

International Consultancy Program

# **Economic Outlook Germany 2007-2008**

Berlin, 10 September 2007

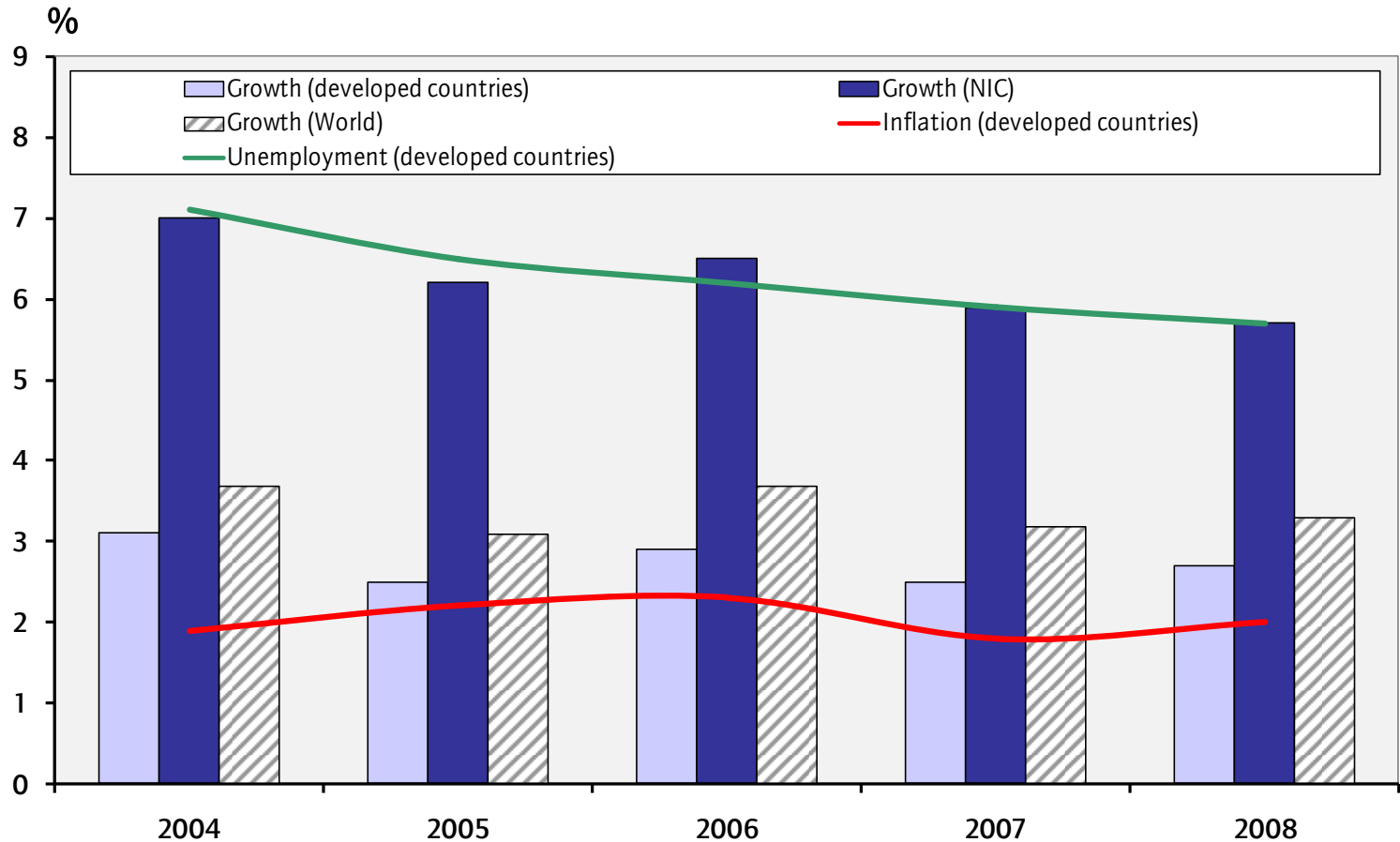
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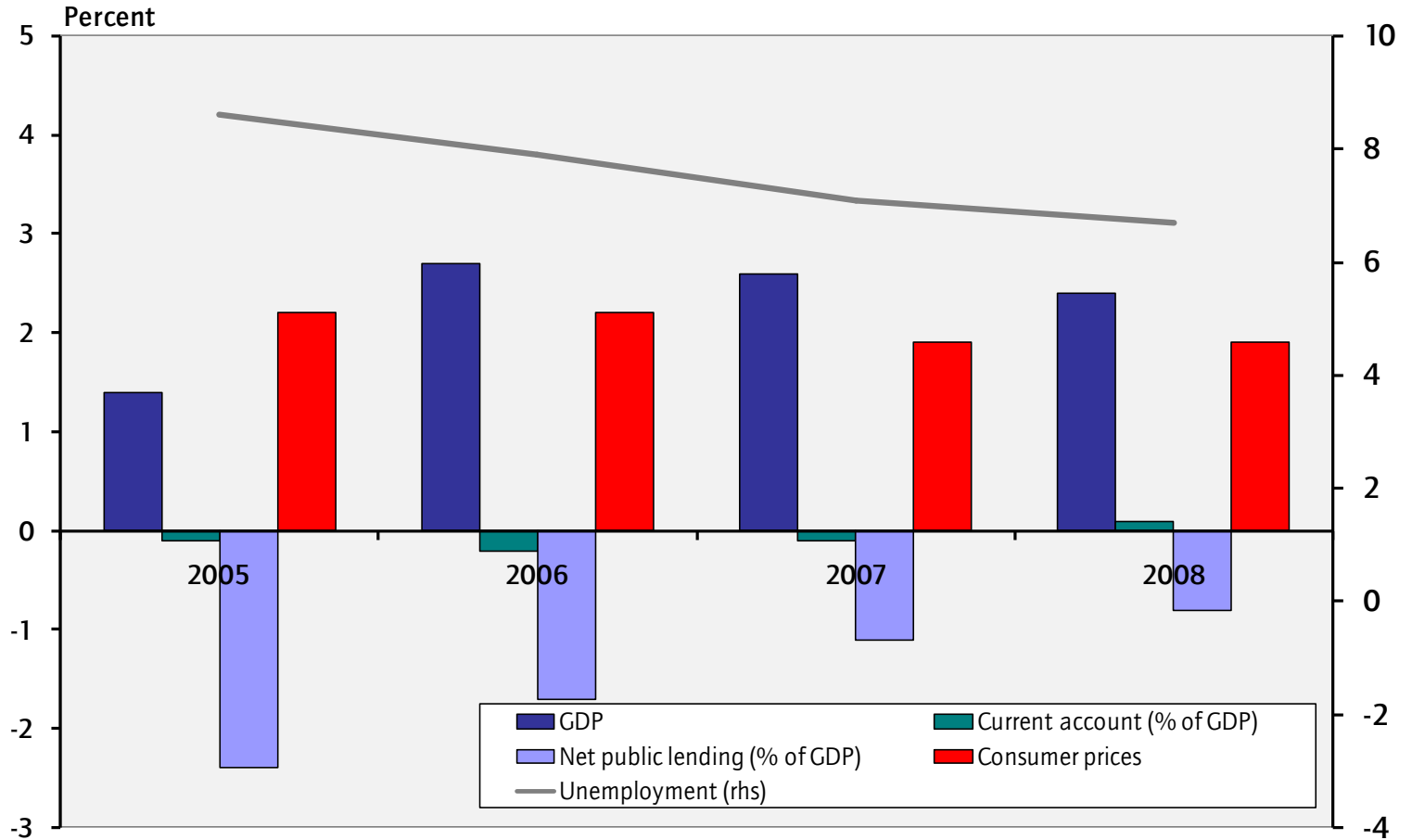
## Key assumptions

