European Commission

EUROPEAN ECONOMIC FORECAST

Autumn 2016

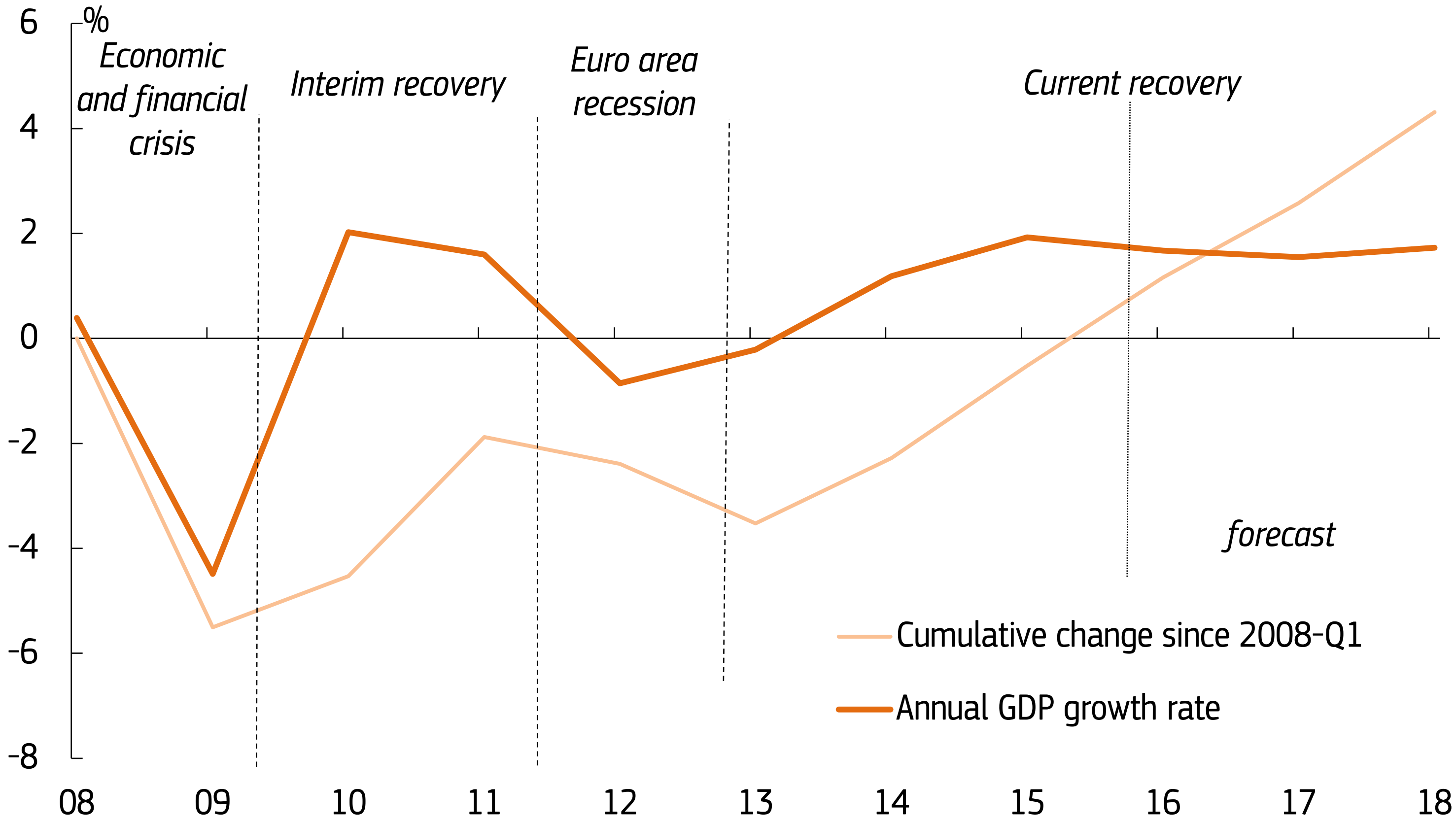
9 NOVEMBER 2016

PIERRE MOSCOVICI

Commissioner for Economic and Financial Affairs, Taxation and Customs

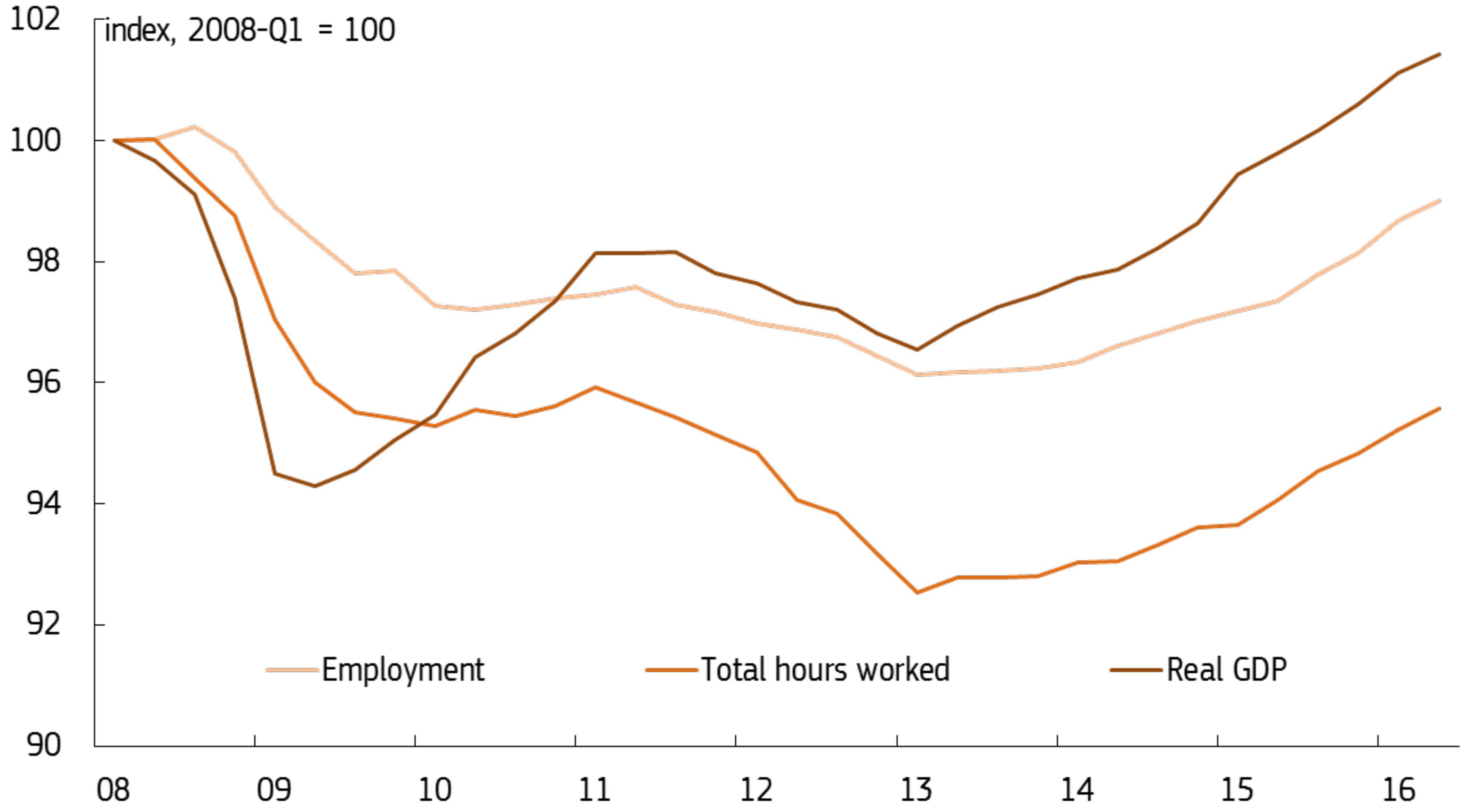
