



European
Commission

EUROPEAN ECONOMIC FORECAST

Spring 2019

#ECForecast

7 MAY 2019

PIERRE MOSCOVICI

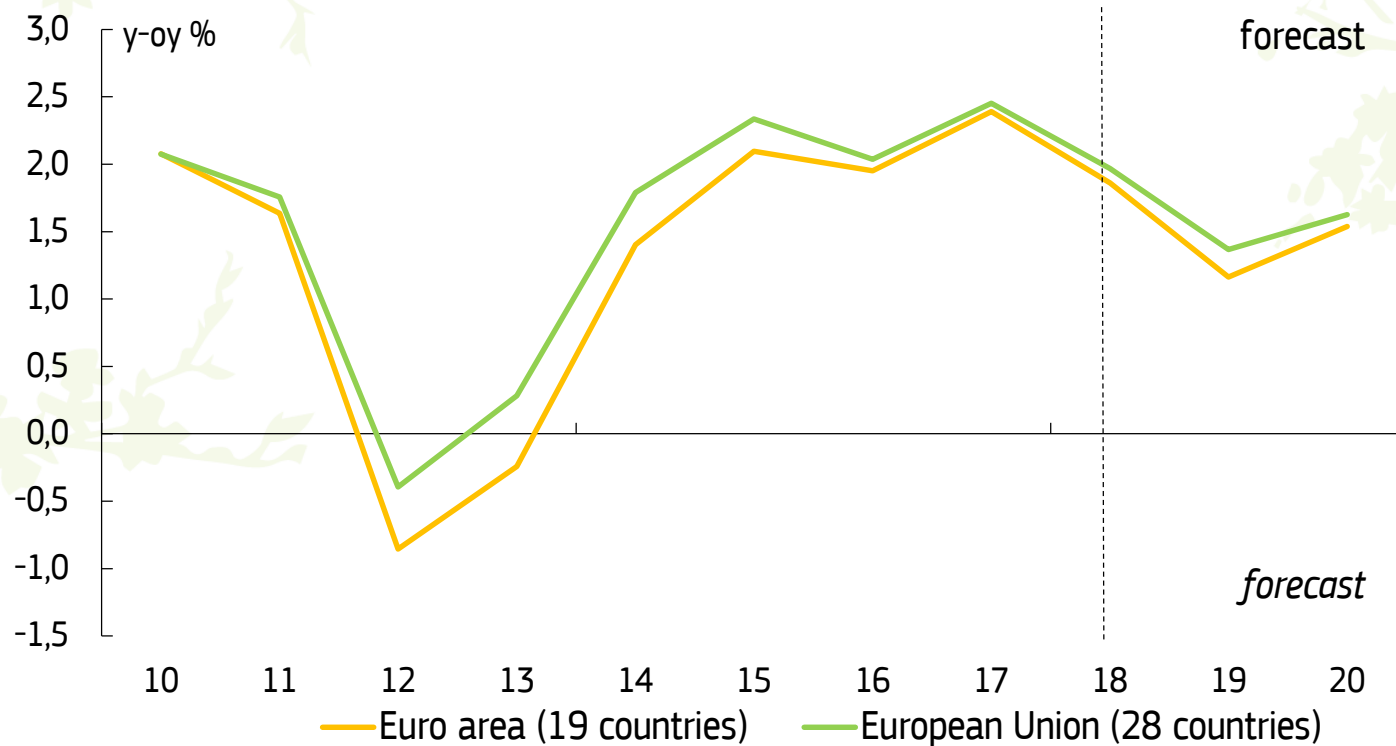
Commissioner for Economic and Financial Affairs, Taxation and Customs

Key messages from the Spring 2019 European Economic Forecast

1. Economic growth to continue at a more moderate pace
2. Labour market improvement translating into higher wages
3. Inflation to remain subdued
4. Macroeconomic policies to remain supportive
5. Downside risks to the outlook remain prominent

