Finanzgruppe
Deutscher Sparkassen-
und Giroverband

ECONOMIC UPDATE
Issue 2/2021

# Delayed, but not off the table

**Berlin, 2nd June 2021**

**Author:**
Dr. Holger Schulz
Holger.Schulz@dsgv.de

**Given that the tally of infections is falling and that a large part of the population in Germany has been, or soon will be, vaccinated, there is justified hope that the long-awaited upswing will materialise this summer in response to the reopening of the services sector. The start of the year was once again a rather bleak affair, involving a decline in GDP of -1.8 percent being logged in the first quarter. Growth in the second quarter is also likely to have been crimped by the far-reaching closures. But although the recovery has been delayed for a while, it is certainly not off the table.**

Even during the lockdown, manufacturing industry proved to be very robust, managing to continue producing largely undisturbed. There is no lack of demand in many areas. On the contrary: on the supply side, we are witnessing more and more bottlenecks in terms of raw materials, intermediate products or transport capacities. The global economy has already rebounded rapidly. International demand for exports is therefore pulling the German economy back into recovery mode. Following in China's footsteps, economic momentum is now particularly strong in the USA. The additional economic-policy stimuli generated by the U.S. Congress are increasing the push. An overheating scenario could be in the offing.

Germany and Europe will also see higher rates of price increases in the second half of the year. However, these can be explained first and foremost by technical factors. There is no reason for alarmism on the inflation front yet; however, increased vigilance is called for.

# Delayed, but not off the table

## The first quarter of 2021 was blighted by the ongoing pandemic

Germany's economic landscape was once again looking rather bleak in the opening months of 2021, with real GDP registering a seasonally-adjusted decline of 1.8 percent in the first quarter compared to the final quarter of 2020. The knock-on effects of the pandemic-related lockdown were particularly evident at the level of consumption, which was reined in severely. Such consumption restraint will continue to apply for long stretches of the second quarter.

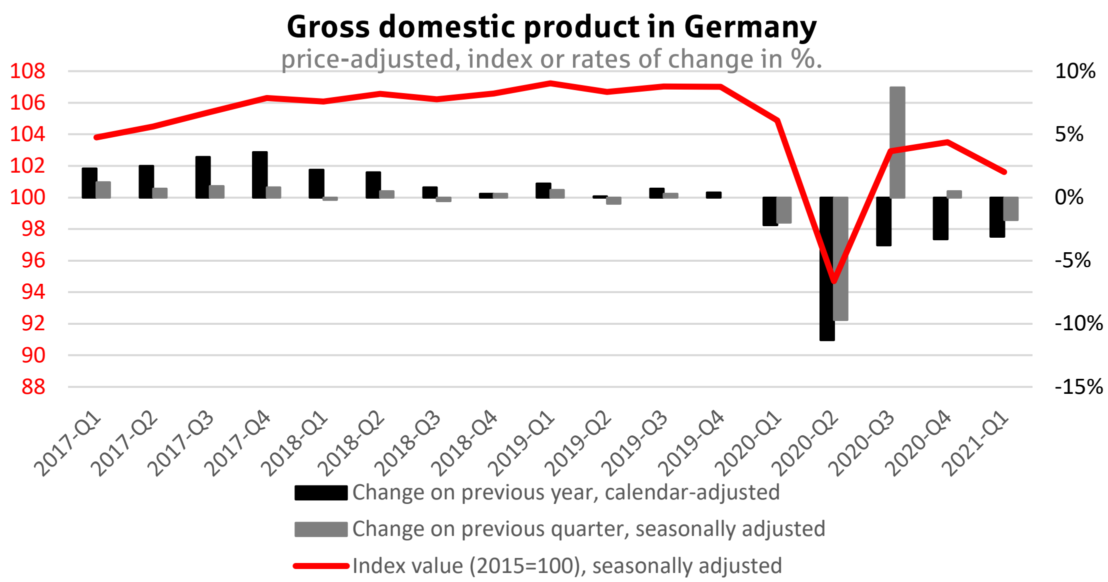
*Progress in the vaccine rollout raises hope*

In the meantime, however, the progress which has been made on the vaccination front, in Germany too, means that a tangible improvement is foreseeable in the near future. Restrictions are gradually being relaxed, first for those who have been vaccinated, who will soon make up the majority of the population, and then for society at large. Initial experiences from countries whose vaccination campaigns have made particularly swift headway and which are thus several weeks, or even several months, ahead of developments in Germany show that consumers tend to be willing to reopen their purses and wallets very quickly.

*However, the improvement is so far only evident in the sentiment indicators,*

*but cannot, in the nature of things, be see yet at the level of GDP*

This hope is also being expressed in the recent sharp rise in sentiment indicators. The ifo Business Climate Index, for example, made a big leap upwards at the end of May. These leading indicators are running ahead of the GDP, which is a lagging indicator. Accordingly, the turnaround cannot yet be gauged from GDP itself. Rather, a skewed "W"-shaped trend is forming here - but so far without the hoped-for second upward thrust in the "W" which ought to make itself manifest from this summer onwards.




Source: Destatis

The weak start to the year naturally has implications for the annual rate of GDP still achievable in 2021. However, the negative burden on annual aggregate economic output imposed by the current, highly volatile, situation characterised by special developments is less onerous than it would be in a "normal" growth year marked by a slow and steady upswing. In normal years, mathematically speaking, the growth rate in the first quarter has a greater weighting in the annual rate of change de facto than the later quarters. This is because the opening quarter of the year predefines the starting level for the following quarters. If the growth steps that can be achieved thereafter remain unchanged from quarter to quarter, then the level of the first quarter will be maintained in each case.

