

## Editorial: Long-term issues raised by the short-term forecast

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In this EUREN-News, we present our updated forecast. We expect GDP growth in the Euro area to reach 1.8% this year and 1.6% in 2012. This will be enough to trigger a moderate decline in unemployment. However, these figures are disappointing after the deep recession of 2009. The outlook raises several questions for the future.

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### *National discrepancies still more pronounced*

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One of the main concerns in recent months regards the sustainability of public finances in some Euro area countries. The current situation shows a tremendous heterogeneity. Germany, on the one hand, recovers quite rapidly from the crisis both in terms of economic activity and of public finances; the so-called “peripheral” countries, on the other hand, are stuck in a severe crisis.

In our central scenario, we assume implicitly that the European authorities will find a solution to overcome the sovereign debt crisis. But the imbalances in the Euro area will remain with important implications for the economic policy (what is the optimum interest rate?) and in terms of differentials in growth dynamics between the Euro area member states.

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### *Has potential growth been hit by the crisis?*

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According to our forecast, the output gap generated by the crisis will not be closed at the end of 2012. This can mean that fiscal adjustment weighs temporarily on the recovery and will postpone the possibility to see economic growth above trend to 2013 or 2014.

But it can also mean that our estimate of potential growth has to be revised downward. Indeed, literature shows that banking crises can lower potential growth. Capital investment can be reduced by the crisis and human capital can deteriorate because of a prolonged period of unemployment.

It can also be assumed that the pre-crisis growth level was not sustainable, as shown for instance by the burst of the bubble in the housing sector in some countries.

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### *Emerging economies put a continuous pressure on raw material prices*

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The upswing in the Euro area benefitted from the fast and strong recovery of the world economy. In 2000, the weight of emerging countries in global GDP (PPP basis) was 40%, not so far from the 35% in 1980. But it reached 50% in 2010. In other words, as GDP growth of emerging countries has been on average close to 6% during the last decade, it means that this group explains approximately 3 percentage points of the 3.5% world GDP growth during the same period.

Given this growth arithmetic, it becomes clear that commodity prices in the last decade were primarily driven by the demand in the emerging markets. This situation will continue and the increase of commodity prices will put a permanent drag on the developed countries’ income which can reduce economic growth. This might be another explanation of the meagre growth in the Euro area in this recovery phase.

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## The EUREN summer forecast 2011/12

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### *Temporary slowdown in global growth*

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According to the latest available indicators, global economic growth recently moderated somewhat after the buoyant development recorded at the turn of the year. At the same time, regional differences with respect to the pace of the expansion persist. In April, seasonally adjusted world trade fell by 2.5% from the previous month, following an already moderate growth of 1.1% in March. While most regions recorded declining trade volumes, the moderation was most pronounced among emerging economies. Monthly trade figures are volatile, but also the underlying momentum points at a slowdown of global growth. This view is supported by other available indicators. World industrial production declined in April by 0.3% from the previous month, following a 0.8% decrease in March.

In advanced economies, the need for stronger fiscal consolidation efforts and continued balance sheet repair, both at the level of private households and of companies, have contributed to the dampening of growth. In the United States, the speed of the economic recovery has remained subdued, given the severity of the previous downturn resulting from the global financial crisis. In particular, the continued weakness of the housing market and the persistently high unemployment weigh on economic activity. In Japan, the impact of the earthquake, the ensuing tsunami and the nuclear accident which hit the east coast in March led to a sharp contraction in economic activity in the short term. The global repercussions, however, should be rather limited, provided disruptions in major global supply chains remain contained.

By contrast, in emerging Asian and Latin American economies activity has remained vigorous. In Latin America, production has been further supported by high commodity

prices. Due to prevailing overheating pressure, which is signalled by high inflation, central banks and governments in emerging economies have started to implement more restrictive monetary and fiscal policies.

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### *Regional disparities will persist*

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Leading indicators like the global Purchasing Managers Index (PMI) or the OECD Composite Leading Indicator point to a continuation of the phase of subdued momentum in global economic activity in the months to come. However, global growth should regain momentum later in the projection horizon, provided that inflationary pressures will abate as anticipated in this outlook. Regional disparities in global growth will prevail. While high external and internal demand should continue to support a rapid expansion in emerging economies, high fiscal deficits, a rather subdued recovery of labour markets and the prevailing need for balance sheet adjustments will continue to hold the recovery back in many industrialised economies.

