



European  
Commission



# EUROPEAN ECONOMIC FORECAST

## Winter 2019

7 FEBRUARY 2019

**PIERRE MOSCOVICI**

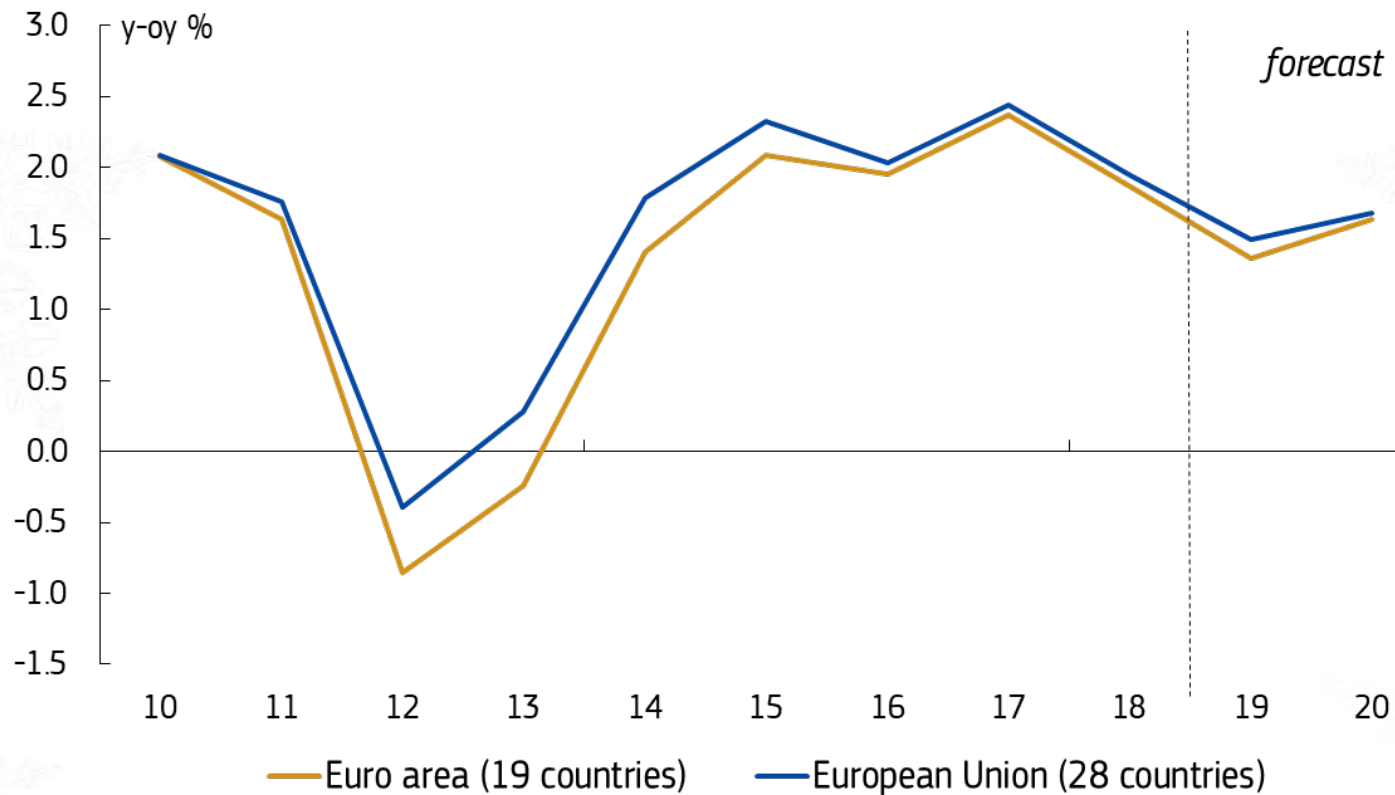
Commissioner for Economic and Financial Affairs, Taxation and Customs

