



Kiel Institute

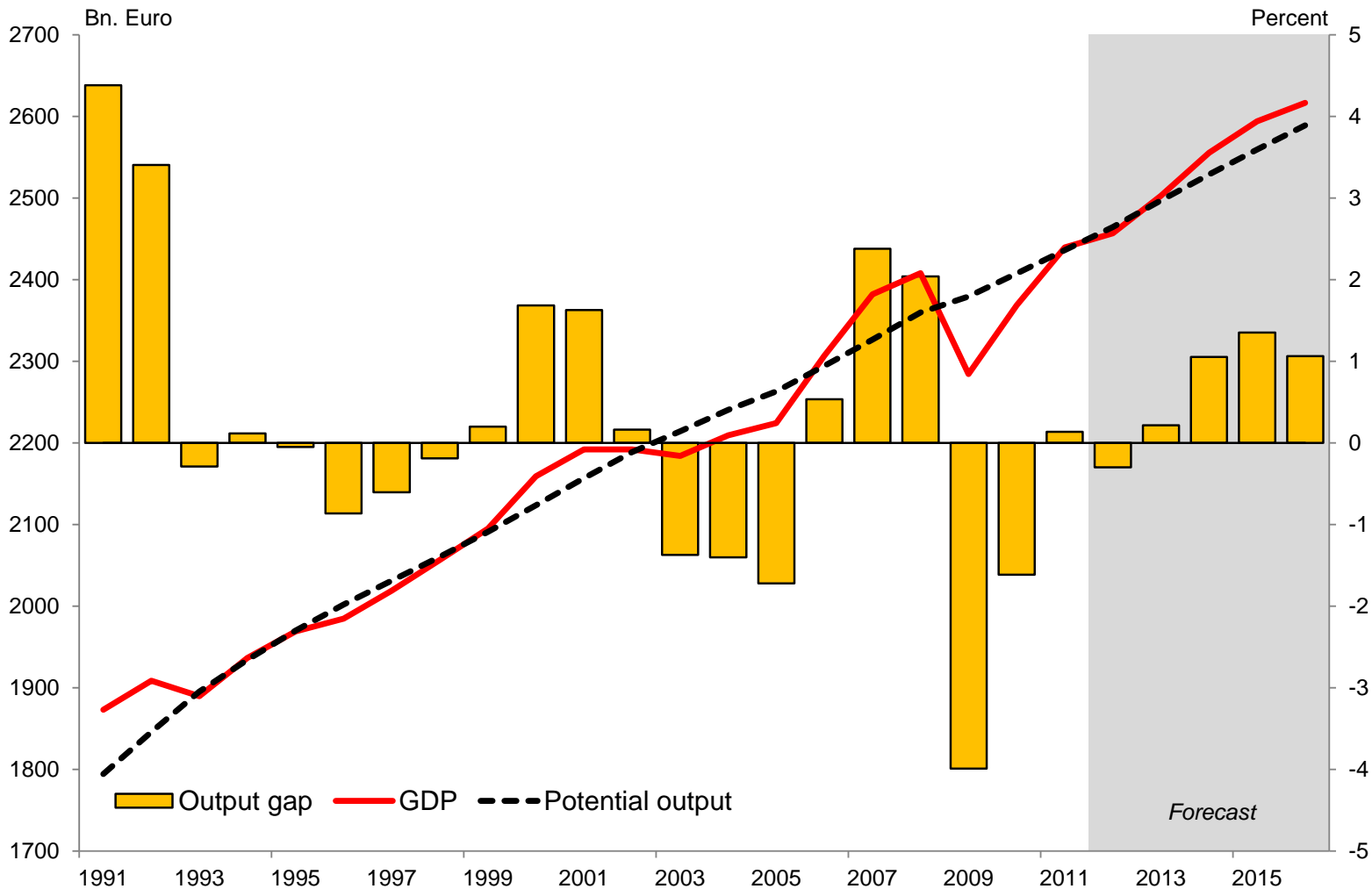
for the World Economy

85th Kieler Konjunkturgespräch | Kiel, 20 March 2012

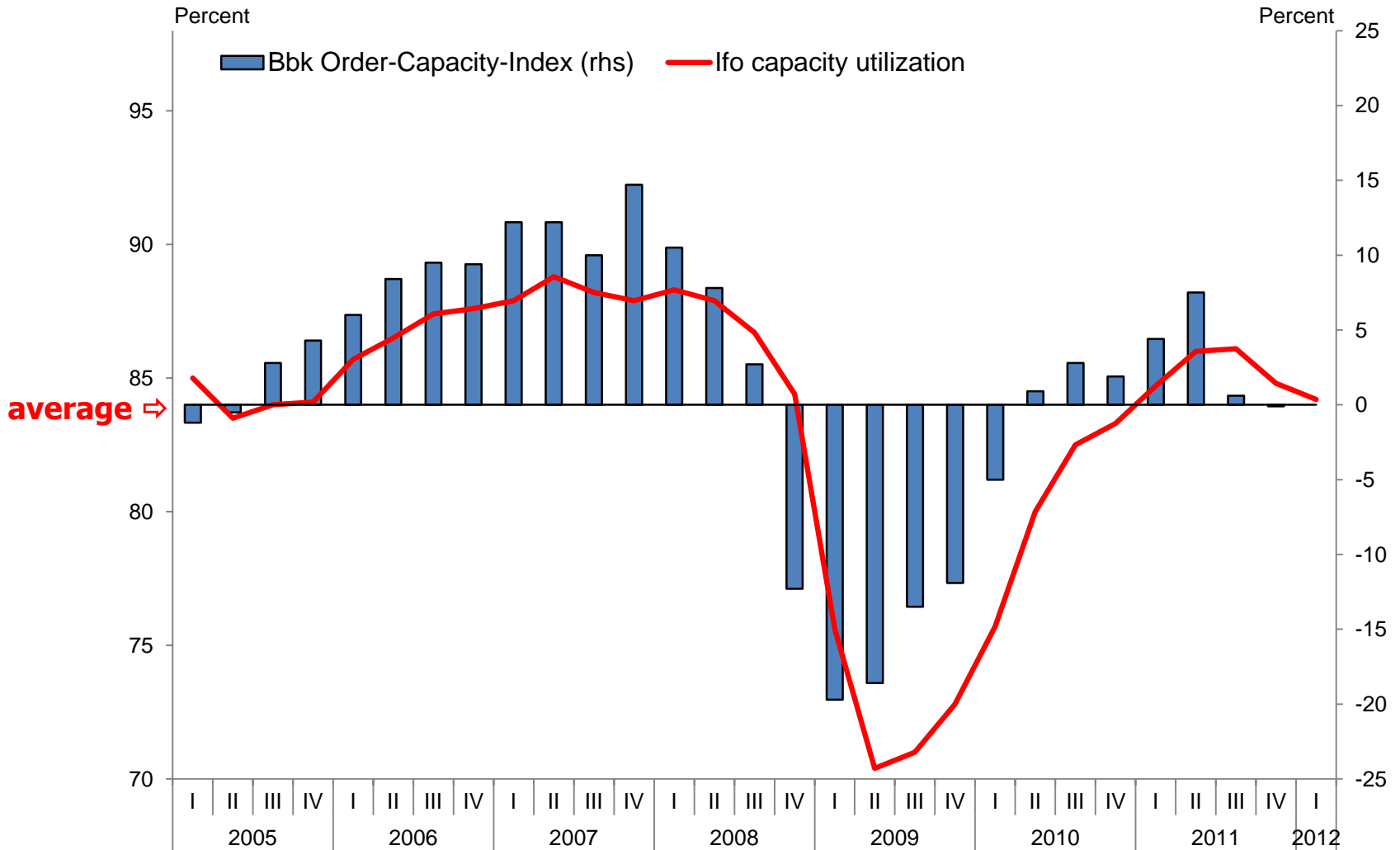
Germany: Domestic demand in the driver's seat

Stefan Kooths
Forecasting Center

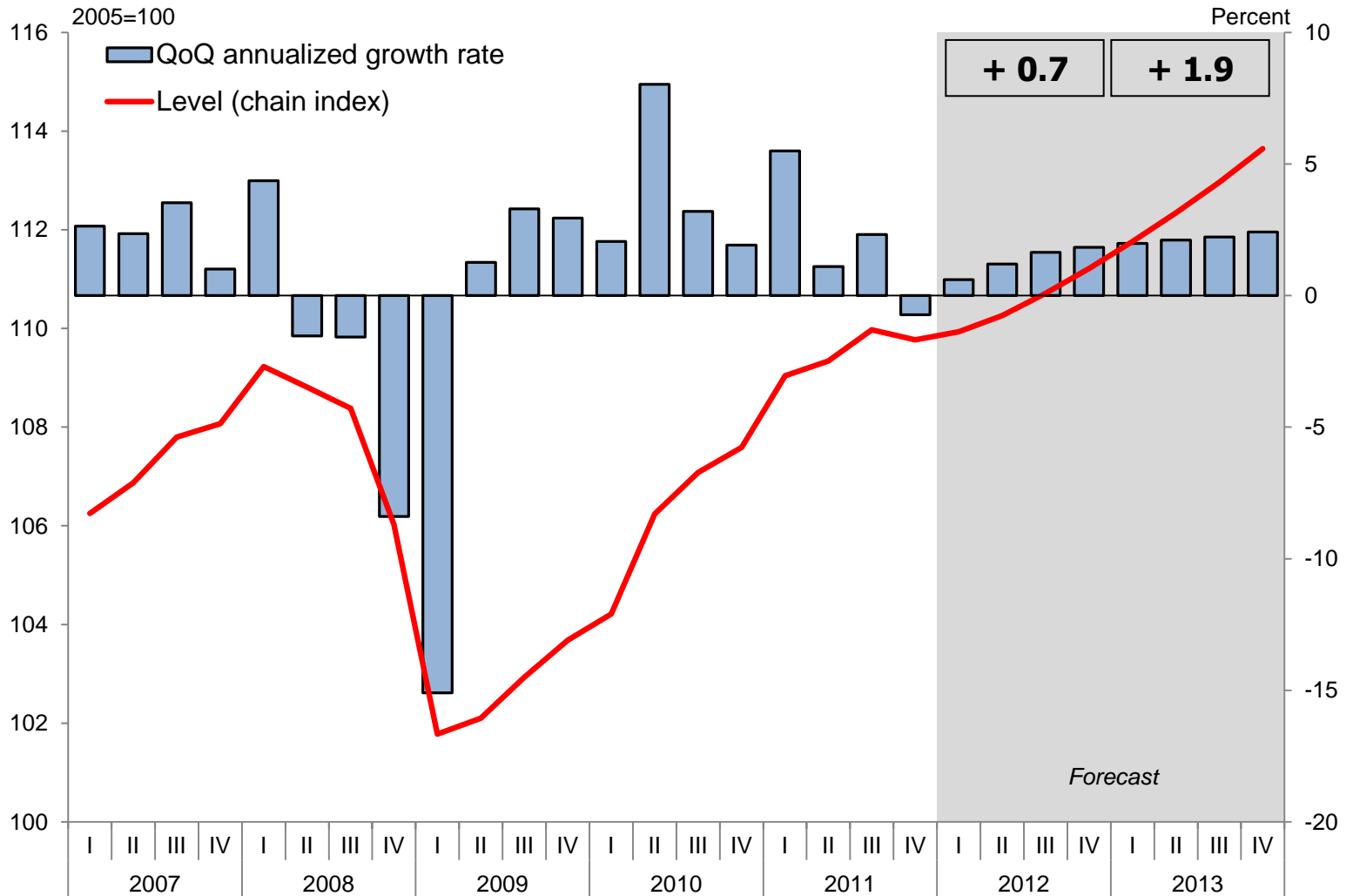
Booming years on the horizon



Data edge (manufacturing): Capacity utilization down to normal levels

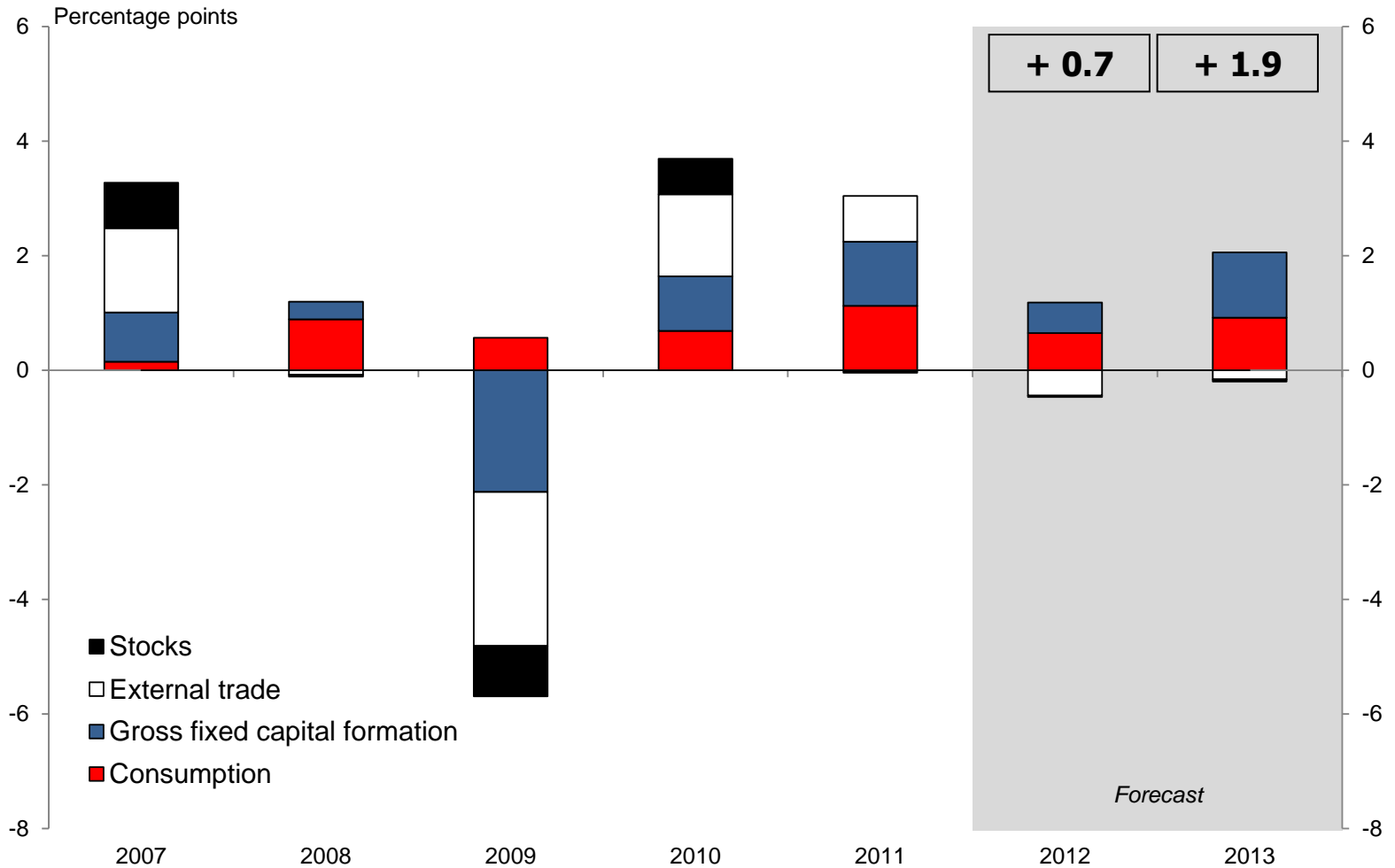


GDP: 6 months of stagnancy (2011/2012)





