CAPITAL ECONOMICS



The Future of Europe

Macro challenges and market opportunities in a more dangerous world

Investor sentiment toward Europe is more positive than it has been in years. Yet beneath this surface optimism there still lies a set of deeper, more intractable challenges. Our 2025 series on “The Future of Europe” explores whether the continent can navigate its way through these economic, technological and geopolitical tests.

The Future of Europe series



The Future of Europe

Group Chief Economist Neil Shearing introduces the Future of Europe series.



Is the current optimism about Europe justified?

What's gone right for Europe - and what will continue to hold it back.



Fiscal stimulus won’t fix Germany’s economy

Germany’s fiscal easing has lifted sentiment toward Europe, but it won’t fix the country’s long-term outlook or Europe’s global competitiveness.



Three key questions on European markets

Is the repricing of European risk assets sustainable? This analysis grapples with one of the big themes in global markets this year.



Euro-zone debt dynamics: no longer core vs periphery

Here's why euro-zone governments are likely to continue running large budget deficits, and what that means for interest rates.



The UK’s future in Europe

From defence to trade to reversing Brexit, here's how far the UK's "EU reset" will – and won't – go.



Is the euro's share of global FX reserves set to rise?

How looser fiscal policy could set the stage for the euro to expand its role as a reserve currency over the coming years.



A European defence revolution?

We've seen the initial steps - but here's why a defence revolution won't transform Europe's prospects just yet.



Three key questions on the outlook for Europe’s financial markets

We think European equities have turned a corner, while euro-zone bond markets look more robust, and the euro will hold on to some of its recent gains.



Expansion & integration: the future of EU enlargement

The EU's expansion in the coming years won't be anywhere near as impactful – nor as beneficial for its new members – as its enlargement was in the 2000s.



Is one policy rate appropriate for all of the euro-zone?

At present, there seems to be no major differences between the appropriate interest rate in the four largest euro-zone economies.



ECB strategy review not just a formality

The ECB’s forthcoming assessment of its 2021 strategy review won’t lead to immediate policy changes but we think it will commit policymakers to acting differently in future.

