

# Euro Zone Barometer© - February 2017

\*\*\*A monthly survey of economic forecasts and expert opinion for the euro zone single currency area, distributed to subscribers by e-mail within just a few working days of the polling date. Rapid compilation and dissemination make the Euro Zone Barometer a unique reference tool for investors, traders and corporate planners.\*\*\*

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**Survey Deadline: February 13th, 2017**

## Ring-Fenced from Greek Threat

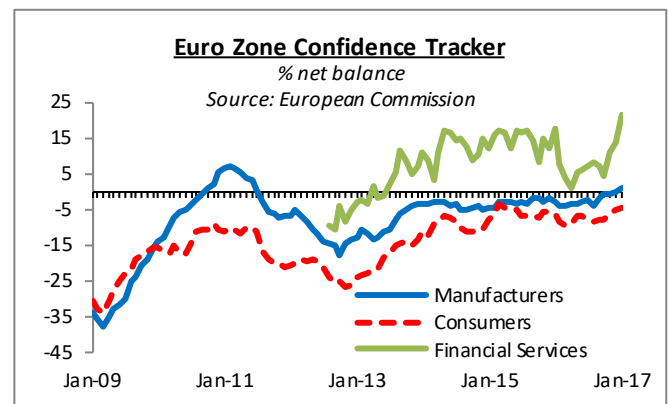
- Although the region faces several political hurdles this year, including the possibility of a shock result in the forthcoming presidential elections in France, and resurgence of the Greek debt crisis, there is a sense the **euro zone economy is strong enough** to withstand any turmoil as continuing recovery creates jobs.
- GDP increased in real terms by 0.4% (seasonally-adjusted) in Q4 2016, producing y/y growth of 1.7% and the forecast for this year is unchanged, showing 1.5% expansion before rising to an upgraded 1.6% in 2018.
- In January, **confidence in the euro zone** remained strong overall, with manufacturers more upbeat and consumer confidence improving due to the tightening labour market, recovery in house prices, less stringent austerity measures and continuing record low borrowing rates.
- This month we also include the latest **winter projections from the European Commission**, showing changes in forecasts for the euro zone and its constituent countries on various pages throughout Euro Zone Barometer.



**Next Month's Survey Deadline:  
March 20th, 2017**

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## Outlook for 2017-2018

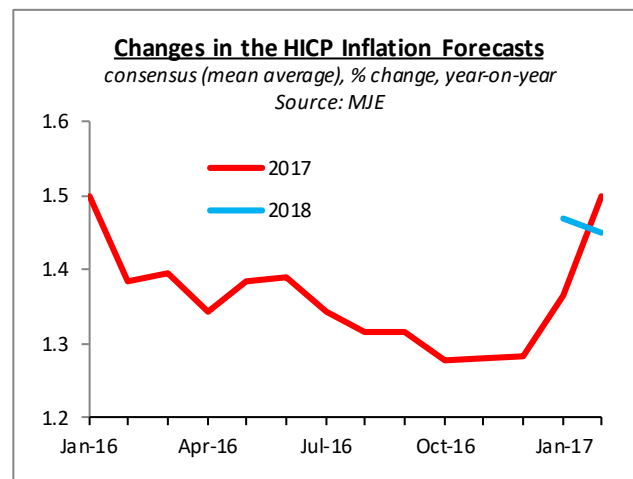
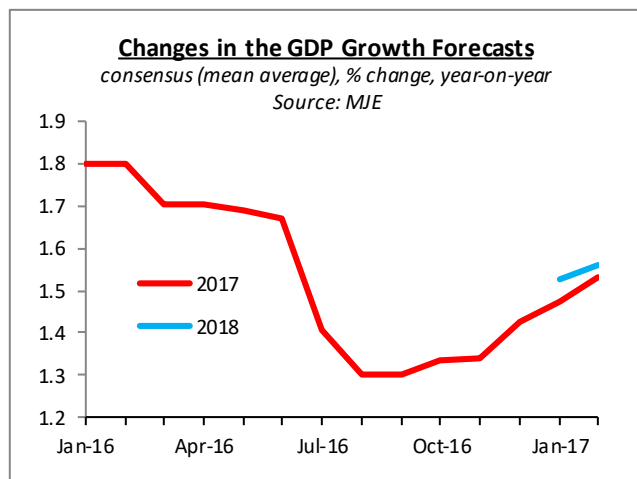
- *The euro zone is still expected to grow by 1.5% this year (unchanged from last month), but survey experts paint a brighter picture for 2018 with the forecast upgraded to 1.6%.*
- *Stronger growth is expected to be felt in the labour market with employment growth lowering the unemployment rate further. All our contributing panellists expect the improving trend to continue, with the unemployment rate averaging 9.1% in 2018.*
- *The recent upsurge in food and energy prices bolstering the headline inflation rate has naturally caused a jolt to inflation expectations.*
- *Forecasters have upgraded their predictions for both producer price and consumer price inflation in 2017. However, much of the recent increase is viewed as temporary, which means it has not altered the inflation outlook for 2018. Forecasters have moreover kept their labour cost outlook unchanged.*

### Six Year Summary: Historical Data and Consensus Forecasts

*(% change year-on-year, unless otherwise stated)*

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017f</u>	<u>2018f</u>
<b>Gross Domestic Product</b>	-0.3	1.2	2.0	1.7	1.5	1.6
<b>Private Consumption</b>	-0.6	0.8	1.8	1.8	1.4	1.4
<b>Government Consumption</b>	0.3	0.6	1.4	1.9	1.4	1.2
<b>Gross Fixed Investment</b>	-2.5	1.4	3.2	2.7	2.4	2.7
<b>Change in Stocks (Inventories)<sup>1</sup></b>	0.2	0.3	-0.1	-0.1	0.0	-0.1
<b>Goods and Services Exports</b>	2.1	4.5	6.5	2.4	3.0	3.3
<b>Goods and Services Imports</b>	1.4	4.9	6.4	2.9	3.3	3.5
<b>Net Exports<sup>2</sup></b>	0.4	0.0	0.3	-0.1	0.0	0.0
<b>Industrial Production (ex. construction)</b>	-0.7	0.9	2.0	1.3	1.6	1.7
<b>Retail Sales Volume</b>	-0.6	1.4	2.7	1.9	1.5	1.5
<b>Unemployment Rate, % of labour force</b>	12.0	11.6	10.9	10.0	9.6	9.1
<b>Money Supply, M3, end period, % change</b>	1.0	3.8	4.7	5.0	4.3	4.7
<b>Harmonised Index of Consumer Prices</b>	1.4	0.4	0.0	0.2	1.5	1.5
<b>Producer Prices</b>	-0.2	-1.5	-2.7	-2.3	2.4	1.9
<b>Nominal Labour Costs</b>	1.4	1.3	1.6	1.4	1.5	1.8
<b>Current Account Balance, annual total, €bn</b>	248.4	303.0	333.7	357.2	333.9	330.8
<b>Current Account Balance, % of GDP</b>	2.5	3.0	3.2	3.4	3.1	3.0
<b>General Govt Budget Balance, % of GDP</b>	-3.0	-2.6	-2.1	-1.7	-1.7	-1.5
<b><u>Financial Indicators (end period)</u></b>						
<b>3 Month Interest Rate, % per annum</b>	0.29	0.08	-0.13	-0.32	-0.25	-0.01
<b>10 Year German Bond Yield, % per annum</b>	1.94	0.54	0.63	0.21	0.76	1.23
<b>US\$ per € Exchange Rate</b>	1.378	1.210	1.091	1.052	1.057	1.066

*Notes: f = consensus (mean average) forecast. For other notes, sources and definitions see page 23.*



The euro zone economy grew at the favourable, if unspectacular pace of 0.4% in real terms during Q4 2016, demonstrating the positive effect of monetary policy expansion to mitigate fiscal austerity across the region. The quarterly expansion caused the y/y growth rate to edge down slightly to 1.7%, but GDP growth was very stable in 2016, averaging 1.7%.

Maintaining economic growth is crucial to tackling unemployment. Between Q2 and Q3 2016, 3.4m people found work in the euro zone, according to Eurostat, or 18% of those unemployed in Q2.

The euro zone unemployment rate edged downwards to 9.6% (seasonally-adjusted) in December from 10.5% a year earlier. However, unemployment rates are still very high in Greece, Spain, Cyprus, Italy and many other countries.

Confidence in the euro zone continued to improve in January, according to the European Commission's economic sentiment indicator, which nudged up to 107.9. Manufacturers were more confident, as were consumers benefiting from the improving labour market conditions and cheap credit.

### Quarterly Forecasts and Historical Data

*% change year-on-year, unless otherwise stated*

(% change year-on-year, unless otherwise stated)	<b>Q1'16</b>	<b>Q2'16</b>	<b>Q3'16</b>	<b>Q4'16</b>
<b>Gross Domestic Product</b>	1.7	1.6	1.8	1.7
<b>Private Consumption</b>	1.9	1.7	1.6	1.5
<b>Industrial Production</b>	1.3	1.1	0.9	1.0
<b>Harmonised Index of Consumer Prices</b>	0.0	-0.1	0.3	0.7
<b>3 month Interest Rate, % per annum, end period</b>	-0.24	-0.29	-0.30	-0.32
<b>10 Year Bond Yield, % per annum, end period</b>	0.10	-0.13	-0.12	0.21
	<b>Q1'17</b>	<b>Q2'17</b>	<b>Q3'17</b>	<b>Q4'17</b>
<b>Gross Domestic Product</b>	1.6	1.7	1.6	1.5
<b>Private Consumption</b>	1.4	1.5	1.6	1.5
<b>Industrial Production</b>	1.2	1.8	1.6	1.4
<b>Harmonised Index of Consumer Prices</b>	1.7	1.5	1.6	1.6
<b>3 month Interest Rate, % per annum, end period</b>	-0.30	-0.29	-0.27	-0.25
<b>10 Year Bond Yield, % per annum, end period</b>	0.47	0.56	0.66	0.76
	<b>Q1'18</b>	<b>Q2'18</b>	<b>Q3'18</b>	<b>Q4'18</b>
<b>Gross Domestic Product</b>	1.6	1.5	1.5	1.5
<b>Private Consumption</b>	1.5	1.5	1.5	1.5
<b>Industrial Production</b>	1.7	1.7	1.6	1.6
<b>Harmonised Index of Consumer Prices</b>	1.4	1.5	1.5	1.5
<b>3 month Interest Rate, % per annum, end period</b>	-0.19	-0.14	-0.07	-0.01
<b>10 Year Bond Yield, % per annum, end period</b>	0.94	1.06	1.18	1.23

*Note: consensus (mean average) forecasts from our latest survey are shown in bold*

