Finanzgruppe
Deutscher Sparkassen-
und Giroverband

## ECONOMIC UPDATE

Issue 4/2021

**The combination of the pandemic getting out of hand and the ongoing supply bottlenecks has brought the recovery in Germany to a standstill as 2021 nears its end. In this environment, 2022 is also likely to get off to a very subdued start.**

The decisions of the federal government and federal state conference of 2nd December 2021 set out the framework for the partial lockdown that has become unavoidable. Trade, tourism and large swathes of the services sector are once again being paralysed by the pandemic.

Until the third quarter of 2021, the macroeconomic recovery was still largely intact. However, aggregate growth in this country was already being driven exclusively by private consumption last summer. The volume of exports and investments has already been declining since mid-2021. The fact that planned investments have not been able to be realised is slowing down the adjustment of capacities that would be necessary to unclog the bottlenecks.

This situation continues to keep inflation dynamics at a high level. In November, German consumer-price inflation surged to a new high of 5.2 percent, even hitting 6.0 percent on the basis of the EU-harmonised HICP methodology. Although lower rates of change are expected from the beginning of 2022 onwards, certain structural factors dictating high price increases are going to remain in place. Monetary policymakers need to react to this, positioning themselves more flexibly for what may possibly prove a necessary exit from the current ultra-expansionary tack.

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# Frozen recovery

## Year-end 2021, and probably also the start of 2022, are going to be mired in stagnation

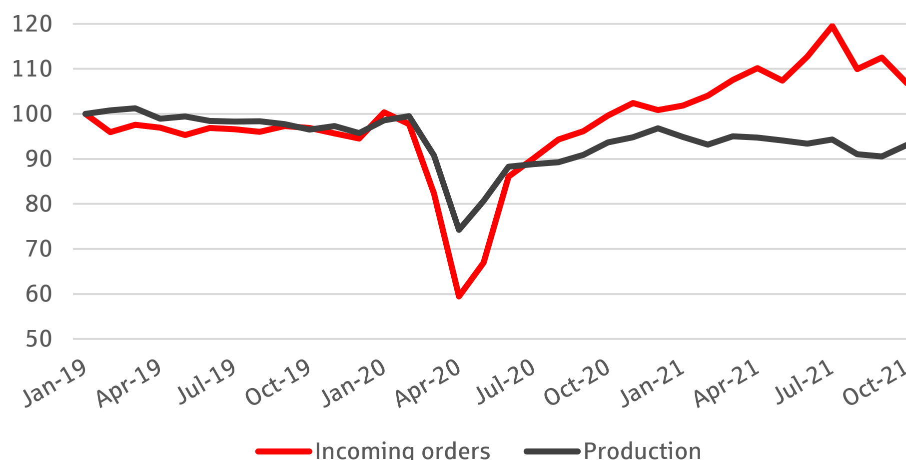
*The fourth pandemic wave is bringing the economic recovery to a halt*

The combination of the pandemic getting out of hand and the ongoing supply bottlenecks has brought the recovery in Germany to a standstill as the curtain comes down on 2021. More and more contact-intensive activities are being curtailed again, or are no longer in demand among the population. Hopes that a high enough vaccination rate would protect us from such a renewed escalation have been dashed. It has become painfully obvious that the level of vaccination and protection measures achieved by the autumn is not sufficient. Quasi-lockdown measures have become imperative once again, regardless of whether "lockdown" is the term employed politically or whether it gets paraphrased using a different nomenclature. The resolutions reached by the Conference of German federal and state governments on 2nd December set out the framework for the partial lockdown that has become unavoidable. It is to be feared that the spread of the new Omicron variant of the coronavirus will spell ongoing restrictions during the first quarter of 2022.

*To make matters worse, production is still being crimped by supply bottlenecks*

To compound the problem, production is not gaining momentum either because supply-side bottlenecks continue to exist in some cases. Where at the beginning of 2021 it was still possible to ascertain that industry had borne up quite well during the second lockdown and was able to continue producing largely undisturbed, the situation in this sector has not managed to recover any further in the interim. On the contrary: over the course of 2021, the supply and transportation difficulties that had already been the subject of much discussion have continued to strangle the economic rebound. The bottlenecks paradoxically became apparent at a time when the pandemic was on a somewhat more favourable trajectory between various waves and when there was accordingly a recovery in economic activity and demand.

These structural disruptions in supply, transportation and value chains have continued right up to the time of writing. In the previous issue of "Economic Update", we already highlighted the disconnect between new orders and actual production in the manufacturing sector. That the recovery is, as it were, freezing over is explicitly not due to demand, as is evidenced by the decidedly high level of orders on hand. It is worthwhile to extrapolate this analysis, and plot the trend in this disconnect, right up to the present point in time.




Source: Destatis

The production trend in Germany's manufacturing sector has been sloping downwards over the course of 2021. In the meantime, this can almost be regarded as a continuation of the (already anaemic) pre-pandemic trend in industrial output observed in 2019. Interrupting this downside trend line are the deep slump sustained during the first lockdown in spring 2020 and the quick recovery that kicked in directly afterwards.

It is true that output in the producing sector as a whole (+2.8 per cent relative to the previous month), and in manufacturing industry in a narrower sense as well (+3.2 per cent mom), rose pretty significantly this October. However, this improvement at the current end of the time series was mainly due to a strong recovery in automotive production, which staged a leap of 12.6 percent in the month in question, accordingly dominating the overall trend. Even after this recovery, however, vehicle production in Germany remains well below its normal level.

