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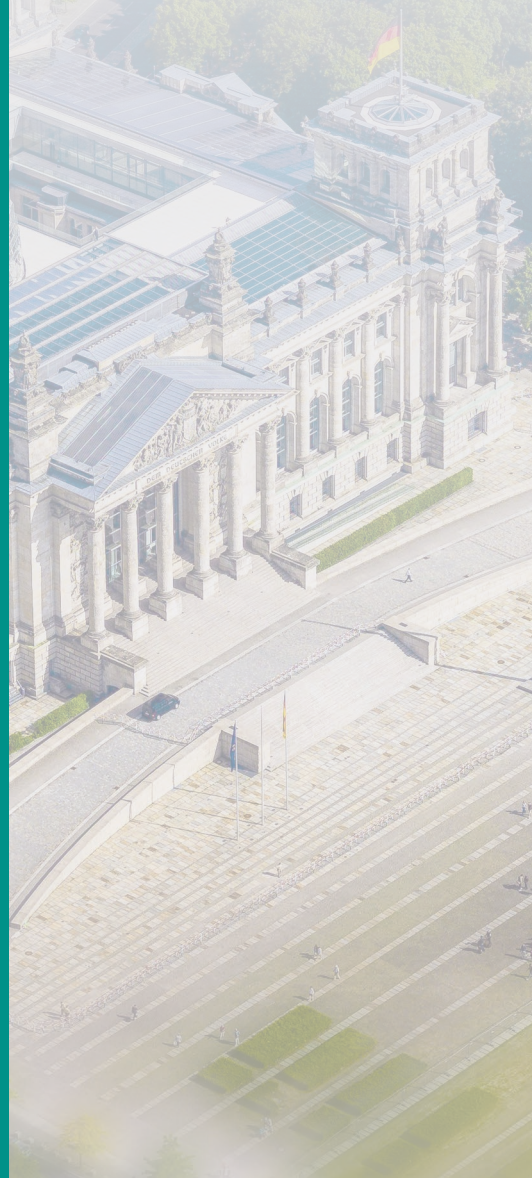


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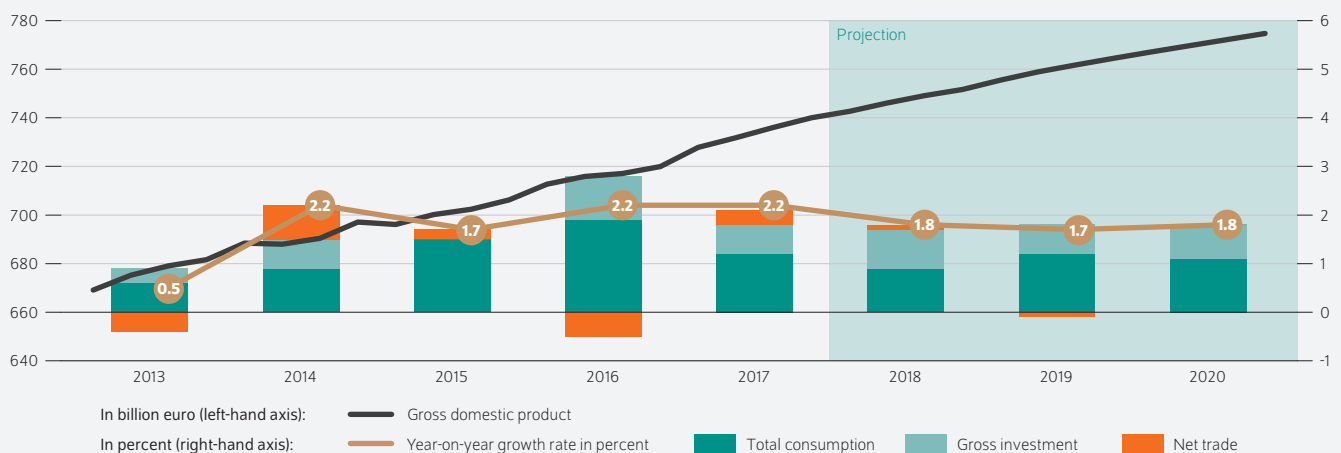
German economy continues to grow moderately but risks remain

By Claus Michelsen et al.

- DIW Berlin's forecast indicates economic growth of 1.8 percent for 2018, 1.7 percent for 2019, and 1.8 percent for 2020 in Germany
- Domestic demand primarily driving growth with both private household consumption and construction boom as contributing factors
- Unemployment rate likely to fall below the five percent mark as early as next year, inflation and wage increases higher than in past years
- Danger of a trade war and a "hard" Brexit are affecting the German export economy
- Public budgets this year reached a record surplus of 60 billion euros
- Surpluses should be used for education, research, infrastructure, and digitalization; stabilizing the pension system using higher tax subsidies is not advisable

Private household consumption is supporting economic growth in Germany

Real GDP in billions of euros and change from the previous year in percent; share of each GDP component



Source: DIW Economic Outlook Autumn 2018.

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FROM THE AUTHORS

"The German economy has developed somewhat less strongly than last year. However, there is no risk of a slump and the first half of the year was very solid. Now many companies are even more optimistic about their prospects for the coming quarters, and thus for the German economy as a whole."

— Claus Michelsen —

MEDIATHEK



Audio Interview with Claus Michelsen (in German)
www.diw.de/mediathek

German economy continues to grow moderately but risks remain

Von Claus Michelsen, Guido Baldi, Christian Breuer, Martin Bruns, Marius Clemens, Geraldine Dany-Knedlik, Hella Engerer, Marcel Fratzscher, Stefan Gebauer, Max Hanisch, Simon Junker, Malte Rieth, and Thore Schlaak

According to DIW Berlin estimations, the German economy will continue on its current growth path over the next three years. This confirms the forecast from early summer that economic output will grow at a more moderate pace than previously. DIW Berlin's forecast indicates growth of 1.8 percent for 2018, 1.7 percent for 2019, and 1.8 percent for 2020.

In contrast to the strong export performance of the previous year, the domestic economy is now primarily driving growth, with both consumption and the construction boom as contributing factors. Thus, the labor market situation remains favorable and the unemployment rate is likely to fall below the five percent mark as early as next year. Wage increases are also stronger than in previous years and enabling households to earn somewhat more money—even after deducting inflation, which is now higher.

By contrast, companies are continuing to hold back on their investments, partly because their sales expectations are clouded in light of the trade policy conflicts. Frequently voiced concerns that the German economy will overheat are therefore likely to be dispelled. Production capacity utilization is gradually declining and inflation is also not expected to rise any further, as it is currently mainly due to higher oil prices.

Public budgets are expected to close the year with a record surplus of 60 billion euros. However, some of the surpluses can be attributed to cyclical effects as well as the currently favorable interest rates easing the strain on the budget. Therefore, the scope of lasting benefits for households and companies should not be overestimated.

DIW Berlin forecasts that the pace of growth will remain moderate for the rest of the year, as considerable risks continue to weigh on global economic development. Concerns regarding a further trade conflict escalation between the European Union and the United States were initially dis-

pelled at a meeting between US President Trump and EU Commission President Juncker. Among other things, it was agreed to not impose higher customs duties on automobiles for the time being. However, the United States' confrontation with major economies such as China or Canada should continue to negatively affect companies' willingness to invest, both domestically and abroad. Concerns are also growing about a "hard" Brexit, as statements made by British Prime Minister May suggest. If the EU and the United Kingdom do not come to an agreement by the end of March 2019—negotiations are currently progressing slowly at best—the trade rules of the World Trade Organization would then apply, which should make the exchange of goods and services considerably more difficult. That is reason enough for many companies to be cautious in their planning. The German manufacturing industry's order books are full once again, but new orders have noticeably declined in the past months.

However, consistently positive news is coming from the labor market. Job creation is continuing and unemployment continues to fall significantly: the unemployment rate is expected to be 5.2 percent this year, 4.9 percent next year, and 4.6 percent in 2020. This represents an increase of around half a million in the number of employees compared with the previous year. The labor market situation is increasingly reflected in higher wage agreements. Collective wages indicate a wage increase of almost three percent for the current and coming years. Despite higher inflation, households should therefore have noticeably more disposable income, which will further boost consumption.

