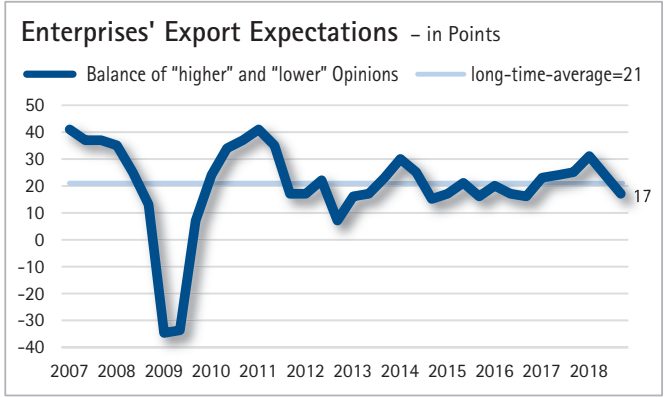
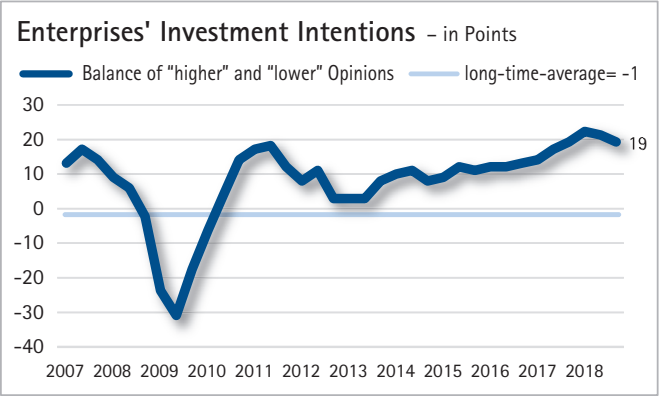


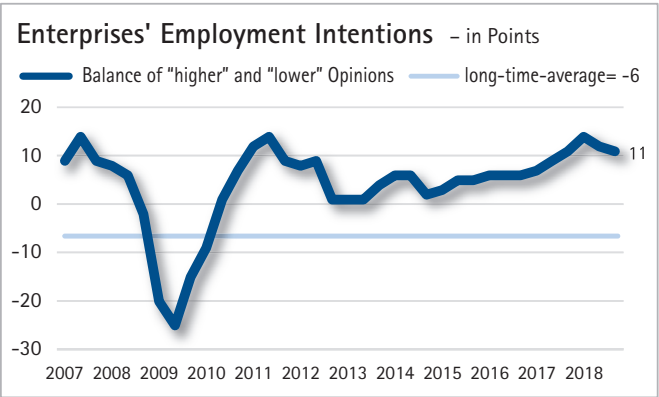
■ **Expectations for exports** have suffered a significant setback and are now below their long-term average. The distortions in trade policy are unsettling companies and leaving their mark. Companies fear that the rampant trade conflicts, especially between the USA and China, will have a serious impact on trade over the next twelve months. Against the background of the high level of uncertainty, in particular producers of capital goods producers expect their international business to flatten out. In many important sales markets there are signs of a slower pace of economic growth. In the near future, the emerging markets will be at least partially absent as growth drivers.



■ The increased level of uncertainty for companies is also reflected in a slight slowdown in **investment** momentum. Fewer companies than in early summer intend to expand their budgets. However, the plans remain at a solid high level overall. In addition to the favorable financing conditions, this is due to the high capacity utilization in many areas as well as the digitization of the operations. Capacity expansions and product innovations remain the most important investment motives in autumn 2018. At the current margin, the proportion of companies planning to invest in rationalization measures is also rising slightly. This shows the lack of skilled workers that has long been deplored.



■ The significant decline in business expectations has so far only been reflected to a limited extent in the **employment intentions**. Employment plans decline only slightly compared to early summer. Especially in times when skilled workers are scarce, companies are holding on to their qualified teams. In spite of cautious economic expectations and concerns about rising labor costs, the employment growth continues in the fourteenth year, albeit at a somewhat slower pace.

