

## Credit Constraint Indicator

From the Ifo Business Survey for September 2011

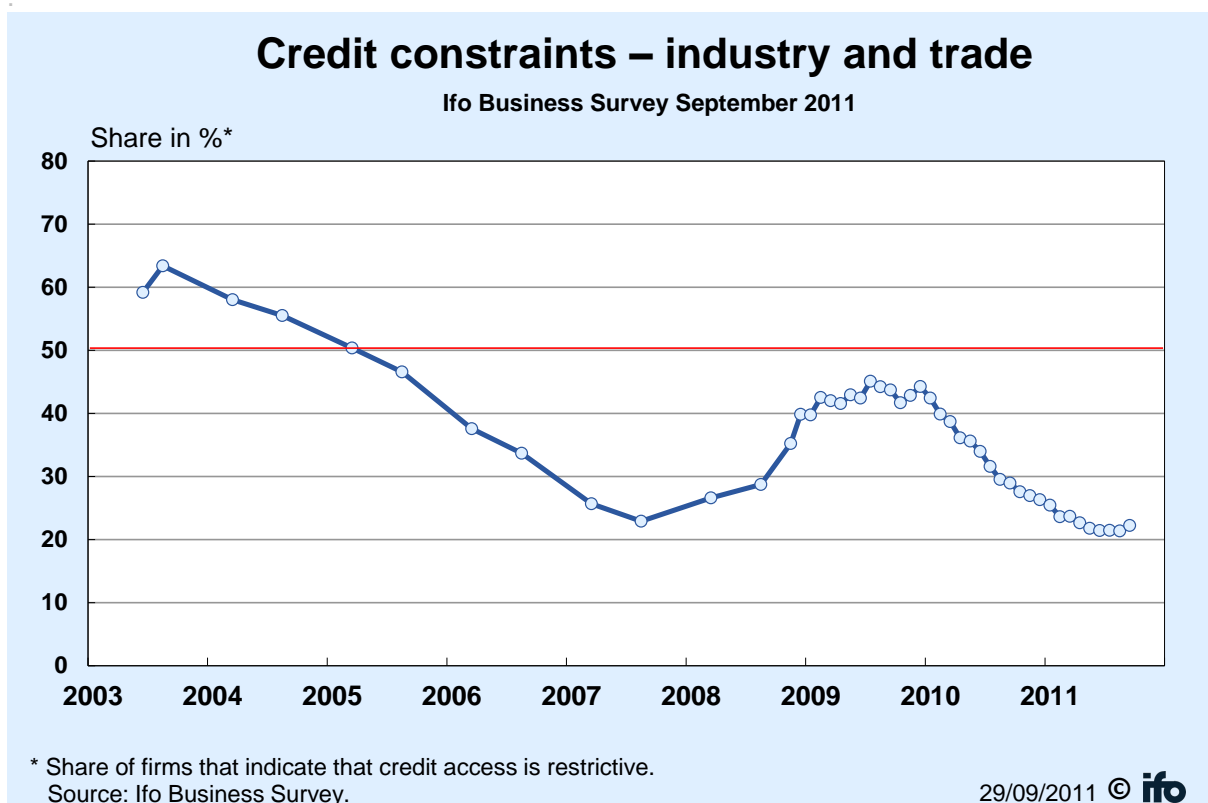
### Credit Constraints Slightly Increased

The credit constraints for German industry and trade have increased slightly in September but remain at a very low level. Of the surveyed companies, 22.2% reported a restrictive credit policy of banks, which is 0.8 percentage points greater than in August. The Ifo survey results show that companies in Germany continue to be able to obtain bank loans on good conditions. It looks as if the Credit Constraint Indicator is bottoming out if not turning around.

In *manufacturing* credit constraints have increased for all company size categories. For large companies, the increase is most evident at 3.8 percentage points. For medium-sized firms the increase was moderate (+0.9 percentage points) and among small firms it was +1.7 percentage points.

