



The Economic Forecast for Europe

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12-13 May 2022**

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Disclaimer: The views expressed in this presentation
are those of the author and do not necessarily reflect
those of the European Commission.

Spring 2022



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Main message: Spring meetings are back

Frankfurt 2017



Warsaw 2018



The Hague 2019



Cologne 2020



Online 2021



Kiel 2022



This is an update of the presentation delivered in Kiel on 13 May. It includes data from the Spring 2022 Forecast, which was released on 16 May.

The Spring 2022 Forecast

Key messages

„Russian invasion tests EU economic resilience”

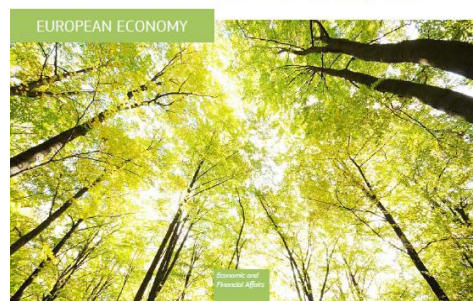
1. New forecast revises growth outlook down, while inflation is projected higher.
2. The war exacerbates headwinds to growth that were previously expected to subside.
3. A strong and still improving labour market and other tailwinds support the economy.
4. Government deficits and debt ratios set to keep declining.
5. Amid heightened uncertainty, risks are skewed to negative outcomes.



European
Economic
Forecast

Spring 2022

INSTITUTIONAL PAPER 173 | MAY 2022



https://ec.europa.eu/info/system/files/economy-finance/ip173_en.pdf

Source: Remarks by Commissioner Gentiloni at the press conference on the Spring 2022 Economic Forecast, 16 May 2022. https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_22_3107

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2022: Where do we stand?



Summer 2021

Autumn 2021

Winter 2022

Spring 2022

***“REOPENING FUELS
RECOVERY”***

***“FROM RECOVERY TO
EXPANSION AMID
HEADWINDS”***

***“GROWTH EXPECTED
TO REGAIN TRACTION
AFTER WINTER
SLOWDOWN”***

***“RUSSIAN INVASION
TESTS EU ECONOMIC
RESILIENCE”***

EU GDP 2022: 4.5%

4.3%

4.0%

2.7%

EU HICP 2022: 1.6%

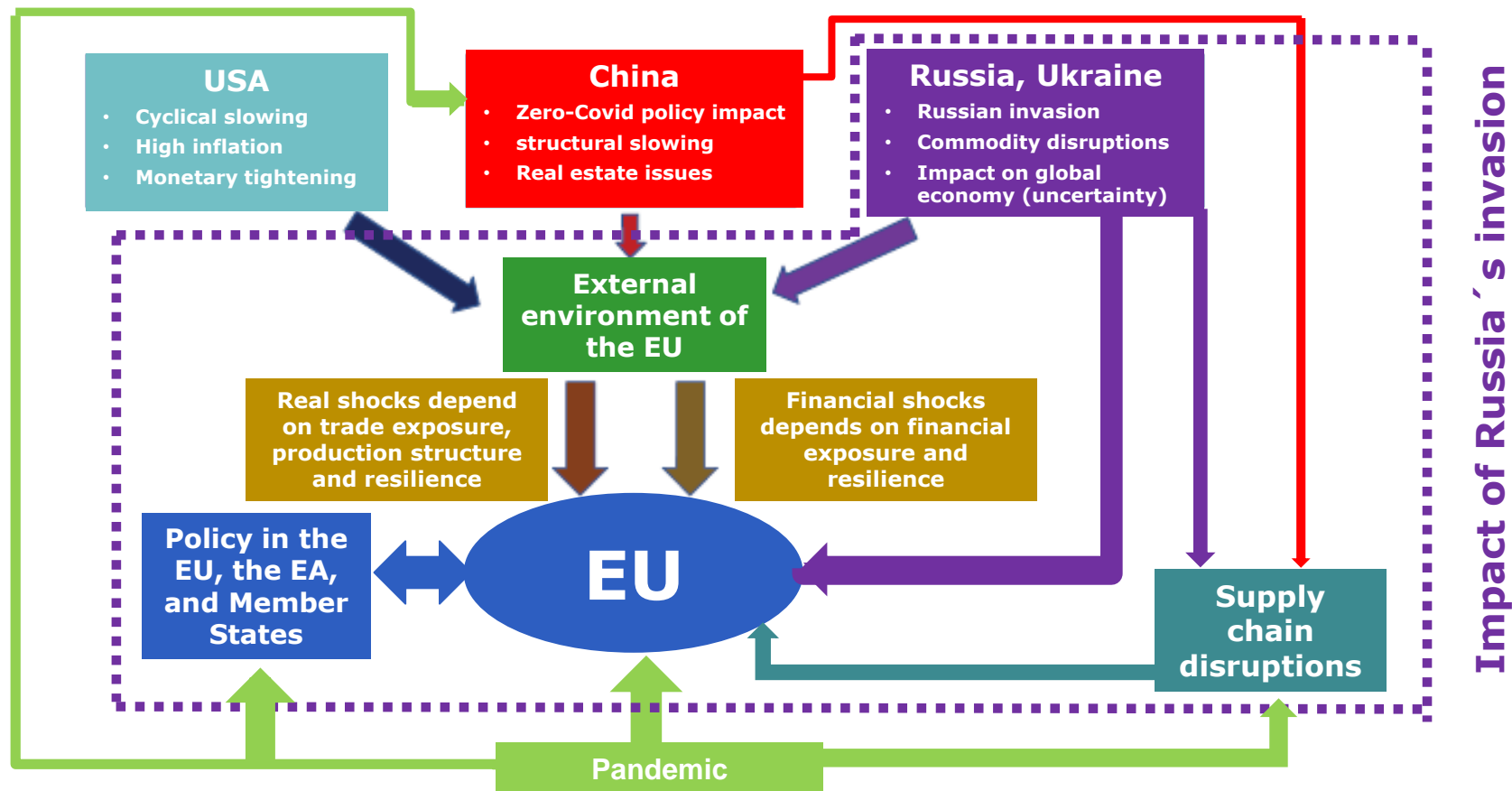
2.5%

3.9%

6.8%

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A combination of shocks



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The impact of the war on the EU economy

	Observed	Expected in 2022-2023	Long term
Humanitarian	Higher public spending	Budgetary impact lasts Labour market integration	Increased labour supply
Uncertainty	Falling confidence Increased uncertainty	Precautionary saving Lower consumption/investment	Lower capital stock?
Commodities	Sharp price increases	Higher inflation Lower real incomes & demand	Faster energy transition Reallocation
Financial	Repricing of assets Tightening of conditions	Increased volatility Pressure on banking sector?	Higher financing costs
Supply chains	Disrupted value chains Delays, higher costs	Restructuring of supply chains Reallocation of activity	Increased resilience Higher costs
Global economy	Higher trade costs Lower EU-RU trade	Lower trade and GDP growth EU-RU decoupling	Less globalised production Efficiency losses

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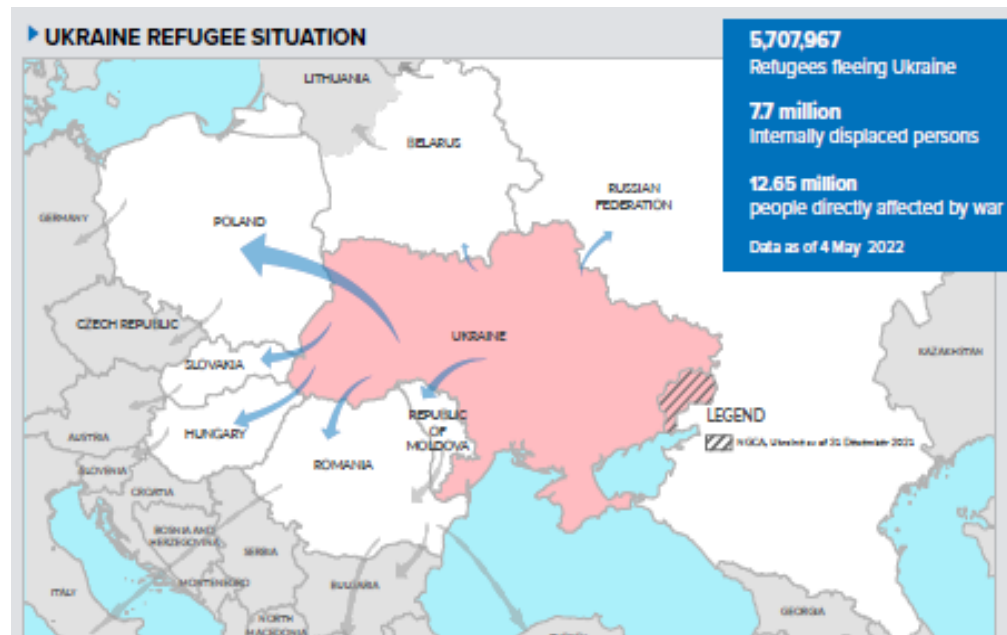
War impact: humanitarian support

