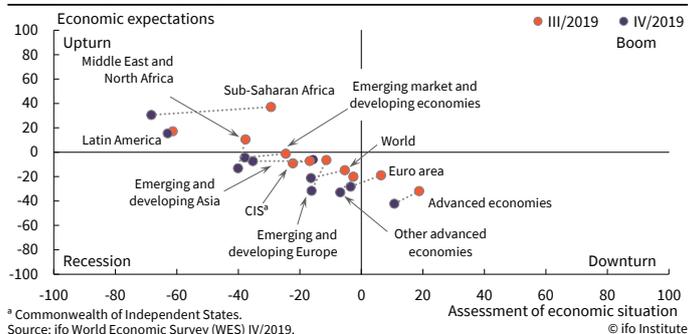


Global Economic Outlook

The World Economic Survey (WES) assesses global economic trends by polling transnational and national organizations worldwide on current economic developments in their respective countries. Its results offer a rapid, up-to-date assessment of the current economic situation internationally. In October 2019, 1,230 economic experts in 117 countries were polled. The survey questionnaire focuses on qualitative information: assessments of a country's general economic situation and expectations regarding key economic indicators. It has proven to be a useful tool, since it reveals economic changes earlier than conventional business statistics. The ifo World Economic Climate has worsened again, with the indicator falling in the fourth quarter from -10.1 to -18.8 points. Both the assessment of the current situation and expectations dropped significantly as the global economy continues to cool. There was a deterioration of the economic climate in nearly all regions. Assessments of the current situation were unfavorable particularly in emerging markets, while in advanced economies it was primarily the estimates for the coming months that declined. In emerging markets, the downward trend was based mostly in Asia;

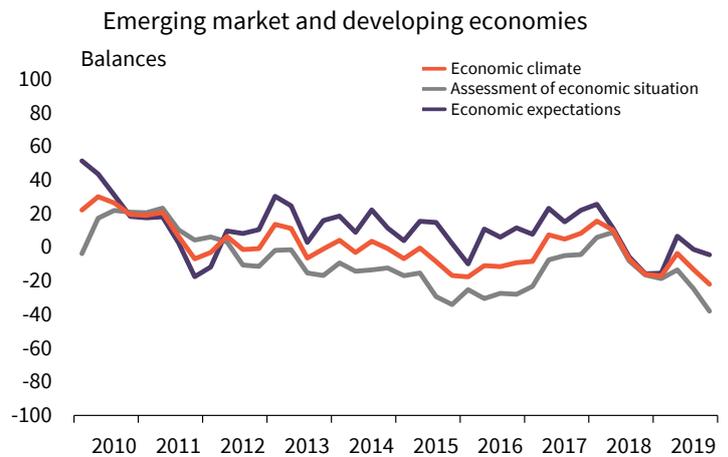
ifo Business Cycle Cock for Selected Country Groups
Change from III/2019 to IV/2019; balances



in advanced economies, it was concentrated in the US. Compared to May of this year, there was a marked increase in the proportion of experts who rate macroeconomic demand and innovation as insufficient.

Global Economic Outlook in Emerging Markets and Developing Economies

The economic climate of emerging markets and developing economies worsened again this quarter. This is the fifth consecutive quarter where the climate indicator is in negative territory. The economic outlook did not change much, but experts remain sceptical.



The assessment of the current situation dropped again to reach -37.9 points, the most negative level since second quarter of 2019. Like the advanced economies, experts expect continuing headwinds from the China-US trade tensions. Trade expectations are at their lowest level in more than ten years. An increasing share of respondents expect both short- and long-term interest rates to decrease. Whereas, the economic climate for the Commonwealth of Independent States (CIS) slightly recovered and the indicator improved by 4.9 points and now points at -10.9 on the balance scale. Assessments of both the current situation as well as the economic outlook improved, but remain negative. Economic activity in Azerbaijan, Armenia, and Kazakhstan is assessed as very favorable. In Russia, Ukraine, and Georgia on the other hand, economic activity seems to be slowing down, as economic expectations remain pessimistic. The respondents almost unanimously report that corruption is the most pressing problem hindering the economy now. However, lack of innovation comes as a close second.