

DIW Berlin

Deutsches Institut
für Wirtschaftsforschung

www.diw.de

19. Chemie-Wirtschaftsseminar

Economic Outlook Germany 2007-2008

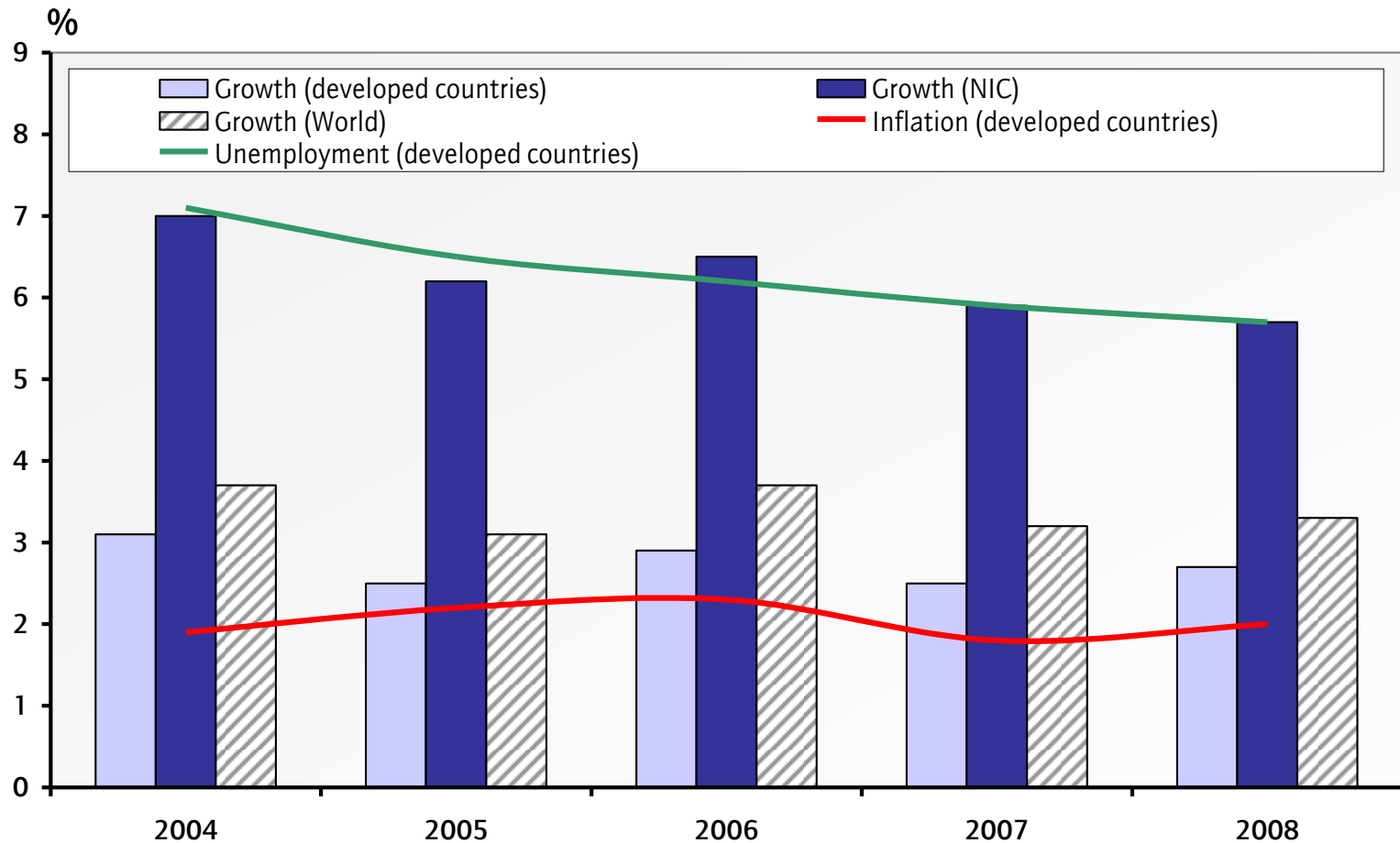
Frankfurt, 14 June 2007

PD Dr. Christian Dreger, Dr. Stefan Kooths
DIW Berlin - Macro Analysis and Forecasting

Key assumptions

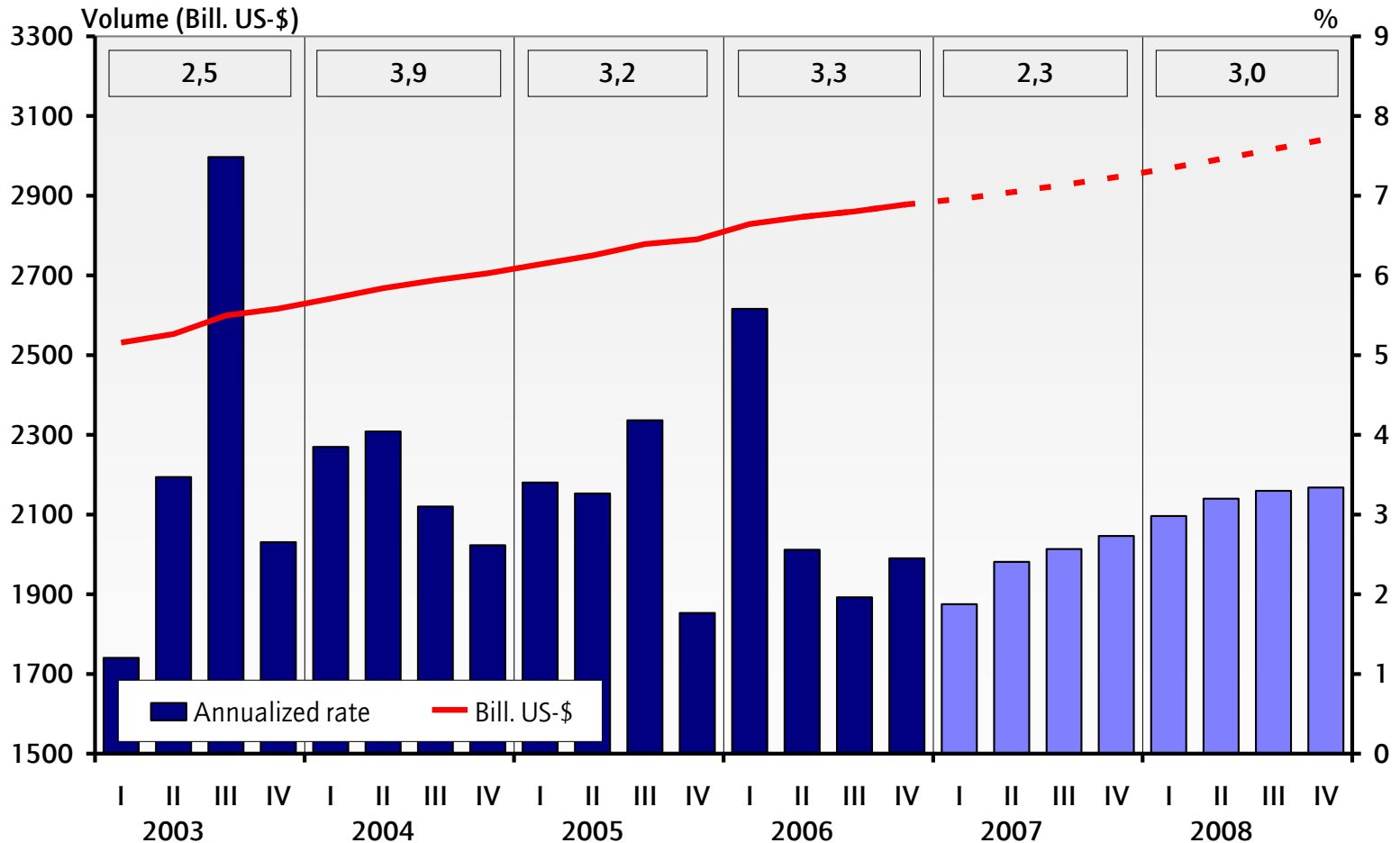
▪ Oil price	2007 65 USD	2008 65 USD
▪ Exchange rate	1,32 USD/Euro	
▪ World trade	+7,5 %	+7,5 %
▪ ECB reference rate	4,0 % (by mid 2007)	
▪ Effective wage rate	+1,8 %	+3,0 %
▪ Shift effects (prod.)	3 Bill. Euro	