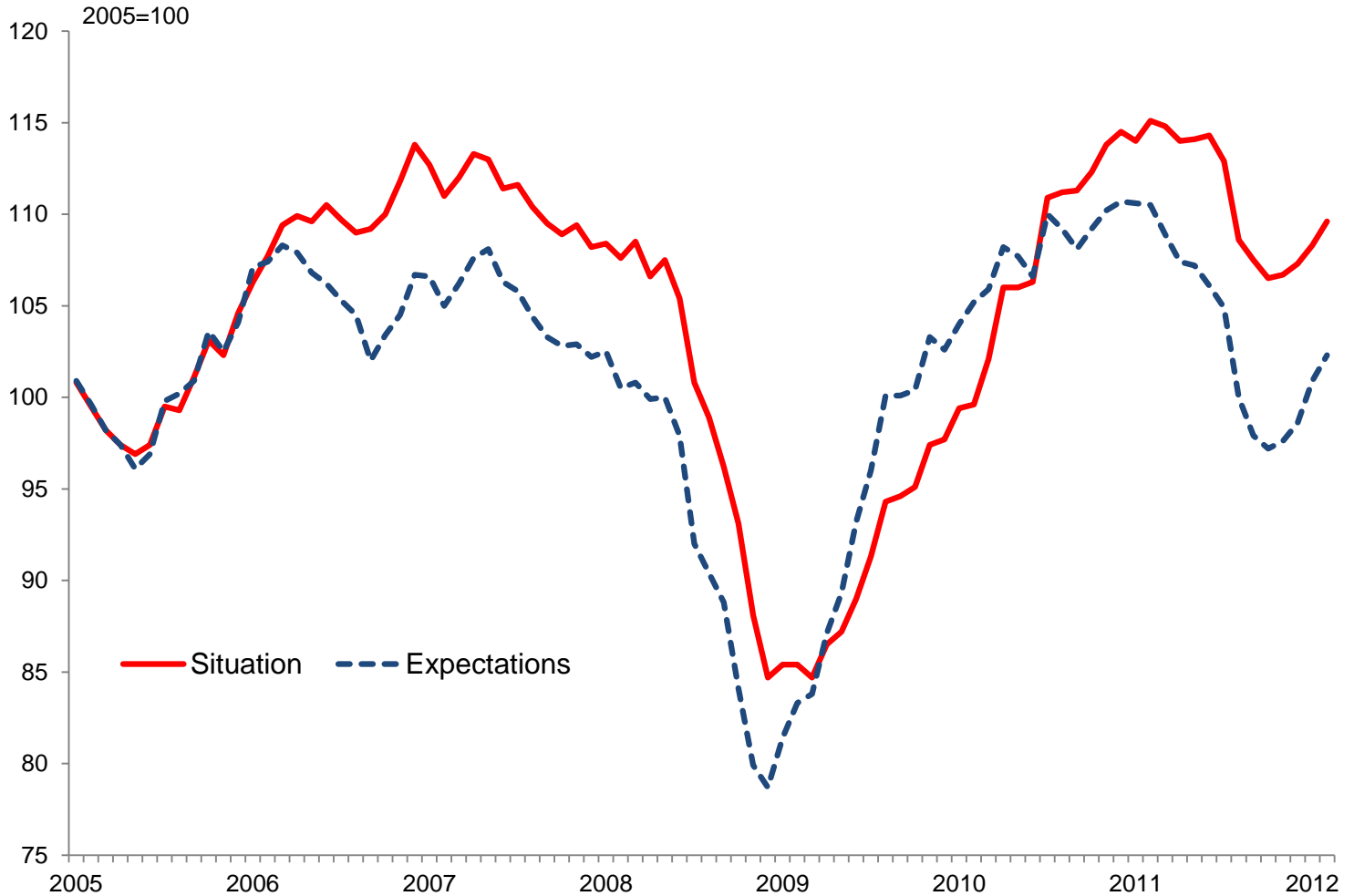
Domestic demand in the driver's seat





Business climate recovering 4 times in a row

ifo business survey for trade and industry

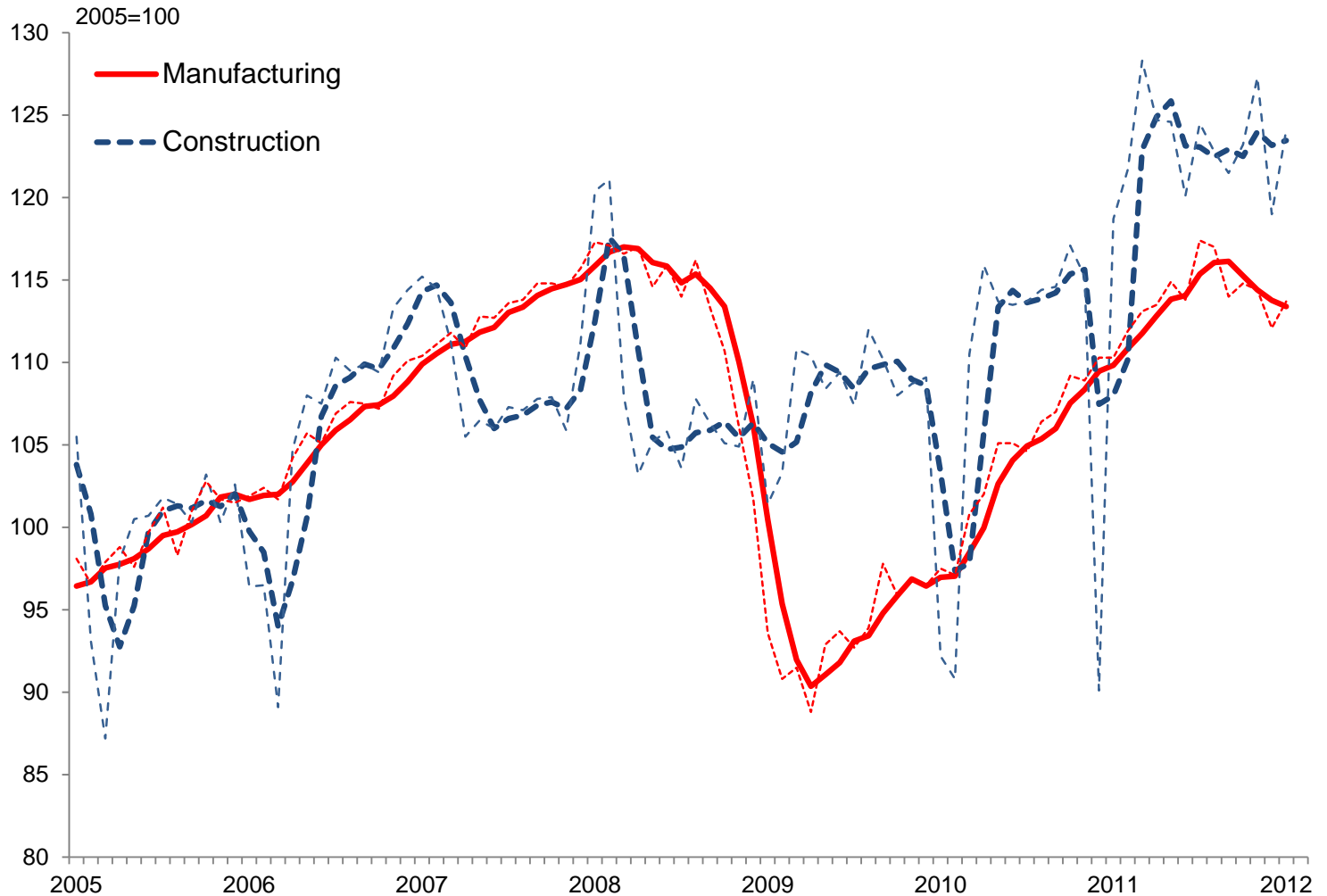


Logistics business climate

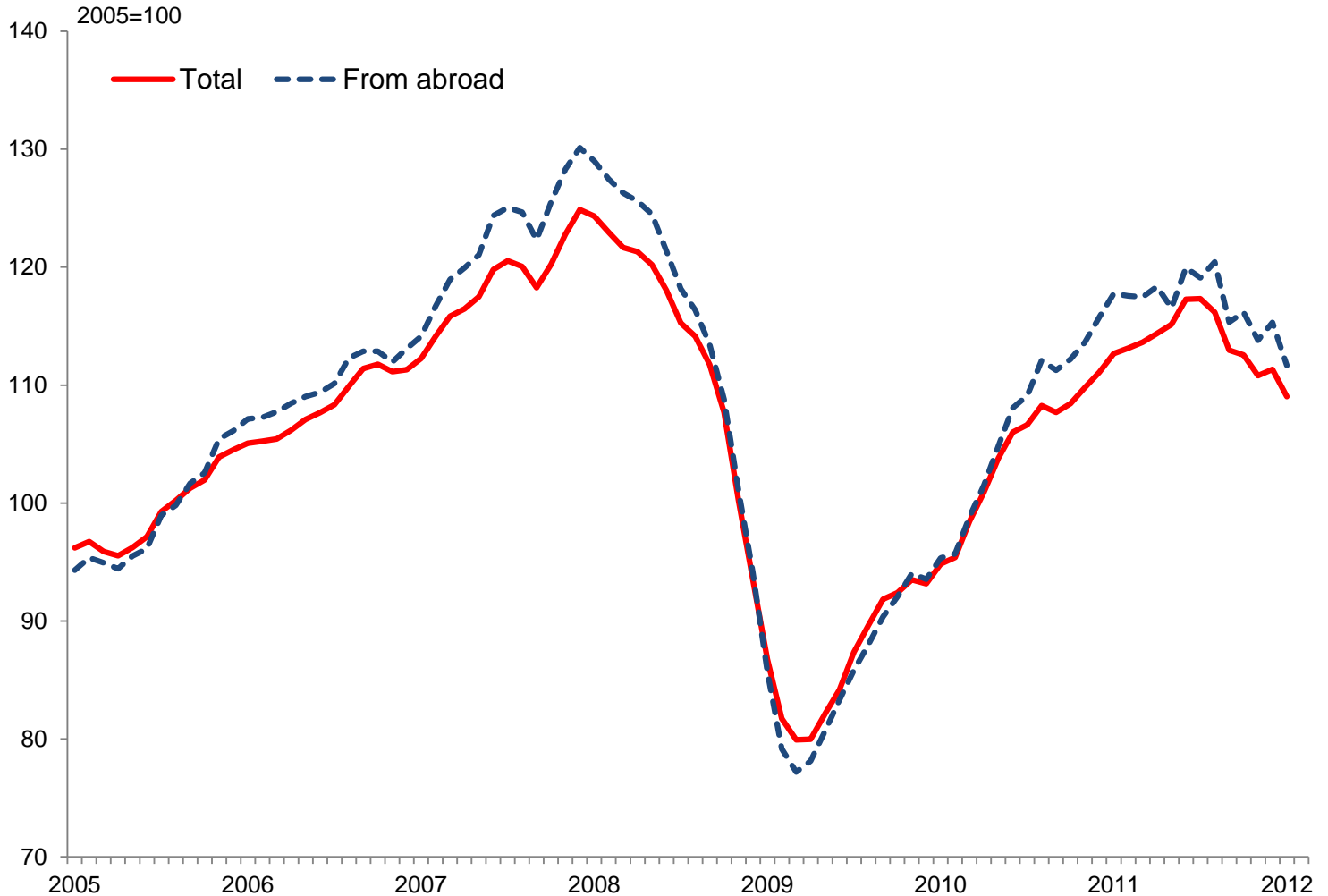
IfW/BVL logistics indicator



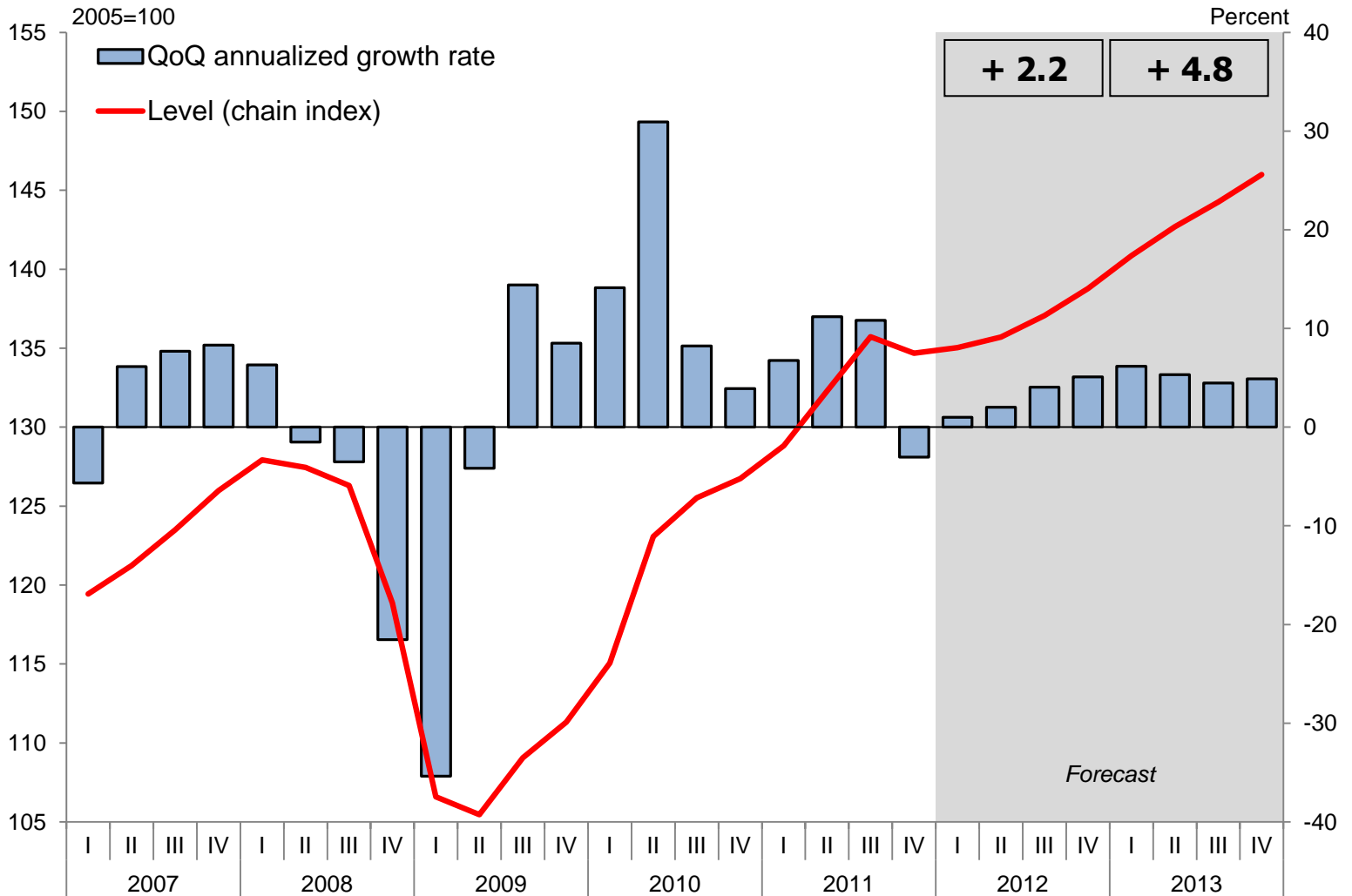
Construction output detached from general trend



