



European
Commission

EUROPEAN ECONOMIC FORECAST

Winter 2017

13 FEBRUARY 2017

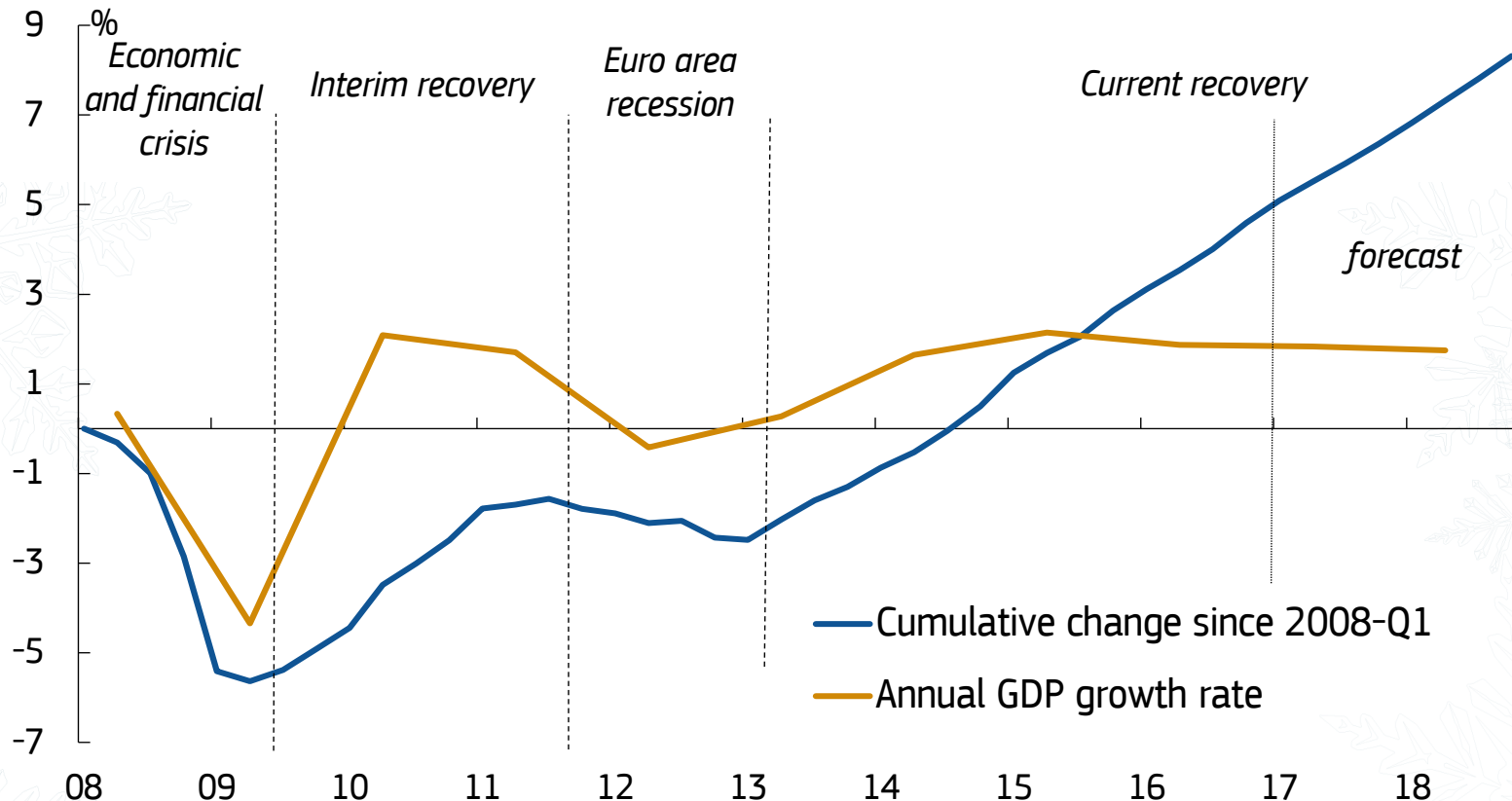
PIERRE MOSCOVICI

Commissioner for Economic and Financial Affairs, Taxation and Customs



A resilient European economy

EU GDP: annual growth rate and cumulative change, 2008-18



