

# GERMAN MACRO TRENDS

Q4 2023

# CURRENT SITUATION: ECONOMIC RECOVERY IS POSTPONED (ONCE AGAIN)

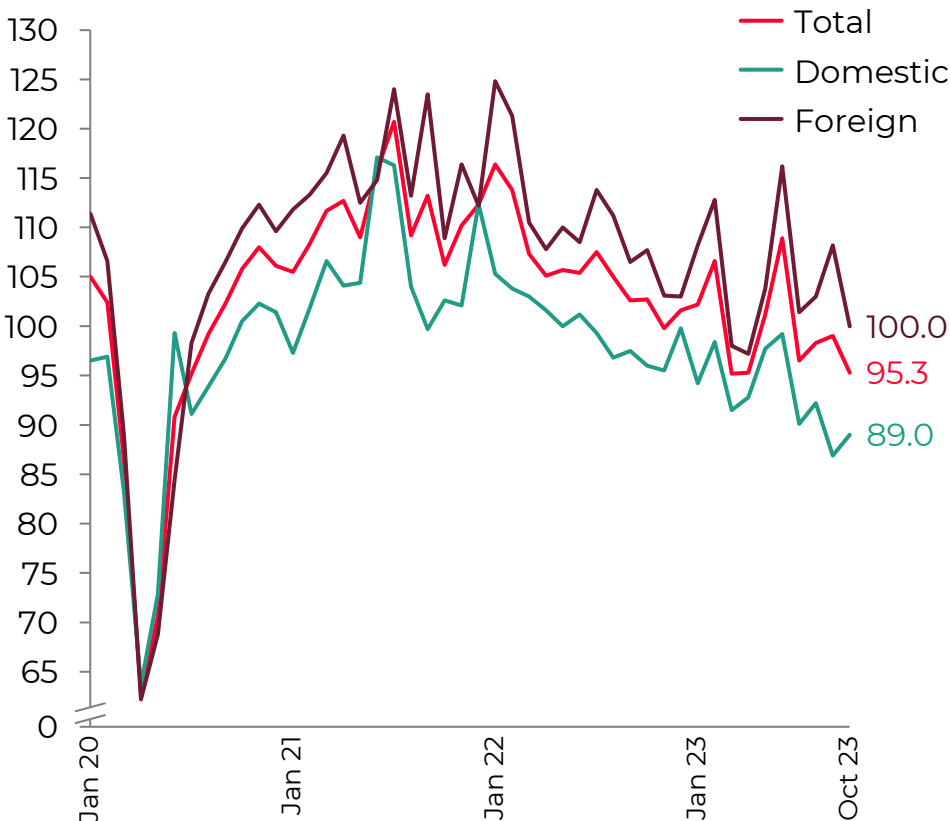
| German indicators |                                | TREND (Ø 3 months)            |                           |
|-------------------|--------------------------------|-------------------------------|---------------------------|
|                   |                                | Short-term (vs. prev. period) | Mid-term (vs. prev. year) |
| Business          | 1a New orders in manufacturing | worse                         | worse                     |
|                   | 1b Production                  | worse                         | worse                     |
|                   | 1c Exports                     | worse                         | worse                     |
|                   | 1d Ifo business climate        | stable                        | stable                    |
| Consumer          | 2a Employment                  | stable                        | worse                     |
|                   | 2b Consumer prices             | better                        | worse                     |
|                   | 2c GfK Consumer Climate        | worse                         | better                    |
|                   | 2d Turnover in retail trade    | stable                        | worse                     |
| GDP               | 3a GDP quarterly               | worse                         | worse                     |
| Economic Outlook  | 4a Global forecast 2024 yoy    | worse                         |                           |
|                   | 4b German forecast 2024 yoy    | better                        |                           |

1a **OCTOBER 2023: ORDERS IN MANUFACTURING DECLINED MORE THAN EXPECTED (-3.7% MONTH-ON-MONTH, -7.3% YEAR-ON-YEAR)**

ORDERS HAVE BEEN HIGHLY VOLATILE IN RECENT MONTHS; NEVERTHELESS, THE DROP IN INCOMING ORDERS OVER THE AUGUST-TO-OCTOBER PERIOD, A COMPARISON LESS VOLATILE, WAS EVEN SHARPER AT -4.6%

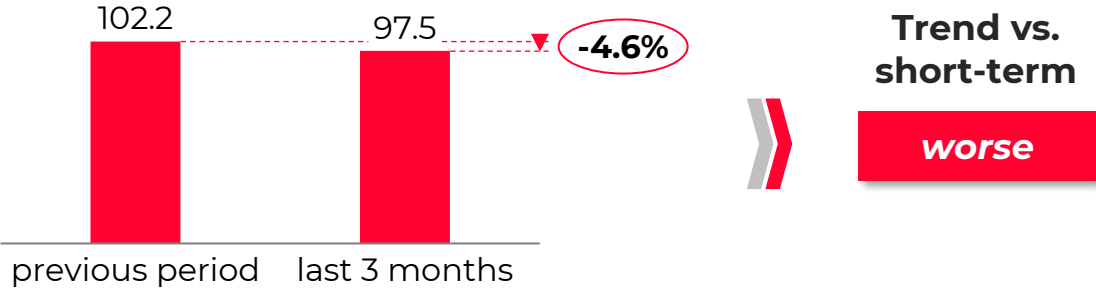
**NEW ORDERS IN MANUFACTURING<sup>1)</sup>**

Index (2015=100)



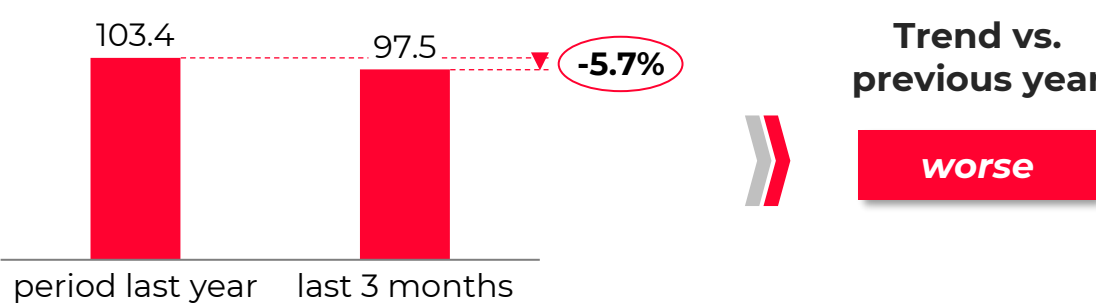
**NEW ORDERS IN MANUFACTURING<sup>1)</sup>, SHORT-TERM, INCL. OCTOBER 2023**

(average, change in %)



**NEW ORDERS IN MANUFACTURING<sup>1)</sup>, MID-TERM, INCL. OCTOBER 2023**

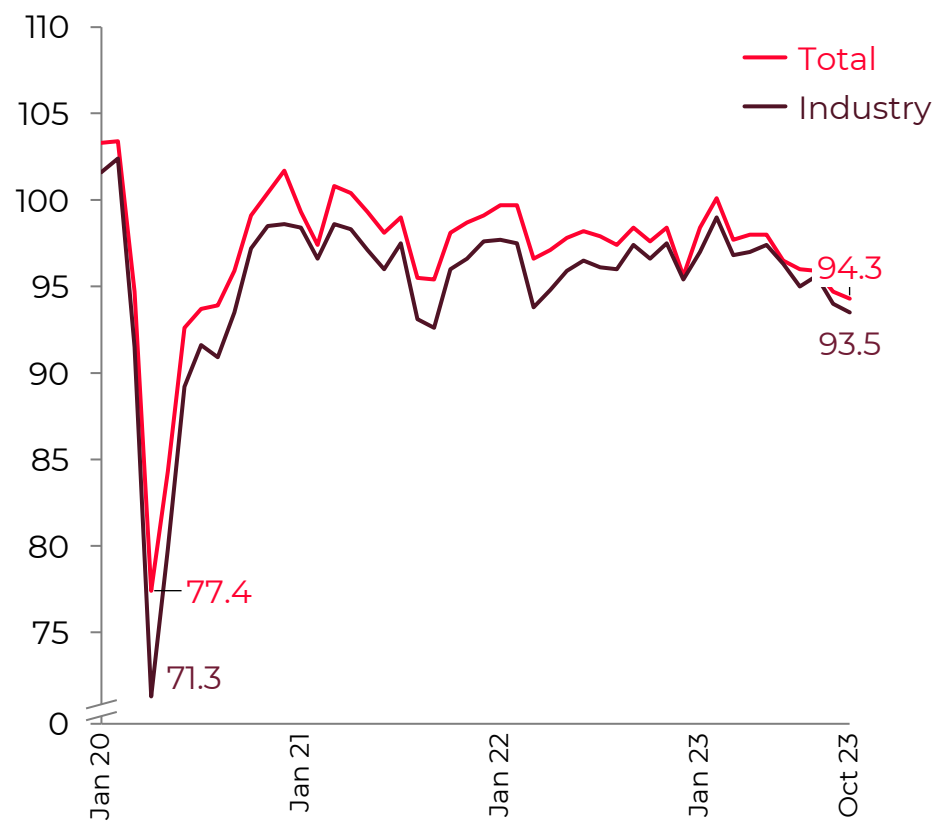
(average, change in %)



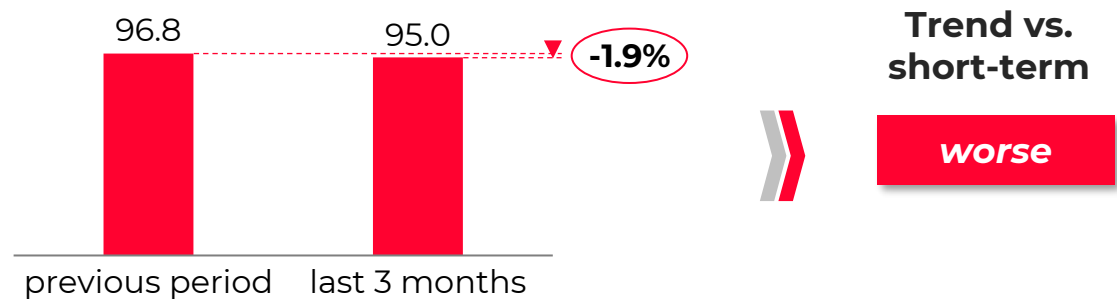
**1b OCTOBER 2023: INDUSTRIAL OUTPUT FELL UNEXPECTEDLY (-0.4% MONTH-ON-MONTH, -3.5% YEAR-ON-YEAR), DAMPENING THE OUTLOOK FOR THE 4<sup>TH</sup> QUARTER**

