

FORECAST

Future overall economic development

The economic dynamism in the eurozone remains positive, although it is likely to weaken somewhat in 2017 as a result of the worsened outlook for exports to Great Britain. Key impulses for greater growth are lacking in terms of both foreign and domestic trade. Political risks resulting from the consequences of the referendum in Italy, election of a new president in France and the German parliamentary elections are increasing uncertainty. As a result of this, FERI Investment Research is anticipating economic growth of 1.3% for the eurozone in 2017.

For Germany, the experts at FERI Investment Research expect that the recovery will continue to be carried by a robust domestic economy, although this will be weakened by the effects of Brexit and the fragile dynamics of the eurozone. FERI Investment Research is now forecasting economic growth of just 1.5% for Germany in 2017.

Moderate growth anticipated in Germany

Based on estimates of the Institute for Employment Research of the German Federal Employment Agency (IAB), employment market developments in Germany remain robust. In terms of the annual average for 2017, unemployment is expected to drop by a further 70,000 to 2.6 million persons. Given the number of refugees entering the country, however, the seasonally adjusted unemployment figure could potentially increase again temporarily over the course of the next year. According to FERI Investment Research, the level of employment remains high overall. The employment market experts at the IAB are therefore predicting an increase in total employment figures of around 480,000 persons in 2017. However, the IAB also warns of the future challenges presented by digitalisation, demographic changes and the integration of refugees.

Employment market prospects remain favourable

The German government is forecasting a 3.7% increase in gross salaries and wages in 2017 and that private households in Germany will enjoy a 2.8% increase in disposable income. The framework conditions for private households therefore remain favourable. According to a forecast provided by the German government, the price-adjusted consumption expenditure of private households will increase by 1.6% in 2017. In its latest annual report for 2017, the Council of Economic Experts forecasts a savings rate of 9.7% in Germany (2016: 9.8%).

Increasing salaries and wages to be anticipated