

## Credit Constraint Indicator

From the Ifo Business Survey for January 2009

### Credit Constraint Remains Nearly Unchanged

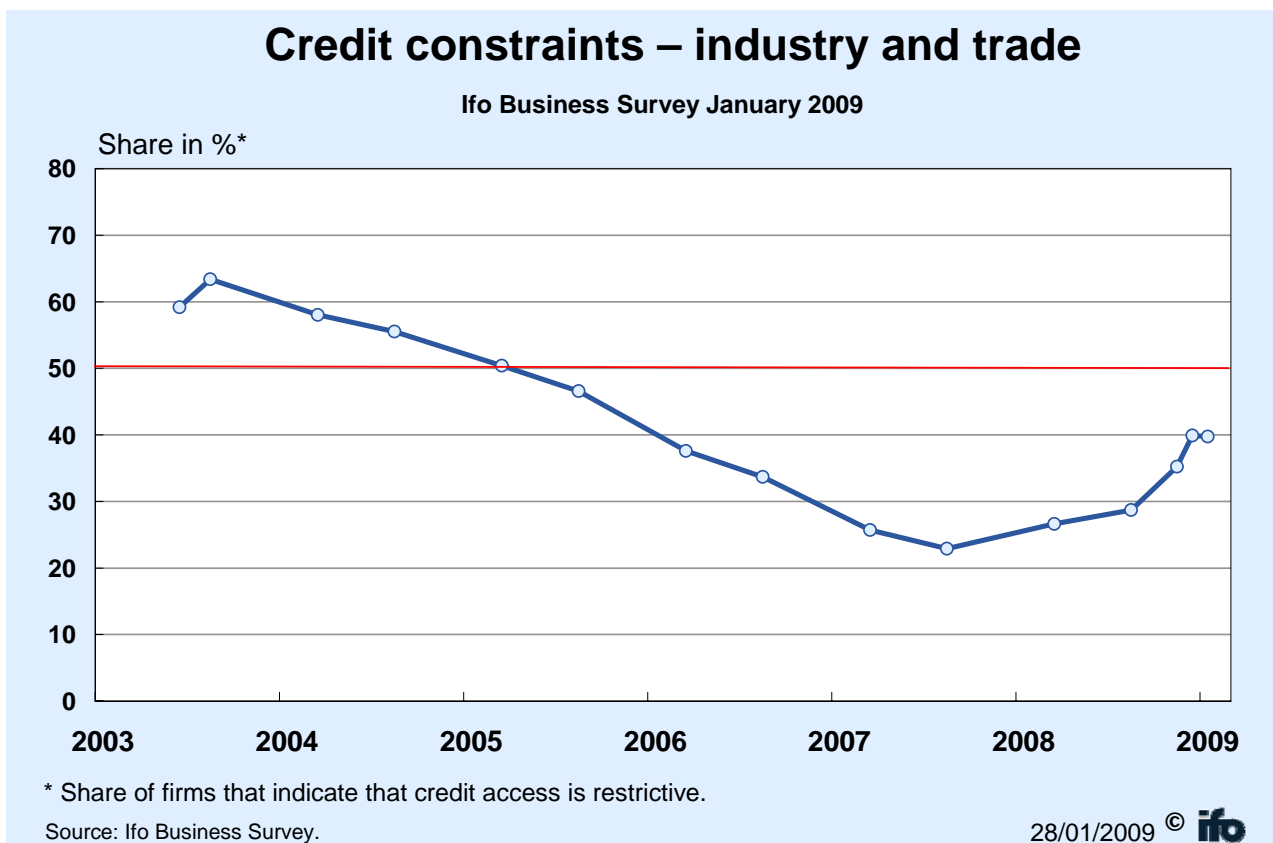
The credit constraint for firms in German industry and trade has not increased further in January. Fears that a credit crunch is developing in Germany have thus not been strengthened by Ifo's January survey.

In *manufacturing* the situation has even slightly eased: Although especially large industrial firms have been complaining about credit restrictions since last summer, these complaints have declined somewhat in January.

