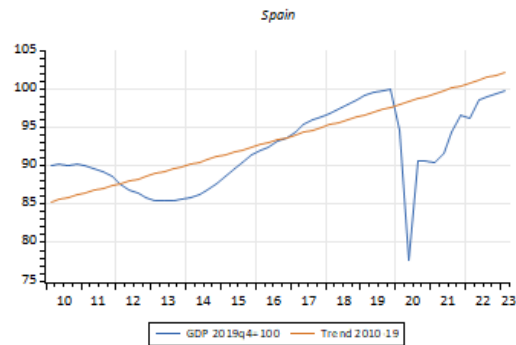
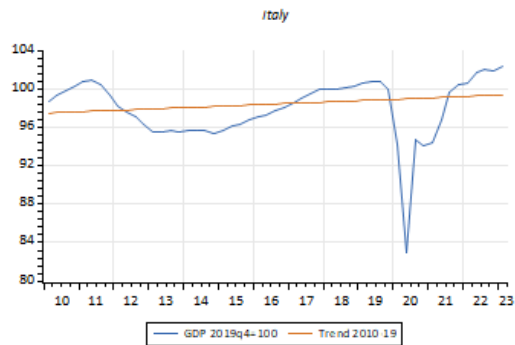
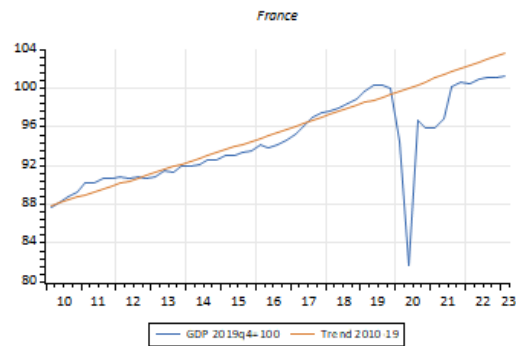
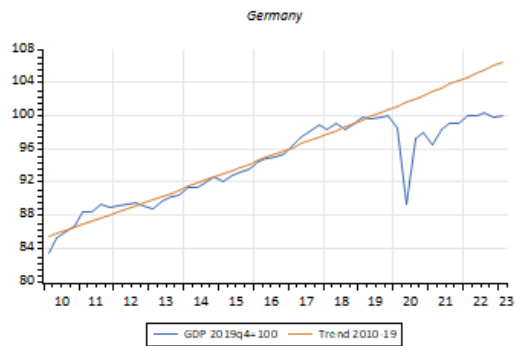


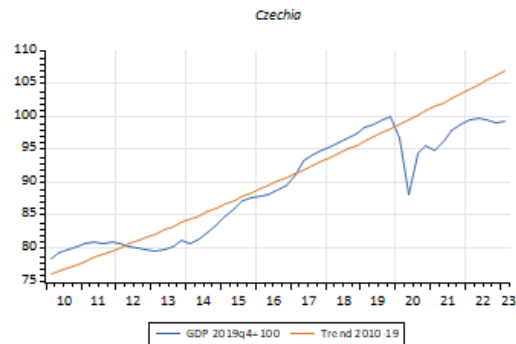
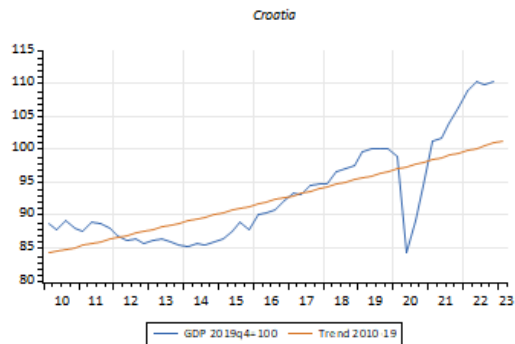
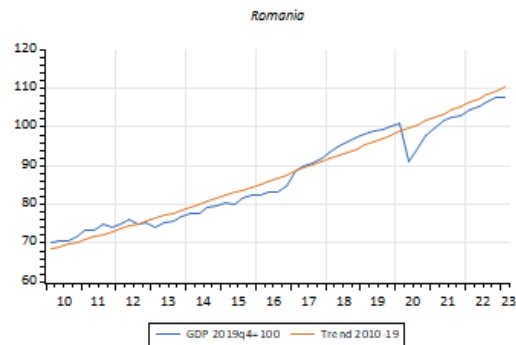
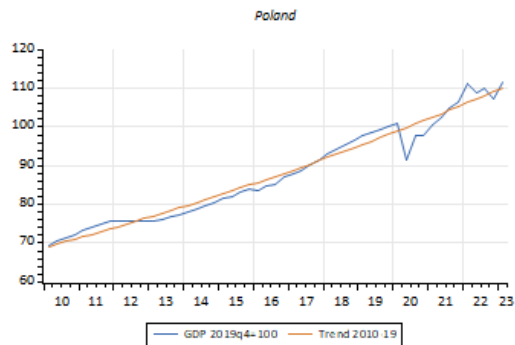


