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Economic Research

Economic Briefing

Euro area – moderate but uneven growth

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Gross domestic product in the euro area rose again by 0.3% in the second quarter. While Spain's economy grew significantly, Germany's economy actually fell slightly. Once again, strong foreign trade apparently supported growth in the euro area.

According to preliminary data from Eurostat, seasonally adjusted real gross domestic product grew by 0.3% in the second quarter of 2024 compared to the first quarter. The majority of economists surveyed in advance had expected a slight increase of 0.2%. Economic growth in the euro area had already surprised with a positive figure in the previous quarter (also 0.3%). However, growth is unevenly distributed: While France (0.3%) and Italy (0.2%) grew moderately and Spain again recorded a particularly high growth rate (0.8%), Germany's gross domestic product actually fell slightly by 0.1% (Chart 1).

The economy in the euro area grew faster than expected in the first quarter, as foreign trade in particular made a positive contribution on the basis of strong exports. According to initial, incomplete results for the second quarter, this effect may have persisted – at least in part. The high key interest rates and the loss of purchasing power as a result of the strong inflation in the last years are apparently continuing to slow down domestic consumption and investment activity.

Economic indicators such as the composite Purchasing Managers' Index also signal a weak start to the third quarter. Without strong foreign trade, the euro area economy is therefore likely to develop only weakly in the coming quarters.

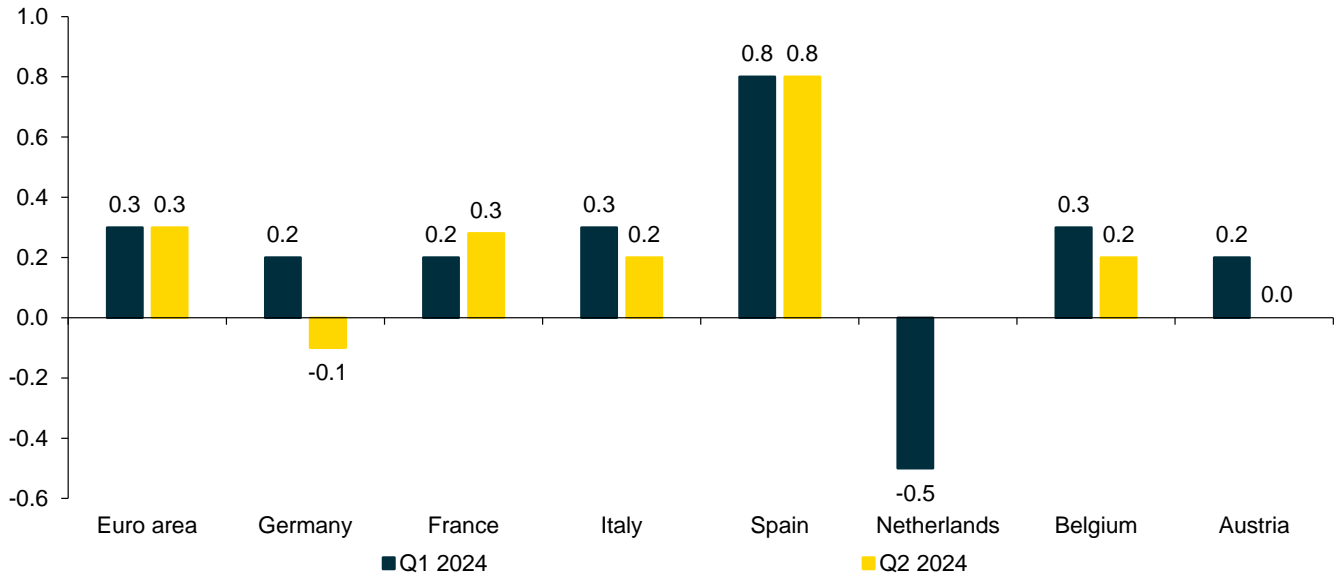


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Chart 1 - Growth in the euro area unevenly distributed

Real Gross Domestic Product, seasonally adjusted quarter-over-quarter change in %, preliminary data for Q2



Source: Eurostat, S&P Global, Commerzbank-Research



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