European Commission

EUROPEAN ECONOMIC FORECAST

Spring 2026

#ECForecast

30 June 2025

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Economic situation, forecasts, business & consumer surveys Unit

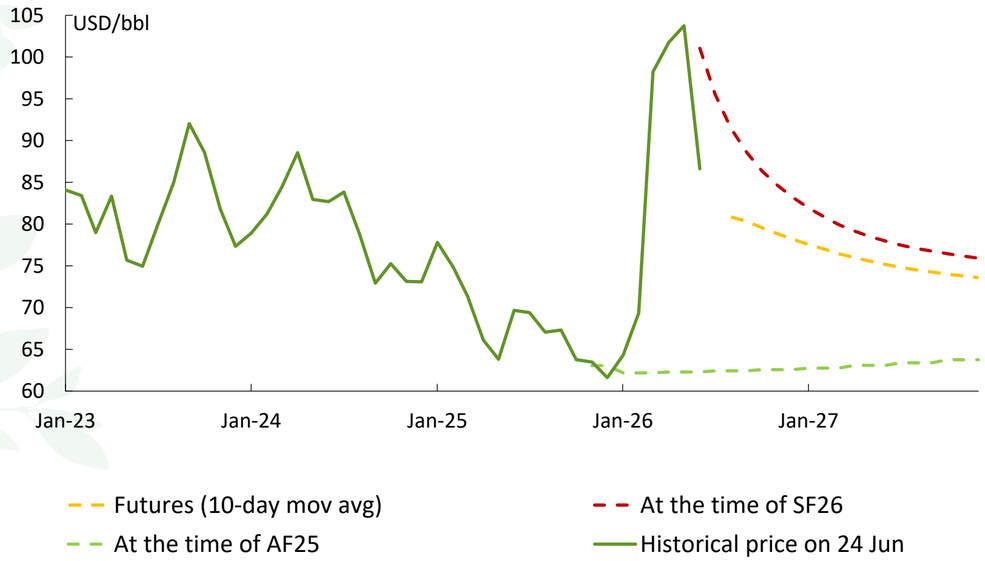
Key messages from the Spring 2026 Forecast

- New energy shock dampens the global and EU economic outlook
- The EU economy keeps expanding but at a slower pace
- Price pressures resurge
- Government deficit and debt ratios edge up
- Risks: Energy supply disruptions, warranting scenario analysis

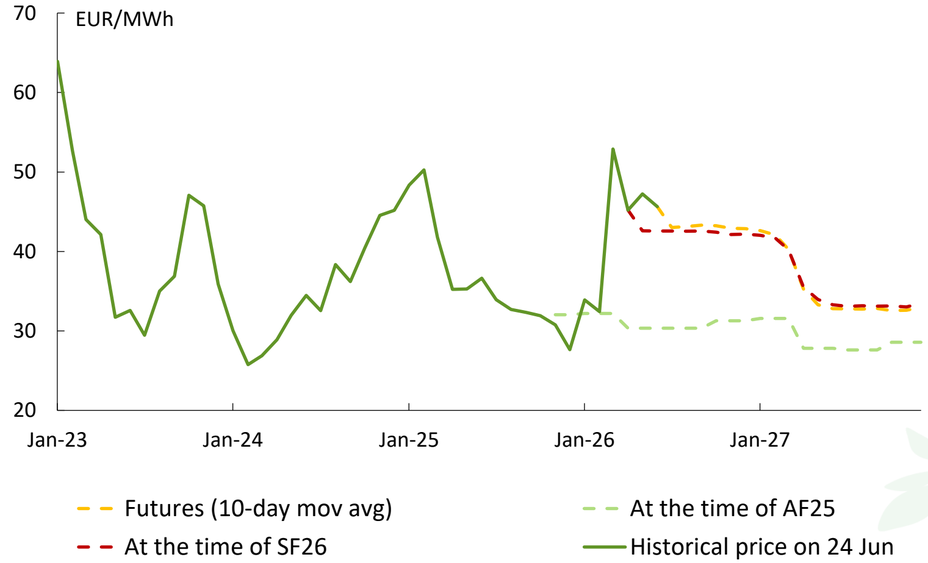
GDP	EU	Euro area
2025	1.5 *(+0.1)*	1.4 (+0.1)
2026	1.1 (-0.3)	0.9 (-0.3)
2027	1.4 *(-0.1)*	1.2 (-0.2)
HICP	**EU**	**Euro area**
2025	2.5 *(=)*	2.1 *(=)*
2026	3.1 *(+1)*	3 *(+1.1)*
2027	2.4 *(+0.2)*	2.3 *(+0.3)*

