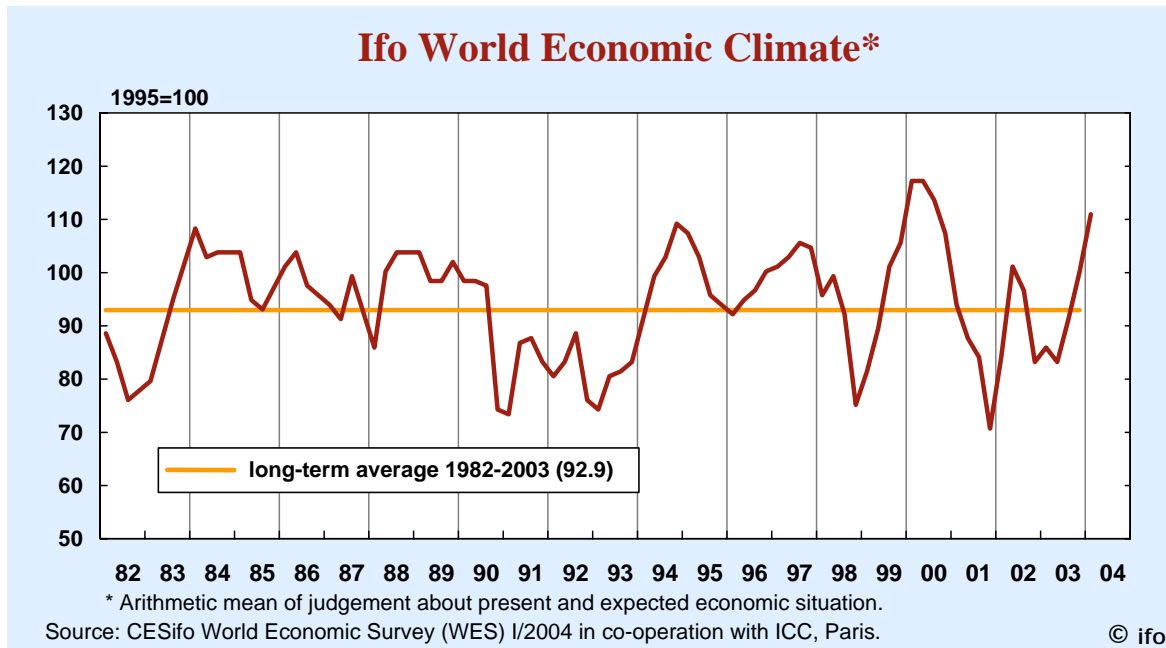


Fig. 1



World Economy (Index, 1995 = 100)

Quarter/year	I/02	II/02	III/02	IV/02	I/03	II/03	III/03	IV/03	I/04
Climate	84.1	101.1	96.6	83.2	85.9	83.2	91.3	100.2	111.0
Situation	63.9	78.5	78.5	69.4	69.4	67.6	67.6	76.7	93.2
Expectations	103.5	122.8	114.0	96.5	101.8	98.2	114.0	122.8	128.1

The Ifo World Economic Survey (WES) investigates world-wide economic trends by polling economic experts from multinational corporations and international organisations. The January 2004 survey received responses from 1,114 experts in 92 countries.

WES is a quarterly survey conducted in co-operation with the International Chamber of Commerce in Paris (ICC) and receives financial support from the European Commission.

A detailed regional analysis appears in the quarterly journal, *CESifo World Economic Survey*.

World economy: Stronger growth expected

Latest Results of the Ifo World Economic Survey (WES) of 1st quarter 2004, in co-operation with the International Chamber of Commerce (ICC), Paris

The WES indicator for the world economic climate took a sharp rise in January 2004 in comparison to the last survey of October 2003 (Fig. 1). The uninterrupted increase in the world indicator since July 2003 this time was particularly due to the more favourable assessments of the current situation. The already optimistic expectations for the next six months again slightly improved (Fig. 2).

The breakdown across regions (Fig. 3) shows that the indicator rose most strongly in North America and in Asia, but it is also pointed clearly upwards in Western Europe and in the other areas of the world.