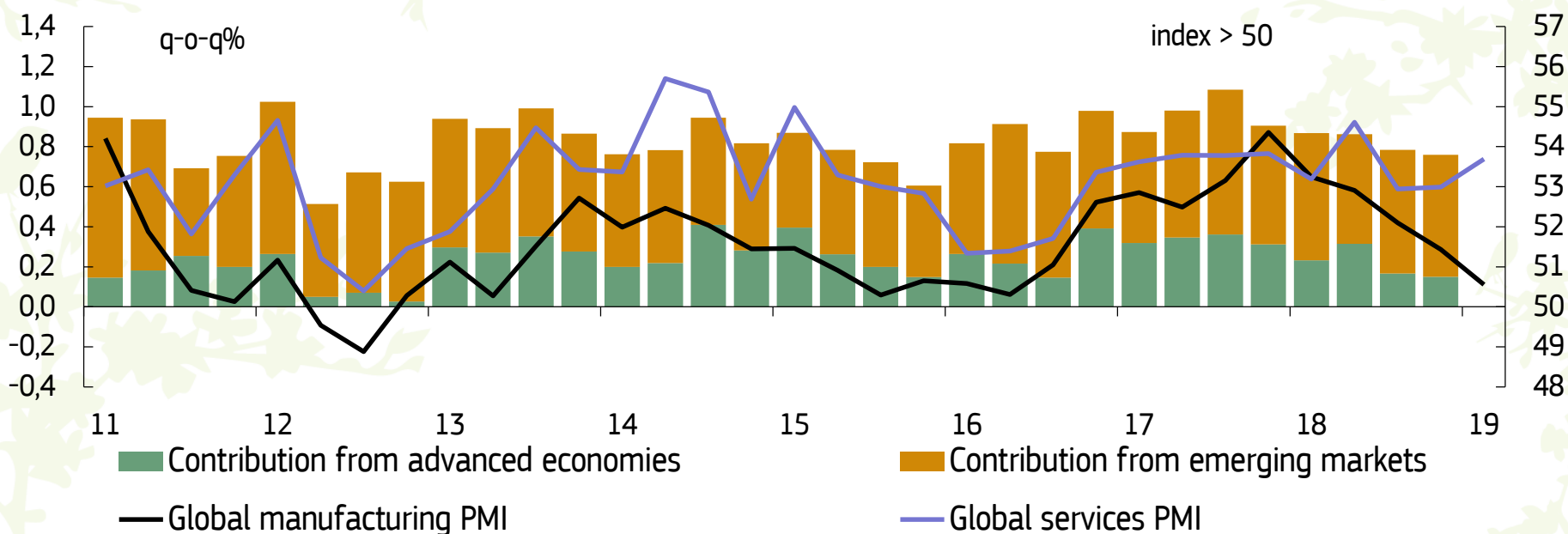
Economic growth to continue at a more moderate pace