*Although the order intake has likewise slowed recently...*

In contrast, incoming orders received by the manufacturing sector have shaped up far more favourably than actual production on a medium-term horizon, i.e. over the past one-and-a-half years. Recently, however, the divergence has narrowed again somewhat. Production has caught up, whereas incoming orders have experienced a certain setback. New orders already declined for the first time in August; now, at the beginning of December, another decline has been reported for the month of October, this time by 6.9 percent compared to the previous month.

*... a substantial order backlog is still waiting to be processed*

This notwithstanding, the order situation is still looking comparatively good. On the demand side, the latest escalation in the pandemic does not necessarily have to change anything in terms of pre-ordered goods. On the contrary, the recent resurgence in the tally of infections could even further reinforce the structural shift in consumer demand away from services used in public and consumed on a daily basis towards goods used in the private sphere.

In any case, there is still a comfortable backlog of orders waiting to be processed which materialised in the months marked by a substantial new-order intake. In September alone, cumulative order backlogs increased by a further 2.4 percent compared with the previous month. The average reach of orders on hand in the manufacturing sector now stands at no less than 7.4 months.

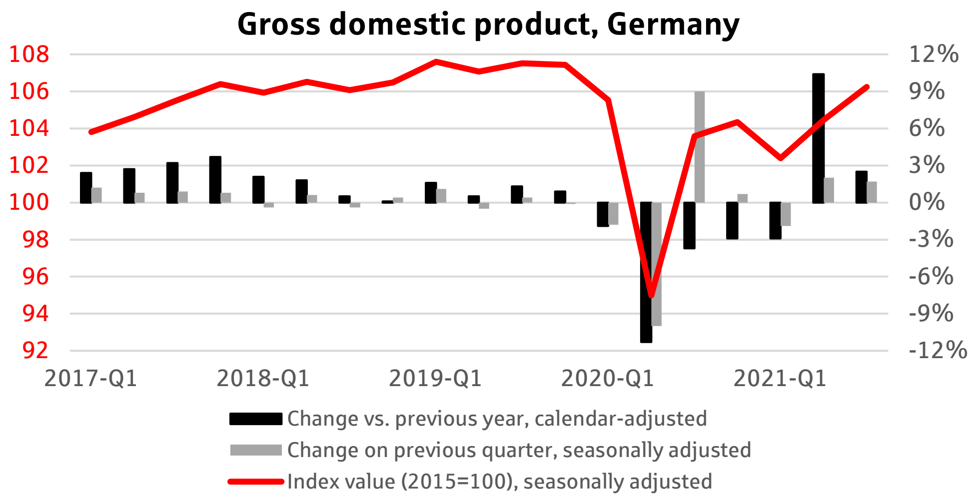
Despite the recent improvement, production capacity is not keeping pace with the high degree of demand. In Germany, intermediate-goods production had no part to play in October’s recovery. Destatis, the Federal Statistical Office, reported a decline of 0.4 percent for this sub-sector on a month-over-month basis. Yet another reason that bottlenecks are persisting is because capacities cannot be adjusted quickly. A logjam has also formed with respect to necessary capital goods. High inflation dynamics, on the one hand, and stagnating production volumes, on the other, are the upshot here.

## The third quarter still racked up a positive macroeconomic growth rate

*Q3 real German GDP was up 1.7 percent quarter-on-quarter and 2.5 percent compared with the same quarter of the previous year*

In the light of these industrial bottlenecks, it seems surprising at first glance that real GDP in Germany still succeeded in chalking up a quite handsome growth rate in the third quarter of 2021. According to the second GDP estimate released by the official statistical agency at the end of November, calendar- and seasonally-adjusted growth of 1.7 percent was achieved on a quarter-on-quarter basis. In the initial “flash” estimate from the end of October, a growth rate one tenth of a percentage point higher had been reported, which was subsequently shaved slightly during the course of November. In return, though, the rate of expansion for the second quarter was revised upwards by one tenth of a percentage point. All in all, these mini-revisions largely offset each other.

The retrospective picture of the third quarter still remains quite appealing. Adjusted for inflation, gross value added in the third quarter on a year-on-year basis worked out at the same level of 2.5 percent in both estimates.




Source: Destatis

## Stagnation grips the economy over winter 2021/2022

However, the outlook for the final quarter of the year is more subdued. In most relevant recent forecasts, such as that of the German Council of Economic Experts, there is, arithmetically speaking, hardly any leeway left for growth in the fourth quarter. The annual report of the German Council of Economic Experts, which is quite typical for the current forecast scatter, predicts a rate of 2.7 percent for whole-year 2021, which - although it has almost run its course now - has not been officially finalised at a GDP level. In straight mathematical terms, this would only allow for a range of between 0.0 percent and 0.3 percent in the final quarter, assuming that the official GDP figures for the first three quarters are no longer revised. And the situation on the ground has deteriorated further in recent weeks since the publication of the annual report as a consequence of the escalation in the pandemic.

*A stagnation scenario in Q4 2021, while major question marks hang over Q1 2022*

Most of the forecasts currently doing the rounds adhere to the scenario of a strong recovery in 2022 - except that it is only going to kick in later than had been thought until recently. In recent months, the growth rates forecast for 2022 even benefited from these time lags: what was no longer achievable in 2021 would then come to fruition in 2022. A kind of “crop alternation” took place between the two forecast years. Most forecasts for the German economy from autumn 2021 therefore even had a four before the decimal point for 2022 as a whole (cf. the point cloud in Appendix B).

