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Stunted growth coupled with somewhat lower inflation – the structural challenges remain

Germany may well see GDP contract to a marginal extent over the winter half-year 2022/2023, yet negative growth rates have not been as steep as feared last autumn. Moreover, the situation on the labour market does not correspond at all to the usual patterns observed during a recession.

Nevertheless, Germany has suffered welfare losses beyond what is indicated by the GDP metric. Even though energy and broader commodity prices have recently retreated significantly, the ratio of export to import prices has worsened for Germany, on balance. Such a terms-of-trade shock erodes prosperity.

These losses are increasingly making themselves manifest as a distributional conflict in wage negotiations. The prevailing labour shortage is spawning upward pressure on wages. Seriously elevated inflation rates and the real wage losses suffered in 2022 make workers' desire for compensation appear understandable; at the same time, the earned scope for redistribution and productivity growth are both very limited.

Meanwhile, inflation rates are falling in 2023, not least due to base effects. But broad-based inflation at the level of the core rate remains very stubborn. The ECB still needs to tighten its monetary-policy stance even in the wake of its March policy-rate hike.

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Stunted growth coupled with somewhat lower inflation – the structural challenges remain

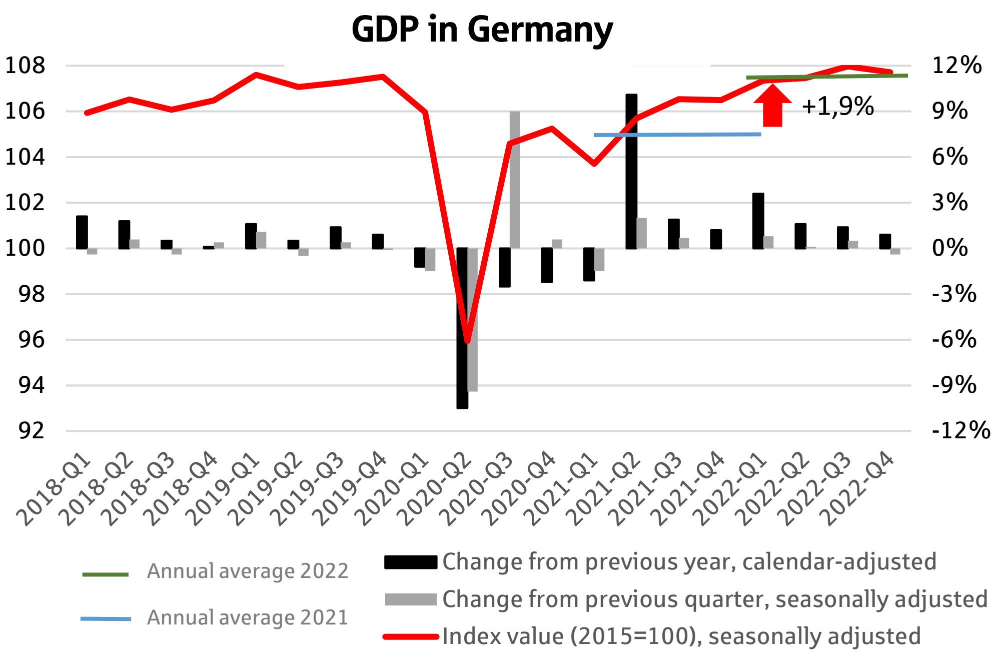
Starting the new year with growing optimism but little momentum

The growth prospects for 2023 are no longer nearly as bleak as they were thought to be last autumn. Germany has managed to get through the winter without a gas shortage, and many energy (and broader commodity) prices have eased a good deal in the meantime. Scenarios involving major slumps in aggregate economic output have been discarded. Instead, most recent annual forecasts for 2023 real German growth are now clustered around the zero line.

Differing figures for 2022 German GDP have been reported in recent weeks

But how exactly should the baseline inherited from the old year be categorised? In the first months of the new year, several different figures have already been reported in official accounting of Germany's gross domestic product for 2022. We would like to cast some light on this confusing picture: this time round, there were two publication dates for the official statistics - the "flash" estimate already in mid-January, soon followed by an initial revision. Both times, a reading adjusted for calendar variations and an unadjusted figure were published. According to the working-day-adjusted definition, which is the metric preferred especially in international comparisons, GDP growth came in 0.1 percentage points higher in each case. 2022 growth, adjusted for working-day effects, weighed in at 2.0 percent in the flash estimate, later revised to 1.9 percent. The headline (unadjusted) figures were first 1.9 percent and then 1.8 percent. The latter is therefore currently the most prominent number, and the one most frequently cited within Germany - at least until the next revision.

Such readjustments of official statistics are not unusual in view of the fact that early initial estimates have become customary in the interim. This is all the more true in times as turbulent as ours, as evidenced by the current series of major shocks. Yet early official guidance is certainly better than none at all, even if it is naturally more prone to revision.