# Key messages from the Winter 2019 (interim) Forecast

1. Economic growth continues, but moderates
2. Euro area impacted by both world trade slowdown and domestic factors
3. Labour market developments remain positive
4. Core inflation is expected to move up gradually
5. The forecast remains subject to uncertainty

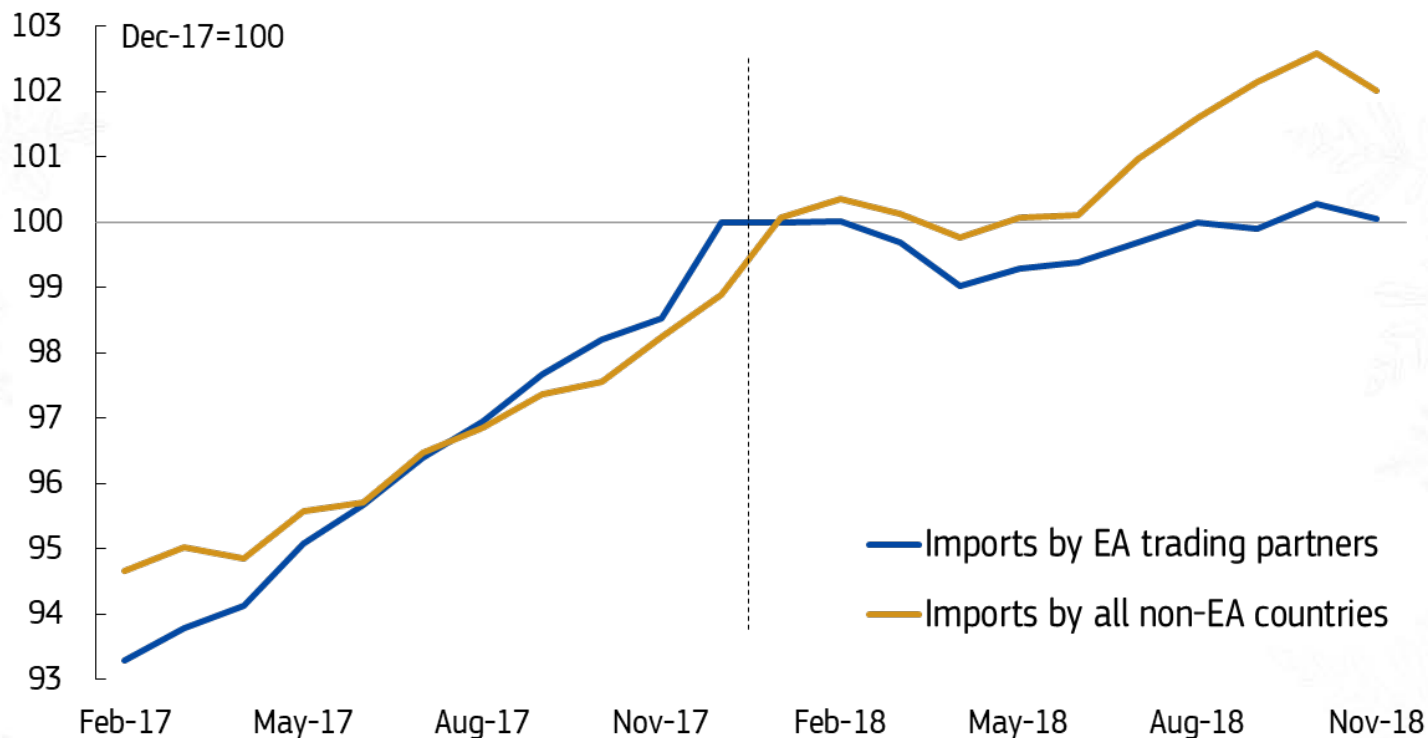
# Expansion continues, but moderate

Real GDP growth (2010-2020)



