



EUROPEAN ECONOMIC FORECAST

Summer 2020

#ECForecast

7 JULY 2020

PAOLO GENTILONI

Commissioner for Economy



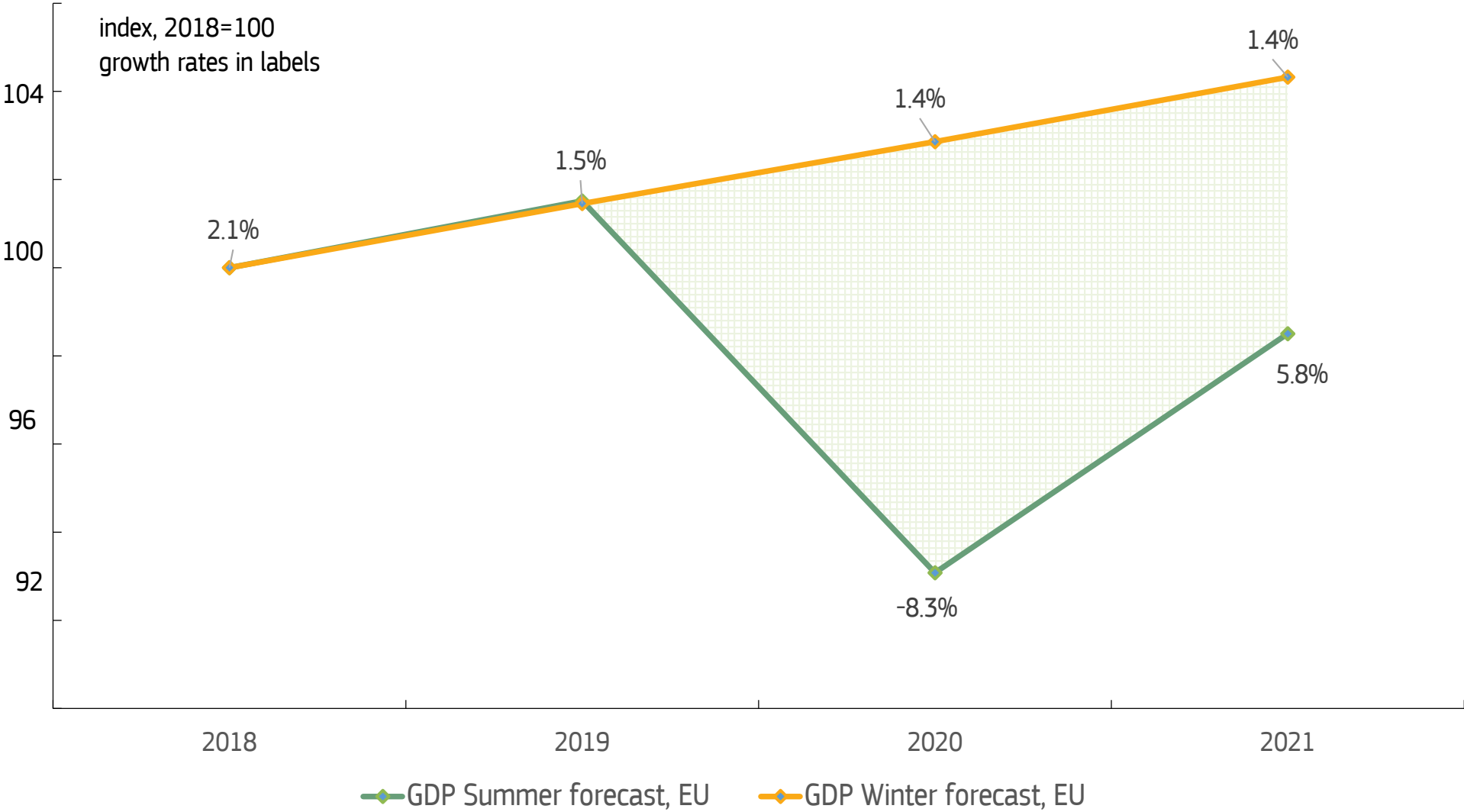
Key messages from the Summer 2020 Economic Forecast

- 1. A deeper recession and a more gradual recovery than expected in the Spring**
- 2. Policy measures have so far prevented a large slump in the labour market**
- 3. Divergences across countries are widening**
- 4. Inflation outlook little changed**
- 5. Risks continue to be tilted to the downside**