Key factors surrounding the outlook

Positive factors



**STRONGER
GLOBAL
ECONOMY**



**IMPROVING
LABOUR
MARKET**



**NORMALISING
INFLATION**



**SUPPORTIVE
ECONOMIC
POLICIES**

Negative factors

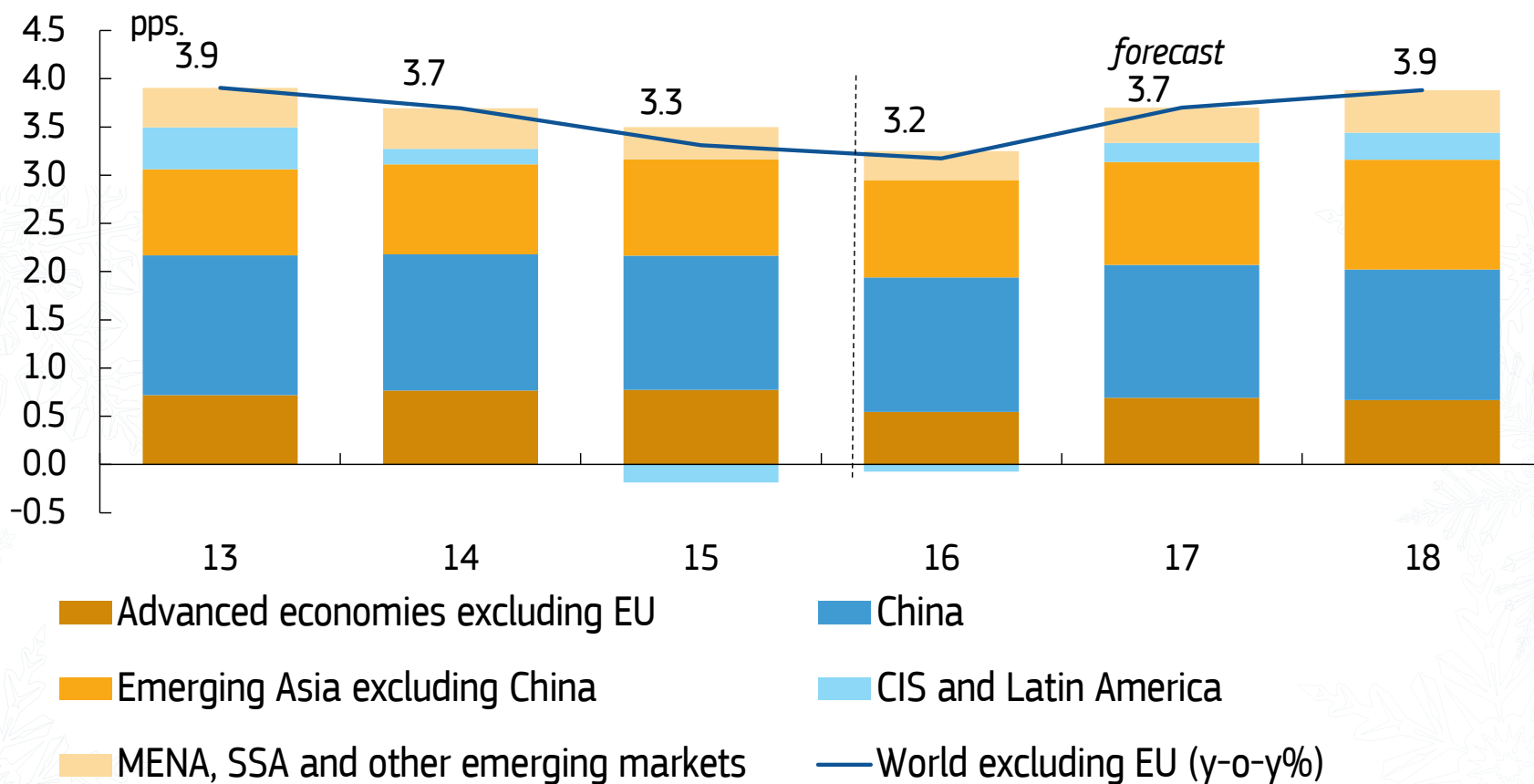


**HIGH
LEVELS OF
