European Commission


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European Economic Forecast

Winter 2019

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EUROPEAN ECONOMY

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EUROPEAN ECONOMIC FORECAST

Winter 2019

7 FEBRUARY 2019

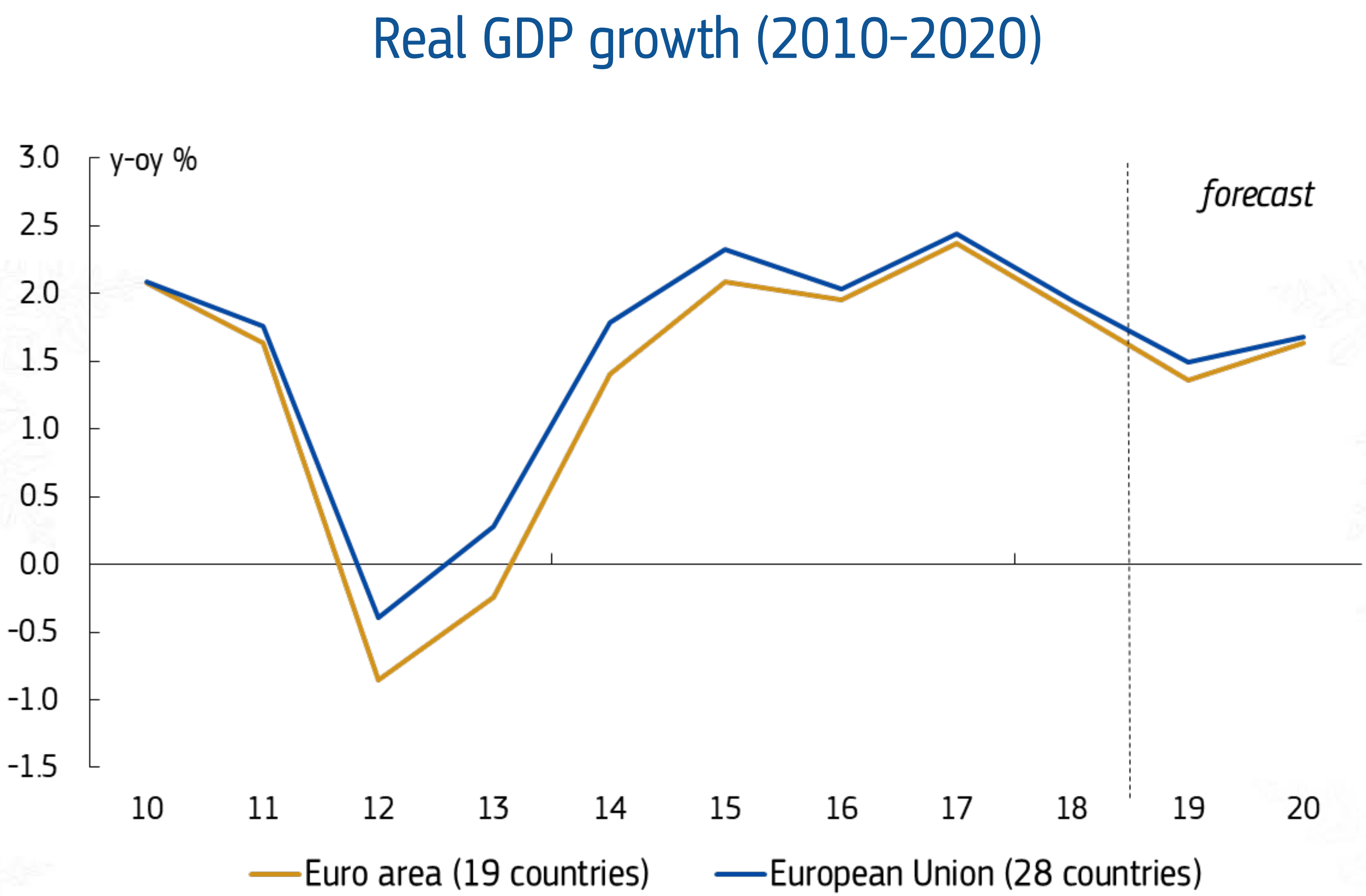
PIERRE MOSCOVICI

