

Ifo Employment Barometer for Germany

Results of the Ifo Business Survey for September 2008

Hiring propensity slightly weakened

The Ifo Employment Barometer for German industry and trade declined further in September. The decline was not as pronounced as in the previous months. Still, the declining trend in the indicator that began early in the year has continued. The increase in employment has thus probably come to a standstill. A broad reduction in employment is currently not being planned by the surveyed firms.

In all four survey sectors, the hiring propensity has weakened somewhat – in manufacturing, in construction, as well as in wholesaling and retailing. The manufacturing firms reported a tendency of somewhat too-high staff levels. They are resorting to overtime less frequently, but shorter working hours is currently not under discussion. A clear worsening of the employment climate has occurred in automobile construction. Car makers have assessed their current business situation as satisfactory, but they have become more sceptical regarding future – especially export – business. For this reason they plan to limit production and to reduce staff levels.

Germany (Index value, 2000 = 100, seasonally adjusted)

Month/Year	09/07	10/07	11/07	12/07	01/08	02/08	03/08	04/08	05/08	06/08	07/08	08/08	09/08
Index	105.1	104.4	107.0	106.8	105.5	105.5	105.5	104.1	105.7	104.0	102.4	100.5	99.6



Legend: The Ifo Employment Barometer is based on ca. 7,000 monthly responses from businesses in manufacturing, construction, wholesaling and retailing. The companies are asked to report on their **employment plans** for the coming three months. They can describe their plans for the number of employees for the coming six months as “increasing”, “stable”, or “decreasing”. The **balance** value of the plans is the difference in the percentage shares of the responses “increasing” and “decreasing”. To calculate the **index value** the balances are normed to the average for the year 2000.

The Ifo Employment Barometer is calculated exclusively for the *Financial Times Deutschland*.