



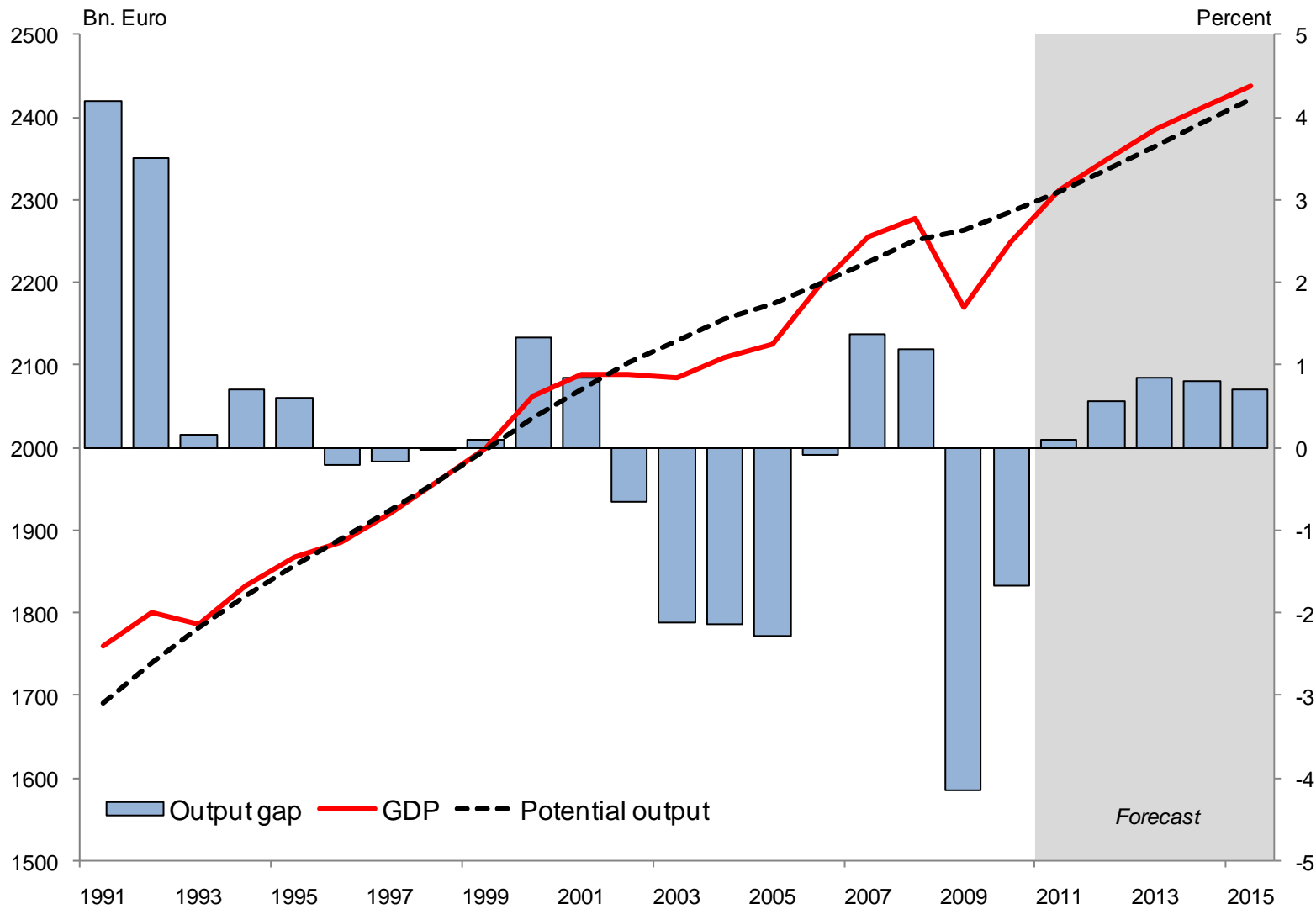
83rd Kieler Konjunkturgespräch | Kiel, 15 March 2011

Germany after the Crisis: Back on track, but major scars remain

Stefan Kooths
Forecasting Center

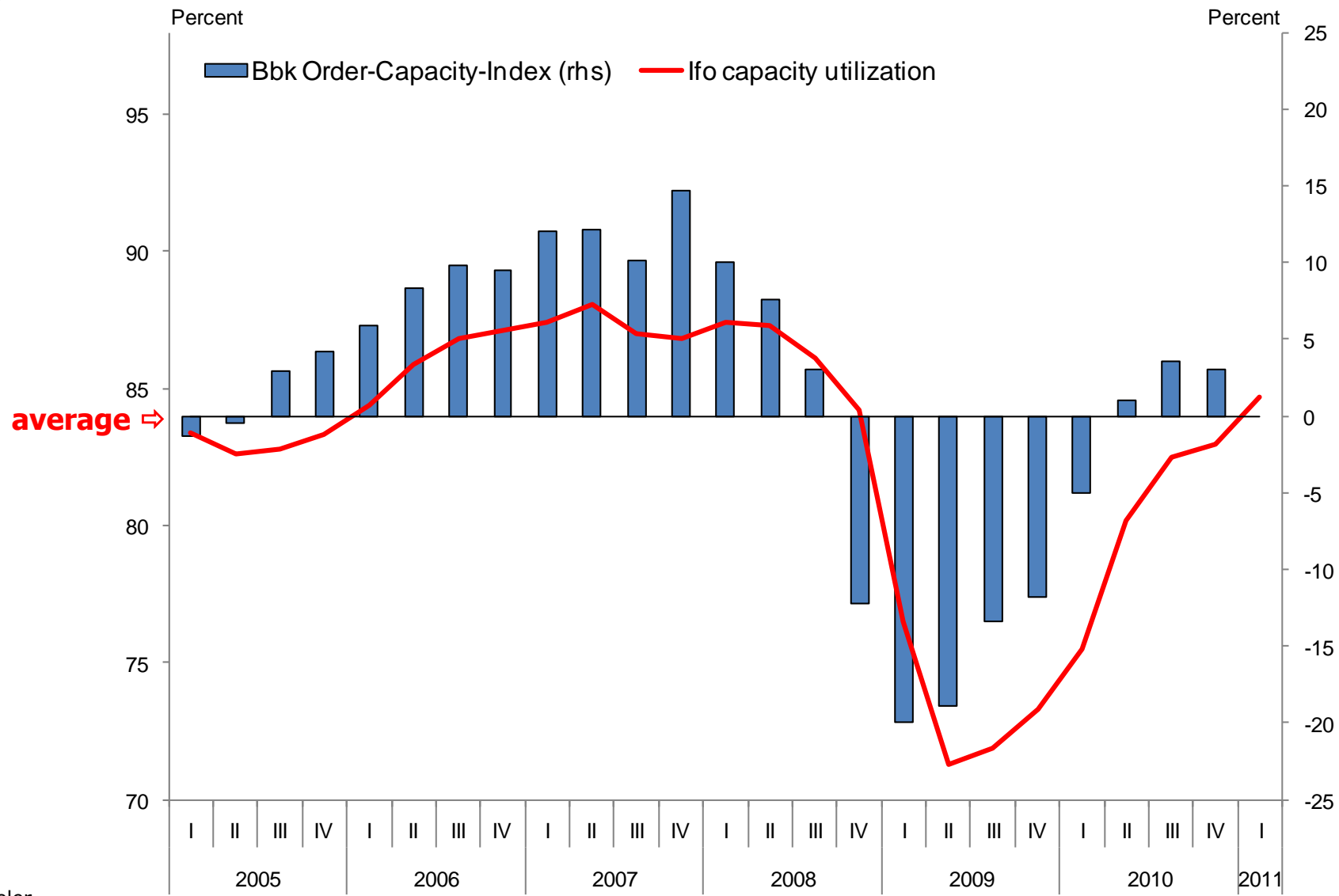


The (modest) boom starts ... now!



