



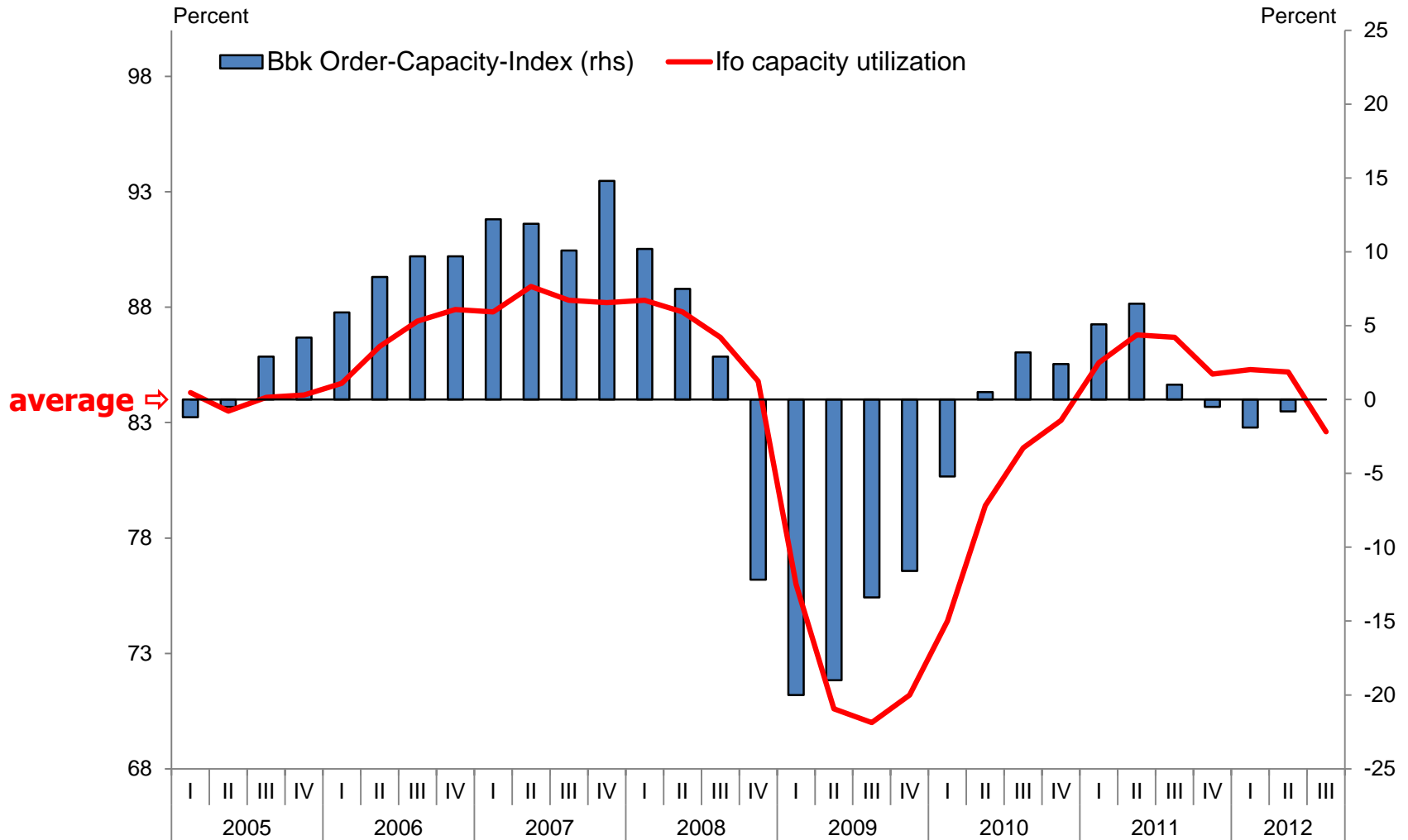
86<sup>th</sup> Kieler Konjunkturgespräch | Berlin, 19 September 2012

# **The German economy in stop-and-go mode**

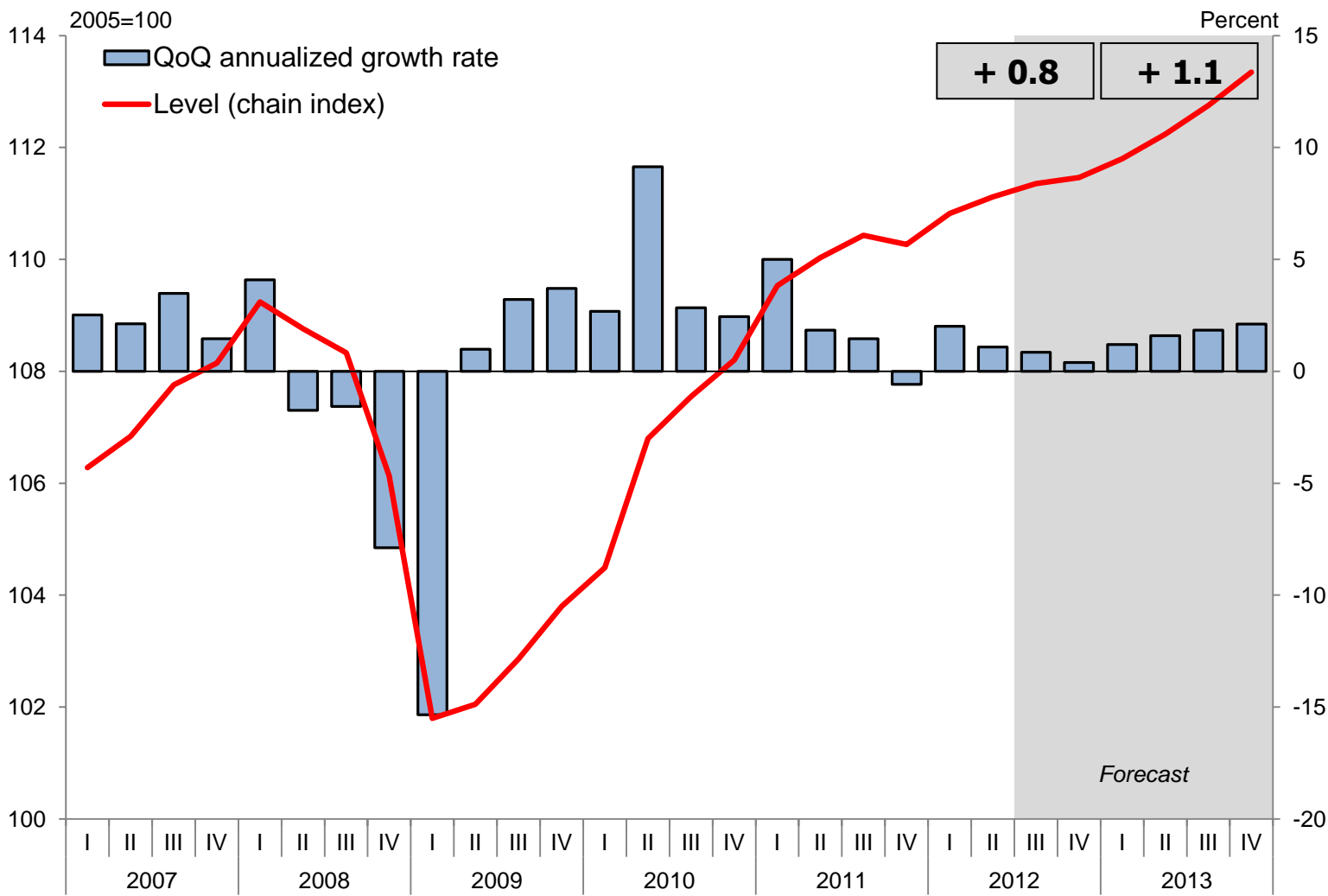
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Stefan Kooths  
Forecasting Center

# Data edge (manufacturing): Capacity utilization falls short of normal level

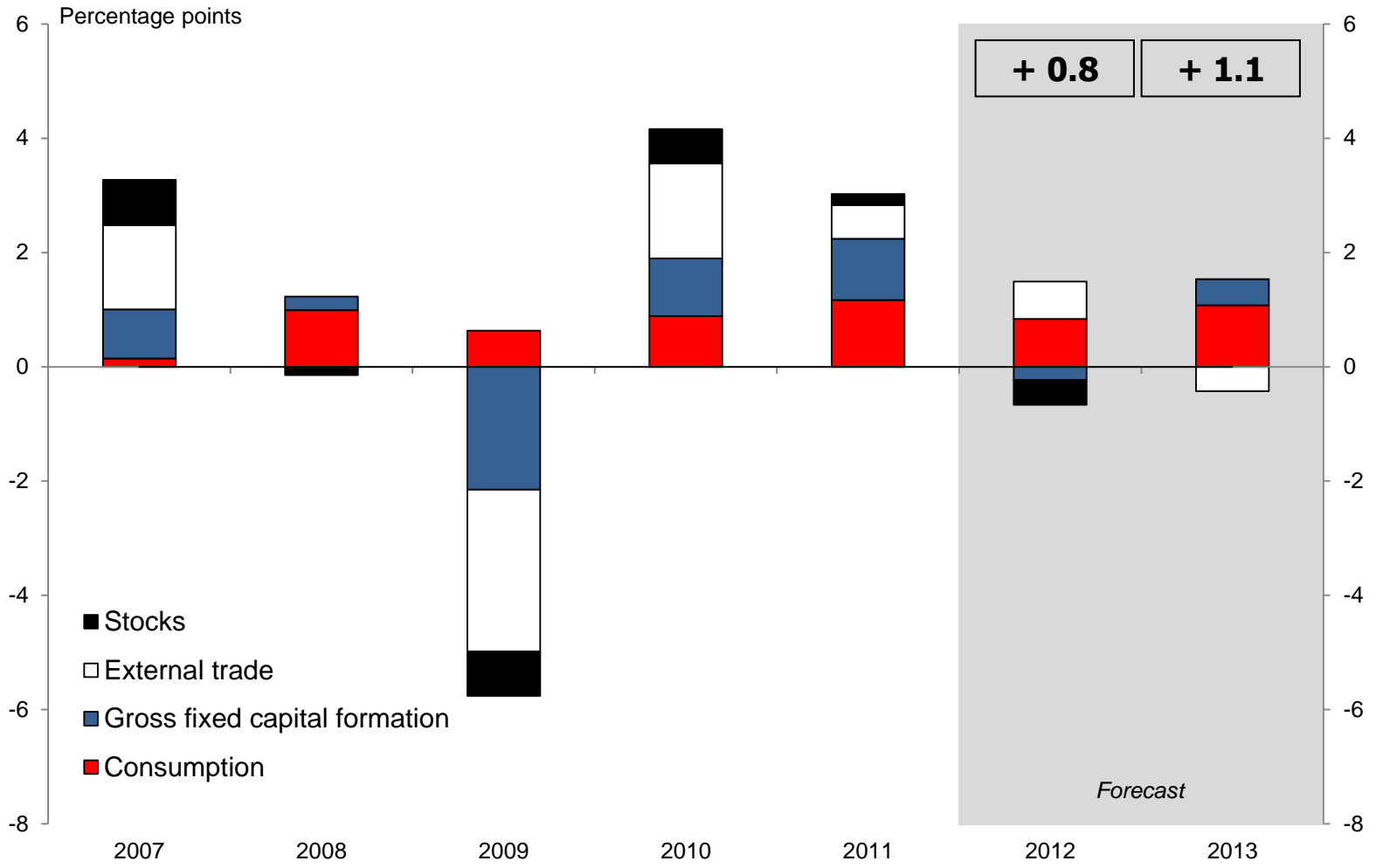


# GDP: Sluggish second half-year ahead



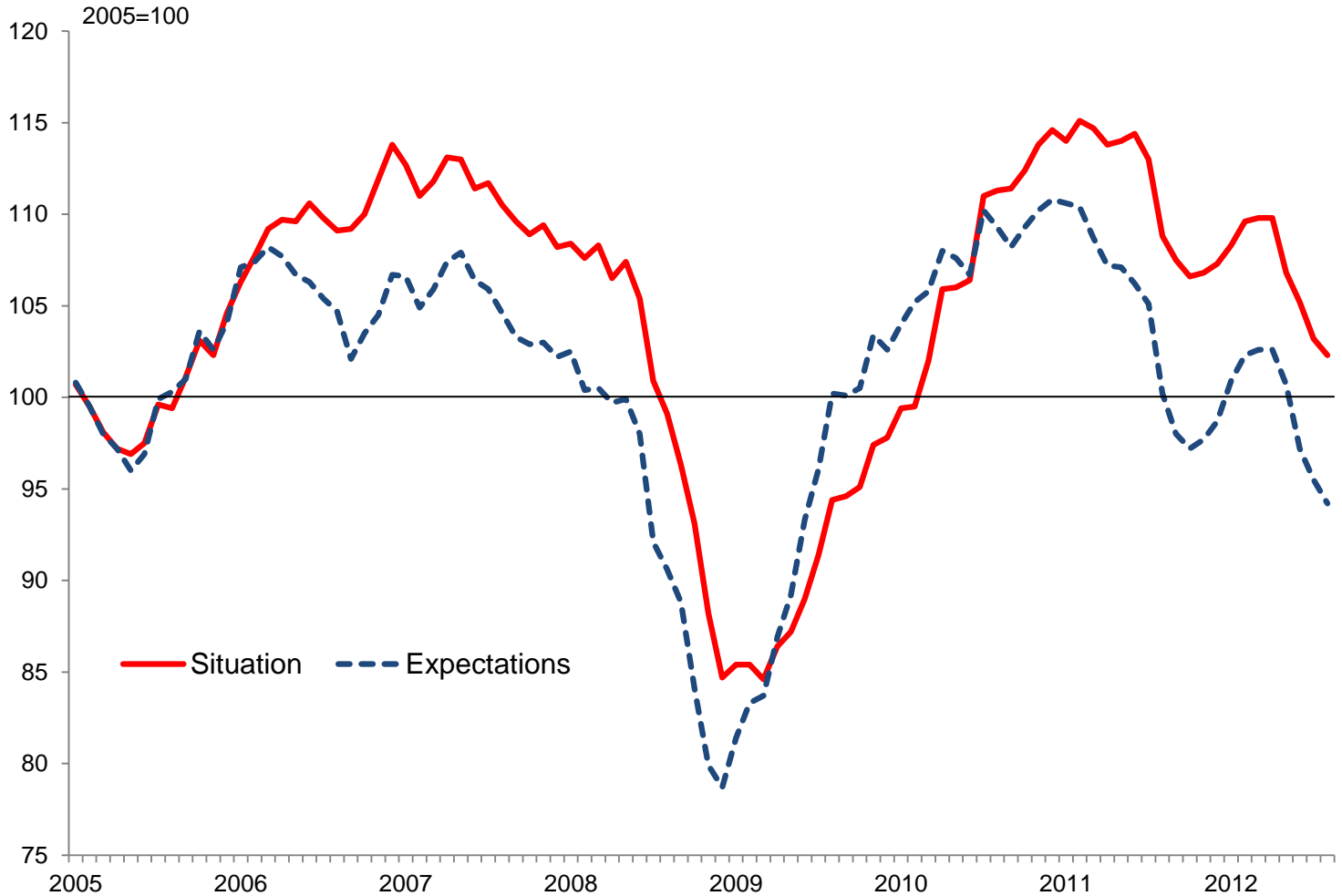


# Domestic demand absorbs domestic production



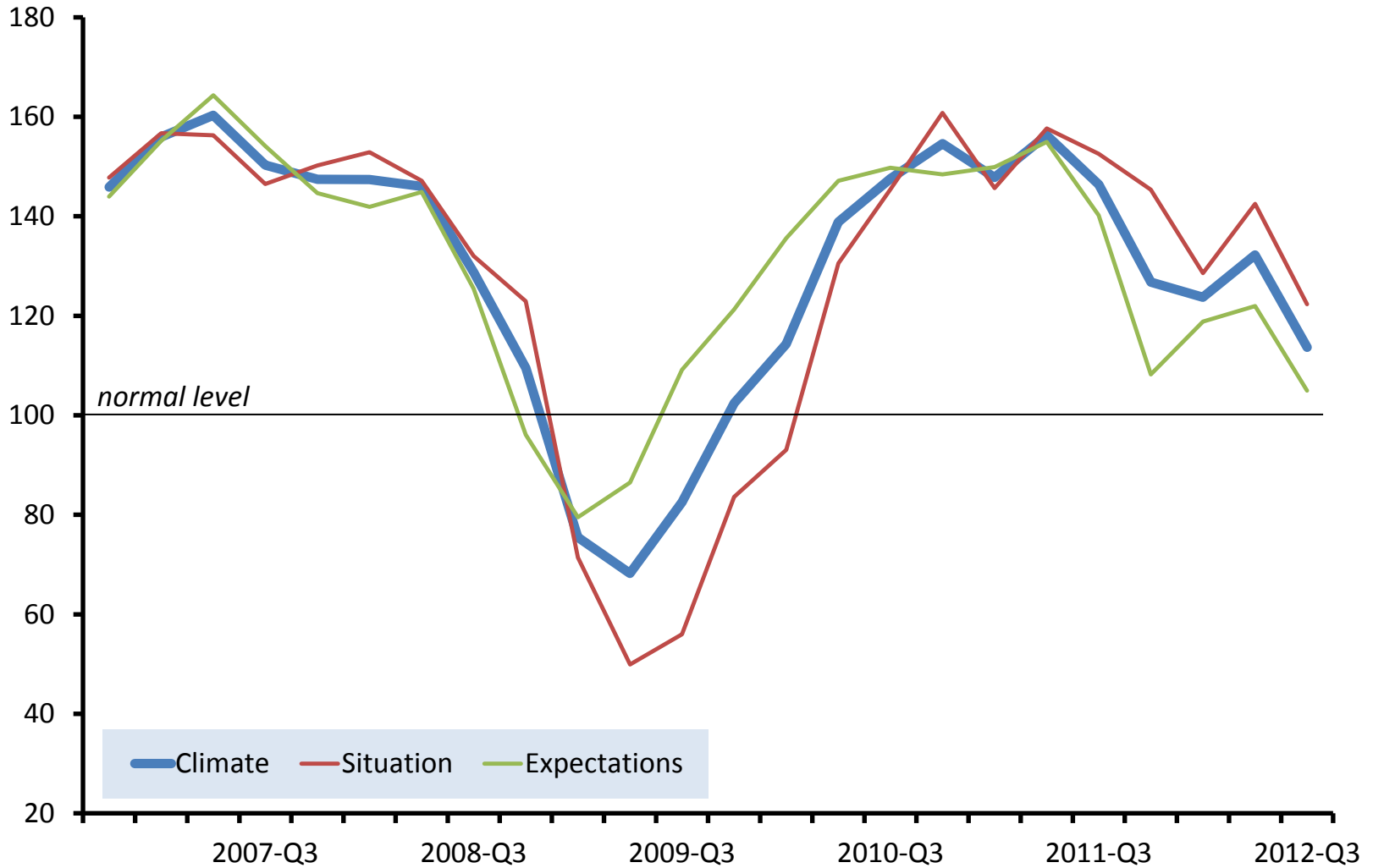
# Business climate: Down 4 times in a row