	Humanitarian
Observed	<p>“The EU will continue to provide strong political, financial and humanitarian assistance to Ukraine and its people.” Joint Press Statement of President Michel and President von der Leyen, 24 February 2022.</p> <p>Higher public spending</p>
Expected in 2022-2023	<p>Budgetary impact lasts</p> <p>Labour market integration</p> <p>Increase in consumption</p>
Long term	Increased labour supply

Table: Total refugee influx from Ukraine in neighbouring countries (thousands)

Poland	Romania	Hungary	Slovakia	Moldova	RU, BLR
3252	890	578	407	458	772

Source: <https://data2.unhcr.org> ("data date" 10 May 2022)



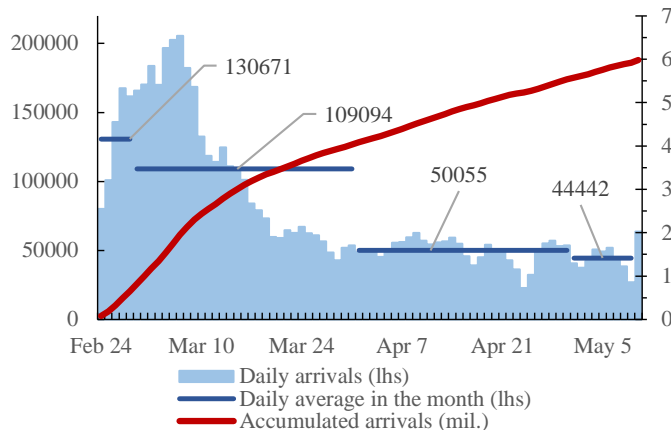
Source: UNHCR (5 May 2022)

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War impact: humanitarian support

About 6 million persons fleeing the war arrived

Graph: Persons fleeing from Ukraine, daily arrivals and total number



Source: UNHCR

Labour market integration expected to be gradual

Composition: Large share of the current refugee inflows not of working age (children and elderly more than one half). Relatively high qualifications and activity rates of women

Enabling factors: (1) direct labour market access thanks to activation *Temporary Protection Directive*, (2) freedom of movement within EU.

Outlook: Integration proceeds gradually. The employment rate of working-age persons arriving from Ukraine increases from 8% in 2022 (on average) to 20% in 2023 (on average).

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War impact: uncertainty (global)

Uncertainty & sentiment

Observed

Weaker business and consumer confidence

Increased uncertainty

Main sources of uncertainty

- Duration/intensity of the war
- Developments of energy prices and supply disruptions
- Household purchasing power
- Financial conditions and monetary policy decisions
- Evolution of the pandemic in the EU and globally

Expected in 2022-2023

Precautionary saving

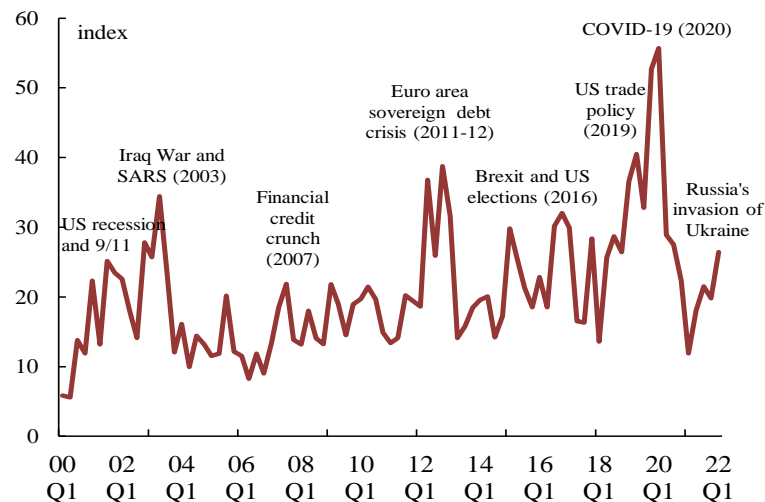
Lower private consumption and investment

Long term

Increased risk aversion

Global uncertainty increased in the first quarter

Graph: World Uncertainty Index



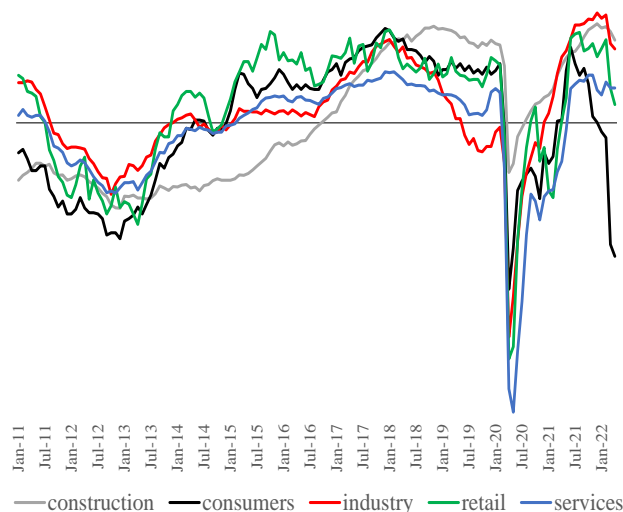
Source: Ahir, H., N. Bloom, and D. Furceri (2018), "World Uncertainty Index", Stanford mimeo (data downloaded on 29 April 2020)

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War impact: uncertainty (EU)

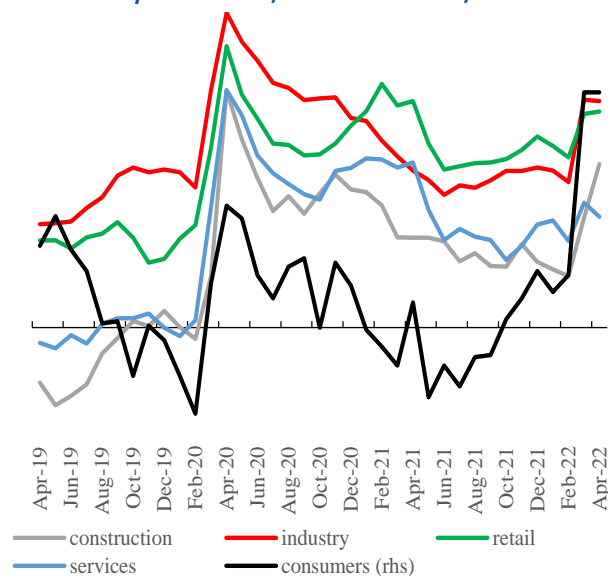
Sentiment indicators down in March/April in all sectors and among consumers (BCS)

Graph: Confidence indicators in the euro area



ECFIN's new Economic Uncertainty Index (EUI) increased in March

Graph: EUI, euro area, BCS



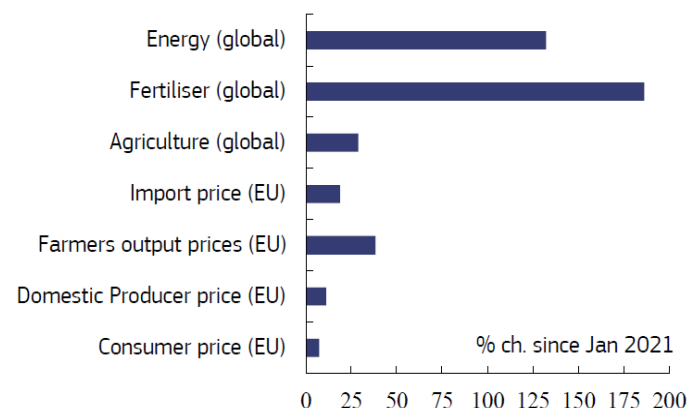
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War impact: commodities

	Commodities
Observed	<p>Sharp price increases</p> <ul style="list-style-type: none"> • Surge in energy and food commodity prices, raising producer and consumer prices • Terms-of-trade deterioration • Budgetary impact of mitigation policies
Expected in 2022-2023	<p>Higher inflation</p> <p>Lower real incomes & demand</p> <ul style="list-style-type: none"> • Household purchasing lower, different spending composition • Profit margins squeezed • Distributional impact • Frontloaded investment in energy saving and renewables
Long term	<p>Faster energy transition</p> <p>Reallocation away from energy-intensive sectors</p>

Variety of inputs that had pushed inflation in 2021

Graph: Increase in food and food input prices (%)



Notes: Increase of prices between Jan 2021 and March 2022 or latest available. Energy, fertiliser and agriculture global prices are indices from the World Bank. EU prices are from Eurostat.

