

# KIEL INSTITUTE **ECONOMIC OUTLOOK**

## **German Economy** Summer 2019

Finalized June 12, 2019



**No. 56 (2019|Q2)**

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Forecasting Center

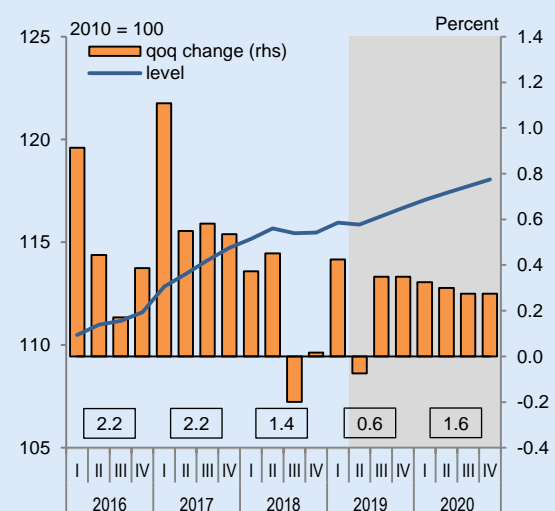
## GERMAN ECONOMY FALTERS

*Martin Ademmer, Jens Boysen-Hogrefe, Salomon Fiedler, Dominik Groll, Nils Jannsen, Stefan Kooths, Saskia Mösele, and Galina Potjagailo*

The German economy is facing strong headwinds. In recent months, economic momentum has continued to slow down and companies are much more pessimistic about the future. The high level of global economic policy uncertainty likely was an important contributing factor. Gross domestic product (GDP) even threatens to decline in the second quarter. We therefore lower our forecast for GDP growth to 0.6 percent in the current year (spring forecast: 1 percent) and 1.6 percent in the coming year (1.8 percent). In the second half of the year, aggregate production is expected to trend up again, albeit at only a moderate pace. One reason for this is that private consumption, after having taken a short break in the second quarter following the very high growth rate at the beginning of the year, is likely to grow noticeably again, in line with the continued strong increase in incomes. Exports, which have lately remained well behind the relatively robust expansion of the global economy, are likely to gradually regain their footing. Construction investment is set to retain its pronounced upward momentum, even though persisting capacity constraints will lead to further sharp rises in construction prices. However, due to the gloomy sales and earnings outlook, no more impetus can be expected from business investment. The slower economic development will also leave its mark on the labor market. Especially in the manufacturing sector, more and more companies are planning to reduce their workforce. In addition, it seems that even if companies still have vacancies to be filled, they continue to face difficulties in finding workers with adequate skills. Against this backdrop, government budget surpluses are set to decline markedly, as the slower pace of economic activity will weigh on revenue while, according to plans, spending will increase significantly.

**Leading indicators signal a decline in GDP in the second quarter.** Business climate has been on a downward trajectory since the beginning of 2018 and has further deteriorated in recent months. One reason behind weakening expectations is the increase in global economic policy uncertainty in this period, for example due to increasing trade tensions and the unresolved Brexit.<sup>1</sup> This has also contributed to remarkably heterogeneous developments across industries. In the manufacturing sector, business climate is far below its long-run average and gross value added is set to decline the fourth time in a row in this quarter. In the service sector, business climate is still above average and production is increasing at a moderate pace. The construction sector, however, is still booming. Other indicators also point to weak economic activity. New orders declined by more than 5 percent between December and February, with little sign of recovery since then, and industrial production slumped in April. Overall, GDP is set to decline by 0.1 percent in the second quarter (Figure 1). In the second half

**Figure 1:**  
Gross domestic product, 2016–2020



Quarterly data, price, seasonally and calendar adjusted, qoq change. Annual data: price adjusted, annual rate (boxes).

Source: Federal Statistical Office, *Fachserie 18, Series 1.3*, shaded: IfW forecast.

<sup>1</sup> For a detailed analysis of the impact of global economic policy uncertainty on the world and German economies see Ademmer et al. (2019: [IfW-Box 2019.7](#)) and Ademmer et al. (2019: [IfW-Box 2019.8](#)) (available in German language only).

of the year, we expect GDP to grow again, not least because solid growth of the world economy and still very stimulating financing conditions will provide stabilizing influences. However, economic momentum will remain moderate and the downswing of the German economy will continue. We have revised downward our forecast for GDP growth in 2019 by 0.4 percentage points to 0.6 percent (Table 1). One factor behind the higher growth rate in 2020 (forecast: 1.6 percent) is a calendar effect due to the higher number of working days that adds 0.4 percentage points to GDP growth.

**Table 1:**  
**Key indicators, 2017–2020**

	2017	2018	2019	2020
Gross domestic product (GDP), price-adjusted	2.2	1.4	0.6	1.6
Gross domestic product, deflator	1.5	1.9	2.2	2.0
Consumer prices	1.5	1.8	1.5	1.6
Labor productivity (per hour worked)	0.9	-0.0	-0.4	0.7
Employment (1,000 persons)	44,269	44,841	45,314	45,607
Unemployment rate (percent)	5.7	5.2	4.9	4.8
<i>in relation to nominal GDP</i>				
Public sector net lending	1.0	1.7	1.3	0.9
Gross public debt	63.9	59.9	56.8	54.3
Current account balance	8.0	7.3	7.2	7.0

GDP, consumer prices, labor productivity: percentage change on previous year; unemployment rate: as defined by the Federal Employment Agency.

Source: Federal Statistical Office, *Fachserie 18, Series 1.2*; Federal Employment Agency, *Monthly Bulletin*; Federal Employment Agency, *Employment Statistics*; shaded: IfW forecast.

**There will be no ECB interest rate hikes for the foreseeable future.** The ECB announced that it would not raise interest rates before the second half of 2020, shifting the earliest possible hike date by six months. The ECB also communicated that it has not yet found possible side-effects of negative interest rates undermining their contribution to monetary accommodation and that mitigating measures were not required. We take the ECB's continued interest in this point as an indication that it is preparing for a prolonged period of very low interest rates and no longer expect any interest rate increases in the forecast period. The ECB will also continue to reinvest maturing assets from its purchase program and offer quite favorable rates on a new series of targeted longer-term refinancing operations, the last of which is set to expire in March 2023. All in all, monetary policy will not be tightened for years to come. Financing conditions should continue to be accommodative throughout the forecast period. We expect yields on 10 year German government bonds to rise only minimally, from -0.2 percent today to 0.0 percent at the end of 2020.

**Underlying consumer price inflation continues its moderate pace.** German headline CPI rose by 1.8 percent in April and 1.6 percent in May. Main driver once again was the energy component, where prices increased by 4.2 percent in May. Core inflation on the other hand remained roughly unchanged and came in at only 1.3 percent (CPI excluding energy) and 1.4 percent (CPI excluding energy and food), respectively. In the coming months, energy prices should lose steam considerably due to the recent pronounced decline in the price of oil. Taken together, and against the backdrop of a somewhat declining overutilization of production capacities, we expect inflation rates of 1.5 and 1.6 percent in 2019 and 2020, respectively.

**German foreign trade suffers a temporary decline and will expand moderately thereafter.** After a weak second half-year 2018, German exports gained momentum at the beginning of the year – goods exports expanded vividly, although services exports declined. In the current quarter, however, exports are set to decline. As such, exports of goods in April show a pronounced drop, sinking to a level clearly below the previous quarter's average. Moreover, soft indicators have further deteriorated markedly in spring, falling to their lowest levels since 2012. A slowdown in German export markets

and a heightened policy uncertainty are likely weighing on exports. Over the remaining forecast horizon, exports will increase only moderately, in line with the decelerated, but ongoing expansion in German export markets, as well as slight tailwinds from a gradual improvement in price competitiveness. German imports expanded moderately at the beginning of the year; here as well, goods imports grew strongly whereas services imports declined. For the current quarter, nominal imports of goods data predict a slight decline in imports. For the remaining forecast period, we expect imports to grow at a more vivid rate compared to exports, in line with the dynamics of business investment and private consumption.

**Private consumption takes a short breather after soaring at the beginning of the year.** In the first quarter private consumption grew by 1.2 percent. On top of the continuing large increases in gross wages and salaries due to the good shape of the labor market, several measures of the government boosted disposable income (i.a. lower social security contributions, higher pension payments). Moreover, car sales rebounded after many buyers had to postpone their purchases due to problems with the new WLTP standard that was implemented in September 2018. This is also one reason behind the decline in the savings rate by 0.3 percentage points in the third quarter. As these catch-up effects will expire and given the strong increase in the first quarter, private consumption will barely increase in the second quarter. Beginning in the second half of the year, private consumption will start to rise again, in line with disposable income, which is set to continue to increase by relatively high rates. In 2020 private consumption will lose some momentum as gross wages and salaries will rise a little less quickly due to slower employment growth and since additional stimulus from new government measures will be smaller compared to 2019. Overall, we expect private consumption to grow by 1.7 percent in this year and by 1.4 percent in 2020.

**Business investment will not develop much momentum anymore.** In the first quarter of 2019 private investment in machinery and equipment (M&E) rose markedly by 2.5 percent, owing inter alia to purchases of vehicles that had initially been postponed due to the problems with the new WLTP standard. For the remainder of the year we expect private M&E investment to increase only cautiously since business prospects have deteriorated further and are already noticeably below their long-term average in the manufacturing sector. For the second quarter we even expect a decline in private M&E investment. In contrast, public M&E investment showed a strong decline in the first quarter but is expected to make up for it in the coming quarters. Overall, we expect M&E investment to increase by 2.4 percent in the current year. The slightly higher growth rate in 2020 (2.5 percent) is boosted by a significant calendar effect, which accounts for more than 1 percentage point. The construction sector in Germany continues to boom due to higher incomes, stimulating financing conditions, and the need for additional living space. The expansion of construction investment, however, is limited by capacity bottlenecks. We therefore expect prices of construction investment to increase considerably at rates of about 5 percent per year.

**Wage growth remains above average; employment growth will come to a close.** Gross wages and salaries per employee continue to rise with rates above 3 percent as labor market tightness remains high. Since labor productivity stagnated last year and is expected to even decline this year, unit labor costs are increasing significantly faster than prices, dampening the demand for labor. While having increased once again relatively strongly in the first quarter of this year, employment is expected to have grown at a slower pace in the second quarter and to decelerate further going forward. On the one hand, the economic downturn and rising real unit labor costs dampen labor demand. On the other hand, labor-supply restrictions are set to intensify in light of the ageing population and smaller gains from migration. All in all, we expect employment growth to come to a close by the end of 2020. Unemployment will no longer decline to any important degree.