*In 2021, for a change, the opening quarter is not going to set the level for the rest of the year*

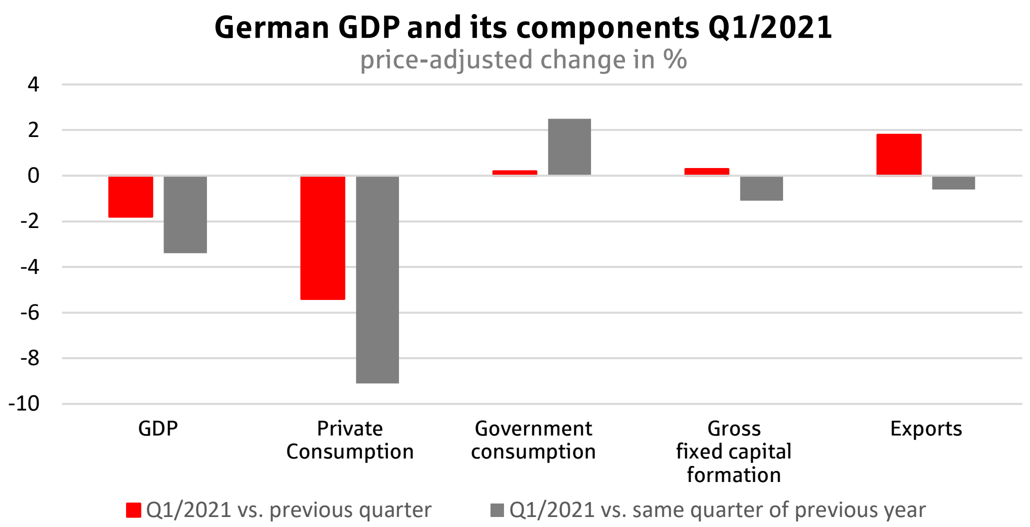
In the current situation, though, the sub-year dynamics must be assessed quite differently. In the event of the pandemic being largely overcome across Europe in the second half of 2021, there may even be a strongly positive rebound effect. The level from the lockdown will then no longer be the predetermined starting level. On the contrary: in that case, the losses sustained during the first half of the year will be made up for and, on a best-case scenario, there will even be additional catch-up effects on the production and consumption side in some areas. Under that scenario, the slump suffered at the beginning of the year would not only not be reflected in the level of GDP, but would be largely ironed out over the course of the year. The poor performance observed during the first and most of the second quarter should not therefore be overestimated in the current case.

This is also the reason why many of the forecasts published in the spring of 2021 have not involved downward revisions of expected growth rates for 2021 despite the slump sustained at the start of the year - in fact, such projections have recently been drifting upwards again. The Federal Government in Berlin is currently forecasting growth of 3.5 percent for the present year, while the joint forecast generated by Germany’s economic research institutes earlier in the spring even predicts 3.7 percent. The German Federation of Chambers of Commerce (DIHK) does, it is true, remain more cautious at 3.0 percent.

The setback suffered during the second lockdown was, in any case, nowhere near as severe in economic terms as that produced by the first lockdown in spring 2020. And this remains true despite the significantly higher numbers of infections and deaths in the second and third waves and despite the significantly longer duration of the second lockdown. The economic world, like society in general, has learned to a certain extent to live with the circumstances.

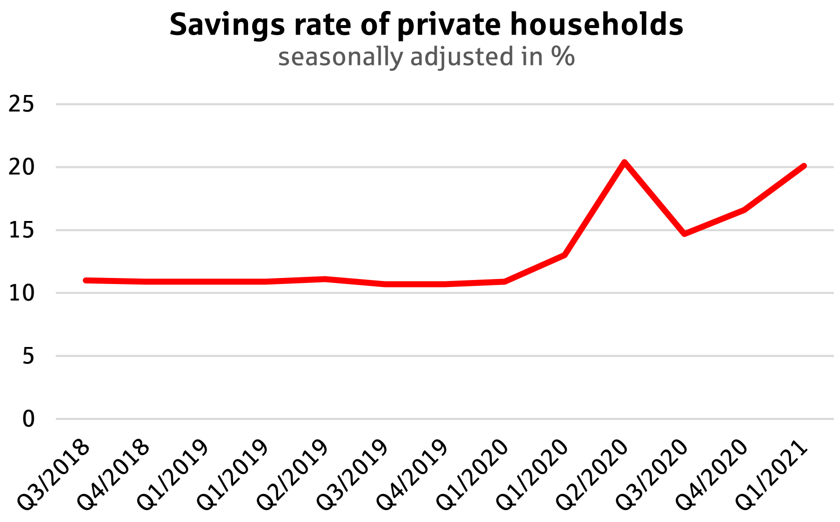
## Dichotomies have opened up between industry and services and between exports and consumption

The dichotomy which has opened up between the economic sectors during the second lockdown has been known for some time. The services sector, which has been directly subject to the closures, is the most negatively affected, while industry has been able to continue producing largely undisturbed since the summer of 2020 and, by the same token, in the first quarter of 2021 as well.




Source: Destatis

This is mirrored in the breakdown of expenditure-side GDP, which is somewhat different methodologically but which nonetheless reveals a large overlap in terms of content. On the expenditure side, private consumption turns out to be the culprit behind the renewed contraction in the first quarter. Once again, many contact-dependent consumption categories were simply out of the reach of consumers. In terms of rates of change according to the national-accounts definition, this shows up as a real decline in private consumption of 5.4 percent compared to the final quarter of 2020, when the economy was already partially shuttered over Christmas. Compared to the same quarter of the previous year, from January to March 2020, where the first traces of the pandemic only began to take their toll at the end of the three-month period, the decline in gross value added in the first quarter of 2021 amounts to as high as 9.1 percent. The upside here is how great the potential for consumption to catch up still is.




Source: Destatis

Mirroring the various restrictions and reopenings, the trend in the German savings rate turns out to be a fever curve of the pandemic. The savings ratio rose once again at the beginning of 2021: at a seasonally-adjusted rate of change of 20.1 percent, it even almost regained the peak from spring 2020, which is around twice as high as the normal long-term level.

A key parameter determining the slope of the economic recovery will be whether - and, if so, how quickly - these pent-up savings are disbursed. Demand for consumer durables has been quite robust even in the face of the pandemic. For many other consumption options, the question is whether purchases will be made very rapidly outside the usual seasonal rhythm (e.g. in the textile trade). The demand for travel also involves a tradeoff: are tourists eager to make up for lost time or is caution still the order of the day? A complete normalisation will probably not be accomplished until 2022.

*Investment activity proves to have been surprisingly stable at the beginning of 2021 even in lockdown mode*

One piece of good news is the way macroeconomic investment has been shaping up. Investment activity remained virtually stable during the second lockdown. This fits in with the narrative about manufacturing industry producing 24/7 in spite of Covid-19. Moreover, in view of the high capacity-utilisation rates in many sectors, it makes good sense that companies are not erring too much on the side of caution, but are instead once again implementing their future projects with greater optimism.