World economy

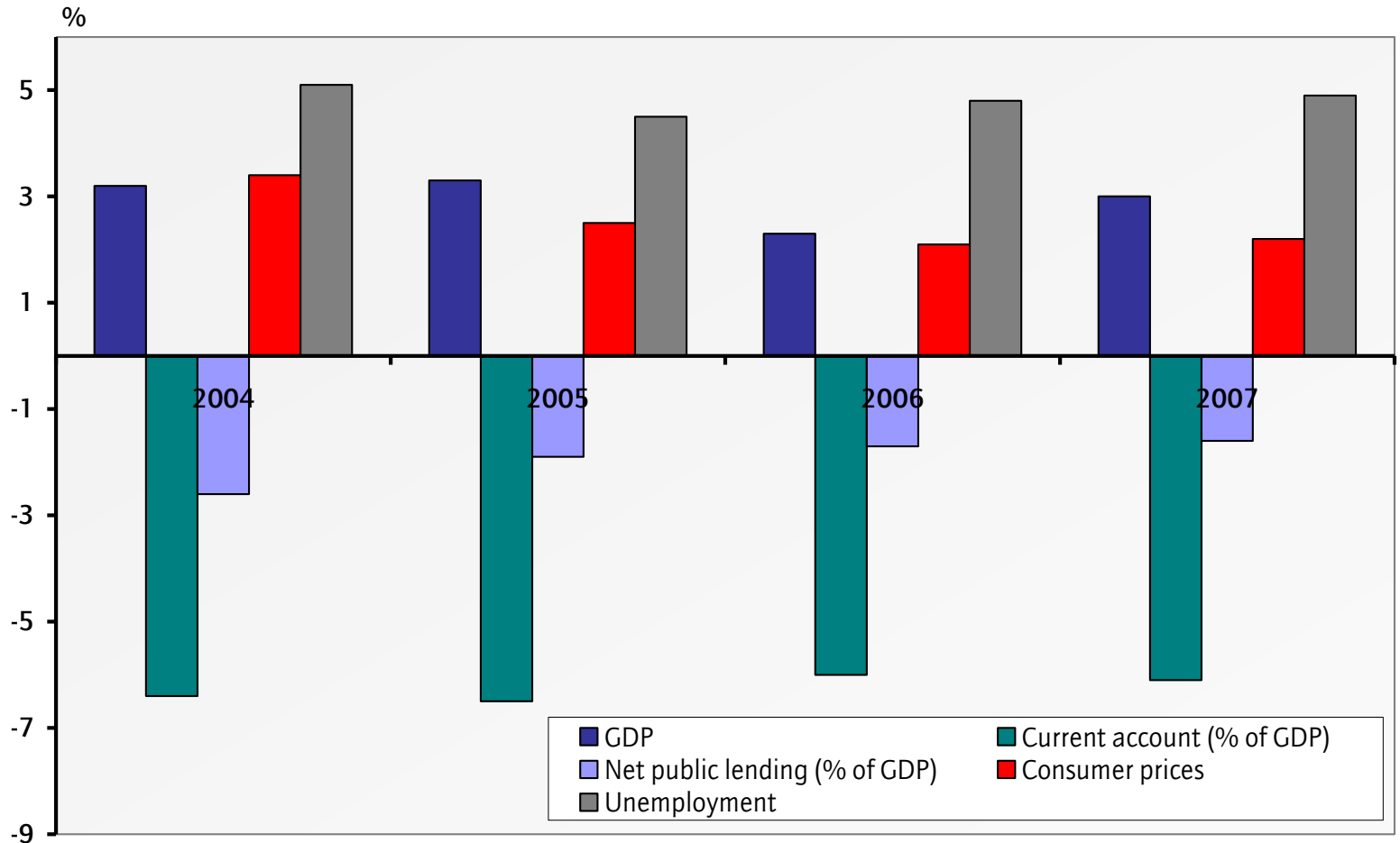


US growth dynamics

GDP, seasonal and working-day adjusted

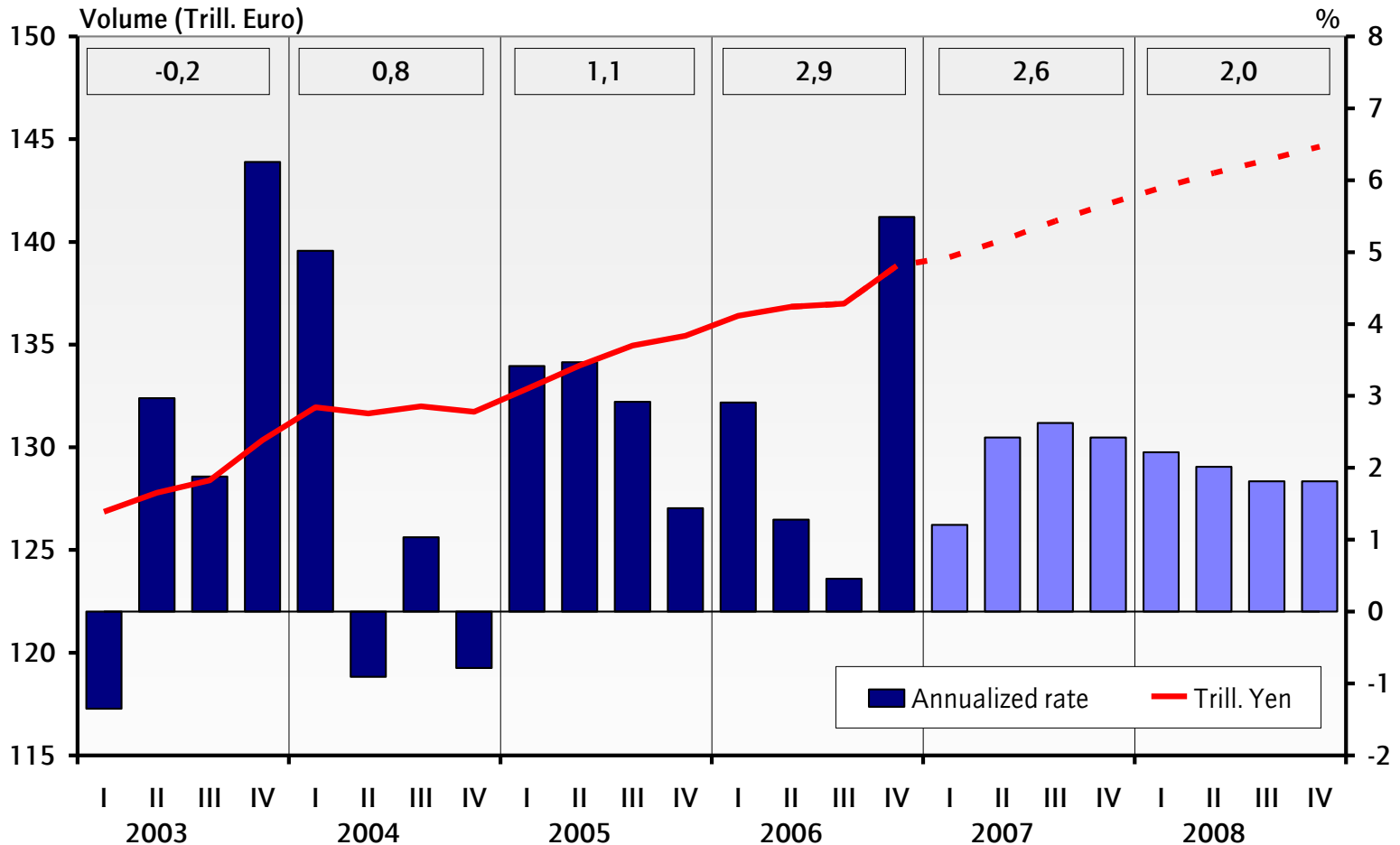


Key figures for the US

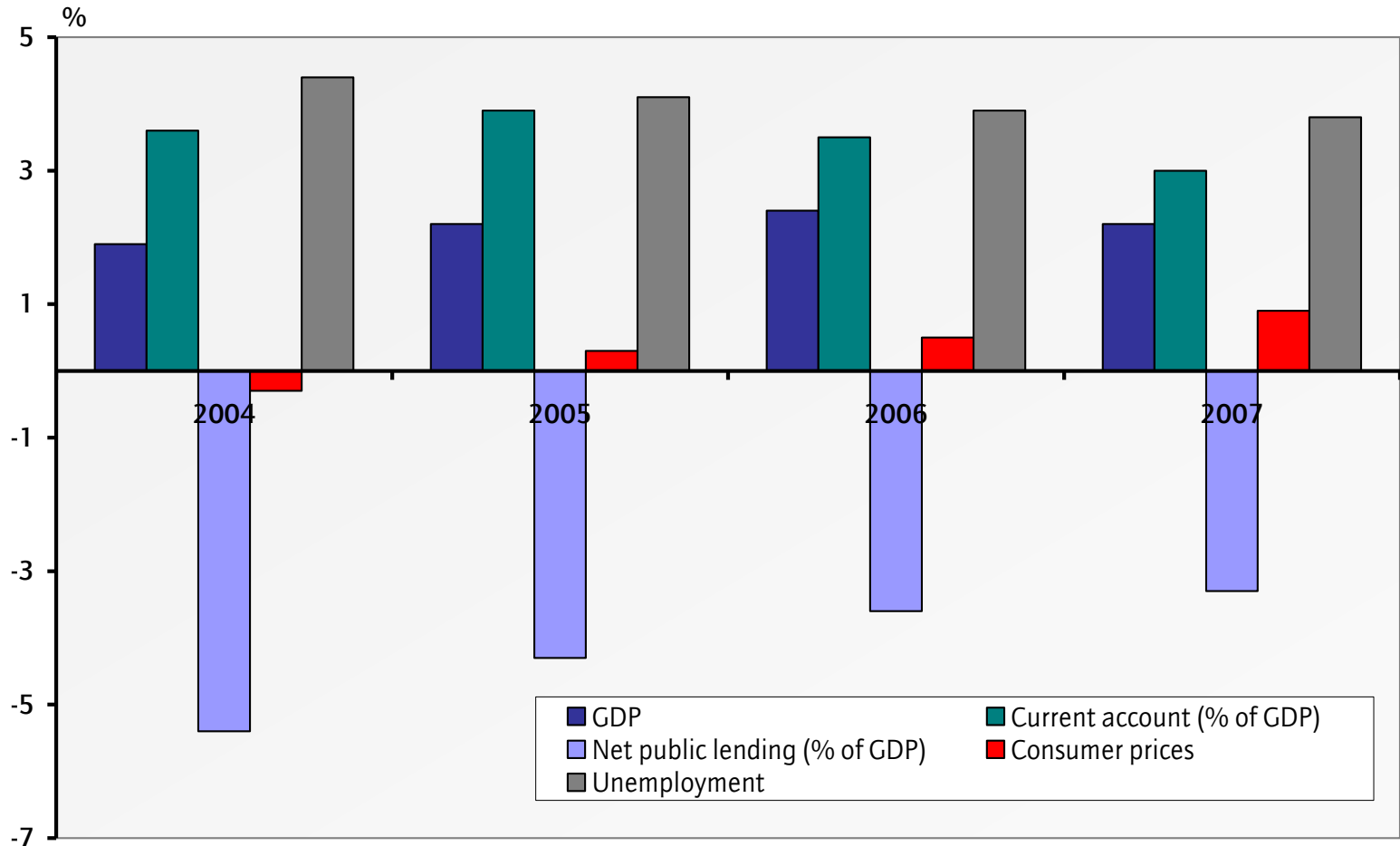


Japanese growth dynamics