UNCERTAINTY**



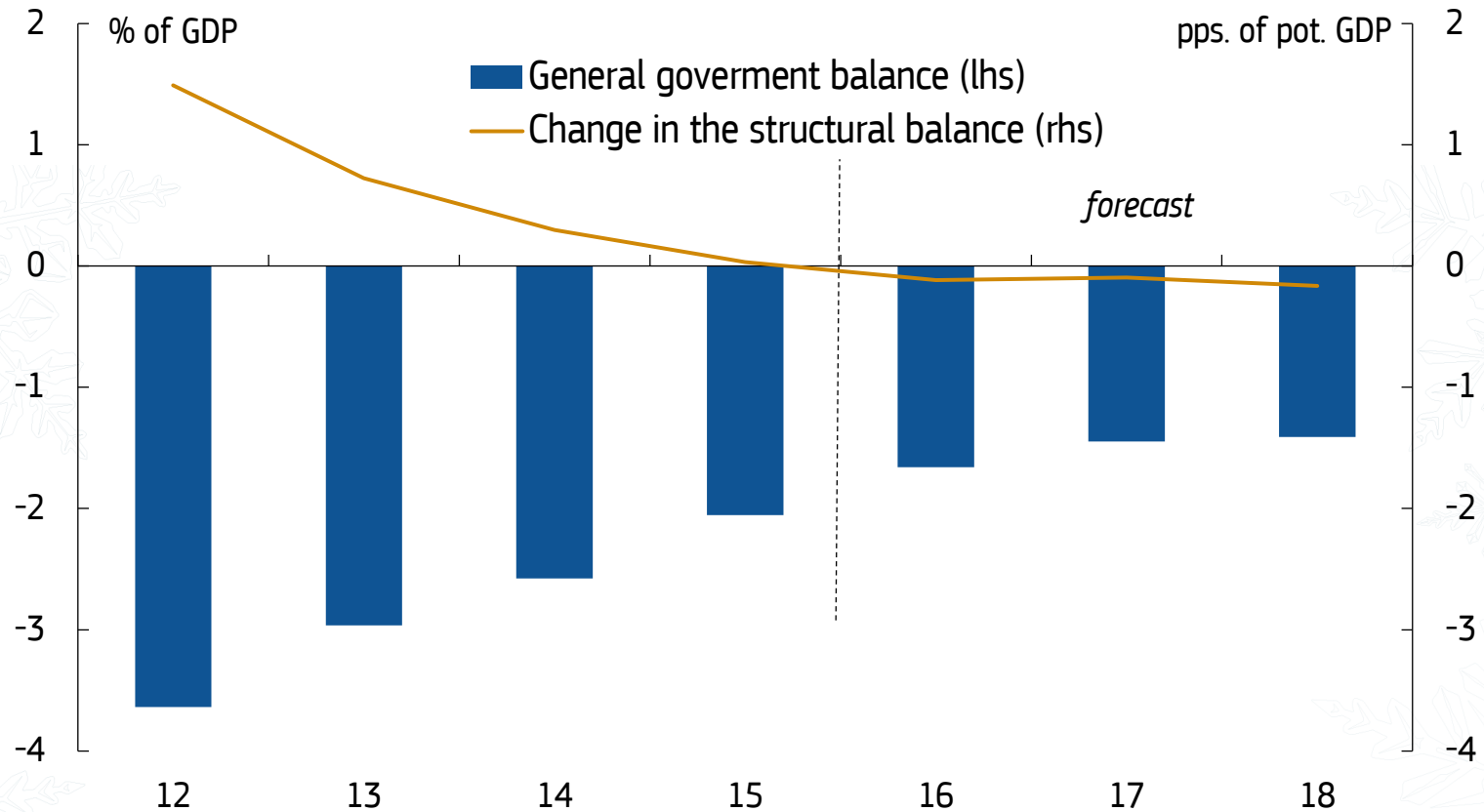
**STILL SLOW
GROWTH OF
INVESTMENT**

Improved global growth prospects



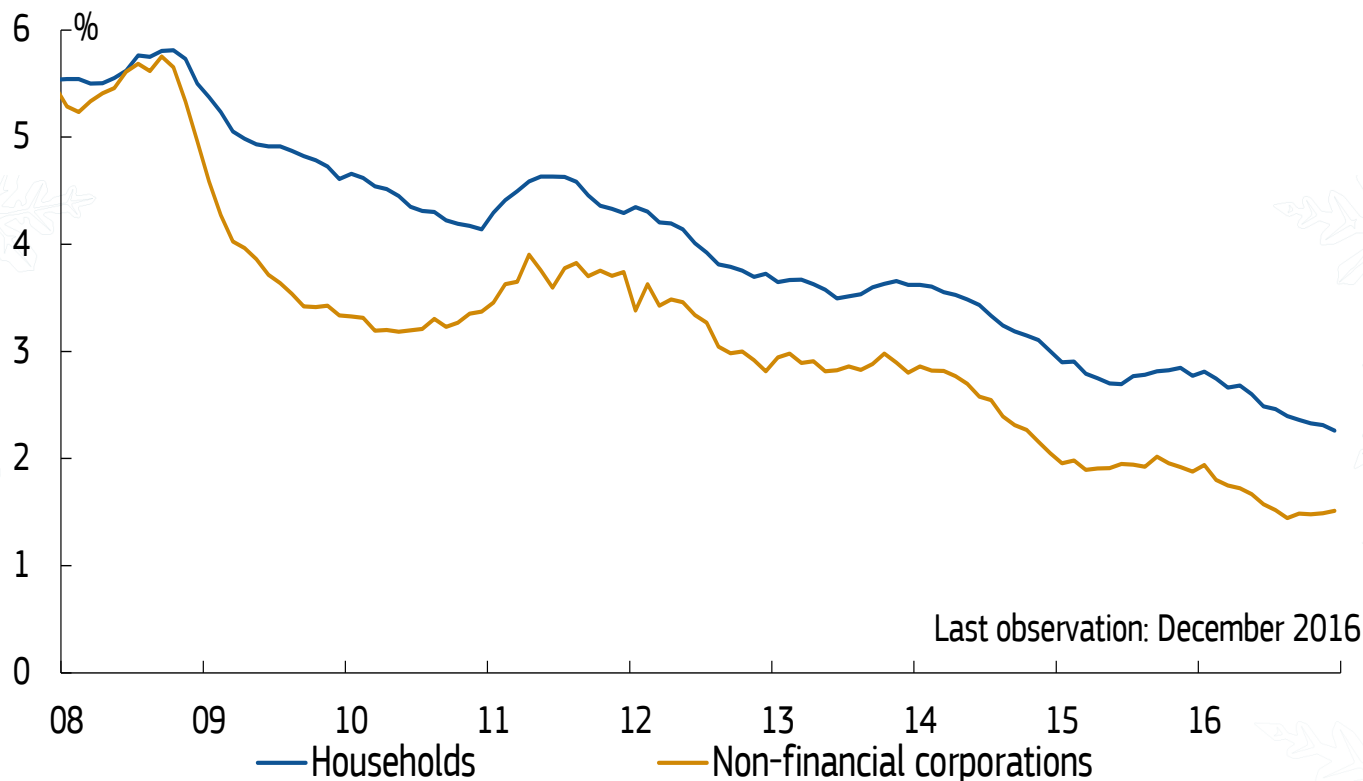
Economic policies remain supportive

Budgetary developments, euro area



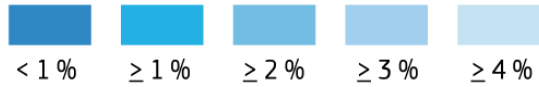
