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Recession: Experts See Improvements in Global Economy

Experts from the [European Forecasting Network](#) have predicted growth of 1% GDP in the [Euro](#) area for 2010 and 1.6% in 2011. The recovery will be led by demand for exports from emerging market economies.

Momentum from external demand is set to decline during the [European Winter](#) and tightening budgets will begin to take effect. However, private consumption and investment should recover in this time and more than offset these negative effects.

The [EFN](#) says that doubts about the strength of some Euro area states and banks present the main danger to recovery because of their effects on confidence in financial markets.

The [EFN](#) Summer report 2010 says:

[Banks](#) suffer from overexposure to public debt of dubious quality, while governments face the risk of new burdens from failing banks, in particular due to their overexposure to ailing construction sectors.

[Inflation](#) is expected to remain stable around a 1.5% year on year rate during 2010 and 2011. These projections assume a mild increase in oil prices during the forecasting horizon and a relatively stable euro/dollar exchange rate.



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