

# ECONOMIC SURVEY INTERNATIONAL

In its April 2001 Economic Survey International (ESI), the Ifo Institute polled more than 700 economic experts in 80 countries.

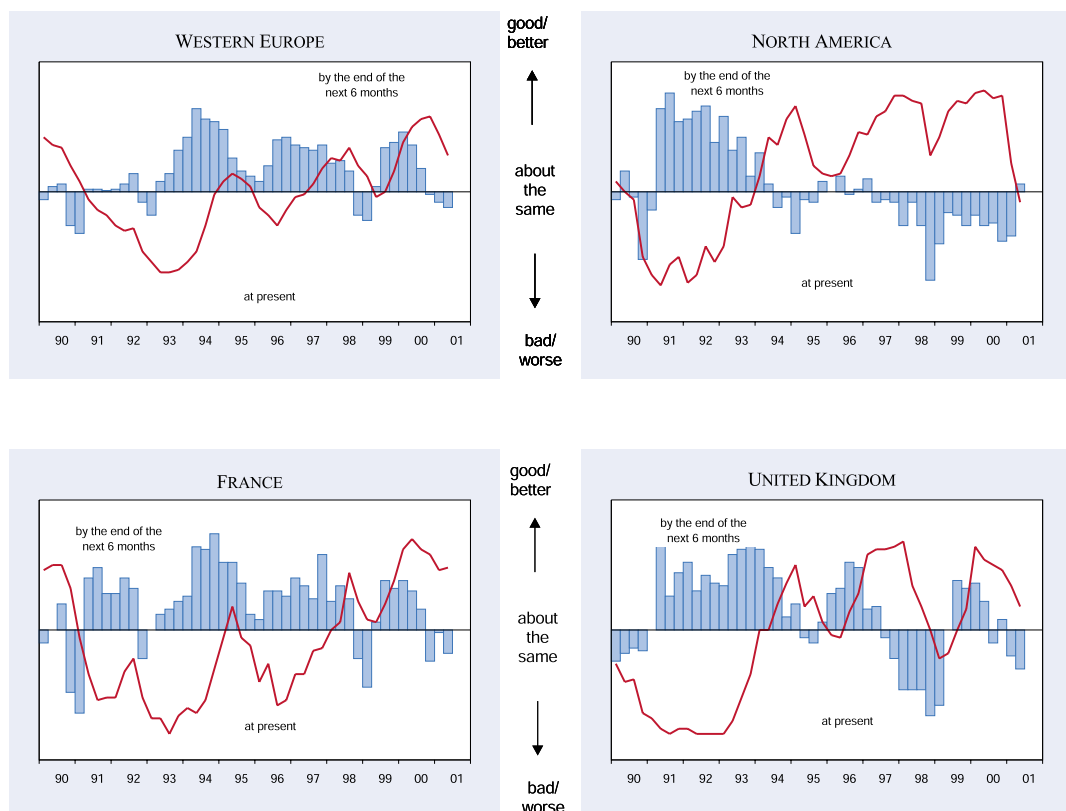
The indicator for the world economic climate continued its decline from its peak in April 2000. This time the decline was caused exclusively by more pessimistic assessments of the current situation, whereas expectations for the next six months improved slightly. This gives rise to hopes that the economic slowdown will end during the second half of 2001.

The decline of the current assessment was steepest in North America, where it is now, for the first time since the recession of the early 1990s, below the »satisfactory« threshold. Expectations, however, moved back into positive territory. This supports our view that economic recovery should begin in the second half of this year. The current weakness of the

U.S. economy is concentrated in investment whereas private consumption is keeping up rather well.

In Western Europe, the upswing is continuing to lose momentum. The assessment of the current situation deteriorated in all European countries, with the exception of Norway, Finland and France. Despite the overall decline, the level of the assessment remained higher than in any other region of the world. The lowest grades for the current situation were given to Germany, Italy and Portugal. The current assessment for the United Kingdom, though slightly better, continued to slide. Overall expectations for the European economy in the next six months weakened further due largely to a deterioration of the export outlook. Expectations were rated highest in Greece, Finland, Norway, Italy and Switzerland whereas Denmark, Ireland, Portugal and the UK had the lowest expectations for the next six months.

## Present and Expected Economic Situation



Source: ESI 72, 2/2001.