Economic policies remain supportive

Composite credit cost indicators, euro area



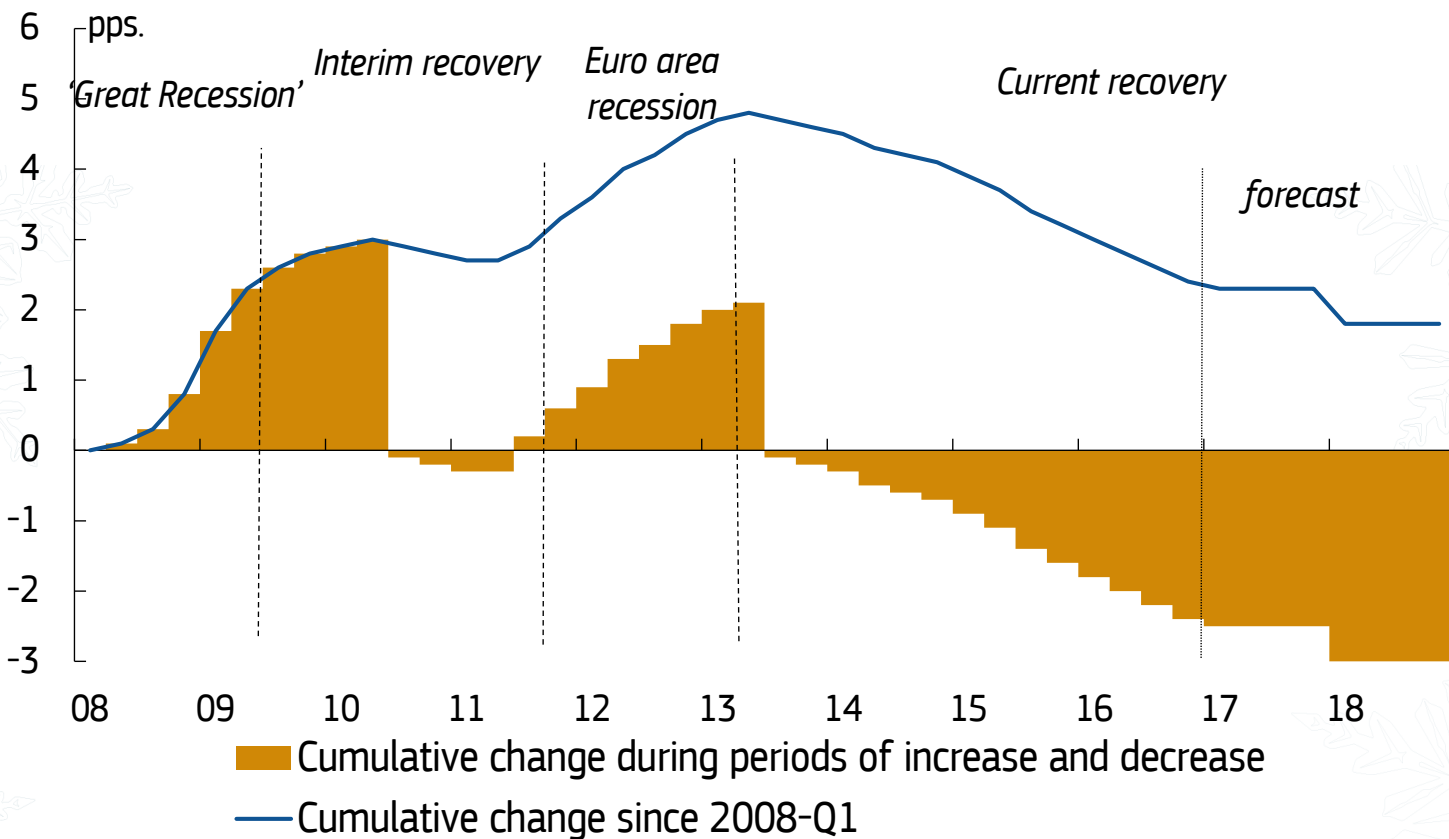
Sources: ECB, Bloomberg, own calculations

Economic growth 2017



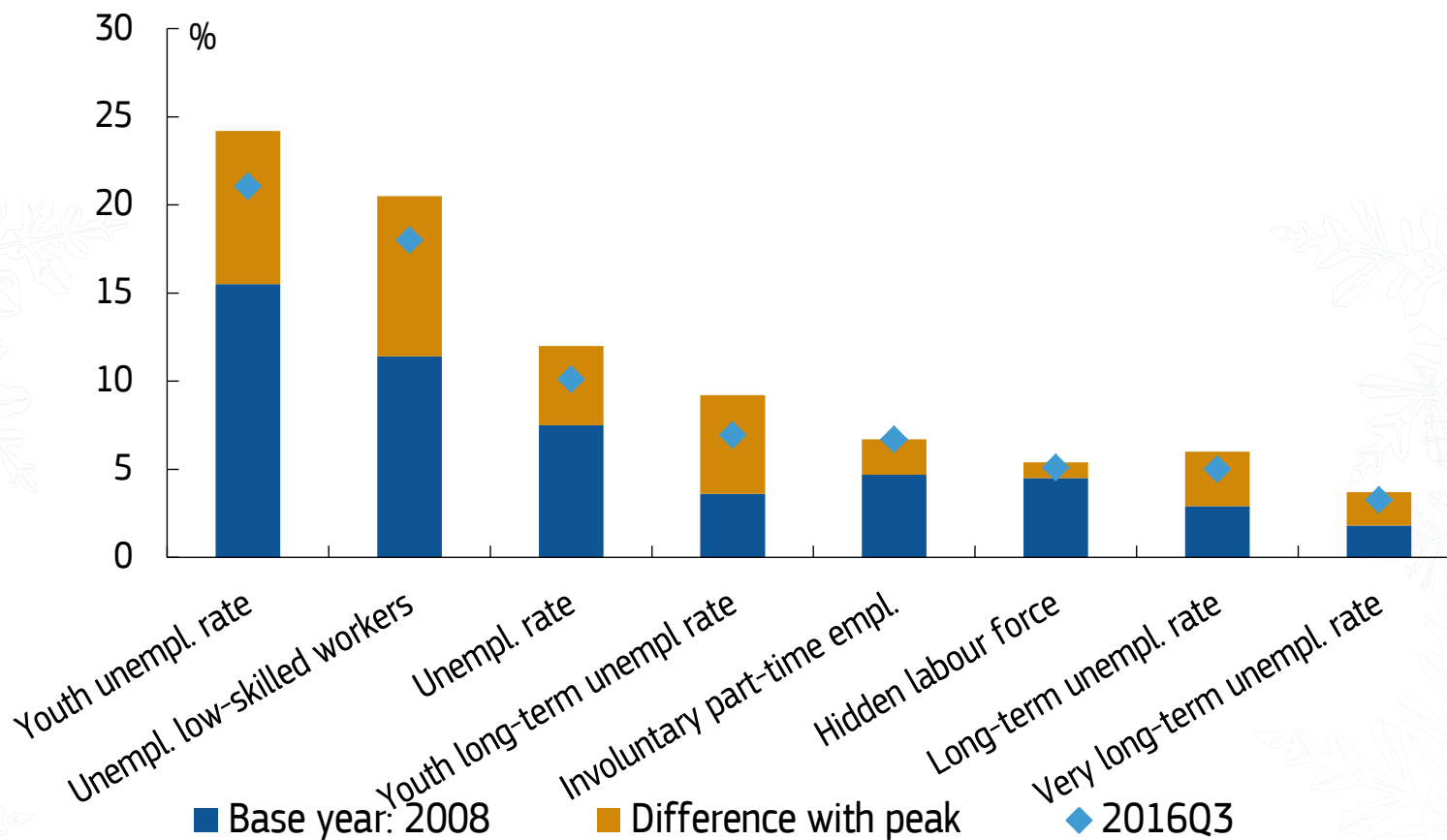
More jobs to be created - but not yet enough