*The recovery predicted for 2022 is only going to kick in at a later date,*

The weak phase is now fated to extend into the New Year. The new GDP forecasts now due for publication will probably lower the outlook for the year as a whole, mostly only putting GDP growth at between three and four percent. The reason is the greater uncertainty hanging over the first quarter. It cannot yet be estimated how long-lasting and how draconian the restrictions now being introduced to stem the fourth wave of infections, and to check the progress of the spreading Omicron variant, will have to be. Today’s wisdom is that another severe winter is in store for us.

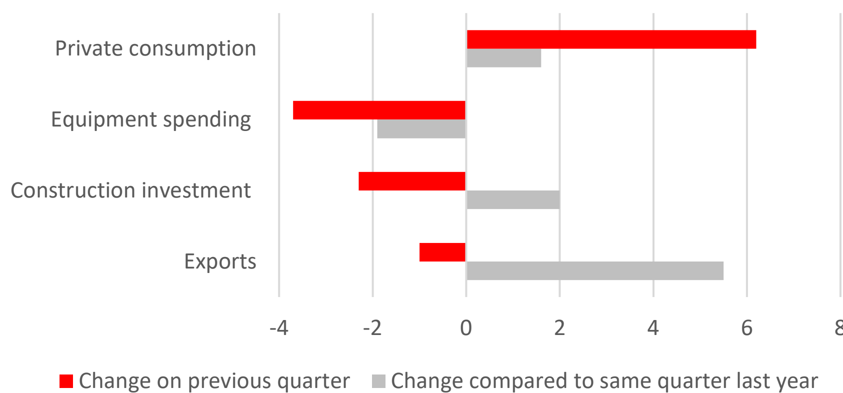
*which is also having a negative impact on whole-year projections*

The fact is, though, that the current economic-deterioration trend has already been in place since the summer of 2021: back then, there were already indications from the trend within the third quarter. That shift signaled that the final quarter would be significantly weaker, with growth scarcely higher than in a

stagnation scenario. This is because all the monthly indicators, such as retail sales and sentiment, as well as the industrial-production metric which we have already commented on, were pointing downwards over the summer quarter. The time series was still looking quite favourable in July, whereas the September readings had ratcheted downwards almost everywhere. This means that the various time series entered the final quarter, which began in October, with a corresponding statistical underhang. The recently reported auspicious production figures for October inspire some hope for the remainder of the fourth quarter. However, with the next wave of the pandemic now rolling heavily, we already know that the favourable trend cannot have continued undisturbed in November and December.

**Expenditure-side components of German GDP in the third quarter of 2021**

inflation-adjusted, in percent

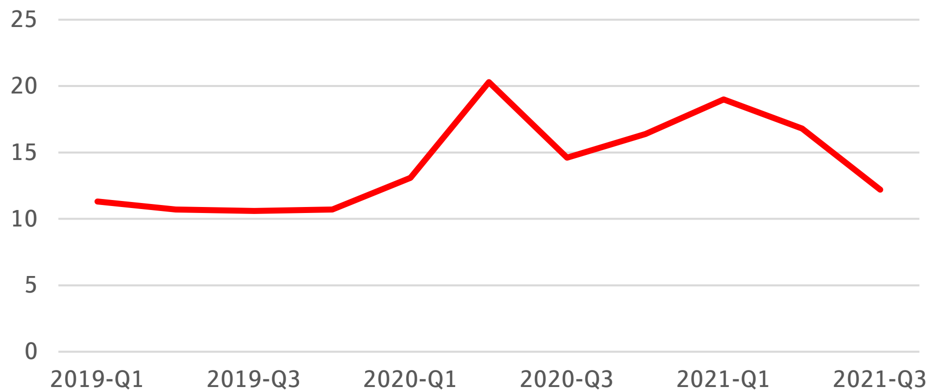



Source: Destatis

Qualitatively - on the basis of the breakdown according to the expenditure side of GDP - growth in the third quarter was mainly driven by private consumption. This fits in with the "timeout from the pandemic" scenario playing out at the time, entailing significantly lower infection figures over the summer, when more social life, with more consumption opportunities, became temporarily possible once again.

In keeping with this, the savings rate at private households was able to normalise a little more in that quarter. At 12.2 percent in seasonally-adjusted terms, this reached the lowest level visited since the outbreak of the pandemic at the beginning of 2020, although the ratio still fell short of the normal level seen beforehand. What is more, there is reason to be apprehensive that there will be another countermovement in the final quarter of 2021, with the resurgent pandemic, and the new restrictions that have become necessary, set to cause the savings rate to shoot up once again. In many sectors, pre-Christmas business has been hit hard for the second year in a row.

*The lower savings rate measured in Q3 2021 was probably just an interim low*




Source: Destatis

*The equipment-investment squeeze....*

Another piece of negative news which emerges from qualitative analysis of the national accounts for the third quarter of 2021 is the already very sluggish level of investment activity over this period. Construction investment was down 2.3 percent from the previous quarter on a seasonally-adjusted basis. But this speed bump for construction is not problematic because the building trade has proved to be very robust throughout the pandemic, with construction activity remaining above the previous-year level even in the wake of the minor setback mentioned.

