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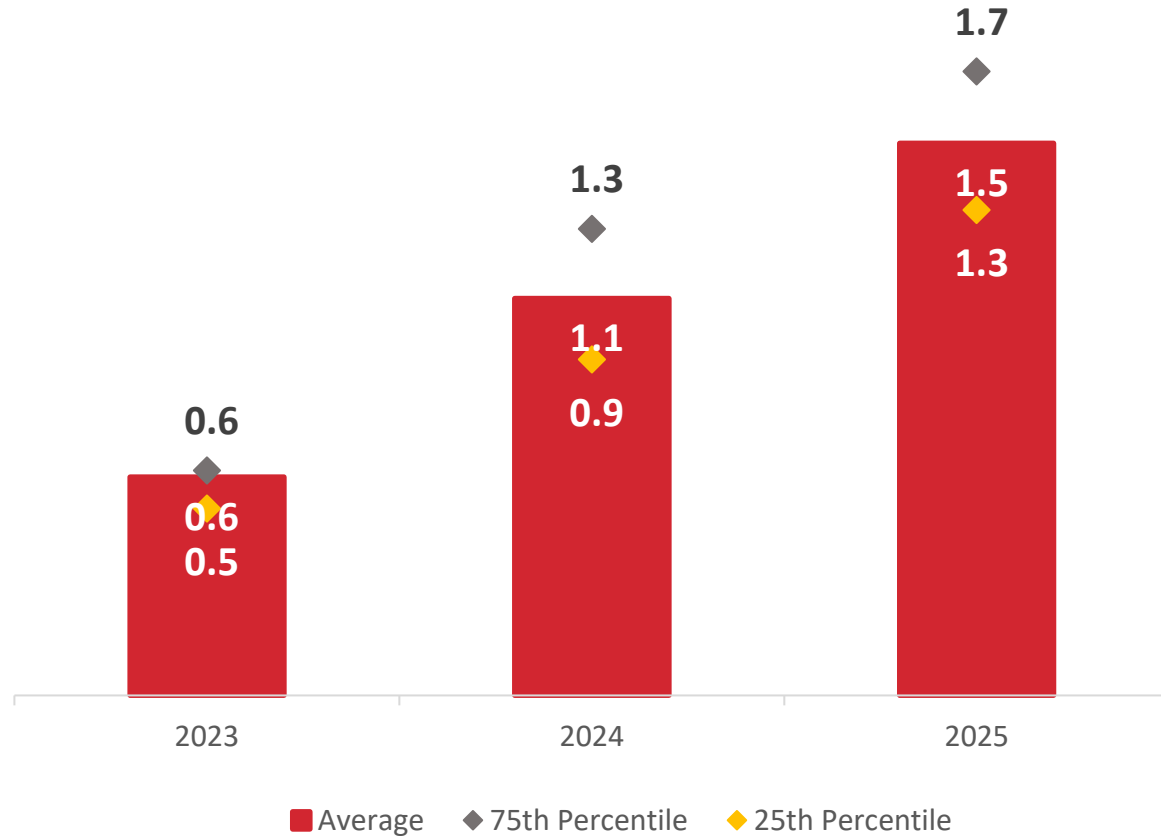
AIECE General Report Autumn 2023

