



European
Commission

EUROPEAN ECONOMIC FORECAST

Summer 2019

#ECForecast

10 JULY 2019

PIERRE MOSCOVICI

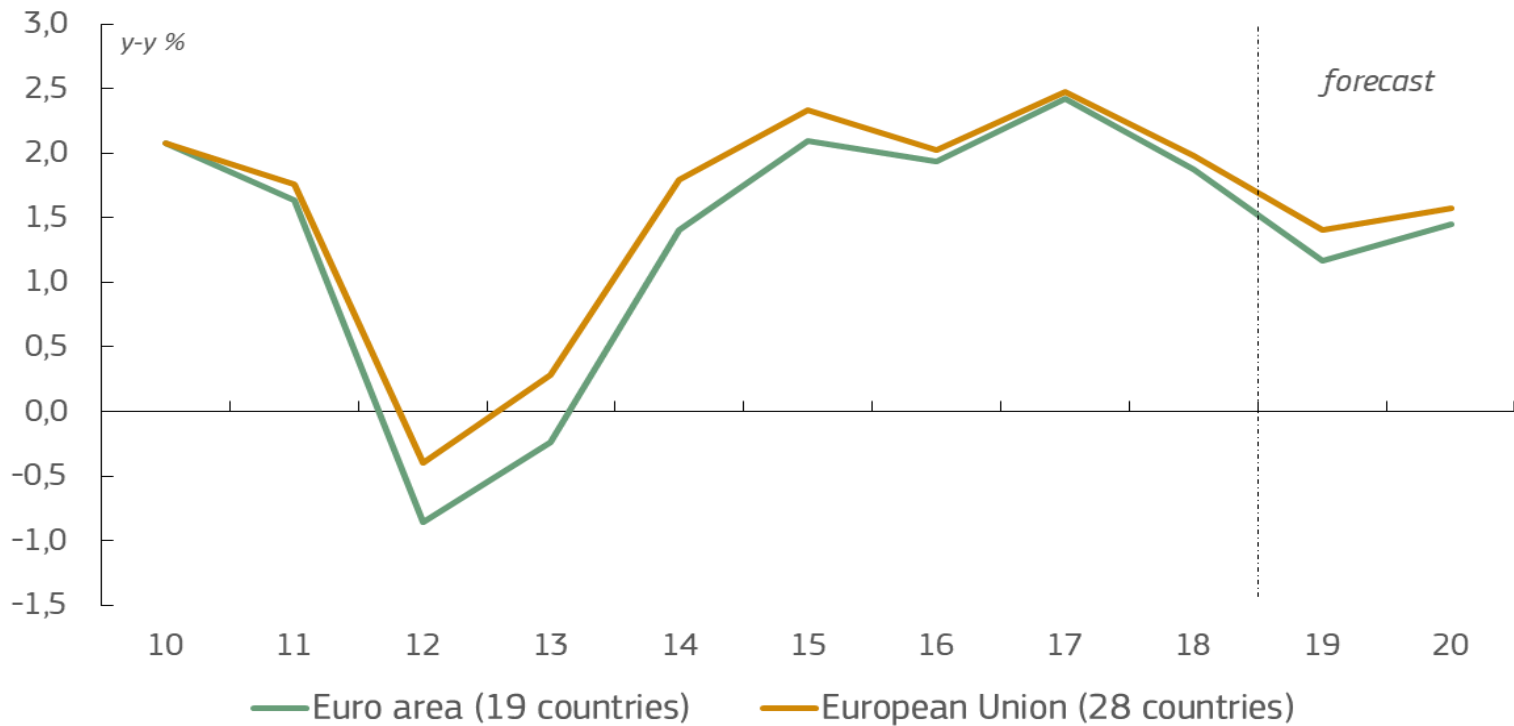
Commissioner for Economic and Financial Affairs, Taxation and Customs