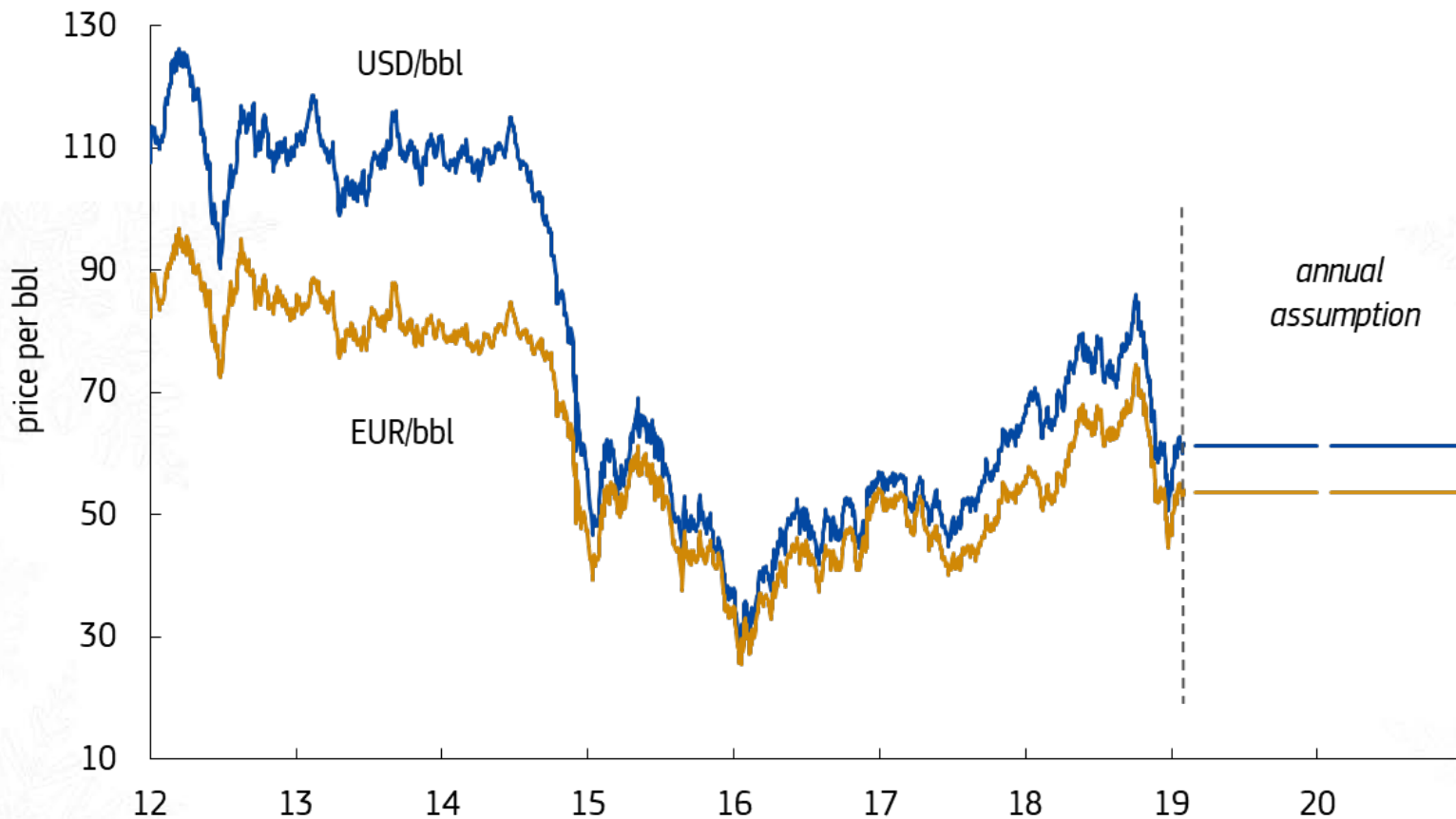
# Export markets composition impacts euro area exports

Export markets demand (3-months moving average)



