CESifo World Economic Survey

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WORLD ECONOMIC CLIMATE

World Economic Climate remains almost unchanged

ECONOMIC EXPECTATIONS

Economic expectations barely improved

INFLATION

Low inflation expectations

CURRENCIES

US dollar expected to rise

INTEREST RATES

Interest rates look set to remain stable

SPECIAL TOPIC

Bank asset quality reviews, stress tests and their perception in terms of transparency and investor confidence



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Authors of this publication:

Johanna Plenk, e-mail <u>plenk@ifo.de</u> (Responsible for statistical processing and analysis)

Dr. Gernot Nerb, e-mail <u>nerb@ifo.de</u> (Industrial Organisation and New Technologies)

Dr. Klaus Wohlrabe, e-mail <u>wohlrabe@ifo.de</u> (Head of Ifo surveys)

Dr. Tim Oliver Berg, e-mail <u>berg@ifo.de</u> (Economist)



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Editor: Dr. Gernot Nerb, e-mail <u>nerb@ifo.de</u> Reproduction permitted only if source is stated and copy is sent to the Ifo Institute

Ifo World Economic Survey

Regions

- World Economy: World economy shows little dynamism, but significant regional differences
- Western Europe: Economic climate recovers slightly
- North America: Economic climate indicator on the rise again
- Eastern Europe: Present economic situation remains unchanged, economic expectations improve slightly
- CIS: Economic climate remains fairly subdued
- Asia: Climate indicator falls further
- Oceania: Economic climate barely changed
- Latin America: Economic climate continues to deteriorate
- Near East: Falling oil prices overshadow outlook
- Africa: No unified economic trend

Notes

The World Economic Survey (WES) assesses worldwide economic trends by polling transnational as well as national organisations worldwide on current economic developments in their respective countries. Its results offer a rapid, up-to-date assessment of the economic situation prevailing around the world. In *January 2015, 1,071* economic experts in *117* countries were polled.

Methodology and evaluation technique

The survey questionnaire focuses on qualitative information: assessments of a country's general economic situation and expectations regarding key economic indicators. It has proven a useful tool, since it reveals economic changes earlier than conventional business statistics.

The individual replies are combined for each country without weighting. The grading procedure consists in giving a grade of 9 to positive replies (+), a grade of 5 to indifferent replies (=) and a grade of 1 to negative (-) replies. Overall grades within the range of 5 to 9 indicate that positive answers prevail or that a majority expects trends to increase, whereas grades within the range of 1 to 5 reveal predominantly negative replies or expectations of decreasing trends.

The survey results are published as aggregated data. The aggregation procedure is based on country classifications. Within each country group or region, the country results are weighted according to the individual country's exports and imports as a share of total world trade.

CES – *Center for Economic Studies* – is an institute within the department of economics of Ludwig Maximilian University, Munich. Its research, which focuses on public finance, covers many diverse areas of economics.

The *Ifo Institute* is one of the largest economic research institutes in Germany and has a three-fold orientation: to conduct economic research, to offer advice to economic policy-makers and to provide services for the research and business communities. The Ifo Institute is internationally renowned for its business surveys.

CESifo is the name under which the international service products and research results of both organisations are published.

IFO WORLD ECONOMIC CLIMATE REMAINS ALMOST UNCHANGED

The Ifo Index for the world economy edged upwards to 95.9 points after tumbling to 95.0 points last quarter. The improvement in the world economic climate was entirely due to slightly more positive economic expectations. Assessments of the current economic situation remained at last quarter's level (see Figures 1 and 2). Overall, the world economy shows little dynamism (see Box 1), but there are significant regional differences.

World economy shows little dynamism, but significant regional differences

months. Fiscal policy will be less restrictive in most of the major advanced economies, although to very different degrees. In the *euro area* in particular fiscal policy is hardly expected to have any further restrictive impact in 2014 or 2015, as the urgently needed consolidation efforts of the last three years have already triggered huge negative economic impulses in many places. In the majority of emerging economies fiscal policy will remain neutral at the very least. *India* and *China* are the only countries in which the economy will be boosted by public investment programmes in 2015.

high inflation rates or a depreciation of their domestic

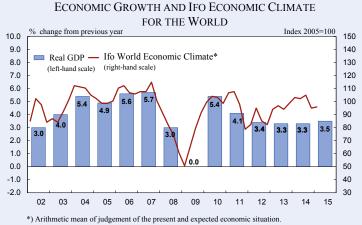
currency. China's central bank was the only institution to

slightly step up its expansive monetary policy in recent

The pace of world economic growth slowed markedly in

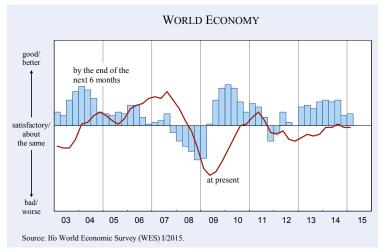
mid-2014. Global industrial production increased by only half as much in the second and third quarters of 2014 as in the preceding winter period. This development relates mainly to a considerable slowdown in economic activity in the euro area and Japan, despite the robust growth rates in aggregate production in other advanced economies, especially in the USA and the United Kingdom. The slight acceleration in economic activity in the emerging economies over the past two quarters was not strong enough to offset the slowdown in the industrialised economies. Monetary policy in the major advanced economies remains very expansive. While central banks in the US and United Kingdom put a stop to their securities purchases and held out the prospect of initial base rate increases in 2015, their counterparts in the euro area and Japan loosened their monetary reins even further. The degree of monetary policy expansion seen in emerging economies was also mixed in recent months. Most central banks in these economies were forced to increase their base rates, several times in some cases, to counteract

Figure 1



Sources: IMF, World Economic Outlook October 2014 - Update January; Ifo World Economic Survey (WES) I/2015.



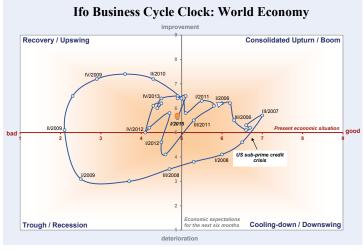


Box 1

Ifo Business Cycle Clock for the World Economy

A glance at the Ifo Business Cycle Clock, showing the development of the two components of the economic climate in recent years can provide a useful overview of the global, medium-term forecast. The business cycle typically proceeds clockwise in a circular fashion, with expectations leading assessments of the present situation

According to the January survey, the Ifo Indicator for the World Economy barely changed. While assessments of the current economic situation remain unchanged compared to the survey at the end of 2014, economic expectations for the next six months brightened only marginally. As a result, the indicator is stuck in the recovery-quadrant. The recovery in the world economy is not really making any headway.



Source: Ifo World Economic Survey (WES) I/2015.

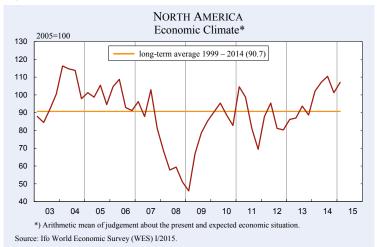
The Ifo World Economic Climate is the arithmetic mean of the assessments of the current situation and economic expectations for the next six months. The correlation of the two climate components can be illustrated in a four-quadrant diagram ("Ifo Business Cycle Clock"). The assessments on the present economic situation are positioned along the abscissa, the responses on the economic expectations on the ordinate. The diagram is divided into four quadrants, defining the four phases of the world business cycle. For example, should the assessments of the interviewed experts on the present situation be negative, but the expectations became positive, the world business cycle is in an upswing phase (top left quadrant)

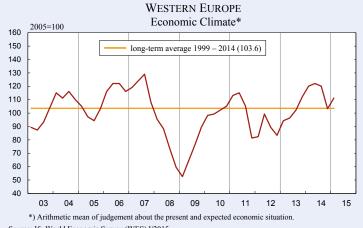
The economic climate developed differently across continents. The Ifo economic climate improved in North America and Europe. While the brightening was mainly due to assessments of the current economic situation in North America, the economic climate in Europe mainly improved thanks to more confident economic expectations. In all other regions the economic climate continued to deteriorate. In Asia the indicator only fell slightly below its long-term average. While China's economy continued to weaken slightly, in India the outlook, which was already very positive, improved further. The decline in the Near East was more marked, with WES experts in this region primarily expressing greater pessimism about developments over the next six months. The CIS states and Latin America continue to bring up the economic rear. The economic climate

indicator in both regions fell even further below its respective longterm averages. The crisis that recently flared up in the *Ukraine* has its effects on the survey results, with the economic outlook in *Russia* falling to its lowest level since 1992.

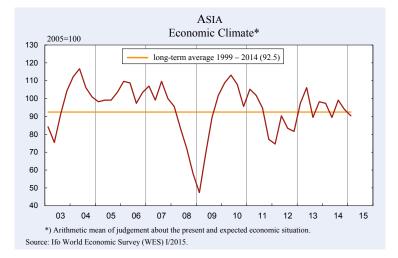
The global economy is expected to slowly gather momentum over the next quarters. In the USA and United Kingdom the recovery will continue at approximately the same pace as in recent quarters. In the US in particular, domestic demand will be boosted by the improved asset position of households and companies, a brightening in the labour and real-estate markets, expansive monetary policy and the diminishing restrictiveness of fiscal policy. These factors will ensure that the upturn continues. In India and several Eastern Asian emerging economies, aggregate production will also expand faster in 2015. The recent development in crude oil prices is expected to boost global economic developments this year. Despite geopolitical tensions in Eastern Europe and the Middle *East*, the price of a barrel of Brent has dropped by over 40% since June. This decline was mainly

supply-side driven by ramped up production in the USA; and to a limited degree demand-side driven by the cooling down in the world economy. Oil importers like the advanced economies, as well as China, India and Eastern Asian economies will be the main beneficiaries of lower oil prices. The numerous structural problems experienced by several large emerging economies (Brazil and Argentina), as well as key advanced economies, will act as a brake on the world economy. The banking sector remains undercapitalized in several euro area countries, the debt levels of private households and companies are still very high, international competitiveness is relatively low and product and labour markets remain fairly inflexible. In France and Italy, in particular, several urgently needed reforms have not yet been implemented. These countries are hardly expected





Source: Ifo World Economic Survey (WES) I/2015.



to grow in 2015, which, in turn, will significantly burden developments in the overall economic output of the currency union. In *Japan* the pace of growth in the year ahead is also expected to remain sluggish. On top of a recent drop in the real disposable income of private households, this sluggishness will primarily be due to the shrinking potential labour supply, strong segmentation in the energy and services sectors, as well as an overregulation of labour and product markets. *China's* economy will probably experience a slight drop in growth rates in 2015.

The risks to the world economy are significant and have not changed much compared to the previous quarter. There are still problems in China's real-estate market, but also with respect to Russia's conflict with the West. The weaker price dynamic in the euro area also points to risks. Furthermore, the recent election in Greece seems to be triggering a new political debate and creating a new dynamic in how to deal with the still unresolved European debt crisis. Finally, experts have different opinions on how the latest ECB announcements to expand the asset purchase programme will affect the real economy.

Western Europe: Economic climate recovers slightly

The economic climate index for *Western Europe* rose to 111.2, from 103.2 at the end of 2014, and surpassed its long-term average of 103.6 (1999-2014, see Figure 3). Assessments of both the present economic situation and economic expectations have been revised upwards markedly. While appraisals of the present economic situation once again remain in unsatisfactory territory, economic expectations are clearly more positive (see Figure 4). A similar pattern applies to the *euro area*, where the indicator at 112.7

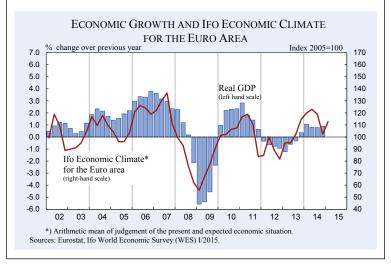
surpassed its 16-year average of 106.1. Despite this significant brightening of both components of the economic climate, the present economic situation in the *euro area* remains below the satisfactory level, according to WES experts. However, economic expectations for the next six months are clearly more

Box 2

World Economic Survey (WES) and GDP Growth in the Euro Area

The Ifo Economic Climate for the 19 member countries of the euro area is the arithmetic mean of assessments of the general economic situation and the economic expectations for the next six months. The January results are based on responses from 291 experts. As a rule, the trend in the Ifo Economic Climate indicator correlates closely with the actual business cycle trend for the euro area – measured in annual growth rates of real GDP (see Figure).

The Ifo Index for the economic climate in the euro area rose to 112.7 points in the first quarter from 102.3 points last quarter. It is now above its long-term average of 106.1 points. Assessments of both the current economic situation and of the sixmonth economic outlook brightened. There are signs of an economic recovery in the euro area. With the exception of Greece and Finland, the current economic situation improved, or at least remained unchanged, from the end of 2014 in all countries of the euro area. Despite this improvement, assessments of the current economic situation remain unfavourable in the majority of countries in the euro area, with the exception of Germany, the Baltic countries and Slovakia, where assessments are favourable. Experts were positive about the current economic situation in Ireland for the first time in over seven years. Optimism about economic developments over the next six months grew nearly everywhere. In Greece, Portugal, Lithuania and Slovenia, by contrast, economic expectations were slightly less positive compared to last quarter. Only experts in Greece expect prices to fall on annual average in 2015. Mid-term inflation expectations vary considerably from country to country and are consistently above 1%.

