



EUROPEAN ECONOMIC FORECAST

Autumn 2023

#ECForecast

15 NOVEMBER 2023

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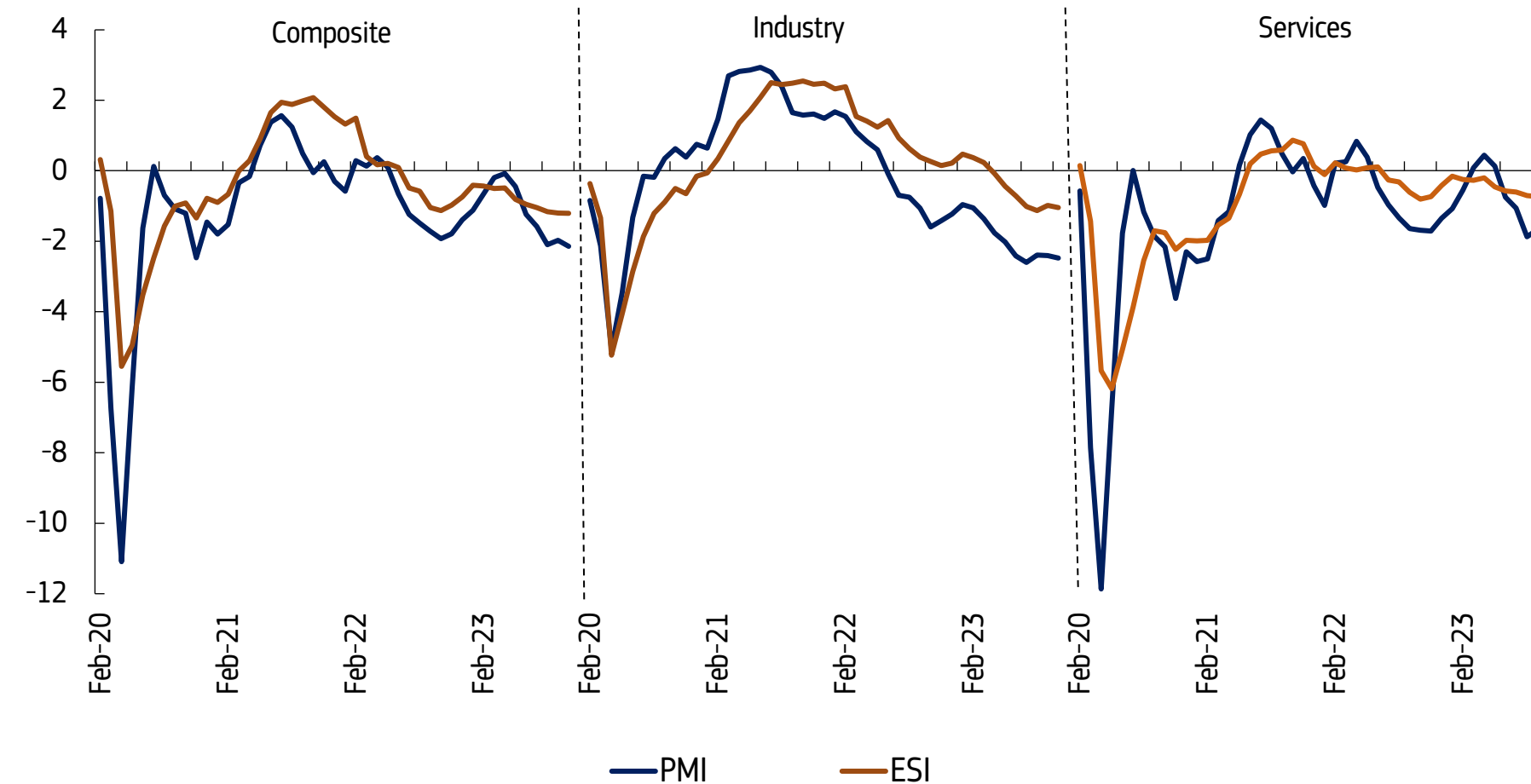
Commissioner for Economy

Key messages from the 2023 Autumn Forecast

- Weak momentum in 2023 to be followed by a mild rebound
- Headline inflation to continue declining
- Labour market expected to remain resilient
- Government deficits and debt ratios to keep decreasing gradually
- Uncertainty and downside risks have increased

Growth momentum in the EU economy remains weak

Economic Sentiment Indicator (ESI) and Purchasing Managers' Index (PMI), euro area

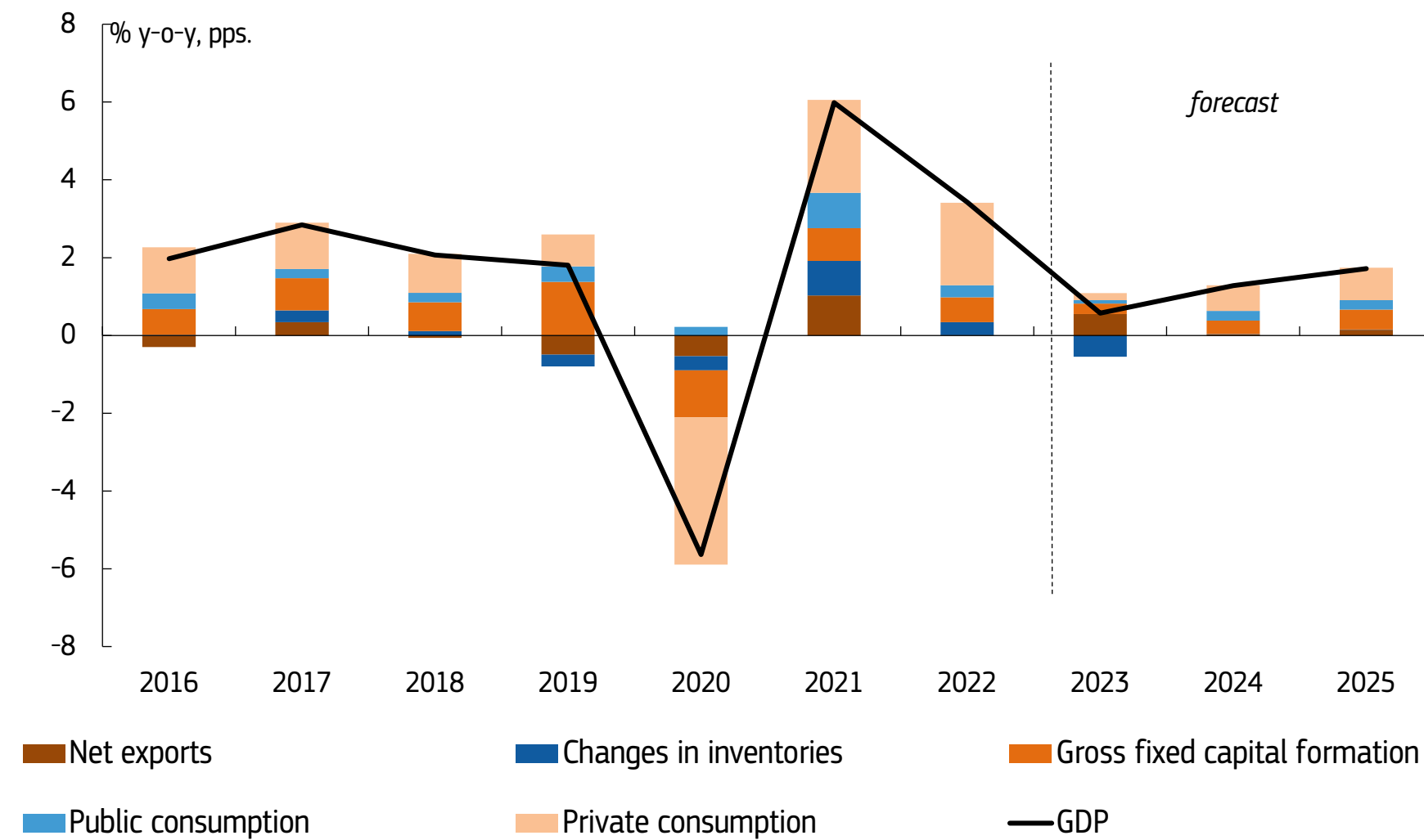


Source: S&P Global, European Commission.

