

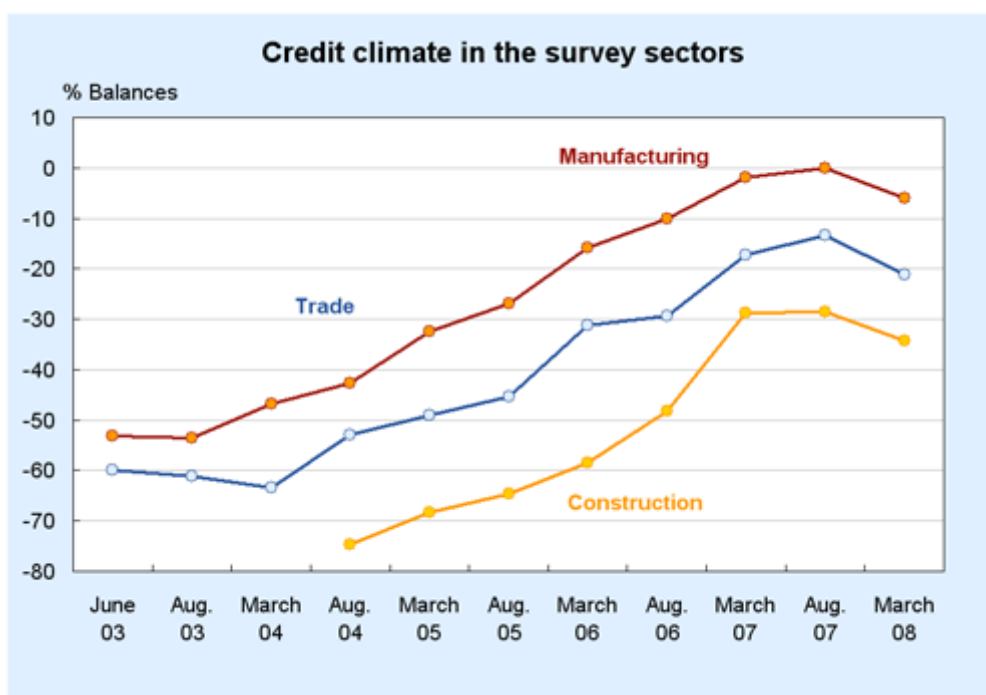
Ifo Credit Climate in Manufacturing

More restrictive lending practices

According to the results of the recent Ifo Business Survey, the credit climate in manufacturing, construction and trade has worsened slightly. Particularly larger enterprises – more so than the others – reported more restrictive bank lending policies. Among the large-scale enterprises in manufacturing, the share of firms that responded with “restrictive” increased to 15.4% from 9.2% while the positive assessments fell from 14.7% to 10.2%. For the first time, large companies in manufacturing were more pessimistic than medium-sized firms in their assessments of lending practices.

In regional terms the credit climate in the west worsened more so than in the east. However, the overall level of the credit climate in all three surveyed sectors is higher in western than in eastern Germany.

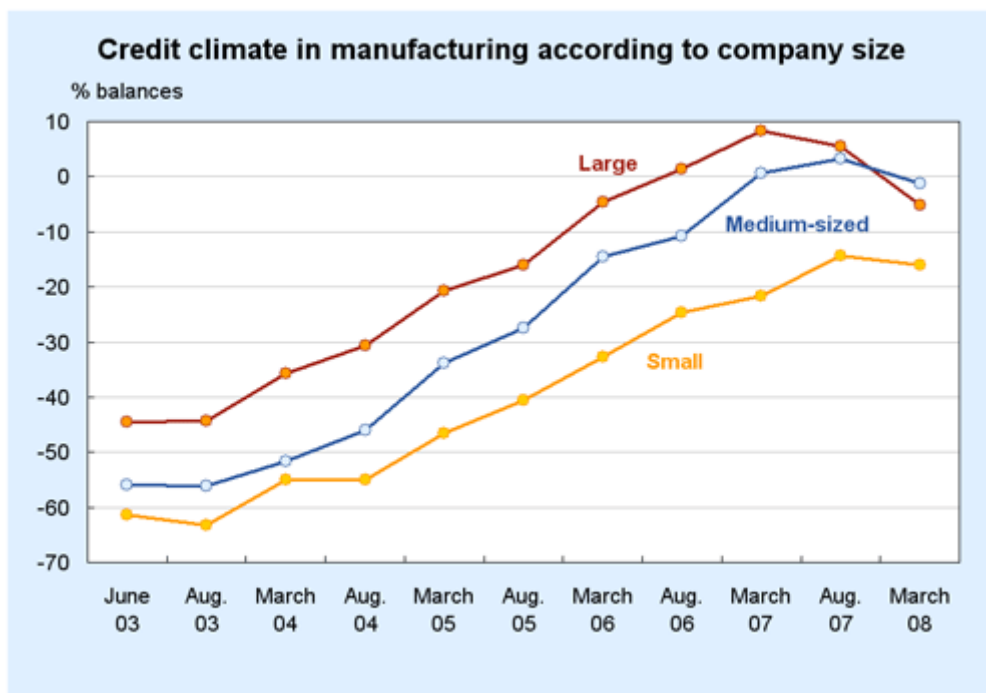
In light of the current situation on the international financial markets and its effect on German banks, which made a slight cooling of the credit climate likely, the decline in the indicator is only moderate and can be attributed to the slowing in economic growth that has occurred since the last survey.



Ifo Credit Climate in Manufacturing (% balances)

Month/Year	06/03	08/03	03/04	08/04	03/05	08/05	03/06	08/06	03/07	08/07	03/08
Credit Climate	-53.2	-53.6	-46.9	-42.6	-32.4	-26.9	-15.9	-10.1	-1.9	0.0	-6.0

Source: Ifo Business Survey.



Publication:

André Kunkel, „Leichter Rückgang des Kreditklimas“, ifo Schnelldienst 61(7), 2008.

Legend: Twice a year, the Ifo Institute asks the firms that participate in the Ifo Business Survey for their assessments of bank lending policies. From these responses, the credit climate is derived, which reflects the sentiment of the firms regarding the credit market. The participants have the choice of responding with “accommodating”, “normal/usual” or “reserved/restrictive”. The credit climate is calculated as the portion of participants that respond with “accommodating” less the portion of those who marked “reserved/restrictive”.