Europe in data



Euro-zone Debt Sustainability Monitor



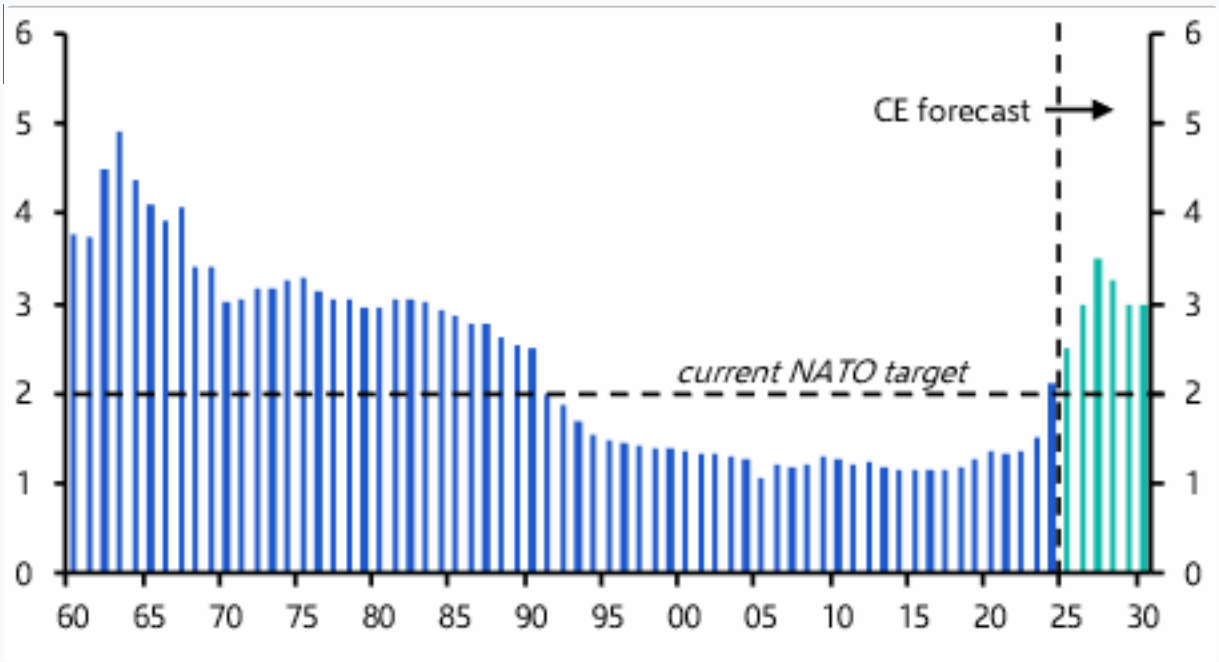
Europe's Macro Imbalances



Europe Macro Database

Other key Europe analysis

See our Europe page

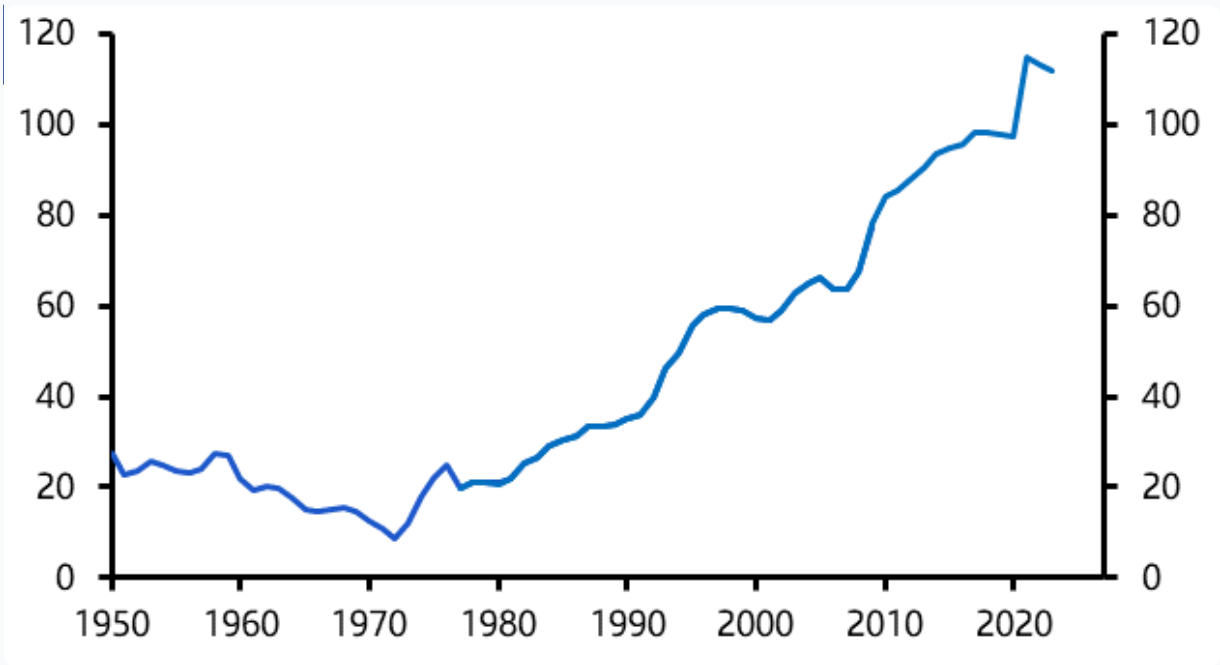


EUROPE ECONOMICS FOCUS

Defence and growth in Germany: a closer look

We think Germany is likely to raise defence spending by around 1.5% of GDP between 2024 and 2027. With the government unlikely to cut other spending much and the defence industry well placed to raise...

2nd April 2025 · 18 mins read



EUROPE ECONOMICS FOCUS

??French public debt: trouble brewing?

Developments over the past year have put France’s public debt on a steeper upward path, with the debt ratio now likely to rise from 113% of GDP last year to around 126% by 2030. We see little chance...