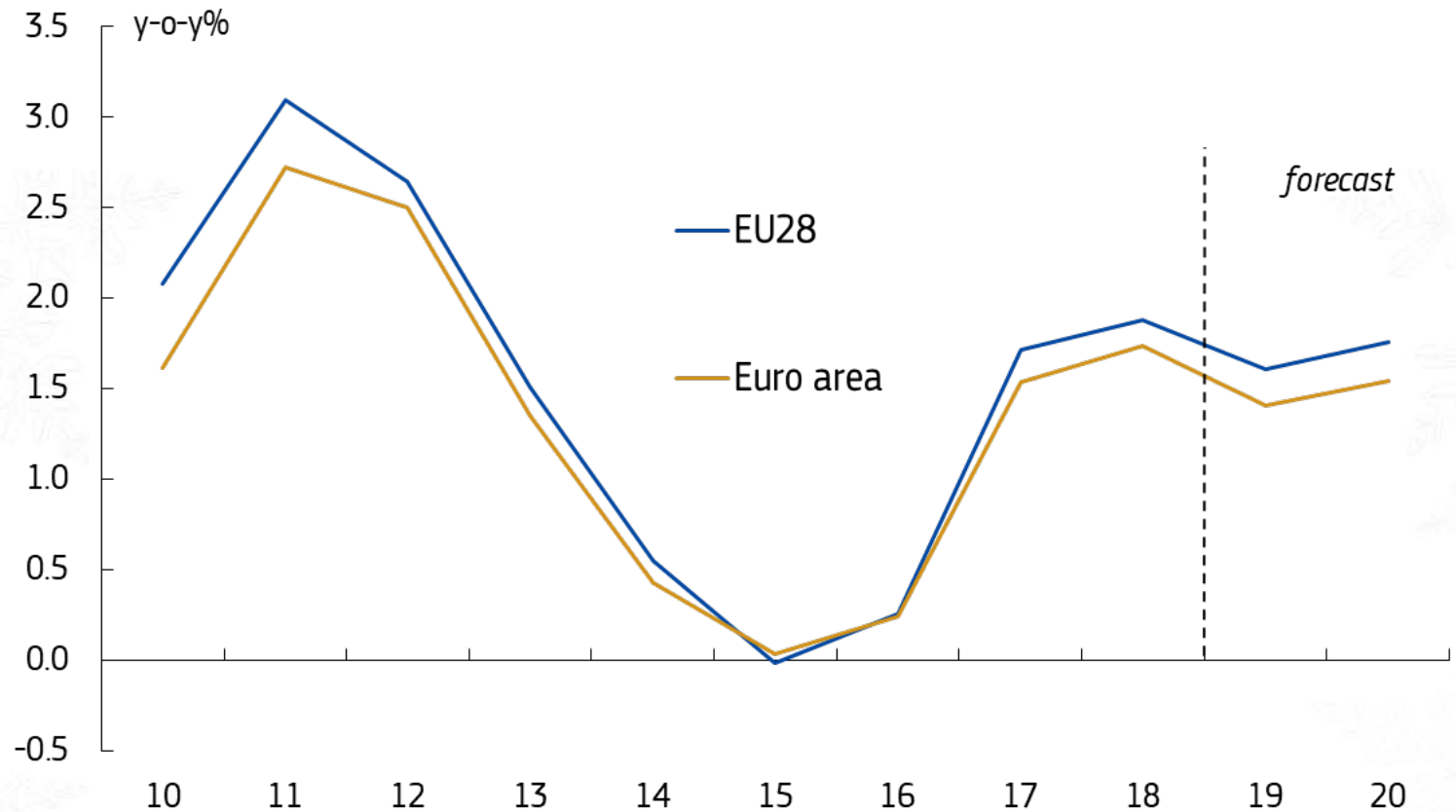
Source: CPB. Own calculations.

