DIW Economic Bulletin

11 2015

ECONOMY. POLITICS. SCIENCE.

DIW Economic Outlook

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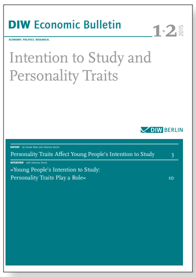
Volume 5
18. March, 2015
ISSN 0012-1304



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Upswing in a subdued global economy

By Ferdinand Fichtner, Guido Baldi, Franziska Bremus, Karl Brenke, Christian Dreger, Hella Engerer, Christoph Große Steffen, Simon Junker, Claus Michelsen, Katharina Pijnenburg, Maximilian Podstawski, Malte Rieth, Kristina van Deuverden and Aleksandar Zaklan

The German economy continues to recover, and will grow by 2.2 percent in 2015 and by 1.9 percent in 2016. The unemployment rate will further decline, to 6.4 percent this year and 6.1 percent in 2016. Inflation, which averages 0.5 percent this year, will be substantially dampened by the slump in oil prices; in 2016 as well, inflation will remain low, at 1.2 percent.

The global economy continues in its recovery. In industrialized countries, a gradually improving situation in labor markets, as well as the slump in oil prices, is propelling the purchasing power of private consumers. Corporate investment activity should also pick up, benefitting from easy monetary policy. In many economies in the euro area, unemployment remains high and the public and private debt is dampening demand. For the time being, growth in the emerging markets is expected to lag behind. Overall, the average annual growth rate of the global economy is expected to be 3.8 percent in 2015, and 4.0 percent in the following year.

The German economy is currently recovering, driven by strong domestic demand, and should be back on its potential path later on. Inflation is bound to remain weak. There is no sign of the German economy overheating; important markets have lost momentum when compared to the pre-crisis years—foreign trade is therefore likely to provide only minor stimulus, and in this environment, investments in equipment and machinery will only experience a moderate expansion. Government revenues are surging: despite a rather loose spending behavior, the public budget surpluses will reach approximately 0.5 percent in both years of the forecast period.

Europe and the global economy: recovery continues

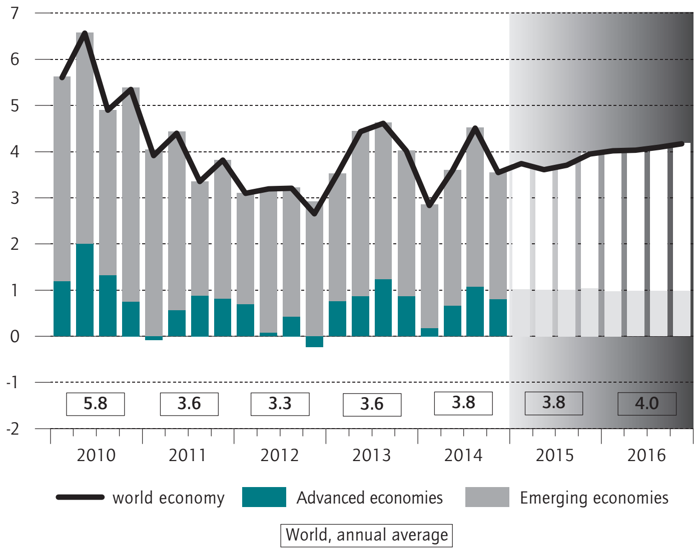
The global economy continues in its recovery. In both the industrialized and emerging markets, growth in the final quarter was comparable to the average of the previous quarters (Figure 1). Initially, this rate of expansion should remain stable, with a slight acceleration expected over the coming year (Table 1). The moderate recovery is mainly driven by the growth of consumption in industrialized countries. The sharp decline in energy prices, particularly oil prices—which is also reflected in low inflation rates—is propelling the purchasing power of households. The development in industrialized countries is also supported by the gradually improving situation in the labor market, which has a positive effect on income growth. Together with expansionary monetary policy these developments are expected to stimulate corporate investment activity over the course of the year. For the time being, the deleveraging process in the private sector appears to be coming to an end, especially in the U.S. and the U.K.

Despite a gradual upturn in economic activity in the euro zone, a number of structural drags continue to hinder a strong recovery. Nevertheless, private consumption currently supports growth; at the same time, the gradual improvements in the labor market, as well as the increased purchasing power following the drop in energy prices, are becoming apparent. As well, the corporate financing conditions are improving bit by bit, enabling moderate growth of investments in equipment. Exports are supported by the depreciation of the euro. However, since imports are likewise expected to increase due to the slight upturn in the domestic economy, foreign trade as a whole will probably contribute little to growth.

Several structural factors still prevent a stronger recovery. In particular in crisis countries there is a considerable degree of uncertainty about the financial situation of non-financial companies and banks. In case of the latter, the potentially large number of non-performing loans seems to hold back liquidity demand by banks and their provision of credit to the private sector.

Figure 1

Real GDP growth
in percentage points



Sources: National statistical offices; Computations and forecasts by DIW Berlin.

The world economy is bound to continue its recovery in 2015 and 2016.

Against this backdrop, low inflation rates and the risk of outright deflation in several countries of the currency union aggravate the reduction in debt levels across the economy, that is, for the public sector, for household, and for private companies. In addition, still high unemployment rates together with structural weaknesses in educational systems dampen output growth dynamics. Finally, the tense negotiations between international official lenders and the Greek government about the implementation of the second program depress confidence in European intergovernmental governance structures.

For the time being, growth in the emerging markets is expected to lag behind that of recent years. Such is the case with China, which is expecting a further decrease in the rate of expansion. The politically intended transformation to a consumer- and service-based economy is likely to be accompanied by lower growth rates. Additionally, the drop in oil prices is also having a negative impact in the emerging markets that export oil.

Overall, the average annual growth rate of the global economy is expected to be 3.8 percent in 2015, with an increase to 4.0 percent in the following year. Inflation remains at just two percent this year, and will increase to just under three percent in 2016.

For now, the monetary policy environment is expected to be globally expansionary. In both the euro zone and in Japan, additional expansionary measures have been adopted. Also, in a number of emerging markets — including China — interest rates have been lowered, and previous rate increases have again been re-

Table 1

Real gross domestic product, consumer price inflation, and unemployment rate in the world economy
In percent

