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DIW Weekly Report

Provided in Cooperation with:
German Institute for Economic Research (DIW Berlin)

Suggested Citation: Michelsen, Claus et al. (2019) : German economy: Industry struggles to shake of the crisis, DIW Weekly Report, ISSN 2568-7697, Deutsches Institut für Wirtschaftsforschung (DIW), Berlin, Vol. 9, Iss. 49/50, pp. 424-430, https://doi.org/10.18723/diw_dwr:2019-49-3

This Version is available at:
https://hdl.handle.net/10419/213289

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Corrected version
(table p. 428)

German economy: Industry struggles to shake of the crisis

By Claus Michelsen, Marius Clemens, Max Hanisch, Simon Junker, Laura Pagenhardt, and Thore Schlaak

ABSTRACT

The German economy remains weak as of the fourth quarter of 2019. However, although industrial production is continuing its downward trend, there are signs of a slow recovery. The manufacturing sector is likely to expand production gradually beginning in 2020; therefore, it is less likely the recession in the industry will affect the service sector and construction industry. These sectors are profiting from strong demand from private households, which is supported by the strong labor market and fiscal stimuli. Thus, after growing by 0.5 percent this year, GDP is likely to increase more strongly in 2020 and 2021, by 1.2 and 1.4 percent, respectively.

GDP is projected to shrink by 0.1 percent in the final quarter of 2019 (Figure). Industrial value added will slump once more before picking up speed gradually in 2020 due to solid foreign business (Table 1). As a result, the German economy will experience stronger growth again (Table 2). Overall, however, capacity utilization is declining and will roughly correspond to the long-term average over the forecast period.

For a while, the slowdown in the global economy was burdening the German export industry. However, exports have already picked up again recently; full inventories were likely to have been used to meet a large part of demand. Industrial production has declined significantly to date, especially for two important drivers of the German economy's development, automobile manufacturers and mechanical engineers. However, industrial production is likely to be stimulated by foreign demand as it continues its moderate growth trend throughout the forecast period. Growth rates of exports, nevertheless, are projected to be only half of the growth experienced during the previous upswing. Due to trade conflicts, a cyclical slowdown in demand for capital goods, and structural factors, such as a slowdown in the Chinese economy, international trade is likely to grow at a markedly lower pace. The risks caused by the trade conflicts are still present but have decreased slightly; this has arguably contributed to a brightening of business sentiment recently. The order inflow, too, has stabilized.

