



Kiel Institute

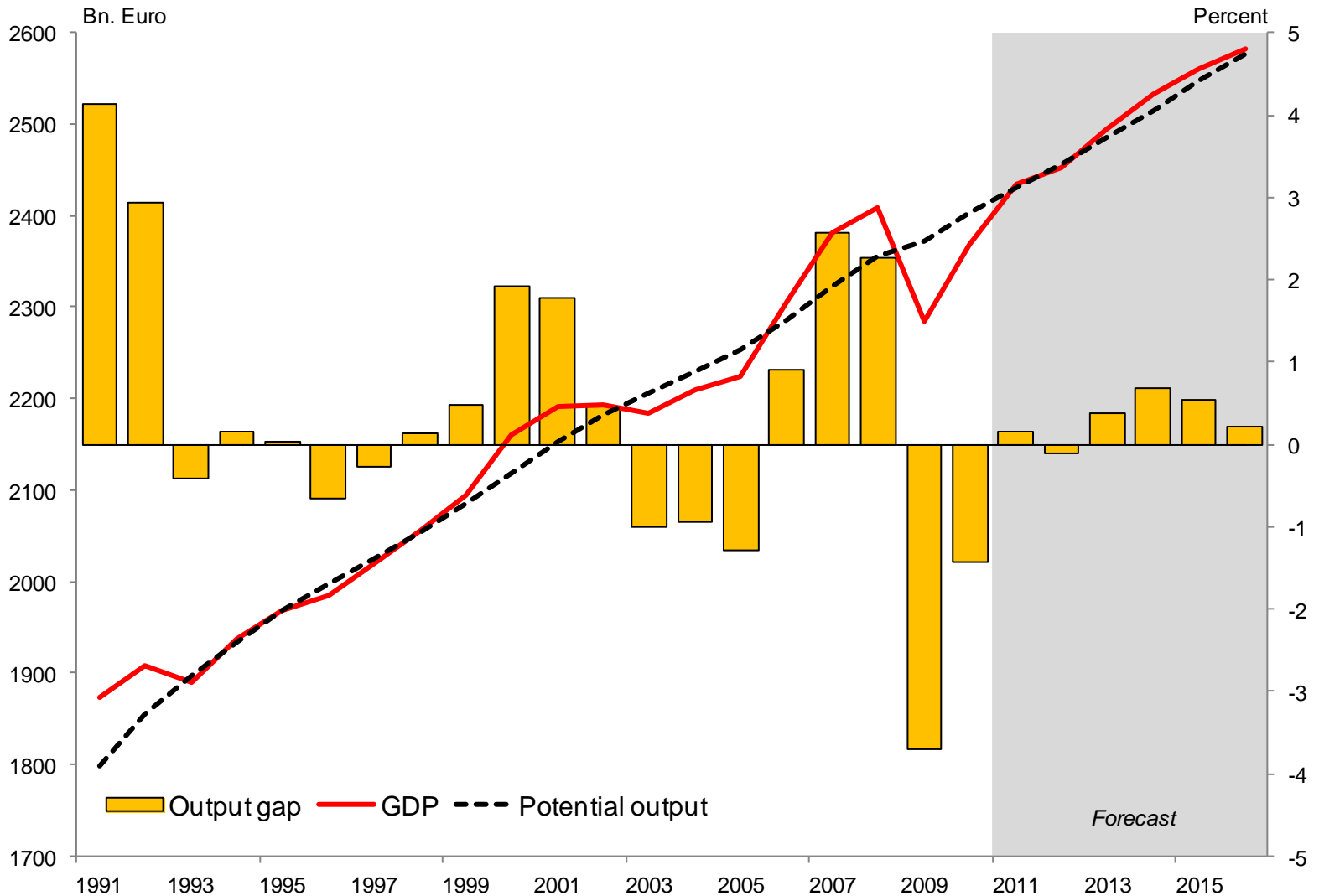
for the World Economy

84th Kieler Konjunkturgespräch | Berlin, 20 September 2011

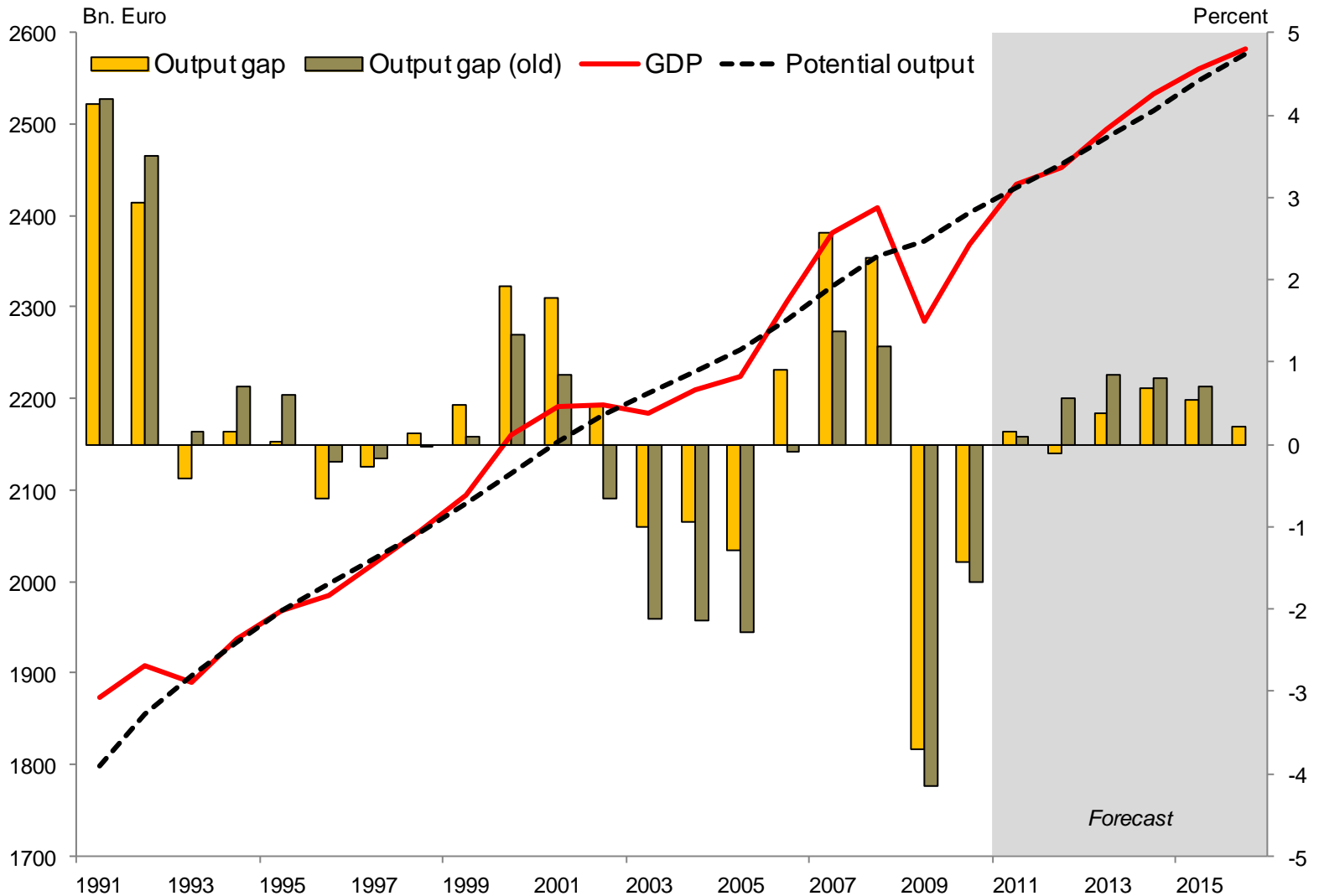
Germany facing tougher headwinds

Stefan Kooths
Forecasting Center

The boom – on hold for one year (1)

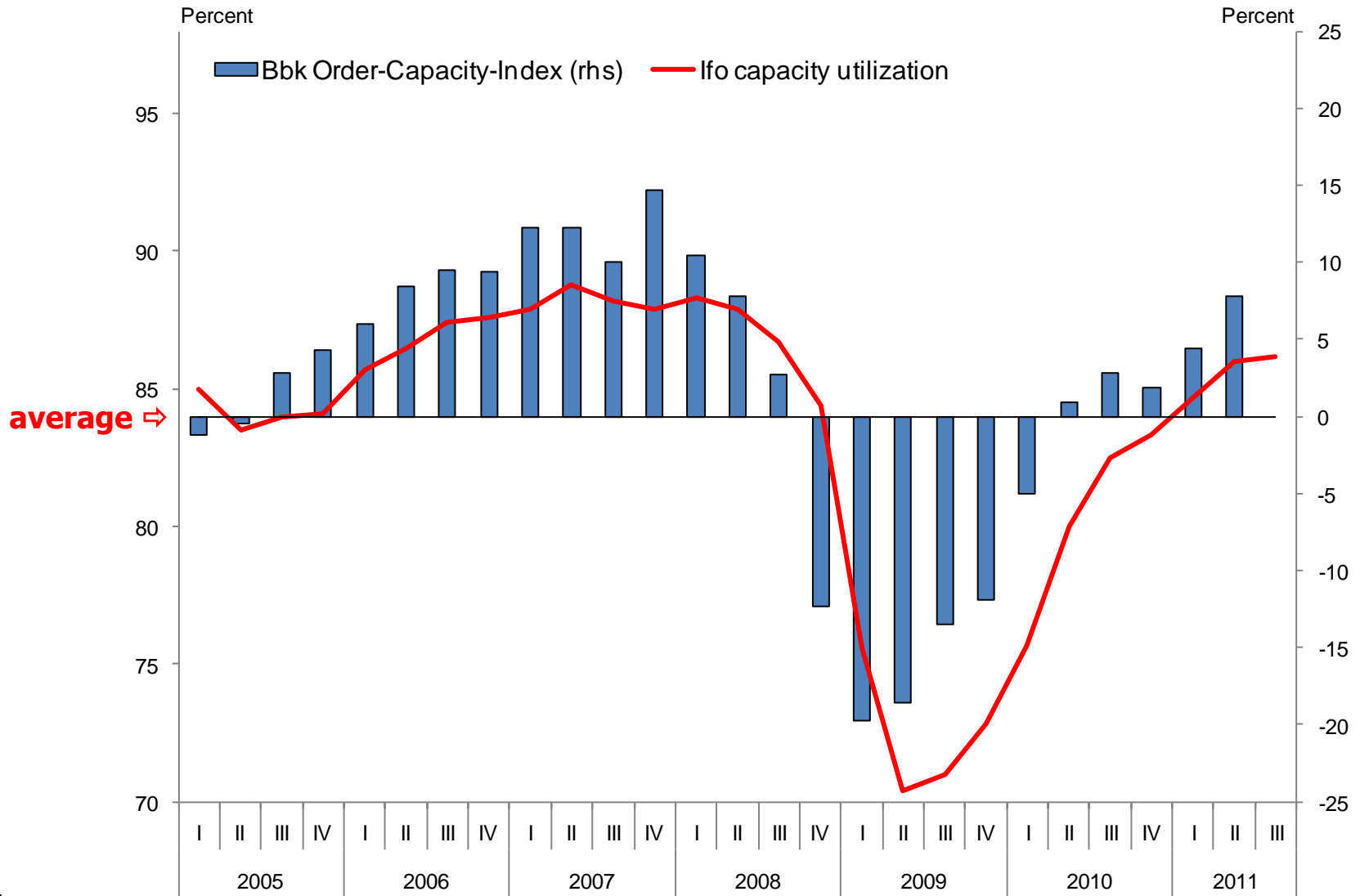


The boom – on hold for one year (2)



