



# 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**



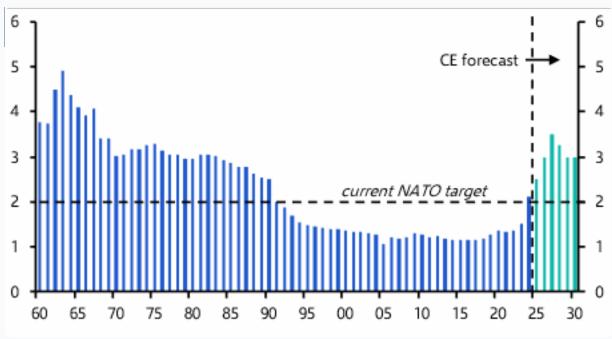
**Euro-zone Debt Sustainability Monitor** 



**Europe's Macro Imbalances** 



**Europe Macro Database** 

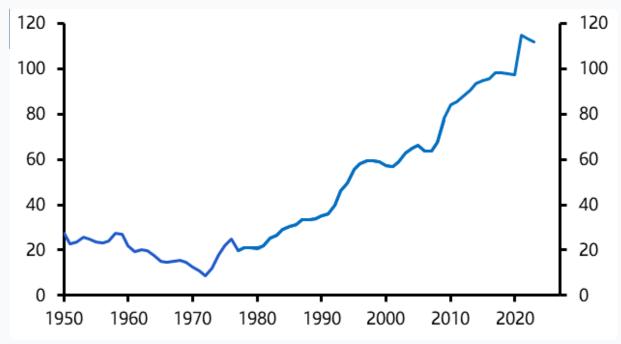


#### **EUROPE ECONOMICS FOCUS**

### 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

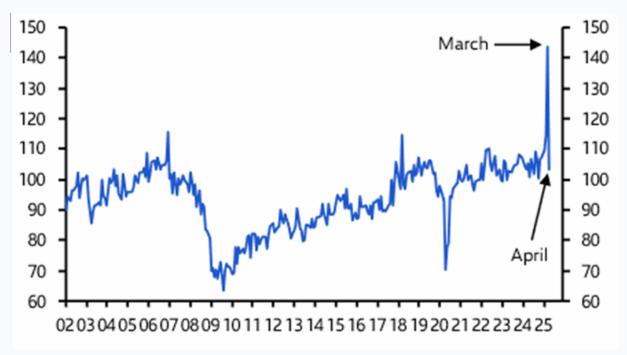


**EUROPE ECONOMICS FOCUS** 

### ??French public debt: trouble brewing?

In light of yesterday's announcements by the French prime minister, we are resending this report (first published in January) warning that France's public finances are likely to continue...

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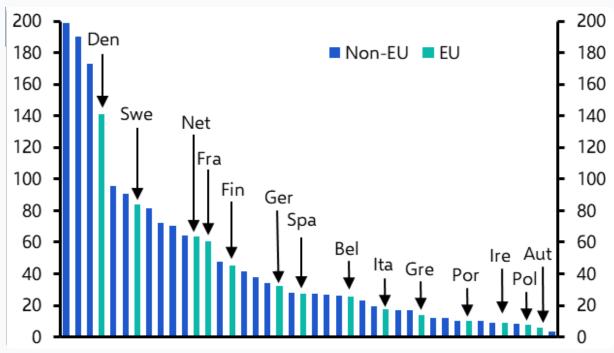


#### **EUROPE ECONOMIC OUTLOOK**

### 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...

23rd June 2025 · 28 mins read



**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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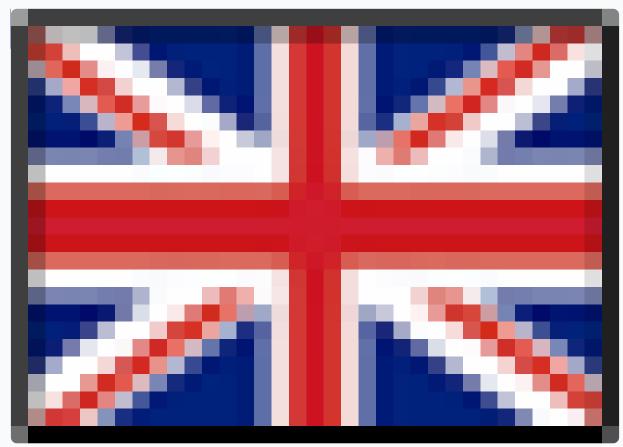
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EMERGING EUROPE ECONOMICS WEEKLY