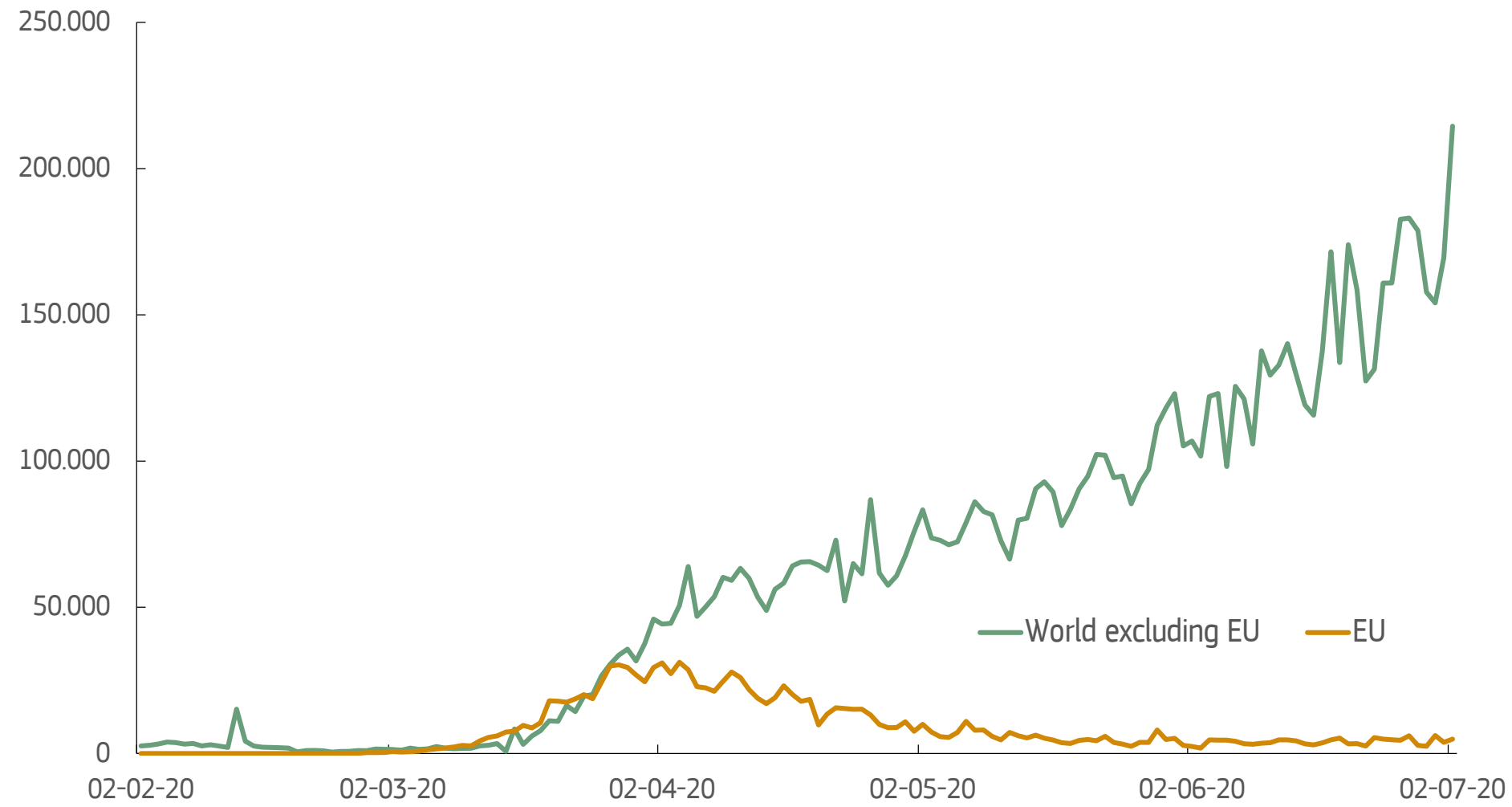
A historical hit to growth followed by a partial recovery