**After a record high in 2018, the fiscal surplus will decline in 2019 due to the expansionary fiscal policy stance and slowing revenue increases.** Besides various smaller expansionary measures that will affect the budgets of the federal government and the social insurance providers, pensions will increase substantially, and income tax rates will be reduced. Further, public investment and consump-

tion are likely to increase strongly, driven by policy measures of the federal government and past surpluses at the level of municipalities and federal states. On the revenue side, tax intake will expand less rapidly due to the business cycle downturn. However, the still high wage growth will lead to substantially higher social security contributions. In sum, the surplus will shrink but remain at a relatively high level.

**In 2020, fiscal policy will remain expansionary but to a lesser extent.** Expenditures will expand at a similar rate as in the previous year. Several policy measures from 2019 will unfold their full effect in 2020. Since the business cycle downturn affects wages, revenues from social security contributions will expand with lower rates and the growth of tax revenues will stay subdued. Overall, the surplus will decrease further.

## **Data annex**

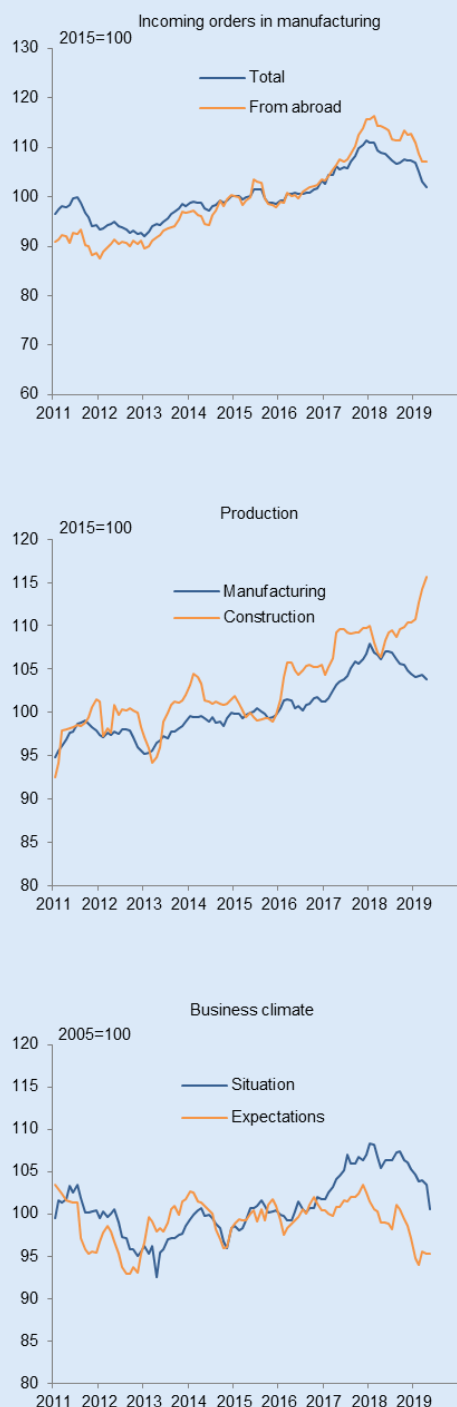
# CONTENTS

1. Leading indicators .....	7
2. Monetary conditions and prices .....	8
3. External trade.....	10
4. Domestic expenditure.....	12
5. Industries.....	14
6. Wages.....	15
7. Employment.....	16
8. Public finances.....	17
9. GDP and its components .....	18
10. The German economy, 2015–2018 .....	20
11. National accounts .....	21



## 1. Leading indicators

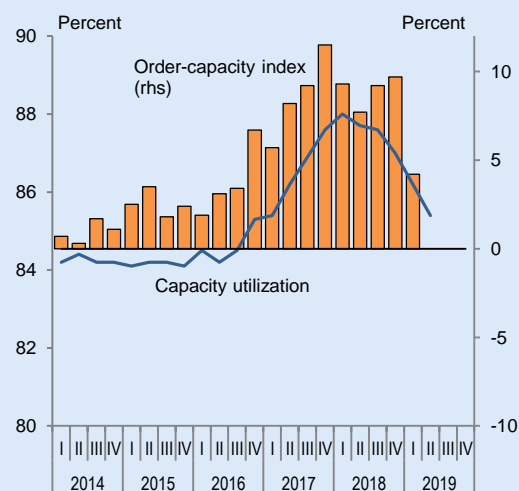
**Figure 1.1:**  
Leading indicators, 2011–2019



Monthly data, seasonally adjusted; incoming orders in manufacturing and production: 3-month moving average.

Source: Deutsche Bundesbank, *Saisonbereinigte Wirtschaftszahlen*; ifo, *Konjunkturperspektiven*; own calculations.

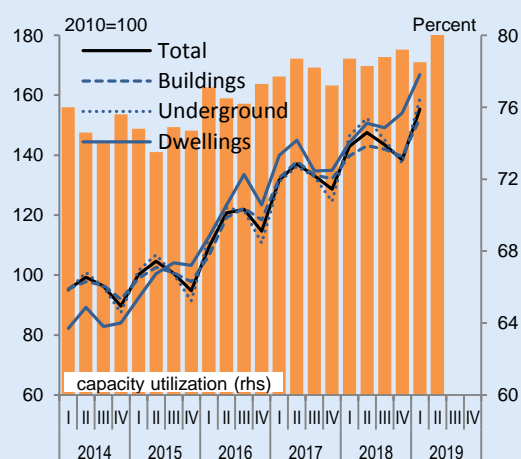
**Figure 1.2:**  
Capacity utilization, 2014–2019



Quarterly data, seasonally adjusted; capacity utilization in manufacturing (axes cross at normal capacity utilization).

Source: EU Commission, *Business Survey*; Deutsche Bundesbank, *Monthly Report*.

**Figure 1.3:**  
Order stocks and capacity utilization in construction industry, 2014–2019

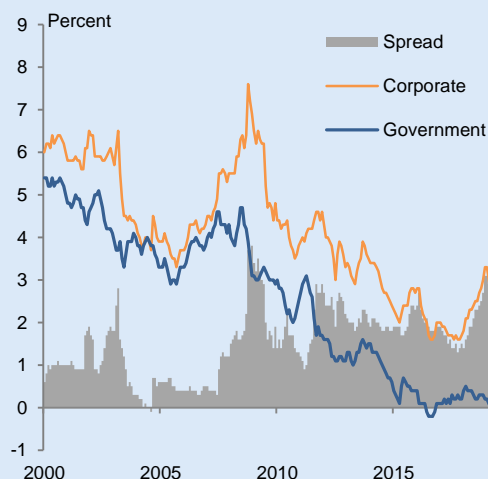


Quarterly data. Capacity utilization: seasonally adjusted; last observation average of first two months; order stocks: price, seasonally and working-day adjusted.

Source: Federal Statistical Office, *GENESIS database*; ifo, *Konjunkturperspektiven*.

## 2. Monetary conditions and prices

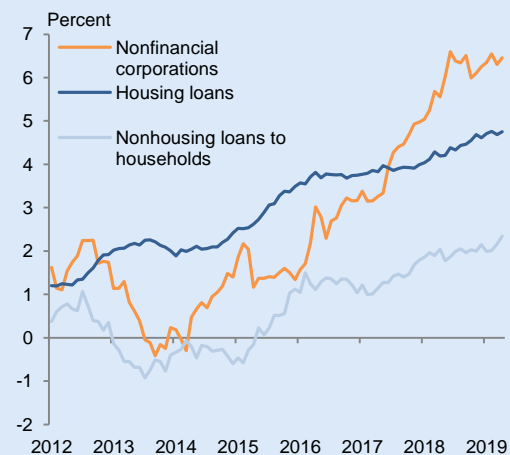
**Figure 2.1:**  
Bond yields, 2000–2019



Monthly data, average maturities above three years.

Source: Deutsche Bundesbank, *Monthly Reports*; own calculations.

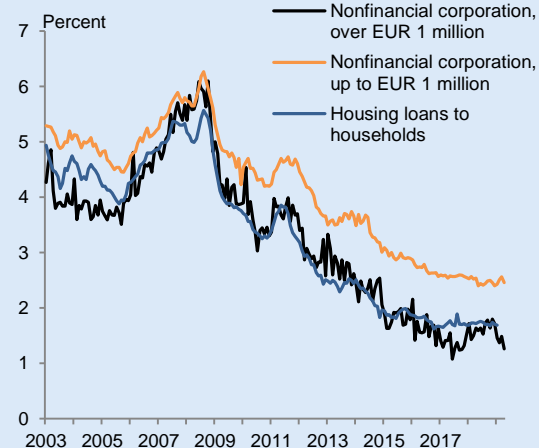
**Figure 2.3:**  
Sum of loans, 2012–2019



Change compared to one year ago; Monthly data.

Source: Deutsche Bundesbank, *Seasonally Adjusted Business Statistics*; own calculations.

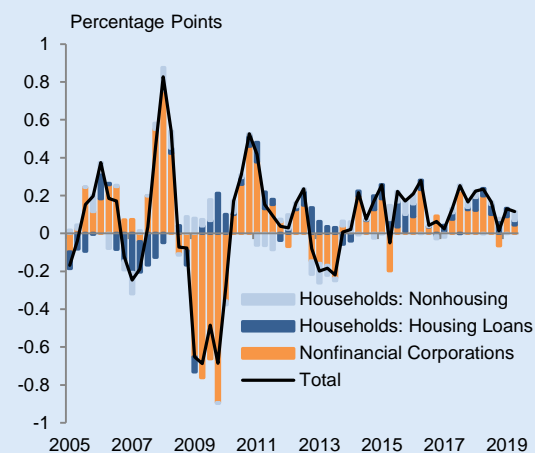
**Figure 2.2:**  
Loan interest, 2003–2019



Monthly data; new business, 1–5 years, fixed.

Source: Deutsche Bundesbank, *MFI interest rate statistics*.