	Gross domestic product				Consumer prices				Unemployment rate			
	year-on-year change in percent											
	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
Euro area	−0.4	0.9	1.3	1.4	1.3	0.4	0.2	1.0	12.0	11.6	11.1	10.7
France	0.4	0.4	0.7	1.2	0.8	0.5	−0.2	1.0	10.3	10.2	10.3	10.1
Italy	−1.7	−0.4	0.0	0.5	1.3	0.2	0.5	1.0	12.2	12.8	13.2	12.6
Spain	−1.2	1.4	2.3	2.1	1.4	−0.2	−0.3	1.0	26.1	24.5	22.4	20.8
The Netherlands	−0.7	0.8	1.8	1.8	2.6	0.3	0.2	0.7	7.3	7.4	6.8	6.5
United Kingdom	1.7	2.6	2.7	2.4	2.6	1.4	0.3	0.9	7.5	6.2	5.6	5.2
USA	2.2	2.4	3.1	3.2	1.5	1.6	−0.3	1.5	7.4	6.2	5.5	5.0
Japan	1.6	0.0	0.9	1.5	0.3	2.7	0.6	0.3	4.0	3.6	3.8	3.8
South Korea	3.0	3.4	3.5	3.6	1.3	1.3	1.0	1.7	3.1	3.6	3.0	3.0
Middle and East Europe	2.5	3.0	3.2	3.7	4.3	4.4	4.0	4.4	9.5	9.1	8.9	8.7
Russia	1.4	0.6	−3.4	0.0	6.7	8.0	11.7	7.7	5.5	5.2	5.5	5.4
China	7.7	7.5	7.0	6.6	0.0	−0.6	1.0	2.4	3.9	3.8	3.8	3.8
India	6.4	7.3	6.4	6.2	6.8	4.1	4.3	6.1	–	–	–	–
Brasil	2.5	0.1	1.4	1.7	6.2	6.3	5.1	5.0	5.4	5.1	5.1	5.1
Mexico	1.7	2.1	3.4	3.5	3.8	4.0	3.5	3.2	4.9	4.8	4.8	4.8
Advanced economies	1.3	1.7	2.3	2.4	1.3	1.4	0.0	1.2	8.2	7.4	6.9	6.5
Emerging economies	5.5	5.4	4.9	5.1	3.2	2.7	3.7	4.3	5.0	4.9	4.9	4.8
World	3.6	3.8	3.8	4.0	2.4	2.1	2.1	3.0	6.4	6.0	5.8	5.6

Source: National statistical offices; DIW Spring projections 2015.

versed; further steps toward monetary expansion are likely to follow during the forecast period in particular in Asia. Over the course of the year, only for the U.S. and the U.K first rate hikes are expected. However, because of the low inflationary pressures and to prevent unintentionally strong currency appreciation, rate increases are likely to be moderate in both countries. The stance of fiscal policy will be less of a drag on growth over the forecast period than in recent years. In some of the emerging markets as well as in the euro zone, the consolidation of public finances will not occur as rapidly.

One risk for the forecast period is the resurgence of the crisis in the euro zone due to political disagreements about the continuation of the reform process. In particular, a failure of the negotiations between the international public lenders and Greece could lead to increased uncertainty in financial markets, and have a dampening effect on the economic activity of the euro zone. Another risk could arise from a prolonged period of low inflation rates – in particular in the euro zone. This would exacerbate the reduction of the often still-high levels of public and private debt, and thus have a dampening effect on demand. Additionally, an intensification of the crisis around Russia and Ukraine could lead to uncertainty in financial markets, with negative consequences for the global economy. Another risk is an unexpectedly sudden or stronger-than-expected increase in the U.S. federal funds rate. Apart from bringing about abrupt capital outflows from some emerging markets, the higher interest rates could also bring about a massive correction of asset prices in industrialized countries.

German economy: Strong growth, but no signs of overheating

Driven by strong domestic demand, the German economy is currently undergoing a strong recovery (Figure 2); over the course of the later part of 2015, capacity utilization will return to nearly normal levels. Subsequently, the German economy should pick up at rates that are roughly consistent with potential growth. At the same time, the average growth is slightly higher than it was before the crisis, primarily due to improvements in the labor market; it is also driven more heavily by consumption than it was before the crisis.

There is no evidence, however, that the German economy is in danger of overheating. When compared with the pre-crisis years, the sales prospects of German companies in international markets have weakened: with the euro area , the most prominent market will be developing poorly for the foreseeable future, and also, demand in key emerging economies countries markets in which German companies are increasingly operating has also noticeably lost momentum. In this environment, investments in equipment and machinery are also expected to increase less dynamically than before the crisis, with their share of GDP remaining well below pre-crisis levels. Following the strong development for construction investments in previous years, a flattening has likewise begun to emerge, with profit opportunities in residential construction having recently abated. All in all, the risk of the German economy overheating is low.

At the same time, the underlying conditions at the moment are markedly conducive to expansion. Since the middle of last year, crude oil prices — when calculated in euros — have temporarily fallen by almost 50 percent, and currently amount to 40 percent of the original amount; this is already reflected in a significant drop in prices. Furthermore, the value of the euro has fallen considerably since mid-2014 — and since the beginning of 2015, this devaluation has actually accelerated, resulting in substantial improvements in price competitiveness outside the euro area. With the announcement of the ECB's new bond purchase program, lending rates have continued to fall as well. Furthermore, the fiscal policy is having a stimulating effect. However, there are risks arising from possible disruptions in the financial markets, which could be triggered by doubts about the continuation of the reform agenda in the euro area. Market participants might interpret this as an increasing likelihood that countries will break away from the monetary union. Additionally, the crisis surrounding Russia and Ukraine could lead to developments that endanger the stability of the financial market, among other things.

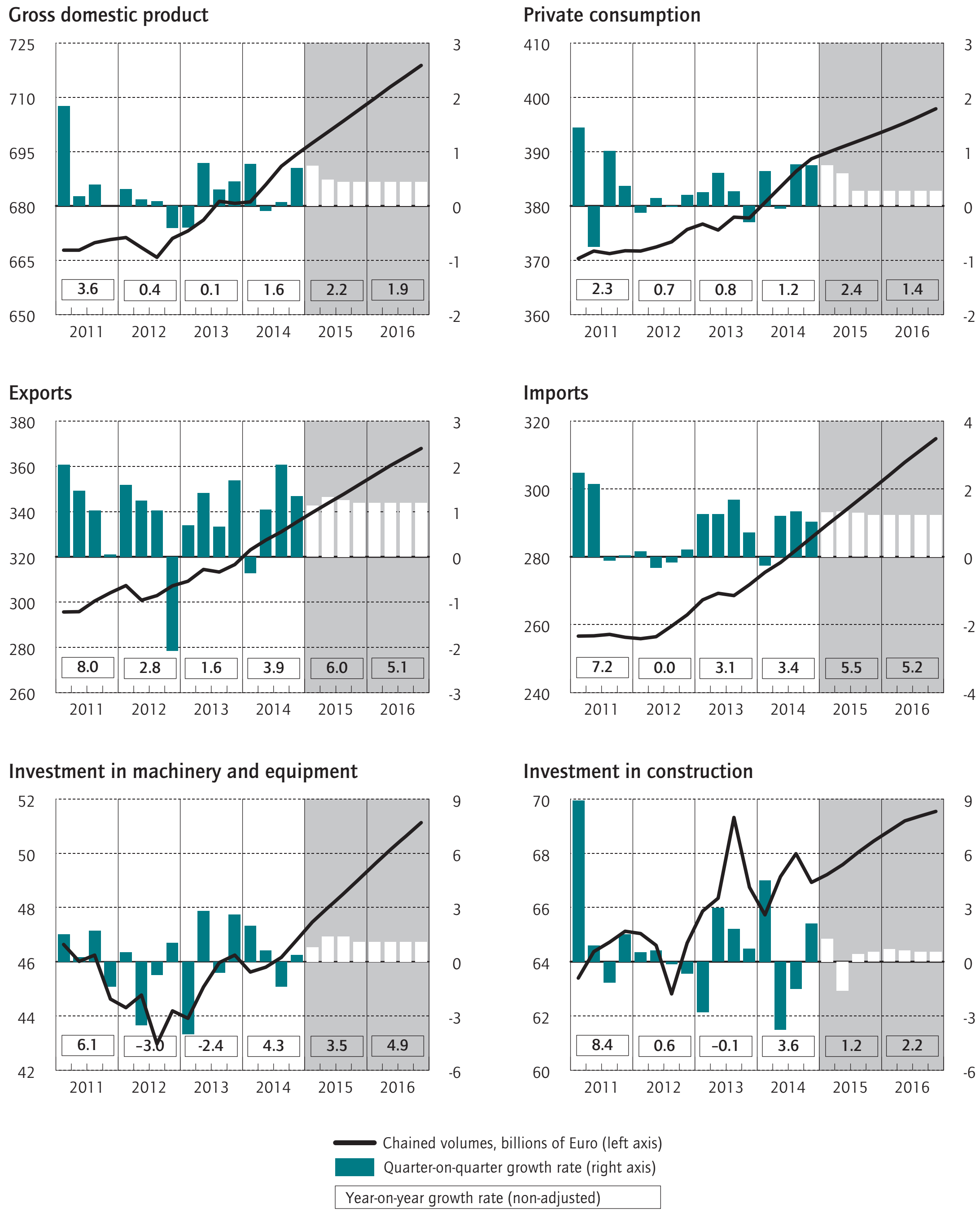
At the turn of the year, the German economy picked up significantly and will likely maintain this pace for the first half of 2015 (Table 2). This boost has, to some extent, been due to specific, temporary factors. The positive effect of low oil prices on consumer purchasing power, as well as on corporate profits, will decline from mid-year, in accordance with the assumed slight increase in oil prices. The depreciation of the euro will, with a partial delay, have a positive impact on exports; for this projection, it is assumed that the exchange rate will remain constant in the long run. From the second half of the year onward, the overall economic expansion rates will roughly correspond to the long-term average. Due to a strong start and a high level of growth during the first half of the year, the German economy is expected to grow by 2.2 percent this year, and by 1.9 percent next year (Table 3).