Key messages from the Summer 2019 (Interim) Forecast

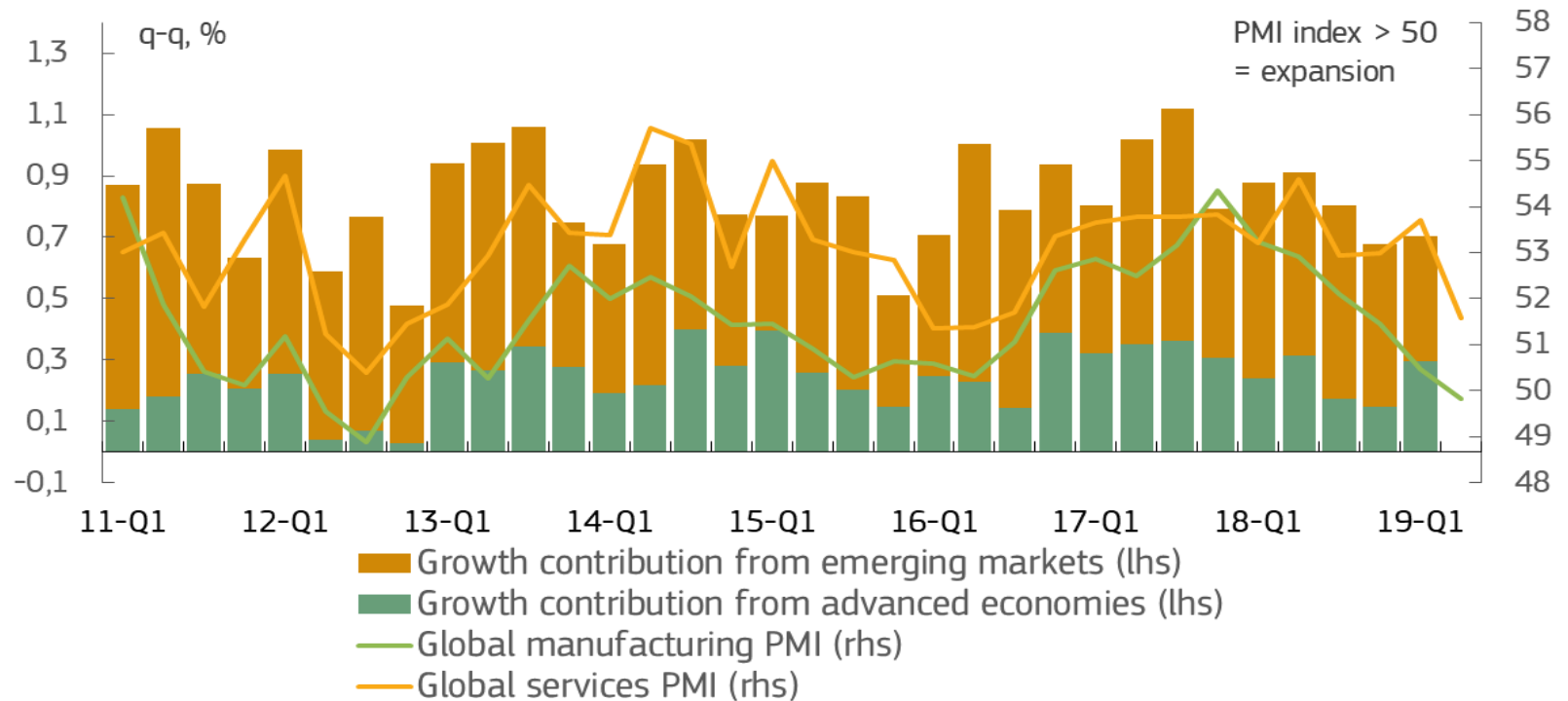
1. **Growth to continue driven by domestic demand**
2. **Weaker momentum after a positive surprise at the start of the year**
3. **Inflation forecast revised lower**
4. **Downside risks intensified**

