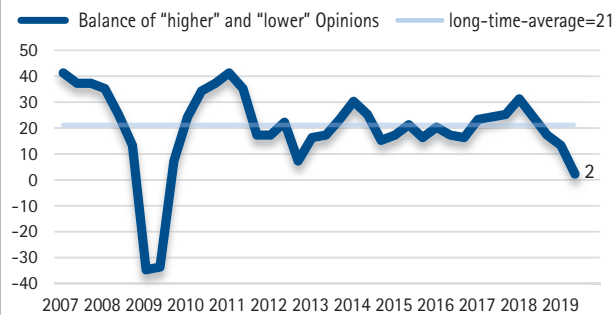


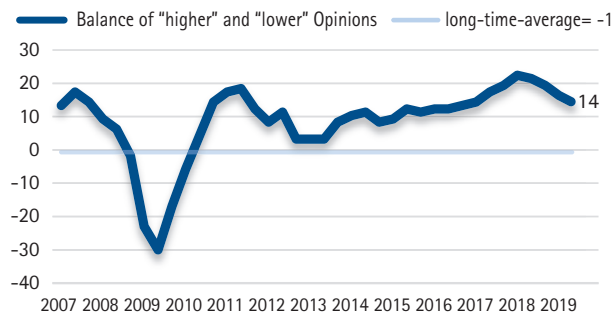
■ The **export** prospects for the industry are suffering a significant setback. The balance of export expectations has reached its lowest level since the global financial and economic crisis ten years ago. Growing protectionism in numerous markets, increasing trade conflicts and the Brexit are taking the wind out of the sails of the global economy – exporters are seeing this already in their business numbers. Companies have little confidence that the global economy will recover in the short term. Uncertainty about foreign demand is therefore rising significantly.

Enterprises' Export Expectations – in Points



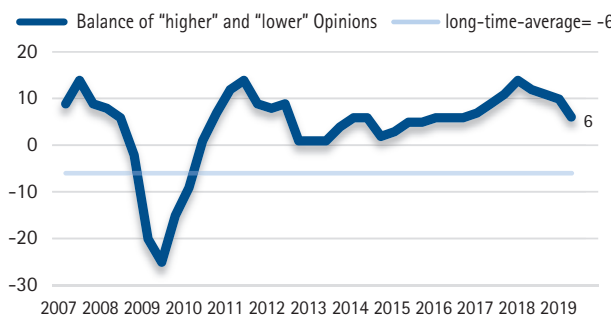
■ The propensity to **invest** is still above its long-term average. However, the deterioration in business expectations is also having an impact on investment budgets. Export-oriented industrial companies in particular are scaling back their investment plans. The trade sector is also slightly lowering its investment plans. Construction and service companies want to invest at a consistently high level. When considering the reasons for investment, the need for replacement continues to dominate.

Enterprises' Investment Intentions – in Points



■ The **employment** intentions of the companies are more restrained – despite the continuing shortage of skilled workers. In the industry sector in particular, the deterioration in the business environment is having an impact on companies' personnel plans. In the construction industry, recruitment plans remain high due to continued strong demand. The shortage of skilled personnel is lowering the dynamics of employment growth, particularly in the healthcare sector and in the IT sector.

Enterprises' Employment Intentions – in Points



Economy under pressure

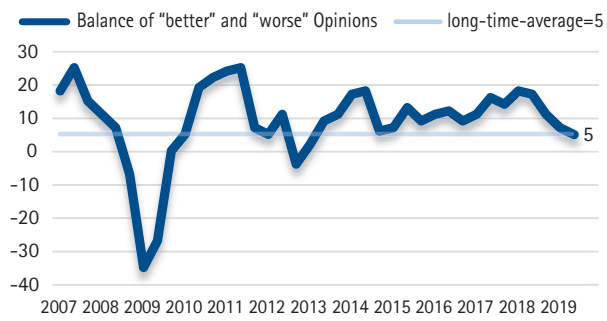
DIHK-Economic-Survey Early Summer 2019

79 Chambers of Industry and Commerce ask, approximately 25.000 Enterprises answer

DIHK

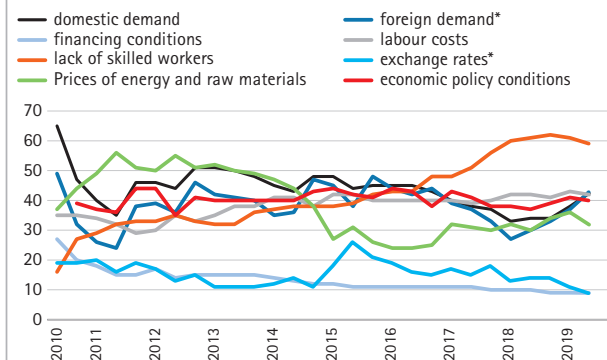
Deutscher Industrie- und Handelskammertag

Enterprises' Business Expectations – in Points



■ The **business expectations** of companies are declining for the fourth time in succession. Scepticism is growing, particularly in the industry sector, where its outlook is as low as it was since 2012. A certain stabilization is coming from the interior: the construction industry and trade are somewhat more optimistic than at the beginning of the year. Here there seems to be continued confidence in a stable domestic economic development. From the companies' point of view, the shortage of skilled workers remains the greatest risk for the company's development.

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

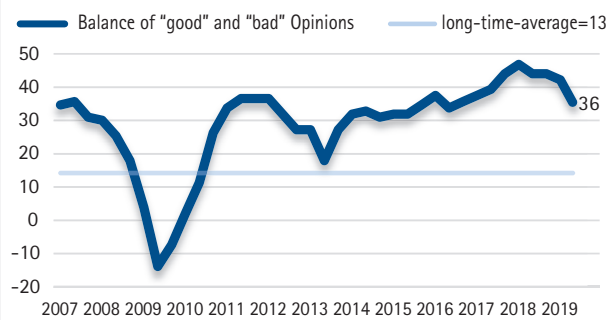


■ The **business situation** of German companies is noticeably worse than at the beginning of the year. The export-oriented industry in particular will have to cope with further setbacks. The slowdown in global trade is becoming increasingly apparent in weaker demand for industrial products. Service providers are also rating their business noticeably worse. By contrast, more domestically-oriented sectors such as construction and retail continue to feel comparatively solid business.

Risks for the economic development (in percent; * Manufacturing 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 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
Early Summer 2019	42	43	9	42	59	9	32	40

Assessment of the Situation – in Points



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	1.4	0.6
Final consumption expenditure of private households	1.8	1.1	1.3
Government final consumption expenditure	1.6	1.0	1.5
Gross fixed capital formation (GFCF)	2.9	2.6	2.2
GFCF in machinery and equipment	3.7	4.2	2.0
Other fixed assets	1.3	0.4	0.5
GFCF in construction	2.9	2.4	3.0
Exports	4.6	2.0	1.2
Imports	4.8	3.3	3.5
Employment (change in thousand)	+627	+572	+400
Consumer price	1.7	1.9	1.7