





## 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		
Jnemployment rate		8.4	7.8	na		
Employment growth		1.7	1.2	na		
Components of aggregate dem	nand					
Annual % change		2007	2008	2009		
Private consumption Public consumption		-0.3 2.0	1.2 1.0	na na		
nvestment (Gross fixed capital for	ormation)	4.9	2.7	na		
Exports	,	8.3	6.0	na		
mports		5.7	6.5	na		
ECONOMIC SENTIMENT						
Trend in business climate	Positive	Negative	Unchanged Industry			
over the next 6 months			Services			
	Doolshire	Manathia				
Trend in profitability over the	Positive	<b>Negative</b> Industry	Unchanged			
next 6 months		Services				
				D	D	
	Increase (faster pace)	Increase (slower pace)	Unchanged	Decrease (slower pace)	Decrease (faster pace)	
				p)	p.20)	
nvestment intentions over he next 6 months		Industry				
me next o months	Services					
	Replacement	Extension	Rationalisation	Innovation		
Driving force behind	•					
nvestment decisions in the next 6 months	Up, but at a slower pace	Up, but at a slower pace	stable	Up, but at a slower pace		
	Positive	Negative	Unchanged			
Trend in consumer confidence over the next 6	yes		<b></b>			
months	Industry: past 6	Industry: next 6	Services: past 6	Services: next 6		
	months	<i>months</i> Up,	months	months Up,		
Overall trend in employment	Up	but at a slower pace	Up	but at a slower pace		
	Higher / more difficult	Same	Lower / less difficult			
Over the next 6 months,		Cost				
cost/access to finance will						
be	Access					
	to a large extent	to some extent	to a limited extent	not at all		
Financial market turmoil has	<b>3</b> · · · · ·					
affected companies'						
investment decisions			yes			
negatively						
iegatively						
	ENTS					
EXCHANGE RATE DEVELOPM		Dollar per euro				
		Dollar per euro 1.60				
EXCHANGE RATE DEVELOPM  Where will the EUR/USD sta	nd in October 2008 ?					
EXCHANGE RATE DEVELOPM  Where will the EUR/USD sta	nd in October 2008 ?  Not necessary,	1.60	Datisface	Neither satisfactory	Handista	December 1
EXCHANGE RATE DEVELOPM  Where will the EUR/USD sta	nd in October 2008 ?  Not necessary, situation is		Satisfactory	Neither satisfactory nor unsatisfactory	Unsatisfactory	Deteriorating
EXCHANGE RATE DEVELOPM  Where will the EUR/USD sta	nd in October 2008 ?  Not necessary,	1.60	Satisfactory		Unsatisfactory	Deteriorating
EXCHANGE RATE DEVELOPM  Where will the EUR/USD sta  POLICY MIX  Progress towards medium-	nd in October 2008 ?  Not necessary, situation is	1.60	Satisfactory	nor unsatisfactory	Unsatisfactory	Deteriorating
EXCHANGE RATE DEVELOPM  Where will the EUR/USD sta  POLICY MIX  Progress towards medium-	nd in October 2008 ?  Not necessary, situation is	1.60	Satisfactory		Unsatisfactory	Deteriorating
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EXCHANGE RATE DEVELOPM  Where will the EUR/USD sta  POLICY MIX  Progress towards medium-	Not necessary, situation is satisfactory	1.60 Excellent	·	nor unsatisfactory yes	·	Deteriorating
EXCHANGE RATE DEVELOPM  Where will the EUR/USD sta  POLICY MIX  Progress towards medium-	Not necessary, situation is satisfactory	1.60	Satisfactory Appropriate	nor unsatisfactory	Loose, appropriate	Deteriorating
Where will the EUR/USD state of the EUR/USD state o	Not necessary, situation is satisfactory	1.60  Excellent  Tight	·	nor unsatisfactory yes	·	Deteriorating
Where will the EUR/USD sta POLICY MIX Progress towards medium- erm budgetary objective is	Not necessary, situation is satisfactory	1.60 Excellent	·	nor unsatisfactory yes	Loose, appropriate	Deteriorating
Where will the EUR/USD sta POLICY MIX Progress towards medium- term budgetary objective is	Not necessary, situation is satisfactory	1.60  Excellent  Tight	·	nor unsatisfactory yes	Loose, appropriate	Deteriorating
