



European
Commission

EUROPEAN ECONOMIC FORECAST

Autumn 2021

#ECForecast



11 NOVEMBER 2021

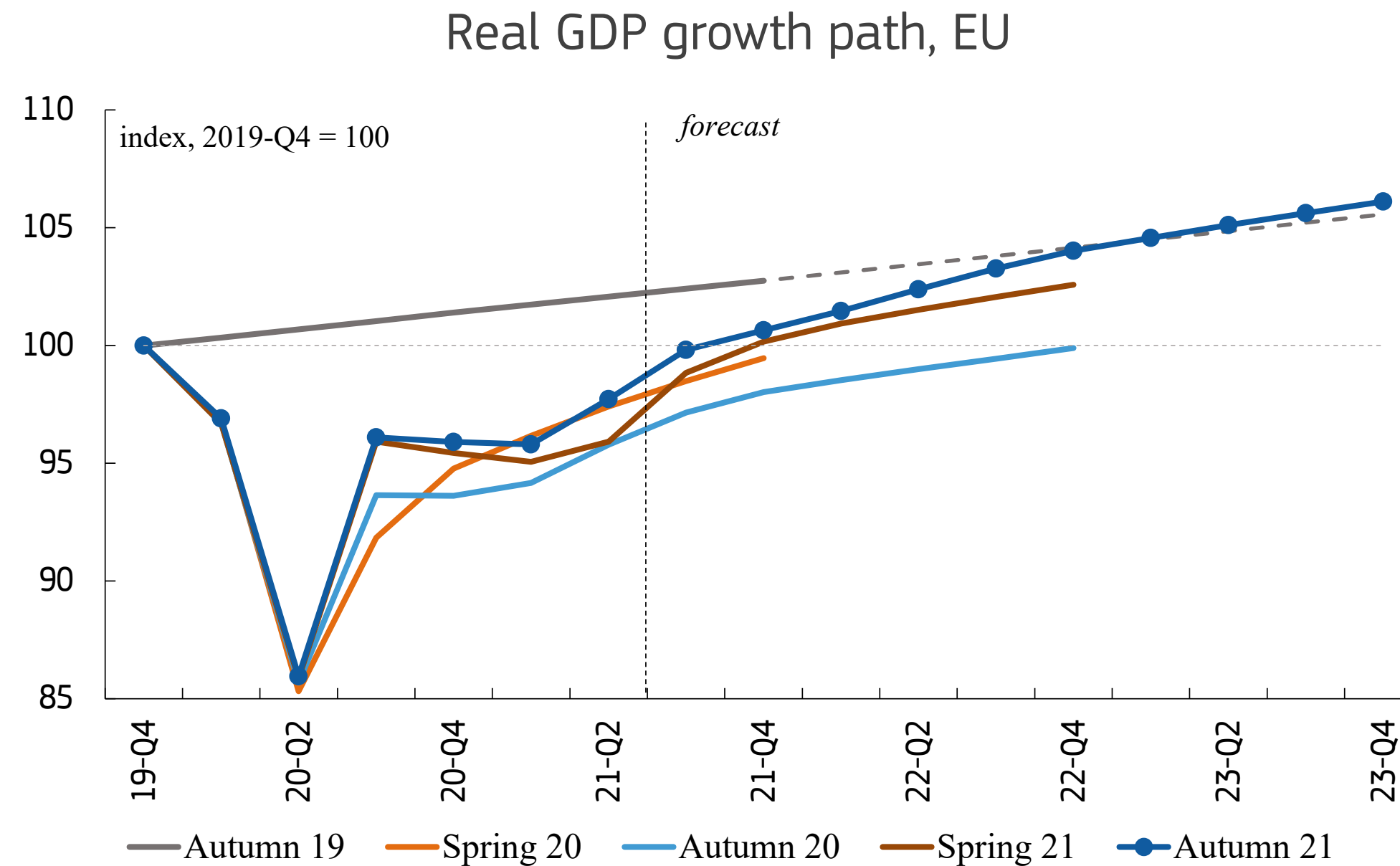
PAOLO GENTILONI

Commissioner for Economy

Key messages from the Autumn 2021 European Economic Forecast

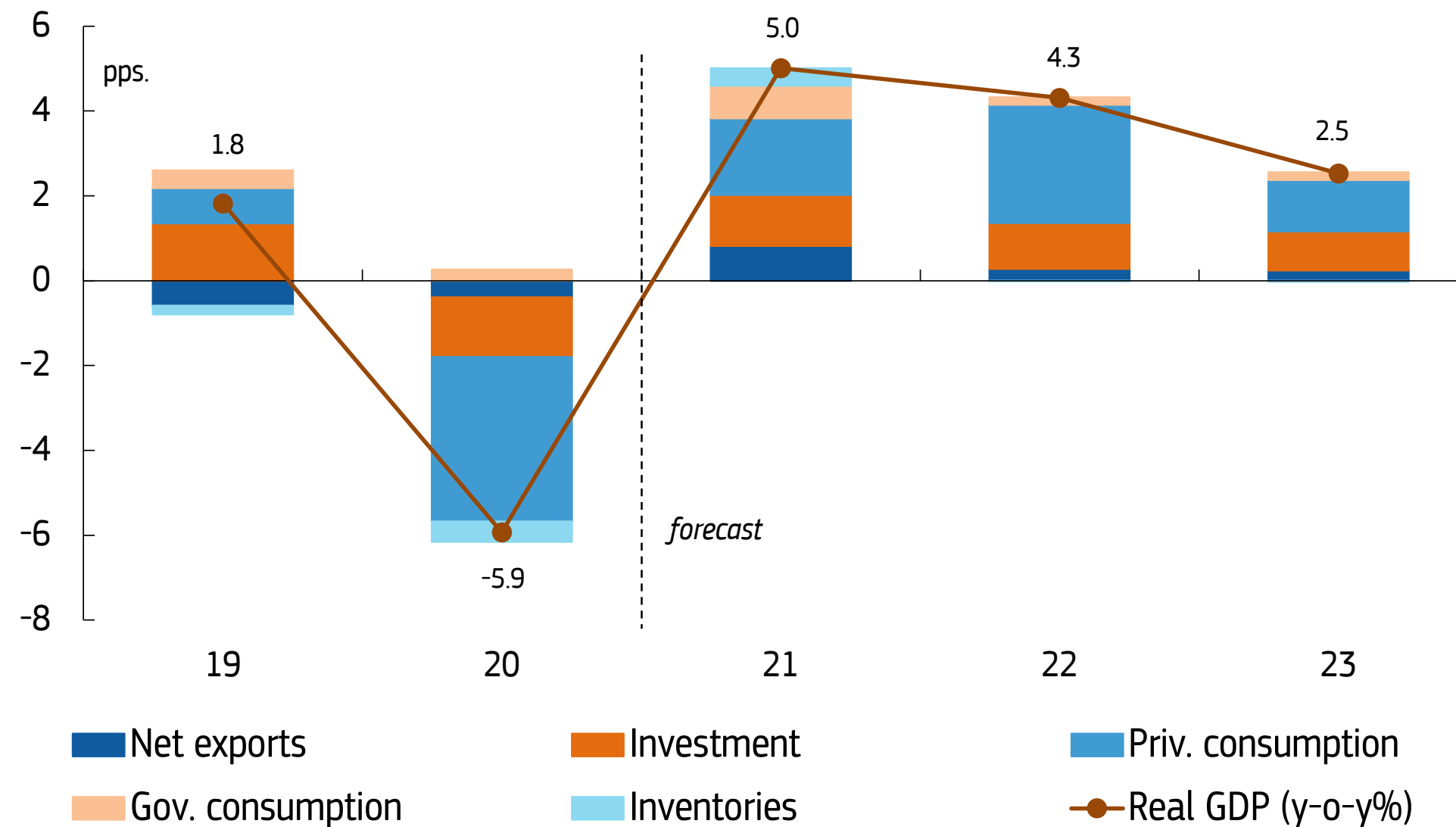
1. Domestic demand to pull the economy through temporary headwinds
2. Unemployment returning to pre-pandemic levels and declining further
3. Inflation expected to moderate after peaking this year
4. Government deficits narrow as emergency measures are withdrawn
5. Risks to the outlook tilted to the downside

