
EURO ZONE Q2 ANNUAL GROWTH ESTIMATE UPGRADED

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Euro coins are seen in front of displayed flag and map of European Union in this picture illustration taken in Zenica, May 28 2015.

The economy in the 19 countries sharing the euro currency expanded by more than previously forecast in the second quarter compared to the same quarter in 2016, the European Union's statistics office Eurostat said on Wednesday.

Euro zone gross domestic product (GDP) expanded by 0.6 percent in the second quarter compared to the first, as previously estimated, but the annual figure was upgraded to 2.2 percent growth, compared to 2.1 percent previously.

The flash estimate for annual growth was also higher than the 2.1 percent expected in a Reuters poll of 28 economists.

Compared to the previous quarter, economic growth was strongest in the Netherlands and Latvia, with the Spanish economy also growing above average.

While the German economy, the euro zone's largest, expanded at the same pace as the euro zone average in the second quarter, France, and Italy lagged slightly behind.

Evidence of robust economic expansion will be weighed by European Central Bank policymakers who will soon begin to debate recalibrating monetary policy after years of extraordinary stimulus.

"With the economy maintaining a healthy pace of growth, the ECB should feel fairly confident about tapering its asset purchases next year," economists at Capital Economics said.

The recovery in the bloc is gathering steam, with recent unemployment figures showing their lowest reading since 2009 and economic sentiment rising to a 10-year high in July.

Industrial output figures for June released earlier this week, however, showed a larger than expected drop.

Business and consumer confidence data due to be released at the end of August should paint a clearer picture as to where the euro zone's economy is heading in the third quarter.

Kaynak/Source: