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2025 – A Year of Transition

In 2025, the German economy is threatening to stay bogged down in stagnation for the third successive year. For some time now, Germany has been one of the laggards in the global economic stakes, showing signs of structural weakness. By contrast, the world economy has generally coped quite well with the various shocks of recent years.

However, a sword of Damocles is hanging over it in the shape of the protectionist measures initiated by the new U.S. administration. It is not yet clear what tariffs and barriers will actually be imposed and erected. Some of it appears to be a bargaining chip in the pursuit of other goals.

What has almost been lost in the welter of breaking news in the current situation is the conclusion of the EU's negotiations with Mercosur - important good news, now especially.

In Germany, the advent of a new federal government means that trend-setting economic parameters are about to be put in place. If more reliable framework conditions for investment activity are created again, a recovery and catch-up process could then begin, at least from 2026 onwards, according to the latest forecast by the Chief Economists of the Savings Banks Finance Group.

Berlin, 18th February 2025

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2025 – A Year of Transition

International geopolitical risks are morphing, but not disappearing

Now that the new U.S. administration has been installed, many things have been set in motion. Quite a number of the measures introduced seem to be extreme and will also have a significant impact on Europe. The exact trajectory of trade-policy conflicts is not yet foreseeable, and there is still hope that negotiated solutions will emerge. Whatever happens, however, there is a threat of a certain amount of damage being inflicted on free-trade, U.S. political institutions and international law.

Wars continue
-
Tariffs threaten to come

There has not yet been a success in bringing peace to the situation in Eastern Europe. The war in the east of our continent has now been raging for a full three years. The daily casualty figures remain unfailingly high, and the fighting even seems to be intensifying once again in a kind of endgame deciding on negotiating positions before any potential ceasefires "freeze" territorial gains and losses. In the West, meanwhile, a habituation effect and war-weariness become evident. In this situation, it has become difficult to provide Ukraine with the support it needs to achieve a peace that preserves its territorial integrity.

The fact remains that a favourable solution to the Ukraine-Russia conflict is of essential importance for our own security too. In view of the risk of the U.S. partially withdrawing its protective umbrella from above the continent's heads, Europe must do significantly more to bolster its defence capability. This will require a significant shift with regard to the prioritisation of government spending. What is more, other international flashpoints have not been conclusively resolved either. Only a temporary ceasefire has been brokered in the Middle East. Whether greater American intervention in Gaza could really help is very doubtful. How China will deal with the Taiwan issue in the long term is difficult to fathom and certainly also depends on how Beijing weighs the outcome of the Ukraine war as well as on the West's either apparent or lacking consistency.

Global growth has so far defied the uncertainties, although trends are admittedly divergent

Global economic growth is on track

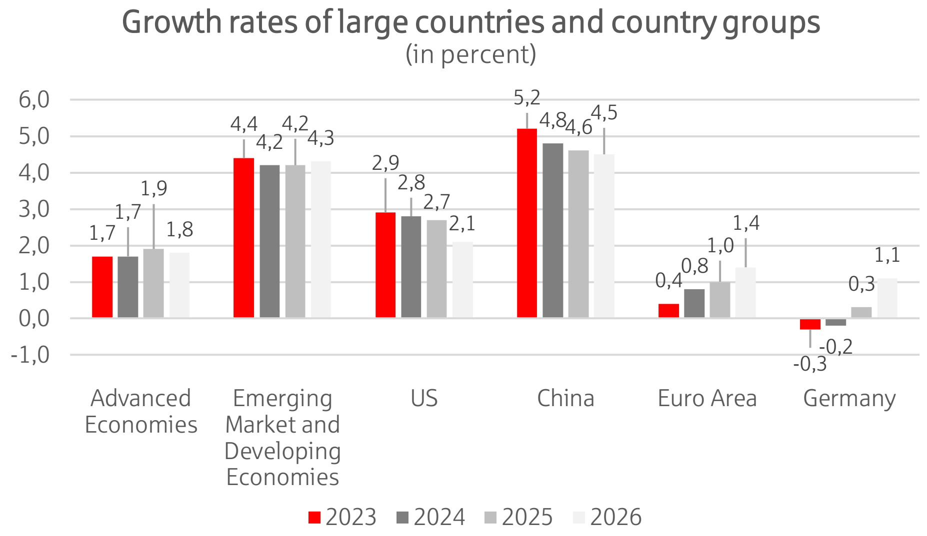
At a constant pace during the 2023-2026 period

Meanwhile, climate change and the disruptions being brought about by digitisation are shaping the framework conditions for the world economy going forward. It is nothing short of astonishing that the global economy seems, on the whole, to be coping quite well with these burdens, as well as with the many uncertainties. The International Monetary Fund (IMF) is projecting global macroeconomic growth of 3.2 percent[1] for whole-year 2024, which happens to be

[1] These and the following growth figures are based on the International Monetary Fund's method of aggregating growth rates for individual countries using purchasing-power-parity-weighted exchange rates; the figures quoted derive from the IMF World Economic Outlook Update of January 2025.

almost exactly the same pace as in the previous year. The latest update to the IMF outlook also predicts a stable growth trend for 2025 and 2026, envisioning a surprisingly robust GDP growth rate of 3.3 percent for both these years.

However, we are seeing shifts between the country groups, especially among the world powers. China is afflicted by structural difficulties of its own when it comes to dealing with its high volume of private-sector debt. The People's Republic is showing signs of deflationary tendencies and is a primary threatened by the new U.S. tariff plans. In any case, China is no longer growing as fast as it has been accustomed to do over the past 20 years. On the other hand, this negative growth differential is currently being made up for by other countries from the group of emerging economies.



Source: International Monetary Fund (World Economic Outlook Update, January 2025)

The U.S. shine with good economic performance so far,

but the U.S. are not invulnerable in the event of dangerous decision-making

From the ranks of industrialised countries, the U.S. once again performed well in 2024. The IMF reckons that the United States will see slightly lower growth rates moving forward, but that GDP prints will remain above 2 percent in both 2025 and 2026. The stock markets have also given Trump an advance on the growth opportunities of his unconventional course. The fundamentally business-friendly signals and the prospect of low taxes have stimulated this. However, the fiscal-policy leeway, which is already tight, must not be overstretched in the USA either. Otherwise, capital markets will soon be putting question marks in the margin and flashing warning signals. In addition, some of the “brute-force” measures which have been announced on the migration-policy and trade-policy fronts could well prove to be significant obstacles to growth, especially for the U.S. itself. That said, economic momentum on the other side of the Atlantic still seems to be unaffected.

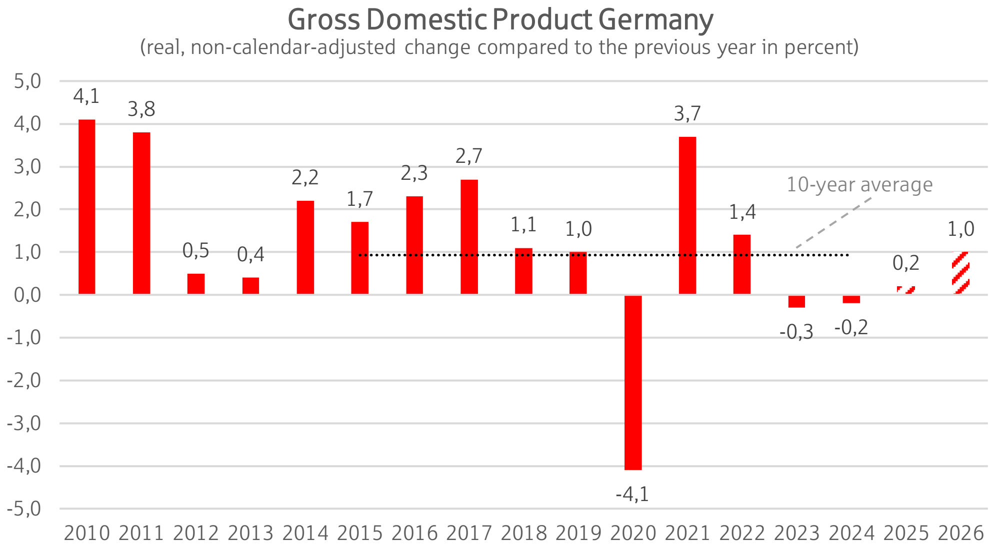
In Germany's case, 2025 is set to be yet another year spent in economic stagnation

Germany's poor performance is particularly sobering when scrolling down the international country league table. The plain truth is that the Federal Republic has not been able to benefit at all from the overall robust global economic environment in recent years and appears to be, as it were, decoupled from the economic expansion. To make matters worse, Germany also finds itself at the bottom of the European league table, as it is currently generating virtually no growth at all.

2023 and 2024 brought two consecutive years of contraction for the real gross domestic product, with annual rates of change printing at -0.3 percent and -0.2 percent, respectively. This has only happened once in reunited Germany – in 2002/2003, after the dotcom bubble burst – and never before in the long economic history of West Germany which started soon after the Second World War.

The length of time that the German economy has been mired in weakness implies structural causes

Germany's current predicament appears even more serious if we zoom out to beyond the 2020-2022 period, when the trend was distorted by the spikes induced by the coronavirus pandemic. GDP growth in 2024 was just 0.3 percent higher than in 2019 on a price-adjusted basis – i.e. by as good (or bad) as zero. We are, in effect, talking of five lost years, deprived of the kind of prosperity gains which would be so important to generate the resources required to meet the challenges of population aging, climate change and the need to renew the security architecture. Against such a bleak backdrop, it is no wonder that the distribution conflicts in the country are intensifying.



Sources: Destatis, Joint Forecast

Another lost year is lying in store for us

Furthermore, the growth prospects for Germany remain very gloomy in the year lying ahead of us. Through until last autumn, most relevant forecasts were still holding out the prospect of a noticeable recovery materialising in Germany during 2025; most more recent forecasts are no longer assuming this. The longed-for recovery is once again being delayed by the political uncertainties that have grown in the meantime.