Sharp increase in energy commodity prices

Brent oil price



TTF gas price



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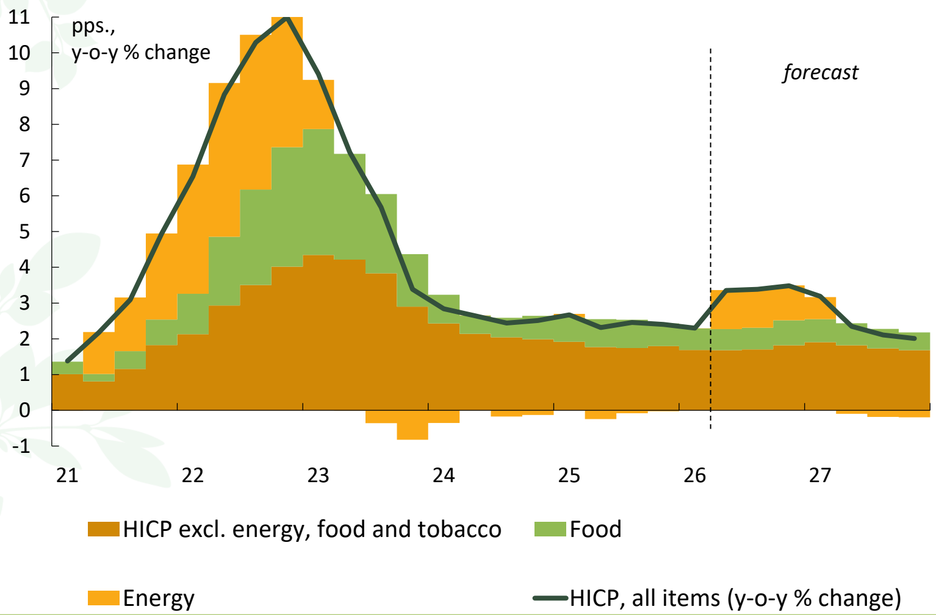
The surge in energy prices drives inflation higher, while domestic demand weakens

Inflation breakdown, EU



EU Real GDP growth and contributions

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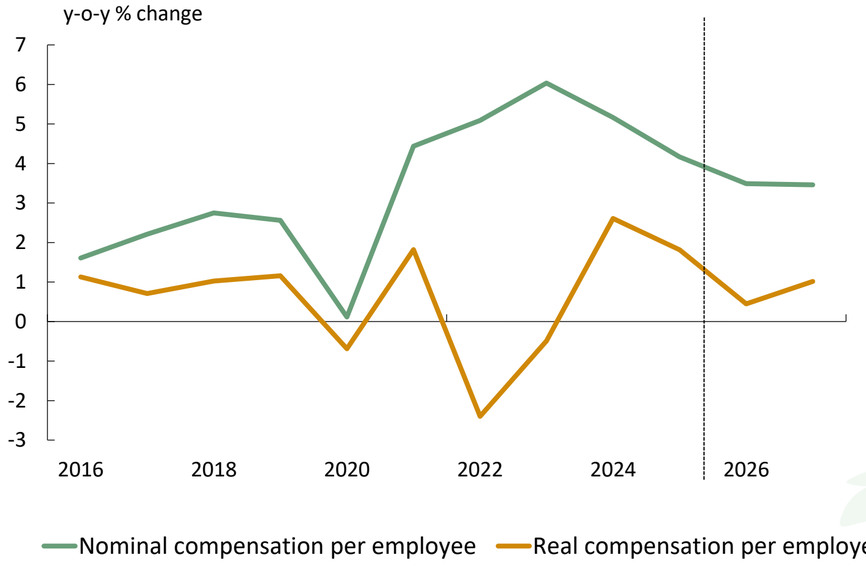
Long-term decline in unemployment rate comes to an end