Orders received by industry still sluggish

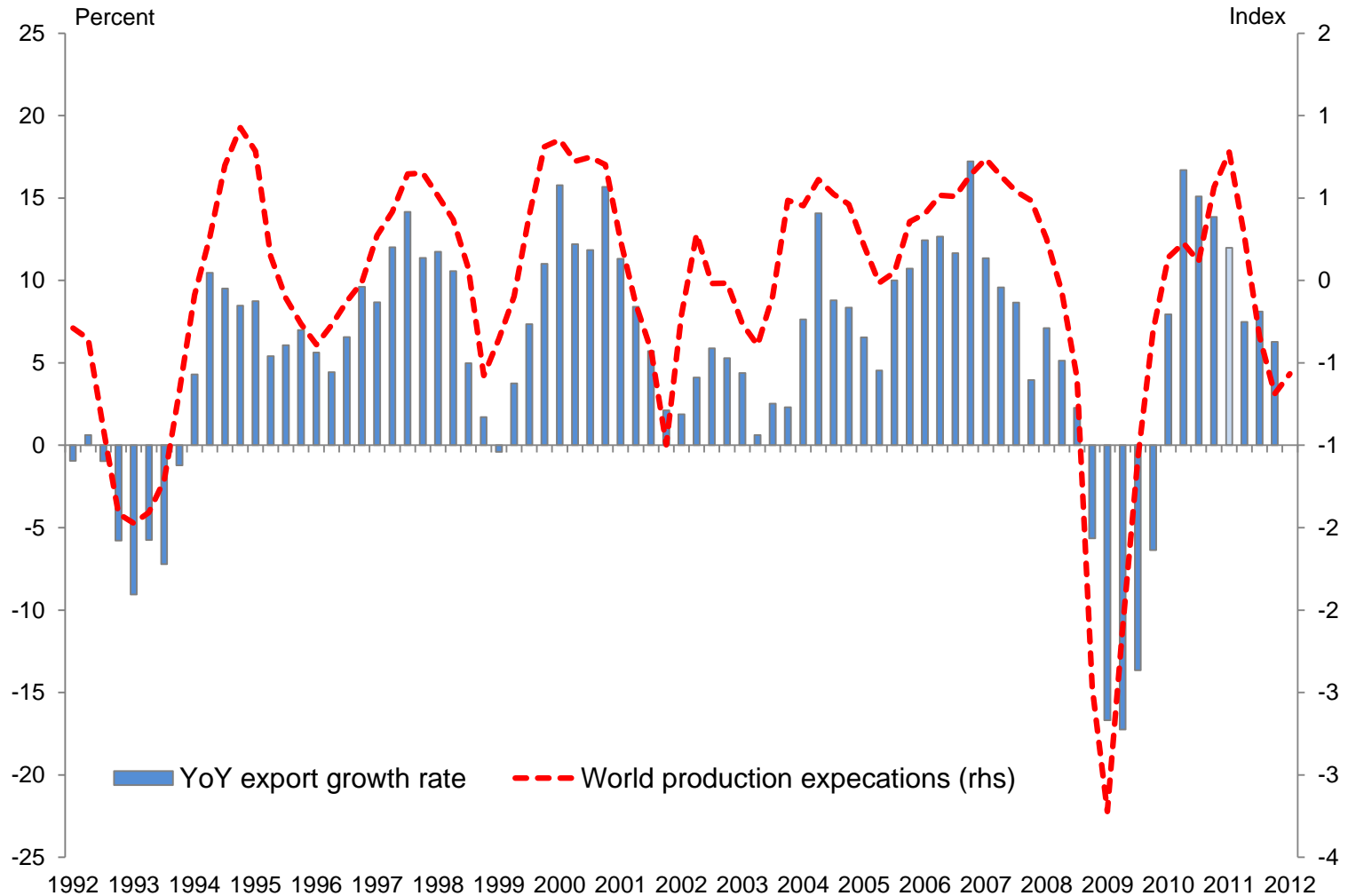


Exports under pressure: Scars from the European debt crisis and more moderate RoW growth



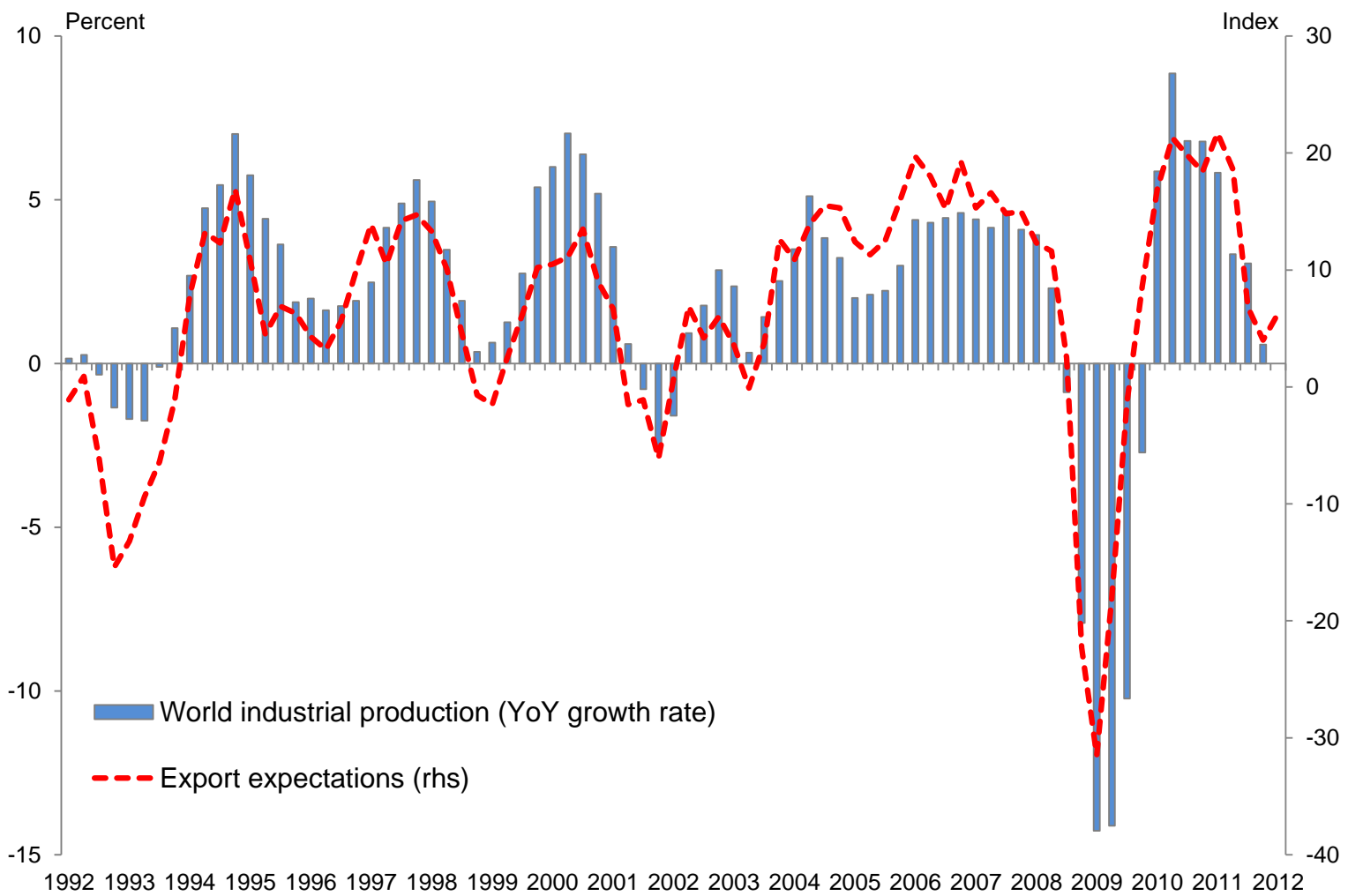


Reversal of world business climate (German perspective)

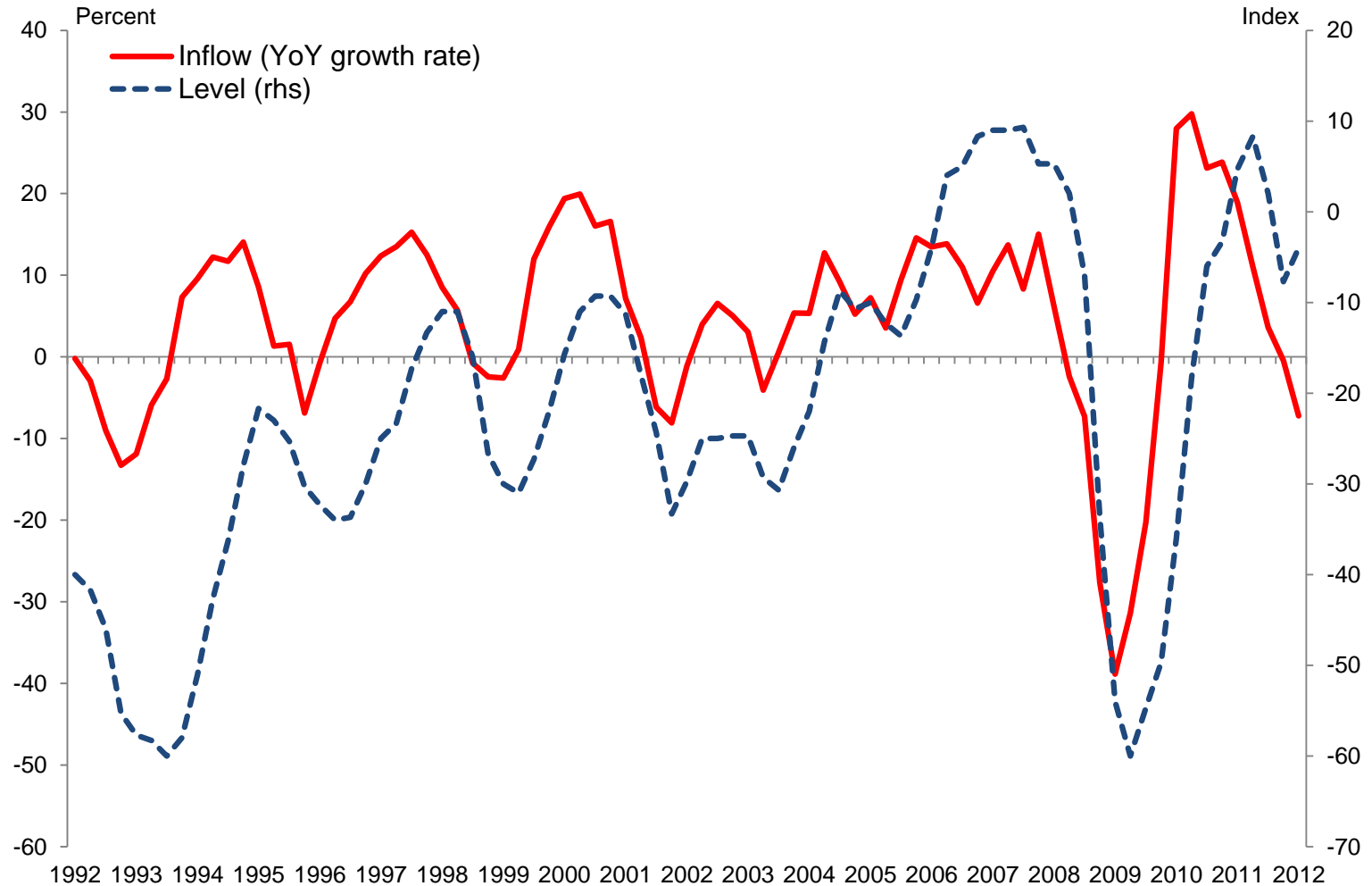




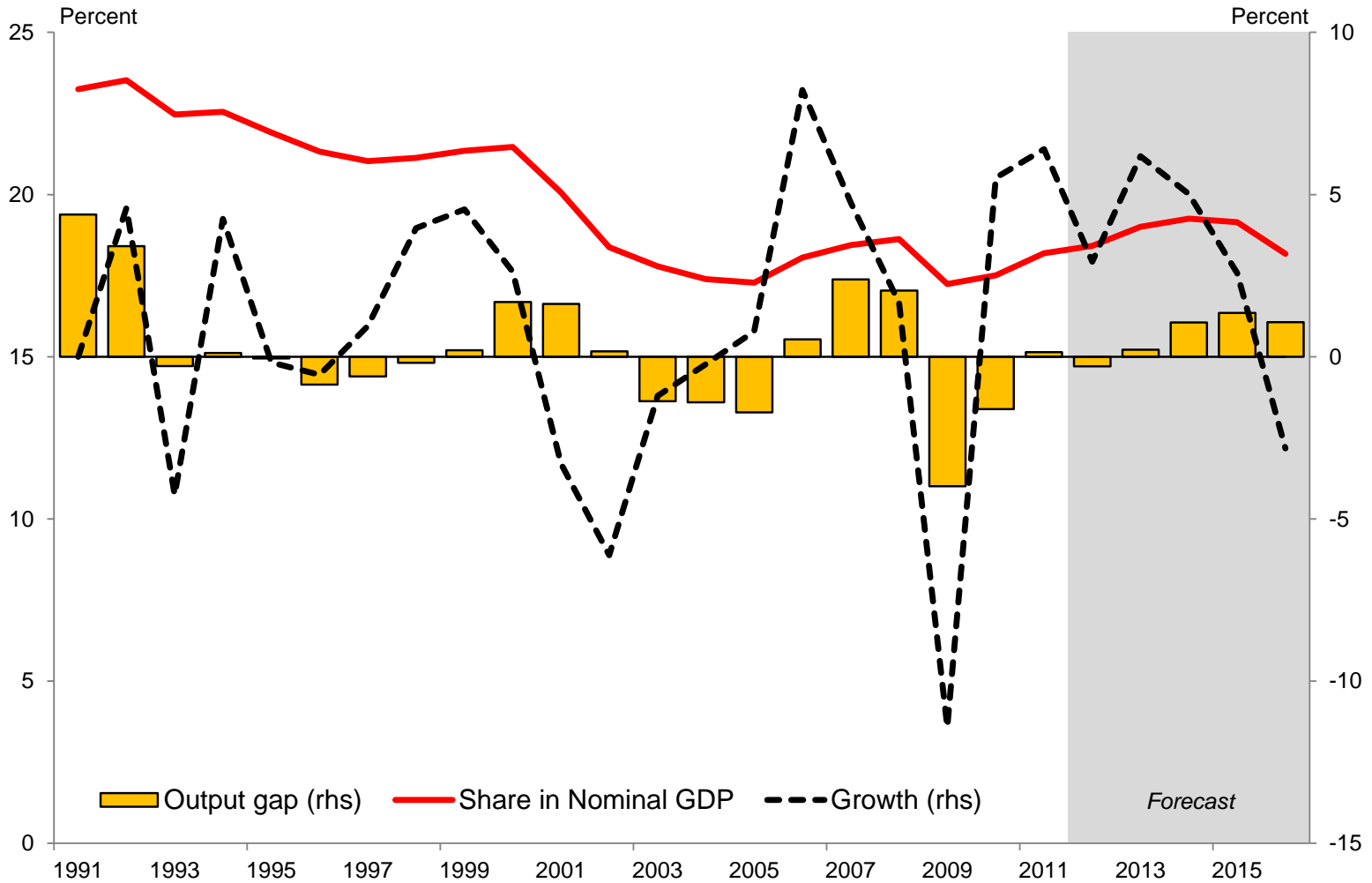
Stagnating world production, but exporters become more optimistic



