



EUROPEAN ECONOMIC FORECAST

Autumn 2022

#ECForecast

11 NOVEMBER 2022

PAOLO GENTILONI

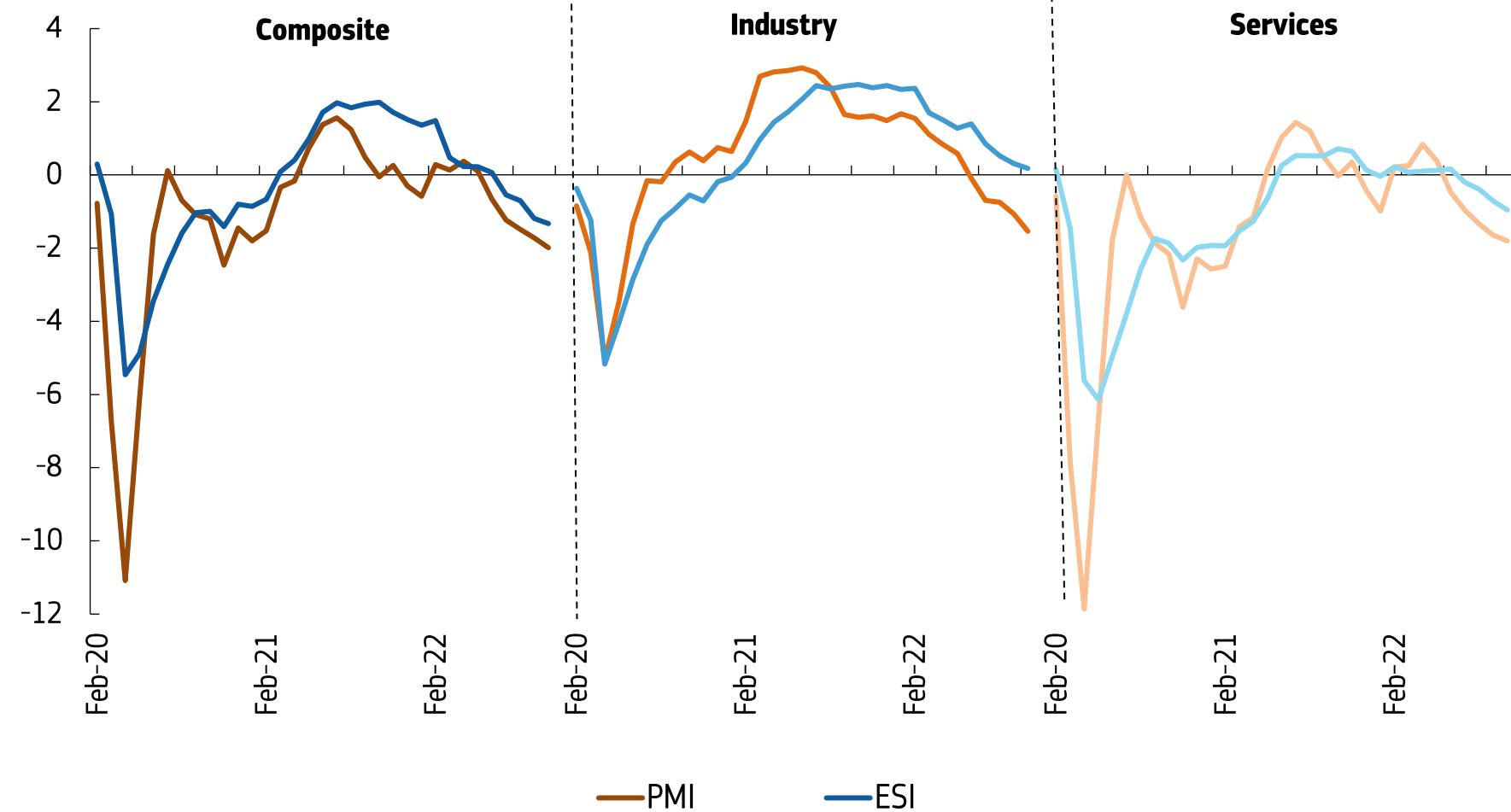
Commissioner for Economy

Key messages from the Autumn 2022 European Economic Forecast

- Our economy is at a turning point, set to stagnate in 2023 and pick up in 2024
- Inflation is nearing the peak, but will remain high in 2023
- The labour market is expected to show resilience
- Government deficits are set to remain above 3% but debt ratios will decline
- Risks are skewed to negative outcomes amid heightened uncertainty