Modest growth in challenging times

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



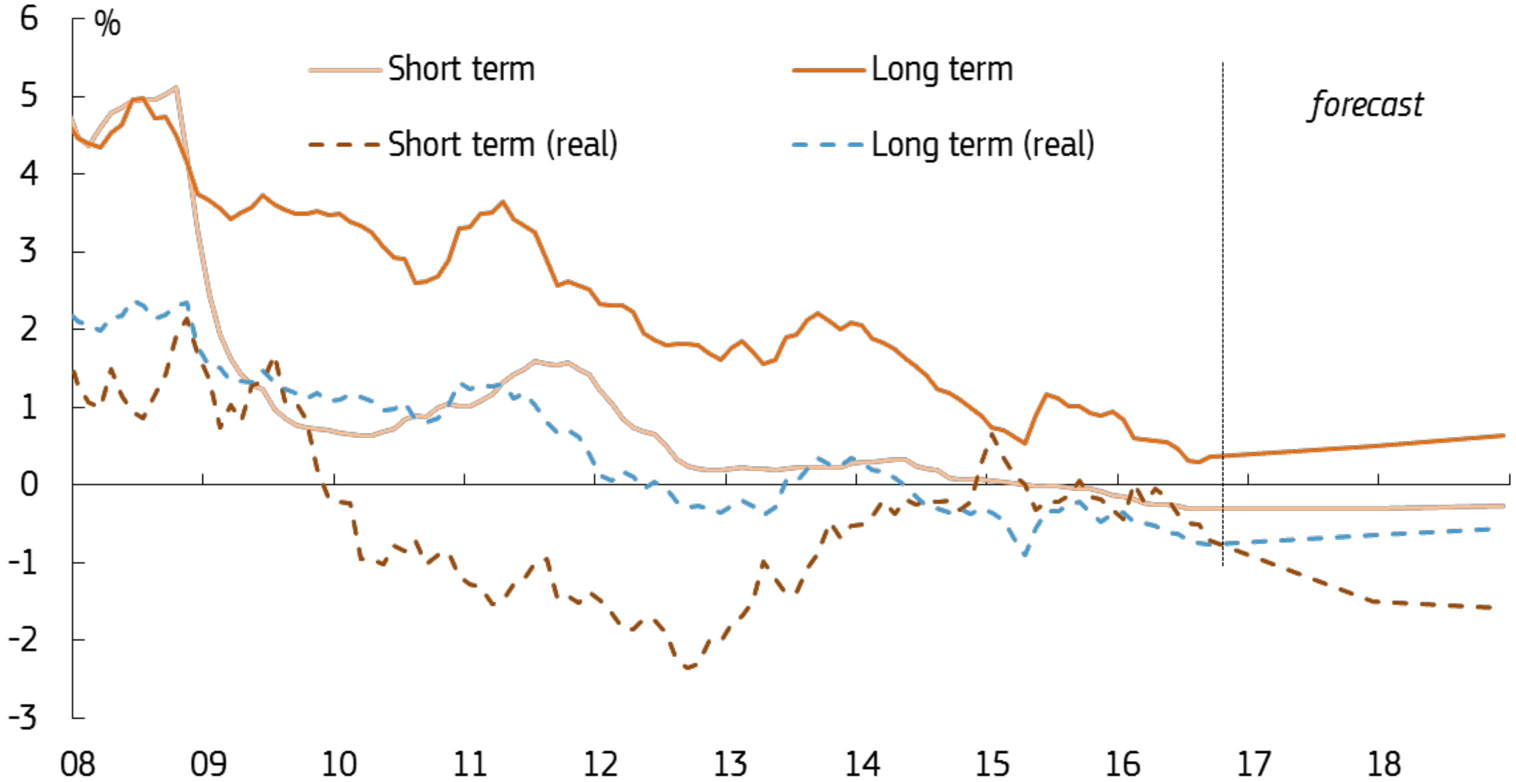
Substantial economic slack remaining

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;

