



# Economy in the wake of the energy crisis

DIHK Economic Survey Fall 2022

**DIHK**

Deutscher  
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## Imprint

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Further results, the questionnaire as well as notes on the methodology of the survey can be found at [www.dihk.de/konjunktur](http://www.dihk.de/konjunktur).

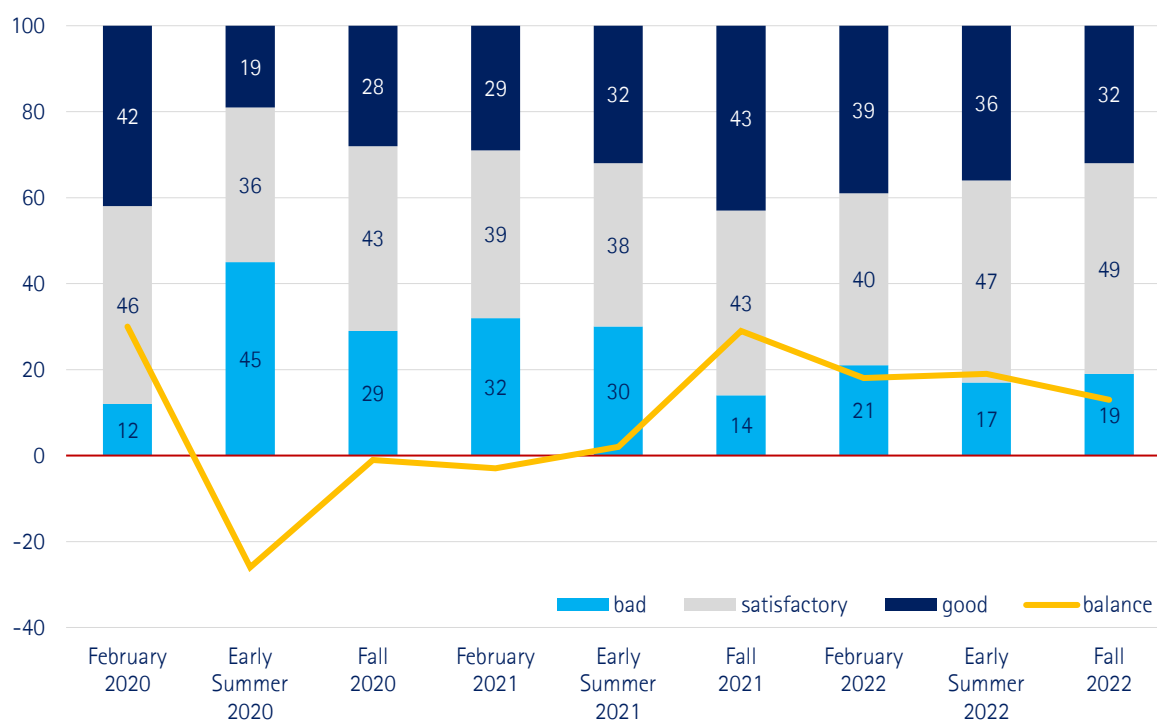
## Current business situation of the companies

The business situation of companies is marked by the energy price crisis and record inflation. Since the previous survey in early summer, monthly inflation rates have consistently been above seven per cent, most recently in September, according to the Federal Statistical Office, even above 10 per cent. The biggest driver is energy costs. In addition, the supply chain problem is not yet over. In addition, there is a slowdown in the global economy, which is increasingly worrying the export industry in particular. At the same time, there were no significant restrictions in the summer and at the beginning of autumn to combat the Corona pandemic. Many companies, especially in the service and retail sectors, were able to do business under "normal conditions" again for the first time. These factors have different effects on the individual sectors. Overall, the business situation has deteriorated somewhat compared to early summer. However, most companies still have a positive assessment of their current business.

Across all sectors, less than a third of companies (32 percent) assess their business situation in autumn as "good". This is four percentage points less than in the previous survey in early summer. By contrast, the share of companies reporting a poor business situation rose slightly to 19 percent (previously 17 percent). The balance of good and poor assessments of the business situation thus worsened by six points compared to the autumn to 13 points and is thus noticeably below the long-term average (21 points).

A look at the different sectors shows that the assessment of the situation has deteriorated almost across the board. In industry and construction, against the backdrop of partly dramatic price increases and bottlenecks in energy, raw materials and intermediate inputs, the business situation has clearly deteriorated. Nevertheless, companies in both sectors still assess their situation as "good" (industry: balance of 14 after 29 points previously; construction: balance of 26 after 39 points previously). In contrast, trade is already feeling the effects of consumer restraint as a result of higher prices and now assesses its situation as neutral (balance of zero after 14 points previously). Only at the service providers has the business situation brightened further compared to the early summer because, especially in the consumer-related sectors, normal business operations were possible again for the first time after two years of pandemic in the second and third quarters of the year. This ensures that the business situation in the service sector has even improved slightly overall and continues to be assessed positively (balance of 15 after 14 points previously).

### Business situation of companies - shares in percent, balance in points



**Industry** is feeling the pressure of dramatically increased energy costs. In addition, the costs for inputs remain high. At least there are signs of an easing of supply bottlenecks. But the supply chain problems have still not been overcome.



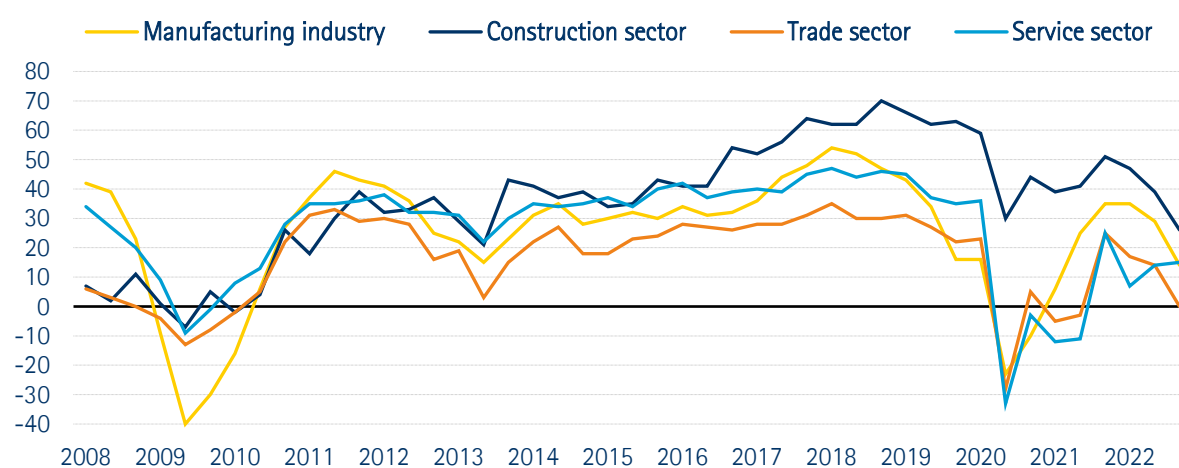
and are an additional burden on business. A continuing high order backlog has a stabilising effect on the current business situation, even though orders from home and abroad have declined recently. Overall, one-third (33 percent) of the industrial firms still report good business, nine percentage points less than in early summer. By contrast, the share of companies with a poor business situation rose from 13 percent to 19 percent. The balance of good and poor assessments of the situation has thus more than halved by 15 to 14 points.

The **intermediate goods producers are among the** most energy-intensive sectors and feel the high costs for gas and electricity particularly acutely. One in five companies has already had to cut production for cost reasons. Accordingly, the assessment of the business situation has deteriorated significantly compared to the early summer. Although most companies still give a positive assessment, the balance of good and bad assessments of the business situation has fallen significantly by 24 points to eleven. The slump is particularly drastic in the chemical industry. There, negative assessments of the business situation now predominate. The balance fell by 33 points to minus seven.

Not only higher energy prices, but also higher prices for food and fertilisers are weighing on the business of **manufacturers of consumer goods**. The balance of good and bad assessments of the situation sinks by six points to zero, with just under a quarter (24 percent) of the companies giving a positive or a negative assessment of the situation. The situation in the food and animal feed industry is particularly tense, with almost twice as many companies (29 percent after 26 percent previously) reporting a poor business situation than a good business situation (17 percent after 22 percent previously). The balance here falls by eight to minus twelve points.

Compared to other industries, current business is still comparatively good among **capital goods manufacturers**. Here, too, energy costs are a major concern. So far, however, production has had to be curtailed or partially shut down less often by most capital goods manufacturers (12 percent) than, for example, by the more energy-intensive upstream suppliers (21 percent) because of the higher prices. Still 39 percent of the capital goods producers report a good business situation (after 44 percent before), 16 percent assess their situation negatively (after twelve percent before). The balance of the business situation thus falls by nine points to 23. Companies in the electrical engineering sector are the most positive in their assessment of the current situation: more than two out of five (42 percent after 48 percent previously) report a good business situation, only 14 percent (after 10 percent previously) a poor one (balance of 28 points after 38 points previously). In mechanical engineering, business is also worse than in early summer, but overall satisfactory (balance of 26 points after 39 points previously). Contrary to the general trend, motor vehicle manufacturers assess their situation better than in the previous survey. On balance, the business situation has risen by nine to twelve points.

### Business situation of companies - balance in points



#### Balance of good and bad valuations

Overall, the business situation in the **construction industry** remains predominantly good. However, the increased costs for materials and energy as well as the recent rise in construction interest rates are leaving their mark, especially in building construction and civil engineering. Added to this is the continuing shortage of skilled workers and concerns about further increases in labour costs. At 37 percent, nine percentage points fewer construction companies report a good business situation than in the previous survey. On the other hand, the proportion of construction companies

with a poor situation has risen from seven to eleven percent. This means that the balance of the assessment of the situation has fallen from 39 points to 26 points. The sharp rise in construction interest rates in the wake of the key interest rate hike and cuts in companies' investment plans are leading to a marked decline in orders, especially in building construction and civil engineering. Added to this is the shortage of skilled workers, which is weighing on business in construction. As a result, the balance of good and bad assessments of the situation in building construction falls by 19 points to 19 points, and in civil engineering the balance drops by ten points to 22 points. The business situation in the finishing trade is much better. The high energy prices are currently also creating high demand from companies, but also from private households, for energy-efficient renovation and retrofitting. Despite rising costs and bottlenecks in materials, almost half (46 percent, up from 50 percent) of the companies in the finishing trade assess their situation as good, and business is bad for only nine percent (up from seven percent). Accordingly, the balance of positive and negative assessments of the situation fell by six points to 37.

In **trade**, the consumer restraint associated with inflation, but also the high wholesale and energy prices are weighing on business. Of the four sectors, trade has the most pessimistic assessment of the current business situation. One-fourth of the companies (25 per cent) each came to both a good and a bad assessment of the situation (previously 33 per cent positive and 19 per cent negative). The balance of good and bad assessments thus deteriorates significantly by 14 points to zero. Wholesalers and trade intermediaries still assess their current business positively. Here, the balance of positive and negative assessments of the situation drops by 18 points to seven points compared to the previous survey. The retail sector is already feeling the effects of consumer restraint. Thus, after a strong first quarter, retail sales have declined significantly in the further course of the year. At the same time, retailers are also suffering from increased energy and labour costs. Wholesalers are also charging them higher prices. As a result, 27 percent (up from 23 percent) of companies in this sector rate their business situation as poor, compared to 21 percent (up from 28 percent). The balance of the business situation thus turns negative by eleven points to minus six points.