Where will the EUR/USD sta POLICY MIX Progress towards medium- term budgetary objective is	Not necessary, situation is satisfactory  Tight, appropriate for the euro area	1.60  Excellent  Tight  yes  Downside risks to	Appropriate  Inflation pressures	yes Loose	Loose, appropriate for the euro area Risks related to	
Where will the EUR/USD sta POLICY MIX Progress towards medium- erm budgetary objective is	Not necessary, situation is satisfactory	1.60  Excellent  Tight  yes  Downside risks to growth over	Appropriate  Inflation pressures from high oil and	nor unsatisfactory yes	Loose, appropriate for the euro area Risks related to credit market	Risks of further
Where will the EUR/USD sta POLICY MIX Progress towards medium- term budgetary objective is	Not necessary, situation is satisfactory  Tight, appropriate for the euro area	1.60  Excellent  Tight  yes  Downside risks to	Appropriate  Inflation pressures	yes  Loose  Upisde risks to	Loose, appropriate for the euro area Risks related to	Risks of further
Where will the EUR/USD state POLICY MIX  Progress towards mediumerm budgetary objective is	Not necessary, situation is satisfactory  Tight, appropriate for the euro area	1.60  Excellent  Tight  yes  Downside risks to growth over	Appropriate  Inflation pressures from high oil and	yes  Loose  Upisde risks to	Loose, appropriate for the euro area Risks related to credit market	Risks of further
Where will the EUR/USD state of the EUR policy is	Not necessary, situation is satisfactory  Tight, appropriate for the euro area	1.60  Excellent  Tight  yes  Downside risks to growth over	Appropriate  Inflation pressures from high oil and	yes  Loose  Upisde risks to	Loose, appropriate for the euro area Risks related to credit market	Risks of further
Where will the EUR/USD state of the EUR policy is	Not necessary, situation is satisfactory  Tight, appropriate for the euro area  Above-target inflation	Excellent  Tight  yes  Downside risks to growth over medium term	Appropriate  Inflation pressures from high oil and commodity prices	yes  Loose  Upisde risks to wage inflation	Loose, appropriate for the euro area Risks related to credit market turbulences	Risks of further euro appreciatio
Where will the EUR/USD star POLICY MIX  Progress towards medium- term budgetary objective is  Monetary policy is	Not necessary, situation is satisfactory  Tight, appropriate for the euro area  Above-target inflation	Excellent  Tight  yes  Downside risks to growth over medium term	Appropriate  Inflation pressures from high oil and commodity prices	yes  Loose  Upisde risks to wage inflation	Loose, appropriate for the euro area Risks related to credit market turbulences	Risks of further euro appreciatio
Where will the EUR/USD star POLICY MIX  Progress towards medium- term budgetary objective is  Monetary policy is	Not necessary, situation is satisfactory  Tight, appropriate for the euro area  Above-target inflation	Tight yes  Downside risks to growth over medium term insufficient	Appropriate  Inflation pressures from high oil and commodity prices	yes  Loose  Upisde risks to wage inflation	Loose, appropriate for the euro area Risks related to credit market turbulences	Risks of further euro appreciatio
EXCHANGE RATE DEVELOPM	Not necessary, situation is satisfactory  Tight, appropriate for the euro area  Above-target inflation	Excellent  Tight  yes  Downside risks to growth over medium term	Appropriate  Inflation pressures from high oil and commodity prices	yes  Loose  Upisde risks to wage inflation	Loose, appropriate for the euro area Risks related to credit market turbulences	Risks of further euro appreciation

and monetary policies