



European
Commission

EUROPEAN ECONOMIC FORECAST

Spring 2017

#ECForecast

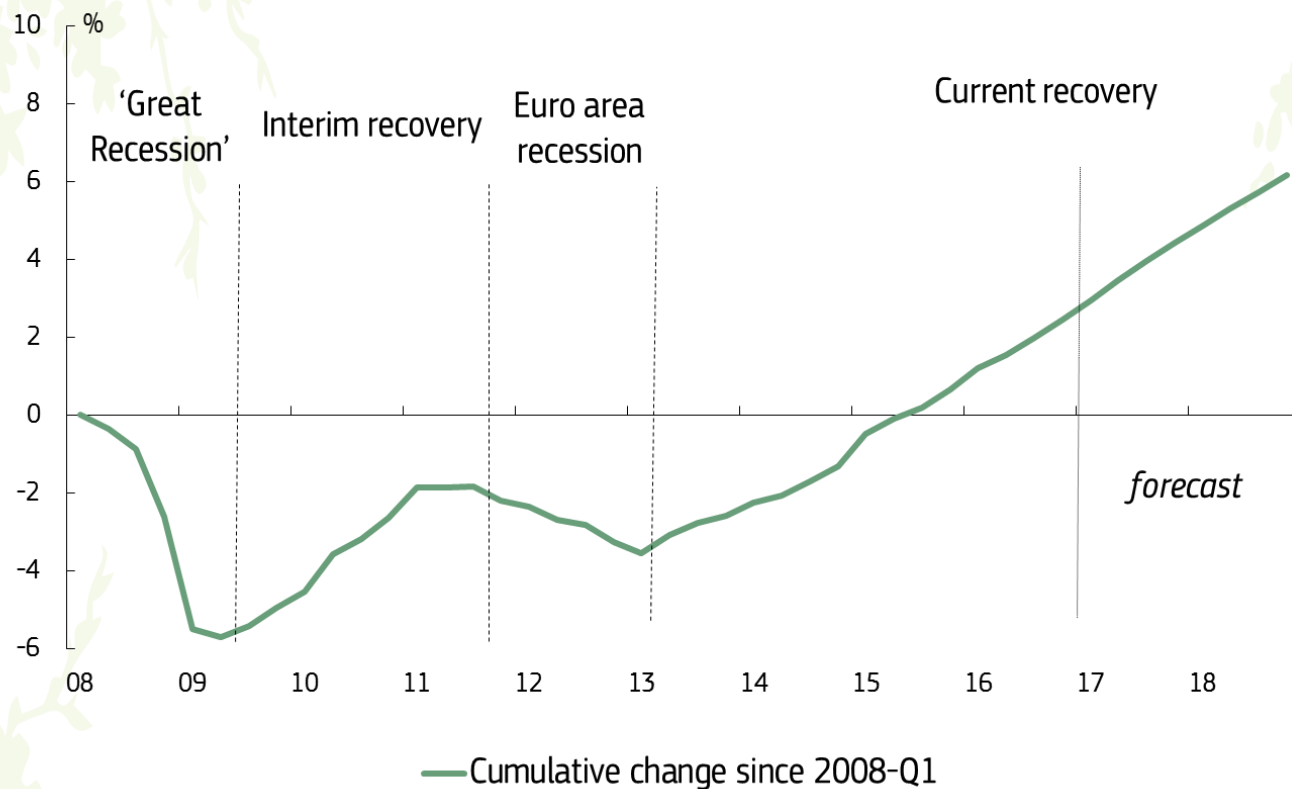
11 MAY 2017

PIERRE MOSCOVICI

Commissioner for Economic and Financial Affairs, Taxation and Customs

The European economy - steady as she grows

Real GDP during the recession and recovery phases (2008-2018), euro area



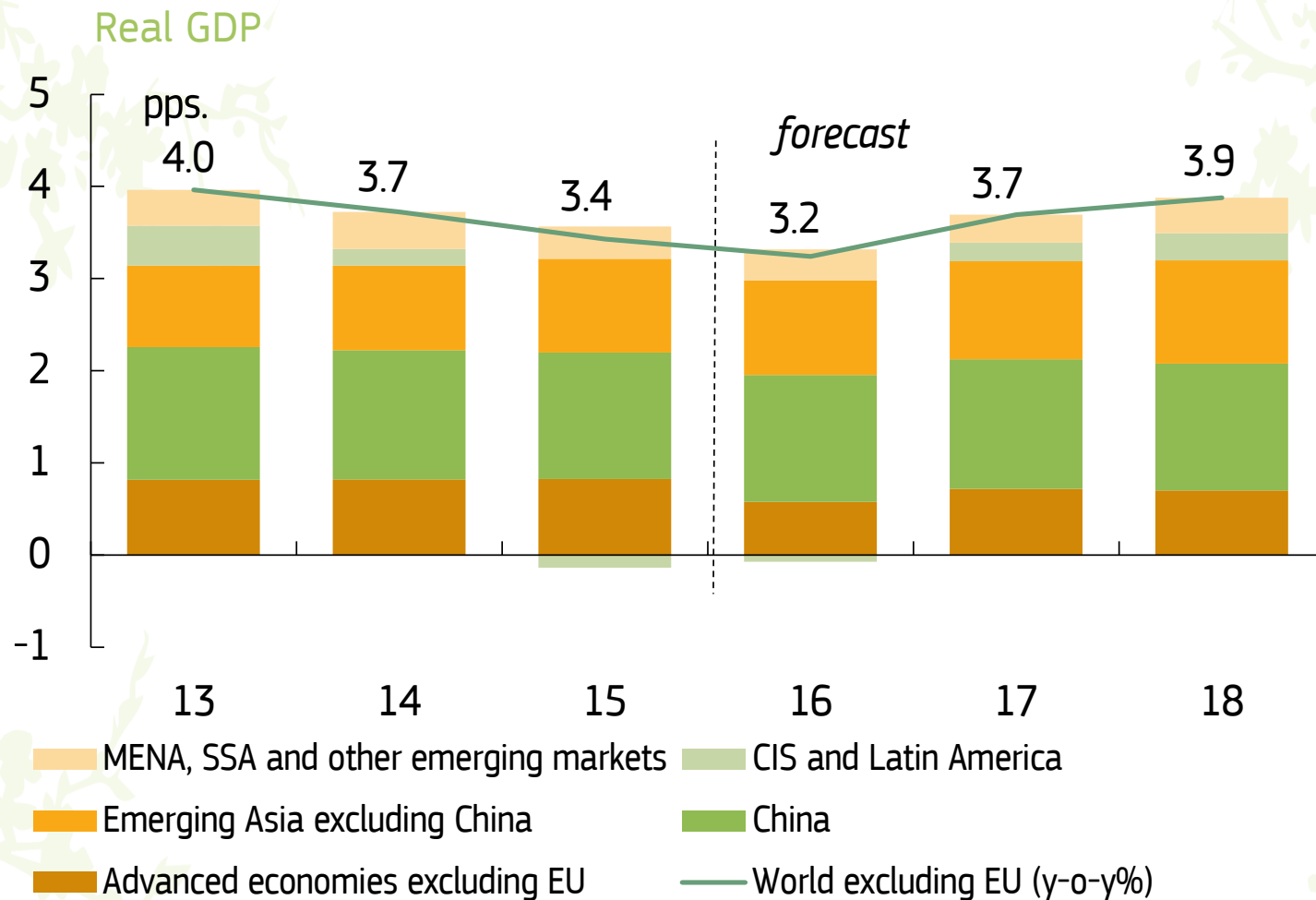
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Key messages from the Spring 2017 Forecast

- European economy growing at steady pace, but wage growth and investment still low
- Robust employment growth gradually reduces joblessness
- Underlying price pressures subdued
- Deficits and debt to continue declining; policy-mix to remain supportive
- Risks eased a bit, but are still mostly to the downside