	2007	2008
▪ Oil price	75 USD	75 USD
▪ Exchange rate	1,40 USD/Euro	
▪ World trade	+7,5 %	+7,5 %
▪ ECB reference rate	4,5 % (by end 2007)	
▪ Standard wage rate	+1,5 %	+2,8 %
▪ Shift effects (prod.)	3 Bill. Euro	

# World perspectives

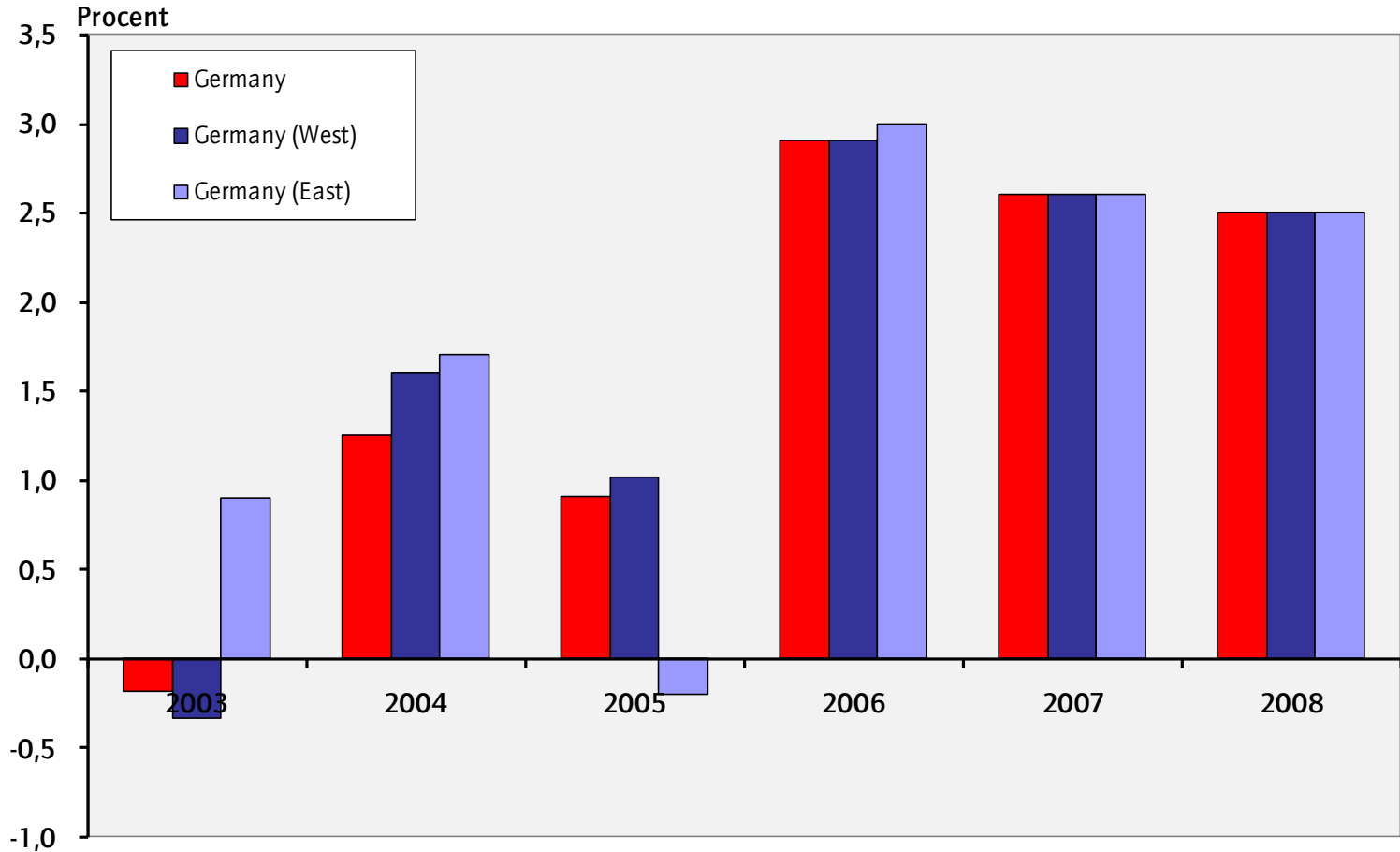