**Figure 2.4:**  
Credit impulse, 2005–2019



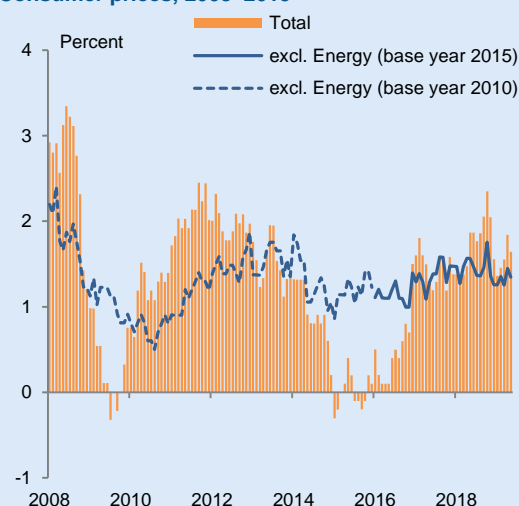
Quarterly data, most recent quarter based on first month; calculations follow Biggs et al. (2009), *Credit and economic recovery*, DNB Working Paper 218, De Nederlandsche Bank, Amsterdam.

The credit impulse is the change of the credit growth relative to the growth in GDP.

Source: Deutsche Bundesbank, *Seasonally Adjusted Business Statistics*; own calculations.

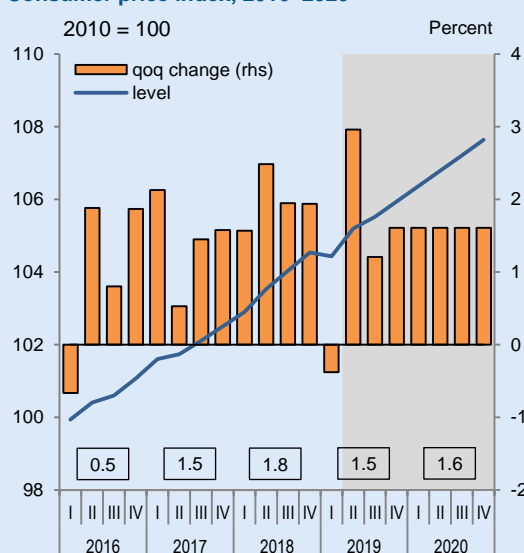


**Figure 2.5:**  
Consumer prices, 2008–2019



Monthly data; year-on-year change.  
After the introduction of the new base year 2015, the Statistisches Bundesamt has not yet published all new time series for the period before 2015. We therefore fall back on the old data for that period of time.  
Source: Deutsche Bundesbank, *Time series databases*; own calculations.

**Figure 2.6:**  
Consumer price index, 2016–2020



Quarterly data, seasonally adjusted, qoq change, annualized.  
Annual data: price adjusted, annual rate (boxes).

Source: Federal Statistical Office, *Fachserie 18, Series 1.3*, shaded: ifw forecast.

**Table 2.1:**  
Projections and assumptions on the international environment, 2016–2019

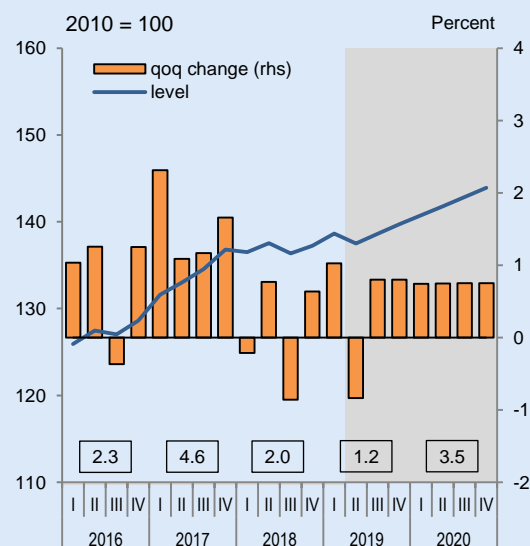
	2016				2017				2018				2019			
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
ECB key interest rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-term interest rate	0.3	0.3	0.4	0.4	0.6	0.5	0.4	0.4	0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	0.0
US-dollar/euro exchange rate	1.07	1.10	1.18	1.18	1.23	1.19	1.16	1.14	1.14	1.12	1.13	1.13	1.13	1.13	1.13	1.13
Price competitiveness	86.8	87.4	89.6	89.6	90.2	90.1	90.8	90.5	89.4	89.6	89.4	89.3	89.2	89.1	89.0	89.0
Export markets	0.79	0.84	0.78	0.83	0.66	0.67	0.52	0.50	0.66	0.52	0.52	0.53	0.53	0.55	0.55	0.55
Oil price	53.6	49.6	52.1	61.4	66.9	74.5	75.1	68.8	63.2	67.9	61.3	61.6	61.9	62.2	62.5	62.8

ECB key interest rate: main refinancing operations; long-term interest rate on 9–10 year bonds; price competitiveness: against 37 trading partners, based on the deflators of total sales, index: 1991:I = 100, increasing values indicate deterioration of price competitiveness; export markets: GDP growth in 41 countries, weighted with shares in German exports, change over previous quarter. Oil Price: US-dollar per barrel North Sea Brent.

Source: ECB, *Monthly Bulletin*; Deutsche Bundesbank, *Monthly Bulletin*; IMF, *International Financial Statistics*; own calculations; shaded: ifw forecast or assumption.

### 3. External trade

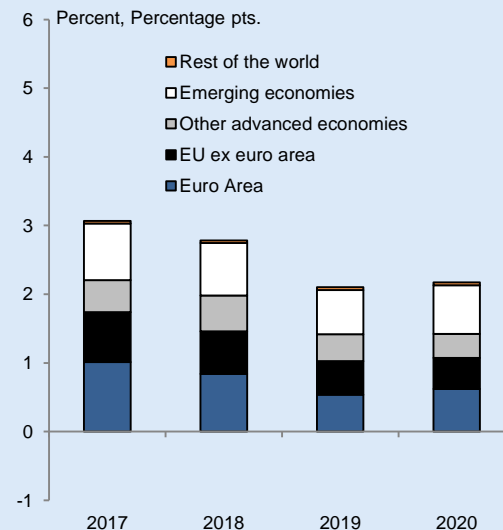
**Figure 3.1:**  
Exports, 2016–2020



Quarterly data, price, seasonally and calendar adjusted, qoq change. Annual data: price adjusted, annual rate (boxes).

Source: Federal Statistical Office, *Fachserie 18, Series 1.3*; shaded: IfW forecast.

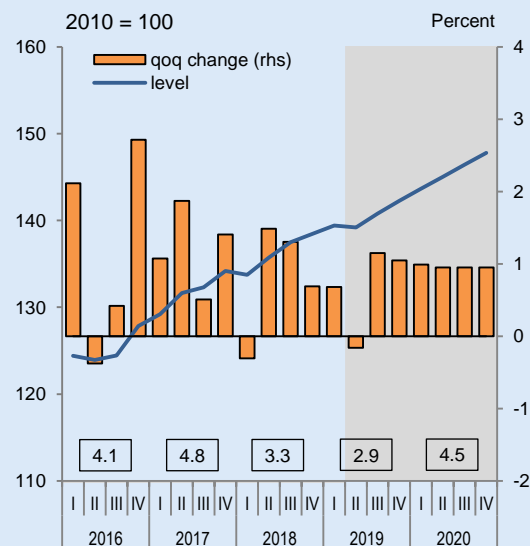
**Figure 3.3:**  
German export markets, 2017–2020



Annual data, volumes; GDP growth in 59 countries, weighted with shares in German exports.

Source: Federal Statistical Office, *Fachserie 7 Series 1*; national sources; own calculations; 2019–2020: IfW forecast.

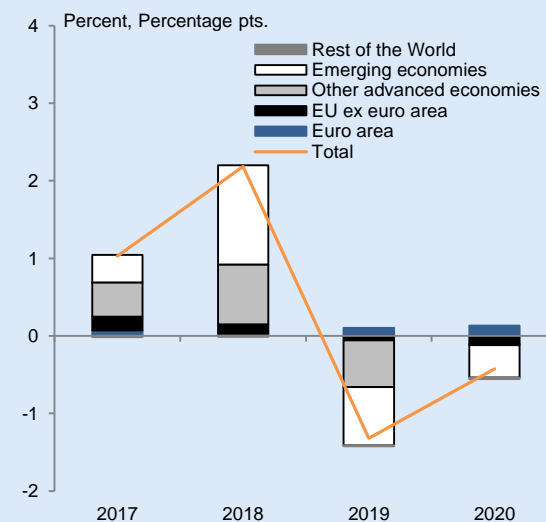
**Figure 3.2:**  
Imports, 2016–2020



Quarterly data, price, seasonally and calendar adjusted, qoq change. Annual data: price adjusted, annual rate (boxes).

Source: Federal Statistical Office, *Fachserie 18, Series 1.3*; shaded: IfW forecast.

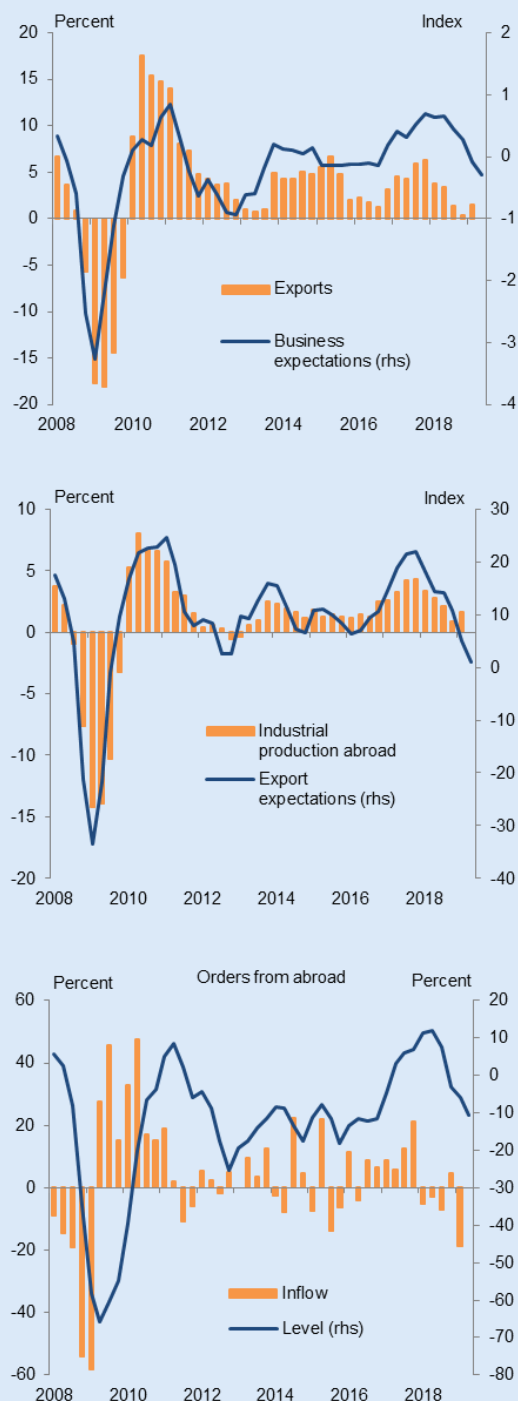
**Figure 3.4:**  
Germany's price competitiveness, 2017–2020



Annual data; against 51 countries based on consumer prices; weights according to Germany's price competitiveness indicator against 56 trading partners based on consumer price indices from the Deutsche Bundesbank. Increase implies worsening of price competitiveness.