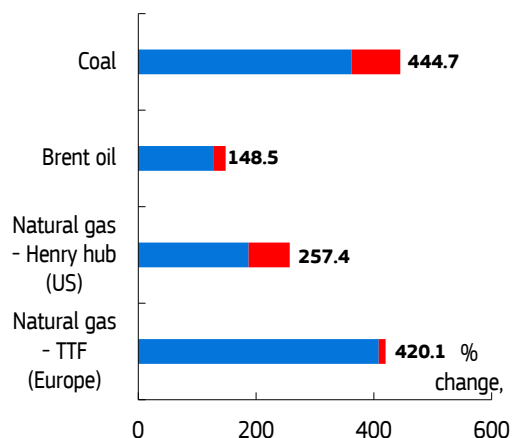
Sources: World Bank, Eurostat

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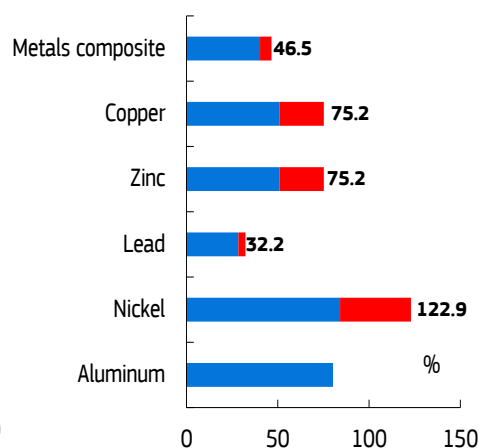
War impact: commodities

Prices of energy commodities, basic metals, and agricultural commodities increased further between the start of Russia's invasion and 29 April 2022

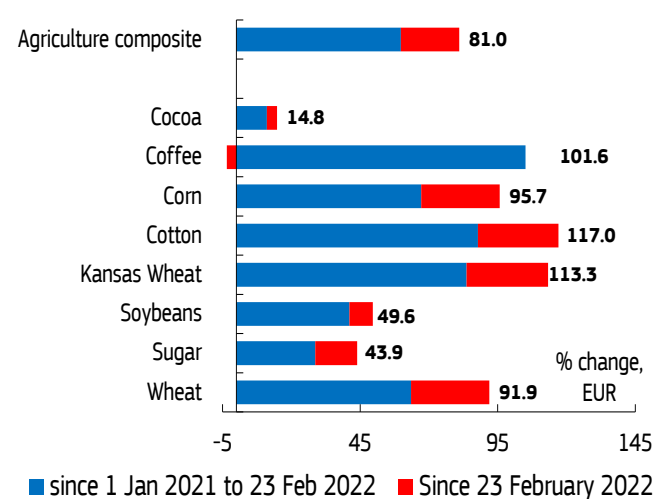
Graph: Prices of energy commodities



Graph: Prices of basic metals



Graph: Prices of agricultural commodities



■ since 1 Jan 2021 to 23 Feb 2022 ■ Since 23 February 2022

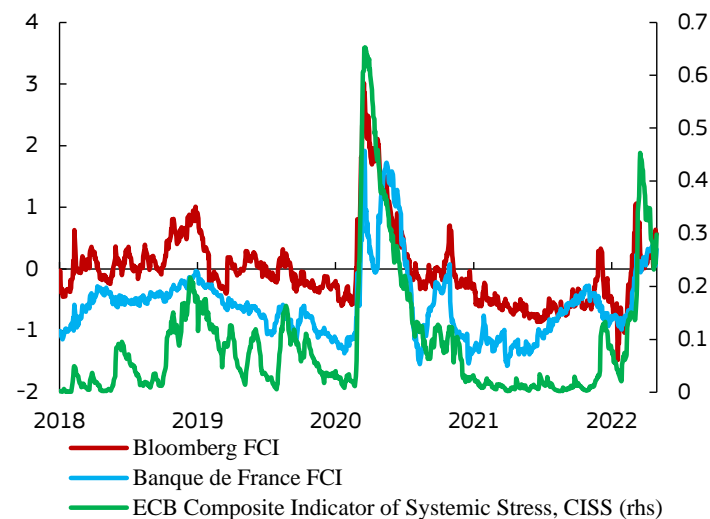
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War impact: financial

	Financial
Observed	<p>Repricing of financial assets (stocks, exchange rates, ...), higher sovereign yields</p> <p>Tightening of financing conditions as measured by various indicators (see Graph)</p> <p>Temporary decline of the rouble exchange rate, stopped by Russian rate hikes/capital controls</p>
Expected in 2022-2023	<p>Increased volatility</p> <p>Pressure on banking sector? (pressure on banks with large exposure to Russia)</p>
Long term	<p>Fragmentation of payment system?</p> <p>Higher financing costs?</p>

Financial conditions tightened and sovereign yields increased

Graph: Financial conditions, various indicators



Sources: Banque de France, Bloomberg, ECB

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War impact: supply chains and trade

	Supply chains and trade
Observed	<p>Disrupted value chains Delays, higher costs</p> <ul style="list-style-type: none"> Russia's invasion of Ukraine brings fresh disruptions to global value chains and causes a shift towards less efficient trade routes. At the same time, China's new quarantines, including in the key manufacturing and logistics hubs of Shenzhen and Shanghai, are impairing production.
Expected in 2022-2023	<p>Restructuring of supply chains Reallocation of activity</p>
Long term	<p>Increased resilience Higher costs</p>

Supply chain pressures are weighing on economic growth

Graph: Federal Reserve Bank of New York's Global Supply Chain Pressure Index [\(data only available until end of February\)](#)

Standard deviations from average value



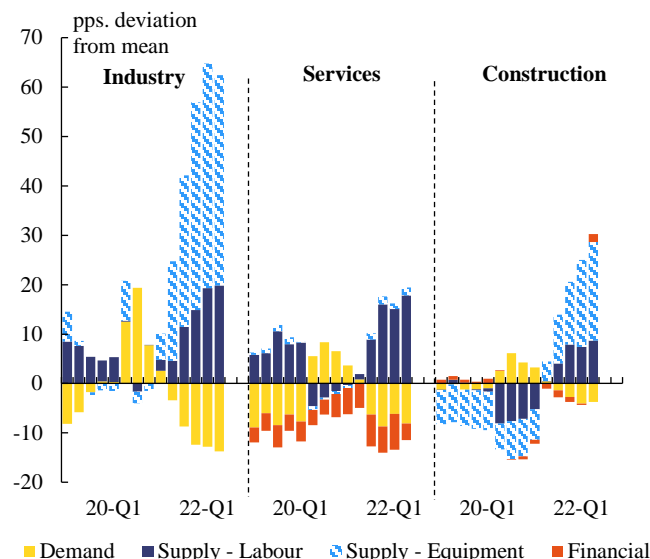
Source: Federal Reserve Bank of New York

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War impact: supply chains and trade

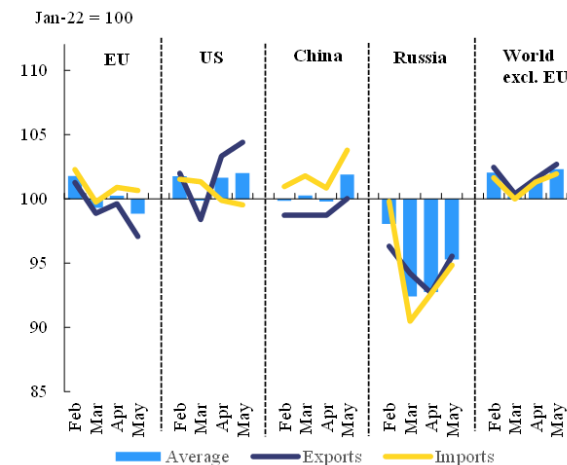
Supply equipment/labour are key limiting factors to activity

Graph: Factors limiting production, euro area (EC Business and Consumer Surveys, including April data)



Trade indicators initially hit, but recently pointing to stabilising trade data

Graph: Kiel Trade Indicator, average of exports and imports (by cut-off date)



Source: IFW Kiel Institute for the World Economy.

Note: This indicator tracks arriving and departing ships for 500 ports worldwide. Also, ship movements in 100 maritime regions are analysed and the utilisation of container ships is derived.

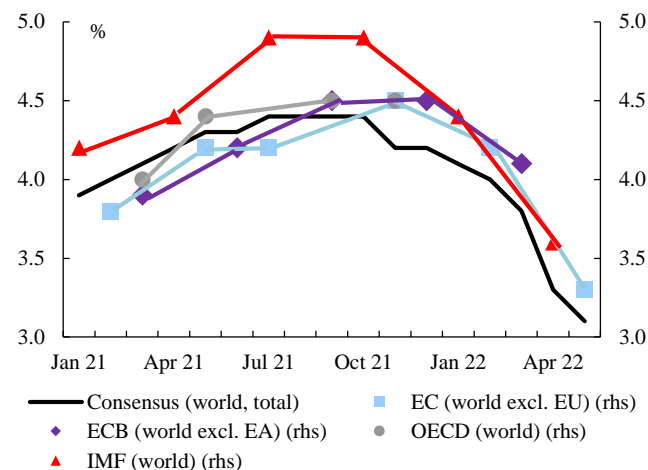
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War impact: global economy

	Global economy
Observed	<p>Higher costs of foreign trade</p> <p>Lower EU-RU trade, also affected by sanctions</p>
Expected in 2022-2023	<p>Lower trade and output growth</p> <p>Unwinding of economic integration between EU and RU</p>
Long term	<p>Less globalised production</p> <ul style="list-style-type: none"> • partial reversal of previous globalisation gains • adding price pressures • more resilient production structures <p>Efficiency losses</p>

