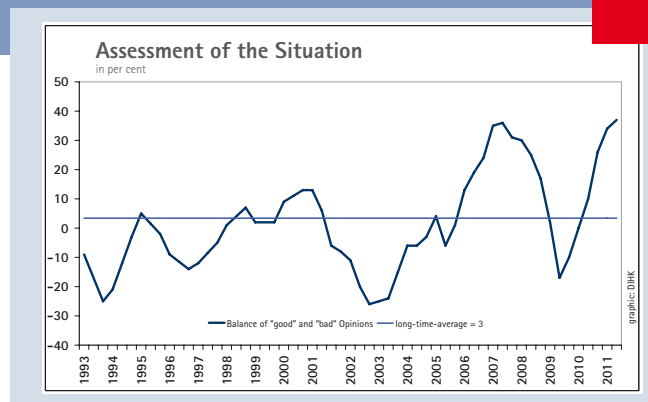


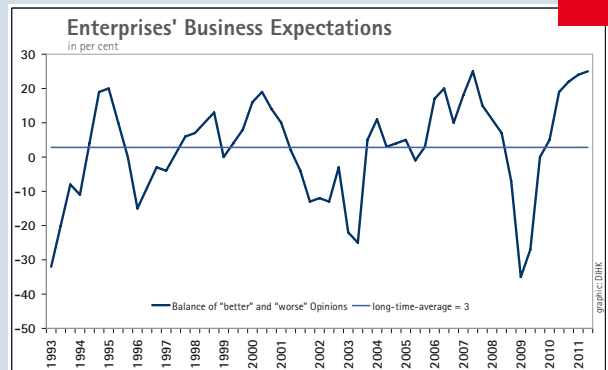
**Expectations** | The upturn is continuing apace. Companies are as confident as far as their business prospects are concerned as in the boom year of 2007 – the best ever value in the last 20 years. The worries about falls in demand in their domestic and foreign business are continuing to diminish. This gives hope that the economy is on a stable growth path. The optimism of industry is declining somewhat from its high level, but remains higher than in other branches of the economy. The dynamic export and investment development are now also being reflected in the expectations of the consumer economy. The retail trade and the hotel and restaurant industry are more confident than ever. The domestic economy is increasingly taking over the support function of the economy from foreign business. However, with the good economic development the prices for energy and raw materials, as well as the shortage of skilled employees, are becoming increasingly acute as economic risks.

In the early summer of 2011 a good third of companies continues to expect that their business situation will improve in the coming months (34 percent). The share of companies fearing a deterioration continues to shrink to just 9 percent. Over half of companies are expecting business developments to remain at the same level (57 percent). As a result the balance of „better“ and „worse“ replies has risen from 24 to 25 percentage points – the last time the balance was higher was more than 20 years ago. The recent improvements at such a high starting level make us confident that even after reaching the level of before the crisis the economy will continue to grow strongly.



**Economic Situation** | The economy has left the crisis behind. Companies are assessing their business situation even slightly better than at the height of the 2007 boom. The growth is based on a broader foundation. The export economy continues to be supported by strong demand from abroad. This is supplemented by high levels of investment activities from companies. The situation assessment of the construction industry is achieving values which have not been seen since the boom after reunification. In contrast, the good situation assessments in several consumer sectors such as the retail trade and the hotel and restaurant industry are deteriorating somewhat. As a result they are not fulfilling their high expectations from the previous survey. The energy and raw material prices are not only becoming painful for companies as a cost factor, but are also darkening the mood of the consumer.

Almost every second company assesses its business situation as "gut" (46 percent). As a result the share of "good" situation assessments outweighs the „satisfactory“ evaluations (45 percent) for the first time since the boom after reunification. This even exceeds the share of companies which classify the shape that their business is in as "poor" (9 percent) by 37 points. This balance of "good" and "poor" replies is higher than it has been for the last 20 years. The best value in the previous economic cycle was not quite so high (36 points in the early summer of 2007). The economy has therefore overcome the crisis two years after the general economic low point. The race to catch up was therefore as fast as the fall from the economic „summit“ in the early summer of 2007 to 2009.



