BRIEFING

EGOV
ECONOMIC GOVERNANCE AND EMU SCRUTINY UNIT

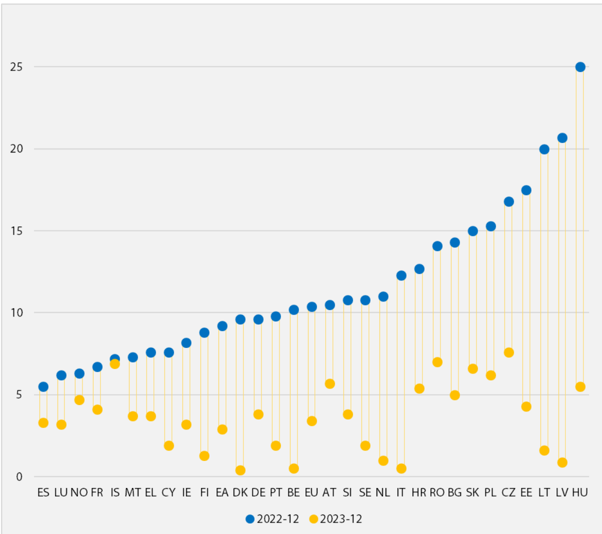
ECONOMIC GOVERNANCE

EU economic developments and projections

This briefing provides a summary of the recent economic developments in the EU Member States and gives an overview of relevant economic projections forecasted by major international and EU institutions. Annex 1 includes latest GDP data and forecast for all EU Member States and Annex 2 the latest inflation data and developments.

1. Recent growth, unemployment and inflation developments

Figure 1: Headline inflation in EU Member States, in %



Source: EGOV's own elaboration based on data from Eurostat.

According to the latest flash estimate by Eurostat, in the fourth quarter of 2023, seasonally adjusted **Gross Domestic Product (GDP) remained stable in the euro area (EA) and grew by 0.1% in the EU** compared to the previous quarter. Slovenia registered the highest increase of GDP (1.1%), followed by Portugal and Cyprus (0.8%) and Spain (0.6%). Most significant slowdowns were recorded in Ireland (-0.7%), Romania and Finland (-0.4%) as well as Germany and Lithuania (-0.3%). First estimations for annual growth in 2023 show that GDP increased in both EA and EU by 0.5%.

In the EU, according to the Eurostat, **annual inflation (as measured by the Harmonised Index of Consumer Prices or HICP) slowed down to 3.4% in December.** Though inflation continues to slow down, current HICP levels between the Member States still vary significantly (**Figure 1**). In December 2023, HICP levels varied from the lowest annual rate observed in Denmark (0.4%) and Belgium and Italy (0.5%) to the highest rates observed in Slovakia (6.6%), Romania (7.0%) and Czech Republic (7.6%). In addition, according to latest flash estimate by Eurostat, **annual headline inflation stood at 2.8% in the euro area in January 2024**. This figure presents a slight decrease from December, where inflation recorded 2.9%.

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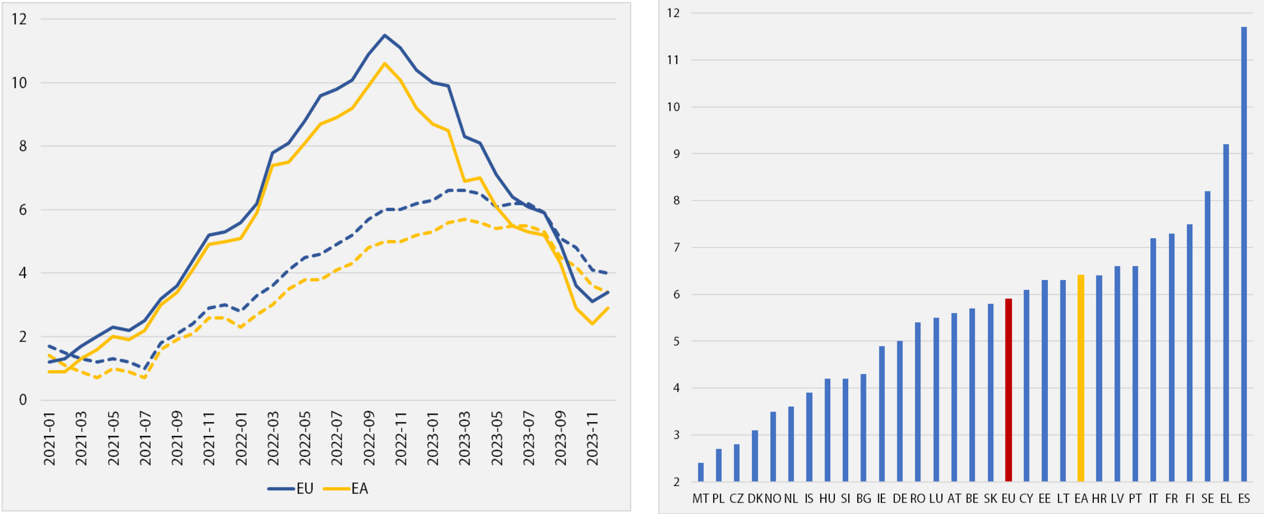
Core inflation (i.e. HICP inflation excluding energy and food) is estimated at 3.3% in January 2024 (Figure 2, left). Over the past few months, starting from September, core inflation has experienced consistent downward trend with minimal fluctuations. It decelerated from 4.5% in September.

Figure 2: Headline & core inflation in EU and euro area (left); unemployment rates in EU (right), %



Note: Solid lines: all items HICP; dashed lines: core HICP. Last observed data is December 2023. Unemployment rates are seasonally-adjusted; % of population in the labour force.
Source: EGOV's own elaboration based on data from Eurostat.

