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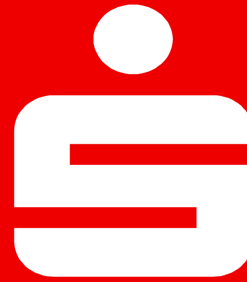

ECONOMIC UPDATE
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Cyclical Confidence Returns

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The first quarter of 2024 surprised on the upside by revealing that German GDP had posted marginal positive growth. Although it is true that forecasts for whole-year 2024 continue to be bunched close to zero, this nonetheless conceals a recovery, predicted for later in the year. A certain cyclical confidence has returned.

However, it is still unclear what structure the long-awaited fresh upswing will manifest. There is reason to doubt that the German economic phoenix will rise again from the ashes with the help of exports, as has been typical for this country in the past. This would work via igniting manufacturing first. But the industry sector has structural weakness and suffers from sand still clogging the gears of the global economy.

However, an upswing underpinned by domestic growth components is not yet a certainty either. Domestic investment and private consumption did not really get off their starting blocks during the first quarter of 2024. In spite of this, most forecast scenarios for the German economy are pinning their hopes on private consumption expenditure. The argument being put forward here is that the real purchasing power of wage incomes is destined to catch up over the course of the year. The service sector is expected to play a special role on this score - a sector whose persistently strong inflation dynamics, on the other hand, are currently standing in the way of a faster pivot to an easing cycle for monetary policy and interest rates.

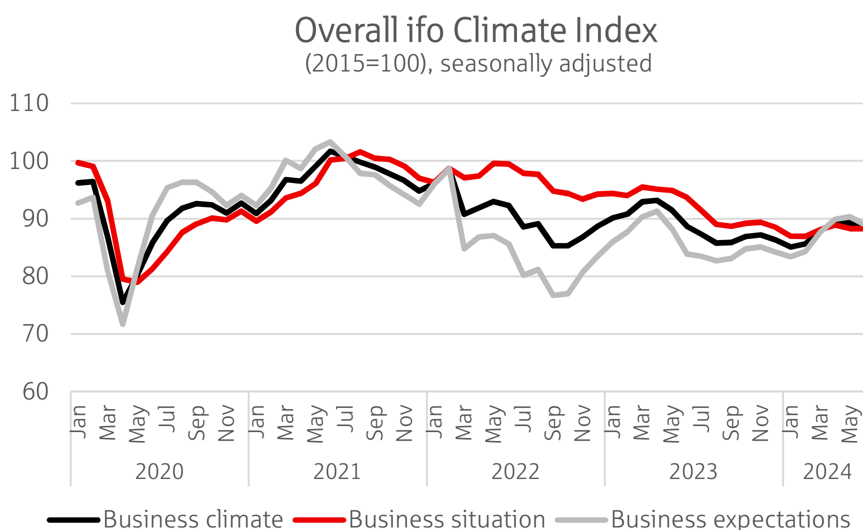
Cyclical Confidence Returns

The opening quarter of 2024 has sprung a positive surprise

The mood in the German economy has sweetened to some extent over the course of the spring. Indeed, the long-awaited economic renaissance seems to have actually kicked in. Although the recovery has not yet permeated all the "hard" data indicators, the upswing can now be felt far beyond the pure sentiment indicators.

Sentiment already took a turn for the better at the outset of the present year

Sentiment gauges already reverted to positive territory around the beginning of the year – and this is the case regardless of whether one is looking at the ifo Business Climate Index, the Deka/DSGV Financial Climate Index, the ZEW Indicator of Economic Sentiment, or the various Purchasing Managers' Indices. It is true that the ifo Business Climate Index flatlined in the most recent month, but they stay on a level that is distinctively better than in last winter. The clear overall improvement in sentiment readings is, moreover, being accompanied by rising stock prices, which can also be subsumed under this leading-indicator category.



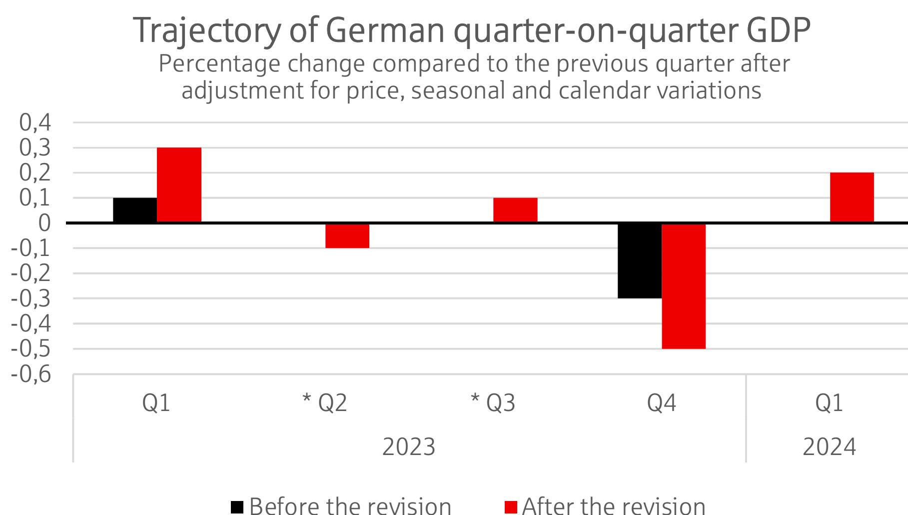
Source: ifo Institute

The contraction we had been bracing for in Q1/2024 did not materialise

It is particularly pleasing that the recovery is now also evident in the more tangible, "hard" data. An important confirmation of upside was provided by the national accounts for the first quarter of 2024. They showed a slight increase in GDP - a rise of 0.2 percent on a seasonally-adjusted quarter-on-quarter basis. Although this is not, of course, a spectacular outturn signalling truly buoyant growth dynamics, it was nevertheless, quite literally, a "positive" surprise. Many forecasters had been anticipating another negative set of figures until shortly before the Federal Statistical Office came out with its official announcement. Especially the production disruptions in January due to strikes and adverse weather, as well as weak industrial production, had given rise to such concerns.

