
EU Commission: Economic Forecast. Gentiloni, “strong headwinds”. Inflation down only in the coming quarters

“Headwinds remain strong”. The Economic Forecast released by the European Commission shows lights and shadows – as is often the case. “Consumers and businesses continue to face high energy costs and core inflation was still rising in January, further eroding households’ purchasing power. As inflationary pressures persist, monetary tightening is set to continue, weighing on business activity and exerting a drag on investment”. The projected growth for 2023 is therefore 0.8% in the EU27 and 0.9% in the euro area, that is to say, 0.5 and 0.6 pps higher than in the Autumn Forecast respectively. The growth rate for 2024 remains unchanged, at 1.6% and 1.5% for the EU and the euro area. “Europeans still face a difficult period ahead”, Commissioner Paolo Gentiloni remarked as he presented the data. “Growth is still expected to slow down on the back of powerful headwinds and inflation will relinquish its grip on purchasing power only gradually over the coming quarters”. Then another sign of hope: “Thanks to a united and comprehensive policy response, the EU has weathered the storms that have hit our economies and societies since 2020 (Editor’s Note: when the pandemic struck). We must show the same resolve and ambition in tackling the challenges we face today”, he said, with a clear reference to the war in Ukraine and its economic and energy consequences.

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