GDP, seasonal and working-day adjusted

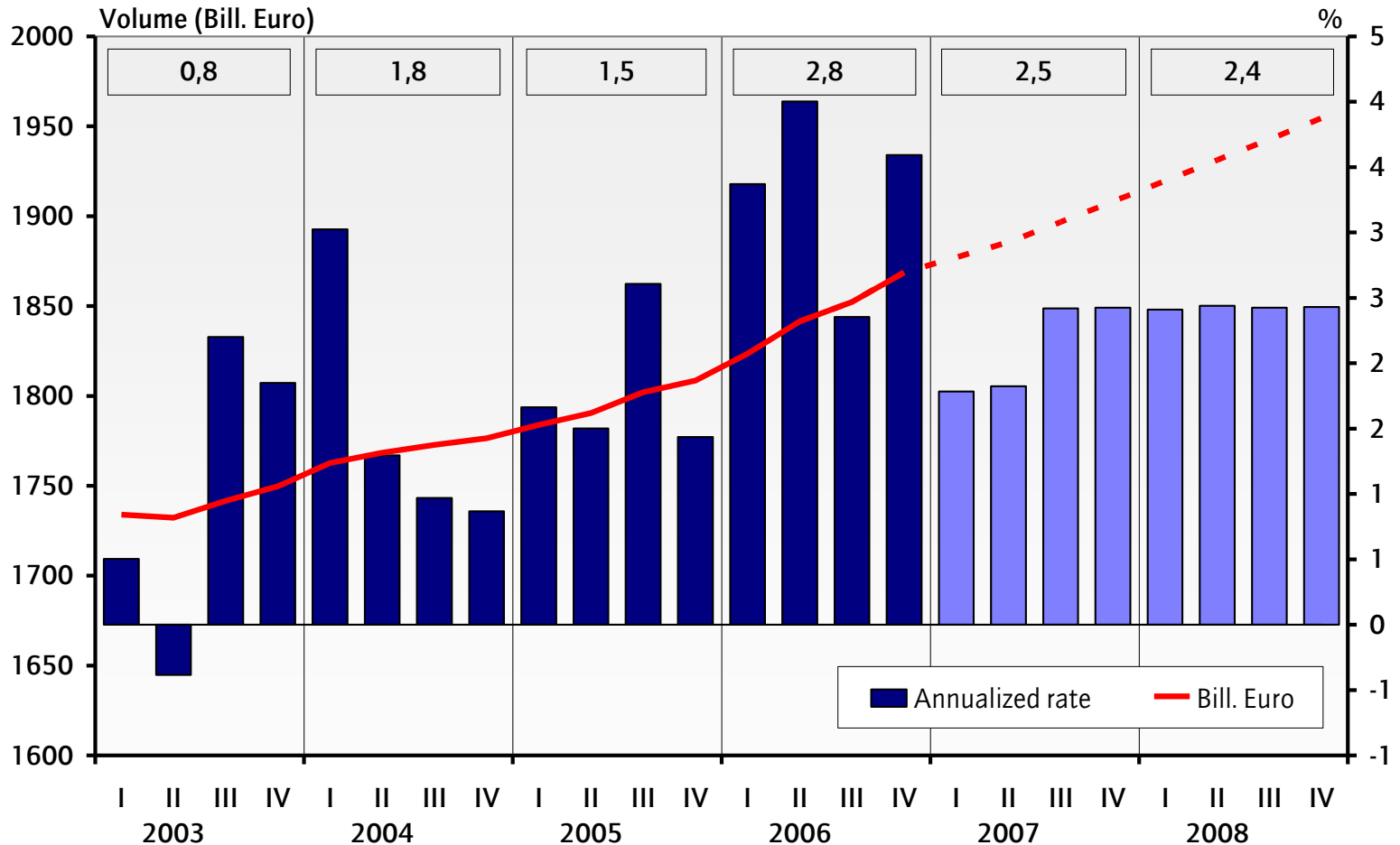


Key figures for Japan

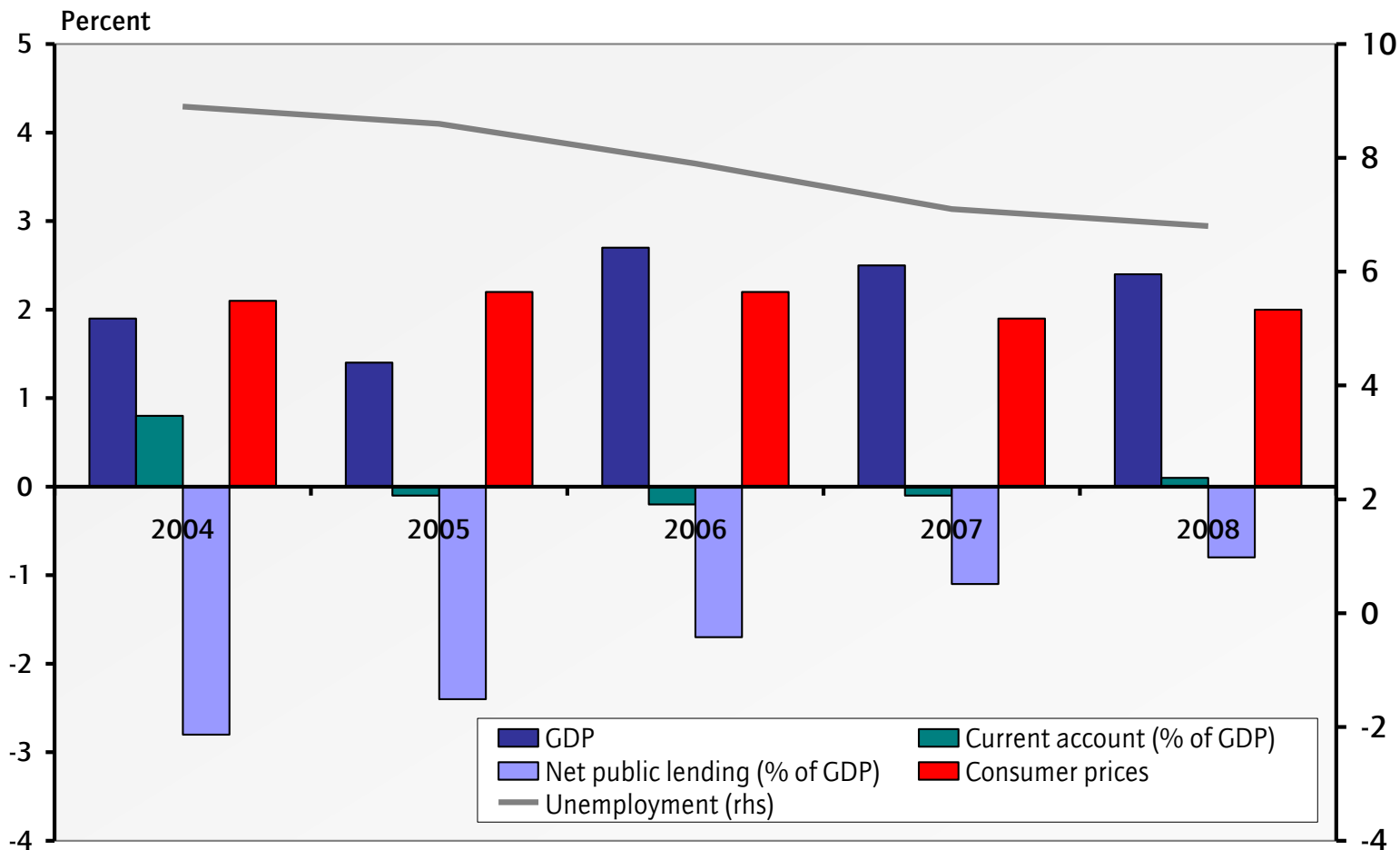


Eurozone growth dynamics

GDP, seasonal and working-day adjusted

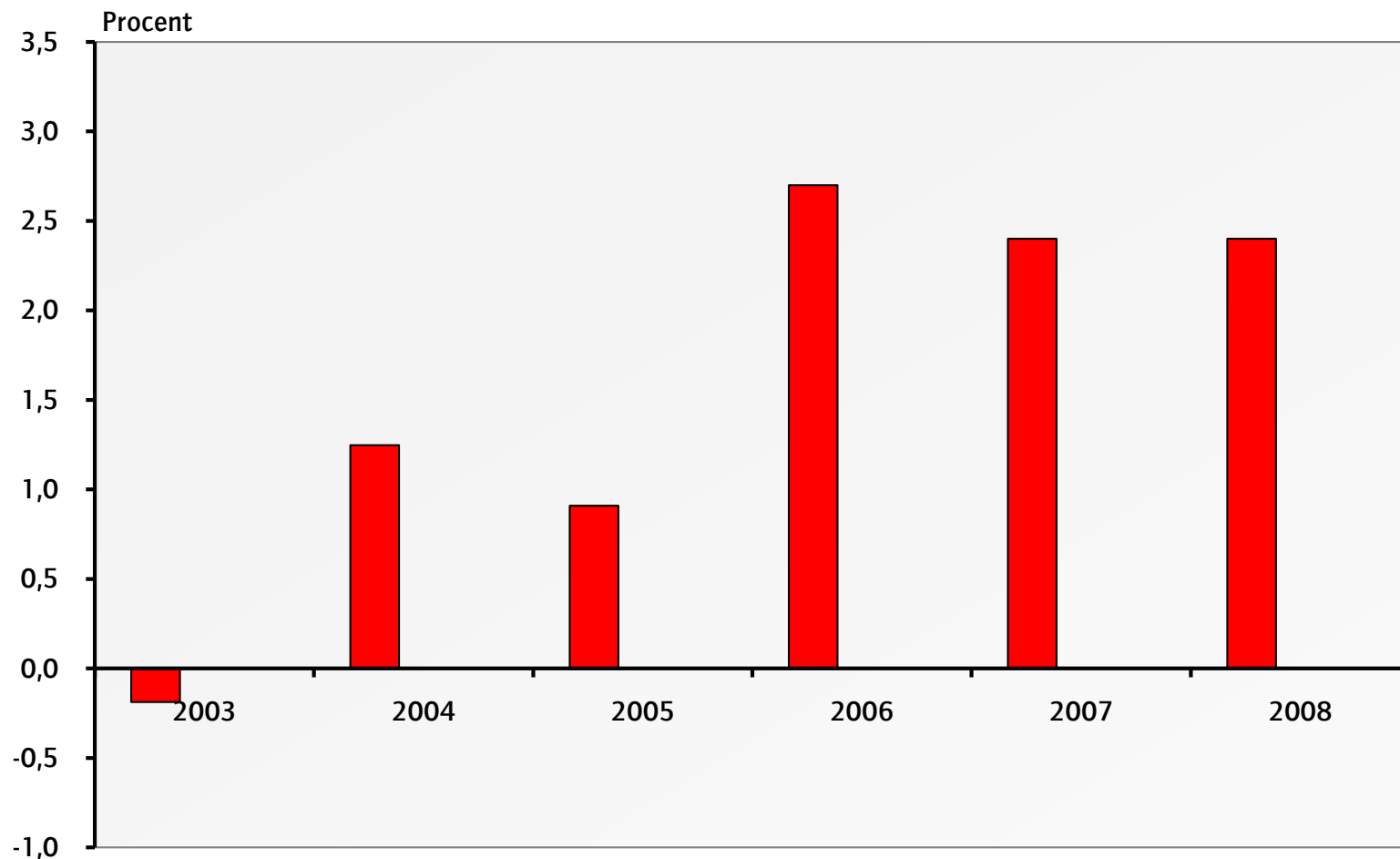