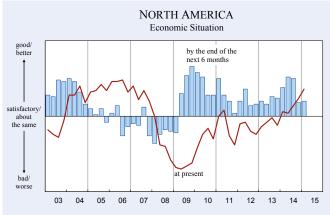


optimistic than in the previous survey. Thanks to the falling euro exchange rate, stronger impulses from exports are expected.

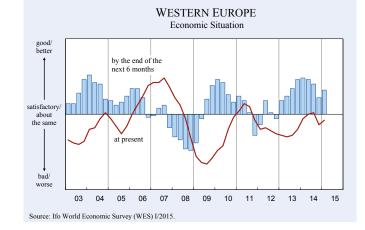
In *Greece* and *Finland*, the present economic situation was assessed more negatively than three months ago. In *Italy, France, Portugal, Spain* and *Cyprus*, the present economic state also remains weak, even although assessments in these countries are partly somewhat less negative than three months ago. In *Italy* and *Greece* in particular, firms have strongly constrained access to bank credit, according to WES experts. Nevertheless, in most of the countries optimism regarding future economic developments, which was waning at the end of 2014, started to return. Greece, Portugal and Cyprus were exceptions to this rule. WES experts in these countries were less optimistic than three months ago (see Figures 5a and 5b). In Austria and Belgium, survey participants are more unsatisfied with current economic performance compared to the fourth quarter of last year. In Austria, capital expenditure is considered to be weak at present. A positive signal is that the six month economic outlook brightened somewhat in both countries and points to some improvements in their respective economies in the months ahead. The present economic situation in the Netherlands seems to have improved, as the number of negative reports from WES experts has fallen steadily and economic expectations for the next six months remain fairly confident. However, at present the country is still suffering from weak private consumption, say experts. In Slovenia, the economic situation once again remained unchanged at a low level. Here, WES experts again reported heavy credit constraints on companies. Survey participants' optimism regarding the next six months started to wane again, but still points to further improvements in the economy. In Ireland,

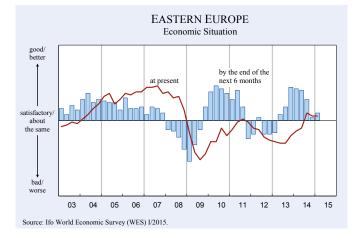
positive changes were recorded and the present economic situation returned to satisfactory territory for the first time in nearly seven years. The economies of *Luxembourg, Latvia* and *Estonia* continue to perform satisfactorily, according to WES experts. However, as far as the six month economic outlook is concerned, opposing developments emerged. While the economic situation in *Ireland, Estonia* and *Luxembourg* is expected to improve further in the months ahead, pessimism continues to prevail among experts in *Latvia*. The best economic performance at present in the *euro area* was attested to *Germany*, as in previous surveys. In this survey *Lithuania*, which introduced the *euro* currency at the

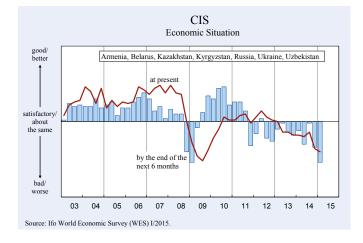
Selected Regions

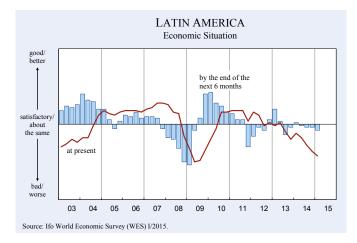


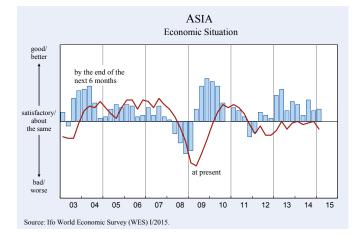
Source: Ifo World Economic Survey (WES) I/2015.











beginning of 2015, and *Slovakia*, where the present economic situation received the most positive assessments for about six years, also rank close to the top. Economic expectations remain stable at a high level. WES experts in *Germany* have become more optimistic with regard to the six-month economic outlook, whereas those in *Lithuania* are somewhat less positive.

Outside the euro area the general economic situation appears friendlier, and more so in most of the countries in this area than at the end of 2014. The present economic situation in Monaco, Sweden, Switzerland and the United Kingdom was again assessed as favourable. In all of those countries, private consumption is performing well at present. The six-month economic outlook is again more positive and signals further improvements in the months ahead; except for in Switzerland, where the experts surveyed expect stabilisation, rather than economic expansion. The recent strong appreciation of the Swiss franc could be a threat to the economy. In Norway, assessments of the present economic situation were less positive than three months ago, and the economic expectations for the next six months in particular clouded over heavily. As a net oil exporter, the strong fall in oil prices appears to be the reason for the depressed economic outlook in Norway reported by WES experts. In Denmark, assessments of the present economic situation remain below a satisfactory level, and as far as economic developments in the next six months are concerned, WES experts were less optimistic than last quarter.

North America: Economic climate indicator on the rise again

After having lost steam somewhat at the end of 2014, the economic climate indicator for North America started to rise again to 107.1 index points, from 101.3 last quarter (long-term average of 90.7). The increase in the climate indicator was mainly driven by more favourable assessments of the present economic situation. Economic expectations barely changed compared to the survey in October and remain positive (see Figures 3 and 4). In the US, the rise in the indicator was even more pronounced, with assessments of both the current economic situation and economic expectations significantly more positive. However, less impetus from exports is likely over the next six months. According to WES experts, credit constraints for US companies seem to be absent and thus financing conditions for firms are good. WES experts also see no

constraints on bank credit for firms in *Canada*. Unlike in the *US*, the economic climate indicator fell in *Canada*, albeit only marginally. While appraisals for the present economic situation improved strongly and are, on the whole, in favourable territory, economic expectations were downgraded sharply and WES experts have become sceptical about developments in the months ahead. One explanation for this scepticism could be falling oil prices, which may have a negative impact on the economy.

Eastern Europe:

Present economic situation remains unchanged, economic expectations improve slightly

In *Eastern Europe* the economic climate index rose slightly to 85.9 from 83.5 index points in the previous survey. While assessments of the present economic situation remain unchanged and satisfactory, economic expectations are marginally more positive than three months ago (see Figures 4 and 7).

The present economic situation in the Czech Republic, the Baltic states (Estonia, Latvia, Lithuania) and Slovakia, as well as in Poland, once again received favourable assessments by the experts surveyed. With the exception of the Czech Republic, appraisals were even upgraded compared to the survey at the end of 2014. With regard to the economic developments in the months ahead, WES experts in most of these countries were again more positive than in October. Experts in Latvia, on the other hand, were predominantly sceptical about the economic outlook; and for Lithuania WES experts expect economic stabilisation rather than expansion in the months ahead. In Hungary and Romania, the economic situation, which was given satisfactory appraisals in the previous survey for the first time in over six years, deteriorated again. In both countries, capital expenditure is considered to be weak at present and WES experts reported strongly constrained bank lending to firms. While Romanian experts are clearly more optimistic with regard to the next six months, economic sentiment for Hungary continued to weaken and the majority of experts surveyed expect a further worsening of economic conditions in the months ahead. In Croatia no changes for the better were recorded and the economic experts surveyed once again unanimously attested to their country's poor economic situation. Assessments of the current economic situation in Bulgaria also remain unfavourable. However, economic expectations in both

countries clearly brightened up and signal some easing of current weak economic conditions in the months ahead.

In Kosovo and Macedonia, two Eastern European countries outside the EU, the present economic situation was again assessed as satisfactory and is expected to remain so for the next six months. In Albania and Serbia, the present economic situation remains unfavourable, despite some slight upwards revision for Serbia compared to the previous survey. There was no positive news from Bosnia and Herzegovina concerning the still weak current situation, but economic sentiment for the next six months turned positive on balance. In Albania and Serbia economic expectations were downwardly revised and no major improvement in current weak economic conditions in either country is expected in the months ahead.

CIS: Economic climate remains fairly subdued

The economic climate indicator for the CIS countries covered by WES (Russia, Ukraine, Kazakhstan, Kyrgyzstan, Uzbekistan and Armenia) continued to fall and lies at 43.9, more than 40 index points below its long-time average of 88.1. Assessments of both the present economic situation and, to an even greater degree, expectations for the next six months, deteriorated clearly and negative sentiment continues to prevail (see Figure 4). The economic climate primarily deteriorated in Russia and the Ukraine. In both countries, WES experts rated the supply of bank credit to firms as strongly constrained and the legal and administrative restrictions on foreign firms seeking to invest remain relatively high (see Tables 1 and 2). This fairly poor economic performance is likely to last in both countries, as the majority of experts expect the situation to get worse in the months ahead. In Kyrgyzstan no positive changes were reported and appraisals of the economic situation are once again unfavourable. In Armenia, appraisals of the economic situation moved from satisfactory into unfavourable territory. In both countries, economic expectations point to further deterioration in the months ahead. In Belarus, Kazakhstan and Uzbekistan a far friendlier present economic situation prevails than in the other CIS countries, although downwards adjustments are visible in Kazakhstan compared to the survey in October. As far as future economic developments are concerned, WES experts are only optimistic for Uzbekistan, while they expressed scepticism for Belarus and Kazakhstan.

Asia: Climate indicator falls further

With a decline of 3.5 index points, the downturn in the economic climate index in *Asia* was less pronounced than in other regions: At 90.4 points, the indicator now lies slightly below its long-term average of 92.5. While appraisals of the present economic situation deteriorated and are now in unfavourable territory, the economic outlook for the next six months remains positive (see Figures 3, 4 and 8).

In China, the economic climate worsened again, albeit only slightly, due to more negative assessments of economic expectations. Appraisals of the present economic situation remain on average just as unfavourable as last quarter, and capital expenditure is particularly weak at present. The extent of the supply of bank credit to firms was assessed as strongly constrained. With regard to the next six months, WES experts turned more cautious and expect the economy to stabilise rather than to expand. For Japan, some improvements compared to the previous survey were visible. Even although there were no major changes in assessments of the current economic situation, which is still regarded as unfavourable, the economic outlook is far friendlier than three months ago. WES experts in Bangladesh, Hong Kong, Indonesia and Singapore revised their respective assessments of the present economic situation considerably downwards. Nevertheless, on balance, the current economic state was still assessed as satisfactory in all these countries. The same applies to India, Malaysia, Sri Lanka, Taiwan and Vietnam, where no major changes occurred in the present economic situation compared to the previous survey. With regard to the economic developments in months ahead, WES experts remain optimistic for Bangladesh, Indonesia, Taiwan and Vietnam, and at least positive for Singapore and Sri Lanka. In turn, for Hong Kong and Malaysia the economic outlook clouded over and WES experts expressed caution concerning the next six months. The best WES rating of the current economic situation in the region was again received by the Philippines. The economic situation is expected to remain good in the months ahead, even although there were some slight downward revisions visible compared to the survey at the end of 2014. In South Korea, assessments of the present economic situation deteriorated into unfavourable territory. However, this will probably only be short-lived, as economic expectations are clearly pointing upwards for the next six months. By far the worst economic performance in the region was again reported from WES experts for

Pakistan and *Thailand*. While the economic situation improved slightly for *Pakistan*, it got worse for *Thailand* compared to the survey in October. Overall, in both countries it was assessed as weak, but economic expectations for the next six months remain fairly confident, signalling the chance of some improvement ahead.

Oceania: Economic climate barely changed

In Oceania the economic climate recovered only slightly to 91.5 index points, from 90.6 in October 2014 (longterm average 101.6). While assessments of the present economic situation continued to deteriorate, economic expectations, by contrast, brightened further. This pattern was particularly true for Australia. Here, the present economic situation remains in satisfactory territory, despite the slight downwards revision compared to the survey in October. Economic expectations signal less scepticism than three months ago. The experts surveyed expect some strengthening in exports, while capital expenditure is likely to deteriorate in the six months ahead. Financial conditions for firms are exceptionally good at present, as WES experts reported no constraints on the supply of bank credit. In New Zealand, by contrast, the extent of bank credit constraints has increased continuously over the past two years and is now reported to be moderately constrained by WES experts. Overall, for New Zealand no major changes compared to the survey in October were recorded. According to WES experts, the economy continues to perform very well at present, and the economic outlook remains positive.

Latin America: Economic climate continues to deteriorate

The economic climate index for *Latin America* continued to decline for the fourth time in succession to 67.9 points, from 72.4 in the previous quarter. The indicator now stands about 23 index points below its long-term average (1999-2014: 91.0). Assessments of both the present economic situation and the six-month economic outlook deteriorated, with negative sentiment gaining the upper hand (see Figures 4 and 9).