Employment growth and unemployment rate, EU

Wage growth, EU



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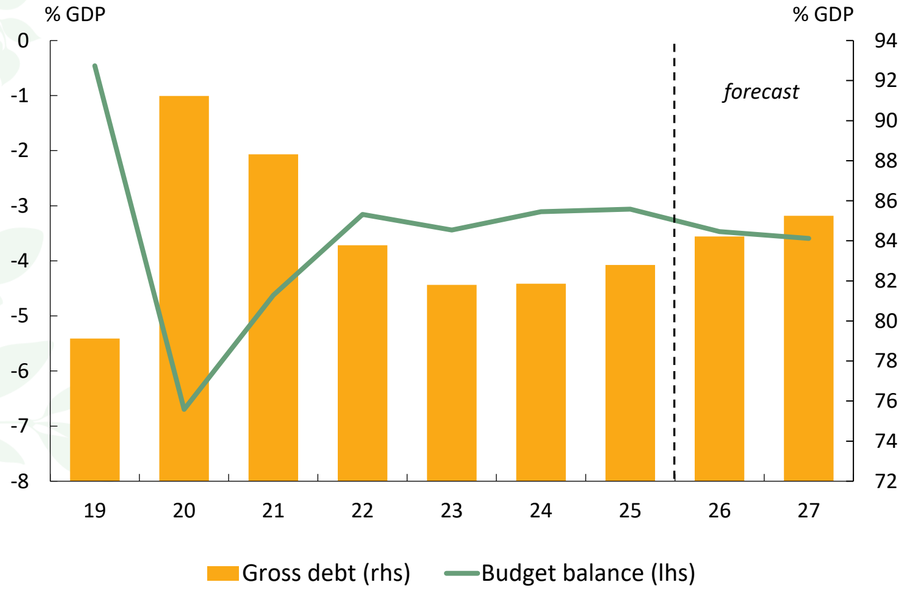
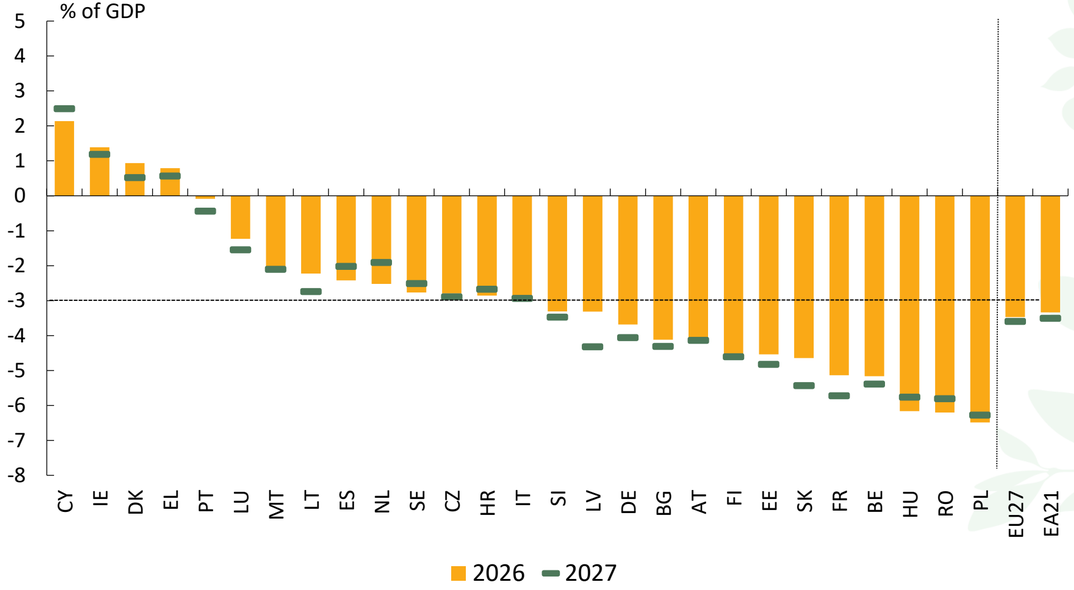
Government deficits and debt ratios edge up

General government budget balance and gross debt - EU



General government budget balance across Member States



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Outlook risks mainly linked to the conflict in the Middle East