Key figures for the Eurozone



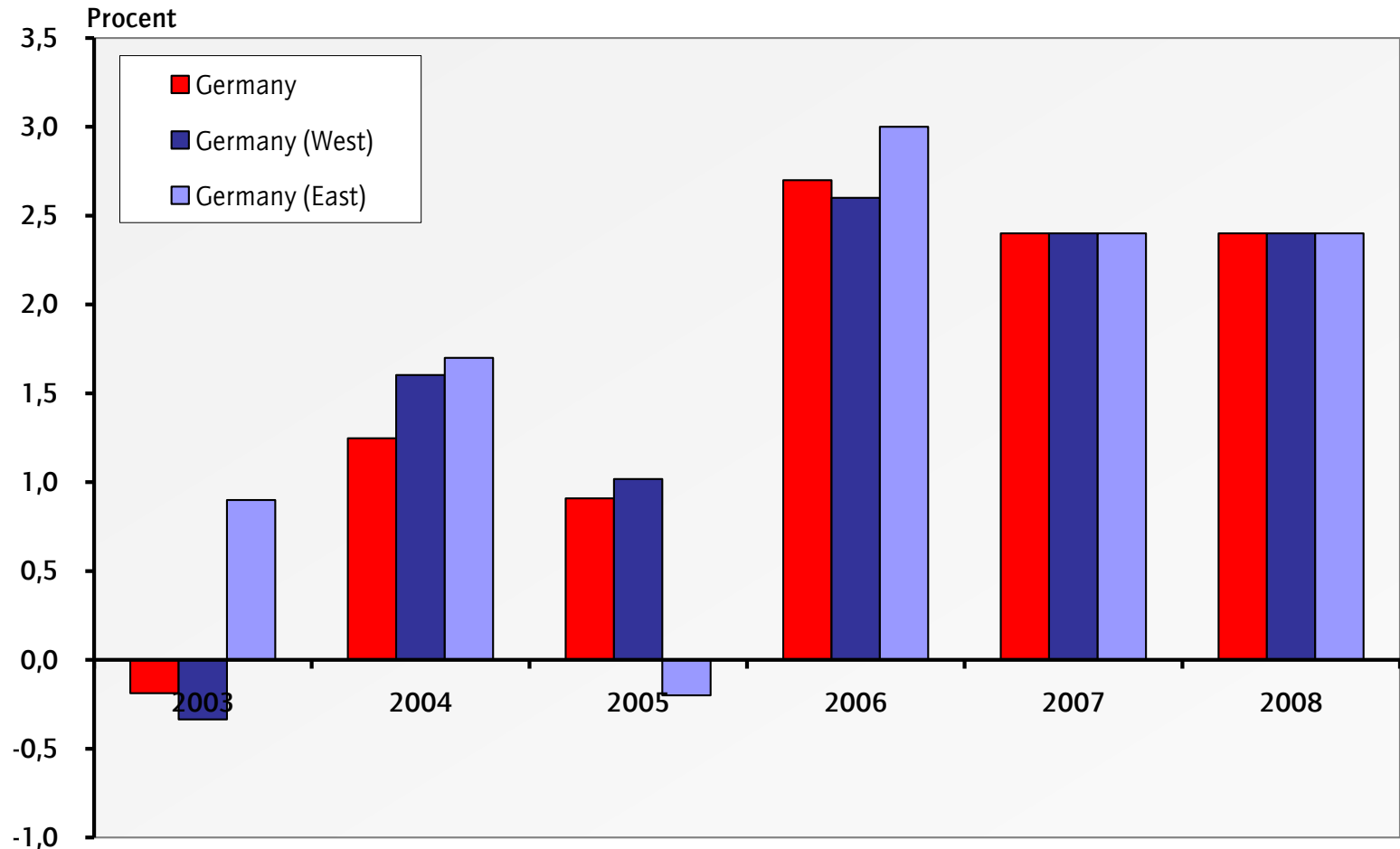
German growth perspectives

GDP growth rate in %

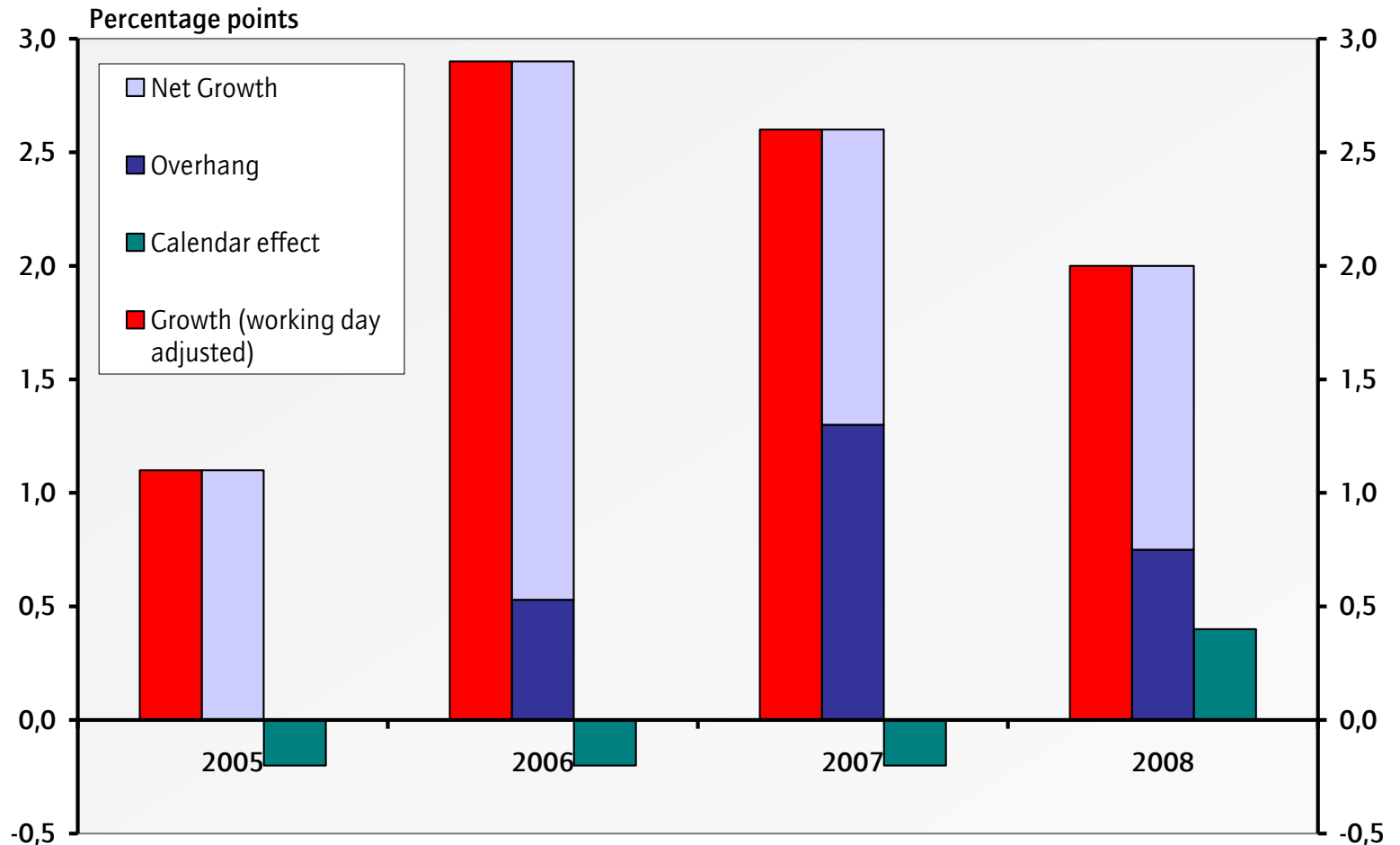


German growth perspectives: West and East

GDP growth rate in %

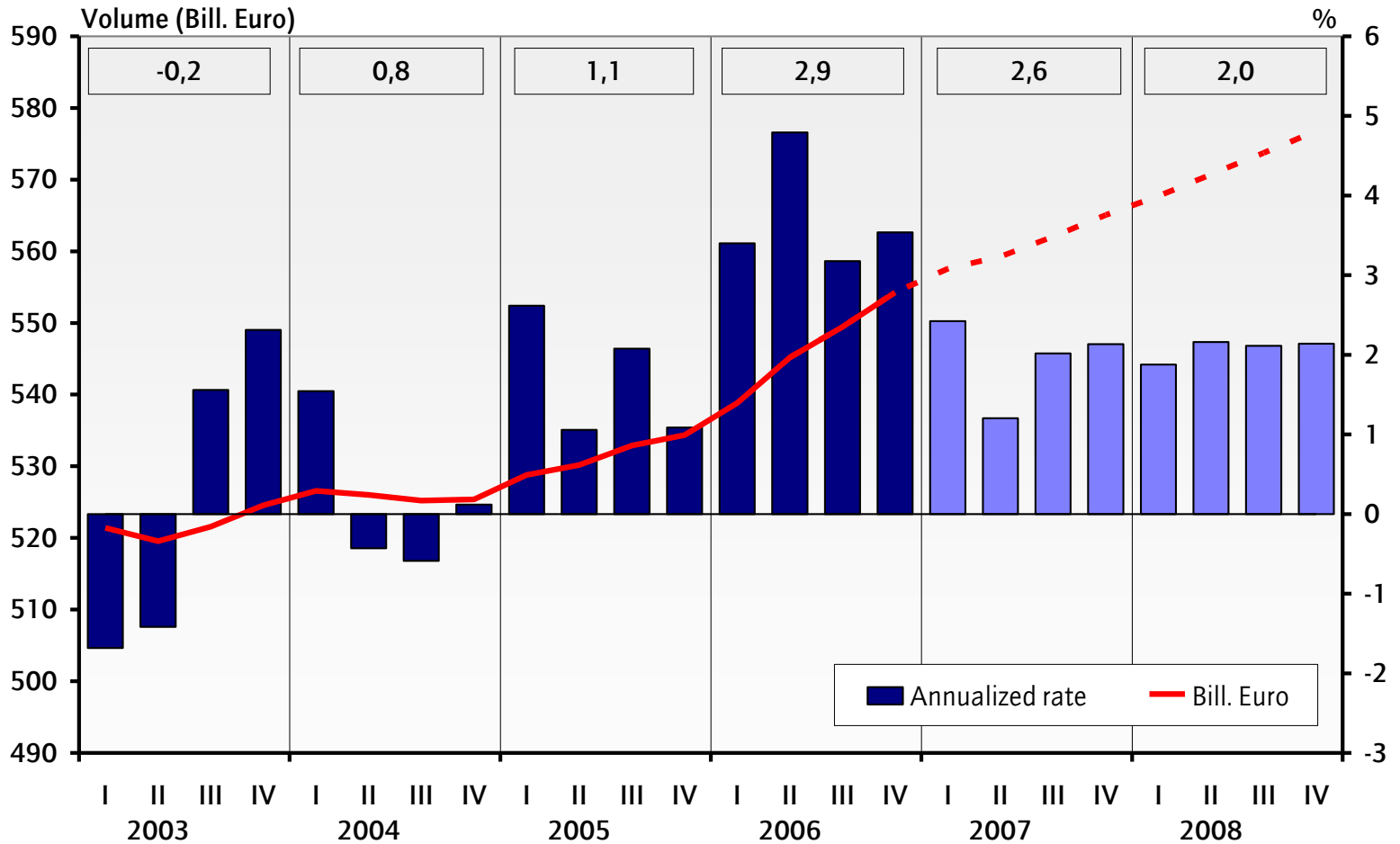