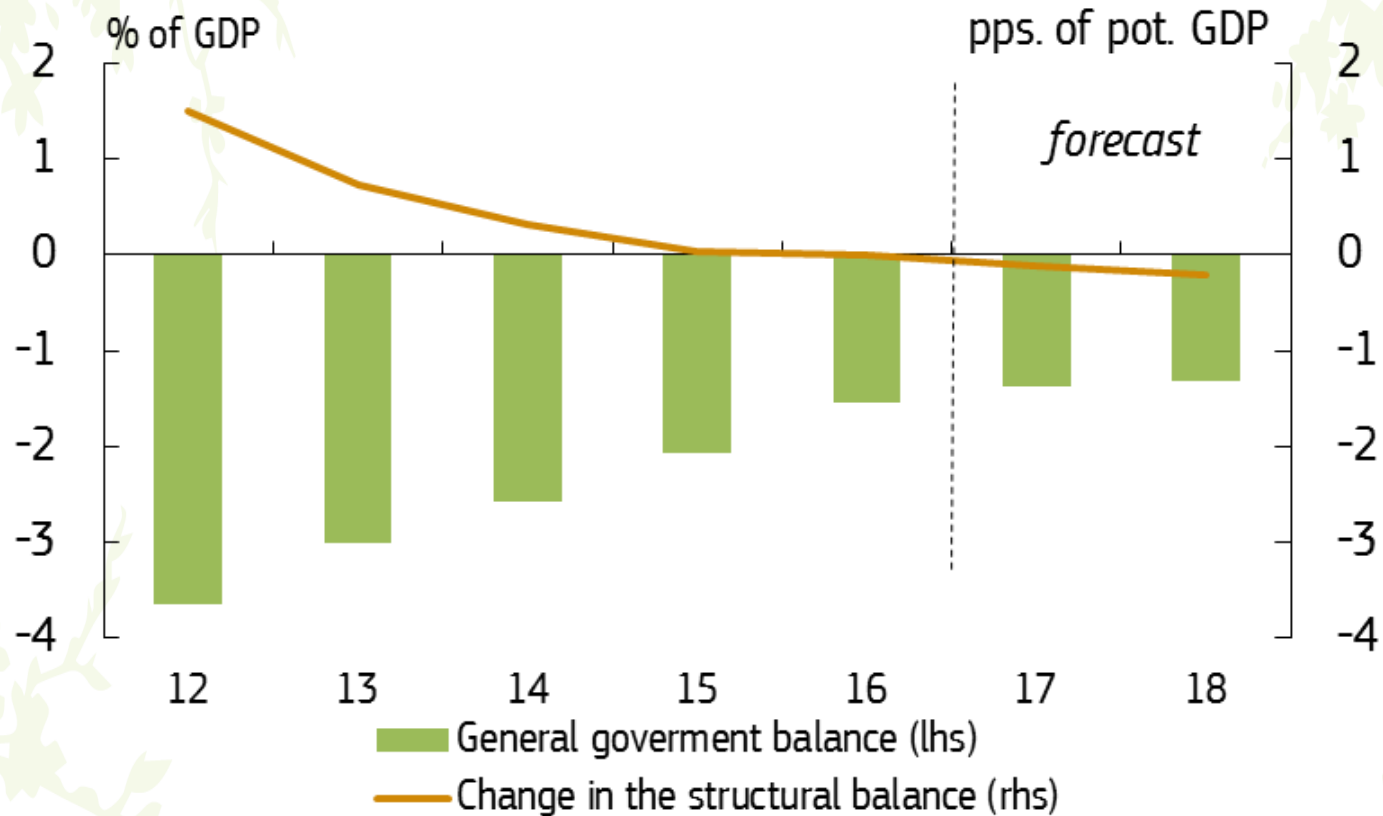


Improved global growth prospects



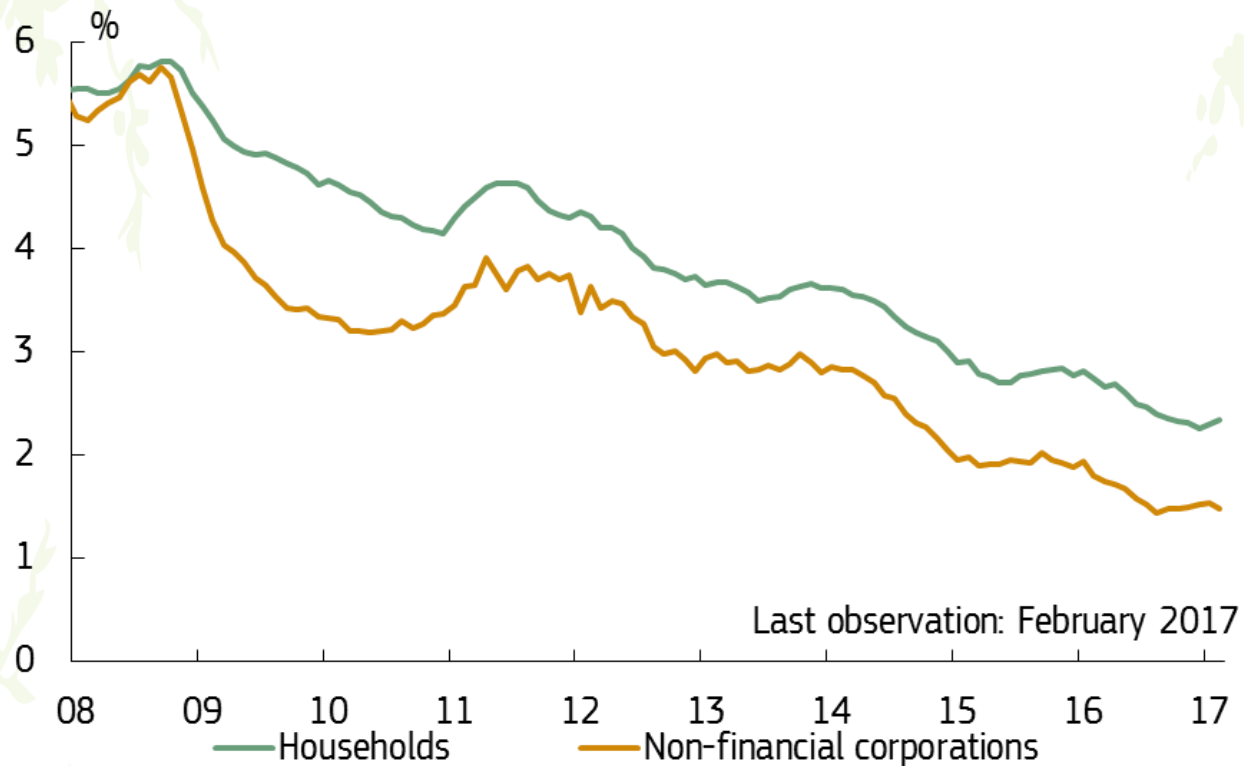
Economic policies remain supportive

Budgetary developments, euro area