Outlook for Europe

Section I

Economic Growth

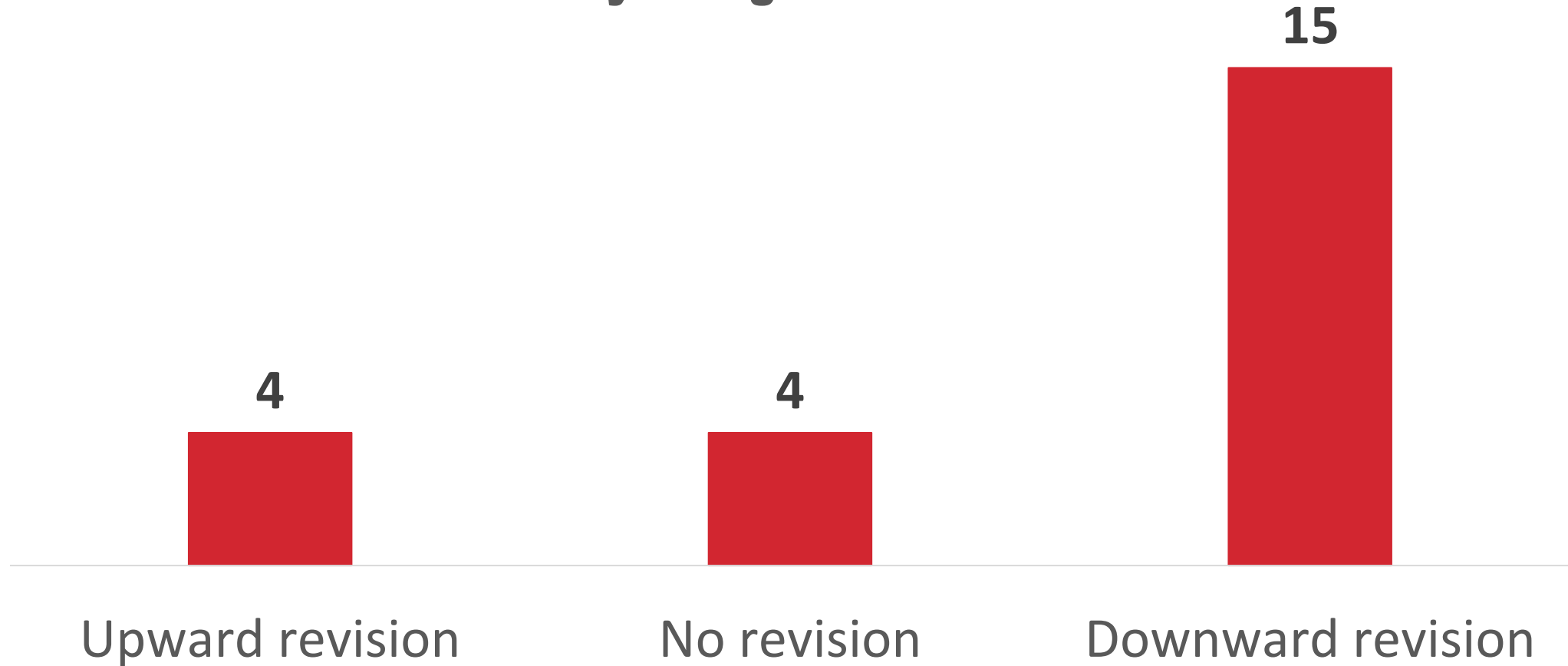
Forecast GDP growth in the euro area



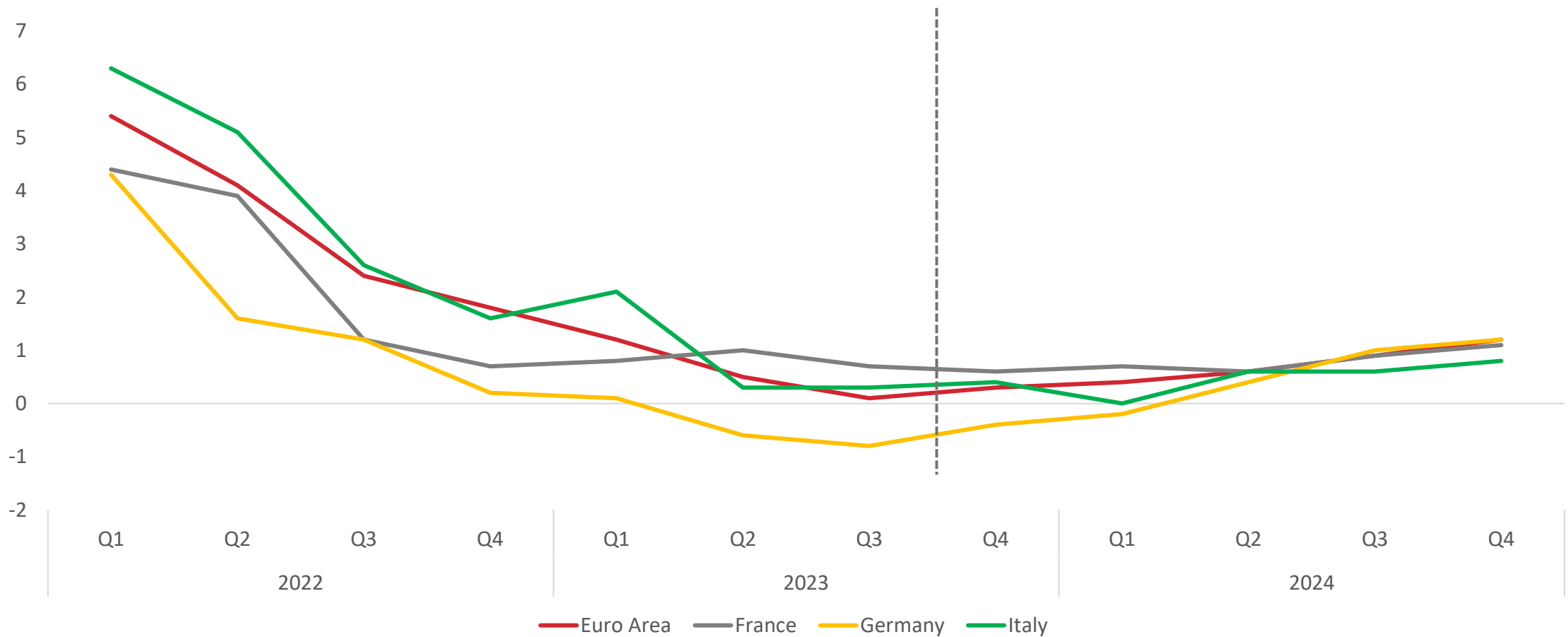
- Economic growth in the eurozone was lower than suggested by forecasts produced in May.
- The AIECE institutes have revised their forecasts downward from 1.0% to 0.6% for 2023
- The uncertainty regarding 2024 is much greater: the interquartile range spans from 0.9 to 1.3%.

Forecasts are being revised downwards

How have you recently revised your forecast of your country GDP growth for 2024?