Technical growth components



German growth dynamics

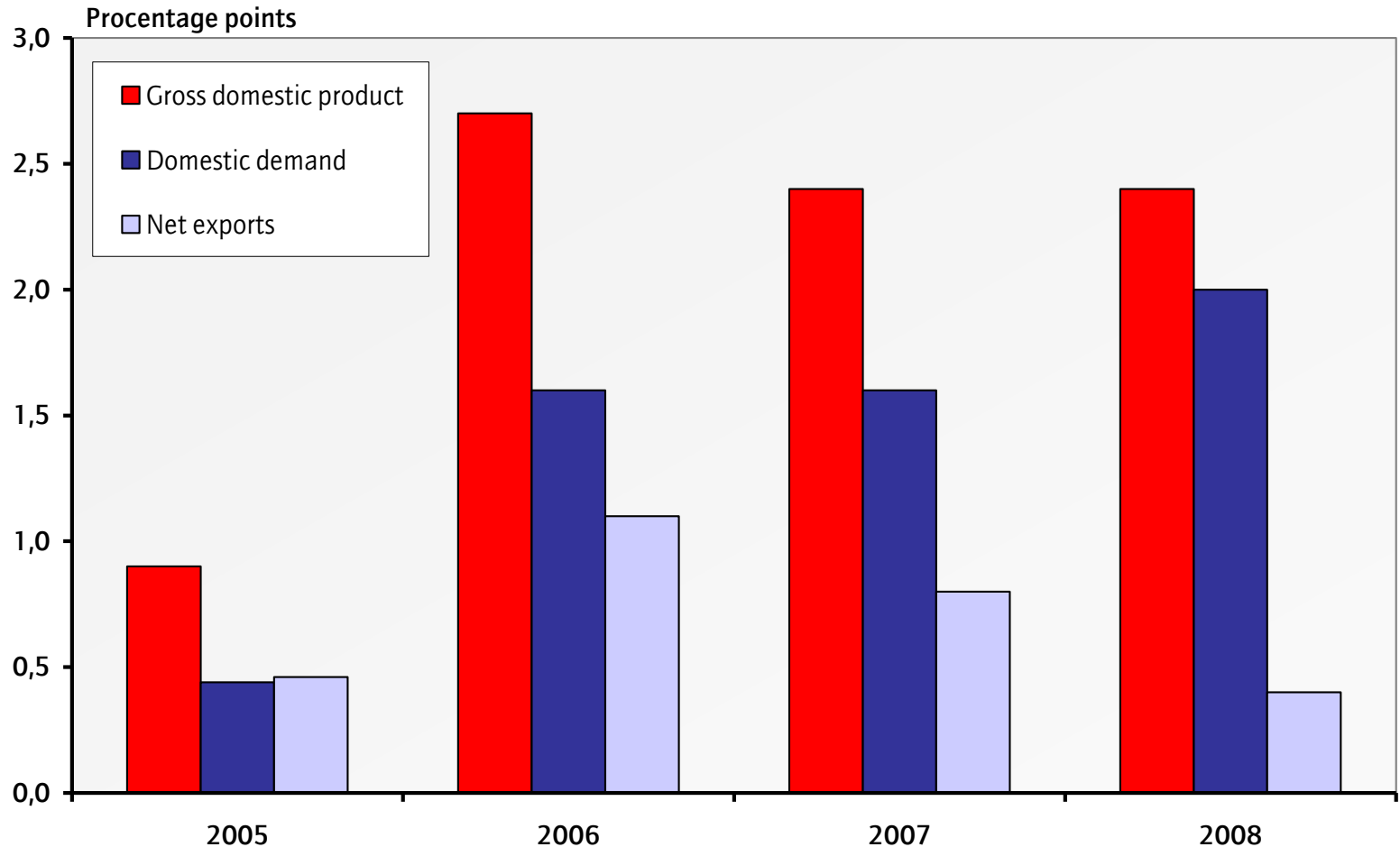
GDP, seasonal and working-day adjusted



Domestic demand robust in 2007

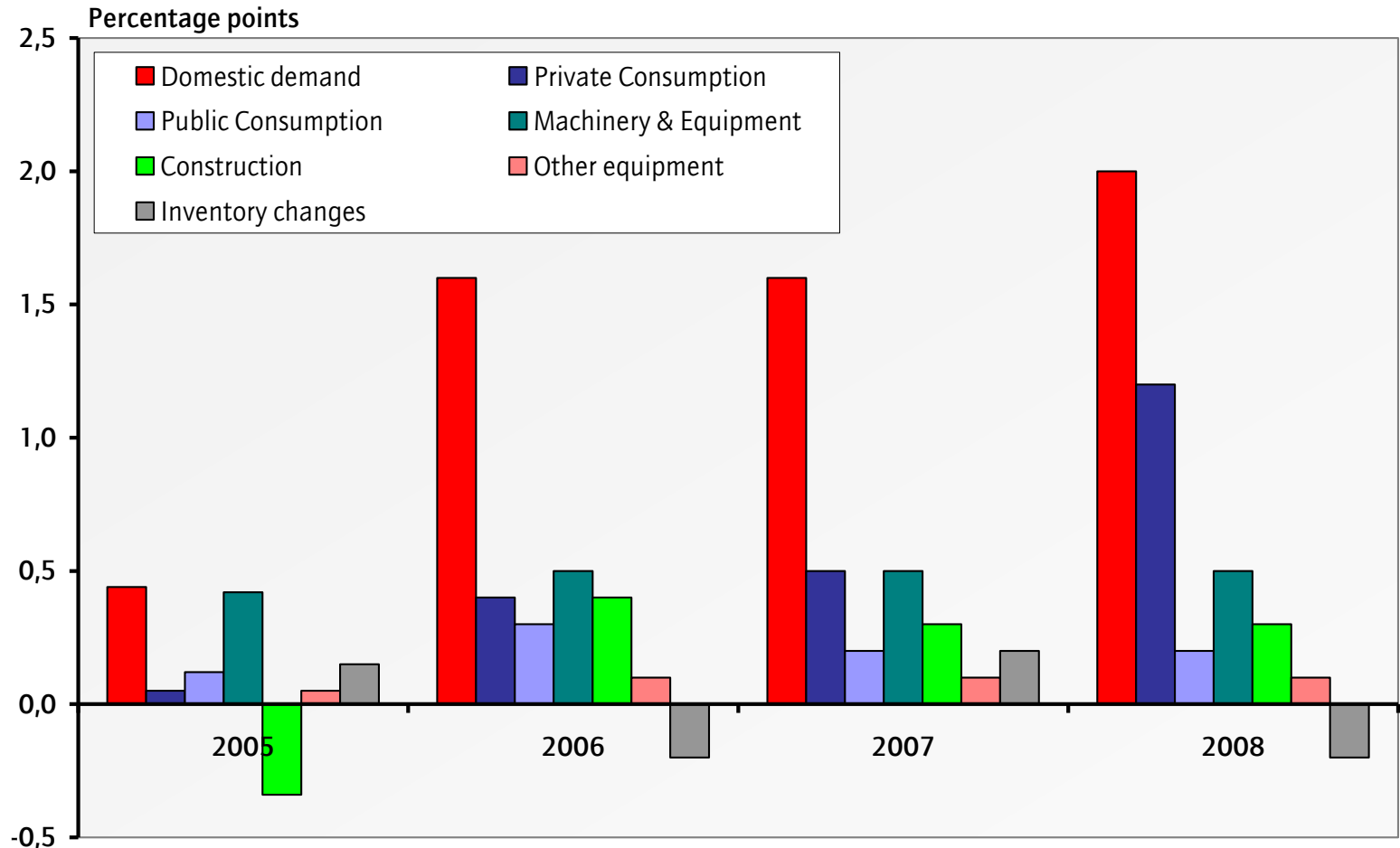
Export surplus less important