GERMAN INDUSTRIAL SECTOR CONTINUED TO SUFFER FROM FROM HIGH ENERGY PRICES, WEAK FOREIGN DEMAND AND LESS FAVOURABLE FINANCING CONDITIONS

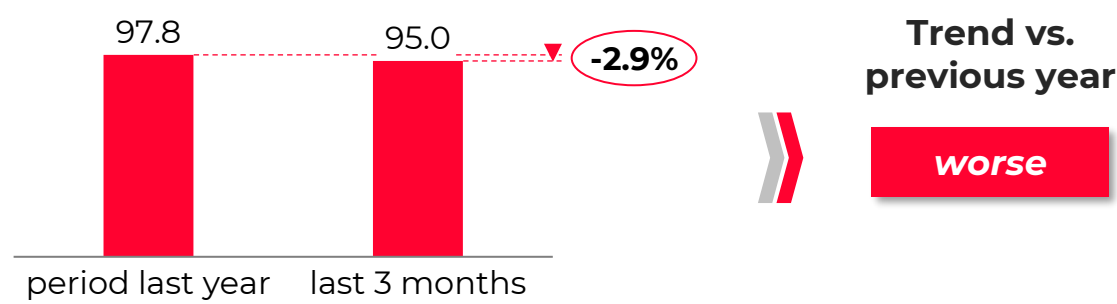
**PRODUCTION<sup>1)</sup>**  
Index (2015=100)



**PRODUCTION<sup>1)</sup>, SHORT-TERM, INCL. OCTOBER 2023**  
(average, change in %)



**PRODUCTION<sup>1)</sup>, MID-TERM, INCL. OCTOBER 2023**  
(average, change in %)

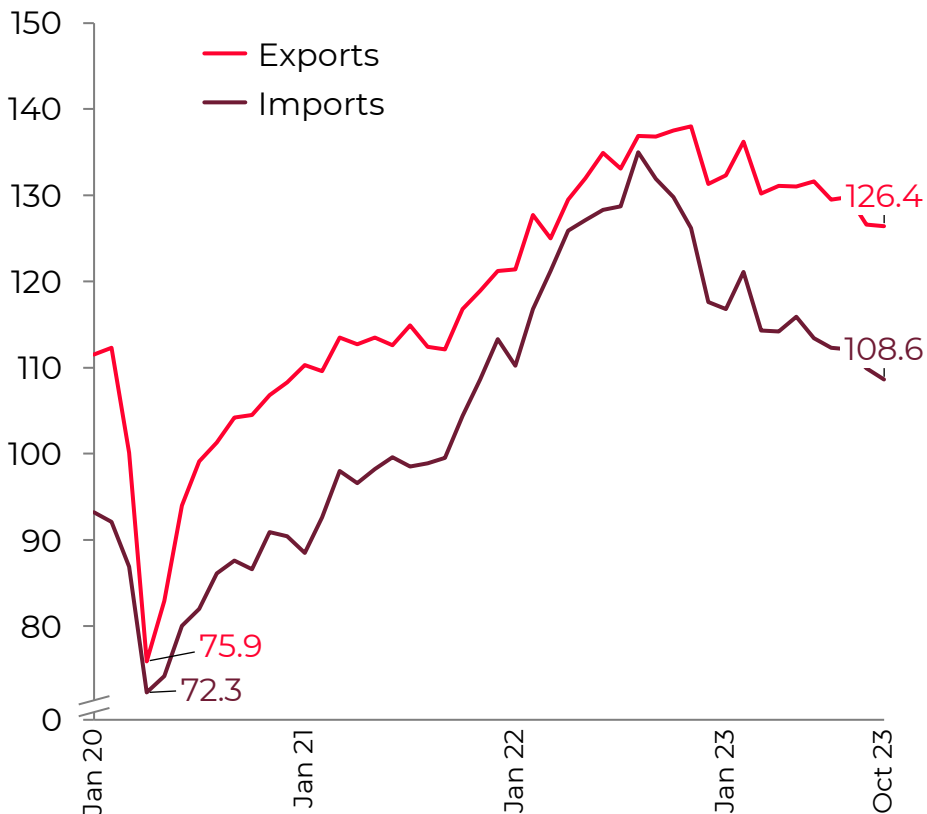


**1c** **OCTOBER 2023: EXPORTS FELL BY -0.2% MONTH-ON-MONTH (-8.1% YEAR-ON-YEAR) AS DEMAND IN THE EUROPEAN UNION SLUMPED (-2.7%)**

**DUE TO SLOWED IMPORTS (-1.2% MONTH-ON-MONTH, -16.3% YEAR-ON-YEAR) THE FOREIGN TRADE BALANCE SHOWED A SURPLUS OF +17.8 BILL EUROS VERSUS A SURPLUS OF +16.7 BILL EUROS IN SEPTEMBER**

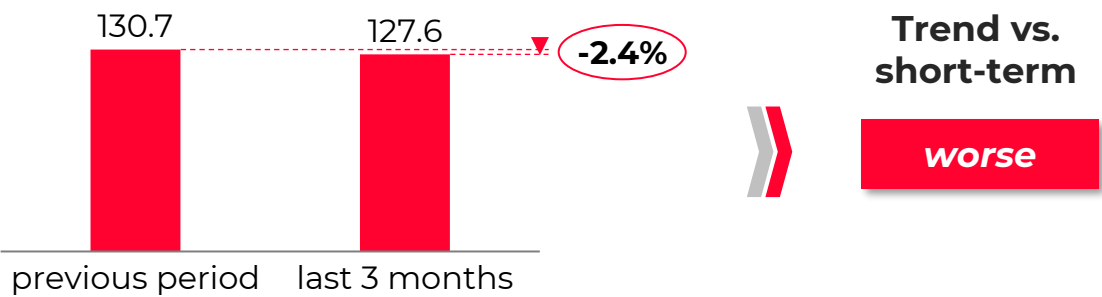
**EXPORTS AND IMPORTS, ACTUAL VALUES<sup>1)</sup>**

in € bn



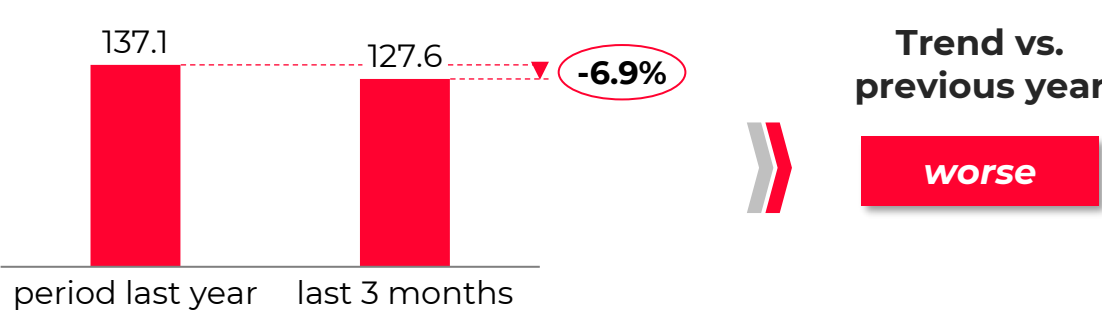
**EXPORTS<sup>1)</sup>, SHORT-TERM, INCL. OCTOBER 2023**

(average, change in %)



**EXPORTS<sup>1)</sup>, MID-TERM, INCL. OCTOBER 2023**

(average, change in %)

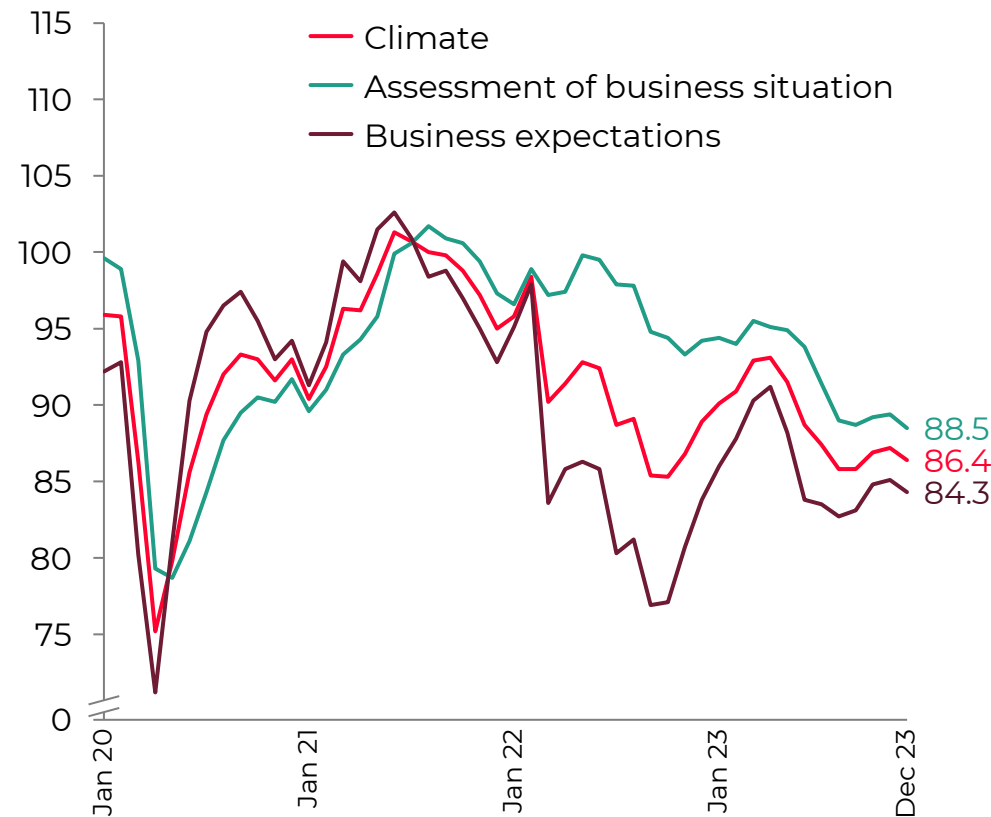


1d **DECEMBER 2023: BUSINESS SENTIMENT REMAINS SUBDUED**

AFTER A PHASE OF STABILIZATION THE IFO BUSINESS CLIMATE INDEX FELL FROM 87.2 PTS TO 86.4 PTS; COMPANIES WERE LESS SATISFIED WITH THEIR CURRENT BUSINESS; THEY WERE ALSO MORE SKEPTICAL ABOUT THE FIRST HALF OF 2024