Overall, the EUREN institutes expect that the world economic prospects remain favourable, and the recovery is becoming increasingly self-sustained. Provided that inflationary pressure abates in the coming months - as is expected in this outlook - private consumption will be supported by rising real disposable income. In addition, a moderation in inflation would allow central banks to tighten monetary policy at a moderate pace, as is assumed in this outlook. Overall, world trade is forecasted to rise by 6.5% in 2011, before accelerating somewhat to a growth rate of 7.0% in 2012. This regain of momentum is supported by a rebound in the expansion in the US to 2.8%, following a temporary slowdown to 2.6% in the current year. Private consumption will be supported by the expected strengthening of real disposable income with the easing

of inflation, together with a gradual recovery of the labour and the housing markets. In Japan, the earthquake had interrupted production in substantial parts of the economy, and there were signs of electricity shortages. Although industry has started to revive from this shock, production is still below the pre crisis level. Therefore we expect that the reconstruction in the second half of the year will not be sufficient to generate positive growth on an annual average basis in 2011. However, next year investment in infrastructure and building should lead to a substantial GDP growth of 2.2%. In China, the restrictive monetary and administrative measures taken to contain the high inflationary pressures should lead to a slight slowdown in GDP growth to 9.5% in 2011 and 9.0% in 2012, down from 10.3% in 2010.

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#### *Stabilisation of commodity prices*

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Fuelled by high demand from the rapidly expanding emerging markets, oil as well as other commodity prices rose sharply between summer 2010 and April 2011. In addition to high demand, the increase of oil prices was driven by political tensions in the Middle East. After having peaked at around 125 US dollar per barrel, the price of Brent declined somewhat to around 110 US dollar at the end of June. In line with abating political tensions and the temporary slowdown in economic activity, the EUREN institutes expect that the oil price will show only little momentum in the second half of this year and in 2012. Hence, for both years an annual average price of around 111 US dollar per barrel Brent is assumed.

Regarding monetary policy, it can be expected that in the US the Fed will start to raise interest rates in 2012 when growth resumes and the improvement of the labour market makes progress. This should support the US currency somewhat. In addition, the prevailing uncertainties about the consolidation of public

finances in some Euro area countries weigh on the European common currency. Hence, the institutes assume a slight appreciation of the Dollar against the Euro in 2012.

**Table 1**

#### **Exogenous and international variables**

2009 – 2012; Percentage changes unless otherwise indicated

	2009	2010	2011 <sup>f</sup>	2012 <sup>f</sup>
World trade	-11.6	12.9	6.5	7.0
United States				
GDP	-2.6	2.9	2.6	2.8
Inflation	-0.3	1.6	2.9	2.1
3m interest rates	0.7	0.3	0.3	0.5
10y Gvt bond yield	3.3	3.2	3.5	3.9
Japan				
GDP	-6.3	4.0	-0.2	2.1
3m interest rates	0.5	0.2	0.3	0.4
10y Gvt bond yield	1.3	1.2	1.2	1.5
China, GDP	9.2	10.3	9.5	9.0
US dollar/euro	1.39	1.33	1.40	1.37
Oil price Brent				
US\$/barrel	61.3	79.4	110.7	110.8
Percentage changes	-36.5	29.5	39.4	0.1

<sup>f</sup>EUREN Forecast

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#### *Strong domestic demand stimulates Euro area growth in the first quarter.*

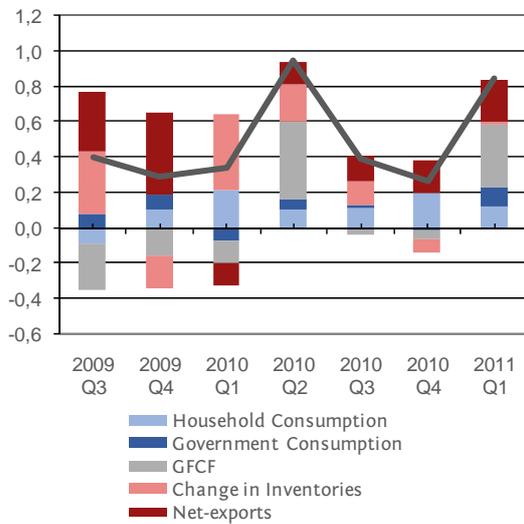
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According to the latest figures published by Eurostat, GDP growth in the Euro area accelerated significantly during the first quarter to 0.8% (qoq) compared to 0.3% in the previous quarter. Looking at the contribution of the various components of aggregate demand (graph 1), it becomes evident that more than half of this growth was due to a strong expansion of gross fixed capital formation. It was 2 percentage points stronger than in the previous quarter, translating into a contribution of more than 0.4 points to GDP growth.

