

Credit Constraint Indicator

From the Ifo Business Survey for January 2012

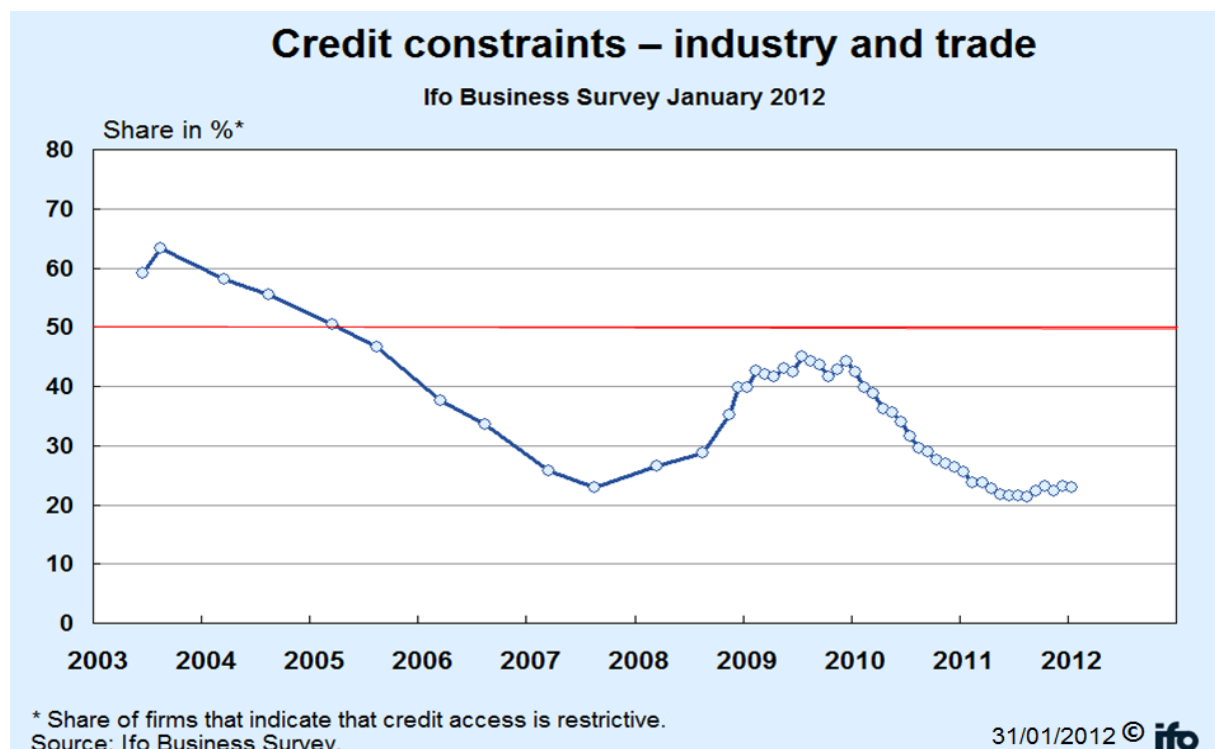
Credit Constraints Remain Low

The credit constraints for German trade and industry fell slightly in January. 22.8% of the companies surveyed reported a restrictive credit policy on the part of banks. This result is 0.3 percentage points lower than in December. The German economy continues to enjoy very favourable financing conditions.

In *manufacturing* the credit constraints for large and medium-sized companies decreased markedly. Reports of restrictive credit constraints fell by 2.2 percentage points to 21.1% at large companies, and by 2.1 percentage points to 18.1% at medium-sized companies. Only small companies reported slight difficulties obtaining credit, with the number of “restrictive” responses increasing by 0.3 percentage points to 24.6%.

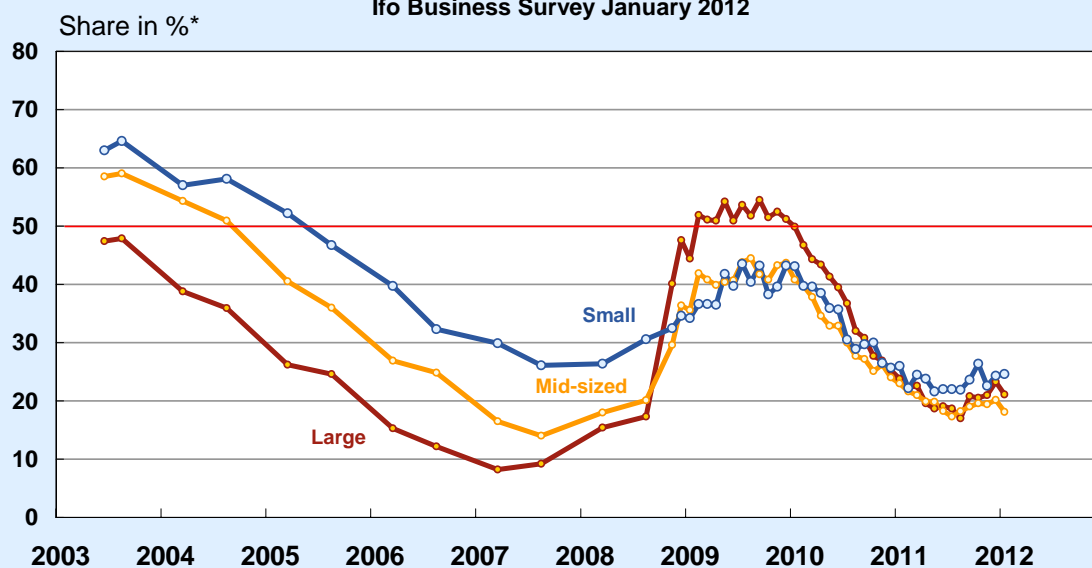
In *construction* credit constraints fell by 0.2 percentage points to 32.1%. In the distributive sectors, on the other hand, credit constraints rose slightly again, and now stand at 21.3%, 1.0 percentage points higher than in December.

Hans-Werner Sinn
President of the Ifo Institute



Credit constraints in manufacturing according to company size

Ifo Business Survey January 2012



* 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	01/11	02/11	03/11	04/11	05/11	06/11	07/11	08/11	09/11	10/11	11/11	12/11	01/12
Industry and Trade	25.5	23.6	23.7	22.6	21.8	21.5	21.4	21.4	22.2	23.1	22.4	23.1	22.8
Manufacturing Industry													
<i>large</i>	23.8	22.3	22.6	19.6	18.7	19.1	18.7	17.0	20.8	20.5	21.0	23.3	21.1
<i>medium-sized</i>	23.0	21.6	21.0	19.9	19.8	18.3	17.3	18.2	19.0	19.6	19.4	20.2	18.1
<i>small</i>	26.0	22.2	24.5	23.8	21.6	22.0	22.0	21.9	23.6	26.4	22.6	24.3	24.6
Construction	36.3	31.6	32.4	32.8	29.9	29.9	28.4	29.1	29.2	32.0	33.0	32.3	32.1
Trade	22.8	22.2	21.6	20.7	20.6	20.2	21.3	21.0	21.0	21.1	20.0	20.3	21.3

Source: Ifo Business Survey

For long time-series in Excel format consult 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 and wholesaling 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.