Decline in inflation is attributed to the sustained decrease in energy prices and the consistent, moderate slowdown in food prices. On the other hand, for the third consecutive month, service prices experienced a year-on-year increase of 4% in January. In terms of other main components of euro area inflation, according to Eurostat: *"food, alcohol & tobacco is expected to have the highest annual rate in January (5.7%, compared with 6.1% in December), followed by non-energy industrial goods (2.0%, compared with 2.5% in December) and energy (-6.3%, compared with -6.7% in December)"*. Compared to the beginning of the previous year (January 2023), the inflation components were as follows: food, alcohol & tobacco at 14.1%, energy at 18.9%, non-energy industrial goods at 6.7%, and services at 4.4%.

Moreover, in December 2023, the seasonally-adjusted **unemployment rate in the euro area stood at 6.4%**, stable compared with November 2023 and marking a slight decrease from 6.7% compared to same month previous year. Similarly, **the EU's unemployment rate held steady at 5.9% in December 2023 (Figure 2, right)**, also stable compared to November 2023. Eurostat also estimates that there were 12.9 million unemployed individuals in the EU, with 10.9 million in the EA. In comparison to November 2023, there was a decrease of 17,000 people in the unemployed population in the EA, maintaining a record-low level. The highest unemployment rates in December 2023 were recorded in Spain (11.7%), Greece (9.2%) and Sweden (8.0%), while the lowest were recorded in Malta (2.4%), followed by Poland (2.7%) and Czech Republic (2.8%)

Table 1: Recent euro area real GDP, headline and core inflation forecasts (annual changes)

Source		2023	2024	2025
ECB staff macroeconomic projections (December 2023) *Revision from September 2023*	**Real GDP**	**0.6%** *↓0.1 p.p.*	**0.8%** *↓0.2 p.p.*	**1.5%** =
	Headline	**5.4%** *↓0.2 p.p.*	**2.7%** *↓0.5 p.p.*	**2.1%** =
	Core[1]	**5.0%** *↓0.1 p.p.*	**2.7%** *↓0.2 p.p.*	**2.3%** *↑0.1 p.p.*
IMF World Economic Outlook (January 2024) *Revision from October 2023*	**Real GDP**	**0.5%** *↓0.2 p.p.*	**0.9%** *↓0.3 p.p.*	**1.7%** *↓0.1p.p*
	Headline	**5.6%** =	**2.8%** *↓0.5p.p*	**2.1%**[2] *↓0.1p.p*
	Core	n/a	n/a	n/a
European Commission (February 2024) *Revision from November 2023*	**Real GDP**	**0.5%** *↓0.1 p.p.*	**0.8%** *↓0.4 p.p.*	**1.5%** *↓0.1 p.p.*
	Headline	**5.4%** *↓0.2 p.p.*	**2.7%** *↓0.5 p.p.*	**2.2%** =
	Core[3]	**6.3%** *↑0.2 p.p.*	**3.1%** *↓0.2 p.p.*	**2.5%** *n/a*
OECD (November 2023) *Revision from September 2023*	**Real GDP**	**0.5%** *↓0.1 p.p.*	**0.6%** *↓0.3 p.p.*	**1.3%** *↓0.2 p.p.*
	Headline	**5.4%** *↓0.1 p.p.*	**2.6%** *↓0.3 p.p.*	**2.2%** *↓0.1 p.p.*
	Core[4]	**4.9%** *↓0.2 p.p.*	**2.6%** *↓0.5 p.p.*	**2.2%** *↓0.1 p.p.*

Notes: The ECB, the European Commission and the OECD use different measures of core inflation, see footnotes 1, 2 and 3. The table shows percentage point (p.p.) changes in the estimates since the previous forecasts. An upward pointing arrow represents a positive revision in the estimate, a downward pointing arrow represents instead a negative correction.
Sources: ECB staff macroeconomic projections, IMF January 2024 World Economic Outlook Update, European Commission Autumn 2023 forecast, OECD Economic Outlook, Interim Report February 2024.

2. Latest economic forecasts

2.1. European Commission (Commission)

Based on the Commission Winter 2024 (Interim) Economic Forecast, published in February 2024, growth estimates for both the EU and the euro were slightly revised down to 0.5% in 2023 (from 0.6% in the Autumn 2023 forecasts). The Commission also cut growth estimates for the EU to 0.9% (from 1.3% in the Autumn forecasts) and the euro area to 0.8% (from 1.2% in the Autumn forecasts) for 2024. Growth projections for 2025 remained unchanged at 1.7% for the EU and 1.5% in the euro area.

The Commission highlights the economic stagnation in the EU against the background of high inflation, though decreasing, *"falling household purchasing power, collapsing external demand, forceful monetary tightening and the partial withdrawal of fiscal support in 2023"* . It also notes that the EU has only "narrowly" escaped a technical recession in the second half of 2024, with the stagnation in the last quarter seeming to be largely driven by the contraction of the German economy. Overall, household consumption has remained subdued throughout 2023, with high saving levels preventing the expected strong rebound. Investment growth slowed relative to 2022 and positive trade developments are largely associated to falling imports

1 The ECB's measure of core inflation excludes all food and energy.

2 The World Economic Outlook database is updated twice a year in April and October. In January and July, the IMF releases an Update that however only provides for revised estimates for two years only. For further information please refer to WEO FAQs.

3 The European Commission's measure of core inflation excludes unprocessed food and energy. Variations are presented between estimates from November 2023 and from May 2023.

4 HICP excluding food, energy, alcohol and tobacco.

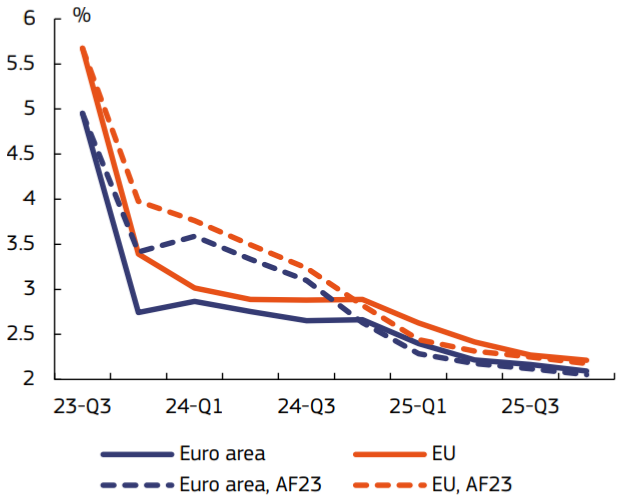
rather than expanding export volumes. Nevertheless, the contribution to growth from trade has exceeded expectations from the autumn. Weaknesses in industry, construction and retail also have a weigh on the economic expansion in the EU.

