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Stagnation, accompanied by industrial recession

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On account of its strong orientation towards industrial output, exports and capital-goods production, the German economy is being affected especially adversely by the global cyclical slowdown. The various trade conflicts are having indirect effects on the Federal Republic.

For these reasons, the German gross domestic product shrank in the second quarter of 2019. Both sentiment indicators and incoming orders imply that GDP will contract again in the third quarter. Broadly speaking, nevertheless, the situation in Germany does not yet add up to a recession: what we are experiencing is a downswing due to over-utilised capacities.

Regarding industry, however, which is a key sector in Germany's case, it is appropriate to use the R-word. The question here is whether it proves possible to isolate this patch of weakness or whether the entire economy will be sucked into the downward spiral.

The still decidedly favourable situation on the labour market, the modest debt level and the reserves set aside by the corporate sector over the past few years should at least act as buffers to alleviate the development in Germany.

On the international front, central banks are responding to the weakness of global economic activity and to the nervousness of financial markets by switching back to an expansionary stance. This entails fresh risks but will, in fact, hardly help the real economy any longer.

Stagnation, accompanied by industrial recession

Risks have not vanished but are rather closing in

The issues which have repeatedly been named as risk factors for some years now, and which have already had a retarding effect on the world economy through the channel of investment restraint, have not faded away. On the contrary, they have become increasingly tangible, or are at least looking far more likely to materialise:

- Brexit, probably now of the "hard Brexit" variety, is nearly upon us;
- The various trade conflicts have not been resolved but are, on the contrary, visibly spreading;
- The economic flashpoints are being overlaid by political or geopolitical conflict scenarios.

Regarding the situation in the Persian Gulf, military threats - even including the topic of nuclear armament - are playing a role. A spark could ignite the powder keg and cause a war here at any time. At the very least, Iran, which has effectively been shut out of the world economy, has plunged into a deep economic crisis.

Primacy of political conflict over economic rationale

Lurking behind the Sino-US standoff are a whole series of rivalries - not only economic ones - between these two world powers. The tensions have recently been aggravated by the protest movement in Hong Kong. The protesters are likely to be the Chinese leadership's main focus of attention for the time being. But US President Trump has also let it be known that he wishes the situation in Hong Kong to be defused before talks on tariff issues are resumed. A solution to the trade dispute is therefore looking ever more distant. True, new signals of willingness to negotiate were flashed on the margins of the recent G7 summit; the fact remains, though, that tariffs continue to weigh on a large proportion of the bilateral trade volume.

America will be celebrating another Christmas with favourably-priced Chinese gifts

There is, at least, going to be one favourable time-lag: US tariffs on some Chinese goods are now only going to be activated at the end of the year so as not to ruin the Christmas shopping season for the US retail trade. It is apparently dawning on President Trump himself that a large portion of the tariffs are probably going to be passed along to US consumers in the form of price increases.

To make matters worse, South Korea and Japan are now also embroiled in a trade conflict

As the trade conflicts proliferate, a new drama has appeared on the stage in the Asian region, which is fraught with tensions in any case: the spat between Japan and South Korea. This altercation is likewise imbued with the spirit of a new-style protectionism: it is a further threat to the once respected multilateral world-trade system. Closely interlinked East Asian value-added chains are being deliberately taken hostage by threats of boycott concerning deliveries of key materials from the semiconductor industry.

German foreign trade: collateral damage from global conflicts

Leaving aside certain American threats vis-à-vis the German car industry, which is ailing in any case on account of crises of its own making, Germany has not, up to now, been directly affected by tariff escalations.

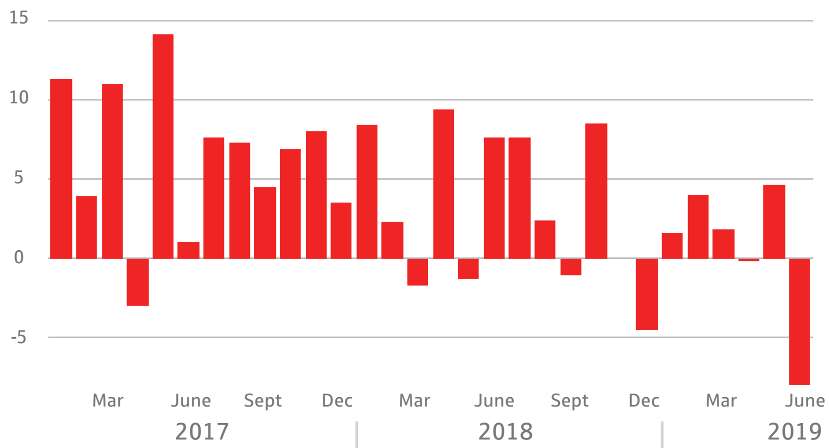
On the contrary, the European Union has actually managed to conclude some new free-trade agreements with third states in recent months. However, such endeavours are finding it difficult to swim against the rip-tide of the globally prevalent "zeitgeist." Accordingly, the upheaval in the global trade system has already left deep marks on German foreign trade.

