

ECONOMIC SURVEY INTERNATIONAL

According to the latest Ifo survey (73rd ESI of July 2001 questioning 737 economists of multinational corporations in 79 countries), the world economic climate continued on the downward trend which had started in spring 2000. Since then, the indicator has lost a quarter of its value. Yet, the current level is still far above those reached in earlier international downswing phases like in spring 1998 (in the wake of the Asian crisis or during the world wide recession of the early 1990s). Furthermore, the latest decline was also less steep than in the preceding three quarters due to the improvement of the expectations component of the indicator.

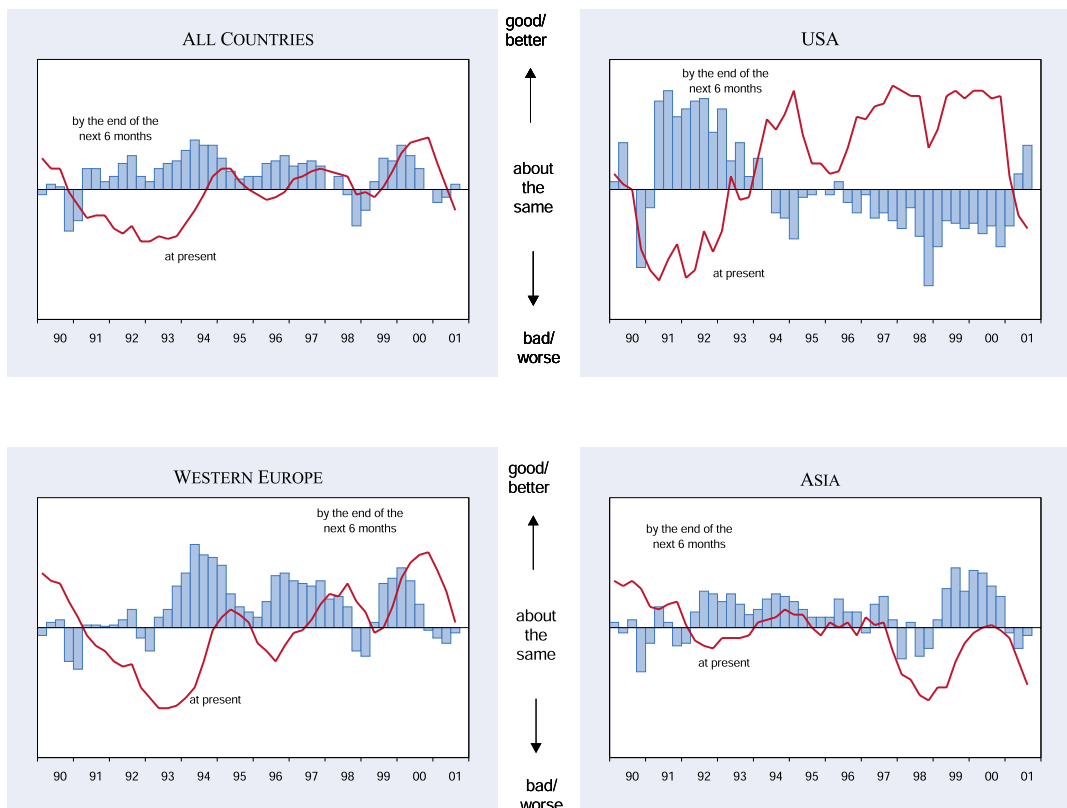
In **Western Europe** the assessments of the current business situation deteriorated further, but expectations for the next six months improved slightly. The worst assessments came again from Germany and Portugal. Better than the European average

were the current assessments for Norway, Ireland, the Netherlands, Finland, Spain, and Greece.

The current state of the **U.S. economy** was said to have deteriorated further, and was given much lower marks than that of Western Europe or the entire world average. Because the expectations for the next six months improved considerably, the cyclical trough may be reached very soon. The United States could therefore start its economic recovery ahead of the other industrialised countries.

In **Asia** the economic situation deteriorated further and is generally considered unsatisfactory. The Asian economic climate has reached a lower level than any other region under consideration. The only exception is China where the positive assessments still predominate. Japan, the Philippines, Taiwan and Sri Lanka have been worst hit by the latest economic crisis.

Present and Expected Economic Situation



Source: ESI 73, 3/2001.