Despite the slowdown in economic growth, the EU's labour market continued to stay strong during third quarter of 2023. In December, the unemployment rate remained at record low levels in both the EU (5.9%) and the euro area (6.4%). Nevertheless, the forecasts indicate that "*the labour market appears still tight by historical standards, but less than it was from late 2021 to early 2023 (...) [it] looks therefore set to withstand the current weakness in economic activity*". Wage growth is strong but decelerating, implying that while workers should be able to recoup previous losses in real income, this should not come at the cost of further fuelling inflation. Profit margins seem to have absorbed the increase in labour costs and expectations for increased productivity should contribute to rising wages in 2024 and 2025 while ensuring a return of inflation to the 2% target.

Despite the economic stagnation, the Winter forecasts underline the positive developments in inflation which is assessed to be declining faster than previously expected off the back of the rapid fall in energy prices, weaker-than-expected economic performance and the successful transmission of the monetary stance. This has led to further slowdowns in food, non-energy goods and services prices.

The Commission now expects headline inflation to decrease to 6.3% in the EU (down from 9.2% in 2022) **and to 5.4% in the euro area** (compared to 8.4% in 2022) in 2023, both representing a 0.2 percentage point downward revision relative to the Autumn forecast. Looking forward, the forecast indicate that inflation will continue to fall to 3.0% in the EU (down 0.5 p.p. from the Autumn Forecast) and 2.7% in the euro area (0.5 p.p. below the Autumn forecast) in 2024 before reaching 2.5% in the EU (0.1 p.p. upward revision from the Autumn forecast) and 2.2% in the euro area (unchanged) in 2025.

Figure 3: Forecasts of annual headline inflation



Notes: AF23 indicates the Autumn 2023 Forecasts. Headline inflation is measured using the Harmonised Index of Consumer Prices (HICP).
Source: [Commission 2023 Winter (Interim) Economic Forecast.]

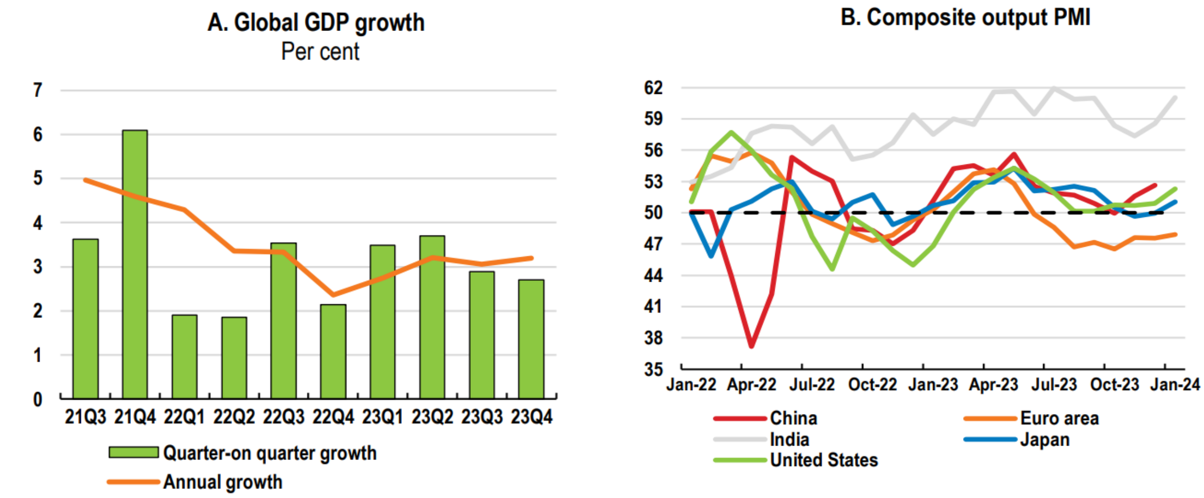
While the Autumn forecasts highlighted the high levels of government deficit across the EU and the inflation-driven decline in public debt rations, the Winter forecasts point to **the decline in sovereign bond yields declining across maturities,** despite the unwinding of the ECB's balance sheet. Spreads have also been narrowing in light of a decline in inflation expectations, positive rating developments in Italy and Greece as well as the investors' search for yields.

Risks to the outlook remain tilted to the downside, notably due to pressures from the external environment. Geopolitical tensions, due to the ongoing Russian war against Ukraine, the Middle East conflict and the Houthi's disruptions in the Red Sea, could weigh on growth and add inflationary pressures. Global policy uncertainty could also undermine growth in the EU, with developments in China and the US, e.g. economic retrenchment and disinflation respectively, having potential spill overs on the EU economic outlook. Investment sentiment could also be hampered by the uncertainty deriving from the historical number of elections taking place in 2024. On the domestic side, risks to the inflation and growth outlook seem broadly balanced yet the EU continues to face mounting climate change-related risks.

2.2. Organisation for Economic Co-operation and Development (OECD)

Based on the latest OECD Interim Economic Outlook (February 2024): *"The fading or reversal of previously-supportive cyclical factors, such as the post-pandemic decline in supply bottlenecks, along with restrictive macroeconomic policies in the major advanced economies and structural strains in China are expected to push global GDP growth down from 3.1% in 2023 to 2.9% in 2024. (...). In 2025, global growth is projected to pick up to 3.0%, helped by a widespread easing of monetary policy as inflation converges on central bank targets and a steady recovery in real incomes"*. The projection for 2025 remained unchanged, but for 2024 the OECD revised it up by 0.2% (**Figure 4, left**). **In the case of the euro area, economic growth is expected to be 0.6% in 2024 (revised down by -0.3 percentage points), and 1.3% in 2025 (revised down by -0.2 percentage points).** The OECD projects that in the near term, growth is anticipated to remain subdued due to factors such as heightened uncertainty and demand-reducing effects of policy tightening.