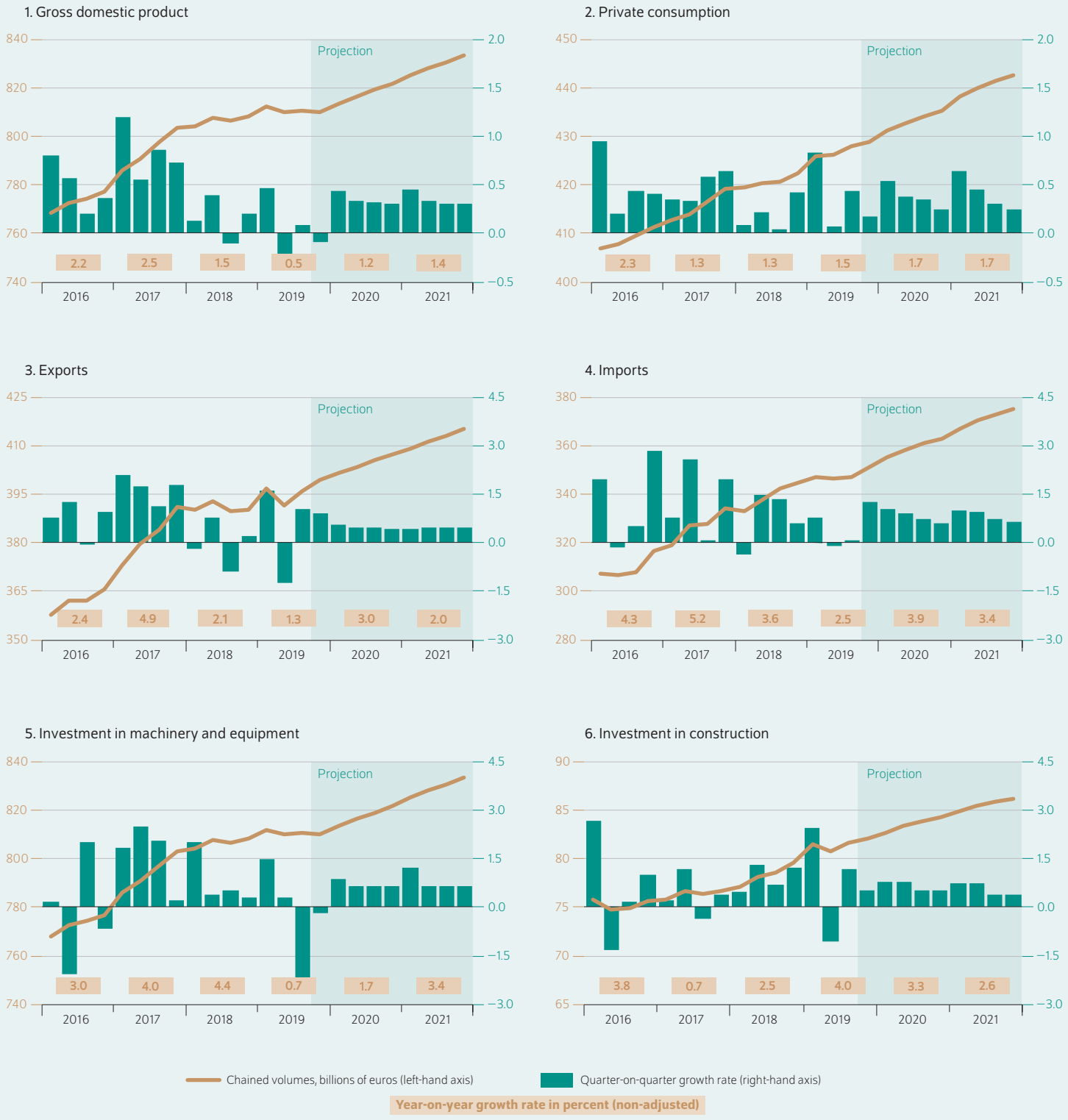
Over the course of the slump in the manufacturing sector, employment in industry and in some industry-related service sectors declined. In early 2020, the number of employees in these sectors is likely to decline further, albeit only somewhat, before reverting to an uptrend in the later course of the year. However, the overall increase in employment over the next two years, averaging 160,000 per year, will be much weaker compared to the upturn of recent years. In 2021, unemployment will nevertheless sink to under five percent. Qualified workers remain scarce and wage growth correspondingly high.

Rising wage incomes are boosting consumption and thus consumer-related service providers, which continue to contribute significantly to the growth of the German economy.

DOI: https://doi.org/10.18723/diw_dwr:2019-49-3

Figure

Gross domestic product and use of GDP
Seasonally and working day adjusted



Sources: Federal Statistical Office; computations by DIW Berlin, forecast from 2019q4 onward.