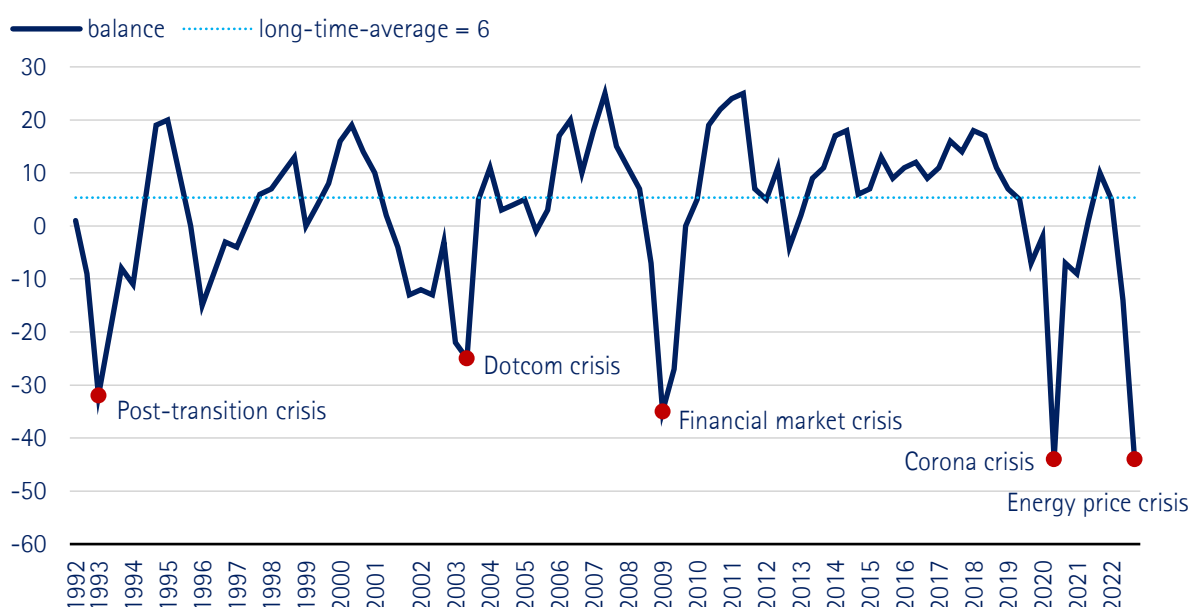
It is true that **companies in the service sector** are also suffering from higher energy prices and increasing consumer restraint. However, many consumer-related service providers, such as restaurateurs, fitness studios or cinemas, were able to work under "normal conditions" again for the first time since the outbreak of the pandemic after the expiry of the Corona protection measures in spring. Therefore, a slight improvement in the situation can be seen among service providers overall compared to the early summer. One-third of the companies (33 percent after 24 percent previously) assess the current business situation as "good", 18 percent after 20 percent previously assess the situation as "poor". Consequently, the balance of positive and negative assessments rose slightly by one point to 15 points compared to the previous survey. The hospitality industry in particular was able to look back on solid guest numbers and turnover over the course of the summer. In the accommodation sector, for example, the number of overnight stays has reached the pre-crisis level again. Accordingly, the share of companies in the hospitality industry reporting a positive business situation has more than doubled since the previous survey from 17 percent to 37 percent, while the share of companies reporting a negative business situation has more than halved from 40 percent to 19 percent. The result is a strong increase in the balance of the business situation by 41 to 18 points. The positive development since the beginning of the year thus continues into autumn (balance at the beginning of 2022 at minus 67 points). In contrast, the business-related service providers are strongly dependent on the development of industry. The slowdown in industry inevitably leads to lower orders for business service providers. Their assessment of the situation has deteriorated from a high level. The balance of positive and negative assessments has fallen by eight points to 25 points compared to the previous survey.

## Business expectations of the companies

The German economy is very pessimistic about the coming months. Energy prices in particular have skyrocketed as a result of the Russian invasion of Ukraine. Companies are not only confronted with high costs for energy raw materials and inputs. The energy crisis also leads to a high level of uncertainty about future energy supplies. In addition, the global economy is cooling down, which is particularly felt by the export-oriented German industry. In view of record inflation rates, consumers are also cutting back on their consumption. As a result, business expectations have slumped this autumn, falling to levels as low as those at the time of the Corona pandemic. In the sectors industry, construction and trade, the balances of business expectations have even reached historic lows. Only in the service sector were expectations after the outbreak of the Corona pandemic even worse than now.

More than half of the companies (52 percent) now expect their business to deteriorate in the next twelve months. That is 19 percentage points more than in early summer. The share of companies that expect their business to improve has more than halved from 19 percent to 8 percent. This is an all-time low in optimistic assessments – never before has the share of optimistic companies been so low. On balance, business expectations have plummeted by 30 points to minus 44 points.<sup>1</sup>

### Business expectations of companies – balance in points



The slump in business expectations in **industry** is serious. In early summer, shortly after the Russian invasion of Ukraine, 37 per cent of industrial companies expected a deterioration of the future business situation. Now, more than half (54 percent) of the industrial companies are pessimistic about the future. Only eight percent (after 14 percent previously) have positive business expectations. The balance sinks by 23 points to an all-time low of minus 46 points.

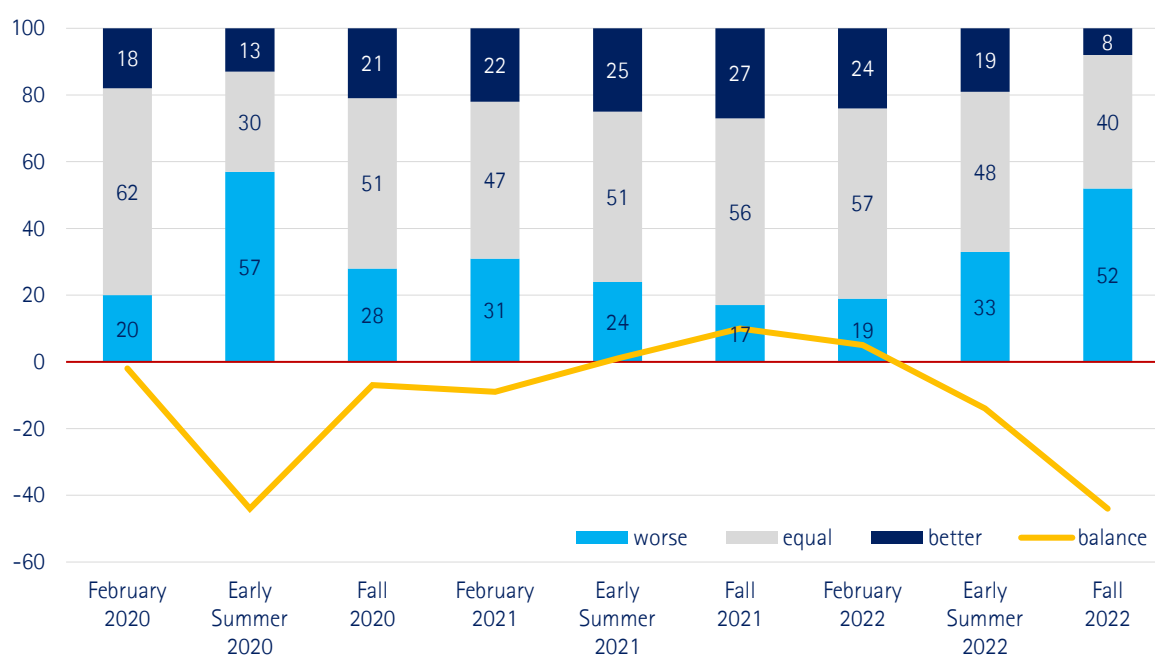
For **intermediate goods manufacturers**, the price jumps and shortages in energy and raw materials are particularly oppressive – as in the previous survey, 95 percent of the intermediate goods manufacturers name this as the top risk. This is the highest value among the various industrial sectors. In the long term, too, the price level for energy will be significantly higher than before the pandemic. The energy-intensive upstream suppliers must prepare themselves for permanently higher energy costs. Already, more than one-fifth (21 percent) of intermediate goods manufacturers are reducing their production due to high energy costs. This leads to a further slump in business expectations by 23 points to a

<sup>1</sup> The survey period of the business survey did not end until 14 October 2022. It was examined whether the publication of the Gas Commission's proposals on 10 October 2022 had an influence on the response behaviour. As a result, it could be determined that for companies that had only participated in the survey after 10 October 2022, business expectations were slightly less negative than for companies that had participated in the survey before 10 October. In particular, the share of companies with pessimistic expectations was smaller after 10 October 2022.

balance of minus 52 points. Only seven percent of intermediate goods producers (down from 11 percent) are still optimistic. Three out of five (59 percent) are pessimistic about the future (after 40 percent previously). The outlook is particularly gloomy for companies in the quarrying and mining sector (the balance drops by 35 to minus 75) and for companies in the glass, ceramics and stone processing sector (balance of minus 65 after minus 35 points previously). The chemical industry (balance of minus 53 points after minus 29 points previously), companies in metal production and processing (balance of minus 53 after minus 38 points previously) and the rubber and plastics industry (balance of minus 53 after minus 33 points previously) are also strongly affected.

Among **capital goods manufacturers**, energy costs, limited export expectations and also investment restraint at home are leading to a deterioration in the business outlook for the coming months: Only 12 percent (after 17 percent previously) expect business to improve, but almost four times as many (46 percent after 34 percent previously) anticipate a deterioration. The balance of positive and negative business expectations thus drops by 17 to minus 34 points. The automotive industry is one of the most pessimistic about the future (balance of minus 40 points after minus 21 points previously). In the automotive industry, for example, 16 percent of the companies are already reducing their production due to the rise in energy prices, and 17 percent want to relocate production abroad as a result. In mechanical engineering the slump in expectations is slightly less dramatic (balance of minus 34 points after minus 18 points previously). The outlook is less pessimistic in electrical engineering, where the balance of positive and negative expectations has "only" fallen by 13 points to minus 27.

### Business expectations of companies – shares in percent, balance in points



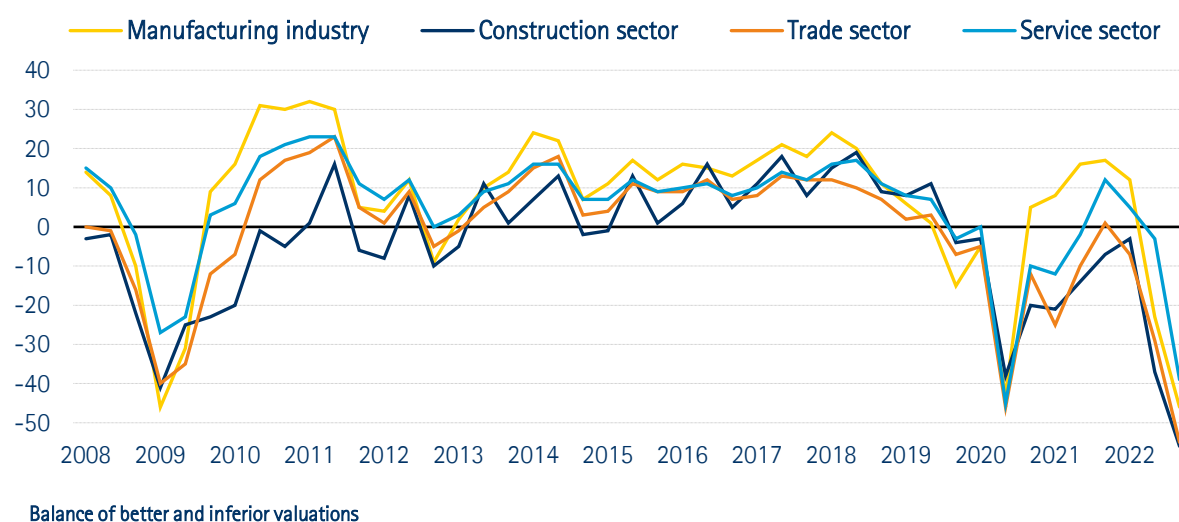
Expectations among manufacturers of durable **and non-durable consumer goods** are also plummeting again, after they had already slumped in the previous survey in early summer. It is not only the declining consumer mood that is causing them grief; some companies in the goods and consumer goods industry are also consuming a lot of energy for production, e.g. the manufacturers of food and animal feed. Overall, only eight percent (after 19 percent previously) of the companies in the consumer goods industry are still hopeful about the coming 12 months, more than half (55 percent after 38 percent previously) expect business to deteriorate. On balance, business expectations have dropped to minus 47 points from minus 19 points previously. Especially companies in the textile, clothing and leather industry (balance of minus 53 after minus 20 points before) and the food and feed industry (balance of minus 48 after minus 31 points before) expect significantly worse business. In comparison, the pharmaceutical industry is somewhat less pessimistic, although here, too, business expectations have reached a low with a balance of minus 33 points (after previously 3 points).

