



Kiel Institute

*for the World Economy*

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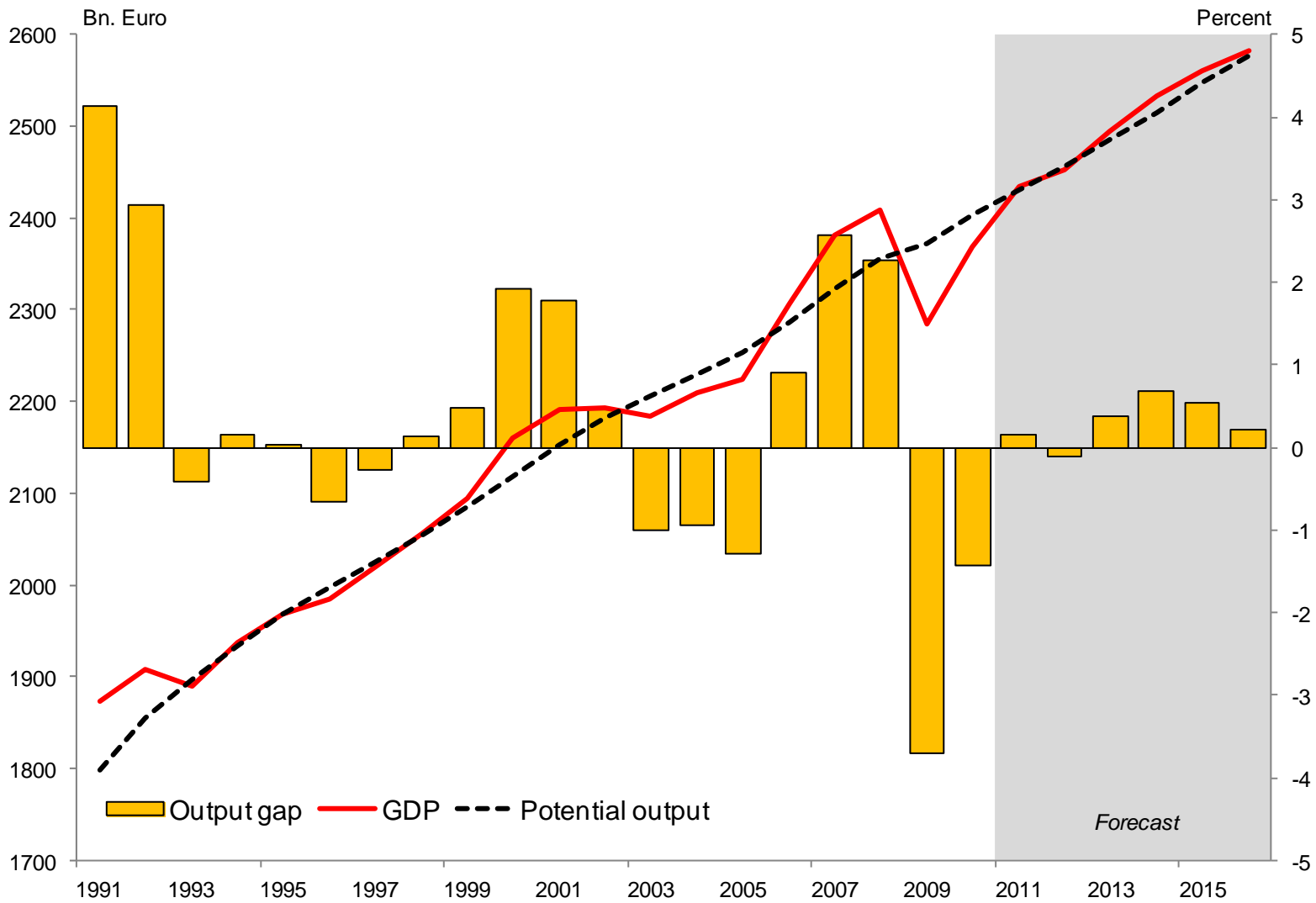
# Germany facing tougher headwinds

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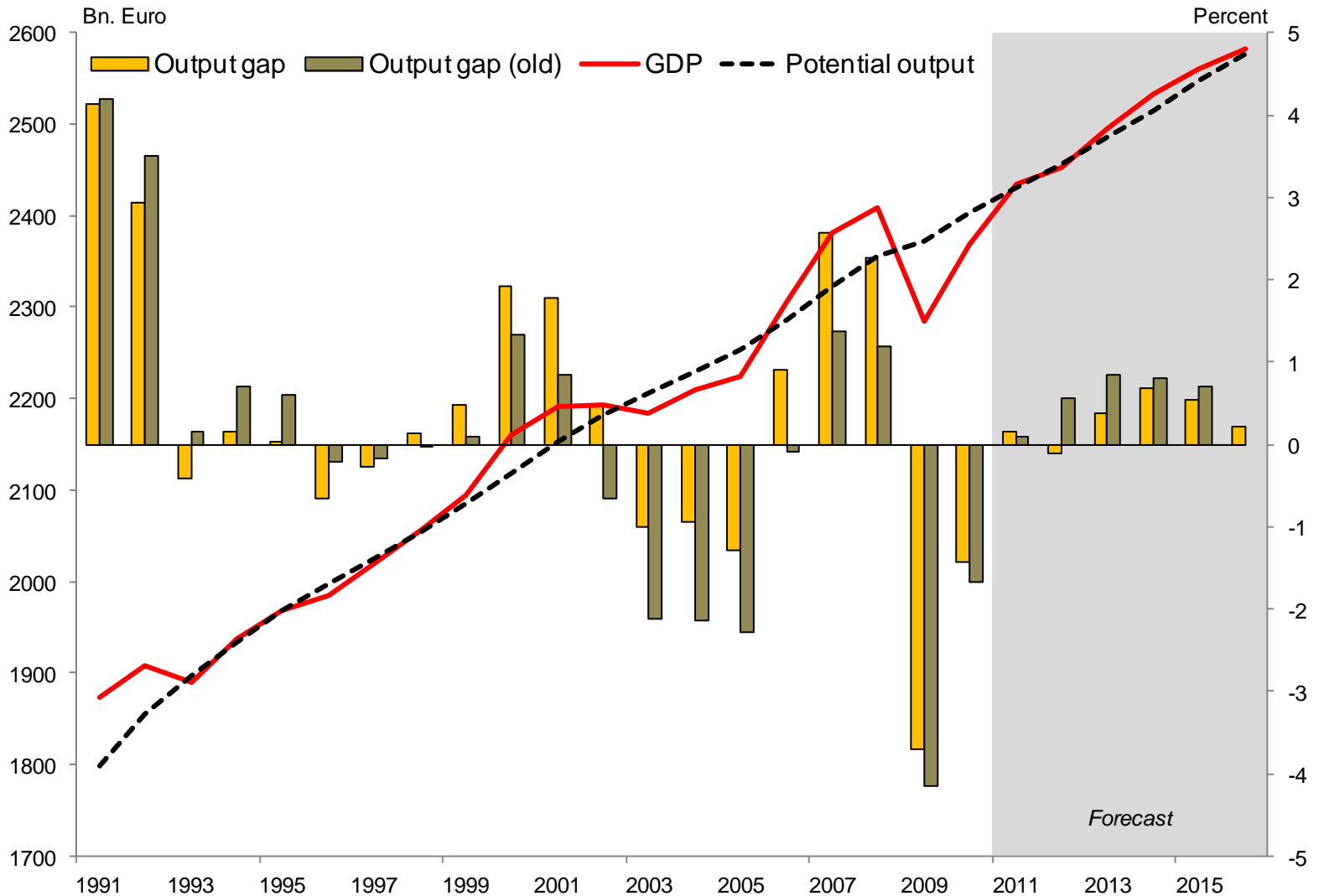
Stefan Kooths  
Forecasting Center



