



PRESS RELEASE

THE EUROPEAN FORECASTING NETWORK PUBLISHES ITS SUMMER 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:

- Short run consequences of Brexit for the euro area economy mainly depend on the effects on confidence in the stability of the European Union and the currency area in particular. Anti-European (or indeed anti-globalization) movements are certainly encouraged by the British vote. More important, however, might be a reverse effect: from the perspective of the British turmoil, the euro area might in the near future appear as a zone of relative stability and calm.
- Against the background of a sluggish world economy, the euro area economy recently performed reasonably well: dynamics have been slowly increasing since 2013, and the rate of expansion in the first quarter of 2016 was one of the highest of the past couple of years.
- Looking forward, the drivers of the recovery should continue supporting growth in the second half of 2016 and for much of 2017. Our forecast is that euro area GDP will expand by 1.7% in 2016 and by 1.6% in 2017, with only a minor effect from Brexit. This year, like in 2015, average oil prices will probably be markedly lower than they were a year ago, supporting real incomes of private households and lowering production costs of firms, and monetary policy will still be supportive. Labour markets appear to continue improving slowly.
- Associated with the improved economic conditions, we expect a slight increase in euro area inflation during 2016, 0.3%, with a more marked increase in 2017, 1.3%.

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.

Communications Service
European University Institute

13 July 2016