FRANKFURT—Germany's central bank Friday cut its growth forecast for Europe's largest economy this year and next, tying the nation's fate to whether the euro-zone emerges from recession.

"Much will depend on whether the economic situation stabilizes in the euro-area crisis countries," Jens Weidmann, president of the Deutsche Bundesbank, said in a statement.

In its semiannual economic projections, the central bank lowered its growth forecast to 0.3% this year from its December estimate of 0.4% expansion, and reduced its forecast for 2014 growth to 1.5% from 1.9%.

Germany has managed ride out the euro-zone crisis while many other European economies have floundered, but weak investment and sagging exports amid recession in some euro-area countries and the slowing global economy caused Germany's economy to contract sharply in the fourth quarter. Germany narrowly escaped recession in the first quarter, when its gross domestic product, a measure of economic growth, increased just 0.1%, on the back of robust private consumption.

The Bundesbank's forecasts follow those of the European Commission, which last month lowered its 2013 growth outlook for Germany to 0.4% from a previous estimate of 0.5%. Earlier this month, the International Monetary Fund also cut its estimate for German growth in 2013 to "around 0.3%" from 0.6%.

Despite the dulled forecasts, the Bundesbank said Germany's economy is slowly picking up again, as other euro-zone economies bottom out and the world economy gains momentum. A solid labor market, wage increases and a general easing of inflation are supporting private consumption in Germany, Mr. Weidmann said.

According to the Bundesbank, consumer price inflation, as measured by the Harmonized Index of Consumer Prices, is set to accelerate modestly this year to 1.6% from its December forecast of 1.5%. Next year, it will slow to 1.5%, the central bank said.