*...is, in a negative sense, another flywheel driving the supply-side bottlenecks we are witnessing...*

By contrast, the poorer showing made by capital expenditure on equipment is a cause for concern. Adjusted for price and seasonal factors, this expenditure-side item declined by 3.7 percent on a quarter-on-quarter comparison, and also ended up 1.9 percent below the year-earlier level. This is not only regrettable because a greater volume of equipment spending is needed, as a matter of principle, in order to spur the structural transformation of the German economy towards digitisation and climate protection. The shortfall in equipment investment also adds up to a cyclical, short-term bottleneck in the current situation. More investment on equipment would be needed to adjust capacities to bring them into line with altered - and now recovering - demand for goods. After all, the supply-side bottlenecks crimping activity in so many places can only ultimately be overcome with the help of new transportation, logistics and production capacities. The only problem is that, ironically, the very goods that would have to deliver the solution are evidently stuck in a congestion loop themselves. The knot is tangled at several levels: not only are there a multitude of bottlenecks at the various stages of the value-added chain; the obstruction extends into the factors of production themselves, as here, when it comes to the formation of physical capital.

*The multi-layered nature and interdependence of the bottlenecks is making it so hard to resolve them*

It is not that companies do not want to create new capacities in order to replenish their supply options. Rather, they are unable to do so in the current situation. In many places, furthermore, a lack of available workers (who have moved to other sectors during the pandemic or else who have grown discouraged, leaving a lower rate of labour-force participation behind them as they head for the wings) is also holding things back. This is admittedly a much bigger problem in the USA than in Germany. Exacerbating the situation, however, is the slowdown in investment activity referred to above. The production factor “physical capital” is likewise in short supply, and this is not the case because of a lack of financing - money is about the only thing that is

currently not in short supply. It is rather the non-availability predicament in the real economy that is constituting the bottleneck here as well.

There has been a particularly sharp divergence between incoming orders and actual production in the case of capital-goods manufacturers in Germany. Foreign orders received by capital-goods manufacturers declined sharply in October; domestic orders for capital goods had already fallen in August and September, but then recovered somewhat latterly. The pronounced fluctuations in this domain can be seen as a warning sign that some corporations may have given up hope of being able to adjust their capacities in the short term. For the time being, they are resigning themselves to the unavailability scenario. However, it would be wrong to overemphasise such an interpretation of things: on an aggregate view over several months, the level of orders is not all that bad, at least not as bad as one might expect given the large amount of uncertainty swirling about.

Companies are certainly trying to renew their capital stock and to adapt it to meet the changed requirements and structural challenges provoked by the pandemic. It is just that this does not seem to be happening as quickly as hoped. This has certain implications too for how rapidly we can hope for the supply bottlenecks to become unclogged at the downstream stages of the value-added chain in the year ahead of us.

## Sentiment is once again following the pandemic into the doldrums

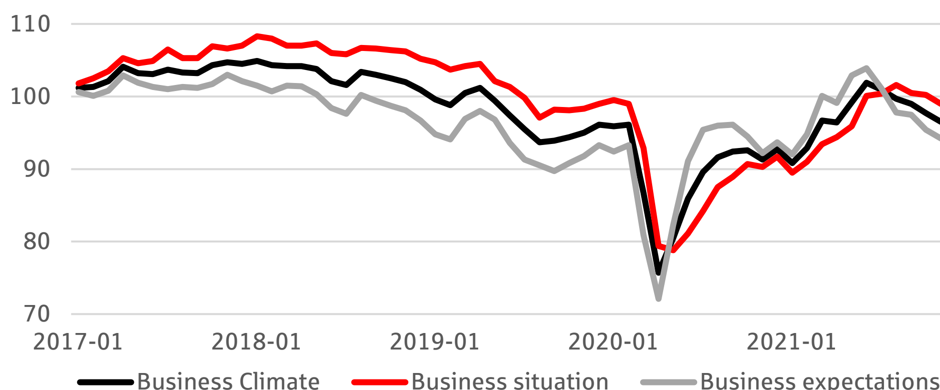
*The assessments of purchasing managers require an ambivalent interpretation*

In order to explain why the eurozone PMI - the indicator tracking sentiment among the zone's purchasing managers - has been behaving as it has, it is also necessary to fall back on the dichotomy between demand-side and supply-side trends: this gauge, which normally serves as a pretty reliable leading indicator for production trends, rose surprisingly in November, as did the individual country outcomes for Germany and France, the core countries in the European Monetary Union. The readings generated, to the north of the 50-point expansion threshold, do theoretically indicate an upswing in production. However, in the unusual current dichotomous situation, it may be that the purchasing managers' answers are, at present, rather reflecting the scheduling situation, i.e. orders placed by purchasing managers which have not yet been effectively worked off.

By contrast, the ifo Business Climate Index has followed the trajectory to be expected: in line with the worsening pandemic situation, this gauge lost further ground in November, with both its current-business-situation and business-expectations components suffering slippage.

**The ifo Business Climate Index and its components,**

Index values (2015=100), seasonally adjusted




Source: ifo

The Munich-based ifo Institute, which generates this much-watched business survey on the German economy, also provides information on the way things are shaping up in the individual sectors. The business climate turns out to have clouded over in all sectors, most sharply among service providers. The news from the manufacturing front in the ifo Institute’s new report is that a "clear majority of companies plan to raise prices".