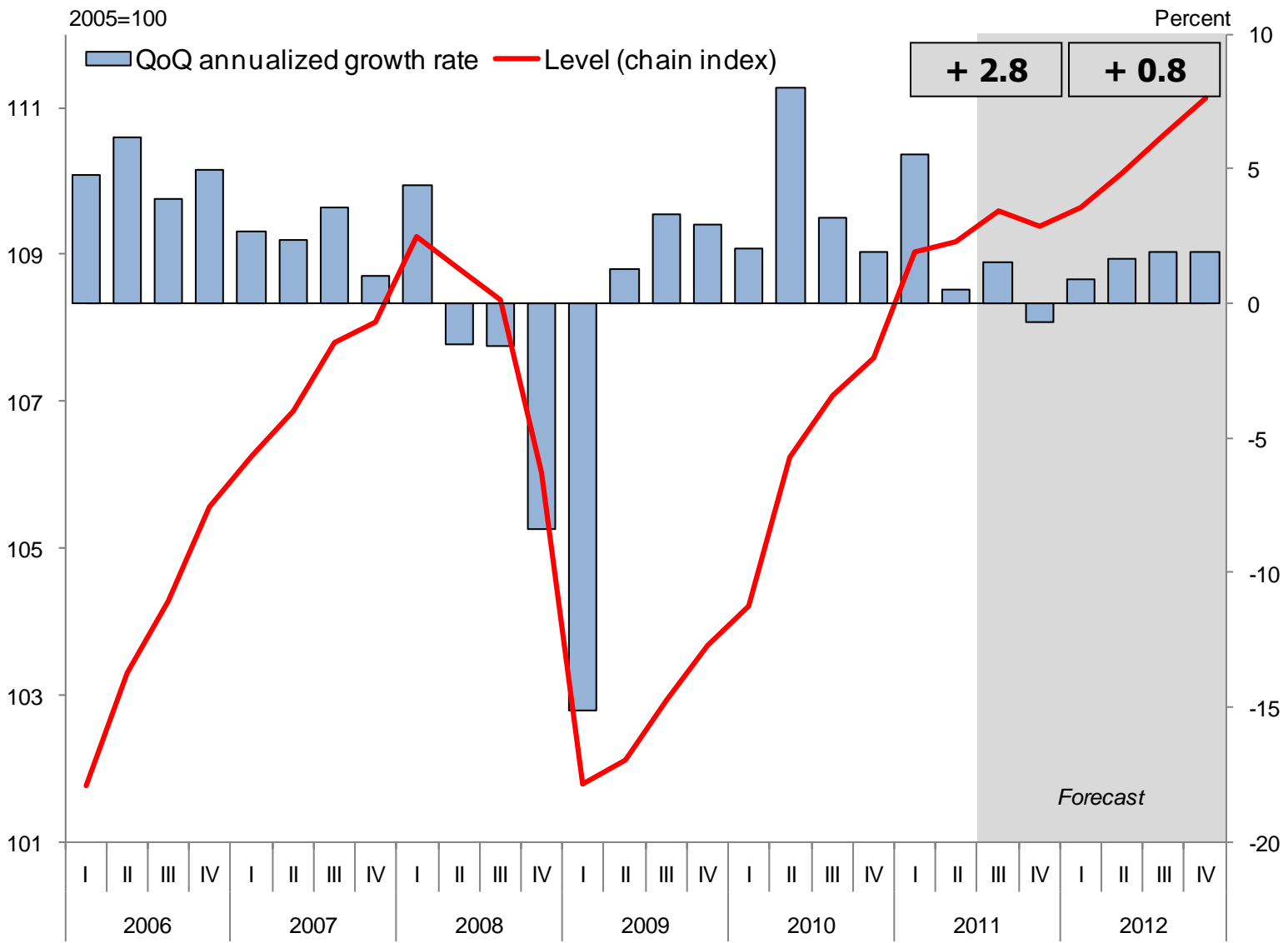


Capacity utilization above normal levels



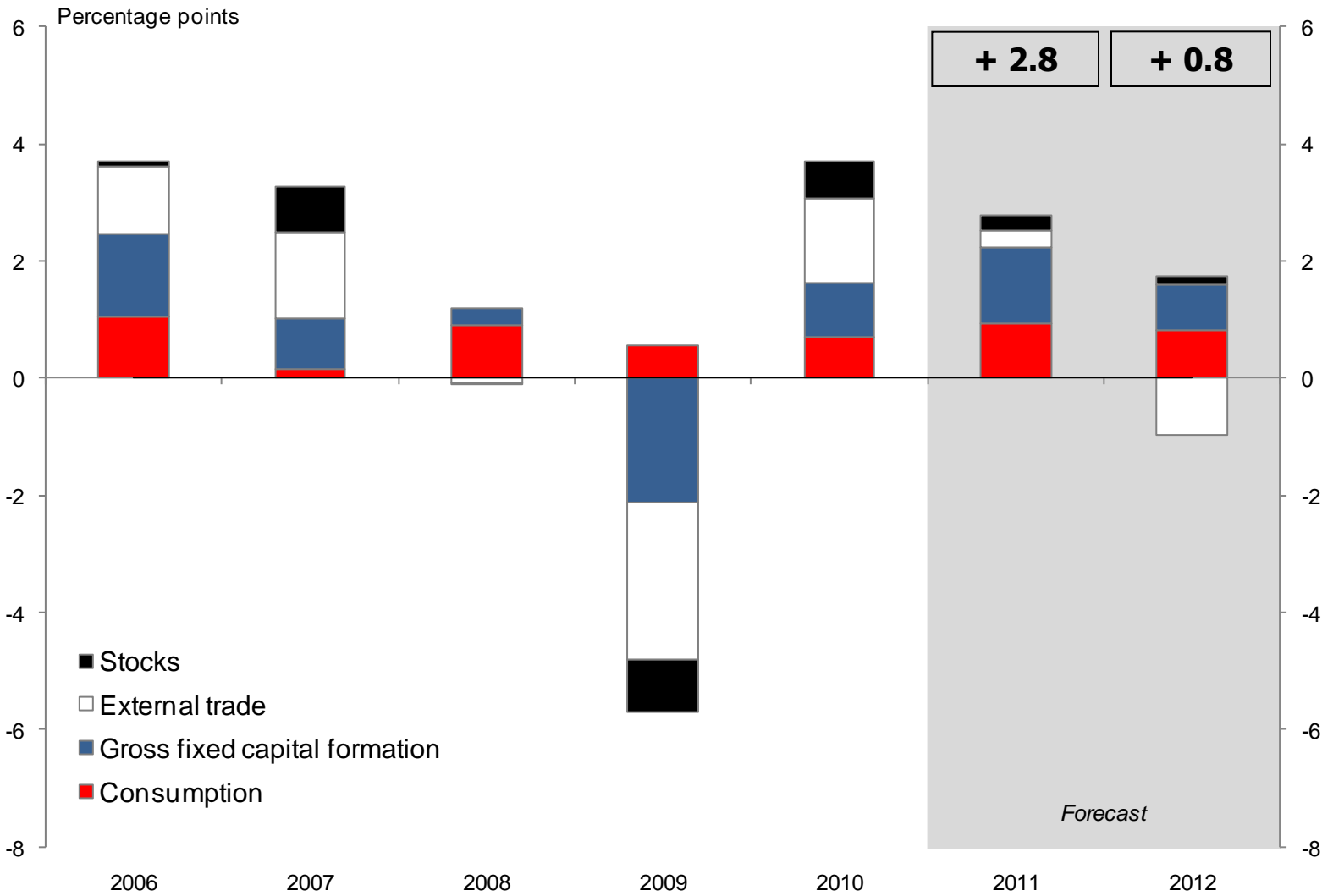


GDP: Germany on the brink of recession ...





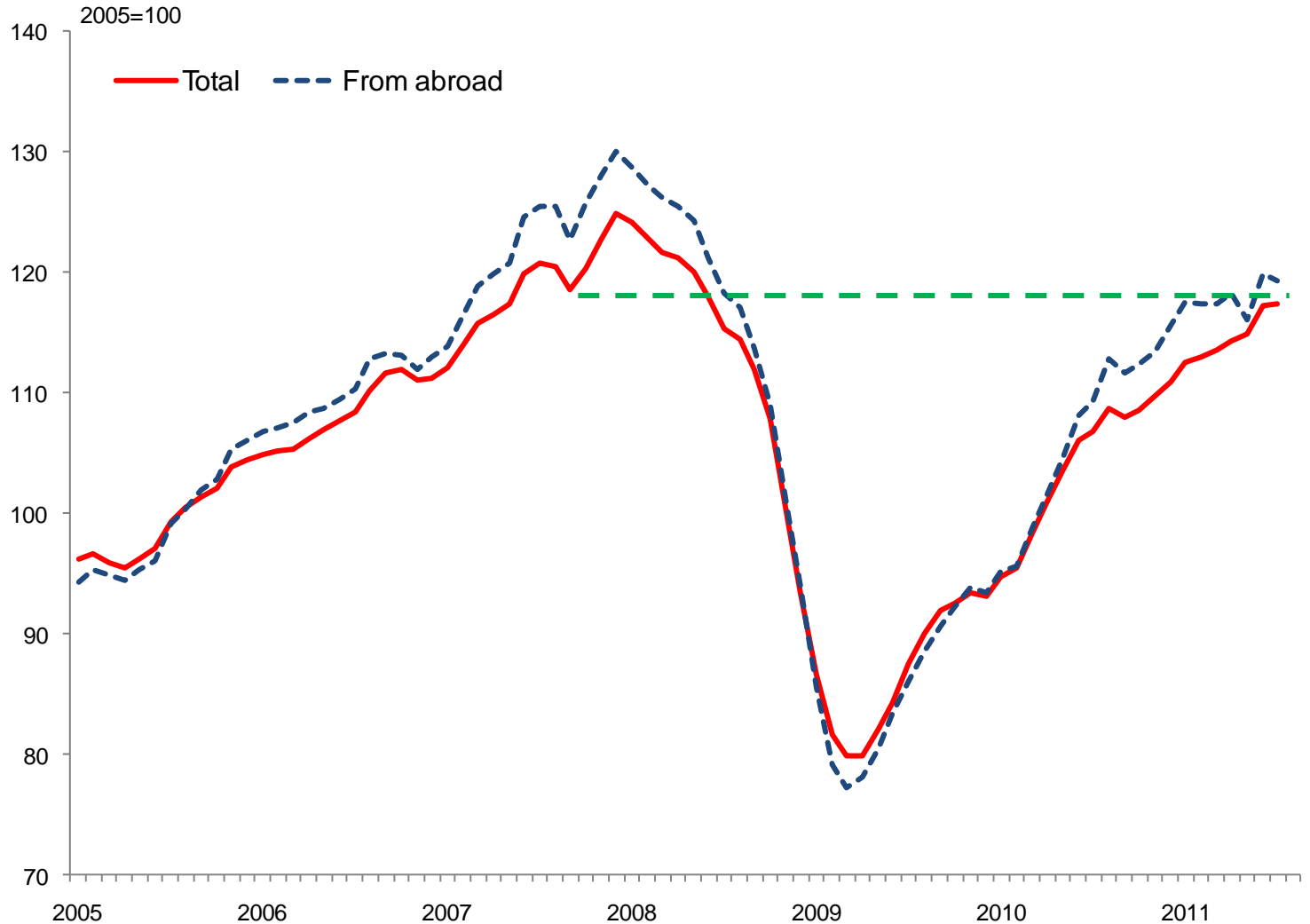
... but domestic demand quite robust



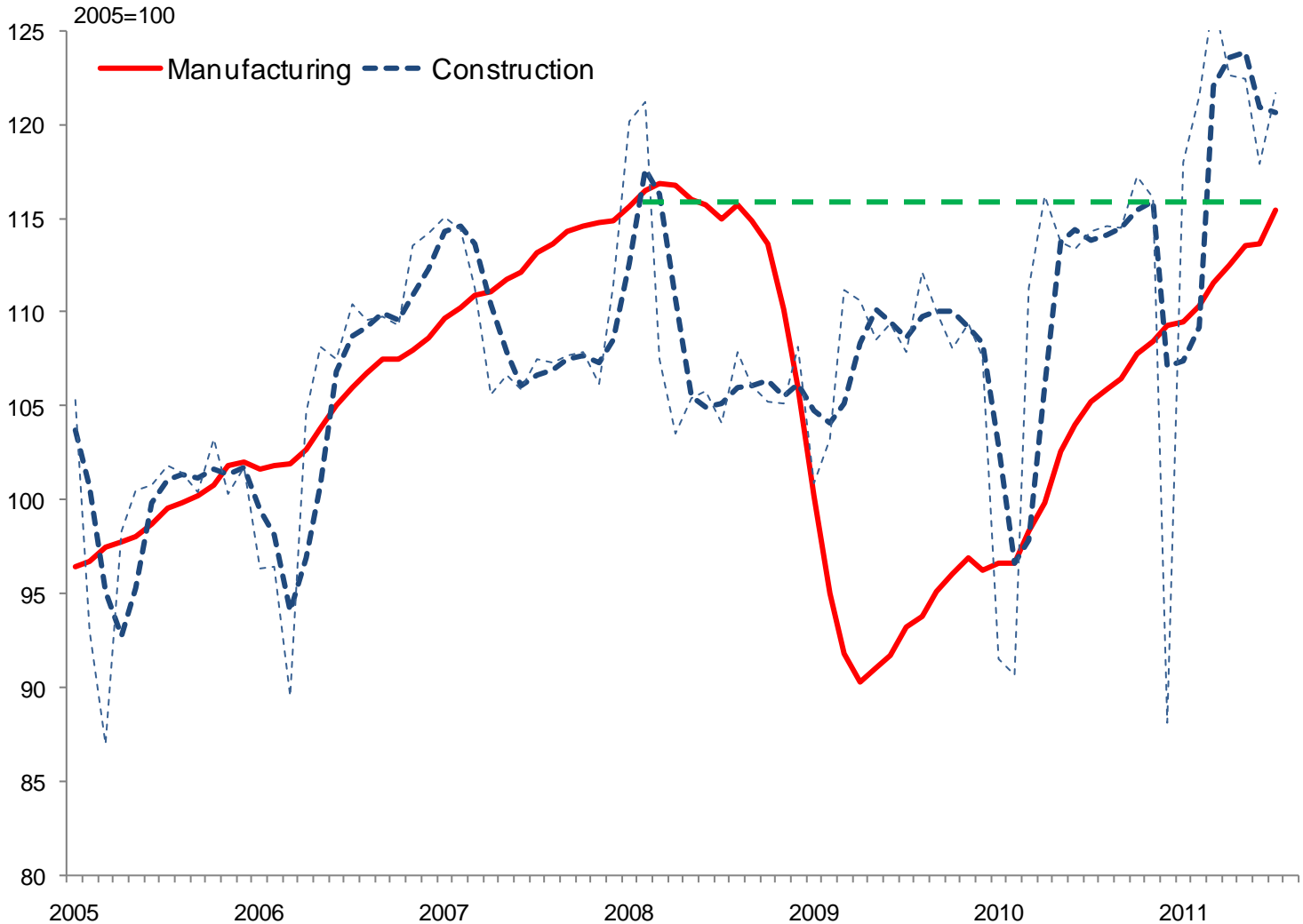
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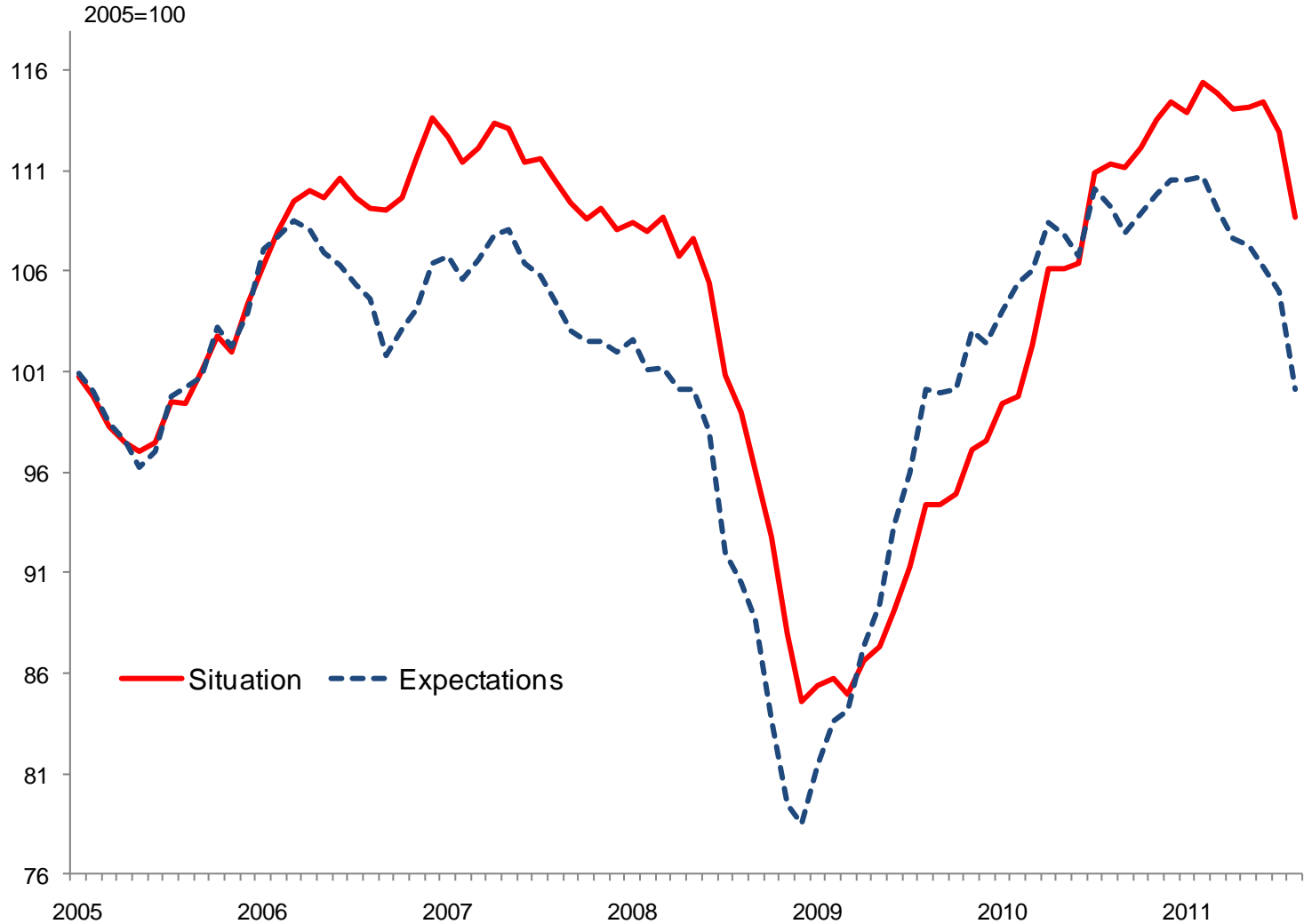
Orders received by industry: Weakening upward trend



