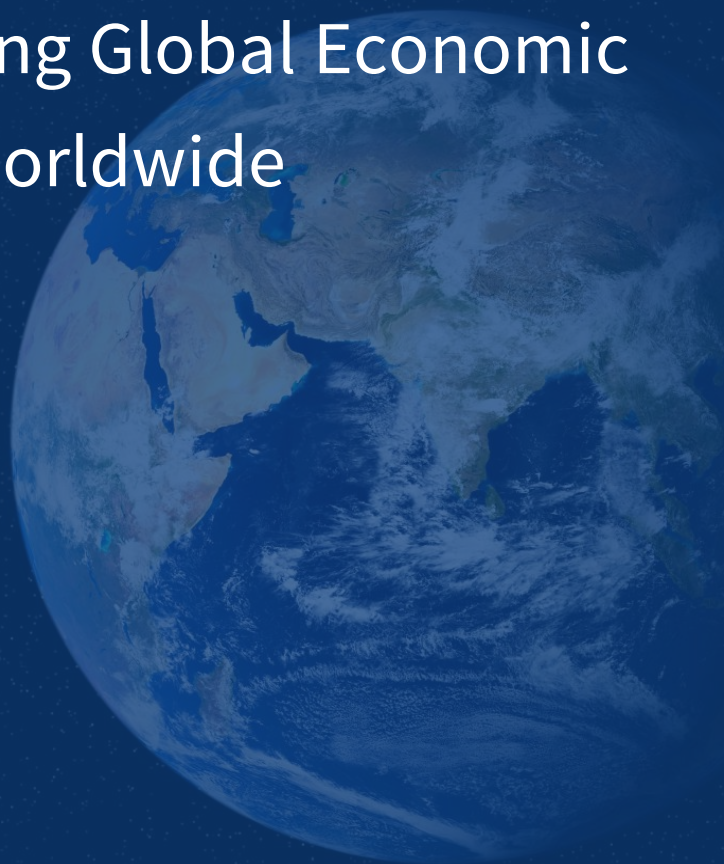


Economic Experts Survey

Q2
2023

Evaluating Global Economic
Policy Worldwide



ifo INSTITUT



Evaluating Global Economic Policy Worldwide

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Poschingerstraße 5, 81679 Munich, Germany.

Phone +49 (089) 92 24-0, Fax +49 (089) 98 53 69, E-Mail: potrafke@ifo.de.

Editor: Niklas Potrafke.

Authors: Gründler, Klaus; Heil, Philipp; Potrafke, Niklas; and Wochner, Timo.

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In co-operation with:



Christoph Schaltegger, Martin Mosler.

Institute for Swiss Economic Policy (IWP) at the University of Lucerne.

Obergrundstrasse 9, 6003 Lucerne, Switzerland.

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Dear Reader,

The Economic Experts Survey (EES), a comprehensive re-launch of the former World Economic Survey (WES), is regularly running quarterly since the first quarter of 2022. Now, one year after the re-launch and equipped with a multiplicity of data, it is my great pleasure to introduce the quarterly EES report, which will be provided for each quarterly wave of the EES.

The main goal of the EES report is to provide a systematic overview of economic policy evaluations of leading economic experts on a global scale. Conducted in co-operation between the ifo Institute in Munich and the Institute for Swiss Economic Policy (IWP) in Lucerne, the EES is by far the most comprehensive regularly-run survey that asks experts about their views on the political situation and economic policies in their countries of expertise.

The world currently faces a number of unparalleled challenges, including the recovery from the global pandemic, the combat against climate change, rising levels of debt, and a changing global political landscape. In these times, we need sound expert evaluations to design targeted policies that help to tackle these challenges. The EES provides a global cartography of expert views about the political situation and economic policies and also includes special modules that address topical subjects that are relevant for policy-making globally. Our results are intended to inform the general public and to help policymakers to derive better-targeted policies.

I hope you will enjoy reading the report!



Niklas Potrafke
ifo Institute and LMU Munich

Executive Summary: Key Trends in Q2 2023

The Economic Experts Survey (EES) is a global survey of economic experts conducted jointly by the ifo Institute and the Institute for Swiss Economic Policy (IWP) on a quarterly basis. These are the key findings of the EES in Q2, 2023:

- **The Global Political Assessment shows a decrease in overall government performance, but a global increase in political stability.**
 - Clear “winner” is Asia (with the exception of Central Asia) showing major improvements in political stability and government performance across the board.
 - In most parts of Europe and South America, we observe a long-lasting trend towards more negative evaluations of the political situation.
- **The Global Assessment of Economic Policy has improved, but the judgment of how well policies tackle future challenges has remained unchanged/low.**
 - Economic policy is repeatedly and substantially rated worse in almost all regions of Europe—and has declined further.
 - Asia and Africa on the other hand show significant improvements in economic policy ratings.
- **Spotlight on Southern Europe**
 - Experts in Southern Europe were among the most critical in Q2 2023 for both the political and the economic dimension.
 - Experts’ answers in open-ended text questions reveal that the deterioration in ratings can be explained by (1) concerns about the implementation of NextGenerationEU for the economic policy dimension and (2) upcoming elections decreasing political stability.
- **Special module on inflation**
 - Experts remain to expect high inflation rates worldwide.
 - Inflation expectations decline only marginally compared to expectations in previous quarters.
- **Special module on housing market**
 - House prices are expected to increase (substantially) over the next 10 years in most parts of the world.

1. OVERVIEW AND METHODOLOGY

1.1 The Economic Experts Survey (EES)

The Economic Experts Survey (EES) is regularly conducted by the ifo Institute in Munich and the Institute for Swiss Economic Policy (IWP) and comprises a survey of around 8,000 economic experts from more than 130 countries. The aim of the survey is to gather the opinions of economic experts on various economic policy measures and the political situation in their host countries. Expectations and assessments of current economic indicators, such as economic growth and inflation expectations, are also recorded. The survey is conducted quarterly and succeeded the World Economic Survey (WES), which focused primarily on the economic outlook and surveyed around 1,500 experts from 100 countries. The EES includes the 1,500 WES experts and a further 6,500 experts recruited through the CESifo research network, the ifo Institute's international networks, and the RePEc research network. With participants from countries covering 99% of the world's GDP, 95% of the world's population, and 92% of the global land area, the EES is significantly larger than any other comparable international expert panel (for a detailed description of the EES, see Gründler et al., 2023b).

The participants in the EES are influential experts who coin the public debate in their home countries. Most of the experts hold a Ph.D. in economics. The experts participating play an important role both in academia and in policy advisory, including also members of national expert councils and other influential committees. The influence of the experts on the scientific community, on the formation of public opinion, and on policy advice can also be measured by quantitative criteria. For example, the scientific papers of the participants from Europe were cited an average of 4,000 times (according to Google Scholar). The Twitter accounts of the experts in the European sample are followed by around 1,300 followers.¹

The primary objective of the EES is to contribute to the public debate. The results are published on the ifo Institute's website and prepared in press releases to inform the public about the results. The survey is conducted with Qualtrics, the most widely used survey experiment software (Fuster and Zafar, 2023). The survey is also designed to provide up-to-date expert opinions on current economic policy debates, such as the drastic increase in inflation in 2022.

1.2 Methodology

To monitor the global political situation, the EES asks its global experts about their assessment of the political situation in their country of expertise and their views on economic policies. Both key pillars are further divided into two elements. For the **political situation**, we ask experts to rate the performance of the government and the political stability in their host country. For **economic**

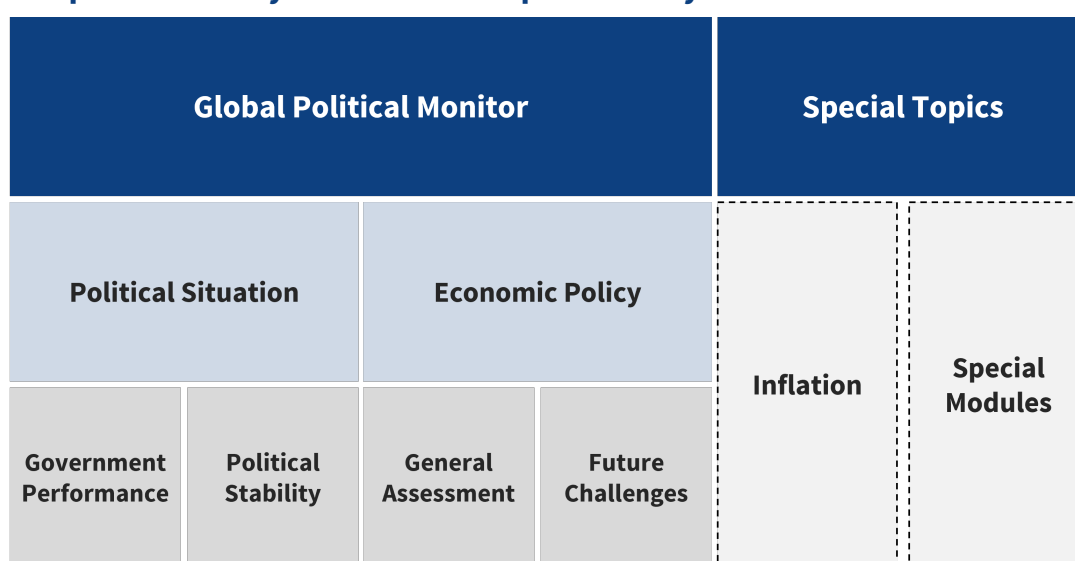
¹The figures refer to the sample of participants with Google Scholar accounts and Twitter accounts.

1. OVERVIEW AND METHODOLOGY

policies, the EES asks experts about their general assessments and about their views on how they believe the government currently copes with the challenges of the future.