▮ AIECE Spring Meeting 2023 – Outlook for Europe

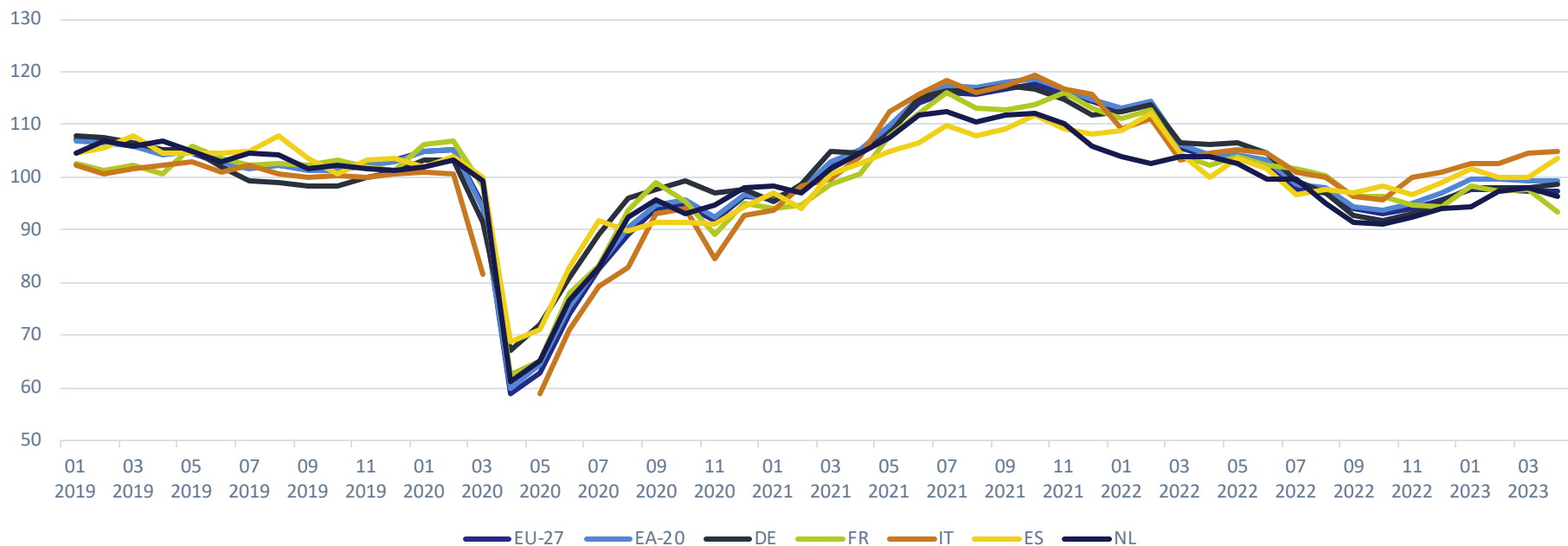
Euro area G4 lagging behind



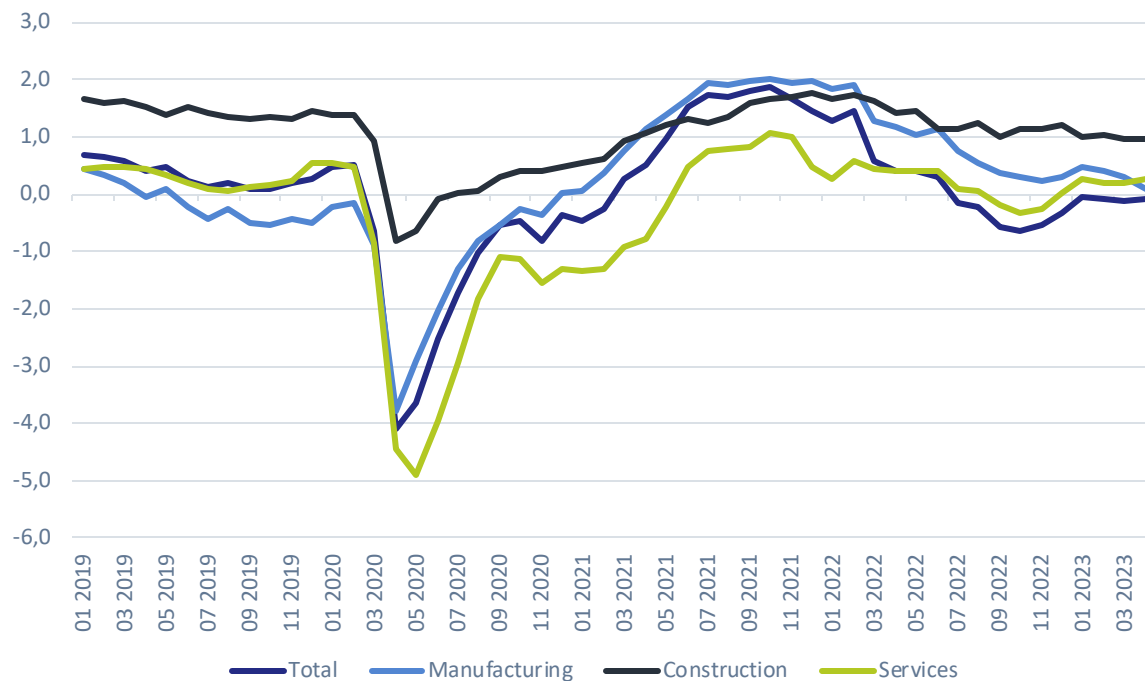
CEE countries advance (except one)



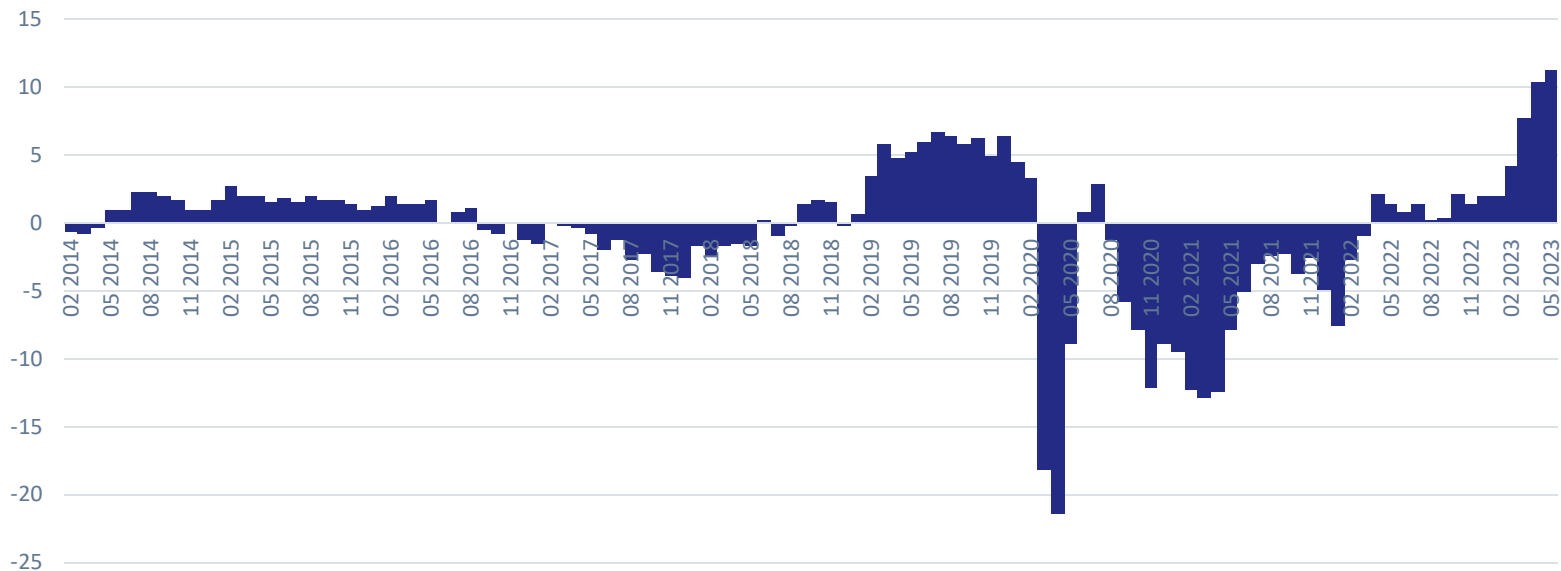
Economic sentiment (ESI) improved since autumn



Heterogeneity accross sectors (ESI, euro area, z-scores)



Heterogeneity accross sectors (PMI euro area, services-manufacturing)



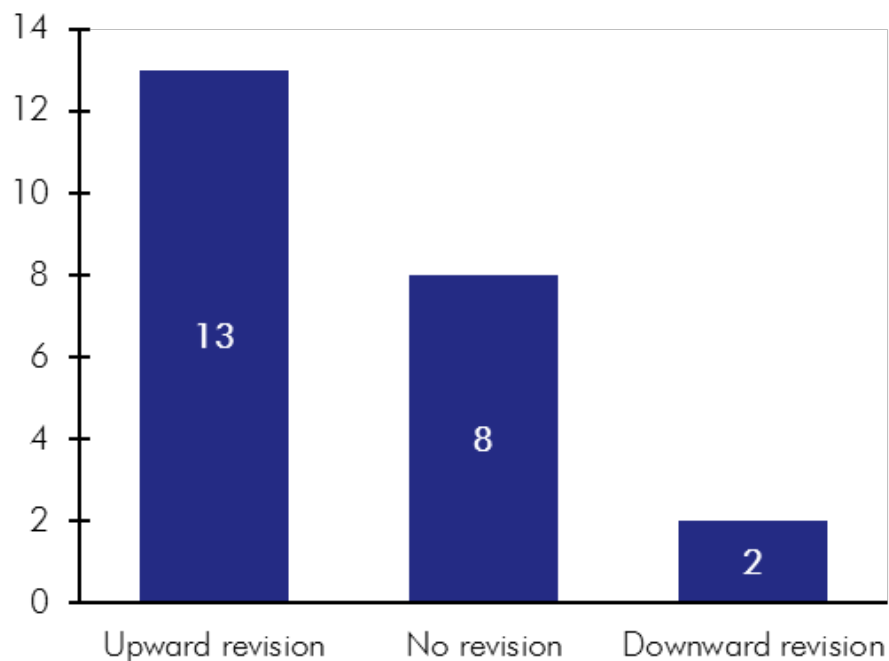
Growth expectations of AIECE members (real GDP, %y/y)