The loss in momentum is broad based

Economic Sentiment Indicator and Purchasing Managers Index, euro area

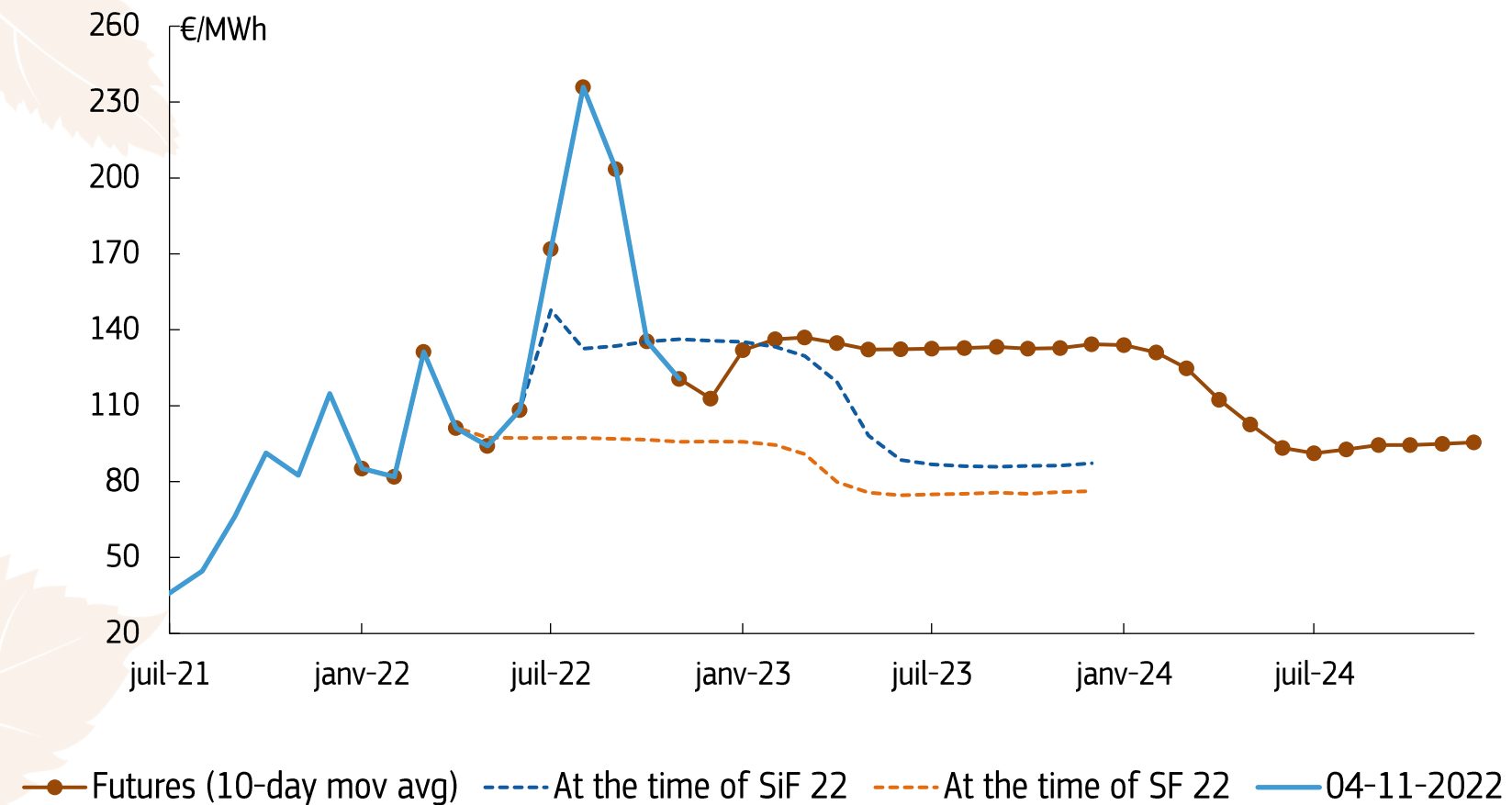


Source: S&P Global, European Commission.

