

Economic situation in Germany and forecasts

In data

GDP GROWTH 2023*

-0.5%

y-o-y and 0.9% in 2024*, far from 1.9% in 2022

ANNUAL INFLATION 2023*

5.6%

1.3 pp less than in 2022

UNEMPLOYMENT RATE 2023*

5.6%

labour force, 3 tenths more than in 2022

GOVERNMENT DEFICIT 2023*

-2.3%

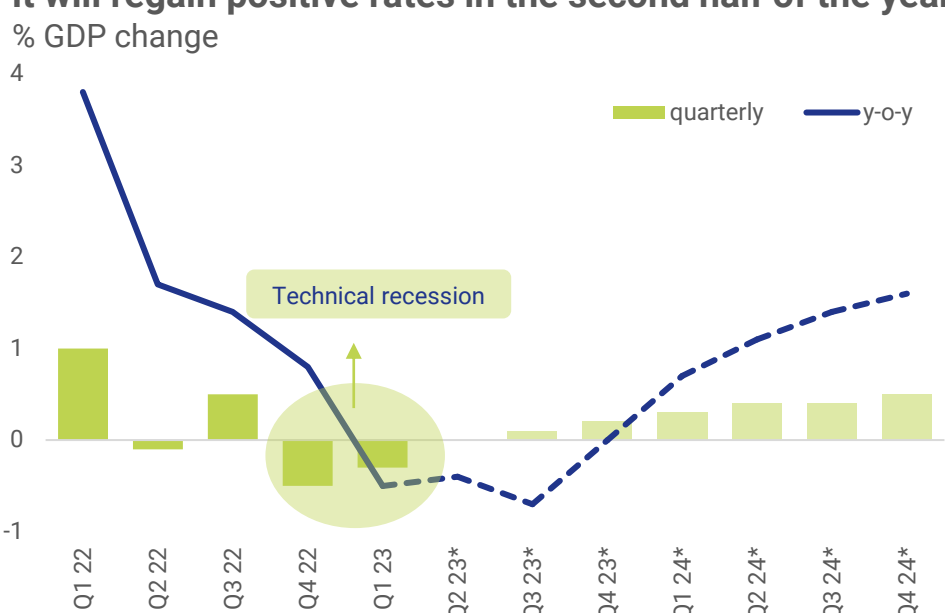
of GDP, 3 tenths less than in 2022 and 1.4 pp lower than in 2021

*Forecasts

Weakness of the German economy

THE ECONOMY SUFFERED A TECHNICAL RECESSION DURING THE WINTER MAINLY DUE TO THE IMPACT OF THE ENERGY CRISIS

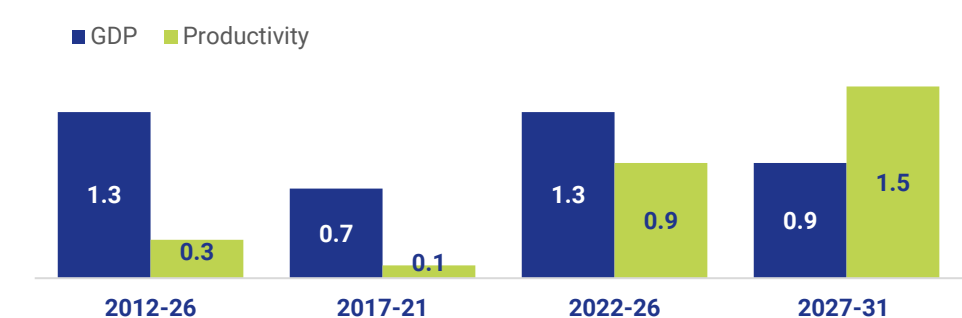
GDP fell by 0.3% quarterly in January-March 2023, although it will regain positive rates in the second half of the year



For 2023* as a whole, a y-o-y decline of -0.5% is forecast, due to a decline in public and private consumption