Global growth forecasts for 2022 have recently been revised down

Graph: Global GDP growth in 2022, various forecasts published since January 2021

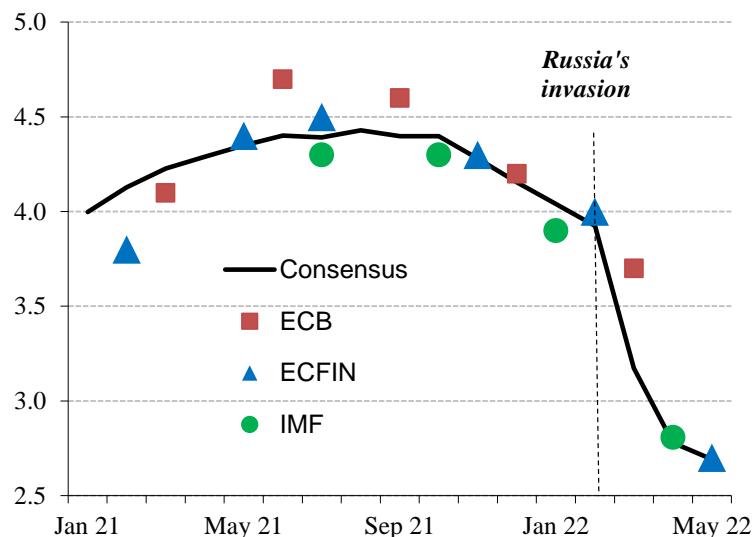


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The war impact and forecast revisions

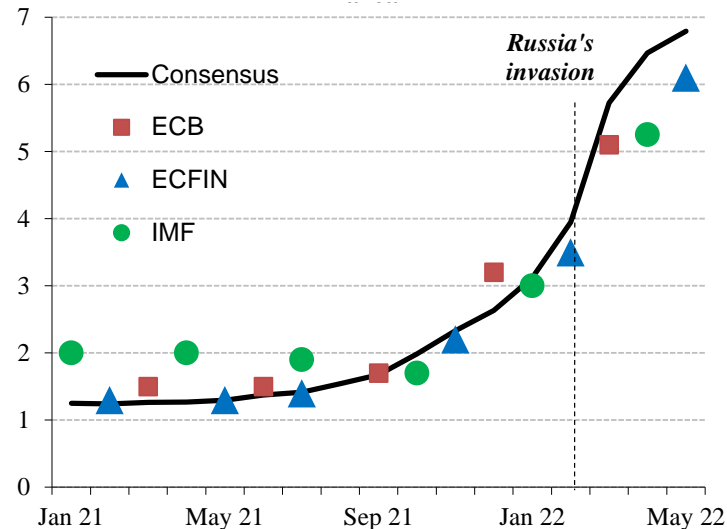
Growth forecast for the euro area were revised down, mainly since February.

Graph: GDP growth in 2022, various forecasts



Inflation forecast were moving up since autumn and were raise further since February.

Graph: HICP inflation in 2022, various forecasts





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Forecast assumptions: war-related

Geopolitical tensions remain elevated throughout the forecast horizon, all sanctions against Russia remain in place as on the cut-off date of the forecast (including those in place since the annexation of Crimea in 2014).

No major disruptions for the EU economy caused by the **pandemic**. China assumed to continue its "dynamic Zero-COVID" policy.

Usual technical assumptions for **interest rates** and **exchanges rates**. Prices of **oil, gas and electricity** are derived from futures prices.

*Assumptions on **people fleeing the war in Ukraine**:*

*(a) **number** increasing further in 2022 and being broadly stable in 2023*

*(b) the **geographical distribution** depends on pre-war data on inflows and the distribution of Ukrainian citizens in the EU, the population size of Member States and on where persons fleeing from the war are (Commission estimate).*

*(c) the **employment** rate of arriving working-age persons is low in 2022 but increases in 2023.*

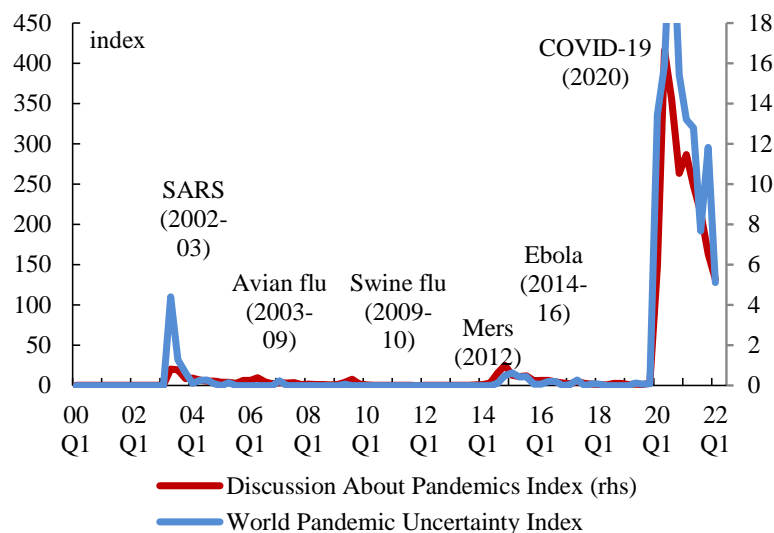
*(d) **fiscal costs** per person are based on new estimates for each Member State.*

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COVID-19

Pandemic uncertainty index falling sharply in 2022.

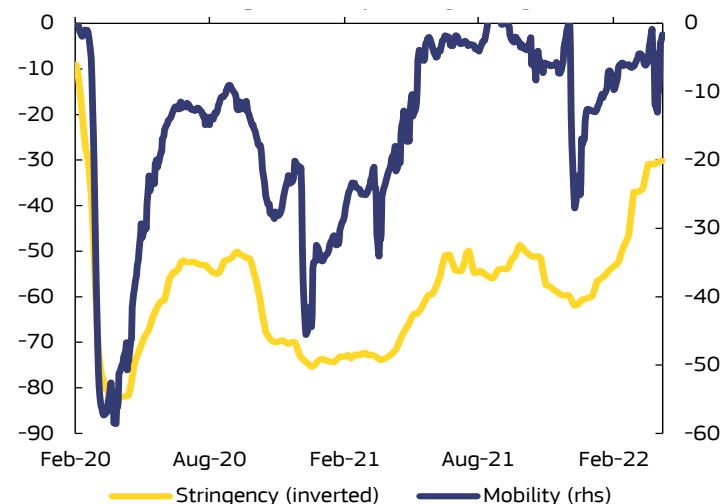
Graph: 'World Pandemic Uncertainty Index' and 'Discussion About Pandemics Index'



Source: www.worlduncertaintyindex.com (April 2022).

Mobility and stringency signal return to 'normalcy'.

Graph: Mobility and the stringency of restrictions, EU, 7-day moving average



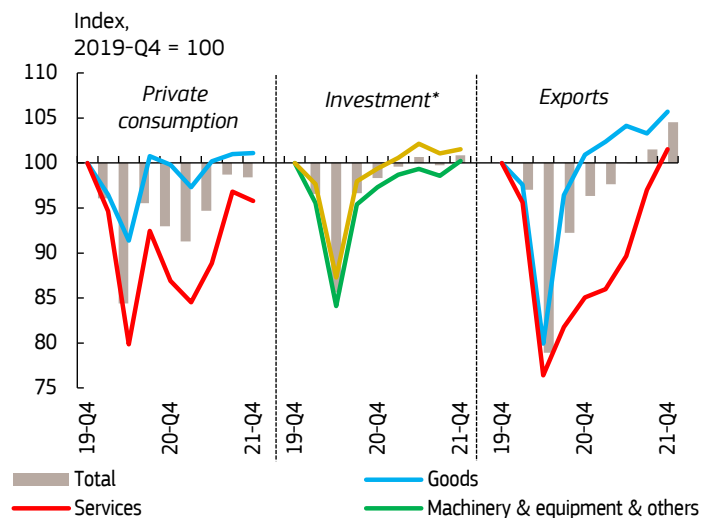
In the EU, the number of COVID-19 deaths passed the 1,000,000 mark on 23 February 2022 (171,074 deaths in the first four months of 2022). The 70-million mark of infections was passed on 21 April 2022 (34.6 million in the first four months in 2022).

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Activity around the turn of 2021

Higher prices and the pandemic hit **private consumption**...

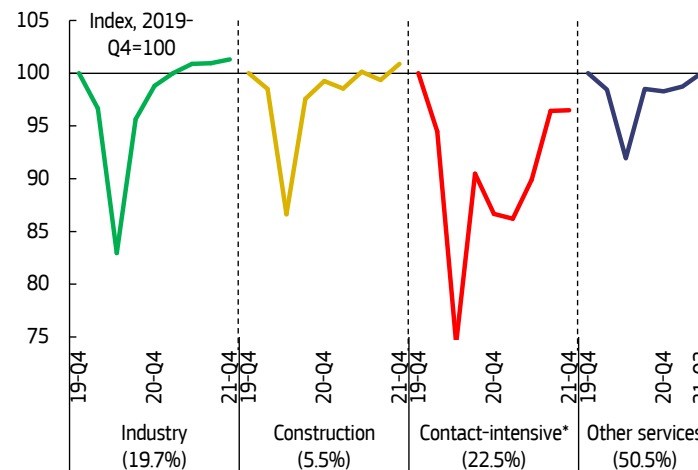
Graph: GDP demand-side components, EU



Note: *excluding Ireland.

