

EUROPEAN ECONOMIC FORECAST

Autumn 2016

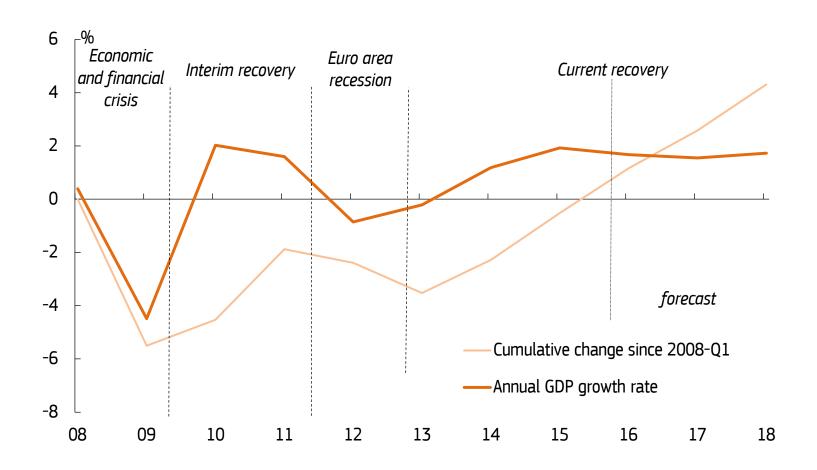
9 NOVEMBER 2016

PIERRE MOSCOVICI

Commissioner for Economic and Financial Affairs, Taxation and Customs

Modest growth in challenging times

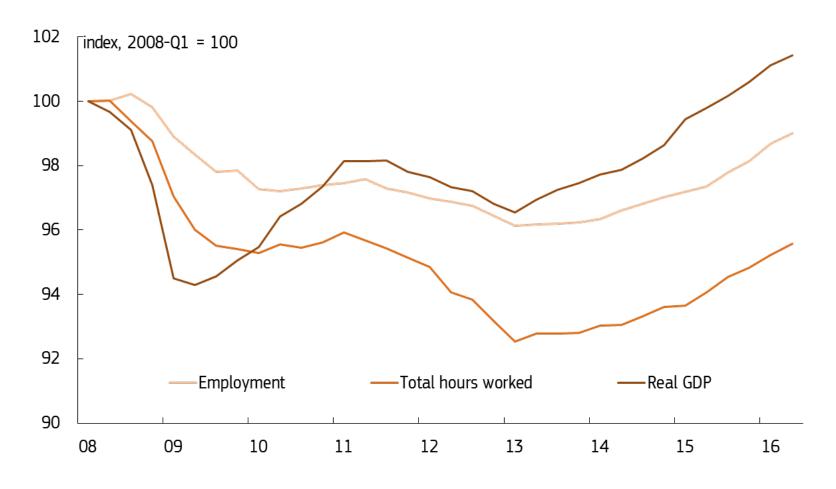
Euro area GDP: annual growth rate and cumulative change, 2008-18





Substantial economic slack remaining

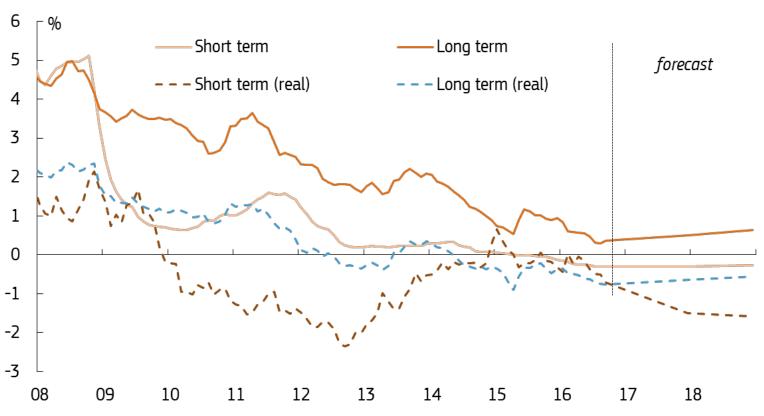
Employment, total hours worked and real GDP, euro area