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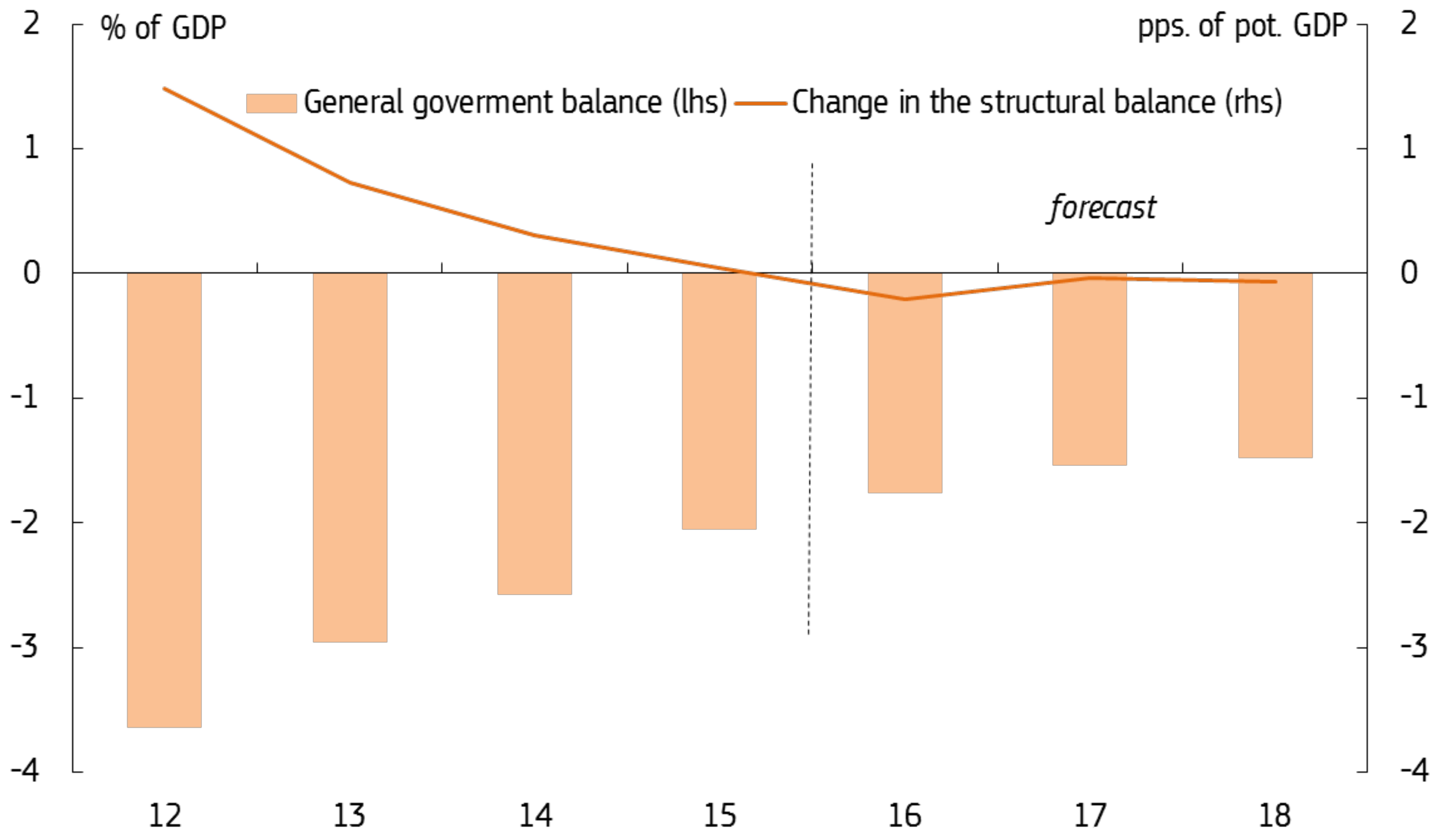
Monetary and fiscal policy remain supportive