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Table 1

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

Price, seasonally and working-day adjusted, in percent

	2019				2020				2021			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
Private consumption	**0.8**	0.1	0.4	0.2	0.5	0.4	0.4	0.3	0.6	0.5	0.3	0.3
Public consumption	**0.6**	0.6	0.8	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Gross fixed capital formation	**1.6**	−0.3	−0.1	0.3	0.9	0.8	0.6	0.6	1.0	0.7	0.5	0.5
Investment in machinery and equipment	**2.5**	−1.1	1.2	0.5	0.8	0.8	0.5	0.5	0.7	0.7	0.4	0.4
Construction investment	**1.5**	0.3	−2.6	−0.2	0.9	0.6	0.6	0.6	1.2	0.6	0.6	0.6
Other investment	**−0.6**	0.9	1.0	0.9	1.3	0.9	0.8	0.8	1.3	0.7	0.7	0.7
Change in inventories[1]	**−0.9**	0.2	−0.7	−0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic uses	**0.0**	**0.0**	0.0	0.9	−0.1	0.5	0.4	0.4	0.7	0.5	0.4	0.4
Net Exports[1]	**0.4**	**−0.6**	0.5	−0.1	−0.2	−0.1	−0.1	0.0	−0.2	−0.2	−0.1	0.0
Exports	**1.6**	**−1.3**	1.0	0.9	0.6	0.5	0.5	0.4	0.4	0.5	0.5	0.5
Imports	**0.8**	**−0.1**	0.1	1.3	1.0	0.9	0.8	0.6	1.0	1.0	0.7	0.7
Gross Domestic Product	**0.5**	**−0.2**	**0.1**	**−0.1**	**0.4**	**0.3**	**0.3**	**0.3**	**0.5**	**0.3**	**0.3**	**0.3**
Gross Value Added	**0.4**	**−0.3**	**−0.1**	**−0.1**	**0.4**	**0.3**	**0.3**	**0.3**	**0.5**	**0.3**	**0.3**	**0.3**
Manufacturing	**−1.1**	**−1.3**	−1.1	−1.4	0.7	0.5	0.5	0.5	0.6	0.5	0.5	0.5
Construction	**1.1**	**−0.8**	2.0	−0.7	1.0	0.8	0.5	0.5	0.8	0.7	0.4	0.4
Trade, Accomodation, Transport	**2.5**	**−0.6**	−0.1	0.3	0.6	0.5	0.5	0.4	1.0	0.5	0.4	0.4
Business and production services	**0.6**	**−0.1**	−0.2	−0.1	0.4	0.4	0.4	0.4	0.5	0.4	0.4	0.4
Public Admin., Community and social serv.	**−0.1**	**0.5**	0.4	0.4	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1

1 contribution to gdp growth in percentage points.

Source: Federal Statistical Office; DIW Berlin, forecast from 2019q4 onward.

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Table 2

Main Economic Indicators for the German Economy

	2016	2017	2018	2019	2020	2021
Real GDP[1] (percent change over previous year)	2.2	2.5	1.5	0.5	1.2	1.4
Domestic employment (1000 persons)	43,655	44,248	44,854	45,252	45,408	45,584
Unemployed (ILO concept)	1,775	1,621	1,469	1,356	1,338	1,285
Unemployed (BA concept)	2,691	2,533	2,340	2,266	2,278	2,226
Unemployment rate[2] (ILO concept)	4.1	3.8	3.4	3.2	3.2	3.0
Unemployment rate[2] (BA concept)	6.1	5.7	5.2	5.0	5.0	4.8
Consumer prices	0.5	1.5	1.8	1.4	1.5	1.6
Unit labor costs[3]	1.2	1.2	2.5	3.4	1.6	1.5
Government budget balance[4]						
in billion EUR	37.1	40.3	62.4	51.7	24.6	6.3
in percent of GDP	1.2	1.2	1.9	1.5	0.7	0.2
Current account balance, in percent of GDP	8.5	8.1	7.4	7.6	7.4	6.8

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; computations by DIW Berlin; 2019 to 2021 forecast.

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As in 2019, fiscal policy will stimulate private household income: in both years, pensions will rise significantly, tax relief will be implemented, and in 2021, in particular, the far-reaching reduction in the solidarity tax will increase disposable incomes. In addition, moderate inflation, with rates of roughly one and a half percent, is only moderately affecting purchasing power.

Housing construction will also continue to benefit from dynamic income growth and favorable financing conditions. Investments in equipment and machinery are likely to remain weak for the time being and, in light of the current continuing uncertainty, will only gain momentum gradually later on.

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JEL: E32, E66, F01

Keywords: Business cycle forecast, economic outlook

Corrected version (table)

The Main National Accounts Data for the Federal Republic of Germany
Forecast for 2019 to 2021