Orders from abroad (manufacturing) still weak



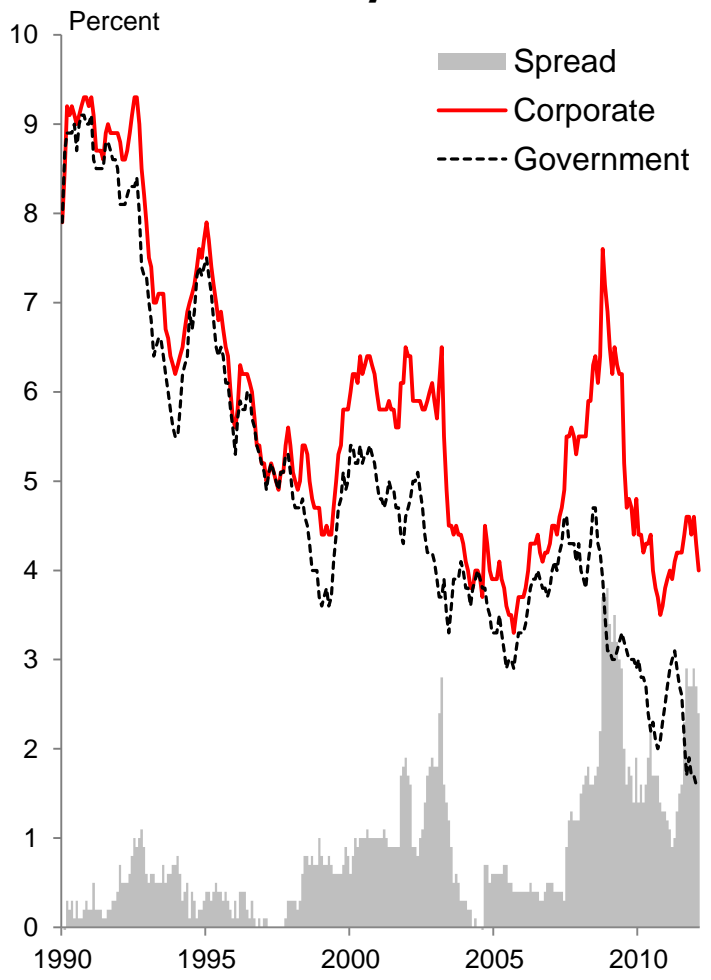
Fixed capital formation: Cyclic momentum further pushed by low financing cost





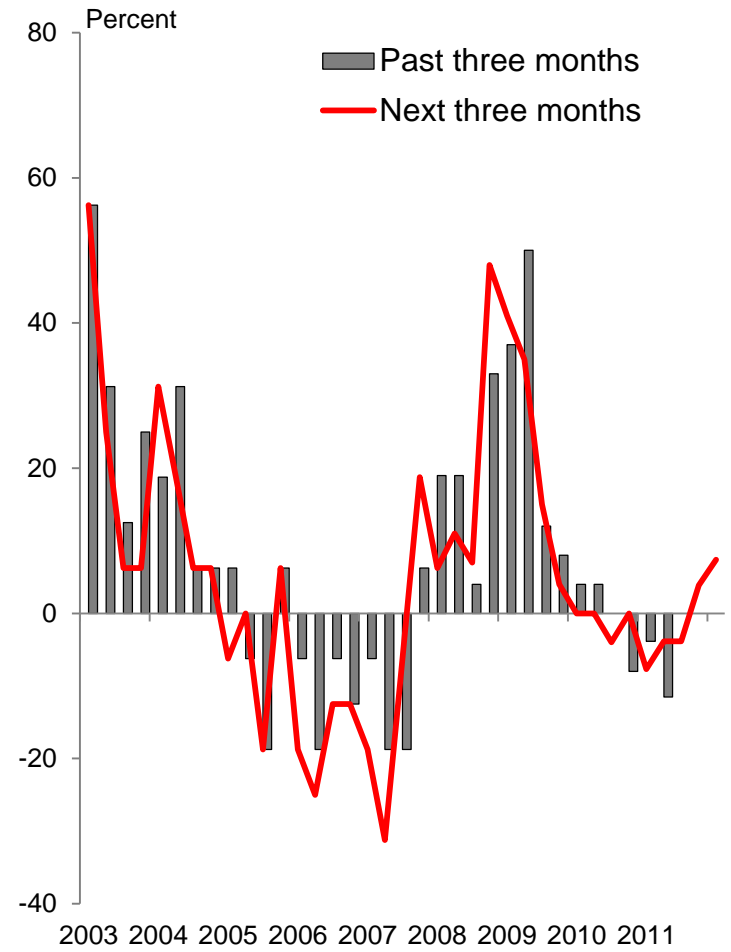
Company funding

Bond yields



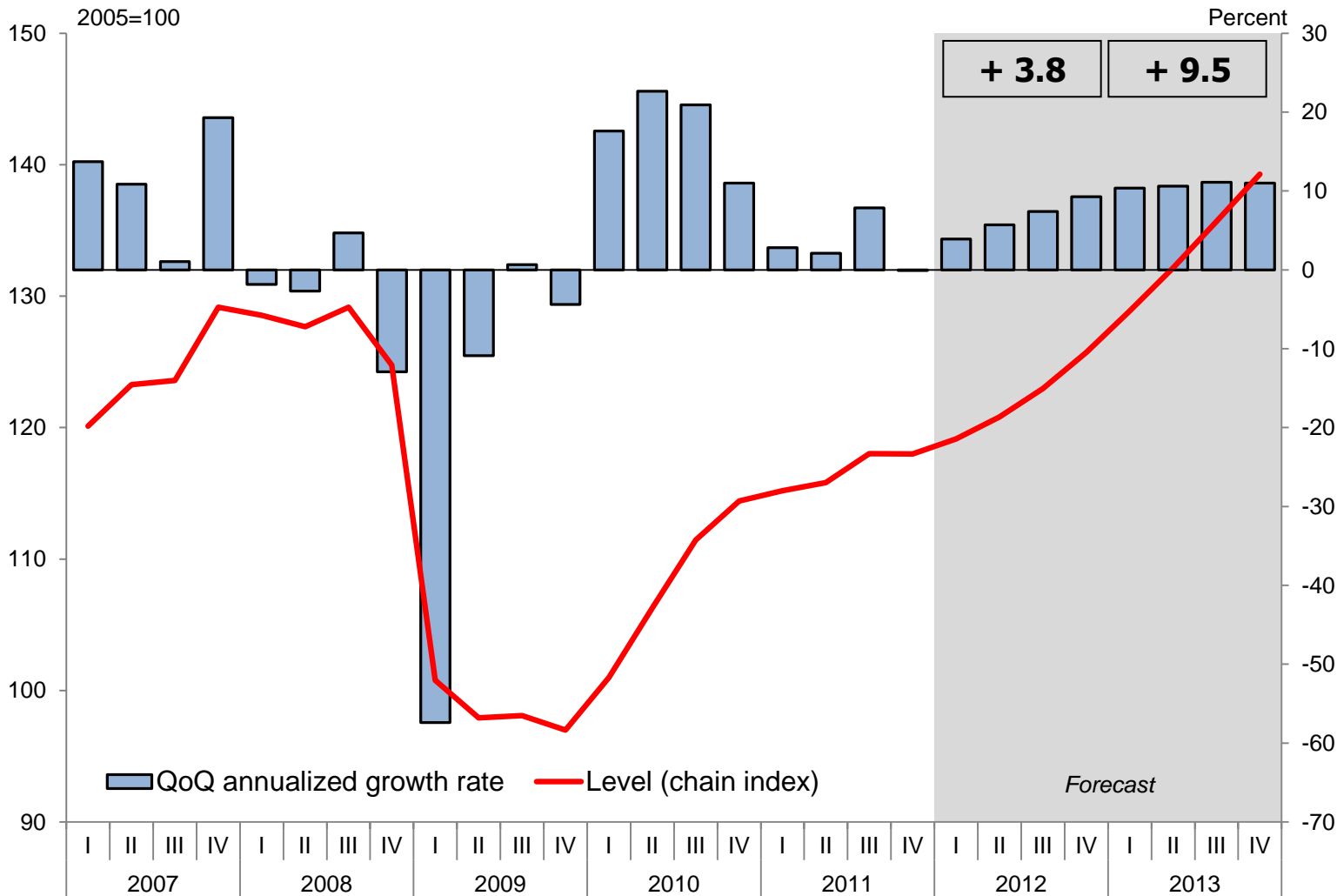
Monthly data
Corporate bonds: maturing within 3 years; Government bonds: maturing within 5 years