# The boom – on hold for one year (1)

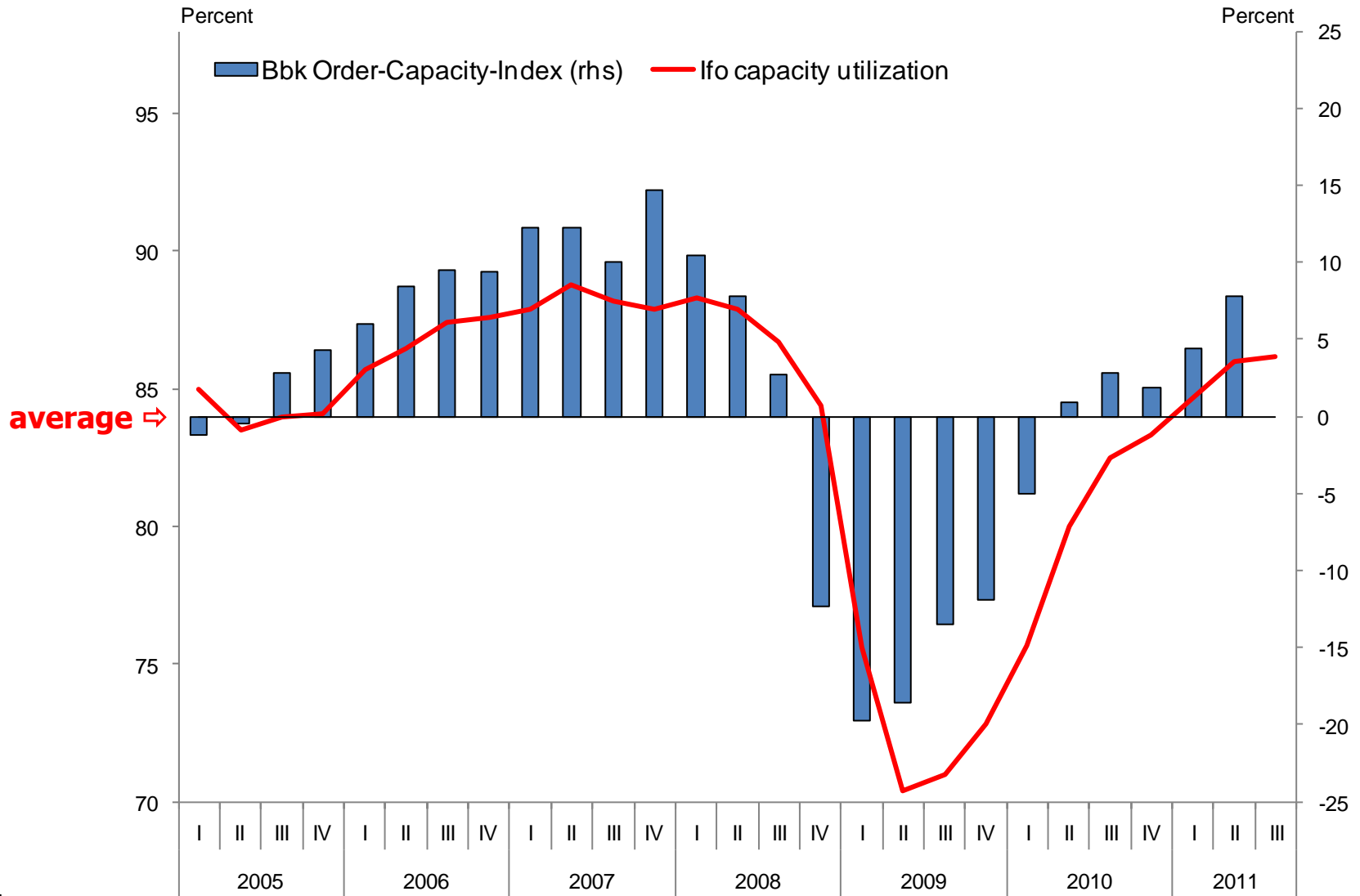


# The boom – on hold for one year (2)



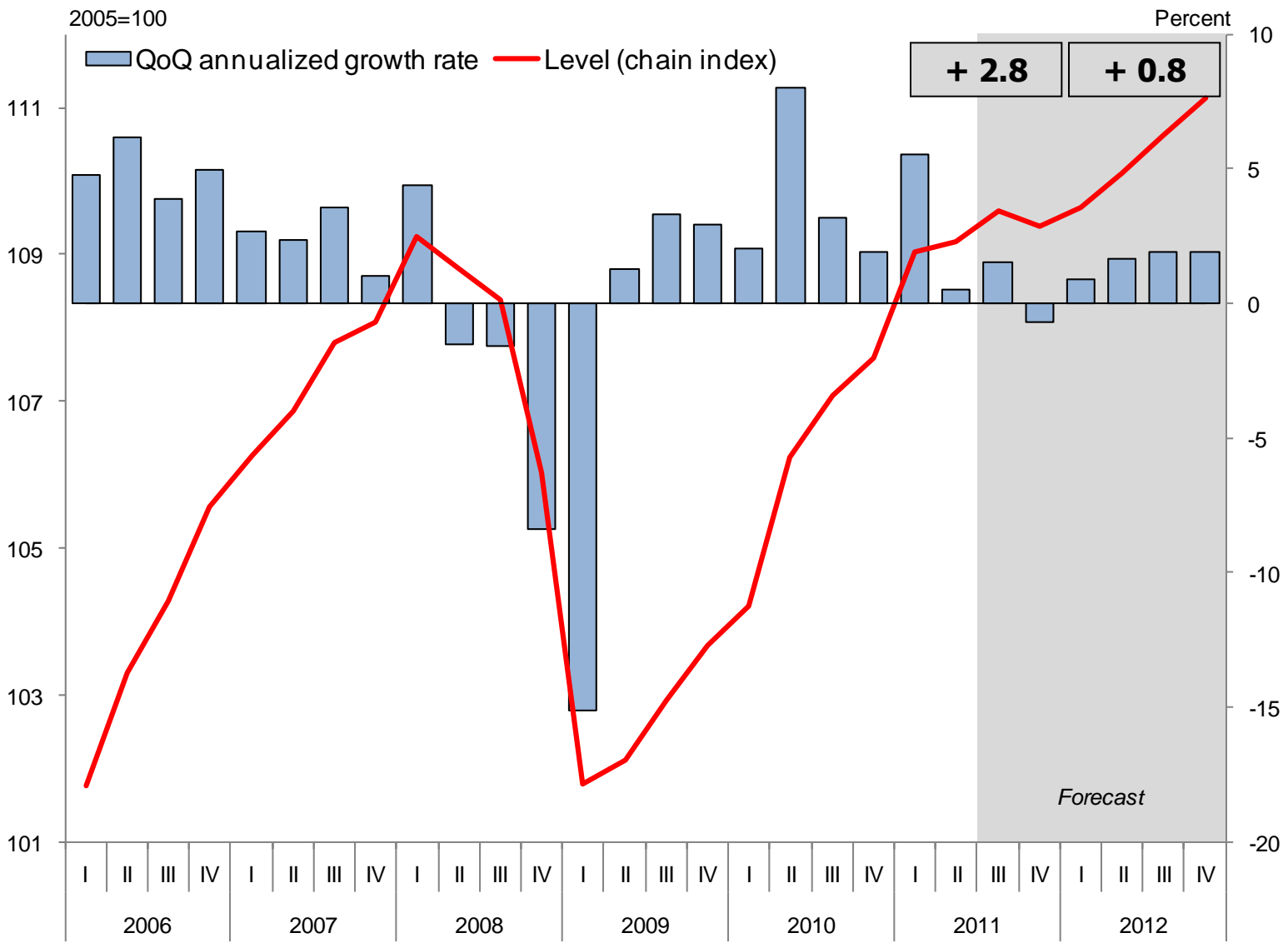


# Capacity utilization above normal levels



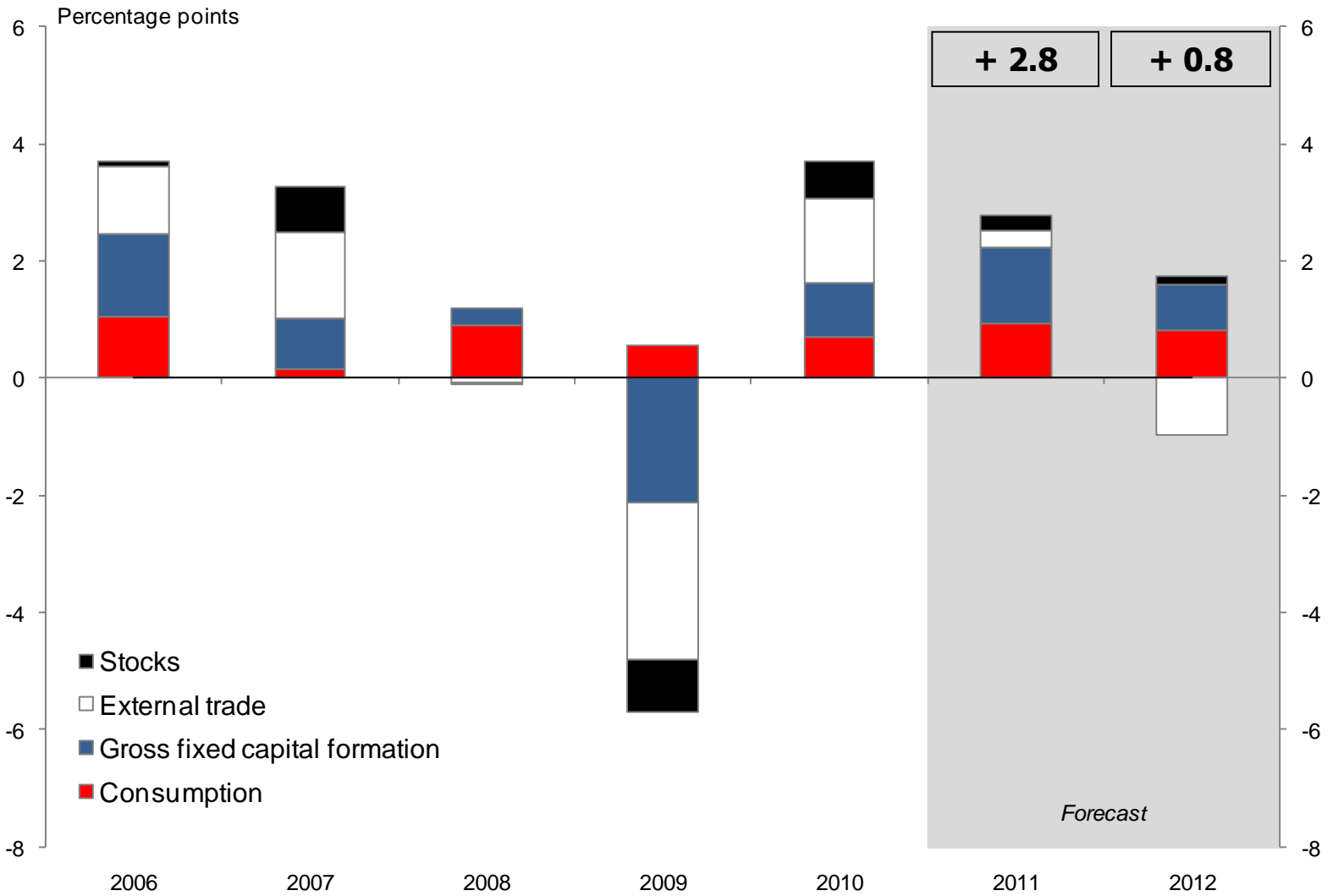


# GDP: Germany on the brink of recession ...





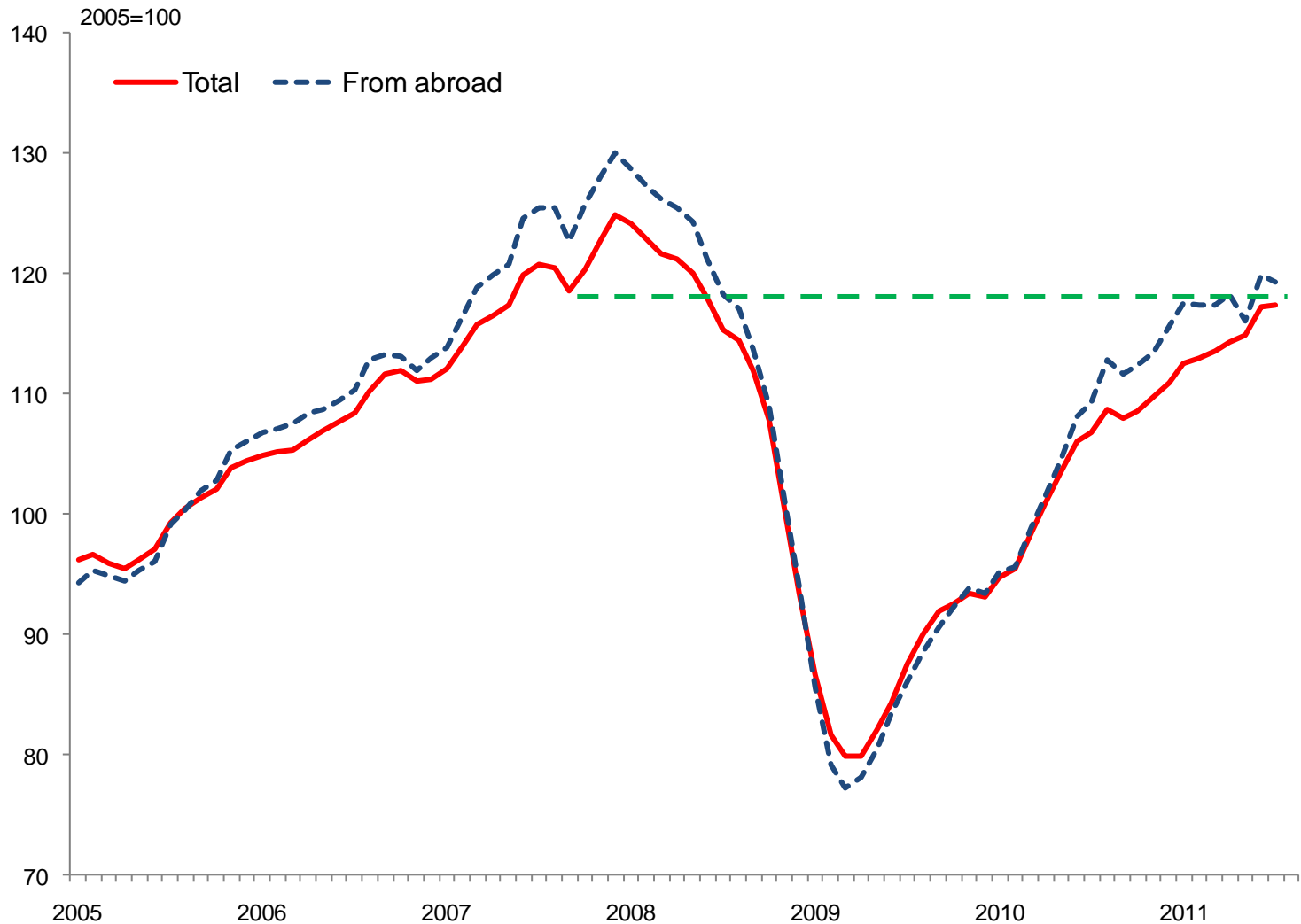
# ... but domestic demand quite robust



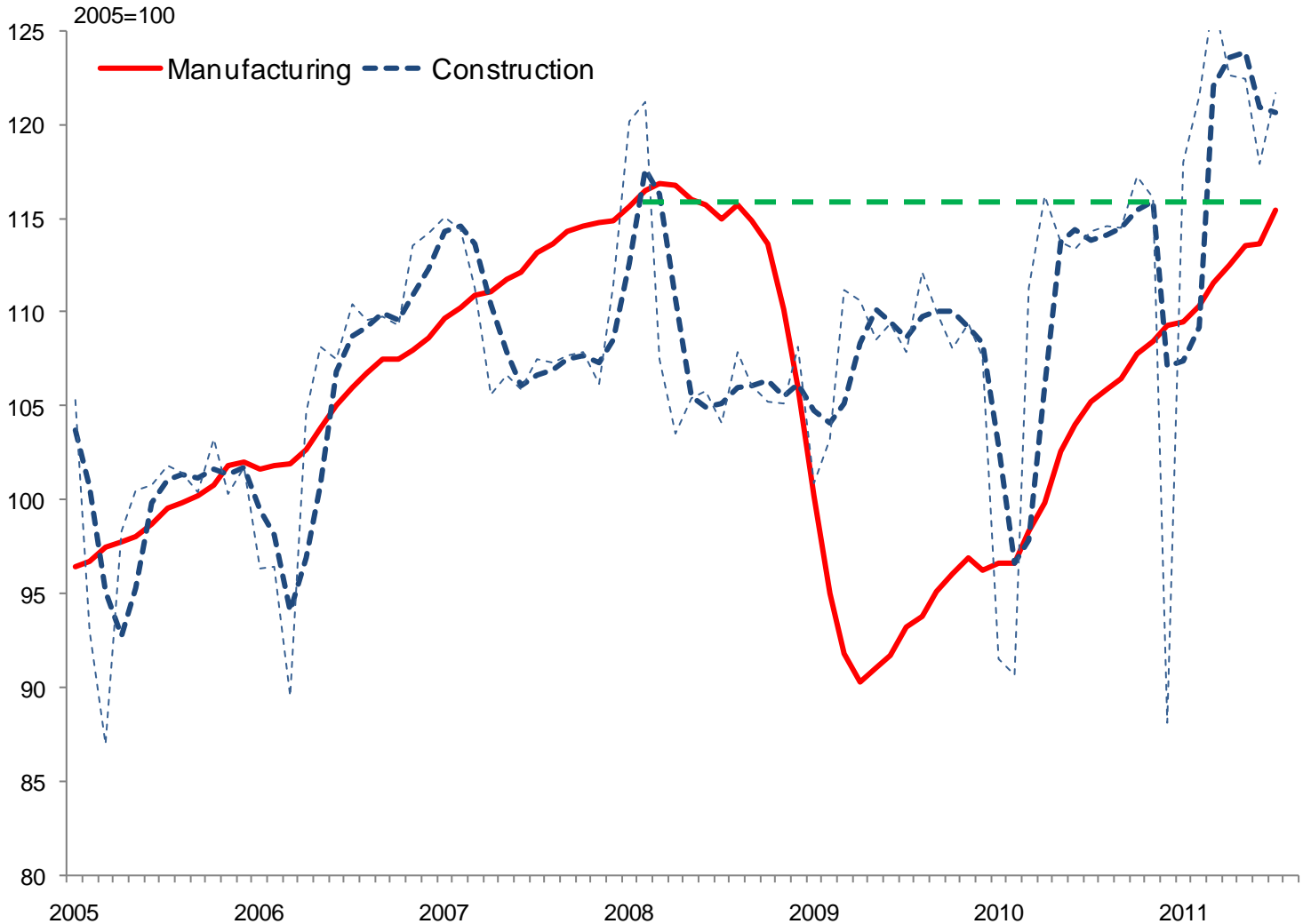
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# Orders received by industry: Weakening upward trend

