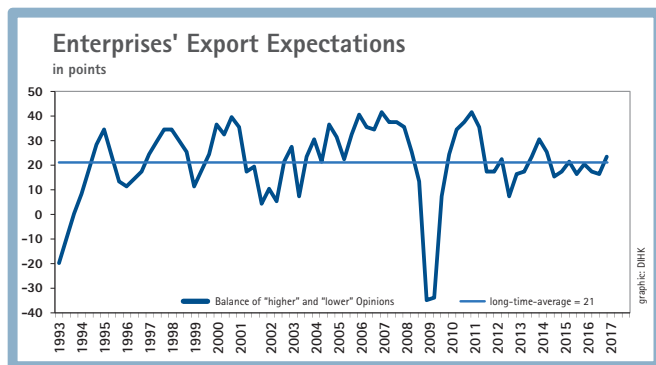
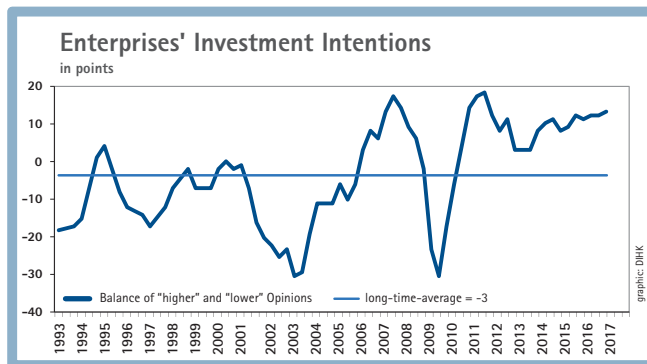


■ After the weak phase during the last two years, companies are now expecting significantly higher **exports**. Export expectations are growing more strongly than in the last three years and are above the long-term average for the first time since 2014. World trade is also currently picking up. Growth in the American economy is accelerating, driven by the strong consumer demand. The mood in the Eurozone is also becoming brighter. China is continuing to grow, albeit through state support. While exporters' concerns about demand from abroad are declining, even more companies consider the economic policy framework conditions to be a threat to their business activities. Reference is made particularly often to the protectionist measures of the new US administration and possible counter-reactions. Trade with the United Kingdom has already received a significant setback. What is more, Brexit increases the economic uncertainty. The rise in the exchange rate risk is an indication of possible turmoil on the foreign currency markets. All in all, the expectations for foreign business are positive, while it is unclear to what extent the political risks will become visible in the order books.

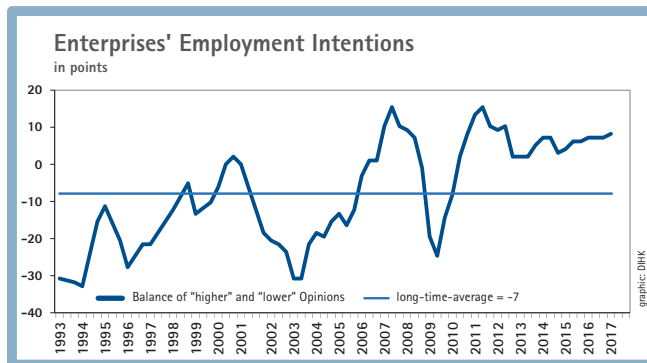


■ The **investment** intentions of companies have again improved slightly. The favourable financing environment, the positive developments in consumption and the current improvement in export expectations are encouraging companies to push forward with their plans. The impetus is currently coming increasingly from the manufacturing industry. The vehicle construction sector intends to increase its investment budgets significantly, after a downturn in the previous survey. In the construction industry, the continuing boom is pushing the investment intentions of businesses to record levels. In the service sector as well, some industries are reporting new records, for example the real estate industry, leasing and rental agencies or the catering industry. The banking sector, which is so strongly affected by low interest rates, regulation and digitisation, is also intending to invest more, admittedly in many cases with the objective of rationalisation. Overall, the lack of skilled

employees is developing into an increasingly important limiting factor for more investments in Germany as a business location.



■ The **increase in employment** enters its twelfth year. The cross-sector recruitment intentions of companies even increase again. The boom in house and infrastructure building is providing impetus to the personnel plans of construction companies. The manufacturing industry and service providers are also planning for growth. However, it is becoming increasingly questionable whether companies will be able to implement their recruitment plans. In knowledge-intensive sectors such as accountancy, legal and tax advisory services, but also the construction industry, transport and the hospitality sector, the shortage of skilled workers is becoming worse once again. At the same time, high labour costs are forming a „mortgage“ for times of economic downturn in many industries. Signs of an employment slowdown are coming from some of the domestic-oriented industries. For example, the retail trade and manufacturers of consumer goods are scaling down their recruitment plans. In the financial and insurance industry, the plans to employ new personnel have reached a record low.