Lending standards



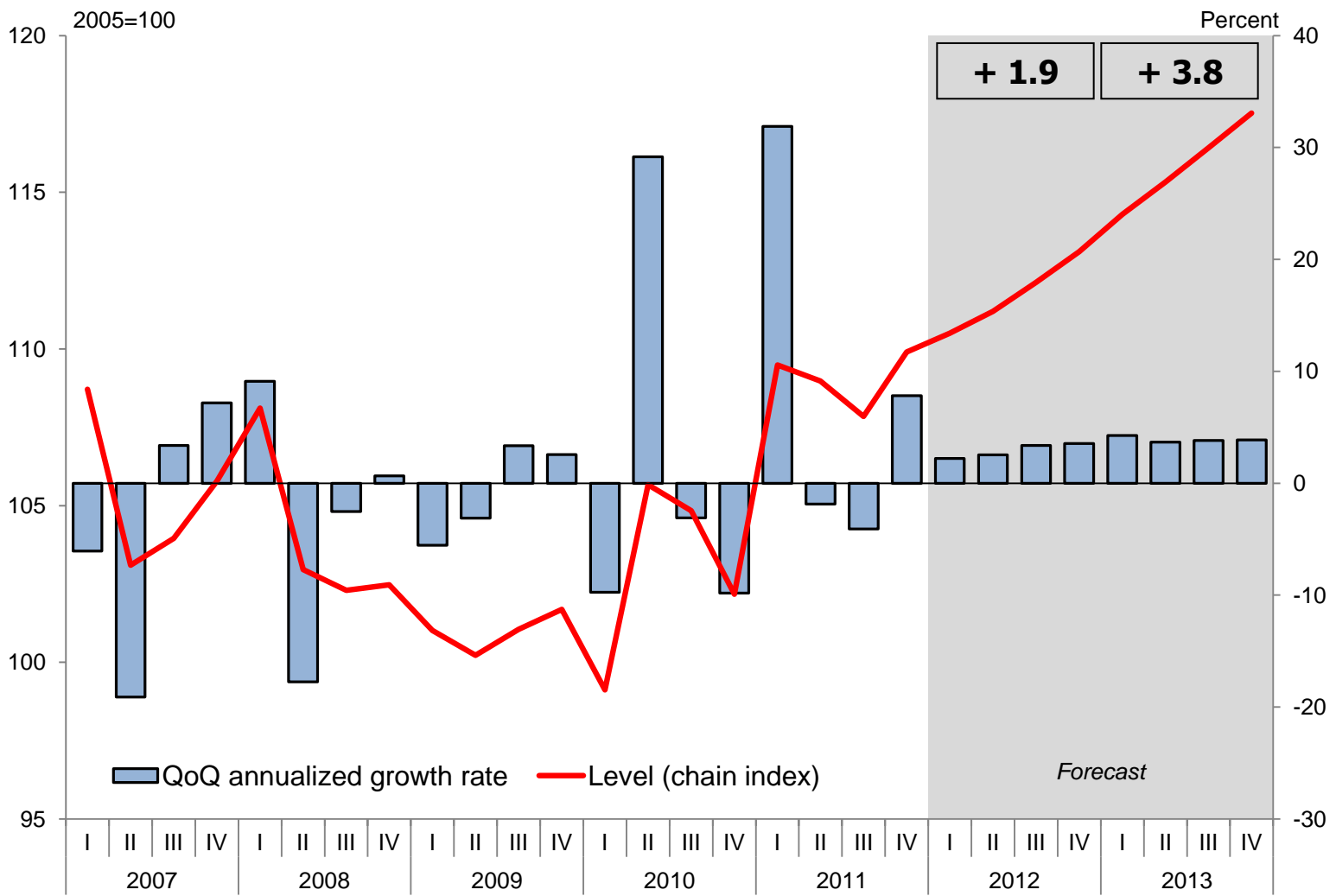
Quarterly data

M&E investment: Dampening by "wait-and-see" expected to fade out



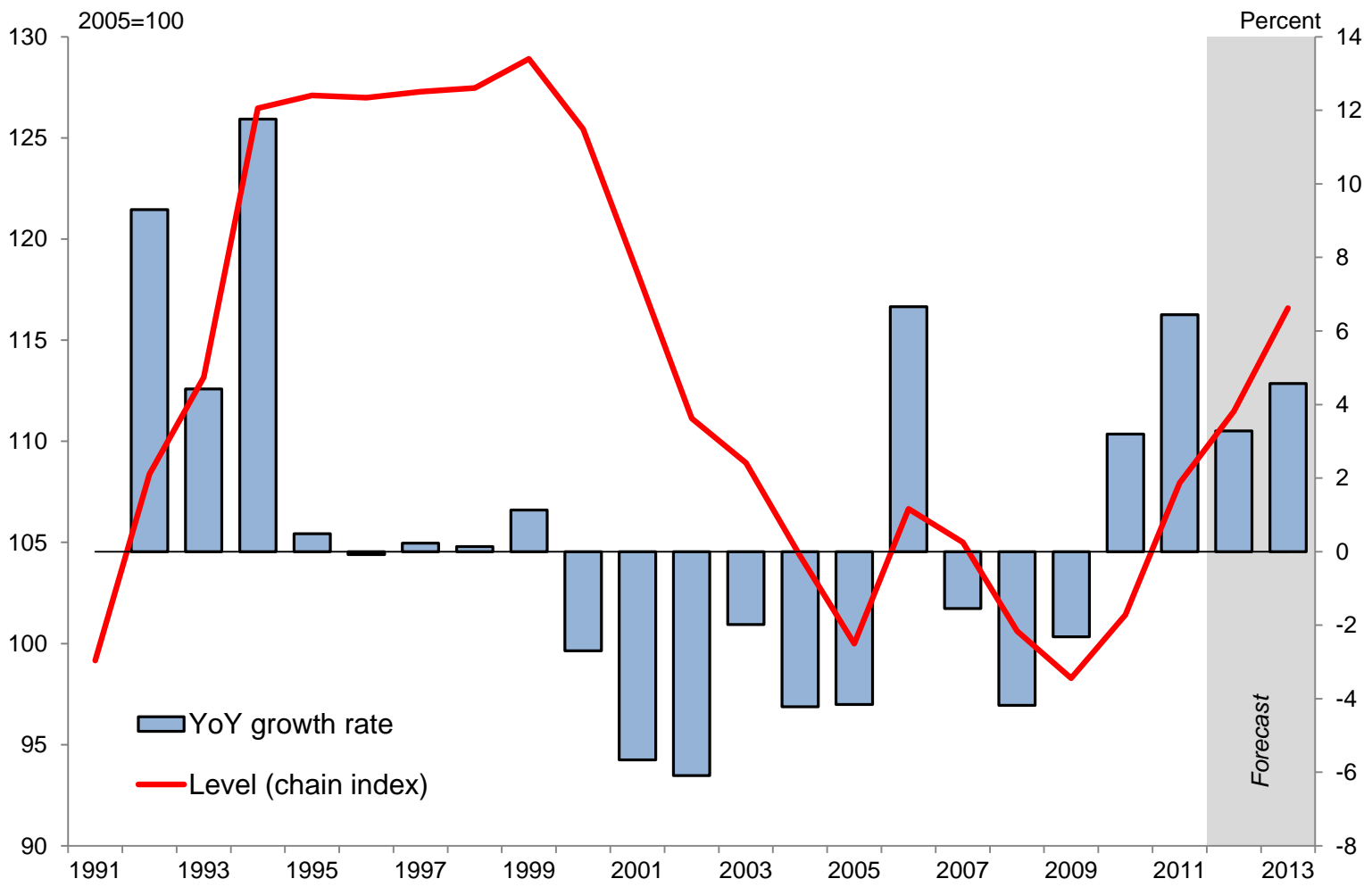


Constructions boosted by residential demand

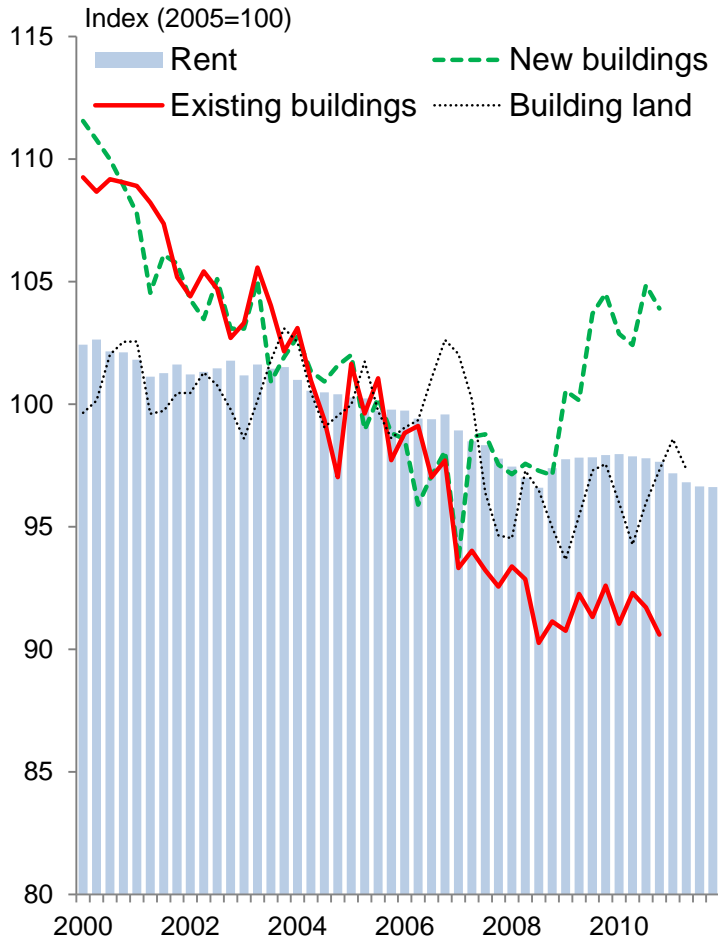




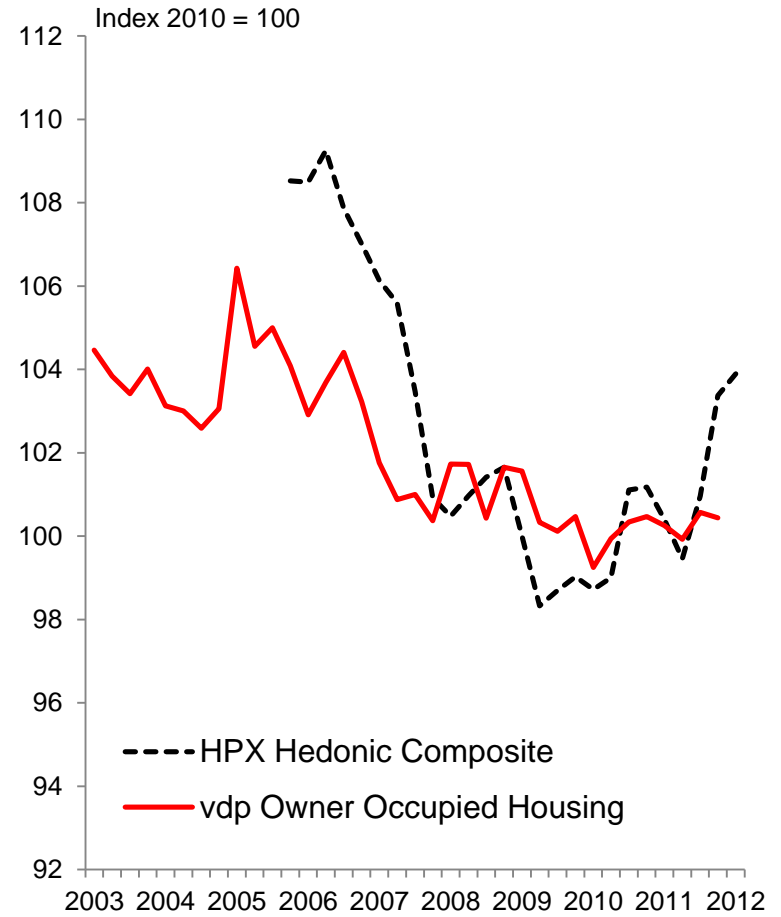
Residential construction 1991-2013



„Real“ housing prices

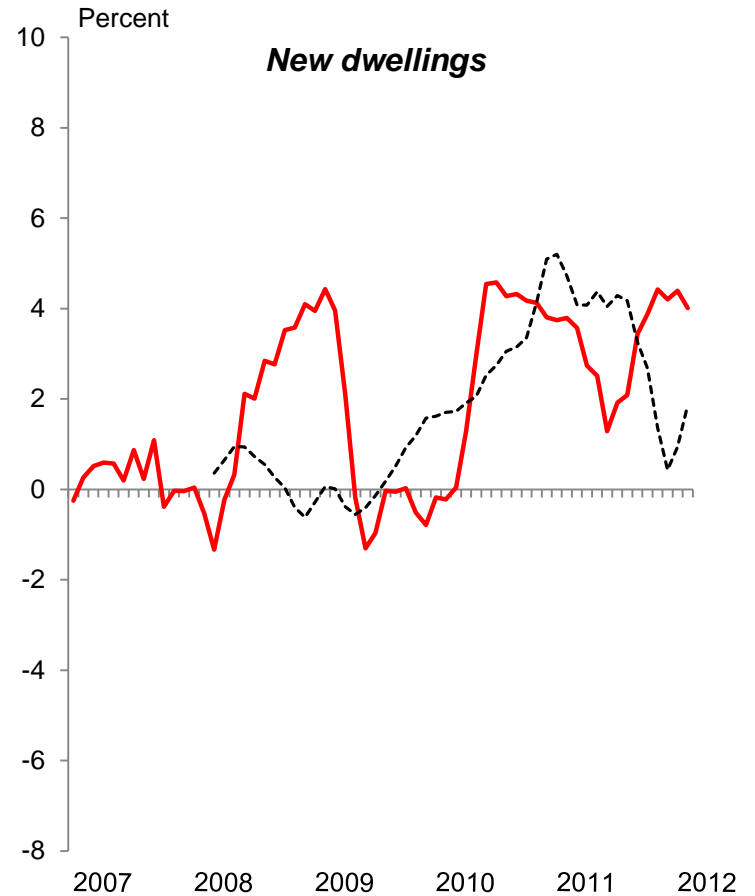
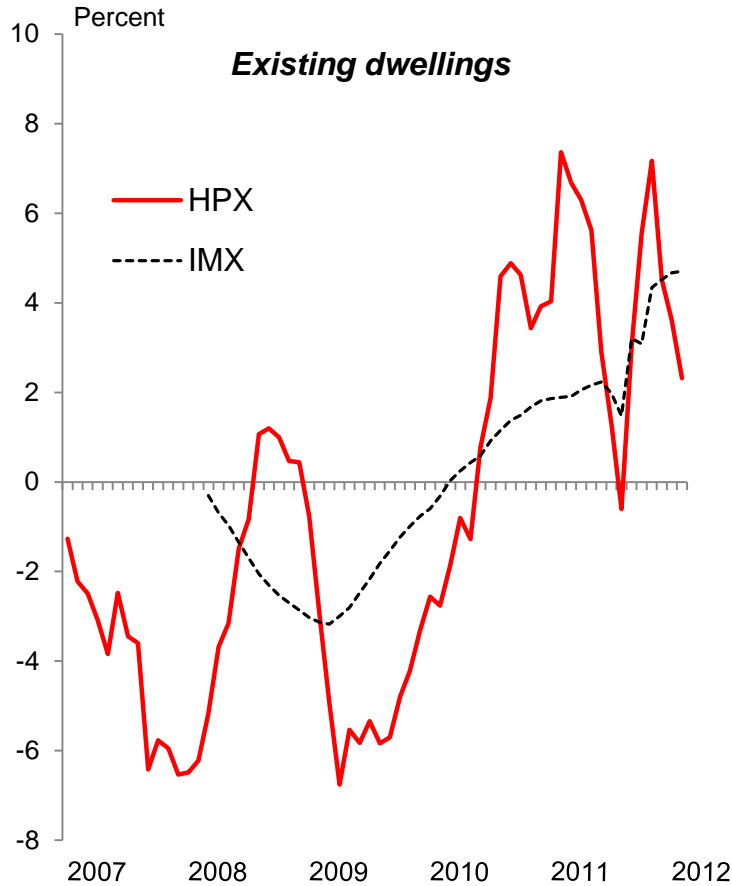


Quarterly data, consumer-price deflated.
Source: Destatis, IfW calculations



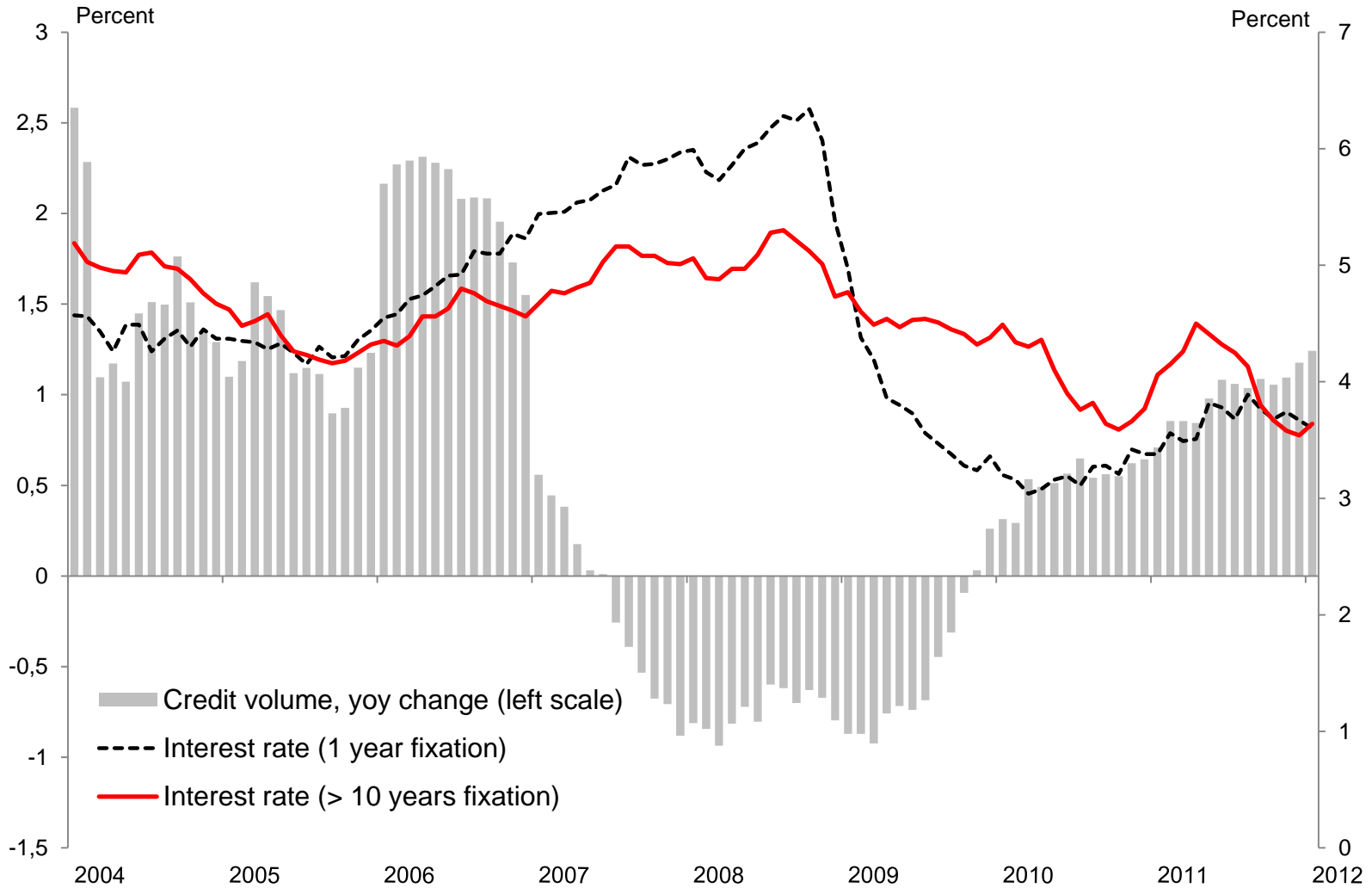
Quarterly data (2012-Q1: Januar/Februar), consumer price deflated.
Source: vdp, Hypoport, Destatis, IfW calculations.