Conceptual confusion has been clarified: Stagnation instead of Recession

The fact that the data are telling a different story has put a resounding end to the endless terminological debates about whether or not the winter half-year of 2023/2024 was mired in recession. The answer given by the official GDP statistics is an unambiguous "No" because, methodologically, a (technical) recession would entail a second successive quarter of negative macroeconomic growth, which did not occur. Admittedly, the one negative quarter which we did suffer - the final quarter of 2023 - turned out to be an even worse business than initially reported. This is because Destatis's latest statistical offerings (for Q1) were accompanied by revisions of the previously reported quarter-on-quarter trends during 2023. True, the latter were a colourful ragbag of comparatively minor upward and downward revisions, but the downward adjustments happened to be bunched in the final quarter, which the provisional estimate already put below the zero line. The seasonally-adjusted quarter-on-quarter rate of change for Q4 2023 now reads -0.5 percent, down from a preliminary reading of -0.3 percent.



* Note on presentation:
The quarterly change amounted to exactly 0.0 percent, which is why therefore no bar is visible.

Source: Destatis

Forecasts for 2024 as a whole continue to huddle close to the zero line

In straight mathematical terms, what has now turned out to be an even weaker end to 2023 is bad news for the growth dowry ("statistical overhang") for our present year. Even in spite of the unexpected positive growth rate delivered by the first quarter of 2024, German GDP still finds itself below the previous year's average on an overall view. This is also the reason why growth projections for 2024 as a whole are not budging even though the outlook has grown somewhat more optimistic of late. With full-year forecasts amounting to barely above zero, these projections are looking no different to what we have been accustomed to reading from the relevant forecasting bodies for around half a year now.

Current growth forecasts for Germany Change in real GDP in %	2024	2025
Ifo Institute (06/24)	+0.4	+1.5
Bundesbank (06/24)	+0.2	+1.0
Kfw (05/24)	+0.3	+1.2
German Council of Econ. Experts (05/24)	+0.2	+0.9
DIHK (05/24)	+0.0	n.a.

This applies, for example, to Deutsche Bundesbank's new forecast, prepared as part of the Eurosystem projections, which, in turn, formed the basis for the ECB's most recent key-interest-rate decisions in June. The Bundesbank is now estimating that average annual growth in Germany will weigh in at +0.2% for 2024; adjusted for calendar effects, Buba puts the rate of change one tenth of a percentage point higher at 0.3%. Germany's KfW Development Bank has also recently projected a comparable whole-year growth rate of 0.3 percent.

The German Council of Economic Experts will be on the opinion market more often in future

The German Council of Economic Experts took a similar stance in their Spring Forecast from May, envisioning a rate of change of +0.2%. In future, the Council's Five Wise Men (a term which now needs to be updated to Three Wise Women and Two Wise Men) intend to publish less sizeable analyses twice a year. The idea behind this is that this institution's existing "Annual Report" should thus be broken up into several, more easily digestible packages, generating greater attention and providing more up-to-date appraisals. That this venture can only prove partially successful in a mobile economic cycle if the intervals are as long as six months is demonstrated, however, by the fact that the new (May 2024) forecast was reported in the media to be a sharp downgrade compared to the full-length "Annual Report" from the end of October 2023. The fact is that economic momentum at the present juncture has reversed completely. Since October, there has been a full cycle, swinging from great optimism for 2024 to intermittent recession warnings and then back, most recently, to a somewhat more upbeat outlook based on the fact that the quarter-on-quarter rate of GDP growth remained just on the right side of zero during the opening quarter of 2024.[1]

The DIHK is likewise sceptical for structural reasons

Among the more recent forecasts, the projection produced by the German Chamber of Industry and Commerce (DIHK) stands out as being more sceptical. The DIHK forecast is based on surveys of member companies conducted by the organisation's various regional chambers of commerce, which the DIHK then uses to determine a projection which, in the current case, sees real German GDP hitting a straight zero in 2024. Admittedly, the somewhat weaker position adopted by the German Chamber of Industry and Commerce in the current forecasting stakes may partly be due to the fact that the DIHK primarily asks companies about their investment and employment plans. To that extent, respondents are not questioned about purely cyclical variables, but rather about ones which are also influenced by structural factors. And it is indeed the case that the DIHK is now emphasising the obstacles - such as a shortage of skilled workers, a dense tangle of regulation and a lack of planning certainty - which are holding back German growth momentum.

The character of the forthcoming upswing still remains undetermined

Paradoxically, though, even the DIHK's zero-growth forecast is, mathematically speaking, factoring in a certain degree of recovery over the course of the year. At the very least, it sees the negative growth dowry ("statistical underhang") from

[1] The cycle of growth forecasts is illustrated by the "point cloud" in Appendix B.

2023 being made up for. The factored-in momentum is correspondingly greater in the forecasts which see whole-year 2024 growth coming in slightly above the zero line. What is indubitably the case is that the German economy has embarked on the present year with somewhat more tailwind at its back than in either 2022 or 2023, buoyed up by such factors as a positive first-quarter growth reading, improved sentiment, lower energy prices and the ECB's interest-rate pivot.