Domestic demand is also likely to be supported by the German government's plan to increase expenditure in the coming year and reduce tax burdens. Although it is planned to reduce the unemployment insurance contribution rate by 0.5 percentage points, that will be offset by a burden from an increased contribution to nursing care insurance. However,

the plan to finance statutory health insurance by splitting the costs equally between employers and employees will lead to an increase in disposable income. In addition, numerous other measures are planned, such as *Baukindergeld* (a subsidy granted per child to help families buy or purchase homes), an adjustment of child allowance (*Kinderfreibetrag*), and an increase in the insurance period recognized for bringing up children (*Mütterrente*).

The state's financial situation will remain favorable over the coming years. Both social security contributions as well as tax revenue—especially from wage and income taxes—should continue to increase substantially. In addition, the interest burden on public budgets will remain low for the foreseeable future. At the same time, the unemployment insurance surplus is increasing due to the positive labor market development. The general government surplus will reach a record 1.8 percent of GDP this year. Even when the cyclical surpluses of around 10 billion euros per year are taken into account, spare funds of almost 50 billion euros are likely to be available to the state as a whole.

The financial leeway should first be used to strengthen the growth potential of the German economy. This can be done by improving the financing of the educational and research sectors as well as increasing the speed of digitalization, which would increase productivity and thus also counter the consequences of demographic change that will soon be noticeable. However, it is also necessary to increase investments in public infrastructure, which also has a decisive influence on private sector actors' willingness to invest. Currently, the quality of local infrastructure has suffered severely over the past few years. In addition, the capacity and efficiency of the municipal building and planning authorities have fallen considerably as a result of continuous personnel reduction. Increasingly, there is a lack of experts who can supervise public construction measures on the administra-

tive side. However, capacity and efficiency are necessary in order to maintain and develop strong infrastructure.

In addition to numerous smaller projects, there are discussions about securing the pension level in the long term. However, stabilizing the pension level by 2040 and beyond by using the pension funds themselves would entail considerable increases in contribution rates. The current budget surpluses are ample, but since they are in part due to favorable interest conditions, financing from them is not secured in the long term. It would make more sense to combine such a reform with decisions that strengthen growth potential. Improving the basic conditions for women's participation in the labor market would help increase the revenue side of pension insurance and, at the same time, help increase the number of people in employment and thus the potential. It would be necessary to expand full daycare for children, have better coordination in the tax transfer system, or abolish *Ehegattensplitting* (joint taxation of married couples with full income splitting).

As always, forecasts are subject to uncertainties. Risks to the described economic development include, for example, an escalation in the trade conflict between the European Union and the United States or a further tightening of trade restrictions between the United States and other major economies. Additionally, the danger of an unregulated Brexit has significantly increased. These developments are already affecting the willingness to invest worldwide and could possibly reduce it even more. The discussions in Italy about only partially repaying public debt have abated in recent months, but could again lead to tensions in the financial markets. In contrast, the developments in Turkey pose little risk, as the Turkish demand for goods and services from Germany and the European Union is rather low. There is also currently no particularly high risk of renewed turmoil on the financial markets and, as a result, of contagion effects.

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The global economy and the euro area: so far trade disputes have had only limited effects on global growth

By Claus Michelsen, Guido Baldi, Geraldine Dany-Knedlik, Hella Engerer, Stefan Gebauer, and Malte Rieth

ABSTRACT

After a strong second quarter, the global upturn appears to remain intact, economic and political turmoils notwithstanding, especially in the United States and the euro area. Therefore, DIW Berlin is slightly raising its forecast for the global economy this year to 4.2 percent. Over the course of the rest of the year, however, non-recurring effects are likely to disappear in the United States, causing growth to slow down somewhat. Thus, for the coming year, DIW Berlin is remaining with its forecast from early summer, which estimated growth of 3.9 percent. Due to the improving labor markets, private consumption continues to be the most important support of the upturn in the global economy. Monetary policy remains expansionary for the time being but this will gradually change. Uncertainties regarding US trade policy are a risk to global trade, which will likely dampen investment in the further course of the forecast period. Further risk factors are the economic policies of the new Italian government and the threat of a hard Brexit. The turbulence in Turkey, on the other hand, is unlikely to have a major impact.

The pace of the global expansion picked up significantly in the second quarter. The economy was faring significantly better than at the beginning of the year, especially in developed market economies. However, non-recurring effects are likely to disappear in the United States over the course of the rest of the year, causing global production to grow somewhat more slowly in the forecast period.

Increased uncertainty due to US trade policy depressed corporate sentiment and affected world trade. This uncertainty will continue, dampening investment activity and foreign trade. For the euro area and the United Kingdom, the recent increase in uncertainty resulting from the Brexit negotiations is an additional factor, as the likelihood of a hard exit has recently increased.

However, overall, the global upturn remains intact (Figure). Solid production growth is expected to continue, especially in the United States and the euro area, even if the pace of the second quarter cannot be maintained in the United States. As before, private consumption remains the mainstay of the upturn. The continuous improvement of the labor market situation together with moderate price increases are bolstering consumer confidence and result in income gains. Wage developments are also picking up some momentum, but prices and wages are not expected to strongly overshoot in the United States, euro area, or Japan.

The expansion in the emerging markets will also continue at a somewhat slower pace. Commodity prices are expected to remain high, and the recent capital market turbulence in the wake of the Turkish crisis has so far only slightly worsened international financing conditions. Over the further course of the year, however, the continued hike in US key interest rates is likely to tighten credit conditions. The crisis in Turkey will, however, barely have an effect on developed market economies and the European banking sector in particular (Box).

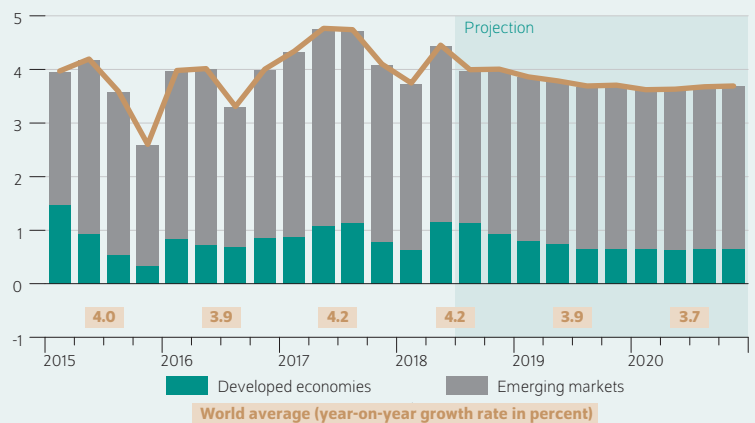
Monetary policy will remain expansionary globally, but its degree of accommodation will be reduced. In the United States, further interest rate hikes are expected for this year and the next. The European Central Bank will complete its

net purchases of securities by the end of the year. An interest rate increase is expected for the second half of 2019, with the next steps following in 2020. However, fiscal policy will provide stimuli globally. Tax relief and spending increases, especially in the United States and in some euro area countries, will support the global economy. In the coming years, these stimuli are likely to run out and, together with a less expansionary monetary policy, will lead to a slowdown in the pace of expansion. Increasing shortages in labor supply in the United States and some European countries will also weigh on growth. All in all, global economic output this year and the next is expected to grow by 4.2 and 3.9 percent, respectively. In 2020, the economy will slow down further to 3.7 percent (Table).

The global economy is facing a series of risks. The trade disputes emanating from the United States have the potential—if the situation is aggravated further—to weigh on consumer and business confidence and investment activity. Similarly, the increasingly likely no-deal Brexit would have a negative impact on investment and growth. The Italian government's economic policy also carries the risk that the financing conditions for companies and consumer confidence in the country will deteriorate and weigh on already low growth.

Figure

World real gross domestic product growth In percent



Sources: National statistical offices; DIW Economic Outlook Autumn 2018.

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Global economic growth has only been slightly affected to date.