...and the **services sector**, with output remaining below pre-pandemic levels

Graph: Gross value added in main sectors, EU



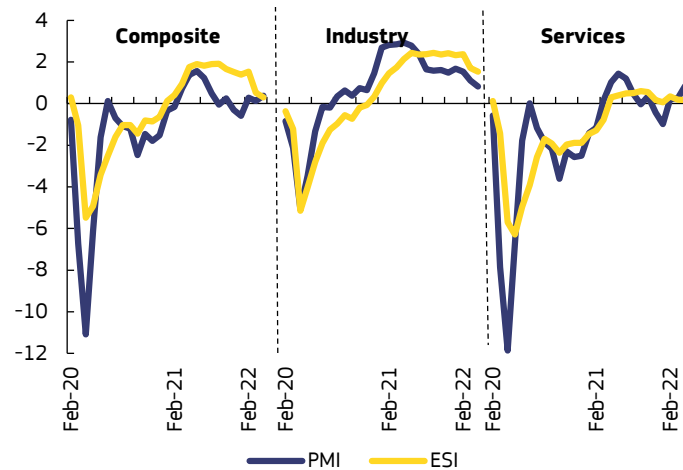
Note: *Wholesale and retail, transport, accommodation, food services; arts, entertainment, recreation. % of GVA in 2019 in brackets.

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The near-term outlook for growth in the EU

ESI and PMI readings are lower since February but still in expansion territory

Graph: Economic Sentiment Indicator (EC) and PMI, euro area

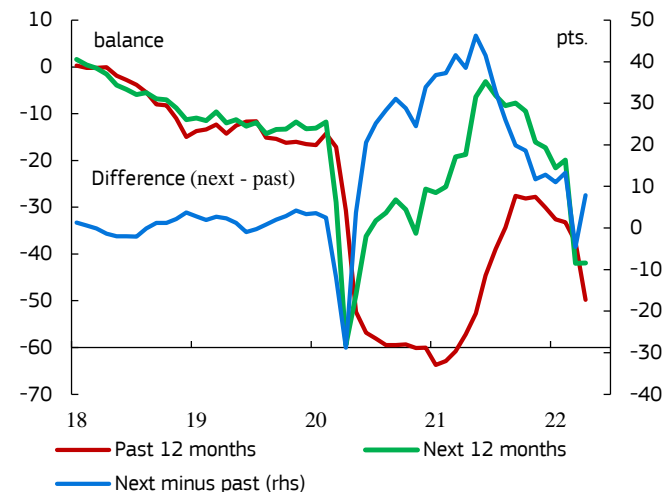


Source: IHS Markit, European Commission.

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

The **consumers'** assessment of the situation and outlook deteriorated sharply

Graph: Consumers' assessment of the past and future economic situation, EU

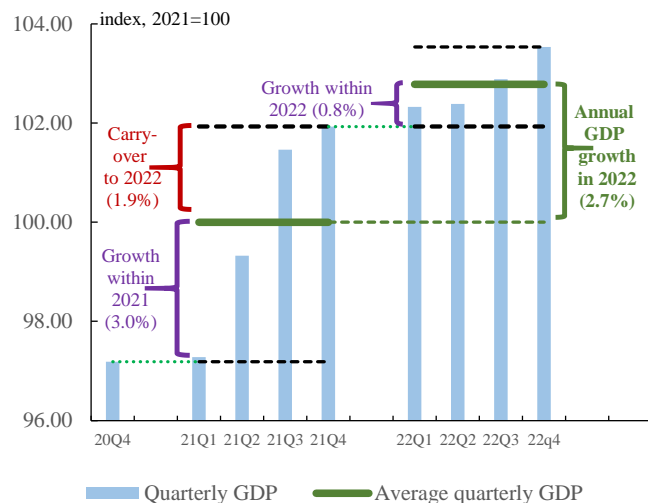


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Annual GDP growth outlook in the EU

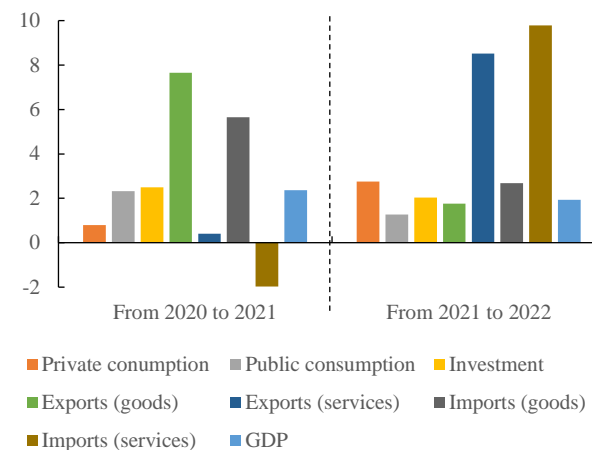
Carry-over effects are set to make up a large share of annual GDP growth in 2022

Graph: Quarterly GDP levels and their implications for annual growth in 2022, EU



Reopening dynamics is visible in carry-over effects in **GDP components**

Graph: Carry-over effects of GDP components from 2020 and 2021, EU

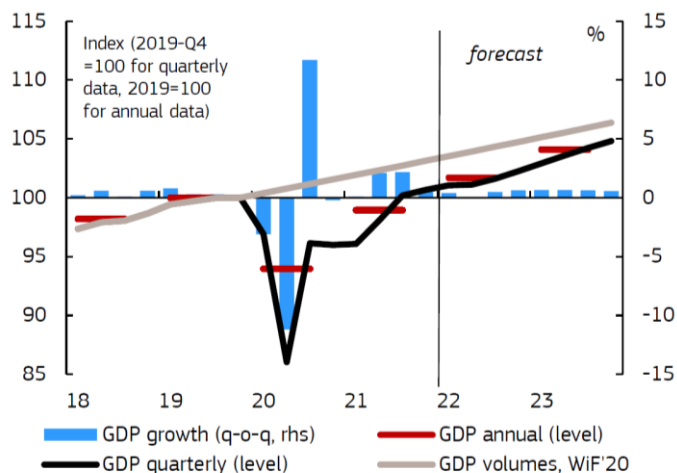


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The growth outlook for the EU and Member States

Positive factors and the resilience of the EU economy help to keep growth alive

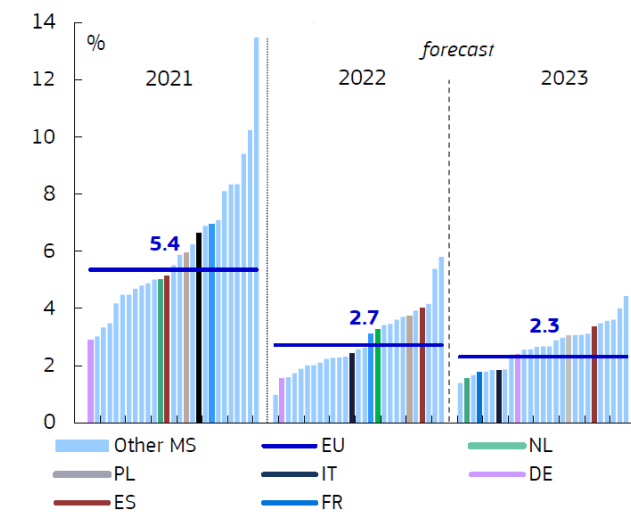
Graph: GDP growth trajectories for 2022 and 2023, as compared to pre-pandemic forecasts



Note: WIF'20 GDP volumes extended with average growth rate from 2010-2019.

Past dynamics and different structures and exposures result in growth differences

Graph: Real GDP growth in the EU Member States, ranked by size



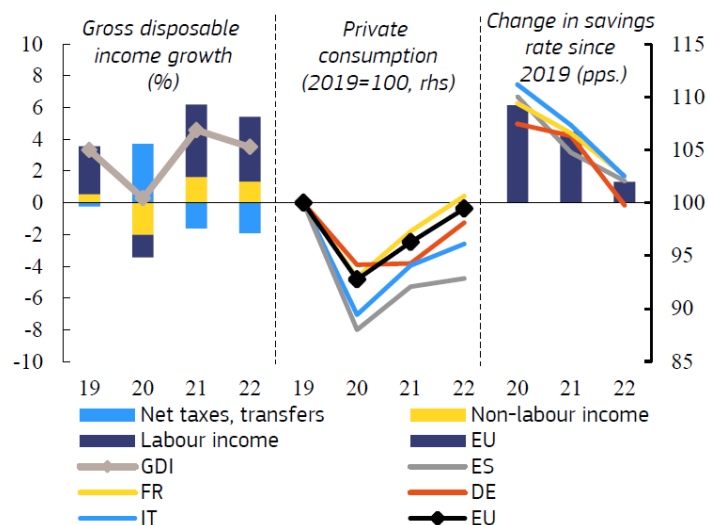
Note: The bars for all 27 Member States are ranked by size.