The global political situation is monitored regularly by the EES on a quarterly basis. The EES also regularly measures the inflation expectations of international experts. Moreover, the EES includes special ad hoc modules that address special topics and are relevant from an international perspective. Special modules include, for instance, the development of housing prices or the global economic impact of the US Inflation Reduction Act (see Gründler et al., 2023a).

Figure 1: Topics covered by the Economic Experts Survey



The figures illustrate the key topics included in the Economic Experts Survey (EES). The Global Political Monitor is measured regularly every quarter, consisting of two pillars: (1) the political situation and (2) economic policy. The EES also covers special topics, including regular monitoring of inflation expectations and special modules that are asked in individual waves.

Experts as sources of information: The strategy to elicit the assessment of experts exploits the fact that experts have profound knowledge and information about their home countries' economies, political environments, and current developments. Aggregating expert assessments provide us with access to manifold sources of information that would otherwise not be possible to acquire or process.

Evaluation of changes: We ask experts to provide their assessment of the change in our variables of interest compared to the previous quarter. This analysis shows how government performance and political stability have developed over time within countries. The rationale behind looking at changes over time is that for a rating of the level, experts would need to compare their

1. OVERVIEW AND METHODOLOGY

host country to all other countries globally, which would involve information requirements that are most likely not met.

Open-ended text questions: An important pillar of the EES is that the quantitative questions are accompanied by open-ended text questions, providing experts the opportunity to give a qualitative assessment of the situation in their country. These assessments are particularly valuable, because they illustrate the motivation of experts for providing a specific rating, and they provide information about the key developments in their country that are decisive for their evaluation.

Details on the methodology of the EES can be found in Appendix A. A detailed methodological description is provided in Gründler et al. (2022).

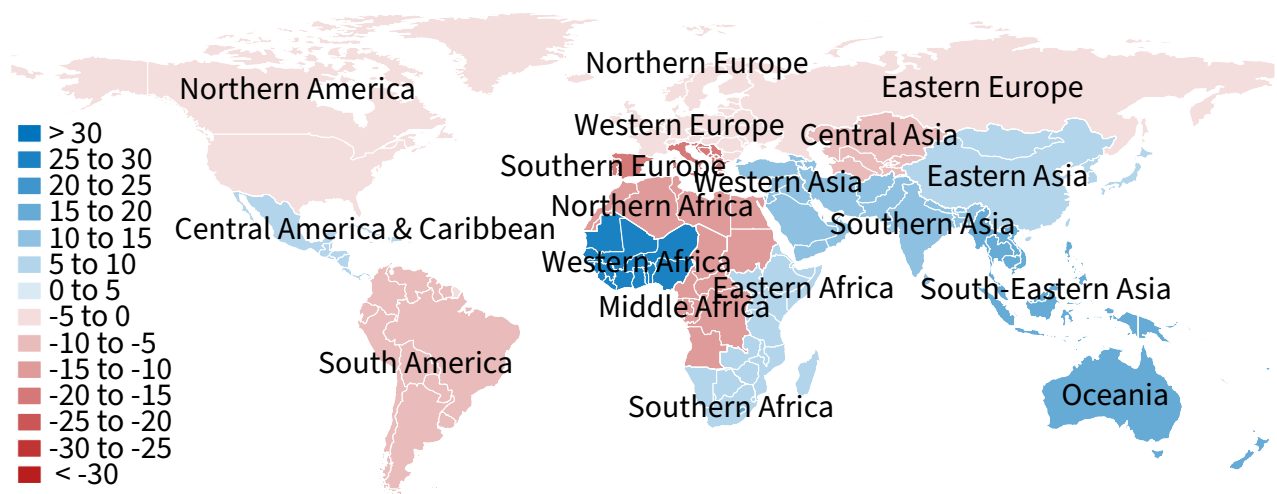
2. THE GLOBAL POLITICAL LANDSCAPE

2.1 Global Political Assessment

Figure (2) shows the global assessment of the political situation, obtained by combining experts' scores on the performance of governments and political stability. More positive evaluations compared to the previous quarter (Q1 2023) are colored in blue, and more negative evaluations are highlighted in red.

On a global scale, experts are slightly more positive about the current political situation in their country of expertise compared to the previous quarter. The global average of the overall political indicator on the current political situation assumes a value of 0.9 on a scale from -100 to +100 in Q2 of 2023.

Figure 2: Experts' Assessment of Changes in the Political Situation



Source: Economic Experts Survey Q2 2023.

© ifo Institute / IWP

Notes: The figure shows the results of the EES Q2 wave in 2023, which was conducted between 14 June and 2 July 2023. In total, N = 1405 participants participated in the survey.

Zooming into the global regions, our data reveal a considerable degree of cross-regional heterogeneity. Experts are particularly more negative about the political situation in their country of expertise in Europe, Northern America, and South America. On the other end of the spectrum, we observe more positive evaluations in Oceania as well as in Central America and the Caribbean. In Asia and Africa, there is substantial heterogeneity in expert assessments across sub-regions. While experts from most parts of Asia are more positive compared to the past quarter, the majority of

2. THE GLOBAL POLITICAL LANDSCAPE

respondents from Central Asia assess the current political situation to be more negative than in the first quarter of 2023. A similarly mixed result is found for Africa, where Western Africa and—to a lesser extent—Southern and Eastern African experts report that the political situation has improved, while experts from Northern Africa and Middle Africa are more pessimistic about the development of the political situation in their countries of expertise.

2.2 Trends in Experts' Economic Assessment

Figure (3) shows how the assessments of experts regarding the global political situation have developed over time. The figure visualizes the global political situation for all sub-regions included in the EES over the period Q1 2022 until Q2 2023. Given that the EES asks experts to classify their evaluation compared to the past quarter, levels below (above) zero reflect a decrease (increase), and a downwards (upwards) sloping trend suggests that the negative (positive) situation has intensified.

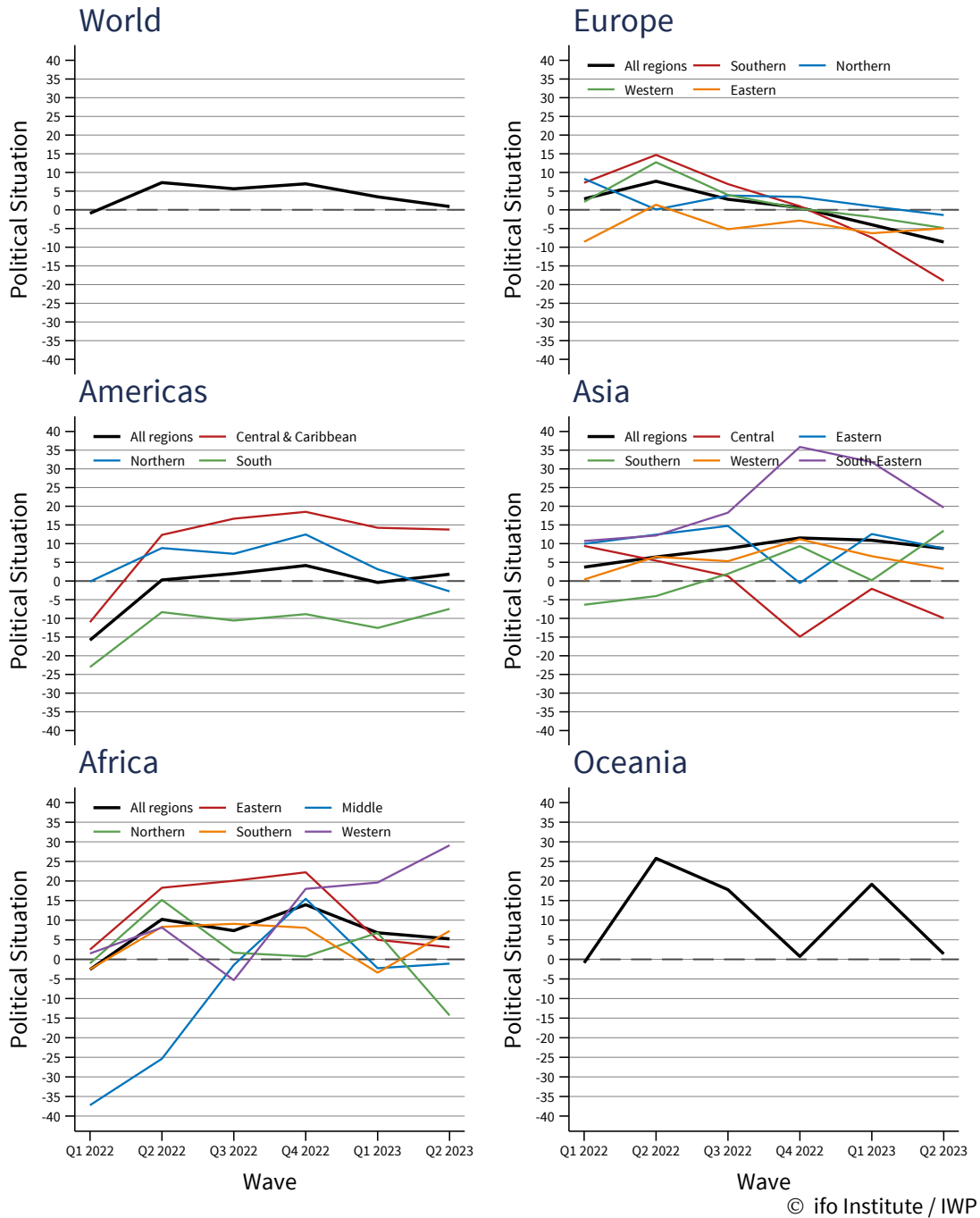
For some parts of the world, the evaluation of the political situation has become more favorable compared to the last quarter(s). These regions include Central America and the Caribbean, South-Eastern Asia, and Western Africa. In other regions of the world, particularly in most parts of Europe and South America, we observe a long-lasting trend towards more negative evaluations of the political situation.