The greatest pessimism is in the **construction industry**. Companies are not only concerned about the increased prices for building materials and energy, but also about the fear of a drop in orders. In view of the recent sharp rise in construction interest rates and the reduced investment intentions of companies, the order situation is likely to deteriorate

significantly in the coming months. In addition, despite the generally pessimistic mood, the shortage of skilled workers in the construction industry remains unabated. Meanwhile, almost three out of five construction companies (59 percent) have negative expectations, which is 15 percentage points more than in early summer. The proportion of those with a positive outlook is vanishingly small at three percent (previously seven percent). The balance sinks by 19 to minus 56 points (lowest value). Building construction and civil engineering are particularly pessimistic. Here, almost two-thirds of the companies are worried about the future (64 percent in building construction after 53 percent previously; 60 percent in civil engineering after 48 percent previously). The balance of positive and negative expectations drops by 14 points to minus 62 points in building construction and by 15 points to minus 58 points in civil engineering. The firms in the finishing trade are slightly less pessimistic about their business expectations: The balance falls by a very significant 27 points to minus 49.

The high inflation rates in particular are causing problems for the **trade**. The increased prices are dampening the consumer mood. In view of high electricity and gas prices and concerns about electricity bills at the end of the year, many consumers are putting other expenses on hold. In view of the high inflation expectations also in the next year, retailers have again significantly lowered their business expectations for the coming months. Almost two-thirds of retailers (61 percent after 42 percent previously) have negative expectations. Only six percent (after 13 percent previously) expect better business in the coming months. The balance of business expectations falls drastically by 26 points to a low of minus 55 points. As in the early summer, retail and wholesale trade currently assess their prospects as about equally bad. In retailing the balance falls by 28 to minus 56 points, in wholesaling by 25 to minus 53 points (both lows).

### Business expectations of companies – balance in points



Balance of better and inferior valuations

Among **service providers**, the slump in business expectations is particularly drastic compared to the previous survey. Fears of consumer restraint are spreading. Almost every second service provider names domestic demand as an economic risk (47 percent after 38 percent previously). Half of the companies are pessimistic about the future (48 percent). This is almost double the number in the early summer (26 percent). The number of optimists, on the other hand, has more than halved from 23 percent to 9 percent. Accordingly, the balance of business expectations collapsed by 36 points to minus 39 points. This is only slightly above the low from the Corona early summer 2020 (minus 45 points). Establishments in the hospitality sector in particular had expected a sustained recovery in their business following the expiry of the Corona restrictions. In view of depressing energy prices, fears of consumer restraint caused by high inflation and concerns about another Corona winter are causing business expectations to plummet. The share of businesses with positive expectations has shrunk from 42 percent to 5 percent. The share of pessimists, on the other hand, has more than tripled from 20 percent to 63 percent. The balance thus plummeted by a dramatic 80 points to an all-time low of minus 60 points. The development of business expectations is similarly drastic for travel agents (balance of minus 47 after 18 points previously) and companies from the arts, entertainment and recreation sector (balance of minus 45 after ten points previously). Business-related service providers also face predominantly gloomy economic times. They depend mainly on the economic situation of their industrial customers. The poor outlook and cutbacks in indus-

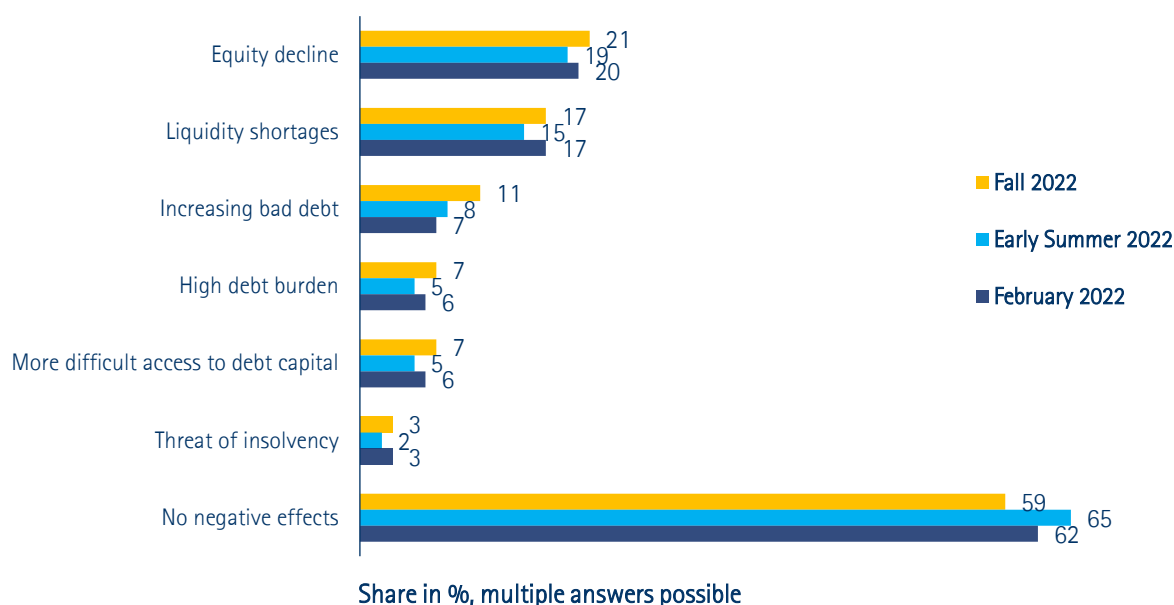


try's investment plans are also dragging down the business expectations of business-related service providers significantly. They drop by 24 points to a balance of minus 26 points. The deterioration in business expectations also continues in the transport and storage sector. The high energy prices remain oppressive. At the same time, concerns about rising labour costs and a shortage of skilled workers are increasing at a high level. In addition, there is now also concern about weakening domestic demand in view of the economic situation. This causes the balance in the transport and storage sector to drop further from minus 26 to minus 49 points. This is close to the all-time low at the beginning of 2009 during the financial market crisis (minus 54 points).

## Current financing situation of the companies

Increasing cost pressure throughout the value chain, especially due to energy prices that can only be partially passed on through price adjustments, weigh heavily on the financial situation of companies. Two-fifths of all companies (41 percent) describe their financing situation as problematic. In early summer it was still 35 percent. The greatest difficulty facing companies is the decline in equity capital (21 percent after 19 percent previously). The still significant proportion of companies reporting liquidity bottlenecks (17 percent, up from 15 percent) is due to the sharp rise in prices, especially for energy, but also for raw materials, intermediate products and logistics services. Compared to the early summer, the share of companies facing bad debt losses has also increased (eleven percent after eight percent previously). As a consequence of the financial challenges, slightly more companies see themselves threatened with insolvency than in early summer 2022: across the breadth of the economy, this figure is three percent of businesses. In addition, many companies had already taken on more debt to cope with the consequences of the Corona pandemic. This, together with stricter bank lending guidelines and rising interest rates, has led to an increase in the proportion of companies whose access to debt capital has become more difficult (seven percent after five percent previously), as has the heavier burden of interest payments (seven percent after five percent previously).

### The current financial situation of companies is characterized by ...



The smaller the company, the more critical its financial situation. Financing problems are reported by 46 percent of small enterprises with up to 19 employees compared to 26 percent of large enterprises with 1,000 or more employees. For the small enterprises, the decline in equity capital (26 percent) and liquidity bottlenecks (19 percent) are the main challenges. Due to the sharp rise in energy prices, which hit the larger industrial SMEs and the large companies equally hard, the greatest deterioration in the financing situation can be seen here: This applies both to liquidity bottlenecks and to the decline in equity capital. The change in the threat of insolvency is striking: in early summer 2022, zero percent of SMEs with between 200 and 499 employees faced the threat of insolvency. Now it is two percent of businesses in this size category.

### The current financial situation of companies is characterised by ...

Evaluation according to company size class, figures in percent, multiple answers possible

	1-19 employees	20-199 employees	200-999 employees	From 1000 employees	all Classes
Equity decline	26	19	11	11	21
Liquidity bottlenecks	19	16	11	8	17
Increasing bad debt losses	12	12	10	11	11
More difficult access to debt capital	7	7	7	6	7
High debt burden	6	7	8	8	7
Impending insolvency	4	2	2	2	3
Our financial situation is unproblematic	54	61	70	74	59

A **look at the economic sectors** shows that the financial situation has deteriorated in all four sectors compared to early summer 2022. Construction (deterioration of nine percentage points), trade (eight percentage points) and industry (deterioration of eight percentage points) are particularly affected. In the less energy-intensive service sector, on the other hand, the number of companies reporting a problematic financial situation also increases by only three percentage points.

Among the predominantly small and medium-sized **service providers**, which have had to cope with the economic restrictions of the Corona pandemic for the longest time, the financial situation nevertheless remains more critical overall. Now 41 percent of the service companies report a problematic financial situation, compared to 38 percent previously. To overcome the crisis, the companies used a lot of equity capital and also took out loans. Accordingly, the decline in equity capital (23 percent) and the high debt burden (six percent) are causing the companies concern. In addition, 16 percent of the companies also have liquidity bottlenecks.

The **construction industry** is facing immense cost increases for energy and raw materials, rising construction interest rates on the part of customers and increasing cancellations of construction projects. Accordingly, more than one third of the construction companies assess their financial situation as problematic (37 percent after 28 percent previously). Also affected is the finishing trade. Here 39 percent report a difficult financial situation (after 27 percent previously). Bad debt losses have risen particularly (15 percent after nine percent previously). Companies in the finishing trade are also increasingly concerned about dwindling equity capital (18 percent after 15 percent previously) and liquidity bottlenecks (17 percent after 12 percent previously). More construction companies than at the beginning of the year also report more difficult access to debt capital and a high debt burden. As a result, three percent of companies in the finishing trade say they are threatened with insolvency - in early summer the figure was only one percent.

### The current financial situation of companies is characterised by ...

Evaluation by industry, figures in percent, multiple answers possible

	Manufacturing Industry	Construction	Trade	Services	Total economy
Equity decline	17	19	23	23	21
Liquidity bottlenecks	18	16	17	16	17
Increasing bad debt losses	10	12	13	11	11
More difficult access to debt capital	7	7	6	7	7
High debt burden	8	5	6	6	7
Impending insolvency	3	2	3	4	3
Our financial situation is unproblematic	61	63	57	59	59

While **industry** was able to immunise itself against a difficult financial situation better than other sectors during the Corona pandemic, the cost increases are now hitting this sector with full force. Thus, 39 percent of industrial companies are facing a difficult financial situation; in the early summer of 2022, this was only 31 percent. The difficulties are evident in all categories: the proportion of companies reporting liquidity bottlenecks (18 percent), a decline in equity

(17 percent) and increased bad debt losses (10 percent) has increased by three percentage points each. This greater concern about impending insolvencies is also reflected in industry: While in early summer only one in a hundred companies had this concern, it is now three in a hundred.