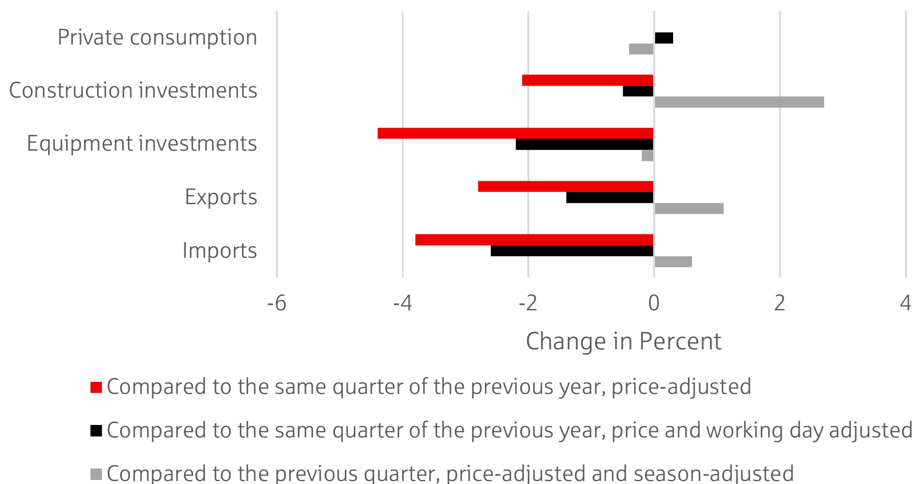
A more favorable constellation - but where is it going to be ignited?

The nature of the eagerly-awaited upswing, and which factors will turn out to be the main flywheels driving it, are not yet entirely clear. One potential paradigm would involve a classic export-induced boom, with the stimulus boosting industry first and then spreading from there to give wings to other sectors via rising incomes and mounting demand. This has certainly been the typical pattern followed by positive economic cycles in Germany for decades on end.

But is the paradigm going to remain the same in the aftermath of the structural upheavals that we have witnessed in recent years? Or has there been a shift in the comparative strengths and weaknesses of the business location, and does Germany therefore now need a new growth model? Can we - or do we indeed have to - rely more on service-sector growth driven by domestic consumption as an alternative this time round?

In Q1/2024, foreign trade was more in expansion mode than the domestic economy

The hard facts on the ground reveal that German exports (according to the national-accounts definition) increased by 1.1% on a seasonally-adjusted basis over the course of the first quarter of 2024. After subtracting import growth, net exports contributed 0.3 percentage points to overall quarter-on-quarter GDP growth. This is more than the 0.2 percent "bottom line" for first-quarter aggregate economic output. The other side of this coin is, of course, that domestic demand shrank once again, after all, over the first quarter, albeit only slightly.



Sources: Destatis, Bundesbank

Perhaps not outright deglobalisation - and yet stagnating globalization

At first glance, the German data constellation prevailing in the first quarter of 2024 appears to support the “export-driven growth” thesis. However, this turns out to be no longer the case when taking a broader view. From such a broader perspective, the ostensible strength of exports during the first quarter has so far been merely a “snapshot” - a rebound from a very depressed point of departure. On a year-on-year comparison with the first quarter of 2023, exports actually fell by 2.8% in price-adjusted terms. Although it is true that net exports gained ground in the corresponding period compared to the previous year, this was only attributable to an even sharper decline in imports, which plummeted by 3.8%. This deconstructed version of the statistics conveys a picture that is more in line with the well-known "deglobalisation thesis", namely that the degree of international integration is decreasing because many companies are diversifying towards suppliers closer to home, or even boosting their own degree of vertical integration in the face of proliferating protectionism and repeated threats to supply chains. Companies are bringing back production more into their own sphere of control, but this may well prove to be to the detriment of productivity.

The degree of international integration appears to be decreasing

It must, of course, be conceded that 2023 certainly amounted to a special situation with particularly curtailed trade. The figures from the International Monetary Fund show that this was not an isolated German problem, with growth in the global trade volume virtually stagnating at 0.3% last year. True, the IMF's latest edition of “World Economic Outlook” is predicting that global trade growth is set to speed up again to 3.0% and 3.2% in 2024 and 2025, respectively. The deeper truth, though, is that this is just about in line with worldwide production volumes.[2] The legendary deepening of the international division of labour, in which the exchange of goods grew at an elasticity of around two, i.e. twice as fast as production itself, in the heyday of globalisation would now appear to be almost a tale from a distant ancient legend.

Trade will, at best, expand in line with production over the coming years

The corollary: in cyclical terms, the German economy could benefit from somewhat more tailwind again in 2024 if the global economy were at least to return to its “new normal” pace of macroeconomic and world-trade growth. It goes without saying that this will only turn out to be possible if no new geopolitical shocks rear their ugly heads. Such shocks remain a latent risk. But - to put an optimistic spin on the matter - they do not necessarily have to prove as severe as their predecessors from recent years. At least the special burden factor of high energy prices seems to have been absorbed, now that at least the peak spike in prices has unwound.

New geopolitical risks remain; the old ones have been largely digested

However, a revival of the domestic economy is also necessary if Germany’s economic vessel is to once again keep up better with the international economic convoy.

[2] Further details concerning the IMF’s latest global economic forecast can be found in Appendix A.