# Eurozone perspectives

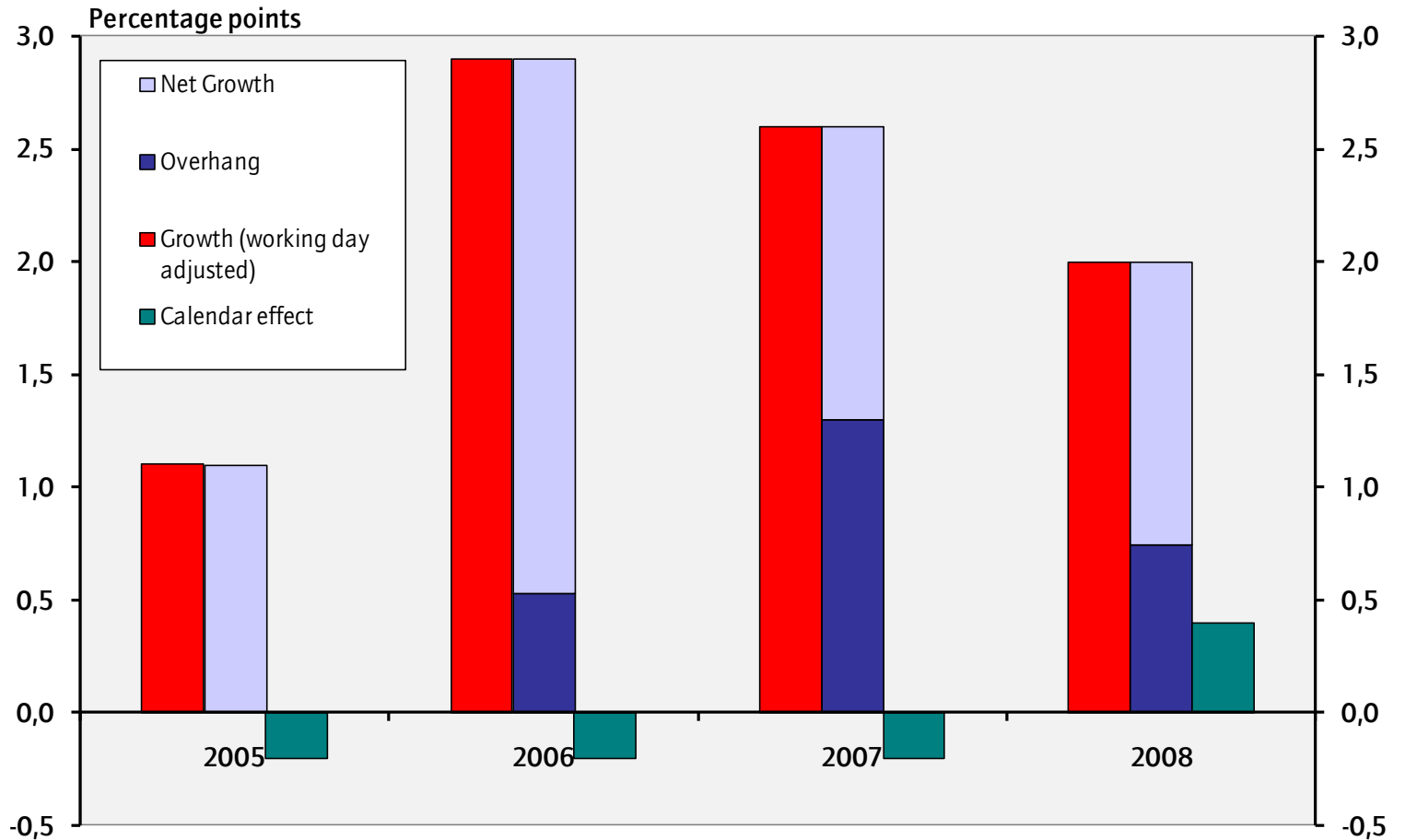


# German growth perspectives: West and East

GDP growth rate in %

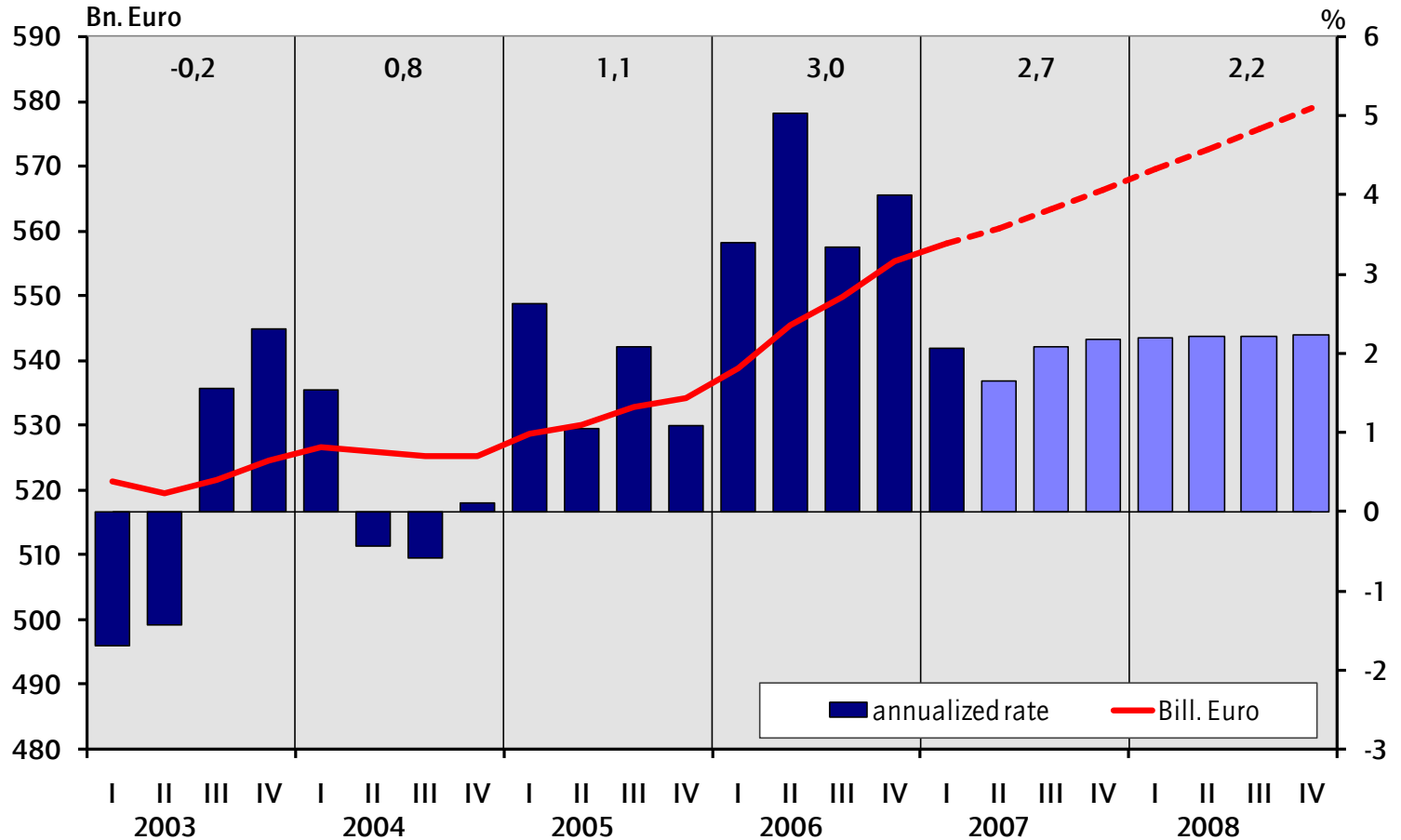


# Technical growth components



# German