EU-27	2022	2023	2024
Average	3.5	0.6	1.6
Min		0.2	1.3
Max		1.0	1.9

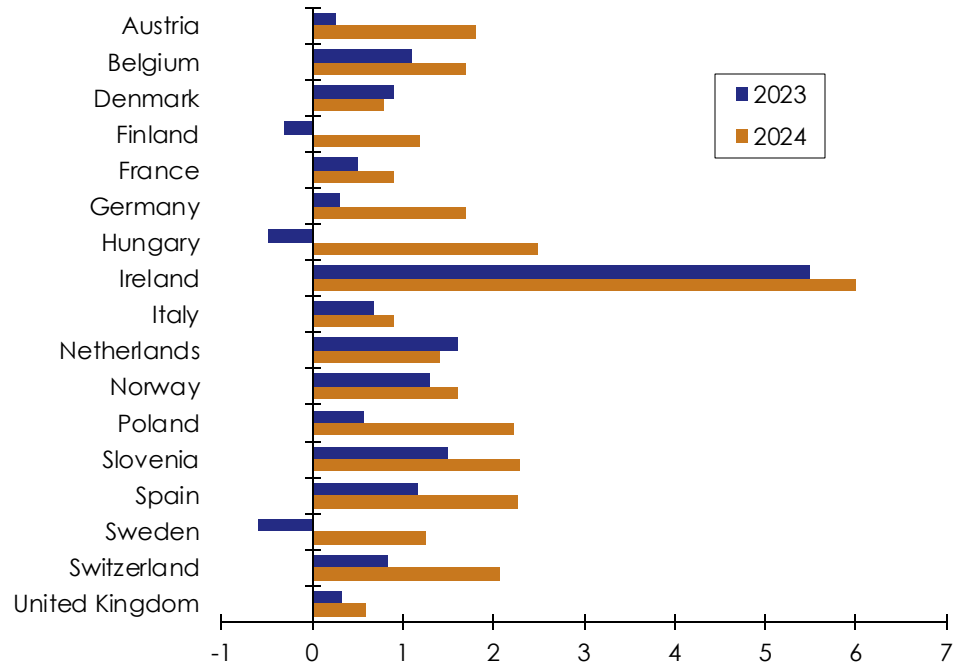
EA-20	2022	2023	2024
Average	3.5	0.8	1.3
Min		0.2	0.3
Max		3.2	1.7



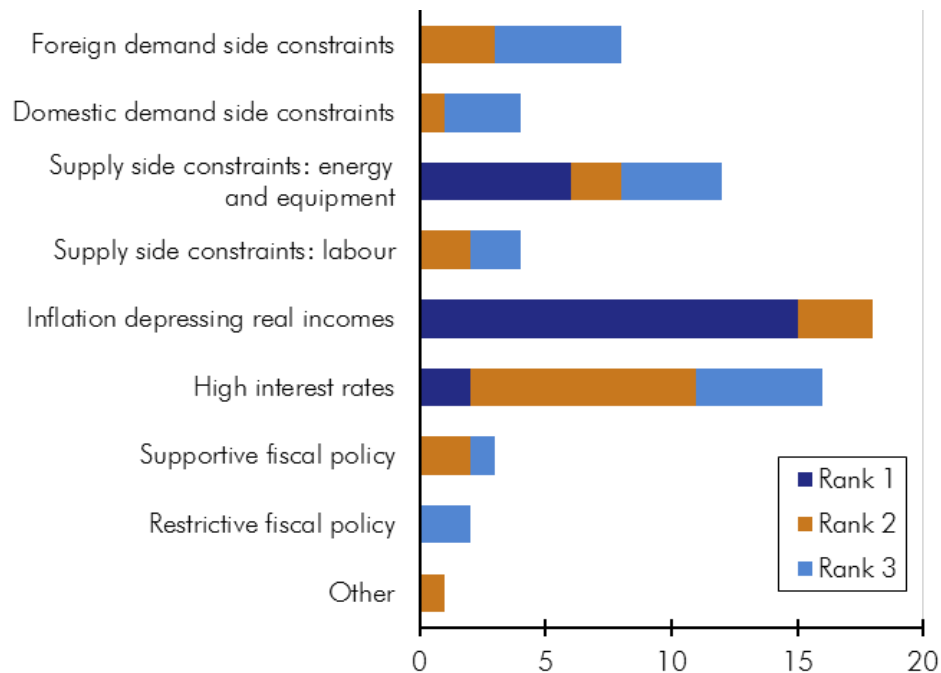
Forecast revision for euro area GDP growth in 2023



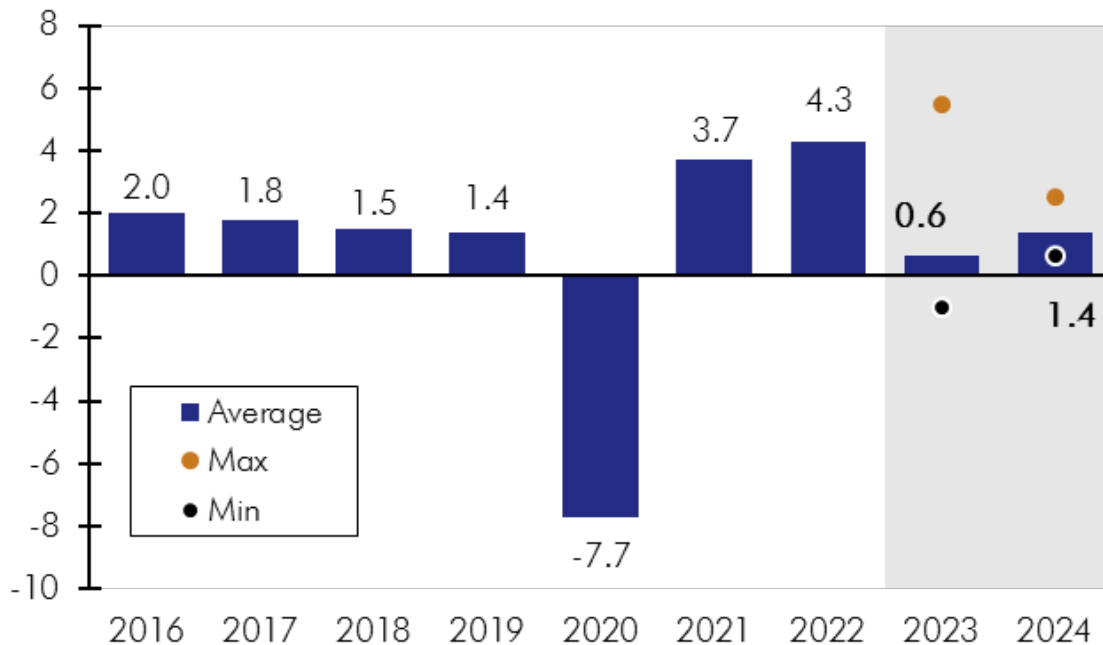
Country forecasts of AIECE members (real GDP, % y/y)



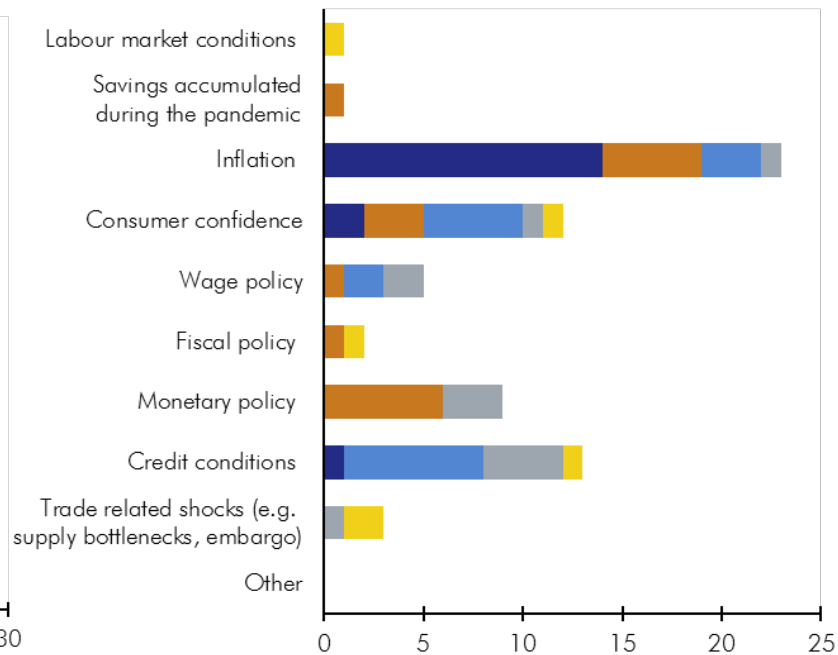
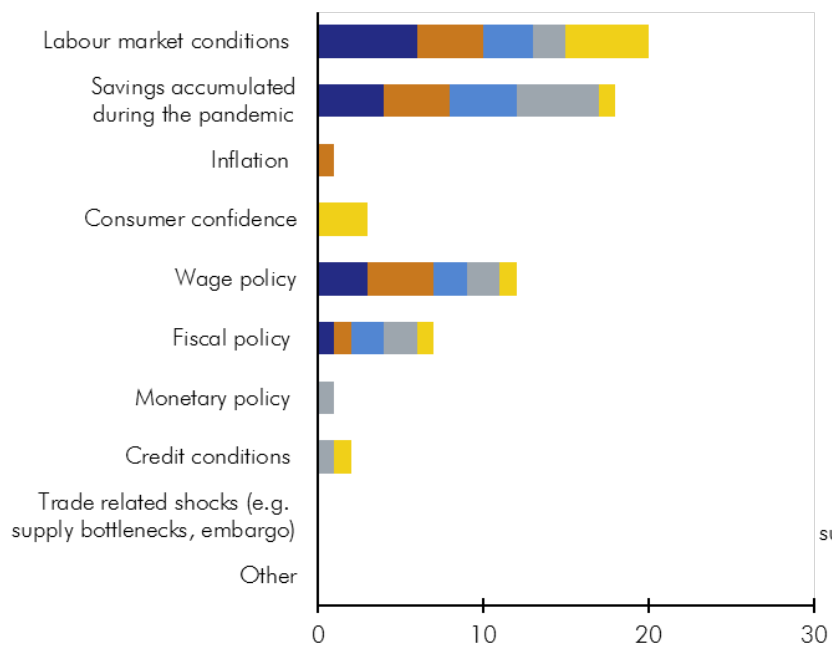
Drivers of the euro area business cycle in 2023