## Euro Zone - Forecasts for 2017

<b>National Accounts (constant prices)</b> <i>average % change from previous year unless otherwise noted</i>	Gross Domestic Product	Private Consump- tion	Govern- ment Consump- tion	Gross Fixed Invest- ment	Stock (inventory) Building, % contribu- tion to GDP growth	Goods & Services Exports	Goods & Services Imports	Net Exports, % contribu- tion to GDP growth
<b>Panellists</b>								
ABN Amro	1.4	na	na	na	na	na	na	na
Allianz SE	1.8	1.6	1.4	2.5	na	2.9	3.1	na
BBVA	1.5	1.4	1.1	2.4	na	2.8	3.2	-0.1
BNP Paribas	1.5	1.4	1.3	2.3	-0.1	3.6	3.7	na
Commerzbank	1.8	1.9	1.6	3.3	na	4.1	5.0	-0.2
Danske Bank	1.5	1.1	1.2	2.7	na	3.0	3.1	na
DZ Bank	1.2	1.1	1.4	2.2	na	2.8	3.4	na
Econ Intelligence Unit	1.5	1.5	1.3	1.7	na	2.8	3.0	0.1
ETLA	1.5	1.7	1.3	2.8	na	4.1	4.5	na
HSBC	1.2	1.2	1.7	1.9	0.0	2.7	3.3	na
IHS Markit Economics	1.6	1.4	1.5	2.0	na	2.8	2.6	0.1
J P Morgan Chase	1.7	1.6	1.4	2.3	0.0	2.4	2.2	0.2
MainSky Asset Management	1.9	1.5	1.8	2.3	0.1	2.7	2.7	0.1
Morgan Stanley	1.4	1.2	1.3	2.4	-0.2	3.6	3.6	0.2
Nordea	1.3	1.4	1.0	2.5	na	1.7	2.4	-0.2
Oxford Economics	1.5	1.4	1.2	2.4	0.0	2.6	2.9	0.0
Raiffeisen Bank Intl	1.5	1.4	1.8	3.1	na	4.0	5.0	na
SEB	1.8	na	0.7	3.5	0.0	3.8	4.3	na
UBS	1.5	1.4	1.5	0.9	0.0	2.5	2.3	0.2
UniCredit Bank	1.5	1.3	1.5	2.2	0.0	2.7	2.8	0.0
<b>Consensus (Mean)</b>	<b>1.5</b>	<b>1.4</b>	<b>1.4</b>	<b>2.4</b>	<b>0.0</b>	<b>3.0</b>	<b>3.3</b>	<b>0.0</b>
Last Month	1.5	1.4	1.4	2.4	0.0	3.0	3.4	0.0
2 Months Ago	1.4	1.4	1.4	2.3	0.0	2.9	3.5	-0.1
Median	1.5	1.4	1.4	2.4	0.0	2.8	3.1	0.1
High	1.9	1.9	1.8	3.5	0.1	4.1	5.0	0.2
Low	1.2	1.1	0.7	0.9	-0.2	1.7	2.2	-0.2
Standard Deviation	0.2	0.2	0.3	0.6	0.1	0.7	0.8	0.2
Number of Forecasts	20	18	19	19	9	19	19	11
<b>Other Forecasts</b>								
ECB (December '16)	1.7	1.5	1.3	3.1	na	3.7	4.1	na
EC (February '17)	1.6	1.5	1.4	2.9	0.0	3.3	3.8	0.0
IMF (October '16)	1.5	1.5	1.1	2.5	0.0	na	na	0.0
OECD (November '16)	1.6	1.4	1.3	2.5	0.0	na	na	0.0

## Euro Zone - Forecasts for 2017

<b>Other Indicators</b> <i>average % change from previous year unless otherwise noted</i>	<b>Industrial Production</b> <i>(excl. construction)</i>	<b>Retail Sales Volume</b>	<b>Unem- ploy- ment Rate</b> <i>(% of labour force)</i>	<b>Money Supply, M3</b> <i>(end period, %)</i>	<b>Con- sumer Prices</b> <i>(HICP)</i>	<b>Pro- ducer Prices</b> <i>(indust., excl. construction)</i>	<b>Labour Costs</b> <i>(business sector, ex pub adm, education &amp; health)</i>	<b>Current Account Balance</b> <i>(annual total, €bn)</i>	<b>Current Account Balance</b> <i>(% of GDP)</i>	<b>General Govt. Balance</b> <i>(% of GDP)</i>
<b>Panellists</b>										
ABN Amro	na	na	9.7	na	1.2	na	na	na	2.8	-1.7
Allianz SE	2.4	na	9.5	na	1.7	2.5	na	315.0	2.9	-1.5
BBVA	na	na	9.7	na	1.4	na	na	na	3.2	-1.8
BNP Paribas	0.5	na	9.9	na	1.6	2.5	na	320.0	2.9	-1.6
Commerzbank	1.9	na	9.3	4.3	1.4	na	1.3	300.0	2.7	-1.6
Danske Bank	na	na	9.5	na	1.6	na	na	na	3.5	-1.5
DZ Bank	na	na	10.0	na	1.1	na	na	na	3.2	-1.6
Econ Intelligence Unit	1.4	na	9.5	na	1.4	2.4	na	361.2	3.1	-1.7
ETLA	1.5	na	9.5	na	1.3	na	na	na	na	na
HSBC	1.7	na	9.8	na	1.6	na	na	na	2.4	-1.9
IHS Markit Economics	1.6	1.6	9.4	na	1.7	2.6	1.7	325.0	3.0	-1.7
J P Morgan Chase	2.1	na	9.3	na	1.8	na	na	351.6	3.2	-1.6
MainSky Asset Management	na	na	9.0	na	1.5	na	na	na	na	-1.6
Morgan Stanley	na	na	9.5	na	1.5	na	na	365.1	3.5	-1.9
Nordea	na	na	na	na	1.1	na	na	na	3.5	-1.5
Oxford Economics	1.3	1.3	9.4	na	1.7	1.9	na	281.8	2.6	-1.6
Raiffeisen Bank Intl	1.9	na	9.4	na	1.5	na	na	361.9	3.3	-1.5
SEB	na	na	9.6	na	1.6	na	na	na	na	na
UBS	na	na	10.0	na	1.8	na	na	332.1	3.0	-1.7
UniCredit Bank	na	na	9.7	na	1.5	na	na	359.1	3.3	-1.8
<b>Consensus (Mean)</b>	<b>1.6</b>	<b>1.5</b>	<b>9.6</b>	<b>4.3</b>	<b>1.5</b>	<b>2.4</b>	<b>1.5</b>	<b>333.9</b>	<b>3.1</b>	<b>-1.7</b>
Last Month	1.5	1.5	9.6	4.3	1.4	2.0	1.5	324.6	3.0	-1.7
2 Months Ago	1.3	1.5	9.7	4.3	1.3	1.6	1.4	316.4	3.0	-1.7
Median	1.7	1.5	9.5	4.3	1.5	2.5	1.5	332.1	3.1	-1.6
High	2.4	1.6	10.0	4.3	1.8	2.6	1.7	365.1	3.5	-1.5
Low	0.5	1.3	9.0	4.3	1.1	1.9	1.3	281.8	2.4	-1.9
Standard Deviation	0.5	0.2	0.3	na	0.2	0.3	0.3	28.2	0.3	0.1
Number of Forecasts	10	2	19	1	20	5	2	11	17	18
<b>Other Forecasts</b>										
ECB (December '16)	na	na	9.5	na	1.3	na	na	na	3.1	-1.6
EC (February '17)	na	na	9.6	na	1.7	na	na	358.9	3.2	-1.4
IMF (October '16)	na	na	9.7	na	1.1	na	na	na	3.1	na
OECD (November '16)	na	na	9.5	na	1.2	na	na	na	4.0	-1.5

## Euro Zone - Forecasts for 2018

<b>National Accounts (constant prices)</b> <i>average % change from previous year unless otherwise noted</i>	Gross Domestic Product	Private Consump- tion	Govern- ment Consump- tion	Gross Fixed Invest- ment	Stock (inventory) Building, % contribu- tion to GDP growth	Goods & Services Exports	Goods & Services Imports	Net Exports, % contribu- tion to GDP growth
<b>Panellists</b>								
ABN Amro	1.8	na	na	na	na	na	na	na
Allianz SE	1.6	1.4	1.3	2.9	na	3.2	3.5	na
BBVA	1.6	1.4	1.0	2.8	na	2.9	3.3	0.0
BNP Paribas	1.5	1.3	1.2	2.4	0.0	4.5	4.6	na
Commerzbank	1.6	2.1	1.3	3.5	na	3.9	5.4	-0.5
Danske Bank	1.5	1.1	1.1	3.6	na	3.6	4.0	na
DZ Bank	1.5	1.3	1.4	2.4	na	3.7	3.9	na
Econ Intelligence Unit	1.5	1.4	1.2	2.2	na	2.7	2.9	0.0
ETLA	1.5	1.5	1.0	3.0	na	3.5	3.5	na
HSBC	1.3	1.3	1.3	1.9	0.0	3.4	4.0	na
IHS Markit Economics	1.6	1.4	1.1	1.9	na	2.9	2.8	0.1
J P Morgan Chase	1.5	1.7	1.3	3.0	-0.2	2.5	3.0	-0.1
MainSky Asset Management	2.0	1.8	1.8	3.0	0.0	2.7	2.9	0.1
Morgan Stanley	1.6	1.3	1.3	2.8	-0.3	4.0	3.7	0.3
Nordea	1.4	1.4	1.0	3.1	na	1.7	2.1	-0.1
Oxford Economics	1.5	1.3	1.1	2.6	0.0	2.7	2.9	0.0
Raiffeisen Bank Intl	1.7	1.6	1.7	2.7	na	4.2	4.7	na
SEB	1.9	na	0.8	3.5	0.0	4.4	4.7	na
UBS	1.2	1.1	0.9	1.8	0.0	2.8	2.6	0.2
UniCredit Bank	1.4	1.2	1.5	2.4	-0.1	2.5	2.8	0.0
<b>Consensus (Mean)</b>	<b>1.6</b>	<b>1.4</b>	<b>1.2</b>	<b>2.7</b>	<b>-0.1</b>	<b>3.3</b>	<b>3.5</b>	<b>0.0</b>
Last Month	1.5	1.4	1.2	2.7	-0.1	3.3	3.6	0.0
2 Months Ago	na	na	na	na	na	na	na	na
Median	1.5	1.4	1.2	2.8	0.0	3.2	3.5	0.0
High	2.0	2.1	1.8	3.6	0.0	4.5	5.4	0.3
Low	1.2	1.1	0.8	1.8	-0.3	1.7	2.1	-0.5
Standard Deviation	0.2	0.2	0.3	0.5	0.1	0.7	0.9	0.2
Number of Forecasts	20	18	19	19	9	19	19	11
<b>Other Forecasts</b>								
ECB (December '16)	1.6	1.5	1.1	3.1	na	3.9	4.3	na
EC (February '17)	1.8	1.6	1.4	3.4	0.0	3.7	4.3	-0.1
IMF (October '16)	na	na	na	na	na	na	na	na
OECD (November '16)	1.7	1.5	1.2	3.0	0.0	na	na	0.0