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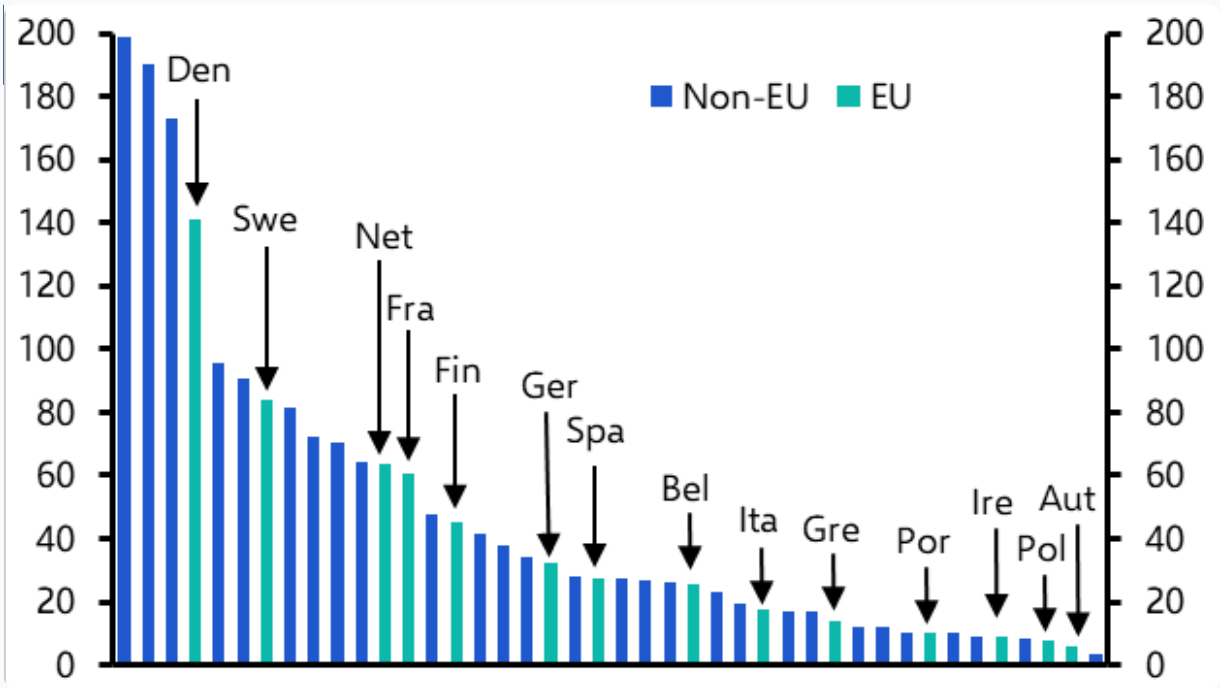


EUROPE ECONOMIC OUTLOOK

Europe Outlook: Inflation at the target but growth will be weak

The euro-zone’s strong first-quarter growth rate was a result of tariff front-running and will be reversed in Q2 and be followed by weak growth in the second half of the year. Further ahead, we think...

