



AUTUMN 2009 ECONOMIC OUTLOOK FOR LUXEMBOURG: ANSWERS FROM FEDIL

MAIN FORECAST					
		2009	2010		
Real GDP growth		-4.0	1.0		
Consumer price inflation		0.4	1.9		
Unemployment rate		5.9	7.0		
Employment growth		1.0	-0.7		
Components of aggregate demand					
Annual % change		2009	2010		
Private consumption		1.1	0.2		
Public consumption		7.5	1.0		
Investment (Gross fixed capital formation)		-14.1	0.4		
Exports		-5.6	1.2		
Imports		-5.8	1.0		
ECONOMIC SENTIMENT					
	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>		
Trend in business climate over the next 6 months			Industry		
			Services		
	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>		
Trend in profitability over the next 6 months		Industry			
		Services			
	<i>Increase (faster pace)</i>	<i>Increase (slower pace)</i>	<i>Unchanged</i>	<i>Decrease (slower pace)</i>	<i>Decrease (faster pace)</i>
Investment intentions over the next 6 months			Industry		
			Services		
	<i>Fall in global demand</i>	<i>Cost of finance</i>	<i>Availability of finance</i>		
Influence on companies' investment decisions	negative	negative	negative		
	<i>Replacement</i>	<i>Extension</i>	<i>Rationalisation</i>	<i>Innovation</i>	
Driving force behind investment decisions in the next 6 months	not important	not important	important	important	
	<i>Industry: past 6 months</i>	<i>Industry: next 6 months</i>	<i>Services: past 6 months</i>	<i>Services: next 6 months</i>	
Overall trend in employment	Down	Down	Down	Same	
ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH					
Compared to 6 months ago, cost/access to finance has been...	sharply up / restrained	up / more difficult	same	down / easier	
<i>for SMEs</i>		Cost	Access		
<i>for larger companies (>250 employees)</i>		Cost	Access		
Over the next 6 months, cost /access to finance will be...	sharply up / restrained	up / more difficult	same	down / easier	
<i>for SMEs</i>			Cost		
			Access		
<i>for larger companies (>250 employees)</i>			Cost		
			Access		
For companies, the current financing situation is...	threat to company existence	of high concern	somewhat concerning	not worrying	
working capital / treasury needs	SMEs				
	large companies				
debt refinancing		SMEs			
		large companies			
financing productive investments			SMEs		
			large companies		
financing innovation and R&D			SMEs		
			large companies		
Based on measures taken at national and EU level, the crisis will lead to...	no change in the potential growth rate but a permanent shift in the potential output level				



POLICY MIX					
	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate</i>	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
<i>Monetary policy is...</i>			yes		
	<i>adequate</i>	<i>inadequate</i>			
<i>Consistency between fiscal and monetary policies</i>	yes				
	<i>excellent commitment</i>	<i>satisfactory commitment</i>	<i>neither satisfactory nor unsatisfactory commitment</i>	<i>unsatisfactory commitment</i>	<i>no clear commitment creating an extremely worrying situation</i>
<i>Regarding the sustainability of public finances, government shows ...</i>				yes	
	<i>respect the 3% limit</i>	<i>be in balance</i>			
<i>In 2015, the government deficit will...</i>	yes	yes			