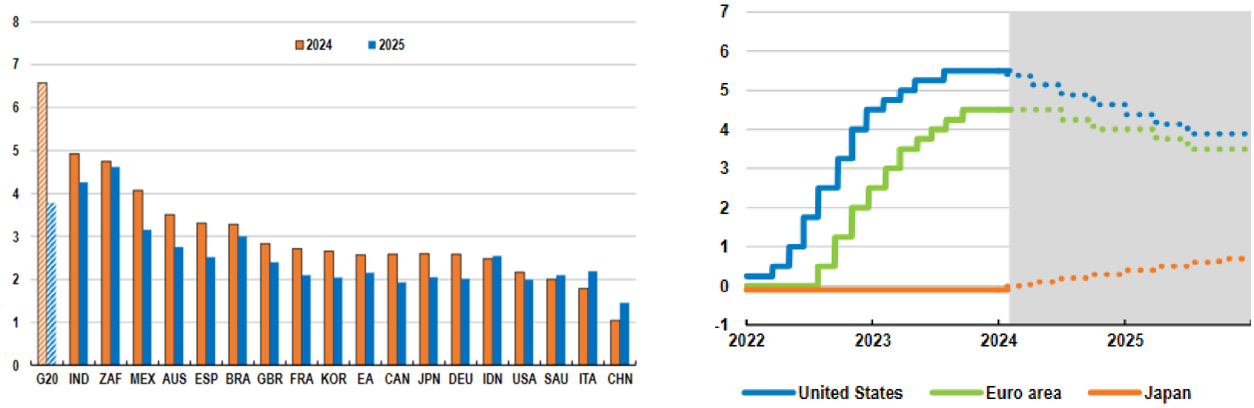
Figure 4: Easing of global growth with continued divergence across countries



Notes: Panel A: GDP growth using moving nominal GDP weights at purchasing power parities. Quarter-on-quarter growth is expressed at an annualised rate.
Source: OECD.

In the euro area, headline inflation is predicted to be 2.6% in 2024 (revised downward by 0.3%) and 2.2% in 2025 (revised downward by 0.1%) (Figure 5, left). Furthermore, core inflation is projected to decline further, to 2.6% in 2024 (revised downward by 0.5%) and to 2.2% (revised downward by 0.1%). Whilst policy interest rates have remained unchanged in the major economies in recent months, the OECD calls for prudent monetary policy in the near future: "*Monetary policy needs to remain prudent to ensure that underlying inflationary pressures are durably contained. Scope exists to start lowering nominal policy rates provided inflation continues to ease, with policy rate reductions beginning in the United States and the euro area by the second and third quarters of 2024 respectively, but the policy stance should remain restrictive for some time to come*".

Figure 5: Inflation (left) and policy interest rate projections (right), in %



Notes: Personal consumption expenditure price index for the United States, harmonised index of consumer prices for the euro area aggregate, euro area member states and the United Kingdom, and national consumer price indices for all other countries. India projections are based on fiscal years, starting in April. The G20 aggregate uses moving nominal GDP weights at purchasing power parities (PPPs).
For the United States, the policy rate refers to the upper limit of the Federal Funds target range. The main refinancing operations rate is used as the policy rate indicator for the euro area. Shaded areas denote OECD projections.
Source: OECD.

Overall, the outlook's risks remain skewed to the downside. Various factors could lead to inflation disappointments, with geopolitical tensions, now especially in in the Middle East. Escalations in these conflicts could disrupt global shipping, exacerbate supply bottlenecks, and elevate energy prices, thus hampering economic growth and directly contributing to inflationary pressures. Furthermore, there's uncertainty regarding the extent of future economic drag resulting from past policy rate increases, with potential nonlinear effects from monetary tightening in the euro area. The lagged impact of heightened borrowing costs on household and corporate debt service burdens, especially in credit-dependent economies, remains a concern, hinting at the possibility of stronger-than-projected repercussions on growth and employment.

2.3. International Monetary Fund (IMF)

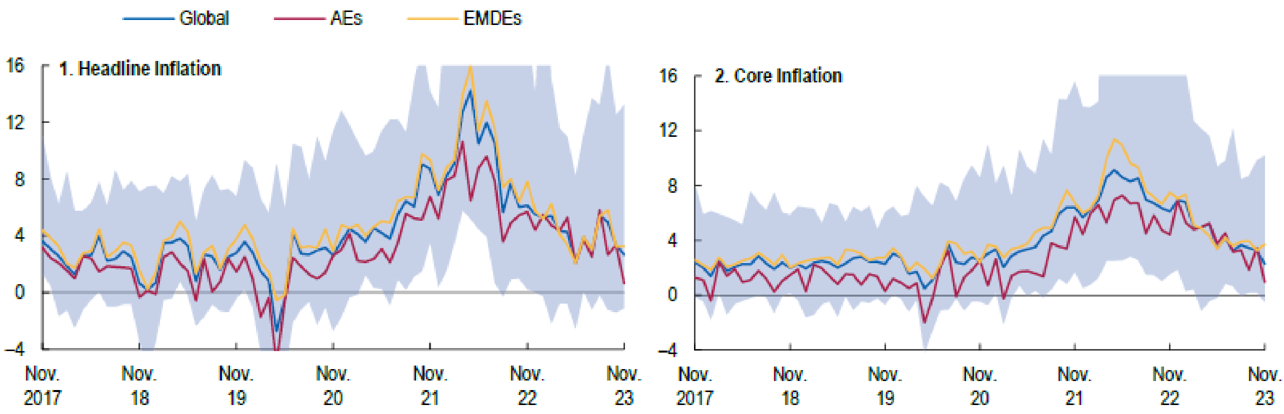
According to the IMF World Economic Outlook Update (January 2024)[5], the euro area is expected to grow by 0.5% in 2023 and 0.9% in 2024, down from 3.3% in 2022. Relative to the previous edition of the WEO (the October 2023 Outlook), the forecast was revised downward by 0.2 p.p. for 2023 and 0.3 p.p. for 2024. Contrary to many economies, the euro area hasn't felt the momentum of stronger than expected economic growth. In that sense, IMF notes: *"...with notably subdued growth in the euro area, reflecting weak consumer sentiment, the lingering effects of high energy prices, and weakness in interest-rate-sensitive manufacturing and business investment."* The IMF highlights euro area's relatively high exposure to the Russian invasion of Ukraine and the subsequent weaker-than-expected outcome for 2023 and the carryover to 2024.