Interestingly, despite of all consolidation plans implemented by member countries, public consumption showed a quarter on quarter growth of 0.8%, the highest value

**Graph 1**

**Euro area: GDP-Growth and its components**  
Contributions to growth, percentage points



Source: Eurostat.

since the fourth quarter of 2008. Meanwhile, household consumption kept its rate of expansion very similar to that reported in previous quarters.

At the same time, the contribution of net exports to growth came down from 0.3 percentage point in the fourth quarter of 2010 to a negligible magnitude in the first quarter of 2011. This reduction was induced by a significant recovery of imports, whereas exports grew at an almost unchanged rate.

The recovery of the Euro area economy was sufficient to show a positive effect in the labour market. Total employment increased by 0.3% (yoy), both in the fourth quarter of 2010 and in the first one of 2011, enabling a reduction in the unemployment rate to 9.9% in the first three months of this year.

At the same time, inflation casts a shadow on the economic situation. It accelerated significantly, especially since March 2011 and reached 2.7 % in June. Drivers were up to now primarily the volatile components energy and unprocessed food. Furthermore, taxes were raised in some countries. However, more worrying for the future is that unit labour

costs increased by 2.8 % in the first quarter of this year which signals that a cost push is on its way and may boost core inflation.

This rise in inflation along with rising interest rates could induce restraint on domestic demand after the second quarter, which already can be seen in some activity indicators for the recent months.

*ECB has raised interest rates, but monetary policy remains accommodative*

The major problem of monetary policy in most advanced economies remains to find an optimal way to end the expansionary policy without threatening the fragile economic growth. Whilst the ECB has raised its policy rate twice this year, the FED is still keeping its expansionary stance since the economic recovery turns out to be slower than originally expected by the FOMC and also, as recent labour market indicators have been weaker than anticipated. In Switzerland monetary

**Graph 2**

**Euro area: Consumer Prices (HICP)**  
2008 – 2011, yoy change in %

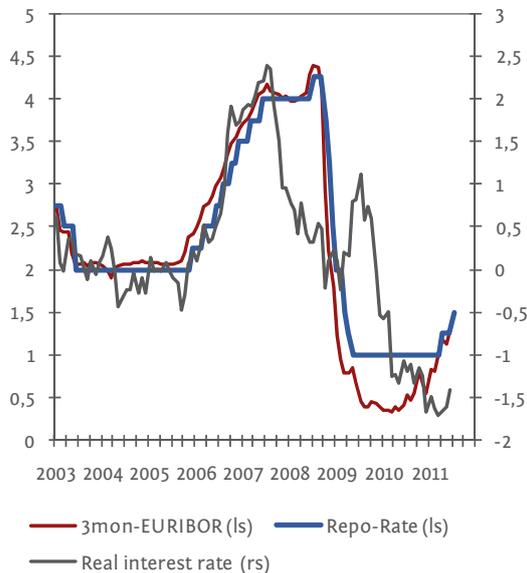


Source: ECB.

Graph 3

**Euro area: Short term interest rates**

2003 – 2011, in %



Source: ECB. – Euribor end of month. Real interest rate: 3 mon EURIBOR minus HICP inflation

stance is kept expansive due to the continued appreciation of the Swiss franc. The Bank of England as well as the Bank of Japan see at present no room for any monetary tightening.

Responding to the continued upward pressure on consumer prices the ECB raised the key interest rate by 25 basis points each in April and in early July. It is preparing the markets for a continuation of this course, as it points out in its communication that it expects HICP will remain above the 2% target in the coming months. Whereas, according to our assumption on oil prices, pressure from energy prices may ease, domestic price components may rise stronger, since capacity utilization is increasing and some countries may raise indirect taxes with view to reduce budget deficits. Therefore, the ECB is expected to raise its key interest rate step by step, but carefully, since GDP growth will remain moderate. By the end of the forecast period (2012) we expect a rate for main financing operations of at least 2%.

