

Konjunktur

Economic Outlook – leading indicators at a glance 10/2018

Information
October 2018

vbw

bayme
vbm

Price

Die bayerischen Arbeitgeberverbände





Table of Contents

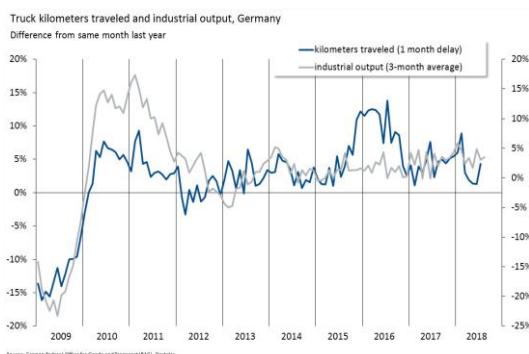
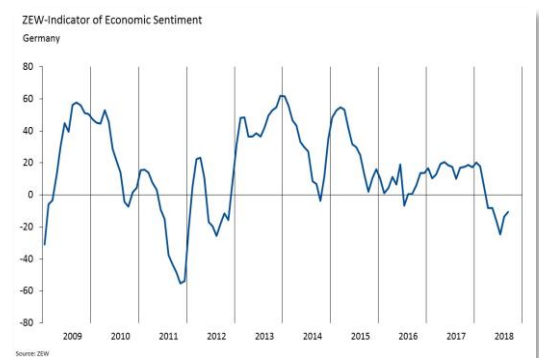
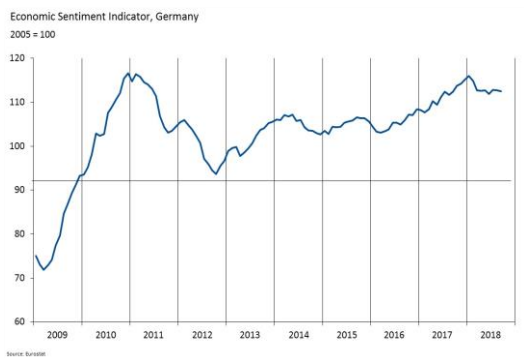
1	Germany	1
2	Eurozone	2
3	World Economy	3
	Appendix: Descriptions of leading indicators	4
	Contact	5



1 Germany

Leading indicators point to slow-down

Leading indicators for the German economy are showing little momentum. Following a surprisingly steep rise in August, the Ifo Business Climate Index edged slightly lower in September, both in terms of current assessment of the business situation and expectations. The German Purchasing Managers' Index fell significantly, down by 2.2 to 53.7 points. It did, however, manage to remain well above the growth threshold. The Economic Sentiment Indicator remained unchanged overall with a slight recovery in both the ZEW Indicator of Economic Sentiment and the sentix Economic Index. The sentix Economic Index saw an increase both in terms of current assessment of the business situation and expectations even though it remained generally negative. In contrast, toll road statistics showed a significant increase in truck mileage



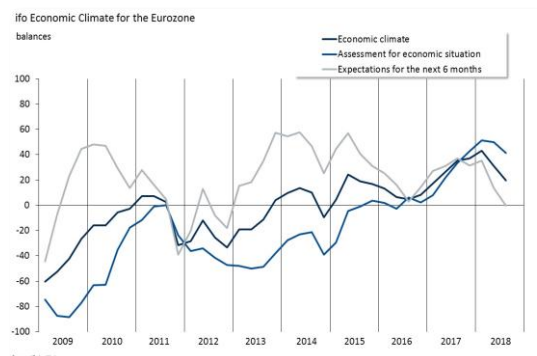
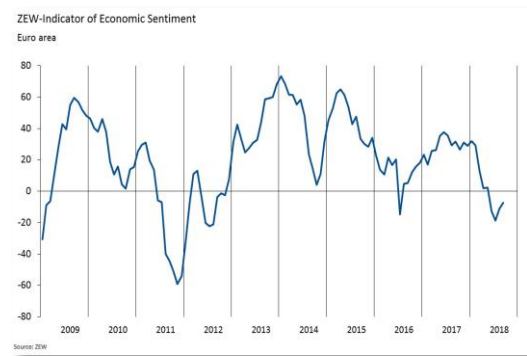


2 Eurozone

Leading indicators with little momentum

Leading indicators for the eurozone showed a weak development. The sentix Economic Index edged slightly lower due to a more negative current assessment of the business situation, even though expectations improved slightly. The Economic Sentiment Indicator also saw a minor decrease, while the Purchasing Managers' Index experienced a more significant drop of 1.4 to 53.2 points. The ZEW Indicator of Economic Sentiment continued its recovery.

