



EUROPEAN ECONOMIC FORECAST

Winter 2020

#ECForecast

13 FEBRUARY 2020

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Commissioner for the Economy

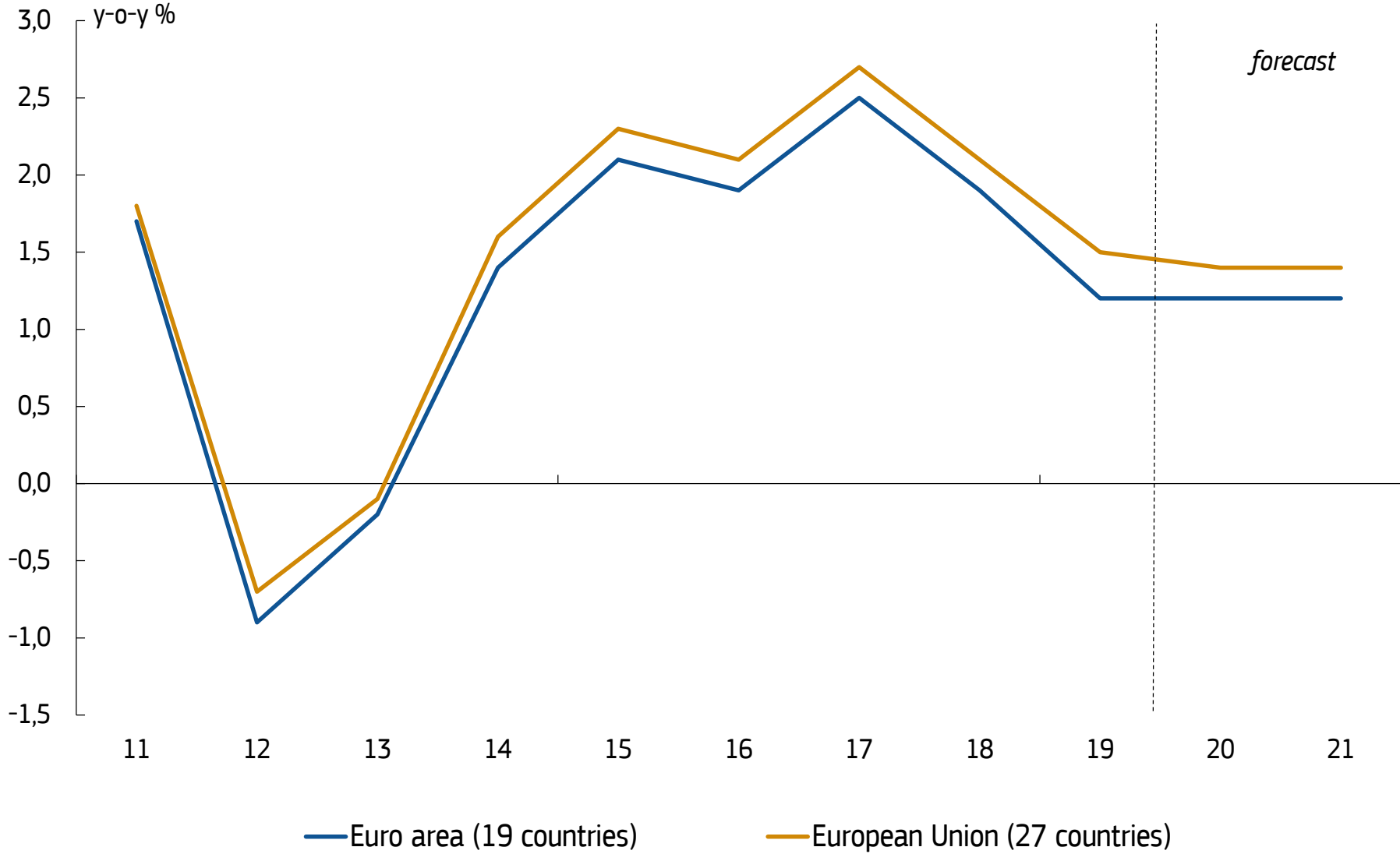


Key messages from the Winter 2020 Forecast

1. Moderate growth to continue, driven by domestic demand
2. Negative forces are offsetting positive ones
3. Inflation forecast revised marginally higher
4. New downside risks have emerged