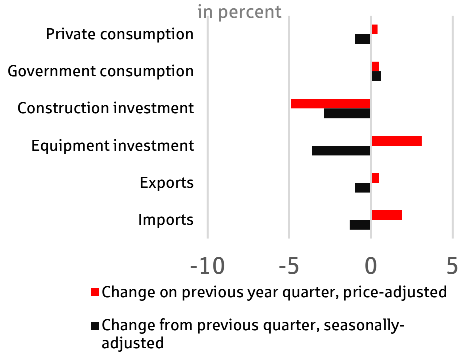


Source: Destatis

The final quarter of 2022 proved weaker than first reported; a technical recession in winter half-year 2022/2023 remains possible

Within the space of just a few weeks, furthermore, no fewer than three different official statistics for GDP growth have been published for the final quarter of 2022 on its own. No official quarterly figure for Q4 was released within the context of the initial estimate for the annual GDP outturn. However, the Federal Statistical Office (Destatis) made it unusually clear that it had, at the time, been expecting a zero-growth scenario for the final quarter of the year. The subsequent, separately published, quarterly figure transformed this into a negative growth rate (-0.2 percent), before a somewhat more definitive rate of change of -0.4 percent was reported at the end of February for seasonally-adjusted quarterly growth relative to the third quarter.

Expenditure-side components of GDP in the fourth quarter of 2022



Source: Destatis

The growth statue has therefore crumbled away somewhat, with Q4 growth not turning out to be quite as robust as originally assumed. What is more, the now lower outcome for the final quarter also has implications for the growth baseline for 2023: the new year will no longer inherit a slightly positive statistical growth overhang, but rather a growth underhang of just below zero.

The worst performance logged in the final quarter of 2022 in the breakdown according to expenditure-side components of GDP was by construction investment, which turns out to have declined significantly in both year-on-year and quarter-on-quarter terms. Private consumption has also lost momentum of late, the reason for this certainly being rampant inflation, which is greedily eating away at purchasing power.

GDP growth of a magnitude around or below zero is likewise looming for the opening quarter of 2023. The already available monthly indicators, which are reported at a more timely frequency than GDP data, provide a mixed picture. Incoming orders and retail sales in January were on the weak side, whereas production was improved compared to December 2022, but still well below the year-earlier level. In contrast, Germany's merchandise exports made a favourable showing in January. The truck toll mileage index, for which February figures are already available, also points to higher activity in the early stages of the new year.

Bundesbank and Council of Economic Experts are assuming that the German economy was in a "technical" recession

In its Monthly Report for March, Deutsche Bundesbank, for example, is nevertheless anticipating another marginal contraction in GDP over the entire quarter. If the growth figure for the opening quarter of 2023 is indeed negative, then the mathematical condition for the standard definition of a "technical recession" (two consecutive quarters of negative growth) would be fulfilled. However, these rather hair-splitting number games - slightly above zero?, slightly below zero? - should not be over-interpreted. The Council of Economic Experts in its most recent forecast from 22nd March has a yearly figure of 0.2 percent, which leaves room for a winter-recession as well.

That the production level has been maintained over the winter of 2022/2023 is good news for the business cycle

Measured in terms of what the German economy was threatened with during the multiple crisis concatenation involving pandemic, war and inflation, the current situation is still good news, even if the economy does indeed dip slightly into negative territory for two quarters.

Equally pleasingly, the situation does not feel akin to a recession at all in certain quarters.

Sentiment indicators have improved for several months in a row. And the labour-market constellation is not reflecting a recession scenario in the least; indeed, the situation on the German job market must be described as, at least, robust, if not overheated. A shortage of skilled workers and, by now, a general shortage of labour, extending to unskilled workers as well, along with rising wage pressure, are the factors characterising the picture, not a cyclical rise in unemployment.

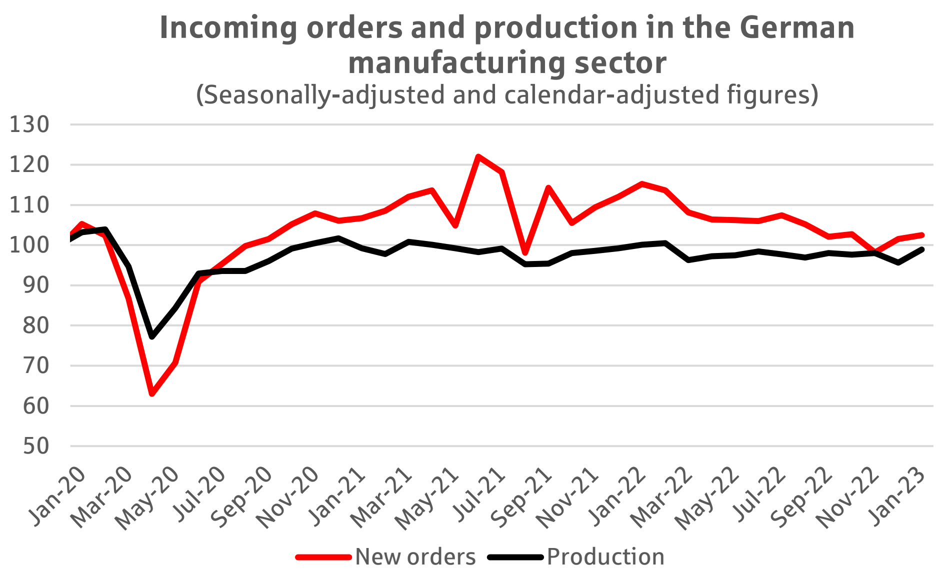
Capacities are difficult to measure - but are apparently well utilised at the present juncture

What also testifies against the situation being qualitatively classified as a recession is the fact that macroeconomic capacity utilisation is not, for the most part, weak. On the contrary, supply bottlenecks still prevail, although these are gradually being overcome in more and more sectors. In other sectors, however, they are structurally persistent: availability periods in many craft and trade segments, for example, remain very long despite the slump in new construction. Persistently high overall price dynamics bear witness to the fact that aggregate economic demand is not too low.

