The euro-area economy won’t return to growth until the next quarter as a recovery in Italy is delayed and France continues to shrink, according to a survey of economists.

Gross domestic product will stay unchanged in the three months through March, before rising 0.1 percent and 0.2 percent in the second and third quarters, the median forecast of 49 estimates in the Bloomberg monthly survey showed. GDP probably fell 0.4 percent last year and will contract 0.1 percent in 2013.

The monthly survey follows a downbeat assessment by European Central Bank President Mario Draghi last week when he said that while the euro-area crisis has eased, “we are not at all seeing an early and strong recovery.” The 17-nation region’s economy last grew in the third quarter of 2011 and remains under pressure from government budget cuts and weak confidence among company and consumers.

“The effects of budget tightening are being felt as households and companies reach year end,” said Michel Martinez, an economist at Societe Generale in Paris. “We’re not expecting a strong rebound.”

Italy, the euro area’s third-largest economy, will probably shrink 0.3 percent this quarter and 0.1 percent in the three months through June, the survey showed. That’s a gloomier prediction than last month, when economists were forecasting a 0.2 percent drop in GDP this quarter and a flat performance in the next.

Italy Elections

Parliamentary elections scheduled for Feb. 24-25 have provided a staging ground for former premier Silvio Berlusconi to blame incumbent Mario Monti for the nation’s recession. Berlusconi, fighting criminal charges that he paid a minor for sex, is gaining support, according to an EMG poll published this week.

Italian industrial production fell 1 percent in November from October. Output fell an annual 7.6 percent on a workday-adjusted basis.

Economists’ expectations for growth in Germany remain the same as a month ago, with the survey predicting a first-quarter expansion of 0.1 percent.

Chancellor Angela Merkel’s government yesterday cut its 2013 growth forecast to 0.4 percent from 1
percent previously. The revision follows a Federal Statistics Office report showing economic growth slowed last year to less than a quarter of its 3 percent pace in 2011.

**France Recession**

“We assume that the phase of weakness this winter will be overcome in the course of the year and that our economy gains traction again,” Economy Minister Philipp Roesler told reporters in Berlin.

France is expected to **contract** 0.1 percent this quarter, a forecast unchanged from last month, after shrinking an estimated 0.3 percent last quarter, according to the Bloomberg survey. That means the euro area’s second-largest economy will slip into recession for the first time since 2009 as President Francois Hollande strives to reduce the nation’s deficit in the face of soaring jobless claims.

**Renault SA (RNO)**, the carmaker whose European sales dropped the most in 2012, said this week it will cut 17 percent of its French workforce in the next four years, eliminating 7,500 jobs to face shrinking demand for cars in the region. PSA Peugeot Citroen, **Ford Motor Co. (F)** and General Motors Co. are also reducing workforces and closing plants in response to plunging demand amid recessions in the euro region.

**Spain Bailout**

For Spain, economists in the survey see a 0.4 percent contraction this quarter. The country, which has resisted requesting a full bailout after being granted international aid for its banks last year, probably will see GDP decline 1.5 percent in 2013, according to the survey.

The mixed picture across the euro area has kept the Frankfurt-based ECB’s policy on hold since September when it announced a program which would allow for the purchase of government bonds in some circumstances. The bank’s governing council kept its benchmark interest rate on hold at 0.75 percent when it met Jan. 10. That rate isn’t likely to change this year, according to the survey.

“The ECB won’t take action on rates in 2013,” Martinez said. “It’s problem is that financial markets remain fragmented, with companies in Italy and Spain still facing completely different conditions for financing than those in Germany and France.”

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