ifo business survey for trade and industry



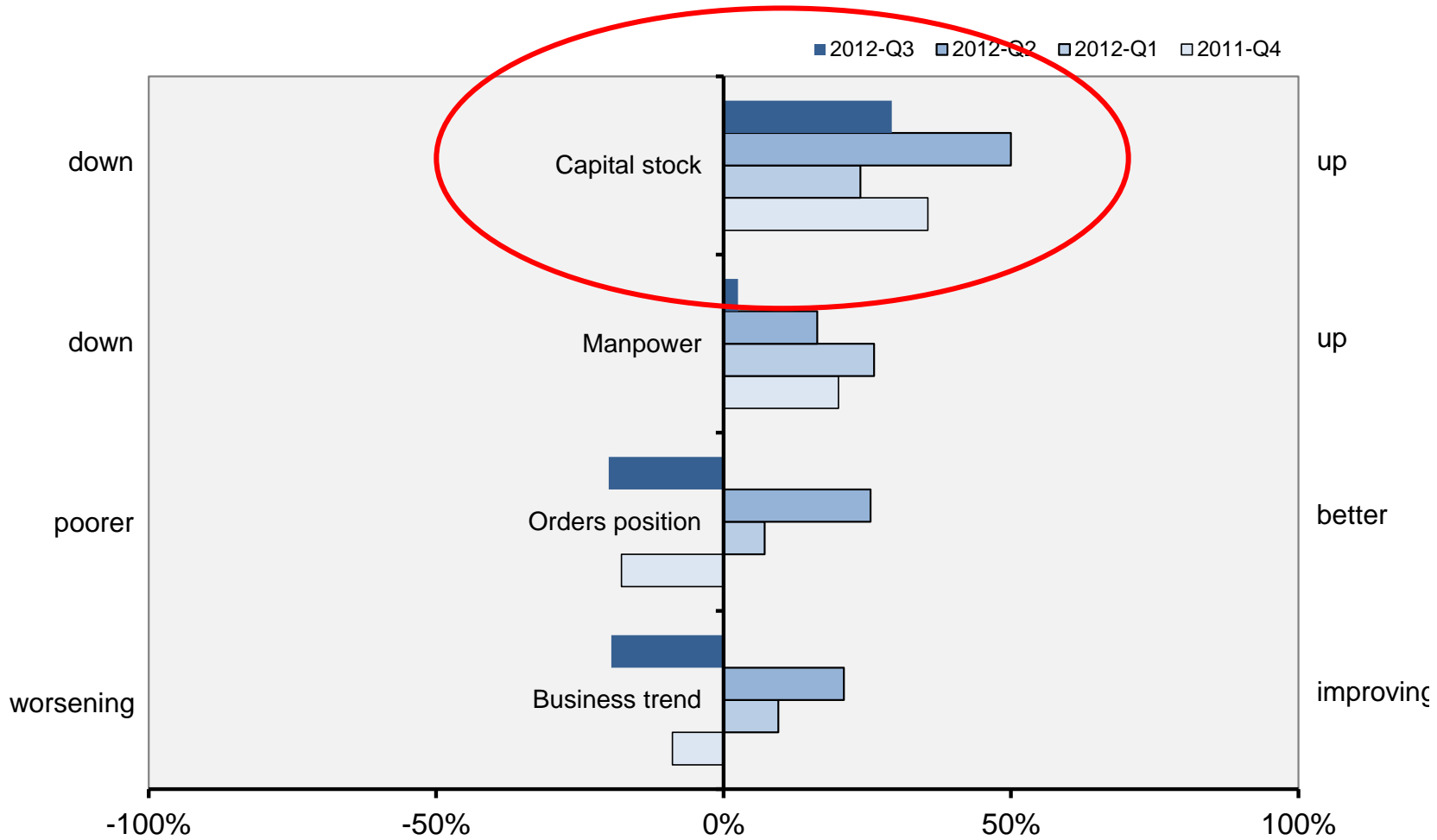
# Logistics business climate

IfW/BVL Logistics Indicator



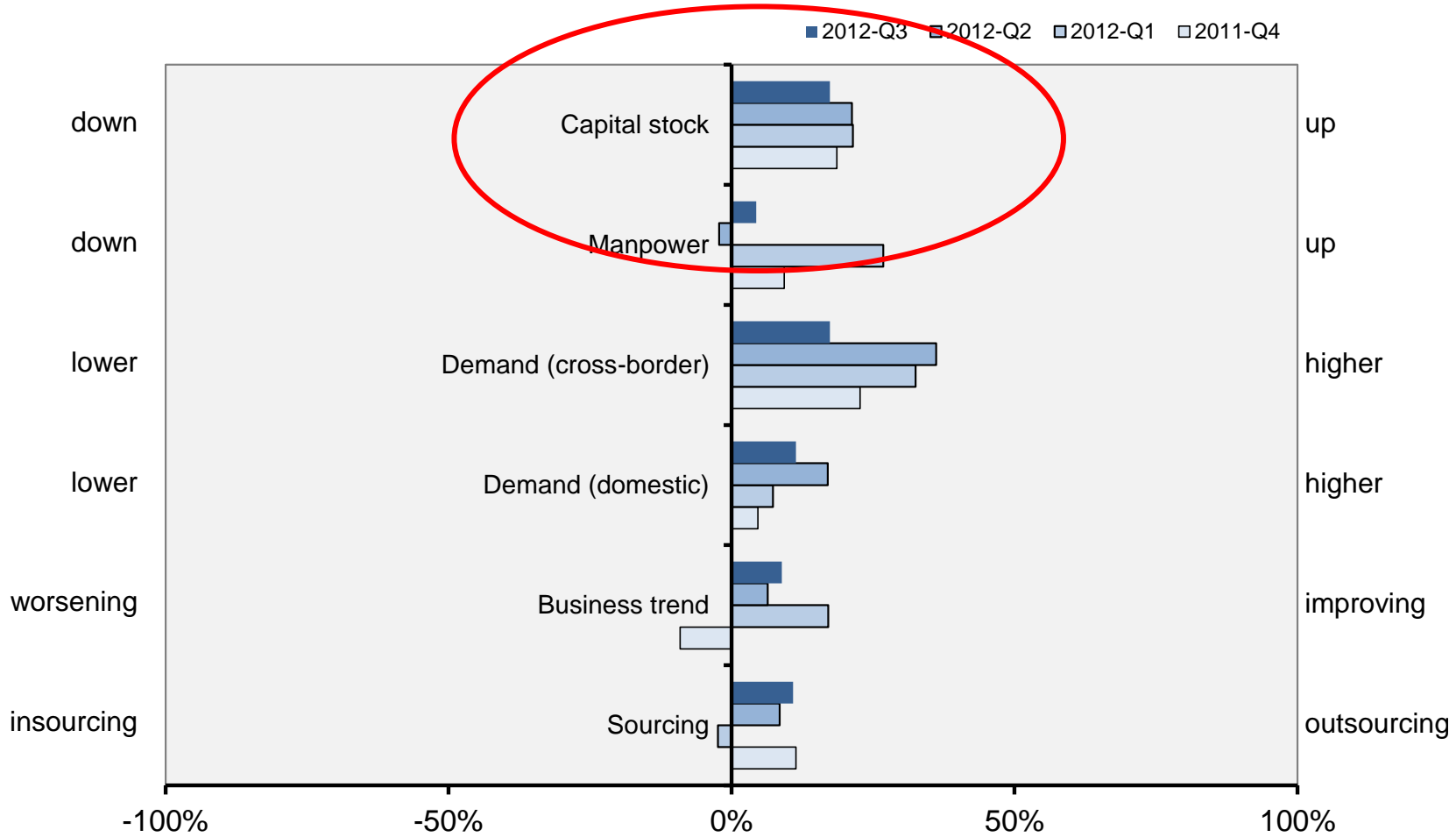
# Expectations: Logistics service provider

12-months horizon, IfW/BVL Logistics Indicator



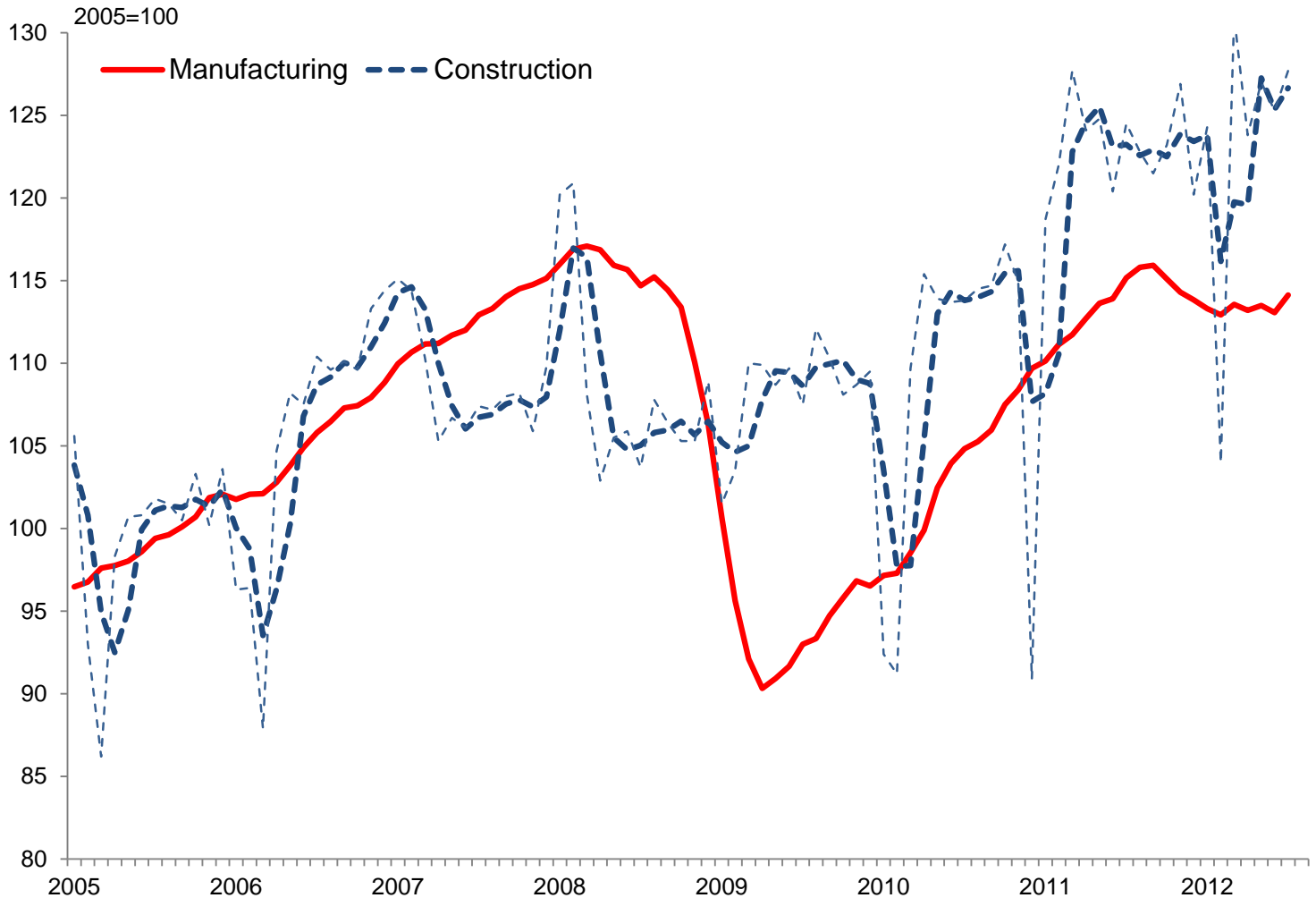
# Expectations: Logistics in industry and trade