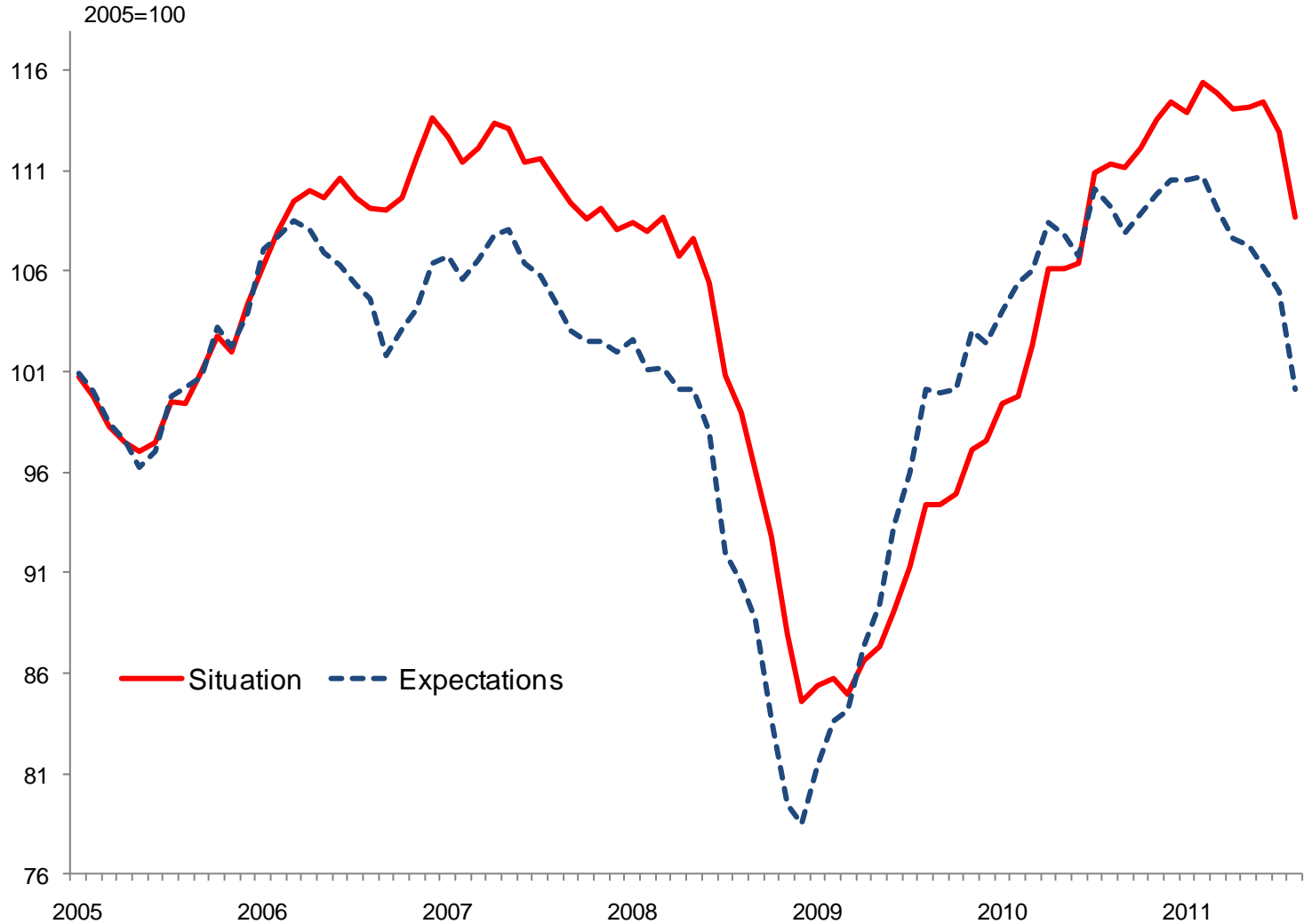


# Output in the production sector: Robust catching-up process

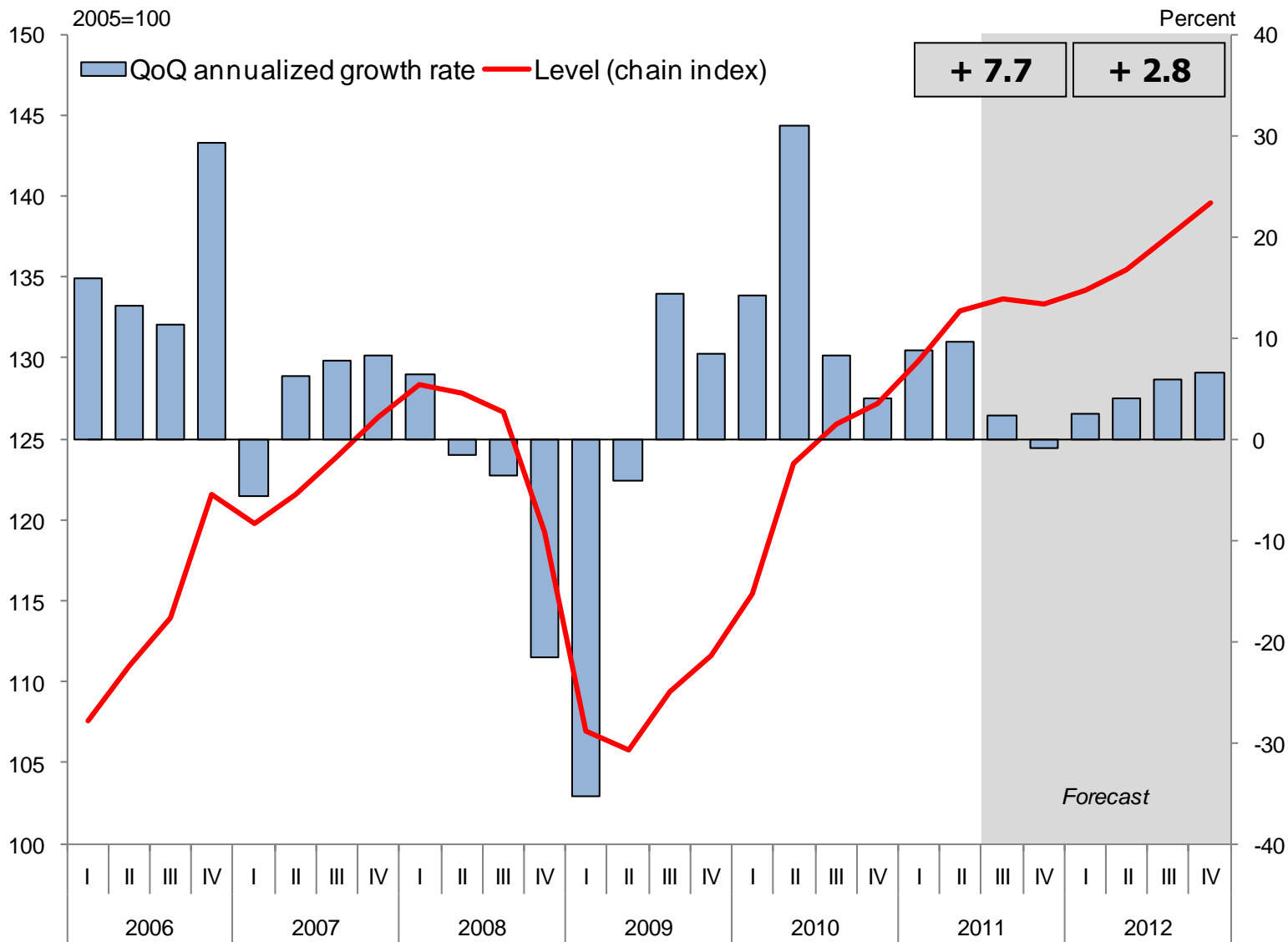




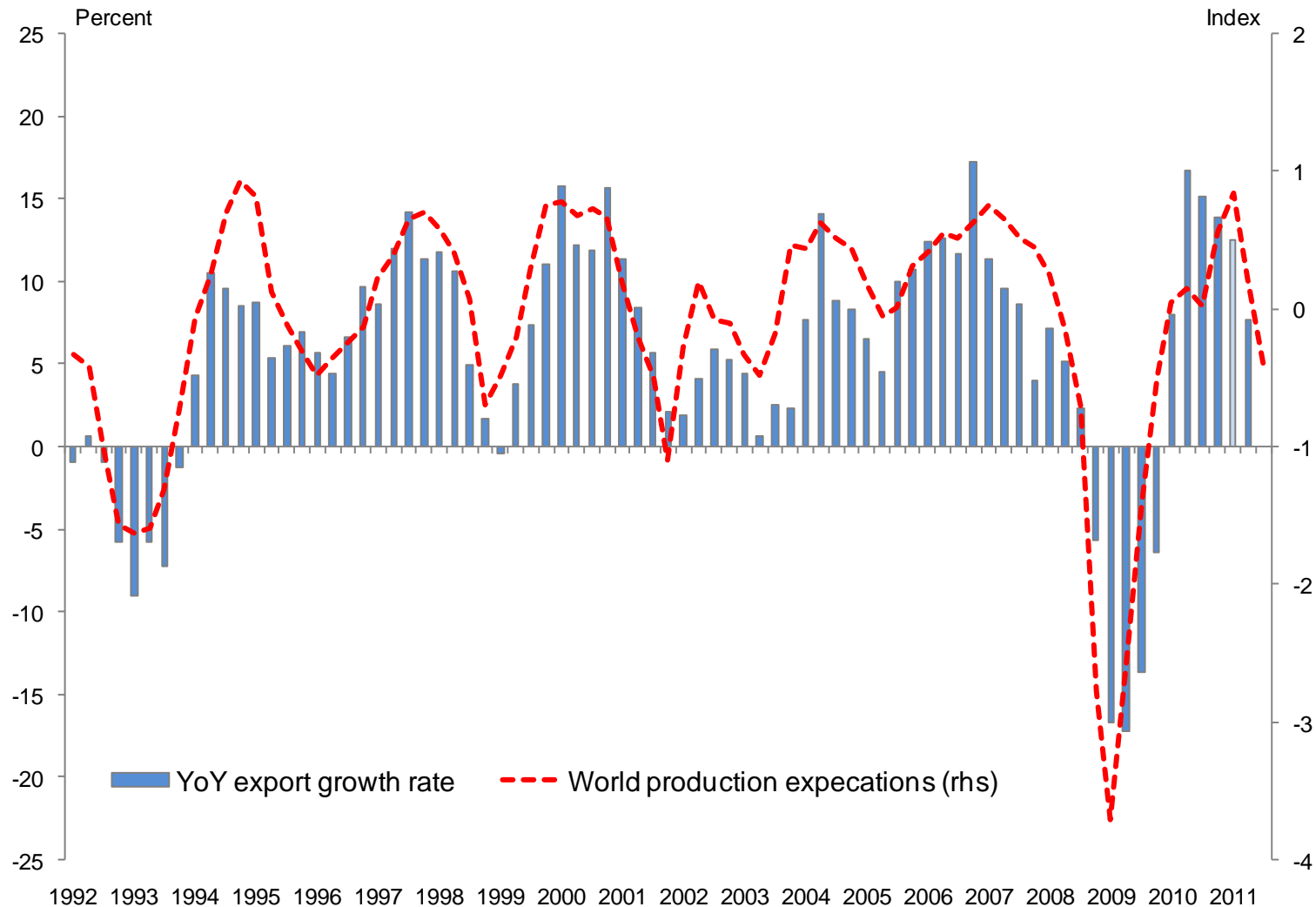
# Business climate drastically clouding over