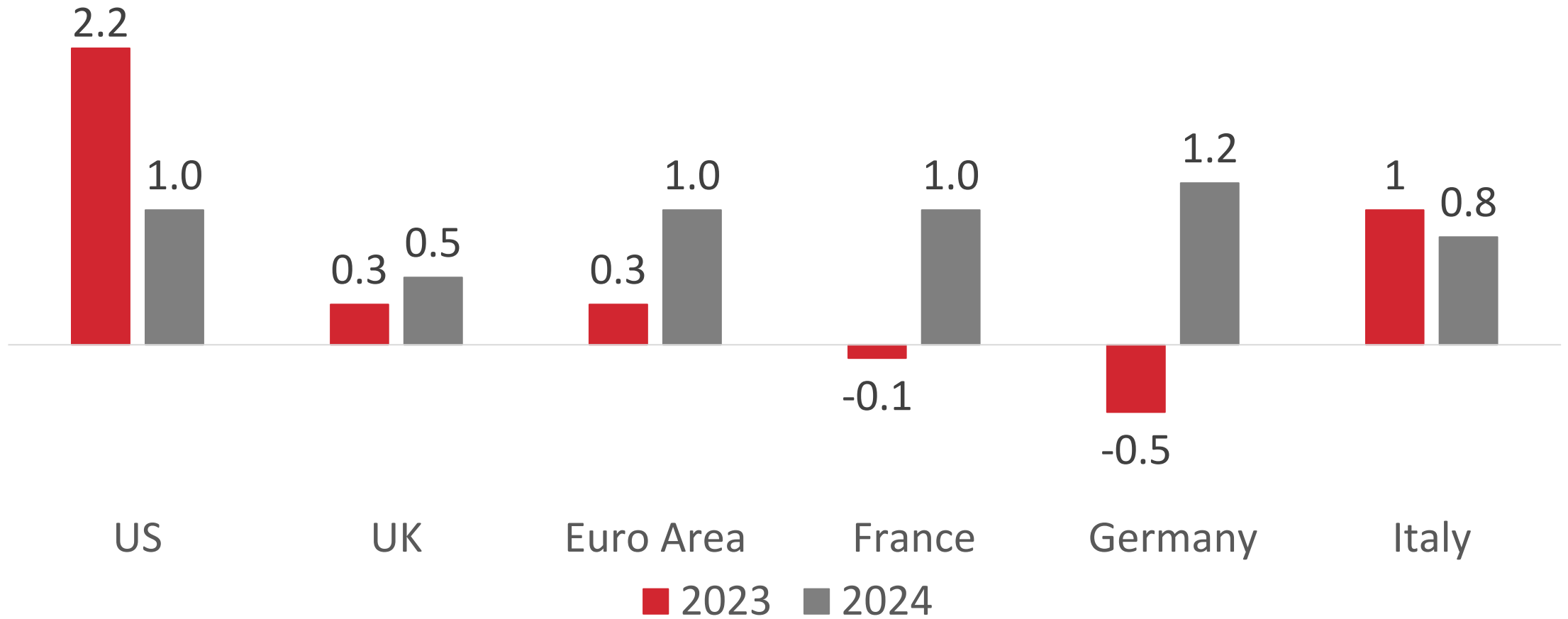
Forecast GDP growth in the euro area



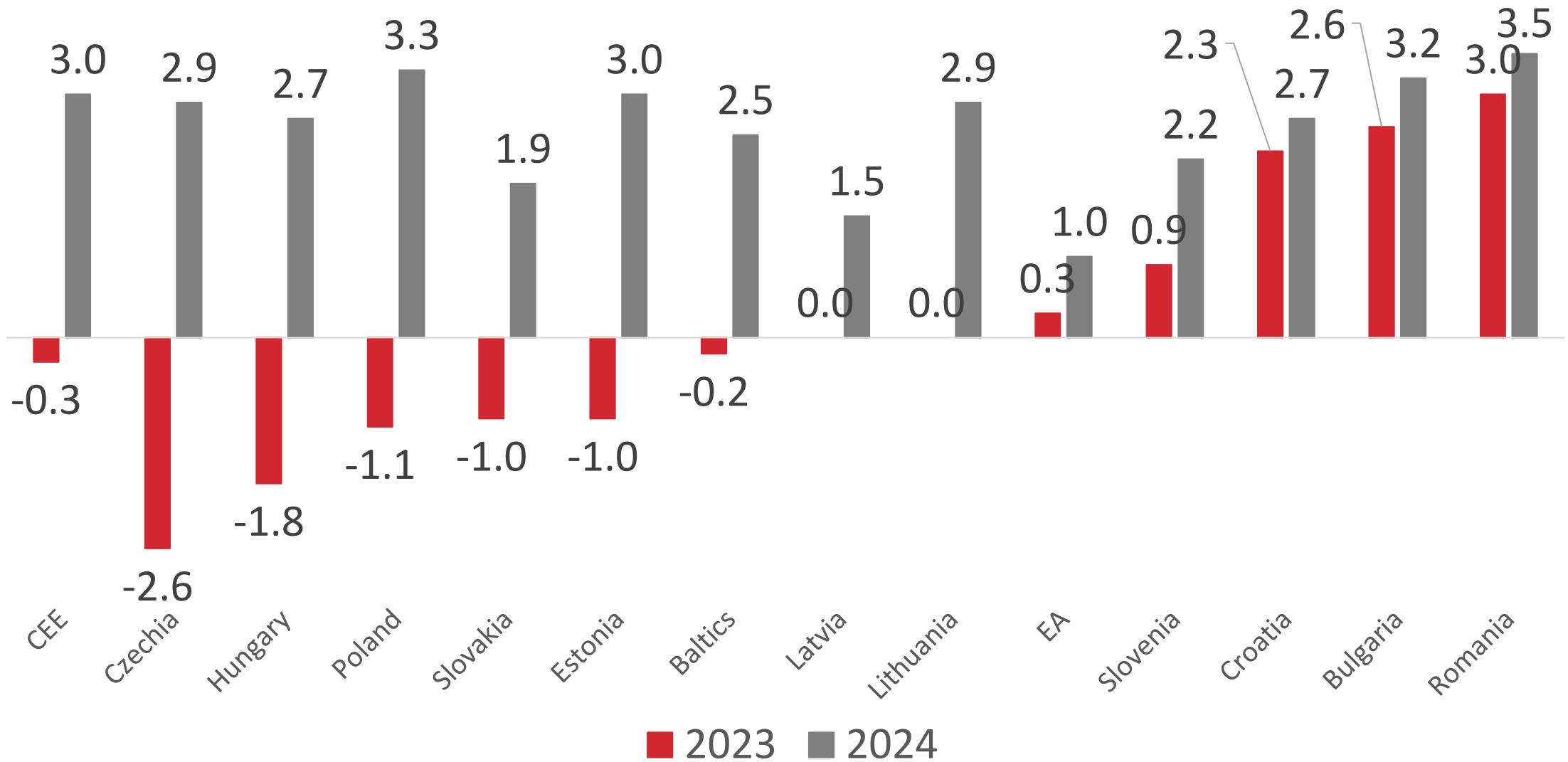
Section II

Private Consumption

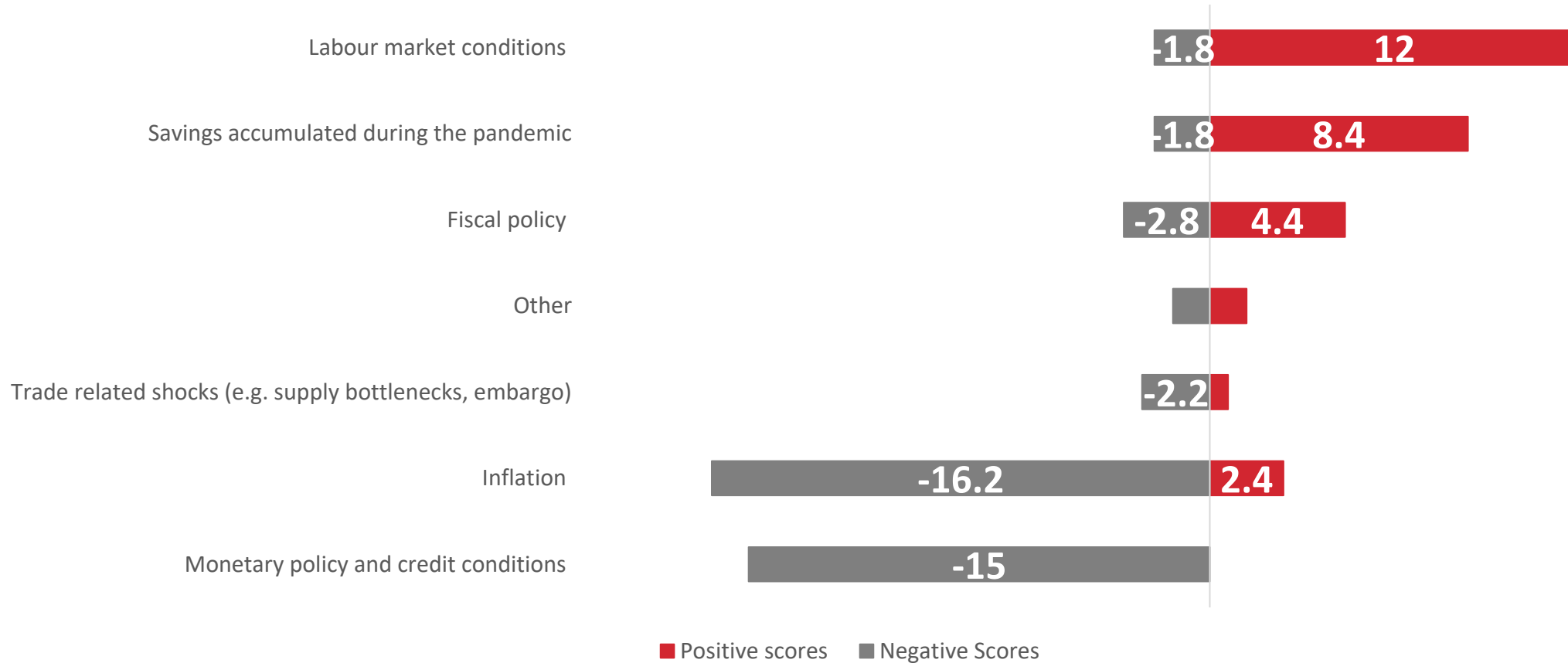
Private Consumption in Eurozone Countries



Private Consumption in Non-Eurozone Countries



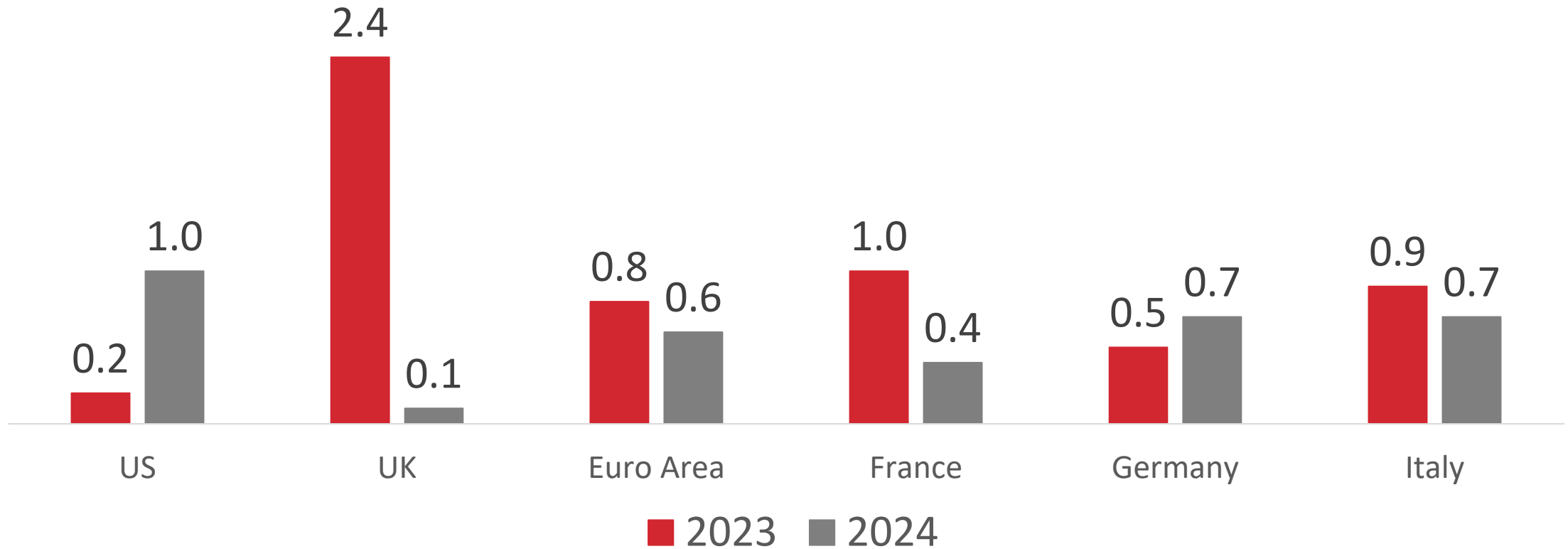
The most important factors affecting private consumption in 2024