But in **industry** the picture varies greatly from sector to sector. Rising energy costs and sharply increasing prices of raw materials and intermediate products are leading to considerable burdens in individual industrial sectors. The difference between production becoming more expensive and the lack of or incomplete possibilities to pass on the increased prices in the value chain is putting a strain on balance sheets. In addition, there are also structural factors such as the transformation of entire value chains. This difficult situation affects the automotive industry in particular. Its financial situation is much more critical than that of other industrial sectors. Almost half (47 percent) of the companies in the vehicle manufacturing sector now report a problematic financial situation. In the early summer of 2022, it was still 37 percent. Here it is not only the acutely high energy prices that are a burden, but also the medium- and long-term costs of the structural change that the industry is experiencing as a result of the crisis. structural change that the industry is undergoing. At 27 percent, the proportion of vehicle manufacturers facing liquidity bottlenecks is higher than in almost any other industrial sector. Added to this is the sharp rise in the vehicle manufacturing sector's debt burden (eleven percent, up from five percent in early summer). Three out of a hundred companies in this core industrial sector see themselves threatened with insolvency. Among the vehicle manufacturers, it is mainly the producers of automotive parts and accessories who are affected: 32 percent report liquidity bottlenecks and 19 percent dwindling equity capital.

However, due to their high energy intensity of production and thus sharply rising costs, the liquidity situation has also worsened in other industrial sectors in particular: this applies to metal production and processing (25 after 18 percent previously) as well as to electrical equipment manufacturers (20 after 14 percent previously). Many producers of consumer goods report a decline in equity capital. Almost one-third of companies in the textile, clothing and leather industries are struggling with declining equity capitalisation. In the beverage industry, it is above all the high debt burden that worries 15 percent of the companies.

Due to the immense increases in prices for energy products in recent months, the financial situation of **energy suppliers** has deteriorated particularly quickly and significantly. And this despite the fact that these companies, in contrast to other sectors, are able to pass on their increased costs to customers at a far above-average rate; however, not at the speed that would apparently be necessary to avoid straining their financial resources. For 55 percent of the companies, the financial situation is already problematic; 39 percent alone are already facing bad debts from their customers. One fifth of the energy suppliers report more difficult access to debt capital. As a result, the proportion of those reporting liquidity bottlenecks has risen significantly to 23 percent from eight percent previously! An imminent insolvency, which five percent of the utilities see themselves facing, would have serious consequences for the economy as a whole.

In **trade**, the share of companies with financing difficulties has risen by eight percentage points to 43 percent compared to early summer 2022. Rising purchase prices and costs for energy and logistics on the one hand, as well as labour costs on the other, combined with a limited as well as delayed passing on of additional costs to customers, are leaving their mark on the balance sheets. This is especially true for the retail sector, which has to fear a declining consumer mood and is only able to pass on its increased costs due to high energy prices to customers to a below-average extent: Only every second retailer succeeds in doing so, compared to 59 per cent of all companies surveyed. According to this, retailers are mainly pressed by liquidity bottlenecks and the decline in equity capital. As a result, four out of a hundred retailers say they are threatened by insolvency. In early summer, it was only two out of a hundred. In wholesale, the financial situation looks somewhat better, although here too 37 percent of the companies report a problematic financial situation.



## Business risks of the companies for the coming 12 months

The war in Ukraine, the immense rise in energy and commodity prices and the growing uncertainty about developments in the coming months dominate the companies' risk assessment. The risk of rising **energy and commodity prices** – already at the highest level measured to date in the previous survey – climbs again to a peak value (82 after 78 per cent previously). This assessment applies to all sectors. Industry is affected even more strongly (93 per cent). The energy- and raw-material-intensive intermediate goods manufacturers (95 per cent) are feeling the cost burdens of gas, oil and electricity. Not only rising costs for energy, but also supply problems for metals are darkening the business outlook. Price increases are also a problem for almost all construction companies; here, in addition to energy, increasing bottlenecks in steel and bitumen in particular are weighing on expectations. Energy and commodity prices are also named first among the risks by trading and service companies (85 per cent after 82 per cent previously and 74 per cent after 68 per cent previously). Among the service providers, companies in accommodation (94 per cent) and gastronomy (94 per cent) as well as companies in transport and warehousing (90 per cent), which are intensive in fuel and heating energy, are particularly afraid of high energy costs. Among the predominantly business-related service providers, the burden is also increasing (61 after previously 54 per cent).

### TOP business risks by sector

Share of mentions in percent; multiple mentions possible, **all-time high**

	Manufacturing Industry	Construction	Trade	Services
1.	<b>93%</b> <b>Energy and raw material</b>	<b>90%</b> <b>Energy and raw material</b>	<b>85%</b> <b>Energy and commodity</b>	<b>74%</b> <b>Energy and commodity</b>
2.	<b>56%</b> <b>Domestic demand</b>	<b>70%</b> <b>Shortage of skilled workers</b>	<b>65%</b> <b>Domestic demand</b>	<b>58%</b> <b>Shortage of skilled workers</b>
3.	<b>54%</b> <b>Shortage of skilled workers</b>	<b>54%</b> <b>Labour costs</b>	<b>49%</b> <b>Labour costs</b>	<b>50%</b> <b>Labour costs</b>
4.	<b>51%</b> <b>Labour costs</b>	<b>53%</b> <b>Domestic demand</b>	<b>48%</b> <b>Shortage of skilled workers</b>	<b>47%</b> <b>Economic policy</b>
5.	<b>45%</b> <b>Economic policy</b>	<b>44%</b> <b>Economic policy</b>	<b>46%</b> <b>Economic policy</b>	<b>47%</b> <b>Domestic demand</b>

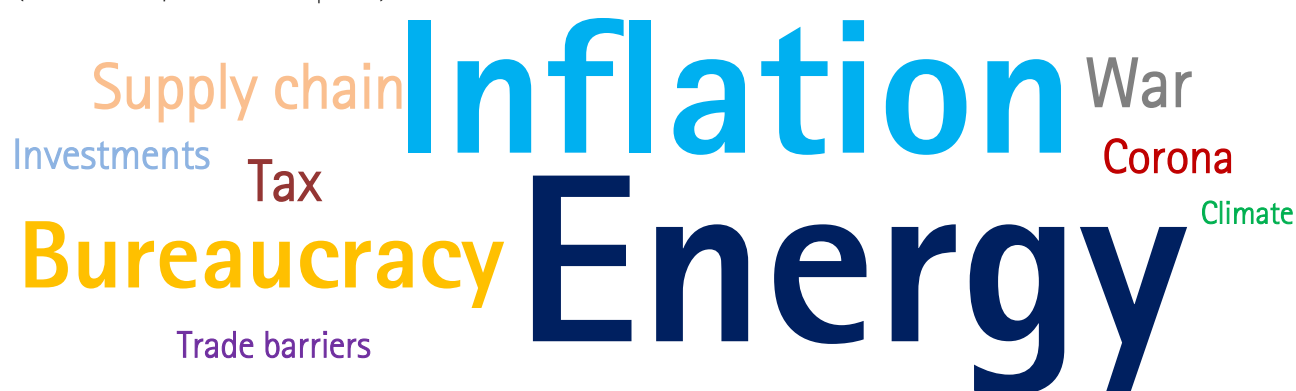
The risk of **labour costs** has also risen to a new all-time high, cited by half of the companies (51 per cent after 46 per cent in early summer). Here it is primarily service companies with below-average wage levels and a high demand for labour that name labour costs as a risk. Here the increase in the minimum wage is reflected – for example in the security industry (77 per cent), cleaning services (78 per cent) and health and social services (62 per cent). Skilled labour shortages and rising wages due to inflation compensation, however, make the risk of labour costs more virulent in the other sectors of the economy as well. In construction (54 per cent, up from 50 per cent) and industry (51 per cent, up from 43 per cent), companies' risk assessment has jumped sharply. And in trade, too, 49 per cent of companies now consider the risk of rising labour costs to be significant.

The **shortage of skilled workers** continues to be cited as a business risk by 56 per cent of companies. Despite declining employment intentions, the shortage of skilled workers remains the second largest business risk, even in the economic downturn. Particularly in view of the demographic development, the issue of skilled labour will remain one of the major structural challenges for companies in the future. Above all, the construction industry (70 per cent) and the service sectors with a particularly thin personnel cover, such as the security industry (73 per cent) or companies in the transport and warehousing sector (72 per cent), are struggling with the lack of personnel. The risk of a shortage of skilled workers has increased significantly among industrial companies that are already more affected by the demographically induced shortage of skilled workers, such as capital goods producers. Companies in the mechanical engineering sector (63 per cent, up from 53 per cent) and vehicle manufacturing (63 per cent, up from 52 per cent) face a significantly higher risk. In trade (48 per cent), on the other hand, the shortage of skilled workers is now only in fourth place among the risks for business expectations in the coming months.

The geopolitical situation, the inflation trend and the global economic development are causing the economic risks to skyrocket. More than half of all companies (52 percent) are again concerned about **domestic demand** (after 41 percent previously). This is also reflected in the strongly declining business expectations of the individual sectors. Trade in particular fears less domestic turnover (65 percent after 53 percent). In view of increasing cancellations of construction projects due to sharply rising construction costs and interest rates, the construction industry's view of the development of domestic demand in the coming months is particularly gloomy (53 percent after 37 percent previously). The assessment of industry is similarly serious. Here, 56 percent of the companies now see a decline in domestic demand as a risk to their business development, compared to 40 percent previously. The strong gloom and the high risk assessment is particularly pronounced among classic capital goods manufacturers such as machine tool builders. Here, 61 percent of the companies are increasingly concerned about a decline in domestic demand. In view of the sluggish global economy and the burden on many foreign markets with partly also rising energy costs as well as high inflation, more than one third of the industrial companies (37 percent) fear a decline in **foreign demand**, which also has a negative impact on export expectations. The reactions of the central banks in important currency areas and the associated effects on the exchange rates of the most important international key currencies also raise the exchange rate risk to a level not seen for a long time (eleven after previously six percent). Compared to past surveys, 46 percent of all companies name the **economic policy conditions** as a business risk (up from 44 percent previously). In particular, energy, inflation, bureaucracy, war and supply chain are named as risks.