## Inflation dynamics are peaking

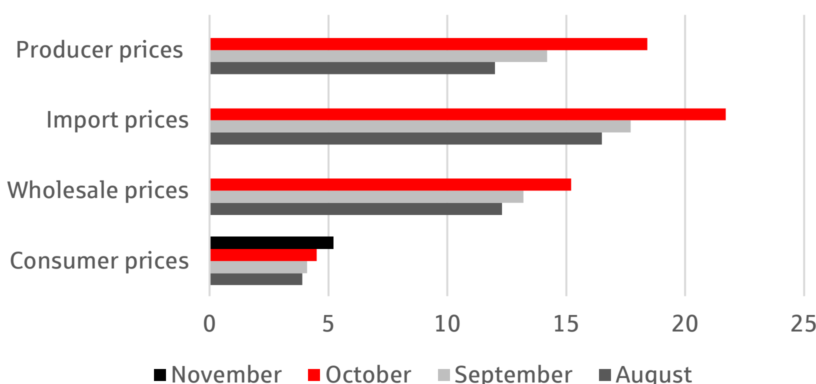
*The HICP and the national consumer-price index are technically divergent at the moment*

Inflation is currently spiking in all categories. At the upstream stages of the value-added chain - at producers and in the wholesale trade - prices are rising particularly fast, at double-digit rates. Even the GDP deflator is exhibiting a decidedly high increase, although this particular metric is not shown in the chart below because it is only available on a quarterly basis. In the third quarter, the GDP deflator returned a reading of 4.5 percent, which is surprisingly high because this gauge excludes import-prices, the factor which has fuelled the upsurge in general inflation to a particularly strong extent. It would definitely appear to be the case that the upward pressure on prices has already spilled over broadly into domestic value added. After all, the PCE (personal consumption expenditures) deflator weighed in at a far from slight 3.8 percent in the most recent quarter for which data is available.

Consumer prices in Germany, as measured by the standard indices, has reached a new peak of 5.2 percent according to the national definition of the basket of goods - a level not seen for decades. According to the EU-harmonised definition applying to the HICP, the twelve-month rate of change for German consumer-price inflation indeed proved as high as 6.0 percent in November. The particularly large disparity between these two measures can be explained by different weighting schemes being adjusted in different ways. More specifically, the HICP is regularly re-weighted and in the current special situation contains, for example, a full cycle for the prices of package holidays, which at times were not viable at all but suddenly were on offer once again, and were therefore subject to hefty price fluctuations during this volatile to-and-fro. [1]

**Rates of inflation in Germany**

compared to the respective month of the previous year (2021 vs. 2020), in percent




Source: Destatis

[1] These measurement problems were one of the factors investigated in the Chief Economists' Statement "The Inflation Spike - Reflex or Reflation" from July 2021, which, like this publication, is available on the DSGV homepage

*A braking effect on inflation due to the erosion of purchasing power is proving hardly effective at the present juncture*

These high rates of price increases are eroding purchasing power and could thus indirectly act as a damper on economic activity. However, this "braking effect" is not all that strong at the moment because consumers have very high financial reserves. Private households can currently afford to pay the higher prices quite easily. Moreover, with a high propensity to consume in the wake of the coronavirus-induced restrictions, they are often also characterised by a high willingness to pay. This is a dangerous mixture from the point of view of price stability.

For the euro area as a whole, the rate of increase posted by the HICP in November was 4.9 percent. The fact that the German inflation rate is currently significantly higher is largely due to the base effect of the national VAT-reduction measure from the second half of 2020. This technically-based disparity is scheduled to drop out of the year-on-year rates of change from January 2022 onwards. We can subsequently expect somewhat lower rates that can also be interpreted more clearly.

The European Central Bank is one of the agencies emphasising the transitory nature of these and certain other influences. Nevertheless, inflation rates well above the ECB's target variable should continue to be observed in early 2022. There is, moreover, a risk of these increasingly diffusing into second-round effects.

## Monetary policy in the euro area and the USA is coming up to a crossroads

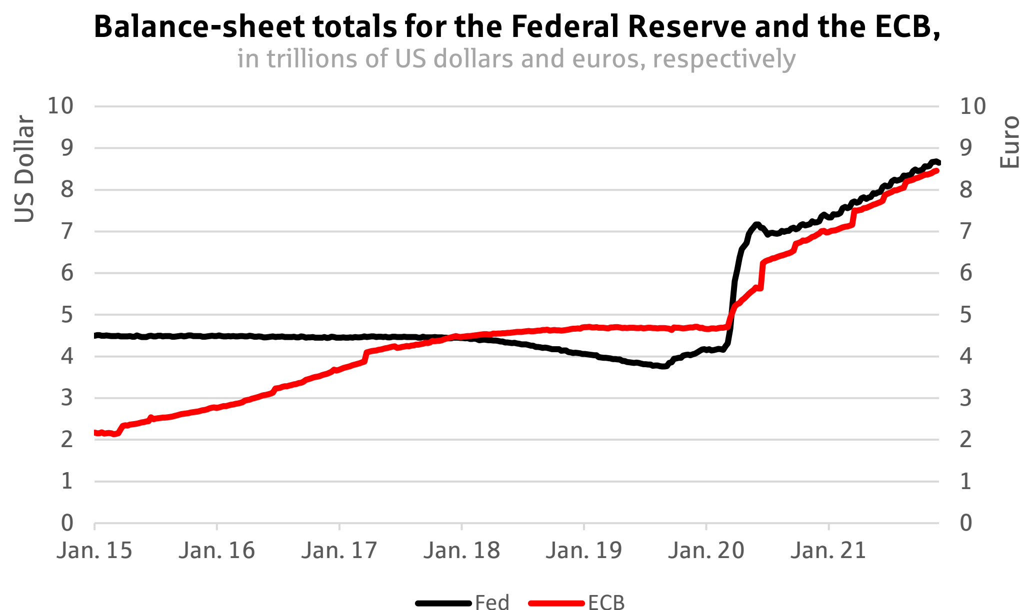
In the United States, inflation pressures are even more intense. The all-items CPI was running at an annual rate of no less than 6.2 percent in October. But in the US, the exit from an ultra-accommodative monetary-policy stance has been mapped out rather more concretely. A tapering road map for net purchases has been announced, with the Fed's bond buying expected to dwindle to zero by the summer of 2022. At that point, the Federal Reserve's balance sheet is expected to move onto a sideways trend. In the second half of 2022, the way would then be clear for initial key-rate hikes ("interest-rate liftoff") in the USA.