# Exports hit mainly by euro area recession

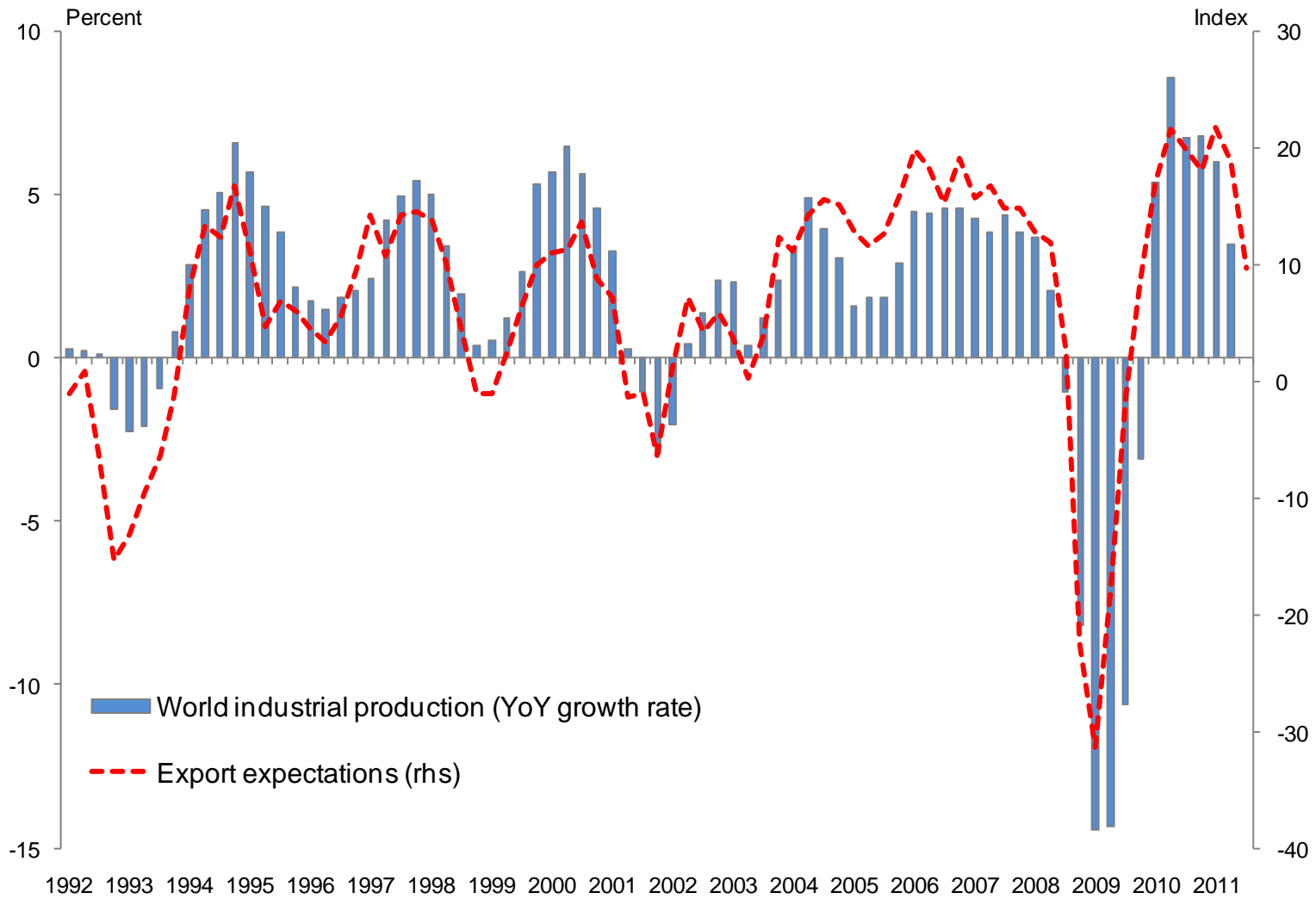


# Exports and world production expectations

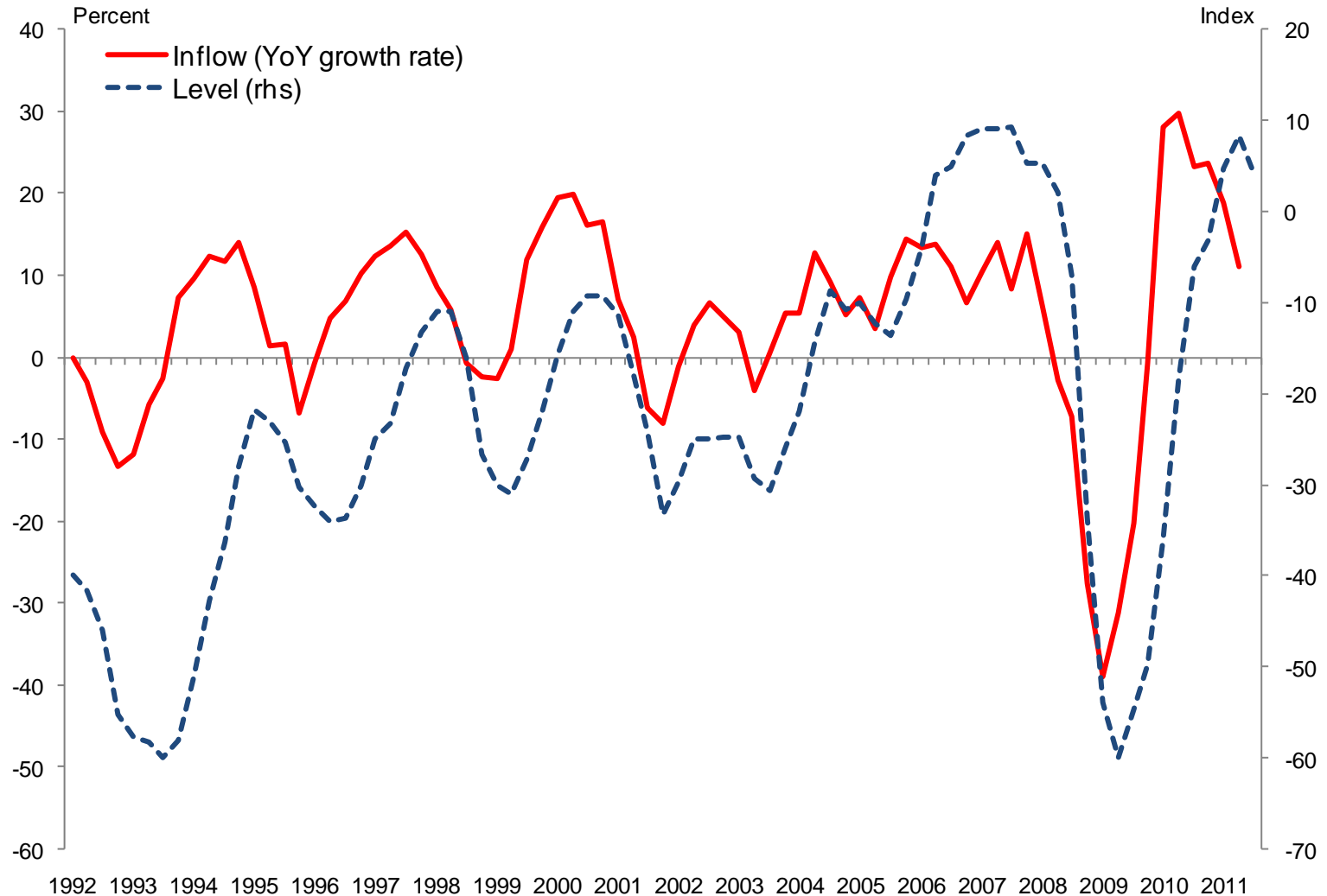




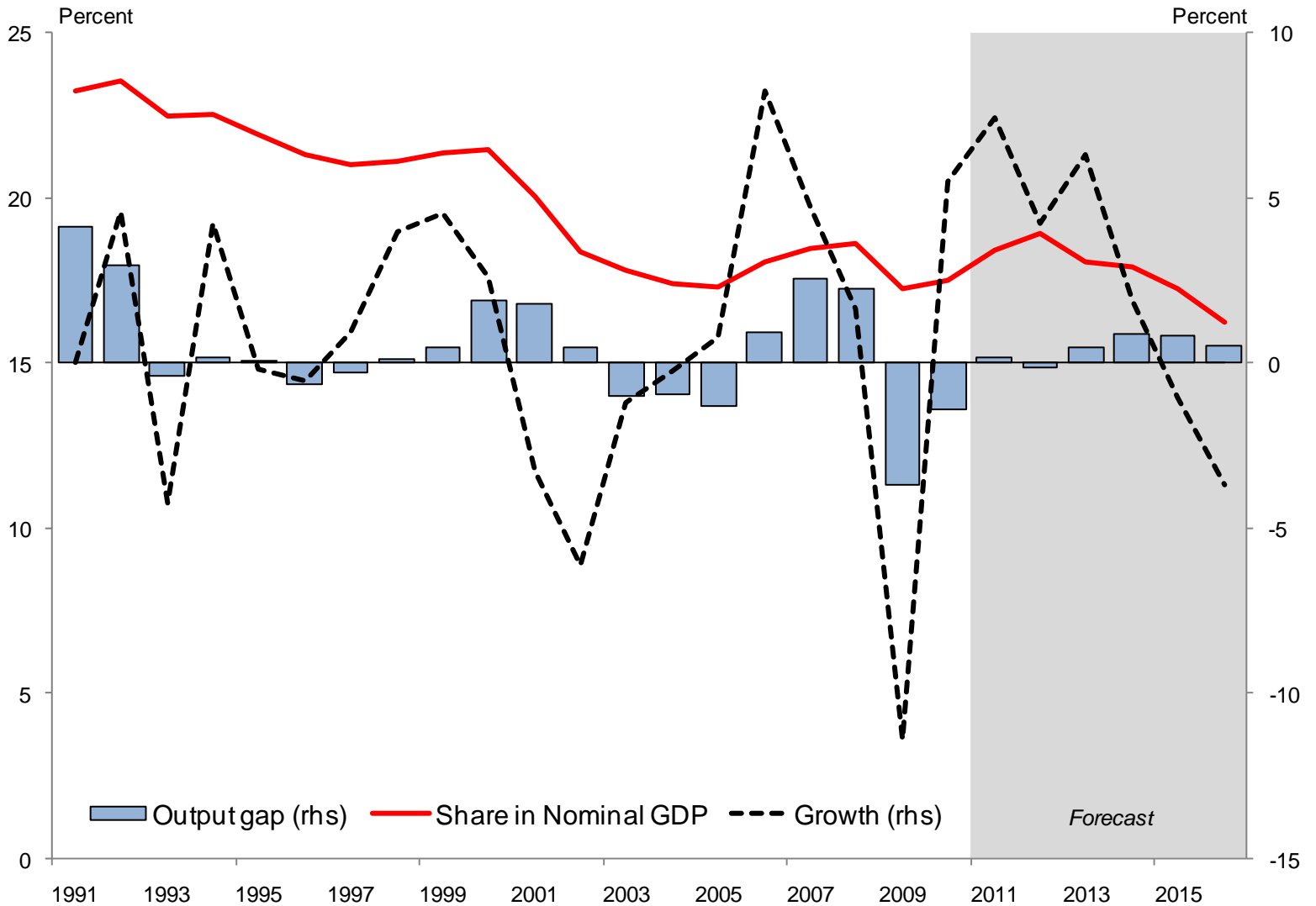
# World production and export expectations



# Orders from abroad (manufacturing)



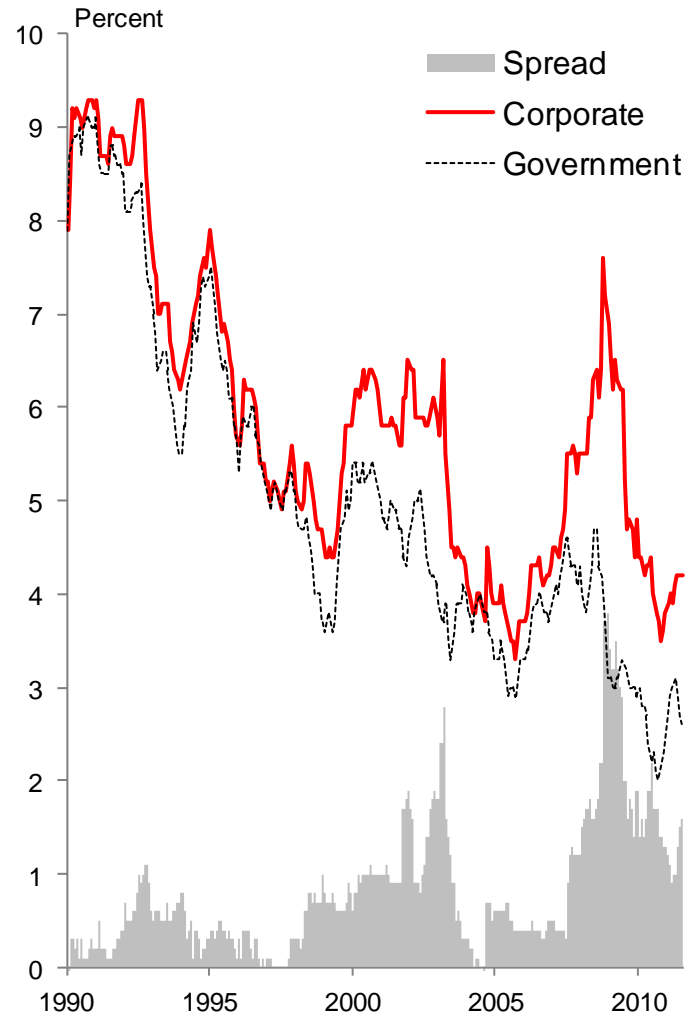
# Investment cycle (fixed capital formation)