The synchronous nature of the global downswing makes it difficult to switch to other customers

The fact that the product mix on the German export side is strongly skewed towards capital goods has been a source of great strength for the country over the past decade; but such strength is looking vulnerable now that investors in other economic areas are growing more cautious. And the synchronous nature of the cyclical slowdown taking place in many important country groups of the world economy is also taking its toll here: switching between customer regions when demand in just one of them is looking shaky often used to be possible in earlier years. Such switching effects have become far harder to achieve in the interim.

The provisional outcome is that German merchandise exports were a full eight percent lower than the year-earlier level in June of this year.

German merchandise exports, year-on-year percentage change



Source: destatis

The German economy went into reverse in the second quarter

The headwinds emanating from foreign trade were also the reason why the German gross domestic product contracted by 0.1 percentage points in seasonally-adjusted quarter-on-quarter terms in the second quarter of 2019. Actually, this means that German aggregate economic output has got off with just a gentle slap on the wrist. After all, declining manufacturing orders had implied an even more pronounced drop in GDP. In some cases, sentiment-indicator readings have plummeted, a case in point being the ifo Business Climate Index outturn from 26th August.

On the whole, leading indicators are suggesting that German aggregate economic output is set to contract in the third quarter as well, and the growth rate is poised to be even more clearly negative too. Two consecutive quarters of waning GDP growth would also fulfil a standard formal definition of a ("technical") recession.

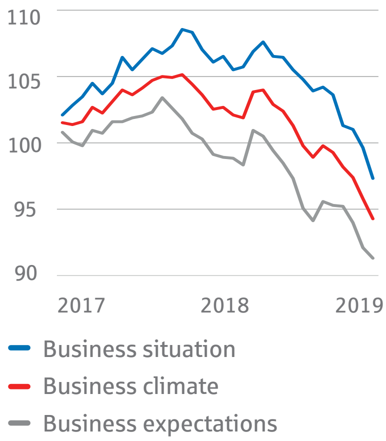
It needs to be borne in mind, though, that Germany has arrived at this point from a situation of capacity overutilisation. In the first instance, then, what we are witnessing is merely a flagging of intensity and, to that extent, a normalisation.

What is more, the downswing has not (at least, not yet) spread to all sectors: in the second quarter, macroeconomic demand was still being bolstered by growing household final consumption expenditure as well as by expanding government final consumption expenditure. Even investment rose again in the second quarter.

In this context, the decline registered by construction investment should not be misinterpreted: this does not involve some fundamental paradigm shift but is simply attributable to the base effect of the very strong first quarter (because of the mild winter, building activity largely continued in the early stages of 2019). The customary springtime spurt was correspondingly small as a result; the seasonal-adjustment methodology has therefore overestimated the correction factor to be taken into account, pushing the reported rate of change for the second quarter down into negative territory. The fact remains, all the same, that the construction sector is currently the cyclically strongest component of German production.

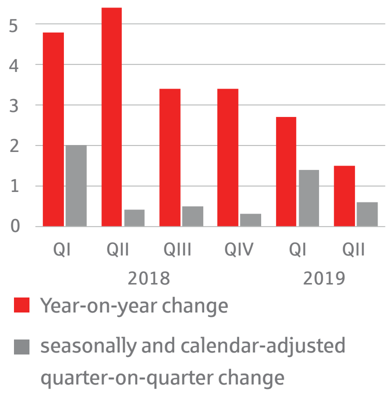
Overall, then, the national-accounts data reveals that Germany's domestic economy remained in upswing mode during the second quarter. Aggregate GDP is "only" being depressed by exogenous factors. Is it therefore possible to sound the all-clear from a fundamental perspective?
The answer has to be a firm "no". The danger of a recession is definitely palpable. We are seeing more than just a technical dip to below the zero line. The situation is more serious than that – at least if one gets down to the micro level of individual sectors.

