decline in manufactured goods prices

3. According to the European Central Bank's projections in March 2024, what was the expected average inflation rate for the Euro area in 2024?

- A) 1.9%
- B) 2.0%
- C) 2.3%**
- D) 2.6%

4. What was the estimated GDP growth for the European Union in 2024, according to the European Commission's forecast?

- A) 0.8%
- B) 1.0%**
- C) 1.5%
- D) 2.0%

5. Which of the following was a significant obstacle reported by EU importers regarding their business activities since 2022?

- A) Excessive government subsidies
- B) Disruption in logistics and transport**
- C) Overcapacity in the manufacturing sector
- D) Lower demand for luxury goods

6. In April 2024, what was the reported year-on-year inflation rate for Germany?

- A) 2.2%
- B) 2.5%
- C) 2.9%**
- D) 3.1%

7. What action did the European Central Bank (ECB) take regarding its key interest rates in September 2024?

- A) Increased the deposit facility rate by 25 basis points
- B) Kept the deposit facility rate unchanged
- C) Lowered the deposit facility rate by 25 basis points**
- D) Introduced negative interest rates

8. Which of the following factors contributed to Germany's struggling economy in early 2024?

- A) A surplus in trade with China
- B) High energy prices and fiscal belt-tightening**
- C) Strong domestic demand
- D) Increased foreign investment

9. What was the main driver for the increase in consumer prices in France on a month-on-month basis in April 2024?

- A) A decrease in services prices
- B) A rise in the prices of services**
- C) Lower prices for transportation
- D) Stable prices for food

10. How did the Russia-Ukraine war impact energy prices in Southern and Western European countries, according to one study?

- A) They decreased by 10%
- B) They increased significantly, with Southern Europe being the most affected, rising by 22%**
- C) They remained unchanged
- D) They decreased by 5%