2.3 Government Performance and Political Stability

The assessment of the political situation is an aggregate that is based equally on two pillars: (i) the experts' assessments of government performance and (ii) their views on the degree of political stability in their host countries. Figure (4) shows the results separately for each of the sub-indices and differentiates expert assessments between global regions. The individual values are reported in Table (1) in Appendix C.

2. THE GLOBAL POLITICAL LANDSCAPE

Figure 3: Experts' Assessment of Changes in the Political Situation over Time

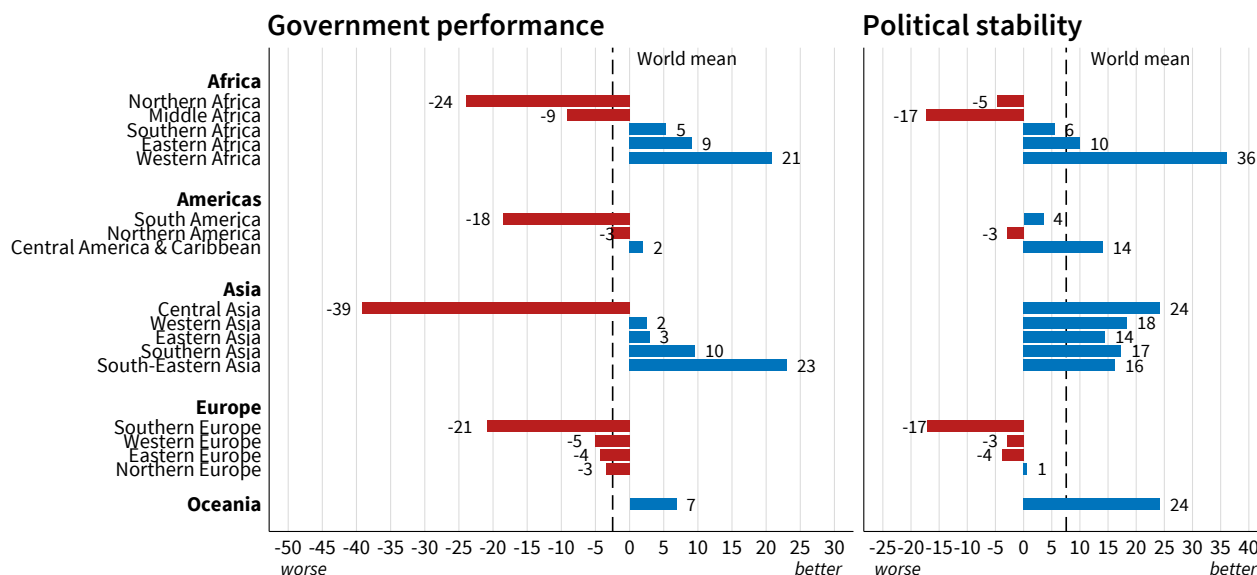


The figure shows the results of the EES waves Q1 2022 until Q2 2023. In total, N = 1405 participants participated in the most recent survey, which was conducted between 14 June and 2 July 2023.

2. THE GLOBAL POLITICAL LANDSCAPE

Figure 4: Experts’ Assessment of Changes in the Political Situation – Government Performance and Political Stability

Political Assessment



Source: Economic Experts Survey Q2 2023.

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Notes: The figure shows the results of the EES Q2 wave in 2023, which was conducted between 14 June and 2 July 2023. In total, $N = 1405$ participants participated in the survey.

The evaluation of **government performance** shows distinct cross-regional trends. While experts from most parts of Europe and the Americas are increasingly concerned about the performance of governments in their countries of expertise, experts from most parts of Asia report that they perceive an improvement in government performance. The picture is more divided in Africa, where positive evaluations in Southern, Eastern, and Western Africa are in contrast to the more negative ratings of experts living in Northern Africa and Middle Africa.

In terms of **political stability**, the regional patterns are broadly comparable to those regarding government performance, although there is a clear tendency towards greater political stability on the globe, continuing a distinct trend that we already uncovered in Q1 2023. Globally, however, the increase in political stability is slightly lower (+7.5) than in the previous quarter (+12).

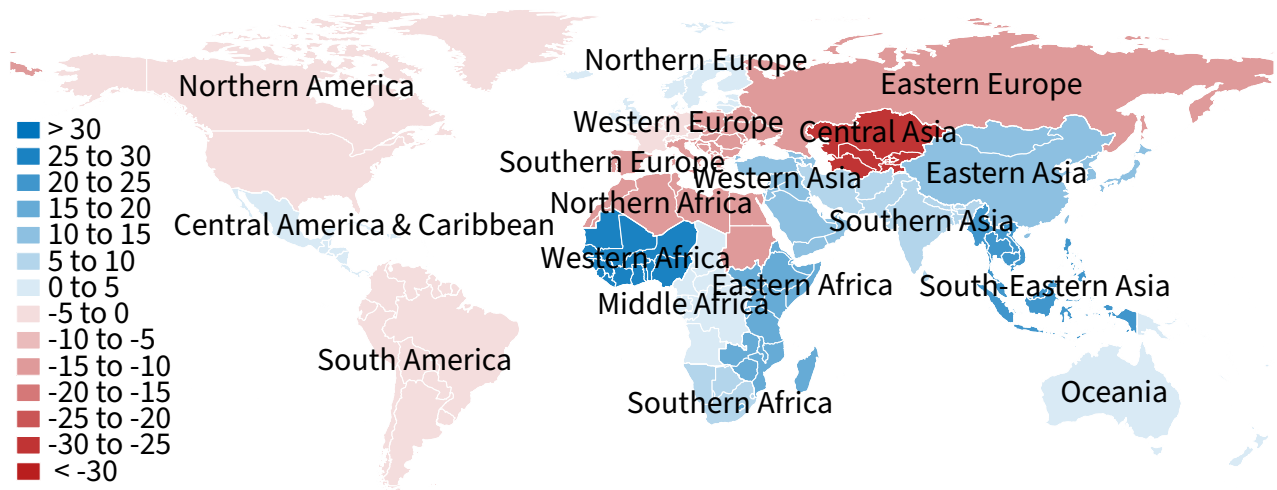
3. GLOBAL MONITOR OF ECONOMIC DEVELOPMENTS

3.1 Global Economic Policy Assessment

Figure (5) shows the global assessment of the economic policy situation, obtained by combining experts' scores on the general assessment of current economic policies of governments and how well policy addresses future challenges. More positive evaluations compared to the previous quarter (Q1 2023) are colored in blue, and more negative evaluations are highlighted in red.

Globally, experts' assessments of the economic policy in their country of expertise are largely unchanged compared to the previous quarter. The global average of the overall economic policy indicator assumes a value of -0.3 on a scale from -100 to +100 in Q2 of 2023.

Figure 5: Experts' Assessment of Changes in the Economic Policy



Source: Economic Experts Survey Q2 2023.

© ifo Institute / IWP

Notes: The figure shows the results of the EES Q2 wave in 2023, which was conducted between 14 June and 2 July 2023. In total, N = 1405 participants participated in the survey.

The global average masks, however, quite some heterogeneity across world regions. Experts in large parts of Africa (with the exception of Northern Africa) view economic policies as more favorable, with especially strong improvements in Western and Eastern Africa. Noticeable improvements can also be seen in large parts of Asia. Experts in Western, Southern, Eastern, and South-Eastern Asia are more favorable about the economic policy in their home countries. Central Asia is, however, a large outlier in Asia and globally reports the largest decline in the economic policy assessment. Slightly less, but still significantly more pessimistic are also experts in Eastern, Western,

3. GLOBAL MONITOR OF ECONOMIC DEVELOPMENTS

and Southern Europe. Smaller shifts in the assessments can be seen in the Americas, where experts in Northern and South America are slightly more pessimistic, and experts in Central America are slightly more positive about economic policy.

3.2 Trends in Experts' Economic Policy Assessment

Figure (6) shows how the assessments of experts regarding economic policy in their countries of expertise have developed over the waves of the EES. The figure visualizes the evaluation of economic policy for all sub-regions included in the EES over the period Q1 2022 until Q2 2023. Given that the EES asks experts to classify their evaluation compared to the past quarter, levels below (above) zero reflect a decrease (increase), and a downwards (upwards) sloping trend suggests that the negative (positive) situation has intensified.

Consistent with the numbers reported for the overall political situation, the expert assessments of economic policy are repeatedly and substantially below zero in almost all regions of Europe and have declined further. This pattern points to a strong negative evaluation of economic policies in many European countries that has steadily intensified over the waves of the EES. We also find strong negative and declining assessments in Oceania. After a strong downturn over the past waves, the assessment of economic policy in South America has slightly improved compared to the last quarter but remains on a low level.

At the other end of the spectrum, expert rates in Asia have become more positive in almost all sub-regions (except for Central Asia). Experts are particularly enthusiastic regarding the economic policies in South-Eastern Asia.

