

Ifo World Economic Climate

Results of the Ifo World Economic Survey (WES) of the 4th quarter 2012
in co-operation with the International Chamber of Commerce (ICC), Paris

Ifo World Economic Climate Remains Overcast

The Ifo World Economic Climate Indicator continued to fall in the fourth quarter, although only slightly. The decline was due to both less favourable assessments of the current economic situation and downwardly revised expectations for the six-month economic outlook. The majority of WES experts cited insufficient demand as the main economic problem at the moment. The world economy is treading water.

While the economic climate indicator in *North America* and *Asia* declined only slightly versus the third quarter, the drop was somewhat larger in *Western Europe*. This was due to less favourable assessments of both the current economic situation and the economic outlook. In *North America* the current economic situation was reported to have deteriorated somewhat versus the previous quarter, while expectations, on the other hand, are now more positive, albeit only slightly. This primarily applies to the *USA*. In *Canada*, by contrast, the values of both climate components are significantly less positive than to date. In *Asia* the overall current economic situation remains at an unsatisfactory level. Although expectations were somewhat scaled back, they remain positive.

World average *inflation estimates* for 2012 increased slightly from 3.4% to 3.6%. WES experts on average expect *short-term interest rates* to remain largely unchanged over the next six months. However, they believe that *long-term interest rates* are set to increase slightly. On worldwide average economic experts expect hardly any further growth in the value of the *US dollar* over the next six months.

Hans-Werner Sinn, President of the Ifo Institute

World Economy (Index, base year: 2005 = 100)

| Quarter/year | IV/2010 | I/2011 | II/2011 | III/2011 | IV/2011 | I/2012 | II/2012 | III/2012 | IV/2012 |
|---------------------|---------|--------|---------|----------|---------|--------|---------|----------|---------|
| Climate | 98.6 | 106.8 | 107.7 | 97.7 | 78.7 | 82.4 | 95.0 | 85.1 | 82.4 |
| Situation | 95.3 | 102.8 | 108.4 | 99.1 | 86.0 | 84.1 | 87.9 | 78.5 | 76.6 |
| Expectations | 101.8 | 110.5 | 107.0 | 96.5 | 71.9 | 80.7 | 101.8 | 91.2 | 87.7 |

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. The October 2012 survey received responses from 1,156 experts in 124 countries. The survey is conducted in co-operation with the International Chamber of Commerce in Paris (ICC).

A detailed regional analysis appears in the quarterly journal: *CESifo World Economic Survey*. This press release contains advance information on the most important results.