An “industrial recession", yes, but not a general lack of demand

Manufacturing and especially construction are currently the sectors showing weakness

In the industrial sector, the picture is being painted in somewhat more subdued colours. Incoming orders, which remained at a very high level through to last summer, have meanwhile shifted back into line with the downward-sloping production trend. A "recession" can certainly be diagnosed for the manufacturing sector in Germany, if one wishes to employ this term borrowed from macroeconomics to gauge the development in a single sub-sector of the economy, albeit a very important one. In the case of the German manufacturing industry, however, there do not seem to be only cyclical causes for the contraction; it is rather that the downward trend in industrial production has already been in place since 2019. This medium-term trend implies that structural forces are in play here - forces which are certainly easy to identify for energy-intensive sub-sectors in the recent phase.



Source: Destatis

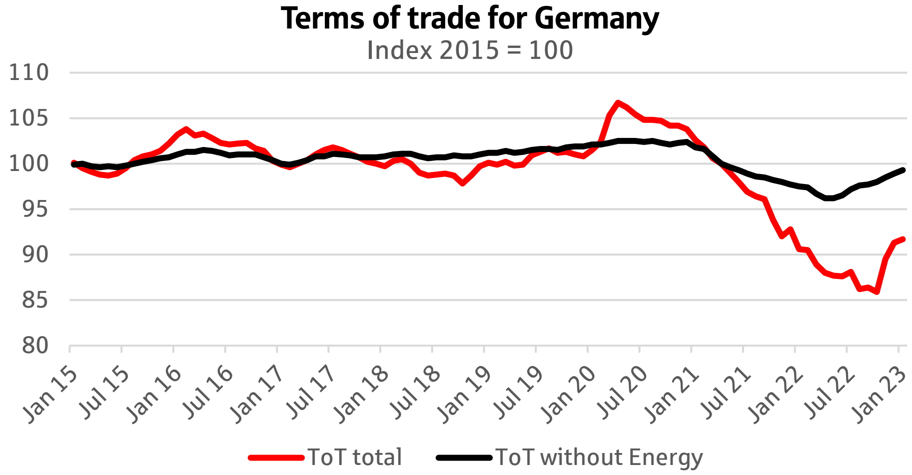
But quite apart from these structural shifts in the sectoral mix, and even though there are many indications which suggest that the development is not being driven by a lack of demand, the relationship between demand and supply potential cannot be precisely quantified at the present point in time. Even in more normal times, these terms are abstract constructs which are difficult to quantify and hard to put concrete flesh upon. This applies all the more in the aftermath of the string of major shocks which we have experienced in recent years. If truth be told, nobody knows the exact extent of macroeconomic capacities nor the exact path of potential output. To make matters more complicated still, a not inconsiderable part of the capital stock has been devalued, or has indeed become obsolete, in the face of structural challenges and altered production structures. This is the case already, or certainly will be only a few years from now at the latest, for a lignite open-cast excavator, for example, as well as for factories geared to the production of vehicles with combustion engines. Even if such machines may still be technically functional for years to come, considerable extraordinary write-offs on the capital stock will nonetheless need to be made.

Stable GDP and fully utilised capacities overstate Germany's current level of prosperity

As pleasing as the now stabilised GDP situation and the high level of capacity utilisation are for the economic situation, it nevertheless needs to be borne in mind that Germany as a nation has become poorer and that most citizens are also feeling this pinch in their wallets.

Price shifts are reducing German purchasing power

Germany has suffered a very sizeable negative terms-of-trade effect: more specifically, the relative exchange value of our export goods has eroded because the imports Germany requires have become substantially more expensive. The latter holds especially true for energy commodities. There has, admittedly, been a strong countermovement in energy quotations recently, meaning that the terms-of-trade shock is nowhere near as strong as it was last autumn. But this shock is still reverberating on the bottom line.



Source: Deutsche Bundesbank

The GDP deflator usually used to compute the "real" gross domestic product provides a correction by capturing the effect of price changes on total domestic value added.

GDP measures production, not the scope for consumption

Once price-adjusted, "real" GDP then correctly measures the volume of goods produced. Yet price-deflated exports from the production side are not relevant to domestic consumption; instead, foreign-produced imports consumed domestically as consumer or intermediate goods are added into the equation. And, as is well known, the highest price increases recorded over the past year have been concentrated on the import front. Reported real GDP thus overstates the trend in prosperity relevant for the domestic economy under a scenario in which the terms of trade are deteriorating.

On an adjusted basis, 2022 growth is wiped out completely,

Calculations that attempt to quantify the effect of a shift in the ToT as an additional correction, besides GDP deflator-based deflation, in order to yield a plausible consumption-based "real" GDP rate conclude that an additional wealth loss of 2.0 percent[1] needs to be taken into account for 2022 alone. That is more than the reported growth rate in its entirety, and significantly upends the "nominal" picture implied by a GDP rate of 1.8 percent. Using such a "double-real" GDP deflator, no recovery at all was witnessed in 2022, and the cruel truth is that the Federal Republic has not yet got back to its pre-coronavirus level of prosperity.