In *construction* and *distribution* the credit constraints are virtually unchanged. In construction it rose by 0.2 percentage points to 29.4%. In the distribution sector it increased by 0.1 percentage points to 21.0%.

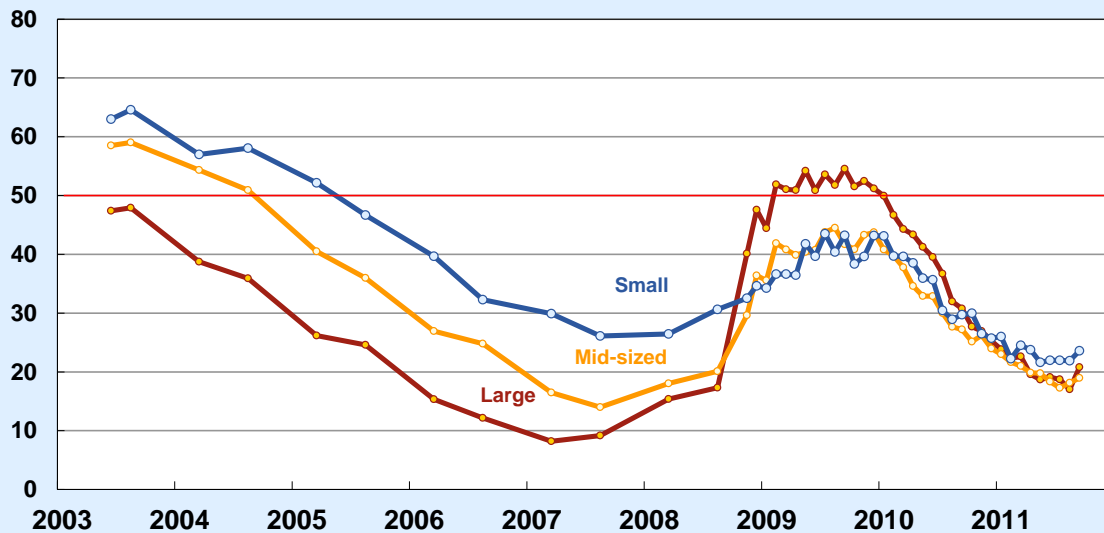
Hans-Werner Sinn  
President of the Ifo Institute



## Credit constraints in manufacturing according to company size

Share in %\*

Ifo Business Survey September 2011



\* 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	09,10	10,10	11,10	12,10	01,11	02,11	03,11	04,11	05,11	06,11	07,11	08,11	09,11
<b>Industry and trade</b>	29.0	27.6	27.0	26.3	25.4	23.6	23.7	22.6	21.8	21.4	21.5	21.4	22.2
<b>Manufacturing firms</b>													
<i>large</i>	30.8	27.7	26.9	25.3	23.8	22.3	22.6	19.6	18.7	19.1	18.7	17.0	20.8
<i>medium-sized</i>	27.2	25.1	26.2	24.0	23.0	21.6	21.0	19.9	19.8	18.3	17.3	18.2	19.0
<i>small</i>	29.7	30.0	26.5	25.7	26.0	22.2	24.5	23.8	21.6	22.0	22.0	21.9	23.6
<b>Construction</b>	35.0	37.3	38.0	39.3	36.3	31.6	32.4	32.8	29.9	29.9	28.4	29.2	29.4
<b>Trade</b>	26.8	24.4	23.3	22.9	22.8	22.2	21.6	20.7	20.6	20.2	21.3	20.9	21.0

Source: Ifo Business Survey

For long time-series in Excel format consult [www.ifo.de/langereihen](http://www.ifo.de/langereihen).

**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 are weighted with the average credit volume of these sectors in 2005.

Large firms are those that have more than 249 employees or a turnover of more than €50 million. Small firms are those that have less than 50 employees or a turnover of less than €10 million.