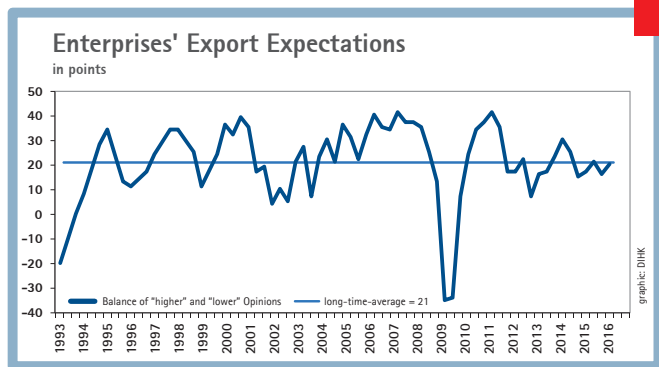
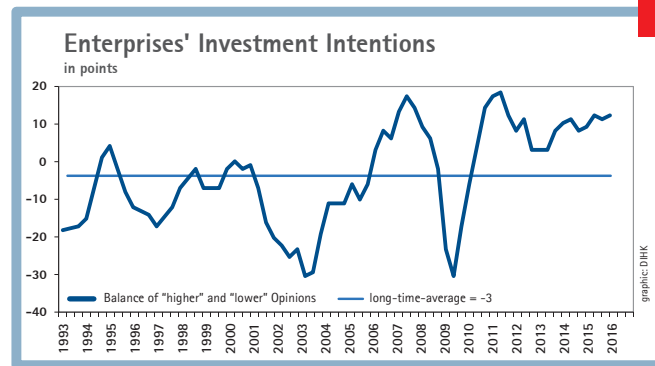


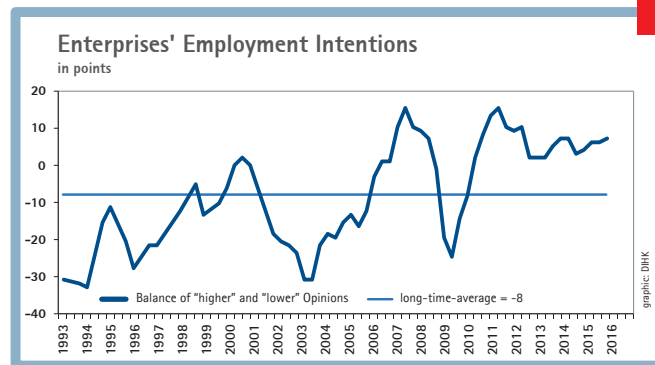
■ The outlook in the **export** industry has recovered from the fall 2015 downturn. Businesses have more confident expectations when it comes to international transaction; however, they are nowhere near as optimistic as in recent years. European perspectives are continuing to brighten up, and the US economy has coped well with the gradual exit from the zero interest rate policy. The declining oil prices lead to stronger purchasing power and a boost in consumption around the world. Furthermore, the euro exchange rate has stabilised at a relatively low level, partially compensating for weaker demand from producing countries and China. Overall, concerns regarding the development of foreign demand remain high compared to recent years; however, there has been some improvement from the record levels of fall 2015.



■ Business **investment** plans have hardly improved, rendering any significant upturn in investment unlikely for 2016. Even though financing conditions remain favourable, concerns about economic policy are growing, which is traditionally an important determinant of investment. The construction industry is particularly planning for larger investment budgets - the plans have not been this expansionary since the unification boom. Service, the trade and the manufacturing industry report little change. However, capital goods producers have downgraded their budgets slightly against the trend, and despite a slight increase in export expectations.



■ Businesses intend to continue to build **staff levels** 2016. Hiring plans are improving in manufacturing industry, the trades, a fair share of service companies, and different than usual at the beginning of the year, also in construction. However, some major industries, such as the automotive industry, financial sector and transport sector are cutting their plans back. The inhibiting factors appear to be concerns about economic policy, including ever-tightening labour market regulation, and rising labour costs. At the same time, companies are desperately looking for qualified employees, and increasingly in vain. A record number of companies of any recent DIHK economic survey regard skills shortages as a relevant business risk. Many job seekers, in particular the long-term unemployed, fail to meet the requirement profiles of the businesses. The majority of refugees also do not come into consideration for professional employment, at least in the short term. Unemployment growth is thus expected in 2016, despite increasing employment.

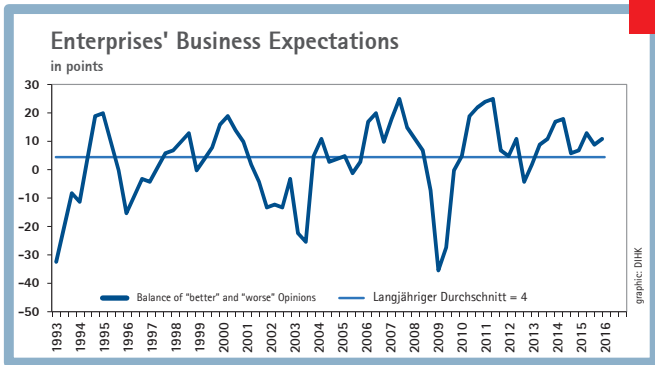


## DIHK-Economic-Survey February 2016

■ 79 Chambers of Industry and Commerce ask, approximately 27,000 Enterprises answer