growth dynamics

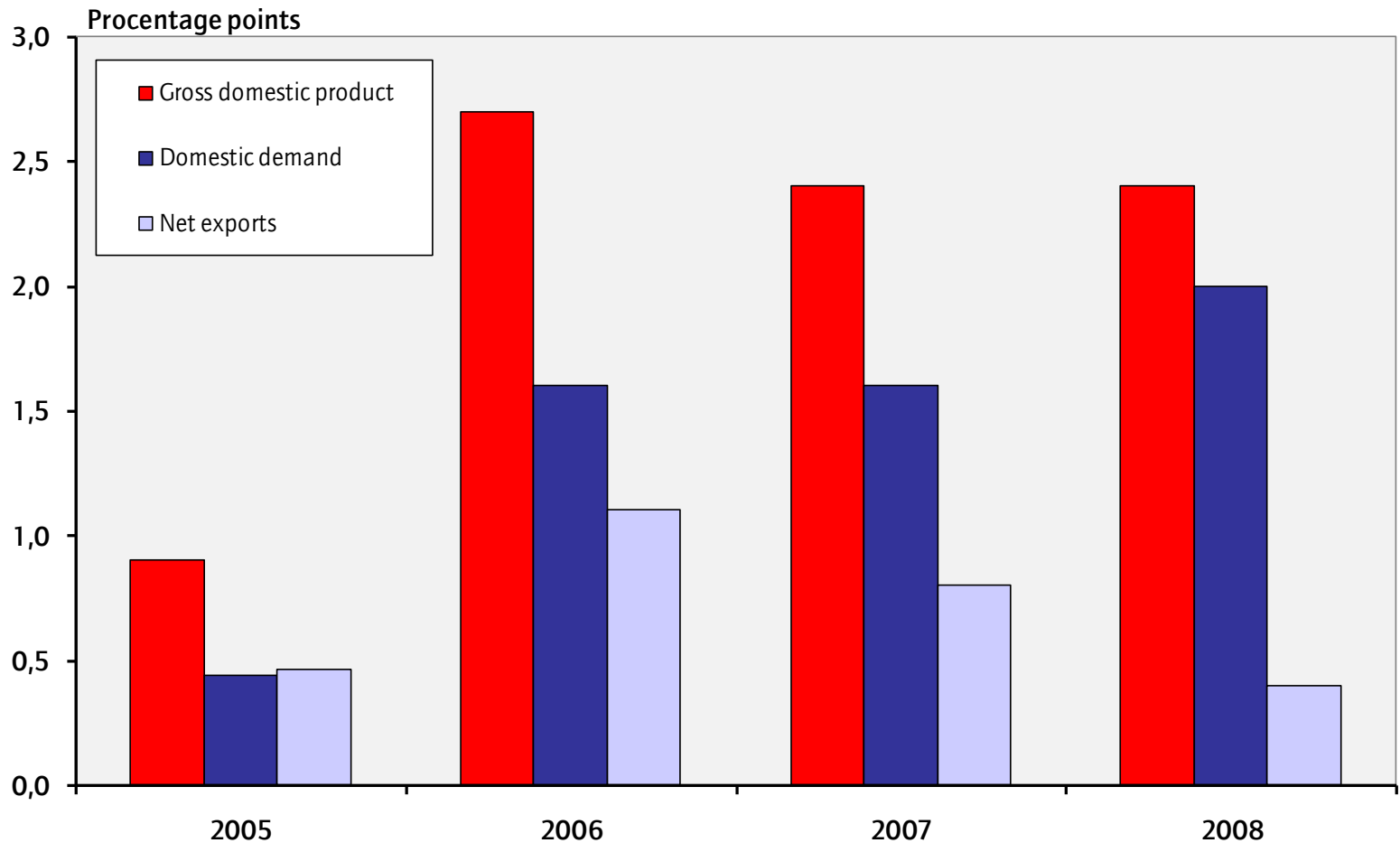
GDP, working-day adjusted



# Domestic demand robust in 2007

## Export surplus less important

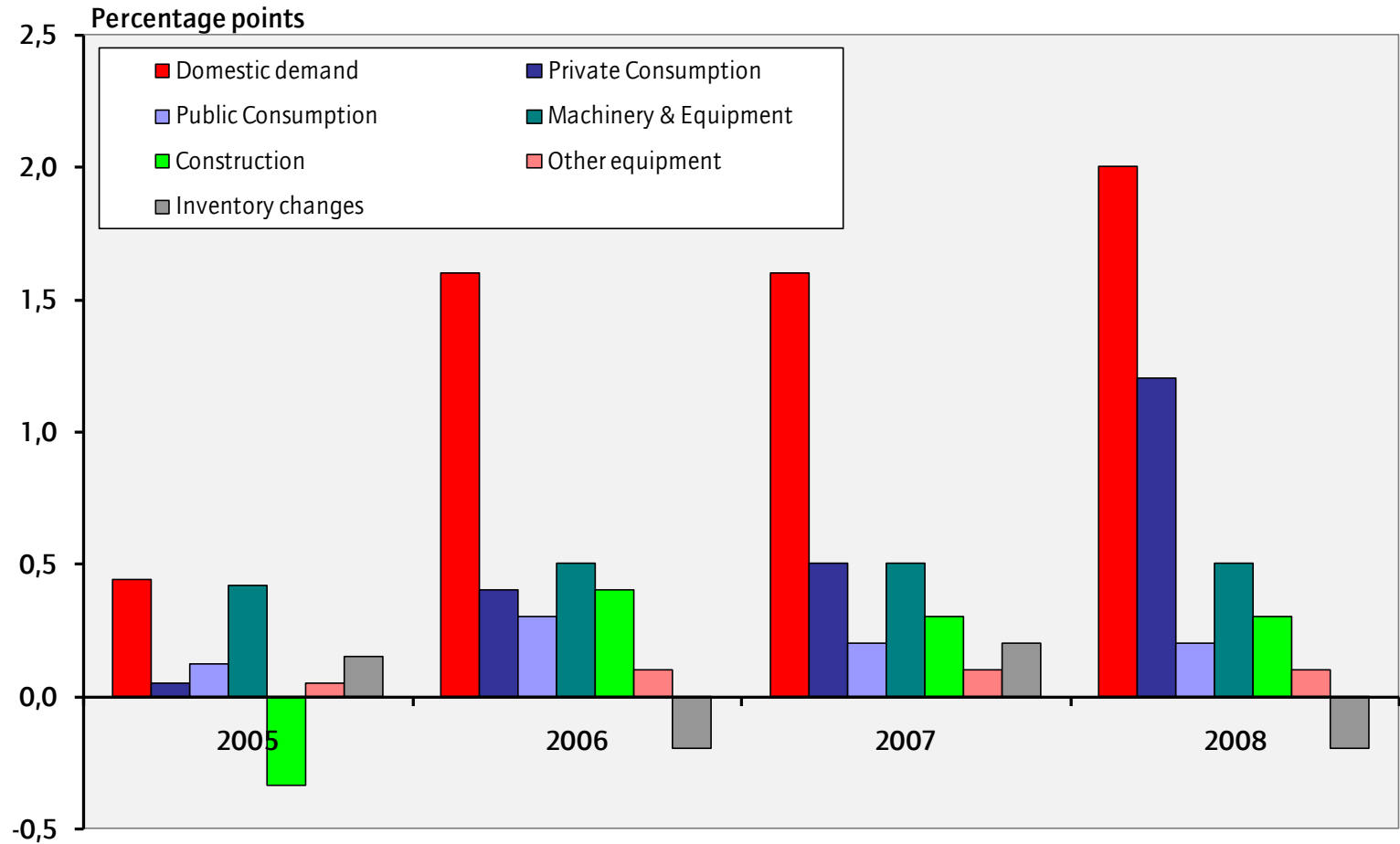
GDP growth rate and components growth shares in %