Even stronger, and in complete contrast to the recent slump in private consumption, is the boom in German exports. This boom is mainly in the form of exports of industrial goods. In the first quarter of 2021, total exports according to the national-accounts definition increased by 1.8 percent in real terms and only undershot the level in the same quarter of the previous year by -0.6 percent. Back in Q2 2020, the shrinkage had completely different dimensions, at -22.2 per cent.

*The inventory-investment item turns positive, which has simultaneously boosted imports...*

In arithmetical terms, however, foreign trade did not yet have a positive impact on GDP in the first quarter. This is due to the fact that imports increased even more strongly - by 3.8 percent compared to the previous quarter. On the other hand, this development needs to be seen in the context of the inventory cycle. 2020 witnessed an extraordinarily pronounced drawdown in inventories, with warehouses literally emptying. In the first quarter of 2021, the trend reversed in Germany: the contribution to aggregate growth from changes in inventory levels moved back into positive territory again at the outset of the present year.

*...with net exports being diminished as a result*

A fair proportion of the primary products warehoused naturally comes from abroad, accordingly pushing up the import volume. In this respect, one can summarise as follows: net exports slowed down, but the inventory-investment item compensated for this during the first quarter. Going forward, these two components will probably no longer balance each other out, but they are both set to be on an upward trend.

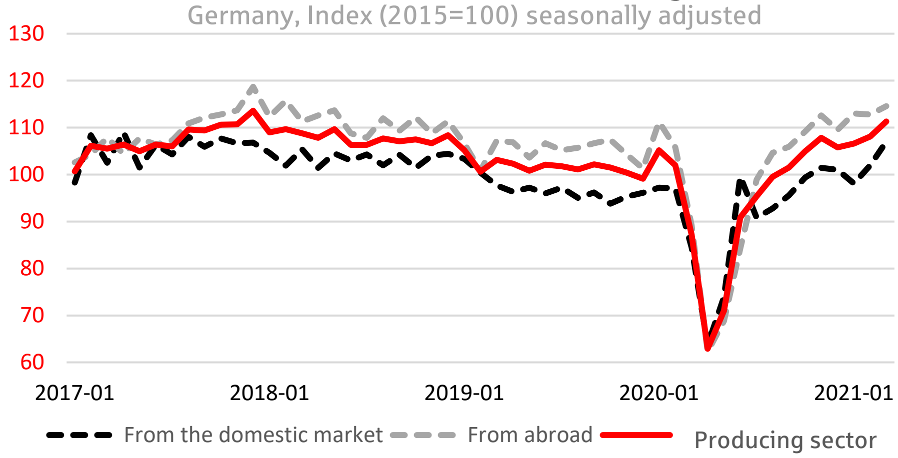
As a result, currently strong export demand is poised to have a positive impact on production, incomes and also on the current-account balance. Indeed, Germany's current-account surplus could come close to or even exceed its old record levels over the further course of 2021.

Demand from abroad is pulling the German economy into recovery mode. This is likewise demonstrated by the trajectory of incoming orders. In March, overall new orders increased by another 3.0 percent in the manufacturing sector compared to February. Incoming orders have been hovering above the previous-year level for quite some time now, this becoming particularly conspicuous in March with a gap of no less than 31.7 percent. This shows the base effect relative to the same period of the previous year, when the uncertainty surrounding the outbreak of the pandemic in Europe was particularly high and corresponding restraint was exercised when it came to placing orders.

Regarding the recovery in orders, which is already showing such strength, it is above all foreign orders that stand out with particularly high levels. However, domestic orders also made up a good deal of ground in March.

**New orders in manufacturing,**

Germany, Index (2015=100) seasonally adjusted

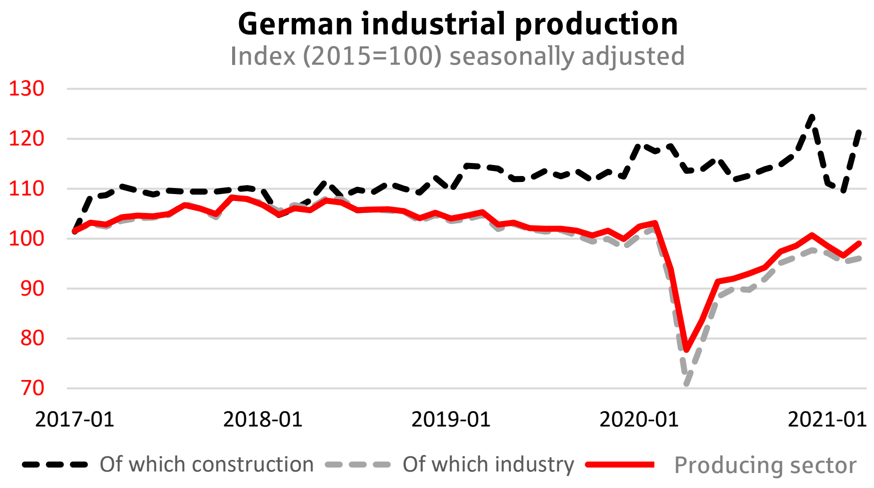



Source: Destatis

## Production is barely managing to keep up with the order intake

Production has not yet been able to keep up with the surge in incoming orders. That said, output has at least been stable over the course of the entire lockdown in the manufacturing sector.

In this context, the construction sub-sector subsumed under the "producing sector" heading shows its typical monthly fluctuations in the winter months, depending on the actual weather situation, which can be better or worse than assumed by the long-term seasonally-adjusted average. Industrial production, construction's bigger counterpart in the "producing sector" nomenclature, recovered more steadily, as it mainly caters to (currently strong) foreign demand. Admittedly, industrial output in the Federal Republic has recently been slowed down by some special developments, with bottlenecks occurring.




Source: Destatis

Shortages are being reported for more and more categories of goods, and the evidence for this is no longer merely anecdotal. Over and above the chip shortage, which is putting a brake on growth in the car industry, various raw materials are now in short supply - industrial metals and even construction timber have become significantly more expensive. And prices are also rising for various basic foodstuffs such as wheat and maize. Some supply bottlenecks have been exacerbated by the accident in the Suez Canal when a container ship ran aground because of the prolonged blockage that resulted. Regarding its immediate impact, the "traffic jam" caused by this accident constituted only a temporary bottleneck; but the fact that freight capacities are generally tight is also reflected in the freight rates charged for them. At times, even containers themselves have been in short supply.

