



EUROPEAN ECONOMIC FORECAST

Winter 2022 (Interim)

#ECForecast

10 FEBRUARY 2022

PAOLO GENTILONI

Commissioner for Economy

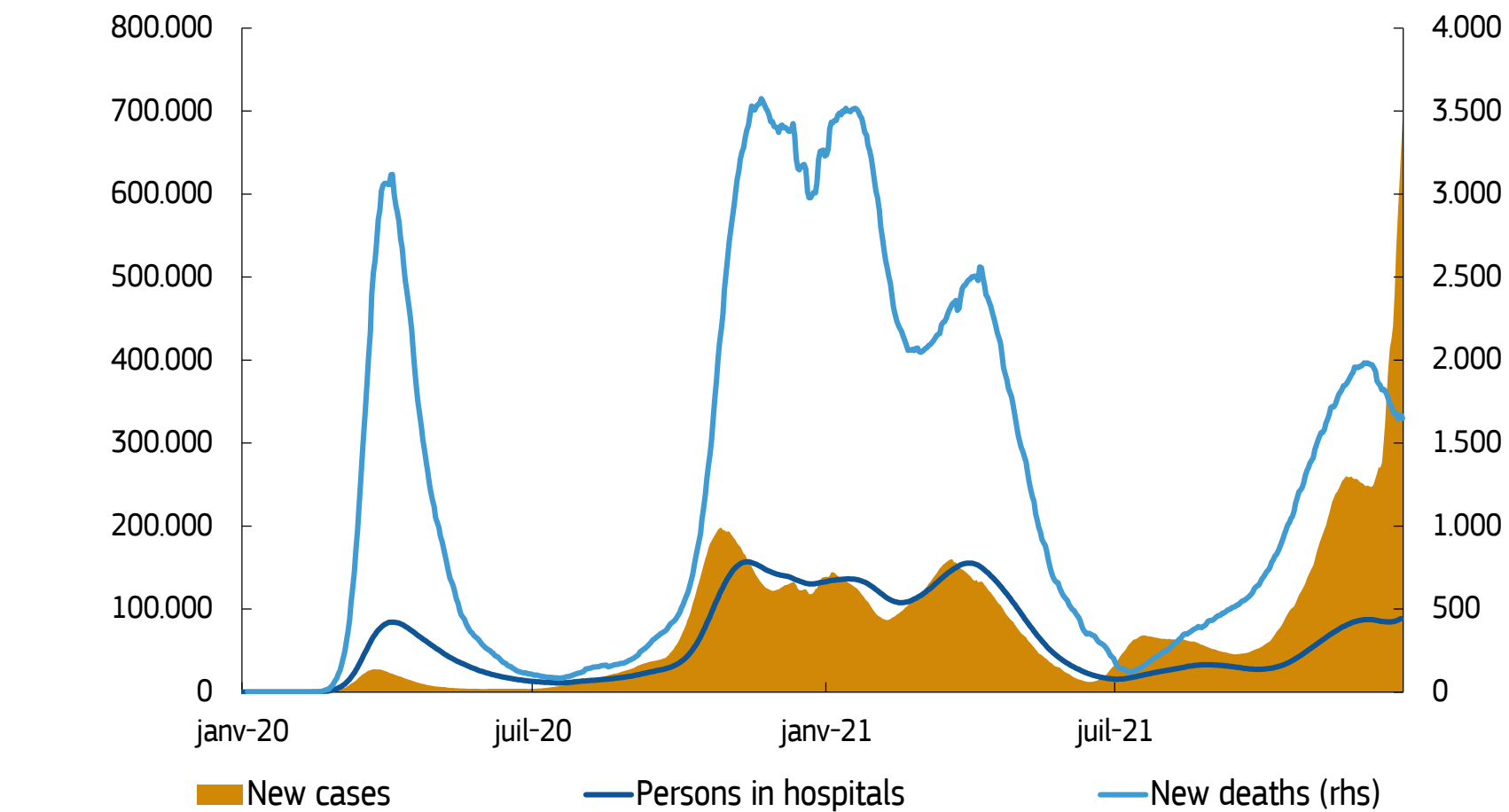


Key messages from the Winter 2022 Forecast

1. Growth momentum has slowed down
2. Expansion poised to regain traction
3. Inflation outlook for 2022 is revised upwards
4. Balanced risks to growth and upside risks to inflation