Looking at the statistics from this angle highlights what distributional conflicts thus exist in Germany. Workers and consumers have so far been experienced the effect concerned as a loss of purchasing power.

There is no "right" wage policy to cope with this situation

The Federal Statistical Office has worked out in the interim that nominal collectively agreed wages in Germany ("agreed earnings") rose by 2.2 percent in 2022 in the economy as a whole. One-off special payments played a major role in the 2022 wage round - quite understandably in view of the uncertain and difficult-to-predict future prospects. Stripping out special payments, the increase in agreed earnings amounts to only 1.4 percent. In actual fact, nominal wage increases were higher (because of the special payments, but also because of non-tariff payments reflecting the scarcity situation on the labour market), working out at as high as 3.5 percent. This was, in fact, the most pronounced nominal wage increase we have witnessed in Germany since 2008.

But even this did not, of course, even come close to compensating employees for the much higher rates of price increases. Factoring in the rate of change for CPI, real wages, in fact, fell by a fairly dramatic 3.1 percent.

Wage determination is facing a dilemma – the classical rules are hardly applicable at present

Wage-setting is currently caught on the horns of a decided dilemma: on the one hand, currently towering inflation rates are provoking justified calls for compensation; on the other hand, however, the price increases have not

[1] Cf. for example Nierhaus, Wolfgang: Realwert des Bruttoinlandsprodukts und Terms of Trade: Ergebnisse für das Jahr 2022 (Real Value of Gross Domestic Product and Terms of Trade: Results for 2022), in: ifo Schnelldienst, 2/2023, 76th year, 47-53.

boosted companies' profit margins at all in many cases, having been fuelled instead by more expensive intermediate inputs and imports. Productivity growth is currently at an extremely low ebb.

Inferring from this, the mathematical scope for redistribution to workers in the current pay round would be correspondingly small. On the other hand, the full employment situation and the supply-side scarcity scenario on the labour market put employees in a good bargaining position. Market mechanisms would imply even higher real wages.

A distributional conflict thus prevails: the big question is which factors of production and which income categories have to bear which share of the loss of prosperity suffered by the country as a whole.

In contrast to the wage settlements reached in 2022, which remained quite moderate, the current negotiations and collective-bargaining disputes are working up far stronger momentum and are revealing a greater tendency towards confrontation. We are seeing significantly higher wage demands as well as a slew of warning strikes. There is accordingly a danger of wage-price spirals being set in motion.

Inflation is not only high, but also very much a moving target from a measurement point of view

Quantitively, Destatis' base-year changeover shifts the inflation picture quite clearly…

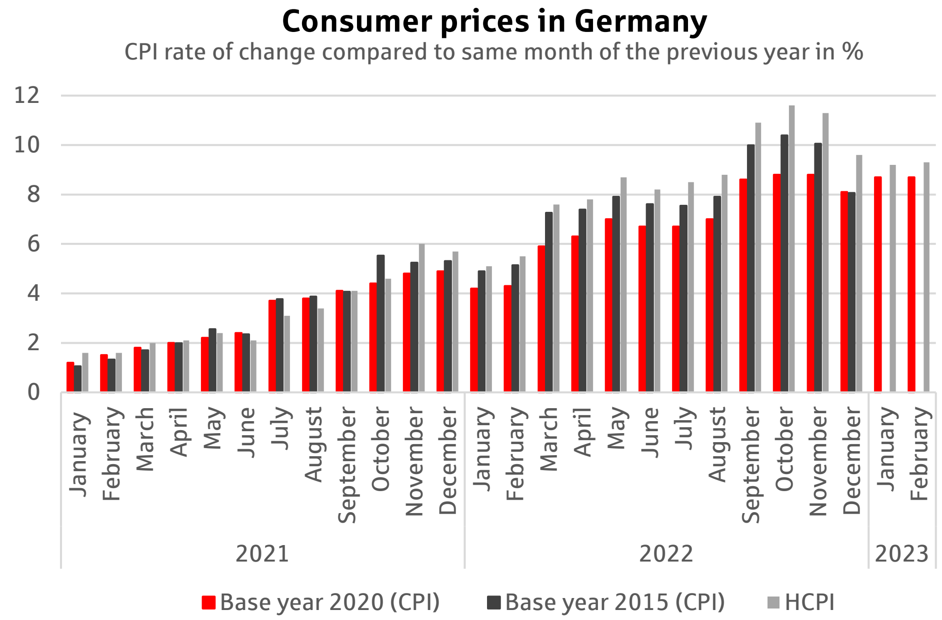
Guidance about how high the inflation rate is (the inflation rate which will presumably need to be compensated for in wage settlements) is proving difficult to achieve. The statistics are currently somewhat confusing. Suddenly, new estimates are showing lower inflation rates for 2022; there is no longer any mention of what were, at times, reported to be double-digit rates of change. This may seem strange to some, but it has a readily explicable technical background: Germany's Federal Statistical Office (Destatis) undertook a revision of the German consumer price index in February of this year, changing the base year for its weighting methodology from 2015 to 2020. Such a rebasing is, at bottom, a purely routine procedure and takes place regularly, about every five years.