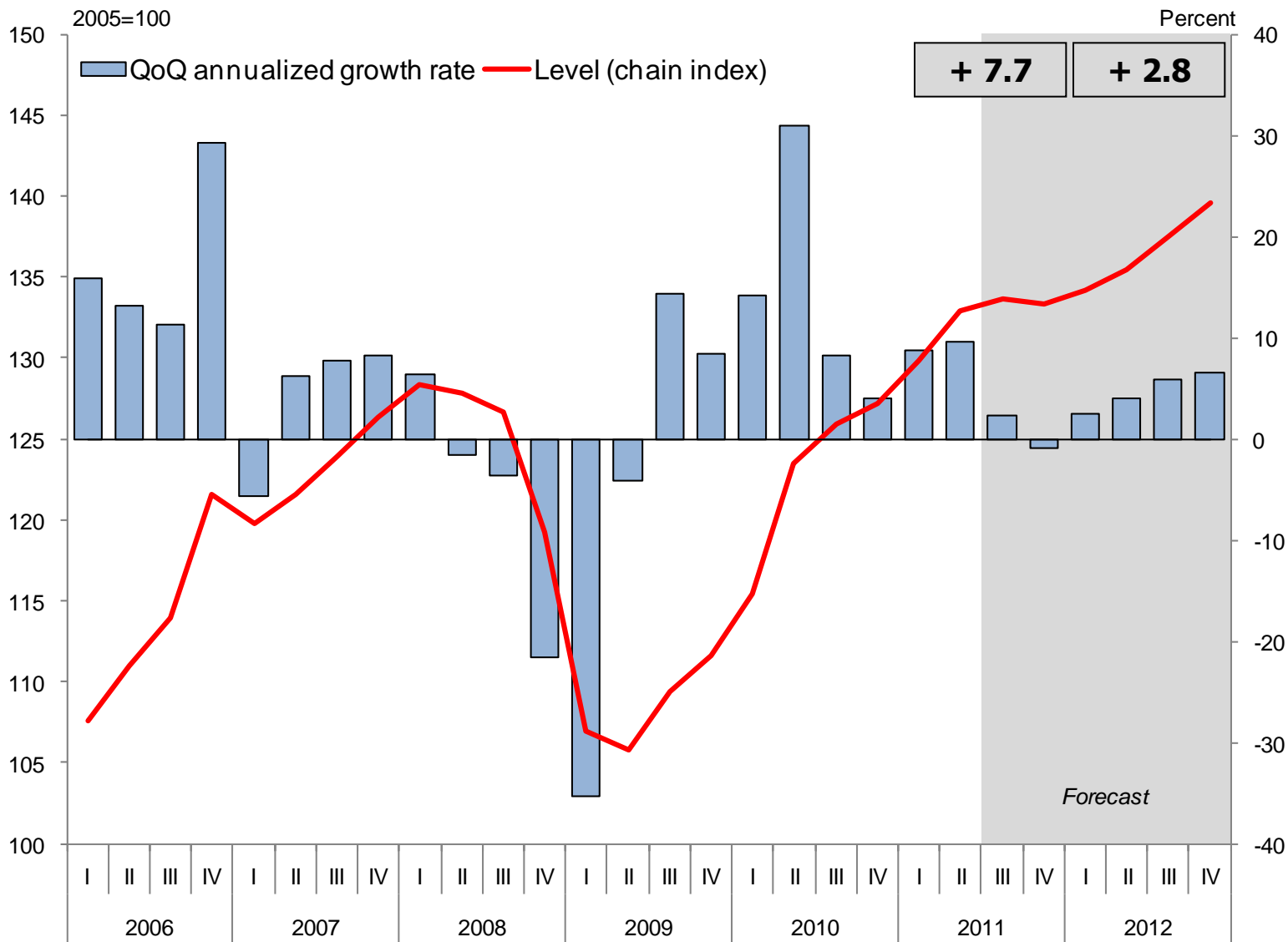
Output in the production sector: Robust catching-up process



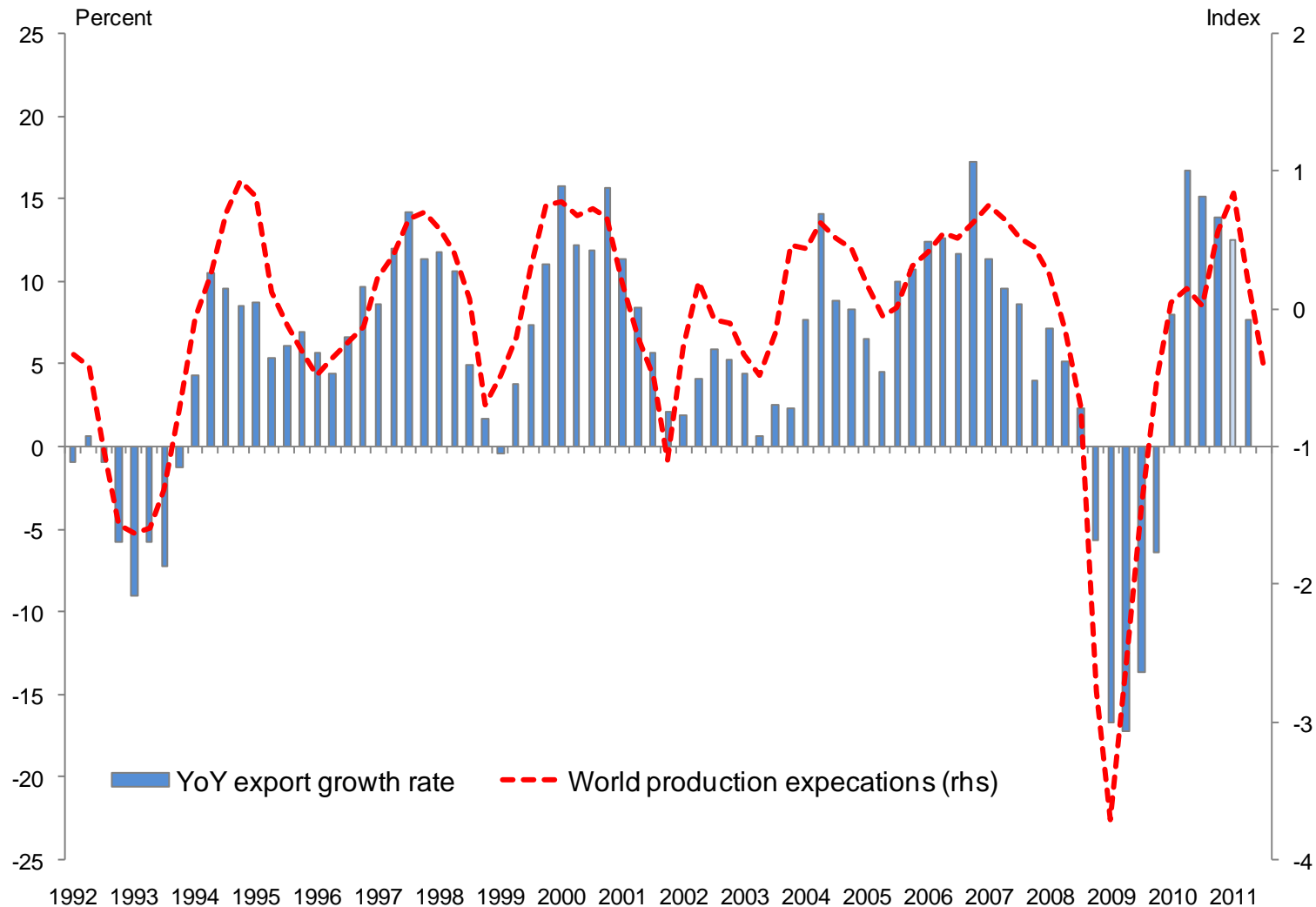
Business climate drastically clouding over