Real GDP growth

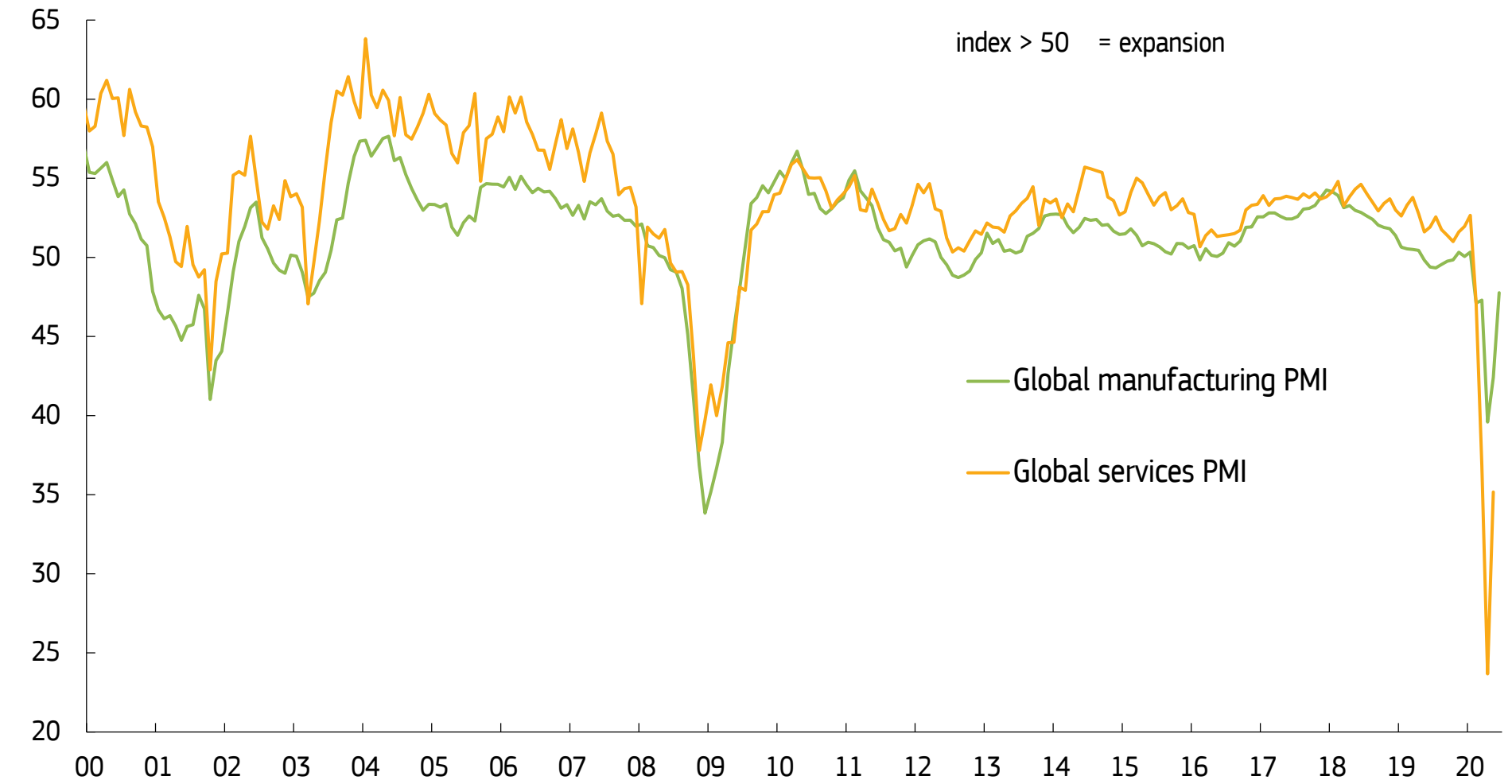


Deeper global recession as infections continue rising outside the EU

New daily infections



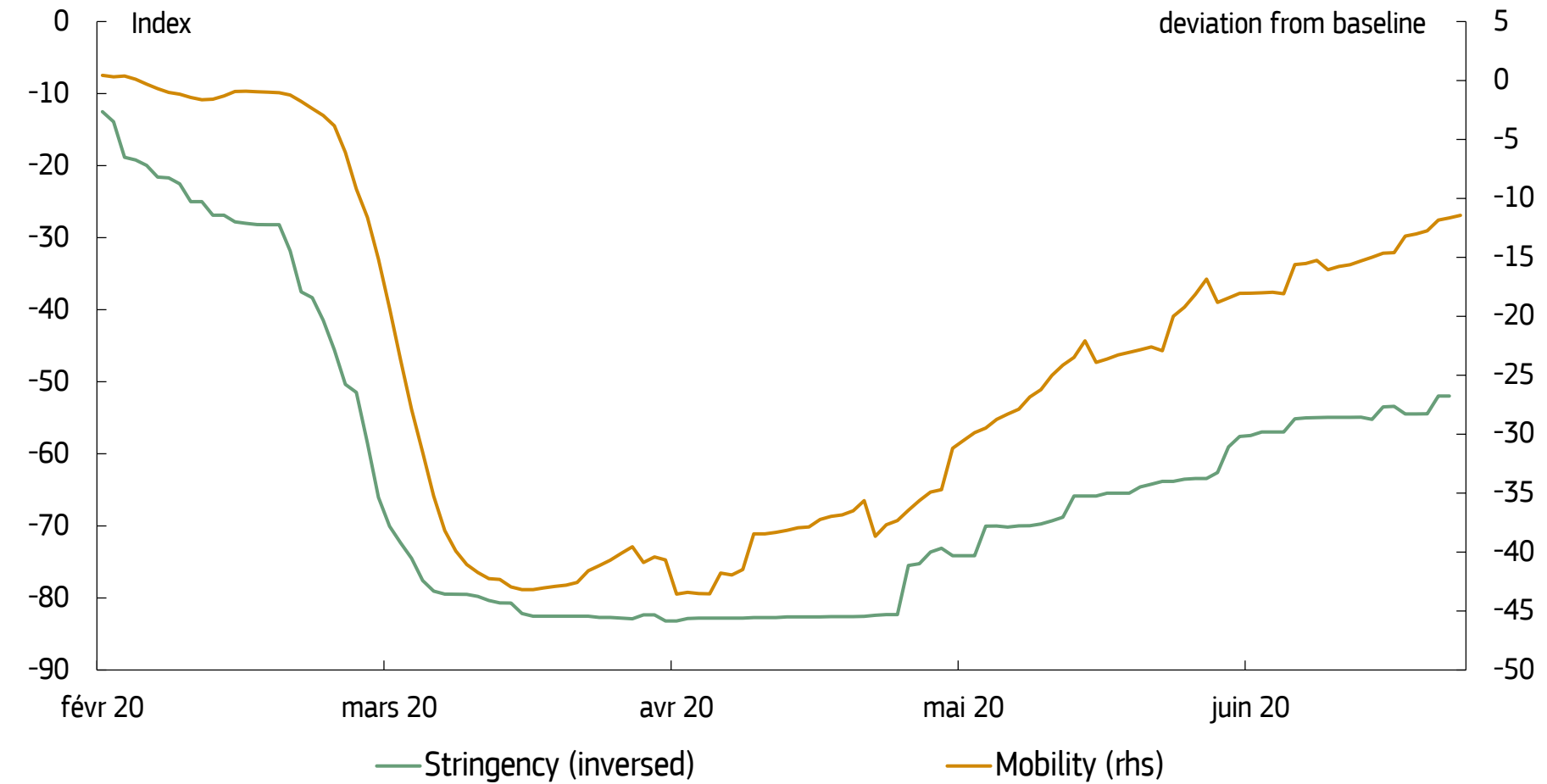