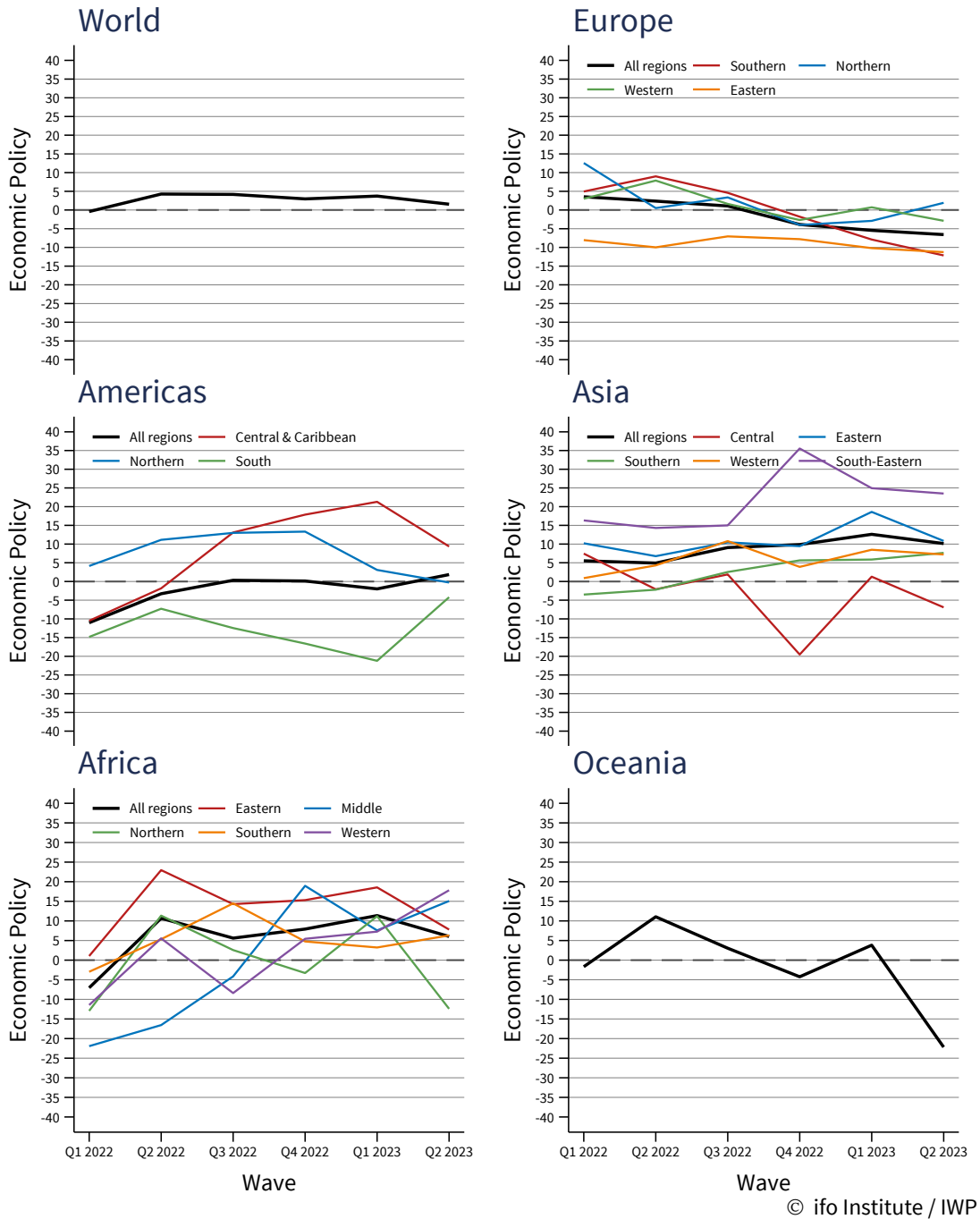
For Africa, we observe heterogeneous trends in how experts rate economic policies. The assessments are especially negative and declining in Northern Africa, whereas experts from Western African countries are much more positive about economic policy in their country of expertise.

3.3 Economic Policy and Future Challenges

The assessment of economic policy is made up of equal parts of the experts' assessments of current economic policy and the assessment of economic policy with regard to future challenges. Figure (7) shows the results separately for each of the sub-indices and sub-regions. The corresponding values are reported in Table (1).

3. GLOBAL MONITOR OF ECONOMIC DEVELOPMENTS

Figure 6: Experts' Assessment of Changes in the Economic Policy over Time

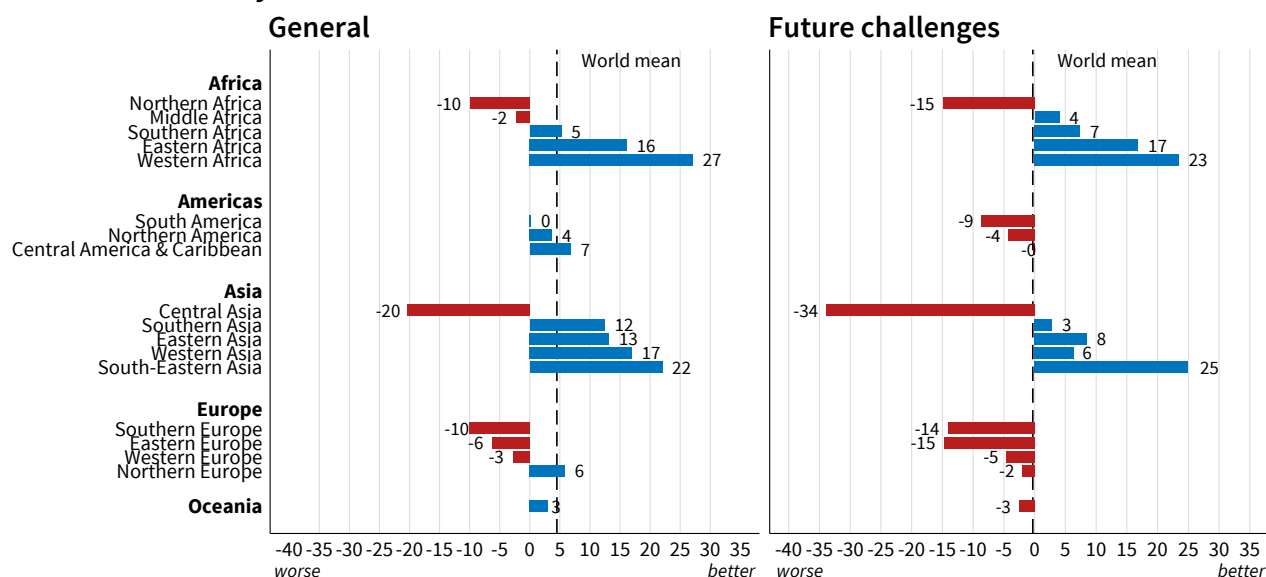


The figure shows the results of the EES waves Q1 2022 until Q2 2023. In total, N = 1405 participants participated in the most recent survey, which was conducted between 14 June and 2 July 2023.

3. GLOBAL MONITOR OF ECONOMIC DEVELOPMENTS

Figure 7: Experts’ Assessment of Changes in the Economic Policy – Current and Future Challenges

Economic Policy Assessment



© ifo Institute / IWP

Source: Economic Experts Survey Q2 2023.

Notes: The figure shows the results of the EES Q2 wave in 2023, which was conducted between 14 June and 2 July 2023. In total, $N = 1405$ participants participated in the survey.

The average global **general assessment of economic policy** has improved (+5), but the judgment of how well policies tackle **future challenges** has remained unchanged (+0).

Recorded improvements in large parts of Africa are equally driven by the two components of the overall index. Both indicators decrease for Northern Africa, while they strongly increase for Western and Eastern Africa in particular. The same pattern can be observed in Asia, where especially the general assessment of economic policy is regarded more favorably. The largest declines for both indicators can be observed in Central Asia. In the Americas, experts are slightly more optimistic about general economic policy but less optimistic about economic policy addressing future challenges. Large parts of Europe record noticeable declines in both components. Smaller shifts can be observed in Oceania.

4. SPOTLIGHT: TRENDS IN SOUTHERN EUROPE

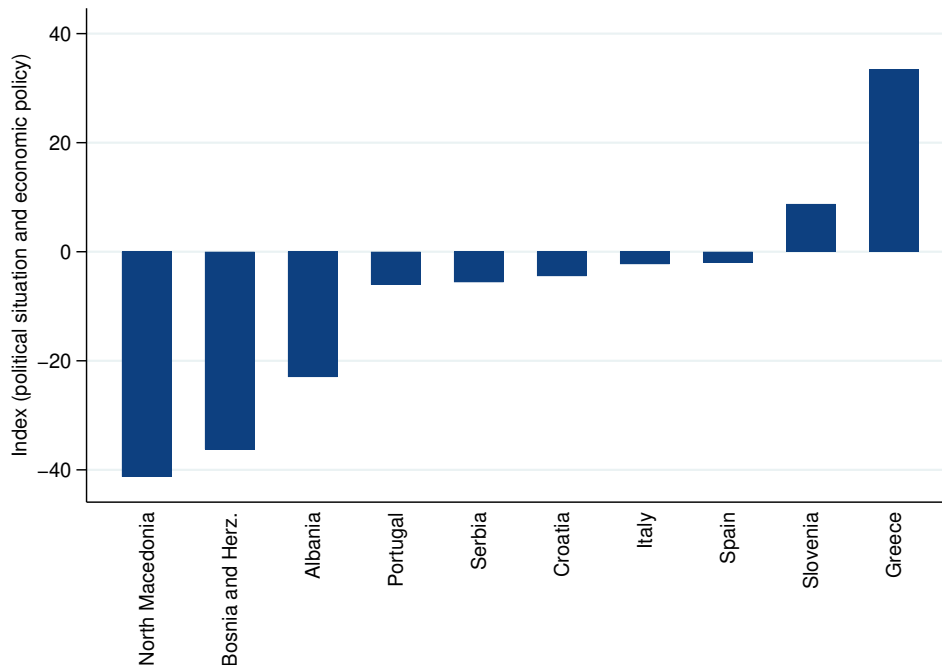
In this chapter, we point out the **spotlight on recent developments in Southern Europe**. Experts in Southern Europe were among the most critical in Q2 2023. For both the political and the economic dimensions, the experts in Southern Europe were the most pessimistic sub-region in Europe.