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

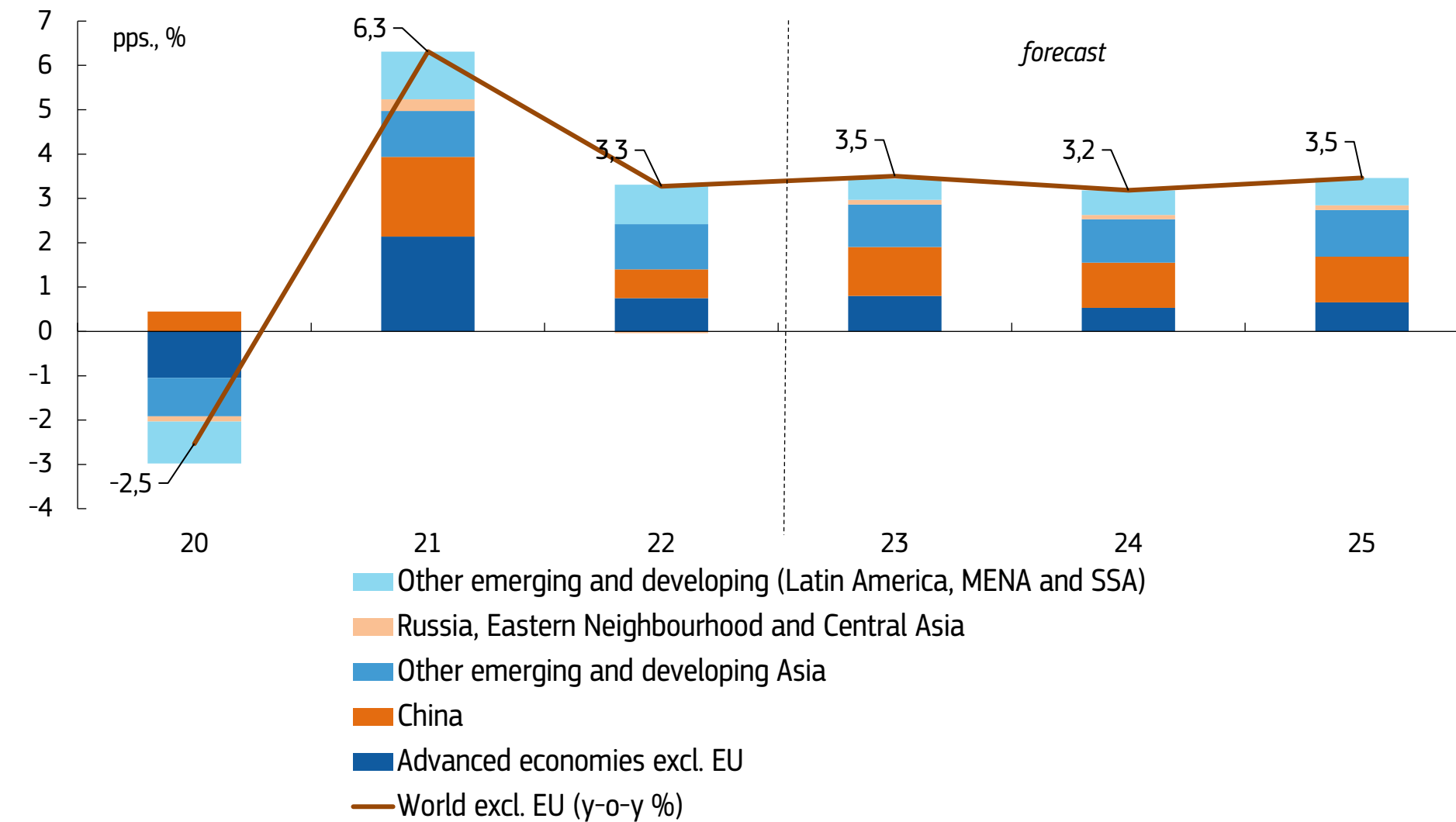
Private consumption to drive moderate rebound

GDP and contributions



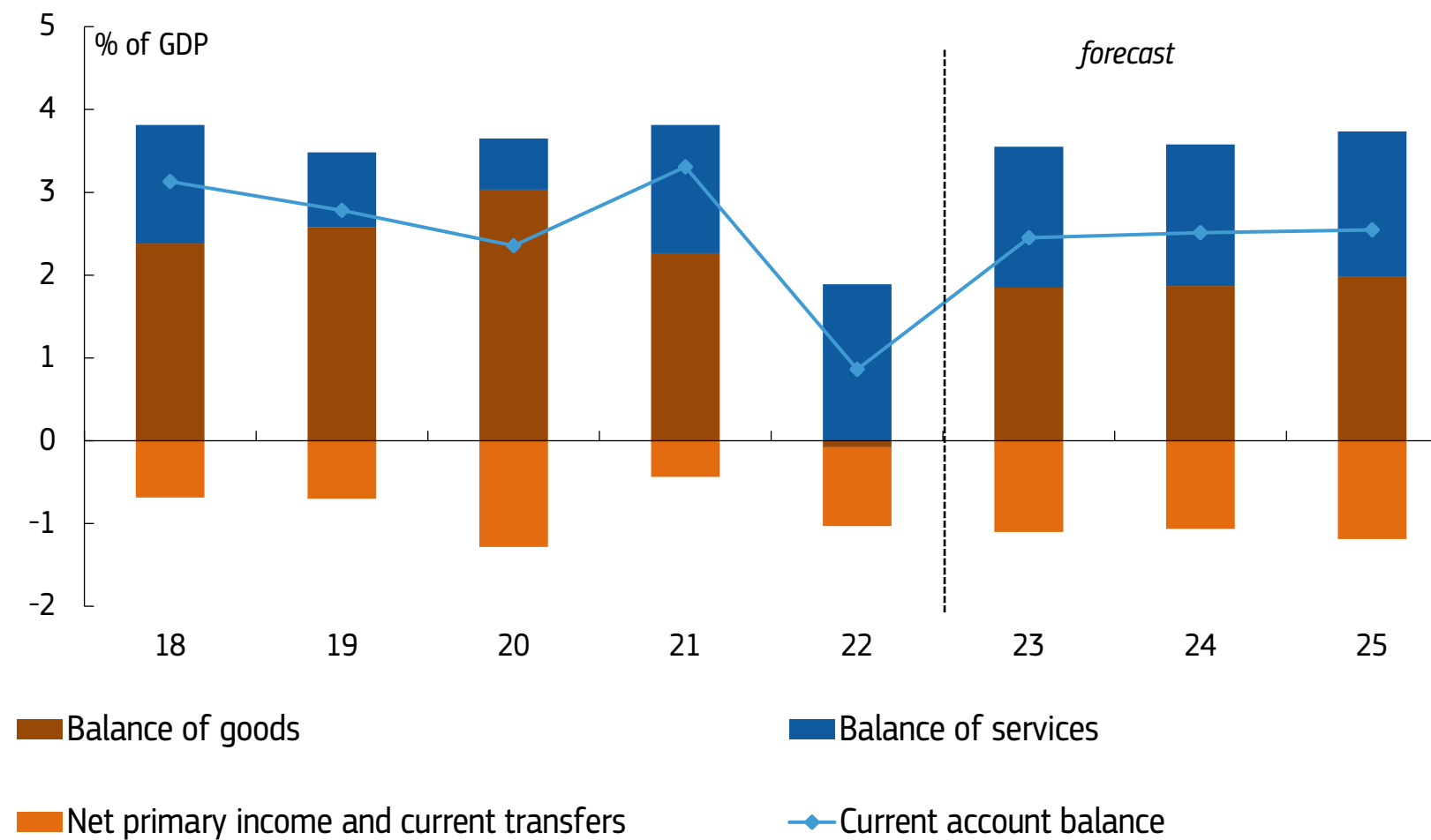
A sluggish global economy expected next year

Contributions to global GDP growth



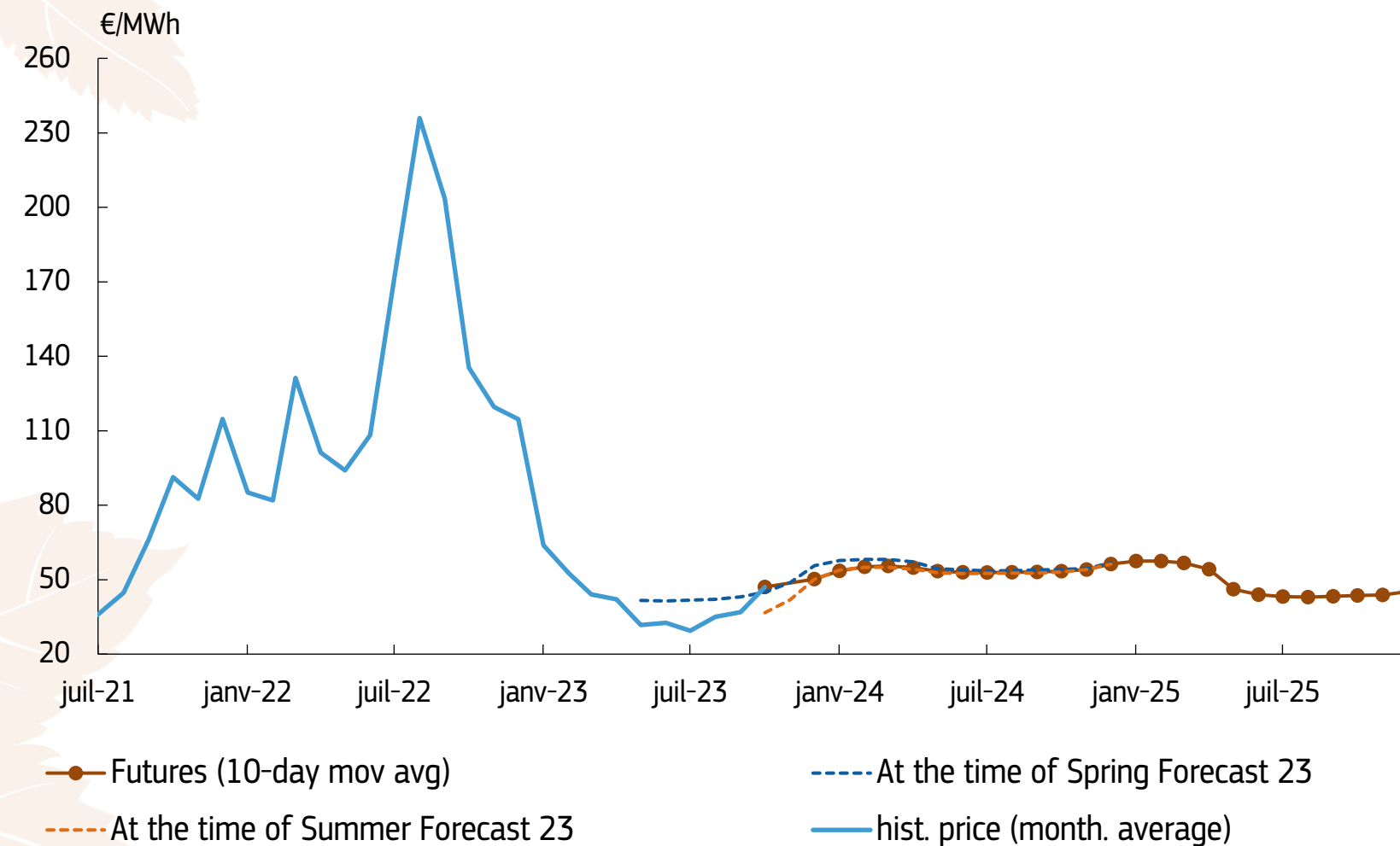
Improved terms of trade set to consolidate external surpluses