GDP growth rate and components growth shares in %



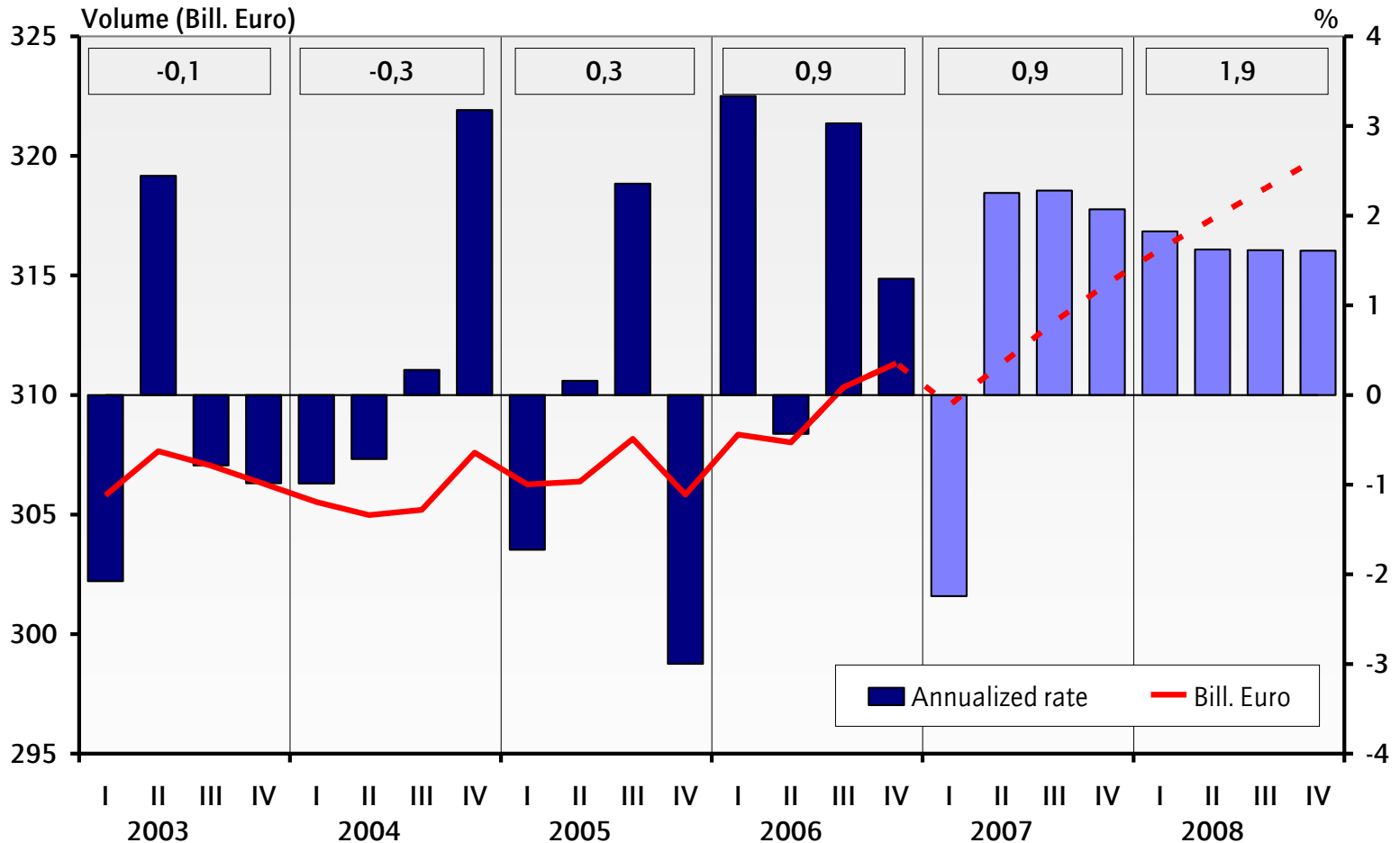
Domestic demand more balanced

Component growth contributions in %



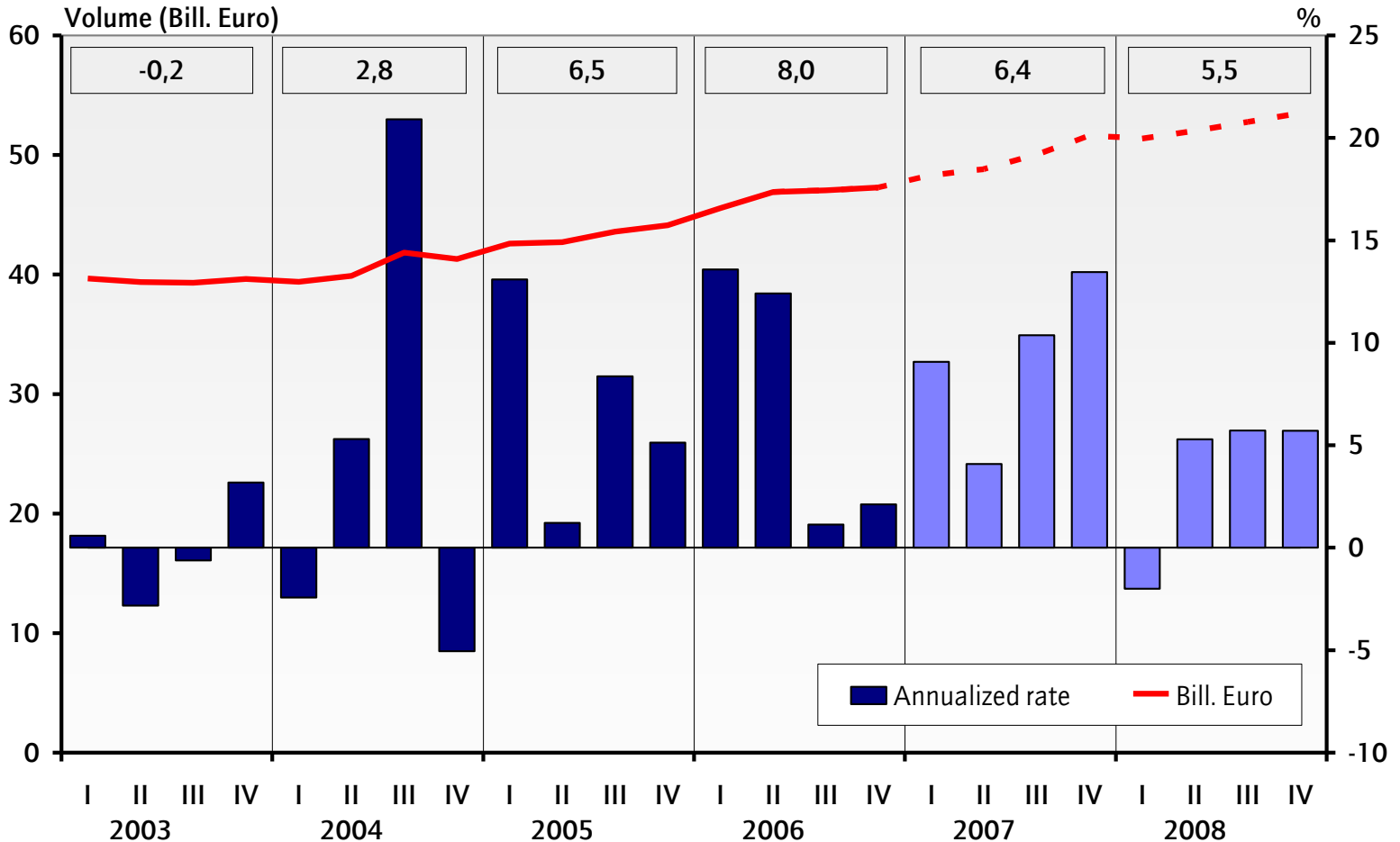
Private consumption: Recovery interrupted by VAT increase