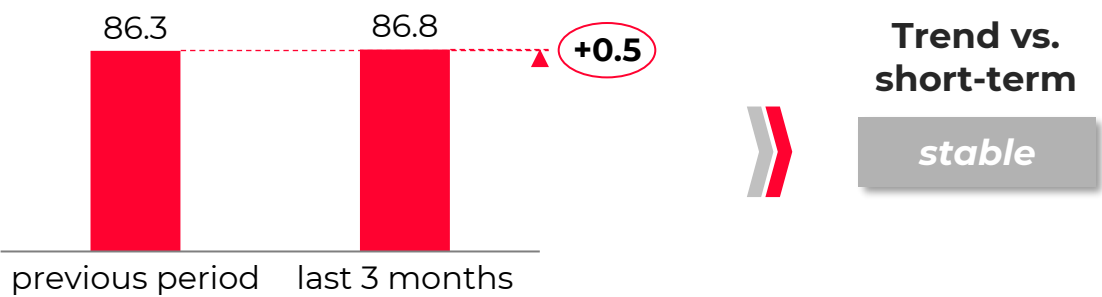
**IFO BUSINESS CLIMATE<sup>1)</sup>**

Index (2015=100)



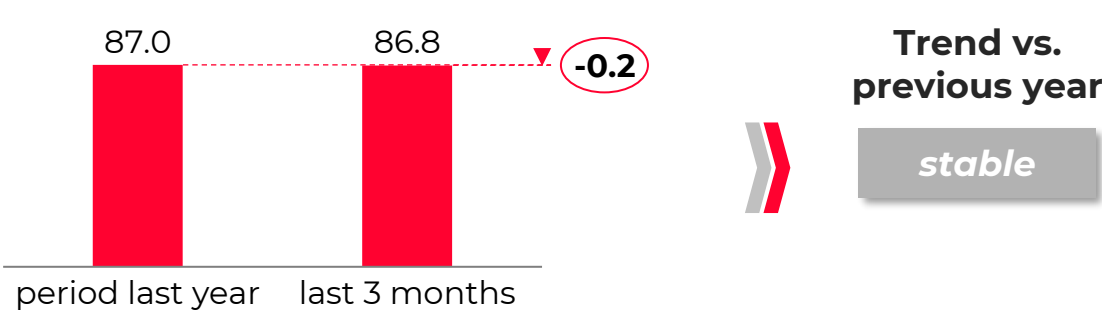
**IFO BUSINESS CLIMATE<sup>1)</sup>, SHORT-TERM, INCL. DECEMBER 2023**

(average, change in pts)



**IFO BUSINESS CLIMATE<sup>1)</sup>, MID-TERM, INCL. DECEMBER 2023**

(average, change in pts)

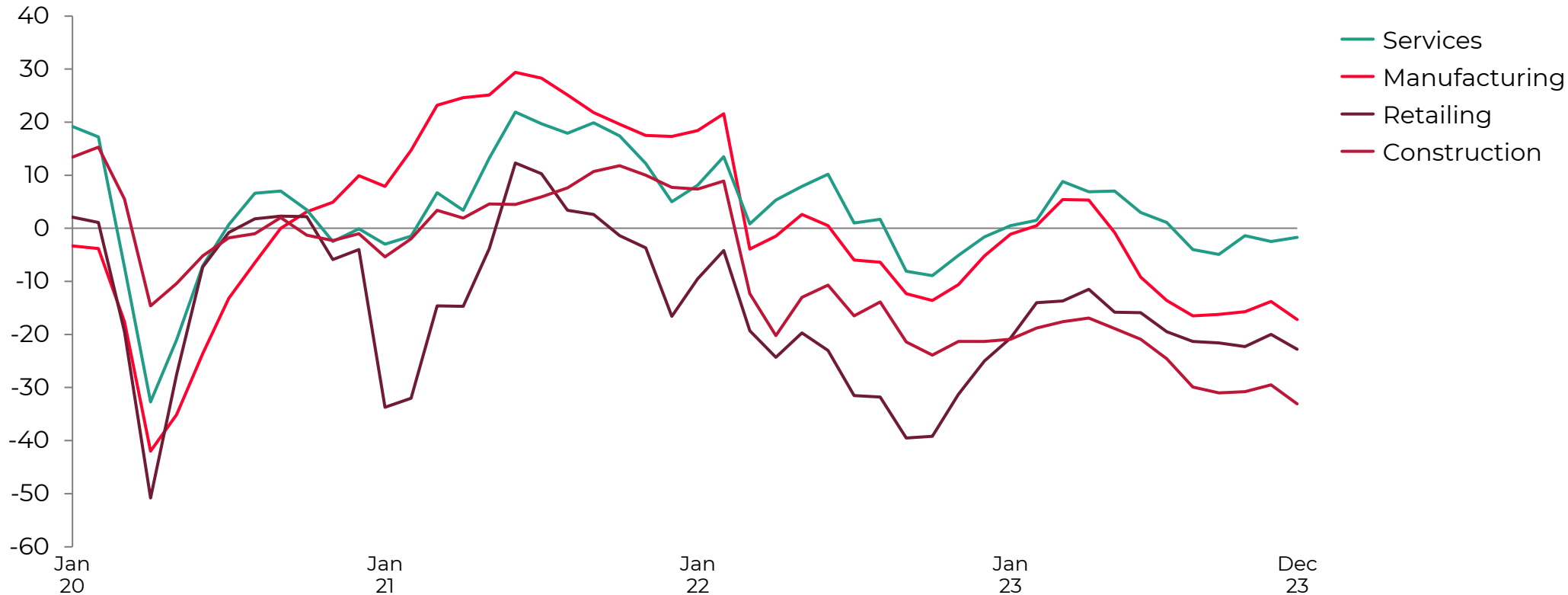


# 1d PESSIMISTIC MOOD IN ALMOST ALL BRANCHES; ONLY EXCEPTION IS THE SERVICE SECTOR

IN MANUFACTURING, THE BUSINESS CLIMATE INDEX FELL NOTICEABLY; FOR RETAILERS, HOLIDAY TRADE IS DISAPPOINTING THIS YEAR; IN CONSTRUCTION, THE BUSINESS CLIMATE INDEX FELL TO ITS LOWEST LEVEL SINCE SEPTEMBER 2005; IN THE SERVICE SECTOR, THE BUSINESS CLIMATE IMPROVED SLIGHTLY

## IFO BUSINESS CLIMATE

Balances, seasonally adjusted

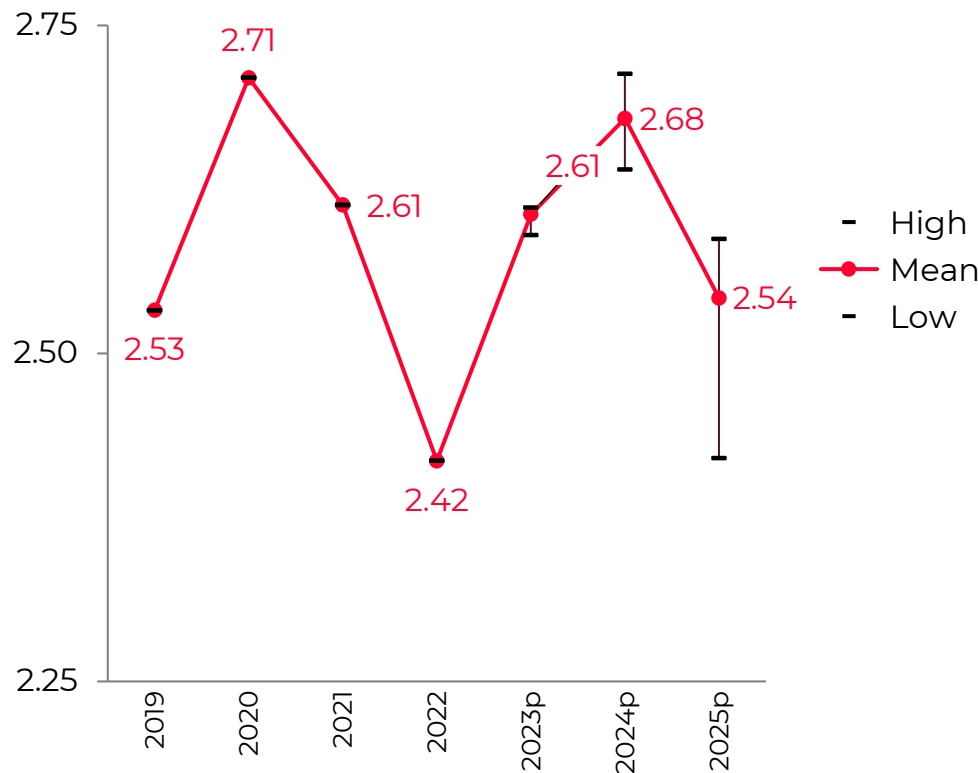




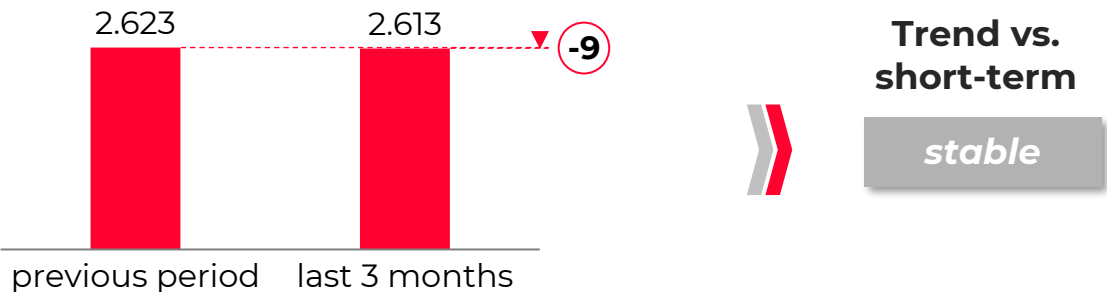
# 2a NOVEMBER 2023: GERMAN LABOUR MARKET IS SHOWING SIGNS OF ECONOMIC CRISIS, BUT OVERALL THE SITUATION REMAINS STABLE