## Euro Zone - Forecasts for 2018

<b>Other Indicators</b> <i>average % change from previous year unless otherwise noted</i>	<b>Industrial Production</b> <i>(excl. construction)</i>	<b>Retail Sales Volume</b>	<b>Unem- ployment Rate</b> <i>(% of labour force)</i>	<b>Money Supply, M3</b> <i>(end period, %)</i>	<b>Con- sumer Prices</b> <i>(HICP)</i>	<b>Pro- ducer Prices</b> <i>(indust., excl. construction)</i>	<b>Labour Costs</b> <i>(business sector, ex pub adm, education &amp; health)</i>	<b>Current Account Balance</b> <i>(annual total, €bn)</i>	<b>Current Account Balance</b> <i>(% of GDP)</i>	<b>General Govt. Balance</b> <i>(% of GDP)</i>
<b>Panellists</b>										
ABN Amro	na	na	9.0	na	1.6	na	na	na	3.2	-1.8
Allianz SE	2.1	na	9.3	na	1.7	2.2	na	285.0	2.5	-1.3
BBVA	na	na	na	na	1.7	na	na	na	na	na
BNP Paribas	1.2	na	9.6	na	1.2	1.2	na	330.0	2.9	-1.4
Commerzbank	1.8	na	8.7	4.7	1.2	na	1.5	300.0	2.7	-1.5
Danske Bank	na	na	9.1	na	1.2	na	na	na	3.3	-1.5
DZ Bank	na	na	9.8	na	1.3	na	na	na	3.2	-1.5
Econ Intelligence Unit	1.4	na	9.1	na	1.5	1.9	na	357.0	2.9	-1.6
ETLA	1.3	na	9.1	na	1.7	na	na	na	na	na
HSBC	2.1	na	9.7	na	1.3	na	na	na	2.2	-1.8
IHS Markit Economics	1.8	1.6	9.0	na	1.8	2.0	2.0	330.0	3.1	-1.5
J P Morgan Chase	2.5	na	8.9	na	1.2	na	na	358.8	3.2	-1.5
MainSky Asset Management	na	na	8.3	na	1.5	na	na	na	na	-1.3
Morgan Stanley	na	na	9.0	na	1.5	na	na	384.6	3.7	-1.7
Nordea	na	na	na	na	1.5	na	na	na	3.3	-1.5
Oxford Economics	1.3	1.3	9.0	na	1.5	2.2	na	277.5	2.4	-1.3
Raiffeisen Bank Intl	na	na	8.7	na	1.5	na	na	350.8	3.1	-1.5
SEB	na	na	9.1	na	1.0	na	na	na	na	na
UBS	na	na	9.8	na	1.7	na	na	319.6	2.8	-1.5
UniCredit Bank	na	na	9.4	na	1.4	na	na	345.9	3.1	-1.6
<b>Consensus (Mean)</b>	<b>1.7</b>	<b>1.5</b>	<b>9.1</b>	<b>4.7</b>	<b>1.5</b>	<b>1.9</b>	<b>1.8</b>	<b>330.8</b>	<b>3.0</b>	<b>-1.5</b>
Last Month	1.6	1.5	9.3	4.5	1.5	1.9	1.8	316.7	2.9	-1.5
2 Months Ago	na	na	na	na	na	na	na	na	na	na
Median	1.8	1.5	9.1	4.7	1.5	2.0	1.8	330.0	3.1	-1.5
High	2.5	1.6	9.8	4.7	1.8	2.2	2.0	384.6	3.7	-1.3
Low	1.2	1.3	8.3	4.7	1.0	1.2	1.5	277.5	2.2	-1.8
Standard Deviation	0.5	0.2	0.4	na	0.2	0.4	0.4	33.2	0.4	0.2
Number of Forecasts	9	2	18	1	20	5	2	11	16	17
<b>Other Forecasts</b>										
ECB (December '16)	na	na	9.1	na	1.5	na	na	na	3.0	-1.5
EC (February '17)	na	na	9.1	na	1.4	na	na	352.8	3.1	-1.4
IMF (October '16)	na	na	na	na	na	na	na	na	na	na
OECD (November '16)	na	na	9.1	na	1.4	na	na	na	4.0	-1.3

<b>Financial Forecasts</b>			
<i>All forecasts are for end year</i>		<b>2017</b>	<b>2018</b>
<b>3-month Euribor Interest Rate, %</b>	<b>Mean Average</b>	<b>-0.25</b>	<b>-0.01</b>
Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">-0.33</span>	High	0.00	0.40
	Low	-0.32	-0.30
	Standard deviation	0.10	0.24
	Number of Forecasts	13	12
<b>10-year Benchmark German Bond Yield, %</b>	<b>Mean Average</b>	<b>0.76</b>	<b>1.23</b>
Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">0.34</span>	High	1.56	1.83
	Low	0.30	0.70
	Standard deviation	0.41	0.50
	Number of Forecasts	9	8
<b>US Dollars/Euro Exchange Rate</b>	<b>Mean Average</b>	<b>1.057</b>	<b>1.066</b>
Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">1.061</span>	High	1.170	1.261
	Low	0.980	0.910
	Standard deviation	0.045	0.080
	Number of Forecasts	27	23
<b>Japanese Yen/Euro Exchange Rate</b>	<b>Mean Average</b>	<b>122.1</b>	<b>127.8</b>
Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">120.8</span>	High	133.4	147.2
	Low	109.0	110.1
	Standard deviation	7.5	11.5
	Number of Forecasts	13	11
<b>UK Pound/Euro Exchange Rate</b>	<b>Mean Average</b>	<b>0.883</b>	<b>0.839</b>
Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">0.848</span>	High	1.000	0.926
	Low	0.790	0.707
	Standard deviation	0.067	0.060
	Number of Forecasts	14	12
<b>Swedish Krona/Euro Exchange Rate</b>	<b>Mean Average</b>	<b>9.340</b>	<b>9.022</b>
Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">9.472</span>	High	9.900	9.600
	Low	8.950	8.600
	Standard deviation	0.291	0.344
	Number of Forecasts	22	17
<b>Swiss Franc/Euro Exchange Rate</b>	<b>Mean Average</b>	<b>1.091</b>	<b>1.161</b>
Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">1.066</span>	High	1.150	1.560
	Low	1.000	1.000
	Standard deviation	0.042	0.154
	Number of Forecasts	12	10
<b>Oil Prices, Brent Blend, US\$ per barrel</b>	<b>Mean Average</b>	<b>56.3</b>	<b>58.9</b>
Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">56.0</span>	High	65.0	64.0
	Low	48.0	51.0
	Standard deviation	3.7	3.3
	Number of Forecasts	22	21

*Note: The consensus (mean average) forecasts for US\$/€, Skr/€ and oil prices are based on responses from panellists in our Euro Zone Barometer survey and those in our companion publication, the Nordic Barometer.*



### Interest Rate Data

All data are period averages

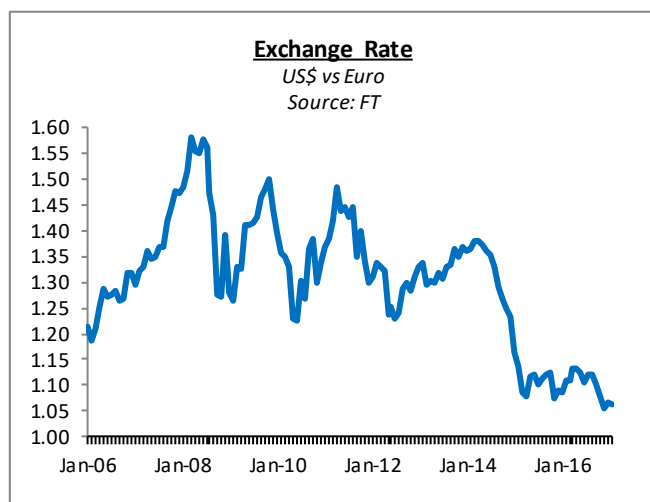
<u>Euro Zone Money Market Rates, %</u>	<u>Jul '16</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Overnight	-0.33	-0.34	-0.34	-0.35	-0.35	-0.35
1-month	-0.37	-0.37	-0.37	-0.37	-0.37	-0.37
3-month	-0.29	-0.30	-0.30	-0.31	-0.31	-0.32
6-month	-0.19	-0.19	-0.20	-0.21	-0.21	-0.22
12-month	-0.06	-0.05	-0.06	-0.07	-0.07	-0.08
10-year bond yields	0.62	0.61	0.74	0.78	1.23	1.29
<u>10-year less 1-year Spreads, %</u>						
Euro Zone	0.49	0.53	0.56	0.88	1.07	1.08
United States	0.96	0.98	1.00	1.18	1.60	1.63
United Kingdom	0.56	0.48	0.60	1.03	1.30	1.17
<u>3-month LIBOR rates, %</u>						
United States	0.70	0.81	0.85	0.88	0.91	0.98
United Kingdom	-0.03	-0.02	-0.03	-0.02	-0.06	-0.04

### Exchange Rate Data

period averages vs euro

	<u>Jul '16</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
<b>Trade Weighted Nominal Index *</b> (1999 Q1=100)	94.9	95.2	95.4	95.5	95.0	94.2
Chinese renminbi	7.391	7.454	7.482	7.420	7.388	7.298
Croatian kuna	7.493	7.487	7.500	7.507	7.521	7.540
Czech koruna	27.04	27.03	27.02	27.02	27.03	27.03
Danish krone	7.439	7.441	7.447	7.440	7.441	7.436
Hungarian forint	314.4	310.2	308.7	307.0	308.8	312.2
Japanese yen	115.3	113.5	114.2	114.5	116.9	122.4
Polish zloty	4.396	4.300	4.321	4.308	4.391	4.436
Romanian leu	4.486	4.459	4.450	4.494	4.510	4.516
Swedish krona	9.474	9.491	9.565	9.707	9.851	9.709
Swiss franc	1.087	1.088	1.092	1.089	1.076	1.075
UK pound	0.841	0.855	0.852	0.894	0.869	0.844
US dollar	1.107	1.121	1.121	1.103	1.080	1.054

\* ECB index, known as EER20, calculated against 20 partner countries.



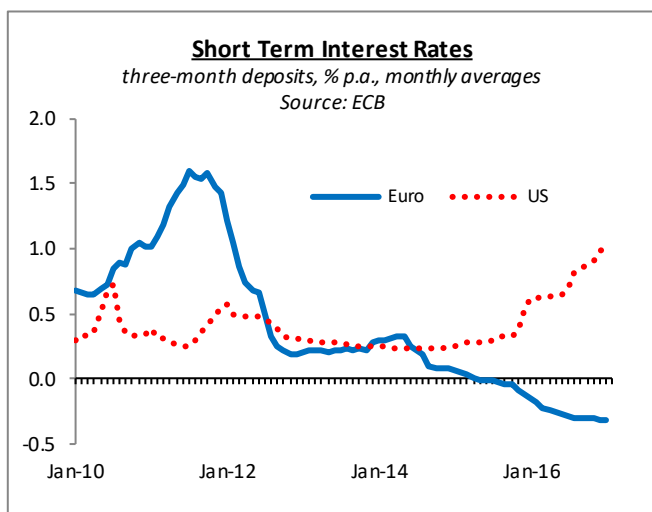
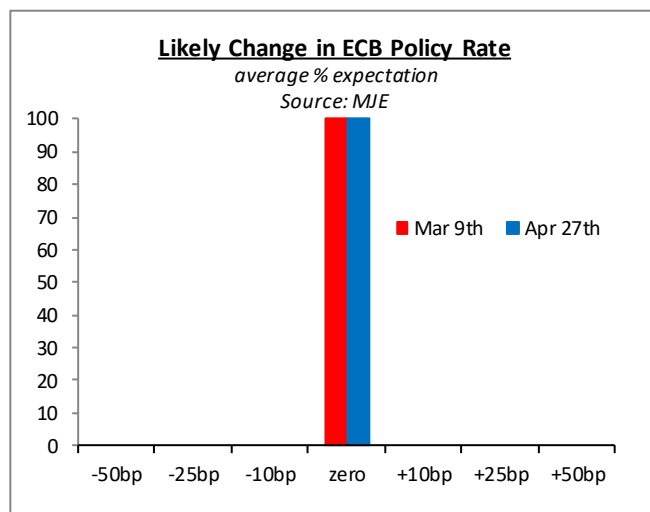
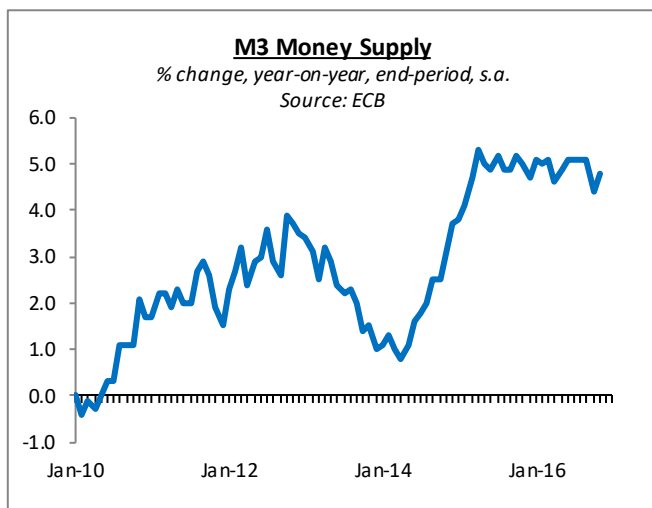
The stronger dollar/weaker euro path anticipated by forecasters has begun to emerge following 'hawkish' comments from the US Federal Reserve Chair Janet Yellen signalling monetary policy will respond to anticipated fiscal stimulus. The euro slipped to \$1.061 on this month's survey date, and was heading towards \$1.05 a few days later, creating some debate as to whether the euro zone's difficulties and the increased interest rate differentials will in fact push the single currency towards parity with the greenback. Forecasters are divided, with many believing the political problems will pass and the interest rate premium will soften. Current forecasts are for \$1.057 by end-2017 and \$1.066 for end-2018.