# Oil prices have dropped and are set to remain low



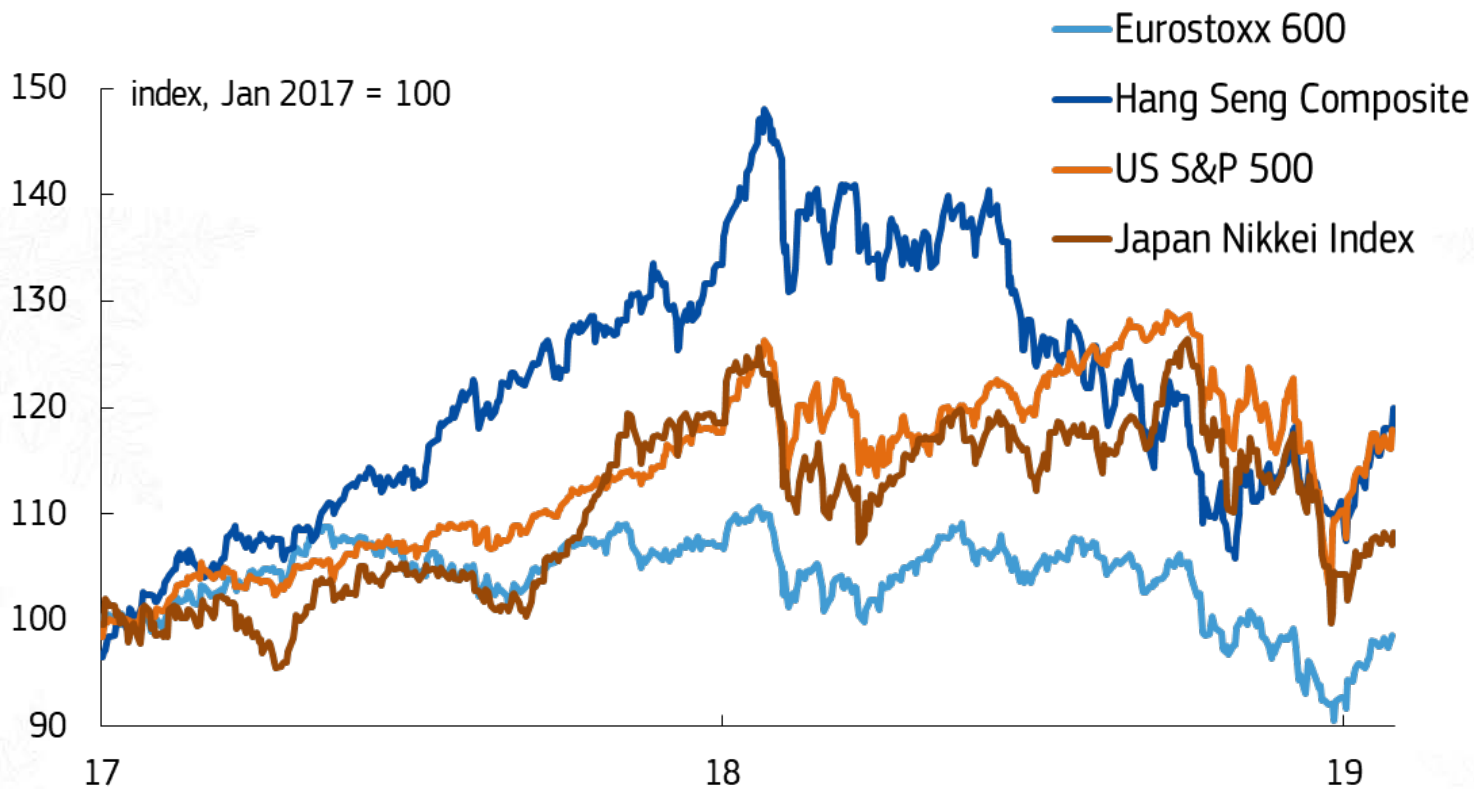
# Energy prices are driving inflation lower

