

Press Release

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ZEW Indicator of Economic Sentiment for Germany

-34.3 points (+6.7 vs. previous month)

ZEW Indicator of Economic Sentiment for the Eurozone

-29.5 points (+13.5 vs. previous month)

Assessment of the Current Situation in Germany

-36.5 points (-5.7 vs. previous month)

Assessment of the Current Situation in the Eurozone

-35.0 points (-6.5 vs. previous month)

26/2022

10 May 2022

ZEW Indicator of Economic Sentiment

Expectations increase slightly, but remain strongly negative

The ZEW Indicator of Economic Sentiment for **Germany** recorded an increase in the current May 2022 survey, rising 6.7 points to a new reading of minus 34.3 points.

The assessment of the economic situation in Germany has worsened again in the current survey. The corresponding indicator dropped 5.7 points to a new level of minus 36.5 points. This is the third decrease of the indicator since the start of the war in Ukraine.

The expectations and assessments of the economic situation continue to point to a deterioration of the German economy during the next six months.

“The ZEW Indicator of Economic Sentiment increased moderately this month but still remains at a relatively low level. Compared to last month, the outlook for the economic situation in Germany is thus slightly less pessimistic. The experts still assume that it will continue to deteriorate, but at a lower pace than expected before. The strong restrictions in China to fight against new Covid-19 infections lead to a strong reduction in the assessment of the current economic situation in China. This is a heavy weight on the future development of the German economy. With regard to the ECB’s monetary policy stance there is a large majority of experts expecting an increase in interest rates during the next six months. Accordingly they expect a decline of inflation rates from their very high current level,” comments ZEW President Professor Achim Wambach on current expectations.

The financial market experts’ sentiment concerning the economic development of the eurozone increased strongly by 13.5 points in May and currently stands at minus 29.5 points. The situation indicator fell to a new level of minus 35.0 points, dropping 6.5 points compared to the previous month.

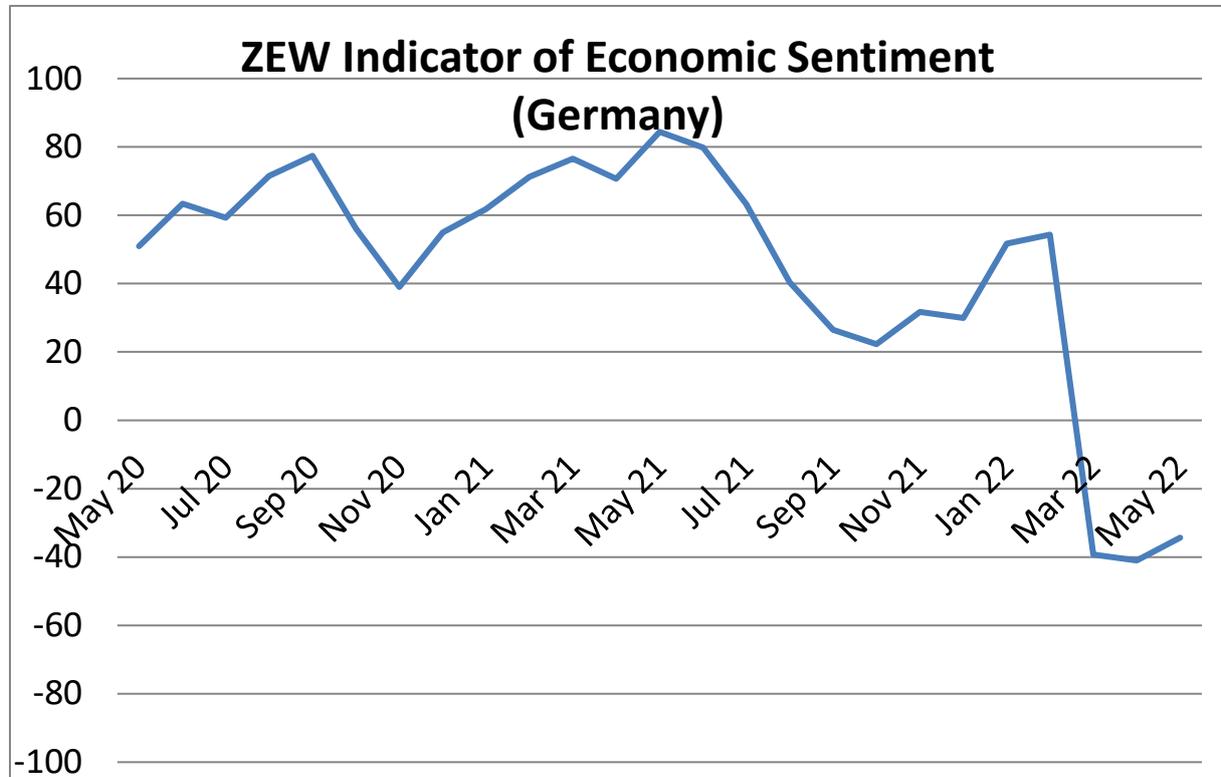
Inflation expectations for the eurozone declined again. The indicator currently stands at minus 10.6 points, 36.5 points lower than in April.

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Source: ZEW – Leibniz Centre for European Economic Research

184 analysts participated in the May 2022 ZEW Financial Market Survey, which was conducted in the period 2 – 9 May 2022. The analysts and investors 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 policy makers, 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; Economics of Innovation and Industrial Dynamics; Market Design; Environmental and Climate Economics; Inequality and Public Policy; Corporate Taxation and Public Finance; Health Care Markets and Health Policy.