12-months horizon, IfW/BVL Logistics Indicator



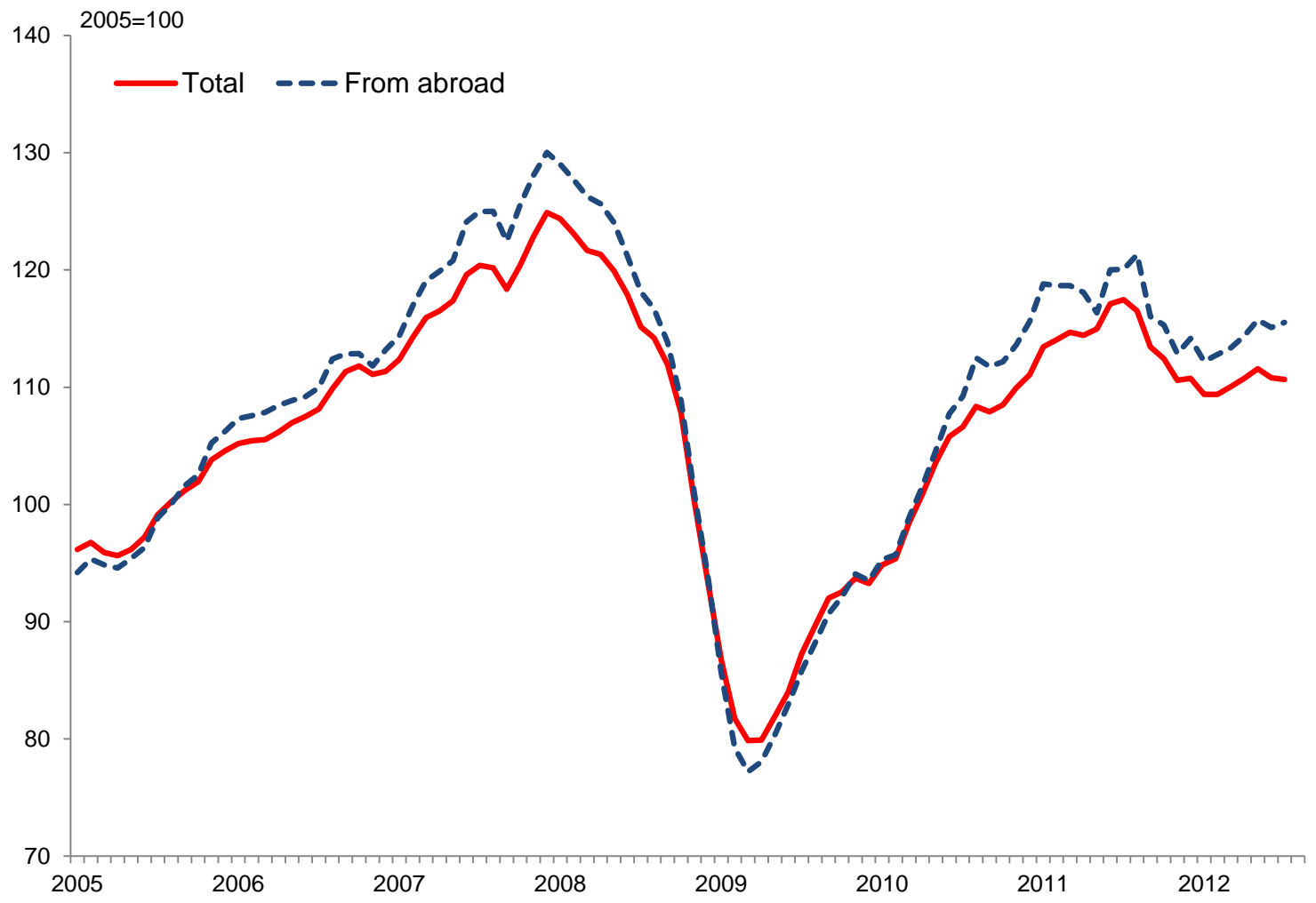


# Stagnating manufacturing output ...



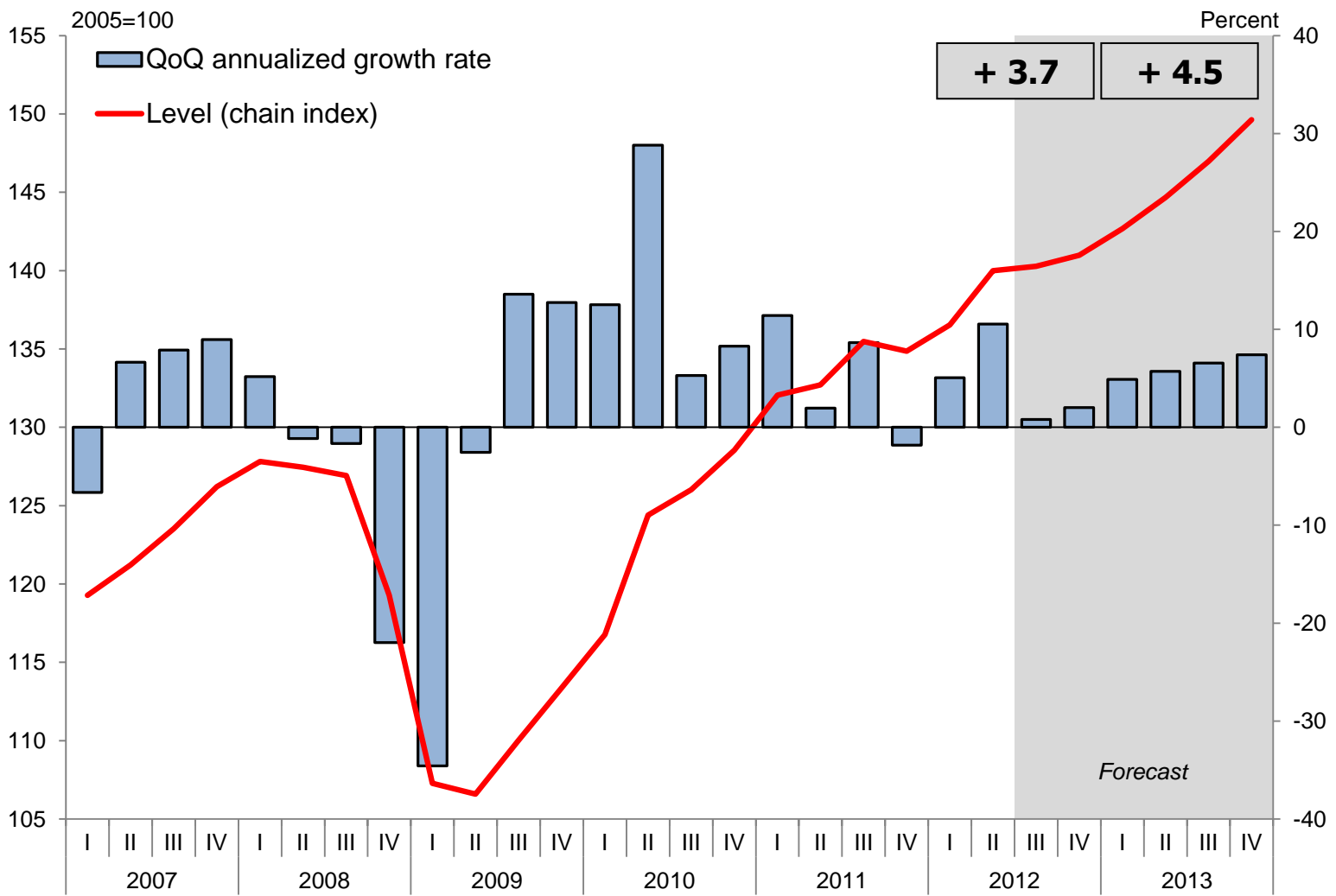


# ... mirroring sluggish order inflow



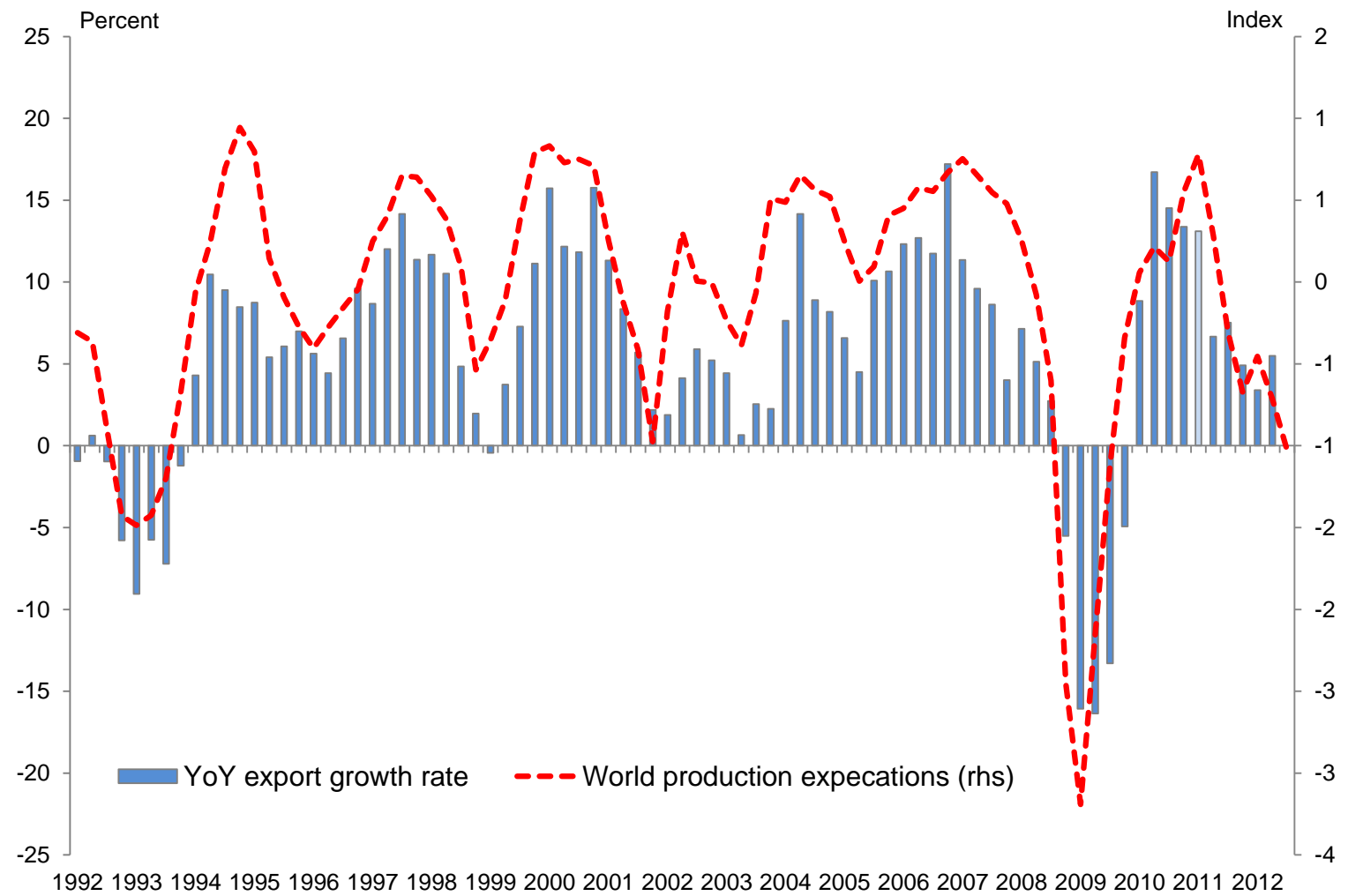


# Exports: Slower pace ahead



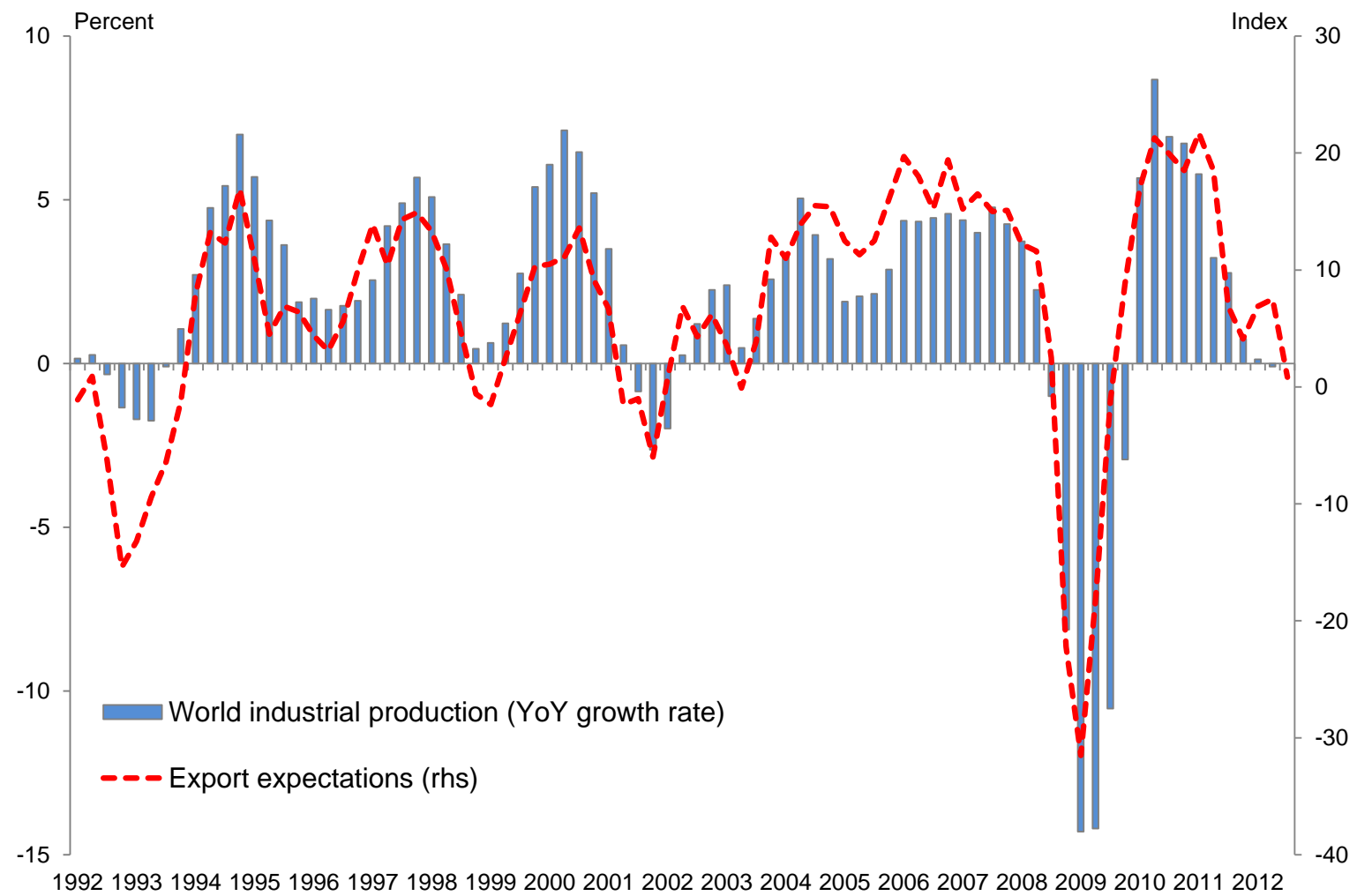


# Dull world business climate (German perspective)

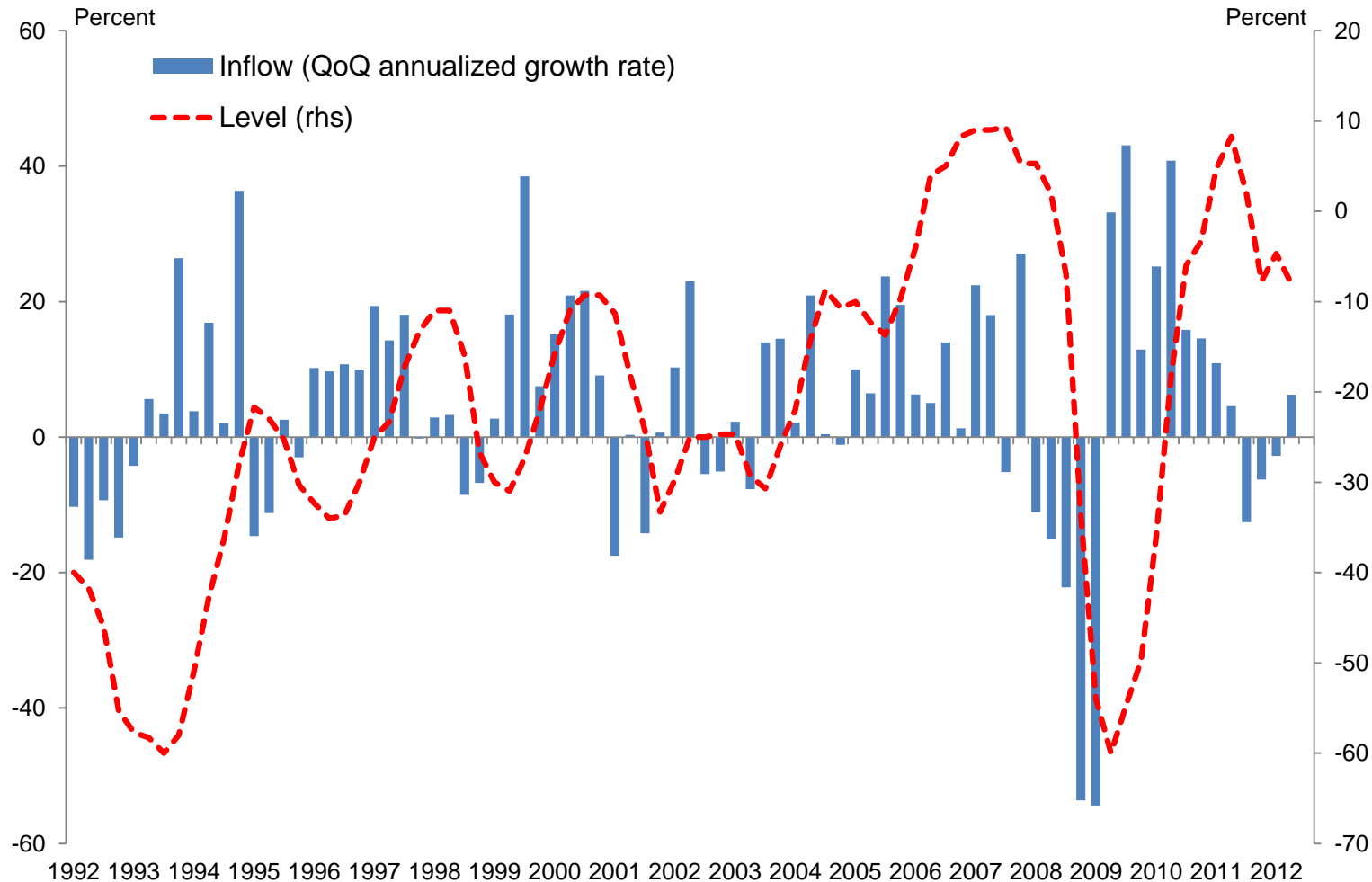




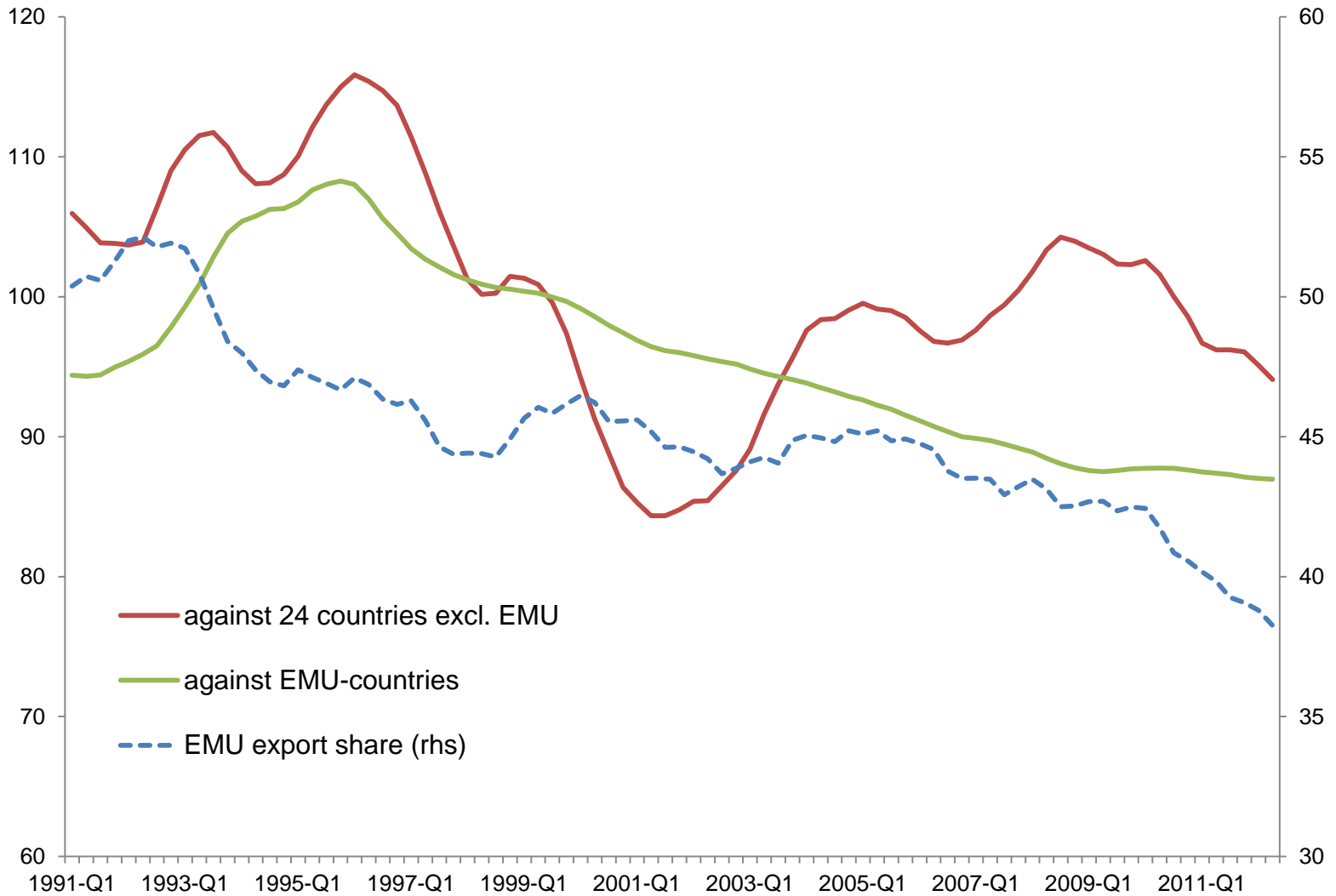
# Exporters lost their optimism



# Orders from abroad (manufacturing): Still weak, but signs of stabilization

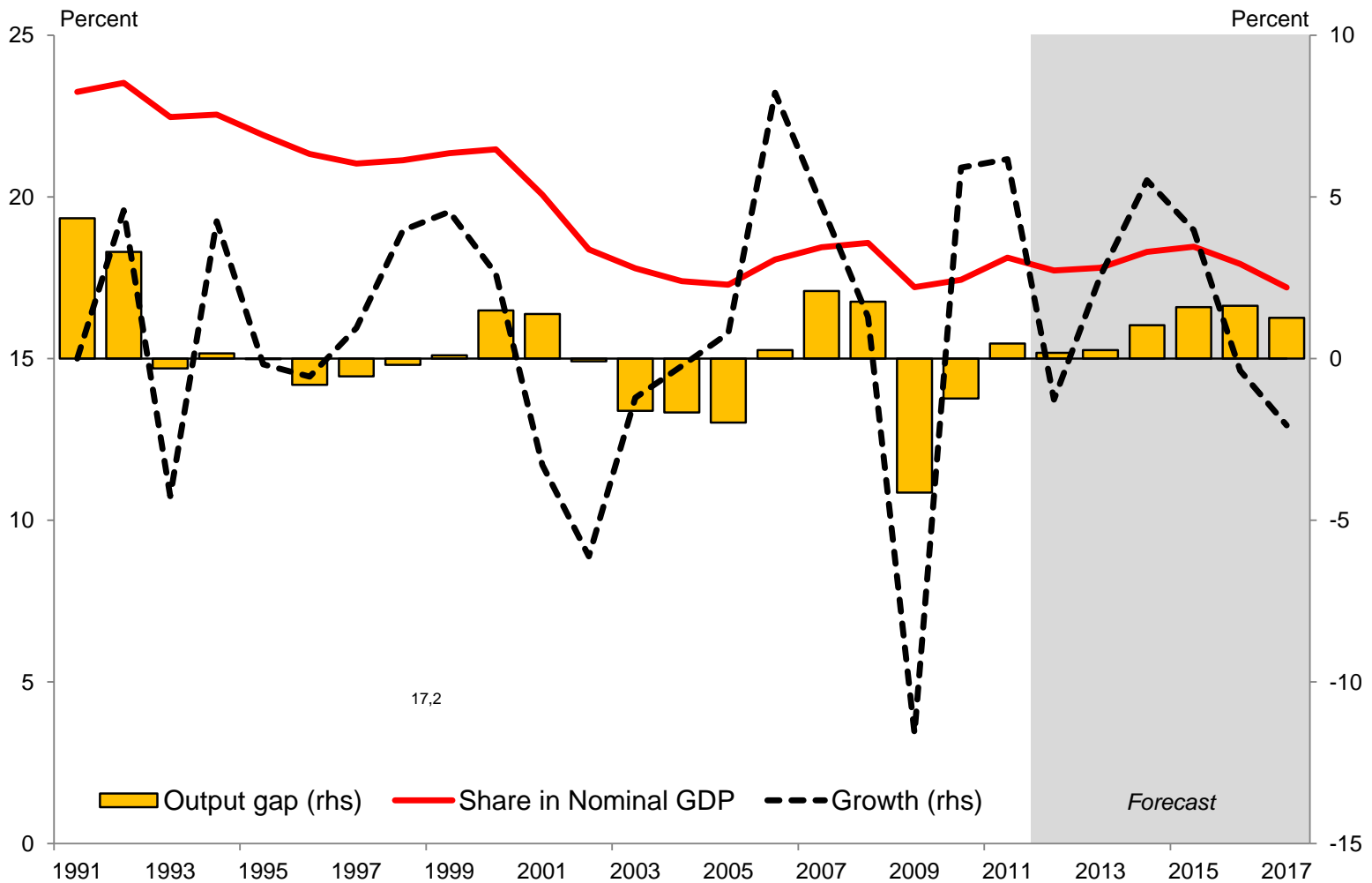