Economic policies remain supportive

Composite credit cost indicators, euro area

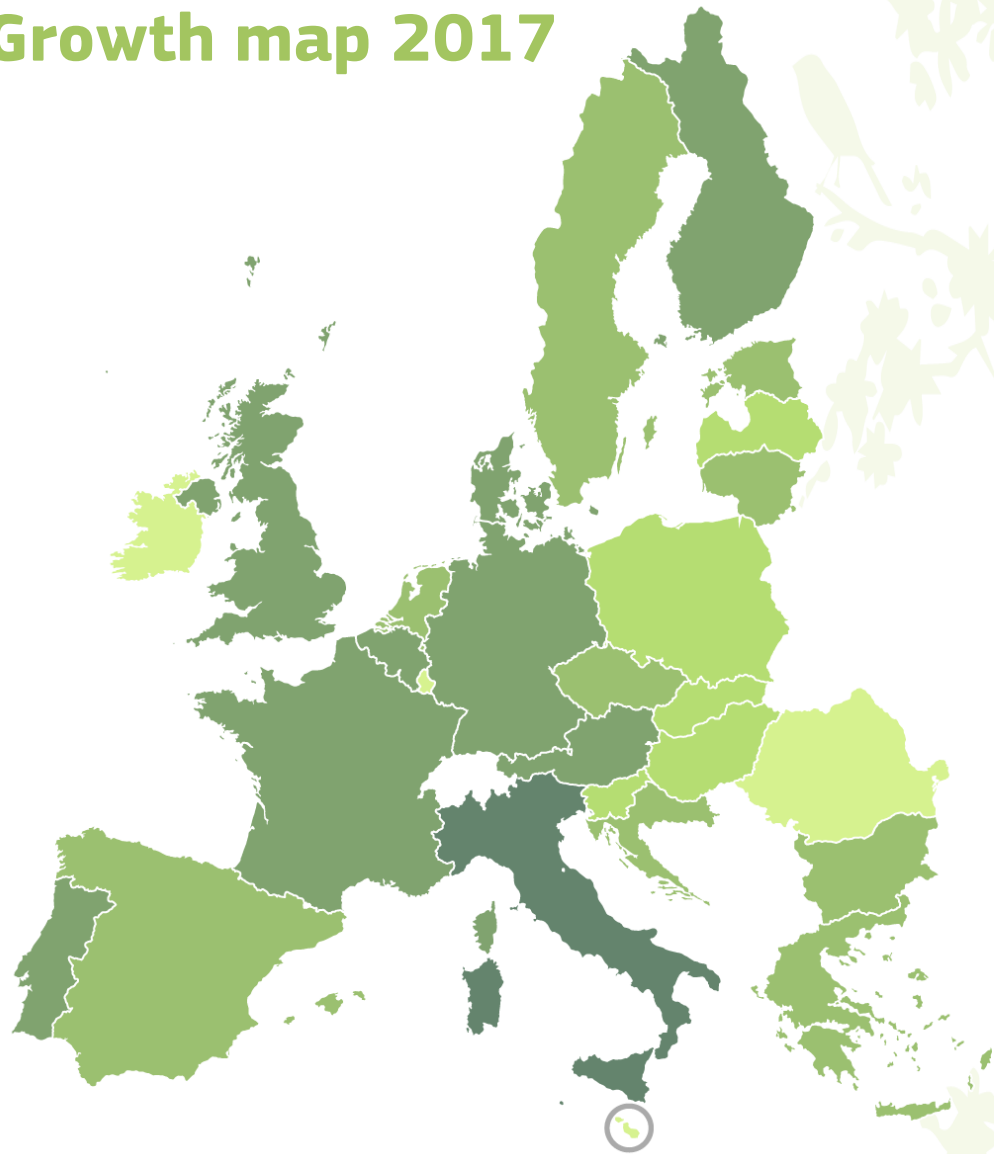
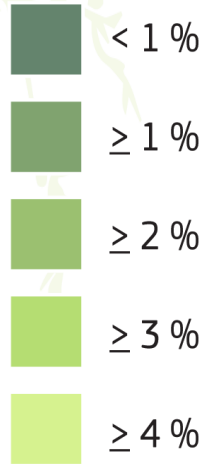