Exports hit mainly by euro area recession

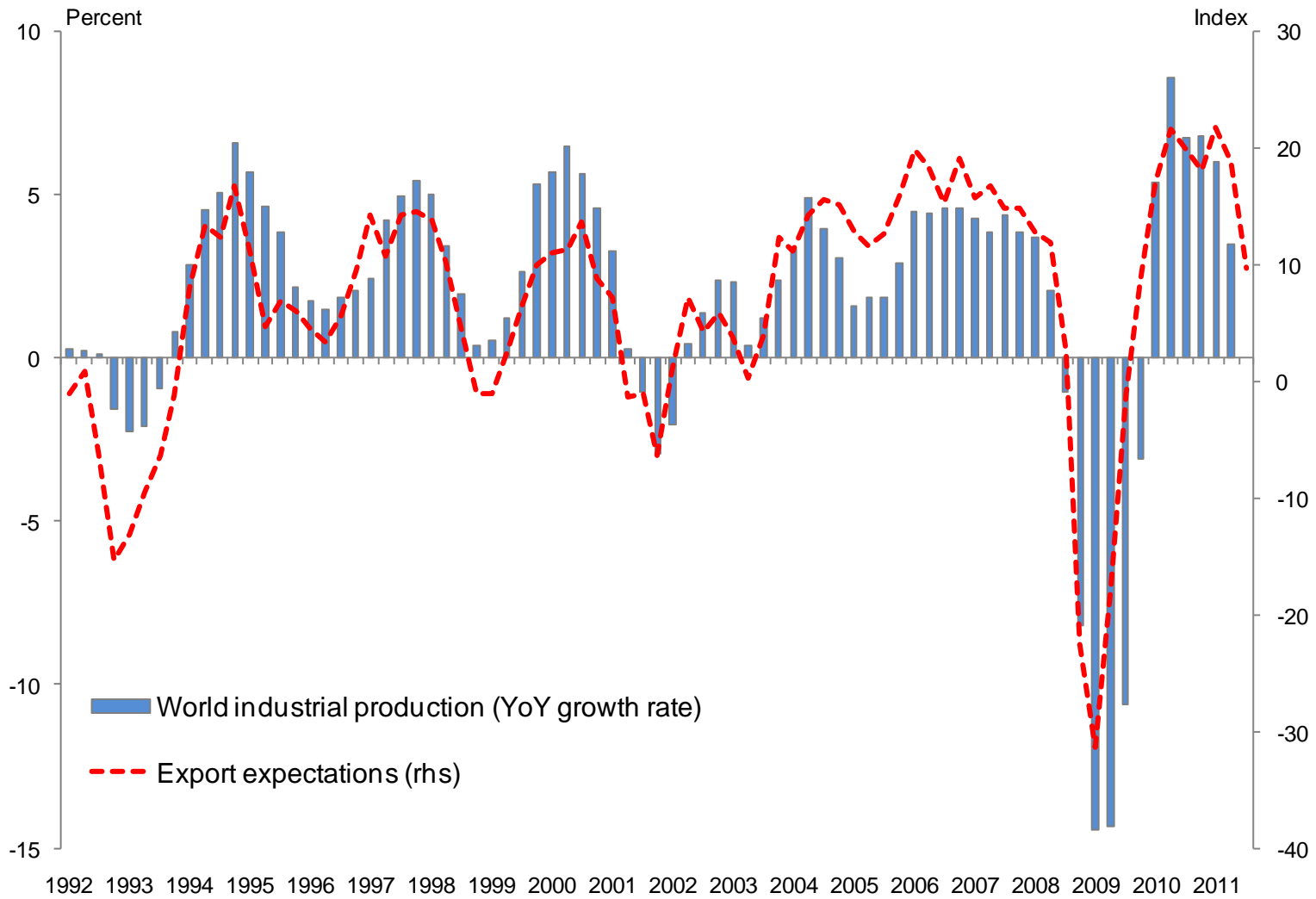


Exports and world production expectations

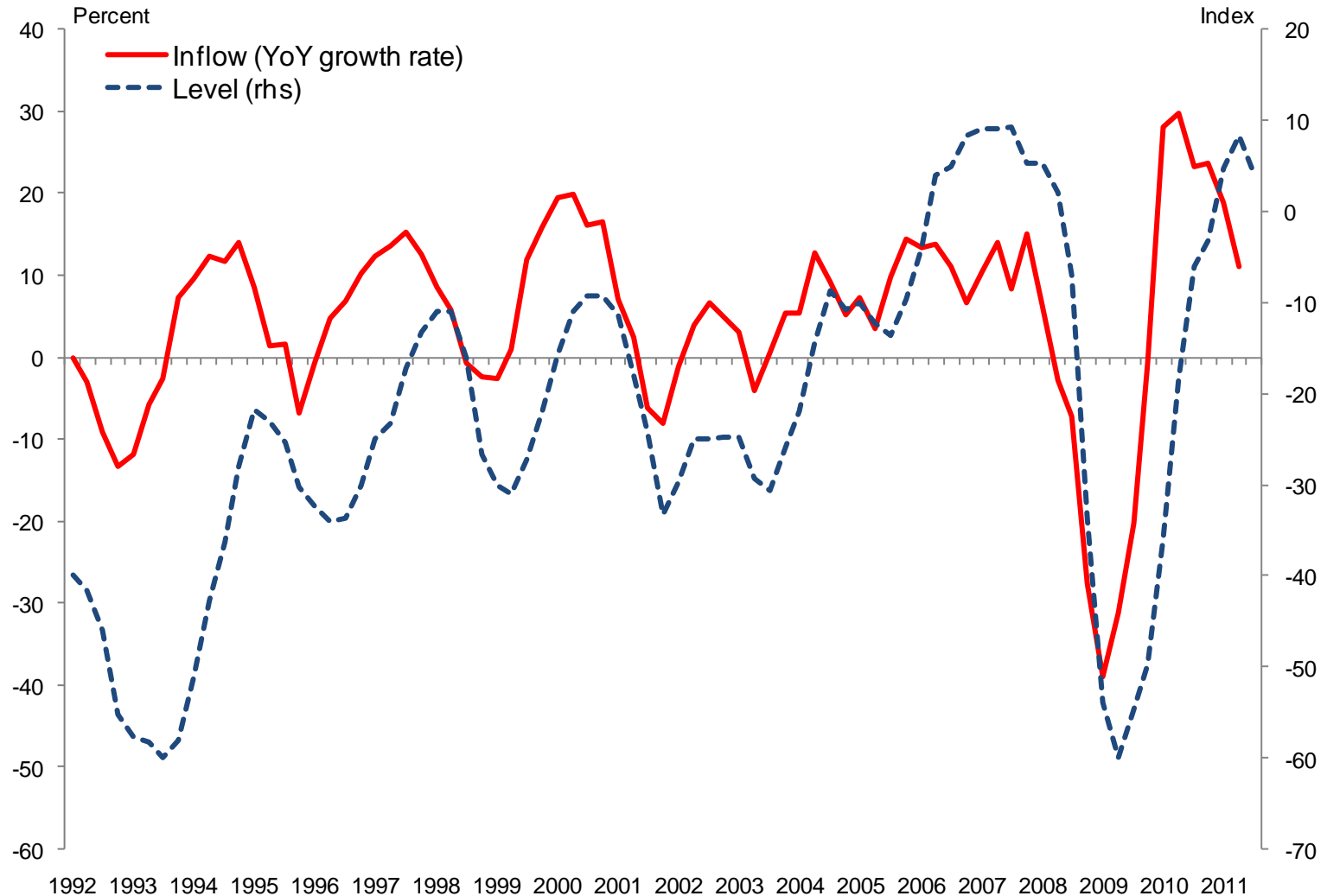




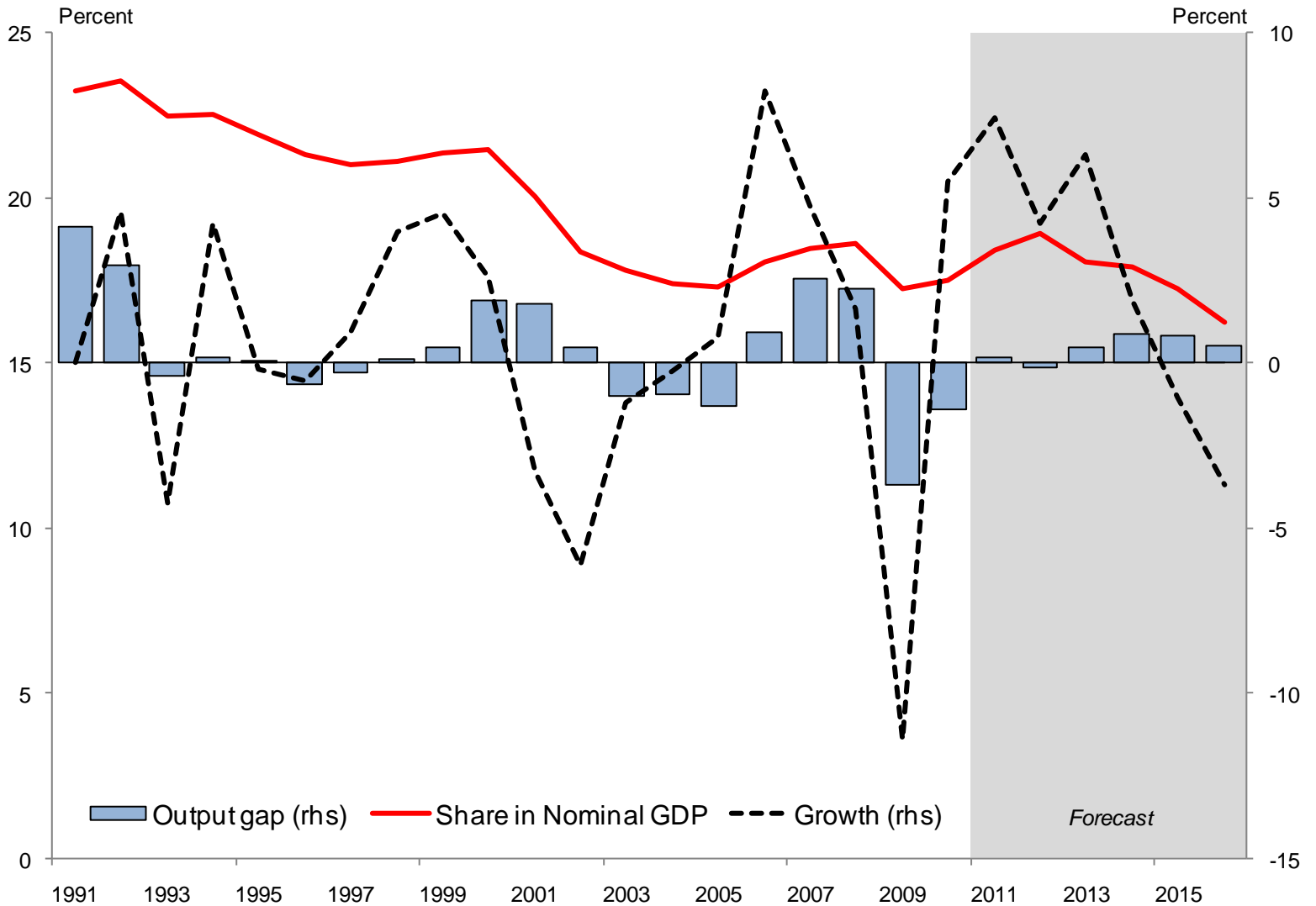
World production and export expectations



Orders from abroad (manufacturing)



Investment cycle (fixed capital formation)

