

German Ifo index drops again in September

The Ifo index dropped marginally in September after an upward revision of the August number. This seems to be another reflection of the German economy's current stagnation



Source: Shutterstock

Drawing a deep breath. Germany's most prominent leading indicator, the Ifo index, almost stopped its downward trend but dropped for the fifth month in a row as the August number was revised upwards. The Ifo index came in at 85.7, from 85.8 in August. This is one of the weakest Ifo index readings of the last five years. While the current assessment component continued its recent downward trend, expectations improved somewhat.

What today's reading shows is that the economic picture has not changed. The Chinese economy is still not gaining momentum and, at the same time, has become a rival to the German economy. The European Central Bank continues hiking interest rates and the delayed impact of tighter monetary policy will continue to weigh on the economy. Policy uncertainty regarding the energy transition and energy prices has also not disappeared. The recently announced policy measures have, so far, done very little to turn sentiment around.

In fact, German businesses, as well as politicians and the entire economy, are gradually getting

used to the idea that the economy is in for a longer period of subdued growth. In this regard, today's Ifo index is unfortunately only a confirmation and shows we are nowhere near a turning point.

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