Current-account balance, EU

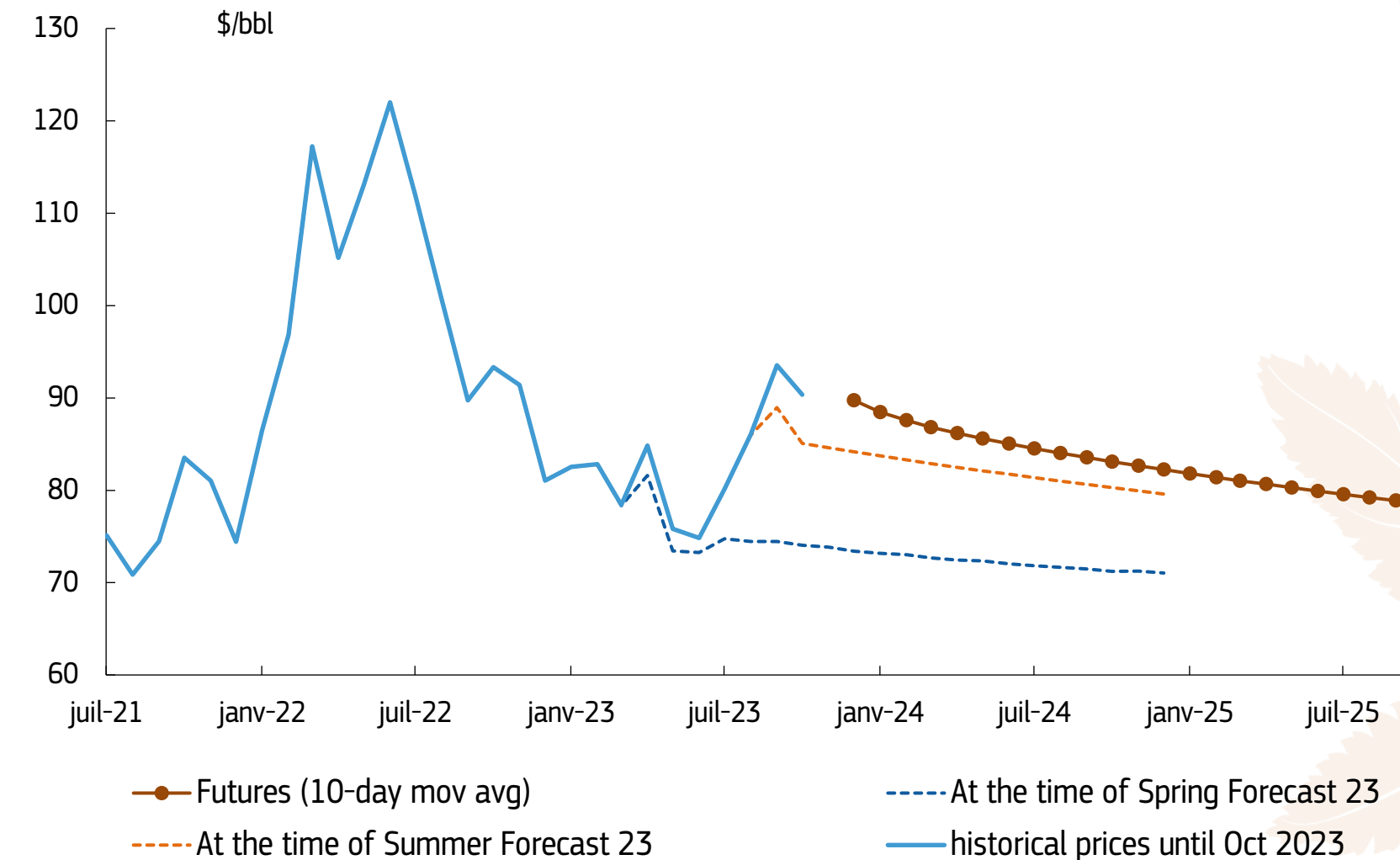


Energy price expectations little changed since Summer

Natural gas, price assumptions

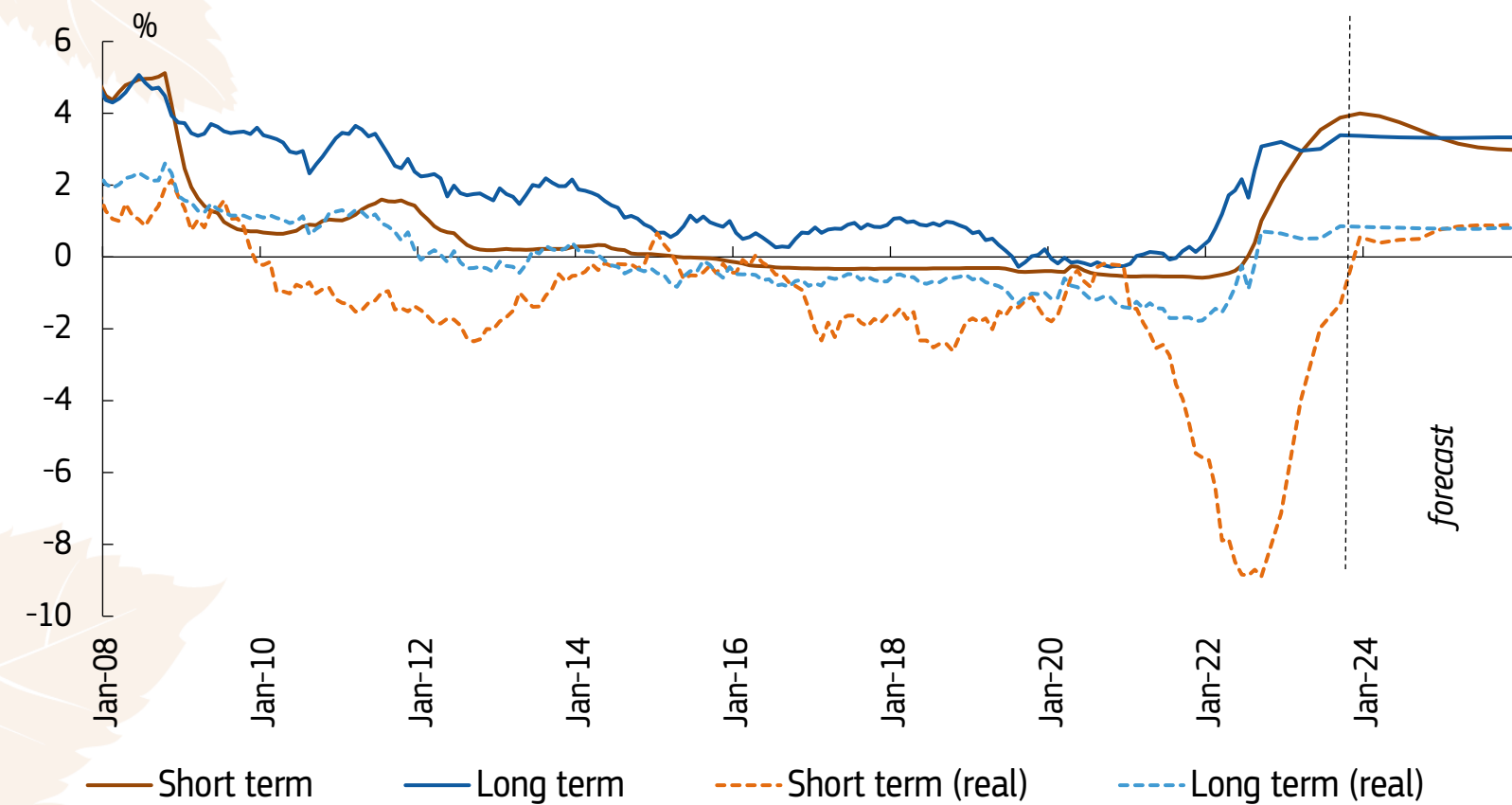


Crude oil, price assumptions



