

# Euro Zone Barometer© - May 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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Editorial queries: [editor@mjeconomics.com](mailto:editor@mjeconomics.com)  
 Subscriptions: [subscriptions@mjeconomics.com](mailto:subscriptions@mjeconomics.com)  
 Other enquiries: [admin@mjeconomics.com](mailto:admin@mjeconomics.com)

**Survey Deadline: May 22nd, 2017**

## Bright Summer in Prospect

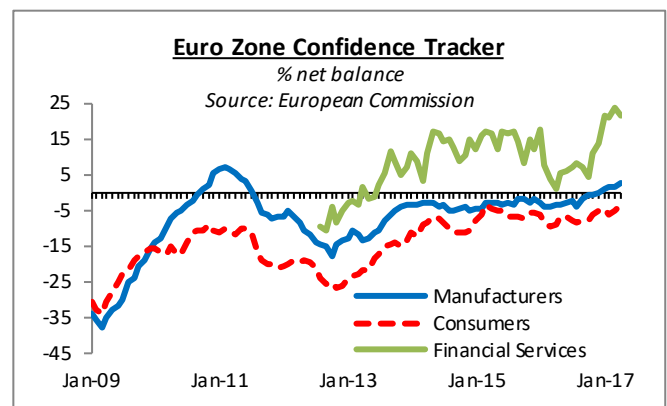
- **The single currency has risen to a six-month high** this week as confidence in the euro zone economic recovery and diminishing political risk continue to draw in capital inflows.
- The region grew at a decent clip in Q1 2017 and high-frequency statistics show **business and consumer confidence** improving in tandem with real-economy indicators.
- The region is still beset by wide performance disparities. **Germany and Spain are still the pace-setters**, but with hugely diverse unemployment rates. The **Greek economy is flatlining**, held back by another instalment of the debt crisis, and both **France and Italy are crawling along**. **Finland** was one of the stronger performers in Q1 2017.
- **Inflation**, according to the euro zone HICP, accelerated to 1.9% y/y in April, but is unlikely to become a more intractable problem with commodity prices stabilising.
- This month, we include **newly revised spring forecasts from the European Commission** for the euro zone and individual member states.



**Next Month's Survey Deadline:  
 June 19th, 2017**

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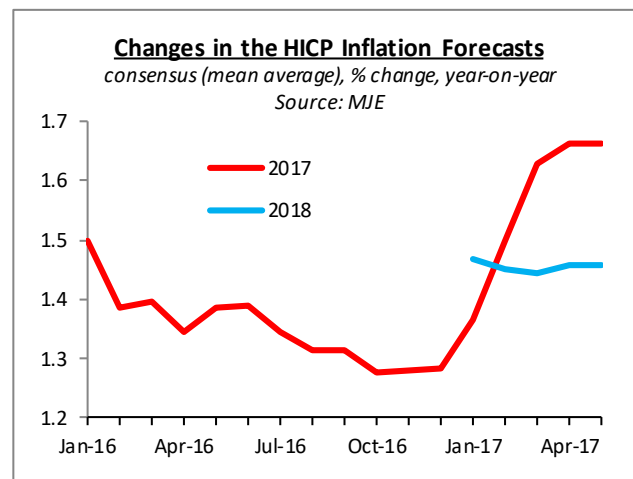
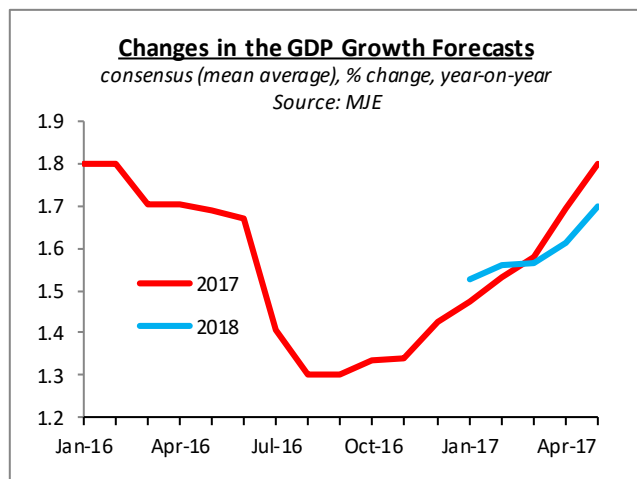
## Outlook for 2017-2018

- *The euro zone growth picture has brightened again this month, with the mean average GDP consensus forecasts upgraded for both 2017 and 2018 to 1.8% and 1.7% respectively.*
- *Forecasters are more optimistic concerning exports in an improving trade environment. And with corporate profits soaring, and borrowing costs at record lows, the outlook for gross fixed investment has also improved, underpinned by galloping real estate prices spurring construction.*
- *Forecasts for other key variables have altered less. There are upgraded predictions for industrial production and retail sales reflecting the improving economic conditions, but with leaner-fitter organisations in place, no change to the unemployment rate picture, showing a gradually improving situation.*
- *The inflation outlook is similarly unchanged, with experts anticipating the recent upsurge in consumer price inflation will settle down.*

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

<i>(% change year-on-year, unless otherwise stated)</i>	<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	1.8	1.8	1.7
<b>Private Consumption</b>	-0.6	0.8	1.8	2.0	1.5	1.5
<b>Government Consumption</b>	0.3	0.6	1.3	1.9	1.3	1.3
<b>Gross Fixed Investment</b>	-2.5	1.5	3.2	3.7	3.5	2.9
<b>Change in Stocks (Inventories)<sup>1</sup></b>	0.2	0.3	-0.1	-0.1	0.2	0.0
<b>Goods and Services Exports</b>	2.1	4.4	6.5	2.9	3.9	3.4
<b>Goods and Services Imports</b>	1.4	4.9	6.5	4.0	4.7	3.6
<b>Net Exports<sup>2</sup></b>	0.4	0.0	0.2	-0.3	-0.2	0.0
<b>Industrial Production (ex. construction)</b>	-0.7	0.8	2.1	1.4	1.8	1.7
<b>Retail Sales Volume</b>	-0.6	1.5	2.7	1.9	1.7	1.4
<b>Unemployment Rate, % of labour force</b>	12.0	11.6	10.9	10.0	9.4	8.9
<b>Money Supply, M3, end period, % change</b>	1.0	3.8	4.7	5.0	5.0	4.7
<b>Harmonised Index of Consumer Prices</b>	1.4	0.4	0.0	0.2	1.7	1.5
<b>Producer Prices</b>	-0.2	-1.5	-2.7	-2.3	3.2	1.8
<b>Nominal Labour Costs</b>	1.4	1.2	1.5	1.4	1.6	1.8
<b>Current Account Balance, annual total, €bn</b>	248.4	303.0	333.7	364.7	338.8	328.2
<b>Current Account Balance, % of GDP</b>	2.5	3.0	3.2	3.4	3.0	2.9
<b>General Govt Budget Balance, % of GDP</b>	-3.0	-2.6	-2.1	-1.7	-1.4	-1.3
<b><u>Financial Indicators (end period)</u></b>						
<b>3 Month Interest Rate, % per annum</b>	0.29	0.08	-0.13	-0.32	-0.27	0.04
<b>10 Year German Bond Yield, % per annum</b>	1.94	0.54	0.63	0.21	0.73	1.28
<b>US\$ per € Exchange Rate</b>	1.378	1.210	1.091	1.052	1.092	1.110

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



The euro zone made a decent start to the year, growing on a seasonally-adjusted, real terms basis by 0.5% q/q in Q1 2017, and 1.7% y/y, compared to the 1.8% average pace during the second half of last year.

On a quarterly basis, GDP growth picked up in Germany, Portugal, Spain, and Finland (see our Nordic Barometer survey), which was surprisingly strong at 1.6% q/q and 2.6% y/y. However, economic growth remained weak in Italy, it was not much better in France, and was still declining (at a reduced pace) in Greece, the region’s weakest economy.

In April, the euro area economic sentiment indicator published by the European Commission reached a new high of 109.6, emphasising how the recovery is persisting on a region-wide basis. The improvement was broad-based. Manufacturing sentiment, underpinned by a more favourable trading environment, ameliorated after stabilising in March. Confidence within the services sector rose, in retail trade and construction. The region’s consumers also felt more confident with employment continuing to rise, and still able to access cheap credit, which should sustain high levels of personal spending.

