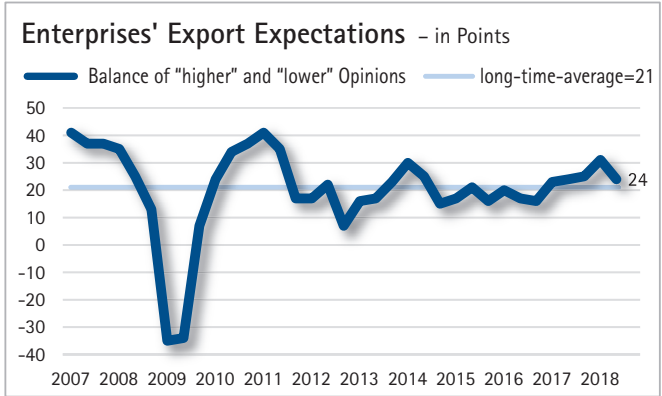
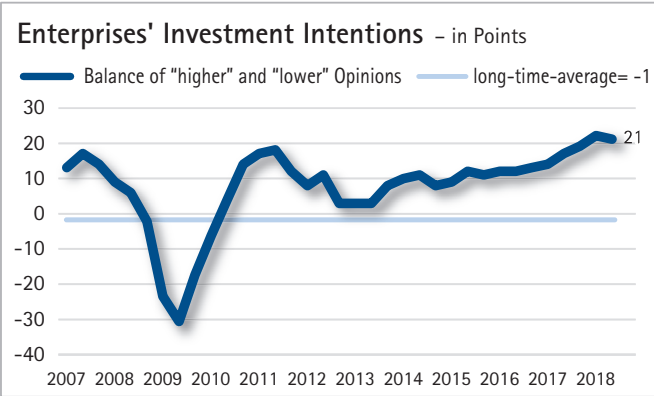


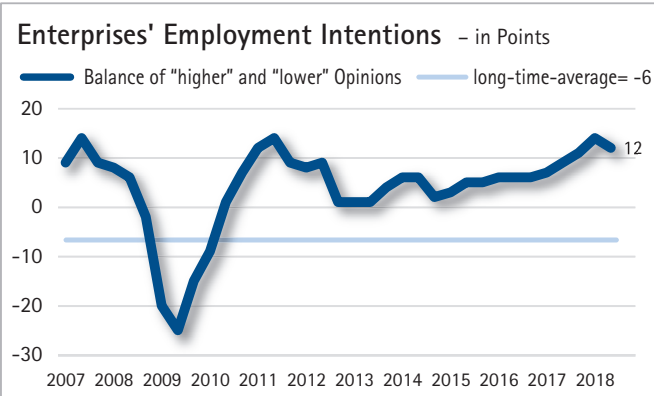
■ **Export expectations** are being dampened noticeably. The discussion about the future of world trade being marked by uncertainty is obviously making itself felt here. Fewer companies expect to be able to realize further growth under these conditions. And yet, the underlying signals are good in many important markets. The economic upturn in the euro zone and the USA is still intact, as well as in Southeast Asia and China – also driven by corporate tax reforms. Investments are as well acting as global growth drivers. This is in line with the fact that capital goods manufacturers are more optimistic than suppliers and consumer goods producers. Many emerging markets are benefiting from the rise in commodity prices. However, in addition to trade disputes, economic policy challenges remain with regard to Russia, Turkey and other markets.



■ The companies want to continue to invest heavily. Compared to the record value of the previous survey, **investment plans** are only declining slightly. In addition to replacement, capacity expansions and product innovations are the most important investment motives. Financing conditions remain favorable. At the same time, companies with high investments are feeling the shortage of skilled workers more and more strongly. In view of the continuing high demand, construction companies are more keen to invest than ever before.



■ After a four-year increase, the companies' **employment intentions** are declining slightly for the first time. Companies are adjusting to the slightly lower business expectations. Nevertheless, personnel planning remains expansionary across all industries. In the construction industry, contrary to the trend, employment intentions are even rising slightly again. The manufacturing industry remains employment-friendly too, but has still noticeably lowered the employment intentions. Overall, the growing shortage of skilled workers is proving to be an extremely limiting factor. Companies see labor costs as the second highest risk.