Omicron spreads rapidly but hospitalisations & deaths recede

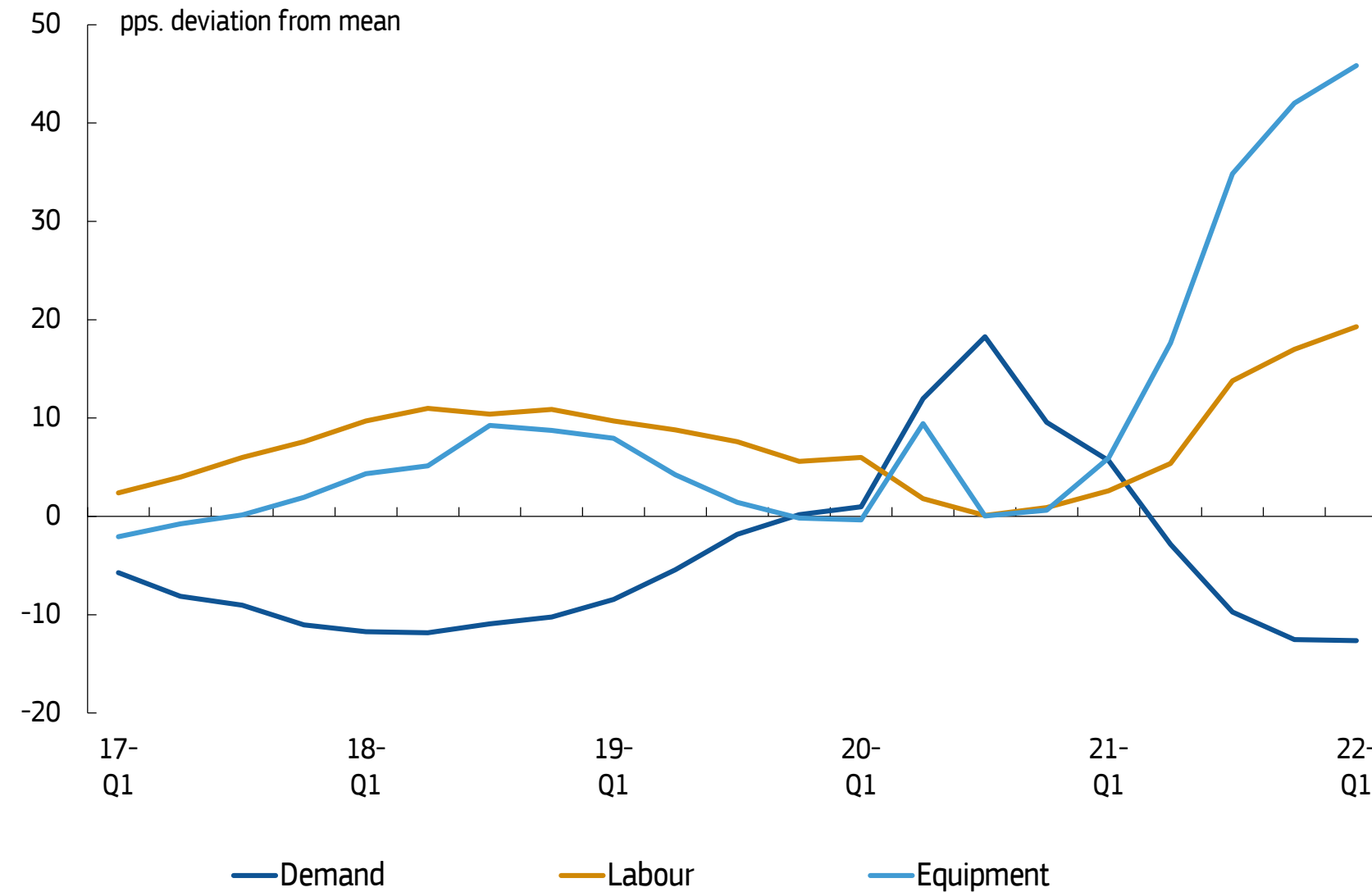
Cases, hospitalisations and deaths in the EU, 14-day moving averages



Source: Our World in Data, WHO.

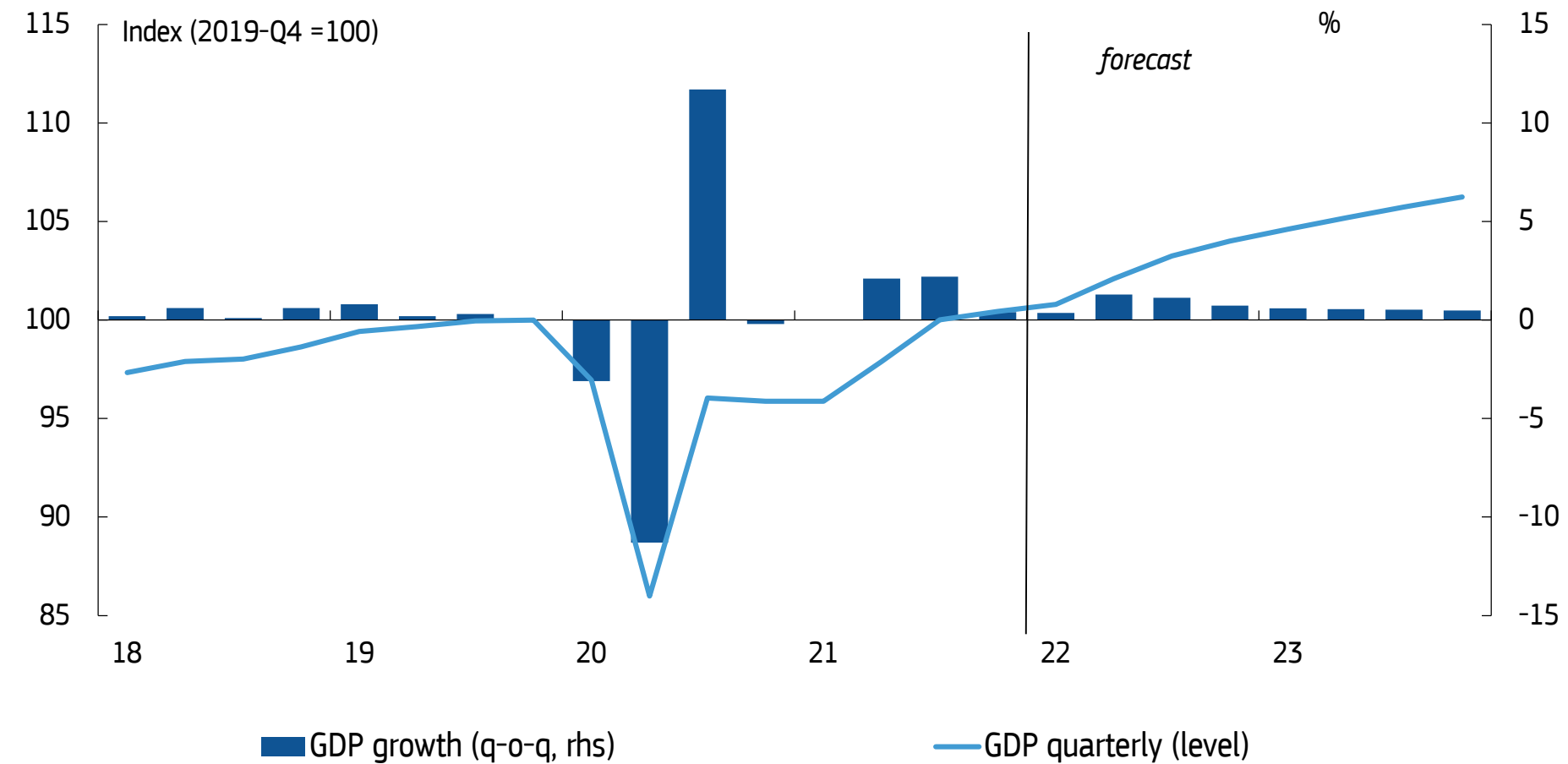
Supply constraints keep weighing on production