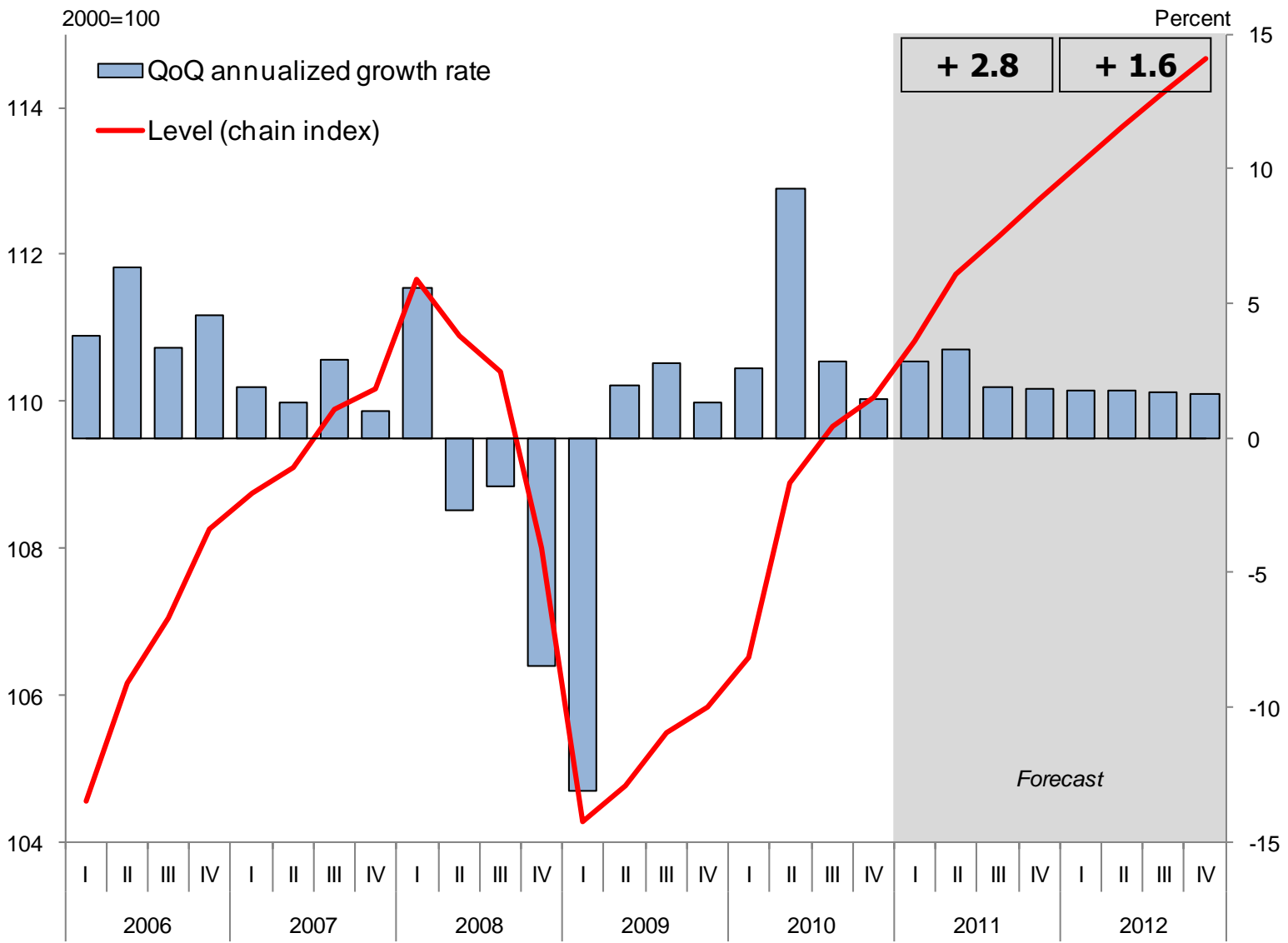


Capacity utilization passing normal levels



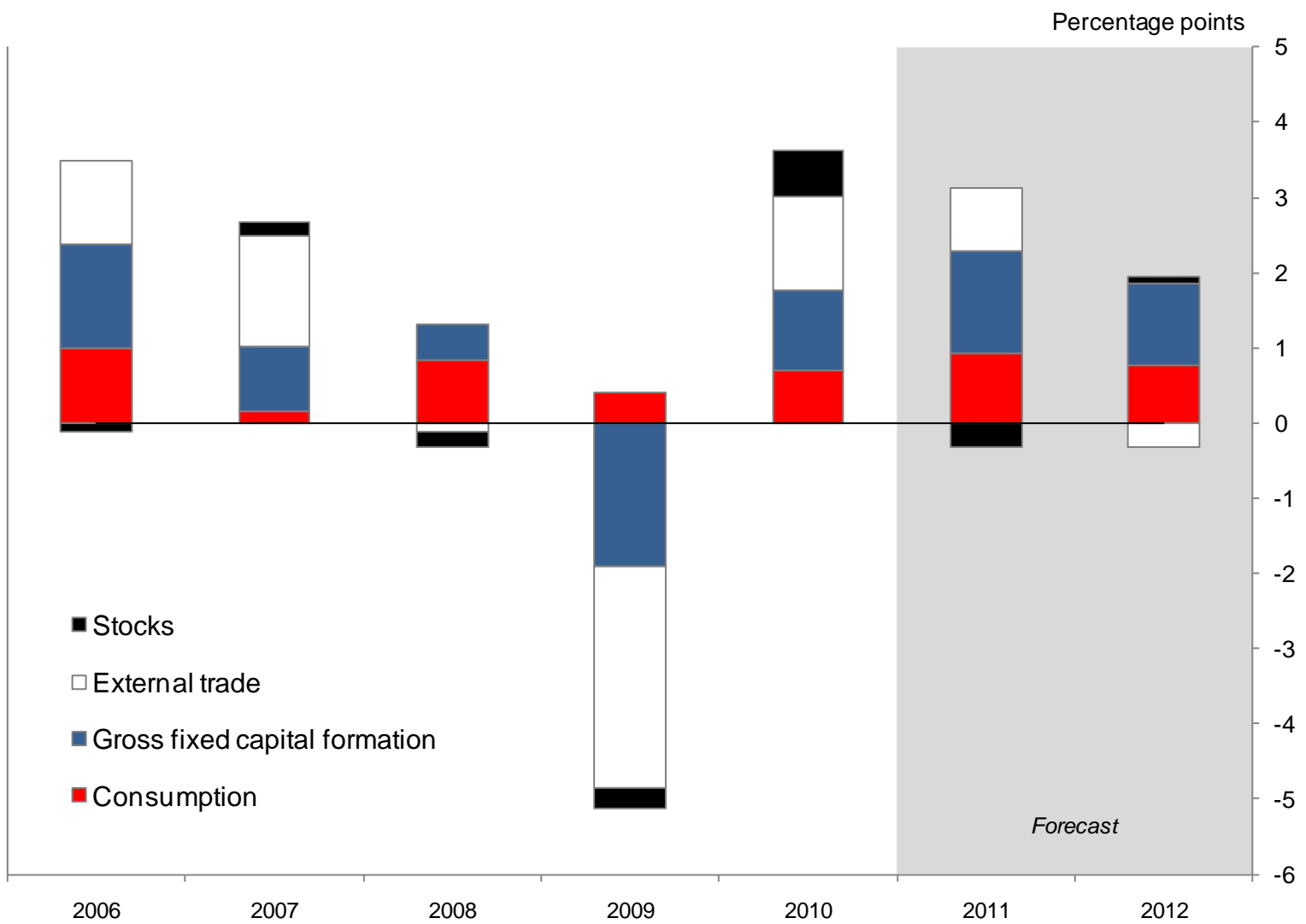


GDP: Weakening upward trend ...



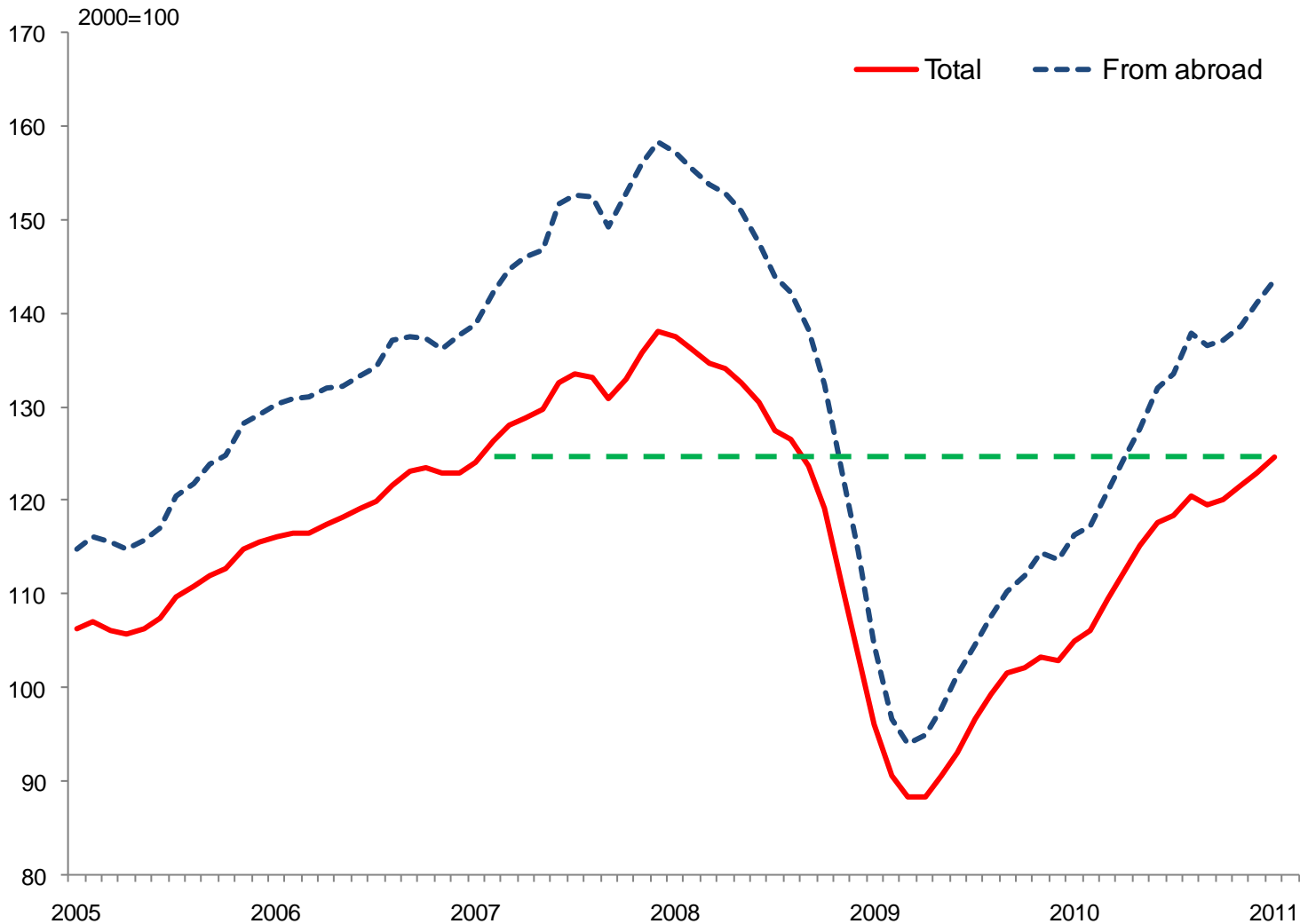


... driven by domestic demand (GDP, cont.)