The IMF is still forecasting GDP growth of 0.3 percent for Germany in 2025. This is also the figure estimated by the outgoing German government in its annual economic report presented at the end of January. Previously, the Chief Economists of the Savings Banks Finance Group had projected a very similar figure of 0.2 percent in their Joint Forecast published on January 21.

All of these figures are therefore “just above zero” in the uncertainty relation. If disruptions occur, such as trade policy conflicts, then the trend can quickly slip into negative territory with this small margin of safety and Germany's permanent recession can continue. But even if growth were to reach a “black zero”, this would only just about make up for the minor decline of the previous year. In perspective, 2025 must be classified as another year of stagnation. We will pick up further details of the Joint Forecast later, placing them in a broader temporal and spatial perspective. But let us take a closer look first at Germany's initial situation and at the official data already available for the past year.

Flash estimate of the state of German GDP in whole-year 2024: Tacking to and from around zero, with headwinds into the new year

For some years now, the Federal Statistical Office has been releasing its first (“flash”) estimate for the trend in the national accounts over the preceding year very early in January. Naturally, not all definitive figures are available at such an early point in time. For the months of November and especially December, the various time series are still largely based on relatively “rough-and-ready” estimates. In recent years, the initial estimate generated has regularly proved to be decidedly susceptible to revision. Nevertheless, the advance estimate does provide initial official guidance and is, without doubt, the “best guess” for the 2024 growth rate at the present point in time.

Quarterly growth Germany (price-adjusted, in percent)

	year-over-year (seasonally and calendar-adjusted)	quarter-over-quarter (calendar-adjusted)
23-Q1	+0.1	+0.2
23-Q2	–0.2	+0.0
23-Q3	+0.2	–0.3
23-Q4	–0.4	–0.2
24-Q1	+0.2	–0.1
24-Q2	–0.3	–0.3
24-Q3	+0.1	–0.3
24-Q4	–0.2	–0.2

Source: Destatis

The figure of -0.2 percent calculated for Germany’s full-year 2024 GDP growth has already been referenced above. In this context, the growth trajectory across the successive quarters proved to be largely unremarkable. The individual growth rates bobbed about on both sides of zero: the first and third quarters returned slightly positive rates of growth, whereas the second and fourth were in negative terrain. The figure for the final quarter of 2024 was also -0.2 percent compared to the previous quarter in the first official quarterly estimate at the end of January, which was slightly worse than the annual figure communicated two weeks earlier. Knowing the GDP level at the end of the year, it is now possible to calculate the statistical overhang for the start of the new year. However, this is not a tailwind, but a further arithmetical burden. As the final quarter was below the annual average, the overhang is negative, with the same figure of -0.2 percent.

-0.2 percent: the figure that describes Germany’s current situation from three different perspectives

Consumption slightly better - investment and exports are the core weaknesses.

Investment activity in Germany was once again in heavily negative gear during 2024. One reason for this was the high level of interest rates for much of the year. However, it is above all the unpredictability of the framework conditions which is hampering investment activity in the Federal Republic. A lack of clarity about the future trajectory of the energy transition and a dense web of bureaucracy and regulation are weighing on companies' planning.

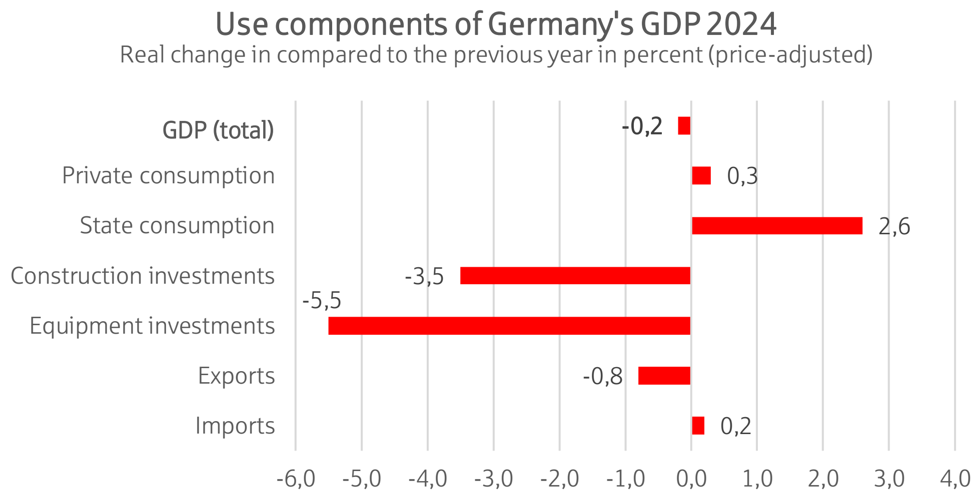
Residential construction stabilised at a very low level,

but remains the factor burdening overall construction investment

Construction activity sector did, it is true, bottom out at a low level in the course of 2024. However, the annual average decline in price-adjusted construction investment still amounts to 3.5 percent. Only the slight growth notched up by the civil-engineering segment was able to go some small way towards stabilising the situation. Yet this positive contribution was more than offset by the declines suffered by residential construction, which is much more significant in terms of volume and which dominates building construction as a whole.