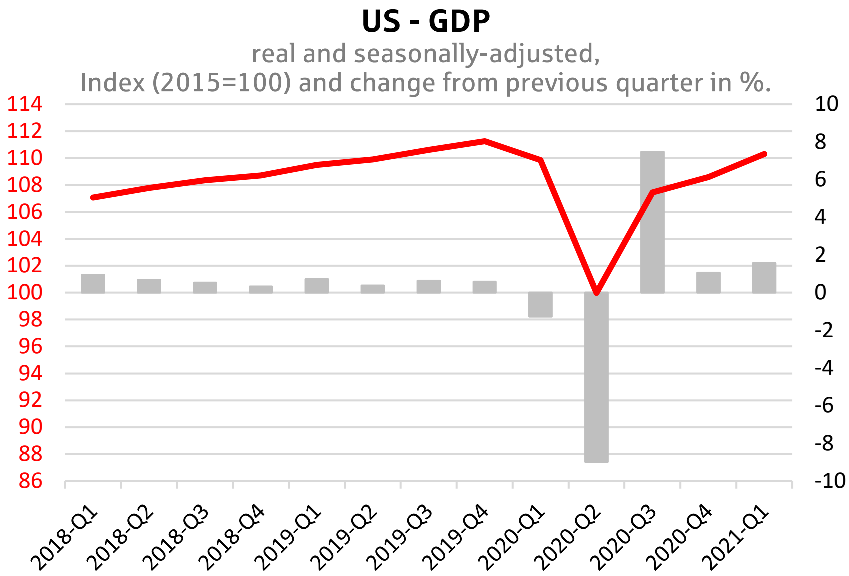
*We are seeing an ever increasing number of bottlenecks*

These are further special factors that are influencing the currently so volatile inventory cycle. The various shortages demonstrate that the strength of the recovery has quite clearly been underestimated in many countries. The low warehouse levels stemming from this are currently limiting immediate production potential. But the positive consequence for the future is that inventory restocking could well morph into a further flywheel of recovery in the medium term.

## The USA is a locomotive of the world economy, but also an amplifier of imbalances

The power of the economic engine which, following the ignition in China, is now also starting up again in the industrialised countries can be seen most clearly in the United States. In the first quarter, the USA already grew (on the basis of the GDP methodology customary stateside) at an annualised rate of 6.4 percent, which corresponds to a quarter-on-quarter rate of 1.5 to 1.6 percent according to our standard definition in Europe.

And in the USA - unlike in D - a sharply negative contribution from inventory investment again put a drag on Q1, i.e. output is barely keeping up with demand there either. Final demand is even more dynamic than overall GDP suggests.




Source: Bureau of Economic Analysis

Now the Biden Administration's huge stimulus and growth packages are set to ignite even more fuel beneath already highly pressurised cauldrons (see "Box" on the next page).

It is true that there is a great need for socio-economic renewal in the USA, that developments that have diverged and divided society in recent years need to be rectified, and that aging infrastructure is in great need of refreshment.

Yet one should be careful not to attach the label "investment" to all the measures in question. Not everything will easily prove to be self-financing. Logically, then, the resulting debt financing is associated with a net shift in the debt burden to the detriment of future generations.

*An even larger "twin deficit" (budget and current-account balance) is looming*

In any case, the dizzying scale of the stimulus measures will not only extend to domestic products. True, the measures are officially being implemented under the "Buy American" ticket that is traditionally typical in US politics. But with capacities stateside already well utilised, the necessary additional production can definitely not be put in place by the USA alone. To put the point a different way: the US economy is not so underutilised that it will react completely elastically. And even if the stimulus generates additional output, employment and income, part of the increase in consumers' incomes will be spent on foreign products.

## Key points of the "American Rescue Plan 2021" to a volume of 1.9 trillion US dollars

- **Direct relief for middle and low incomes**
  - $1,400 cheques for all members of a household, with graduated caps for annual incomes of $75,000 and above.
- **Tax relief for families**
  - Increase in the Earned-Income Tax Credit from $543 to $1,502 for persons without children.
  - For persons with children, the Child Tax Credit increases from $2,000 per child to $3,000 for children over six and to $3,600 for children under six. Age limit is being raised from 16 to 17.
  - Extension of the Child and Dependent Care Tax Credit with a total credit of $4,000 for one eligible person or $8,000 for two or more eligible persons.
- **Extension of unemployment benefits until 6 September 2021**
  - Increase unemployment benefits from $400 to $700 a week.
  - Increase the tax allowance for unemployment benefits to $10,200.
- **State support for small businesses**
  - Provision of credit lines for small businesses.
- **Subsidising health insurance contributions**
  - Reduction or elimination of additional contributions for health insurance funds.
  - Financial support for workers who have had to reduce working hours in the wake of the crisis.
- **Various expenditure items aimed to contain the Covid-19 pandemic**
- **Increase in education spending**
  - Including $130 billion for the safe reopening of schools and $40 billion for universities.
- **Subsidies for American transport companies**
  - $30 billion for rail and public transport
    $8 billion for American airports

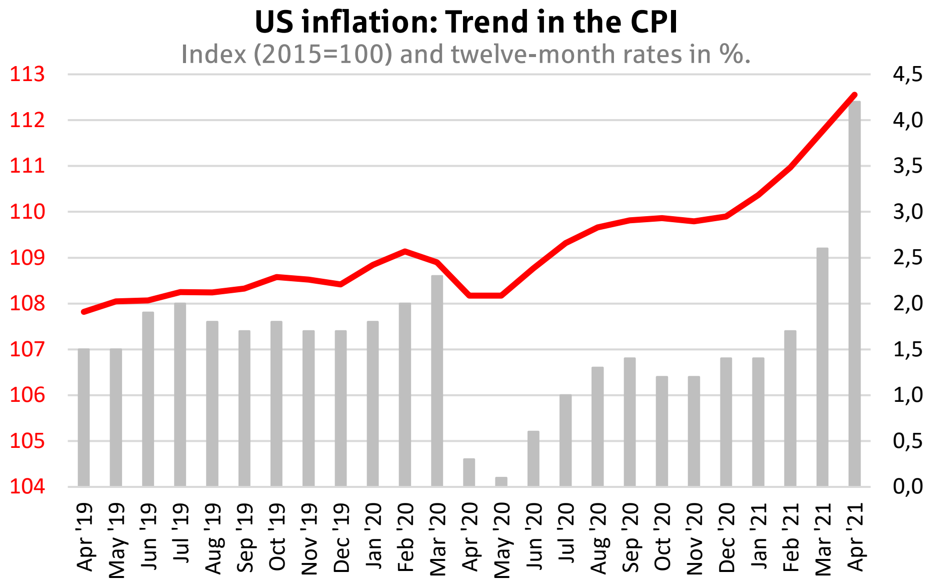
**Other packages such as the "American Jobs Plan" and the "American Families Plan" are still in the legislative process. Among them:**