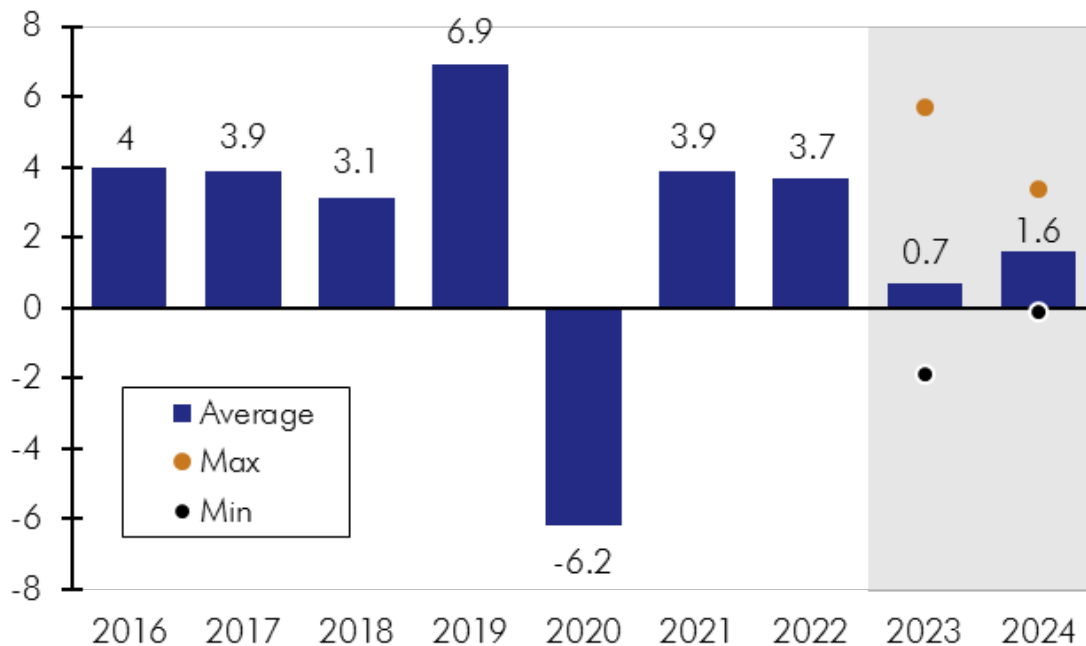
AIECE forecast: Private consumption in the euro area (real, % y/y)



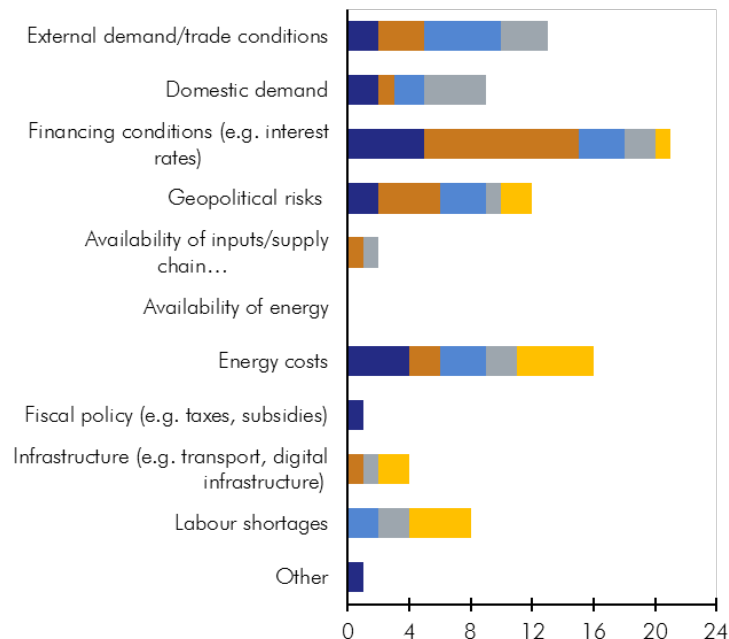
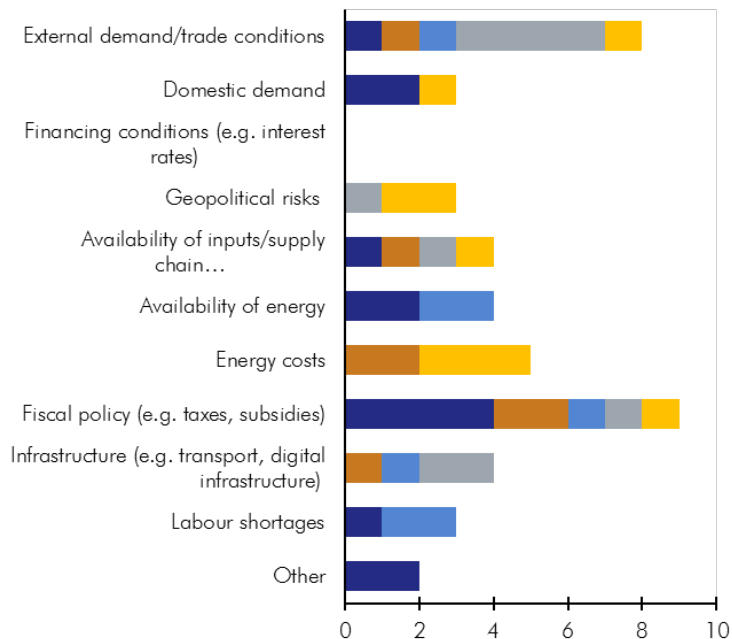
Determinants of private consumption in 2023 (positive/negative)



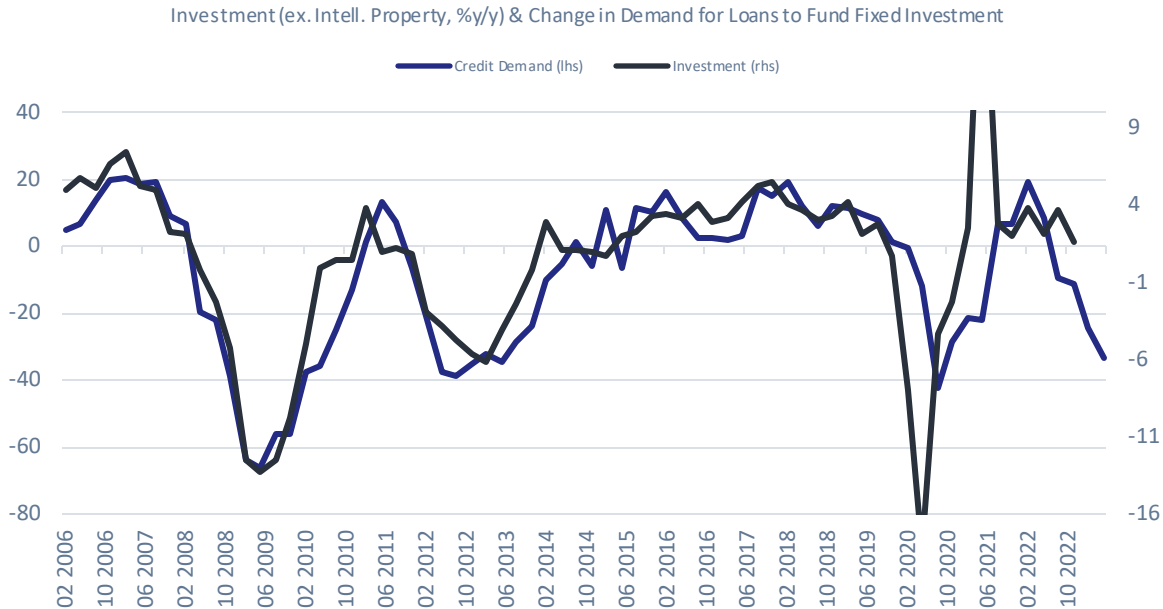
AIECE forecast: Private investment in the euro area (real, % y/y)



