

## Ifo World Economic Climate

Results of the Ifo World Economic Survey (WES) of the 1<sup>st</sup> quarter 2012  
in co-operation with the International Chamber of Commerce (ICC), Paris

### Ifo World Economic Climate Brightens Slightly

The Ifo World Economic Climate Indicator showed a slight upturn in the first quarter of 2012 after two successive decreases, but remains significantly below its long-term average. The improvement was entirely driven by a slightly more optimistic six-month outlook. Appraisals of the current situation, on the other hand, were poorer than in last quarter's survey. The survey results confirm that the situation of the world economy remains difficult.

The economic climate in *Western Europe* changed very little. While the current economic situation deteriorated further compared to the last quarter of 2011, the six-month outlook brightened slightly, but nevertheless continued to signal scepticism. The economic climate in *Asia* points to an economic slowdown. Significantly poorer appraisals of the current situation pushed the climate indicator further below its long-term average. Positive signs, however, came from *North America*, and especially from the *USA*, where a clear improvement was seen, especially in the current economic situation. The economic six-month outlook is also noticeably more positive than it was three months ago.

*Inflation estimates* for 2012 decreased clearly, dropping to a global average of 3.5%, after last year's figure of 4.0%. WES experts expect *short-term interest rates* to remain *unchanged* and/or to *decrease slightly* over the next six-months.

According to WES experts, the *yen* in particular is over-valued. They expect the global average *dollar exchange rate* to *rise slightly* over the next six months.

Hans-Werner Sinn, President of the Ifo Institute

#### World Economy (Index, base year: 2005 = 100)

Quarter/year	I/2010	II/2010	III/2010	IV/2010	I/2011	II/2011	III/2011	IV/2011	I/2012
<b>Climate</b>	99.5	104.1	103.2	98.6	106.8	107.7	97.7	78.7	82.4
<b>Situation</b>	67.3	80.4	93.5	95.3	102.8	108.4	99.1	86.0	84.1
<b>Expectations</b>	129.8	126.3	112.3	101.8	110.5	107.0	96.5	71.9	80.7

Since 1981 the Ifo Institute has conducted a quarterly survey in numerous countries on business cycle developments and other economic factors in the experts' home countries. The January 2012 survey received responses from 1,129 experts in 120 countries. The survey is conducted in co-operation with the International Chamber of Commerce in Paris (ICC).

A detailed regional analysis appears in the quarterly journal: *CESifo World Economic Survey*. This press release contains advance information on the most important results.