The latest Ifo Business Climate indicators for the eurozone, which are published quarterly, are taken from the August edition. The index dropped significantly at that time from +31.1 to +19.6 points. Assessment of the business situation fell from +49.9 to +41.1 points, while expectations plummeted from +13.8 to -0.1 points.

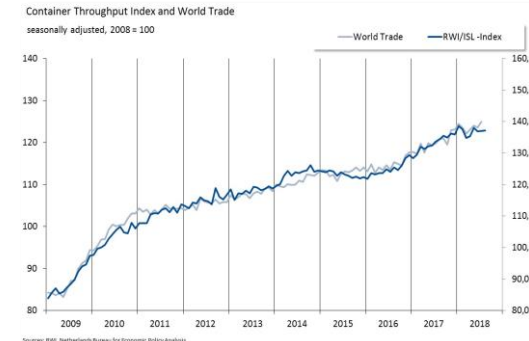
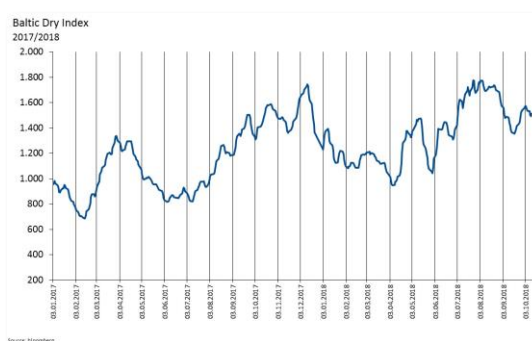
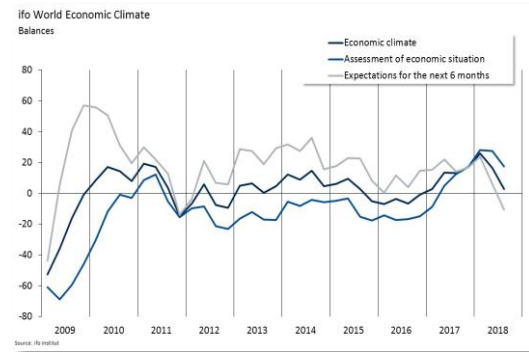
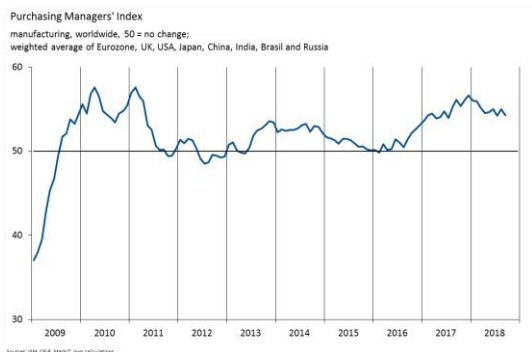
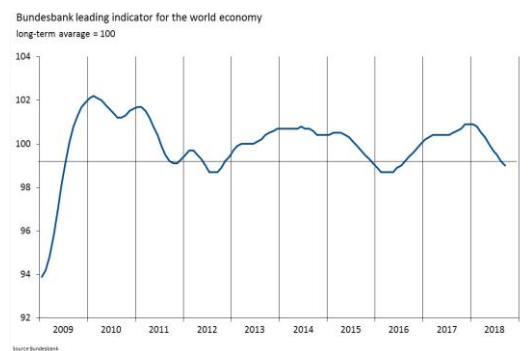
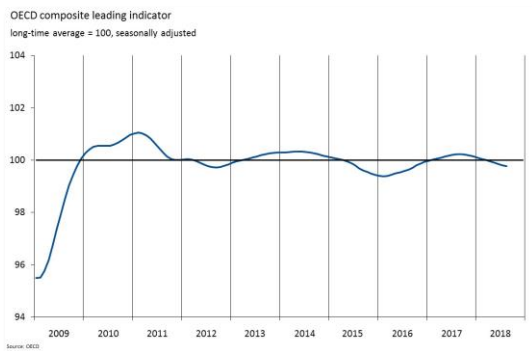




