



## PRESS RELEASE

### THE EUROPEAN FORECASTING NETWORK PUBLISHES ITS SUMMER 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:

- Worldwide economic activity is vivid in summer 2017. Data on production for the first quarter of the year were only mixed: in the euro area quarterly growth was accelerating, but it went down in the US, Japan, and China. Other basic indicators, however, suggest that these economies continue expanding healthily.
- Risks concerning the international economic policy framework remain, in particular since the economic agenda of the US government is still unclear, and no one knows whether the Brexit negotiations will lead the way to an orderly separation of Britain from the EU.
- Production in the euro area has been expanding by more than 1 ½ % per year for almost three years now; since summer 2016, this expansion has even gained a bit of pace, mainly due to an expansion in France and, to a lesser extent, in Italy.
- The ECB's cautious hints at a coming normalization of monetary policy were enough to have a discernible effect on financial conditions at the end of June: yields for long term bonds rose, and the euro appreciated. That said, the common currency is still relatively cheap, and borrowing costs for non-financial firms and private households are still low.
- Overall, we raise our GDP forecast for 2017 from 1.7% (spring report) to 2.1% and for 2018 to 1.8% (spring: 1.7%). We expect HICP inflation to remain well below the ECB target both in 2017 and 2018.
- A major risk for the continuation of the current upswing in 2018 comes from the normalization of monetary policy: it is not clear by how much long term interests will rise and whether higher borrowing costs will jeopardize the confidence of financial markets in the solvency of some public debtors in the euro area.

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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](mailto:massimiliano.marcellino@eui.eu)).

Comments and suggestions are welcome.

Communications Service  
**European University Institute**

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