

Press Release

ZEW

Zentrum für Europäische
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Centre for European
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ZEW Indicator of Economic Sentiment for Germany

-16.1 points (-7.9 vs. previous month)

ZEW Indicator of Economic Sentiment for the Eurozone

-12.6 points (-15.0 vs. previous month)

Assessment of the Current Situation in Germany

+80.6 points (-6.8 vs. previous month)

Assessment of the Current Situation in the Eurozone

+39.9 points (-16.2 vs. previous month)

39/2018

12 June 2018

ZEW Indicator of Economic Sentiment

Major Slump in Economic Outlook

The ZEW Indicator of Economic Sentiment for **Germany** recorded a decrease of 7.9 points in June 2018 and now stands at minus 16.1 points. This is the lowest reading since September 2012 and well below the long-term average of 23.3 points. The assessment of the current economic situation in Germany decreased by 6.8 points, leaving the corresponding indicator at 80.6 points.

“The recent escalation in the trade dispute with the United States as well as fears over the new Italian government pursuing a policy which potentially destabilises the financial markets have left their mark on the economic outlook for Germany. On top of this, German industry has been reporting worse than expected figures for exports, production and incoming orders for April. As a result, the economic outlook for the next six months has worsened considerably,” comments ZEW President Professor Achim Wambach.

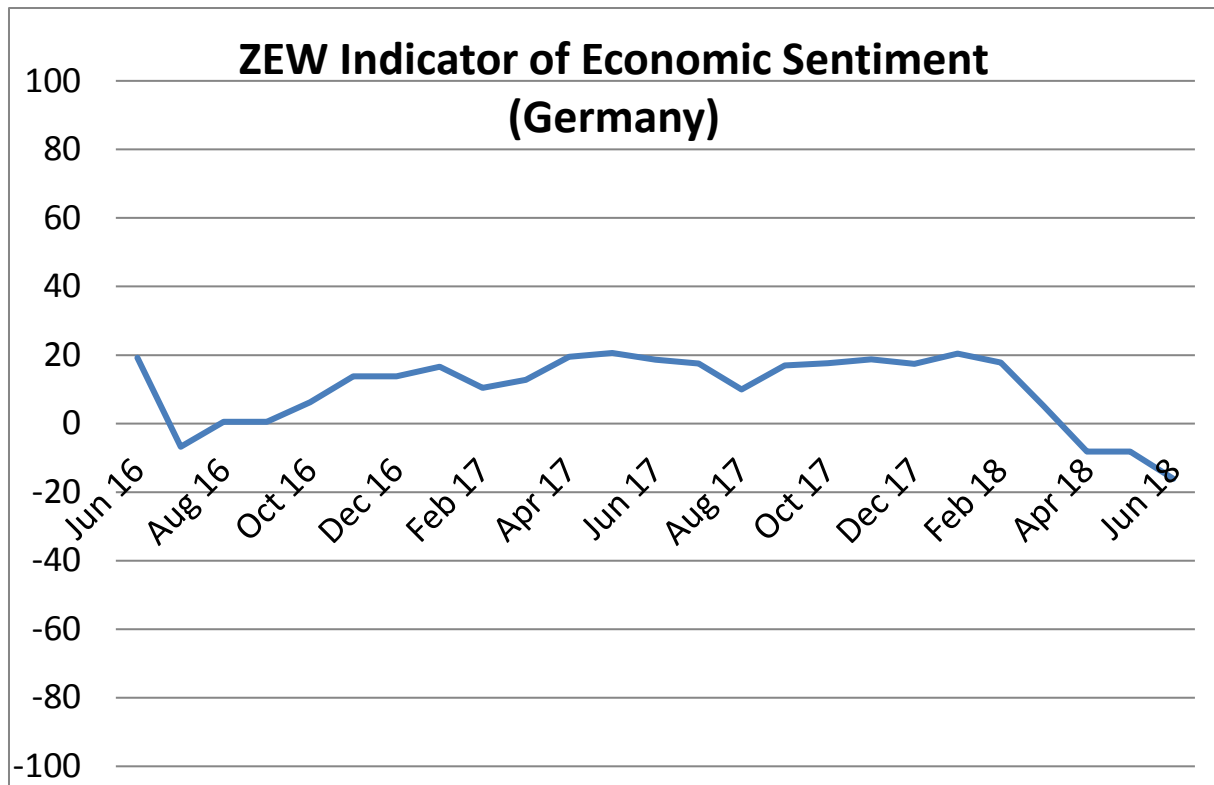
The financial market experts’ expectations regarding economic development in the **Eurozone** have experienced an even sharper drop than those for Germany. The corresponding indicator currently stands at minus 12.6 points, 15.0 points below the reading from the previous month. Meanwhile, the indicator for the current economic situation in the Eurozone has sunk by a dramatic 16.2 points to a level of 39.9 points. This decline in the outlook for the Eurozone can largely be attributed to a far more pessimistic assessment of the Italian economy. Economic expectations for Italy fell 31.7 points to a level of minus 48.4 points, while the assessment of the current situation in Italy saw a 14.3-point drop down to minus 32.8 points.

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Source: Centre for European Economic Research (ZEW)

207 analysts participated in the latest ZEW Financial Market Survey, which was conducted in the period 28 May–11 June 2018. The analysts were surveyed regarding their mid-term expectations concerning economic development and capital market trends. The ZEW Indicator of Economic Sentiment is the balance between positive and negative expectations of the future economic development in Germany over a timeframe of six months.

The Centre for European Economic Research (ZEW), Mannheim

ZEW is one of Germany's leading economic research institutes and enjoys a strong reputation throughout Europe. ZEW works in the field of cutting-edge empirical research in economics. The institute especially distinguished itself by working on internationally comparative studies in the context of Europe and by creating important scientific data bases, e.g. the Mannheim Innovation Panel (MIP) and the ZEW Start-up Panel. ZEW's key objectives are to conduct excellent economic research, provide science-based economic policy advice and transfer knowledge. ZEW was founded in 1991 and employs a staff of approximately 170, two thirds of whom are researchers.

Research at ZEW

Labour Markets, Human Resources and Social Policy; Digital Economy; Economics of Innovation and Industrial Dynamics; International Finance and Financial Management; Environmental and Resource Economics, Environmental Management; Corporate Taxation and Public Finance; International Distribution and Redistribution; Market Design.

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