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EUROPE ECONOMICS FOCUS

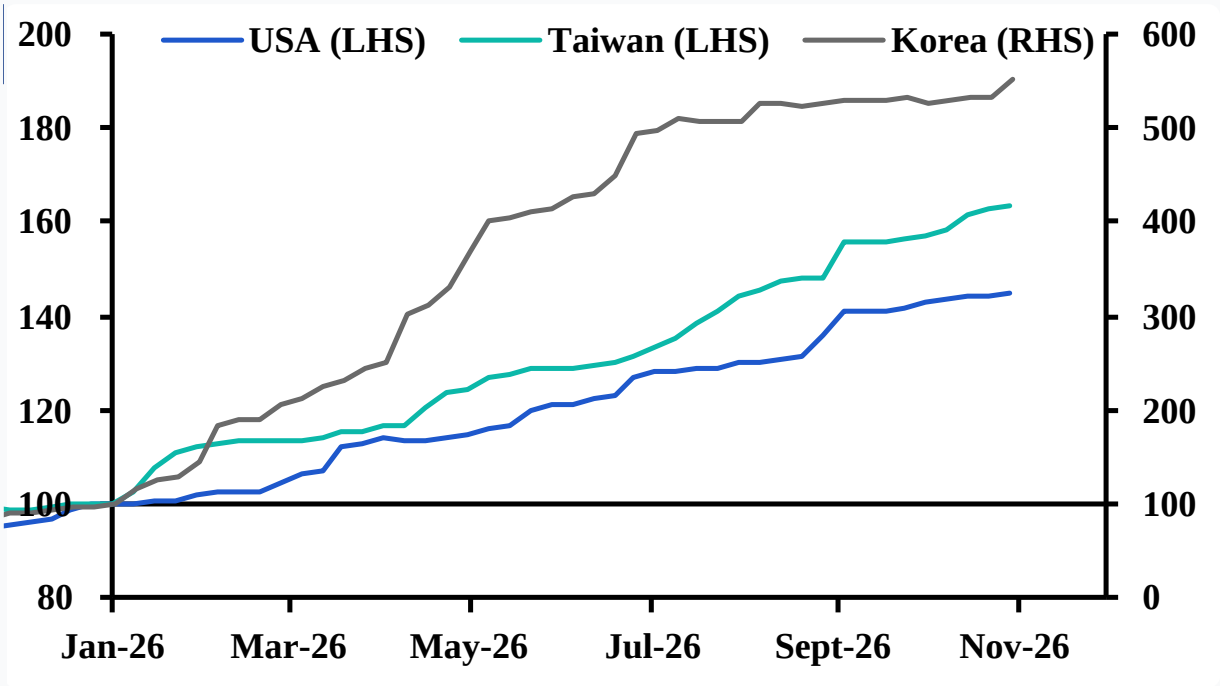
How far will the EU go on Capital Markets Union?

EU policymakers have stepped up their calls for progress towards Capital Markets Union and there will be steps in that direction in the coming years. But we aren't holding our breath for major change...

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CAPITAL DAILY

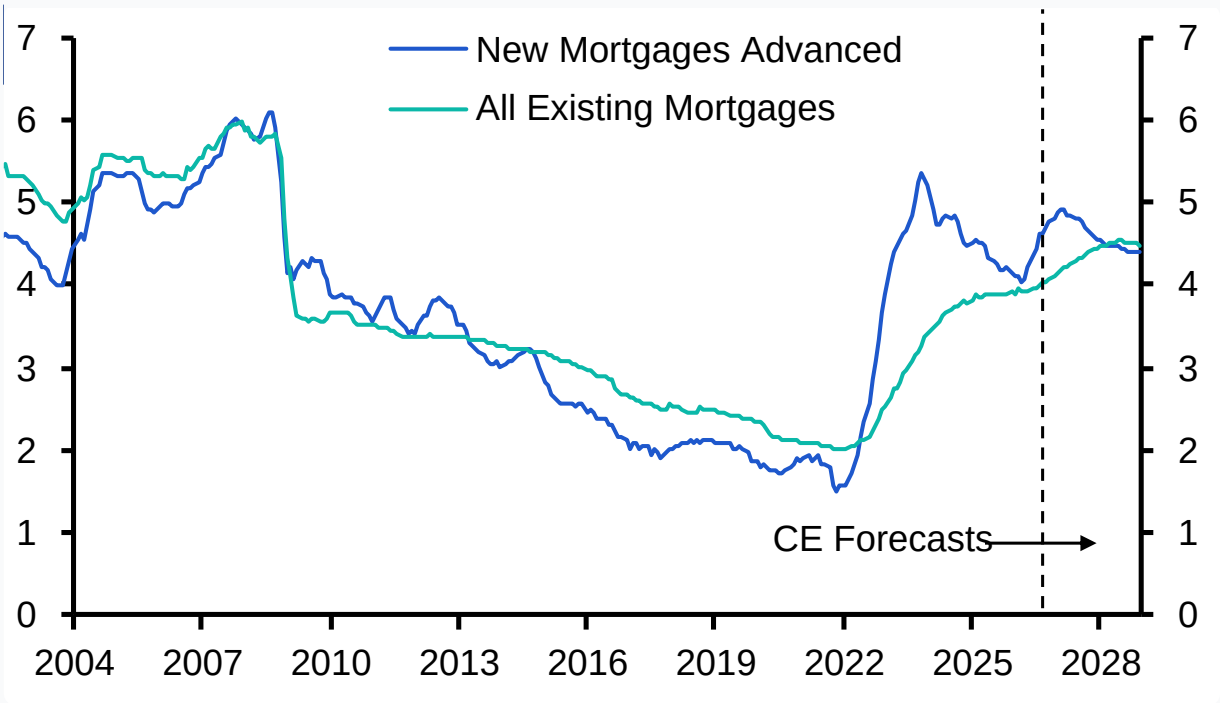
The worst may be yet to come for AI stocks