Despite the fact that the economy is operating at full capacity, the inflation rate remains low. This year, the slump in oil prices is dampening the inflation rate sub-

Figure 2

Gross domestic product and use of GDP

Seasonally and working day adjusted



Sources: Federal Statistical Office; Computations and forecasts by DIW Berlin; Forecasts as of 2015 Q1.

Table 2

Use of gross domestic product, quarter-on-quarter growth rates

price, seasonally and working-day adjusted, in percent

	2014				2015				2016			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
Private consumption	0.6	0.0	0.8	0.8	0.8	0.6	0.3	0.3	0.3	0.3	0.3	0.3
Public consumption	0.1	0.6	0.6	0.2	0.5	0.5	0.2	0.2	0.3	0.3	0.4	0.2
Investment in equipment and machinery	2.0	0.6	−1.4	0.4	0.8	1.4	1.4	1.1	1.1	1.1	1.1	1.1
Construction investment	4.5	−3.7	−1.5	2.1	1.3	−1.6	0.4	0.6	0.7	0.6	0.5	0.5
Other investment	0.8	0.1	0.2	0.2	0.3	0.3	0.4	0.5	0.5	0.5	0.5	0.5
Change in inventories[1]	−0.2	0.2	−0.6	−0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic uses	0.9	−0.1	−0.4	0.5	0.8	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Net Exports[1]	−0.1	0.0	0.4	0.2	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Exports	−0.4	1.0	2.0	1.3	1.1	1.3	1.3	1.2	1.2	1.2	1.2	1.2
Imports	−0.3	1.2	1.3	1.0	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2
Gross Domestic Product	**0.8**	**−0.1**	**0.1**	**0.7**	**0.7**	**0.5**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**

1 Total domestic uses

Source: Federal Statistical Office; DIW Berlin, Forecast from 2015q1 onward.

Table 3

Key economic indicators for the German economy

	2011	2012	2013	2014	2015	2016
Real GDP[1] (percent change over previous year)	3.6	0.4	0.1	1.6	2.2	1.9
Domestic employment (1000 persons)	41 570	42 033	42 281	42 652	42 962	43 163
Unemployed (ILO concept)	2 398	2 237	2 190	2 090	1 913	1 806
Unemployed (BA concept)	2 976	2 897	2 950	2 898	2 768	2 673
Unemployment rate[2] (ILO concept)	5.8	5.4	5.3	5.0	4.5	4.3
Unemployment rate[2] (BA concept)	7.1	6.8	6.9	6.7	6.4	6.1
Consumer prices	2.1	2.0	1.5	0.9	0.5	1.2
Unit labor costs[3]	0.4	3.1	2.2	1.6	1.7	1.5
Government budget balance[4]						
in billion EUR	−23.3	2.6	4.2	18.1	14.9	13.5
in percent of GDP	−0.9	0.1	0.1	0.6	0.5	0.4
Current account balance, in percent of GDP	6.1	7.1	6.7	7.4	8.4	8.6

1 Price-adjusted, chain-linked
2 as a share of domestic labor force (ILO), resp. civilian labor force (BA)
3 compensation of employees (national concept) per hour worked over real GDP
4 according to ESA 2010

Sources: National and international institutions; computations by DIW Berlin 2015 and 2016: DIW forecast.

stantially, amounting to an annual average of 0.5 percent. Companies affected by the minimum wage law will potentially make greater use of the current low-inflation environment in order to pass on the higher labor costs to consumers. Until now, however, there has only been occasional examples of minimum wage-related price increases; in this projection, it is assumed that the overall price effects related to the minimum wage will remain low. From the second half of the year onward, the dampening effect of energy prices will come to an end; as a result, prices will be significantly higher when compared with last year. This will be somewhat offset by the low production costs related to the low oil prices being passed on, more and more, to consumers. In the coming year, inflation is expected to amount to 1.2 percent.

Employment growth continues; concerns that it could be disrupted by the introduction of the general statutory minimum wage appear to be, as of yet, unfounded. In the current projection, it is assumed that the minimum wage regulation leads only to gradual job losses, and to a much lesser extent than previously anticipated. The rise in employment is likely to lose momentum over the course of this year and the next, just as economic growth eases; however, there will still be strong increases, with an annual average increase of 300,000 employees in 2015 and 200,000 employees in the coming year.

Table 4

Labor market performance
Millions

	2012	2013	2014	2015	2016
Persons in employment (domestic concept)	**42.03**	**42.28**	**42.65**	**42.96**	**43.16**
Self employed	4.54	4.46	4.41	4.41	4.42
Employees subject to social security contributions	29.36	29.73	30.23	30.54	30.76
Public officers, judges, military personel	1.89	1.89	1.90	1.91	1.91
Mini jobbers (without persons with a second job)	4.98	5.02	5.03	5.01	4.98
Others	1.26	1.19	1.08	1.09	1.09
+/− Commuters, employed persons in foreign state institutions in Germany or in foreign states	−0.05	−0.06	−0.06	−0.06	−0.06
Persons in employment (national concept)	**41.98**	**42.23**	**42.60**	**42.90**	**43.10**
Unemployed (ILO concept)	**2.24**	**2.19**	**2.09**	**1.91**	**1.81**
Active population	**44.21**	**44.42**	**44.69**	**44.81**	**44.91**
Unemployed (Federal Labour Office (BA) concept)	2.90	2.95	2.90	2.77	2.67
Unemployment rate (BA concept1) – %	6.8	6.9	6.7	6.4	6.1
Unemployment rate (ILO concept) %	5.4	5.3	5.0	4.5	4.3
Employed persons (domestic concept – ILO)	39.02	39.41	39.78	40.30	40.49

1 At the federal labour office registered unemloyed in relation to civil active population.
Sources: Federal Statistical Office; Federal Labour Office; DIW calculations and estimations.