Real GDP growth 2010-2020



Global manufacturing weighing on growth

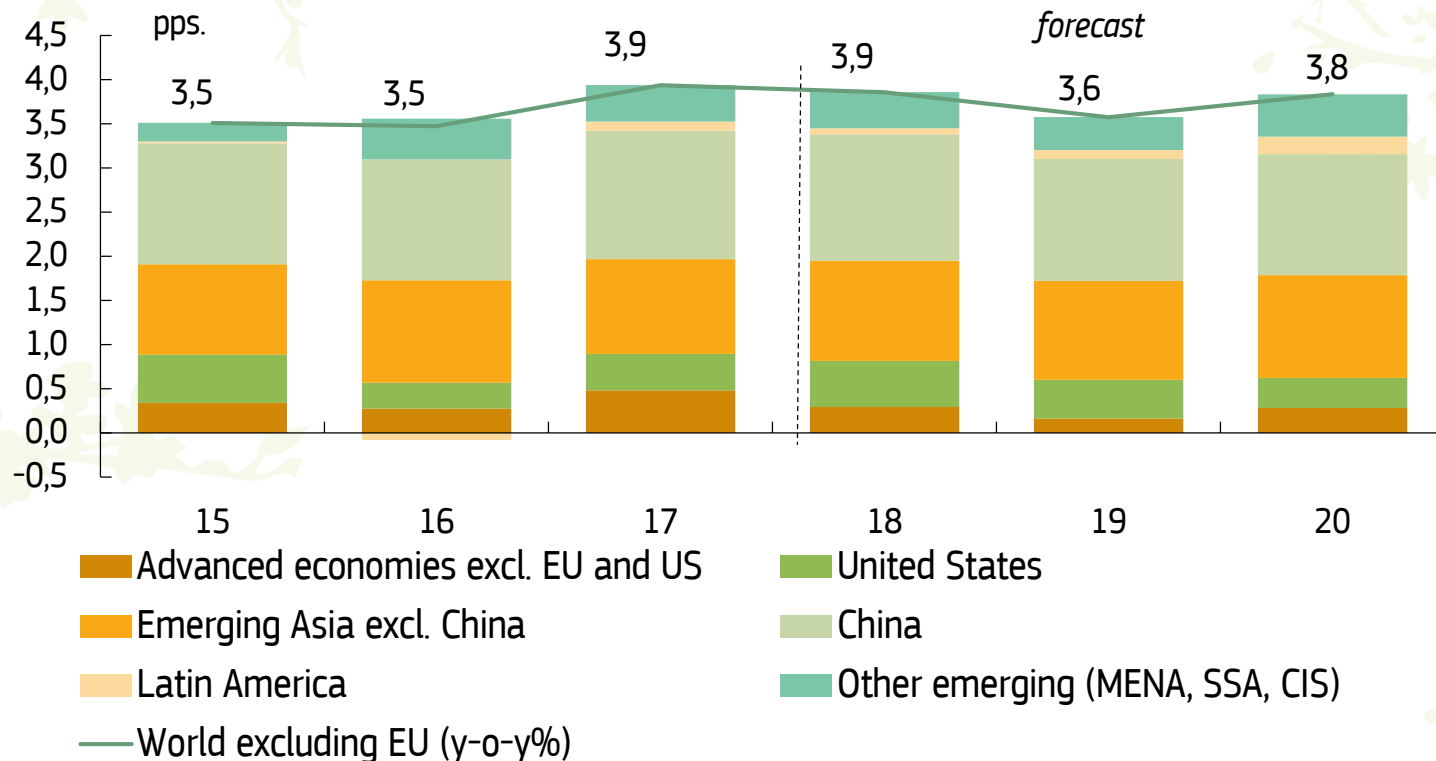
Global growth and PMI



Sources: OECD, IMF and national statistical institutes for GDP, JPMorgan/IHS Markit for PMI