Employment and unemployment, euro area



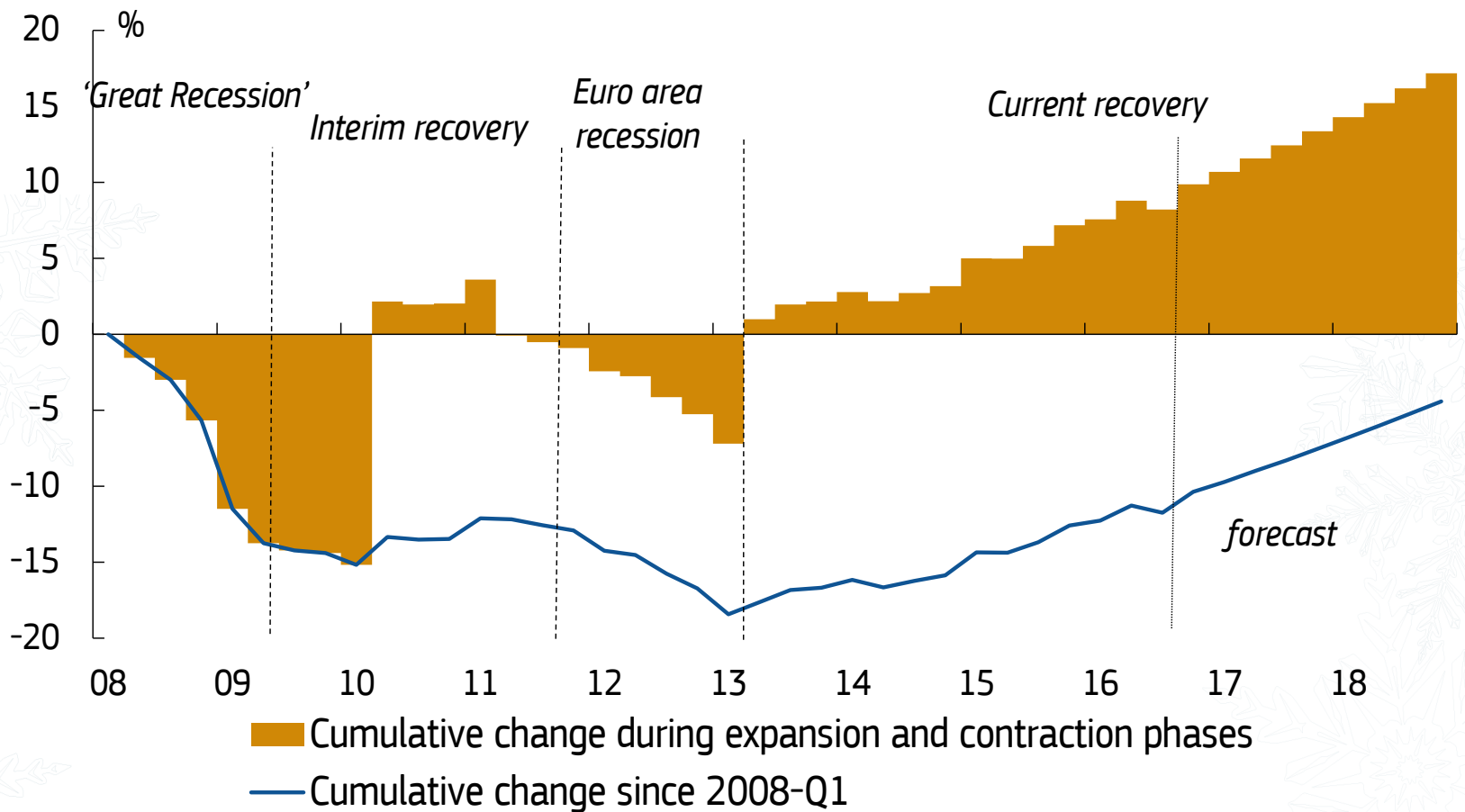
More jobs to be created - but not yet enough