- $2 trillion planned investment over 10 years in infrastructure and sustainable transformation of the US economy

Source: The White House

The effect of the US programmes for third countries is also thoroughly desirable as a stimulus for the world economy, especially for those parts that have not yet been so strongly revived. However, it will have a devastating effect on the American current account, which is chronically in deficit anyway.

Regarding the exchange rate, on the other hand, the effects are not so unequivocal. The USA is far ahead in the interest-rate cycle in any case. Further interest-rate increases on the dollar side, as well as the strong growth, could attract capital imports, which would tend to strengthen the greenback. However, this effect stands to be countered by the real economic impact of stimulated import demand and also (in the long term, via purchasing power parities) by a tendency towards higher US inflation, which should work in the direction of dollar depreciation.




Source: Bureau of Labour Statistics

In the month of April, the US saw the 12-month rate of consumer-price inflation soaring to 4.2 percent, a level not observed in over a decade. Government stimulus cheques received by households were spent on purchases of used cars, for example, driving up their prices. Financial markets have already had the issue of inflation on their radar screens since the beginning of the year and have reacted by bidding up yields on long-dated bonds in two waves.

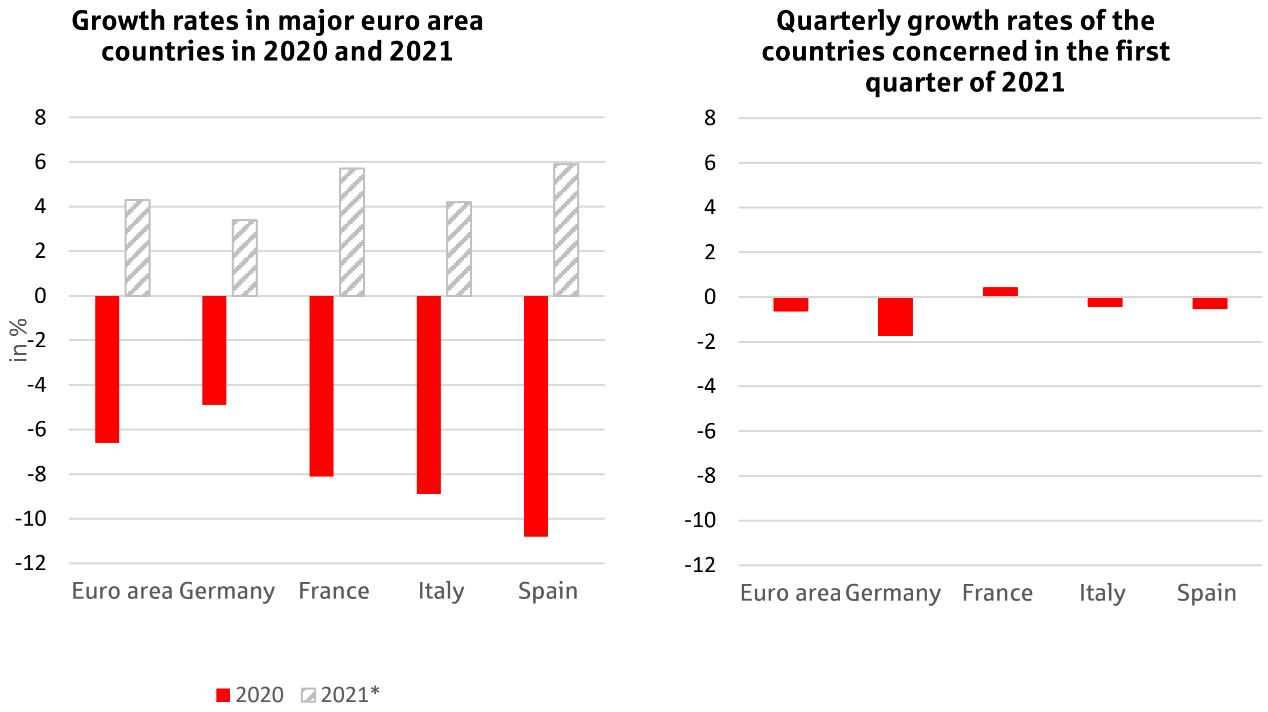
The inference is that the highly expansionary stance of US fiscal policy will translate into a mixture of higher growth, a higher trade deficit and stronger inflation dynamics. Hopefully, this mixture will remain beneficial on balance and manageable overall.

## Europe, though “behind the curve,” is beginning to recover too

Europe can very much use the impetus currently coming from China and the USA. The German Council of Economic Experts, for example, believes that the US stimulus package could lift German GDP by 0.3 to 0.5 percent.

*Germany is displaying not quite so large swings in terms of GDP*

However, Europe is still “behind the curve” in terms of economic recovery. But the revival could kick in strongly in the domestic economy too this summer. The forecasts for Germany look somewhat more muted than for the other large EU countries or for the euro area as a whole. However, this is partly a flipside of the fact that Germany was not as heavily affected by the pandemic itself in 2020, nor by its economic fallout, as other countries. The catch-up potential for the Federal Republic is correspondingly lower.




Source: European Commission, *forecast

in retrospect, Germany's better showing applies at least to the annualised performance in 2020. As to the opening quarter of 2021, it must be ascertained that Germany underperformed on a comparative basis even though similar lockdown conditions were still prevailing in practically all countries. What is more, Germany's recently weaker performance is particularly surprising given the strong support coming from exports and the much lower level of exposure the country has because of its smaller tourism sector.

That said, the outlook for the euro area as a whole and for Germany in particular in the second half of 2021 is highly auspicious.