The IMF recognises that global headline inflation has come down from its peak in 2022 and is subsiding faster than expected. Developed economies are expected to experience a more rapid reduction in inflation, with a decrease of 2.0 p.p. to 2.6% in 2024, compared to emerging market and developing economies, where inflation is expected to decline slightly, by 0.3 p.p., to 8.1% (**Figure 6**). The IMF notes that: *"Overall, about 80 percent of the world's economies are expected to see lower annual average headline and core inflation in 2024."*. Various forces for reduction in inflation vary by country but are generally attributed to

[5] The IMF publishes its World Economic Outlook four times a year. In their April and October publications, the IMF publishes projection updates for all countries, while the January and July publications are only interim and include projection update only for the entire EA (but not for each country individually). For consistency purposes, the briefing text covers the newest available World Economic Outlook projections publication, while the Annex tables refer to the latest publication, where all the country specific projections are provided (i.e. April and October).

lower core inflation resulting from ongoing strict monetary policies, a weakening in labour markets, and the effects of earlier and ongoing reductions in relative energy prices.

Figure 6: Global Inflation (month-over-month annualized percent change, seasonally adjusted)



Notes: The figure plots the median of a sample of 57 economies that accounts for 78 percent of World Economic Outlook world GDP (in weighted purchasing-power-parity terms) in 2023. Vertical axes are cut off at –4 percent and 16 percent. The bands depict the 10th to 90th percentiles of inflation across economies. "Core inflation" is the percent change in the consumer price index for goods and services, excluding food and energy (or the closest available measure). AEs = advanced economies; EMDEs = emerging market and developing economies. Sources: Haver Analytics; and IMF staff calculations.

Box 1: Regional Economic Outlook for Europe

According to the Regional Economic Outlook for Europe, a gradual slowdown in growth is envisaged, accompanied by a gradual decrease in inflation. This general decline in Europe differs from the situation in the US and China. IMF notes that GDP growth in Europe will slow down to 1.3% in 2023 from 2.7% in 2022, and slightly improve to 1.5% in 2024. In comparison to economies with larger manufacturing sectors that are more exposed to energy price fluctuations, service-oriented economies should recover swiftly. On a similar note, emerging market economies are expected to undergo a modest recovery in 2024. Furthermore, advanced economies and emerging market economies in Europe will experience growth rates of 0.7% and 2.4%, respectively. Disparities in growth dynamics are significantly influenced by distinct economic structures of economies and different macroeconomic policies in place. On the other side of the spectrum, in 2024, average headline inflation is expected to decrease to 3.3% from 5.8% in 2023 for European advanced economies and to 5.8% from 11.9% for emerging market economies.

The overall growth outlook for Europe can be attributed to the interaction of opposing macroeconomic forces, with implementation of more restrictive monetary policies on one hand and the recovery of real incomes on the other. This is accompanied by a gradual reduction in inflation as wages continue to rise. Inflation is expected to gradually decrease over the forecast period. This reduction will be influenced by various factors, including subdued domestic demand in 2023 and the decline in commodity prices impacting core inflation. However, real incomes are projected to rebound and given the strength and resilience of labour markets, rate of disinflation is under certain risks. Most significant risk of disinflation is associated with scenarios where sustained nominal wage growth outpaces both inflation and productivity growth rates, particularly in emerging markets across Europe. In such cases, inflation may become deeply entrenched, which might lead Europe to stagflation. In that manner, IMF highlights that "[...] *overall, downside risks to growth dominate. A stagflation scenario with higher inflation and stagnant growth is a key risk that could lead to adverse macro-financial spillovers to financial stability and debt sustainability."*

The IMF emphasises the risks to the global outlook as broadly balanced. Further upside risks, such as faster process of disinflation, slower withdrawal of fiscal support, economic recovery in China and supply-side reforms are introduced compared to the October WEO edition. However, there are potential factors counterbalancing these, as several adverse risks to global growth remain plausible such as the possibility of commodity price surges due to geopolitical tensions and weather-related disruptions, faltering growth in China and persistent core inflation, potentially necessitating tighter monetary policies in major economies. Furthermore, an abrupt shift towards fiscal consolidation, beyond what is planned, could result in slower growth, adverse market reactions, and difficulties for countries with high debt levels.

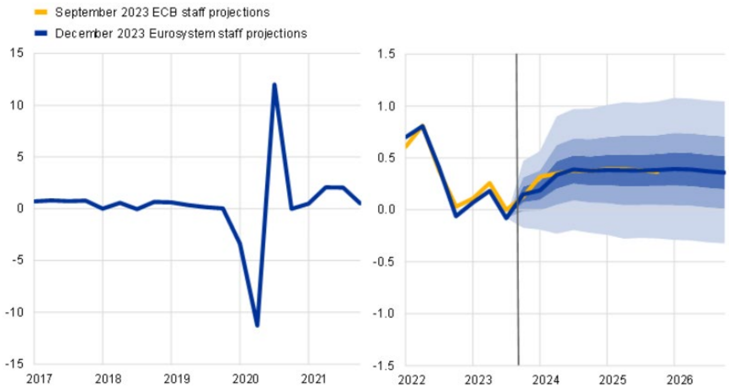
The IMF provides some near-term policy recommendations in the context of the mentioned risks and challenges. It highlights that central banks must cautiously manage inflation reduction, avoiding premature or delayed rate cuts, given varying inflation drivers: "...*ensuring that wage and price pressures are clearly dissipating and avoiding the appearance of prematurely "declaring victory"*". Simultaneously, credible fiscal consolidation plans are necessary to restore fiscal flexibility and address rising debt, with adjustments tailored to each country's circumstances. Domestic revenue mobilization, spending reforms, and fiscal frameworks reinforcement are vital, with debt restructuring for high-risk countries.

