



# EUROPEAN ECONOMIC FORECAST

Spring 2026

#ECForecast

30 June 2025

Carmen Martinez Carrascal

Economic situation, forecasts, business & consumer surveys Unit

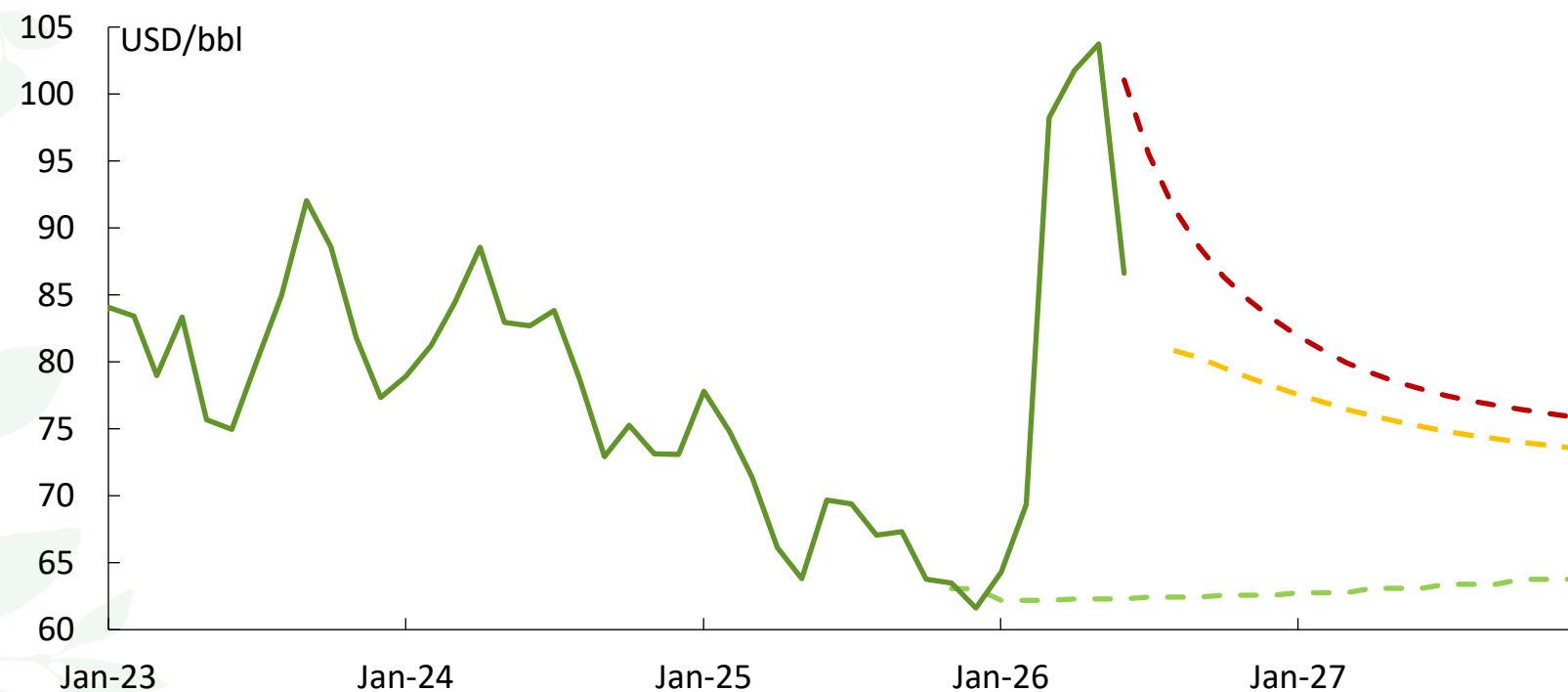
# Key messages from the Spring 2026 Forecast

- 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

<b>GDP</b>	<b>EU</b>	<b>Euro area</b>
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)
<b>HICP</b>	<b>EU</b>	<b>Euro area</b>
2025	2.5 (=)	2.1 (=)
2026	3.1 (+1)	3 (+1.1)
2027	2.4 (+0.2)	2.3 (+0.3)

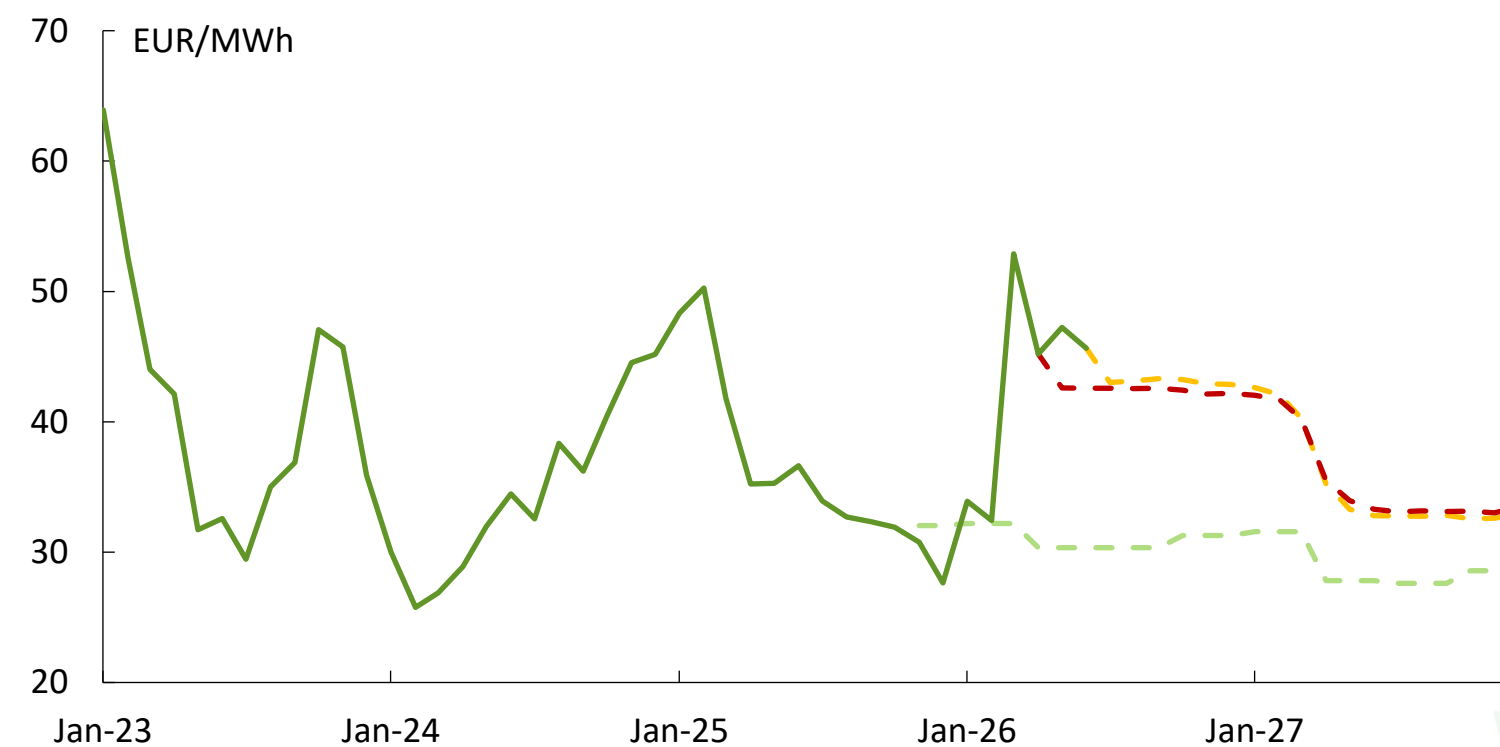
# Sharp increase in energy commodity prices