Harmonised indices of consumer prices (HICP), 2010-2020



# Financial markets have been volatile

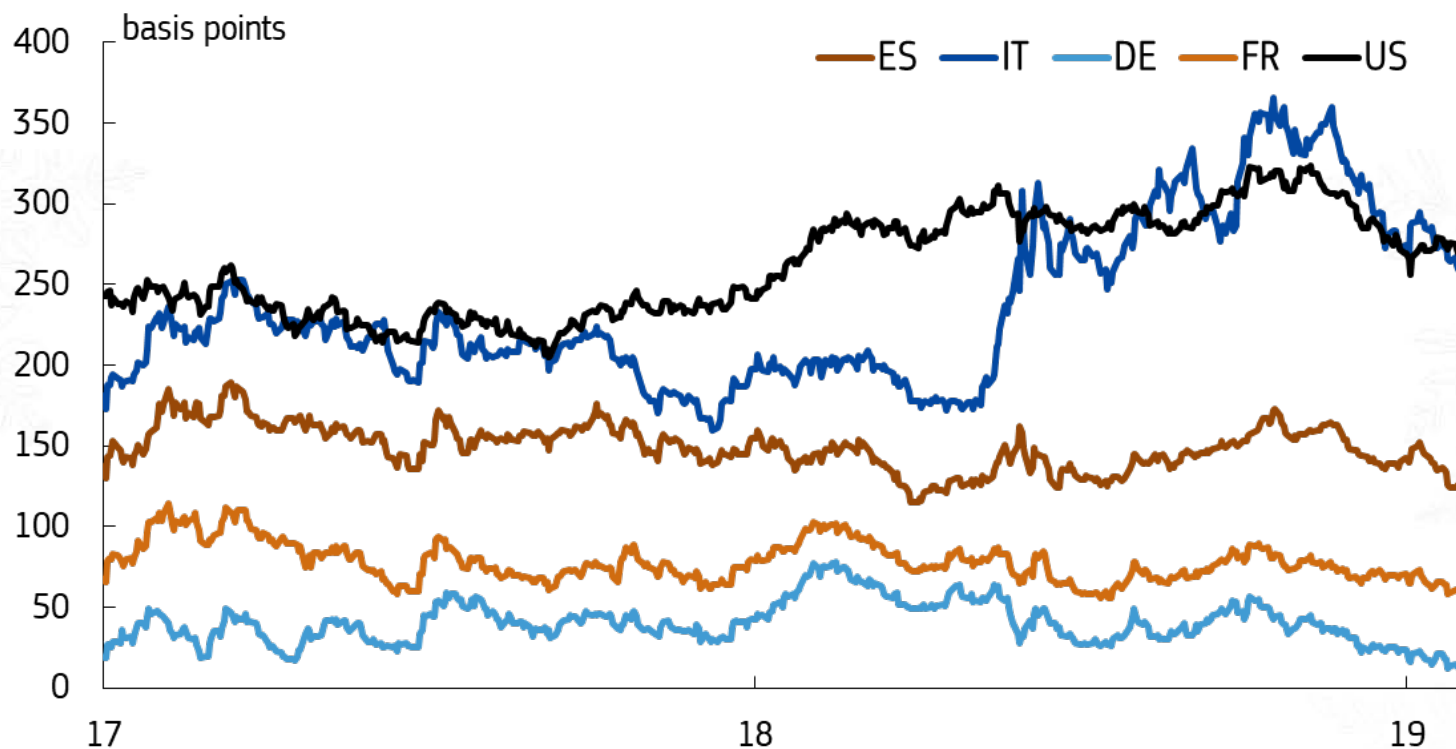
Stock markets



Source: Macrobond.