#### Keywords most frequently mentioned by the companies when describing the economic risks

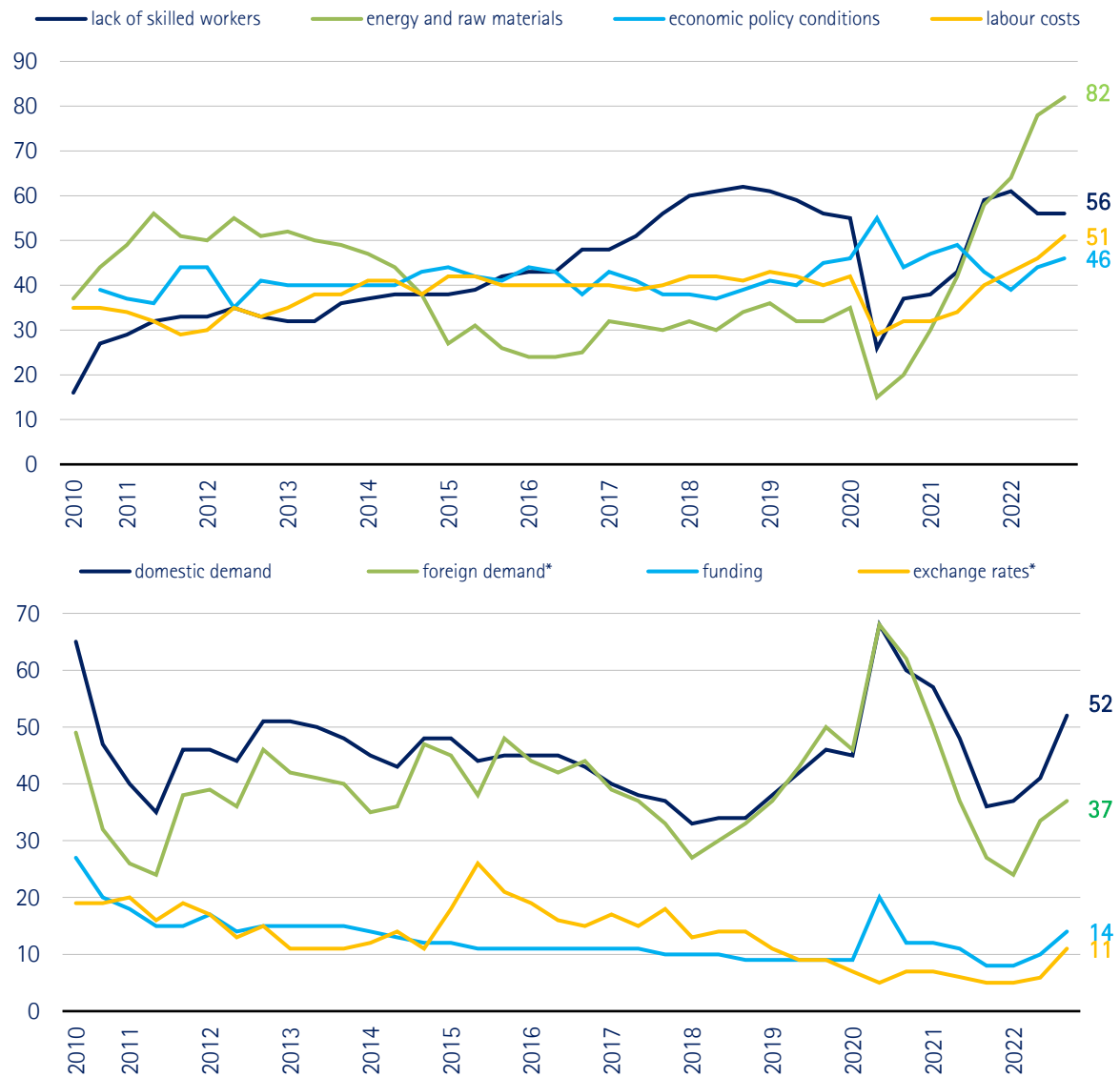
(Evaluation of 5,366 free text responses)



While in the previous surveys of the last few years the risk of more difficult access to **funding** for business activities only played a subordinate role, some service sectors now see themselves confronted with particular challenges in view of sharply rising energy prices and an increasing interest rate level. This is especially true for companies in the energy supply sector, 37 percent of which now see risks in financing, compared to 14 percent previously. But also in the real estate industry, 37 percent (previously 25 percent) are concerned about the financing of their projects. In the economy as a whole the risk assessment is more moderate at 14 percent.

## Business risks for the overall economy

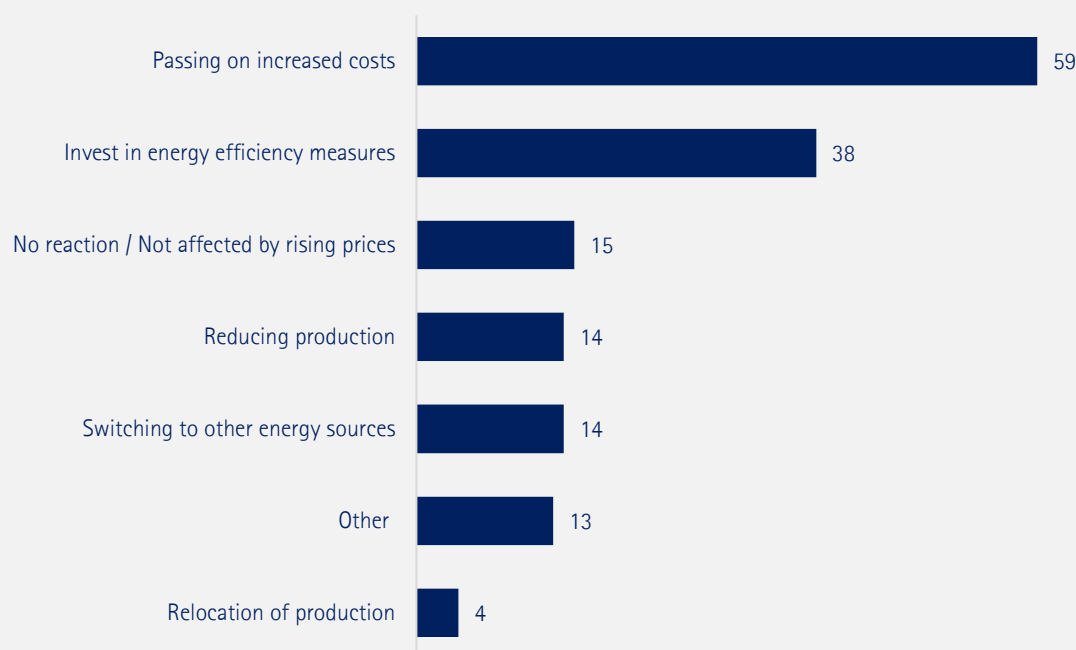
Percentage of responses; multiple responses possible; \*export industry



## How are companies responding to high electricity, gas and fuel prices?

Producer prices for energy increased by 132 percent in September 2022 compared to the same month last year. Since early summer 2021, energy and commodity prices have been the biggest business risk in the industry. The cost situation is becoming increasingly oppressive. Most recently, 82 percent of all companies and 93 percent of industrial companies cited this as a business risk. A preliminary analysis of the annual [DIHK Energy Turnaround Barometer](#) from July 2022 showed that 16 percent of industrial companies see themselves forced to react to the current energy situation by scaling back production or at least partially abandoning business areas. That is why the autumn business survey included a special question on how companies are reacting to the increased electricity, gas and fuel prices:

**How do you react to the high electricity, gas and fuel prices?** (Multiple answers possible, in percent)



Almost three out of five companies (59 percent) want to **pass on most of their increased energy costs to their customers**. Industrial and construction companies mention this most often (73 percent and 72 percent). This is somewhat less common for companies in trade or the service sector (58 percent and 50 percent).

**Investment in energy efficiency measures** is an option for just under two out of five (38 percent) companies. In industry, every second company names this as a response (50 percent). In the other sectors, however, it is only about a quarter to a third (trade: 37 percent; services: 32 percent; construction 27 percent).

Overall, 14 percent of the companies are switching to other energy sources. This is more often than average the case in industry, where more than one fifth (21 percent) of the companies want to **switch to other forms of energy**. In the other three sectors it is exactly every tenth company.

14 per cent of all enterprises react by **reducing their production or their offers**. The front-runner among the sectors is industry with 17 percent. In particular, energy-intensive intermediate goods manufacturers are cutting back their production, such as the chemical industry or companies in the glass, ceramics and stone processing industries (27 percent and 30 percent). However, individual manufacturers of consumer goods are also strongly affected, such as the food and animal feed industry (28 percent) or capital goods manufacturers such as producers of automotive parts and accessories (21 percent). In trade and among service providers, 14 and 13 percent respectively are reacting by reducing supply, with the hotel and restaurant industry standing out in particular (30 percent). In the construction industry, only ten percent are reducing.



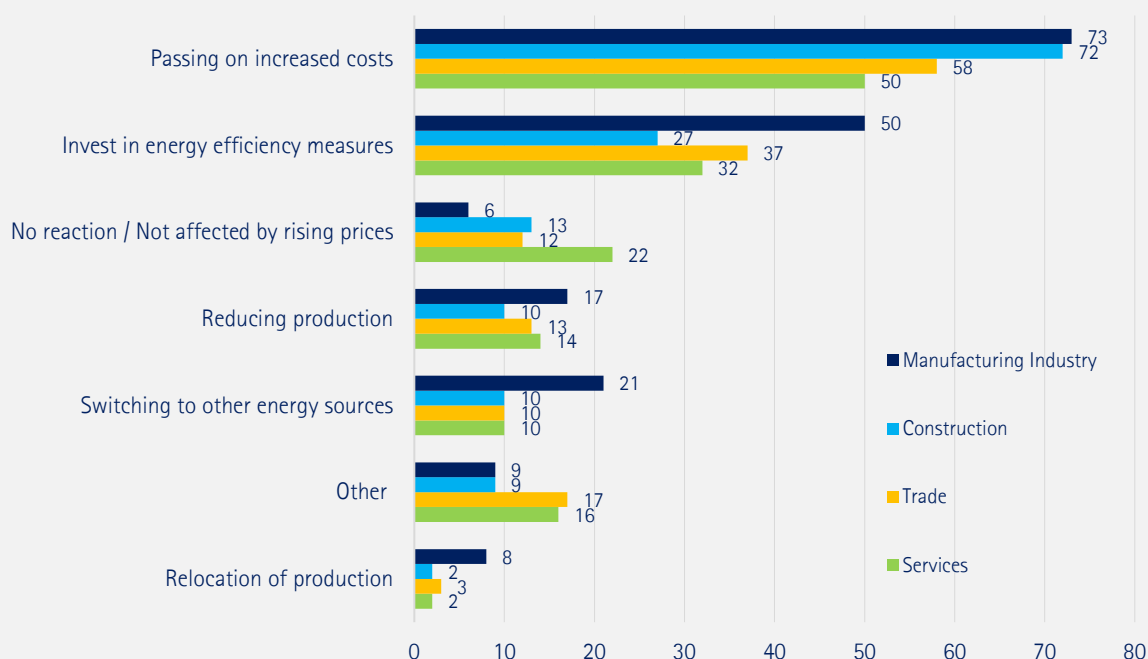
Somewhat every twelfth industrial company (eight per cent) wants to **relocate** its **production due to increased costs**. Companies from the motor vehicle manufacturing sector (17 per cent) are particularly often forced to do so. In the other sectors, there are significantly fewer, as relocation of production is often technically impossible (trade: three per cent, construction two per cent; services two per cent). Across all sectors, a total of four per cent of companies are therefore.

13 per cent of the companies react to the increased energy costs in **other** ways. They mentioned, for example, implementing energy-saving measures at the place of work (e.g. less heating, lighting), increased mobile working, reducing operating / business hours, making savings elsewhere or even closing down the company.

Only 15 percent of companies say they are not **affected by increased costs** or at least do **not react to the cost increase**. In the service sector, this is the case for every fifth (22 percent) company. The least frequent respondents are companies in industry (seven percent; trade: twelve percent; construction: 13 percent).