However, the current revision process happens to have coincided with a phase of record-high inflation, and the change resulting from such rebasing has likewise proved to be exceptionally sizeable. This can be explained by the fact that the consumption habits that have a decisive impact on the weighting methodology have altered to a particularly marked extent this time round. The new base year of 2020 just happens to be precisely the year in which the greatest shocks were recorded. Aware of this peculiarity, the Federal Statistical Office has, for once, not only based its calculations on one single year, but has also included 2019 and 2021 in the base period. Yet even this longer base period was anything but normal. At least in part, the new indexation scheme is based on lockdown situations.

…but qualitatively the message remains the same

As a result, the rates of increase for German consumer prices now appear lower on the basis of the new basket of goods and services. The rate of increase for the year as a whole is now put at 6.9 percent, instead of 7.9 percent under the old definition. And the inflation peaks involving double-digit rates of change in the months from September to

November 2022 get pushed down to below the ten-percent mark under the new methodology.



Source: Destatis

In addition, from December 2022 through January and February right through to March 2023, there has been quite a bit of toing and froing with regard to the accounting of state interventions in the energy-price market. The December bill was picked up by the state on a one-off basis, which duly had a dampening effect on prices. Then came the rebound in January. From March onwards, the longer-acting energy-price brake will be taking effect.

The HICP is currently providing a steadier time series than the national consumer-price index

The EU-harmonised inflation time series known as the Harmonised Index of Consumer Prices (HICP) plots the development in a somewhat steadier manner, less affected by the recent volatility deriving from government policy measures. The HICP is based on a slightly different methodology than the national consumer-price index calculated by Destatis. In keeping with this, we have included the corresponding HICP rate of change in the above chart displaying the trend in national CPI according to the old 2015 base year and new 2020 base year. As can be seen, the HICP time series continues to show annual inflation rates in the double digits over the autumn of 2022 - indeed, these are even a tad higher than under the old CPI methodology. As a further source of confusion, energy-price volatility is even running in countervailing directions in the two indices: this is due to the fact that readjusting the weightings underlying the two index methodologies using different cut-off dates has resulted in readings moving in exactly the opposite direction.

At the moment, there is much to be said for tending to prefer the HICP when it is a question of assessing the strength of inflation dynamics. The CPI, which - although widely observed - is only used in Germany, is currently losing some of its popularity. For the ECB's monetary policy, the HICP is the relevant measure in any case, the definition there, of course, being for the currency area as a whole rather than for individual countries. Yet recent developments at the pan-eurozone level have not recently been so different from those in Germany anyway.

But no matter which definition is used or what details are plugged in, and regardless of whether the old or the new weighting scheme is applied: inflation rates remain clearly too high wherever one looks!

Headline inflation rates are poised to decline in the coming months due to base effects

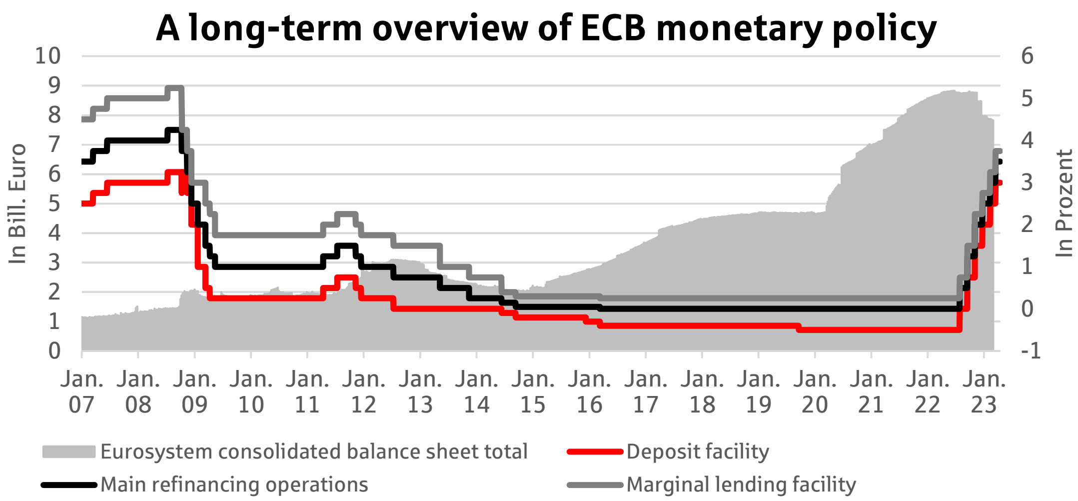
It is true that headline rates of inflation are destined to decline in the coming months: this will be ensured by the base effects stemming from the explosion in energy prices a year ago after the start of Russia's war of aggression against Ukraine. But the problem is that inflation is now seeping further into the broad range of goods. Core rates remain stubbornly high.

In the meantime, for example, the upside pressure on prices is also high in the services domain. And this trend is likely to become even more entrenched given the upward pressure on wages delineated above.

The ECB carried through on its February interest rate "double decision" at the March Governing Council meeting

In the light of such unruly inflation, it was absolutely right and necessary for the European Central Bank to continue on its rate-hiking path. Team Lagarde most recently raised the ECB key policy rates, by another 50 basis points, on 16th March. Such a move had not been a surprise since as long ago as the beginning of February, for the ECB already as good as telegraphed a further 50bp rate hike ("intends to raise interest rates…") when ratcheting the three key policy rates up by 50 basis points at the 2nd February Governing Council meeting.