Commissioner for Economic and Financial Affairs, Taxation and Customs

Key messages from the Winter 2019 (interim) Forecast

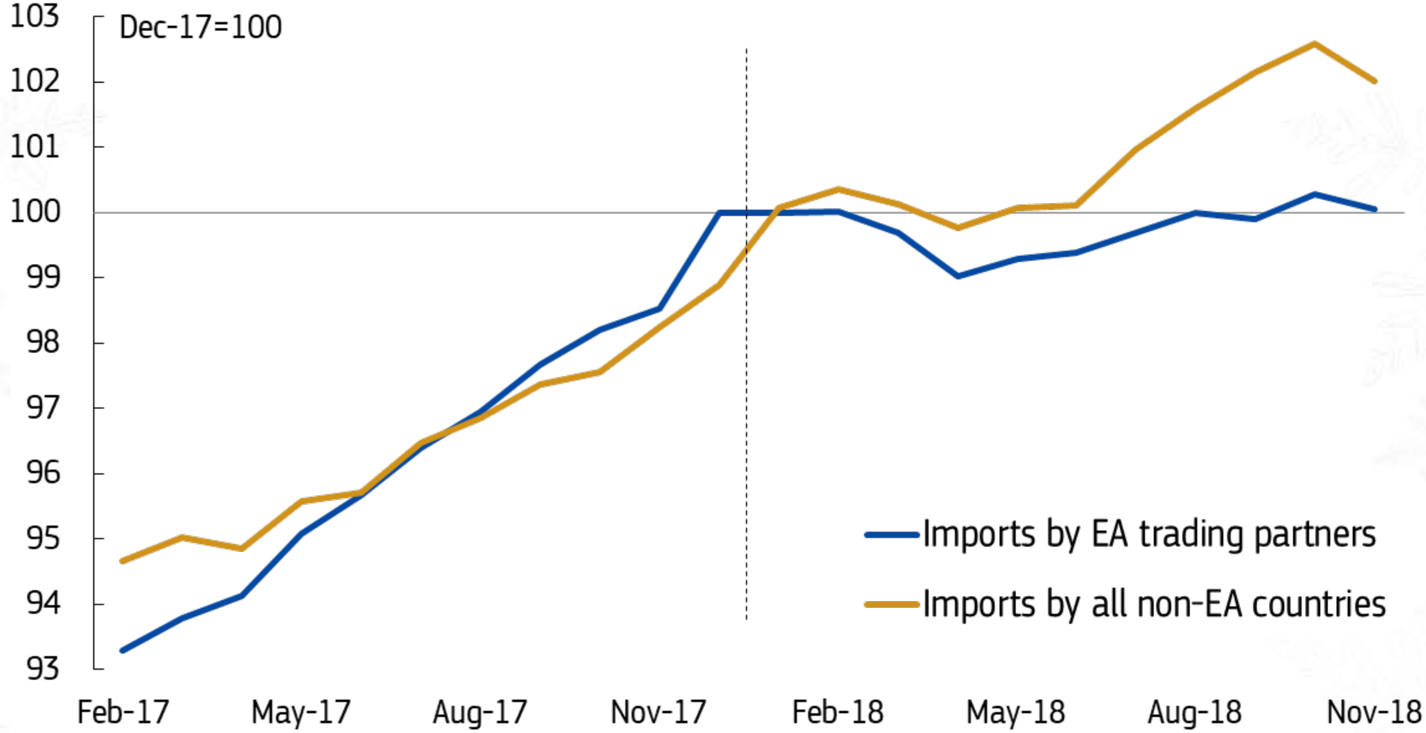
1. Economic growth continues, but moderates
2. Euro area impacted by both world trade slowdown and domestic factors
3. Labour market developments remain positive
4. Core inflation is expected to move up gradually
5. The forecast remains subject to uncertainty