2.4. European Central Bank (ECB)

According to the latest ECB macroeconomic projections[6] (December 2023), "*The euro area economy weakened in the second half of 2023, dragged down by tighter financing conditions, subdued confidence and competitiveness losses. It is now expected to recover at a slightly slower pace than foreseen in the September 2023 ECB staff macroeconomic projections. (...) Growth is expected to strengthen from early 2024, as real disposable income rises – supported by declining inflation, robust wage growth and resilient employment – and export growth catches up with improvements in foreign demand*".

Overall, annual GDP growth is expected to slow down to 0.6% in 2023, slightly improving to 0.8% in 2024 before reaching 1.5% in 2025 and 2026. ECB staff points to the **fading effects of the post-pandemic reopening of the economy and the unwinding of supply bottlenecks**, amid tighter financing conditions and high uncertainty, among the reasons for the slump in economic growth **(Figure 7)**.

Figure 7: Euro area real GDP growth (quarter-on-quarter percentage changes, seasonally and working day-adjusted quarterly data)



Notes: Historical data may differ from the latest Eurostat publications owing to data releases after the cut-off date for the projections. The vertical line indicates the start of the current projection horizon. The ranges shown around the central projections provide a measure of the degree of uncertainty and are symmetric by construction. They are based on past projection errors, after adjustment for outliers. The bands, from darkest to lightest, depict the 30%, 60% and 90% probabilities that the outcome of real GDP growth will fall within the respective intervals.

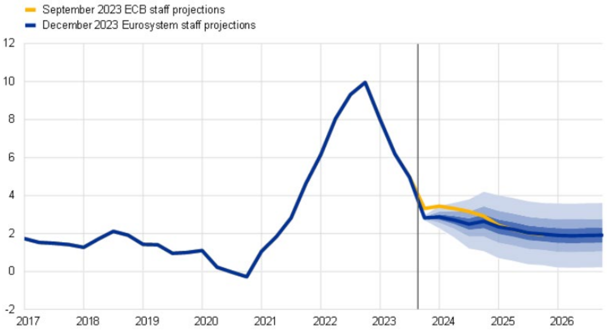
[6] The ECB publishes its Euro system staff projections four times a year. In their June and December publications, the ECB publishes projection updates for all the EA countries, while the March and September publications are only interim and include projection update only for the entire EA (but not for each country individually). For consistency purposes, the briefing text covers the newest available Eurosystem staff projections publication, while the Annex tables refer to the latest publication, where all the country specific projections are provided (i.e. June and December). Please also note, that country-specific ECB projections for all the EA countries are published two weeks after the main projection document publication.

Source: [ECB.](#)

According to the ECB, HICP inflation continues decline on the back of falling energy prices, the impact of the monetary tightening and the easing of supply constraints. While in the short term there might be a temporary increase due to rising energy inflation (base effects and reversal of fiscal support measures), the underline inflationary process is expected to continue. Domestic inflationary pressures, mostly driven by high unit labour costs, are expected to become the most dominant drivers. ECB staff suggests that expectations remained anchored and revised downwards its estimates from September for 2023 (5.4%) and 2024 (2.7%), leaving unchanged its expectation for a 2.1% rate in 2025. This downward revision accounts for the surprises in energy and core inflation components. Nevertheless, the **strong domestic price pressures and the expected depreciation of the euro are expected to gain momentum**. Domestic price pressures are expected to gradually ease as profit growth first and then unit labour cost growth moderates.

Labour markets continue to be resilient, despite some cooling. Unemployment is expected to slightly increase to 6.6% in 2024 before falling to 6.5% in 2025 and 6.4% in 2026. Overall, ECB staff revised downwards estimates for labour productivity growth. While the growth in unit labour costs is expected to have peaked in 2023 and is forecasted to decline in the coming years, yet productivity growth remains below its historical trends.

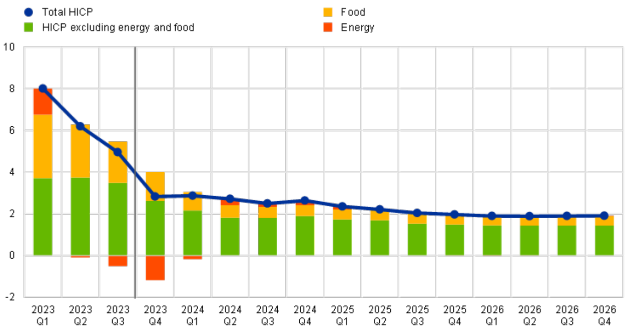
Figure 8: Euro area HICP inflation (annual percentage changes, percentage points)



Notes: The vertical line indicates the start of the current projection horizon. The ranges shown around the central projections for HICP inflation are based on past projection errors, after adjustment for outliers. The bands, from darkest to lightest, depict the 30%, 60% and 90% probabilities that the outcome of HICP inflation will fall within the respective intervals.