This was a highly unusual way of proceeding - already committing, in de facto terms, to a double step in February. Up until then, the ECB's mantra had always been had "We never precommit." This time, however, it did.



Source: Destatis

Formally, it would certainly have been possible for Ms. Lagarde and her colleagues to deviate from the (very strong) signal they had sent out in early February; theoretically speaking, the decision adopted at each meeting is independent, and driven by current data developments. Here, however, the ECB had already tied itself, Odysseus-like, to the mast of self-commitment to as great an extent as possible.

The ECB interest-rate step recently implemented temporarily normalised yields on long maturities as well...

Capital and money markets were the principal addressees of this double decision. In January, like in last November, capital-market yields on longer-dated maturities were very low, which no longer appeared to fit in properly with the key interest rate architecture. It seemed as though further rate hikes had not been priced in, even though inflationary pressures made them look inevitable. This has only changed in the wake of the interest-rate steps which the ECB first announced and then implemented. On the basis of the clear monetary-policy signal from Frankfurt's Twin Towers, the yield on 10-year Bunds had already risen to 2.7 percent by the beginning of March, even before the most recent interest-rate decision. Although this yield level was still below the key rate level already reached (measured in terms of the deposit facility rate, which is currently standing at 3.0 per cent), it was, after all, already about half a percentage point above the level prevailing at the end of January.

As a consequence of the SVB bankruptcy, a new financial-market shock now has to be dealt with

...at least until the latest shock

In mid-March, a fresh upheaval rocked financial markets thanks to the collapse of Silicon Valley Bank (SVB). In addition to the action which had to be taken by the US supervisory authorities and the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve was forced to stump up additional liquidity. A new window was opened (Bank Term Funding Program), making available additional funding on which eligible US credit institutions can initially draw without disclosing the size of the loans they have received. Such anonymisation is intended to prevent the stigmatisation of institutions using this window and to prevent them being shunned on money markets as a result.

The general expectation now is that the Fed will tighten more cautiously from this point onwards. It has nonetheless hiked rates on 22nd March albeit only employing a smaller raise by 25 bp. A more carefull tightening from now on also implied by long-term rates. In the US- as well as in the Euro area capital markets yields have fallen significantly again, to 2.29 percent in the case of 10-year Bunds (cut-off date: 22nd March). In the more turbulent days of last week even the two-percent-mark came in sight.

The institutional framework is different on euro area money markets - automatic liquidity reserves are available here

In its fight against inflation, the ECB cannot and must not, of course, directly take into account the situation of individual credit institutions in other currency areas, especially since the SVB had a special business model, concentrated on start-ups, which does not exist in that form in the euro area banking sector.

The fact is that the situation on the US money market is different from that on its European counterpart. In the euro area money market, liquiddity is much more abundant, still marked by large surpluses. And permanent liquidity lines are available to cope with any unforeseen need for central-bank money on the part of the banking industry. In accordance with this, the principle of full allotment still applies to central-bank tenders, although these have practically not been used by credit institutions for years given that the market is, in effect, saturated with liquidity. Such full allotment would be automatically available in an emergency - the Eurosystem would respond very elastically in this respect.

Against the background of the recent turbulence, it was therefore right for the ECB to follow through at its 16th March meeting on the policy rate hike it had already virtually set in stone back in February. Anything else would have raised serious doubts about Team Lagarde's determination to fight the inflation monster. But the shock waves from America have certainly not made the future shape of the rate-hiking trajectory steeper, but de facto rather flatter.

There is much evidence to suggest that, even without the new shock, the ECB would have waited anyway to see how the, by now, noticeable accumulation of interest-rate hikes was impacting the real economy. Such a pause in the rate-hike cycle has now become more likely. But unless both inflation and inflation expectations recede in the summer, the end of the rate-hiking cycle has probably not yet been reached. In that event, the ECB will have to fight using further measures to prevent inflation from becoming entrenched.

Such measures will also include shrinking the Eurosystem's balance sheet in quantitative terms ("balance-sheet run-off"). By June of this year, a certain automatic milestone will be reached with the expiry of the largest longer-term tender (TLTRO-III.4). After that, however, balance-sheet reduction will largely be a function of downsizing the holdings in the Eurosystem's asset-purchase-programme (APP) portfolio.

Only limited balance-sheet reduction is possible if run-off is restricted to the APP

In this context, the net pace of 15 billion euros per month at which the APP portfolio is scheduled to decline - a process which started smoothly in March - is really rather a homeopathic dose. Fifteen billion does, after all, pale in comparison to the aggregate volume of asset-purchase-programme holdings, which totals around five trillion euros. However, the procedure under the APP does not allow for a much higher reduction speed, if the aim is to work only with "omitted reinvestments" while seeking to maintain a certain flexibility to restructure and control risk premiums using the partial reinvestments remaining. According to the ECB's announcements, the PEPP, which would allow additional reduction volumes, will not be eligible to be rolled off until the end of 2024, at the earliest ("The maturing principal payments from securities purchased under the PEPP will be invested until at least the end of 2024."). It is to be hoped that this will not be too late.