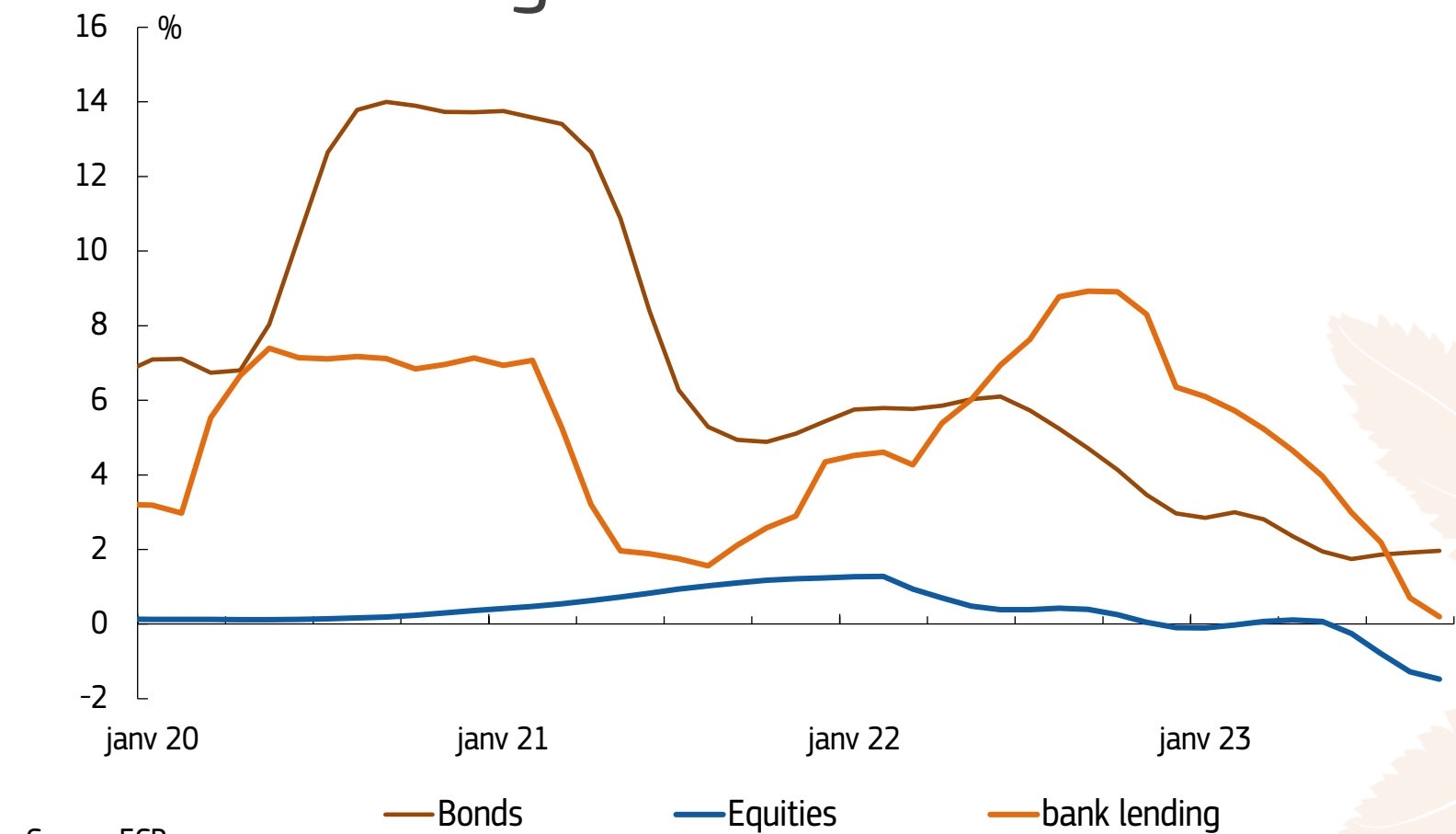
Monetary policy tightening working its way through the economy

Euro area benchmark interest rates



Source: ECB.

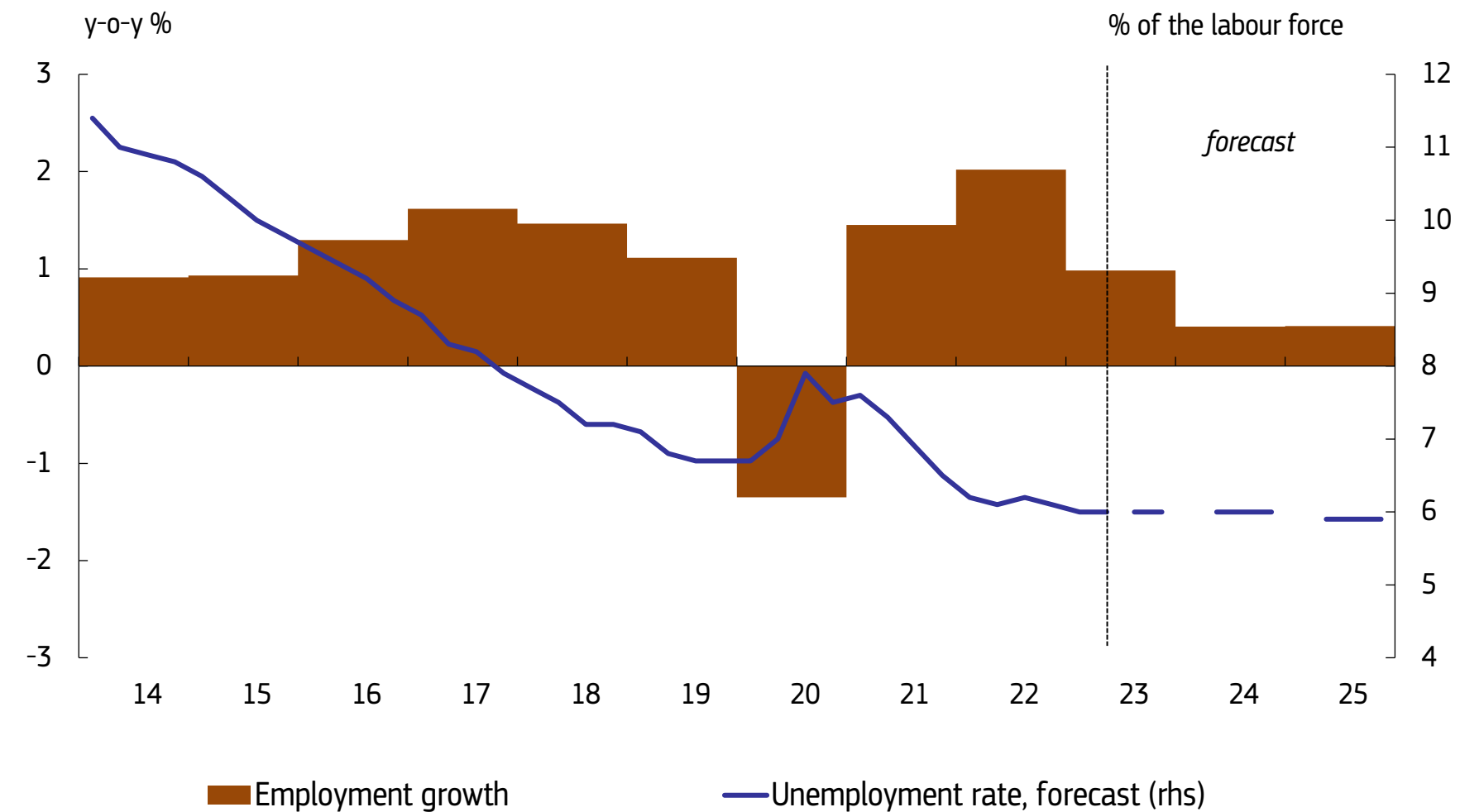
Corporate funding annual growth rates - euro area