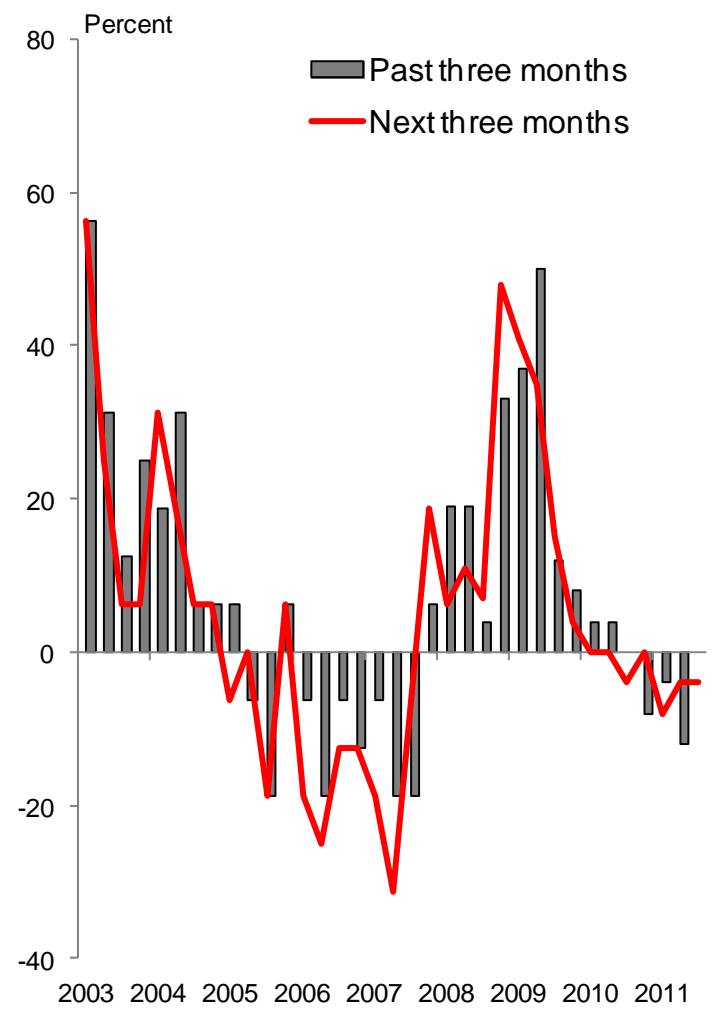


# Company funding

### Bond yields



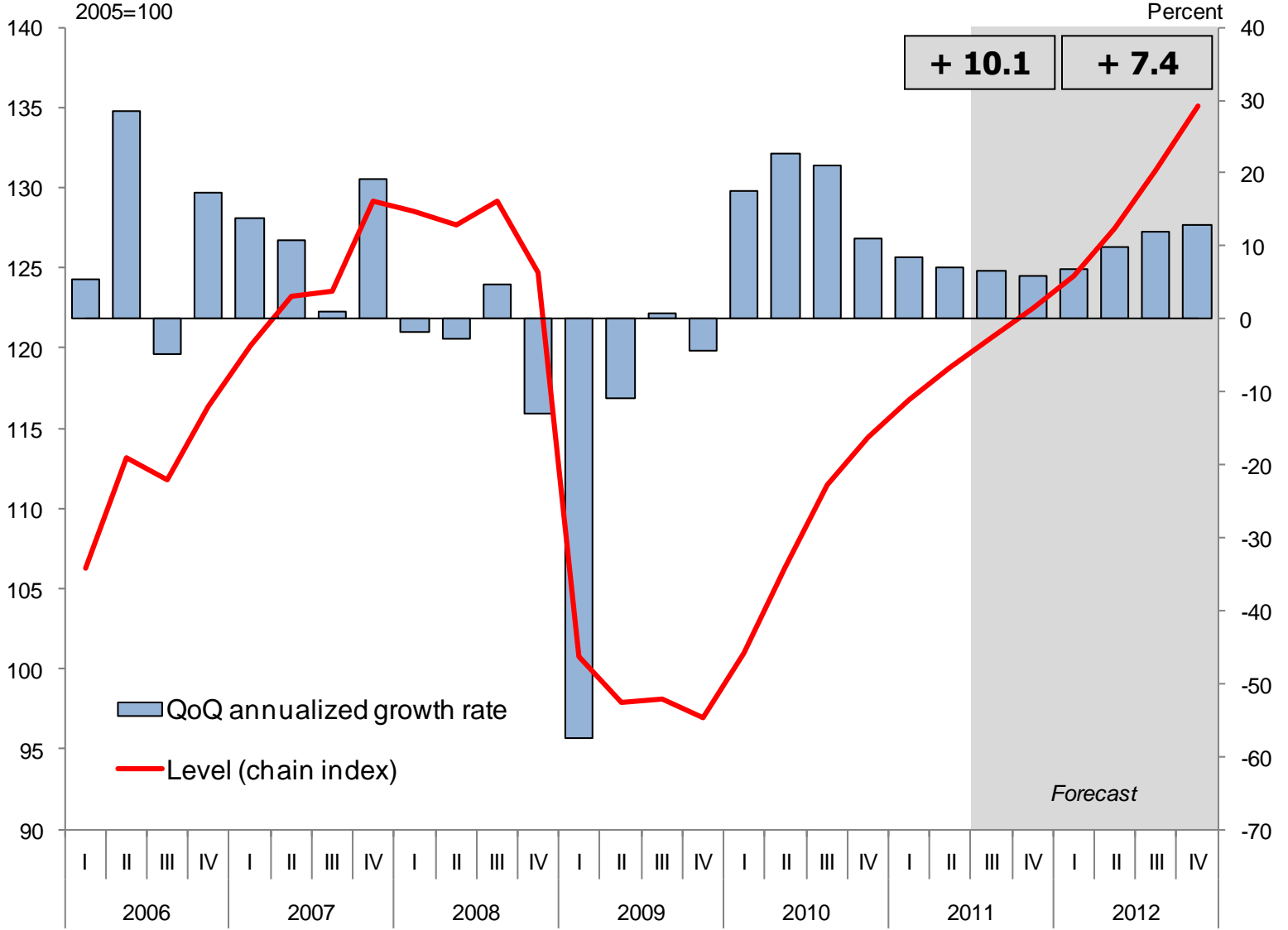
### Lending standards



Monthly data  
Corporate bonds: maturing within 3 years; Government bonds: maturing within 5 years

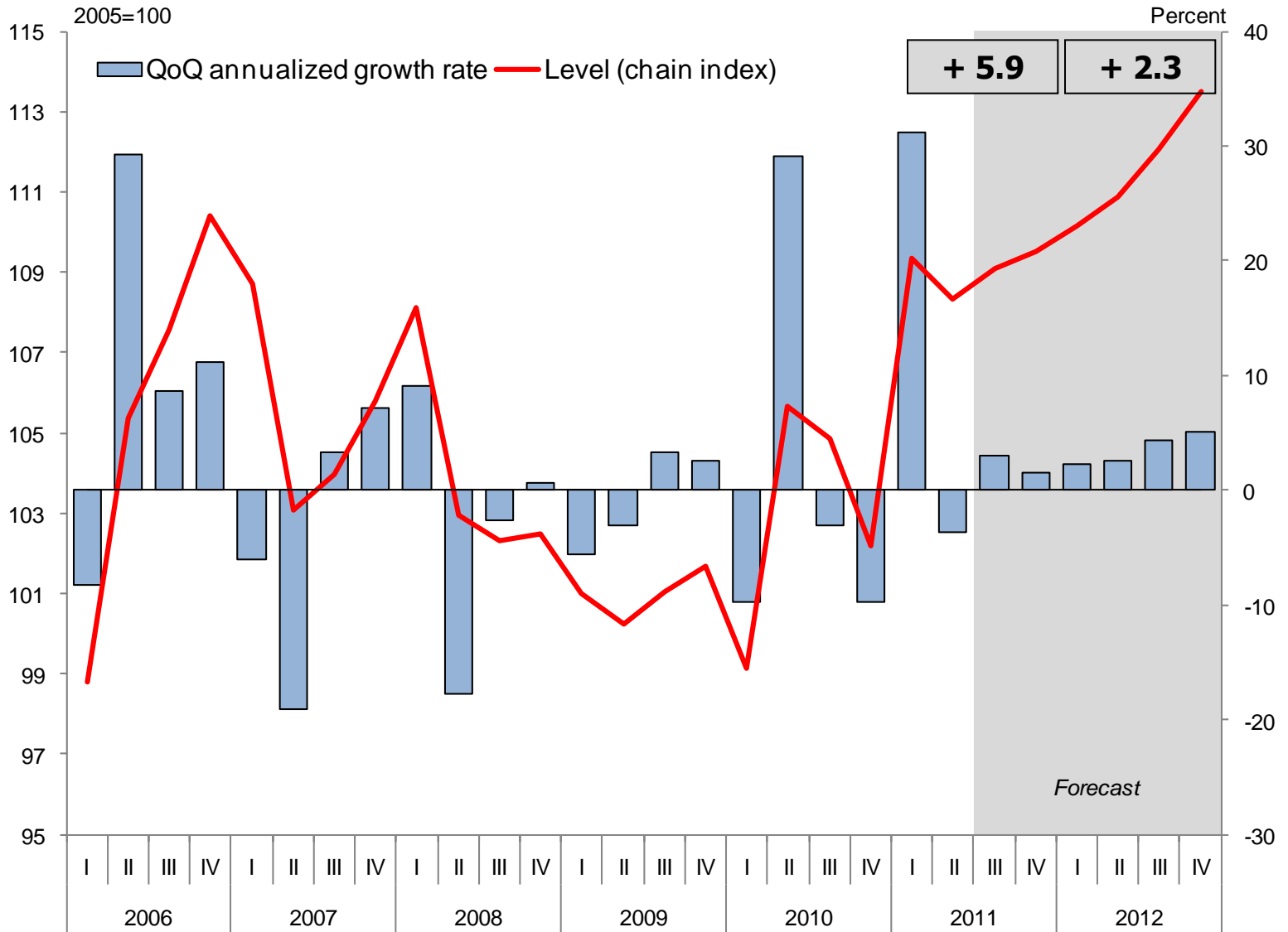
Quarterly data

# M&E investment: Wait-and-see dampens cyclical momentum

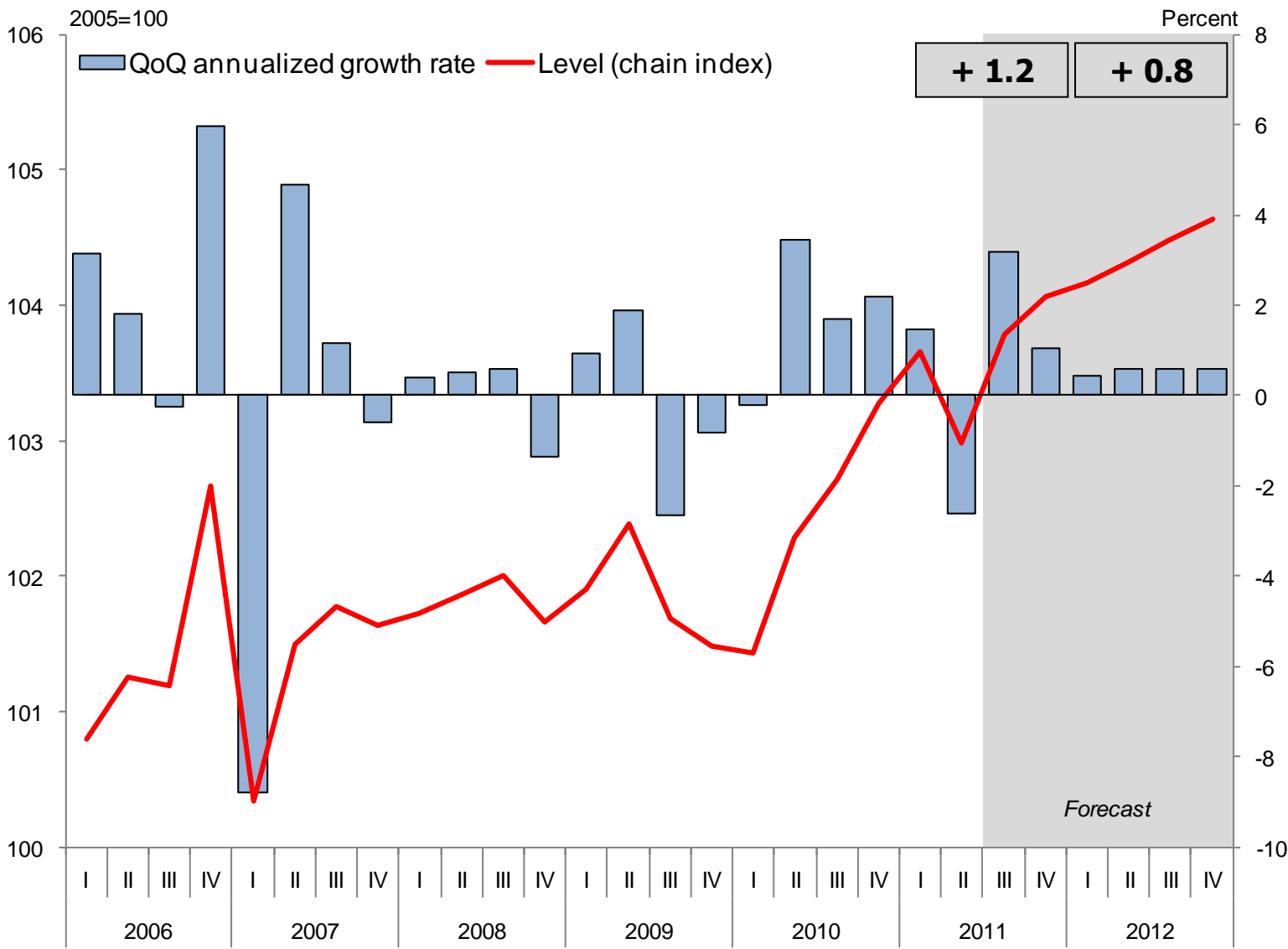




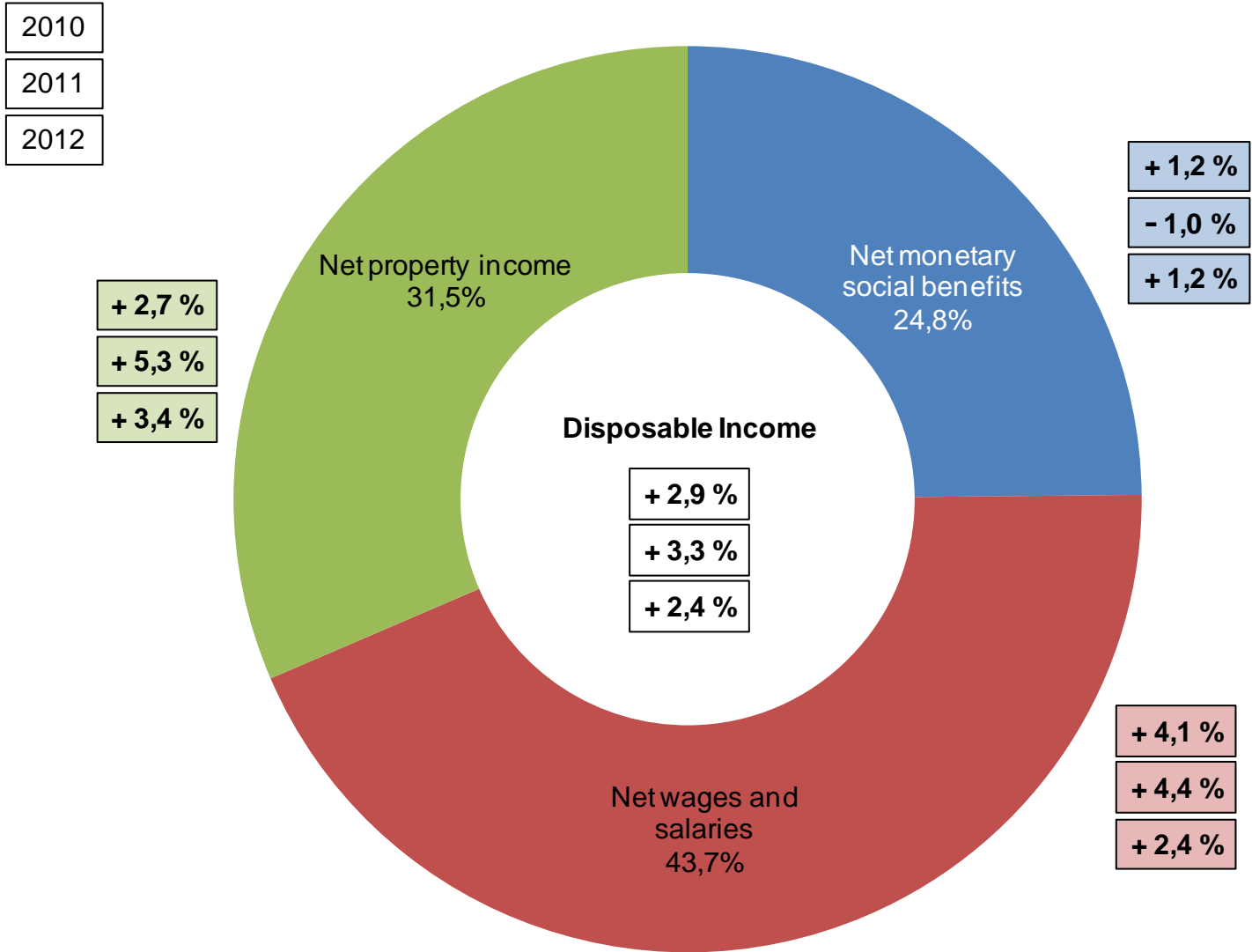
# Constructions driven by residential demand



