

Eurozone GDP growth accelerates to 0.4% in first quarter

Eurozone GDP rose a better-than-expected 0.4% in the first quarter, but the preliminary data for the second quarter shows that some weakening is in the offing



Better-than-expected growth in 1Q

According to the flash estimate, eurozone GDP grew by 0.4% in the first quarter. Among the larger economies, Spain led with a 0.6% increase, while France and the Netherlands disappointed with only 0.1% growth. Germany saw a 0.2% rise, and Italy exceeded expectations with a 0.3% expansion. Ireland, with its significant share of US multinationals distorting GDP figures, experienced 3.2% growth, contributing 0.1 percentage point to the eurozone's overall GDP growth.

First quarter growth was likely driven by higher net exports in anticipation of US tariffs, although France, where GDP components have already been published, did not seem to benefit from this trend.

In today's world, first quarter GDP figures are already ancient history and do not provide much insight into future performance. April's initial data already shows a notable decline in confidence. Our base scenario anticipates a negative impact from net exports, weaker consumption growth due to a rising savings ratio, and stagnant investment caused by increased uncertainty. This is

expected to result in two quarters of near-stagnation before growth resumes in the fourth quarter. For the entire year, average GDP growth will benefit from a strong first quarter, but even then, overall growth for 2025 is likely to reach 0.7% at best.

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