Source: ECB

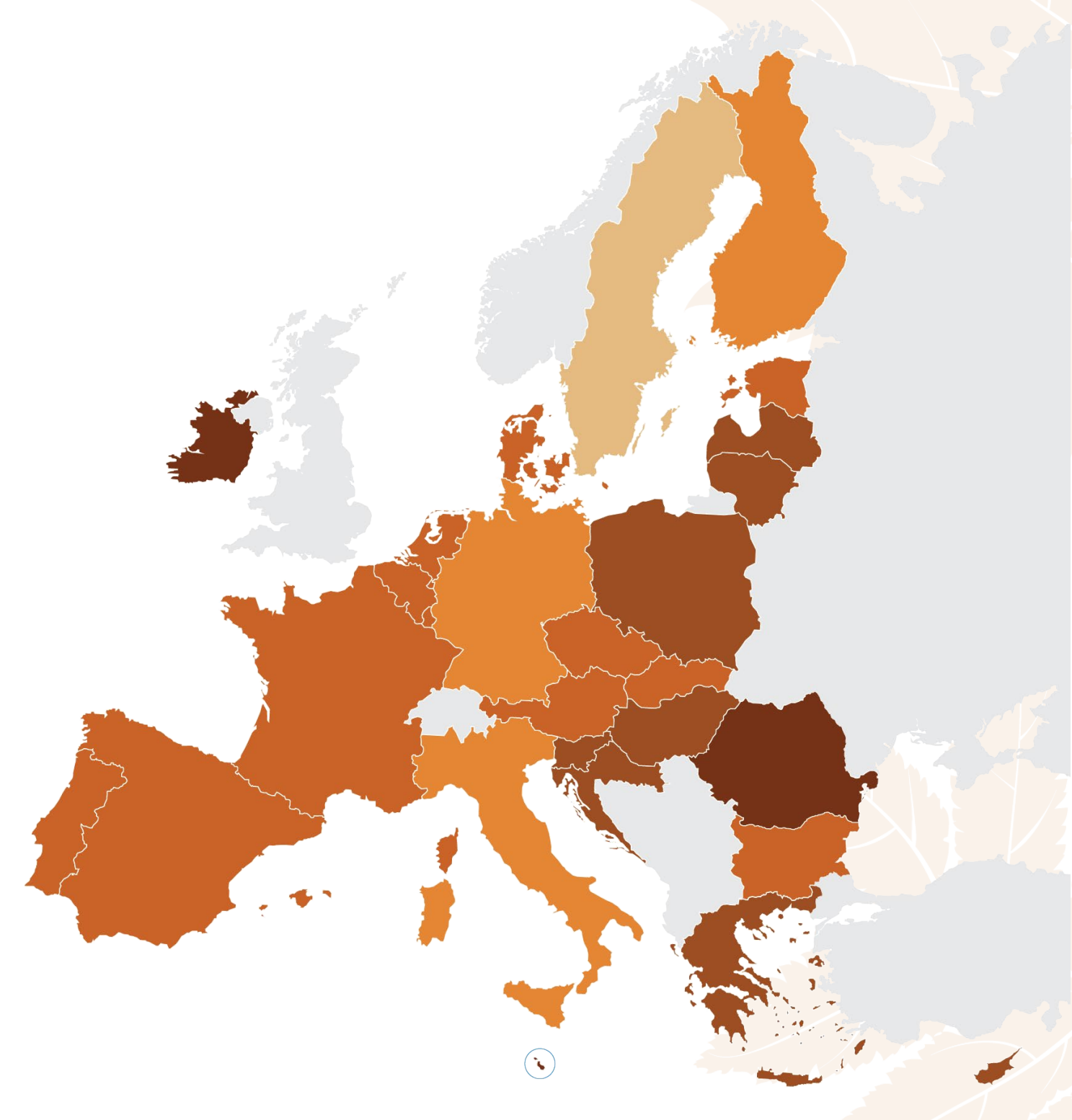
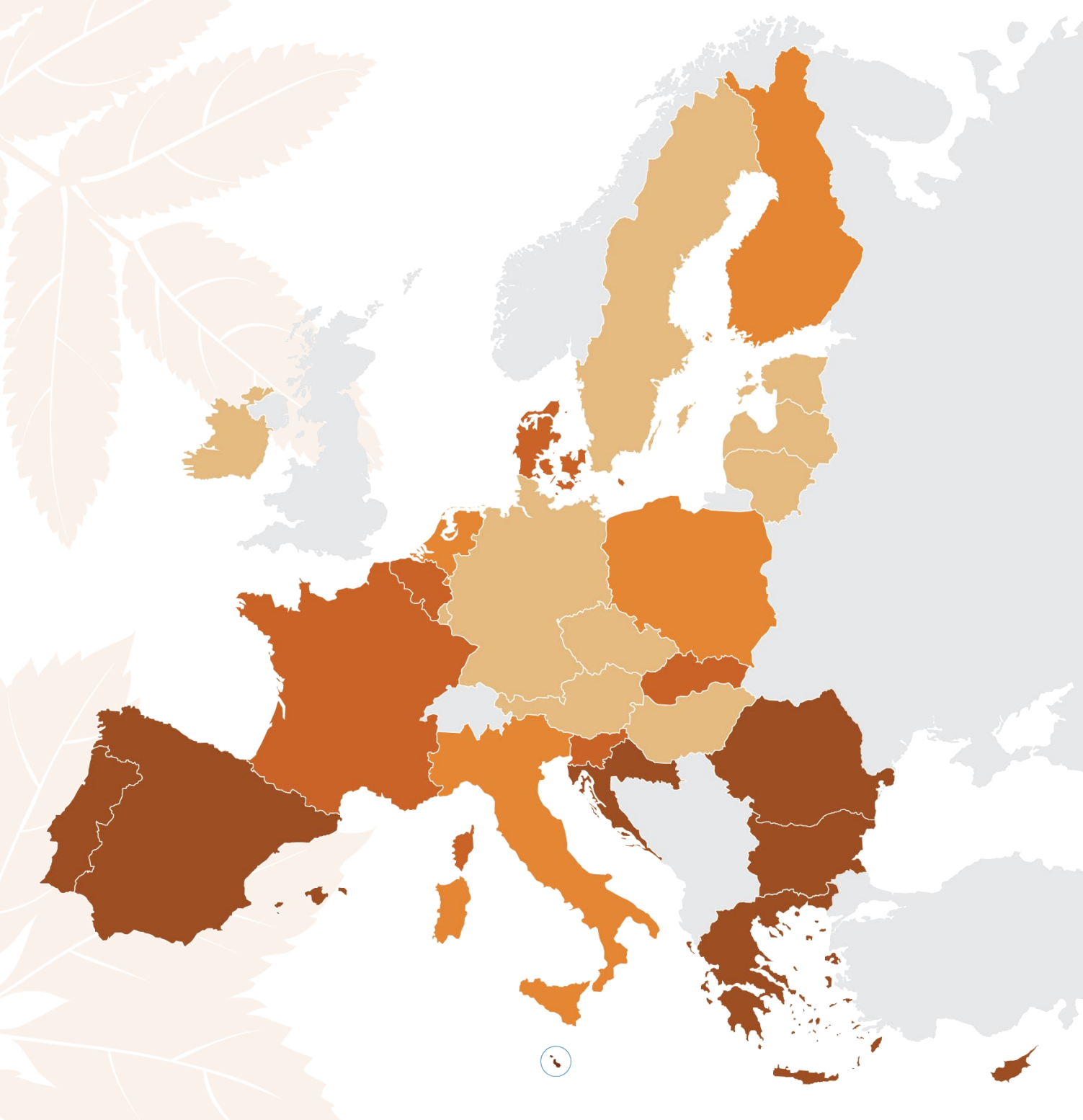
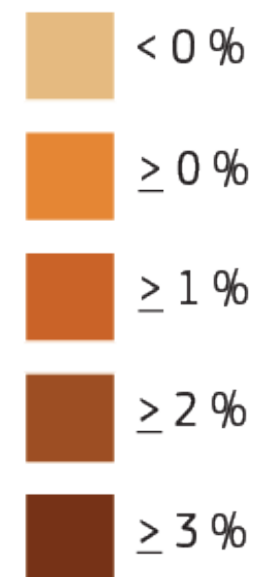
EU labour market expected to remain strong