In *Brazil*, no changes were recorded versus the previous survey and assessments of the current situation remain at their lowest point in over 15 years. Capital expenditure is considered to be particularly weak at present. WES experts also remain cautious about the six-month economic outlook and do not expect the situation to improve significantly. The strongest downward revision in appraisals of the present economic situation took place for Mexico, which received its worst grading in nearly five years. At least the economic outlook remains positive, signalling hope that the Mexican economy will receive delayed impulses from the robust business cycle in the US, its most important trade partner. In Argentina, assessments of the present economic situation remain subdued. Experts' economic expectations started to brighten up again, with fewer experts expressing caution about future economic developments. In Venezuela and El Salvador the present economic situation remains weak, according to WES experts, despite some slight easing in El Salvador versus the previous survey. In Venezuela, the economic situation is expected to deteriorate further, as the country struggles with less revenue from the oil sector due to tumbling oil prices. Currency depreciation is likely to continue in the months ahead, accompanied by an increasingly high stubborn double-digit inflation rate. By contrast, the experts surveyed in El Salvador are much more positive with regard to future economic developments in the months ahead and expect the situation to ease further. Assessments of the economic situation for Chile are less negative than in October. The situation seems to have bottomed out, as economic expectations continued to improve and are, on balance, positive for the second survey in succession. The current economic situation in Bolivia, Colombia, Dominican Republic, Ecuador and Paraguay is far more favourably than on regional average. However, as far as the next six months are concerned, WES experts in Bolivia, Colombia and Ecuador expressed greater caution than in previous surveys and expect the economic situation to deteriorate. For the Dominican Republic and Paraguay, by contrast, the economic conditions are expected to remain good. After having deteriorated at the end of 2014, the economic situation in Guatemala and Peru returned to satisfactory levels. The economies of Costa Rica and Uruguay received similarly favourable assessments and economic expectations were upgraded in all of these countries. However, while WES experts are very optimistic about the six-month economic outlook for Peru, they expect to see stabilisation at current good levels in Costa Rica and Guatemala, and remain somewhat sceptical about Uruguay.

Figure 5a

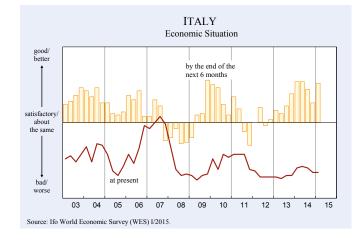
EUROPEAN UNION



Economic Situation good/ better by the end of the next 6 months satisfactory about the same at presen bad/ worse 03 04 05 06 07 08 09 10 11 12 13 14 15 Source: Ifo World Economic Survey (WES) I/2015.

FRANCE







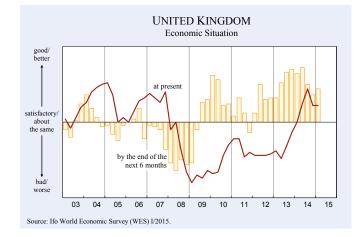
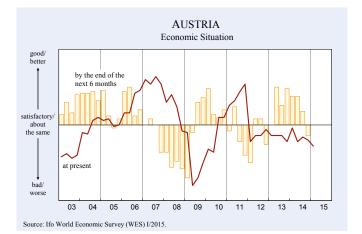
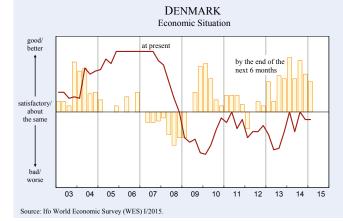
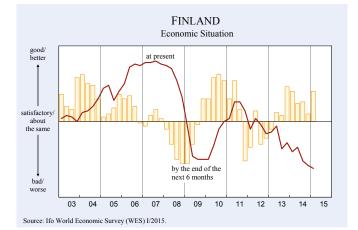


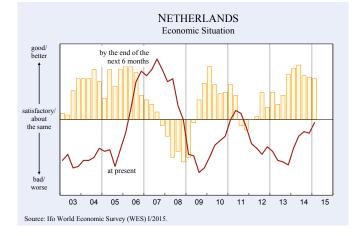
Figure 5b

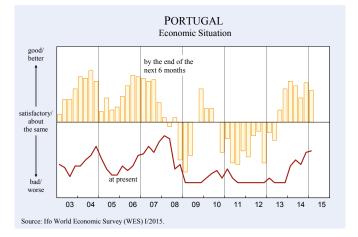
EUROPEAN UNION

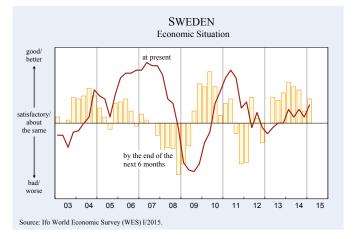




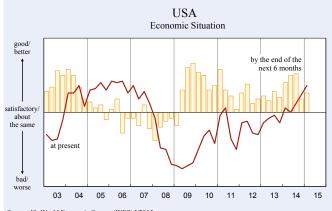




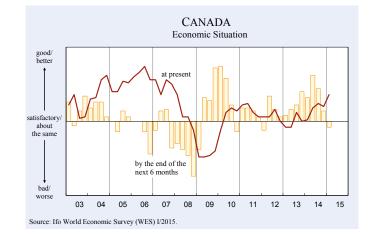


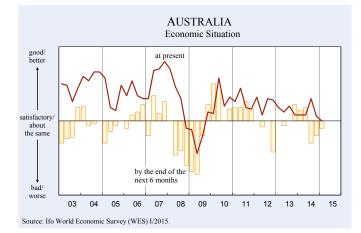


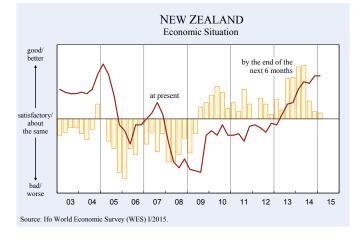
NORTH AMERICA, OCEANIA AND CIS



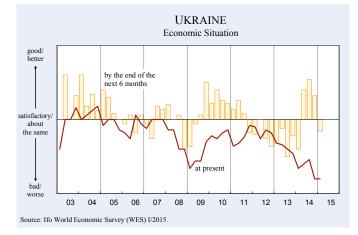










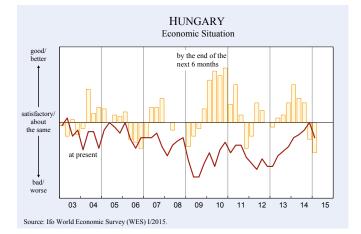


EASTERN EUROPE

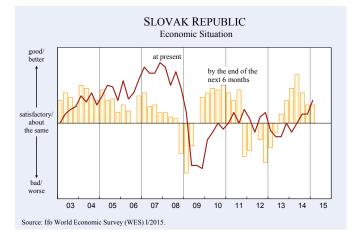


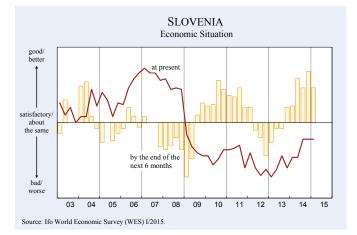




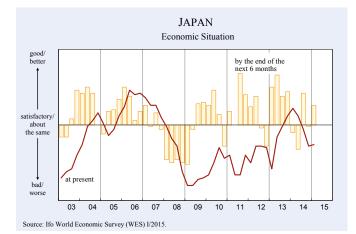




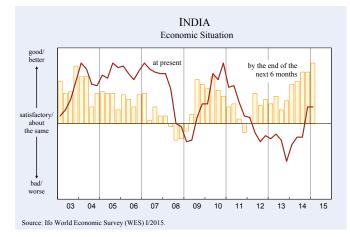


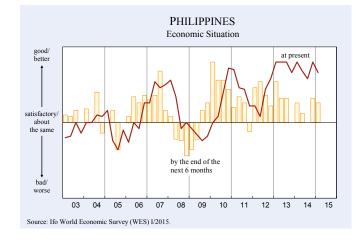


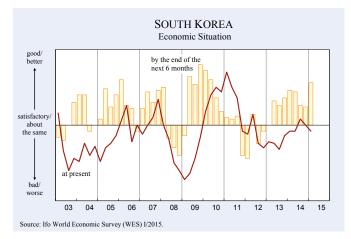
ASIA

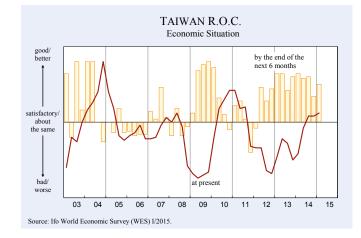




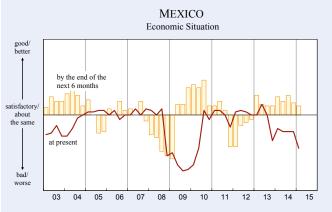








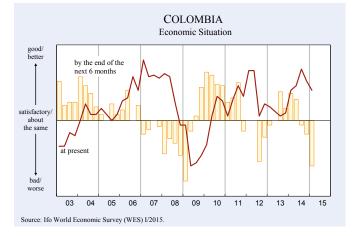
LATIN AMERICA

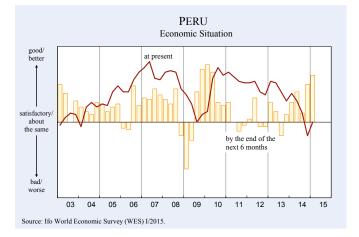


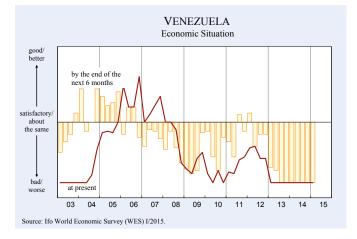




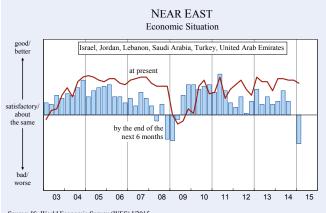




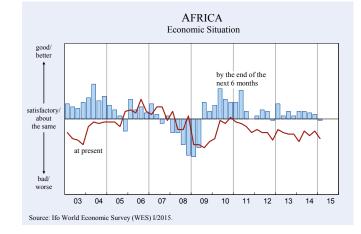


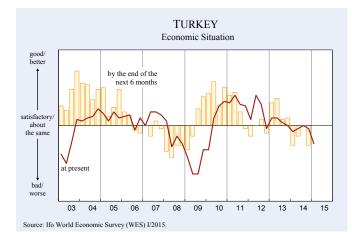


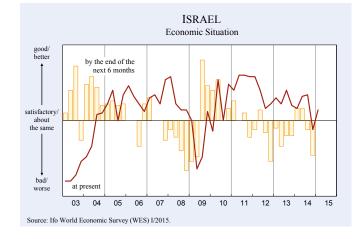
NEAR EAST AND AFRICA

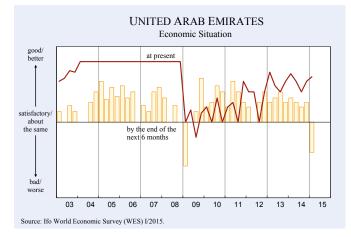


Source: Ifo World Economic Survey (WES) I/2015.









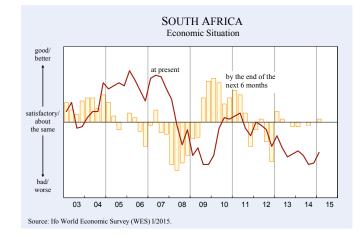


Table 1

Table 1	
Supply of bank credit to firms,	
extent of constraint	
Not constrained	
Canada	8.3
Peru	8.1
Australia	8.0
Taiwan	7.7
Finland	7.6
Chile	7.5 7.5
Paraguay Guatemala	7.3 7.4
Germany	7.3
Colombia	7.2
Japan	7.2
Switzerland	7.1
United States	7.1
Philippines Madamatala anataria d	7.0
Moderately constrained	()
Brazil Slovakia	6.9 6.8
Norway	6.6
South Korea	6.6
Sweden	6.6
New Zealand	6.5
Turkey	6.5
Mexico	6.4
Lithuania	6.3
Sri Lanka	6.3 6.3
Uruguay Czech Republic	6.2
South Africa	6.2
Malaysia	6.1
Denmark	6.0
Latvia	6.0
Thailand	6.0
France	5.9
Belgium	5.8
Croatia Pakistan	5.7
Austria	5.7 5.6
India	5.6
Kenya	5.4
Bulgaria	5.2
Cabo Verde	5.0
Egypt	5.0
Hong Kong	5.0
Israel Kanalıkatar	5.0
Kazakhstan Poland	5.0 5.0
Togo	5.0
Argentina	4.7
Netherlands	4.6
United Kingdom	4.6
Lesotho	4.4
Spain	4.3
Tunisia Strongly constrained	4.2
Strongly constrained	2 7
Hungary Italy	3.7 3.7
Morocco	3.4
Romania	3.3
Slovenia	3.3
China	3.2
Greece	3.2
Zimbabwe	3.0
Portugal	2.9
Russian Federation	2.8 2.6
Ukraine	
Only countries with more than four responses were	included

Only countries with more than four responses were included in the analysis.

WES scale: 9 – not-, 5 – moderately-, 1 – strongly constrained Source: Ifo World Economic Survey (WES) I/2015.