*The tapering path for 2022 in the USA is looking increasingly clear*

The individual opinions voiced by the members of the Federal Open Market Committee, the Fed's rate-setting body, show a correspondingly open-minded picture here, at least in the case of around half of the members sitting on the FOMC. The announced exit path may also have gained in stability and predictability due to the recent reappointment of Jerome Powell as Fed Chairman by the Biden administration. And it should be noted that Dr. Powell reaffirmed the committee's will to act on tapering at a recent congressional hearing.

On the other hand, the Federal Reserve continues to have a strong focus on employment growth, which - complementing its official commitment to inflation control - is the second objective of its statutory dual mandate. However, Team Powell should refrain from aiming for unrealistically high employment levels, which may no longer be achievable due to the structural shifts brought about by the coronavirus shock, which have resulted in a lower workforce-participation rate.

The ECB, on the other hand, is more clearly positioned with regard to its target. This continues to hold true after the central bank's Strategy Review, which has introduced additional aspects. This is because the clear priority of preserving price stability has remained, even though the inflation target is now slightly higher at 2 percent, and has also become "symmetric" (i.e. negative and positive deviations from this target are equally undesirable).




Sources: ECB, Fed

However, the ECB is now a little behind the curve in terms of maintaining and pursuing this level. If the high rates of price increases prove to be not as temporary as anticipated in 2022 either, the monetary-policy "braking distance" in the euro area will be very long, but hopefully not too long in view of its multi-stage nature.

*The ECB will initially discontinue the PEPP*

In December, the ECB will, in all probability, announce the discontinuation of its Pandemic Emergency Purchase Programme (PEPP) as of March 2022. This is the right thing to do, even if the pandemic itself is not yet over. More liquidity will not help in the current situation - more money creation will only drive up prices. And the securities portfolio purchased under the PEPP will, of course, continue to be held - only net purchases are poised to cease. The stock of accumulated purchases will continue to have an effect. So it should not be an insurmountable communicative hurdle for the ECB to recalibrate the PEPP at this point in time, even though the pandemic itself is - at least in Germany - at a new peak. In France, Italy and Spain, the current wave of infections has been proving shallower than the towering and glowering earlier waves which involved such a high human cost. And in those nations, too, further demand-side stimulation will no longer help now, but would rather prove harmful with a view to price developments.

The ECB would therefore be well-advised not to shift portions of existing monthly PEPP-related purchases into the overall APP purchase programme. There, too, the creation of even more surplus liquidity would no longer be useful. And a further expansion of the APP would only lengthen the already critically long "braking distance" alluded to earlier. What should rather happen over the course of 2022 is that net (NB: not gross) purchases under the APP should be scaled back. Once the ECB's forward guidance on this score has finally been adjusted, the way would have been paved at the end of 2022 for Team Lagarde to implement policy rate hikes if inflation forecasts were still above the target level at that juncture.

*The euro has already depreciated to a palpable extent*

If the ECB fails to create this necessary flexibility, it could become the victim of a rapidly steepening slippery slope - i.e. if capital and currency markets no longer considered it possible for the euro zone's monetary custodians to adjust their monetary policy in time. The external value of the euro has already depreciated

to some extent. Against the dollar, for instance, the common European currency has weakened by more than seven percent over the course of 2021: where the exchange rate was still hovering above EUR/USD 1.23 at the beginning of the year, euro/dollar was recently only trading at around EUR/USD 1.13.

The reason for this downtrend in the euro/dollar cross rate is that it has become increasingly clear as the year has progressed that the Federal Reserve would move faster to hike key rates than the ECB - potentially widening the already existing interest-rate differential in favour of the greenback.

In the economic environment of the 2010s, such euro devaluation would have been welcomed as a way of stimulating the weaker growth momentum in the euro area and of driving inflation, which was undershooting markedly, back up towards the target level. In the current situation, however, such a bout of euro devaluation is inopportune, and is even aggravating already high inflation dynamics via higher import prices. In euro terms, for example, currently rampant energy prices have become even more expensive than in the case of buyers paying dollars on world markets.