## ECB Watch

- Forecasters are unanimous in expecting no change to the ECB's main policy interest rate at its next two meetings, one on March 9<sup>th</sup> (when the ECB also releases its latest economic forecasts) and a subsequent one to be held on April 27<sup>th</sup>.
- Although the next banking sector stress tests are to be designed to evaluate whether lenders can withstand a larger increase in interest rates it does not seem conceivable the ECB will countenance a tighter monetary policy just yet.
- Inflation is rising, and there are already plans to gradually withdraw the quantitative easing programme of bond purchases, but the era of ultra-low interest rates does not seem about to end.

<b>Euro Zone Barometer</b>		
<b>Monthly Interest Rate Poll</b>		
Panellists' estimates of the probability of movements in the euro zone policy rate at the ECB Council's next two meetings:		
	Mar 9th	Apr 27th
-50bp	0.0%	0.0%
-25bp	0.0%	0.0%
-10bp	0.0%	0.0%
<b>Unchanged</b>	<b>100%</b>	<b>100%</b>
+10bp	0.0%	0.0%
+25bp	0.0%	0.0%
+50bp	0.0%	0.0%

Source: MJE



- Last Five ECB Interest Rate Changes:**
- November 13th, 2013**  
Deposit rate held at zero;  
Repo rate lowered by 25bps to 0.25%.
  - June 11th, 2014**  
Deposit rate lowered by 10bps to -0.10%;  
Repo rate lowered by 10bps to 0.15%.
  - September 10th, 2014**  
Deposit rate lowered by 10bps to -0.20%;  
Repo rate lowered by 10bps to 0.05%.
  - December 9th, 2015**  
Deposit rate lowered by 10bps to -0.30%;  
Repo rate held at 0.05%.
  - March 16th, 2016**  
Deposit rate lowered by 10bps to -0.40%;  
Repo rate lowered by 5bps to 0.00%.

### Long Term Forecasts

Forecasts for 2019 to 2021 are taken from our January 2017 long term forecasts survey

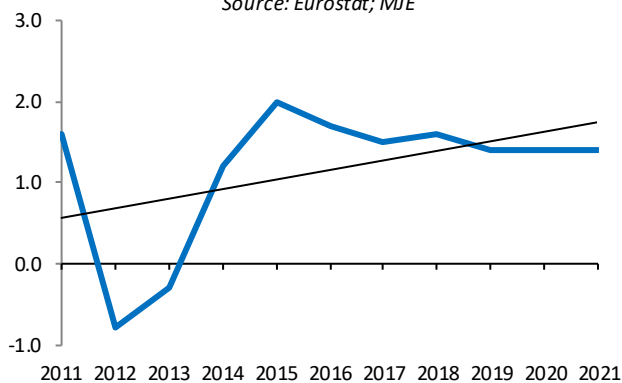
(% change year-on-year, unless otherwise stated)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Gross Domestic Product</b>	1.7	1.5	1.6	1.4	1.4	1.4
<b>Private Consumption</b>	1.8	1.4	1.4	1.3	1.3	1.2
<b>Gross Fixed Investment</b>	2.7	2.4	2.7	2.1	2.2	2.1
<b>Industrial Production (excl. construction)</b>	1.3	1.6	1.7	1.3	1.3	1.3
<b>Unemployment Rate, % of labour force</b>	10.0	9.6	9.1	8.8	8.5	8.2
<b>Harmonised Index of Consumer Prices</b>	0.2	1.5	1.5	1.7	1.8	1.8
<b>Current Account, annual total, % of GDP</b>	3.4	3.1	3.0	2.5	2.2	2.0
<b>General Government Balance, % of GDP</b>	-1.7	-1.7	-1.5	-1.2	-1.1	-1.0
<b><u>Financial Indicators (end period)</u></b>						
<b>3 Month Interest Rate, % per annum</b>	-0.32	-0.25	-0.01	1.10	1.12	1.14
<b>10 Year Bond Yield, % per annum</b>	0.21	0.76	1.23	0.62	1.19	1.48
<b>10 year - 3 month Yield Differential</b>	0.53	1.01	1.24	-0.48	0.07	0.34
<b>US\$ per € Exchange Rate</b>	1.052	1.057	1.066	1.833	2.540	2.800

#### Long Term Growth Trend

Real GDP, % change, year-on-year

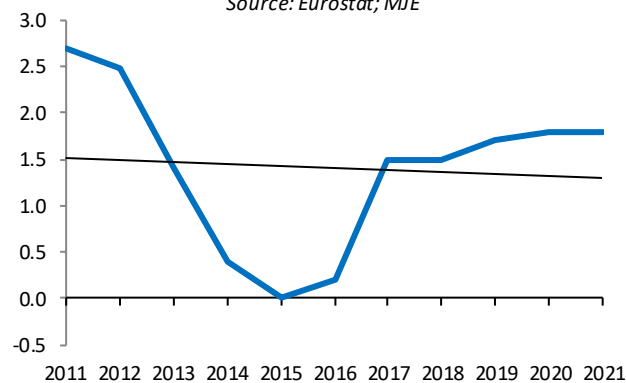
Source: Eurostat; MJE



#### Long Term Inflation Trend

HICP, % change, year-on-year

Source: Eurostat; MJE



## GERMANY - Forecasts for 2017

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Private Consump- tion</b>	<b>Gross Fixed Invest- ment</b>	<b>Industrial Produc- tion (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
ABN Amro	1.6	na	na	na	4.0	1.5	8.4	0.4	66.0
BBVA	1.5	1.4	2.4	na	na	1.6	7.9	0.3	63.9
BNP Paribas	1.8	1.4	1.9	1.4	na	1.6	8.1	0.6	65.8
Danske Bank	1.9	1.4	2.0	na	4.1	1.8	8.7	0.4	65.7
DZ Bank	1.2	1.2	1.2	na	na	1.4	8.2	0.2	66.0
Economist Intelligence Unit	1.6	1.6	1.4	1.3	4.3	1.7	7.8	0.5	67.3
HSBC	1.6	1.4	1.5	2.0	na	1.8	8.2	0.0	66.3
IHS Markit Economics	1.9	1.7	2.7	2.8	3.9	2.1	9.0	0.5	64.8
J P Morgan Chase	1.6	na	na	na	na	2.1	na	na	na
MainSky Asset Management	1.8	1.4	2.3	na	3.9	1.9	na	0.2	na
Oxford Economics	1.5	1.2	1.8	1.0	3.9	2.1	7.3	0.1	na
Raiffeisen Bank International	1.7	1.3	2.1	na	na	1.9	8.5	0.1	66.3
Santander	1.5	1.2	1.7	1.5	4.6	1.5	8.1	0.4	66.5
SEB	1.8	na	na	na	4.0	2.1	na	na	na
UBS	1.5	1.4	1.2	1.1	na	1.8	8.4	0.1	66.3
UniCredit Bank	1.5	1.6	0.5	1.5	4.5	1.8	7.0	0.0	67.0
<b>Consensus (Mean Average)</b>	<b>1.6</b>	<b>1.4</b>	<b>1.7</b>	<b>1.6</b>	<b>4.1</b>	<b>1.8</b>	<b>8.1</b>	<b>0.3</b>	<b>66.0</b>
Last Month	1.6	1.4	1.6	1.5	4.2	1.7	8.1	0.3	66.0
2 Months Ago	1.5	1.4	1.7	1.3	4.2	1.5	8.2	0.2	66.1
Median	1.6	1.4	1.8	1.5	4.0	1.8	8.2	0.3	66.2
High	1.9	1.7	2.7	2.8	4.6	2.1	9.0	0.6	67.3
Low	1.2	1.2	0.5	1.0	3.9	1.4	7.0	0.0	63.9
Standard Deviation	0.2	0.2	0.6	0.6	0.3	0.2	0.5	0.2	0.9
Number of Forecasts	16	13	13	8	9	16	13	14	12
<b>Other Forecasts</b>									
ECB (December '16)	1.8	na	na	na	4.0	1.4	na	na	na
EC (February '17)	1.6	1.6	2.1	na	4.1	1.9	8.3	0.4	65.5
IMF (October '16)	1.4	1.5	1.5	na	4.5	1.5	8.1	na	na
OECD (November '16)	1.7	1.6	1.4	na	4.2	1.4	8.8	0.5	65.0

- The economy provided welcome news for Chancellor Angela Merkel and her government ahead of the elections this year, by growing at the faster pace of 0.4% in Q4 2016 following a slower expansion in Q3. The quarterly rise was enough to nudge the y/y growth rate back up to 1.8%.
- Responding to increased government spending and a pick-up in construction, the economy relied on higher domestic demand in Q4, but with the volume of imports outpacing exports the foreign balance (i.e. net trade) provided no additional support.
- Confidence in economic prospects remained high at the start of the year, albeit easing very slightly in January from a peak in December. Sentiment among manufacturers and in the services sector especially remained upbeat, but retailer confidence slipped, perhaps because of the effect of rising prices on household disposable incomes.
- Inflation rose to 1.9% in January, from 1.7% in December, which is good news for the ECB as it tries to meet its 2% target rate, but not so for consumers or producers facing increased food and energy bills.