# Pressure on Russia ramps up as Trump loses patience

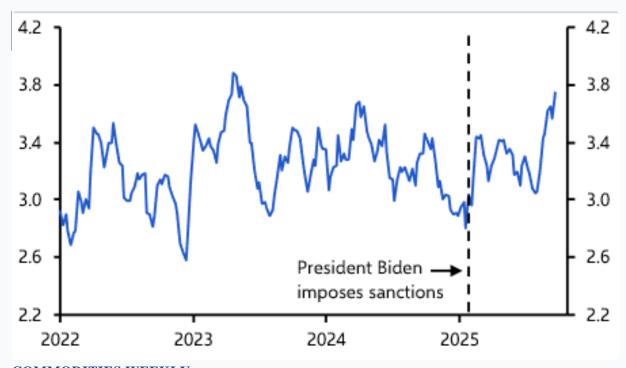
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UK ECONOMICS WEEKLY

# Door nudges open for BoE, but window shut for Chancellor

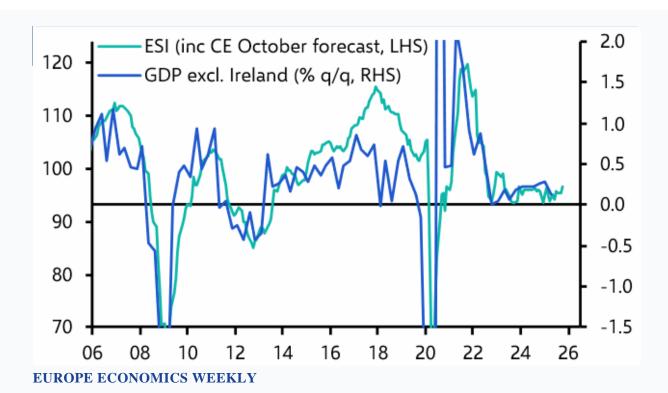
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**COMMODITIES WEEKLY** 

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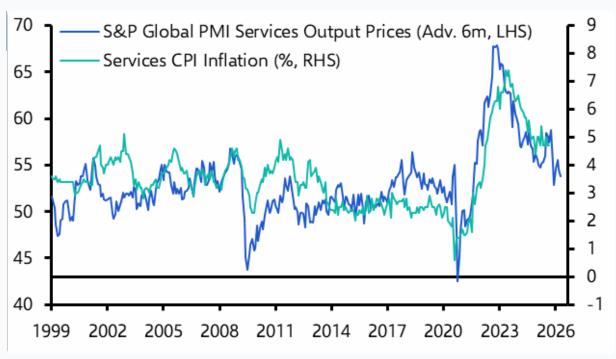
Tensions simmering between the EU and China

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#### EMERGING EUROPE RAPID RESPONSE

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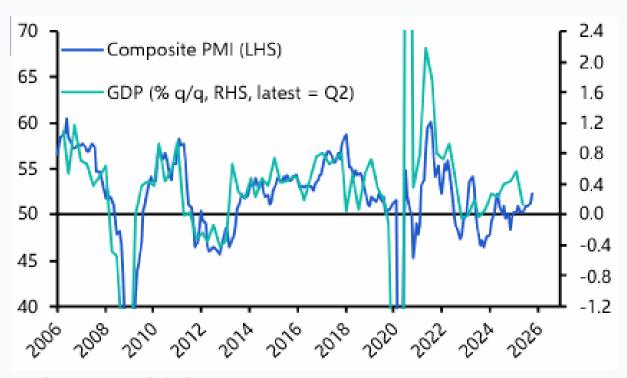
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UK ECONOMICS RAPID RESPONSE

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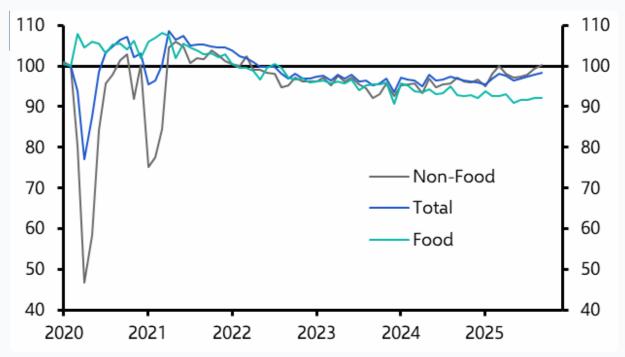
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EUROPE RAPID RESPONSE

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UK ECONOMICS RAPID RESPONSE

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