## Brent oil price



- Futures (10-day mov avg)
- At the time of SF26
- At the time of AF25
- Historical price on 24 Jun

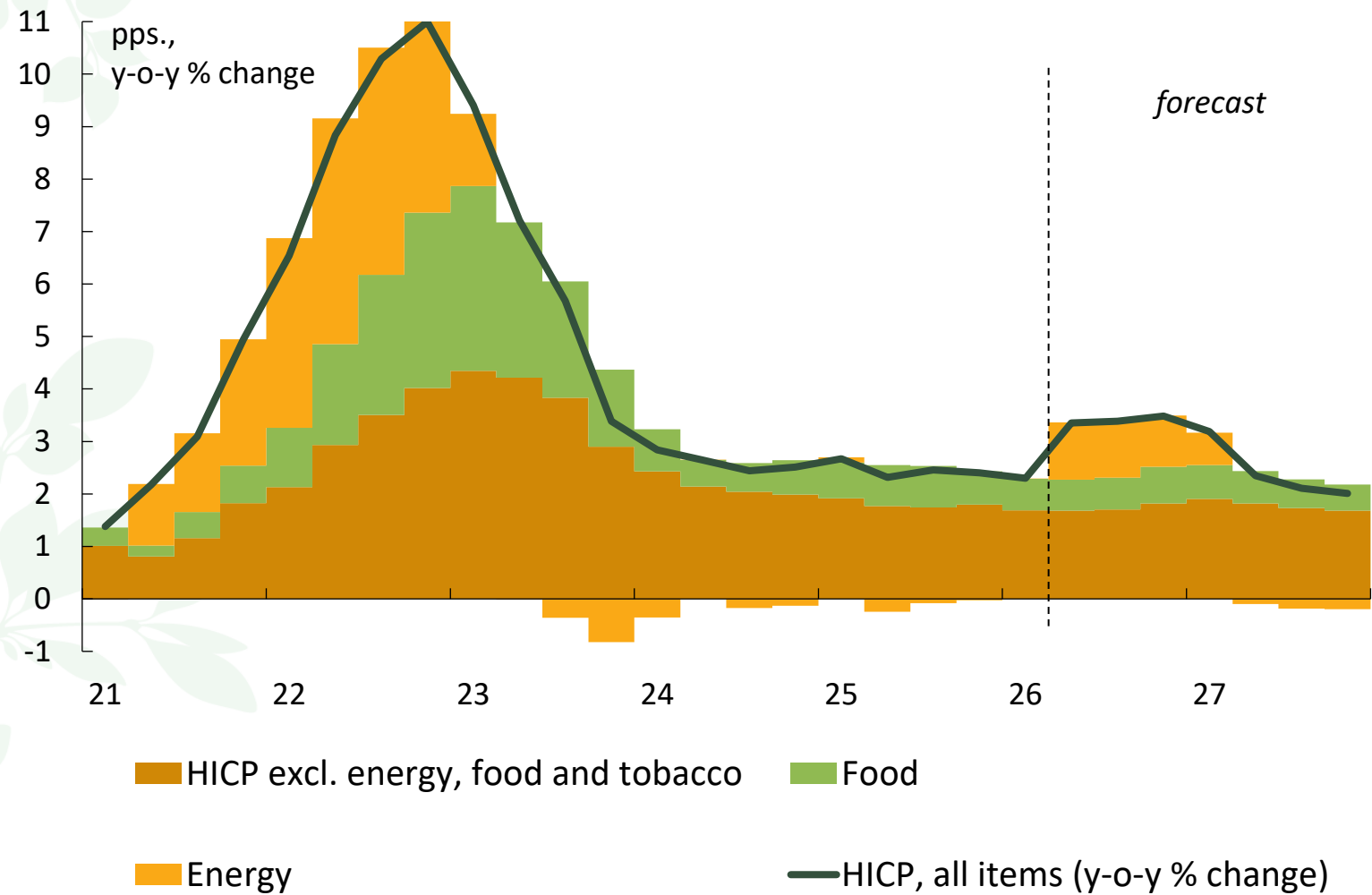
## TTF gas price



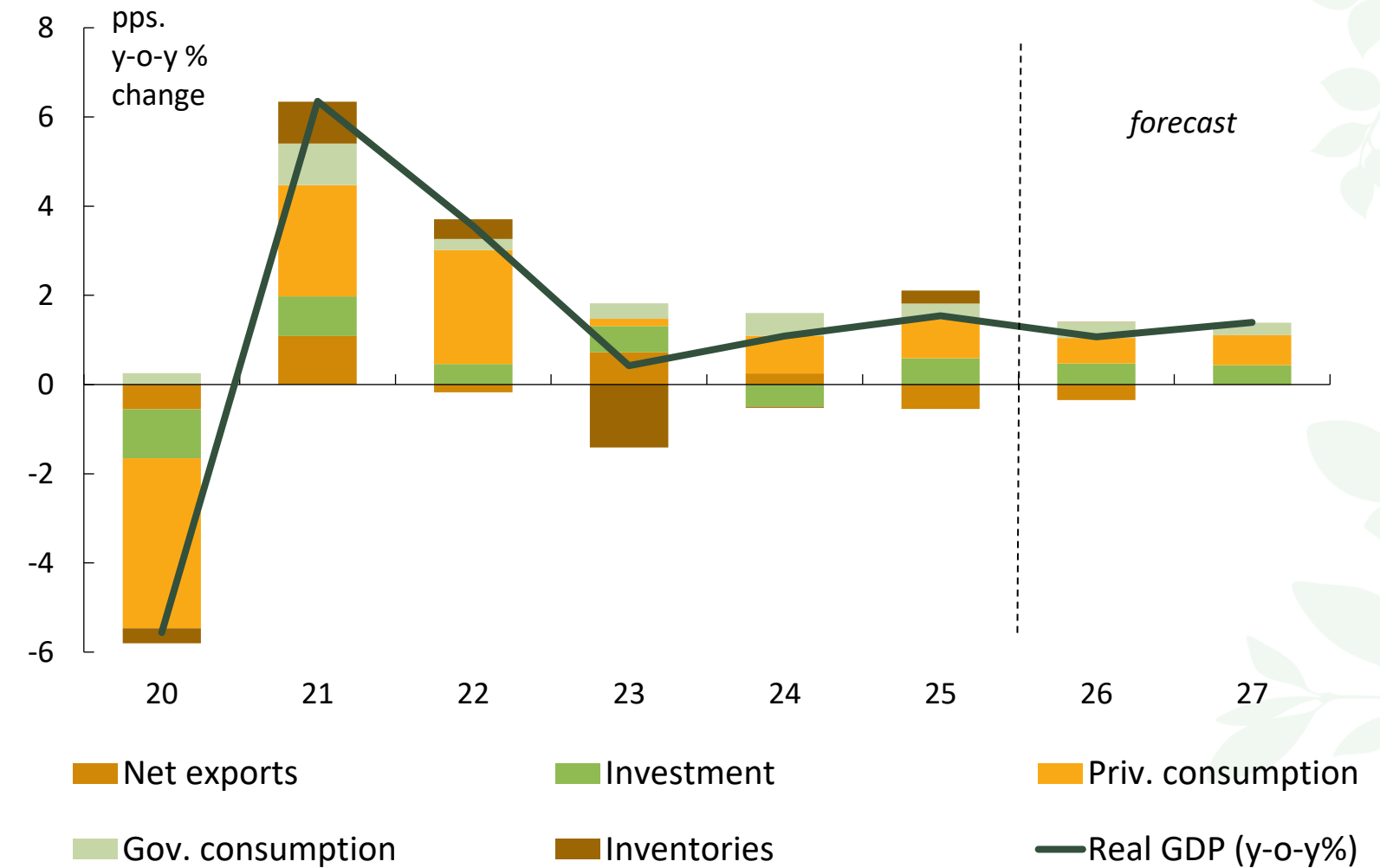
- Futures (10-day mov avg)
- At the time of SF26
- At the time of AF25
- Historical price on 24 Jun