# Financial markets have been volatile

## 10-year government bond yields

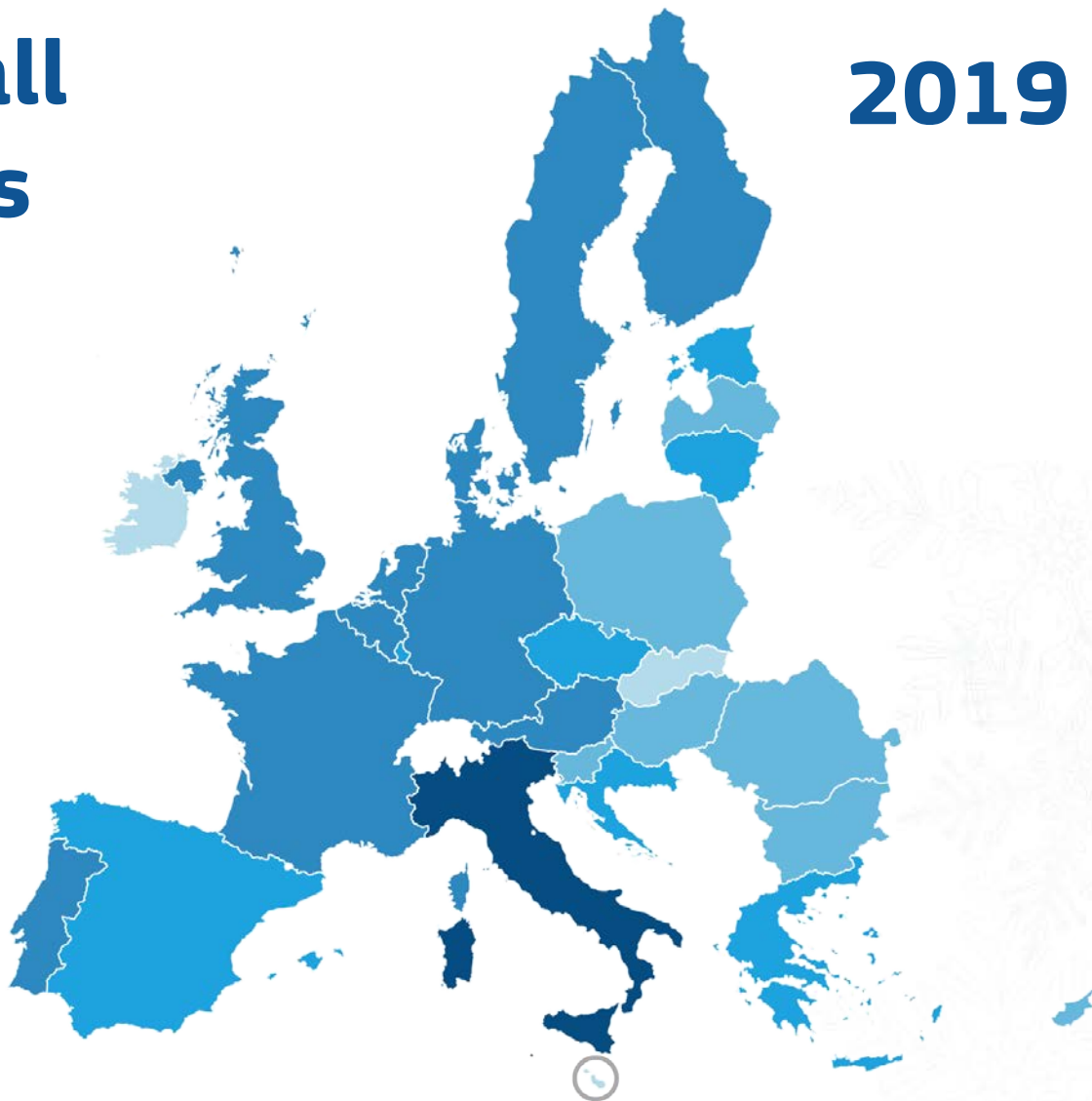
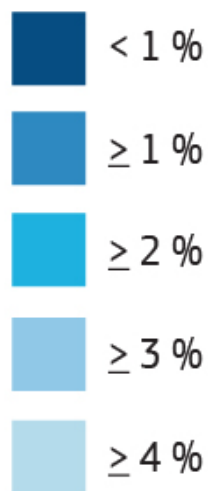


Source: Macrobond.



