

ifo Economic Climate for the Euro Area Cools Down

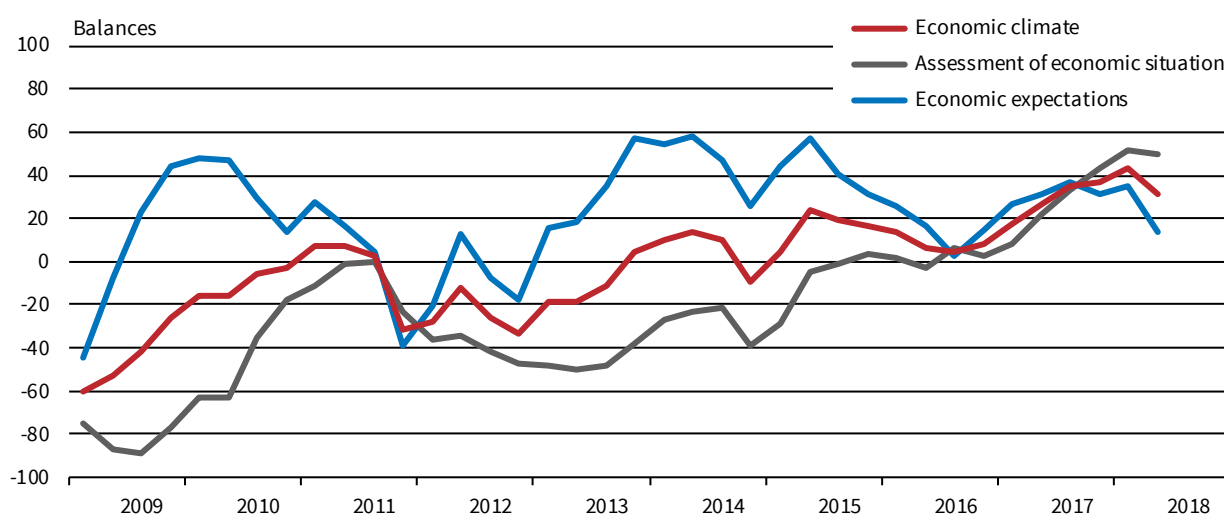
Munich, 2 May 2018 – The ifo Economic Climate for the euro area cooled down from 43.2 balance points to 31.1 balance points in the second quarter, after reaching its highest level since 2000 last quarter. Experts continued to assess the current economic situation as very good, but scaled back their expectations significantly. The economic upturn will slow down as a result. Experts expect growth of 2.2 percent for this year, versus 2.4 percent growth in 2017.

The economic climate deteriorated in all key countries in the euro area. The only exception was Spain, where the climate indicator rose again after slumping at the end of 2017. In Italy the climate clouded over heavily, with experts significantly scaling back both their assessments of the current economic situation and their expectations. Survey participants in Germany and France are also more pessimistic about the future, but their assessments of the current economic situation remain firmly positive.

Some of the experts surveyed were far more negative about the outlook for domestic investment, private consumption and export demand. The expected inflation rate for this year edged downwards to 1.6 percent. Survey participants cited a shortage of qualified staff as a constraint on growth.

Clemens Fuest
 President of the ifo Institute

ifo Economic Climate Euro Area



Source: ifo World Economic Survey (WES) II/2018.

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ifo Economic Climate for the Euro Area (Balances)

Quarter/year	II/2016	III/2016	IV/2016	I/2017	II/2017	III/2017	IV/2017	I/2018	II/2018
Climate	6.6	4.6	8.3	17.3	26.4	35.2	37.0	43.2	31.1
Situation	-2.6	6.2	2.4	8.0	21.9	33.4	42.9	51.3	49.9
Expectations	16.2	2.9	14.3	27.0	31.0	37.1	31.3	35.4	13.8

Source: ifo World Economic Survey (WES) II/2018.

