

## Ifo World Economic Climate

Results of the Ifo World Economic Survey (WES) for the 1<sup>st</sup> quarter 2016

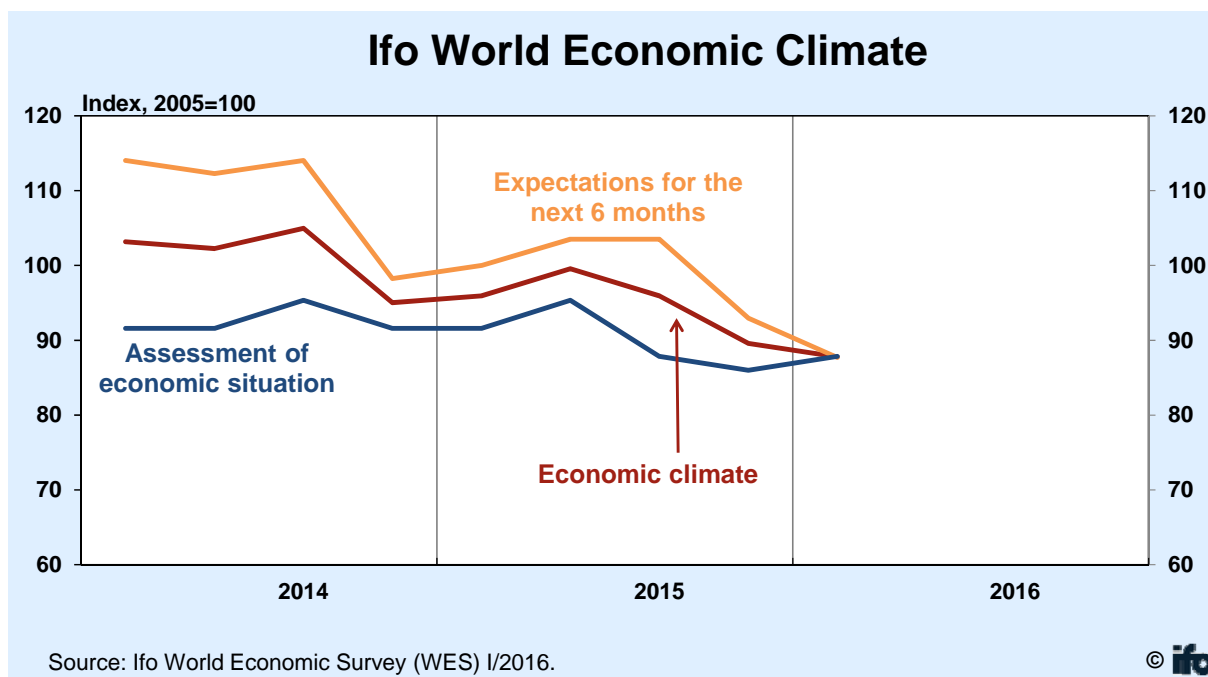
### Ifo World Economic Climate Continues to Cloud Over

The Ifo Index for the world economy dropped from 89.6 points to 87.8 points this quarter, drifting further from its long-term average (96.1 points). While assessments of the current economic situation brightened marginally, expectations were less positive than last quarter. The sharp decline in oil prices seems to be having no overall positive economic impact. Growth in the world economy continues to lack impetus.

The economic climate deteriorated in all regions, except in *Oceania*, *Asia* and *Latin America*. In *Oceania* the climate index stabilised at a low level, and in *Asia* and *Latin America* it edged upwards. The indicator is now below its long-term average in all regions, with the exception of *Europe*. The climate in the *CIS states* and the *Middle East* clouded over, especially due to poorer economic expectations. In *Europe* WES experts are slightly less positive about future economic developments than in October 2015. In *North America* and *Africa*, by contrast, the slightly less favourable economic situation led to a deterioration in the economic climate.

Interest rate expectations remained unchanged from last quarter's survey. While short-term interest rates are only expected to increase in a few countries over the next six months, long-term interest rates will continue to edge upwards in the majority of countries. The *US dollar* is still considered to be somewhat over-valued. Survey participants across all countries nevertheless expect the *dollar* to continue to appreciate on average over the next six months.