Labour market indicators, euro area



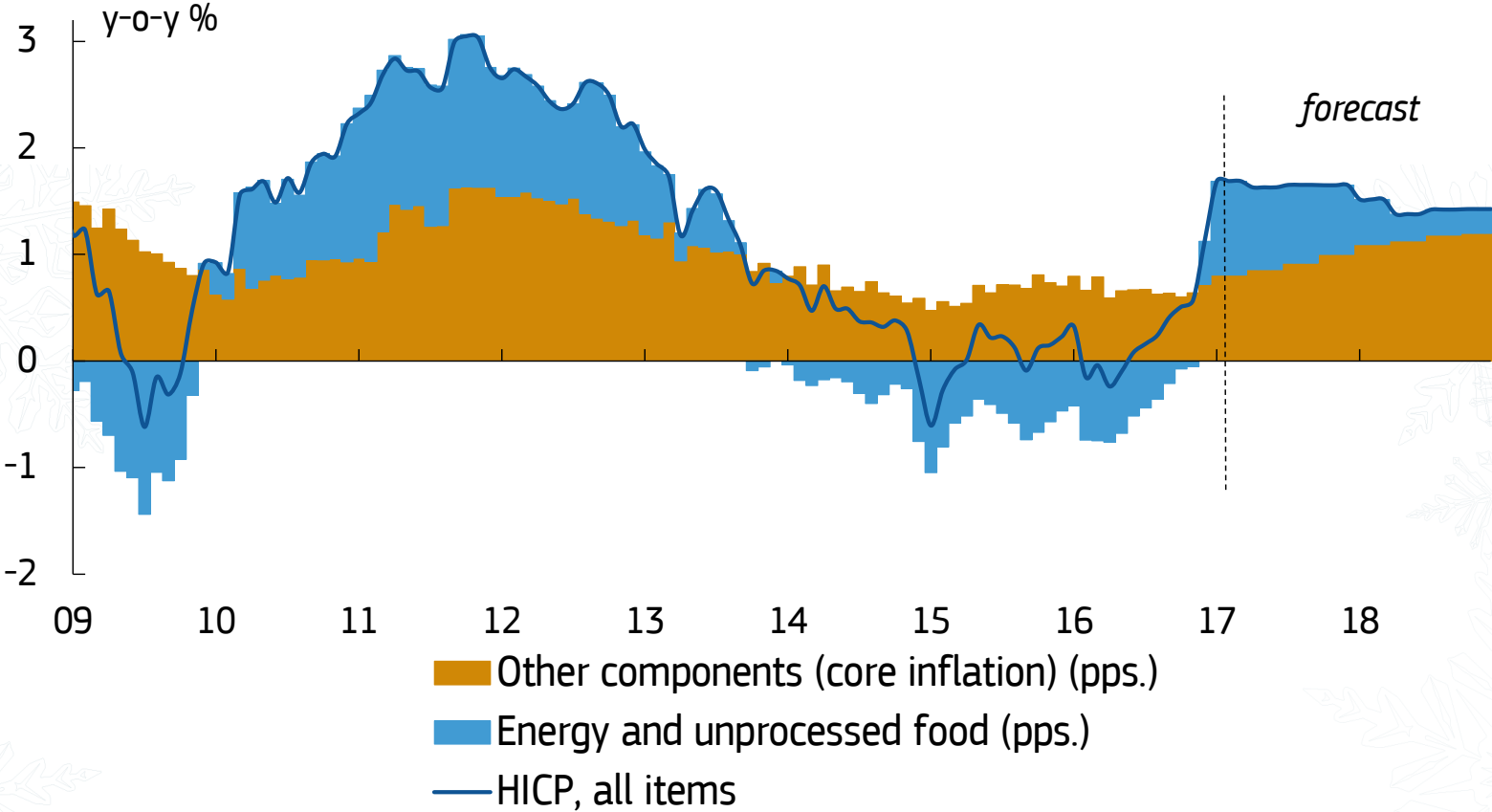
Investment still lacks strong momentum

