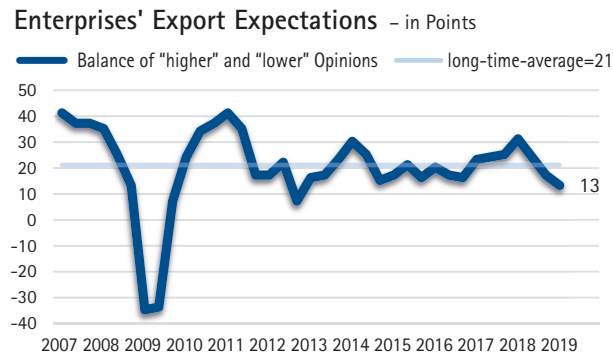
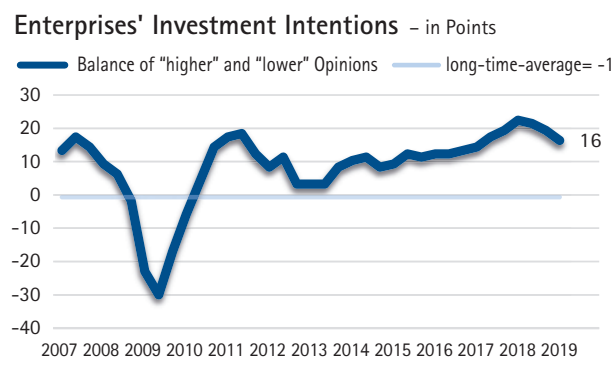


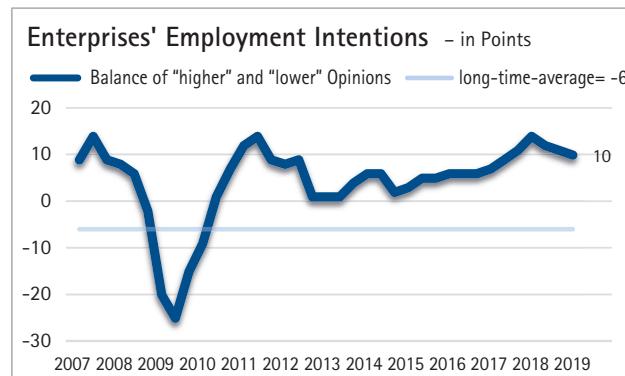
■ For the third time in succession, manufacturing industry's **export expectations** are declining significantly. The balance is now well below the long-term average and lower than at any time since 2012. The proportion of companies expecting poorer export business has doubled within a year. The external economic environment is increasingly harboring incalculable risks. The ongoing smoldering trade conflicts and the upcoming Brexit are major challenges for internationally active companies. Some stability emanates from the European Union and South-East Asia. However, additional impulses for foreign business are hardly to be expected at present.



■ The pace of **investment** is slowing to a significant extent. Growing demand concerns mean that fewer companies are expanding their investments than in the last survey. At the same time, the proportion of companies that are reducing their budgets is increasing. Industrial companies in particular are significantly reducing their investment intentions. An obstacle to enlargement may not least be the continuing shortage of skilled labor and increased concern about the development of labor costs. Environmental protection is becoming increasingly important when investing.



■ The **employment intentions** of enterprises have slightly declined for the third time in a row. This points to a slower pace, but not yet to a halt in employment growth. The recruitment intentions of manufacturing industry are falling particularly sharply, while service providers are even looking for more personnel. Especially in times when skilled workers are scarce, companies have a strategic interest in finding and retaining good personnel. However, from the point of view of companies, the development in labor costs is increasingly representing a risk.

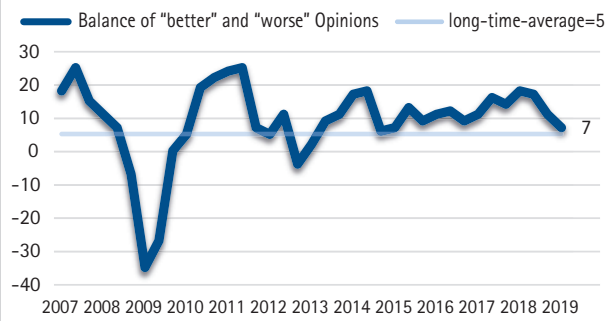


DIHK-Economic-Survey February 2019

Economy data at a glance

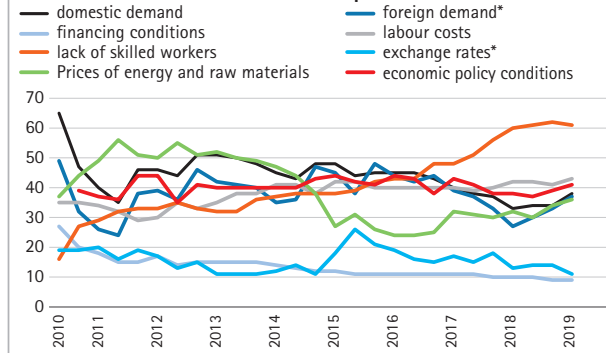
79 Chambers of Industry and Commerce ask,
approximately 27.000 Enterprises answer

Enterprises' Business Expectations – in Points



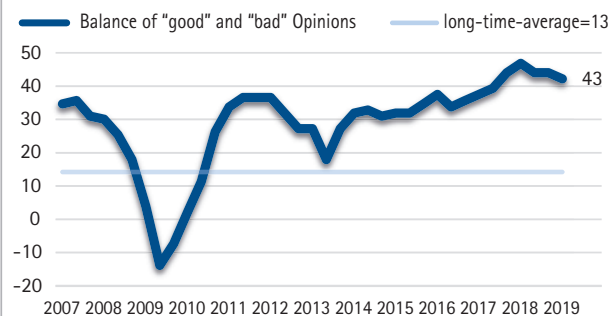
■ The outlook for companies is becoming gloomier. **Business expectations** are significantly worse in all sectors of the economy. Concerns about domestic and foreign demand are growing noticeably. The economic policy framework conditions are also increasingly becoming a risk factor from the point of view of companies. Global trade conflicts are slowing down business developments – especially in the manufacturing industry. Furthermore, companies see the need for a lot of catching up to do at home – for example in the areas of bureaucracy, taxes and digital infrastructure. At the same time, more companies than in the recent survey cite labor costs, energy and raw material prices as obstacles. The greatest risk remains the shortage of skilled workers.

Risks for the economic development – in percent, *export-industry



■ Companies are again rating their **business situation** worse than before, but still at a high level. Manufacturing industry is showing clearer signs of slowing down. Large and export-oriented companies in the manufacturing sector in particular are experiencing a slowdown in their business. On the other hand, the construction industry, as well as retailers and service providers, are reporting good business.

Assessment of the Situation – in Points



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
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
February 2019	38	37	9	43	61	11	36	41

Germany, changes on the previous year

in per cent, use of the gross domestic product (GDP), price-adjusted, chain-linked	2017	2018	DIHK-Forecast 2019
GDP	2.2	1.5	0.9
Final consumption expenditure of private households	1.8	1.0	1.2
Government final consumption expenditure	1.6	1.1	2.0
Gross fixed capital formation (GFCF)	2.9	3.0	2.0
GFCF in machinery and equipment	3.7	4.5	2.5
Other fixed assets	1.3	0.4	1.0
GFCF in construction	2.9	3.0	2.0
Exports	4.6	2.4	2.0
Imports	4.8	3.4	3.5
Unemployment (in millions)	2.53	2.34	2.2
Employment (change in thousand)	+627	+562	+430
Consumer price	1.8	1.9	1.6