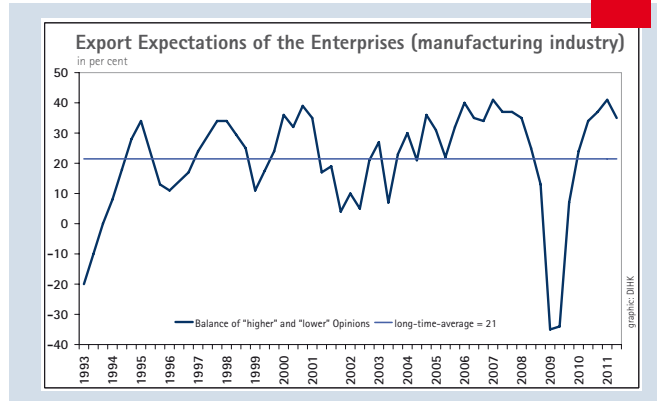
### DIHK-GDP-Forecast for 2011 | Germany

Changes on the previous year, in per cent, use of the gross domestic product (GDP), price-adjusted, chain-linked	2009	2010	DIHK-Forecast 2011
GDP	-4.7	3.6	3.5
Final consumption expenditure of private households	-0.2	0.4	2.4
Government final consumption expenditure	2.9	2.3	1.5
Gross fixed capital formation (GFCF)	-10.1	6.0	8.4
GFCF in machinery and equipment	-22.6	10.9	12.0
Other fixed assets	5.6	6.4	8.5
GFCF in construction	-1.5	2.8	6.0
Exports	-14.3	14.1	11.0
Imports	-9.4	12.6	11.0

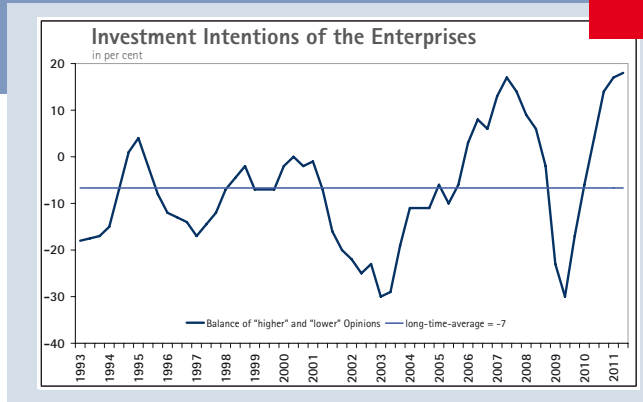
### Labour Market in Germany

	2009	2010	DIHK-Forecast 2011
Unemployment in millions	3.42	3.2	2.8

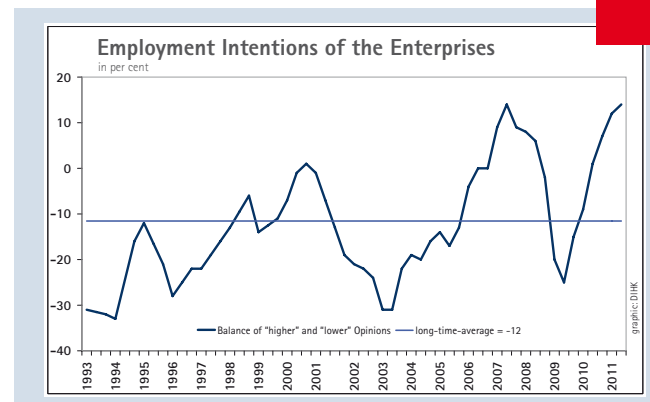
**Export** | The worldwide demand for high-quality investment goods and efficient technology "made in Germany" remains the guarantor for strong export growth. Fewer and fewer companies are fearing setbacks in their foreign business. Nevertheless, companies are expecting growth levels to slow somewhat. China and other booming markets are counteracting the danger of overheating. The prospects on the European domestic market are restricted by the restrained growth in several countries. There is also some uncertainty as a result of the events in Japan and the political upheavals in the Middle East and North Africa.



**Domestic Investments** | The investment intentions of companies have again slightly improved and reached a new record level. The investment boom is affecting all areas of the economy and making a significant contribution to the positive developments of the domestic economy. Besides Manufacturing industry, the branches of the economy which have a more domestic orientation such as services and the retail trade, as well as the construction sector - which has been restrained for a long time - are planning on the basis of larger investment budgets within Germany. The companies' investment intentions are resulting in a greater demand for capital. At the same time the financing conditions are currently deteriorating for some businesses.



**Employment** | In almost all branches of the economy the signs are pointing to expansion. Manufacturing industry, the retail trade and construction industry have plans for employment which are unequalled since the reunification of Germany. However, the shortage of skilled workers is slowing the creation of employment significantly. This is mainly affecting temporary employment, the healthcare industry, IT and industry-related service providers, the construction industry and mechanical engineering. All in all the level of unemployment will fall this year to 2.8 million on average - the lowest value for 20 years.



## DIHK-Economic-Survey Early Summer 2011

80 Chambers of Industry and Commerce ask, more than 24.000 Enterprises answer

### economic data at a glance