Sources: ECB, Bloomberg, own calculations



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Growth map 2017

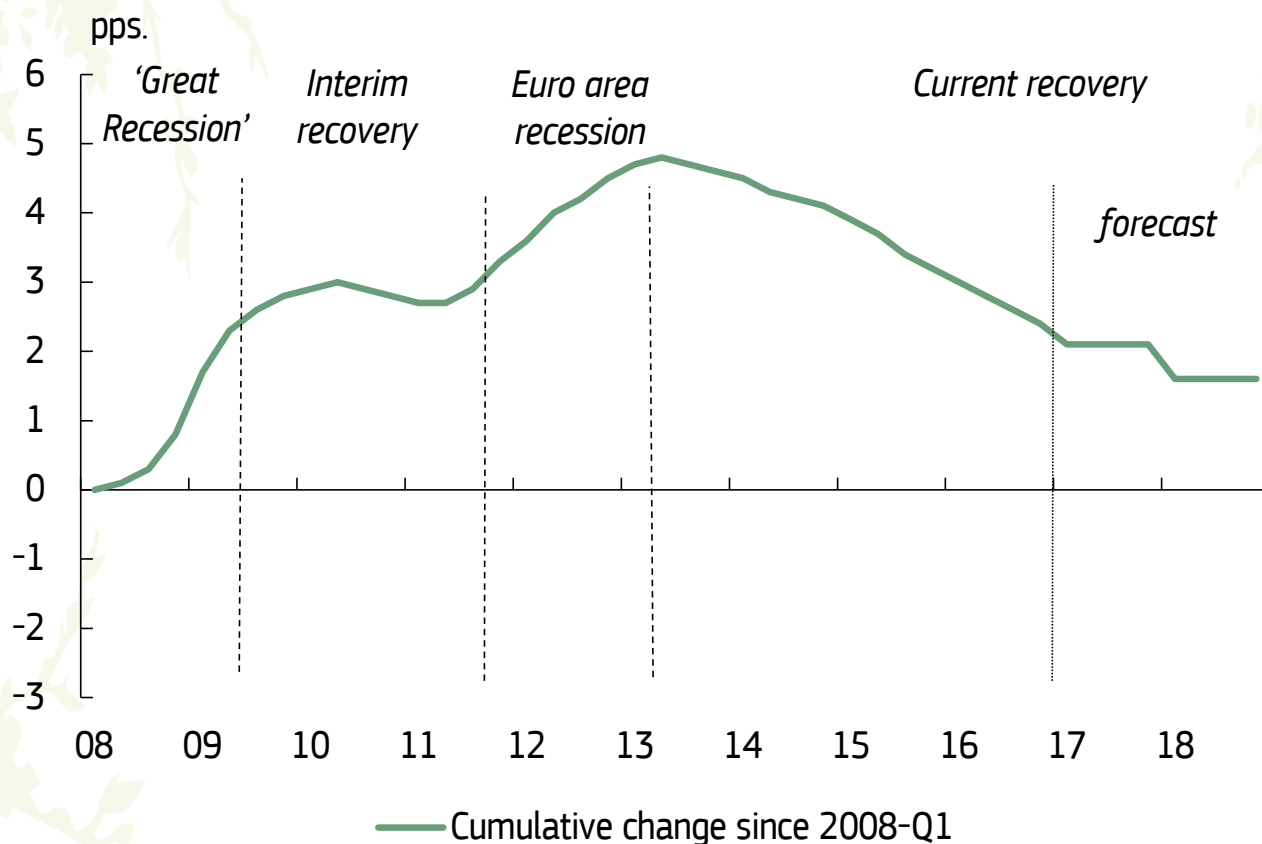


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Unemployment below 9% in 2018