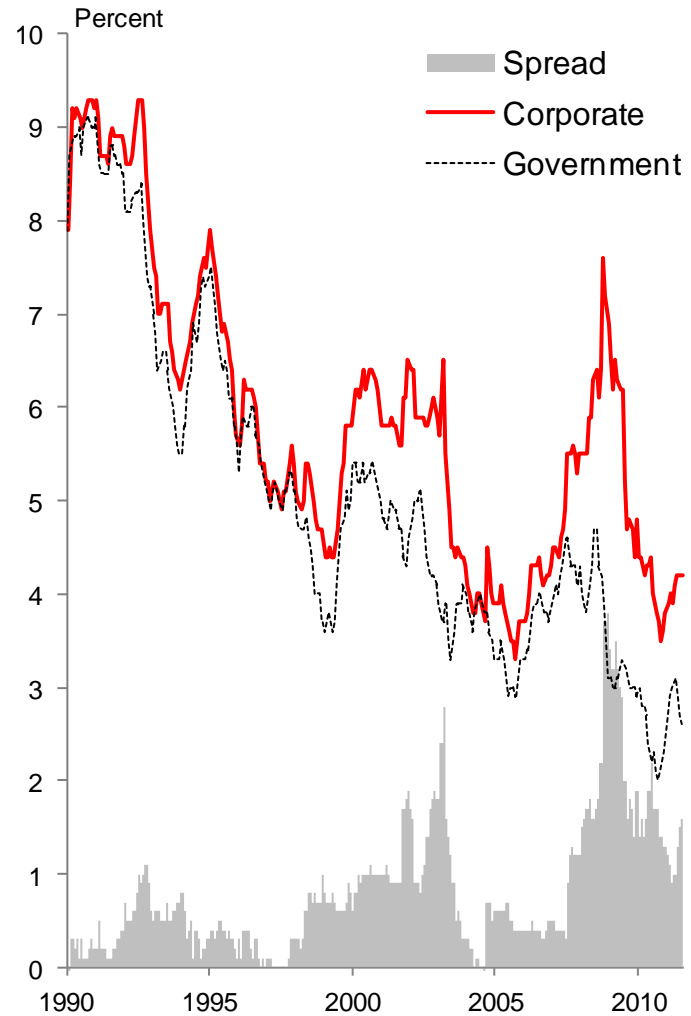


Annual data, volumes; output gap in percent of potential output

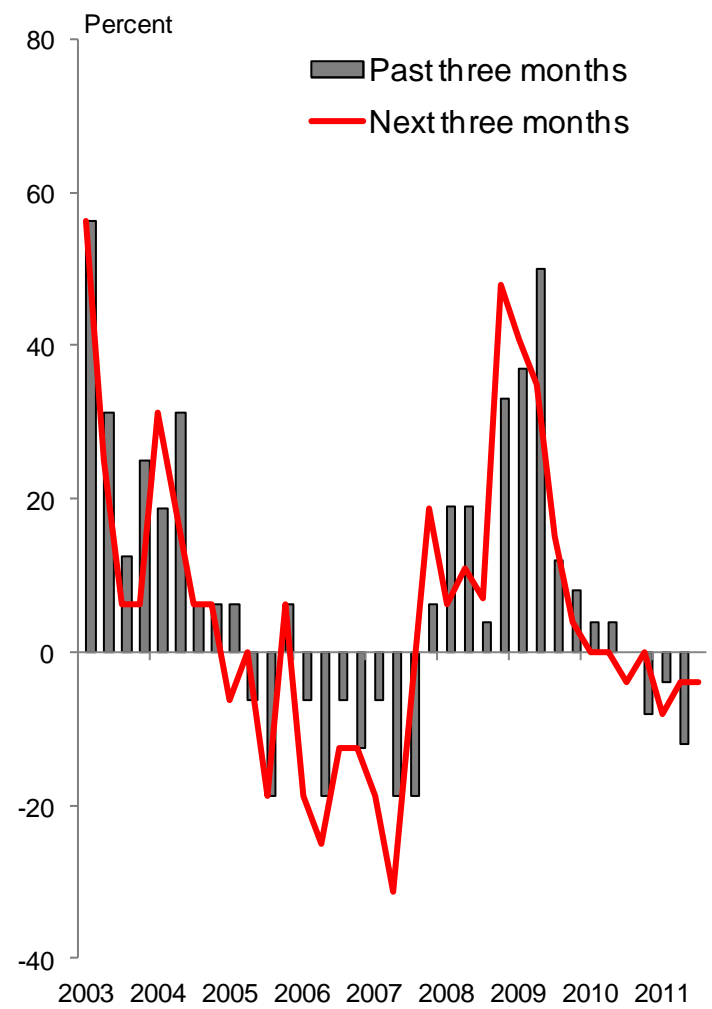


Company funding

Bond yields

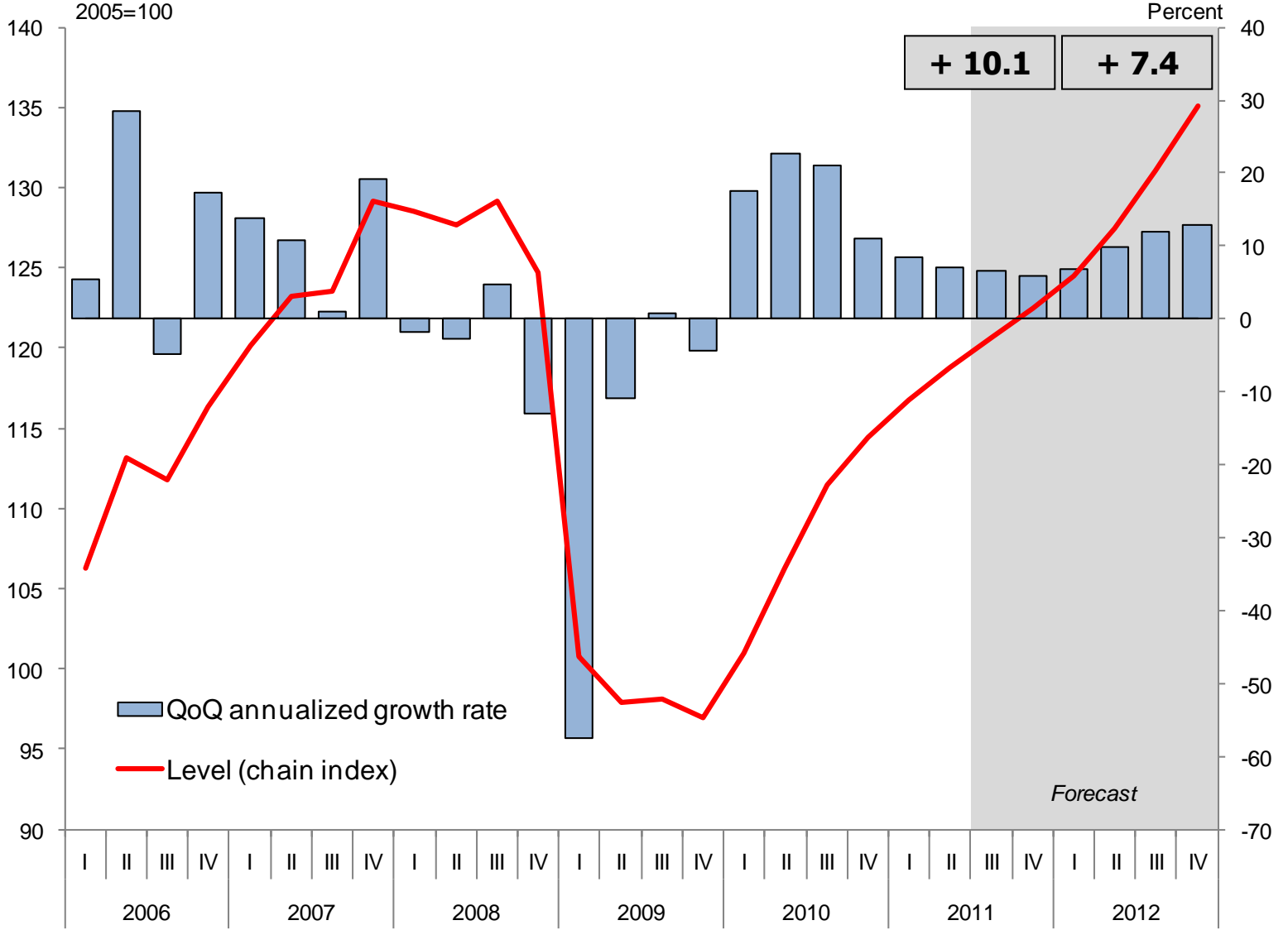


Lending standards

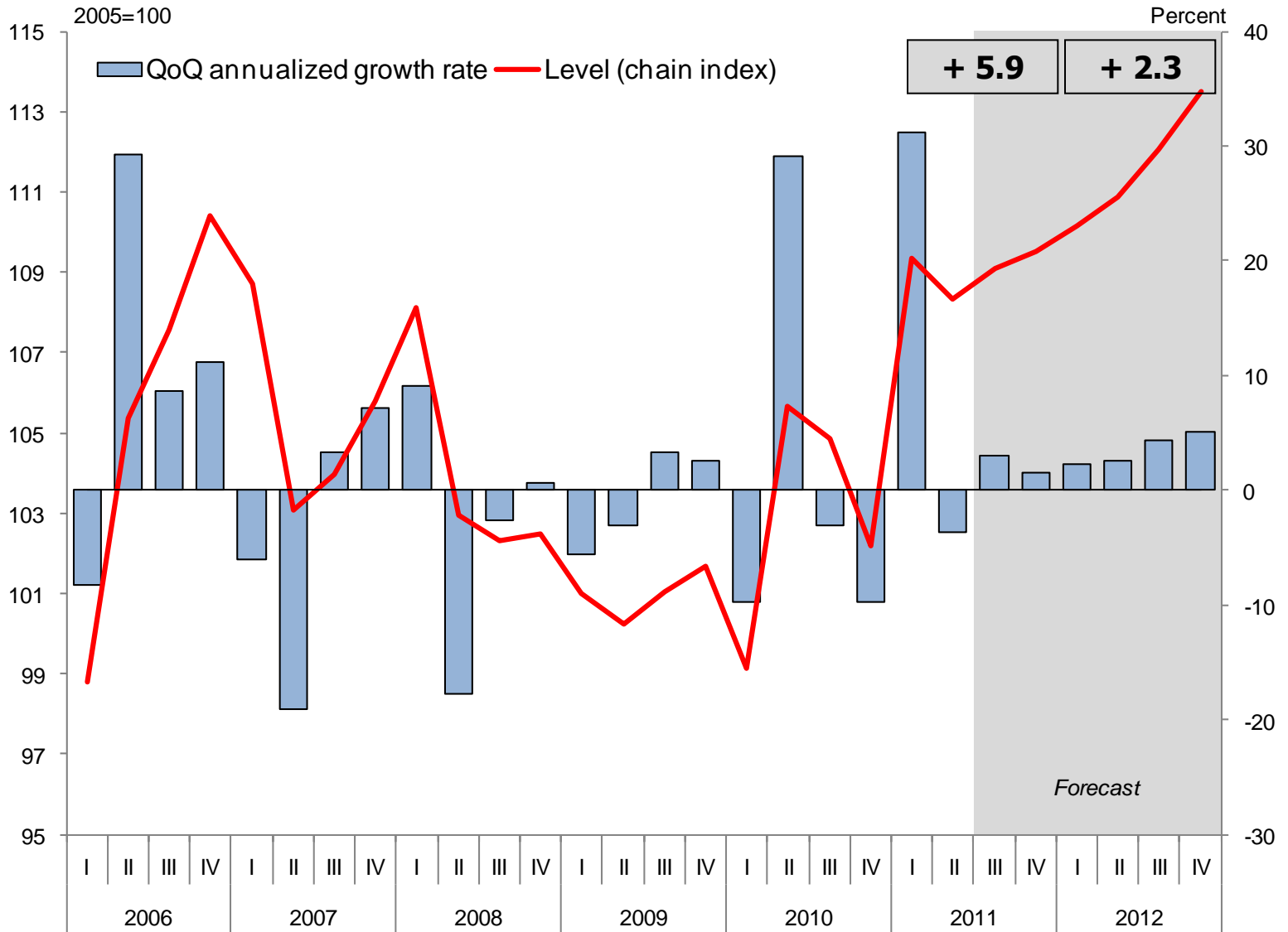


Monthly data
 Corporate bonds: maturing within 3 years; Government bonds: maturing within 5 years