Factors limiting production in manufacturing, EU



Growth expected to rebound in the second quarter

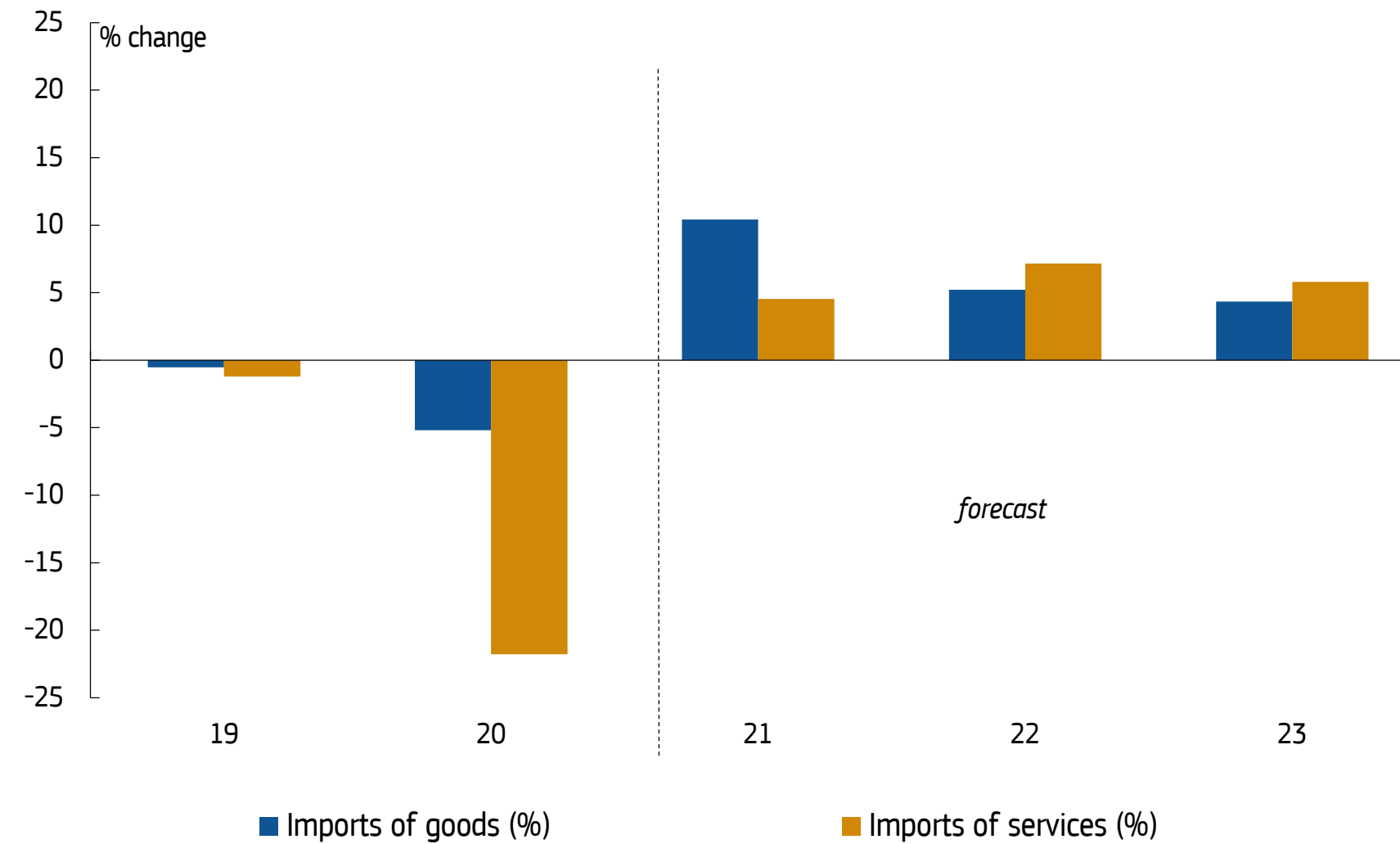
Real GDP growth path, EU



Note: WiF20 line for 2022 and 2023 extrapolated on the basis of quarterly forecasts for 2021.