	2018	2019	2020	2021	2019		2020		2021	
					1. half year	2. half year	1. half year	2. half year	1. half year	2. half year
1. Origin of GDP										
Percentage change over previous year										
Domestic employment	1.4	0.9	0.3	0.4	1.1	0.7	0.4	0.3	0.4	0.4
Hours worked, per working day	0.2	−0.3	−1.0	0.0	0.4	−0.9	−0.3	−1.6	0.0	−0.1
Working days	−0.3	0.0	1.5	0.1	−0.8	0.8	0.5	2.4	0.0	0.2
Labour volume, calendar-monthly	1.3	0.6	0.9	0.5	0.7	0.6	0.5	1.2	0.4	0.6
Labour productivity[1]	0.2	−0.1	0.4	1.0	−0.2	0.0	0.1	0.6	1.0	0.9
Gross domestic product, price adjusted	**1.5**	**0.5**	**1.2**	**1.4**	**0.4**	**0.5**	**0.7**	**1.8**	**1.5**	**1.4**
2. Disposition of GDP in Current Prices										
a) Billion EUR										
Final consumption expenditure	2,409.3	2,487.5	2,573.2	2,659.8	1,213.4	1,274.1	1,256.1	1,317.1	1,296.7	1,363.0
Private consumption expenditure[2]	1,743.7	1,793.7	1,848.7	1,906.6	876.3	917.3	903.7	945.0	930.2	976.4
Government consumption expenditure	665.6	693.8	724.5	753.2	337.0	356.8	352.4	372.1	366.5	386.6
Gross fixed capital formation (GFCF)	707.7	747.6	786.2	826.6	359.1	388.5	373.8	412.4	394.0	432.6
Construction	344.3	374.4	399.5	422.7	180.0	194.3	191.1	208.4	202.9	219.7
Machinery and equipment	235.3	239.5	245.5	255.3	115.7	123.8	115.7	129.8	120.5	134.8
GFCF in other products	128.1	133.7	141.3	148.6	63.3	70.3	67.0	74.2	70.6	78.1
Change in Stocks[3]	21.3	−15.0	−40.0	−42.1	7.6	−22.7	−15.1	−25.0	−15.8	−26.4
Domestic uses	3,138.3	3,220.0	3,319.4	3,444.2	1,580.1	1,639.9	1,614.9	1,704.5	1,674.9	1,769.3
Balance of exports and imports	206.1	204.7	209.2	193.8	106.7	98.0	114.2	95.0	107.9	86.0
Exports	1,585.8	1,616.6	1,671.0	1,711.9	803.7	812.9	826.0	845.0	846.1	865.8
Imports	1,379.7	1,411.9	1,461.8	1,518.1	697.0	714.9	711.8	750.0	738.3	779.9
Gross domestic product	**3,344.4**	**3,424.7**	**3,528.6**	**3,638.0**	**1,686.8**	**1,737.9**	**1,729.1**	**1,799.5**	**1,782.8**	**1,855.2**
b) Percentage change over previous year										
Final consumption expenditure	2.9	3.2	3.4	3.4	3.1	3.4	3.5	3.4	3.2	3.5
Private consumption expenditure[2]	2.8	2.9	3.1	3.1	2.6	3.1	3.1	3.0	2.9	3.3
Government consumption expenditure	3.3	4.2	4.4	4.0	4.1	4.3	4.6	4.3	4.0	3.9
Gross fixed capital formation (GFCF)	6.3	5.6	5.2	5.1	6.4	5.0	4.1	6.2	5.4	4.9
Construction	7.3	8.7	6.7	5.8	9.3	8.2	6.2	7.2	6.2	5.4