Growth to continue but clouded by external factors

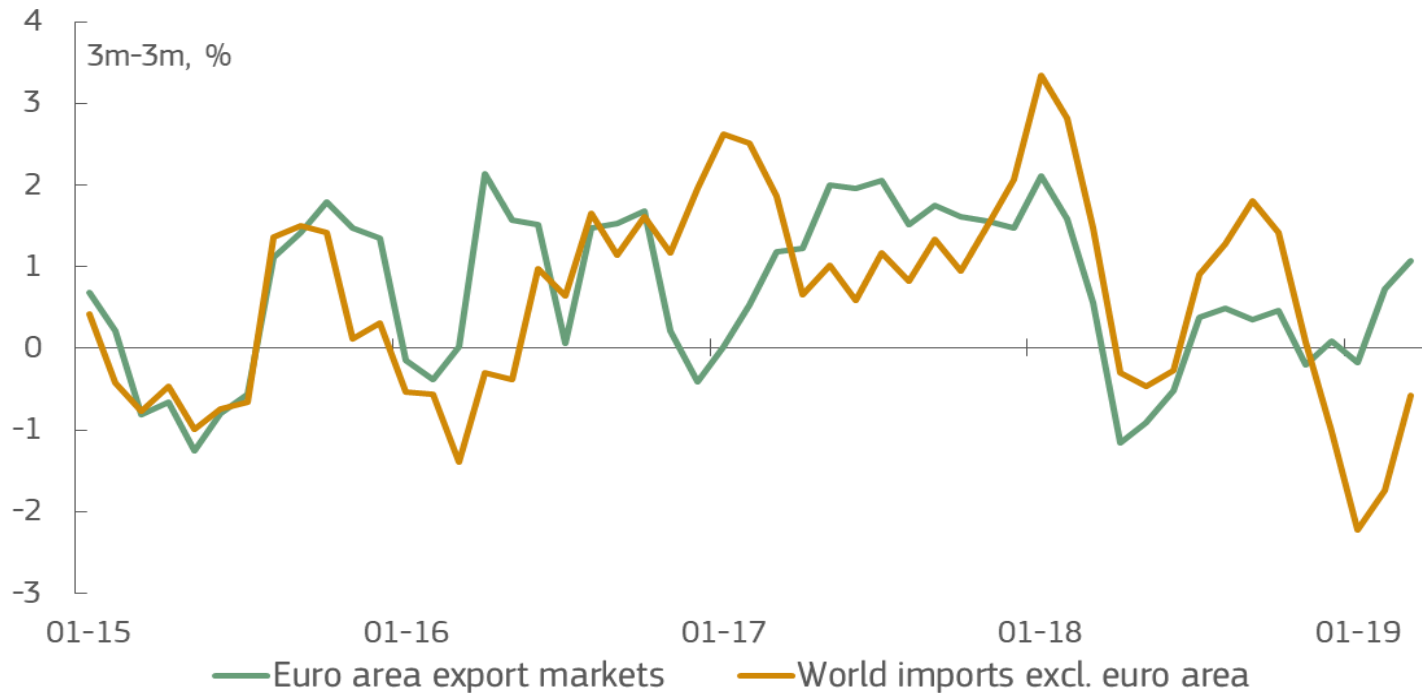
Real GDP growth rate



Global growth momentum remains weak



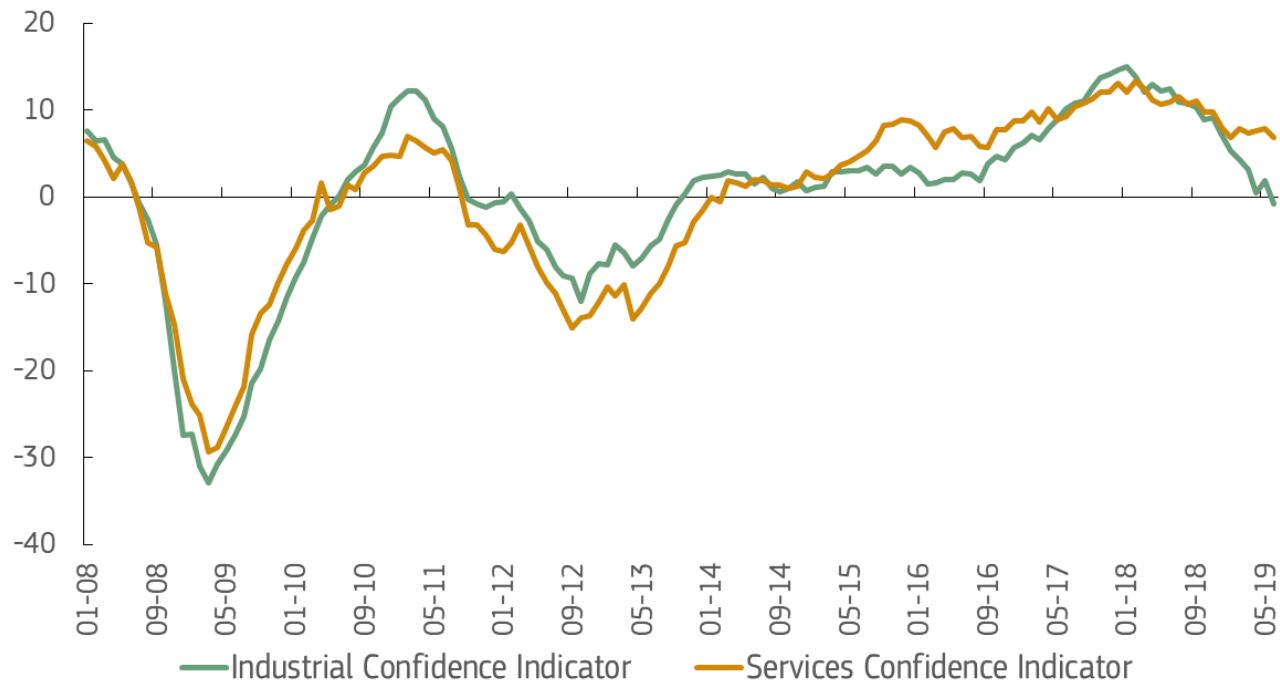
Euro area export markets now faring better than world trade