## The PEPP can be wound down - the ECB needs to prepare an exit from its ultra-accommodative monetary policy

In view of the foreseeable normalisation in the euro area, the ECB needs to prepare an exit from its crisis mode. The first step here would entail tapering the volume of bond purchases under the Pandemic Emergency Purchase Programme (PEPP). For the second quarter of 2021, the ECB has already committed itself to further accelerating the pace of asset purchases. This was intended as a signal to financial markets that the central bank is resolved to lean against the rise in long-term yields that occurred at the beginning of the year. The ECB will not reverse this policy during the second quarter, especially since the updraft in bond yields has resumed after a short interruption.

*Ten-year Bund yields are now almost back up at the zero bound*

In Germany, the yield on ten-year Bunds has moved back up to near zero, standing at -0.19 per cent at last count. Yields on bonds further out along the curve with maturities of over 14 years are now back in positive territory, and this briefly even applied to twelve-year debt instruments as well. However, this time horizon is certainly not a too short and hectically-set expectation period for a normalisation of interest rates. To that extent, this development is a reflection of reasonable expectations, and not yet a "deterioration of financing conditions" of the kind that the central banks need to combat.

In the other member countries of the euro area, the underlying trend in yields (at their various country-specific levels) is looking similar. Reducing capital-market yields with the means available to monetary policy is no longer working smoothly, as May's renewed yield updraft illustrates. When inflation expectations rise, an expansionary monetary-policy stance can even be counter-productive if the objective is to keep yields low. The more monetary policy is committed to expansion, the greater the scepticism about whether a turnaround in interest rates, once it becomes necessary, can be engineered in time, or whether an inflation overshoot will become increasingly likely precisely because of this.

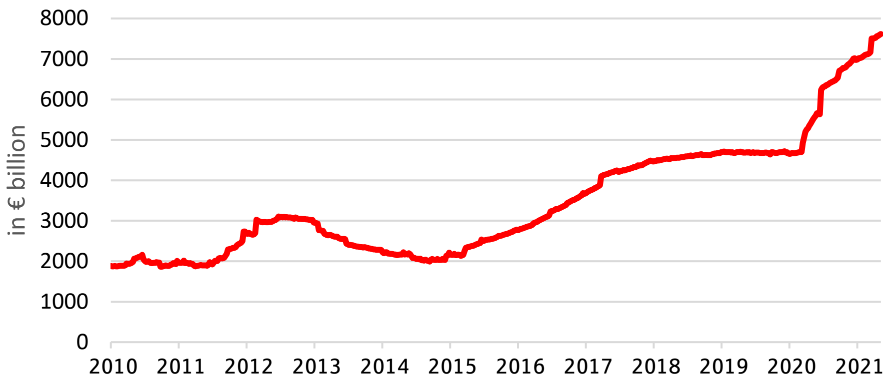
It would be important for central banks to send a signal that they will be just as determined to resist any future inflationary tendencies as they have been to increase the degree of monetary expansion in recent years.

With regard to the PEPP, the next opportunity to flash a signal of moderation will come in the third quarter. Then will be the time to slow down the pace of asset purchases. The "envelope" which determines the total volume of the PEPP is going to still be available until March 2022. As things stand, the size of the programme does not need to be increased again. Indeed, the full scope of the envelope should not even need to be utilised if economic activity across the euro area picks up significantly in the second half of 2021 and if there is at least latent upside price pressure.

*Any necessary reduction of a long-term bloated balance sheet total would be very difficult to accomplish*

Every bond that is not bought in the first place will make it easier to normalise the bloated central-bank balance sheet at a later date. The ECB's preexisting asset purchase programme (APP) is still running anyway. In future, net purchases will initially be discontinued, but replacement purchases for maturing paper will still continue in the first instance. There is still a very long way to go before these volumes are actually allowed to expire, to say nothing of genuine sales of holdings from the asset portfolio. In order to make a timely start on this long, sluggish braking path, which continues to create central bank money and excess liquidity that act as a burden on credit institutions, the PEPP should, as a first step, be scaled back when its raison d'etre is eliminated with the overcoming of the pandemic.

**Eurosystem consolidated balance sheet total**




Source: ECB

A certain caution on the inflation front is called for anyway after the one-sided focus on expansion that has now lasted for more than a decade. There is no cause for alarmism yet. The current spike in inflation rates is attributable to special developments. In the second half of 2021, these will be compounded by the technical base effect of the VAT reduction implemented last year. This latter effect will cause the twelve-month rate of CPI in Germany to climb, which will also have a certain impact on the euro area rate of consumer-price inflation. However, this should be assessed accordingly, and the temporary “inflation speed bump” should be looked through.

That said, there is further pressure in the price pipeline building up for the period thereafter. Money-supply growth measured in terms of the broad aggregates in the hands of non-banks (households and companies) has slowed down somewhat recently, but M3 growth rates are still in double digits.

*Pressure is building up in the price pipeline*

Producer prices for industrial products rose at a twelve-month rate of 5.2 percent in Germany in April. Wholesale prices increased by 7.2 percent in the same period. Import prices even increased by 10.3 percent.

Base effects must be taken into account here too because prices in April 2020 were unusually low during the first lockdown. Yet the recent rates of change are pretty remarkable nonetheless. And it is not only the low basis of comparison but also the recent trend that is responsible for this. For example, import prices rose by 1.4 percent in the last month alone for which data is available (from March to April 2021). Even on a seasonally-adjusted basis, we are still talking about a month-on-month increase of 1.0 percent. And this seasonally-adjusted monthly rate overshot the one-per-cent mark in all four months from January to April. This means that the trend from the beginning of 2021, if extrapolated for the whole year, points to a double-digit rate for import prices, completely independent of the base effects from 2020. The same applies to wholesale prices and - to a somewhat lesser extent - to producer prices.