HPX vs. IMX transaction-based prices

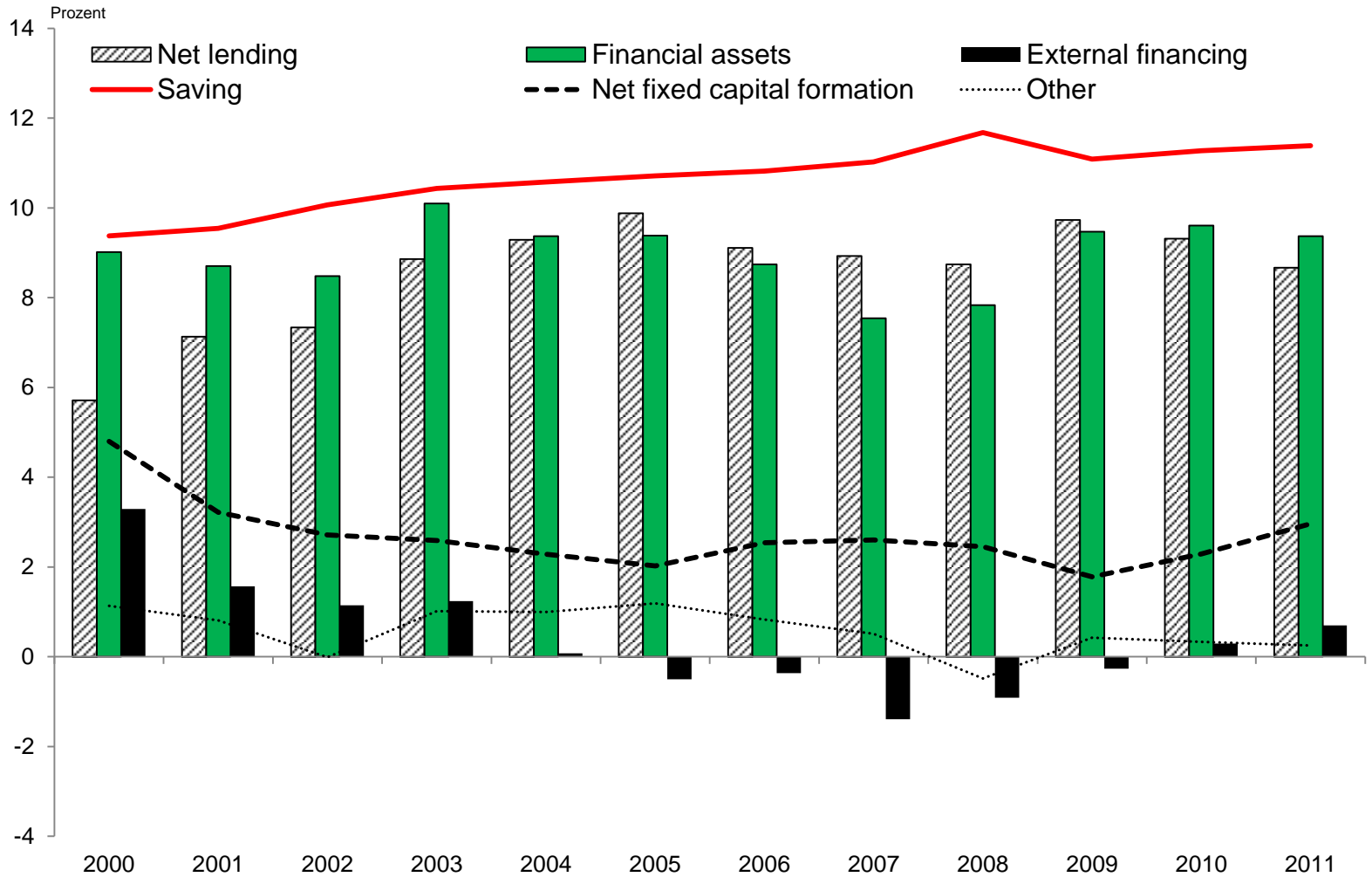


Monthly data, change over previous year in percent.
Source: Hypoport, Immobilienscout24

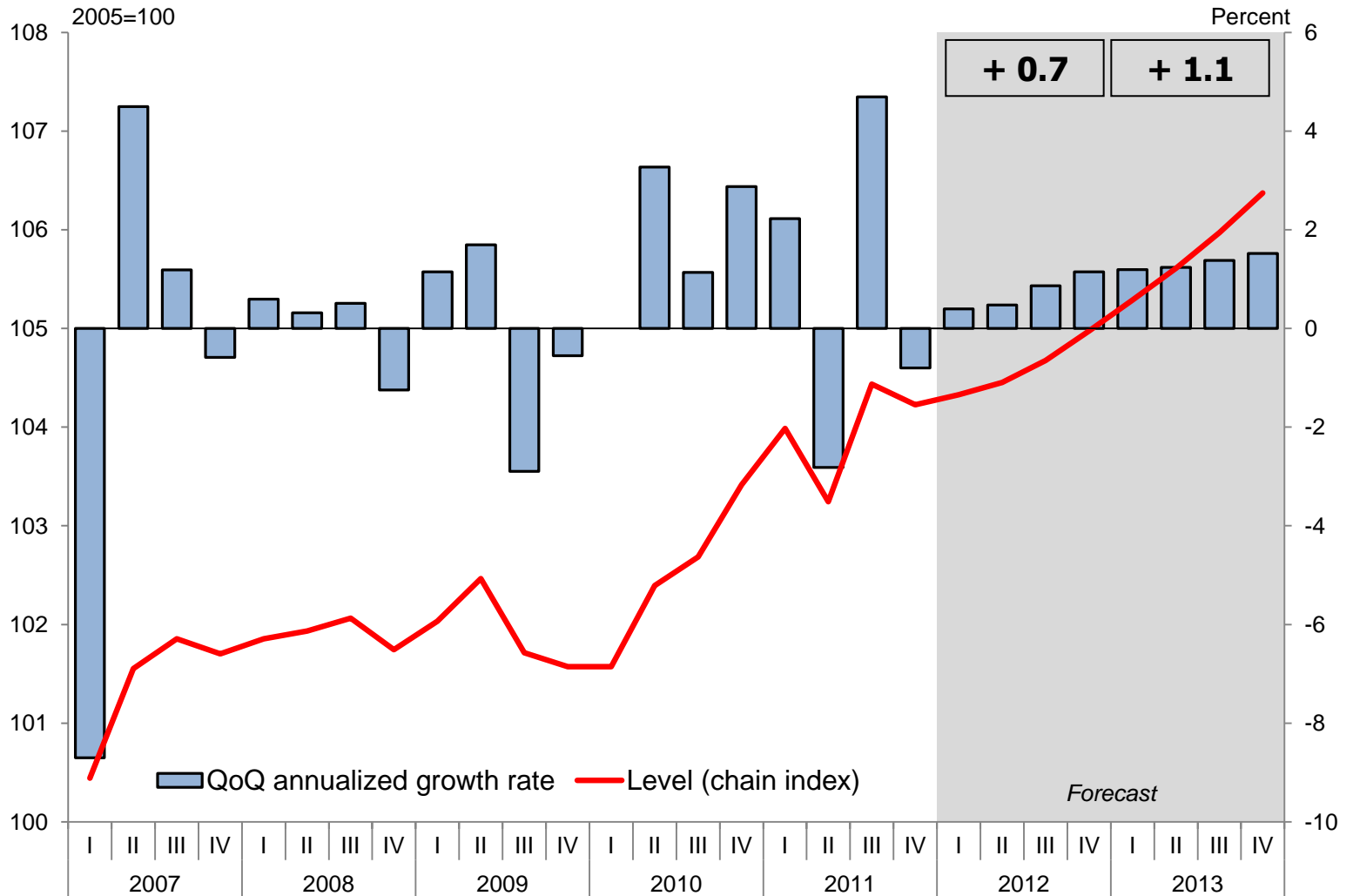
Mortgage loans to private households



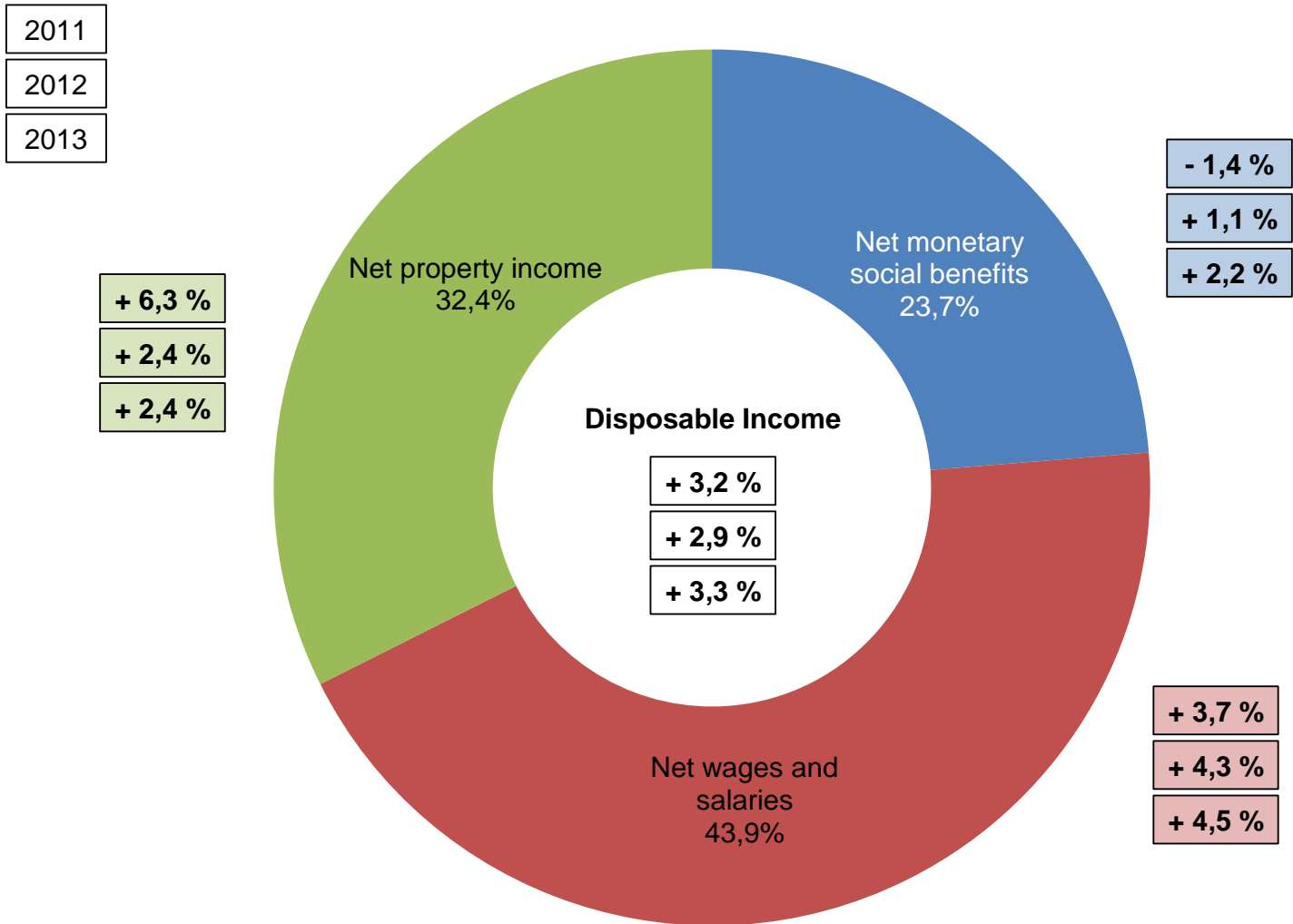
Households: Financing and acquisition of assets



Private consumers: No spending spree, but stabilizing pillar



Disposable income of private households

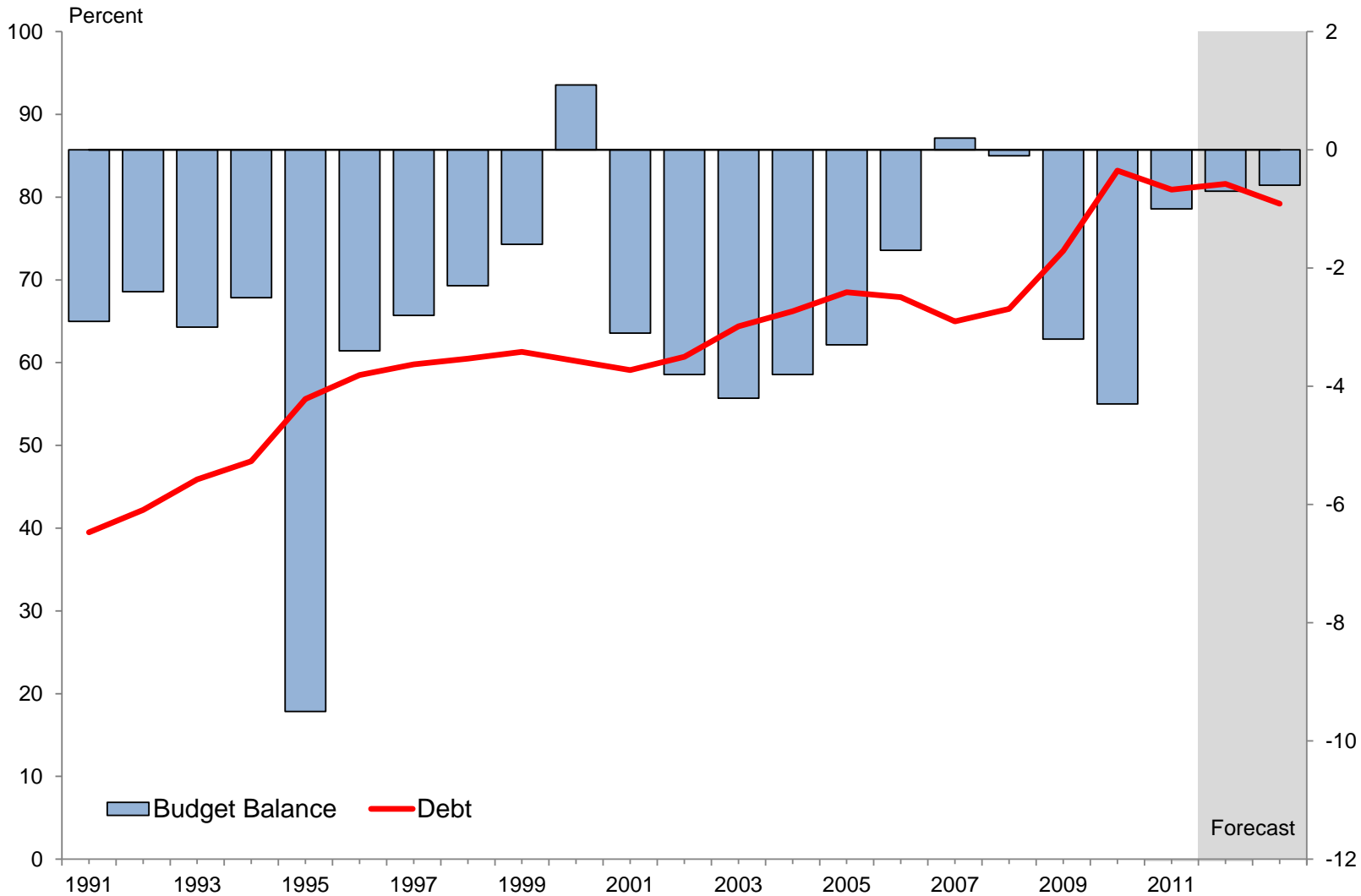


GDP and key components

Volumes, change over previous year in percent

	2011	2012	2013
GDP	3.0	0.7	1.9
Private consumption	1.5	0.7	1.1
Public consumption	1.4	1.3	1.6
M&E investment	7.6	3.8	9.5
Construction	5.8	1.9	3.8
Exports	8.3	2.2	4.8
Imports	7.4	3.5	5.7