Table

Real gross domestic product, consumer price inflation, and unemployment rate in the world economy In percent

	Gross domestic product				Consumer prices				Unemployment rate in percent			
	Change over previous year in percent											
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Euro area	2.5	2.0	1.7	1.5	1.4	1.8	1.8	1.8	9.0	8.3	8.0	7.8
without Germany	2.6	2.1	1.7	1.5	1.3	1.7	1.6	1.7	11.4	10.6	10.3	10.2
France	2.3	1.7	1.7	1.6	1.1	1.8	1.6	1.8	9.4	9.0	8.6	8.5
Italy	1.6	1.2	1.1	1.0	1.3	1.2	1.4	1.5	11.3	10.9	10.5	10.4
Spain	3.0	2.7	2.3	1.8	2.0	1.8	1.8	1.8	17.2	15.5	15.2	15.1
Netherlands	3.0	2.7	2.2	1.9	1.3	1.5	1.8	1.9	4.8	4.0	3.9	3.8
United Kingdom	1.7	1.3	1.3	1.4	2.7	2.5	2.0	2.0	4.5	4.3	4.5	4.5
USA	2.2	3.0	2.7	2.0	2.1	2.6	2.3	2.2	4.4	3.9	3.6	3.5
Japan	1.7	1.0	1.1	0.8	0.5	1.0	1.2	1.2	2.8	2.6	2.6	2.6
South Korea	3.1	2.9	2.8	2.4	2.0	1.7	2.6	2.7	3.7	3.4	3.0	3.0
Middle Eastern Europe	4.9	4.1	3.4	3.2	1.7	2.4	3.0	2.9	4.6	3.8	3.5	3.4
Turkey	7.4	5.0	2.5	3.2	11.1	14.2	13.2	4.8	10.9	10.8	10.6	10.1
Russia	1.6	1.6	1.8	2.0	3.5	2.7	3.4	3.7	5.1	4.8	4.7	4.5
China	6.9	6.5	6.3	6.0	1.4	1.8	2.3	2.4	4.0	4.0	4.0	4.0
India	6.3	6.6	5.9	5.7	4.0	5.3	6.1	6.1				
Brazil	1.0	1.2	0.9	1.3	3.4	4.1	6.0	6.5	12.8	10.9	8.4	6.2
Mexico	2.3	2.4	2.2	1.8	6.0	5.0	3.2	3.2	3.4	4.4	4.8	4.8
Developed economies	2.2	2.4	2.2	1.7	1.8	2.1	2.0	2.0	5.3	4.8	4.6	4.5
Emerging markets	5.6	5.4	5.0	4.9	2.9	3.5	4.1	3.8	5.2	5.0	4.8	4.5
World	4.2	4.2	3.9	3.7	2.5	2.9	3.2	3.1	5.3	4.9	4.7	4.5

Sources: National statistical offices; DIW Economic Outlook Autumn 2018.

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Box

Economic consequences of the Turkey crisis

The current economic situation in Turkey is extremely fragile and could develop into a crisis similar to that of 2001. The United States' increase in import duties in mid-August dramatically accelerated the devaluation of the lira. Foreign investors in particular lost confidence in the currency.

To estimate the economic consequences of the current crisis, a dynamic-stochastic general equilibrium model was developed and estimated with data for Turkey. The model simulates an increase in the foreign financing costs of the private sector through an exogenous increase in the private risk premium. The shock is calibrated in such a way that the lira depreciates nominally by around 20 percent due to the rise in the price of foreign capital immediately after the shock occurs. This roughly corresponds to the depreciation of the lira against the US dollar or the euro in August 2018. The further course of the exchange rate and the reaction of the other variables are determined by the model. They can be seen as a forecast of Turkey's economic development in the coming quarters—assuming that no further shocks have occurred or will occur—and relative to the development that would have taken place without the recent escalation.

The rise in external financing costs is leading to an immediate economic slump (Figure). Consumption as well as investment are falling relative to their trends. The output gap amounts to one percent and will increase further throughout the course of the year. As a result, the government balance is deteriorating and the expected default rate for Turkish government bonds is rising. The Turkish currency is depreciating massively, accompanied by a real devaluation. While this improves the trade balance, it increases inflation.

How do these model simulations relate to the actual figures and leading indicators for Turkey?

After a strong first quarter, the recently declining business climate indices and gloomy consumer confidence point to growth momentum weakening significantly, which has so far been supported by private consumption. Wages continued to increase and the unemployment rate fell in the first quarter of 2018. As a result of high domestic demand, the import surplus and the current account deficit have increased significantly. With the devaluation of the lira, however, imports have become considerably more expensive since the beginning of the year. This has been noticeable in prices as well; the price increase reached 18 percent in August. The situation will remain fragile without consistent economic policy measures.

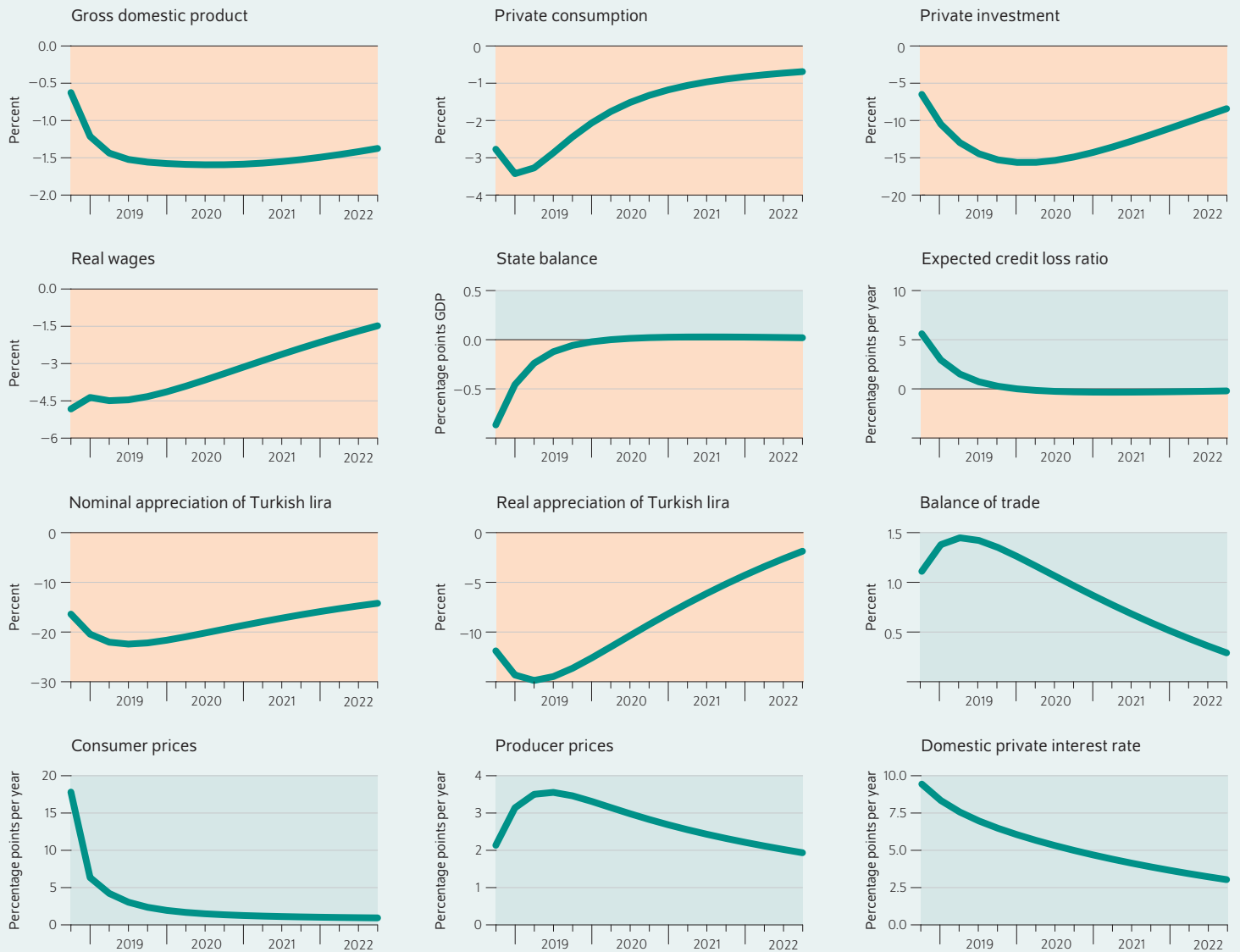
What does the Turkish crisis mean for other countries?

According to the Bank for International Settlements, Spanish and French banks in particular have debt claims against Turkish borrowers at 80 and 35 billion USD, respectively. With outstanding loans of 13 billion USD, German banks are comparatively less involved. In case that payment defaults occur due to the sharp devaluation of the lira and a possible economic slump, this will have painful consequences for some Spanish and French banks. However, a general destabilization of the European banking sector is not expected due to the rather low exposure to Turkey in relation to its total balance sheet. Regarding the real economy, a significant slowdown in Turkey's economy is likely to have only minor consequences for the euro area, as exports from the euro countries to Turkey account for just under three percent of total exports.