**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	1.8
<b>Private Consumption</b>	2.0	1.9	1.8	1.8
<b>Industrial Production</b>	1.3	1.1	1.0	2.0
<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>	1.7	1.8	1.9	1.8
<b>Private Consumption</b>	1.5	1.5	1.6	1.5
<b>Industrial Production</b>	1.2	1.9	1.9	1.6
<b>Harmonised Index of Consumer Prices</b>	1.8	1.6	1.6	1.5
<b>3 month Interest Rate, % per annum, end period</b>	-0.33	-0.31	-0.29	-0.27
<b>10 Year Bond Yield, % per annum, end period</b>	0.33	0.43	0.57	0.73
	<b>Q1'18</b>	<b>Q2'18</b>	<b>Q3'18</b>	<b>Q4'18</b>
<b>Gross Domestic Product</b>	1.8	1.7	1.6	1.6
<b>Private Consumption</b>	1.6	1.6	1.6	1.5
<b>Industrial Production</b>	1.8	1.7	1.7	1.7
<b>Harmonised Index of Consumer Prices</b>	1.4	1.4	1.5	1.6
<b>3 month Interest Rate, % per annum, end period</b>	-0.21	-0.13	-0.02	0.04
<b>10 Year Bond Yield, % per annum, end period</b>	0.87	1.00	1.16	1.28

*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	1.8	na	na	na	na	na	na	na
Allianz SE	1.7	1.7	1.4	4.7	na	3.7	5.5	na
BBVA	1.7	1.4	1.2	2.5	na	3.9	4.0	0.1
BNP Paribas	1.6	1.3	1.3	2.1	-0.1	3.9	3.6	na
Commerzbank	1.8	1.6	1.4	2.7	na	4.4	5.3	-0.2
Danske Bank	1.6	1.4	1.2	1.8	na	3.8	3.9	na
DZ Bank	1.8	1.4	1.3	4.6	na	4.3	5.9	na
Econ Intelligence Unit	1.6	1.5	1.2	2.3	na	3.2	3.3	0.1
ETLA	1.6	1.5	1.4	3.0	na	3.3	3.6	na
HSBC	1.5	1.4	1.4	1.8	0.0	3.5	3.7	na
IHS Markit Economics	1.8	1.5	1.2	4.8	na	3.7	4.9	-0.2
J P Morgan Chase	2.0	1.7	1.4	5.0	na	3.7	5.4	-0.6
Lloyds Bank	1.7	1.5	1.2	2.5	na	3.4	3.7	na
MainSky Asset Management	1.9	1.5	1.6	2.9	0.3	3.9	4.5	-0.1
Morgan Stanley	1.8	1.4	1.3	4.4	0.3	4.6	5.9	-0.4
Nordea	1.9	1.6	1.1	5.2	na	4.0	5.3	-0.2
Oxford Economics	1.9	1.4	1.1	2.8	0.2	4.3	4.5	0.1
Raiffeisen Bank Intl	1.9	1.6	1.6	3.3	na	4.6	5.1	na
Santander	2.0	1.6	1.5	4.7	0.3	3.5	4.5	0.0
SEB	2.0	1.6	1.3	4.3	0.1	3.7	4.3	na
UBS	1.7	1.5	1.3	4.2	0.3	3.9	5.4	-0.4
UniCredit Bank	1.8	1.5	1.5	4.3	0.3	4.3	5.8	-0.5
<b>Consensus (Mean)</b>	<b>1.8</b>	<b>1.5</b>	<b>1.3</b>	<b>3.5</b>	<b>0.2</b>	<b>3.9</b>	<b>4.7</b>	<b>-0.2</b>
Last Month	1.7	1.5	1.3	2.4	0.1	3.6	3.9	0.0
2 Months Ago	1.6	1.4	1.4	2.3	0.0	3.3	3.6	0.0
Median	1.8	1.5	1.3	3.3	0.3	3.9	4.5	-0.2
High	2.0	1.7	1.6	5.2	0.3	4.6	5.9	0.1
Low	1.5	1.3	1.1	1.8	-0.1	3.2	3.3	-0.6
Standard Deviation	0.1	0.1	0.1	1.2	0.2	0.4	0.8	0.2
Number of Forecasts	22	21	21	21	9	21	21	12
<b>Other Forecasts</b>								
ECB (March '17)	1.8	1.4	1.1	2.8	na	4.3	4.6	na
EC (May '17)	1.7	1.5	1.5	2.9	0.0	3.8	4.2	0.0
IMF (April '17)	1.7	1.5	1.2	2.7	0.0	na	na	0.1
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- 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	9.3	na	1.6	na	na	na	3.2	-1.3
Allianz SE	1.9	na	9.4	na	1.7	3.3	na	343.2	3.0	-1.2
BBVA	na	na	na	na	1.8	na	na	na	3.0	-1.7
BNP Paribas	1.6	na	9.4	na	1.8	3.4	na	333.0	3.0	-1.4
Commerzbank	1.4	na	9.3	5.0	1.4	na	1.4	330.0	3.0	-1.4
Danske Bank	na	na	9.4	na	1.5	na	na	na	3.2	-1.4
DZ Bank	na	na	9.4	na	1.7	na	na	na	3.1	-1.4
Econ Intelligence Unit	1.7	na	9.3	na	1.7	3.3	na	356.4	3.2	-1.5
ETLA	1.6	na	9.5	na	1.5	na	na	na	na	na
HSBC	2.3	na	9.5	na	1.6	na	na	na	3.0	-1.6
IHS Markit Economics	1.9	1.6	9.3	na	1.7	2.9	1.7	350.0	3.2	-1.7
J P Morgan Chase	na	na	9.2	na	1.7	na	na	na	na	na
Lloyds Bank	na	na	9.1	na	1.8	na	na	na	2.7	na
MainSky Asset Management	na	na	9.2	na	1.6	na	na	na	na	-1.3
Morgan Stanley	na	na	9.3	na	1.7	na	na	320.6	2.7	-1.4
Nordea	na	na	9.3	na	1.7	na	na	na	3.2	-1.4
Oxford Economics	1.5	1.7	9.3	na	1.6	3.2	na	317.1	2.9	-1.3
Raiffeisen Bank Intl	1.9	na	9.4	na	1.8	na	na	367.4	3.3	-1.4
Santander	na	na	na	na	1.8	na	na	na	na	na
SEB	na	na	9.3	na	1.5	na	na	na	na	-1.3
UBS	na	na	9.9	na	1.7	na	na	331.2	3.0	-1.7
UniCredit Bank	na	na	9.4	na	1.7	na	na	na	na	na
<b>Consensus (Mean)</b>	<b>1.8</b>	<b>1.7</b>	<b>9.4</b>	<b>5.0</b>	<b>1.7</b>	<b>3.2</b>	<b>1.6</b>	<b>338.8</b>	<b>3.0</b>	<b>-1.4</b>
Last Month	1.7	1.6	9.4	4.4	1.7	3.1	1.6	341.2	3.1	-1.6
2 Months Ago	1.8	1.6	9.5	4.7	1.6	2.9	1.5	343.5	3.2	-1.6
Median	1.7	1.7	9.3	5.0	1.7	3.3	1.6	333.0	3.0	-1.4
High	2.3	1.7	9.9	5.0	1.8	3.4	1.7	367.4	3.3	-1.2
Low	1.4	1.6	9.1	5.0	1.4	2.9	1.4	317.1	2.7	-1.7
Standard Deviation	0.3	0.1	0.2	na	0.1	0.2	0.2	16.7	0.2	0.2
Number of Forecasts	9	2	20	1	22	5	2	9	16	17
<b>Other Forecasts</b>										
ECB (March '17)	na	na	9.4	na	1.7	na	na	na	3.1	-1.4
EC (May '17)	na	na	9.4	na	1.6	na	na	335.1	3.0	-1.4
IMF (April '17)	na	na	9.4	na	1.7	na	na	na	3.0	-1.5
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	1.6	na	na	na	na	na	na	na
Allianz SE	1.6	1.4	1.3	2.9	na	3.2	3.5	na
BBVA	1.7	1.4	1.0	3.0	na	3.5	3.6	0.1
BNP Paribas	1.6	1.5	1.2	2.4	0.0	4.2	4.4	na
Commerzbank	1.6	2.1	1.3	3.5	na	4.0	5.4	-0.5
Danske Bank	1.6	1.1	1.1	3.6	na	3.6	4.0	na
DZ Bank	1.7	1.4	1.3	2.4	na	3.8	3.7	na
Econ Intelligence Unit	1.6	1.5	1.2	2.1	na	2.9	3.1	0.1
ETLA	1.6	1.4	1.1	2.8	na	3.2	3.6	na
HSBC	1.4	1.3	1.3	2.3	0.0	3.5	4.0	na
IHS Markit Economics	1.7	1.5	1.0	2.3	na	3.2	3.1	0.1
J P Morgan Chase	1.7	1.7	1.3	3.1	na	2.8	3.2	-0.1
Lloyds Bank	1.6	1.4	1.2	2.8	na	2.6	2.8	na
MainSky Asset Management	2.2	1.9	1.9	3.4	0.0	2.7	2.9	0.1
Morgan Stanley	1.7	1.3	1.3	2.8	0.0	4.0	4.2	0.1
Nordea	1.8	1.4	1.1	4.0	na	3.9	4.2	-0.1
Oxford Economics	1.6	1.4	1.2	2.1	0.0	3.3	3.3	0.1
Raiffeisen Bank Intl	1.7	1.6	1.7	3.3	na	4.0	4.7	na
Santander	1.8	1.5	1.5	2.7	0.0	2.3	2.2	0.0
SEB	2.0	1.7	1.0	4.0	0.0	4.4	4.7	na
UBS	1.4	1.3	0.8	2.2	0.0	2.9	2.8	0.1
UniCredit Bank	1.5	1.3	1.5	2.5	0.0	2.8	3.1	0.0
<b>Consensus (Mean)</b>	<b>1.7</b>	<b>1.5</b>	<b>1.3</b>	<b>2.9</b>	<b>0.0</b>	<b>3.4</b>	<b>3.6</b>	<b>0.0</b>
Last Month	1.6	1.5	1.2	2.8	0.0	3.2	3.5	0.0
2 Months Ago	1.6	1.4	1.3	2.7	0.0	3.2	3.5	0.0
Median	1.6	1.4	1.2	2.8	0.0	3.3	3.6	0.1
High	2.2	2.1	1.9	4.0	0.0	4.4	5.4	0.1
Low	1.4	1.1	0.8	2.1	0.0	2.3	2.2	-0.5
Standard Deviation	0.2	0.2	0.2	0.6	0.0	0.6	0.8	0.2
Number of Forecasts	22	21	21	21	9	21	21	12
<b>Other Forecasts</b>								
ECB (March '17)	1.7	1.4	1.0	3.2	na	4.1	4.4	na
EC (May '17)	1.8	1.6	1.5	3.5	0.0	4.1	4.6	0.0
IMF (April '17)	1.6	1.5	0.9	2.7	0.0	na	na	0.1
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- 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	8.7	na	1.5	na	na	na	2.7	-1.4
Allianz SE	2.1	na	9.2	na	1.7	2.2	na	290.0	2.5	-1.0
BBVA	na	na	na	na	1.6	na	na	na	2.9	-1.4
BNP Paribas	1.4	na	9.1	na	1.3	1.2	na	353.0	3.1	-1.2
Commerzbank	1.8	na	8.7	4.7	1.4	na	1.5	330.0	2.9	-1.2
Danske Bank	na	na	8.8	na	1.1	na	na	na	3.1	-1.4
DZ Bank	na	na	9.2	na	1.6	na	na	na	3.1	-1.4
Econ Intelligence Unit	1.4	na	8.8	na	1.4	1.8	na	329.1	2.9	-1.3
ETLA	1.5	na	9.1	na	1.5	na	na	na	na	na
HSBC	1.9	na	9.2	na	1.3	na	na	na	2.8	-1.6
IHS Markit Economics	1.8	1.4	9.0	na	1.6	1.8	2.0	330.0	3.0	-1.5
J P Morgan Chase	na	na	8.6	na	1.2	na	na	na	na	na
Lloyds Bank	na	na	8.7	na	1.6	na	na	na	2.6	na
MainSky Asset Management	na	na	8.7	na	1.4	na	na	na	na	-1.2
Morgan Stanley	na	na	8.8	na	1.4	na	na	329.8	2.9	-1.2
Nordea	na	na	8.8	na	1.5	na	na	na	3.1	-1.4
Oxford Economics	1.3	1.4	8.7	na	1.6	1.9	na	317.4	2.8	-1.1
Raiffeisen Bank Intl	na	na	8.6	na	1.5	na	na	356.1	3.1	-1.4
Santander	na	na	na	na	1.4	na	na	na	na	na
SEB	na	na	9.0	na	1.1	na	na	na	na	-1.3
UBS	na	na	9.8	na	1.7	na	na	318.0	2.8	-1.5
UniCredit Bank	na	na	9.0	na	1.5	na	na	na	na	na
<b>Consensus (Mean)</b>	<b>1.7</b>	<b>1.4</b>	<b>8.9</b>	<b>4.7</b>	<b>1.5</b>	<b>1.8</b>	<b>1.8</b>	<b>328.2</b>	<b>2.9</b>	<b>-1.3</b>
Last Month	1.6	1.4	8.9	4.5	1.5	1.9	1.8	332.0	2.9	-1.4
2 Months Ago	1.6	1.4	9.1	4.5	1.4	1.9	1.8	339.8	3.1	-1.5
Median	1.7	1.4	8.8	4.7	1.5	1.8	1.8	329.8	2.9	-1.4
High	2.1	1.4	9.8	4.7	1.7	2.2	2.0	356.1	3.1	-1.0
Low	1.3	1.4	8.6	4.7	1.1	1.2	1.5	290.0	2.5	-1.6
Standard Deviation	0.3	0.0	0.3	na	0.2	0.4	0.4	19.6	0.2	0.2
Number of Forecasts	8	2	20	1	22	5	2	9	16	17
<b>Other Forecasts</b>										
ECB (March '17)	na	na	8.9	na	1.6	na	na	na	3.2	-1.2
EC (May '17)	na	na	8.9	na	1.3	na	na	328.6	2.9	-1.3
IMF (April '17)	na	na	9.1	na	1.5	na	na	na	3.0	-1.2
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>-0.27</b>	<b>0.04</b>
Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">-0.33</span>	High	-0.10	0.33
	Low	-0.40	-0.30
	Standard deviation	0.08	0.20
	Number of Forecasts	17	16
<b>10-year Benchmark German Bond Yield, %</b>	<b>Mean Average</b>	<b>0.73</b>	<b>1.28</b>
Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">0.39</span>	High	1.00	1.80
	Low	0.30	0.70
	Standard deviation	0.25	0.37
	Number of Forecasts	12	12
<b>US Dollars/Euro Exchange Rate</b>	<b>Mean Average</b>	<b>1.092</b>	<b>1.110</b>
Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">1.125</span>	High	1.200	1.200
	Low	1.000	0.990
	Standard deviation	0.046	0.055
	Number of Forecasts	27	24
<b>Japanese Yen/Euro Exchange Rate</b>	<b>Mean Average</b>	<b>124.2</b>	<b>128.6</b>
Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">124.9</span>	High	135.2	149.8
	Low	112.4	111.0
	Standard deviation	6.0	11.4
	Number of Forecasts	13	11
<b>UK Pound/Euro Exchange Rate</b>	<b>Mean Average</b>	<b>0.896</b>	<b>0.881</b>
Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">0.864</span>	High	1.000	1.000
	Low	0.800	0.820
	Standard deviation	0.057	0.050
	Number of Forecasts	14	12
<b>Swedish Krona/Euro Exchange Rate</b>	<b>Mean Average</b>	<b>9.383</b>	<b>9.118</b>
Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">9.794</span>	High	9.800	9.751
	Low	9.000	8.600
	Standard deviation	0.215	0.315
	Number of Forecasts	22	18
<b>Swiss Franc/Euro Exchange Rate</b>	<b>Mean Average</b>	<b>1.091</b>	<b>1.113</b>
Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">1.094</span>	High	1.150	1.200
	Low	1.030	1.000
	Standard deviation	0.031	0.059
	Number of Forecasts	13	11
<b>Oil Prices, Brent Blend, US\$ per barrel</b>	<b>Mean Average</b>	<b>54.9</b>	<b>57.6</b>
Rate on Survey Date: <span style="border: 1px solid black; padding: 2px;">53.4</span>	High	64.0	65.0
	Low	48.0	50.0
	Standard deviation	3.4	4.0
	Number of Forecasts	23	23