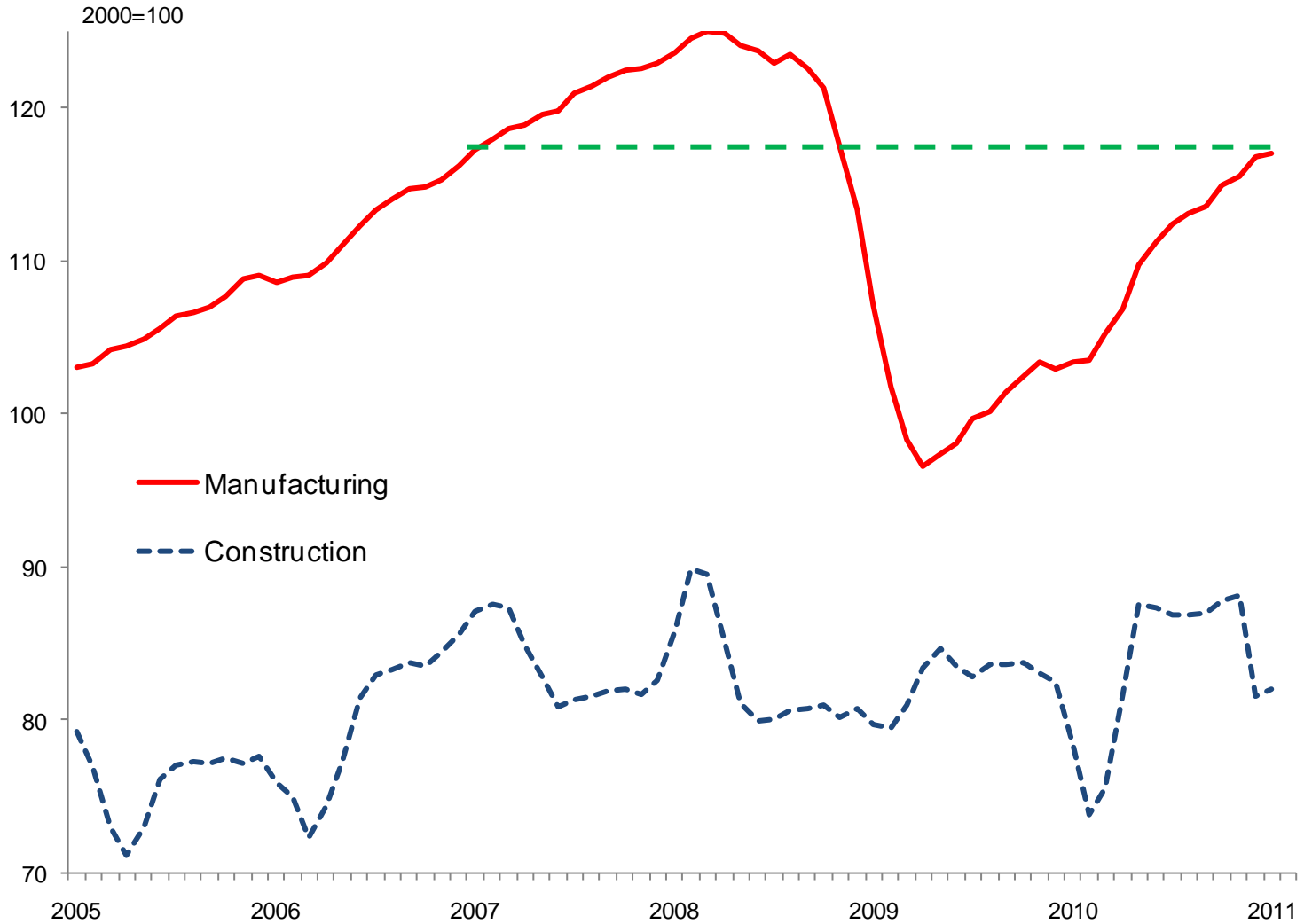


Orders received by industry: Robust, slightly flattening upward trend



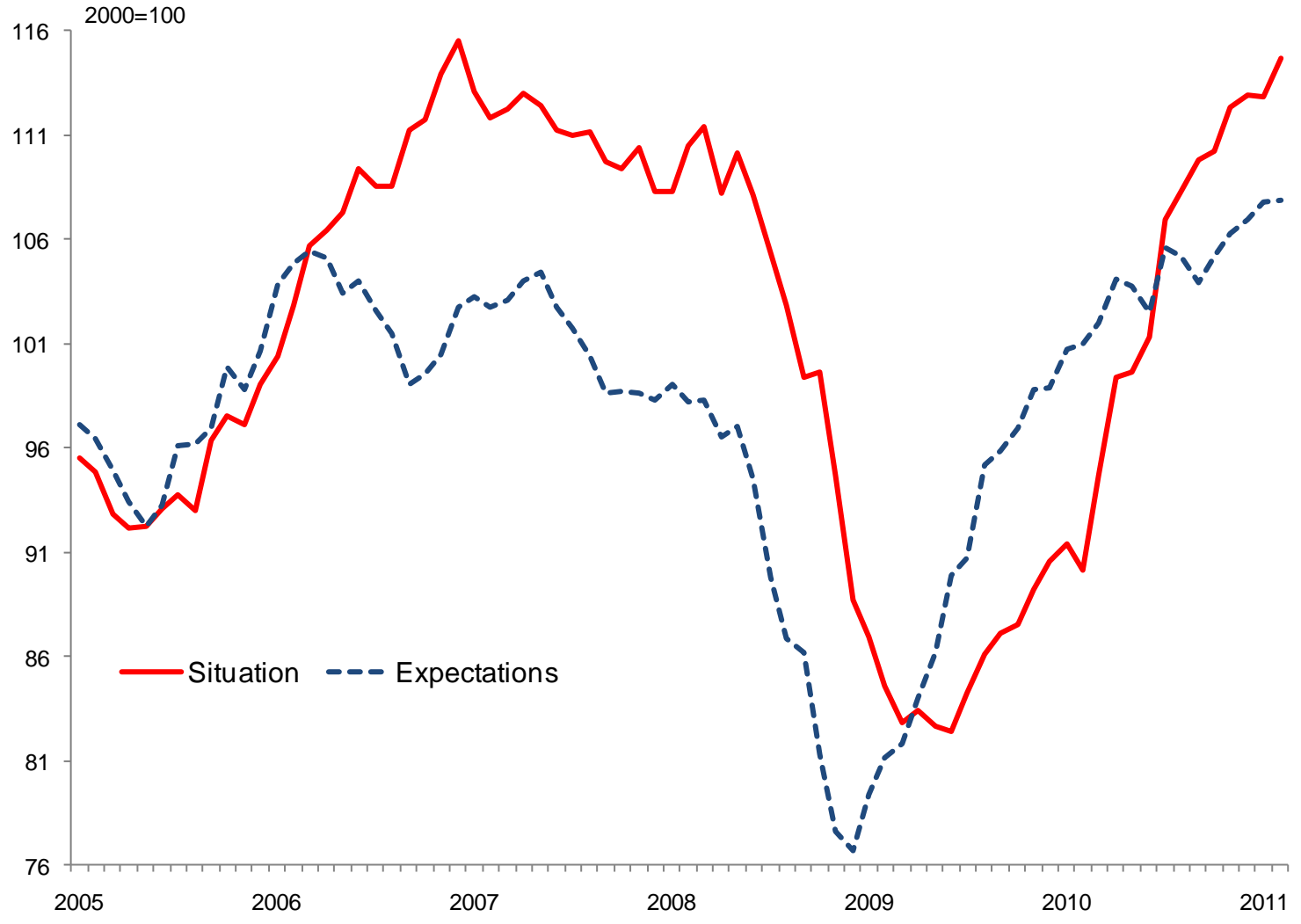
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Production: Robust catching-up process