Expansion continues, but moderate



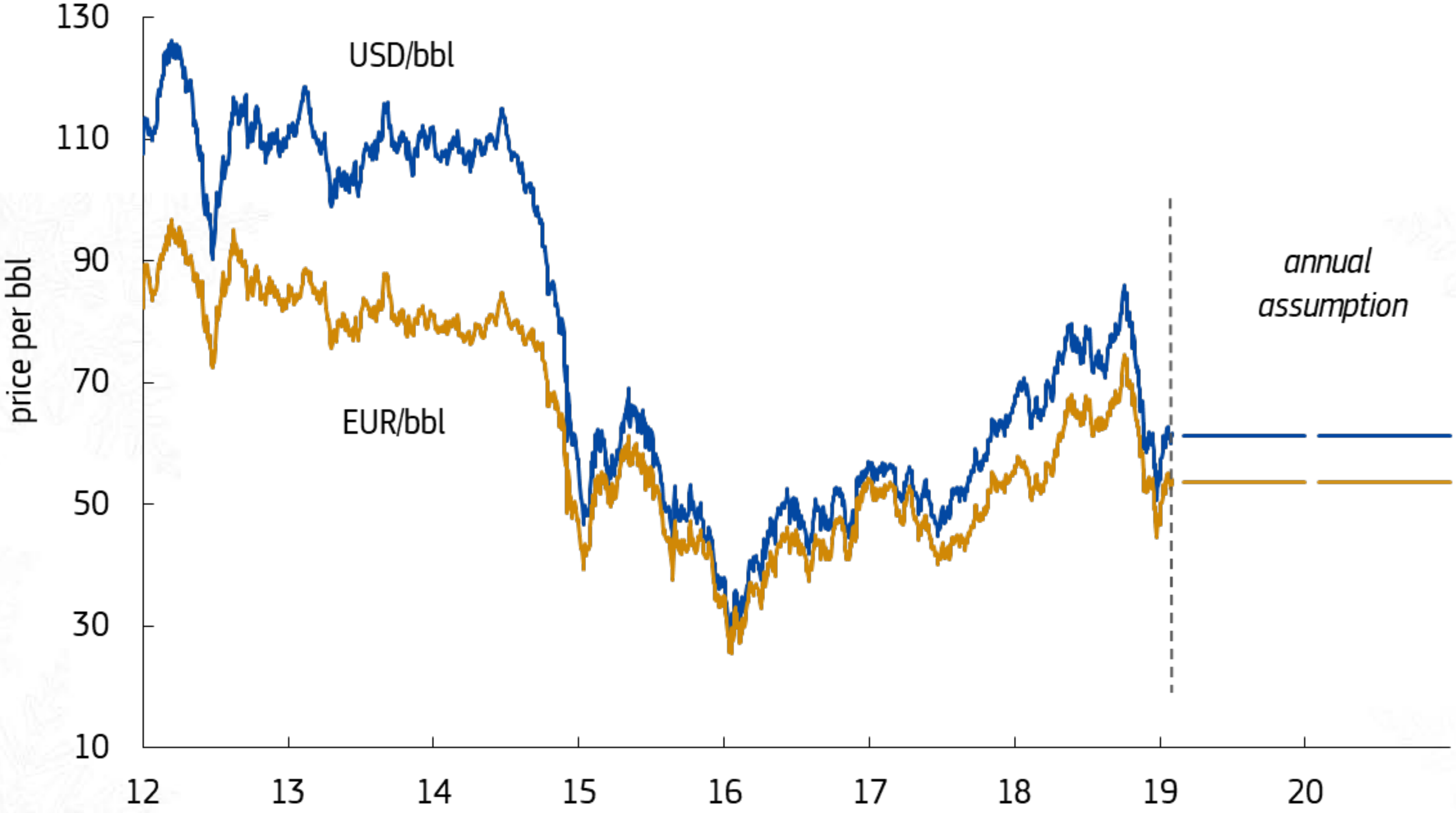
Export markets composition impacts euro area exports