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



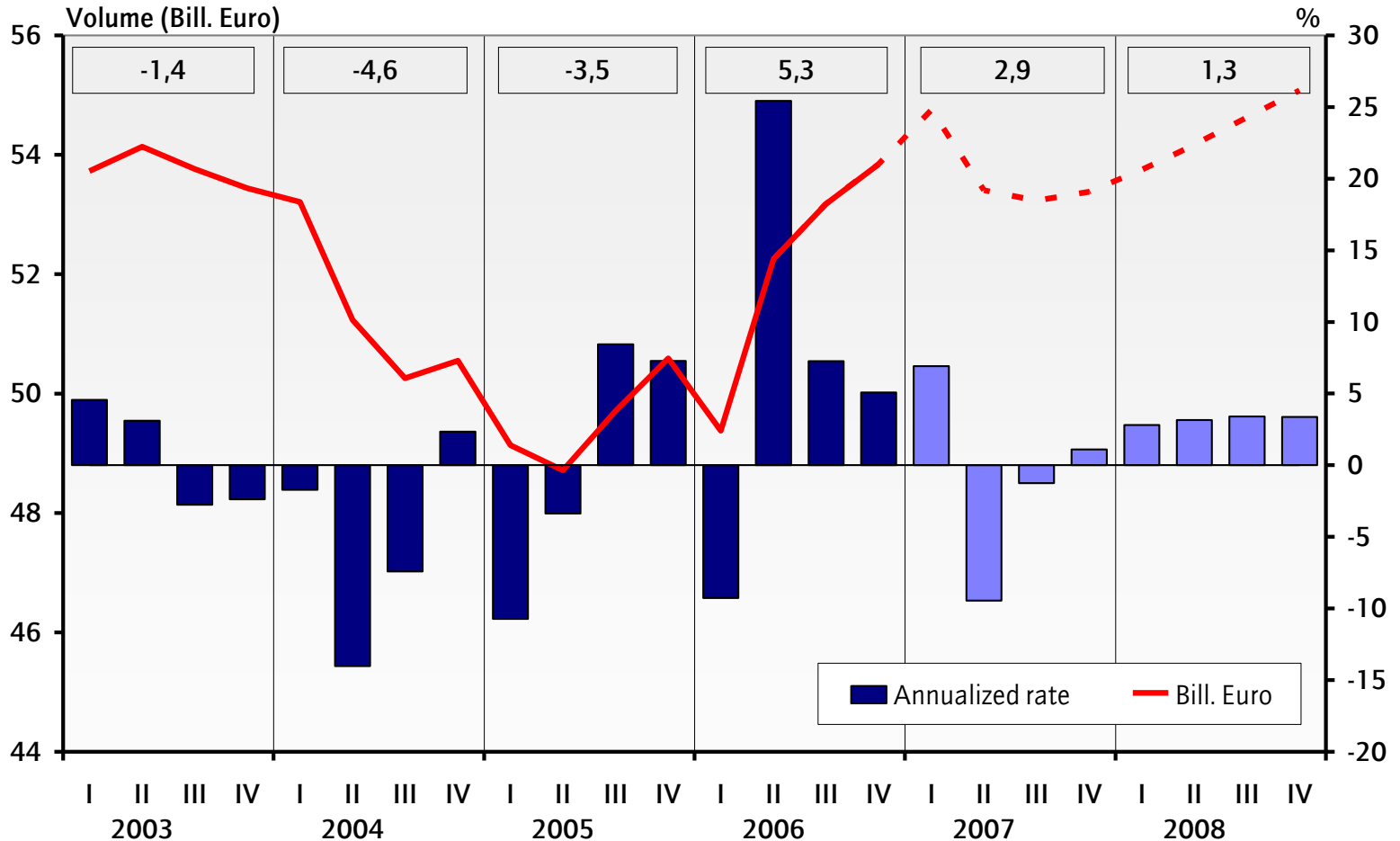
M&E: Moderate but robust growth

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



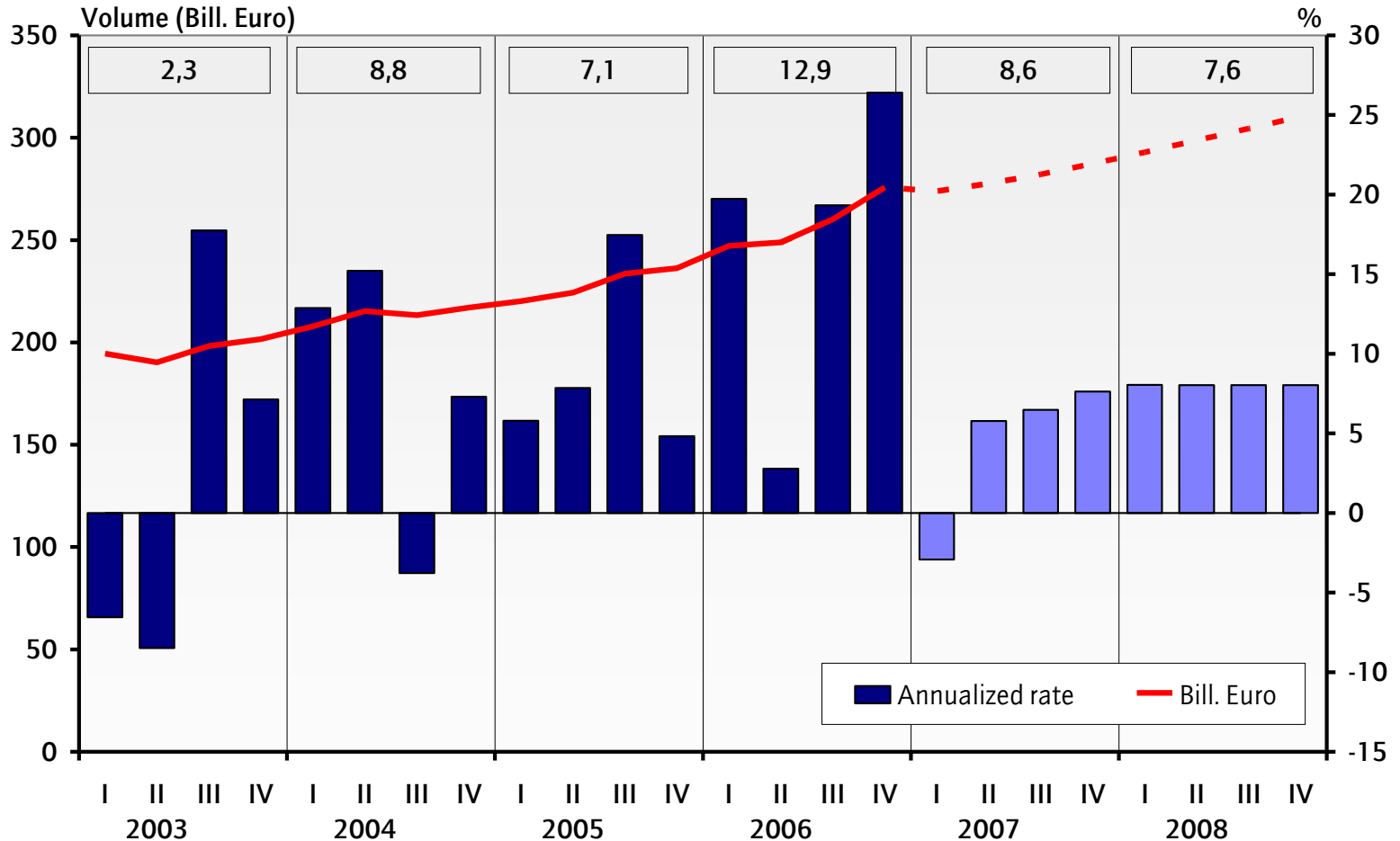
Construction: No longer a growth cruncher

Construction investment (seasonal and working-day adjusted)