In our parts, the domestic side of GDP was largely paralysed, first by the coronavirus outbreak in 2020/2021 and subsequently by the massive run-up in inflation and interest rates during 2022/2023. Given the trend reversals that have taken place for these macroeconomic determinants, it is worth taking a look at how the domestic components of expenditure-side GDP are shaping up at the moment.

Construction stabilised at a low level in Q1- but only due to the weather

The chart on the previous page plots how the most important expenditure-side components of German GDP acquitted themselves during the first quarter of 2024. Gross fixed capital formation in construction stands out as a surprisingly positive development - at least in terms of the quarter-on-quarter growth rate. After adjustment for price, seasonal and calendar variations, this item surged by 2.7%. Construction activity in the Federal Republic would appear to have bottomed out recently following the abrupt slowdown wrought by the massive run-up in interest rate hikes during 2022 and 2023.

Has construction, battered by rampant interest rates, at least bottomed out by now?

All the same, it would be wrong to euphorically overinterpret individual quarter-on-quarter figures, especially in the case of construction activity, which is particularly dependent during the winter season on the vagaries of the weather. The deeper truth is presumably that German construction activity has benefited from an, on the whole, mild winter: although January was as cold as is customary at that time of year, it was already possible to continue with construction projects undisrupted by adverse weather conditions in February and March of this winter season. At the end of the day, such meteorological shifts are ultimately not correctly captured by the usual seasonal-adjustment methods, whose methodologies invariably factor in a statistically typical winter as a correction factor. As a consequence, the Q1 2024 quarter-on-quarter expansion rate for construction investment is likely to overstate and flatter the effective degree of cyclical momentum during that quarter. This could, it should be noted, also prove to be a burden for the next set of national accounts, should there then be a relative reversion to normal seasonal weather.

Weather influences still need to balance each other out in the quarter-on-quarter figures

A pronounced scar should remain visible on a medium-term retrospect

What is more, a comparison of first-quarter 2024 construction investment with the situation in the first quarter of the previous year shows that the skyscrapers in this sector have not really been up there scraping the skies, despite the more pleasing upward tendency which we have been observing of late. Indeed, gross fixed capital formation in construction was running at 2.1% below the previous-year level in real terms; on a two-year comparison with Q1 2022, it was even more than six percent lower.

Investment and consumption not really out of the starting blocks yet

Gross fixed capital formation in machinery and equipment, which was surprisingly robust for a long time in 2023 thanks to the special booms deriving from the energy transition and from digitalisation, has been on the decline since last autumn. The deterioration in locational conditions and structural factors in recent

years, which has already been referenced above in connection with the DIHK forecast, has recently had a greater impact in this domain. In the first quarter, German equipment investment was a full 4.4% lower than in the same quarter of the previous year. Accordingly, this GDP component would not appear to be a truly reliable growth driver in the current constellation.

Delayed wage adjustment makes up for lost purchasing power now catching up

By contrast, most forecast scenarios for 2024 and beyond are pinning their hopes primarily on private consumption. The - thoroughly plausible - argument here is that the real purchasing power of wages is likely to catch up significantly over the course of the present year. Where 2022 was a year marked by real wage losses because nominal wages and salaries failed to rise in such a way as to absorb the price shock, and where both variables marched roughly in lockstep during 2023, 2024 is set to be the year in which wages catch up and roughly close the gap that had previously opened up.

Of course, the parties to wage negotiations will need to ensure that wage growth does not overshoot. At the very least, though, restoring real wages to their former levels is entirely appropriate given that the local labour market has largely been "swept clean." From a business-cycle point of view, strengthening incomes equates supporting macroeconomic demand, at least if the savings rate remains constant at the level that has now been reached again, corresponding to the pre-coronavirus situation.

Yet household final consumption expenditure remained hesitant up to and including the first quarter of 2024, the last three-month period for which national-accounts data are available. Private consumption turns out to have been down 0.4% on the previous quarter in Q1. On an inflation-adjusted basis, then, household final consumption expenditure fell back to the level from the same quarter of the previous year. On the upside, the outlook for the remainder of 2024 ought to prove more favourable.

If so, Germany would be shifting to a different cyclical upswing model - not the traditional export-driven one, kick-started by industry, but a consumption-driven one, that is likely to see above-average growth rates being logged above all by the service sector.

Is the service sector in an upswing? Services are certainly expensive!

Countervailing trends in the individual sectors

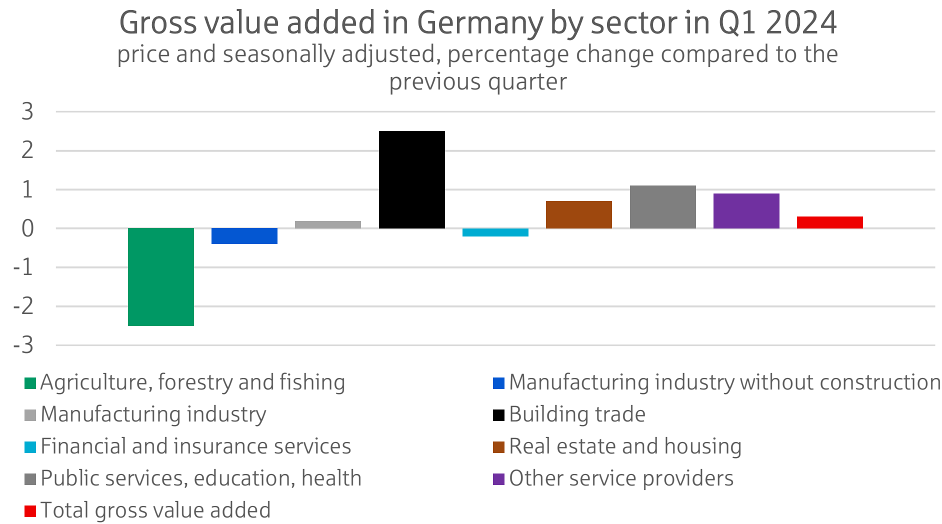
It is indeed the case that the sectoral breakdown according to the production side of gross value added already pointed subtly in this direction in the first quarter of 2024. There is a certain dichotomy between economic sectors. Where the producing sector (as well as the narrower entity "manufacturing industry") stand out negatively, both sustaining an identical price-adjusted contraction of 4.7% compared to the same quarter of the previous year, most segments of the service sector managed to achieve positive growth.