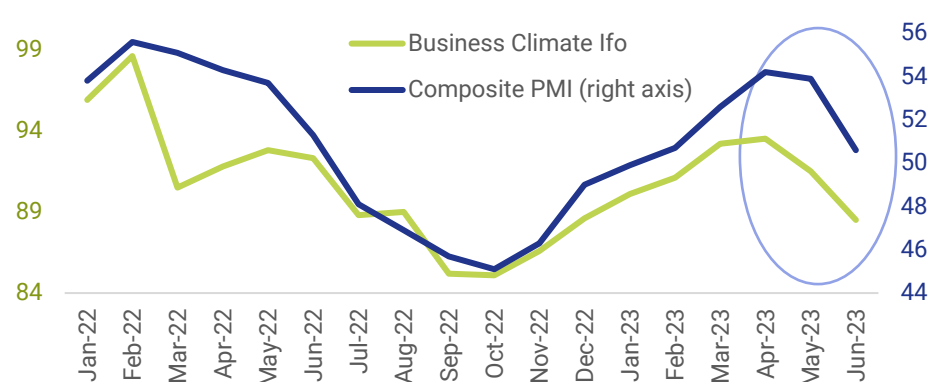
	2022	2023*	2024* - 2025*
GDP	1.9	-0.5	0.9
Private consumption	4.9	-1.0	2.9
Investment	0.5	1.0	2.1
Government consumption	1.2	-4.6	0.8
Exports	3.5	0.6	2.5
Imports	7.0	-0.2	3.2

In the long term... % y-o-y change

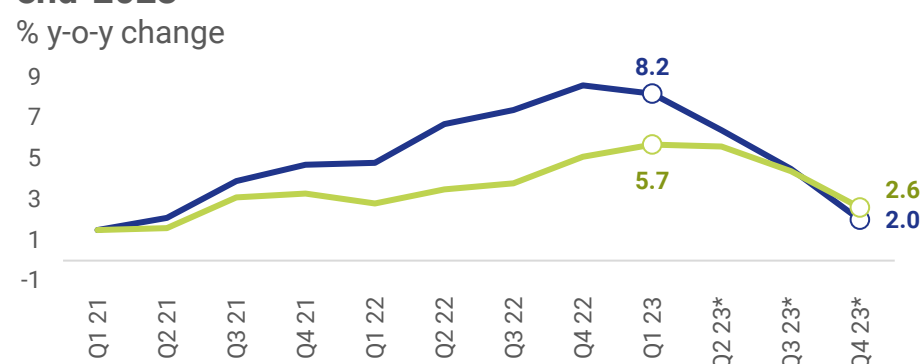


Deterioration of business expectations

Left axis: Business climate Index 2015 = 100
Right axis: PMI > 50 activity expansion and < 50 contraction



Notable moderation in inflationary pressures to 2% by end-2023



▼ Inflation

- Moderation of energy and food prices
- Reducing stress in supply chains
- Policy measures approved
- Favorable base effects

Resilience of the labour market, although the unemployment rate rose slightly in Jun.23 to 5.7 %