ONE THOUSAND PERSONS LESS REGISTERED AS JOBLESS FOR A TOTAL OF 2.606 MILLION; THIS MEANS AN UNUSUALLY SMALL DECREASE FOR SEPTEMBER; UNEMPLOYMENT RATE IS VIRTUALLY CONSTANT AT 5.6% (-0.1 PTS)

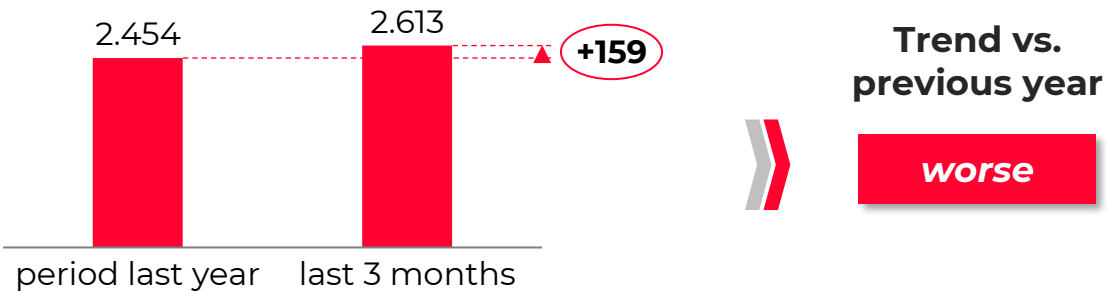
UNEMPLOYED, TREND<sup>1)</sup>  
in million



UNEMPLOYED, SHORT-TERM, INCL. NOVEMBER 2023  
(average, in million, change in thousand)



UNEMPLOYED, MID-TERM, INCL. NOVEMBER 2023  
(average, in million, change in thousand)





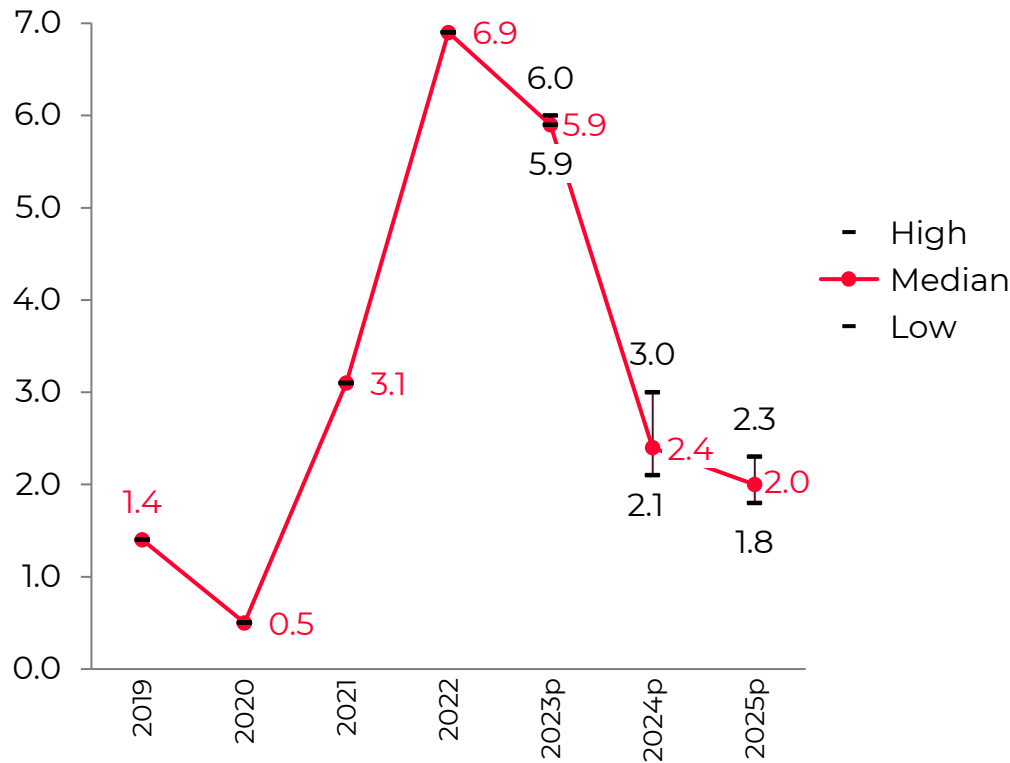
2b

# NOVEMBER 2023: INFLATION RATE AT +3.2%; ENERGY PRODUCTS, IN PARTICULAR, COST LESS THAN 2022, A YEAR MARKED BY WAR AND CRISIS (BASE EFFECT)

WITH THE START OF NEW YEAR INFLATION WILL PROBABLY BRIEFLY TICK HIGHER AGAIN DUE TO THE IMPACT OF ONE-OFF EFFECTS (E.G. IMMEDIATE ASSISTANCE GRANTED BY CENTRAL GOVERNMENT FOR GAS AND DISTRICT HEATING IN DEC ´23)

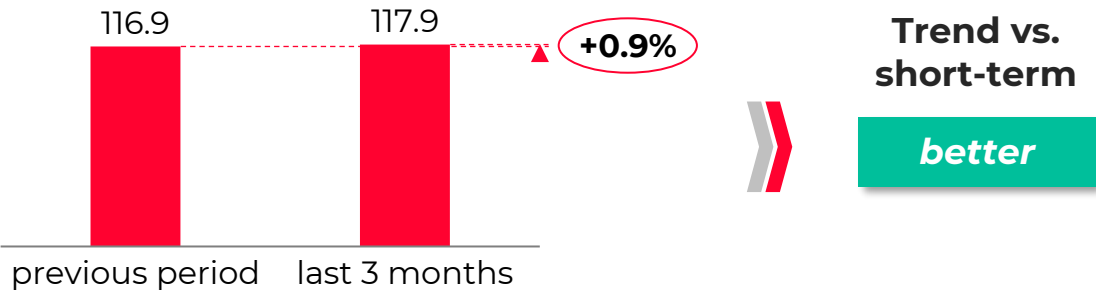
CONSUMER PRICE INDEX, TREND<sup>1)</sup>

in %, yoy



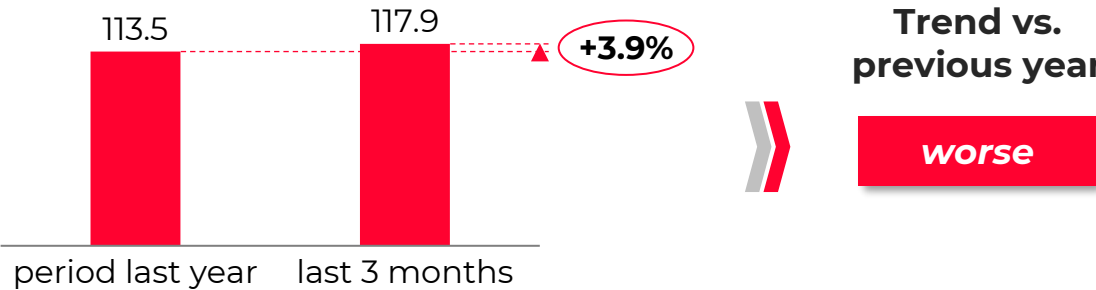
CONSUMER PRICE INDEX<sup>2)</sup>, SHORT-TERM, INCL. NOVEMBER 2023

(average, change in %)



CONSUMER PRICE INDEX<sup>2)</sup>, MID-TERM, INCL. NOVEMBER 2023

(average, change in %)