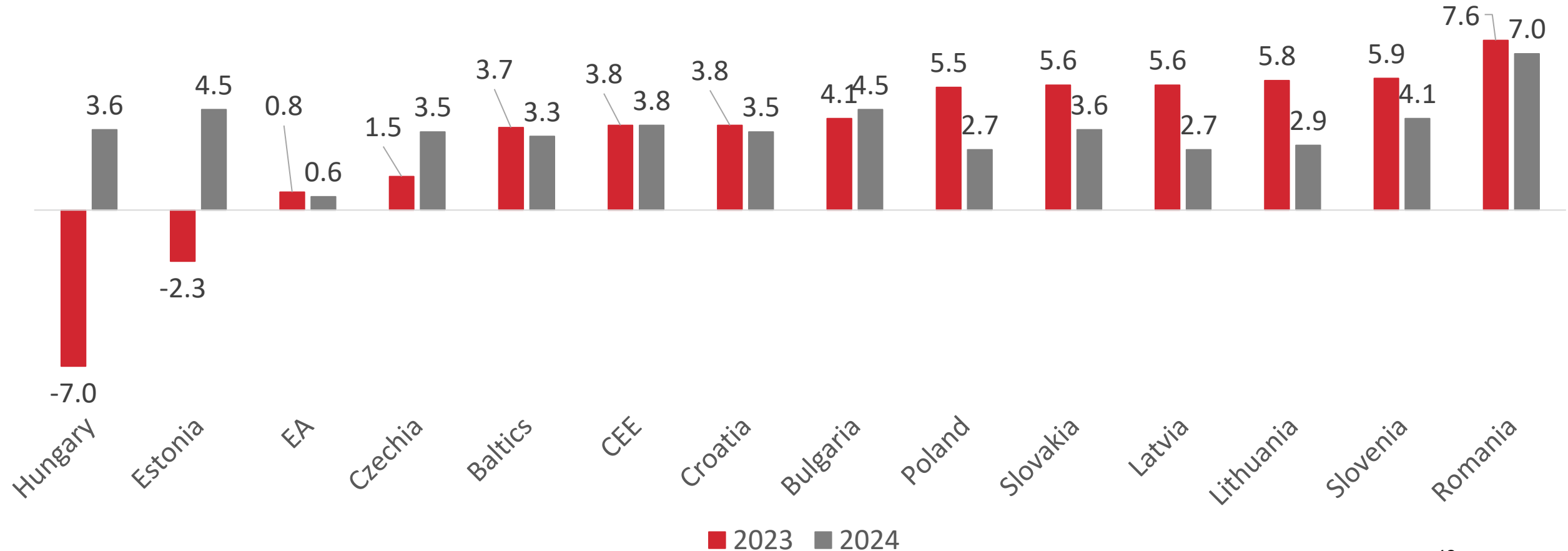
Section III

Private Investments

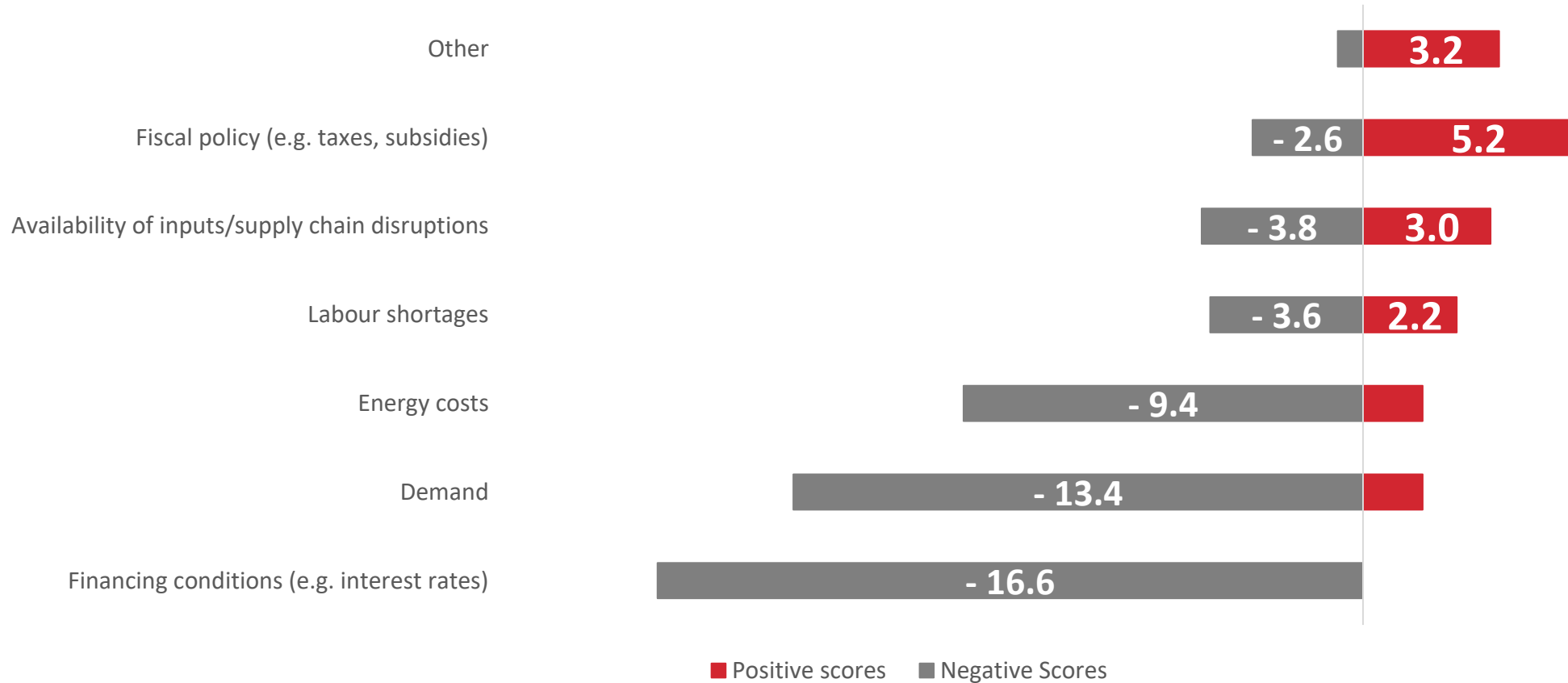
Investment Prospects in Eurozone Countries



Investment Prospects in Non-Eurozone Countries



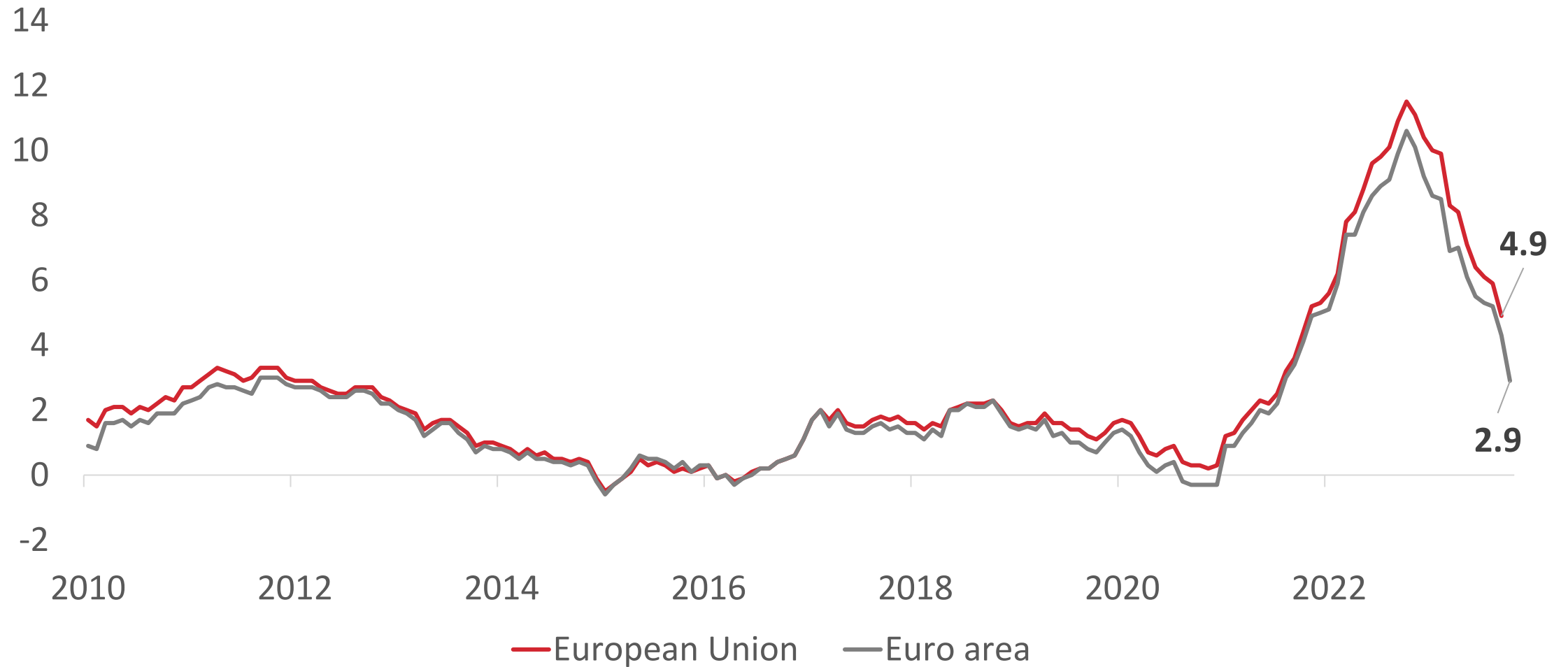
The most important factors affecting private investment in 2024