Source: Bundesbank, *Monthly Report 8.2017*; national sources; own calculations; 2017–2019: IfW forecast.

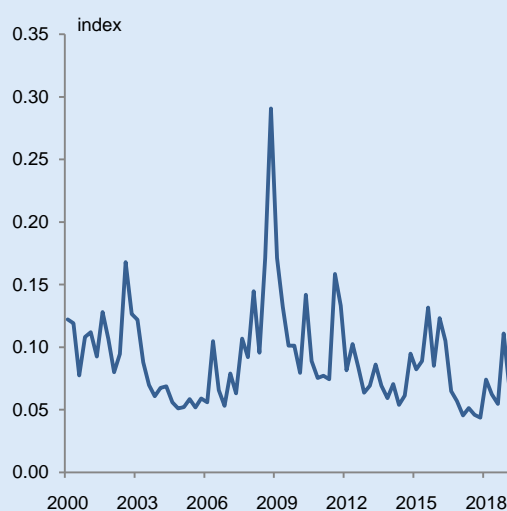
**Figure 3.5:**  
Export indicators, 2008–2019



Quarterly data; exports, industrial production, order inflow: volumes, change on previous year; export expectations, foreign orders on hand: volumes; business expectations, industrial production: based on 42 countries weighted by shares of German exports.

Source: Deutsche Bundesbank, *Saisonbereinigte Wirtschaftszahlen*; Thomson Financial Datastream; ifo, *Konjunkturperspektiven*; own calculations.

**Figure 3.6:**  
Uncertainty in German export markets, 2000–2019

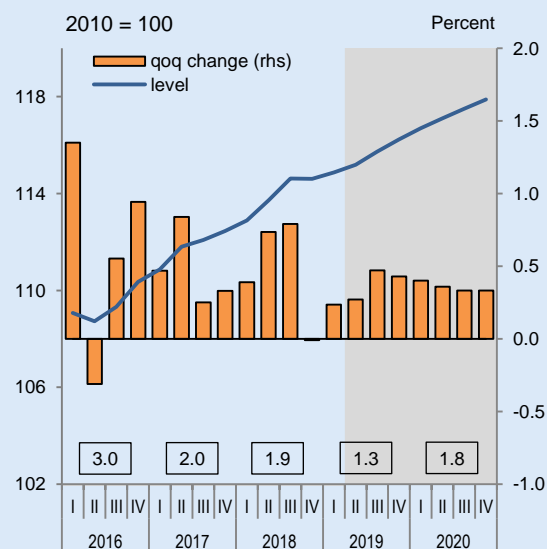


Quarterly data; uncertainty index based on stock market volatilities in 46 countries, weighted by shares of German exports.

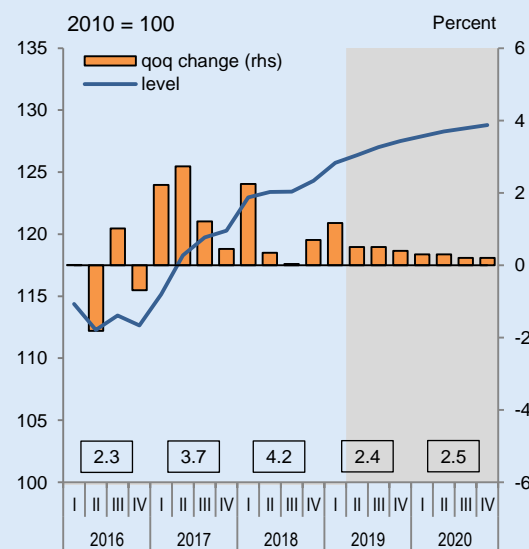
Source: National sources; own calculations.

## 4. Domestic expenditure

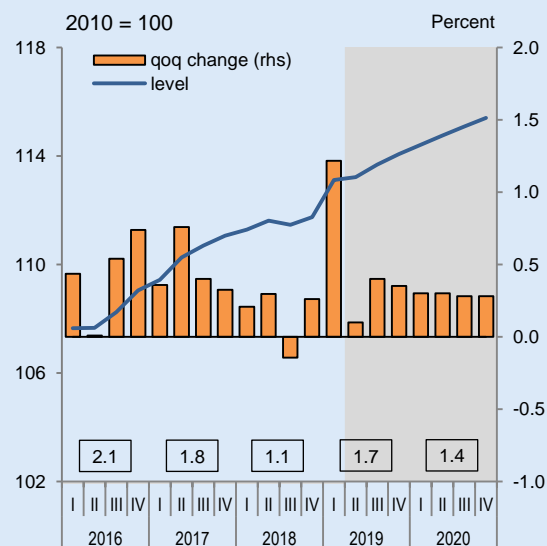
**Figure 4.1:**  
Domestic expenditure, 2016–2020



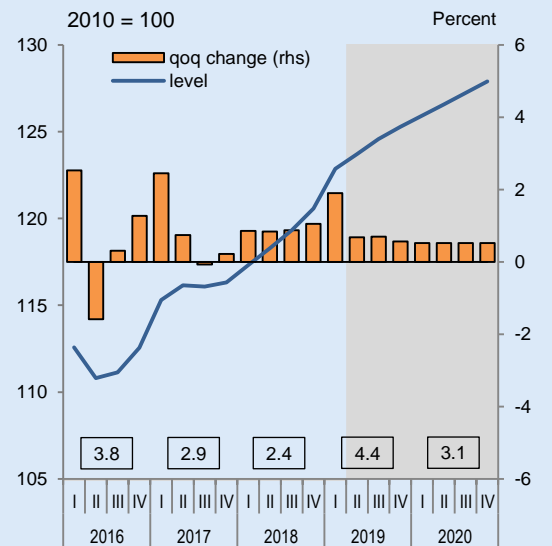
**Figure 4.3:**  
M&E investments, 2016–2020



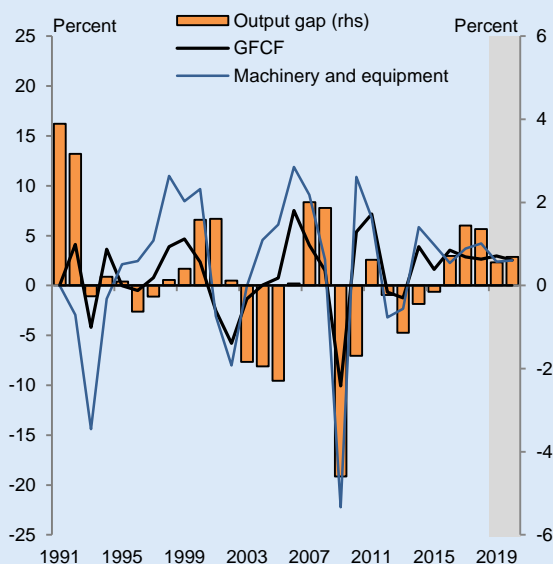
**Figure 4.2:**  
Private consumption, 2016–2020



**Figure 4.4:**  
Construction, 2016–2020



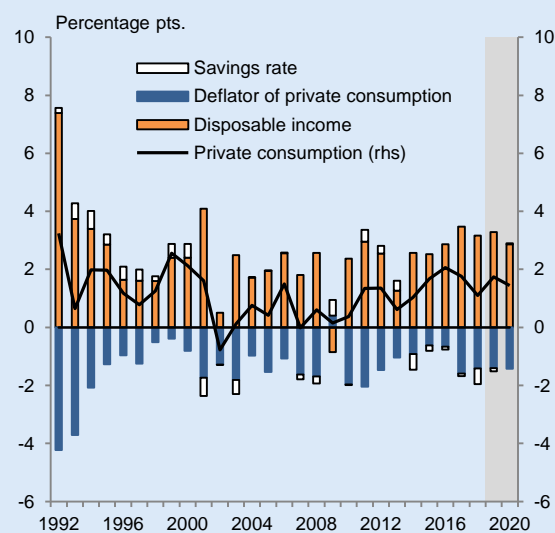
**Figure 4.5:**  
Investment cycles, 1991–2019



Annual data; GFCF, machinery and equipment: volumes, change on previous year; output gap: in percent of potential output, estimation taken from medium-run projection.

Source: Federal Statistical Office, *Fachserie 18, Series 1.2*; own calculations; shaded: IfW forecast.

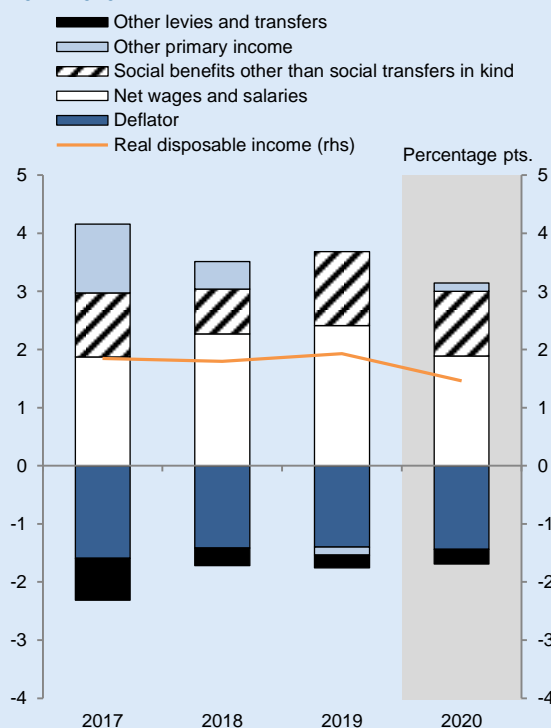
**Figure 4.6:**  
Contributions to change in private consumption, 1992–2020



Annual data; disposable income including adjustment for the change in pension entitlements.