Yet the effects of the monetary-policy turnaround which has been engineered are already becoming increasingly apparent. Money-supply growth, e.g. measured by the M3 monetary aggregate, has practically ground to a standstill as a result of distinctly reined-in credit growth. The more restrictive measures that have already been implemented will ultimately have a dampening effect on inflation dynamics, albeit only after a time lag.

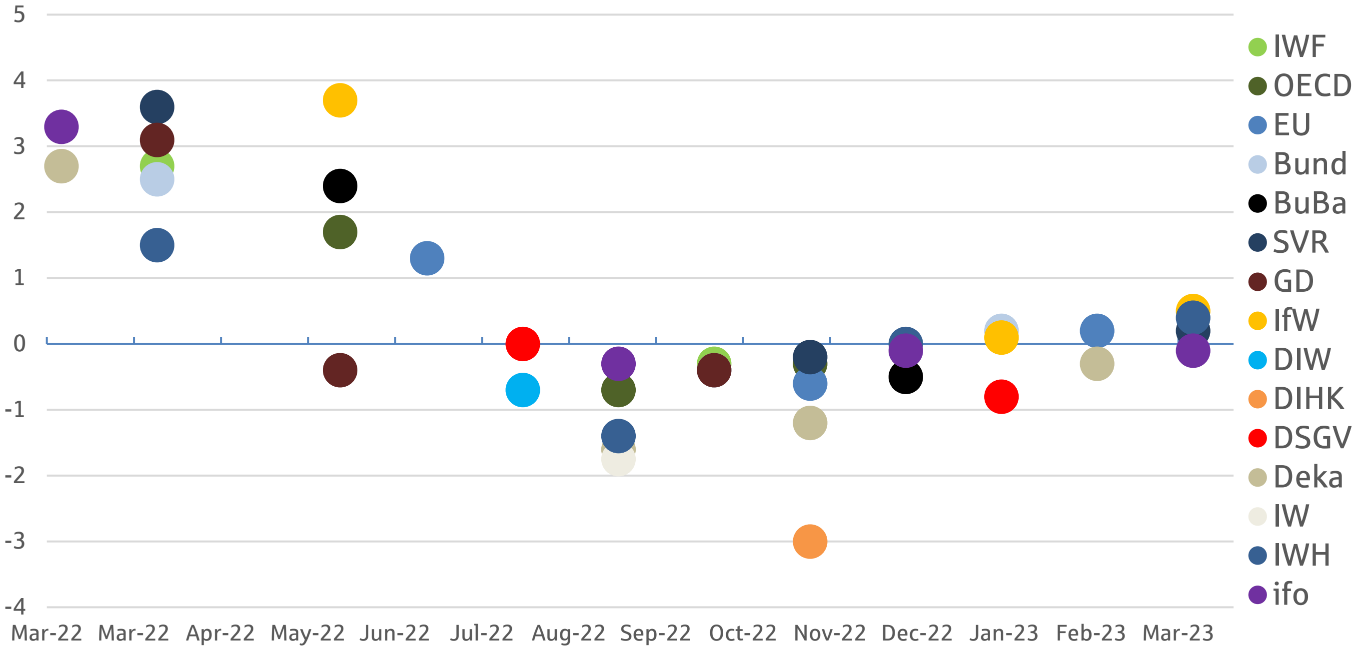
Concerning the monetary-policy situation in spring 2023, a separate position paper in the series Statements by the Chief Economists of the Savings Banks Finance Group entitled "Fresh Challenges for Monetary Policy" is due to be published at the beginning of April.

A. Growth of world economic regions, change on previous year

	2021	2022	2023*	2024*
World trade volume	10.4%	5.4%	2.4%	3.4%
GDP – world	6.2%	3.4%	2.9%	3.1%
USA	5.9%	2.4%	1.4%	1.0%
Japan	2.1%	1.4%	1.8%	0.9%
China	8.4%	3.0%	5.2%	4.5%
Euro area	5.3%	3.5%	0.7%	1.6%
Germany	2.6%	1.8%	0.1%	1.4%

* January 2023 forecasts by the International Monetary Fund

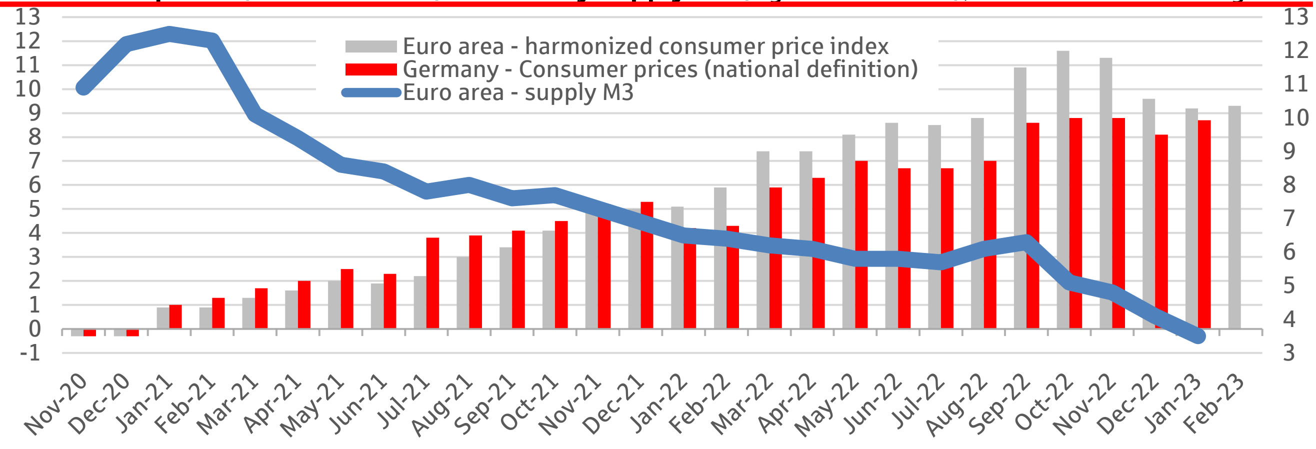
B. Economic growth forecasts for Germany for 2023, in %



