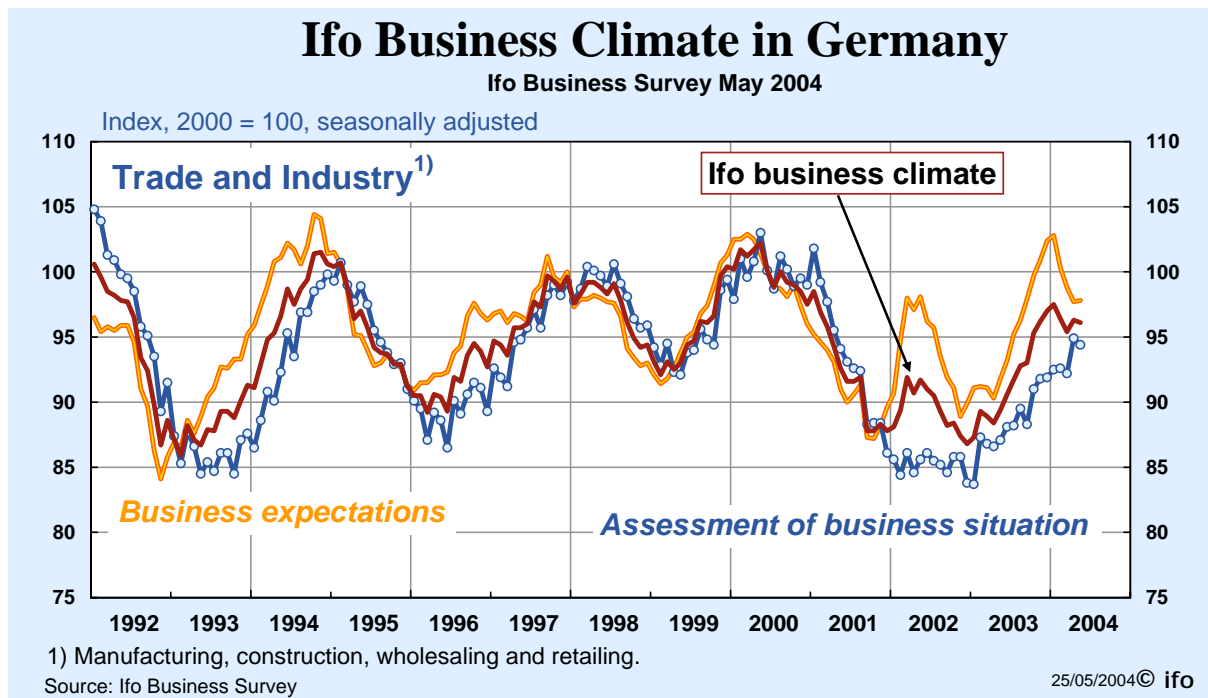


Notice: Embargo violations will lead to deliveries after 10 CET in the following month!



Germany (Index, 2000=100, seasonally adjusted)

Month/year	5/03	6/03	7/03	8/03	9/03	10/03	11/03	12/03	1/04	2/04	3/04	4/04	5/04
Climate	89.4	90.6	91.7	92.8	93.0	95.3	96.2	97.0	97.5	96.4	95.4	96.3	96.1
Situation	87.1	88.1	88.2	89.5	88.3	91.0	91.8	91.9	92.5	92.6	92.2	94.9	94.4
Expectations	91.8	93.2	95.2	96.3	97.9	99.7	100.9	102.4	102.8	100.3	98.8	97.7	97.8

Ifo Business Climate: Nearly unchanged

Results of the May 2004 Ifo Business Survey

After a rise in April, the Ifo Business Climate index of manufacturing, construction, retailing and wholesaling in Germany fell slightly in May. Nearly unchanged business expectations for the coming six months stood in contrast to a slightly more unfavourable assessment of the current business situation.