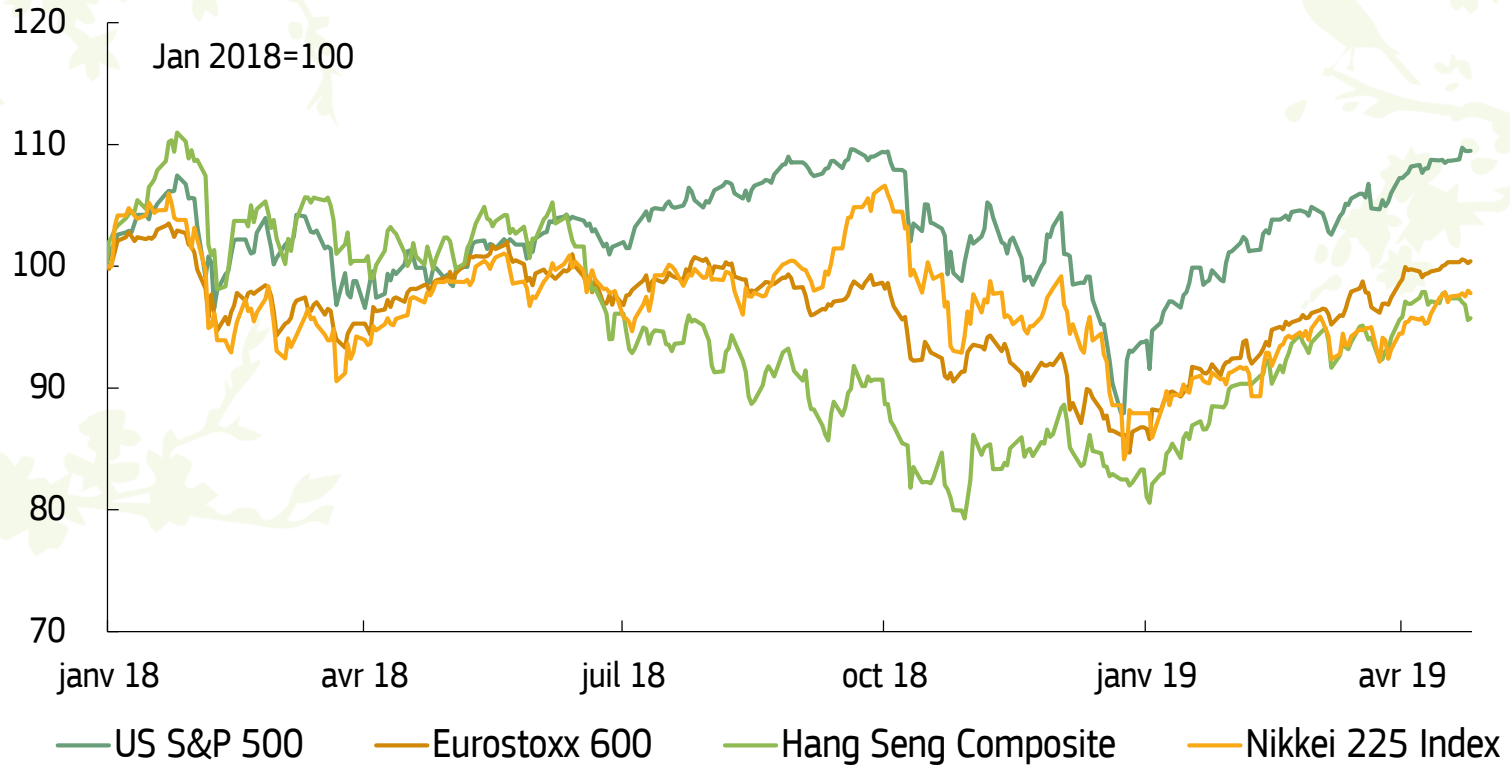
Global growth to bottom out this year

Contributions to global, non-EU GDP growth



Investor sentiment recovers amid supportive monetary policy

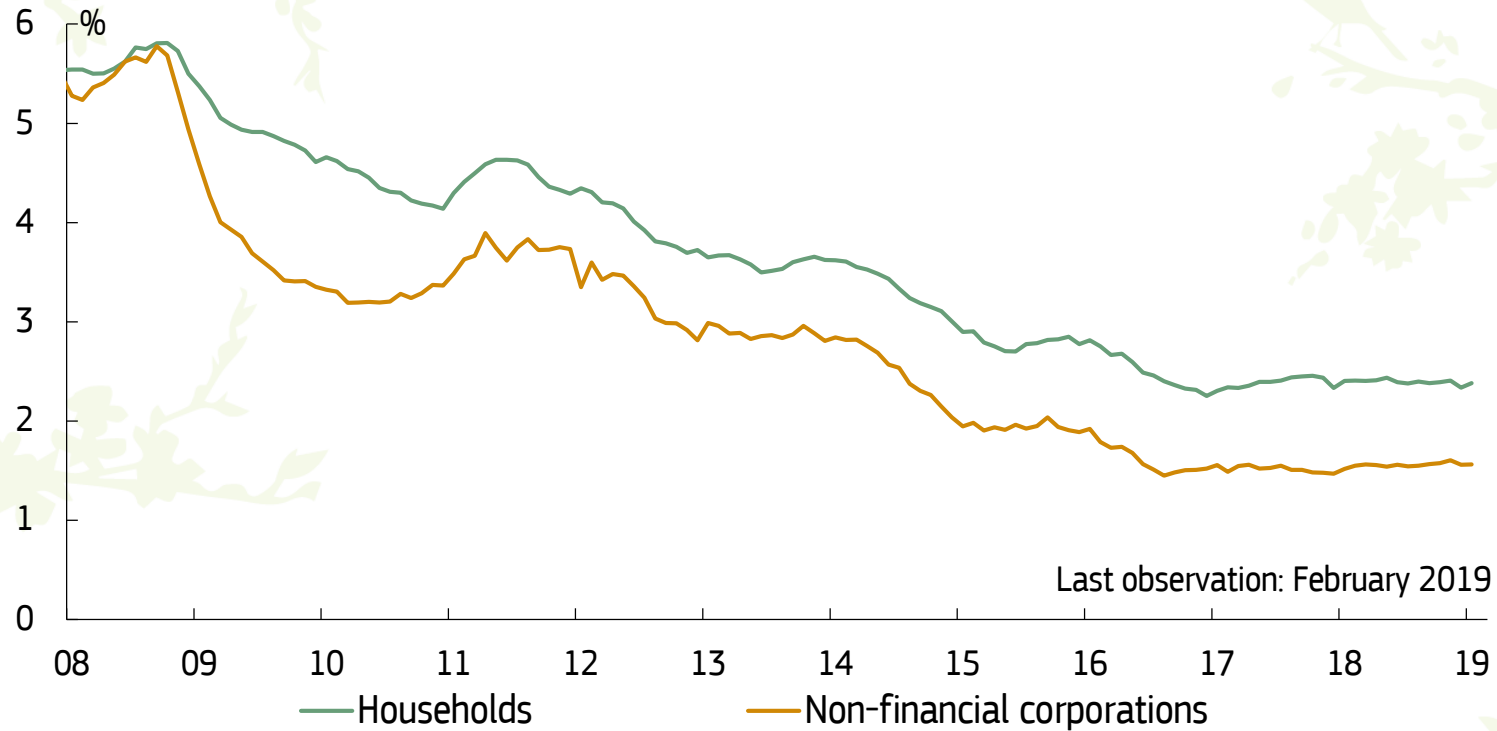
