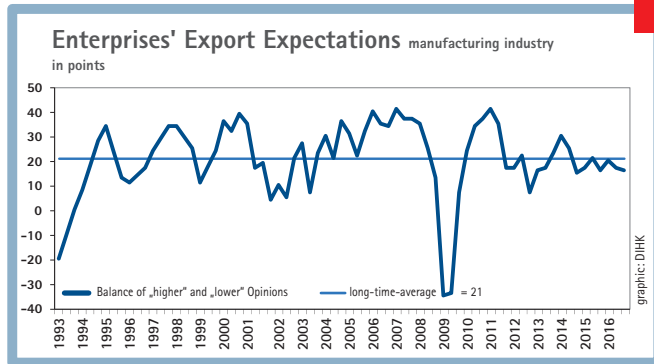
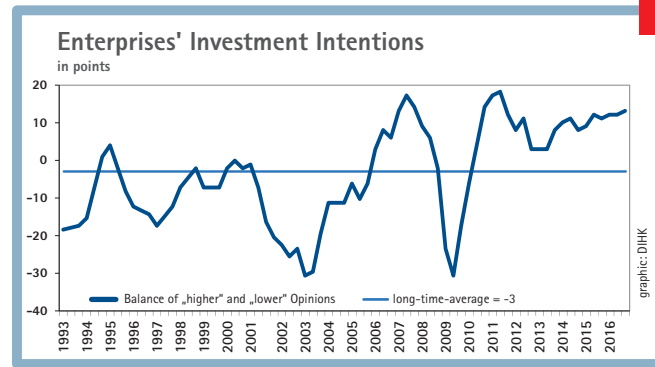


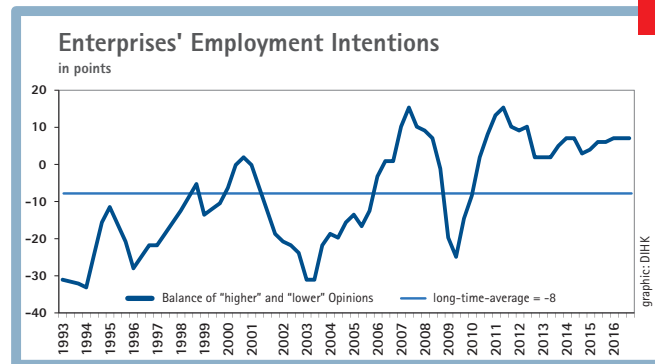
■ Companies are reducing their **export expectations** once again. The weak growth in many regions of the world and political crises continue to weigh heavily on the prospects of exporters. There is a lack of investment worldwide – this is affecting the German export industry in particular. Furthermore, protectionist measures are restricting the movement of goods. Brexit is also a risk to German foreign trade. For the first time this year, the concerns of companies are growing with respect to the development of foreign demand.



■ The **investment intentions** of the German economy are improving slightly. Thereby, the flat upward trend of recent years is continuing. The still favourable financing situation and the positive developments in consumption are supporting investment activities. However, the expansion of the investment budgets is still remarkable in view of the deterioration in expectations. The retail trade and service providers are planning to increase investments slightly. Consumption-related industries, such as the catering industry or breweries, are increasing their investment budgets. The construction and manufacturing industry, on the other hand, are no longer as expansive as before. The vehicle construction sector is reducing its investments in particular. The banking industry is cutting back its investment plans sharply.



■ In spite of the somewhat bleaker expectations, the recruitment plans of companies remain at a high level. Stimulus is coming from the manufacturing industry in particular. A number of service providers, such as the financial, hospitality and transport sectors, are reducing their workforce expansion. As is usual at this time of year, the construction industry is also planning to recruit fewer people. In the trade sector the **employment plans** do not change on balance. Overall, the risk of rising labour costs is still problematic for companies. The shortage of skilled workers is becoming more and more serious. Companies now consider this to be the most important risk to their economic development.

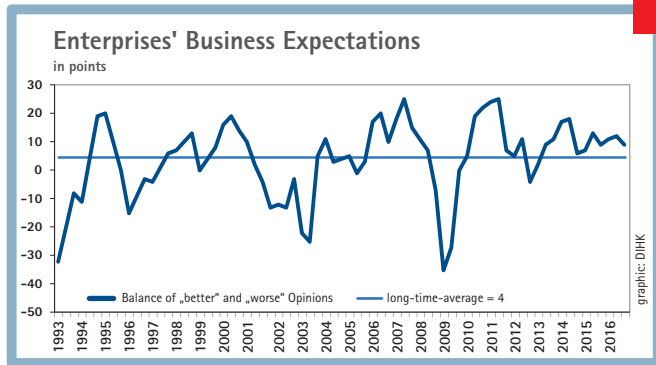


DIHK-Economic-Survey Fall 2016

■ 79 Chambers of Industry and Commerce ask, approximately 27,000 Enterprises answer