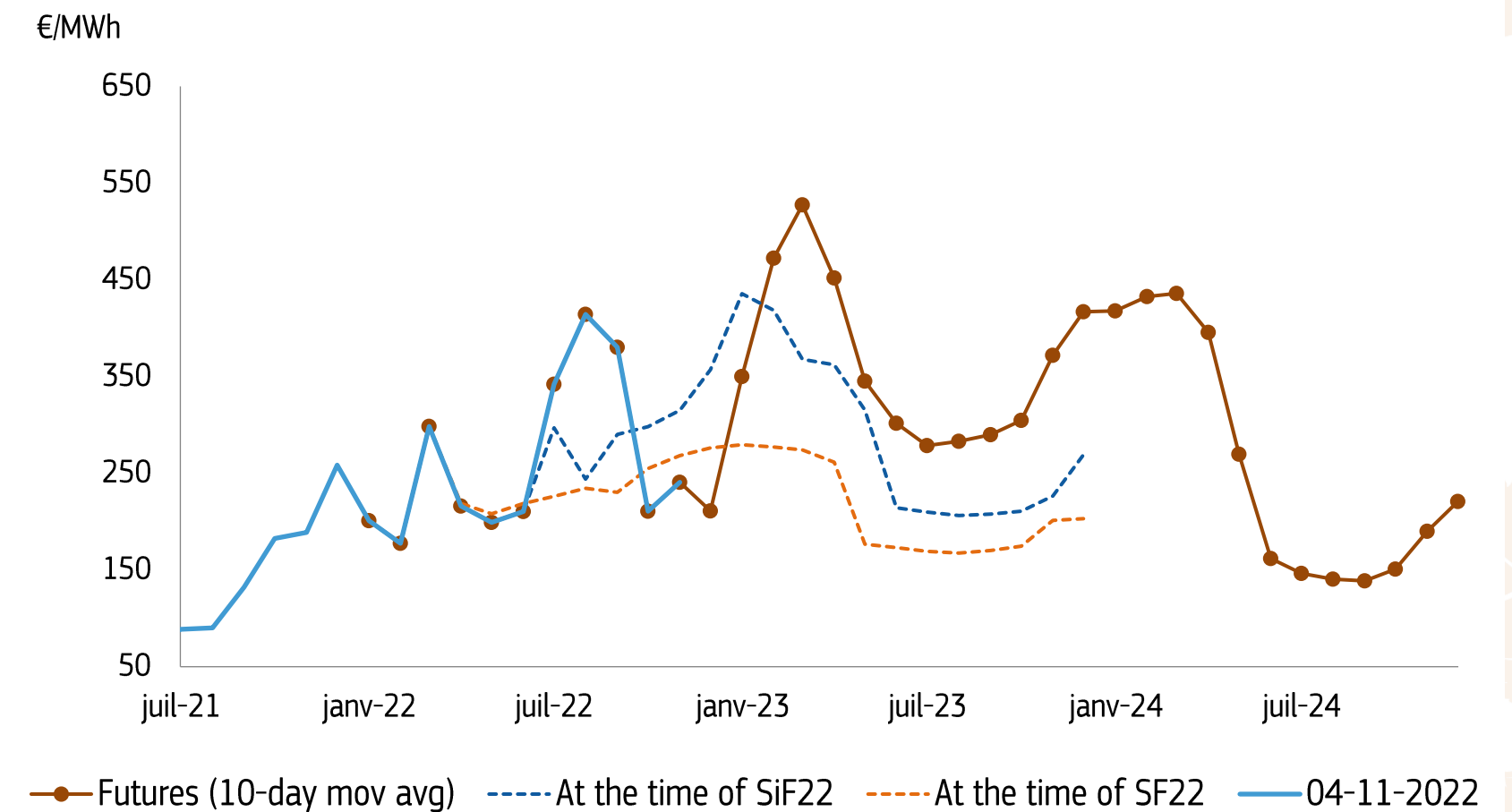
Note: Standardised data based on 2000-'07 sample.