ifo Business Climate Germany,
2017=100, seasonally adjusted



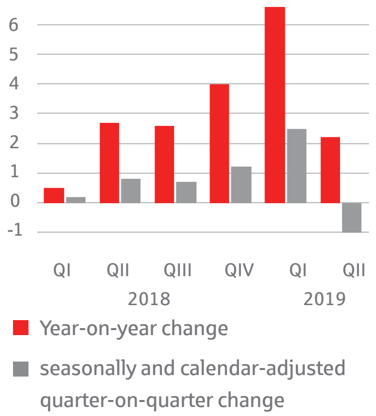
Source: ifo insititute

German equipment investments,
real growth rates in percent



Source: destatis

German construction investments,
real growth rates in percent



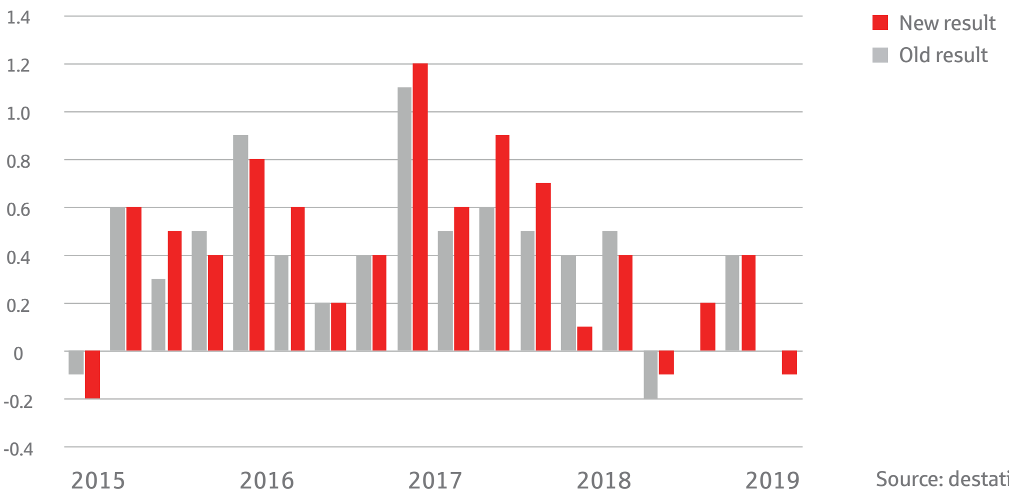
Source: destatis

Data revision regarding the GDP time series:
When presenting the national-accounts data for Q2 2019, the Federal Statistical Office (Destatis) thoroughly reviewed and revised all national-accounts calculations as of this date as part of a major revision. The reference year for the GDP time series was changed to 2015. In addition, the base year for the indexed time series is now 2015 rather than 2010.

The picture for the recent past looks marginally different in the light of the new figures, above all regarding intra-year developments. The reported annual growth rate for 2018 remains unchanged at 1.5 percent. However, growth in H1 2018 was not quite as vigorous as previously reported. To make up for this, the economy turns out, on the basis of the new figures, not to have been as close to recession in the second half of last year as had been initially reported.

The fact that the kink in economic activity over the course of 2018 was not quite as sharp as the original figures suggest also means that 2019 started out with a small growth overhang (0.2 percentage points rather than a straight zero).

German gross domestic product, seasonally and calendar-adjusted percentage year-on-year change, figures before and after revision



Source: destatis

The industrial sector is already in recession

If German value added is not broken down in terms of expenditure-side components into consumption, investment and net exports but instead disaggregated on the basis of the origin side of GDP, clear differences emerge between the individual sectors. Along with construction, which was referred to above, large swathes of the services sector are continuing to tick over very nicely. It is manufacturing industry which is causing concern.

Manufacturing industry is bearing most of the brunt

Industrial production was lagging sharply behind the previous-year level throughout the whole of the second quarter. Value added in the industrial sector was as much as 4.9 percent down on the year-earlier level in Q2 2019.

Furthermore, the downside trend even accelerated during the final month of the April-June period: adjusted for working-day variations, the output of German industry was a full 6 percent lower in June than in the same month of the previous year.

In the euro area as a whole, industrial production declined by just 1.6 percent in June. Given the size of Germany's share in eurozone activity, moreover, the decline in question can probably already be explained by the plunge in the EMU's largest economy. Industrial output in other euro area member states is, by contrast, moving roughly sideways.

In earlier German economic cycles, it was regularly exports - and, from a sectoral perspective, industry - which removed the punchbowl from an upswing and dragged the economy as a whole into recession. Are things different this time round? And will it prove possible to prevent the weakness at present limited to the industrial sphere from spreading?