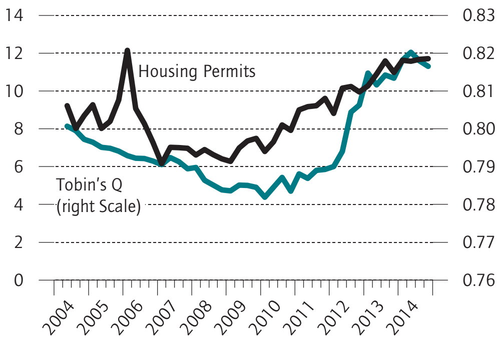
The unemployment rate is likely to fall to 6.4 percent in 2015, and to 6.1 percent in 2016 (Table 4). In this environment, the wage increases, as well, will remain noticeable. This year, the implementation of the minimum wage will provide an additional boost, accounting for roughly one-third of the increase in hourly wages. The collective negotiations that have already been completed do not, however, indicate a strong wage boost.

The favorable situation in the labor market is having a positive effect on private consumption, which should continue to increase at a strong rate. Within the past two quarters, households have already strongly increased their consumption. The expansions to pension benefits will likely have made a noticeable contribution; in the first half of the year, the consumption expenditure thereof will be buoyed. The low price further increases consumers' purchasing power considerably, even if only temporarily.

Investments in equipment and machinery are only gradually gaining momentum; after a sharp increase in the winter of 2013–2014, private investments in this domain stagnated on the whole, and recently, they have even decreased. The improving sales prospects, as well as the favorable profit situations—which are also due to the sharp decrease in import costs—and the further decline in interest rates should stimulate these investments, albeit gradually. Recent business surveys, as well as the development of orders and sales, indicate an uptick in investment. The share of investment in equipment and machinery to GDP however, will remain well below its pre-crisis levels. Moreover,

Figure 3

Housing permits and Tobin's Q for residential property
Housing permits in billion Euro



Source Bundesbank, Empirica AG, calculations by DIW Berlin.

The development of incentives to invest and housing permits have slowed down.

construction investments are losing momentum, with profit opportunities in housing construction worsening (Figure 3), apart from a strong start in the beginning of the year due to favorable weather conditions.

Exports have boosted growth considerably in recent quarters, and are expected to experience a marked increase in the long run as part of the improving global

Table 5

Selected fiscal key figures[1]
as percent of nominal GDP

	Revenue			Expenditue			Net Lending/ Net Borrowing	*Debt (Maastricht)*	Interest as percent of tax revenue
	total	*of which* Tax Revenue	*of which* Social Contribution	total	*of which* Interest	*of which* Investment Expenditure			
2000[2]	45.7	23.2	18.1	47.1	3.1	2.3	−1.4	13.5	58.7
2001	43.8	21.5	17.8	46.9	3.0	2.3	−3.1	14.0	57.5
2002	43.4	21.0	17.9	47.3	3.0	2.2	−3.9	14.1	59.2
2003	43.7	21.1	18.1	47.8	2.9	2.1	−4.1	13.8	62.9
2004	42.6	20.6	17.7	46.3	2.8	2.0	−3.7	13.6	64.6
2005	42.8	20.8	17.4	46.1	2.8	1.9	−3.3	13.3	66.8
2006	43.0	21.6	16.9	44.6	2.7	1.9	−1.5	12.6	66.3
2007	43.1	22.4	16.1	42.7	2.7	1.9	0.3	11.9	63.5
2008	43.5	22.7	16.1	43.5	2.7	2.0	0.0	11.8	64.9
2009	44.4	22.4	16.9	47.4	2.6	2.3	−3.0	11.8	72.4
2010[3]	43.1	21.4	16.5	47.3	2.5	2.3	−4.2	11.5	80.3
2011	43.7	22.0	16.4	44.6	2.5	2.3	−0.9	11.3	77.6
2012	44.3	22.5	16.5	44.2	2.3	2.3	0.1	10.2	79.0
2013	44.5	22.7	16.6	44.3	2.0	2.2	0.1	8.8	76.9
2014	44.6	22.7	16.6	43.9	1.7	2.2	0.6	7.7	72.9
2015	44.2	22.6	16.5	43.7	1.6	2.1	0.5	7.1	68.7
2016	44.2	22.7	16.6	43.8	1.5	2.2	0.4	6.7	65.4

1 ESA
2 Net of Sales of UMTS licences (50,8 billion Euro).
3 Net of Sales of licneces for moblile communication (4,4 billion Euro).
Sources: Statistisches Bundesamt; Calculations of the DIW Berlin; 2015 and 2016: Forecast of the DIW Berlin.

economy—especially since the sharp depreciation of the euro should also stimulate demand from abroad. Weak demand from oil-producing countries, however, will exert a slightly dampening effect. Given a stronger domestic economy, imports are also likely to be on the rise. The growth contribution from net exports will remain moderate during this period; however, the nominal trade balance will swell significantly due to the strong decline in import prices. The current account surplus will likely be at around 8 ½ percent in both years of the forecast period.

In spite of a rather loose spending behavior, the government will realize substantial surpluses in both years of the forecast period as revenues rise sharply due to the favorable economic development. This year, the surplus should amount to € 15 billion, equivalent to 0.5 percent of nominal GDP (Table 5). It is expected to be somewhat lower in the coming year, at 0.4 percent. The structural surplus—that is, the surplus that has been adjusted for cyclical factors—is only slightly higher this year, at 0.6 percent. In the coming year, working at full capacity, the structural balance will be 0.4 percent of nominal GDP.

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JEL: E32, E66, F01

Keywords: Business cycle forecast, economic outlook

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SEVEN QUESTIONS TO FERDINAND FICHTNER

»German Economy: Solid dynamics — weak investments«

1. Dr. Fichtner, the German economy has made a good start to the new year. Will it be able to build on this momentum? The German economy is expected to remain strong, at least in the first half of the year, and then lose some momentum. Special factors such as oil prices and pension payments will play a role here but then gradually recede over the course of the year. In this respect, we have solid basic dynamics overall, but this is somewhat overstated due to these isolated developments occurring at the start of the year.

2. What growth figures do you expect? In 2015, we expect the German economy to grow by about 2.2 percent as a result of this strong start to the year. In the coming year, the rate will be somewhat lower at 1.9 percent. Overall, however, these are very strong growth rates by German standards, especially as we have seen quite respectable growth of 1.6 percent in the past year.