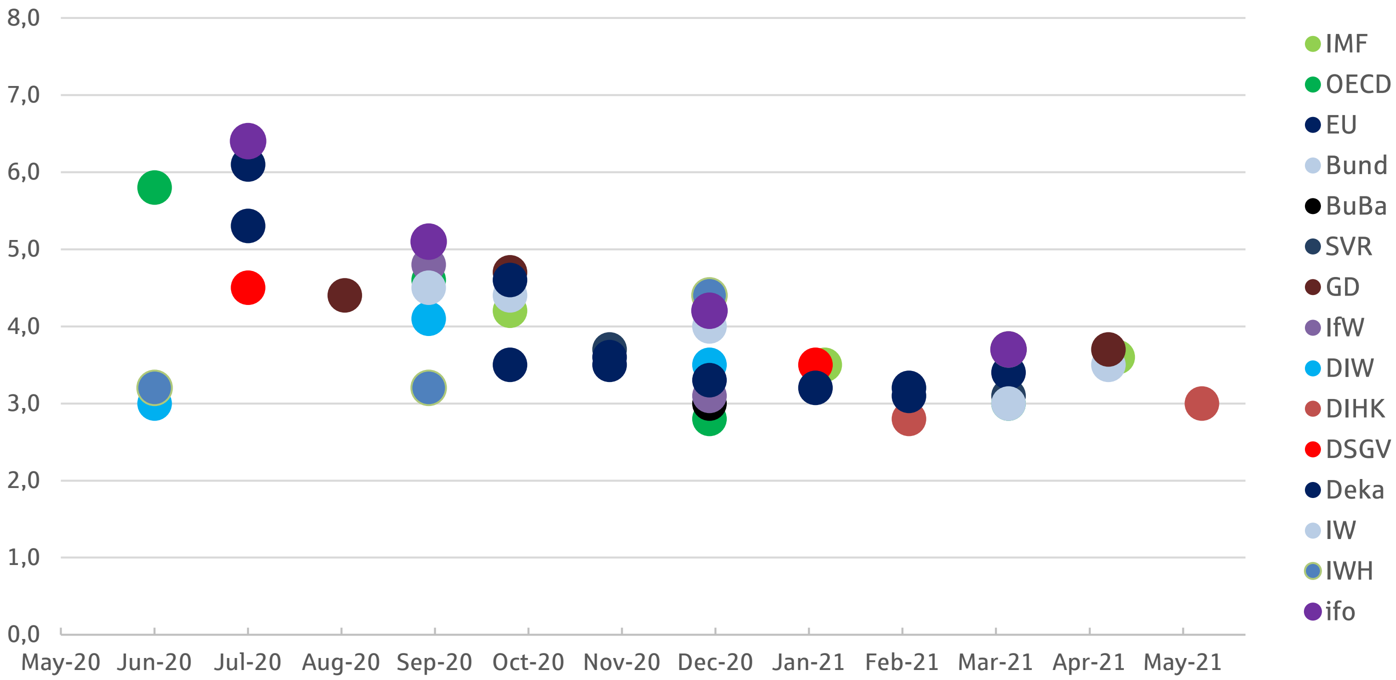
In addition, we do not yet know which remaining production capacities resurgent post-pandemic demand will encounter. Have some suppliers fallen by the wayside? In the hotel and catering industry, this will probably have happened in a certain number of cases. And it is precisely there that resucitated consumer demand may be concentrated. Other similar bottlenecks may continue to occur in an industry sector that is operating with empty warehouses. Heightened vigilance therefore continues to be called for on the inflation front.

## A. Growth of world economic regions. change from previous year

| | 2019 | 2020 | 2021* | 2022* |
|---|---|---|---|---|
| World trade volume | 0.9% | -8.5% | 8.4% | 6.5% |
| GDP – World | 2.8% | -3.3% | 6.0% | 4.4% |
| USA | 2.2% | -3.5% | 6.4% | 3.5% |
| Japan | 0.3% | -4.8% | 3.3% | 2.5% |
| China | 5.8% | 2.3% | 8.4% | 5.6% |
| Euro area | 1.3% | -6.6% | 4.4% | 3.8% |
| Germany | 0.6% | -4.8% | 3.6% | 3.4% |

* International Monetary Fund projections from April 2021

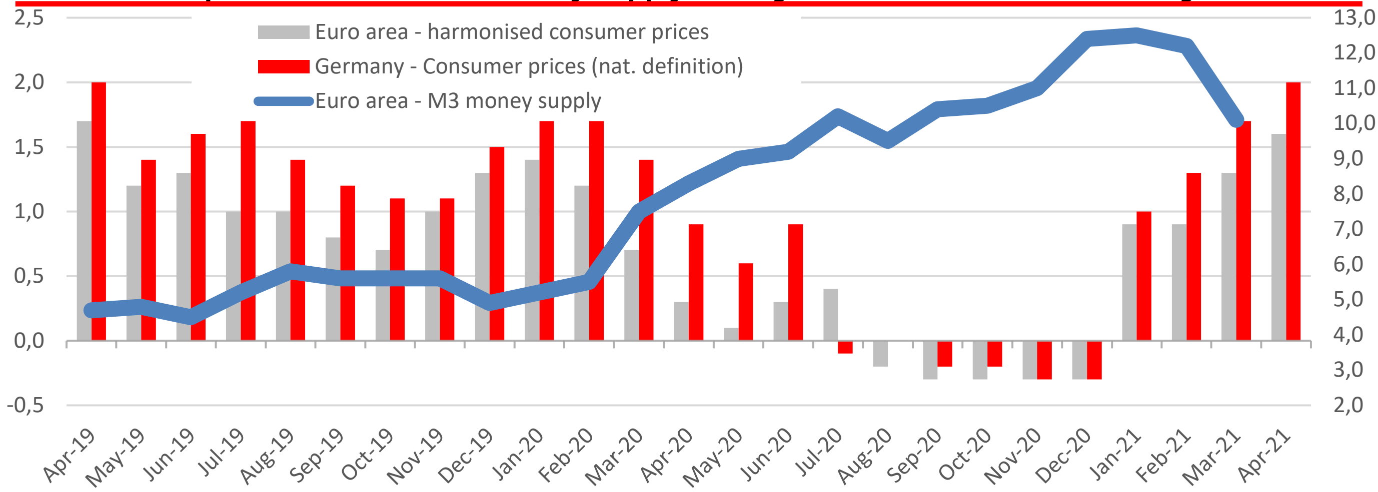
## B. Economic growth forecasts for Germany for 2021, in %.