Global Purchasing Managers' Index (PMI)



Source: IHS Markit

Following the collapse, Europe's economy opens up slowly

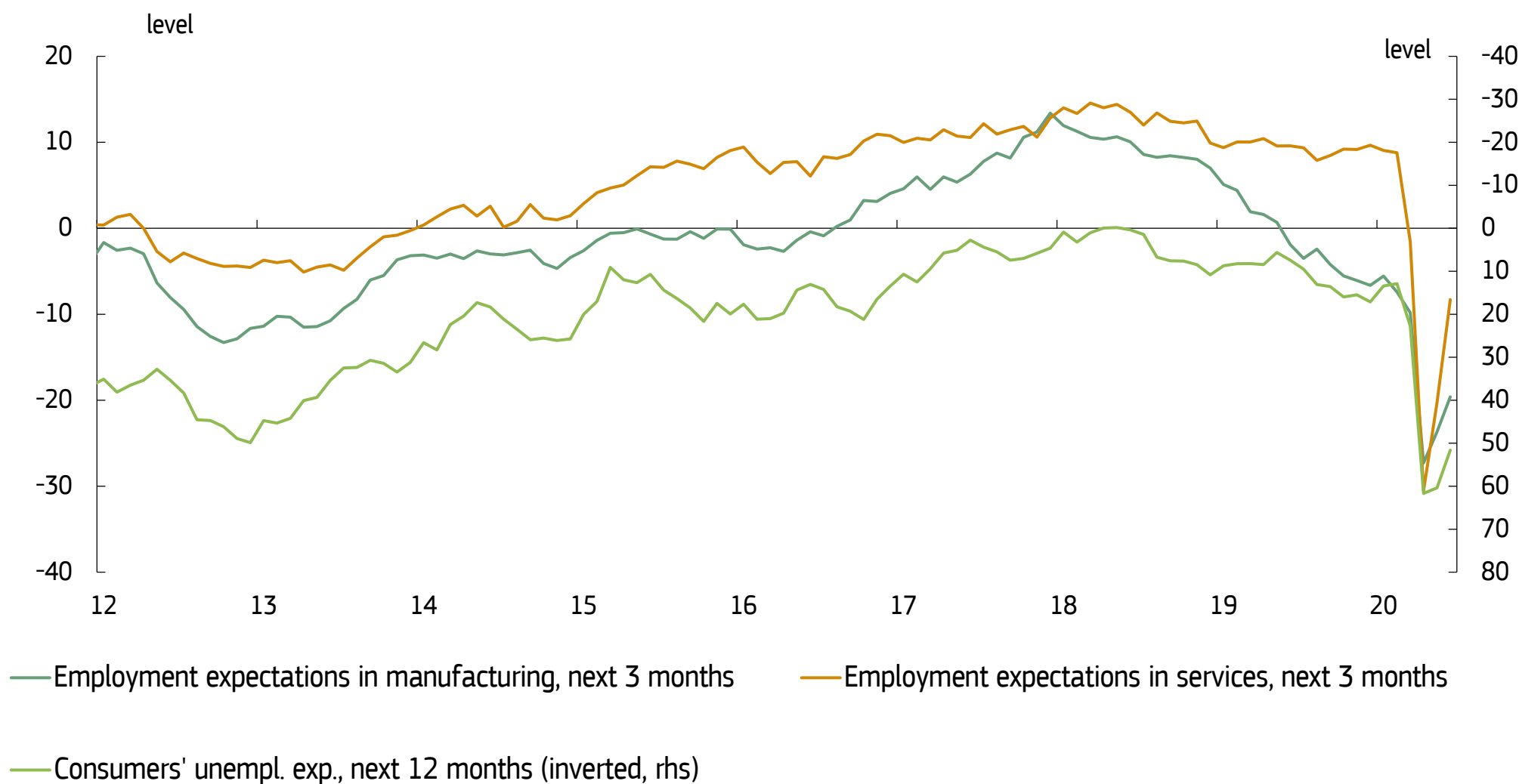
Stringency of restrictions and mobility, euro area composite