*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

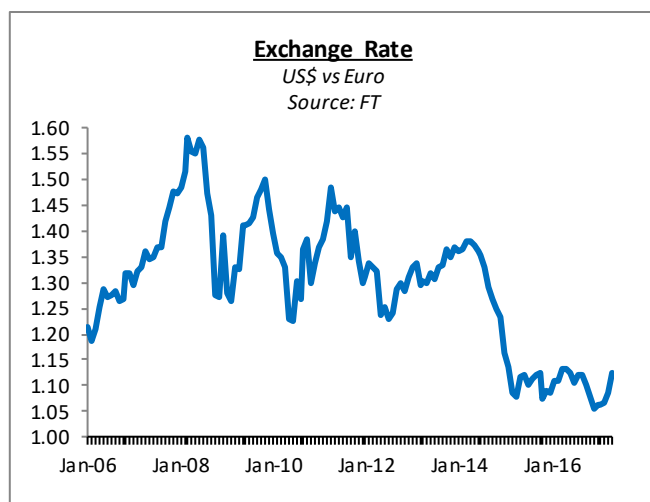
<u>Euro Zone Money Market Rates, %</u>	<u>Oct '16</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan '17</u>	<u>Feb</u>	<u>Mar</u>
Overnight	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35
1-month	-0.37	-0.37	-0.37	-0.37	-0.37	-0.37
3-month	-0.31	-0.31	-0.32	-0.33	-0.33	-0.33
6-month	-0.21	-0.21	-0.22	-0.24	-0.24	-0.24
12-month	-0.07	-0.07	-0.08	-0.09	-0.11	-0.11
10-year bond yields	0.78	1.23	1.29	1.31	1.45	1.46
<u>10-year less 1-year Spreads, %</u>						
Euro Zone	0.88	1.07	1.08	1.20	1.13	1.12
United States	1.18	1.60	1.63	1.69	1.56	1.36
United Kingdom	1.03	1.30	1.17	1.36	1.05	1.01
<u>3-month LIBOR rates, %</u>						
United States	0.88	0.91	0.98	1.03	1.04	1.13
United Kingdom	-0.02	-0.06	-0.04	-0.02	-0.01	0.00

### Exchange Rate Data

period averages vs euro

	<u>Oct '16</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan '17</u>	<u>Feb</u>	<u>Mar</u>
<b>Trade Weighted Nominal Index *</b> (1999 Q1=100)	95.5	95.0	94.2	94.4	93.9	94.4
Chinese renminbi	7.420	7.388	7.298	7.319	7.314	7.369
Croatian kuna	7.507	7.521	7.540	7.530	7.448	7.423
Czech koruna	27.02	27.03	27.03	27.02	27.02	27.02
Danish krone	7.440	7.441	7.436	7.435	7.435	7.436
Hungarian forint	307.0	308.8	312.2	309.0	308.5	309.7
Japanese yen	114.5	116.9	122.4	122.1	120.2	120.7
Polish zloty	4.308	4.391	4.436	4.367	4.308	4.287
Romanian leu	4.494	4.510	4.516	4.502	4.514	4.548
Swedish krona	9.707	9.851	9.709	9.511	9.476	9.528
Swiss franc	1.089	1.076	1.075	1.071	1.066	1.071
UK pound	0.894	0.869	0.844	0.861	0.853	0.866
US dollar	1.103	1.080	1.054	1.061	1.064	1.068

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



Rising to \$1.12 this week, the euro has hit its highest level in six months in response to higher capital inflows, diminishing political risks following the Dutch and French elections, and a more favourable economic outlook for the region. Underlining confidence in the euro's prospects, Morgan Stanley reports that over the past couple of months unhedged euro zone positions totalling \$7bn compare with less than \$1bn of hedged positions. This year's 6% appreciation is now causing some experts to reassess their FX forecasts for 2017-18, with current outliers suggesting a rate of \$1.20 for the end of this year, although the consensus is closer to the present rate.