3. What are the main growth drivers? The domestic economy is supporting this growth and, in particular, consumer demand, which, in turn, is the result of a favorable labor market situation and vigorous salary increases. Nevertheless, exports also remain an important pillar of the German economy. At the moment, exports in the euro area are lagging behind, while exports to Anglo-American countries are particularly strong.

4. What has been the impact of the difficult situation in Russia? First, weak demand from Russia has been directly responsible for diminishing German exports. Above all, tensions over Russia and Ukraine are a problem because they generate a relatively high degree of uncertainty, which is a problem for investment. Investors are not keen to invest large sums of money in an uncertain economic environment and because the German economy thrives on exports and the production of capital goods, this is obviously a problem.

5. What about German industry's willingness to invest? We expect investments to grow somewhat this year, which is quite normal considering production utilization is largely at full capacity at the moment and the German economy is growing relatively strongly. Nevertheless, given this year's strong economic performance, investment activity remains rather weak. We presume this is also linked to the uncertain global economic environment. Major sales markets are just not as strong as in the past. This is true for the euro area and certainly also for China, which is not growing as strongly as it has in the past. The result is that companies' investment behavior is very reserved. In addition, housing construction appears to have reached its peak and overall investment in Germany remains rather weak.

6. What predictions can you make about the rate of inflation in Germany? The inflation rate is likely to be very low this year at 0.5 percent. This is primarily because energy prices have fallen sharply. We continue to have very weak core inflation in Germany. This means that prices, excluding energy and food, are also very weak due to poor demand globally, and in the euro area in particular, which puts pressure on price-setting options for companies.

7. What about the state of public finances? Public finances are developing very well because of strong economic growth and positive developments in the labor market. Tax revenues are healthy and social welfare spending has declined significantly in recent years. This ensures considerable surpluses in the public budget.

Interview by Erich Wittenberg

Annual results 2015

EUR bn

		specification	Total economy	Non financial and financial corporations	General government	Households and non-profit inst. serving households	Rest of the world
3		Gross domestic product/Gross value added	2723.5	1 831.6	293.2	598.6	–
4	–	Consumption of fixed capital	525.7	300.9	67.1	157.6	–
5	=	Net domestic product/Net value added[1]	2 197.8	1 530.7	226.1	441.0	−232.7
6	–	Compensation of employees, paid	1 541.4	1 096.0	229.4	216.0	12.4
7	–	Other taxes on production, paid	20.6	11.5	0.1	9.0	–
8	+	Other subsidies on production, received	25.2	23.4	0.3	1.5	–
9	=	Operating surplus, net/mixed income, net	661.0	446.6	−3.1	217.5	−245.1
10	+	Compensation of employees, received	1 543.7	–	–	1 543.7	10.1
11	–	Subsidies, paid	26.8	–	26.8	–	5.3
12	+	Taxes on production and imports, received	321.7	–	321.7	–	4.4
13	–	Property income, paid	747.1	666.0	48.5	32.6	184.7
14	+	Property income, received	811.3	384.8	21.9	404.7	120.5
15	=	Net national income/Balance of prim income, net	2 563.9	165.3	265.2	2 133.3	−300.0
16	–	Current taxes on income, wealth, etc, paid	354.4	71.9	–	282.5	8.3
17	+	Current taxes on income, wealth, etc, received	362.4	–	362.4	–	0.4
18	–	Net social contributions, paid	620.0	–	–	620.0	3.3
19	+	Net social contributions, received	620.8	121.2	498.9	0.7	2.5
20	–	Social benefits other than soc transf in kind, paid	528.7	58.8	469.2	0.7	0.4
21	+	Social benefits other than soc transf in kind, receiv	522.3	–	–	522.3	6.8
22	–	Other current transfers, paid	291.8	151.2	67.7	72.9	43.0
23	+	Other current transfers, received	248.8	137.8	18.5	92.4	86.0
24	=	Disposable income, net	2 523.2	142.4	608.1	1 772.7	−259.4
25	–	Final consumption expenditure	2 235.1	–	585.5	1 649.6	–
26	+	Adjustment for the change in net equity of households in pension funds	–	−49.1	–	49.1	–
27	=	Net saving	288.1	93.3	22.5	172.3	−259.4
28	–	Capital transfers, paid	33.0	3.3	22.4	7.3	3.7
29	+	Capital transfers, received	32.8	15.3	10.1	7.3	3.9
30	–	Gross capital formation	554.4	309.5	63.9	181.0	–
31	+	Consumption of fixed capital	525.7	300.9	67.1	157.6	–
32	–	Acquisitions less disposals of valuables	−1.8	−1.3	−1.4	0.9	1.8
33	=	Net lending (+)/ Net borrowing (-)	260.9	98.1	14.9	147.9	−260.9
		memorandum item:					
34		Disposable income, net	2 523.2	142.4	608.1	1 772.7	−259.4
35	–	Social transfers in kind, paid	386.3	–	386.3	–	–
36	+	Social transfers in kind, received	386.3	–	–	386.3	–
37	=	Adjusted disposable income, net	2 523.2	142.4	221.7	2 159.1	−259.4
38	–	Actual final consumption[2]	2 235.1	–	199.2	2 035.9	–
39	+	Adjustment for the change in net equity of households in pension funds	–	−49.1	–	49.1	–
40	=	Net saving	288.1	93.3	22.5	172.3	−259.4

1 Concerning Rest of the world: imports minus exports of goods and services to/from rest of the world.
2 The actual final consumption of general government corresponds only to collective final consumption. The actual final consumption of households and non profit institutions serving households includes individual goods and services provided as social transfer in kind to individual households by government units.