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Domestic demand expected to keep growing, but at a weaker pace

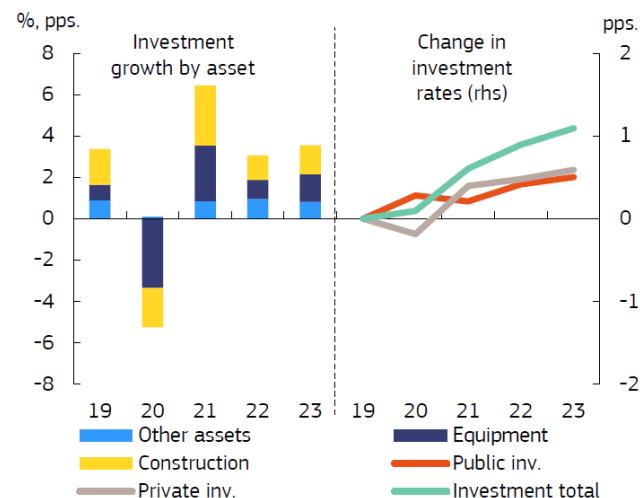
Private consumption dampened by lower purchasing power

Graph: Households' income, private consumption and savings



Uncertainty and financial conditions weigh on investment

Graph: Investment breakdown and investment rates since 2019, EU excluding Ireland



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Labour market situation

Strong labour market performance seen last year...

The EU labour market ended last year with record outturns for several key metrics:

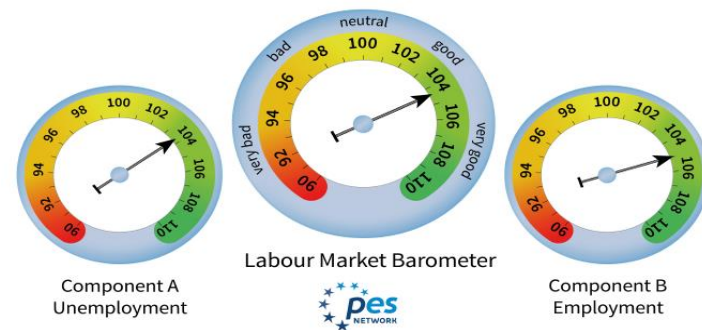
- employment at the end of 2021 exceeded 2019-Q4 by 1.2 million.
- Eurostat's slack indicator fell below the pre-pandemic level.

The share of managers reporting labour shortages as a factor limiting their production increased in industry, services as well as construction in the first quarter of this year and broadly stabilised in the second.

...and short-term indicators point to continuation

In 2022, the Commission's European Employment Indicator remained well above 110 (long-term average 100). Other indicators also sent positive signals (example below).

European Labour Market Barometer, April 2022
The labour market outlook for the next three months is ...



Source: European Network of Public Employment Services, Institute for Employment Research (IAB). © IAB

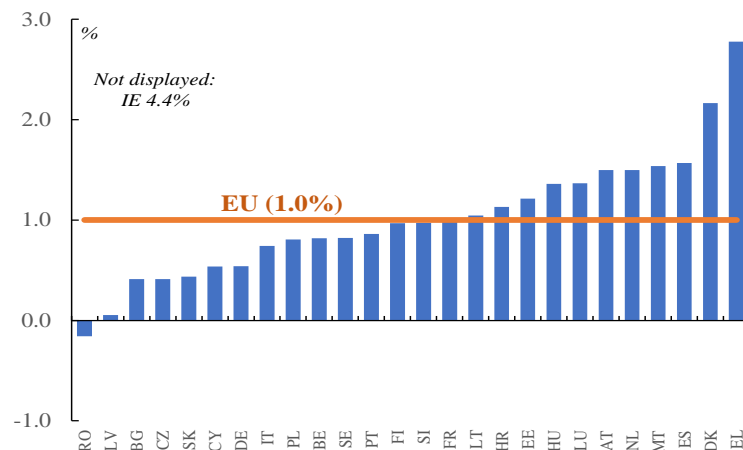
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Labour market outlook

Employment expected to increase further

Employment (persons, hours) is expected to increase, but annual growth in 2022 is largely driven by past dynamics.

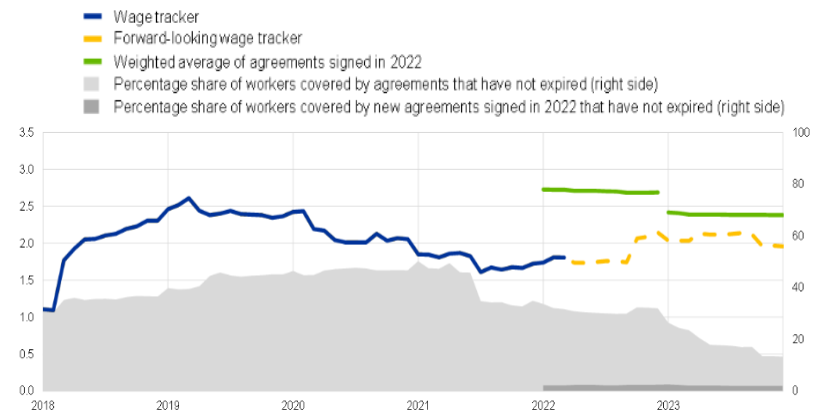
Graph: Carry-over to employment growth in 2022 (persons)



The wage outlook is for an uptick in wage growth

Graph: The ECB's forward looking euro area wage tracker

(annual percentage changes; percentage share)



Sources: Calculated based on microdata on wage agreements in Germany, Italy, Spain and the Netherlands. Data for the Netherlands is based on the database maintained by the Dutch employer association AWWN. For Italy the data comes from Istat (contratti collettivi e retribuzioni contrattuali), for Spain from the Ministerio de Trabajo y Economía Social and for Germany from Bundesbank.

Notes: Experimental euro area wage tracker includes weighted average of Germany, Italy (data from July 2021 to September 2022) Spain and the Netherlands. The orange line shows the weighted average of wage increases in agreements that have not yet expired, weighted by the number of workers covered by these agreements. The green lines show weighted averages of wage increases in agreements that were concluded in 2022, weighted by the number of workers covered by these agreements. Latest observations: Last agreements signed in NL, ES, IT and DE in March 2022

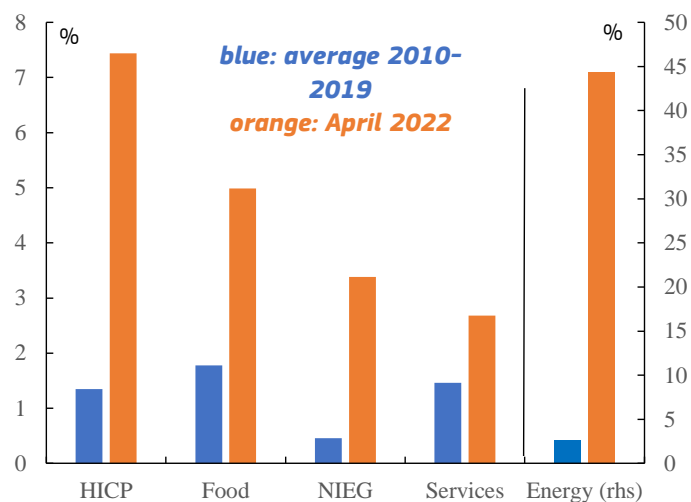
Source: <https://www.ecb.europa.eu/press/key/date/2022/html/ecb.sp220505~dcbd30ecb6.en.html>

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Inflation is higher, broader and persistent

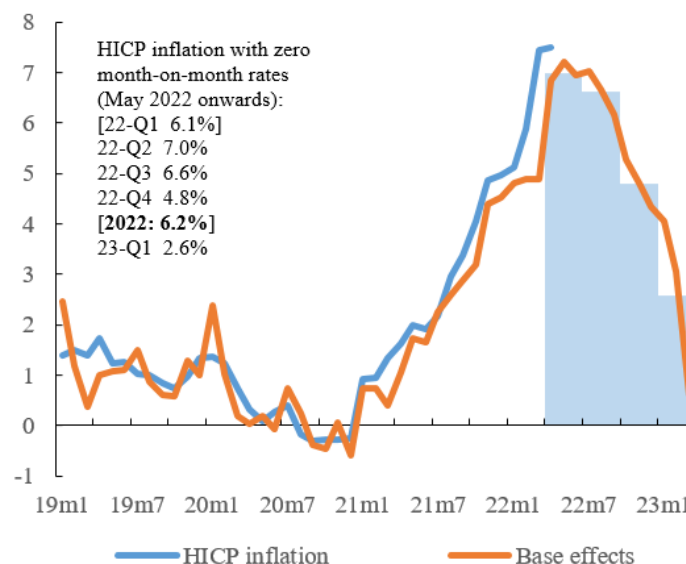
HICP inflation is broad-based, largely driven by energy

Graph: Annual inflation rates, HICP and main components, April 2022 and average 2010-2019



Past price increases are set to keep inflation elevated.