The negative assessment is, however, also part of a steadier decline in the assessment of the political and economic situation. We use experts' answers to open-ended text questions to shed light on the drivers of this assessment, revealing insights into political and economic developments in the countries.

4.1 Political situation in Southern Europe

Figure (8) shows the average ratings of the current political and economic situation by economic experts per country in Southern Europe. The numbers refer to the average rating of all four regular questions included in the EES. With the exception of Greece and Slovenia, the average per-country evaluation in all countries in Southern Europe is worse compared to the past quarter.

Figure 8: Experts' Assessment of Changes in the Political and Economic Situation — Southern Europe



Notes: The figure shows the results of the EES Q2 wave in 2023, which was conducted between 14 June and 2 July 2023. In total, $N = 1405$ participants participated in the survey.

4. SPOTLIGHT: TRENDS IN SOUTHERN EUROPE

Experts are particularly pessimistic in North Macedonia and Bosnia and Herzegovina, but the evaluation is negative also in the large Southern European countries such as Italy, Spain, and Portugal. Greece is the major outlier in this analysis, achieving one of the highest positive changes across all countries on the globe.

4.2 Concerns about the implementation of NextGenerationEU

To support the EU member states in recovering from the COVID-19 pandemic, the EU has launched an unparalleled stimulus package. Adopted on 14 December 2020, the European Union Recovery Instrument (“NextGenerationEU”) is worth a total of 750 billion euros. For the countries that have been hit particularly hard, the instrument is an important pillar to recover from the economic crises initiated by the COVID-19 pandemic and intensified by the energy crisis after the Russian invasion of Ukraine.

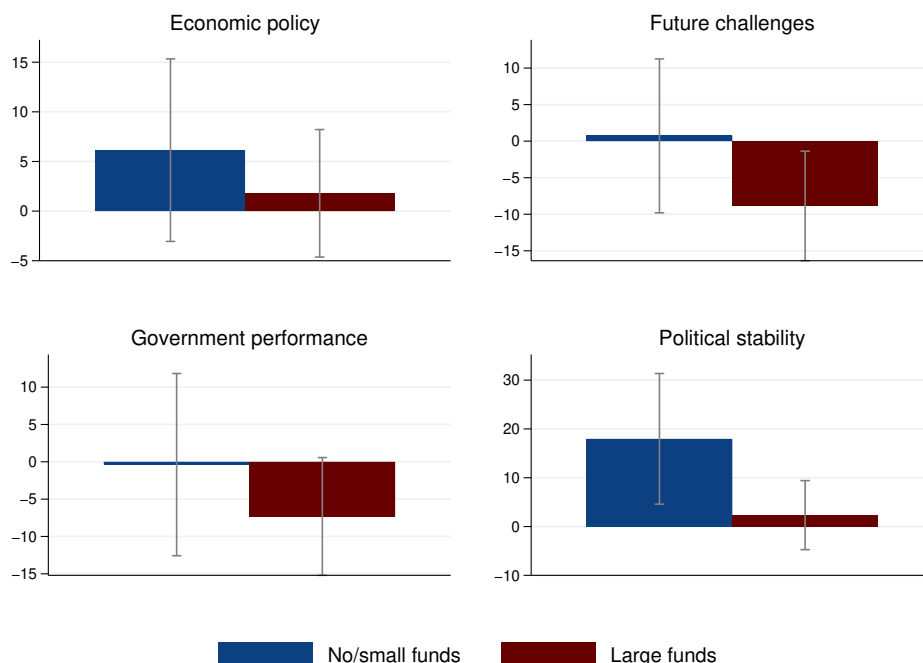
Many of the experts from countries that are beneficiaries of NextGenerationEU express substantial concerns about the implementation of the package. For instance, experts from Italy and Portugal mentioned that they are concerned about “delays on critical attenuation plans (especially PNRR [the Italian National Recovery and Resilience Plan])” and that “it’s becoming clearer the PNRR funds are not being disbursed which is worrisome”. Those quotes exemplify the importance of the NextGenerationEU funds for targeted regions, especially regarding the intended (structural) transformation of local economies. Experts in Southern Europe seem to be worried about “mismanagement” and bad implementation of the EU funds: “Without the projects envisioned by the PNRR, Italy is deviating from the path to the transformation needed to face the challenges of the future. For instance, digitalizing the public administration system or improving non-university post-secondary vocational/technical training.”

The pessimistic views regarding the implementation of the European Union Recovery Instrument can also be seen quantitatively in the assessments of experts. Figure (9) visualizes average scores for each of the four core questions included in the EES, distinguishing between experts from countries that receive large amounts from NextGenerationEU and those that receive small or no funds (also due to ineligibility).²

²For our analysis, we consider funds as being substantial when the amount of grants exceeds 10 billion euros.

4. SPOTLIGHT: TRENDS IN SOUTHERN EUROPE

Figure 9: Experts’ Assessment of Changes in the Political and Economic Situation — Separately for funds received by NextGenerationEU



Notes: The figure shows the results of the EES Q2 wave in 2023, which was conducted between 14 June and 2 July 2023. In total, $N = 1405$ participants participated in the survey.

Consistent with the concern expressed in open-ended text questions, we observe significantly worse ratings regarding the evaluation of government performance for those countries that receive large grants from the recovery instrument. We also find that in countries that particularly rely on NextGenerationEU, experts evaluate the potential to address future challenges much worse compared to experts from countries with no or small grants.

4.3 Elections and political stability

In some of the countries in Southern Europe, there will be elections after Q2 2023. Holding elections can have substantial effects on the political climate, which is reflected in experts’ assessments.

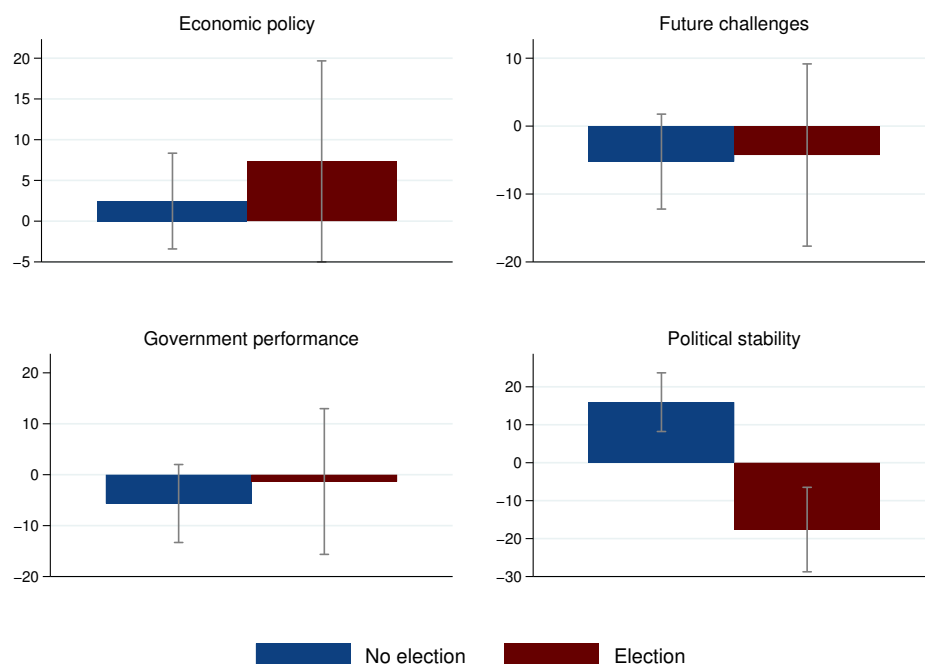
Governments can defer unpopular reforms after the election in order not to sabotage their re-election chances. In addition, they might even implement “bad”, but popular, policies to attract votes in the upcoming election. Such policies could focus on short-term benefits for citizens and could hence be less targeted to solve future challenges, such as reforms of pension systems or the transformation to green energy. Those arguments are also reflected in experts’ open-ended text

4. SPOTLIGHT: TRENDS IN SOUTHERN EUROPE

answers, which state that since elections are close-by there are “no new economic policies in the last couple of months due to the election campaign period”. Another expert also mentions that since “next year is an election year, [...] populist economic policy started. For example, [the] announced tax reform will deteriorate the sustainability of pension funds.”

Independent of the government’s actions, upcoming national elections can also decrease the perceived political stability when election results are very uncertain. Such worries are particularly pronounced in Spain, where elections were scheduled for the end of July. Experts in Spain state that “the political debate is highly polarized” with high “uncertainty about the results of the election process”. In addition, experts worry that “there is the possibility for extremist political parties to have decision power in the future government” or that the government “majority requires the participation of populist[s]”.

Figure 10: Experts’ Assessment of Changes in the Political and Economic Situation – Separately for countries with and without elections



Notes: The figure shows the results of the EES Q2 wave in 2023, which was conducted between 14 June and 2 July 2023. In total, $N = 1405$ participants participated in the survey.

Figure (10) shows that those concerns can also be seen when we compare the ratings of the four political and economic indicators for countries with upcoming elections with countries with no upcoming elections. Experts in countries that have elections upcoming rate the political stability in their countries significantly worse. At least quantitatively we do not observe the same worries

4. SPOTLIGHT: TRENDS IN SOUTHERN EUROPE

for the implementation of economic policies that target challenges of the future.