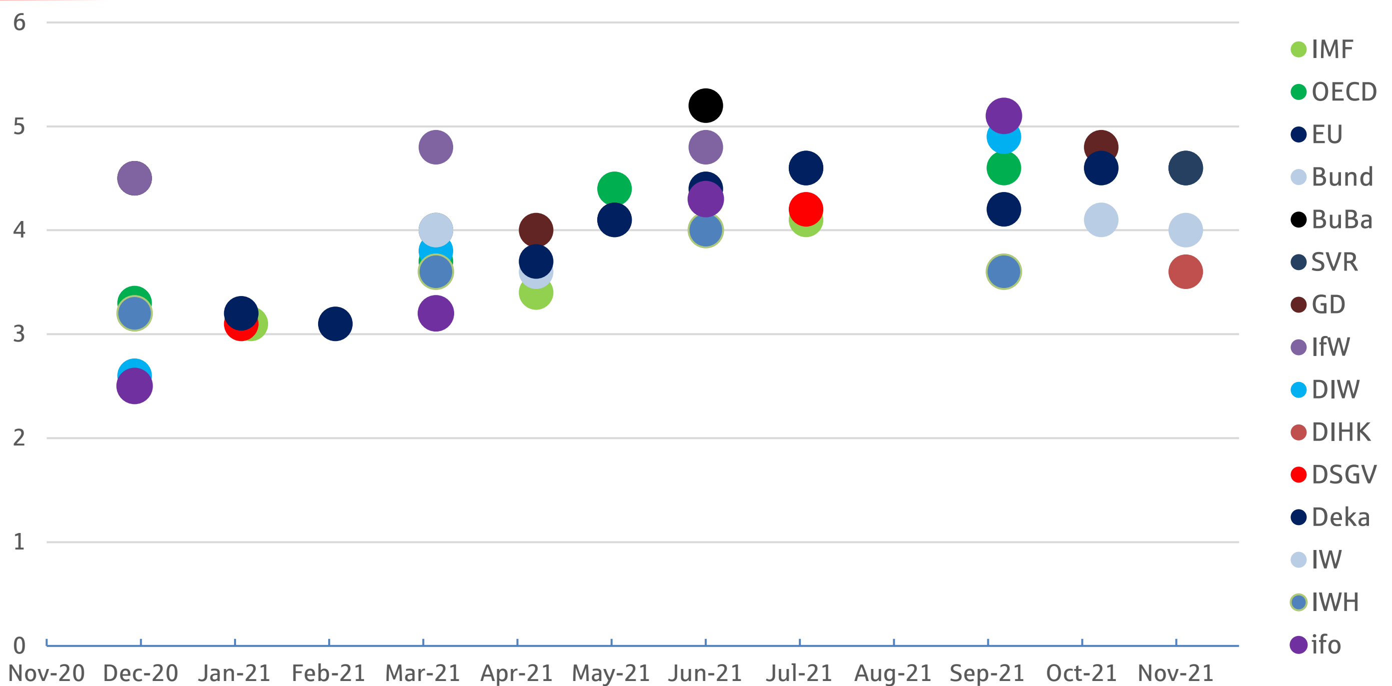
Yet the main problem for the global economy is and remains the pandemic itself. As 2021 draws to a close, the situation is in many respects as unpleasant and uncertain as it was a year ago. Precisely for this reason, we would like to wish all readers of "Economic Update" all the very best, Christmas cheer, and a Happy New Year, blessed above all by an abundance of good health!

## A. Growth of the world's economic regions. change on the previous year

| | 2019 | 2020 | 2021* | 2022* |
|---|---|---|---|---|
| World trade volume | 0.9% | -8.2% | 9.7% | 6.7% |
| GDP - World | 2.8% | -3.1% | 5.9% | 4.9% |
| USA | 2.3% | -3.4% | 6.0% | 5.2% |
| Japan | 0.0% | -4.6% | 2.4% | 3.2% |
| China | 6.0% | 2.3% | 8.0% | 5.6% |
| Euro area | 1.5% | -6.3% | 5.0% | 4.3% |
| Germany | 1.1% | -4.6% | 3.1% | 4.6% |

* International Monetary Fund October 2021 projections.

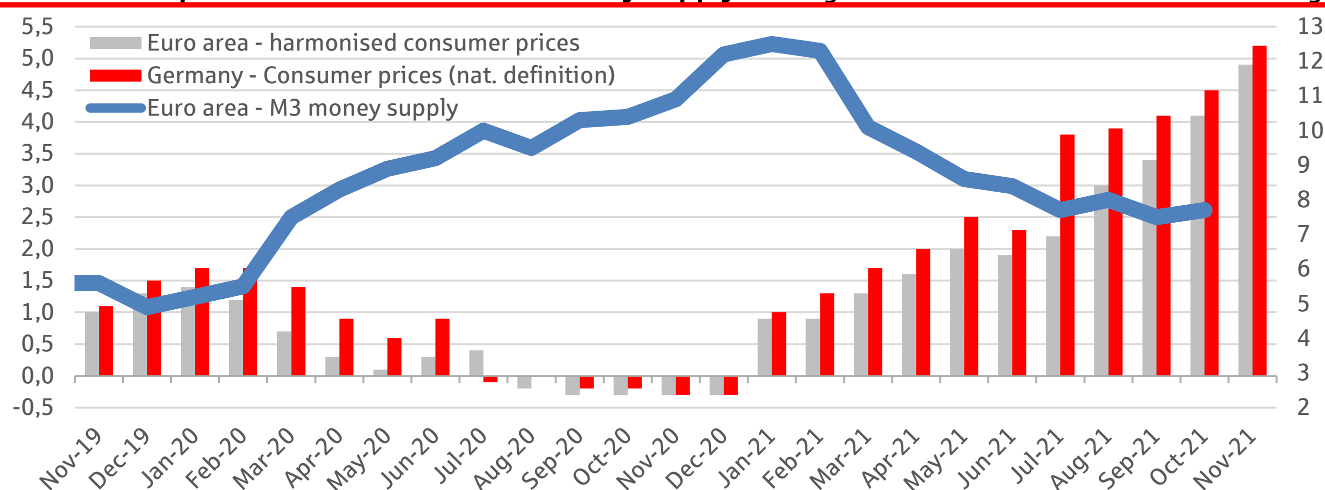
## B. Economic growth forecasts for Germany for 2022. in %.