Machinery and equipment	4.9	1.8	2.5	4.0	3.1	0.7	0.0	4.8	4.1	3.9
GFCF in other products	5.9	4.3	5.7	5.2	4.5	4.1	5.8	5.5	5.2	5.2
Domestic uses	4.1	2.6	3.1	3.8	3.7	1.6	2.2	3.9	3.7	3.8
Exports	3.1	1.9	3.4	2.5	1.4	2.5	2.8	3.9	2.4	2.5
Imports	5.5	2.3	3.5	3.9	4.0	0.7	2.1	4.9	3.7	4.0
Gross domestic product	**3.1**	**2.4**	**3.0**	**3.1**	**2.4**	**2.4**	**2.5**	**3.5**	**3.1**	**3.1**
3. Disposition of GDP, adjusted for prices										
a) Chain-linked estimated in Billion EUR										
Final consumption expenditure	2,322.5	2,360.9	2,403.3	2,445.3	1,162.2	1,198.8	1,183.3	1,220.0	1,203.0	1,242.3
Private consumption expenditure[2]	1,681.7	1,707.0	1,735.3	1,764.1	838.4	868.6	852.1	883.2	865.1	899.0
Government consumption expenditure	640.8	653.9	667.9	681.1	323.7	330.2	331.2	336.8	337.8	343.3
Gross fixed capital formation (GFCF)	666.6	684.5	704.6	725.9	330.4	354.0	336.5	368.1	347.4	378.5
Construction	312.2	324.7	335.5	344.2	157.4	167.3	161.7	173.8	166.4	177.7
Machinery and equipment	231.4	233.1	237.1	245.2	112.6	120.5	111.6	125.5	115.6	129.6
GFCF in other products	123.2	126.5	131.6	136.4	60.3	66.2	62.8	68.8	65.1	71.3
Domestic uses	3,017.7	3,047.0	3,092.5	3,155.3	1,502.6	1,544.4	1,514.4	1,578.1	1,545.1	1,610.2
Exports	1,557.2	1,577.1	1,624.7	1,656.6	785.3	791.8	804.7	820.1	820.5	836.1
Imports	1,353.6	1,387.8	1,441.9	1,490.3	683.1	704.7	703.5	738.3	726.6	763.7
Gross domestic product	**3,222.5**	**3,237.7**	**3,277.3**	**3,324.6**	**1,605.4**	**1,632.3**	**1,616.1**	**1,661.2**	**1,639.9**	**1,684.8**
b) Percentage change over previous year										
Final consumption expenditure	1.3	1.7	1.8	1.7	1.4	1.9	1.8	1.8	1.7	1.8
Private consumption expenditure[2]	1.3	1.5	1.7	1.7	1.3	1.7	1.6	1.7	1.5	1.8
Government consumption expenditure	1.4	2.1	2.1	2.0	1.8	2.3	2.3	2.0	2.0	1.9
Gross fixed capital formation (GFCF)	3.5	2.7	2.9	3.0	3.2	2.2	1.8	4.0	3.2	2.8
Construction	2.5	4.0	3.3	2.6	4.2	3.8	2.7	3.9	2.9	2.3
Machinery and equipment	4.4	0.7	1.7	3.4	2.0	−0.4	−0.9	4.2	3.5	3.2
GFCF in other products	4.3	2.7	4.1	3.6	2.9	2.5	4.2	3.9	3.7	3.6
Domestic uses	2.1	1.0	1.5	2.0	1.7	0.3	0.8	2.2	2.0	2.0
Exports	2.1	1.3	3.0	2.0	0.2	2.3	2.5	3.6	2.0	2.0
Imports	3.6	2.5	3.9	3.4	3.1	2.0	3.0	4.8	3.3	3.4
Gross domestic product	**1.5**	**0.5**	**1.2**	**1.4**	**0.4**	**0.5**	**0.7**	**1.8**	**1.5**	**1.4**