Employment growth and unemployment rate, EU



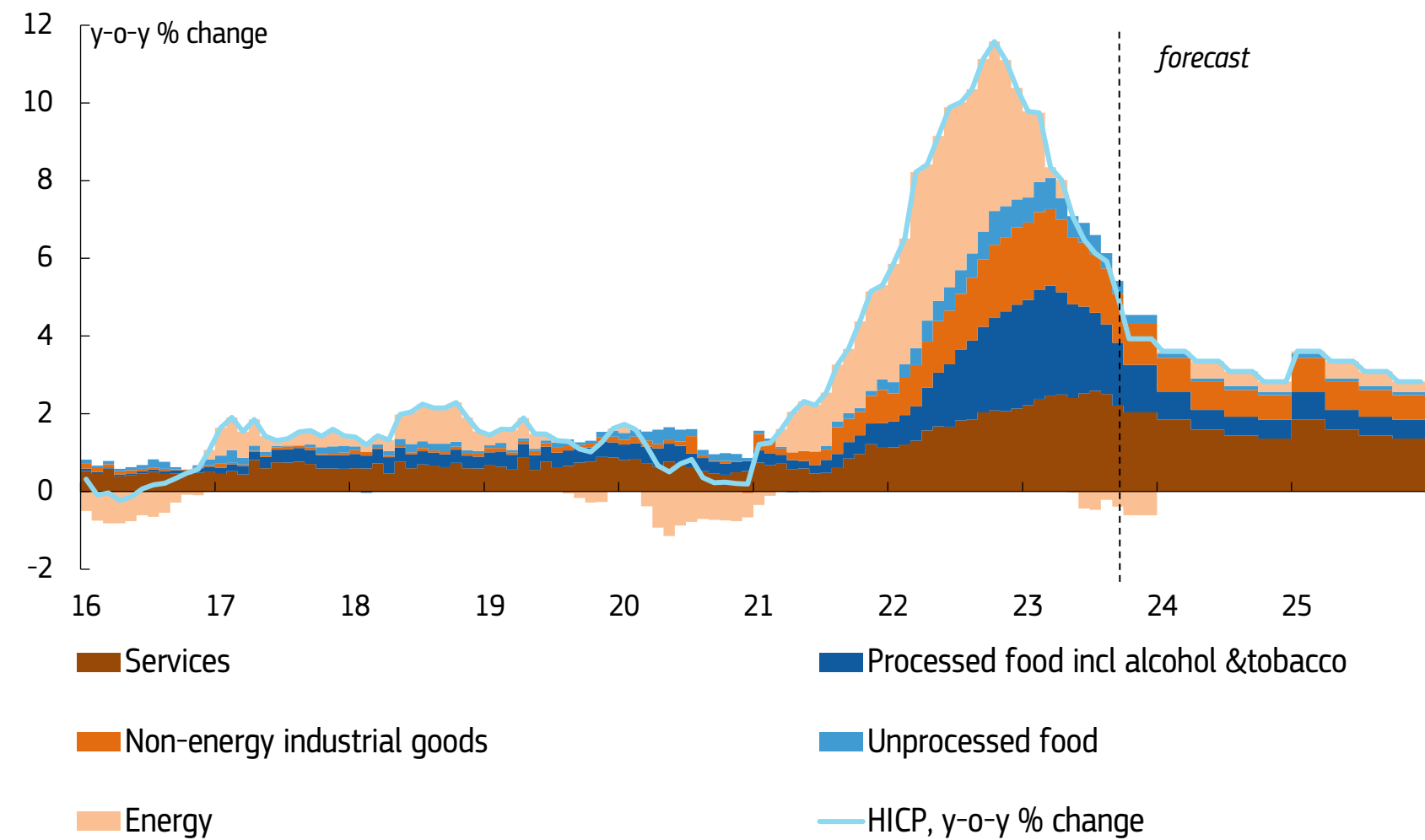
EU growth map 2023 & 2024

Real GDP
growth, %



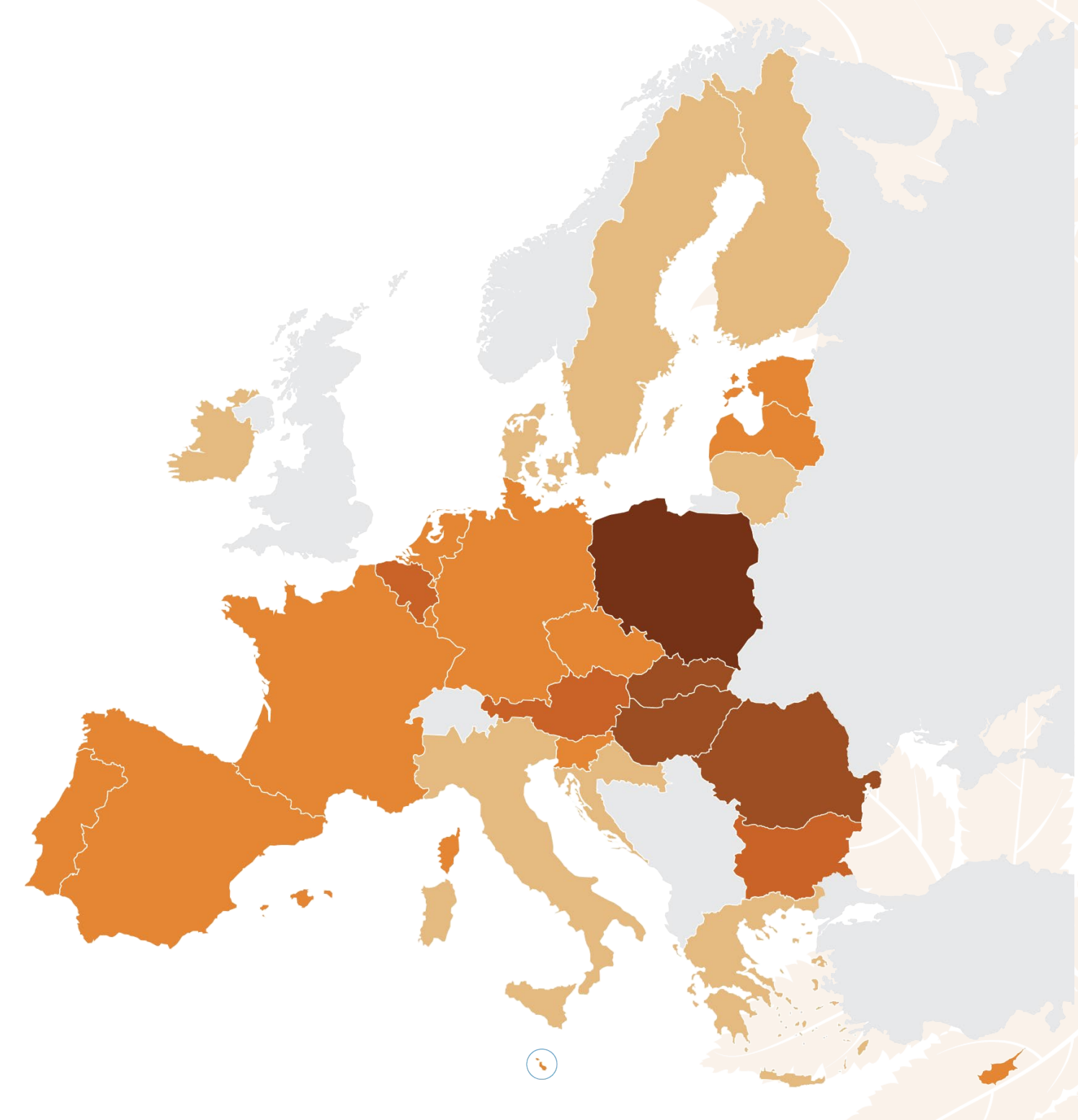
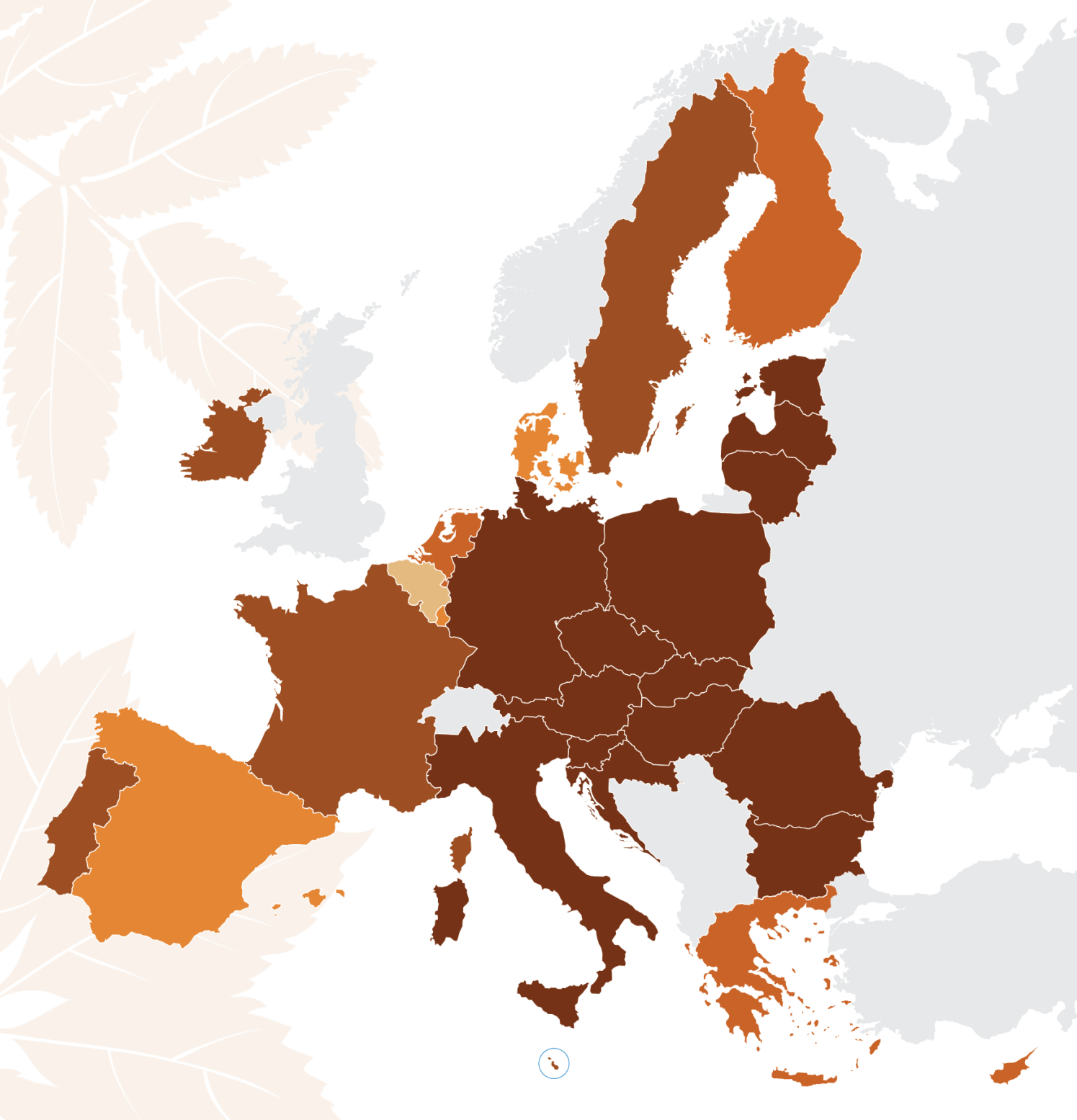
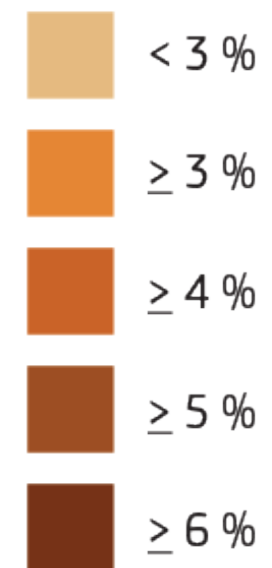
Inflation to remain on a downward trend