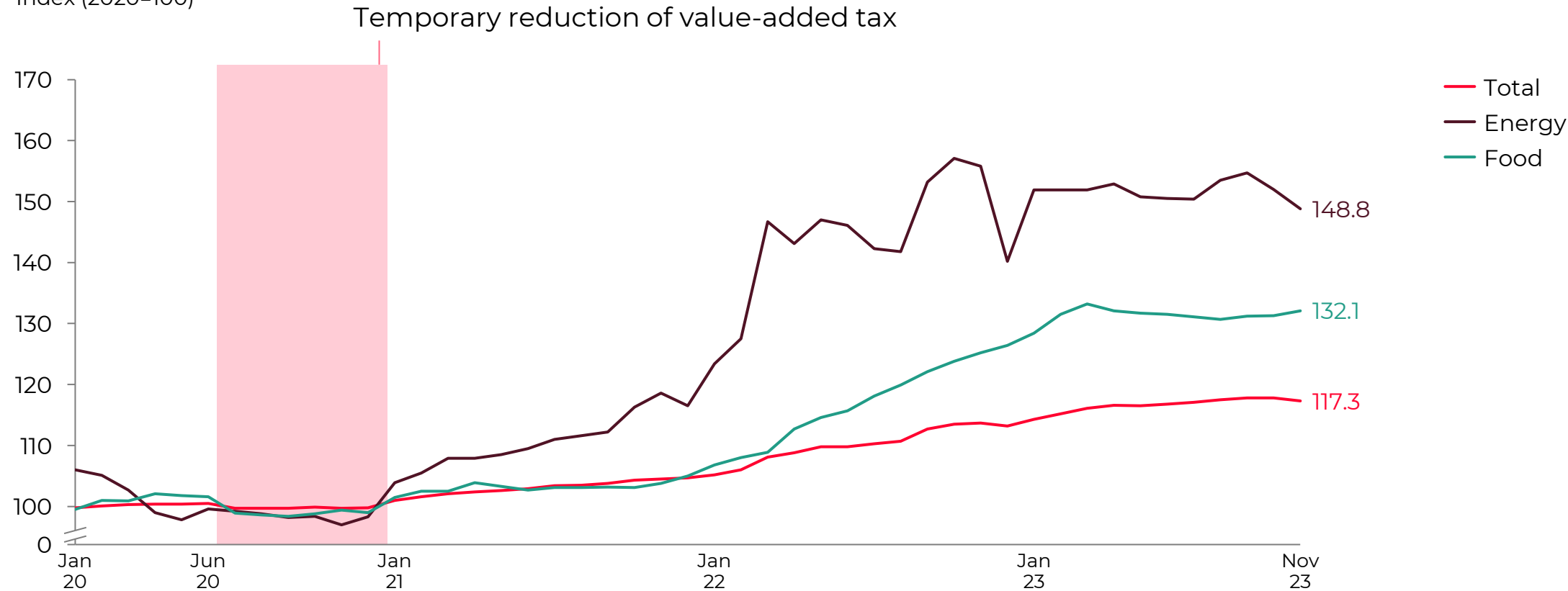
1) Based on 6 sources forecasting macroeconomic development in Germany in December 2023, p=projected  
2) Total index, balendar & seasonally adjusted using BV 4.1; 2020 = 100  
Sources: Destatis, BA, HWWI, IfW, RWI, IWH, ifo, DIW  
SevenOne Media | Industry & Ad Market Analytics

## 2b FOOD PRICES WERE THE MAIN DRIVER OF THE INFLATION RATE

COMPARED WITH THE PREVIOUS YEAR ENERGY PRICES FELL BY -4.5% (OCT -3.2%); FOOD PRICES WERE UP +5.5% (OCT +6.1%); INFLATION RATE EXCLUDING FOOD AND ENERGY (=CORE INFLATION) DROPPED TO A VALUE OF +3.8% (OCT +4.3%)

### CONSUMER PRICE INDEX BY CATEGORY

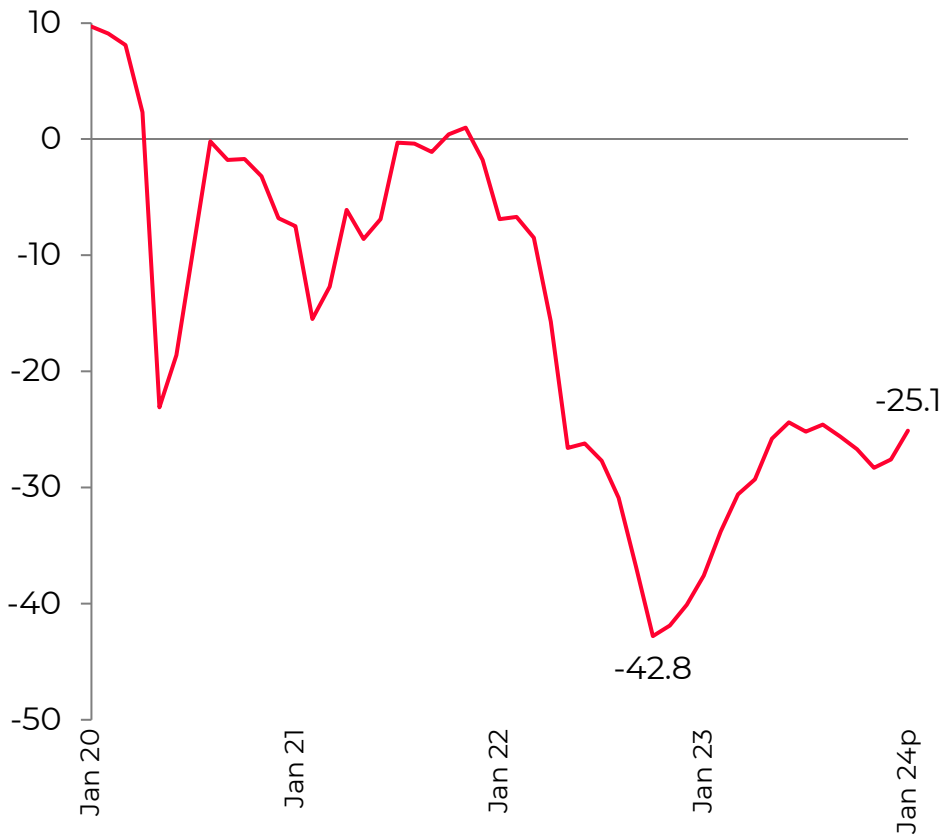
Index (2020=100)



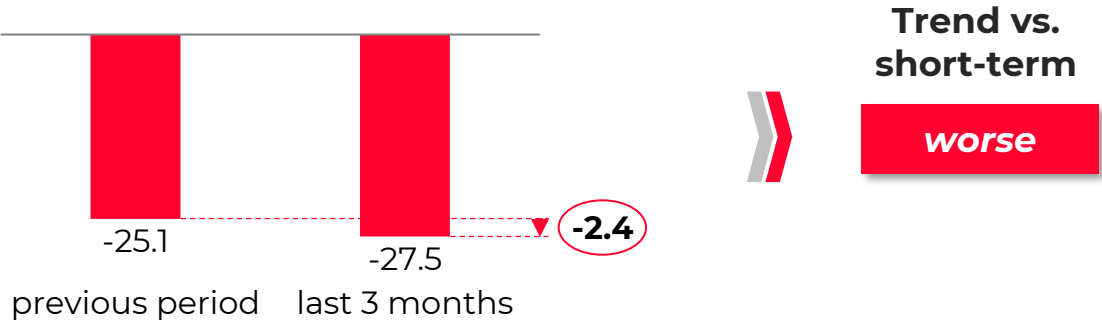
# DECEMBER 2023: MOOD OF CONSUMERS IS IMPROVING AFTER A RECENT PERIOD OF STAGNATION; NEVERTHELESS, THE LEVEL OF CONSUMER SENTIMENT IS STILL LOW

CONSUMER SENTIMENT IN GERMANY IS IMPROVING AT THE END OF THE YEAR; INCOME EXPECTATIONS AND THE WILLINGNESS TO BUY SHOW NOTICEABLE GROWTH; THEREFORE, GFK IS FORECASTING -25.1 PTS (-2.5 PT) FOR JANUARY

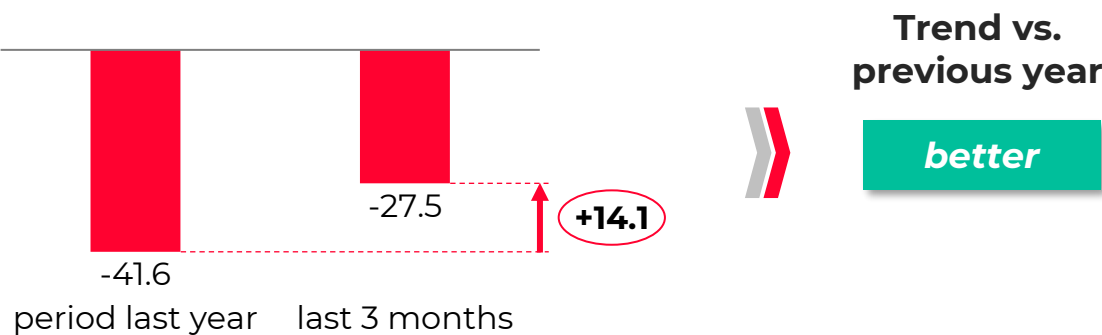
GfK CONSUMER CLIMATE  
in pts



GfK CONSUMER CLIMATE, SHORT-TERM, INCL. DECEMBER 2023  
(average, change in pts)



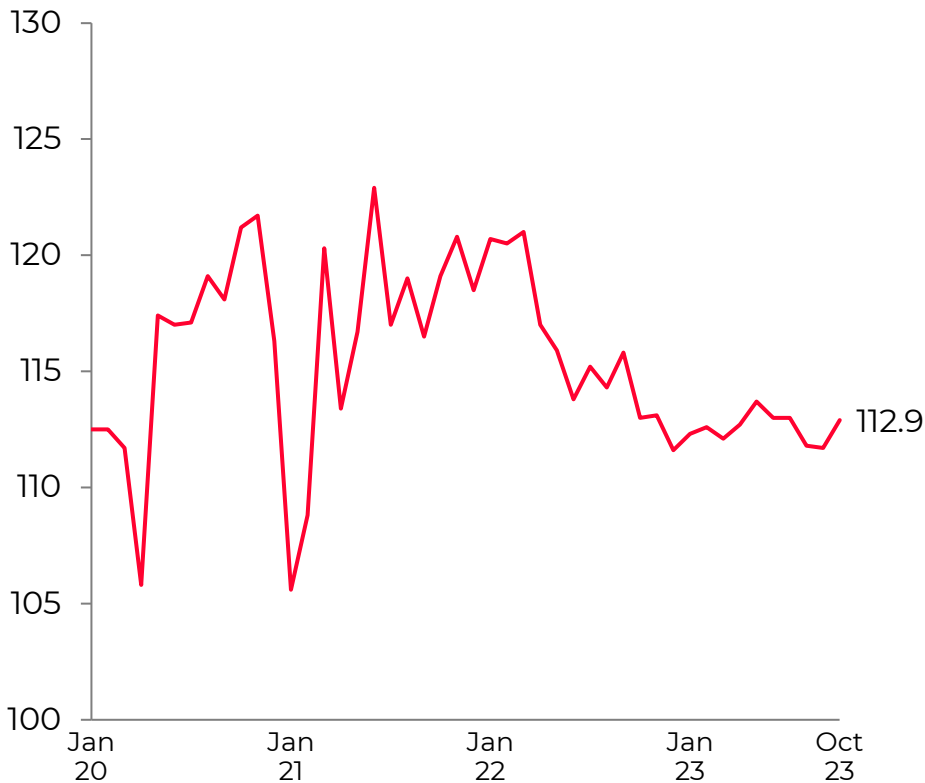
GfK CONSUMER CLIMATE, MID-TERM, INCL. DECEMBER 2023  
(average, change in pts)