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

## Inflation breakdown, EU

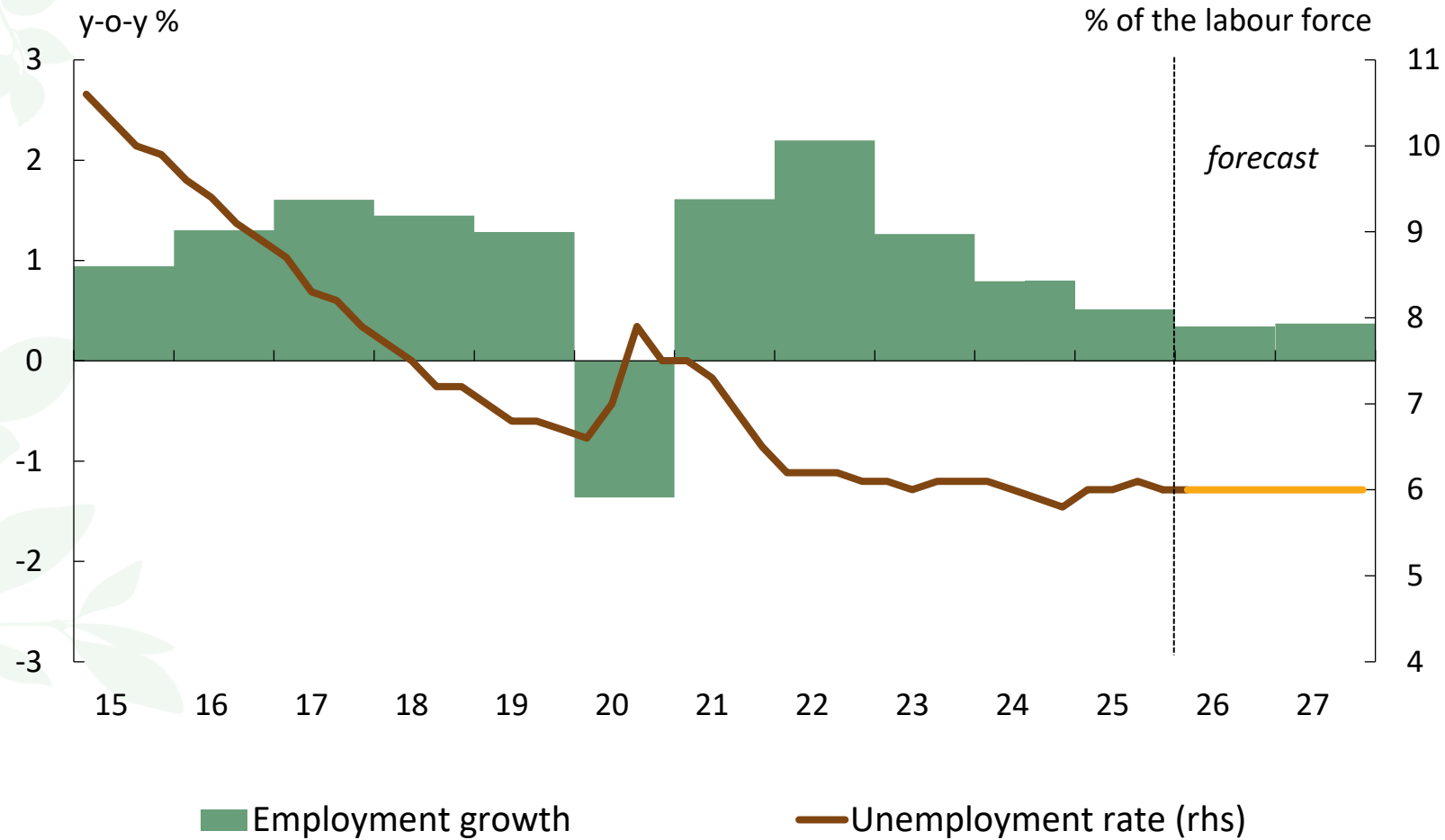


## EU Real GDP growth and contributions

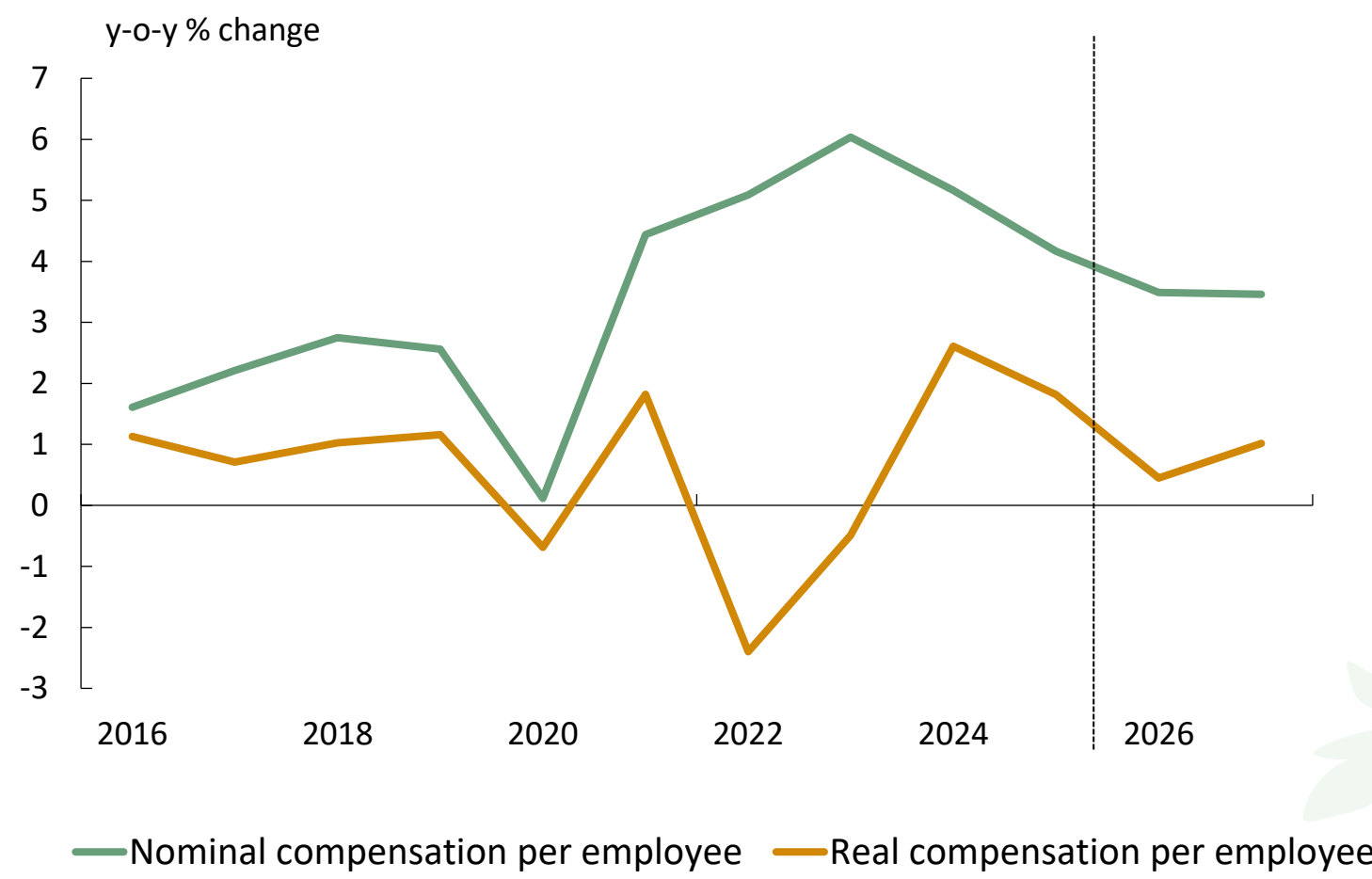


