

Press Release

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ZEW Indicator of Economic Sentiment for Germany

-10.7 points (-14.8 vs. previous month)

ZEW Indicator of Economic Sentiment for the Eurozone

-9,4 points (-15.8 vs. previous month)

Assessment of the Current Situation in Germany

-34.8 points (-2.3 vs. previous month)

Assessment of the Current Situation in the Eurozone

-27.5 points (+2.7 vs. previous month)

27/2023

16 May 2023

ZEW Indicator of Economic Sentiment in Negative Territory for the First Time Since December 2022

Expectations Decline Sharply

The ZEW Indicator of Economic Sentiment for Germany recorded a significant decline in the current May 2023 survey. At minus 10.7 points, it is 14.8 points below the previous month's value. This means that for the first time since December 2022, the ZEW Indicator is back in negative territory. The assessment of the economic situation in Germany also decreased. The corresponding indicator lost 2.3 points and now stands at a new value of minus 34.8 points.

“The ZEW Indicator of Economic Sentiment has once again fallen sharply. The financial market experts anticipate a worsening of the already unfavourable economic situation in the next six months. As a result, the German economy could slip into a recession, albeit a mild one. The sentiment indicator decline is partly due to expectations of further interest rate hikes by the ECB. Additionally, the potential default by the United States in the coming weeks adds uncertainty to global economic prospects,” comments ZEW President Professor Achim Wambach on the survey results.

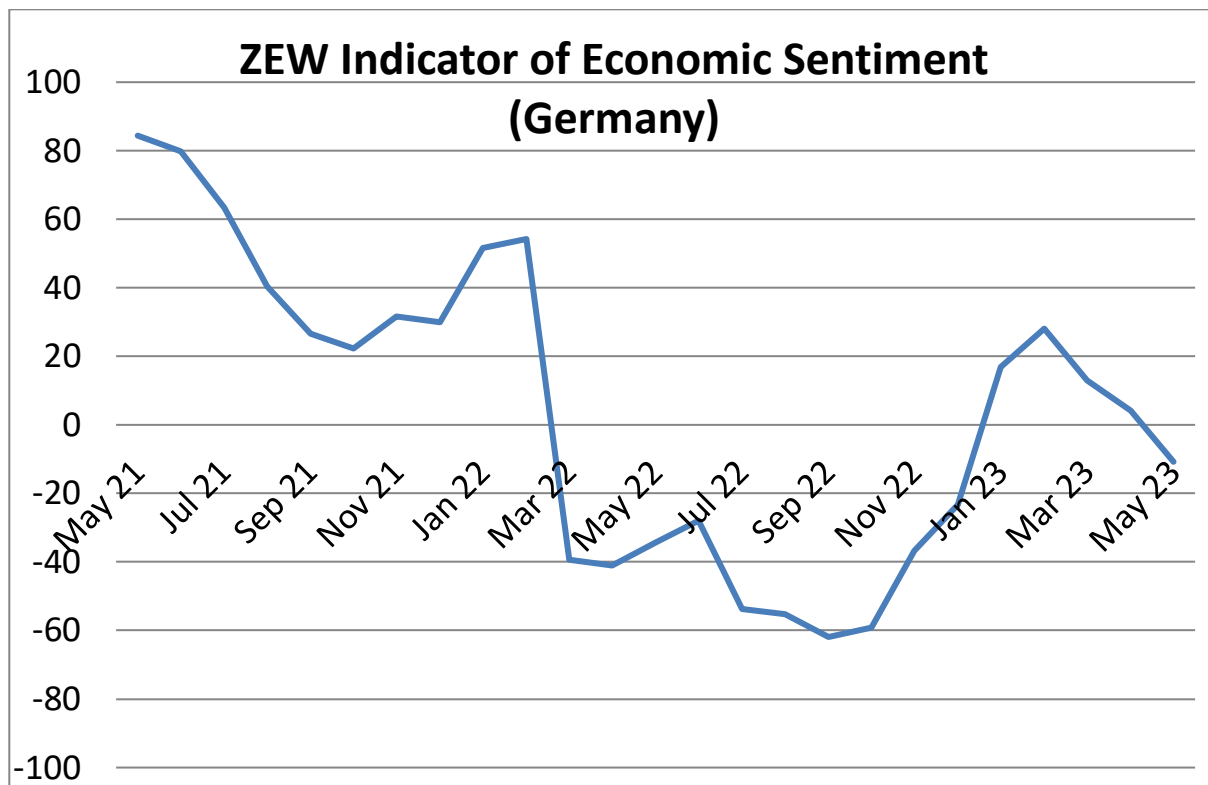
The financial market experts’ sentiment concerning the economic development of the eurozone also worsened considerably in May and currently stands at minus 9.4 points, 15.8 points below the previous month’s value. The situation indicator for the eurozone improved, rising 2.7 points to a new reading of minus 27.5 points.

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Source: ZEW – Leibniz Centre for European Economic Research

181 analysts participated in the May 2023 ZEW Financial Market Survey, which was conducted in the period 5–15 May 2023. 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 in 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.