EUROPE INTELLIGENCE BRIEF — FRIDAY, AUGUST 14, 2026

Growth Bought From Savings

Euro area output grew 0.4% in the second quarter, confirming the first estimate and matching the United States exactly. It follows a first quarter of no growth at all.

Analysts credit households that pulled back on saving rather than on spending, as real incomes dwindled. That is the trade American consumers stopped making this week.

Every item is dated at source. There is no sport.

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GROWTH AT 0.4% · LEVEL WITH AMERICA · FUNDED FROM SAVINGS

One Quarter Behind

Europe grew 0.4% last quarter and matched the United States exactly. Its households paid for that by spending savings rather than income, which is where America was a month ago.

Euro area output grew 0.4% against the previous three months and the wider European Union 0.5%, confirming the first estimate without revision. The euro area had recorded no growth at all in the first quarter.

Compared with a year earlier, output was 1.0% higher in the euro area and 1.2% across the Union. American output grew 0.4% in the same quarter, after 0.5% in the first.

Over the year the United States managed 2.1%, down from 2.7% previously. A quarter in which Europe matches America is unusual enough to state plainly.

It is also worth asking how each of them did it. A euro area breakdown is not yet published, but analysts note national figures indicate household spending increased.

> *National figures indicate that household spending increased, potentially indicating that consumers pulled back on saving rather than rein in expenditure as their real incomes dwindled.*
>
> CAPITAL ECONOMICS, ON THE SECOND-QUARTER EURO AREA FIGURES · AUGUST 14 2026

Employment rose just 0.1% across both the euro area and the Union. Productivity is estimated to have risen 0.3% and to be continuing at that pace into the current quarter.

American households spent the past four months with prices outpacing wages and their savings rate falling to a four-year low. On Friday American retail sales fell 0.6%, the steepest drop since May 2025.

Europe is running the same mechanism one quarter behind. Growth bought by drawing down savings is real growth, and it is not repeatable indefinitely.

The distribution matters as much as the total. Ireland recorded 3.9%, Lithuania 1.7% and Sweden 1.4%, with one analysis calculating the Irish rebound alone added 0.1 points to the headline.

Portugal grew 0.8% and Spain 0.7%, continuing to outpace the largest economies. Belgium and Austria stagnated entirely, and Germany, France and Italy all slowed.

The next estimate arrives on 7 September, three days before the European Central Bank's Governing Council meets on the tenth. That is very little margin for a decision of that size.

The committee also still faces Spanish inflation at 3.9% against Italian core at 1.6% and Swiss producer prices falling 2.1%. One growth rate, one mandate, several genuinely different economies.

For readers in Latin America the composition is the point. European import demand is being sustained by household balance sheets rather than rising incomes, which is a ceiling rather than a floor.

The Day At A Glance

Here is Friday's news, in order of consequence for Latin American readers. Every item is dated at source, and there is no sport.

Europe · Growth Confirmed at 0.4%

Euro area output grew 0.4% in the second quarter and the wider Union 0.5%, confirming the first estimate without revision.

Europe · From a Standing Start

The euro area had recorded no growth at all in the first quarter and the Union just 0.1%. This is the sharpest quarterly improvement in over a year.

Europe · Exactly Level With America

United States output also grew 0.4% in the quarter, after 0.5% in the first. Over the year the gap remains wide, at 2.1% against 1.0%.

Europe · Funded From Savings

Analysts note national figures indicate households increased spending by pulling back on saving rather than cutting expenditure, as real incomes dwindled.

Europe · Employment Barely Moved

The number of people in work rose just 0.1% in both the euro area and the Union, with productivity estimated up 0.3%.

Europe · Ireland Carried It

Ireland grew 3.9%, with one analysis calculating that alone added 0.1 percentage points to the headline euro area figure.

Europe · The Core Slowed

Belgium and Austria recorded no growth at all, while Germany, France and Italy all expanded more slowly than previously.

Europe · Three Days Before the Decision

The next estimate arrives 7 September, three days before the European Central Bank's Governing Council meets on the tenth.