# Long-term decline in unemployment rate comes to an end

## Employment growth and unemployment rate, EU

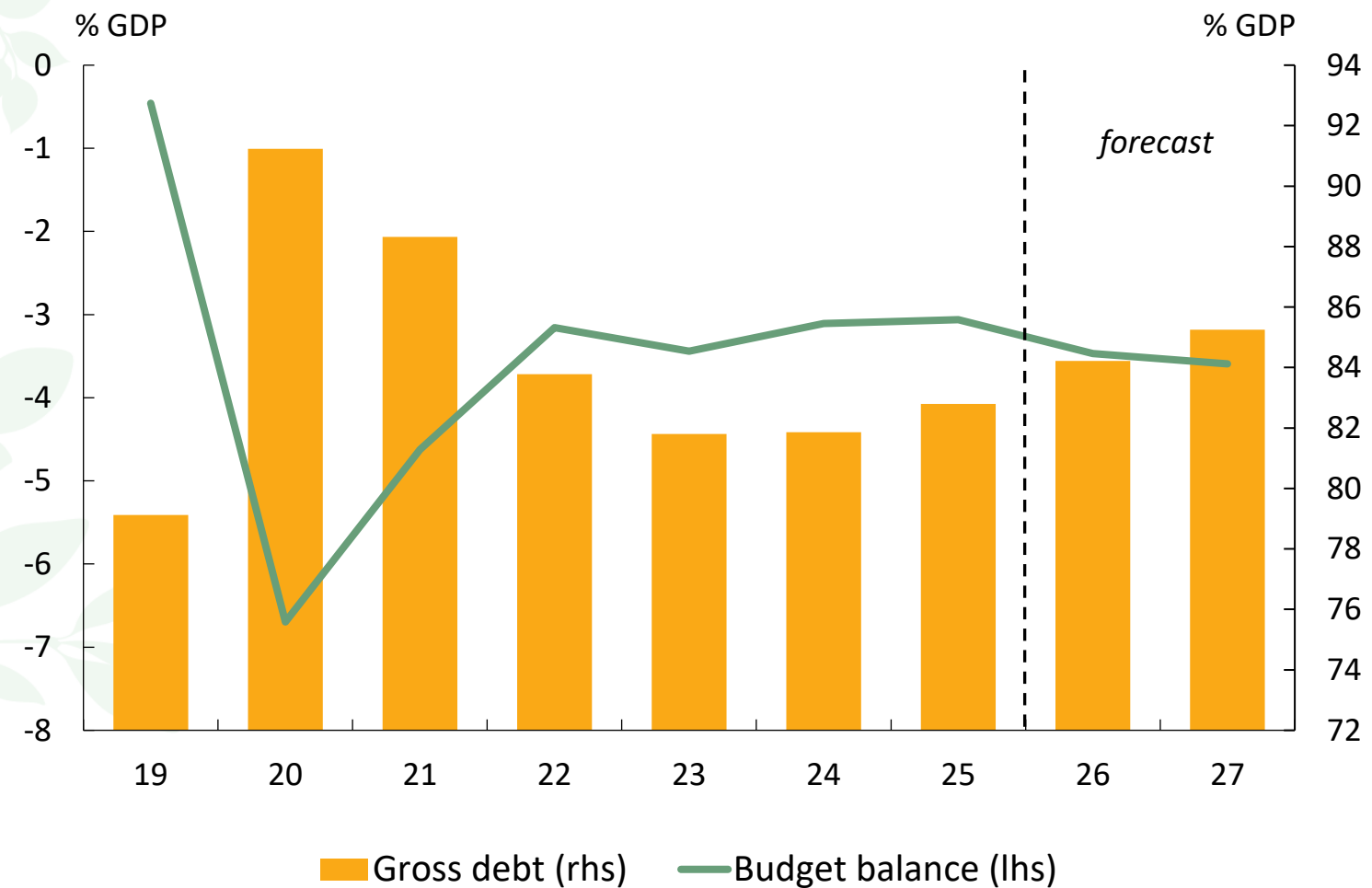


## Wage growth, EU

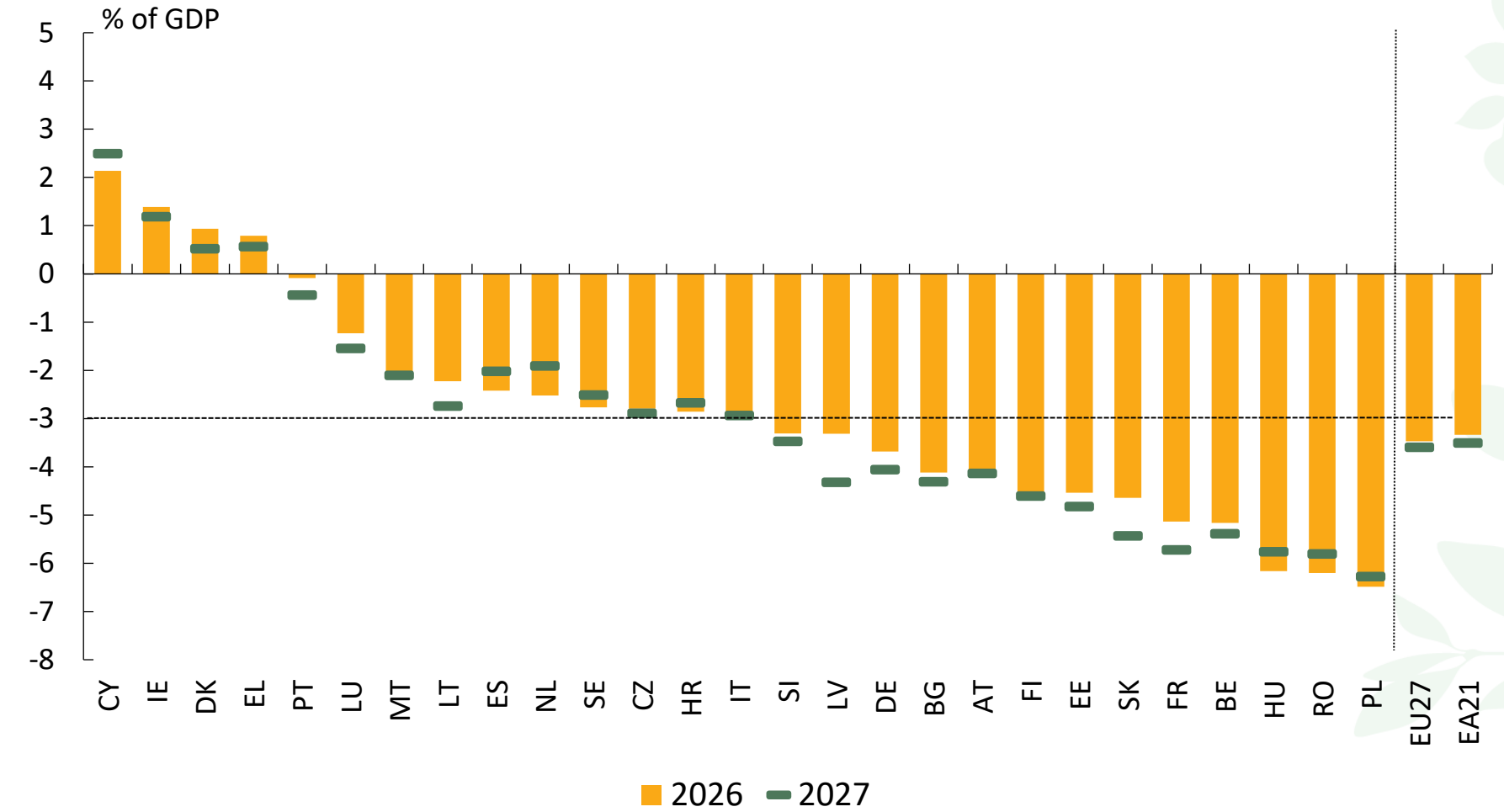


# Government deficits and debt ratios edge up

## General government