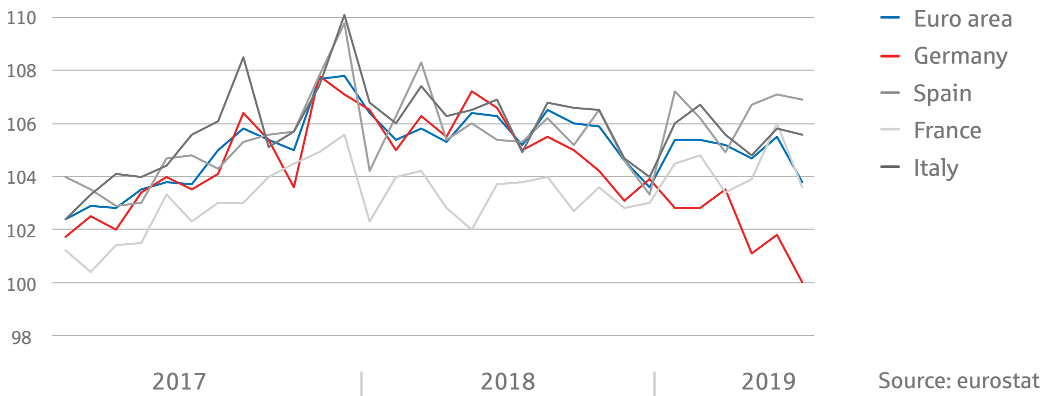
Sizeable buffers are in place

Positive, stabilising factors potentially acting as shields on this score are, without doubt, the ongoing firmness of the labour market, the very favourable earnings situation at companies and the fact that neither companies nor private households over-confidently ramped up their debt levels during the long upswing which we have experienced. Quite the contrary, behaviour in this field has been decidedly conservative over the past few years.

On the applicability of the term "recession"

The usual negative flywheels driving a recession - mounting unemployment, decreasing mass incomes, the compulsion to repair balance sheets - do not apply in the current situation. Germany has therefore built up numerous buffers to prevent recessionary stimuli from manufacturing industry from spilling over sharply into other sectors.

Industrial production in euro area countries,
seasonally and calendar adjusted index, 2015=100



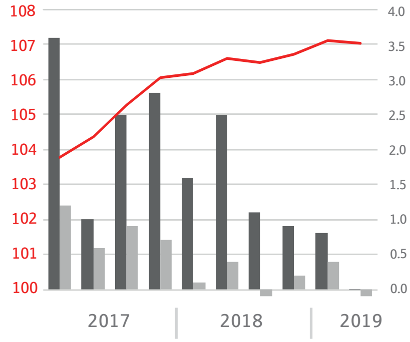
Source: eurostat

It is, in any case, methodologically questionable whether a downswing in one sector (even in such a key sector as industry) ought to be classified as a "recession." The notorious R-word refers to a phenomenon afflicting an entire economy. In the absence of widespread unemployment, moreover, a downswing does not really subjectively feel like a recession.

For the economy as a whole: a "stagnation" scenario

Nonetheless, the long upswing, which took root in 2010 and has thus lasted for virtually a decade, would now appear to be over. It has, at the very least, been interrupted, and is not, by now, imparting any momentum at the aggregate macroeconomic level either.

German gross domestic product,
in percent, quarterly figures



Source: destatis

On balance, little more than a stagnation scenario remains in the wake of the past four capricious quarters, during which GDP growth was oscillating around the zero mark (Q3 2018 to Q2 2019). On a real, inflation-adjusted basis, GDP only turns out to be in any way stronger in Q2 2019 than in the same quarter of the previous year if calendar effects are adjusted for, with due account being taken of differences in the number of working days.

Germany's aggregate economic output was generated in the second quarter of this year by a workforce of 45.2 million - an increase of 435,000, or 1 percent, relative to the year-earlier level. This is, first and foremost, a good piece of news because it demonstrates how robust the upward trend on the labour market is. However, the employment rate happens to be a lagging indicator of cyclical activity. There is plenty of evidence that job growth is now petering out. Major instances of dismissals have already been reported from individual sectors and enterprises. Nevertheless, it is noteworthy that the upward-sloping trend in recruitment has not yet moved into reverse on an aggregate basis.

Employment has continued to grow

At the same time, the fact that the upward trend on the labour market is still intact at a time when macroeconomic output is stagnating has implications for the trend in productivity, which (in straight mathematical terms) has been heading downhill over the past four quarters.

Slow productivity growth has been a well-known phenomenon for quite some time now

True, there have repeatedly been cases of declining productivity (at least on a per-capita basis) in recent years whenever the labour-market boom has proved stronger than real GDP growth rates. Now, however, with the economy genuinely mired in stagnation while the capital stock is simultaneously expanding, this phenomenon is becoming more acute.

In the years marked by investment restraint (2012 and 2013), in which investment activity, especially plant-and-equipment expenditure, failed to fully keep track with the macroeconomic upswing, the decline in productivity could still be explained away as an intensification of labour productivity.

Since around 2005 – which is when Germany's "labour-market miracle" kicked in – the (on an ultra-long-term view) rising ratio of physical capital to labour has flattened significantly. This trend is the obverse of the fact that it has proved possible to integrate ever larger swathes of the population into the value-added process. In this connection, capital input per worker has grown more slowly.