Europe · The Spread Has Not Narrowed

Spanish harmonised inflation was revised up to 3.9% on Thursday against Italian core at 1.6% and Swiss producer prices down 2.1%.

Latin America · The Read

European import demand rests on household balance sheets rather than incomes. The same arithmetic ran out in the United States within a quarter.

The Numbers At A Glance · Europe · Friday August 14, 2026

EA Q2 growth **+0.4%** Was 0.0%	**EU** Q2 growth **+0.5%** Was 0.1%	**US** Q2 growth **+0.4%** Was 0.5%	**EA** Year on year **+1.0%** US: 2.1%
EA Employment **+0.1%** Barely moved	**IE** Fastest grower **+3.9%** Added 0.1pt	**BE** Belgium, Austria **0.0%** No growth	**EA** Next estimate **Sept 7** ECB meets 10th

OUR SIMPLE HEALTH CHECK · 10 ECONOMIES

How The Countries Are Doing

This is our simple country-by-country health check, updated Friday after euro area growth was confirmed at 0.4%. Each country is rated from 1 to 5 across five areas, where a lower number is better and a higher one means more strain.

COUNTRY	POLITICS	BUDGET	MONEY	MARKETS	OUTSIDE	WHAT'S DRIVING IT
Ireland ISEQ · euro	2	2	3	2	3	The fastest grower at 3.9% in the quarter, adding an estimated 0.1 points to the headline euro area figure on its own; a small economy with outsized statistical weight.
Spain IBEX 35 · euro	3	3	4	2	4	Grew 0.7%, outpacing the largest economies, but harmonised inflation was revised up to 3.9% with core at 3.0%, the broadest domestic pressure in the union.
Germany DAX · euro	3	4	4	2	4	Expanded but more slowly than previously; inflation at 2.8% driven almost entirely by an expired fuel rebate while core fell to 2.4%.
France CAC 40 · euro	4	4	3	2	4	Grew more slowly than in the previous quarter, with manufacturing weak and the same imported energy exposure as its neighbours.
Italy FTSE MIB · euro	3	4	3	2	4	Expanded at a slower pace, with core inflation at just 1.6% and weak industrial output; the profile of an economy that needs easing rather than tightening.
Sweden OMX · krona	1	2	1	2	2	Grew 1.4% in the quarter, among the strongest in the Union, with a policy rate of 1.75% less than half Norway's; decides again on 20 August.
Norway OSE · krone	1	1	3	2	2	Held its policy rate at 4.25% with a hawkish bias intact and wage growth easing to 3.9%; an oil exporter answering a different question.
UK FTSE 100 · pound	3	4	4	2	3	Second-quarter growth of 0.4% against 0.6% previously, with manufacturing down 0.5% in June; ten-year yields near 4.97%, far above German equivalents.
Belgium BEL 20 · euro	3	4	3	2	4	Recorded no growth at all during the quarter; wage indexation transmits energy price increases into pay faster than in neighbouring economies.
Switzerland SMI · franc	1	1	1	2	3	Producer and import prices falling 2.1% over the year, the only large European economy in outright producer deflation; a defensive market.

How to read the colours: 1 = calm, 2 = fairly good, 3 = mixed, 4 = some strain, 5 = serious strain. Each country's number is the average across the five areas. Updated August 14.

DEEP DIVE · WHEN THE SAVINGS RUN OUT · 04

GROWTH AT 0.4% · EMPLOYMENT AT 0.1% · INCOMES FALLING

Three Ways European Demand Develops

Three ways European household demand could develop through 2027, given that this quarter's growth appears to have been funded from savings. The chances add up to 100%.

Part 1 · What the Composition Says

Euro area output grew 0.4% while employment rose just 0.1% and real incomes dwindled. Analysts read the national figures as households pulling back on saving rather than on spending.

That is a specific and finite mechanism. A savings buffer can fund one quarter of consumption, or two, but not a trend.

The United States ran the identical experiment and it ended this week. Four months of prices beating wages, a savings rate at a four-year low, and then retail sales down 0.6%.

Europe has the same inputs and is one quarter behind on the timeline. That is the case for reading this growth figure as a ceiling.