## GERMANY - Forecasts for 2018

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Private Consump- tion</b>	<b>Gross Fixed Invest- ment</b>	<b>Industrial Produc- tion (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
ABN Amro	1.9	na	na	na	3.8	1.9	8.6	0.1	64.0
BBVA	na	na	na	na	na	na	na	na	na
BNP Paribas	1.9	1.2	2.2	2.0	na	1.5	8.4	0.5	63.0
Danske Bank	1.9	1.4	4.0	na	4.1	1.5	8.5	0.3	63.1
DZ Bank	1.8	1.4	2.8	na	na	1.4	7.5	0.2	63.8
Economist Intelligence Unit	1.5	1.4	2.2	1.1	4.4	1.5	7.6	0.5	65.8
HSBC	1.7	1.3	2.0	2.4	na	1.7	7.9	0.0	64.0
IHS Markit Economics	1.8	1.4	2.4	2.0	4.0	1.8	8.8	0.5	62.6
J P Morgan Chase	1.5	na	na	na	na	1.5	na	na	na
MainSky Asset Management	1.9	1.6	2.9	na	3.8	1.9	na	0.0	na
Oxford Economics	1.4	1.0	2.9	1.0	3.9	1.9	6.6	0.0	na
Raiffeisen Bank International	1.5	na	na	na	na	2.2	8.0	0.0	64.0
Santander	1.3	1.0	2.0	1.2	4.6	1.7	7.7	0.2	65.0
SEB	1.8	na	na	na	4.2	1.8	na	na	na
UBS	1.3	1.2	2.4	0.8	na	1.7	8.1	0.2	63.6
UniCredit Bank	1.6	1.5	1.7	1.5	4.7	1.9	6.5	0.0	64.0
<b>Consensus (Mean Average)</b>	<b>1.7</b>	<b>1.3</b>	<b>2.5</b>	<b>1.5</b>	<b>4.2</b>	<b>1.7</b>	<b>7.9</b>	<b>0.2</b>	<b>63.9</b>
Last Month	1.6	1.3	2.4	1.5	4.3	1.7	7.9	0.2	63.9
2 Months Ago	na	na	na	na	na	na	na	na	na
Median	1.7	1.4	2.4	1.4	4.1	1.7	8.0	0.2	64.0
High	1.9	1.6	4.0	2.4	4.7	2.2	8.8	0.5	65.8
Low	1.3	1.0	1.7	0.8	3.8	1.4	6.5	0.0	62.6
Standard Deviation	0.2	0.2	0.6	0.6	0.3	0.2	0.7	0.2	0.9
Number of Forecasts	15	11	11	8	9	15	12	13	11
<b>Other Forecasts</b>									
ECB (December '16)	1.6	na	na	na	3.9	1.7	na	na	na
EC (February '17)	1.8	1.7	2.5	na	4.1	1.5	8.0	0.4	62.9
IMF (October '16)	na	na	na	na	na	na	na	na	na
OECD (November '16)	1.7	1.7	2.3	na	4.1	1.7	8.7	0.7	62.0

### Germany: Historical Data

<i>% change, year-on-year</i>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Gross Domestic Product</b>	0.3	1.6	1.5	1.8
<b>Private Consumption</b>	0.6	0.9	1.9	1.7
<b>Gross Fixed Investment</b>	-1.3	3.5	1.1	2.0
<b>Industrial Production</b>	0.1	1.3	0.9	1.2
<b>Unemploy. Rate, % of L.F.</b>	5.2	5.0	4.6	4.2
<b>Consumer Prices</b>	1.6	0.8	0.1	0.4
<b>Current Acc., % of GDP</b>	6.7	7.8	8.5	9.0
<b>Budget Bal., % of GDP</b>	-0.2	0.3	0.7	0.5
<b>Public Debt, % of GDP</b>	77.5	74.9	71.2	68.5

Source: ECB; Eurostat; national statistical office

### Germany: Background Information

<b>Prime Minister:</b>	Angela Merkel
<b>Government:</b>	CDU/CSU and SPD coalition
<b>Next Election:</b>	October 2017 (parliamentary)
<b>Capital City:</b>	Berlin
<b>Economic Freedom:</b>	17th out of 178 countries
<b>Doing Business:</b>	17th out of 190 countries
<b>Competitiveness:</b>	5th out of 138 countries
<b>Corruption:</b>	10th out of 176 countries
<b>Corporate Tax Rate:</b>	15.0% (national rate) 14.0-17.0% (local rate) 15.0% (branch rate)

Note: 5.5% solidarity rate and municipal rates also levied.

Sources: BIS, Deloitte, IFES Election Guide, IMF, FT, Heritage Foundation, MJE, Transparency International, World Bank, World Economic Forum

## FRANCE - Forecasts for 2017

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Household Consump- tion</b>	<b>Gross Fixed Invest- ment</b>	<b>Industrial Produc- tion (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
ABN Amro	1.3	na	na	na	9.9	1.3	-2.2	-2.9	97.0
BBVA	1.3	1.5	2.0	na	na	1.3	-0.8	-2.7	97.5
BNP Paribas	1.3	1.5	2.5	1.6	9.8	1.0	-0.6	-3.0	96.2
Danske Bank	1.0	0.8	2.1	na	10.0	1.2	-2.3	-2.9	96.8
DZ Bank	1.0	1.1	1.1	na	9.9	0.9	-0.2	-3.1	97.1
Economist Intelligence Unit	1.2	1.2	1.3	1.1	9.3	1.5	-1.1	-3.1	97.0
HSBC	1.0	0.9	1.0	0.7	10.1	1.4	-1.4	-3.7	98.2
IHS Markit Economics	1.1	1.2	1.4	1.0	9.7	1.6	-1.1	-3.1	97.9
J P Morgan Chase	1.2	na	na	na	na	1.7	na	na	na
MainSky Asset Management	1.7	1.4	2.7	na	na	1.6	na	-3.2	na
Oxford Economics	1.4	1.6	2.2	1.4	9.4	1.4	-1.7	-2.8	na
Raiffeisen Bank International	1.4	na	na	na	na	1.4	-1.5	-2.9	96.8
SEB	1.2	na	na	na	9.6	1.5	na	na	na
UBS	1.3	1.5	2.0	0.9	na	1.5	-0.4	-3.1	97.0
UniCredit Bank	1.2	1.2	1.9	na	9.9	1.3	-2.1	-3.1	96.1
<b>Consensus (Mean Average)</b>	<b>1.2</b>	<b>1.3</b>	<b>1.8</b>	<b>1.1</b>	<b>9.8</b>	<b>1.4</b>	<b>-1.3</b>	<b>-3.0</b>	<b>97.1</b>
Last Month	1.2	1.2	1.7	1.0	9.8	1.2	-1.3	-3.1	97.1
2 Months Ago	1.2	1.1	1.5	0.8	9.8	1.2	-1.1	-3.0	97.1
Median	1.2	1.2	2.0	1.1	9.9	1.4	-1.3	-3.1	97.0
High	1.7	1.6	2.7	1.6	10.1	1.7	-0.2	-2.7	98.2
Low	1.0	0.8	1.0	0.7	9.3	0.9	-2.3	-3.7	96.1
Standard Deviation	0.2	0.3	0.6	0.3	0.3	0.2	0.7	0.2	0.6
Number of Forecasts	15	11	11	6	10	15	12	13	11
<b>Other Forecasts</b>									
ECB (December '16)	1.3	na	na	na	9.9	1.2	na	na	na
EC (February '17)	1.4	1.2	3.1	na	9.9	1.5	-2.6	-2.9	96.7
IMF (October '16)	1.3	1.4	1.7	na	9.6	1.0	-0.4	na	na
OECD (November '16)	1.3	1.2	2.3	na	9.7	1.2	-0.8	-3.0	99.4

- The stronger economy evinced in the high-frequency indicators and surveys towards the end of last year has been confirmed by the latest national accounts for Q4 2016 showing real GDP growth of 0.4% q/q and 1.1% y/y.
- However, the presidential and parliamentary elections to be held over the coming months are likely to dampen economic growth, as investment is delayed and consumer spending softens, with Banque de France (the central bank) predicting a more subdued 0.3% quarterly growth rate for Q1 2017.
- Confidence in the economy slipped in January in line with that scenario. The European Commission's economic sentiment indicator fell back to 104.9, after having risen for two months, to reach 105.5 in December, mainly due to fluctuating services sector confidence.
- Once the elections are over, France will be forced into more austerity measures to counteract a widening fiscal deficit that will otherwise breach the EC's 3% rule in 2018, bolstered by higher wage rises for civil servants and increased healthcare costs.

## FRANCE - Forecasts for 2018

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Household Consump- tion</b>	<b>Gross Fixed Invest- ment</b>	<b>Industrial Produc- tion (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
ABN Amro	1.7	na	na	na	9.5	1.5	-2.3	-3.1	97.0
BBVA	na	na	na	na	na	na	na	na	na
BNP Paribas	1.5	1.6	2.6	2.3	9.5	0.9	-0.8	-2.7	95.2
Danske Bank	1.2	1.0	3.0	na	9.8	1.3	-2.6	-3.1	97.4
DZ Bank	1.4	1.3	2.0	na	9.6	1.1	-0.2	-2.9	97.4
Economist Intelligence Unit	1.4	1.5	1.6	1.5	8.9	1.3	-1.3	-3.0	97.3
HSBC	1.1	1.2	1.5	2.0	9.9	1.3	-1.7	-3.4	99.5
IHS Markit Economics	1.4	1.2	1.9	1.3	9.6	1.9	-1.3	-3.0	97.4
J P Morgan Chase	1.4	na	na	na	na	1.2	na	na	na
MainSky Asset Management	2.3	1.9	4.0	na	na	1.4	na	-2.7	na
Oxford Economics	1.6	1.5	2.2	1.3	9.0	1.3	-1.3	-2.2	na
Raiffeisen Bank International	1.5	na	na	na	na	1.3	-1.5	-3.1	97.1
SEB	1.4	na	na	na	9.5	0.8	na	na	na
UBS	1.4	1.4	2.4	1.2	na	1.5	-0.6	-2.7	98.0
UniCredit Bank	1.1	1.2	2.6	na	9.7	1.3	-2.0	-3.0	95.8
<b>Consensus (Mean Average)</b>	<b>1.5</b>	<b>1.4</b>	<b>2.4</b>	<b>1.6</b>	<b>9.5</b>	<b>1.3</b>	<b>-1.4</b>	<b>-2.9</b>	<b>97.2</b>
Last Month	1.4	1.3	2.2	1.6	9.5	1.3	-1.4	-3.0	97.3
2 Months Ago	na	na	na	na	na	na	na	na	na
Median	1.4	1.4	2.3	1.4	9.6	1.3	-1.3	-3.0	97.4
High	2.3	1.9	4.0	2.3	9.9	1.9	-0.2	-2.2	99.5
Low	1.1	1.0	1.5	1.2	8.9	0.8	-2.6	-3.4	95.2
Standard Deviation	0.3	0.3	0.7	0.4	0.3	0.3	0.7	0.3	1.2
Number of Forecasts	14	10	10	6	10	14	11	12	10
<b>Other Forecasts</b>									
ECB (December '16)	1.4	na	na	na	9.7	1.4	na	na	na
EC (February '17)	1.7	1.6	4.1	na	9.6	1.3	-2.7	-3.1	97.0
IMF (October '16)	na	na	na	na	na	na	na	na	na
OECD (November '16)	1.6	1.6	2.9	na	9.6	1.2	-0.9	-2.9	100.2

### France: Historical Data

<i>% change, year-on-year</i>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Gross Domestic Product</b>	0.7	0.2	1.1	1.1
<b>Private Consumption</b>	0.4	0.6	1.4	1.8
<b>Gross Fixed Investment</b>	-0.6	-1.2	-0.1	2.8
<b>Industrial Production</b>	-0.5	-1.1	1.3	0.4
<b>Unemploy. Rate, % of L.F.</b>	10.3	10.3	10.4	10.0
<b>Consumer Prices</b>	1.0	0.6	0.1	0.3
<b>Current Acc., % of GDP</b>	-2.6	-2.3	-0.1	-1.2
<b>Budget Bal., % of GDP</b>	-4.0	-4.0	-3.5	-3.3
<b>Public Debt, % of GDP</b>	92.3	95.3	96.2	96.4

Source: ECB; Eurostat; national statistical office

### France: Background Information

<b>President:</b>	Francois Hollande
<b>Government:</b>	Socialist Party
<b>Next Election:</b>	April/May 2017 (presidential)
<b>Capital City:</b>	Paris
<b>Economic Freedom:</b>	75th out of 178 countries
<b>Doing Business:</b>	29th out of 190 countries
<b>Competitiveness:</b>	21st out of 138 countries
<b>Corruption:</b>	23rd out of 176 countries
<b>Corporate Tax Rate:</b>	33.33% (national rate) 0.0% (local rate) 33.33%/30% (branch rate)

Note: 3.3% social sec. surcharge levied over certain threshold.

