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Ifo World Economic Climate for the Euro Area

Advanced results of the Ifo World Economic Survey (WES) of 3rd quarter 2004,
in co-operation with the International Chamber of Commerce (ICC), Paris

Euro area: Improved Economic Climate

The Ifo World Economic Survey confirms that the economic climate in the euro area has improved; the economic recovery will accelerate slightly in the coming months.

The WES indicator for the economic climate in the euro area rose in July 2004. The slight decline in the previous survey has been more than offset (Fig. 1). Especially the assessments of the current economic situation improved compared, but also the expectations for the next six months have brightened.

Within the euro area the current economic situation is favourably assessed in Ireland, Spain and Finland. Also in Greece, Belgium and Austria. The appraisals of the current economic situation were more positive than in the April survey. In France the judgements of the economic situation clearly improved over April, although a satisfactory level has still not been reached. In the Netherlands, Portugal, Germany and Italy, the current business situation was assessed more favourably by the WES experts than in April but still clearly less positively than the euro area average. The expectations for the next six months are definitely positive in all the euro countries.

Hans-Werner Sinn, President of the Ifo Institute for Economic Research

Euro area (Index, 1995 = 100)

Quarter/year	III/02	IV/02	I/03	II/03	III/03	IV/03	I/04	II/04	III/04
Climate	89.8	72.9	73.7	74.6	78.0	85.6	95.8	89.8	96.6
Situation	71.0	54.2	52.3	50.5	48.6	48.6	67.3	63.6	76.7
Expectations	105.4	88.4	91.5	94.6	102.3	116.3	119.4	111.6	113.2

The Ifo World Economic Survey (WES) investigates world-wide economic trends by polling transnational as well as national organisations in different countries. This allows for a rapid, up-to-date assessment of the economic situation prevailing around the world. The full set of results will be published on August 12, 2004.

The July euro area results, which are published here in advance, are based on the responses of 333 economic experts. WES is conducted in co-operation with the International Chamber of Commerce (ICC) in Paris and receives financial support from the European Commission.

Fig. 1

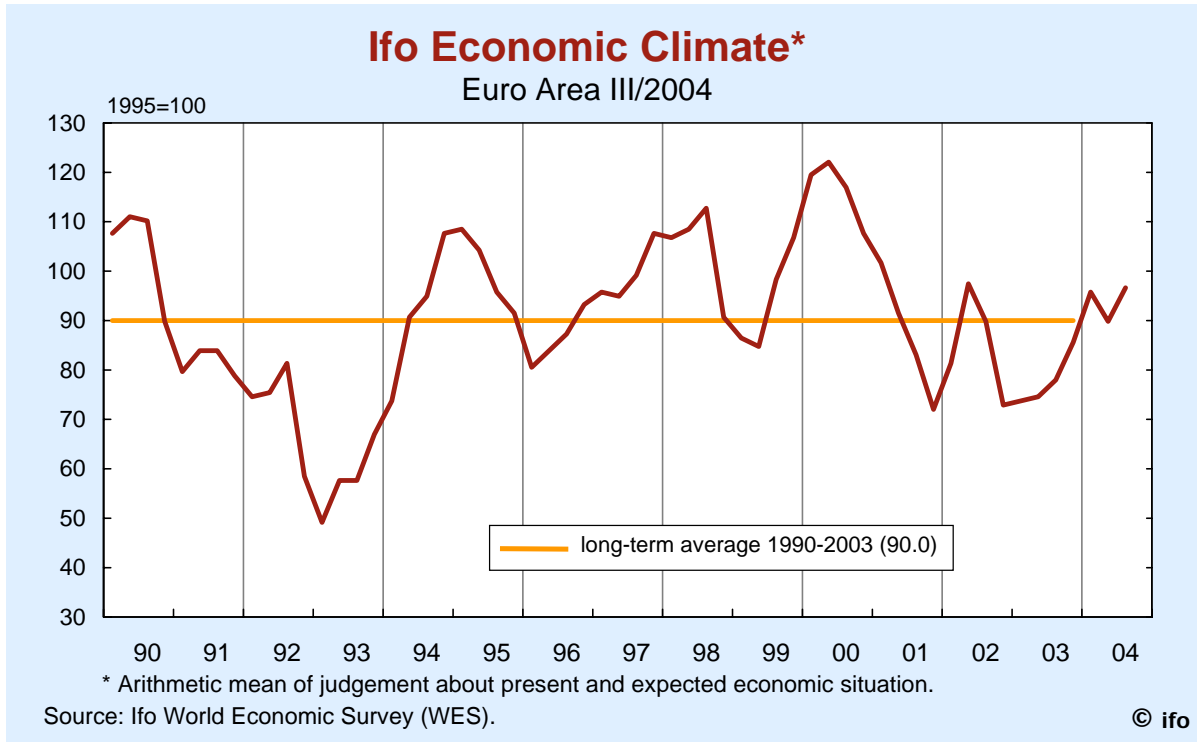


Fig. 2

