

Press Release

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ZEW Indicator of Economic Sentiment for Germany

+15.2 points (+2.4 vs. previous month)

ZEW Indicator of Economic Sentiment for the Eurozone

+22.7 points (-0.3 vs. previous month)

Assessment of the Current Situation in Germany

-77.3 points (-0.2 vs. previous month)

Assessment of the Current Situation in the Eurozone

-59.3 points (+3.4 vs. previous month)

5/2024

16 January 2024

ZEW Indicator of Economic Sentiment

Economic Expectations Defy Inflation

The ZEW Indicator of Economic Sentiment for Germany again recorded a slight increase in the current January 2024 survey. At 15.2 points, it is 2.4 points above the December 2023 value. In contrast, the assessment of the economic situation in Germany has remained virtually unchanged. The corresponding indicator lost 0.2 points and now stands at minus 77.3 points.

“Economic expectations for Germany have improved again. This is because now more than half of the respondents assume that the ECB will make interest rate cuts in the first

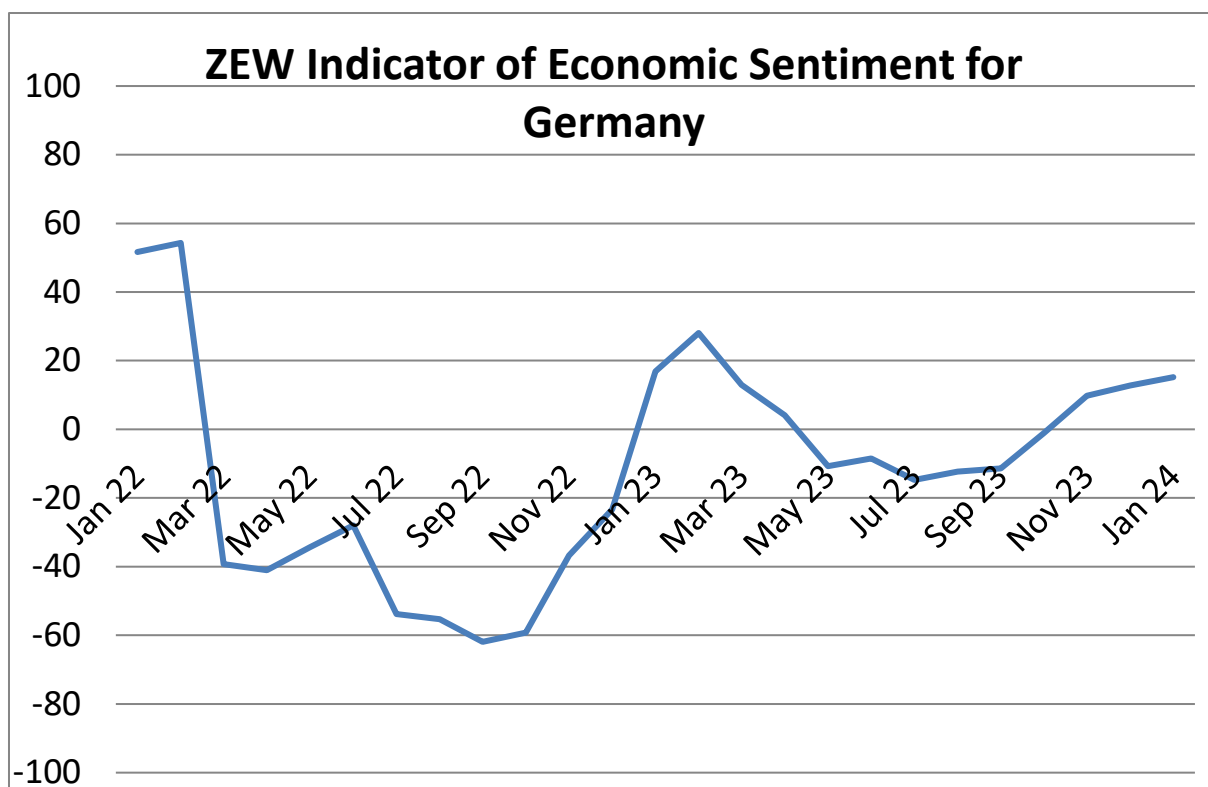
half of the year. There are even more pronounced shifts in US interest rate expectations. More than two-thirds of the respondents predict interest rate cuts by the US Federal Reserve in the next six months. The rise in inflation in Germany and the eurozone in December thus has no impact on the monetary policy expectations of the respondents,” comments ZEW President Professor Achim Wambach on the survey results.

The financial market experts’ sentiment concerning the economic development of the eurozone experienced a slight decrease in January. At 22.7 points, the indicator fell by 0.3 points compared to December 2023. In contrast, the situation indicator for the eurozone increased, climbing 3.4 points to a new reading of minus 59.3 points.

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Source: ZEW – Leibniz Centre for European Economic Research

173 analysts participated in the January 2024 ZEW Financial Market Survey, which was conducted in the period 8–15 January 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.