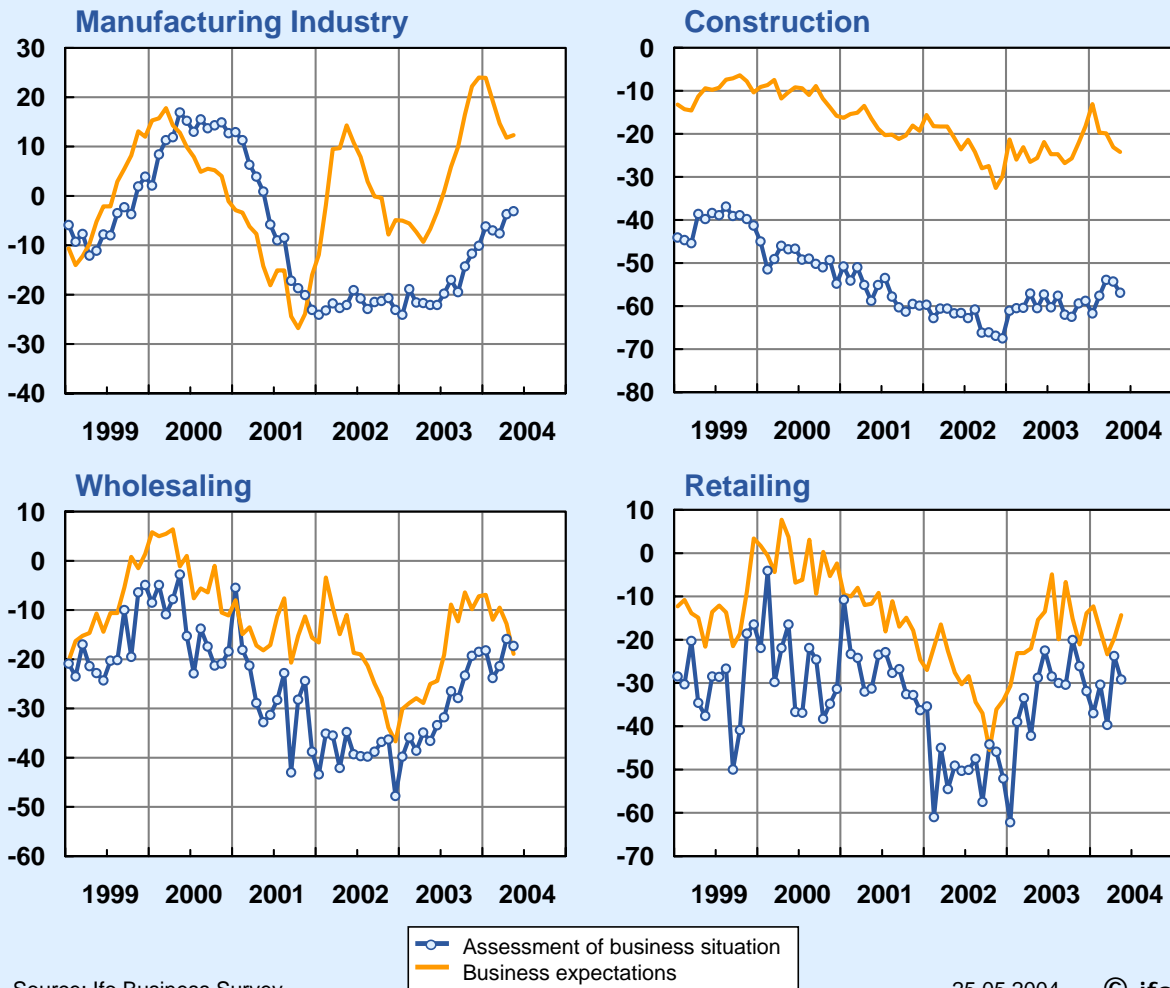
In manufacturing both the appraisals of the business situation as well as the expectations improved slightly. In retailing the business climate index remained largely unchanged; whereas the assessments of the current business situation worsened, the business expectations for the coming six months improved. In construction and in wholesaling, however, both components of the business climate index weakened.

The slight decline in the business climate was a result of a worsening in east Germany, but in west Germany the climate indicator rose a fraction. The latest survey results, especially the nearly unchanged business expectations, speak for an ongoing, moderate economic recovery in Germany in the coming months.

Hans-Werner Sinn
President of the Ifo Institute for Economic Research

Business Situation and Expectations by Sectors

Balances, seasonally adjusted



Ifo Business Climate Germany (Balances, seasonally adjusted)

Month/year	5/03	6/03	7/03	8/03	9/03	10/03	11/03	12/03	1/04	2/04	3/04	4/04	5/04
Trade and Industry	-21.9	-19.6	-17.5	-15.2	-14.8	-10.3	-8.4	-6.9	-5.8	-8.1	-10.0	-8.2	-8.7
Manufacturing	-14.6	-12.9	-9.7	-5.9	-5.4	0.5	4.5	6.2	8.3	5.7	3.2	3.9	4.4
Construction	-44.0	-40.6	-43.5	-42.0	-45.4	-45.2	-41.8	-39.8	-39.2	-39.8	-37.8	-39.5	-41.4
Wholesaling	-30.9	-29.0	-25.5	-17.9	-20.3	-15.1	-14.6	-12.9	-12.7	-18.0	-15.6	-14.3	-18.1
Retailing	-22.2	-18.0	-17.1	-25.0	-19.0	-17.6	-23.6	-23.1	-25.1	-24.3	-31.7	-21.7	-21.9

Source: Ifo Business Survey

Legend: Every month the Ifo Institute asks about 7,000 enterprises in manufacturing, construction, wholesaling and retailing to give their assessments of the **current business situation** and their **expectations** for the next six months. The enterprises can characterise their situation as "good", "satisfactorily" or "poor" and their business expectations for the next six months as "more favourable", "unchanged" or "more unfavourable". The **balance value** of the current business situation is the difference of the percentages of the responses "good" and "poor", the balance value of the expectations is the difference of the percentages of the responses "more favourable" and "more unfavourable". The **business climate** is a transformed mean of the balances of the business situation and the expectations. For calculating the **index values** the transformed balances are all normalized to the average of the year 2000.