Hans-Werner Sinn  
President of the Ifo Institute



### World Economy (Index, 2005 = 100)

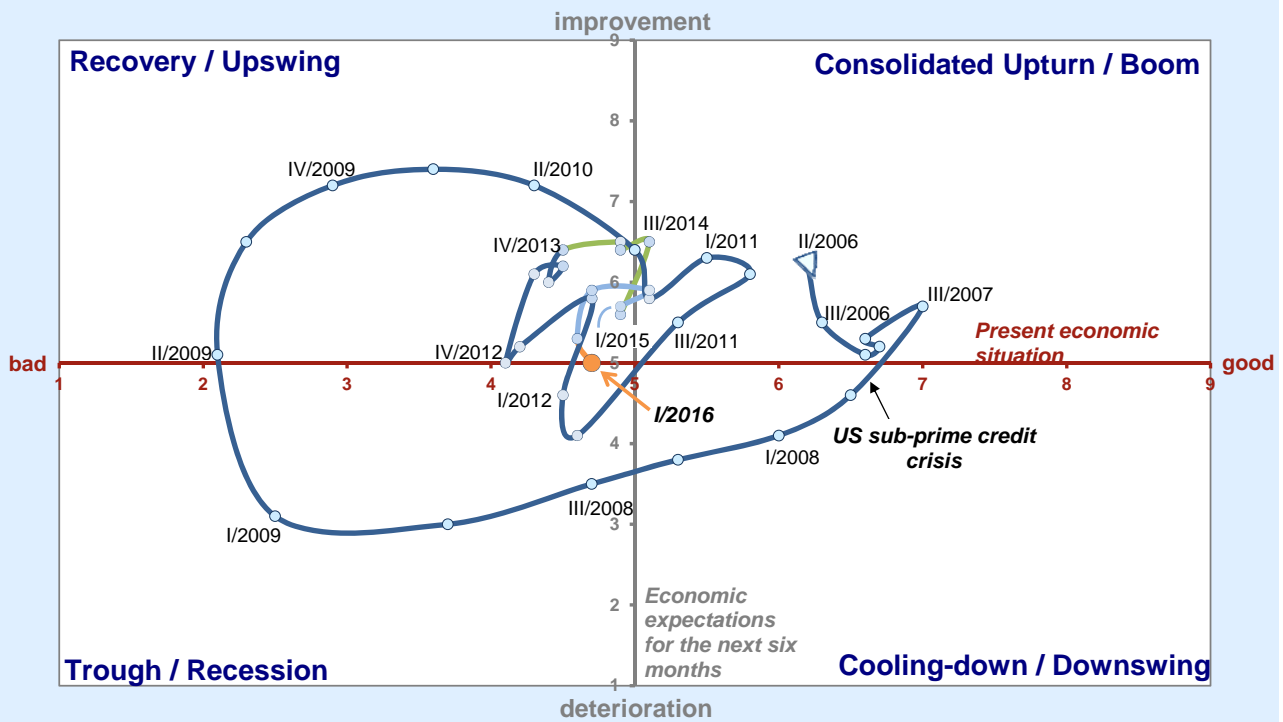
Quarter/year	I/2014	II/2014	III/2014	IV/2014	I/2015	II/2015	III/2015	IV/2015	I/2016
<b>Climate</b>	103.2	102.3	105.0	95.0	95.9	99.5	95.9	89.6	87.8
<b>Situation</b>	91.6	91.6	95.3	91.6	91.6	95.3	87.9	86.0	87.9
<b>Expectations</b>	114.0	112.3	114.0	98.2	100.0	103.5	103.5	93.0	87.7

Source: Ifo World Economic Survey (WES).

For long time-series in Excel format consult [www.cesifo-group.de/langereihen](http://www.cesifo-group.de/langereihen).

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 January 2016 survey received responses from 1,085 experts in 120 countries. A detailed regional analysis appears in the quarterly journal: CESifo World Economic Survey. This press release contains advance information on the most important results.