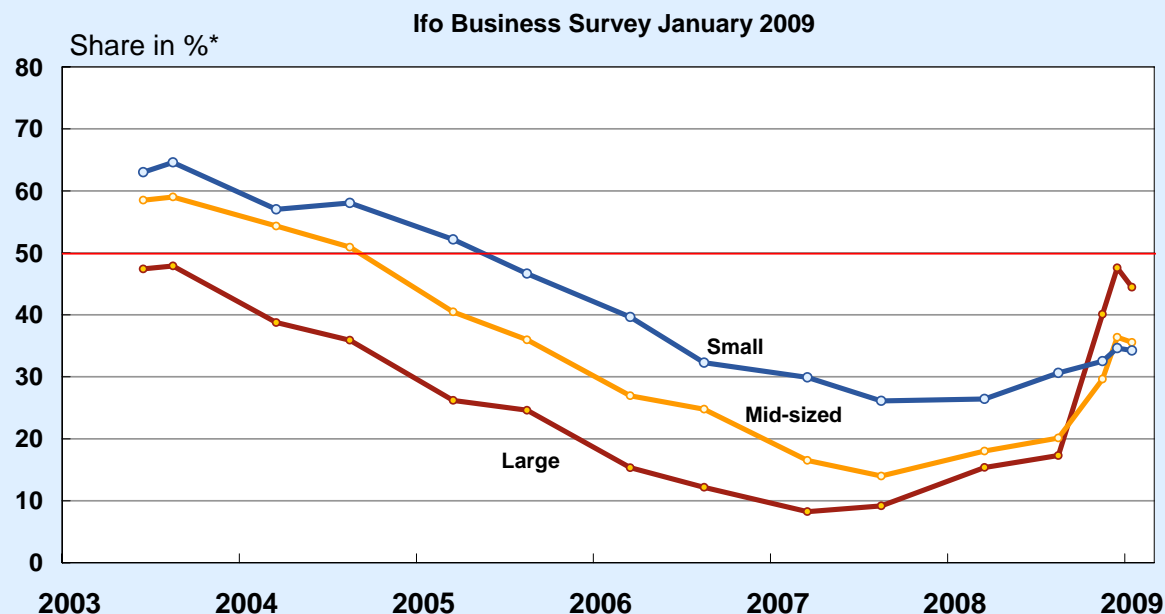
In *construction*, the credit constraint fell marginally. Only the firms in *retail and wholesale trade* report again a more restrictive lending attitude of the banks.

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## Credit constraints in manufacturing according to company size



\* Share of firms that indicate that credit access is restrictive.

Source: Ifo Business Survey

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### Share of firms indicating that credit access is restrictive

Month/year	03/04	08/04	03/05	08/05	03/06	08/06	03/07	08/07	03/08	08/08	11/08	12/08	01/09
<b>Industry and trade</b>	58.0	55.5	50.4	46.6	37.6	33.7	25.7	22.9	26.6	28.7	35.2	39.9	39.8
<b>Manufacturing firms</b>													
<i>large</i>	38.8	35.9	26.2	24.6	15.3	12.2	8.2	9.2	15.4	17.3	40.1	47.6	44.4
<i>medium-sized</i>	54.3	50.9	40.5	36.0	26.9	24.8	16.5	14.0	18.0	20.1	29.6	36.4	35.6
<i>small</i>	57.0	58.1	52.2	46.7	39.7	32.3	29.9	26.1	26.4	30.6	32.5	34.6	34.2
<b>Construction</b>	-	75.3	69.8	67.6	61.5	52.7	37.4	35.8	40.4	40.1	42.7	45.9	45.4
<b>Trade</b>	66.3	56.2	55.1	50.4	39.9	37.6	30.1	25.7	28.9	31.6	33.8	37.3	39.0

Source: Ifo Business Survey

**Legend:** The credit constraint indicator is based on ca. 4.000 responses of firms in industry and trade from the sectors manufacturing, construction, wholesaling and retailing. The firms are asked to respond to the following question: "How would you assess the current willingness of banks to extend credit to businesses"? The answers to choose from are "accommodating", "normal" and "restrictive". The credit constraint is calculated from the percentages of the responses to the last of the three categories. For the compilation of the credit constraint indicator for German industry and trade, the percentage shares from manufacturing, construction and retailing and wholesaling are weighted with the average credit volume of these sectors in 2005.