Source: Federal Statistical Office, *Fachserie 18, Series 1.2*; own calculations; shaded: IfW forecast.

**Figure 4.7:**  
Contributions to changes in real disposable income, 2017–2020



Annual data. Other levies and transfers: Levies on social benefits, taxes on consumption and other transfers received (net); Deflator: Deflator of private consumption.

Quelle: Federal Statistical Office, *Fachserie 18, Series 1.2*; own calculations; shaded: IfW forecast.

**Table 4.1:**  
Gross fixed capital formation, 2017–2020

	2017	2018	2019	2020
Total	2.9	2.6	2.9	2.5
Corporate investment	2.9	2.4	2.3	2.0
Machinery and equipment	3.7	4.2	2.4	2.5
Construction (non-dwellings)	3.1	0.6	5.1	1.9
Other	1.3	0.4	0.0	0.9
Dwellings	3.0	2.8	3.6	3.6
Public (non-dwellings)	2.4	4.7	6.7	3.1
Memorandum item:				
Construction	2.9	2.4	4.4	3.1

Volumes; change over previous year in percent.

Source: Federal Statistical Office, *Fachserie 18, Series 1.2*; shaded: IfW forecast.

## 5. Industries

**Table 5.1:**  
**Gross value added for industries, 2018–2020**

	2018	2019				2020
	IV	I	II	III	IV	I
Seasonally and calendar adjusted, quarter-on-quarter change in percent						
Gross domestic product	0.0	0.4	-0.1	0.3	0.3	0.3
Gross value added	0.0	0.4	-0.1	0.3	0.3	0.3
Industry excluding construction	-0.8	-0.7	-1.5	0.5	0.3	0.3
Manufacturing	-0.6	-0.9	-1.5	0.5	0.3	0.3
Construction	1.8	0.2	1.2	0.8	0.8	0.8
Trade, transport, accommodation, and food services	0.4	1.4	0.3	0.3	0.4	0.4
Information and communication	1.0	0.7	0.8	0.4	0.4	0.4
Financial and insurance services	1.1	-0.4	0.1	0.0	0.0	0.0
Real estate activities	0.2	0.5	0.5	0.3	0.3	0.3
Business services	-0.3	1.0	0.1	0.2	0.3	0.3
Public services, education, health	0.2	0.6	0.4	0.2	0.3	0.3
Other services	-0.1	0.3	0.1	0.1	0.1	0.1

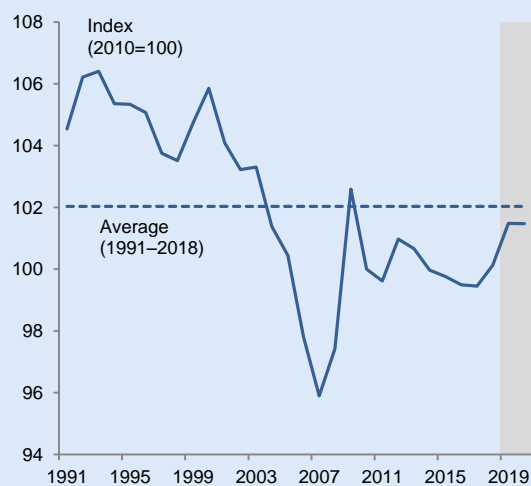
Quarterly data, volumes.

Source: Federal Statistical Office, *Fachserie 18, Series 1.2 and 1.3*; shaded: IfW forecast.



## 6. Wages

**Figure 6.1:**  
Real unit labor costs, 1991–2020



Yearly data; compensation of employees per hour (nominal) in relation to gross value added per hour (nominal).

Source: Federal Statistical Office, *Fachserie 18, Series 1.2*; shaded: IfW forecast.

**Table 6.1:**  
Wages and productivity, 2017–2020

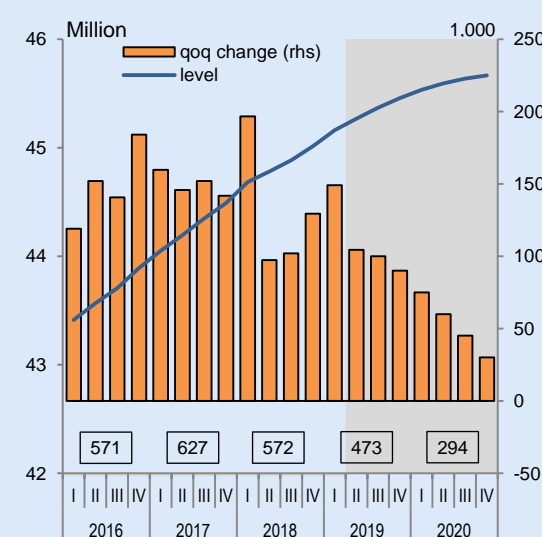
	2017	2018	2019	2020
<i>Per hour</i>				
Negotiated wages	2.1	2.8	2.6	2.9
Gross wages and salaries	2.4	2.7	3.2	2.8
Wage drift	0.3	-0.1	0.5	-0.1
Compensation of employees	2.5	2.5	3.2	2.7
Labor productivity	0.9	0.0	-0.4	0.7
Unit labor costs	1.6	2.5	3.6	1.9
Unit labor costs (real)	0.1	0.6	1.4	0.0
<i>Per capita</i>				
Negotiated wages	2.1	2.9	2.6	2.9
Gross wages and salaries	2.5	3.2	3.1	3.1
Wage drift	0.4	0.3	0.4	0.2
Compensation of employees	2.6	3.0	3.2	3.0
Labor productivity	0.7	0.1	-0.4	0.9
Unit labor costs	1.8	2.8	3.6	2.0
Unit labor costs (real)	0.3	1.0	1.4	0.1

Change over previous year in percent; wage drift: difference between change of negotiated wages and change of gross wages and salaries in percentage points; labor productivity: real GDP per hour or per capita; unit labor costs: compensation of employees (per hour or per capita) in relation to labor productivity; unit labor costs (real): unit labor costs deflated by GDP deflator.

Source: Federal Statistical Office, *Fachserie 18, Series 1.2*; Deutsche Bundesbank, *Negotiated Pay Rate Statistics*; shaded: IfW forecast.

## 7. Employment

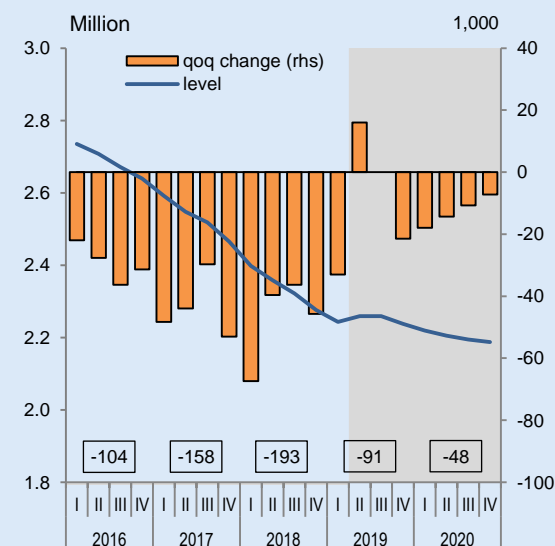
**Figure 7.1:**  
Employment, 2016–2020



Quarterly data, seasonally adjusted, qoq change. Annual data: annual rate (boxes).

Source: Federal Statistical Office, *Fachserie 18, Series 1.3*; shaded: IfW forecast.

**Figure 7.2:**  
Unemployment, 2016–2020



Quarterly data, seasonally adjusted, qoq change. Annual data: annual rate (boxes).

Source: Federal Employment Agency, *Monthly Bulletin*; shaded: IfW forecast.

**Table 7.1:**  
Employment, 2016–2020 (1,000 persons)

	2016	2017	2018	2019	2020
Hours worked (domestic concept, mn. hours)	59,476	60,222	61,087	61,702	62,205
Persons in employment (domestic concept)	43,642	44,269	44,841	45,314	45,607
Self-employed	4,334	4,294	4,221	4,162	4,135
Employees (domestic concept)	39,308	39,975	40,620	41,152	41,473
Employees subject to social security contributions	31,508	32,234	32,964	33,581	33,940
Minijobs	4,804	4,742	4,671	4,579	4,539
Net commuting	92	114	124	123	123
Persons in employment (national concept)	43,550	44,155	44,717	45,190	45,484
Employees (national concept)	39,216	39,862	40,496	41,028	41,349
Unemployed persons (registered)	2,691	2,533	2,340	2,249	2,201
Unemployment rate (registered; percent)	6.1	5.7	5.2	4.9	4.8
Unemployment rate (ILO; percent)	3.9	3.5	3.2	2.9	2.7

Self-employed: including family workers; unemployed persons (registered): definition of the Federal Employment Agency (BA).

Source: Federal Statistical Office, *Fachserie 18, Series 1.2*; Federal Employment Agency, *Monthly Bulletin*; Federal Employment Agency, *Employment Statistics*; shaded: IfW forecast.