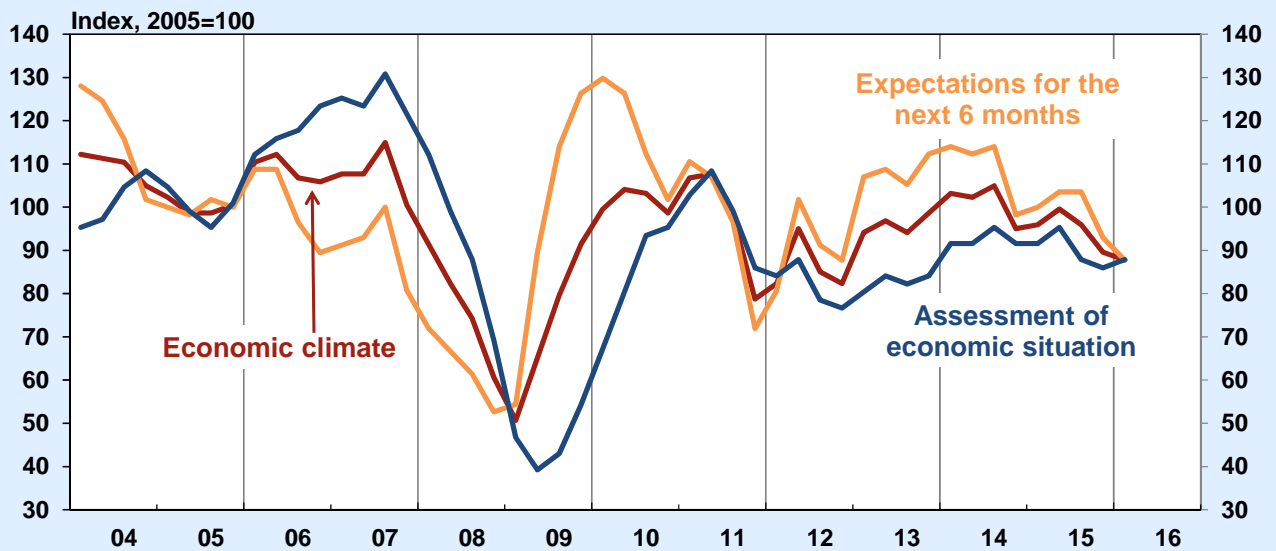
### Ifo Business Cycle Clock: World Economy



Source: Ifo World Economic Survey (WES) I/2016.