### How are companies reacting to the high electricity, gas and fuel prices?

(in percent, multiple answers are possible)



## Export expectations of industrial companies for the coming 12 months

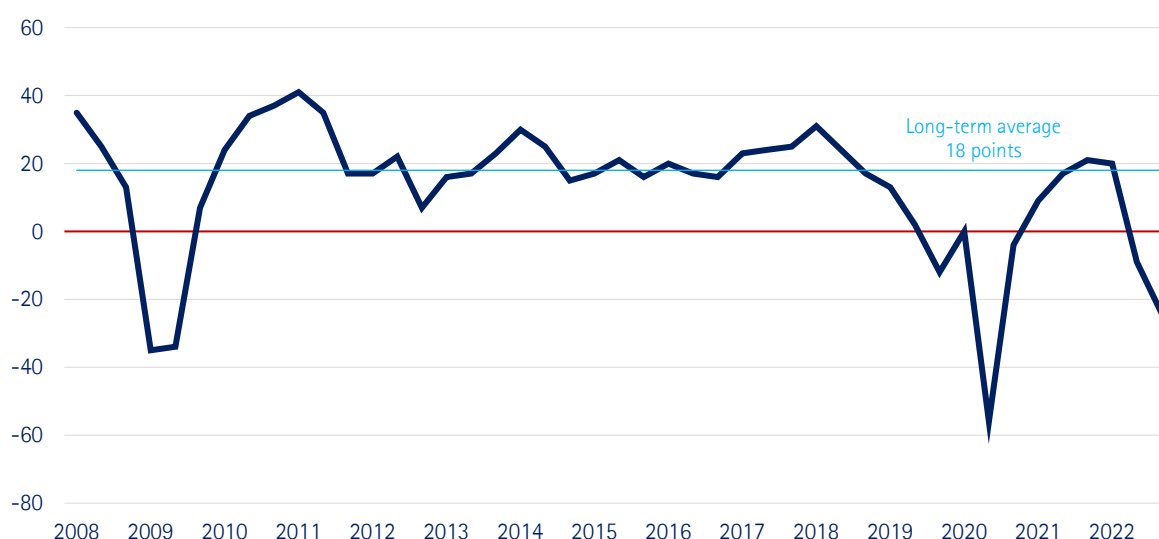
The global economy is clouding over. Reduced purchasing power due to high inflation rates and a tighter monetary policy in important sales markets – such as the USA and the Eurozone – as well as disruptions in global supply chains that have not yet been overcome are causing a further decline in the already negative export expectations of German industrial companies. Added to this are high energy prices, which in some cases force companies to cut back on production and lead to uncertainties about future energy supplies.

In view of the global economic dry spell, export expectations are falling for the third time in a row. Only 16 percent of companies expect exports to increase over the next twelve months, only a slight decline of two percentage points compared to the previous survey in early summer. The share of companies expecting exports to decline in the course of the next few months has risen significantly to 40 percent – after 29 percent in early summer. The balance of positive and negative export expectations deteriorated again compared to the previous survey to minus 24 points (after minus nine points before). Only during the Corona pandemic (balance minus 56 points) and the financial crisis (balance minus 35 points) were export expectations even more pessimistic.

The lower purchasing power and reduced propensity to invest in important sales markets of the German export industry is also reflected in concerns about weaker foreign demand: 37 percent of companies (early summer: 34 percent) see falling demand for products "Made in Germany" as a business risk.

In addition, the exchange rate risk now rises to eleven percent (early summer: six percent). The risk of fluctuating exchange rates has recently been assessed as less dominant compared to other risks: the average of the last four years is seven percent. The restrictive monetary policy of the central banks, such as the Fed, in response to the high inflation rates in the USA has led to a strong appreciation of the US dollar against the euro. The euro exchange rate fell at times to its lowest level since the currency was introduced in 2002. It is true that a low external value of the euro supports exports because it supports the price competitiveness of German products abroad. However, a high volatility of exchange rates is fraught with planning uncertainties for companies. It also makes imports more expensive, especially imports of energy raw materials, on which the export industry also depends, which ultimately exacerbates energy prices in particular.

### Export expectations of industrial enterprises – balance in points



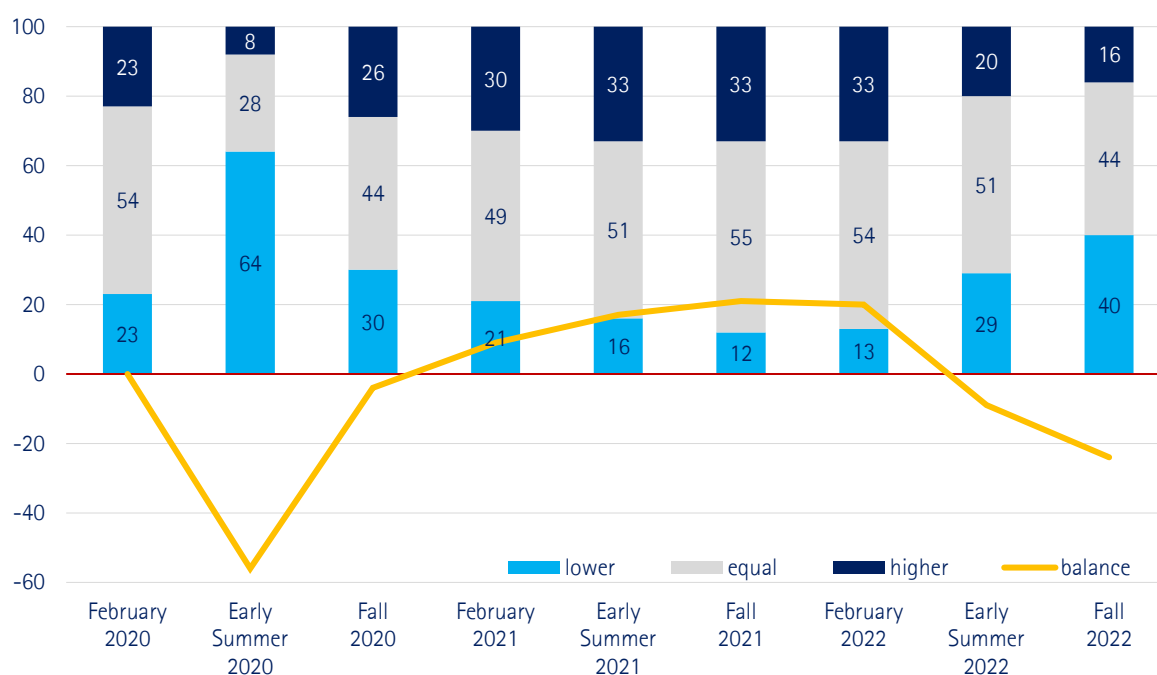
### Balance of higher reports minus lower reports in points

On balance, export expectations are negative in all main industrial groups. **Intermediate goods producers are the most pessimistic** about the development of their exports. Export expectations are below the industry average. Only one in ten firms (11 percent) expects exports to increase. On the other hand, more than four times as many companies (46 percent) expect their exports to be lower (balance of minus 35 points after minus 14 points previously). Companies in the metal production and processing sector are particularly pessimistic about their foreign business: only nine percent

expect an increase, 53 percent expect a decrease in their exports. The balance drops to minus 44 points (early summer: -27 points). Rubber and plastics manufacturers (balance of minus 38 points after minus 18 points previously) and companies in the chemical industry (balance of minus 29 points after minus 16 points previously) also significantly lower their expectations for international business. The energy-intensive basic materials industry is under particularly strong international competitive pressure with regard to energy costs.

The export expectations of **capital goods producers** have also clouded over considerably: 23 percent with positive expectations contrast with 33 percent with negative expectations (balance of minus ten points after minus three points previously). Both mechanical engineers (balance of minus twelve after previously minus two points) and electrical engineers (balance of minus six after previously two points) expect less dynamic foreign business. In contrast, export expectations in the automotive sector have brightened, even if the balance remains clearly in negative territory. Although gloomy economic forecasts for Europe and the USA, as well as bottlenecks in primary products that have not yet been overcome, have led to a predominantly negative view of foreign business in the automotive industry, the Chinese sales market seems to be less dynamic. However, the Chinese sales market seems to have recovered for the moment after the corona-induced lockdowns. Thus, the negative balance of the automotive parts and accessories producers triples to minus eight points (early summer: -26 points). The balance of positive and negative export expectations of motor vehicle manufacturers improved to minus seven points (early summer: minus 17 points).

### Export expectations of industrial companies - shares in percent, balance in points

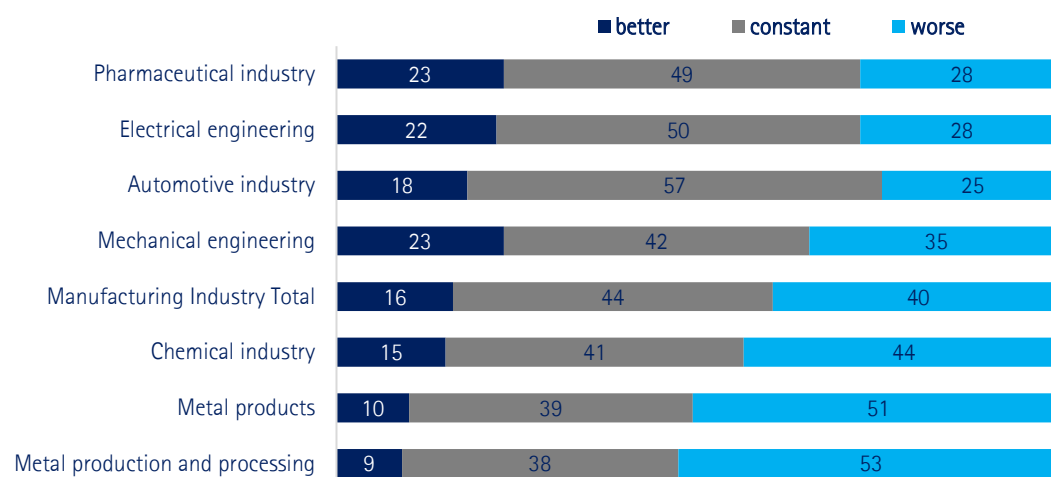


Among **producers of goods and consumer goods**, export expectations have also deteriorated again. Among them, 15 percent expect exports to increase and 36 percent to decrease in the coming twelve months (balance of minus 21 points after minus nine points previously). Expectations in the pharmaceutical industry have turned negative for the first time since early summer 2020 (balance of minus five points after four previously). Companies in the food and tobacco processing industry (balance of minus 15 after minus five points previously), the textile, clothing and leather industry (balance of minus 37 after minus three points previously) and the furniture industry (balance of minus 31 after minus nine points previously) also lower their expectations for foreign business, in some cases significantly. In these sectors, the decline in consumer sentiment in important sales markets is making itself felt.

A look at the company size categories also shows that expectations for foreign business are becoming gloomier across the board in the German economy. Small and medium-sized enterprises (SMEs) with up to 19 employees (balance of minus 35 after minus 20 points previously) and up to 199 employees (balance of minus 32 after minus 15 points previously) expect particularly large setbacks. Larger companies also lower their export expectations, but to a lesser extent compared to SMEs. Companies with up to 999 employees have predominantly negative expectations (balance of minus 13 after previously minus two points), while positive expectations still predominate among companies with more than 1,000 employees (balance of four points after previously 17 points).