Graph: HICP inflation and base effects, euro area, January 2019-March 2023

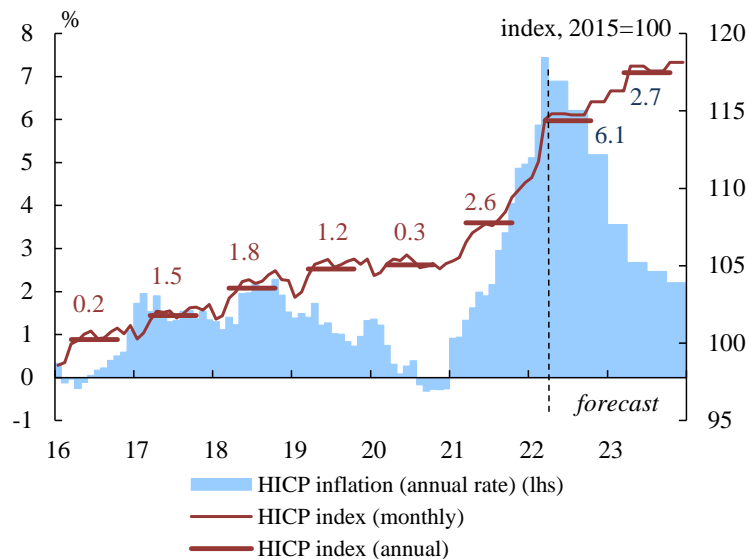


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Inflation forecast

HICP inflation is forecast to diminish gradually

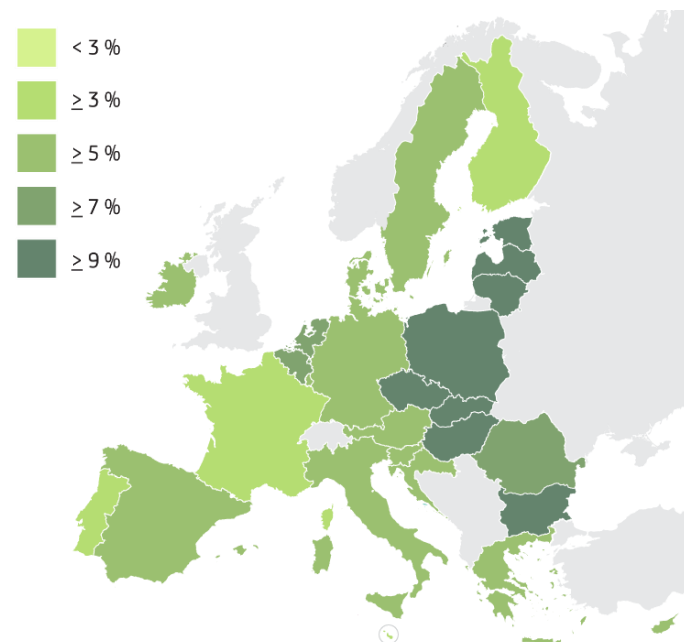
Graph: Inflation breakdown, euro area



Note: Figures next to horizontal bars are annual inflation rates.

High inflation differences across Member States

Graph: HICP inflation map 2022, EU

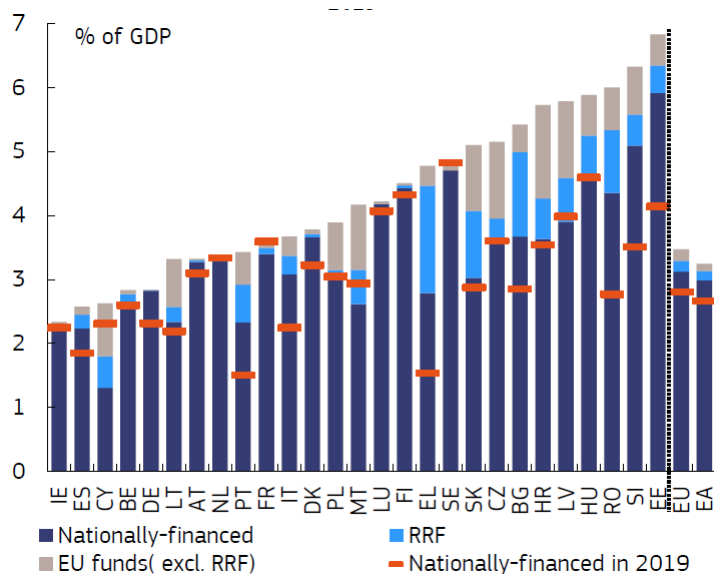


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Public finances

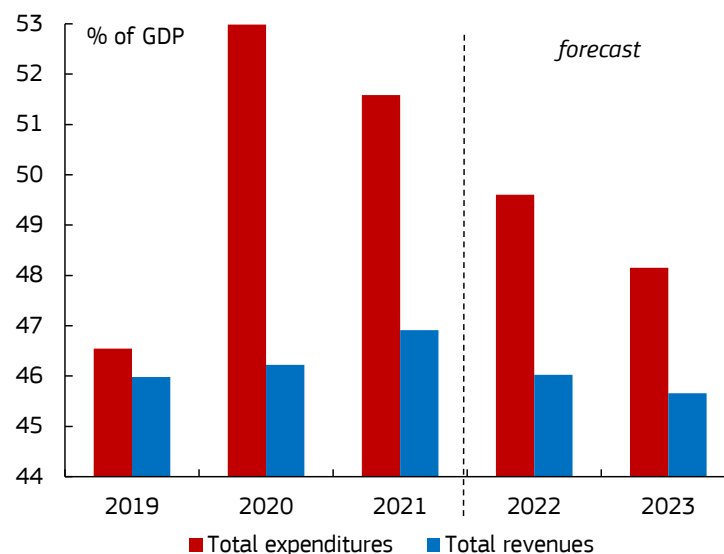
Recovery and Resilience Facility pushes up **public investment**

Graph: Public investment in 2019 and 2023, EU



Expenditures set to be the key for **deficit** reduction

Graph: Expenditures and revenues, EU





The economic forecast for Europe

Risks

The **balance of risks** is heavily skewed to the downside

- Renewed upward pressures in energy markets
- Further deterioration in terms of trade exacerbates stagflationary forces
- Inflationary pressures increase risks to financing conditions
- Resurgence of the pandemic and renewed containment measures
- + Stronger decrease in savings rates props up consumption
- + Stronger impulse from the RRF boosts investment

Scenario analyses in the forecast document

High uncertainty around the central scenario suggests conducting scenario analyses (as also published by the ECB, the OECD and the IMF, and in all Commission forecasts since the start of the pandemic in spring 2020).

Adverse and more severe scenarios in the Spring 2022 Forecast show lower growth rates and higher inflation than in the central scenario (see pps. 51-55 in the forecast document).

