

FORECAST

Future overall economic development

The economy in the eurozone is likely to enjoy moderate growth in 2019. This development will primarily be supported by solid domestic demand, which in turn is being driven by falling unemployment figures and an expansive fiscal policy. Trade disputes and the anticipated downturn in the US economy could have negative effects. FERI Investment Research is therefore anticipating growth of only 1.6% in the eurozone for 2019.

The German economy will continue to lose momentum in 2019 as a result of foreign trade issues. Germany is significantly more dependent on exports to the US and China than other countries in the eurozone. Potentially weaker demand in those countries could hit exports. However, domestic demand is likely to remain the key driving force for the German economy. In particular the sustained boom in the building sector and the healthy situation in most service sectors are having a stabilising effect. FERI Investment Research is forecasting economic growth of 1.2% for Germany in 2019.

Economy set to cool off further in 2019

Based on estimates of the Institute for Employment Research of the German Federal Employment Agency (IAB), the employment market in Germany is likely to continue its good development. With regard to the annual average for 2019, unemployment is expected to drop by a further 120,000 to 2.23 million people. In terms of gainful employment, the experts from the IAB are forecasting a slight increase of 220,000 people. However, the growth in gainful employment will in future be limited by demographic developments.

Employment market prospects remain favourable

The employment market is also likely to remain dynamic in the long term, especially for specialists. Basel-based research institute Prognos estimates that the shortfall of skilled workers, engineers, researchers and healthcare professionals could reach 3 million by 2030 and 3.3 million by 2040.

The healthy situation on the employment market and the significant increase in gross wages and salaries are contributing to the ongoing increase in disposable incomes of private households in Germany. The Working Group on Tax Revenue Projection is forecasting a 4.2% increase in gross salaries and wages for 2019. FERI Investment Research is anticipating a savings rate of 10.4% in Germany for 2019 (2018: 10.3%).

Increasing salaries and wages to be anticipated