## DIHK-Economic-Survey Early Summer 2018

79 Chambers of Industry and Commerce ask, approximately 24,000 Enterprises answer

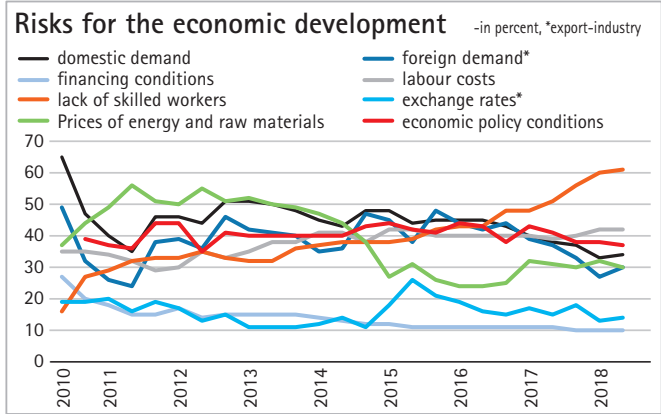
economy data at a glance



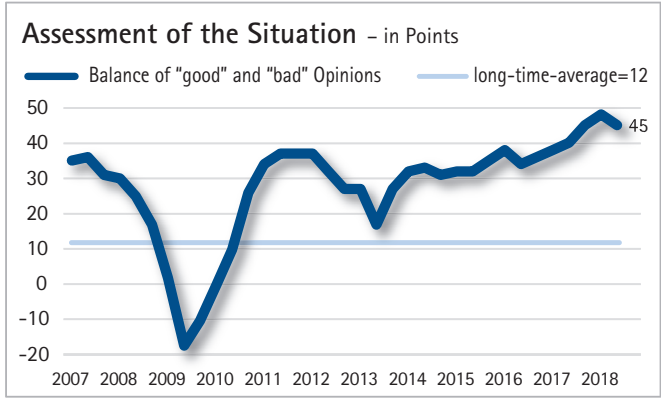


■ Companies are somewhat less optimistic about their **future business**. They are feeling the obstacles and risks: the greatest concern across all sectors is the shortage of skilled workers, followed by labor costs and the economic policy conditions. The companies mention the high bureaucratic burden, concerns about global politics and the tax system that is too complex and not investment-friendly. Regarding international business, skepticism is growing. Especially the manufacturing industry is no longer keeping up the high pace. Providers of corporate services are also feeling the effects. Retailers are likewise looking more cautiously into the future. By contrast, the construction sector continues to benefit from high demand, although bottlenecks are increasing.

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
Early Summer 2016	45	42	11	40	43	16	24	43
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



■ The German economy is still in good shape. The **situation assessment** is at the second highest value of the last 25 years. However, companies assess their business situation somewhat less positively than at the beginning of the year. The bottlenecks in the supply of skilled workers are also making themselves felt. The economy has recently returned to a more moderate growth level - this also applies to international markets. As a result, industrial companies and wholesalers rate their business situation somewhat less optimistic than before. In addition, the retailers and some service providers are feeling the recent somewhat calmer economic trend - they are also adjusting their assessments of the situation.



Germany, changes on the previous year			
in per cent, use of the gross domestic product (GDP), price-adjusted, chain-linked	2016	2017	DIHK-Forecast 2018
GDP	1.9	2.2	2.2
Final consumption expenditure of private households	2.1	1.8	1.5
Government final consumption expenditure	3.7	1.5	1.2
Gross fixed capital formation (GFCF)	3.1	3.3	4.5
GFCF in machinery and equipment	2.2	4.0	6.5
Other fixed assets	5.5	3.5	5.0
GFCF in construction	2.7	2.7	3.0
Exports	2.6	4.6	5.0
Imports	3.9	5.2	5.0
Unemployment (in millions)	2.69	2.53	2.37
Employment (change in thousand)	+569	+633	+550
Consumer price	0.5	1.8	1.7