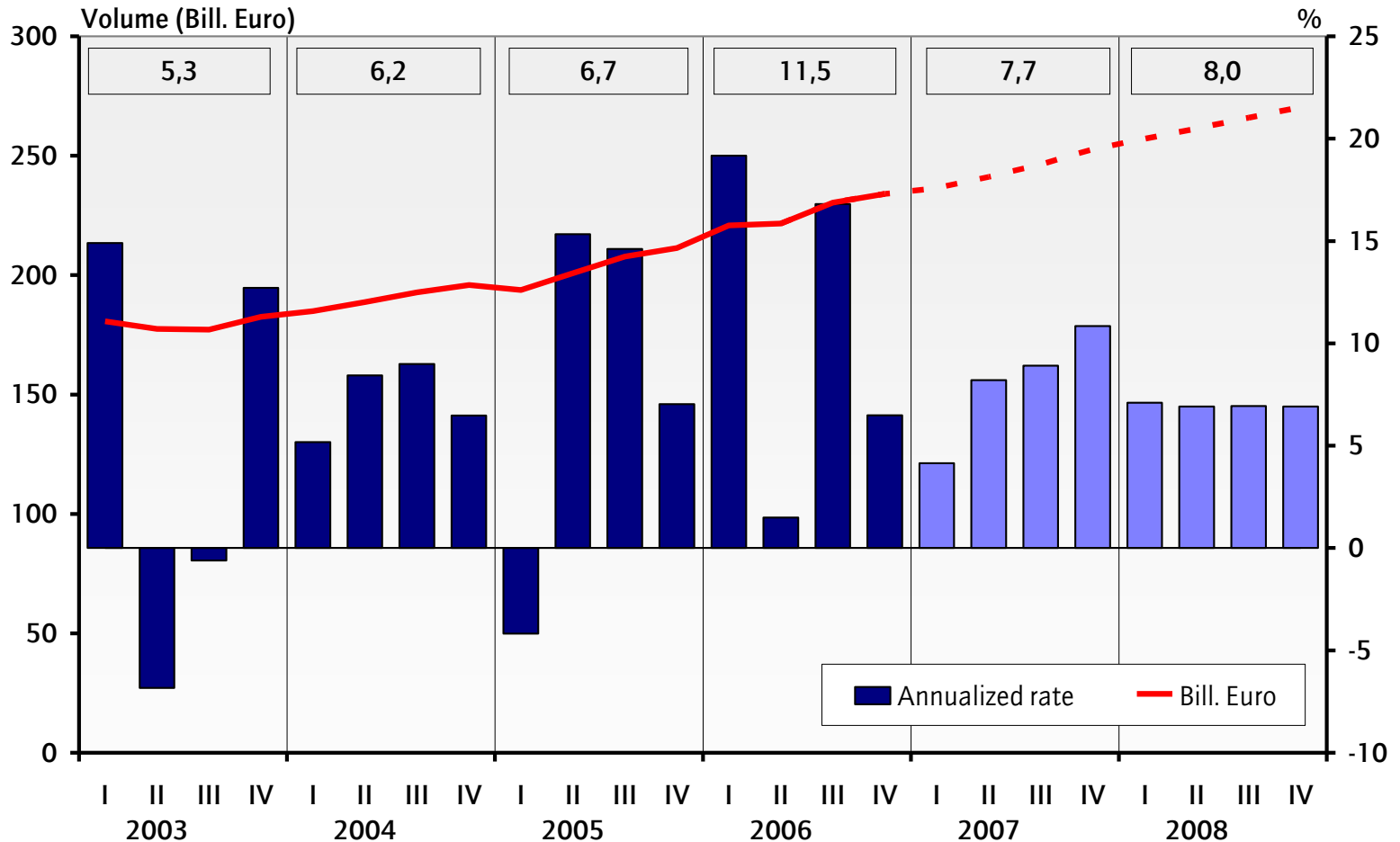
Export dynamics of a „world champion“

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



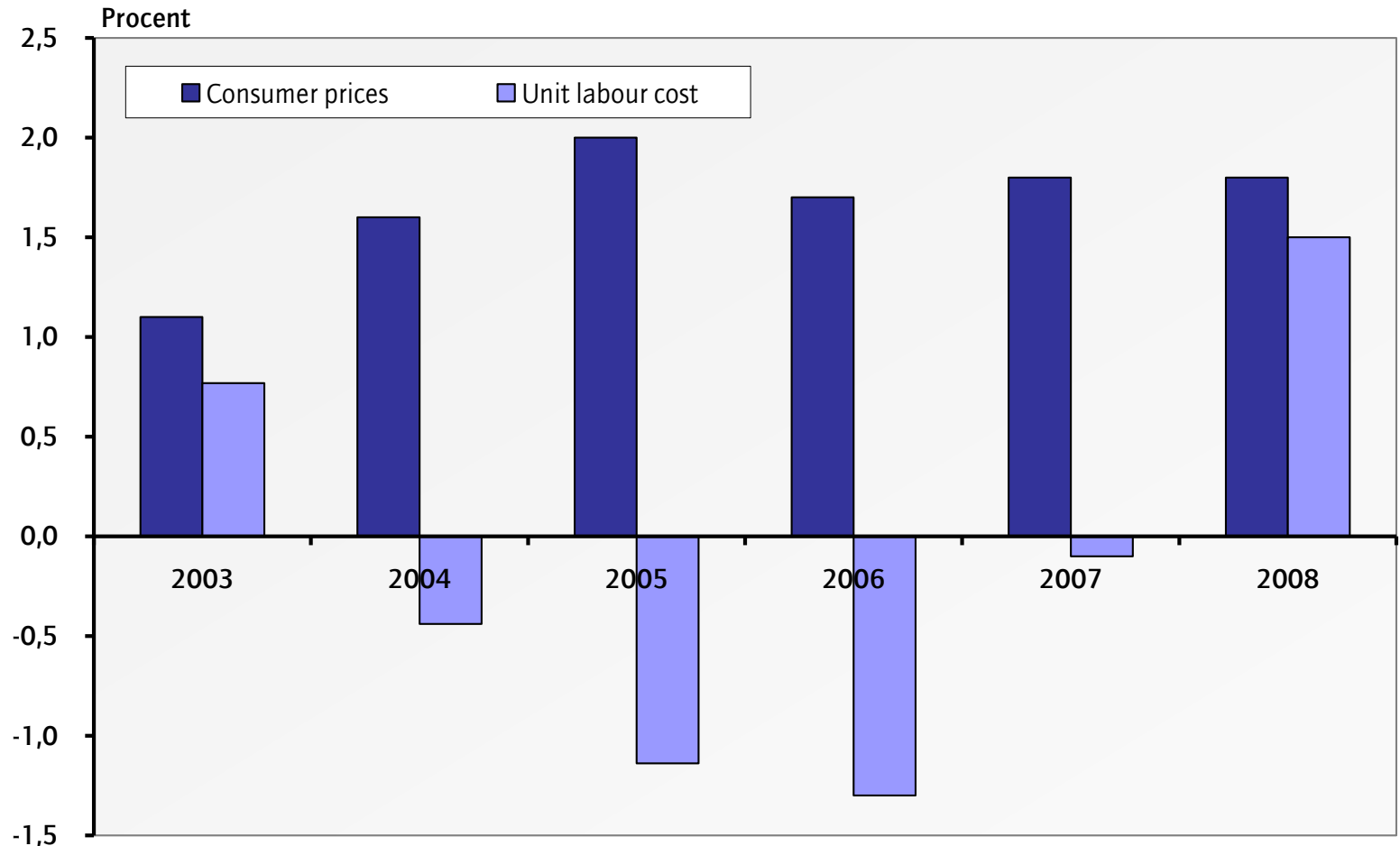
Import growth reflects domestic recovery

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

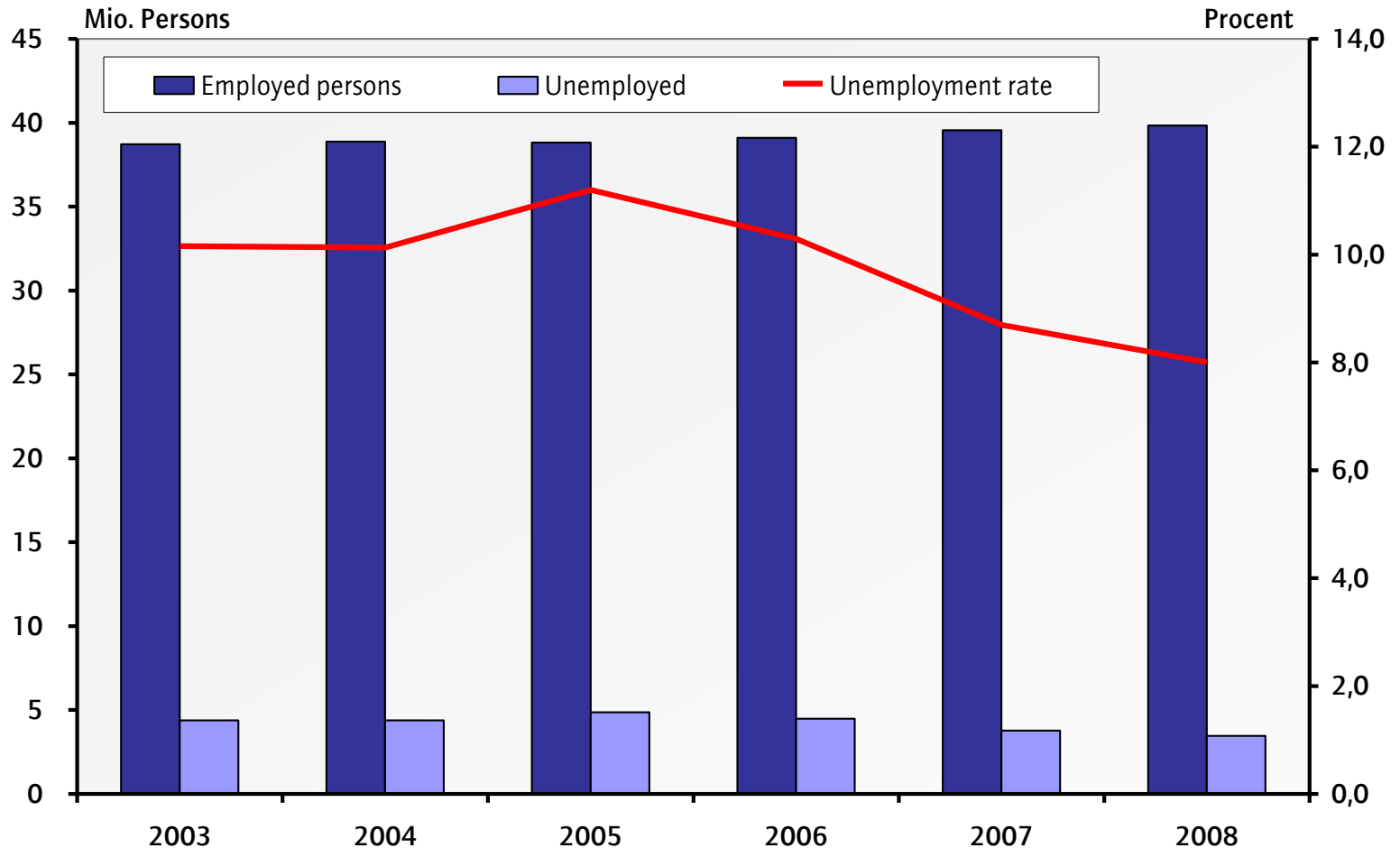


Competitiveness still raising Inflation driven by exogenous factors

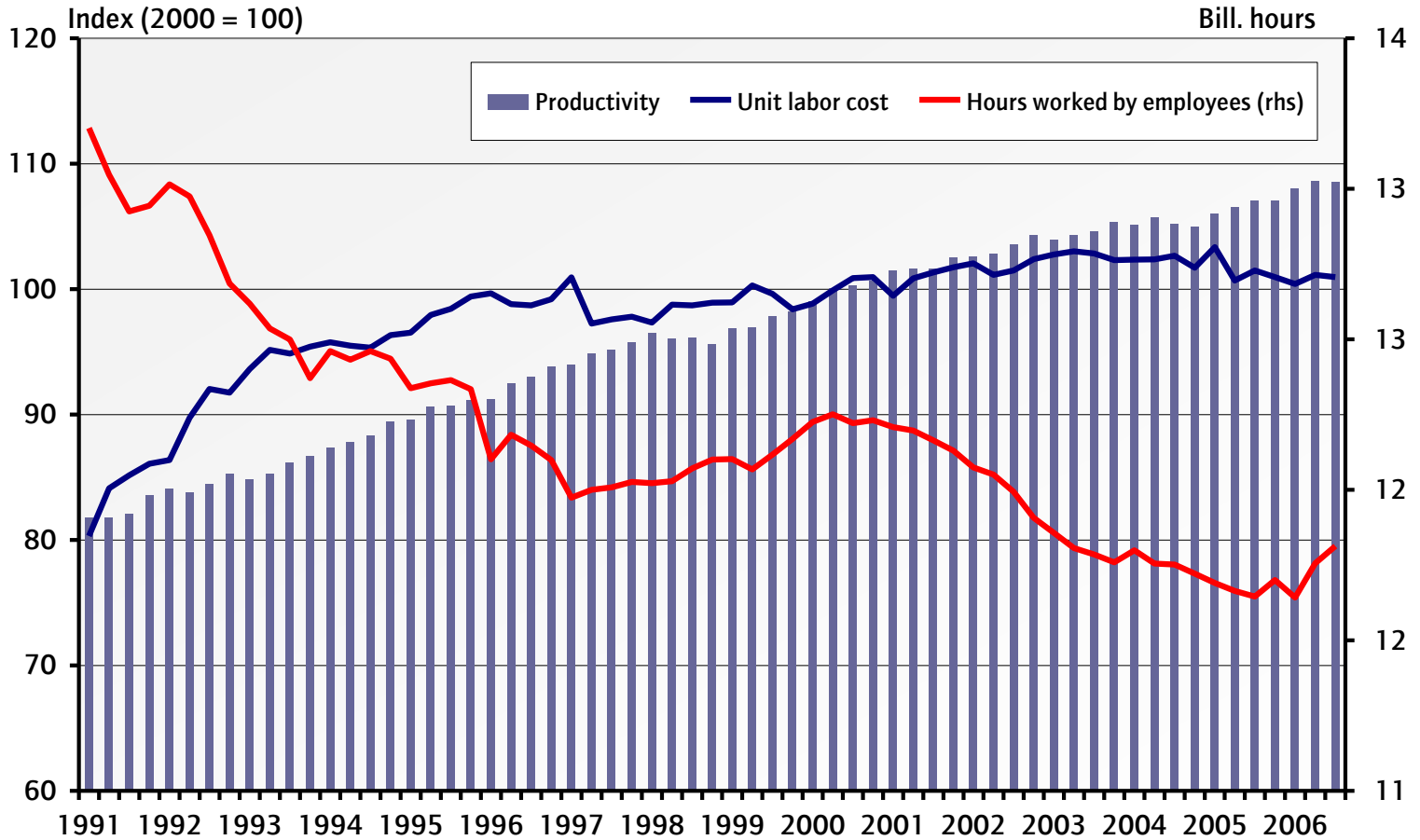
Consumer prices: HVPI



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