Source: Oxford University, Google.

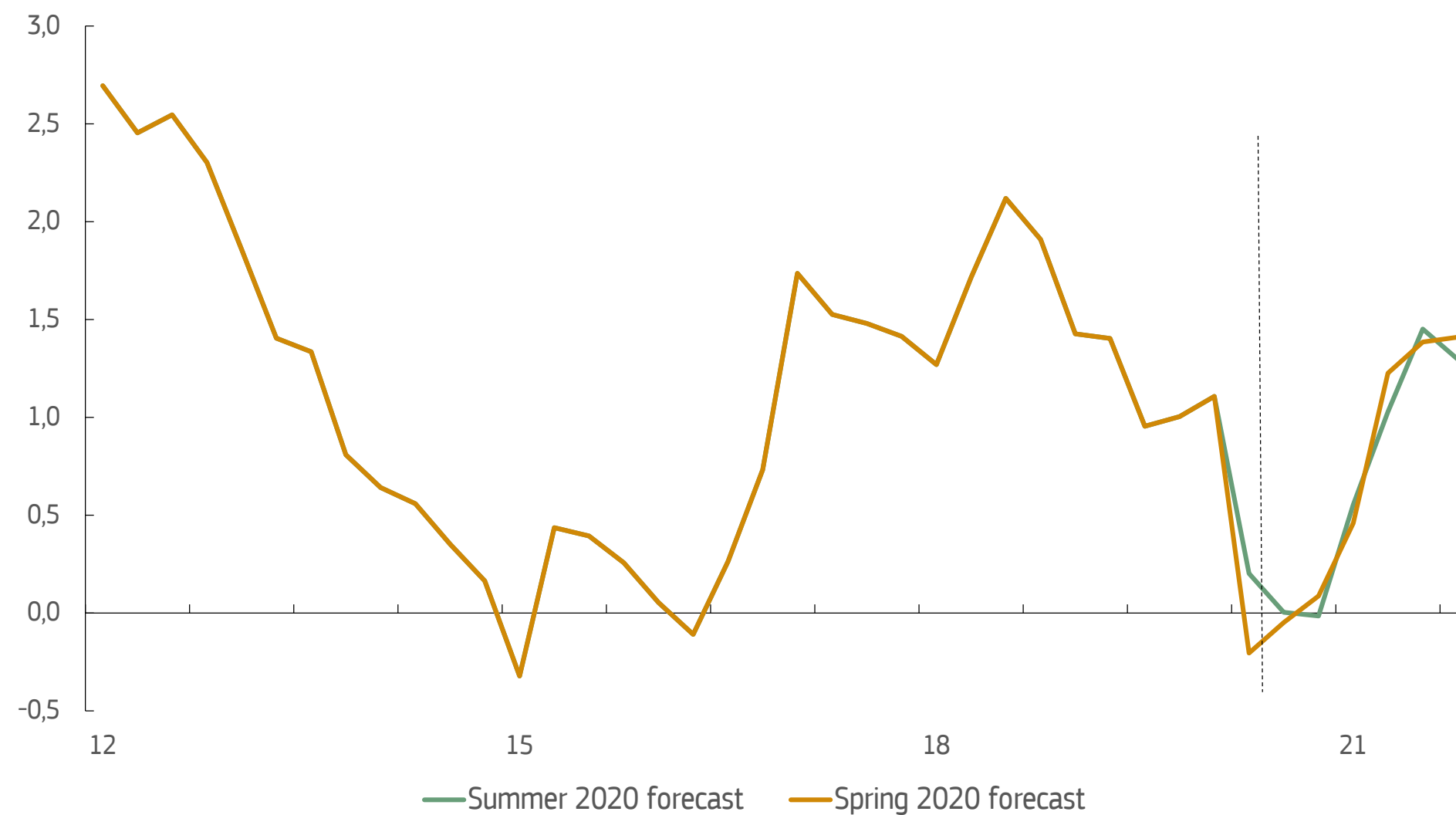
Employment outlook deteriorates but government support helps prevent a massive downturn in the labour market