Export markets demand (3-months moving average)



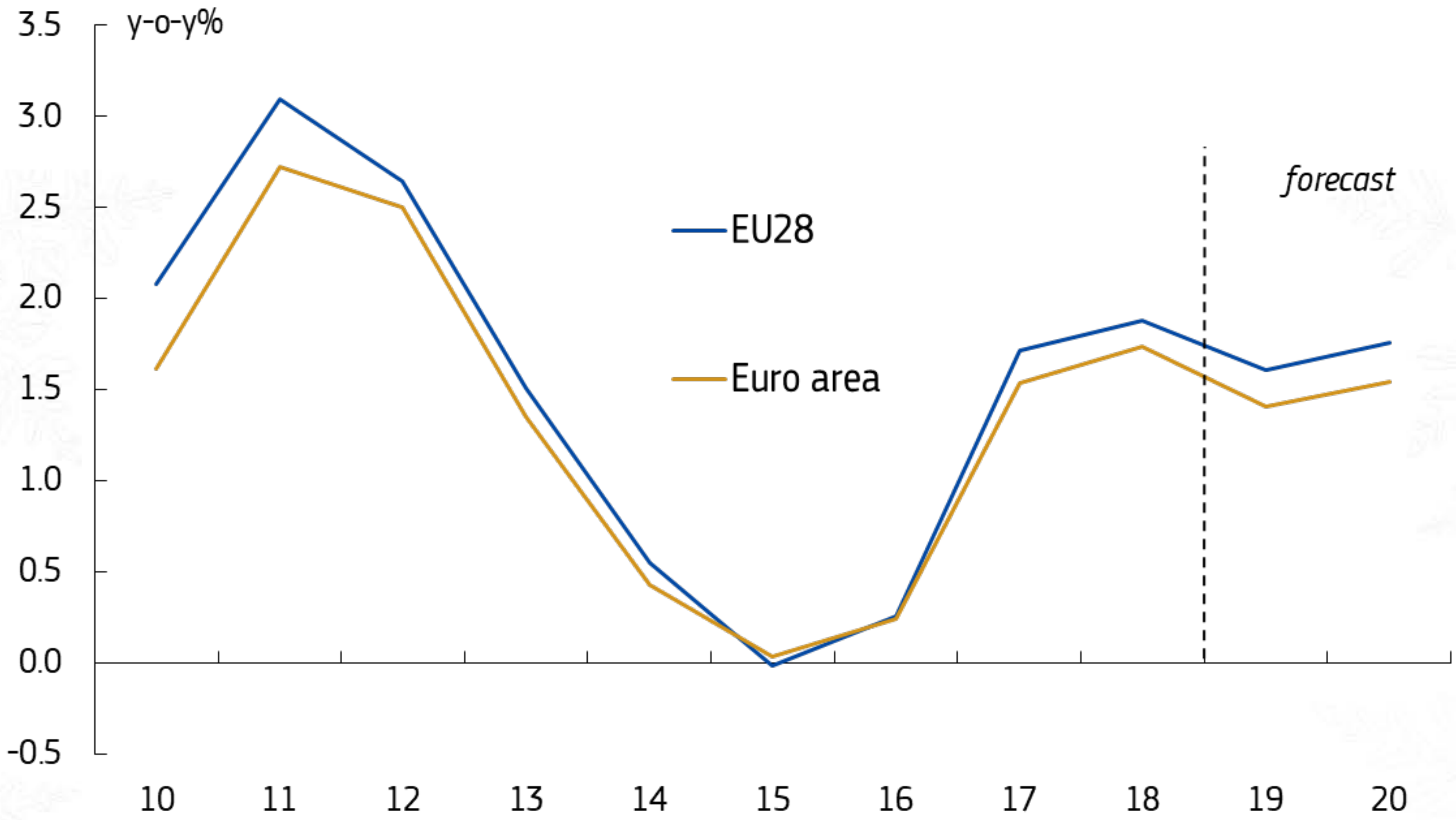
Source: CPB. Own calculations.