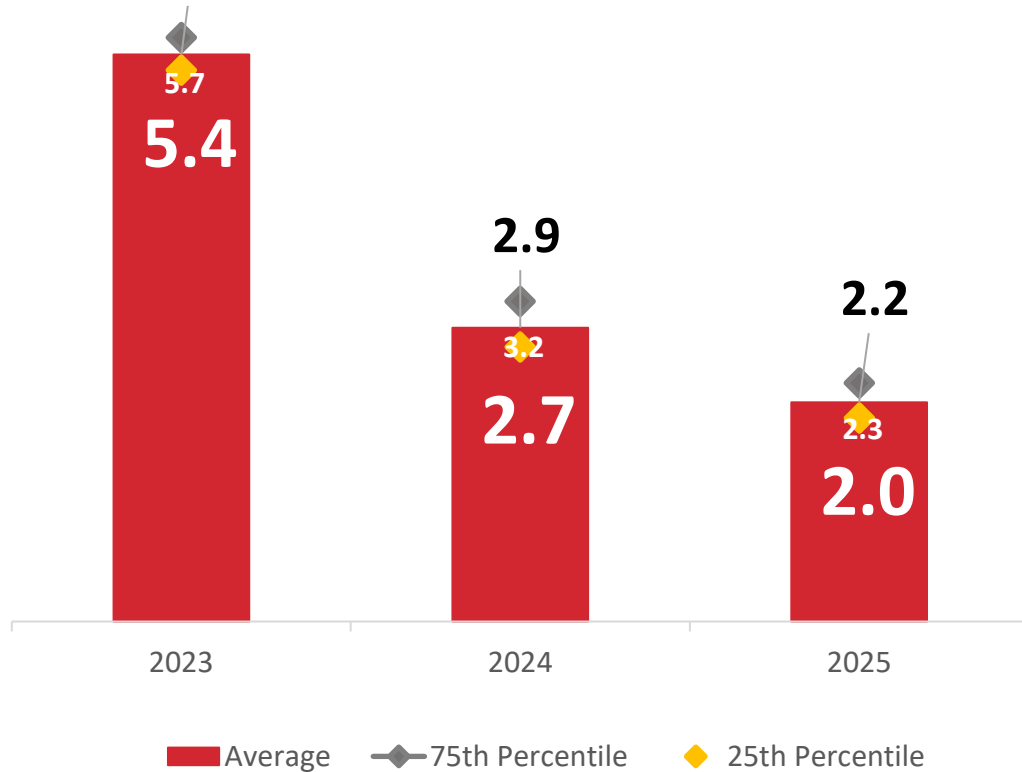
Section IV

Inflation

Decline in Inflation in the Eurozone



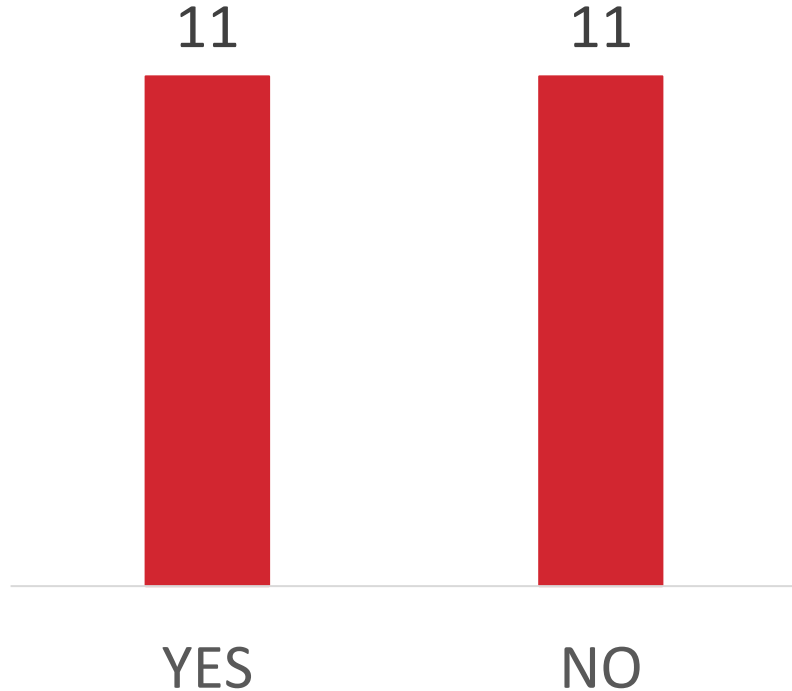
Inflation Forecast in the Euro Area



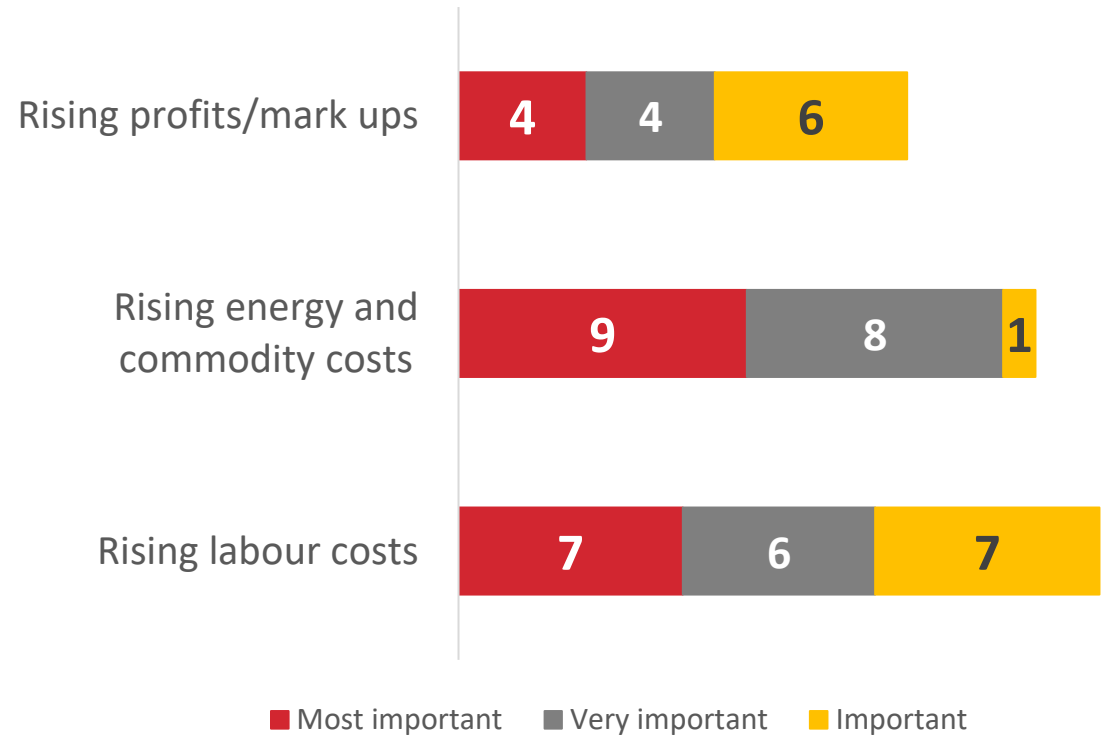
- Disinflation in the eurozone is expected to continue.
- AIECE institutes forecast that eurozone inflation will decelerate from 5.6% to 2.9% in 2024.
- Opinions about whether inflation targets will be met in the foreseeable future still diverge.