> *Retail sales fell 0.6% in July from the prior month, the steepest drop since May 2025, while consumer sentiment declined about 8% to a preliminary reading of 51.*
>
> UNITED STATES COMMERCE DEPARTMENT AND UNIVERSITY OF MICHIGAN · AUGUST 14 2026

Part 2 · Possibility A — Incomes Catch Up (40%)

In this case energy prices ease, inflation falls back toward core levels, and real wages turn positive before savings are exhausted. Consumption transitions from balance sheet to income.

European demand holds through 2027. For Latin American exporters it is the outcome worth hoping for and the most likely single one.

Part 3 · Possibility B — The Buffer Empties (35%)

Here savings run down before incomes recover, and European retail follows the American pattern within two or three quarters. Growth returns toward the zero it recorded in the first quarter.

Import demand weakens materially. For the region it means planning for a softer European customer through next year.

Part 4 · Possibility C — The Bank Tightens First (25%)

In this path Spanish inflation at 3.9% forces a response, and rates rise into economies whose core is already at 1.6% and whose households are already spending savings. Both ends of the union suffer.

Demand falls faster than in either other case. It is the scenario in which one interest rate does the most damage.

POSSIBILITY	CHANCE	HOUSEHOLDS	GROWTH	WHAT IT MEANS FOR LATIN AMERICA

A · Incomes catch up	40%	Spend from wages	Holds	European demand sustained
B · Buffer empties	35%	Stop spending	Falls back	Softer customer through 2027
C · Bank tightens first	25%	Squeezed twice	Contracts	Where one rate does most damage

Source: Rio Times desk · drawing on Eurostat, Capital Economics, Euronews, the United States Commerce Department and the University of Michigan. Not financial advice.

WHAT WE ARE WATCHING · 05

OUR OPINION ONLY · NOT FINANCIAL ADVICE

Eight Things We Are Watching

These are just our own opinions, not financial advice. In short: we read this growth figure as a ceiling rather than a floor, because its funding source is finite and the American version of the same trade ended this week.

WHAT	HOW WE SEE IT	OVER WHAT PERIOD	WHY
European household demand	▼ CAREFUL	12 months	Growth funded from savings with employment up just 0.1% is finite by construction.
European monetary policy	▼ CAREFUL	12 months	A decision on 10 September rests on figures revised three days earlier.
Latin American export demand	▼ CAREFUL	18 months	The European customer is spending a buffer, and the American one just stopped.
Irish assets	◆ MIXED	12 months	A 3.9% quarter that moved the whole euro area headline is statistical weight, not breadth.
Spanish assets	◆ MIXED	12 months	Growing 0.7% with harmonised inflation at 3.9% and core at 3.0% is an uncomfortable pair.
Italian industry	▼ CAREFUL	18 months	Slower growth with core inflation at 1.6% is the profile of an economy needing easing.
Swedish assets	▲ POSITIVE	12 months	Growth of 1.4% on a policy rate of 1.75%, with its own decision due on 20 August.
European industrial core	▼ CAREFUL	18 months	Germany, France and Italy all slowed while Ireland and the periphery carried the headline.

POWER PLAYERS · 06

SIX FORCES · IN THE NEWS TODAY

Six Forces Shaping The News

Six institutions and forces whose decisions reach Latin American desks.

Eurostat

Data · European Union

It confirmed euro area growth of 0.4% and Union growth of 0.5% for the second quarter without revision. Its next estimate lands three days before the rate decision.

European households

Consumers · Euro area

They increased spending while real incomes fell, which analysts read as a drawdown of savings. That is the single most important fact in Friday's release.

The European Central Bank

Monetary policy · Euro area

Its Governing Council meets on 10 September on figures revised on the seventh. It faces Spanish inflation at 3.9% and Italian core at 1.6% under one rate.

Ireland's economy

Growth · Ireland

It expanded 3.9% in the quarter, with one analysis calculating that alone added 0.1 percentage points to the headline euro area figure. Statistical weight rather than continental breadth.

American consumers

Demand · United States

Their retail spending fell 0.6% in July, the steepest drop since May 2025, after four months of prices beating wages. Europe is running the same trade one quarter behind.

