

SPRING 2008 ECONOMIC OUTLOOK FOR GERMANY: ANSWERS FROM BDA AND BDI

MAIN FORECAST						
		2007	2008	2009		
Real GDP growth		2.5	1.8	1.8		
Consumer price inflation		2.2	2.2	2.1		
Unemployment rate		8.4	7.8	na		
Employment growth		1.7	1.2	na		
Components of aggregate demand						
		2007	2008	2009		
Annual % change						
Private consumption		-0.3	1.2	na		
Public consumption		2.0	1.0	na		
Investment (Gross fixed capital formation)		4.9	2.7	na		
Exports		8.3	6.0	na		
Imports		5.7	6.5	na		
ECONOMIC SENTIMENT						
Trend in business climate over the next 6 months	Positive	Negative	Unchanged			
			Industry			Services
Trend in profitability over the next 6 months	Positive	Negative	Unchanged			
			Industry			Services
Investment intentions over the next 6 months	Increase (faster pace)	Increase (slower pace)	Unchanged	Decrease (slower pace)	Decrease (faster pace)	
		Industry				
Driving force behind investment decisions in the next 6 months	Replacement	Extension	Rationalisation	Innovation		
	Up, but at a slower pace	Up, but at a slower pace	stable	Up, but at a slower pace		
Trend in consumer confidence over the next 6 months	Positive	Negative	Unchanged			
	yes					
Overall trend in employment	Industry: past 6 months	Industry: next 6 months	Services: past 6 months	Services: next 6 months		
	Up	Up, but at a slower pace	Up	Up, but at a slower pace		
Over the next 6 months, cost/access to finance will be...	Higher / more difficult	Same	Lower / less difficult			
	Access	Cost				
	to a large extent	to some extent	to a limited extent	not at all		
Financial market turmoil has affected companies' investment decisions negatively ...			yes			
EXCHANGE RATE DEVELOPMENTS						
		Dollar per euro				
Where will the EUR/USD stand in October 2008 ?		1.60				
POLICY MIX						
	Not necessary, situation is satisfactory	Excellent	Satisfactory	Neither satisfactory nor unsatisfactory	Unsatisfactory	Deteriorating
Progress towards medium-term budgetary objective is...				yes		
Monetary policy is...	Tight, appropriate for the euro area	Tight	Appropriate	Loose	Loose, appropriate for the euro area	
		yes				
	Above-target inflation	Downside risks to growth over medium term	Inflation pressures from high oil and commodity prices	Upside risks to wage inflation	Risks related to credit market turbulences	Risks of further euro appreciation
Focus on elements of the ECB analysis underlying its current policy stance is...	appropriate	insufficient	excessive	appropriate	appropriate	appropriate
Consistency between fiscal and monetary policies	Adequate	Inadequate				
	yes					