budget balance and gross debt - EU



## General government budget balance across Member States

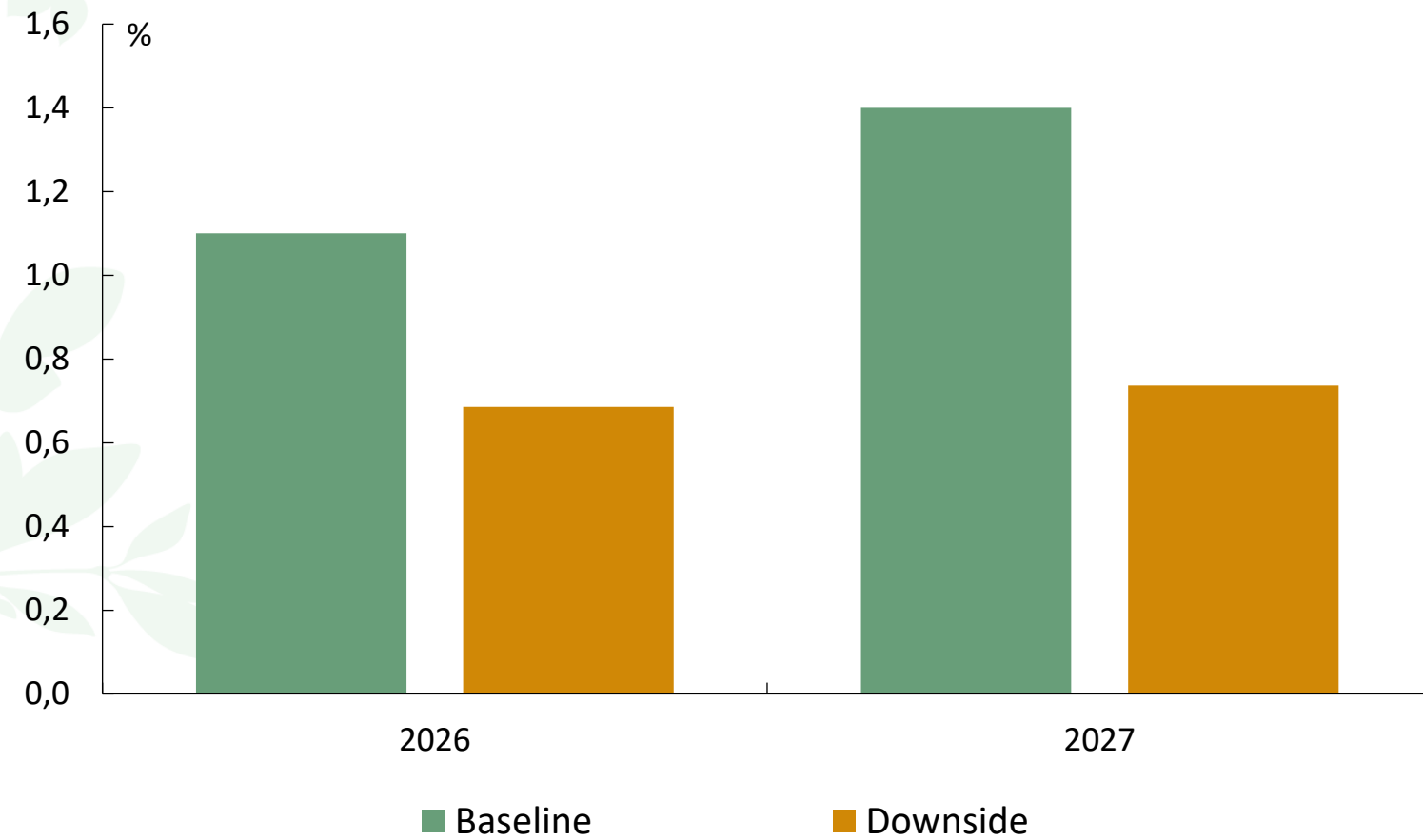


# Outlook risks mainly linked to the conflict in the Middle East

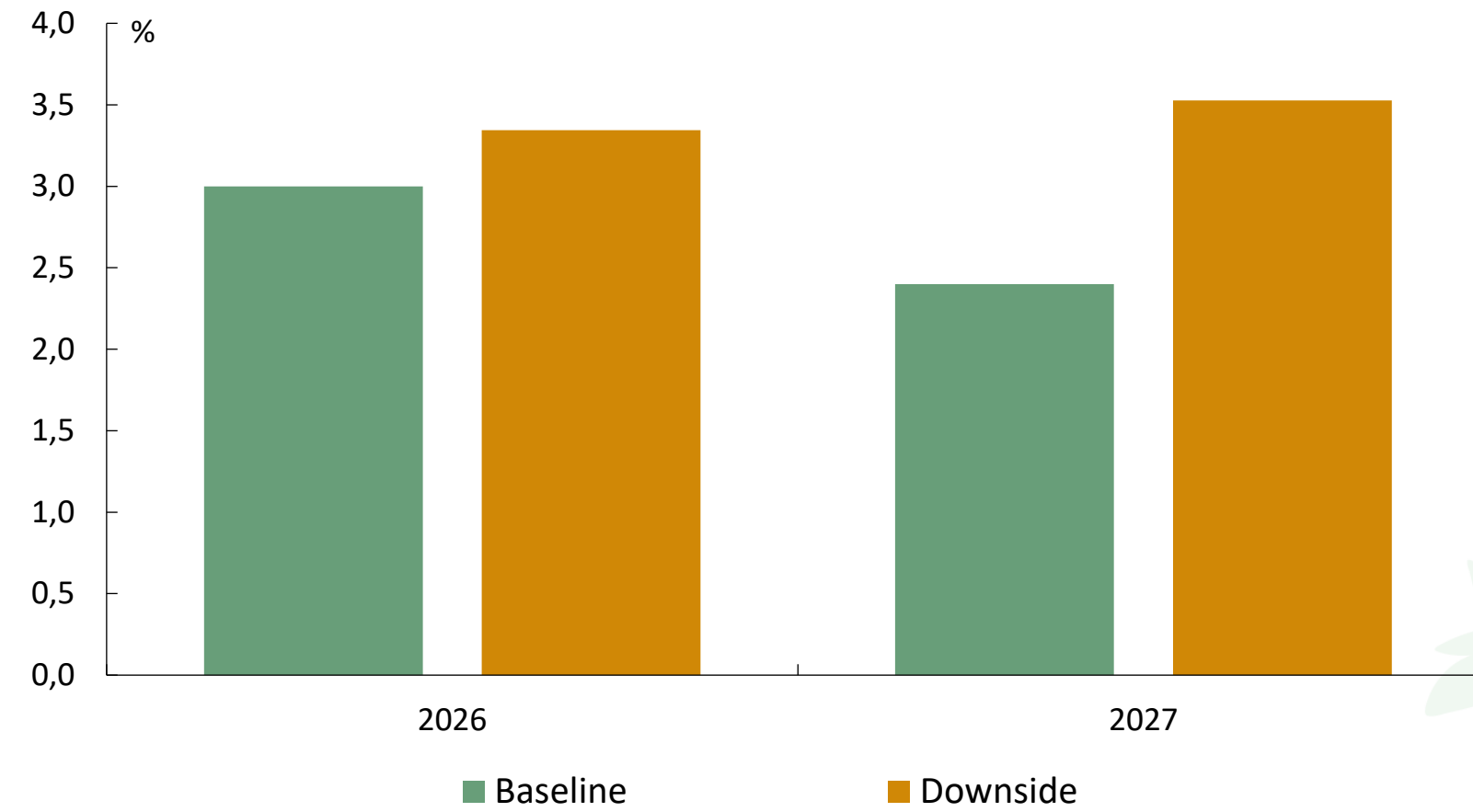
- +/- Evolution of energy prices
- Shortages of specific inputs
- +/- Trade policy and geopolitical tensions
- Softening labour demand
- +/- Accelerating AI adoption
- + Faster implementation of structural reforms, including energy transition