Near East: Falling oil prices overshadow outlook

The fall in the economic climate indicator for the Near East was the most pronounced of all regions. The indicator dropped sharply from 87.7 to 72.7 points, far below its 16-year average of 87.8. While assessments of the present economic situation remain favourable on the whole, deteriorating only marginally versus the previous survey, the economic outlook clouded over significantly. Economic expectations dropped to their most pessimistic point in over six years (see Figure 10). The present economic situation for United Arab Emirates and Saudi Arabia, the main oil-exporting countries in this region, was assessed as favourable once again. However, as far as the next six months are concerned, WES experts turned pessimistic and expect the situation to deteriorate in the months ahead, with less impetus from exports. The present economic situation in Turkey continued to deteriorate, mainly due to capital expenditure, which is considered weak at present. Economic expectations improved clearly, compared to the survey in October, but nevertheless do not signal major changes for the better in the months ahead. After temporarily deteriorating at the end of 2014, the economic climate for Israel improved again. Assessments of the present economic situation were satisfactory and the economic outlook turned positive again. In Lebanon and Jordan WES experts report good present economic conditions and expect them to prevail in the months ahead.

Africa: No unified economic trend

Countries in *Africa* display a highly differentiated pattern as far as the economic climate is concerned. Thus, an aggregated climate index for the countries surveyed by WES on this continent makes little sense, and the following analysis will focus on specific economic trends in the individual countries of *Northern* and *Sub-Saharan Africa*.

The economic climate for *Northern Africa*, which includes *Algeria*, *Egypt*, *Libya*, *Morocco* and *Tunisia*, deteriorated markedly due to more negative assessments of the present economic situation. In all of these countries, negative appraisals of the current economic situation gained the upper hand and the situation was assessed as unfavourable, and even as weak in *Egypt*, *Libya* and *Tunisia*. Economic expectations were only upwardly revised for *Morocco* and *Tunisia*, and the current unfavourable situation in both countries is likely to improve in the course of the next six months. In *Algeria*, *Egypt* and *Libya*, the economic outlook deteriorated compared to the survey in October and the current weak situation is expected to persist over the next six months.

The economic climate indicator for South Africa started to rise again, although it remains at a low level. Despite some improvements, the present economic situation was once again assessed as unfavourable. Economic expectations are only marginally more positive than in the previous survey and signal no major improvements over the next six months (see Figure 10). In Angola, Benin, Burkina Faso, Mauritania, Mauritius, Nigeria and Senegal the current economic situation did not change compared to the previous survey and was again assessed as satisfactory. In most of these countries, current economic performance is expected to remain good, except for in Angola, where WES experts expressed greater caution. In Congo Dem. Republic and Kenya, WES experts were less positive than in the previous survey, but assessments of the present economic situation nevertheless remain satisfactory on the whole. In both countries the economic experts surveyed expressed even more confidence regarding future economic developments over the next six months. In Congo-Brazzaville, Ivory Coast, Namibia, Tanzania and Uganda a favourable economic situation continues to prevail, and more markedly so than in the previous survey. In all of these countries the economic outlook remains positive, although there were considerable downwards revisions in economic expectations visible for Ivory Coast and Tanzania. In the opinion of WES experts, the current economic situation in Comoros returned to a satisfactory level and is expected to improve further in the months ahead. The most marked deterioration in the economic climate took place in Nigeria and Zambia. In both countries, negative assessments of both the present economic situation and economic expectations gained the upper hand, resulting in a weak present economic situation with a cloudy outlook. By contrast, the most marked improvements compared to the previous survey were reported for Sudan. Despite this, the present economic situation remains on balance below the satisfactory line. The gradual recovery is expected to continue, with the sixmonth economic outlook turning positive again. In Sierra Leone, appraisals of the current economic turned unfavourable and situation economic performance is likely to remain subdued in the months ahead. In Lesotho, Madagascar and Togo there were no major changes compared to the situation recorded at the end of 2014 and the economic situation remains

Table 2	
Legal and administra	tive restrictions for foreign firms
Uruguov	Absent 8.3
Uruguay Czech Republic	8.5 7.5
Denmark	7.5
Sweden	7.5
Finland	
Netherlands	7.2
	7.1
Colombia	7.0
Hong Kong	7.0
Peru	7.0
Portugal	Rather low 6.9
Belgium	6.8
United Kingdom	6.8
Germany	6.6
Namibia	6.6
Chile	6.5
New Zealand	6.5
Slovakia	6.5
Poland	6.4
Lithuania Turkeu	6.3
Turkey Switzerland	6.3 6.2
Slovenia	6.2
Bulgaria	6.0
Mexico	5.9
Guatemala	5.8
Norway	5.8
Latvia	5.7
Togo	5.7
Austria	5.6
France	5.6
Greece	5.6
Malaysia	5.6 5.6
Romania Spain	5.6
Australia	5.5
Canada	5.4
Paraguay	5.4
South Korea	5.4
United States	5.3
Cabo Verde	5.0
Croatia	5.0
Japan	5.0
Kazakhstan	5.0
Lesotho	5.0
Morocco Tunisia	5.0 5.0
South Africa	5.0 4.8
Hungary	4.8
Brazil	4.6
Pakistan	4.6
Taiwan	4.6
Italy	4.3
Kenya	4.3
Philippines	4.3
Israel Zambia	4.2
Zambia India	4.2 4.1
	4.1 Rather high
	3.7
Thailand	3.2
	5.4
Thailand	3.2
Thailand China Russian Federation Sri Lanka	3.2 3.0
Thailand China Russian Federation Sri Lanka Ukraine	3.2 3.0 1.8
Thailand China Russian Federation Sri Lanka Ukraine Egypt	3.2 3.0 1.8 1.7
Thailand China Russian Federation Sri Lanka Ukraine	3.2 3.0 1.8

Source: Ifo World Economic Survey (WES) I/2015.

unfavourable. While WES experts turned (more) positive concerning the six month economic outlook for Madagascar and Togo, they remain sceptical for Lesotho and don't expect the situation to improve in the months ahead. The current economic situation in Cabo Verde and Niger was assessed less negatively than in October 2014. However, economic sentiment got worse compared to the previous survey and remains subdued. For Swaziland, no easing of unfavourable economic conditions materialised compared to the survey at the end of 2014. Within the next six months, some improvements could be likely, as the economic outlook remains optimistic. In Burundi, Gabon, Liberia and Zimbabwe the situation was again assessed as weak. WES experts only forecast an improvement for Liberia in the months ahead. In the other countries the situation is likely to deteriorate further.

Low inflation expectations

On a worldwide average, WES experts' inflation forecast for the year 2015 is slightly lower than that reported for 2014 (3.1% versus 3.2%).

For the *euro area* the inflation rate in 2015 was estimated at 0.7% on average (see Table 4). The expected inflation rate for 2015 lies even further below the ECB inflation target (slightly below 2.0%) than was the case in 2014. However, WES experts don't expect this low inflation rate to persist for long. The medium-term inflation expectations (next 3 to 5 years) stand at 1.6% which is not far from the ECB's inflation target.

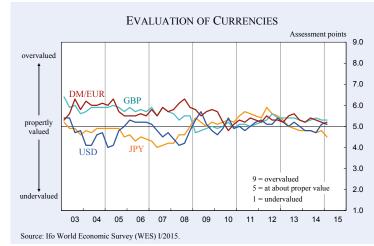


Figure 11

Within the *euro area* the lowest inflation rates in 2015 are again expected in some "crisis countries" like *Cyprus* (-0.6%) and *Greece* (-0.2%). Inflation expectations in *France* (0.4%), *Portugal, Italy* and *Spain* (0.5% respectively) are also below the overall price increase. Inflation expectations above the overall average prevail in *Latvia* (1.8%), *Austria* (1.5%), *Lithuania* (1.1%), in *Luxembourg*, the *Netherlands* and *Estonia* (1.0% respectively), as well as in *Germany* and *Slovakia* (both 0.9%).

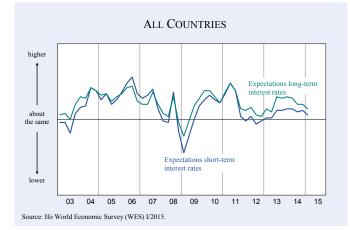
In *Western Europe* outside the *euro area* inflation expectations for 2015 range from 0.1% in *Switzerland* to 2.3% in *Norway* (see Table 4).

A low-inflation trend will continue in *Eastern Europe*. The expected 2015 inflation rate stands at 1.2%, and is thus only marginally higher than the inflation rate reported for 2014 (1.1%). As in *Western Europe* the currently very low inflation rate is seen as a transitory phenomenon; over the next 3 to 5 years the average inflation rate is expected to return to more "normal" levels of slightly above 2%. WES experts expect the lowest price increases in the region to be seen in 2015 in *Macedonia* (0.3%). By contrast, inflation will remain highest in the region in *Serbia* (3.0%). The medium-term inflation expectations in *Eastern Europe* range from 1.9% in *Slovenia* and *Czech Republic* to 3.3% in *Estonia*.

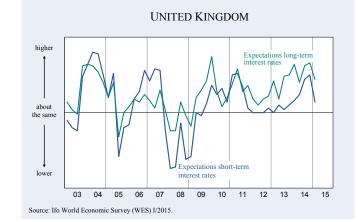
In *North America*, the latest inflation forecast slowed down marginally from a reported 1.9% in 2014 to 1.7% in 2015 and thus remains slightly below the target inflation rate of about 2% both in the *USA* and *Canada*. The gap between short-term and medium-term price expectations is much narrower in *North America* than in

Europe, indicating that *North America* is clearly ahead of *Europe* in the cyclical recovery phase.

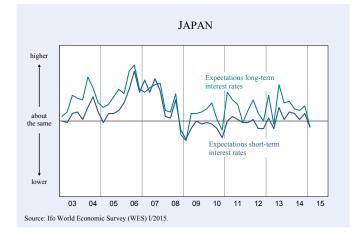
In *Asia* inflation expectations for 2015 slowed down from 3.5% reported for 2014 to 3.0%. In the medium-term an inflation rate of about 3.1% is expected in the *Asian* average, which is nearly identical with the rate expected for this year. By country there remain some pronounced changes: in *China* the expected inflation rate for 2015 is lower than the figure reported for 2014 (2.4% after 2.7%). In *India* the expected 2015 price increase is still



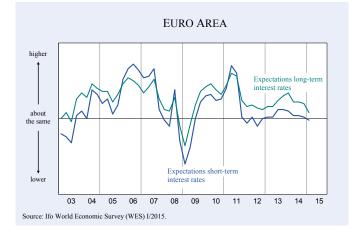
Expected trend for the Next 6 months for short- and long-term interest rates











rather high (5.6%), although it is lower than in 2014 (6.8%). In *Japan* inflation expectations for 2015 fell back to 1.1% after a reported increase of 2.4% in 2014, which was largely influenced by a VAT hike. In some other *Asian* countries inflation expectations for 2015 also show some easing: to 5.4% after 7.0% in *Indonesia* and to 4.8% after 6.8% in *Vietnam* in 2014.

In **Oceania** inflation expectations for 2015 stand at 2.3% which is somewhat lower than the inflation rate reported for 2014 (2.6%). Like in *North America*, the medium-term annual inflation is forecast to be only slightly higher than the rate expected for 2015, signalling that the monetary adjustment process after the 2008/2009 recession is already very advanced

In Latin America inflation is expected to remain high in 2015 (10.8%). In the medium term (next 3 to 5 years) inflation is expected to slow down to 7%. In Brazil, the region's largest economy, inflation expectations increased slightly from 6.5% to 6.7% which is significantly higher than the rate expected in the medium-term (5.4%). This gap may cause the Brazilian Central Bank to continue hiking interest rates, despite the on-going weakness in the real economy. This conclusion can be drawn from the expected rise in short-term interest rates over the course of the next six months. Inflation expectations in 2015 for Chile and Mexico stand at 3.5% and 4.4% respectively, and thus in both cases significantly below the average of the region. The lowest inflation rates in 2015 continue to be expected in El Salvador (2.0%), Peru (2.7%) and Colombia (3.8%). The main problem countries with regard to inflation remain Venezuela (62.1%) and Argentina (35.7%). In both countries some improvement is expected in the medium-term, but the expected annual inflation rates of 18.9% in *Argentina* and 36.2% in *Venezuela* in the next 3 to 5 years are still very high.

In *CIS* countries inflation expectations for 2015 increased further, mainly in *Russia* (from 8.8% to 13.8%), where the effects of the imposed sanctions are being increasingly strongly felt. The highest rate of inflation in the region is still expected in the *Ukraine* (18.9% after 16.6%). In the medium-term an annual inflation rate of 8.8% in the average of *CIS* countries appears the most likely scenario, according to WES experts.

In the *Near East* inflation expectations for 2015 were somewhat lower than the rate reported for 2014 (4.0% compared to 4.5%). The highest rate of inflation in the region is still expected in *Turkey* (7.8% after 9.0% in the preceding survey) and the lowest rate in *Israel* (1.3% after 1.8%).