## ECB Watch

- At the policymaking meeting in April, the ECB kept its interest rates on refinancing operations, the marginal lending facility and deposit facility unchanged at 0.00%, 0.25% and -0.40% respectively.
- The ECB also confirmed it would maintain net asset purchases at the new monthly pace of €60bn until the end of December 2017, or beyond, if necessary, until a sustained adjustment in the path of inflation is consistent with its inflation aim.
- No changes to monetary policy are expected at the next few meetings, but the ECB is mired in a dilemma, unprepared to tighten economic policy in view of the very weak conditions across parts of the euro area, but at risk of fuelling a boom in Germany.

### Euro Zone Barometer

#### Monthly Interest Rate Poll

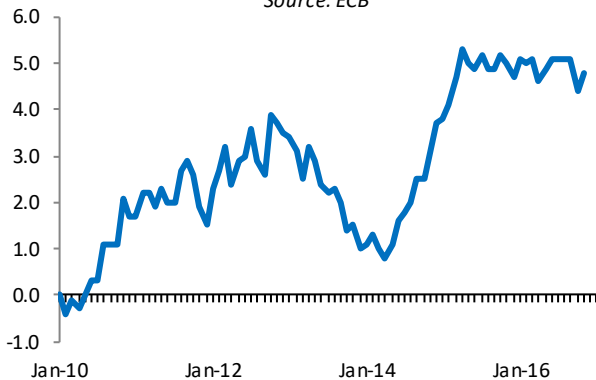
Panellists' estimates of the probability of movements in the euro zone policy rate at the ECB Council's next two meetings:

	Jun 8th	Jul 20th
-50bp	0.0%	0.0%
-25bp	0.0%	0.0%
-10bp	0.0%	0.3%
<b>Unchanged</b>	<b>99.9%</b>	<b>99.5%</b>
+10bp	0.1%	0.3%
+25bp	0.0%	0.0%
+50bp	0.0%	0.0%

Source: MJE

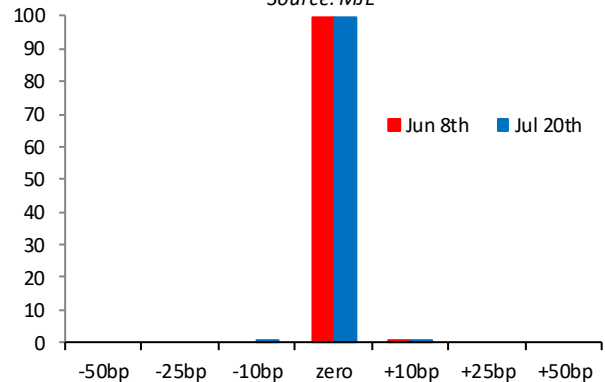
#### M3 Money Supply

% change, year-on-year, end-period, s.a.  
Source: ECB



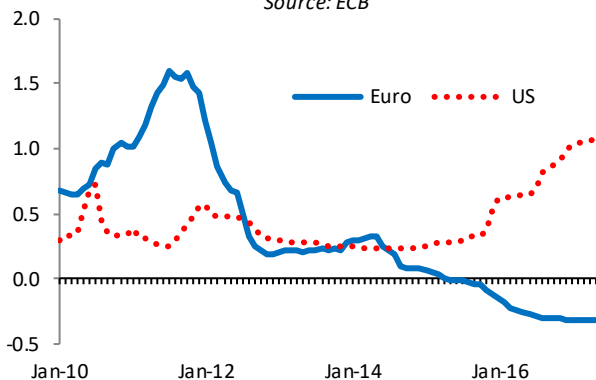
#### Likely Change in ECB Policy Rate

average % expectation  
Source: MJE



#### Short Term Interest Rates

three-month deposits, % p.a., monthly averages  
Source: ECB



#### 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

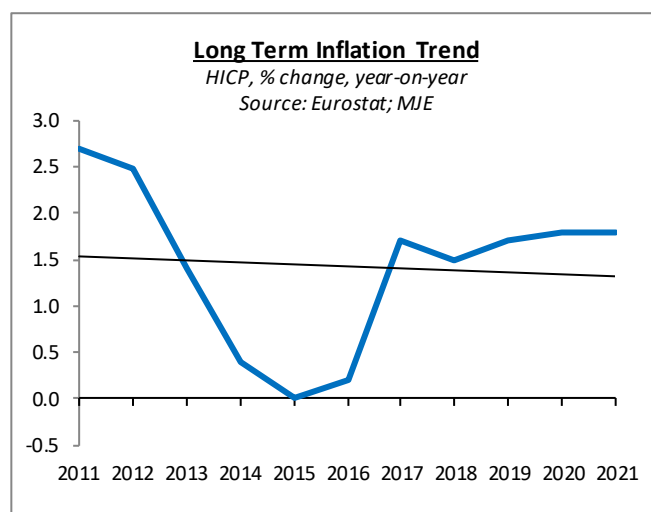
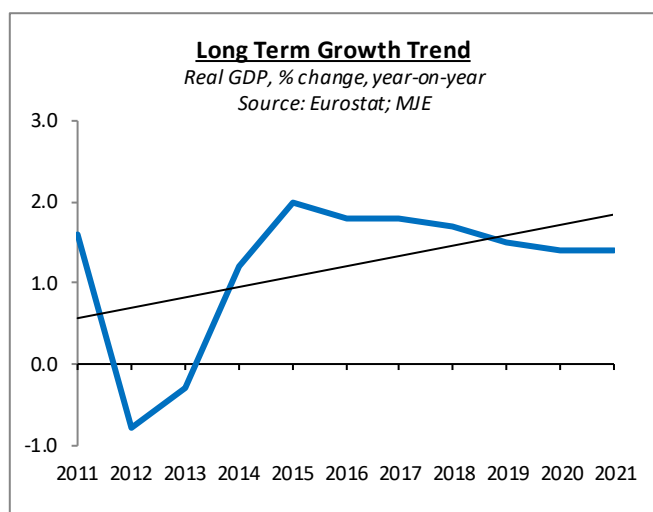
Deposit rate lowered by 10bps to -0.40%;

Repo rate lowered by 5bps to 0.00%.

### Long Term Forecasts

Forecasts for 2019 to 2021 are taken from our April 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>	1.8	1.8	1.7	1.5	1.4	1.4
<b>Private Consumption</b>	2.0	1.5	1.5	1.4	1.3	1.3
<b>Gross Fixed Investment</b>	3.7	3.5	2.9	2.2	2.2	2.0
<b>Industrial Production (excl. construction)</b>	1.4	1.8	1.7	1.4	1.2	1.2
<b>Unemployment Rate, % of labour force</b>	10.0	9.4	8.9	8.4	8.3	7.9
<b>Harmonised Index of Consumer Prices</b>	0.2	1.7	1.5	1.7	1.8	1.8
<b>Current Account, annual total, % of GDP</b>	3.4	3.0	2.9	2.8	2.5	2.2
<b>General Government Balance, % of GDP</b>	-1.7	-1.4	-1.3	-1.5	-1.3	-1.2
<b><u>Financial Indicators (end period)</u></b>						
<b>3 Month Interest Rate, % per annum</b>	-0.32	-0.27	0.04	0.48	0.94	1.18
<b>10 Year Bond Yield, % per annum</b>	0.21	0.73	1.28	1.70	2.20	2.15
<b>10 year - 3 month Yield Differential</b>	0.53	1.00	1.24	1.22	1.26	0.98
<b>US\$ per € Exchange Rate</b>	1.052	1.092	1.110	1.116	1.125	1.158



## 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	1.9	na	na	na	4.0	1.9	8.4	0.4	66.0
Allianz SE	1.7	1.5	na	2.0	3.8	1.9	7.6	0.6	na
BBVA	1.7	1.4	2.0	na	na	2.0	7.6	0.4	na
BNP Paribas	1.8	1.3	2.2	1.4	na	1.9	8.3	0.7	65.3
Danske Bank	1.9	1.3	2.4	na	3.8	1.7	8.3	0.4	65.5
DZ Bank	1.7	1.1	1.9	na	na	1.7	8.3	0.4	65.8
Economist Intelligence Unit	1.6	1.6	1.7	1.8	3.7	1.8	8.0	0.5	66.3
HSBC	1.6	1.3	1.3	2.3	na	1.7	8.2	0.3	65.6
IHS Markit Economics	2.0	1.5	3.3	2.4	3.7	2.0	7.6	0.6	65.6
J P Morgan Chase	2.0	na	na	na	na	1.8	na	na	na
MainSky Asset Management	2.0	1.2	2.5	na	3.9	1.5	na	0.3	na
Nordea	1.7	na	na	na	na	2.0	8.3	0.6	na
Oxford Economics	2.0	1.2	3.4	1.8	3.8	1.9	7.7	0.7	na
Raiffeisen Bank International	1.7	1.3	2.1	na	na	1.9	8.5	0.1	66.3
Santander	1.6	1.2	1.7	1.5	4.1	1.8	8.1	0.4	66.5
SEB	2.0	na	na	na	4.1	1.9	na	na	na
UBS	1.7	1.2	1.7	2.2	3.8	1.8	8.2	0.4	65.5
UniCredit Bank	1.7	1.2	1.5	1.6	4.1	2.2	8.0	0.0	66.0
<b>Consensus (Mean Average)</b>	<b>1.8</b>	<b>1.3</b>	<b>2.1</b>	<b>1.9</b>	<b>3.9</b>	<b>1.9</b>	<b>8.1</b>	<b>0.4</b>	<b>65.9</b>
Last Month	1.7	1.4	1.9	1.7	3.9	1.9	8.0	0.4	66.1
2 Months Ago	1.7	1.4	1.8	1.7	4.0	1.9	8.0	0.3	66.0
Median	1.7	1.3	2.0	1.8	3.8	1.9	8.2	0.4	65.8
High	2.0	1.6	3.4	2.4	4.1	2.2	8.5	0.7	66.5
Low	1.6	1.1	1.3	1.4	3.7	1.5	7.6	0.0	65.3
Standard Deviation	0.2	0.1	0.6	0.4	0.2	0.2	0.3	0.2	0.4
Number of Forecasts	18	14	13	9	11	18	15	16	11
<b>Other Forecasts</b>									
ECB (December '16)	1.8	na	na	na	4.0	1.4	na	na	na
EC (May '17)	1.6	1.3	1.9	na	4.0	1.7	8.0	0.5	65.8
IMF (April '17)	1.6	1.3	1.6	na	4.2	2.0	8.2	0.6	64.7
OECD (November '16)	1.7	1.6	1.4	na	4.2	1.4	8.8	0.5	65.0