Energy prices set to remain elevated

Gas prices

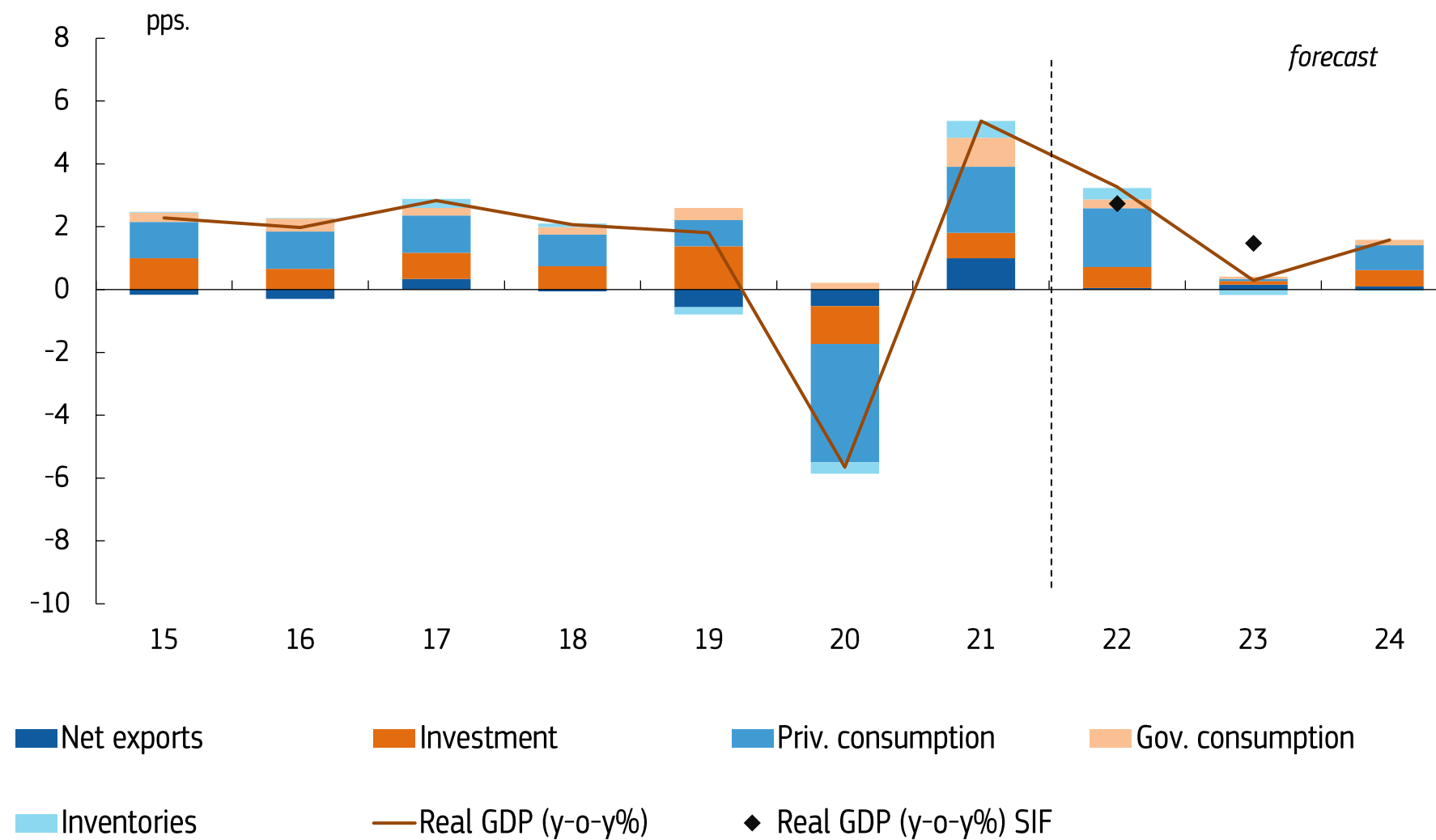


Electricity prices



Consumption growth set to come to a standstill next year

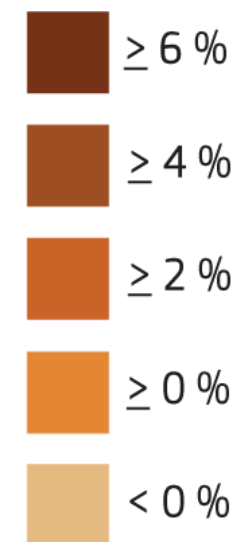