Equipment investment took an even severer knock, slumping by -5.5 percent in 2024. Quite apart from the well-known supply-side bottlenecks, there is now also little reason to invest in capacity-widening measures because the long period of stagnation is resulting in a lack of demand in an increasing number of sectors.

The lack of investment in recent years also reveals the impact of the high level of bureaucracy and the ever-increasing density of regulation. A pause in regulation is urgently needed. Otherwise, the resulting burdens threaten to further stifle Germany as an investment location.



Source: Destatis

Consumption was up in 2024, but only to a disappointing extent

The largest expenditure component of GDP, consumption, made a modestly positive contribution to growth in the past year: private consumer spending rose by 0.3 percent in real terms in 2024. However, this is a disappointing figure given the increase in private household income. After all, the purchasing power of disposable income increased much more significantly against a background of subdued inflation. The explanation for the divergence is, once again, a further increase in the savings rate of private households. The initial estimate by the Federal Statistical Office puts the national savings ratio at 11.6 percent.

The only expenditure component of GDP that increased significantly in 2024 was government final consumption. This item increased by a total of 2.6 percent in real terms, driven by higher healthcare and administrative expenditure. This means that the areas promising productivity progress and prosperity are not exactly booming. Despite record-high tax revenues and social security contributions, the general government budget closed 2024 with a deficit of slightly over 113 billion euros. There were improvements in the federal balance, but at the same time higher deficits in the federal states, municipalities and social insurance. Overall, the deficit corresponded to 2.6 percent of GDP, as in the previous year.

The foreign-trade outcome reveals Germany's loss of competitiveness

Germany has seen its world-market share eroding

Germany lost competitiveness in international trade and consequently lost market share. In 2024, exports of goods and services were again down in real terms as in the previous year, this time losing traction by -0.8 percent. Imports increased marginally by 0.2 percent on a price-adjusted basis. Foreign trade thus dampened German GDP growth in 2024. Nevertheless, the nominal current account surplus remained close to its record highs. This was due to the trajectory followed by price trends: last year, the decline in import prices following the price peaks of 2022 and 2023, particularly in the case of energy sources, improved Germany's previously depressed terms of trade. On a euro basis, the current-account surplus therefore maintained its high level even though the export surplus proved smaller in volume terms.

The current account surplus of 249 billion euro in 2024 was even slightly higher than in the previous year. As a ratio to GDP, the surplus remained close to its record levels of recent years at 5.8 percent. The surplus in the current account by definition corresponds to a net capital export due to the balance of payments mechanisms. It shows the huge amount of capital flowing out of Germany. The country thus mainly acquires receivables from abroad instead of investing at home. To compare the orders of magnitude: Savings by private households, the sector that contributes the most to overall savings of the economy, totalled 298 billion euro in 2024. Savings from this source were therefore barely higher than the net outflow abroad.

Trump is determined to reduce the US current-account deficit

But this goal will not be achieved with tariffs as long as government deficits prevail and trigger capital imports

The current account surplus of Germany is nevertheless interpreted quite differently by the Trump administration. For the US government, it is an argumentative point of attack in order to threaten with tariffs. This is, of course, a misinterpretation of the interrelationships in global trade, especially if the direct balance between the USA and Germany is taken into account too narrowly. Looking at bilateral balances between two countries or currency areas makes little sense in a complex interconnected world. And the underlying cause of the resulting balances have more to do with capital flows than with determining the “winners” and “losers” of trade or the “fairness” of trade conditions, as in Trump's view. Free trade is per se always a win-win situation for all parties involved, not least because it is based on the voluntary dispositions of households and companies. It is not a zero-sum game, instead mobilising comparative advantages and specialisation, and therefore prosperity. And that is why restrictions imposed by protectionist measures ultimately harm everyone.

In the first wave of measures in the long-announced and therefore not surprisingly imminent trade war, Trump has now turned against the People's Republic of China, but first and foremost against Canada and Mexico with the highest tariffs. In doing so, he is attacking the very countries that are supposed to be the USA's closest partners in the North American free trade zone and have been for many years.

Foreign trade is being used as a negotiating lever to achieve other goals

However, President Trump’s argumentative approach links tariff-related measures to completely different issues such as border protection and limiting drug smuggling. The trade conflict is serving Trump as a pressure point for gaining leverage over other issues and goals. That does, at the same time, permit a glimmer of hope that negotiations and concessions around those issues and goals could lead to a reversal of the tariff escalation. In line with this logic, the measures against Mexico and Canada have been suspended for the time being following commitments from these countries.

However, it remains to be seen how sustainable a solution can be found here. In the case of China, by contrast, the escalation is already unfolding. The first retaliatory measures have already been implemented there.

Higher defence spending is needed in Europe in any case

In Europe, however, we should by no means feel safe due to the tariff measures that are initially being handed out in the other direction. According to Trump's logic, we will certainly get there too. A first foretaste of Trump’s supposed medicine is his announcement that tariffs are to be slapped on imports of steel and aluminium into the United States. In the event of a broader tariff-policy salvo, a thematically related demand from Washington will probably involve European nations being called on to make greater efforts in the defence domain.