## 8. Public finances

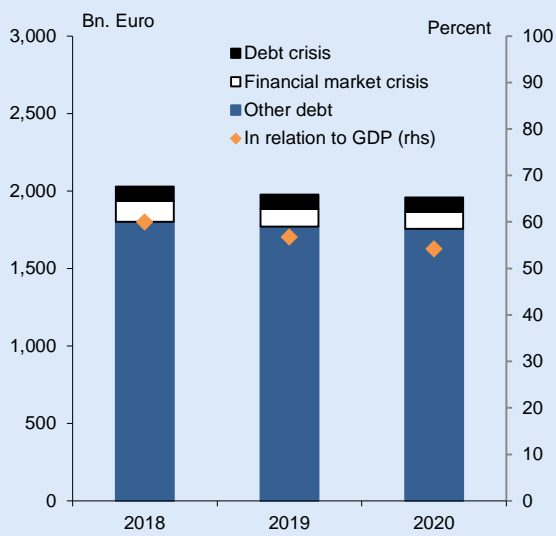
**Table 8.1:**  
Revenues and expenditures of the general government, 2016–2020 (bn. euro)

	2016	2017	2018	2019	2020
<b>Revenues</b>	<b>1,415.5</b>	<b>1,473.8</b>	<b>1,544.9</b>	<b>1,595.9</b>	<b>1,647.7</b>
➤ relative to GDP	44.8	45.0	45.6	45.8	45.6
Taxes	731.7	766.4	801.0	822.8	848.4
➤ relative to GDP	23.2	23.4	23.7	23.6	23.5
Social contributions	523.9	548.6	571.6	596.5	618.9
➤ relative to GDP	16.6	16.7	16.9	17.1	17.1
Other revenues	159.9	158.9	172.2	176.6	180.4
➤ relative to GDP	5.1	4.8	5.1	5.1	5.0
<b>Expenditures</b>	<b>1,386.8</b>	<b>1,439.8</b>	<b>1,487.6</b>	<b>1,548.4</b>	<b>1,615.4</b>
➤ relative to GDP	43.9	43.9	43.9	44.4	44.7
Compensation of employees	237.8	246.7	256.0	265.3	274.9
Intermediate consumption	150.1	156.3	163.0	170.5	178.0
Social transfers in kind	268.4	278.4	286.1	298.2	311.7
Gross capital formation	68.2	72.4	78.6	84.3	90.8
Capital transfers	37.4	33.8	31.3	29.1	28.4
Social benefits	486.8	506.1	520.1	544.1	565.8
Subsidies	28.0	28.4	29.3	30.4	31.5
Other current transfers	75.5	75.2	83.1	90.6	96.2
Other capital transfers and investment grants	35.6	43.9	41.2	37.1	39.3
Other expenditures	-1.3	-1.6	-1.3	-1.3	-1.3
<b>Net lending/net borrowing</b>	<b>28.7</b>	<b>34.0</b>	<b>57.3</b>	<b>47.5</b>	<b>32.4</b>
➤ relative to GDP	0.9	1.0	1.7	1.4	0.9
<b>Revenues of central, state, and local governments</b>	<b>919.8</b>	<b>954.2</b>	<b>1,003.2</b>	<b>1,030.1</b>	<b>1,060.3</b>
Net of transfers from social security funds	918.7	953.1	1,002.0	1,029.0	1,059.2
Transfers from social security funds	1.1	1.1	1.1	1.1	1.1
<b>Expenditures of central, state, and local governments</b>	<b>899.2</b>	<b>930.3</b>	<b>960.9</b>	<b>994.2</b>	<b>1,035.3</b>
Net of transfers to social security funds	789.0	815.1	842.6	871.7	908.7
Transfers to social security funds	110.3	115.1	118.3	122.6	126.6
<b>Net lending/net borrowing central, state, and local government</b>	<b>20.5</b>	<b>23.9</b>	<b>42.3</b>	<b>35.9</b>	<b>25.1</b>
<b>Revenues of social security funds</b>	<b>607.1</b>	<b>635.9</b>	<b>661.2</b>	<b>689.5</b>	<b>715.1</b>
Net of transfers from central, state, and local governments	496.8	520.8	542.9	566.9	588.6
<b>Expenditures of social security funds</b>	<b>598.9</b>	<b>625.8</b>	<b>646.1</b>	<b>677.9</b>	<b>707.8</b>
Net of transfers to central, state, and local governments	597.8	624.7	645.0	676.8	706.7
<b>Net lending/net borrowing social security funds</b>	<b>8.2</b>	<b>10.1</b>	<b>15.0</b>	<b>11.6</b>	<b>7.3</b>

Sums may deviate due to rounding. Relative to GDP: in percent.

Source: Federal Statistical Office, *internal worksheet*; shaded: IfW forecast.

**Figure 8.1:**  
Government gross debt, 2018–2020

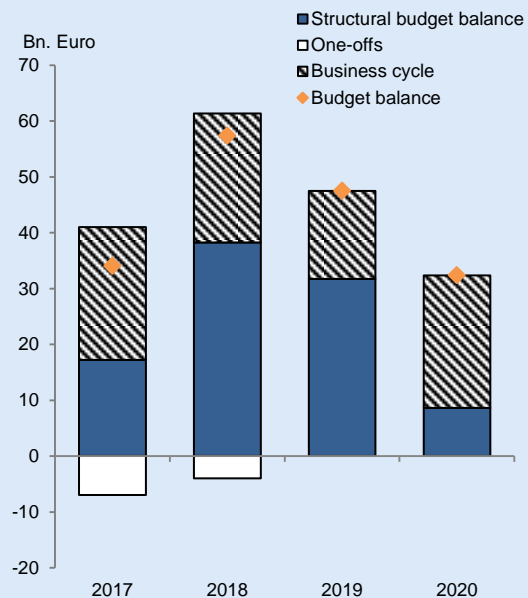


Debt crisis: Liabilities due to first Greece adjustment programme, deposits at the ESM, guarantees for EFSF credits.

Financial market crisis: Liabilities due to bank rescue packages.

Source: Deutsche Bundesbank, *Monatsbericht*; BMF, *Monatsbericht*; own calculations and forecasts.

**Figure 8.2:**  
Structural budget balance, 2017–2020



Source: Europäische Kommission, AMECO; own calculations.

## 9. GDP and its components

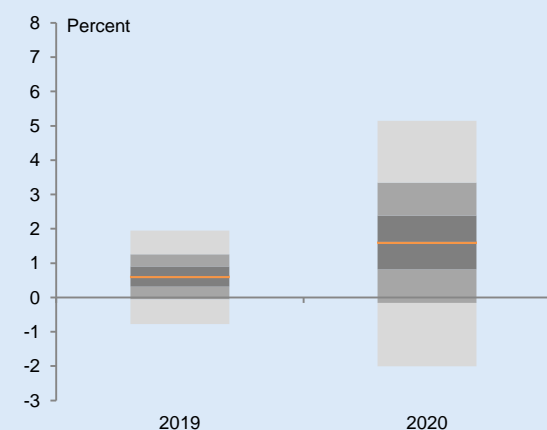
**Table 9.1:**  
Quarterly data, 2018–2020

	2018				2019				2020			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
Gross domestic product	0.4	0.5	-0.2	0.0	0.4	-0.1	0.3	0.3	0.3	0.3	0.3	0.3
Private consumption	0.2	0.3	-0.1	0.3	1.2	0.1	0.4	0.4	0.3	0.3	0.3	0.3
Government consumption	-0.3	0.7	-0.3	1.3	-0.3	0.6	0.6	0.6	0.6	0.5	0.6	0.5
Machinery and equipment	2.2	0.3	0.0	0.7	1.2	0.5	0.5	0.4	0.3	0.3	0.2	0.2
Constructions	0.9	0.8	0.9	1.0	1.9	0.7	0.7	0.6	0.5	0.5	0.5	0.5
Other investment	-0.5	0.3	0.2	0.5	-1.1	0.5	0.2	0.3	0.2	0.2	0.2	0.2
Change in inventories	0.1	0.3	0.8	-0.6	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic expenditure	0.4	0.7	0.8	0.0	0.2	0.3	0.5	0.4	0.4	0.4	0.3	0.3
Exports	-0.2	0.8	-0.9	0.6	1.0	-0.8	0.8	0.8	0.7	0.7	0.8	0.8
Imports	-0.3	1.5	1.3	0.7	0.7	-0.2	1.1	1.0	1.0	0.9	0.9	0.9
Net exports	0.0	-0.2	-0.9	0.0	0.2	-0.3	-0.1	-0.1	-0.1	0.0	0.0	0.0
Employment (domestic)	44,685	44,782	44,884	45,014	45,163	45,267	45,367	45,457	45,532	45,592	45,637	45,667
Unemployment (registered)	2,398	2,358	2,322	2,276	2,243	2,259	2,259	2,238	2,220	2,205	2,195	2,187

Volumes, seasonally and working-day adjusted. Change on previous quarter in percent; change in inventories, net exports: Lundberg component (contribution to GDP growth); employment, unemployment: seasonally adjusted, 1,000 persons; unemployment: as defined by the Federal Employment Agency (BA).

Source: Federal Statistical Office, *Fachserie 18, Series 1.3*; Federal Employment Agency, *Monthly Bulletin*; shaded: IfW forecast.

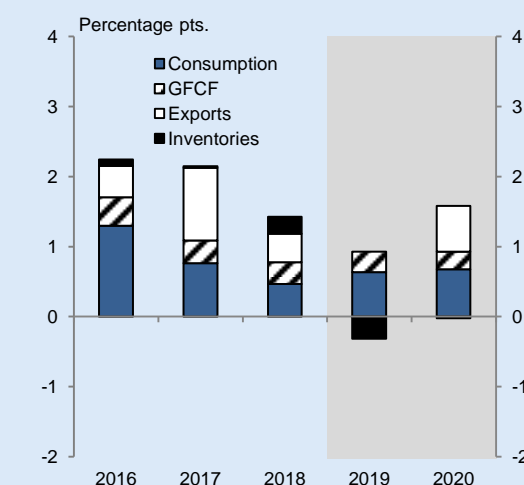
**Figure 9.1:**  
Forecast intervals for GDP growth, 2019–2020



GDP: volumes, change over previous year. Point forecasts: orange lines. Forecast intervals gray shaded areas with confidence levels of 33, 66, and 95 percent. Confidence levels calculated based on historical forecast errors of the Kiel Institute in the second quarter 1994–2018.

Source: Own calculations.

**Figure 9.2:**  
Import adjusted expenditure-side contributions to GDP growth, 2016–2020



Annual data; price-adjusted, growth contribution of each expenditure component adjusted by import content; import content is estimated based on input/output tables; see Kooths and Stolzenburg (2018).

Source: OECD, Input Output Database; Federal Statistical Office, *Fachserie 18, Series 1.2*; shaded: IfW forecast.