## C. GDP in the euro area and in Germany

| | year 2020 real compared to previous year | Q IV - 2020 | Q I - 2021 | Q II - 2021 | Q III - 2021 |
|---|---|---|---|---|---|
| | | real change on year and seasonally adjusted real change on previous quarter | | | |
| Euro area GDP | -6.4% | -4.4%<br>-0.4% | -1.2%<br>-0.3% | +14.2%<br>+2.1% | +3.7%<br>+2.2% |
| Germany GDP | -4.6% | -2.9%<br>+0.7% | -3.0%<br>-1.9% | +10.4%<br>+2.0% | +2.5%<br>+1.7% |
| Private consumption | -6.0% | -5.7%<br>-2.7% | -9.1%<br>-5.2% | +6.0%<br>+3.2% | +1.6%<br>+6.2% |
| Gross fixed capital formation | -2.2% | +1.5%<br>+2.4 % | -1.4%<br>-0.7% | +7.5%<br>+0.5% | +0.7%<br>-2.2% |
| Exports | -9.3% | -3.1%<br>+4.6% | -0.5%<br>+1.4% | +26.5%<br>+0.5% | +5.5%<br>-1.0% |
| | | Level. not rate of change; quarterly figures seasonally adjusted | | | |
| Savings rate | 16.1% | 16.4% | 19.0% | 16.8% | 12.2% |

## D. Consumer prices (left-hand scale) and money supply M3 (right-hand scale). annual rates of change in %.




## E. Monthly economic indicators Germany

| | July | August | September | October | November |
|---|---|---|---|---|---|
| **Prices (national definition)** | Change compared to the same month of the previous year | | | | |
| Consumer prices | 3.8% | 3.9% | 4.1% | 4.5% | 5.2% |
| - Excluding food and energy (core inflation) | 2.7% | 2.8% | 2.9% | 2.9% | - |
| Producer price of industrial products | 10.4% | 12.0% | 14.2% | 18.4% | - |
| Import prices | 15.0% | 16.5% | 17.7% | - | - |
| **Sentiment indicators** | | | | | |
| ifo Business Climate Index | 100.9 | 99.7 | 99.0 | 97.7 | 96.5 |
| ZEW Economic Sentiment | 63.3 | 40.4 | 26.5 | 22.3 | 31.7 |
| **Incoming orders** | Change compared to the same month of the previous year | | | | |
| manufacturing sector | 22.6% | 13.4% | 10.3% | -3.9% | - |
| from within the country | 20.9% | 14.7% | 2.5% | -1.8% | - |
| from abroad | 23.7% | 12.7% | 15.7% | -5.2% | - |
| Capital goods producers | 25.7% | 10.6% | 13.2% | -6.0% | - |
| **Production** | Working day adjusted change compared to the same month of the previous year | | | | |
| Total manufacturing industry | 6.0% | 2.2% | -0.4% | -0.6% | - |
| thereof construction | 3.3% | -0.3% | 1.1% | 1.5% | - |
| thereof industry | 6.9% | 3.0% | -1.1% | -1.3% | - |
| **Foreign Trade** | Change compared to the same month of the previous year | | | | |
| Export | 12.0% | 14.5% | 7.2% | - | - |
| Import | 16.9% | 17.0% | 13.3% | - | - |
| **Labour market** | Unemployment rate / change in the jobless total compared to the same month of the previous year (in 1.000s) | | | | |
| Unemployment rate | 5.6% | 5.6% | 5.4% | 5.2% | 5.1% |
| Unemployed | -320 | -377 | -382 | -383 | -382 |
| Employed persons (with place of work in Germany) | +259 | +275 | +267 | +289 | - |
| Employees subject to social security contributions | +488 | +490 | +522 | - | - |

## F. Commodity, foreign exchange and financial markets

| | August | September | October | November | 13th Dec 2021 |
|---|---|---|---|---|---|
| Brent **oil price** in US $ | 70.75 | 74.49 | 83.54 | 81.54 | 73.34 (6th) |
| **Exchange rates** | | | | | |
| US Dollar / EUR | 1.7772 | 1.7700 | 1.1601 | 1.1414 | 1.1278 |
| Japanese Yen / EUR | 129.28 | 129.66 | 131.21 | 130.12 | 128.19 |
| **Stock markets** | | | | | |
| German DAX share index. end of month | 15,835 | 15,260 | 15,688 | 15,100 | 15,665 |
| Change on the same month of the previous year | 22.32% | 19.59% | 35.76% | 13.61% | - |
| **Money and capital market interest rates** | | | | | |
| Call money (€STR) | -0.568% | -0.570% | -0.571% | -0.573% | -0.577%(10th) |
| 1-month money (EURIBOR) | -0.56% | -0.56% | -0.56% | -0.57% | -0.58%(10th) |
| 3-month money (EURIBOR) | -0.55% | -0.55% | -0.55% | -0.57% | -0.59%(10th) |
| Current yield of German government bonds with a remaining term of ten years | -0.46% | -0.24% | -0.14% | -0.40% | -0.40% |
| **Interest rates of credit institutions, in new business** | | | | | |
| Daily deposits of private households in D | -0.01% | -0.01% | -0.01% | - | - |
| for comparison across the euro area | 0.01% | 0.01% | 0.01% | - | - |
| Deposits from households up to 1 year in D | 0.02% | -0.01% | 0.06% | - | - |
| for comparison across the euro area | 0.15% | 0.15% | 0.17% | - | - |
| Corporate loans up to €1m over 5y in D | 1.44% | 1.48% | 1.50% | - | - |
| for comparison across the euro area | 1.44% | 1.43% | 1.43% | - | - |

# Imprint

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