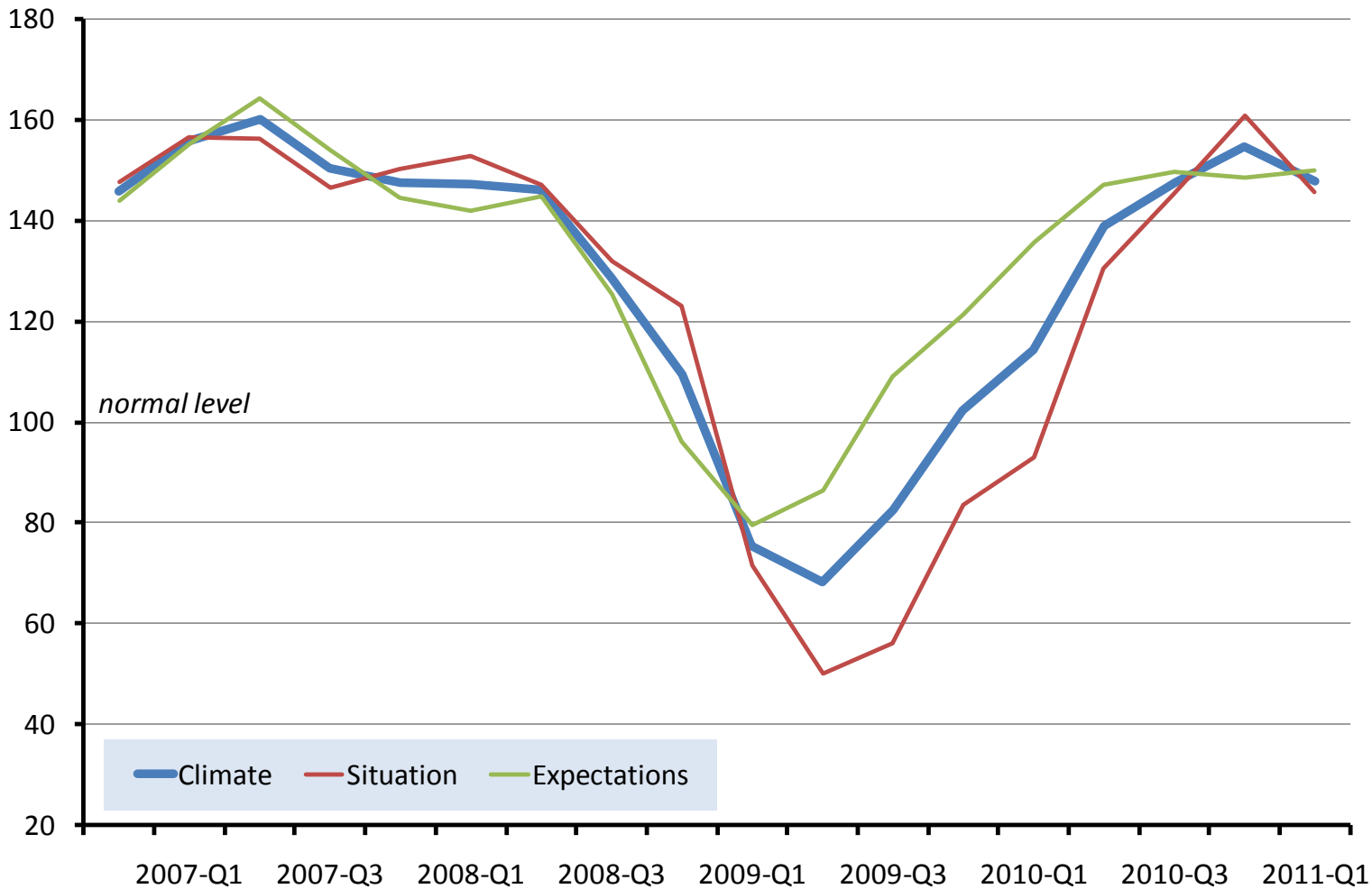




Business climate: A mental boom

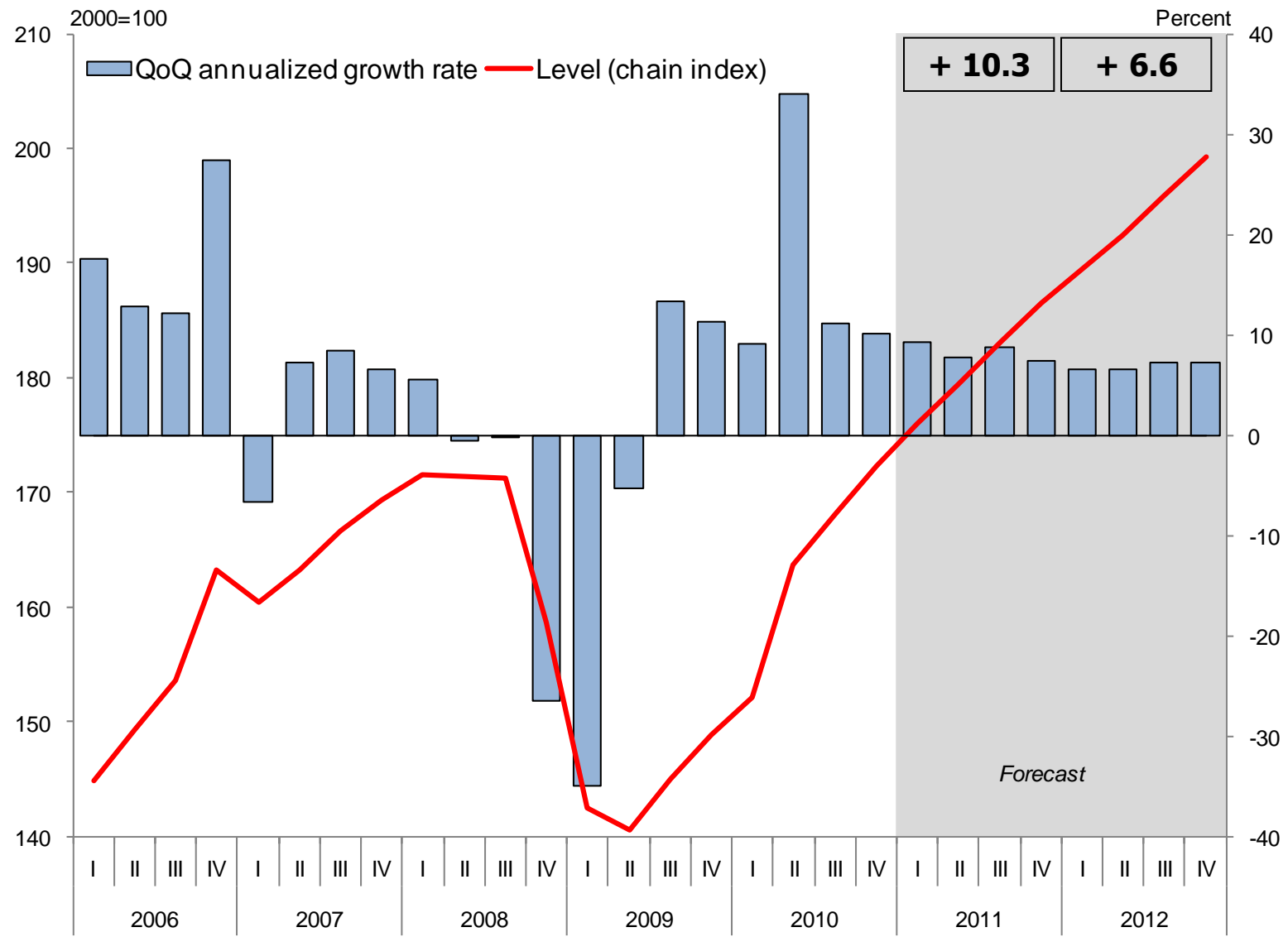


Business climate: IfW logistics indicator



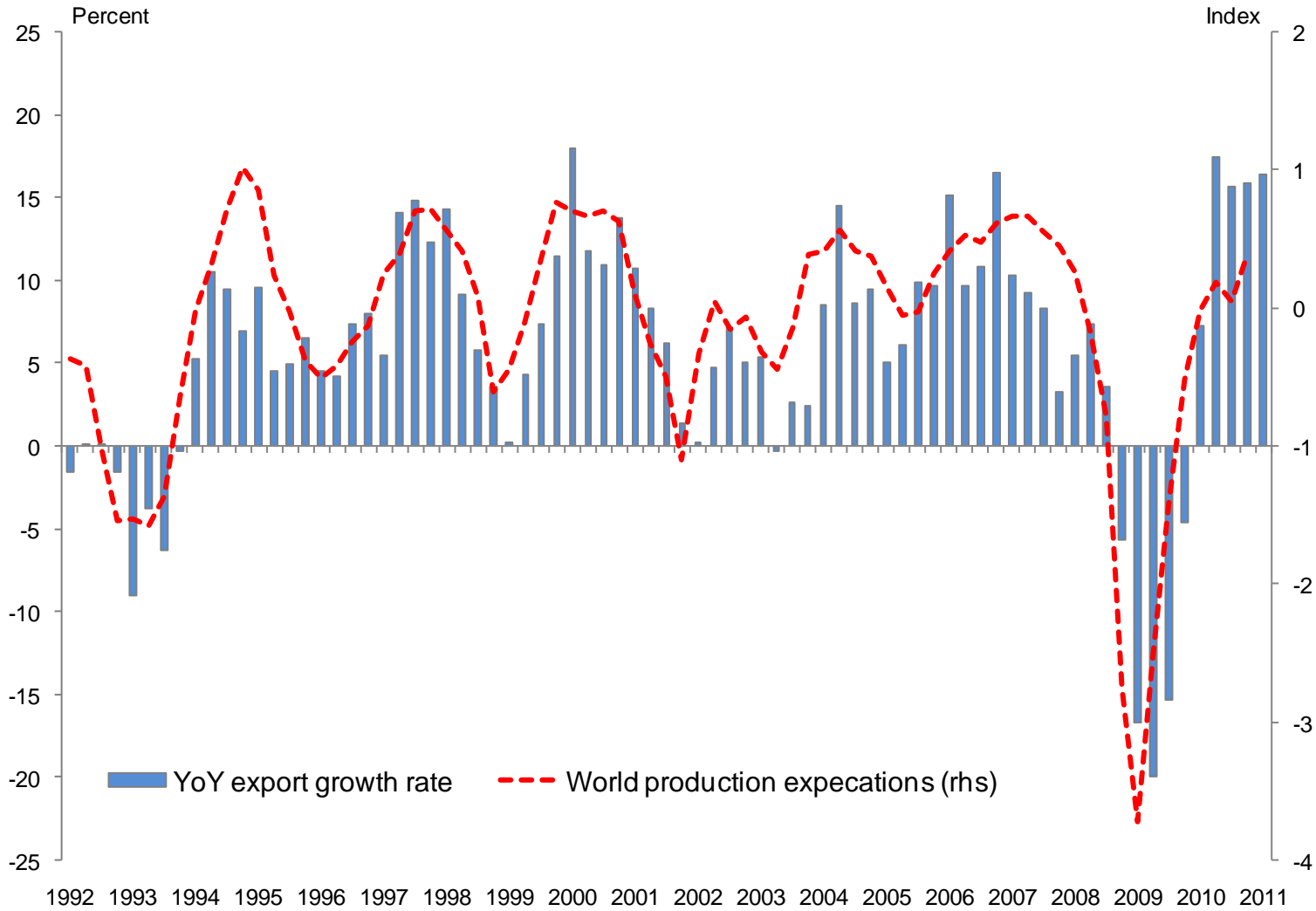


Export dynamics lose some momentum



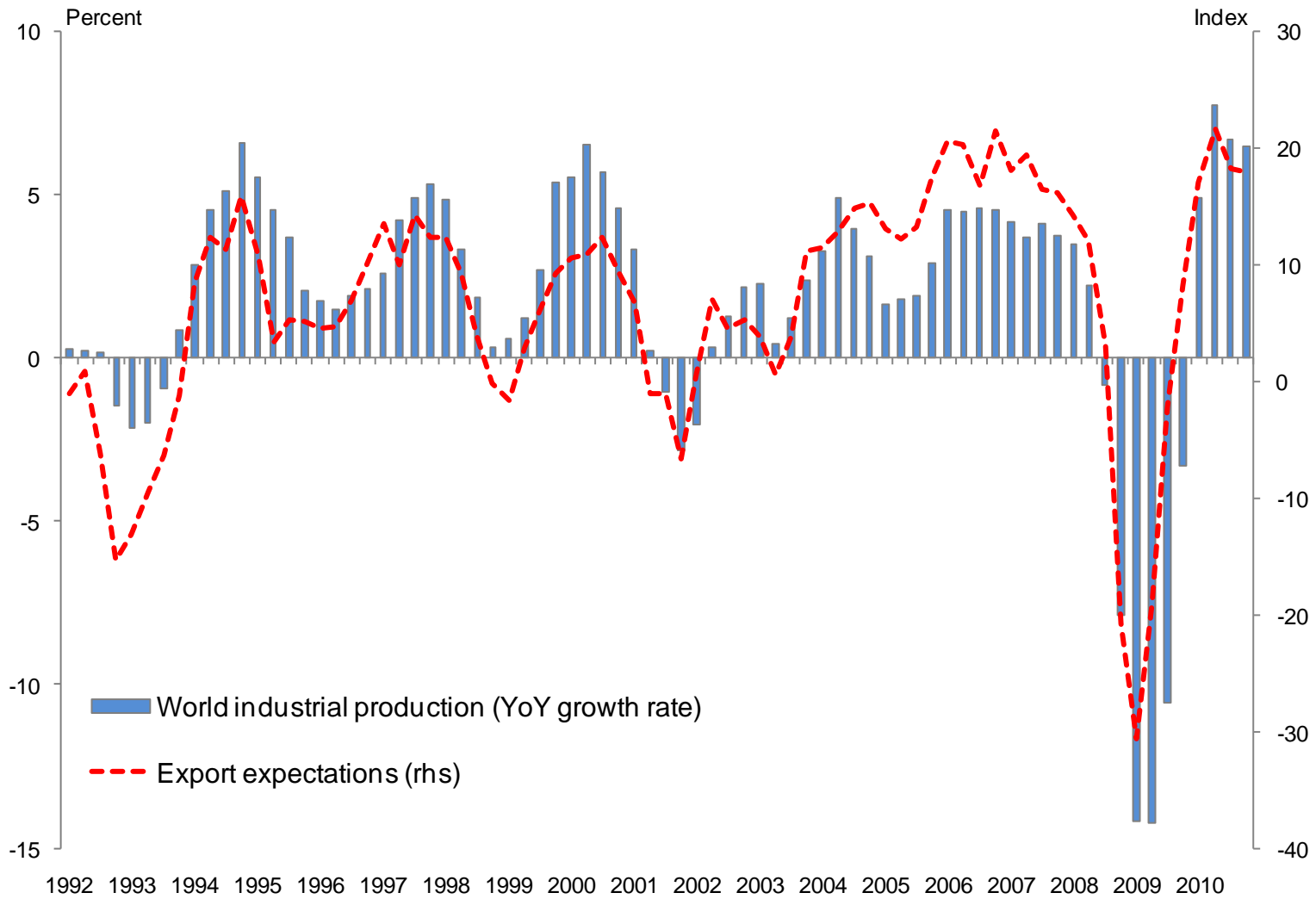