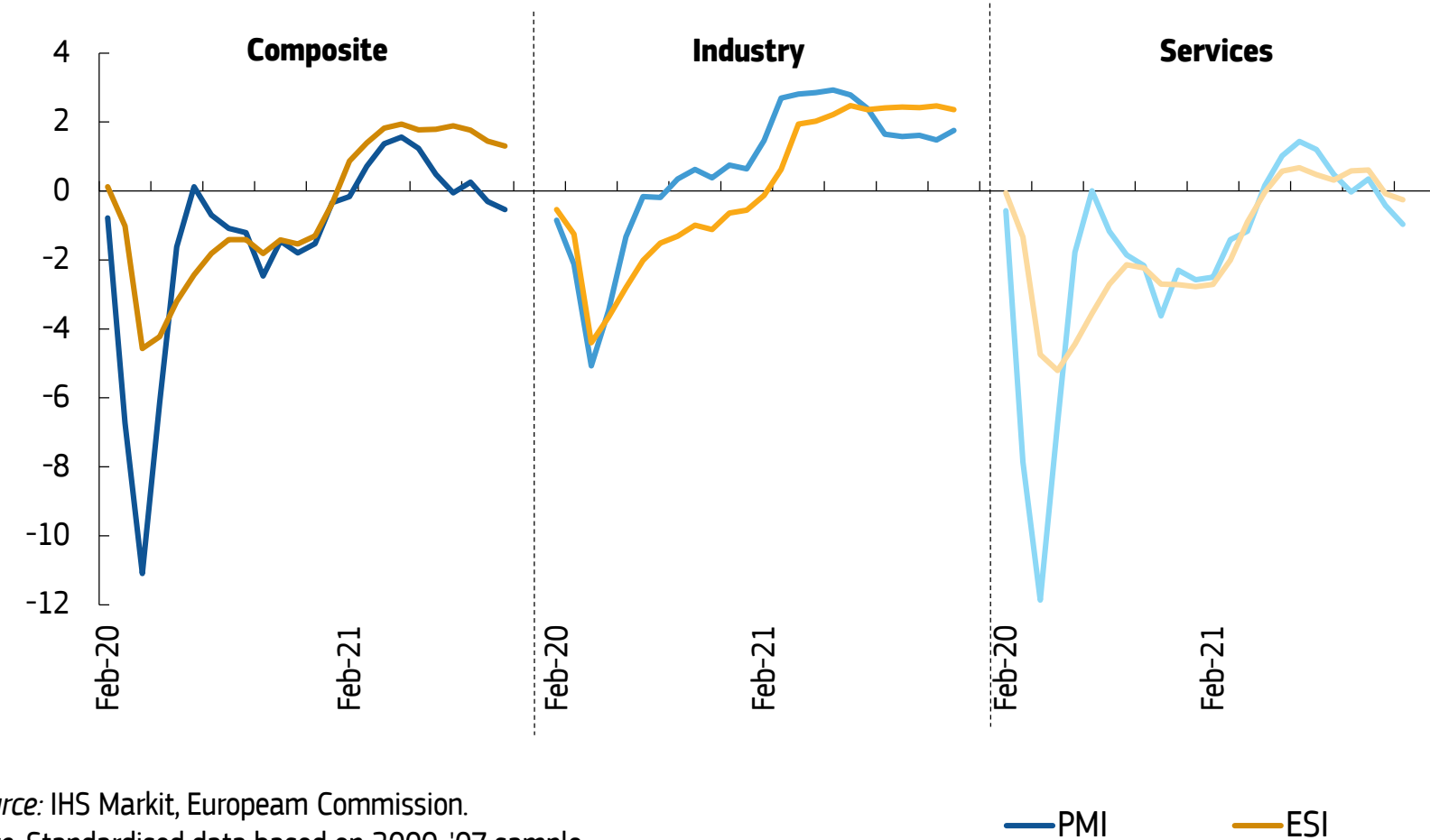
The global environment remains supportive

World excluding EU, import volumes



Survey data send mixed message

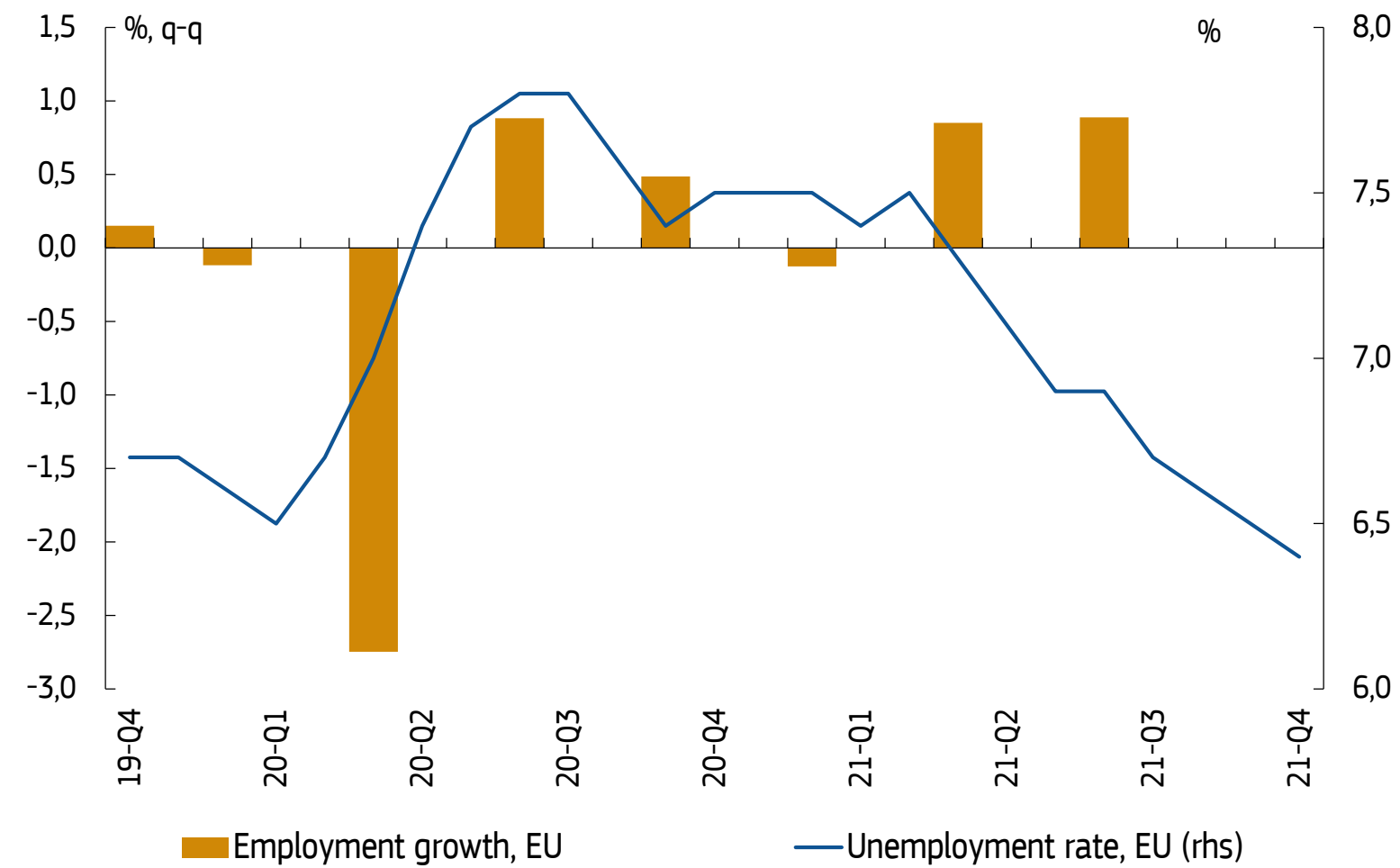
Economic Sentiment Index and Purchasing Managers Index, euro area