Fig. 1

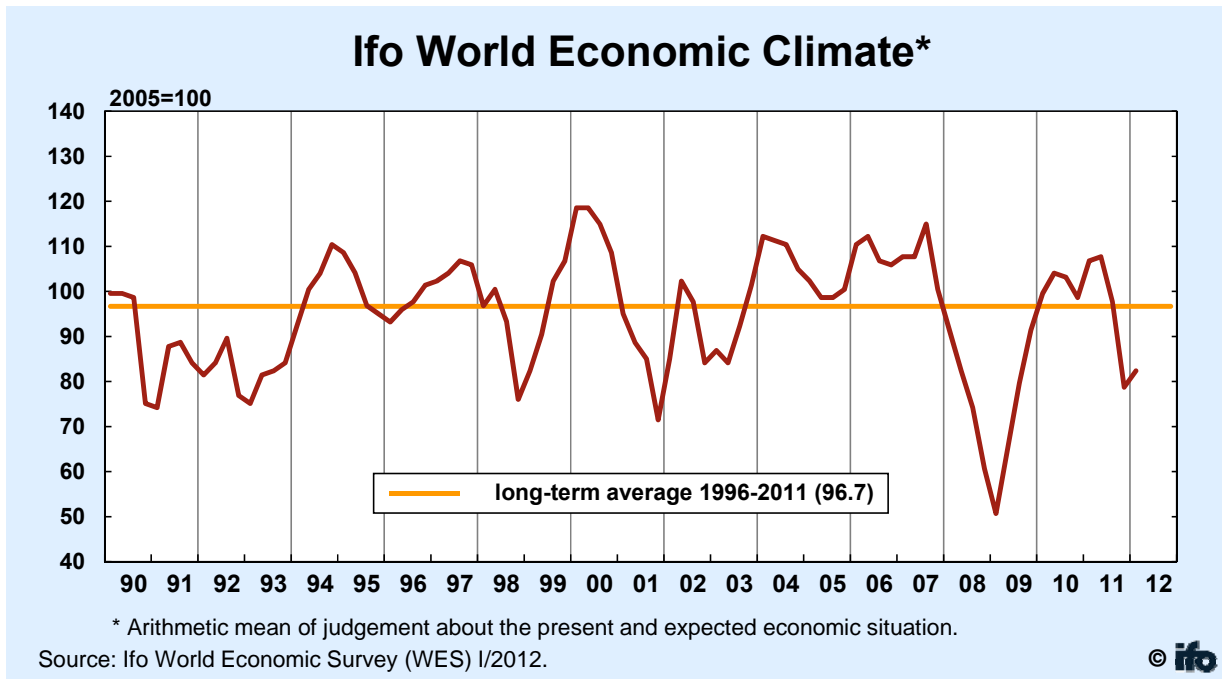


Fig. 2

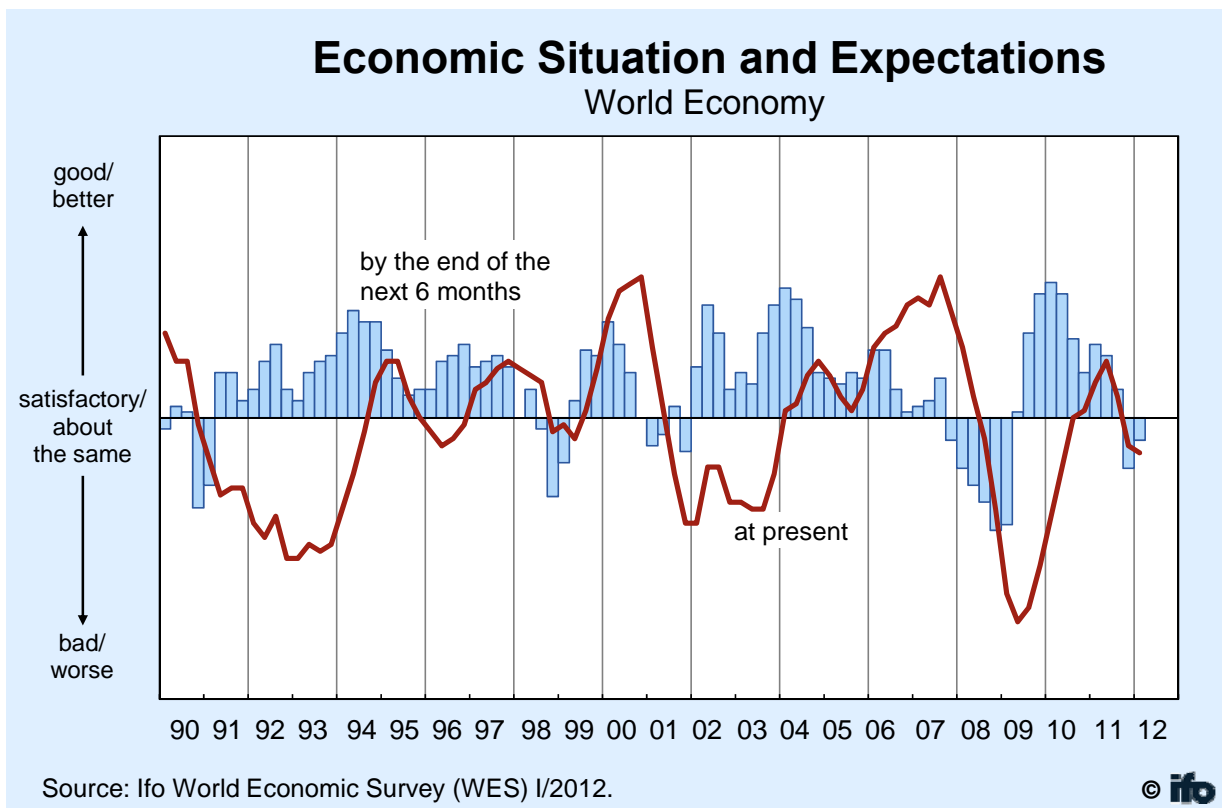
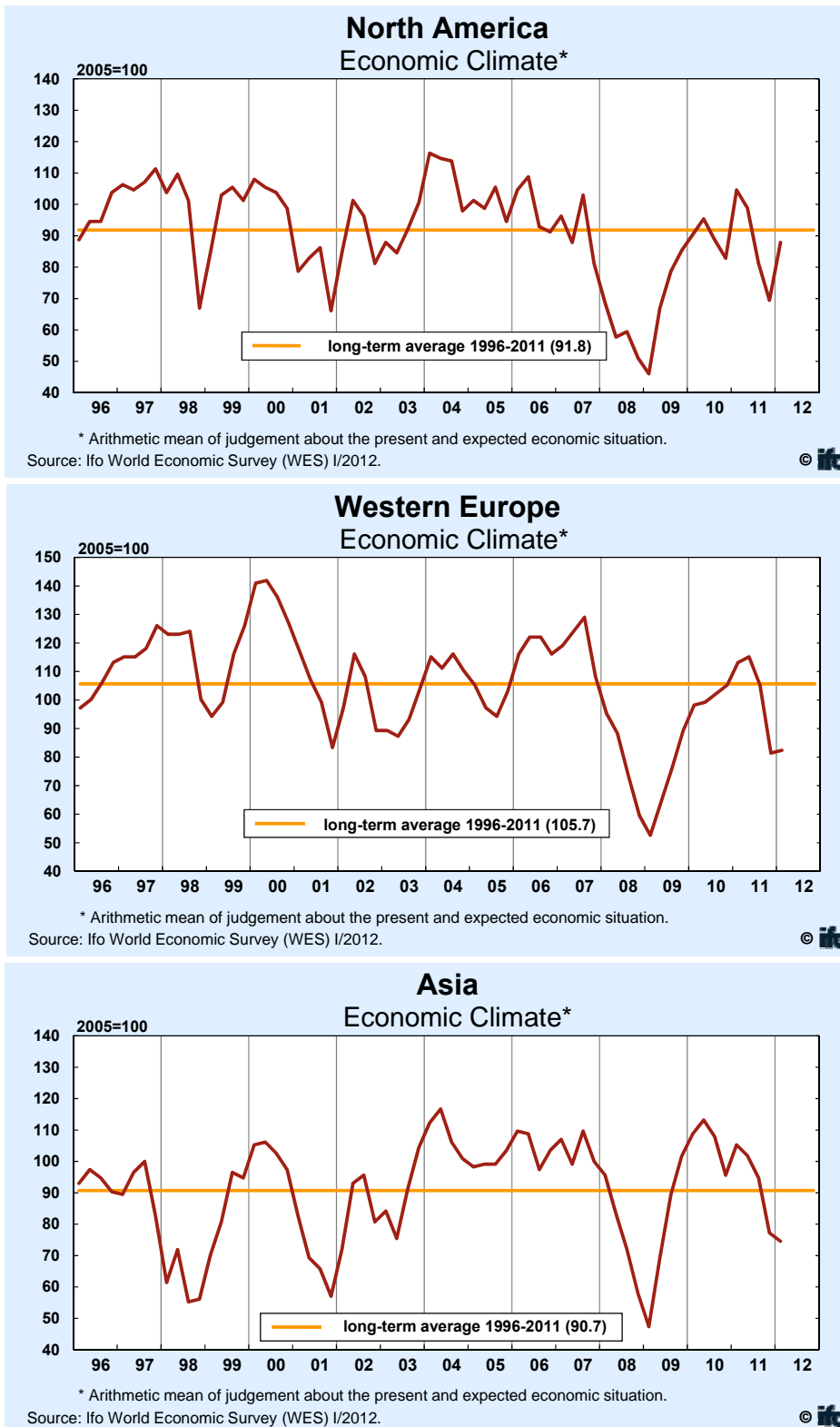


Fig. 3



Climate (2005=100)	I/2010	II/2010	III/2010	IV/2010	I/2011	II/2011	III/2011	IV/2011	I/2012
North America	90.4	95.4	88.7	82.8	104.6	98.7	81.2	69.5	87.9
Western Europe	98.3	99.3	102.2	105.2	113.2	115.1	105.2	81.4	82.4
Asia	108.8	113.2	107.9	95.6	105.3	101.8	94.7	77.2	74.6