Monetary and fiscal policy remain supportive

Interest rates, euro area

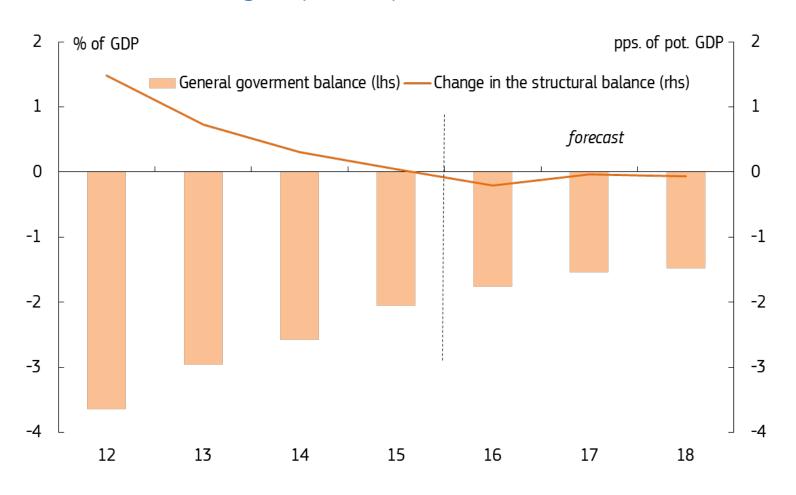


Short term rate: 3M Euribor; Long term rate: 10Y interest swap;



