
EU Commission: Economic Forecast. Gentiloni, “the EU looks set to escape recession”

There are small signs of hope in the Winter Economic Forecast presented by EU Commissioner for Economy Paolo Gentiloni in Brussels. Although uncertainty remains high in relation to the international situation and inflation, “almost one year after Russia launched its war of aggression against Ukraine, the EU economy entered 2023 on a better footing than projected in autumn”. The Winter Interim Forecast actually lifts the growth outlook for this year to 0.8% in the EU and 0.9% in the euro area. The economy is set to escape technical recession, and inflation projections are also improving for both 2023 and 2024. In presenting the economic data, Gentiloni began by saying that “the good news is that the EU economy entered 2023 on a healthier footing than expected, and looks set to escape recession”. “Following robust expansion in the first half of 2022, growth momentum abated in the third quarter. Despite exceptional adverse shocks, the EU economy - a statement from Brussels reads - avoided the fourth-quarter contraction projected. The annual growth rate for 2022 is now estimated at 3.5% in both the EU and the euro area”. In essence, favourable developments, following the Autumn Forecast by the Commission, “have improved the growth outlook for this year. Continued diversification of supply sources and a sharp drop in consumption have left gas storage levels above the seasonal average of past years, and wholesale gas prices have fallen well below pre-war levels”. In addition, the EU labour market “has continued to perform strongly, with the unemployment rate remaining at its all-time low of 6.1% until the end of 2022”. For the Commission, “confidence is improving and January surveys suggest that economic activity is also set to avoid a contraction in the first quarter of 2023”.

Valentina Bombelli