On the other hand, the agricultural sector shrank at the beginning of 2024, and is likely to have suffered further severe blows from natural disasters, such as the flooding which swept through Southern Germany during the second quarter,

which are not yet showing up in the statistics. That the construction sector appears to make a positive showing in the sectoral value-added breakdown for the first quarter of 2024 does not reflect the fundamental situation, but is rather due to the short-term "windfall" of clement winter weather already alluded to above.

Agriculture: burdened by special factors

Construction: favoured by tailwinds in the short term



Source: Destatis

By contrast, hopes for an upturn are pinned on the various segments of the service sector. Pretty surprisingly, the mood in many service-sector segments is gloomy. This can be gauged, for example, from the corresponding components of the ifo Business Climate Index - a "soft" leading indicator which has improved on an aggregate basis in recent months. Counterintuitively, it was not the service-providers who reported in the most recent survey that sentiment was favourable, even though the "sales" tills are ringing satisfactorily. One explanation could be found on the supply and cost side: it is Germany's much-lamented labour shortage that is slamming the brakes on this labour-intensive sector. In accordance with this, wage pressure also happens to be particularly high in this sector.

Sentiment is poor in many service segments despite rising services sales

At least the cost increases (and this is a factor taking pressure off companies) can be passed on to final consumers in most cases because the demand for services is high. In the public services sector, which would be significant merely because of its size, passthrough of wages to prices is, in fact, particularly immediate. The root cause here: if such value-added services are not paid for as government consumption at market prices, but are instead covered by public funds, these items are alternatively valued, being booked directly as costs in the national accounts.

Companies are succeeding in passing along their costs to consumers thanks to favourable demand

However, it also holds true for large swathes of the services provided via the market that cost passthrough is working in most cases. On the demand side, the service segment catering for everyday consumption, with its orientation on the present moment, has not been slowed down in the same way as construction activity, for example, where demand has a long-term orientation and needs to be

financed, and where the huge acceleration in interest rates over the past two years has therefore had the effect of slamming on the brakes particularly hard.

All the same, the "sticky" inelastic relationship between demand for services and the level of interest rates, which is so welcome from a cyclical perspective, could prove to be a problem elsewhere - namely when it comes to getting disinflation to move further down its "last mile" towards price stability.

Team Lagarde has now started to pivot to a loosening cycle - how far the easing cycle will go, and how fast, is still an open question

The battle waged by monetary policymakers against inflation has clearly been very successful

Regarding the disinflation process, the "low hanging fruits" have already been harvested. The annual rates of change for consumer-price inflation in Germany and the wider euro area have dipped to below the three percent mark during the first half of 2024. The inflation issue has become much less dramatic by comparison with the cantering, if not galloping, almost double-digit rates from 2022. In principle, inflation-fighting using the sword of sharply higher interest rates has worked.

... but the last few meters to the finish line are going to prove to be the hardest

However, the fight against inflation has also benefited, last year and in early 2024, from the tailwind blowing because of the significant downward correction in energy prices - these have corrected significantly from their peak levels. Import prices, and producer prices as a whole, were still exercising a strong dampening effect on the price trend at the downstream stages of the inflation chain in 2023 and will continue to do so during the present year. However, this relief from the base effects of lower energy prices is finite and gradually expiring.

Inflation rates ticked up again slightly in May, mainly due to the effect of expensive services

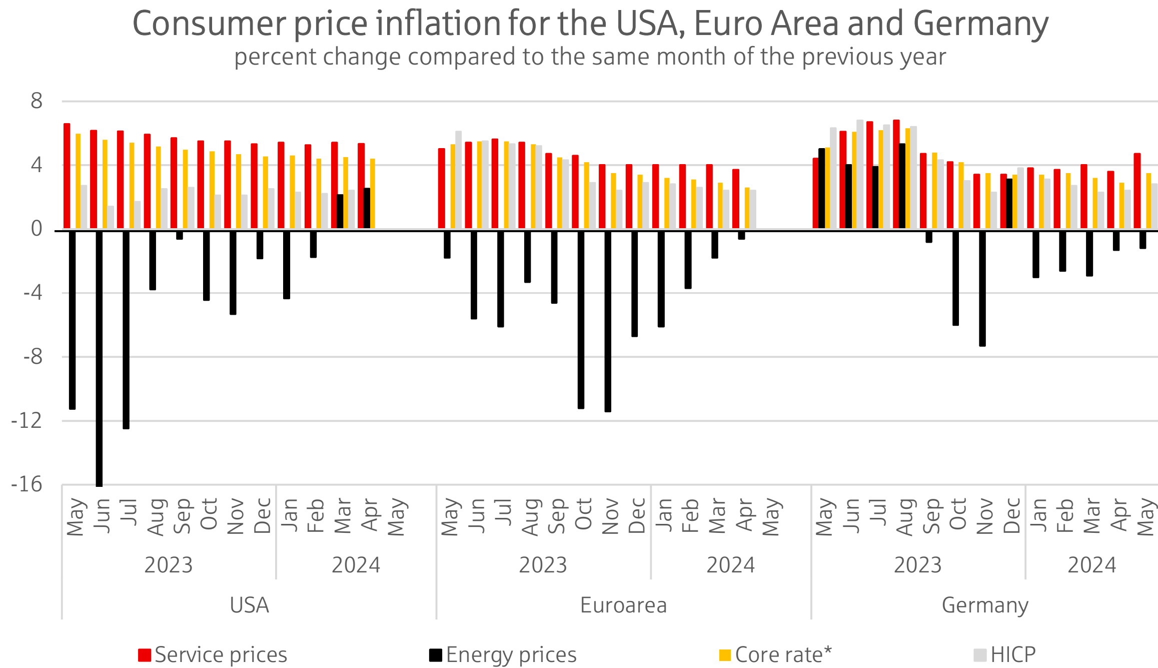
The last few meters taking inflation down to the "finishing post" of the central bank's two percent target are now going to prove the most difficult. The month of May already brought a certain setback on the consumer-price front in the form of a slight uptick in inflation rates. Service-price inflation, in particular, was running at annual rates of over 4% across the euro area.

