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## **ZEW Indicator of Economic Sentiment:**

### **Scepticism returns**

The ZEW Indicator of Economic Sentiment for **Germany** decreases slightly in February. The indicator now stands at +69.9 points compared with +72.9 points in January. On the one hand, it seems as if the experts are concerned about the lasting strength of the Euro as it could affect corporate profits in the long term. On the other hand, they are worried that the necessary reforms might not be implemented as planned. At least this is a conclusion that can be drawn from the separate evaluation of the responses before and after Gerhard Schroeder's resignation as party leader. "The expected economic upswing is characterised by external risks anyway. If the reforms are diluted now, Germany will experience the worldwide economic upswing only with the handbrake pulled," said ZEW President Prof. Dr. Dr. h.c. mult. Wolfgang Franz..

The experts' evaluation of Germany's current economic situation brightens a little this month. Nevertheless, 72.2 percent of those interviewed - compared to 78,2 percent in the previous month - still felt that the economic situation in Germany was poor.

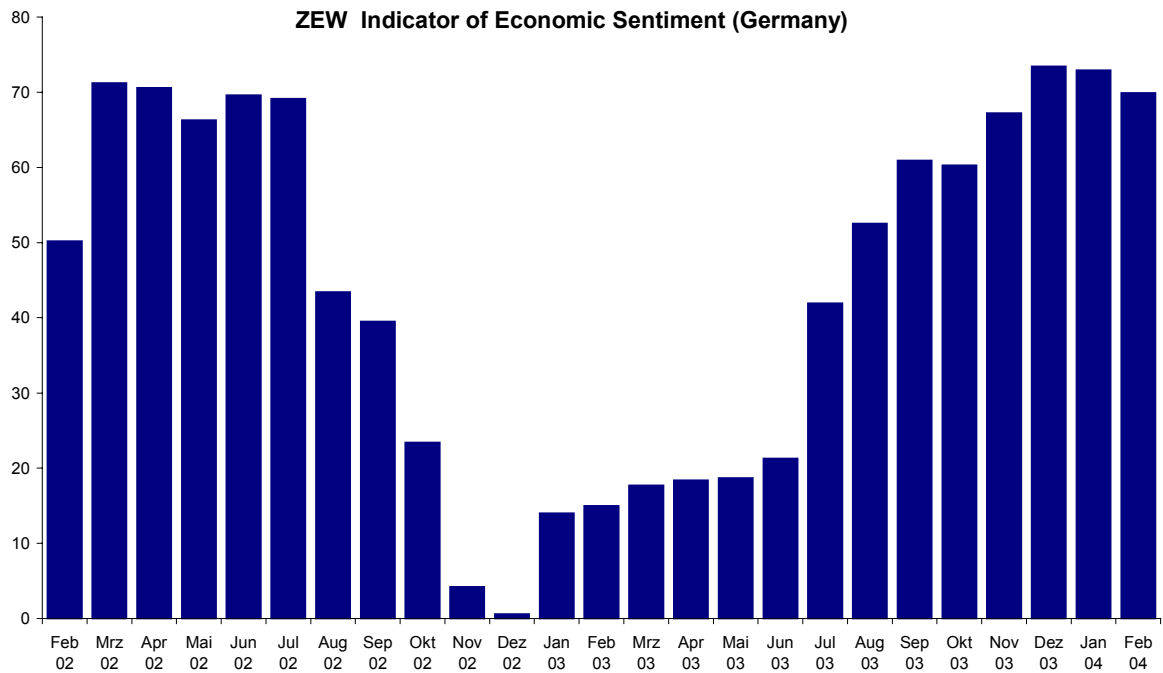
For the **Euro Zone**, too, economic sentiment declined in February. The indicator lost -4.5 percent compared with last month's figures and now stands at +75.6 points. 56.2 percent of those interviewed regarded the current economic situation in the **Euro Zone** as poor.

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Source: Centre for European Economic Research (ZEW).

308 analysts and institutional investors participated in this month's ZEW Financial Markets Survey which is conducted on a monthly basis by the Centre for European Economic Research (ZEW), Mannheim. The participants were asked about their medium-range expectations concerning economic activity and capital markets. The ZEW Indicator of Economic Sentiment shows the balance between positive and negative expectations regarding future economic activity in Germany within a timeframe of six months.