Continued: The Main National Accounts Data for the Federal Republic of Germany
Forecast for 2019 to 2021

	2018	2019	2020	2021	2019		2020		2021	
					1. half year	2. half year	1. half year	2. half year	1. half year	2. half year
4. Price Level of National Expenditure (2015 = 100)										
Percentage change over previous year										
Private consumption expenditure[2]	1.5	1.4	1.4	1.5	1.4	1.3	1.5	1.3	1.4	1.5
Government consumption expenditure	1.9	2.1	2.2	1.9	2.3	1.9	2.2	2.3	2.0	1.9
Gross fixed capital formation (GFCF)	2.7	2.9	2.2	2.1	3.0	2.7	2.2	2.1	2.1	2.0
Construction	4.7	4.5	3.3	3.1	4.9	4.2	3.3	3.2	3.2	3.1
Machinery and equipment	0.6	1.1	0.7	0.6	1.0	1.1	0.9	0.6	0.6	0.6
Exports	0.9	0.7	0.3	0.5	1.1	0.2	0.3	0.4	0.5	0.5
Imports	1.8	−0.2	−0.4	0.5	0.9	−1.2	−0.9	0.1	0.4	0.5
Gross domestic product	**1.5**	**1.9**	**1.8**	**1.6**	**2.0**	**1.8**	**1.8**	**1.7**	**1.6**	**1.7**
5. Distribution of Income										
a) Billion EUR										
Primary income of private households[2]	2,338.7	2,403.8	2,468.5	2,537.1	1,188.3	1,215.5	1,222.3	1,246.3	1,251.8	1,285.3
Employers' social contributions	310.4	325.5	334.4	342.1	157.8	167.6	162.0	172.4	166.0	176.1
Gross wages and salaries	1,460.9	1,522.1	1,571.9	1,625.5	726.4	795.7	753.0	819.0	777.7	847.7
Other primary income of private households[4]	567.4	556.2	562.2	569.5	304.0	252.2	307.3	254.9	308.1	261.4
Primary income of other institutional sectors	490.5	483.4	502.9	523.2	220.2	263.2	218.1	284.8	231.7	291.5
Net national income (primary income)	**2,829.2**	**2,887.1**	**2,971.4**	**3,060.3**	**1,408.5**	**1,478.7**	**1,440.4**	**1,531.0**	**1,483.5**	**1,576.8**
Consumption of fixed capital	608.7	636.7	659.6	683.1	315.9	320.8	327.3	332.3	339.0	344.2
Gross national income	**3,437.9**	**3,523.9**	**3,630.9**	**3,743.5**	**1,724.4**	**1,799.5**	**1,767.6**	**1,863.3**	**1,822.5**	**1,921.0**
Memorandum item:										
Net national income (factor costs)	2,503.1	2,551.4	2,626.0	2,703.7	1,240.0	1,311.4	1,267.3	1,358.7	1,304.8	1,399.0
Property and entrepreneurial income	731.8	703.8	719.6	736.1	355.8	348.1	352.3	367.4	361.1	375.1
Compensation of employees	1,771.3	1,847.5	1,906.3	1,967.6	884.2	963.3	915.0	991.3	943.7	1,023.9
b) Percentage change over previous year										
Primary income of private households[2]	3.9	2.8	2.7	2.8	2.8	2.8	2.9	2.5	2.4	3.1
Employers' social contributions	3.2	4.9	2.7	2.3	5.3	4.5	2.6	2.8	2.5	2.2
Gross wages and salaries	4.8	4.2	3.3	3.4	4.4	4.0	3.7	2.9	3.3	3.5