The EU economy is moving from recovery to expansion



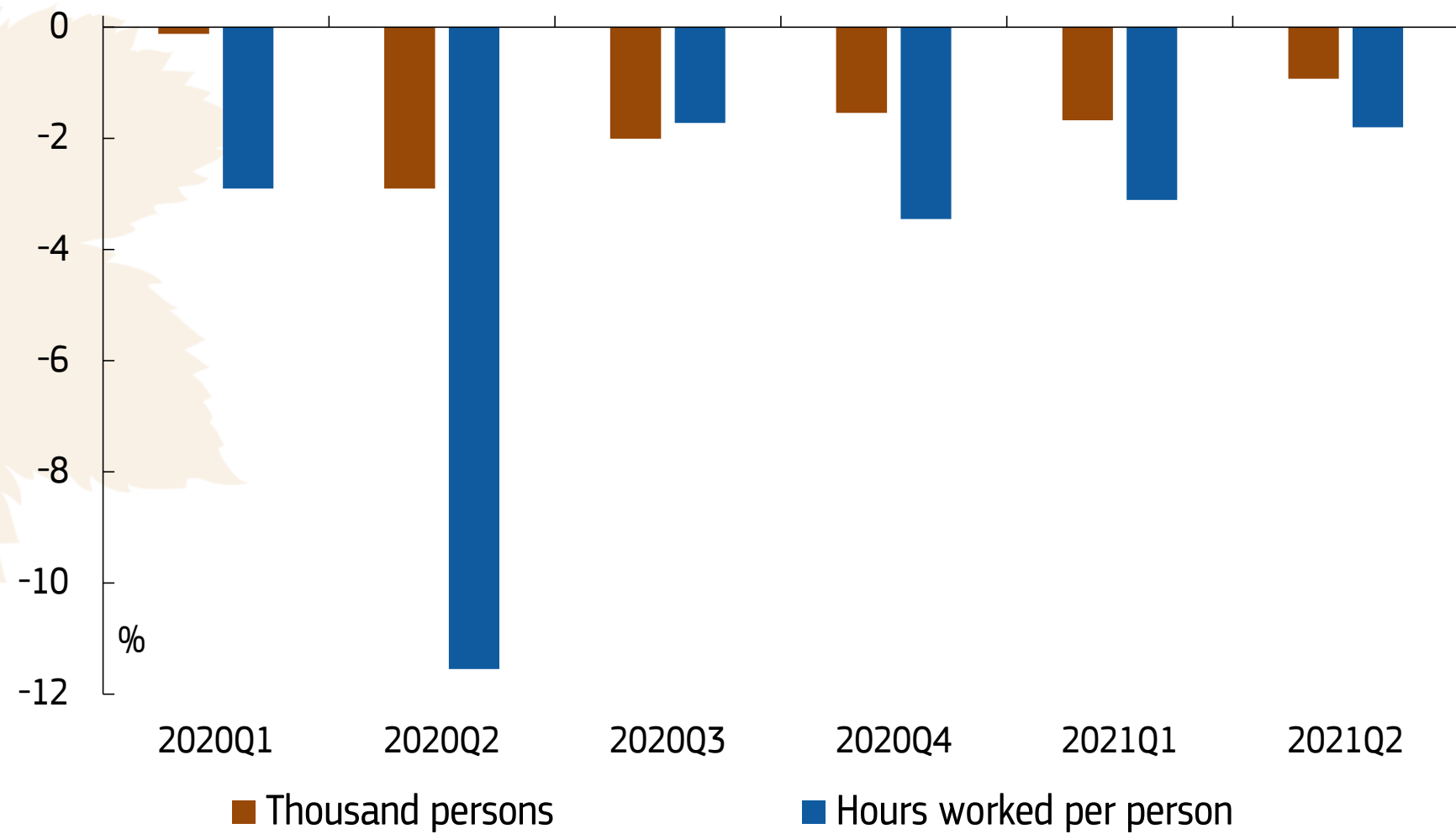
Domestic demand set to be the main growth driver