Sources: BIS, Deloitte, IFES Election Guide, IMF, FT, Heritage Foundation, MJE, Transparency International, World Bank, World Economic Forum



## ITALY - Forecasts for 2017

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Household Consump- tion</b>	<b>Gross Fixed Invest- ment</b>	<b>Industrial Produc- tion (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
ABN Amro	0.6	na	na	na	11.7	0.8	2.0	-2.7	134.0
BBVA	0.9	0.8	1.8	na	na	1.1	2.8	-2.3	133.3
BNP Paribas	0.6	0.6	0.9	-0.5	11.2	1.1	2.2	-2.6	133.9
Danske Bank	1.0	0.7	2.1	na	11.5	1.2	2.5	-2.4	133.1
DZ Bank	0.6	0.7	0.8	na	11.3	0.7	1.8	-2.4	133.4
Economist Intelligence Unit	0.7	0.7	1.5	1.0	11.5	1.0	2.3	-2.5	131.9
HSBC	0.6	0.6	1.1	1.8	11.4	1.2	1.6	-2.6	133.6
IHS Markit Economics	0.6	0.5	0.7	1.5	11.8	1.5	1.1	-3.9	135.8
J P Morgan Chase	1.2	na	na	na	na	1.5	na	na	na
LC Macro Advisors	1.1	1.5	3.1	1.6	11.0	0.6	1.8	-2.4	132.7
MainSky Asset Management	1.2	1.1	2.4	na	11.4	1.5	na	-2.6	na
Oxford Economics	0.7	0.6	1.7	0.8	11.5	1.3	2.6	-2.5	na
Raiffeisen Bank International	0.6	na	na	na	na	1.3	2.8	-2.6	133.5
SEB	0.9	na	na	na	12.0	na	na	na	na
UBS	0.9	1.5	1.0	1.3	na	1.3	1.8	-2.2	131.5
UniCredit Bank	0.8	0.8	2.8	na	11.3	1.1	2.6	-2.4	133.2
<b>Consensus (Mean Average)</b>	<b>0.8</b>	<b>0.8</b>	<b>1.7</b>	<b>1.1</b>	<b>11.5</b>	<b>1.1</b>	<b>2.1</b>	<b>-2.6</b>	<b>133.3</b>
Last Month	0.8	0.8	1.5	0.9	11.4	1.0	2.2	-2.6	133.4
2 Months Ago	0.7	0.8	1.2	0.8	11.3	1.1	2.3	-2.5	133.3
Median	0.8	0.7	1.6	1.3	11.5	1.2	2.2	-2.5	133.4
High	1.2	1.5	3.1	1.8	12.0	1.5	2.8	-2.2	135.8
Low	0.6	0.5	0.7	-0.5	11.0	0.6	1.1	-3.9	131.5
Standard Deviation	0.2	0.3	0.8	0.8	0.3	0.3	0.5	0.4	1.1
Number of Forecasts	16	12	12	7	12	15	13	14	12
<b>Other Forecasts</b>									
ECB (December '16)	0.9	na	na	na	11.3	0.9	na	na	na
EC (February '17)	0.9	0.9	2.4	na	11.6	1.4	2.1	-2.4	133.3
IMF (October '16)	0.9	1.0	1.8	na	11.2	0.5	1.9	na	na
OECD (November '16)	0.9	0.6	1.1	na	11.0	0.8	3.0	-2.4	132.3

- Economic growth slowed down in Q4 2016, sliding from a 0.3% quarterly pace in Q3 2016 to 0.2% in Q4. However, the y/y growth rate remained steady at 1.1% and the outcome could have been much worse considering the political turmoil, and the banking sector problems that led to a state bailout for the country's third-largest lender.
- Indeed, the economic sentiment indicator for Italy published by the European Commission rebounded in January with confidence returning to the services sector and manufacturers seemingly less downbeat.
- However, the country is still underperforming compared to most other countries in Europe, with external trade a weak point and signs emerging of manufacturing production slowing down in the coming months based on order books.
- The government remains at loggerheads with the EU over the latter's demands for more spending cuts worth €3.4bn, the Italian authorities still want reduced. The government will press on with the structural reform agenda, but the economic picture is clouded by an uncertain political picture.



## ITALY - Forecasts for 2018

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Household Consump- tion</b>	<b>Gross Fixed Invest- ment</b>	<b>Industrial Produc- tion (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
ABN Amro	0.9	na	na	na	11.5	1.3	1.6	-2.8	134.0
BBVA	na	na	na	na	na	na	na	na	na
BNP Paribas	0.7	0.8	1.4	0.4	10.8	0.9	2.0	-2.6	134.8
Danske Bank	1.3	0.8	3.6	na	11.4	1.2	2.1	-2.5	133.1
DZ Bank	0.9	0.8	1.1	na	10.8	1.0	1.7	-2.5	133.0
Economist Intelligence Unit	0.8	0.7	1.5	0.8	11.1	1.2	2.3	-2.4	130.3
HSBC	0.8	1.1	1.3	1.5	11.1	1.0	1.6	-2.2	133.7
IHS Markit Economics	0.7	0.5	0.8	1.3	11.5	1.8	1.0	-2.8	135.0
J P Morgan Chase	1.1	na	na	na	na	1.0	na	na	na
LC Macro Advisors	1.5	1.4	3.5	2.0	10.4	1.1	2.0	-2.5	132.6
MainSky Asset Management	1.6	1.2	3.2	na	11.0	1.6	na	-2.1	na
Oxford Economics	1.1	0.8	2.4	0.2	11.2	1.3	2.5	-1.8	na
Raiffeisen Bank International	1.0	na	na	na	na	1.4	2.6	-2.5	132.5
SEB	1.2	na	na	na	12.0	na	na	na	na
UBS	0.8	1.0	0.6	0.8	na	1.8	1.7	-1.3	131.0
UniCredit Bank	0.9	0.8	2.7	na	10.9	1.1	2.4	-2.0	132.8
<b>Consensus (Mean Average)</b>	<b>1.0</b>	<b>0.9</b>	<b>2.0</b>	<b>1.0</b>	<b>11.1</b>	<b>1.3</b>	<b>2.0</b>	<b>-2.3</b>	<b>133.0</b>
Last Month	1.0	0.9	1.9	1.0	11.1	1.2	2.0	-2.3	133.0
2 Months Ago	na	na	na	na	na	na	na	na	na
Median	0.9	0.8	1.5	0.8	11.1	1.2	2.0	-2.5	133.0
High	1.6	1.4	3.6	2.0	12.0	1.8	2.6	-1.3	135.0
Low	0.7	0.5	0.6	0.2	10.4	0.9	1.0	-2.8	130.3
Standard Deviation	0.3	0.3	1.1	0.6	0.4	0.3	0.5	0.4	1.4
Number of Forecasts	15	11	11	7	12	14	12	13	11
<b>Other Forecasts</b>									
ECB (December '16)	1.1	na	na	na	11.1	1.2	na	na	na
EC (February '17)	1.1	1.2	3.1	na	11.4	1.3	1.8	-2.6	133.2
IMF (October '16)	na	na	na	na	na	na	na	na	na
OECD (November '16)	1.0	0.7	2.2	na	10.7	1.2	3.2	-2.4	132.0

### Italy: Historical Data

<i>% change, year-on-year</i>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Gross Domestic Product</b>	-1.7	-0.4	0.6	1.0
<b>Private Consumption</b>	-2.7	0.4	0.9	1.4
<b>Gross Fixed Investment</b>	-6.6	-3.5	0.6	2.0
<b>Industrial Production</b>	-2.9	-0.7	0.8	1.5
<b>Unemploy. Rate, % of L.F.</b>	12.1	12.7	11.9	11.7
<b>Consumer Prices</b>	1.3	0.2	0.1	-0.1
<b>Current Acc., % of GDP</b>	0.9	2.0	2.1	2.7
<b>Budget Bal., % of GDP</b>	-2.7	-3.0	-2.6	-2.4
<b>Public Debt, % of GDP</b>	129.0	131.9	132.3	132.7

Source: ECB; Eurostat; national statistical office

### Italy: Background Information

<b>Prime Minister:</b>	Paolo Gentiloni
<b>Government:</b>	Coalition including PD and PDL
<b>Next Election:</b>	By February 2018 (parliamentary)
<b>Capital City:</b>	Rome
<b>Economic Freedom:</b>	86th out of 178 countries
<b>Doing Business:</b>	50th out of 190 countries
<b>Competitiveness:</b>	44th out of 138 countries
<b>Corruption:</b>	60th out of 176 countries
<b>Corporate Tax Rate:</b>	27.5% (national rate) 4% (local rate) 27.5% (branch rate)

Note: Regional tax also levied, generally at 3.9%.

Sources: BIS, Deloitte, IFES Election Guide, IMF, FT, Heritage Foundation, MJE, Transparency International, World Bank, World Economic Forum

## NETHERLANDS - Forecasts for 2017

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Private Consump- tion</b>	<b>Gross Fixed Invest- ment</b>	<b>Industrial Produc- tion (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
ABN Amro	1.7	na	na	na	5.3	1.1	8.0	-0.1	61.0
BNP Paribas	2.0	1.6	3.2	2.0	5.3	1.0	8.3	-0.5	61.2
DZ Bank	1.6	1.6	4.9	na	5.2	1.0	7.9	0.0	61.0
Economist Intelligence Unit	1.9	1.9	2.4	1.3	5.2	1.3	8.3	-0.9	61.3
IHS Markit Economics	1.3	1.7	na	0.8	5.4	1.1	na	-1.3	na
Oxford Economics	1.8	1.3	3.6	0.9	5.4	1.5	7.6	-1.1	na
<b>Consensus (Mean Average)</b>	<b>1.7</b>	<b>1.6</b>	<b>3.5</b>	<b>1.3</b>	<b>5.3</b>	<b>1.2</b>	<b>8.0</b>	<b>-0.7</b>	<b>61.1</b>
Last Month	1.6	1.5	3.5	1.1	5.4	1.1	8.0	-0.7	61.4
2 Months Ago	1.6	1.5	3.7	1.0	5.5	1.1	8.6	-0.8	61.8
Median	1.8	1.6	3.4	1.1	5.3	1.1	8.0	-0.7	61.1
High	2.0	1.9	4.9	2.0	5.4	1.5	8.3	0.0	61.3
Low	1.3	1.3	2.4	0.8	5.2	1.0	7.6	-1.3	61.0
Standard Deviation	0.2	0.2	1.0	0.5	0.1	0.2	0.3	0.5	0.1
Number of Forecasts	6	5	4	4	6	6	5	6	4
<b><u>Other Forecasts</u></b>									
ECB (December '16)	2.1	na	na	na	5.5	1.1	na	na	na
EC (February '17)	2.0	2.0	4.0	na	5.2	1.4	7.4	0.2	60.2
IMF (October '16)	1.6	na	na	na	6.5	0.9	8.2	na	na
OECD (November '16)	2.0	1.8	3.7	na	5.6	1.0	7.7	0.0	61.6

- The Dutch economy grew at the reasonable pace of 0.5% during the final three months of 2016, producing a y/y rise of 2.5%, although it was slower than in previous quarters.
- Overall the economy grew by 2.1% in 2016, its strongest pace since the global financial crisis erupted in 2007. The recovery in the housing market and strong employment growth, bringing the unemployment rate down, spurred consumer spending. Exports also increased more than imports in Q4.
- There are signs the improvement will continue with the European Commission's economic sentiment indicator for the Netherlands rising for a fifth consecutive month in January to 108.4.
- The rise was broad-based, among consumers, in the construction sector, among manufacturers, and throughout the services sector, signalling the country could be one of the stronger performers across the region this year.

