

BUSINESS ENVIRONMENT

MACROECONOMIC ENVIRONMENT

World economic growth in 2017 picked up on 2016, driven by growth in the Eurozone and United States and recovery in Brazil and Russia after two years in recession.

The global economy presented a positive scenario in 2017, with a higher growth rate than 2016, particularly reflecting stronger performance in the Eurozone and the United States and recovery by emerging countries like Brazil and Russia, after two years in recession.

Eurozone economic growth improved on 2016, even if below the world average, thanks to the European Central Bank's continued pursuit of expansionary monetary policies and the gradual growth in business and consumer confidence across the region. The strengthening recovery over the course of the year was also favoured by the outcome of the French elections, which averted the ascent of an anti-European government. Higher growth in the US reflected a stabilisation in the political environment and a gradual recovery in activity related to the oil industry.

China's growth improved on 2016, even beating government forecasts, thanks to continuation in 2017 of stimulus measures to support the housing market and infrastructure investment.

Global GDP grew by +3.7%* year-on-year (compared with +3.1%* in 2016), reflecting marked improvement by advanced economies from +1.7%* in 2016 to 2.3%* in 2017 and more modest progress by emerging economies from +4.4%* to +4.7%*.

After slowing in 2016, the US economy's growth once again topped the 2% mark in 2017 (+2.3%*), benefiting from greater political stability and the gradual recovery in oil prices.

After the shock provoked by the pro-Brexit vote in 2016, the Eurozone grew at a rate of +2.4%*, its highest in the last 10 years and well up from +1.7% in 2016, while in Britain the uncertainty surrounding the post-Brexit negotiations triggered a mild dip in growth from +1.9%* in 2016 to +1.7% in 2017. Within the Eurozone, all the major economies reported a marked improvement, with Germany going from +1.9%* to +2.5%*, France from +1.2%* to +1.8% and Italy, which made the biggest progress, from +0.9%* in 2016 to +1.6%* in 2017. Lastly, in Spain growth eased from +3.3%* in 2016 to +3.1%* in 2017, mainly due to growing political uncertainty in the second half of the year.

Chinese economic growth once again exceeded the average for other emerging countries, going from +6.7%* in 2016 to 6.8%* in 2017, even beating the government target of +6.5%, thanks to the government's introduction in 2016 of a series of important measures to support infrastructure investment, carried over into 2017. India reported growth of +6.7%* in 2017, slightly down from +7.1%* the year before, confirming itself as one of the main drivers of growth in the region, along with China. Renewed political stability and a gradual recovery in the main commodity prices helped the Brazilian economy resume its growth after 2 years in recession, recording a +1.1%* after contracting -3.5%* in 2016, while stabilisation of the geopolitical scenario allowed Russian growth to improve from -0.2%* in 2016 to 1.8%* in 2017.