

EURO ZONE AVOIDS RECESSION; INFLATION PICKS UP

The euro zone dodged a winter recession by growing at the start of 2023, despite inflation remaining a menace.

The 20-nation economy expanded by 0.1 per cent in the first quarter, falling short of the 0.2 per cent median estimate in a *Bloomberg* survey of analysts. France and Italy bounced back from negative readings in the final

months of last year, while Spain gathered momentum and Germany stagnated.

Inflation in the euro area's second-largest economy unexpectedly accelerated to 6.9 per cent in April on energy and services costs. The figures will fuel the debate over how big an interest-rate hike the European Central Bank will opt for next.

BLOOMBERG

SHARP SPIKE

YoY change in consumer prices (in %)