Stock market performance



Source: Bloomberg

Investor sentiment recovers amid supportive monetary policy

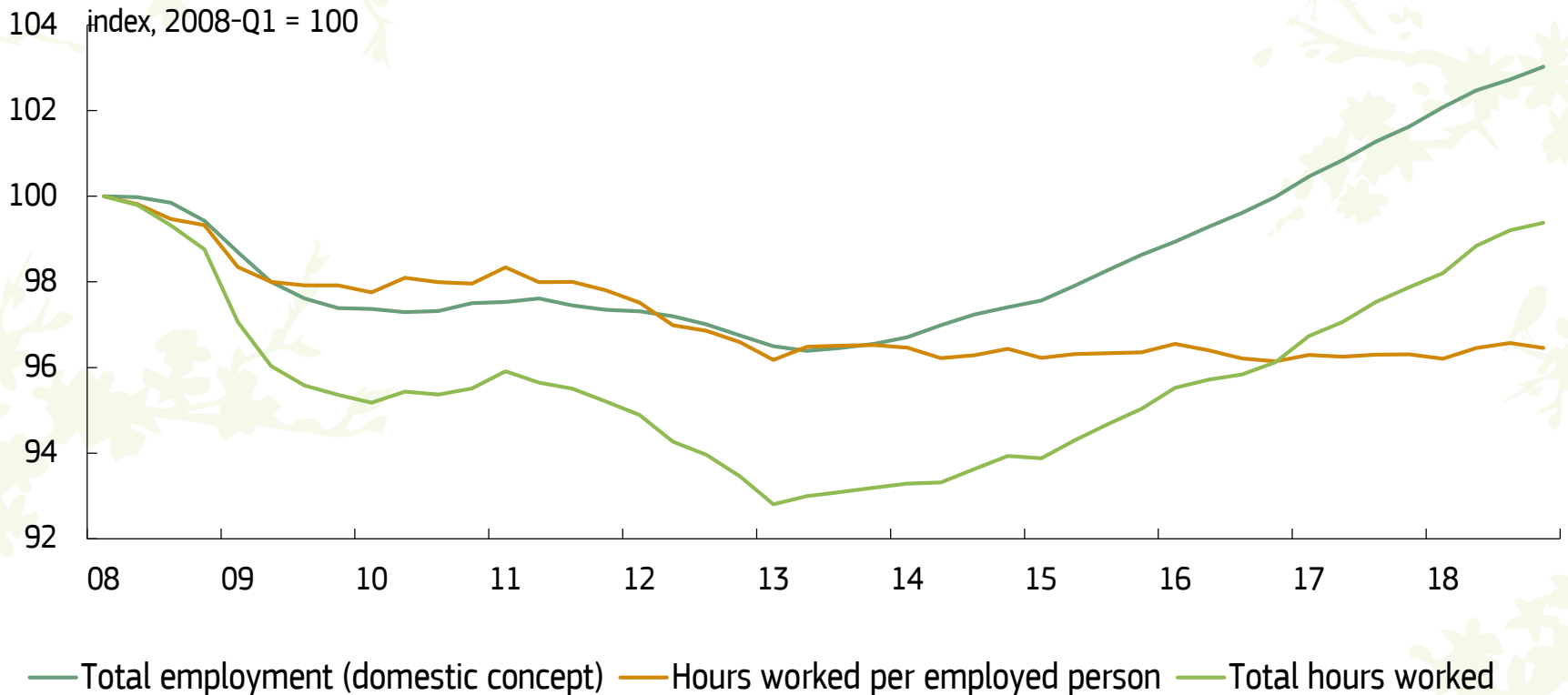
Financing Costs in the euro area



Sources: ECB, Bloomberg, own calculations

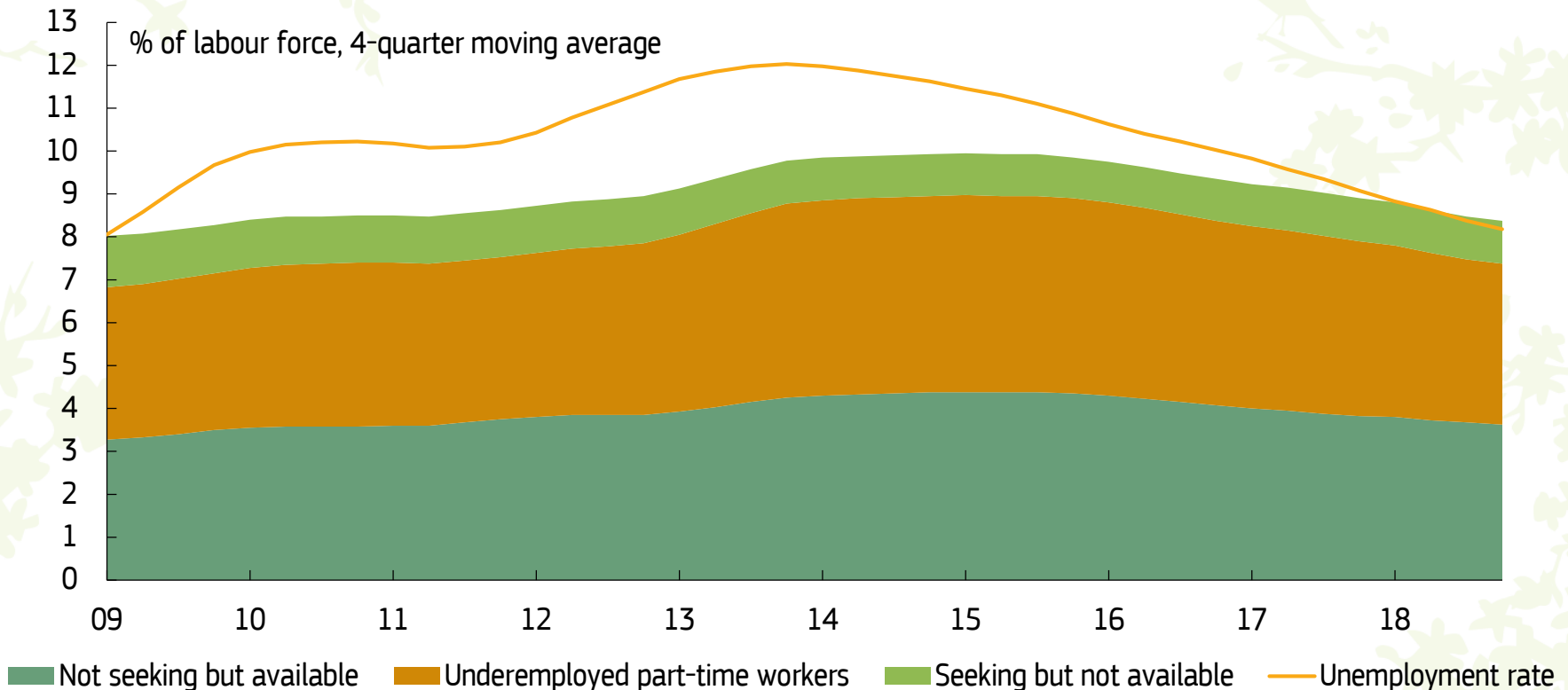