Exports and world production expectations

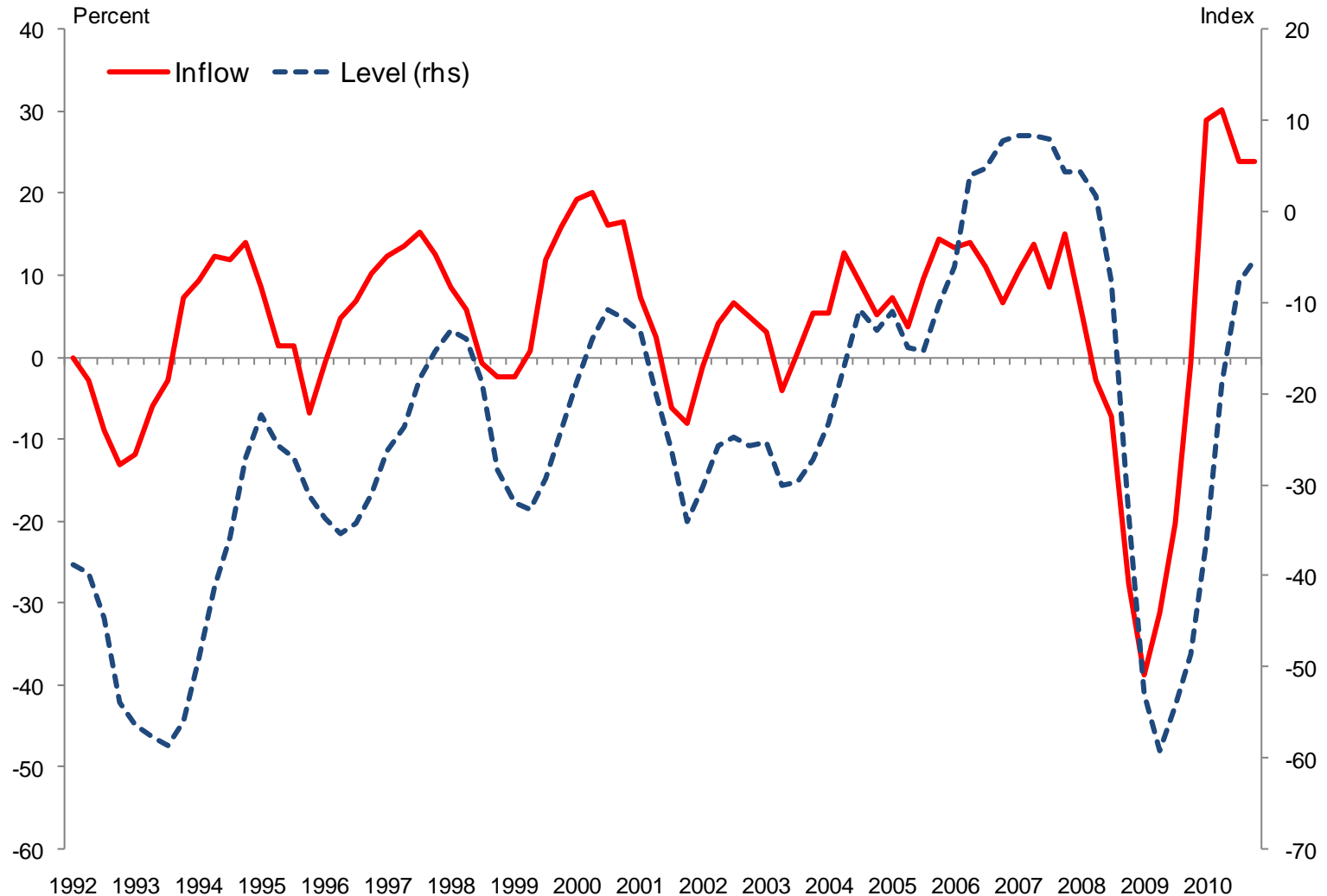




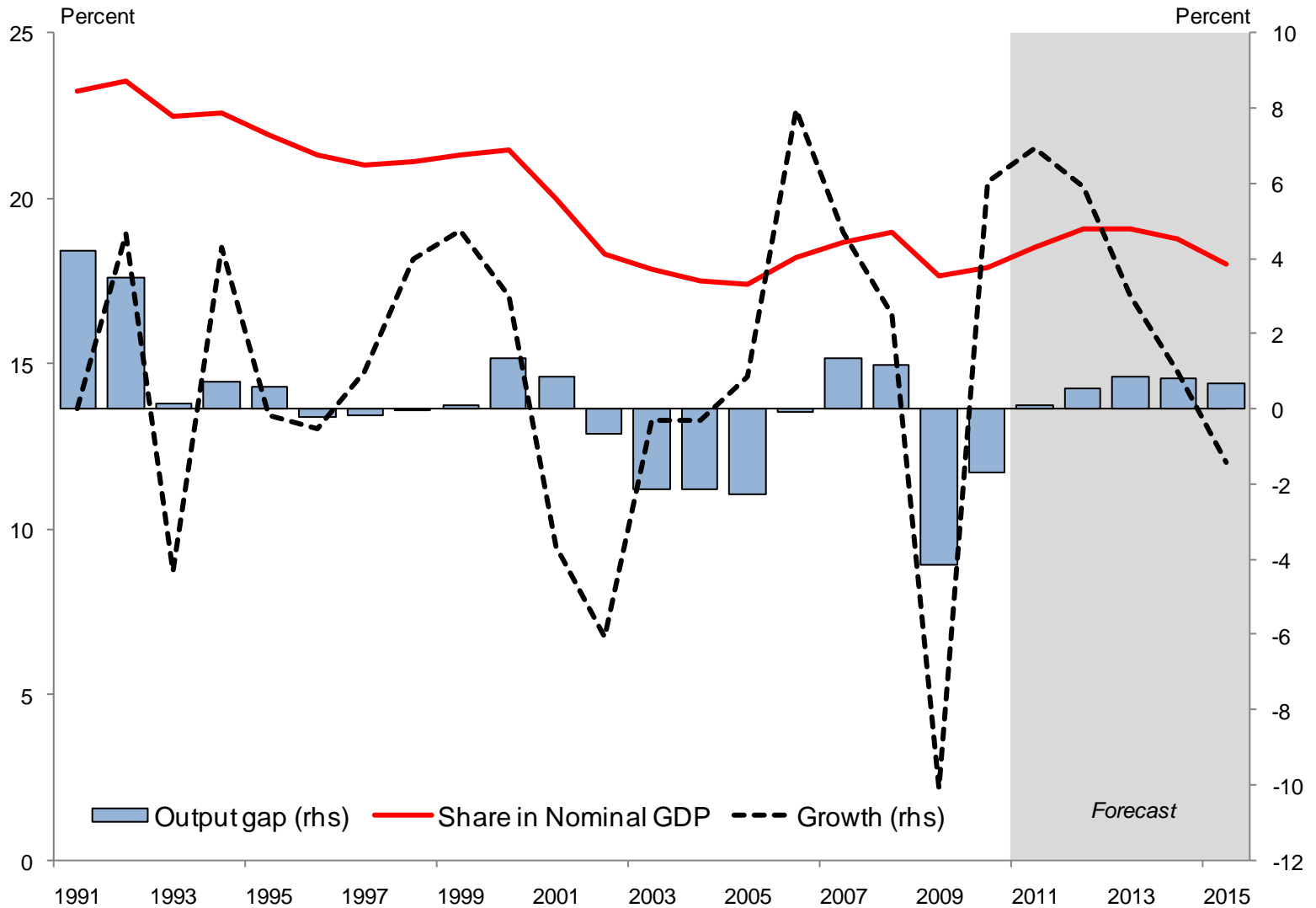
World production and export expectations



Orders from abroad (manufacturing)

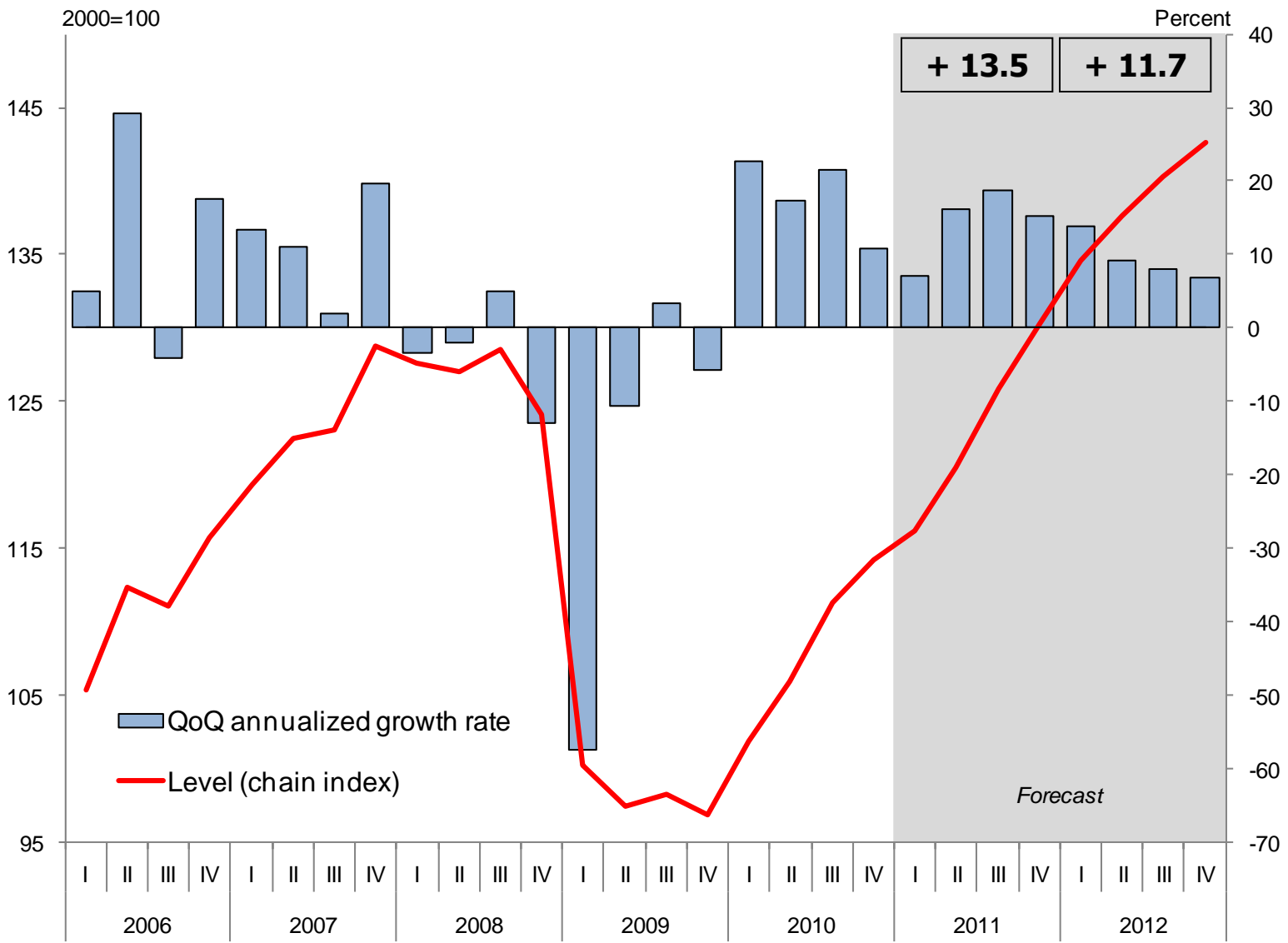


Investment cycle (fixed capital formation)