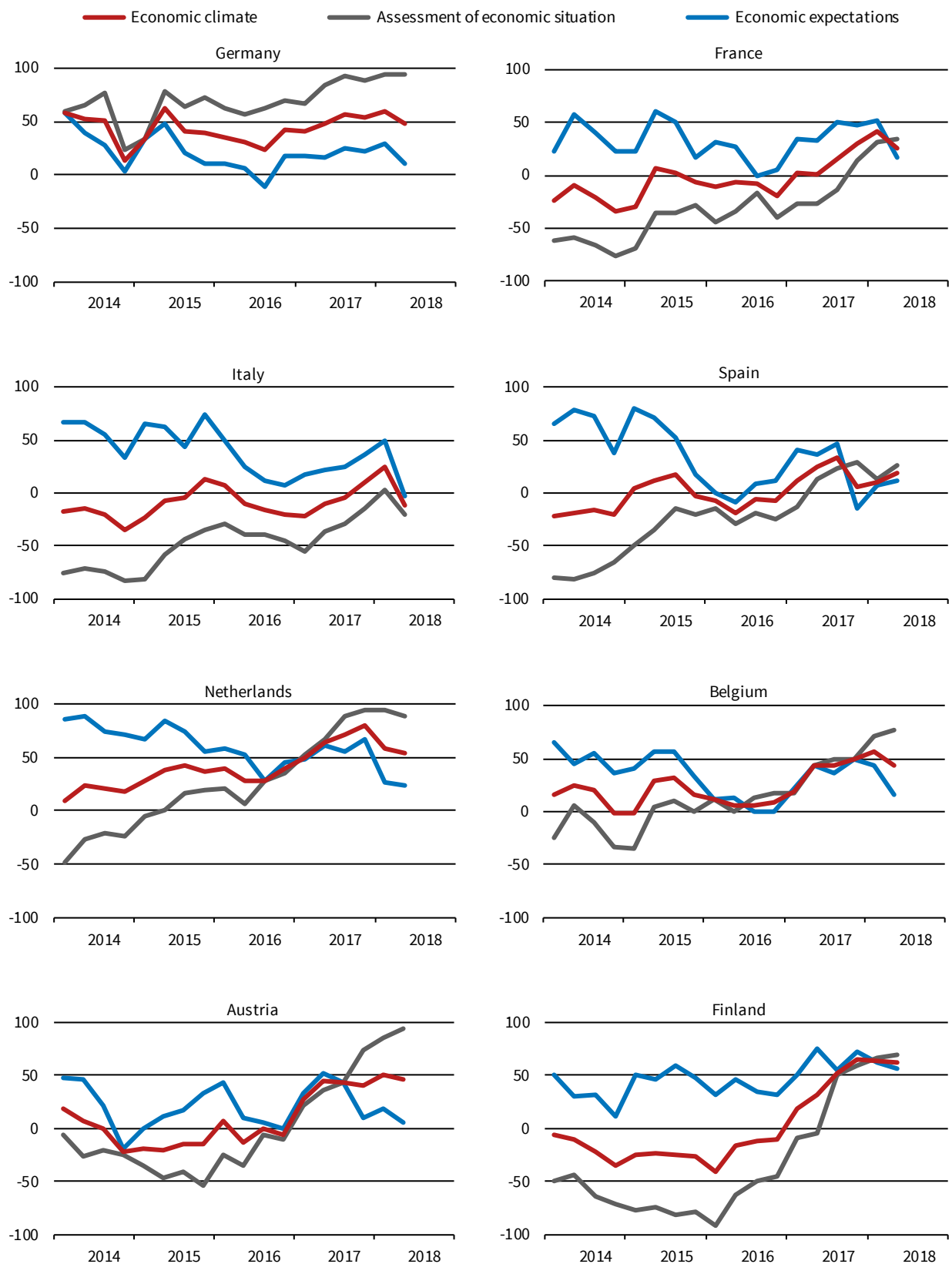
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Since 1981 the ifo Institute has conducted a quarterly survey in numerous countries on business cycle developments and other economic factors in the experts' home countries. This allows for a rapid, up-to-date assessment of the economic situation prevailing around the world. The full set of results will be published on 8 May 2018. The 2nd quarter 2018 euro area results, which are published here in advance, are based on the responses of 341 economic experts.