Labour markets continue improving

Employment levels in EU



Labour markets continue improving

Total underemployment, euro area



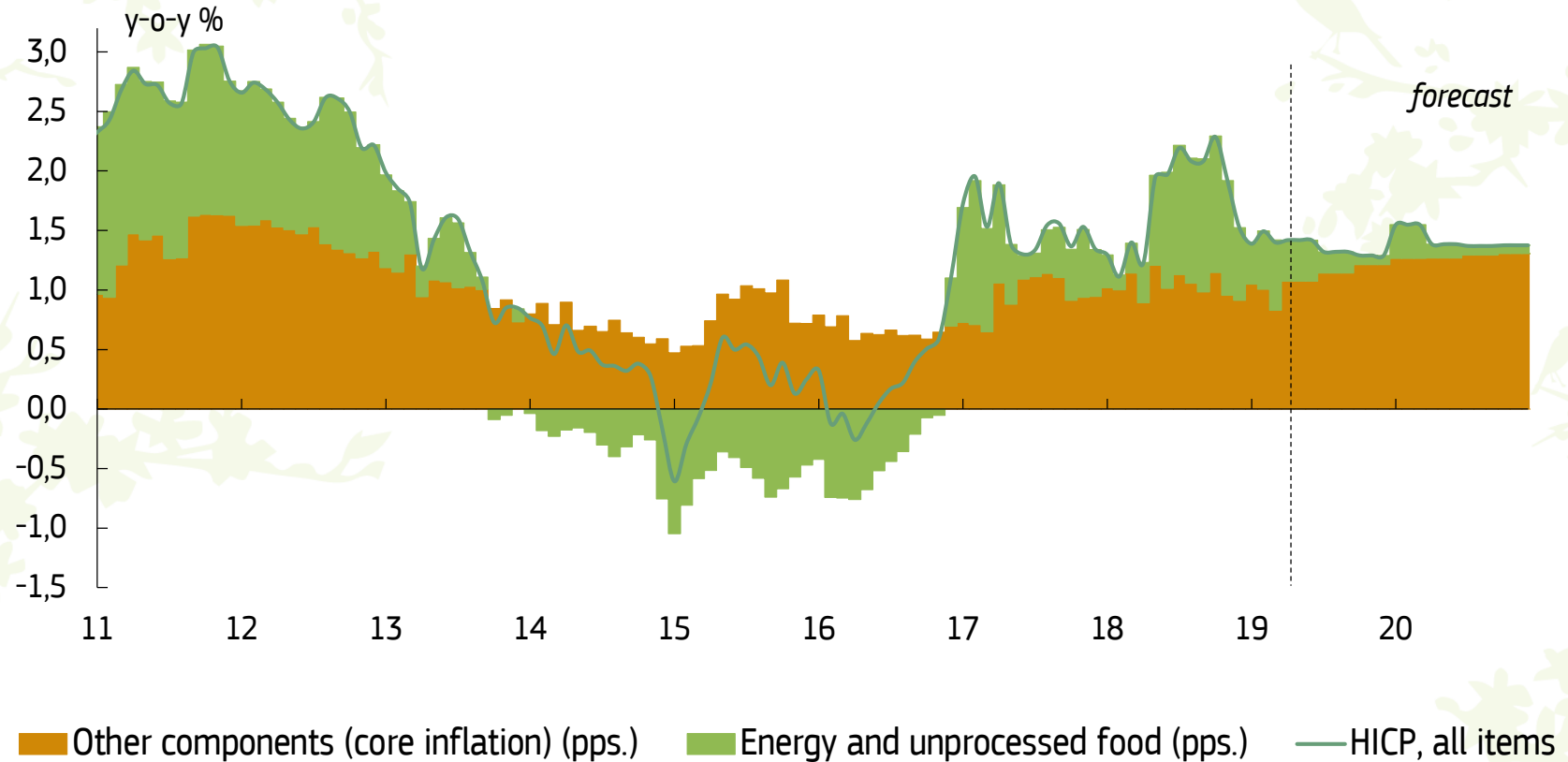
Wage increases not yet translating into inflation