3 World Economy

Leading global indicators show downward trend

Global economy leading indicators are down. Both the OECD leading indicator and the German Bundesbank's leading indicator for the global economy continued to drop, falling below their long-term average. The Global Purchasing Managers' Index remained volatile, down 0.7 points in September, still well above the growth threshold, however, at 54.3 points. The shipping container handling Index is showing signs of stagnation, while the Baltic Dry Index experienced another drop after its recovery in the second half of September. The latest Ifo World Economic Climate indicators, which are published quarterly, are taken from the August edition. The index continued to drop to a mere +2.9 points. While assessment of the business situation came in at +17.5 points, average expectations fell to -10.6 points.





Appendix

Appendix: Descriptions of leading indicators

- The Ifo Business Climate is a widely observed leading indicator for economic development in Germany. It is based on ca. 7,000 monthly survey responses of firms in manufacturing, construction, wholesaling and retailing.
- The Ifo Index for the Economic Climate in the Eurozone as well as the Ifo World Economic Climate Index are based on a survey of 1,000 or 300 economic experts respectively.
- The Purchasing Managers' Index (PMI) for the German Industry (Einkaufsmanager-index) is based on estimations by purchasing managers of industrial companies. The PMI for the Industry in the world economy is calculated by us. It conveys the average of the PMIs of the Eurozone, the USA, the UK, Japan, China and Brasil, weighted according to their share of world GDP.
- The European Economic Sentiment Indicator is based on a survey of businesses from industry, trade, construction as well as service providers and consumers.
- The ZEW Indicator of Economic Sentiment (ZEW-Konjunkturindikator) is based on a survey of over 300 financial experts.
- The toll statistics account for the mileage of trucks that are liable to tolls on German autobahns measured in kms. The change of the amount compared with the same month of the previous year (adjusted for the calendar effect) serves as an indicator.
- The Sentix Economic Index (sentix-Konjunkturindex) is based on a survey of 2,500 private and institutional financial market participants.
- The OECD business climate index (OECD-Geschäftsklimaindex) is the weighted average of business climate indexes from 33 countries and is based on company surveys (OECD-members such as Brazil, China, India, Indonesia, Russia and South Africa).
- The German Federal Bank's leading indicator (Bundesbank Frühindikator) for the world economy is made up of several global indicators (Purchasing Managers' Index for industry, Purchasing Managers' Index for services, consumer climate for the current economic situation, consumer climate for business expectations, S&P Global 1200 stock index).
- The Baltic Dry Index is an important price index for tracking international shipping costs for dry bulk commodities.
- The Container Throughput Index is a joint project of the Rheinisch-Westfälisches Wirtschaftsforschungsinstitut (RWI) and the Institute of Shipping Economics and Logistics (ISL). It is based on market observations in 72 international ports that together make up about 60 percent of the worldwide container handling of manufactured goods.



[Contact](#)

Contact

Volker Leinweber

Chief Economist

Telefon 089-551 78-133

Telefax 089-551 78-294

volker.leinweber@vbw-bayern.de

Joshua Wagener

Economist

Telefon 089-551 78-422

Telefax 089-551 78-294

joshua.wagener@vbw-bayern.de

Imprint

As a general rule, all information provided in this publication relates to both the female and male form. To facilitate readability, specific reference to the female form was in most cases dispensed with.

Publisher

bayme

Bayerischer Unternehmensverband Metall und Elektro e. V.

vbm

Verband der Bayerischen Metall- und Elektro-Industrie e. V.

vbw

Vereinigung der Bayerischen Wirtschaft e. V.

Max-Joseph-Straße 5

80333 München

www.baymevbm.de www.vbw-bayern.de