Inflation breakdown, EU



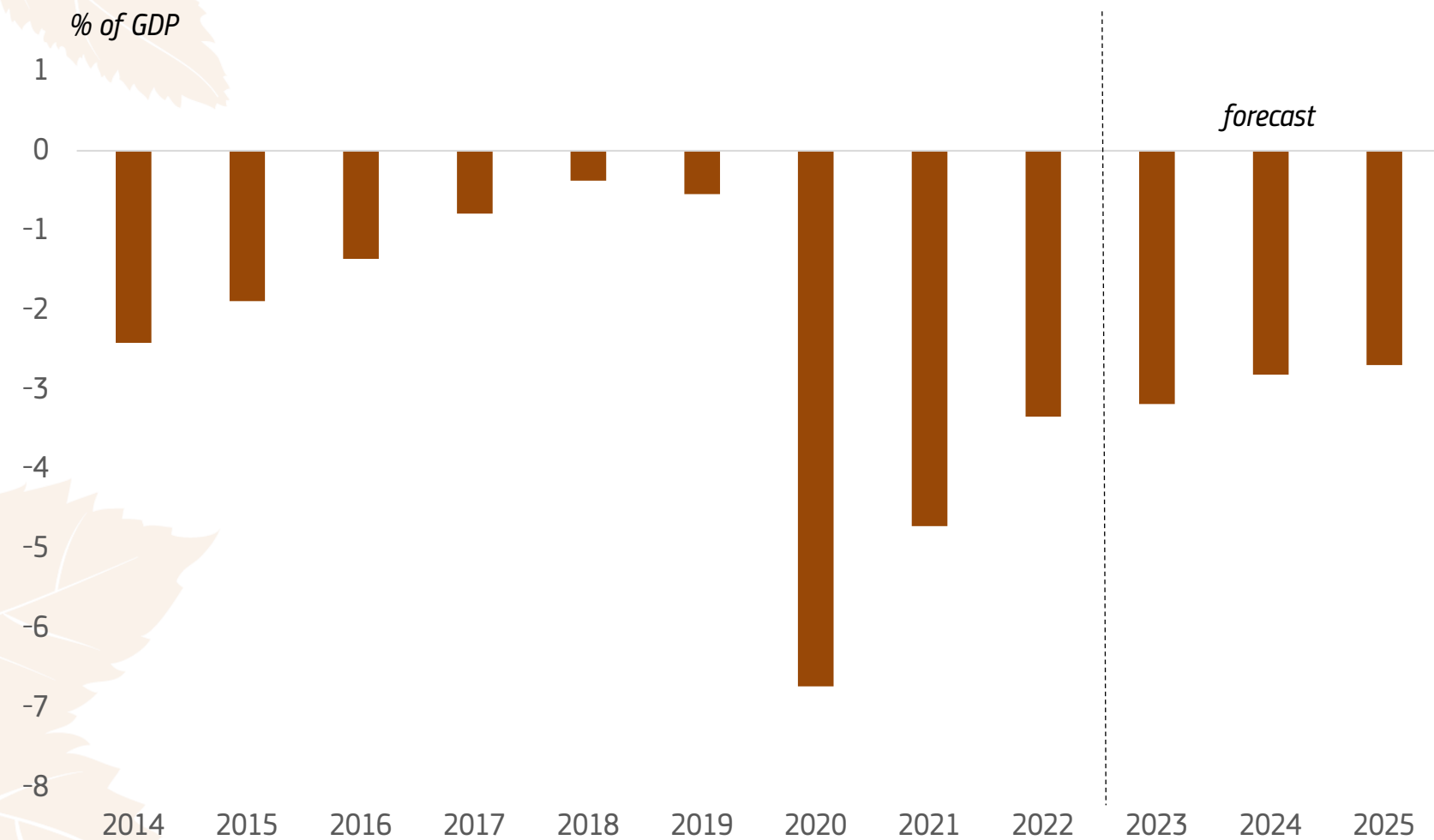
EU inflation map 2023 & 2024

Annual HICP
inflation, %

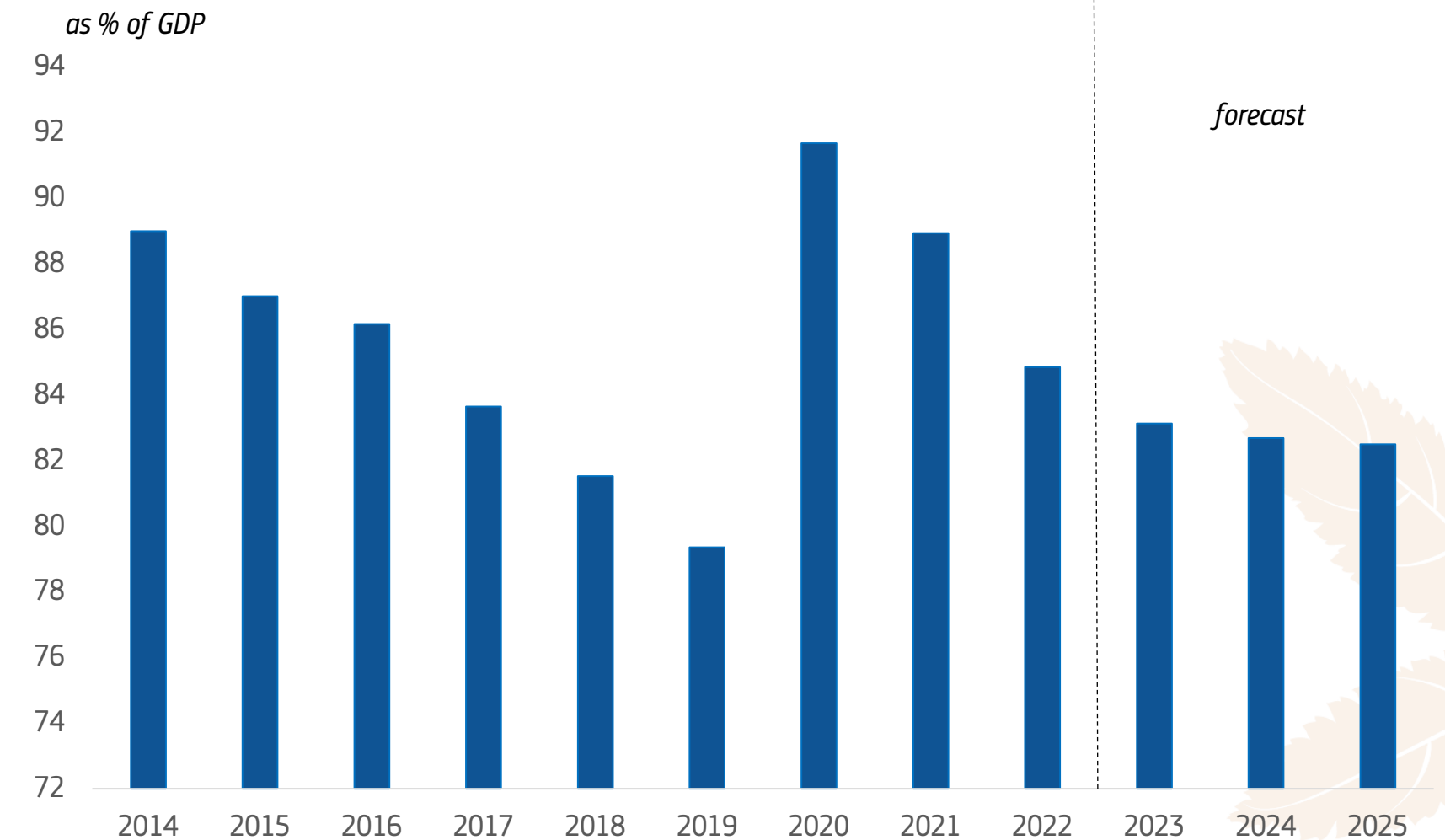


Continued but more gradual improvement in public finances

General government budget balance, EU

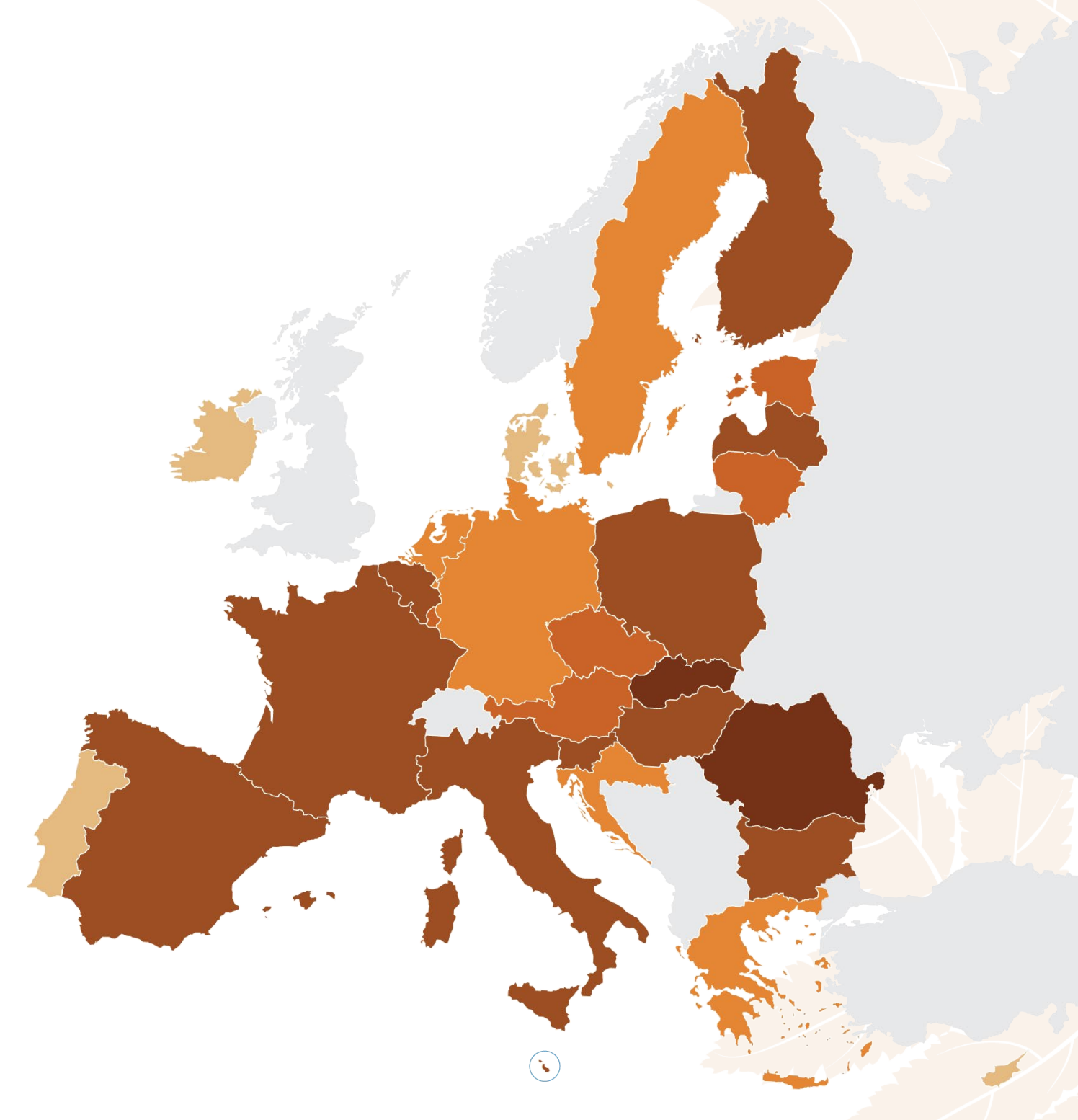
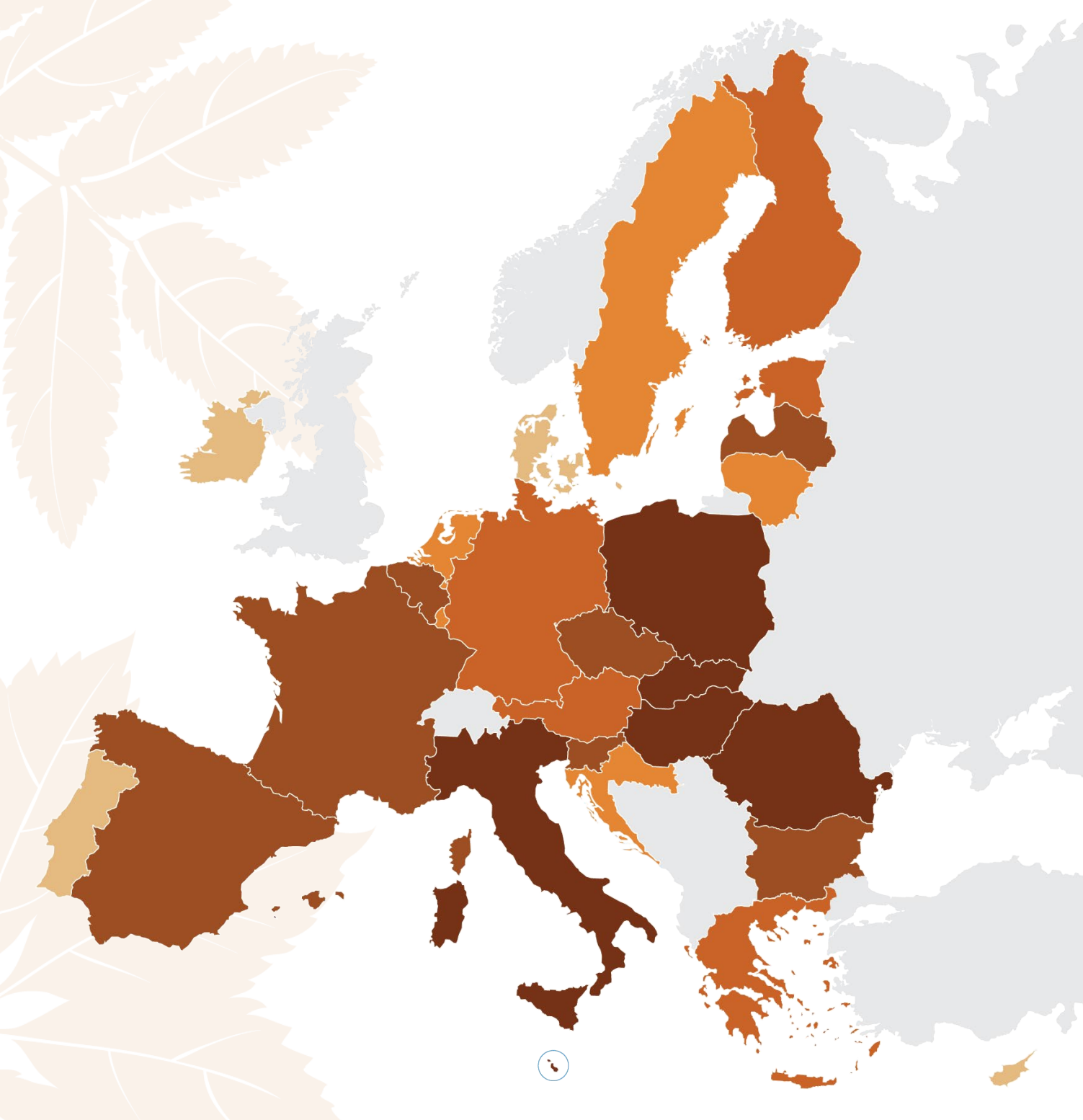
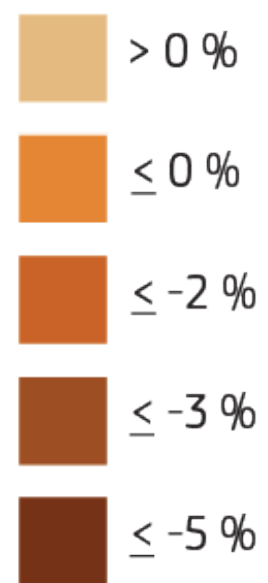


General government debt-to-GDP ratio, EU



Budgetary outlook 2023 & 2024

Public deficits
as % of GDP



Downside risks and uncertainty have increased

- Geopolitical risks take central stage
 - Climate risks are on the rise
 - Monetary tightening could weigh more and for longer on economic activity
- +/- Risks on inflation appear more balanced

EU growth map 2023 & 2024

Real GDP
growth, %