# Price competitiveness and EMU trade





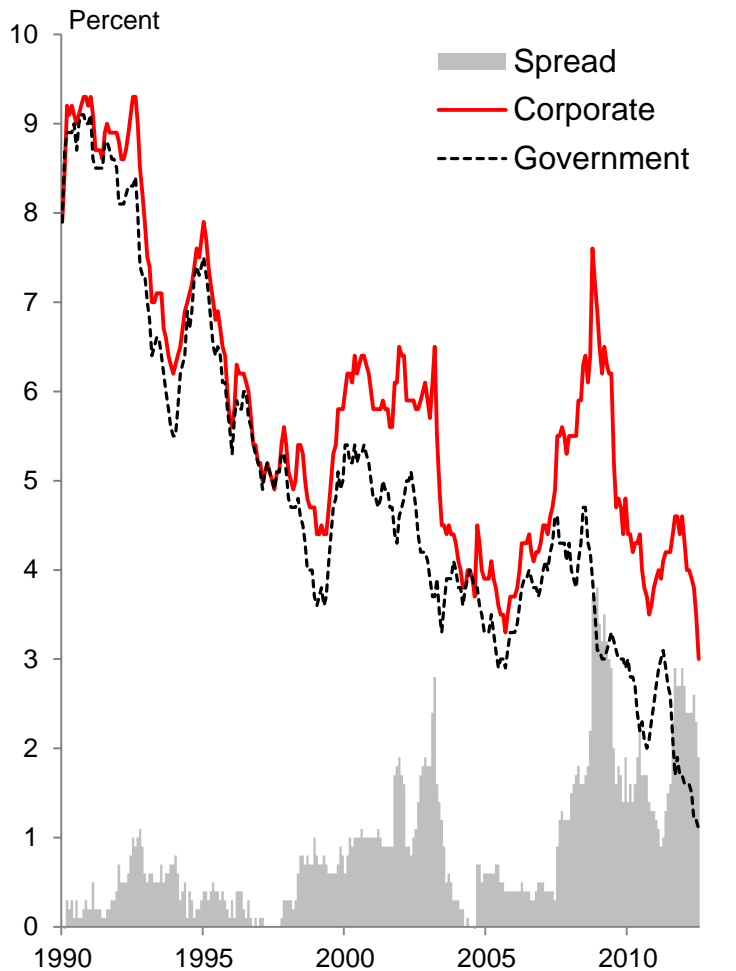
# Fixed capital formation: Interrupted cyclic momentum





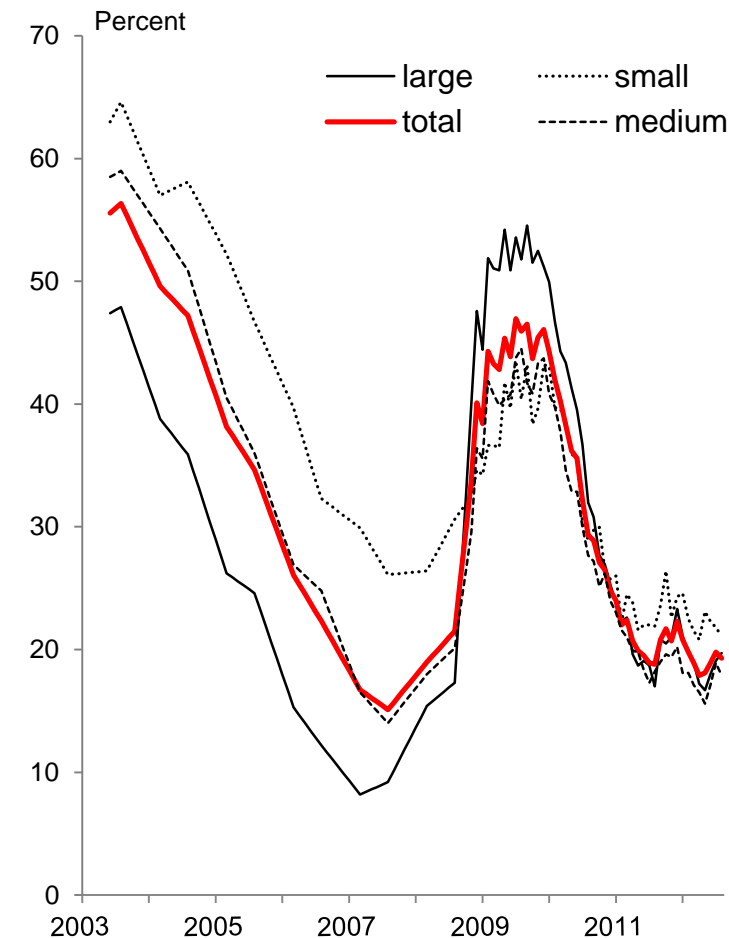
# Rosy environment for company funding

## Bond yields



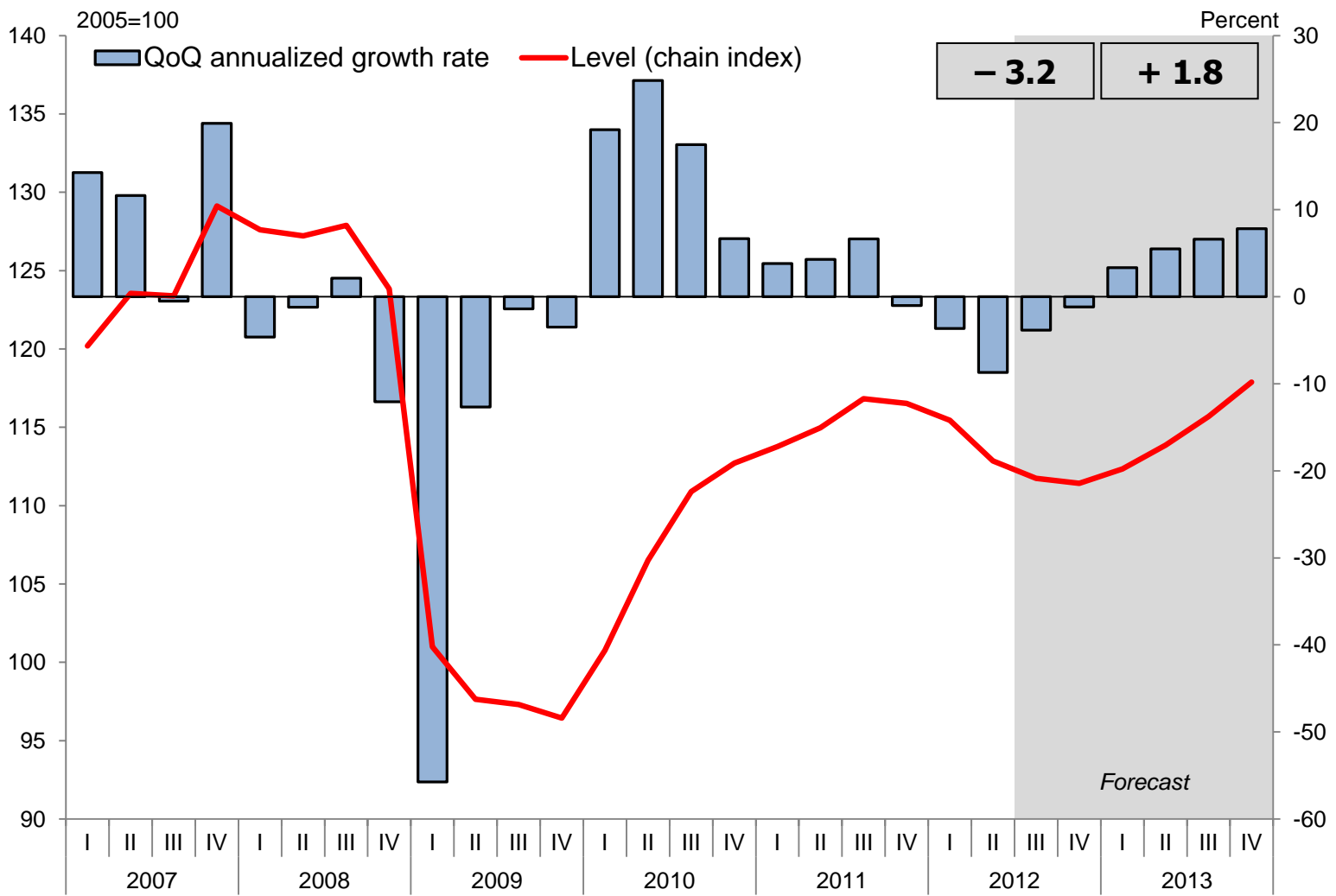
Monthly data  
Corporate bonds: maturing within 3 years; Government bonds: maturing within 5 years

## Credit constraint



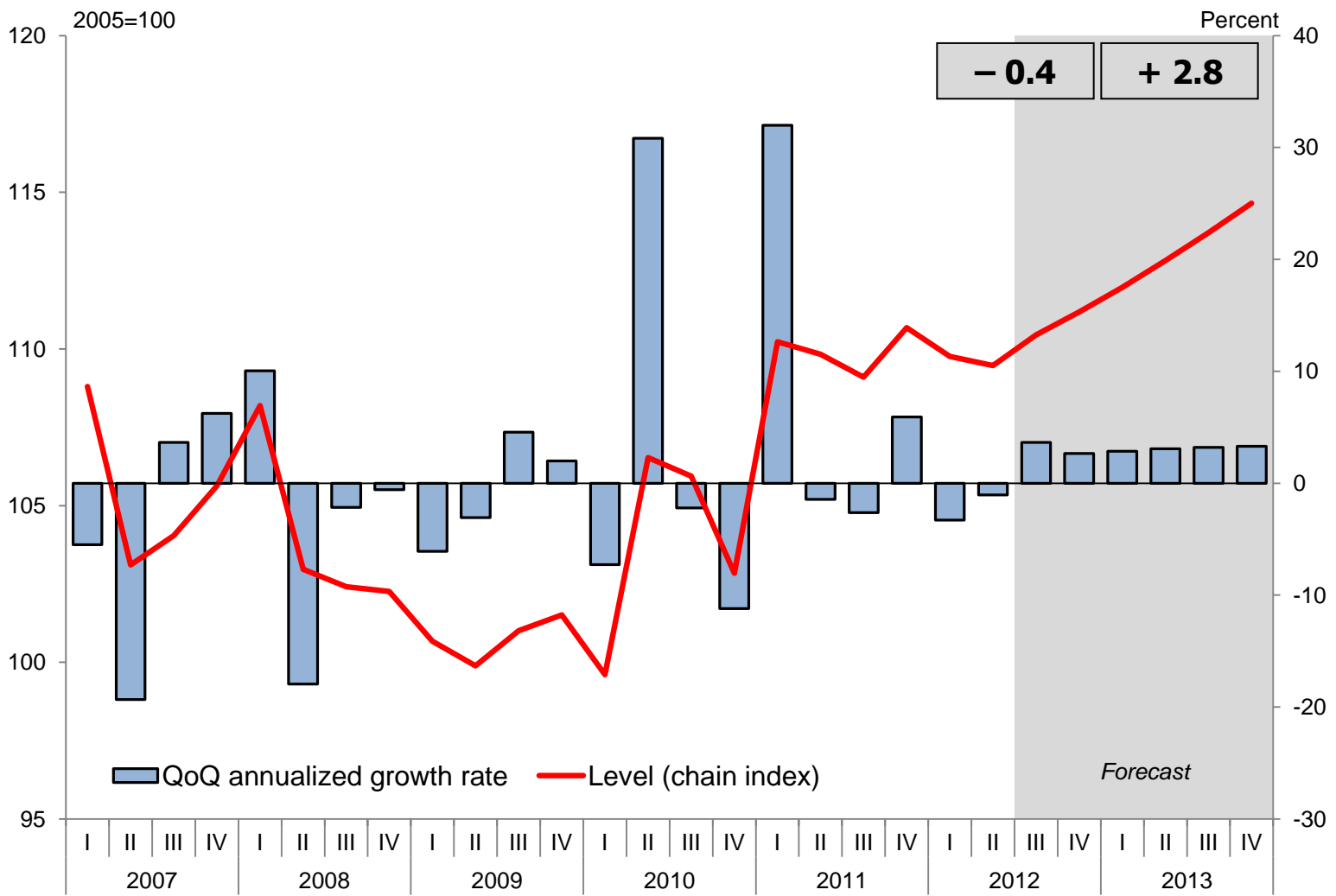
Monthly data.  
Ifo credit hurdle by firm size (percentage of firms assessing banks' lending as restrictive).