Source: [ECB.](#)

Figure 9: Euro area HICP inflation - decomposition into the main components (annual percentage changes, percentage points)



Notes: The vertical line indicates the start of the current projection horizon. Source: [ECB.](#)

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Annex 1: EU Gross domestic product, in %

	Eurostat* (2/2024)						EC (2/2024)			IMF (10/2023)			ECB (12/2023)			OECD (11/2023)		
	2020	2021	2022	2023 Q2	2023 Q3	2023 Q4	2023	2024	2025	2022	2023	2024	2022	2023	2024	2023	2024	2025
BE	-5,3	6,9	3,0	0,3	0,4	0,4	1,5	1,4	1,5	3,2	1,0	0,9	1,5	1,3	1,2	1,4	1,1	1,5
DE	-3,8	3,2	1,8	0,0	0,0	-0,3	-0,3	0,3	1,2	1,8**	-0,3**	0,5**	-0,1	0,4	1,2	-0,1**	0,3**	1,1**
EE	-1,0	7,2	-0,5	-0,6	-1,3	:	-3,5	0,6	3,2	–0,5	–2,3	2,4	-3,5	-0,4	3,2	-2,6	0,6	2,5
IE	6,6	15,1	9,4	-0,4	-1,9	-0,7	-1,9	1,2	3,2	9,4	2,0	3,3	-1,4	2,4	4,6	-0,6	2,4	2,9
EL	-9,3	8,4	5,6	1,1	0,0	:	2,2	2,3	2,3	5,9	2,5	2,0	2,4	2,5	2,5	2,4	2,0	2,4
ES	-11,2	6,4	5,8	0,5	0,4	0,6	2,5	1,7	2,0	5,8**	2,4**	1,5**	2,4	1,6	1,9	2,5**	1,5**	2,0**
FR	-7,5	6,4	2,5	0,7	0,0	0,0	0,9	0,9	1,3	2,5**	0,8**	1,0**	0,9	0,9	1,3	0,9**	0,6**	1,2**
HR	-8,6	13,8	6,3	1,5	0,3	:	2,6	2,6	2,8	6,2	2,7	2,6	2,6	3,0	2,7	2,5	2,6	2,7
IT	-9,0	8,3	3,7	-0,3	0,1	0,2	0,6	0,7	1,2	3,7**	0,7**	0,7**	0,7	0,6	1,1	0,7**	0,7**	1,2**
CY	-3,4	9,9	5,1	-0,4	1,1	:	2,4	2,8	3,0	5,6	2,2	2,7	2,2	2,6	3,1	:	:	:
LV	-3,5	6,7	3,4	-0,3	0,2	0,4	-0,6	1,7	2,7	2,8	0,5	2,6	-0,4	2,0	3,6	-0,1	1,9	2,7
LT	0,0	6,3	2,4	2,4	0,0	-0,3	-0,3	2,1	3,0	1,9	–0,2	2,7	-0,2	1,8	3,1	-0,4	1,7	3,1
LU	-0,9	7,2	1,4	-0,2	-0,1	:	-0,8	1,3	2,1	1,4	–0,4	1,5	1,4	2,0	2,4	-1,1	1,4	3,1
MT	-8,1	12,6	8,2	1,9	2,4	:	6,1	4,6	4,3	6,9	3,8	3,3	4,3	3,8	3,6	:	:	:
NL	-3,9	6,2	4,3	-0,4	-0,3	:	0,2	0,4	1,6	4,3**	0,2**	0,7**	0,1	0,3	1,0	0,2	0,5	1,1
AT	-6,6	4,2	4,8	-1,1	-0,5	0,2	-0,7	0,6	1,4	4,8	0,1	0,8	-0,7	0,6	1,7	-0,4	0,6	1,5
PT	-8,3	5,7	6,8	0,1	-0,2	0,8	2,3	1,2	1,8	6,7	2,3	1,5	2,1	1,2	2,2	2,2	1,2	2,0
SI	-4,2	8,2	2,5	1,0	-0,2	:	1,3	1,9	2,7	2,5	2,0	2,2	1,3	2,2	2,3	1,4	1,8	2,7
SK	-3,3	4,8	1,8	0,4	0,2	:	1,1	2,3	2,6	1,7	1,3	2,5	1,2	2,3	3,2	1,1	1,8	2,4
FI	-2,4	2,8	1,6	0,3	-0,9	:	-0,4	0,6	1,6	1,6	–0,1	1,0	-0,5	-0,2	1,5	0,0	0,9	1,8
EA	**-6,1**	**5,9**	**3,4**	**0,1**	**-0,1**	**0,0**	**0,5**	**0,8**	**1,5**	**3,4****	**0,5****	**0,9****	**0,6**	**0,8**	**1,5**	**0,5****	**0,6****	**1,3****
BG	-4,0	7,7	3,9	0,4	0,4	:	2,0	1,9	2,5	3,4	1,7	3,2	:	:	:	1,7	2,8	3,0
CZ	-5,5	3,6	2,4	0,1	-0,6	0,2	-0,4	1,1	2,8	2,3	0,2	2,3	:	:	:	-0,3	1,6	2,1
DK	-2,4	6,8	2,7	-0,7	-0,7	:	0,5	0,9	1,6	2,7	1,7	1,4	:	:	:	1,3	1,2	1,5
HU	-4,5	7,1	4,6	0,0	0,9	:	-0,8	2,4	3,6	4,6	–0,3	3,1	:	:	:	-0,6	2,4	2,7
PL	-2,0	6,9	5,3	0,3	1,5	:	0,2	2,7	3,2	5,3**	0,6**	2,8**	:	:	:	0,4	2,6	2,9
RO	-3,7	5,7	4,1	1,5	0,9	:	1,8	2,9	3,2	4,7	2,2	3,8	:	:	:	1,9	3,0	3,3
SE	-2,2	6,1	2,9	-0,6	-0,1	0,1	-0,1	0,2	1,6	2,8	–0,7	0,6	:	:	:	-0,5	0,9	2,6
EU	**-5,6**	**6,0**	**3,4**	**0,1**	**-0,1**	**0,0**	**0,5**	**0,9**	**1,7**	**3,6**	**0,7**	**1,5**	**:**	**:**	**:**	**:**	**:**	**:**

*Notes: *Year-on-year GDP growth is provided for 2020, 2021 and 2022, while quarter-on-quarter changes are provided for 2023 Q2 to 2023 Q4. Eurostat data extracted on 6 February 2024. The forecast data by EC, IMF, OECD and ECB are the baseline scenarios. ** Values from the IMF WEO update January 2024 and OECD Economic Outlook, Interim Report February 2024, respectively.*

Annex 2: EU HICP Inflation (annual rate of change, in %)