### Export expectations for the coming 12 months in selected sectors

Shares in percent



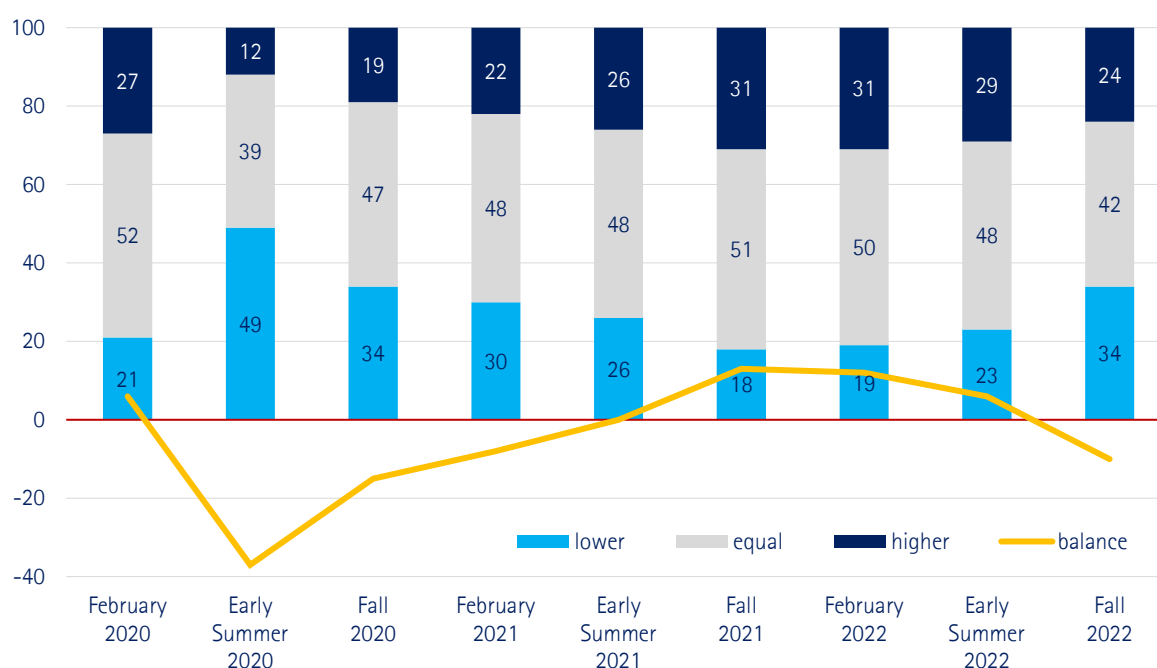


## Companies' investment intentions for the coming 12 months

The gloomy business expectations are clearly putting pressure on companies' investment plans. In view of the great uncertainty, a reliable basis for planning is often lacking and projects are put on hold for the time being. In addition, due to the high energy and raw material prices, many companies are looking for savings potential and are cutting investment budgets or even coming to the conclusion that certain investment projects are no longer worthwhile from a business perspective. 34 percent of the companies plan to reduce their capital expenditure in the next 12 months, 24 percent want to increase their investment budget. The resulting balance of positive and negative investment intentions in Germany has thus fallen to minus 10 points. Compared to the previous survey, this is a drop of 16 points. This is particularly dramatic because the backlog in equipment investment has still not been made up in the third year after the outbreak of the Corona pandemic: equipment investment by companies is still six percentage points below the pre-crisis level of 2019 (Q4)<sup>2</sup>.

The poor investment mood is evident across all sectors of the economy. The gloomier the business expectations, the more cautious companies are in their investment plans. This is particularly reflected in the **construction industry** - the sector with the most pessimistic outlook. Here the investment balance, which was already negative in early summer, fell from minus nine points to minus 28 points. While the order books are currently still full and the majority of construction companies (72 percent) are passing on the increased energy costs to their customers, many construction companies fear that orders will fall away in the future - for example, due to a decline in demand for construction services from industry or trade or due to the increased interest rates for construction loans in the private sector. The industry is therefore increasingly postponing its own investment projects in Germany.

### Investment intentions of companies - shares in percent, balance in points



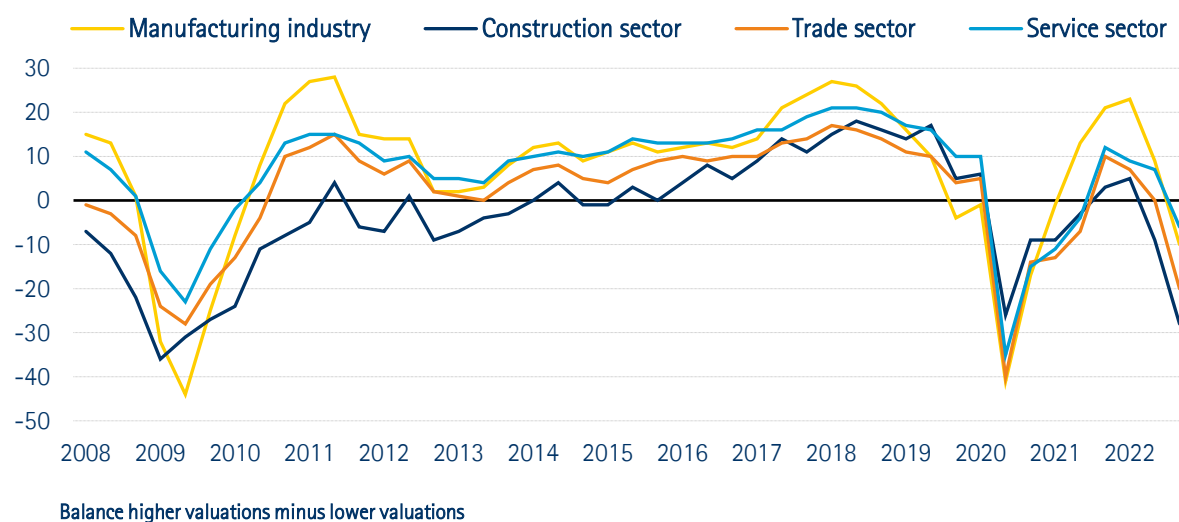
**Industrial companies** are also cutting back sharply on their investment plans (balance of minus 10 points after 9 points previously). Particularly cautious are the **producers of intermediate goods** (balance of minus 14 points after previously eleven points), which are particularly dependent on energy and raw materials and are currently under especially high cost pressure. Among the **capital goods producers** (balance of minus 5 points after previously 7 points), mechanical engineering in particular is cutting back its investments (balance of minus 7 points after previously 9 points). In contrast to all other branches of industry, investment plans in motor vehicle construction have brightened. This reflects the need to push ahead with the transformation process in the automotive industry despite the crisis and to invest in electromobility. The balance has risen by 13 to two points.

<sup>2</sup> Source: Federal Statistical Office, National Accounts August 2022, own calculation

**Retailers'** investment plans reflect the worsening business outlook and consumers' reluctance to spend as a result of higher prices. The balance falls to minus 20 points after 0 points in early summer. In the **motor vehicle trade**, almost every second company plans to curb its investment spending, with the balance falling to minus 24 points (after one point previously).

In a comparison of the economic sectors, **services are the** least affected by investment declines. But here, too, companies planning to invest less in the coming months (31 percent) outweigh those planning to expand investment (25 percent). The balance of investment intentions drops by 13 to minus six points. A warning signal is above all that the **knowledge-intensive service providers**, which play an important role for the future viability of Germany as a business location, want to cut their investments (balance of minus four after previously ten points). This already shows the spill-over effects of the worsened outlook for industry. **Research and development service providers are** particularly hard hit, with their investment balance dropping by 15 points to minus 9 points. Even the otherwise expansive **IT services** sector (minus two points after previously 17 points) shows a negative investment balance. This is all the more critical because no sustainable upswing can succeed without investment in digitalisation.

### Investment intentions of companies – balance in points



When looking at the **investment motives**, the companies' need for cost savings is strongly noticeable: Where investment is made, it is increasingly for **rationalisation** (33 percent after 31 percent previously). Especially in industry, this motive has once again gained in importance: Here 42 percent (after 41 percent before) of the companies intend to invest in the rationalisation of their production processes. In particular, measures to save energy play an important role. When asked how companies are reacting to the increased energy prices, 50 percent of industrial companies mention investments in energy efficiency.

**Capital replacement** continues to be the most frequently cited investment motive (64 percent after 65 percent previously). This also includes measures within the framework of the "fuel switch", which 21 percent of the industrial companies have initiated in the course of the energy crisis – for example, a switch from gas-fired plants to alternative energy sources such as oil and coal or the replacement of energy-consuming equipment with more efficient systems.

Companies are tending to prepare for a recession. 14 percent of all companies want to reduce their production or offerings due to energy prices. The motive of **capacity expansion**, i.e. the establishment and expansion of business locations in Germany, is therefore fading far into the background. While in the early summer of 2022 25 percent of companies were still planning to expand capacity, this autumn the figure is only 22 percent. The figure is thus well below the long-term average of 27 percent and at the level of the financial market crisis. In construction, only 15 percent plan to invest in capacity expansion.

**Innovation projects** are also increasingly being put on hold in many companies. Only 26 percent of companies say they want to invest in product innovation (down from 29 percent). Future-oriented investments to secure the competitive

situation in the long term are thus not being made for the time being. In industry, the motive is at its lowest point with 29 percent. Especially in the chemical industry, which is an important growth engine for many other industrial sectors, the motive is declining in importance. The share of companies that want to invest in product innovation in the next twelve months declines here by four percentage points to 33 percent. Only the automotive industry, which is not only suffering from the energy price crisis but also wants to complete the technology shift to electromobility, wants to significantly increase its investments in product innovation (46 percent after 40 points previously).

The motive of **environmental protection** for investments has gained slightly in importance compared to the previous survey at 29 percent. Although the high energy prices and the associated lack of a calculable and capital basis tie up investments in additional environmental protection measures and thus prevent greater leaps in this investment motive, companies have no doubts about the necessity of environmental and climate protection even in the current situation. This is especially true in industry, where the importance of environmental protection is 37 percent.

**Main motives for domestic investments** (in percent; multiple answers are possible, value of previous survey in brackets):

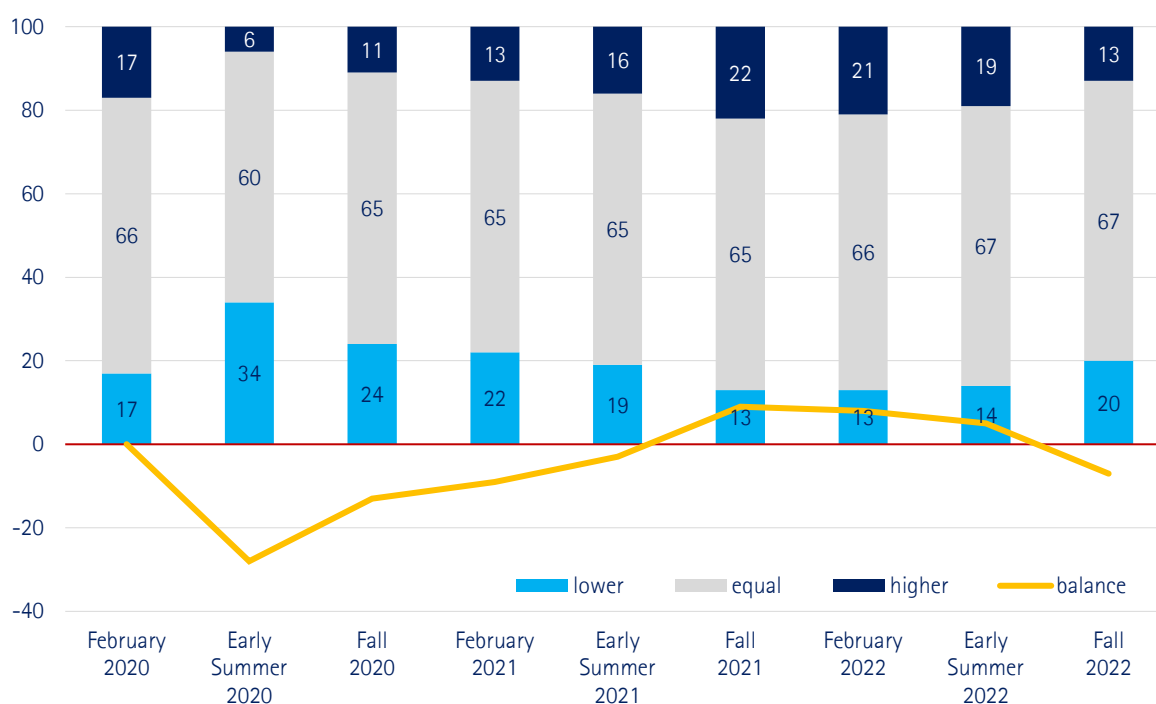
	Rationalisation	Product innovation	Capacity expansion	Environmental protection	Capital replacement
<b>Total economy</b>	33 (31)	26 (29)	22 (25)	29 (28)	64 (65)
<b>Manufacturing Industry</b>	42 (41)	29 (32)	28 (32)	37 (36)	62 (64)
<b>Construction</b>	25 (23)	17 (20)	15 (19)	24 (25)	78 (79)
<b>Trade</b>	31 (29)	23 (24)	20 (22)	25 (26)	61 (64)
<b>Services</b>	29 (26)	26 (29)	20 (23)	26 (24)	64 (64)

## Companies' employment intentions for the coming 12 months

The pessimistic business expectations are also reflected in the companies' employment plans. Fewer and fewer companies expect to increase staff numbers in the next twelve months (13 percent after 19 percent previously). On the other hand, about every fifth company (20 percent) has to plan for a lower number of employees in the future – in early summer, only 14 percent of the companies did so. As a result the balance of positive and negative employment intentions is reduced significantly by 12 points to minus seven points. Unlike in early summer 2022, the balance thus slips below the long-term average of zero points.