As it happens, such improvements in military capabilities are urgently needed in view of Russian aggression and of the hybrid warfare and acts of sabotage against Western infrastructure which are already taking place, and should be in the Europeans' own best interests anyway. It is no coincidence that NATO is currently discussing what GDP target it is going to have to set in future for defence spending. Trump's impetus was maybe even necessary for this. The fact remains that the lever of a tariff conflict used in such a standoff would cause a great deal of damage if activated.

There is also positive news concerning the future shape of world trade

On the upside, other positive news is being almost drowned out on the media-coverage front by these serious threats to the efficiency of global trade and thus to a factor which is a key foundation stone of our prosperity.

The EU-Mercosur agreement has unlocked a huge new free-trade area

The conclusion of a free-trade agreement between the European Union and the countries grouped in Mercosur is an event of historic dimensions. Combining the potential of the EU with the five active member states[2] of this South American economic area will create a free-trade zone numbering more than 730 million inhabitants. The winding-up of the negotiation phase announced in December 2024 is a significant milestone. After all, the project took a good long time to develop, with negotiations dragging on for more than 20 years! Now a compromise finally seems to have been found.

Admittedly, the final ratification process is still facing some stumbling blocks. Concerns are being voiced by Italy, France and Poland, in particular relating to special interests from the agricultural sector. The legal drafting of the agreement is still short of a certain number of details. On the EU side, the European Council and the European Parliament still have to give their approval. It is to be hoped that the outcome will be implemented swiftly and in full, and that the “big picture”, involving the greater good, will prevail over the petty small print.

Strengthened negotiating position and robustness

The major free-trade area currently in the process of being born will also amount to an important geostrategic counterweight to the USA under the leadership of President Trump in two respects:

- On the one hand, the enlarged bloc will provide longer leverage in the tough negotiation situations currently looming on the horizon.
- On the other hand, such a large free-trade area offers a fallback solution in the event of negotiations with the USA failing and of a tariff escalation occurring and leading to greater mutual trade segregation.

In the second case, the international division of labour could at least offer new substitute paths within an area locked out of trade with the United States. Precisely the diversity of the European and South American economies unlocks the promise of significant opportunities for mutual benefit.

True, such shifts in trade flows and new foundations are more of a medium-term to long-term prospect. They are unlikely to come into play in the current year. This is also evident from the outlook sketched by the “Joint Forecast” if we take a

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[2] The most important country in the group is certainly Brazil, which accounts for around three quarters of Mercosur's GDP and population alike. Ranked next according to population size are Argentina, Bolivia, Paraguay and Uruguay. Venezuela's membership has been suspended for political reasons since 2016.

look at the time horizon up to 2026 and the details on the projected expenditure side of GDP.

We see Germany on a largely well-trodden path in 2025 - from 2026 on, there is at least a chance of a little more momentum returning again

Any 2025 projection for Germany is of course subject to the outcome of the upcoming general election and to the type of government that is formed subsequently. How stable will the balance of power be in the coalition that is formed? And how growth-friendly will the said coalition's joint programme prove to be?

The economic policy agenda for the new federal government should be clear:

What tasks the new federal government will need to tackle

Germany once again needs the reliable framework conditions of a steady, unvacillating economic policy. This is particularly crucial to spur investment activity. The supply of production factors needs to be boosted with the help of appropriate market incentives. Government spending needs to be restructured to put the focus on investment purposes and on security. The process of structural change resulting from climate change and digitisation needs to be managed with less bureaucracy and distorting intervention. Finally, the country needs to be steered through the choppy high seas of geopolitical risks and trade disputes.

Germany	Reported data[6] 2024	Forecast 2025	Forecast 2026
Gross domestic product[1]	–0.2	+0.2	+1.0
Private consumption	+0.3	+0.9	+1.2
Government consumption	+2.6	+1.1	+1.2
Construction investment	–3.5	–0.1	+1.5
Investment in machinery and equipment	–5.5	–1.0	+1.8
Exports	–0.8	+0.3	+1.4
Imports	+0.2	+1.0	+2.0
Working population [2]	46.1	46.0	46.1
Unemployment rate [3]	6.0	6.2	6.2
Consumer-price inflation (CPI) [4]	2.5	2.3	2.2
Core rate of CPI [4] (excluding energy, food, alcohol, tobacco)	3.2	2.5	2.3
Savings rate [5]	11.6	11.1	10.8

Source: Destatis, Joint Forecast
by the Chief Economists of the Savings Banks Finance Group, published on 21st January 2025

1) GDP and its subdivisions: real, non-calendar-adjusted year-on-year change, in %.
2) Number of employed persons with place of work in Germany, in millions
3) Unemployment rate as defined by the German Federal Employment Agency (Bundesagentur für Arbeit), in %.
4) Change compared to the previous year, in %, on the basis of the EU-harmonised HICP metric (according to the national consumer-price-inflation methodology, the 2024 annual average rate of CPI worked out at 2.2%).
5) Savings rate of private households, as a percentage of disposable income.

It is against this backdrop that the latest Joint Forecast by the Chief Economists of the Savings Banks Finance Group was generated. German exports are assumed to be on a subdued trajectory in both 2025 and 2026. On the one hand, this reflects the threat of tariff conflicts and, on the other, the (for the current situation) generally difficult sectoral mix in Germany's export industry. Import growth is projected to be higher than export growth in both years. The arithmetical contribution from net exports is therefore likely to slow down GDP in both years.