An example where political stability rose in a country without upcoming elections is Italy. Many experts refer in their explanations to the recent passing of former prime minister Silvio Berlusconi. Berlusconi was considered to be still an influential figure in Italian politics. An expert wrote “without Berlusconi, I expect Giorgia Meloni [the current prime minister] to better control her center-right coalition” and that Berlusconi’s passing will “solidify Meloni’s grip on the right-wing coalition in the short term. In the long term, if she’s able to cater to center-right voters she will be able to lead the coalition for a long time. As long as her policies are not too extreme or reckless, she can hold the position until the end of the term.” This quote also highlights that political stability might be higher in the absence of upcoming elections. One Italian expert even mentioned that “it is hard to think of a more stable political situation since 1945”.

5. OUTLOOK: INFLATION

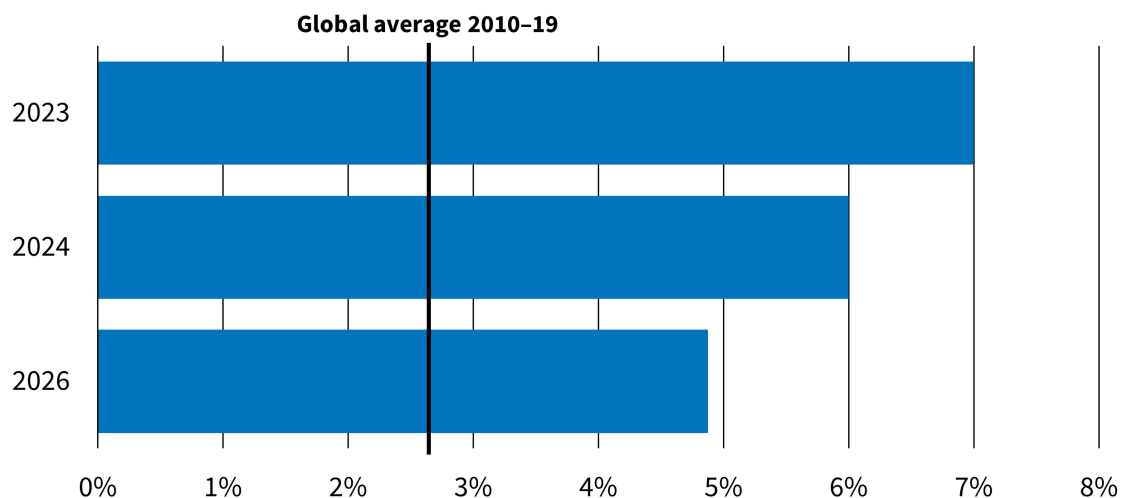
What expectations do economists worldwide have for future price developments? Do the central banks' major interest rate hikes have an impact and can we observe a decline in inflation expectations? In the last waves of the EES we asked for the experts' inflation expectations at the global level. The results of the wave in the second quarter of 2023 show: experts still expect high inflation rates worldwide. Inflation expectations decline only marginally compared to expectations in previous quarters.

The global average expected inflation rate for 2023 is 7 % (see Figure 11).³ There is no noticeable change in short-term expectations compared to the last quarter. Compared to the peak in short-term expectations in Q3 2022, an expected inflation rate of 7 % represents a 0.5 percentage point decrease in expectations (see Figure 12).

Experts in Northern America and South-Eastern Asia expect the lowest inflation rates for 2023 (both 5%). In contrast, regions like Northern Africa (32%) or South America (46%) expect way above-average inflation rates in the short term.

Figure 11: Global Inflation Expectations

Expected inflation as a global average for the year...



Source: Economic Experts Survey Q2 2023.

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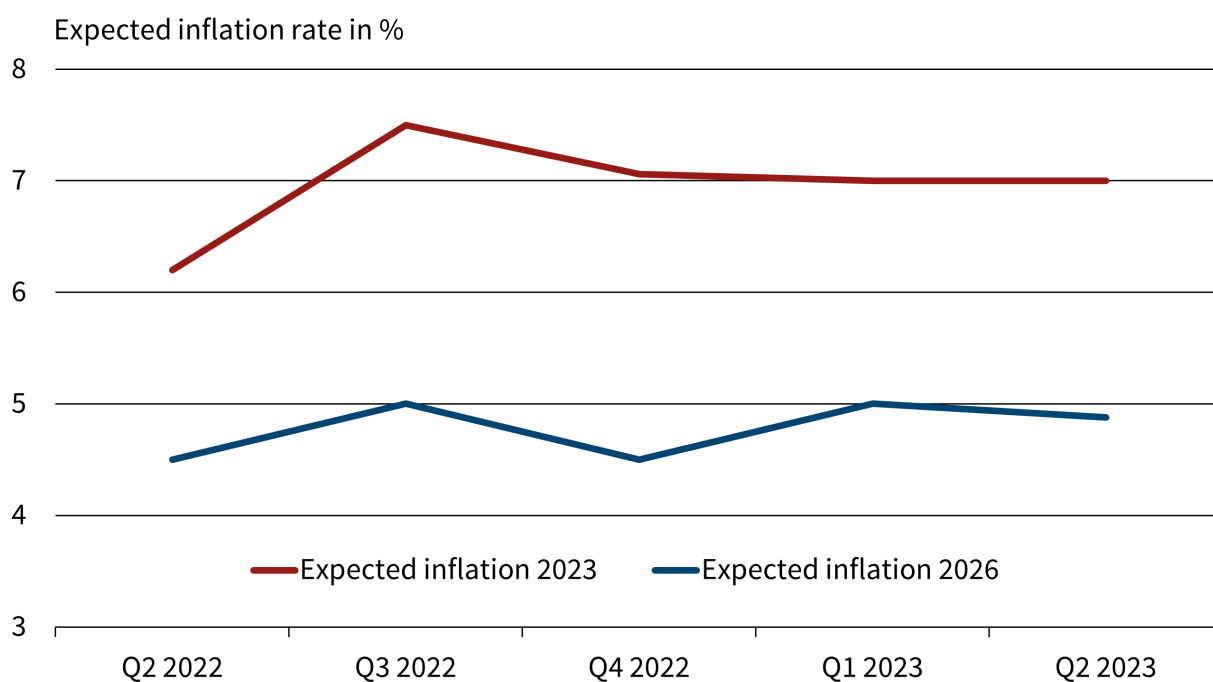
Notes: The figure shows the results of the EES Q2 wave in 2023, which was conducted between 14 June and 2 July 2023. In total, $N = 1405$ participants participated in the survey.

³This is the median of the average expected inflation rates at the country level. The median is used because expected inflation rates vary widely by region and are dramatically higher in individual countries and regions such as Africa than in the rest of the world.

5. OUTLOOK: INFLATION

Global average long-term expectations for 2026 are at 4.9 %, representing only a marginal decrease compared to the last quarter. They hence stagnate at the same (high) level. Experts in Western Europe (2.5%) and Northern America (2.7%) expect long-term inflation rates to nearly return to common inflation targets. The highest long-term inflation rates are expected in Middle Africa (25%) and in Northern Africa (28%). Figures (B1)–(B3) show world maps displaying the inflation values for all sub-regions for the years 2023, 2024, and 2026. Table (3) includes the individual values for all sub-regions.

Figure 12: Global Inflation Expectations over Time



Source: Economic Experts Survey Q2 2022 to Q2 2023.

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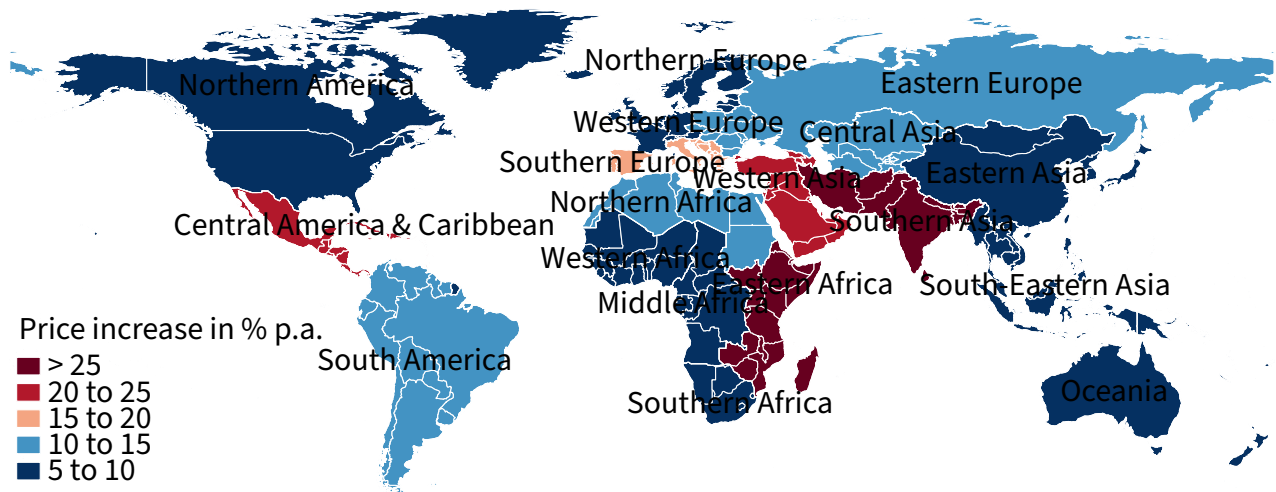
Notes: The figure shows the results of the EES Q2 wave in 2023, which was conducted between 14 June and 2 July 2023. In total, $N = 1405$ participants participated in the survey.