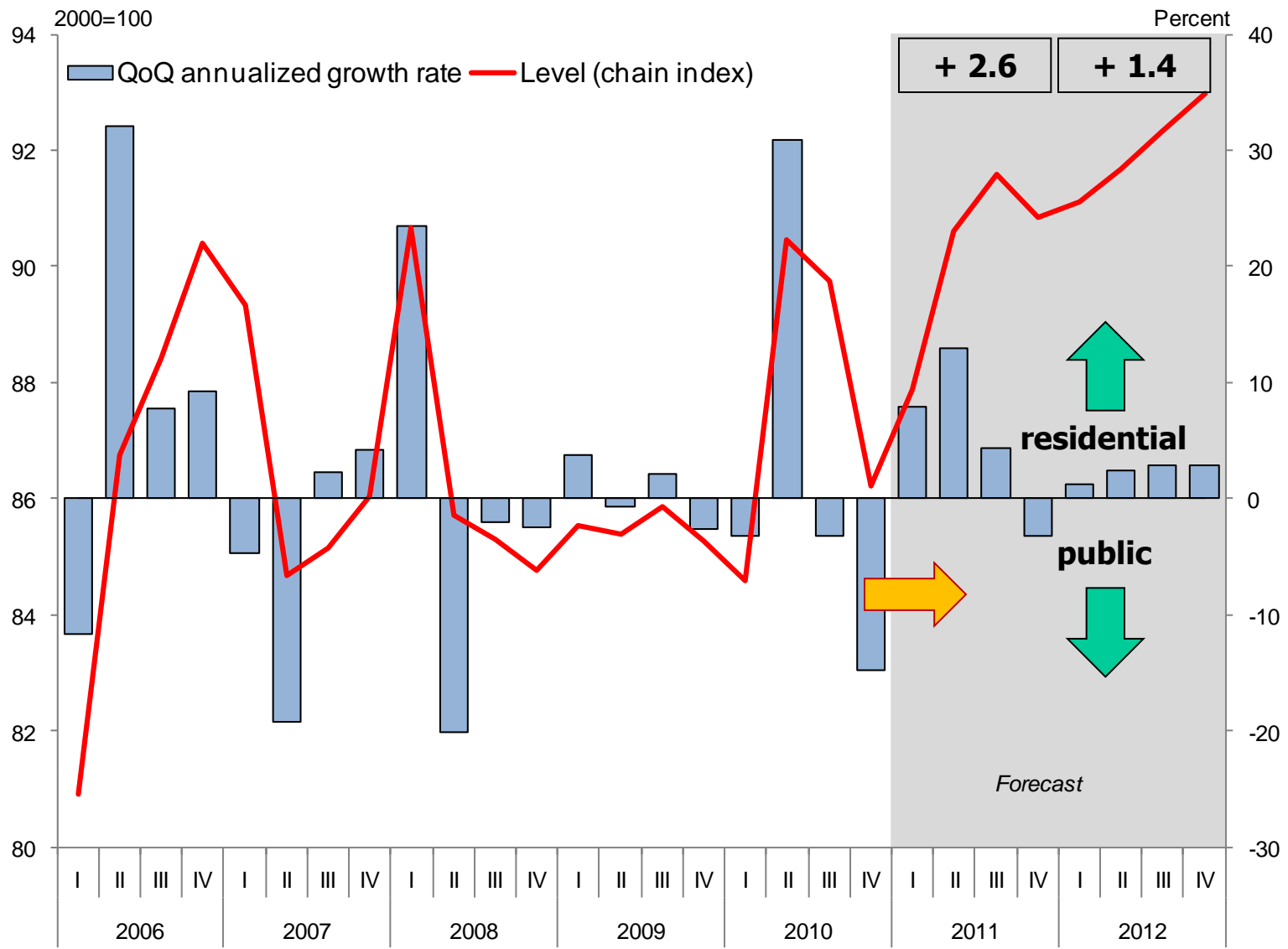




M&E investment: Heading for the cyclic peak

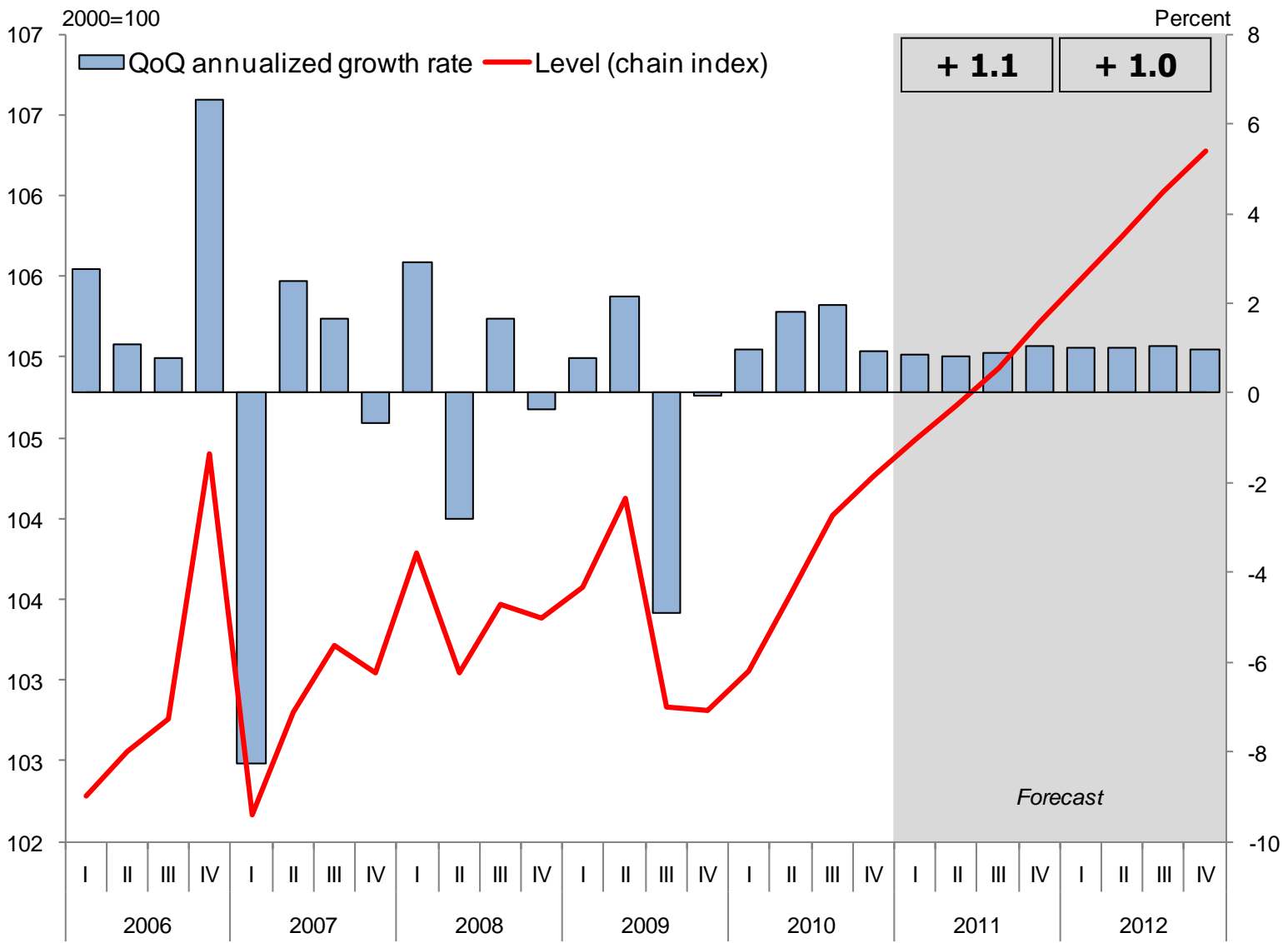


Constructions: Stimulus packages fade out

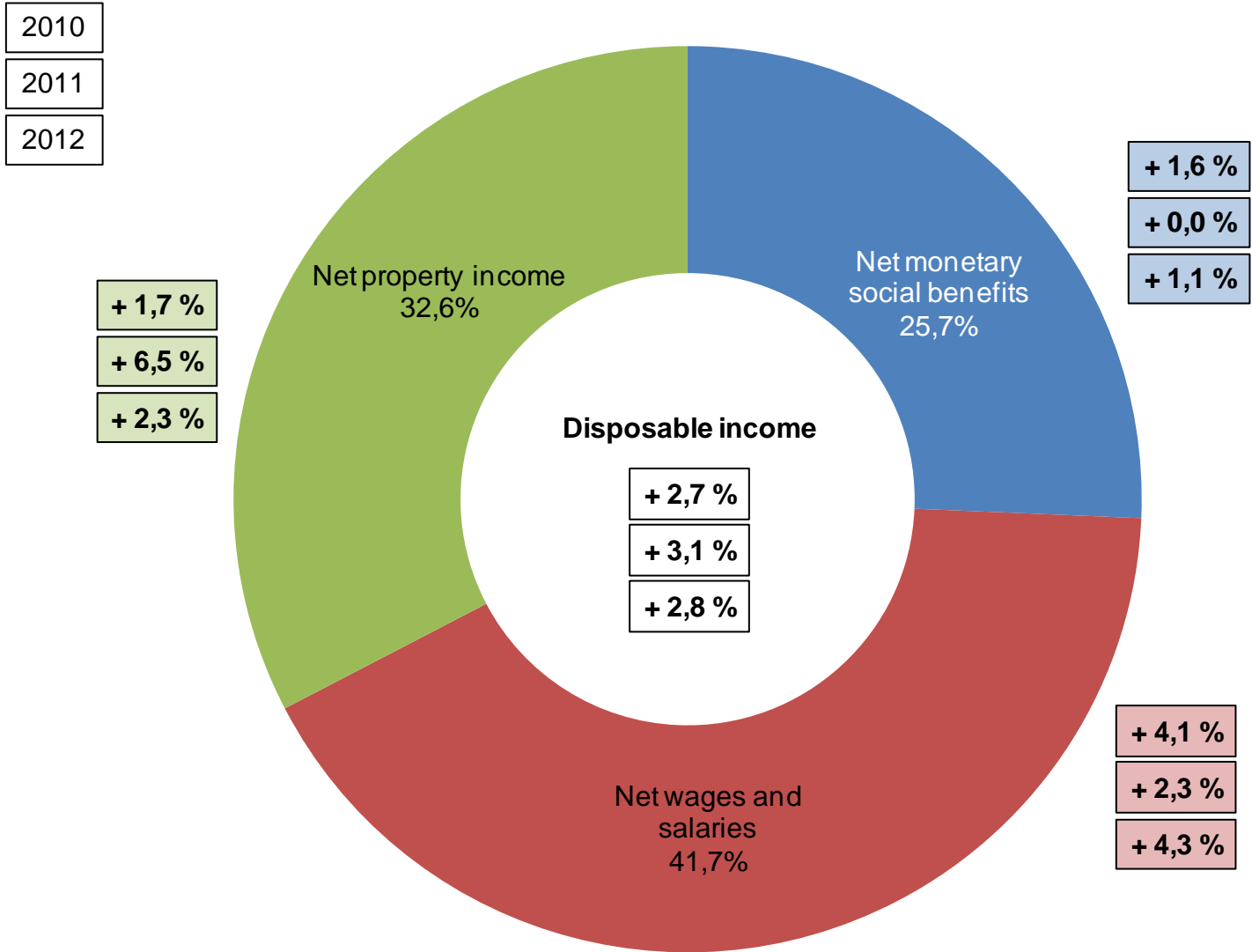




Consumer spending: Slower pace ahead



Disposable income of private households



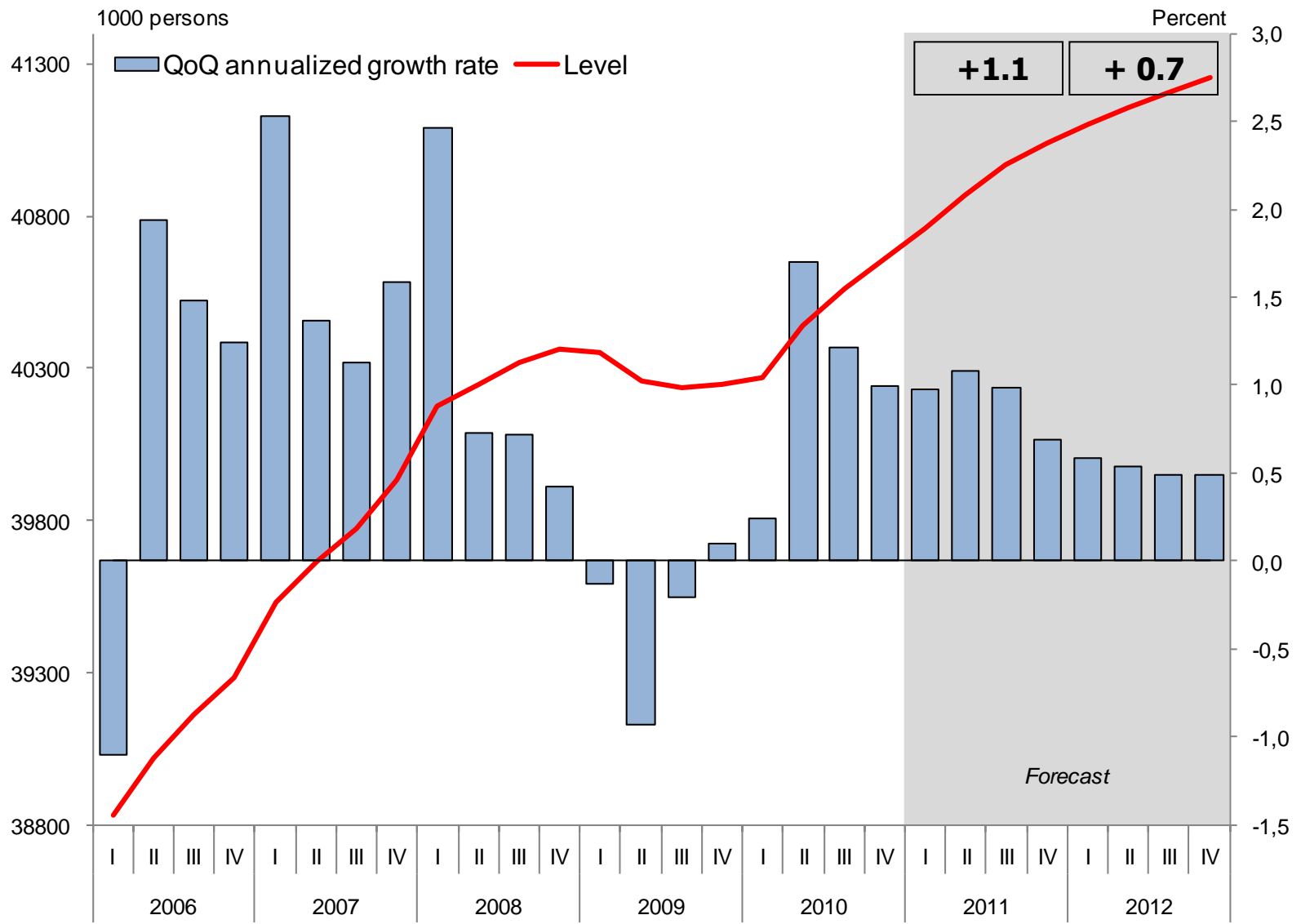
GDP and key components

Volumes, change over previous year in percent

	2010	2011	2012
GDP	3.6	2.8	1.6
Private consumption	0.4	1.1	1.0
Public consumption	2.3	1.4	1.1
M&E investment	10.9	13.5	11.7
Construction	2.9	2.6	1.4
Exports	14.1	10.3	6.6
Imports	12.6	9.5	8.1