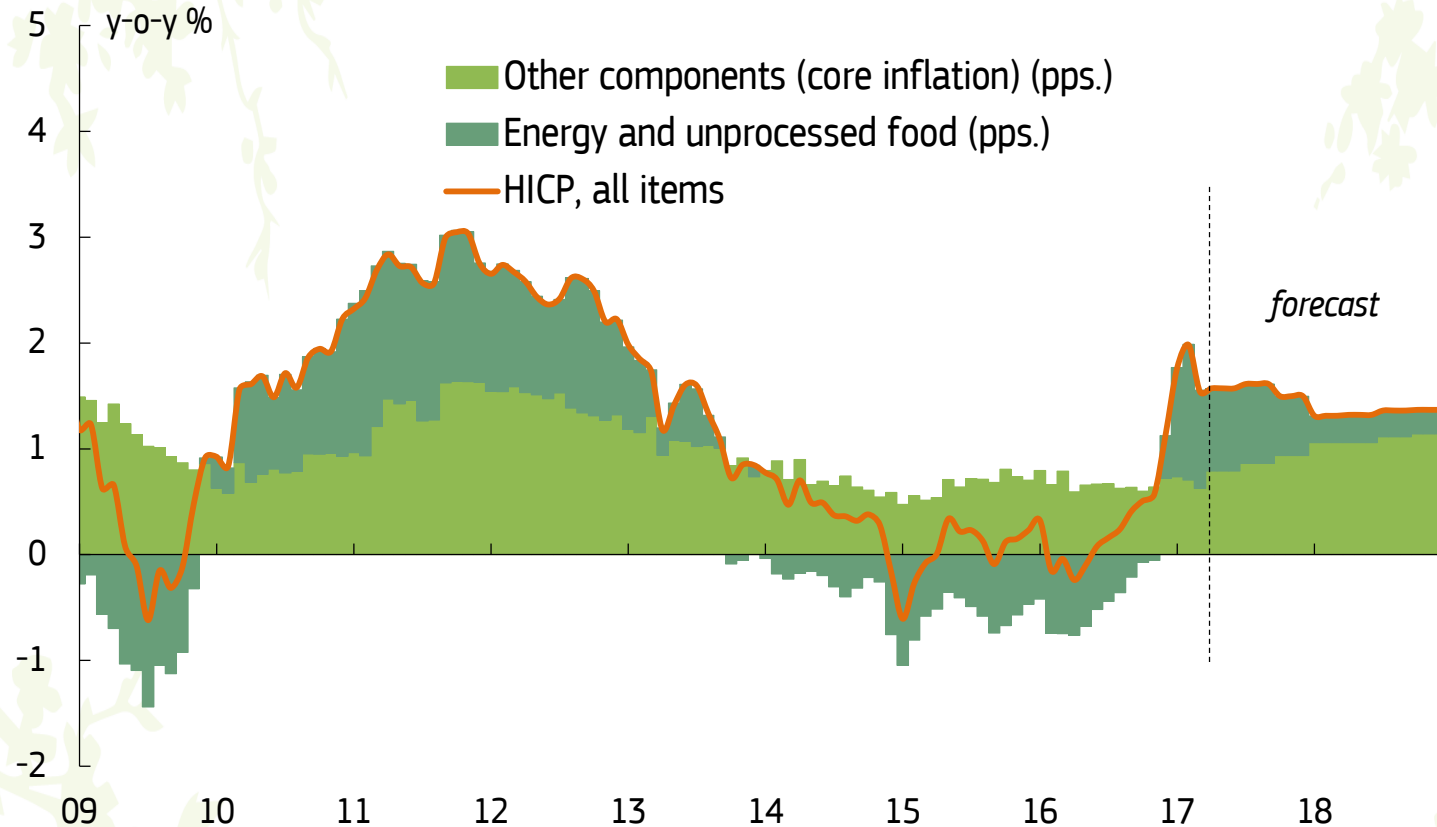
... for the first time since 2009

Unemployment rate, euro area



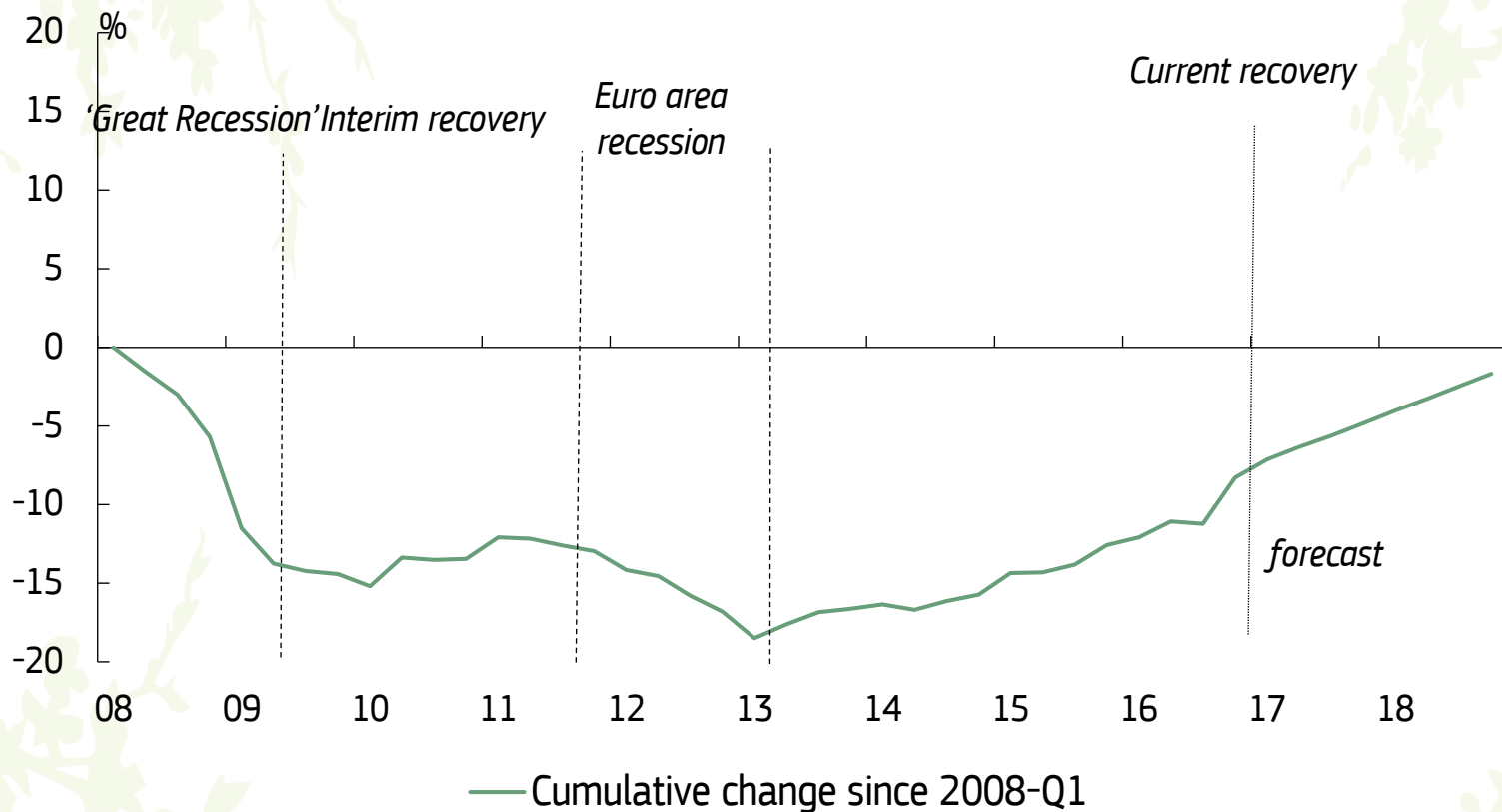