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Europe Chart Pack (November 2026)

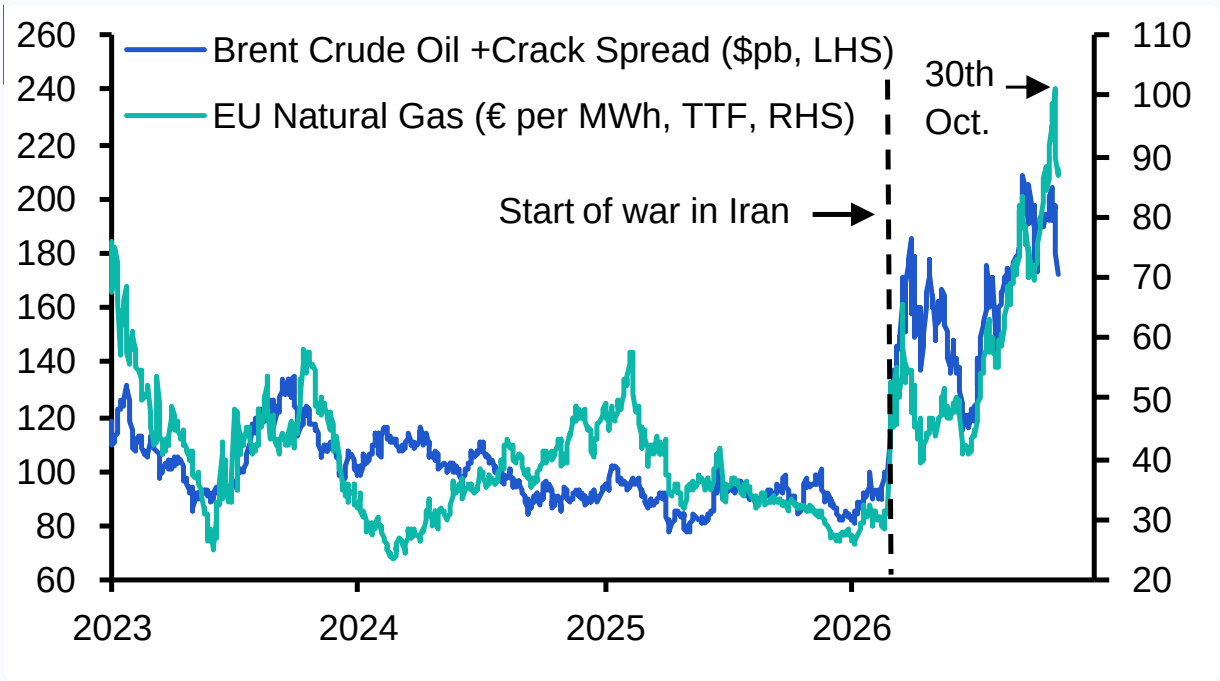
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BoE a hostage to geopolitics

