

AUTUMN 2008 ECONOMIC OUTLOOK FOR LUXEMBOURG: ANSWERS FROM FEDIL (NOVEMBER UPDATE)

MAIN FORECAST

	2008	2009
Real GDP growth	2.5	1.2
Consumer price inflation	4.4	2.2
Unemployment rate	4.0	4.3
Employment growth	4.7	1.8

Components of aggregate demand

Annual % change	2008	2009
Private consumption	2.4	2.7
Public consumption	4.3	4.2
Investment (Gross fixed capital formation)	2.7	-1.6
Exports	3.3	-0.4
Imports	3.4	-0.3

ECONOMIC SENTIMENT

	Positive	Negative	Unchanged		
Trend in business climate over the next 6 months		Industry Services			
Trend in profitability over the next 6 months	Positive	Negative Industry Services	Unchanged		
Investment intentions over the next 6 months	Increase (faster pace)	Increase (slower pace)	Unchanged Industry Services	Decrease (slower pace)	Decrease (faster pace)
Driving force behind investment decisions in the next 6 months	Replacement Same	Extension Down	Rationalisation Same	Innovation Up	
Trend in consumer confidence over the next 6 months	Positive	Negative yes	Unchanged		
Overall trend in employment	Industry: past 6 months Same	Industry: next 6 months Down	Services: past 6 months Up	Services: next 6 months Down	
Over the next 6 months, cost/access to finance will be...	Higher / more difficult	Same Cost Access	Lower / less difficult		
Financial market turmoil has affected companies' investment decisions negatively ...	to a large extent	to some extent yes	to a limited extent	not at all	

POLICY MIX

	Not necessary, situation is satisfactory	Excellent	Satisfactory	Neither satisfactory nor unsatisfactory	Unsatisfactory	Deteriorating
Progress towards medium-term budgetary objective is...			yes			
Monetary policy is...	Tight, appropriate for the euro area	Tight	Appropriate yes	Loose	Loose, appropriate for the euro area	
Consistency between fiscal and monetary policies	Adequate	Inadequate				