Oil prices have dropped and are set to remain low

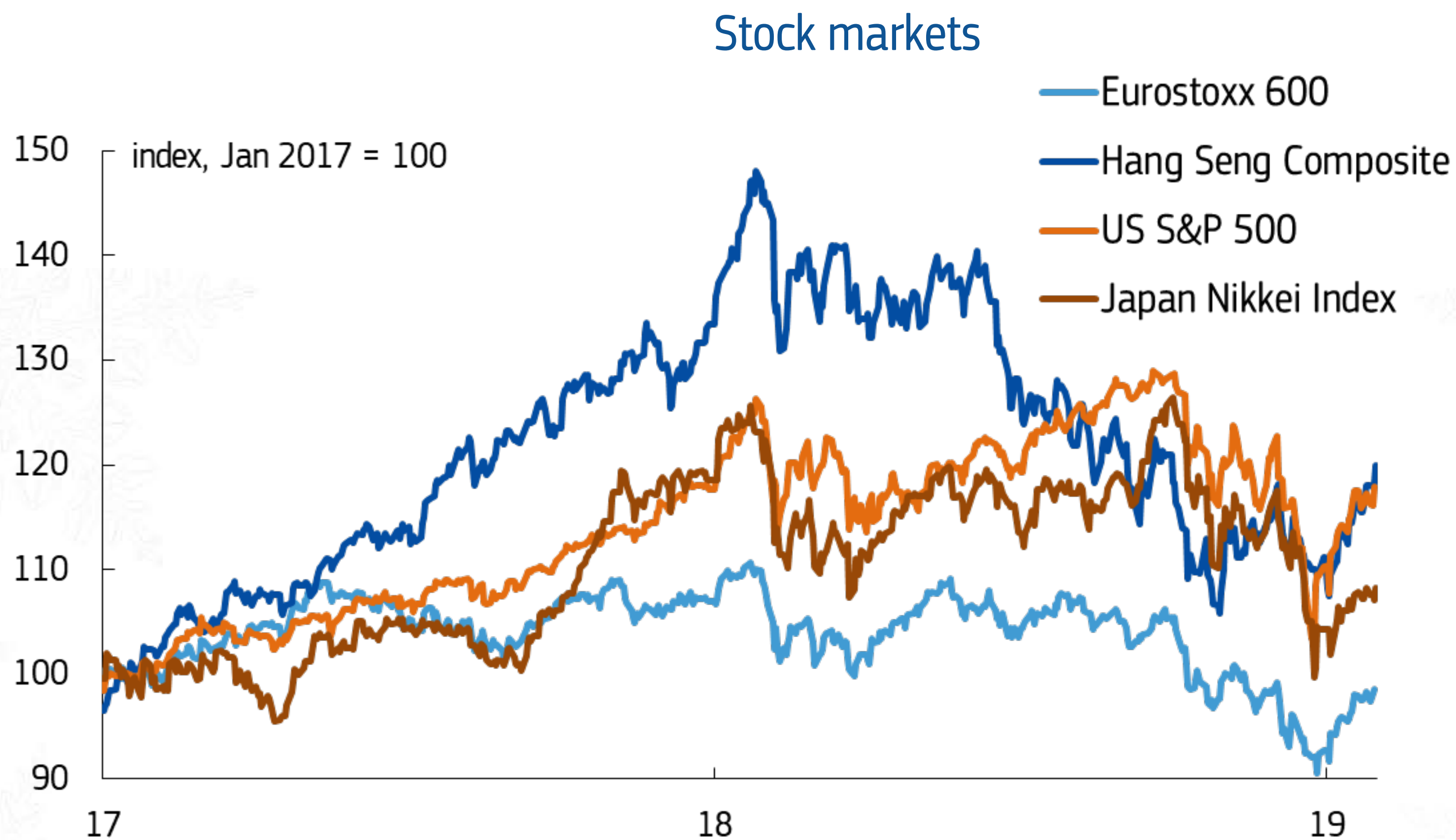


Energy prices are driving inflation lower