Figure

Impact of recent currency crisis

Level change compared to trend if the foreign risk premium increases by five percentage points



Source: Authors' own calculations.

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In the coming year, Turkey will continue to suffer heavily from the ongoing crisis. Indicators are expected to improve in the long term.

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German economy remaining robust in uncertain times

By Claus Michelsen, Christian Breuer, Martin Bruns, Marius Clemens, Max Hanisch, Simon Junker, and Thore Schlaak

ABSTRACT

The German economy will keep on growing amid risks although growth will slow down somewhat. GDP will continue to grow noticeably at 1.8 percent this year, 1.7 percent next year, and 1.8 percent in 2020. Private household incomes in particular—and thus consumption as well—are boosting growth, as the labor markets are improving: the unemployment rate will fall from 5.2 percent this year to well below five percent in 2020 and lead to stronger wage increases. However, inflation will remain moderate at almost two percent.

The German economy is continuing to grow albeit slower than previously (Figure 1). The risk of overheating is thus reduced for the forecast period, primarily due to slower global economic development and somewhat lower demand for capital goods. The domestic economic upturn remains intact.

The German economy is heavily dependent on exports and likely to be particularly affected by the risks to trade relations globally. In many places, investment activity is already weakening along with demand for German products. Domestic demand, however, should remain robust. In particular, construction activity is expected remain at a high level (Table 1). Private consumption also continues to significantly contribute to growth. However, growth rates here are no longer as high as they were in the past three years when declining energy prices were boosting consumers' purchasing power. Energy prices are rising again, which is why inflation is now higher at around two percent (Table 2). In view of high overall economic capacity utilization and rising labor costs, the trend towards higher inflation will continue but not exceed the two percent mark.

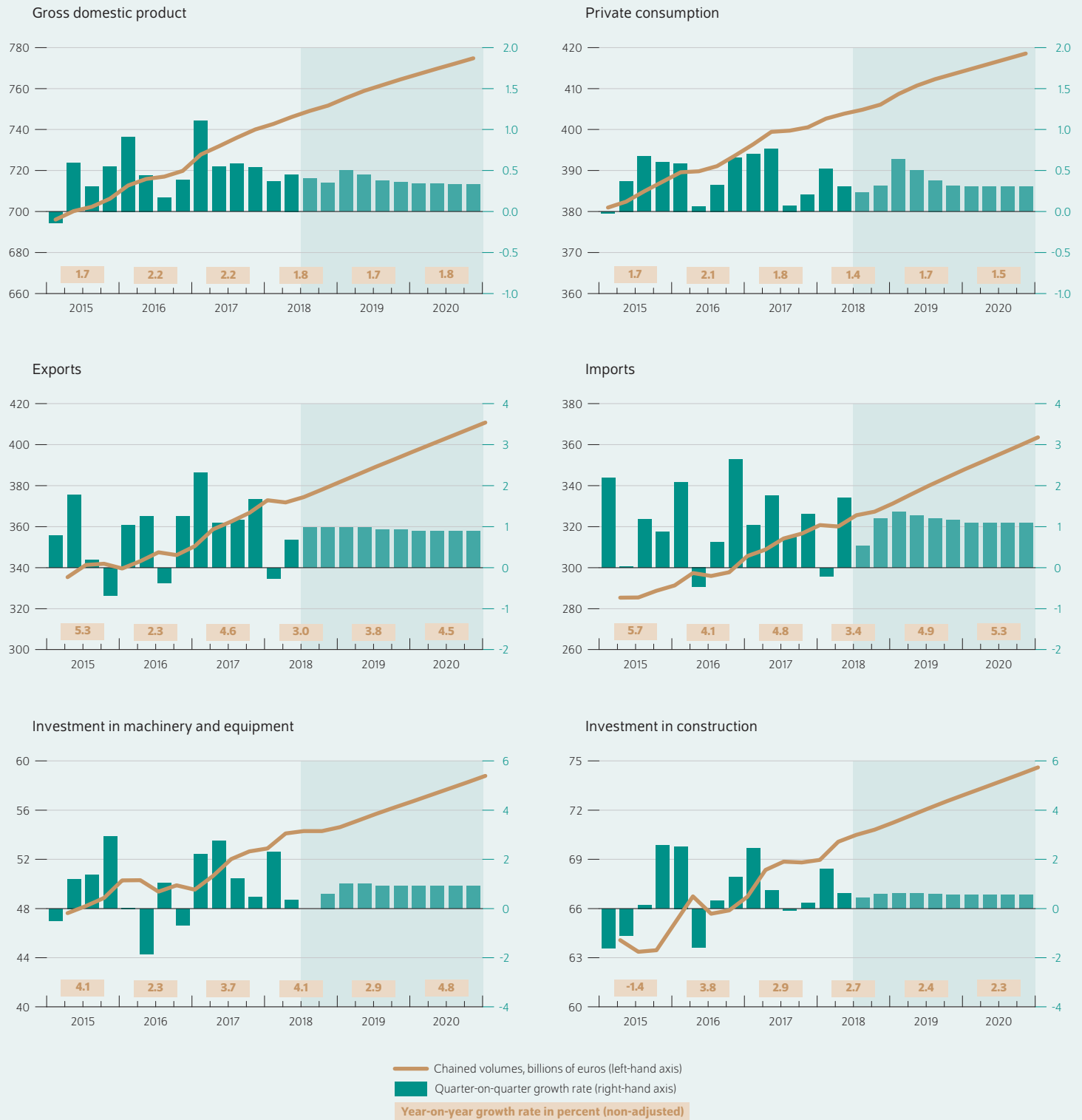
A series of fiscal policy measures will boost consumer incomes in the coming year. Job creation is continuing at a more leisurely pace while wages will rise slightly faster due to increasing labor market shortages—the unemployment rate will fall from 5.2 percent this year to 4.9 percent in 2019 and 4.6 percent in 2020.

Overall, the German economy is likely to lose some momentum, which is reflected in the calendar-adjusted growth figures. Calculated in unadjusted figures, GDP should increase by 1.8 percent this year and 1.7 percent in 2019.¹ As 2020 will have 3.5 more business days than 2019, the growth rate in 2020 will be 1.8 percent. Without these additional business days, growth would be at 1.4 percent. Utilization of overall economic capacities will fall slightly this year and next (Figure 2) but rise slightly in 2020; generally, capacities will remain well utilized during the forecast period.

¹ The 68-percent confidence interval resulting from the forecast errors of the previous five years is between 1.6 percent and 2.1 percent for this year, between 1.1 percent and 2.2 percent for next year.

Figure 1

Gross domestic product and use of gross domestic product Seasonally and working-day adjusted



Sources: Federal Statistical Office; DIW Economic Outlook Autumn 2018, forecasts from third quarter 2018 onward.

Table 1

Use of gross domestic product, quarter-on-quarter growth rates

Price, seasonally, and working-day adjusted, in percent

	2018				2019				2020			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
Private consumption	0.5	0.3	0.2	0.3	0.6	0.5	0.4	0.3	0.3	0.3	0.3	0.3
Public consumption	-0.3	0.6	0.5	0.4	0.5	0.4	0.5	0.4	0.4	0.4	0.4	0.4
Gross fixed capital formation	1.4	0.5	0.4	0.6	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7
Investment in machinery and equipment	2.3	0.3	0.0	0.6	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9
Construction investment	1.6	0.6	0.4	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Other investment	-0.5	0.3	0.7	0.7	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7
Change in inventories ¹	-0.1	0.4	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic uses	0.4	0.9	0.2	0.4	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.4
Net exports ¹	-0.1	-0.4	0.2	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Exports	-0.3	0.7	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9
Imports	-0.2	1.7	0.5	1.2	1.4	1.3	1.2	1.2	1.1	1.1	1.1	1.1
Gross Domestic Product	0.4	0.5	0.4	0.4	0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.3

1 Contribution to gross domestic product growth in percentage points.

Sources: Federal Statistical Office; DIW Economic Outlook Autumn 2018, forecasts from third quarter 2018 onward.

