

Forecasted increase in investment compared to previous quarter, Eurozone (%), 2015Q2-2016Q3



Source: Eurostat and Ifo-INSEE-ISAE-ISTAT forecasts

In the next period the drop in oil prices and a rise in capacity utilisation are foreseen to contribute to a dynamic growth of investment in equipment although surveys show a slight weakening in production expectations and order books for the first quarter.

The main drawback of economic growth is expected to be a slowdown in activity of the main trading partners causing the decrease of net export in the first quarter of 2016. The positive effect of the depreciation of the Euro is also receding which, with the domestic demand growing, may contribute to an increase in import.

Slight growth of inflation

Since early 2015 headline inflation of the Eurozone has remained low, fluctuating between -0.2% and +0.3% mainly due to the low oil prices. Under the assumptions that the oil price stabilizes at USD 40 per barrel and that the euro/dollar exchange rate fluctuates around 1.12 inflation is expected to remain at the same low level in 2016 as well, predicted to be -0.1% in the second quarter and 0.3% in the third quarter.

Inflation Forecast, Eurozone (%), 2015Q2-2016Q3



Source: Eurostat and Ifo-INSEE-ISAE-ISTAT forecasts

Source: Eurozone Economic Outlook. 12 April 2016.

<https://www.cesifo-group.de/ifoHome/facts/Forecasts/Euro-zone-Economic-Outlook/Archive/2016/eo-20160412.html>

International trends

Changes in the production, consumption and employment situation in certain major international economies compared with peer expectations and the previous period.

		Baseline Reference	Actual	Expectations	Previous Period
Germany	Unemployment changes (thousand persons)	(Apr)	-16	4	-3
	Manufacturing Purchasing Managers' Index	(Apr)	51,9	51,0	50,7
	Ifo business confidence index ¹	(Apr)	106,6	107,0	106,7
France	INSEE business confidence index ²	(Apr)	101	101	101
	Unemployment rate	(Mar)	5,0%	4,9%	4,9%
USA	CB consumer confidence index	(Apr)	94,2	96,0	96,1
	Manufacturing Purchasing Managers' Index	(Apr)		51,4	51,8
China	Manufacturing Purchasing Managers' Index	(Apr)	50,1	50,4	50,2

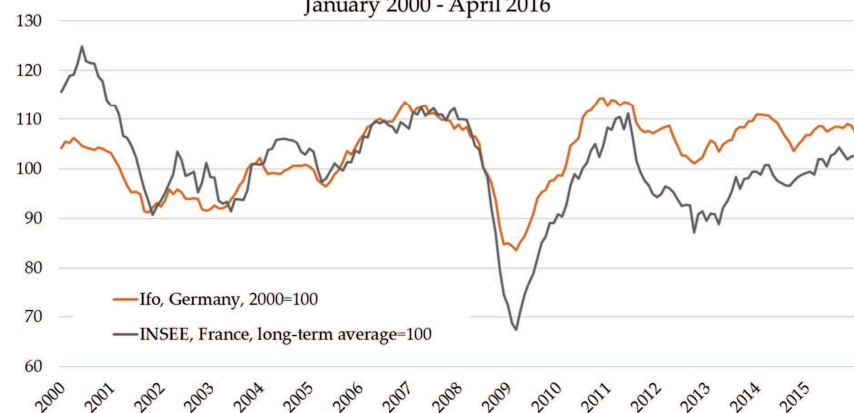
¹ <https://www.cesifo-group.de/ifoHome/facts/Survey-Results/Business-Climate/>

² <http://www.insee.fr/en/themes/indicateur.asp?id=105>

The rest of the data source: <http://worldeconomiccalendar.com>

Contrary to expectations the number of unemployed decreased sharply in Germany and the manufacturing manager index raised as well. However the IFO index of business confidence shows a slight decline compared to the predictions and the value of the last period. Yet the French business confidence index met the expectations in April. In the United States the unemployment rate was slightly higher than expected in March and the CB consumer index also decreased. At the same time the Chinese purchasing managers' index is at a lower level than predicted.

Business confidence in Germany and France based on the Ifo and INSEE business climate surveys, January 2000 - April 2016



Source: www.cesifo.de, www.insee.fr

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In case of publication please cite as follows:

HCCI-IEER: Monthly Economic Bulletin,
April 2016. Budapest,
2016-04-30