6. SPECIAL MODULE: HOUSING MARKET

The Q2 wave also had a special module about expectations for the housing market. Many countries experienced stark increases in property values and rents in the most recent decade. However, starting with the COVID-19 pandemic, the subsequent high inflation environment and shifts in working patterns, e.g. remote work, might have slowed down this trend. High interest rates by central banks also put pressure on housing prices in many regions. In our special module in the Q2 wave of 2023, we hence asked economic experts about their expectations on property price developments.

We asked experts the following question: “What do you expect the annual growth rate of the value of a typical home in [YOUR COUNTRY] to be over the next 10 years (in %)?”. The results shed light on whether economic experts expect similar increases in property values for the next years—and how these expectations vary on a global level.

Figure 13: Housing market expectations over the next 10 years



Source: Economic Experts Survey Q2 2023.

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Notes: The figure shows the results of the EES Q2 wave in 2023, which was conducted between 14 June and 2 July 2023. In total, N = 1405 participants participated in the survey.

The results show that economic experts expect large increases in property values across many parts of the world. There are several regions (e.g. Eastern Africa or Southern Asia), where experts expect annual increases of more than 20%. Property values are also expected to rise by 10 to 15% in South America, Eastern Europe, Central Asia, and Northern Africa.

Experts in Northern America, Western Europe, Oceania, and South-Eastern Asia expect more mod-

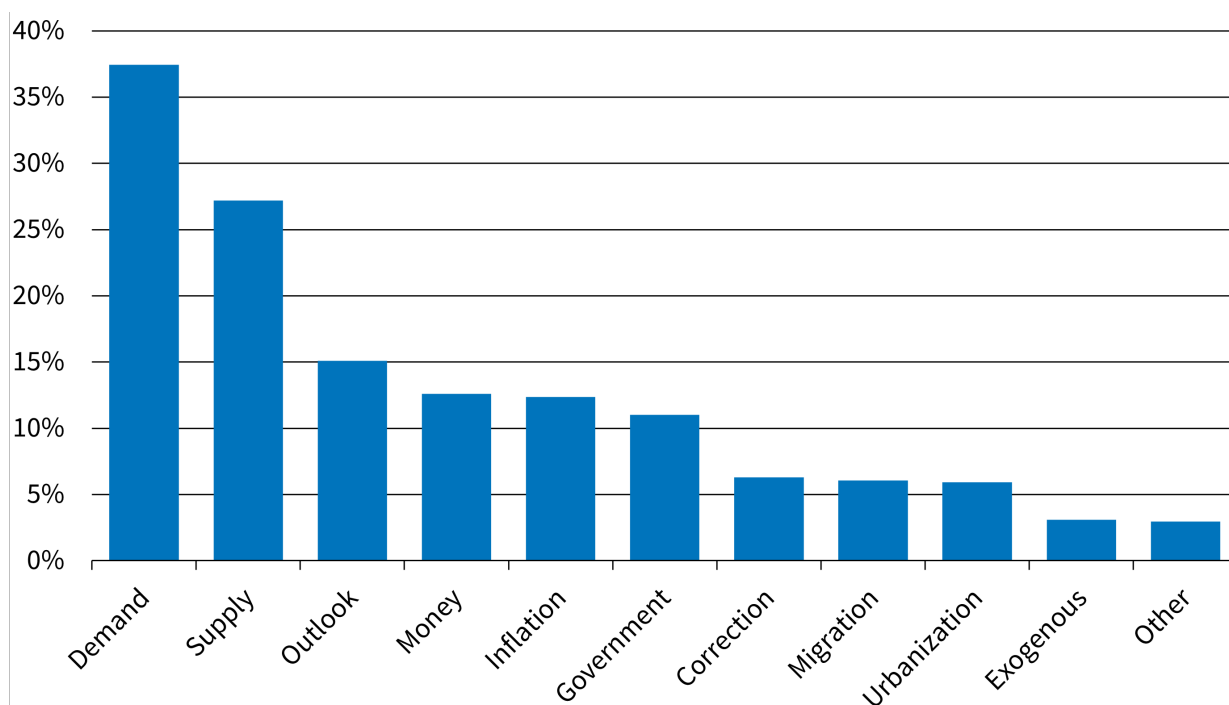
6. SPECIAL MODULE: HOUSING MARKET

While supply components are still represented (exemplified by the common mention of “shortage” or “construction”), the figure shows that experts dominantly mention the word “demand” as their primary consideration.

To investigate the reasons underlying the expectations about house price increases of experts more systematically, we manually code the topics in open-text answers given by experts. Given the short format of most answers, manual coding is superior to a machine-based algorithm. We first screen all open-text responses to obtain a list of the 10 most frequently mentioned categories. We then coded all answers on these categories, where answers from experts can be assigned to multiple categories.

The results regarding the causal chains (narratives) of experts are presented in Figure (15). Consistent with the word cloud shown in Figure (14), demand factors dominate all other factors on a global scale. These factors are mentioned by about 37% of respondents globally and include, for instance, an increase in living standards and income, population growth, changing preferences regarding living space, and foreign investments.

Figure 15: Narratives about house price increases



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Notes: The figure shows the results of the EES Q2 wave in 2023, which was conducted between 14 June and 2 July 2023. In total, $N = 1405$ participants participated in the survey.

6. SPECIAL MODULE: HOUSING MARKET

On top of demand factors, supply factors such as limited production capabilities, space constraints, or renovation costs are also important for the expectations of international experts. About 15% of experts respond that the overall economic outlook in their country is the main driver underlying their expectations. Finally, factors such as monetary policy, government policies, and a correction of the valuation (of previously under- or over-valuated houses) also play a role.

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Appendix A: Methodology

1. Expert Panel We recruit economic experts from two groups. The first are renowned economic experts working at universities, research institutes, central banks, multinational companies, embassies, and international organizations. Experts from this group are hand-selected and have ties to the ifo Institute or the CESifo network. The second group are leading academics and researchers in economics according to international rankings. We contact the top experts in all listed countries. Experts from both groups are influential and shape the public economic debates in their host country.

2. Implementation The EES runs quarterly and each EES wave runs over a period of two weeks. We contact the experts via email with an invitation to participate in the EES. The experts answer the questions online and can choose the country they wish to provide expertise for. In the survey, the experts are presented with the four core EES questions from two main areas, (1) economic policy and (2) political climate.

Economic Policy

1. How do you rate your country's current economic policy?
2. How well does your country's economic policy address the challenges of the future?

Political Climate

3. How do you rate the performance of your country's current government?
4. How do you rate the stability of your country's current political situation?

Each question is followed by the reference statement: "Please compare to the last quarter." In addition to the core questions, each survey wave may contain further questions.

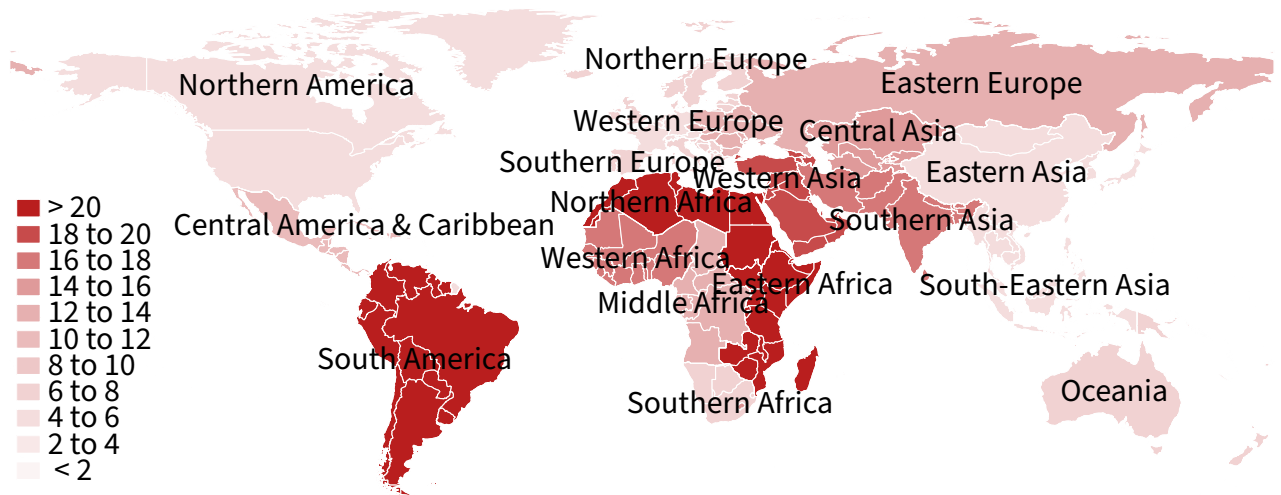
3. Aggregation From the experts' answers to each survey question, we first construct the arithmetic mean for each country and second the arithmetic mean for each world region. We use 18 world regions within five continents, building on the UN geographical region definition.⁵ We then calculate the arithmetic mean of the values from questions one and two to derive the overall economic policy assessment for each region. We proceed similarly for questions three and four to derive the political assessment.

4. Publication and Interpretation The evaluation and interpretation of each quarterly survey wave by the research team is published on the ifo webpage (www.ifo.de/en/survey/economic-experts-survey) and in this report.

⁵Due to data constraints, we define all sub-regions within Oceania to be one region and combine the regions of Central America and the Caribbean into one single region.