Meanwhile, all sectors of the German economy are cautious in their employment intentions. Almost across the board, companies expect to have to reduce their workforce in the next twelve months. In industry, only 15 per cent expect to employ more people, while 22 per cent expect to employ fewer, with the balance dropping by 15 points to minus seven. In the construction sector, even fewer firms (seven percent) expect an increase in staff than in industry, and almost a quarter (24 percent) expect fewer employees (the balance falls by 16 to minus 17 points). For traders and service providers, too, the signs are pointing to a reduction in staff numbers. After staffing plans had recently stabilised after the end of the pandemic restrictions, employment expectations are now slipping significantly into the negative : In the trade sector, only eight percent are planning expansively, 22 percent are restrictive (balance of minus 14 points after minus two points previously). In the service sector, 14 percent of the companies expect more employees despite fears of recession, one fifth (19 percent) expect a reduction (balance of minus five points after previously seven points).

### Companies' employment intentions – shares in percent, balance in points



In view of the energy price crisis, weakening domestic demand, declining export expectations and falling investment, the signs in **industry** are also pointing to restraint in terms of employment. The intermediate goods producers in particular are planning with fewer staff, as they will have to realign their long-term business orientation in the face of permanently high energy prices. The balance of employment expectations here falls by 19 to minus 12 points. In particular, the rubber and plastics industry (balance of minus 22 after previously 4 points), the glass, ceramics and stone processing industry (balance of minus 12 after previously 8 points) and the chemical industry (balance of minus 15 after previously 4 points) must expect smaller workforces. The manufacturers of goods and consumer goods also expect a significant reduction in their workforce (balance of minus 14 after three points previously). The employment intentions of furniture manufacturers have fallen particularly drastically by 35 points to minus 24. The developments



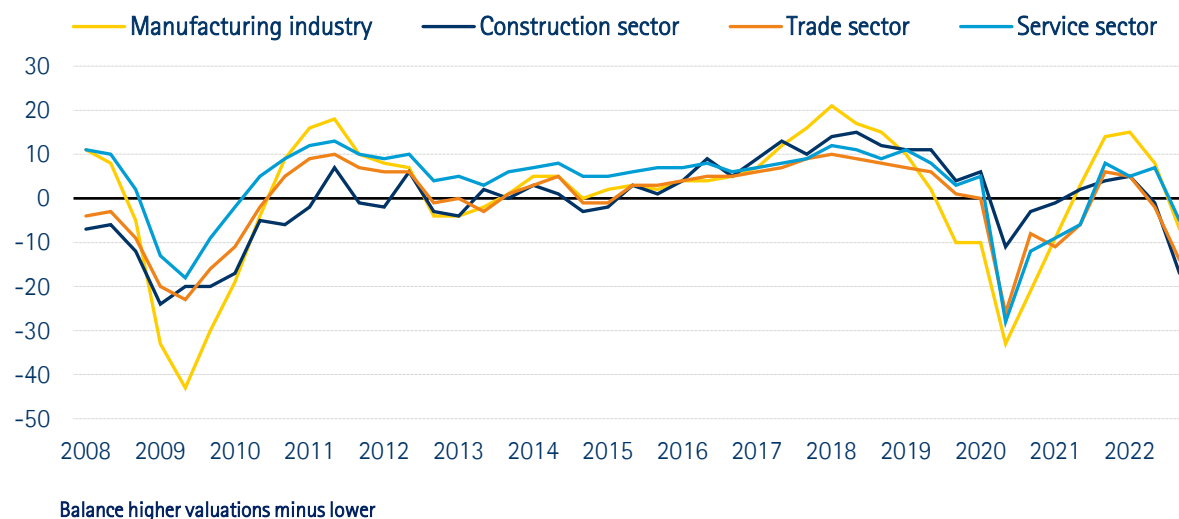
in the pharmaceutical industry are also striking. The high level of employment intentions from the early summer cooled noticeably, but the balance still remained in positive territory (2 after 26 points previously).

The employment expectations of capital goods manufacturers slump somewhat less. Here, both the business situation and investment intentions as well as business and export expectations are somewhat better than the industry average. This is also reflected in the employment plans. Expansive and restrictive companies almost balance each other out here (balance of two points after ten points previously). Despite the gloom, the outlook is still clearly positive for manufacturers of data processing equipment (balance of 13 after 21 points previously) or electrical equipment (balance of eight after 19 points previously). In the motor vehicle industry, on the other hand, the signs are clearly pointing to staff reductions, as in the previous survey (balance constant at minus 19 points).

Concerns about a drop in orders are also depressing employment expectations in the **construction industry**. Despite the current high demand for energy-efficient renovation of buildings and a continuing shortage of skilled workers in the construction sector, the downward trend in employment plans observed since the beginning of the year continues. In building construction the balance of employment intentions fell by 15 to minus 18 points, in civil engineering by eleven to minus twelve points and in the finishing trade by 18 to minus 16 points.

The pessimistic assessment of the business situation is putting pressure on employment plans in the **retail sector**. 22 percent of retailers plan to employ fewer people. This contrasts with just eight percent who expect higher employment. The balance drops by 16 to minus 14 points. With inflation, the risk of domestic demand in retailing also rises significantly to 65 percent and is no longer far from an all-time high (73 percent). Particularly in the retail sector, companies are confronted with a reduction in the number of employees on average. Not only a declining propensity to consume among consumers is weighing on staffing plans here, but labour costs are also seen as a risk in retail (business risk labour costs at 54 percent, an all-time high). Therefore, the balance of employment expectations drops to minus 17 points (after minus five points previously).

### Companies' employment intentions - balance in points



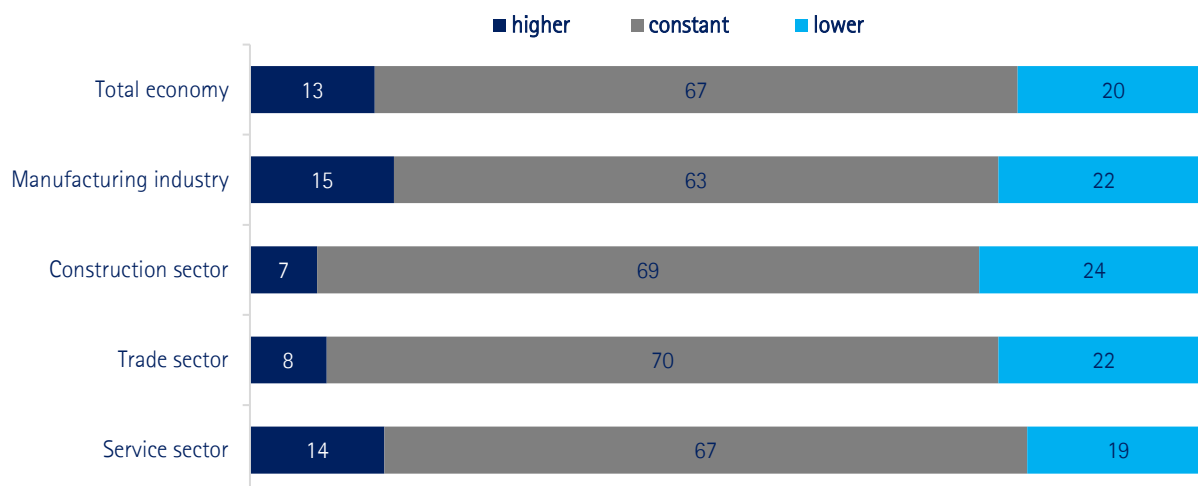
The pessimism in employment expectations does not stop at the **service sector**. However, due to the diversity of the sector, the developments are sometimes very different. In the consumer-related hotel and catering industry, which was hit hard by the pandemic measures, the expansion of the workforce is coming to a standstill again. Compared with the still hopeful early summer of 2022, establishments in the catering sector (balance of minus 21 after 5 points previously) and in the accommodation sector (balance of minus 12 after 8 points previously) are again expecting a decline in the number of employees. In addition to the gloomy business outlook, 63 per cent of the establishments in the hotel and restaurant industry are concerned about rising labour costs. In some regions, the minimum wage of twelve euros, which has been in force since the first of October, is likely to put additional pressure on labour costs. Among trade fair, exhibition and congress organisers, employment plans are also somewhat more restrained than in the previous survey, but overall the industry is still planning for a strong increase in personnel. Companies want to continue to fill their

staff gaps that were created during the pandemic. The balance of employment plans therefore remains positive (at 12 points after 30 points previously).

The negative business outlook in industry is also having a restraining effect on the employment plans of many business-related service providers. Particularly companies in research and development, which are heavily dependent on industry's investment in product innovation, are still planning a small increase in personnel, but are much more cautious in view of industry's restrictive investment plans (balance of two points after 26 points previously). Impending downturns also always have an early and clear impact on companies in the placement and supply of labour. For this sector the balance turns very clearly negative, to minus 20 points, after 19 points previously. At the same time, however, there are also sectors among the more business-related service providers that continue to expect an increase in personnel. Although the pessimistic business expectations in construction and industry also have a restraining effect there, overall companies with a digitalisation focus in particular still expect job growth: IT service providers (balance of 18 after previously 30 points) or programmers (balance of 21 after previously 20 points) expect rising employment. Despite the particularly tense situation in the construction industry, architecture and engineering firms are still planning a slight increase in staff (balance of seven after 18 points previously). The shortage of skilled workers in this sector plays a major role here, with 68 percent currently citing it as a risk (long-term average 53 percent).

### Employment intentions in the next 12 months by sector

Shares in percent



## DIHK forecast for economic development in Germany

### Use of gross domestic product (GDP) in Germany

Change from previous year, in percent, price-adjusted, chained

	2021	DIHK forecast 2022	DIHK forecast 2023
GDP	2.6%	1.2%	-3.0%
Private consumer spending	0.4%	4.0%	-2.5%
Government consumption expenditure	3.8%	4.3%	1.5%
Gross fixed capital formation	1.2%	-0.4%	-1.8%
- Equipment	3.5%	1.0%	-1.5%
- Other assets	1.0%	1.3%	0.0%
- Buildings	0.0%	-1.8%	-2.5%
Export (goods and services)	9.7%	0.7%	-2.0%
Import (goods and services)	9.0%	5.4%	1.0%
Employed persons (change in thousands)	+65	+500	-50
Consumer prices	3.1%	8.0%	8.0%