# M&E investment dampened by "wait-and-see"

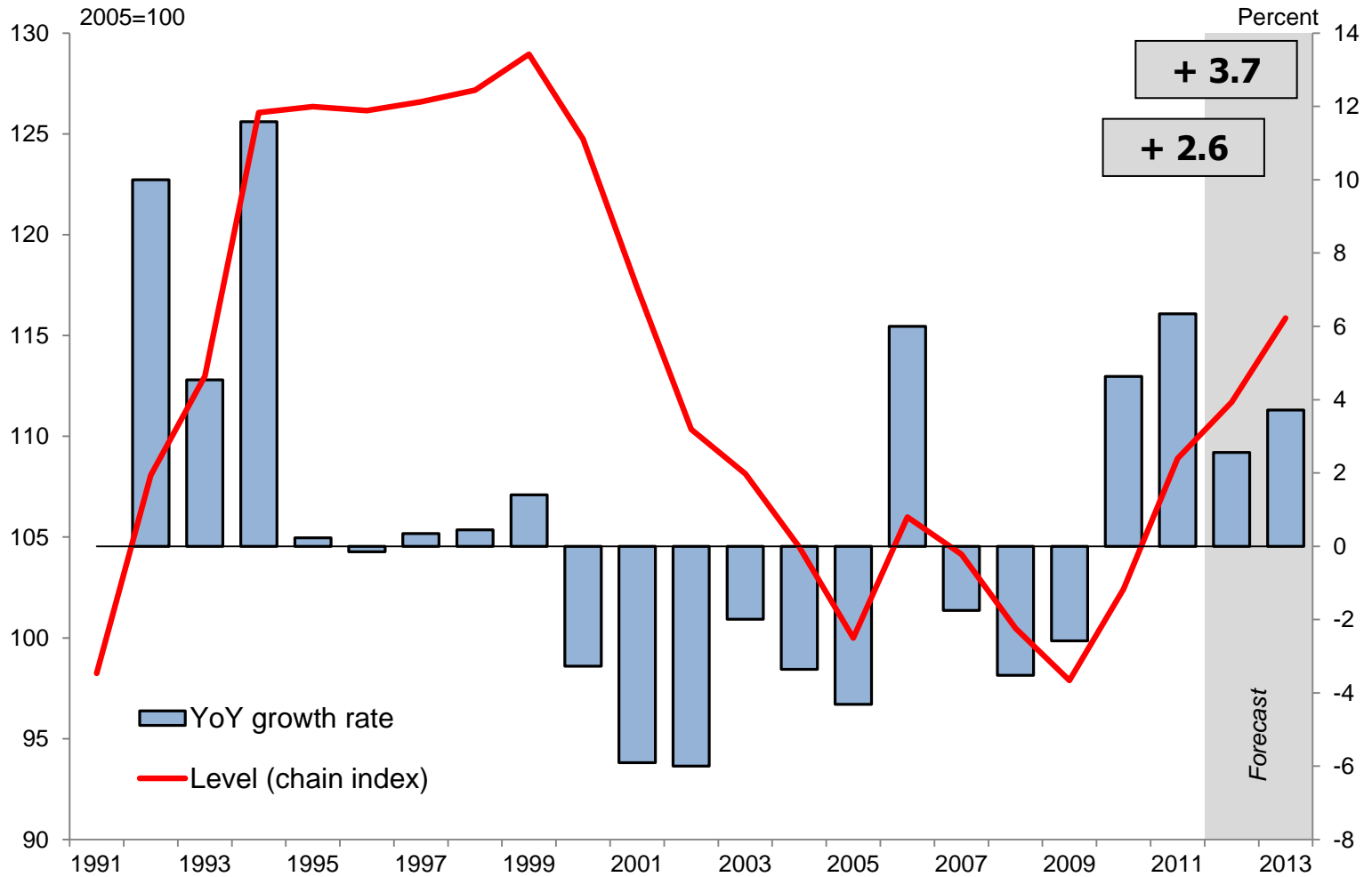




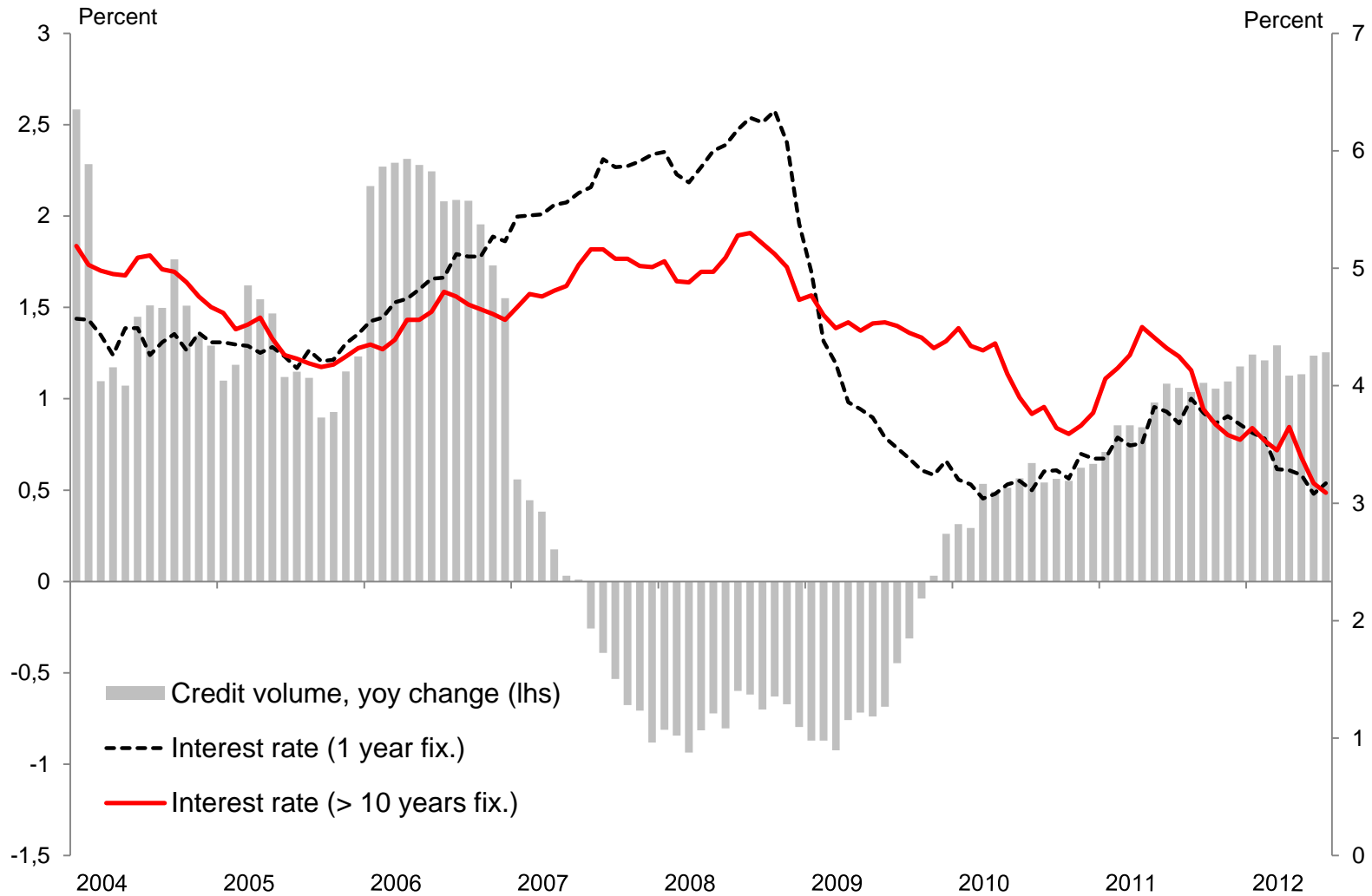
# Overall construction activity



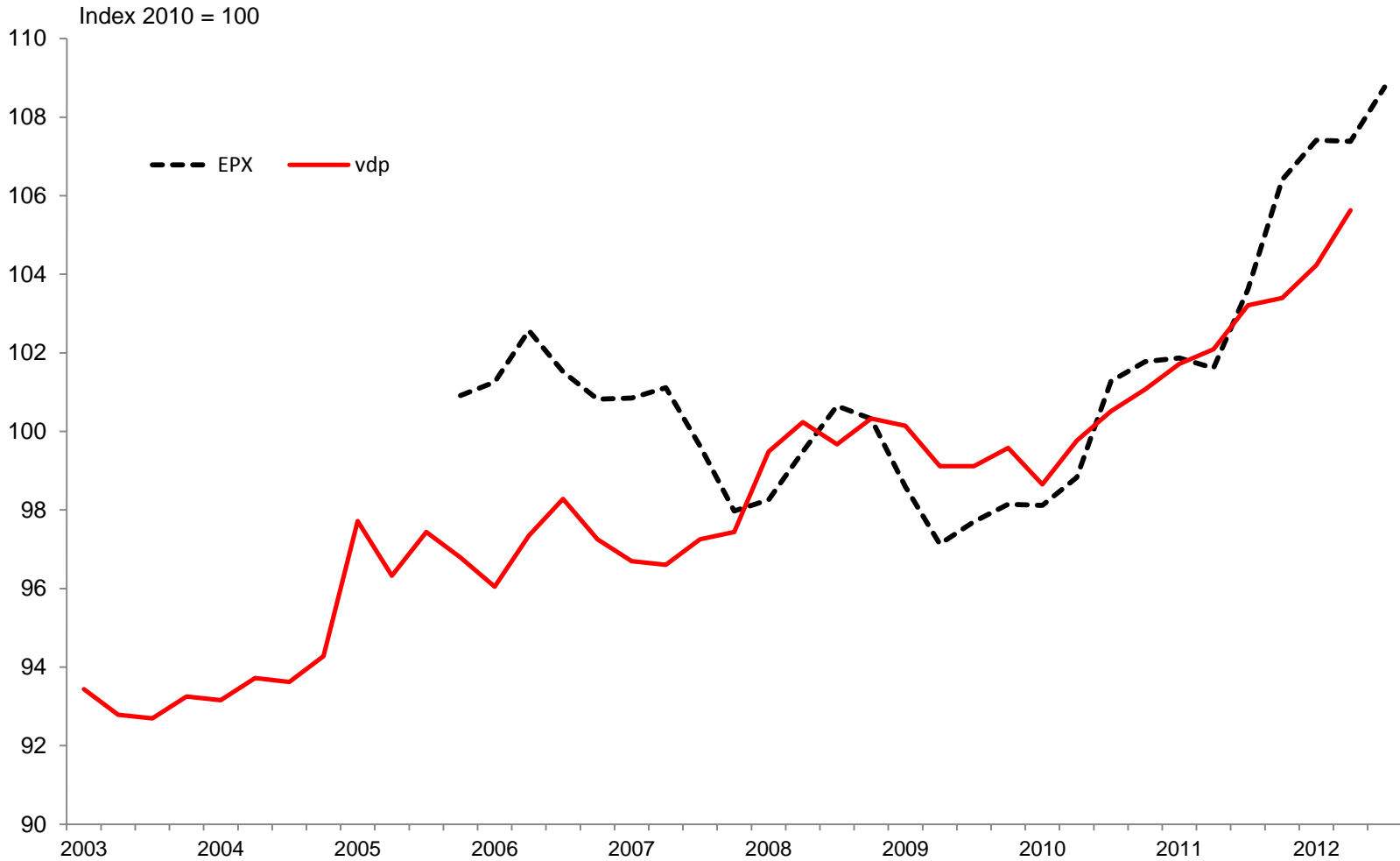
# Robust expansion of residential construction