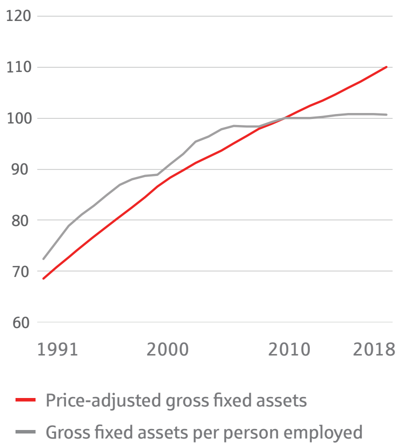
The long upswing has been a "labour-intensive" one

This development has also, undoubtedly, had structural causes, for instance the shift to a larger service-sector ratio, involving a lower physical-capital input per unit of labour for technical and product-related reasons. A further explanatory factor involves the qualitative efficiency gains in machinery, requiring a quantitatively smaller capital stock.

More labour, a larger capital input, and yet merely stagnating production – a damper for the trend in productivity

However, a cyclical factor has also been in play regarding the trend in factor relations. This is evident from the fact that plant-and-equipment expenditure, which in former years was lagging, has finally picked up again since 2014. Moreover, this trend remains relatively robust right up to the time of writing. Right up to now, the capital stock has been growing faster than actual production. We therefore have the (on the face of it, paradoxical) situation that both employment and the factor input of capital have increased in each of the last half years (H 2 18 and H1 19) and yet production has, on balance, merely stagnated.

Capital stock and capital stock per employed person, index 2010 = 100



Source: destatis

The upshot: all standard productivity gauges, regardless of which factor of production they relate to, have been losing ground. In the medium term, this could also lead to a certain pressure on profit margins at companies, especially if positive nominal wage momentum also persists. And there is not much scope to pass along cost increases during the current phase of cyclical weakness, especially in the case of the exporting industry, which is under pressure on world markets in any case.

A foretaste here is that compensation of employees was up by 4.5 percent on a year-on-year basis in the second quarter, according to initial calculations by Destatis, whereas entrepreneurial and investment income came in 1.9 percent lower. In this respect, it is having a good and stabilising effect that the earnings situation in much of Germany's corporate sector - whose underlying trend has improved very markedly to reach excellent levels over the past few years - is available to serve as a buffer.

A first wave of dismissals has been reported – but this is also an opportunity to reconfigure employment structures

Structural reconfiguration of employment also entails layoffs

Admittedly, a first wave of dismissals has already been reported at corporations heavily affected. This is, of course, thoroughly deplorable from the perspective of those being "axed." From a macroeconomic viewpoint, however, at least one positive side-effect is to be detected:

In view of the chronic shortage of skilled labour prevalent over the past few years, more pronounced labour-market fluctuation (even if provoked by a sectoral crisis) creates an opportunity for scarce labour resources to migrate to those growth sectors up to now impeded by growth-limiting bottlenecks. Going forward, this could well also be of benefit to the trend in productivity if it counteracts "hoarding behaviour" in the corporate sector: in recent years, many companies have clung on to staffers in order to guard against the shortage of skilled employees, even if the skills of the staffers concerned were not - if calculated with a very sharp pencil - being fully utilised in the short term.

There will inevitably be a qualification mismatch in the short term

To be honest, it has to be added that this positive side-effect of dismissals is not going to materialise smoothly and without any hitches. In most cases, qualification profiles will not match. And a structural mismatch is extremely likely if workers outplaced by export-oriented industry are seeking new employment in IT, nursing care, or in other domains where employers are desperately looking for qualified staff.

Labour-market reconfiguration needs to be flanked by economic-policy measures

But those who are destined to lose their jobs (far from a mass phenomenon, as yet, thank goodness!) will find themselves on an - on the whole - still largely cleared labour market. The reconfiguration process which is possible, and indeed necessary, needs to be flanked by an economic policy providing flexibility and promoting, for example, training and requalification measures.

The downswing also has country-specific causes in other regions

The search for stable government majorities is proving elusive in many places

As argued at the outset, it is the current synchronous global slowdown which is crimping German growth as well. Nevertheless, the phenomenon of a global economy does not mean that country-specific factors cannot also conspire to deepen the crisis. The political balance of power is precarious in several member states of the European Union. Government formation is a difficult affair. In Italy, the former coalition, which had surprisingly transcended the lines between the traditional political camps in any case, has now fallen apart. In the United Kingdom, attitudes to the Brexit question run counter to party affiliations in some cases.

But there have once again been tremors in a number of emerging market countries as well. After the preliminary elections in Argentina, doubts have re-emerged as to whether the country will be able to service its foreign debt in future. In Turkey, intervention in central-bank affairs, culminating in the sacking of the Bank of Turkey governor, has resulted in a key-rate cut convenient for the government. One year ago, we argued in this publication that only the determined rate hike which the then more autonomous central bank implemented at the time had been capable of putting an end to the currency crisis enveloping the Turkish lira. Whether inflation rates have receded sufficiently to justify the recent rate cut is, to put it mildly, a moot point. A new crisis of confidence, correlated with sharp lira depreciation, is now once again a possibility.