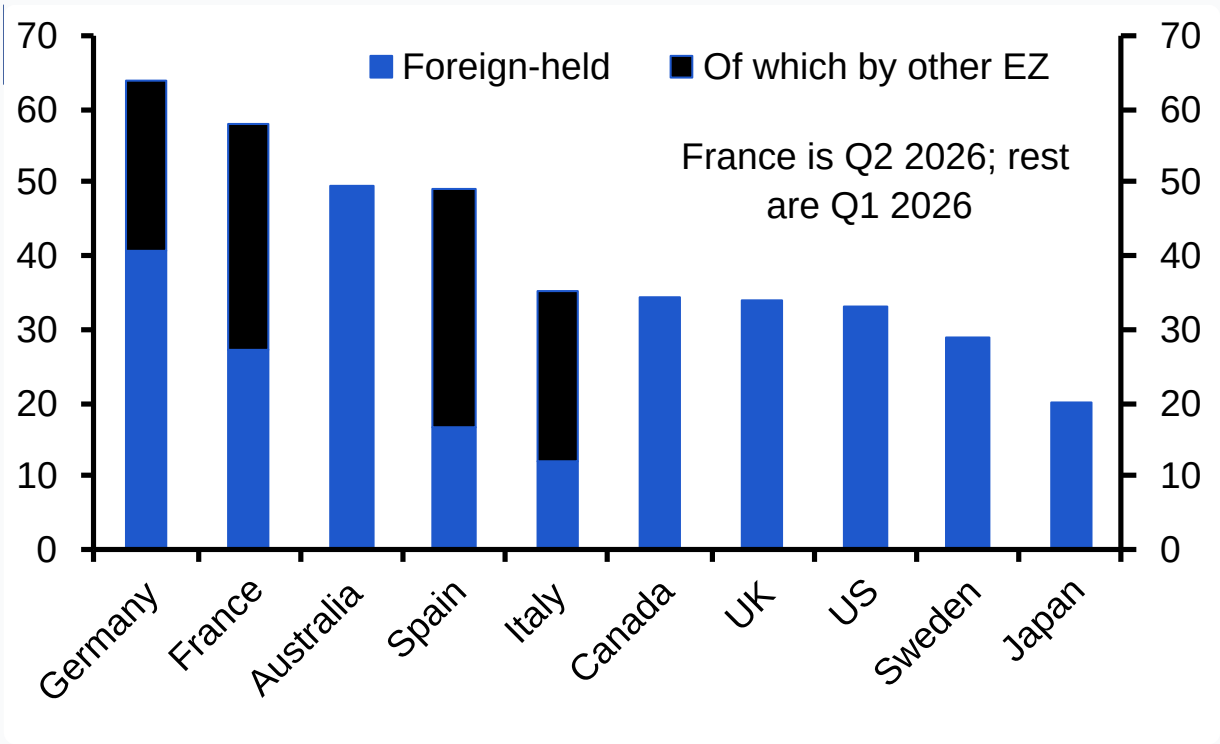
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Who owns France’s debt, and will they stick around?

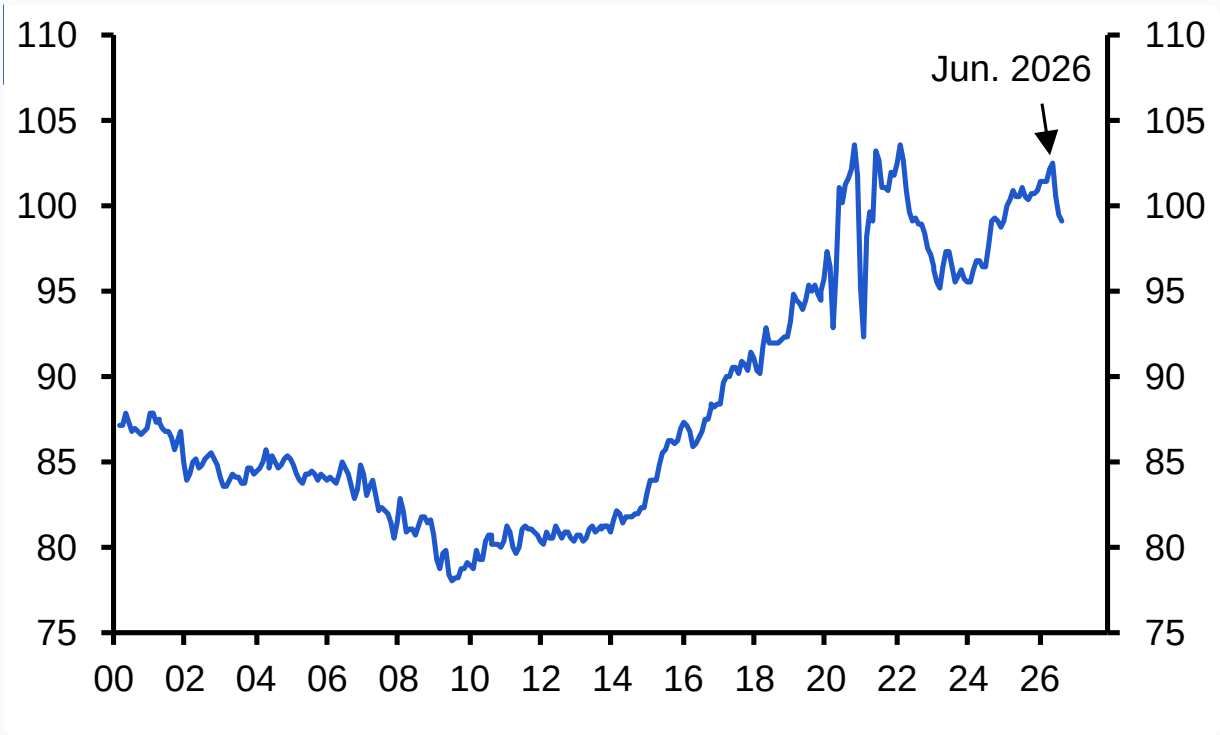
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Israel's crunch coalition talks, CEE rate outlooks