At present there is still ample liquidity on financial markets, and the ECB policy is still

accommodative; short-term real interest rates are negative (graph 3), despite nominal short-term interest rates showing an upward trend reflecting rising interest rate expectations. We forecast that this trend will continue. By the end of next year 3-months rate in the euro area will be above 2% and real short term rates will become positive.

Long-term (10 years) government yields show an upward trend as an average in the euro area, however, there is still a strong divergence between countries. EUREN forecasts a slight rise of long-term average yields to 4.5-4.6% by the end of 2012, with differences remaining. In the peripheral countries yields can be expected to stay high as long as the risk of a sovereign debt default is pending.

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#### *Fiscal policy has become more restrictive*

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The fiscal crisis in the Euro area has become aggravated in the first half of 2011. After Greece and Ireland, which came under the Euro-rescue parachute already in 2010, Portugal was the third country which was not able to refinance its public debt at market conditions and therefore applied for help from the European Financial Stability Facilities (EFSF). Spain remained under scrutiny as another candidate for a rescue plan; although the situation continued to be stable. Instead, the solvency of Italy was increasingly questioned, whose debt to GDP ratio is stubbornly high, too.

For these countries, the pressure to reduce public debt was increased significantly, and most of them passed consolidation measures. But also in countries which were not directly effected by the public debt crises, fiscal policy became more restrictive. In some countries, fiscal stimulus packages phased out, in others, e.g. Germany, measures were taken to reach a balanced budget in the medium term. According to European Commission calculations, the

Table 2

**Estimates of fiscal balances in the Euro area**

2010 – 2012; in % of GDP

	2010	2011 <sup>e</sup>	2012 <sup>e</sup>
Net lending (-) /borrowing (+)			
European Commission	-6,0	-4,3	-3,5
OECD	-6,0	-4,2	-3,0
Cyclically adjusted balance			
European Commission	-4,4	-3,0	-2,5
OECD	-3,9	-2,6	-1,9
Cyclically adjusted primary balance			
European Commission	-1,6	0,0	0,4

Source: European Commission, *European Economic Forecast, Spring 2011*. OECD *Economic Outlook*.

cyclical adjusted deficit in the Euro area will be reduced by 1.4 percentage points in 2011 and another 0.5 percentage points in 2012 (table 2). The cyclical adjusted primary balance, which excludes interest payment, will become positive. The OECD, expects in its latest Economic Outlook the restrictive impulse of the same magnitude.

These estimates do not take into account the measures taken after April 2011. Greece and Portugal – as well – have passed additional consolidation packages since then, and also Italy announced measures to reduce the deficit. All in all, fiscal policy will be restrictive over the forecast period.

**Moderate recovery with pronounced differences**

The recovery in the Euro zone is projected to continue throughout the remainder of 2011 and during 2012. But against the background of the fiscal consolidation measures and the less expansionary monetary policy it can be expected to be mild. We forecast Euro area GDP growth to reach 1.8% this year and 1.6% next year. Divergences in growth dynamics between core and peripheral countries are expected to be maintained over the forecast horizon.

After the strong momentum in the first quarter of 2011, led by gross fixed capital formation

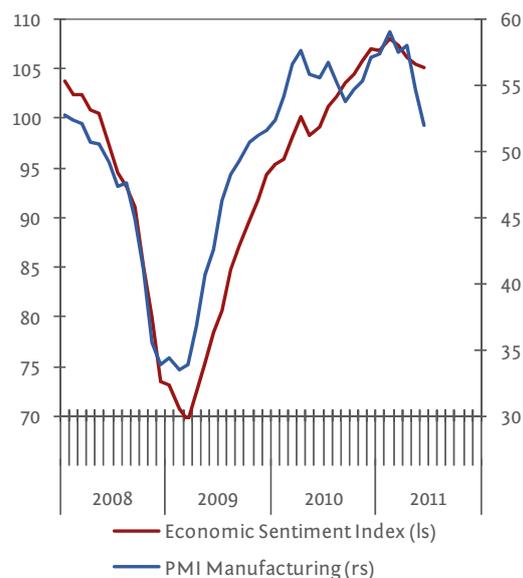
and exports, we expect Euro area GDP growth to slow significantly in the second quarter. Such a weakening is already signalled by the Economic Sentiment Indicator for the Euro area and the PMI Index for manufacturing which both receded since February 2011 (graph 4). For the last two quarters of 2011 and the year 2012 moderate and slowly accelerating quarter-on-quarter GDP rates are projected.

