



Spring 2008 Economic Outlook for Luxembourg: Answers from FEDIL

MAIN FORESTEE						
MAIN FORECAST		2007	2008	2009		
Real GDP growth		5.0	4.0	5.0		
Consumer price inflation		2,7	2,9	2,3		
Unemployment rate		4.8	4.6	4.7		
Employment growth		4.5	4.0	3.5		
Components of aggregate de	mand					
Annual % change		2007	2008	2009		
Private consumption		3.0 3.1	2.7 3.8	2.4 3.7		
Public consumption Investment (Gross fixed capital	formation)	13.3	5.6	-5.6		
Exports	Torridaerry	5.6	3.9	8.6		
Imports		5.3	3.7	6.7		
ECONOMIC SENTIMENT						
Transi in business slimets	Positive	Negative	Unchanged			
Trend in business climate over the next 6 months			Industry Services			
	Positive	Negative	Unchanged			
Trend in profitability over the		Industry	Unchanged			
next 6 months	Services	Í				
		Increase (slower		Decrease (slower	Decrease (faster	
	Increase (faster pace)	pace)	Unchanged	pace)	pace)	
Investment intentions over		Industry				
the next 6 months		Services				
Driving force behind	Replacement	Extension	Rationalisation	Innovation		
Driving force behind investment decisions in the	Same	Same	Same	Up		
next 6 months				*F		
	Positive	Negative	Unchanged			
Trend in consumer		gaa.ro	ononangou			
confidence over the next 6		yes				
months						
	Industry: past 6	Industry: next 6	Services: past 6	Services: next 6		
	months	months	months	months		
Overall trend in employment	Same	Same	Up	Up		
			Lower / less			
	Higher / more difficult	Same	difficult			
Over the next 6 months,		Cost				
cost/access to finance will						
be		Access				
	to a large extent	to some extent	to a limited extent	not at all		
Financial manhattumasil bas	to a range extern	to come extent	to a mintou oxtone			
Financial market turmoil has affected companies'						
investment decisions			yes			
negatively						
EXCHANGE RATE DEVELOP	MENIS	Dellas nes esse				
Where will the EUR/USD st	and in Oatabar 2009 2	Dollar per euro				
	and in October 2006 ?	na				
POLICY MIX	Mad					
	Not necessary, situation is	Excellent	Satisfactory	Neither satisfactory	Unsatisfactory	Deteriorating
	satisfactory		Canada de la comp	nor unsatisfactory	J	20.0ordaniy
Progress towards medium-						
term budgetary objective is				yes		
- , ,						
					_	
	Tight, appropriate for	Tight	Appropriate	Loose	Loose, appropriate	
	Tight, appropriate for the euro area	Tight		Loose	Loose, appropriate for the euro area	
Monetary policy is		Tight	Appropriate yes	Loose		
Monetary policy is		Tight		Loose		
Monetary policy is	the euro area	Downside risks to	yes Inflation pressures	Loose Upisde risks to	for the euro area Risks related to	Risks of further
Monetary policy is		Downside risks to growth over	yes Inflation pressures from high oil and		for the euro area Risks related to credit market	Risks of further euro appreciation
	the euro area	Downside risks to	yes Inflation pressures	Upisde risks to	for the euro area Risks related to	
Monetary policy is Focus on elements of the ECB analysis underlying its	the euro area	Downside risks to growth over	yes Inflation pressures from high oil and	Upisde risks to	for the euro area Risks related to credit market	
Focus on elements of the	the euro area	Downside risks to growth over medium term	yes Inflation pressures from high oil and commodity prices	Upisde risks to wage inflation	for the euro area Risks related to credit market turbulences	euro appreciation
Focus on elements of the ECB analysis underlying its	Above-target inflation appropriate	Downside risks to growth over medium term appropriate	yes Inflation pressures from high oil and commodity prices	Upisde risks to wage inflation	for the euro area Risks related to credit market turbulences	euro appreciation
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Focus on elements of the ECB analysis underlying its current policy stance is Consistency between fiscal	Above-target inflation appropriate Adequate	Downside risks to growth over medium term appropriate	yes Inflation pressures from high oil and commodity prices	Upisde risks to wage inflation	for the euro area Risks related to credit market turbulences	euro appreciation
Focus on elements of the ECB analysis underlying its current policy stance is	Above-target inflation appropriate	Downside risks to growth over medium term appropriate	yes Inflation pressures from high oil and commodity prices	Upisde risks to wage inflation	for the euro area Risks related to credit market turbulences	euro appreciation