Real GDP growth and contributions, EU

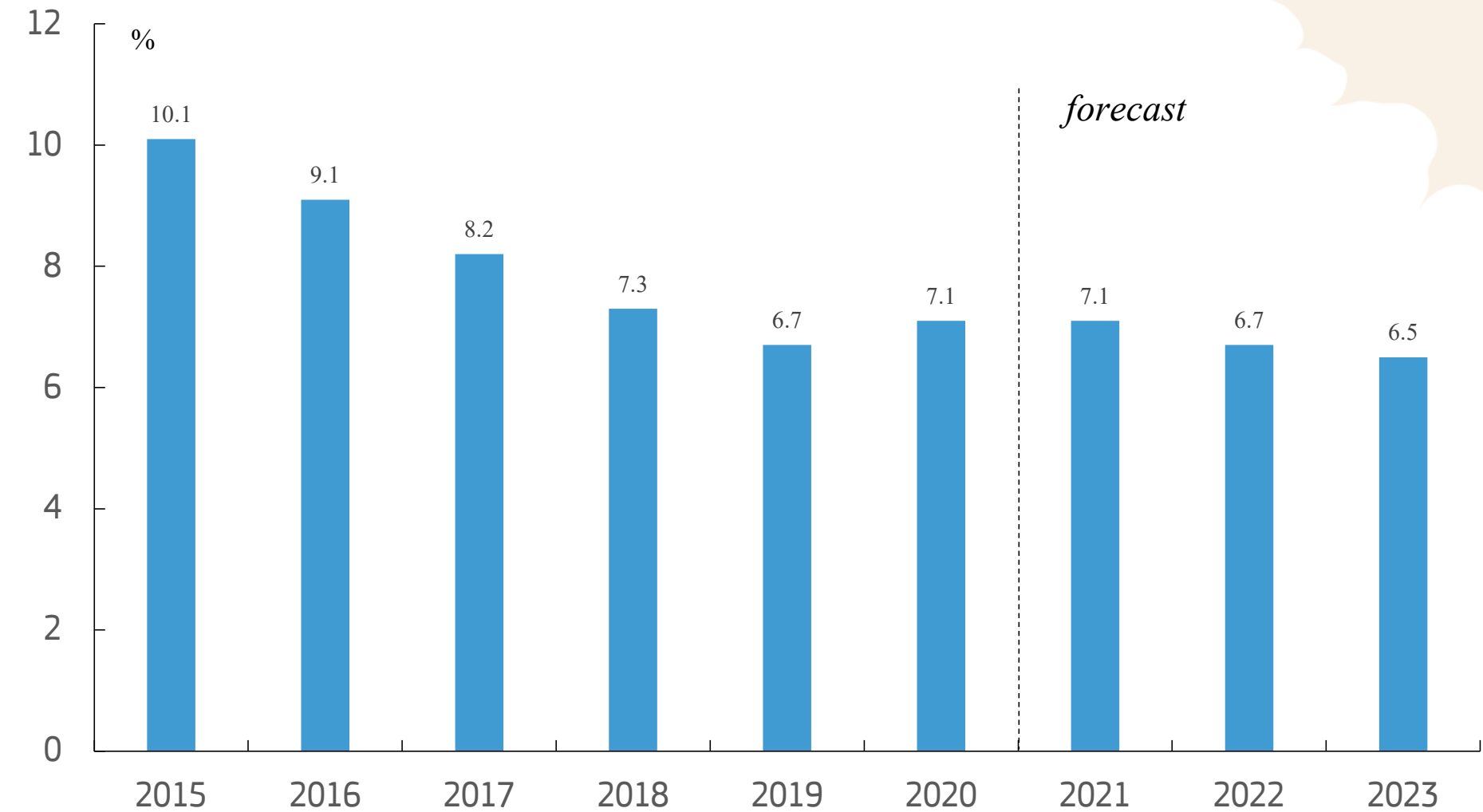


Labour market recovery set to continue

Employment, EU

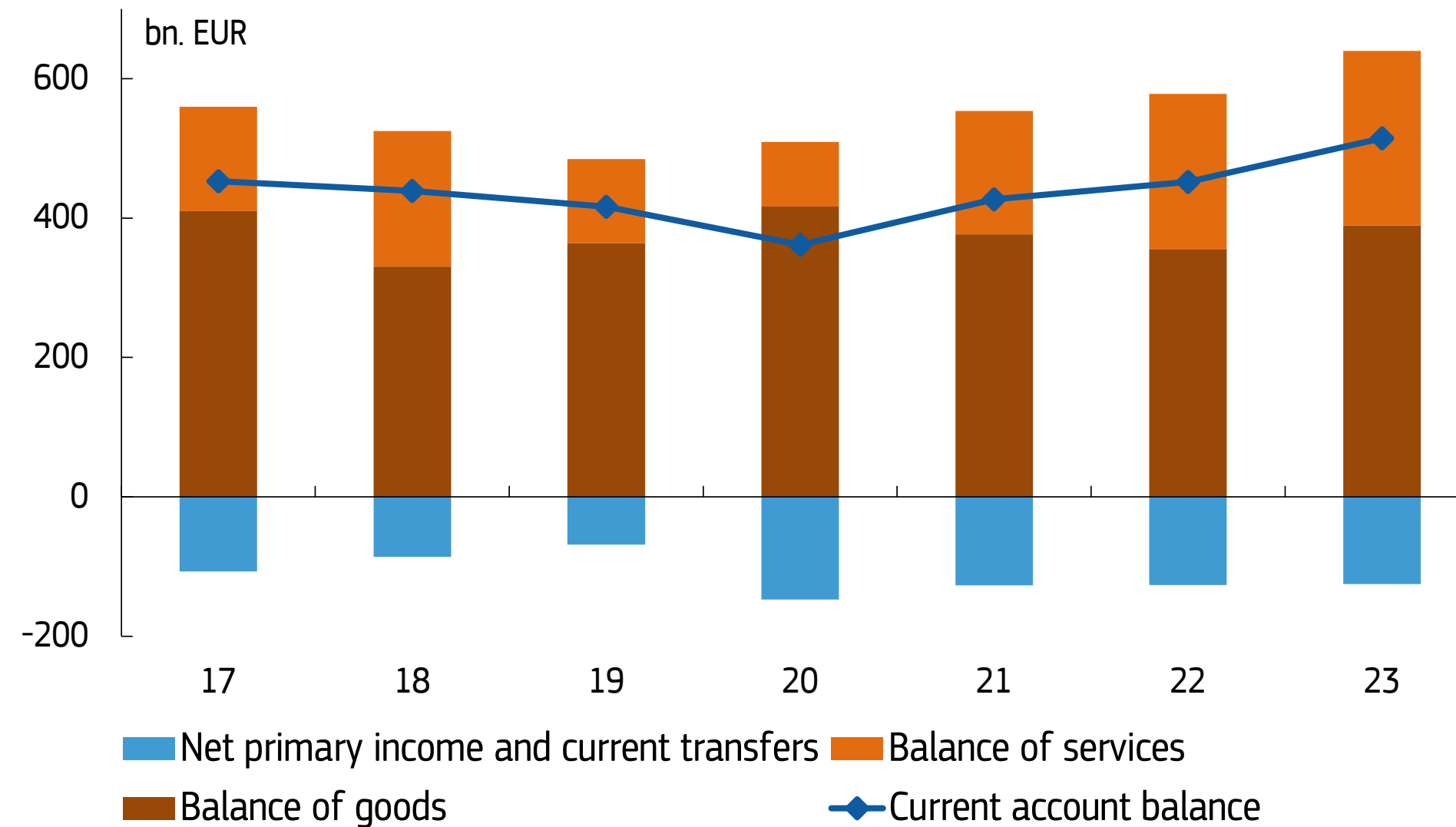


Unemployment rate, EU



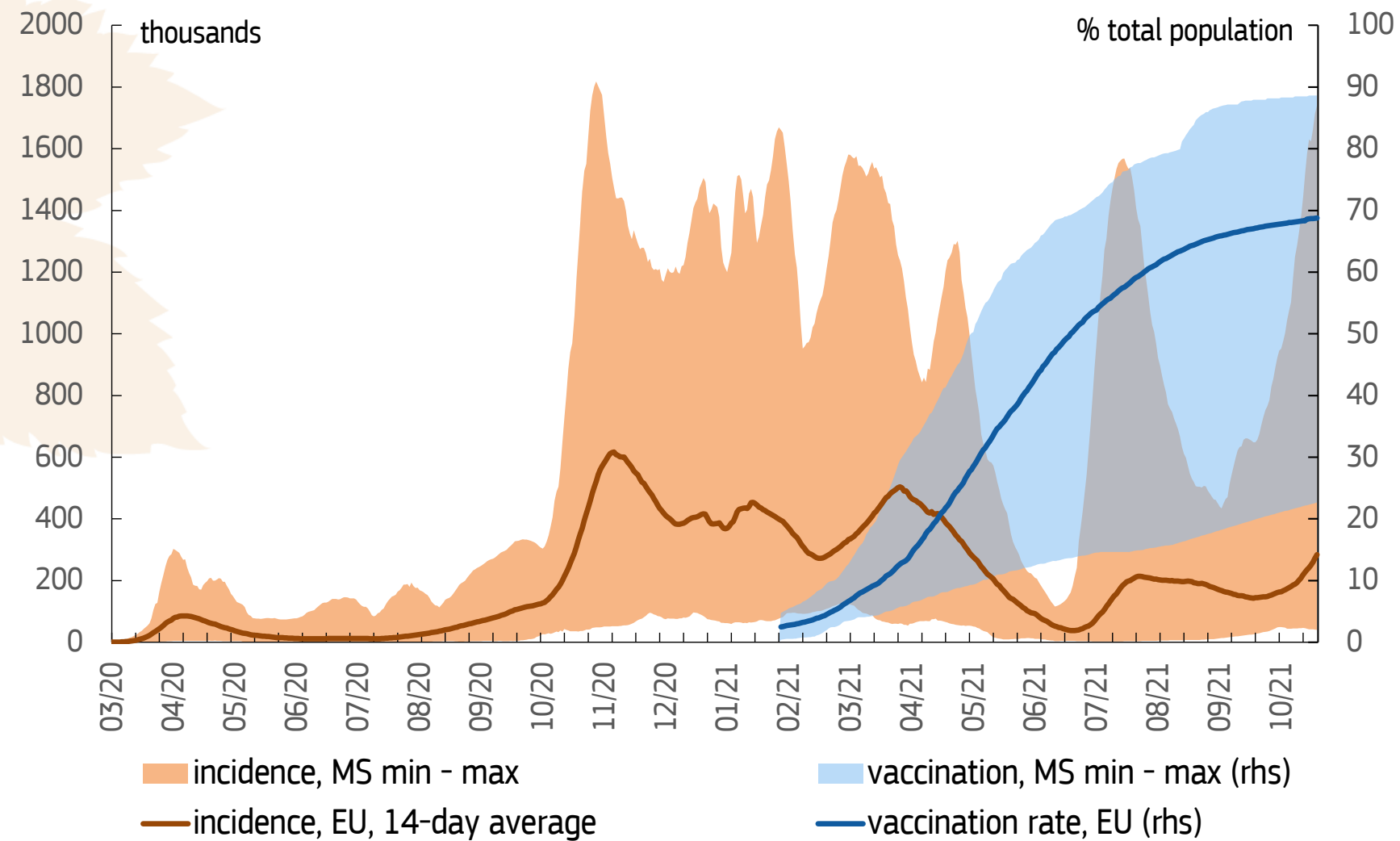
Current account surplus to increase steadily