# Consumer spending reflects stable saving rate



# Disposable income of private households



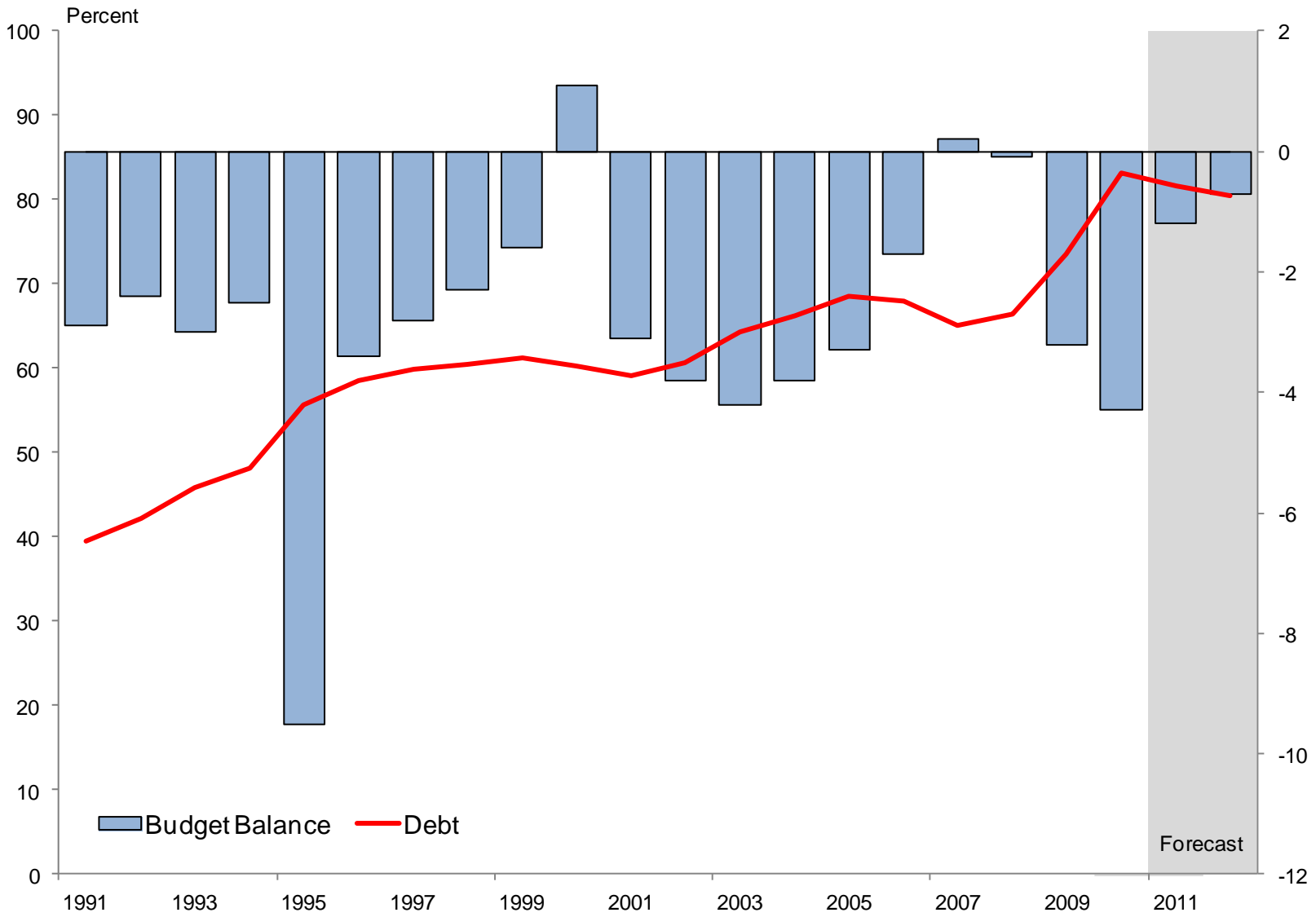
# GDP and key components

Volumes, change over previous year in percent

	<b>2010</b>	<b>2011</b>	<b>2012</b>
GDP	3.7	2.8	0.8
Private consumption	0.6	1.2	0.8
Public consumption	1.7	1.2	1.4
M&E investment	10.5	10.1	7.4
Construction	1.9	5.9	2.3
Exports	13.7	7.7	2.8
Imports	11.7	8.1	5.2