Decline in Inflation in the Eurozone

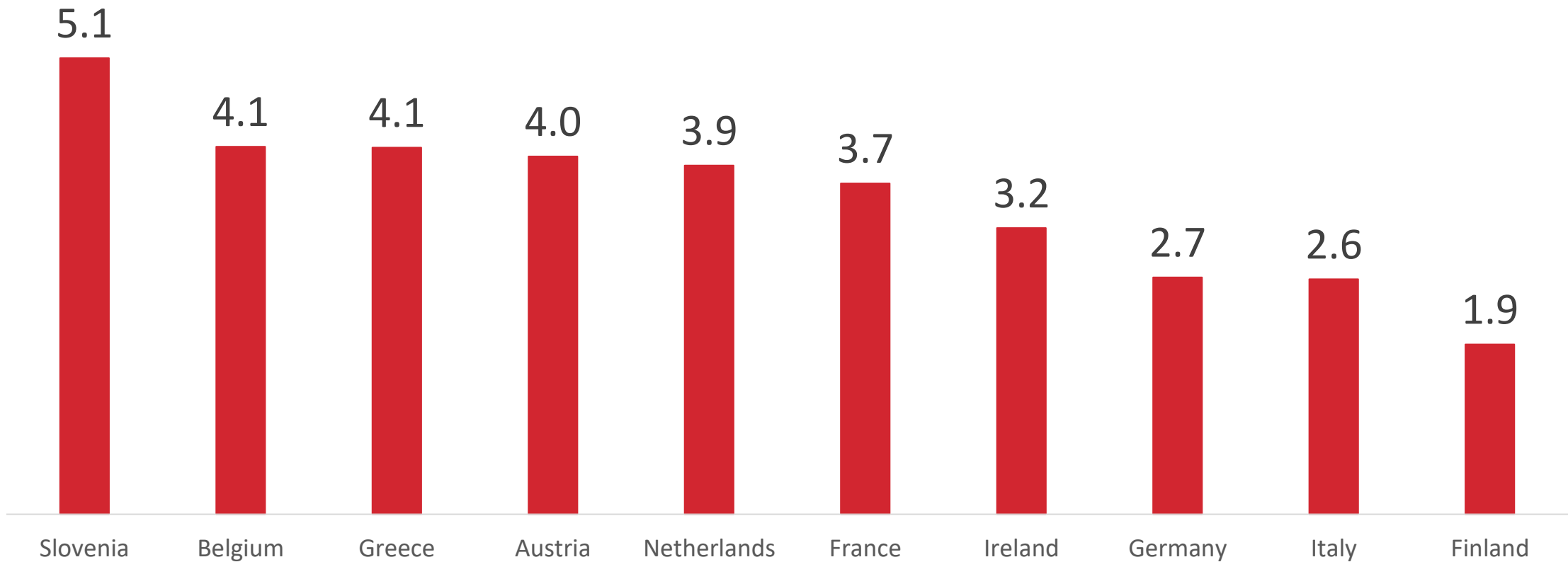
Do you think that the inflation rate (HICP) in your country will come close to 2 per cent in 2024?



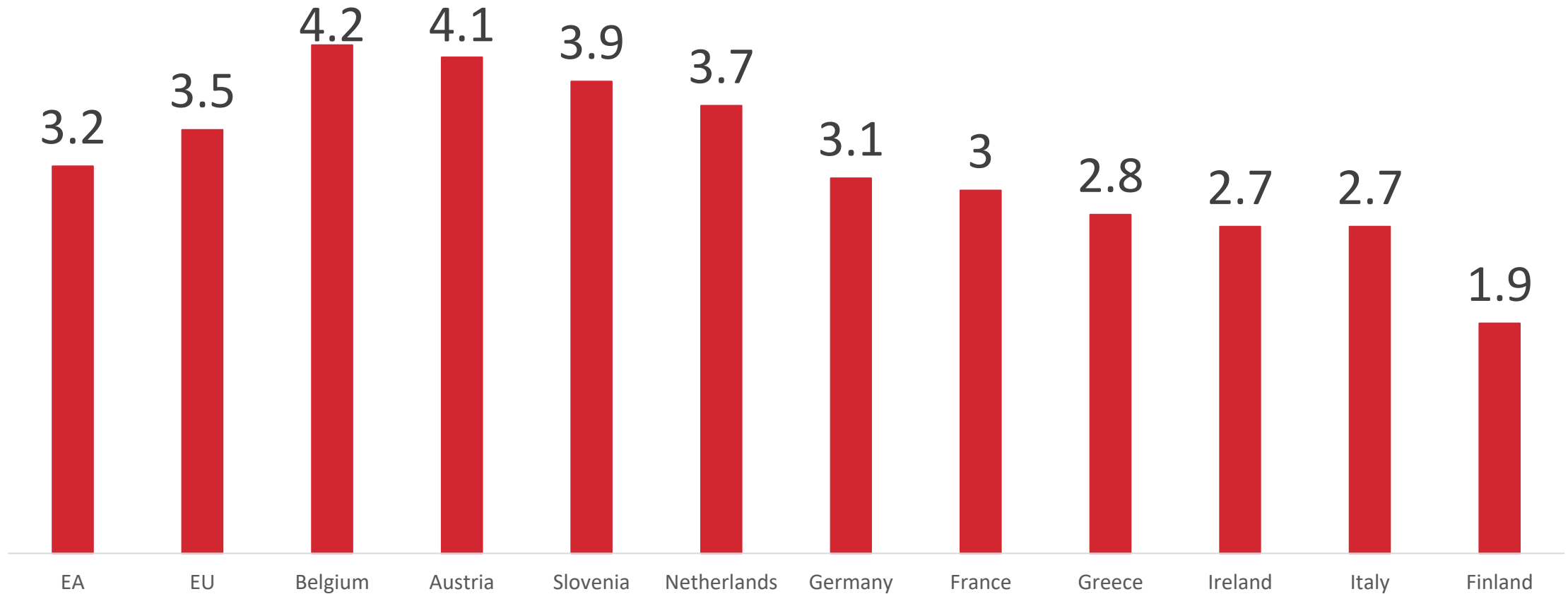
Key Factors Potentially Influencing the Rise in HICP in in 2024"