	Eurostat* (2/2024)						EC (2/2024)			IMF (10/2023)			ECB (12/2023)			OECD (11/2023)		
	2020	2021	2022	2023 Q2	2023 Q3	2023 Q4	2023	2024	2025	2022	2023	2024	2022	2023	2024	2023	2024	2025
BE	0,4	3,2	10,3	1,6	0,7	0,5	2,3	3,5	2,3	10,3	2,5	4,3	2,3	4,0	1,8	2,4	3,0	2,4
DE	0,4	3,2	8,7	6,8	4,3	3,8	6,0	2,8	2,4	8,7	6,3	3,5	6,1	2,7	2,5	6,0**	2,6**	2,0**
EE	-0,6	4,5	19,4	9	3,9	4,3	9,1	3,2	1,9	19,4	10,0	3,8	9,1	3,5	2,5	9,2	3,4	2,4
IE	-0,5	2,4	8,1	4,8	5	3,2	5,2	2,2	1,9	8,1	5,2	3,0	5,2	2,3	2,2	5,3	3,1	2,6
EL	-1,3	0,6	9,3	2,8	2,4	3,7	4,2	2,7	2,0	9,3	4,1	2,8	4,1	3,0	2,4	4,3	2,8	2,4
ES	-0,3	3	8,3	1,6	3,3	3,3	3,4	3,2	2,1	8,3	3,5	3,9	3,4	3,3	2,0	3,4**	3,3**	2,5**
FR	0,5	2,1	5,9	5,3	5,7	4,1	5,7	2,8	2,0	5,9	5,6	2,5	5,7	2,5	1,8	5,7**	2,7**	2,1**
HR	0	2,7	10,7	8,3	7,4	5,4	8,4	2,5	2,0	10,7	8,6	4,2	8,4	4,0	2,5	8,6	4,2	2,6
IT	-0,1	1,9	8,7	6,7	5,6	0,5	5,9	2,0	2,3	8,7	6,0	2,6	6,0	1,9	1,8	5,9**	1,8**	2,2**
CY	-1,1	2,3	8,1	2,8	4,3	1,9	3,9	2,4	2,1	8,1	3,5	2,4	4,0	2,4	2,0	:	:	:
LV	0,1	3,2	17,2	8,1	3,6	0,9	9,1	2,2	2,2	17,2	9,9	4,2	9,0	2,0	2,3	9,4	3,1	3,3
LT	1,1	4,6	18,9	8,2	4,1	1,6	8,7	2,4	2,4	18,9	9,3	3,9	8,8	2,5	2,5	8,8	2,0	2,1
LU	0	3,5	8,2	1	3,4	3,2	2,9	2,6	2,3	8,1	3,2	3,3	2,9	2,1	2,4	3,1	3,4	2,3
MT	0,8	0,7	6,1	6,2	4,9	3,7	5,6	2,9	2,7	6,1	5,8	3,1	5,6	3,0	2,3	:	:	:
NL	1,1	2,8	11,6	6,4	-0,3	1	4,1	2,6	2,0	11,6	4,0	4,2	4,1	2,9	2,2	4,4	3,7	2,4
AT	1,4	2,8	8,6	7,8	5,8	5,7	7,7	4,0	3,0	8,6	7,8	3,7	7,7	4,0	3,0	7,7	3,9	2,5
PT	-0,1	0,9	8,1	4,7	4,8	1,9	5,3	2,3	1,9	8,1	5,3	3,4	5,3	2,9	2,0	5,5	3,3	2,4
SI	-0,3	2	9,3	6,6	7,1	3,8	7,2	2,9	2,0	8,8	7,4	4,2	7,2	3,0	3,1	7,5	4,8	3,2
SK	2	2,8	12,1	11,3	9	6,6	11,0	3,5	2,6	12,1	10,9	4,8	11,0	4,7	4,0	11,1	5,2	3,4
FI	0,4	2,1	7,2	4,1	3	1,3	4,3	1,4	1,5	7,2	4,5	1,9	4,4	1,0	1,4	4,5	2,2	2,3
EA	**0,3**	**2,6**	**8,4**	**5,5**	**4,3**	**2,9**	**5,4**	**2,7**	**2,2**	**8,4**	**5,6**	**3,3**	**5,4**	**2,7**	**2,1**	**5,4****	**2,6****	**2,2****
BG	1,2	2,8	13	7,5	6,4	5	8,6	3,4	2,9	13,0	8,5	3,0	:	:	:	9,5	4,5	3,1
CZ	3,3	3,3	14,8	11,2	8,3	7,6	12,0	2,9	2,3	15,1	10,9	4,6	:	:	:	10,7	3,1	2,3
DK	0,3	1,9	8,5	2,4	0,6	0,4	3,4	1,7	2,2	8,5	4,2	2,8	:	:	:	3,6	2,8	2,5
HU	3,4	5,2	15,3	19,9	12,2	5,5	17,0	4,5	4,1	14,5	17,7	6,6	:	:	:	17,5	4,6	3,3
PL	3,7	5,2	13,2	11	7,7	6,2	10,9	5,2	4,7	14,4	12,0	6,4	:	:	:	11,8	4,7	3,7
RO	2,3	4,1	12	9,3	9,2	7	9,7	5,8	3,6	13,8	10,7	5,8	:	:	:	10,4	5,0	3,7
SE	0,7	2,7	8,1	6,3	3,7	1,9	5,9	1,7	1,9	8,1	6,9	3,6	:	:	:	8,6	3,8	2,2
EU	**0,7**	**2,9**	**9,2**	**6,4**	**4,9**	**3,4**	**6,3**	**3,0**	**2,5**	**9,3**	**6,5**	**3,6**	**:**		**:**	**:**	**:**	**:**

*Notes: *Average annual rate of HICP change is provided for 2020. 2021 and 2022, while information of annual rate of HICP change for the last month of the quarter is provided for quarterly data of 2023. Eurostat data extracted on 6 February 2024. ** Values from the OECD Economic Outlook, Interim Report February 2024.*