The latest Eurosystem staff macroeconomic projections presented in June by the various national central banks in the Eurosystem likewise predict that the disinflation process is no longer going to prove quite as smooth as the previous projections from March were assuming it would.

The ECB's first key policy rate cut in the new cycle was justified

The European Central Bank nonetheless took the risk, lowering its key benchmark rates for the first time in the new cycle on June 6th (with the deposit facility rate being ratcheted down to 3.75%). This loosening step was justified despite the counter-movements in the May inflation rates as well as in the June ECB staff projections. Looking at the bigger picture involving the inflation trend over the whole of the last six months, the successes scored in the fight against inflation are unmistakable. From a real-interest-rate perspective, leaving the deposit facility rate at 4% would have had an increasingly restrictive effect with inflation rates now down below 3%.

What we are seeing initially is no more than a reduction in the degree of monetary restriction



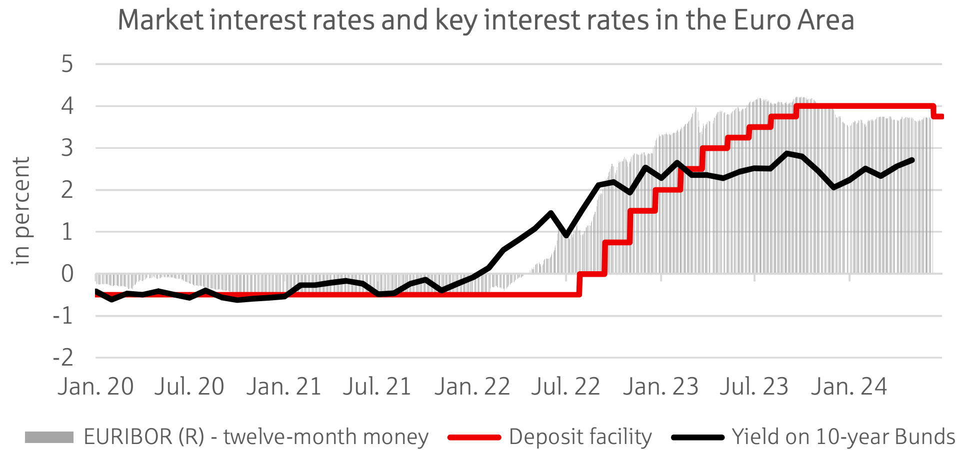
* Core rate = headline inflation rate stripping out energy, food, alcohol and tobacco

Sources: Destatis, Eurostat

This first loosening step in the new cycle was only a matter of reducing the degree of monetary restriction to bring it into line with the various battles already won in the war against inflation, and with the overall situation in which we now find ourselves. Team Lagarde's interest-rate pivot was properly flagged and telegraphed, and was accordingly expected by the markets. The shift to a loosening cycle is nonetheless remarkable in several respects: it moves key policy rates down from a plateau that had been in place since last September; it is the first key rate cut in the euro area since 2019; and, last but not least, it sees the ECB pivoting to a new stance ahead of the Federal Reserve.

The ECB has pivoted to an easing cycle before the Fed

Until just a few months ago, the unanimous expectation was that the Fed would make the first move. After all, the USA has always been ahead of the euro area over the past few years in terms of both the economic, the inflation and the interest-rate cycle. However, there is now good reason for FOMC Chairman Powell and his colleagues to tread more cautiously: the US labour market is even more "swept clean" than its European counterpart, wage passthrough to general inflation is correspondingly high stateside, and the disinflation process is faltering. This is also due to the fact that the degree of fiscal stimulus remains very strong in the United States, with the government budget deficit corresponding to over 7% of GDP. Such a new-borrowing ratio is not sustainable. Regardless of the outcome of the U.S. presidential elections near the end of the year, the new administration, whatever its party affiliation, will have to address these deficits.



Sources: Bundesbank, ECB

There is also reason for monetary policymakers to proceed cautiously in the euro area. It is no coincidence that the ECB only cut rates by a “baby step” of 25 basis points when striking out, ahead of the Fed, in a new loosening cycle. Nothing would be worse than if the ECB were compelled to reverse key rate cuts that had gone too far if inflation were to once again spike up significantly. Such an about-turn would damage both confidence and predictability.