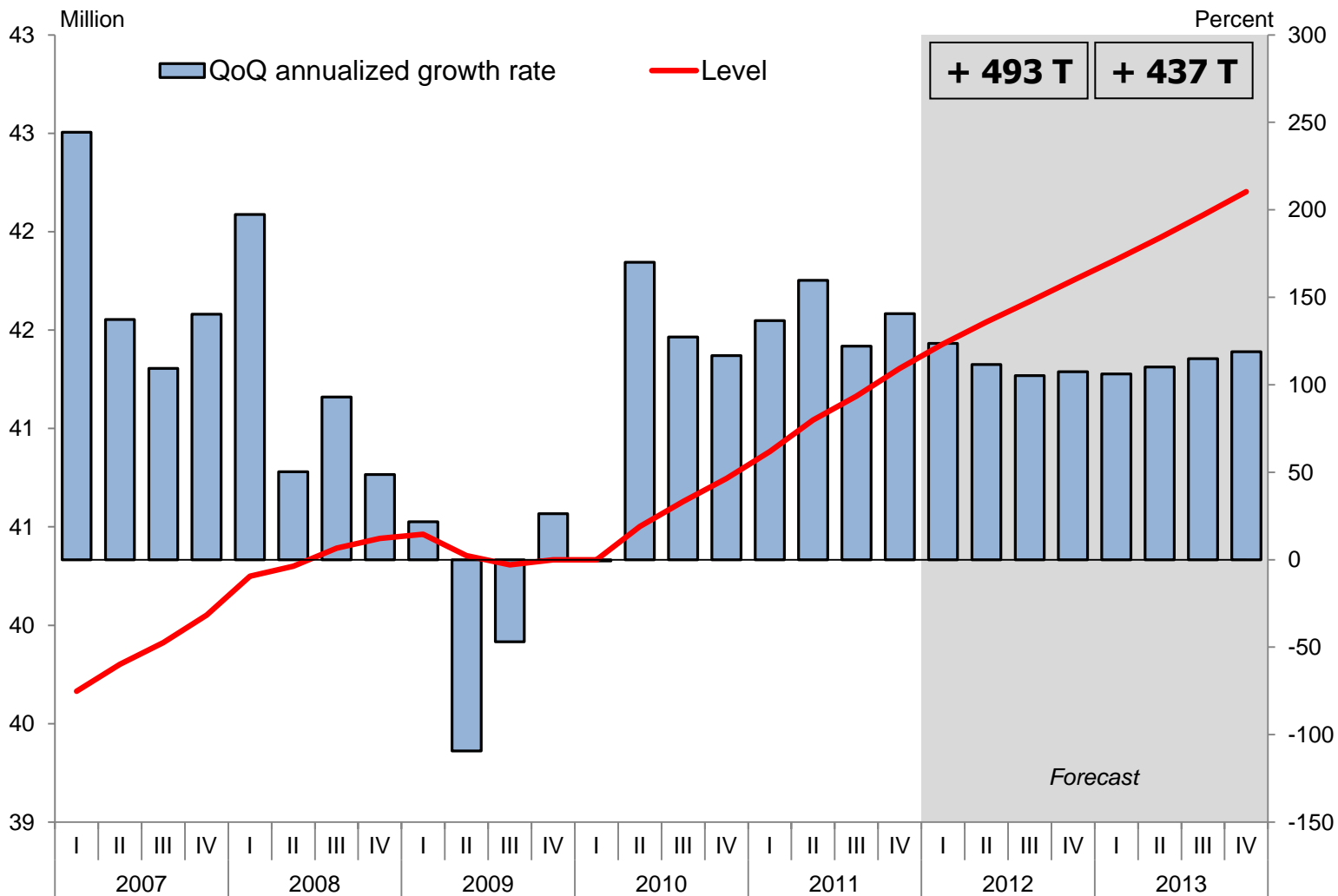
Public finance: In line with constitutional debt break, but less ambitious than it could be



Annual data; In relation to nominal GDP in percent

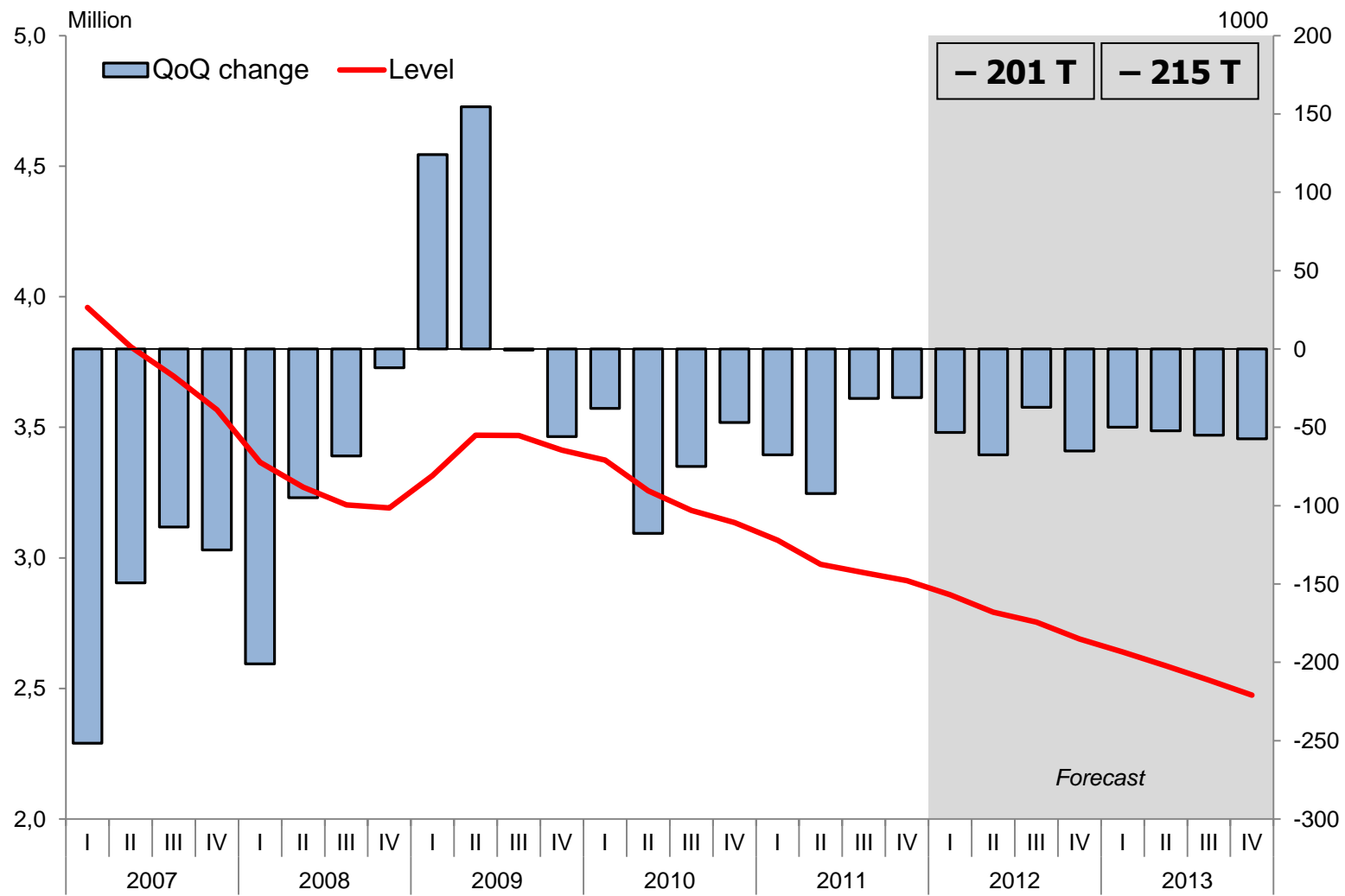


Employment: Labor market success story continues



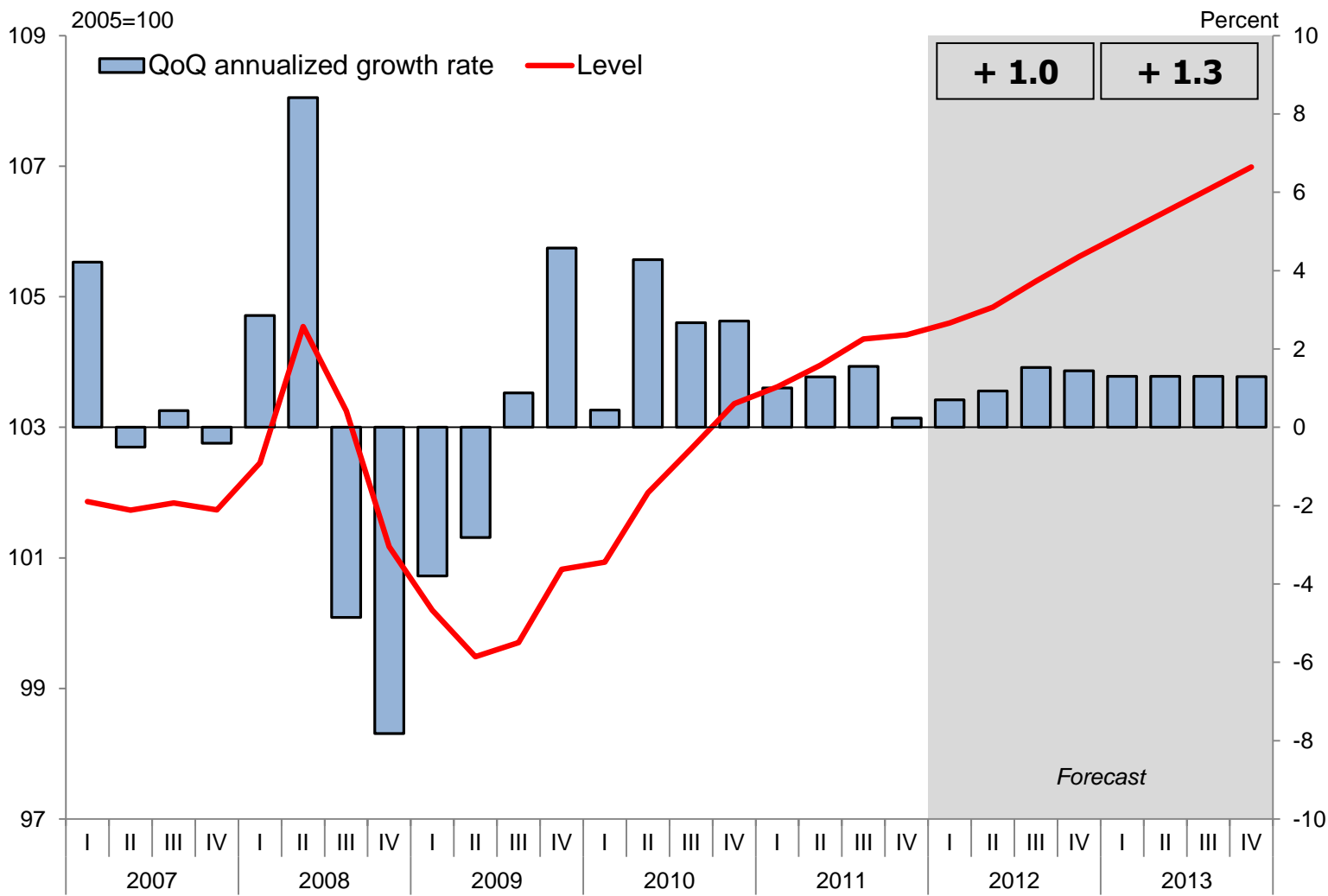


Unemployment: 2.8 mill. (2012), 2.6 mill (2013)

