

## Eurozone in technical recession after all

The latest revisions of the GDP figure for the first quarter resulted in a 0.1% drop. That makes for a second decline in a row. These declines are so minimal that current economic circumstances are better described as broad stagnation



So, a technical recession after all. It just took the statistical offices a while to get there. The decline of 0.1% in both the fourth and first quarters is so minimal though, and the labour market is so strong that it's hard to argue that this is a recessionary environment. The stagnation of the economy does mark a clear cut from the recent post-pandemic boom though.

The significant downward revision was mainly due to Germany revising down its numbers as new data came in. This fuels the idea that March activity was very weak, making a quick rebound in the second quarter unlikely. With May survey data being weak across the board, it is likely that we only get a modest uptick after the two quarters of downturn.

Overall, the eurozone economy is very much back to muddling through, as monetary policy starts to weigh more heavily on activity, post-pandemic spending fades and the energy crisis looms.

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