A "data-dependent" approach to monetary policymaking is important and appropriate at the present juncture

At this point, stubbornly elevated services prices need to be monitored closely. The ECB is paying correspondingly close attention to wage dynamics, which are a particularly important determinant for the service sector. The cautiously tentative approach adopted by the ECB, which Team Lagarde explicitly describes as "data-dependent", is the right one for the terrain we are traversing at present.

Due to this data-dependent approach, the future interest-rate path has not been officially mapped out and is therefore not clearly foreseeable. Money and capital markets are still pricing in several more key rate cuts, but not as many (nor at such a quick pace) as was the case a few months ago, especially amid the almost overwhelming euphoria which engulfed market participants back at the turn of 2023/2024.

Rate-cut bets have been pared back significantly - but several more policy rate cuts remain likely

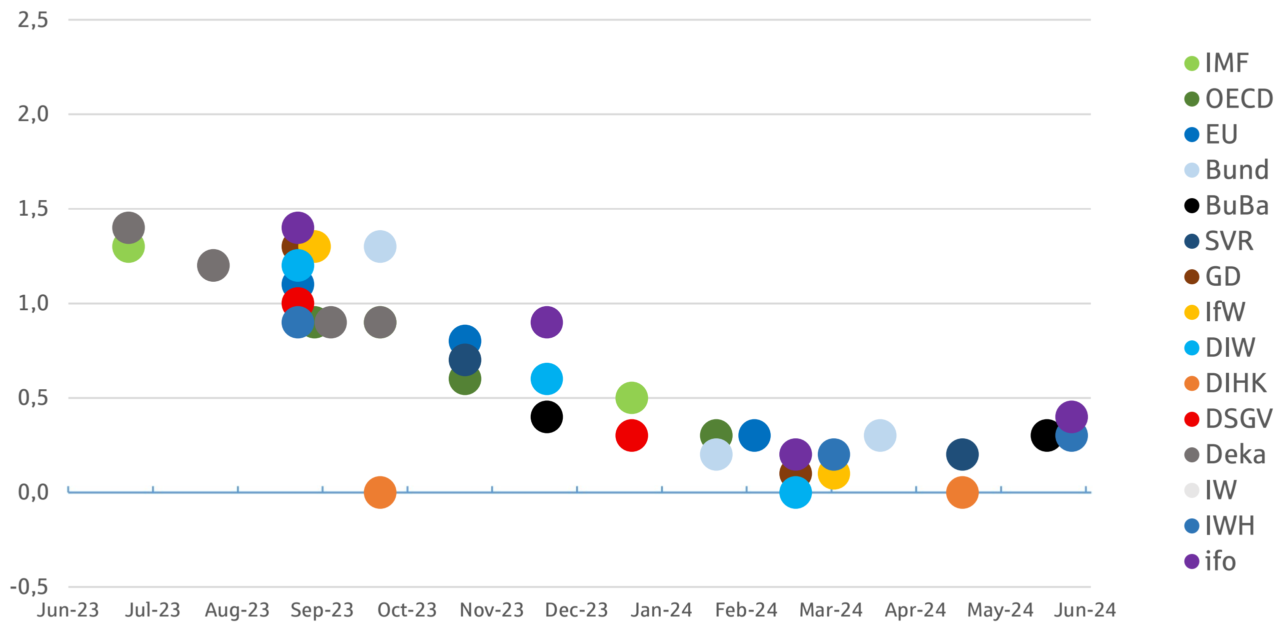
The most likely scenario for the ECB in the near term would now appear to be one further “baby step” key rate cut in September - in conjunction with an adjustment in the rate on the MROs (Main Refinancing Operations) in order to narrow the spread between the rate on the MROs and the DFR (deposit facility rate), as announced in the Governing Council’s recent statement on “Changes to the operational framework for implementing monetary policy". Further loosening steps over the remainder of 2024 and during 2025 are conceivable, but it is quite right that Madame Lagarde’s Governing Council jury is still out on this topic, and that a further loosening of the monetary reins will be dependent on the robust-ness of further wage and price developments going forward.

A. Growth in the world's economic regions, change relative to the previous year

	2022	2023	2024*	2025*
World trade volume	5.2%	0.3%	3.0%	3.3%
GDP – World	3.5%	3.2%	3.2%	3.2%
USA	2.1%	2.5%	2.7%	1.9%
Japan	1.0%	1.9%	0.9%	1.0%
China	3.0%	5.2%	4.6%	4.1%
Euro area	3.3%	0.4%	0.9%	0.8%
Germany	1.8%	-0.3%	0.8%	1.5%

