



PRESS RELEASE

THE EUROPEAN FORECASTING NETWORK PUBLISHES ITS SPRING REPORT 2016 ONLINE: [ECONOMIC OUTLOOK FOR THE EURO AREA IN 2016 AND 2017](#)

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:

- Global growth will stay rather moderate this year. The peak of the upswing in the US appears to be over. For Japan, after three years of “Abenomics”, a prolonged upswing is still elusive. In China low profitability and high debt levels of many government-owned industrial firms continue to drag growth down.
- The low prices for commodities heighten uncertainty and volatility on financial markets since they increase the risks of financial crises in economies that are dependent on commodity exports.
- In the euro area, chances for the recovery to continue are good, as this year, like in 2015, oil prices will probably be markedly lower than they were a year ago, supporting real income of private households and lowering production costs of firms.
- In this context, our forecast is that euro area GDP will expand by 1.6% in 2016 and by 1.7% in 2017. These rates are higher than the rate of potential growth, but they are arguably low given the expansive monetary policy and the strong stimulus from decreased commodity prices.
- We do not expect an increase in euro area inflation during 2016, but prices will grow by around 1% in 2017, because the dampening effects of decreasing energy prices slowly fade off and the euro remains rather weak.
- However, risks for this cautiously optimistic forecast are substantial. New shadows on the financial sector, the uncertainty about whether or not the British will vote in favour of membership in the European Union and the lack of a viable political solution for the refugee crisis are some of the main uncertainties behind these forecasts.

A copy of the report is attached to this e-mail and is also 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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