Fig. 1

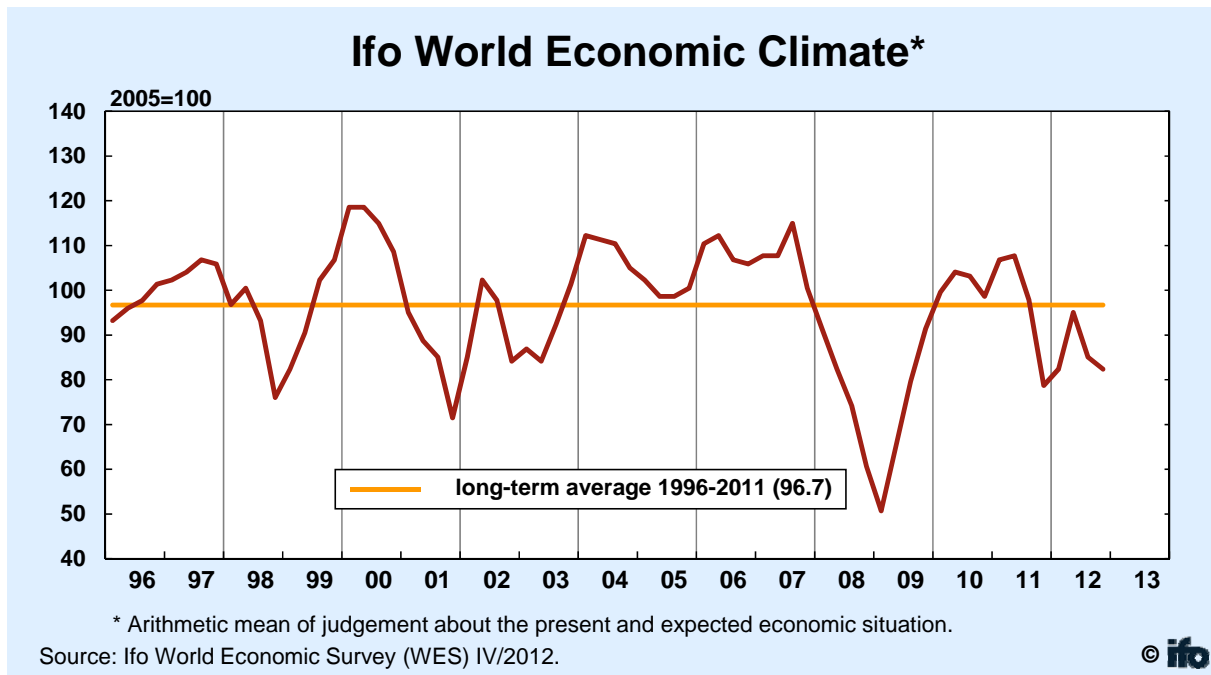


Fig. 2

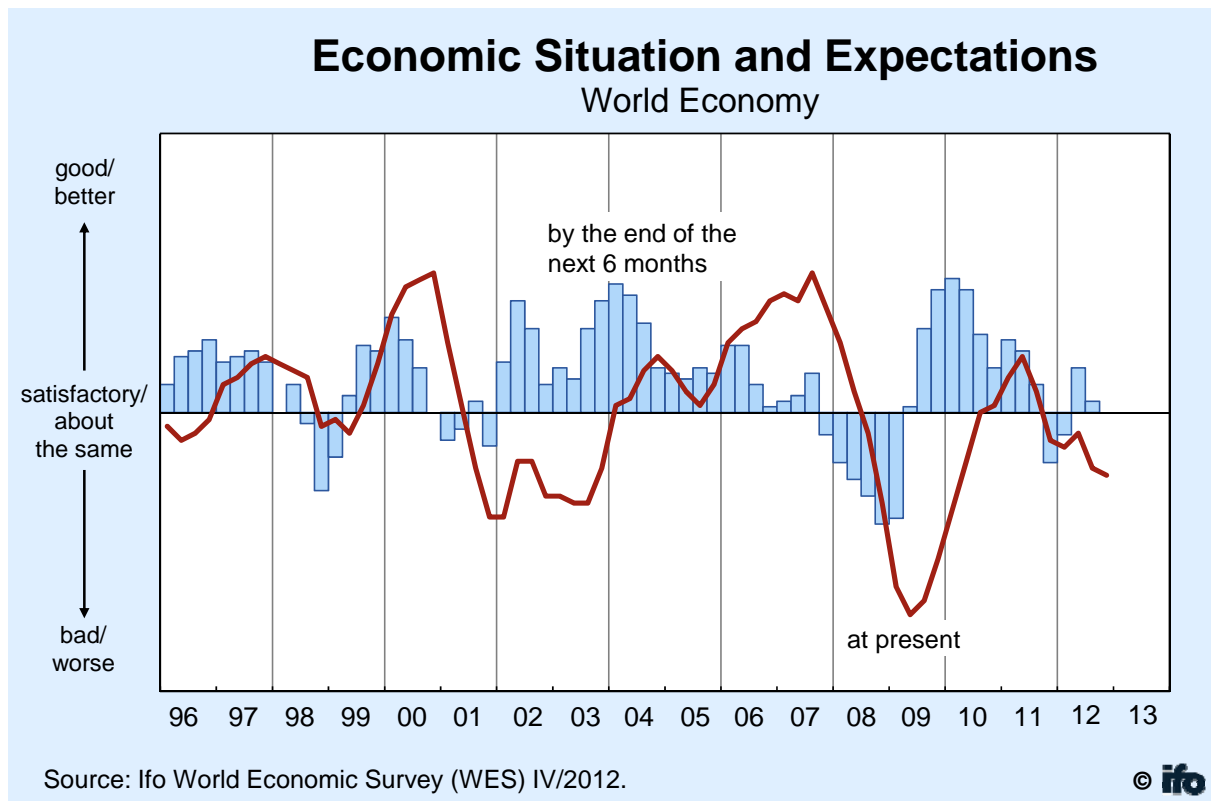
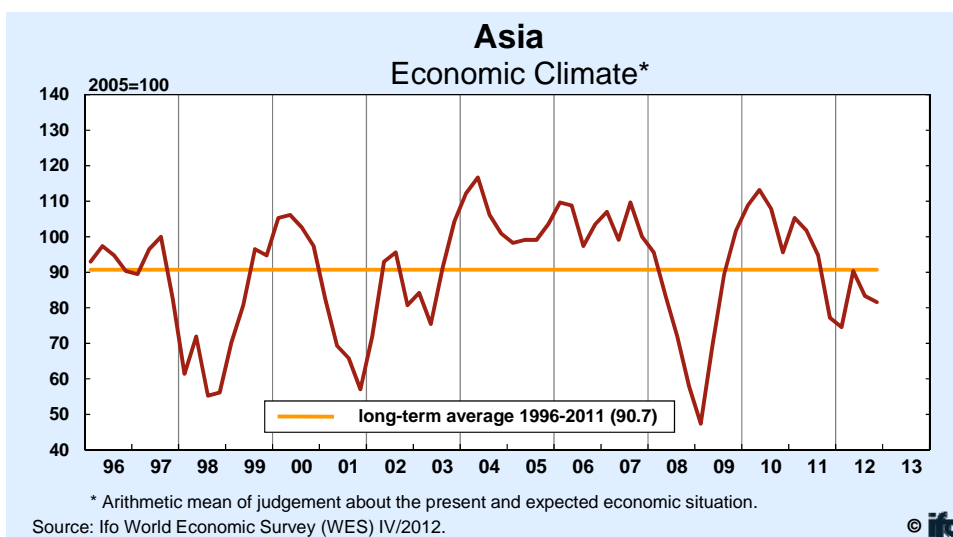
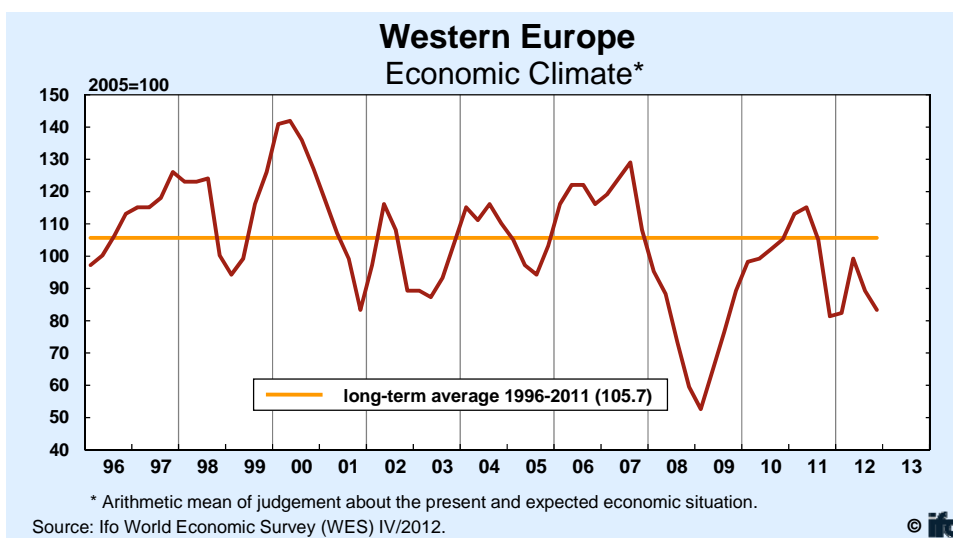
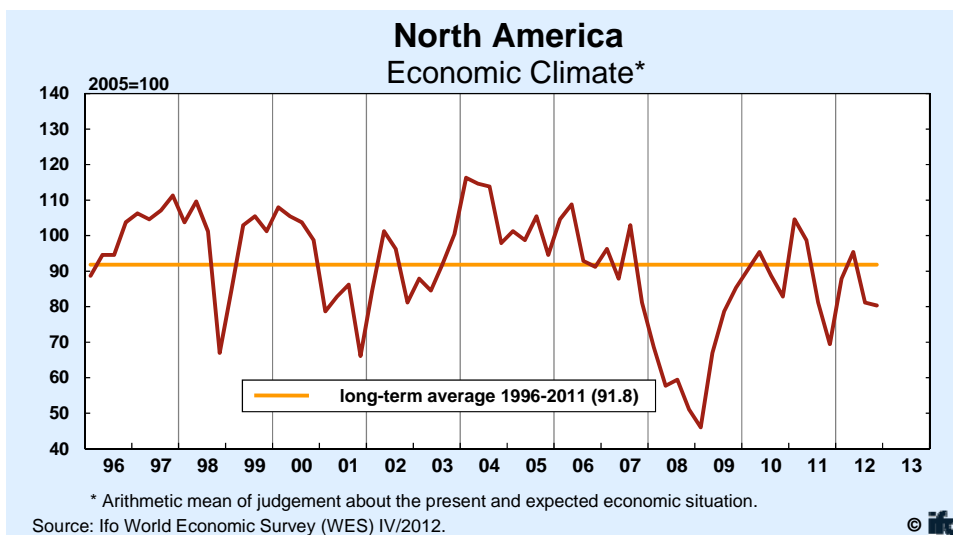


Fig. 3



| Climate (2005=100) | IV/2010 | I/2011 | II/2011 | III/2011 | IV/2011 | I/2012 | II/2012 | III/2012 | IV/2012 |
|--------------------|---------|--------|---------|----------|---------|--------|---------|----------|---------|
| North America | 82.8 | 104.6 | 98.7 | 81.2 | 69.5 | 87.9 | 95.4 | 81.2 | 80.3 |
| Western Europe | 105.2 | 113.2 | 115.1 | 105.2 | 81.4 | 82.4 | 99.3 | 89.3 | 83.4 |
| Asia | 95.6 | 105.3 | 101.8 | 94.7 | 77.2 | 74.6 | 90.4 | 83.3 | 81.6 |