Monetary and fiscal policy remain supportive

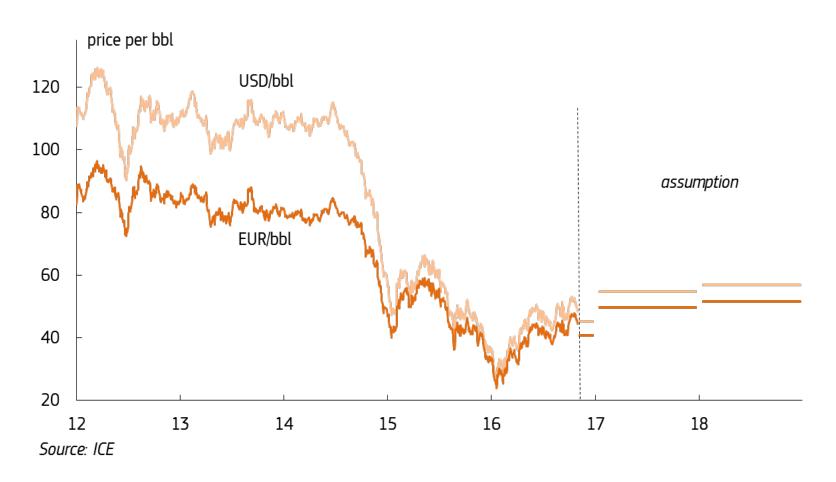
Budgetary developments, euro area





The recent exceptional tailwinds are fading

Brent oil spot price assumptions



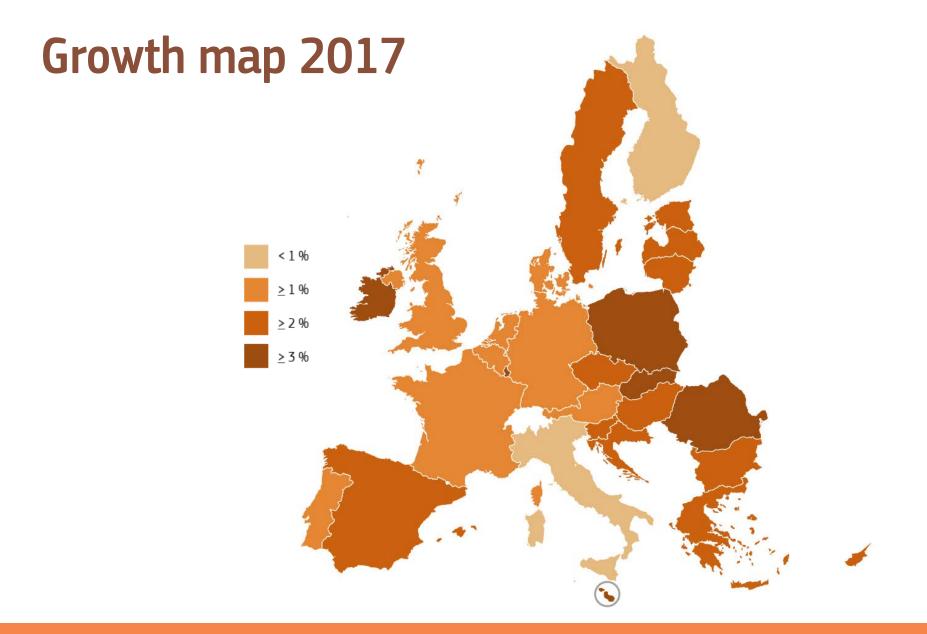


The recent exceptional tailwinds are fading

Euro exchange rates vs USD and NEER



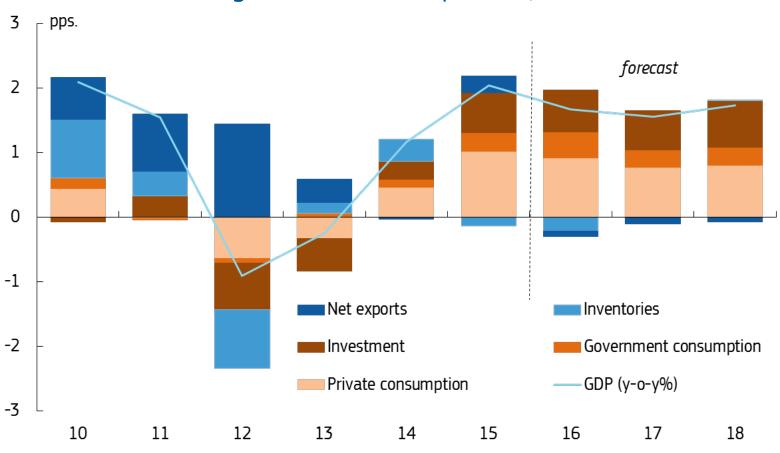






Private consumption slowing down but still driving growth

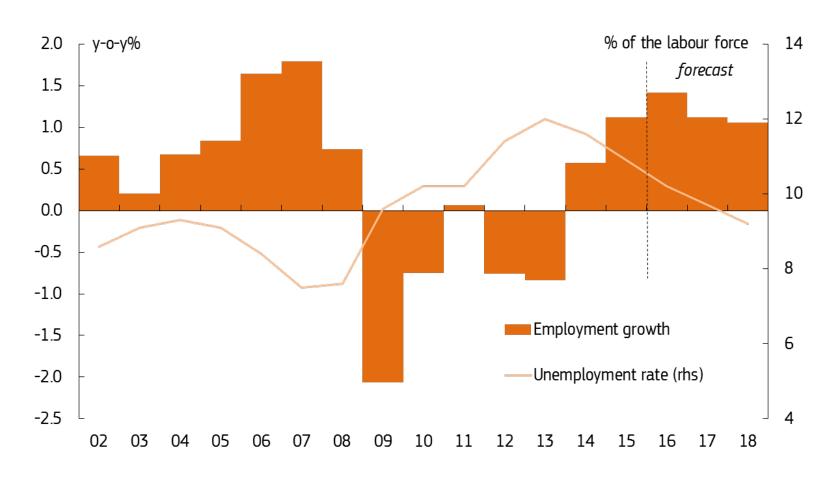
Real GDPgrowth and its components, euro area