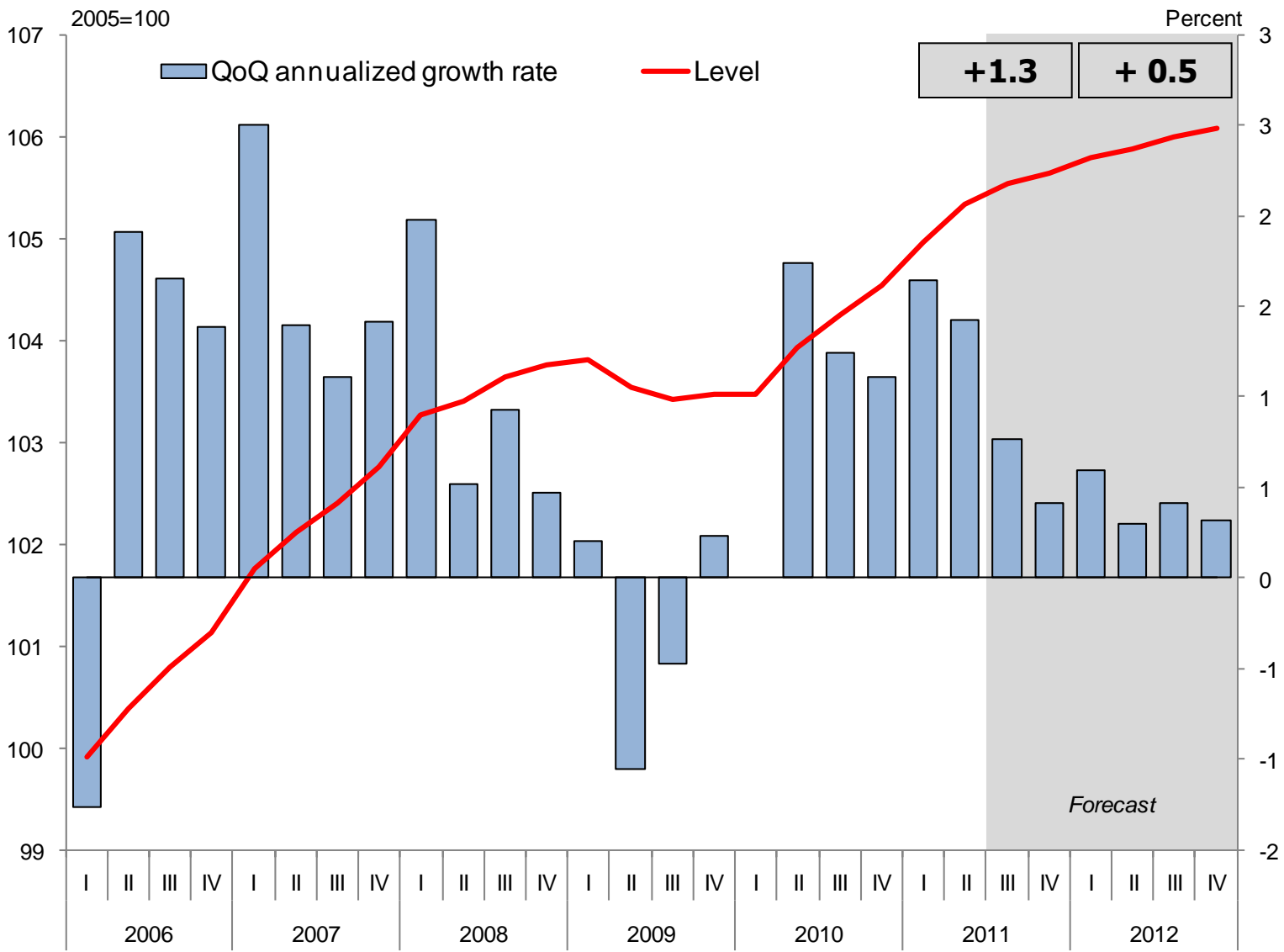


# Public finance



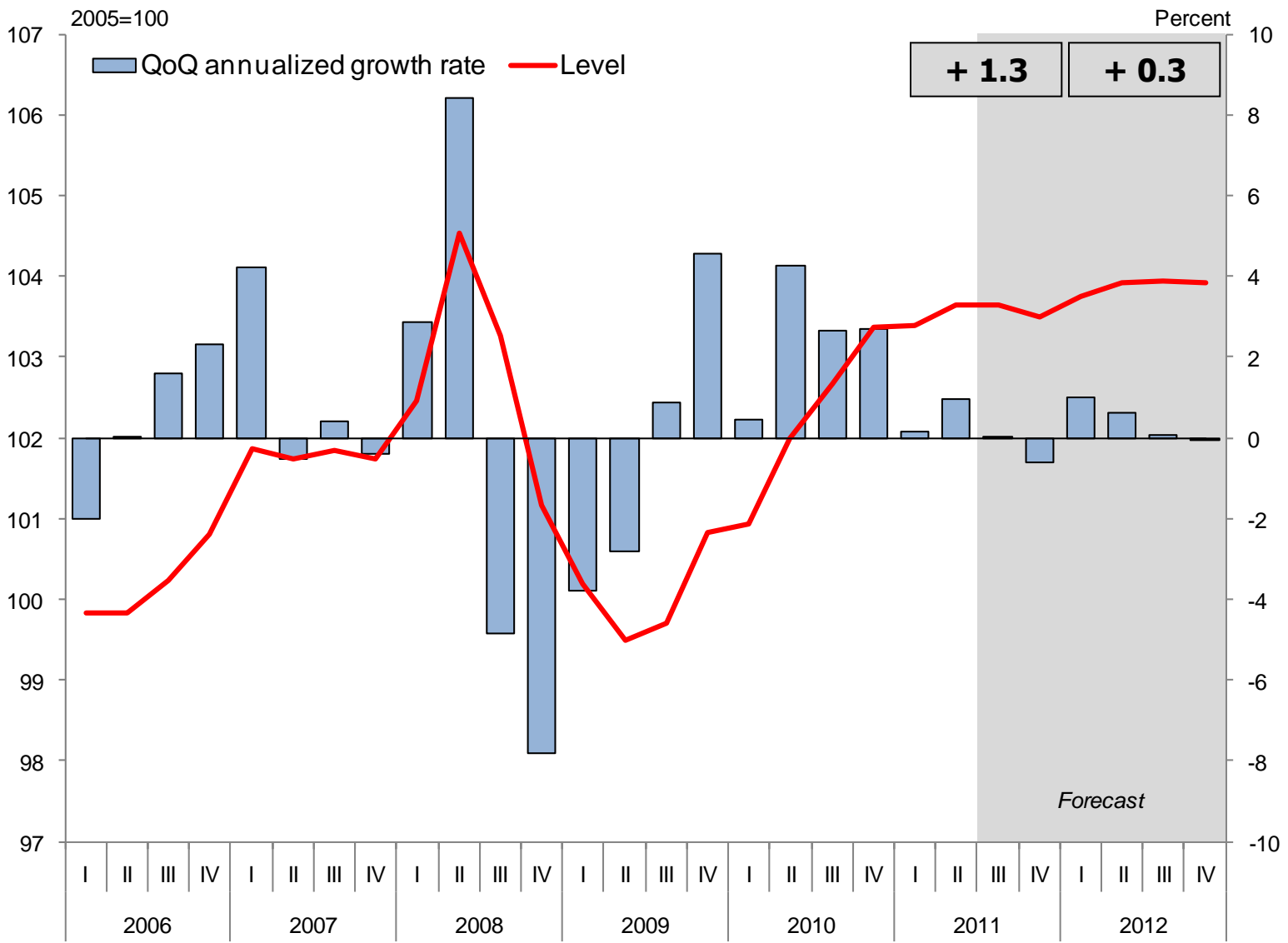


# Employment at an all-time high ...



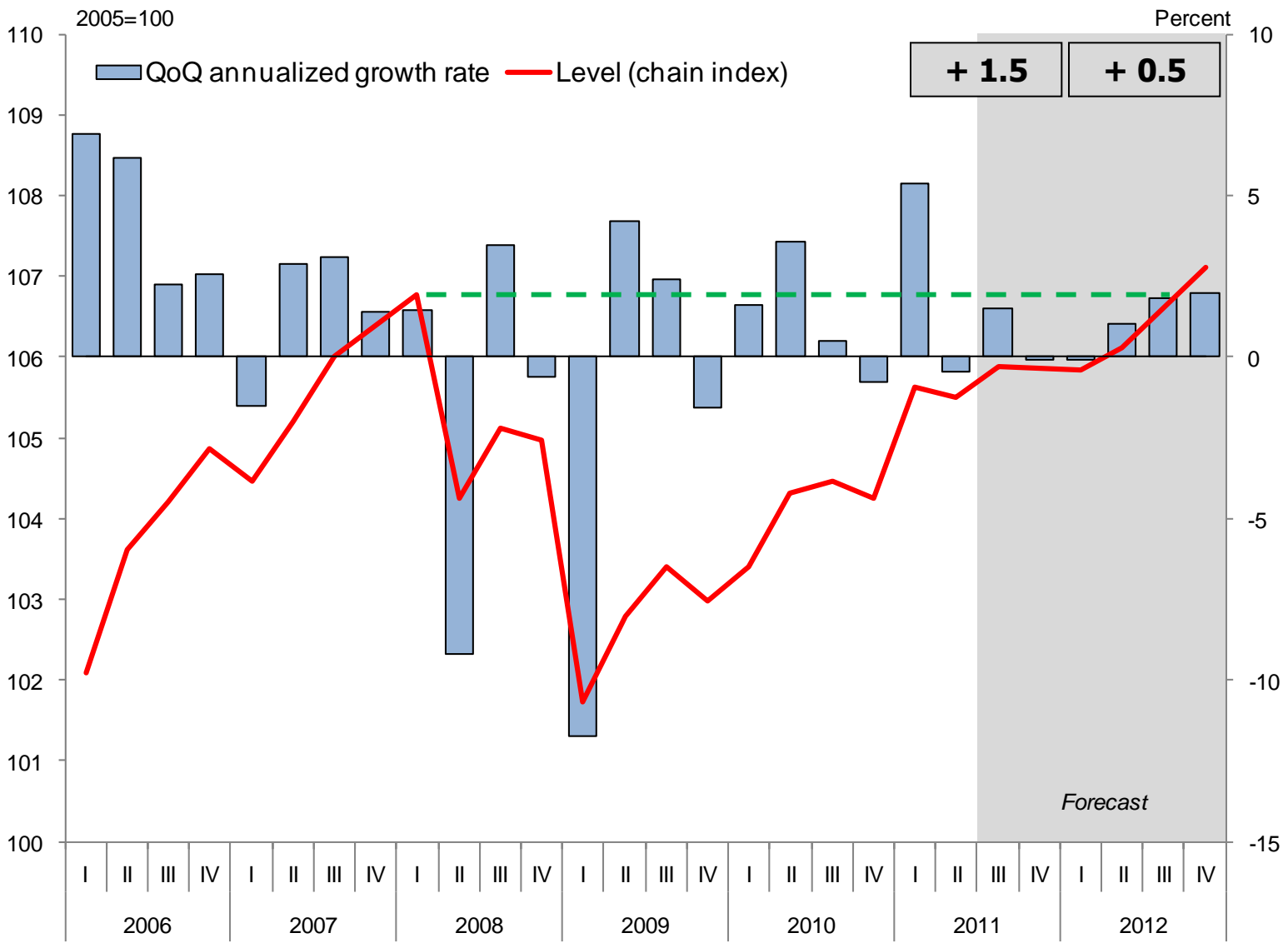


# ... total hours worked near pre-crisis levels ...





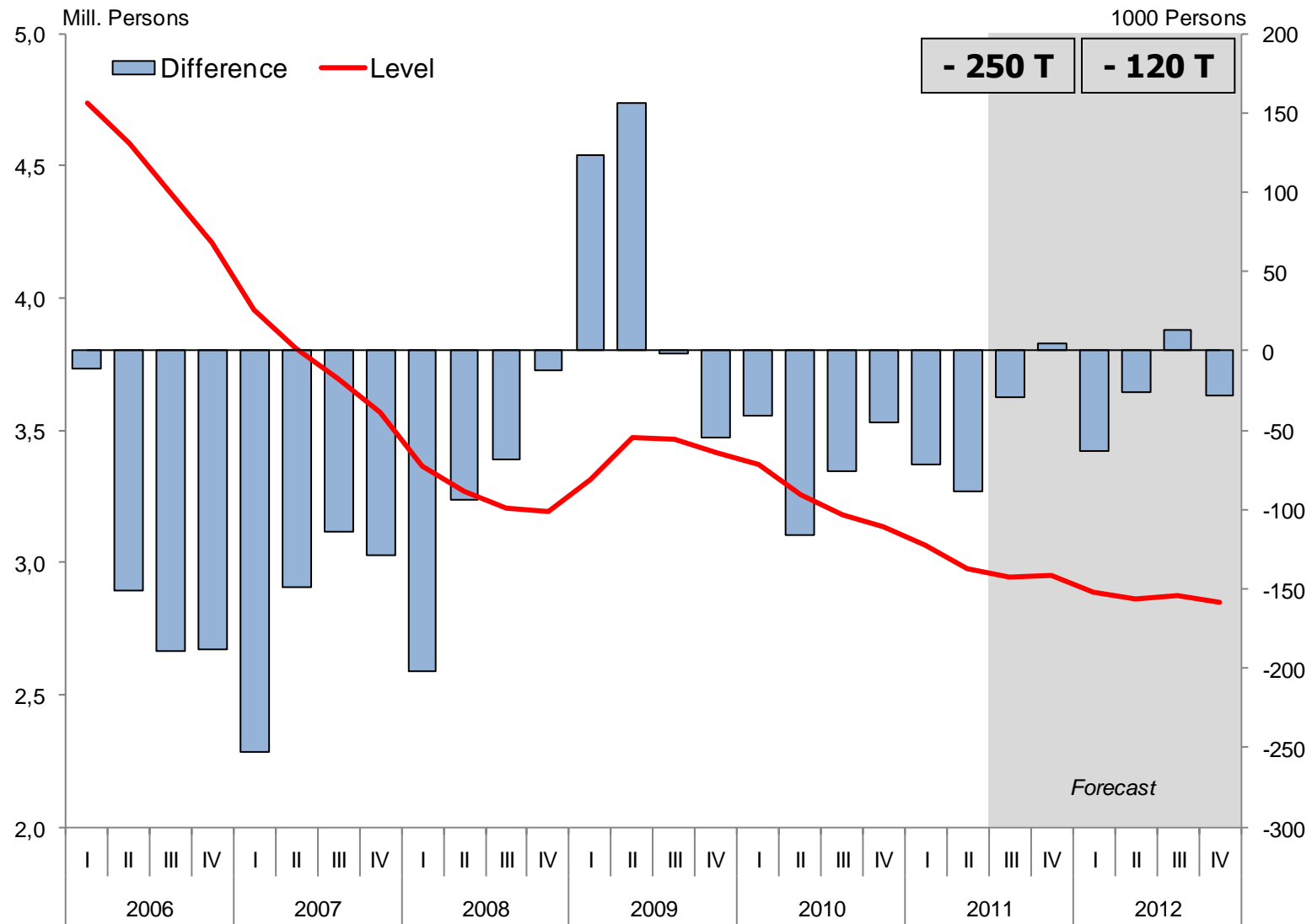
# ... but 4 lost years of labor productivity growth