In *Africa* inflation in 2015 is expected to be somewhat higher than in 2014 (7.6% compared to 6.9%), but remains highly heterogeneous from country to country. The expected inflation rate in the most important economy in the region, *South Africa*, is well below the overall average at 5.5%. According to the latest survey, the lowest inflation rates in 2015 will also prevail in *Benin* (1.1%), *Zimbabwe* (1.2%), *Congo Democratic Republic* (1.8%), *Togo* (2.3%) and *Cabo Verde* (2.5%). In *Sierra Leone*, hit hard by the Ebola crisis, 2015 price expectations remain well above the total average in the region at 10.5%. The highest inflation expectations in the region still prevail in *Sudan* (31.8%). The medium-term inflation expectations in the region of 6.9% are only slightly lower than the expected rate in 2015 (7.6%).

Table 3

Assessment of the following factors influencing the climate for foreign investors in the next six months

Climate due to	Change for th	e next six months *
	Deterioration	Improvement
Legal/administrative restrictions to invest and/or to repatriate profits		India, Lithuania, Morocco, Philippines, Sri Lanka, Thailand, Ukraine
Political stability	Lesotho, Mexico, Portugal, Russia, Spain	Egypt, Greece, India, Kazakhstan, Morocco, Sri Lanka, Sweden, Thailand, Tunisia, Ukraine, Zambia

* For the countries that are not mentioned in the table, no major changes relating to the climate for foreign investors are expected during the next six months. Only countries with more than four responses were included in the analysis.
 Criteria for selection of countries: Deterioration: WES grade between 1.0 and 3.5 Improvement: WES grade between 6.0 and 9.0

Source: Ifo World Economic Survey (WES) I/2015.

US dollar expected to rise

Three of the four leading currencies (US dollar, euro and the British pound) are assessed on a worldwide scale to be only slightly overvalued, the Japanese yen on the other hand is somewhat undervalued (Figure 11).

By country major differences in currency evaluation remain: in *Switzerland* and *Hungary* WES experts assessed their own currency as generally overvalued against the *US dollar*, the *euro* and the *British pound*, but not against the *Japanese yen*. According to WES experts, the currencies in the *Ukraine*, *Uzbekistan*, *Pakistan*, *Sri Lanka*, *Tunisia*, *Zambia*, *Argentina* and *Brazil* appear to be generally overvalued.

WES experts in the United States, by contrast, assess the US dollar as undervalued vis-à-vis the euro and the British pound, but overvalued against the Japanese yen. In Canada, Japan and Poland the US dollar, the euro and the British pound seem overvalued compared to their respective currency. Currencies in India and in some African countries like Benin, Kenya, Madagascar, Niger and Sierra Leone as well as in the Dominican Republic generally seem undervalued vis-à-vis the four leading currencies US dollar, euro, British pound and yen, according to reports by WES experts.

The answers to the supplementary survey question on likely trends in the US dollar in the next six months, regardless of how currencies are assessed from a fundamental point of view, signal on an even more widespread basis than previously that the value of the US dollar is expected to rise over the course of the next six months on worldwide average. The rare exceptions to this trend are Australia, Indonesia and also Poland, where the US dollar is expected to weaken in the months ahead.

Interest rates expected to remain low

On a worldwide scale, short-term interest rates are expected to remain largely stable and long-term interest rates to increase only marginally in the course of the next six months (see Figure 12). The expected increase in interest rates is expected to be more marked than the overall average in the *United States of America* in particular, and to a somewhat lesser degree in most *Latin American* countries. On the other hand, short-term interest rates are expected to decline over the next six months in two "euro crisis" countries (*Cyprus* and *Portugal*), in *Lithuania, Romania, Denmark, Switzer*-

land, Norway, as well as in several *Asian* countries like *India, China, South Korea, Malaysia, Pakistan* and in three *African* countries (*Cabo Verde, Morocco* and *Tanzania*).

Supply of bank credit to firms continues to improve

Given the problems experienced by firms in some countries concerning access to bank credit, a specific question was added to the regular questionnaire in 2013 on a bi-annual basis (January and July). WES experts are asked to assess to what extent the supply of bank credit to firms in the country they are reporting for is constrained by bank-specific factors (e.g. banks' health or banking regulation). The scale ranges from "not constrained" (9), to "moderately constrained" (5) to "strongly constrained" (1) (see Table 1).

Those countries with a high degree of credit constraints still include - according to WES experts - some "euro crisis countries" (Portugal, Greece, Slovenia, Italy), but recently also the Russian Federation and the Ukraine, which rank lowest on the list. Amongst the "euro crisis countries" still in this category, some improvement was seen in Italy (3.7 after 2.9 in July 2014), Slovenia (3.3 after 2.1) and Greece (3.2 after 2.2). Spain even managed to leave the "strongly constrained category" (4.3 after 3.3), whereas the credit situation in Portugal even worsened slightly (2.9 after 3.1). For the first time China belongs, according to this survey, to the group of countries where the supply of bank credit to firms is assessed as strongly constrained (3.2 after 4.0), reflecting the tightening of credit conditions under the new government. New in this group of "strongly constrained credit conditions" are also Morocco (3.4 after 5.0) and Romania (3.3 after 5.6). Credit constraints in Hungary and Zimbabwe remain at the same level as in the previous three surveys in this group.

The top category "not credit constrained" has featured countries like *Canada, Australia, Japan, Switzerland, Colombia, Peru* and *Paraguay* from the outset. But the number of countries belonging to this top category has grown over the past two years and now comprises 14 countries, including *Germany* and the *United States of America*.

As a general conclusion, it can be stated that the credit availability situation has improved further, although in many countries it is still far from fully satisfactory.

Special Question on bank asset quality reviews, stress tests and their perception in terms of transparency and investor confidence

Between November 2013 and October 2014 the European Central Bank (ECB), together with national supervisors, conducted a comprehensive assessment of 130 system-relevant banks in the euro area, covering more than 80% of total assets. The completion of the comprehensive assessment was a prerequisite for the operational start of the Single Supervisory Mechanism (SSM) in November 2014. The financial health check concluded with a disclosure of the aggregate outcome and detailed information at the bank-level, together with recommendations for supervisory measures. The assessment consisted of two parts. The asset quality review (AQR) was an assessment of the accuracy of the carrying value of banks' assets as of 31 December 2013, and was the starting point for a stress test, which provided a forward looking examination of the resilience of banks' solvency to hypothetical scenarios. The results, which were made publicly accessible on 26 October 2014, showed that 25 banks failed the stress tests. Nine of the banks that failed are located in Italy, and most of the other problematic lenders are also in the European crisis countries.

The stated objectives of the ECB's comprehensive assessment were in particular to enhance transparency and to build confidence among stakeholders. But is this time really different? Exercises of that sort have been carried out in the past for the entire European Union (EU) by the European Banking Authority (EBA) with poor results. Banks that were declared healthy in stress tests failed soon afterwards, a fact that shook investors' confidence and exacerbated the *euro area* financial crisis.

In this quarter's WES, economic experts are asked for their opinion on recent bank AQRs and stress tests. More specifically, experts are first asked about their awareness of an AQR and/or stress test in the past 5 years in their country. If they have indeed heard of such measures, the experts are then asked whether the AQR and/or stress test increased transparency and investor confidence in their country. The possible answers are "yes", "no", and "don't know".¹ The survey hence shows if this time is really different, and if the ECB's comprehensive assessment indeed met its objectives.

¹ The questions in detail are: (a) "Have regulatory authorities in your country conducted a bank asset quality review in the past 5 years?" Answer: "yes", "no", "don't know". (b) "Have regulatory authorities in your country conducted a bank stress test in the past year?" Answer: "yes", "no", "don't know". If a) and/or b) is yes: (c) "In your opinion, have these measures increased transparency and investor confidence in your country?" Answer: "yes", "no", "don't know".

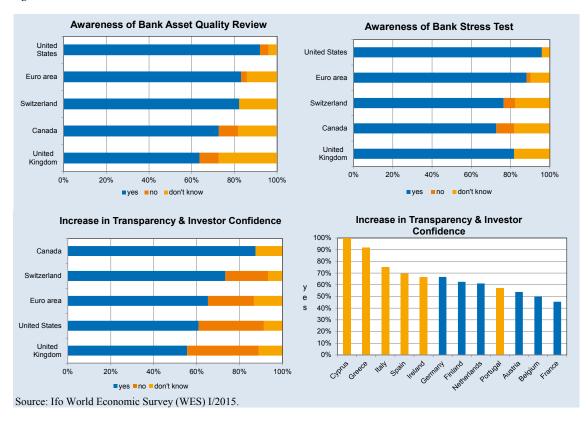


Figure 13

In Figure 13 (upper left panel) the experts' awareness of the bank AQR is shown for the euro area and for four other countries that conducted similar exercises over the past 5 years in comparison, namely the United States (US), Switzerland, Canada, and the United Kingdom (UK). The plot shows that about 83% of the euro area experts are aware of the ECB's bank AQR, while only a mere 2% are not. The share of experts aware of AQR in their country is slightly higher for the US, but smaller for the other countries, and particularly the UK. In Figure 13, upper right panel, the corresponding shares for the bank stress tests are shown. Except for Switzerland, the numbers are higher for all countries, suggesting that bank stress tests may be communicated better to the public than the AQRs. For the euro area the share of experts aware of the ECB's bank stress test is over 88%. Again only the US shows a higher number. All in all, the awareness of the ECB's bank AQR and stress test is high among euro area experts compared to other countries, which points to an effective communication strategy of the new single supervisory authority.

With respect to experts' opinion of the ability of the bank AQRs and stress tests to increase transparency and investor confidence, Figure 13 (lower left panel) reveals that the results differ considerably between countries. While experts in Canada are very positive (about 88% say "yes", not a single expert says "no"), experts in the UK are rather negative about the success of such exercises in their country (one third says "no"). For the euro area the outcome is also mixed. About 65% of the experts think that the ECB did a good job, while about 20% believe that it did not. Figure 13 (lower right panel) shows, however, that the experts' opinion varies significantly across the euro area member states. It turns out that experts in the European crisis countries (Cyprus, Greece, Italy, Spain, Ireland, and to a slightly lesser extent Portugal) are much more optimistic about the success of the comprehensive assessment than those in more stable countries like Austria, Belgium or in particular France. While only 45% of the French experts state that the AQR and stress test increased transparency and investor confidence, the shares for Greece and Cyprus, for instance, are about twice as high.²

In sum, this special survey on bank asset quality reviews and stress tests suggests that the ECB successfully attracted the experts' attention for their financial health check. By international comparison the share of experts saying that these measures increased transparency and investor confidence is satisfactory. However, the variation across *euro area* member states is large, showing a systematic difference between crisis countries and more stable countries. This dispersion in experts' opinions suggests that the success of the ECB's comprehensive assessment is still uncertain and that the aggregate outcome for the *euro area* may be driven by overoptimistic experts in peripheral Europe.

 $^{^2\,}$ $\,$ The 100%-share for Cyprus should not be overstated since the number of experts is only 2.