Source: IHS Markit, European Commission.
Note: Standardised data based on 2000-'07 sample.

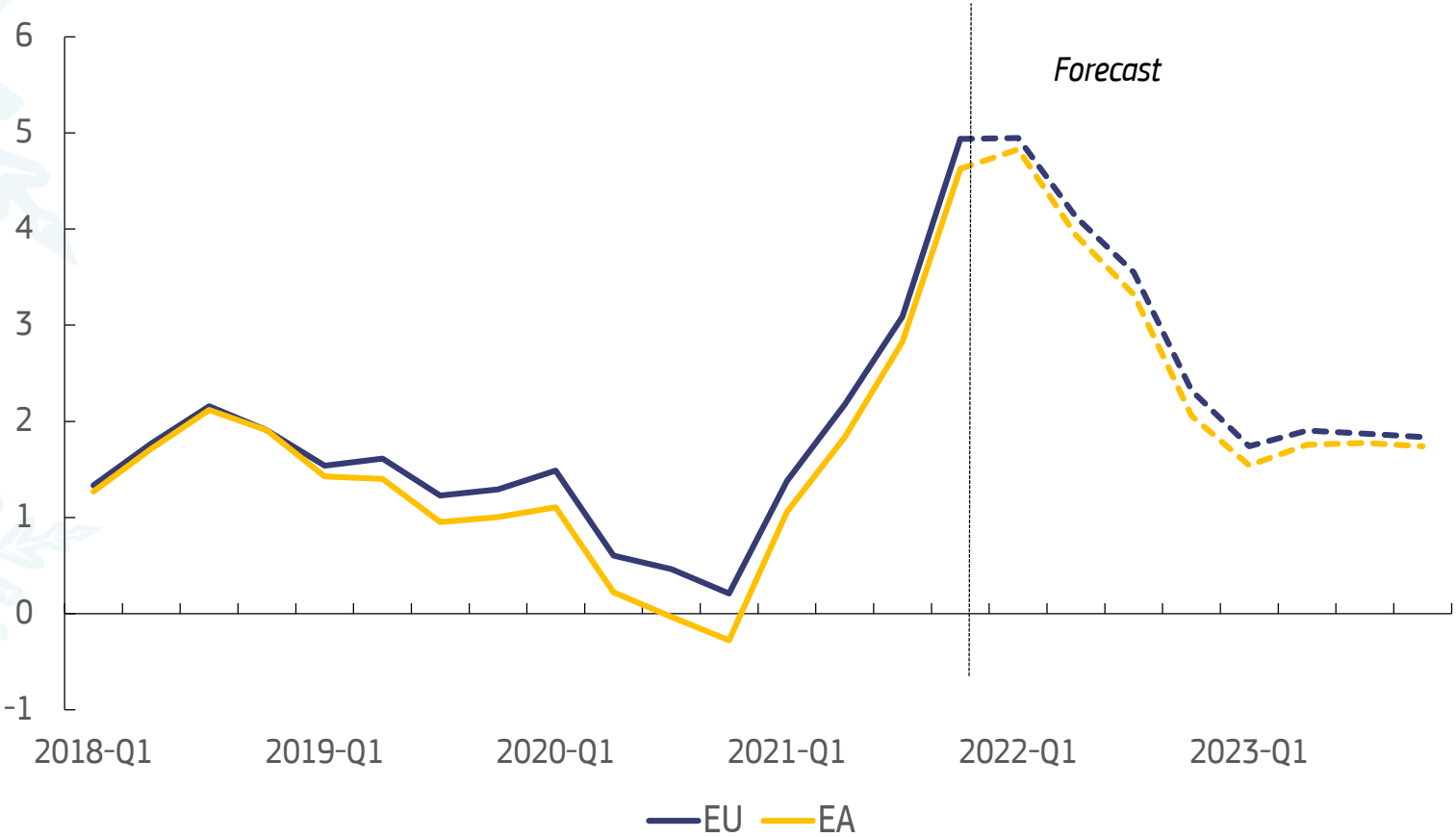
Labour market continues to improve

Employment and unemployment rate, EU

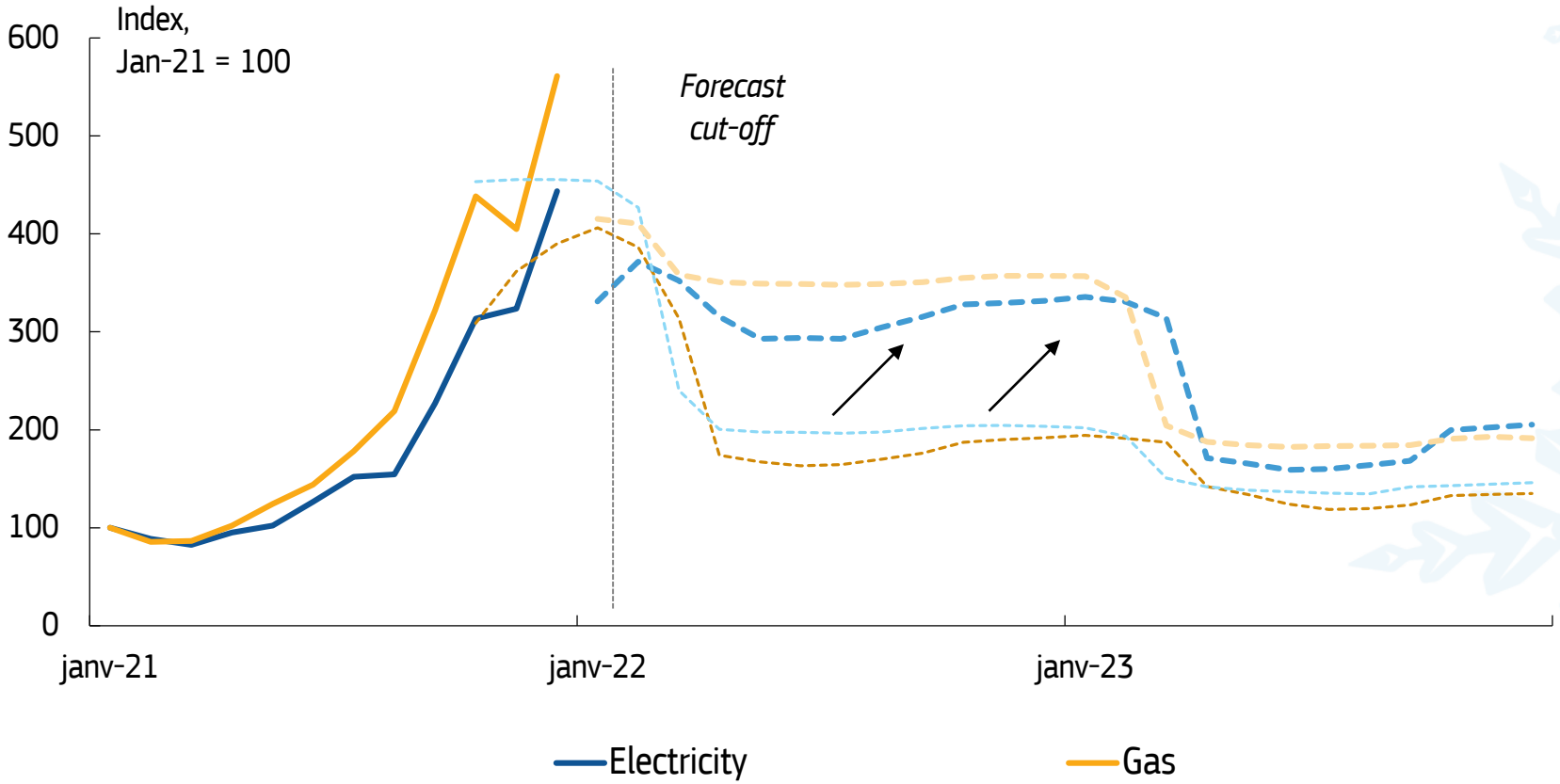


