

# The NewsLine

April 29, 2016

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## EUROZONE

# Economy makes buoyant start to year

Despite elevated global uncertainty at the turn of the year, the eurozone economy got off to a buoyant start. In the coming quarters the backdrop is likely to remain favorable. For 2016 as a whole we are sticking with our forecast of average eurozone growth of 1.7%.

According to provisional Eurostat estimates, eurozone economic output rose by 0.6% (q-o-q) in the first quarter. This is the strongest growth since the first quarter of 2015. The extended bout of jitters on the financial markets evidently did little to undermine economic momentum. As expected, the positive factors – the low oil price, the softer euro and the ECB's loose monetary policy – helped lift the economy.

The figures so far available on the individual eurozone economies are in every respect positive: Economic growth in France (0.5%) and Austria (0.4%) gathered momentum in the first quarter, while Spain managed to maintain the lively pace of growth seen in the preceding two quarters (0.8%). Quarterly figures for Germany are not yet available, but based on the overall eurozone figure and the economic data already released, we see German GDP in the first quarter up by at least 0.6% on the preceding quarter.

In our opinion, private consumption remains the main driver of growth. With the backdrop set to remain favorable, it is unlikely to lose momentum in the coming months. The healthy developments on the labor market promise additional tailwind. According to figures also published by Eurostat today, the unemployment rate in the eurozone fell to 10.2% in March – the lowest figure since August 2011. Detailed GDP component figures already available for France and Austria point to a pickup in investment as well. This confirms our

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forecast that in 2016 the eurozone economy will not only pick up speed but also become more stable. For 2016 as a whole we are sticking with our forecast of average eurozone growth of 1.7%.

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

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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 2015, around 142,000 employees in over 70 countries achieved total revenues of 125.2 billion euros and an operating profit of 10.7 billion euros. Benefits for our customers reached 107.4 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.

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