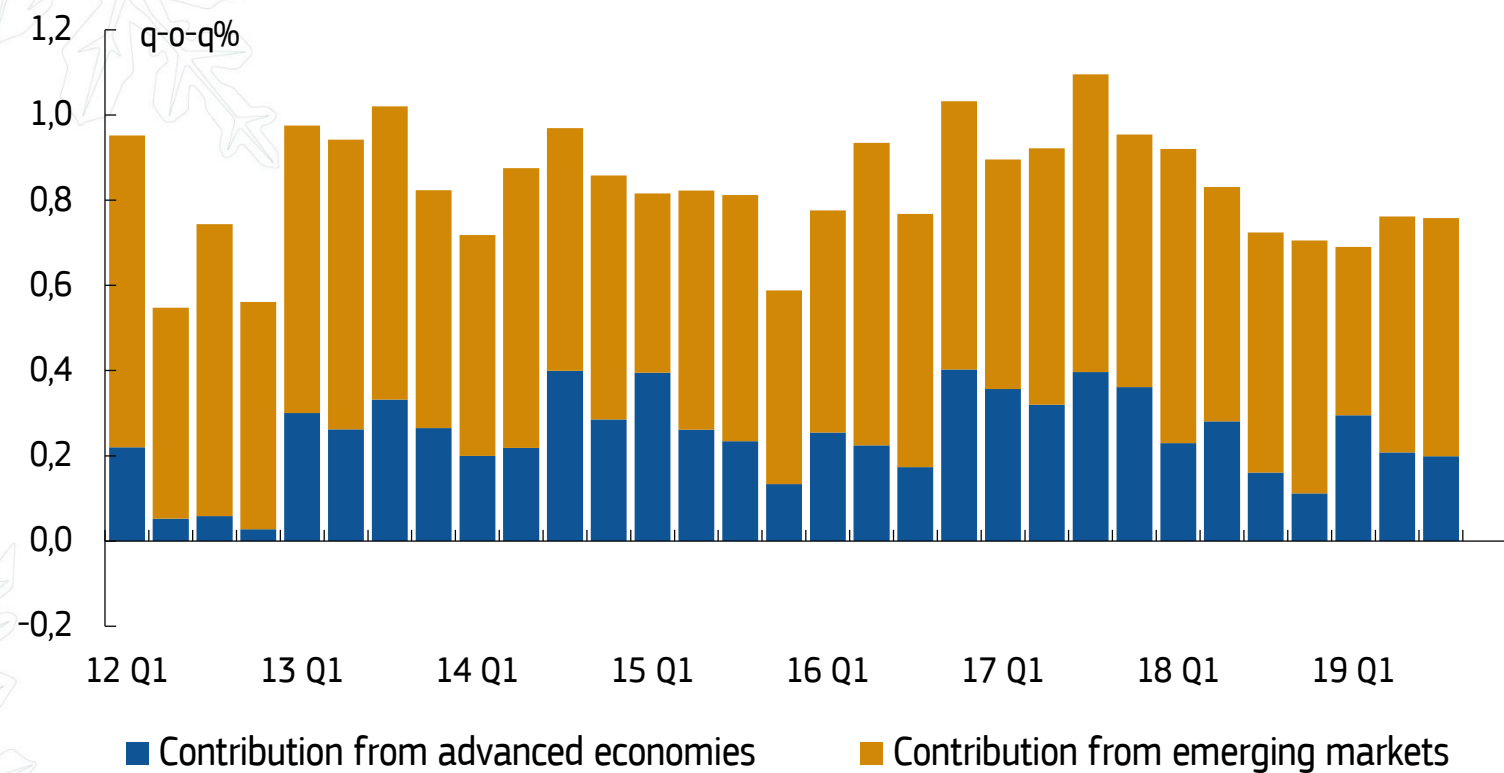
European GDP growth stable at subdued levels

Real GDP growth (2011-2021)

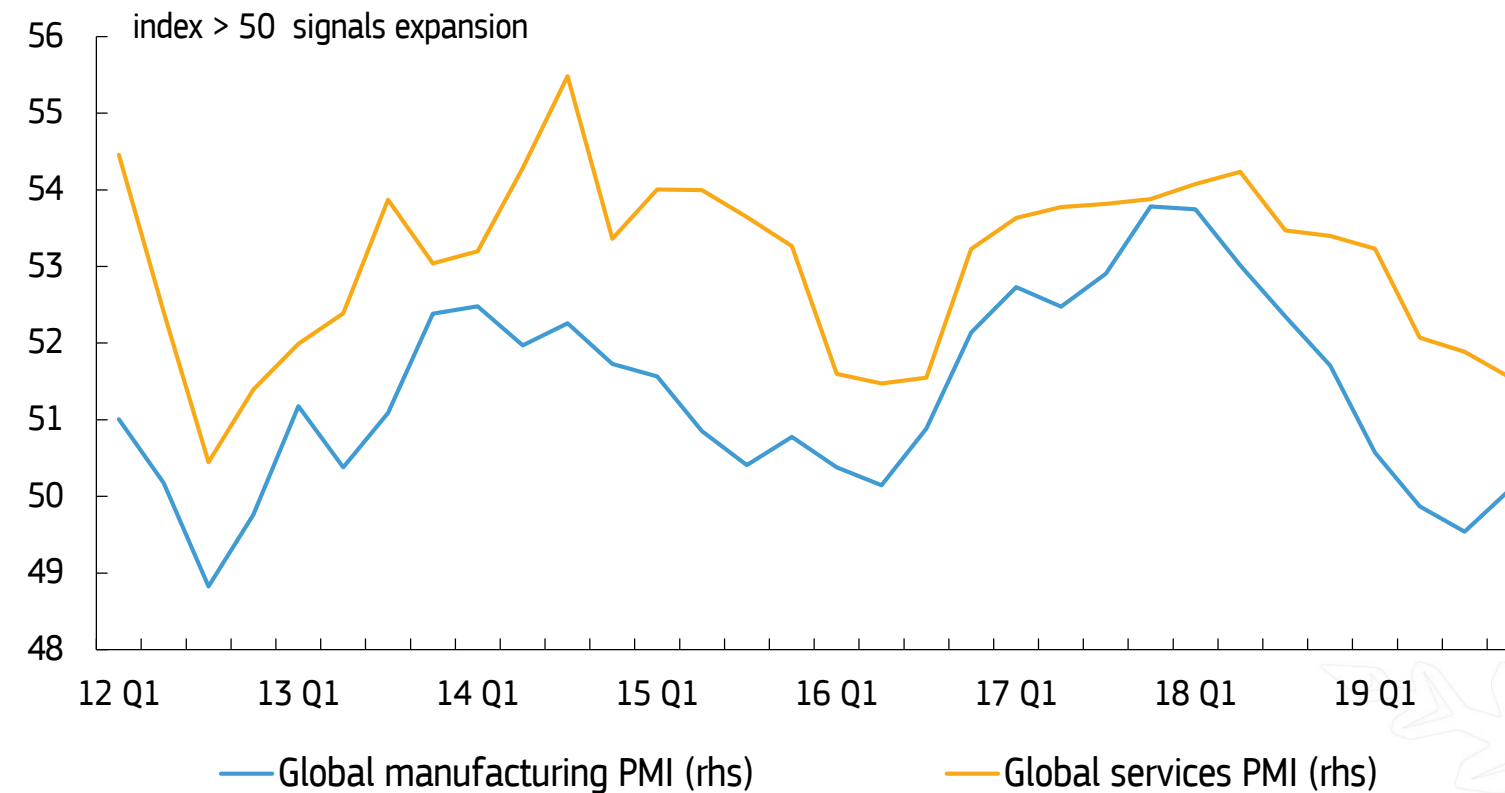


Tentative signs of stabilisation in the global economy

Growth of global GDP

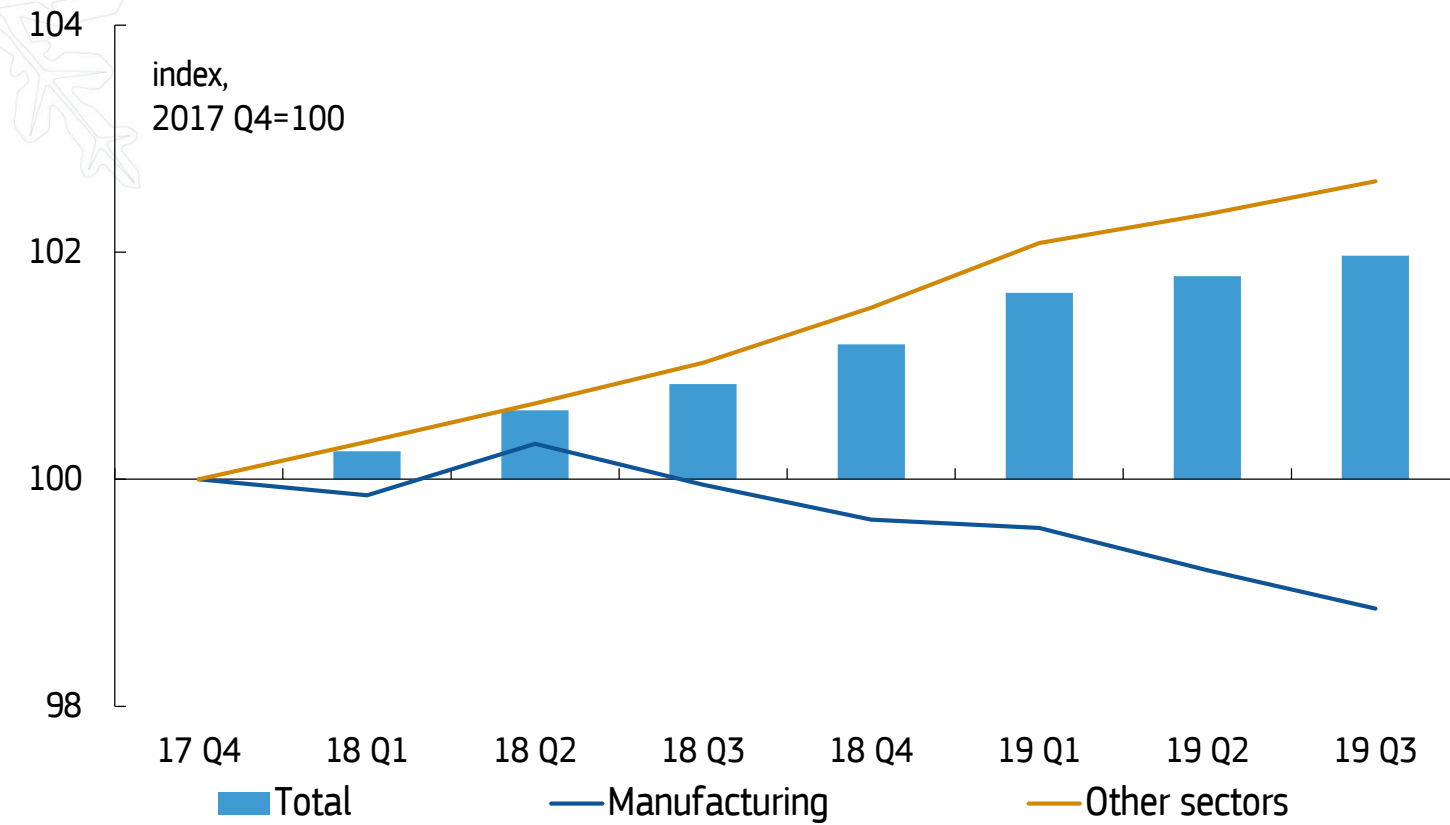


Global Purchasing Managers' Index (PMI)

