

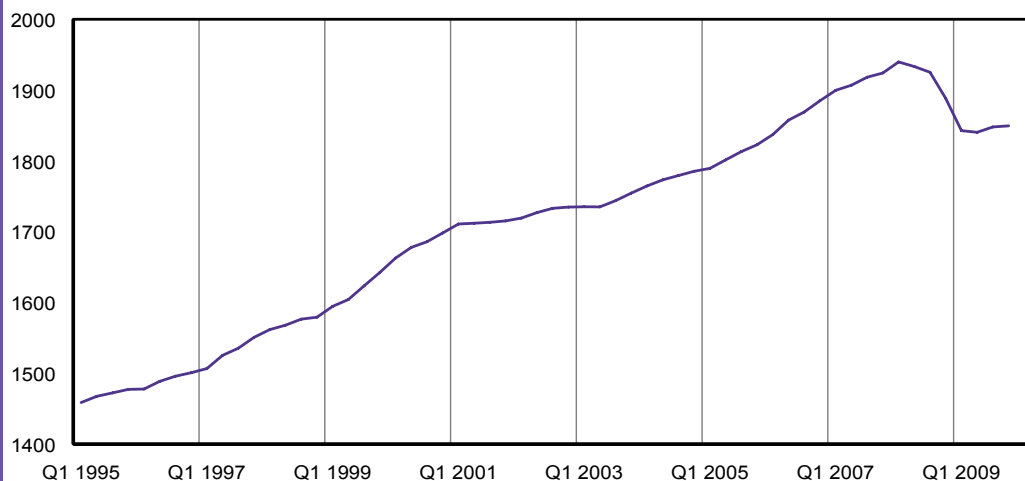
# Euro zone

## CAUSE FOR CONCERN

Growth has been highly disappointing in the 4<sup>th</sup> quarter: at 0.1%, below that of the previous quarter at 0.3%, it illustrates a still weak European economy, despite very expansive public budgets in 2009. It continues to be penalised by the absorption of the excess of private debt, in Spain where GDP has shrunk a further 0.1%, by budgetary austerity programmes in Greece, where GDP has fallen by a further 0.8%, and finally by the weakness in consumer spending in large countries such as Italy (-0.2%) and Germany (0%). France is an exception with growth of 0.6% but the very negative contribution from exports of -0.7 is fairly representative of competitiveness problems of countries from the Eurozone, apart from Germany.

The outlook remains good in the industry probably due to the upcoming restocking, but poor in other sectors, due to the fall in domestic demand. The effects of temporary government measures such as the car scrappage scheme are fading and indeed disappearing completely. The reduction in significant excess capacities will continue to adversely affect corporate investment. Associated job cuts will increase the rate of unemployment, which reached 10% at the end of 2009, the highest since August 1998. Lastly, budgetary austerity programmes, which are being or will be applied in several countries, will further erode demand.

### Eurozone: weak growth is worrying after huge public cash injections (GDP, volume, B € year 2000)



Sources: Datastream, Groupama AM