Current account balance, EU

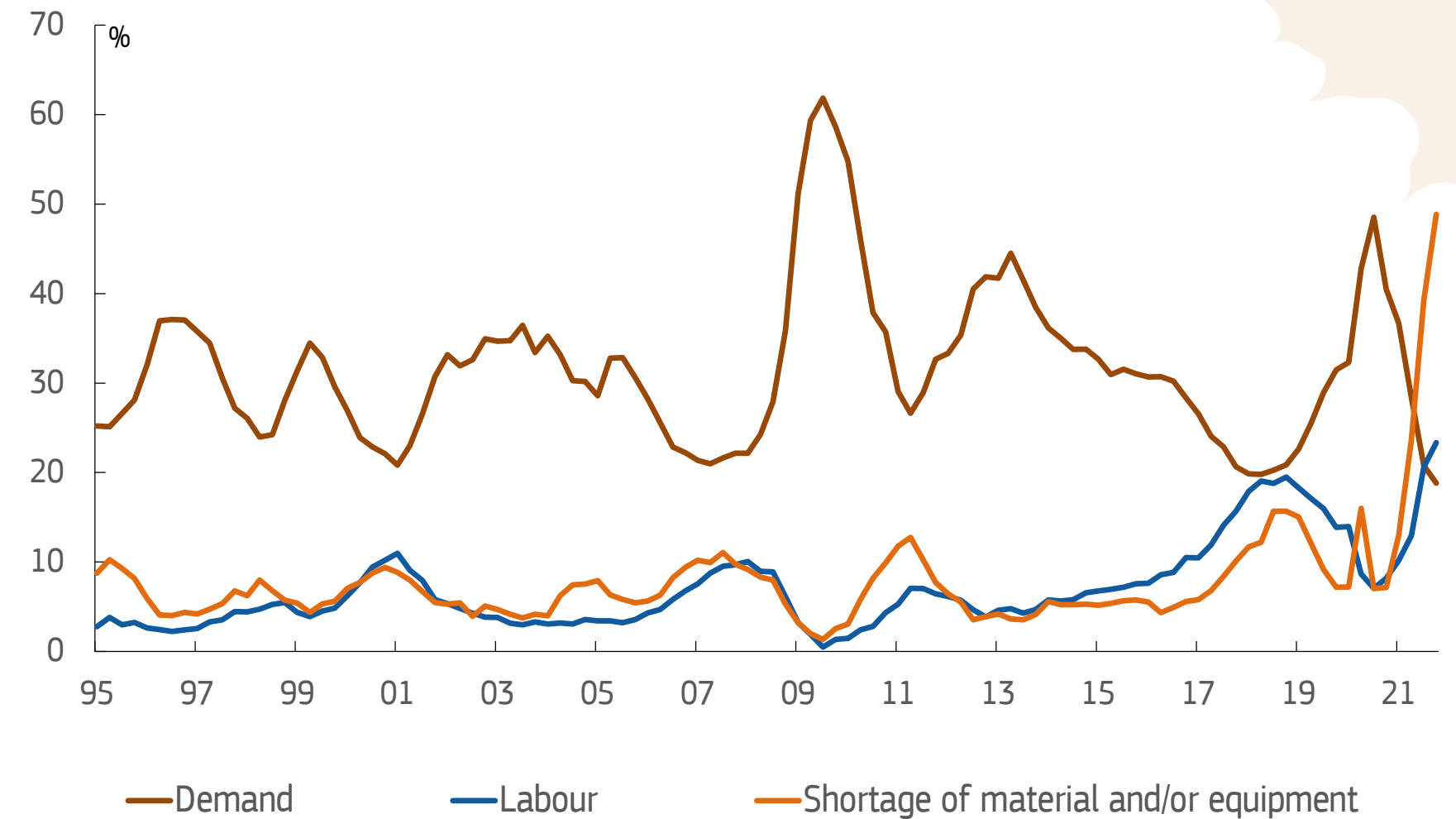


Growth momentum now facing headwinds

Infection incidence and vaccination rates, EU and MS

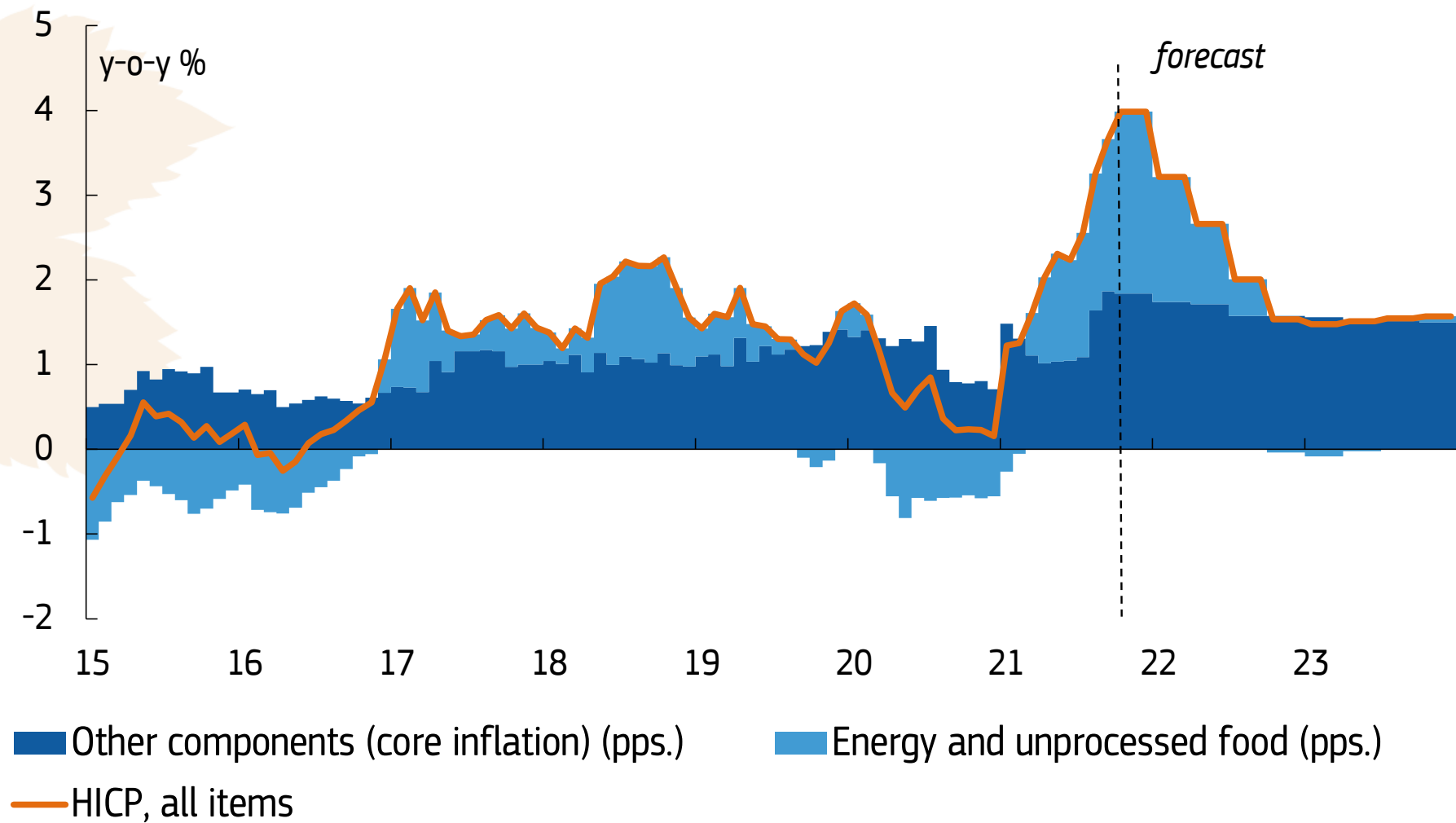


Factors limiting production, EU

