

Eurozone GDP growth accelerates

Euphoria about the Eurozone economy continues to be backed up by robust growth.



0.6% Eurozone quarterly growth

A surprisingly strong start to 2017

Europeans seem to have deserved their quiet month of August as euphoria about the Eurozone economy continues to be backed up by robust growth. Eurozone GDP grew by 0.6% quarter-on-quarter and recorded its strongest year-on-year growth since 2011 in Q2 at 2.1%. While Q1 was revised down from 0.6% to 0.5% QoQ, this has been a surprisingly strong first half to 2017. No breakdowns for Eurozone GDP have been released so far, but domestic demand continues to be an important driver of growth. The recovery in investment has been strong over recent quarters and has likely continued to boost GDP growth in the second quarter. The same holds good for consumption, albeit at a somewhat slower pace. On the back of an accelerating jobs recovery and the highest consumer confidence since 2001, consumption is also likely to have contributed significantly to growth. The recent appreciation of the euro is therefore unlikely to slow the current

expansion significantly for the moment, given the domestic strength of the economy.

A broad-based recovery

Some countries have already released their first estimates, showing that the expansion is broad-based within the Eurozone. France, Spain, Austria and Belgium all recorded solid growth rates, with Spain continuing to outpace most Eurozone economies at 0.9% QoQ. France grew by 0.5% QoQ as consumption and net export growth accelerated, while investment growth disappointed. The downturn in French investment growth came on the back of a very strong Q1 and was to be expected as the GDP growth rate was in line with analyst estimates. All in all, the Eurozone economy has rounded out the first half of the year in a very healthy state and seems to be set up nicely for continued firm growth for the rest of 2017.

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