Capital Economics

Analysis · United Kingdom

It identified the savings drawdown behind the European figures and expects moderate growth through the second half. Its reading is the one that makes the quarter legible.

DAILY BRIEFING · 07

BY COUNTRY · GROWTH · PRICES · POLICY · MARKETS

The Day, Country By Country

Thirteen items selected for what they change for a Latin American reader. Every item is dated at source, and there is no sport.

EUROPE — THE GROWTH FIGURES

Euro Area Confirmed at 0.4%

Seasonally adjusted output grew 0.4% in the euro area and 0.5% in the European Union against the previous quarter, confirming the first estimate without revision. Sources: Eurostat · August 14.

From No Growth at All

The euro area had recorded no growth in the first quarter and the Union 0.1%; over the year output was 1.0% higher in the euro area and 1.2% across the Union, after 0.5% and 0.8%. Sources: Eurostat · August 14.

Level With the United States

American output grew 0.4% in the same quarter after 0.5% in the first, though over the year the United States managed 2.1% against 1.0%, down from 2.7% previously. Sources: Eurostat · August 14.

Employment Barely Moved

The number of employed persons rose 0.1% in both the euro area and the Union, after the same increase in the euro area and no change in the Union in the first quarter. Sources: Eurostat · August 14.

EUROPE — WHERE IT CAME FROM

Households Spent Their Savings

A euro area breakdown is not yet published, but analysts note national figures indicate household spending increased, potentially indicating consumers pulled back on saving rather than reining in expenditure as real incomes dwindled. Sources: Capital Economics via Investing.com · August 14.

Productivity Up 0.3%

Measures of productivity are estimated to have increased 0.3% and to be continuing that trend at the start of the current quarter. Sources: Capital Economics via Investing.com · August 14.

EUROPE — THE DISTRIBUTION

Ireland Carried the Headline

Ireland recorded 3.9% quarterly growth, followed by Lithuania at 1.7% and Sweden at 1.4%, with one calculation putting the Irish contribution to the euro area headline at 0.1 percentage points. Sources: Euronews citing Pantheon Macroeconomics · July 30.

The Periphery Outgrew the Core

Portugal grew 0.8% and Spain 0.7%, while Belgium and Austria stagnated entirely and Germany, France and Italy all expanded more slowly than previously. Sources: Euronews · July 30.

EUROPE — THE POLICY CALENDAR

Three Days Before the Decision

The next estimate of these figures arrives on 7 September, three days before the European Central Bank's Governing Council meets on 10 September. Sources: Eurostat release schedule · August 14.

An Inflation Spread Still Open

Spanish harmonised inflation was revised up to 3.9% on Thursday against 2.9% in Italy with core at 1.6%, 2.8% in Germany and Swiss producer prices down 2.1%. Sources: national statistics offices · August 13.

BRITAIN · THE NORDICS

Britain Slower and Honest About It

Second-quarter output grew 0.4% against 0.6% in the first, with manufacturing down 0.5% in June; the statistics office credited the monthly improvement partly to fewer firms mentioning the Gulf conflict during a ceasefire. Sources: Office for National Statistics · August 13.

Norway Holds, Sweden Next

Norway left its policy rate at 4.25% on Thursday with a hawkish bias intact, while Sweden sits at 1.75% and decides on 20 August, having grown 1.4% in the quarter. Sources: Norges Bank, Eurostat · August 13-14.

Two Neighbours, One Lesson

A two and a half point policy gap between adjacent economies, one an oil exporter and one not, is the clearest available illustration of setting your own rate. Sources: Rio Times desk · August 14.

SECTOR WATCH · CALENDAR

Pipeline, Sectors, And The Calendar

ITEM	TYPE	WHEN	STATUS
Euro area Q2 growth	Data	Today	+0.4% confirmed
EU Q2 growth	Data	Today	+0.5%
US Q2 comparison	Data	Today	+0.4%, level
Euro area employment	Data	Today	+0.1%
Savings drawdown	Analysis	Today	Behind the growth
Ireland	Data	Q2	+3.9%, led
Belgium, Austria	Data	Q2	No growth
Next estimate	Data	Sept 7	Before ECB
ECB Governing Council	Policy	Sept 10	Decision due
Swedish rate decision	Policy	Aug 20	At 1.75%

Sector Watch · Four Things to Track

A FINITE FUNDING SOURCE

Growth funded from savings with employment up 0.1% cannot repeat indefinitely. That makes this a ceiling rather than a floor.

