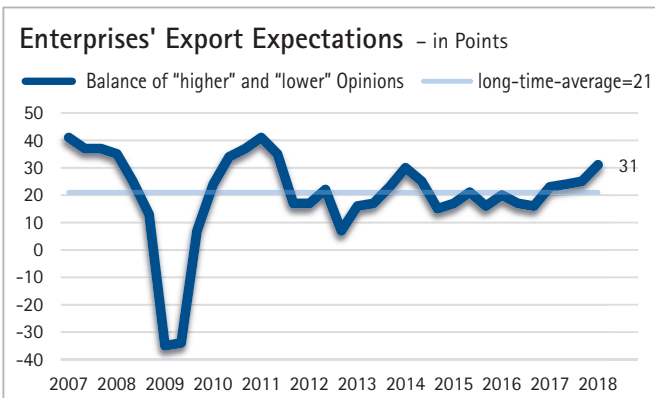
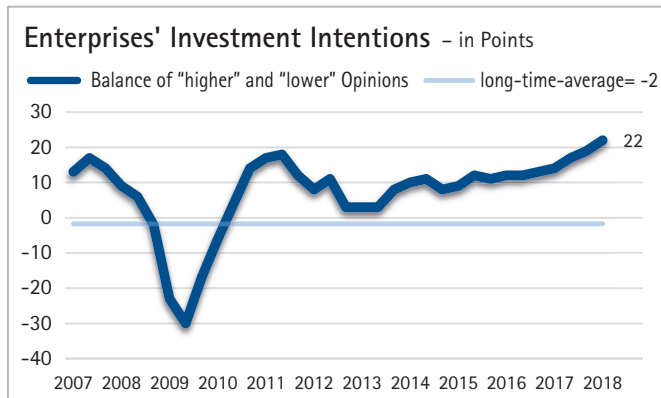


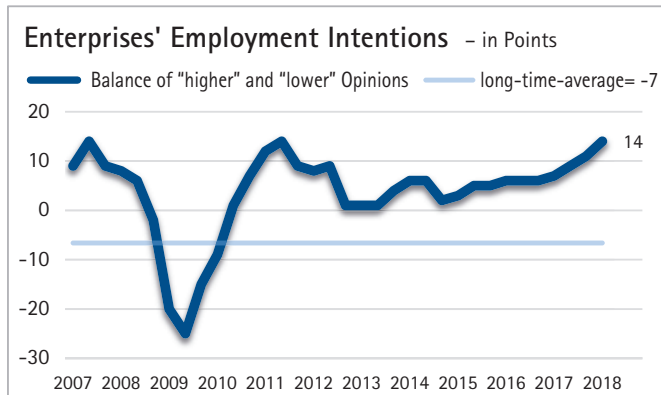
■ The **export expectations** of the manufacturing industry improve for the fourth time in succession. Companies are therefore as optimistic about their export business as they last were seven years ago. The risk of foreign demand is declining noticeably thanks to a robustly growing global economy. The good economic developments in the most important sales markets, as well as the increase in global investment activities, are generating increasing demand for German products. However, risks remain due to the difficult framework economic conditions in some regions, protectionist tendencies and the forthcoming Brexit. Companies have so far been able to avoid any downturn due to good business in Europe and dynamic economic development, for example in the USA and China.



■ Companies' **investment plans** are more expansive than ever before. Many companies are now operating at the limit of their capacity. Furthermore, confidence in the continuing high demand for their goods and services is increasing. Manufacturing industry in particular is planning to expand, while the construction industry and retail trade also want to increase their capital expenditure. In view of this development, more companies than ever before intend to expand their capacities. The investment motive of product innovations also reaches a record level. The high investment requirements of digitalization are likely to materialize more and more. Besides the modernization of existing products and processes, companies also see a great need to develop new business models and production processes.



■ **Employment intentions** are increasing across all sectors, having reached new highs in manufacturing industry, construction and commerce, and are only slightly below that among service providers. The dynamism in manufacturing industry and among IT service providers is particularly strong at the current margin. Only the financial services industry continues to expect declining personnel budgets. Overall, the growth in employment is becoming increasingly difficult to implement as a result of the shortage of skilled workers, which has become by far the greatest obstacle for companies in the meantime. In 2010, only 16 percent of companies cited this as a business risk - compared with 60 percent today. The shortage of personnel is also reflected in the increasing worries of companies across all sectors about labor costs.