Real GDP growth and contributions, EU



EU growth map

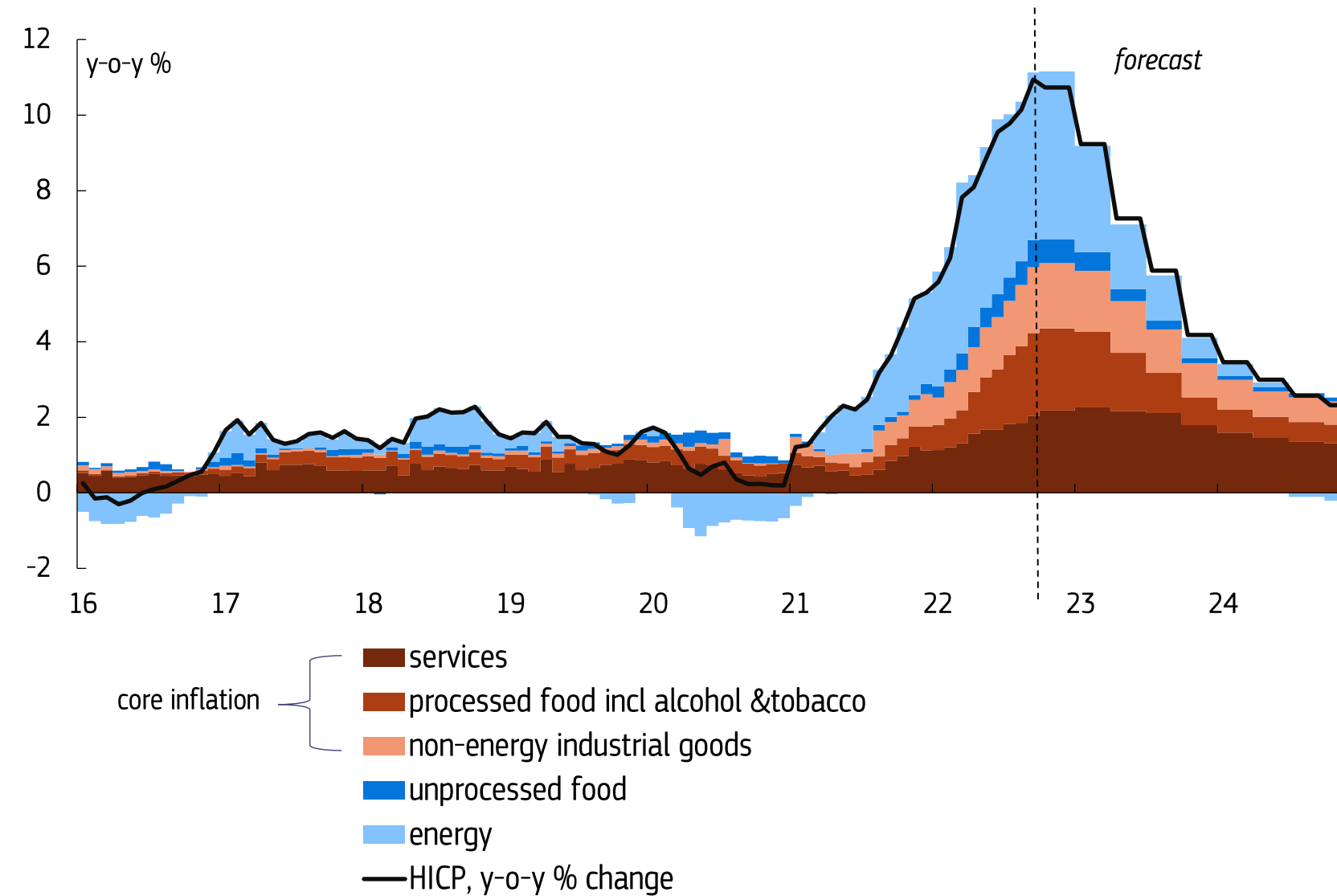
2022 & 2023

Real GDP growth, %



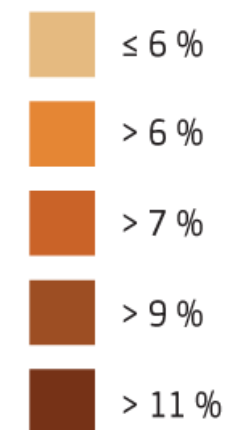
Inflation more driven by core elements over the next two years

