

What comes after the economic slump?

Press Release

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2009 will be a difficult year. Despite all uncertainties still existing, this is the core statement of all reports and forecasts regarding the current worldwide economic development. After many revisions of prospects for 2008 and 2009 in recent months, data has now levelled off a little and shows an abrupt slump of worldwide economy in 2008 and the slowest economic pace for decades in 2009. Several countries are in a recession already.

Since October respectively November 2008 global demand for goods and services in almost every country and industrial sector has – to some extent dramatically – dropped. Least affected by this trend so far is the consumer goods industry, as incomes of private households are yet untroubled by the implications of economic downturn. But this is likely to change about midyear 2009. Many companies had to implement short time working or dismiss employees, so that in many countries a considerable rise of unemployment rate has to be expected.

Especially countries with high export share are struck by this development, because they cannot compensate missing orders from abroad by a robust domestic demand. Among these countries is Germany, which could increase its GDP in 2008 only by 1.3% and is likely to record a drop between -2% and -5% in 2009. In Euro zone GDP grew by 0.9% in 2008, while for 2009 a decline by -2.2% is expected.

The economic situation of the United States is in dire straits. This is one of many reasons for the population in the U.S. to celebrate enthusiastically its new president, Barack Obama. On him all their hopes are pinned to bring back world's biggest economy on an adequate growth path. 1.3% GDP growth in 2008 was too low beneath the dynamic of 3.0%,

which is needed to maintain jobs and wealth in the United States. In 2009 GDP in the U.S. is even going to decrease by 1.8%.

The Japanese economy entered very deeply into recession, but the measures planned by Japanese government promise little sustained success. In 2008 GDP already decreased by 0.4%, in 2009 a downturn by -5.0% is going to follow.

The newly industrializing countries feel the effects of the financial and economic crisis, too. Nevertheless, they still account for above average growth rates. After a long time, the Chinese GDP only grew by a single-digit rate in 2008 (9.0%). In 2009, dynamics will slow down further and the expected growth rate accounts for only 7.0%.

Commodities prices significantly decreased in the last months and thus contributed positively to economic growth. The same holds true for the numerous national economic recovery plans. But this is still not sufficient for turning away a worldwide recession.

If you have any question please do not hesitate to contact:

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