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



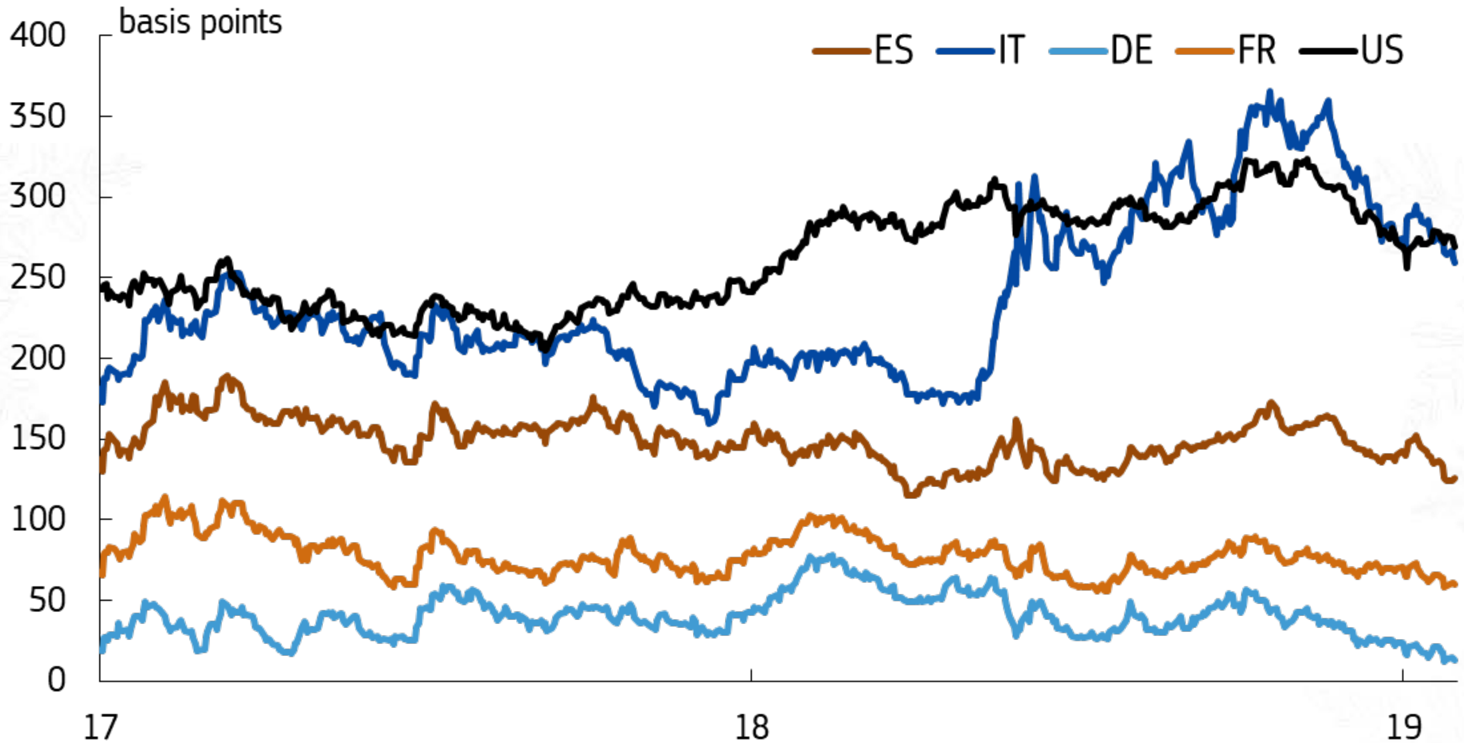
Financial markets have been volatile



Source: Macrobond.