- Bolstered by monetary policy stimulus providing liquidity, and an improving foreign trade environment bolstering orders, the German economy is powering ahead this year, raising concern the ECB should now be tightening policy.
- GDP growth accelerated on a real-terms, seasonally-adjusted basis to 0.6% q/q in Q1 2017, according to Eurostat, which was stronger than the euro zone average, and led to a 1.7% y/y growth rate.
- In April, the economic sentiment indicator for Germany compiled by the European Commission rose to a new high of 111.0, boosting Chancellor Angela Merkel's re-election prospects at the polls in September. Business confidence also rose to a 47-year high in the IFO index.
- The harmonised unemployment rate was stable at 3.9% in March, and inflation moved back up to 2% in April, but is not expected to persist with commodity prices stabilising.

## 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	1.7	na	na	na	3.8	1.7	8.6	0.2	64.0
Allianz SE	1.6	1.1	na	1.7	3.8	1.9	6.9	0.7	na
BBVA	1.6	1.3	2.6	na	na	1.7	7.0	0.4	na
BNP Paribas	2.0	1.7	2.2	2.0	na	1.7	8.5	0.6	62.4
Danske Bank	1.9	1.4	4.3	na	3.8	1.5	8.0	0.4	62.9
DZ Bank	1.8	1.5	3.0	na	na	1.6	7.5	0.2	63.6
Economist Intelligence Unit	1.5	1.4	2.2	1.4	3.8	1.5	7.3	0.5	64.7
HSBC	1.7	1.2	2.3	2.4	na	1.6	7.9	0.0	63.4
IHS Markit Economics	2.0	1.6	2.4	2.6	3.7	1.9	7.2	0.5	63.2
J P Morgan Chase	1.7	na	na	na	na	1.6	na	na	na
MainSky Asset Management	1.9	1.6	2.8	na	3.8	1.4	na	-0.2	na
Nordea	1.6	na	na	na	na	1.6	8.0	0.6	na
Oxford Economics	1.5	1.3	3.2	1.0	3.7	2.1	7.0	0.4	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	4.0	1.7	7.7	0.2	65.0
SEB	1.9	na	na	na	4.2	2.0	na	na	na
UBS	1.4	1.1	2.4	0.8	3.6	1.8	7.9	0.4	62.9
UniCredit Bank	1.6	1.4	2.8	1.5	4.3	1.9	7.4	0.0	64.4
<b>Consensus (Mean Average)</b>	<b>1.7</b>	<b>1.4</b>	<b>2.7</b>	<b>1.6</b>	<b>3.9</b>	<b>1.7</b>	<b>7.7</b>	<b>0.3</b>	<b>63.7</b>
Last Month	1.7	1.4	2.5	1.6	3.9	1.7	7.6	0.3	63.7
2 Months Ago	1.6	1.4	2.5	1.6	4.0	1.7	7.7	0.2	63.6
Median	1.7	1.4	2.5	1.5	3.8	1.7	7.7	0.4	63.6
High	2.0	1.7	4.3	2.6	4.3	2.2	8.6	0.7	65.0
Low	1.3	1.0	2.0	0.8	3.6	1.4	6.9	-0.2	62.4
Standard Deviation	0.2	0.2	0.6	0.6	0.2	0.2	0.5	0.3	0.8
Number of Forecasts	18	13	12	9	11	18	15	16	11
<b>Other Forecasts</b>									
ECB (December '16)	1.6	na	na	na	3.9	1.7	na	na	na
EC (May '17)	1.9	1.7	2.7	na	3.9	1.4	7.6	0.3	63.3
IMF (April '17)	1.5	1.4	1.8	na	4.2	1.7	8.0	0.6	62.0
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>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Gross Domestic Product	0.3	1.6	1.5	1.8
Private Consumption	0.6	0.9	1.9	1.8
Gross Fixed Investment	-1.3	3.5	1.1	2.1
Industrial Production	0.1	1.3	0.9	1.0
Unemploy. Rate, % of L.F.	5.2	5.0	4.6	4.2
Consumer Prices	1.6	0.8	0.1	0.4
Current Acc., % of GDP	6.7	7.8	8.5	8.9
Budget Bal., % of GDP	-0.2	0.3	0.7	0.8
Public Debt, % of GDP	77.5	74.9	71.2	68.3

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>	September 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	1.5	na	na	na	9.4	1.7	-2.2	-2.9	96.0
BBVA	1.4	1.5	2.1	na	na	1.5	-1.3	-2.6	na
BNP Paribas	1.3	1.4	2.5	2.0	9.7	1.4	-0.9	-3.0	96.1
Danske Bank	1.1	1.2	1.9	na	9.9	1.3	-2.3	-2.9	96.8
DZ Bank	1.4	1.4	2.1	na	10.0	1.5	-1.1	-3.0	97.1
Economist Intelligence Unit	1.2	1.3	2.0	0.8	9.4	1.4	-1.2	-3.1	96.9
HSBC	1.3	1.2	1.6	2.3	9.9	1.3	-1.1	-3.1	97.0
IHS Markit Economics	1.3	1.3	2.0	0.9	9.7	1.5	-1.3	-2.9	98.0
J P Morgan Chase	1.4	na	na	na	na	1.4	na	na	na
MainSky Asset Management	1.5	1.3	2.8	na	na	1.3	na	-3.0	na
Nordea	1.4	na	na	na	na	1.6	-2.6	-2.9	na
Oxford Economics	1.4	1.4	2.4	1.0	9.8	1.2	-1.5	-2.9	na
Raiffeisen Bank International	1.6	na	na	na	na	1.6	-1.2	-2.9	96.7
SEB	1.4	na	na	na	9.6	0.7	na	na	na
UBS	1.4	1.3	2.3	1.4	9.5	1.2	-0.4	-2.9	96.7
UniCredit Bank	1.4	1.3	2.5	na	9.8	1.3	-1.2	-3.1	96.5
<b>Consensus (Mean Average)</b>	<b>1.4</b>	<b>1.3</b>	<b>2.2</b>	<b>1.4</b>	<b>9.7</b>	<b>1.4</b>	<b>-1.4</b>	<b>-2.9</b>	<b>96.8</b>
Last Month	1.3	1.4	1.9	1.2	9.7	1.5	-1.5	-3.0	96.7
2 Months Ago	1.3	1.3	1.9	1.2	9.6	1.4	-1.4	-3.0	97.0
Median	1.4	1.3	2.1	1.2	9.7	1.4	-1.2	-2.9	96.8
High	1.6	1.5	2.8	2.3	10.0	1.7	-0.4	-2.6	98.0
Low	1.1	1.2	1.6	0.8	9.4	0.7	-2.6	-3.1	96.0
Standard Deviation	0.1	0.1	0.3	0.6	0.2	0.2	0.6	0.1	0.6
Number of Forecasts	16	11	11	6	11	16	13	14	10
<b>Other Forecasts</b>									
ECB (December '16)	1.3	na	na	na	9.9	1.2	na	na	na
EC (May '17)	1.4	1.2	2.6	na	9.9	1.4	-2.4	-3.0	96.4
IMF (April '17)	1.4	1.5	2.3	na	9.6	1.4	-0.9	-3.2	97.4
OECD (November '16)	1.3	1.2	2.3	na	9.7	1.2	-0.8	-3.0	99.4

- The French economy crawled along in Q1 2017, prior to the presidential elections, with GDP growth slowing to 0.3% q/q (from 0.5% in Q1 2016), and to 1.8% y/y from 1.2% over the same period, emphasising the importance of accelerating reforms.
- As if to further underline a sclerotic economy, the unemployment rate was once again stuck at 10.1% (seasonally-adjusted) in March on an EU harmonised basis, with youth unemployment almost 24%.
- The election of Emmanuel Macron, rather than the more extreme left- and right-wing alternatives, should boost confidence and investment, despite the risks attached to the June legislative elections.
- In April, this began to show through, with the European Commission's economic sentiment indicator for France rising quite sharply to 106.2, due to improvements in manufacturing, construction and consumer confidence.