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

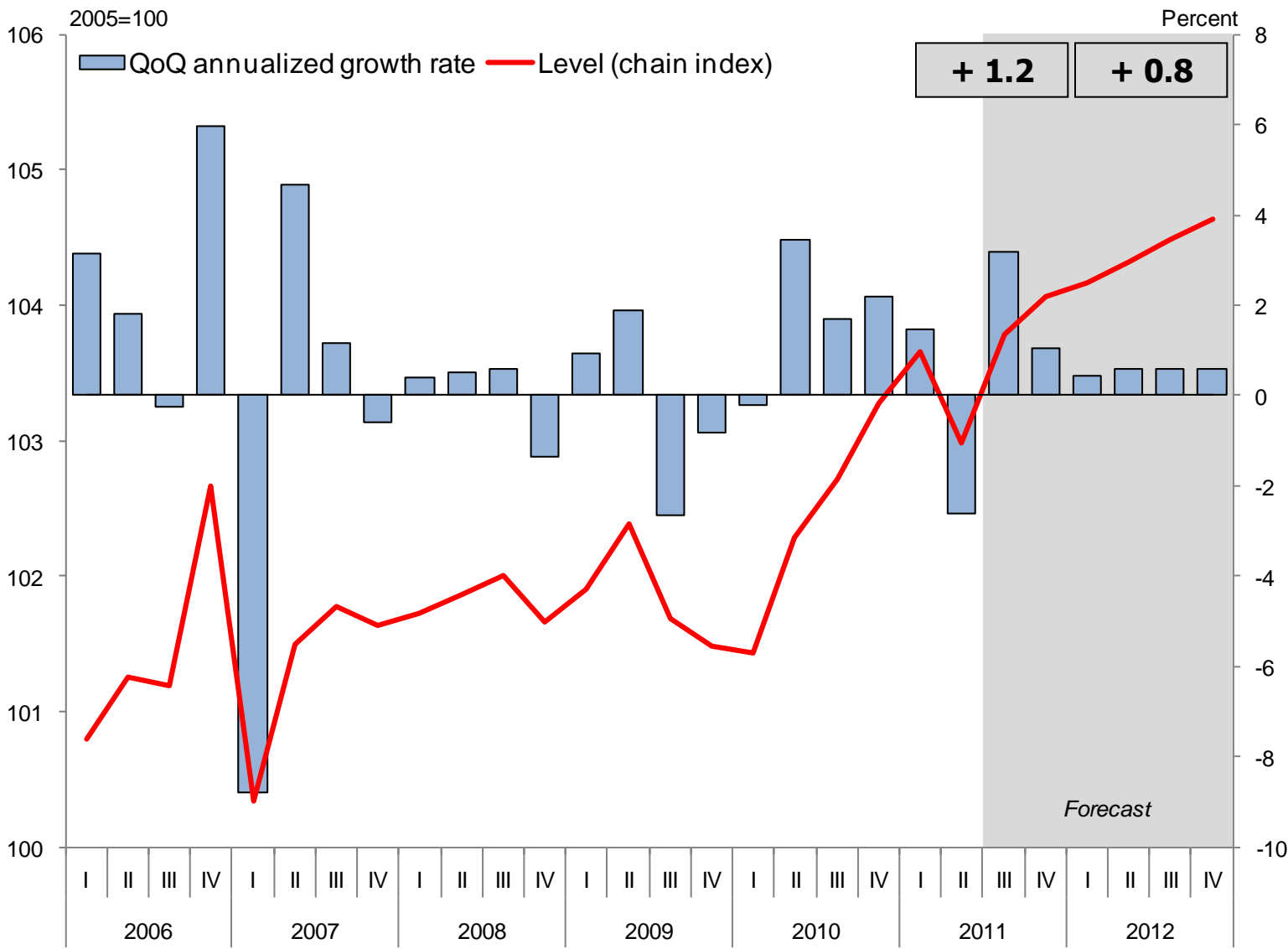


Constructions driven by residential demand

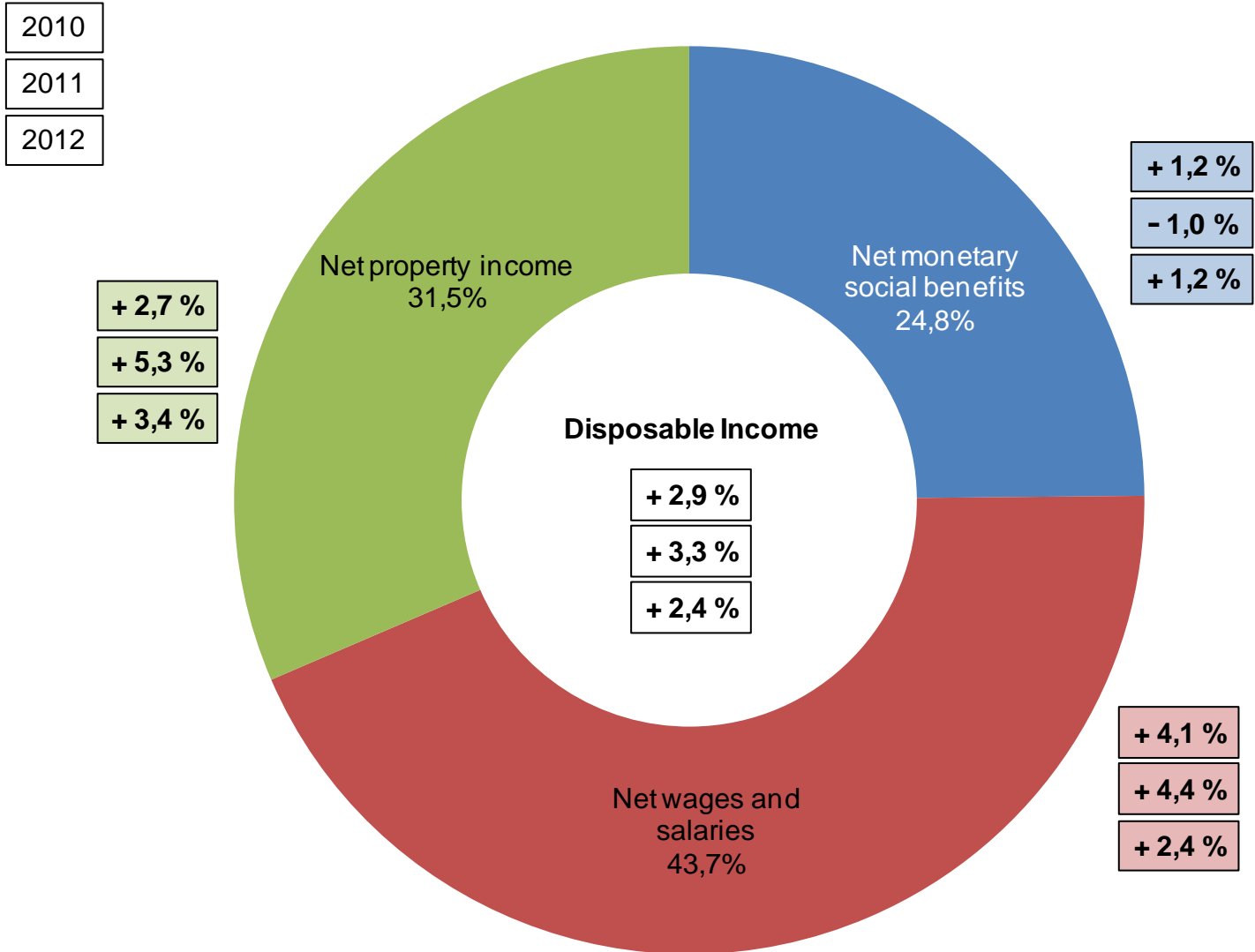




Consumer spending reflects stable saving rate



Disposable income of private households



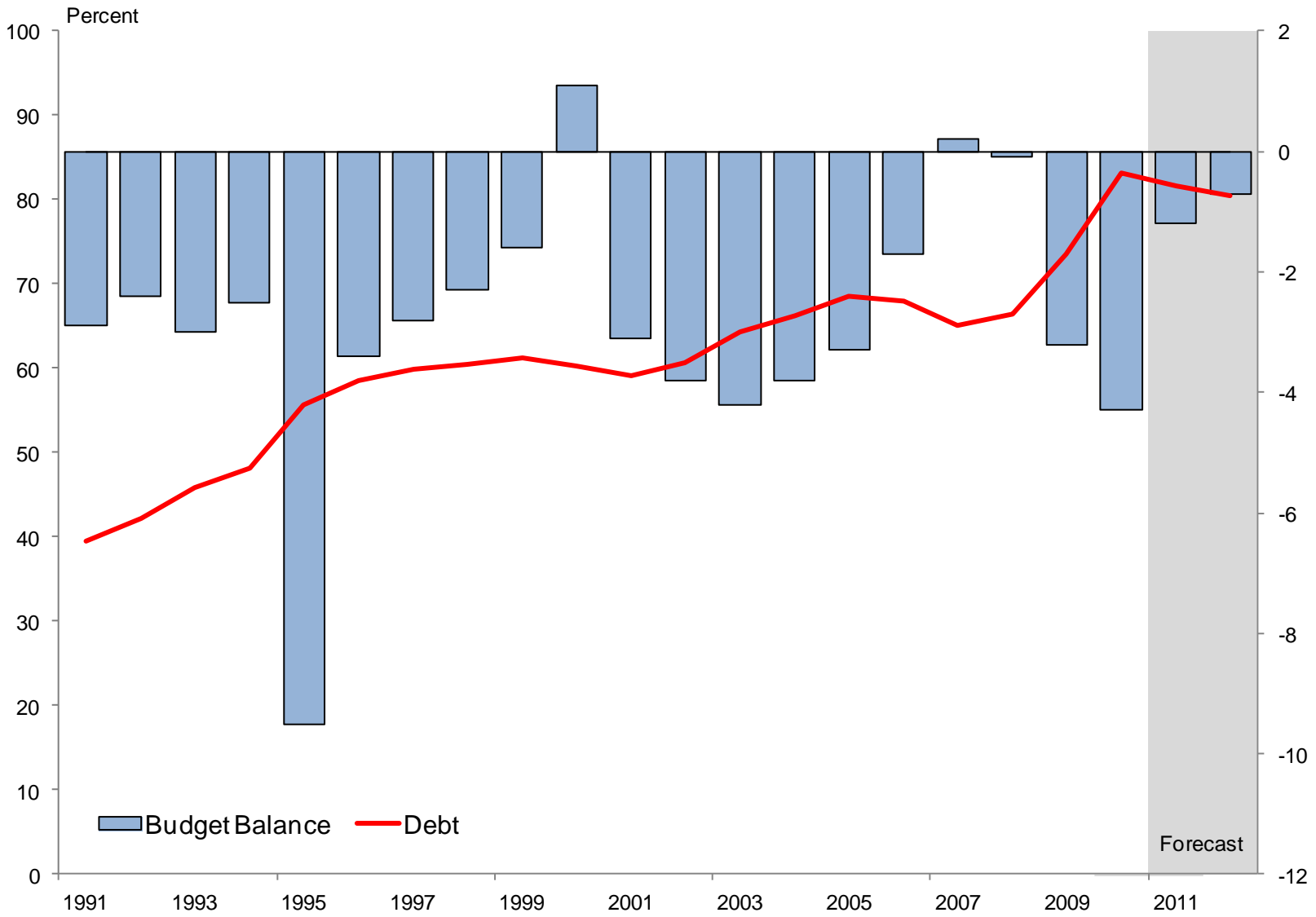
GDP and key components

Volumes, change over previous year in percent

| | 2010 | 2011 | 2012 |
|---------------------|-------------|-------------|-------------|
| 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 |

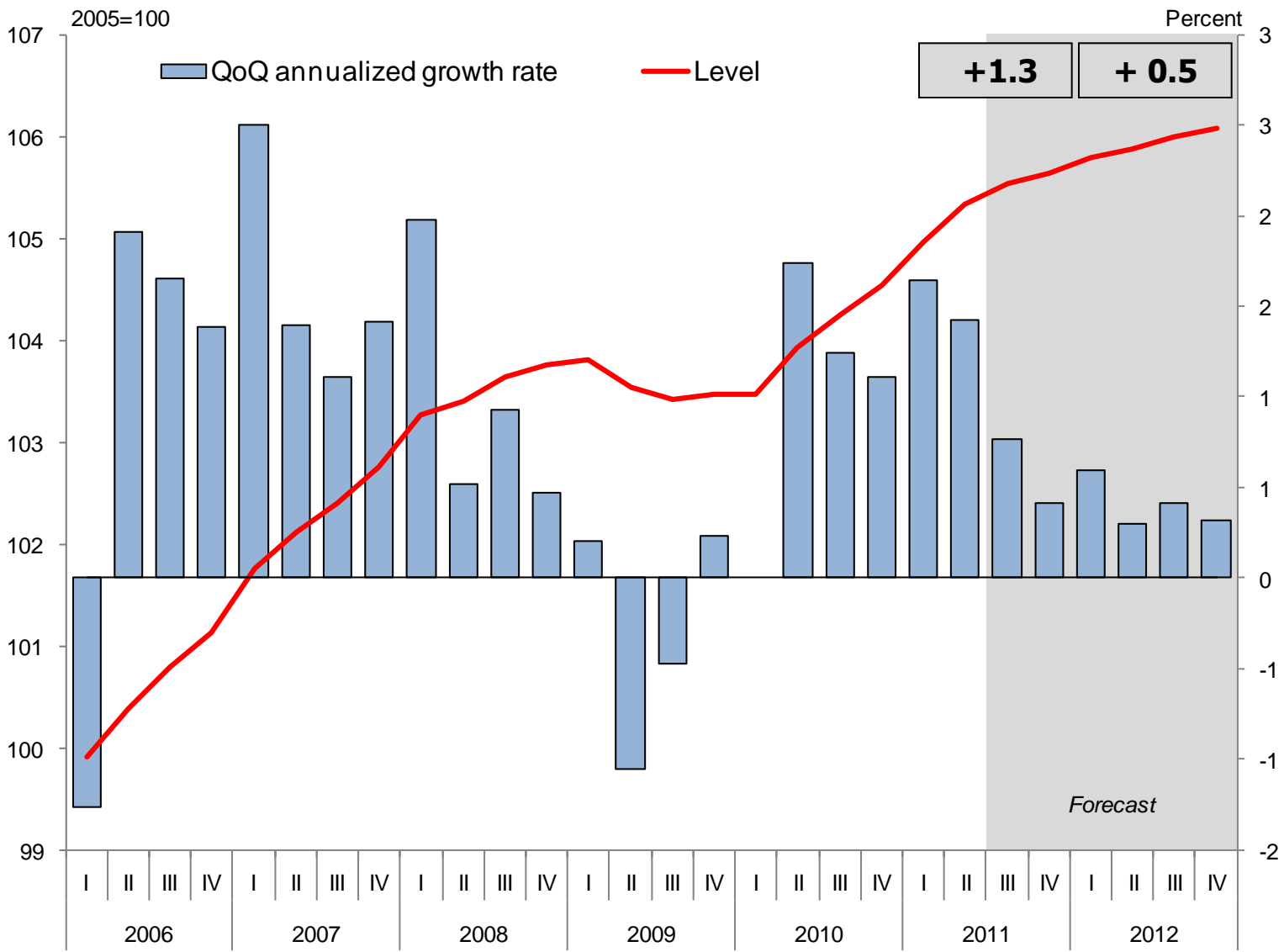


Public finance



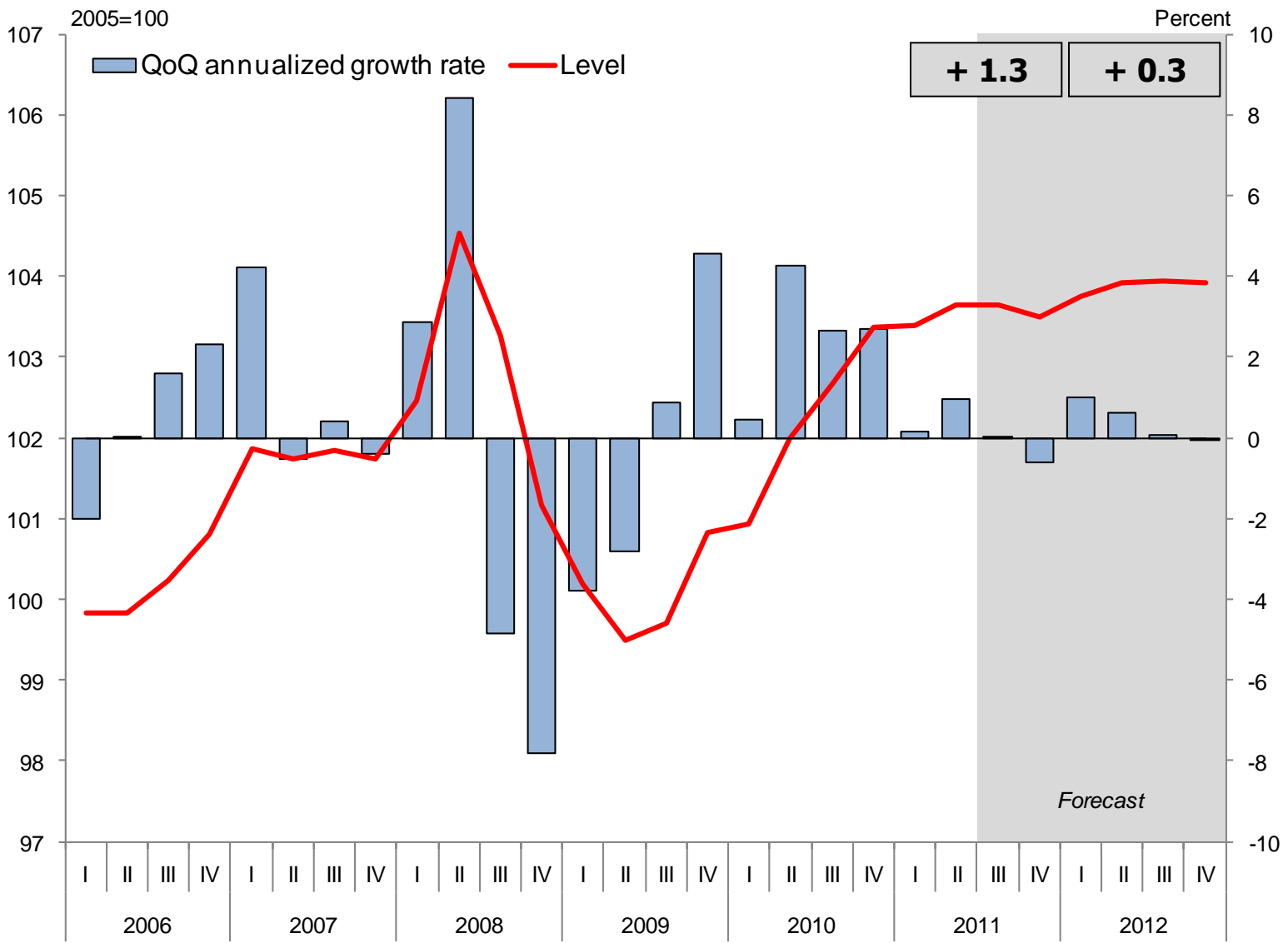


Employment at an all-time high ...