Inflation mainly driven by energy prices

Inflation rate

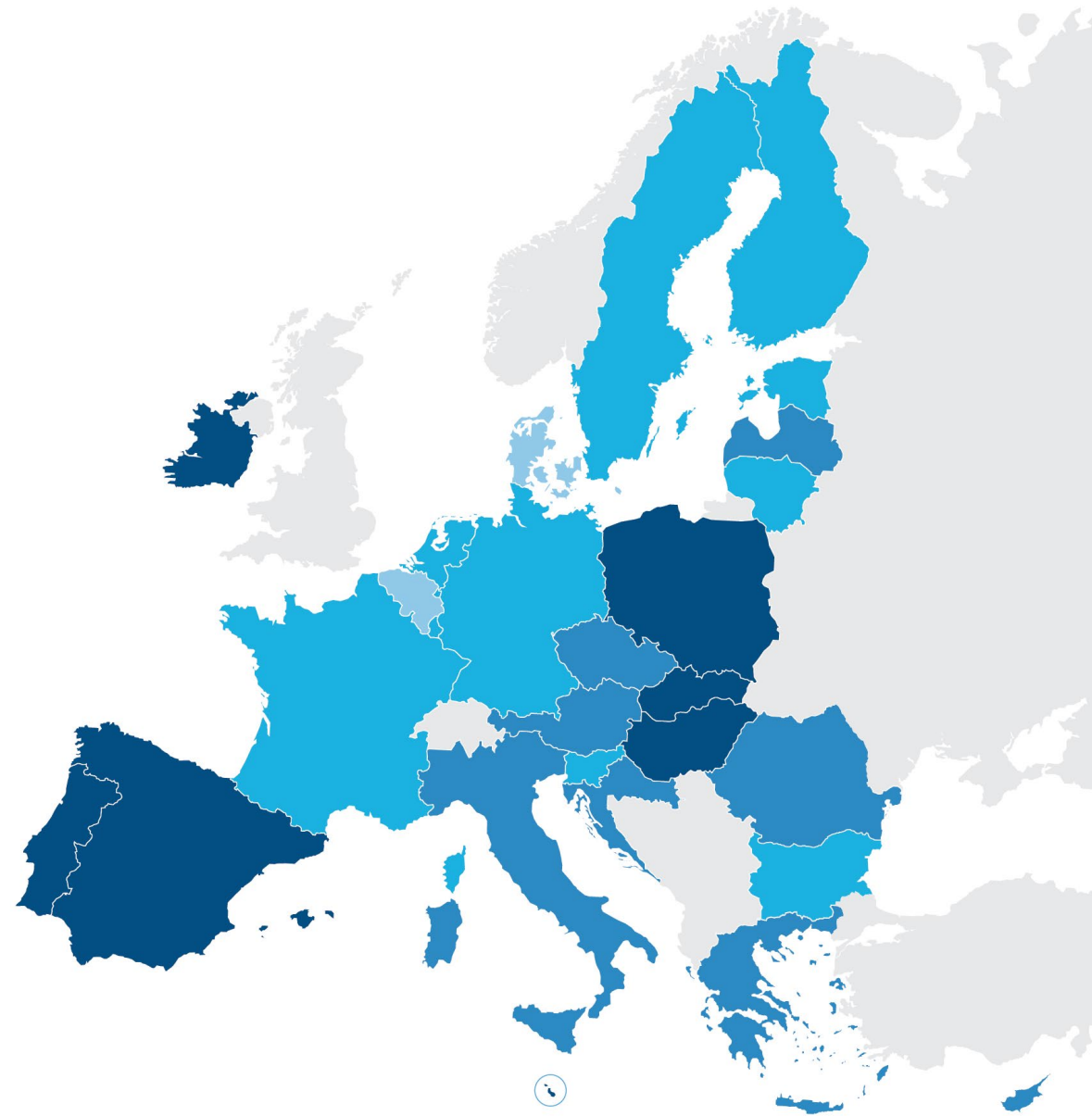


Spot and futures prices, EU



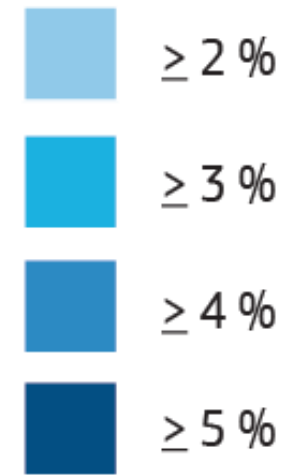
Note: Thick dotted lines refer to updated assumptions; thin dotted lines to those of the Autumn 2021 Forecast.

