

Press Release

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ZEW Indicator of Economic Sentiment for Germany

26.5 points (-13.9 vs. previous month)

ZEW Indicator of Economic Sentiment for the Eurozone

31.1 points (-11.6 vs. previous month)

Assessment of the Current Situation in Germany

31.9 points (+2.6 vs. previous month)

Assessment of the Current Situation in the Eurozone

22.5 points (+7.9 vs. previous month)

72/2021

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ZEW Indicator of Economic Sentiment

Economic Expectations Fall, Assessment of Current Situation Improves

The ZEW Indicator of Economic Sentiment for **Germany** decreased in the September 2021 survey, falling 13.9 points to a new reading of 26.5 points. Since May 2021, the indicator has dropped for the fourth consecutive time.

The assessment of the economic situation in Germany improved in September 2021 again and currently stands at 31.9 points, 2.6 points higher than in August 2021. The situation indicator has continuously increased since February 2021, when it stood at minus 67.2 points.

The situation indicator has increased by 72.0 points since May 2021, while the expectation indicator has decreased by 57.9 points during the same period. The current reading of the ZEW Indicator of Economic Sentiment for Germany implies that over the next six months economic growth in Germany will only slightly be higher than its current rate.

“Expectations fell markedly once more in September 2021. Although financial market experts expect further improvements of the economic situation over the next six months, the expected magnitude and the dynamics of the improvements have decreased considerably. Global chip shortage in the automobile sector and shortage of building material in the construction sector have caused a significant reduction in profit expectations for these sectors. This may have had a negative effect on economic expectations,” comments ZEW President Professor Achim Wambach.

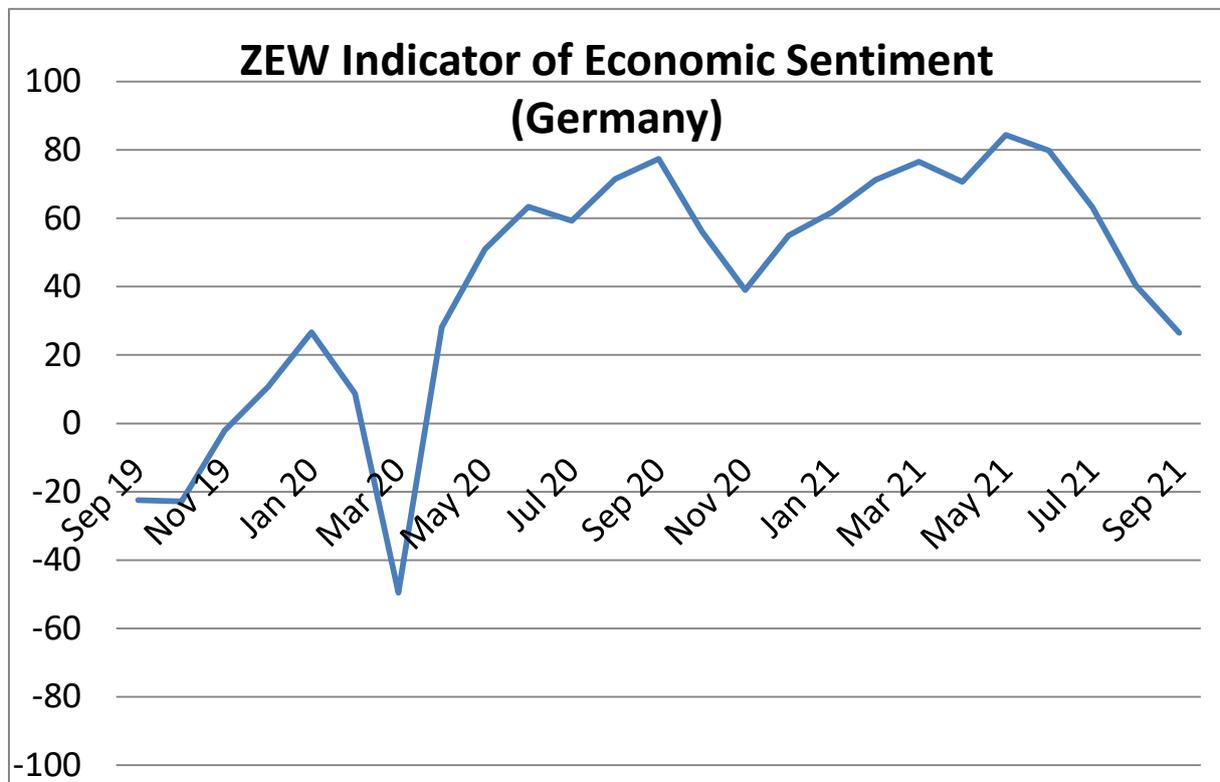
The financial market experts’ sentiment concerning the economic development of the **Eurozone** also decreased for the fourth consecutive time in September 2021, bringing the indicator to a current level of 31.1 points. This is 11.6 points lower than in the previous month. The indicator for the current economic situation in the Eurozone climbed 7.9 points to a level of 22.5 points compared to August 2021.

Inflation expectations continue their decline. The inflation indicator for the Eurozone decreased by 22.1 points to a new reading of 20.1 points. The experts therefore expect inflation to decline over the next six months.

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Source: ZEW – Leibniz Centre for European Economic Research

164 analysts participated in the August 2021 ZEW Financial Market Survey, which was conducted in the period 30 August – 06 September 2021. 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 employs a staff of approximately 200, two thirds of whom are researchers. ZEW is a member of the Leibniz Association, a network of outstanding research institutes in Germany.

Research at ZEW:

Labour Markets and Human Resources; Digital Economy; Economics of Innovation and Industrial Dynamics; International Finance and Financial Management; Market Design; Social Policy and Redistribution; Environmental and Resource Economics, Environmental Management; Corporate Taxation and Public Finance; Health Care Markets and Health Policy.