## 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	1.4	na	na	na	9.0	1.5	-2.3	-3.1	96.0
BBVA	1.5	1.5	2.3	na	na	1.4	-1.0	-2.5	na
BNP Paribas	1.5	1.6	2.7	2.3	9.4	1.0	-1.1	-2.7	95.1
Danske Bank	1.2	1.0	3.0	na	9.7	1.3	-2.6	-3.1	97.4
DZ Bank	1.5	1.4	1.9	na	9.8	1.6	-0.3	-2.9	97.4
Economist Intelligence Unit	1.4	1.5	1.7	1.4	8.9	1.3	-1.3	-3.0	97.4
HSBC	1.4	1.6	1.3	1.2	9.7	1.3	-1.3	-3.2	97.5
IHS Markit Economics	1.4	1.4	1.9	1.3	9.5	1.5	-1.4	-2.8	97.7
J P Morgan Chase	1.6	na	na	na	na	1.2	na	na	na
MainSky Asset Management	2.3	1.9	4.0	na	na	1.3	na	-2.8	na
Nordea	1.5	na	na	na	na	1.5	-2.7	-3.1	na
Oxford Economics	1.6	1.7	2.2	1.5	9.2	1.3	-1.1	-2.3	na
Raiffeisen Bank International	1.5	na	na	na	na	1.4	-1.5	-3.1	97.0
SEB	1.4	na	na	na	9.5	0.7	na	na	na
UBS	1.6	1.4	2.5	1.2	9.4	1.1	-0.6	-2.9	97.0
UniCredit Bank	1.2	1.3	2.6	na	9.6	1.2	-1.0	-3.0	96.7
<b>Consensus (Mean Average)</b>	<b>1.5</b>	<b>1.5</b>	<b>2.4</b>	<b>1.5</b>	<b>9.4</b>	<b>1.3</b>	<b>-1.4</b>	<b>-2.9</b>	<b>96.9</b>
Last Month	1.5	1.4	2.5	1.5	9.4	1.3	-1.5	-2.9	96.8
2 Months Ago	1.5	1.4	2.4	1.6	9.4	1.3	-1.4	-2.9	97.2
Median	1.5	1.5	2.3	1.4	9.5	1.3	-1.3	-3.0	97.2
High	2.3	1.9	4.0	2.3	9.8	1.6	-0.3	-2.3	97.7
Low	1.2	1.0	1.3	1.2	8.9	0.7	-2.7	-3.2	95.1
Standard Deviation	0.2	0.2	0.7	0.4	0.3	0.2	0.7	0.3	0.8
Number of Forecasts	16	11	11	6	11	16	13	14	10
<b>Other Forecasts</b>									
ECB (December '16)	1.4	na	na	na	9.7	1.4	na	na	na
EC (May '17)	1.7	1.6	3.7	na	9.6	1.3	-2.5	-3.2	96.7
IMF (April '17)	1.6	1.7	2.7	na	9.3	1.2	-0.5	-2.8	97.4
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>
Gross Domestic Product	0.7	0.2	1.1	1.1
Private Consumption	0.4	0.6	1.4	1.8
Gross Fixed Investment	-0.6	-1.2	-0.1	2.7
Industrial Production	-0.5	-1.1	1.3	0.4
Unemploy. Rate, % of L.F.	10.3	10.3	10.4	10.0
Consumer Prices	1.0	0.6	0.1	0.3
Current Acc., % of GDP	-2.6	-2.3	-0.1	-1.1
Budget Bal., % of GDP	-4.0	-3.9	-3.6	-3.4
Public Debt, % of GDP	92.3	94.9	95.6	96.0

Source: ECB; Eurostat; national statistical office

### France: Background Information

<b>President:</b>	Emmanuel Macron
<b>Government:</b>	Socialist Party
<b>Next Election:</b>	June 2017 (parliamentary)
<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	0.8	na	na	na	11.7	1.2	2.0	-2.5	135.0
BBVA	1.0	0.9	3.0	na	na	1.6	2.6	-2.5	na
BNP Paribas	0.6	0.5	0.9	1.1	11.4	1.7	2.2	-2.4	133.2
Danske Bank	1.0	0.8	3.3	na	11.5	1.4	2.1	-2.4	133.3
DZ Bank	0.8	0.9	2.2	na	11.5	1.3	2.0	-2.4	133.0
Economist Intelligence Unit	0.9	0.7	3.5	1.4	11.6	1.7	2.3	-2.3	130.9
HSBC	0.9	0.5	2.6	2.3	11.5	1.5	2.4	-2.5	133.7
IHS Markit Economics	0.7	0.5	1.9	2.0	11.6	1.7	1.8	na	133.4
J P Morgan Chase	1.0	na	na	na	na	1.5	na	na	na
LC Macro Advisors	1.0	1.1	3.1	1.8	11.0	1.4	2.5	-2.1	132.7
MainSky Asset Management	1.1	0.6	3.5	na	11.4	1.4	na	-2.6	na
Nordea	1.0	na	na	na	na	1.8	2.1	-2.4	na
Oxford Economics	0.9	0.9	2.9	1.9	11.6	1.4	2.2	-2.2	na
Raiffeisen Bank International	0.8	na	na	na	na	1.6	2.8	-2.6	133.5
SEB	1.0	na	na	na	12.0	0.7	na	na	na
UBS	0.9	1.2	2.5	1.9	11.7	1.7	1.8	-2.4	132.8
UniCredit Bank	1.0	0.8	4.0	na	11.5	1.4	2.4	-2.2	132.4
<b>Consensus (Mean Average)</b>	<b>0.9</b>	<b>0.8</b>	<b>2.8</b>	<b>1.8</b>	<b>11.5</b>	<b>1.5</b>	<b>2.2</b>	<b>-2.4</b>	<b>133.1</b>
Last Month	0.9	0.8	2.4	1.7	11.5	1.5	2.3	-2.4	133.3
2 Months Ago	0.8	0.8	2.1	1.8	11.6	1.4	2.3	-2.4	133.4
Median	0.9	0.8	3.0	1.9	11.5	1.5	2.2	-2.4	133.2
High	1.1	1.2	4.0	2.3	12.0	1.8	2.8	-2.1	135.0
Low	0.6	0.5	0.9	1.1	11.0	0.7	1.8	-2.6	130.9
Standard Deviation	0.1	0.2	0.8	0.4	0.2	0.3	0.3	0.1	1.0
Number of Forecasts	17	12	12	7	13	17	14	14	11
<b>Other Forecasts</b>									
ECB (December '16)	0.9	na	na	na	11.3	0.9	na	na	na
EC (May '17)	0.9	0.8	3.6	na	11.5	1.5	1.9	-2.2	133.1
IMF (April '17)	0.8	0.8	2.8	na	11.4	1.3	2.0	-2.4	132.8
OECD (November '16)	0.9	0.6	1.1	na	11.0	0.8	3.0	-2.4	132.3

- Italy's slow-paced economy persisted in Q1 2017, making the elections to be held by spring 2018 very difficult to predict. GDP increased by just 0.2% q/q on a seasonally-adjusted, real-terms basis, causing the y/y growth rate to slow down to 0.8%.
- There was still around 35% of those aged under 25 out of work in March, with the national average harmonised unemployment rate moving back up to 11.7% from 11.5% in February; that compares to a euro zone average of 9.5%.
- Fortunately, the tourism season is moving into gear and business confidence is improving as the euro zone recovery takes off. In April, the European Commission's economic sentiment indicator for Italy rose to 107.0 from 105.6 in March.
- Consumer confidence remained weak, in fact worsened, possibly because of higher household bills, the poor employment situation and concerns about the political backdrop and the health of Italy's banks. However, manufacturers were more upbeat.



## 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	0.7	na	na	na	11.5	1.3	1.6	-2.4	137.0
BBVA	1.2	1.0	2.6	na	na	1.4	2.4	-2.2	na
BNP Paribas	0.6	0.8	1.3	0.6	10.9	1.0	2.1	-2.5	134.1
Danske Bank	1.3	0.8	3.6	na	11.4	1.2	1.8	-2.6	133.2
DZ Bank	0.9	1.1	0.8	na	11.1	1.5	2.1	-2.5	132.0
Economist Intelligence Unit	0.9	0.8	2.8	0.9	11.2	1.0	2.1	-2.4	130.6
HSBC	0.8	0.7	2.4	1.6	11.1	1.1	2.2	-2.5	133.8
IHS Markit Economics	0.8	0.6	1.2	1.7	11.4	1.5	1.9	-2.1	133.1
J P Morgan Chase	1.1	na	na	na	na	1.0	na	na	na
LC Macro Advisors	1.1	1.2	3.5	2.1	10.4	1.3	2.2	-1.8	131.8
MainSky Asset Management	1.6	1.2	3.2	na	10.8	1.1	na	-2.4	na
Nordea	1.0	na	na	na	na	1.4	1.8	-2.6	na
Oxford Economics	1.0	0.8	1.6	0.4	11.1	1.3	2.1	-2.1	na
Raiffeisen Bank International	0.8	na	na	na	na	1.5	2.8	-2.5	133.1
SEB	1.2	na	na	na	12.0	0.7	na	na	na
UBS	0.8	1.0	0.6	0.8	11.3	1.5	1.7	-1.4	131.6
UniCredit Bank	0.9	0.7	3.0	na	11.2	1.2	2.2	-2.0	131.9
<b>Consensus (Mean Average)</b>	<b>1.0</b>	<b>0.9</b>	<b>2.2</b>	<b>1.2</b>	<b>11.2</b>	<b>1.2</b>	<b>2.1</b>	<b>-2.3</b>	<b>132.9</b>
Last Month	1.0	0.9	2.1	1.1	11.2	1.3	2.1	-2.3	133.1
2 Months Ago	1.0	0.9	2.1	1.2	11.2	1.3	2.1	-2.3	133.3
Median	0.9	0.8	2.5	0.9	11.2	1.3	2.1	-2.4	133.1
High	1.6	1.2	3.6	2.1	12.0	1.5	2.8	-1.4	137.0
Low	0.6	0.6	0.6	0.4	10.4	0.7	1.6	-2.6	130.6
Standard Deviation	0.2	0.2	1.1	0.6	0.4	0.2	0.3	0.3	1.7
Number of Forecasts	17	12	12	7	13	17	14	15	11
<b>Other Forecasts</b>									
ECB (December '16)	1.1	na	na	na	11.1	1.2	na	na	na
EC (May '17)	1.1	1.0	3.3	na	11.3	1.3	1.7	-2.3	132.5
IMF (April '17)	0.8	0.7	2.1	na	11.0	1.3	1.8	-1.4	131.6
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>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Gross Domestic Product</b>	-1.7	-0.4	0.6	0.9
<b>Private Consumption</b>	-2.7	0.4	0.9	1.4
<b>Gross Fixed Investment</b>	-6.6	-3.5	0.6	2.9
<b>Industrial Production</b>	-2.9	-0.7	0.8	1.7
<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	2.6
<b>Budget Bal., % of GDP</b>	-2.9	-3.0	-2.7	-2.4
<b>Public Debt, % of GDP</b>	129.0	131.8	132.1	132.6

