



SPRING 2009 ECONOMIC OUTLOOK FOR LUXEMBOURG: ANSWERS FROM FEDIL

MAIN FORECAST

	2008	2009
Real GDP growth	1.0	-0.9
Consumer price inflation	4.1	0.6
Unemployment rate	4.1	4.9
Employment growth	4.8	1.8

Components of aggregate demand

Annual % change	2008	2009
Private consumption	1.8	1.5
Public consumption	4.5	3.0
Investment (Gross fixed capital formation)	-2.3	-4.4
Exports	1.3	-1.6
Imports	1.4	-1.5

ECONOMIC SENTIMENT

Trend in business climate over the next 6 months	Positive	Negative Industry Services	Unchanged		
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) Services	Unchanged	Decrease (slower pace)	Decrease (faster pace) Industry
Driving force behind investment decisions in the next 6 months	Replacement Same	Extension Down	Rationalisation Same	Innovation Up	
Overall trend in employment	Industry: past 6 months Same	Industry: next 6 months Down	Services: past 6 months Up	Services: next 6 months Down	

ACCESS TO FINANCE

Compared to 6 months ago, cost/access to finance has been... <i>for SMEs</i>	sharply up / restrained	up / more difficult Cost	same Access	down / easier
<i>for larger companies (>250 employees)</i>		Cost Access		
Over the next 6 months, cost /access to finance will be... <i>for SMEs</i>	sharply up / restrained	up / more difficult Cost Access	same	down / easier
<i>for larger companies (>250 employees)</i>		Cost Access		
For companies, the current financing situation is...	an existential threat	of high concern	somewhat concerning	not worrying
working capital / treasury needs			SMEs large companies	
debt refinancing		large companies	SMEs	
financing productive investments			SMEs large companies	
financing innovation and R&D				SMEs large companies



POLICY MIX

Given natl. circumstances, are recovery plans appropriate to stimulate the economy?

to a large extent

	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate</i> yes	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
<i>Monetary policy is...</i>					
<i>Consistency between fiscal and monetary policies</i>	<i>adequate</i> yes	<i>inadequate</i>			