## 10. The German economy, 2017–2020

	2017	2017	2018	2019	2020
	Bn. Euro	Change over previous year in percent			
<b>Use of gross domestic product, price-adjusted</b>					
GDP		2.2	1.4	0.6	1.6
Private consumption expenditure		1.8	1.1	1.7	1.4
Public consumption expenditure		1.6	1.0	1.6	2.3
Total fixed investment		2.9	2.6	2.9	2.5
Machinery and equipment		3.7	4.2	2.4	2.5
Construction		2.9	2.4	4.4	3.1
Other equipment		1.3	0.4	0.0	0.9
Changes in stocks		0.0	0.5	-0.6	0.0
Domestic Demand		2.0	1.9	1.3	1.8
Exports		4.6	2.0	1.2	3.5
Imports		4.8	3.3	2.9	4.5
Net exports		0.3	-0.4	-0.6	-0.2
<b>Use of gross domestic product at current prices</b>					
GDP	3,277.3	3.7	3.3	2.8	3.6
Private consumption expenditure	1,732.2	3.4	2.5	3.2	2.9
Public consumption expenditure	638.9	3.8	3.5	4.2	4.4
Total fixed investment	665.7	5.0	5.7	6.3	5.6
Machinery and equipment	215.2	4.2	4.9	3.1	3.1
Construction	326.6	6.4	7.3	9.7	8.1
Other equipment	123.9	2.9	2.6	3.0	2.7
Changes in stocks (€ bn.)		-7.2	16.3	-7.4	-8.8
Domestic Demand	3,029.5	4.0	4.2	3.3	3.8
Exports	1,541.9	6.3	3.1	2.2	4.3
Imports	1,294.1	7.6	5.2	3.2	5.0
Net exports (€ bn.)		247.8	229.2	219.7	219.5
Gross national income	3,346.3	3.8	3.4	2.9	3.6
<b>Deflators</b>					
GDP		1.5	1.9	2.2	2.0
Private consumption expenditure		1.6	1.4	1.4	1.4
Public consumption expenditure		2.2	2.5	2.6	2.1
Investment in machinery and equipment		0.5	0.6	0.7	0.5
Investment in construction		3.3	4.8	5.1	4.9
Investment in other equipment		1.5	2.2	2.9	1.8
Exports		1.6	1.1	1.0	0.7
Imports		2.6	1.8	0.3	0.5
Addendum: Consumer prices		1.5	1.8	1.5	1.6
<b>Income distribution</b>					
Net national income (factor costs)	2,456.4	3.9	3.1	2.4	3.3
Compensation of employees	1,668.8	4.2	4.6	4.5	3.8
in percent of national income		67.9	69.0	70.4	70.7
Property and entrepreneurial income	787.6	3.3	-0.2	-2.2	2.3
Disposable income	1,869.9	3.4	3.2	3.3	2.9
Savings rate		9.9	10.4	10.5	10.5
Wages and salaries	1,366.6	4.2	4.8	4.4	3.9
Wage per hour		2.4	2.7	3.2	2.8
Unit labor costs		1.6	2.5	3.6	1.9
Productivity per hour		0.9	0.0	-0.4	0.7
Unemployment (1,000)		2,533	2,340	2,249	2,201
Rate of unemployment (percent)		5.7	5.2	4.9	4.8
Total employment (1,000)		44,269	44,841	45,314	45,607
Public sector budget balance					
Public sector budget balance (€ bn.)		34.0	57.3	46.9	32.4
Public sector budget balance (in percent of GDP)		1.0	1.7	1.3	0.9
Public debts (in percent)		63.9	59.9	56.8	54.3
Change in stocks, net exports: Lundberg-component (contribution to GDP growth); employment, unemployment: as defined by the Federal Employment Agency (BA); public debts: in relation to GDP.					

Source: Federal Statistical Office, *Fachserie 18, Series 1.2*; shaded: IfW forecast.



## 11. National accounts

	2018	2019	2020	2019		2020	
				H1	H2	H1	H2

### 1. Production

Change over the same period of the preceding year in %

Persons in employment	1.3	1.1	0.6	1.1	1.0	0.8	0.5
Hours worked	1.4	1.0	0.8	1.0	1.0	0.7	0.9
Hours worked by person in employment	0.1	0.0	0.2	- 0.1	0.0	- 0.1	0.4
Labor productivity <sup>1</sup>	0.0	- 0.4	0.7	- 0.8	- 0.1	0.5	0.8
<b>Gross domestic product, price-adjusted</b>	<b>1.4</b>	<b>0.6</b>	<b>1.6</b>	<b>0.2</b>	<b>1.0</b>	<b>1.3</b>	<b>1.8</b>

### 2. Use of gross domestic product at current prices

a) EUR bn.

Consumption expenditure	2 437.1	2 521.2	2 604.6	1 231.6	1 289.6	1 273.8	1 330.9
Private households <sup>2</sup>	1 775.9	1 832.0	1 885.1	898.1	933.9	925.1	960.0
Government	661.2	689.2	719.5	333.5	355.7	348.7	370.8
Gross fixed capital formation	703.4	748.0	789.9	358.7	389.4	378.1	411.8
Machinery and equipment	225.7	232.7	239.8	110.7	122.0	113.7	126.1
Construction	350.6	384.5	415.6	184.3	200.2	198.8	216.8
Other products	127.1	130.9	134.5	63.8	67.1	65.6	68.8
Changes in inventories <sup>3</sup>	16.3	- 7.4	- 8.8	2.8	- 10.2	2.5	- 11.3
Domestic expenditure	3 156.8	3 261.9	3 385.7	1 593.1	1 668.8	1 654.4	1 731.3
Net exports	229.2	219.7	219.5	118.6	101.0	115.0	104.5
Exports	1 590.2	1 624.6	1 694.1	804.9	819.7	831.2	862.9
Imports	1 361.0	1 404.9	1 474.6	686.3	718.6	716.2	758.4
<b>Gross domestic product</b>	<b>3 386.0</b>	<b>3 481.6</b>	<b>3 605.2</b>	<b>1 711.8</b>	<b>1 769.8</b>	<b>1 769.4</b>	<b>1 835.8</b>

b) Change over the same period of the preceding year in %

Consumption expenditure	2.8	3.5	3.3	3.2	3.7	3.4	3.2
Private households <sup>2</sup>	2.5	3.2	2.9	2.9	3.4	3.0	2.8
Government	3.5	4.2	4.4	4.1	4.4	4.5	4.3
Gross fixed capital formation	5.7	6.3	5.6	6.1	6.6	5.4	5.8
Machinery and equipment	4.9	3.1	3.1	2.5	3.6	2.8	3.3
Construction	7.3	9.7	8.1	9.6	9.7	7.9	8.3
Other products	2.6	3.0	2.7	2.9	3.0	2.9	2.5
Domestic expenditure	4.2	3.3	3.8	3.4	3.3	3.8	3.7
Exports	3.1	2.2	4.3	1.7	2.7	3.3	5.3
Imports	5.2	3.2	5.0	3.9	2.6	4.4	5.5
<b>Gross domestic product</b>	<b>3.3</b>	<b>2.8</b>	<b>3.6</b>	<b>2.4</b>	<b>3.2</b>	<b>3.4</b>	<b>3.7</b>

### 3. Use of gross domestic product, price-adjusted (chain-linked, 2010=100)

a) EUR bn.

Consumption expenditure	2 181.2	2 218.5	2 255.7	1 091.6	1 126.9	1 110.6	1 145.1
Private households <sup>2</sup>	1 612.2	1 640.1	1 663.8	806.8	833.4	819.0	844.8
Government	568.6	577.9	591.1	284.6	293.3	291.2	299.9
Gross fixed capital formation	608.4	626.3	642.2	302.1	324.2	309.1	333.1
Machinery and equipment	216.3	221.5	227.1	105.1	116.4	107.4	119.7
Construction	280.8	293.1	302.1	142.1	151.0	146.1	156.0
Other products	112.1	112.2	113.2	54.9	57.3	55.4	57.8
Domestic expenditure	2 785.3	2 822.1	2 873.7	1 393.1	1 428.9	1 417.8	1 455.9
Exports	1 486.8	1 504.6	1 558.0	746.4	758.2	765.9	792.0
Imports	1 299.9	1 338.1	1 398.1	654.2	683.9	679.2	718.9
<b>Gross domestic product</b>	<b>2 974.2</b>	<b>2 992.5</b>	<b>3 039.2</b>	<b>1 486.6</b>	<b>1 505.9</b>	<b>1 506.4</b>	<b>1 532.8</b>

b) Change over the same period of the preceding year in %

Consumption expenditure	1.1	1.7	1.7	1.4	2.0	1.7	1.6
Private households <sup>2</sup>	1.1	1.7	1.4	1.4	2.1	1.5	1.4
Government	1.0	1.6	2.3	1.4	1.9	2.3	2.3
Gross fixed capital formation	2.6	3.0	2.5	2.7	3.2	2.3	2.7
Machinery and equipment	4.2	2.4	2.5	1.6	3.1	2.2	2.9
Construction	2.4	4.4	3.1	4.2	4.5	2.8	3.3
Other products	0.4	0.0	0.9	0.0	0.1	1.0	0.9
Domestic expenditure	1.9	1.3	1.8	1.4	1.3	1.8	1.9
Exports	2.0	1.2	3.5	0.3	2.1	2.6	4.5
Imports	3.3	2.9	4.5	3.0	2.9	3.8	5.1
<b>Gross domestic product</b>	<b>1.4</b>	<b>0.6</b>	<b>1.6</b>	<b>0.2</b>	<b>1.0</b>	<b>1.3</b>	<b>1.8</b>

#### National Accounts (cont.)

Forecast period: 2019 to 2020

	2018	2019	2020	2019		2020	
				H1	H2	H1	H2

#### 4. Deflators (2010=100)

Change on the same period of the preceding year in %

Private consumption <sup>2</sup>	1.4	1.4	1.4	1.5	1.3	1.5	1.4
Government consumption	2.5	2.6	2.1	2.6	2.5	2.2	2.0
Gross fixed capital formation	3.0	3.3	3.0	3.4	3.2	3.0	2.9
Machinery and equipment	0.6	0.7	0.5	0.9	0.5	0.6	0.5
Construction	4.8	5.1	4.9	5.2	5.0	4.9	4.8
Exports	1.1	1.0	0.7	1.4	0.5	0.6	0.8
Imports	1.8	0.3	0.5	0.9	-0.3	0.5	0.4
<b>Gross domestic product</b>	<b>1.9</b>	<b>2.2</b>	<b>2.0</b>	<b>2.2</b>	<b>2.2</b>	<b>2.0</b>	<b>1.9</b>

#### 5. National income

a) EUR bn.