Source: CPB

Protracted weakness in manufacturing but resilient services

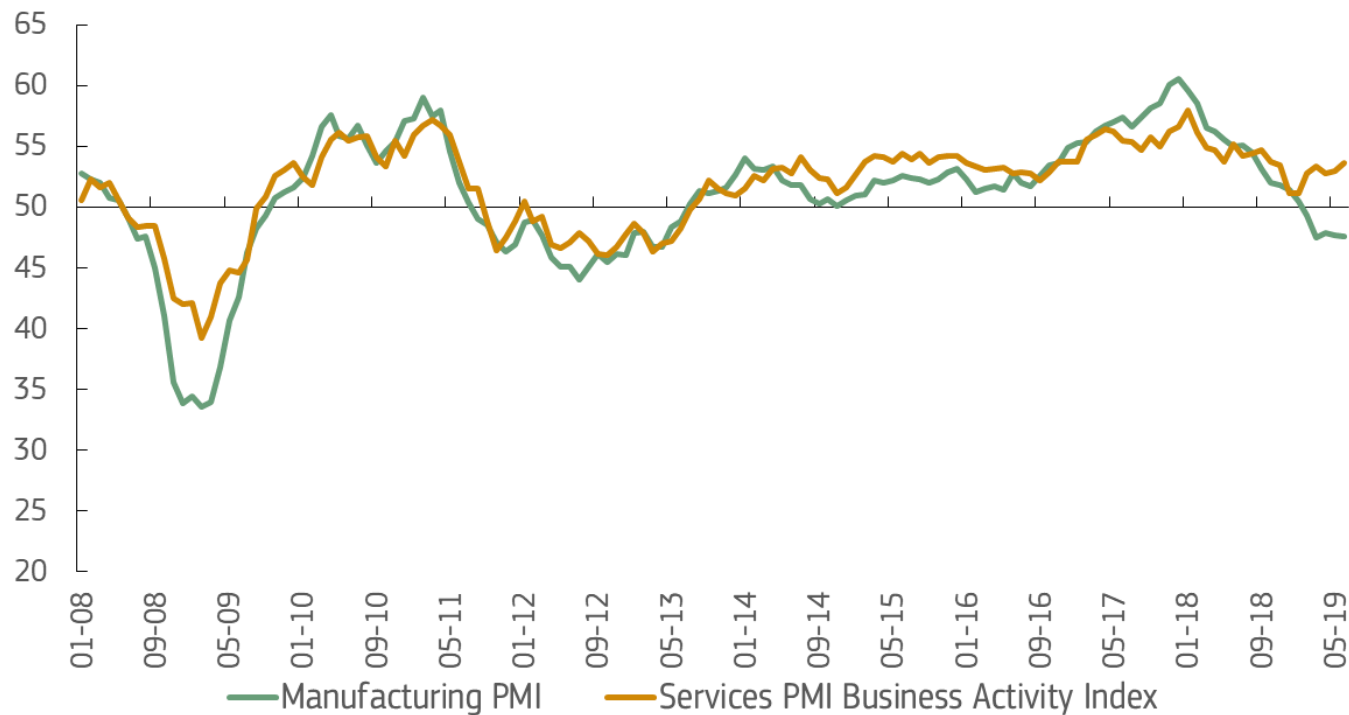
Euro area, EC, Business and consumer surveys