Investment (2008-2018), euro area

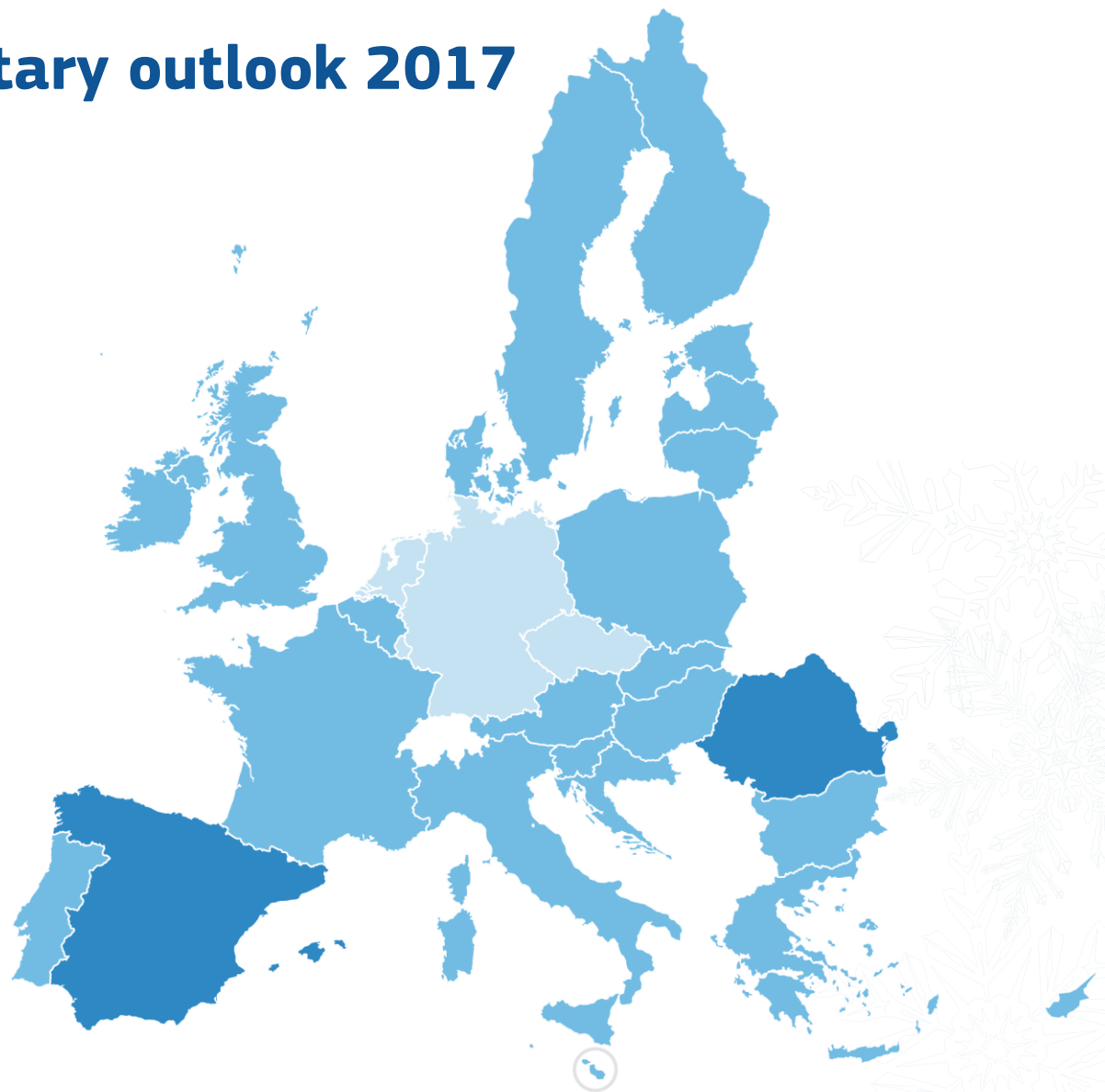
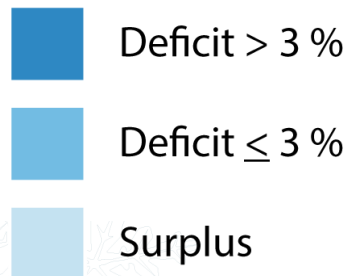


