

JUNE 2010 ECONOMIC OUTLOOK FOR GERMANY: ANSWERS FROM BDA AND BDI

MAIN FORECAST						
<i>Annual % change</i>		2010	2011			
Real GDP growth		1,8	1,4			
Consumer price inflation		1,0	1,0			
Unemployment rate		7,6	7,8			
Employment growth		-0,1	0,0			
government net lending (% of GDP)		-4,9	-4,2			
gross public debt (% of GDP)		76,0	79,0			
current account balance (% of GDP)		5,6	5,8			
<i>Components of aggregate demand - in real terms</i>						
<i>Annual % change</i>		2010	2011			
Private consumption		0,1	0,8			
Public consumption		1,8	1,1			
Private non-residential investment		3,1	2,9			
Exports		8,0	6,3			
Imports		4,5	5,7			
ECONOMIC SENTIMENT						
	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>			
<i>Trend in business climate over the next 6 months</i>	Industry		Services			
	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>			
<i>Trend in profitability over the next 6 months</i>	Industry		Services			
	<i>Global demand</i>	<i>Domestic demand</i>	<i>Cost of finance</i>	<i>Availability of finance</i>	<i>Company Profitability</i>	<i>Capacity Utilisation</i>
<i>Influence on companies' investment decisions</i>	positive	neutral	negative	negative	neutral	negative
	<i>Replacement</i>	<i>Extension</i>	<i>Rationalisation</i>	<i>Innovation</i>		
<i>Driving force behind investment decisions in the next 6 months</i>	positive	negative	positive	positive		
	<i>Industry: past 6 months</i>	<i>Industry: next 6 months</i>	<i>Services: past 6 months</i>	<i>Services: next 6 months</i>		
<i>Overall trend in employment</i>	Down	Same	Same	Up		

POLICY MIX					
	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate</i>	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
<i>Monetary policy is...</i>			yes		
	<i>adequate</i>	<i>inadequate</i>			
<i>Consistency between fiscal and monetary policies</i>		yes			
	<i>excellent commitment</i>	<i>satisfactory commitment</i>	<i>neither satisfactory nor unsatisfactory commitment</i>	<i>unsatisfactory commitment</i>	<i>no clear commitment creating an extremely worrying situation</i>
<i>Regarding the sustainability of public finances, government shows ...</i>	yes				
<i>Exit Strategies</i>	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>Tight fiscal rules and more effective institutions</i>		yes			
<i>Greater efficiency of public administrations</i>				yes	
<i>Credible cost-cutting measures</i>				yes	
<i>Increased scope of public-private partnerships</i>			yes		
<i>Reform of pension systems</i>				yes	
<i>Improved efficiency of healthcare sector</i>				yes	
<i>Entry Strategies</i>	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>More and better-targeted education and training</i>			yes		
<i>More and better targeted R&D and innovation efforts</i>				yes	
<i>Prioritisation of infrastructure investments</i>			yes		
<i>Growth enhancing tax reforms</i>				yes	
	<i>respect the 3% limit</i>	<i>be in balance</i>			
<i>In 2015, the government deficit will...</i>	yes	no			

ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH				
Compared to 6 months ago, cost/access to finance has been...				
<i>for SMEs</i>	sharply up / restrained	up / more difficult	same	down / easier
			Cost	
			Access	
<i>for larger companies (>250 employees)</i>			Cost	
				Access
Over the next 6 months, cost /access to finance will be...				
<i>for SMEs</i>	sharply up / restrained	up / more difficult	same	down / easier
		Cost		
		Access		
<i>for larger companies (>250 employees)</i>		Cost		
			Access	