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

## EU GDP growth

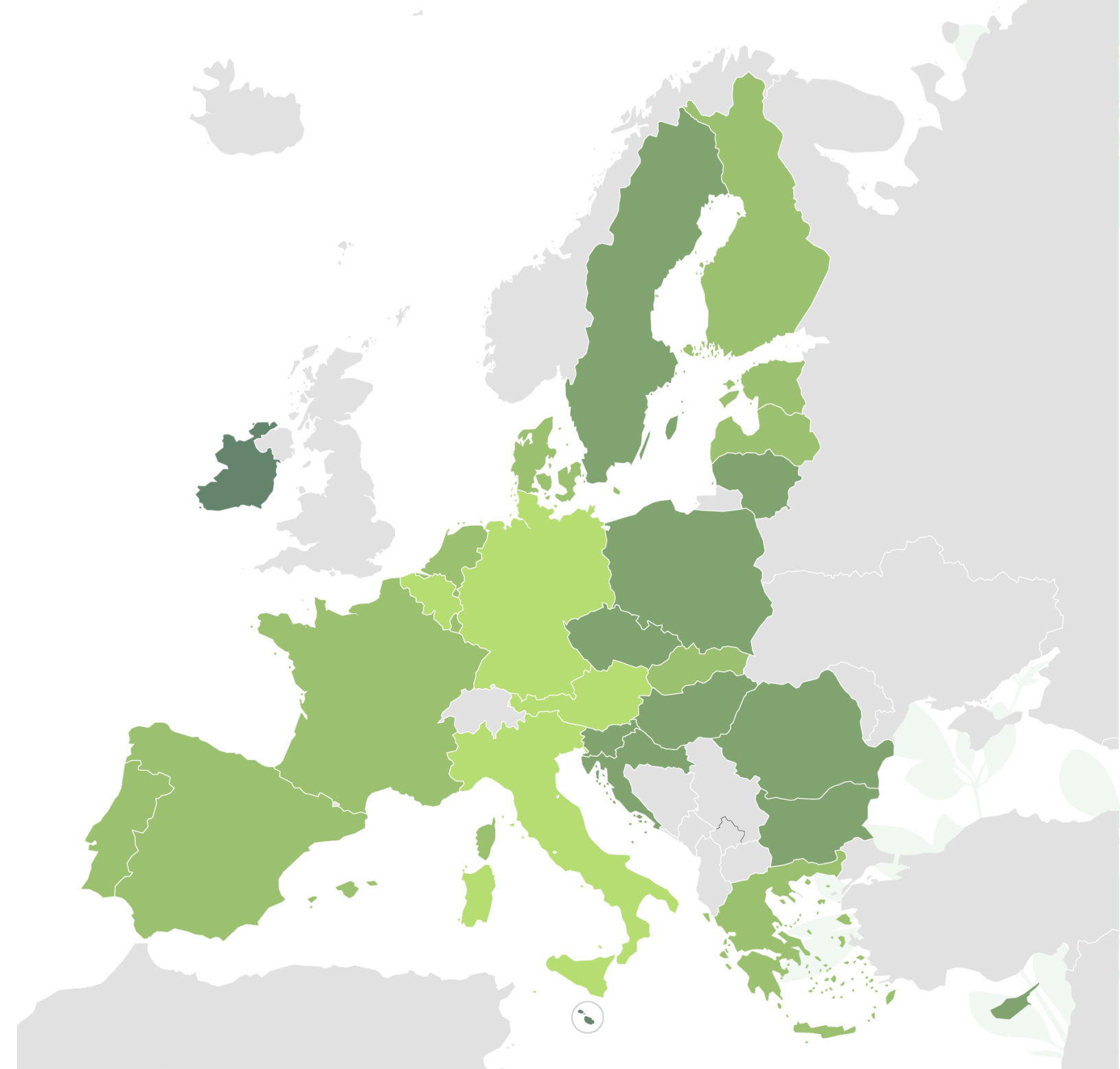
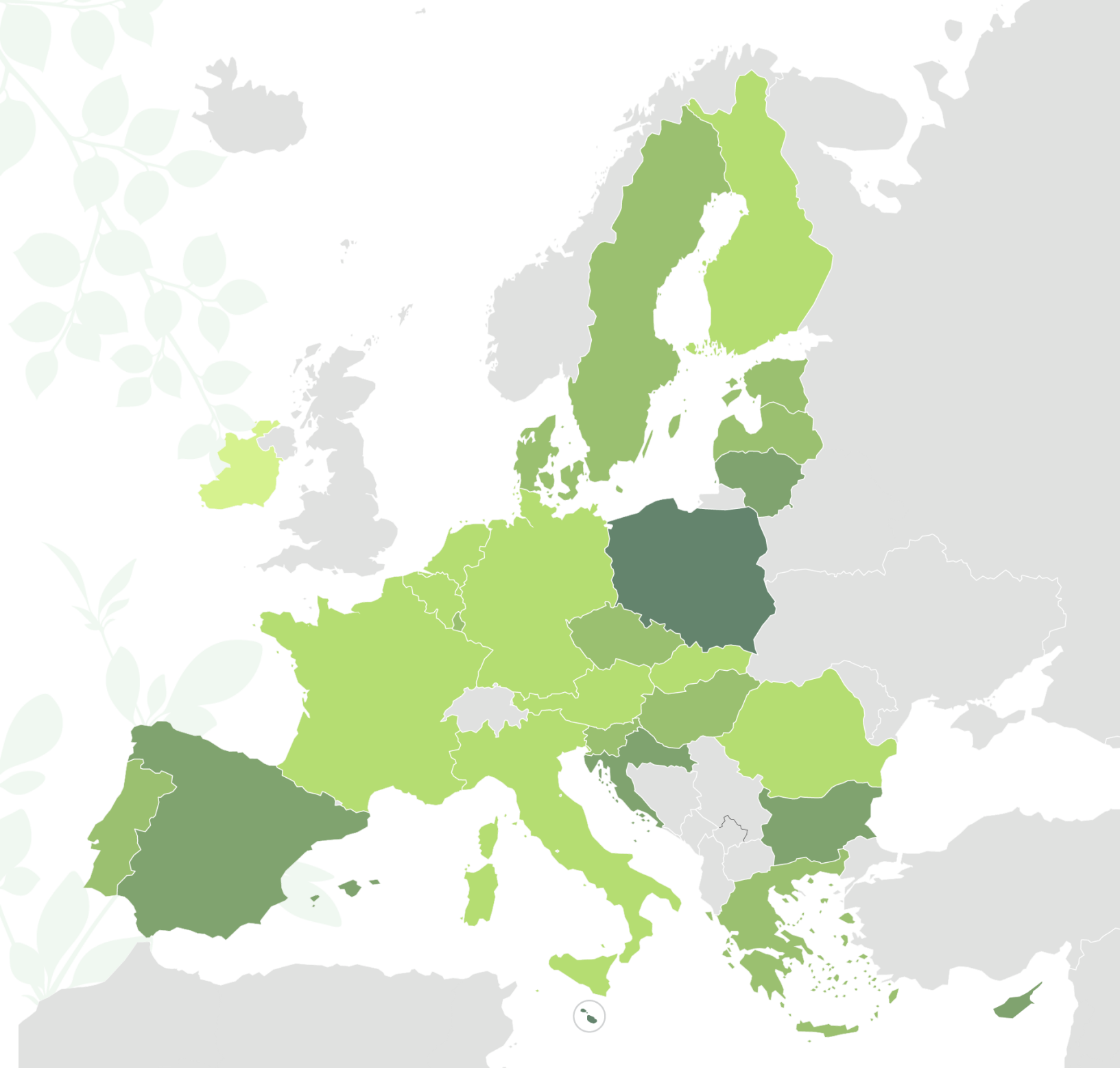
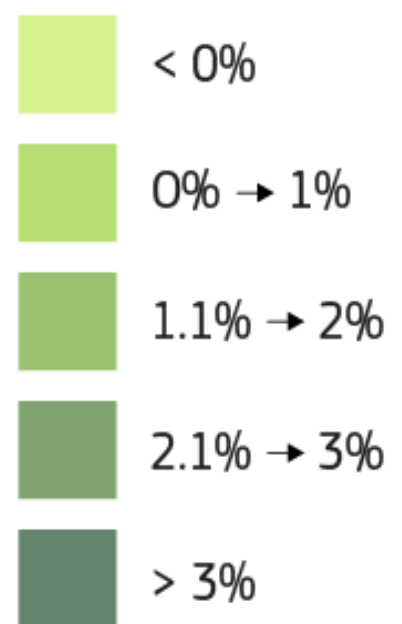


