

# The NewsLine

November 13, 2015

} MACROECONOMICS | FINANCIAL MARKETS | ECONOMIC POLICY | SECTORS

## EUROZONE

### Moderate upturn continues

Consumption remains the eurozone's growth engine, whereas net exports are likely to have been a drag on growth given the slowing global economy. Today's GDP figures are unlikely to persuade the ECB to drop plans to expand its bond purchasing program.

The moderate economic recovery in the eurozone continued in the third quarter. Eurostat's flash estimate shows gross domestic product up 0.3% on the previous quarter. Details on the individual components are not yet available, but information lifted from national GDP readings suggest that growth was primarily driven by private consumption. The growth drivers low inflation, favorable financing conditions and improving labor market conditions in many eurozone countries are increasingly feeding through. By contrast, the external sector faltered despite the weaker euro and is likely to have made a negative contribution to growth in the third quarter. This is probably attributable not only to declining export demand from abroad – given the emerging slowdown in the world economy – but also to the steep rise in imports. Today's GDP figures, although not bad per se, are unlikely to persuade the ECB to drop plans to expand its bond purchasing program.

The German economy suffered a slight setback in the third quarter, with growth slowing to 0.3% from 0.4% in the preceding quarter. The main stimulus came from domestic consumption, not surprising given the favorable backdrop of record employment, rising wages and low inflation. By contrast, fixed capital formation and the external sector were a drag on economic growth.

The French economy managed to notch up positive growth again in the third quarter, but the recovery is still on shaky ground. Third quarter growth was supported above all by the traditional growth engine, private consumption,

Katharina Utermöhl  
Phone +49.69.24431-3790  
[katharina.uterhoehl@allianz.com](mailto:katharina.uterhoehl@allianz.com)  
Allianz SE  
<https://www.allianz.com/economic-research/en>



Allianz Research  
<https://twitter.com/AllianzResearch>



# The NewsLine

November 13, 2015

whereas net exports were negative. Only a positive inventory effect averted a renewed growth setback.

Italy disappointed with GDP growth of 0.2% on the previous quarter. However, a marked improvement in sentiment among Italian consumers and businesses raises hopes that growth will accelerate in the coming quarters.

The eurozone periphery, which in recent quarters was able to sparkle with steadily rising growth rates, came off the boil somewhat in the third quarter. While Spain still managed to chalk up GDP growth of 0.8%, Portugal's economy stagnated. The Greek economy surprised on the upside, shrinking by only 0.5% on the previous quarter despite the prolonged bank holiday and the imposition of capital controls in late July.

For the eurozone as a whole we are sticking with our forecast of a moderate upward trend. In our view, the favorable backdrop will have a positive effect in 2016 as well. In addition, the fruits of reform in the periphery will increasingly be felt, propping up economic growth. We expect GDP growth in the eurozone to come in at 1.5% in 2015 and 1.7% in 2016.

# The NewsLine

November 13, 2015

These assessments are, as always, subject to the disclaimer provided below.

## ABOUT ALLIANZ

Together with its customers and sales partners, Allianz is one of the strongest financial communities. About 85 million private and corporate customers insured by Allianz rely on its knowledge, global reach, capital strength and solidity to help them make the most of financial opportunities and to avoid and safeguard themselves against risks. In 2014, around 147,000 employees in over 70 countries achieved total revenues of 122.3 billion euros and an operating profit of 10.4 billion euros. Benefits for our customers reached 104.6 billion euros.

This business success with insurance, asset management and assistance services is based increasingly on customer demand for crisis-proof financial solutions for an aging society and the challenges of climate change. Transparency and integrity are key components of sustainable corporate governance at Allianz SE.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events), (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the euro/US-dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

## NO DUTY TO UPDATE

The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required to be disclosed by law.