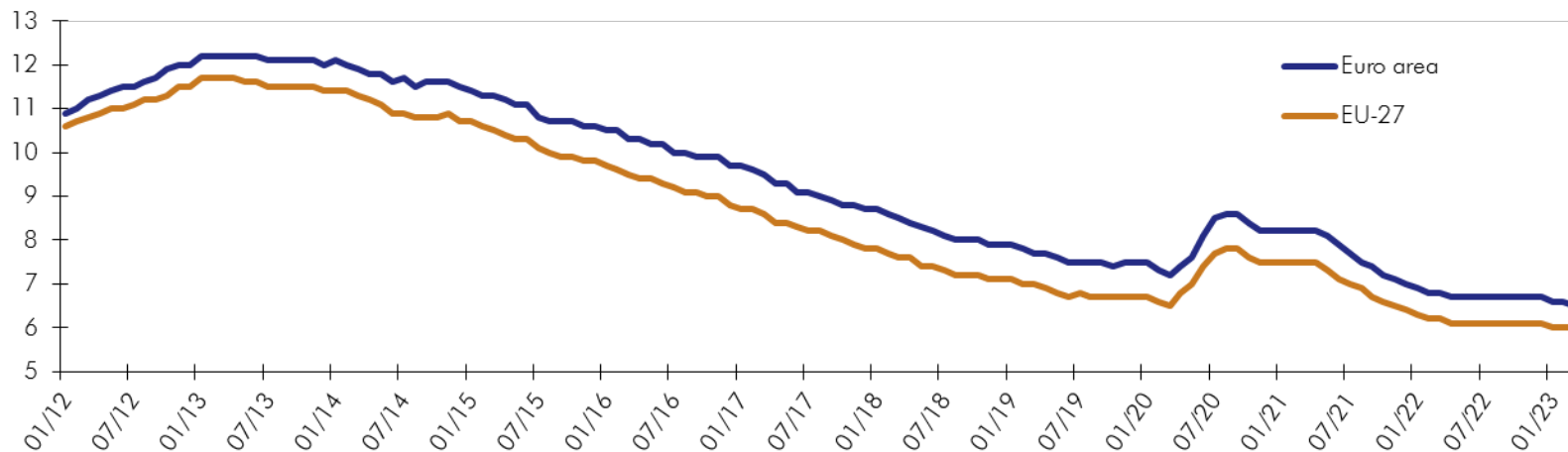
Determinants of private investment in 2023 (positive/negative)



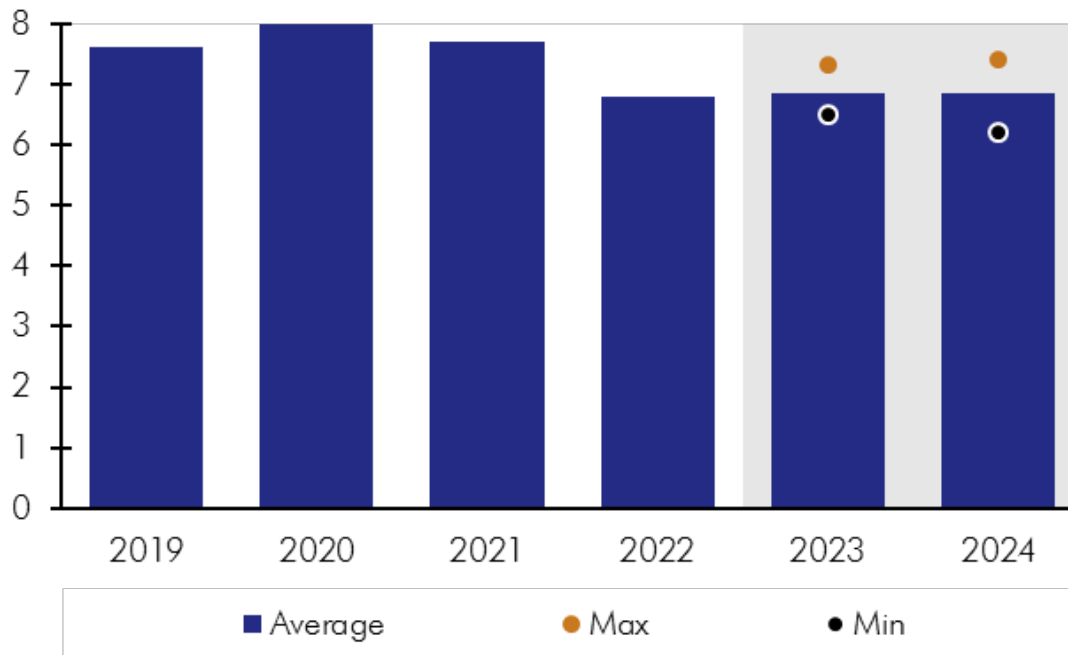
Bank Lending Survey points at sharp drop in euro area fixed investment



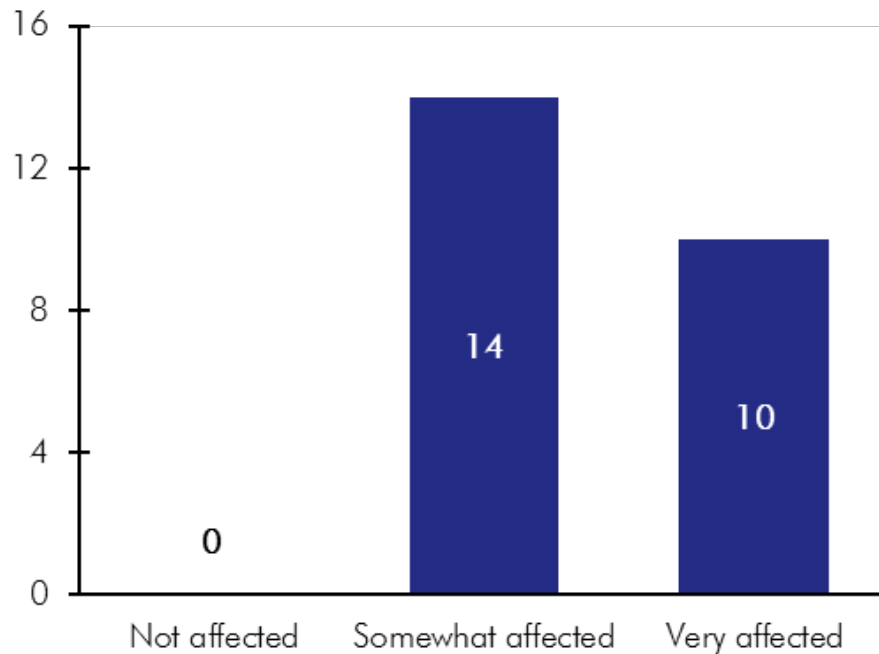
Unemployment rates: new historic lows



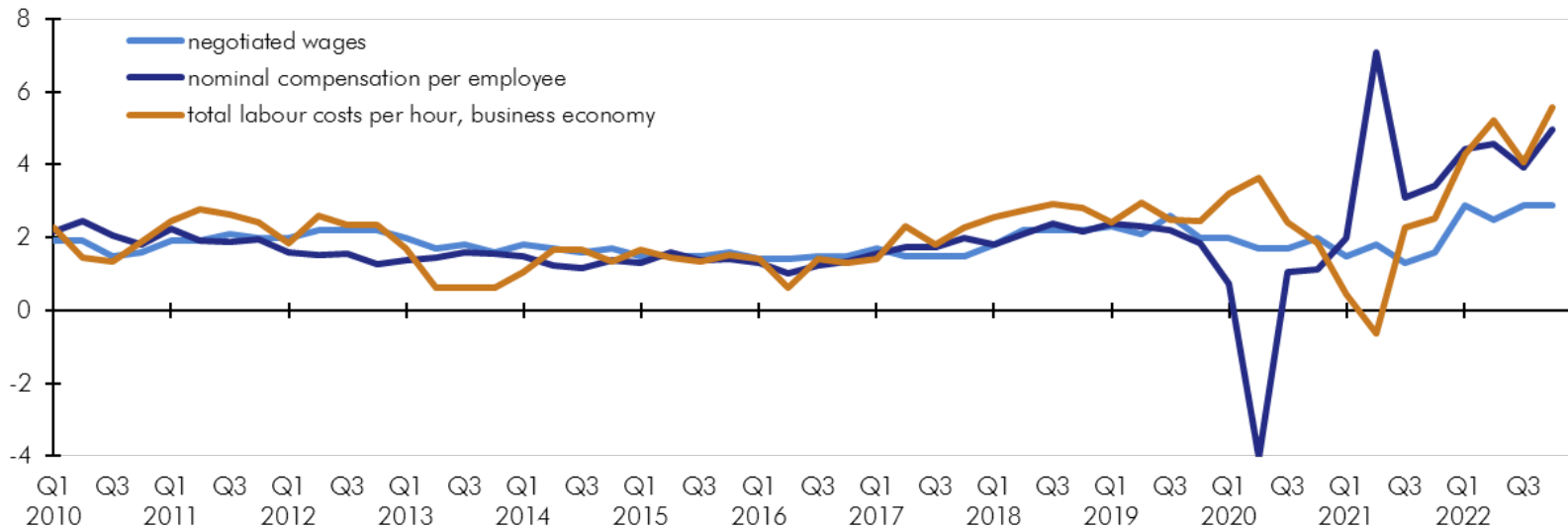
AIECE forecast: Unemployment rate in the euro area



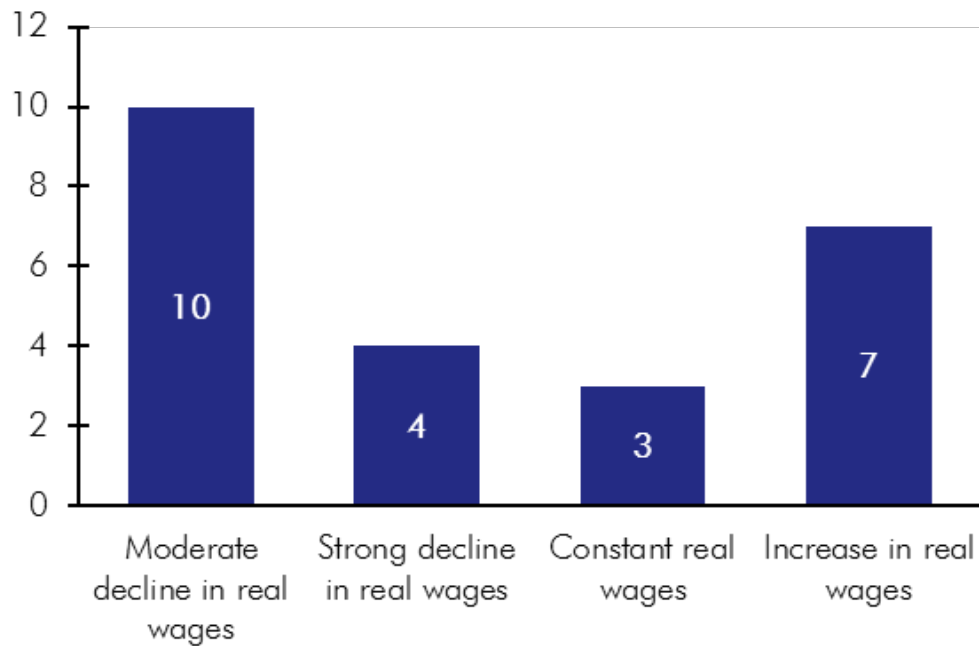
Labour shortages in the AIECE members' countries



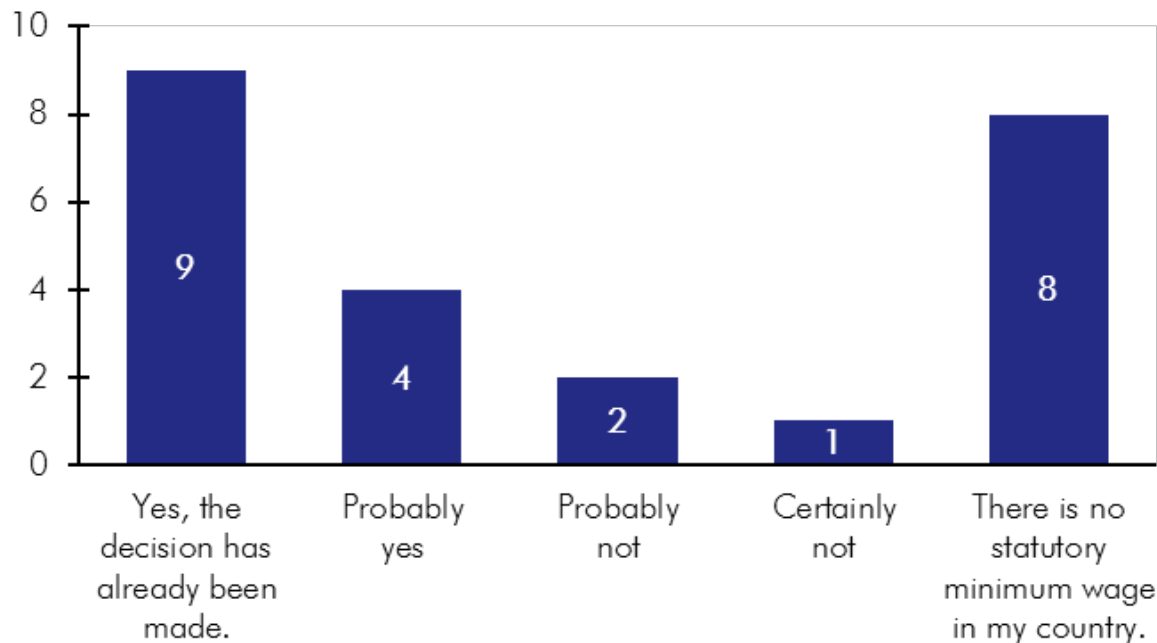
Wage growth in the euro area (% y/y)



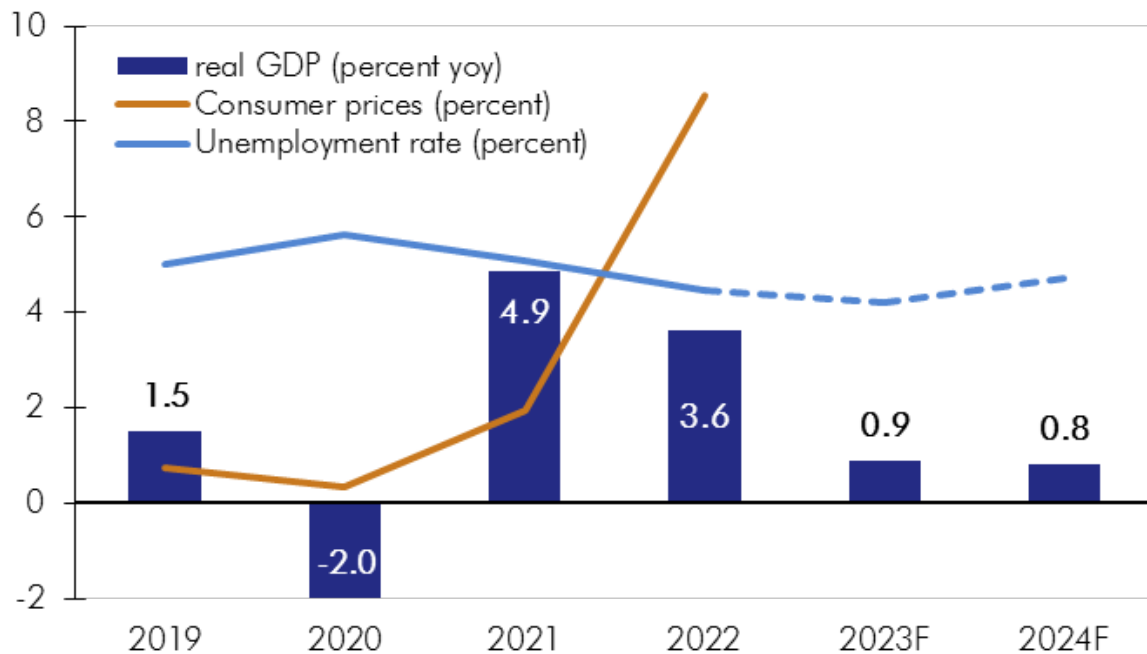
AIECE members expectations of wage growth in 2023 (member countries)



