

## FORECAST

### *Future overall economic development*

In 2021 economic developments will continue to be shaped largely by the coronavirus pandemic. Until a sufficiently large proportion of the global population has been vaccinated against the virus, setbacks due to further waves of the pandemic along with the associated restrictions to business life are to be expected. Improved growth momentum should therefore not be anticipated until the second quarter. Domestic economic forces will then be the key driver of economic dynamism in Germany. FERI Investment Research is anticipating economic growth of 2.7% in Germany for 2021.

Based on estimates of the Institute for Employment Research of the German Federal Employment Agency (IAB), the situation in the German employment market is likely to improve during 2021 as the economy recovers. Unemployment is set to decline by 100,000 people to 2.6 million based on an annual average. Even then, however, it will still be significantly higher than the pre-pandemic level. In terms of gainful employment, the experts from the IAB are forecasting an increase of 130,000 people.

Employment market on tough path to recovery

However, in the long term, the employment market will develop positively, especially for skilled professionals. Basel-based research institute Prognos estimates that there will be a staff shortfall of around 3.9 million people in Germany by 2040, among them 840,000 university graduates and 1.9 million people with vocational qualifications.

The Tax Estimation Workgroup is forecasting a 3.5% increase in gross salaries and wages for 2021. The disposable income of private households in Germany is increasing by 1.8%. FERI Investment Research is anticipating a continued high savings rate of 15.9% in Germany for 2021 (2020: 18.7%).

Salaries and wages displaying robust recovery