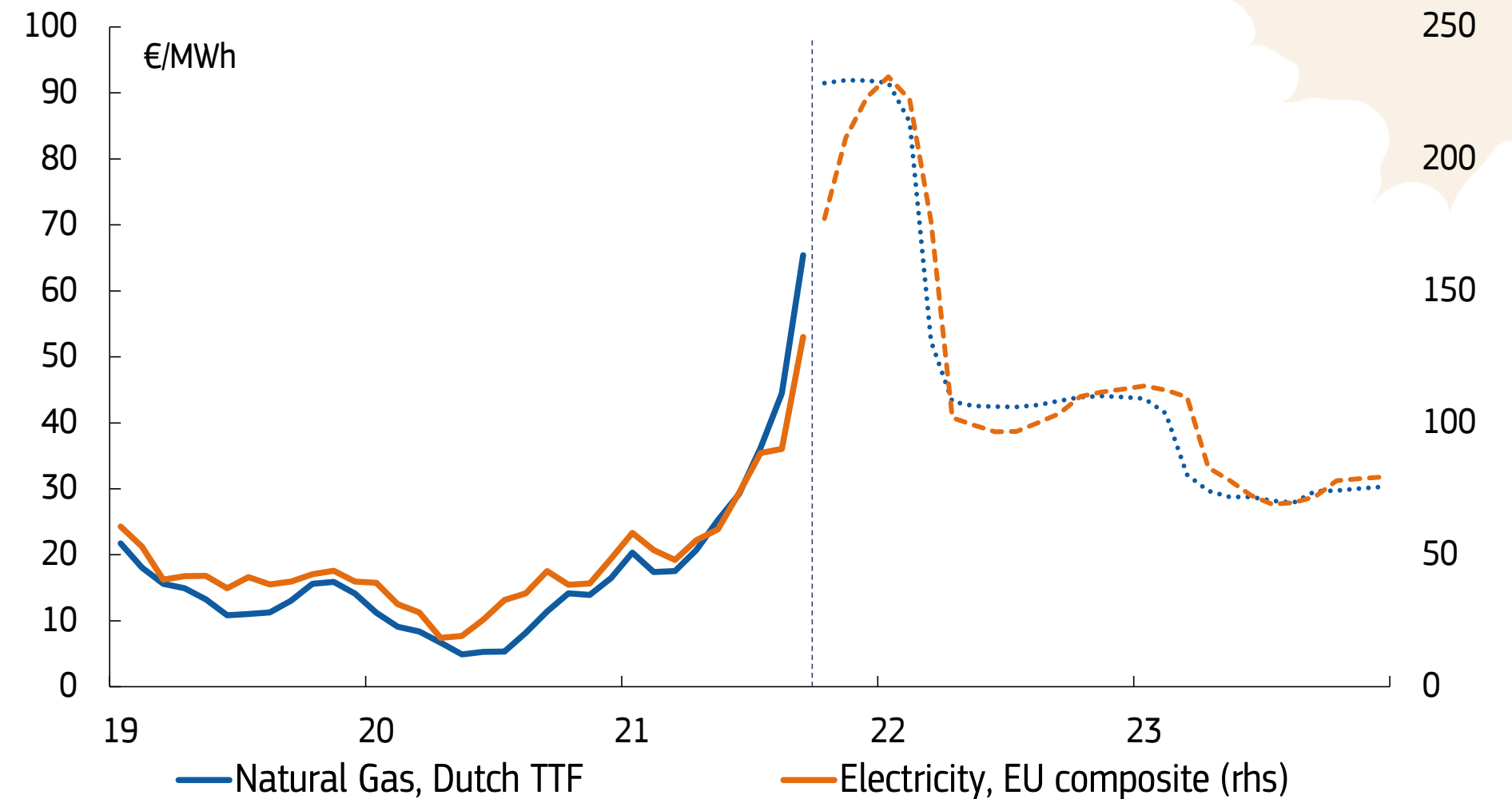


Inflation expected to start easing next year

Inflation rate, EU

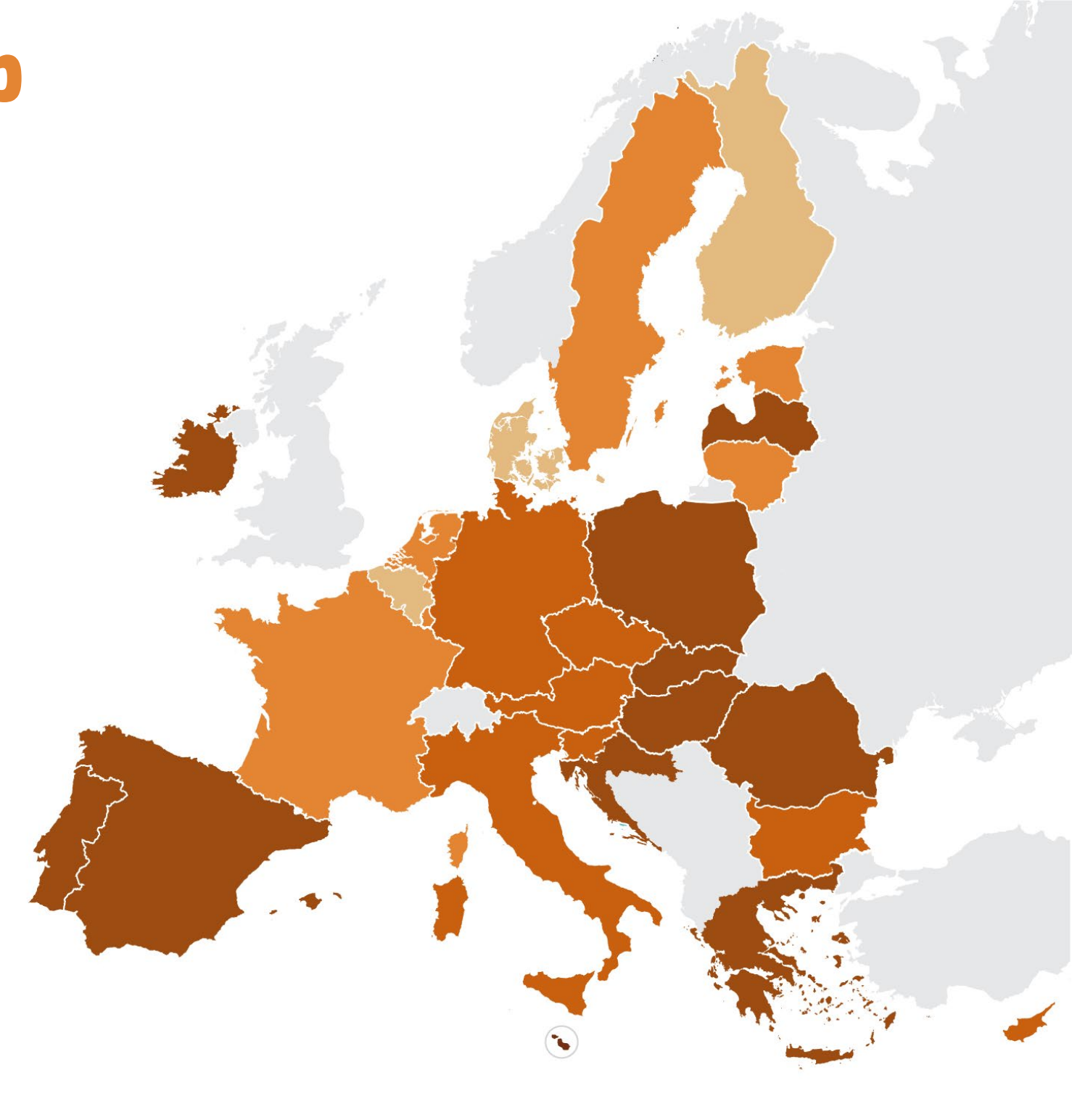
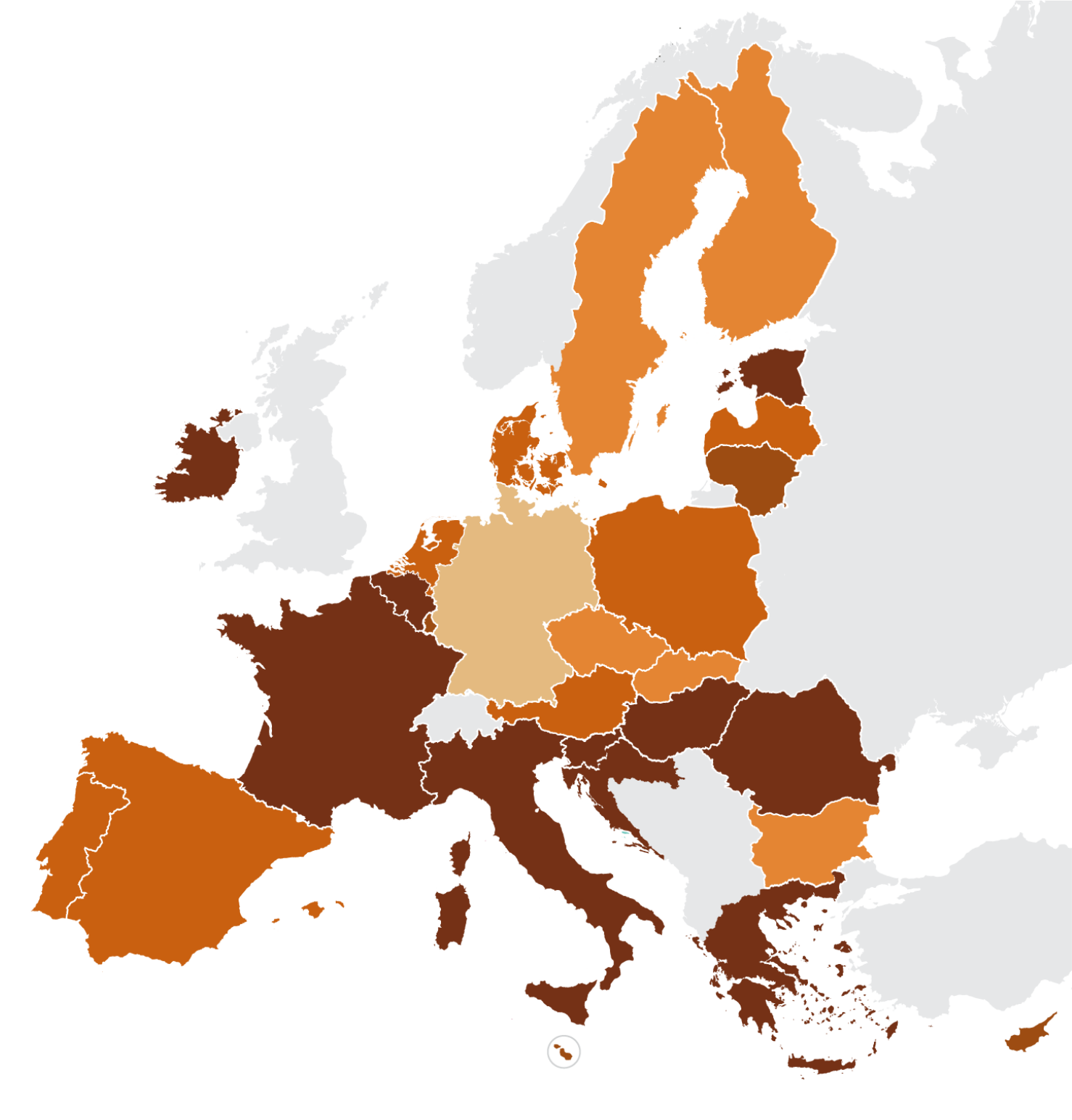
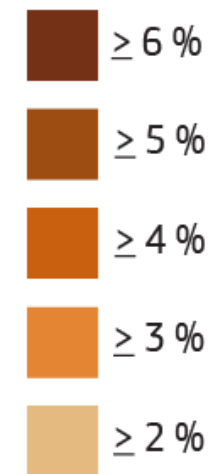