+/- Evolution of energy prices

- Shortages of specific inputs

+/- Trade policy and geopolitical tensions

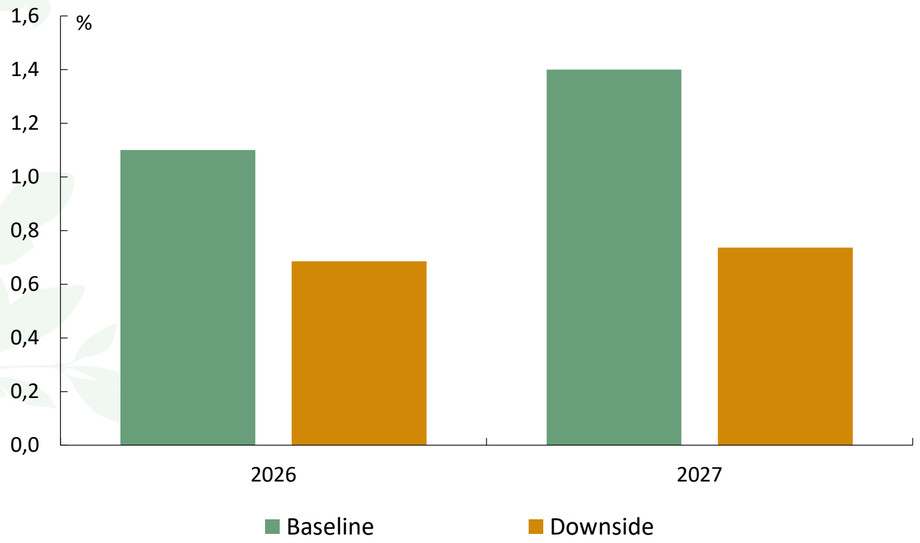
- Softening labour demand

+/- Accelerating AI adoption

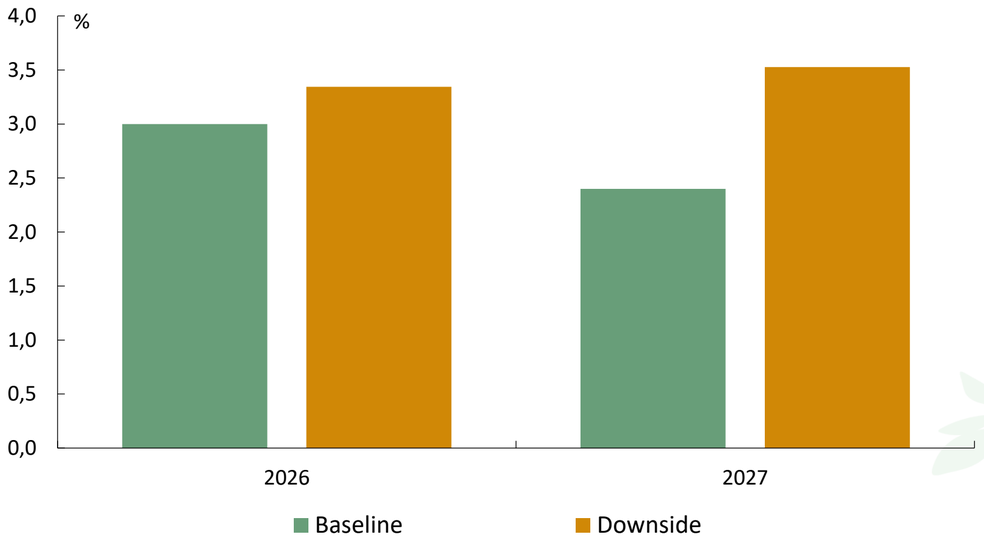
\+ Faster implementation of structural reforms, including energy transition

