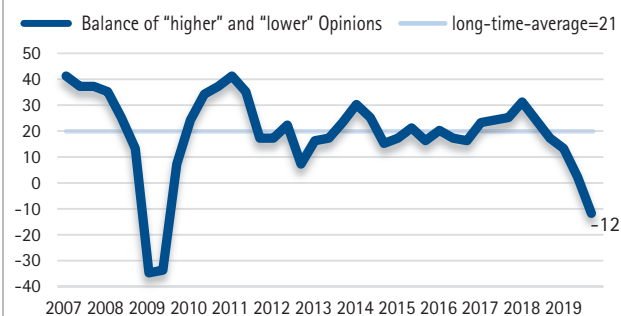


Economic trends in Germany – Fall 2019

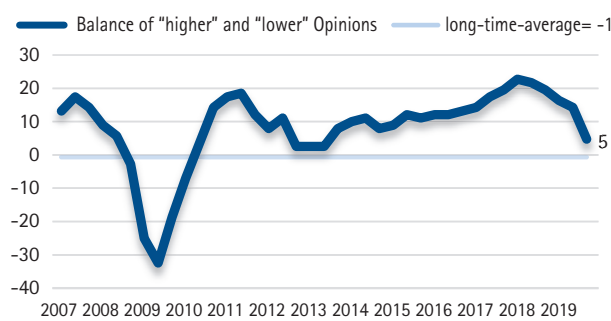
■ The industry's **export expectations** clearly deteriorate. More companies than ever since the last economic and financial crisis name sluggish foreign demand as a risk for future business development. Growing protectionism in numerous markets, escalating trade conflicts and the Brexit are leading to weak export expectations.

Enterprises' Export Expectations – in Points



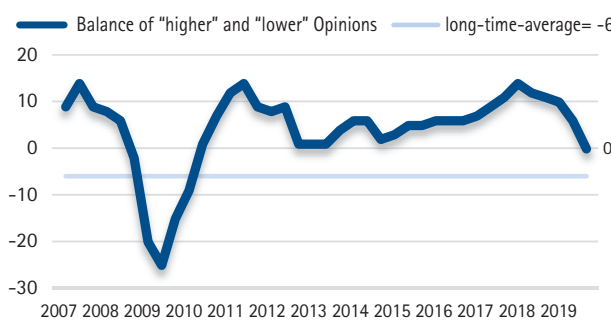
■ Companies' **investment intentions** are falling for the fifth consecutive time. The latest survey results show an acceleration of this trend. While replacement demand, rationalisation and environmental protection are becoming increasingly important reasons for investment, capacity expansion is losing momentum. The foreign trade environment is negatively affecting companies' propensity to invest. Restraint is evident in all sectors of the economy, especially in the industry and the construction sector. Investment plans are declining across all company sizes – heaviest among medium-sized and large industrial companies.

Enterprises' Investment Intentions – in Points



■ The aggravated economic outlook is leaving its mark on **employment intentions** – but the greatest business risk is and remains the shortage of skilled labour. The employment situation in the trade, construction and services sectors stays largely stable at present. While small and medium-sized enterprises with fewer than 200 employees want to retain their core workforce or even hire new staff, larger enterprises are more reluctant due to the poor business situation.

Enterprises' Employment Intentions – in Points



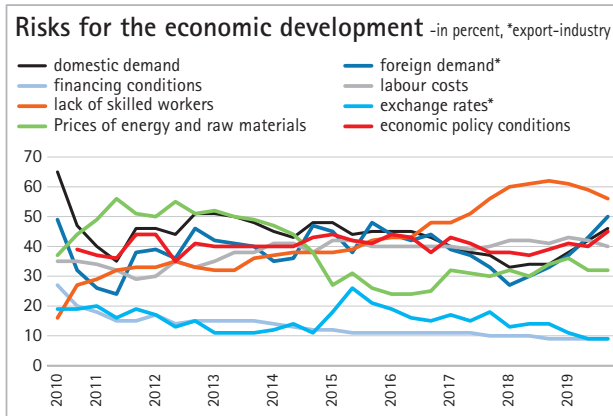
Economy on a downward trend

DIHK-Economic-Survey Fall 2019

79 Chambers of Industry and Commerce ask, approximately 28.000 Enterprises answer

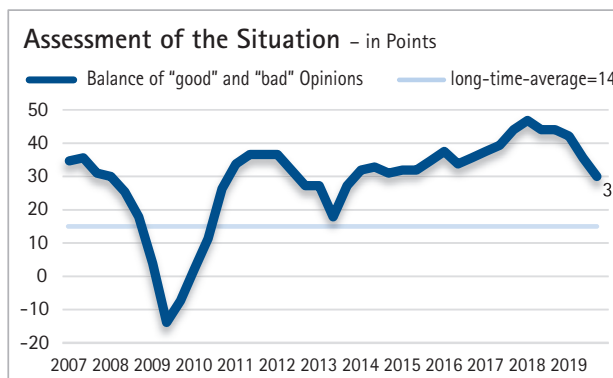


■ Companies' **business expectations** are suffering from a significant slump. Initially only expectations of the export-oriented industry declined. Now, the decline is increasingly affecting domestically oriented service providers, trade and even the construction sector. Furthermore, the financial sector is once again impaired. Globally active medium-sized companies (200 employees and more) and large companies (more than 1,000 employees) are feeling particularly insecure. More than ever do companies consider economic policy conditions as a risk to their business development (since the start of data collection in 2010).



■ **Businesses** downgrade their current **situation** for the third time in a row this autumn. The German industry sector is feeling the backlash from foreign trade uncertainties and the slowdown is already leaving visible traces on service and wholesale providers close to industry. The expected seasonal improvement of the construction sector's situation is strikingly weak this autumn. Consumer-related sectors such as retail and tourism continue to benefit from stable domestic demand.

	domestic demand	foreign demand*	financing conditions	labor costs	lack of skilled workers	exchange rates*	prices of energy and raw materials	economic policy conditions
Fall 2017	37	33	10	40	56	18	30	38
February 2018	33	27	10	42	60	13	32	38
Early Summer 2018	34	30	10	42	61	14	30	37
Fall 2018	34	33	9	41	62	14	34	39
February 2019	38	37	9	43	61	11	36	41
Early Summer 2019	42	43	9	42	59	9	32	40
Fall 2019	46	50	9	40	56	9	32	45



Germany, changes on the previous year

in per cent, use of the gross domestic product (GDP), price-adjusted, chain-linked	2018	DIHK-Forecast 2019	DIHK-Forecast 2020
GDP	1.5	0.4	0.5
Final consumption expenditure of private households	1.3	1.3	1.1
Government final consumption expenditure	1.4	1.9	2.0
Gross fixed capital formation (GFCF)	3.5	2.5	1.7
GFCF in machinery and equipment	4.4	2.0	1.0
Other fixed assets	4.3	2.3	2.2
GFCF in construction	2.5	3.0	2.0
Exports	2.1	0.3	-0.5
Imports	3.6	2.0	1.5
Employment (change in thousand)	+606	+350	+50
Consumer price	1.9	1.5	1.0