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Table 2

Key economic indicators for the German economy

	2015	2016	2017	2018	2019	2020
Real GDP ¹ (percent change over previous year)	1.7	2.2	2.2	1.8	1.7	1.8
Domestic employment (1,000 persons)	43 071	43 642	44 269	44 831	45 149	45 392
Unemployed (ILO concept)	1 949	1 775	1 621	1 466	1 310	1 189
Unemployed (BA concept)	2 795	2 691	2 533	2 347	2 208	2 104
Unemployment rate ² (ILO concept)	4.6	4.1	3.8	3.4	3.0	2.7
Unemployment rate ² (BA concept)	6.4	6.1	5.7	5.2	4.9	4.6
Consumer prices	0.3	0.5	1.8	1.9	2.0	1.9
Unit labor costs ³	1.8	1.2	1.5	2.1	2.2	1.9
Government budget balance ⁴						
in billion EUR	23.9	28.7	34.0	60.4	57.2	52.8
in percent of GDP	0.8	0.9	1.0	1.8	1.6	1.4
Current account balance, in percent of GDP	8.5	8.2	7.9	7.9	7.6	7.5

1 Price-adjusted, chain-linked.

2 As a share of domestic labor force (ILO), resp. civilian labor force (BA).

3 Compensation of employees (national concept) per hour worked over real GDP.

4 According to ESA 2010.

Sources: National and international institutions; DIW Economic Outlook Autumn 2018, forecasts from 2019 onward.

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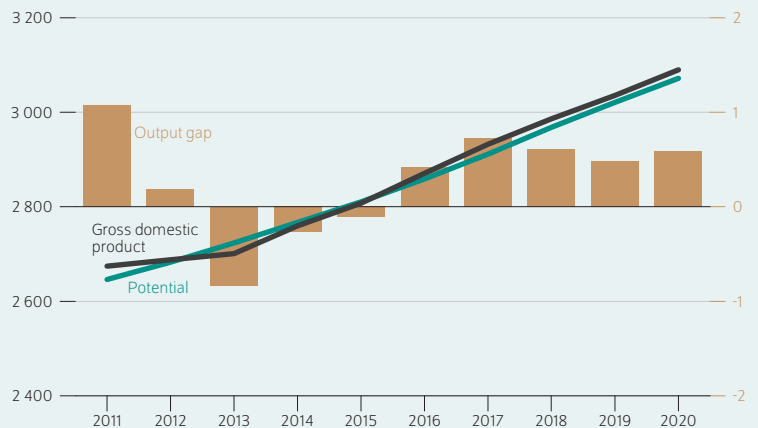
Public budgets will continue to close with substantial surpluses: the balance is expected to amount to 60 billion euros this year (1.8 percent in relation to GDP) before falling slightly (to 1.6 and 1.4 percent in relation to GDP) in the coming years, partly due to an expansionary fiscal policy. The calculation method used here shows that most of the surpluses are of a structural nature. However, Germany is continuing to benefit from unusually low interest rates.

The German economy is currently exposed to considerable risks: Brexit has the potential to negatively affect trade flows to a serious extent, which would have an impact on the German economy especially. In addition, there are the impending effects of the trade dispute with the United States, although an agreement was able to initially avert the significant increase in automobile tariffs. This does not, however, put an end to the danger that would affect one of Germany's key industries in particular. The trade dispute is already having a dampening effect on global investment activity.

Figure 2

Gross domestic product and potential or output gap

In billion euros; percentage of the output gap



Sources: National and international institutions; DIW Economic Outlook Autumn 2018.

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Production capacities remain well utilized.

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MAIN AGGREGATES FOR SECTOR ACCOUNTS

Annual Results 2018

Euro bn

Specification		Total economy	Non financial and financial corporations	General government	Households and non-profit inst. serving households	Rest of the world
3	Gross value added	3,068.2	2,088.3	327.4	652.5	–
4	– Consumption of fixed capital	598.3	345.6	73.1	179.6	–
5	= Net value added ¹	2,469.9	1,742.8	254.3	472.9	–245.6
6	– Compensation of employees, paid	1,741.6	1,248.1	256.3	237.3	15.1
7	– Other taxes on production, paid	22.6	12.6	0.2	9.8	–
8	+ Other subsidies on production, received	26.1	24.4	0.2	1.6	–
9	= Operating surplus, net/mixed income, net	731.8	506.5	–2.0	227.4	–260.6
10	+ Compensation of employees, received	1,742.5	–	–	1,742.5	14.2
11	– Subsidies, paid	28.1	–	28.1	–	5.2
12	+ Taxes on production and imports, received	354.6	–	354.6	–	6.7
13	– Property income, paid	714.7	659.4	31.5	23.8	182.4
14	+ Property income, received	786.1	352.2	18.3	415.6	111.0
15	= Net national income/Balance of prim income, net	2,872.2	199.2	311.3	2,361.7	–316.4
16	– Current taxes on income, wealth, etc, paid	437.2	95.3	–	342.0	10.8
17	+ Current taxes on income, wealth, etc, received	447.6	–	447.6	–	0.4
18	– Net social contributions, paid	697.1	–	–	697.1	4.9
19	+ Net social contributions, received	698.8	127.9	570.0	0.8	3.3
20	– Social benefits other than soc transf in kind, paid	586.8	66.6	519.4	0.8	0.5
21	+ Social benefits other than soc transf in kind, receiv	579.5	–	–	579.5	7.8
22	– Other current transfers, paid	337.3	178.0	79.1	80.2	54.2
23	+ Other current transfers, received	284.0	149.8	23.2	111.0	107.6
24	= Disposable income, net	2,823.6	137.2	753.5	1,932.9	–267.8
25	– Final consumption expenditure	2,445.5	–	661.7	1,783.8	–
26	+ Adjustment for the change in net equity of households in pension funds	–	–53.0	–	53.0	–
27	= Net saving	378.1	84.2	91.8	202.1	–267.8
28	– Capital transfers, paid	66.4	16.7	39.5	10.3	3.4
29	+ Capital transfers, received	56.7	26.3	11.0	19.4	13.2
30	– Gross capital formation	708.6	410.6	77.7	220.2	–
31	+ Consumption of fixed capital	598.3	345.6	73.1	179.6	–
32	– Acquisitions less disposals of valuables	–2.5	–2.0	–1.6	1.0	2.5
33	= Net lending (+)/ Net borrowing (–)	260.6	30.7	60.4	169.5	–260.6
memorandum item:						
34	Disposable income, net	2,823.6	137.2	753.5	1,932.9	–267.8
35	– Social transfers in kind, paid	428.6	–	428.6	–	–
36	+ Social transfers in kind, received	428.6	–	–	428.6	–
37	= Adjusted disposable income, net	2,823.6	137.2	324.9	2,361.5	–267.8
38	– Actual final consumption ²	2,445.5	–	233.1	2,212.4	–
39	+ Adjustment for the change in net equity of households in pension funds	–	–53.0	–	53.0	–
40	= Net saving	378.1	84.2	91.8	202.1	–267.8

¹ Concerning Rest of the world: imports minus exports of goods and services to/from rest of the world.

² The actual final consumption of general government corresponds only to collective final consumption. The actual final consumption of households and non profit institutions serving households includes individual goods and services provided as social transfer in kind to individual households by government units.