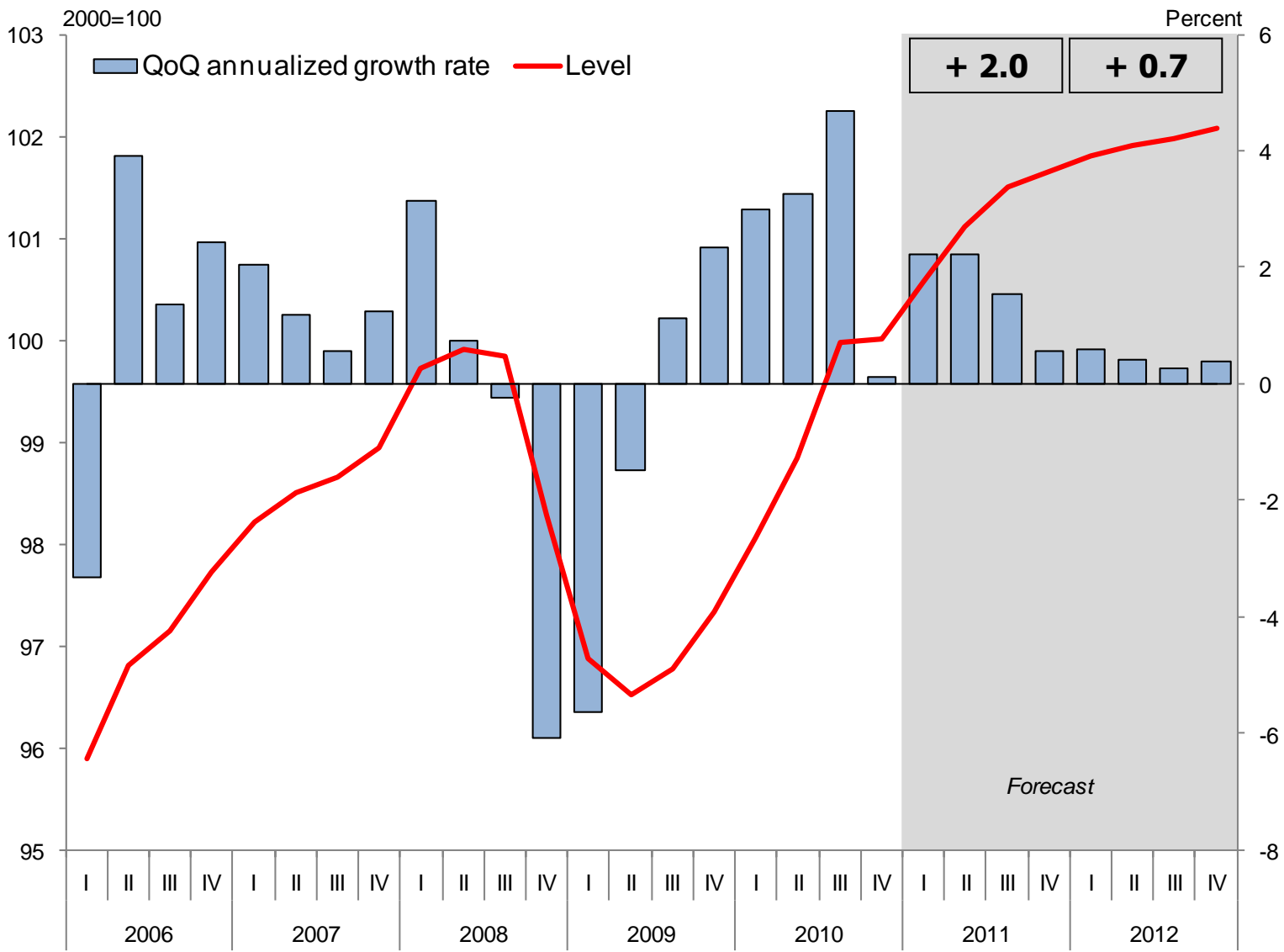
Employment at an all-time high ...



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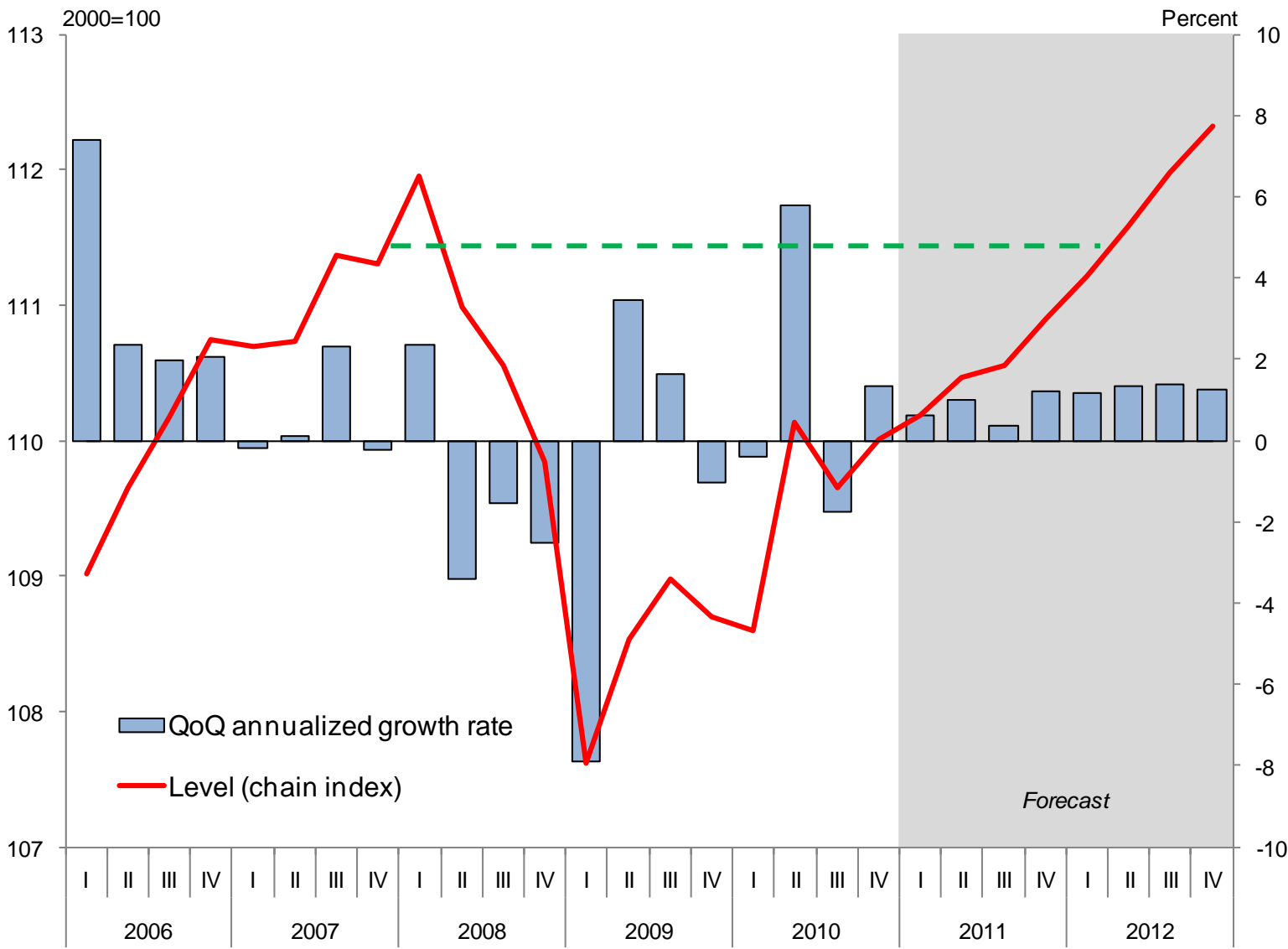


... total hours worked above pre-crisis levels ...