Improved labour market conditions

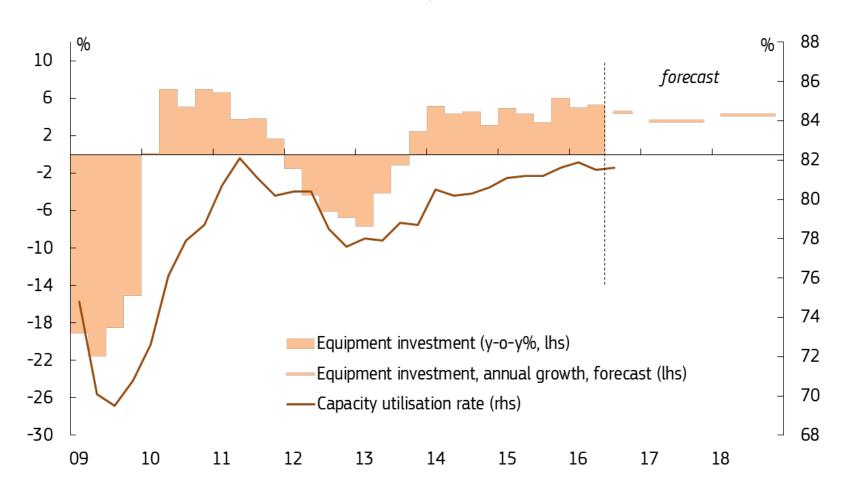
Employment and unemployment, euro area





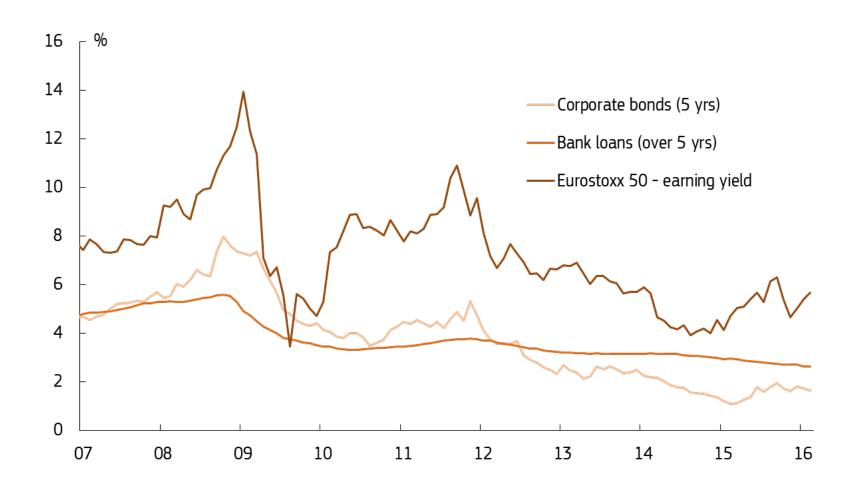
Investment set to accelerate in 2018

Investment, euro area





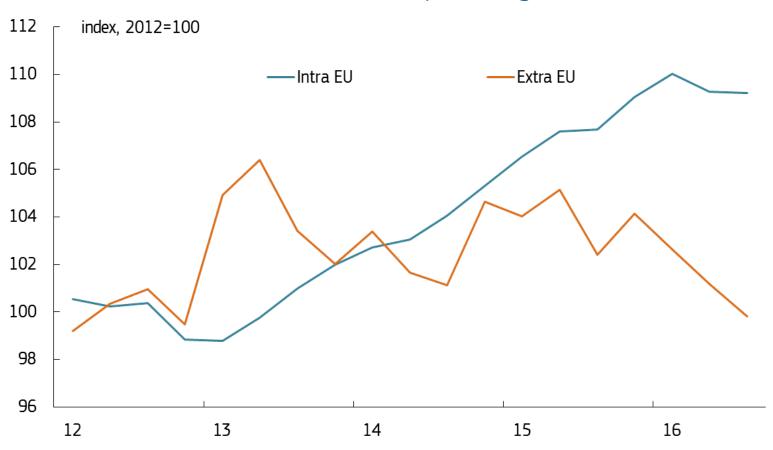
Investment set to accelerate in 2018





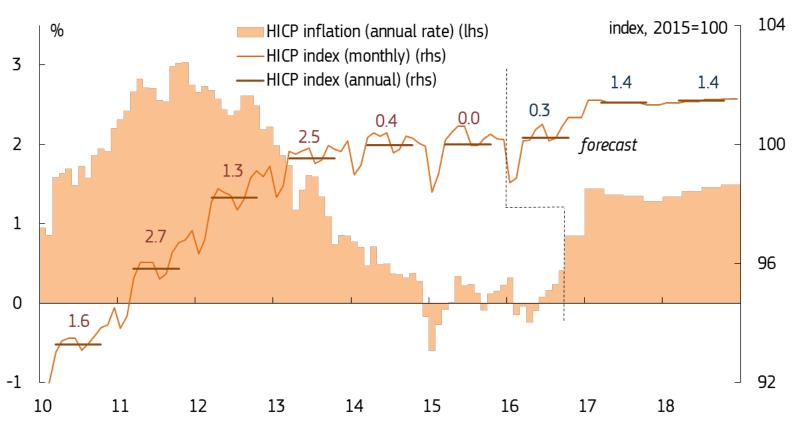
No support from net trade, but resilient intra-EU exports

Intra and extra EU exports of goods