## NETHERLANDS - Forecasts for 2018

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Private Consump- tion</b>	<b>Gross Fixed Invest- ment</b>	<b>Industrial Produc- tion (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
ABN Amro	1.9	na	na	na	5.0	1.6	7.8	0.1	58.0
BNP Paribas	1.6	1.3	2.4	1.5	4.9	1.4	8.0	-0.2	59.4
DZ Bank	1.5	1.2	4.2	na	5.0	1.2	7.6	0.2	59.5
Economist Intelligence Unit	1.6	1.7	1.6	1.4	4.7	1.5	8.1	-0.7	59.8
IHS Markit Economics	1.7	1.2	na	1.0	5.4	2.3	na	-1.3	na
Oxford Economics	1.4	1.2	2.0	1.1	5.2	1.5	8.4	-1.2	na
<b>Consensus (Mean Average)</b>	<b>1.6</b>	<b>1.3</b>	<b>2.6</b>	<b>1.3</b>	<b>5.0</b>	<b>1.6</b>	<b>8.0</b>	<b>-0.5</b>	<b>59.2</b>
Last Month	1.6	1.3	2.8	1.3	5.2	1.5	8.0	-0.5	59.5
2 Months Ago	na	na	na	na	na	na	na	na	na
Median	1.6	1.2	2.2	1.3	5.0	1.5	8.0	-0.5	59.5
High	1.9	1.7	4.2	1.5	5.4	2.3	8.4	0.2	59.8
Low	1.4	1.2	1.6	1.0	4.7	1.2	7.6	-1.3	58.0
Standard Deviation	0.2	0.2	1.1	0.2	0.2	0.4	0.3	0.6	0.8
Number of Forecasts	6	5	4	4	6	6	5	6	4
<b><u>Other Forecasts</u></b>									
ECB (December '16)	1.7	na	na	na	5.5	1.3	na	na	na
EC (February '17)	1.8	1.9	3.5	na	4.7	1.4	7.1	0.3	58.3
IMF (October '16)	na	na	na	na	na	na	na	na	na
OECD (November '16)	1.9	1.6	4.2	na	5.5	1.5	7.4	0.0	59.7

### Netherlands: Historical Data

<i>% change, year-on-year</i>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Gross Domestic Product</b>	-0.5	1.0	1.9	2.1
<b>Private Consumption</b>	-1.4	0.0	1.6	1.6
<b>Gross Fixed Investment</b>	-4.4	3.5	10.3	6.5
<b>Industrial Production</b>	0.6	-2.8	-4.2	0.9
<b>Unemploy. Rate, % of L.F.</b>	7.3	7.4	6.9	6.0
<b>Consumer Prices</b>	2.6	0.3	0.2	0.1
<b>Current Acc., % of GDP</b>	11.0	10.6	9.2	7.8
<b>Budget Bal., % of GDP</b>	-2.4	-2.3	-1.9	-1.0
<b>Public Debt, % of GDP</b>	67.7	67.9	65.1	63.0

Source: ECB; Eurostat; national statistical office

### Netherlands: Background Information

<b>Prime Minister:</b>	Mark Rutte
<b>Government:</b>	VVD led coalition
<b>Next Election:</b>	March 2017 (parliamentary)
<b>Capital City:</b>	The Hague
<b>Economic Freedom:</b>	16th out of 178 countries
<b>Doing Business:</b>	28th out of 190 countries
<b>Competitiveness:</b>	4th out of 138 countries
<b>Corruption:</b>	8th out of 176 countries
<b>Corporate Tax Rate:</b>	25.0% (national rate) 0.0% (local rate) 25.0% (branch rate)
Note: Reduced tax of 20% on income below certain threshold.	

Sources: BIS, Deloitte, IFES Election Guide, IMF, FT, Heritage Foundation, MJE, Transparency International, World Bank, World Economic Forum

## SPAIN - Forecasts for 2017

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Household Consump- tion</b>	<b>Gross Fixed Invest- ment</b>	<b>Industrial Produc- tion (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
ABN Amro	2.4	na	na	na	18.5	0.7	1.4	-3.8	101.0
BBVA	2.7	2.5	3.3	na	17.5	2.1	1.9	-3.1	98.9
BNP Paribas	2.4	2.2	2.5	1.6	19.6	2.2	1.6	-3.8	100.3
Danske Bank	2.3	2.1	2.9	na	18.3	1.8	1.5	-3.8	99.9
DZ Bank	2.1	2.0	2.2	na	18.6	1.0	0.9	-3.4	99.0
Economist Intelligence Unit	2.3	2.3	3.4	2.1	17.8	2.1	1.7	-3.3	98.1
HSBC	2.5	2.3	3.5	2.2	18.6	1.8	0.6	-3.8	100.5
IHS Markit Economics	2.3	2.3	2.0	1.7	17.6	2.4	0.7	-3.7	99.4
J P Morgan Chase	2.6	na	na	na	na	3.1	na	na	na
MainSky Asset Management	2.7	2.8	3.9	na	17.3	2.7	na	-3.5	na
Oxford Economics	2.5	2.4	3.9	2.5	18.2	2.2	1.2	-3.2	na
Raiffeisen Bank International	2.5	na	na	na	na	1.7	1.5	-3.4	99.0
UBS	2.5	2.5	3.3	2.8	18.4	2.8	1.2	-3.2	99.5
UniCredit Bank	2.4	2.5	4.2	na	17.5	1.4	1.5	-3.8	100.0
<b>Consensus (Mean Average)</b>	<b>2.4</b>	<b>2.4</b>	<b>3.2</b>	<b>2.2</b>	<b>18.2</b>	<b>2.0</b>	<b>1.3</b>	<b>-3.5</b>	<b>99.6</b>
Last Month	2.4	2.3	3.1	2.2	18.4	1.6	1.4	-3.6	99.7
2 Months Ago	2.3	2.3	3.0	2.2	18.5	1.4	1.3	-3.6	100.1
Median	2.5	2.3	3.3	2.2	18.3	2.1	1.5	-3.5	99.5
High	2.7	2.8	4.2	2.8	19.6	3.1	1.9	-3.1	101.0
Low	2.1	2.0	2.0	1.6	17.3	0.7	0.6	-3.8	98.1
Standard Deviation	0.2	0.2	0.7	0.5	0.7	0.7	0.4	0.3	0.8
Number of Forecasts	14	11	11	6	12	14	12	13	11
<b>Other Forecasts</b>									
ECB (December '16)	2.5	na	na	na	17.7	1.5	na	na	na
EC (February '17)	2.3	2.1	3.4	na	17.7	1.9	1.7	-3.5	100.0
IMF (October '16)	2.2	2.3	3.0	na	18.0	1.0	1.7	na	na
OECD (November '16)	2.3	2.1	4.7	na	17.7	1.5	1.7	-3.6	102.1

- Spain's reputation as one of the fastest-growing economies in the euro zone remained intact at the end of last year with the news that GDP increased in real terms by 0.7% in Q4 on a real-terms basis. It resulted in a y/y growth rate of 3% y/y, which gently eased throughout the year.
- Confidence in the economy remained buoyant at the beginning of 2017, with the European Commission's economic sentiment indicator springing back to 107.4, the level it was at in October, spurred by manufacturers becoming more upbeat.
- However, uncertainty surrounding Europe's prospects, the spike in inflation witnessed recently, and the anticipated slowing of employment growth in a labour market that is largely failing to produce permanent, full-time work, are all reasons to remain cautious on the outlook.
- The unemployment rate, despite falling gradually, remains sky-high at around 18%, and the new government led by Prime Minister Mariano Rajoy will find it more difficult to legislate reforms now that it has lost its majority in Parliament.

## SPAIN - Forecasts for 2018

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Household Consump- tion</b>	<b>Gross Fixed Invest- ment</b>	<b>Industrial Produc- tion (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
ABN Amro	2.4	na	na	na	17.2	1.1	1.4	-3.4	101.0
BBVA	2.7	2.4	4.4	na	15.8	1.9	1.8	-2.2	96.2
BNP Paribas	2.0	1.9	3.8	1.9	19.3	1.4	1.6	-3.2	100.4
Danske Bank	2.3	2.0	4.7	na	17.1	1.1	1.5	-3.2	100.0
DZ Bank	2.6	2.2	3.1	na	17.7	1.4	2.6	-3.0	98.0
Economist Intelligence Unit	2.0	2.0	3.2	1.5	16.9	1.8	1.6	-2.5	96.3
HSBC	2.0	2.0	3.9	2.6	17.8	1.2	0.3	-3.3	100.8
IHS Markit Economics	2.1	2.0	2.2	1.5	16.8	1.8	0.7	-3.3	99.0
J P Morgan Chase	2.2	na	na	na	na	0.9	na	na	na
MainSky Asset Management	2.0	2.6	4.1	na	16.0	1.9	na	-2.5	na
Oxford Economics	2.1	2.0	2.9	2.4	17.1	1.2	1.1	-2.7	na
Raiffeisen Bank International	1.9	na	na	na	na	1.6	1.4	-3.2	99.5
UBS	1.9	2.0	3.0	2.8	17.3	1.7	1.0	-3.0	98.8
UniCredit Bank	2.0	1.8	3.8	na	16.2	1.7	1.5	-3.2	100.2
<b>Consensus (Mean Average)</b>	<b>2.2</b>	<b>2.1</b>	<b>3.6</b>	<b>2.1</b>	<b>17.1</b>	<b>1.5</b>	<b>1.4</b>	<b>-3.0</b>	<b>99.1</b>
Last Month	2.1	2.0	3.3	2.2	17.5	1.4	1.4	-3.1	99.4
2 Months Ago	na	na	na	na	na	na	na	na	na
Median	2.1	2.0	3.8	2.2	17.1	1.5	1.5	-3.2	99.5
High	2.7	2.6	4.7	2.8	19.3	1.9	2.6	-2.2	101.0
Low	1.9	1.8	2.2	1.5	15.8	0.9	0.3	-3.4	96.2
Standard Deviation	0.3	0.2	0.7	0.6	0.9	0.3	0.6	0.4	1.7
Number of Forecasts	14	11	11	6	12	14	12	13	11
<b>Other Forecasts</b>									
ECB (December '16)	2.1	na	na	na	16.3	1.5	na	na	na
EC (February '17)	2.1	1.8	3.8	na	16.0	1.7	1.6	-2.9	99.7
IMF (October '16)	na	na	na	na	na	na	na	na	na
OECD (November '16)	2.2	1.6	4.7	na	16.4	1.3	1.7	-2.9	102.2

### Spain: Historical Data

<i>% change, year-on-year</i>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Gross Domestic Product</b>	-1.7	1.4	3.2	3.2
<b>Private Consumption</b>	-3.1	1.2	3.1	3.0
<b>Gross Fixed Investment</b>	-2.5	3.5	6.4	3.6
<b>Industrial Production</b>	-1.7	1.1	3.3	1.8
<b>Unemploy. Rate, % of L.F.</b>	26.1	24.5	22.1	19.6
<b>Consumer Prices</b>	1.5	-0.2	-0.6	-0.2
<b>Current Acc., % of GDP</b>	1.5	1.0	1.4	2.0
<b>Budget Bal., % of GDP</b>	-7.0	-6.0	-5.1	-4.4
<b>Public Debt, % of GDP</b>	95.4	100.4	99.8	100.5

Source: ECB; Eurostat; national statistical office

### Spain: Background Information

<b>Prime Minister:</b>	Mariano Rajoy
<b>Government:</b>	People's Party minority
<b>Next Election:</b>	2020 (parliamentary)
<b>Capital City:</b>	Madrid
<b>Economic Freedom:</b>	43rd out of 178 countries
<b>Doing Business:</b>	32nd out of 190 countries
<b>Competitiveness:</b>	32nd out of 138 countries
<b>Corruption:</b>	41st out of 176 countries
<b>Corporate Tax Rate:</b>	25.0% (national rate) variable (local rate) 25.0%/19.0% (branch rate)

Note: Reduced rate for SMEs.