MAIN AGGREGATES FOR SECTOR ACCOUNTS

Annual Results 2019

Euro bn

Specification		Total economy	Non financial and financial corporations	General government	Households and non-profit inst. serving households	Rest of the world
3	Gross value added	3,186.2	2,169.2	339.1	677.9	–
4	– Consumption of fixed capital	620.4	356.7	76.9	186.8	–
5	= Net value added ¹	2,565.8	1,812.4	262.2	491.1	–244.0
6	– Compensation of employees, paid	1,813.1	1,298.9	265.8	248.5	15.7
7	– Other taxes on production, paid	22.9	12.5	0.2	10.2	–
8	+ Other subsidies on production, received	26.0	24.2	0.2	1.6	–
9	= Operating surplus, net/mixed income, net	755.8	525.2	–3.5	234.1	–259.7
10	+ Compensation of employees, received	1,814.0	–	–	1,814.0	14.8
11	– Subsidies, paid	28.2	–	28.2	–	5.2
12	+ Taxes on production and imports, received	365.1	–	365.1	–	6.6
13	– Property income, paid	719.1	666.0	30.2	22.9	186.1
14	+ Property income, received	793.1	351.5	18.5	423.1	112.1
15	= Net national income/Balance of prim income, net	2,980.7	210.7	321.7	2,448.3	–317.5
16	– Current taxes on income, wealth, etc, paid	454.6	95.1	–	359.5	11.2
17	+ Current taxes on income, wealth, etc, received	465.5	–	465.5	–	0.4
18	– Net social contributions, paid	719.2	–	–	719.2	5.4
19	+ Net social contributions, received	720.8	129.3	590.7	0.8	3.8
20	– Social benefits other than soc transf in kind, paid	613.0	69.9	542.2	0.8	0.5
21	+ Social benefits other than soc transf in kind, receiv	605.3	–	–	605.3	8.1
22	– Other current transfers, paid	346.0	178.0	85.9	82.2	54.3
23	+ Other current transfers, received	290.1	154.3	22.3	113.4	110.2
24	= Disposable income, net	2,929.6	151.3	772.1	2,006.1	–266.4
25	– Final consumption expenditure	2,535.5	–	689.8	1,845.6	–
26	+ Adjustment for the change in net equity of households in pension funds	–	–54.0	–	54.0	–
27	= Net saving	394.1	97.4	82.3	214.4	–266.4
28	– Capital transfers, paid	62.9	17.0	35.1	10.8	3.3
29	+ Capital transfers, received	52.8	21.8	11.4	19.6	13.3
30	– Gross capital formation	748.1	434.1	79.9	234.1	–
31	+ Consumption of fixed capital	620.4	356.7	76.9	186.8	–
32	– Acquisitions less disposals of valuables	–2.5	–2.0	–1.6	1.1	2.5
33	= Net lending (+)/ Net borrowing (–)	258.9	26.9	57.2	174.8	–258.9
memorandum item:						
34	Disposable income, net	2,929.6	151.3	772.1	2,006.1	–266.4
35	– Social transfers in kind, paid	446.2	–	446.2	–	–
36	+ Social transfers in kind, received	446.2	–	–	446.2	–
37	= Adjusted disposable income, net	2,929.6	151.3	326.0	2,452.3	–266.4
38	– Actual final consumption ²	2,535.5	–	243.7	2,291.8	–
39	+ Adjustment for the change in net equity of households in pension funds	–	–54.0	–	54.0	–
40	= Net saving	394.1	97.4	82.3	214.4	–266.4

¹ Concerning Rest of the world: imports minus exports of goods and services to/from rest of the world.

² The actual final consumption of general government corresponds only to collective final consumption. The actual final consumption of households and non profit institutions serving households includes individual goods and services provided as social transfer in kind to individual households by government units.

MAIN AGGREGATES FOR SECTOR ACCOUNTS

Annual Results 2020

Euro bn

Specification		Total economy	Non financial and financial corporations	General government	Households and non-profit inst. serving households	Rest of the world
3	Gross value added	3,307.6	2,252.8	351.5	703.3	–
4	– Consumption of fixed capital	643.1	370.5	79.3	193.3	–
5	= Net value added ¹	2,664.5	1,882.3	272.2	510.0	–247.3
6	– Compensation of employees, paid	1,883.4	1,349.1	275.8	258.4	16.3
7	– Other taxes on production, paid	23.1	12.5	0.2	10.5	–
8	+ Other subsidies on production, received	25.9	24.1	0.2	1.6	–
9	= Operating surplus, net/mixed income, net	783.9	544.9	–3.6	242.7	–263.6
10	+ Compensation of employees, received	1,884.3	–	–	1,884.3	15.4
11	– Subsidies, paid	28.3	–	28.3	–	5.2
12	+ Taxes on production and imports, received	375.6	–	375.6	–	6.5
13	– Property income, paid	730.4	679.3	29.0	22.0	191.2
14	+ Property income, received	807.1	357.2	18.0	432.0	114.4
15	= Net national income/Balance of prim income, net	3,092.2	222.7	332.5	2,537.0	–323.7
16	– Current taxes on income, wealth, etc, paid	476.6	97.5	–	379.1	11.7
17	+ Current taxes on income, wealth, etc, received	487.9	–	487.9	–	0.4
18	– Net social contributions, paid	746.5	–	–	746.5	6.0
19	+ Net social contributions, received	748.2	133.8	613.5	0.8	4.3
20	– Social benefits other than soc transf in kind, paid	632.9	72.1	559.9	0.8	0.5
21	+ Social benefits other than soc transf in kind, receiv	624.9	–	–	624.9	8.4
22	– Other current transfers, paid	354.9	178.0	92.7	84.2	55.8
23	+ Other current transfers, received	297.7	159.0	22.7	116.1	113.0
24	= Disposable income, net	3,039.9	167.9	804.0	2,068.0	–271.4
25	– Final consumption expenditure	2,623.8	–	718.3	1,905.6	–
26	+ Adjustment for the change in net equity of households in pension funds	–	–54.9	–	54.9	–
27	= Net saving	416.1	112.9	85.7	217.4	–271.4
28	– Capital transfers, paid	66.1	17.3	37.4	11.4	3.1
29	+ Capital transfers, received	55.7	24.1	11.8	19.8	13.5
30	– Gross capital formation	787.7	451.7	88.3	247.6	–
31	+ Consumption of fixed capital	643.1	370.5	79.3	193.3	–
32	– Acquisitions less disposals of valuables	–2.3	–1.8	–1.6	1.1	2.3
33	= Net lending (+)/ Net borrowing (–)	263.4	40.2	52.8	170.4	–263.4
memorandum item:						
34	Disposable income, net	3,039.9	167.9	804.0	2,068.0	–271.4
35	– Social transfers in kind, paid	462.5	–	462.5	–	–
36	+ Social transfers in kind, received	462.5	–	–	462.5	–
37	= Adjusted disposable income, net	3,039.9	167.9	341.5	2,530.5	–271.4
38	– Actual final consumption ²	2,623.8	–	255.8	2,368.0	–
39	+ Adjustment for the change in net equity of households in pension funds	–	–54.9	–	54.9	–
40	= Net saving	416.1	112.9	85.7	217.4	–271.4

¹ Concerning Rest of the world: imports minus exports of goods and services to/from rest of the world.

² The actual final consumption of general government corresponds only to collective final consumption. The actual final consumption of households and non profit institutions serving households includes individual goods and services provided as social transfer in kind to individual households by government units.

NATIONAL ACCOUNTS DATA

The main national accounts data for the Federal Republic of Germany Forecast for 2018 to 2020