Domestic demand will strengthen moderately, as its components will gradually gain importance during the ongoing recovery. Private consumption is expected to accelerate slightly over the forecast horizon, against the backdrop of a very modest fall in unemployment and the somewhat increasing compensation per employee in 2012. As a whole, its quarterly evolution will remain quite stable. Still, in some cases, differences in private consumption growth rates among Member States will be substantial, due to diverging developments in disposable income and labour market conditions. Such differences are not expected to

Graph 4

**Euro area: sentiment indicators**

2008 – 2011, in %



Source: European Commission, Markit.

**Table 3**  
**Euro area forecast**

	2009	2010	2011 <sup>1</sup>	2012 <sup>1</sup>	2010				2011				2012 <sup>1</sup>			
	Annual % change (unless indicated otherwise)				III	IV	I	II <sup>1</sup>	III <sup>1</sup>	IV <sup>1</sup>	I	II	III	IV		
Private consumption	-1.2	0.8	1.0	1.1	0.2	0.3	0.3	0.2	0.2	0.3	0.3	0.3	0.3	0.3		
Public consumption	2.4	0.4	0.6	0.4	0.2	-0.1	0.8	-0.4	0.0	0.0	0.2	0.2	0.2	0.2		
Gross fixed capital formation	-11.7	-0.9	3.4	3.1	-0.2	0.0	2.1	0.5	0.6	0.6	0.8	0.8	1.0	1.0		
Change in inventories <sup>1</sup>	-0.7	0.6	0.1	0.1	0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0		
Domestic demand	-3.4	0.9	1.5	1.5	0.2	0.1	0.8	0.1	0.2	0.3	0.4	0.5	0.5	0.5		
Exports	-13.1	11.1	6.4	5.8	1.7	1.7	1.8	0.5	1.3	1.3	1.5	1.5	1.7	1.7		
Imports	-11.8	9.4	5.9	5.8	1.2	1.3	1.9	0.5	1.2	1.3	1.5	1.5	1.7	1.7		
Net exports <sup>1</sup>	-0.8	0.8	0.3	0.1	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
GDP <sup>1</sup>	-4.1	1.7	1.8	1.6	0.4	0.3	0.8	0.1	0.3	0.3	0.4	0.5	0.5	0.5		
Unemployment (% of labour force)	9.5	10.1	9.8	9.5	10.1	10.1	9.9	9.9	9.8	9.7	9.6	9.6	9.5	9.4		
Compensation per employee, yoy	1.6	1.8	1.8	2.1	1.5	1.6	1.7	1.8	1.8	1.8	2.0	2.0	2.2	2.2		
Consumer price (HICP), yoy	0.3	1.6	2.5	1.9	1.7	2.0	2.5	2.7	2.5	2.3	1.9	1.8	1.9	2.0		
Current account balance (%GDP)	-0.4	-0.4	-0.6	-0.7	-	-	-	-	-	-	-	-	-	-		
3m interest rates (% per annum)	1.2	0.8	1.4	2.1	0.9	1.0	1.1	1.4	1.6	1.7	1.8	2.0	2.1	2.2		
10y Gvt bond yields (% per annum)	3.9	3.5	4.1	4.2	2.8	3.0	4.4	4.6	4.7	4.7	4.7	4.6	4.6	4.5		
ECB repo (end of period)	1.18	1.00	1.50	2.00	1.00	1.00	1.00	1.30	1.50	1.50	1.75	1.75	2.00	2.00		

*This forecast was finalized on 30 June 2011. –<sup>1</sup>EUREN forecast. –<sup>1</sup>Contribution to growth.*

be eliminated in the short run on account of the envisaged and implemented fiscal consolidation measures in some countries, which will also keep down public consumption over the forecast horizon. The outlook for gross fixed capital formation is positive, even though the increases projected for 2011 and 2012 are not sufficient to offset the considerable declines recorded in the previous years. For equipment investment the outlook is more favourable, whereas in contrast no rebound in construction investment can be expected within the horizon of the present forecast.

