


NOVEMBER 2011 ECONOMIC OUTLOOK FOR GERMANY: ANSWERS FROM BDA AND BDI
MAIN FORECAST

<i>Annual % change</i>	2011	2012
Real GDP growth	3,0	1,0
Consumer price inflation	2,3	1,8
Unemployment rate	6,1	6,1
Employment growth	1,3	0,4
government net lending (% of GDP)	-0,9	-0,6
gross public debt (% of GDP)	82,4	81,1
current account balance (% of GDP)	4,8	4,9

Components of aggregate demand - in real terms

<i>Annual % change</i>		
Private consumption	0,9	0,5
Public consumption	0,7	0,5
Investment (Gross Fixed Capital Formation)	9,6	3,3
Private non-residential investment	7,8	2,9
Exports	7,8	2,9
Imports	7,7	4,1

ECONOMIC SENTIMENT

	Positive	Negative	Unchanged
Trend in business climate over the next 6 months			Industry Services

	Positive	Negative	Unchanged
Trend in profitability over the next 6 months			Industry Services

	Increase (faster pace)	Increase (slower pace)	Unchanged	Decrease (slower pace)	Decrease (faster pace)
Investment intentions over the next 6 months		Industry	Services		

	Global demand	Domestic demand	Cost of finance	Availability of finance	Company Profitability	Capacity Utilisation
Influence on companies' investment decisions	positive	neutral	neutral	positive	neutral	neutral

	Replacement	Extension	Rationalisation	Innovation
Driving force behind investment decisions in the next 6 months	neutral	neutral	neutral	positive

	Industry: past 6 months	Industry: next 6 months	Services: past 6 months	Services: next 6 months
Overall trend in employment	Up	Same	Up	Same

ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH

Compared to 6 months ago, cost/access to finance has been...	sharply up / restrained	up / more difficult	same	down / easier
<i>for SMEs</i>			Cost Access	
<i>for larger companies (>250 employees)</i>			Cost Access	

Over the next 6 months, cost /access to finance will be...	sharply up / restrained	up / more difficult	same	down / easier
<i>for SMEs</i>		Cost Access		
<i>for larger companies (>250 employees)</i>		Cost Access		

	Consolidation of banking sector balance sheets	Access to capital markets	Encouraging equity financing through tax reforms	Better use of existing EU instruments (including EIB)	Greater potential for Public-Private-Partnerships
Measures to alleviate current financial difficulties for SMEs	Important effect	Important effect	Moderate effect	Moderate effect	Moderate effect
Measures to alleviate current financial difficulties for midsize and large companies	Important effect	Important effect	Moderate effect	Very limited effect	Important effect

POLICY MIX

	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate</i> yes	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
Monetary policy is...					
	<i>adequate</i>	<i>inadequate</i>			
Consistency between fiscal and monetary policies	yes				
	excellent commitment	satisfactory commitment	neither satisfactory nor unsatisfactory	unsatisfactory commitment	no clear commitment creating an extremely
Regarding the sustainability of public		yes			
Exit Strategies	excessive focus	sufficient focus	satisfactory nor unsufficier	unsufficient focus	so far ignored
Tight fiscal rules and more effective institutions		yes			
Greater efficiency of public			yes		
Credible cost-cutting measures			yes		
Increased scope of public-private			yes		
Reform of pension systems				yes	
Improved efficiency of healthcare sector				yes	
Entry Strategies	excessive focus	sufficient focus	satisfactory nor unsufficier	unsufficient focus	so far ignored
More and better-targeted education and training				yes	
More and better targeted R&D and			yes		
Prioritisation of infrastructure investments			yes		
Growth enhancing tax reforms				yes	
In 2015, the government deficit will...	respect the 3% limit	be in balance			
	yes	no			