	2018	2019	2020	2018		2019		2020	
				1st half year	2nd half year	1st half year	2nd half year	1st half year	2nd half year
1. Origin of GDP									
Percentage change over previous year									
Domestic employment	1.3	0.7	0.5	1.4	1.1	0.7	0.7	0.6	0.5
Hours worked, per working day	0.7	0.3	-1.1	0.6	0.7	1.0	-0.5	-0.4	-1.8
Working days	-0.3	0.0	1.5	-0.5	-0.1	-0.8	0.8	0.5	2.4
Labor volume, calendar-monthly	1.7	0.9	0.9	1.5	1.8	0.9	1.0	0.6	1.1
Labor productivity¹	0.1	0.7	0.9	0.3	0.0	0.6	0.9	1.0	0.8
GDP, price adjusted	1.8	1.7	1.8	1.9	1.8	1.5	1.9	1.7	1.9
2. Disposition of GDP in current prices									
a) Billion EUR									
Final consumption expenditure	2,445.5	2,535.5	2,623.8	1,193.1	1,252.4	1,234.5	1,301.0	1,278.5	1,345.3
Private consumption expenditure²	1,783.8	1,845.6	1,905.6	872.8	911.0	900.6	945.0	930.9	974.7
Government consumption expenditure	661.7	689.8	718.3	320.3	341.4	333.8	356.0	347.7	370.6
Gross fixed capital formation (GFCF)	703.1	739.6	779.4	339.1	364.0	355.7	384.0	374.6	404.8
Machinery and equipment	224.9	232.5	244.7	107.9	117.0	110.1	122.4	115.2	129.5
Construction	350.7	374.0	395.8	169.2	181.5	180.9	193.1	191.9	204.0
GFCF in other products	127.4	133.1	138.8	62.0	65.5	64.7	68.4	67.5	71.4
Change in stocks³	5.5	8.5	8.3	10.5	-5.0	14.3	-5.8	13.1	-4.8
Domestic uses	3,154.1	3,283.6	3,411.5	1,542.7	1,611.4	1,604.4	1,679.2	1,666.2	1,745.3
Balance of exports and imports	245.6	244.0	247.3	129.2	116.4	128.2	115.8	128.8	118.5
Exports	1,606.2	1,690.5	1,779.5	792.0	814.2	832.5	858.0	872.9	906.6
Imports	1,360.6	1,446.5	1,532.1	662.8	697.8	704.3	742.2	744.0	788.1
GDP	3,399.7	3,527.6	3,658.8	1,671.8	1,727.8	1,732.6	1,795.0	1,795.0	1,863.8
b) Percentage change over previous year									
Final consumption expenditure	3.1	3.7	3.5	3.0	3.3	3.5	3.9	3.6	3.4
Private consumption expenditure²	3.0	3.5	3.2	2.8	3.1	3.2	3.7	3.4	3.1
Government consumption expenditure	3.6	4.2	4.1	3.4	3.7	4.2	4.3	4.1	4.1
Gross fixed capital formation (GFCF)	5.6	5.2	5.4	5.6	5.6	4.9	5.5	5.3	5.4
Machinery and equipment	4.5	3.4	5.3	5.5	3.6	2.0	4.6	4.6	5.8
Construction	7.4	6.6	5.8	6.8	7.9	6.9	6.4	6.1	5.6
GFCF in other products	2.9	4.4	4.3	2.6	3.1	4.4	4.5	4.3	4.3
Domestic uses	4.1	4.1	3.9	3.8	4.4	4.0	4.2	3.8	3.9
Exports	4.2	5.2	5.3	3.8	4.5	5.1	5.4	4.9	5.7
Imports	5.1	6.3	5.9	4.2	6.1	6.3	6.4	5.6	6.2
Gross domestic product	3.7	3.8	3.7	3.7	3.8	3.6	3.9	3.6	3.8
3. Disposition of GDP, adjusted for prices									
a) Chain-linked estimated in billion EUR									
Final consumption expenditure	2,185.6	2,223.2	2,257.7	1,074.9	1,110.6	1,091.1	1,132.0	1,109.0	1,148.7
Private consumption expenditure²	1,616.4	1,643.6	1,668.6	794.1	822.3	805.1	838.5	818.3	850.3
Government consumption expenditure	568.8	579.2	588.7	280.6	288.2	285.7	293.5	290.5	298.2
Gross fixed capital formation (GFCF)	609.5	625.7	645.7	295.2	314.3	301.9	323.9	311.2	334.6
Machinery and equipment	216.2	222.5	233.3	103.4	112.8	105.1	117.5	109.5	123.8
Construction	281.6	288.3	295.0	137.2	144.4	140.5	147.8	143.9	151.0
GFCF in other products	112.5	115.9	119.2	54.9	57.6	56.4	59.4	58.1	61.1
Domestic uses	2,784.4	2,838.4	2,893.0	1,376.9	1,407.5	1,400.6	1,437.8	1,427.1	1,465.8
Exports	1,500.8	1,558.5	1,628.8	744.0	756.8	768.9	789.6	799.9	828.8
Imports	1,300.5	1,364.1	1,435.9	637.1	663.4	664.5	699.6	697.6	738.3
Gross domestic product	2,985.9	3,035.5	3,089.9	1,483.8	1,502.1	1,505.6	1,529.9	1,530.8	1,559.1
b) Percentage change over previous year									
Final consumption expenditure	1.3	1.7	1.6	1.2	1.4	1.5	1.9	1.6	1.5
Private consumption expenditure²	1.4	1.7	1.5	1.3	1.4	1.4	2.0	1.6	1.4
Government consumption expenditure	1.0	1.8	1.6	0.9	1.1	1.8	1.8	1.7	1.6
Gross fixed capital formation (GFCF)	2.8	2.7	3.2	2.9	2.8	2.3	3.0	3.1	3.3
Machinery and equipment	4.1	2.9	4.8	5.1	3.3	1.6	4.1	4.2	5.4
Construction	2.7	2.4	2.3	2.4	3.1	2.4	2.3	2.4	2.2
GFCF in other products	0.8	3.0	2.9	0.4	1.1	2.8	3.1	2.9	2.8
Domestic uses	1.9	1.9	1.9	1.8	2.0	1.7	2.2	1.9	1.9
Exports	3.0	3.8	4.5	3.2	2.8	3.4	4.3	4.0	5.0
Imports	3.4	4.9	5.3	3.4	3.3	4.3	5.5	5.0	5.5
GDP	1.8	1.7	1.8	1.9	1.8	1.5	1.9	1.7	1.9

NATIONAL ACCOUNTS DATA

Continued: The main national accounts data for the Federal Republic of Germany

Forecast for 2018 to 2020

	2018	2019	2020	2018		2019		2020	
				1st half year	2nd half year	1st half year	2nd half year	1st half year	2nd half year
4. Price level of national expenditure (2010 = 100)									
Percentage change over previous year									
Private consumption expenditure ²	1.6	1.8	1.7	1.5	1.7	1.8	1.7	1.7	1.7
Government consumption expenditure	2.5	2.4	2.4	2.5	2.6	2.4	2.4	2.4	2.4
Gross fixed capital formation (GFCF)	2.7	2.5	2.1	2.7	2.8	2.6	2.4	2.2	2.1
Machinery and equipment	0.4	0.4	0.4	0.4	0.3	0.4	0.4	0.4	0.4
Construction	4.5	4.2	3.5	4.4	4.7	4.4	4.0	3.6	3.3
Exports	1.2	1.4	0.7	0.6	1.7	1.7	1.0	0.8	0.7
Imports	1.7	1.4	0.6	0.7	2.7	1.9	0.9	0.6	0.6
GDP	1.9	2.1	1.9	1.8	1.9	2.1	2.0	1.9	1.9
5. Distribution of Income									
a) Billion EUR									
Primary income of private households ²	2,361.7	2,448.3	2,537.0	1,166.6	1,195.1	1,209.5	1,238.9	1,252.4	1,284.6
Employers' social contributions	311.7	325.7	337.9	151.7	160.0	158.0	167.7	163.9	173.9
Gross wages and salaries	1,430.8	1,488.3	1,546.4	683.2	747.6	711.6	776.7	739.4	807.0
Other primary income of private households ⁴	619.2	634.3	652.7	331.6	287.5	339.9	294.4	349.0	303.7
Primary income of other institutional sectors	510.5	532.4	555.2	233.5	277.0	241.2	291.2	250.4	304.7
Net national income (primary income)	2,872.2	2,980.7	3,092.1	1,400.0	1,472.1	1,450.6	1,530.1	1,502.8	1,589.3
Consumption of fixed capital	598.3	620.4	643.1	296.8	301.5	307.9	312.5	319.2	323.9
Gross national income	3,470.5	3,601.2	3,735.2	1,696.9	1,773.6	1,758.6	1,842.6	1,822.0	1,913.2
Memorandum item:									
Net national income (factor costs)	2,546.5	2,645.3	2,746.6	1,236.5	1,309.9	1,282.2	1,363.0	1,329.3	1,417.3
Property and entrepreneurial income	803.9	831.2	862.3	401.6	402.3	412.6	418.6	426.0	436.4
Compensation of employees	1,742.5	1,814.0	1,884.3	834.9	907.6	869.6	944.5	903.3	980.9
b) Percentage change over previous year									
Primary income of private households ²	4.0	3.7	3.6	4.3	3.8	3.7	3.7	3.5	3.7
Employers' social contributions	3.2	4.5	3.7	3.7	2.6	4.1	4.8	3.7	3.7
Gross wages and salaries	4.7	4.0	3.9	4.9	4.6	4.1	3.9	3.9	3.9
Other primary income of private households ⁴	3.0	2.4	2.9	3.4	2.5	2.5	2.4	2.7	3.2
Primary income of other institutional sectors	1.4	4.3	4.3	-0.3	3.0	3.3	5.1	3.8	4.6
Net national income (primary income)	3.6	3.8	3.7	3.5	3.6	3.6	3.9	3.6	3.9
Consumption of fixed capital	4.4	3.7	3.6	4.5	4.3	3.7	3.6	3.6	3.6
Gross national income	3.7	3.8	3.7	3.7	3.8	3.6	3.9	3.6	3.8
Memorandum item:									
Net national income (factor costs)	3.7	3.9	3.8	3.5	3.8	3.7	4.1	3.7	4.0
Property and entrepreneurial income	2.1	3.4	3.7	1.3	2.8	2.8	4.0	3.2	4.2
Compensation of employees	4.4	4.1	3.9	4.6	4.2	4.1	4.1	3.9	3.9
6. Income and expenditure of private households									
a) billion EUR									
Mass income	1,401.4	1,465.7	1,512.8	673.9	727.5	705.4	760.4	728.4	784.4
Net wages and salaries	946.5	990.1	1,022.8	446.5	500.0	468.2	521.9	483.6	539.2
Social benefits	579.5	605.3	624.9	288.9	290.6	301.2	304.1	311.5	313.5
Less levies on social benefits	124.6	129.7	135.0	61.6	63.1	64.1	65.7	66.7	68.3
Other primary income ⁴	619.2	634.3	652.7	331.6	287.5	339.9	294.4	349.0	303.7
Other transfers received (net) ⁵	-87.6	-93.9	-97.4	-43.1	-44.6	-46.8	-47.1	-48.6	-48.8
Disposable income	1,932.9	2,006.1	2,068.0	962.4	970.5	998.4	1,007.7	1,028.8	1,039.2
Memorandum item:									
Adjustment for the change in net equity of households in pension funds reserves	53.0	54.0	54.9	26.1	26.8	26.6	27.3	27.1	27.8
Private consumption expenditure	1,783.8	1,845.6	1,905.6	872.8	911.0	900.6	945.0	930.9	974.7
Savings	202.1	214.4	217.4	115.7	86.3	124.4	90.0	125.1	92.4
Savings ratio in percent ⁶	10.2	10.4	10.2	11.7	8.7	12.1	8.7	11.8	8.7
b) Percentage change over previous year									
Mass income	4.0	4.6	3.2	3.9	4.1	4.7	4.5	3.3	3.2
Net wages and salaries	4.8	4.6	3.3	4.8	4.8	4.8	4.4	3.3	3.3
Social benefits	2.5	4.5	3.2	2.2	2.9	4.3	4.6	3.4	3.1
Less levies on social benefits	3.5	4.1	4.1	2.8	4.2	4.1	4.1	4.1	4.1
Other primary income ⁴	3.0	2.4	2.9	3.4	2.5	2.5	2.4	2.7	3.2
Disposable income	3.4	3.8	3.1	3.4	3.4	3.7	3.8	3.0	3.1
Private consumption expenditure	3.0	3.5	3.2	2.8	3.1	3.2	3.7	3.4	3.1
Savings	6.4	6.1	1.4	7.3	5.4	7.5	4.3	0.5	2.6

