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
- Long term
- Short term (real)
- Long term (real)

Budgetary developments, euro area

- General government balance (lhs)
- Change in the structural balance (rhs)

Short term rate: 3M Euribor; Long term rate: 10Y interest swap;
The recent exceptional tailwinds are fading

- Brent oil spot price assumptions
- NEER

- Euro exchange rates vs USD and NEER
Private consumption slowing down but still driving growth

Real GDP growth and its components, euro area
Improved labour market conditions

Employment and unemployment, euro area

Employment growth

Unemployment rate (rhs)

% of the labour force forecast

European Commission
Investment set to accelerate in 2018

Investment, euro area

- Equipment investment (y-o-y%, lhs)
- Equipment investment, annual growth, forecast (lhs)
- Capacity utilisation rate (rhs)

Corresponding graph showing economic indicators and forecasts.
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