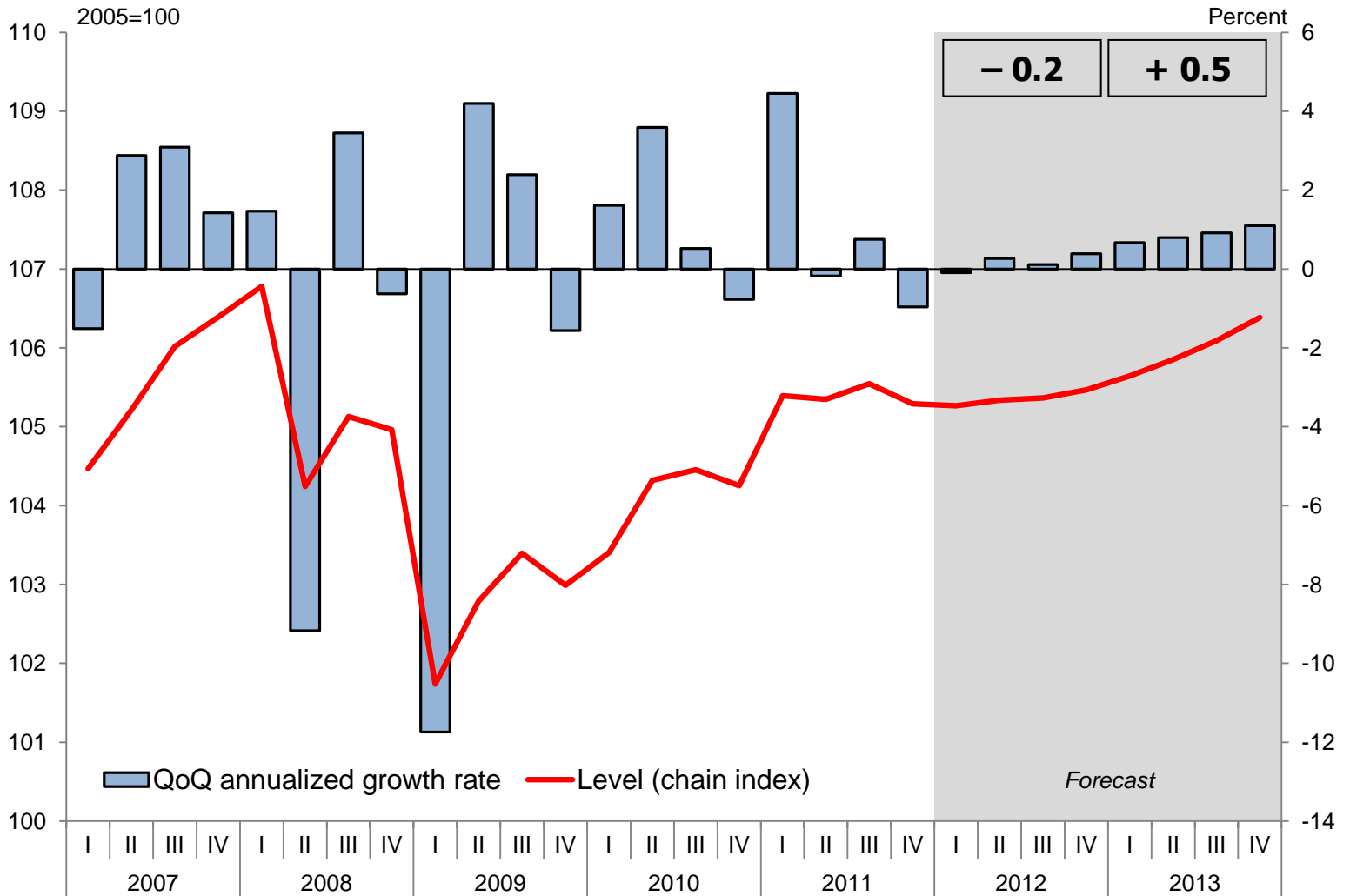




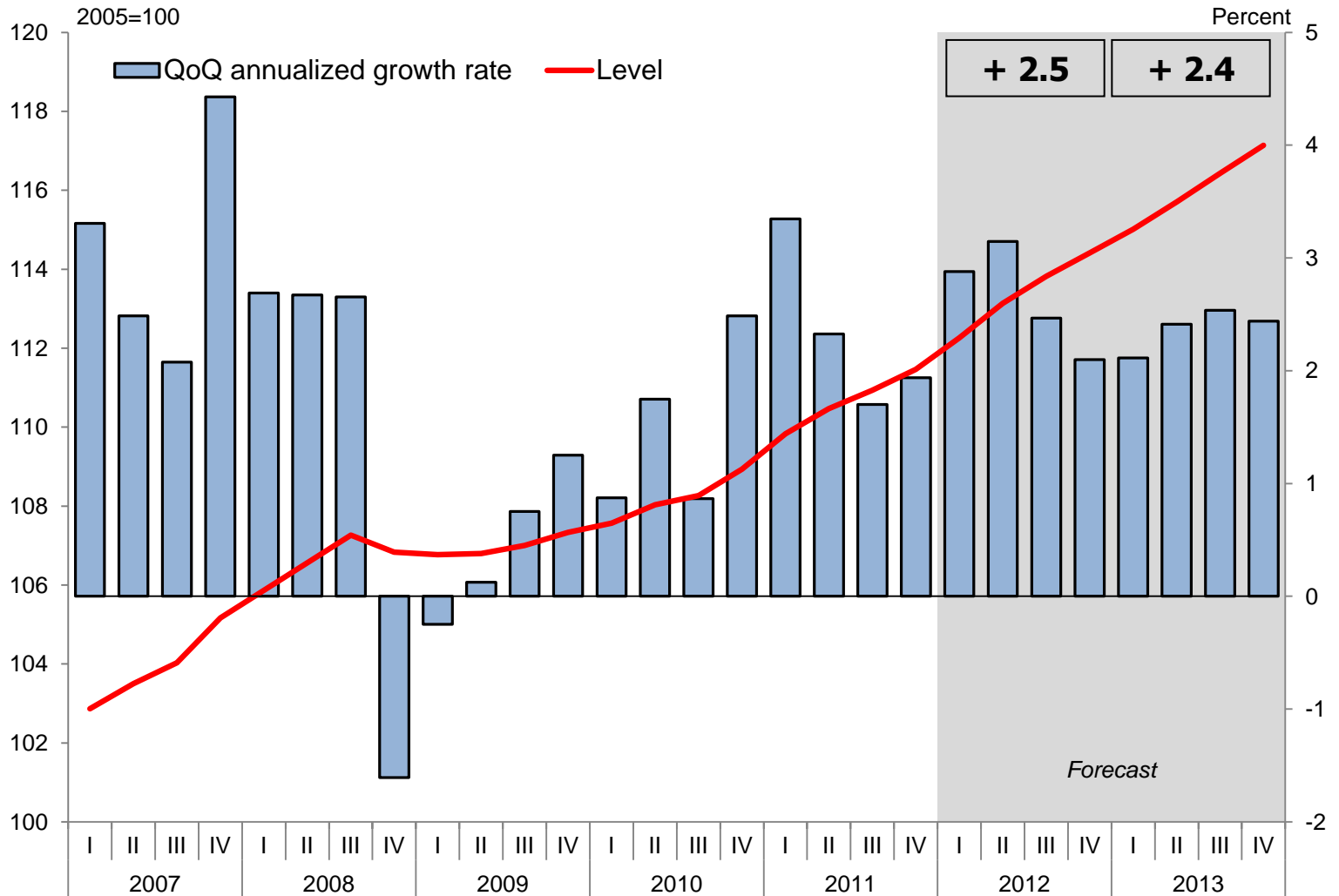
Total hours worked exceeding pre-crisis peak



Poor productivity performance

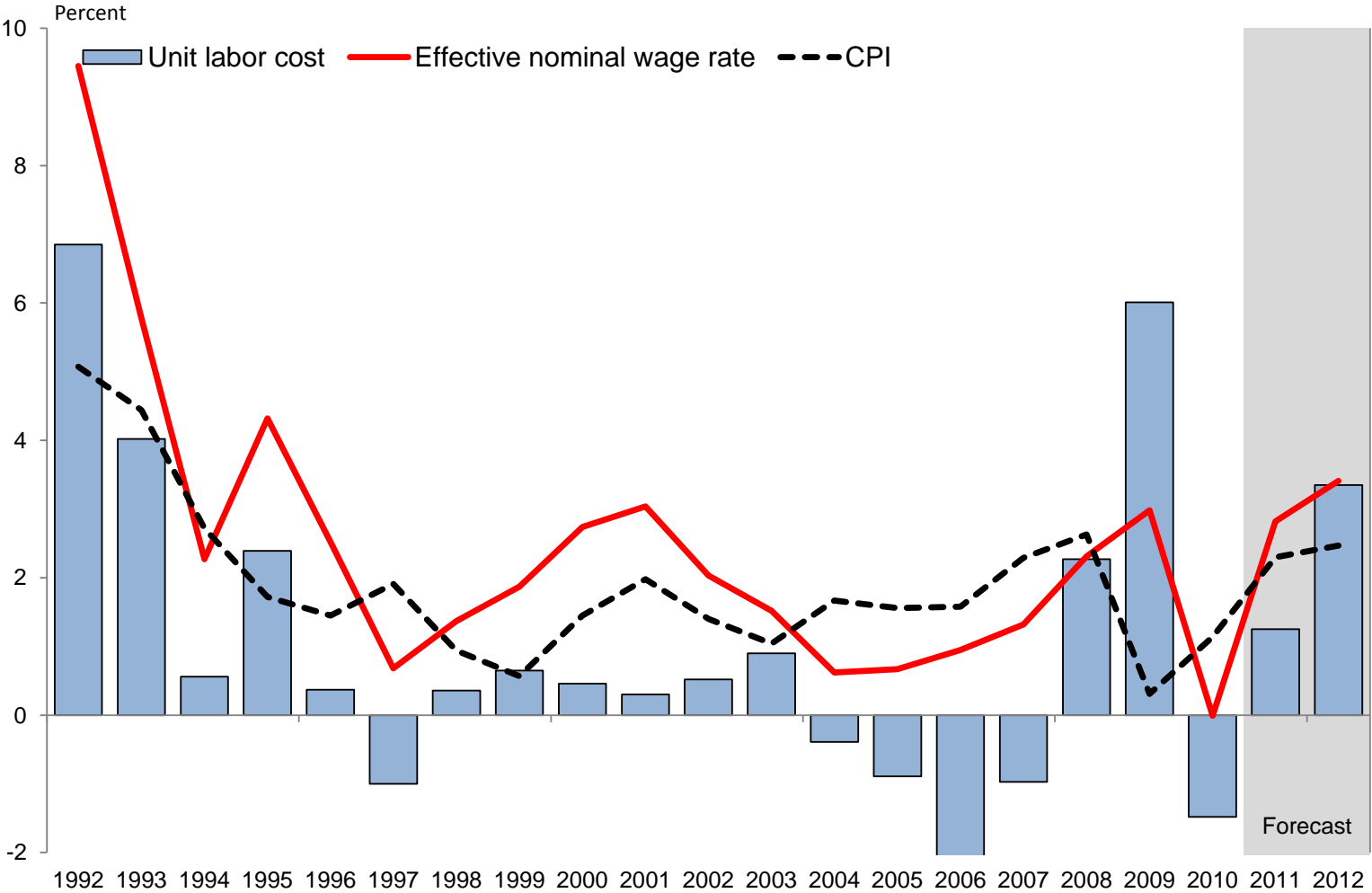


Consumer prices: Domestic costs drive inflation

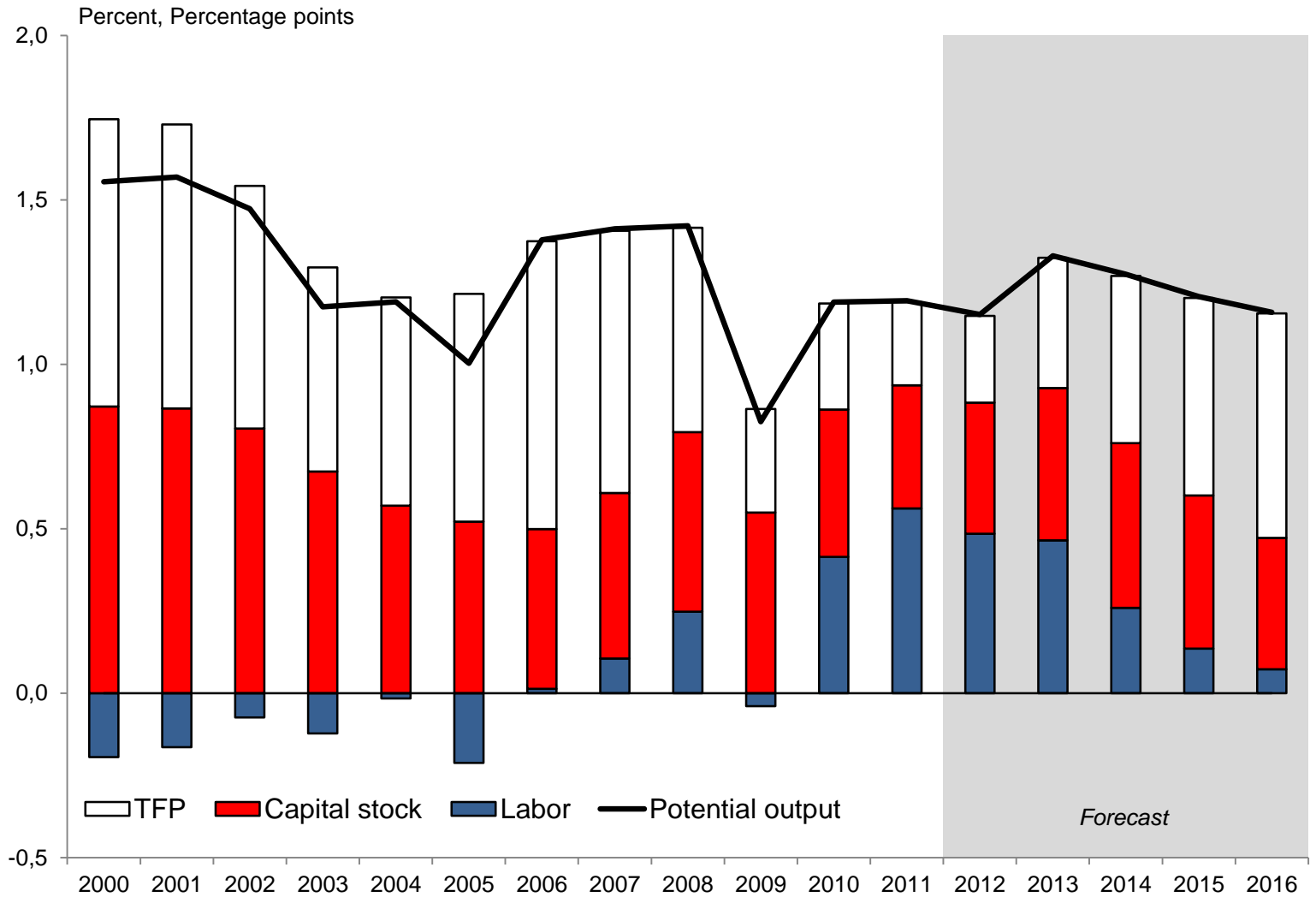




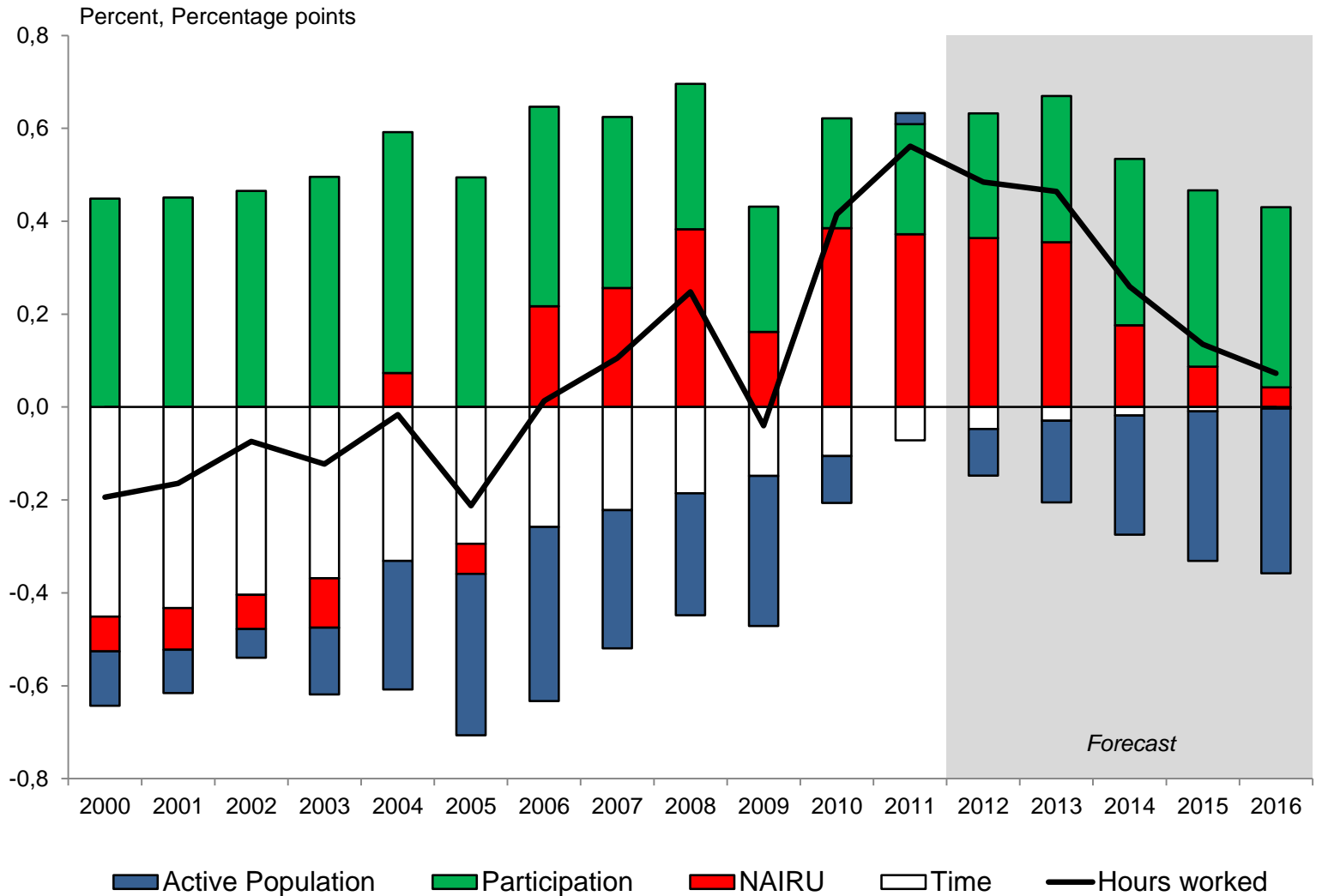
Unit labor cost and effective hourly wages



Drivers of potential output



Labor force: Dampening demographics



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