Inflation forecasts for 2024 in selected eurozone countries



Inflation forecasts for 2024 in selected eurozone countries

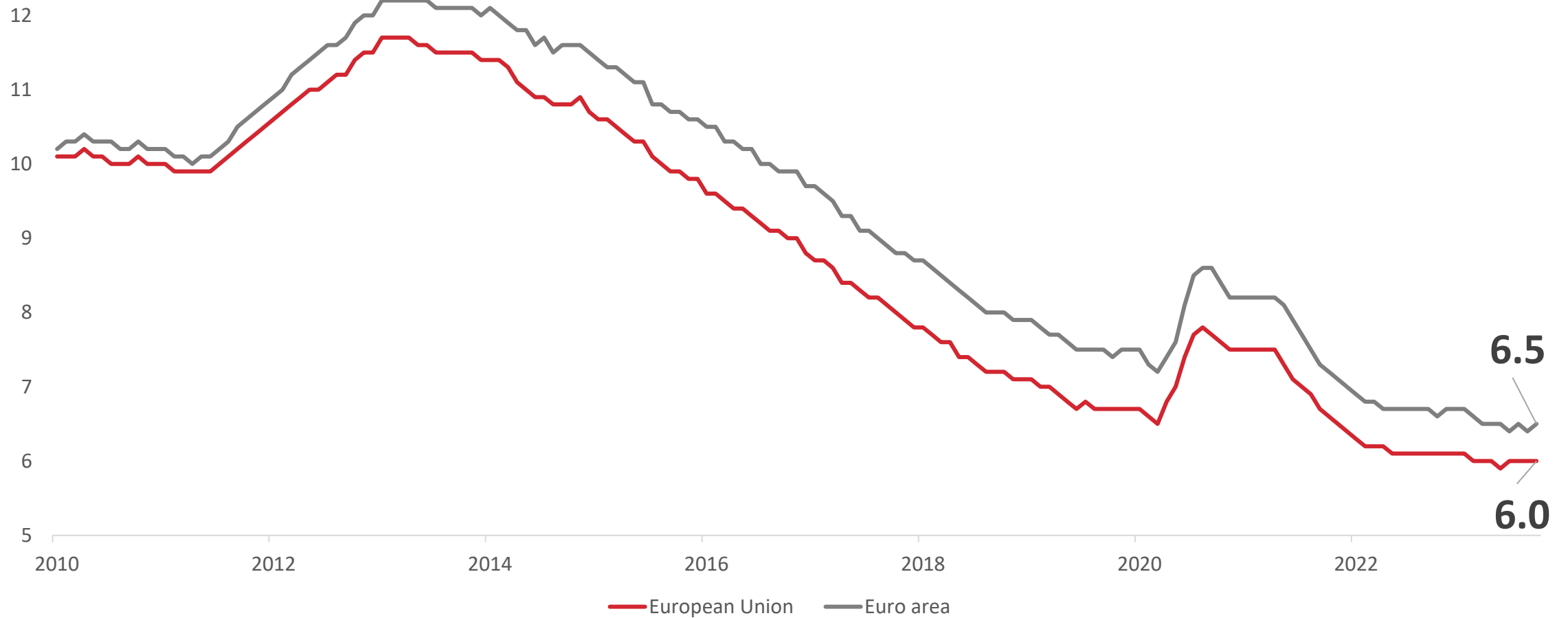


Źródło: European Commission

Section V

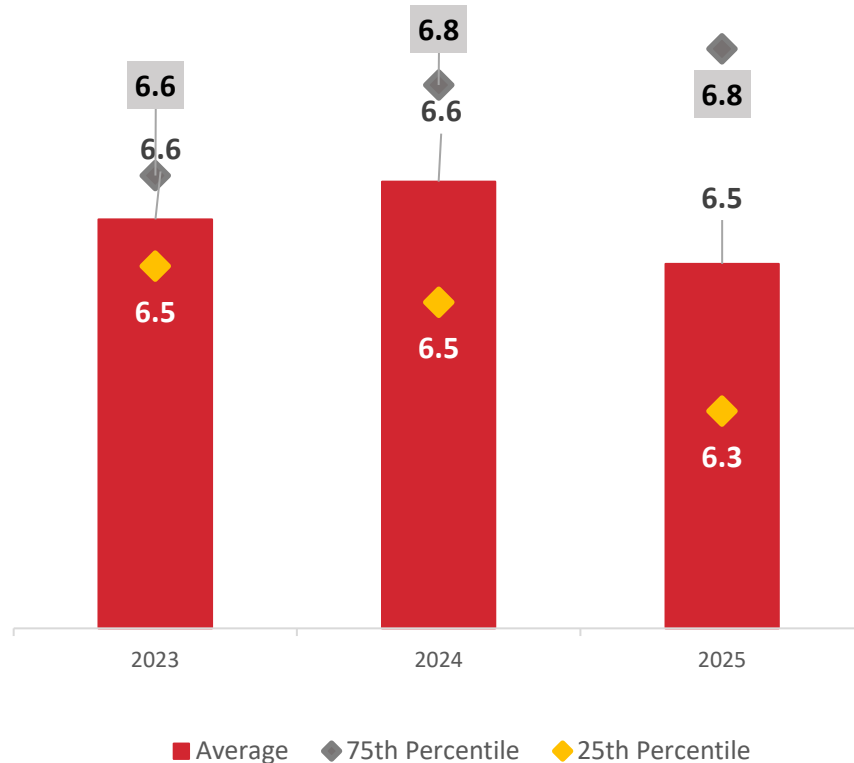
Labor Market

The labor market remains resilient to the slowdown



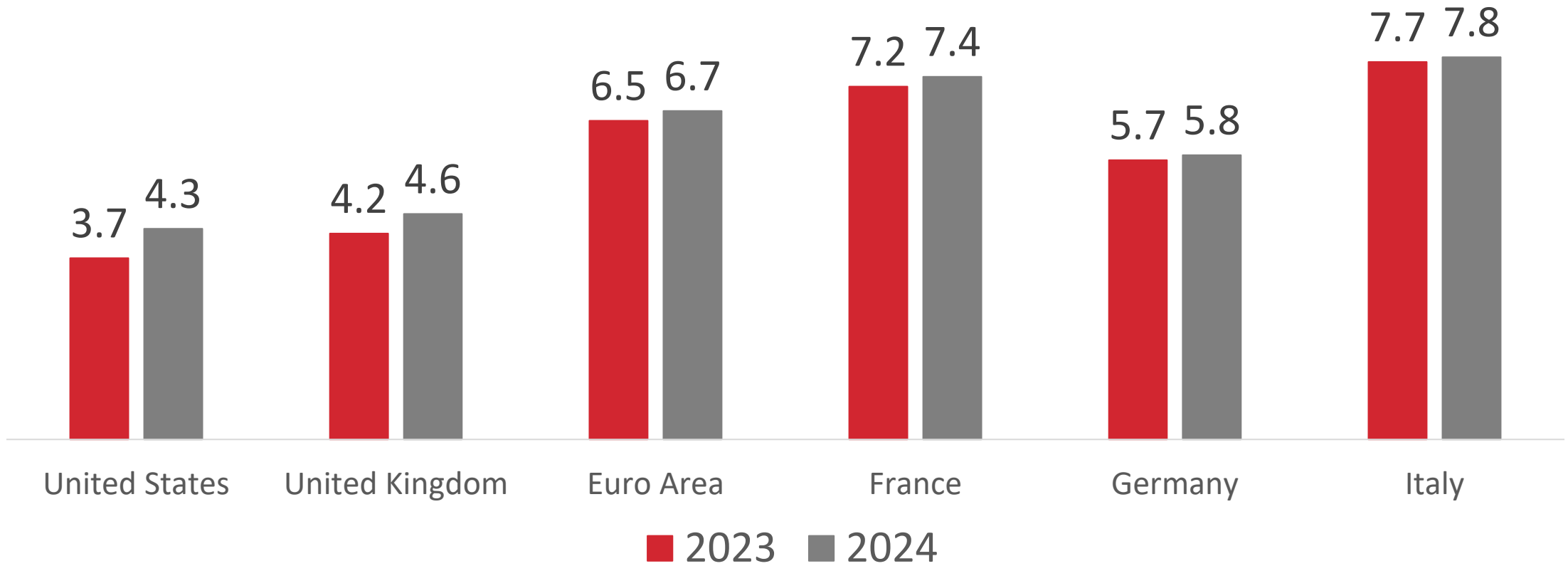
Source: EUROSTAT

Unemployment Forecast in the Euro Area

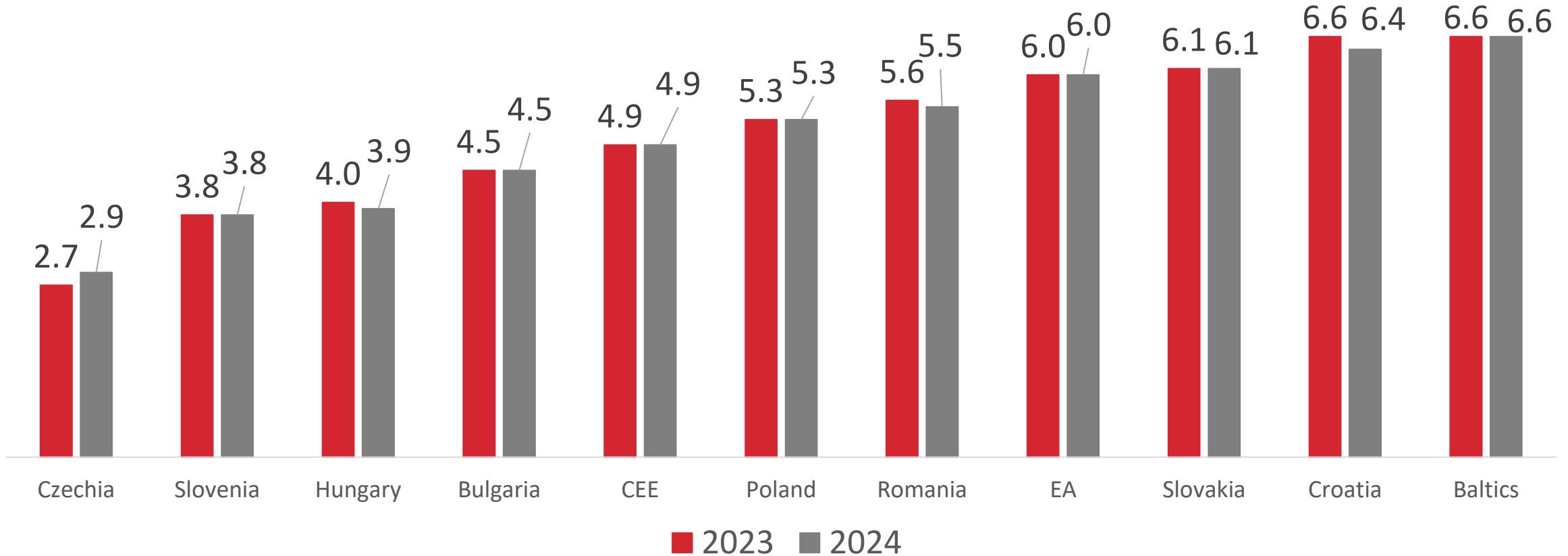


- The economic slowdown does not pose a threat to employment.
- The AIECE institutes predict that the unemployment rate will be stable in 2024. In subsequent years, there is a slight risk that it will increase. 40% of respondents expect it to increase.
- Large wage growth a threat to inflation falling to target

