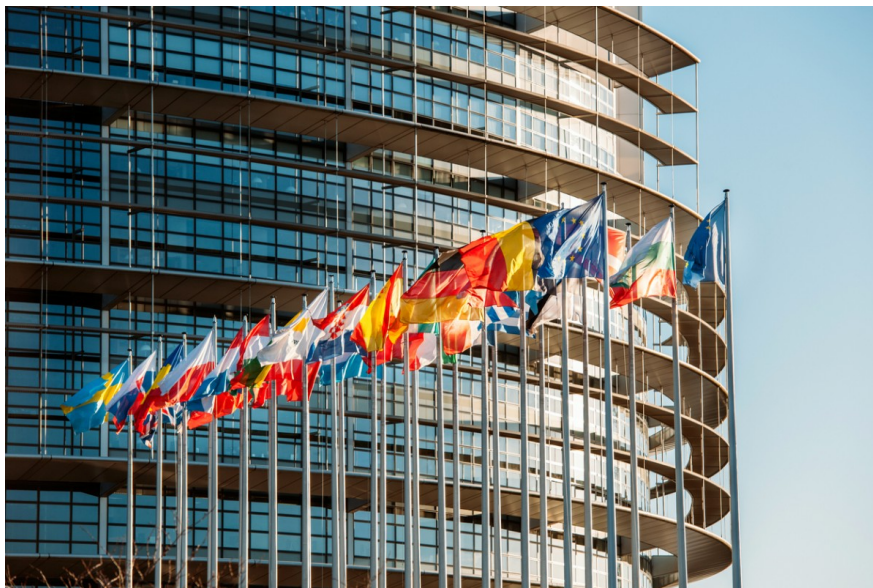


## Stellar report card for Eurozone economies

The Eurozone economy appears to be firing on all cylinders.



Source: iStock

### Domestic demand and exports all improving

Eurozone annual GDP growth has been revised upwards to 2.2% year-on-year in the second estimate. While growth could come down a touch in the second half of the year, we expect growth to come in at 2% for 2017. The quarterly growth rate was unrevised at 0.6% QoQ, confirming the robust growth pace for the Eurozone in the first half of the year.

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*Growth among Eurozone members is broad-based as all economies but Finland grew in the second quarter.*

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No breakdown by components has been released as of yet, but some of the individual countries show the economy is firing on all cylinders right now. Domestic demand is improving significantly, while exports continue to grow despite uncertainty among trade partners and an appreciating euro. While some countries remain laggards in the Eurozone, the good news at the moment is that

poorer performers are also exceeding expectations. Italian growth in Q2 lags the Eurozone average, but the 1.5% YoY growth did surprise analysts.

## Dutch economy steams ahead

Among the larger economies, the Dutch economy grew at an extraordinary pace of 1.5% QoQ, a rate more commonly seen in booming developing economies. Spain also continues to record tremendous growth rates as Q2 came in at 0.9% QoQ, accelerating from 0.8% in Q1. The countries that experienced a deeper real estate crisis all seem to be recovering quite robustly at the moment as Irish growth is currently at 6.6% YoY, although figures for Q2 have yet to be released.

Given the incredible Dutch GDP growth and continued strength in Germany, the push for an end to QE in northern economies will become even louder as some key events are coming up. With inflation one of the few indicators that have not recovered to pre-crisis rates, the ECB will continue to be very cautious in its communication about the possible endings of QE.

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