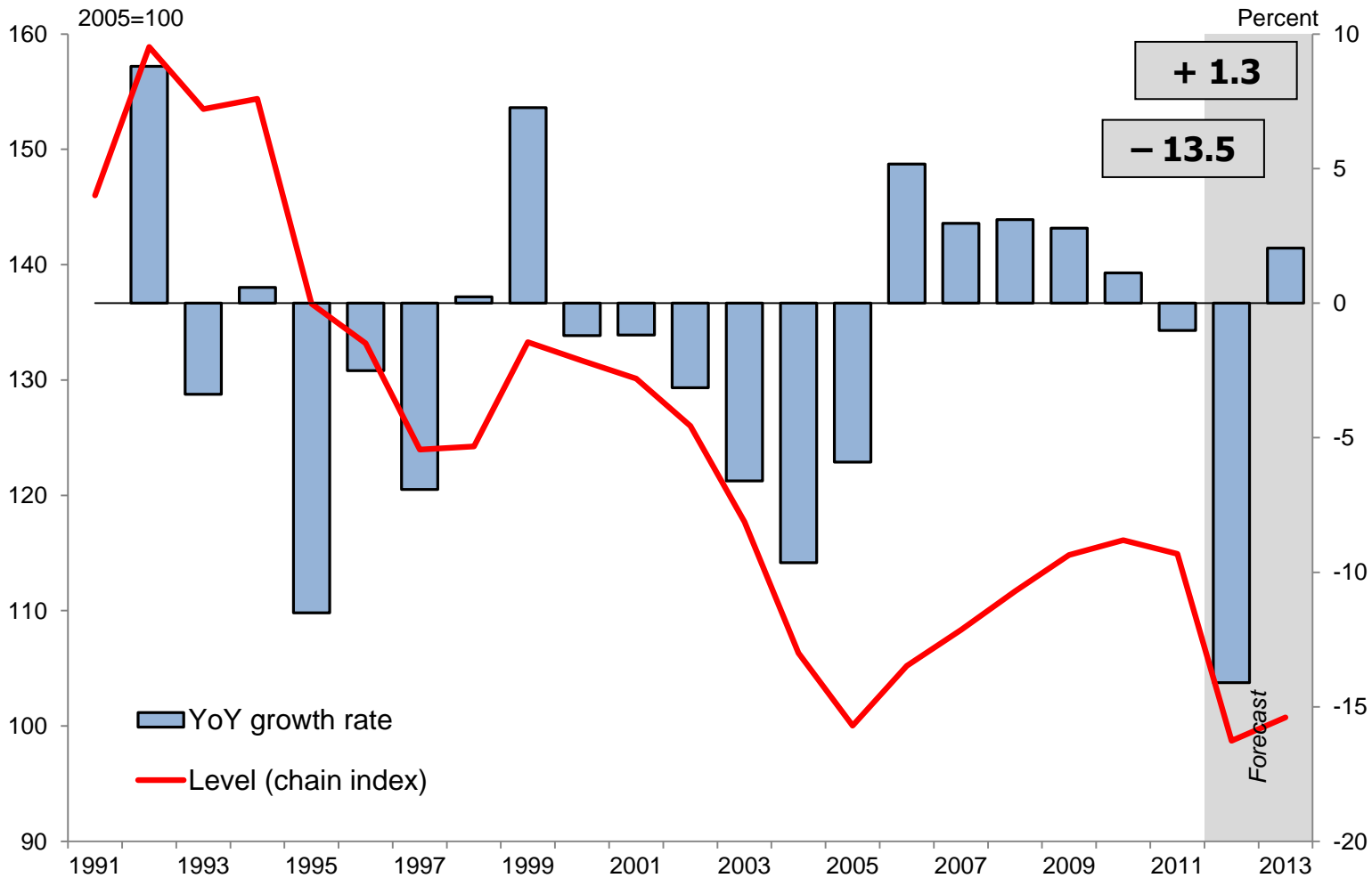
# Mortgage loans to private households



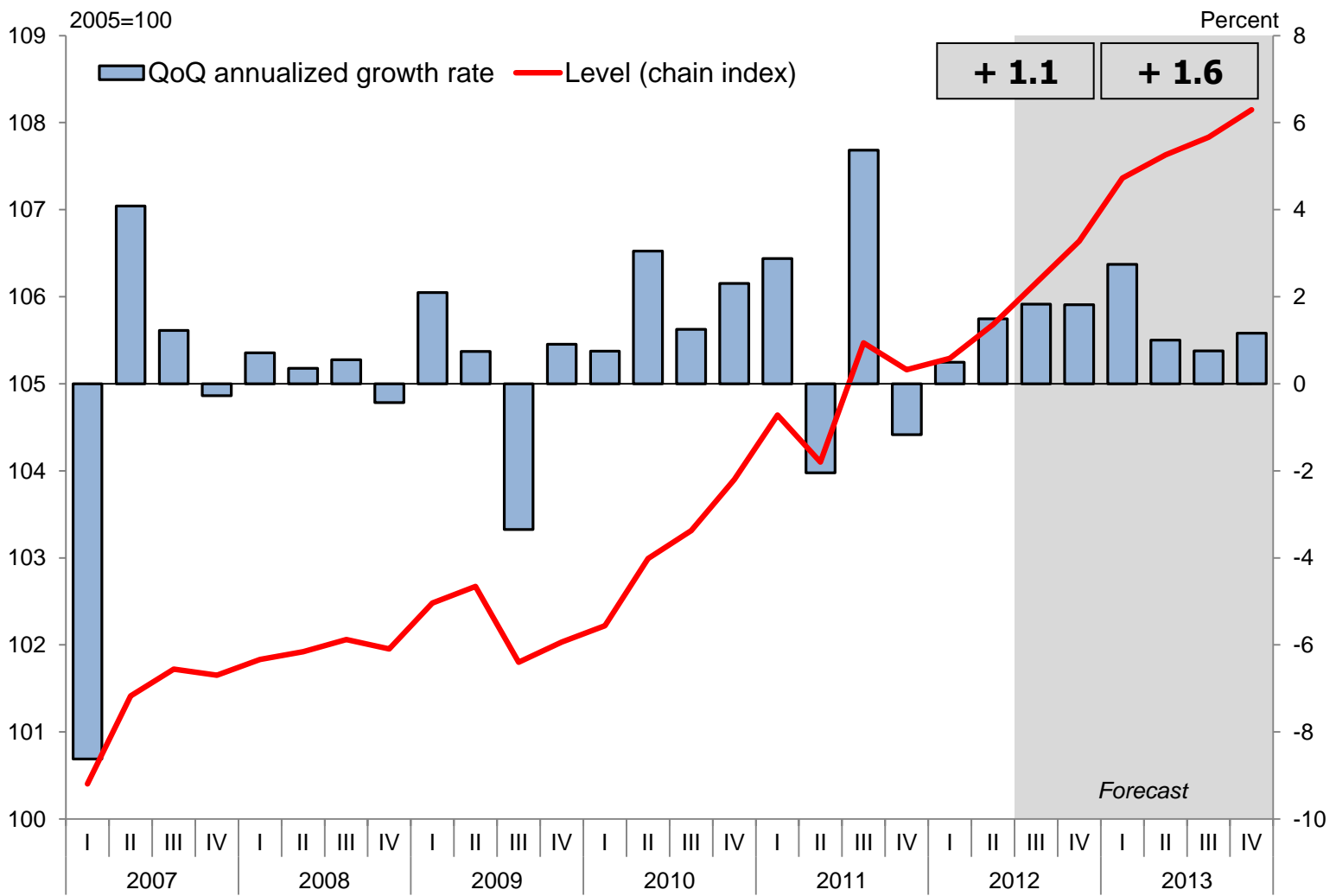
# Upward housing price trends



# Depressed public construction spending continues

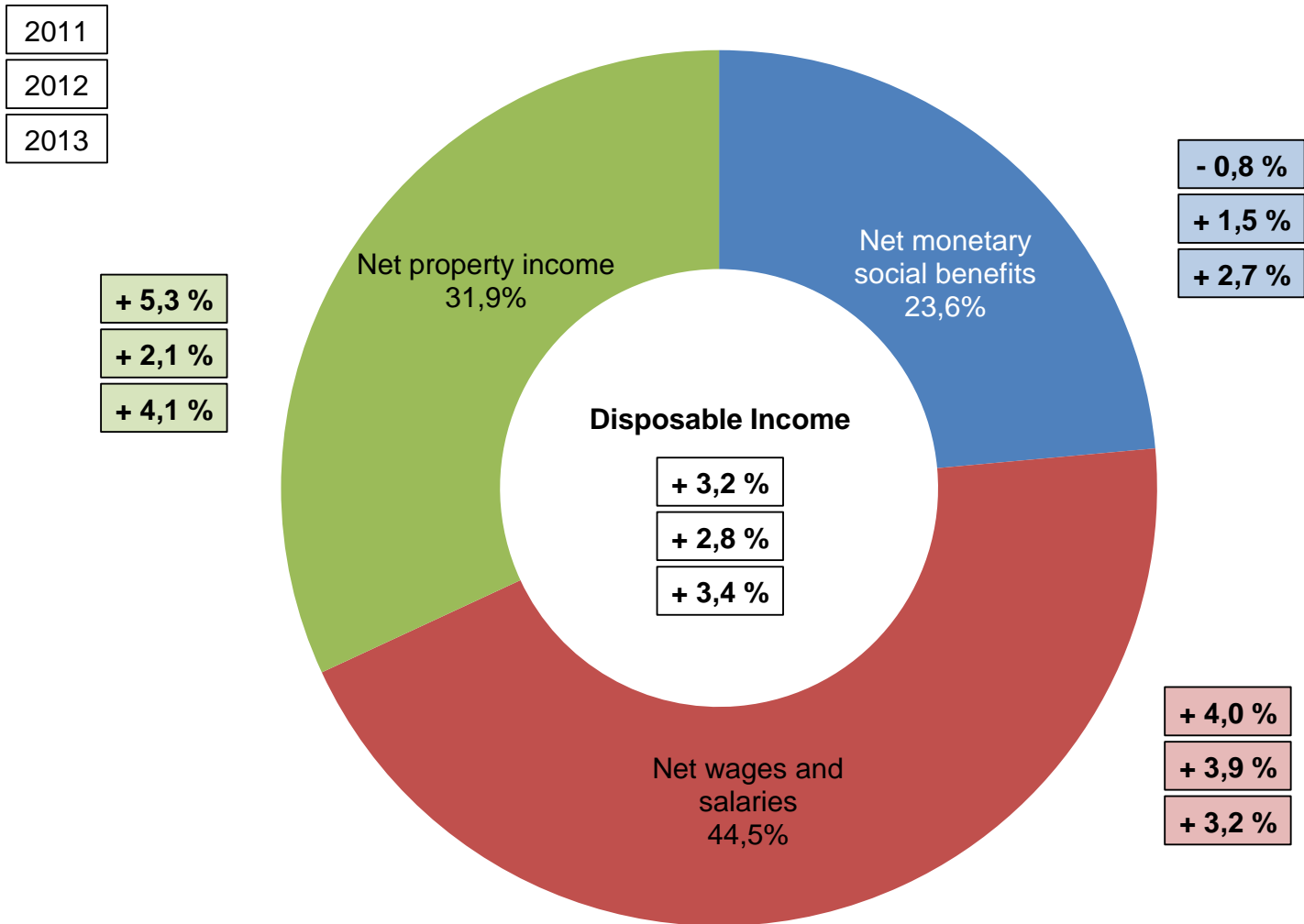


# Private consumption spending





# Disposable income of private households

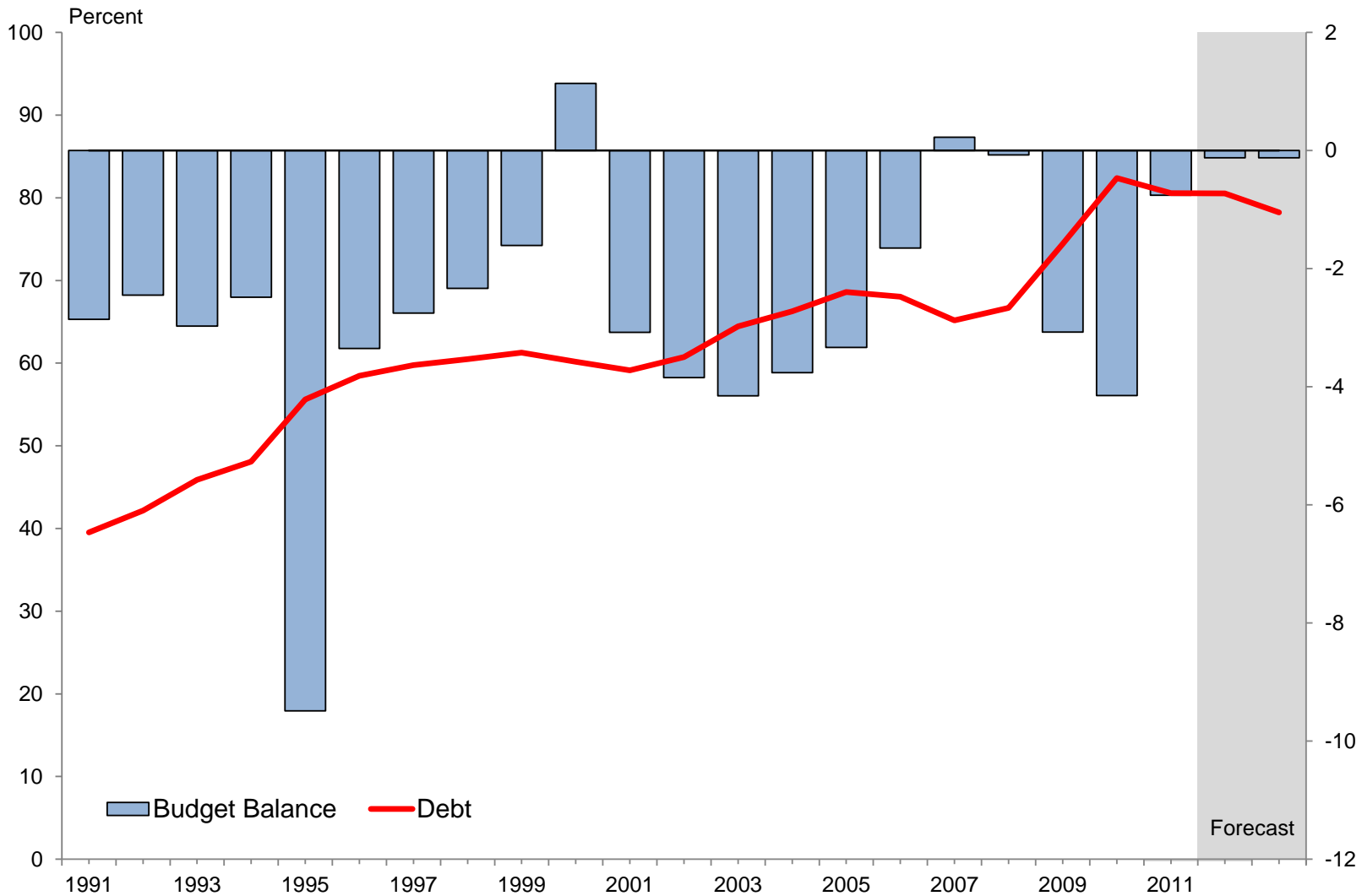


# GDP and key components

Volumes, change over previous year in percent

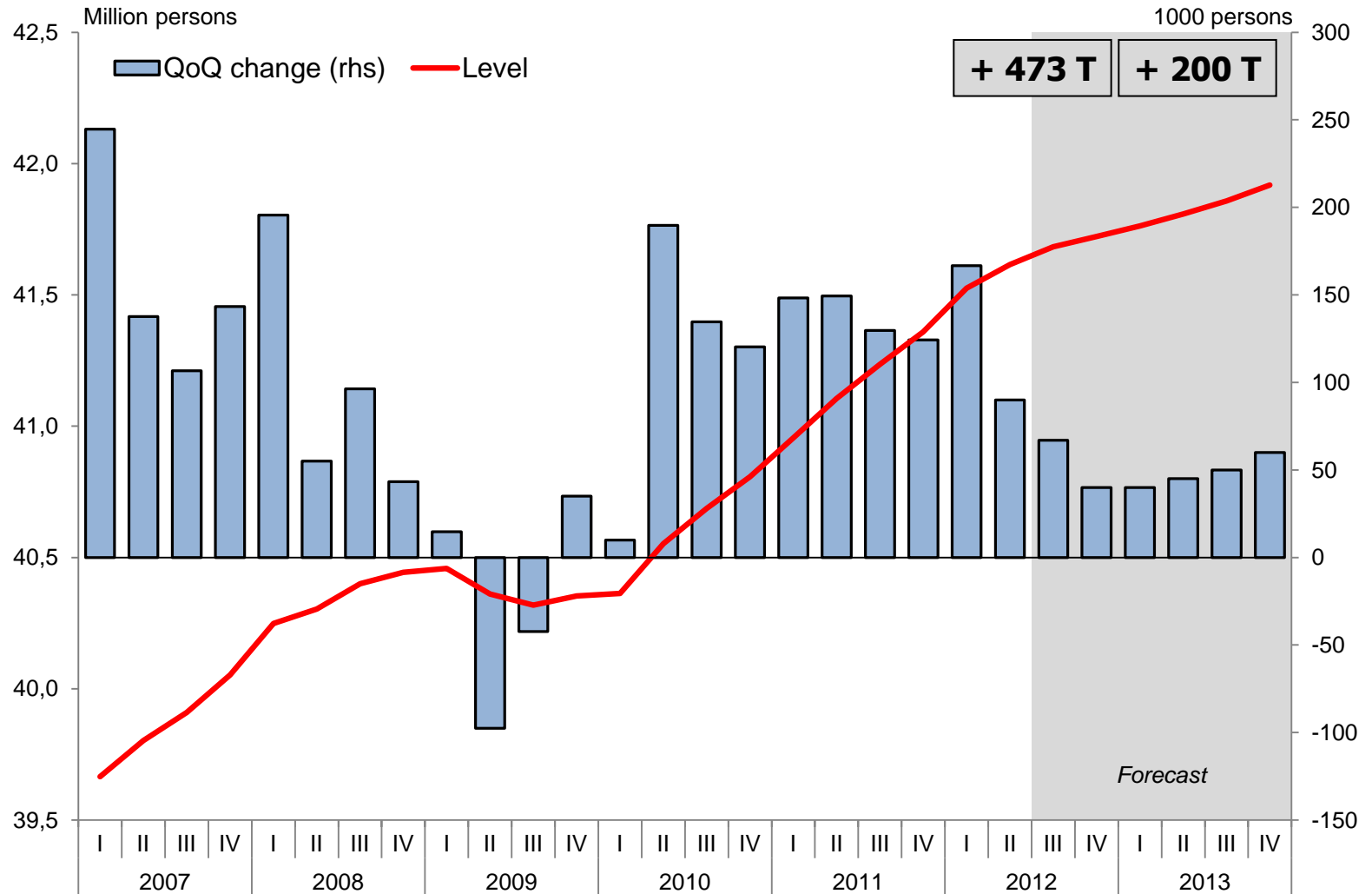
	<b>2011</b>	<b>2012</b>	<b>2013</b>
GDP	3.0	0.8	1.1
Private consumption	1.7	1.1	1.6
Public consumption	1.0	1.1	0.9
M&E investment	7.0	-3.2	1.8
Construction	5.8	-0.3	2.8
Exports	7.8	3.6	4.5
Imports	7.4	2.6	6.0

# Public finance: Consolidation efforts stop



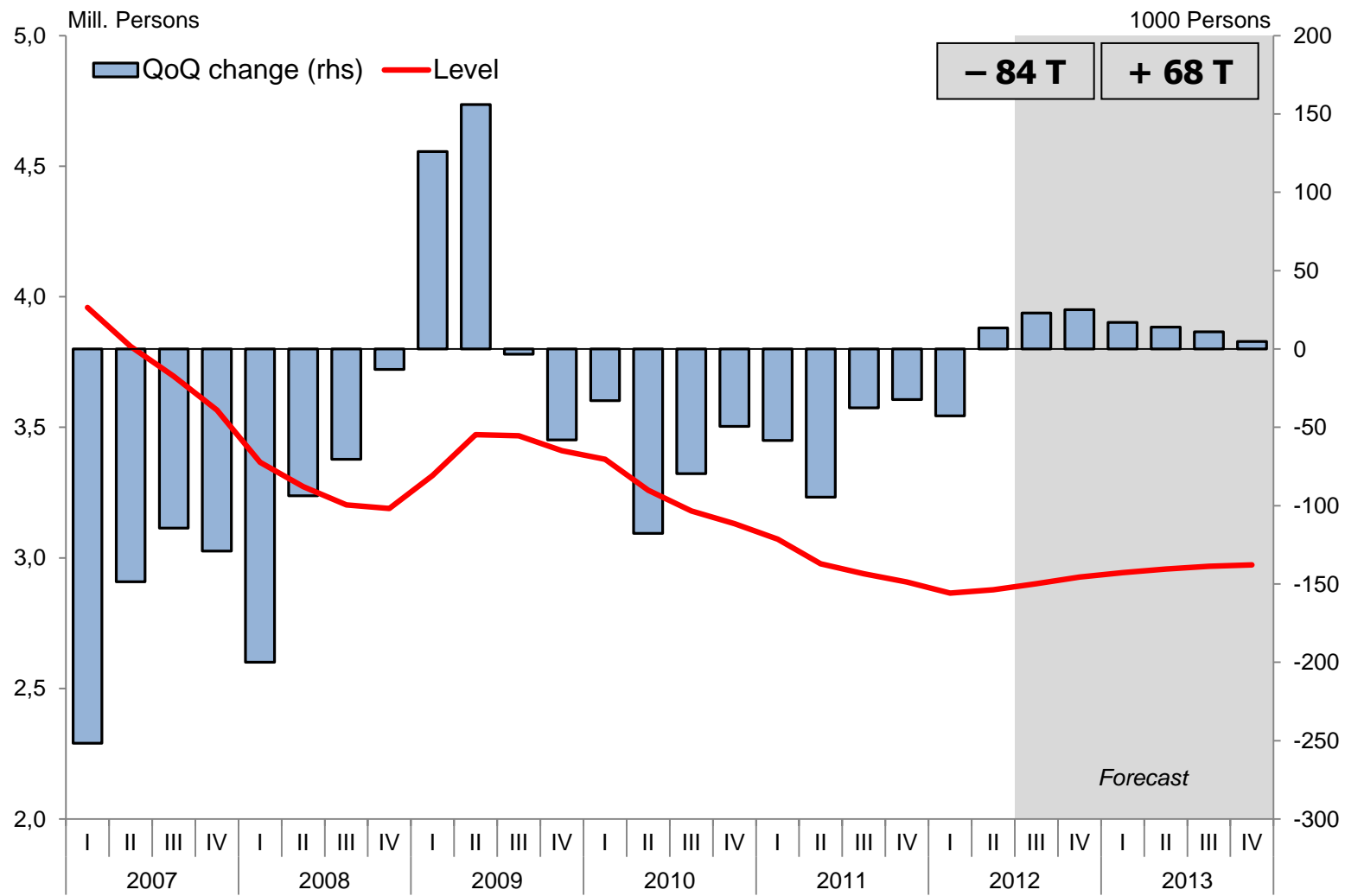
Annual data; In relation to nominal GDP in percent.