Employment expectations, Commission surveys, euro area



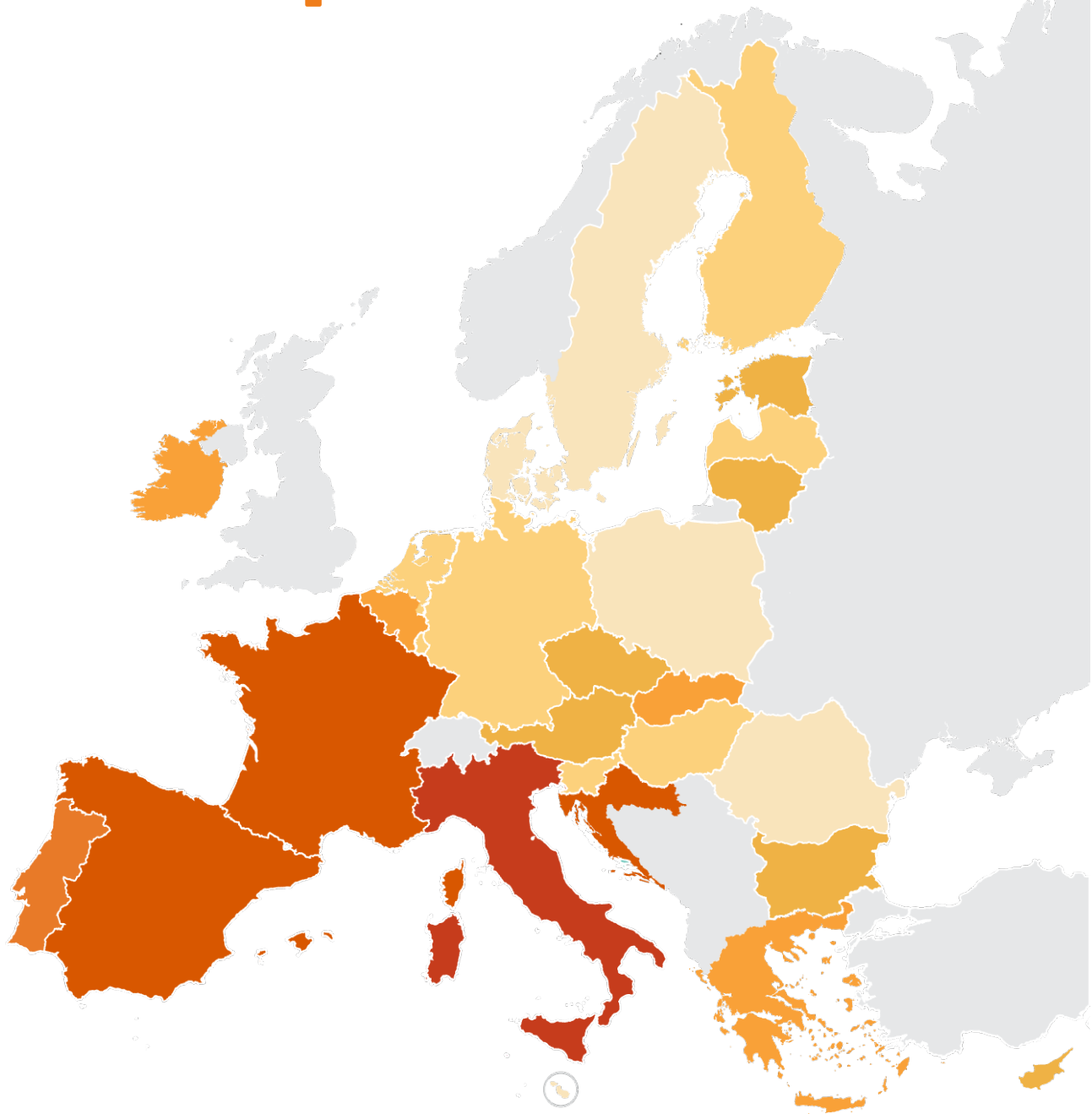
Inflation outlook little changed

Harmonised indices of consumer prices (HICP), 2010-2020



