

# Eurozone

## Eurozone stuck in recession at start of 2013

- Eurozone GDP falls 0.2% in first quarter
- Germany only main economy to eke out any growth

The eurozone economy contracted for the sixth successive quarter at the start of 2013, with gross domestic product declining 0.2% in the three months to March. The economy has now shrunk 1.5% since peaking in the third quarter of 2011 in a double-dip recession that leaves the economy still 3.4% lower than its pre-crisis peak.

The latest decline was less steep than the 0.6% contraction seen in the final quarter of last year, but nevertheless leaves little to be encouraged about in terms of the region's prospects. The PMI, which had correctly anticipated the easing of the downturn at the start of the year, remained deep in contraction territory in April.

The detail of the GDP reports were also concerning. While Germany returned to growth, the 0.1% increase was weaker than expected. The German PMI survey data also point to a renewed downturn at the start of the second quarter.

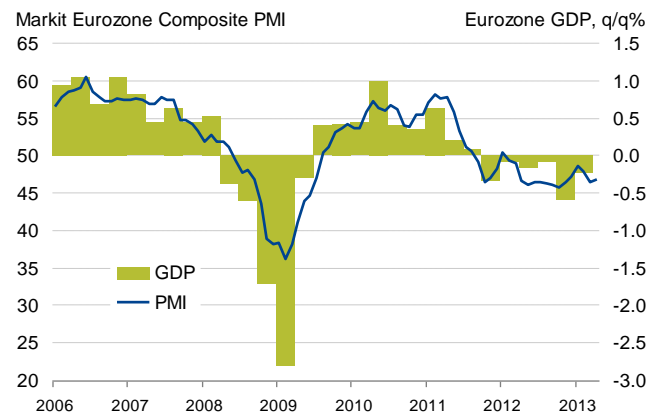
France meanwhile fell back into recession, with GDP dropping 0.2% for a second successive quarter. The Netherlands also contracted by 0.1% while Belgium eked out a meagre 0.1% expansion.

The weak picture of the euro's 'core' was accompanied by news of ongoing steep downturns further south. Both Italy and Spain contracted by 0.5%, though Portugal's economy shrank by a more modest 0.2%.

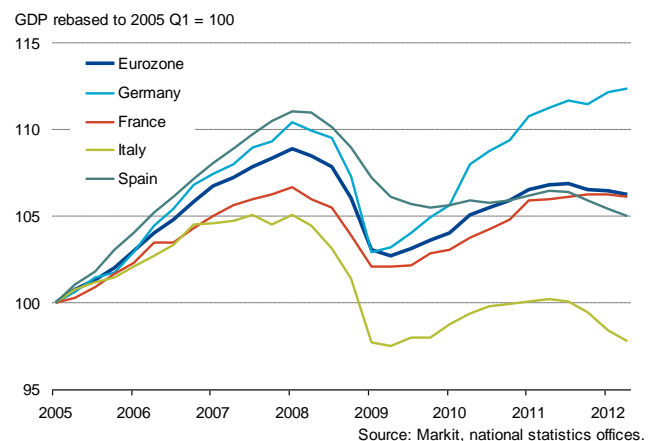
The growing divergence in economic performance within the region is further highlighted by the fact that only Germany has seen its economy expand to a size exceeding its pre-crisis peak. Since the crisis struck, Germany's economy has managed to grow by 1.3%, which is itself a depressingly small expansion to have seen over a five-year period, but represents a marked contrast to the fact that the Italian and Spanish economies remain some 8.6% and 6.9% smaller. The

French economy has likewise failed to regain its pre-crisis peak, though is a mere 0.8% smaller.

### Eurozone GDP and the PMI



### GDP levels



### Chris Williamson

#### Chief Economist

Markit

Tel: +44 207 260 2329

Email: [chris.williamson@markit.com](mailto:chris.williamson@markit.com)

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