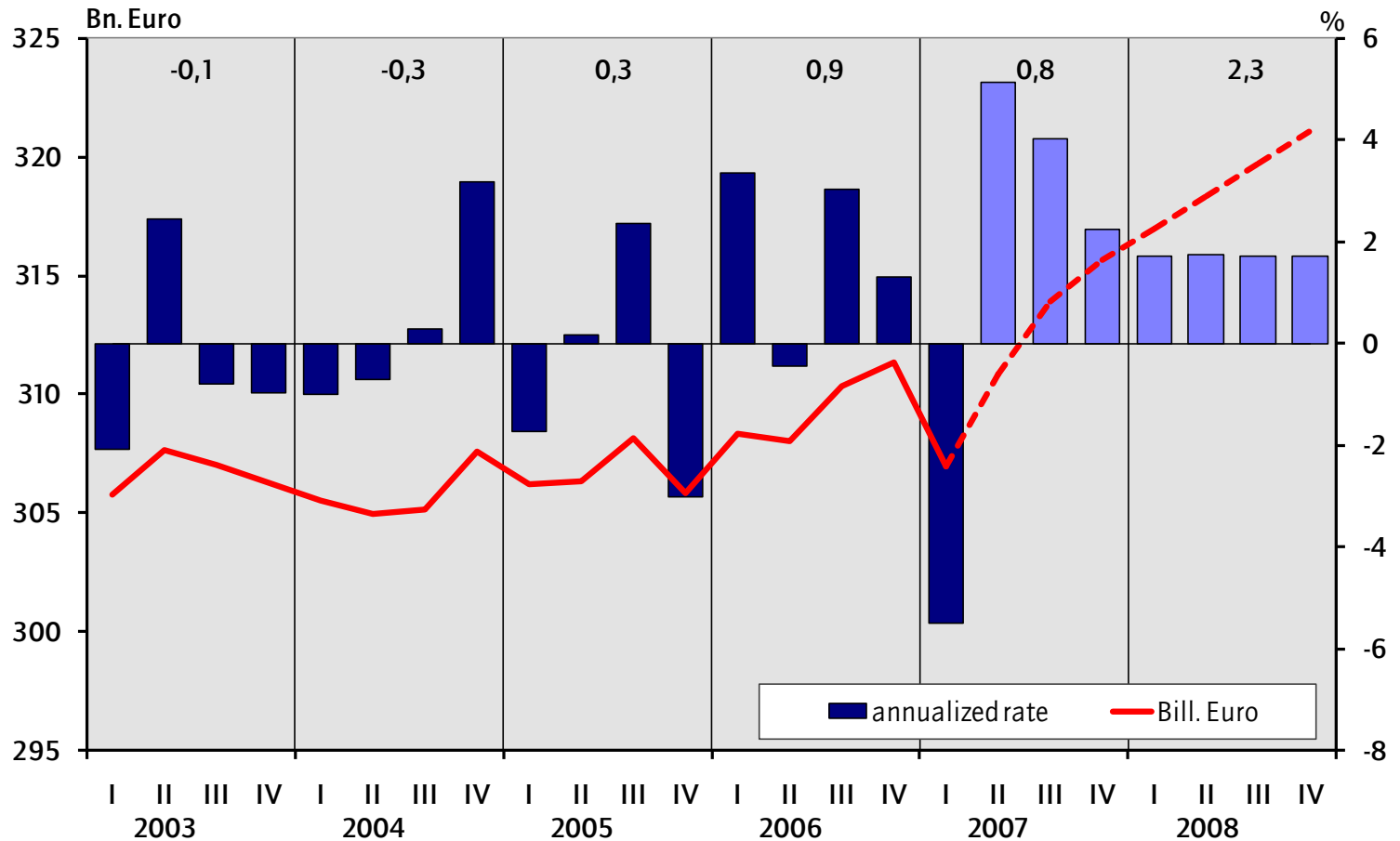
# Domestic demand more balanced

Component growth contributions in %



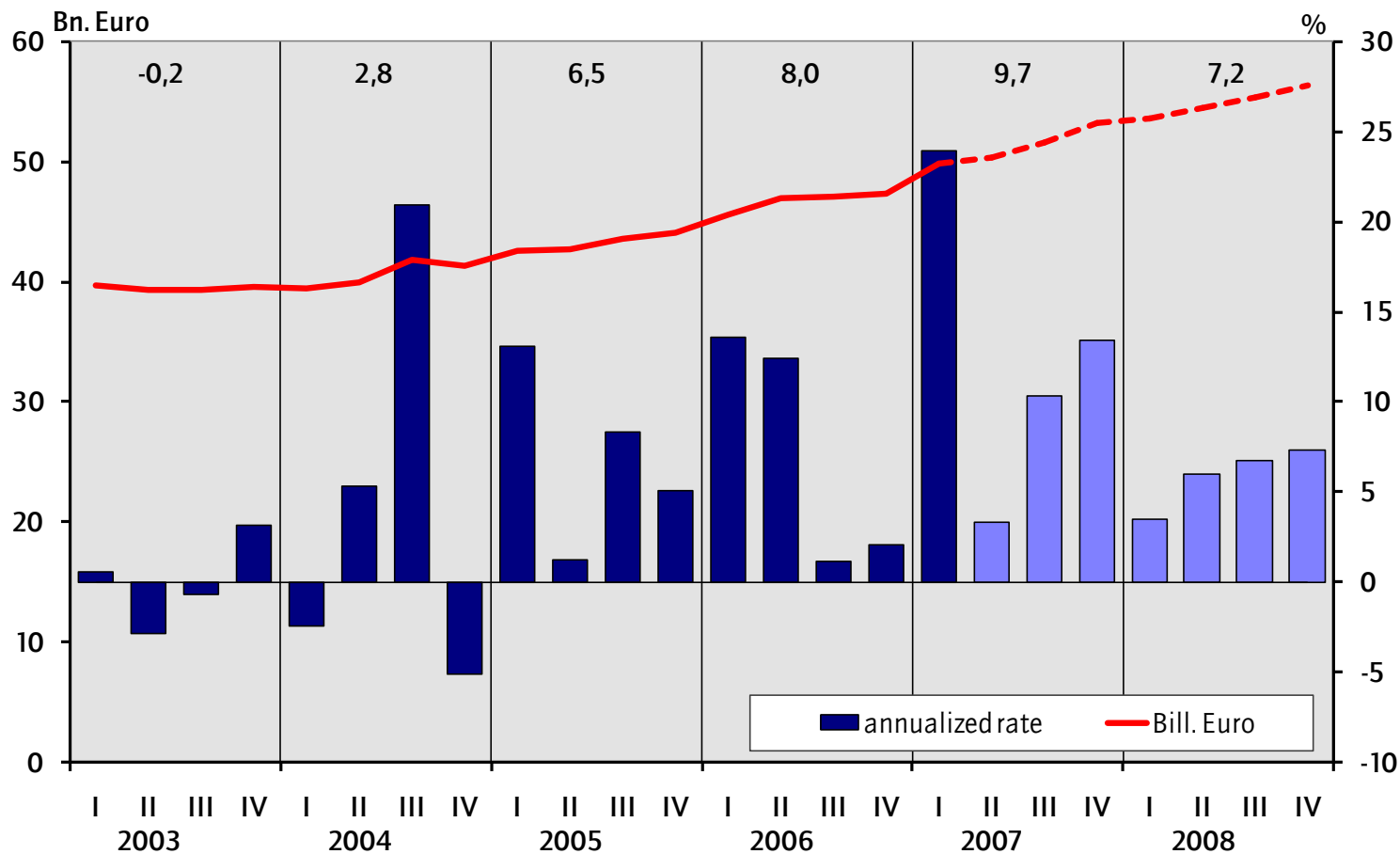
# Private consumption: Recovery interrupted by VAT increase

Consumption of private households (seasonal and working-day adjusted)