Annual results 2016

EUR bn

		specification	Total economy	Non financial and financial corporations	General government	Households and non-profit inst. serving households	Rest of the world
3		Gross domestic product/Gross value added	2813.1	1 893.1	301.9	618.0	–
4	–	Consumption of fixed capital	540.5	308.8	69.0	162.7	–
5	=	Net domestic product/Net value added[1]	2 272.5	1 584.3	232.9	455.4	−243.0
6	–	Compensation of employees, paid	1 594.1	1 134.4	236.5	223.2	12.8
7	–	Other taxes on production, paid	20.7	11.5	0.1	9.1	–
8	+	Other subsidies on production, received	25.3	23.5	0.3	1.5	–
9	=	Operating surplus, net/mixed income, net	683.1	461.9	−3.5	224.7	−255.7
10	+	Compensation of employees, received	1 596.4	–	–	1 596.4	10.5
11	–	Subsidies, paid	27.0	–	27.0	–	5.3
12	+	Taxes on production and imports, received	328.4	–	328.4	–	4.4
13	–	Property income, paid	749.2	669.3	47.5	32.4	187.5
14	+	Property income, received	816.3	387.2	21.9	407.2	120.5
15	=	Net national income/Balance of prim income, net	2 647.9	179.7	272.4	2 195.8	−313.2
16	–	Current taxes on income, wealth, etc, paid	369.8	76.3	–	293.6	8.5
17	+	Current taxes on income, wealth, etc, received	377.9	–	377.9	–	0.4
18	–	Net social contributions, paid	641.4	–	–	641.4	3.5
19	+	Net social contributions, received	642.3	125.3	516.2	0.7	2.6
20	–	Social benefits other than soc transf in kind, paid	544.8	59.5	484.5	0.7	0.4
21	+	Social benefits other than soc transf in kind, receiv	538.2	–	–	538.2	7.0
22	–	Other current transfers, paid	294.1	152.3	67.1	74.7	43.2
23	+	Other current transfers, received	250.3	138.9	18.9	92.5	87.1
24	=	Disposable income, net	2 606.5	155.8	633.8	1 816.8	−271.7
25	–	Final consumption expenditure	2 299.5	–	610.3	1 689.1	–
26	+	Adjustment for the change in net equity of households in pension funds	–	−50.0	–	50.0	–
27	=	Net saving	307.0	105.9	23.5	177.6	−271.7
28	–	Capital transfers, paid	33.9	3.7	22.6	7.7	3.6
29	+	Capital transfers, received	33.7	16.5	10.1	7.2	3.8
30	–	Gross capital formation	575.8	322.9	67.9	185.0	–
31	+	Consumption of fixed capital	540.5	308.8	69.0	162.7	–
32	–	Acquisitions less disposals of valuables	−1.9	−1.4	−1.4	0.9	1.9
33	=	Net lending (+)/ Net borrowing (-)	273.4	106.0	13.5	154.0	−273.4
		memorandum item:					
34		Disposable income, net	2 606.5	155.8	633.8	1 816.8	−271.7
35	–	Social transfers in kind, paid	407.8	–	407.8	–	–
36	+	Social transfers in kind, received	407.8	–	–	407.8	–
37	=	Adjusted disposable income, net	2 606.5	155.8	226.0	2 224.6	−271.7
38	–	Actual final consumption[2]	2 299.5	–	202.5	2 097.0	–
39	+	Adjustment for the change in net equity of households in pension funds	–	−50.0	–	50.0	–
40	=	Net saving	307.0	105.9	23.5	177.6	−271.7

1 Concerning Rest of the world: imports minus exports of goods and services to/from rest of the world.
2 The actual final consumption of general government corresponds only to collective final consumption. The actual final consumption of households and non profit institutions serving households includes individual goods and services provided as social transfer in kind to individual households by government units.

The Main National Accounts Data for Germany

Forecast for 2015 and 2016

	2014	2015	2016	2014		2015		2016	
				1. half year	2. half year	1. half year	2. half year	1. half year	2. half year
1. Origin of GDP Percentage change over previous year									
Domestic employment	0.9	0.7	0.5	0.8	0.9	0.9	0.6	0.5	0.4
Hours worked, per working day	0.5	−0.7	−0.3	1.1	−0.1	−0.1	−1.3	−1.1	0.6
Working days	0.1	0.9	0.4	−0.3	0.6	0.0	1.8	1.6	−0.8
Labour volume, calendar-monthly	1.5	0.9	0.6	1.6	1.4	0.8	1.1	0.9	0.2
Labour productivity[1]	0.1	1.3	1.3	0.2	0.0	1.0	1.6	1.3	1.2
Gross domestic product, price adjusted	**1.6**	**2.2**	**1.9**	**1.8**	**1.4**	**1.8**	**2.7**	**2.3**	**1.5**
2. Disposition of GDP in Current Prices a) Billion EUR									
Final consumption expenditure	2 166.2	2 235.1	2 299.5	1 054.5	1 111.7	1 089.3	1 145.8	1 123.4	1 176.1
Private consumption expenditure[2]	1 604.7	1 649.6	1 689.1	781.9	822.8	804.7	844.8	826.7	862.4
Government consumption expenditure	561.5	585.5	610.3	272.6	288.9	284.5	301.0	296.6	313.7
Gross fixed capital formation (GFCF)	581.0	599.4	623.8	280.2	300.8	284.7	314.7	298.4	325.4
Machinery and equipment	185.6	192.9	203.1	88.7	96.9	90.0	102.9	95.9	107.2
Construction	293.4	301.1	311.5	141.9	151.5	143.5	157.6	149.4	162.1
GFCF in other products	102.1	105.4	109.2	49.6	52.5	51.2	54.2	53.0	56.2
Change in Stocks[3]	−32.8	−45.0	−48.0	−1.3	−31.5	−13.8	−31.2	−16.0	−32.0
Domestic uses	2 714.4	2 789.5	2 875.3	1 333.4	1 380.9	1 360.2	1 429.3	1 405.8	1 469.5
Balance of exports and imports	189.4	232.7	243.0	94.0	95.4	118.3	114.3	127.0	116.0
Exports	1 326.2	1 405.0	1 486.9	648.1	678.1	687.0	718.0	729.9	757.0
Imports	1 136.7	1 172.3	1 243.9	554.1	582.6	568.7	603.7	602.9	641.0
Gross domestic product	**2 903.8**	**3 022.1**	**3 118.3**	**1 427.4**	**1 476.4**	**1 478.5**	**1 543.7**	**1 532.7**	**1 585.5**
b) Percentage change over previous year									
Final consumption expenditure	2.5	3.2	2.9	2.4	2.6	3.3	3.1	3.1	2.6
Private consumption expenditure[2]	2.1	2.8	2.4	1.9	2.3	2.9	2.7	2.7	2.1
Government consumption expenditure	3.7	4.3	4.2	3.8	3.7	4.4	4.2	4.3	4.2
Gross fixed capital formation (GFCF)	4.5	3.2	4.1	6.5	2.8	1.6	4.6	4.8	3.4
Machinery and equipment	4.3	3.9	5.3	5.6	3.2	1.5	6.2	6.5	4.2
Construction	5.1	2.6	3.5	8.3	2.3	1.1	4.1	4.2	2.8
GFCF in other products	3.3	3.3	3.6	3.2	3.4	3.2	3.3	3.6	3.6
Domestic uses	2.6	2.8	3.1	3.3	1.9	2.0	3.5	3.4	2.8
Exports	3.6	5.9	5.8	2.5	4.7	6.0	5.9	6.2	5.4
Imports	1.8	3.1	6.1	1.4	2.2	2.6	3.6	6.0	6.2
Gross domestic product	**3.4**	**4.1**	**3.2**	**3.7**	**3.0**	**3.6**	**4.6**	**3.7**	**2.7**
3. Disposition of GDP, adjusted for prices a) Chain-linked estimated in Billion EUR									
Final consumption expenditure	2 030.9	2 075.8	2 103.5	993.8	1 037.2	1 017.4	1 058.4	1 033.7	1 069.8
Private consumption expenditure[2]	1 518.1	1 554.7	1 576.6	740.6	777.5	759.6	795.1	773.0	803.6
Government consumption expenditure	512.8	521.2	527.1	253.1	259.7	257.8	263.4	260.6	266.4
Gross fixed capital formation (GFCF)	545.3	555.7	572.2	263.3	282.1	264.0	291.7	273.7	298.4
Machinery and equipment	182.9	189.3	198.5	87.0	95.8	88.0	101.3	93.4	105.2
Construction	267.6	270.7	276.5	129.8	137.8	129.2	141.5	133.0	143.6
GFCF in other products	94.7	95.8	97.4	46.2	48.5	46.7	49.1	47.5	50.0
Domestic uses	2 541.0	2 586.0	2 628.9	1 255.8	1 285.2	1 270.1	1 315.9	1 295.2	1 333.7
Exports	1 276.5	1 353.1	1 421.7	624.5	652.0	661.4	691.8	699.9	721.9
Imports	1 091.8	1 152.0	1 211.8	530.6	561.2	557.2	594.8	589.2	622.6
Gross domestic product	**2 724.7**	**2 785.7**	**2 837.9**	**1 349.3**	**1 375.4**	**1 373.4**	**1 412.3**	**1 405.0**	**1 432.9**
b) Percentage change over previous year									
Final consumption expenditure	1.2	2.2	1.3	0.9	1.4	2.4	2.0	1.6	1.1
Private consumption expenditure[2]	1.2	2.4	1.4	0.9	1.4	2.6	2.3	1.8	1.1
Government consumption expenditure	1.1	1.6	1.1	0.9	1.4	1.8	1.4	1.1	1.1
Gross fixed capital formation (GFCF)	3.4	1.9	3.0	5.3	1.6	0.3	3.4	3.7	2.3
Machinery and equipment	4.3	3.5	4.9	5.6	3.2	1.1	5.7	6.1	3.8
Construction	3.6	1.2	2.2	6.6	0.8	−0.5	2.7	2.9	1.5
GFCF in other products	1.2	1.1	1.8	1.2	1.2	0.9	1.3	1.7	1.8
Domestic uses	1.3	1.8	1.7	1.8	0.7	1.1	2.4	2.0	1.3
Exports	3.9	6.0	5.1	3.1	4.6	5.9	6.1	5.8	4.4
Imports	3.4	5.5	5.2	3.3	3.4	5.0	6.0	5.7	4.7
Gross domestic product	**1.6**	**2.2**	**1.9**	**1.8**	**1.4**	**1.8**	**2.7**	**2.3**	**1.5**