Inflation breakdown, EU



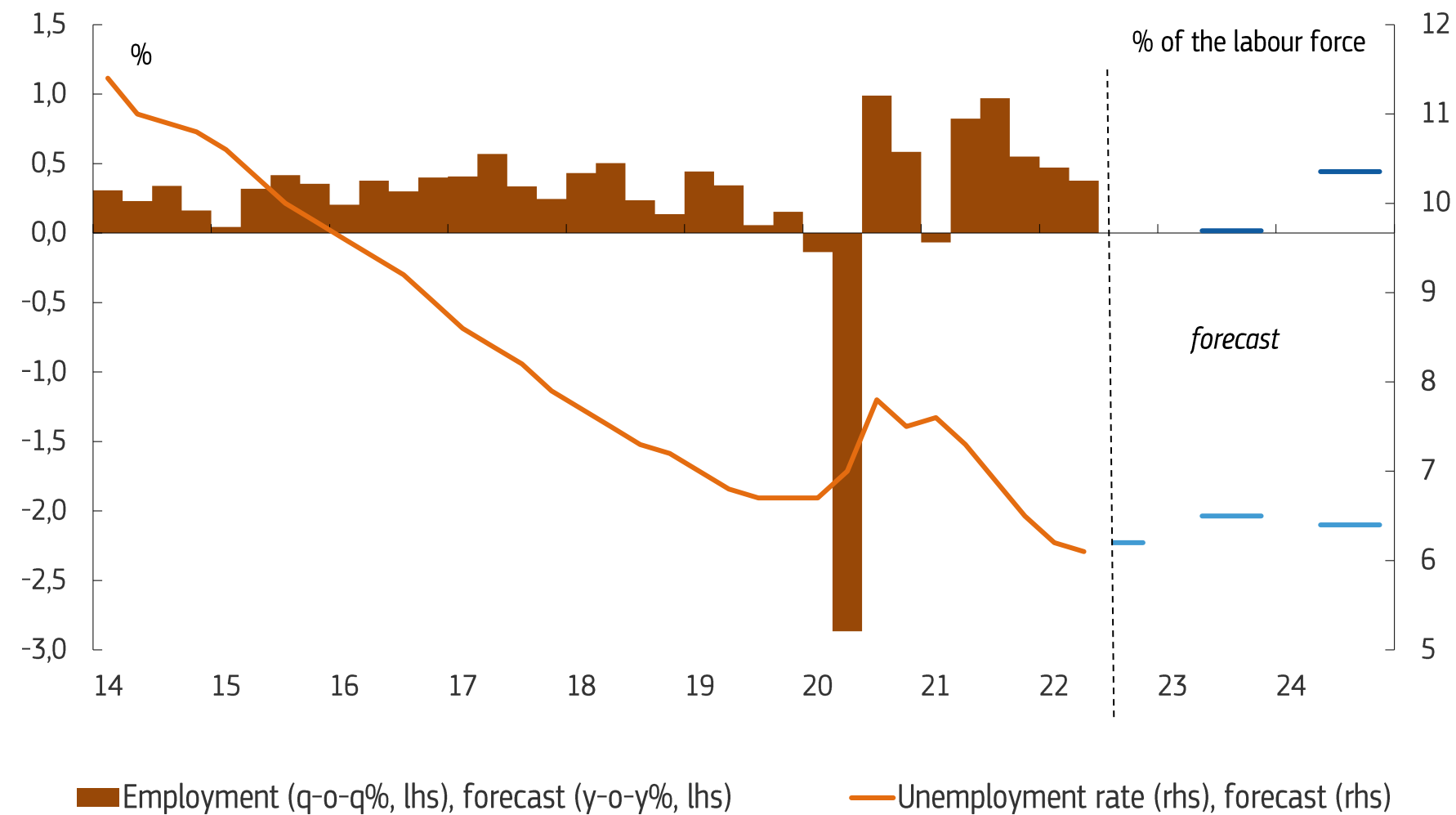
EU inflation map 2022 & 2023

Annual HICP
inflation, %



Labour market is expected to remain resilient

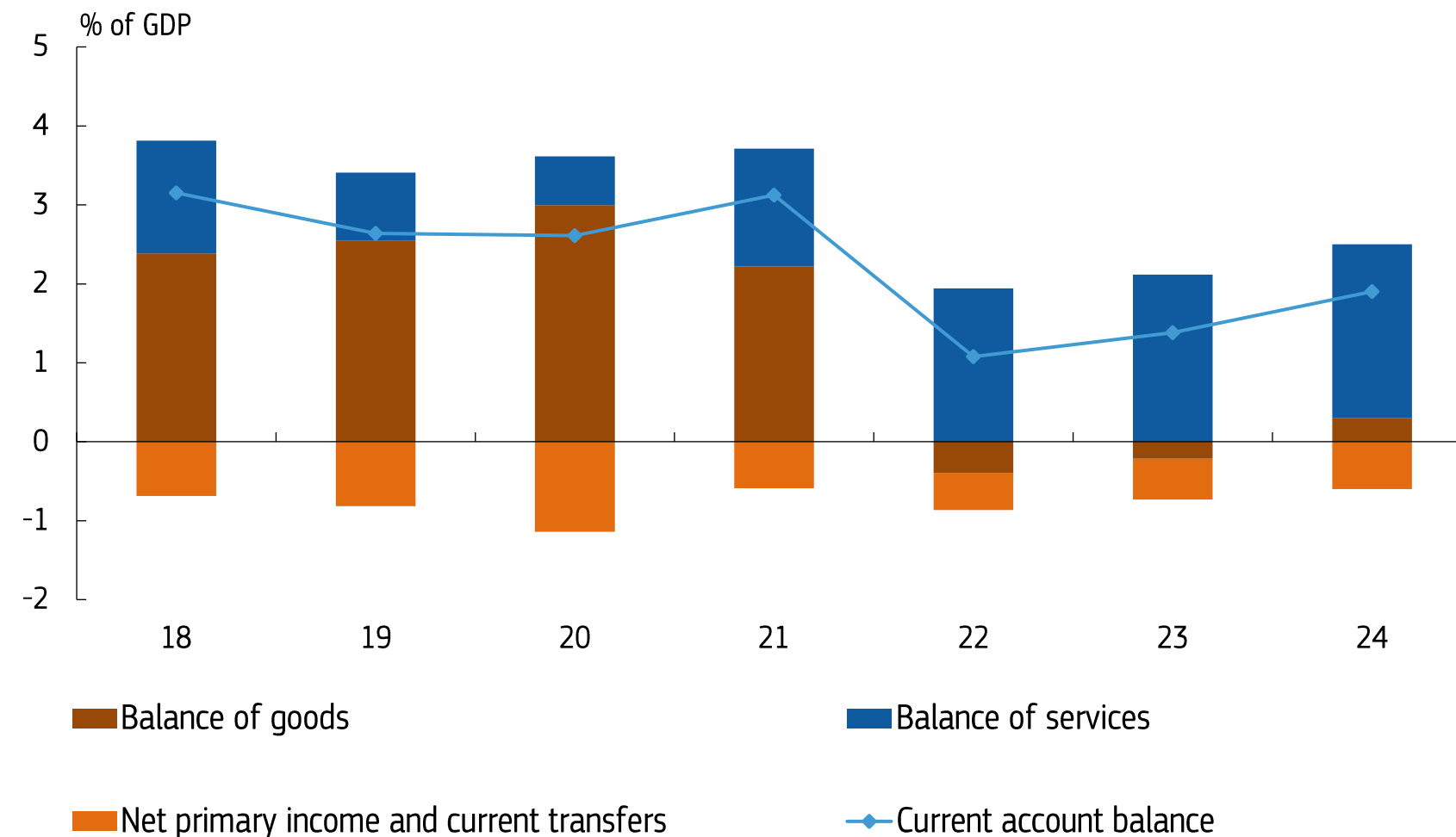
Employment growth and unemployment rate, EU