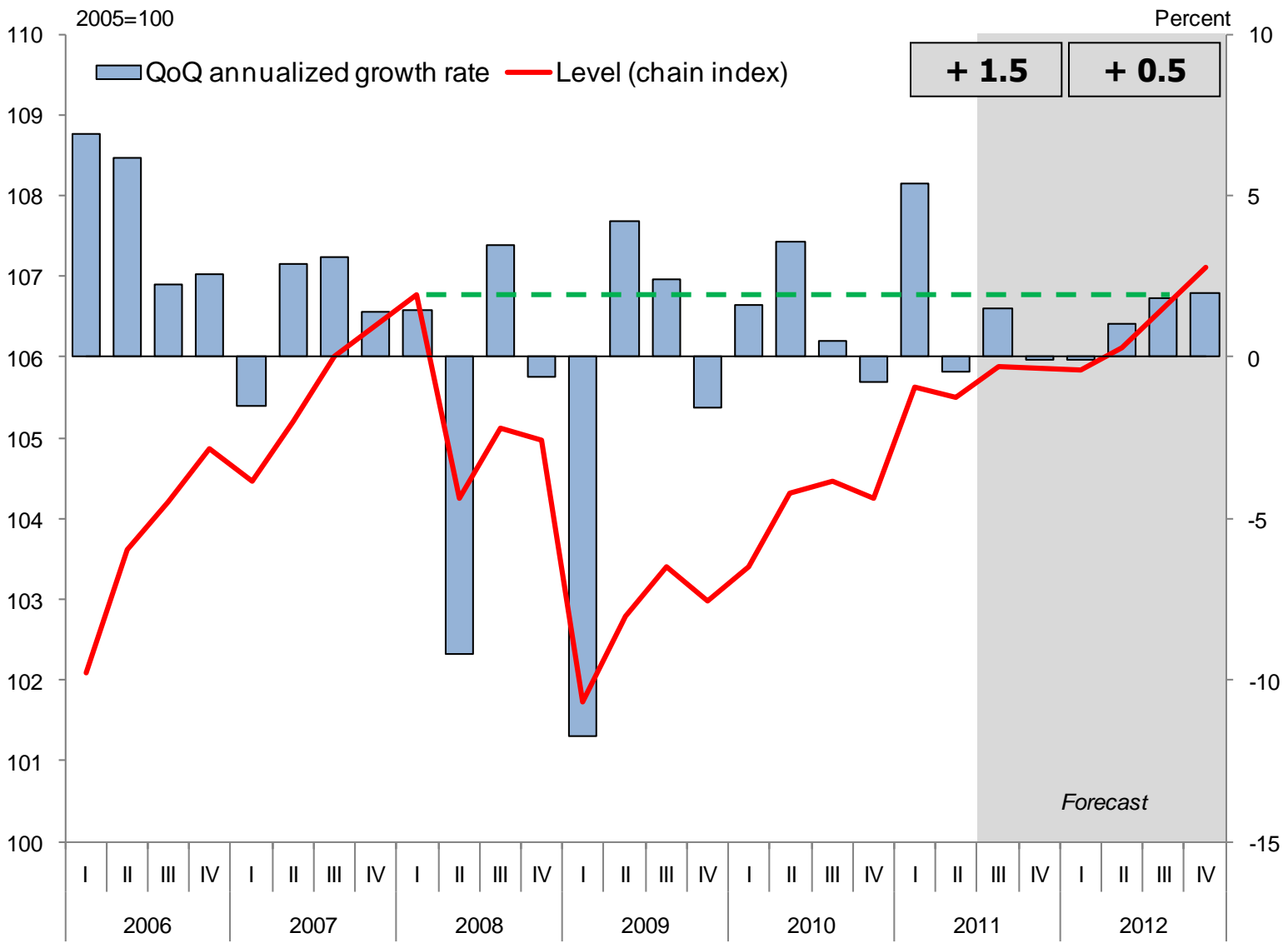


... total hours worked near pre-crisis levels ...



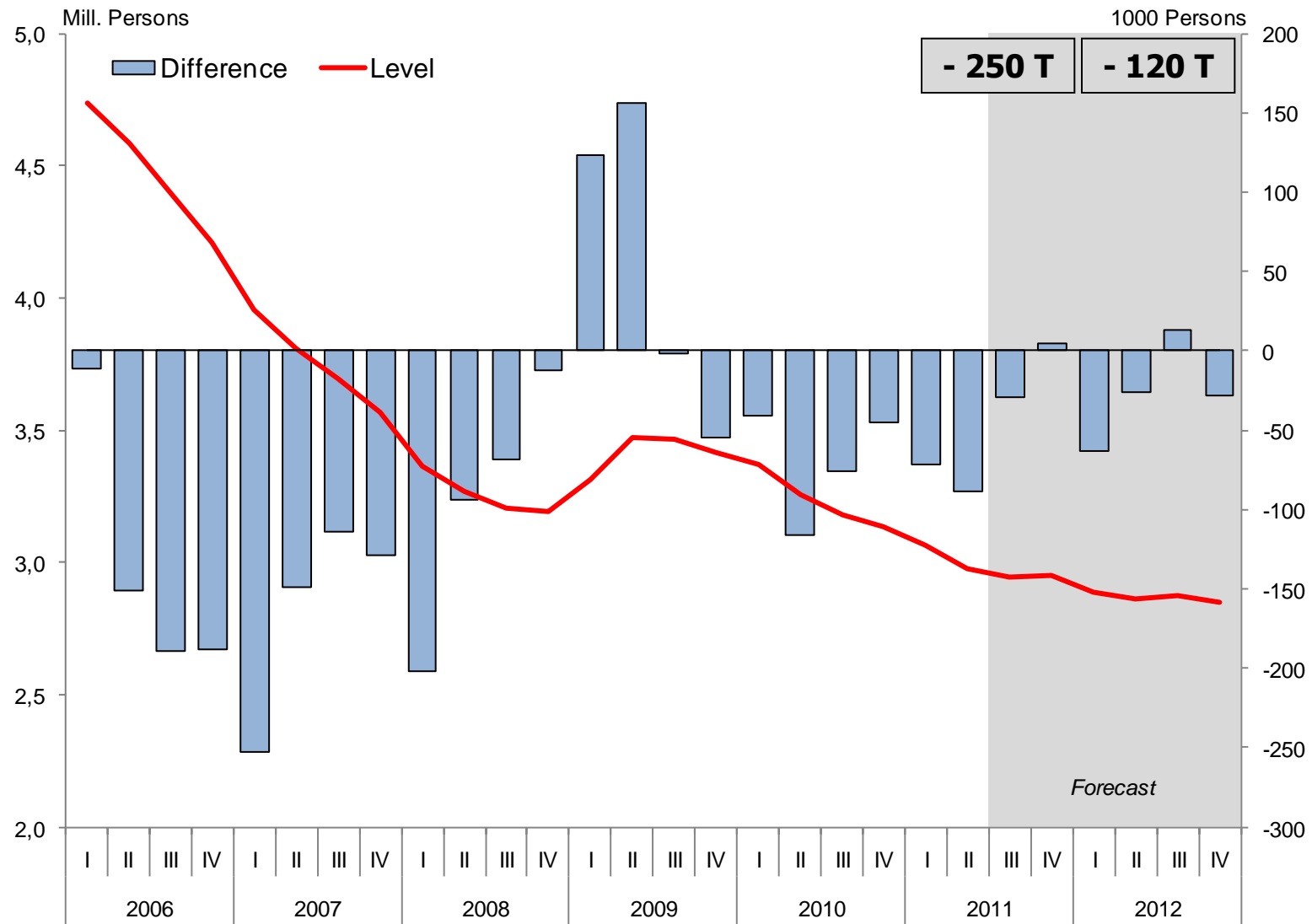


... but 4 lost years of labor productivity growth



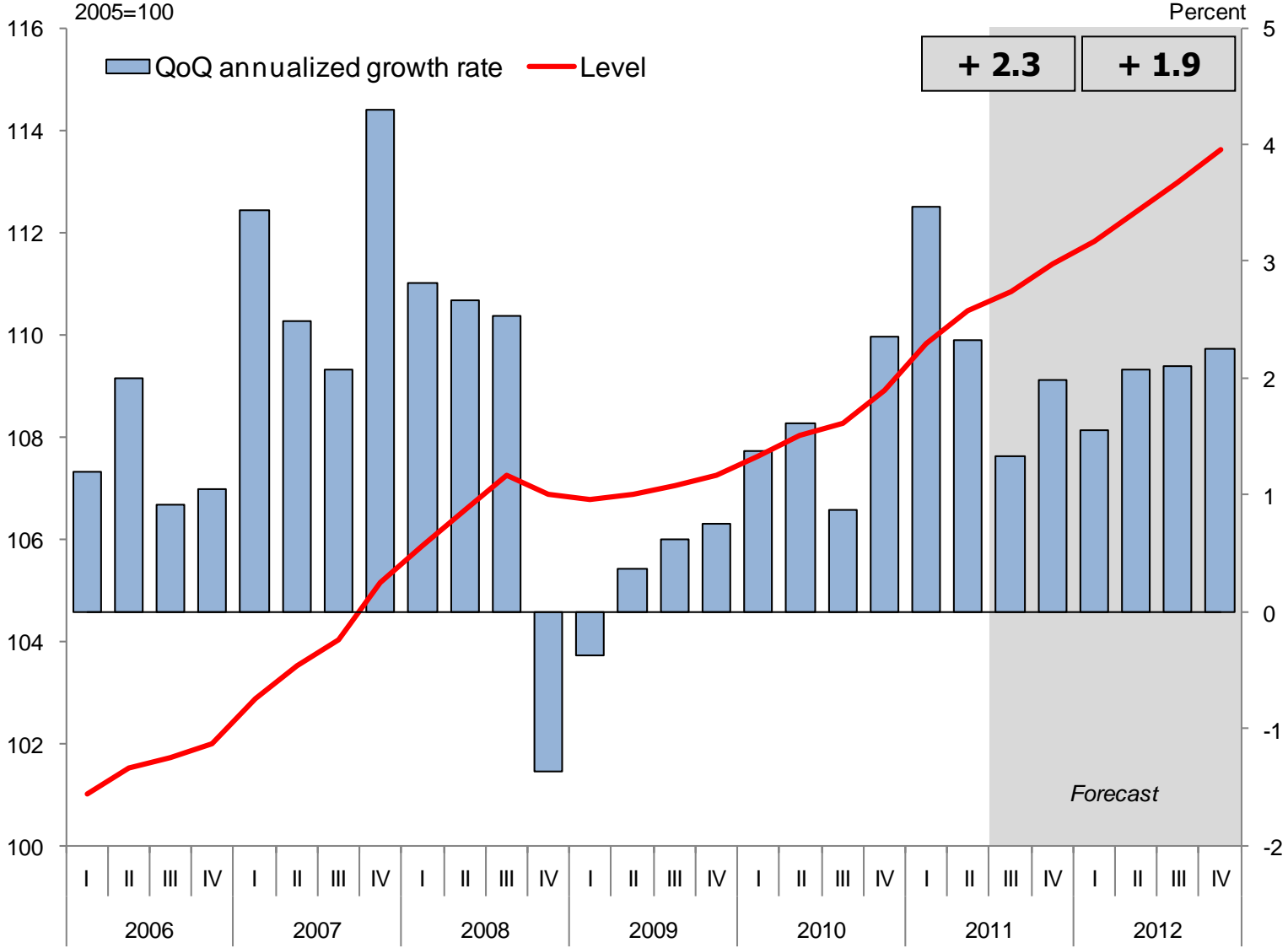


Unemployment: 3 mill. (2011), 2.9 mill (2012)