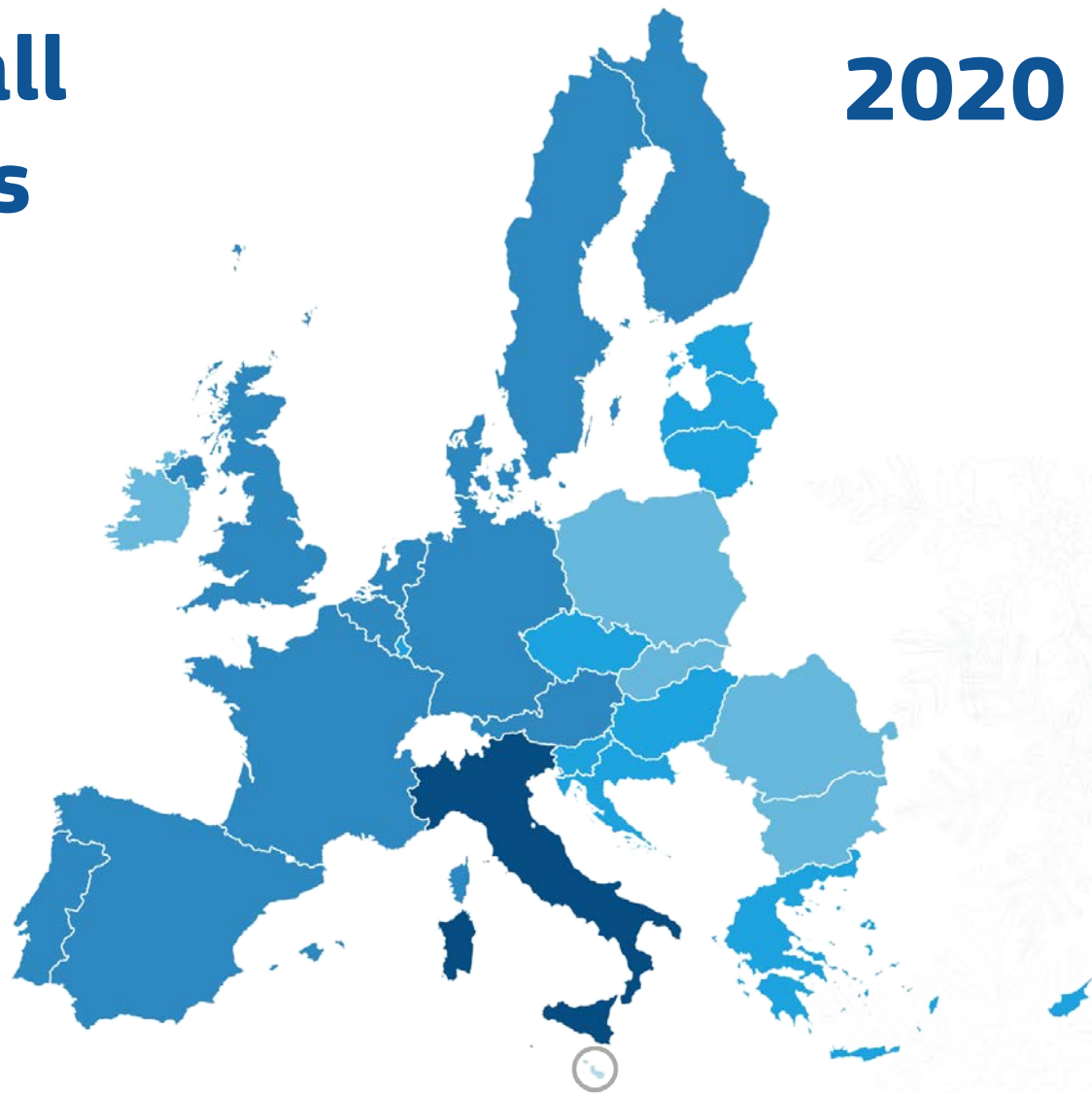
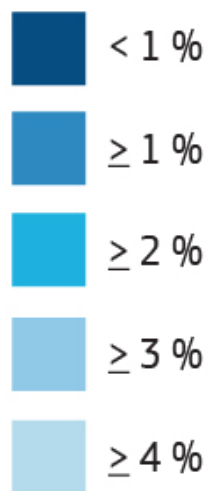
# Expansion in all Member states

2019



# Expansion in all Member states

2020



# Uncertainty and downside risks

- Further escalation in trade tensions
- Sharper slowdown in China
- Re-assessment of financial markets risks
- Policy uncertainty in some Member States, including Brexit