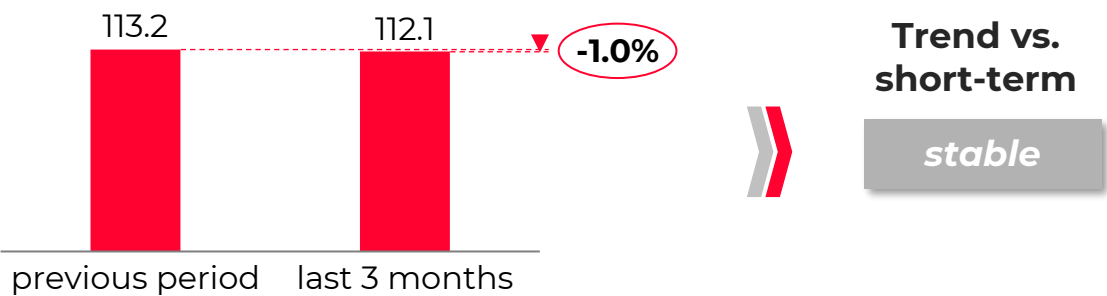
**2d OCTOBER 2023: RETAIL SALES ROSE MORE THAN EXPECTED, INCREASING BY +1.1% MONTH-ON-MONTH (-0.1% YEAR-ON-YEAR)**

ONLINE SALES ROSE BY +2.9% OVER THE MONTH (-1.2% YEAR-ON-YEAR); MONTHLY RETAIL SALES NUMBERS ARE VERY VOLATILE, BUT DATA SUGGEST THAT THE DRAG ON REAL CONSUMERS' SPENDING FROM RISING INFLATION COULD BE FADING

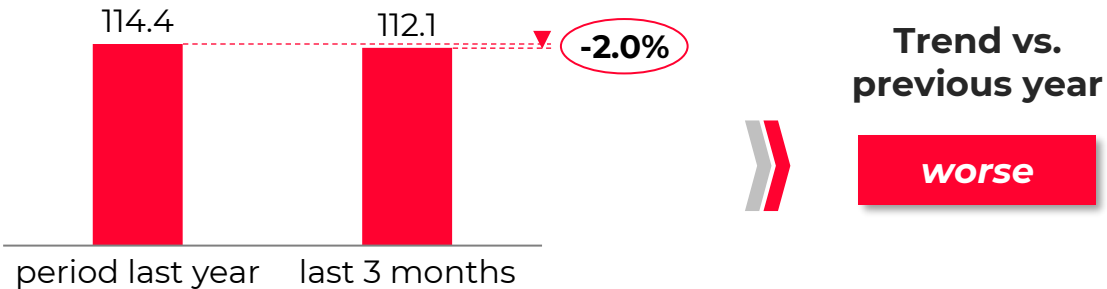
**TURNOVER IN RETAIL TRADE<sup>1)</sup>, REAL**  
Index (2015=100)



**TURNOVER IN RETAIL TRADE<sup>1)</sup>, SHORT-TERM, INCL. OCTOBER 2023**  
(average, change in %)



**TURNOVER IN RETAIL TRADE<sup>1)</sup>, MID-TERM, INCL. OCTOBER 2023**  
(average, change in %)



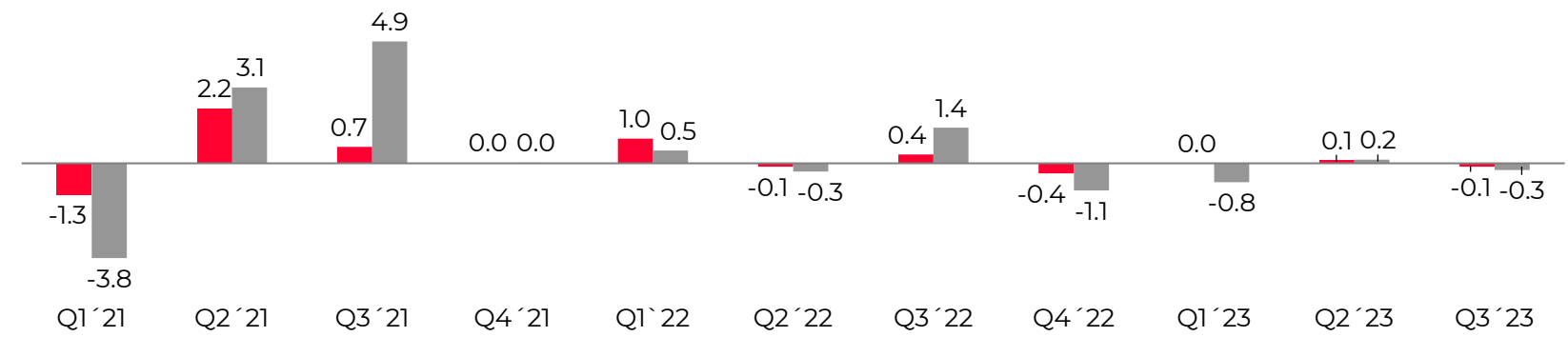
# Q3 2023: ECONOMIC OUTPUT DECLINED SLIGHTLY IN 3<sup>RD</sup> QUARTER OF 2023; ECONOMISTS DO NOT EXPECT A MARKED RECOVERY IN THE 4<sup>TH</sup> QUARTER AS WELL

INDUSTRY SUFFERED FROM WEAK FOREIGN DEMAND AND THE FALLOUT FROM THE PRIOR ENERGY PRICE SHOCK; INCREASED FINANCING COSTS CONTINUED TO DAMPEN PRIVATE INVESTMENT; MOREOVER, PRIVATE CONSUMPTION REMAINED SLUGGISH

## REAL GDP<sup>1)</sup>, SHORT-TERM

change in %, qoq

GDP Private Consumption

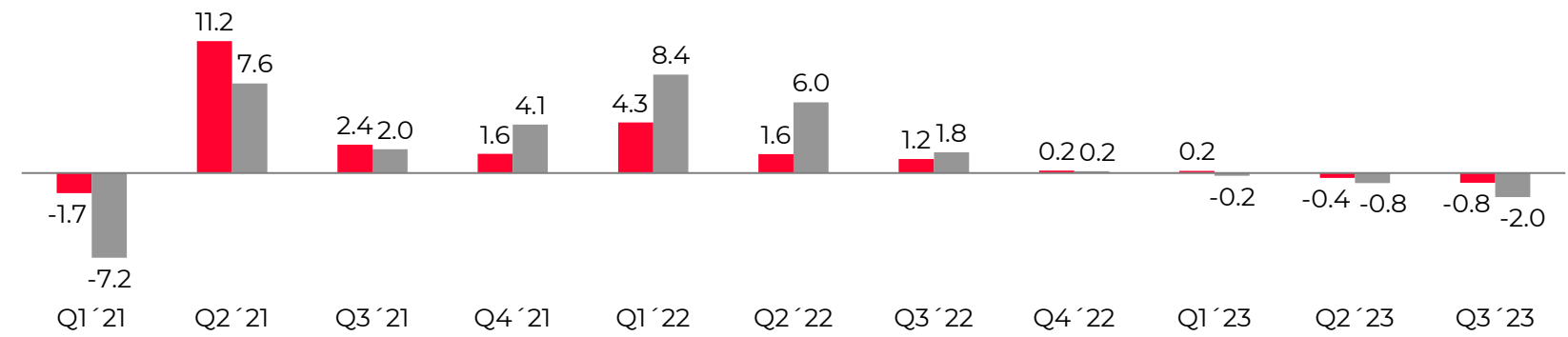


Trend vs. short-term

worse

## REAL GDP<sup>2)</sup>, MID-TERM

change in %, yoy



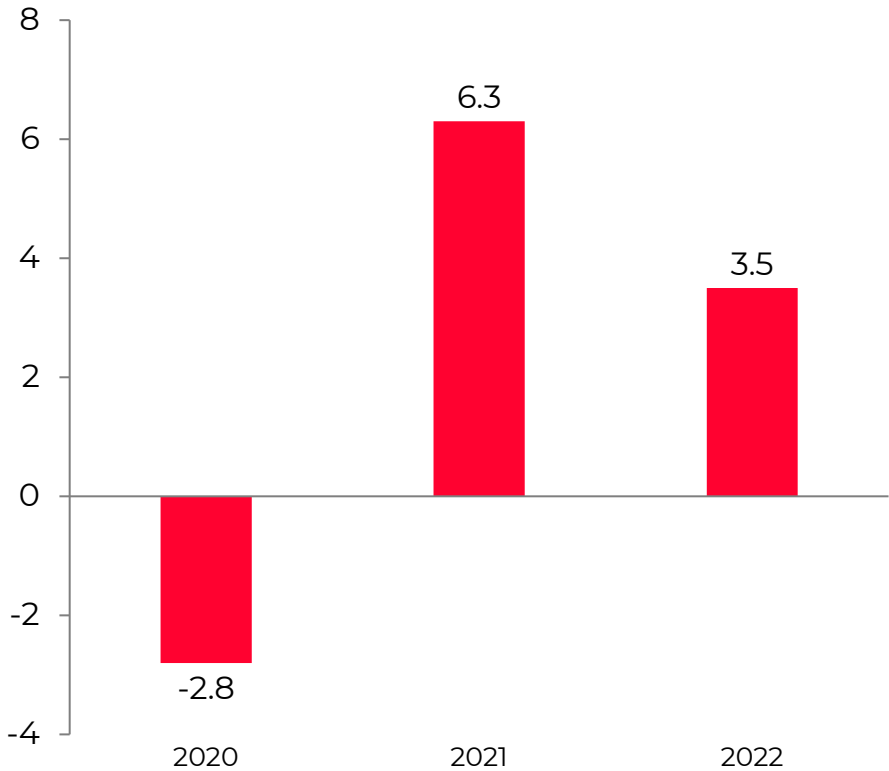
Trend vs. previous year

worse

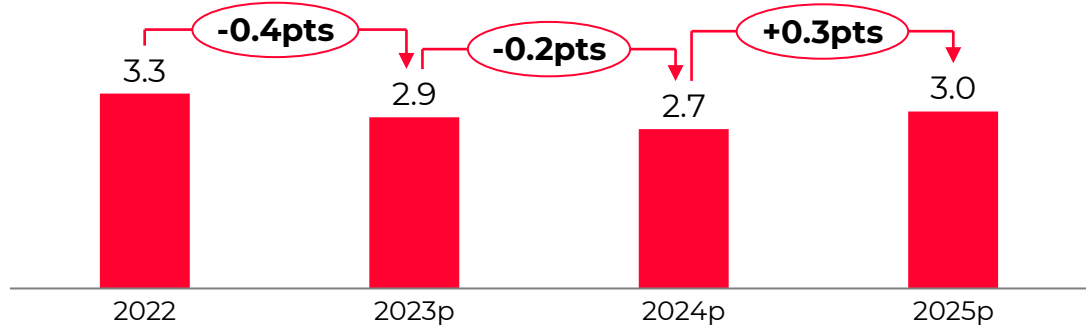
# 4a GLOBAL ECONOMY CONTINUES TO CONFRONT THE CHALLENGES OF PERSISTENT INFLATION AND SUBDUED GROWTH PROSPECTS