Following the significant recovery in exports in 2010, which almost offset the negative developments in 2009, the growth of world trade is expected to slow down, but will still be supportive of Euro zone exports. These are projected to continue to expand throughout 2011 and 2012, even though at a slower pace and with growth losing some momentum in 2012. Import growth will ease in the Euro area, with no significant variation in growth rates expected between 2011 and 2012, given the projection of subdued economic growth over the forecast horizon. On the back of

these developments, the trade position of the Euro zone as a whole is not projected to become more unbalanced, something that is expected to hold also for the Euro area current account, despite the differences in expected developments in individual Member States.

The acceleration in consumer prices recorded in 2010 is projected to continue during 2011, while inflation is set to decrease in 2012, implying that the indicated effect is not permanent. The peak in the HICP is expected within the current year, reflecting rises in energy prices and increases in indirect taxes. However, on the back of weakening pass-through effects of oil price rises, the one-off-feature of tax increases as well as the continuing economic slack, the outlook is for a lower inflation in 2012.

For the Euro area as a whole, the outlook over the forecast horizon is favourable, but it continues to be a multi-speed recovery. In Germany and other central European countries the output gap is expected to close already in this year or at latest in the next. In many peripheral countries, however, capacity utilisation will remain very low. This feature is expected to phase out only gradually, with the

necessary adjustment period differing and depending not only on general conditions but also strongly on policy.

Given these uneven prospects for the recovery, differences over sectors, activities and economic measures will remain and are not expected to be eliminated over the forecast horizon. With regard to unemployment, for instance, in some countries, such as Germany and France the more favourable outlook is related to an expected decrease in unemployment rates. Countries such as Greece, Spain and Portugal are facing considerably higher and even rising unemployment. At the same time, inflation differentials appear to persist but are not projected to widen over the forecast horizon. However, the main driving forces will differ. In countries where the confrontation of imbalances dictates the implementation of voluminous consolidation packages, it will reflect primarily tax increases, whereas in countries with a high capacity utilisation, wage costs will be the more important factor. Varying developments will also continue to characterize housing activity, where significant improvement is not expected in the short term in peripheral countries, which were hit harder by the bursting of the housing bubble.

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#### *Significant downside risks prevail*

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The projected continuation of the upswing in the Euro area over the forecast horizon should be supportive in unwinding some of the cur-

rent problems gradually. Nevertheless, there are still significant downside risks to the outlook, which are not counterbalanced by the alleged upside risks. The prevailing downside risks are mainly linked to the persisting fiscal imbalances and the disorderly financial market situation. A lot will depend on the progress of fiscal consolidation in several Member States, which in turn may have a severe impact on domestic demand. In addition, strains in financial markets, such as sovereign bond markets, may intensify, in which case contagion effects may develop. Such spill over effects may affect the evolution and the speed of economic recovery in the Euro area. Finally, higher than projected commodity prices may also pose a considerable downside risk to the outlook, due to the potential adverse effects on Euro area economic growth.

Risks on the upside refer mostly to potential stronger than projected spill over effects stemming from the strong growth in Germany and more buoyant global demand leading to higher than expected export growth in the Euro area.

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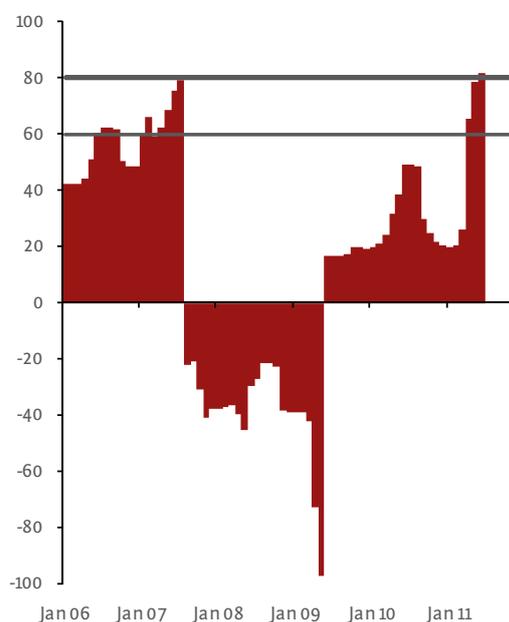
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Editor of this issue: Roland Döhrn

### COE-Rexecode Leading Indicator for the Euro area

The Coe-Rexecode leading indicator is looking for the next peak of the Euro area growth cycle. It must overpass in turn the 60 and the 80 thresholds to send a strong signal of an imminent economic downturn. In the last months, the indicator has surged from 26.1 in March to 81.7 in June, crossing in turn the two thresholds. This would indicate a strong probability for a downturn within the three coming months. However, only three of the five components have gone through a peak. In particular, the leading indicator for United States, which is one of the components, has not sent a message of slowdown. This is the first time that a signal of slowdown is given for the Euro area without having seen signs of a downswing in the U.S. If the overpassing of the 80 threshold is confirmed in the next months, this would imply that the Euro area growth rate will probably fall under its annualized trend growth, which is estimated at 1.2%, for at least a few quarters. The underlying instantaneous growth rate, at an annual rate, as measured by the Coe-Rexecode indicator, is estimated at 1.6% in June 2011.



