

19 August 2008

# Economic News

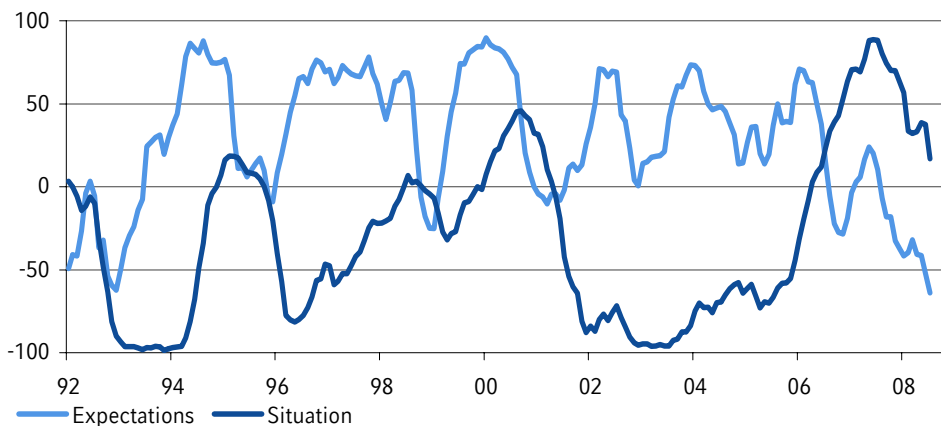
## GROWTH IN GERMANY

### ZEW economic sentiment stabilises – fall in assessment of current business situation

- As expected, the financial analysts surveyed by ZEW in August were less downbeat about the prospects for growth in Germany. The expectations index rose 8.4 points to currently -55.5. However, this is still well below its historical average. Two developments contributed to the improvement in sentiment. On the one hand, the correction in the energy and commodities markets has lasted more than a month, with the price of Brent crude down by nearly 25% from its high in July. On the other hand, the US dollar's trend – the greenback has gained nearly 10% on the euro over the past few weeks – has taken some pressure off German export companies. If the trend should prove to be a long-term one, two key negative factors affecting economic growth in recent months would have less of an impact.
- The negative GDP figures reported last week affected not so much the outlook for the coming six months as the assessment of the current business situation. The business situation index declined to -9.2 points in August, down 26.2 points from the previous month. This marks the highest monthly decline since the start of the ZEW survey.
- On balance, the assessments of the financial analysts surveyed are in line with our forecast. The German economy is in a downswing. A recession cannot be ruled out at the moment. However, if the recent weeks' trend in the oil price and the dollar continues, the likelihood of a recession should tend to decrease. At the same time, there is little prospect of a near-term end to the downswing, particularly given the current global uncertainties.

### ZEW economic expectations and assessment of current business situation

balance points



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