C. GDP in Germany and the wider euro area

	2022 real growth vs. previous year	QI 2022	QII 2022	QIII 2022	QIV 2022
		Real growth versus same quarter of previous year quarter and seasonally-adjusted real growth compared with the previous quarter			
Euro area GDP	+3.5%	+5.5% +0.6%	+4.4% +0.9%	+2.4% +0.3%	+1.9% +0.1%
German GDP	+1.8%	+3.9% +0.8%	+1.7% +0.1%	+1.3% +0.5%	+0.3% -0.4%
Private consumption	+4.6%	+8.5% -0.7%	+7.0% +0.6%	+2.1% +0.7%	+0.4% -1.0%
Gross capital investment	+0.2%	+2.3% +2.3%	-1.3% -1.2%	+2.0% +1.3%	-1.2% -2.5%
Exports	+3.2%	+3.6% -0.3%	+2.4% +0.7%	+5.1% +1.9%	+0.5% -1.0%
		Level, not rate of change; quarterly figures, seasonally adjusted			
Savings rate	11.4%	11.7%	11.2%	11.0%	11.4%

D. Consumer prices (left-hand scale) and **money supply M3** (right-hand scale), annual rates of change in %



E. Monthly economic indicators Germany

	October	November	December	January	February
Prices (national definition)	Change from the same month of the previous year				
Consumer prices	8.8%	8.8%	8.1%	8.7%	8.7%
– excluding food and energy (core inflation)	4.8%	5.0%	5.2%	5.6%	5.7%
Producer prices for industrial products	34.5%	28.2%	21.6%	17.6%	-
Import prices	23.5%	14.5%	12.6%	6.6%	-
Sentiment indicators					
ifo Business Climate Index	84.4	86.4	88.6	90.1	91.1
ZEW Economic Sentiment Survey	-59.2	-36.7	-23.3	16.9	28.1
Incoming orders	Change compared to the same month of the previous year				
Manufacturing industry	-6.7%	-10.2%	-9.9%	-8.2%	-
from within Germany	-10.8%	-7.2%	-11.8%	-6.1%	-
from abroad	-3.8%	-12.2%	-8.6%	-9.6%	-
Capital-goods producers	-4.4%	-11.2%	-13.2%	-8.1%	-
Production	Working-day-adjusted change compared to the same month of the previous year				
Overall manufacturing industry	-0.6%	-0.5%	-3.3%	-1.6%	-
thereof: construction	-0.9%	-2.3%	-8.0%	-1.6%	-
thereof: industry	0.4%	0.6%	-1.6%	-0.9%	-
Foreign trade	Change compared to the same month of the previous year				
Exports	11.7%	14.00%	6.30%	-	-
Imports	19.9%	15.50%	3.60%	-	-
Labour market	Unemployment rate / change in the jobless total compared to the same month of the previous year (1,000s)				
Unemployment rate	5.3%	5.3%	5.4%	5.7%	5.7%
Jobless total	+65	+117	+124	+269	+192
Employed persons (with place of work in Germany)	523	495	458	454	-
Employees subject to social-security contributions	+531	+478	+446	-	-

F. Commodity, foreign exchange and financial markets

	November	December	January	February	22nd March
Brent **oil price** in US $	91.42	80.92	82.50	82.59	75.05
Exchange rates					
US dollar / EUR	1.0201	1.0589	1.0769	1.0715	1.0785
Japanese yen / EUR	145.12	142.82	140.54	142.38	143.13
Stock markets					
DAX German benchmark share index, end-of-month	14,397	13,923	15,128	15,365	15,216
Change compared to the same month of the previous year	-4.66%	-12.35%	-2.21%	6.25%	-
Money and capital market interest rates					
Call money (€STR)	1.368%	1.568%	1.902%	2.275%	2,399%(21st)
Current yield of German government bonds with a residual maturity					
- of one year	2.00%	2.39%	2.65%	3.17%	2.75%
- of ten years	1.94%	2.53%	2.28%	2.65%	2.29%
Interest rates of credit institutions, in new business					
Daily deposits of private households in Germany;	0.02%	0.07%	0.09%	-	-
for comparison across the euro area	0.05%	0.07%	0.1%	-	-
Deposits from private households up to 1 year in DE;	1.34%	1.53%	1.68%	-	-
for comparison across the euro area	1.12%	1.35%	1.53%	-	-
Corporate loans of up to € 1 million over 5 years in DE;	3.80%	3.81%	3.91%	-	-
for comparison across the euro area	3.00%	3.21%	3.40%	-	-

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