ifo Economic Climate for Countries of the Euro Area

Balances

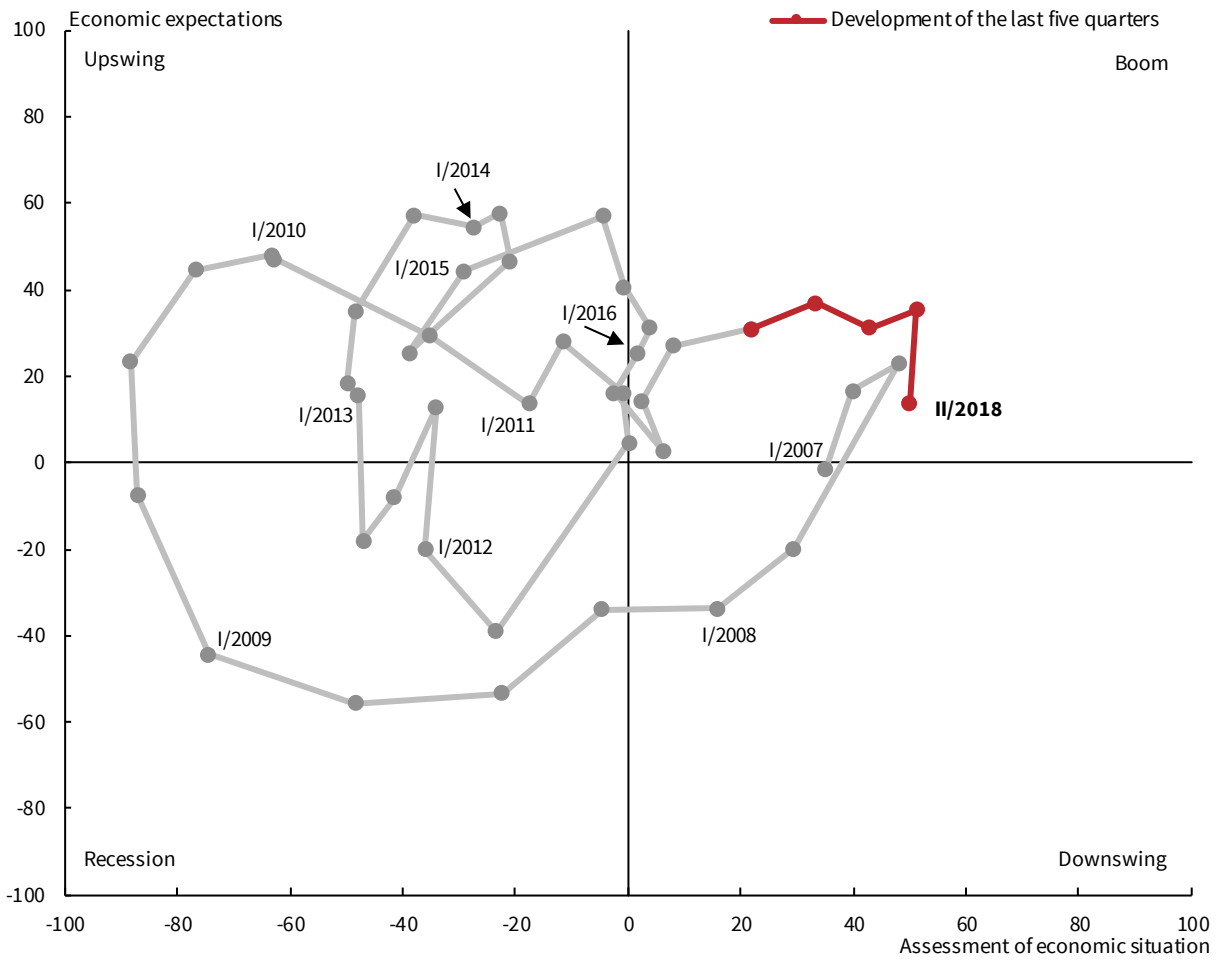


Source: ifo World Economic Survey (WES) II/2018.

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ifo Business Cycle Clock Euro Area

Balances



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