In 2025, consumption remains the key stabilizing factor

The most likely positive driver of growth over the forecast period will be consumption. This will be supported by the catch-up in income growth deriving from better-controlled inflation. The Chief Economists are forecasting a slight decline in the savings rate, although it is set to stay at a relatively high level by historical standards. However, the peak of uncertainty, which held back consumption as well, should then be a thing of the past.

A recovery in investment activity could then broaden the overall recovery in 2026

If all goes well, a recovery in investment (in both equipment and construction spending) will broaden the overall recovery in 2026. Admittedly, we would be talking here of a revival from a very low level. Nonetheless, that would make the decisive difference, enabling overall GDP to once again print a significantly positive growth rate. At an estimated 1.0 percent, German GDP would come close to matching the European pace once again in 2026. The Chief Economists are projecting GDP growth rates of 1.0 percent for 2025 and 1.2 percent for 2026 for the Euro Area as a whole.

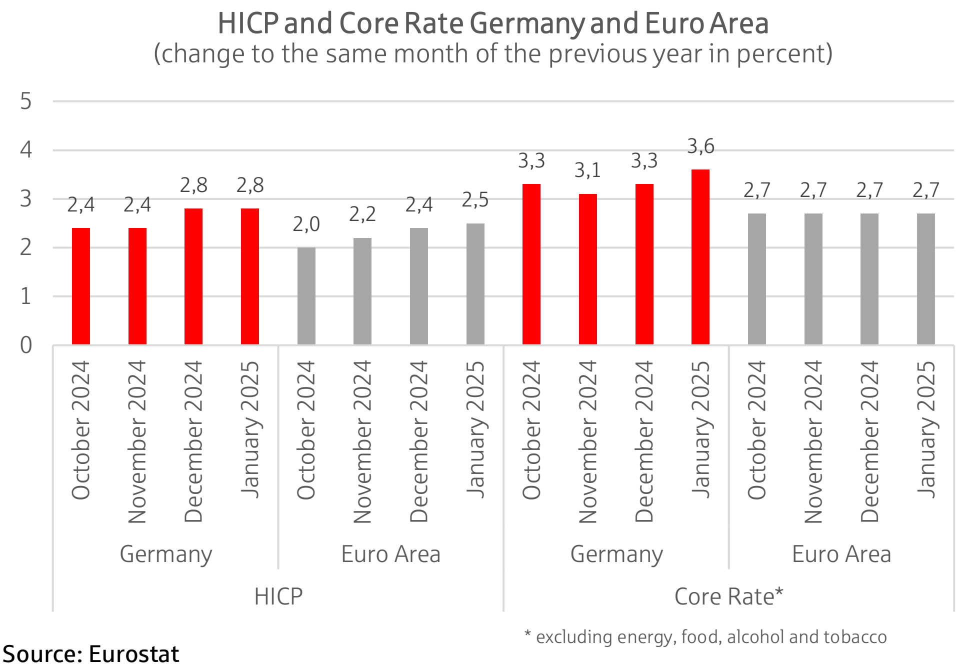
At 1.0 percent, Germany would even be growing faster than its potential growth rate in 2026. Here too, though, underutilisation would tend to remain the name of the game due to the negative gap that has developed in recent years. A truly dynamic recovery and catch-up process would look rather different.

Labour market moving sideways for the time being

This is also the reason why the labour market is projected to only move sideways over the forecast horizon. The recent slight increase in unemployment is probably not going to be reversed for the time being. And in view of the demographic situation, we will probably have to be satisfied with a constant level of employment. Germany's demographic-potential peak has been passed in recent years; the long-foreseeable - and indeed foreseen - phase involving a decline in the working-age population is now beginning. This results in a need for further economic-policy and social-policy action.

Inflation rates are on target

In contrast, there is some good news on the subject of inflation. Here, the landing approach towards target levels appears to be successful. The forecasts for 2025 as a whole are still slightly above the two percent mark for both Germany and the Euro Area, which is decisive for monetary policy, at 2.2 percent. But the trend is right.



Source: Eurostat

Service prices remain the driving force.

Core inflation rates are therefore still elevated in the Euro Area

True, there are always certain irritations. In December 2024, for example, the twelve-month rates bounced back upwards once again and turned out to be unpleasantly high. Fortunately, this did not have such a strong impact in January, which was also expected to see another spike due to the increase in the CO_2 price and more expensive healthcare costs.

Policy rate cuts in the Euro Area are set to continue nevertheless

We are generally still experiencing upward pressure from service prices, which are increasing at an annual rate of around 4 percent and have not been budging from this stickily high level for some time now. Services prices have the highest weighting within the “core rate” category. They keep these rates above the rates for the entire basket of goods, ignoring the volatile energy and food prices. The high wage dynamics are still evident in service prices. The ECB is counting on a slowdown here in the coming months. It will certainly need hard facts at some point in order to continue its policy of lowering key interest rates. For the time being, the “data-dependent approach” is the correct one anyway. Until the key interest rate has now reached 2.75 percent on the deposit facility, the ECB deemed the recent inflation trend sufficient for its latest rate cut at the end of January. The next monetary policy decision is scheduled for early March, likely considering a reassessment of election results and the progress of the tariff dispute by that time.