Table 4

Inflation rate expectations for 2015 and on average for the next 3 to 5 years

Region	2015	next 3 to 5 years	Region	2015	next 3 to s years
Average of countries *	3.1	3.1	Latin America	10.8	7.0
High-income countries	1.9	2.3	Argentina	35.7	18.9
Middle-income countries	7.3	5.7	Bolivia	6.1	6.8
Upper-middle	7.4	5.5	Brazil	6.7	5.4
Lower-middle	7.2	6.1	Chile	3.5	3.2
low-income countries	5.9	6.3	Colombia	3.8	3.5
EU 28 countries	0.8	1.7	Costa Rica	(5.0)	(5.0)
EU countries (old members) ^{a)}	0.8	1.6	Dominican Republic	4.0	4.3
EU countries (new members) ^{b)}	1.1	2.1	Ecuador	4.3	3.8
Euro area $^{\rm c)}$	0.7	1.6	El Salvador	2.0	2.2
			Guatemala	3.7	4.2
Vestern Europe	0.8	1.6	Mexico	4.4	4.2
Austria	1.5	1.8	Paraguay	4.5	4.9
Belgium	0.4	1.6	Peru	2.7	2.7
Cyprus	-0.6	1.4	Trinidad and Tobago	(9.0)	(8.0)
Denmark	0.9	1.5	Uruguay	8.1	7.8
Finland	0.9	1.7	Venezuela	62.1	36.2
			venezuela	02.1	30.2
Trance	0.4	1.4	G10		
Bermany	0.9	1.7	CIS	14.0	8.8
freece	-0.2	1.2	Armenia	11.5	8.0
reland	0.6	1.7	Belarus	(20.0)	(10.0)
taly	0.5	1.4	Kazakhstan	7.6	7.0
Luxembourg	1.0	1.9	Kyrgyzstan	12.0	7.5
Ionaco	0.8	1.3	Russia	13.8	8.7
Jetherlands	1.0	1.6	Ukraine	18.9	9.9
Vorway	2.3	2.3	Uzbekistan	9.8	9.0
ortugal	0.5	1.3			
Spain	0.5	1.6	Near East	4.0	3.9
Sweden	0.4	2.0	Israel	1.3	2.2
Switzerland	0.1	1.0	Jordan	(4.6)	(5.0)
United Kingdom	1.2	2.1	Lebanon	3.8	4.0
			Saudi Arabia	(3.0)	(3.0)
Eastern Europe	1.2	2.1	Turkey	7.8	6.7
Albania	(2.4)	(3.0)	United Arab Emirates	3.1	3.2
Bosnia and Herzegovina	(2.4)	2.0	United Arab Enhances	5.1	5.2
	0.9	2.0	Africa	7.6	6.9
Bulgaria	0.9	2.0	Northern Africa		5.8
Croatia				6.1	
Czech Republic	0.8	1.9	Algeria	4.7	4.2
Estonia	1.0	3.3	Egypt	11.7	11.3
Hungary	1.7	2.8	Libya	(25.0)	(30.0)
Kosovo	1.0	1.8	Morocco	1.9	2.3
Latvia	1.8	2.6	Tunisia	5.1	4.3
Lithuania	1.1	2.6			
Macedonia	0.3	2.2	Sub-Saharan Africa	8.4	7.5
Poland	0.9	1.9	Angola	(7.2)	(7.0)
Romania	2.5	2.3	Benin	1.1	2.8
Serbia	(3.0)	(3.0)	Burkina Faso	(5.0)	(6.0)
Slovakia	0.9	2.2	Burundi	(28.0)	(6.5)
Slovenia	0.7	1.9	Cabo Verde	2.5	2.6
			Comoros	(3.0)	(4.0)
North America	1.7	2.2	Congo Dem. Rep.	1.8	3.3
Canada	1.7	2.1	Congo-Brazzaville Rep.	2.7	2.8
United States	1.7	2.3	Gabon	(4.0)	(2.5)
since Suites			Ivory Coast	(3.0)	(5.0)
Oceania	2.3	2.6	Kenya	6.2	6.8
Australia	2.5	2.0	Lesotho	5.4	5.7
New Zealand	2.5	2.7	Liberia	(9.0)	(8.0)
New Zealallu	1.0	2.2			
	2.0	2.1	Madagascar	7.0	6.6
Asia	3.0	3.1	Mauritania	7.5	6.5
Bangladesh	6.7	7.6	Mauritius	3.3	3.7
China	2.4	3.2	Namibia	4.9	5.1
long Kong	3.9	4.1	Niger	2.8	3.5
ndia	5.6	4.8	Nigeria	13.5	11.1
ndonesia	5.4	5.0	Senegal	(1.4)	(1.3)
apan	1.1	1.3	Sierra Leone	10.5	7.0
Aalaysia	3.9	3.6	South Africa	5.5	5.7
akistan	8.3	8.2	Sudan	31.8	21.3
hilippines	4.1	4.2	Swaziland	(6.2)	(6.5)
Singapore	(3.0)	(3.0)	Tanzania	(9.0)	(7.0)
South Korea	2.0	2.4	Togo	2.3	2.8
Sri Lanka	6.4	6.4	Uganda	5.3	5.3
aiwan	1.0	1.4	Zambia	8.7	7.5
Thailand	2.0	3.0	Zimbabwe	1.2	2.8
	4.8	5.5	Zinioaowe	1.2	2.0
/ietnam			according to the share of the survey of the	traz'a overanta 1 :	aarta in the t
vorld trade. – () The data in brackets	result from few	responses. – ^{a)} A nited Kingdom	coording to the share of the specific couni ustria, Belgium, Denmark, Finland, Fran - ^{b)} Czech Rep., Cyprus, Estonia, Hungar Cyprus, Estonia, Finland, France, Gern	ce, Germany, Greec y, Latvia, Lithuania	e, Ireland, Ita Malta, Polar

Volume 35 / January 2015

World Economic Survey

Highlights

- World Economic Climate remains almost unchanged
- Economic expectations barely improved
- Low inflation expectations
- US dollar expected to rise
- Interest rates look set to remain stable

Confidential Not for publication

WES 127 - 1/2015

Ifo Institute

ORLD ECONOMIC SURVEY (WES)
ifo w

JANUARY 2015

REGION*		Judgn presen situ	Judgment about present economic situation a)		Economic situation compared to same time last year a)	conomic situatio ompared to sam time last year a)	tion Ec me by a) n€	onomic / the er >xt 6 m	Economic situation compared to same by the end of the time last year a) next 6 months a)	Ex forei volur enc next	Expected oreign trade olume by the end of the ext 6 months a)	a) (0	txən ərt to bnə ər	Expected interest rates by the end of the next 6 months a)	0	Judgment of currencies in relation to this country's currency b)	ent of currei n to this co currency b)	rencies xountry b)		ces p\ the end of	Assessment of the importance of economic problems the country is facing at present c)	ent of the	e impor is f	portance of economic is facing at present c)	econom	ic prob c)	lems th	e conn
COUNTRY	Number of questionnaires	ΟνεταΙΙ εconomy	Capital expenditures	Private consumption	Overall economy	Capital expenditures	Private consumption	Capital expenditures	Private consumption	Exports	Imports	Expected trade balance wit months a)	Expected inflation rate by th 6 months a)	Short-term	Long-term	US dollar Euro	DK pound	Yen Ver	Value of the US dollar by th	6 months a) Level of domestic share pri the next 6 months a)	Lack of confidence in government's econ. policy		noitalinl	Lack of international competitiveness	Trade barriers to exports	Lack of skilled labour	Public deficits	Foreign debts Capital shortage
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Greece	13				7.5 5					5.9	4.4	5.3	5.7	6.5		4.7	5.											
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* Within each country group or region, the results are weighted according to the share of the specific country's exports and imports in the total world trade.
 a) 1: worst grade, lower, resp. deterioration
 b) 1: US dollar etc. undervalued
 c) no change, about the same, resp. satisfactory
 f) US dollar etc. at about proper value
 g) thighest grade, higher, resp. improvement
 g) US dollar etc. overvalued

c) 1: not so important / not relevant5: also very important9: most important

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7 50 50 39 33 27 33 23 27 21 27 21 56 6.3 7.0 56 4.4 4.4 4.3 7.3 2 30 30 30 50 30 30 50 30 50 50 90 7.0 50 50 10 90 36 2.7 1.7 39 1.6 1.3 25 1.8 1.5 1.2 2.1 1.4 3.9 8.7 5.8 5.8 5.4 4.0 9.0 90 36 2.7 1.7 3.9 1.6 1.3 2.5 1.8 1.5 1.2 2.1 1.4 3.9 8.7 5.8 5.8 5.4 6.0 36 2.7 1.0 1.8 2.3 4.2 4.2 1.0 8.7 5.8 5.8 5.4 6.0 5 1.0 1.0 1.0 1.0 1.8										1.0								1.0	1.0	9.0	5.0										
2 30 30 30 50 50 30 50 50 50 90 70 90 50 50 10 10 90 36 2.7 1.7 39 1.6 1.3 2.5 1.8 1.5 1.2 2.1 1.4 3.9 8.7 5.8 5.8 5.8 5.4 6.0 5 1.0 1.0 1.8 1.0 1.8 4.2 4.2 3.4 4.2 1.0 8.7 5.8 5.8 5.4 6.0 5 1.0 1.0 1.8 1.0 1.8 4.2 4.2 3.4 4.2 1.0 8.2 9.0 6.6 5.0 3.4 3.4 4.0 8.2 6 0.0 7.0 5.0 7.0	5									2.7								4.4	4.3	7.3	3.9										
36 2.7 1.7 3.9 1.6 1.3 2.5 1.8 1.5 1.2 2.1 1.4 3.9 8.7 5.8 5.8 5.8 5.4 6.0 5 1.0 1.0 1.8 1.0 1.8 1.0 1.8 4.2 4.2 3.4 4.2 1.0 8.2 9.0 6.6 5.0 3.4 3.4 4.0 8.2 7 0.0 7.0 7.0 7.0 7.0 7.0 7.0 7.0 3.0 7.0 3.0	c									3.0			_			_		1.0	1.0	9.0	9.0										
5 1.0 1.0 1.0 1.8 1.0 1.8 4.2 4.2 3.4 4.2 1.0 8.2 9.0 6.6 5.0 3.4 3.4 3.4 4.0 8.2 9.0 7.0 5.0 5.0 1.0 1.0 1.0 3.0 3.0 0.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1	ederation							_		1.2			_			_		5.8	5.4	6.0	4.3										
										3.4								3.4	4.0	8.2	7.4										
								_		0		-	i c	_		_		0 0	0 0		0										

* Within each country group or region, the results are weighted according to the share of the specific country's exports and imports in the total world trade. a) 1: worst grade, lower, resp. deterioration 5: no change, about the same, resp. satisfactory 5: US dollar etc. at about proper value 9: US dollar etc. overvalued

c) 1: not so important / not relevant
5: also very important
9: most important

TABLE II

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ountry	Sapital shortage																								
the co	Foreign debts																								
Assessment of the importance of economic problems the country is facing at present c)	Public deficits																								
mic pro	Lack of skilled labour																								
econo	Trade barriers to exports																								
portance of economic is facing at present c)	Lack of international competitiveness																								
mporta is fac	noitaltnl																								
of the i	Unemployment																								
sment	bnsmeb tneicittuzul																								
Asses	Lack of confidence in government's econ. policy																								
	Level of domestic share pri the next 6 months a)	6.7	7.0	6.8	7.7	7.9	9.0	5.9	4.4	8.6	9.0	5.0	6.2	5.0	5.9	7.5	7.0	3.6	6.3	5.0	5.0	1.0	5.5	4.0	
	Value of the US dollar by the 6 months a)	5.9	6.0	_	_		3.0		_	6.1	_		-		_	6.0	0.0		7.0		5.0		7.8	5.0	
	ney	4.4	3.0		_		5.0		_				_		_		3.0	3.9			_	_	-		
Judgment of currencies in relation to this country's currency b)	DK bound	5.3	0				4.0	5.7									3.0	4.2					5.3		
ent of currer n to this cou currency b)	Euro	5.2												4.3			3.0	4.1	4.3		.0.7		5.3		
udgme relatior	US dollar	5.1	4.0				3.0										3.0	5.2			5.0		5.8		
	այəֈ-նսօշ	4.7	4.0		5.7		_		_		7.7		-		_	5.5		5.3	-		5.0		4.5	_	
Expected interest rates by the end of the next 6 months a)	Short-term	4.8	4.0	2.5	7.0	2.4	6.0	4.6	4.4	2.8	6.3	5.0	4.2	6.3	6.5	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	
	Expected inflation rate by th 6 months a)	4.4	5.0	4.6	4.3	3.9	1.0	3.8	8.4	3.8	3.7	5.0	5.0	5.7	3.3	5.5	3.0	4.9	3.7	1.0	5.0	5.0	4.0	6.0	
	Expected trade balance wit months a)	5.8	5.0	5.2	6.3	6.7	7.0	7.3	2.7	6.8	9.0	5.0	5.8	5.0	7.3	3.9	7.0	3.0	5.7	9.0	7.0	1.0	5.9	2.0	
	Imports	6.0	8.0	5.4	8.2	6.7	6.0	5.1	5.0	5.0	7.0	5.0	7.4	7.7	6.3	6.0	0.0	5.2	6.3	9.0	3.0	5.0	5.0	5.0	
Expected foreign trade volume by the end of the next 6 months a)	Exports	5.5	7.0	<u>8.0</u>	0.7							5.0	8.	3.3	7.7	<u>).5</u>	0.			9.0					
	Private consumption	6.1 6	-					6.6 7					_	5.0 6	_	8.0 6		2.9 3	-		_		_	2.3 2	
Economic situation by the end of the next 6 months a)	Capital expenditures	5.9 6					9.0 8						7.0 7			8.5 8		2.5 2					4.5 5		
conomi y the ε ext 6 n	Overall economy	5.8 5				9.0 9				7.4 7		5.0 5		5.0 5		7.5 8		3.1 2			5.0 5		5.0 4		
	Private consumption	5	7.0 8		5.0 4				_				_		_	6.5 7		5.4 3			-		3.8 5	_	
Economic situation compared to same time last year a)	Capital expenditures	4.1 4															5.0 7	5.2 5							
conomi ompare ime las	Overall economy	3.9 4			5.0 5			2.5 4					3.4 3			6.0 6		5.9 5			5.0 5		4.3 2		
	Private consumption	4.2 3			_								_		_	2.5 6		7.0 5			5.0 5		3.5 4	_	
dgment abo sent econor situation a)	Capital expenditures	4.0 4														3.0 2		6.4 7	5.0 7						
Judgment about present economic situation a)	Overall economy	5	5.0 4		5.0 5	6.1 4						5.0 5				2.0 3		7.1 6			5.0 5				
, <u>a</u>	Number of questionnaires	226 4		100 4	9 2	14 6		28 3		11					19 5			30 7						4	
																								ites	
													<i></i>					F				cr.		United Arab Emirates	
ž	ITRY		Bangladesh		Kong		esia	_	sia	tan	oines	pore	South Korea	nka	ç	pu	E	NEAR EAST		Ę	Non	Saudi Arabia	~	1 Arab	
REGION*	COUNTRY	ASIA	Bangl	China	Hong Kong	India	Indonesia	Japan	Malaysia	Pakistan	Philippines	Singapore	South	Sri Lanka	Taiwan	Thailand	Vietnam	NEAR	Israel	Jordan	Lebanon	Saudi	Turkey	United	
				-	-		_			-					•		-			,		.,	<u> </u>		

