

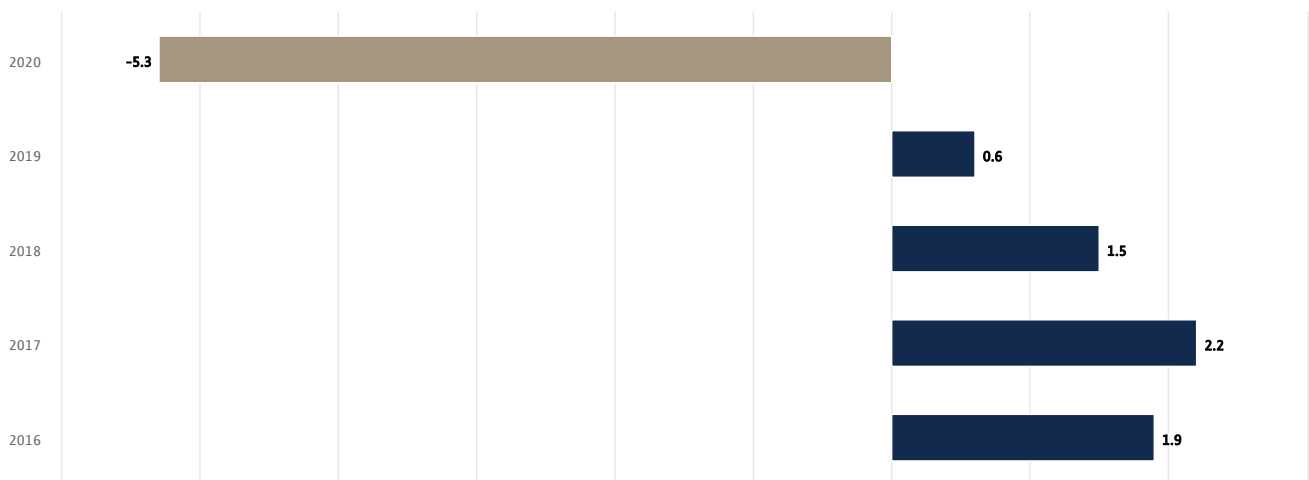
# ECONOMIC REPORT

## Overall economic climate

### Overall economic situation

The economic performance in 2020 was marked by the global coronavirus pandemic. The various lockdown measures associated with the pandemic led to a severe slump in economic growth in Germany. According to FERI Investment Research, inflation-adjusted gross domestic product (GDP) declined by – 5.3% over the previous year.

Economic growth in Germany (in %)



Source: FERI Investment Research, change in gross domestic product, price-adjusted

The second wave of the corona pandemic and the resulting lockdown negatively impacted consumer confidence in Germany at the end of the year. Indeed, the Consumer Sentiment Index of the German Consumer Research Association (GfK) was at –6.8 points in December 2020 – which is well below the previous year's level. (December 2019: 9.6 points). German citizens felt a strong sense of uncertainty at the end of the year. According to a survey undertaken by the German Consumer Research Association (GfK), three out of every four German citizens (78%) were of the opinion that corona poses a serious or very serious threat for Germany.

Consumer confidence hit hard by the corona pandemic

The corona pandemic also had a hugely negative impact on the sentiment among German companies in the reporting year – not least since the second wave in November once again interrupted the recovery that had begun in the German economy. The ifo business climate index was just 90.7 points in November 2020 – in comparison with 95.5 points back in December 2019. In December, the index rose slightly to 92.1 points.

The employment market came under severe pressure in the last financial year. However, the negative developments were cushioned to a certain extent by the large-scale implementation of reduced working hours, which reached a record level in 2020. According to data published by Germany's Federal Employment Agency, the average number of registered job seekers in 2020 increased by 429,000 over the previous year to 2.70 million persons. This corresponds to an unemployment rate of 5.9% (2019: 5.0%).

Employment market bottoming out

However, the prospects for university graduates in the German employment market remain excellent. According to the latest data from Germany's Federal Employment Agency, the unemployment rate among academics remains at a low level of 2.0% in 2019.

The developments in the employment market due to the effects of the corona pandemic were reflected in a deterioration of the financial situation in German households. According to data published by the "Tax Estimates" workgroup, gross wages and salaries decreased by 1.6% in the reporting year, while the disposable income of private households fell by 2.8% according to the 2021 Financial Report of the German government.

Increasing salaries and wages

The savings rate in Germany rose sharply during the coronavirus pandemic, above all due to the lack of consumption options during lockdown and the uncertainty among consumers associated with the situation. The 2020 figure was therefore 16.5% (2019: 10.9%).