Spot and futures prices, EU



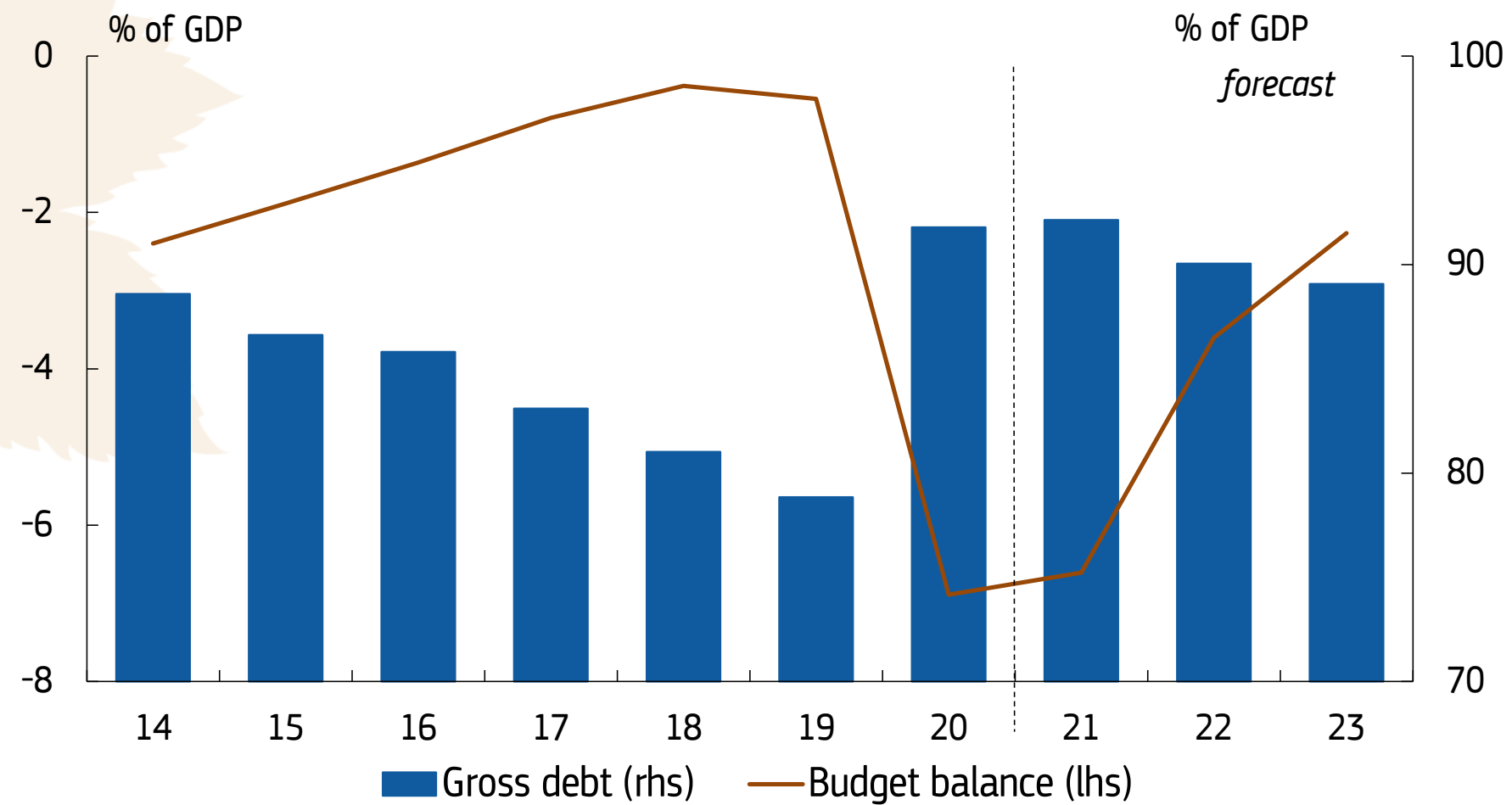
European growth map 2021 & 2022

real GDP growth, %

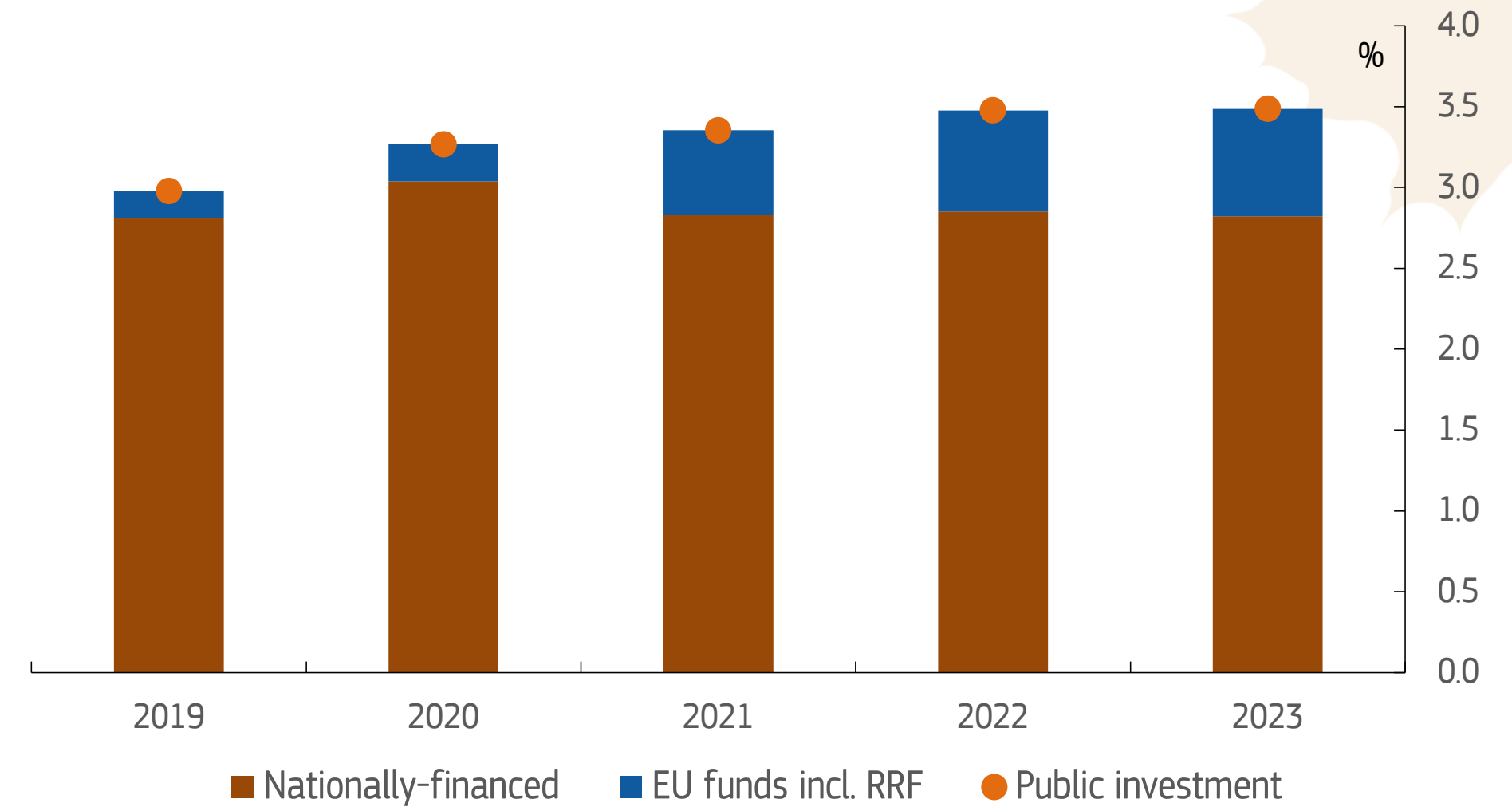


Lower deficits, higher investment

General government budget balance and debt-to-GDP ratio, EU

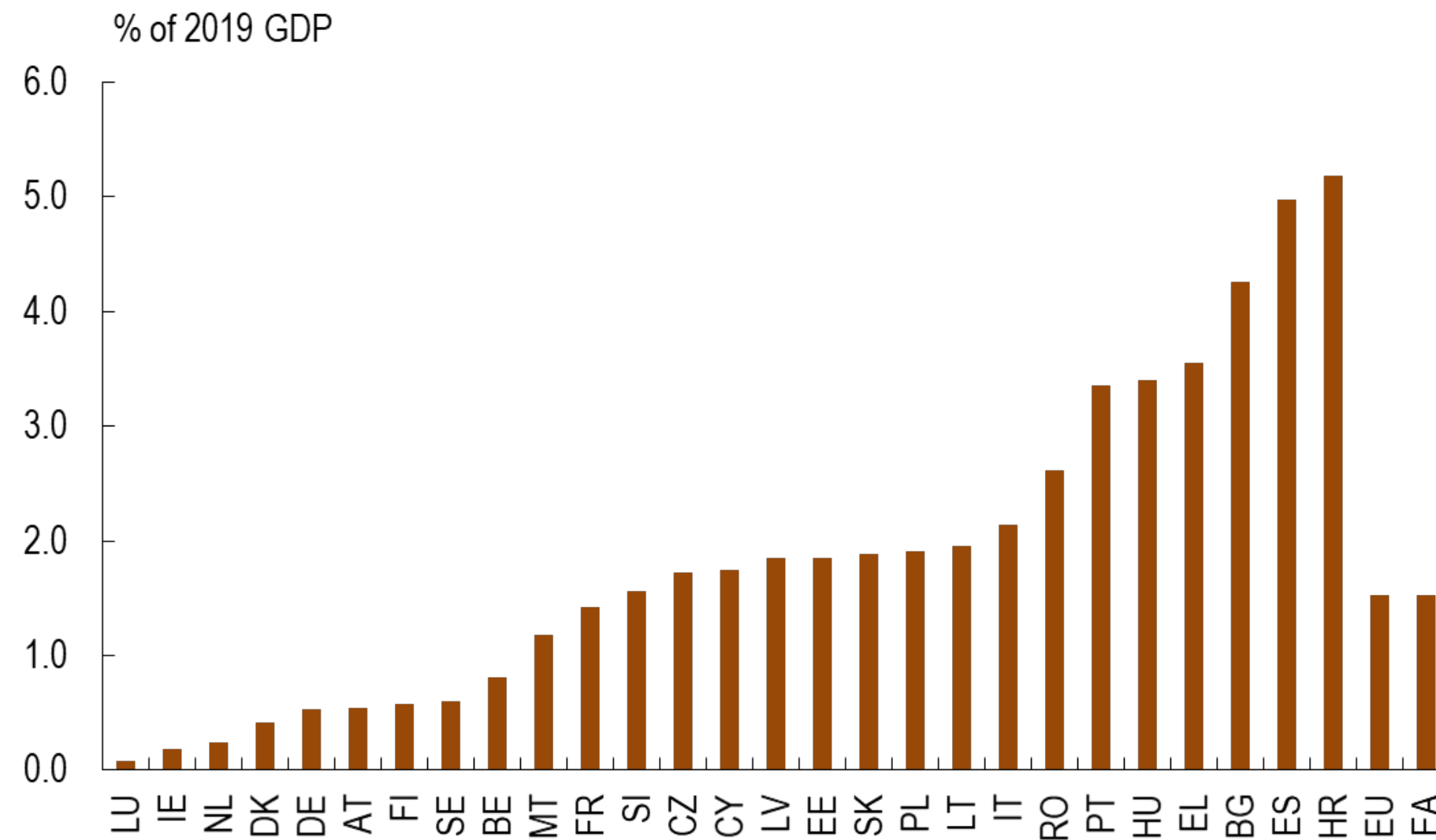


Public investment share in GDP, EU



