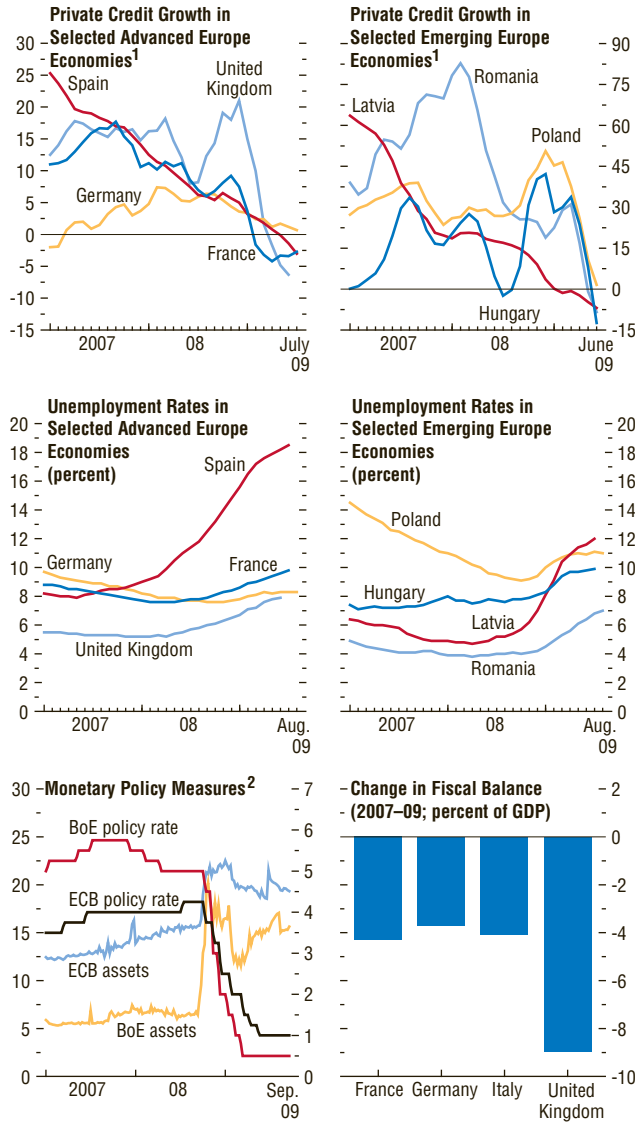


Figure 2.4. Europe: Challenges Ahead

The recovery will likely be slow, with tight credit conditions limiting private investment and rising unemployment weighing on consumption. Coordinated policy action remains key to regaining growth momentum in the region, while exit needs to be careful and well timed.



Sources: Haver Analytics; IMF, *International Financial Statistics*; and IMF staff estimates.

¹Annualized percent change of three-month moving average over previous three-month moving average.

²ECB: European Central Bank; BoE: Bank of England. Assets are in percent of 2008 GDP and are on the left scale. Policy rate is in percent and is on the right scale.