2022

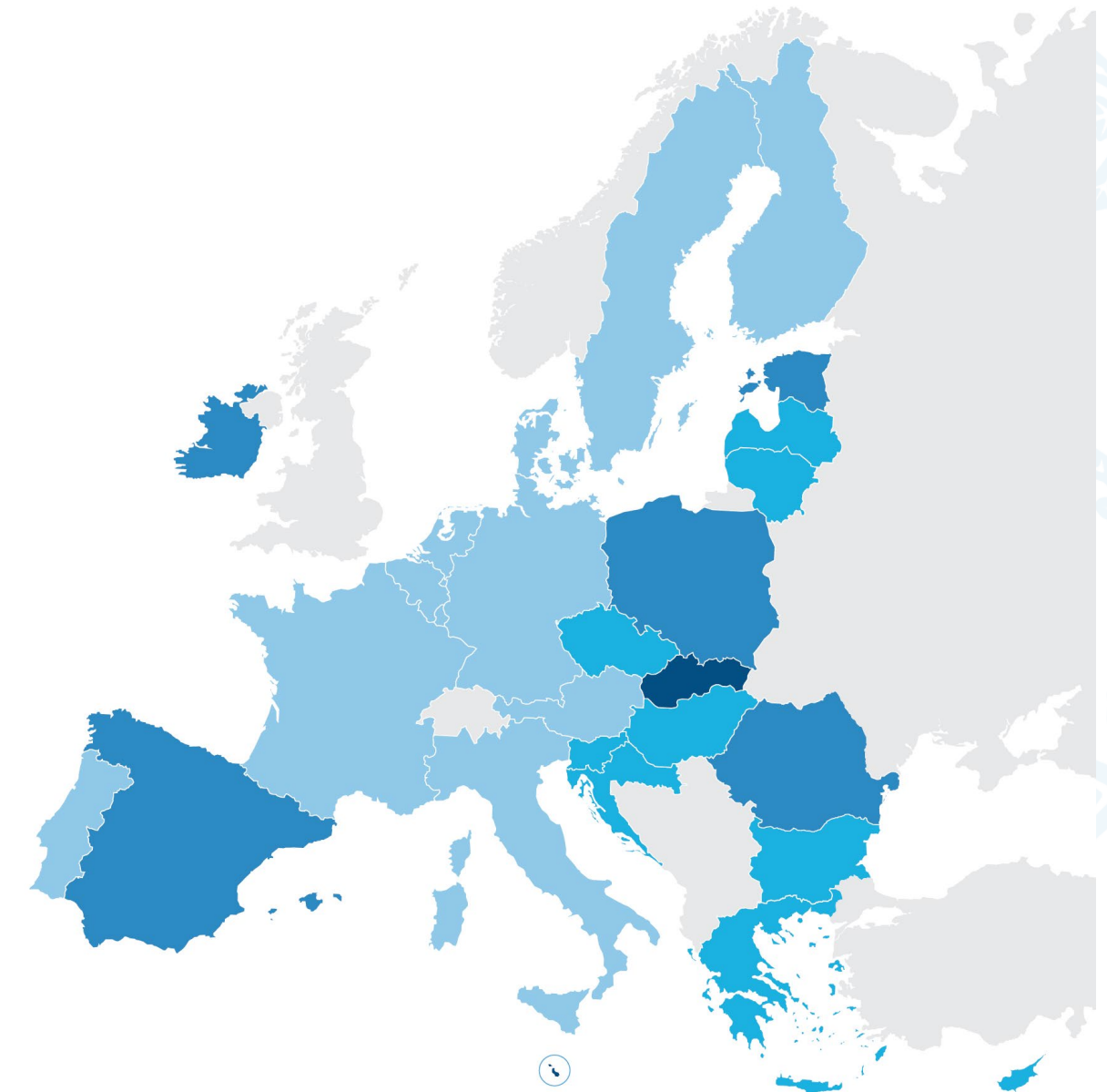


Expansion in all Member States

Annual real GDP growth in %



2023

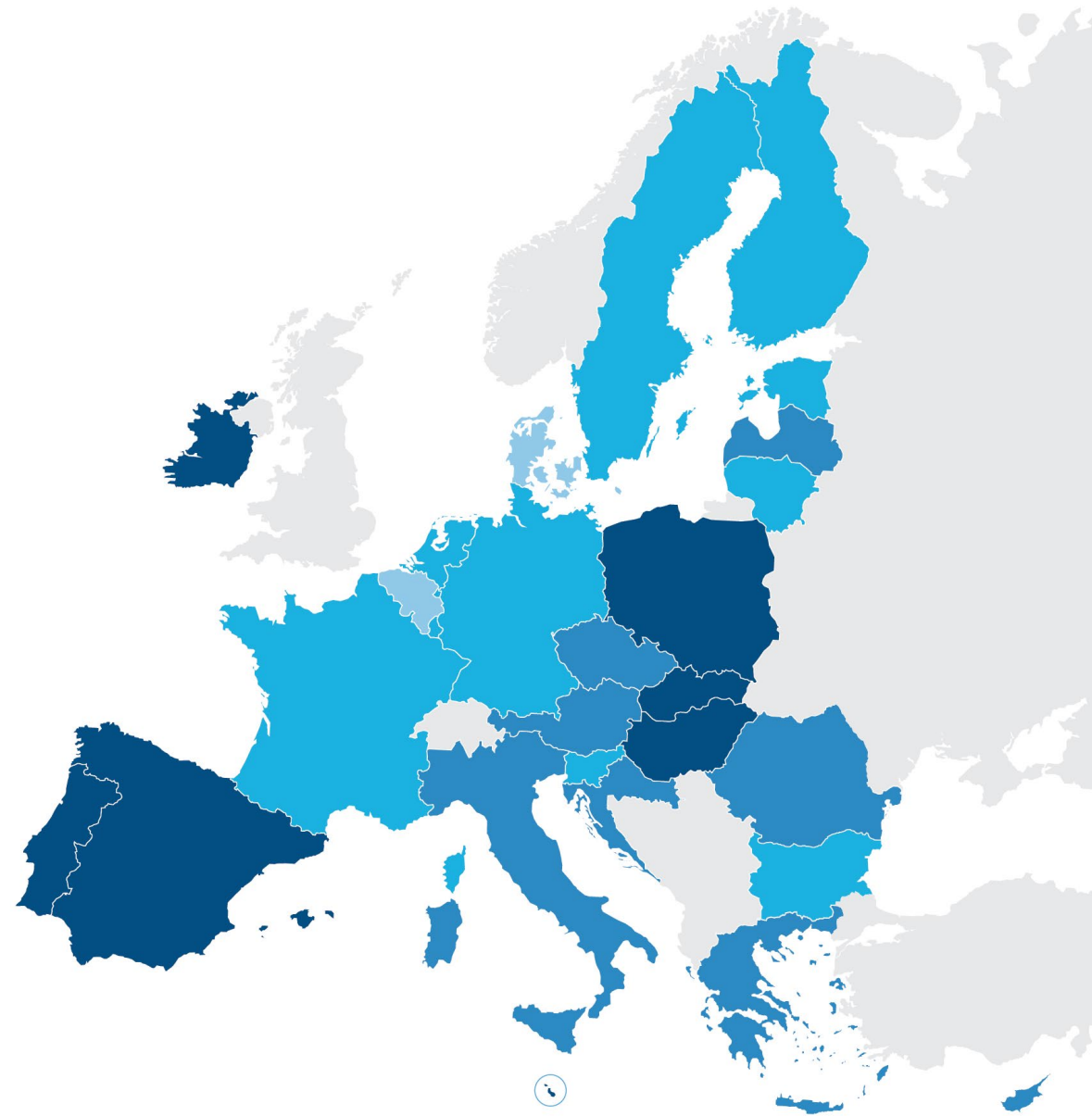


Balanced risks to growth and upside risks to inflation

- /+ Unpredictable future course of the pandemic
- Protracted supply chain disruptions and labour shortages
- Inflation may turn out higher than expected
- + Stronger than expected household demand
- + Investments fostered by the RRF could generate a stronger impulse to activity

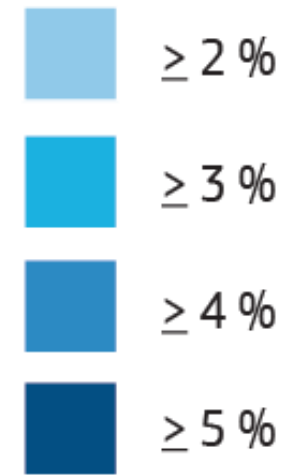
! Aggravated tensions in EU's eastern neighbourhood

2022



Expansion in all Member States

Annual real GDP growth in %



2023