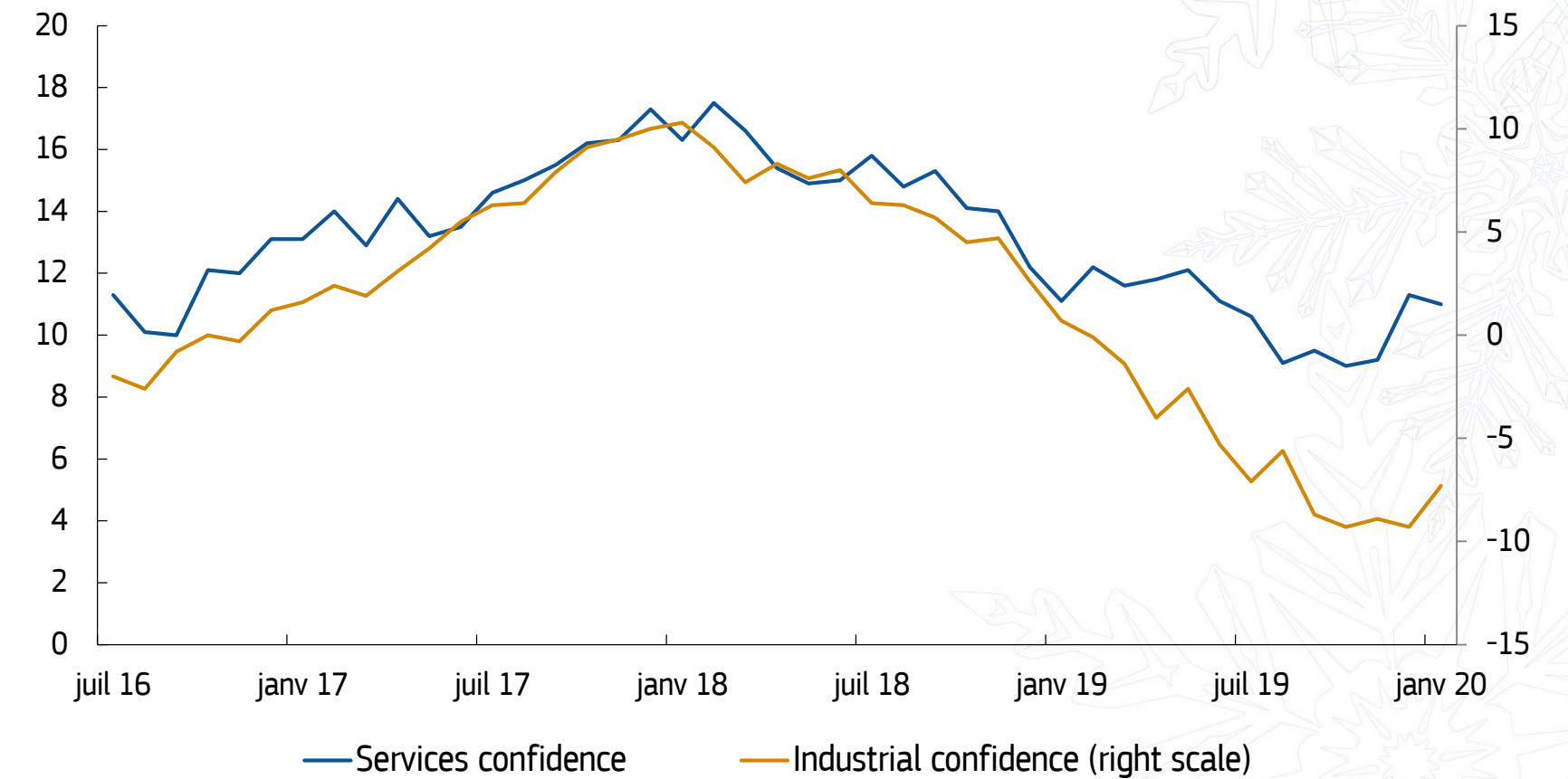


Manufacturing: mixed signals

Gross value added by sector, euro area

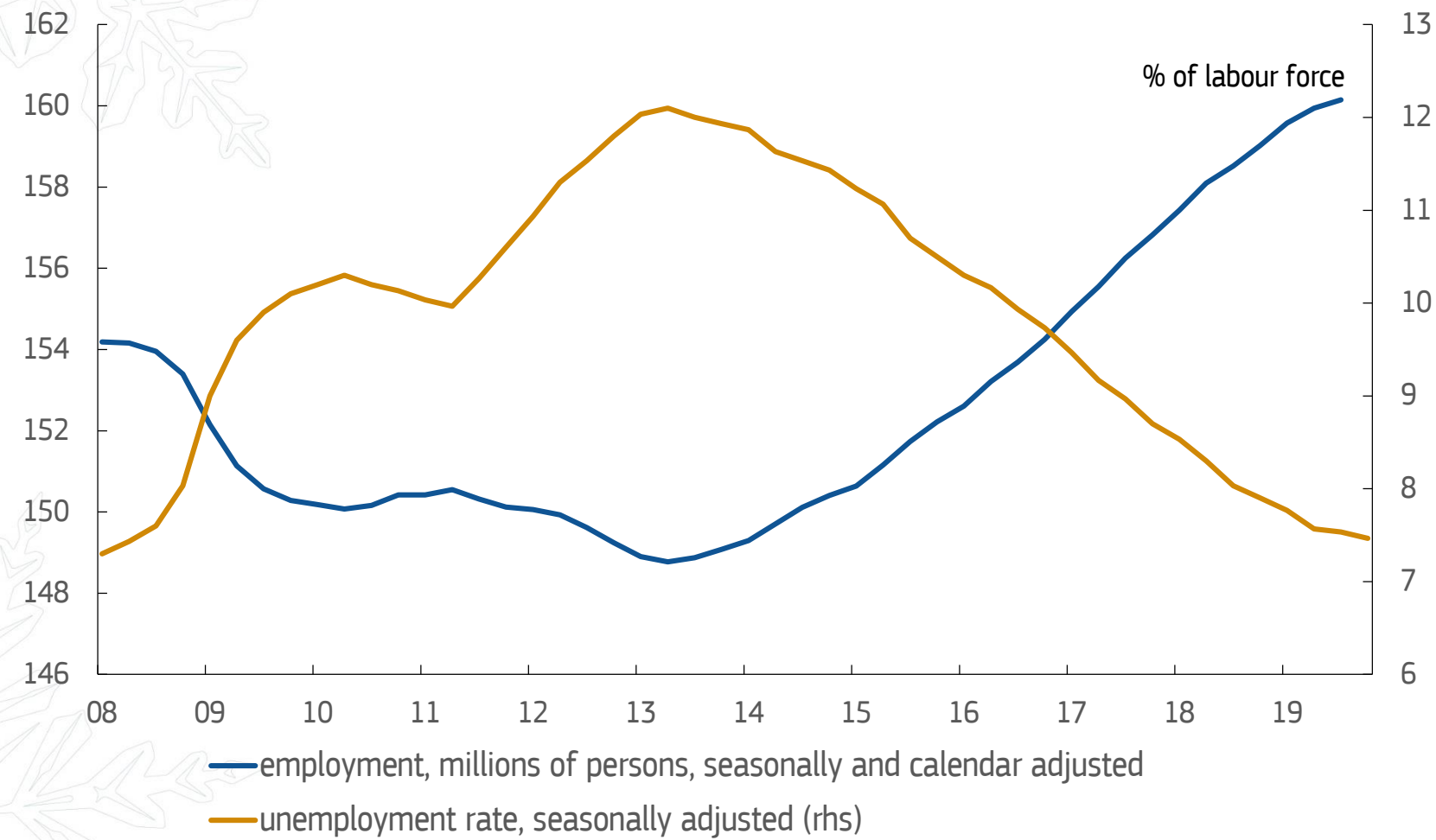


Euro area, European Commission Business and Consumer Surveys