Wages and inflation in services, euro area

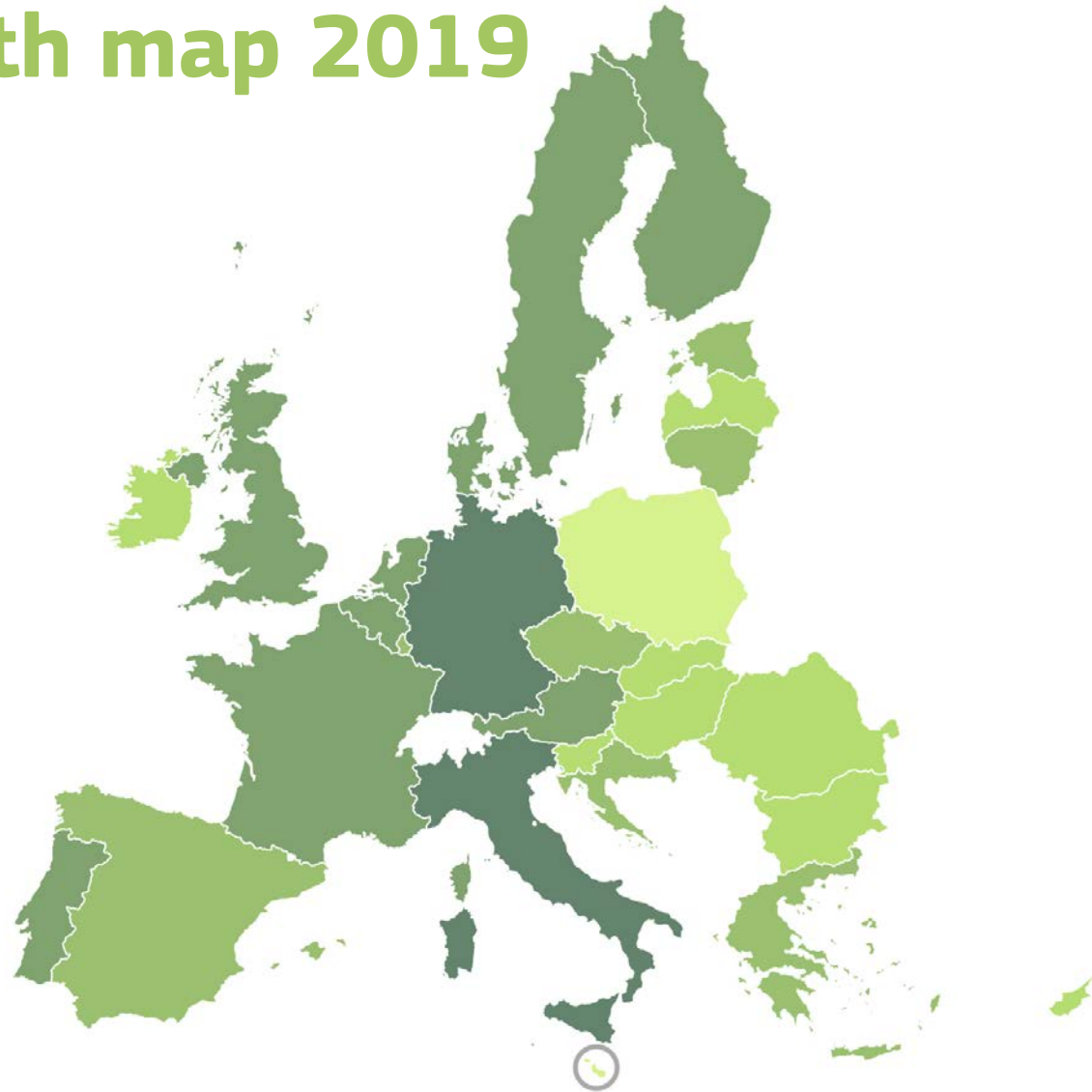
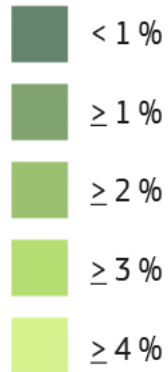