Higher for longer energy prices suppress the projected growth rebound in 2027

EU GDP growth

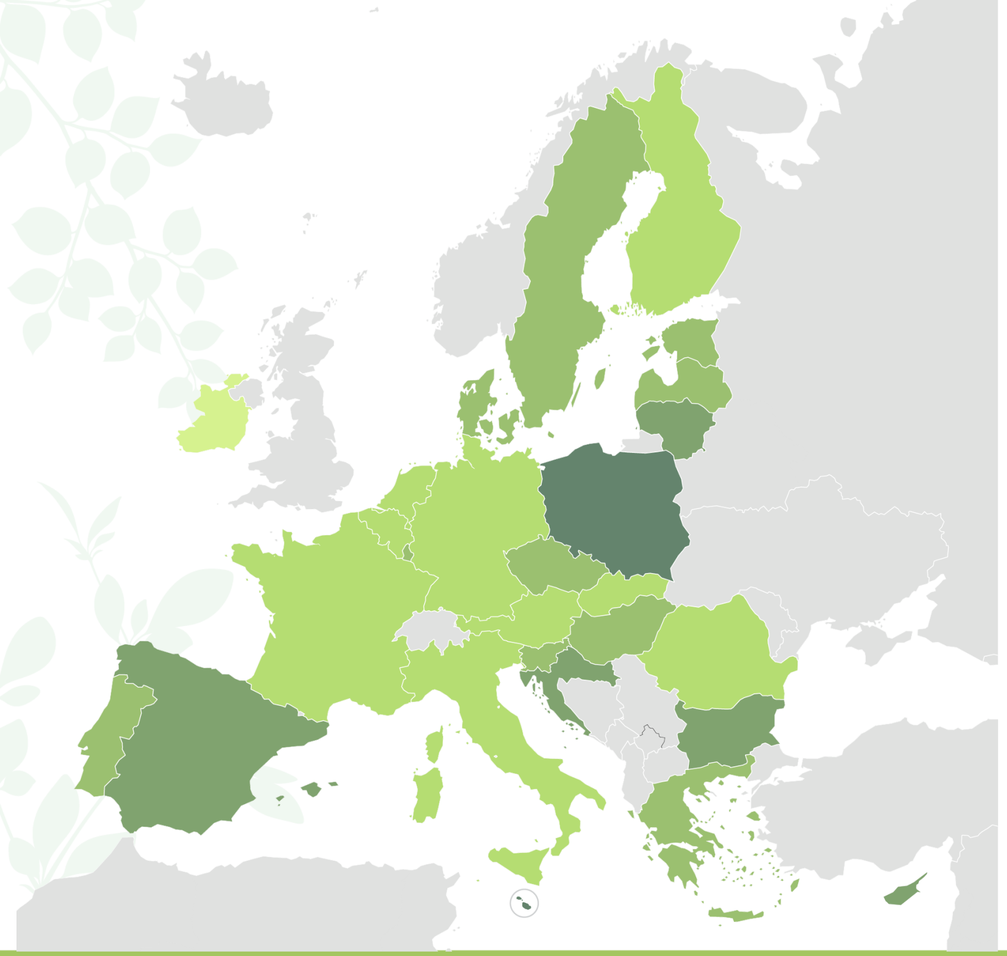