Forecast figures are annual data.

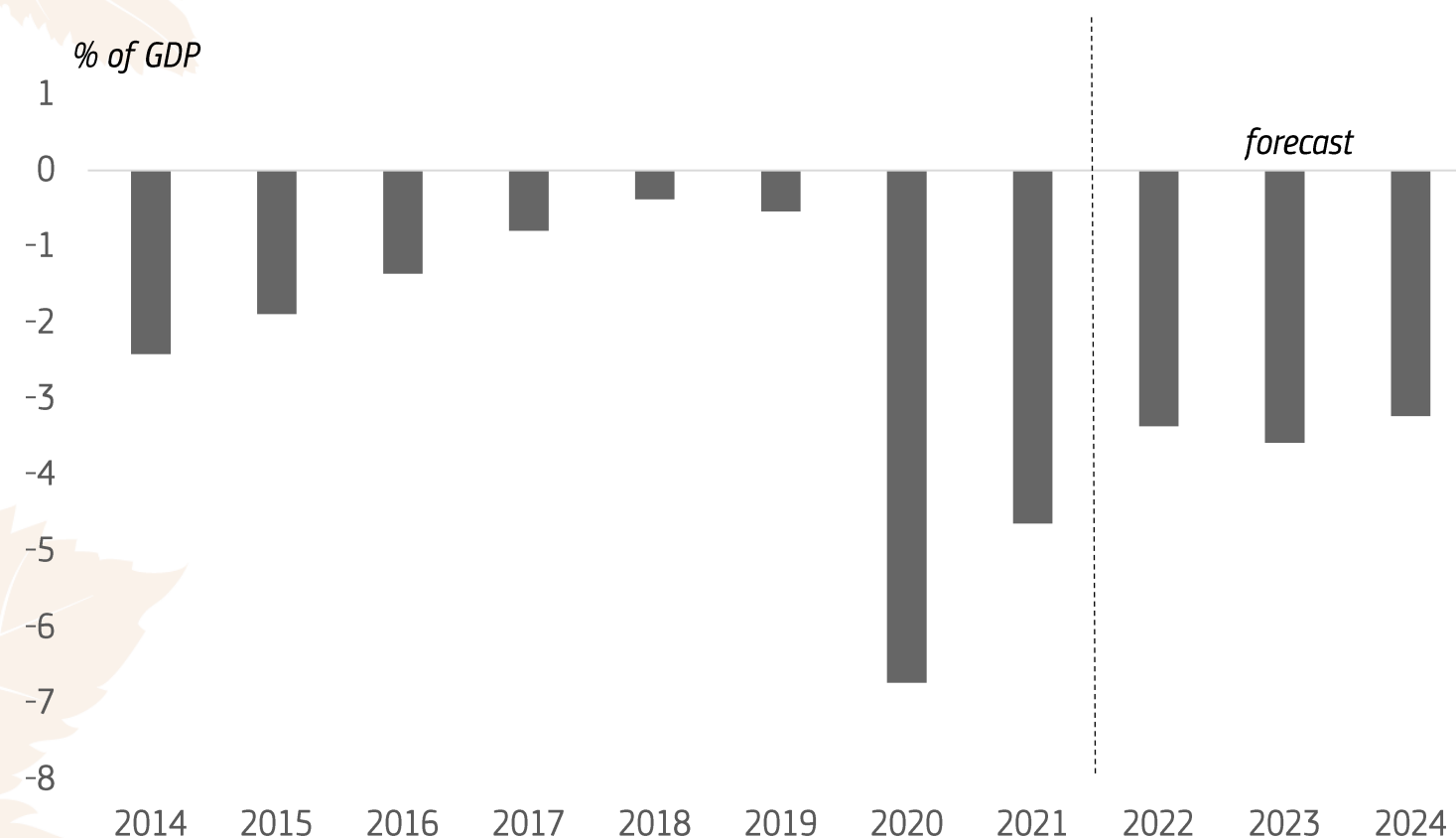
The EU trade balance is set to improve as import prices decline