Turkish Lira/US Dollar Exchange Rate

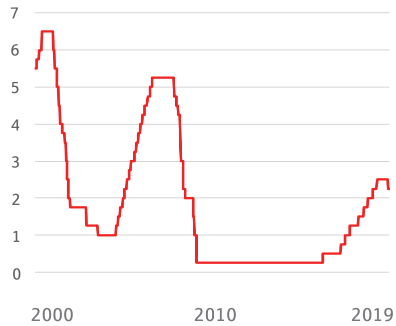
Source: Central Bank of Turkey

Sea change in the interest-rate landscape for the US dollar

But such political intervention in monetary-policy matters can even be found in the USA. US President Trump is bluntly and forthrightly demanding swingeing rate cuts. Institutional central-bank independence is more pronounced in the United States, it is true, but not unassailable. Federal Reserve Chairman Powell brought about a sea change in interest rates in July, nudging down the fed funds target rate once, at least. The Fed does not necessarily wish this step to be regarded as the start of a rate-cut cycle, so far communicating it as a mere “mid-cycle adjustment” - an insurance cut to hedge against the repercussions of the various trade conflicts.

However, the markets are interpreting the first loosening step since 2008 as meaning, at least, that more serious financial-market turbulence would, in case of doubt, be combated by support from an even more accommodative monetary policy. Such a stance can give rise to problematic misplaced incentives - after all, necessary correctives and fundamentally urgent adjustments are again and again obstructed in this way. There is a real danger of central banks becoming prisoners of market expectations.

Long-term development of US federal funds rate, in percent, from 2008 upper value of corridor



Source: Federal Reserve

Yields on US government bonds with one- and ten-year maturities, in percent

Source: Fed St. Louis

A relevant indicator of financial-market activity - one which is closely watched in the USA in particular - is the maturity curve. The yield curve in US dollars had grown almost flat in recent years following the progressive normalisation of key rates. However, long-term yields have shifted down recently, inverting the yield curve. Not least due to the empirical evidence obtained from earlier economic cycles, such yield-curve inversion is construed as a signal of impending recession.

In the event of the yield curve showing such a structure, the markets tend to expect falling short-term interest rates. And the Federal Reserve has now satisfied these expectations.

How are exchange rates reacting to the monetary-policy arms race?

One target variable for international monetary policymakers - usually only tacitly and allegedly only as a side-effect - is the exchange rate. Currency relations are currently also in focus in connection with the trade conflicts which are rumbling on.

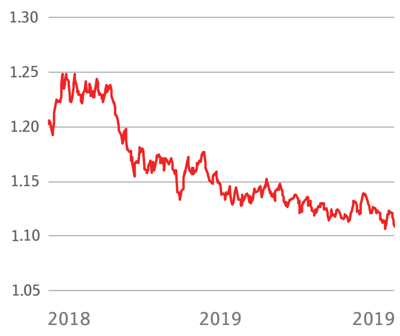
Protectionist measures by an uninhibited capital importer cannot reduce the trade deficit…

That the US dollar would tend to appreciate as a corrective for US import tariffs in order for the current-account balance to suitably move back into line with unchanged capital-account balances was the effect to be expected. However, US President Trump is alleging that China, at least, is also engaging in active currency manipulation.

…for the effect will be counteracted by exchange-rate movements

Yet the greenback has also stealthily gained a little traction against the euro over the last weeks and months - by around five cents during the past half year. This probably suits the euro area pretty much down to the ground in the current cyclical situation. The Fed's recent rate cut may well have a similar backstory.

Exchange rate US-Dollar/Euro



Source: Federal Reserve

The European Central Bank has already signalled its resolve to respond to the deterioration in the cyclical and risk environment with fresh expansionary measures. A stimulus package is probably already going to be put together in September. This could well contain new types of asset purchases (perhaps involving new asset classes) and will very probably take the deposit rate further into negative territory (in that case, hopefully at least mitigating the burden weighing on credit institutions).

An accommodative monetary-policy stance can, however, hardly do anything to mitigate the industrial recession. It is not access to finance or capital costs which are causing problems in that sphere but rather the trade conflicts, the uncertainty these are spawning, and the negative momentum in the global economy to which this has given rise.