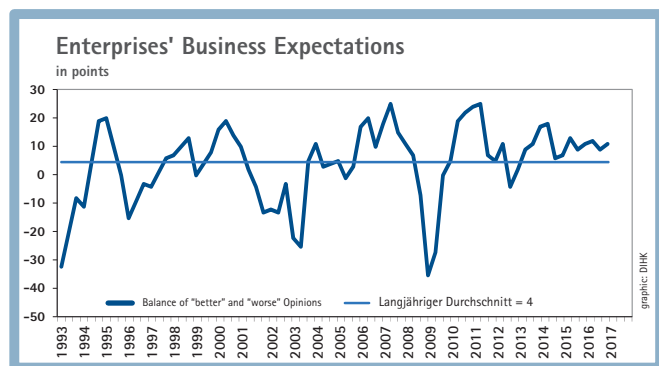


## DIHK-Economic-Survey February 2017

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

economy data at a glance



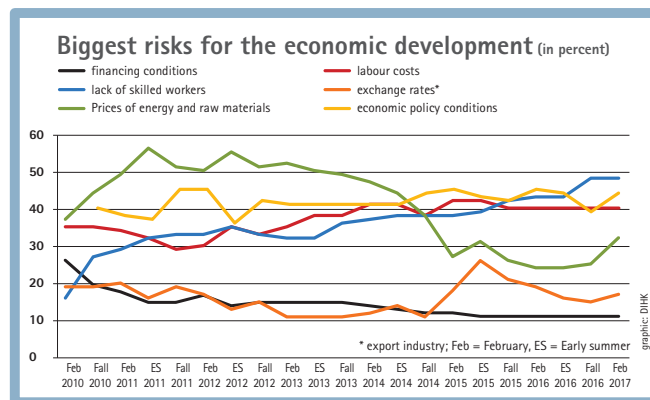


Companies are looking forward to the 2017 business year with confidence. The **expectations of businesses** are brightening up again. The main drivers are manufacturing and the construction industry. Export companies are counting on world trade overcoming its weak phase for the time being and expect demand from abroad to grow. However, more businesses are again referring to the business risk of „economic policy framework conditions“ – particularly in internationally-oriented sectors such as manufacturing or the transportation industry. The concerns about energy and commodity prices are also growing significantly. These are a cost factor for businesses. In addition, the growth in consumers' purchasing power is not quite as strong as in previous years. For this reason, the optimism in consumer-related industries is hardly growing anymore.

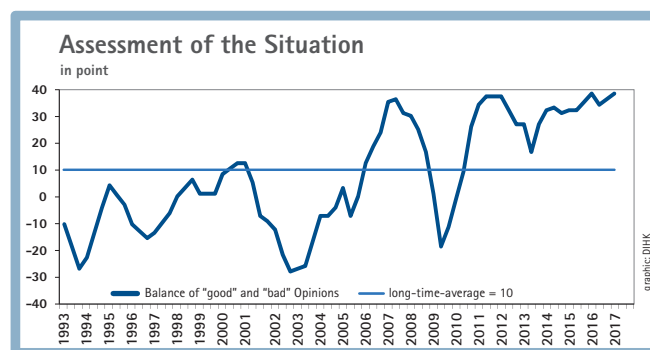
### What are the biggest risks for the economic development of your company in the next twelve months?

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

	Febr. 2015	Early Summer 2015	Fall 2015	Febr. 2016	Early Summer 2016	Fall 2016	Febr. 2017
domestic demand	48	44	45	45	45	43	40
foreign demand*	45	38	48	44	42	44	39
financing conditions	12	11	11	11	11	11	11
labor costs	42	42	40	40	40	40	40
lack of skilled workers	38	39	42	43	43	48	48
exchange rates*	18	26	21	19	16	15	17
prices of energy and raw	27	31	26	24	24	25	32
economic policy conditions	44	42	41	44	43	38	43



Up to now the economy has been defying the international political upheavals. The **business situation** of companies is at a record level – better than expected in autumn. The effects of the „doping“ resulting from the low interest rates and low inflation are still being felt. The manufacturing industry in particular assesses its situation as being better at the beginning of 2017 due to the acceleration in global demand. The trade sector and service providers are also more satisfied. Increasing employment and rising wages are benefiting both the retail and motor vehicle trade. Housebuilding is in addition being assisted by the low interest rates. The usual seasonal downturn in the construction industry is therefore hardly being felt. IT service providers evaluate their situation as being better than ever. Even the assessments of the financial sector have improved again slightly.



### Germany, changes on the previous year

in per cent, use of the gross domestic product (GDP), price-adjusted, chain-linked	2015	2016	DIHK-Forecast 2017
GDP	1.7	1.9	1.6
Final consumption expenditure of private households	2.0	2.0	1.4
Government final consumption expenditure	2.7	4.2	2.3
Gross fixed capital formation (GFCF)	1.7	2.5	2.7
GFCF in machinery and equipment	3.7	1.7	2.0
Other fixed assets	1.9	2.6	3.0
GFCF in construction	0.3	3.1	3.0
Exports	5.2	2.5	3.0
Imports	5.5	3.4	4.0
Unemployment (in millions)	2.793	2.689	2.65
Employment (change in thousand)	+394	+419	+350
Consumer price	0.3	0.5	1.8