Budgetary developments, euro area



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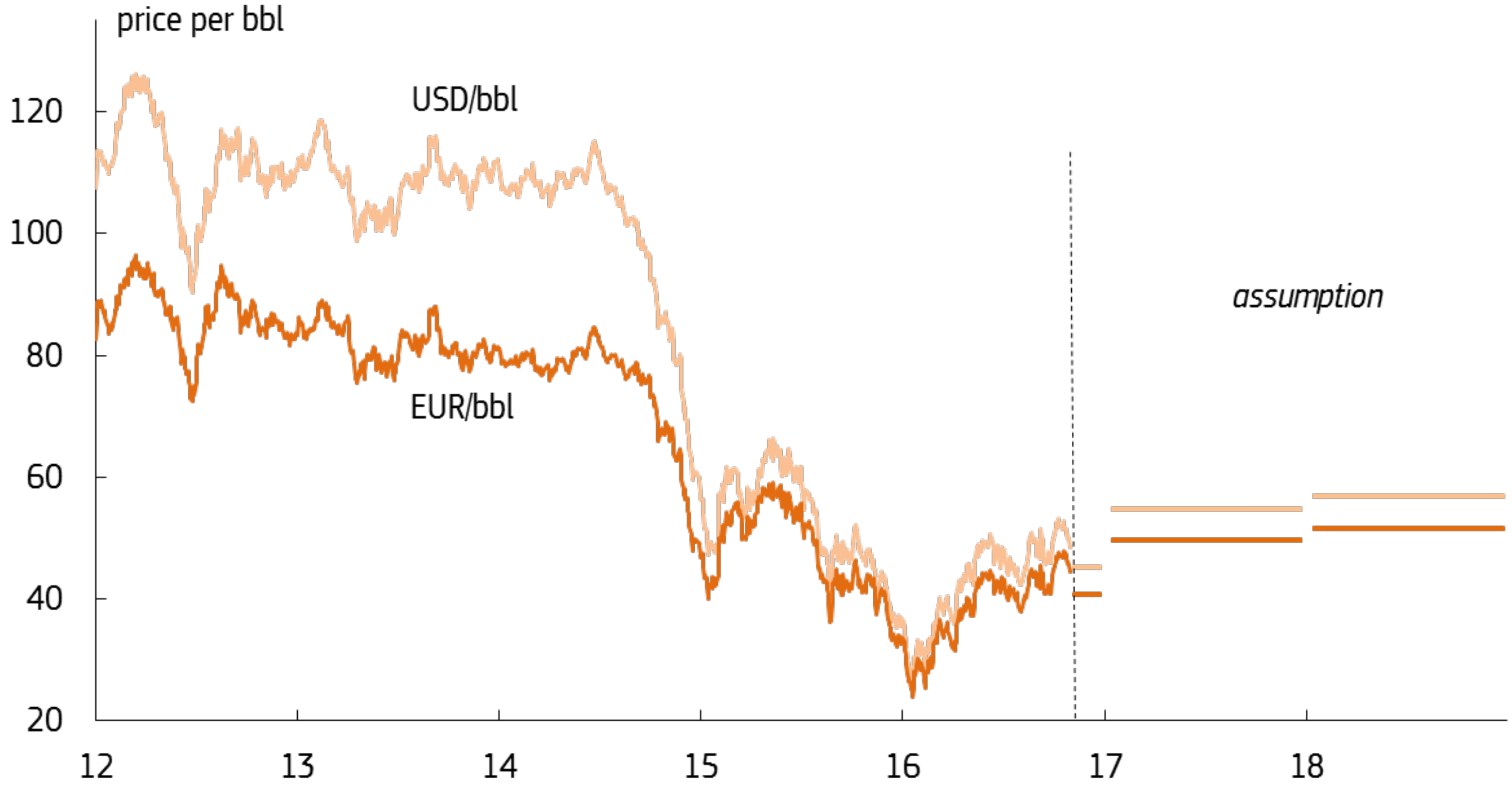
The recent exceptional tailwinds are fading