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 May 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	2.4	na	na	na	5.1	1.6	8.0	0.7	59.0
BNP Paribas	2.1	2.0	2.4	2.0	5.2	1.2	8.7	0.0	60.9
DZ Bank	2.1	1.5	5.3	na	5.1	1.5	7.8	0.5	59.0
Economist Intelligence Unit	2.2	2.0	3.2	2.5	5.0	1.5	8.5	0.7	59.5
IHS Markit Economics	2.2	1.8	2.3	1.2	5.1	1.4	na	na	na
Oxford Economics	2.4	1.3	5.9	1.7	5.1	1.5	8.4	na	na
Raiffeisen Bank International	1.9	na	na	na	na	1.3	8.1	0.2	60.2
<b>Consensus (Mean Average)</b>	<b>2.2</b>	<b>1.7</b>	<b>3.8</b>	<b>1.9</b>	<b>5.1</b>	<b>1.4</b>	<b>8.3</b>	<b>0.4</b>	<b>59.7</b>
Last Month	2.1	1.9	2.3	1.7	5.2	1.5	8.2	0.4	60.0
2 Months Ago	2.0	1.8	2.0	1.5	5.2	1.4	8.0	-0.4	60.7
Median	2.2	1.8	3.2	1.9	5.1	1.5	8.3	0.5	59.5
High	2.4	2.0	5.9	2.5	5.2	1.6	8.7	0.7	60.9
Low	1.9	1.3	2.3	1.2	5.0	1.2	7.8	0.0	59.0
Standard Deviation	0.2	0.3	1.7	0.5	0.1	0.1	0.3	0.3	0.8
Number of Forecasts	7	5	5	4	6	7	6	5	5
<b>Other Forecasts</b>									
ECB (December '16)	2.1	na	na	na	5.5	1.1	na	na	na
EC (May '17)	2.1	2.3	3.5	na	4.9	1.6	7.4	0.5	59.8
IMF (April '17)	2.1	na	na	na	5.4	0.9	9.2	na	na
OECD (November '16)	2.0	1.8	3.7	na	5.6	1.0	7.7	0.0	61.6

- The first quarter growth rate was a little disappointing. GDP rose by a seasonally-adjusted 0.4% q/q in real terms, according to Eurostat, although the y/y growth rate remained stable at 2.8%.
- The recovery should continue, however, given the improving housing market, falling unemployment rate - down to 5.1% (harmonised) in March - the strong global trade outlook and German economy.
- In April, the economic sentiment indicator for the Netherlands published by the European Commission followed the euro zone trend, rising to 109.0 from 108.2 in March.
- Confidence within the export-oriented manufacturing sector was further improved by global economic prospects, ignoring the uncertainties caused by Brexit. Confidence in other sectors remains high, despite slipping, and improved in services.

## 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	1.7	na	na	na	4.9	1.5	7.9	0.9	56.0
BNP Paribas	1.6	1.5	2.4	1.5	4.8	1.4	8.3	0.3	59.4
DZ Bank	1.6	1.6	3.9	na	4.8	1.6	7.6	0.7	56.0
Economist Intelligence Unit	1.9	1.7	2.1	1.8	4.5	1.4	8.2	0.5	56.8
IHS Markit Economics	1.5	1.5	2.2	1.4	5.0	1.5	na	na	na
Oxford Economics	1.7	1.2	3.0	1.0	5.1	1.5	8.8	na	na
Raiffeisen Bank International	1.7	na	na	na	na	1.4	7.9	0.3	58.3
<b>Consensus (Mean Average)</b>	<b>1.7</b>	<b>1.5</b>	<b>2.7</b>	<b>1.4</b>	<b>4.9</b>	<b>1.5</b>	<b>8.1</b>	<b>0.5</b>	<b>57.3</b>
Last Month	1.7	1.5	2.8	1.2	4.9	1.5	8.1	0.5	57.7
2 Months Ago	1.6	1.5	2.6	1.2	4.9	1.5	7.9	-0.2	58.7
Median	1.7	1.5	2.4	1.5	4.9	1.5	8.1	0.5	56.8
High	1.9	1.7	3.9	1.8	5.1	1.6	8.8	0.9	59.4
Low	1.5	1.2	2.1	1.0	4.5	1.4	7.6	0.3	56.0
Standard Deviation	0.1	0.2	0.7	0.3	0.2	0.1	0.4	0.3	1.5
Number of Forecasts	7	5	5	4	6	7	6	5	5
<b>Other Forecasts</b>									
ECB (December '16)	1.7	na	na	na	5.5	1.3	na	na	na
EC (May '17)	1.8	1.5	4.2	na	4.4	1.3	7.1	0.8	57.2
IMF (April '17)	1.8	na	na	na	5.3	1.4	9.1	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>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Gross Domestic Product</b>	-0.5	1.0	1.9	2.1
<b>Private Consumption</b>	-1.4	0.0	1.6	1.7
<b>Gross Fixed Investment</b>	-4.4	3.5	10.3	4.8
<b>Industrial Production</b>	0.6	-2.8	-4.2	1.9
<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	-2.1	0.4
<b>Public Debt, % of GDP</b>	67.7	67.9	65.2	62.3

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 2021 (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	2.7	na	na	na	18.5	1.7	1.4	-3.3	100.0
BBVA	3.0	2.5	3.3	na	17.3	2.1	1.8	-3.1	97.8
BNP Paribas	2.6	2.2	2.5	1.6	19.1	2.3	2.1	-3.6	99.9
Danske Bank	2.5	2.3	2.7	na	17.7	1.9	1.7	-3.5	100.0
DZ Bank	2.8	2.2	1.7	na	17.5	2.2	1.6	-3.5	100.0
Economist Intelligence Unit	2.6	2.7	2.5	2.1	17.6	2.3	1.6	-3.3	97.8
HSBC	2.7	2.6	3.1	2.2	17.4	2.3	0.6	-3.8	99.9
IHS Markit Economics	2.7	2.4	2.6	1.6	17.5	2.4	1.1	-3.7	98.7
J P Morgan Chase	2.9	na	na	na	na	2.1	na	na	na
MainSky Asset Management	2.5	2.5	3.2	na	17.6	2.1	na	-4.0	na
Nordea	2.8	na	na	na	na	2.7	1.7	-3.5	na
Oxford Economics	3.1	2.5	3.2	2.3	17.4	2.0	1.2	-3.2	na
Raiffeisen Bank International	2.5	na	na	na	na	2.2	2.1	-3.4	99.6
Santander	3.0	2.7	4.1	na	17.7	na	na	na	na
UBS	2.8	2.7	2.8	2.6	18.0	2.3	1.8	-3.3	98.9
UniCredit Bank	2.8	2.6	4.7	na	na	2.1	na	-3.5	na
<b>Consensus (Mean Average)</b>	<b>2.8</b>	<b>2.5</b>	<b>3.0</b>	<b>2.1</b>	<b>17.8</b>	<b>2.2</b>	<b>1.6</b>	<b>-3.5</b>	<b>99.3</b>
Last Month	2.6	2.4	2.9	2.1	17.8	2.2	1.6	-3.4	99.5
2 Months Ago	2.5	2.4	3.0	2.2	18.0	2.2	1.5	-3.5	99.6
Median	2.8	2.5	3.0	2.2	17.6	2.2	1.7	-3.5	99.8
High	3.1	2.7	4.7	2.6	19.1	2.7	2.1	-3.1	100.0
Low	2.5	2.2	1.7	1.6	17.3	1.7	0.6	-4.0	97.8
Standard Deviation	0.2	0.2	0.8	0.4	0.5	0.2	0.4	0.2	0.9
Number of Forecasts	16	12	12	6	12	15	12	14	10
<b>Other Forecasts</b>									
ECB (December '16)	2.5	na	na	na	17.7	1.5	na	na	na
EC (May '17)	2.8	2.5	3.4	na	17.6	2.0	1.6	-3.2	99.2
IMF (April '17)	2.6	na	na	na	17.7	2.4	1.5	na	na
OECD (November '16)	2.3	2.1	4.7	na	17.7	1.5	1.7	-3.6	102.1

- Spain's strong recovery continued in Q1 2017, regardless of political and policymaking risks.
- GDP increased by 0.8% q/q on a seasonally-adjusted, real-terms basis, a touch above the pace evinced during the second half of last year. The annual growth rate stabilised at 3%, at a level consistent with the pre-crisis historical trend and sufficiently strong to provide much-needed employment opportunities, although the unemployment rate was stable at 18.2% in March.
- Having slipped in March, Spain's economic sentiment indicator rebounded in April. The country will benefit from improving global trade, the perception of safety bolstering tourism, and persistently low borrowing rates.
- Manufacturing sector confidence could still do with a boost, but the construction and services sector are revitalised, and households are becoming more upbeat with the consumer confidence indicator net balance turning positive.