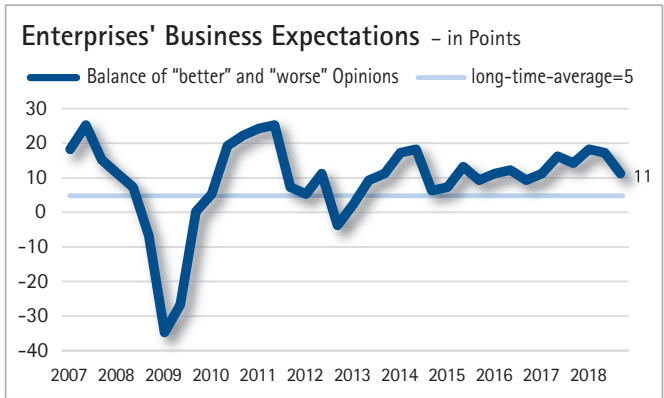


DIHK-Economic-Survey Fall 2018

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

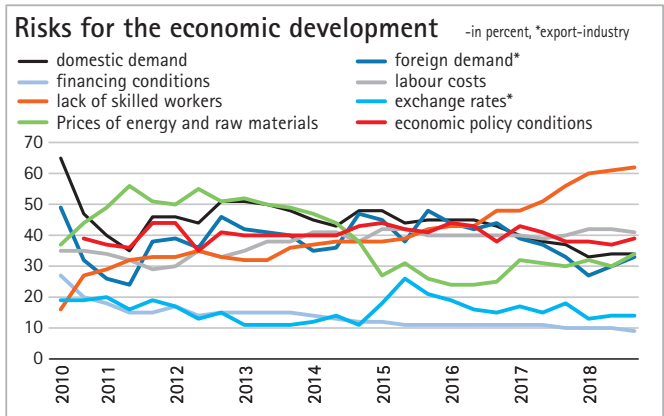
economy data at a glance



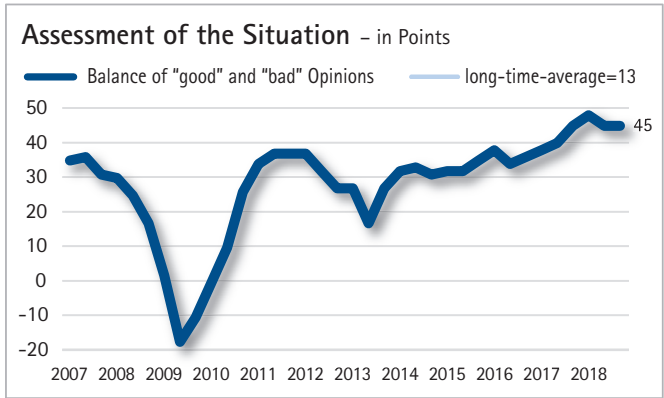


■ Companies are looking at their future business with a greater degree of caution – the strongest deterioration in **business expectations** in four years. This is particularly evident in manufacturing industry. Companies are feeling obstacles and risks even more strongly than in early summer. The greatest risk of the shortage of skilled workers again gains in importance. This is being compounded by more difficult framework conditions in terms of economic policy on national and international level. The clouded international prospects of German companies are the most significant factor. In terms of energy and raw material prices – due to higher oil and gas prices – further burdens will be added to the high costs of electricity in Germany, which continue to rise in the foreseeable future.

Risks for the economic development (in percent; * Industry)								
	domestic demand	foreign demand*	financing conditions	labor costs	lack of skilled workers	exchange rates*	prices of energy and raw materials	economic policy conditions
Fall 2016	43	44	11	40	48	15	25	38
February 2017	40	39	11	40	48	17	32	43
Early Summer 2017	38	37	11	39	51	15	31	41
Fall 2017	37	33	10	40	56	18	30	38
February 2018	33	27	10	42	60	13	32	38
Early Summer 2018	34	30	10	42	61	14	30	37
Fall 2018	34	33	9	41	62	14	34	39



■ The German economy is still running at a high level. The construction industry assesses its **economic situation** more positively than ever before. Trade and service providers are also benefiting from the strong domestic demand. However, the picture is not completely unclouded: Manufacturing industry and especially large companies in all sectors already notice that the wind is becoming rougher at the international level. They are making cutbacks in the assessment of their business situation in autumn 2018.



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Germany, changes on the previous year

in per cent, use of the gross domestic product (GDP), price-adjusted, chain-linked	2017	DIHK-Forecast 2018	DIHK-Forecast 2019
GDP	2.2	1.8	1.7
Final consumption expenditure of private households	1.8	1.4	1.8
Government final consumption expenditure	1.6	1.4	2.5
Gross fixed capital formation (GFCF)	2.9	3.3	2.9
GFCF in machinery and equipment	3.7	5.0	4.0
Other fixed assets	1.3	1.0	2.0
GFCF in construction	2.9	3.0	2.5
Exports	4.6	2.8	2.5
Imports	4.8	4.0	3.8
Unemployment (in millions)	2.53	2.35	2.21
Employment (change in thousand)	+627	+580	+500
Consumer price	1.8	1.9	2.0