Primary income of private households <sup>2</sup>	2 356.0	2 432.0	2 503.6	1 202.4	1 229.6	1 237.6	1 266.0
Employers social contributions	313.3	328.5	339.3	159.2	169.2	164.7	174.6
Gross wages and salaries	1 432.8	1 496.2	1 554.0	714.3	781.9	743.2	810.8
Other primary income <sup>4</sup>	610.0	607.3	610.2	328.9	278.5	329.7	280.5
Primary income of other sectors	502.4	497.3	522.7	225.2	272.1	234.1	288.6
<b>Net national income</b>	<b>2 858.4</b>	<b>2 929.3</b>	<b>3 026.3</b>	<b>1 427.6</b>	<b>1 501.7</b>	<b>1 471.7</b>	<b>1 554.6</b>
Consumption of fixed capital	600.0	628.8	659.6	311.0	317.8	326.2	333.4
<b>Gross national income</b>	<b>3 458.5</b>	<b>3 558.1</b>	<b>3 685.9</b>	<b>1 738.6</b>	<b>1 819.5</b>	<b>1 798.0</b>	<b>1 888.0</b>
memorandum item:							
Net national income (factor costs)	2 532.0	2 593.1	2 679.2	1 259.1	1 334.1	1 297.8	1 381.3
Property and entrepreneurial income	785.9	768.5	785.8	385.6	382.9	389.9	395.9
Compensation of employees	1 746.1	1 824.7	1 893.4	873.5	951.2	907.9	985.4

b) Change over the same period of the preceding year in %

Primary income of private households <sup>2</sup>	3.8	3.2	2.9	3.1	3.3	2.9	3.0
Employers social contributions	3.7	4.8	3.3	5.1	4.6	3.4	3.2
Gross wages and salaries	4.8	4.4	3.9	4.6	4.2	4.1	3.7
... per employee	3.2	3.1	3.1	3.2	2.9	3.1	3.0
Other primary income <sup>4</sup>	1.5	-0.4	0.5	-0.9	0.1	0.3	0.7
Primary income of other sectors	-0.2	-1.0	5.1	-3.9	1.6	3.9	6.1
<b>Net national income</b>	<b>3.1</b>	<b>2.5</b>	<b>3.3</b>	<b>1.9</b>	<b>3.0</b>	<b>3.1</b>	<b>3.5</b>
Consumption of fixed capital	4.7	4.8	4.9	4.8	4.8	4.9	4.9
<b>Gross national income</b>	<b>3.4</b>	<b>2.9</b>	<b>3.6</b>	<b>2.4</b>	<b>3.3</b>	<b>3.4</b>	<b>3.8</b>
memorandum item:							
Net national income (factor costs)	3.1	2.4	3.3	1.8	3.0	3.1	3.5
Property and entrepreneurial income	-0.2	-2.2	2.3	-4.3	0.0	1.1	3.4
Compensation of employees	4.6	4.5	3.8	4.7	4.3	3.9	3.6

#### 6. Disposable income of private households <sup>2</sup>

a) EUR bn.

Mass income	1 400.3	1 465.7	1 520.7	704.8	760.9	732.6	788.1
Net wages and salaries	945.4	991.9	1 029.5	468.6	523.3	487.2	542.3
Social benefits other than social transfers in kind	579.6	604.2	626.5	300.7	303.5	312.4	314.0
less: Levies on social benefits, taxes on consumption	124.7	130.5	135.3	64.6	65.9	67.1	68.2
Other primary income <sup>4</sup>	610.0	607.3	610.2	328.9	278.5	329.7	280.5
Other transfers received (net) <sup>5</sup>	-80.3	-78.8	-79.0	-39.7	-39.0	-39.7	-39.3
<b>Disposable income</b>	<b>1 930.0</b>	<b>1 994.2</b>	<b>2 051.9</b>	<b>993.9</b>	<b>1 000.3</b>	<b>1 022.6</b>	<b>1 029.4</b>
Change in pension entitlements	52.8	53.6	54.4	26.5	27.2	26.9	27.6
Consumption expenditure	1 775.9	1 832.0	1 885.1	898.1	933.9	925.1	960.0
Saving	206.9	215.8	221.2	122.3	93.5	124.3	96.9
Saving ratio (%) <sup>6</sup>	10.4	10.5	10.5	12.0	9.1	11.8	9.2

b) Change over the same period of the preceding year in %

Mass income	3.9	4.7	3.8	4.7	4.6	3.9	3.6
Net wages and salaries	4.7	4.9	3.8	5.2	4.7	4.0	3.6
Social benefits other than social transfers in kind	2.6	4.2	3.7	3.9	4.6	3.9	3.5
less: Levies on social benefits, taxes on consumption	3.6	4.6	3.7	4.2	5.0	3.9	3.5
Other primary income <sup>4</sup>	1.5	-0.4	0.5	-0.9	0.1	0.3	0.7
<b>Disposable income</b>	<b>3.2</b>	<b>3.3</b>	<b>2.9</b>	<b>3.2</b>	<b>3.4</b>	<b>2.9</b>	<b>2.9</b>
Consumption expenditure	2.5	3.2	2.9	2.9	3.4	3.0	2.8
Saving	9.0	4.3	2.5	5.5	2.8	1.7	3.6

**National Accounts (cont.)**

Forecast period: 2019 to 2020

	2018	2019	2020	2019		2020	
				H1	H2	H1	H2

**7. Revenue and expenditure by general government <sup>1</sup>**

a) EUR bn.

Revenue							
Taxes	801.0	822.8	848.4	413.4	409.4	426.0	422.4
Social contributions	571.6	596.5	618.9	289.2	307.3	300.6	318.3
Property income	18.4	18.8	18.6	11.9	6.9	11.8	6.8
Other current transfers	24.8	24.2	24.1	11.6	12.6	11.2	12.8
Capital transfers	13.0	12.3	12.3	5.8	6.4	5.8	6.4
Sales	114.0	120.7	125.4	56.4	64.4	58.8	66.5
Other subsidies	0.2	0.2	0.2	0.1	0.1	0.1	0.1
<b>Total</b>	<b>1 543.0</b>	<b>1 595.5</b>	<b>1 647.7</b>	<b>788.4</b>	<b>807.1</b>	<b>814.4</b>	<b>833.4</b>
Expenditure							
Intermediate consumption <sup>2</sup>	448.1	469.1	489.8	225.0	244.1	234.7	255.1
Compensation of employees	256.0	265.3	274.9	127.6	137.7	132.4	142.5
Property income (interest)	31.3	29.1	28.4	14.3	14.7	13.9	14.5
Subsidies	29.3	30.3	31.5	14.2	16.2	14.8	16.7
Social benefits	520.1	544.1	565.8	270.7	273.4	282.2	283.6
Other current transfers	83.1	90.6	96.2	43.7	46.9	47.2	49.0
Capital transfers	41.2	37.1	39.3	12.9	24.1	14.1	25.2
Gross capital formation	78.6	84.3	90.8	36.5	47.8	39.9	50.9
Net acquisitions of non-produced non-financial assets	- 1.3	- 1.3	- 1.3	- 0.6	- 0.7	- 0.6	- 0.7
<b>Total</b>	<b>1 486.3</b>	<b>1 548.6</b>	<b>1 615.4</b>	<b>744.5</b>	<b>804.1</b>	<b>778.7</b>	<b>836.7</b>
<b>Net lending</b>	<b>56.6</b>	<b>46.9</b>	<b>32.4</b>	<b>44.0</b>	<b>3.0</b>	<b>35.7</b>	<b>- 3.3</b>

b) Change over the same period of the preceding year in %

Revenue							
Taxes	4.5	2.7	3.1	2.2	3.2	3.0	3.2
Social contributions	4.2	4.4	3.7	4.5	4.2	3.9	3.6
Property income	15.6	2.3	- 1.2	4.7	- 1.5	- 1.1	- 1.5
Other current transfers	13.8	- 2.4	- 0.6	- 0.2	- 4.4	- 3.0	1.7
Capital transfers	27.2	- 5.4	0.0	5.4	- 13.4	0.0	0.0
Sales	2.9	5.9	3.8	4.3	7.4	4.3	3.4
Other subsidies	- 9.5	- 2.2	0.0	- 4.6	0.0	0.0	0.0
<b>Total</b>	<b>4.7</b>	<b>3.4</b>	<b>3.3</b>	<b>3.2</b>	<b>3.6</b>	<b>3.3</b>	<b>3.3</b>
Expenditure							
Intermediate consumption <sup>2</sup>	3.1	4.7	4.4	4.2	5.1	4.3	4.5
Compensation of employees	3.7	3.6	3.6	3.7	3.6	3.7	3.5
Property income (interest)	- 7.4	- 7.2	- 2.2	- 10.3	- 3.9	- 2.8	- 1.7
Subsidies	3.4	3.5	3.9	3.0	3.9	4.8	3.1
Social benefits	2.8	4.6	4.0	4.2	5.0	4.2	3.8
Other current transfers	10.4	9.1	6.2	7.6	10.4	8.0	4.5
Capital transfers	- 6.3	- 9.9	5.9	- 2.1	- 13.6	8.9	4.4
Gross capital formation	8.5	7.2	7.7	7.3	7.1	9.3	6.5
Net acquisitions of non-produced non-financial assets	- 17.6	1.0	0.0	2.2	0.0	0.0	0.0
<b>Total</b>	<b>3.2</b>	<b>4.2</b>	<b>4.3</b>	<b>4.0</b>	<b>4.4</b>	<b>4.6</b>	<b>4.1</b>

<sup>1</sup> Price-adjusted gross domestic product per hour worked.

<sup>2</sup> Incl. nonprofit institutions serving households.

<sup>3</sup> Incl. acquisitions less disposals of valuables.

<sup>4</sup> Operating surplus/mixed income, net property income

<sup>5</sup> Received less paid other current transfers.

<sup>6</sup> Savings in percent of disposable income (incl. change in pension entitlements).

<sup>7</sup> Central, regional, local and social security funds.

<sup>8</sup> Incl. social transfers in kind and other production taxes.

Source: Federal Statistical Office, *Fachserie 18: National Accounts*; own calculations.