# Employment: Labor market much less dynamic

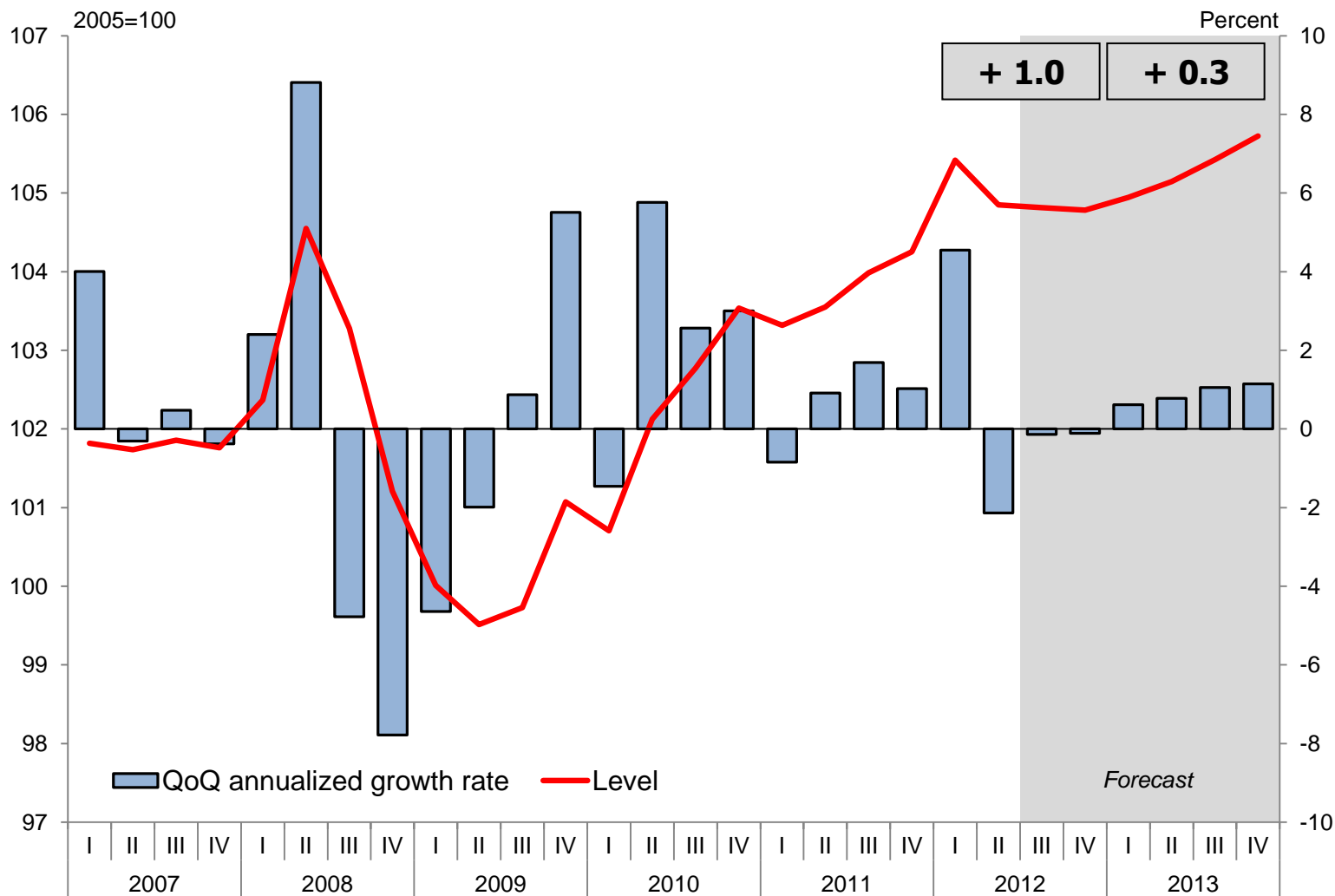




# Unemployment: 2.9 mill. (2012), <3 mill (2013)

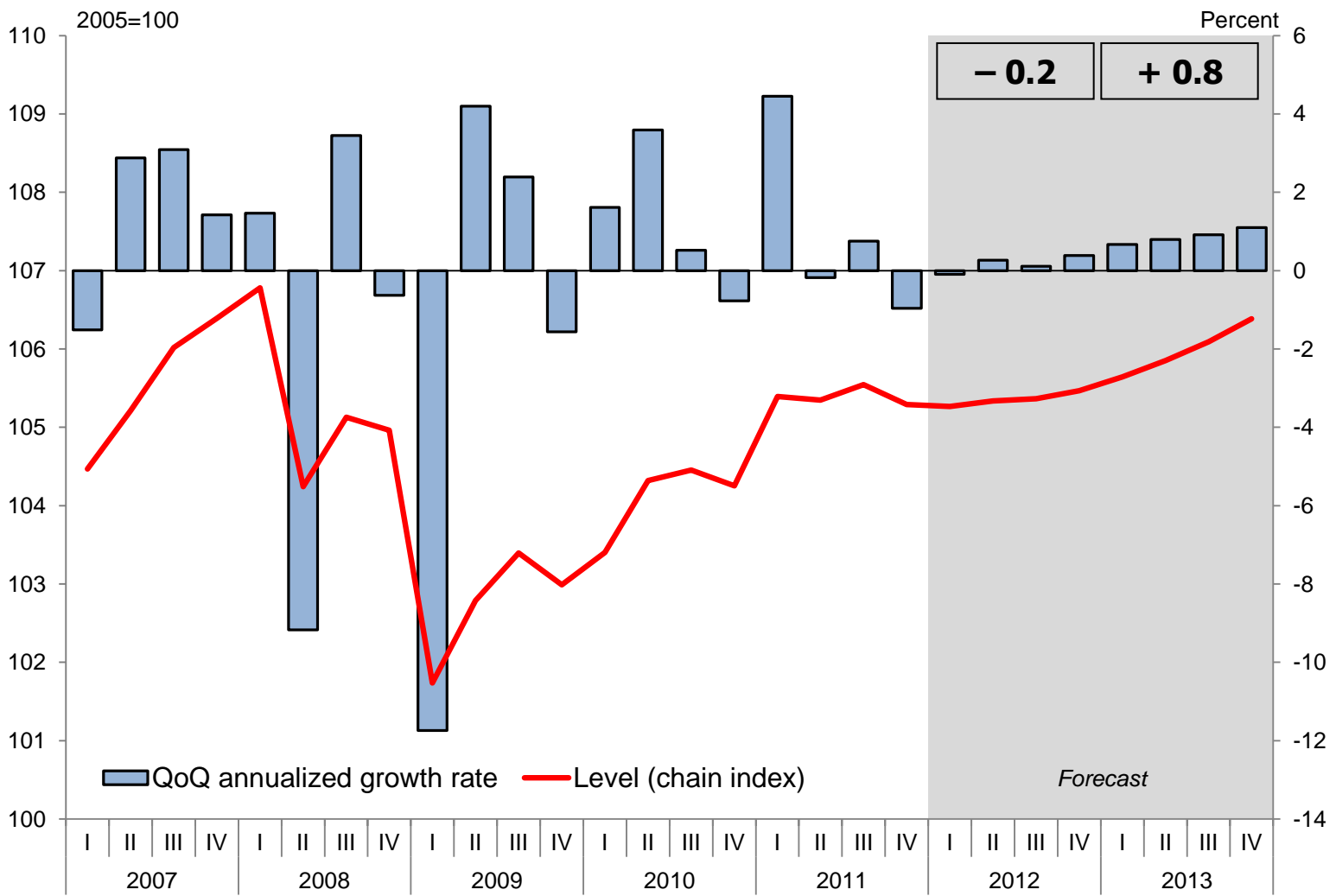


# Slight increase of total hours worked



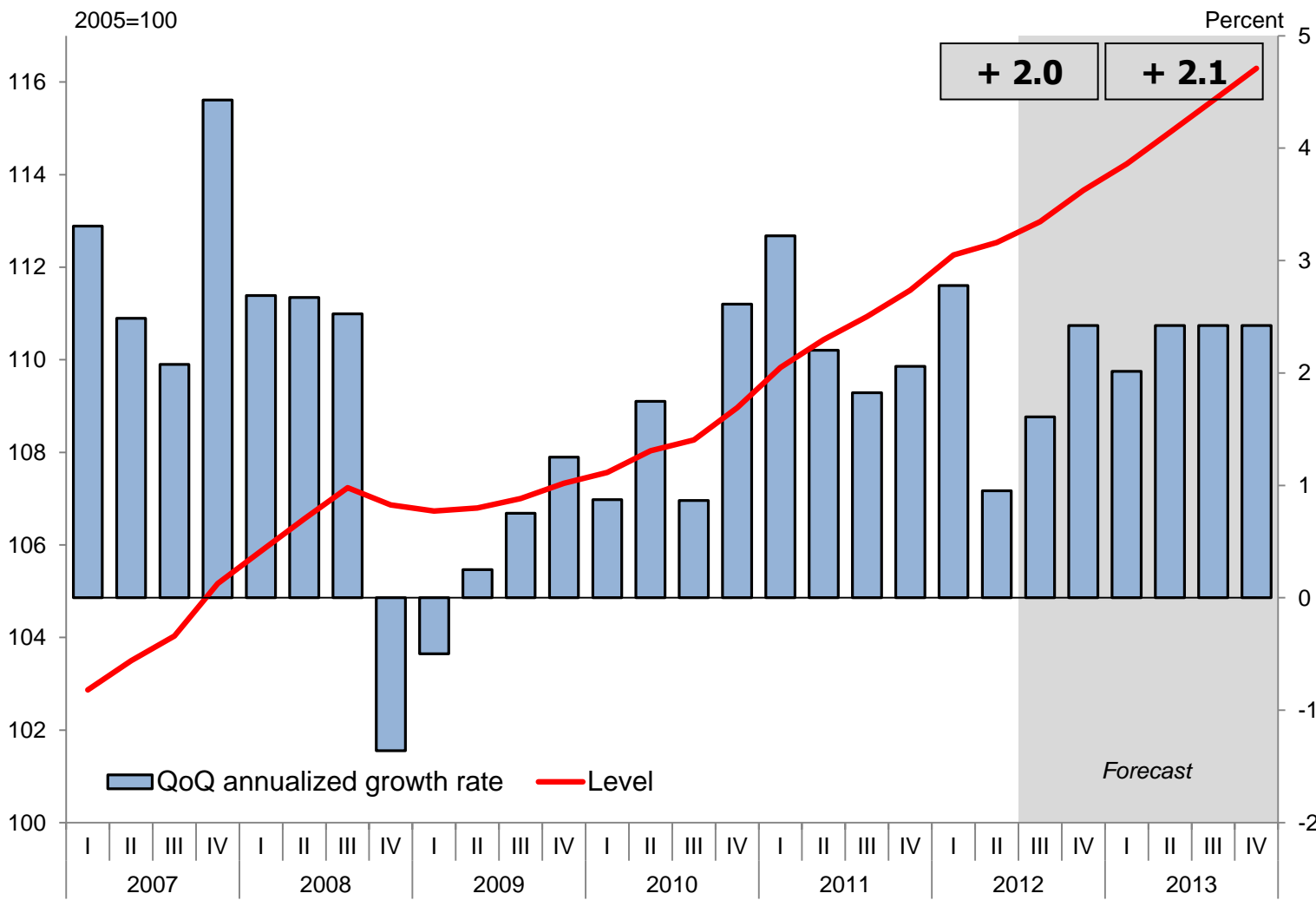


# Productivity gradually improving



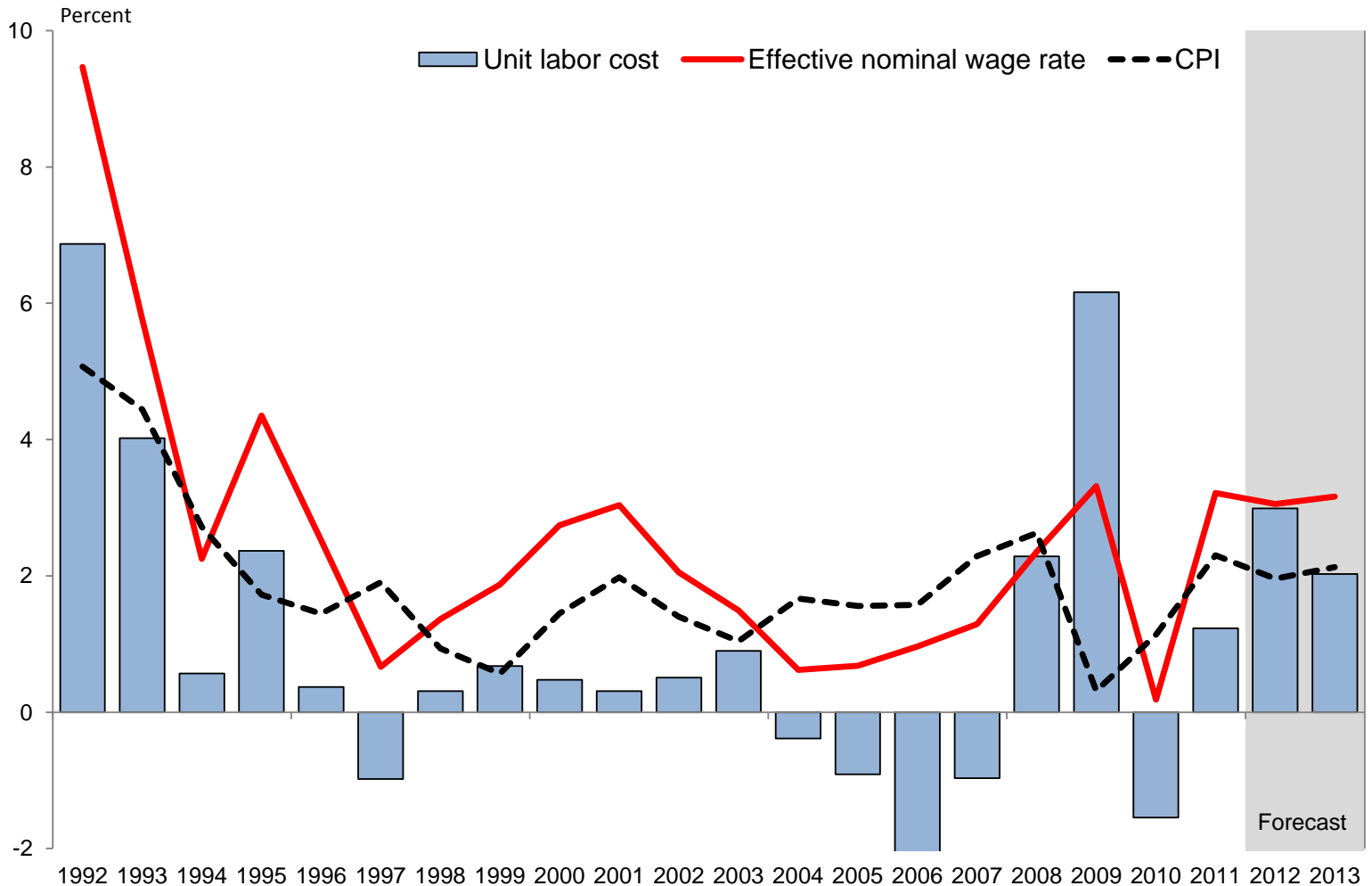


# Consumer prices: Domestic costs drive inflation

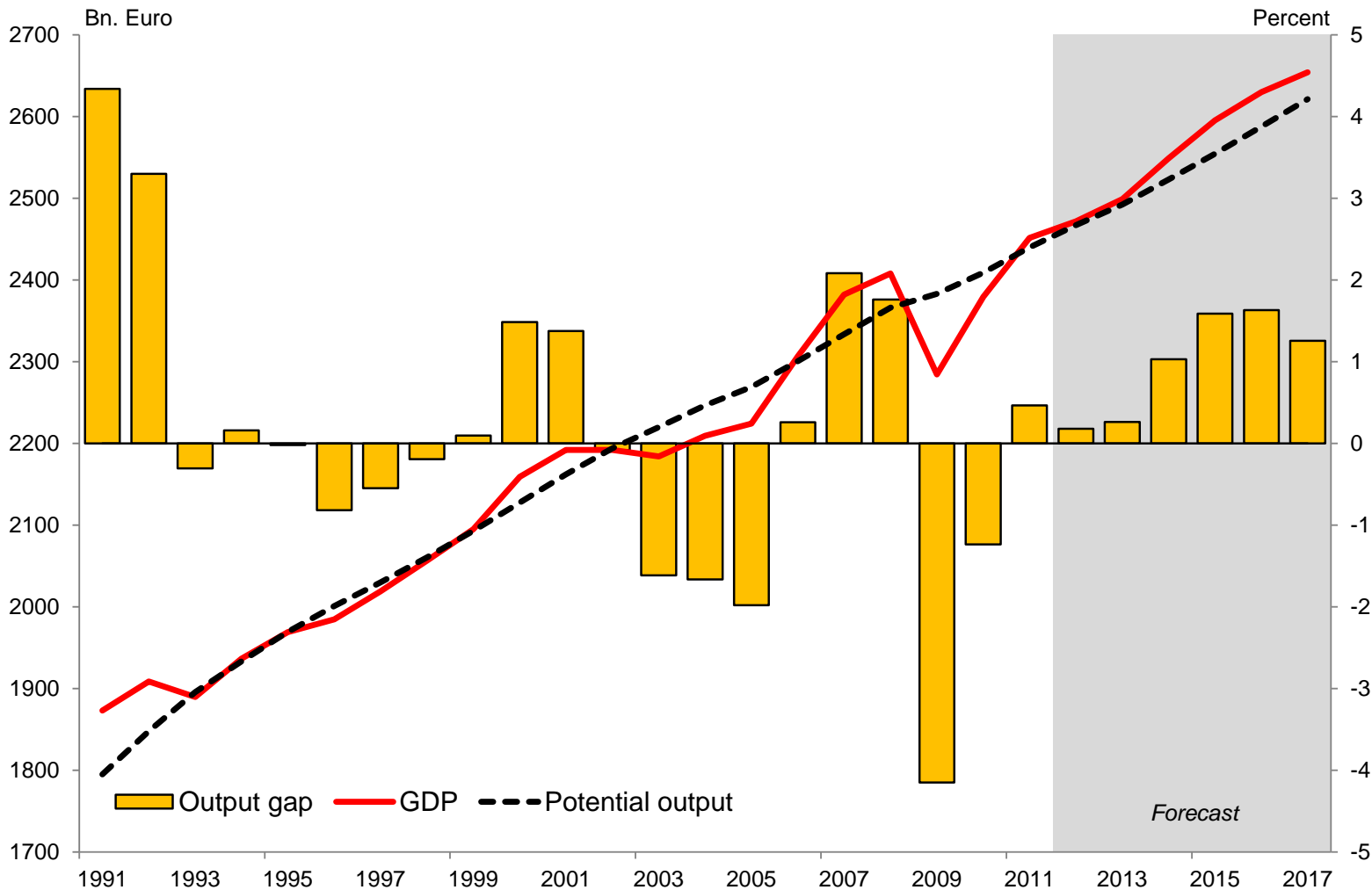




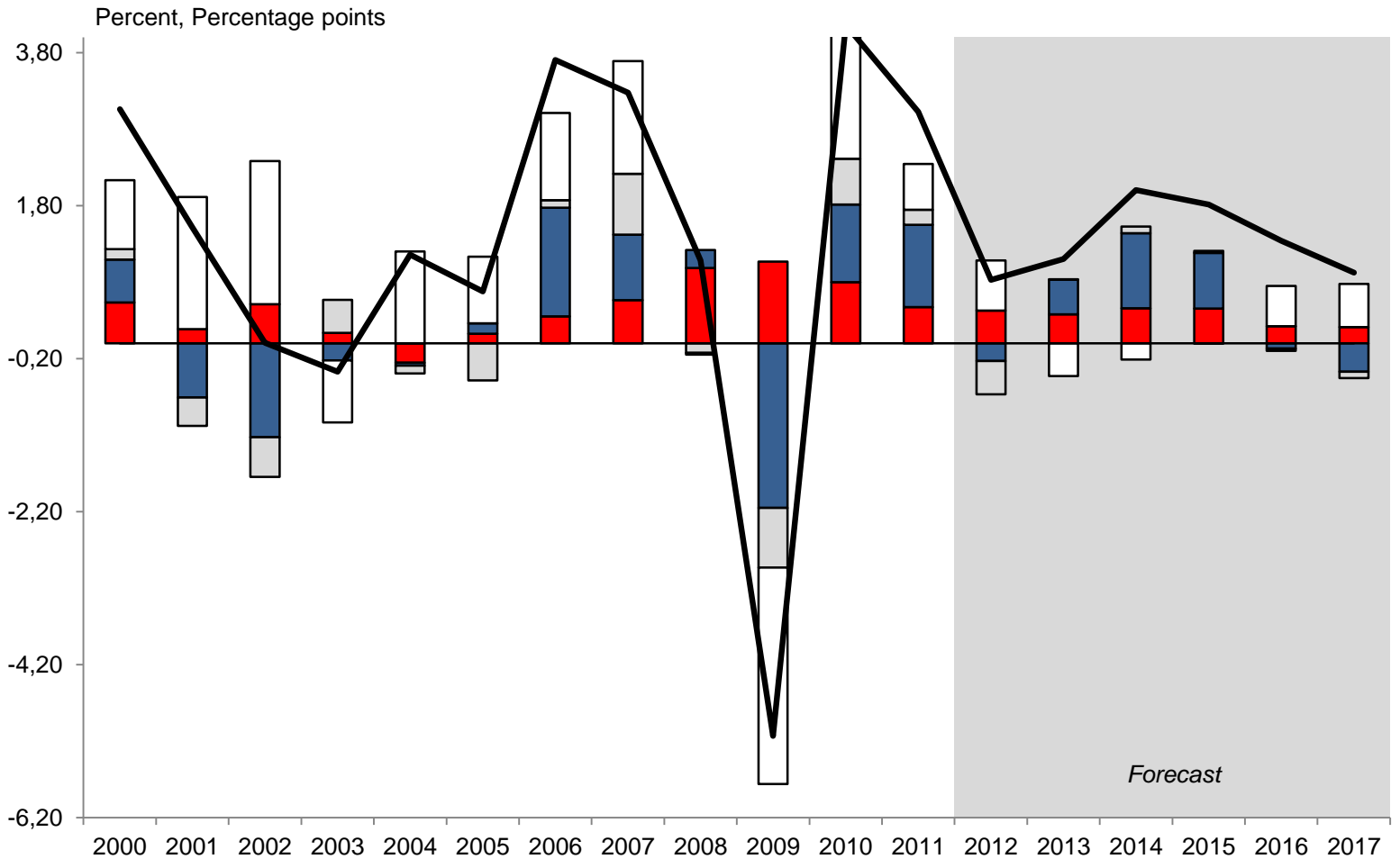
# Unit labor cost and effective hourly wages



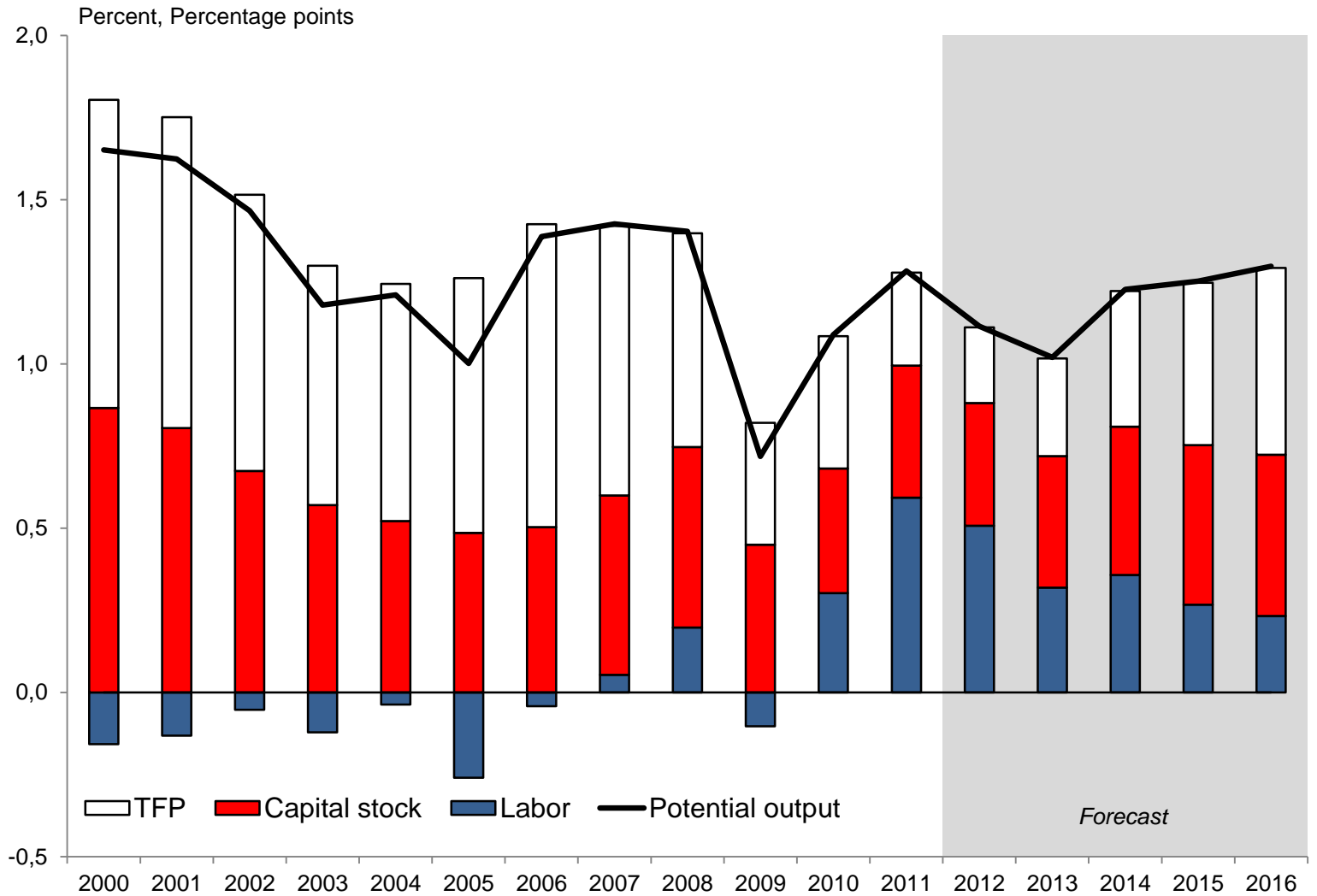
# Medium-term outlook: Boom adjourned till 2014



