Beat: Business

Europe goes into recession

According to Eurostat

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USPA NEWS - Europe goes into recession, according to the statistical office Eurostat of the European Union. An estimate published on Thursday revealed that in the first quarter of 2023, seasonally adjusted GDP decreased by 0.1% in the euro area and increased by 0.1% in the EU, compared with the previous quarter. In the fourth quarter of 2022, GDP had decreased by 0.1% in the euro area and by 0.2% in the EU.

During the first quarter of 2023, GDP in the United States increased by 0.3% compared to the previous quarter (after +0.6% in the fourth quarter of 2022). Compared with the same quarter of the previous year, GDP increased by 1.6% (after +0.9% in the previous quarter). GDP growth by Member State Poland (+3.8%) recorded the highest increase of GDP compared to the previous quarter, followed by Luxembourg (+2.0%) and Portugal (+1.6%). The highest decreases were observed in Ireland (-4.6%), Lithuania (-2.1%) and the Netherlands (-0.7%).

During the first quarter of 2023, household final consumption expenditure decreased by 0.3% in both the euro area and the EU (after -1.0% in the euro area and -0.9% in the EU in the previous quarter). Government final consumption expenditure decreased by 1.6% in the euro area and by 0.9% the EU (after +0.8% in the euro area and +0.4% in the EU in the previous quarter). Gross fixed capital formation increased by 0.6% in the euro area and by 0.3% in the EU (after -3.5% and -2.8% respectively). Exports decreased by 0.1% in the euro area and increased by 0.1% in the EU (after -0.2% and -0.3%). Imports decreased by 1.3% in both the euro area and the EU (after -2.5% and -2.3% in the previous quarter).

Household final consumption expenditure had negative contributions to GDP growth in both the euro area and the EU (-0.1 percentage points for the euro area and -0.2 for the EU). The contributions from government final expenditure were negative for both zones (-0.3 pp for the euro area and -0.2 pp for the EU). The contributions of gross fixed capital formation were positive for the euro area and for the EU (+0.1 pp for both zones). The contributions from the external balance were positive (+0.7 pp for the euro area and +0.8 pp for the EU). The contributions from changes in inventories were negative for the euro area and for the EU (-0.4 pp for both). GDP levels in the euro area and EU Based on seasonally adjusted figures, GDP volumes in the euro area and EU were 2.2% and 2.9% respectively above the level recorded in the fourth quarter of 2019, before the COVID-19 outbreak. For the United States, GDP was 5.4% higher than the level of the fourth quarter of 2019.

Employment growth in the euro area and EU

The number of employed persons increased by 0.6% in the euro area and by 0.5% in the EU in the first quarter of 2023, compared with the previous quarter. In the fourth quarter of 2022, employment had increased by 0.3% in both the euro area and the EU. Compared with the same quarter of the previous year, employment increased by 1.6% in both the euro area and the EU in the first quarter of 2023, after +1.5% in the euro area and +1.3% in the EU in the fourth quarter of 2022.

Hours worked increased by 0.6% in the euro area and by 0.7% in the EU in the first quarter of 2023, compared with the previous quarter. Compared with the same quarter of the previous year, the hours worked increased by 2.0% in the euro area and by 1.9% in the EU. These data provide a picture of labour input consistent with the output and income measure of national accounts. Employment growth in Member States in the first quarter of 2023: Estonia (+4.4%), Malta (+2.9%) and Ireland (+1.6%) recorded the highest growth of employment in persons compared with the previous quarter. The highest decline of employment was recorded in Lithuania (-1.5%), Romania (-1.1%) and Greece (-0.3%).

The combination of GDP and employment data allows an estimation of labour productivity. The analysis of growth compared to the same quarter of the previous year shows that productivity growth fluctuated around 1% for both zones between 2013 and 2018 before the COVID-19 pandemic caused high volatility in 2020. In the first quarter of 2023, productivity based on persons decreased by 0.6% in the euro area and 0.5% in the EU compared to the same quarter of the previous year. Based on hours worked, productivity compared to the same quarter of the previous year decreased by 0.9% in the euro area and by 0.7% in the EU.

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