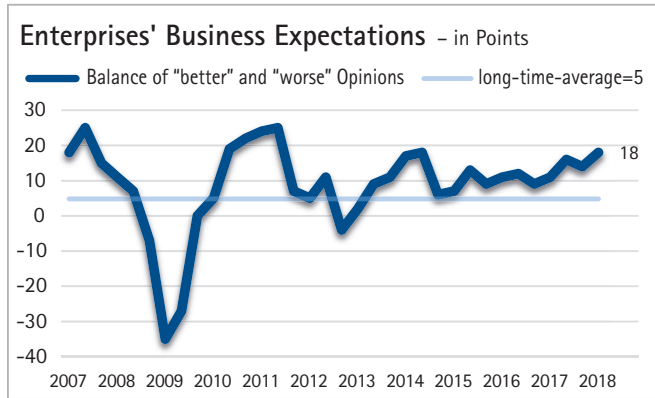


## DIHK-Economic-Survey February 2018

■ 79 Chambers of Industry and Commerce ask, approximately 26.000 Enterprises answer

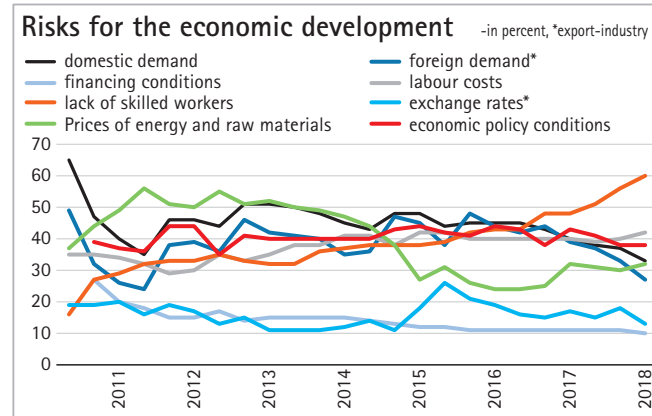
### economy data at a glance



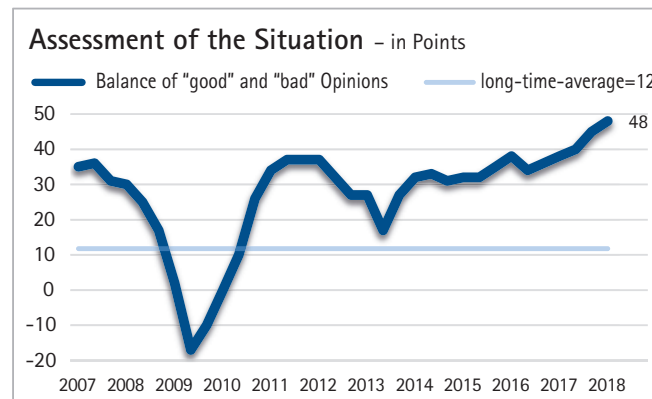


■ The optimism of companies with regard to their **business expectations** is increasing again significantly after a slight slowdown last fall. Here in Germany, rising employment and purchasing power gains are boosting the economy. Furthermore, companies are investing more. Concerns about domestic and foreign demand fall sharply once again. The greatest obstacle for companies by far is the shortage of skilled workers. If urgently needed vacancies remain unfilled, it becomes more and more difficult to process current orders. The second greatest risk is the development in labor costs.

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 2016	45	44	11	40	43	19	24	44
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



■ Companies assess their **business situation** better than ever before. They made it through the winter even better than expected in the fall. Even in the construction industry, the cold months are hardly able to spoil the very good situation. Manufacturing industry in particular is much more content than in the fall and is benefiting from the recovery in world trade and increased investment confidence. In addition, retailers and service providers are also reporting new records in their situation assessments.



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	2.7
Final consumption expenditure of private households	2.1	2.0	1.9
Government final consumption expenditure	3.7	1.4	1.8
Gross fixed capital formation (GFCF)	3.1	3.0	4.4
GFCF in machinery and equipment	2.2	3.5	7.0
Other fixed assets	5.5	3.5	5.0
GFCF in construction	2.7	2.6	2.5
Exports	2.6	4.7	6.5
Imports	3.9	5.2	7.0
Unemployment (in millions)	2.69	2.53	2.39
Employment (change in thousand)	+569	+638	+600
Consumer price	0.5	1.8	1.7