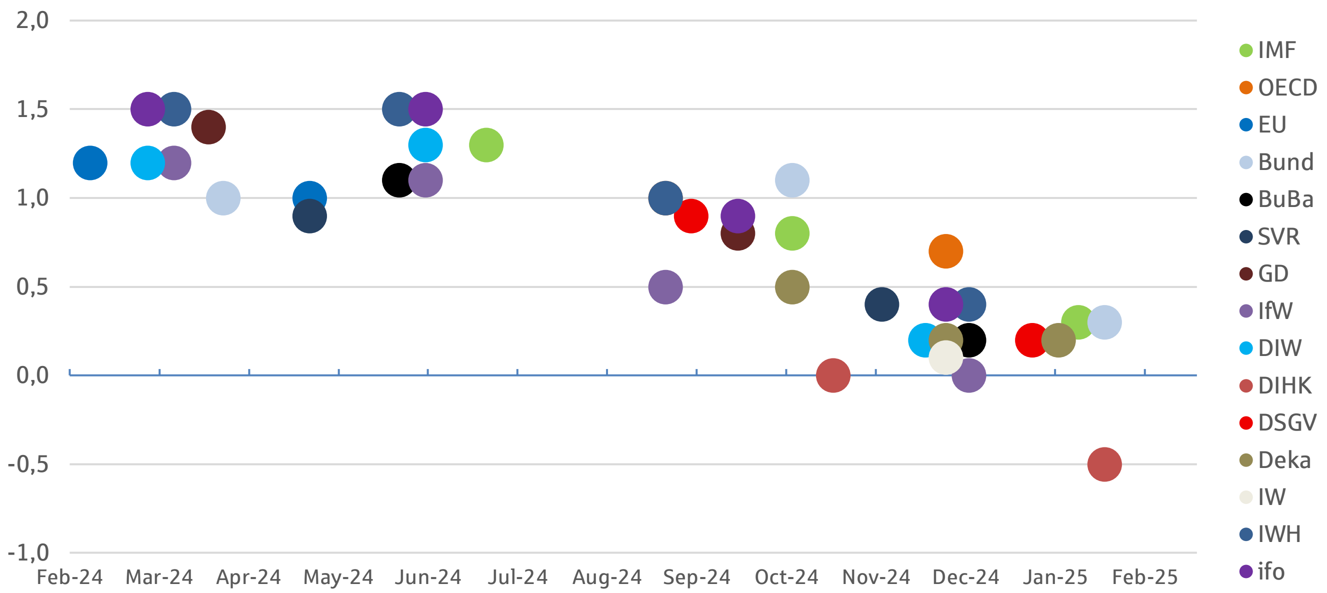
A more detailed analysis of the "Inflation and Monetary Policy" topic is scheduled to be published in March in another of our DSGV publication series, “Standpunkte der Chefvolkswirte” (Statements by the Chief Economists).

A. Growth of world economic regions, change on previous year

	2023	2024	2025*	2026*
World trade volume	0.7%	3.4%	3.2%	3.3%
GDP – world	3.3%	3.2%	3.3%	3.3%
USA	2.9%	2.8%	2.7%	2.1%
Japan	1.5%	-0.2%	1.1%	0.8%
China	5.2%	4.8%	4.6%	4.5%
Euro area	0.4%	0.8%	1.0%	1.4%
Germany	-0.3%	-0.2%	0.3%	1.1%

*** January 2025 forecasts by the International Monetary Fund**

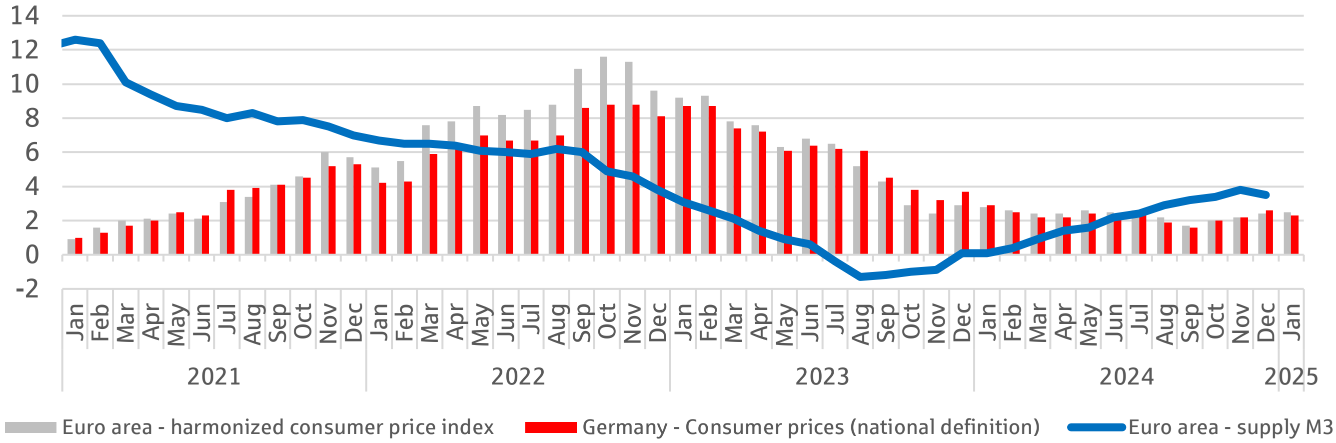
B. Economic growth forecasts for Germany for whole-year 2024, in %