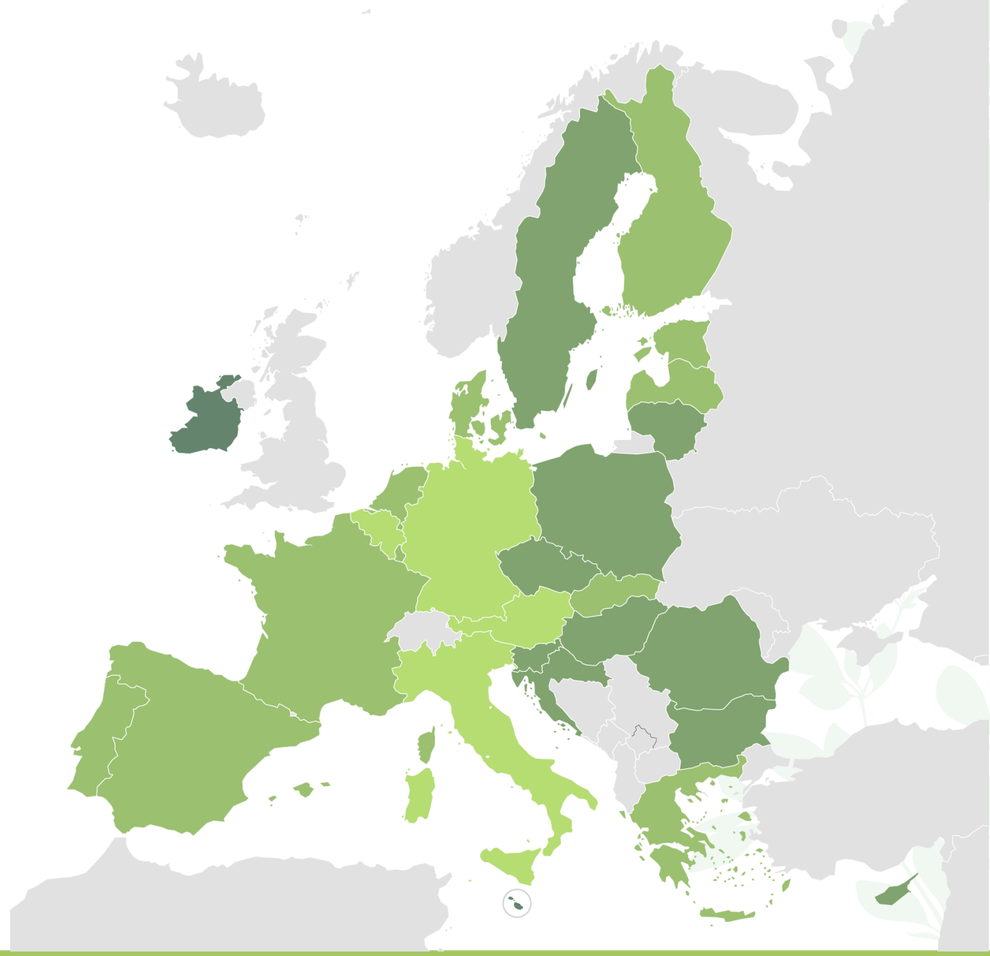
EU inflation



EU growth map 2026 & 2027

Real GDP growth, %





- < 0%
- 0% → 1%
- 1.1% → 2%
- 2.1% → 3%
- > 3%