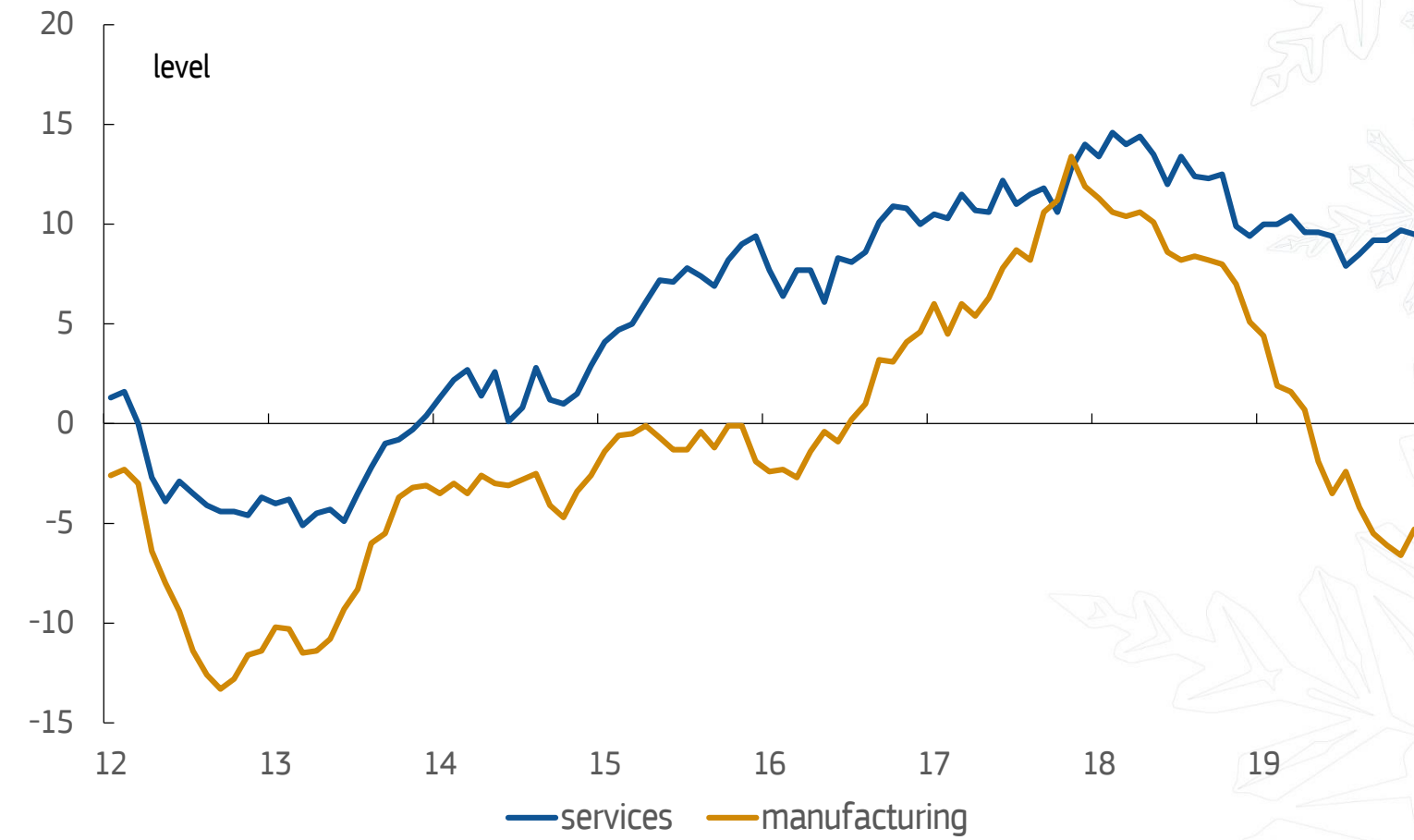


Labour market holding up

Employment and unemployment rate, euro area

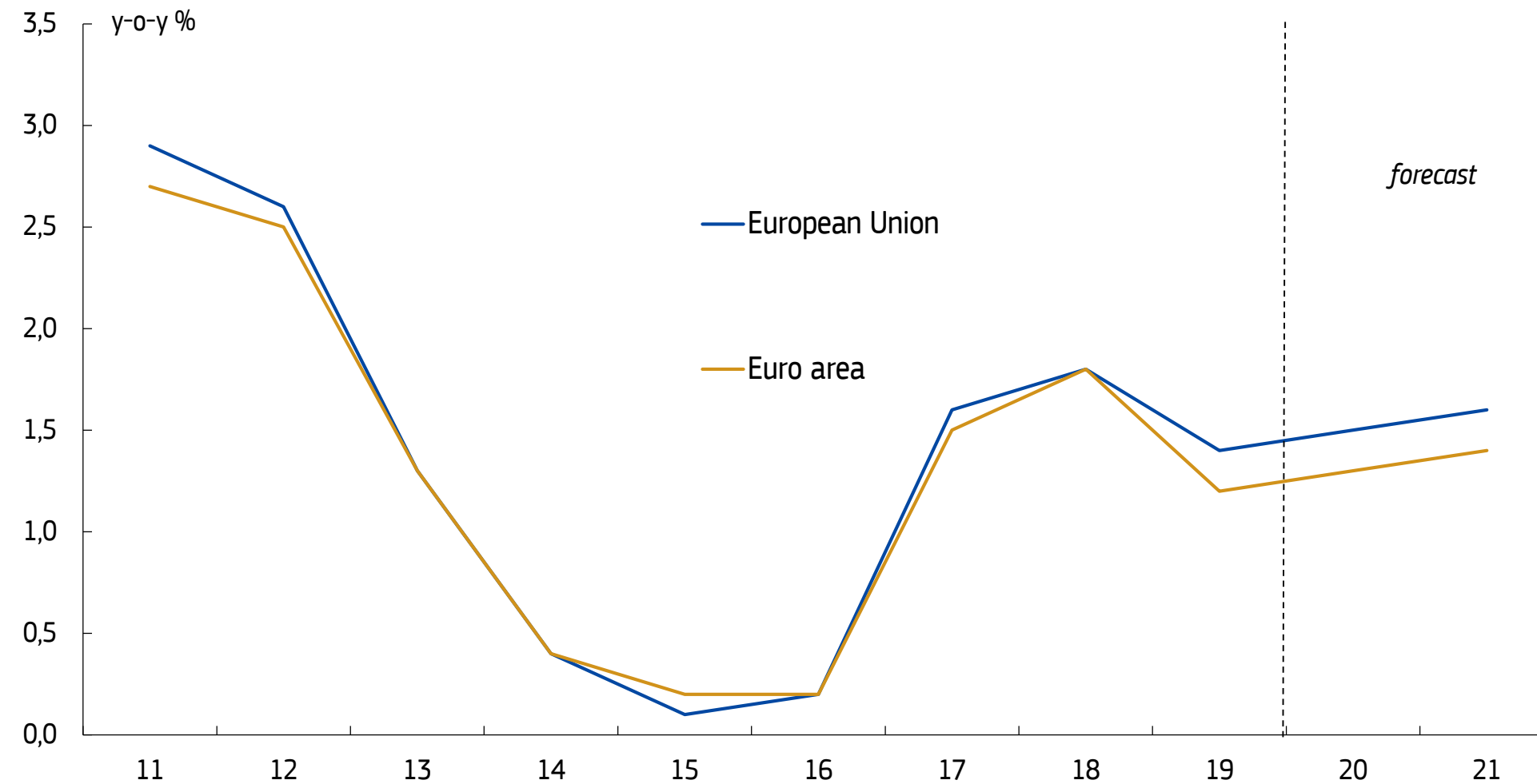


Employment expectations in sectors, euro area