Other primary income of private households[4]	1.9	−2.0	1.1	1.3	−2.0	−2.0	1.1	1.1	0.3	2.6
Primary income of other institutional sectors	−1.2	−1.4	4.0	4.0	−1.0	−1.8	−1.0	8.2	6.2	2.4
Net national income (primary income)	**3.0**	**2.0**	**2.9**	**3.0**	**2.2**	**1.9**	**2.3**	**3.5**	**3.0**	**3.0**
Consumption of fixed capital	4.9	4.6	3.6	3.6	4.4	4.8	3.6	3.6	3.6	3.6
Gross national income	**3.3**	**2.5**	**3.0**	**3.1**	**2.6**	**2.4**	**2.5**	**3.5**	**3.1**	**3.1**
Memorandum item:										
Net national income (factor costs)	3.0	1.9	2.9	3.0	2.0	1.8	2.2	3.6	3.0	3.0
Property and entrepreneurial income	−0.5	−3.8	2.2	2.3	−3.7	−3.9	−1.0	5.5	2.5	2.1
Compensation of employees	4.5	4.3	3.2	3.2	4.5	4.1	3.5	2.9	3.1	3.3
6. Income and Expenditure of Private Households										
a) Billion EUR										
Mass income	1,427.3	1,491.7	1,548.3	1,610.9	716.1	775.7	745.4	802.9	777.6	833.3
Net wages and salaries	975.5	1,020.7	1,056.7	1,100.7	482.4	538.3	502.4	554.3	522.5	578.2
Social benefits	579.4	605.0	630.5	654.3	300.6	304.4	312.3	318.2	326.9	327.4
less levies on social benefits	127.5	134.0	138.9	144.1	66.9	67.1	69.3	69.6	71.8	72.2
Other primary income[4]	567.4	556.2	562.2	569.5	304.0	252.2	307.3	254.9	308.1	261.4
Other transfers received (net)[5]	−96.3	−96.3	−97.4	−99.7	−49.1	−47.2	−49.5	−47.9	−50.6	−49.1
Disposible income	**1,898.5**	**1,951.7**	**2,013.1**	**2,080.7**	**971.0**	**980.6**	**1,003.2**	**1,009.9**	**1,035.1**	**1,045.7**
Memorandum item:										
Adjustment for the change in net equity of households in pension funds reserves	59.7	60.5	61.4	62.3	29.4	31.1	29.8	31.6	30.3	32.0
Private consumption expenditure	1,743.7	1,793.7	1,848.7	1,906.6	876.3	917.3	903.7	945.0	930.2	976.4
Saving	214.5	218.5	225.9	236.5	124.1	94.4	129.3	96.6	135.2	101.3
Saving ratio in percent[6]	11.0	10.9	10.9	11.0	12.4	9.3	12.5	9.3	12.7	9.4
b) Percentage change over previous year										
Mass income	3.9	4.5	3.8	4.0	4.5	4.5	4.1	3.5	4.3	3.8
Net wages and salaries	4.7	4.6	3.5	4.2	4.9	4.4	4.1	3.0	4.0	4.3
Social benefits	2.6	4.4	4.2	3.8	4.1	4.7	3.9	4.5	4.7	2.9
less levies on social benefits	3.5	5.1	3.7	3.7	5.8	4.4	3.6	3.7	3.7	3.8
Other primary income[4]	1.9	−2.0	1.1	1.3	−2.0	−2.0	1.1	1.1	0.3	2.6
Disposible income	**3.5**	**2.8**	**3.1**	**3.4**	**2.7**	**2.9**	**3.3**	**3.0**	**3.2**	**3.5**
Private consumption expenditure	2.8	2.9	3.1	3.1	2.6	3.1	3.1	3.0	2.9	3.3
Saving	8.6	1.9	3.4	4.7	2.6	1.0	4.2	2.3	4.5	4.9