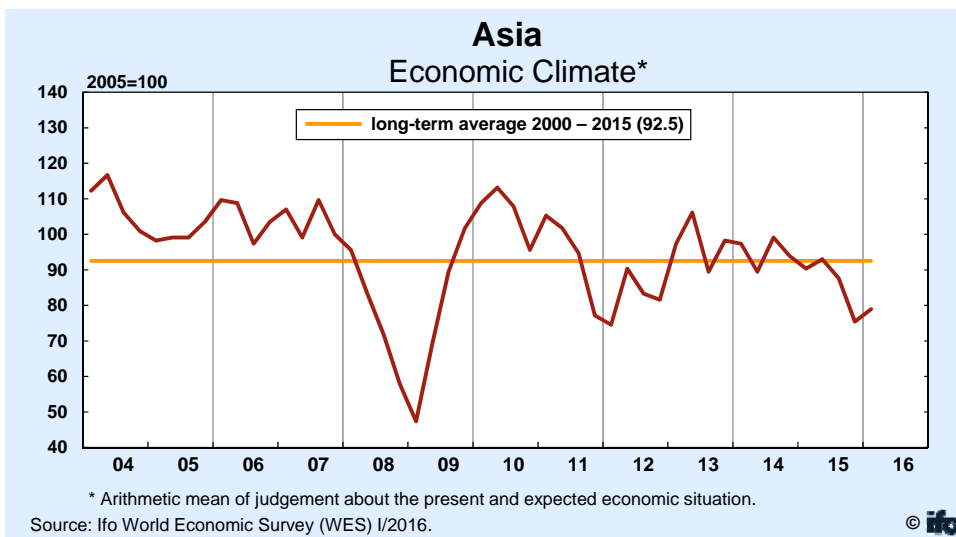
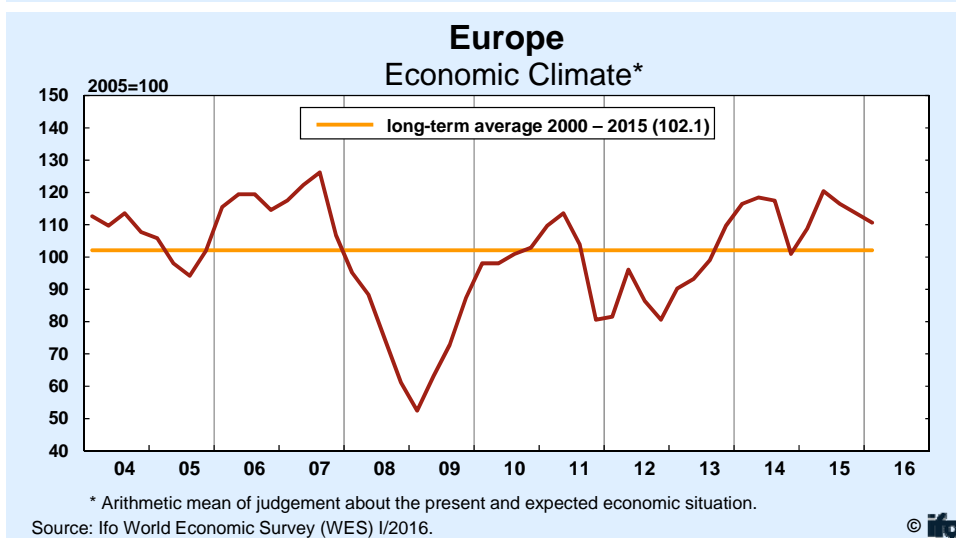
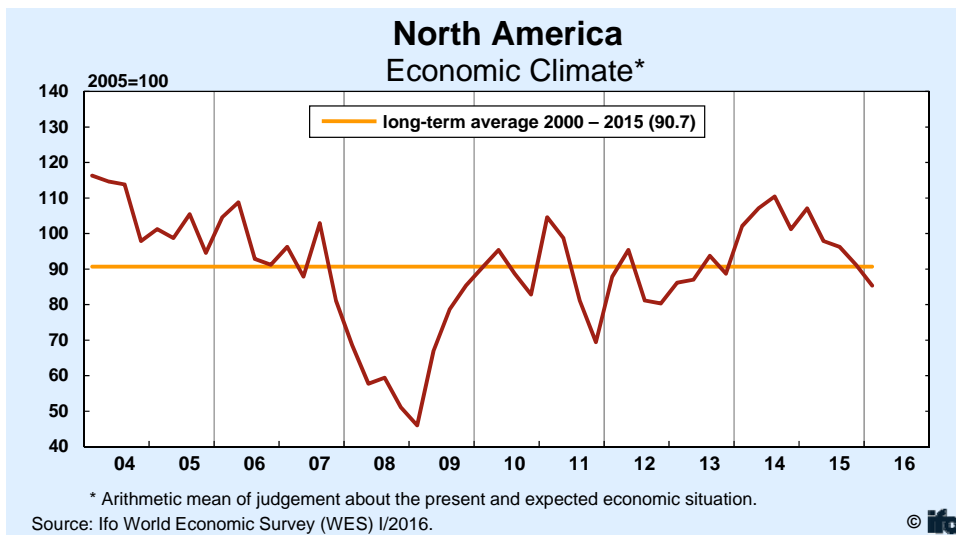


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Source: Ifo World Economic Survey (WES) I/2016.





#### Main Regions, Economic Climate (Index, 2005 = 100)

Quarter/year	I/2014	II/2014	III/2014	IV/2014	I/2015	II/2015	III/2015	IV/2015	I/2016
<b>North America</b>	102.1	107.1	110.5	101.3	107.1	97.9	96.2	91.2	85.4
<b>Europe</b>	116.5	118.4	117.5	101.0	108.7	120.4	116.5	113.6	110.7
<b>Asia</b>	97.4	89.5	99.1	93.9	90.4	93.0	87.7	75.4	78.9

Source: Ifo World Economic Survey (WES).