Financial markets have been volatile

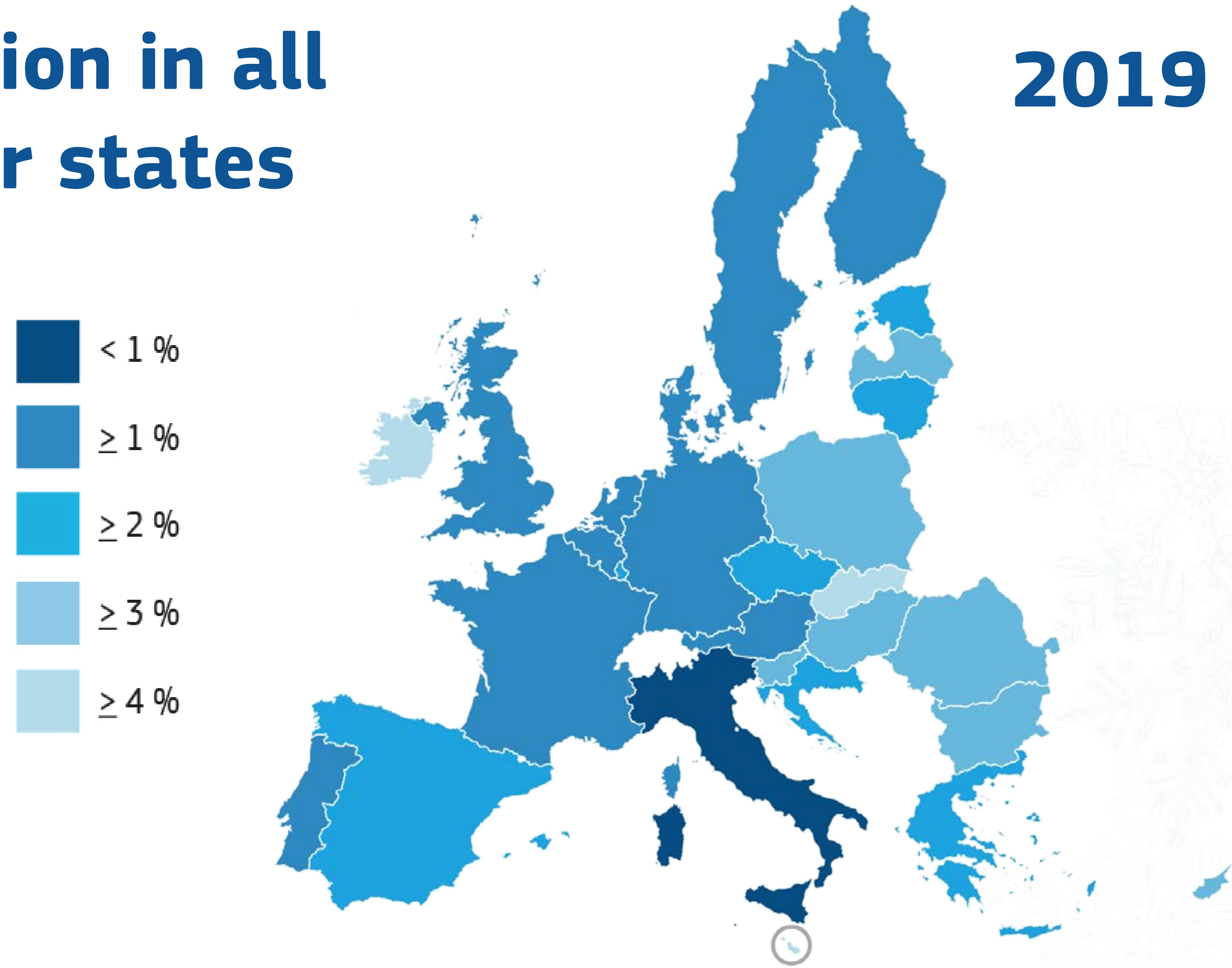
10-year government bond yields



Source: Macrobond.