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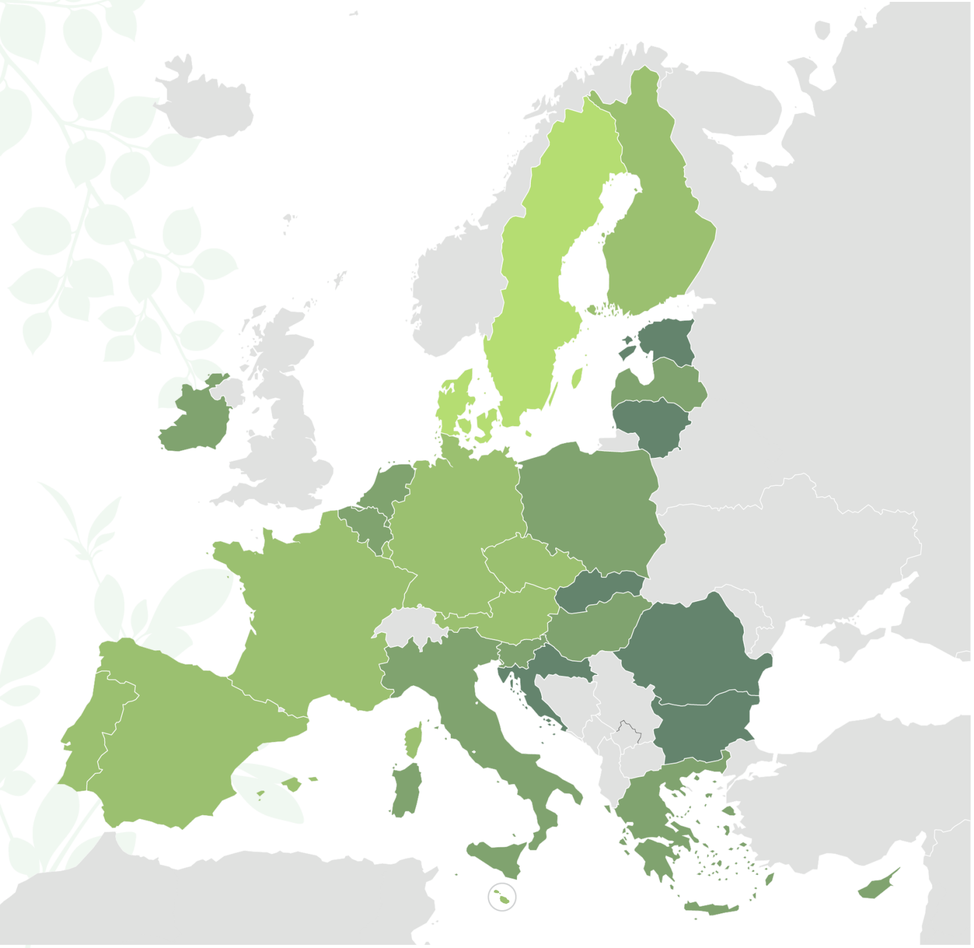
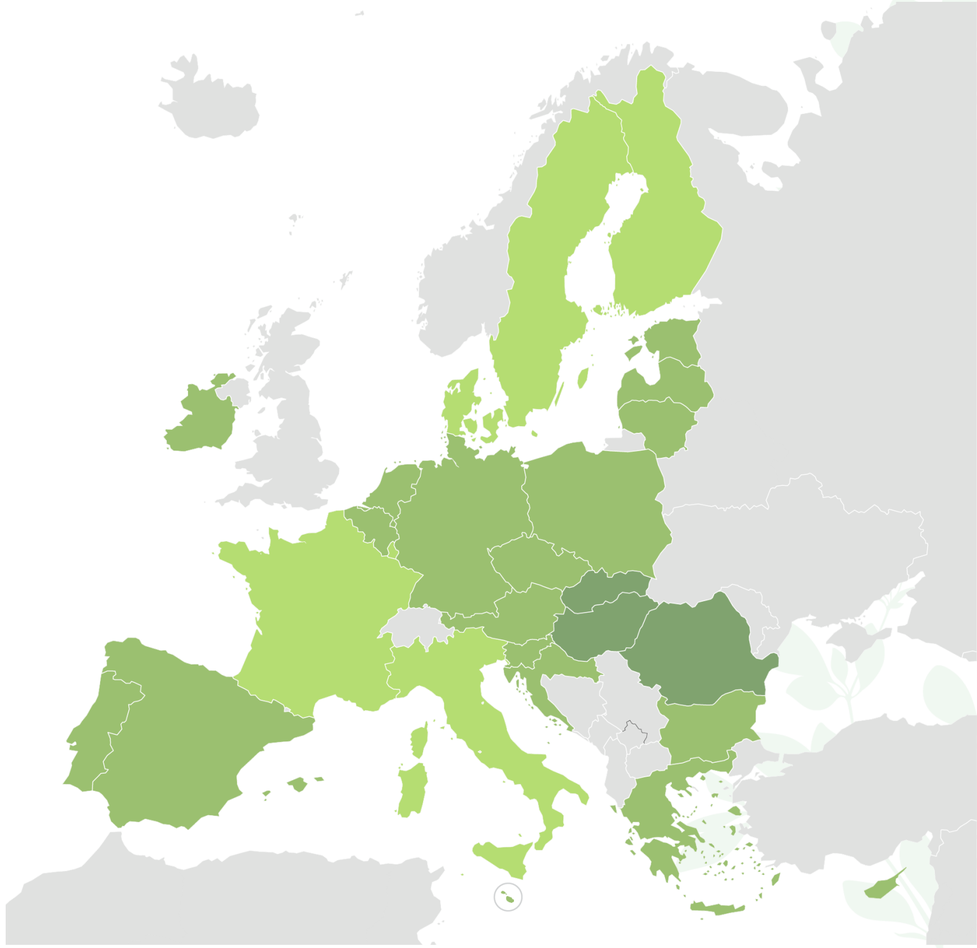
EU inflation map 2026 & 2027