## EU inflation



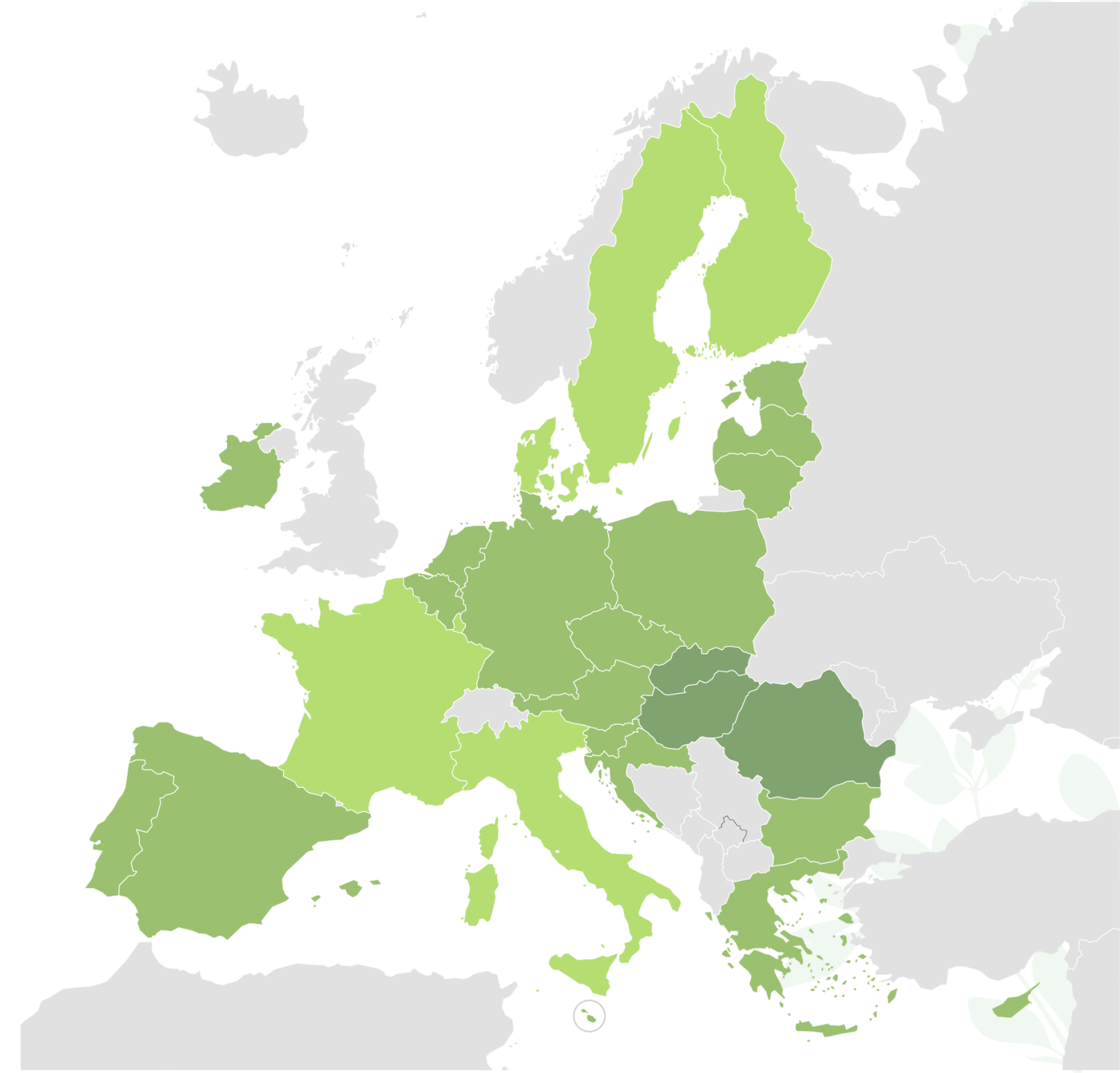
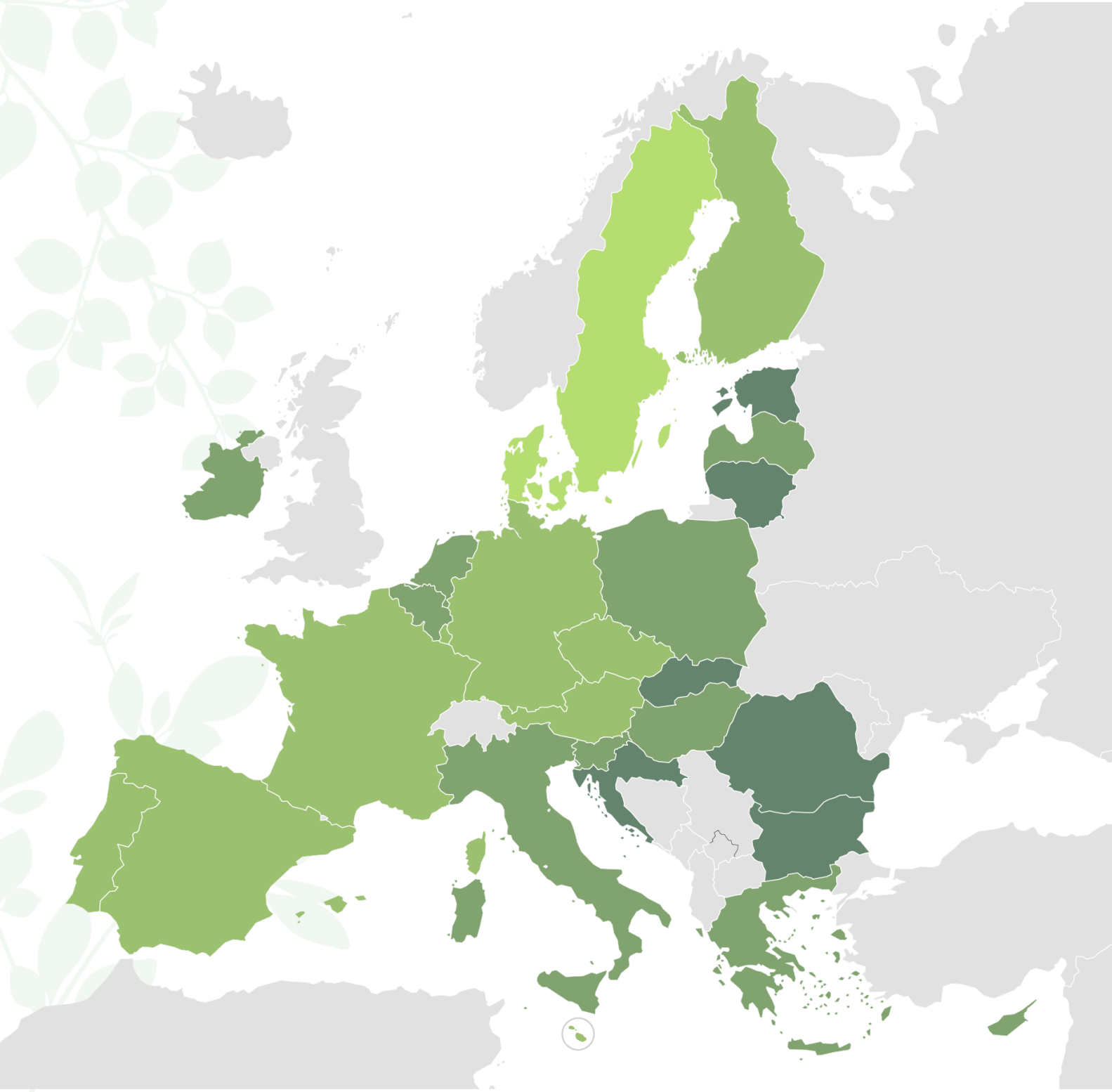
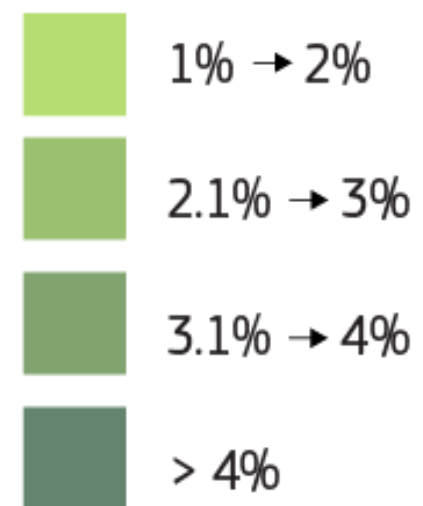
# EU growth map 2026 & 2027

Real GDP  
growth, %



# EU inflation map 2026 & 2027

Annual HICP  
inflation, %



# Budgetary outlook 2026 & 2027

Public deficits / surpluses  
as % of GDP