### economy data at a glance

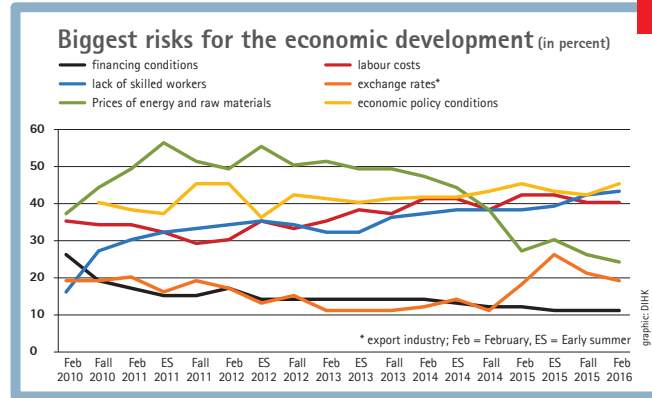




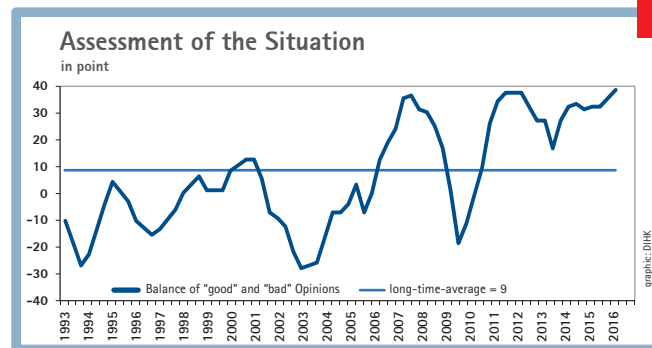
■ **Business expectations** for the coming months are stabilising; however, they cannot fully compensate for the fall 2015 slump. The manufacturing industry is gradually gathering renewed confidence, even when it comes to exports. Domestic demand is robust, but growth as was the case last year will be more difficult. Retailers and service providers are hardly expecting better business than in fall. The recent decline in oil prices has relieved businesses, and furnished consumers with additional purchasing power; the business risk factor energy and commodity prices is thus dropping to a new low. Business concerns around the „economic policy framework“, however, are expanding appreciably; the highest figure ever for this survey.

**What are the biggest risks for the economic development of your company in the next twelve months?**  
(in percent; multiple answers possible; \*export industry)

|                            | Febr. 2014 | Early Summer 2014 | Fall 2014 | Febr. 2015 | Early Summer 2015 | Fall 2015 | Febr. 2016 |
|----------------------------|------------|-------------------|-----------|------------|-------------------|-----------|------------|
| domestic demand            | 45         | 44                | 48        | 48         | 44                | 44        | 45         |
| foreign demand*            | 35         | 36                | 47        | 45         | 38                | 48        | 44         |
| financing condition:       | 14         | 14                | 14        | 14         | 13                | 12        | 12         |
| labor costs                | 41         | 41                | 38        | 42         | 42                | 40        | 40         |
| lack of skilled worker     | 37         | 38                | 38        | 38         | 39                | 42        | 43         |
| exchange rates*            | 12         | 14                | 11        | 18         | 26                | 21        | 19         |
| prices of energy and raw   | 47         | 44                | 38        | 27         | 30                | 26        | 24         |
| economic policy conditions | 41         | 41                | 43        | 45         | 43                | 42        | 45         |



■ Businesses have never assessed their overall **business situation** this positively before. Particularly companies in the domestic-oriented trade and services sector are highly satisfied with their situation. The usual seasonal slowdown in construction has been rather mild at the beginning of the year. In the manufacturing industry, situation assessments are also picking up. However, in this sector, expectations remain far behind the boom years; exports to many emerging economies have recently been too weak. Overall, the low oil price, weak exchange rate and favourable financing situation currently translate to unusually good conditions to most companies.



**Germany, changes on the previous year**

| in per cent, use of the gross domestic product (GDP), price-adjusted, chain-linked | 2014  | 2015  | DIHK-Forecast 2016 |
|--|-------|-------|--------------------|
| GDP  | 1.6   | 1.7   | 1.3                |
| Final consumption expenditure of private households                                | 0.9   | 1.9   | 1.6                |
| Government final consumption expenditure   | 1.7   | 2.8   | 3.5                |
| Gross fixed capital formation (GFCF)   | 3.5   | 1.7   | 1.7                |
| GFCF in machinery and equipment  | 4.5   | 3.6   | 2.0                |
| Other fixed assets   | 3.1   | 2.7   | 1.5                |
| GFCF in construction   | 2.9   | 0.2   | 1.5                |
| Exports  | 4.0   | 5.4   | 3.0                |
| Imports  | 3.7   | 5.7   | 4.2                |
| Unemployment (in millions)   | 2.897 | 2.794 |                    |
| Employment (change in thousand)  | +375  | +328  | +220               |
| Consumer price   | 0.9   | 0.3   | 0.7                |