Wage increases not yet translating into inflation

Inflation breakdown, euro area



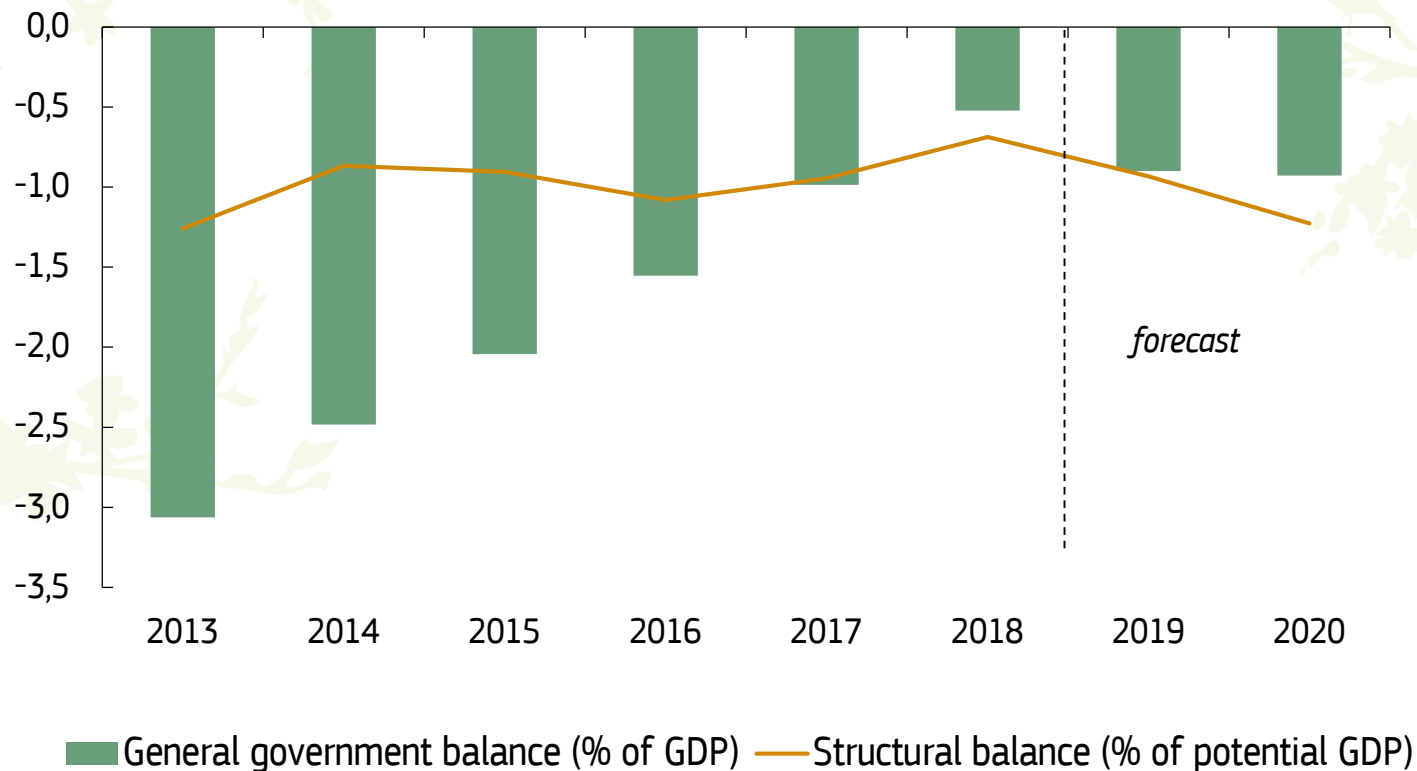
European growth map 2019



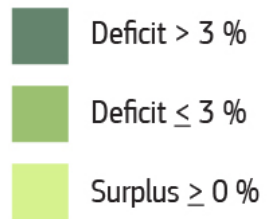
European
Commission

Fiscal stance turns mildly expansionary

Budgetary developments, euro area



Budgetary outlook 2019



European
Commission

Downside risks to the outlook remain prominent

- External risks:
 - (-) An increase in trade disputes and protectionism
 - (-) Persistent weakness in global growth and trade
 - (-) Global financial market sentiment deterioration
- Domestic risks:
 - (-) Political and policy uncertainty
 - (-) More permanent character of the transitory effects
 - (+) Stronger-than-expected domestic demand