Underlying price pressures remain muted

Inflation breakdown, euro area

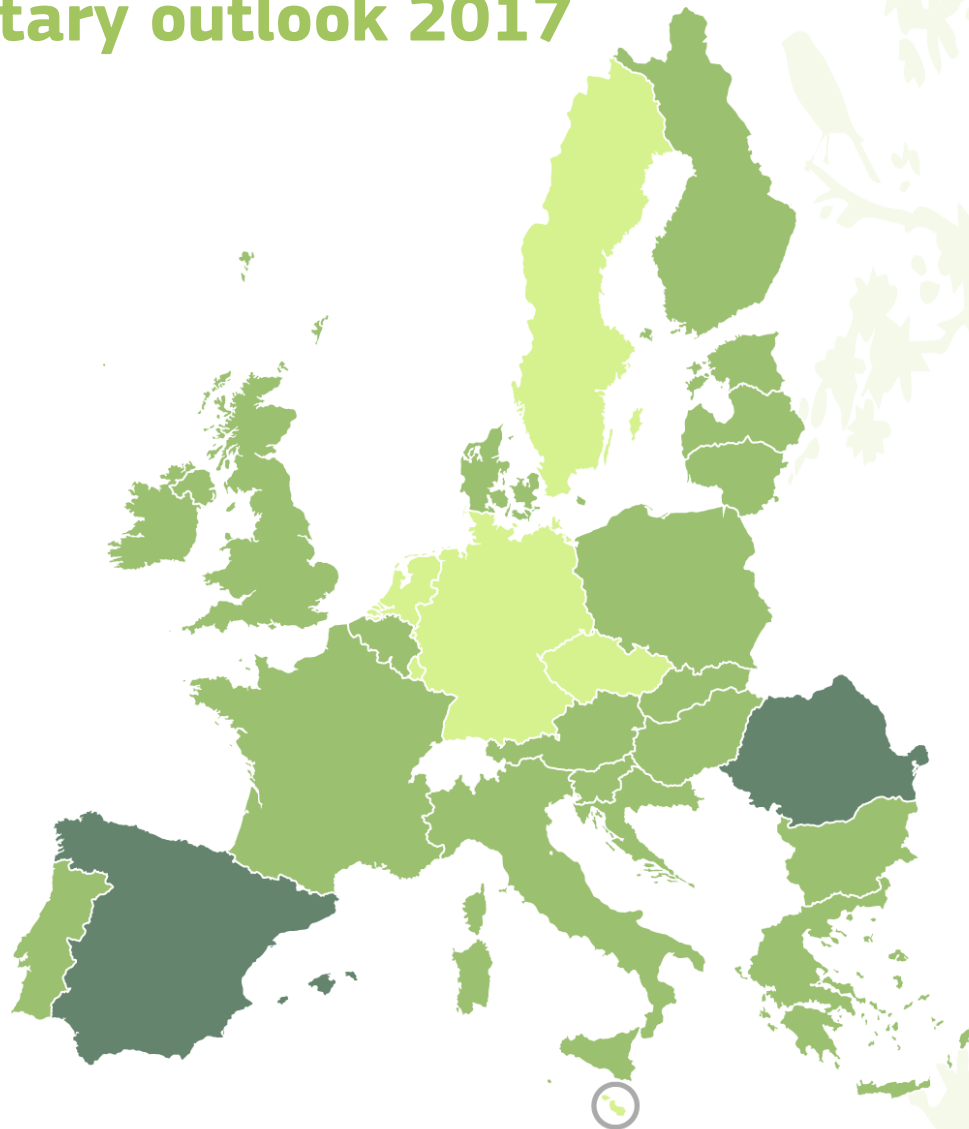
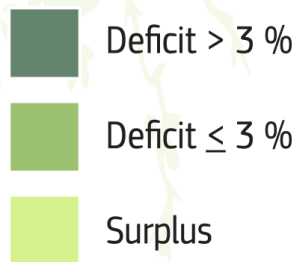