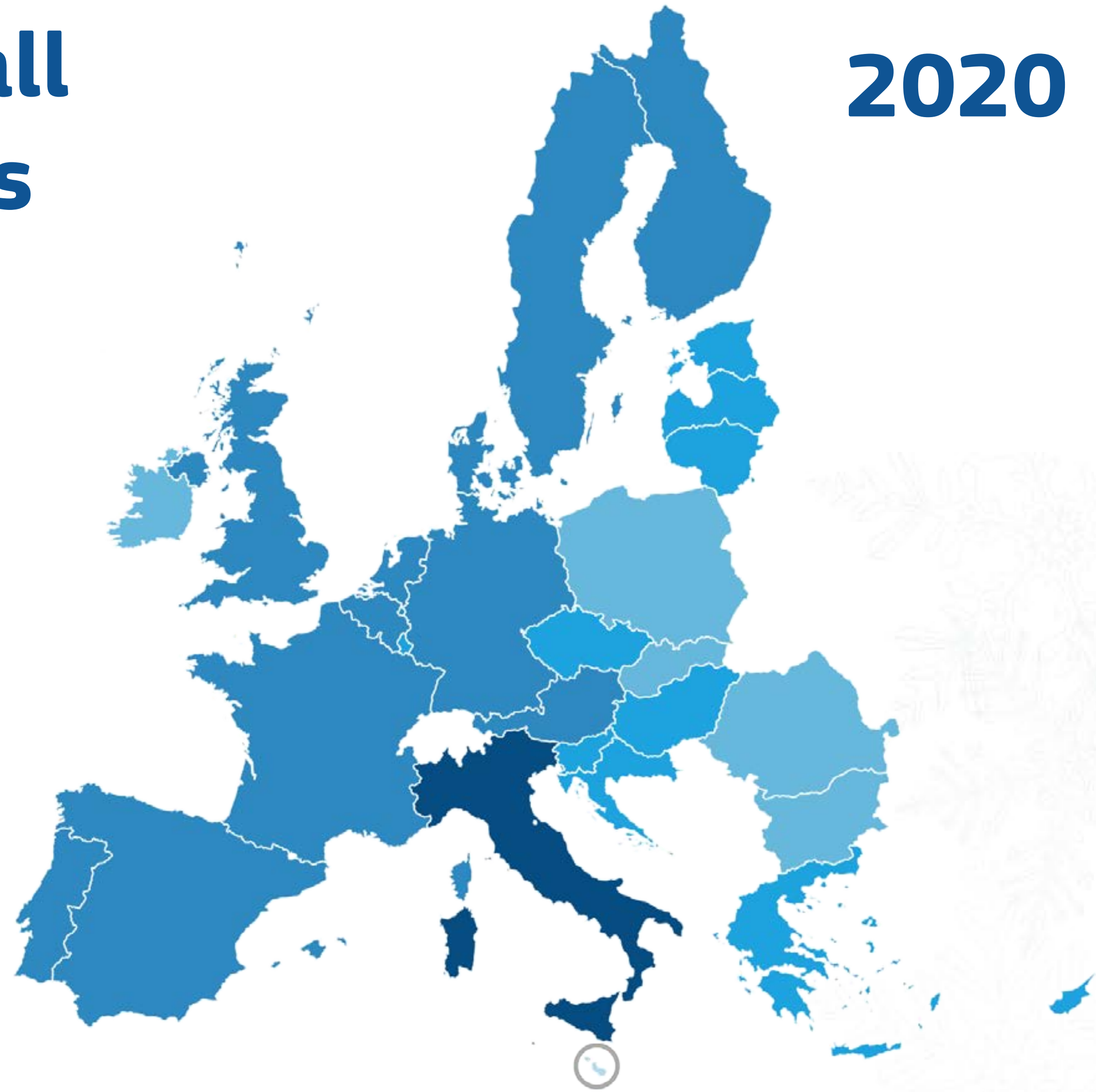
Expansion in all Member states

2019



Expansion in all Member states

2020



- < 1 %
- ≥ 1 %
- ≥ 2 %
- ≥ 3 %
- ≥ 4 %

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Uncertainty and downside risks

- Further escalation in trade tensions
- Sharper slowdown in China
- Re-assessment of financial markets risks
- Policy uncertainty in some Member States, including Brexit