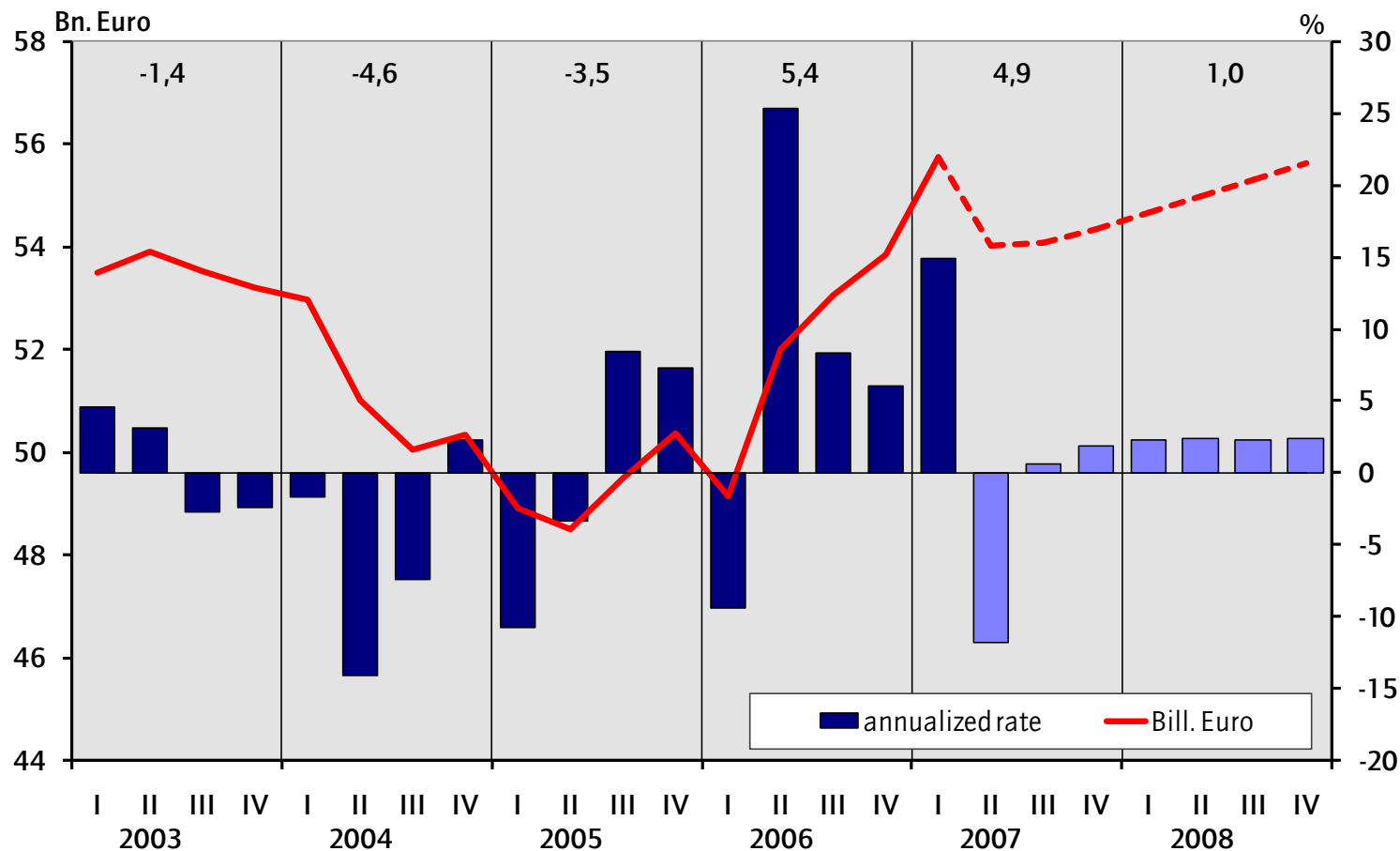
# M&E: Moderate but robust growth

Investment in machinery and equipment (seasonal and working-day adjusted)



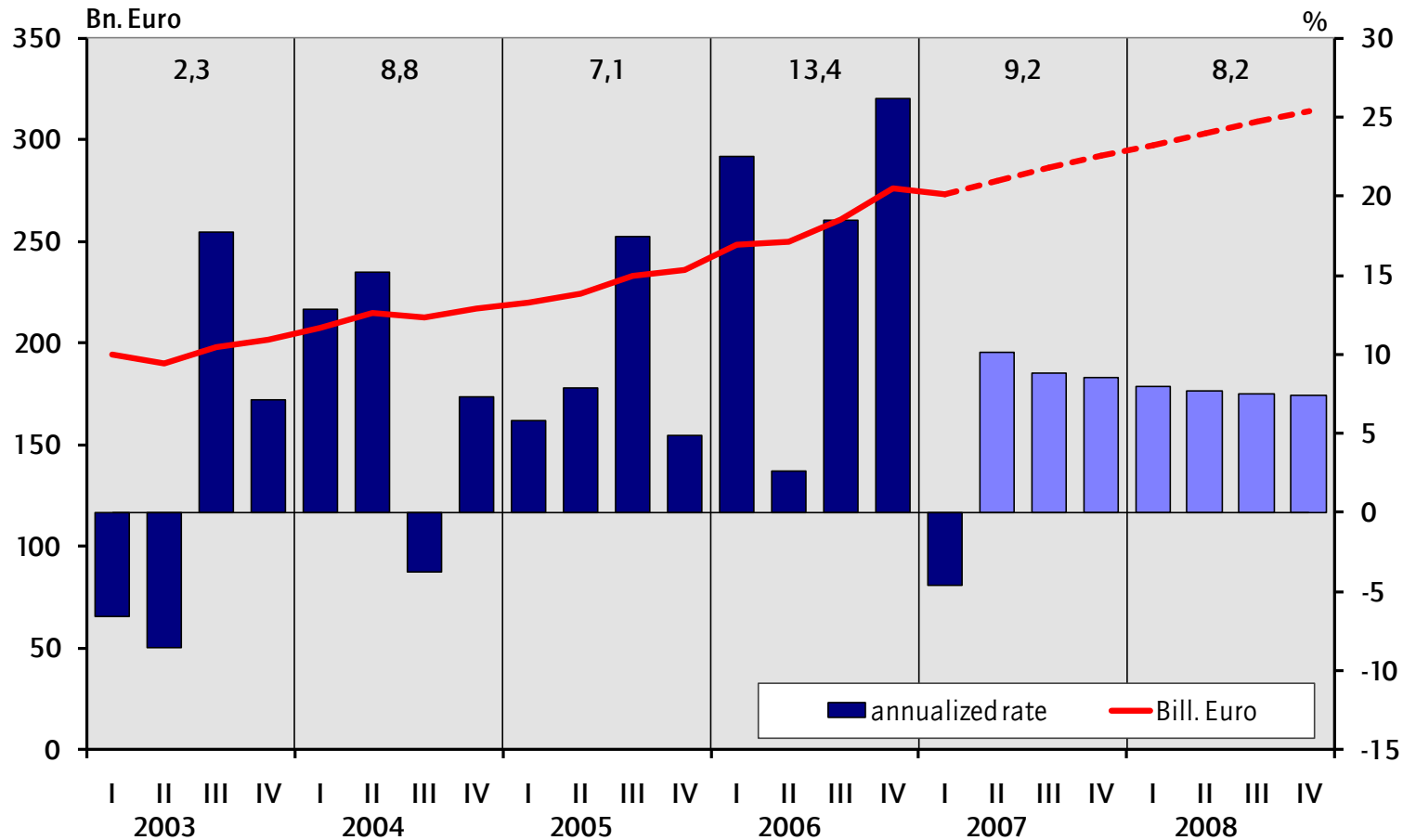
# Construction: No longer a growth cruncher

Construction investment (seasonal and working-day adjusted)