C. GDP in Germany and in the Euro Area

	2024 real year-on-year	Q I - 2024	Q II - 2024	Q III - 2024	Q IV - 2024
		real change compared to the same quarter of the previous year and seasonally-adjusted real change vs. the previous quarter			
Euro Area GDP	+0.8%	+0.4% +0.3%	+0.5% +0.2%	+0.9% +0.4%	+0.9% +0.0%
Germany GDP	–0.2%	–0.1% +0.2%	–0.3% –0.3%	–0.3% +0.1%	–0.2% –0.2%
Private consumption	+0.3%	+0.6% +0.1%	–0.3% –0.5%	+0.1% +0.3%	– –
Gross capital investment	–2.8%	–3.4% +0.2%	–2.7% –2.1%	–2.3% –0.1%	– –
Exports	–0.8%	–2.0% +1.4%	+0.8% +0.2%	–0.3% –1.9%	– –
	Level, not rate of change; quarterly figures, seasonally adjusted				
Savings rate	11.6%	11.0%	11.4%	11.8%	–

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



E. Monthly economic indicators Germany

	September	October	November	December	January
Prices (national definition)	Change from the same month of the previous year				
Consumer prices	1.6%	2.0%	2.2%	2.6%	2.3%
– excluding food and energy (core inflation)	3.0%	3.3%	3.1%	3.3%	3.6%
Producer prices for industrial products	–1.4%	–1.1%	0.1%	0.8%	–
Import prices	–1.3%	–0.8%	0.6%	2.0%	–
Sentiment indicators					
ifo Business Climate Index	85.4	86.5	85.6	84.7	85.1
ZEW Economic Sentiment Survey	3.6	13.1	7.4	15.7	10.3
Incoming orders	Change compared to the same month of the previous year				
Manufacturing industry	4.1%	8.9%	–4.3%	–8.2%	–
from within Germany	1.9%	–1.8%	–4.8%	1.5%	–
from abroad	5.5%	16.4%	–3.9%	–14.1%	–
Capital-goods producers	10.6%	15.1%	–3.9%	–8.4%	–
Production	Working-day-adjusted change vs. same month of the previous year				
Overall manufacturing industry	–4.3%	–4.1%	–2.8%	–3.1%	–
thereof: construction	–4.3%	–2.6%	–1.7%	1.4%	–
thereof: industry	–5.0%	–4.2%	–3.2%	–4.1%	–
Foreign trade	Change compared to the same month of the previous year				
Exports	0.1%	–3.4%	–3.1%	3.4%	–
Imports	0.5%	1.4%	–2.3%	4.5%	–
Labour market	Unemployment rate change in the jobless total compared vs. same month of previous year (1,000s)				
Unemployment rate	6.0%	6.0%	5.9%	6.0%	6.4%
Jobless total	+179	+183	+168	+170	+186
Employed persons (with place of work in Germany)	+43	+25	+/- 0	–26	–
Employees subject to social-security contributions	+123	+117	+94	–	–

F. Commodity, foreign exchange and financial markets

	October	November	December	January	17th Feb.
Brent oil price in USD	75.63	74.35	73.86	79.27	74.67
Exchange rates					
US dollar / EUR	1.0904	1.0630	1.0479	1.0354	1.0473
Japanese yen / EUR	163.20	163.23	161.08	161.92	158.67

	October	November	December	January	17th Feb.
Stock markets					
DAX German benchmark share index, end-of-month	19,077	19,626	19,909	21,732	22,798
Change compared to the same month of the previous year	+28.8%	+21.0%	+18.9%	+28.6%	

	October	November	December	January	17th Feb.
Money and capital market interest rates					
Call money (€STR)	3.338%	3.164%	3.064%	2.919%	2.666% (14.)
Current yield of German government bonds with a residual maturity					
- of one year	2.46%	2.23%	2.17%	2.20%	2.19%
- of ten years	2.46%	2.15%	2.43%	2.51%	2.53%

	October	November	December	January	17th Feb.
Interest rates of credit institutions, in new business					
Daily deposits of private households in D;	0.56%	0.54%	0.56%	–	–
for comparison across the euro area as a whole	0.36%	0.35%	0.35%	–	–
Deposits from private households up to 1 year in D;	2.76%	2.64%	2.48%	–	–
for comparison across the euro area as a whole	2.74%	2.61%	2.45%	–	–
Corporate loans of up to € 1 million over 5 years in D;	3.41%	3.21%	3.23%	–	–
for comparison across the euro area as a whole	4.03%	3.94%	3.81%	–	–

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