

Snap | 30 January 2026

Eurozone GDP growth held steady in the fourth quarter as outlook improves

The eurozone economy ended 2025 with decent economic growth despite significant uncertainty and economic tension. For 2026, the mood is becoming more upbeat as investment plans should result in a modest cyclical improvement, but beware of structural concerns



Accelerating growth in Germany, Spain and Italy made up for slow growth in France

GDP growth in the eurozone held steady at 0.3% quarter-on-quarter in 4Q 2025. This was slightly better than expected, as sentiment data had been more downbeat towards the end of the year. But accelerating growth in Germany, Spain and Italy, to a lesser extent, made up for slow growth in France.

But the eurozone economy seems set to show accelerated growth over the coming quarters, and if the European Commission's economic sentiment indicator is anything to go by, we could already see this happening quite soon. January sentiment was buoyant and reached the highest level in three years, which was a broad-based improvement between countries and large sectors.

Also, industry seems to have started a bit of a production revival at the end of last year, which

is expected to increase in strength as this year sees more defence investment and German infrastructure spending coming through.

Of course, many factors are dampening the eurozone outlook too. The global environment remains uncertain, and the eurozone has been losing competitiveness. This makes trade a likely factor subtracting from growth this year. These broader structural concerns are not being addressed quickly enough at the moment, which curbs longer-term prospects. But the domestic boost should be enough to expect a modest acceleration of growth for the eurozone, which is already quite something in this environment of significant turmoil.

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