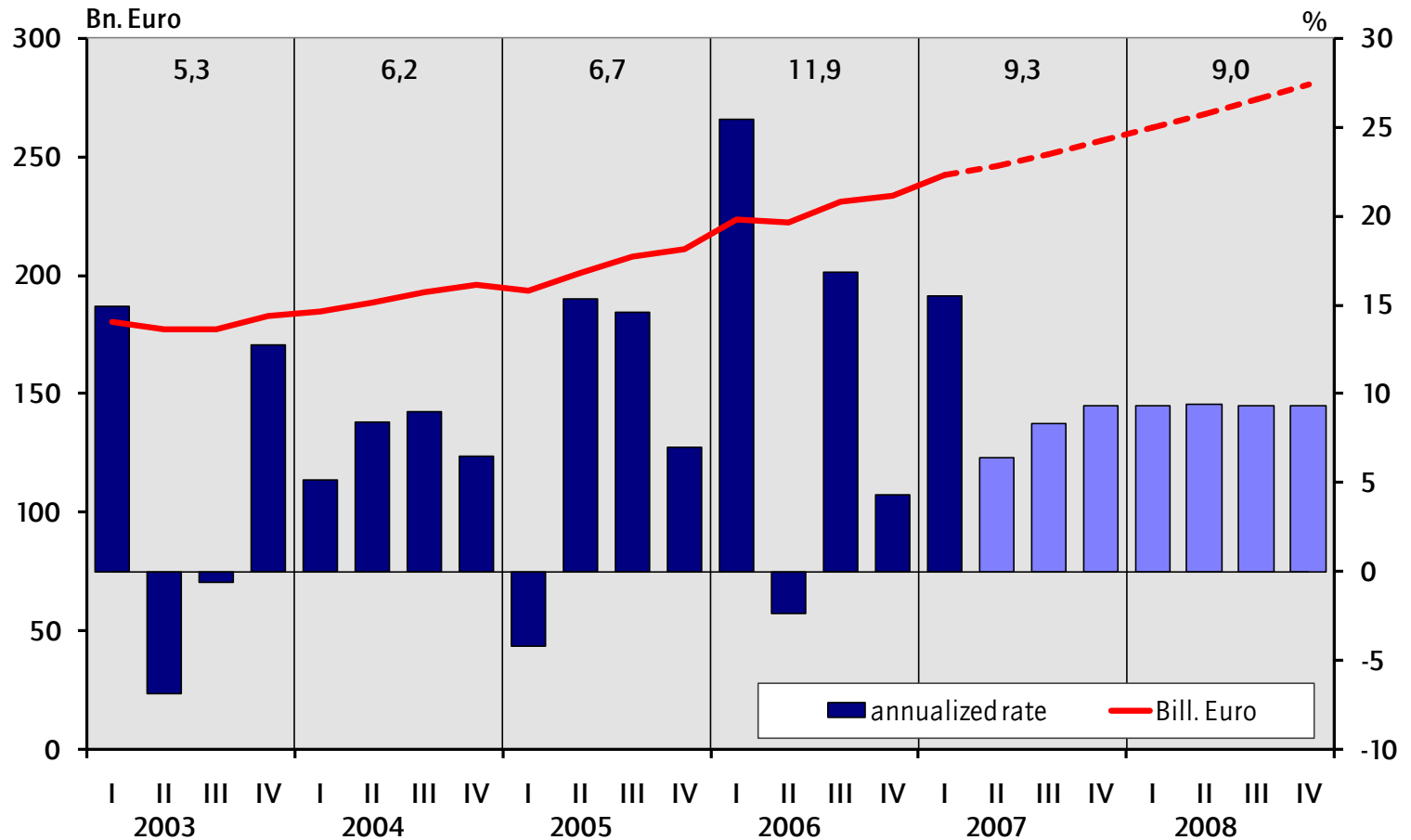
# Export dynamics of a „world champion“

Exports of goods and services (seasonal and working-day adjusted)



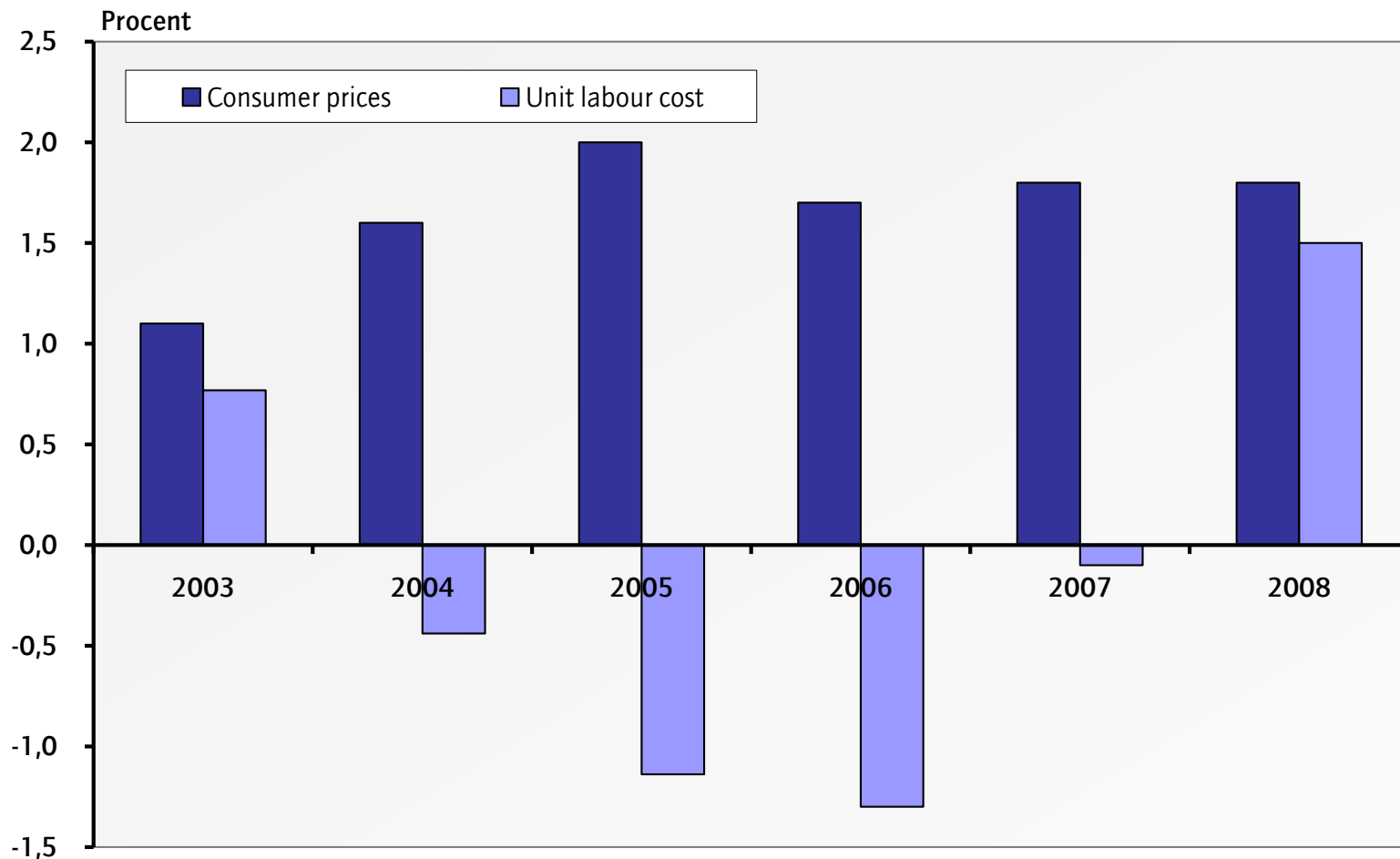
# Import growth reflects domestic recovery

Imports of goods and services (seasonal and working-day adjusted)