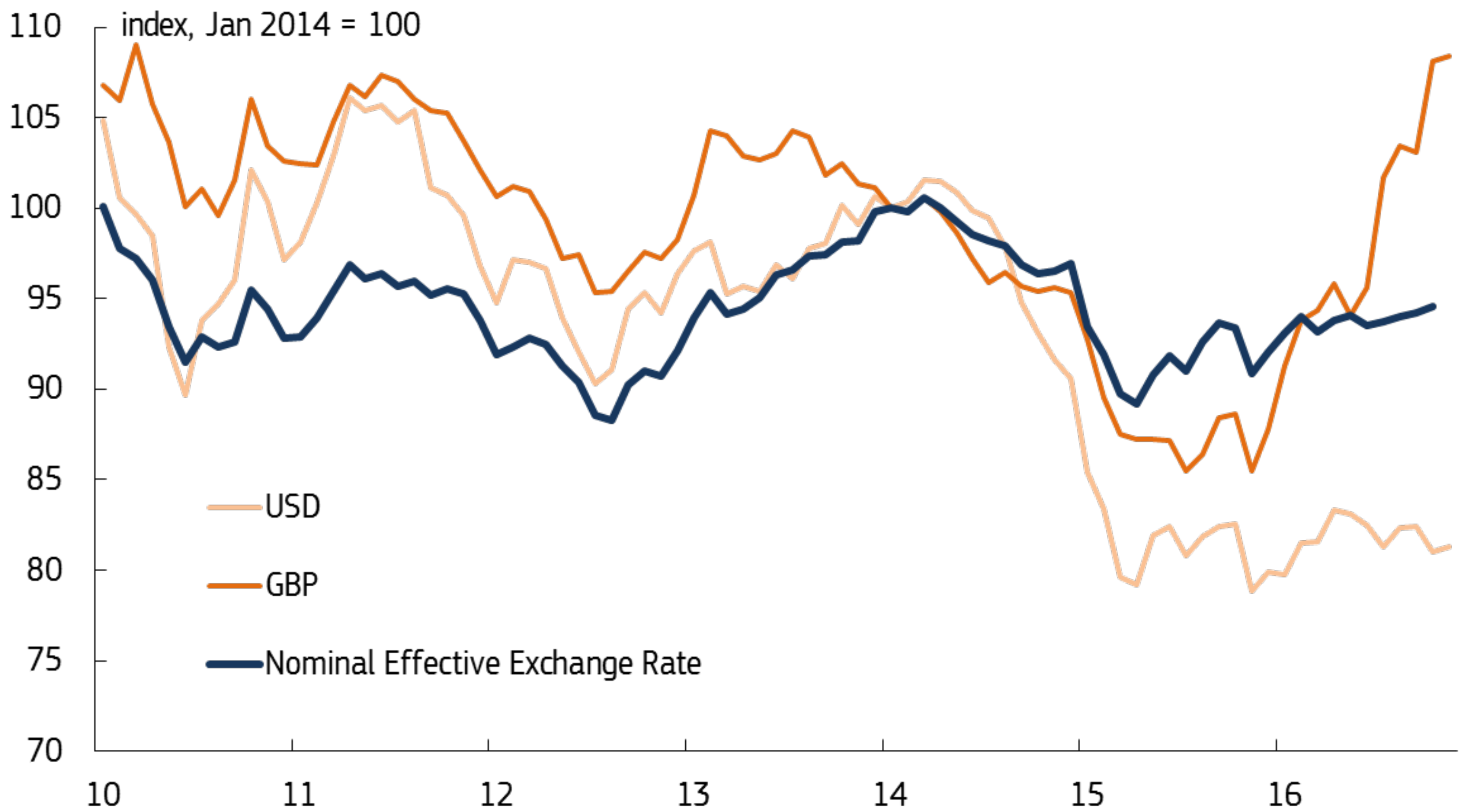
Brent oil spot price assumptions



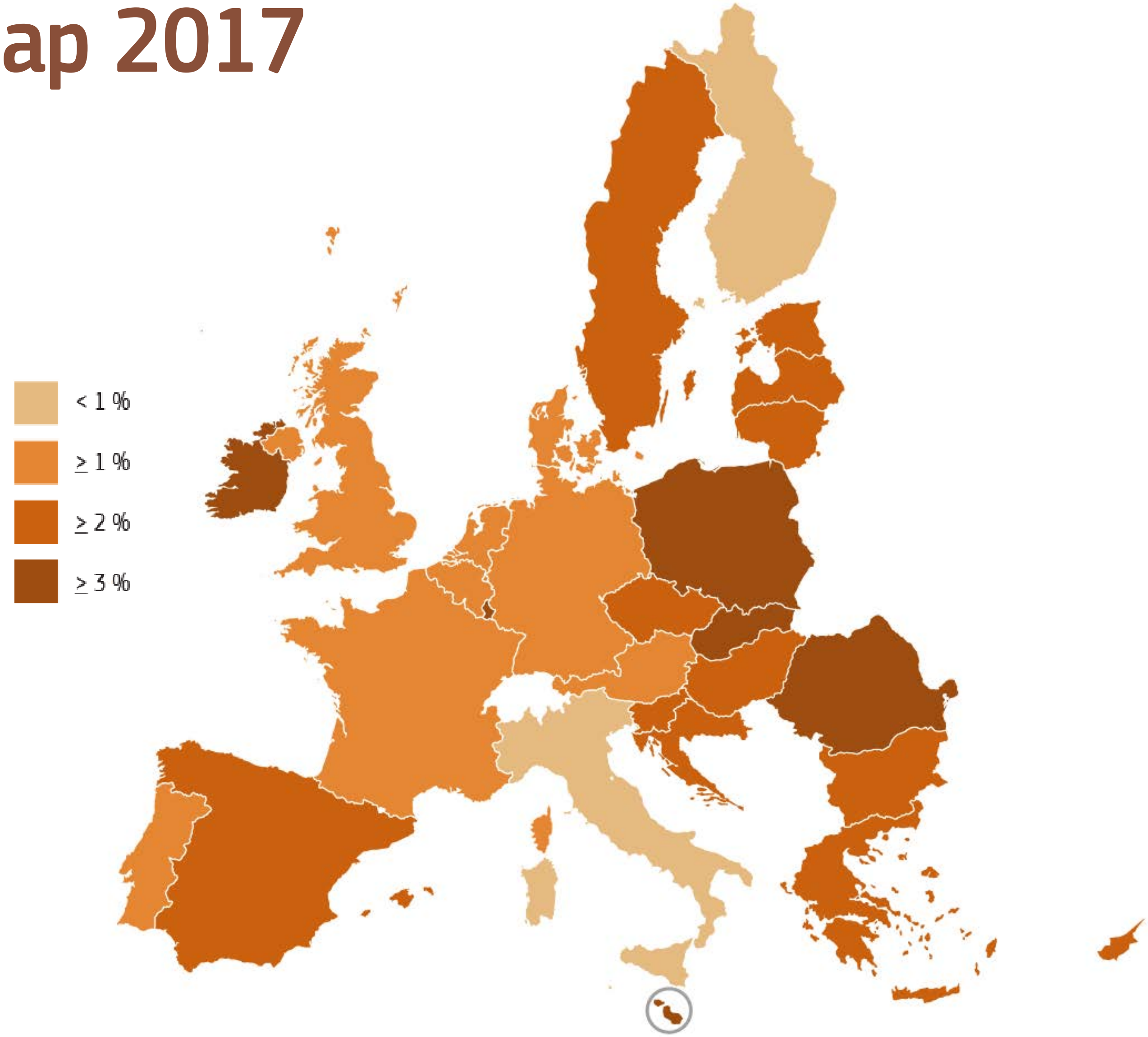
Source: ICE

The recent exceptional tailwinds are fading

Euro exchange rates vs USD and NEER

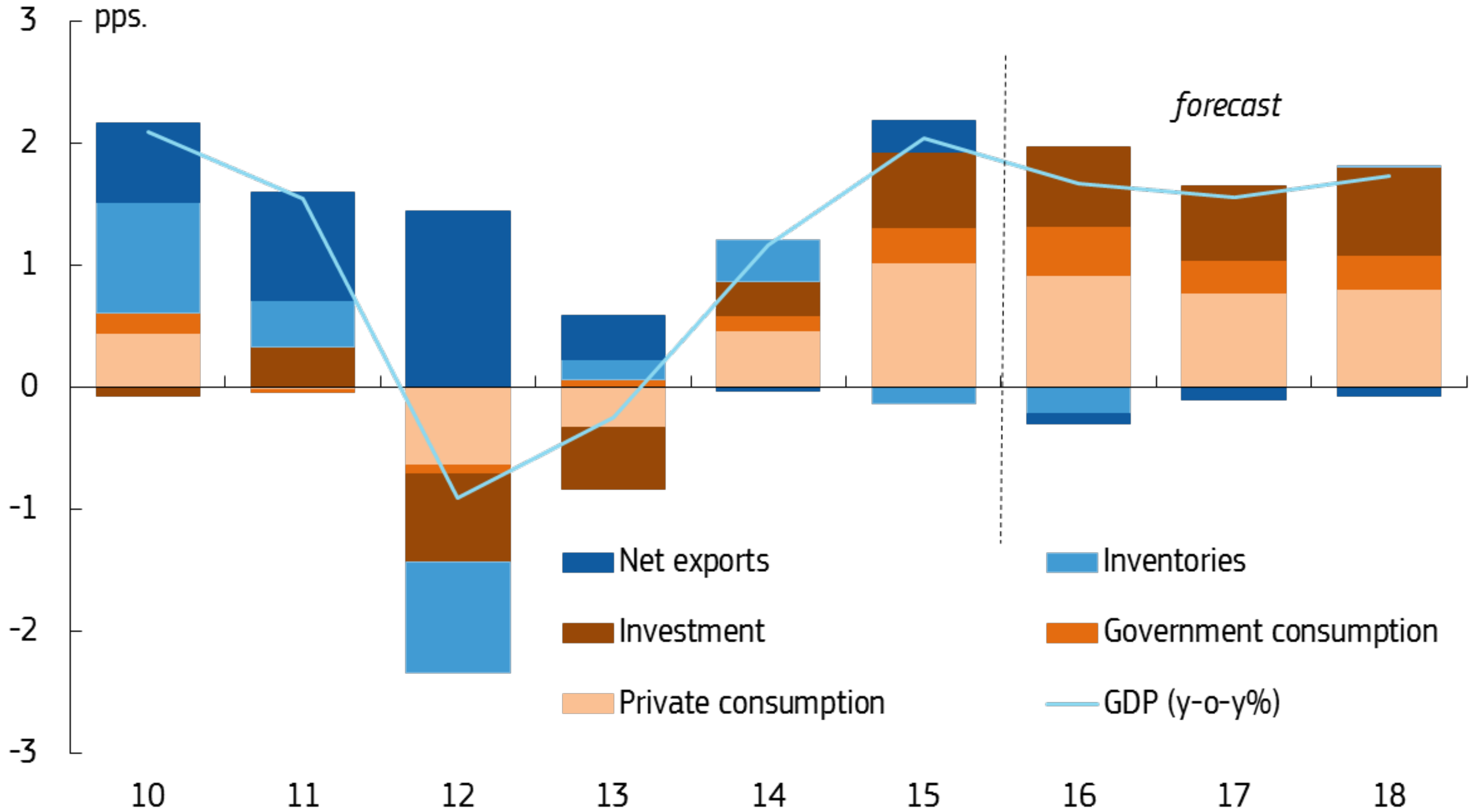


