

Embargo: Tuesday, 16 November, 11 am GMT

Ifo World Economic Climate for the Euro Area

Advanced results of the Ifo World Economic Survey (WES) of 4th quarter 2004,
in co-operation with the International Chamber of Commerce (ICC), Paris

Euro area: Economic Climate Becomes Somewhat Cloudy

The latest Ifo World Economic Survey indicates that the economic climate in the euro area has worsened slightly in the fourth quarter vis-à-vis the third quarter: The expectations regarding the economic development over the coming six months were less positive than in the previous survey; however, the assessments of the current economic situation have improved slightly (Fig. 1 and Fig. 2). These results indicate that the economic recovery will continue in a weakened form in the first half of 2005.

Within the euro area the current economic situation was again favourably assessed particularly in Ireland, and Finland. The worst appraisals from the surveyed experts again came from the Netherlands, Portugal, Italy and Germany; in all four cases, however, a further improvement in the economy is expected over the coming six months, although the export prospects were appraised less favourably than three months ago. Only in Greece and Spain do the WES experts see a weakening in the economy in the coming six months; in both of these countries, prices have risen at a faster pace than the average for the euro area, which has affected their price competitiveness.

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

Euro area (Index, 1995 = 100)

Quarter/year	IV/02	I/03	II/03	III/03	IV/03	I/04	II/04	III/04	IV/04
Climate	72.9	73.7	74.6	78.0	85.6	95.8	89.8	96.6	89.8
Situation	54.2	52.3	50.5	48.6	48.6	67.3	63.6	76.7	84.1
Expectations	88.4	91.5	94.6	102.3	116.3	119.4	111.6	113.2	94.6

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 November 18, 2004.

The October euro area results, which are published here in advance, are based on the responses of 335 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

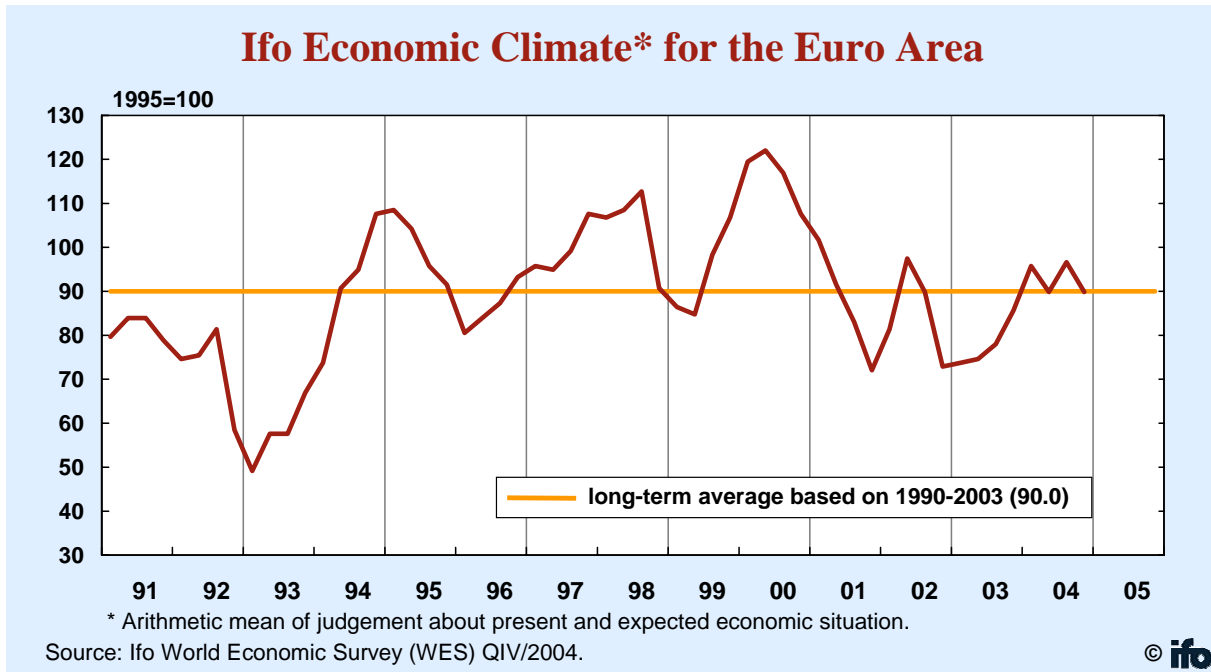


Fig. 2