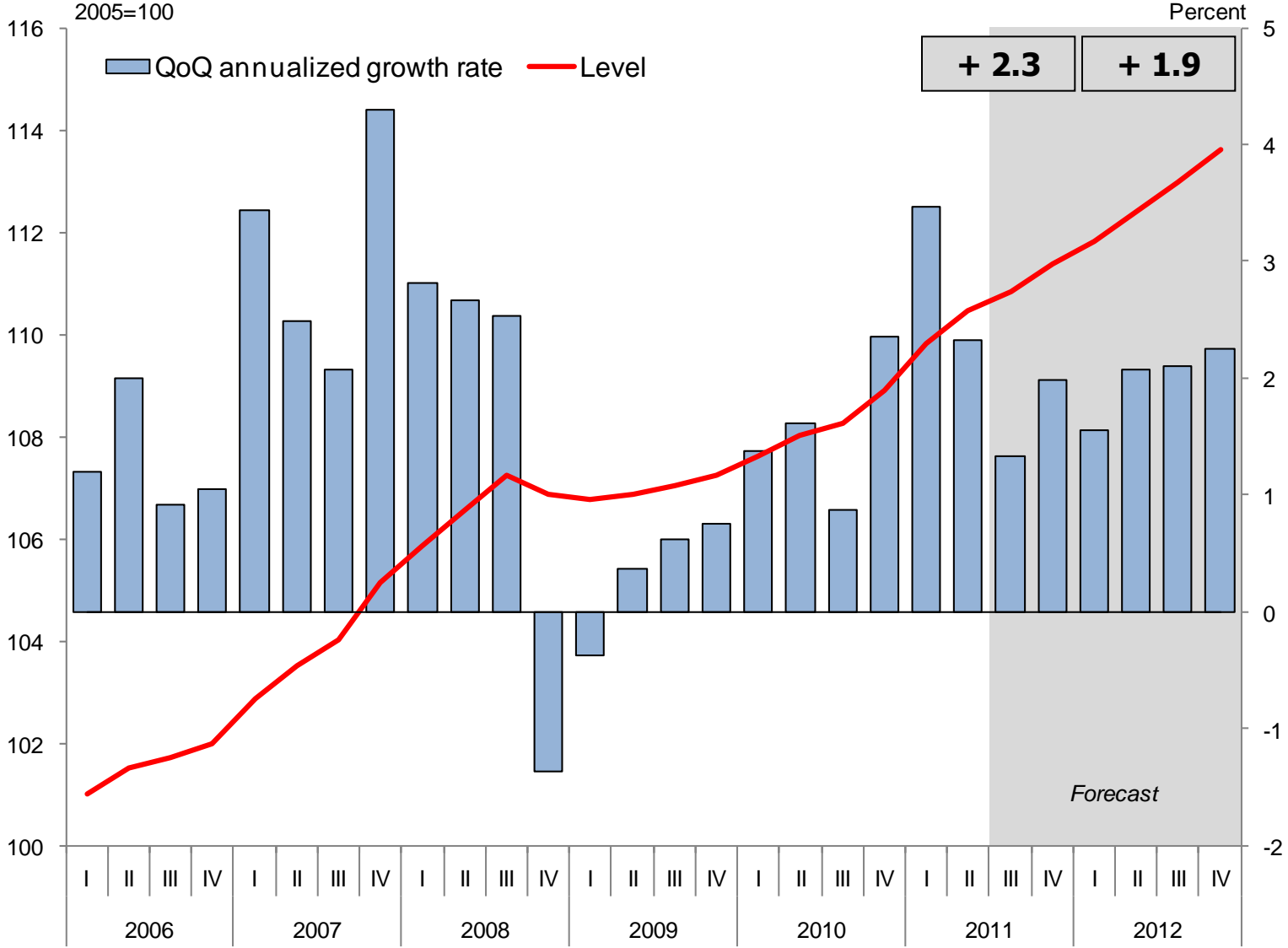


# Unemployment: 3 mill. (2011), 2.9 mill (2012)

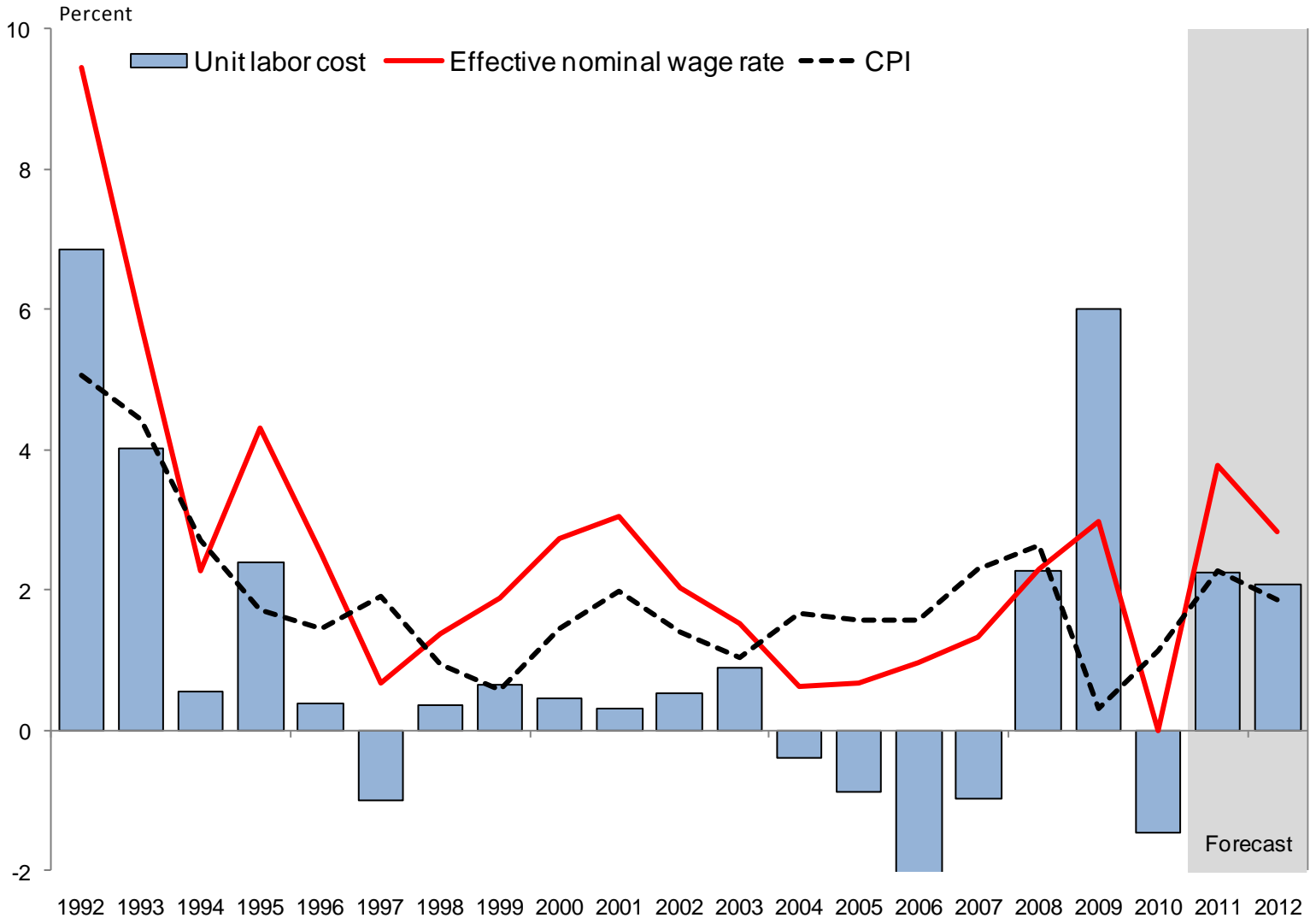




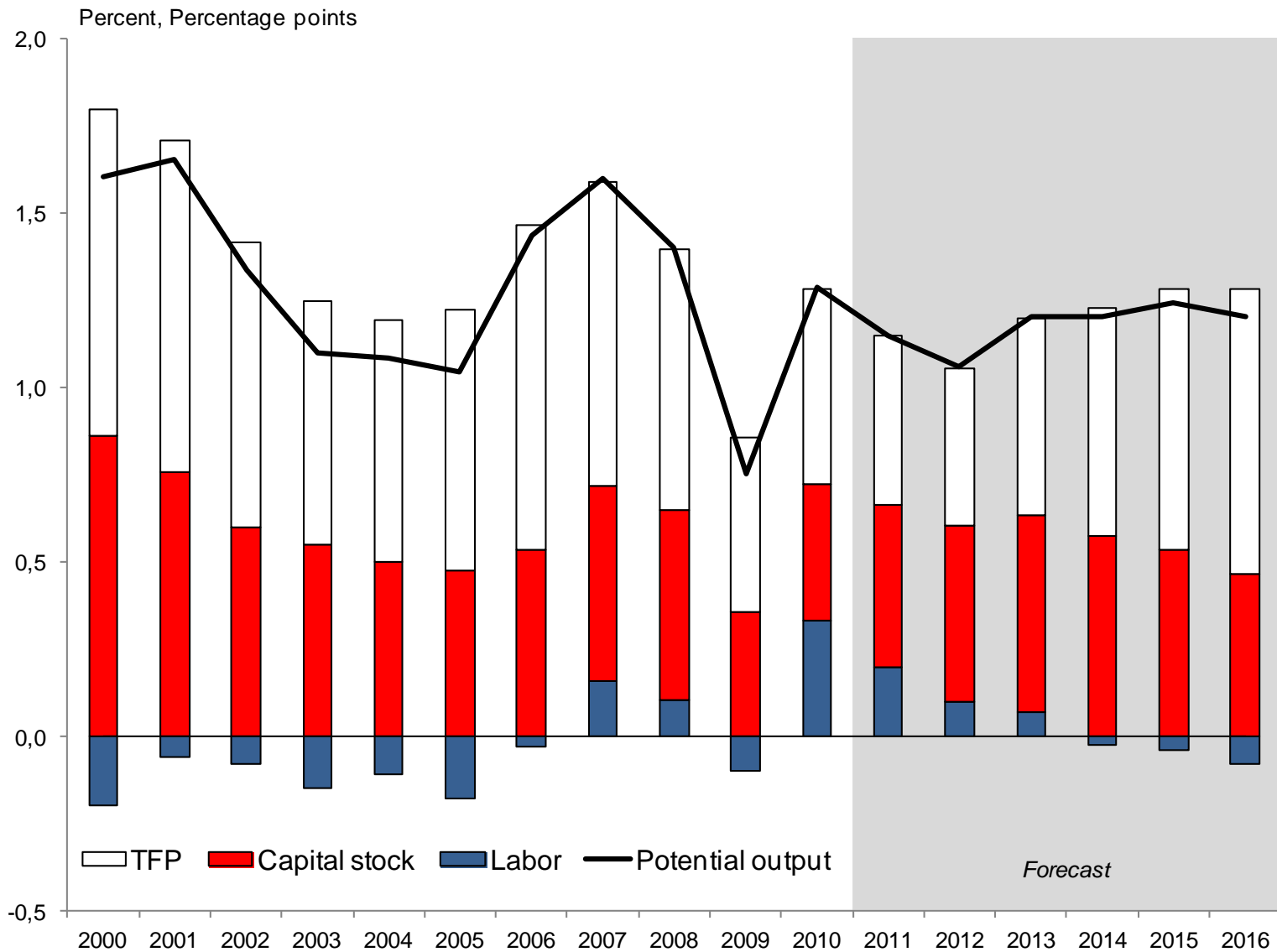
# Consumer prices



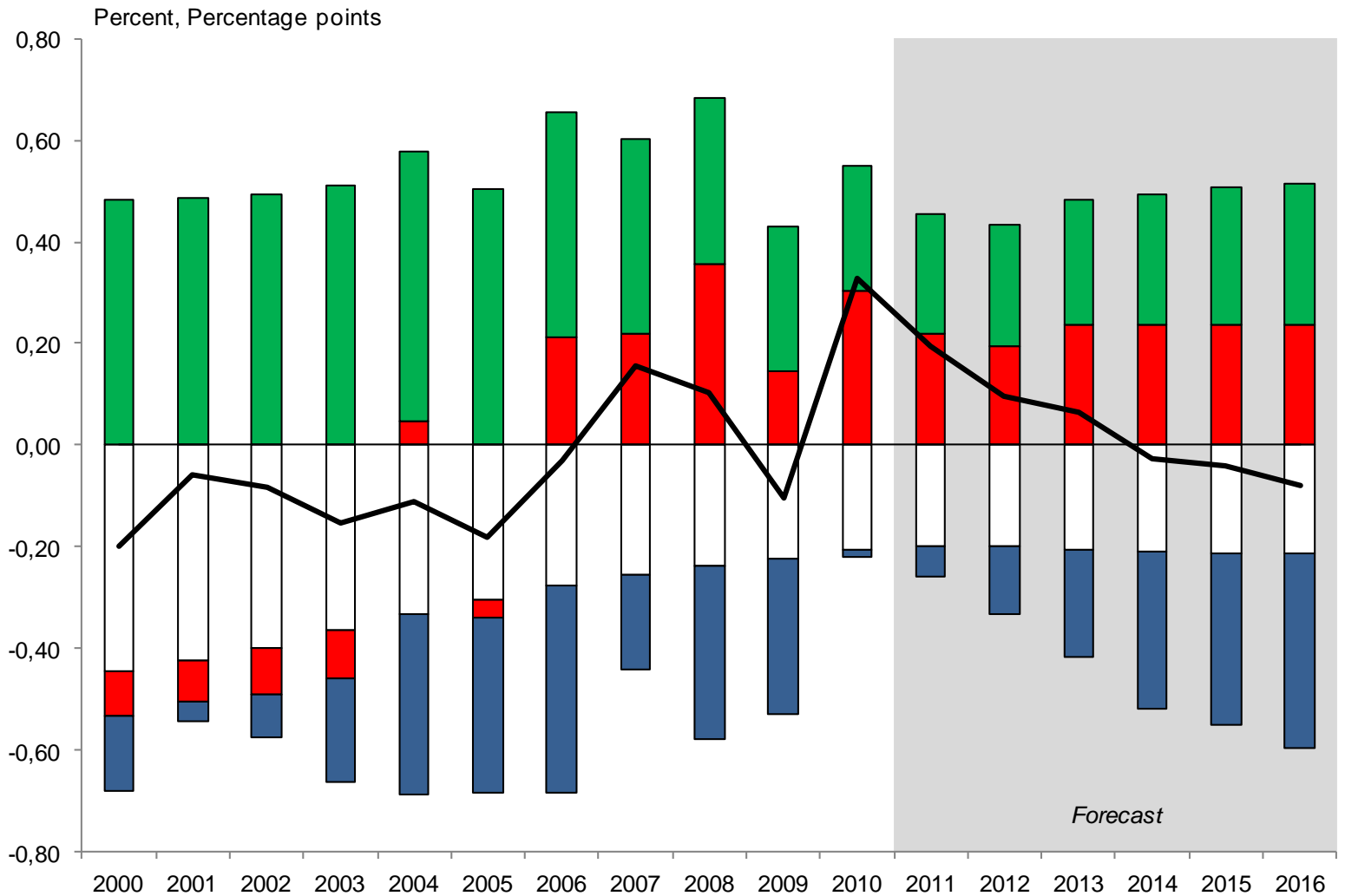
# Unit labor cost: A domestic inflation driver on hold



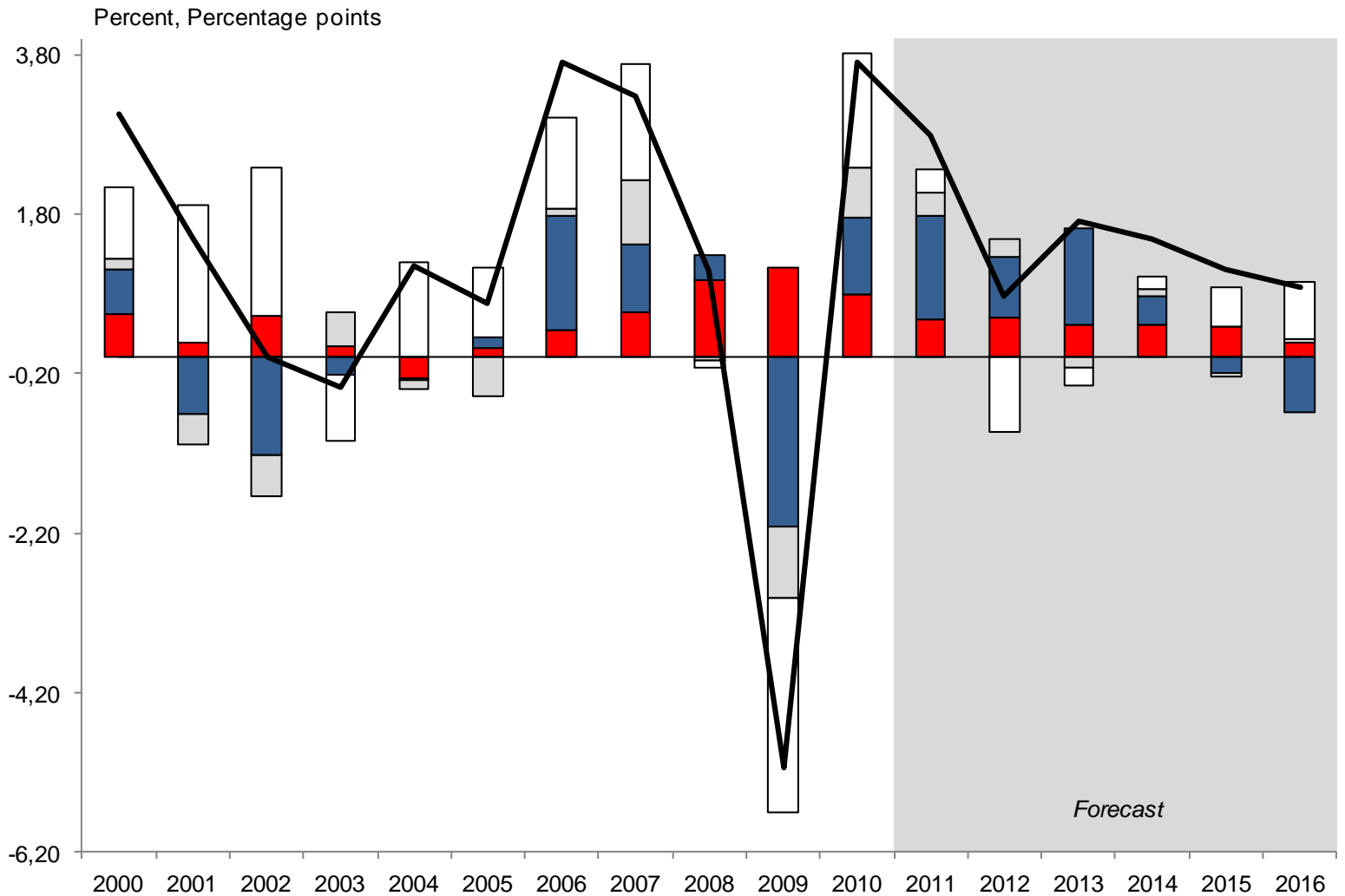
# Moderate potential growth perspectives



# Demographic impact no longer compensated for



# Medium-term demand outlook



# Investment cycle with a delayed peak