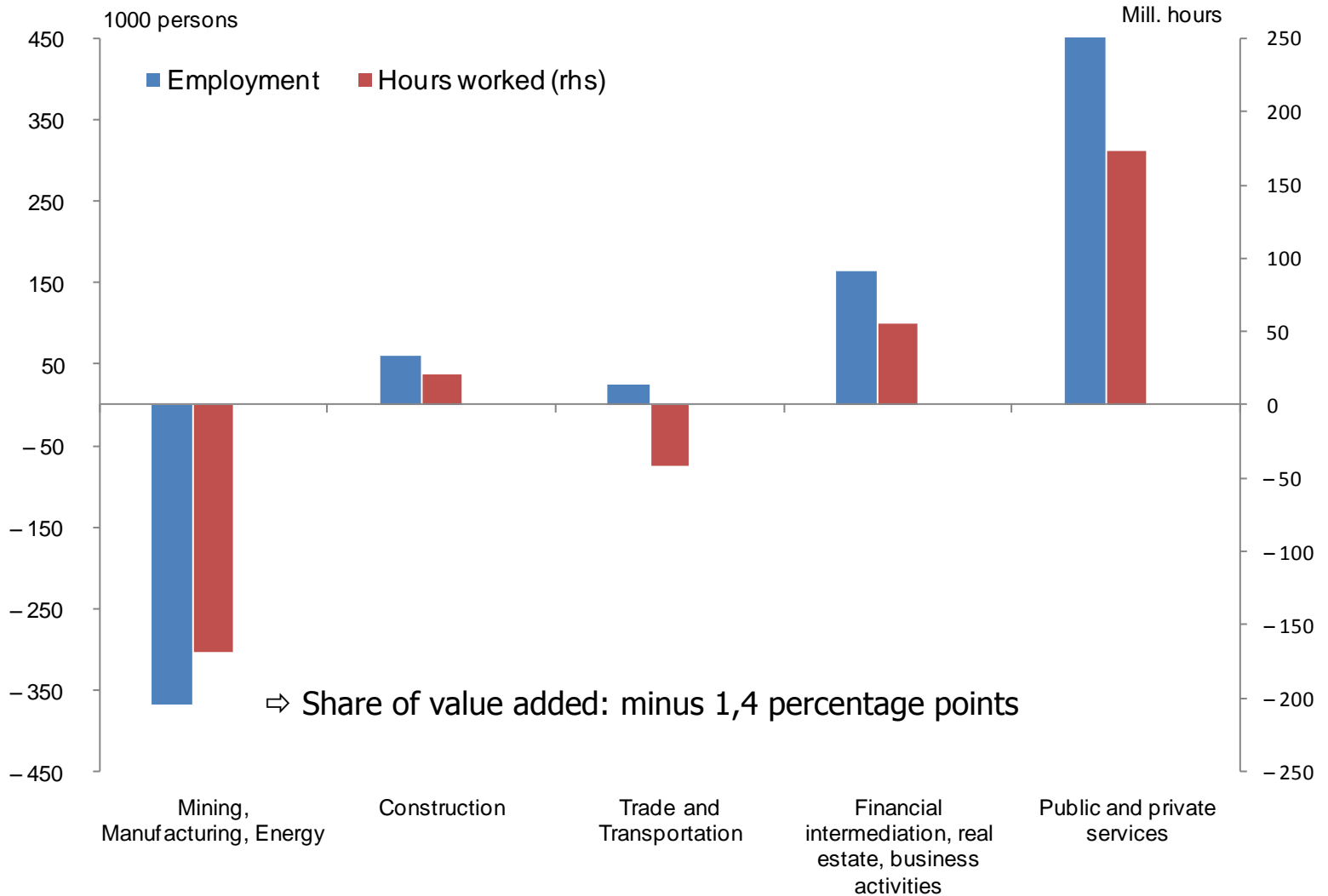




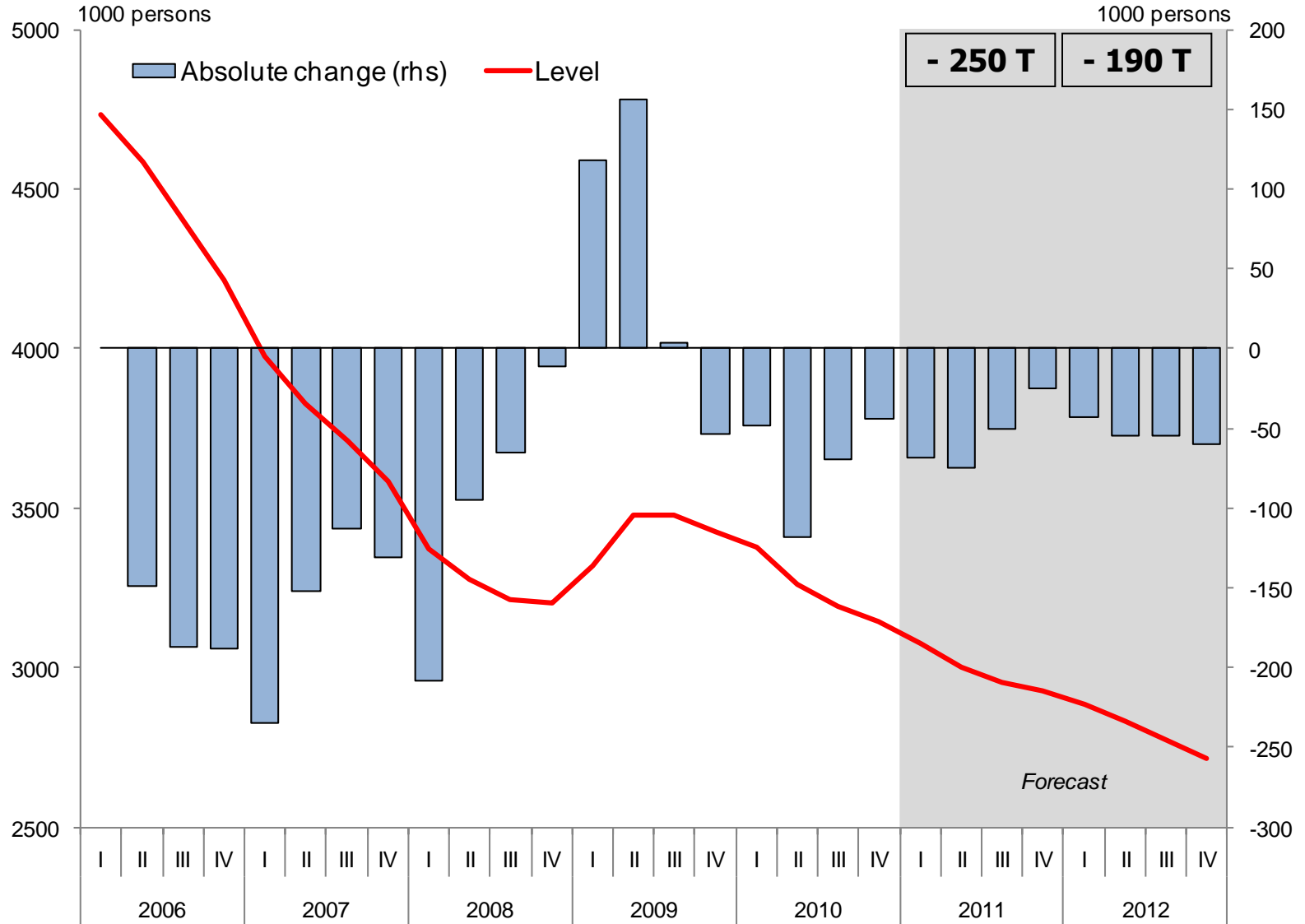
... but 4 lost years of labor productivity growth



Significant shift of employment towards services

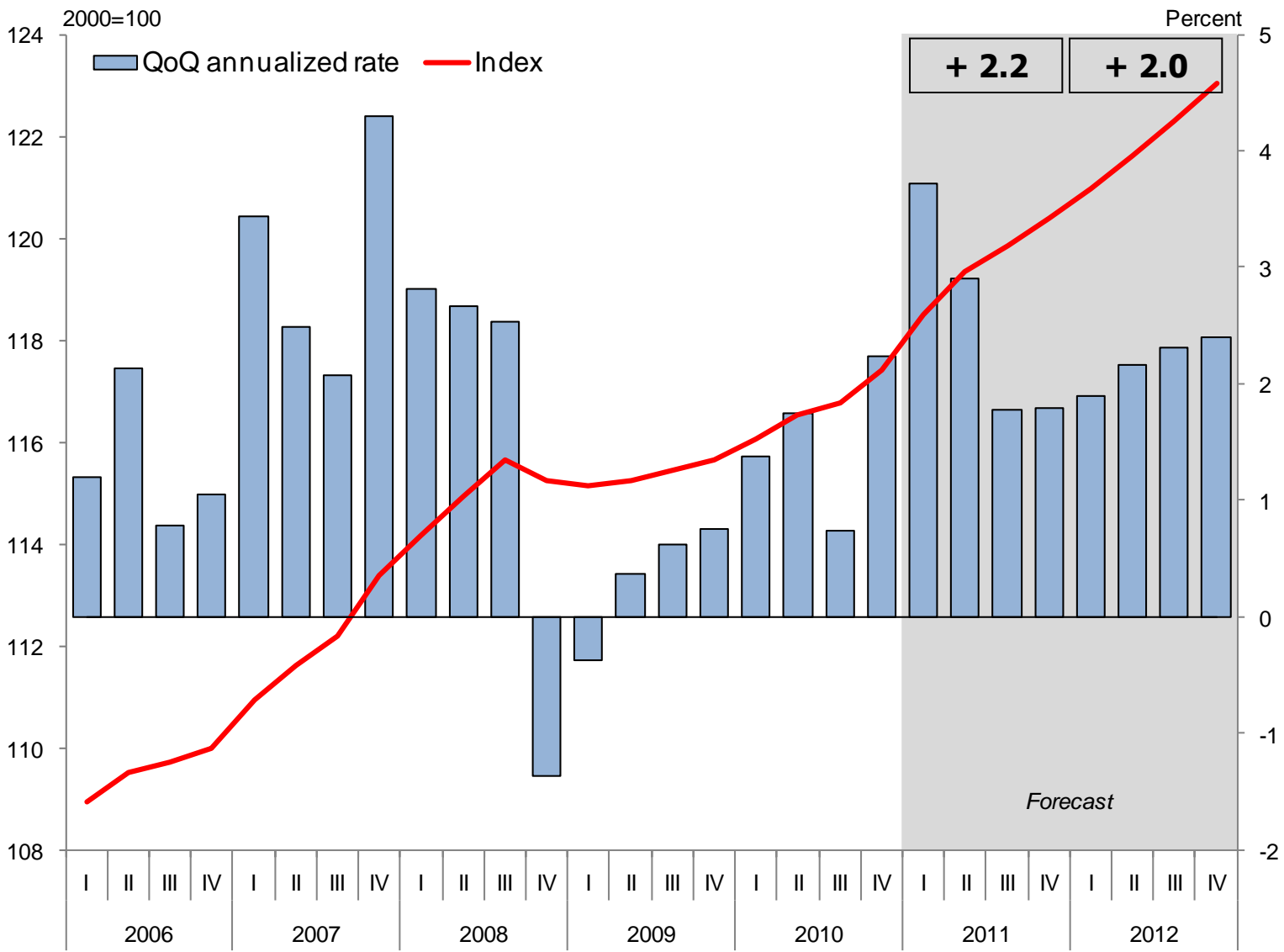


Unemployment: 3 mill. (2011), 2.8 mill (2012)

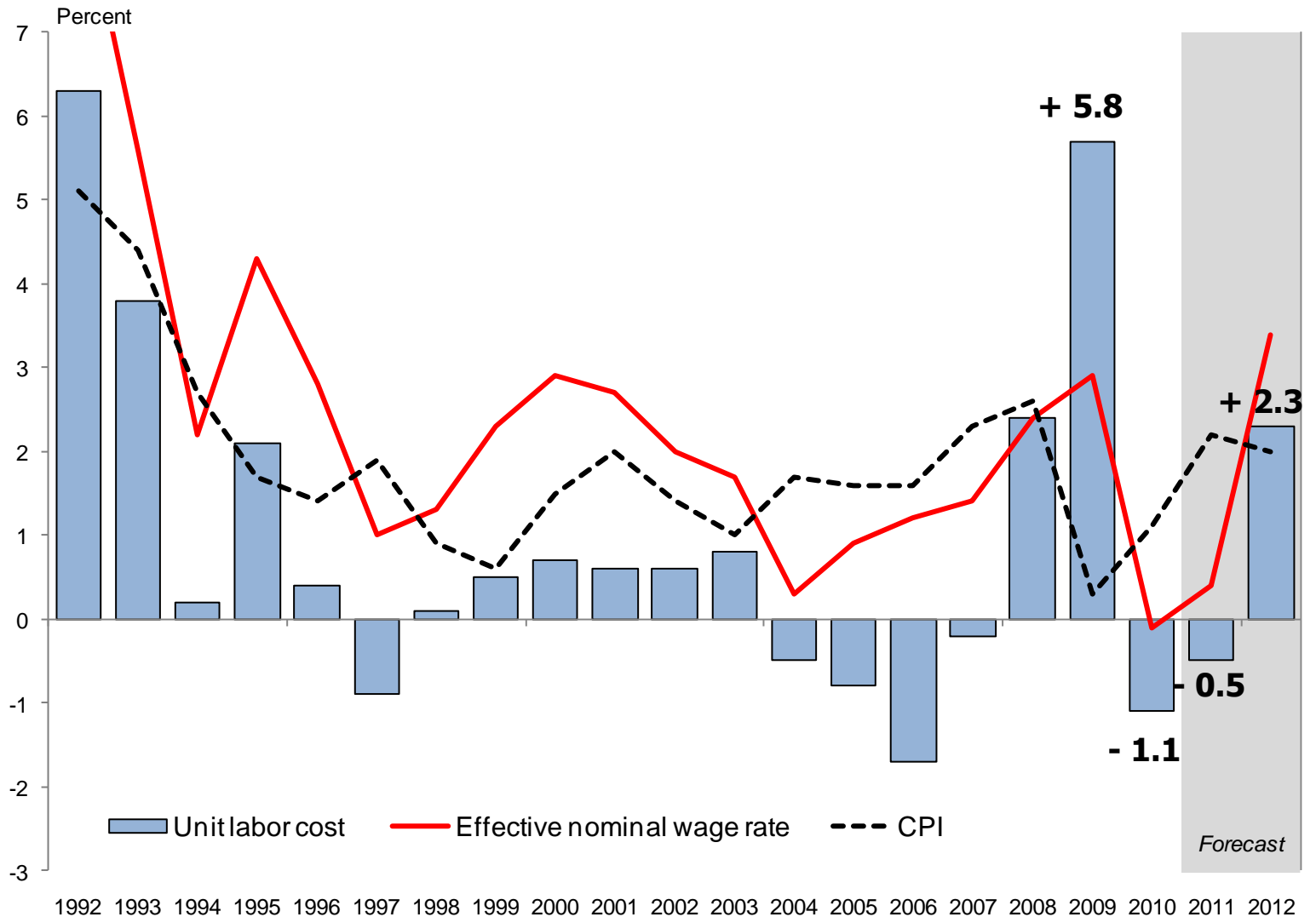




Consumer prices: Inflation is picking up



Unit labor cost: A domestic inflation driver on hold



Major scars

- Fiscal stance (public debt as % of GDP)
 - 66.3 % (2008) \Rightarrow 83.5 % (2011), 83.1 % (2012)

- Forgone production (2008-Q2 to 2010-Q4)
 - Volume of 170 bn. Euro = 7.5 % of annual GDP (compared to no-growth-scenario)

- 4 years of lost productivity growth

- Labor market „miracle“ still to materialize