

Preview

30 October 2009

EMU economic indicators (week of 2 to 8 November 2009)

- **German industrial new orders** (September): up
- **ECB council**: no policy change

Region	Indicator	Date	BHF forecast	Previous
GE	PMI mfg / Oct rev	Mon 2 Nov, 9:55	51.1 1.5 pp mom	49.6 0.4 pp mom
EMU	PMI mfg / Oct rev	Mon 2 Nov, 10:00	50.7 1.4 pp mom	49.3 1.1 pp mom
EMU	ECB Council meeting / refi rate	Thur 5 Nov, 13:45	1.00%	1.00%
GE	Industrial new orders / Sep	Fri 6 Nov, 12:00	93.4 2.0% mom -12.6% yoy	91.6 1.4% mom -21.1% yoy

Germany: Industrial new orders usually follow ifo order book assessment



German industrial new orders will probably have increased again in **September**, just like the ifo assessment of the business situation and order books.

The **Purchasing Managers' Indices for the German and EMU manufacturing sector in October** are unlikely to be revised significantly.

This week, Bundesbank president Axel Weber made some interesting remarks about the ECB's exit strategy. He said the ECB's liquidity measures were a way of neutralising disruptions in financial markets, particularly with regard to refinancing the banks. When the situation in financial markets eased, these measures would no longer be necessary, according to Mr Weber. He appears to think that this could soon be the case. Presumably, other members of the ECB governing council share Bundesbank president Weber's opinion.

As far as next week's **ECB council meeting** is concerned, however, we are expecting the policy stance to be left unchanged. The central bank will probably restrict itself to gradually becoming more upbeat in its assessment of the macroeconomic situation and gently hinting that exit will be necessary "at some point". But in December at the latest, when its commitment to provide unlimited liquidity runs out, the ECB will have to say to what extent it intends to continue the unconventional measures.

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