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Western European Economic Indicators and Insights

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Germany: ZEW Mixed (Again)

Coming in a little higher than expected for the second successive month, the October headline ZEW (expectations) index rose for the second successive month, with the 6.7 point swing similar to the bounce seen in September, when the headline recovered from an eight-month low.

Notably, *the latest reading still remained below its long-term* average. However, the assessment of the current situation index still fell for the fifth successive month, albeit the 2.6 point drop being the most modest in that sequence.

DE View: *These ZEW surveys of financial market analysts have performed poorly of late in tracking actual German developments, making them far from reliable gauges of actual activity*, thereby echoing the manner in which business surveys have also had a poor track record of late, the latter having been much more negative than official data have proved to be. Indeed, it is hard to fathom why the (German) respondents to this survey still see a more negative outlook for Germany than for the whole Eurozone.

Regardless, the further fall in the assessment of the actual economic backdrop adds to signs that that the German economy is continuing to lose resilience, albeit with recession probably still some way off.