Growth map 2017



Private consumption slowing down but still driving growth

Real GDPgrowth and its components, euro area

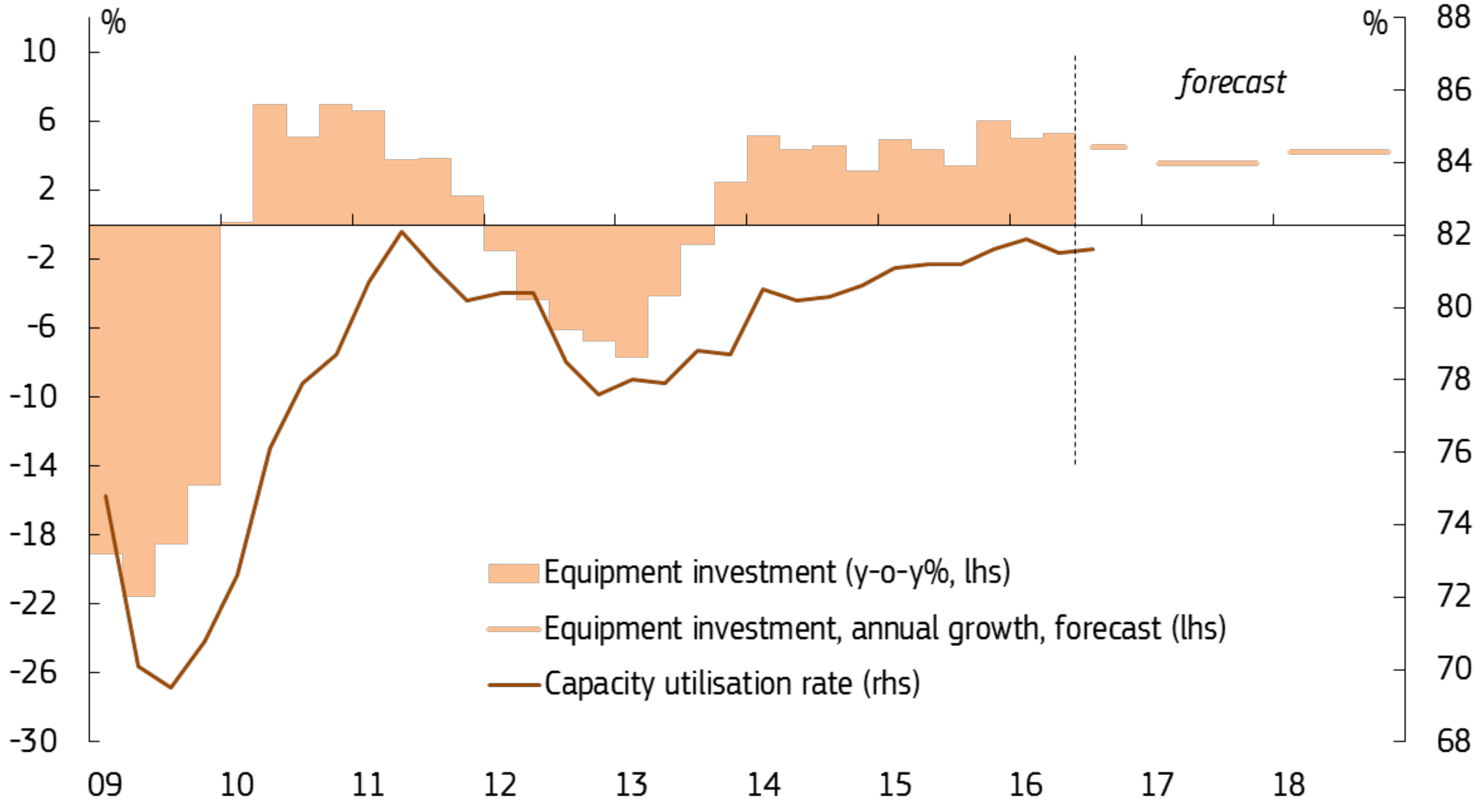


Improved labour market conditions

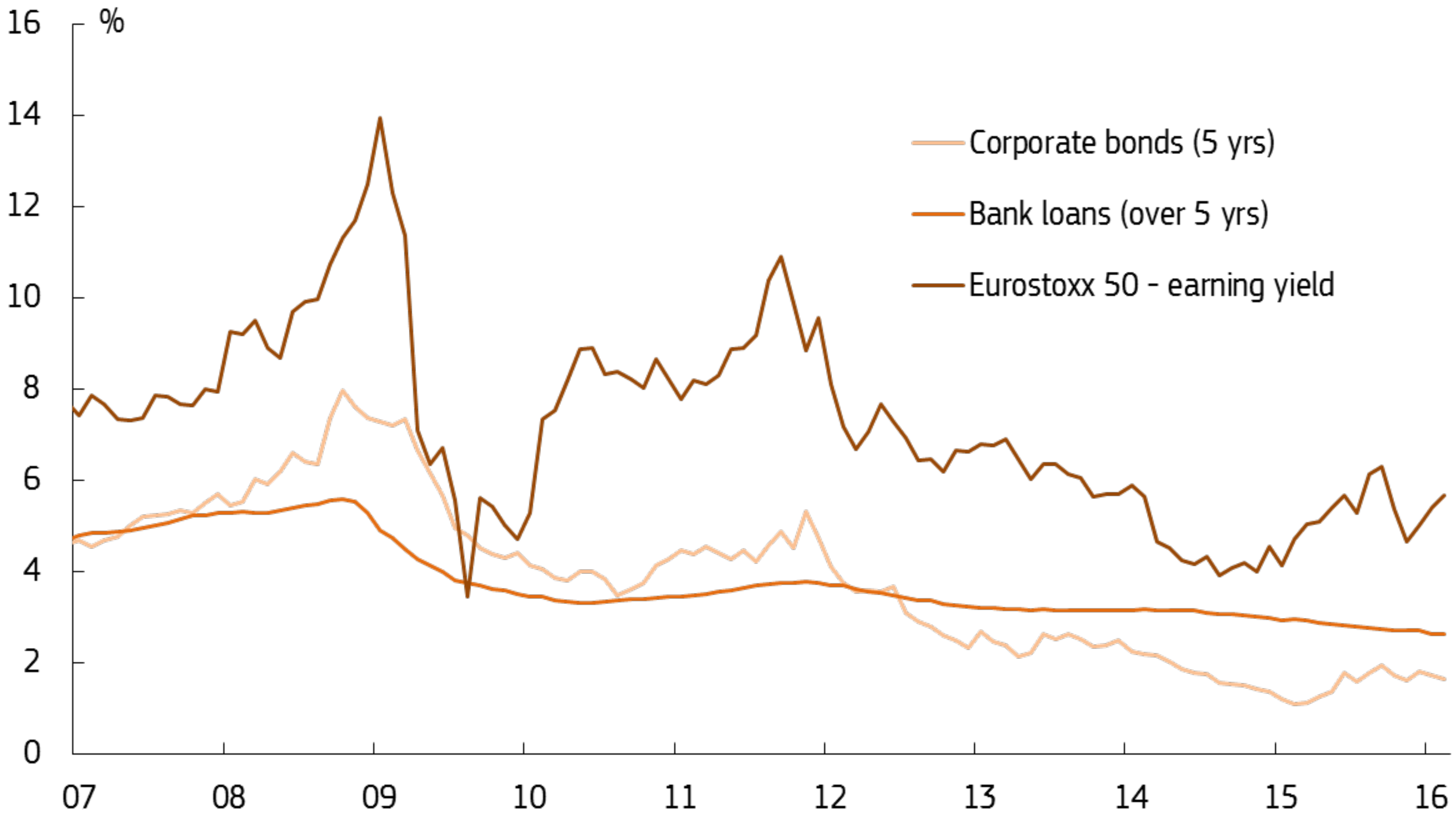