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* Within each country group or region, the results are a) 1: worst grade, lower, resp. deterioration 5: no change, about the same, resp. satisfactory 9: highest grade, higher, resp. improvement

share of the specific country's exports and i
 b) 1: US dollar etc. undervalued
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REGION*	· C	Judgm iresent situa	Judgment about present economic situation a)		phomic npared ne last	Economic situation compared to same time last year a)		Economic situation by the end of the next 6 months a)		Expected foreign trade volume by the end of the next 6 months a)				Expected interest rates by the end of the next 6 months a)		Judgment of currencies in relation to this country's currency b)	ent of currenc n to this cour currency b)	cies in ntry's	txən ərt to bra ər	•	Assessment of the importance of economic problems the country is facing at present c)	ent of th	e impol is f	portance of economic is facing at present c)	econor	nic prot c)	olems t	he cou	htry
COUNTRY	Number of questionnaires	Overall economy	Capital expenditures	Private consumption	Capital expenditures	Private consumption	ΟνεταΙΙ εconomy	Capital expenditures	Private consumption	Exports	Expected trade balance wit	Expected inflation rate by th	6 months a) Short-term	μιθητά ματά ματά ματά ματά ματά ματά ματά μα	US dollar	Euro	DK bonnd	лэҮ	Value of the US dollar by th 6 months a)	Level of domestic share pri the next 6 months a)	Lack of confidence in government's econ. policy	Unemployment	Inflation	Lack of international competitiveness	Trade barriers to exports	Lack of skilled labour	Public deficits	Foreign debts	Capital shortage
AFRICA	138 3	3.7 3	3.5 4.	2 4	2 4.5	5 4.6	4.9	4.8	5.1	4.4	4.6 4	4.3 5	.5 5.	4 5.6	5.1	4.9	5.1	4.9	6.7	4.9									
NORTHERN AFRICA				4.3 4.9	9 5.0			5.4	5.5			-		1 4.8		4.9	4.9	4.9		5.6									
Algeria				5.0 3.7				3.7	3.7			7	6.3 5.0			5.0	5.0	5.0	3.7	5.0									
Egypt		1.7 3	3.0 3.	3.7 5.0	0 6.3	3 7.0	5.7	5.0	5.7	6.3	6.3 5	5.0 7	7.0 5.7	7 6.3	5.0	4.3	4.3	4.3	7.0	6.3									
Libya	-	1.0 5	5.0 5.	5.0 1.0	0 5.0	0 5.0	5.0	5.0	5.0			5.0 5		0 5.0	1.0	1.0	1.0	1.0	9.0	5.0									
Morocco	5	4.2 3	3.4 4.	4.2 7.4	4 5.8	8 5.0	_	7.4	8.2	ø.	2.6 6	6.6 4	4.2 4.2	2 5.0	3.4	5.8	5.8	5.8	5.8	6.0									
Tunisia	5		1.8 3.	3.4 4.2	2 5.0	0 5.0	_	8.2	5.8		5.8 5	5.8 4		8 4.2	4.2	4.2	4.2	4.2	6.6	5.0									
SUB-SAHARAN AFRICA		4.1 3		4.1 3.8	8 4.2		4.4	4.5	4.8	3.9	-	-	5.3 5.5	5 6.1	-	4.9	5.2	4.9	7.5	4.5									
Angola	1	5.0 5	5.0 1.	1.0 1.0	0 1.0	0 1.0	1.0	1.0	1.0	1.0	1.0 1	1.0 5	5.0 9.0	0.6 0	1.0	1.0	1.0	1.0	9.0										
Benin	с С			-			6.3	6.3	6.3		-	-	-		_	7.0	7.0	7.0	6.3	6.3									
Burkina Faso				_				5.0	5.0	~					_	5.0	5.0	5.0	5.0	5.0									
Burundi	-			-				1.0	1.0		-	_			_	1.0	1.0	1.0	9.0	9.0									
Cabo Verde	7							5.0	5.0			3.9 5.	9			6.3	5.0	5.0	5.6	6.7									
Comoros	-			9.0 5.0				5.0	9.0	o	9.0		0		_	5.0	5.0	5.0	9.0	9.0									
Congo Dem. Rep.	4		4.0 5.	5.0 5.0	0 4.0	0 4.0	7.0	5.0	6.3				5.0 6.0	0.9 0.0		5.0	5.0	5.0	7.0	5.0									
Congo-Brazzaville Rep.	2	7.0 7	7.0 5.	5.0 3.0	0 5.0	0 3.0	5.0	5.0	5.0	3.0	7.0 3	3.0 7	7.0 5.0	0 7.0	_	5.0			9.0	7.0									
Gabon	-		5.0 1.	1.0 1.0	0 1.0	0 1.0	1.0	5.0	5.0	~	5.0 1			0.6 0		5.0	1.0	1.0	9.0	9.0									
Ivory Coast	1		9.0 9.	9.0 9.0	0.6 0.0	0.6 0	5.0	5.0	5.0	0.				0 5.0		1.0	1.0	1.0	9.0	5.0									
Kenya	1					1 5.4	. 6.8	6.5	6.8	۲.	7.9 4		3.5 5.0	0 5.4		5.4	5.4	5.4	5.0	5.4									
Lesotho	7				9 3.3	3 4.4		5.0	5.6		-				_	5.0	5.0	5.0	6.7	5.0									
Liberia	-							9.0	9.0		_		ດ			5.0	5.0	5.0	9.0	5.0									
Madagascar	ი ო	3.7 3					_	7.7	6.3	o.	-	3.7 7			_	6.3	7.7	6.3	6.3	7.7									
Mauritania	0			5.0 5.0	0 7.0	0 5.0	5.0	5.0	5.0	_	7.0 1	1.0 7	7.0 5.0	0 5.0	3.0	1.0	5.0	5.0	9.0	7.0									
Mauritius	с С	5.0 3	3.7 6.	6.3 6.3	3 5.0	0 6.3		6.3	9.0			5.0 6	6.3 5.0	0 6.3		2.3	5.0	2.3	6.3	7.7									
Namibia	5			7.4 6.6	6 5.8		9	5.8	5.0	4				6 5.8	7.4	7.4	6.6	3.4	5.0	7.4									
Niger	ŝ		2.3 2.		7 5.0			3.7	2.3			_		0 5.0	7.7	5.0	7.7	7.7	9.0	6.3									
Nigeria	4	3.0 3		3.0 2.0	0 3.0	0 3.0		3.0	3.0	1.0	_		9.0 6.0	0 6.0		5.0	5.0	6.3	9.0	1.0									
Senegal			5.0 9.	9.0 9.0	0.6 0	0.6 0	_	9.0	9.0				5.	0	5.0	1.0			5.0	5.0									
Sierra Leone	ი ო	3.7 3		.7 1.0			3.7	3.7	1.0	1.0	6.3 1	1.0 7	7.7 5.	0 5.0		6.3	6.3	6.3	6.3	3.7									
* Within each country group or region, the results are weighted according to the share of the specific country's exports and imports in the total world trade.	egion, t	the rest	ults are	weighte	¢d accc	ording to	the sh	are of th	ie specif	ic countr	v's expc	rts anc	1 import:	s in the t	total wor	dd trade	đ	1											1

* Within each country group or region, the results are weighted according to the share of the specific country's exports and imports in the total world trade. a) 1: worst grade, lower, resp. deterioration 5: no change, about the same, resp. satisfactory 9: highest grade, higher, resp. improvement 9: WS dollar etc. overvalued

c) 1: not so important / not relevant5: also very important9: most important

CONOMIC SURVEY (WES)
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	ountry	Sapital shortage				
	s the c	Foreign debts				
	pblems	Public deficits				
	mic pro t c)	Lack of skilled labour				
	Assessment of the importance of economic problems the country is facing at present c)	Trade barriers to exports				
	ce of ng at	competitiveness				
	ortan s facir	Lack of international				
	e imp is	noitalìnl				
	of the	Unemployment				
	sment	Insufficient demand				
	ssess	government's econ. policy				
	Ŕ	the next 6 months a) Lack of confidence in	_	_	_	_
	io bne ent vi	Level of domestic share price	6.0	6.0	5.0	50
		Value of the US dollar by th 6 months a)	6.3	7.0	9.0	0 0
			_			
	ncies untry)	Yen	4.8	5.0	5.0	50
	curre his co ncy bj	DIK bound	5.3	6.0	5.0	0 0
	udgment of currencies ir relation to this country's currency b)	Euro	5.2	6.0	5.0	0 0
		US dollar	5.5	8.0	5.0	0 0
	0	այəյ-նսօշ	6.3	5.0	5.0	0 0
2015	Expected interest rates by the end of the next 6 months a)	Short-term	5.7	5.0	5.0	10
ARY	txən ərt to brə ər	Expected inflation rate by th 6 months a)	2.5	4.0	5.0	10
NN	0 1890 900 000	Expected trade balance wit months a)	6.3	6.0	5.0	10
5			3.8	4.0	5.0	
	Expected foreign trade /olume by the end of the next 6 months a)	Imports	ю.	4	5.	0 0
	- L	Exports	5.3	5.0	5.0	50
	Economic situation by the end of the next 6 months a)	Private consumption	5.5	5.0	9.0	50
	conomic situation by the end of the next 6 months a)	Capital expenditures	5.2	5.0	9.0	0
	Econc by th next	Overall economy	5.2	5.0	7.0	20

REGION* COLINTRY		Judgr presen situ	Judgment about present economic situation a)		conom compare time la:	Economic situation compared to same time last year a)		onomic y the er ext 6 m	Economic situation by the end of the next 6 months a)		foreign trade volume by the end of the next 6 months a)		en ent to bne ent	interest rates by the end of the next 6 months a)	Φ	Judgment of currencies in relation to this country's currency b)	ent of currei n to this co currency b)	rrencie country (b)		orices by the end o	Asse	ssment	of the ir	nportan is facir	Assessment of the importance of economic problems the country is facing at present c)	onomic sent c)	proble	ms the	countr	`
	Number of questionnaires	ΟνειαΙΙ εconomy	Capital expenditures	Private consumption	Overall economy	Capital expenditures	Private consumption	Overall economy Capital expenditures	Private consumption	Exports	Imports	Expected trade balance w months a)	Expected inflation rate by 6 months a)	Short-term	mıət-gnod	US dollar	Euro	punod XU	Yen Value of the US dollar by	6 months a) Level of domestic share p	the next 6 months a) Lack of confidence in government's econ. policy	bnsmeb tneioittuznl	Unemployment	Inflation Lack of international	competitiveness Trade barriers to exports	Lack of skilled labour	Public deficits	Foreign debts	Capital shortage	
SUB-SAHARAN AFRICA	cont.																													
Africa	24	3.0		_			_			_		6.3	2.5	5.7	6.3				_	_										
Sudan	4	4.0											4.0	5.0	5.0						_									
Swaziland	7	3.0			3.0		_			_		_	5.0	5.0	_				_	_										
Tanzania	-	9.0										1.0	1.0	1.0		0.0		9.0 5		_	_									
Togo	9	4.3		_			-			5.0	6.3	3.4	3.0	5.0	-		5.0		5.8 5.0	0 5.8										
Uganda	ς Γ	1.1		_	ოკ							3.7) / /	0.7				6.3		_										
Zambia	Ω,	4 		_	0	3.4 3			8 3.4		2.0	0.1	4.7	ъ. С	-				-	-										
Zimbabwe	ω	1.5	1.0	3.0	2		3.0	3.0 3.5				4.0	4.0	5.6	4.4			4.4	4.4 5.	_										
LATIN AMERICA	133	2.9	3.0	3.9	2.9	3.0 3	3.0 4.	4.6 4.6	6 4.2		4.4	4.8	6.1	6.5	6.9	5.0		4.8 4	4.7 6.											
Argentina	14	1.9	1.9		2.4	2.7 2	2.4 4.	4.4 3.6	6 4.4		3.6	3.3	4.7	5.9	5.6	3.0	3.3	4.0 4	4.3 8.1	1 7.6										_
Bolivia	4	8.0			0							3.0	6.0	5.0	4.0		0													
Brazil	31	1.5	1.3	2.6	1.5	1.6 1	1.8	4.2 4.6	6 3.6		3.3	6.7	7.1	8.9	7.5			4.8 4	4.7 7.	5 4.9										_
Chile	ω	2.5								6.5			2.0	4.0			5.5		5.6 6.0	5.										
Colombia	12	7.0	7.0	8.7	5.0	3.7 5	5.0 2.		0 2.7				7.3	6.5	7.0				4.3 5.											
Costa Rica	-	5.0		5.0	5.0 5	5.0 5	5.0 5.	5.0 9.0	0 1.0		9.0	5.0	5.0	9.0	9.0				5.0 1.0		-									
Dominican Republic	2	7.0		. 0.7			7.0 5.		0 5.0				5.0	7.0	7.0	0			7.0 9.											
Ecuador	4	7.0	5.0 8	8.0	4.0	3.0 4	4.0 1.	1.0 1.0	0 2.0				7.0	5.0	6.0	•		6.3 6	6.3	0.0										
El Salvador	4	2.0											7.0	5.0	5.0				7.0	6.3										
Guatemala	5	5.0										4.0	5.0	5.8					5.0 5.0		_									
Mexico	14	2.8		_			_			_		4.7	6.4	5.9	-				-	_										
Paraguay	o	6.8					5.4 5.					3.7	4.6	4.6		5.4		5.5 5	5.5 7.2		_									
Peru	14	5.0										6.1	3.2	5.9	_		4.4		_	_	-									
Trinidad and Tobago	-	1.0				1.0 5						1.0	5.0	5.0		9.0			5.0 1.0	0										
Uruguay	9	5.7	6.3	7.0	3.7 2	2.3 4	4.3 4.	4.3 3.7	7 4.3		2.6	6.3	3.4	5.8	5.8			3.7 5	5.0 9.	0 5.0	_									
Venezuela	4	1.0	1.0	1.0	1.0	1.0 1	1.0 1.	1.0 1.0	0 1.0			1.0	9.0	6.3	7.7		3.7	5.0 5	5.0 8.0		_									
				-			_												_	_										
																			_	_										
							_													_										
* Within each country group or region, the results are weighted according to the share of the specific a) 1: worst grade. lower, resp. deterioration	r region, deterior	, the re ration	sults are	e weig.	hted ac	cording	to the	b) 1: L	of the sp JS dolla		share of the specific country's exi b) 1: US dollar etc. undervalued	exports ∋d	and in	iports ir.	country's exports and imports in the total world trade indervalued	al world	trade.			c) 1: no	1: not so important / not relevant	ortant /	not rele	vant						1
5: no change, about the same, resp. satisfactory	ne, resp	o. satisf	actory					י 2: ר	JS dolla	r etc. at	5: US dollar etc. at about proper value	roper v:	alue								5: also very important	mporta	t							
9: nignest grade, nigner, re.	sp. Impr	roveme	ut					ר ה:ר	JS dolla	r etc. ov	ervalue	σ								ы: В	ost impo	ortant								

