RED INK: PUBLIC BUDGETS REMAIN WEAK

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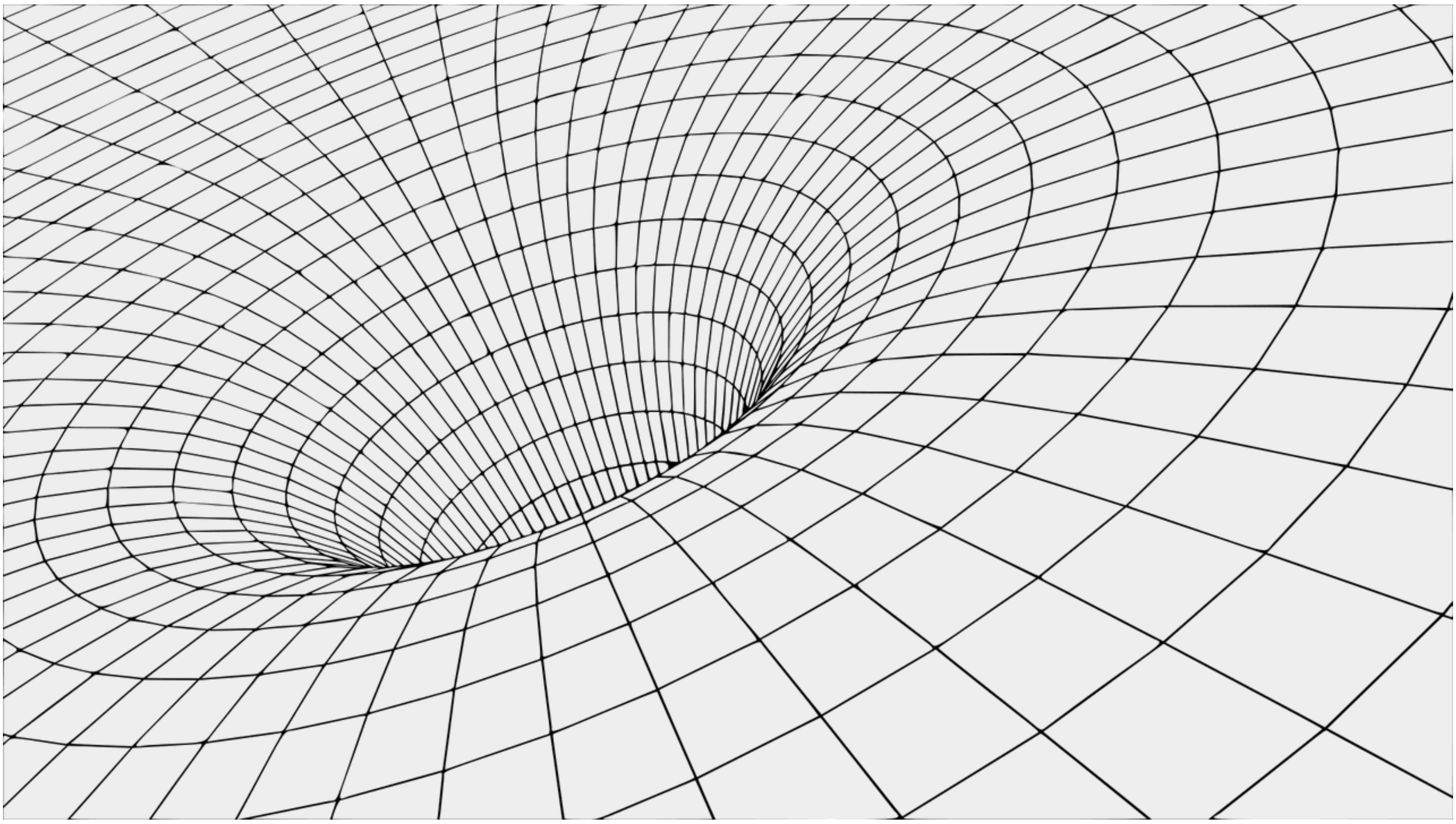

The deficit for both the EU and the euro zone have been shrinking for six quarters in a row.

Category: NEWS
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According to the second-quarter public-finance statistics from Eurostat, the consolidated budget deficit for all governments in the European Union is equal to a seasonally adjusted 1.8% of gross domestic product, GDP. The same number for the euro zone is 2.1%.

Both areas have seen improvements in public finances since the height of the pandemic economic shutdown two years ago. The deficit for both the EU and the euro zone have been shrinking for six quarters in a row.

Malta had the highest budget deficit in Q2 of this year, with a seasonally adjusted 6.6% of GDP. Spain comes in second place with a 4.2% deficit, followed by Belgium at 4.0% and Hungary and Slovakia at 3.4%.

With a seasonally adjusted 3.0% of GDP, Portugal leads the eight countries with budget surpluses. Sweden and Netherlands come in second at 2.4%, followed by Lithuania (1.9%), Estonia (1.8%), Denmark (1.2%), Austria (1.0%), and Luxembourg (0.6%).

The list of country-specific budget balances is incomplete, with data from Croatia, Cypris, Greece, and Italy missing. Those countries do, however, provide non-seasonally adjusted numbers. According to them, Greece ran a budget surplus in the second quarter equal to 3.0% of GDP. This was the first quarterly surplus for the Greek government since the fourth quarter of 2019.

Italian government finances remain in the red, with a 3.1% of GDP budget shortfall in Q2. Like Athens, the government in Rome has not run a surplus since the end of 2019.

Slovakia holds the EU record for the longest lasting deficit: its consolidated government has not seen a surplus since the first quarter of 2004.