Sources: BIS, Deloitte, IFES Election Guide, IMF, FT, Heritage Foundation, MJE, Transparency International, World Bank, World Economic Forum

### Forecasts For Other Euro-Zone Countries<sup>1</sup>

		Real GDP Growth (%)		Harmonized Inflation (%)		Current Account (% of GDP)		Gen Govt Bal (% of GDP)		Gen Govt Debt (% of GDP)	
		2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Austria	ECB	1.5	1.5	1.5	1.7	na	na	na	na	na	na
	EC	1.6	1.6	1.8	1.6	2.2	2.4	-1.2	-0.9	81.3	79.3
	IMF	1.2	na	1.5	na	2.7	na	na	na	na	na
	OECD	1.5	1.3	1.7	1.8	2.2	2.2	-1.0	-0.6	84.5	83.2
	Average	<b>1.5</b>	<b>1.5</b>	<b>1.6</b>	<b>1.7</b>	<b>2.4</b>	<b>2.3</b>	<b>-1.1</b>	<b>-0.8</b>	<b>82.9</b>	<b>81.3</b>
Belgium	ECB	1.4	1.6	2.0	2.0	na	na	na	na	na	na
	EC	1.4	1.6	2.0	1.8	1.2	1.3	-2.2	-2.3	106.5	106.1
	IMF	1.4	na	1.6	na	0.4	na	na	na	na	na
	OECD	1.3	1.5	1.7	1.7	1.4	1.4	-2.2	-2.2	105.4	104.6
	Average	<b>1.4</b>	<b>1.6</b>	<b>1.8</b>	<b>1.8</b>	<b>1.0</b>	<b>1.4</b>	<b>-2.2</b>	<b>-2.3</b>	<b>106.0</b>	<b>105.4</b>
Cyprus	ECB	2.8	3.1	0.9	1.5	na	na	na	na	na	na
	EC	2.5	2.3	1.2	1.1	-2.1	-2.3	-0.2	0.4	103.2	99.6
	IMF	2.2	na	0.5	na	-3.7	na	na	na	na	na
	OECD	na	na	na	na	na	na	na	na	na	na
	Average	<b>2.5</b>	<b>2.7</b>	<b>0.9</b>	<b>1.3</b>	<b>-2.9</b>	<b>-2.3</b>	<b>-0.2</b>	<b>0.4</b>	<b>103.2</b>	<b>99.6</b>
Estonia	ECB	2.6	3.0	2.9	2.7	na	na	na	na	na	na
	EC	2.2	2.6	2.8	2.8	0.3	0.0	-0.5	-0.2	10.1	10.0
	IMF	2.5	na	1.4	na	0.0	na	na	na	na	na
	OECD	2.4	2.9	2.3	2.6	0.7	0.8	-0.5	-0.1	10.2	10.4
	Average	<b>2.4</b>	<b>2.8</b>	<b>2.4</b>	<b>2.7</b>	<b>0.3</b>	<b>0.4</b>	<b>-0.5</b>	<b>-0.2</b>	<b>10.2</b>	<b>10.2</b>
Greece	ECB	2.5	3.0	1.1	1.0	na	na	na	na	na	na
	EC	2.7	3.1	1.3	1.0	-0.7	-0.6	-1.1	0.7	177.2	170.6
	IMF	2.8	na	0.6	na	0.0	na	na	na	na	na
	OECD	1.3	1.9	1.1	1.4	-0.6	-0.1	-0.2	0.5	176.6	171.5
	Average	<b>2.3</b>	<b>2.7</b>	<b>1.0</b>	<b>1.1</b>	<b>-0.4</b>	<b>-0.4</b>	<b>-0.7</b>	<b>0.6</b>	<b>176.9</b>	<b>171.1</b>
Ireland	ECB	3.3	3.0	0.5	1.3	na	na	na	na	na	na
	EC	3.4	3.3	0.9	1.0	9.5	9.3	-0.6	-0.6	73.6	72.6
	IMF	3.2	na	1.2	na	9.1	na	na	na	na	na
	OECD	3.2	2.3	1.5	2.0	9.7	9.6	-0.5	0.0	75.0	72.2
	Average	<b>3.3</b>	<b>2.9</b>	<b>1.0</b>	<b>1.4</b>	<b>9.4</b>	<b>9.5</b>	<b>-0.6</b>	<b>-0.3</b>	<b>74.3</b>	<b>72.4</b>
Latvia	ECB	3.0	3.3	1.6	1.7	na	na	na	na	na	na
	EC	2.8	3.0	1.9	2.0	-2.5	-3.3	-1.0	-1.0	36.5	35.0
	IMF	3.4	na	1.7	na	-1.2	na	na	na	na	na
	OECD	3.0	3.5	1.3	1.9	-0.2	-1.0	-1.0	-0.8	38.2	37.5
	Average	<b>3.1</b>	<b>3.3</b>	<b>1.6</b>	<b>1.9</b>	<b>-1.3</b>	<b>-2.2</b>	<b>-1.0</b>	<b>-0.9</b>	<b>37.4</b>	<b>36.3</b>
Lithuania	ECB	2.4	2.9	1.9	2.0	na	na	na	na	na	na
	EC	2.9	2.8	2.1	1.9	-2.9	-2.6	-0.7	-0.7	43.5	39.6
	IMF	3.0	na	1.2	na	-2.8	na	na	na	na	na
	OECD	2.7	2.8	2.3	2.8	0.0	0.2	-0.8	-0.4	42.5	41.6
	Average	<b>2.8</b>	<b>2.8</b>	<b>1.9</b>	<b>2.2</b>	<b>-1.9</b>	<b>-1.2</b>	<b>-0.8</b>	<b>-0.6</b>	<b>43.0</b>	<b>40.6</b>
Luxembourg	ECB	3.9	3.9	2.0	2.1	na	na	na	na	na	na
	EC	4.0	3.9	2.0	2.1	4.9	5.8	0.2	0.3	23.1	23.5
	IMF	3.1	na	1.0	na	4.3	na	na	na	na	na
	OECD	4.0	4.0	1.4	1.5	4.7	4.8	1.0	0.9	23.4	25.4
	Average	<b>3.8</b>	<b>3.9</b>	<b>1.6</b>	<b>1.9</b>	<b>4.6</b>	<b>5.3</b>	<b>0.6</b>	<b>0.6</b>	<b>23.3</b>	<b>24.5</b>
Malta	ECB	4.1	3.7	1.4	1.7	na	na	na	na	na	na
	EC	3.7	3.7	1.6	1.8	5.3	6.0	-0.6	-0.6	58.0	55.6
	IMF	3.4	na	1.5	na	5.8	na	na	na	na	na
	OECD	na	na	na	na	na	na	na	na	na	na
	Average	<b>3.7</b>	<b>3.7</b>	<b>1.5</b>	<b>1.8</b>	<b>5.6</b>	<b>6.0</b>	<b>-0.6</b>	<b>-0.6</b>	<b>58.0</b>	<b>55.6</b>
Portugal	ECB	1.4	1.5	1.4	1.5	na	na	na	na	na	na
	EC	1.6	1.5	1.3	1.4	0.4	0.6	-2.0	-2.2	128.9	127.1
	IMF	1.1	na	1.1	na	-0.7	na	na	na	na	na
	OECD	1.2	1.3	1.1	1.1	0.5	0.7	-2.1	-1.9	129.5	128.2
	Average	<b>1.3</b>	<b>1.4</b>	<b>1.2</b>	<b>1.3</b>	<b>0.1</b>	<b>0.7</b>	<b>-2.1</b>	<b>-2.1</b>	<b>129.2</b>	<b>127.7</b>
Slovakia	ECB	3.1	4.2	1.2	1.8	na	na	na	na	na	na
	EC	2.9	3.6	0.9	1.4	1.2	1.5	-1.4	-0.6	51.8	50.0
	IMF	3.3	na	1.1	na	-0.6	na	na	na	na	na
	OECD	3.4	3.8	0.8	1.4	-0.7	0.3	-1.5	-0.6	52.4	51.2
	Average	<b>3.2</b>	<b>3.9</b>	<b>1.0</b>	<b>1.5</b>	<b>0.0</b>	<b>0.9</b>	<b>-1.5</b>	<b>-0.6</b>	<b>52.1</b>	<b>50.6</b>
Slovenia	ECB	2.5	2.6	1.4	1.4	na	na	na	na	na	na
	EC	3.0	3.0	1.1	2.3	5.5	5.0	-1.7	-1.4	78.9	76.7
	IMF	1.8	na	1.0	na	7.2	na	na	na	na	na
	OECD	2.4	2.3	0.8	1.2	7.7	8.0	-1.6	-0.9	85.5	85.4
	Average	<b>2.4</b>	<b>2.6</b>	<b>1.1</b>	<b>1.6</b>	<b>6.8</b>	<b>6.5</b>	<b>-1.7</b>	<b>-1.2</b>	<b>82.2</b>	<b>81.1</b>

<sup>1</sup> Forecasts for Germany, Finland, Italy, the Netherlands and Spain shown on pages 12-22; Forecasts for Finland are shown in Nordic Barometer. European Central Bank (Dec'16); European Commission (Feb'17); International Monetary Fund (Oct'16); OECD (Nov'16).

## Notes, Sources and Definitions

<sup>1</sup> Contribution to overall GDP growth, calculated as the change in stockbuilding as a % of the previous year's GDP.

<sup>2</sup> Contribution to overall GDP growth, calculated as the change in net exports (real goods and services exports minus real goods and services imports) as a % of the previous year's GDP.

OECD = Organisation

for Economic Cooperation and Development; IMF = International Monetary Fund; EC = European Commission; ECB = European Central Bank.

bp – basis points (1/100<sup>th</sup> of a percentage point)

sa – seasonally adjusted

q/q – quarter on quarter

m/m – month-on-month

wda – working day adjusted

y/y – year on year

<b><u>Variable</u></b>	<b><u>Definition</u></b>	<b><u>Source</u></b>
Gross Domestic Product	Seasonally and working day adj., 2005 prices (chain-linked)	Eurostat
Private Consumption	Seasonally and working day adj., 2005 prices (chain-linked)	Eurostat
Government Consumption	Seasonally and working day adj., 2005 prices (chain-linked)	Eurostat
Gross Fixed Capital Formation	Seasonally and working day adj., 2005 prices (chain-linked)	Eurostat
Change in Stocks (Inventories)	Seasonally and working day adj., 2005 prices (chain-linked)	Eurostat
Exports, Imports & Net Exports	Seasonally and working day adj., 2005 prices (chain-linked)	Eurostat
Industrial Production	Seasonally adjusted, 2005 = 100 index, excluding construction	Eurostat
Retail Sales	Seasonally adjusted, 2005 = 100 index, total sales volume	Eurostat
Unemployment Rate	Seasonally adjusted, total, % of labour force, ILO definition	Eurostat
Money Supply	M3 monetary aggregate (ECB target measure), seas. adj., €bn, end period	ECB
Consumer Prices	Harmonised index of consumer prices (HICP), total, 2005=100	Eurostat
Producer Prices	Industrial producer prices, domestic market, total industry excluding construction, 2005 = 100	Eurostat
Wages/Earnings	Labour cost index, business economy (excluding public administration, education and social services), 2008 = 100	Eurostat
Current Account	Balance of payments current account, total net flows, €bn	Eurostat
Budget Balance	General govt fiscal position, total balance as a % of GDP	Eurostat
Short Term Interest Rate	3 month euro interest rate (EURIBOR – interbank offered Rate), % p.a., end period	ECB/FT
Long Term Interest Rate	Yield on 10 year German govt bond, % p.a., end period	ECB/FT
Exchange Rate	Foreign currency per euro, market rate, end period	FT

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