EU growth map

2020



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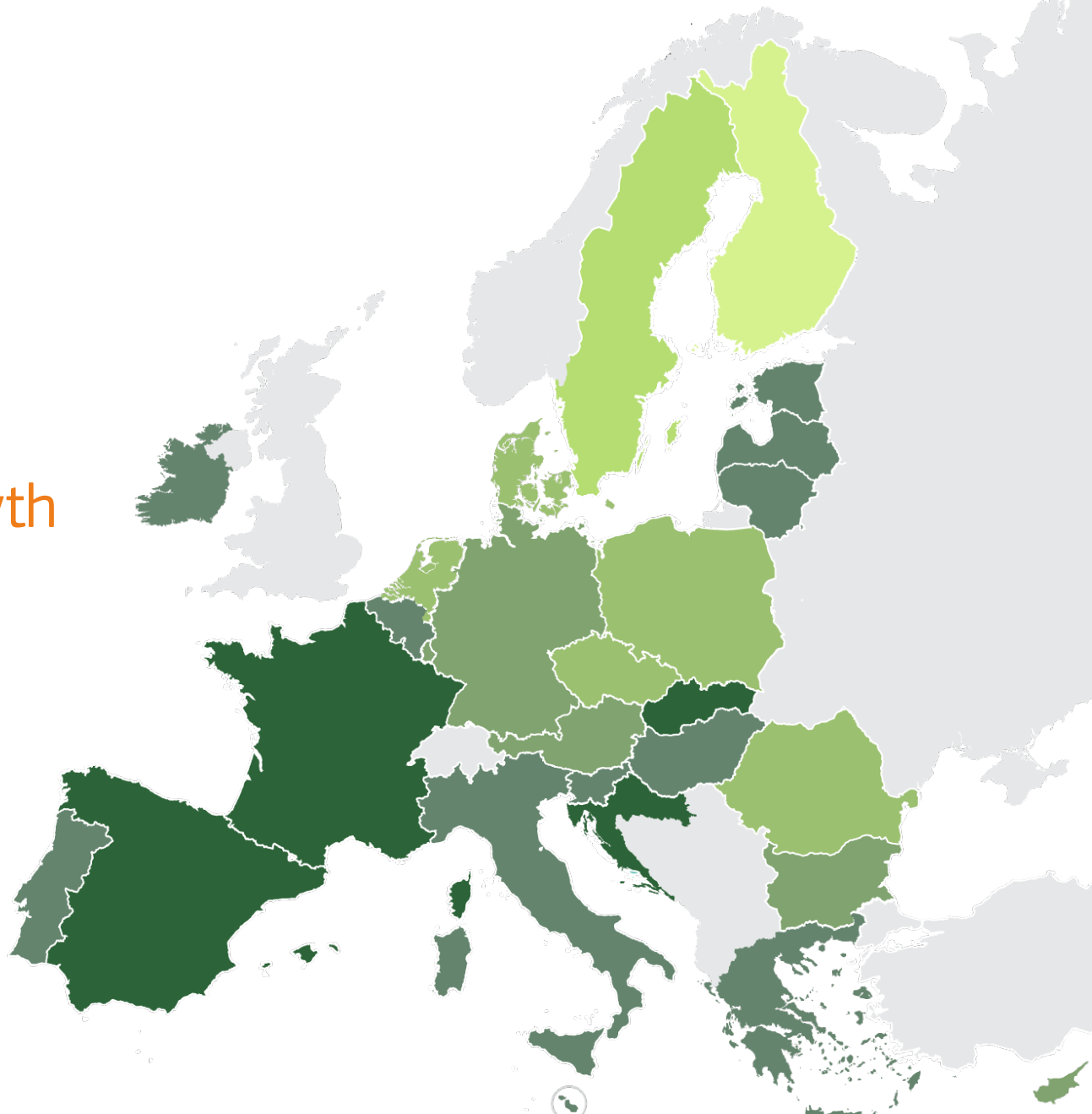
- ≥ +7 %
- ≥ +6 %
- ≥ +5 %
- ≥ +4 %
- ≥ +3 %
- ≥ +2 %