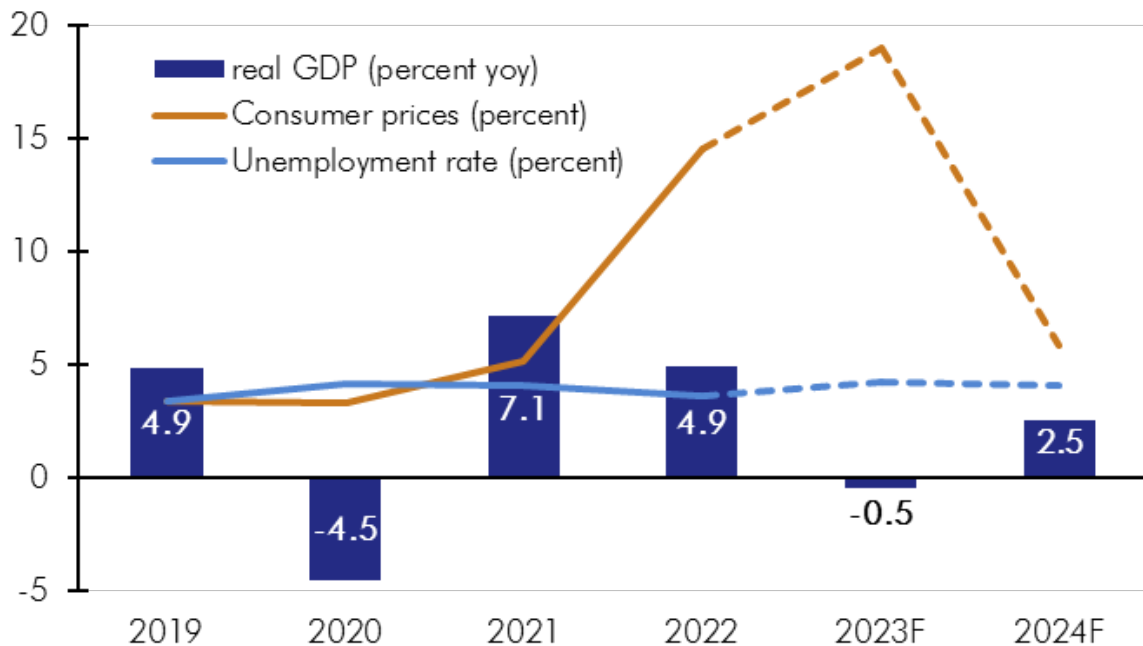
Expected minimum wage increases in 2023 (member countries)