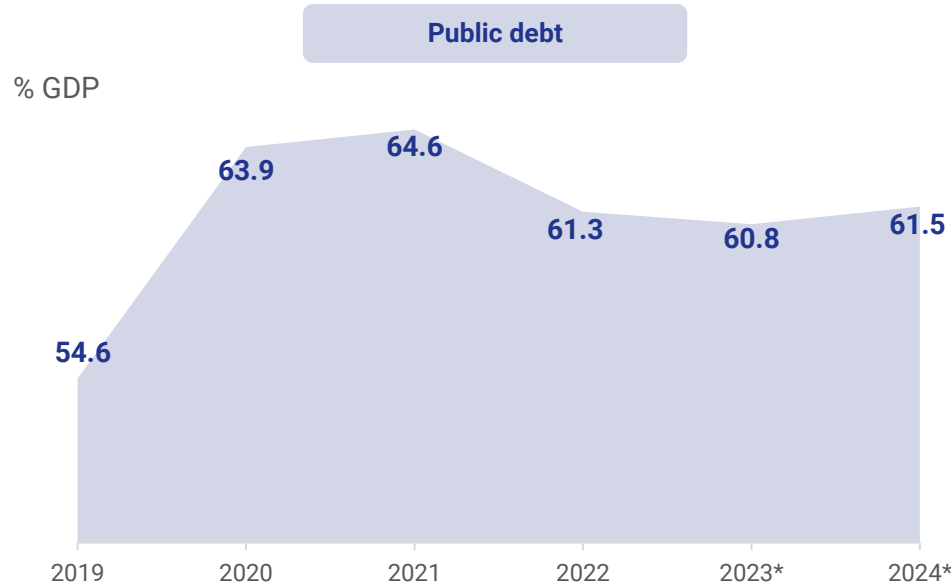
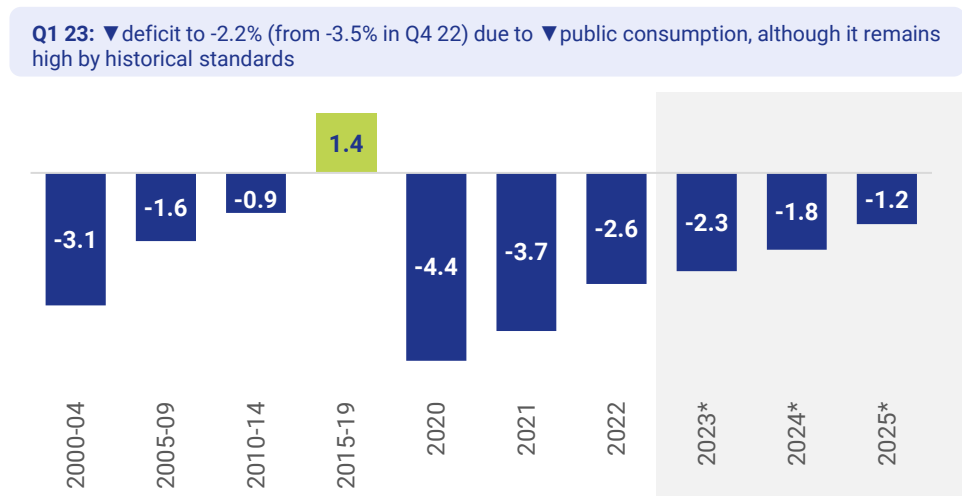


Target of fiscal consolidation and sustainable public finances

CRITICAL ASSESSMENT OF SPENDING, PRIORITIZATION OF ITEMS AND ONLY NEW STRUCTURAL SPENDING IF THERE IS EFFECTIVE STABLE FUNDING IN RETURN. THE DRAFT 2024 BUDGET ENVISAGES A CUT IN PUBLIC SPENDING OF MORE THAN 30 BILLION EUROS

Oxford Economics expects deficits below 2% in 2024* and around 1% in 2025 *

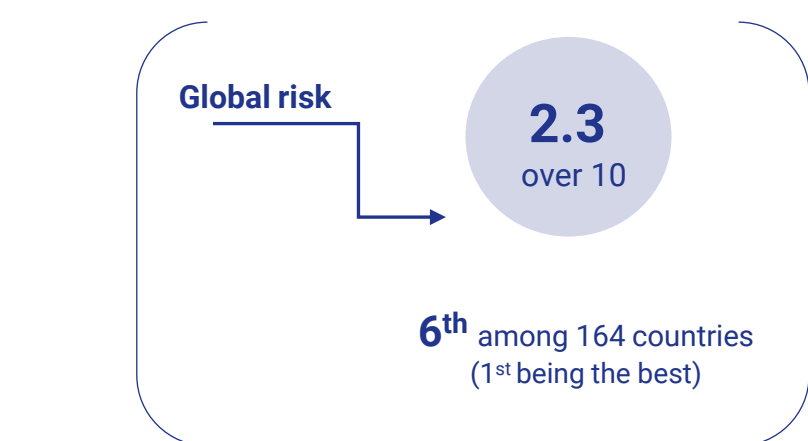
Budget balance % GDP



Economic risk valuation

Oxford Economics 

Scores between 1 and 10, with 10 representing the highest risk



By pillars ...