Annual real GDP growth

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- ≥ -6 %
- ≥ -7 %
- ≥ -8 %
- ≥ -9 %
- ≥ -10 %
- ≥ -11 %
- ≥ -12 %

2021



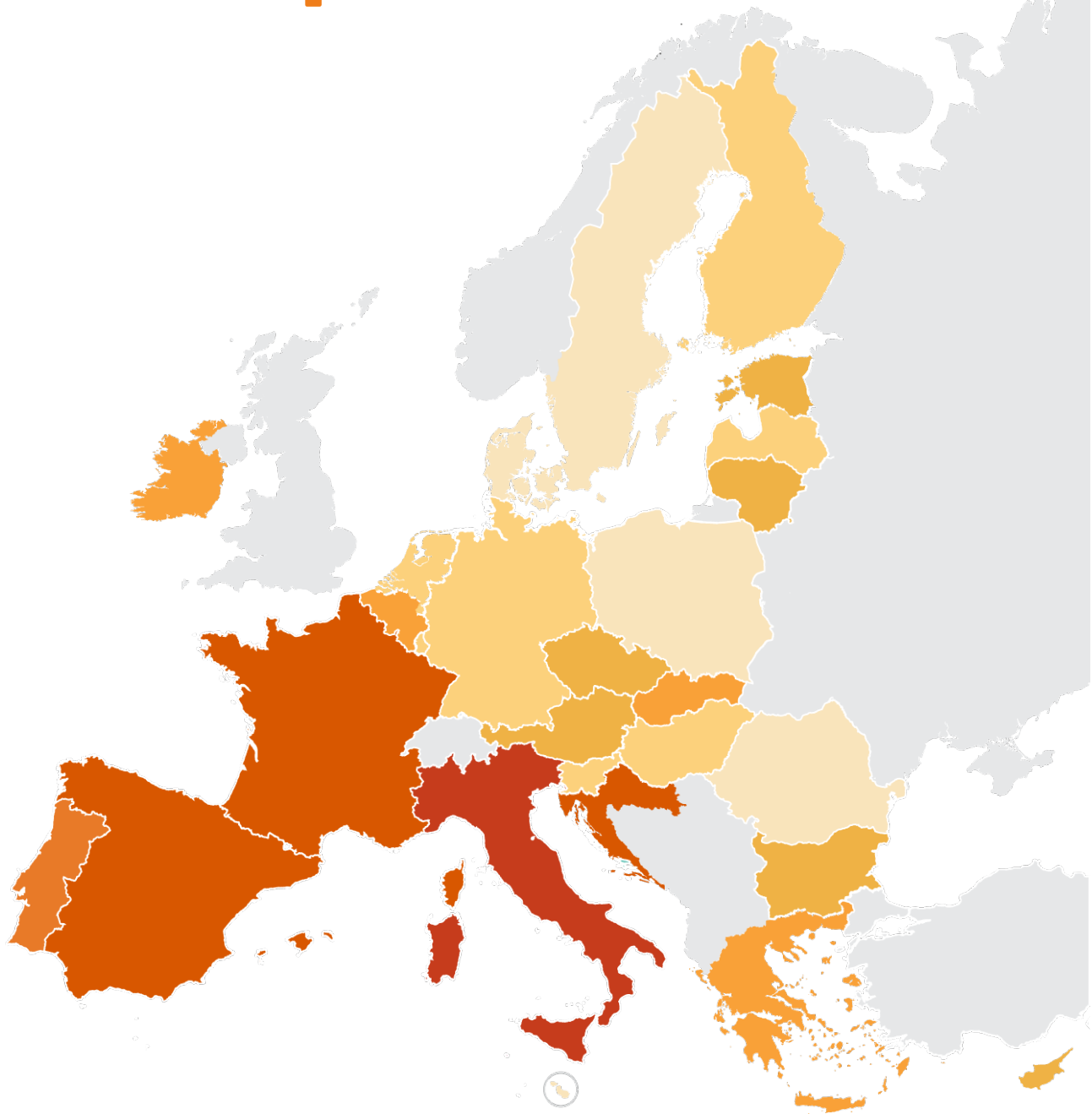
Downside risks prevail

- (-) Possible new outbreaks of the coronavirus
 - (-) A more severe downturn in the labour market
 - (-) More widespread insolvencies
 - (-) Further episodes of financial market turbulence
 - (-) Abrupt change in the EU-UK trading relations at end of the transition period
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- (+) A faster-than-expected improvement in the epidemiological situation
 - (+) Rapid implementation of Next Generation EU



EU growth map

2020



Annual real GDP growth



2021