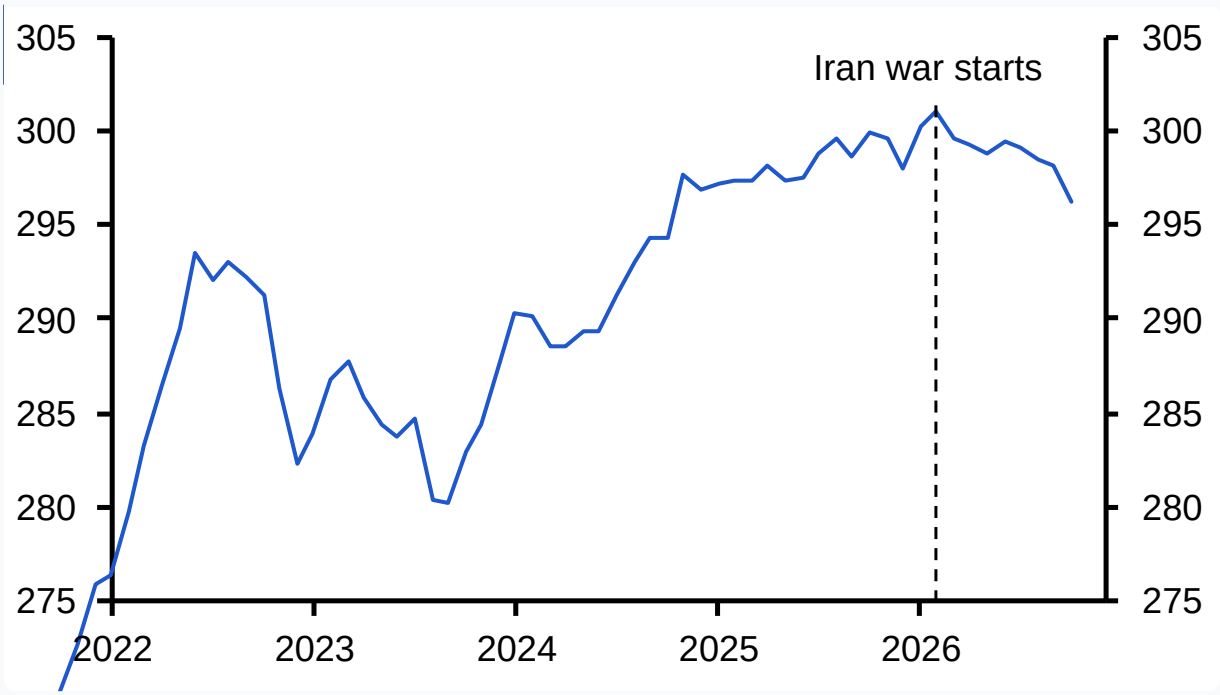
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