

Press Release

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ZEW Indicator of Economic Sentiment for Germany

+19.2 points (-22.6 vs. previous month)

ZEW Indicator of Economic Sentiment for the Eurozone

+17.9 points (-25.8 vs. previous month)

Assessment of the Current Situation in Germany

-77.3 points (-8.4 vs. previous month)

Assessment of the Current Situation in the Eurozone

-32.4 points (+3.7 vs. previous month)

91/2024

13 August 2024

ZEW Indicator of Economic Sentiment

Expectations Break Down

The ZEW Indicator of Economic Sentiment for Germany recorded a steep decline in August 2024. At 19.2 points, it is 22.6 points below the value from the previous month. The last time expectations deteriorated in a similar manner was July 2022. The assessment of the current economic situation in Germany also declined. The corresponding indicator fell by 8.4 points to a new value of minus 77.3 points.

“The economic outlook for Germany is breaking down. In the current survey, we observe the strongest decline of the economic expectations over the past two years. Economic

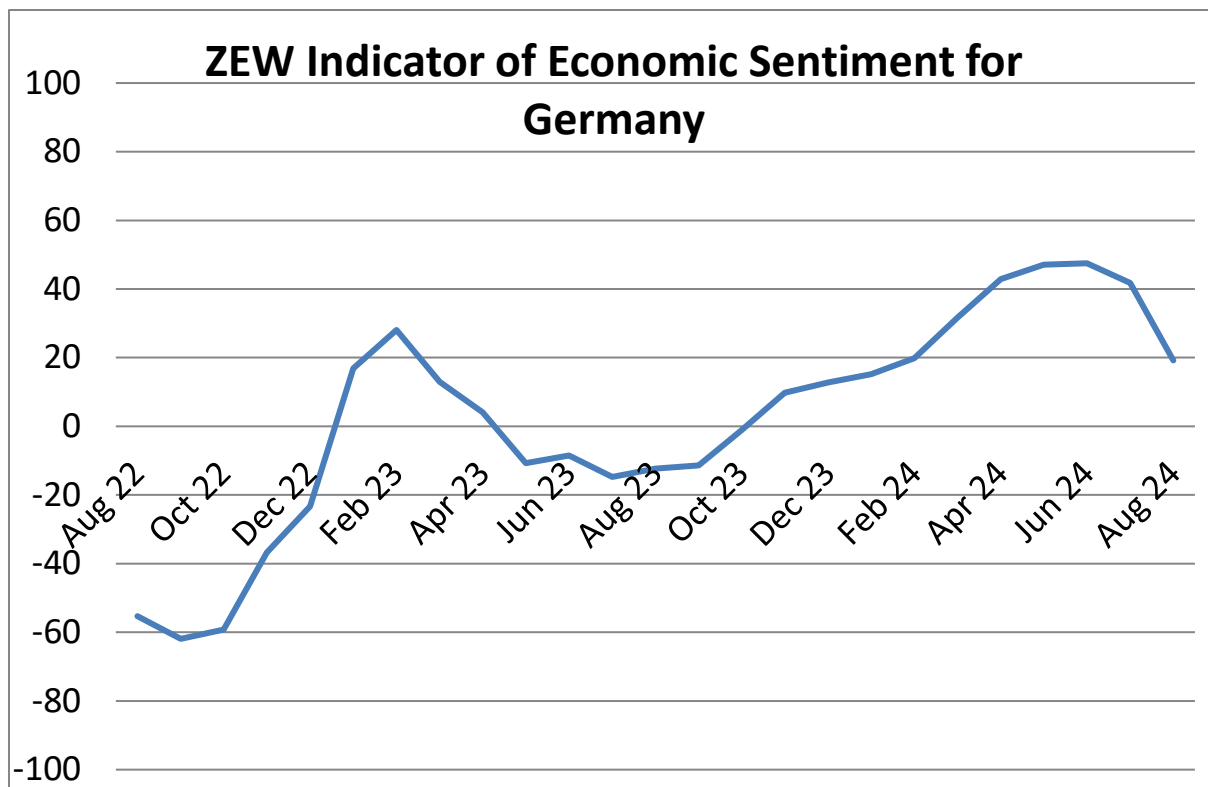
expectations for the eurozone, the US and China also deteriorate markedly. As a result, especially the expectations for export-intensive German sectors decline. It is likely that economic expectations are still affected by high uncertainty, which is driven by ambiguous monetary policy, disappointing business data from the US economy and growing concerns over an escalation of the conflict in the Middle East. Most recently, this uncertainty expressed itself in a turmoil on international stock markets,” comments ZEW President Professor Achim Wambach, PhD on the survey results.

At 17.9 points, the financial market experts’ sentiment concerning the economic development of the euro area lost 25.8 points compared to July. The last time the indicator experienced a steeper decline was April 2020. In contrast, the situation indicator for the eurozone improved marginally, climbing 3.7 points to a new reading of minus 32.4 points.

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Source: ZEW – Leibniz Centre for European Economic Research

152 analysts participated in the July 2024 ZEW Financial Market Survey, which was conducted in the period 5–12 August 2024. 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.

ZEW – Leibniz Centre for European Economic Research

ZEW Mannheim conducts research in the field of applied and policy-oriented economics and provides access to important data sets for national and international researchers. The institute provides advice to policymakers, private companies, and government institutions at both the national and EU level on how to tackle current economic policy challenges. The central concern of ZEW’s research is to analyse and design markets and institutions that allow for the sustainable and efficient development of knowledge-based economies in Europe. By keeping the public informed on its latest research and providing further training to researchers and business leaders alike, ZEW acts as a guide through economic change. ZEW was founded in 1991 and is a member of the Leibniz Association. ZEW currently employs a staff of approximately 200, two thirds of whom are researchers.

Research at ZEW:

Pensions and Sustainable Financial Markets; Labour Markets and Social Insurance; Digital Economy; Health Care Markets and Health Policy; Economics of Innovation and Industrial Dynamics; Market Design; Environmental and Climate Economics; Inequality and Public Policy; Corporate Taxation and Public Finance.