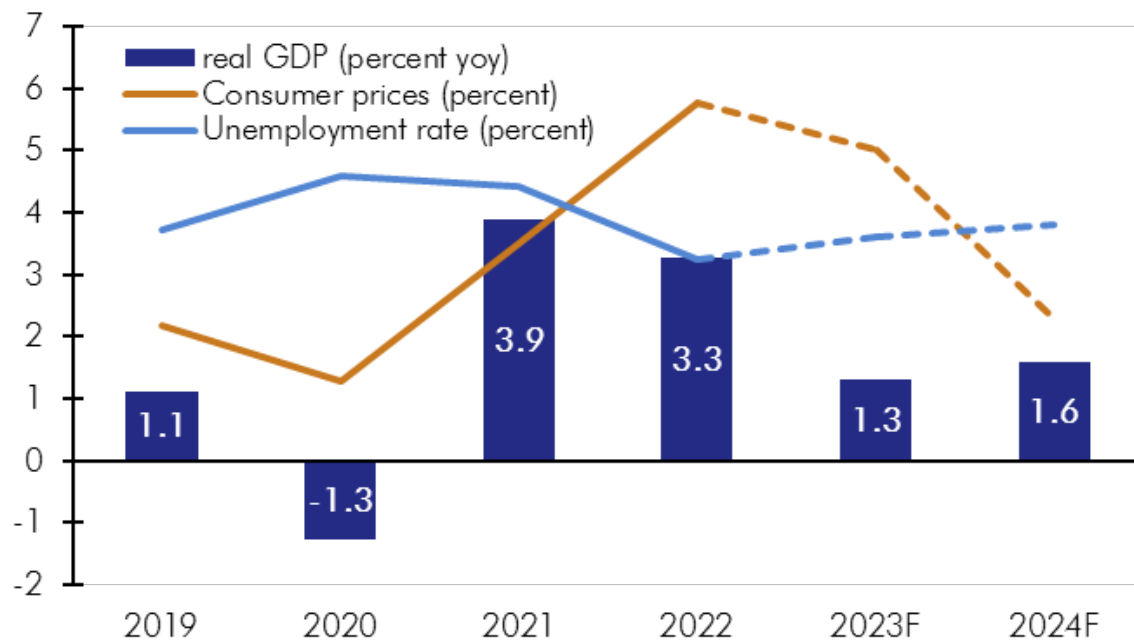
Macroeconomic outlook: Denmark



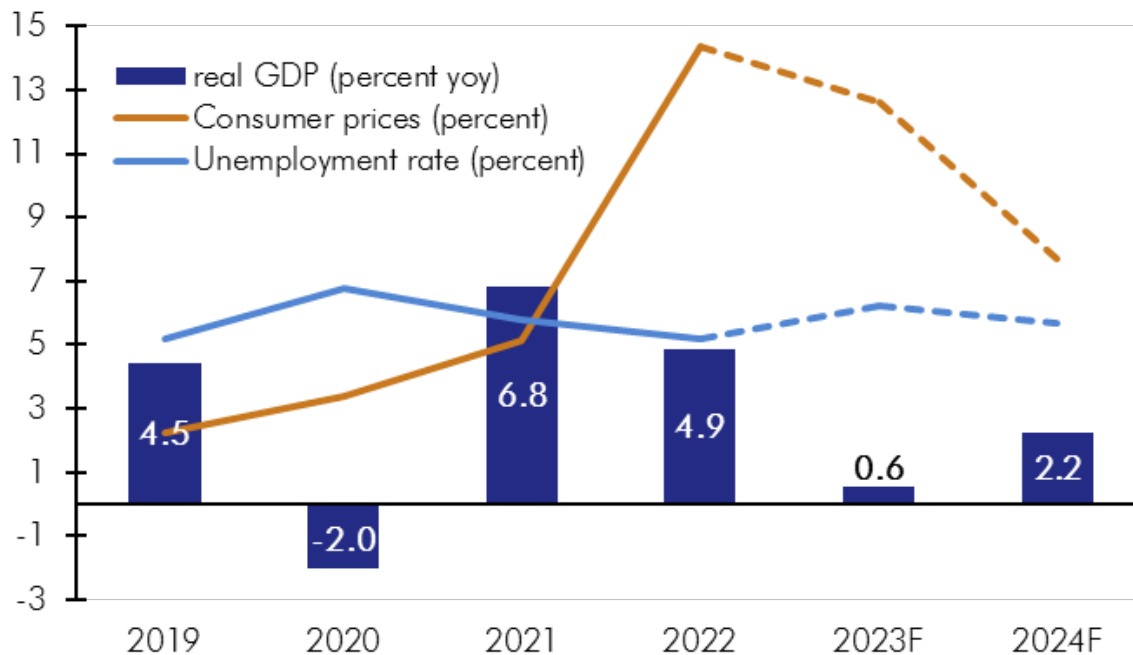
Macroeconomic outlook: Hungary



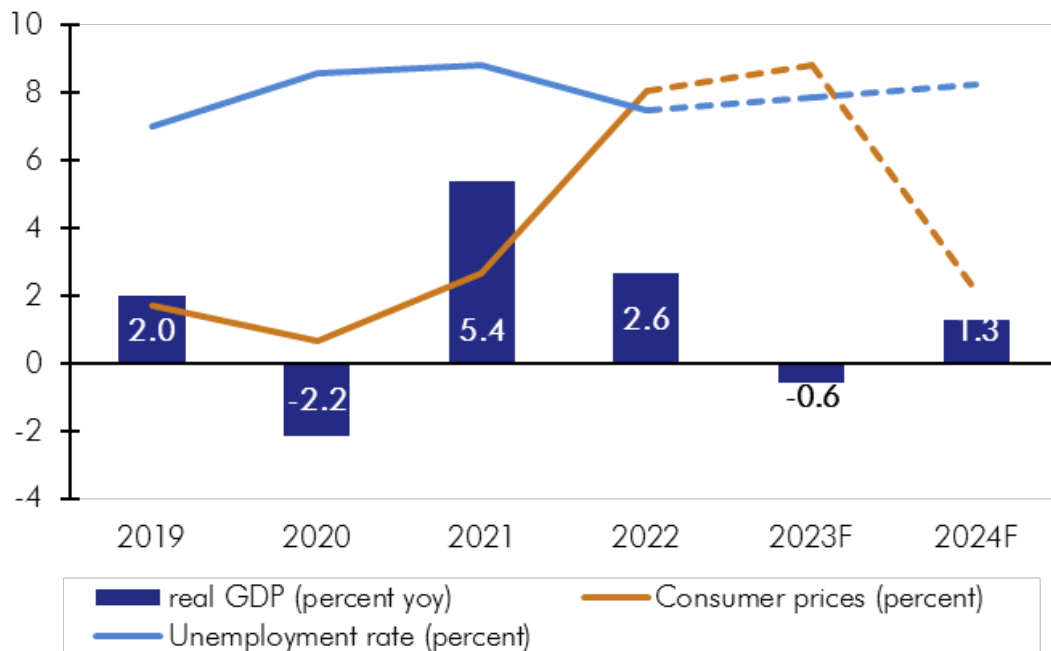
Macroeconomic outlook: Norway



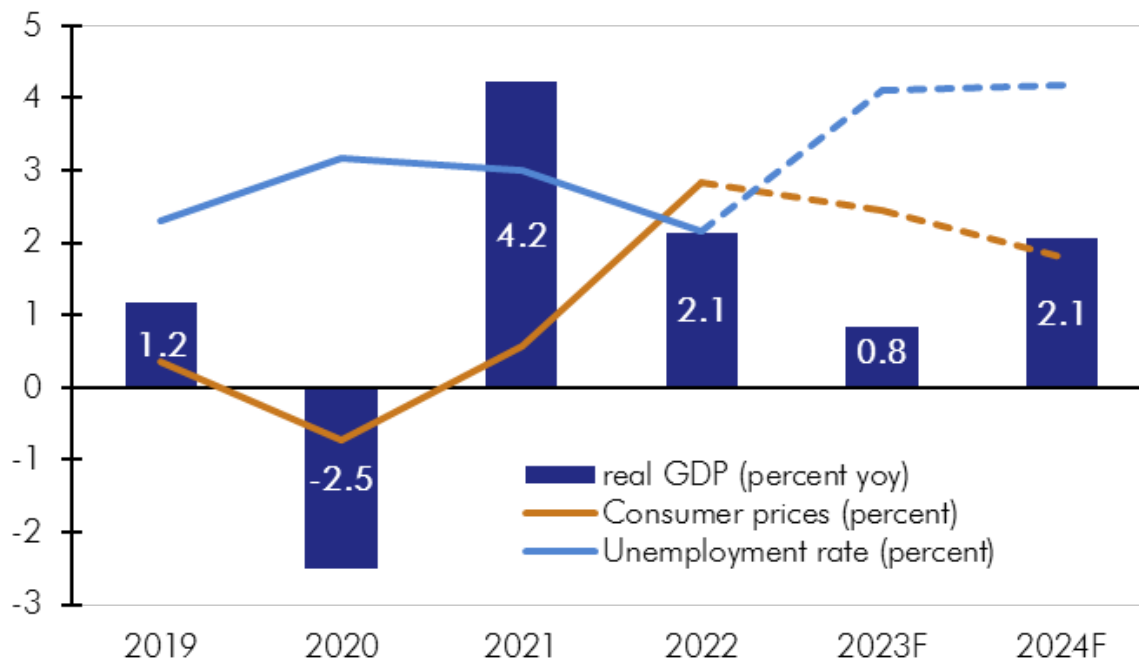
Macroeconomic outlook: Poland



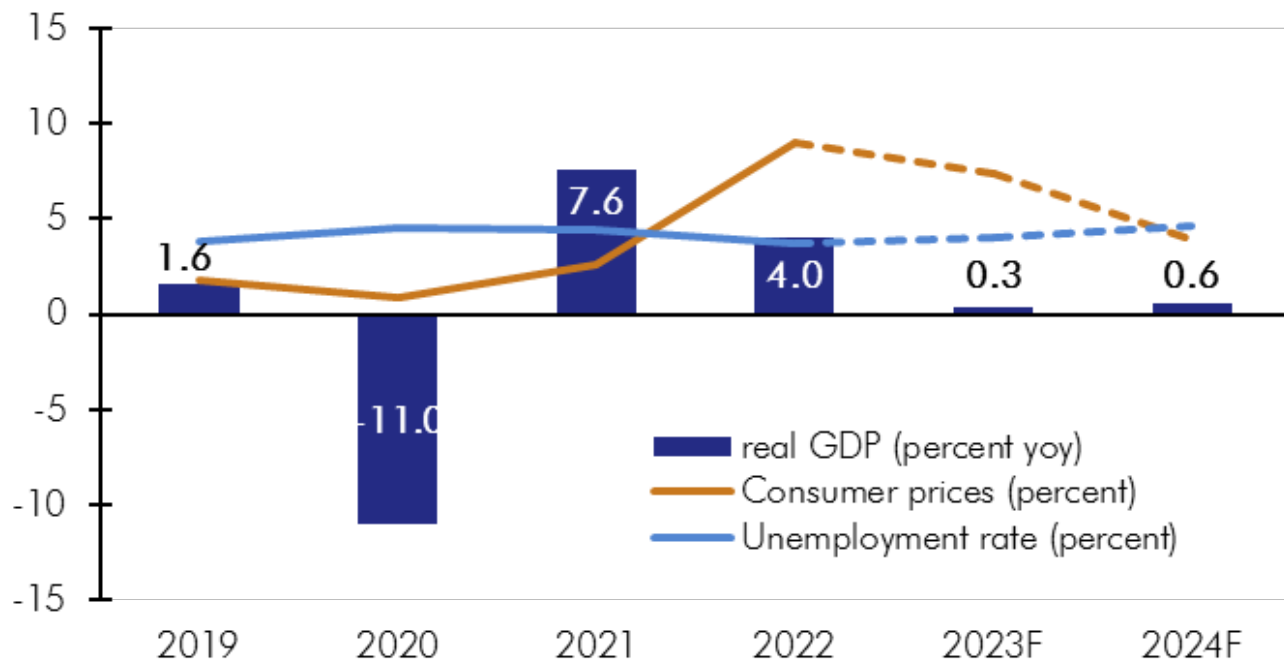
Macroeconomic outlook: Sweden



Macroeconomic outlook: Switzerland



Macroeconomic outlook: United Kingdom



Questions for discussion

- AIECE members disagree with the statement that capacities are underutilized in their economy. However, the EC Spring Forecast forecasts negative output gaps for most countries of the respective group. Is this further evidence that the EC method for estimating potential output flawed in times like these (permanent supply shocks), as argued in the literature?
- In some countries (Sweden, Germany) house prices clearly head downwards, elsewhere they do not. What are the causes of the difference? Do interest rates for housing credit behave differently? (European section?)
- If inflation in Europe is not imported anymore but is linked to higher profits or wages, why should inflation be so damaging in the short term besides the effect on monetary policy?
- What explains the difference between negotiated wages and nominal incomes/total labour costs: effect of one-time payments?

