



PRESS RELEASE

THE EUROPEAN FORECASTING NETWORK PUBLISHES ITS AUTUMN REPORT 2017 ONLINE: [ECONOMIC OUTLOOK FOR THE EURO AREA IN 2017 AND 2018](#)

The European Forecasting Network (EFN) is a research group of European institutions, founded under the auspices of the European Commission, and currently partly financially supported by the European University Institute (EUI, based in Florence, Italy), which is coordinating the report under the responsibility of Prof. Massimiliano Marcellino.

The report provides updated forecasts and analyses of the macroeconomic situation for the Euro area.

The Highlights of this Report are:

- In 2017 the world economy is in an upswing, but consumer price inflation is still surprisingly low in advanced economies, and central banks will therefore keep key interest rates very low and financial conditions favourable for the rest of the year and, probably, for 2018.
- Global growth, though, will moderate a bit, since expansive policy measures in China have been reduced. As an early consequence, imports of emerging Asia were no more than stagnant during summer.
- The upswing in the euro area is broad based, both regionally and with respect to the different components of aggregate demand, as investment has recently picked up markedly, partly due to construction of dwellings. From the production side, the level of capacity utilization in the manufacturing sector is clearly above its long-term average and rising further.
- Inflation will not have reached the ECB's target rate of below but close to 2% at the end of 2018. The trend of a growing participation rate in labour markets and the amount of part-time and low quality jobs are some reasons why overall wage and price dynamics are still very moderate; the appreciation of the euro, the incorporation of technical innovations and a possible change in the consumer preferences for low-cost products could be other reasons.
- We forecast a GDP growth rate of 2.3% for 2017 and 1.9% for 2018. This year's strong pickup of world trade means that net exports will, in spite of rather strong domestic demand, contribute positively to GDP growth in 2017, while the opposite holds for 2018, due to the significant appreciation of the Euro.

A copy of the report is freely downloadable from the EFN website:

<http://www.eui.eu/Projects/EFN/Home.aspx>.

The European Forecasting Network is a research group of European institutions, founded in 2001. The participating institutions are:

- RSCAS, European University Institute (EUI), Italy
- Centre d'Etudes Prospectives et d'Informations Internationales (CEPII), France
- University of Birmingham, Department of Economics
- The Halle Institute for Economic Research (IWH), Germany
- The Department of Economics, European University Institute (EUI), Italy
- Anàlisi Quantitativa Regional (AQR), Universidad de Barcelona
- Instituto Flores de Lemus (IFL), Universidad Carlos III, Madrid, Spain
- Faculty of Economics, University of Cambridge, UK

For further information, please see the EFN website: <http://www.eui.eu/Projects/EFN/Home.aspx>, or contact Professor Massimiliano Marcellino (massimiliano.marcellino@eui.eu).

Comments and suggestions are welcome.

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