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WORLD ECONOMIC SURVEY (WES)
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JANUARY 2015

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	Assessment of the importance of economic problems the country is facing at present c)	Foreign debts							
	blems	Public deficits							
	mic pro it c)	Lack of skilled labour							
	econo	Trade barriers to exports							
	portance of economic is facing at present c)	Lack of international competitiveness							2015)
	import is fa	Inflation							ylut 1
	t of the	Jnemployment							ct until
	ssment	bnsmab tnaioittuanl							in effe
	Asse	Lack of confidence in government's econ. policy							is are
ţ	ces pλ tµe euq c	Level of domestic share pri the next 6 months a)		6.1	6.5	6.2 7.2	6.0	6.2	fication
þ		Value of the US dollar by th 6 months a)		6.1	6.4	6.4 6.2	6.5	6.2	(classi)re.
	Judgment of currencies in relation to this country's currency b)	лэҮ		4.5	4.6	4.6 4.7	4.4	4.5	2013 (or mc
	ent of currer in to this cou currency b)	DK bound		5.4	5.1	5.1 5.0	5.8	5.3	capita 12,746
	nent of ion to t curre	Euro		5.1	5.0	5.0 4.9	5.6	5.1) per c me, \$1
		US dollar		5.3	4.9	4.9 5.1	5.6	5.2	e (GNI h incol
Expected	interest rates by the end of the next 6 months a)	այәդ-նսօղ		5.8	5.4	6.0 4.2	5.3	5.7	Income nd hig
Exp	inter rates end ne mon	Short-term		5.4	5.2	5.6 4.5	4.4	5.3	tional 745; a
ł×	an ent to bne en	Expected inflation rate by th 6 months a)		4.8	5.4	6.0 4.3	4.5	4.9	oss Na 26–12,
		Expected trade balance wit months a)		5.5	5.1	4.8 6.3	4.1	5.4	eir Grc , \$4,12
Expected	foreign trade volume by the end of the next 6 months a)	Imports		6.1	5.3	5.1 6.0	7.6	5.8	g to the
Expe	foreign trade volume by the end of the next 6 months a)	Exports		6.0	5.7	5.5 6.5	6.1	5.9	cordin, iddle ir
	uation of the hs a)	Private consumption		6.0	5.4	4.9 7.1	6.7	5.8	fied ac
	Economic situation by the end of the next 6 months a)	Capital expenditures		5.7	5.3	4.7 7.4	6.1	5.6	classi 25; up
		ΟνεταίΙ εconomy		5.9	5.2	4.6 7.1	6.9	5.7	es are 46–4,1
	Economic situation compared to same time last year a)	Private consumption		6.0	4.3	3.9 5.9	5.2	5.5	ountri 3, \$1.0
	conomic situation ompared to sami time last year a)	Capital expenditures		5.5	3.8	3.4 5.3	5.5	5.0	013. C ncomé
		Overall economy		5.7	4.0	3.4 6.1	5.4	5.2	oase 2. iddle ii
	Judgment about present economic situation a)	Private consumption		5.3	4.1	3.8 5.1	4.8	5.0	Datak wer m
	Judgment about oresent economic situation a)	Capital expenditures		4.5	3.4	3.0 4.6	4.3	4.2	cators ess; lo
	Judç prese sit	Overall economy		5.2	4.1	3.7 5.3	5.3	4.9	nt Indi 45 or le
		Number of questionnaires		562	456	331 125	53	1071	lopme ∍, \$10∠
	REGION*	COUNTRY	COUNTRY GROUPS BY INCOME X)	43 HIGH-INCOME countries	59 MIDDLE-INCOME countries	32 upper-middle 27 Iower-middle	15 LOW-INCOME countries	AVERAGE OF 117 COUNTRIES	x) World Bank, World Development Indicators Database 2013. Countries are classified according to their Gross National Income (GNI) per capita 2013 (classifications are in effect until 1 July 2015) The groups are: low income, \$1045 or less; lower middle income, \$1.046–4,125; upper middle income, \$4,126–12,745; and high income, \$12,746 or more.

* Within each country group or region, the results are weighted according to the share of the specific country's exports and imports in the total world trade.
 a) 1: worst grade, lower, resp. deterioration
 b) 1: US dollar etc. undervalued
 5: US dollar etc. at about proper value
 9: US dollar etc. overvalued

c) 1: not so important / not relevant
5: also very important
9: most important

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١N	count	Capital shortage										
TABLE VII	is the	Foreign debts										
TAI	roblem	Public deficits										
	Assessment of the importance of economic problems the country is facing at present c)	Lack of skilled labour										
	f econ prese	Trade barriers to exports										
	portance of economic is facing at present c)	Lack of international competitiveness										
	mporta is fac	Inflation										evant
	of the i	Unemployment										1: not so important / not relevant 5: also very important 9: most important
	sment	Insufficient demand									enia	ortant / nporta tant
	Asses	Lack of confidence in government's econ. policy									Slove	1: not so important / n 5: also very important 9: most important
	ces p\ the end of	Level of domestic share prive the next 6 months a)	بر م	6.6		0.0	6.5	6.7	2.9	3.2	vakia	1: not : 5: also 9: mos
	txən əht to bnə ə	Value of the US dollar by th 6 months a)	с У	6.4	1	7.0	6.4	5.7	5.5	5.1	ain, Slo	́о
	cies in ntry's	Дел	4 F	4.5	0	4.8	4.6	4.5	4.1	4.0	dom al, Spa tes	
	curreno iis cour icy b)	DK pound	4 Y	5.5	0	4.α	5.5	5.1	4.0	4.0	d King Portug	ġ
	Judgment of currencies in relation to this country's currency b)	Euro	с Г	5.0	L L	0.0 0		5.0	3.9	4.0	United ands, F am Arab	d trade
	Judgm relati	US dollar	с ч	5.1	1).	5.0	4.9	4.8	4.8	eden, etherla 1, Vietr United	tal worl
	Expected interest rates by the end of the next 6 months a)	ແນອງ-ຍົບວ	57	5.7	(0.0	5.4	5.2	5.6	5.4	tin, Swenia venia alta, N railanc ezuela nisia, I	the tot
2015	Expected interest rates by th end of the next 6 months a)	Short-term	0 5	5.0	0	4.α	4.9	5.2	5.2	5.0	al, Spa tia, Slc urg, Ma van, Th van, Th van, Th	oorts in
ARY	txən ərt to bnə ər	Expected inflation rate by th 6 months a)	5 U	4.8	Ţ	0.1	4.7	4.5	6.3	5.5	ortuga Slovak embou , Taiw niratea Repub	ue imp
JANUARY 2015	ð txən ədt nid	Expected trade balance wit months a)	e a	6.4	T.	D	6.6	5.6	1.6	2.5	Inds, P Iania, S a, Luxe gapore rab En Arab F	tports a d oper val
,	cted trade by the of the nonths	Imports	6 1	6.1		0.1	6.0	6.0	4.3	4.9	, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, S cong, Indonesia, South Korea, Malaysia, Philippines, Singapore, Taiwan, Thailand, Vietnam riria, Qatar, Saudi Arabia, Syrian Arab Republic, United Arab Emirates, Venezuela t, Lebanon, Libya, Morocco, Qatar, Saudi Arabia, Syrian Arab Republic, Tunisia, United Arab Emirates	hare of the specific country's exports and b) 1: US dollar etc. undervalued 5: US dollar etc. at about proper value 9: US dollar etc. overvalued
	Expected foreign trade volume by the end of the next 6 months a)	Exports	7 1	7.3	č	0.1	7.3	6.4	1.6	2.5	urg, N Polane Itvia, Li ilippine blic, U rabia,	fic cour tc. unde tc. at at tc. over
		Private consumption	u u u	6.7		0.0	6.5	5.8	1.9	2.7	xembc Malta, aly, La sia, Ph sepu saudi A	e of the specific co 1: US dollar etc. un 5: US dollar etc. at 9: US dollar etc. ov
	Economic situation by the end of the next 6 months a)	Capital expenditures	6 4	6.6	, L	0.4	6.4	5.3	1.4	2.3	aly, Lu uania, and, It Malay n Arat atar, S	e of the 1: US of 5: US o 9: US o
	Econo by the next (ΟνειαΙΙ εconomy	2 9	6.8	(0.0	6.7	5.4	2.1	3.0	and, Itt a, Lithu ce, Irel corea, , Syria	b) b)
	Economic situation compared to same time last year a) next 6 months a)	Private consumption	9 9	6.6	0	0.0	6.4	4.2	5.2	6.1	e, Irela , Latvii , Greec South Moro , Moro	ng to tl
	Economic situation compared to same time last year a)	Capital expenditures	α L	5.7	, ,	0.4	5.4	3.7	5.1	6.0	Greed Ingary many, esia, S Saudi , Libya,	accordi
6	Econo compa	ΟνειαΙΙ εconomy	4 9	6.3	((0.0	6.0	3.8	5.4	6.3	many, nia, Hu ie, Gei Indon Datar, Sanon,	ghted a
(WE	about nomic a)	Private consumption	5 O	4.9	t L	D.1	4.7	4.4	6.9	7.3	e, Gerr Estor Franc Kong, eria, C	are wei
RVEY	Judgment about present economic situation a)	Capital expenditures	c C	3.7	2	4 V	3.6	4.0	6.6	7.1	France public, nland, Hong it, Nig Kuwa	esults ; factory ent
IC SU	Judg prese sit	Ονειαll εconomy	46			5.4	4.2	4.6	6.9	7.3	iland, ch Rep nia, Fi P.R., Kuwa ordan,	i, the re oration p. satis roveme
IMON		Number of questionnaires	30F	257	100	951	291	182	22	28	ark, Fir s, Cze š, Esto China r, Iran, Iran, J	r region deteric ne, resl sp. impl
WORLD ECONOMIC SURVEY (WES)		×	ELL 28 COLINTRIES	Itries	nbers 1)	ntries mbers 2)	Vrea 3)	Asian Pacific Rim 4)	(MENA - Middle East & North Africa 6)	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Spain, Slovakia, Slovenia Austriai, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Spain, Slovakia, Slovenia Austriaia, New Zealand, China P.R., Hong Kong, Indonesia, South Korea, Malaysia, Philippines, Singapore, Taiwan, Thailand, Vietnam Algeria, Angola, Ecuador, Iran, Kuwait, Nigeria, Qatar, Saudi Arab Republic, United Arab Emirates, Venezuela Algeria, Bahrain, Egypt, Iran, Jordan, Kuwait, Lebanon, Libya, Morocco, Qatar, Saudi Arabia, Syrian Arab Republic, Tunisia, United Arab Emirates	* Within each country group or region, the results are weighted according to the share of the specific country's exports and imports in the total world trade. a) 1: worst grade, lower, resp. deterioration 5: no change, about the same, resp. satisfactory 9: highest grade, higher, resp. improvement 9: US dollar etc. overvalued
ifo	REGION*	COUNTRY	E11.28.C	EU countries	old members 1)	EU countries new members	EURO Area	Asian P	OPEC 5)	MENA - Middle North Africa 6)	 Austri Austri Bulga Austri Austri Austri Austri Alger Alger 	* Within a) 1: wor 5: no c 9: high