


SPRING 2011 ECONOMIC OUTLOOK FOR GERMANY: ANSWERS FROM BDA AND BDI
MAIN FORECAST

<i>Annual % change</i>	2010	2011
Real GDP growth	3,6	2,5
Consumer price inflation	1,1	2,5
Unemployment rate	6,8	6,4
Employment growth	0,7	0,8
Government net lending (% of GDP)	-3,3	-2,5
Gross public debt (% of GDP)	75,3	73,8
Current account balance (% of GDP)	6,1	5,6

Components of aggregate demand - in real terms

<i>Annual % change</i>		
Private consumption	0,4	1,6
Public consumption	2,3	1,0
Investment (Gross Fixed Capital Formation)	6,0	5,5
Private non-residential investment	10,9	6,0
Exports	14,1	8,0
Imports	12,6	9,0

ECONOMIC SENTIMENT

	Positive	Negative	Unchanged
Trend in business climate over the next 6 months			Industry
	Services		

	Positive	Negative	Unchanged
Trend in profitability over the next 6 months	Industry		
	Services		

	Increase (faster pace)	Increase (slower pace)	Unchanged	Decrease (slower pace)	Decrease (faster pace)
Investment intentions over the next 6 months		Industry			
	Services				

	Global demand	Domestic demand	Cost of finance	Availability of finance	Company Profitability	Capacity Utilisation
Influence on companies' investment decisions	positive	positive	neutral	neutral	positive	positive

	Replacement	Extension	Rationalisation	Innovation
Driving force behind investment decisions in the next 6 months	positive	positive	positive	positive

	Industry: past 6 months	Industry: next 6 months	Services: past 6 months	Services: next 6 months
Overall trend in employment	Up	Up	Up	Up

ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH

<i>Compared to 6 months ago, cost/access to finance has been... for SMEs</i>	<i>sharply up / restrained</i>	<i>up / more difficult</i>	<i>same</i>	<i>down / easier</i>	
			Cost	Access	
<i>for larger companies (>250 employees)</i>			Cost	Access	
<hr/>					
<i>Over the next 6 months, cost /access to finance will be... for SMEs</i>	<i>sharply up / restrained</i>	<i>up / more difficult</i>	<i>same</i>	<i>down / easier</i>	
		Cost	Access		
<i>for larger companies (>250 employees)</i>		Cost	Access		
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	<i>Consolidation of banking sector balance sheets</i>	<i>Access to capital markets</i>	<i>Encouraging equity financing through tax reforms</i>	<i>Better use of existing EU instruments (including EIB)</i>	<i>Greater potential for Public-Private-Partnerships</i>
<i>Measures to alleviate current financial difficulties for SMEs</i>	Moderate effect	Moderate effect	Very limited effect	Moderate effect	Very limited effect
	<i>Consolidation of banking sector balance sheets</i>	<i>Access to capital markets</i>	<i>Encouraging equity financing through tax reforms</i>	<i>Better use of existing EU instruments (including EIB)</i>	<i>Greater potential for Public-Private-Partnerships</i>
<i>Measures to alleviate current financial difficulties for midsize and large companies</i>	Moderate effect	Moderate effect	Very limited effect	Moderate effect	Very limited effect

POLICY MIX

	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate</i>	<i>Loose</i> yes	<i>Loose, appropriate for the euro area</i>
<i>Monetary policy is...</i>	<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>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>Exit Strategies</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>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>Entry Strategies</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			