Employment and unemployment, euro area

Investment set to accelerate in 2018

Investment , euro area

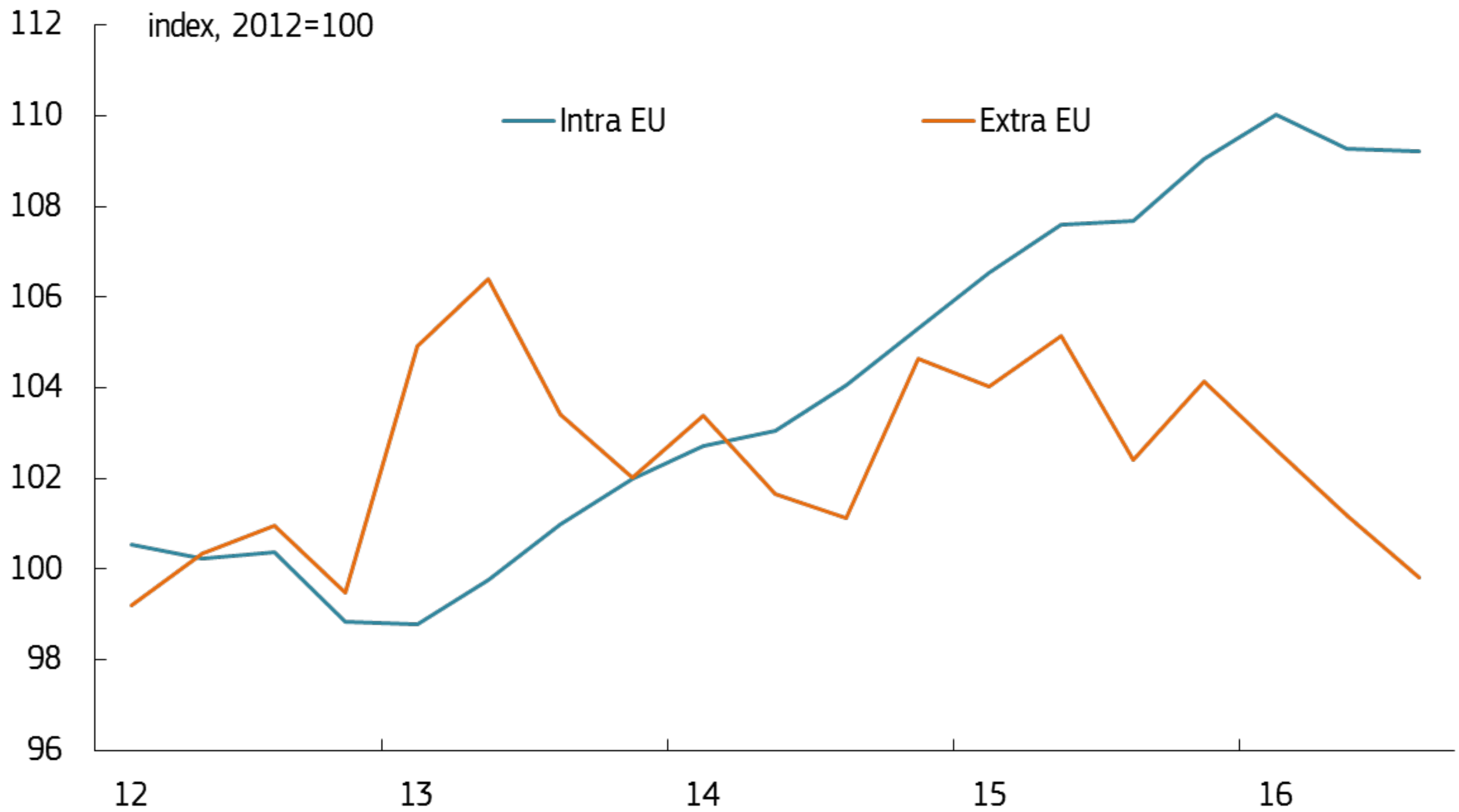


Investment set to accelerate in 2018

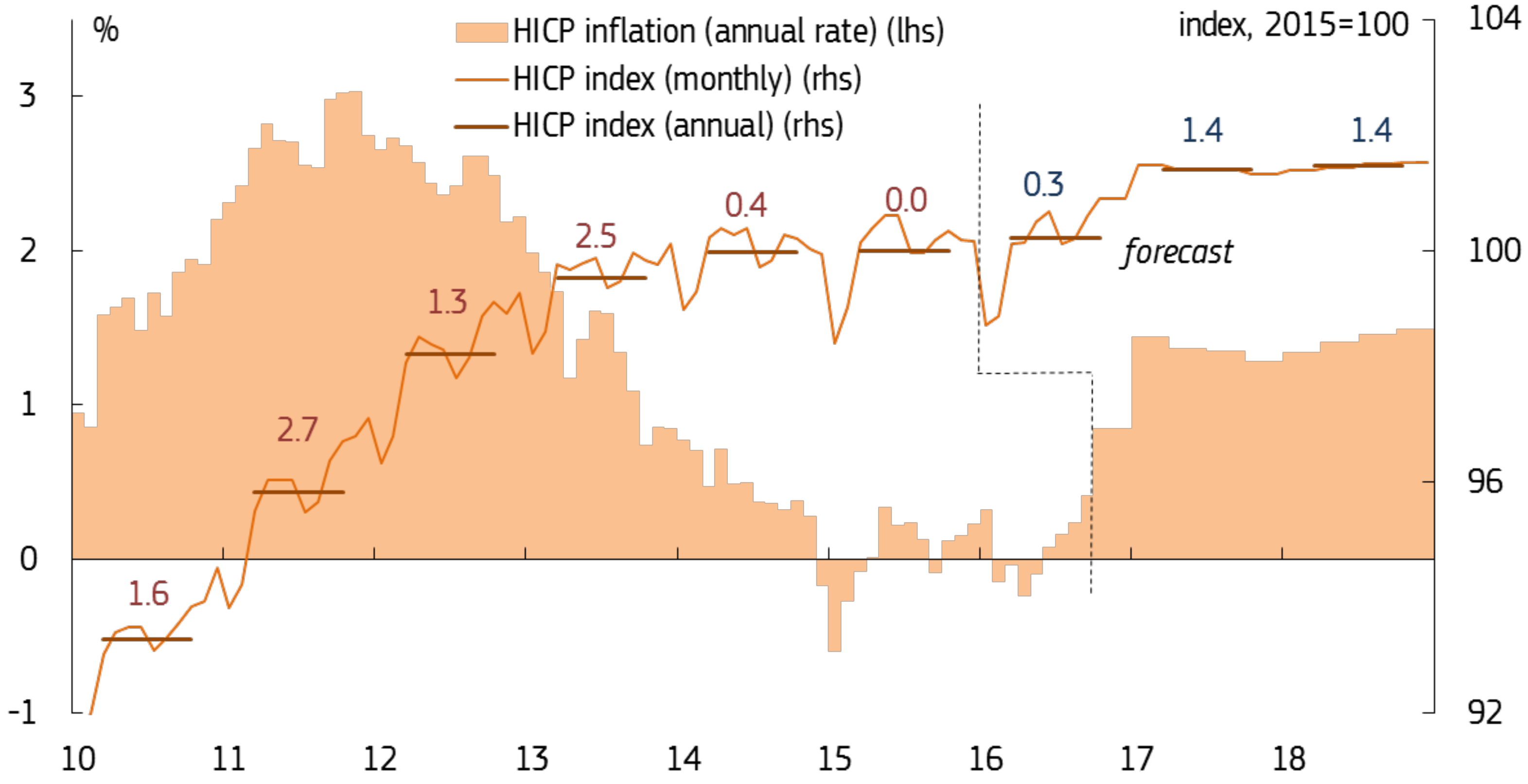


No support from net trade, but resilient intra-EU exports

Intra and extra EU exports of goods



Inflation picking up



Figures next to horizontal bars are annual inflation rates.

Budgetary outlook for 2017

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

Growth map 2017