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

| | Year 2020 real vs. previous year | Q II - 2020 | Q III - 2020 | Q IV - 2020 | Q I - 2021 |
|---|---|---|---|---|---|
| | | Real change from the same quarter of the previous year and seasonally adjusted real change from the previous quarter | | | |
| Euro area GDP | -6.6% | -14.7%<br>-11.6% | -4.2%<br>+12.5% | -4.3%<br>-0.7% | -1.8%<br>-0.6% |
| Germany GDP | -4.8% | -11.3%<br>-9.7% | -3.7%<br>+8.7% | -2.3%<br>+0.5% | -3.4%<br>-1.8% |
| Private consumption | -6.1% | -13.3%<br>-11.5% | -3.7%<br>+11.2% | -5.5%<br>-2.3% | -9.1%<br>-5.4% |
| Gross fixed capital formation | -3.1% | -7.4%<br>-6.7% | -3.5%<br>+3.7% | +0.6%<br>+2.5% | -1.1%<br>+0.3% |
| Exports | -9.4% | -22.2%<br>-20.4% | -9.2%<br>+17.9% | -3.1%<br>+4.4% | -0.6%<br>-1.8% |
| | | Level, not rate of change; quarterly figures seasonally adjusted | | | |
| Savings rate | 16.2% | 20.4% | 14.7% | 16.6% | 20.1% |

**D. Consumer prices** (left scale) **and money supply M3** (right scale), annual rates of change in %.




## E. Monthly economic indicators Germany

| | Jan 21 | Feb 21 | Mar 20 | Apr 21 | May 21 |
|---|---|---|---|---|---|
| **Prices (national definition)** | Change compared to the same month of the previous year | | | | |
| Consumer prices | +1.0% | +1.3% | +1.7% | +2.0% | +2.5% |
| - Excluding food and energy (core inflation) | +1.4% | +1.4% | +1.4% | +1.3% | - |
| Producer price of industrial products | +0.9% | +1.9% | +3.7% | +5.2% | - |
| Import prices | -1.2% | +1.4% | +6.9% | +10,3% | - |
| **Sentiment indicators** | | | | | |
| ifo Business Climate Index | 90.2 | 92.7 | 96.7 | 96.6 | 99.2 |
| ZEW Economic Sentiment | 61.8 | 71.2 | 76.6 | 70.7 | 84.4 |
| **Incoming orders** | Change compared to the same month of the previous year | | | | |
| Manufacturing industry | -4.3% | +7.2% | +31.7% | - | - |
| from the home country | -5.6% | +6.6% | +31.2% | - | - |
| from abroad | -3.5% | +7.7% | +31.8% | - | - |
| Capital goods producers | -7.4% | +6.4% | +41.3% | - | - |
| **Production** | Working day adjusted change compared to the same month of the previous year | | | | |
| Production sector as a whole | -3.9% | -6.8% | +5.1% | - | - |
| thereof: construction | -9.4% | -8.2% | +2.7% | - | - |
| thereof: industry | -3.2% | -6.7% | +5.7% | - | - |
| **Foreign trade** | Change compared to the same month of the previous year | | | | |
| Export | -7.9% | -1.2% | +16.3% | - | - |
| Import | -9.2% | +0.9% | +16.2% | - | - |
| **Labour market** | Status of the quota or change compared to the same month of the previous year in 1000 | | | | |
| Unemployment rate | 6.3% | 6.3% | 6.2% | 6.0% | - |
| Unemployed | +475 | +509 | +492 | +127 | - |
| Employed persons (with place of work in Germany) | -738 | -751 | -632 | -231 | - |
| Employees subject to social security | -89 | -107 | - | - | - |

## F. Commodity, foreign exchange and financial markets

| | Jan 21 | Feb 21 | Mar 20 | Apr 21 | 1st June 21 |
|---|---|---|---|---|---|
| Brent **oil price** in US $ | 54.77 | 62.28 | 65.41 | 64.81 | 68.93 (31.5.) |
| **Exchange rates** | | | | | |
| US Dollar / EUR | 1.2171 | 1.2098 | 1.1899 | 1.1979 | 1.2225 |
| Japanese Yen / EUR | 126.31 | 127.49 | 129.38 | 130.49 | 134.05 |
| **Stock markets** | | | | | |
| German DAX share index, end of month | 13.433 | 13.786 | 15.008 | 15.136 | 15.567 |
| Change compared to the same month of the previous year | +3.47% | +15.95% | +51.05% | +39.35% | - |
| **Money and capital market interest rates** | | | | | |
| Call money (€STR) | -0.563% | -0.564% | -0.564% | -0.566% | -0.571% (31.5.) |
| 1-month money (EURIBOR) | -0.56% | -0.55% | -0.55% | -0.56% | -0.563% (31.5.) |
| 3-month money (EURIBOR) | -0.55% | -0.54% | -0.54% | -0.54% | -0.544% (31.5.) |
| Current yield of German gov. bonds with a remaining term of ten years | -0.54% | -0.27% | -0.27% | -0.21% | -0.19% |
| **Interest rates of credit institutions, in new business** | | | | | |
| Overnight deposits of private households in D | 0.00% | 0.00% | 0.00% | - | - |
| for comparison across the euro area | 0.01% | 0.01% | 0.01% | - | - |
| Deposits of private households up to 1 year in D | 0.03% | 0.07% | 0.06% | - | - |
| for comparison across the euro area | 0.20% | 0.20% | 0.18% | - | - |
| Corporate loans up to € 1 million over 5y in D | 1.56% | 1.57% | 1.54% | - | - |
| for comparison across the euro area | 1.46% | 1.49% | 1.53% | - | - |

# Imprint

**Publisher**
German Savings Banks and Giro Association e.V.
Department of Economics, Financial Markets and Economic Policy

Charlottenstrasse 47
D-10117 Berlin
Tel: +49 30 20225-5303
dsgv-Volkswirtschaft@dsgv.de
www. dsgv.de

**Editorial deadline for this issue**
2nd June 2021

**Design**
Franz Metz, Berlin
**Picture credits**
Cover page: Plainpicture/Westend61

**ISSN**
2509-3835

**Responsible**
Pia Jankowski - DSGV
Head of Department Economics, Financial Markets and Economic Policy
Pia.Jankowski@dsgv.de

Dr Reinhold Rickes - DSGV
Head of the Economics Group
Reinhold.Rickes@dsgv.de

**Author**
Dr Holger Schulz
Holger.Schulz@dsgv.de

**Note**
All publications in this series can be found at
https://www.dsgv.de/positionen.html#wirtschaftslage