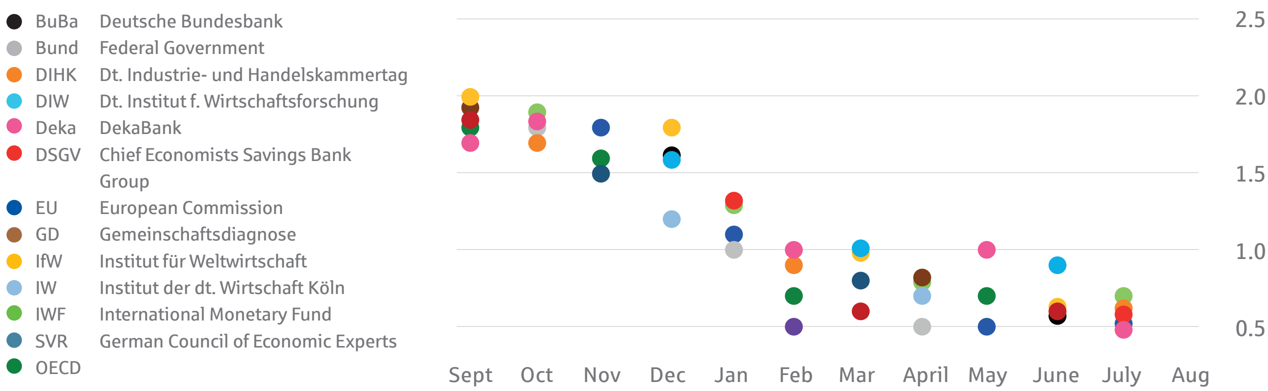
Legitimate doubts about what cyclical effects further monetary stimulus in the euro area could achieve

A. Growth in global economic regions..percentage change in year-on-year terms

	2017	2018	2019[1]	2020[1]
Global trade volume	+5.4 %	+3.8 %	+2.5 %	+3.7 %
Gross domestic product - world	+3.8 %	+3.6 %	+3.2 %	+3.6 %
USA	+2.2 %	+2.9 %	+2.6 %	+1.9 %
Japan	+1.9 %	+0.8 %	+0.9 %	+0.4 %
China	+6.8 %	+6.6 %	+6.2 %	+6.0 %
EU	+2.7 %	+2.1 %	+1.6 %	+1.7 %
Euro area	+2.4 %	+1.9 %	+1.3 %	+1.6 %
Germany	+2.5 %	+1.5 %	+0.7 %	+1.7 %

[1] International Monetary Fund forecasts from July 2019, working day adjusted

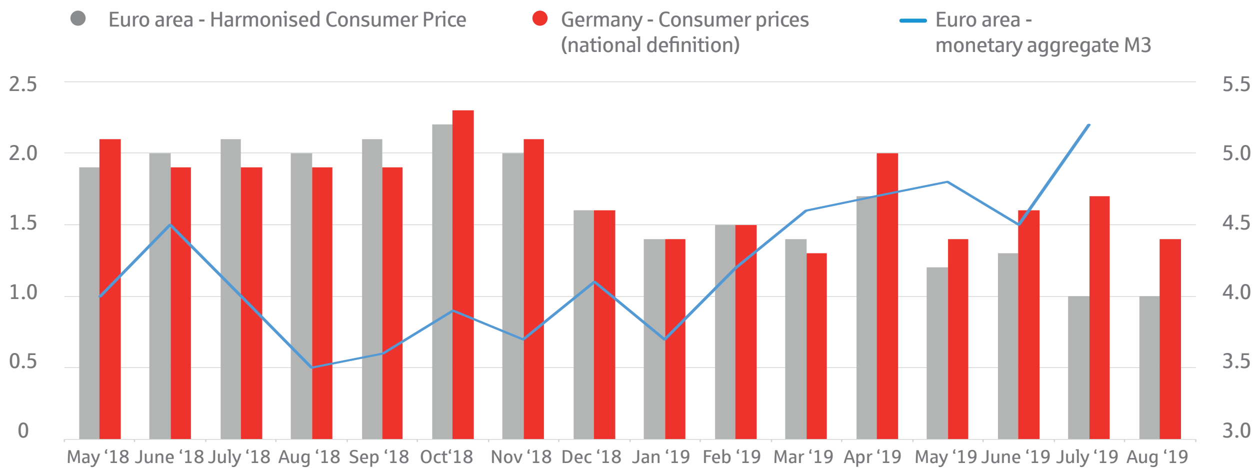
B. Projections for 2019 German economic growth. in %



