

## **AUTUMN 2007 ECONOMIC OUTLOOK FOR THE EURO AREA**

MAIN FORECAST						
Real GDP growth		<b>2007</b> 2.6	<b>2008</b> 2.1			
Consumer price inflation		2.0	2.1			
Unemployment rate		7.0	6.8			
Employment growth		1.6	1.2			
Hourly wage growth Hourly labour productivity growth	1	2.7 1.3	3.1 1.3			
Commonweath of commonweath down						
Components of aggregate den Annual % change	nand	2007	2008			
Private consumption Public consumption		1.8	1.9			
Investment (Gross fixed capital for	ormation)	2.0 4.6	1.6 3.5			
Exports	,	5.6	5.1			
Imports		5.2	5.4			
ECONOMIC SENTIMENT						
Weighted replies across countrie	es, % of euro area					
Question 1		Positive	Negative	Unchanged		
Trend in business climate over the next 6 months	Industry Services	33 32	38 15	29 53		
	Comicos					
Question 2 Trend in profitability over the	Industry	Positive 27	<b>Negative</b> 36	Unchanged 37		
next 6 months	Services	28	15	56		
		Increase (faster	Increase (slower			
Question 3		pace)	pace)	Unchanged	Decrease (slower pace)	
Investment intentions over the	Industry	3	53	32	12	
next 6 months (compared to the last 12 months)	Services	3	31	54	12	
		-		-		
Question 4	11-	Replacement	Extension	Rationalisation	Innovation	
Driving force behind investment decisions in the	Up Same	84 14	32 47	49 45	71 29	
next six months	Down	3	21	6	0	
Question 5	Positive	Negative	Unchanged			
Trend in consumer confidence		•	•			
over the next 6 months	30	39	32			
		Industry: noof C	Industry nov4 6	Corvinge: page 6	Carvings: nov4 6	
Question 6		Industry: past 6 months	Industry: next 6 months	Services: past 6 months	Services: next 6 months	
Overall trend in employment	Up	63	42	77	62	
Overall trend in employment	Same Down	14 23	24 34	23 0	24 13	
				Lauren / I		
		Higher / more	Same	Lower / less		
Question 7		difficult		difficult		
Compared to 6 months ago,	Cost	difficult 94	6	<b>difficult</b> 0		
Compared to 6 months ago, SME's cost/access to capital		94	6	0		
Compared to 6 months ago,	Cost Access					
Compared to 6 months ago, SME's cost/access to capital		94	6	0		
Compared to 6 months ago, SME's cost/access to capital for business development Question 8 Effect of financial market	Access	94 90	6 10	0		
Compared to 6 months ago, SME's cost/access to capital for business development	Access to a large extent	94 90 to some extent	6 10 not at all	0		
Compared to 6 months ago, SME's cost/access to capital for business development  Question 8  Effect of financial market turmoil on assessement of	Access	94 90	6 10	0		
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Compared to 6 months ago, SME's cost/access to capital for business development  Question 8  Effect of financial market turmoil on assessement of financing conditions for next 6 months	Access  to a large extent  0	94 90 to some extent	6 10 <b>not at all</b> 4	0		
Compared to 6 months ago, SME's cost/access to capital for business development  Question 8  Effect of financial market turmoil on assessement of financing conditions for next 6 months  POLICY MIX	Access  to a large extent  0	94 90 to some extent	6 10 not at all 4 Neither satisfactory	0	Deteriorating	
Compared to 6 months ago, SME's cost/access to capital for business development  Question 8  Effect of financial market turmoil on assessement of financing conditions for next 6 months  POLICY MIX  Weighted replies across countries	Access  to a large extent  0  as, % of euro area	94 90 to some extent 96	6 10 <b>not at all</b> 4	0	Deteriorating	
Compared to 6 months ago, SME's cost/access to capital for business development  Question 8  Effect of financial market turmoil on assessement of financing conditions for next 6 months  POLICY MIX  Weighted replies across countries  Question 11  Fiscal policy: Progress towards	Access  to a large extent  0  es, % of euro area  Excellent	94 90 to some extent 96 Satisfactory	6 10 not at all  4  Neither satisfactory nor unsatisfactory	0 0		
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Compared to 6 months ago, SME's cost/access to capital for business development  Question 8  Effect of financial market turmoil on assessement of financing conditions for next 6 months  POLICY MIX  Weighted replies across countries  Question 11  Fiscal policy: Progress towards the medium-term budgetary objective is	Access  to a large extent  0  as, % of euro area  Excellent  0  Tight, appropriate for	94 90 to some extent 96 Satisfactory	6 10 not at all  4  Neither satisfactory nor unsatisfactory 49	0 0 Unsatisfactory	0  Loose, appropriate for	
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Compared to 6 months ago, SME's cost/access to capital for business development  Question 8  Effect of financial market turmoil on assessement of financing conditions for next 6 months  POLICY MIX  Weighted replies across countries  Question 11  Fiscal policy: Progress towards the medium-term budgetary objective is  Question 12	Access  to a large extent  0  es, % of euro area  Excellent  0  Tight, appropriate for the euro area	94 90 to some extent 96 Satisfactory 12 Tight 21	6 10 not at all  4  Neither satisfactory nor unsatisfactory 49  Appropriate 48	Unsatisfactory  39  Loose 0	0  Loose, appropriate for the euro area 12	Risks of euro appreciation
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