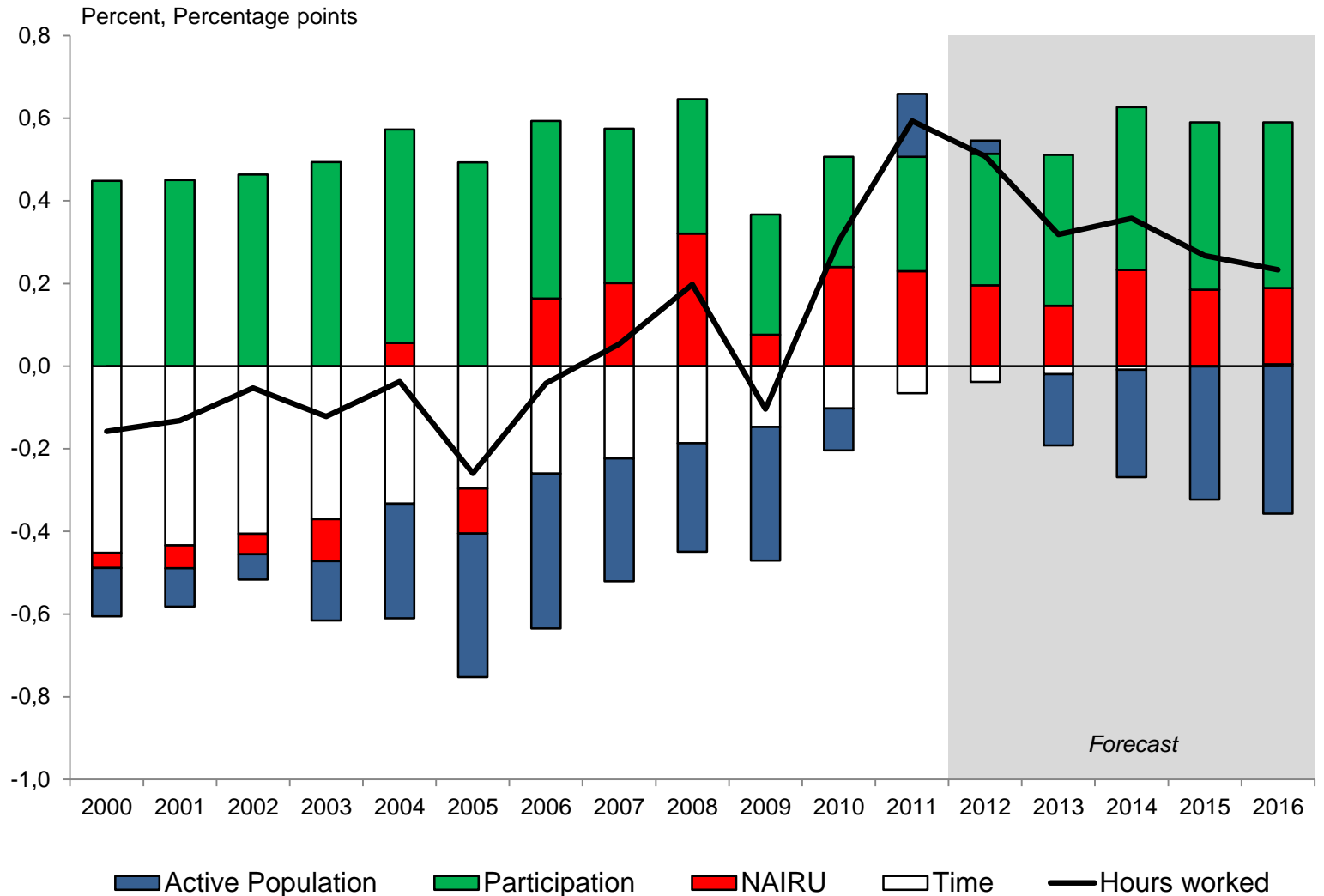
# Medium-term expenditure profile reflects investment cycle



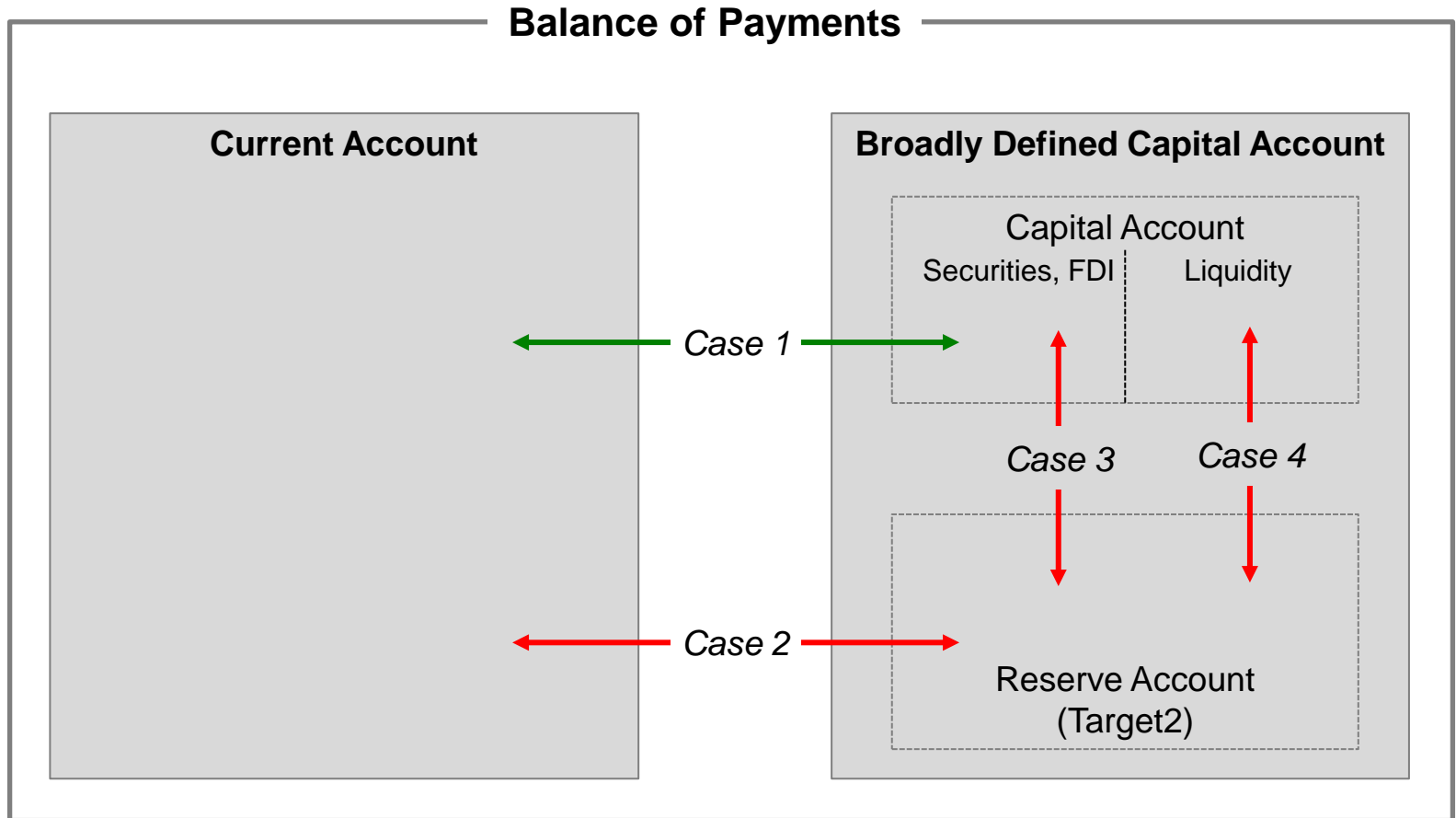
# Drivers of potential output



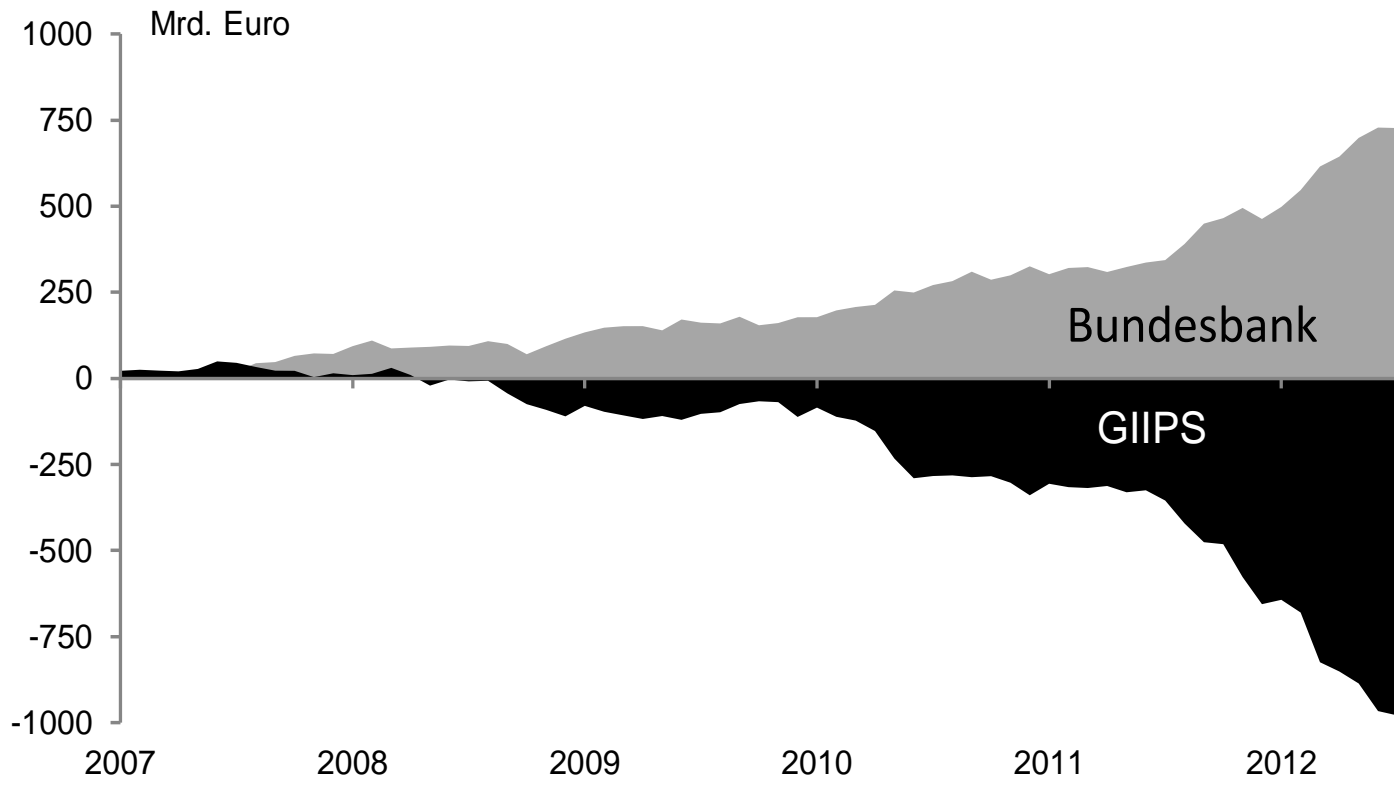
# Labor force: Dampening demographics



# BOX: BoP-financing via the Eurosystem



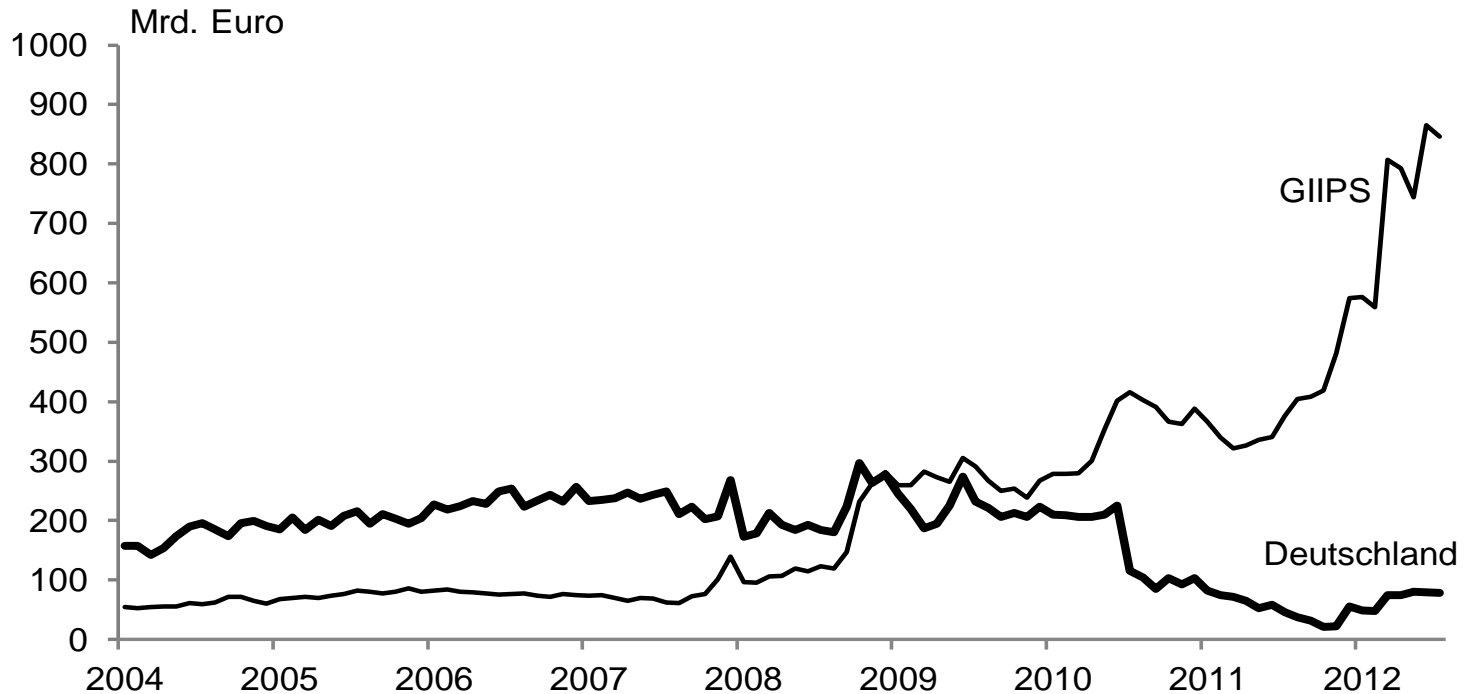
# Target2 claims



Monatsdaten; GIIPS: Notenbanken von Griechenland, Irland, Italien, Portugal, Spanien.

Quelle: Universität Osnabrück, *Euro Crisis Monitor*.

# Refinancing operations of the Eurosystem

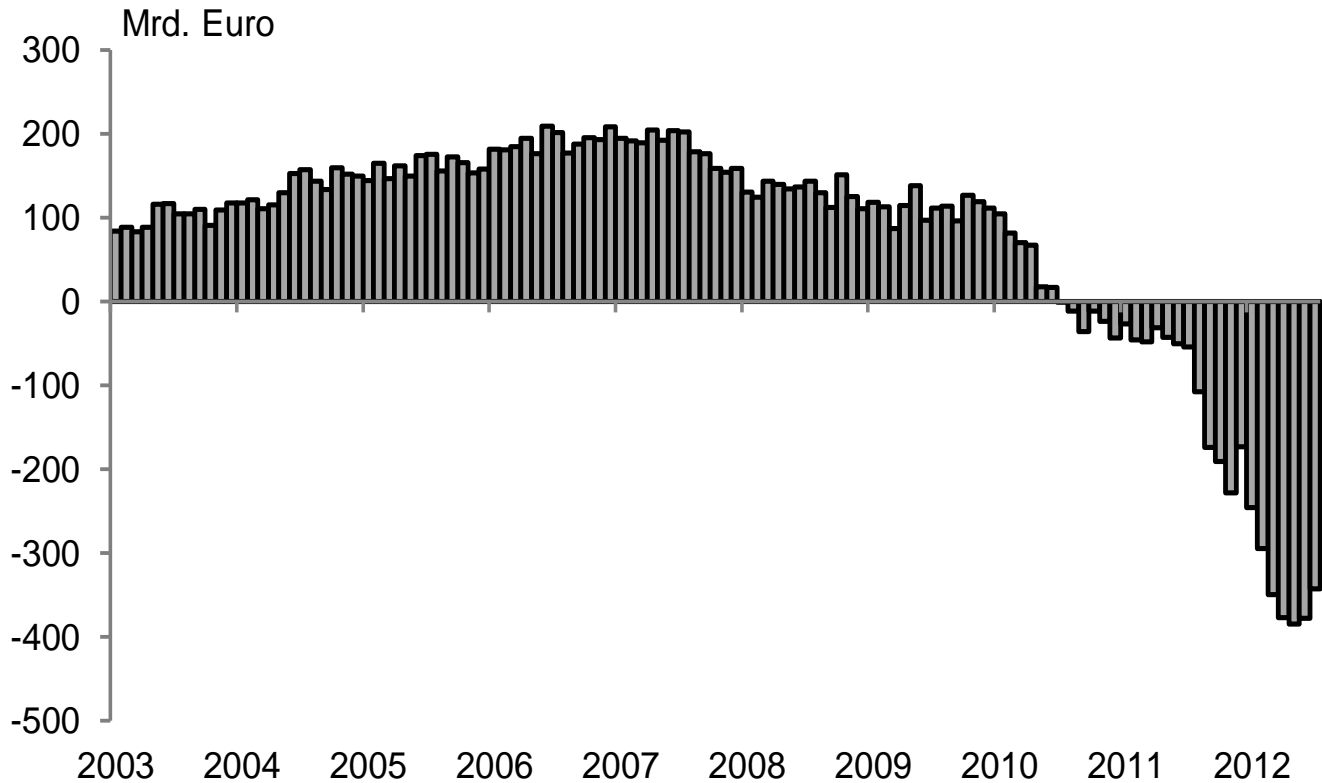


Monatsdaten, GIIPS: Griechenland, Irland, Italien, Spanien und Portugal.

Quelle: Nationale Zentralbanken; Deutsche Bundesbank, *Monatsbericht*.



# Bundesbank's net claims against MFI



Monatsdaten, Differenz aus Forderungen und Verbindlichkeiten aus geldpolitischen Operationen.

Quelle: Deutsche Bundesbank, *Monatsbericht*.



BOX: BoP-financing via the Eurosystem

## **Simple truth**

*If something cannot go on forever, it will stop.*

Herbert Stein

Institut  
für Weltwirtschaft



Institute  
for the World Economy