Energy prices temporarily driving inflation up

Inflation breakdown, euro area

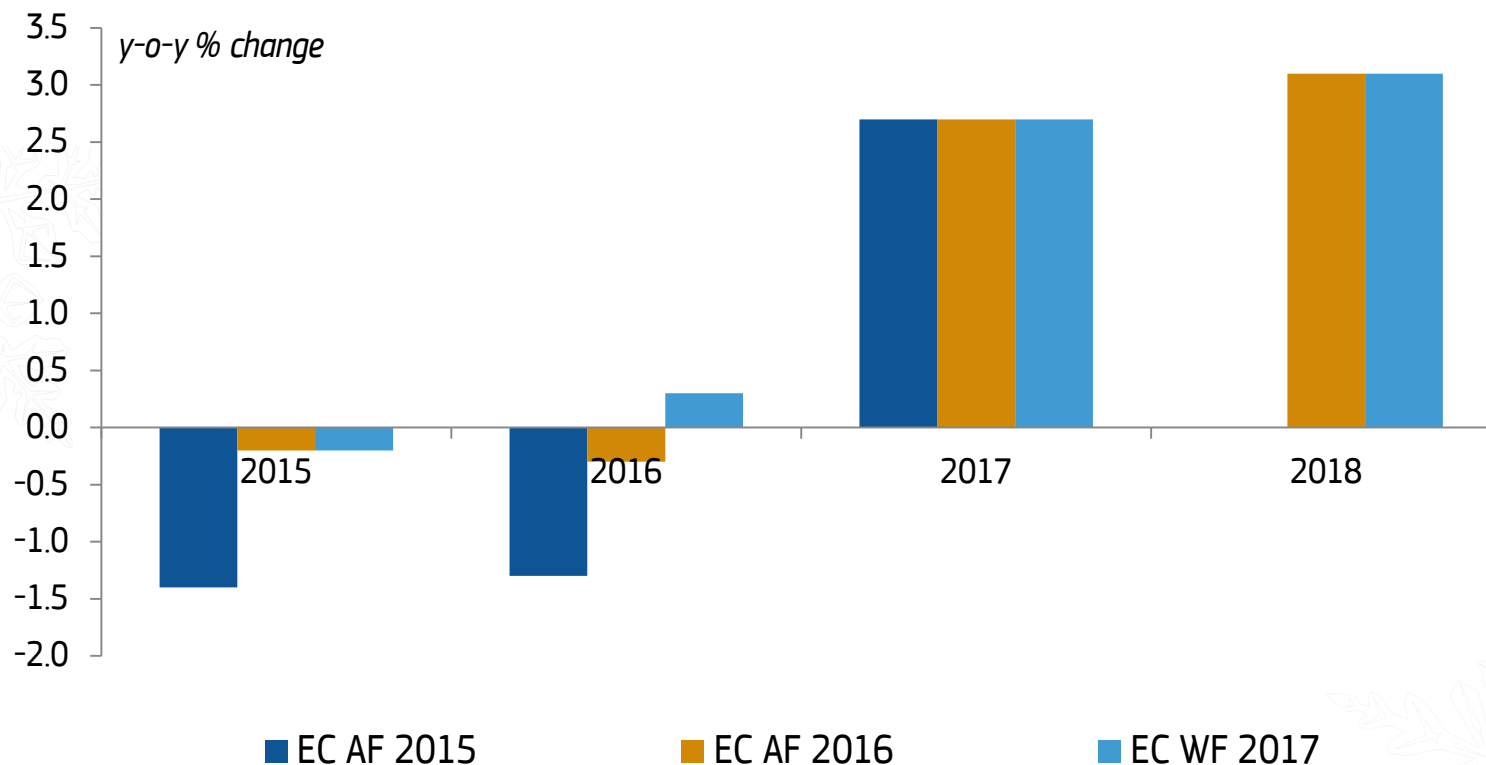


Budgetary outlook 2017



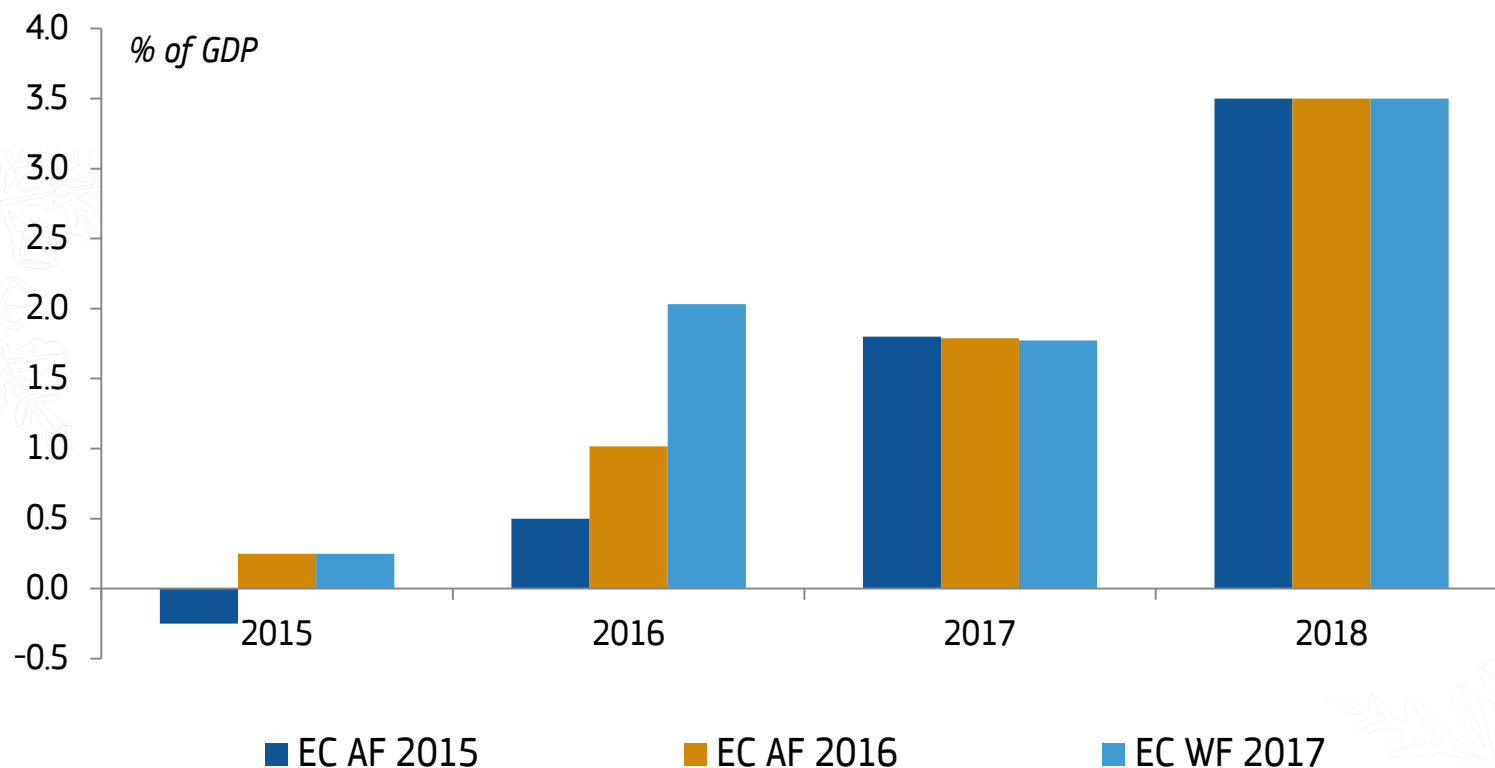
Greece outperformed forecasts and targets 2015 and 2016

Real GDP



Greece outperformed forecasts and targets 2015 and 2016

Primary balance



Downside risks have increased

- (-) US fiscal and trade policy (short-term vs medium-term)
- (-) Monetary policy divergences
- (-) Global risk re-assessment
- (-) Impact of the UK 'Leave' vote
- (-) Political uncertainty
- (-) Banking sector
- (-) Geopolitical tensions

Downside risks have increased

Fan chart, euro area