GROWTH IS DAMPENED BY TIGHTER FINANCIAL CONDITIONS, WEAK TRADE GROWTH AND SUBDUED BUSINESS AND CONSUMER CONFIDENCE; HEIGHTENED GEOPOLITICAL TENSIONS ARE ADDING TO UNCERTAINTY ABOUT THE OUTLOOK

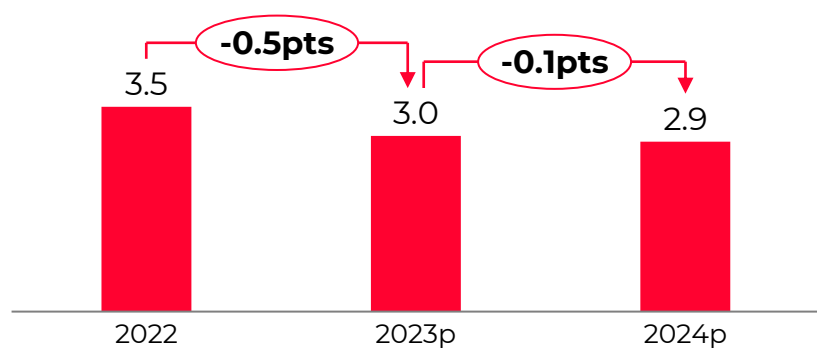
IMF: REAL GDP, WORLD  
change in %, yoy



OECD, ECONOMIC OUTLOOK NOVEMBER 2023: REAL GDP, WORLD  
change in %, yoy



IMF, WEO OCTOBER 2023: REAL GDP, WORLD  
change in %, yoy



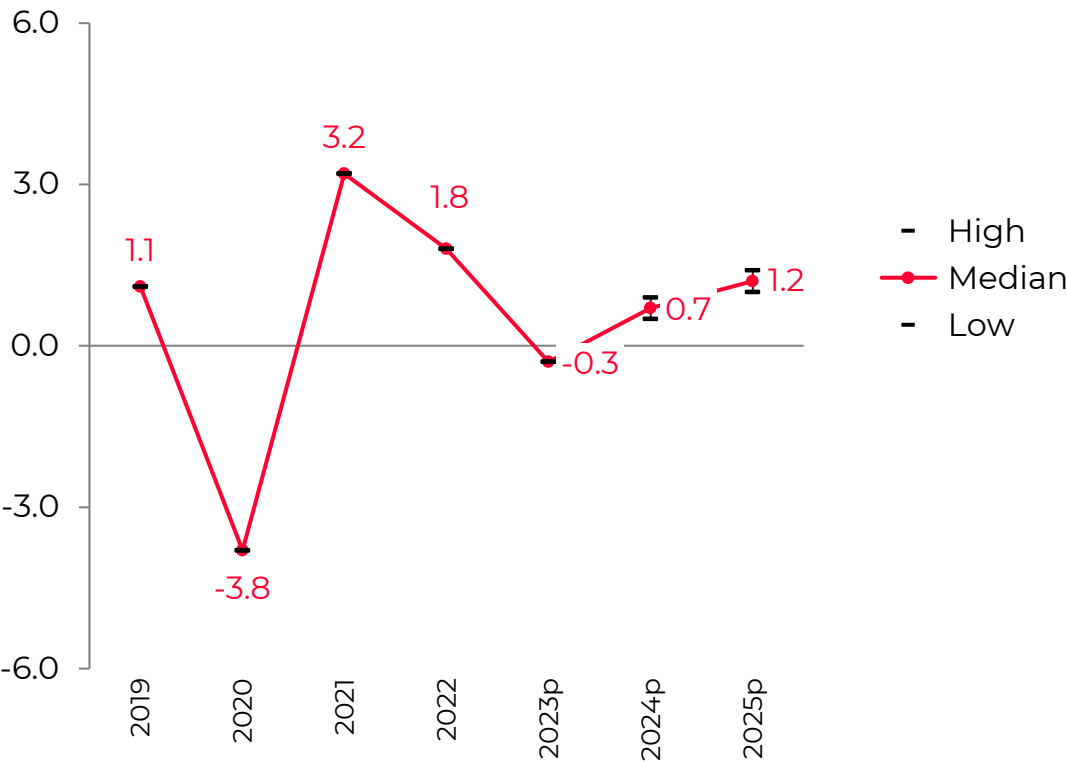
4b

# GERMAN ECONOMY IS EXPECTED TO GROW IN THE COMING MONTHS, ALBEIT WITH A TIME LAG

AS FROM THE BEGINNING OF 2024, THE ECONOMY IS SET TO GRADUALLY PICK UP SPEED DUE TO GROWING EXPORTS AND RISING WAGES; THERE ARE CONSIDERABLE RISKS, E.G. GEOPOLITICAL CONFLICTS OR FISCAL POLICY DECISIONS

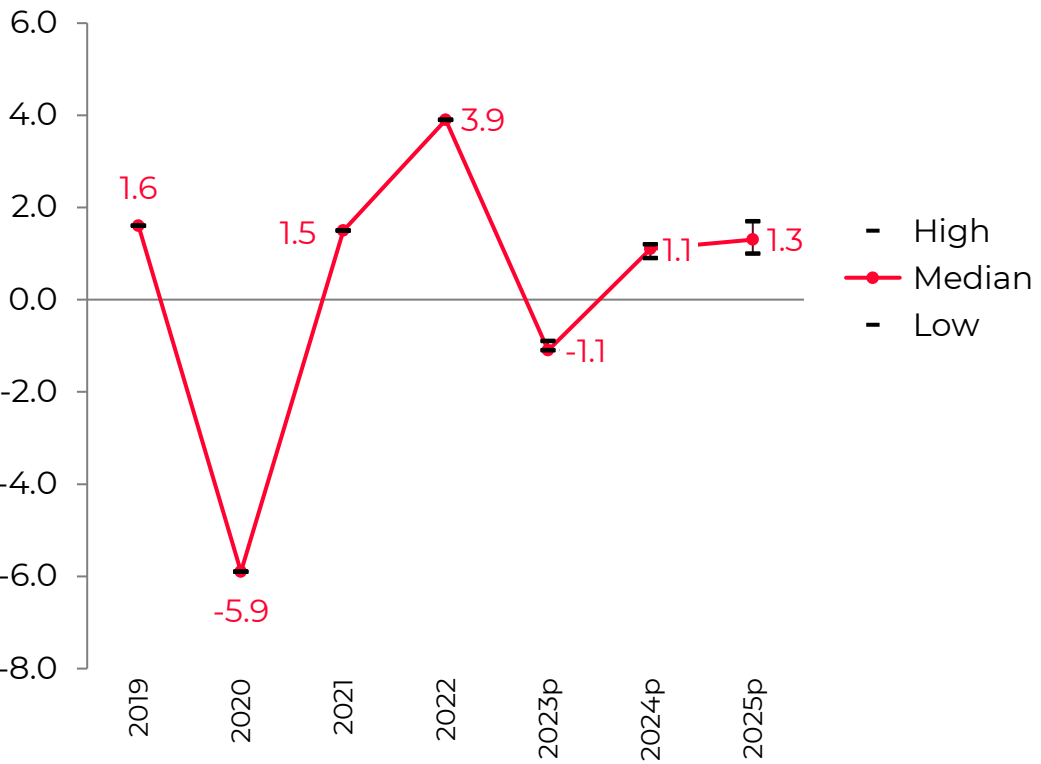
REAL GDP, GERMANY, TREND<sup>1)</sup>

change in %, yoy



REAL PRIVATE CONSUMPTION, GERMANY, TREND<sup>1)</sup>

change in %, yoy



1) Based on 6 sources forecasting macroeconomic development in Germany in December 2023, p=projected  
Sources: Destatis, HWWI, IfW, RWI, IWH, ifo, DIW  
SevenOne Media | Industry & Ad Market Analytics