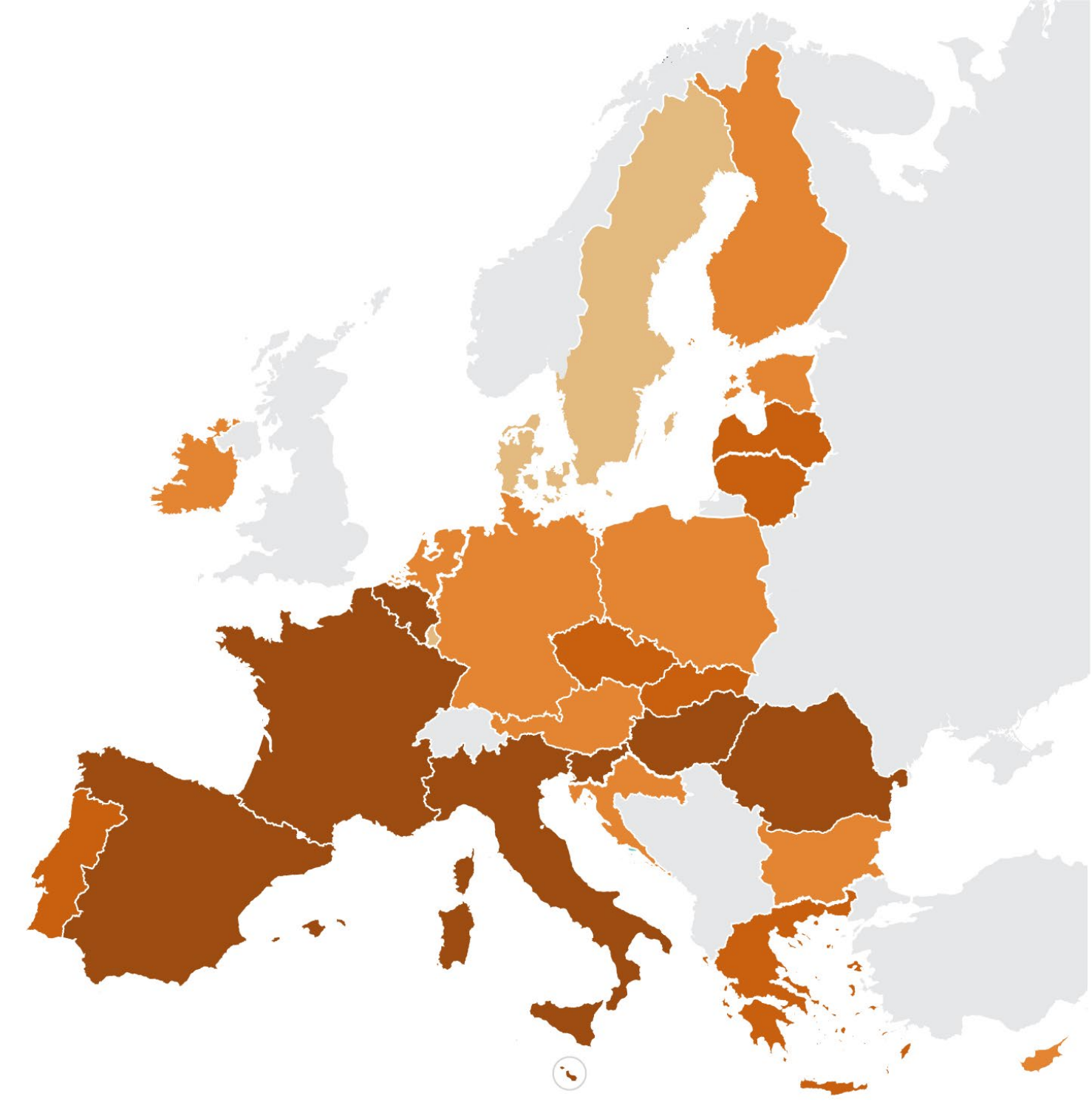
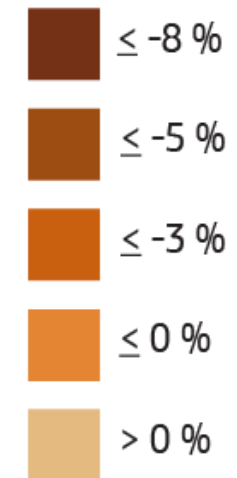
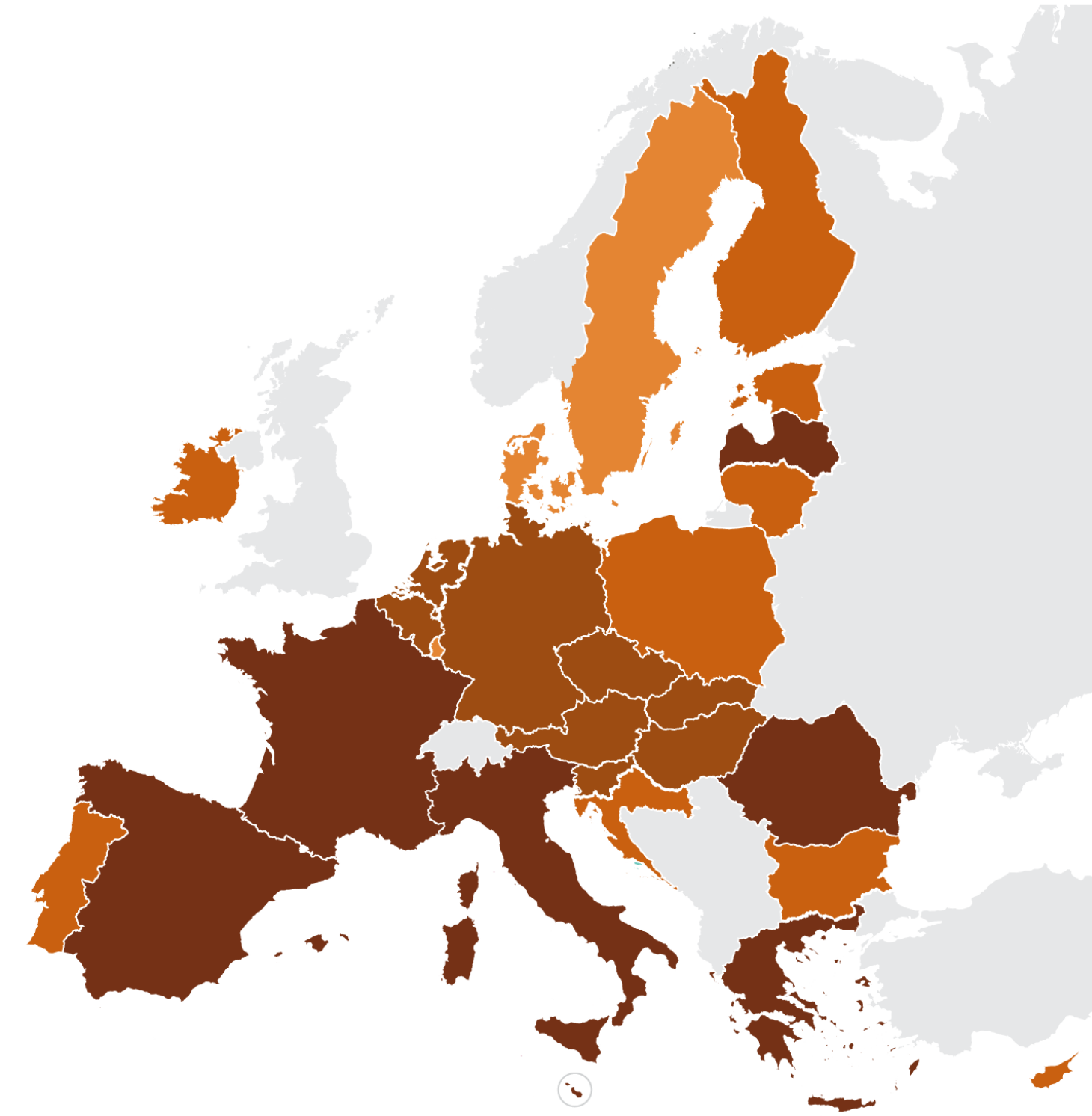
Impact of the Recovery and Resilience Facility

Expenditure and other costs financed by RRF grants as incorporated in the forecast over the period 2020-2023



Budgetary outlook 2021 & 2022

Government deficits as % of GDP



Risks tilted to the downside

- New COVID outbreaks and/or new variants leading to new restrictions
- Supply-side bottlenecks lasting longer than expected
- More persistent cost pressures
- + Higher spending of household savings accumulated during lockdown
- + Stronger boost from the RRF and decarbonisation investments

European growth map 2021 & 2022

Real GDP growth, %