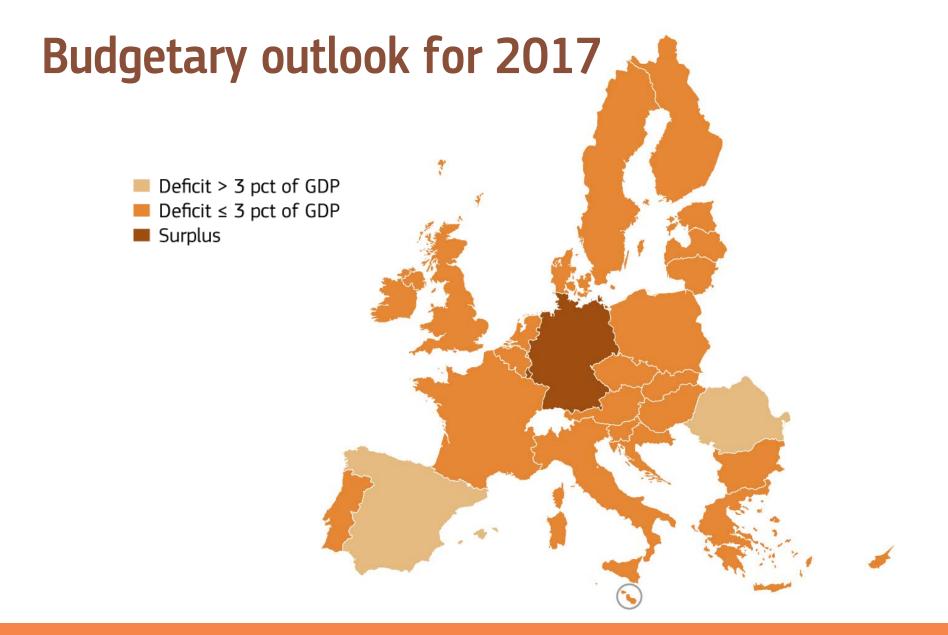


Inflation picking up



Figures next to horizontal bars are annual inflation rates.







Downside risks have intensified

- (-) Brexit-related uncertainty
- (-) Political and policy uncertainty
- (-) Hard landing in China and slower growth in non-EU advanced economies
- (-) Geopolitical tensions and security threats in Europe
- (-) Capacity of the banking sector to support investment recovery