continued: The Main National Accounts Data for Germany

Forecast for 2015 and 2016

	2014	2015	2016	2014		2015		2016	
				1. half year	2. half year	1. half year	2. half year	1. half year	2. half year
4. Price Level of National Expenditure (2010=100)									
Percentage change over previous year									
Private consumption expenditure[2]	0.9	0.4	1.0	1.1	0.8	0.3	0.4	1.0	1.0
Government consumption expenditure	2.6	2.6	3.1	2.9	2.3	2.5	2.7	3.1	3.1
Gross fixed capital formation (GFCF)	1.1	1.2	1.1	1.1	1.1	1.3	1.1	1.1	1.1
Machinery and equipment	0.0	0.4	0.4	0.0	0.0	0.4	0.4	0.4	0.4
Construction	1.5	1.5	1.3	1.5	1.4	1.6	1.4	1.3	1.3
Exports	−0.2	−0.1	0.7	−0.6	0.1	0.1	−0.2	0.4	1.0
Imports	−1.5	−2.3	0.9	−1.9	−1.2	−2.3	−2.2	0.3	1.4
Gross domestic product	**1.7**	**1.8**	**1.3**	**1.8**	**1.6**	**1.8**	**1.8**	**1.3**	**1.2**
5. Distribution of Income									
a) Billion EUR									
Primary income of private households[2]	2 065.3	2 133.3	2 195.8	1 013.0	1 052.3	1 048.5	1 084.8	1 084.6	1 111.2
Employers' social contributions	270.9	282.1	291.7	131.2	139.6	137.0	145.1	141.8	149.9
Gross wages and salaries	1 210.2	1 261.7	1 304.7	577.2	633.0	603.3	658.3	624.2	680.4
Other primary income of private households[4]	584.2	589.6	599.4	304.6	279.6	308.2	281.4	318.6	280.8
Primary income of other institutional sectors	394.8	430.5	452.1	184.4	210.3	193.8	236.7	206.0	246.1
Net national income (primary income)	**2 460.0**	**2 563.9**	**2 647.9**	**1 197.5**	**1 262.6**	**1 242.3**	**1 321.5**	**1 290.6**	**1 357.3**
Consumption of fixed capital	512.1	525.7	540.5	255.0	257.2	261.4	264.3	268.8	271.8
Gross national income	**2 972.2**	**3 089.5**	**3 188.5**	**1 452.4**	**1 519.8**	**1 503.7**	**1 585.8**	**1 559.4**	**1 629.1**
Memorandum item:									
Net national income (factor costs)	2 172.9	2 268.9	2 346.5	1 055.3	1 117.7	1 095.9	1 173.0	1 141.1	1 205.4
Property and entrepreneurial income	691.9	725.2	750.2	346.8	345.0	355.6	369.7	375.1	375.1
Compensation of employees	1 481.1	1 543.7	1 596.4	708.4	772.7	740.3	803.4	766.0	830.4
b) Percentage change over previous year									
Primary income of private households[2]	2.7	3.3	2.9	2.4	2.9	3.5	3.1	3.4	2.4
Employers' social contributions	3.1	4.1	3.4	3.1	3.1	4.4	3.9	3.5	3.4
Gross wages and salaries	3.8	4.3	3.4	3.9	3.8	4.5	4.0	3.5	3.4
Other primary income of private households[4]	0.1	0.9	1.7	−0.5	0.8	1.2	0.6	3.4	−0.2
Primary income of other institutional sectors	7.3	9.1	5.0	10.3	4.7	5.1	12.6	6.3	4.0
Net national income (primary income)	**3.4**	**4.2**	**3.3**	**3.6**	**3.2**	**3.7**	**4.7**	**3.9**	**2.7**
Consumption of fixed capital	2.0	2.6	2.8	2.0	2.0	2.5	2.8	2.8	2.8
Gross national income	**3.1**	**3.9**	**3.2**	**3.3**	**3.0**	**3.5**	**4.3**	**3.7**	**2.7**
Memorandum item:									
Net national income (factor costs)	3.5	4.4	3.4	3.7	3.2	3.9	5.0	4.1	2.8
Property and entrepreneurial income	3.0	4.8	3.4	3.7	2.4	2.5	7.1	5.5	1.5
Compensation of employees	3.7	4.2	3.4	3.8	3.6	4.5	4.0	3.5	3.4
6. Income and Expenditure of Private Households									
a) Billion EUR									
Mass income	1 214.1	1 262.0	1 299.7	584.2	629.9	609.3	652.6	626.4	673.4
Net wages and salaries	804.6	837.3	861.5	380.2	424.5	396.1	441.2	408.3	453.3
Social benefits	504.8	522.3	538.2	251.3	253.6	261.6	260.7	267.7	270.6
less levies on social benefits	95.3	97.7	100.0	47.2	48.1	48.4	49.3	49.6	50.5
Other primary income[4]	584.2	589.6	599.4	304.6	279.6	308.2	281.4	318.6	280.8
Other transfers received (net)[5]	−76.2	−78.8	−82.3	−36.8	−39.4	−38.5	−40.3	−40.5	−41.8
Disposible income	**1 722.2**	**1 772.7**	**1 816.8**	**852.0**	**870.1**	**879.0**	**893.7**	**904.4**	**912.4**
Memorandum item:									
Adjustment for the change in net equity of households in pension funds reserves	48.2	49.1	50.0	23.8	24.4	24.3	24.8	24.7	25.3
Private consumption expenditure	1 604.7	1 649.6	1 689.1	781.9	822.8	804.7	844.8	826.7	862.4
Saving	165.6	172.3	177.6	93.9	71.7	98.6	73.7	102.4	75.2
Saving ratio in percent[6]	9.4	9.5	9.5	10.7	8.0	10.9	8.0	11.0	8.0
b) Percentage change over previous year									
Mass income	3.3	3.9	3.0	3.0	3.6	4.3	3.6	2.8	3.2
Net wages and salaries	3.5	4.1	2.9	3.6	3.4	4.2	3.9	3.1	2.7
Social benefits	2.6	3.5	3.0	1.4	3.8	4.1	2.8	2.3	3.8
less levies on social benefits	1.7	2.5	2.4	0.1	3.4	2.5	2.5	2.4	2.4
Other primary income[4]	0.1	0.9	1.7	−0.5	0.8	1.2	0.6	3.4	−0.2
Disposible income	**2.4**	**2.9**	**2.5**	**2.1**	**2.7**	**3.2**	**2.7**	**2.9**	**2.1**
Private consumption expenditure	2.1	2.8	2.4	1.9	2.3	2.9	2.7	2.7	2.1
Saving	5.5	4.0	3.1	3.8	7.9	4.9	2.8	3.9	2.1