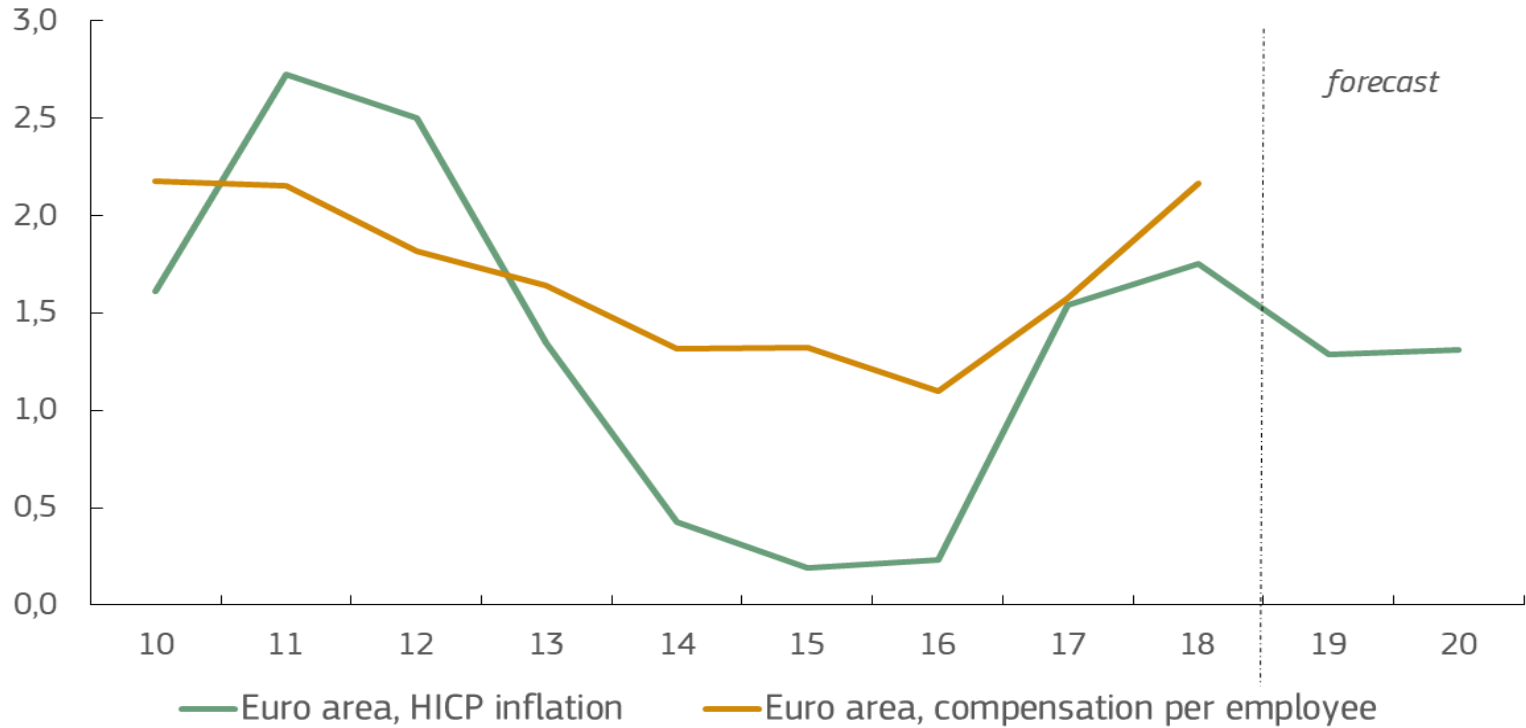
Note: deviation from average

Protracted weakness in manufacturing but resilient services

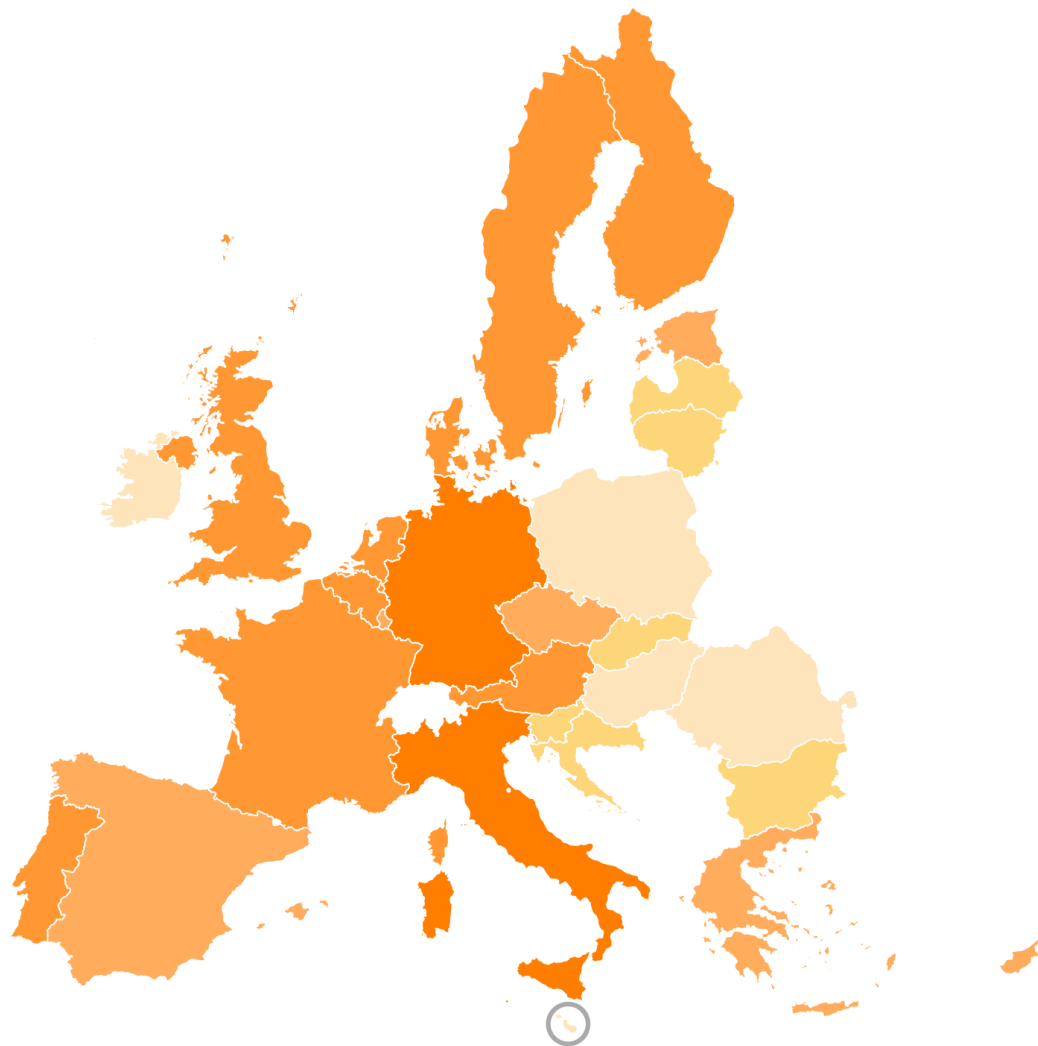
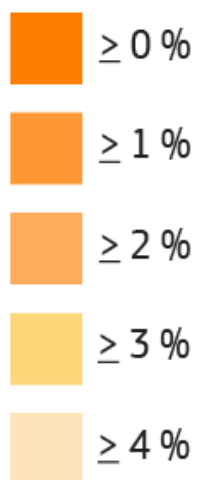
Euro area, Markit, PMI



Subdued inflation in spite of wage growth



EU growth map 2019



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Downside and interconnected risks prevail

- **Intensifying trade tensions**
- **Re-assessment of global financial market risks**
- **Geopolitical tensions in the Middle East**
- **Manufacturing weakness spillovers to the service sector**
- **No-deal Brexit**