Investment accelerating modestly

Investment (2008-2018), euro area

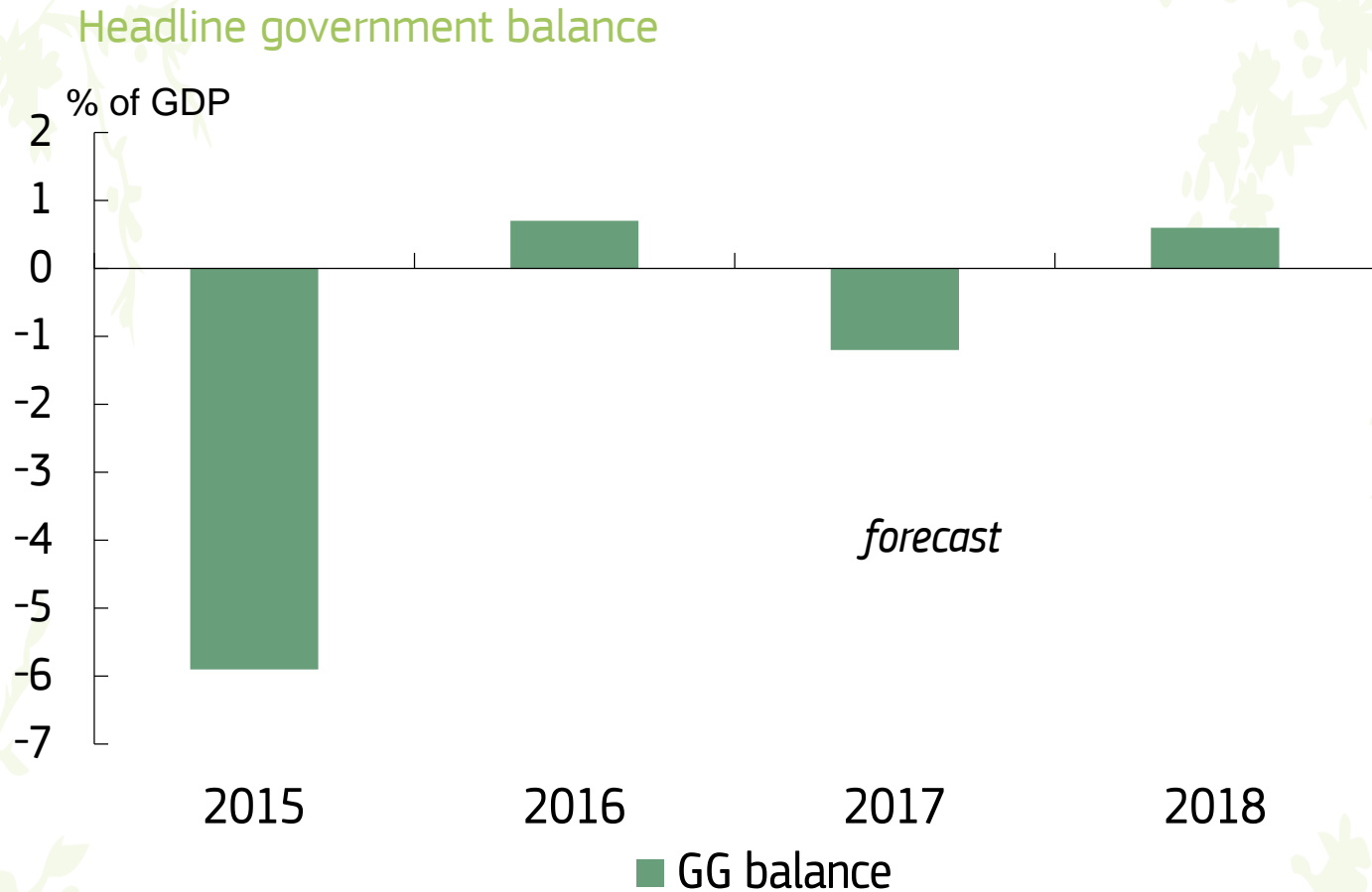


Budgetary outlook 2017



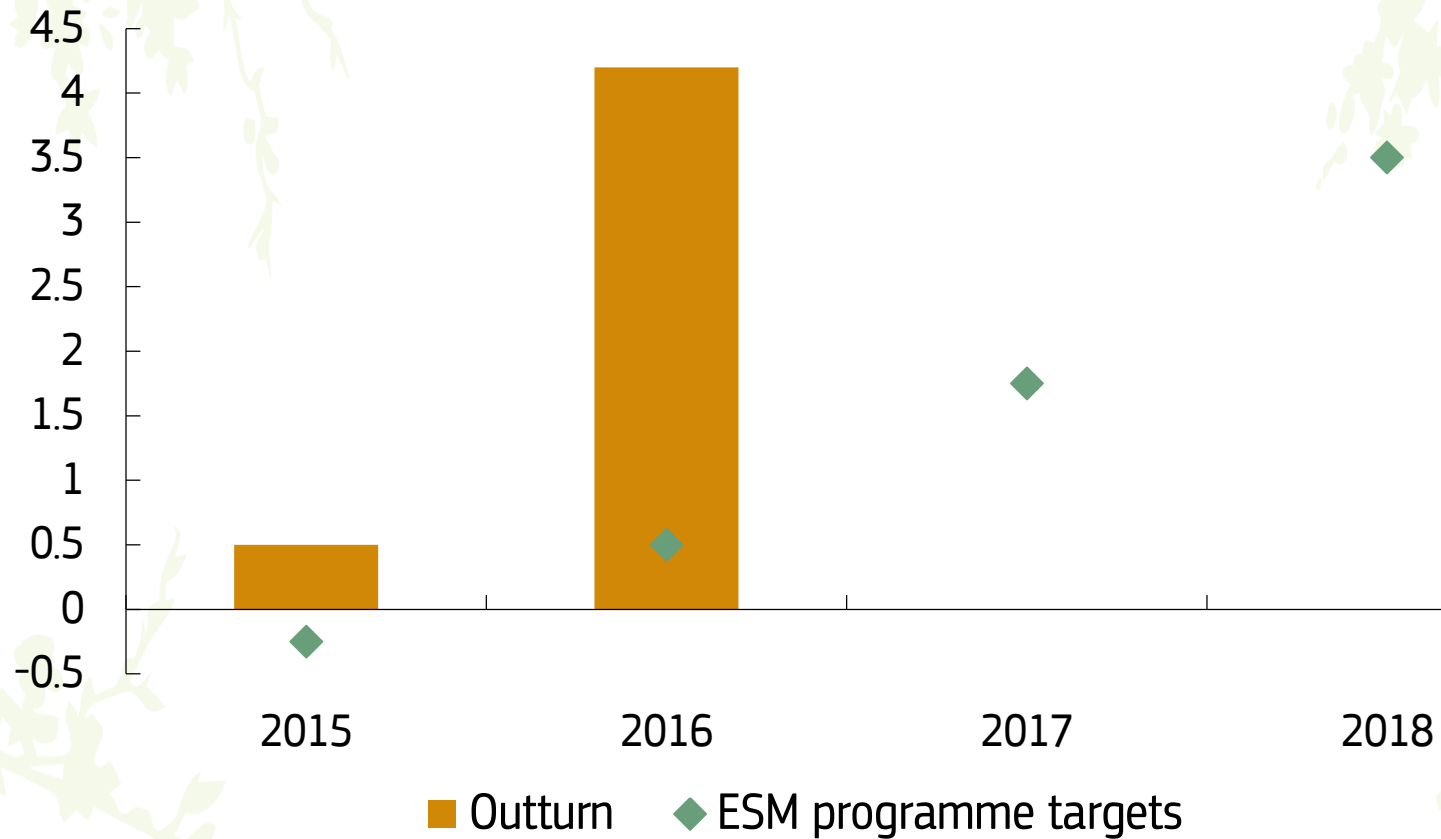
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Fiscal performance in Greece



Fiscal performance in Greece

Programme primary balance



Risks more balanced but still to the downside

External risks:

- (-) Geopolitical tensions
- (-) Monetary policy divergences
- (-) US fiscal and trade policy (short-term vs medium-term)
- (-) Global risk re-assessment

Domestic risks:

- (+) Political uncertainty
- (-) Impact of the UK 'Leave' vote
- (-) Banking sector



Risks more balanced but still to the downside

Fan chart, euro area