Current-account balance, EU

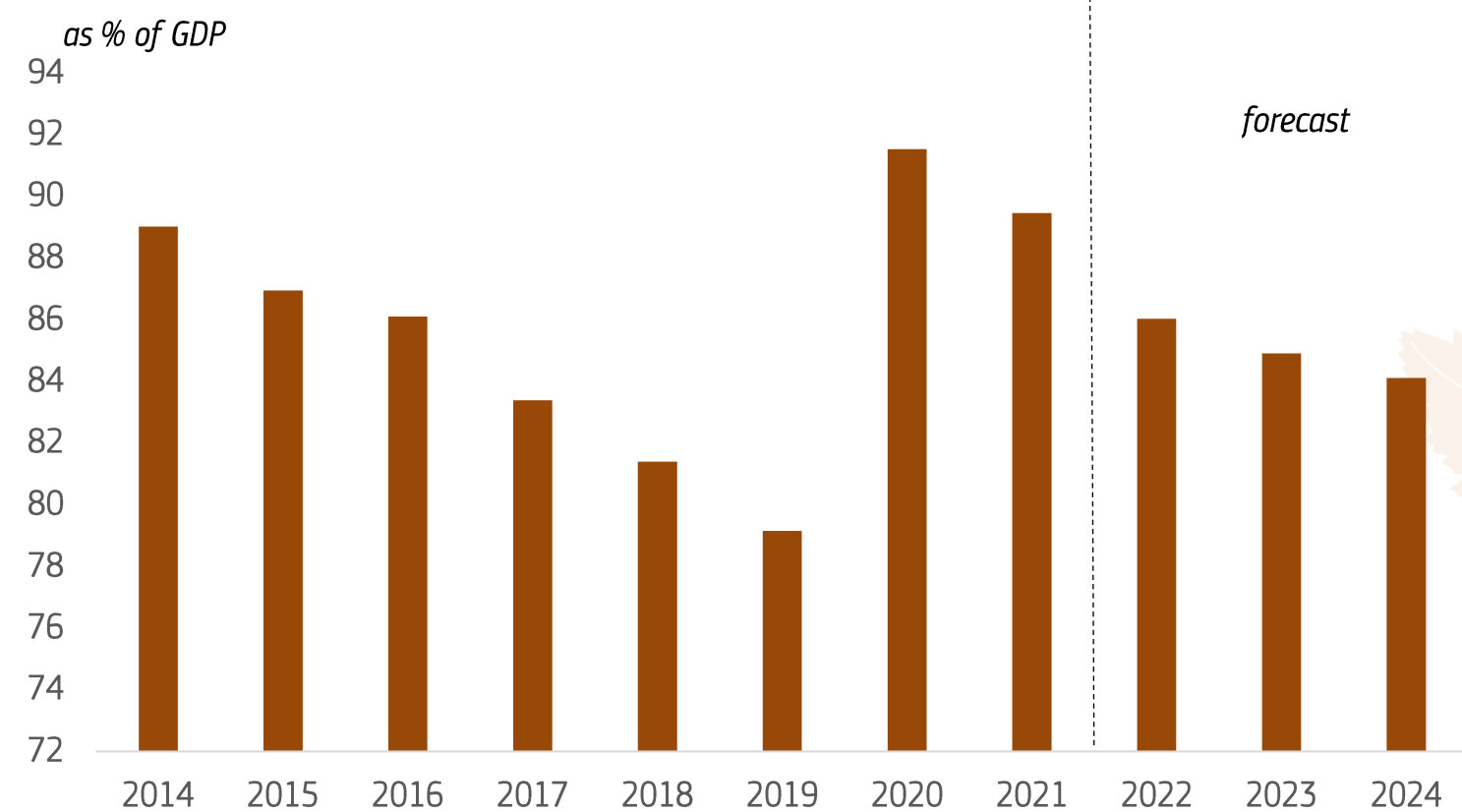


Deficits to remain above 3%, debt ratios set to keep declining

General government budget balance, EU



General government debt-to-GDP ratio, EU



Risks tilted to the downside

- Security of gas supply
- Strain in the corporate sector due to rising input costs and higher interest rates
- Potential inconsistency between fiscal and monetary policies
- More persistent inflationary pressures

EU growth map 2022 & 2023

Real GDP growth, %

