

SPRING 2008 ECONOMIC OUTLOOK FOR THE EU27

MAIN FORECAST			
	2007	2008	2009
Real GDP (annual % growth)	2.9	2.0	2.1
Inflation (%)	2.2	2.8	2.3
Unemployment (%)	7.1	6.8	6.7
Employment (%)	1.6	0.9	0.7
Hourly wage growth (%)	3.6	4.1	4.1
Hourly productivity growth (%)	1.3	1.2	1.8
GDP components			
Annual % change	2007	2008	2009
Private consumption (%)	2.2	1.9	2.1
Public consumption (%)	2.0	1.8	1.6
Gross fixed capital formation (%)	5.3	3.2	3.1
Exports (%)	4.6*	4.7	5.4
Imports (%)	4.6*	4.6	5.1

* Statistical treatment of VAT fraud creates distortions in UK forecasts.

ECONOMIC SENTIMENT						
Weighted replies across countries, % of EU27						
Trend in business climate over the next 6 months	Industry	Positive	Negative	Unchanged		
	Services	4	58	38		
Trend in profitability over the next 6 months	Industry	Positive	Negative	Unchanged		
	Services	2	87	11		
Trend in investment over the next 6 months (compared to the last 12 months)	Industry	Increase (faster pace)	Increase (slower pace)	Unchanged	Decrease (slower pace)	Decrease (faster pace)
	Services	7	33	19	17	24
Driving force behind investment decisions in the next six months	Up	Replacement	Extension	Rationalisation	Innovation	
	Same	46	31	26	65	
	Down	37	25	48	26	
Trend in consumer confidence over the next 6 months		Positive	Negative	Unchanged		
	39	54	7			
Overall trend in employment		Industry: past 6 months	Industry: next 6 months	Services: past 6 months	Services: next 6 months	
	Up	53	33	90	54	
	Same	6	20	10	35	
Over the next 6 months, cost/access to finance will be...	Down	41	47	0	11	
		Higher / more difficult	Same	Lower / less difficult		
	Cost	51	49	0		
	Access	72	27	0		

POLICY MIX						
Weighted replies across countries, % of EU27						
	Not necessary, situation is satisfactory	Excellent	Satisfactory	Neither satisfactory nor unsatisfactory	Unsatisfactory	Deteriorating
Fiscal policy: Progress towards the medium-term budgetary objective?	4	0	14	43	40	0
Monetary policy is...		Tight	Appropriate	Loose		
	50	39	11			
Consistency between the fiscal and the monetary policies		Adequate	Inadequate			
	70	30				