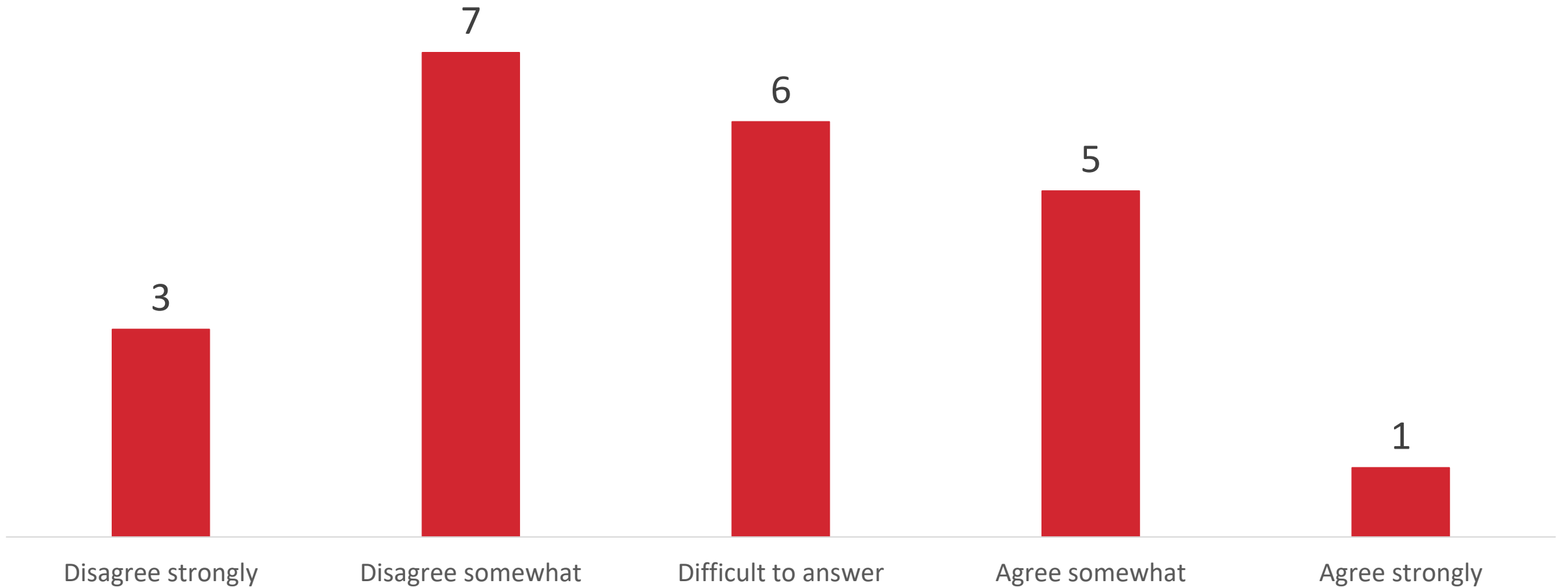
Forecasts of Unemployment Rates in Eurozone Countries



Forecasts of Unemployment Rates in the Euro Area



The production capacities in my country are clearly underutilized

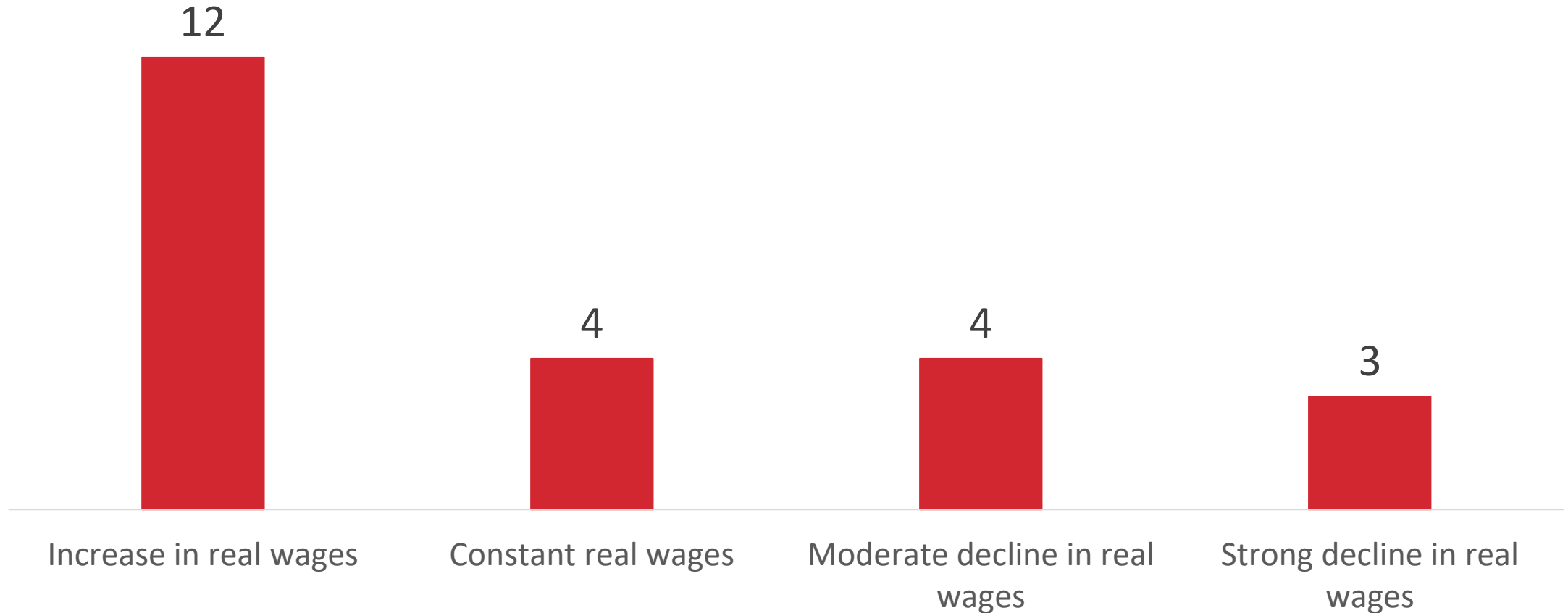


Increase in the Purchasing Power of Wages

Pace of Growth in Negotiated Wages (% yoy)



What is your perception of real wage dynamics in 2023 in your country?



Section VI

Discussion

The outlook for Europe - Eurozone

1. How do you assess the possibility of interest rate cuts in the context of declining, but uneven inflation in the Eurozone?
2. Isn't ECB risking too much backward-looking policy? They hiked too late, what if they are going to cut rates too late as well?
3. Considering the strong labour market and active fiscal policy, aren't you concerned about the risk that core inflation will remain at structurally higher levels? I.e. 2% used to be inflation's ceiling – is it likely to become a floor?
4. Will the economic slowdown reduce the determination to achieve climate goals?
5. Germany: Will the judgment of the constitutional tribunal in Germany regarding [Transformation Fund](#) have an impact on the economic growth of the euro zone?
6. France: Is the budget debate and the processing of the Act in [paragraph 49.3](#) capable of disturbing political stability?



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Thank you

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