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### Forecast of the EUREN/CEPREDE High Frequency Model

Last update: June 17<sup>th</sup>, 2011

	10 Q1	10 Q2	10 Q3	10 Q4	11 Q1	11 Q2	11 Q3	2009	2010	2011
Jan 10	0,4;0,0	0,8;0,3							1,1	
Feb 10	0,0;-0,2	-0,2;-0,9							1,1	
Mar 10	0,0;0,2	-0,1;-0,8	-0,3;0,2	-0,1;0,2					1,4	
Apr-10	0,2;0,2	0,5;-0,2	0,6;0,4	0,9;0,4					1,4	
May-10	<b>[0,6;0,2]</b>	1,3;0,6	1,5;0,6	1,9;0,5					1,4	
Jun-10	<b>[0,6;0,2]</b>	1,5;0,8	2,0;0,9	2,6;0,7					0,8	
Jul-10	<b>[0,6;0,2]</b>	1,6;0,9	1,9;0,6	2,3;0,5					-0,3	
Sep-10	<b>[0,7;0,3]</b>	<b>[1,9;1,0]</b>	2,1;0,6	2,7;0,8					-0,1	
Oct-10	<b>[0,7;0,3]</b>	<b>[1,9;1,0]</b>	2,2;0,1	3,0;1,0	2,9;0,2	2,2;0,3			0,5	2,1
Nov-10	<b>[0,8;0,4]</b>	<b>[2,0;1,0]</b>	<b>[2,1;0,4]</b>	2,8;0,9	2,6;0,1	1,9;0,3			1,3	1,9
Dec-10	<b>[0,8;0,4]</b>	<b>[2,0;1,0]</b>	<b>[2,1;0,4]</b>	2,6;0,7	2,3;0,1	1,6;0,3			1,7	1,6
Jan-11	<b>[0,8;0,4]</b>	<b>[2,0;1,0]</b>	<b>[2,1;0,5]</b>	2,0;0,1	1,5;-0,1	0,9;0,4			1,7	0,8
Feb-11	<b>[0,8;0,4]</b>	<b>[2,0;1,0]</b>	<b>[2,1;0,5]</b>	<b>[2,0;0,1]</b>	1,5;-0,1	0,9;0,4			1,7	0,9
Mar-11	<b>[0,8;0,4]</b>	<b>[2,0;1,0]</b>	<b>[2,1;0,5]</b>	<b>[2,0;0,1]</b>	1,5; -0,1	0,9;0,4	0,5;0,2	0,6;0,1	1,7	0,9
Apr-11	<b>[0,8;0,4]</b>	<b>[2,0;1,0]</b>	<b>[2,1;0,5]</b>	<b>[2,0;0,1]</b>	1,5; -0,1	0,9;0,3	0,5;0,2	0,6;0,2	1,7	0,9
May-11	<b>[0,8;0,4]</b>	<b>[2,0;1,0]</b>	<b>[2,1;0,5]</b>	<b>[2,0;0,1]</b>	<b>[2,5;0,8]</b>	2,1;0,5	1,8;0,3	2,0;0,2	1,7	2,1
Jun 11	<b>[0,8;0,4]</b>	<b>[2,0;1,0]</b>	<b>[2,1;0,5]</b>	<b>[2,0;0,1]</b>	<b>[2,5;0,8]</b>	2,1;0,6	1,8;0,3	2,0;0,2	1,7	2,1

*In brackets; GDP-Data published by EUROSTAT. In italics: quarter on quarter rates.*

After the upward revision undertaken in the previous month due to the inclusion of the actual figures for the first quarter, there are no significant changes in our current forecast this month. We are still expecting a slightly deceleration of the GDP growth rates starting with the second quarter this year. This view is supported by some indicators for April and May.

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