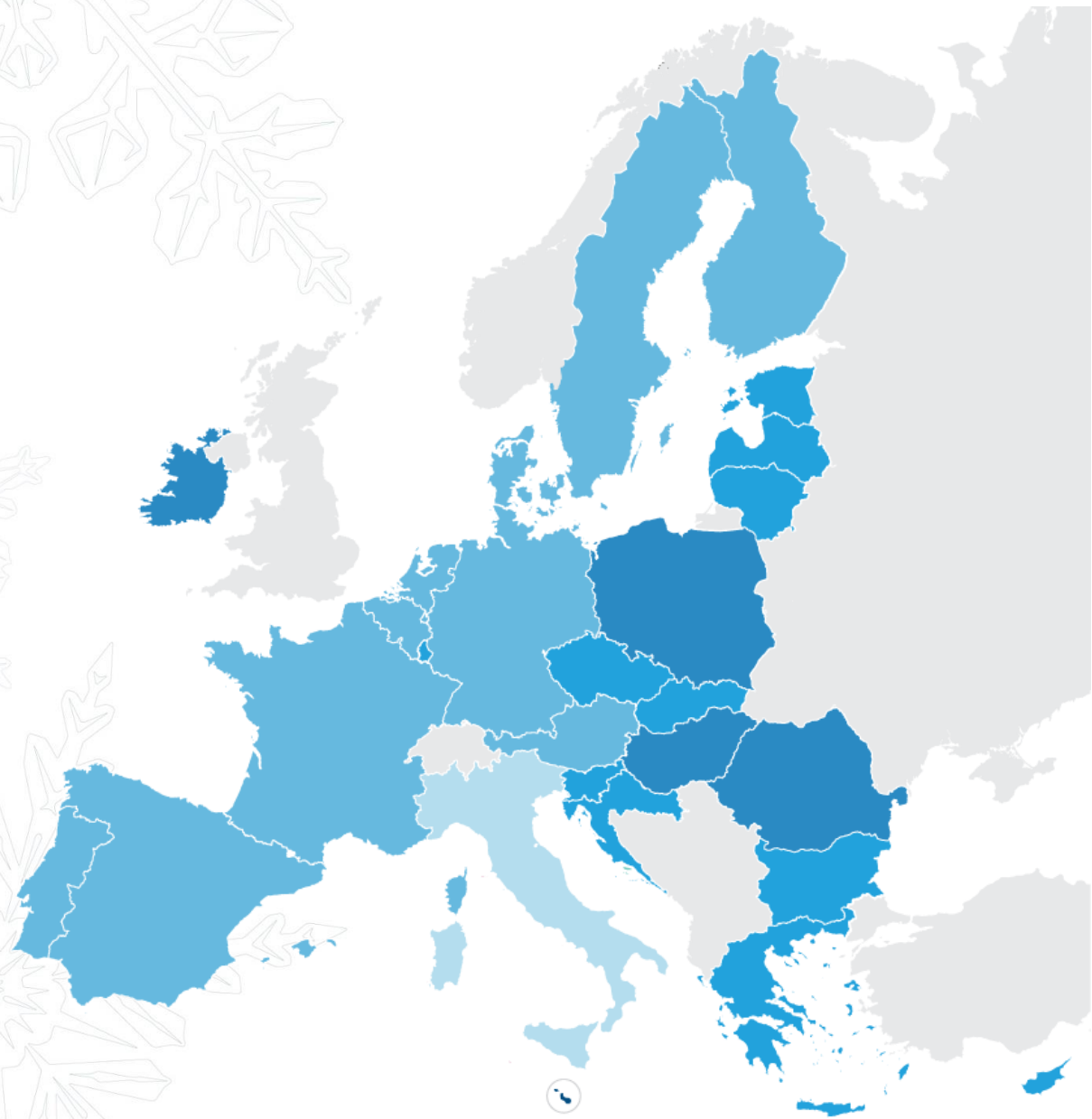


Inflation revised up marginally

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

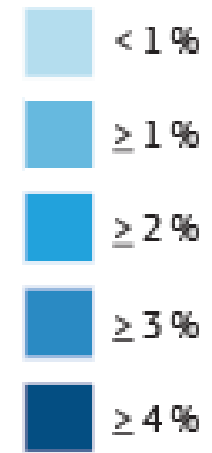


2020

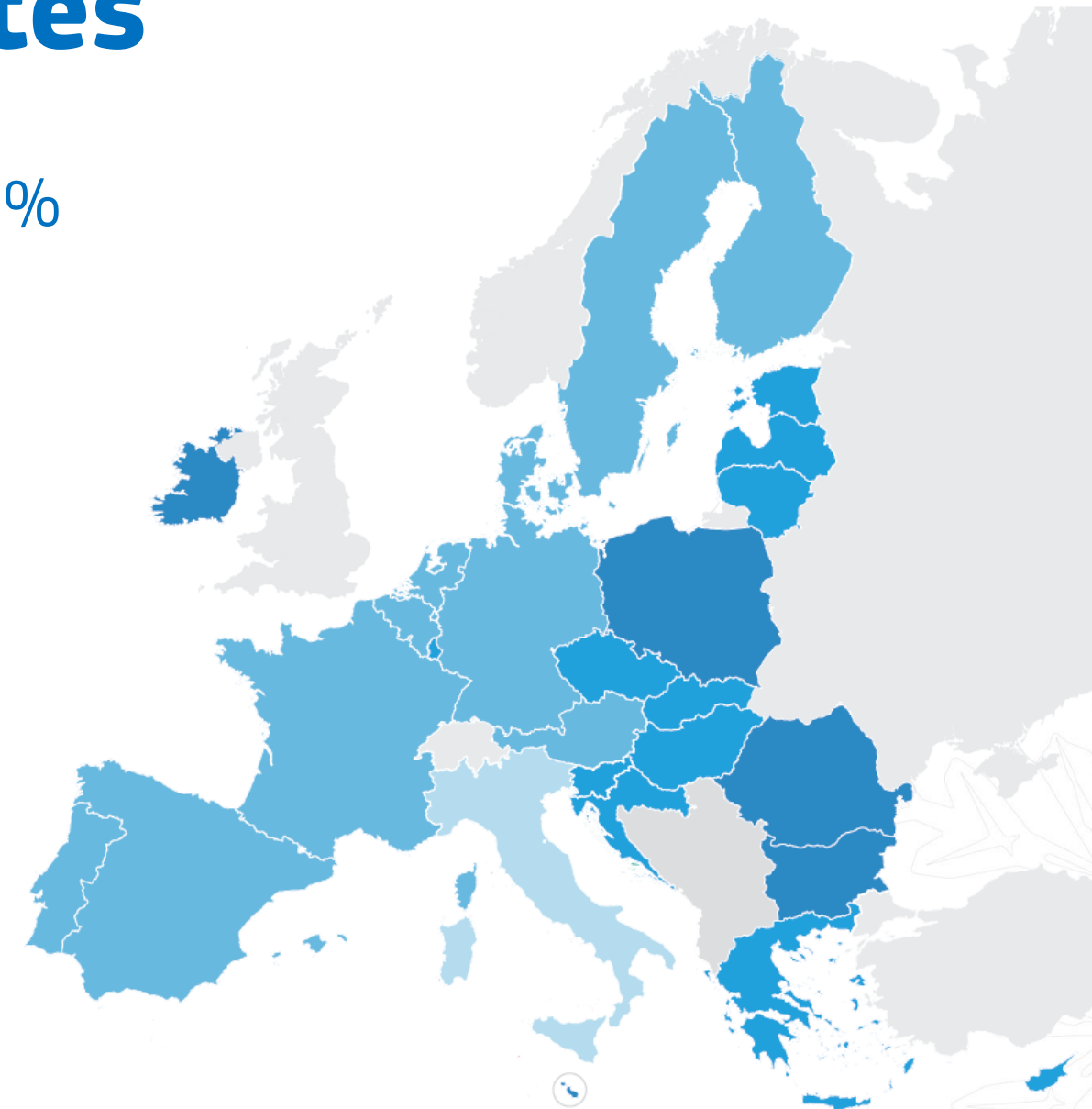


Expansion in all Member States

Annual real GDP growth in %



2021



Overall balance of risks still to the downside

NEGATIVE

- Coronavirus
- Re-escalation in trade tensions or abrupt change in EU-UK trading relations
- Geopolitical tensions in Latin America and Middle East
- Financial markets' re-assessment of risks

POSITIVE

- More growth-friendly fiscal policies
- Spillovers from more benign financing conditions