NATIONAL ACCOUNTS DATA

Continued: The main national accounts data for the Federal Republic of Germany
Forecast for 2018 to 2020

	2018	2019	2020	2018		2019		2020	
				1st half year	2nd half year	1st half year	2nd half year	1st half year	2nd half year
7. Government revenues and expenditures									
a) billion EUR									
Revenues									
Taxes	802.2	830.6	863.5	403.5	398.7	415.8	414.8	432.5	431.0
direct taxes	447.6	465.5	487.9	226.4	221.2	233.9	231.6	245.3	242.7
indirect taxes	354.6	365.1	375.6	177.1	177.5	182.0	183.2	187.2	188.3
Net social contributions	570.0	590.7	613.5	277.0	293.0	287.1	303.6	298.2	315.3
Property income	18.3	18.5	18.0	11.2	7.1	11.7	6.8	11.4	6.6
Other transfers	23.2	22.3	22.7	11.2	12.0	10.2	12.2	10.3	12.3
Capital transfers	11.0	11.4	11.8	5.5	5.5	5.7	5.7	5.9	5.9
Sales	113.5	116.3	118.3	53.3	60.1	54.7	61.6	55.6	62.6
Other subsidies	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Total revenues	1,538.3	1,590.1	1,647.9	761.8	776.5	785.3	804.8	814.1	833.9
Expenditures									
Intermediate consumption	160.6	168.2	175.3	72.9	87.8	76.3	91.8	79.6	95.7
Compensation of employees	256.3	265.8	275.8	123.0	133.2	127.6	138.2	132.4	143.5
Social benefits in kind	287.1	298.9	309.8	141.9	145.2	147.7	151.2	153.3	156.5
Property income (interests)	31.5	30.2	29.0	16.1	15.3	15.4	14.8	14.8	14.2
Subsidies	28.1	28.2	28.3	13.6	14.5	13.6	14.6	13.7	14.7
Social benefits	519.4	542.2	559.9	259.2	260.1	270.0	272.3	279.2	280.7
Other transfers	79.1	85.9	92.7	39.4	39.7	42.7	43.2	46.1	46.6
Gross capital formation	77.7	79.9	88.3	34.9	42.7	35.2	44.7	41.0	47.3
Capital transfers	39.5	35.1	37.4	13.1	26.4	13.2	21.9	14.2	23.2
Acquisitions less disposals of non-financial non-produced assets	-1.6	-1.6	-1.6	-0.6	-1.0	-0.6	-1.0	-0.6	-1.0
Other taxes on production	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Total expenditures	1,478.0	1,532.9	1,595.2	713.7	764.3	741.2	791.7	773.7	821.5
Balance	60.4	57.2	52.8	48.1	12.2	44.1	13.1	40.3	12.4
b) Percentage change over previous year									
Revenues									
Taxes	4.7	3.5	4.0	5.2	4.1	3.1	4.0	4.0	3.9
direct taxes	6.3	4.0	4.8	7.2	5.3	3.3	4.7	4.9	4.8
indirect taxes	2.7	3.0	2.9	2.7	2.8	2.8	3.2	2.9	2.8
Net social contributions	3.9	3.6	3.9	4.2	3.6	3.7	3.6	3.9	3.8
Property income	15.1	1.1	-2.8	29.3	-2.0	4.1	-3.6	-2.3	-3.7
Other transfers	6.2	-3.5	1.5	13.8	0.1	-8.8	1.4	1.5	1.5
Capital transfers	8.4	3.4	3.7	14.7	2.7	3.3	3.6	3.8	3.6
Sales	2.4	2.5	1.7	1.7	3.0	2.6	2.5	1.7	1.7
Other subsidies	-1.0	0.0	0.0	-2.2	0.0	0.0	0.0	0.0	0.0
Total revenues	4.4	3.4	3.6	5.0	3.7	3.1	3.6	3.7	3.6
Expenditures									
Intermediate consumption	2.8	4.7	4.2	1.7	3.8	4.8	4.6	4.2	4.2
Compensation of employees	3.9	3.7	3.8	4.0	3.7	3.7	3.7	3.7	3.8
Social benefits in kind	3.1	4.1	3.6	2.8	3.5	4.1	4.1	3.8	3.5
Property income (interests)	-6.9	-4.2	-3.8	-8.7	-4.8	-4.5	-3.8	-3.8	-3.8
Subsidies	-0.9	0.4	0.4	-2.3	0.4	0.4	0.4	0.4	0.4
Social benefits	2.6	4.4	3.3	2.4	2.9	4.1	4.7	3.4	3.1
Other transfers ⁷	3.9	6.7	6.8	-0.4	4.3	3.3	3.4	3.4	3.5
Gross capital formation	7.3	2.9	10.5	12.3	3.5	0.7	4.6	16.5	5.8
Capital transfers ⁷	-4.5	-4.4	2.3	-41.2	21.6	0.9	-17.1	7.9	5.8
Acquisitions less disposals of non-financial non-produced assets ⁷	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Other taxes on production ⁷	0.0	0.0	0.0	1.2	0.0	0.0	0.0	0.0	0.0
Total expenditures	2.6	3.7	4.1	1.2	4.1	3.9	3.6	4.4	3.8

1 Gross domestic product (price-adjusted) per man-hour.

2 Including private organizations without pecuniary reward.

3 Including net increase in valuables.

4 Entrepreneurial income/operating surplus and received minus paid asset income.

5 Transfers, received minus paid.

6 Current saving as percentage of disposable income.

7 Absolute change over previous year in billions of euros.

8 All administrative units including Social Security.

Sources: Federal Statistical Office (Fachserie 18: Volkswirtschaftliche Gesamtrechnungen); DIW Economic Outlook Autumn 2018.