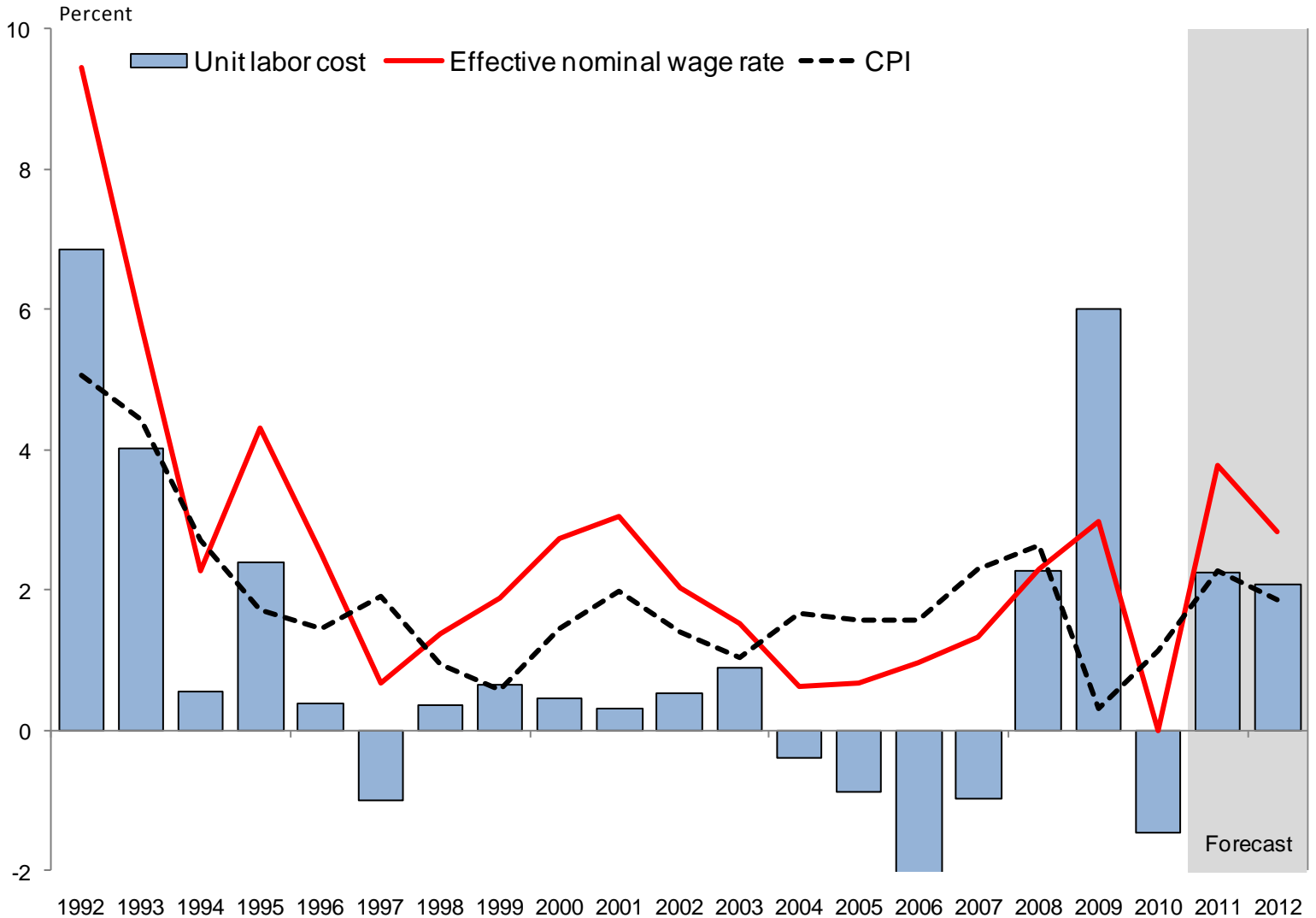




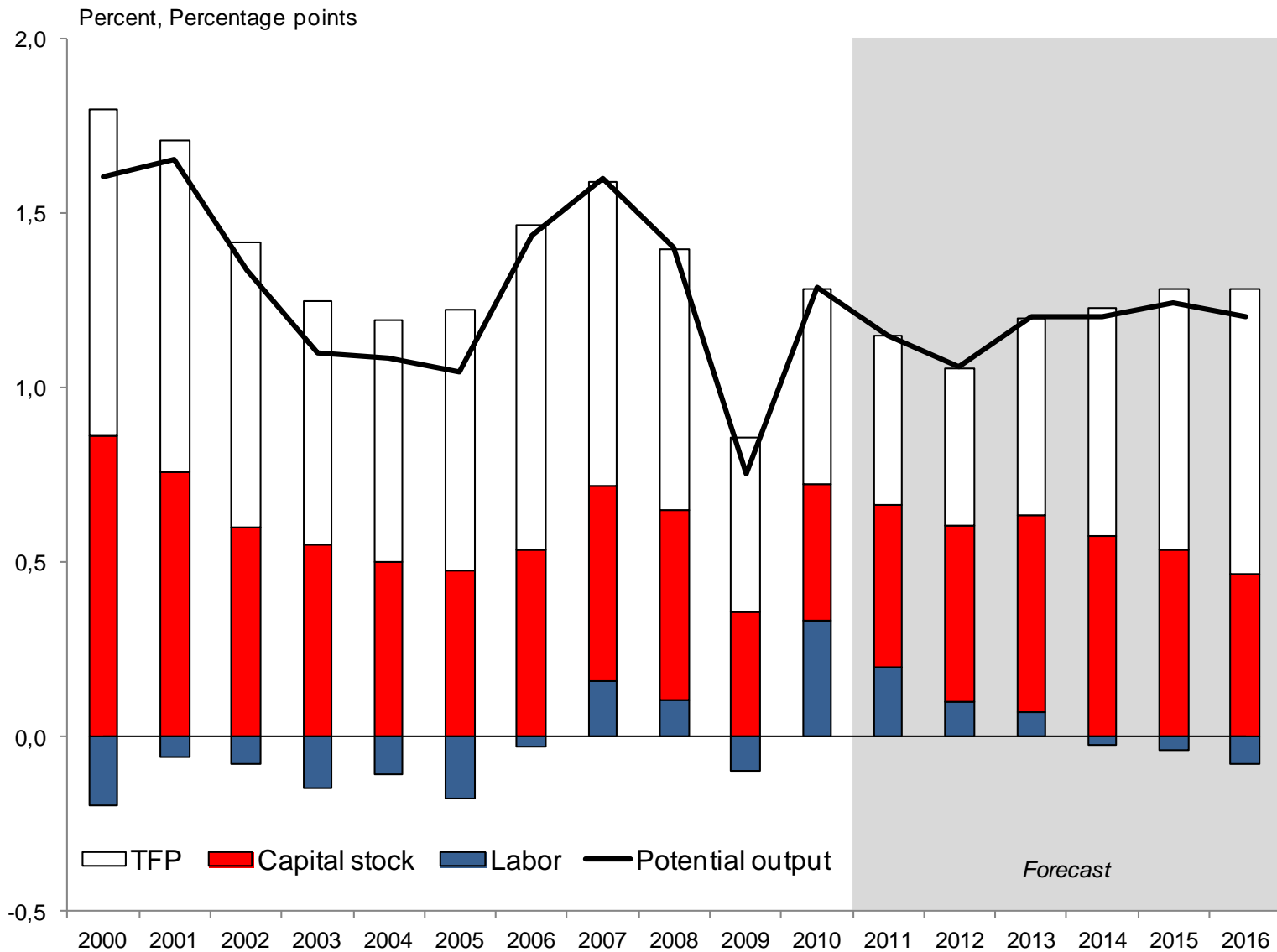
Consumer prices



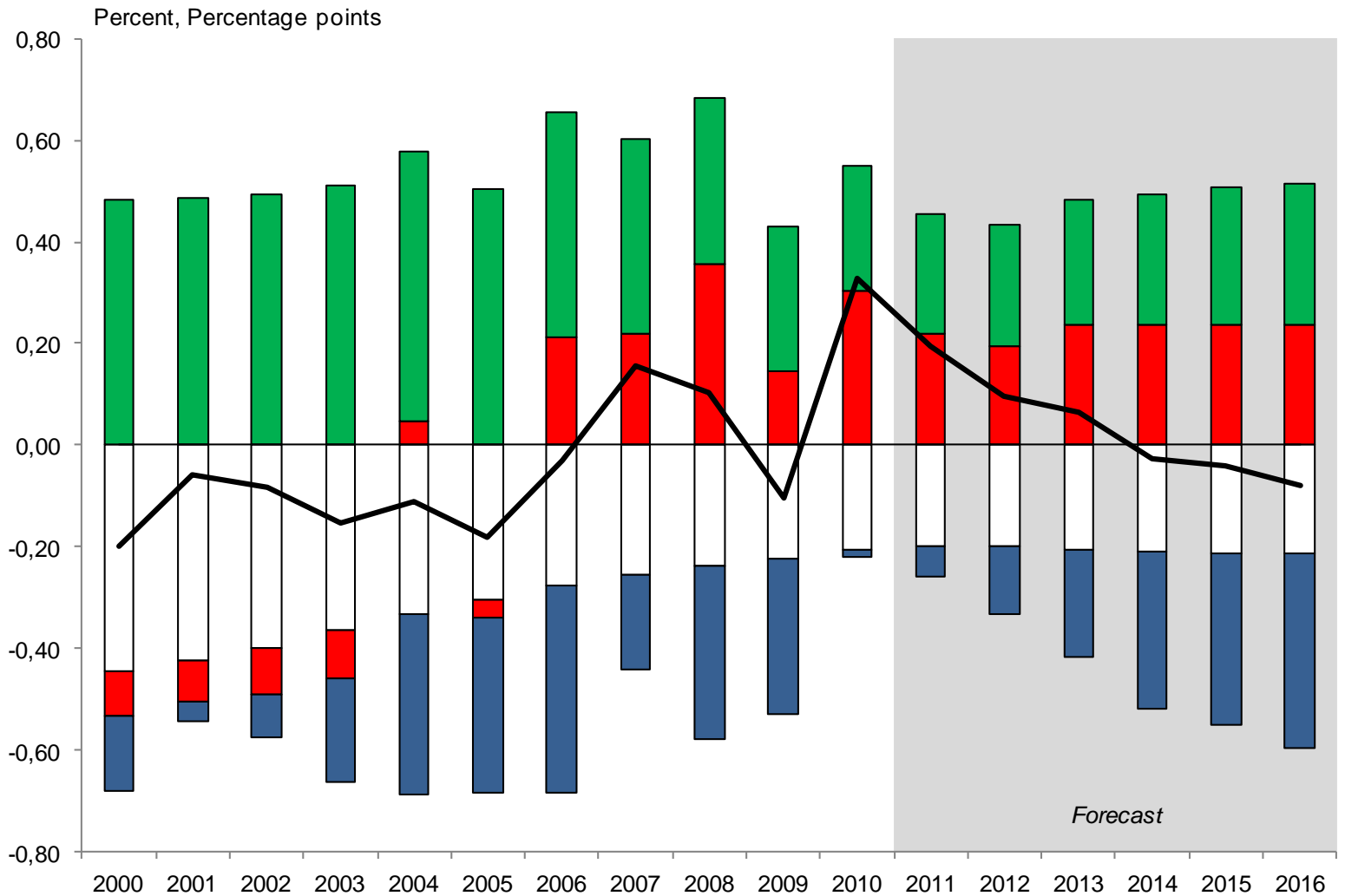
Unit labor cost: A domestic inflation driver on hold



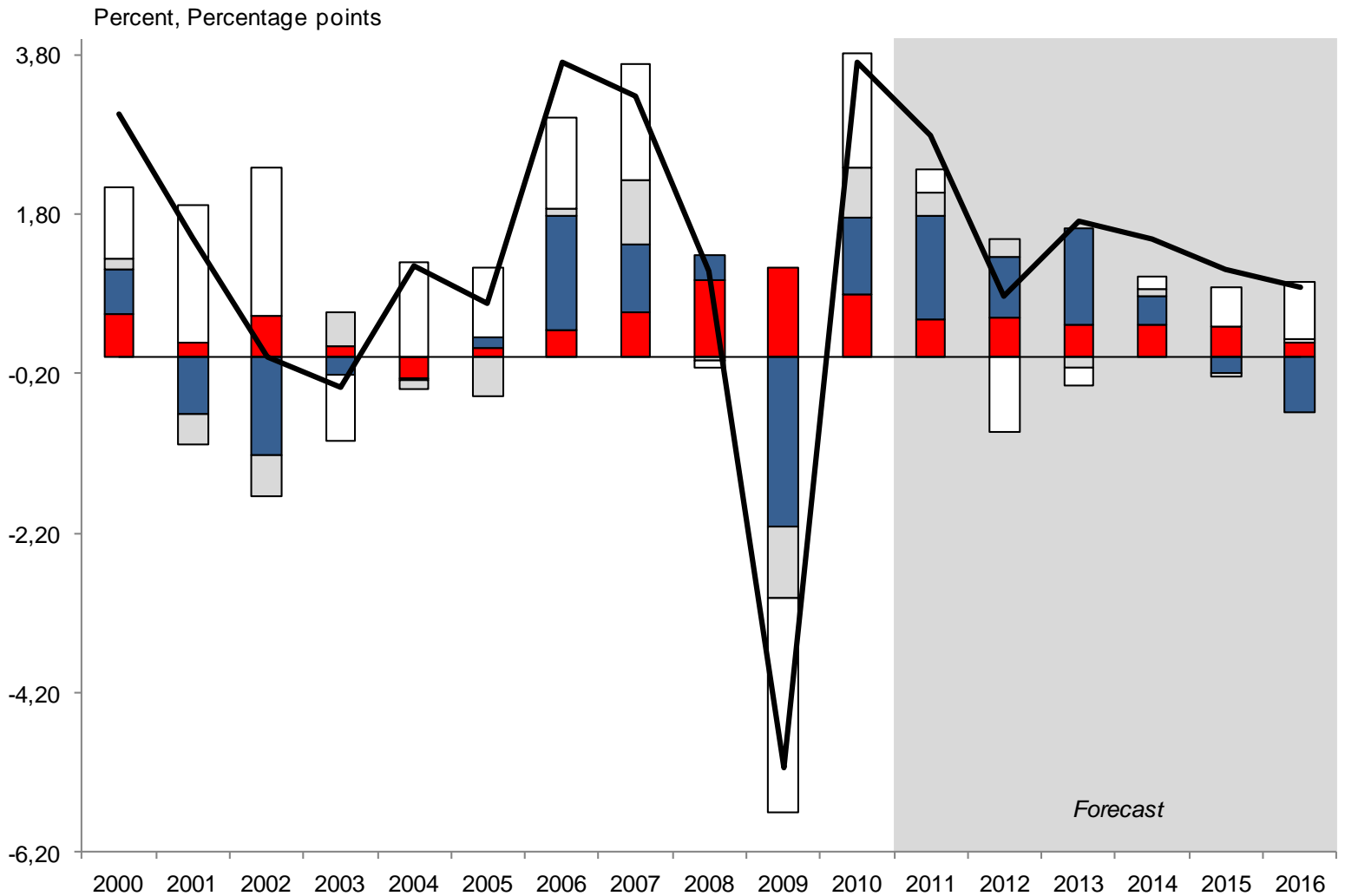
Moderate potential growth perspectives



Demographic impact no longer compensated for



Medium-term demand outlook



Investment cycle with a delayed peak