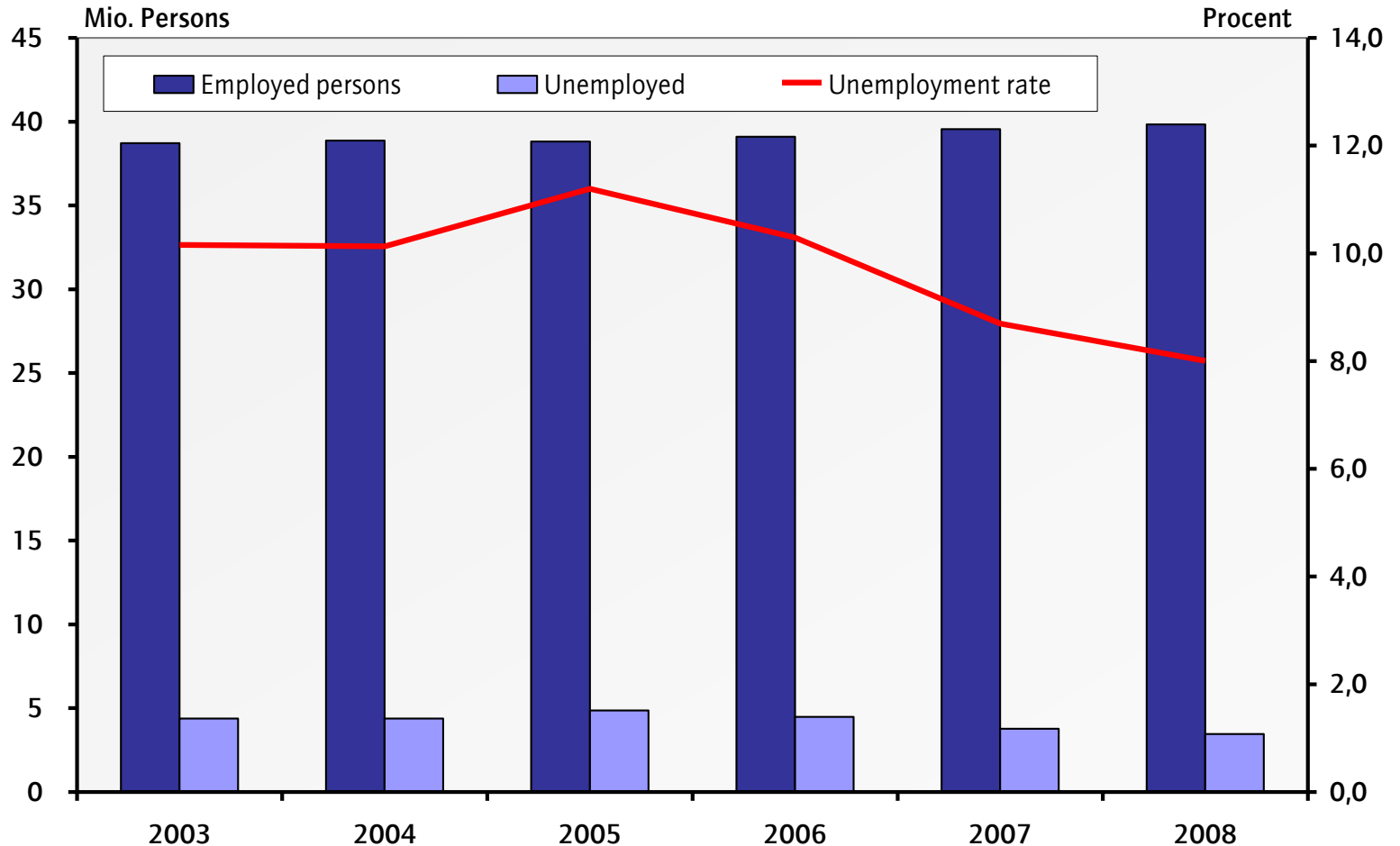


# Competitiveness still raising Inflation driven by exogenous factors

Consumer prices: HVPI

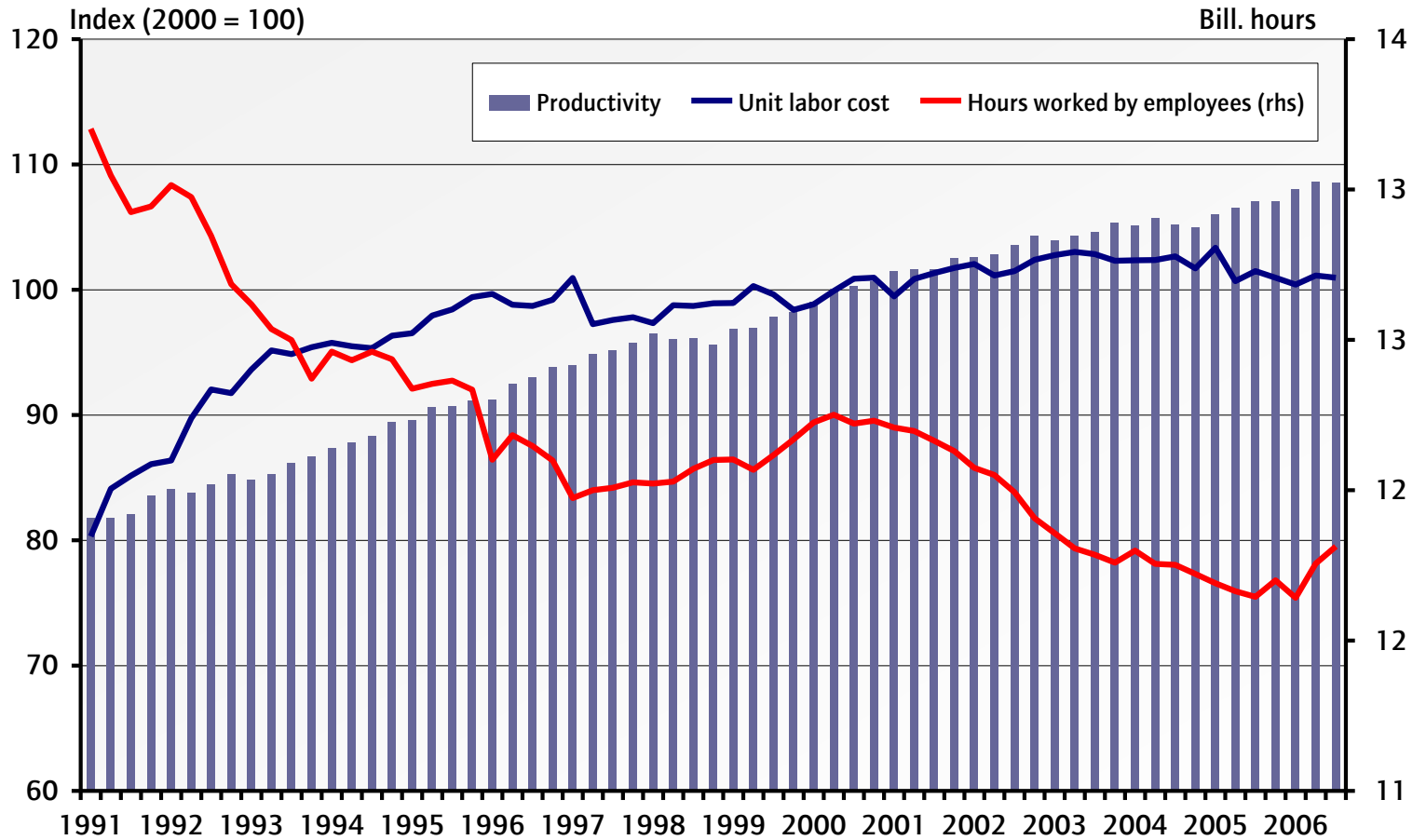


# Labor market improving, but still calls for action





# Productivity whip at work



# Erosion of the Eastern cost disadvantage – finally, but at a productivity distance

West Germany = 100