economy data at a glance



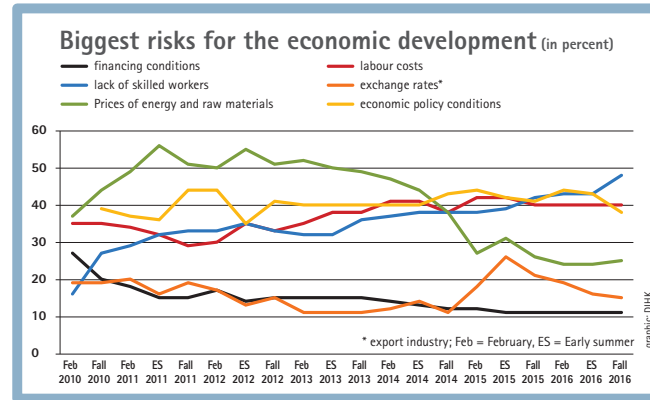


Confidence in the German economy is diminishing in all sectors. While fewer companies fear setbacks in domestic demand, the export industry is more concerned about foreign demand. Overall, the **expectations** of the manufacturing industry are declining for the second time in a row. Within the service sector the financial industry is particularly sceptical. In the construction industry the outlook for the coming months is also less optimistic. However, the expectations have never been so positive in an fall survey before.

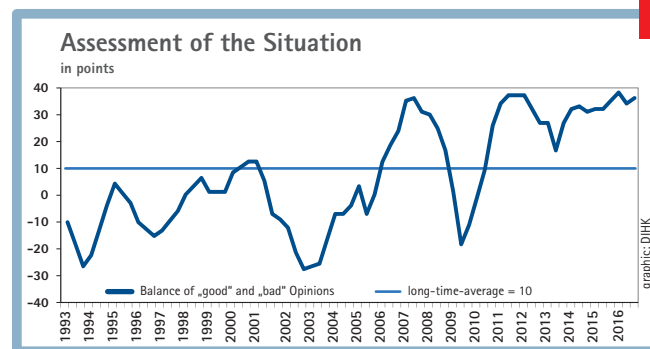
What are the biggest risks for the economic development of your company in the next twelve months?

(in percent; multiple answers possible; *export industry)

	Fall 2014	February 2015	Early Summer 2015	Fall 2015	February 2016	Early Summer 2016	Fall 2016
domestic demand	48	48	44	45	45	45	43
foreign demand*	47	45	38	48	44	42	44
financing conditions	12	12	11	11	11	11	11
labour costs	38	42	42	40	40	40	40
lack of skilled workers	38	38	39	42	43	43	48
exchange rates*	11	18	26	21	19	16	15
prices of energy and raw materials	38	27	31	26	24	24	25
economic policy conditions	43	44	42	41	44	43	38



In the fall of 2016, companies are even more satisfied with their **business situation** than in the early summer. The improved expectations of the previous survey have been turned into reality. Economic developments have recently been a positive surprise. Moreover, they have been remarkably stable for three years now. Apart from a slight downturn in the retail trade, all sectors are more satisfied compared to our last survey. Construction is booming in particular – here companies consider their business situation to be more positive than ever. Record employment, rising wages and social spending are continuing to drive the domestic economy. Especially service providers, such as the hospitality sector and travel agencies, are benefiting from strong consumption. In contrast, the finance sector continues to suffer from the low interest rates. The manufacturing industry is struggling bravely with the difficult foreign trade environment – the business situation is also brightening up somewhat.



Germany, changes on the previous year

in per cent, use of the gross domestic product (GDP), price-adjusted, chain-linked	2015	DIHK-Forecast 2016	DIHK-Forecast 2017
GDP	1.7	1.9	1.2
Final consumption expenditure of private households	2.0	1.6	1.2
Government final consumption expenditure	2.7	3.7	2.0
Gross fixed capital formation (GFCF)	1.7	2.5	2.0
GFCF in machinery and equipment	3.7	2.0	1.0
Other fixed assets	1.9	3.2	2.5
GFCF in construction	0.3	2.5	2.5
Exports	5.2	2.0	2.0
Imports	5.5	2.8	3.0
Unemployment (in millions)	2.794	2.7	2.7
Employment (change in thousand)	+394	+500	+450
Consumer price	0.3	0.4	1.5