## 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	2.5	na	na	na	17.2	1.5	1.4	-2.8	100.0
BBVA	2.7	2.4	4.5	na	15.6	1.9	1.5	-2.1	95.0
BNP Paribas	2.0	1.9	3.8	1.9	18.8	1.5	2.1	-3.0	99.6
Danske Bank	2.2	2.0	4.7	na	16.1	1.0	1.6	-2.9	99.7
DZ Bank	2.3	1.7	3.0	na	16.0	1.5	1.4	-3.0	99.5
Economist Intelligence Unit	2.2	2.2	2.2	1.5	15.8	1.7	1.5	-2.4	96.1
HSBC	2.2	2.1	3.0	2.6	15.7	1.3	0.3	-3.3	100.1
IHS Markit Economics	2.1	2.0	2.5	1.5	16.6	2.0	1.1	-3.1	97.7
J P Morgan Chase	2.3	na	na	na	na	0.9	na	na	na
MainSky Asset Management	2.7	2.6	4.1	na	16.5	1.6	na	-3.3	na
Nordea	2.4	na	na	na	na	2.4	1.6	-2.9	na
Oxford Economics	2.5	2.0	3.2	2.3	15.9	1.5	1.1	-2.7	na
Raiffeisen Bank International	1.9	na	na	na	na	1.9	2.2	-3.2	99.9
Santander	2.5	2.2	4.3	na	16.2	na	na	na	na
UBS	2.0	2.0	3.0	1.8	16.8	1.4	1.6	-3.0	97.9
UniCredit Bank	2.0	1.7	3.7	na	na	1.7	na	-3.0	na
<b>Consensus (Mean Average)</b>	<b>2.3</b>	<b>2.1</b>	<b>3.5</b>	<b>1.9</b>	<b>16.4</b>	<b>1.6</b>	<b>1.5</b>	<b>-2.9</b>	<b>98.6</b>
Last Month	2.2	2.1	3.5	2.0	16.5	1.6	1.5	-2.9	98.8
2 Months Ago	2.2	2.1	3.5	2.1	16.9	1.6	1.4	-3.0	99.1
Median	2.3	2.0	3.5	1.9	16.2	1.5	1.5	-3.0	99.6
High	2.7	2.6	4.7	2.6	18.8	2.4	2.2	-2.1	100.1
Low	1.9	1.7	2.2	1.5	15.6	0.9	0.3	-3.3	95.0
Standard Deviation	0.3	0.3	0.8	0.4	0.9	0.4	0.5	0.3	1.8
Number of Forecasts	16	12	12	6	12	15	12	14	10
<b>Other Forecasts</b>									
ECB (December '16)	2.1	na	na	na	16.3	1.5	na	na	na
EC (May '17)	2.4	2.0	3.9	na	15.9	1.4	1.6	-2.6	98.5
IMF (April '17)	2.1	na	na	na	16.6	1.4	1.6	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	3.2
<b>Gross Fixed Investment</b>	-2.5	3.5	6.4	3.1
<b>Industrial Production</b>	-1.7	1.1	3.3	1.9
<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	1.9
<b>Budget Bal., % of GDP</b>	-7.0	-6.0	-5.1	-4.5
<b>Public Debt, % of GDP</b>	95.5	100.4	99.8	99.4

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	1.7	1.7	1.8	1.6	2.0	2.2	-1.3	-1.0	82.8	81.2
	IMF	1.4	1.3	2.1	1.8	2.4	2.2	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>1.8</b>	<b>1.7</b>	<b>2.2</b>	<b>2.2</b>	<b>-1.2</b>	<b>-0.8</b>	<b>83.7</b>	<b>82.2</b>
Belgium	ECB	1.4	1.6	2.0	2.0	na	na	na	na	na	na
	EC	1.5	1.7	2.3	1.5	1.5	1.7	-1.9	-2.0	105.6	105.1
	IMF	1.6	1.5	2.0	1.7	0.9	1.0	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>1.5</b>	<b>1.6</b>	<b>2.0</b>	<b>1.7</b>	<b>1.3</b>	<b>1.4</b>	<b>-2.1</b>	<b>-2.1</b>	<b>105.5</b>	<b>104.9</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	-5.9	-6.3	0.2	0.7	103.4	99.8
	IMF	2.5	2.3	1.5	1.4	-2.5	-2.5	na	na	na	na
	OECD	na	na	na	na	na	na	na	na	na	na
	Average	<b>2.6</b>	<b>2.6</b>	<b>1.2</b>	<b>1.3</b>	<b>-4.2</b>	<b>-4.4</b>	<b>0.2</b>	<b>0.7</b>	<b>103.4</b>	<b>99.8</b>
Estonia	ECB	2.6	3.0	2.9	2.7	na	na	na	na	na	na
	EC	2.3	2.8	3.3	2.9	1.1	1.2	-0.3	-0.5	9.5	9.6
	IMF	2.5	2.8	3.2	2.5	1.4	0.9	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>2.5</b>	<b>2.9</b>	<b>2.9</b>	<b>2.7</b>	<b>1.1</b>	<b>1.0</b>	<b>-0.4</b>	<b>-0.3</b>	<b>9.9</b>	<b>10.0</b>
Greece	ECB	2.5	3.0	1.1	1.0	na	na	na	na	na	na
	EC	2.1	2.5	1.2	1.1	-0.5	-0.3	-1.2	0.6	178.8	174.6
	IMF	2.2	2.7	1.3	1.4	-0.3	0.0	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>2.0</b>	<b>2.5</b>	<b>1.2</b>	<b>1.2</b>	<b>-0.5</b>	<b>-0.1</b>	<b>-0.7</b>	<b>0.6</b>	<b>177.7</b>	<b>173.1</b>
Ireland	ECB	3.3	3.0	0.5	1.3	na	na	na	na	na	na
	EC	4.0	3.6	0.6	1.2	4.5	5.0	-0.5	-0.3	73.5	72.7
	IMF	3.5	3.2	0.9	1.5	4.7	4.7	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>3.5</b>	<b>3.0</b>	<b>0.9</b>	<b>1.5</b>	<b>6.3</b>	<b>6.4</b>	<b>-0.5</b>	<b>-0.2</b>	<b>74.3</b>	<b>72.5</b>
Latvia	ECB	3.0	3.3	1.6	1.7	na	na	na	na	na	na
	EC	3.2	3.5	2.2	2.0	-0.9	-2.6	-0.8	-1.8	38.5	36.0
	IMF	3.0	3.3	2.8	2.5	-1.1	-1.4	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>3.4</b>	<b>2.0</b>	<b>2.0</b>	<b>-0.7</b>	<b>-1.7</b>	<b>-0.9</b>	<b>-1.3</b>	<b>38.4</b>	<b>36.8</b>
Lithuania	ECB	2.4	2.9	1.9	2.0	na	na	na	na	na	na
	EC	2.9	3.1	2.8	2.0	-2.0	-1.9	-0.4	-0.2	42.4	38.9
	IMF	2.8	3.1	2.8	2.0	-1.6	-1.5	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>2.7</b>	<b>3.0</b>	<b>2.5</b>	<b>2.2</b>	<b>-1.2</b>	<b>-1.1</b>	<b>-0.6</b>	<b>-0.3</b>	<b>42.5</b>	<b>40.3</b>
Luxembourg	ECB	3.9	3.9	2.0	2.1	na	na	na	na	na	na
	EC	4.3	4.4	2.4	1.8	4.5	5.0	0.2	0.3	22.0	22.3
	IMF	3.7	3.5	1.4	1.3	5.1	5.1	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>4.0</b>	<b>4.0</b>	<b>1.8</b>	<b>1.7</b>	<b>4.8</b>	<b>5.0</b>	<b>0.6</b>	<b>0.6</b>	<b>22.7</b>	<b>23.9</b>
Malta	ECB	4.1	3.7	1.4	1.7	na	na	na	na	na	na
	EC	4.6	4.4	1.6	1.8	6.5	9.0	0.5	0.8	55.8	52.5
	IMF	4.1	3.5	1.5	1.6	5.5	5.3	na	na	na	na
	OECD	na	na	na	na	na	na	na	na	na	na
	Average	<b>4.3</b>	<b>3.9</b>	<b>1.5</b>	<b>1.7</b>	<b>6.0</b>	<b>7.2</b>	<b>0.5</b>	<b>0.8</b>	<b>55.8</b>	<b>52.5</b>
Portugal	ECB	1.4	1.5	1.4	1.5	na	na	na	na	na	na
	EC	1.8	1.6	1.4	1.5	0.5	0.5	-1.8	-1.9	128.5	126.2
	IMF	1.7	1.5	1.2	1.4	-0.3	-0.4	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>1.5</b>	<b>1.5</b>	<b>1.3</b>	<b>1.4</b>	<b>0.2</b>	<b>0.3</b>	<b>-2.0</b>	<b>-1.9</b>	<b>129.0</b>	<b>127.2</b>
Slovakia	ECB	3.1	4.2	1.2	1.8	na	na	na	na	na	na
	EC	3.0	3.6	1.4	1.6	0.1	0.4	-1.3	-0.6	51.5	49.8
	IMF	3.3	3.7	1.2	1.5	0.3	0.2	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>3.8</b>	<b>1.2</b>	<b>1.6</b>	<b>-0.1</b>	<b>0.3</b>	<b>-1.4</b>	<b>-0.6</b>	<b>52.0</b>	<b>50.5</b>
Slovenia	ECB	2.5	2.6	1.4	1.4	na	na	na	na	na	na
	EC	3.3	3.1	1.5	1.8	6.2	5.8	-1.4	-1.2	77.8	75.5
	IMF	2.5	2.0	1.5	2.0	5.5	5.1	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>2.7</b>	<b>2.5</b>	<b>1.3</b>	<b>1.6</b>	<b>6.5</b>	<b>6.3</b>	<b>-1.5</b>	<b>-1.1</b>	<b>81.7</b>	<b>80.5</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 (May'17); International Monetary Fund (May'17); 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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