Appendix B: Additional Figures

Figure B1: Inflation Expectations 2023

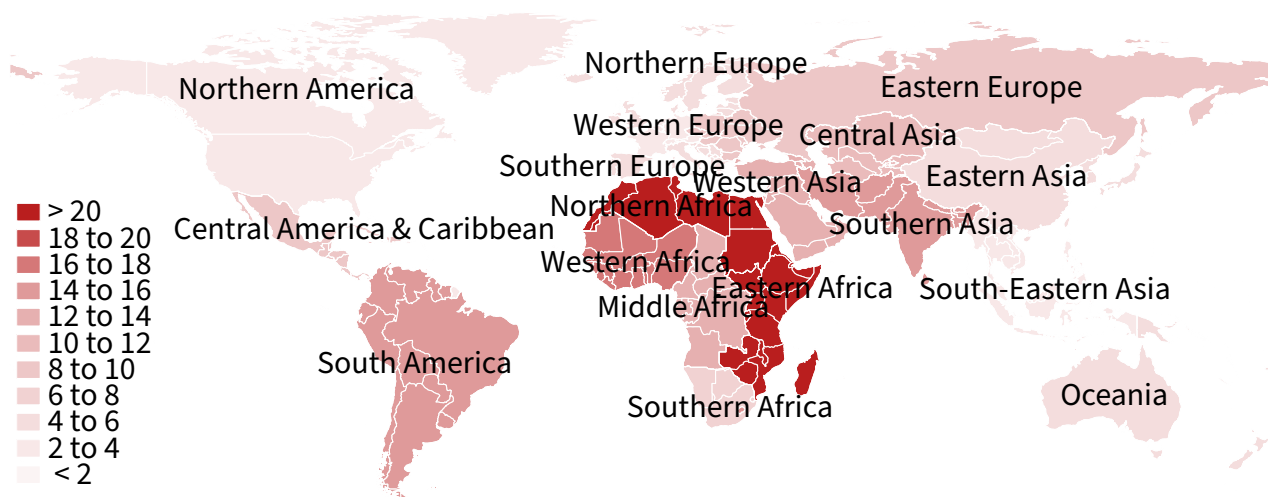


Source: Economic Experts Survey Q2 2023.

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Notes: The figure shows the results of the EES Q2 wave in 2023, which was conducted between 14 June and 2 July 2023. In total, N = 1405 participants participated in the survey.

Figure B2: Inflation Expectations 2024

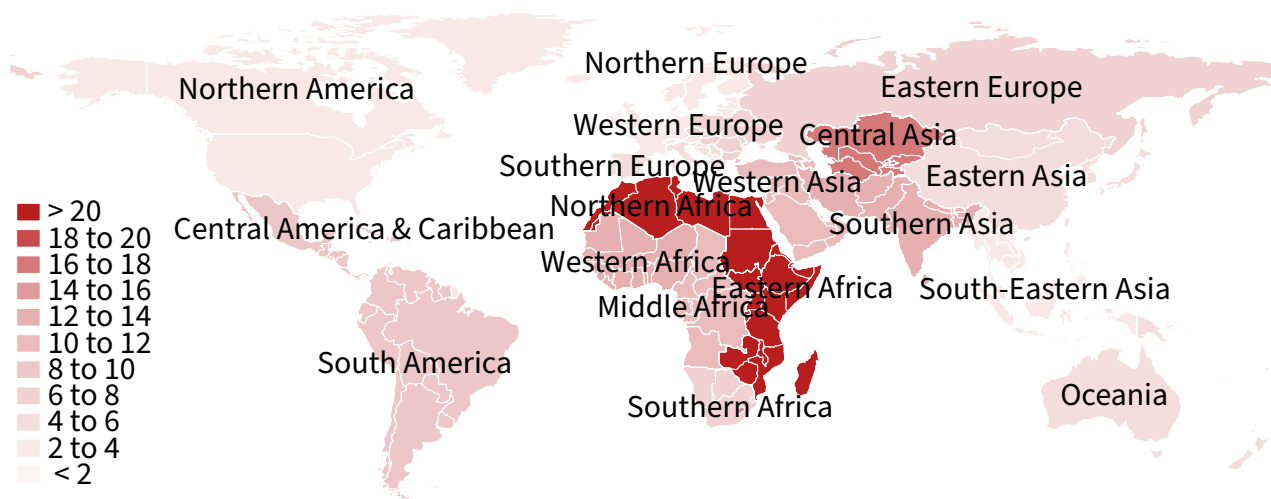


Source: Economic Experts Survey Q2 2023.

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Notes: The figure shows the results of the EES Q2 wave in 2023, which was conducted between 14 June and 2 July 2023. In total, $N = 1405$ participants participated in the survey.

Figure B3: Inflation Expectations 2026



Source: Economic Experts Survey Q2 2023.

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Notes: The figure shows the results of the EES Q2 wave in 2023, which was conducted between 14 June and 2 July 2023. In total, $N = 1405$ participants participated in the survey.

Table 1: Questions on Political Situation

	Government performance	Political stability
Worldwide	-2.5	7.6
Asia		
Central Asia	-39.2	24.3
Eastern Asia	3.0	14.5
Western Asia	2.5	18.4
South-Eastern Asia	23.1	16.2
Southern Asia	9.6	17.3
Africa		
Northern Africa	-24.0	-4.6
Eastern Africa	9.1	10.0
Middle Africa	-9.2	-17.2
Western Africa	20.9	36.2
Southern Africa	5.4	5.5
Americas		
Northern America	-2.7	-2.9
Central America & Caribbean	2.0	14.1
South America	-18.5	3.5
Europe		
Northern Europe	-3.5	0.7
Eastern Europe	-4.3	-3.9
Western Europe	-5.0	-2.9
Southern Europe	-20.9	-17.1
Oceania	6.9	24.2

Notes: The table shows the results of the EES Q2 wave in 2023, which was conducted between 14 June and 2 July 2023. In total, N = 1405 participants participated in the survey.

Appendix C: Data

Table 2: Questions on Economic Policy

	General	Future challenges
Worldwide	4.5	-0.3
Asia		
Central Asia	-20.3	-33.8
Eastern Asia	13.2	8.5
Western Asia	17.0	6.4
South-Eastern Asia	22.0	25.0
Southern Asia	12.5	2.8
Africa		
Northern Africa	-9.9	-14.9
Eastern Africa	16.1	16.9
Middle Africa	-2.3	4.1
Western Africa	27.1	23.4
Southern Africa	5.2	7.4
Americas		
Northern America	3.7	-4.2
Central America & Caribbean	6.8	-0.3
South America	0.2	-8.6
Europe		
Northern Europe	5.8	-2.0
Eastern Europe	-6.2	-14.8
Western Europe	-2.8	-4.6
Southern Europe	-10.1	-14.1
Oceania	3.0	-2.6

Notes: The table shows the results of the EES Q2 wave in 2023, which was conducted between 14 June and 2 July 2023. In total, N = 1405 participants participated in the survey.

Table 3: Inflation Expectations in the World Regions

		Inflation Expectations for the years ...		
		2023	2024	2026
Worldwide		7.0	6.0	4.9
Asia				
	Central Asia	14.6 (-0.5)	11.8 (-0.3)	17.5 (+7.8)
	Eastern Asia	5.0 (-0.3)	5.6 (+0.7)	4.5 (+0.6)
	Western Asia	19.3 (-4.9)	13.0 (-3.6)	11.6 (-0.9)
	South-Eastern Asia	4.8 (-0.3)	3.9 (-0.8)	3.6 (-1.1)
	Southern Asia	17.8 (-4.7)	15.6 (-4.5)	13.1 (-8.4)
Africa				
	Northern Africa	63.9 (+31.1)	50.0 (+20.1)	29.1 (+0.4)
	Eastern Africa	109.9 (+79.9)	32.9 (+8.5)	21.6 (+0.3)
	Middle Africa	13.6 (-4.2)	12.5 (-8.1)	10.1 (-15.0)
	Western Africa	17.0 (+4.0)	16.5 (+4.7)	13.3 (+3.1)
	Southern Africa	7.4 (+1.2)	6.8 (+0.8)	6.0 (-0.4)
Americas				
	Northern America	4.5 (-0.5)	3.5 (-0.3)	2.7 (0.0)
	Central America & Caribbean	10.3 (-1.9)	9.6 (-0.1)	8.4 (+0.1)
	South America	23.3 (-22.8)	15.7 (-17.4)	9.3 (-8.7)
Europe				
	Northern Europe	7.5 (-0.8)	4.8 (-0.4)	3.5 (+0.1)
	Eastern Europe	13.5 (-1.3)	9.5 (-0.7)	7.0 (-0.1)
	Western Europe	4.9 (-0.4)	3.4 (-0.3)	2.6 (+0.1)
	Southern Europe	7.9 (-1.1)	5.8 (-0.8)	4.1 (-0.2)
Oceania		6.4 (+0.5)	5.8 (+0.9)	5.5 (+1.3)

Notes: The table shows the results of the EES Q2 wave in 2023, which was conducted between 14 June and 2 July 2023. In total, $N = 1405$ participants participated in the survey. Changes to the previous wave are shown in brackets.

Table 4: Housing Price Expectations in the World Regions

		Housing Price Expectations in the World Regions
Worldwide		14.6
<hr/>		
Asia		
	Central Asia	13.9
	Eastern Asia	8.2
	Western Asia	22.4
	South-Eastern Asia	7.5
	Southern Asia	25.1
Africa		
	Northern Africa	12.1
	Eastern Africa	52.6
	Middle Africa	5.6
	Western Africa	9.3
	Southern Africa	7.9
Americas		
	Northern America	7.7
	Central America & Caribbean	24.4
	South America	11.0
Europe		
	Northern Europe	9.9
	Eastern Europe	14.9
	Western Europe	6.4
	Southern Europe	18.4
Oceania		5.9

Notes: The table shows the results of the EES Q2 wave in 2023, which was conducted between 14 June and 2 July 2023. In total, N = 1405 participants participated in the survey.