Thank you for your attention

Annex

Table 1:
Overview - the spring 2022 forecast

	Real GDP			Inflation			Unemployment rate			Current account			Budget balance		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Belgium	6.2	2.0	1.8	3.2	7.8	1.9	6.3	5.8	5.6	0.6	-1.1	-0.6	-5.5	-5.0	-4.4
Germany	2.9	1.6	2.4	3.2	6.5	3.1	3.6	3.3	3.2	7.2	6.1	6.5	-3.7	-2.5	-1.0
Estonia	8.3	1.0	2.4	4.5	11.2	2.5	6.2	6.8	6.9	-0.7	1.3	2.3	-2.4	-4.4	-3.7
Ireland	13.5	5.4	4.4	2.4	6.1	3.1	6.2	4.6	5.0	14.3	12.8	13.1	-1.9	-0.5	0.4
Greece	8.3	3.5	3.1	0.6	6.3	1.9	14.7	13.7	13.1	-8.3	-8.4	-6.4	-7.4	-4.3	-1.0
Spain	5.1	4.0	3.4	3.0	6.3	1.8	14.8	13.4	13.0	1.0	1.8	2.1	-6.9	-4.9	-4.4
France	7.0	3.1	1.8	2.1	4.9	3.1	7.9	7.6	7.6	-2.4	-3.0	-2.0	-6.5	-4.6	-3.2
Italy	6.6	2.4	1.9	1.9	5.9	2.3	9.5	9.5	8.9	2.5	1.2	1.6	-7.2	-5.5	-4.3
Cyprus	5.5	2.3	3.5	2.3	5.2	2.7	7.5	7.8	7.3	-7.2	-8.8	-7.2	-1.7	-0.3	-0.2
Latvia	4.5	2.0	2.9	3.2	9.4	3.5	7.6	7.3	7.1	-0.5	-3.9	-3.2	-7.3	-7.2	-3.0
Lithuania	5.0	1.7	2.6	4.6	12.5	3.0	7.1	7.2	7.2	2.0	-1.8	-2.1	-1.0	-4.6	-2.3
Luxembourg	6.9	2.2	2.7	3.5	6.8	2.3	5.3	5.2	5.1	7.5	5.9	5.5	0.9	-0.1	0.1
Malta	9.4	4.2	4.0	0.7	4.5	2.6	3.5	3.6	3.6	4.1	1.9	1.9	-8.0	-5.6	-4.6
Netherlands	5.0	3.3	1.6	2.8	7.4	2.7	4.2	4.0	4.2	9.5	8.7	8.7	-2.5	-2.7	-2.1
Austria	4.5	3.9	1.9	2.8	6.0	3.0	6.2	5.0	4.8	-0.5	-1.0	-0.8	-5.9	-3.1	-1.5
Portugal	4.9	5.8	2.7	0.9	4.4	1.9	6.6	5.7	5.5	-1.1	-1.7	-0.7	-2.8	-1.9	-1.0
Slovenia	8.1	3.7	3.1	2.0	6.1	3.3	4.8	4.8	4.6	4.4	1.7	2.6	-5.2	-4.3	-3.4
Slovakia	3.0	2.3	3.6	2.8	9.8	6.8	6.8	6.7	6.3	-2.4	-4.3	-4.1	-6.2	-3.6	-2.6
Finland	3.5	1.6	1.7	2.1	4.5	2.3	7.7	7.2	6.9	0.7	0.2	0.4	-2.6	-2.2	-1.7
Euro area	5.4	2.7	2.3	2.6	6.1	2.7	7.7	7.3	7.0	3.2	2.4	2.9	-5.1	-3.7	-2.5
Bulgaria	4.2	2.1	3.1	2.8	11.9	5.0	5.3	5.4	5.3	-1.1	-1.8	-1.8	-4.1	-3.7	-2.4
Czechia	3.3	1.9	2.7	3.3	11.7	4.5	2.8	2.6	2.6	-2.3	-3.7	-3.8	-5.9	-4.3	-3.9
Denmark	4.7	2.6	1.8	1.9	5.1	2.7	5.1	4.8	4.7	8.3	7.8	7.7	2.3	0.9	0.6
Croatia	10.2	3.4	3.0	2.7	6.1	2.8	7.6	6.3	6.0	3.3	1.7	0.3	-2.9	-2.3	-1.8
Hungary	7.1	3.6	2.6	5.2	9.0	4.1	4.1	3.8	4.0	-2.9	-5.5	-3.5	-6.8	-6.0	-4.9
Poland	5.9	3.7	3.0	5.2	11.6	7.1	3.4	4.1	3.9	1.6	-0.5	-0.2	-1.9	-4.1	-4.5
Romania	5.9	2.6	3.6	4.1	8.9	5.1	5.6	5.5	5.3	-7.0	-7.5	-7.3	-7.1	-7.5	-6.3
Sweden	4.8	2.3	1.4	2.7	5.3	3.0	8.8	7.8	7.0	5.5	4.8	5.8	-0.2	-0.5	0.5
EU	5.4	2.7	2.3	2.9	6.8	3.2	7.0	6.7	6.5	3.0	2.1	2.6	-4.7	-3.6	-2.5
United Kingdom	7.4	3.4	1.6	2.5	7.0	3.6	4.5	4.0	4.0	-2.6	-4.6	-4.9	-8.3	-3.9	-2.3
China	8.1	4.6	5.0	:	:	:	:	:	:	2.1	1.6	1.1	:	:	:
Japan	1.7	1.9	1.8	-0.2	1.6	1.5	2.8	2.7	2.6	3.4	2.5	2.6	-7.6	-6.5	-4.1
United States	5.7	2.9	2.3	4.7	7.3	3.1	5.4	3.6	3.5	-3.6	-3.9	-3.4	-11.7	-5.7	-4.9
World	5.8	3.2	3.5	:	:	:	:	:	:	:	:	:	:	:	:

Table 2:

International environment

(Annual percentage change)

	(Annual percentage change)			Spring 2022 forecast		
	(a)	2019	2020	2021	2022	2023
	Real GDP growth					
Japan	3.8	-0.2	-4.5	1.7	1.9	1.8
United Kingdom	2.3	1.7	-9.3	7.4	3.4	1.6
United States	5.7	2.3	-3.4	5.7	2.9	2.3
Emerging and dev. Asia	33.4	5.2	-12	6.9	5.2	5.3
- China	18.6	6.0	2.2	8.1	4.6	5.0
- India	7.0	4.5	-6.6	8.3	7.4	6.5
Latin America	7.4	-0.3	-7.2	6.1	2.3	2.4
- Brazil	2.4	1.2	-3.9	4.6	0.7	1.5
MENA	5.6	1.6	-3.2	3.4	5.4	3.8
CIS	4.5	2.7	-2.8	4.7	-11.7	1.9
- Russia	3.1	2.0	-3.0	4.7	-10.4	1.5
Sub-Saharan Africa	3.3	2.5	-2.1	4.3	3.6	3.7
Candidate Countries	2.2	1.1	1.3	10.2	2.1	3.1
World excluding EU	85.0	3.0	-2.8	5.9	3.3	3.7
Trade of goods and services, volumes						
World excl. EU, import	-0.6	-8.5		10.9	4.9	4.3
EU export market growth	2.4	-8.6		9.9	4.7	4.4

(a) Relative weights in % based on GDP (at constant prices and PPP) in 2021 (b) Imports of goods and services to the various markets (incl. EU-markets) weighted according to their share in country's exports of goods and

Table 3:

Inflation outlook - euro area and EU

(Annual percentage change)

	Euro area					EU			
	Spring 2022 forecast					Spring 2022 forecast			
	2020	2021	2022	2023		2020	2021	2022	2023
Private consumption deflator	0.5	2.3	5.8	2.7		0.7	2.5	6.3	3.1
GDP deflator	1.6	2.0	3.9	3.1		1.9	2.3	4.4	3.4
HICP	0.3	2.6	6.1	2.7		0.7	2.9	6.8	3.2
Compensation per employee	0.7	4.0	3.4	3.4		0.9	4.1	3.8	3.7
Unit labour costs	4.4	0.0	2.3	2.1		4.6	0.0	2.5	2.2
Import prices of goods	-3.8	9.6	13.2	0.8		-3.4	9.5	13.1	1.3



Annex

Table 4:
Composition of growth

	European Union									Euro Area								
(Real annual percentage change)	Spring 2022 forecast									Spring 2022 forecast								
	2016	2017	2018	2019	2020	2021	2022	2023		2016	2017	2018	2019	2020	2021	2022	2023	
	Real percentage change									Real percentage change								
Private consumption	2.2	2.1	1.8	1.6	-7.3	3.8	3.3	2.7		2.0	1.8	1.5	1.3	-7.9	3.5	3.2	2.6	
Public consumption	2.0	1.1	1.2	2.0	1.1	3.8	0.8	0.4		1.9	1.1	1.1	1.9	1.1	3.9	0.8	0.5	
Gross fixed capital formation	3.3	4.1	3.4	6.5	-6.2	4.2	3.1	3.6		4.0	3.9	3.1	6.8	-7.0	4.2	3.1	3.5	
Change in stocks as % of GDP	0.5	0.8	1.0	0.8	0.1	1.1	1.0	0.9		0.4	0.7	0.9	0.7	0.1	0.9	0.8	0.7	
Exports of goods and services	3.5	5.8	3.8	3.0	-8.4	10.7	5.0	4.6		3.0	5.6	3.6	2.7	-9.1	11.0	5.1	4.7	
Final demand	2.8	3.7	2.7	2.7	-6.6	6.5	3.5	3.1		2.6	3.4	2.4	2.5	-7.1	6.3	3.5	3.1	
Imports of goods and services	4.6	5.6	4.2	4.6	-8.2	9.3	5.0	4.7		4.3	5.2	3.8	4.7	-9.0	8.8	5.1	4.8	
GDP	2.0	2.8	2.1	1.8	-5.9	5.4	2.7	2.3		1.9	2.6	1.8	1.6	-6.4	5.4	2.7	2.3	
GNI	2.2	2.9	2.3	1.8	-6.1	5.3	2.7	2.2		2.1	2.7	2.1	1.4	-6.7	5.4	2.8	2.2	
p.m. GDP euro area	1.9	2.6	1.8	1.6	-6.4	5.4	2.7	2.3		2.0	2.8	2.1	1.8	-5.9	5.4	2.7	2.3	
	Contribution to change in GDP									Contribution to change in GDP								
Private consumption	12	12	10	0.8	-3.8	2.0	1.7	1.4		1.1	1.0	0.8	0.7	-4.2	1.8	1.7	1.4	
Public consumption	0.4	0.2	0.2	0.4	0.2	0.8	0.2	0.1		0.4	0.2	0.2	0.4	0.2	0.9	0.2	0.1	
Investment	0.7	0.8	0.7	1.4	-1.4	0.9	0.7	0.8		0.8	0.8	0.6	1.4	-1.6	0.9	0.7	0.8	
Inventories	0.0	0.3	0.1	-0.2	-0.5	0.5	0.0	-0.1		0.0	0.3	0.1	-0.2	-0.4	0.4	0.0	-0.1	
Exports	1.7	2.7	1.8	1.5	-4.2	5.0	2.6	2.5		1.4	2.6	1.7	1.3	-4.4	5.0	2.5	2.5	
Final demand	4.0	5.2	3.9	3.9	-9.7	9.3	5.1	4.7		3.7	4.8	3.4	3.6	-10.3	9.0	5.0	4.7	
Imports (minus)	-1.9	-2.3	-1.8	-2.1	3.8	-4.0	-2.4	-2.4		-1.8	-2.1	-1.6	-2.1	4.0	-3.7	-2.3	-2.4	
Net exports	-0.3	0.3	0.0	-0.6	-0.4	1.0	0.2	0.1		-0.4	0.4	0.1	-0.8	-0.3	1.3	0.2	0.1	