C. GDP in Germany and in the euro area as a whole

	Year 2018	Q III - 2018	Q IV - 2018	Q I - 2019	Q II - 2019
	real yoy	real growth relative to the same quarter of previous year and seasonally-adjusted real quarter-on-quarter growth			
Euro area Gross domestic product	+ 1.9 %	+ 1.7 % + 0.2 %	+ 1.2 % + 0.2 %	+ 1.2 % + 0.4 %	+ 1.1 % + 0.2 %
Germany Gross domestic product	+ 1.5 %	+ 1.1 % - 0.1 %	+ 0.9 % + 0.2 %	+ 0.8 % + 0.4 %	+ 0.0 % - 0.1 %
Private consumption	+ 1.3 %	+ 0.6 % + 0.0 %	+ 1.3 % +0.4 %	+ 1.0 % + 0.8 %	+ 1.5 % + 0.1 %
Gross fixed capital formation	+ 3.5 %	+ 3.3 % + 0.7 %	+ 3.7 % + 0.9 %	+ 4.6 % + 1.6 %	+ 2.1 % - 0.1 %
Exports	+2.1 %	+ 1.3 % - 0.6 %	- 0.1 % + 0.2 %	+ 2.1 % + 1.8 %	- 0.8 % - 1.3 %
		Level not rate of change; seasonally-adjusted quarterly figures			
Savings rate	11.0 %	11.0 %	11.2 %	10.9 %	10.8 %

D. Consumer-price inflation (LHS) and monetary aggregate M3 (RHS), jpercentage change year-on-year



E. Monthly economic indicators for Germany

	Apr. '19	May '19	June '19	July '19	Aug. '19
Preise (nationale Definition)	Percentage change year-on-year				
Verbraucherpreise	+2.0 %	+1.4 %	+1.6 %	+1.7 %	+1.4 %
- ohne Nahrungsmittel und Energie (Kerninflation)	+1.8 %	+1.3 %	+1.6 %	+1.6 %	-
Producer prices for industrial goods	+2.5 %	+1.9 %	+1.2 %	+1.1 %	-
Import prices	+1.4 %	-0.2 %	-2.0 %	-2.1 %	-
Sentiment indicators					
ifo Business-Climate Index	99.2	98.2	97.5	95.7	94.3
ZEW Economic Sentiment Index	3.1	-2.1	-21.1	-24.5	-44.1
Incoming orders	Percentage change year-on-year				
Manufacturing industry	-5.2 %	-3.8 %	-10.9 %	-	-
domestic	-5.1 %	-1.7 %	-14.6 %	-	-
foreign	-5.4 %	-5.2 %	-8.4 %	-	-
Capital-goods producers	-3.2 %	-3.8 %	-7.7 %	-	-
Production	Change yoy (adjusted for working-day variations)				
Producing sector as a whole	-2.8 %	-4.4 %	-5.2 %	-	-
thereof: construction	+5.0 %	-1.0 %	+1.0 %	-	-
thereof: industrial sector	-4.1 %	-4.9 %	-6.0%	-	-
Foreign Trade	Percentage change year-on-year				
Exports	-0.2 %	+4.6 %	-8.0 %	-	-
Imports	+2.5 %	+5.1 %	-4.2 %	-	-
Labour market	Unemployment rate; change relative to the same month of previous year				
Unemployment Rate	4.9 %	4.9 %	4.9 %	5.0 %	5.1 %
Jobless total	-154	-80	-60	-49	-
Actively employed (working in Germany	+465	+428	+410	+374	-
Regular employees paying social insurance	+591	+564	+515	-	-

F. Commodity, foreign-exchange and other financial markets

	Apr. '19	May.'19	June '19	July '19	03rd Sept 2019
Oilprice Brent in US $	71.23	71.32	64.22	63.92	58.64 (26.)
Exchange rates					
US-Dollar / EUR	1.1238	1.1185	1.1293	1.1218	1.0968 (02.)
Japanese Yen / EUR	125.44	122.95	122.08	121.41	116.66 (02.)
Equity Markets					
German stock index DAX, EOM figures	12,344	11,727	12,399	12,189	11,929
Percentage change year-on-year	-2.1 %	-7.0 %	-0.8 %	-4.8 %	-
Money-market and capital-markets rates					
Overnight money (EONIA)	-0.37 %	-0.37 %	-0.36 %	-0.37 %	-0.37 % (29.)
1-month rate (EURIBOR)	-0.37 %	-0.37 %	-0.38 %	-0.40 %	-0.43 % (30.)
3-month rate (EURIBOR)	-0.31 %	-0.31 %	-0.33 %	-0.36 %	-0.43 % (30.)
Running yield on German government bonds with a residual maturity of ten years	0.03 %	-0.20 %	-0.31 %	-0.43 %	-0.75 %
Bank interest rates, new business					
Overnight deposits for private households in Germany and in the euro area as a whole	0.01 % 0.03 %	0.01 % 0.03 %	0.01 % 0.03 %	- -	- -
Deposits of up to 1 year for private households Germany and in the euro area as a whole	0.29 % 0.32 %	0.13 % 0.29 %	0.10 % 0.30 %	- -	- -
Rates on 5-year corporate loans of up to EUR 1 m in Germany and in the euro area as a whole	1.76 % 1.74 %	1.76 % 1.75 %	1.65 % 1.67 %	- -	- -

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