* **Forecasts by the International Monetary Fund from April 2024.**

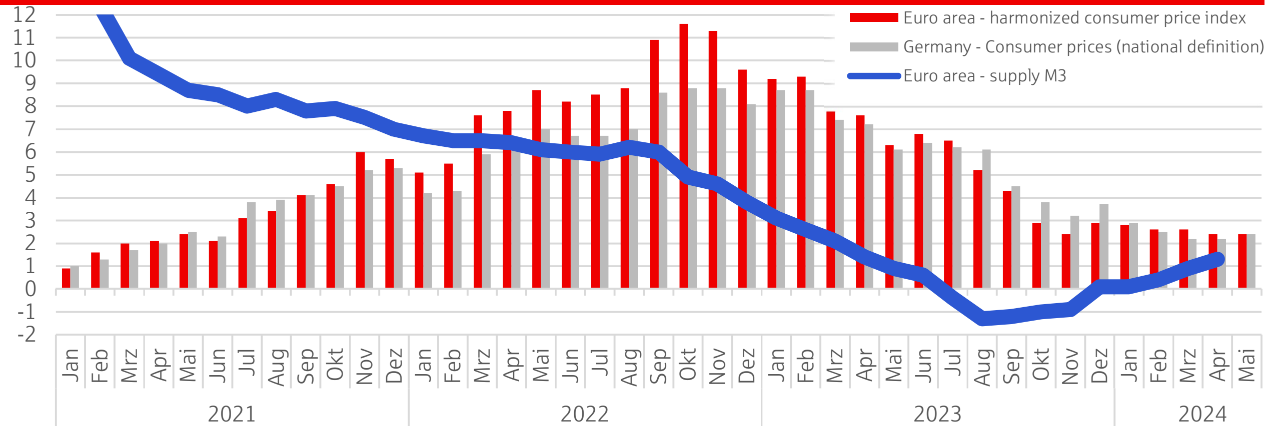
B. Forecasts for economic growth in Germany for 2024, in %



C. GDP - Germany and the wider euro area

	Full-year 2023 real growth vs. previous year	Q II - 2023	Q III - 2023	Q IV - 2023	Q I - 2024
		Real growth versus the same quarter of the previous year, and seasonally-adjusted real growth compared with the previous quarter			
Euro area GDP	+0.5%	+0.6% +0.1%	+0.2% +0.0%	+0.2% -0.1%	+0.4% +0.3%
Germany GDP	-0.2%	+0.1% -0.1%	+0.0% +0.1%	-0.2% -0.5%	-0.2% +0.2%
Private consumption	-0.7%	-0.6% +0.3%	-1.6% +0.0%	-0.4% +0.4%	+0.0% -0.4%
Gross fixed capital investment	-0.7%	+0.0% -0.1%	-0.7% +0.1%	-2.0% -2.1%	-2.5% +1.2%
Net exports	-0.7%	-0.3% -0.7%	-2.6% -0.9%	-2.7% -0.9%	-2.8% +1.1%
		Level, not rate of change; quarterly figures, seasonally adjusted			
Savings rate	11.3%	11.8%	11.4%	11.3%	12.4%

D. Consumer prices and money supply aggregate M3, annual rates of change in %



E. Monthly economic indicators for Germany

	February	March	April	May	June
Price (national definition)	Change from the same month of the previous year				
Consumer prices	2.5%	2.2%	2.2%	2.4%	–
- excluding food and energy (core inflation)	3.4%	3.3%	3.0%	3.0%	–
Producer prices of industrial products	-4.1%	-2.9%	-3.3%	–	–
Import prices	-4.9%	-3.6%	-1.7%	–	–
Sentiment indicators					
ifo Business Climate Index	85.6	87.9	89.4	89.3	88.6
ZEW Indicator of Economic Sentiment	19.9	31.7	42.9	47.1	47.5
Incoming orders	Change from the same month of the previous year				
Manufacturing industry	-6.1%	-10.8%	7.7%	–	–
from within Germany	-6.8%	-17.5%	1.6%	–	–
from abroad	-5.6%	-5.7%	12.2%	–	–
Capital-goods producers	-8.2%	-9.9%	9.6%	–	–
Production	Working day-adjusted change compared to the same month of the previous year				
Producing sector as a whole	-5.6%	-4.3%	-3.9%	–	–
thereof: construction	-1.6%	-0.4%	-5.0%	–	–
thereof: industry	-6.1%	-4.4%	-3.6%	–	–
Foreign trade	Change compared to the same month of the previous year				
Exports	-1.1%	-8.1%	12,3%	–	–
Imports	-6.6%	-9.3%	6,4%	–	–
Labour market	Unemployment rate / change in the jobless total compared to the same month of the previous year (1,000s)				
Unemployment rate	6.1%	6.0%	6.0%	5.8%	–
Jobless total	+176	+183	+164	+179	–
Employed persons (with place of work in Germany)	+127	+100	+109	–	–
Employees subject to social-security contributions	+164	+134	–	–	–

F. Commodity, foreign-exchange and financial markets

	February	March	April	May	26th June
Price of Brent crude in USD	83.48	85.41	89.94	81.75	85.15 (24th)
Exchange rates					
US dollar / EUR	1.0795	1.0872	1.0728	1.0812	1.0689
Japanese yen / EUR	161.38	162.77	165.03	168.54	171.42
Stock markets					
DAX German benchmark equity index, end-of-month	17,678	18,492	17,932	18,497	18,155
Change compared to the same month of the prev. year	+15.1%	+18.3%	+12.6%	+18.1%	-
Money and capital market interest rates					
Call money (€STR)	3.907%	3.907%	3.908%	3.907%	3.663% (25th)
Current yield on German government bonds: – with a residual maturity of one year	3.40%	3.29%	3.34%	3.36%	3.12%
– with a residual maturity of ten years	2.51%	2.33%	2.56%	2.71%	2.46%
Interest rates of credit institutions, in new business					
Daily deposits of private households in Germany;	0.58%	0.60%	0.60%	–	–
by way of comparison: across the euro area	0.38%	0.38%	0.39%	–	–
Deposits from private households up to 1 year in DE;	3.28%	3.27%	3.21%	–	–
by way of comparison across the euro area	3.20%	3.19%	3.14%	–	–
Corporate loans of up to € 1 million over 5 years in DE;	4.19%	4.24%	4.20%	–	–
by way of comparison across the euro area	4.48%	4.43%	4.36%	–	–

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