**BACKUP**


# GERMAN MACRO INDICATORS

|  | 11/22 | 12/22 | 01/23 | 02/23 | 03/23 | 04/23 | 05/23 | 06/23 | 07/23 | 08/23 | 09/23 | 10/23 | 11/23 | 12/23 | 01/24  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| New orders <sup>1)</sup> , vs. previous month in %                   | -2.8  | 1.8   | 0.6   | 4.3   | -10.7 | 0.1   | 6.2   | 7.6   | -11.4 | 1.9   | 0.7   | -3.7  |       |       |        |
| Production index <sup>1)</sup> , vs. previous month in %             | 0.8   | -2.8  | 2.9   | 1.7   | -2.4  | 0.3   | 0.0   | -1.5  | -0.5  | -0.1  | -1.3  | -0.4  |       |       |        |
| Production index in industry <sup>1)</sup> , vs. previous month in % | 0.9   | -2.2  | 1.7   | 2.1   | -2.2  | 0.2   | 0.4   | -1.1  | -1.3  | 0.6   | -1.7  | -0.5  |       |       |        |
| Foreign trade <sup>1)</sup> , vs. previous month in %                | 0.4   | -4.9  | 0.7   | 3.0   | -4.4  | 0.6   | 0.0   | 0.4   | -1.6  | 0.2   | -2.5  | -0.2  |       |       |        |
| Retail trade <sup>1)</sup> , vs. previous month in %                 | 0.1   | -1.3  | 0.6   | 0.3   | -0.4  | 0.5   | 0.9   | -0.6  | 0.0   | -1.1  | -0.1  | 1.1   |       |       |        |
| Consumer prices, vs. previous year in %                              | 8.8   | 8.1   | 8.7   | 8.7   | 7.4   | 7.2   | 6.1   | 6.4   | 6.2   | 6.1   | 4.5   | 3.8   | 3.2   |       |        |
| Consumer prices, energy <sup>2)</sup> , vs. previous year in %       | 31.4  | 20.3  | 23.1  | 19.1  | 3.5   | 6.8   | 2.6   | 3.0   | 5.7   | 8.3   | 1.0   | -3.2  | -4.5  |       |        |
| Consumer prices, food, vs. previous year in %                        | 20.6  | 20.4  | 20.2  | 21.8  | 22.3  | 17.2  | 14.9  | 13.7  | 11.0  | 9.0   | 7.5   | 6.1   | 5.5   |       |        |
| Registered unemployed, in millions                                   | 2.434 | 2.454 | 2.616 | 2.620 | 2.594 | 2.586 | 2.544 | 2.555 | 2.617 | 2.696 | 2.627 | 2.607 | 2.606 |       |        |
| Unemployment rate, in %  | 5.3   | 5.4   | 5.7   | 5.7   | 5.7   | 5.7   | 5.5   | 5.5   | 5.7   | 5.8   | 5.7   | 5.7   | 5.6   |       |        |
| ifo business climate, in pts   | 86.8  | 88.9  | 90.1  | 90.9  | 92.9  | 93.1  | 91.5  | 88.7  | 87.4  | 85.8  | 85.8  | 86.9  | 87.2  | 86.4  |        |
| GfK Consumer index, in pts   | -41.9 | -40.1 | -37.6 | -33.8 | -30.6 | -29.3 | -25.8 | -24.4 | -25.2 | -24.6 | -25.6 | -26.7 | -28.3 | -27.6 | -25,1p |
| EMI Purchasing index, in pts   | 46.2  | 47.1  | 47.3  | 46.3  | 44.7  | 44.5  | 43.2  | 40.6  | 38.8  | 39.1  | 39.6  | 40.8  | 42.6  | 43.1  |        |
| ZEW Economic Sentiment, in pts                                       | -36.7 | -23.3 | 16.9  | 28.1  | 13.0  | 4.1   | -10.7 | -8.5  | -14.7 | -12.3 | -11.4 | -1.1  | 9.8   | 12.8  |        |

# CURRENT ECONOMIC FORECASTS FOR GERMANY, YEAR-ON-YEAR

|  | Real GDP |       |       | Real Private Consumption* |       |       |
|--|----------|-------|-------|---------------------------|-------|-------|
|  | 2023p    | 2024p | 2025p | 2023p                     | 2024p | 2025p |
|  | yoy in % |       |       | yoy in %                  |       |       |
| Joint Economic Forecast Autumn 2023 (9/28/2023)                      | -0.6     | 1.3   | 1.5   | -0.5                      | 2.0   | 1.3   |
| German Government (10/11/2023)                                       | -0.4     | 1.3   | 1.5   | -0.5                      | 1.8   | 1.7   |
| German Council of Economic Experts (11/8/2023)                       | -0.4     | 0.7   |       | -0.8                      | 1.1   |       |
| German Federal Bank (12/15/2023)                                     | -0.3     | 0.3   | 1.1   |                           |       |       |
| HWWI (12/4/2023)   | -0.3     | 0.5   | 1.0   | -0.9                      | 1.1   | 1.2   |
| IfW (12/12/2023)   | -0.3     | 0.9   | 1.2   | -1.1                      | 1.7   | 1.4   |
| RWI (12/14/2023)   | -0.3     | 0.8   | 1.4   | -1.1                      | 0.9   | 1.3   |
| IWH (12/14/2023)   | -0.3     | 0.5   | 1.2   | -1.0                      | 1.2   | 1.1   |
| ifo (12/14/2023)   | -0.3     | 0.9   | 1.3   | -1.1                      | 1.1   | 1.7   |
| DIW (12/15/2023)   | -0.3     | 0.6   | 1.0   | -1.1                      | 0.9   | 1.0   |
| IMF World Economic Outlook October 2023 (10/10/2023)                 | -0.5     | 0.9   |       | -0.5                      | 2.1   |       |
| Europ. Commission, Europ. Economic Forecast Autumn 2023 (11/15/2023) | -0.3     | 0.8   | 1.2   | -0.7                      | 0.6   | 0.9   |
| OECD Economic Outlook November 2023 (11/29/2023)                     | -0.1     | 0.6   | 1.2   |                           |       |       |

# CURRENT ECONOMIC FORECASTS FOR GERMANY, QUARTER-ON-QUARTER

 = projected

|   | GDP, real |       |       |       |       |       |       |       |       |       |       |       |
|---|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|   | Q1 23     | Q2 23 | Q3 23 | Q4 23 | Q1 24 | Q2 24 | Q3 24 | Q4 24 | Q1 25 | Q2 25 | Q3 25 | Q4 25 |
|   | qoq in %  |       |       |       |       |       |       |       |       |       |       |       |
| Joint Economic Forecast Autumn 2023 (9/28/2023)     | -0.1      | 0.0   | -0.4  | 0.2   | 0.5   | 0.6   | 0.6   | 0.5   | 0.4   | 0.3   | 0.2   | 0.2   |
| European Economic Forecast Autumn 2023 (11/15/2023) | 0.0       | 0.1   | -0.1  | 0.1   | 0.2   | 0.3   | 0.4   | 0.4   | 0.4   | 0.3   | 0.3   | 0.3   |
| IfW (12/12/2023)                                    | 0.0       | 0.1   | -0.1  | -0.1  | 0.3   | 0.4   | 0.4   | 0.4   | 0.3   | 0.3   | 0.2   | 0.2   |
| RWI (12/14/2023)                                    | 0.0       | 0.1   | -0.1  | -0.1  | 0.3   | 0.4   | 0.4   | 0.4   | 0.4   | 0.3   | 0.3   | 0.3   |
| ifo (12/14/2023)                                    | 0.0       | 0.1   | -0.1  | 0.0   | 0.3   | 0.4   | 0.4   | 0.4   | 0.4   | 0.3   | 0.2   | 0.2   |
| IWH (12/14/2023)                                    | 0.0       | 0.1   | -0.1  | -0.1  | 0.2   | 0.3   | 0.3   | 0.3   |       |       |       |       |
| DIW (12/15/2023)                                    | 0.0       | 0.1   | -0.1  | 0.1   | 0.2   | 0.3   | 0.3   | 0.3   | 0.3   | 0.3   | 0.2   | 0.2   |

|   | Private Consumption*, real |     |      |     |     |     |     |     |     |     |     |     |
|---|----------------------------|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Joint Economic Forecast Autumn 2023 (9/28/2023) | -0.3                       | 0.0 | 0.2  | 0.4 | 0.6 | 0.6 | 0.6 | 0.5 | 0.3 | 0.3 | 0.2 | 0.1 |
| IfW (12/12/2023)                                | -0.8                       | 0.2 | -0.3 | 0.2 | 0.5 | 0.7 | 0.7 | 0.5 | 0.3 | 0.2 | 0.2 | 0.2 |
| ifo (12/14/2023)                                | -0.8                       | 0.2 | -0.3 | 0.1 | 0.3 | 0.4 | 0.6 | 0.6 | 0.5 | 0.4 | 0.3 | 0.2 |
| IWH (12/14/2023)                                | -0.8                       | 0.2 | -0.3 | 0.3 | 0.6 | 0.2 | 0.2 | 0.2 |     |     |     |     |
| DIW (12/15/2023)                                | -0.8                       | 0.2 | -0.3 | 0.2 | 0.3 | 0.4 | 0.4 | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 |

# GERMAN GDP QUARTER RESULTS

|  | 2022       | Q3 2022                            | Q4 2022     | Q1 2023    | Q2 2023    | Q3 2023     | Q3 2023     |
|--|------------|------------------------------------|-------------|------------|------------|-------------|-------------|
|  | yoy in %   | change on previous quarter in % 1) |             |            |            |             | qoq in %    |
| <b>Gross domestic product (GDP)</b>                  | <b>1.8</b> | <b>0.4</b>                         | <b>-0.4</b> | <b>0.0</b> | <b>0.1</b> | <b>-0.1</b> | <b>-0.8</b> |
| Final consumption expenditure of households & NPISHs | 3.9        | 1.4                                | -1.1        | -0.8       | 0.2        | -0.3        | -2.0        |
| Government final consumption expenditure             | 1.6        | -1.4                               | -0.1        | -1.4       | -0.4       | 0.2         | -1.6        |
| Gross fixed capital formation (GFCF)                 | 0.1        | 1.0                                | -1.3        | 1.7        | -0.3       | 0.6         | -0.2        |
| GFCF in construction                                 | -1.8       | -0.6                               | -2.0        | 2.7        | -0.9       | 0.4         | -1.0        |
| GFCF in machinery & equipment                        | 4.0        | 4.2                                | -1.5        | 2.1        | 0.7        | 1.1         | 1.1         |
| Exports  | 3.3        | 1.0                                | -1.1        | -0.2       | -0.9       | -0.8        | -3.8        |
| Imports  | 6.6        | 2.1                                | -1.8        | -2.2       | 0.1        | -1.3        | -5.7        |





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