continued: The Main National Accounts Data for Germany

Forecast for 2015 and 2016

	2014	2015	2016	2014		2015		2016	
				1. half year	2. half year	1. half year	2. half year	1. half year	2. half year
7. Government Revenues and Expenditures[8] **a) Billion EUR**									
Revenues									
Taxes	660.4	684.1	706.4	328.4	332.1	342.2	341.9	353.7	352.6
direct taxes	346.8	362.4	377.9	173.3	173.5	182.7	179.7	191.1	186.9
indirect taxes	313.6	321.7	328.4	155.1	158.5	159.5	162.2	162.7	165.8
Net social contributions	481.6	498.9	516.2	233.7	247.9	243.0	255.8	251.4	264.8
Property income	23.5	21.9	21.9	15.0	8.5	12.8	9.0	12.9	9.0
Other transfers	18.4	18.5	18.9	8.8	9.6	8.9	9.6	9.0	9.8
Capital transfers	10.6	10.1	10.1	5.0	5.6	4.7	5.4	4.6	5.4
Sales	99.0	101.7	104.4	46.7	52.3	47.9	53.7	49.2	55.2
Other subsidies	0.3	0.3	0.3	0.1	0.2	0.1	0.2	0.1	0.2
Total revenues	**1 293.8**	**1 335.4**	**1 378.1**	**637.7**	**656.2**	**659.7**	**675.7**	**681.1**	**697.1**
Expenditures									
Intermediate consumption	134.9	139.2	144.0	61.9	73.0	64.1	75.2	66.3	77.7
Compensation of employees	223.9	229.4	236.5	107.6	116.3	110.2	119.2	113.6	122.9
Social benefits in kind	239.4	254.7	268.9	118.4	121.0	126.0	128.7	133.0	135.9
Property income (interests)	50.6	48.5	47.5	26.4	24.2	24.8	23.7	23.8	23.6
Subsidies	26.5	26.8	27.0	12.9	13.6	13.0	13.8	13.1	13.9
Social benefits	452.2	469.2	484.5	225.0	227.2	235.0	234.2	240.9	243.6
Other transfers	64.1	67.7	67.1	36.0	28.1	36.2	31.5	36.3	30.8
Gross capital formation	63.1	63.9	67.9	28.2	34.9	28.2	35.7	30.2	37.7
Capital transfers	22.4	22.4	22.6	8.8	13.6	8.9	13.5	8.9	13.7
Acquisitions less disposals of non-financial non-produced assets	−1.4	−1.4	−1.4	−0.6	−0.8	−0.6	−0.8	−0.6	−0.8
Other taxes on production	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total expenditures	**1 275.8**	**1 320.5**	**1 364.7**	**624.5**	**651.3**	**645.8**	**674.7**	**665.5**	**699.2**
Balance	18.1	14.9	13.5	13.2	4.9	13.9	1.0	15.6	−2.1
b) Percentage change over previous year									
Revenues									
Taxes	3.5	3.6	3.3	2.6	4.4	4.2	3.0	3.4	3.1
direct taxes	4.0	4.5	4.3	2.4	5.8	5.5	3.5	4.6	4.0
indirect taxes	3.0	2.6	2.1	2.9	3.0	2.8	2.3	2.0	2.2
Net social contributions	3.5	3.6	3.5	3.4	3.6	4.0	3.2	3.5	3.5
Property income	10.3	−6.9	0.4	28.1	−11.3	−14.3	6.2	0.5	0.2
Other transfers	−0.5	0.9	1.9	−1.1	0.1	0.9	0.8	1.7	2.1
Capital transfers	2.1	−4.3	−1.0	4.3	0.2	−5.4	−3.4	−2.2	0.1
Sales	3.4	2.7	2.7	4.5	2.4	2.7	2.7	2.7	2.7
Other subsidies	−11.2	0.0	0.0	−8.8	−13.0	0.0	0.0	0.0	0.0
Total revenues	**3.6**	**3.2**	**3.2**	**3.5**	**3.6**	**3.5**	**3.0**	**3.2**	**3.2**
Expenditures									
Intermediate consumption	2.5	3.2	3.4	2.7	2.4	3.6	3.0	3.4	3.4
Compensation of employees	2.9	2.5	3.1	3.1	2.7	2.5	2.5	3.1	3.1
Social benefits in kind	5.5	6.4	5.6	5.6	5.4	6.4	6.4	5.6	5.6
Property income (interests)	−10.2	−4.1	−2.1	−8.9	−11.6	−6.0	−2.1	−4.0	0.0
Subsidies	7.4	0.9	0.9	7.3	7.5	0.9	0.9	0.9	0.9
Social benefits	2.8	3.7	3.3	1.5	4.1	4.4	3.1	2.5	4.0
Other transfers[7]	2.1	3.6	−0.6	2.3	−0.2	0.3	3.3	0.1	−0.6
Gross capital formation	0.5	1.3	6.2	13.7	−8.1	0.2	2.1	7.0	5.7
Capital transfers[7]	−2.4	0.0	0.2	−2.3	−0.2	0.1	−0.1	0.0	0.2
Acquisitions less disposals of non-financial non-produced assets[7]	0.0	0.0	0.0	0.1	−0.1	0.0	0.0	0.0	0.0
Other taxes on production[7]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total expenditures	**2.4**	**3.5**	**3.3**	**2.7**	**2.3**	**3.4**	**3.6**	**3.0**	**3.6**

1 Gross domestic product (price-adjusted) per man-hour.
2 Including private organizations without pecuniary reward.
3 Including net increase in valuables.
4 Entrepreneurial income/ operating surplus and received minus paid property income.
5 Transfers, received minus paid.
6 Current saving as percentage of disposable income
7 Absolute change over previous year in Billion EUR.

Sources: Federal Statistical Office (Fachserie 18: Volkswirtschaftliche Gesamtrechnungen); Forecast by DIW Berlin.