Annual HICP inflation, %

- 1% → 2%
- 2.1% → 3%
- 3.1% → 4%
- > 4%



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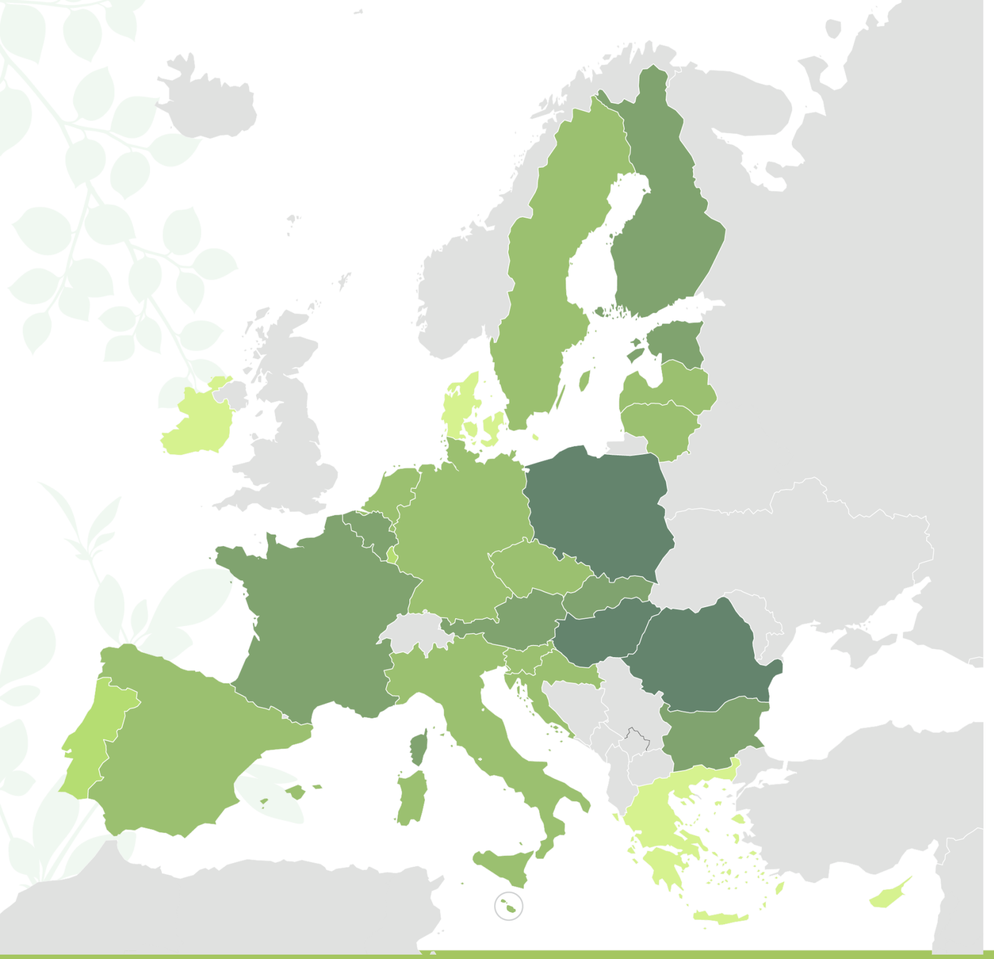
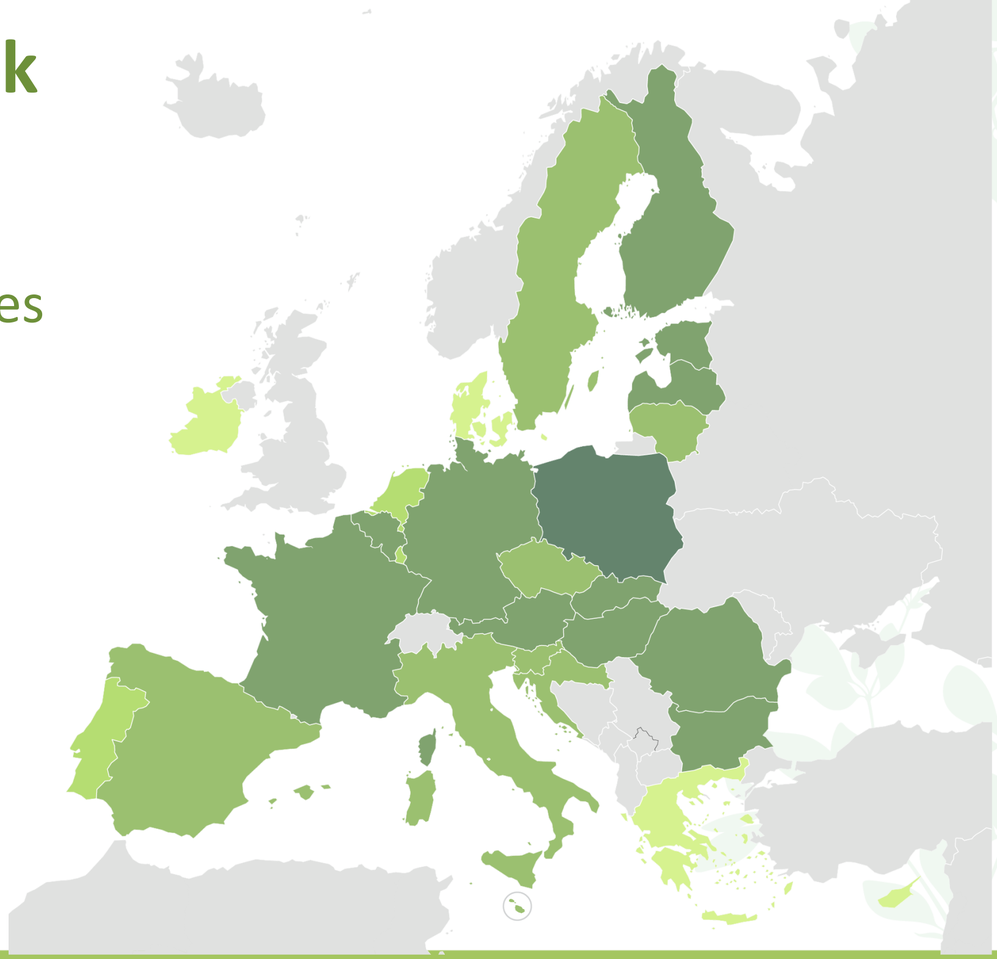
Budgetary outlook 2026 & 2027

Public deficits / surpluses as % of GDP





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