Continued: The Main National Accounts Data for the Federal Republic of Germany
Forecast for 2019 to 2021

	2018	2019	2020	2021	2019		2020		2021	
					1. half year	2. half year	1. half year	2. half year	1. half year	2. half year
7. Government Revenues and Expenditures[8]										
a) Billion EUR										
Revenues										
Taxes	800.9	822.8	843.0	863.9	415.6	407.2	424.8	418.2	435.0	429.0
direct taxes	445.2	456.0	465.5	474.2	232.8	223.2	236.9	228.6	241.0	233.2
indirect taxes	355.7	366.8	377.5	389.7	182.7	184.0	187.9	189.6	194.0	195.7
Net social contributions	572.5	596.3	617.4	637.2	289.7	306.6	300.5	316.9	310.1	327.1
Property income	21.3	21.0	20.7	20.5	13.2	7.8	13.0	7.6	13.0	7.6
Other transfers	24.8	24.1	23.7	24.2	11.3	12.8	11.5	12.2	11.7	12.5
Capital transfers	13.1	12.0	12.2	12.5	5.3	6.6	5.5	6.8	5.6	6.9
Sales	120.2	126.2	129.2	132.8	59.3	66.9	60.7	68.5	62.3	70.5
Other subsidies	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Total revenues	**1,552.9**	**1,602.6**	**1,646.3**	**1,691.4**	**794.5**	**808.1**	**816.0**	**830.3**	**837.7**	**853.7**
Expenditures										
Intermediate consumption	169.4	178.2	186.6	194.4	81.7	96.5	85.8	100.8	89.5	104.9
Compensation of employees	259.3	269.3	279.3	288.7	129.3	140.0	134.2	145.1	138.8	149.9
Social benefits in kind	285.9	297.7	309.4	321.4	148.0	149.7	153.9	155.5	159.9	161.5
Property income (interests)	31.7	29.0	27.5	26.2	14.8	14.2	14.0	13.5	13.4	12.9
Subsidies	29.6	31.0	32.1	33.1	14.2	16.8	14.8	17.3	15.3	17.9
Social benefits	520.2	545.0	569.5	592.3	270.8	274.2	282.0	287.5	296.1	296.2
Other transfers	74.9	78.3	87.0	91.9	39.0	39.3	43.9	43.0	46.4	45.5
Gross capital formation	78.4	85.5	91.4	96.8	37.8	47.8	40.4	51.0	42.7	54.1
Capital transfers	42.2	37.9	40.1	41.2	13.3	24.6	14.2	25.9	14.7	26.5
Acquisitions less disposals of non-financial non-produced assets	−1.3	−1.3	−1.3	−1.3	−0.5	−0.8	−0.5	−0.8	−0.5	−0.8
Other taxes on production	0.3	0.3	0.3	0.3	0.1	0.1	0.1	0.1	0.1	0.1
Total expenditures	**1,490.5**	**1,550.9**	**1,621.7**	**1,685.0**	**748.4**	**802.5**	**782.8**	**838.9**	**816.3**	**868.7**
Balance	62.4	51.7	24.6	6.3	46.1	5.6	33.2	−8.6	21.4	−15.1
b) Percentage change over previous year										
Revenues										
Taxes	4.5	2.7	2.5	2.5	2.8	2.7	2.2	2.7	2.4	2.6
direct taxes	5.6	2.4	2.1	1.9	2.5	2.4	1.7	2.4	1.7	2.0
indirect taxes	3.1	3.1	2.9	3.2	3.2	3.0	2.8	3.0	3.2	3.2
Net social contributions	4.2	4.2	3.5	3.2	4.6	3.8	3.7	3.4	3.2	3.2
Property income	13.1	−1.2	−1.7	−0.7	1.5	−5.4	−1.3	−2.3	−0.5	−1.0
Other transfers	13.2	−2.8	−1.5	2.1	−2.4	−3.1	2.1	−4.6	2.2	2.1
Capital transfers	26.5	−8.5	2.2	2.2	−4.3	−11.7	2.3	2.1	2.4	2.1
Sales	5.0	5.1	2.3	2.8	6.8	3.5	2.3	2.3	2.6	3.0
Other subsidies	−10.1	−9.5	0.0	0.0	−24.4	3.1	0.0	0.0	0.0	0.0
Total revenues	**4.8**	**3.2**	**2.7**	**2.7**	**3.6**	**2.8**	**2.7**	**2.8**	**2.7**	**2.8**
Expenditures										
Intermediate consumption	4.0	5.2	4.7	4.2	5.6	4.8	5.0	4.4	4.3	4.1
Compensation of employees	3.7	3.9	3.7	3.4	4.0	3.7	3.8	3.6	3.4	3.4
Social benefits in kind	2.7	4.1	3.9	3.8	4.2	4.1	4.0	3.9	3.9	3.8
Property income (interests)	−7.4	−8.5	−5.3	−4.4	−8.7	−8.3	−5.5	−5.2	−4.5	−4.3
Subsidies	6.0	4.8	3.5	3.3	2.4	7.0	3.7	3.2	3.2	3.3
Social benefits	2.7	4.8	4.5	4.0	4.4	5.1	4.1	4.8	5.0	3.0
Other transfers[7]	7.9	3.4	8.7	4.9	2.4	1.0	5.0	3.7	2.5	2.5
Gross capital formation	9.0	9.2	6.8	5.9	13.4	6.0	7.0	6.7	5.6	6.1
Capital transfers[7]	−1.7	−4.4	2.2	1.1	2.6	−16.1	6.7	5.3	3.8	2.3
Acquisitions less disposals of non-financial non-produced assets[7]	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other taxes on production[7]	0.0	0.0	0.0	0.0	16.8	3.8	0.0	0.0	0.0	0.0
Total expenditures	**3.4**	**4.1**	**4.6**	**3.9**	**4.6**	**3.5**	**4.6**	**4.5**	**4.3**	**3.6**

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 billion EUR.
8 All administrative units including social security.

Sources: Federal Statistical Office (Fachserie 18: Volkswirtschaftliche Gesamtrechnungen); Forecast by DIW Berlin.

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Volume 9 December 12, 2019

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Phone: +49 1806 14 00 50 25 (20 cents per phone call)

Layout
Roman Wilhelm, DIW Berlin

Cover design
© imageBROKER / Steffen Diemer

Composition
Satz-Rechen-Zentrum Hartmann + Heenemann GmbH & Co. KG, Berlin

ISSN 2568-7697
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