THE AMERICAN PRECEDENT

Four months of prices beating wages, a savings rate at a four-year low, then retail sales down 0.6%. Europe has the same inputs.

A HEADLINE CARRIED BY ONE COUNTRY

Ireland's 3.9% added an estimated 0.1 points to the euro area figure. The industrial core slowed.

THREE DAYS OF MARGIN

The rate decision on 10 September rests on figures revised on the seventh. That is very little room.

Calendar · Next 30 Days

DATE	EVENT	WHY IT MATTERS
Aug 20	Swedish rate decision	At 1.75%, against Norway's 4.25%
Sept 7	Next euro area estimate	Three days before the decision
Sept 10	ECB Governing Council	On figures revised the week before
Coming quarters	European household savings	The funding source behind this growth
Coming months	Real income growth	Whether it turns positive before buffers empty
Ongoing	The inflation spread	Spain 3.9%, Italian core 1.6%
Ongoing	German, French, Italian output	All slower than in the previous quarter

Ongoing	Irish statistical weight	One country moved the whole headline
Ongoing	British manufacturing	Down 0.5% in June and still contracting
Ongoing	European import demand	Sustained by balance sheets, not incomes

WHERE EUROPE STANDS · OUR TAKE

What Today Tells Us

Our take after Friday is that Europe bought a good quarter from its households' savings. That is real growth with a finite funding source.

Euro area output grew 0.4% and the wider Union 0.5%, confirming the first estimate without revision, after a first quarter of no growth at all. American output grew 0.4% in the same period.

Over the year the United States managed 2.1% against Europe's 1.0%. A quarter in which the two are level is unusual enough to state plainly.

The composition explains it. Analysts read the national figures as households increasing spending by pulling back on saving rather than cutting expenditure, while real incomes dwindled and employment rose just 0.1%.

The United States ran the identical experiment and it ended this week, with retail sales down 0.6% after four months of prices beating wages. Europe is one quarter behind on the same timeline.

The distribution is uncomfortable too. Ireland's 3.9% added an estimated 0.1 points to the headline while Belgium and Austria stagnated and the three largest economies all slowed.

The next estimate arrives 7 September, three days before the rate decision on the tenth. The committee still faces Spanish inflation at 3.9% and Italian core at 1.6% under one rate.

For readers in Latin America this is a ceiling rather than a floor. European import demand is resting on household balance sheets, and that arithmetic has just run out somewhere else.

Sources & Method

EURO AREA — GROWTH	Eurostat euro indicators release of 14 August 2026 · InvestingLive · (English).
ANALYSIS	Capital Economics via Investing.com · Pantheon Macroeconomics via Euronews · July 30-August 14 2026 (English).
MEMBER STATE DETAIL	Euronews · national statistics offices · July 30 2026 (English).
UNITED KINGDOM	Office for National Statistics · Reuters · August 13 2026 (English).
NORDICS	Norges Bank · Sveriges Riksbank · August 13-14 2026 (Norwegian/Swedish/English).
PRICES	Instituto Nacional de Estadistica · Istat · Statistisches Bundesamt · Swiss Federal Statistical Office · August 12-13 2026.
US COMPARISON	United States Commerce Department · University of Michigan · CNN · August 14 2026 (English).
DATING NOTE	The euro area growth confirmation and employment figures are August 14; the member state detail is from the 30 July preliminary release; the British and Nordic figures are August 13; the inflation comparisons are August 12-13.

Method. We select only those items that change what a Latin American investor should think or do. Every item carries its own date, and growth figures are given with their reference quarter and whether preliminary, second estimate or final. Where a euro area breakdown has not been published we say so rather than inferring one. The country health check was updated August 14. There is no sport, and the opinions are our own — not financial advice.

All times local unless noted

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