Overall, the latest survey results are a further indication that the upswing in economic activity worldwide is solidifying and will gain strength in the coming months.

In all areas of the world, the recovery is seen in the opinion of the WES experts as robust, and a continuation of the upturn is expected to last for the next 1 to 2 years.

The fear of terrorist attacks will dampen economic growth in most regions only insignificantly. However, in the Near East, Russia and the United States these concerns are more pronounced, and costs increases from governments' security measures on business are heavier than in the other regions.

The increase in consumer prices will average 2.7% worldwide in 2004, according to the expectations of the WES experts, and will thus be significantly lower than the survey expectations for 2003 made one year ago (3.2%). In the euro area a price increase of just under the 2%-level is expected (1.9%), which matches the target of the European Central Bank fairly precisely. For the US the WES experts see price increases in 2004 matching that of 2003 (2.2%). Thus the inflation rate will remain clearly within the 2.5% boundary that is considered tolerable by the Fed.

An increasing majority of WES experts is regarding the euro as overvalued. To a lesser degree, this assessment also holds for the British pound, whereas the US dollar is seen as undervalued by even more experts than in the two previous surveys. In contrast, the survey experts assess the Japanese yen as nearly at the appropriate value.

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

Fig. 2

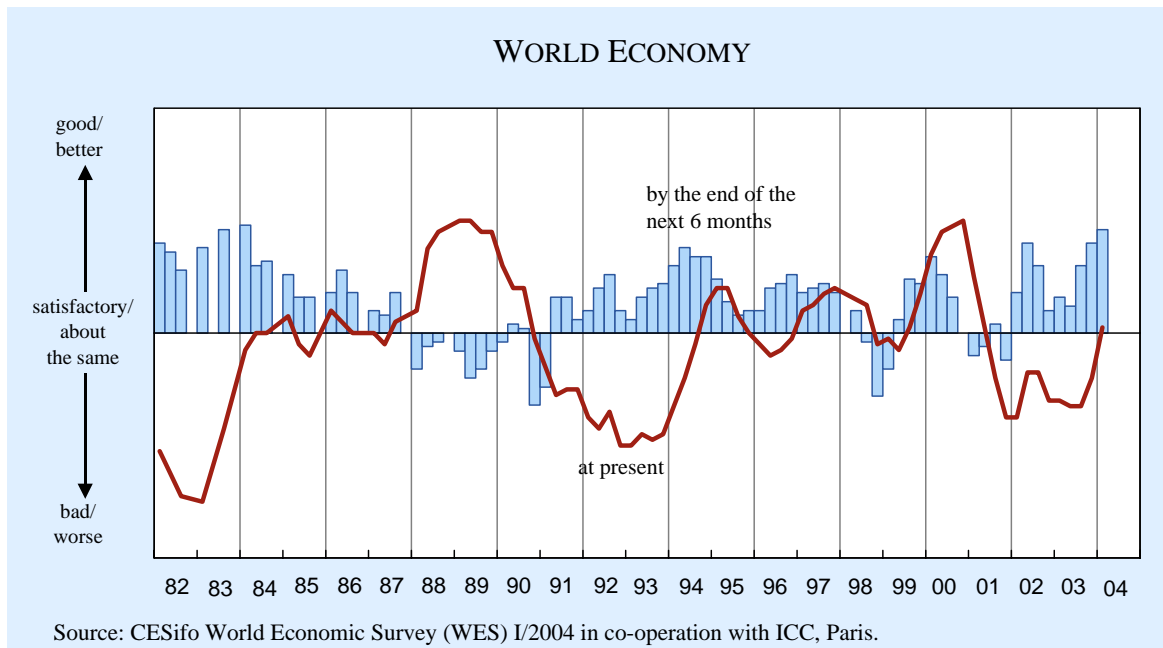
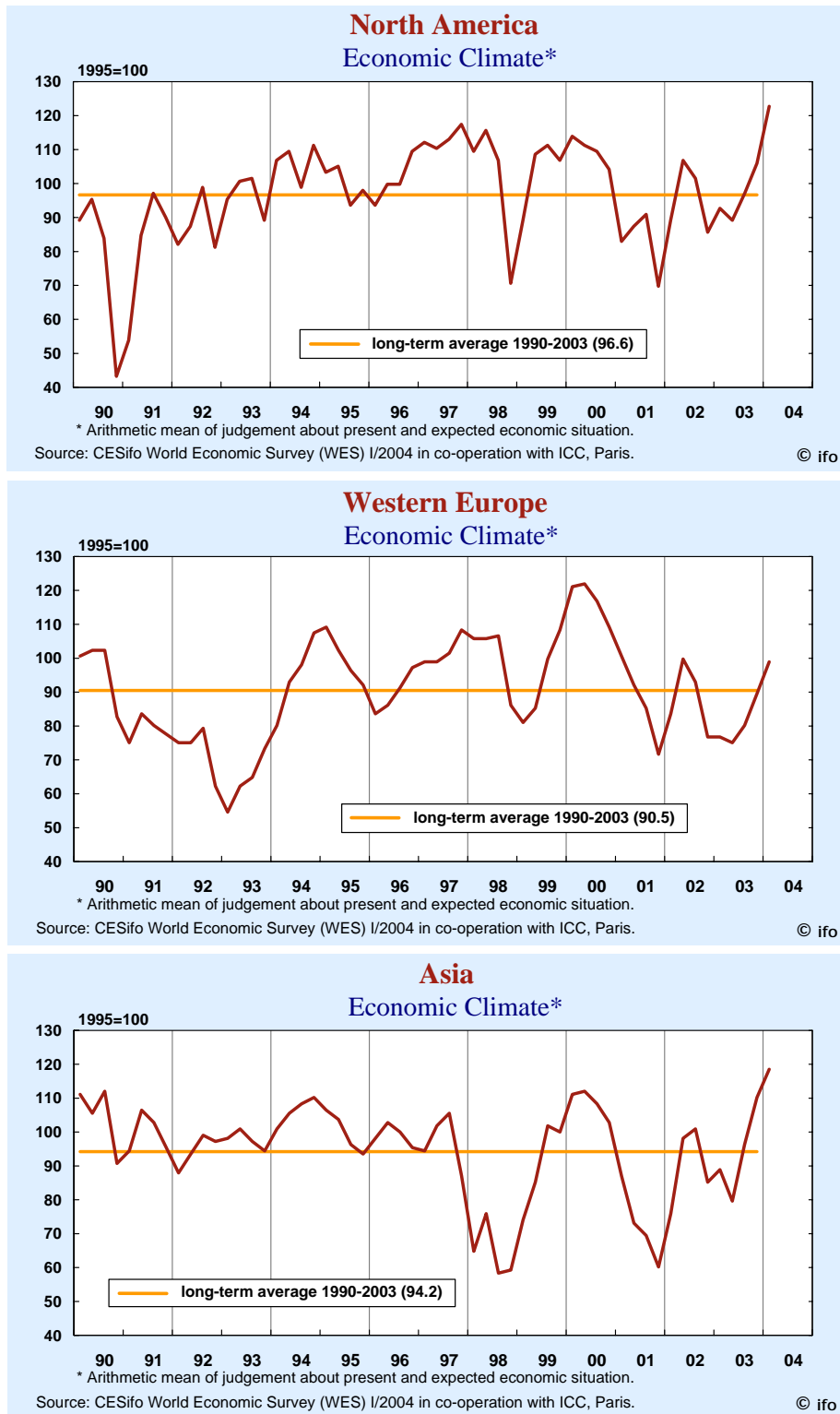


Fig. 3



Climate (1995=100)	I/02	II/02	III/02	IV/02	I/03	II/03	III/03	IV/03	I/04
North America	89,2	106,8	101,5	85,7	92,7	89,2	97,1	106,0	122,7
Western Europe	83,6	99,8	93,0	76,8	76,8	75,1	80,2	89,6	98,9
Asia	75,9	98,1	100,9	85,2	88,9	79,6	96,3	110,2	118,5